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NOT A FUTILE CONFERENCE

CONTRARY to common belief, the Chief Ministers' conference on food at New Delhi in the latter half of last week has been useful in many ways. It revealed many things. One of them was that Mr. Lal Bahadur Shastri did well in entrusting the Food and Agriculture portfolio to Mr. C. Subramaniam. The observations of Mr. Subramaniam at the conference and thereafter show that, within a few days of his taking over his new responsibility, he has grasped the problems well. They give room to hope that, given freedom from ideological pressures within the Party and a reasonable amount of co-operation by his colleagues at the Centre and in the States, he will be able to impart a certain amount of stability to the food front. The way in which he rushed to Bombay a few minutes after the Chief Ministers' conference was over to tackle the problem of congestion of food ships in the Bombay Port and to facilitate speedy unloading and quick movement of foodgrains, as well as fertilisers, is indicative of a refreshing dynamism for quick action which, it is to be hoped, will be sustained in the days to come. Another thing that emerged from the conference was the unpleasant fact that some of the surplus States in the North, notably Madhya Pradesh and Uttar Pradesh, are more conscious of their own needs than those of their neighbours who are in deficit. This attitude is, of course, nothing new. It was there in the past. But it is unfortunate that it should still continue, as it is not conducive to the formulation of a national food policy by the Centre. In pleasant contrast to this was the helpful attitude of Andhra Pradesh, a surplus State; it readily agreed to the Centre's proposal for lifting the restrictions on the movement of rice to Madras, Mysore and Kerala. The third thing that emerged from the conference was the presence of a high degree of realism on issues such as nationalisation of rice milling and abolition of existing trade channels. The way in which Mr. Subramaniam and the Chief Ministers tried to contain the ideological and impracticable proposals of some powerful interests in the Party was, of course, not very commendable and might yet involve the Government in experiments of dubious value, but one can have the satisfaction that it is a lesser evil than wholesale nationalisation.

It is not correct to underestimate the value of the conference by pointing to its failure to arrive at a decision in regard to long-term solutions, for these solutions require careful consideration. The first thing that needs to be done, as Mr. Subramaniam has rightly been saying, is to prevent the prices from going up further and then force them down to levels that will be fair to both the producer and the consumer. The preoccupation of the conference with short-term measures, that is, measures meant for giving immediate relief, was, therefore, natural and proper. These measures are:

1. The Southern Zone, comprising Andhra, Mysore, Madras and Kerala, should be treated as one compact area. All restrictions on the movement of rice and paddy within this zone have been withdrawn forthwith. Procurement of rice in Andhra Pradesh and Madras has also been abolished, so that traders in this region are free to market, subject to the usual overall controls, the entire surpluses offered for sale by the producers. The results of this step have so far been favourable. There has been a perceptible fall in the prices of rice in South India, without any pronounced spurt in Andhra Pradesh.

2. This policy could have been extended to the Eastern Zone comprising Orissa, Bengal, Bihar and Assam. But the Chief Ministers appear to have felt that it involved too much of a risk, what with Calcutta a virtually bottomless pit. So the existing controls will continue, with Calcutta zoned off with rationing. The Government of India has given an assurance that adequate quantities of rice and wheat will be supplied to West Bengal. Mr. P. C. Sen, the West Bengal Chief Minister, is happy with this arrangement. He claims that prices of rice are going down in the various parts of Bengal and that all the 6.6 million citizens of Calcutta are assured of their fair requirements at fair maximum prices. One would, however, like to wait and see rather than jump to the conclusion that the worst is over, because something or other always goes wrong with Bengal, the problem State of India. There are already several complaints about the way in which rationing is working in Calcutta and the evil of ghost ration cards is said to have assumed serious proportions. Meanwhile, it is comforting to find that neither Orissa, nor Assam, nor Bihar has any serious complaints. Things seem to be going on well in these States, at least on the food front.

3. The Central Government's announcement on the opening day of Chief Ministers' conference abolishing the restrictions on the movement of rice from Madhya Pradesh to Gujarat and Maharashtra has been reversed in deference to the wishes of Madhya Pradesh and the existing arrangements, under which rice is exported by holders of export licences to the States of Western India, are to continue. The chief reason why Mr. Subramaniam decided to lift the ban on the free movement of rice in this region was the failure of the present arrangement. He gave convincing evidence in support of his decision. The Madhya Pradesh Food Minister had agreed a few days ago that he would deliver rice to Maharashtra at the rate of at least 1,000 tonnes per day, but, actually, the quantity moved was only 40 to 50 tonnes a day. Despite this overwhelming proof of the inability of Madhya Pradesh Government to work its procurement policy and inter-State movement controls, the Centre had to bow to it and reverse its decision merely on the assurance of that Government that it would somehow fulfil its undertaking to Maharashtra and Gujarat. The Centre, however, has had to reassure these two deficit States by promising to make good the shortfall, if any, from its stocks and sources of supply.

4. Unlike in the case of rice, the Centre preferred to continue the existing wheat zones and this was supported by the majority of States, except Gujarat and Maharashtra which wanted the lifting of restrictions on the movement of wheat from Madhya Pradesh into their areas. The views of these two States did not get the necessary support in this case also, but the Centre gave an undertaking that it would provide all the deficit States with enough wheat, imported as well as domestic. So the wheat zones continue undisturbed.

One reason why the Centre wanted to abolish, at least in part, the zonal system in rice but retain it in wheat may be the claim that, while there has been an increase of nearly 4.5 million tonnes in rice production to the neighbourhood of 36.5 million tons, production of wheat has suffered a fall. No reliable indication of the extent of shortfall in wheat is available, but it is placed by some at about two million tons. Another reason is that the Government does not wish to disturb a scheme introduced only as recently as in March 1964. But these arguments are not sufficiently convincing to justify the adoption of one set of policies for wheat and another, wholly contradictory, for rice. After all, the total production of all cereals in the 1963-64 harvest year does not show any significant increase over that in the previous year. Further, the zonal barriers and procurement of a substantial quantity of marketable surplus of foodgrains have aggravated the effects of inadequate supply of foodgrains on prices and unleashed a vicious circle. The introduction of zonal systems has not halted the rising trend of prices even in the surplus areas. In Madhya Pradesh, for instance, there has been a rise of 30 to 33 per cent in the prices of wheat and rice alike since the close of the harvest season. This is not surprising, because the high prices ruling in the neighbouring deficit areas do get reflected in prices in the surplus States through circumvention of various controls. Mr. Subramaniam realised this point perfectly well, when he said in his address to the Chief Ministers of States thus:

> "It is important to remember that we cannot insulate the price trends in surplus areas completely from the effect of rise in prices in deficit areas. Inevitably, if prices rise in deficit areas, expectations are aroused that there will be a similar movement of prices in other areas also. Therefore, the price trend in the deficit areas has a deleterious effect on the country as a whole."

The failure of Chief Ministers to realise the limitations of their enforcement machinery and the impossibility of dividing the country into watertight compartments of surplus States and deficit States is fully demonstrated by the firm trend displayed in rice and wheat prices in North India where the *status quo* is being continued, in contrast to the downward trend in prices in South India where the rice zone has been greatly widened and procurement abandoned. If it was thought that it was too risky to abolish the wheat zones, there should have been at least a realistic readjustment of these zones. Anyway, behind the decision of the Centre to import more wheat and rice, though it involves a certain amount of drain on the limited foreign exchange resources of the country, lies the realisation by the authorities that, even as a short-term solution, controls of the type now in vogue cannot have any decisive and sustained effect on price levels. So far so good.

So much for the short-term solutions designed to prevent the upward trend in prices from gathering further momentum. As for the long-

Contents

LEADING ARTICLES—	PAGE
Not a Futile Conference	1
An Immediate Plan for Road Transport	2
MARKET GOSSIP	3
TREND OF SHARES	4
THIS WEEK'S SURVEY	6-7
SPECIAL FEATURES—	
London Letter	5
American Letter	8
In Thrall to Gold	9
Manchester Letter	13
Crimes on Board Aircraft	16
Business News from Europe	26-27
The Private Sector After Nehru ...	28
CHAIRMEN'S SPEECHES—	
Jaipur Metals and Electricals Ltd. ...	19
Shree Digvijay Cement Co., Ltd. ...	21
Oriental Fire and General Insurance Co., Ltd.	22
Ferro Alloys Corporation Ltd.	23
Metal Box Co. of India Ltd.	24-25
Orissa Cement Ltd.	30-31
Indian Mercantile Insurance Co., Ltd. ...	36
Ogale Glass Works Ltd.	36
Bengal Paper Mills Co., Ltd.	37
Selected Satgram Collieries Ltd. ...	38, 40
BANKING	10
TEXTILES	12
COTTON	14
ENGINEERING	18
NEW PRODUCTS AND PROCESSES	19
LABOUR	20
COMPANY MATTERS	32-35
TREND OF MARKETS	41-43
MISCELLANEOUS STATISTICAL INFORMATION	44
STOCK AND SHARE QUOTATIONS	45-52
WEEK'S STOCK EXCHANGE TREND	

term measures, the Government has ruled out nationalisation of existing rice mills in favour of establishing in the public sector new mills with up-to-date machinery that would give more rice per given quantity of paddy. One wonders whether even this step is necessary, when the rice mills can be effectively controlled, if the Government machinery is efficient and honest. Perhaps, much better results can be obtained if the existing millers are encouraged to scrap their old machinery and install modern ones and to expand their capacity, so that the economies of scale can be realised. If, however, the Government decides to stick to its decision of establishing large, modern rice mills, it is to be hoped that it will not deny the necessary facilities to millers in the private sector who wish to modernise their equipment and expand their capacity.

The second long-term proposal of the Government of India is to fix maximum prices for both wheat and rice that will be fair to producers and consumers alike. This idea is an old one, but it has proved to be an elusive one, as it bristles with innumerable difficulties. An indication of its complexity can be had from the elucidation provided by Mr. Subramaniam in his opening speech at the Chief Ministers' conference. He said:

"In my view, the first step is to set up an agency to arrive at a determination of producers' prices for foodgrains on an all-India basis which is fair and economical to the producer. Of course, the prices will have to be fixed with due reference to the considerations of region, quality of grain and the time of delivery. That is to say, prices will have to be fixed allowing for variations of cost of transport. The price may have to vary over time from the harvest to a later period to allow for costs of storage and finance. Necessarily, it will have also to take into account the varietal changes.

"The determination of producers' prices on this basis is an expert job which has to be done by agricultural economists, on the basis of the latest sophisticated statistical methods taking into account the various factors and costs and going into agricultural inputs. Prices will also have to take into account the average realisation in previous years and the realisations from competing crops. Once we have arrived at a set of agricultural producers' prices, the 'authority' for determining the agricultural prices should also fix reasonable consumers' prices allowing for margins for transport, holding charges, godown charges and profits. I propose that a high level technical agency should be set up for this. The wholesaler and the retailer are only stages between the consumer and the producer. The wholesalers' margin and the retailers' margins should also be suitably fixed.

"In the proposed set-up, retail trade will also have to be regulated strictly, particularly in urban areas, so that the retail traders come within the discipline of the scheme. Specified maximum retailers' prices will be declared based on wholesalers' prices already announced and predetermined margins."

The predecessors of Mr. Subramaniam had also toyed with this idea, but nothing came out of it. There is no reason to think that the outcome will be different under his regime. Assuming he succeeds in evolving a workable solution, care must be taken to ensure that it does not contain built-in inflation. Experience has shown (as, for instance, sugarcane and raw cotton) that, once prices are fixed on the lines outlined above, all subsequent revisions will only be in one direction, namely, upward.

The third long-term solution put forward by Union Food and Agriculture Minister is the establishment of a State-owned foodgrains trading corporation which will not supplant or dislocate the existing trade channels. The basic objective of this Corporation, which will be run on businesslike lines as a commercial corporation, is to stabilise prices for consumers and ensure a fair return to producers. It will essentially be a buffer stock agency. This, too, is no novel thought and had received detailed consideration at the hands of the Asoka Mehta Committee some seven years ago. It only goes to show how old the problem of stabilising food prices is. If it is still with us, it is because no serious attempts have been made to implement solutions that are difficult, requiring a high degree of administrative ability. Further, the very mention of a State trading corporation for foodgrains provoked opposition from certain vested interests. This was meaningless. All over the world, agriculture is heavily protected and subsidised by the State, more so the growing of food. What has been proposed—rather revived, to be accurate—by Mr. Subramaniam now is nothing different from what is being done in many countries of the free world, as, for instance, the U.S., the U.K., and West Germany. A prosperous agriculture, based on expanding production, is vital for the economic growth of India. The proposed State trading corporation for foodgrains can make a significant contribution to the attainment of this prerequisite, if it is operated efficiently and on the lines described by Mr. Subramaniam, without importing doctrinaire considerations. It can be a useful instrument for establishing a uniform all-India agricultural policy. Mr. Subramaniam must vigorously pursue the idea and try hard to win the distinction of being the first Minister to put it into practice.

AN IMMEDIATE PLAN FOR ROAD TRANSPORT

FOR some time now the transport situation in the country has been relatively easy, in striking contrast to the "crisis" experienced in the first two years of the current Plan. This improvement is explained by the fortuitous emergence of surplus haulage capacity on the railways—*fortuitous* because of three unexpected factors. One of these is that the Bokaro Steel Project has not been taken up for construction in accordance with the original schedule. The second factor is that the expansion projects of the existing public-sector steel plants, too, have been somewhat delayed in execution. And, thirdly, poor agricultural performance and slower industrial growth in the last two years have meant less additional traffic than what had been anticipated. Thanks to these factors, transport bottlenecks have not been much in evidence in the last one year. A certain mood of complacency has, therefore, set in, especially at the official level. But things are not likely to be that comfortable on the transport front in the last two years of the Plan, considering that both agriculture and industry are being geared for larger production and the tempo of construction activity is being accelerated. As Plan implementation thus gains momentum, the transport situation may again deteriorate even as it did in the closing stages of the second Plan. It is in this context that Dr. F. P. Antia's presidential speech at the 36th Annual Meeting of the Indian Roads and Transport Development Association, held at Bombay last week-end, may be seen to have been particularly timely. To be forewarned is indeed to be forearmed.

Dr. Antia's argument, in short, is that, although the railways have increased their capacity in accordance with their targets, it would be too much to hope that rail transport alone might adequately cater to the large additional traffic offerings expected at the close of the third Plan period. The railways' estimate of their carrying capacity of 260 million tons by the end of the Plan, according to him, falls very much short of the sum total of likely transportation demands on account of both defence and development. This total has been estimated by him at 375 million tons. As the railways cannot obviously handle that much goods traffic and as inland water transport and coastal shipping are relatively insignificant, the only alternative is to get road transport to handle the *bulk* of the balance of 115 million tons. Even if it is thought that Dr. Antia's estimate may be somewhat on the high side, there is everything to be said for taking some prompt and purposive action, by way of abundant precaution, in the field of road transport. That would any day be preferable to hasty improvisations after the emergence of a transport crisis. For has not Mr. Asoka Mehta, Deputy Chairman of the Planning Commission, himself recognised, in his address at the I.R.T.D.A. meeting, that "transport facilities should be developed in step with and, if possible, a little ahead of (other) developments in the economy"? And has he not also drawn the lesson from past experience "that, if we allow pressures and bottlenecks to develop in transport, they disrupt production schedules in specific industries and projects and act as a major brake on the general economy"?

If the powers-that-be have really learnt this lesson, they should bestir themselves forthwith and take suitable steps to maximise the utilisation of the existing road system and vehicles as part of an immediate or short-term plan. That such a plan, involving practical measures to free road transport from some of the shackles that are presently restraining it, has been outlined by Dr. Antia himself should make the task of the authorities easier. For they have here an immediate basis to go upon, whether or not they accept all the elements of his "immediate plan." How absolutely necessary and eminently practical the suggested measures are will be readily acknowledged. For instance, his suggestion that the present tax incidence (which works out to more than 60 per cent each of the initial purchase price of a commercial vehicle and of its operating cost) should be reduced by at least 20 per cent, to start with, is a sensible one, all the more so because it is related to the suggestion that higher revenues can more assuredly be raised by rationalising the entire motor vehicle tax structure. It has thus the twin merit that the road transport industry would be left with sizable resources for rapid expansion and the Exchequer, too, could make up on the roundabouts what it loses on the swings. Dr. Antia's allied suggestion that the octroi and terminal taxes, the collection costs of which represent as much as two-thirds of every rupee charged, should be completely scrapped without delay is, of course, not new. But it gains urgency from the fact that the operational efficiency of road transport is seriously impaired by stoppages at innumerable check posts and weigh-bridges and by consequent delays and harassments. Likewise, there is a strong case for abolishing the time-consuming practice of checking road consignments at innumerable sales tax posts and for limiting such checks to points of origin or destination.

On the licensing and regulation sides, Dr. Antia's immediate plan calls for some imaginative measures of liberalisation. Possible extension of "all-State validity" for private and public carrier permits and more liberal issue of through inter-State permits on arterial routes are two of them. Another related suggestion, which is of crucial importance, is that the mileage restrictions on road transport should be removed. It is indeed atrocious that such restrictions, which were considered necessary in the "depressed" 'thirties to protect the railways against competition from long-distance road transport, are sought to be maintained in some form or other in the "expanding" 'sixties the demand optimum utilisation of both road and rail transport. There can be no justification, in the present situation of economic expansion and relative inadequacy of total transport capacity, for keeping alive the Union Transport Ministry's notorious 1958 circular to State Governments—the circular recommending that permits for routes longer than 300 miles should not be issued without consulting the railways. It is high time this circular was withdrawn. At the same time, laden weight restrictions, which militate against efficient transport performance, would need to be relaxed. Dr. Antia's suggestion, in this connection, is that, to start with, at least all National Highways shall be thrown open to 33,000-lb. two-axle vehicles and 50,000-lb. three-axle vehicles, following the example of Maharashtra and Gujarat. Simultaneous encouragement to truck-trailer and tractor-trailer combinations should also form part of an immediate plan for road transport.

What is remarkable about this short-term plan of action, outlined on behalf of the road transport industry, is that it embodies no impractical or extravagant demand. But it is a little surprising that Mr. Asoka Mehta has not explicitly recognised the immediate need for reactivating the road transport sector. He has instead indulged in some generalities. One such is that, "in a planned economy, there need be no conflict between rail, road and other modes of transport." Another is that, "in the present context of planned development, it seems a retrograde step to plead for a return to a *laissez faire* approach to road transport." Yet another is that "regulation of rail and road transport is a common feature in all countries and is not limited to India." But he has also said, in the same breath, some heartening things—heartening from the point of view of long-term growth of road transport. His pointed reference to the need for linking up road transport with regional development programmes and for developing it on long-distance routes, as a secondary supporting service to the railways is encouraging in its own way. This, along with his recognition that rationalisation of motor vehicle taxation is desirable and that the production costs of vehicles should be reduced in the interest of road transport expansion, points to the possibility that the Planning Commission's Committee on Transport Policy and Co-ordination may succeed in formulating a reasonably sound long-term policy for road transport.

MARKET GOSSIP

Non-Plan Expenditure

WRITING on the price situation in a leading article three weeks ago (*vide* page 1006 of *Commerce* dated 13th June), we said that, whatever the measures taken to hold the price line, they would not by themselves be of much avail, unless the Governments cut down non-development and unproductive expenditure to the barest minimum, for it was such expenditure that always aggravated the inflationary potential. Within a fortnight after these lines appeared in print, both the Prime Minister and the Finance Minister urged strongly the need for a drastic cut in Government expenditure. Addressing the Chief Ministers' Conference on food at New Delhi on Friday, 26th June, Mr. T. T. Krishnamachari, Union Finance Minister, observed:

"We are all running at a high rate of expenditure. We are now in a particular state of economy in the country when we cannot incur additional expenditure. This is an important matter. It is necessary to create an atmosphere where inflation will not rise further. The economy will have to be controlled in key centres. . . . Non-plan expenditure should be cut to the extent possible. This is necessary to curb the rising spiral of prices."

Mr. Krishnamachari did not merely deliver a sermon. He himself gave a lead in announcing that he would cut down the non-Plan expenditure of Central Government by Rs. 70 crores annually. And he called upon the State Governments to explore the possibilities of curtailing their expenditure. Stoutly supporting the plea of the Finance Minister, Mr. Lal Bahadur Shastri said:

"We should not be tinkering with the problem. If there is a surplus department, the department may be eliminated completely. I know that, if the Secretariat so desires and it is earnest about it, it can cut down expenditure by 25 per cent. . . . If expenditure is not cut down, the whole population will suffer and commodities will get dearer. I hope every State will take care of this problem."

No other words can be more emphatic than these. Never before was the need for pruning non-Plan expenditure so urgent as it is today. Take the case of State Governments. The aggregate non-Plan expenditure of State Governments has gone up quite markedly in the past three years, the budget estimate for the current [illegible]-65 financial year being as high as Rs. 1,594 crores, a rise of Rs. 389 crores as compared with the Rs. 1,205 crores actually incurred in 1961-62. In particular, unproductive expenditure must be reduced to the minimum, if it cannot be avoided altogether. Such expenditure, it is needless to say, amounts to unfair treatment of the taxpayer with whose money it is financed. Mr. Krishnamachari has done well, indeed, in taking the initiative, albeit belatedly, to apply the axe to non-Plan expenditure at the Centre and to urge the States to do likewise. It, however, remains to be seen how far the Finance Minister will stand by his word and to what extent the State Government will pay heed to his and the Prime Minister's appeal.

Mafatlals' Petro-Chemicals Complex

The industrial progress of Maharashtra will be greatly accelerated when the Rs. 45-crore highly integrated petro-chemicals complex of Mafatlal House is fully implemented. An application for a 500-acre site off the Thana-Belapur Road has been made to the Maharashtra Industrial Development Corporation. The details of the various projects, which will employ as many as 5,000 workers during the construction period and play the role of a mother industry when they go into production, have been discussed with the Government of India and its agreement in principle has been obtained. The formal sanction is expected to be received any time now. It has taken no less than 4½ years for the original proposal of Mafatlals to take the concrete shape it has done. At one stage, there were serious doubts whether the Government would allow this scheme to materialise, for it was very much enchanted with the idea of making petro-chemical industry a State monopoly. It is gratifying to find that, finally, it has not succumbed to its doctrinaire predilections but has allowed practical considerations to prevail. The whole country will gain as a result of this decision, for it has improved the prospects of a speedier economic growth than would have been possible if this industry were to be the exclusive preserve of the public sector. The impact of petro-chemical industry on industrial development is quite significant, as it yields a variety of synthetic raw materials at stable prices and in a dependable flow for a number of industries essential for a modern economy. There will be a large saving of foreign exchange, accompanied by the establishment of numerous medium and small industries. If everything goes well and according to schedule and if all the facilities promised by the State and Central Governments are made available in time, the plants may be ready to go on stream in October 1966, that is in two years' time from the commencement of work after the current monsoon.

A unique feature of Mafatlals' petro-chemicals complex is its international character. The Indian public, a leading Indian business house, British, Dutch, and German interests are all joining hands to bring it into existence. The Americans, too, are participating in it, in that the services of a U.S. engineering firm are being availed of for carrying out the engineering and construction work of the principal section, as we shall presently show. Another feature is that, besides equity participation, the foreign collaborators are providing long-term loans which are outside the aid agreed to by the Aid-India Club. Accordingly, this industrial complex does not cut into foreign aid meant for other projects in both the public and private sectors. A third feature is that, in terms of capital outlay, scale of operations and variety of products, it will be the first large petro-chemical complex to come into existence in India. It is true that the Union Carbide's petro-chemical plant at Trombay may go into production earlier, but its capacity and range of production are relatively smaller. And, finally, the technology to be adopted in this complex will be the most up-to-date and latest in the world. From this point of view, the long delay that has taken place in finalising the project has been a blessing in disguise, according to Mr. Arvind N. Mafatlal, Chairman of the Group, who gave the details of the petro-chemical complex at a Press conference on Monday this week.

This industrial complex consists of four divisions. At the top is the National Organic Chemicals Industries Ltd., N.O.C.I.L. for short. Then there is Polyolefins Industries Ltd. (P.I.L.), followed by Hoechst Dyes and Chemicals Ltd. (H.D.C.), and the Indian Dyestuff Industries Ltd. (I.D.I.). The last two are existing companies and their activities will be expanded and diversified to fit into the complex, while the first two are entirely new companies.

The capital outlay of N.O.C.I.L. is estimated at Rs. 30 crores. Its project is being established in collaboration with Shell International Chemical Company Ltd. of the U.K. and its affiliates. It is proposed to raise Rs. 10 crores as equity capital, the Mafatlal Group subscribing Rs. 3.33 crores and Shell Petroleum Company Ltd., Rs. 3.33 crores and the balance of Rs. 3.33 crores being offered to the public. The foreign exchange requirements for the project will be Rs. 14.5 crores. Excluding Rs. 3.5 crores available as equity participation, all the necessary foreign exchange will be provided as a long-term loan by Shell Petroleum Company Ltd., from sources outside the Aid-India Club. The rupee requirements will be borrowed from local banks.

When completed, the N.O.C.I.L. project will be capable of processing 225,000 tonnes of naphtha per annum from the Burmah-Shell Refinery. Naphtha cracking will yield ethylene (60,000 tonnes), propylene (35,000 tonnes), benzene (14,000 tonnes), butadiene (7,200 tonnes), methane (2,700 tonnes), etc., for the manufacture of chemicals and plastics on a scale hitherto not undertaken by any other chemical company in India. A wide range of these chemicals and plastics will be manufactured by N.O.C.I.L. itself, with a total value at full output of the order of Rs. 20 crores. The products will be used in such diverse industries as plastics, paints, lacquers, plasticizers, brake-fluid, anti-freeze, detergents, explosives, synthetic fibre, synthetic rubber, pharmaceuticals and antibiotics.

The engineering and construction of the N.O.C.I.L. project will be carried out by Stone and Webster Engineering Corporation, U.S.A. Messrs. Bataafse Internationale Chemie Maatschappij N.V., Holland, associates of Shell International Chemical Company Ltd., will supervise the establishment of the plant.

A part of the capital of N.O.C.I.L. that is being taken up by Mafatlals will be offered to the shareholders of Standard Mills—one of their companies—as, originally, the whole project was to have been part of this Company. The Government, however, desired that a separate company should be formed with provision for public participation on a substantial scale.

The P.I.L. is also a new company separate from N.O.C.I.L. The capital outlay on its project is Rs. 8.76 crores, with a foreign exchange component of Rs. 3.39 crores. Its equity capital is Rs. 3.60 crores, of which Rs. 1.20 crore will be provided by the West German combine of Farbewerke Hoechst, Rs. 1.20 crore will be taken up by N.O.C.I.L. and the balance of Rs. 1.20 crore will be offered to the public. Hoechst will also assist the Company in making arrangements for a long-term loan (Rs. 2.19 crores) to cover the balance of foreign exchange required. This source also will be outside the Aid-India Club. P.I.L will manufacture high density polyethylene (20,000 tonnes per year), processed polyethylene products (5,600 tonnes) and ziegler catalysts (320 tonnes). It will take its raw material (ethylene) from the N.O.C.I.L.

The I.D.I. will establish an electrolysis plant to be located in the same area to produce chlorine which will be used by N.O.C.I.L. for P.V.C. manufacture. This plant will have an annual capacity of 30,000 tonnes of chlorine and 34,500 tonnes of caustic soda/caustic potash. The H.D.C.'s expansion programme is so designed as to enable it to make in this complex vinyl acetate monomer (8,000 tonnes per annum) and polyvinyl acetate (12,000 tonnes per annum) out of the ethylene to be supplied by N.O.C.I.L. The utility services required by all the projects in the complex will also be provided by the apex company, N.O.C.I.L. The capital outlay on the expansion projects of I.D.I. and H.D.C. is estimated at Rs. 6.24 crores, giving a total of Rs. 45 crores as the outlay on the entire integrated complex.

The rates of royalty payable on the patented processes to be supplied by the foreign collaborators varies from product to product, but in no case does it exceed 2½ per cent. The foreign collaborators will also receive a small service charge for such technical services as are rendered by them. The plant and machinery, we are told, will not be supplied by them. They will be bought on the basis of global tenders, the foreign equity capital and loans being multilaterally convertible. There is thus no risk of foreign collaborators dumping on this country their own equipment found surplus in their domestic sphere.

The Chairman of the Group, Mr. Arvind Mafatlal, disclosed at the Press conference that the two new companies mentioned above would not be approaching the capital market until the climate improved. This, however, does not mean that the work on the project will be delayed, for enough resources will be provided by the foreign investors as well as the promoters. This is a good arrangement, as it would reduce the waiting period for the investing public to get a return. The shares will be in denominations of Rs. 100 each, but the unit of trading will be fixed at one, in order to suit the convenience of small investors.

Tax Burden On Sulphuric Acid

It is somewhat unfortunate that sulphuric acid, which is an essential raw material used widely in the manufacture of fertilisers, rayon yarn and staple fibre, and several other products, is subjected to a heavy tax burden. Indeed, the consumer price of sulphuric acid would have been much lower today but for the stiff increase in taxation effected in recent years. Between 1959-60 and 1963-64 (ended June), the total of State levies on sulphuric acid has gone up, according to a note prepared by Dr. H. S. Singh, Business Economist, Delhi Cloth and General Mills Company Ltd., from just Rs. 2.60 per ton to as much as Rs. 21.20, representing a rise of over 800 per cent. Thanks to such a stiff increase, the State levies accounted for more than 11.0 per cent of the consumer price in 1963-64, as against 1.7 per cent in 1959-60. The table below indicates the trend of sulphuric acid prices and incidence of State levies in the past five years:

	Year ended June				
	1964	1963	1962	1961	1960
Consumer Price:					
Actual price (Rs. per ton)	192	183	164	137	151
Index (1959-60=100)	127	121	109	91	100
Incidence of State levies (Rs. per ton):					
Excise duty . .	14	14	14	—	—
Customs duty . .	7.23	7.23	5.39	5.54	2.64
Total . .	21.23	21.23	19.39	5.54	2.64
State levies as % of consumer price	11.1	11.6	11.8	4.0	1.7

Note: Consumer price is on ex-works basis, inclusive of excise duty.

It will be seen from the above figures that the consumer price of sulphuric acid has increased by Rs. 40 per ton, the actual price in 1963-64 being Rs. 192 per ton. The increase has been due partly to additional tax impost and partly to higher prices of sulphur, which is an imported commodity. A very pertinent point that Dr. Singh has highlighted is that the producer of sulphuric acid has no control on consumer prices, since these prices are controlled by the Government, the profit margin being fixed irrespective of costs over which also the producers has no control. Surely, the rise in the consumer price of sulphuric acid because of State action, as Dr. Singh rightly observes, is characteristic of current economic situation in India where the State is helping the price spiral through continuously raising the incidence of taxes and levies.

U.S. Business Investments In India

When it was announced that a mission of forty top-ranking industrialists connected with some 28 well-known business houses in the U.S. would be visiting India by the middle of April 1964, great hopes were expressed about the outcome of this visit. The hopes were strengthened considerably by some of the observations made by Mr. R. Galloway (leader of the mission) and other members, as well as by Mr. Franklin D. Roosevelt (U.S. Under-Secretary of Commerce) who also accompanied the mission. Although these hopes might not have been fully justified, one has to admit that the mission's visit has been quite a success, in that the discussions held by the mission with the Indian businessmen and Government officials have put the problems pertaining to U.S. private investments in India in their correct perspective and placed the solutions therefor in much better focus now than ever before. This, at any rate, is the conclusion that emerges from the Press reports covering the mission's views as formulated at a "debriefing session" held at New York recently; representatives of about 120 major companies are believed to have participated in this session.

American businessmen, we are told, are fully aware of the vast investment opportunities that exist in India. Besides political and economic stability and immense potential of the Indian market, the genuine anxiety of the Government of India to promote foreign investment is itself considered to be a "big" factor that is conducive to foreign investment. Wide satisfaction is expressed over the country's record in honouring its external obligations, the freedom accorded for repatriation of foreign capital, profits and capital gains, the safeguards against risks of appropriation, currency inconvertibility and war, and the series of incentives provided in the Central budget (1964-65) to attract foreign capital. Satisfaction is also expressed over the recent moves of the Central Government to speed up industrial licensing and cut short procedural delays involved in the grant of approvals to foreign collaboration cases. A high-powered committee has been constituted, with Mr. L. K. Jha, Economic Secretary, as Chairman, to guide foreign investors in relation to their proposals. It is, however, felt by the American businessmen that the fiscal and in-

(Continued on next page)

TREND OF SHARES

MARGINS RELAXED

(From Our Own Correspondent)

BOMBAY, 2nd *July*

THE share market moved irregularly both ways on alternate spells of bull liquidation and short-covering during the week under review. The market tended to sag towards the end of the week, but closing prices, wherever changed, showed small to moderate variations. Reports of the Prime Minister's illness did disturb sentiment early in the week, but the market was not slow to rally once it became known that he had recovered and was well on the way to resume normal work. The other spell of hesitancy towards the close of the week was induced by the sharp reaction in National Rayon, following rumours of a downward revision of rayon prices as well as talk that, in place of the much hoped for bonus shares, Telco would be issuing only preference shares. This caused a sharp setback in shares yesterday (Wednesday). The market, however, made an attempt to rally. The inauguration of the Unit Trust and the hope that it would provide a link between the small investor and the entrepreneur was a bull factor. So was the Government's announcement raising the prices of cement, although cement interests murmured that the quantum of increase was far below their expectations.

On top of these came the announcement relaxing margin restrictions. Margins had been enforced when forward dealings in shares were resumed after being suspended at the time of Chinese aggression. The stock market had never reconciled itself to these restrictions and there had been repeated representations for their relaxation, if not complete withdrawal. The relaxation is in respect of margins payable on the daily outstanding purchases and sales of each security and on additional margin on aggregate purchases and sales carried over. The scale of automatic interim margins has also been lowered. The existing method of calculating margins, however, will remain unchanged. Further, the two per cent carryover margin stays and it was to this that there had been so much of opposition. The Governing Body of the Bombay Stock Exchange accepted the revised margin regulations and made it effective forthwith, but the consensus among brokers was that the relief was inadequate in achieving the much desired objective of broadening the activity in shares. The lack of any relief in the two per cent carryover margin came in for particular criticism. The reduction in exemption limit did not mean much.

The announcement of these relaxations created some enthusiasm and, in the first flush, shares did look up. In kerb dealings on Wednesday, Tata Steel was bid up from the official closing rate of Rs. 153 to Rs. 154.25 and Indian Iron was bid up from Rs. 25.30 to Rs. 25.50 and Hindustan Motors to Rs. 18.64. National Rayon improved from Rs. 376.50 to Rs. 380 and Telco from Rs. 278 to Rs. 279. The rise in Telco, though small, was significant in that the shares had lost as many as six points during the official session.

By Thursday, margin relaxations had fallen flat on the market. Moreover, with the settlement ahead, operators were in no mood to extend their commitments and the closing list showed small changes either way. Associated Cement gained a rupee to Rs. 154, while Century, among mill shares, was fractionally easy at Rs. 599. Bombay Dyeing was unchanged at Rs. 57.80 but Standard moved up by two points on balance to Rs. 650. National Rayon closed the week with a Rs. 2.50 gain at Rs. 380.50. Among shippings, Scindia which was active throughout the week gained moderately to be quoted at Rs. 15.44.

Svadeshi, however, was fractionally down to Rs. 255.50 and so was Premier Auto at Rs. 102.50. Bombay Burmah was quiet at Rs. 58 and Premier Construction at Rs. 186. Voltas were quoted a rupee lower at Rs. 252, but Hindustan Motors were better at Rs. 18.72, as against Rs. 18.52. Among sugars, Belapur was more or less steady at Rs. 213.

On balance, Telco lost five points to end the week at Rs. 277, but steel shares were notably stubborn and sentiment continued to be assisted by expectations of a higher dividend. Over the week, Tata Steel was better by Re. 1.50 at Rs. 154 and Indian Iron by 30 nP at Rs. 25.55.

Equally brilliant were the members of the Mafatlal group—Standard and Indian Dyestuff. Standard closed the week at Rs. 650 and firmness in Standard was induced by the announcement by Mafatlals of their petro-chemical project. The proposed company—National Organic Chemical Industries or N.O.C.I.L—will have an equity capital of Rs. 10 crores of which the Mafatlal group and its foreign collaborators—Shell International—will subscribe Rs. 3.33 crores each. The balance is to be offered to the public, but the shareholders of Standard Mills will receive preferential allotment. In fact, Standard shareholders had been looking for this since long, but it is good that it has come though rather belatedly.

The prospects for N.O.C.I.L. are considered very excellent in that it is supposed to process some 2.25 lakh tons of naphtha a year yielding ethylene, propylene and other products used in making chemicals and plastics. The value of the products is expected to be of the order of Rs. 20 to 25 crores. Construction work will, it is said, begin after the monsoon and, according to Mr. Arvind Mafatlal, market conditions are likely to be favourable at the time when the project goes into production.

It is a pity that the Chairman of Synthetics and Chemicals had to ring a bleak note at the annual meeting of the shareholders, but Mr. Tulsidas Kilachand was not to blame for the Company's hazards. Its future, as he pointed out, depends upon the Government's policy regarding the imports of rubber and making available to the Company its raw materials at cheaper rates. Meanwhile, the shares are lying low at a heavy discount.

An eyesore of the market is the rubber tyre section with some of them quoted much below par. The industry seems to be facing a hard time and it is difficult to imagine how rubber tyre shares can hold their heads up particularly after the bleak prospects held out by Ceat Chairman. Knowledgeable sources in the market, however, think that, for those investors who have their eye on long-term returns and not on near-term capital appreciation, rubber tyres should be a good proposition. The glut in the market will not, after all, continue for long and, with the scope for the development being what it is, rubber shares must have their day sooner or later.

The cash section was selectively better with Gwalior Rayon, Hindustan Aluminium and Borosil well supported. But activity in the cash section was more in the nature of bargain hunting. Unless cash shares follow up the rise in speculatives, bull operators will find it hard to carry the market in their favour.

Technical analysts think that the liquidation which the market underwent during the week is not sufficient and that there is still scope for decline and consolidation before the market can move up again. The price pattern in the coming week will, perhaps, give an indication of the course which the market is likely to take.

MARKET GOSSIP

(Concluded from previous page)

dustrial policies of the Indian Government need certain adjustments if the pace of investments is to be accelerated. The specific fields in which the Galloway mission wants adjustments, it is said, cover the following:

1. The present levels of taxation, including the new taxes, do not permit of an acceptable rate of return on capital employed compared with competitive opportunities outside India.

2. The definition of technical and engineering staff, who are exempt from taxation for three years, needs to be widened to include managerial personnel. In some industries, as, for instance, petro-chemicals, where foreign technical staff may have to continue for long periods, say, upto eight years, it would be manifestly unfair to limit the tax concession to three years.

3. Curbs on imports of foods and other consumer goods used by Americans, which sometimes make managerial personnel reluctant to move out to India, must be removed.

4. Most of the American firms would accept a 49 per cent equity participation, though some have indicated that they would welcome a 50-50 participation.

5. American businessmen are more anxious to have management control commensurate with contribution of foreign exchange and know-how In their view, such control should continue until Indians are trained in adequate numbers and, in the case of capital-intensive industries, until a loan taken by them from a bank is paid up.

6. Where there is collaboration between American capital and the Indian public sector—for instance, in machine-building industry—the Americans would prefer a pattern of investment which would give them 40 per cent, the public sector another 40 per cent, and the Indian private sector 20 per cent, so that majority managerial control remains in the hands of the private sector Indian and foreign.

7. The U.S. businessmen are not keen on taking out their profits. Rather, they would like to be assured that there would be scope for ploughing back of profits and that permission for expansion and growth of business would be accorded as a matter of course.

8. Since many of the industries for which collaboration is sought would be export-oriented, the U.S. firms would expect lower rates of import duty on machinery and industrial raw materials to assure minimum unit investment and operating costs.

9. There should be freedom to select raw material sources consistent with commercial competitive pricing and impact on foreign exchange.

10. Although some of the administrative procedures are being simplified in the light of the recommendations of the Swaminathan Committee, the Americans would like to judge the results in terms of whether decision-making is integrated at one central point, so that decisions can be taken expeditiously.

The aforesaid pleas are, by and large, unexceptionable. Considering the massive outlay that has to be incurred in the coming years to step up the tempo of economic development, the need for augmenting the resources of the corporate sector from within as well as from without cannot be stressed too strongly. When foreign private investors are willing to come to India on an increasingly large scale, the Government of India must, indeed ought to, remove, to the extent possible, the obstacles which are standing in their way.

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LONDON LETTER

STEEL IN THE MELTING POT

RE-THINKING ON PRICE POLICY?

(From Our Own Correspondent)

LONDON, 27*th June*

IN a few days Mr. Heath, Secretary for Industry and Trade, and Mr. Brown, Labour's Deputy Leader, are to engage publicly in a debate—in response to a challenge by Mr. Brown—about nationalisation. This is the follow-up to a heated day in Parliament when at last the Government back-benchers were able to draw out the Opposition on the subject. Not that they learnt anything new, but they did derive inspiration for electioneering attacks. Mr. Brown, for instance, told them that there was no mystery about Labour's plans: they were going to re-nationalise the iron and steel industry; nationalise water undertakings (these are mostly owned by municipalities at present but there is great need for co-ordination); partly nationalise long-distance road haulage (enough to have a co-ordinated road-rail policy) and nationalise land which came onto the market for building development. In addition—and this is where the sting is—a Labour Government would reserve the right to bring under public control in some form (perhaps by a shareholding interest) industries which were inefficient or monopolistic and where the fault, whatever it was, militated against the public interest.

This last group could mean nothing or a great deal according to what interpretation was put upon it, but it is not in fact Labour policy to involve itself in business ownership for other than hard practical reasons, of which probably the most important is the need to supply funds for development. Where an industry is financially assisted it is probable that the *quid pro quo* for State money will be a seat on the Board and a shareholding investment. The one case in which it can be argued that State ownership might be undertaken for political reasons is that of steel. The Tory Party is really worried about this industry, which itself is spending large sums in advertising to convince the public that the industry should be left alone. The Opposition, it is alleged, want re-nationalise steel for no better reason than that in 1951 they nationalised it, in the face of Tory determination to denationalise it as soon as possible. When the Tory Government did denationalise it, the Socialists declared they would re-nationalise it—and so it has gone on. But the Labour leaders claim that steel is one of the "commanding heights of the economy" and that a Government which hopes to plan the economy in the interests of expanding production ought to control the progress and potential of this industry.

Present Set-up

There is in existence an Iron and Steel Board, whose functions are mainly price-fixing, although they are supposed to extend to coordination. Now this week the activities of the Board has at last, as was inevitable, come under the scrutiny of the Restrictive Practices Court and equally inevitably the Court has found that not only is the Board one whose price-fixing has exactly the same effect as if the industry were a centrally-owned monopoly, but that such price-fixing has no redeeming graces. The industry's case was that price-fixing made for stability especially if the market was weak. Without such prices weak sellers would undercut each other and the industry no longer make enough profit to allow it to develop. In short, the argument was that in a buyer's market the steel industry would cut its own throat. The Restrictive Practices Court was not impressed by these arguments which they regarded as speculative and the upshot was that the Iron and Steel Board stood condemned.

In ordinary circumstances, one would ask "What next" and look to the Government to bring pressure on the Board to ensure that its recommended prices were true maxima and that each firm was free to quote as it wished. But the industry is at the moment facing the much more serious threat of nationalisation. The problem raised by the findings of the Court that the fixing of steel prices amounts to a monopolistic abuse, extends also into the realm of a re-nationalised industry. For if it is contrary to public interest to fix prices when the industry is privately owned, would it not be equally wrong to fix such prices when the industry was publicly owned? Yet the fact of public ownership would raise price policy outside the reach of the criticism of the Restrictive Practices Court.

However, this could not be the end of the story, because the Court is after all concerned with the promotion of healthy competitive practices in the national interest and, therefore, if they have found that the Steel Board's practices were not in the national interest, the same argument must be true of a re-nationalised industry. So the Labour Party, if it comes to power, will straightaway have to consider how to run a steel industry without automatically taking over the fixed-price policy which now obtains.

Some serious rethinking on State-owned industry price policy is, therefore, posed, the results of which can go far beyond the steel industry—and the lessons of which are not confined to the U.K. The steel industry consists of a great many different firms. The first possibility is that only the largest need to be re-nationalised—simplifying the problems of central control and keeping a yardstick in the shape of the smaller private firms as a check on efficiency. The second is that each unit firm could be left free to charge, within the limits of a range, perhaps, of minimum and maximum prices (not too close together) what it thought proper. The competitive power of the industry would undoubtedly be strengthened by such a move which would also be popular with the U.K.'s export customers whose freedom of shopping would be extended.

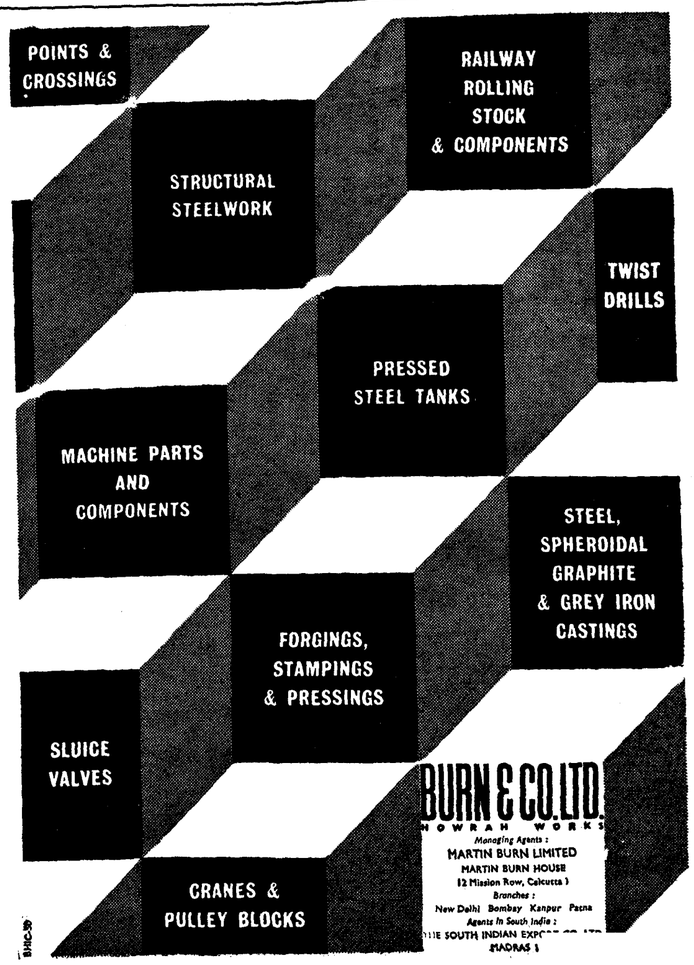
U.K.'S TECHNICAL ASSISTANCE TO DEVELOPING COUNTRIES

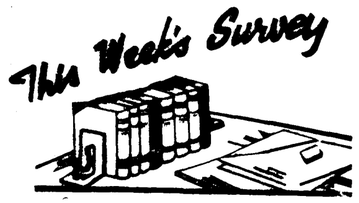
The British Government will be announcing an increase in its contributions to the United Nations Expanded Programme for Technical Assistance and the Special Fund at the pledging conference next autumn. This was stated by Mr. Robert Carr, Secretary for Technical Co-operation, in the House of Commons on 25th June. He added: "We shall do all we can to persuade other donors to follow our example and, if they do, there is a good possibility that the target of $150,000,000 may be reached in 1965." In a series of answers to parliamentary questions, Mr. Carr, gave the House the following facts and figures of a two-way movement between Britain and the developing countries:

Of the 64,320 oversea students receiving full-time education in Britain last year, 50,100—four times the total number of all oversea students in Britain in 1950—came from the developing countries. At the beginning of last year, about 2,600 British teachers were serving in developing countries under the auspices of the British Government. Mr. Carr said that he did not know how many were there less officially. During the year another 1,300 teachers were appointed under official auspices, more than 400 were known to have been sent out by other bodies, and an unknown number were recruited directly by some of the developing countries. The Department of Technical Co-operation employs or financially supports more than 1,200 scientists for research on problems affecting the developing countries. Just over a quarter of this staff is home-based; the rest are in oversea research oganisations. Of the 91 scientific research workers whom the Department has engaged for service overseas, 643 are in Africa, 142 in the West Indies, and 108 in the Far East and the Pacific region. Their help covers agriculture, fisheries, medical and veterinary work, pest control, the social and economic sciences and other subjects. The Department of Technical Co-operation had increased by 170 per cent its expenditure on bilateral assistance to non-Commonwealth countries. This was now about 10 per cent of its total outlay on assistance.

TWO I.D.A. CREDITS FOR PAKISTAN

Two credits aggregating the equivalent of $35 million have been extended by the International Development Association (I.D.A.) for the improvement and expansion of the railway systems in East and West Pakistan. The credits, comprising $10 million for the Pakistan Eastern Railway and $25 million for the Pakistan Western Railway, will help to finance the completion of the Railways' programmes under the second Five-year Plan (July 1961-June 1965). Both credits are for a term of 50 years. After a 10-year period of grace, repayments of principal will begin on 15th September 1974. Thereafter, 1 per cent of the principal will be repayable annually for 10 years and 3 per cent will be repayable annually for the final 30 years. The credits are free of interest, but a service charge of ¾ per cent per annum on the amount withdrawn and outstanding will be made to meet I.D.A.'s administrative costs. The Government of Pakistan will relend the proceeds of the credits to the Provincial Governments of East Pakistan and West Pakistan on I.D.A. terms. The Provincial Governments will in turn make the proceeds available to the two Railways. The parts of the credits used for replacements of equipment and facilities will be repaid by both Railways to the Provincial Governments over a period of 20 years, including 3½ years of grace, with interest at 5 per cent. On funds used for additions, the Railways will pay an interest of 4 per cent annually. The two credits of $35 million, together with five earlier World Bank loans aggregating $93.7 million, make the Railways the largest beneficiary of Bank-I.D.A. lending in Pakistan.





JUTE INDUSTRY

JUTE manufactures constitute the largest earner of foreign exchange for India, accounting as they do for one-fifth of the total earnings. Thus, out of the aggregate exports amounting to Rs. 766 crores in the financial year 1963-64, the share of jute manufactures alone was over Rs. 157 crores. Three traditional markets for Indian jute goods are the U.S., the U.K. and Canada, which together bought from India in 1963-64 jute goods worth Rs. 62 crores, representing about 40 per cent of the total exports of jute goods. In view of the importance of these markets and considering the growing competition not only from the Pakistan jute industry but also from alternative packaging materials, it was just as well that a special jute delegation visited the aforesaid markets with a view to studying the recent trends there. The delegation, which returned to Calcutta on Friday last week after a month's tour abroad, was led by Mr. G. C. L. Joneja, Jute Commissioner, and consisted of four well-known jute millowners, namely, Messrs. H. R. Morrison, A. T. Robertson, D. Duncan Smith and H. R. Singhania. One has to wait for some time before the findings of the delegation's study are published. The findings, there is no doubt, will be very valuable, in that they will enable the Government to understand the problems of jute goods export trade better and the industry so to reorient its production as to suit the requirements of overseas markets.

The broad impression reported to have been gathered by the delegation is that the jute industry, if it is to consolidate the markets built up in the U.S., the U.K., Canada and other countries, will have to pay special attention to two vital aspects, namely, diversification of production and strict quality control. It is stated that the needs of the American automobile industry alone of specialised jute fabrics of diverse nature are so large as to induce the Indian manufacturers to be on the vigil and prepared to switch on to new lines of production. For obvious reasons, strict quality control is regarded as the *sine qua non* in the changed pattern of manufactures, a change from production of rough package material to that of fabrics for industry. The present time is considered to be quite ripe for consolidating the confidence of consumers of Indian jute products which has been attained through maintenance of stability in prices and supplies over a long period.

It must, indeed, be said to the credit of the Indian Jute Mills Association that it is working closely with the U.S. converters and consumers for consistently adapting to the requirements of the American market and meeting competition from synthetic and natural fibre substitutes. Working on a contract with the Association during the last nine months, the Fabric Research Laboratories of Dedham (U.S.) has been conducting a jute product development programme. India will be spending about $85,000 annually according to the present programme.

During the year 1963-64, it may be noted here, the jute industry set new records in respect of both production (1.3 million tons) and exports (more than 900,000 tons). Fears have been expressed in certain circles that this performance may not be repeated and that the industry may be faced with a crisis in the not too distant future. Here is what Mr. R. P. Goenka, the retiring President of the East India Jute and Hessian Exchange Ltd., said in his speech at the seventh annual meeting of the Exchange held at Calcutta on 26th June:

"Despite good performance by the jute industry, some disquieting trend is noticed. The hitherto sellers' market has changed into a buyers' market and the jute industry in Pakistan is making heavy inroads into India's sacking export market, as a result of which the export of sacking dropped by 21 per cent during the period 1960-63. . . . The termination of the Working Time Agreement from the beginning of February this year was too sudden, burdening the market with a bearish tendency and defeating the purpose. The industry is now feeling the depressing effects."

In the context of the keen competition offered by the Pakistan jute industry which enjoys the benefit of a direct export subsidy, there is, of course, some force in the plea of Mr. Goenka for some assistance to the Indian jute industry in the form of export incentives. But one should not ignore the possibility of the Pakistan Government raising the export subsidy the moment it comes to know about the grant of any special incentive to the industry by the Government of India. At any rate, export incentives are only short-term palliatives. From the long-term point of view, what is needed is maximum production of quality jute goods at an economic cost. It is the duty of the Central and State Governments to create the necessary conditions to ensure such production both in the primary stage (that is, jute growing) and in the secondary stage (that is, jute goods manufacture).

REFRACTORIES INDUSTRY

The refractories industry, which caters to the needs of iron and steel plants, foundries, merchant ovens and cement, glass, ceramics and chemical industries, produces mainly fireclay refractories, silica bricks and sillimanite refractories in diverse shapes and sizes. The actual production of such refractories nearly doubled over the second Plan period, rising from 2.9 lakh tons in 1955-56 to 5.5 lakh tons in 1960-61. Under the third Plan, the overall requirements of refractories were originally estimated at 15 lakh tons—10 lakh tons for the steel industry on its operational and constructional sides and five lakh tons for other consuming industries. These requirements were worked out on the basis of the targets laid down for the respective industries. As for the target capacity for the refractories industry, it was fixed at the level of 20 lakh tons, so that, with the assumed 75 per cent utilisation, that much capacity could ensure an actual output of 15 lakh tons in the last year of the third Plan. The growth of the industry in terms of installed capacity upto the end of 1963 does not seem to have confronted to plans, for the actual installed capacity at the end of that year aggregated no more than 8.3 lakh tons, according to the Refractories Panel. Of course, this is expected to increase to 12.8 lakh tons at the end of 1965, although it would still be much less than the target capacity of 20 lakh tons.

It may be thought that this slow growth of capacity in the refractories industry must be causing a lot of difficulty to the industries which require its products. Actually, however, it has turned out to be a blessing in disguise, for the iron and steel industry, which is the biggest consumer of refractories, is now expected to achieve its third Plan target of 10 million tons of steel ingots only by 1967-68 and is thus not in a position to absorb all the possible output of refractories by the end of the Plan. In fact, according to Mr. J. Dalmia, Chairman of Orissa Cement Limited, whose speech at the fourteenth annual general meeting of the Company is published elsewhere in this issue, the latest estimate of demand for firebricks, silica bricks and basic bricks from the iron and steel industry will represent only 56 per cent and 54 per cent, respectively, of the capacity available with the industry in the years 1964-65 and 1965-66. The problem is thus already one of idle capacity in the industry which, in the opinion of Mr. Dalmia, does not stand in need of any further expansion insofar as the third Plan is concerned.

Mr. Dalmia's plea, in short, is that the industry's third Plan target should be treated as the fourth Plan target. This apparently means that further progress towards that capacity target can conveniently take place during the fourth Plan period in conformity with the growth of the iron and steel industry. The authorities would be well advised to take note of the data provided by Mr. Dalmia before they proceed to provide foreign exchange for the additional capacity of 3.3 lakh tons licensed by them. Where there is already a lot of idle capacity, it would not be prudent to add to such unutilised capacity during the current Plan period unless, of course, there is a spurt in demand from consuming industries other than iron and steel. In any case, a re-assessment of demand for refractories can be usefully undertaken by the Government to determine whether or not further expansion of the industry is called for during the third Plan period.

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OIL INDIA'S PERFORMANCE

India's aggregate output of crude petroleum in 1963 was a little more than a quarter of the third Plan target of six million tonnes. It was 1.65 million tonnes, to be precise. At this rate, it is doubtful whether the target as a whole would be achieved. But, at least Oil India Limited (the joint venture of the Government of India and the Burmah Oil Company) seems to be confident about its capacity to fulfil its share —more than half—of the six-million-ton target. In fact, according to Mr. Khandubhai Desai, Chairman of O.I.L., who addressed its fifth annual general meeting held at Duliajan (Assam) last week, the Company has already achieved its drilling targets and, with the wells drilled and completed, it is now in a position to meet the requirements of the public-sector refineries at Gauhati and Barauni and the private-sector refinery at Digboi, to the extent of its commitments. This is indeed gratifying news, although, on present indications the two public-sector refineries together may not achieve a throughput of upto three million tonnes in the last year of the Plan. The fact that the Barauni refinery, which has still to put on stream even its first unit, is expected to take only "some quantity of crude oil during the current year" may be noted in this connection. Now that Oil India's Rs. 45-crore pipeline system connecting its oilfields with the two refineries has been completed and fully commissioned, it is upto the refineries to absorb the possible crude supplies.

The financial results of Oil India's operations (covering both oil and natural gas supplies) in 1963 are noteworthy. In spite of the fact that the delay in the commissioning of the Barauni refinery was responsible for a lower offtake of crude by the Indian Refineries Ltd. than what had been originally anticipated, the Company was able to show a net surplus of Rs. 3.36 crores on the year's working, after providing for depreciation, taxation and development rebate. Thanks to this impressive performance, the Company was able to declare on 23rd June a dividend of Rs. 120 (including the interim dividend of Rs. 40 declared in December 1963) per share of paid-up equity capital. This represents a minimum dividend of nine per cent after payment of all taxes, including taxes payable on dividend. Considering that the Company's supplies of crude to refineries and of natural gas to industrial consumers will progressively increase, it is to be reasonably expected that the heartening dividend performance of 1963 may be bettered in coming years.

HIRE-PURCHASE SYSTEM

The hire-purchase system is increasingly coming into vogue in India. "Own now—Pay later" advertisements in the press or other media of publicity are quite common these days. The system is very useful in that it ensures the availability of costly durables like automobiles, refrigerators, electric appliances, sewing machines and furniture to consumers and machinery to small-scale industrialists on the basis of deferred payments. This system, which has had its origin in the affluent societies of the West, has a promising future in India's developing economy too. But it has, of late, become the target of criticism, especially in the Western countries. The argument here is that, as hire-purchase produces additional demand in the economy, it has a high inflationary potential. It is because of its inherent inflationary tendencies that various curbs have been put on it and the central banking authorities in some advanced countries of the world have been authorised to restrict the creation of consumers' credit. But in India no such alarming conditions, calling for curbs, exist insofar as the hire-purchase system is concerned, for it has not yet reached that massive stage at which it can add to the inflationary trends. On the other hand, it can greatly help the country's economic development by making available the necessary farming requisites like pumpsets, machinery for small industry, and vehicles and equipment for road transport. As for consumption goods, though their supply may be deemed unproductive, the fact cannot be denied that the system makes it possible for middle income groups to own durable goods and gadgets which are so very essential for comfortable living but which, with their limited disposable incomes, they would not otherwise be able to purchase in one lump.

How the system can help industrial growth in India should be clear from the example of transport industry. The target for automobile production in the current plan is 60,000 vehicles, costing approximately Rs. 150 crores or an average of Rs. 12.5 crores a month. About 90 per cent of commercial vehicles and 40 to 50 per cent of passenger cars are already being financed by the hire-purchase system. This works out to a monthly value of hire-purchase in the vicinity of Rs. 8 to Rs. 10 crores, which gives an idea of how useful the system is in sustaining the road transport industry.

The Union Minister for Law and Social Security, Mr. A. K. Sen, while speaking at a meeting of the Hire-Purchase Association held at Calcutta on 23rd June, urged the hire-purchase businessmen to provide farmers with power tillers and other modern gadgets for improving agricultural production. This is, of course, a commendable piece of advice. But it is necessary to add, in this connection, that, if this line of activity is to be pursued by private financiers, the Government itself should set an example. Just as the Small-scale Industries Corporation is catering to the needs of small industrialists by providing machinery and tools on hire-purchase, some institutional set-up could also be devised to cater to the agriculturists. The Government should also try to remove the difficulties faced by the hire-purchase system in India by making suitable provisions in the proposed Hire-Purchase Bill. Some of these difficulties, incidentally, have been pointed out by Mr. R. P. Patodia, President of the Hire-Purchase Association, in his speech at the meeting of the Association.

There is, for instance, the element of risk which means that, as the asset transacted is always in the custody of the user, the latter may misuse his liberties, thereby impairing the rights of the financier. As bank assistance is of the utmost importance for the financier, another problem facing the hire-purchase system is the element of bank charges. While some of the banks grant advances against the hire-purchase documents, most of them insist on insurance guarantee which further adds to the cost. The rate of interest charged by the bankers usually range around 10 per cent, which is high compared with the rates on other advances. Besides, there is the restrictive policy followed by the Reserve Bank of India. The enunciation of a clear policy on hire-purchase advances by commercial banks will greatly reduce the amount of risk and clear the climate for the grant of advances. At present some of the banks do not even entertain proposals submitted by financiers for the grant of credit against hire-purchase documents. Moreover, there is the element of high establishment charges. The hire-purchase companies have to maintain a large staff for the collection of amounts and for the maintenance of accounts. Given a helpful official policy, these difficulties can be overcome in due course. But, if the Government were to take the stand, as Mr. A. K. Sen has done, that there is no general scope for the growth of the system in India in view of the low purchasing power of the masses, it would be very ill-advised indeed.

MAHARASHTRA'S INDUSTRIAL CENSUS

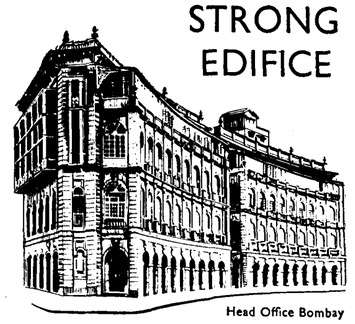
The Government of Maharashtra, it will be recalled, collected comprehensive data on all types of industrial establishments in the State as part of its 1961 census operations. This industrial census, which is not to be confused with the Census of Manufactures carried out annually by the Central Directorate of Industrial Statistics, has revealed that, out of the 320,460 factories and workshops of all types in Maharashtra State, 63 per cent are in rural areas and only 37 per cent are situated in urban areas. However, it is the factories in urban areas that account for nearly 69 per cent of the total number of industrial workers (835,702 out of 1,212,210). The extent of concentration could be gauged from the fact that the 12 cities of the State together employ 52 per cent of the workers engaged in manufacturing. Greater Bombay, alone, provides employment to 468,000 workers in some 26,000 establishments. The State as a whole stands second in respect of the proportion of workers in the registered factories to the total labour force, having 19.1 workers per thousand workers, as compared with West Bengal's 19.9.

Another finding of the census is that nearly all the major industries in the State are concentrated in urban areas. Only industries, such as tobacco products, leather and wooden products are located in the rural areas. The cotton textile industry occupies the pride of place among industries inasmuch as it has the highest proportion of workers engaged in manufacturing—274 per thousand industrial workers. It employs some 332,000 workers in its 38,000 establishments. Other industries employing more than 100,000 workers in order of importance are tobacco (137,000), basic metals (113,000) and foodstuffs (102,000). Textile miscellaneous industry, manufacture of wood and wooden equipment, chemical industry, leather goods industry, printing and publishing industry and textile silk industry employ 94,000, 73,000, 66,000, 40,000, 39,000, 28,000 and 18,000 workers, respectively. The remaining industries, such as beverages, rubber, petroleum and coal products, non-metallic mineral products and paper and paper products employ relatively smaller numbers.

Greater Bombay, according to the census, tops the list among the different districts of the State in terms of the number of employees per thousand workers, with a figure of 386. Bhandara, Nagpur, Sholapur, Poona, Kolhapur and Nasik stand in order of importance with 106, 67, 49, 44 and 39 workers, respectively. On the other hand, districts such as Satara, Sangli, Aurangabad, Osmanabad, Bhir and Kolaba, which are generally industrially backward, have such pitifully low ratios as 21, 18, 12, 8, 7 and 6 workers, respectively.

Some of the most interesting findings of the census pertain to the extent of power consumption. For instance, the census shows that the proportion of industries using no power of any kind in rural areas is 926 per 1,000 establishments, while the corresponding proportion is 829 per 1,000 establishments in urban areas. So far as electricity is concerned, the proportion of establishments using it is low, that is, 7 per 1,000 establishments in rural areas, while it is much higher, that is, 145 per 1,000 in urban areas. Establishment using electricity are increasing rapidly as rural electrification is speeded up. Further, the figures of electricity consumed by industries shows that the consumption was 816 kw.h. in 1951. It increased to 1,620 million kw.h. in 1959-60 and further to 1,853 million kw.h. in 1960-61 and to 2,148 million kw.h. in 1961-62. This trend of increased consumption is bound to be further accelerated as comparatively cheaper electricity from the Koyna hydel and other projects becomes available. It is indeed revealing that, out of the electricity consumed in 1957-58, as much as 60 per cent was accounted for by Greater Bombay.

A STRONG EDIFICE



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MERICAN LETTER

SUBSTANTIAL ADVANCES IN KEY SECTORS

WAS THE STIMULUS PROVIDED BY TAX CUT?

By N. Pattabhi Raman

NEW YORK, 27*th June*

AT the mid-point of 1964, the U.S. economy looks healthier than it did six months ago and promises to be in even better shape six months hence. Substantial advances have occurred in several key sectors, though the major problems—inadequate growth rate, high unemployment and imbalance in international payments—still loom large.

Since the beginning of the year, industrial production has increased by three per cent. The output rise amounted to 1.3 points on the index of industrial production—the largest increase since May 1963 when stockpiling of steel as a hedge against an expected strike stimulated a substantial increase. In May, the gain in output was smaller, but at the end of the month, the index stood at 130.3 per cent of the 1957-59 average.

Personal income, (which includes wages and salaries, the net income of farm and non-farm proprietorships, dividends, interest, net rents, and other types of individual income), was equal to an annual rate of $481 billion in the first five months of the year. This was $25 billion or five per cent above personal income during the comparable period last year.

Consumer outlays, too, have increased. This is showing up across the board—in the purchases of automobiles, furniture, appliances, clothing and a variety of soft goods. Retail sales rose one per cent in April and 1.5 per cent in May. Almost all of this increase was financed out of cash, which has swelled in the hands of consumers as a result of the tax cut.

Corporate Sector

At the corporate level, too, earnings and expenditures have risen. Profit margins have improved perceptibly, though they are generally still narrower than in past periods of good business. During the first quarter of the year, after-tax profit per dollar of sales of manufacturing companies equalled 4.9 cents, as compared with 4.2 cents in the comparable period of 1963. The rate of profit on stockholders' equity was 10.5 per cent, as compared with 8.6 per cent in the first quarter of 1963. The improvement occurred in both durable goods and non-durable goods industries.

Business expenditures on new plant and equipment have gained further momentum. According to a survey conducted in May by the Department of Commerce and the Securities and Echange Commission, businessmen have increased their plant and equipment programmes from those reported last February. Actual spending in the first quarter was at a seasonably adjusted annual rate of $42.5 billion or three per cent above the fourth quarter of 1963; little change between these periods had been expected previously. Capital outlays are now anticipated to increase steadily to a rate of $45.4 billion in the final quarter, bringing the rate for the entire year to $43.9 billion. For the year 1964 as a whole, therefore, a 12 per cent increase in outlays is now indicated, as compared with the 10 per cent rise indicated by the February survey. This upward revision largely reflects the increased spending programmes of manufacturing and transportation firms. Manufacturers are, in fact, currently projecting 1964 capital spending to a figure 16 per cent above the 1963 outlay—with durable and non-durable goods firms contributing about equally to the increase.

Another Government survey conducted in May indicates that manufacturers expect to set new heights in sales and invest moderately more in inventories in the second and third quarters of the year. Sales are expected to reach a seasonally adjusted volume of $113 billion in the third quarter, as compared with $109 billion in the opening quarter of the year. Durable goods manufacturers expect sales of $59.5 billion and non-durable goods producers $53.5 billion in the third quarter; this would be a record volume in each sector.

Gains in Employment

Even in the area of employment/unemployment, advances have been made. Month-to-month increases in employment since December last have averaged more than 100,000. In mid-May, the number of employed workers reached an all-time high of 71.1 million, including 58.5 million in the non-farm category.

Until recently, gains in employment did not have much impact on the rate of unemployment, since the new jobs created were barely enough to take care of additions to the labour force. However, the unemployment rate, which has long hovered around 5.5 per cent of the civilian labour force, dropped to 5.1 per cent in mid-May from 5.4 per cent in mid-April. This was the lowest rate in four years; it was previously reached in May 1960, at the peak of the recovery from the 1958 recession. The lower unemployment rate means that presently some 3.6 million persons are without jobs—300,000 below the April level.

Outlook

On the basis of these developments, it is possible to agree with President Johnson's view that the outlook for the economy is one of "continued growth."

While the evidence is still not conclusive, the recent upsurge in many sectors of the economy may be attributed to the stimulus provided by the reduction in personal and corporate income taxes which was approved by Congress earlier this year. Government economists now predict that Gross National Product will be close to $620 billion or even higher, representing an increase of $35 billion or more. If realised, it will be the biggest increase that the U.S. economy has registered since the current recovery phase began in 1961.

The decrease in joblessness is definitely traceable to the continuing improvement in general economic conditions. This suggests that, while structural unemployment is a major element in the chronic situation, probably the most important cause is unemployment resulting from inadequate demand.

When the tax cut measure was being approved by Congress earlier this year, spokesmen for organised labour contended that the Government's expectations of the economic stimulus resulting from the tax reduction could be too optimistic. They argued that the lower- and middle-income consumer groups would not derive sufficient increases in income to give an adequate boost to demand, while, given the slack economic conditions, such increased corporate investment as occurred as a result of the tax cut might be channeled largely to job-destroying "modernisation" rather than job-creating expansion. They argued too that, along with the tax cut, Government spending should be stepped up, not held back or cut back.

The response to the tax cut does not as yet provide a conclusive answer to these arguments. While it would seem that the expectation of the Government's economists are just beginning to be fulfilled in a measure, trade unions feel that there are greater indications today that additional steps to stimulate the economy are needed. Referring to the gratifying drop in the unemployment rate, the A.F.L.-C.I.O., the national confederation of trade unions in America, observed recently: "With profits and sales booming, a 5.1 per cent rate is unacceptable. The programmes and policies to reduce that rate even more sharply than in May are still critically needed if the nation is to move truly toward maximum employment and production." This view of organised labour must be placed against the actual expectations of the Government in regard to the unemployment problem. The President's Council of Economic Advisers stated earlier this year: "The more rapid expansion of production in 1964 should lower the unemployment rate. By the end of the year, it is expected to fall to approximately 5 per cent. Thus the year promises progress in reducing unemployment, but attainment of the interim goal of four per cent lies beyond 1964."

The recently approved tax cut, it may be recalled, represents a major experiment in U.S. fiscal policy inasmuch as it comes on top of a period of budget deficits. Until this measure was approved, traditional wisdom ruled the Treasury. A balanced budget was the be-all and end-all of Government activity, though deficits persisted in actuality in most of the post-war years. The tax cut measure hence reflected the acceptance of the new theory that, since the budget is a major policy instrument, its balance should not, by itself, be regarded as a policy objective. It followed the realisation that the true test of the success of fiscal policy is not whether the budget is in surplus or in deficit, but whether the economy on the whole is in balance.

This new approach, of course, shocked the so-called fiscal conservatives and these predicted dire dangers—inflation, bad business, increased unemployment, and a worsening of the position of the dollar. However, none of these dangers have come to pass.

No Inflation

While the Government has been wary of possible inflationary pressures, there is no inflation at present nor is there any sign yet of its coming in the near future. In one of his rare comments on the situation, the Chairman of the Federal Reserve Board said recently that he saw no immediate prospects for an increase in interest rates based on supply and demand factors. This has been widely interpreted as the Federal Reserve's judgement that inflation is not likely to appear on the scene in the near future.

Moreover, the staff of the Federal Reserve Board has indicated in a study that, despite the acceleration, the economy is probably in no danger yet of a supply-and-demand inflation. The study revealed that, while capacity utilisation for major materials went up to 86 per cent in April, as compared to 79 per cent a year before, the progress towards full capacity operation has been far slower than in the inflationary period of the 1950's. The study concluded by saying that "the recent rate of 86 per cent capacity use for major materials and projected increases in capacity would seem to permit further increases in production—substantially in some lines—without much, if any, increase in unit costs."

The wholesale price index for May showed continued price stability, scattered price increases in some lines being offset by declines in others. The overall index stood at 100.1 per cent of the 1957-59 average.

* * * *

In discussing the advances made by the U.S. economy in this year of fiscal innovation, it is appropriate to refer to a recently published study which contrasts the willingness of the post-war governments in Western Europe to use direct measures to promote economic growth with the timidity in such matters in the United States. According to this study—"Economic Growth in the West: Comparative Experience in Europe and North America," by British economist Angus Maddison—this contrast in approach accounted for the difference between spectacular European expansion and much slower rates of growth in the U.S., the U.K. and Canada.

Maddison writes: "The main achievement of (European) policy was to maintain very high and steady levels of demand. This had an unexpectedly large pay-off in raising profits, investment and productivity. The tools of fiscal policy were used often, in and between budgets. New tax measures were used with discriminatory impact on both investment and consumption."

"There was none of the hesitation which froze fiscal action in the United States," he adds. "Government policies in Europe were actively interventionist and little reliance was placed on automatic built-in stabilisers. Monetary policy was used more brutally than in the U.S. with bigger changes in bank rate, quantitative credit controls and detailed directions to banks on credit measures, and use of reserve ratios in both directions."

Maddison believes that, in governmental willingness and competence to manage demand, there has been a permanent sophistication in Europe in the technique of managing a capitalistic economy with wide-ranging economic policy tools. In this respect, he is convinced that U.S. performance has been much poorer than in Europe where "the rhythm of growth is virtually uninterrupted by recession."

The tax cut in the U.S. this year may be held to signal the beginning of "sophistication" but the guess is hazardous that the U.S. Congress, with its cumbersome processes—it took a long time legislating the tax cut which was recommended by the late President Kennedy on an urgent basis—will allow this "sophistication" to grow.

IN THRALL TO GOLD

By Questor

ECONOMIC policy in time of peace can work only within the limits of what is socially acceptable. These limits are set by history, and there are at least three important respects in which the history of the U.S. and Britain differs from that of the countries of Continental Europe.

First, both Britain and the U.S. experienced industrial depression in the nineteen-thirties of a sort which was more painful and politically serious than that of European countries (excepting Germany). It conditioned the "Anglo-Saxons" to accept, among other interferences of Government, a relatively high level of taxation.

Second, neither Britain nor the U.S. has experienced either foreign invasion, political revolution or galloping inflation for some time past. Thirdly, we were both until recently rich enough to ignore foreign exchange problems and now share the inherited disadvantages of running a reserve currency. When the community of language is added to this community of history and economic attitudes, it is scarcely surprising that our mutual understanding tends to make the Europeans seem unco-operative at times when co-operation is essential to keep the international monetary system working.

In Britain, for example, though tax avoidance is not unknown the bulk of the population does not attempt to avoid paying up. If the Government chooses to increase direct taxation by so much in the pound, it can count on receiving all but a negligible fraction of the increase: the years of unemployment and the war have made high taxation acceptable and tax evasion immoral.

We find it difficult to understand, therefore, the fact that the rich in some European countries would rather export their capital than pay taxes, that European Governments have to rely to so large an extent on regressive sales taxes for revenue that their ability is extremely limited. This inability to make use of fiscal measures, of course, is the reason for the great reliance placed on monetary measures which, however necessary, seem to many people in the U.S. and Britain extremely blunt. It also explains the relatively greater importance of central bankers.

The difference of tradition, however, is probably more important at present where it concerns attitudes to gold. The U.S. and Britain were able to wean their nationals easily from the use of gold because a habit of confidence had long prevented them from demanding it. British subjects have been forbidden since the First World War to hold gold; in a crisis they run to South African gold shares. U.S. citizens have been forbidden to hold gold at home for thirty years and since 1962 to hold it abroad; some still do, no doubt, but the majority of U.S. investors are not interested.

In Europe, by contrast, with its long history of violence—as well as in other significant countries like India—the right to hold gold is an entrenched civil liberty. The arrangements differ from country to country—some, in particular, allow imports only under official licence—but in all the countries of Continental Europe there is a fairly free private market in some form of gold. One tends, in the U.S. and Britain, to regard the hoarding of gold (which has accounted for over half of newly-mined supplies over the past few years) to be a business for the Middle East and India. But the habit of accumulating gold against inflation or international crisis is deeply imbedded in Europe, and no Government dares try to eradicate it.

This is perhaps one reason, as Dr. Georg Tugendhat suggested in a recent article, why European Governments are reluctant to help the U.S. out of a temporary difficulty by accumulating dollars or to support the various plans put forward for a new international reserve currency based on something other than gold. Although private holdings of gold have long been outlawed in Britain and are now outlawed in the U.S., even these countries both insist on keeping a very high proportion of our official exchange reserves in gold, simply because they have foreign depositors who may at any time demand to be repaid in this form.

European central banks know that they have few means of preventing a domestic run out of the national currency if ever a crisis of confidence develops, and that the first result of such a run will be an enhanced private demand for gold. Even if there is no longer an official gold-backing for the currency, the ghost of it still lingers livelily on.

All exhortations to closer economic co-operation, in short, come up—as even the Six are finding—against differences in national institutions and attitudes which are deeply rooted in national history. It will be a long time before there is a Government in Italy, for example, self-confident enough to tax the wealthy and the masses in a way which will meet the requirements both of economics and of justice. It will be a long time before there is an international capital market in Germany capable of absorbing its surplus of foreign exchange. But it is not so generally recognised that there is also a difference of attitude to gold between countries whose nationals still insist on their right to acquire it freely and those who were able to annul this particular civil liberty thirty years ago.

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A NEW DIMENSION TO INVESTMENT

THE UNIT TRUST OF INDIA—I

OBJECTS AND ORGANISATION

THE Unit Trust of India, which commenced this week the sale of units to the public through a network of more than 4,000 branches of 38 scheduled banks and recognised stock brokers, combines the advantages of private ownership, independent management and Government's credit, just in the same way as the units issued by the Trust provide an assured income, safety of capital, liquidity of investment and important tax concessions. The Unit Trust offers to the individual saver and the small investor a reasonable return on his savings through an expert management of investment portfolio, a safe avenue for investment by spreading the risks over a balanced and well-distributed portfolio, and a liquid asset through its willingness to repurchase the units at stated prices.

Although the collections under the small savings schemes of the Central Government do not come up to expectations, this is an era of small investors; the standard of living and expectations of many people have reached such levels that they are willing and able, albeit to a small extent, to participate in the industrial expansion of the country. Investment in shares and stocks, a privilege of the rich few till recently, now offers opportunities and attraction to many, but there are pitfalls and disillusionments too—as the stock exchange investors, who oversubscribed every new issue during the optimistic boom of 1960-62, must have realised only too well since then. The unit trust movement the world over has endeavoured and contributed more than any other system of financial organisation to bring the benefits of equity investment to small investors without involving them in undue risks and hazards. The basic principle underlying the Unit Trust of India, as with unit trusts in other countries is, therefore, to afford the small investors a means of acquiring a share in the widening prosperity based on steady industrial growth of the country, by combining minimum risk with reasonable return. In addition, the Trust helps mobilisation and investment of resources, thus supplementing the resources of the capital market, changing its mood, increasing the overall productivity of capital and facilitating the growth of the economy. Incidentally, the industrial growth of the country will be reflected in the steady growth of the value of units too, which will provide some measure of insurance to investors against inflationary erosion in the value of money.

Unique Features

Most of the unit trusts the world over are mutual societies—a joint co-operative venture—where savings of small investors are pooled to work in the interests of them all. The trusts are constituted by a trust deed; a bank or an insurance company is appointed a trustee for the custody of the securities bought with the trust funds, which are run by managers who are responsible for the administration of trusts and management of investments with the assistance of investment advisers. The Unit Trust of India is unique in many ways. In the first place, the initial capital has been provided by the Reserve Bank of India (Rs. 2.5 crores), Life Insurance Corporation (Rs. 75 lakhs), State Bank of India (Rs. 75 lakhs), and scheduled banks and other specialised financial institutions (Rs. 1 crore). The initial capital has already been invested in a balanced portfolio of fixed-income and variable-dividend securities. But there is a provision for refunding the initial capital when sufficient unit capital is collected through the sale of units to the public.

Secondly, the selling organisation of the Trust is unique in itself. Nowhere in the world are the commercial banks willing to undertake sales of units through their own branch network. In the U.K., the branch managers of clearing banks categorically declined to undertake the task, in view of the wide variety of trusts, savings schemes and units competing with each other. In part, the willingness of the contributing scheduled banks to offer their branch network for the sale of units is due to the fact that there is a single trust and single type of units: but it is also a reflection of their desire to offer their services for the promotion of units. The promotional character of the Unit Trust of India distinguishes it from its counterparts elsehere.

Thirdly, instead of separating the functions of trustees and managers, the general superintendence, direction and management of the affairs and business of the Trust are vested in a Board of ten Trustees headed by a Chairman. The Trust itself is established under an Act of Parliament, but the Chairman, the Executive Trustee and four other trustees are appointed by the Reserve Bank, from amongst the persons having special knowledge or experience in commerce, industry, banking, finance or investment; they include an executive director of the Reserve Bank, two managing directors of reputed private business firms of Bombay and Calcutta and a Chartered Accountant of Madras. The L.I.C. and the State Bank of India are represented by their own Managing Directors. Two other trustees to be elected by the other institutions contributing to the initial capital of the Trust have for the present been nominated by the Reserve Bank; they are the chief executives of a Delhi bank and of the I.C.I.C.I. The Economic Adviser to the Reserve Bank of India is himself the Executive Trustee of the Unit Trust. The public sector monopoly of the Trust distinguishes it not only from the Unit Trusts in the U.K., the U.S.A. and West Germany but also from those in the French public sector which are competing with each other.

Although a majority of the trustees, the Chairman and the Executive Trustee are all appointed by the Reserve Bank and although the bulk of the initial capital has been provided by the public sector corporations, the Unit Trust of India Act clearly enjoins upon the trustees the duty to act on business principles with due regard to the interests of unit holders. But the freedom of the trustees is considerably circumscribed in cases where the Reserve Bank thinks that any matter of public policy is involved and issues a written directive which shall be binding upon the trustees.

There has been some criticism of this ultimate theoretical power of the Reserve Bank of India over the discretion of the trustees, but it has not been realised that the Reserve Bank would rarely exercise its power to give directions. The eminent people who are the trustees would hardly invite a situation where they may lay themselves open to a charge of acting against public policy. Moreover, the interests of unit holders would not normally clash with the public interest. Above all, an Executive Director and the Economic Adviser of the Reserve Bank are themselves two of the trustees of the Unit Trust of India. It is, therefore, difficult even to conceive a situation where the Reserve Bank may have to exercise the power to issue a directive.

Investment Policy

The investment policy of the Unit Trust has twin objectives—security of capital consistent with chances of capital appreciation and a reasonable return. Two guidelines prescribed by the Unit Trust Regulations lay down that investments by the Trust in any one company should not exceed 5 per cent of the total investible funds of the Trust or 10 per cent of the value of securities issued and outstanding of such company, whichever is lower. Secondly, not more than 5 per cent of the investible funds should be invested in the initial issues of securities of new industrial undertakings. The proportion of the investible funds that should be invested in Government securities has not, however, been disclosed. The Act does not prescribe any fixed proportion of Unit Trust investments in Government securities, but the intention of the Government of India was apparent from the debates in the Parliament where it was disclosed by more than one Minister that one of the reasons behind starting the Unit Trust was to ensure a substantial measure of *individual* public support for Government securities. How the trustees will resolve this conflict between Government's expectation and the low-yield of Government securities is not known, but it will certainly be known at the end of the first year's operations of the Trust, since the detailed composition of the Trust's investments is to be disclosed once a year in the annual accounts. It is possible that the Government may bring some pressure upon the Unit Trust to invest in Government securities, but it is quite certain that, if investments in Government securities exceed 10 per cent of investible funds, the Unit Trust will not be able to distribute the promised 6 per cent dividend.

The Unit Trust of India Act provides two types of tax concessions, one to the Trust and the other to the Unit holders. The Trust itself is exempted from payment of all taxes on its income, profits or gains and is, therefore, entitled to receive its dividend and interest income without deduction of tax at source. Secondly, the income up to Rs. 1,000 received by individual unit holders is exempted from income-tax. Such income is also exempted from super tax in the case of a unit holder who would not have been liable to pay super tax but for the inclusion of this income in his total income. Income will be distributed by the Trust to such individuals without any deduction of tax at source.

These tax concessions are significant and would provide an incentive to small investors to purchase units, rather than purchase Government securities or deposit money in banks, and suffer a double loss of earning a lower rate of interest and paying tax on that income. The Trust hopes to build a portfolio of good securities which will yield a return of about 6 per cent to unit holders. The Trust's investment policy will be geared to have first class securities which secure to it an overall yield of more than 6 per cent, although securities with a lower yield up to 5 per cent may also be acquired if they offer growth prospects.

Income Distribution

The income of the Trust will be distributed among the unit holders every year after the accounts are closed. The Act provides that the management expenses which can be charged to the income allocated to unit capital shall not exceed 5 per cent of gross income, and at least 90 per cent of the gross income *less* management and interest expenses shall be distributed. The difference of 10 per cent, as well capital gains which shall not be distributed, may be utilised for building up an investment reserve as a cushion against any possible depreciation in the value of units. It is a wise policy of utilising capital gains for consolidating the investments and building reserves in order to avoid frequent, needless and sharp fluctuations in the value of units. And the capital gains will always be reflected in the sale price of the units which will be based upon a valuation of the investments of the Unit Trust.

Every unit will have a face value of Rs. 10 in order to suit small savers. There is no limit to the number of units that may be purchased by any person, but each such purchase has to be in the multiples of ten. During the month of July 1964, the units will be sold at par, but, thereafter, prices will be fixed by the Trust daily and announced over the All-India Radio and in the newspapers. The Trust will begin repurchase of units only after 1st November 1964. Transfers in favour of parties other than banks will be permitted only after a year, though, in special cases, earlier transfers may be allowed by the Board of Trustees.

In fulfilment of the obligation placed upon by it by Section 21 of the Act, the Unit Trust has now prepared the Unit Scheme which lays down the manner in which units will be sold to or repurchased from the public, the manner in which sale and repurchase prices will be determined, and the rights and obligations of the unit holders and the Unit Trust of India *vis-a-vis* each other, arising from the operation of the Scheme. The next article will discuss the prospects for, and policies and perspective of, the Unit Trust of India in the light of this Scheme.

(To be continued)

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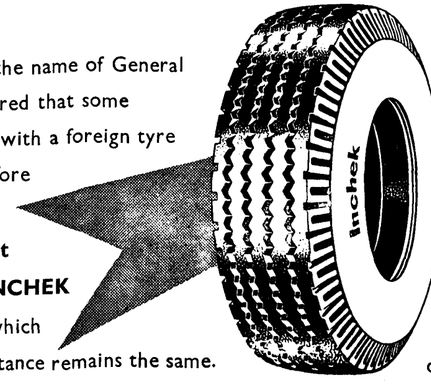

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SYNTHETIC FIBRE INDUSTRY IN JAPAN

PRODUCTION AND CAPACITY RAPIDLY RISING

THE most striking feature of development in the international textile economy in recent years is the growing popularity of fabrics produced from synthetic fibres. Reflecting such popularity is the marked expansion in the consumption of synthetic fibres (other than rayon and acetate). Thus, between 1957 and 1963, while the total world consumption of all fibres has risen by about 18 per cent (from 13.70 million metric tons to 16.13 million tons), the quantity of synthetic fibres consumed has gone up by as much as 200 per cent (from 466,800 tons to over 1.43 million tons). Consequently, the share of synthetic fibres in the aggregate fibre consumption has increased appreciably from 3.4 per cent in 1957 to 8.9 per cent in 1963. The persistently rising demand for synthetic fibres is to be ascribed to three important factors: one, growing preference for higher grade textiles which are easier to handle and which cater to the need of the leisure-seeking public; two, rising enthusiasm for handling synthetic fibres on the part of intermediate processors and distributors because of stable profit yields; and, three, general recognition of the merit of these fibres for industrial uses.

Japan is one of the countries where the growth of the synthetic fibre industry has been spectacular. The actual output in 1963 touched the all-time peak of 239,205 tons, whereas it was no more than 28,782 tons in 1956 or a eight-fold increase in just seven years. And indications are that the next few years will witness a further notable expansion of the industry. The daily installed capacity of the industry, according to the Japan Chemical Fibres Association, is expected to reach nearly 1,129 tons by the end of next year (December 1965), as against 739 tons installed as of November 1963. How remarkable has been the growth of the Japanese synthetic fibre industry and how briskly the expansion projects are being implemented have been well brought out in an interesting article published in the *Monthly Review* (May 1964) of the Mitsui Bank Ltd., Tokyo.

The pivot of Japan's textile industry, according to the *Review*, has been moving swiftly from natural fibres to synthetic fibres through the transfer from mechanical processing of natural fibres to the chemical treatment of man-made materials. Such a swift movement is indicated by the spurt in the ratio of synthetic fibres to the total demand for textiles from a bare 4.5 per cent in 1957 to as high as 16.3 per cent in 1962, while that of natural fibres has declined from 61.6 per cent to 57.4 per cent. The demand for synthetic fibres has been increasing at a steady tempo with a faster gain in prospect. In view of the persistently rising trend of demand, it is no wonder that the daily operating capacity of synthetic textile equipment has nearly quadrupled over the same period from 151 tons to 599 tons and the actual output increased by 462 per cent from 42,383 tons in 1957 to 239,205 tons 1963.

EQUIPMENT CAPACITY AND INVESTMENTS

Synthetic fibre	Daily capacity (Metric tons)		Plant and equipment investments (Thousand Yen)	
	End-1965	End-Nov. 1963	1964	1962
Nylon	337.2	237.1	279	170
Polyester	298.1	171.6	228	98
Vinylon	160.6	144.8	26	10
Acrylonitrile	180.1	80.9	83	5
Polypropylene	64.5	26.4	59	35
Others	88.1	69.3	3	2
Acetate	...	...	42	4
Total	1,128.6	739.1	711	333

The quantity of synthetic fibre yarns actually spun during the year 1963 was 239,000 tons, representing a sharp rise of nearly 31 per cent as compared with the output in 1962. The rise was accounted for mainly by long-staple yarn the production of which went up by 39.7 per cent to 108,000 tons. The high-growth of long-staple yarn is attributed to (*a*) keener demand for higher-grade items, (*b*) improvement in weaving techniques, (*c*) advance to the field of knitted items following the improvement in processing methods (as witnessed in the case of woolly nylon), and (*d*) rising demand from industrial sectors for tyre cords.

Eight different types of synthetic fibres are now being produced in Japan. The chief among them, however, are nylon, polyester, acrylonitrile and vinylon, together accounting for about nine-tenths of the total output. Of these four major fibres, the first three are faring very well, while vinylon is said to be *marking time*. The production of nylon has gone up from just 15,334 tons in 1956 to as much as 80,053 tons in 1963. The polyester fibre, which was marketed for the first time in 1958, has been *making swift headway*, because of its "easier to wash and wear" merit. In 1961, the production of this fibre surpassed that of vinylon and came close to nylon output. Indeed, out of the total production of all fibres amounting to 239,205 tons in 1963, the share of polyester fibre alone was over 26 per cent; its actual output being 62,296 tons, a rise of 33.1 per cent over 1962.

Acrylonitrile, which is regarded as a promising substitute for wool, remained depressed for sometime, chiefly due to excessive equipment and qualitative demerits. As it is, however, being used more widely for making knitted products, it has come steadily into the limelight, the actual output of 36,015 tons in 1963 being well above the 44 tons *produced in 1956*. In contrast to these fibres, vinylon, as already stated, has continued to mark time. Although its production in 1963 at 37,376 tons ranked third among synthetic fibres, coming next to polyester, the rate of increase stood low at only 5.5 per cent. The relatively slow pace of growth in this fibre is due chiefly to lack of any specific merits in it, as well as to intensified competition from nylon and polyester in the sphere of industrial uses.

Besides the "Big Four" fibres, polypropylene, the *Review* says, deserves special note for its future growth potential, though its positive advance has so far been delayed on account of the difficulty of dyeing process. Along with the progress of dyeing technique, this fibre has lately come to enjoy an increasing demand for making fishing nets and other products. Actual output in 1963 was 5,900 tons; its place among synthetic fibres was sixth, the fifth place having been held by vinyliden.

PRODUCTION TREND
(In metric tons)

Synthetic fibre	1963	1962	1961	1956
Nylon	80,053	57,717	49,549	15,334
Polyester	62,296	46,821	37,330	3,012*
Vinylon	37,376	35,430	30,002	10,718
Acrylonitrile	36,015	27,392	23,033	44
Others	23,465	15,384	13,210	2,685
Total	239,205	182,744	153,124	28,781

* Relates to 1958 when production commenced for the first time.

Spurred by a persistently high level of demand the synthetic textile companies in Japan have been rapidly expanding their capacity. The aggregate daily operable equipment capacity at the end of last year (1963) stood at 764 tons, representing an increase of 27 per cent over the capacity in existence a year before. Over one-third of this capacity is accounted for by nylon, the actual daily capacity amounting to 241 tons. The share of polyester was 22.7 per cent (173 tons), of vinylon 19.0 per cent (145 tons) and of acrylonitrile 14.2 per cent (109 tons). With the completion of new and expansion projects in progress at present, the combined equipment capacity of the Japanese synthetic fibre industry is expected to rise by 50 per cent to 1,129 tons by the end of May 1965.

As synthetic fibre production demands large capital accumulation and advanced technical know-hows protected by the world-wide network of patent rights, the entry into this industry by new enterprises was extremely difficult until recently. As a consequence, the industry was monopolised by a limited few. From about 1962, however, new enterprises have risen in succession on the basis of technical know-hows either developed in Japan or inducted from abroad. As a result, the number of synthetic textile companies increased from two or six for nylon and polyester and from four to six for acrylonitrile.

About thirty companies are now engaged in the manufacture of synthetic textiles. Of the total equipment capacity (739.1 tons in November 1963) of these companies, the share of five companies alone comes to over 541 tons, their estimated capacity by the end of 1965 being put at 743 tons. The five companies are Toyo Rayon, Teijin, Asahi Chemical Industry, Nippon Rayon and Kurashiki Rayon.

Plant and equipment investments by synthetic textile companies in yarn divisions have continued to be brisk. Such investments in the fiscal year ended March 1964 were estimated by the Ministry of International Trade and Industry to have reached 72,700 million yen, representing a sharp increase of 112 per cent over the previous year's total of 32,900 million yen. Of this, 59,200 million yen went directly to production expansion projects, with nylon (29,600 million yen) acrylonitrile (6,300 million yen) and polyester (14,300 million yen) accounting for 85 per cent. With their total plant and equipment investments in the year 1963-64 estimated at 74,200 million yen (inclusive of 1,500 million yen for acetate), synthetic textile companies depended on loans for 41,600 million yen or 56 per cent. The funds raised out of their own purses and through capital expansions accounted for only 25,900 million yen, or 35 per cent, as compared with 43 per cent in 1961-62 and 72 per cent in 1962-63. Plant and equipment investments in the current year (1964-65) are estimated to continue high at around 66,900 million yen, only 8 per cent less than in 1963-64. As the enthusiasm of synthetic textile manufacturers for equipment expansion is still high, particularly in nylon and polyester sectors, equipment projects in 1964-65 are expected to surpass the estimated framework.

EXPORT TREND

	1963	1962	1961	1960
Staple (metric tons)	7,911	4,580	2,279	1,210
Yarn (Metric tons)	12,658	9,460	6,372	3,080
Fabrics ('000 sq. metres)	187,339	128,679	98,650	65,419

Alongside of the energetic expansion of equipment capacity, the operating rate has also continued to be high, particularly for nylon, polyester and acrylonitrile, due to the quickly *increasing* demand. The operating rate for vinylon, on the other hand, has remained low at about 81 per cent. The average operating rate of equipment for other synthetic fibres has remained at between 80 per cent and 90 per cent. It is thus noted that the differential has become gradually evident between popular and unpopular items.

In striking contrast to the growth of synthetic fibres as a sector of chemical industry in several Western countries, the development of these fibres in Japan has progressed as a branch of the textile industry itself. The Japanese system, so claims the *Review*, has such advantages as easy access to the rich experience of textile companies and avoidance of large capital outlay by acquiring their raw materials from petro-chemical enterprises. There is, however, one drawback, namely, "inability to enjoy the direct blessing of the rapid progress in development of petro-chemical raw material." It is not surprising, therefore, that many synthetic fibre companies in Japan are either entering into close contact with chemical concerns or expanding their own chemical divisions.

Although the export ratios of Japanese textile products have been extremely high, particularly in the cotton phase, synthetic fibre products have been relatively dull in export sales, as they have so far catered mostly to domestic demand. Export ratios to production in 1963 still stood low at 6.1 per cent for synthetic fibre staple, 4.7 per cent for yarn and 2.3 per cent for fabrics. The increasing tempo of exports of synthetic fibre products, however, has been brisk, the average annual growth rate during the period from 1959 through 1963 reaching 169 per cent for staple, 64 per cent for yarn and 52 per cent for fabrics. The rising tempo is expected to continue high along with the progress of equipment expansion projects in the future.

The domestic consumption of synthetic fibres in Japan is rising at such a fast rate that the ratio of these fibres in the total demand for all fibres by 1967 is expected to be not less than 27 per cent, as against 16 per cent in 1962. It may be noted here that the proportion of expenditure on clothing in the total real personal consumer spending is 8.8 per cent, as compared with 10.7 per cent in the U.K. and 12.5 per cent in France. As the rising trend of Japanese consumer spending for clothing is expected to continue, the *Review* concludes that the high growth rate of synthetic fibres is bound to continue in the future. Since synthetic fibres depend on raw materials made available through chemical reaction, a reduction in their cost and improvement in quality will naturally depend on the scale of expansion in production and changes in manufacturing methods.

MANCHESTER LETTER

AGREEMENT REACHED ON PACKAGE DEAL FOR LABOUR

A NEW ANGLE ON PROSPECTS FOR INDUSTRY

From Our Special Correspondent

MANCHESTER, 23rd *June*

A THREE-YEAR "package deal" affecting 14,000 Lancashire cotton workers provides for a phased programme of improvements in pay, working hours and holidays over the period. The agreement will give spinning, weaving and doubling workers an extra 4 per cent in their pay packets each year—the first payment beginning next month—together with a cut of half-an-hour each year in the basic single-shift working week of 42½ hours, and an additional one day's holiday, making three days in all over the three years. The main provisions of the pact, which is expected to improve the "image" of the industry and provide a more stable basis for forward planning, can be amended only in the event of serious unforeseen changes in the national economic situation.

The annual wage increase of 4 per cent. will become payable in the July of each of the three years and the first half-hour cut in working hours will operate from next January. There will be no cut in working hours on multiple shift systems, but wage adjustments will be made to compensate these workers.

The first extra day's holiday will be taken over the Christmas-New Year period this year. The employers have got the unions to co-operate in a bid to cut down on mill absenteeism immediately before and after holidays. The "package deal" has written into it the gradual introduction of measures to minimise this absenteeism by disentitling workers to holiday credits unless they have a reasonable case for being absent. It also rules out the tabling of any sectional or group applications for higher wages during the three-year period. There is to be an examination "at an early date" of the use of time clocks and greater flexibility in shift work systems.

An important aspect of this innovation in the relations between employers and operatives in the industry is that it provides for a period of stability. "Standstill" schemes have been adopted in the past, but no graduated concessions have ever been agreed. For the next three years at least, sectional claims are barred and, although overheads will be raised, traders will have the advantage of knowing what is in store on the hours-and-wages issue.

From the union angle, there may be individual complaints about the restrictive nature of a graduated "pay pause," but independent observers would regard the terms as generous indeed. Both sides must consider the scheme as an aid to recruitment, so vital a factor in keeping the trade competitive.

Prospects and Policy

Many spokesmen for the industry, as well as observers like ourselves, have been criticised in the past for dwelling too frequently and at considerable length on the bygone glories of the trade and its distinguished record on behalf of Britain's economic growth. Mr. G. H. K. Rae, in his final statement as Chairman of the Cotton and Rayon Merchants' Association, cannot be so blamed. For a refreshing change, he devoted his remarks almost entirely to consideration of future policy and prospects.

It has been the custom to describe the industry as being "at the crossroads" on many occasions, but Mr. Rae justified his look ahead by pointing out that many of the current import arrangements were due to expire at the end of next year, that a new Government would be formed before the end of 1964, and that the five-yearly review of the Cotton Board was already in progress. After describing the break-through achieved on imports with the Government during the past year and praising the relatively swift provision of machinery to prevent sudden growths from foreign sources, he warned that anyone who believed that quantitative restrictions would exist for ever was being dangerously complacent.

"Unless Lancashire can become reasonably competitive in price she will one day be thrown to the dogs," Mr. Rae declared. "In the long run the only protection Lancashire can expect is that of a reasonable tariff." A policy for a further period of years from the end of 1965 onwards will have to be formulated in the months ahead. It should be aimed not only at providing a further breathing space for the industry, but also at seeking, by the programmed introduction or adjustments of tariffs, a point of balance at which Lancashire could meet the challenge of the low-cost countries. This policy, he further observed, would be decided by a new Government, whatever its political complexion. The trade associations, and in particular the Merchants' Association, had a right and a duty to make representations so that this policy should be moulded to give the industry a measure of continuous prosperity.

The Right Answer

On the future of the Cotton Board, most individuals connected with textiles have their own independent and often conflicting views. It is widely known that the critics of the present composition of the Board and its functions have lately been exceedingly vocal. Mr. Rae believed that it was not the moment for any radical change in the Government of the industry and that, for some time at any rate, something very like the present Cotton Board was the right answer. Apart from anything else, he continued, the presence of representatives of the trade unions on the Board was invaluable. It had played an important part in maintaining industrial peace in the industry, had enabled the trade to speak with one voice and had made both employers and labour recognise that they were confronted with joint problems.

Two major policy changes for the direction of the industry had been suggested, Mr. Rae said. The formation of an industrial board with no independent chairman or members, he felt, would leave open to doubt whether what might appear to be a minority view would receive as much attention as one expressed by an independent body.

Sectional selfishness and shortsightedness, blamed by many on the horizontal structure, was declining rapidly, he added, and the area of disagreement on fundamental matters between the sections was small. In the past few years, differences of outlook and opinion had been very few and unimportant, with a remarkable and cordial collaboration in all major matters.

All-Textile Board

The other proposal to establish an all-textile board embracing wool, linen, flax and jute as well as cotton and man-made fibres, to say nothing of lace, cordage, narrow fabrics, knitting and other products, presented very substantial problems, Mr. Rae continued. The integration of man-made fibres within the Cotton Board was welcome, but much greater caution was necessary when considering fibres spun, woven and knitted on entirely different machinery and in entirely different mills. "I think a strong case could be made out for a properly constituted all-textile committee to make all the different textile industries aware of each other's problems," Mr. Rae added, "and to co-ordinate action wherever possible. But the other textile industries have different problems from ours. There sources of raw material, although in some cases over-lapping, are different, their import and tariff problems are different, their export problems are different, their labour problems are different."

By the very diversity of its interests, such a board, he felt, would be inhibited from acting sufficiently vigorously on behaf of any one of its constituent industries. Apart from the friction which might be caused by actual divergence of interest between two separate constituent industries, the very size of an all-fibre board would tend to result in "bureaucratic stultification."

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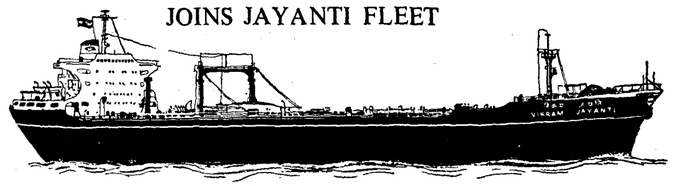

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WORLD COTTON SITUATION

UPWARD TREND OF CONSUMPTION LIKELY TO PERSIST

REVERSING the downtrend of the past three seasons, world cotton consumption is rising again, the projections for the current season (August 1963-July 1964) indicating an increase of around two million bales (of 478 lbs. net) as compared with 1962-63. And the rise in consumption is likely to persist in the coming season beginning on the 1st of next month. Indeed, it looks as though the world consumption of cotton will set a new record. This at any rate is the conclusion arrived at by the International Cotton Advisory Committee (Washington) after a study of the recent trends in the world cotton economy, the findings of which are published in the May-June issue of its *Monthly Review*.

In support of its conclusion, the Committee says that in the United States special conditions prevail. Recent legislation, making cotton available to domestic mills at the world price, is expected to provide a major stimulus to cotton consumption by improving cotton's competitive position versus the other fibres and cotton textile imports. Consumption in the United States should also be favourably affected by the continuing expansion in the general economy and there is general optimism that the recent tax cut will boost the economy further this year, with a projected increase of about 6 per cent in the G.N.P. The improved outlook for cotton consumption in Japan originates in the increase in domestic demand for textiles and reflects the recovery in the overall economy. Export of both cotton yarn and piecegoods in 1963, however, fell to their lowest level in several years. Stocks of cotton textiles have been reduced to more manageable levels and the rate of yarn production curtailment has been relaxed. The third group of countries is where the rate of consumption is influenced to a large extent by the volume of domestic cotton production. This applies to India, the U.S.S.R., and Mainland China. With carryover stocks returned to normal and barring any adverse crop developments, consumption in India is likely to continue at a record level. Cotton consumption in the U.S.S.R. is expanding steadily, but production of man-made fibres seems slated for a proportionately rapid expansion in the future. With cotton textiles still rationed, there is considerable potential for cotton consumption in Mainland China if indigenous supplies and supplementary imports permit such an increase.

Supply Position

In the context of the rising trend of consumption, the question naturally arises as to whether the total supply of cotton would be sufficient to meet it. On the basis of the data available, it would appear that there may be decline in world cotton production, but, in view of the increase of about two million bales in carryover stocks, the Committee is quite confident that the aggregate world supply of cotton in 1964-65 would be at least as high as in the present season, namely, 73 million bales.

A notable feature of international trade in cotton during the past decade, especially in the current season, has been the growing importance of the U.S.S.R., Eastern Europe and Mainland China as import markets for cotton. A record value of cotton shipment to these countries in the current season speaks of their emergence as principal importers of cotton and demand from these countries will be the key factor in the export outlook for the next season. There is indeed scope for increasing the level of cotton consumption—particularly in Mainland China—but the extent to which cotton imports are authorised depends, *inter alia*, on the size of the domestic crop, textile import demand and balance of payment considerations.

Conditions, according to the Committee, appear favourable for a continuing high level of cotton exports in 1964-65. In the aggregate, stocks in net importing countries have increased slightly during the present season, but this increase has been proportionately somewhat less than the increase in consumption. It follows, therefore, that, with carryover stocks in importing countries still basically at minimum levels, there will again be only limited opportunity next season to consume out of stocks. With this in mind, consideration must also be given to the possible effect on trade of the expected level of consumption in 1964-65. Here, as previously stated, the outlook is for a probable further modest expansion over the present season's near-record level, despite intense competition from the man-made fibres. If this materialises, the level of world cotton exports will have to expand in approximately the same volume in order to meet mill requirements.

World trade in cotton next season will also be influenced by price trends which in recent years have been closely associated with price developments in the United States, but it is difficult at this stage to assess the probable effect of these policies. Elsewhere, the typical situation in recent years has been for prices to weaken slightly during the heavy harvesting period followed by a firming trend as the season progresses. The strong demand and relatively tight supply of extra-long staples make for a favourable outlook for these cottons.

As for the influence of stocks on the world trade in cotton, the Committee has the following to say:

"Based on historical practice, the ratio of stocks to consumption of raw cotton as of next 1st August will be comparatively low. However, it may be significant that smaller raw material inventories in relation to consumption levels have been the vogue in most mills for a number of years now. To some extent in the past, this practice has reflected price uncertainty and perhaps at times, the inability to secure sufficient quantities of certain desirable grades and staples. Nevertheless, it would seem that the carrying of "minimum" stocks has become almost standard procedure in many countries and is likely to remain main so as long as there is a surplus of cotton concentrated in one country—the United States—whose surplus disposal policies have so far been conducive to short-run price stability. This tends in a way to exert a restricting influence on international trade in cotton but the situation could change if world consumption and production were more closely in balance."

WORLD COTTON BALANCE

(In million bales of 478 lbs.)

Item	1961-62	1962-63	1963-64 (Estimated)
Stocks (1st August):			
United States	7.2	7.8	11.2
Other Net Exporters	3.5	3.8	3.6
Net Importers	6.6	5.5	5.9
Total	17.3	17.1	20.7
U.S.S.R., Mainland China and Eastern Europe	2.9	2.5	2.3
World total	20.2	19.6	23.0
Production:			
United States	14.5	14.9	15.3
Elsewhere	19.5	21.8	21.6
Total	34.0	36.7	36.9
U.S.S.R., Mainland China and Eastern Europe	12.1	12.2	13.1
World total	46.1	48.9	50.0
Total Supply	66.3	68.5	73.0
Consumption:			
United States	9.0	8.4	8.6
Elsewhere	23.6	23.2	24.2
Total	32.6	31.6	32.8
U.S.S.R., Mainland China and Eastern Europe	14.1	14.3	15.2
World total	46.7	45.9	48.0
Destroyed	0.1	0.1	0.1
Total	46.8	46.0	48.1

Cotton production is expected to exceed disappearance albeit by a small margin. The sharp upturn in world consumption, as noted above mitigates, to some extent, the larger than expected production, but the total world carryover on 1st August 1964 is likely to show an increase of two million bales; the total stocks as on 1st August next are estimated at 48.1 million bales, the highest level touched since 1956. The national marketing quota for the 1964 Upland cotton crop in the U.S. is 14.3 million bales. It is unlikely that all factors will be favourable next season and the chances are that the average yield per acre will decline. In Mexico, the planting of the 1964 crop was retarded by cool weather in Sinaloa, Southern Sonora and Mexicali. Early reports from Middle East are generally optimistic concerning crop prospects for 1964-65. Efforts to increase cotton production in Pakistan seem to have been concentrated on intensive cultivation for the acreage under this crop has declined in the last three years. Even so, the chances are that the last season's record yield may decline in 1964-65. Acreage is likely to remain constant in Sudan, but is expected to expand in several other countries of Africa. In India, the planned increase in the capacity of the cotton textile industry is expected to create demand for additional raw cotton. Every effort is being made to expand indigenous production, particularly long-staple varieties, to meet the growing needs of the domestic industry.

On balance, it is probable that total acreage will decline but the key to production, as the Committee rightly points out, lies in higher yield per acre.

Insofar as the current season is concerned, despite increase of two million bales to 48 million bales in consumption the total demand has lagged behind the supply actually available. This imbalance is attributed mainly to the fact that production has been much larger than was expected due to higher yields per acre. The aggregate world production in the current season is estimated about 50 million bales—a new record high—which represents an increase of one million bales over the last season. The accompanying table gives a comparative account of the world supply and disappearance for the season 1963-64 as compared with the position obtaining in 1961-62 and 1962-63.

The total supply, that is, the opening stocks of about 23 million bales as on 1st August, 1963 plus the peak production of 50 million bales, during the year, is estimated at a record 73 million bales, representing an increase of 4.5 million bales over 1962-63. Of this increase, the U.S.A. alone accounts for 3.7 million bales and the rest in the U.S.S.R. and Communist China. Total world exports of cotton during the current season are estimated at 17.5 million bales, as compared with about 16.0 million bales in 1962-63, the major beneficiary being the United States. The increase in world exports is due to higher offtake by few countries—for example, Japan, Canada and the U.K.—where the rate of cotton consumption has increased significantly. With reduced availabilities in other countries, exports from the United States are expected to increase by more than for the world as a whole. The latest estimates put the actual exports at 5.2 million bales, as against 3.4 million bales in 1962-63. The sharp increase in cotton trade and relatively stable prices are expected to result in increased total foreign exchange earnings from cotton this season. Though most of the benefit will accure to the United States, yet the Central American, Middle Eastern including Greece and Pakistan have also improved their reserve position. As regards prices, the excess of world production over consumption and the accumulation of further surpluses have tended to hold down cotton prices, though the prices of long staples have tended to increase having an impact on other varieties of cotton, especially the Upland type.

The stock distribution pattern at the end of the current season will be about the same as in recent years, with the United States holding the bulk of the world surplus. Based on official estimates for disappearance it appears that the end-season carryover in the U.S. will be closed, to 13 million bales—an increase of 1.7 million bales from a year ago. This increment accounts for most of the world's increase, for only minor variations are likely in other countries. At the present time, the stocks owned by the Commodity Credit Corporation aggregate 4.8 million bales and net entries under the 1963-64 loan programme 6.7 million bales. Cotton continues to be re-possessed but, even so, more than three quarters of the carryover at the end of this season is likely to be in the hands of the C.C.C.

In the other net exporting countries, stocks in total are likely to decline and will be at the lowest level for many years. The major decline will probably be in the Sudan, as a result of the abnormally small crop and a continued large volume of exports, but a moderate decline is also expected in Brazil.

Once again, there is no apparent evidence of any re-building of cotton stocks in Western Europe. On the other hand, if the present relationship between imports and consumption in Japan persists, stocks may show a further increase. Some increase in stocks is also expected in India this seas-

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CRIMES ON BOARD AIRCRAFT

HOW TO ENSURE PROTECTION AGAINST PIRACY AND SABOTAGE

By Our Aviation Correspondent

TRUTH, we are told, is stranger than fiction —a saying which, with modern "thrillers" and "horror" films, is rather hard to believe. Sometimes, however, events occur, so macabre, so shocking in character, that we are compelled to acknowledge that life does indeed outrival fiction. One such event occurred recently in the United States when an airliner of Pacific Airlines, flying from Reno to San Francisco, crashed near the town of Concord, killing all the 44 passengers and crew on board.

Now an air crash is not, of itself, an unusual occurrence. It was the circumstances surrounding this particular accident which make it one of the strangest that has ever happened. Some airlines in the United States have started to install voice recorders on the flight deck. Such instruments provide a running record of all operational and other messages passed by radio telephony to the ground control. It so happened that a recorder had been installed on the Pacific Airlines' aircraft in question. This was recovered from the crash and, when played back, the captain's voice, in the middle of a routine message, was heard to cry: "My God, I've been shot."

The investigation of this strange case is still proceeding. At the time of writing, no positive conclusions have been reached. There seems to be evidence, nevertheless, that, on the body of a passenger who had insured his life for a large sum just prior to the flight, was found a revolver and six spent cartridges. Circumstantially, therefore, there appear to be grounds for suspecting that this passenger shot both the captain and the co-pilot, thus causing the deaths of 43 innocent men and women.

Although in some respects unique, this is by no means the only incident on record where sabotage for a similar motive has been suspected. Not so very long ago, an aircraft was destroyed in flight by what appeared to be the explosion of a bomb. This, it was suspected, was planted on board with the object of securing the life assurance proceeds of one of the passengers. Deeds of this ghastly nature may well seem to belong to the realms of fiction but there is plenty of evidence that it has happened—and could happen again.

Peculiarly Vulnerable

The fact is, of course, that an aircraft is a peculiarly vulnerable vehicle. Unlike a ship or a train, an aircraft can be almost instantaneously destroyed. Those who contemplate or perpetrate such crimes imagine, no doubt, that no incriminating evidence will ever be found. Now sabotage, by its very nature, may be an extremely rare occurrence but we have to remember that an aircraft can be destroyed by acts not necessarily intended even to endanger it. Acts, for instance, committed by persons temporarily deranged or intoxicated.

What steps can be, or are being, taken to counter these and similar dangers? One remedy is to step up the severity of penalties for offences on board aircraft. So far, most crimes of this nature, including a number of incidents involving the pirating of aircraft at gun-point, seem to have occurred in the United States. That country, consequently, has been the first to enact new legislation. The most stringent of the new laws is that which makes piracy punishable by death or, if the death penalty is not imposed, by not less than 20 years' imprisonment.

Safeguards

In addition to increasing the severity of punishment, the United States has applied a number of safeguards. A special corps of "Sky Marshals" has been enrolled, for instance, and trained for duties on board aircraft; airlines have been authorised to issue firearms to crew members trained in their use; intoxicated persons can be barred from boarding aircraft and the carriage of concealed arms has been made a very serious offence. The latest regulation requires a door to be installed, and kept locked, between the flight deck and the passenger cabin. And the mandatory installation of voice recorders—like that which provided such vital evidence on a recent occasion—is also under consideration.

None of these measures, of course, would normally afford much protection against sabotage. However, short of searching every passenger and every piece of baggage—an almost impossible proceeding—how can such crimes be prevented? Whether sabotage stems from political, financial, or other motives, these acts are the work of mad men and, we have to assume, will rarely be repeated. For the rest, the locked door and the voice recorder are, obviously, sensible measures. The latter, admittedly, will not prevent crime but may provide useful evidence. The former will certainly provide a measure of protection against deliberate acts of piracy or attacks upon the crew. It does not, on the other hand, appear to meet the more common danger of the intoxicated or deranged passenger—who can, after all, be as dangerous in the passenger cabin as on the flight deck.

No Cause For Alarm

So far, as one has already written, most of the crimes aboard aircraft seem to have occurred in the U.S.A. Unfortunately, however, a pattern of crime, like an epidemic, has a habit of spreading from one country to another. This has been recognised in the U.K. where, for example, the locked door regulation has already been adopted and will be enforced next year. The British authorities regard this as a purely precautionary measure. They take the view that, since very few incidents aboard British aircraft have been reported, there is no immediate cause for alarm.

The British view may well be correct but one factor, perhaps, should not be ignored. Amongst air crews in general, there is growing a certain feeling of uneasiness, if not of frustration. This stems, it appears, from the absence of clearly defined and internationally recognised powers which the commander of an airliner can exercise and, secondly, from the lack of any effective means of enforcing such powers as their own national laws afford them. A British pilot, writing in *The Aeroplane and Commercial Aviation News*, puts it like this:

> "What use is it to say that U.K. law makes it an offence to be drunk, behave in a dangerous manner, or to disobey the captain of a U.K. registered aircraft? What powers of restraint do we have? Our fists? We still do not have any idea if there is to be ratification of The Hague protocol to define the powers of aircraft commanders. Can I be sued if I use or authorise use of force on an unruly or dangerous passenger? Does my protection in U.K. law extend outside U.K. air space and to non-U.K. nationals?"

This illustrates, perhaps, some of the incidental difficulties and uncertainties of the exercise of command of a modern airliner. The problems posed are plain enough—but are not necessarily so easily resolved. At least, however, they appear to merit the attention of aviation authorities everywhere.

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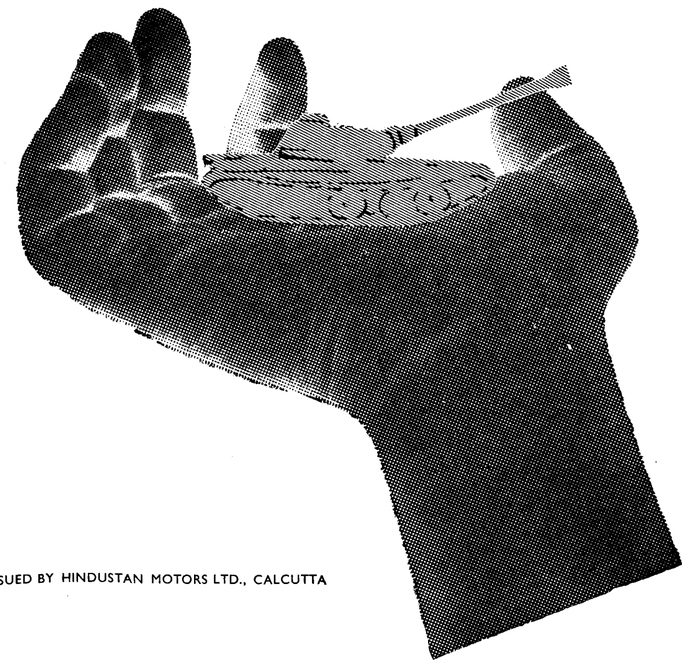

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SOIL EROSION—A WORLD PROBLEM

CONSERVATION MEASURES IN INDIA INADEQUATE

BY far the most important natural resource is still land—arable or pastoral. But such land is extremely limited, accounting for no more than one-twelfth of the total earth's surface. The human race, which may well number 7,000 million within the next 40 years, will be desperately dependent on this relatively meagre extent of land for its food and thus for its very survival. Unfortunately, however, man's improvident stewardship of this land, the fertility of which depends on just nine inches of top soil, does not augur well for the future. That this precious soil-inheritance—the product of countless centuries of natural processes—has been partly squandered beyond repair is the view of several soil scientists and conservators. For instance, two Soviet Academicians, have recently given this finding: "In many countries of the world, the development of erosion processes of soils, droughts, dry winds and the frequency and intensity of disastrous floods have increased to enormous proportions. The total area of land subject to erosion is reckoned to be 600 million to 700 million hectares (1,500 million to 1,750 million acres) throughout the world. This constitutes almost half of the total cultivated area of the world. A certain part of this vast area cannot be cultivated any longer." How this rape of the earth has been perpetrated is better described in the words of a U.N. publication entitled *Science and Technology for Development*. Thus, it says:

"In part, this has been due to avariciousness—exacting from, but not replenishing, the soil; in part, to ignorance—a failure to understand the interaction of natural forces; and, in part, to the failure, since it has been nobody's business, to keep an inventory—to budget the uses of the greatest asset. The indiscriminate cutting down of forests has meant that the rains, which were once tempered and filtered into the underground springs, now scour the soil from bereft hillsides, like the run-off from a tiled roof, and produce floods in the water-glutted, silt-raised riverbeds. While soil, properly husbanded, will give even greater yields after centuries of careful use, soil which is ravished for quick returns will become desiccated as deserts, or, unprotected from the winds, will blow away and the noonday sun can be, and has been, blotted out by dust clouds which were once fertile soil. Even irrigation, man's conscious redistribution of surface water in areas of erratic rainfall, can be destructive."

Water-logging Menace

There is the well known example of damage caused even by irrigation in West Pakistan's Indus Valley where the population is increasing at the rate of ten more mouths to be fed every five minutes and where, every five minutes, an acre of land is being lost through water-logging and salinity. This damage is increasingly in evidence in the Punjab (in India), too, where the Sutlej and Bhakra-Nangal canals have contributed their share to water-logging. This is how the thousands of miles of canals dug into the surface of the Indus plain in both West Pakistan and India have caused, and continue to cause, water-logging and salinity. Apart from the water which is spread over the fields, as much as 40 per cent of the water in the unlined distribution canals seeps underground and does not find its way back into the river, to be drained into the sea. The result is that the water-table of large areas, which, before the canals, used to be generally well below the surface, has risen close to the surface and lowlying areas have become water-logged, drowning the crops. In other parts, the water creeps continually upwards from the water-table to the surface, where it evaporates and leaves behind its dissolved salts to accumulate in the top layers of the soil, thereby poisoning the crops.

Of course, not all irrigated lands, which account for only 14 to 15 per cent of the world's arable lands, are currently affected by such water-logging and salination. But they certainly run the risk of deterioration if artificial irrigation happens to be unscientific and indiscriminate. Hence the concurrent need for soil conservation in suitable ways even on irrigated lands. On the unirrigated 85 per cent of lands, however, the problem is twofold. It is, firstly, one of regulating surface run-off, so as to prevent soil erosion (that is, removal of fertile top-soil). Here methods of soil conservation also include forest conservation and afforestation. Secondly, in areas where rainfall is not adequate, it is a problem of how best to conserve water (moisture), so as to conserve the top-soil and prevent its being blown away by winds. Here the shortage of water is a more critical factor than even the availability of land, and hence the need for water conservation in suitable ways.

In India particularly, the need for soil conservation in all its aspects is being increasingly felt in the context of the need for stepping up agricultural production. But the soil conservation programme, which is under way in some mountainous areas, as also on dry lands, will cover only about 40 million acres under the third Plan at an aggregate cost of about Rs. 100 crores, though it has been estimated that a fourth of the country's land surface, accounting for 200 million acres, is suffering from soil erosion. Adoption of contour bunding and dry farming techniques, afforestation of catchment areas of rivers, reclamation of alkaline, usar and ravine lands, and special soil conservation measures for desert areas and other wastelands form part of the programme. The results of the programme will, however, be felt only over a period of time.

Currently, a part of the programme, designed to prevent premature silting of reservoirs by suitable conservation measures in the catchment areas of river-valley projects, is receiving particular attention. At an all-India conference on soil conservation measures in river-valley catchments, held at Srinagar on 27th and 28th June 1964, it has been pointed out that water reservoirs in the northern parts of the country need greater protection than those in South India, for a larger amount of soil is washed down by rivers from the Himalayas. The rate of silting in the Bhakra reservoir, for instance, is twice as much as what had been originally anticipated. As the catchments of river-valley projects generally lie in mountainous regions which are most vulnerable to erosion, something drastic would have to be done to put a stop to indiscriminate felling of trees and to deal with the problems of grazing and shifting cultivation in such areas. The immediate objective here is to ensure soil retention on the mountain slopes and reduce the sediment load in the streams, thereby prolonging the useful life of the reservoirs. The magnitude of the effort required may be inferred from these figures. As many as 25 river-valley projects, with catchments covering nearly 300,000 square miles, would have to be covered by the programme. Even assuming that only 10 per cent of each catchment area will require intensive treatment, about 30,000 square miles will have to be brought under the programme.

Very little progress has been made so far in this field. In the second Plan period, only an area of about 218 square miles was treated in the catchments of the D.V.C., Bhakra, Machkund, Hirakud and Chambal projects through such measures as afforestation of scattered bits of land, contour bunding and bench terracing in agricultural land. Under the third Plan, the physical target for treatment, at a cost of Rs. 11 crores, is only about 1,025 square miles in the catchment areas of 14 river-valley projects. Of this limited area, nearly 600 square miles remain to be treated during last two years of the Plan. At this rate, it may not be possible to complete the soil conservation measures in the catchment areas even within the proposed period of 20-25 years. The need for stepping up the present tempo of conservation work and also for making it more adequate should thus be obvious.

JAYANTI'S SUPER OIL TANKER

Vikram Jayanti, the 54,350-ton super oil tanker built by the Mitsubishi group of Japan for the Jayanti Shipping Company, was delivered to the Company on 22nd June 1964. According to a message received by the Company's operational headquarters in Bombay, Dr. Jayanti Dharma Teja, Chairman of the Company, took delivery of the ship at Nagasaki. The Union Minister for Transport, Mr. Raj Bahadur, who has been in Japan in connection with talks on Cochin shipyard, congratulated the Company on acquiring such a big tanker.

With the addition of this oil tanker which, incidentally, is the biggest ship to join the Indian shipping registry, the Jayanti fleet now consists of 21 vessels, aggregating 288,954 G.R.T. The new vessel has already been chartered to Esso and is expected to call at Bombay on its way to the Persian Gulf.

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NGB/46A

NEW PRODUCTS AND PROCESSES

Machine Parts "Float on Air"

BRITISH engineers have perfected a machine which incorporates the century-old idea of making the working parts float on air instead of running on ball bearings or on a film of oil. It has been developed at the National Engineering Laboratory at East Kilbride in Lanarkshire (Southern Scotland) by staff of the Department of Industrial and Scientific Research, who demonstrated a grinding machine and two milling machines, each incorporating the principle of "air bearings."

Powdered Plastic Coatings

Shell International Research, of 30, Carel van Bylandtlaan, The Hague, says it has found a rapid and efficient way of covering large and small irregularly shaped objects with a plastic (epoxy resin) that sets hard and resists chemicals. It is also said not to soften if heated again after it has set. The objects are heated and dipped in a bed of the powdered plastic which is kept fluid and buoyant by an upthrust of inert gas. Particles of the powder stick to the object and then melt and fuse together into an even coating as they absorb heat from it.

Boiler Burns Anything

A steam boiler that runs on oil or gas but which will simultaneously burn any kind of solid fuel or waste refuse has been designed for hotels and factories by Gebruder Mittelmann Fabrik Moderner Badeofen, of Laasphe-Westphalia, Germany. The solids are partially burnt in one compartment and then the gases from them pass to a second compartment where they are further burnt together with the oil or gas.

Emergency Brake for Mowers

Still seeking safer motor mowers, an American company now offers an emergency brake to halt the spinning blade in case of danger. Clinton Engines Corporation, of Maquoket, Iowa, says the brake will stop a blade moving at 3,000 r.p.m. in less than half a second. Brake bands operating on the flywheel are lifted off against the compression of a strong spring before the mower is started. In case of emergency, the brake lever can be tripped and the brake shoes stop both the engine and the mower blade.

Swiss Machine Tool

Complex profiles previously requiring a battery of milling machines to carry out facing operations can be quickly and economically machined in one operation on a horizontal surface broaching machine produced by Mandrin G.m.b.H., of Erlach, Switzerland. John MacNab (Machinery), 94, Water Lane, Wilmslow, Cheshire, is the U.K. agent for the machine which has a production capacity varying between 200 and 1,000 pieces per hour, depending on the complexity of the profile and the hardness of the material. The "down time" for change over of broaches is between one and two hours and this means that it can be economically employed on medium-size runs, although the manufacturer suggests a minimum of 2,500 pieces. The machine will cost about £11,000 in the U.K.

Keeps the Pointer Steady

A small device for protecting pressure gauges and other sensitive instruments from the pulsations in a pipeline caused by a reciprocating machine or pump is now being marketed by Chemiquip Europa S.R.L., via Gian Giacomo Porro 18, Rome. Called a snubber, the device is placed in the line immediately upstream of the instrument being protected. It smoothes out the pulsations or fluctuations of pressure and enables the pointer on a gauge to give a steady reading. An added advantage is that the gauge itself is protected from damage due to sudden surges.

Device Detects Bad Welds

A new system for use with the resistance welding process, developed by the British Welding Research Association, Abington Hall, Abington, Cambridge, England, can monitor weld quality as the weld is made. It can guarantee the quality of each weld, increase the reliability of joints, and reduce the number of welds required. It will detect electrode deterioration and increase knowledge of electrode performance. A sensing device measures the rate of electrode separation and passes a signal to a monitoring instrument. The monitor discriminates between the signals given by good and bad welds and gives a visual indication. It can also be arranged to stop further welding when a poor weld is made, and could be developed for automatic control of weld quality. Changes in weld quality can be detected by the monitor from various factors, including surface condition, bad fit, and inductive losses.

New TV-Phone System

A system of transmitting television signals over ordinary telephone lines is being developed experimentally by British Telecommunications Research Ltd., at Taplow, near London. Telephone cables are not normally capable of carrying the enormous amount of information that is necessary to make up a normal television picture but a relatively new system—called pulse code modulation—is being used for transmission. The signals from a television camera are sampled electronically at high speed. The samples are, in fact, electrical pulses corresponding to the brightness of the picture at particular points. These pulses are then turned into coded signals. At the receiving end, electronic equipment decodes the signals into others reproducing the original samples from the camera and these are then fed to a television tube to produce a picture in the normal way. This is believed to be the first time that pulse code modulation has been used for television transmission. The system is purely experimental so far but it has worked satisfactorily in the laboratory.

JAIPUR METALS AND ELECTRICALS LTD.

NEW LINES OF MANUFACTURE TO BE UNDERTAKEN

CHAIRMAN, MR. R. H. KAMANI, URGES STABLE FISCAL POLICY

THE need for a stable fiscal policy for at least a certain minimum period was underlined by Mr. R. H. Kamani, Chairman of the Jaipur Metals and Electricals Ltd., in his speech at the Twentieth Annual General Meeting of the Company held at Jaipur on Thursday, 25th June 1964. Frequent changes in the fiscal policy, Mr. Kamani declared, were a disturbing factor, resulting in uncertainty in regard to the future planning and development of industries. Referring to the working of his own Company, he hoped that, ere long, the Company would be self-sufficient in the manufacture and procurement of meter components, as the manufacture of the few imported items like magnets were under consideration. Striking a note of optimism about the future, he revealed that the Company would very soon produce enamelled copper wires, as well as cotton, silk and paper covered wires and strips.

The following is a summary of Mr. Kamani's speech:

Extending a cordial welcome to the shareholders of the Company, Mr. R. H. Kamani referred to the great national tragedy created by the passing away of our beloved Prime Minister. In a moving reference, he solemnly stated that all-out efforts would be made by the Company to realise the dream of Jawaharlalji for a prosperous India through industrialisation. He prayed for the peace of the departed soul.

Mr. Kamani then presented the Directors' report, audited profit and loss account and balance sheet and proposed them to be adopted.

Accounts

The working of the Company, Mr. Kamani stated, had shown quite satisfactory progress with the total turnover and the profits touching new heights viz., from Rs. 2,32,76,000 to Rs. 2,69,39,000 and from Rs. 23,79,000 before providing for depreciation and the Managing Agents' remuneration to Rs. 30,24,000 respectively, being 16 per cent higher.

He then recounted the allocation and stated that the amount provided for taxation was less at Rs. 5,65,000 including the dividend tax on last year's equity dividend as against Rs. 6,85,000 in the previous year: while the Managing Agents' remuneration was Rs. 1,72,000 as against Rs. 1,48,000 in the previous year. Depreciation rose from Rs. 7,38,000 to Rs. 10,89,000 as also the development rebate from Rs. 3,50,000 to Rs. 4,92,000. He also referred to the abolition of super profit tax and the introduction of sur-tax and the dividend tax calculated at 7.5 per cent on the amount of dividend on equity capital distributed by the Company. He stated that while the net effect of the abolition of super profit tax and introduction of sur-tax was beneficial to the corporate sector, the introduction of tax on equity dividends has whittled down the reliefs so obtained.

He welcomed a rebate of 10 per cent of income-tax and super-tax and a rebate of 20 per cent in sur-tax in case of certain key industries to which category the Company also belonged, as also the withdrawal of super-tax on inter-corporate investments. He expressed his opinion that frequent changes in the fiscal policy of the Government was a disturbing factor, which would result in uncertainty of future planning and development of industries. He, therefore, emphasised the need for a stable policy on the part of the Government for at least a certain minimum period.

Mr. Kamani then dwelt upon the salient features of newly introduced Companies (Profits) Sur-tax Act, 1964 and emphasised that in order to avail of the full benefits under the Act and to meet the expenses of the development and expansion schemes, it was very necessary that the Company should have a strong capital base. He added that it was for this purpose that the Board of Directors recommended dividends at 6 per cent each on preference and ordinary shares and have recommended to transfer a sum of Rs. 3,61,000 to the general reserve. By doing this, the capital resources of the Company would increase, on the one hand, while, on the other, liability on account of sur-tax would decrease.

Factory Working

The Chairman informed the Company that the production tempo has been maintained and the production and sales—both in the Meter and Metal Divisions—were the highest ever reached. He also expressed satisfaction at the timely commencement of the production of A.C.S.R. and all aluminium conductors more especially when the allocation of copper for conductor industry was discontinued by the Government. He stated that with the ever-increasing production of electricity in the country, the prospects for the manufacture of A.C.S.R. and all aluminium conductors were bright.

In the sphere of meter production, he cautioned a note of warning that since recently many meter manufacturing units had come into existence in the country, as a result of which there was a very stiff competition in price. The Company was fully conscious of this position and was, therefore, taking all the necessary measures to face the situation.

Expansion and Development

Mr. Kamani informed the Company that efforts were afoot to make the Company self-sufficient in the manufacture and procurement of meter components. He was happy to state that, except for jewel bearings, magnet and a small percentage of sub-parts of the cyclometer unit which were presently imported, all other parts and components were either made in the factory or indigenously obtained. He stated that all the machineries required for the manufacture of magnet were installed. The Company was now awaiting the arrival of technical experts from our collaborators in Japan and no time will be lost to commence the production of magnet. The Company will also be able to manufacture the remaining small percentage of sub-parts for the cyclometer unit during the course of the current year.

Mr. Kamani sounded a note of optimism that the Company, in the near future, will also be able to manufacture enamelled copper wires and cotton, silk and paper covered wires and strips.

Research

Mr. Kamani stated that with a view to improve the quality of products as also to reduce the cost of production, all-out efforts were made by the Company and added that this was very vital for the economical development of the industry.

The Chairman attributed the good working results to the efforts and co-operation of the workers and members of the staff as also to the encouragement and backing of the shareholders received from time to time. He thanked them all.

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

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DOMESTIC ENQUIRIES

PRINCIPLES AND PROCEDURES OUTLINED

By G. K. Menda

[With the rising tempo of industrial development in India, employer-employee relations have assumed considerable importance, particularly in the context of industrial peace and increased production. Towards this end, Governments, at the Centre and in the States, have embarked on large-scale measures for labour welfare and social security. Simultaneously, there has been placed on the Statute Book a number of enactments designed towards maintaining industrial harmony and discipline. In this article, the author, who is closely connected with the legal aspect of industrial relations, explains succinctly the principles and procedure to be observed in the conduct of enquiries against delinquent employees.—ED.]

WITH the rapid industrialisation of our country, the need for maintenance of discipline and industrial harmony has become vital. As a result, we find that labour legislation is more and more tending to interfere with the sanctity of private contract. Protection in various forms has been given to workmen, say, in the form of social legislation, with the result that considerable restrictions have been imposed on the Common Law right of the employer, namely, the right to "hire and fire" an employee. We do not now live in that era when the master's mere wish used to be the last word and the law for his servant and when he went out into the open market, employed whomsoever he liked, paid what he liked and dismissed him when he liked and, above all, the State permitted him to do so. The doctrine of the absolute freedom of contract has thus to yield to the higher claims for social justice.

The right to dismiss an employee is controlled, subject to well-recognised limits in order to guarantee security of tenure to an industrial employee. It is also now recognised that, for the maintenance of industrial peace and harmony, the employer and the employee should, apart from their mutual contractual rights, understand clearly their statutory rights and responsibilities. It is mainly with this object that the Code for Discipline in Industry was adopted by the Tripartite Standing Labour Committee in October 1957 and ratified by the workers and various organisations of employers.

From a study of recent legal decisions, it is apparent that it is not very seldom that disciplinary action imposed by management on a delinquent employee, though otherwise justified, is upset by the Tribunals merely on technical grounds.

Generally speaking, apart from the statutes applicable to a workman, there is no obligation on the part of management to follow a strictly legal procedure similar to judicial proceedings for conducting domestic enquiries. The relevant statutes, mostly applicable to industrial establishments or factories, are (i) The Shops and Establishments Act, (ii) Industrial Disputes Act, and (iii) the Industrial Employment (Standing Orders) Act, 1946. An establishment to which the last mentioned Act is applicable is required to take disciplinary action against a workman in accordance with the Standing Orders certified under the Act.

"Audi Alteram Partem"

The whole subject matter of "domestic enquiries" centres round the principles of natural justice. It, therefore, follows that these principles have always to be kept in mind while conducting such enquiries. One of the cardinal principles of natural justice is expressed in the well-known Latin maxim, "*Audi alteram partem*"—no man shall be condemned unheard.

The Supreme Court has now clearly held[1] that an enquiry cannot be said to have been properly held, unless the following conditions are complied with:

(i) An employee proceeded against has been informed clearly of the charges levelled against him;

(ii) Witnesses are examined—ordinarily in the presence of the employee—in respect of the charges;

(iii) The employee is given a fair opportunity to cross-examine the witnesses;

(iv) He is given a fair opportunity to examine the witnesses including himself in his defence if he so wishes on any relevant matter, and

(v) Enquiry Officer records his findings with reasons for the same in his report.

Before the drama of domestic trial begins, the employee concerned should be given a charge-sheet, preferably in the presence of a witness, setting forth clearly and precisely particulars of the alleged misconduct, including the date and time of its commission, and requiring explanation.

In the absence of any specific provisions requiring service of a formal charge on the workman, it is not obligatory on the part of the employer to serve a charge-sheet, though generally, it is safer to do so. It is also advisable, for obvious reasons, to serve the charge-sheet in the presence of a witness. If a workman refuses to accept a charge-sheet, it should be served by registered post. Under certain circumstances, subject to the Standing Orders, service of a charge-sheet could be effected by affixing it on Notice Boards ordinarily seen by workmen.

Enquiry

The enquiry should not generally be held earlier than two days from the date on which the charge-sheet is served on the employee. The object is to give him sufficient time to prepare his defence. "It may be that failure to intimate to the workman concerned about the date of the enquiry may, by itself, not constitute an infirmity in the enquiry, but, on the other hand, it is necessary to bear in mind that it would be fair if the workman is told as to when the enquiry is going to be held, so that he has an opportunity to prepare himself to make his defence at the said enquiry and to collect such evidence as he may wish to lead in support of his defence. On the whole, it would not be right that the workman should be called on any day without previous intimation and the enquiry should begin straightaway. Such a course should ordinarily be avoided in holding domestic enquiries in industrial matters."[2]

The employee should be permitted to bring witnesses at the enquiry in defence and produce any other evidence. Generally, where Standing Orders are applicable to an establishment, a workman is also permitted to be represented at the enquiry by any other employee of his choice. But, as has been held by the Supreme Court, he has no right to be represented at such an enquiry by the representative of his Union, though, of course, an employer in his own discretion can and may allow his employee to be represented as such.[3]

If an employee does not present himself at the enquiry, it may be conducted in his absence. However, if the workman has a valid reason for not being present at the enquiry, then, reasonable adjournments thereof should be allowed. If the Enquiry Officer is satisfied that the reasons given by the workman for being absent at the enquiry are unsatisfactory, he may proceed with the enquiry, allowing the workman to be present at the rest of the enquiry.

The employee can be suspended pending enquiry against him, but whether it is desirable to do so must be decided by the Enquiry Officer.

When the employee presents himself at the enquiry, witnesses and any other evidence adduced must be examined and produced in his presence and he must be given an opportunity to ask any relevant questions from the witnesses.

A concise summary of the evidence led on either side and the questions asked and the answers received, the evidence submitted and any statement made by the employee concerned, including the workman's plea, should be recorded. It is advisable for the Enquiry Officer to put the following question to the employee before concluding the enquiry—"Have you anything further to state?" and record his answer thereto.

Powers and Duties of Enquiry Officer

As regards the powers of the Enquiry Officer to examine and cross-examine witnesses, the enquiry must be of such a nature that a Tribunal examining the matter may not entertain any doubt as to the management's *bona fides*. It is with this view that the Enquiry Officer should be a person with an open and unbiased mind and should not have prejudged the issue. The principle that a prosecutor cannot be a Judge is not strictly applicable to departmental enquiries. But he must not lower himself to the status of a common prosecutor, that is to say, of a person who feels it is a part of his function to bring the guilt home to the accused at any cost. That a person who conducts a departmental enquiry should not himself give evidence in that enquiry is a well-established principle of natural justice.[4]

In order to arrive at an impartial finding, it is within the competence of the Enquiry Officer to question and re-question the witnesses both of the management and the workman, and get all doubts and suspicions cleared. It is open to the Enquiry Officer to disallow any evidence after recording the reason in writing.

The observations of the Supreme Court in the Associated Cement Company's case which lay down the scope of the principles of natural justice serve as a valuable guide to the Enquiry Officer:

"If an officer himself sees the misconduct of a workman, it is desirable that the enquiry should be left to be held by some other person who does not claim to be an eye-witness of the impugned incident. Domestic enquiries must be conducted honestly and *bona fide* with a view to determining whether the charge framed against a particular employee is proved or not and so, care must be taken to see that these enquiries do not become empty formalities. If an officer claims that he had himself seen the misconduct alleged against an employee, in fairness, steps should be taken to see that the task of holding an enquiry is assigned to some other officer. In other words, it is desirable that the conduct of domestic enquiries should be left to such officers of the employer who are not likely to import their personal knowledge into the proceedings which they are holding as enquiry officers.

"It is further necessary to emphasise that, in domestic enquiries, the employer should take steps first to lead evidence against the workman charged, give an opportunity to the workman to cross-examine the said evidence and, then, should the workman be asked whether he wants to give any explanation about the evidence led against him. It is not fair that, in domestic enquiries against industrial employees, the employee should be, at the very commencement of the enquiry, closely cross-examined even before any evidence is led against him. In dealing with domestic enquiries held in such industrial matters, the fact should be borne in mind that, in a large majority of cases, employees are likely to be ignorant and so it is necessary not to expose them to the risk of cross-examination at the very commencement of the domestic enquiry."[5]

The Enquiry Officer as a person, other than a person competent to issue punishment, has only to commend the punishment commensurate with misconduct.

Report by Enquiry Officer

After completion of the enquiry, a report has to be made by the Enquiry Officer, wherein he should give his finding and the reasons in support thereof. He should also mention in his report the punishment which, in his opinion, is befitting. In deciding the quantum of punishment, he should take into account the previous record of the employee and the gravity of the misconduct and also any extenuating or aggravating circumstances. It is open to the authority competent to award punishment to confirm the punishment or to modify or set aside the order.

Thereafter, a letter should be addressed to the workman stating the punishment awarded. In cases where Section 33 of the Industrial Disputes Act is attracted, the requisite approval/permission of the Conciliation Officer or the Tribunal should be obtained before discharging or punishing the workman and the procedure laid down in that Section followed.

Subject to the service rules or statutory provisions, it is not obligatory for the management to supply copies of the proceedings of the enquiry to the workman. However, whenever rules provide the right to appeal from such

(*Continued on page 27*)

References

[1] 1963—11 L.L.J. 367.
[2] 1963—11 L.L.J. 396.
[3] 1960—11 L.L.J. 228.
[4] A.I.R. 1958 S.C. 86.
[5] 1963—11 L.L.J. 396.
[6] 1960—1 L.L.J. 460.
[7] 1963—11 L.L.J. 372.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

AUTOMATIC ESCALATION CLAUSE FOR COST INCREASES URGED

CHAIRMAN, MR. G. L. BANGUR'S SPEECH AT ANNUAL MEETING

THE Government is anxious that the cement industry should step up its production. But it is yet to recognise that, unless an appropriate rise in the cement price is sanctioned so as to neutralise the cost increases, savings in the hands of producers would not be adequate for expansion purposes. A definite formula for giving effect to the automatic escalation clause, as recommended by the Tariff Commission, is, therefore, urgently required. In making this plea in his speech at the Nineteenth Annual General Meeting of Shree Digvijay Cement Company, Ltd., held at Sikka on Monday, 29th June 1964, Mr. G. L. Bangur, Chairman, emphasised that it was necessary to ensure a proper return to the industry in the interests of its accelerated development.

The following is the full text of Mr. Bangur's speech, delivered in his absence by Mr. B. D. Somani:

I have pleasure in welcoming you to the nineteenth annual general meeting of the Company. The Directors' Report and Audited Statement of Accounts have been in your hands for some time past, and, with your consent, I take the same as read.

We are meeting today under the shadow of a great national loss by the sudden passing away of our beloved Prime Minister Shri Jawaharlal Nehru on 27th May 1964. In him our country has lost a jewel, a noble image of the aspirations of India's teeming millions and a great soul who lived and laboured for the betterment of the country, nay, the whole world. The best memorial to the departed leader and architect of modern India is to work for fulfilment of his dream of a peaceful, prosperous and united India.

The working results of your Company for the year under review have shown definite improvement over the previous year. The improvement in earnings, as indicated in the Directors' report, is due to satisfactory working of both the Cement and Asbestos Products Divisions. Recently, the two-lakh-tonnes expansion plant in the Cement Division has commenced production from November 1963. As such the working for the current year may be expected to show better performance.

Capacity Expansion

Your Directors have approached the Government for grant of an industrial licence for additional two lakh tonnes expansion and I have no doubt, if the Government sanctions adequate foreign exchange and gives us the import licence for import of certain essential portion of the plant and equipments, the new capacity of two lakh tonnes may be expected to be achieved by 1965.

The Company has taken in hand the construction of deep water jetty at Sikka Port which would link the factory by ropeway and provide for direct loading of steamers. The Company is grateful to the Gujarat Government for having agreed to allow some concession in wharfage for a period of ten years in respect of cargo cleared from the proposed deep water jetty.

We have also approached the Government for an industrial licence to expand the capacity of our Asbestos Products Division by another 40,000 tonnes per year for manufacturing asbestos cement sheets and pressure pipes.

The Company has very recently effected two shipments of asbestos cement sheets and pressure pipes to Iran and Pakistan. An agreement has also been made with International Johns Manville Corporation of Beirut, the associates of Johns Manville Corporation, New York, our collaborators, to promote the sales of asbestos cement products of your Company in the Middle East and African countries.

Progress of the Industry

As you are aware, the rise in demand has far outstripped the rise in the output of cement. There is anxiety on the part of the Government, as well as of the industry, that production should be increased substantially, but the reasons for the slow growth of the industry have to be looked into. The cost of production is going up continuously and, unless an appropriate rise in the price is given, savings in the hands of the manufacturers are not adequate to embark upon any programme of expansion involving heavy capital cost. Unless, therefore, the necessary favourable circumstances by which the industry can find the required capital outlay are created, it will be very difficult to bring about any appropriate increase in production capacity.

Another major factor coming in the way of the rapid growth of the cement industry is the limited availability of foreign exchange to the industry. Deliveries of indigenous machinery, I understand, are very long and, therefore, it takes several years before any new cement project or expansion of any old unit can be brought into production. In the interest, therefore, of speedier development of the industry, it is desirable to allow some relaxation in the matter of foreign exchange for importing cement plant and equipments which will enable an accelerated rate of development programme as envisaged under the Five-year Plans.

The industry has been constantly pleading for laying down of a definite formula or a basis for giving effect to automatic escalation clause, as recommended by the Tariff Commission, to facilitate immediate effect being given to increase in specified items of cost without undue delay. The development of the industry depends mainly on the return available to the industry and the imperative need to assure proper return to the industry to accelerate its development activities is amply revealed by no less a person than the Deputy Chairman of the Planning Commission, Mr. Asoka Mehta, in his following remarks:

"It is obvious that the country needs both a high rate of investment and a high enough rate of profit on the investment made. Adequate margins of profits will enable us to make larger inputs. In the modern sectors of our economy, including those publicly owned and operated, a 10 per cent rate of return has to be insisted upon. If a particular service or commodity has to be provided at lower than the full economic rate, it has to be through the provision of a subsidy."

Subsidy for Coal moved by Sea-cum-Rail Route

As you are aware, the Government had introduced compulsory movement of coal by sea-cum-rail route for large consumers situate on Western and Southern coasts from April 1962 to relieve the strain on the railways and to provide additional traffic for coastal shipping on the specific assurance that the extra cost involved in this movement would be met by grant of adequate subsidy. Pursuant to this arrangement, your Company has been receiving a large part of its requirements of coal by sea route. The scheme for payment of subsidy, in the first instance, did not function for about a year and large amounts were involved in arrears. Subsequently, another scheme was evolved by the Government to make fixed payment of subsidy for specific ports. This subsidy falls short in the case of your Company by Rs. 4 to Rs. 5 per tonne and involves a considerable loss over the quantity moved so far. We have been repeatedly representing this matter to the Government but it is regretted that necessary decision from the department is still not forthcoming.

Switch Over to Oil Firing

Some time back, the Government of India introduced compulsory switch-over to use of oil from coal in the case of cement factories situate in the Southern and Western parts of India and again assured that reasonable increase in ex-works price of cement would be allowed to compensate for the extra cost involved in the use of furnace oil. Although we have partly switched over to oil firing since September 1963 and have been making representations to the Government of India for allowing the revision in price of cement on this account, yet it appears, here again, that adequate compensation may not be allowed and the same may fall short of the extra cost involved. This obviously has involved us in incurring capital expenditure in the installation of oil-firing equipment.

Cement Corporation

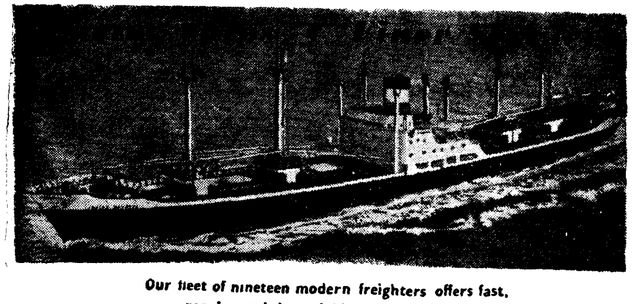
I may refer to the Cement Corporation proposed to be formed by the Government. I hope the Corporation will be a source of assistance to the industry in conducting surveys of raw material availability, preparing project reports, helping promotional activities by financial assistance and reviewing, from time to time, the handicaps being faced by the industry and advising remedial measures to ensure better working and expansion of existing units and formation of new companies.

In closing, I am happy to report that the relations between the management and the employees of the Company continue to be cordial and satisfactory. It gives me pleasure to convey, on behalf of us all, our appreciation of the services rendered to the Company by the employees.

N.B.—*This does not purport to be the report of the proceedings of the Annual General Meeting.*

"ELECTRO-PAINTING"

A paint process has been developed for car bodies that will substantially reduce the risk of corrosion and improve the overall quality of vehicle bodies. The new process—known as electrocoating—is being used by Ford of Britain to give a primer coat to two of their current range—Anglia and Corsair—in production at their new Halewood plant in North-West England. All models will be treated in the same way within the next two years. The new process, which replaces conventional primer spraying and dipping processes, is essentially a dipping operation in which an electric current is passed between the car, completely immersed in a tank containing thousands of gallons of paint, and a second electrode. As the body submerges, electrical contact is made and paint particles cling to it, quickly building up an even coating over all surfaces.



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SPEECH OF CHAIRMAN, MR. B. K. KAUL

BUSINESS EXPANSION IN MIDDLE EAST UNDER WAY

THE Oriental Fire and General Insurance Company Limited continues to pursue its cautious policy in regard to expansion of business outside India. This was revealed by Mr. B. K. Kaul, I.C.S., Chairman of the Company, in his speech at the Sixteenth Annual General Meeting of the Company held at Bombay on Tuesday, 30th June 1964. Mr. Kaul, however, stated that the Company had explored the possibility of expansion in the Middle East and other Arab countries. Negotiations in some cases, he said, were quite far advanced and it might be possible to make a beginning in some areas in the current year.

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

The report, accounts and balance-sheet for the year ended 31st December 1963 are already in your hands and, with your approval, I propose to take them as read. Before we proceed to consider these for adoption, I would like to review some of the points which had a bearing on your Company's working during the year.

Mr. Jawaharlal Nehru suddenly passed away on Wednesday, 27th May 1964. Mr. Nehru's death is a stunning blow to the entire nation. An anguished nation has been mourning the sudden passing of her most beloved son, an illustrious fighter for freedom, an outstanding statesman, a world leader. He occupied a place in the hearts and hopes of hundreds of millions of our countrymen. He was the architect and symbol of modern India. By his death, our country, in particular, and the world, in general, has suffered a grievous loss. The best tribute we can pay to our departed leader is to work hard and do our duty well so that our country may prosper.

As I mentioned last year, your Company was appointed by the Government as its sole Agent in connection with the administration of the Emergency Risks Insurance Schemes (Goods and Factories). During the year 1963, the Company received over 424,279 applications under these schemes at 163 centres all over India. I am glad to say that the Company was able to cope with the enormous work connected with the applications in a satisfactory manner. The work was done by the Company entirely on a non-profit basis.

Foreign Business

In the foreign field, the Governments of Ceylon and Burma restricted the writing of general insurance to State institutions from 1st January and 1st February 1964, respectively. In both these territories, we had been doing modest but profitable business for a number of years. As the unexpired business is not being taken over, we are required to run off the existing risks and, therefore, have to keep a skeleton staff for some time to come.

In Kuwait, a new agency was established in 1963 and their results have been satisfactory.

Whilst our operations in Pakistan gave us cause for concern in earlier years, we have been able to take effective measures to put the business on an even keel by setting up a regional office at Dacca exercising better control on underwriting and claim and by exploring fresh avenues of profitable business.

In Africa, a Union of the Republic of Tanganyika with Zanzibar was recently announced. We have been operating in East Africa, including these two territories, for a number of years, and I have no doubt that the Union shall provide increased opportunities for expansion of our business.

I had stated last year that we were progressing in the matter of expansion of our foreign business with caution. Whilst this policy has continued, we have explored the possibilities of expansion in the Middle East and other Arab countries. It may perhaps be possible to make a beginning in some of these areas during this year, as our negotiations in some cases are quite far advanced.

Working Results

Turning now to the results of the year's working, the net profits for the year of the Company after making provisions for taxation is Rs. 17.11 lakhs, as against Rs. 19.40 lakhs for the year 1962. The slight fall in the net profits has been due to an increase in claims and in the salary and allowances paid to the staff under the revised agreement.

The gross premium income of the Company in 1963 was Rs. 1,014.93 lakhs, as compared with Rs. 878.62 lakhs in 1962. After fulfilling the statutory obligations and making other cessions, the net premium of all departments increased from Rs. 492.29 lakhs for the year 1962 to Rs. 583.88 lakhs for 1963, showing an increase of Rs. 91.59 lakhs, that is, 18.60 per cent over the previous year's figure. This increase is made up of Rs. 74.25 lakhs from business transacted in India and Rs. 17.34 lakhs from business transacted out of India. Considering the market conditions, this rise may be considered quite satisfactory.

Overall Claims Ratio

The overall claims ratio of net claims to net premiums has shown an upward trend, that is, 59.71 per cent for 1963, as against 56.09 per cent for 1962.

In the fire department, the claims ratio for the year 1963 was 46.31 per cent as compared with 34.83 per cent for the year 1962. The increase in the claims ratio was mainly due to adverse experience on our foreign acceptances. On the miscellaneous side, the claim ratio has increased from 57.79 per cent for the year 1962 to 61.22 per cent for 1963, largely on account of continued adverse claims experience in motor department in India and out of India. On the marine side, the claims ratio for the year 1963 has registered a fall to 90.34 per cent, as compared with 93.26 per cent for 1962.

The overall ratio of commission and expenses of management to net premiums is around 32.4 per cent which is considered satisfactory.

As a result of the year's working, the departmental reserves have shown an impressive increase of Rs. 44.53 lakhs at Rs. 328.69 lakhs for the year 1963, as compared with Rs. 284.16 lakhs for the year 1962, showing an increase of 15.67 per cent over the previous year's figure.

Investments

Our investments as at 31st December 1963 aggregated Rs. 457 lakhs and the total depreciation thereon was around Rs. 4.50 lakhs and is more than adequately covered by the investment reserve. Considering the magnitude of the total investments and the general fall in the prices of shares and securities, it will be seen that the depreciation of 0.98 per cent is nominal.

Your Directors have recommended dividend at the rate of 8 per cent (subject to deduction of tax at prescribed rates) on the paid-up value of shares, as compared with 6 per cent for the year 1962.

The general reserves have been further augmented by an appropriation of Rs. 3.75 lakhs.

The year's working has resulted in a substantial increase in the funds of the Company from Rs. 454.14 lakhs in 1962 to Rs. 504.60 lakhs in 1963, registering an increase of 11.11 per cent over the previous year's figures.

In conclusion, I take this opportunity to express my thanks to our clients and well-wishers both in India and abroad who have continued to extend us their support. I also thank the officers, staff and development officials of the Company for their loyalty and good work.

N.B.—*This does not purport to be a record of the proceedings of the Annual General Meeting.*

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SOLUTION OF BASIC PROBLEMS URGED

SPEECH OF CHAIRMAN, MR. DURGAPRASAD SARAF

A WARNING that, unless the basic problems of the ferro-manganese industry such as procurement of quality ore and coke, some relief in railway freight charges, adequate power supply at cheaper rates and reduction in taxation were satisfactorily solved, the industry, a potential foreign exchange earner, would not be able to face world competition, was uttered by Mr. Durgaprasad Saraf, Chairman of the Ferro Alloys Corporation Ltd., in his speech at the Eighth Annual General Meeting of the Company held at Tumsar (Maharashtra), on Saturday, 27th June 1964. He stated that, while the price of coke had been increased abnormally, the quality of supplies had not improved as such. The 15 per cent special surcharge on electricity consumption imposed by the Andhra Pradesh Electricity Board, he said, had imposed a heavy burden on the industry. Referring to prospects of the Company, he struck a note of optimism. He revealed that the efforts to step up production of ferro-silicon and silico-manganese had proved successful.

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

GENTLEMEN,

I am very happy to extend to you all a hearty welcome to this eighth annual general meeting of the Company.

The Directors' report and the audited statement of accounts for the year 1963 are already in your hands for some time now and, with your permission, I take them as read.

Exactly on this date last month, our country suffered its greatest loss in the passing away of our beloved leader and Prime Minister, Shri Jawaharlal Nehru. It is rightly said that Nehru was India, and by his sudden and unexpected death a void has been created which it is difficult to fill, for, the like of him are born once in centuries. He was an international figure, widely loved and respected throughout the world. The light has gone out but not without illuminating the hearts of millions and millions of people. He has taught us many things and among them, which I value most, are to love our brethren, to work hard and to keep united. While paying our humble tributes to him let us all resolve that we shall prove worthy followers of our great leader.

Exports

I hope you have perused the Directors' report and the statement of accounts. It is possible, your first impression may not be quite satisfactory looking to the steep fall in the turnover and in the profits. However, you will recall that the Company commenced production from 1958 and for the first two years there were no profits as there were no barters and no home sales either. Subsequently, the first barter deal came to the industry's rescue. During the last year, although the exports were negligible (being only 14 per cent), your Company has made a turnover of Rs. 161 lakhs. Sales of ferro-manganese which is basically an export product will always be fluctuating, but last year's sales are indicative of the fact that the internal demand for the product is steadily increasing year after year with the expansion of the steel industry. Thus, the industry is now on a more sound and firm footing than what it was hitherto. There is, therefore, no cause for any undue apprehension, and we can look forward for better prospects in future.

On the export side, the Indian ferro-manganese is still a high-priced commodity. However, the Government has been trying to boost up its exports through barters, both public and private. As stated in my speech last year and in the Directors' report, now with you, a Barter Agreement has been signed under which 128,000 tons of ferro-manganese will be exported to U.S.A. against import of agricultural commodities, mainly cotton. Your Company has been allotted the largest quota for supply. By now your Company has already shipped 28,000 tons against this barter and one more steamer is awaiting berth for loading. The management has planned its production programme so as to deliver the balance quantity well within the stipulated time.

Profits

Your Directors' report has dealt with all important matters concerning the business of the Company including production and accounts, and so it is not necessary to recount them here. Indeed, 1963 imposed increased burdens on your Company as a result of additional taxation, extra costs arising from enhanced price of coke, increase in the percentage of sales tax, levy of 15 per cent special surcharge on electricity and premia payments in respect of Emergency Risk Insurance. Despite these adverse factors, the Company has been able to maintain a fair ratio of profits to turnover.

Ferro-manganese is a basic and key industry and can be a potential foreign exchange earner with the active support of Central and State Governments. The industry cannot face world competition until its basic problems are solved. The problems are varied and many, and relate to procuring quality manganese ore and coke, obtaining relief in railway freight on transport of manganese ore and finished product, securing power supply at cheaper rates and of receiving relief in taxation. Year after year, we have been voicing our grievances and hardships to the concerned authorities and it will be our constant endeavour to seek their satisfactory solution.

Raw Materials

Arrangement for procuring quality manganese ore, the principal raw material for the industry, is an important problem. The management has been anxious to acquire its own mines. It is with this purpose that your Company proposes to invest in the Best Minerals Private Limited, a reputed concern holding several mining leases for manganese ore in the States of Maharashtra and Madhya Pradesh. This Company has been supplying manganese ore to us since the beginning and after acquiring the same we propose to develop and make maximum use of its mines.

Adequate supply of quality coke at economic rates is equally vital for the industry. The price and supplies of coke are controlled by Government. While price of coke has been abnormally increased, the quality of supplies has not improved as such. Representations have already been made to the Government in this regard and the matter is being pursued.

While this important industry has been clamouring for help, it is a matter of regret that the Andhra Pradesh State Electricity Board has imposed a special surcharge of 15 per cent on electricity consumption. It is a heavy burden on this industry. The Company has contended that in accordance with the terms of the Special Agreement entered into with the Electricity Board, this levy is not applicable to it. The Electricity Board has however taken a different view, and the matter had, therefore, to be referred to arbitration. We hope the decision will be in our favour, but apart from the legal aspect the levy on this industry is not at all justifiable. The Andhra Pradesh Electricity Board will, therefore, do well to reconsider this matter dispassionately and in the larger interest of the industrial development of the country.

Wanchoo Committee

The problems confronting the industry have been put forth in all its aspects before the Wanchoo Committee appointed by the Government about two years ago. Several changes have taken place since then, and it is hoped that these will be considered by the Committee in its report which is eagerly awaited. We hope the Committee's recommendations will be beneficial to the industry and that the Government implement them expeditiously.

We are glad that the ferro-manganese industry has been classified as a basic industry by the Government, thus making it eligible for a rebate of 10 per cent of the income-tax and super-tax. This rebate will also be available to the industry in respect of sur-tax. Further, the revival of additional depreciation allowance for third-shift working at 50 per cent of the normal rate of depreciation is a welcome feature. We are grateful to the Finance Minister for these concessions.

Prospects

You are aware that your Company has successfully carried out experimental production of ferro-silicon and silico-manganese. The demand for these products has been found to be quite encouraging. Owing to our commitments under the barter deal, further manufacture of these items could not be undertaken. However, they hold out good prospects for the Company in future. Besides, the management has also been trying to sell the slag which is at present going waste and for which a demand has developed recently.

When we look back over our efforts and achievements of the year under review and of the years past, we really feel proud that we were able to steer successfully through critical times. To the shareholders, we can, therefore, hold out hopes of encouragement for better times ahead. It may, however, be remembered that after all, in every business ups and downs are but natural and we have to face them with faith and confidence.

Before I conclude, I wish to express the management's appreciation of the devoted services of the workers and the staff at all levels. Special mention should however be made of the technical staff for carrying out valuable research work, for improvement in the tapping system, for contribution to the National Productivity Council as its member and for preparing a useful paper on the utilisation of metallurgical wastes which was read at the International Symposium held at Jamshedpur.

In conclusion, I would like to record my warm appreciation and thanks to my colleagues on the Board for their co-operation.

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

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THE METAL BOX COMPANY OF INDIA LTD.

REVIEW BY THE CHAIRMAN, MR. M. K. VELLODI

NEED FOR ENSURING ADEQUATE SUPPLY OF TINPLATE VITAL

THE Thirty-first Annual General Meeting of The Metal Box Company of India Ltd. will be held on Wednesday, 22nd July 1964, at 59C Chowringhee, Calcutta.

The following is a copy of the Review by the Chairman, Mr. M. K. Vellodi, which has already been circulated to members:

I am glad to be able to report another year of fruitful endeavour particularly as, in my review last year, I struck a somewhat pessimistic note based on the assumption that the greatly increased taxation, both direct and indirect, including such impositions as the compulsory deposit in the last year's budget was bound to curb the purchasing power of the consumer. Happily this assumption proved incorrect, and our product sales in the year ended 31st March 1964 increased by 17 per cent to Rs. 13.85 crores.

Sales

Sales in all significant product groups increased, and during the second half of the year the new Paper Group commenced production. The encouraging volume of our order book for paper products at the year end is an indication that this addition to our packaging service will be widely welcomed.

Throughout the year and especially during the second half, the irregularity in the supply of raw material and, with certain products such as tubes, capacity considerations affected the service we were able to give our customers. In spite of these difficulties, ingenuity and good planning by the Company's managers again resulted in increased productivity, and generous long-term credit arrangements with our associates in England are now enabling us to undertake long overdue modernisation programmes. The sales of non-tinplate products will be promoted vigorously during the coming year and with Calcutta No. 2's difficulties in tooling up for Defence work largely overcome, the sale of industrial components should be particularly strong. However, the availability of raw materials, especially tinplate and polyethylene, also capacity to produce certain products will continue to determine the extent to which we can meet this year's strong demand.

Of late, Government has become increasingly aware of the important function of scientific packaging in the preservation of goods packed and the protection of the consumer. This is reflected in current plans for new manufacturing capacity for such essential packaging materials as tinplate, aluminium and polyethylene. A time lag is, however, inevitable before new capacity can be brought on stream. In this interim period, the packaging needs of the third Plan must be serviced without interruption. Failure to do so will have an immediate and severe inflationary effect. In the case of tinplate, for example, Rs. 1 lakh spent on imports generates the distribution of over Rs. 22 lakhs of essential consumer goods. In this connection, it is worthwhile considering the growth of all packaging, over the years of the third Plan. We reckon that in 1960-61 the production of consumer packages valued at Rs. 107 crores, and employing 100,000 men enabled the distribution of Rs. 2,870 crores of consumer products. This amounts to 12 per cent of the aggregate value of the country's supplies in that year. By 1965-66 it is estimated that the planned growth in production of essential consumer commodities will require packaging materials valued at Rs. 213 crores and made by 150,000 men for the distribution of goods worth Rs. 6,620 crores.

A Welcome Development

If these statistics have been seldom considered in past Plans, it is perhaps because packaging as a service industry must of necessity operate behind the scenes. Our contact with the public is indirect. It is therefore all too easy for the proper consideration of our contribution and our problems to go by default. The consequence of apathy can be serious. It is, for example, essential that the country maintains an international standard of packaging and presentation if its consumer products are to succeed in world markets. Every well-packaged item of consumer goods may be a potential export; already some Rs. 28 crores of packaged consumer goods are exported annually from India to almost 60 countries all over the globe. The packaging service essential to the effort to diversify India's exports is a specialised one, requiring technology of a very high order. Fortunately, both Government and industry recognise this need. We therefore welcome Government's move to establish an institute of packaging in the country to assist Indian exporters with packaging and marketing know-how.

Package manufacture the world over is located substantially in the organised section of industry requiring as it does precision mass-production methods; investment in complex machinery; long-term research and development; and close scientific collaboration both with packers and the suppliers of raw material. Export requirements demand that India must have access to the mainstream of world packaging technology. Your Company serves this role and, by maintaining laboratories and development facilities in Calcutta and Bombay, makes sure that new techniques and product improvements are developed in consonance with India's own particular requirements and material availability.

Help to Small-scale Sector

In view of the current interest in the scale of industrial operations, it is relevant to mention that, as in the case of your Company, far from being prejudicial to the development of the small-scale sector, large-scale enterprise can be of vital assistance to its development. Metal Box, for example, establishes research facilities and develops new packages and packaging systems, builds up markets for them, establishes raw material supplies available to all, trains technicians and supplies for unrestricted sale previously imported packing machinery. Whether we like it or not we have in a most effective way brought up competition in our wake. In addition, we provide a direct stimulus to small industry from which our purchases each year exceed Rs. 60 lakhs. More important, the majority of our 1,500 customers belong to the small-scale sector. All of our customers, large and small, have access to our research and technical resources and a fund of technological and marketing know-how particularly valuable to the small packer. To take one example, our precision packages and advisory services have helped enterprising prawn canners on the West Coast—all of them relatively small-scale in comparison with their competitors overseas—to export over Rs. 73 lakhs worth of canned fish last year to markets as competitive as the U.S.A. Our Cochin Factory was established particularly to provide these canners with on-the-spot can service. We also evolved a 'flattened' system of can despatch to reduce the freight cost factor for canners all over the country. For small canners in North and South India, we have set up reforming installations at Delhi and Madras which assemble, at cost price only, flattened open top cans made on high-speed lines in Calcutta and Bombay. We have supplied similar equipment to the Uttar Pradesh Government to serve the needs of small-scale canners in the rural areas of the U.P.

Defence

Sales of ordnance supplies were below forecast during the year, owing to unexpected problems in equipping ourselves and in meeting the standards required by the ordnance inspection authorities. Your Company has so far invested more than Rs. 6 lakhs in plant, equipment, tools and dies for Defence work. As our difficulties appear largely to have been resolved, we anticipate a substantial increase in sales during the year ahead.

Exports

After the previous year's setback, export sales went ahead again, increasing by 33 per cent to a new level of Rs. 28 lakhs. Extensive overseas touring by senior sales staff to reinforce the work of our agents secured notable gains in Burma, Ceylon and East Africa in particular. Our exports of domestic hardware and publicity materials increased by approximately 55 per cent and, to our great satisfaction, machinery sales again rose by more than 100 per cent.

Experience last year has made it abundantly clear that in the face of intense international competition it is far from easy to achieve and maintain the extremely high quality standards required in markets abroad. Your Company's efforts will be further intensified during 1964-65 although we anticipate problems arising out of political developments in Burma and in Ceylon.

I have already referred to our main contribution to the country's foreign exchange earning: the provision of packages made to international standards. In the past year our customers have earned more than Rs. 8 crores in foreign exchange through the export of goods packed in our containers.

To stimulate the growing awareness of scientific packaging, both for home and export markets, we organised over the year a series of seminars on consumer packaging for senior executives from amongst our customers, advertising agencies and Government. The seminars aimed at providing a comprehensive background on the subject of packaging to those concerned with the distribution and marketing of consumer products. This effort has been very well received.

Raw Materials

Throughout the past year, and especially during the last four months, the procurement of raw materials presented difficulties. Owing to delays in licensing procedures and the failure of the Russian authorities to fulfil commitments and a disappointing performance by Rourkela, tinplate stocks were very low during the last quarter.

The unfortunate communal disturbances at both Rourkela and Jamshedpur further reduced your Company's tinplate stocks and, although the authorities were reasonably appreciative of our difficulties, arrivals against import licences cannot be expected in time to prevent further difficulty in meeting our customers' requirements. Increasingly we are being directed to import tinplate from sources which involve AID or Government-to-Government trading. While the need for this is accepted, the result for your Company is a loss of control over specifications and an unsatisfactory timing of deliveries through repeated procedural delays: also a general increase in tinplate prices.

The strongest possible representations have been made to persuade Government that India requires a minimum importation of 75,000 tons of tinplate during 1964-65. The demand for tinplate is now rising sharply and to the extent that it is not met a broad range of essential consumer products will not reach the markets. Every effort is being made, and must continue to be made, to develop substitute packs, but the climatic conditions, the rough handling and extended shelf-life to be expected in our country set a severe limit to the use of substitutes. For a long time to come, therefore, tinplate alone, for a majority of packs, will be able to meet these exacting requirements.

The foreign exchange bill for 75,000 tons of tinplate would be a little more than Rs. 8.60 crores; while the problems of financing importation at this level are not underrated, it is a relatively small price to pay in terms of the health of the consumer economy when set against the fact that this tonnage means the marketing of consumer goods including foodstuffs and many household necessities worth more than Rs. 190 crores at retail prices. Failure to import at this level must mean shortages which can only have a highly inflationary impact on retail prices.

Aluminium supply scarcely balanced demand through the past year but availability in 1964-65 is likely to improve and advantage will be taken of this to push sales of non-tinplate products.

Polyethylene supply virtually dried up during the second half of 1963: the national sugar shortage led to an inadequate supply of industrial alcohol to the two polyethylene producers and the situation is not expected to improve much during 1964. Bearing in mind [illegible]

an extent polyethylene, either alone or when laminated with other materials, can for certain packs, be a substitute for tinplate, it is regrettable that this shortage has been allowed to develop when adequate capacity for indigenous polyethylene production is either available or about to be commissioned.

With the starting of your Company's new Paper Group, we became for the first time buyers of board and paper on a substantial scale. It is clear that the quality of indigenous board leaves a great deal to be desired. However, our buyers, technical staff and research people are co-operating with suppliers in endeavouring to improve the quality available to us.

Research, Design and Development

Paper Group: Modern high speed equipment has been installed at Worli in Bombay for the manufacture to international standards of paper packages: treated and laminated paper and boards, cartons made therefrom, wrap-around labels, labels for cans and punched labels for bottles. The low quality of boards at present available will continue to give rise to scientific and mechanical problems, but they have not stood in the way of a successful start. We already have a nucleus of highly skilled personnel and the training of staff has continued throughout the year.

Bombay No. 2: The new factory at Deonar was completed on schedule and the entire open top operation was transferred from Worli to these new premises. The transfer of tin printing has been slightly delayed due to the late arrival of imported balancing equipment. Deonar has been built to allow room for Paper Group at Worli and to enable the re-laying of our can-making equipment. When the transfer is completed the congestion at Worli will be considerably eased, resulting in the more efficient utilisation of plant and machinery.

Flexible Packaging: During the year under review the Government sanctioned the expansion of our manufacture of Flexible Packages. Currently new equipment is being specified which will permit the expansion of our product range. A new laminate has been developed as a tamperproof diaphragm for tinplate containers combining the protective properties of foil, polyethylene and paper. This material has already been introduced for some packs and its functional properties are being examined for a wide range of other products.

Calcutta No. 2: Throughout the year Industrial Components section has been heavily engaged with ordnance supplies: technical resources have been fully stretched and the Technical Development Division played a major role in the design and manufacture of press tools required for this work. Several heavy presses have been installed and the Factory now has a balanced press shop for a wide range of components for the electrical and automotive industries and components for munitions.

Machinery Building: Our plans for developing the Machinery Building Section of your Company have been affected by the defence requirements. Nevertheless the supply of closing machinery to customers has continued undisturbed. A valuable export order for production equipment was received from our overseas associates and here again the resources of the Technical Development Division were used to complete the project on time. Further export orders for similar equipment are currently under manufacture.

Research Division: A Customer Research Canning Laboratory is being established at Research Division to augment our advisory services to the industry. In this laboratory we will be able to reproduce cannery conditions and experiment directly with the canning of new products. Throughout the year the Research laboratories in conjunction with suppliers have continued to develop wholly indigenous materials. Their field of operation has extended to cover the new Paper Group.

Visits from Associates

During the year we had the pleasure of welcoming Mr. C. E. Sutton and Mr. A. L. Stuchbery, Directors of The Metal Box Company Limited. Mr. Sutton, who is in charge of the Home Company's Administrative Services, was able to apply to your Company's problems his very considerable experience, particularly that in the field of raw material procurement. Mr. Stuchbery, heading Research and Technical Engineering, apart from being one of the world's leading can-makers, is Chairman both of the Council of the Institution of Production Engineers in the U.K. and the Production Engineering Research Association. He was therefore in an unrivalled position to give us help in the planning of our defence production and the development of our Machinery Building and Industrial Component operations. Needless to say we welcome such visits which are both pleasant and useful.

Employee Relations

During the year under review, labour relations in the country deteriorated and the cordial atmosphere generated by the Emergency and the Industrial Truce Resolution unhappily began to disappear. This was most evident in the engineering industry of which we are a part: it particularly affected our employee relations in Bombay and North India.

If, as we are asked to believe, we are living in a state of emergency, and if the country's paramount needs are increased productivity to strengthen its defence and its export trade and at the same time raising the living standards of the people, then it is essential that there should be on the part of labour an adequate realisation of its responsibilities in this matter and on the part of the Government a determination to ensure that unreasonable demands and indifference to the common weal either by employers or by labour are not given any encouragement.

In Bombay, where over the last ten years we had successfully negotiated with representative committees elected by our employees, a concerted attempt was made by an outside trade union to create unrest and disturbance. As a consequence our relationship with our employees there during the last few months of the year was under considerable strain. Charters of demands were presented to the Company by three separate unions, all pressing for formal recognition by the Company. Acting in accordance with the Code of Discipline, we have not recognised any union so far. We have, however, concluded an agreement on dearness allowance and gratuity with a union which represents a majority of the monthly-rated staff as certified by the Maharashtra State Labour Commissioner. The demands made by the other two unions were taken to conciliation which was infructuous. However, a bipartite agreement was reached with one of the unions representing the daily-rated employees.

Signs of tension were noticed in Faridabad throughout the year, which culminated in a four-day strike in March. This strike was entirely unjustified, since the issue on which it was called was already under investigation by the Conciliation Officer of the Punjab Government. The issue has now been referred to the Labour Tribunal.

After protracted negotiations, a comprehensive agreement covering terms and conditions of service was concluded with the daily-rated employees at Calcutta No. 1, Calcutta No. 2 and Technical Development Division. I am happy to report that with the signing of this agreement (operative till 31st December, 1967) the restlessness which I mentioned amongst our daily-rated employees in the Calcutta establishments last year and in 1962 has largely disappeared.

Your Company continued to emphasise training at all levels within the organisation. Five officers and one Research Associate underwent training by Metal Box in the U.K. One senior manager was sent to the Administrative Staff College at Henley-on-Thames, and another attended the Advanced Management Programme organised by the All India Management Association at Bombay. We sponsored a candidate to the nine-month Junior Management Development Course of the Indian Institute of Management, Calcutta. A further thirty-seven managers have undergone the Company's residential Management Course in Calcutta at which we continue to welcome the participation by managers from our Malaysian and Pakistani associates.

Courses for supervisors were organised in the units in man management, safety and work study. Forty-one apprentices were recruited under the Apprentices Act, in addition to seventy-three currently receiving training under the Company's apprenticeship schemes.

It is a pleasure for me to record the valuable co-operation of the Company's employees in our widespread activities and I thank them and the management for yet another year's splendid performance.

Board Changes

It was only last year that I paid tribute to the services of Mr. K. C. Mahindra who served as Chairman of our Company for five eventful years. Unhappily he was not destined to enjoy for long the rest from all his labours in the interest of industry in general and our own Company in particular. His death on 31st October 1963 was deeply mourned by all of us in Metal Box and to his family who survive him, we sent our sympathy in their bereavement.

It was with real regret that your Board agreed to release Mr. John Cochrane-Barnett from the Board. His services to the Company during the last seventeen years and more—the last three as Deputy Managing Director—have been most valuable. His drive and determination, backed by his intimate knowledge of production and marketing in India have contributed in a substantial way to the continued growth of your Company's sales. His tactful and painstaking advocacy of our own and the packaging industry's needs for raw materials have been as much respected and appreciated by officials in the Government as have his loyalty and breadth of vision by his colleagues on the Board. We shall miss him: and I should like on your behalf and also mine to convey our thanks and good wishes to him.

We have lost another valuable colleague by the resignation of Sardar H. S. Malik from the Board. After a very distinguished career in the Indian Civil Service, Sardar Malik joined our Board as a Director in 1957. During the last seven years he has, by his wide experience of men and affairs, and by his ability in presenting our problems to the Government, been of the greatest assistance to the Company. On your behalf and also on mine I should like to convey our thanks and good wishes to him.

Conclusion

As a comparative new-comer to your Company I have been doing a certain amount of research into its fortunes. The graphs reproduced at the beginning of this report bear eloquent testimony to the Company's growth and prosperity which have been attained by hard work and by the application of progressive methods of production and management.

All are Labourers in the Same Vineyard

The smooth and effective manner in which the Company was able successfully to float in March 1964 a Rights Issue of over two crores of rupees is proof of both the soundness of your Company and the confidence that it enjoys in the country.

The speech of the Chairman at the Annual General Meeting of a Company has become an occasion in this country and elsewhere for a review of the important events of the year or for the exposition of one facet or another of industrial philosophy. Sometimes these speeches include criticism—mild or otherwise—of the policy of the Government, and in particular of its Finance Minister. The temptation to join this chorus is great for the simple reason that I find myself in agreement with most of what has been said, and will continue to be said by others in the same position as myself. But I have often wondered what one would do if one were to find oneself in the unenviable position of the Finance Minister of the Government of India. Given the conditions that exist in our country today, namely, the need to finance successive Five-year Plans of increasing dimensions and defence budgets of staggering proportions, has a Finance Minister much of an alternative? His business is to raise the necessary finance. He cannot do so without hurting someone. All taxes, by whatever name they are called, are an abomination of the Lord: no one likes to pay taxes; but taxation of some kind or other in a civilised and democratic country is the most approved and legitimate means of raising money. All this does not mean that I do not share the views of far more experienced Chairmen of companies than myself on the Budget and all that it implies: but it is just as well to remind ourselves that all of us—Parliament, Government and industry—are labourers in the same vineyard: as we sow, so shall we reap.

I cannot conclude this report without referring to the untimely death of our beloved Prime Minister on 27th May 1964. All our units closed on the afternoon of that day and all the following day in token of our grief. Our management and staff met together to mourn their and the country's loss. We "shall not look upon his like again."

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

BUSINESS NEWS FROM EUROPE

EUROPEAN DRINKING HABITS CHANGING

FRESH MOVE TO HEAL MOSCOW-PEKING RIFT

EUROPEANS are changing their drinking habits at the same time as they are drinking more. Drinking as a whole is rising steadily and the amount being spent on all drinks, non-alcoholic as well as alcoholic, is climbing. But inside each country the pattern of drinking is changing. The traditional wine-drinking countries (France, Italy) are shifting to spirits and beer. The beer drinkers (Britain, Belgium) are shifting to wines.

The appeal of different kinds of drinks is also changing. Young people are drinking more beer in Holland, less in France and Belgium. Women are drinking more in Britain. Last year, Italians spent almost nine per cent more on drink than in the previous year. In Britain, the amount spent on alcoholic drinks was up by 6.1 per cent in 1962 and, if prices are taken at a constant 1959 level, the rise would have been even faster—6.3 per cent.

Total French spending on all drinks has been increasing steadily since 1950, in spite of periodic attempts to keep it in check by the Government. The 1962 drinks bill was 88 per cent up on the 1956 level and almost three times the 1950 figure.

Consumption in the Belgium-Luxembourg Economic Union has also risen, if rather more fitfully. Beer consumption has held steady for the past 10 years or more at between 10.2 million hectolitres and 10.9 million, but the amount spent on spirits and soft drinks has grown consistently over the period. In the Netherlands, beer consumption trebled between 1950 and 1962 and that of wine increased fivefold.

Soft Drinks

This general rise has been marked by several divergent trends. There has been a large increase in the consumption of, and spending on, soft drinks. Fruit juices and lemonades now play a considerable part in almost every continental European economy. There has also been a fairly widespread shift towards spirits. Gin, whisky and to a lesser extent aperitifs, have done well. But in Britain one of the most startling advances has been made by wine.

Only one new drink has appeared in Europe over the past 15 years—vodka. Almost unknown at the end of the war, vodka has established a firm foothold in Britain and is beginning to be developed in Europe. Almost every other drink on sale was already established in 1939.

Without a doubt, whisky has become the market leader. It is very much the fashionable, snob drink. It is also becoming the young people's drink. But whisky has been also accepted by all age groups and almost all income groups throughout Europe. It has made big inroads in France, where it now rivals brandy in "smart" popularity (if not yet in total consumption). It has a breachhed in Italy, possibly the most difficult market for it to tackle, has challenged beer's hitherto impregnable position in Belgium, met the challenge of gin in the Netherlands and become a firm favourite in West Germany. More could be sold were not so much being exported to the United States.

Another significant feature in European drinking habits has been the big increase in soft drinks. It has been particularly noticeable that these have been increasingly drunk by the younger people. In France, consumption has increased over the period 1950-62 from 30,000 hl to 742,000 hl. The same trend is becoming apparent in the rest of continental Europe.

Whether it is being repeated in Britain is not clear, because statistics for this part of the industry are difficult to collate. However, 1963's output, at 424 million gallons (representing a consumption per head figure of just below 40 litres) was just below the record 1961 output of 449 million gallons.

Beer has also been making steady inroads in the traditionally wine-drinking countries, though there has been a tendency for consumption to stick in both Belgium (where consumption per head is the highest in the world) and Britain. In France, spending on beer has gone up almost sixfold over the £23 million (64.4 million dollars) spent on it in 1950, most of the increase being in the second half of the period.

The amount of money spent in Britain on liquor has been boosted by a well-planned advertising campaign. Attempts have been made—successfully—to change the images that certain drinks have and so get them accepted by a wider clientele.

Beer, for instance, has long been the "man's drink." Now women are being wooed by the brewers through a subtle advertising campaign and lighter beers. The same applies to other drinks, such as aperitifs, whisky and gin.

The amount spent on advertising in 1962 reached £23.25 million (65.1 million dollars), of which nearly half was spent by the brewing industry. Other major advertising industries were wines, whisky and cider.

The British still spend more on beer than any other alcoholic drink. But the proportion of total expenditure on drink taken by beer is tending to fall very slightly. In 1959 beer sales comprised 60 per cent of total spending on drink; by 1962 the figure had fallen to 59.2 per cent even though the actual spending on beer had risen by some 20 per cent. Total spending on all alcoholic liquors in 1963 was about £1,125 million (3,150 million dollars).

Perhaps because of a rather Puritanical outlook, a considerable proportion of the Dutch people never drink at all. But such drinking as there is tends to take place largely in the home. The Dutch are not a very gregarious people and tend not to frequent cafes or bars very much (though the French, who would almost certainly be classified as gregarious and likely to frequent bars and bistros, also drink more in the home).

Wine

Wine drinking has increased fivefold since 1950 and in 1962 had reached 3.05 litres a person, almost a quarter being accounted for by home-produced wines. It is noticeable in beer drinking that the Dutch are experiencing a trend directly opposite to those of its neighbours, France and Belgium. The Dutch trend is for more beer to be drunk by the under-29 age group which now accounts for 41 per cent of total consumption though the group accounts for only a quarter of the population. Both in France and Belgium it has been noticeable that alcoholic drinking has been falling off among the youngest age groups.

Trying to Heal the Sino-Soviet Rift

A call by Poland for a Communist summit meeting, to include every national party, is seen in the West as an attempt to heal the Moscow-Peking rift which is increasingly dividing the Communist world into two mutually incompatible camps. Such a conference is unlikely to be held in the near future, even if it is accepted by all parties. Although the big opponent would probably be the Chinese, the Russian view is unknown. It is not thought that the Poles are flying a kite for Russia with the suggestion.

The Polish view is that the conference should be held probably within the next 12 to 18 months. The Chinese attitude is that about five years should elapse. This would suit their plans much better. Such a long preparatory period would give them time to see how far they could go in getting the Russians to accept their view that Communism must inevitably win the battle with capitalism. It would also give them a good period in which to overcome economic difficulties and turn the mighty potential of their economy into some solid progress. Lastly, it would allow them time to attempt to convert other Communist parties, such as the Rumanian, which are dissatisfied with Moscow's leadership.

It appears to students of Communism that at the root of the Sino-Soviet dispute lies the Russian refusal to help the Chinese build up a nuclear industry. Russia's signing of the nuclear test-ban treaty last year was a severe blow to Chinese hopes. Russia's aim was then thought to be limiting the spread of nuclear weapons. It is now considered that this act may bring about radical changes in the Communist empire.

Book Trade in Britain Booming

At the end of its first World Book Fair in London, Britain's book trade is looking forward to a satisfactory year ahead. Once regarded as the occupation for the talented amateur, and always as one operated on a shoestring, the trade is now playing an important part in Britain's exports. Last year, with a record number of new titles, total home and overseas sales reached £85 million (238 million dollars) at wholesale prices, eight times more than in 1939 and a threefold increase over 1946.

Exports last year reached £38 million (106.4 million dollars), 46 per cent of total output. This means that the book trade's contribution to exports is larger proportionately than most others'; larger, for instance, than the share of the motor industry.

Increasing education, particularly in developing countries overseas, is expected to stimulate the demand for text books in English. This section is already the most profitable for many publishers and subsidises publication of novels. Biggest single export market is the United States, which took £5 million (14 million dollars) worth last year. Australia was second and Japan is also a valuable market. But Europe, considered as a whole, is the largest buyer, and the Italians take most books from Britain.

Total titles printed last year rose by six per cent to 24,617, after the slight decline in 1962. New titles rose to 18,567 out of this figure, and showed an uninterrupted rise since 1960. Previous best year for the increase of total titles was 1961, when 5.4 per cent more were produced. Much of the increase has come about because the trade has managed to contain costs. Although paper is about seven times its pre-war cost, book prices have gone up only about three times.

Arabs Seek Economic Unity

Last January's Arab summit conference in Cairo now appears to be having economic effects, even though the meeting itself was largely political. If the plans then discussed and now being acted upon are carried through, the Arab world could become economically stronger. But the extent to which it does so really depends on the maintenance of anti-Israeli feeling. If this were to fade away, or even recede, Arab unity (and economic advancement) would be endangered.

Some five projects have been brought out and dusted over, none of them really new. The most important is the suggestion by the Arab Economic Council that a common market be set up over the next 10 years. A progressive reduction of tariffs amongst members, a common external tariff, co-ordination of economic development and a common policy *vis-a-vis* outside countries was agreed. So far five countries have ratified the agreement—the U.A.R., Syria, Iraq, Jordan and Kuwait—which started on 1st April.

In addition, a development loan bank has been set up with a combined capital of over £80 million (224 million dollars). The largest contribution has come from the Arab Financial Organisation, with £25 million (70 million dollars) and Kuwait, which is to be its headquarters, has promised £5 million.

Other projects are for an Arab tanker company, a pan-Arab airline organisation and a shipping company. The tanker company is to have a capital of £35 million subscribed in equal shares and when it comes into being the States are likely to put pressure on the oil companies to ensure that the company carried part of the oil which is mined in Arab States. The airline organisation is, as yet, to be merely a co-ordinating body. Its capital is £17 million. The shipping company has a capital of £5.3 million and is to provide passenger and cargo services.

Progress Report on Israel

Israel's booming economy is threatened by an inflation that is rapidly gaining momentum. In the first quarter of this year, imports have risen to meet demand for consumption goods. Unless the Government takes some of the traditional steps—budgeting for a surplus, economies in Government departments, tighter credit, stricter controls on borrowing abroad—much of the good effects stemming from the 1962 devaluation will have been undone.

The trouble is that Israeli imports are only covered 56 per cent by direct exports. The rest are met by capital remittances. But much of this inflow of capital will dry up by 1970, so that a big export drive now is essential if the country is to pay its way. Much has, however, been done. Gross National Product per head is higher than in some European countries —Italy or Austria for instance—and Israel is rapidly approaching European economic standards generally. Indeed, Israel is in the state of an in-between country. By Middle Eastern standards, she is no longer a developing country. With an expansion rate of 10 per cent a year for the last 15 years, she has made great strides forward. Yet, by European standards, she is still not a developed country.

Israel has attracted considerable development capital from a great variety of sources, but particularly from Britain and America. Since 1959 some £180 million (484 million dollars) has flowed in from abroad, to which the Government has contributed another £60 million and £50 million has been raised by local interests.

Last year's balance of payments deficit was £16 million (44.8 million dollars). There is hope that tourism will bring in a substantial income, but the main source of income must be citrus fruits, which helped largely towards commodity exports of £120 (336 million dollars) last year, a 24 per cent rise.

Greek Farm Incomes Drive

The Greek Government expects farmers' gross incomes to rise by about one-fifth this year, following the introduction of a new support policy for wheat, tobacco and other basic crops. Greek agriculture, highly fragmented and engaging far too high a proportion of the population, is regarded as one of the poorest in Europe. The Government last week announced official guaranteed prices for wheat 10 per cent above those of last year. It has already made similar changes for most other important crops.

The Greek authorities claim that the extra budgetary cost of the new wheat price guarantees—about £1.2 million—will be saved. The small difference between the free market price and the new Government one, they say, will virtually abolish the clandestine threshing which has been a feature of rural life in recent years.

It is feared privately in Athens, however, that the Government in promising to buy the whole wheat crop at a fixed guaranteed price may have bitten off more than the Exchequer can chew. The current crop is estimated at more than 2 million tons—at least 500,000 tons more than Greece can possibly consume itself.

Help for Spanish Wheat Farmers

Spanish wheat farmers are to receive an average of £3 a metric ton more for their grain this season and have access to a £13.2 million Government fund for structural improvement. The average guaranteed producer price for 1963-64 was £36 16s. a ton. The new scheme, announced in a Government decree, is aimed partly at increasing productivity under a new long-term farm programme, partly at offsetting possible shortages this year.

Spain normally produces about 3.5 million tons of wheat annually, but for the last two years, contrary to most European experience, has had bumper crops. On fairly small increases of acreage, the harvest in both years exceeded 4.8 million tons. This season, however, two months of early drought have done a good deal of damage in the central and southern wheat-growing areas.

Spain was once as big a wheat exporter as France, selling more than 249,000 tons abroad in 1959. Since then, however, increasing home demand has brought annual exports down to a few thousand tons and there were no overseas shipments at all last year.

France Mounts Big Grain Export Drive

Almost certainly deprived of a unified common market for cereals until late next year, the Government and farmers of France are gearing themselves to a massive drive to export more of their mounting grain surplus. It is believed in Paris that this will mean much more extensive use of France's two-tier price system for grains—one price for the home market and another for exports. A common European price would probably have given French producers about £36 a ton for wheat; as it is, they get £33. This, together with the large size of the surplus for 1964-65 now being predicted, means that farmers will have to pay much more than usual in levies towards the cost of exporting. The levy operates to the extent that the harvest exceeds an official maximum of 7.5 million tons—likely to be beaten by a handsome margin in the coming season. But all the signs are that the producers are prepared to pay. There will be no harmonised Common Market prices to provide easier sales access to the important West German market, and minimum import prices are to be applied next month in Britain, where French grain shippers have long had high hopes, sometimes justified, of good business. Nonetheless they are determined to move back in force into these two markets if at all possible, and to find new ones as well.

The French Government, through its market investigators, is backing these efforts. At the same time, there is acute anxiety both in Paris and in the countryside to present an image of France as a responsible and reliable exporter. One of the ways of smoothing out violent fluctuations of exportable supplies is considered to be the improvement of storage facilities.

Encouraged by the authorities, the farmers' co-operatives are currently redoubling their efforts to build new grain drying plants and storage silos. In the last month or two, their white towers have sprung up in ever-increasing numbers in the main grain areas.

The 1964-65 grain surpluses themselves are expected to reach formidable proportions. There has been little or no spring frost damage, and rain and sun have been in just about the right proportions since Whitsun. Barring heavy rain in late August and September, everything points to a bumper harvest. French domestic demand for wheat over the next year is likely to be just over six million tons. Even allowing for a poorish harvest last year, average annual output since 1961 has already reached eight million tons.

But this year acreage down to wheat is about 20 per cent higher than last. Yields are rising with the Agriculture Ministry's campaign to get farmers to sow productive strains and the increased use of both chemical fertilisers and irrigation.

Taking all these factors into account, most analysts agree in putting total output for 1964-65 at about 13 million tons, of which three million will be retained for seed, feed and farmhouse milling. Of the 10 million tons remaining at least four million tons, possibly five million, will be available for export.

Topical Briefs

A convention to set up *Air Union*, the projected pool of airline companies in the Common Market, will be ready for signing before the end of next month. Recent discussions among representatives of the six Governments and seven airlines (France has two) have hammered out answers to questions on quota allocations of the traffic pool. One of the stumbling blocks was the trade with Africa which Sabena and the two French lines have. The three have now agreed to include this traffic in the pool. There still remains the question of K.L.M.'s South American traffic and "growth quotas" for Lufthansa and Alitalia. Another problem was the standardisation of flying material. This, it has been decided, should be left in the hands of a committee which will standardise the use of aircraft manufactured in the Common Market, but only subject to consideration of price and performance. This committee will now deal with all policy questions, including inter-company quotas and exchange of traffic rights with other countries.

Caravan makers in *Britain* hope to profit from the rise in popularity of caravanning in Europe. British exports, which were a mere 3,200 units in 1959 rose to 11,900 last year and there is every indication that this year will better that figure. The figure for the first two months of the year was well above the corresponding 1963 total. Exports now account for a quarter of total output, which just touched 44,000 last year. Most successful market has been the Netherlands, with some 3,000 caravans. It was followed by West Germany, 2,300, and Denmark, 1,800. The figure for Denmark compares with exports of five caravans in 1959. Greece and Portugal are also thought to be future lucrative markets. Continental buying habits are likely to be the same as the British: first, an interest in the smaller caravan; then a move into larger ones; finally, an interest in the large van to be left in one spot.

Britain's housewives now spend an average of just over 6s. a week on *tinned goods*, 12.5 per cent more than in 1958. A survey of spending habits showed that the largest proportion of weekly outlay on tinned goods went on fruit and fruit juice—22 per cent. Other main lines were milk, cream and soups, with 18 per cent, and vegetables and pasta, 15.3 per cent. Half the increase over the six years has been due to the rapidly rising popularity of tinned meat, on which average expenditure is almost 1s. a week. Most kinds of fish are also growing in popularity, except for sardines, which is declining. Two thirds of all housewives buy tinned fruit once a week, and 60 per cent buy peas and baked beans. The survey also showed, not surprisingly, that 60 per cent of all spending on tinned goods takes place on a Friday and Saturday. The survey is probably already slightly out of date as it was taken a year ago; then it showed that average weekly expenditure on 70 branded goods (tinned and non-tinned) was almost £1 13s., a rise of nine per cent on 1958. Most important items were cereals and bread, 30 per cent, and fats and beverages, both 15 per cent.

The *European Economic Community* has now decided on a timetable for Greek association. A two-stage plan has been prepared by the Council of Ministers for bringing Greek and Common Market agricultural policies into harmony. Greece has asked for a speedy harmonisation of agricultural policies instead of having to wait until the end of the 22-year transitional period provided under its association agreement. The first stage of the new plan foresees Greece applying the levies and other mechanisms of the common agricultural policy, but without implementing the Community's price regime. Under the second stage, Greece would progressively align her agricultural prices and protection levels on those prevailing in the Common Market and open her markets to Community farm exports. American agricultural assistance would probably have to be discontinued.

DOMESTIC ENQUIRIES

(*Concluded from page 20*)

orders, the workman should be supplied with copies of such proceedings and the orders passed, so that it may not be contended that his right of appeal was denied to him. "There is no doubt that, if a copy of the order of dismissal is not supplied to the workman, he may find it difficult to make an appeal in proper time. It would be improper conduct for the manager not to comply with the provision that a copy of the order should be supplied and, if, by reason of such conduct, the workman suffers injury, it will be for him to seek such remedy as may be available to him in law against the manager of the company. That, however, cannot be held to make the provision to supply a copy of the order a condition precedent to the validity of the order."[6]

Again, the Supreme Court in another recent case has addressed some words of caution to persons conducting such enquiries:

".... The court can take judicial notice of the fact that many industrial workers in India are illiterate and sometimes even the representatives of labour union may not be present to defend them. In such a case, to read over a prepared statement in a few minutes and then ask the workman to cross-examine would make a mockery of the opportunity that the rules of natural justice require that the workers should have to defend themselves. It seems, therefore, that, where one is dealing with domestic enquiries in industrial matters, the proper course for the management is to examine the witnesses from the beginning to the end in the presence of the workman at the enquiry itself. Oral examination always takes much longer time than a mere reading of a prepared statement of the same length and brings home the evidence more clearly to the person against whom the inquiry is being held.

"It is quite possible to have another method of conducting a domestic enquiry, as laid down in the decision in A.I.R. 1963, S.C. 375, but such should not be the rule but an exception only. Normally, where the witnesses are not examined from the very beginning at the enquiry in the presence of the person charged, the person charged should be given a copy of the statements made by the witnesses which are to be used at the enquiry well in advance before the enquiry begins (say, two days before the enquiry is to begin). Where this is not done and the concerned workmen were asked to cross-examine the witnesses then and there, it could not be said that the principle of natural justice, which requires that the person charged should have an adequate opportunity to defend himself, was observed."'

THE PRIVATE SECTOR AFTER NEHRU

MORE ALERTNESS REQUIRED IN REGARD TO ITS ROLE

By A Special Correspondent

ALTHOUGH Nehru was a staunch believer in socialism from his early days and, after he became Prime Minister, he followed a policy of rapid and vigorous expansion of the public sector, his attitude to the private sector was friendly and helpful. From 1947 until last year, he regularly inaugurated the annual sessions of the Federation of Indian Chambers of Commerce and Industry and exhorted the business community to increase the wealth and welfare of the country. No doubt, businessmen occasionally came in for his criticism. But this was due more to his lack of expert knowledge of economic problems.

For example, at a meeting in Delhi in March, 1960 Nehru said: "Far too much reliance on money being poured out of Government coffers into the private sector is not good. How does it remain a private sector, if it is run largely with Government's funds?" It was left to the then President of the Federation of Indian Chambers of Commerce and Industry to clarify the position and to point out that, in terms of the total investment in the private sector, the assistance extended by the official financial institutions was a small percentage; and that, though such assistance might be of great help to some of the units, taking the private sector as a whole, the total assistance was not of any serious magnitude. The Federation's President added that "even this small dependence on the financial institutions sponsored by the Government would not be there, if the fiscal policy had left adequate savings in the hands of the individuals."

Nehru was a great believer in enterprise. He once said, "I want enterprise. I want the enterprise of the individual who tries to climb up the Everest. I want the enterprise of a man who risks his life and who has full capacity to grow mentally and otherwise. I want that freedom, because I do believe in the freedom of the individual."

However, sometimes Nehru gave the impression that he did not favour the private sector to undertake big projects, because it would be led to concentration of economic power. He asked businessmen, "Why does not the private sector take charge of a million small enterprises in India?. . .No, it wants particularly some major enterprise not only because it is major but because it brings economic power in its train."

Although Nehru's attitude to the private sector sometimes appeared contradictory, the fact remains that, during the last seventeen years, it has been able to make an impressive contribution to India's economic progress. In 1960-61, about 95 per cent of the output of organised industries was in the private sector and its contribution to national income went up from 5.8 per cent in 1950-51 to 10.5 per cent in 1960-61. The private sector is responsible for developing a very large number of industries including cotton textiles, sugar, tea, cement, paper, engineering goods, chemicals and so on. The following statement shows the investment made by the private sector during the First, Second and Third Plans:

Investment by Private Sector during the Plans

(Rs. crores)

Heads of Development	First Plan (Actual)	Second Plan (Actual)	Third Plan (Estimated)
Agriculture	125	675	850
Power	50*	40	50
Transport	75	135	250
Village and small industries	450	225	325
Organised industry and mining	450	725§	1,100§
Housing and other construction	700	1,000	1,125
Miscellaneous, including inventories	200	500	600
Total	1,600†	3,300‡	4,300‡

* Including irrigation.
† F.I.C.C.I.'s estimate.
‡ Including transfers from public to the private sector.
§ Exclusive of investment for modernisation and replacement of about Rs. 150 crores.

It should be pointed out, however, that the Government, under Nehru's leadership, did not take the full advantage of the experience and talent of the private sector, because of ideological reasons. Sir Theodore Gregory, in his report to the Associated Chambers of Commerce in 1961, observed that the original attitude taken up by the State and the Planning authority towards the organised sector of the economy was "one of definite unfriendliness," that "its motives were suspect, its positive contribution to the economy was belittled, its future was to be restricted and its role was to be underestimated."

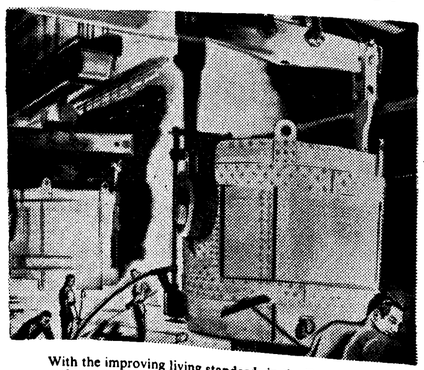
Mr. Eugene Black, a former President of the World Bank, wrote to the Finance Minister of India in 1958, "while I recognise that Government must play an important role in India's economic development, I have the distinct impression that the potentialities of the private sector are commonly underestimated in India and its operation is subjected to unnecessary restrictions." The Economic Survey of Asia and the Far East, issued by the United Nations in March, 1961, made the following comment: "In fact, the Government appear to be contented with the substantial performance by the private sector, even though that was lower than the potential maximum."

Mr. Lal Bahadur Shastri has indicated that his Government will broadly follow the policies laid down by Nehru. So far as the basic objective of a socialist pattern of society is concerned, there can hardly be any serious difference of opinion if all it means is that we should work for an increase in national income and for its fair and equitable distribution. If so, it is essential that the resources of the private sector should be most effectively utilised, so that not only will production increase steadily but the prices also can be brought down and employment stepped up. This will be possible only if the industrial policy and the fiscal policy are changed suitably. In particular, immediate measures should be taken to revive the climate for investment, so as to encourage the people to augment their savings and invest them for industrial development. The Finance Minister surely knows what to do but, unfortunately, he seems to hesitate to adopt the right course, because of political pressures. It should be emphasised that, in the interests of the Congress itself, it is not advisable to allow the present economic situation to continue. If prices do not come down and employment does not increase, it is difficult for the Congress Party to make the electorate enthusiastic about its victory in the general elections to be held after about two years.

The private sector should also be more alert in regard to its role. Not only should it continue to give of its best to the country but it should improve its public relations, so that the Government, legislators and the people will have a correct idea of its problems and achievements. For instance, soon after the Chinese aggression in October, 1962, the Federation of Indian Chambers of Commerce set up price vigilance committees in different parts of the country, but these, it appears, were disbanded after a few months. There is no doubt that business organisations can, by pressure and persuasion, do much to prevent a rise in prices, though effective steps in this direction can be taken only by the Government.

The future of the private sector in an underdeveloped country should normally be quite encouraging, since the public sector, even with the best efforts, cannot by itself do much to develop the economy in a big way and in a short time. In forming his Cabinet, Mr. Shastri has taken care to avoid the inclusion of leaders with extreme views. If the Prime Minister can also bring about appropriate changes in various aspects of economic policy solely from the point of view of stimulating the growth of the economy, without being influenced by ideological considerations, he will be rendering a most valuable service for improving the lot of the common man.

DEVELOPMENTS IN THE EAST



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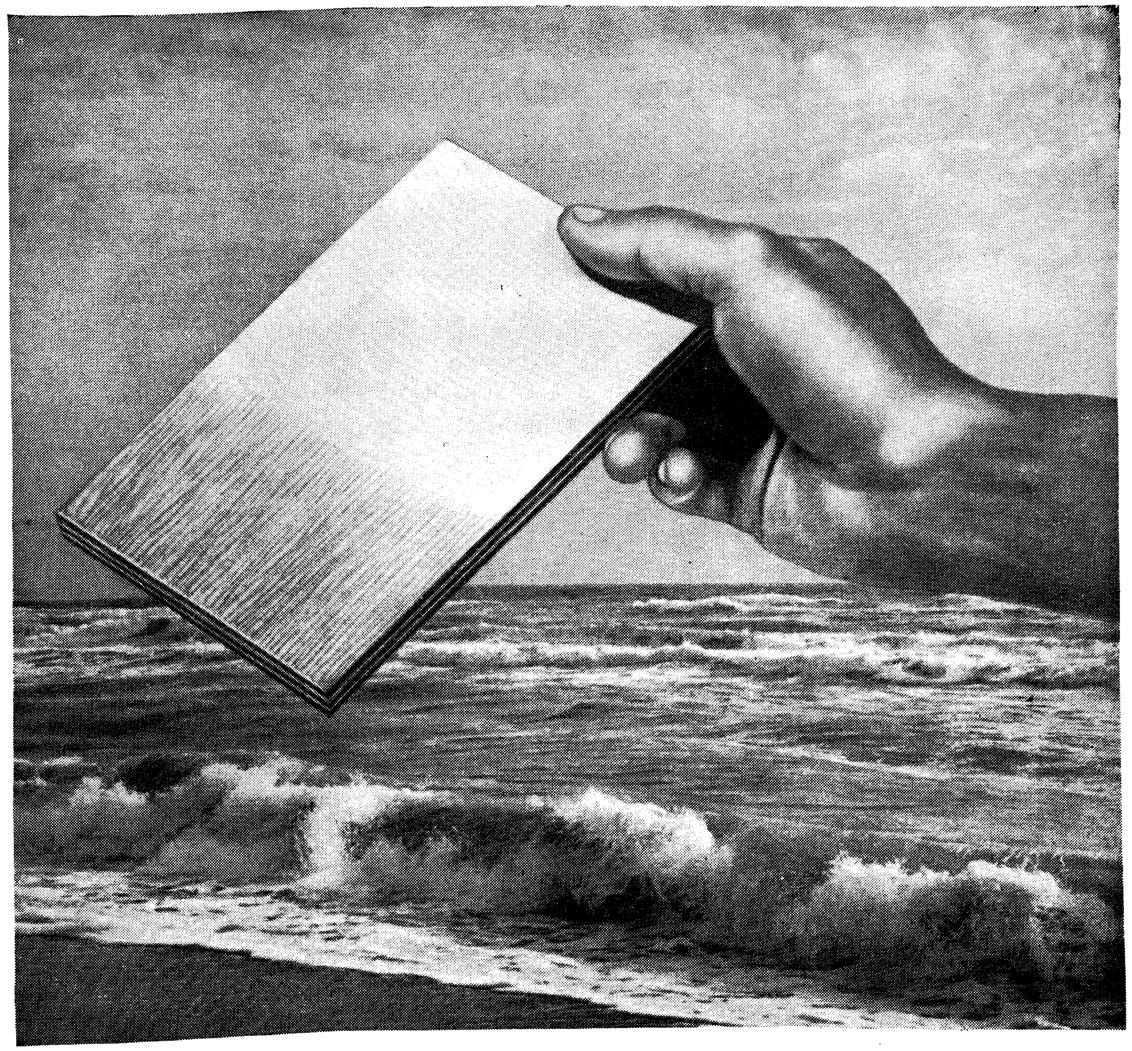

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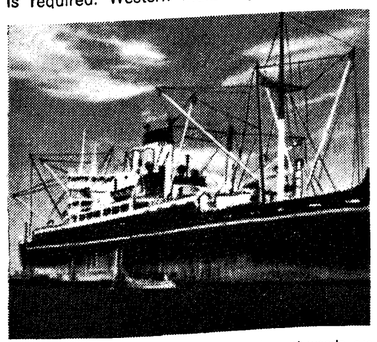
* * *



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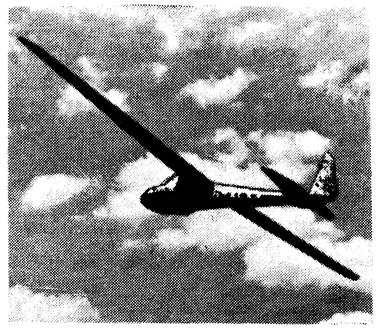

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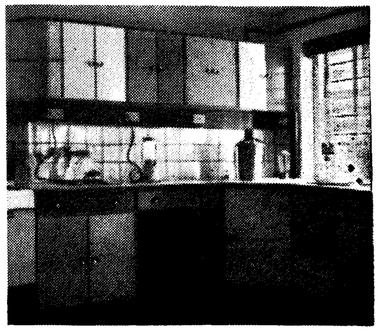

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ORISSA CEMENT LIMITED

CHAIRMAN, MR. J. DALMIA, HIGHLIGHTS PROBLEMS OF REFRACTORY INDUSTRY

IMPORTS CONTINUE DESPITE IDLE CAPACITY

ADDRESSING the Fourteenth Annual General Meeting of the Orissa Cement Limited at Rajgangpur (Orissa State) on Monday, 29th June 1964, the Chairman, Mr. J. Dalmia, pointed out that the setback to the working results of the Company had been due to a contraction in the demand for both silica and basic refractories. He highlighted the existence of idle capacity in the industry, in general, and argued that there was no scope for permitting any further increase in the capacity of the industry until the end of the fourth Plan. If any expansion were allowed, it would, he averred, lead to chaotic conditions in the industry, forcing some of the existing units to close down, with the unhappy consequences of unemployment, industrial unrest and a waste of rupee and foreign exchange resources already invested. He expressed concern over the paradox of continued imports of refractories from abroad in face of idle capacity in the home industry. He urged the Government to enforce a policy of restricting imports of refractories, until and unless it had been established that suitable indigenous material was not available. For the utilisation of idle capacity, the Chairman suggested that possibilities for exports of the products of this industry must be explored.

The following is the summary of the speech of the Chairman:

GENTLEMEN,

I welcome you to the 14th annual general meeting of your Company.

Although more than a month has passed since that fateful 27th day of May, we are still burdened with the sense of our heavy loss and great sorrow at the sad and sudden passing away of our great leader, Pandit Jawaharlal Nehru, who, as the first Prime Minister of India, has guided and shaped the destinies of our country since independence. His passing away has been mourned by the world at large for he was not only the architect of modern India but an acclaimed and accepted leader in the international sphere. His devotion to the ideals of peace and brotherhood of man stands out like a beacon to guide the path of mankind through the years ahead. Let us, in tribute to his memory, resolve to move forward together to achieve his dream of a peaceful, prosperous and united India.

The New Prime Minister

We are, indeed, fortunate that the leadership of our country is now in the hands of Shri Lal Bahadur Shastri, who took up the onerous burden of the Prime Ministership of the country on the 9th June. Shastriji, as he is commonly and affectionately known throughout the country, can best be described as the great commoner. Of humble birth, he has risen to the leadership of the nation. A conciliator and negotiator *par excellence*, he was relied upon by Pandit Jawaharlal Nehru in many a difficult situation. During his tenure as Home Minister, Shastriji amply demonstrated his acumen and firmness. His services to the nation and to the common man are too well known to need repetition. In his devotion to the ideals of the Father of the Nation, Mahatma Gandhi, handed down to him by Panditji, and his pragmatic approach to national and international problems, we must find hope again to move forward to the goal of a prosperous India and a peaceful world. In offering our respectful felicitations to Shastriji, let us also pledge ourselves to strive, each within his own sphere, to help in the immense task of nation building.

Your Company has suffered a grievous loss in the untimely death on the 27th of April 1964 of Mr. N. C. Roy, who was a member of your Board and had also served the Company as its Technical Advisor. In the course of his long association with our Organisation extending over 30 years, Mr. Roy had rendered dedicated service and was held in high esteem for his deep knowledge of the industries with which he was associated. He made valuable contributions to the work of various Technical Committees and the Panels on the cement and refractories industries set up by the Government of India. I was closely associated with Mr. N. C. Roy throughout his service with our organisation and his sad demise is a great personal loss to me. I am sure you will join me in placing on record our deep appreciation of his manifold services to the Company and expressing our heartfelt sympathies and condolences to the bereaved family.

Silica and Basic Refractories

The major reason for the setback to the working results has been the shrinkage in demand for both silica and basic refractories. Last year, I had warned against the creation of excess capacity in the refractory industry. My fears have come true and the despatches of silica and basic refractories have suffered during the year under review on account of lack of orders. Factors beyond the control of the producers, such as increases in the coal price, surcharge on railway freight etc., have resulted in increases in production costs of cement. The industry has reported the incidence of these various levies to the Government of India and has represented that the retention prices payable to the producers be increased but, it is regretted, that till date no decision has been taken by the Government. Compensatory increases in the retention prices in respect of actual increase in production cost due to Governmental action had been recommended by the Tariff Commission and agreed to by the Government. It is only fair that these assurances should be implemented and the increase in retention prices expedited.

Both in my address in June 1962 and last year, I had emphasised the need for a careful appraisal of the future demand for refractories for planning increase in the capacity of the industry. Last year, I also drew attention to the demand for refractories falling short of the growing capacity and consequent increase in idle capacity with the industry. The position has deteriorated further and the industry is faced with a crisis, which is likely to continue for sometime, due to its production capacity, existing and to be implemented by 1965-66, far exceeding the demand which until 1967-68, is unlikely to increase substantially over the 1963-64 requirements.

Installed Capacity

As derived from discussions at recent Refractories Panel meetings, the installed capacity of refractory industry (excluding mortars and dead-burnt magnesite) at the end of 1963 was 8,28,980 tonnes which, at the end of the years 1964 and 1965, will rise to 11,04,380 and 12,81,320 tonnes, respectively. Though additional capacity of 3,26,700 tonnes has been licensed, I am not taking that into consideration for presenting the present plight of the industry, as foreign exchange has not yet been provided for it. The expansion of refractories industry, just mentioned by me, was planned and is being implemented on the basis of annual production target of 10 million tonnes of the steel ingots by the end of the third Five-year Plan. According to the revised forecast, this target can be achieved only by 1967-68, and ingot steel production for the earlier years is estimated at 5.92, 6.32 and 7.16 million tonnes for 1963-64, 1964-65 and 1965-66, respectively.

Based on steel production of 6 million tonnes during 1964-65 and 7 million tonnes during 1965-66, estimated demand of refractories—firebricks, silica bricks and basic bricks—during these two years will be about 56 per cent and 54 per cent respectively, of the capacity available with the industry. This confirms my forecast last year that by 1964-65 about 50 per cent of the industry's capacity would be idle. These figures are based on consumption pattern in 1963. With the introduction of an all basic open hearth furnace, the consumption of silica refractories has steadily declined and before long the steel industry may consume very little silica bricks, except for the construction of new coke oven batteries. The capacity released will of course be available for the production of other products. But with the switch over to all basic construction and with the supply of increasingly better quality materials, as well as greater operational experience by the steel industry, the consumption of refractories has shown and will show a marked downward trend. As against the estimated overall consumption of refractories at the end of the second Five-year Plan of 90 kg. per ingot tonne for open hearth process using silica roof, the present official estimation is only 57 kg. per ingot tonne, comprising 35 kg. for firebricks, 14 kg. for basic and 8 kg. for silica. The corresponding consumption figures for highly advanced steel producing countries are now approximately 7.5 kg., 7.3 kg. and 2.8 kg. per ingot tonne, respectively. The steel industry will no doubt make efforts to reduce the consumption further due to the emphasis by the Government on cost reduction. This trend cannot, therefore, be ignored by the refractory industry in the planning for its future growth. When these factors are taken into consideration, it is conceivable that the refractory industry may find itself with well over half of its capacity idle by the end of the third Five-year Plan.

Production Pattern

According to the data furnished to the Panel on Refractories the production pattern in regard to the target of 18 million tonnes of steel by 1970-71 will be—open hearth 7.35, L.D. 9.70 and electric steel 1 million tonnes, respectively. Thus, ingot steel production by open hearth process by 1970-71 will be only little more than the anticipated production by this process at the end of 1965-66, and bulk of the additional steel production, when the 18 million tonnes target for 1970-71 is achieved, would be by L.D. process in which dolomite replaces conventional refractories to a large extent. As such, growth of the demand for refractories in relation to the growth of the steel industry will be at a much lower rate than hitherto. In regard to rate of consumption of refractories for the conventional open hearth process and electric steel process, there is divergence of opinion even within the steel industry, and the studies by the Indian Refractory Makers Association support the view of those who hold that the consumption will be very much less than that put forward by the protagonists of high consumption. This divergence has been reflected in the discussions of the Refractories Panel where a clear picture has not emerged partly due to want of adequate data from some of the steel plants. We hope they will furnish the required data for which they have been requested.

Firebricks

At a recent meeting of the Refractories Panel, revised firebricks consumption at a level of 18 million tonnes of steel production has been placed at 8,61,600 tonnes which, according to the industry, is very much on the higher side. The requirement for repairs for blast furnaces has been placed at too high a figure, while the future offtake of firebricks by non-steel consumers is likely to be around one-fourth of the total consumption instead of one-third. A more correct estimate would, thus, be 7,26,000 tonnes. By the adoption of continuous casting process by the steel industry and the repairing of the entire blast furnace linings by gunning and not by shaped and fired bricks, the consumption of firebricks will fall further substantially. By 1966, the industry will have a capacity to produce over 10 lakh tonnes of firebricks, which will be sufficient to cover the demand for such refractories even when the steel production target of 18 million tonnes is achieved. I would refer here to what has been described as steel plant quality brick to support the contention that the entire capacity of the industry is not suitable for the manufacture of refractories for the steel plants. Not all refractories indented by the steel plants are of this quality as at least one-third of the total indent by a steel plant is of IS 6 and IS 8 variety which are being made by almost every firebrick maker in the country. The remaining demand for high quality bricks can easily by catered to by the major refractory works. The conclusion is inescapable; there is no deficit of firebrick production, nor will there be in 1970-71, when the steel production capacity of 18 million tonnes is targetted for. On the contrary, there may still be even an excess capacity of nearly 2 lakh tonnes.

In the case of basic refractories the issue is even more controversial. At the meeting of the Refractories Panel in March last, a total figure of 1,36,103 tonnes of basic bricks was arrived at for a level of steel production of 18 million tonnes according to open hearth, L.D. and electric steel processes. This figure has been questioned not only by the Indian Refractory Makers Association but by some of the steel producers as being unnecessarily high. As indicated by various steel plants, their consumption of basic bricks by open hearth process per million tonnes of ingot steel is—Rourkela, 6,000, T.I.S.Co. 7,270, I.I.S.Co. 9,090, Durgapur 12,100 and Bhilai 20,000 tonnes. An average consumption rate of 13 kg. per tonne was derived from these figures, which, however, does not give a true picture as four out of the five plants show substantially less consumption and their average comes to about 8.5 kg. per tonne. The corresponding consumption figures by major steel producing countries in the world ranges from 4 kg. to 9 kg. per tonne. Bhilai Steel plant has been requested to furnish details for such a high consumption of refractories in their modern plant for proper assessment of their future requirements.

It is felt that, if this question is examined properly, the consumption rate of basic bricks at Bhilai would not be more than at Durgapur, that is, 12,000 tonnes per million tonnes of ingot steel, which would reduce the total requirement of basic refractories for the open hearth process plant by 20,000 tonnes on Bhilai's projected capacity of 2.5 million tonnes of ingot steel. For the manufacture of electric steel, the Panel assumed tentatively a consumption rate of 10 kg. of basic bricks per tonne of steel. The consumption pattern of existing smaller electric furnace steel units is very much less than this. The authoritative figure of basic brick consumption in electric furnaces given by Debenham of U.S. Steel is only 5 kg. per tonne. As the new and large electric steel furnaces which are to be put up for the production of one million tonnes of electric steel will doubtless incorporate the latest technological improvements, it would be safe to assess the consumption of basic refractories for such production at 5 kg. per tonne of steel.

Consumption

Furthermore, in the total figure of basic bricks consumption, arrived at tentatively by the Refractories Panel, there is a provision of 10 per cent of the total consumption of basic bricks by the steel industry for other consumers. In 1963 only about 3.5 per cent of the total despatches of basic bricks went to consumers other than the steel plants. With the doubling of the production of basic bricks over the 1963 level, the percentage of supplies to other consumers as against those to the steel plants will fall further and it would be more than adequate if a provision of 3 per cent for other consumers is made instead of 10 per cent. After allowing for these three factors, the total requirement for basic bricks by 1970-71 is placed around 101,700 tonnes, about 30 per cent less than that arrived at by the Refractories Panel. By 1966, the industry will have a capacity of 135,000 tonnes for basic bricks which would be more than adequate to cater to this demand particularly when allowance is made for further reduction in the rate of consumption of basic refractories due to further improvements in the quality of indigenous refractories and due to the increasing experience in steel technology which the Indian steel industry will doubtless have. Introduction of the "gunning" process for repairing of open hearth furnaces instead of by relining with shaped bricks will also reduce basic brick consumption.

I have referred earlier to the virtual elimination of silica refractories by the steel industry in future. The silica bricks capacity, a great part of which is already idle, would be available for switching over to basic brick manufacture, should that be necessary. There is, therefore, already a substantial built-in reserve available to the industry for further production of basic refractories without having to seek any extension in its capacity.

I, therefore, submit that, for the reasons stated earlier, the third Plan target for the refractory industry should be considered as having been converted into the fourth Plan target to cater for an 18 million tonnes steel industry. Any further expansion of this industry, therefore, cannot be justified at present and, if created, must lead to chaotic conditions, forcing some of the existing units to the wall, with the unhappy consequences of unemployment, industrial unrest and waste of rupee and foreign exchange resources already employed. I believe that Government would be glad to utilise the country's limited financial, material, and trained man-power resources in other sensitive sectors of the economy, instead of permitting further expansion in an industry where such expansion is not only unnecessary but would be injurious to the industry itself. It is pertinent to add here that, whereas a new steel plant takes five to six years to go into operation, much can be accomplished by the refractory industry within a short space of time and at a fractional cost. If, therefore, it is found that, for any reason, the demand for refractories is likely to exceed the forecasts made, additional capacity, as required, can be created well in time to meet the additional demand. This is, therefore, another reason why any proposals for further major expansions of the industry should be deferred for some years, until it can be definitely established, by a pragmatic approach to the problem, that there are reasons justifying creation of further capacity.

A Paradox

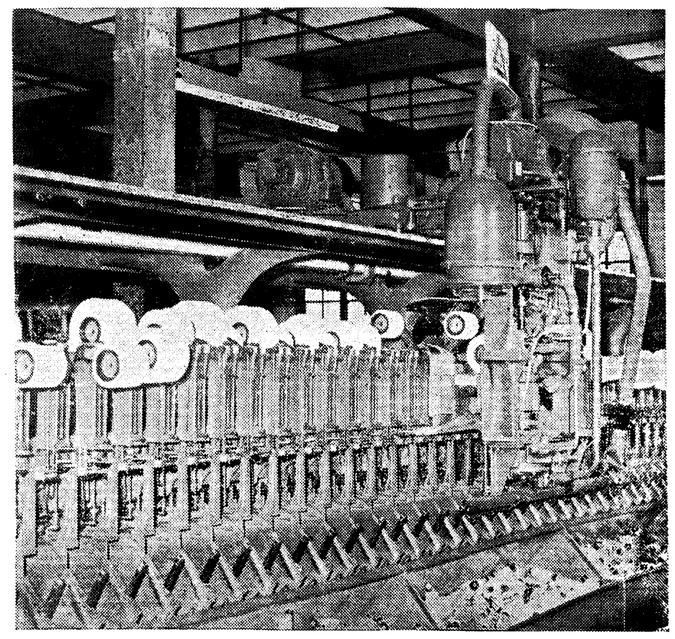
It is a paradox that, while the industry today is burdened with idle capacity, imports of refractories of the type manufactured in the country have been continuing, generally in the guise of package deals, even though Government have informed the Indian Refractory Makers' Association in June 1963 that imports of such refractories would be allowed only after very careful screening. I would like to refer here to the recommendations of the Rao Committee on the "Utilisation of External Assistance" and Government's decisions thereon. Two of these recommendations which have been accepted are likely to increase the imports of refractories as items of major plants and particularly by the public sector projects. I would earnestly appeal to Government to ensure that, in the implementation of these recommendations, the policy restricting the imports of refractories should be strictly enforced, until and unless it has been established, in consultation with the industry, that suitable material is not available indigenously.

Exports of Refractories

With idle capacity as discussed by me, the refractory industry must explore possibilities for export. Your Company is alive to this need and, at the invitation of the Government of India, is participating in the New York World Fair as one of the two exhibitors from India of silica and fireclay refractories and the sole exhibitor of basic refractories. During 1963, the Indian Refractory Makers' Association had suggested to the Government of India to include refractories in all their trade agreements with other countries and in their trade journals as one of the main commodities which can be exported in accordance with international standards. Africa, Middle East and South East Asia should be natural outlets, but, unfortunately, ocean freight rates discriminate unfavourably against Indian exports. The Association is collecting data regarding the ocean freight rates in comparison to those from European and Japanese ports and will shortly submit to Government their recommendations to enable the Indian refractory industry to meet competition more effectively.

I had referred last year to your Company having developed the manufacture of certain special types of refractories such as silica coke

(*Continued on page* 35)



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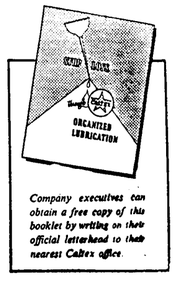

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RESULTS OF SHAW WALLACE EXCELLENT

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THE working results of the Shaw Wallace and Company Ltd. (Chairman: Mr. C. M. A. Bathurst, Calcutta) for the year ended 31st December 1963 are in refreshing contrast to those for the preceding year. Improvement is discernible in almost every item from sales to the net profit, but the more heartening feature is the dividend which is up by five points to 12.5 per cent. At their improved level, the results are, of course, as yet no match to those achieved during 1960—the best year so far—considering the vast increase in sale proceeds over that year, for expenses have risen during the intervening period. Thus, whereas turnover during the year under review shows an advance of about Rs. 3 crores as compared with 1960, expenses are up by over Rs. two crores and the excise duty has more than trebled.

Thanks to the higher output recorded by almost all the manufacturing units of the Company and improved sales of fertilisers, gross sale proceeds have risen further to Rs. 10.41 crores from Rs. 9.63 crores a year ago. Although expenses have continued to rise as a result of the inflationary tendencies in the economy, the gross profit has expanded handsomely from Rs. 55 lakhs to Rs. 64.10 lakhs. The profit margin (ratio of gross profit to sales) has, therefore, improved by almost one point to 6.6 per cent. In consonance with the higher gross profit, the provision for taxation has gone up from Rs. 23.13 lakhs to Rs. 34.19 lakhs, while that for depreciation is lower at Rs. 10.91 lakhs, as compared with Rs. 12.35 lakhs a year ago. The resulting net profit of Rs. 24 lakhs compares very favourably with the Rs. 19.52 lakhs earned in the preceding year. Adding to this the Rs. 5.57 lakhs brought in, the Directors have transferred Rs. 13.90 lakhs to reserves and set aside Rs. 3.75 lakhs for payment of preference dividend in respect of the year. The enlarged ordinary dividend of 12.5 per cent (subject to deduction of tax) claims Rs. 9.37 lakhs and leaves Rs. 3.56 lakhs to be carried forward, as against the Rs. 5.57 lakhs brought in.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales	10,40.69	963.40	907.52	759.18
Agency and other commission and allowances	53.21	56.78	51.39	55.08
Other income	16.80	15.27	14.75	16.93
Closing stocks	155.54	148.92	201.74	173.90
Excise duty	98.94	71.95	55.25	30.92
Other expenses	949.28	855.68	859.65	736.55
Gross profit	69.10	55.00	59.80	68.49
Provision for—				
Depreciation	10.91	12.35	12.02	12.36
Taxation	34.19	23.13	22.50	25.76
Net profit	24.00	19.52	25.28	30.37
To reserves	13.90	13.55	1.20	11.58
Dividends—				
Preference	3.75	3.75	4.00	4.00
Ordinary	9.37 (12.5%)	5.62 (7.5%)	11.25 (15%)	11.25 (15%)
Carry forward	3.56	5.57	8.97	5.14
Market price of ordinary shares (in rupees)	1964	1963	1962	1961	1960
High	17.69	24.00	24.00	26.62	26.62
Low	15.25	14.50	14.75	21.87	19.25

The Company's own funds as at 31st December 1963 aggregate Rs. 223.11 lakhs, made up of Rs. 75 lakhs in preference shares of Rs. 100 each, an equal amount in ordinary shares of Rs. 10 each, and the balance of Rs. 73.11 lakhs as reserves and surplus. As against this, the outside interest is as high as Rs. 546.26 lakhs, comprising Rs. 309.76 lakhs as borrowings and Rs. 236.50 lakhs as current liabilities and provisions. This is covered partly by current assets and loans and advances amounting to Rs. 497.22 lakhs and partly by investments, mostly in subsidiaries, carried in the books at a cost of Rs. 175.17 lakhs. The written down value of fixed assets is Rs. 96.98 lakhs, whereas the block account is Rs. 167 lakhs, inclusive of Rs. 6.05 lakhs representing the cost of additions made during the year.

Although the widespread shortage of credit facilities in the rural sector of the economy continued to inhibit more rapid growth in the use of fertilisers, the offtake was the highest on the Company's record and a total quantity of 187,762 tonnes could be sold, as against 178,888 tonnes in 1962 and 183,464 tonnes in 1961. In South India, the sale of products showed a rise of 25 per cent over the previous year, but, in North East India, there was a setback in sales, due largely to inadequate profit margins permitted to certain State Governments. It will be recalled that the Company was issued a licence for the manufacture of fertilisers at Mangalore and it was its intention to manufacture on the basis of 100,000 tonnes of nitrogen per annum in collaboration with a suitable foreign firm which would be interested in providing equity as well technical know-how. Unfortunately, the Company's efforts to find a suitable foreign collaborator have failed and it has, therefore, been forced to advise the Government that it is no longer interested in the venture. The Directors however, inform that this does not mean the end of the Company's efforts to enter the field of manufacture of nitrogenous fertilisers and that other projects are at present under consideration.

The setback suffered by the superphosphate and sulphuric acid factory in the previous year owing to an unfortunate breakdown early in that year proved as anticipated, shortlived and the output of sulphuric acid advanced from 25,139 tonnes to 26,385 tonnes and that of superphosphate from 67,605 tonnes to 69,943 tonnes. It is heartening to note that the levels reached during the year under review exceed those attained in 1961 by a fair margin. Although the entire production of superphosphate could be sold during the year itself, conditions are not likely to be as favourable during the current year due to the fact that two new units of production have recently begun manufacture and there is, therefore, likely to be increased competition which may have its effect on sales until demand once again catches up with productive capacity. On the side of agro-chemicals, the arrangements to sell insecticides and fungicides produced by Tata-Fison Ltd. came to an end, but the Company has recently completed negotiations to sell the products of Sandoz (India) Ltd. and Flintrock Products Pvt. Ltd. which will provide the Company with a comprehensive range of agro-chemicals products to sell on an all-India basis.

The profits earned by both the Madras Sprayer factory and the Sprayer organisation at Calcutta were satisfactory. Approval has been received from the Government to enter into collaboration with the Micron Sprayers Ltd. of the U. K. for the manufacture of power sprayers and it is hoped that this will be in market during the second half of the current year. Production of glue at the Madras factory beat pervious records, the actual output advancing from 7,544 quintals to 9,000 quintals. Higher output and a noticeable improvement in quality led to profit margins exceeding all previous levels. At the distillery at Calcutta, the new distil, which was installed in the middle of 1962, worked throughout the year at maximum capacity and a substantial increase of 44 per cent in production was achieved. The total production was easily disposed of during the year and possibilities of expanding production further are being examined. Production at the Tinplate Company of India Ltd. during 1963 was 84,107 tonnes, thus maintaining the upward trend for the fifth year in succession. The Company has an industrial licence for modernisation and expansion and it is hoped that, during the current year, plans will be finalised to increase production by 80,000 tonnes per annum of cold reduced tinplate and the expanded production should be available by 1967. The Indian Yeast Company Ltd. has at last come on to a revenue earning basis, though it will be some time before it will be able to make a contribution to profits, as the accumulated loss has not yet been made good. Sales during the year doubled as compared with 1962 and measures to increase output to cater to the enlarged demand are well under way.

While the world production of tea during 1963 almost equalled that of the previous year, there was a further shortfall of 14 million lbs. in the North East Indian crop. But the total crop produced by the two tea companies under the Company's management recorded a small increase from 329,783 maunds to 334,280 maunds.

Prices obtained, however, were disappointing, in keeping with the general trend of the world market, and earnings showed a material reduction over the previous year. The coal companies achieved further success in operations and raising improved from 22.81 lakh tonnes to 25.52 lakh tonnes, an increase of over 10 per cent. The flour companies have another satisfactory year, with production reaching a fresh record level of 59,454 tonnes, as against 55,402 tonnes previously. Profit margins, unfortunately, continued to be disappointing.

Commenting on the prospects for the current year, the Chairman observes that the Company had a good year in 1963 and, so far, 1964 shows good progress. It is the intention of the Company, he says, to expand and develop the traditional activities rather than diversify, and this policy will enable the Company to utilise to the full the considerable experience and know-how of the staff for both production and sale.

The Rs. 10 paid ordinary shares are now available at Rs. 15.69 *cum-div.* and fetch a net return of over 6.8 per cent per annum on an *ex-div.* price.

SWADESHI MILLS' GROSS PROFIT BETTER

Thanks to the satisfactory working of its units despite the stresses and strains to which the textile industry has been put, the Swadeshi Cotton Mills Company Ltd. (Chairman: Mr. Mungturam Jaipuria, Kanpur) has been able to recover, during the year ended 31st December 1963, a major portion of the ground lost during the preceding year. The turnover has advanced by Rs. 3.21 crores, or over 27.6 per cent, to Rs. 14.83 crores and the gross profit has risen, though less markedly, from Rs. 81.84 lakhs to Rs. 87 lakhs. A more encouraging feature of the year's working is that closing stocks of finished goods, which had been showing a rise ever since 1960 and which had reached the peak level of Rs. 191.25 lakhs as at the close of 1962, have declined heavily to Rs. 44.56 lakhs. If in spite of these improvements the profit-margin (ratio of gross profit to sale) shows a decline of 1.1 point to 5.9 per cent, it is because of the continuing upward thrust of cost of production.

It will be observed from the comparative table below that two items of expenses which do not vary directly with production, namely, staff expenses and other expenses have risen quite markedly, the former by Rs. 17.13 lakhs to Rs. 237.91 lakhs and the latter by Rs. 6.16 lakhs to Rs. 141.45 lakhs. These apart, the provision for depreciation is also higher by Rs. 13.38 lakhs to Rs. 54.74 lakhs and since this has lowered the taxable profit to Rs. 32.26 lakhs from Rs. 40.48 lakhs for the previous year, the provision for taxation has been reduced from Rs. 19.00 lakhs to Rs. 12.56 lakhs. Unfortunately, this reduction has not helped matters much and the resulting net profit is, therefore, down by Rs. 1.78 lakh from Rs. 21.48 lakhs for the year before. Adding to this Rs. 9.16 lakhs brought forward from the previous year, Rs. 0.41 lakh as income relating to prior year, and Rs. 7.74 lakhs withdrawn from reserves and provisions, the Directors have appropriated Rs. 10.60 lakhs (Rs. 13.15 lakhs) towards writing off expenses relating to prior years and have credited Rs. 9.30 lakhs (Rs. 6.60 lakhs) to the development rebate reserve. They have utilised a sum of Rs. 3 lakhs for the payment of preference dividends and have declared a dividend of 5.71 per cent on the preferred ordinary shares. No dividend has again been recommended for the ordinary shares. The aforesaid appropriations leave a much reduced carry forward of Rs. 5.11 lakhs, as against Rs. 9.16 lakhs brought in.

The vicissitudes in the fortunes of the Company during the past four years are well reflected in the following table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale of goods ..	14,82.87	11,62.45	964.94	10,77.50
Other income ..	9.91	12.00	17.20	14.54
Closing stocks of finished goods ..	44.56	191.25	111.80	99.71
Cess and excise duty ..	121.33	99.17	95.83	94.31
Raw materials and stores consumed ..	758.40	716.82	498.29	647.54
Staff expenses ..	237.91	220.78	184.39	179.02
Other expenses ..	141.45	135.29	123.40	122.62
Gross profit ..	87.00	81.84	92.32	109.84
Provision for—				
Depreciation ..	54.74	41.36	32.41	33.64
Taxation ..	12.56	19.00	23.00	25.00
Net profit ..	19.70	21.48	36.91	51.20
Income relating to prior years ..	0.41	0.66	2.55	0.77
Withdrawal from reserves and provisions ..	7.74	4.77	0.48	..
Expenses relating to prior years ..	10.60	13.15	1.55	18.67
To reserves ..	9.30	6.60	12.45	21.55
Dividend—				
Preference ..	3.00	3.00	3.00	3.00
Preferred Ordinary ..	8.99 (5.71%)	8.99 (5.71%)	8.99 (5.71%)	8.99 (5.71%)
Ordinary ..	..	..	..	0.88 (5%)
Carry forward ..	5.11	9.16	13.99	0.05
Market price of ordinary shares (in rupees)	1963	1962	1961	1960
High	*N.A.*	*N.A.*	12.62	12.00
Low	*N.A.*	*N.A.*	9.00	8.00

N.A.—Not available.

During the year under review, the Kanpur mills of the Company had to face closure for about a week on account of non-supply of power. There was also intermittent labour unrest resulting in partial strikes and cessation of work by the workmen due to a number of problems arising out of interpretation and implementation of Dr. Sampurnanand's Award which, according to the Directors, not only complicated the working but also imposed recurring liabilities on account of retirement gratuities and additional paid holidays. The award, however, has been helping the gradual introduction of rationalisation of work and increased number of working days.

The working of the Naini mills continued to be satisfactory, in spite of a further increase in the cost of production due to higher wages, higher prices of stores and spare parts and raw materials. The excise duty on staple fibre also increased with the imposition of a surcharge of 33¼ per cent with effect from 1st March 1963. The industry's request for a suitable adjustment in the selling price of staple fibre was, however, not conceded till November 1963. With effect from 1st January 1964, the price regulation scheme introduced by the Indian Cotton Mills' Federation in respect of staple yarn has been discontinued and the surcharge of 33¼ per cent has also been lowered to 15 per cent. Conditions on the labour front, however, deteriorated in the early months of the current year and the mills experienced considerable labour trouble owing to inter-union rivalries. This affected production and a considerable number of spindles remained idle for some weeks. As regards the setting up of a new mill at Naini, consisting of 25,000 spindles for cotton yarn, the Directors say that 9,240 spindles have already been installed and a further 3,960 spindles will be installed soon. An order for a further 6,300 spindles are expected to be delivered and installed during the current year. This means that, out of the licensed number of 25,000 spindles, 19,500 will have been installed by the end of the current year.

The mills at Udaipur achieved gratifying results during 1963. The capacity of this unit was brought to 18,000 spindles and steps are being taken to install and commission additional 6,160 spindles for which a licence has been received. Unfortunately, the working of the Pondicherry mills did not show much improvement due to continued rise in cost of production and the continuance of the voluntary price regulation scheme. The unit, however, executed considerable orders for export and for supply to defence departments on marginal profits. An order for a complete mineral khaki dyeing plant was placed during the year and expectations are that it will be installed and commissioned in the current year.

There has been no change in the paid-up share capital of the Company which stands at Rs. 210 lakhs comprising of Rs. 35 lakhs in cumulative preference shares of Rs. 100 each, Rs. 17.50 lakhs in ordinary shares and Rs. 157.50 lakhs in preferred ordinary shares both of Rs. 10 each. The reserve complement has, however, declined marginally to Rs. 289 lakhs and so have borrowings and current liabilities and provisions, the former by as much as Rs. 133.47 lakhs to Rs. 414.43 lakhs and the latter by Rs. 5.08 lakhs to Rs. 272.97 lakhs. On the assets side, current assets and loans and advances have contracted from Rs. 612.51 lakhs to Rs. 463.97 lakhs and so also investments at book value fractionally from Rs. 195.80 lakhs to Rs. 195.55 lakhs. The blck acoount, on the other hand, has risen to Rs. 881.38 lakh[illegible] of the additions [illegible]

the year under review mostly to Naini and Udaipur mills. On deducting the amount of depreciation provided so far, the net block works out to Rs. 526.88 lakhs.

COLOUR-CHEM DOES VERY WELL

A pleasant outcome of Colour-Chem Ltd.'s (Chairman: Mr. Ramniwas Rr. Ruia, Bombay) highly impressive performance showing a pretty sharp rise in sales from Rs. 274.62 lakhs to Rs. 411.28 lakhs and also in gross profit from Rs. 122.43 lakhs to Rs. 169.37 lakhs during the year ended 31st March 1964 is a four-point increase to 16 per cent per annum in the dividend on the 100-rupee equity shares. The dividend aggregating Rs. 20 lakhs is to be paid entirely out of the special reserve comprising tax-free profits, to which Rs. 19.28 lakhs, expected to be exempt from tax under Section 84 of the Income-tax Act, 1961, have been transferred out of the year's profit. Thus, once again, the entire dividend is free of tax.

The improvement of Rs. 47 lakhs in gross profit has been reduced to less than half at the level of net profit which shows an increase of roughly Rs. 22 lakhs from Rs. 47.35 lakhs to Rs. 69.51 lakhs, because the tax provision has shot up from Rs. 64.29 lakhs to Rs. 90.50 lakhs. The year's tax provision includes Rs. 19.82 lakhs for sur-tax, which is higher as compared with Rs. 14.78 lakhs provided for S.P.T. in the previous year. While the dividend absorbs Rs. 5 lakhs more at Rs. 20 lakhs, the net amount retained in business (after allowing transfer from reserves and provisions) is slightly higher at Rs. 49.37 lakhs as compared with Rs. 48.25 lakhs a year before. The surplus carried forward is Rs. 16,332, as against Rs. 1,134 brought in.

The following table brings out the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds	411.28	274.62	236.04	112.05
Other income	3.93	3.51	0.72	0.05
Stock of finished goods and work-in-progress	34.07	25.09	20.92	10.35
Materials and stores consumed.	204.69	118.96	96.60	51.55
Staff expenses	18.51	14.79	11.06	8.17
Excise duty paid	1.18	2.76	17.50	..
Other expenses	30.44	23.36	18.12	10.42
Gross profit	169.37	122.43	104.05	46.54
Provision for—				
Depreciation	9.36	10.79	8.49	10.63
Taxation	90.50	64.29	41.50	9.50
Net profit	69.51	47.35	54.06	26.41
Transfer from reserves and provisions	0.72	0.16	..	1.22
Development rebate reserve ..	0.56	0.05	0.04	7.82
To other reserves and provisions	49.53	48.36	49.93	19.11
Dividend..	20.00* (16%)†	15.00* (12%)†	15.00* (12%)†	8.00* (8%)†
Carry forward	0.16	0.01	0.91	0.30
Equity shares' market value (In rupees):	1964	1963	1962	1961
High	392.50	410.00	517.50	450.00
Low	310.00	300.00	316.25	287.75

* Paid fully from special reserve (except for 1961-62, when only upto Rs. 11.50 lakhs, or Rs. 9.20 per share) to which is transferred the tax-free profit of the respective year.
† To the extent it is paid from special reserve, it is tax-free.

Good demand for the Company's products has enabled sales to keep pace with satisfactory production during the year. Since the close of the year, both production and sales have remained satisfactory. The total duty payable on all the Company's products during the current year is likely to be around Rs. 50 lakhs following the increase in the excise duty on pigment emulsions and the imposition of a 24 per cent *ad valorem* duty on binder materials in the last budget. This burden is, however, being shared with the Company's customers.

The phthalocyanine blue project which was expected to commence regular production after the installation of the sulphuric acid reconcentration plant last October has not been commissioned because indigenous components of the sulphuric acid reconcentration plant have not been received. But efforts are being made to expedite the delivery of these components and start the manufacture of phthalocyanine blue as early as possible. Further plans to produce other new products are being finalised with the foreign collaborators. Sales for purchasing additional land adjacent to the Company's factory are being prepared.

The Company's paid-up capital which is unchanged at Rs. 125 lakhs is backed by reserves and surplus (excluding Rs. 20 lakhs required for the year's dividend liability) amounting to Rs. 144.80 lakhs. Current liabilities and provisions (including the year's dividend liability) work out to Rs. 182.78 lakhs and are quite adequately covered by current assets, loans and advances shown at Rs. 324.39 lakhs. The gross block which has grown during the year from Rs. 147.10 lakhs to Rs. 171.94 lakhs has been written down to Rs. 128.19 lakhs.

The Rs. 100 fully paid ordinary shares of the Company fetch a net yield of 4.6 per cent per annum at their current market value of Rs. 363.75 *cum-div.*

AMBIKA SILK MILLS

The Directors of the Ambika Silk Mills Company Ltd. (Managing Agents: Messrs. Maganlal Bhagwandas and Company, Bombay) write in their report for 1963 that the milestone in the life of the Company, namely, the completion of 25 years of its existence on 11th January 1964, was appropriately celebrated by issuing concessional cloth sales cards to the shareholders. But the Directors have not been able to repeat the 1962 dividend of 20 per cent in 1963 the rate for which, after including 2.5 per cent silver jubilee payment, is 15 per cent per annum on the 100-rupee shares, because tax has eaten into gross profit to the extent of 60 per cent against 55 in the previous year. Whereas the replacement of S.P.T. by Sur-tax has reduced the liability from Rs. 4.33 lakhs under the former to Rs. 2.95 lakhs under the latter, the normal tax liability has gone up from Rs. 12.98 lakhs to Rs. 17.40 lakhs raising the total tax provision by Rs. 3.04 lakhs to Rs. 20.35 lakhs. The higher normal tax provision is explained by both the improved gross profit of Rs. 33.97 lakhs as compared with Rs. 31.35 lakhs a year before and the reduced credit for development rebate as evidenced by the transfer of a lower sum of Rs. 27,150 as compared with Rs. 42,000 in the previous year to that reserve.

The dividend is payable on the capital which has increased during the year from Rs. 20 lakhs to Rs. 25 lakhs. But that would have presented no hitch in maintaining the dividend had the tax liability not gone up to the extent of reducing net profit by Rs. 1.25 lakh to Rs. 6.95 lakhs. While the dividend is lower, the amount carried to reserves is higher by roughly Rs. 30,000 at Rs. 4.22 lakhs and the carry forward is Rs. 21,367, as against Rs. 26,452 brought in from the previous year. Before concluding the review of the year's financial results, it may be pointed out that, whereas, reflecting the rising popularity of the Company's quality products, sales have improved by Rs. 43.30 lakhs to Rs. 231.40 lakhs, the gross profit has moved up by only Rs. 2.62 lakhs to Rs. 33.97 lakhs because of an all-round increase in costs. This failure of gross profit to keep pace with sales is yet another factor explaining the Directors' inability to cheer investors in the silver jubilee year.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales, less excise..	231.40	188.10	126.80	112.50
Other income	8.09	6.30	4.49	4.86
Closing stock	12.88	16.80	10.18	11.52
Materials and stores consumed.	152.00	115.21	74.44	76.97
Staff expenses	26.35	24.97	23.13	22.42
Excise duty paid	2.87	2.78	3.62	3.45
Other expenses	12.12	10.17	7.24	7.83
Gross profit	33.97	31.35	21.07	10.27
Managing Agents' remuneration	3.12	2.82	1.84	0.74
Depreciation	3.55	3.02	2.72	2.83
Taxation	20.35	17.31	8.40	3.20
Net profit	6.95	8.20	8.11	3.50
Past receipts and excess provisions written back	1.29	..	..	..
Goodwill, etc., written off ..	0.05	0.05	0.15	0.15
To reserves	4.22	3.92	3.93	0.76
Dividend..	3.75 (15%)	4.00 (20%)	4.00 (20%)	2.60 (15%)
Carry forward	0.21	0.26	0.04	0.02
Equity shares' market value (In rupees):	1964	1963	1962	1961	1960
High	352.50	275.00	290.00	157.00	..
Low	275.00	220.00	160.00	131.25	..

Addressing the Company's shareholders at their 25th annual general meeting at Bombay on 22nd June last, the Chairman, Mr. Ravindra Maganlal, said that the raising of the corporate taxation of the closely held manufacturing concerns from 50 per cent to 60 per cent was, to say the least, to ignore their contribution to the development of the country. The Company's total tax, he added, worked out to 75 per cent.

Giving some idea of the Company's modernisation and renovation programmes, which, he said, had become a continuous process, Mr. Maganlal told the shareholders that, during the year under review, additions to machinery had been to the tune of Rs. 5.95 lakhs and that further orders for Rs. 8.72 lakhs had already been placed. The new machinery, he added, would positively go a long way towards improving the economic working and profitability of the Company.

The increase in the Company's paid-up capital from Rs. 20 lakhs to Rs. 25 lakhs has been brought about by the issue of 5,000 right shares at par. Together with Rs. 22.17 lakhs in reserves and surplus (excluding Rs. 3.75 lakhs required for meeting the year's dividend liability as appropriated to general reserve out of the year's profit) the "own" funds amount to Rs. 47.17 lakhs, as against which the gross block of Rs. 57.14 lakhs (Rs. 50.46 lakhs a year before) has been written down to Rs. 23.13 lakhs. Current assets, book debts and investments amounting to Rs. 137.77 lakhs exceed the total short-term indebtedness of Rs. 113.84 lakhs comprising borrowings of Rs. 55.02 lakhs and current liabilities and provisions (including the year's dividend liability) of Rs. 58.82 lakhs.

Currently quoted at Rs. 284 *cum-div.*, the Rs. 100 fully paid ordinary shares of the Company offer a net yield of 4.2 per cent per annum.

NEW GREAT INSURANCE CO., LTD.

A small rise in net premium and underwriting profit is disclosed by the statement of accounts of the New Great Insurance Co., Ltd. (General Manager: Mr. M. G. Mody, Baroda) for the year ended 31st December 1963. The combined net premium in the fire, marine and miscellaneous departments increased from Rs. 1.19 crore in 1962 to Rs. 1.34 crore during the year under review. The net underwriting profit was higher at Rs. 5.06 lakhs, as against Rs. 4.60 lakhs in the previous year. Net profit after taxes, however, was a shade lower at Rs. 3.37 lakhs, as against Rs. 3.42 lakhs in 1962. The Directors have, however, proposed to maintain the dividend at last year's level of Rs. 3 per share of Rs. 20 paid-up, that is, 15 per cent. The following table summarises the working results of the Company during 1963, as compared with those of the two previous years:

(In lakhs of rupees)

	Year ended 31st December		
	1963	1962	1961
Fire :			
Net Premium	63.83	60.47	50.61
Claims	31.01	22.31	22.41
Commission, expenses, etc. ..	23.93	20.23	20.22
Underwriting profit or loss(+) ..	+7.85	9.28	4.16
Fire Fund	31.92	30.24	25.31
Marine :			
Net Premium	20.76	16.99	14.86
Claims	14.85	15.23	14.31
Commission, expenses, etc. ..	4.83	3.58	2.69
Underwriting profit or loss(+) ..	—2.33	—3.64	+2.92
Marine Fund	20.76	16.99	14.86
Miscellaneous :			
Net Premium	49.63	41.46	40.40
Claims	26.24	23.73	22.05
Commission, expenses, etc. ..	20.21	18.66	17.13
Underwriting profit or loss (+)	—0.46	—1.04	—2.62
Miscellaneous Fund	24.82	20.73	20.20
Net Profit	3.37	3.42	6.30
Provision for taxation	3.75	3.28	0.74
Dividend	3.00 (15%)	3.00 (15%)	2.50 (12½%)

Claims experience in the fire department, as will be seen from the above table, was adverse. The loss ratio for the year was 48.58 per cent, as compared with only 36.68 per cent in 1962. The increase was mainly due to losses incurred on reciprocal treaties, especially in respect of fire business which the Company had accepted in the past from foreign insurers. As a result of the higher claims cost the underwriting profit declined from Rs. 9.28 lakhs in 1962 to Rs. 7.85 lakhs in 1963. The fall in underwriting profit would have been sharper but for the slight improvement, small though it is, in expenses, the ratio being lower at 28.92 per cent, as against 29.70 per cent in 1962.

The marine department turned in a better performance than in the previous year, although it continued to be in the red. As a result of the year's operations the deficit in the marine department (underwriting loss) was reduced to Rs. 2.33 lakhs, as against Rs. 3.64 lakhs in 1962, thanks to the improvement in net premium from Rs. 16.99 lakhs to Rs. 20.76 lakhs and better claims experience. Claims paid and outstanding worked out to 71.52 per cent, as against 89.62 per cent in 1962. Expenses, too, were lower, the ratio being only 36.53 per cent, as compared with 43.76 per cent in the previous year.

There was a further reduction of losses in the miscellaneous department from Rs. 1.04 lakh in 1962 to a mere Rs. 46,000 during the year under review. This was made possible by the rise of Rs. 8.17 lakhs in net premium and the decline in claims ratio from 57.24 per cent in 1962 to 52.86 per cent in 1963. A similar trend was also evident in expenses which worked out to 25.09 per cent, as against 29.89 per cent in 1962. Reserves for unexpired risks have been maintained at 50 per cent of net premium in both fire and miscellaneous departments and 100 per cent of premium in the marine department.

The net contribution of the different departments to the profit and loss account, as noted above, aggregated Rs. 5.06 lakhs. Net profit, after earmarking Rs. 3.75 lakhs for taxation and taking into account miscellaneous receipts and expenditures, amounted to Rs. 3.37 lakhs to which was added the sum of Rs. 22,823 brought forward from the previous year. The amount available for distribution thus amounted to Rs. 3.60 lakhs. Of this a sum of Rs. 40,000 has been transferred to the gratuity reserve. The proposed dividend will absorb Rs. 3 lakhs, leaving a balance of Rs. 20,414 to

Notice

THE TITAGHUR PAPER MILLS COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT THE undernoted 'A' Ordinary shares of Rs. 10 each (Rs. 2.50 paid up) in the issued capital of the Company (the subject of the Allotment Letters mentioned below) are liable to forfeiture unless payment is made on or before the 31st July, 1964, at the Registered Office of the Company at Chartered Bank Buildings, Calcutta, of the second instalment amount due in respect thereof, i.e., Rs. 7.50 per share, together with interest thereon at the rate of 9 per cent per annum calculated from the 6th April, 1963, until the date of actual payment.

Allotment Letter No.		*No. of Shares*	*Amount Due*
			Rs.
158	...	140	1,050.00
178	...	320	2,400.00
319	...	300	2,250.00
706	...	100	750.00
1288	...	15	112.50
1303	...	35	262.50
1350	...	800	6,000.00
1439	...	160	1,200.00
1457	...	50	375.00
1493	...	100	750.00
1610	...	100	750.00
1667	...	16	120.00
1834	...	100	750.00
		2,236	Rs. 16,770.00

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA-1,
Dated: 24th June, 1964.

By Order of the Board,
F. W. HEILGERS & COMPANY (PRIVATE) LTD.,
D. L. V. ROWE,
Managing Director,
Managing Agents

SYNOPSES OF COMPANY REPORTS

Dunbar Mills Ltd.

(*Managing Agents*: Messrs. Kettlewell Bullen & Co., Ltd., Calcutta.)

Annual General Meeting—Held on 29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of cloth, yarn and waste	3,84,81	3,22,26
Closing stock	1,09,93	1,13,43
Gross profit	44,27	41,88
To Managing Agents' remuneration	3,08	3,05
Transfer to depreciation	13,51	8,40
" " development rebate reserve	2,52	2,29
" " provision for taxation	15,15	20,00
Net profit	10,01	10,54
Liabilities for previous years written back	46	31
Appropriations:		
Transfer to general reserve	2,00	3,92
" " debenture sinking fund	2,50	2,50
Proposed dividend (taxable) Ordinary	6,65	5,70
	(17½%)	(15%)
Carry forward	37	1,04
Market value of Ordinary shares (in rupees):		
High	29.87	30.56	35.87
Low	27.00	25.75	27.00

† Upto 20th June 1964.

Extracts from the Directors' report: Trading results for the period under report have been influenced by the continued voluntary price control of yarn and cloth and the rising trend in the cost of raw materials, labour, power and stores etc.

The Company has installed new machinery worth Rs. 17.90 lakhs for replacement, modernisation as well as for the diversification of its products.

In order to increase the production of yarn and cloth in the country, the Central Government by way of general permission to the cotton textile industry has sanctioned an increase of additional spindles equivalent to 7½ per cent of their existing spindles and 10 per cent of their installed loomage. Necessary action for the purchase and installation of the additional spindles and looms has been taken.

The Company, as per its application under the Industries (Development & Regulation) Act 1951, has also received licences, one for 12,040 spindles and another for 65 automatic looms. A scheme of installation of spindles and looms is receiving active consideration of the Directors.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	38,00,000	Gross block	1,99,66,772
6% debentures	22,50,000	—Depreciation	1,33,94,976
Reserves and surplus	62,18,631		
Other liabilities	1,48,20,436	Net block	65,71,796
		Current assets	2,02,20,403
		Investments	1,41,845
		Cash	1,24,036
		Miscellaneous expenditure	30,987
	Rs. 2,70,89,067		Rs. 2,70,89,067

* Paid-up capital consists of 3,80,000 ordinary shares of Rs. 10 each.

Sone Valley Portland Cement Co., Ltd.

(*Chairman*: Mr. A. K. Jain, Calcutta.)

Annual General Meeting—Held on 29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)		
	1963	1962	
Sales	2,63,10	2,72,52	
Closing stock	10,96	14,57	
Gross profit	16,89	21,33	
Transfer to depreciation	4,71	4,50	
" " provision for taxation	Nil	8,80	
Net profit	12,18	8,03	
Appropriations:			
Transfer to development rebate reserve	64	7	
" " general reserve No. 1	Nil	2,35	
" " taxation reserve	5,55	Nil	
" " dividend reserve	6,00	Nil	
Proposed dividend (taxable) Equity	* 6,00		
Carry forward	(8%) 6	(8%) 7	
Market value of equity shares (in rupees):	1964†	1963	1962
High	4.50	4.97	5.81
Low	4.06	3.90	4.53

* The dividend for 1963 will be paid out of dividend reserve.
† Upto 12th June 1964.

Extracts from the Directors' report: One kiln had to be stopped for overhauling for about two months, which affected production. Production and despatches have been as under (in tonnes).

	Production		Despatches
	Clinker	Cement	Cement
1961 ...	2,00,488	2,03,694	1,98,451
1962 ...	2,20,377	2,34,640	2,42,120
1963 ...	2,11,150	2,29,220	2,30,005

The profits during the year have borne the impact of the heavy increase in costs under different heads. There has been continuous rise in costs consequent upon governmental actions. These increases in costs have been on accounts of increases in pit-head price of coal, increase in royalty on limestone, railway freight, higher incidence on account of increased dearness allowance under Wage Board Award, increase in rate of contribution to Employees' Provident Fund, etc. Notwithstanding the specific assurance, the Government did not take timely action in compensating these increases in cost. An increase of Rs. 2.75 per tonne in the ex-works retention price of cement was announced by the Government of India as late as on 1st June, 1963 and made effective from that date only. This increase in price was totally inadequate and did not cover the heavy rise in costs that had already taken place. The Industry through the Cement Manufacturers' Association has represented that increase in retention price allowed is not adequate to compensate the incidence of increase in costs under various heads. The Government have also been informed about further increases in costs and they have been requested to expedite their decision as regards relief to the industry in this respect.

Acute shortage of cement continues. As acknowledged by the Minister for Industry also in Parliament, the lack of expansion in capacity has been due to non-implementation of many licenses issued for establishment of new units. The Industry has been very much concerned about this stagnation in its growth and has been urging upon the Government to have a more realistic price policy conducive to its development.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	75,00,000	Gross block	2,40,40,409
Reserves and surplus	45,01,795	—Depreciation	1,77,12,391
Other liabilities	70,16,302	Net block	63,28,018
		Current assets	1,19,50,308
		Investments	1,69,691
		Cash	3,56,428
		Miscellaneous expenditure	2,13,652
	Rs. 1,90,18,097		Rs. 1,90,18,097

* Paid up capital consists of 15,00,000 ordinary shares of Rs. 5 each.

British India Electric Construction Co., Ltd.

(*Managing Agents*: Messrs. Balmer Lawrie & Co., Ltd., Calcutta.)

Eightieth Annual General Meeting—Held on 25th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales (gross)	1,57,76	1,16,78
Closing stock of raw materials, components, etc.	50,33	41,00
Closing stock of work-in-progress	17,41	16,09
Gross profit	27,06	18,27
To Managing Agents' remuneration	2,61	1,73
Transfer to depreciation	3,31	2,46
" " provision for taxation	12,50	9,23
Net profit	9,54	4,85
Appropriations:		
Transfer to development rebate reserve	1,10	95
" " general reserve	4,69	2,60
Proposed dividend (taxable) Ordinary	3,75	2,25
	(15%)	(15%)
Carry forward	Nil	Nil
Market value of ordinary shares (in rupees):	1963	1962
High	33.12	36.87
Low	29.12	21.25

Extracts from the Directors' report: *Operations.*—Sales of *Switchgear* and *Electric Motors* again improved, and the profit earned during the year was considerably greater than in 1962.

Provision has been made for the Company's liability to tax under the Companies (Profits) Surtax Act, 1964 and for the tax on dividends distributed, and having regard to the need for conserving resources while the Company's activities continue to expand, the Board has made a substantial allocation to general reserve.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	25,00,000	Gross block	44,64,472
Reserves	23,97,576	—Depreciation	22,91,671
Other liabilities	91,99,562	Net block	21,72,801
		Block in progress	11,88,036
		Current assets	1,07,21,898
		Investments	3,500
		Cash	10,903
	Rs. 1,40,97,138		Rs. 1,40,97,138

* Paid-up capital consists of 2,50,000 ordinary shares of Rs. 10 each, fully paid up in cash.

Investa Machine Tools and Engineering Co., Ltd.

(*Secretaries & Treasurers*: Investa Industrial Corporation Ltd., Bombay.)

Twenty-first Annual General Meeting—Held on 29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sale of products	63,40	58,92
Closing stock	29,00	21,41
Gross profit	3,08*	9,84
To Secretaries and Treasurers' commission	25	25
Transfer to depreciation	4,99	4,58
" " development rebate reserve	Nil	3,39
Net profit (+) or loss (—)	—1,24	1,62
Credit balance brought forward	2	70
Excess provision for taxation written back	Nil	20
Transfer from general reserve	1,33	Nil
Appropriations:		
To adjustment of loss for the year	1,24	Nil
To dividends (taxable) Preference	Nil	1,17§
" " Ordinary	Nil	Nil
Carry forward	9	2

* Profit before providing for depreciation and Secretaries and Treasurers' commission.
§ Preference dividend for the two years 1947 and 1948.

Extracts from the Directors' report: *Operation*: Sales and production during the year were Rs. 63.40 lakhs and Rs. 62.23 lakhs respectively compared with the previous year's figures of Rs. 58.92 lakhs and Rs. 58.14 lakhs respectively. Production during the year would have been much higher were it not for the dislocation resulting from the transfer of Machine shops from Byculla Works to Chinchwad Factory. 421 machines valued at Rs. 62.25 lakhs were delivered during the year against 391 machines worth Rs. 57.51 lakhs during the previous year. The value of general engineering orders executed during the year was Rs. 1.15 lakh or slightly less than in the previous year.

Machine Tools: The new factory at Chinchwad went into production in June 1962 with the manufacture of a new *High Speed Lathe* (type L-160). With the transfer of the machine shop from Byculla, all manufacturing activities have been centred at Chinchwad and by the end of the year the products manufactured included, in addition, *lathes* (type L-200), *drills* (type PD-50) and *radial drills* (type RD-32), the last-named machine machine being marketed from January 1964.

The designing of another *pillar drill* (type PD-25) has been completed. It is proposed to market this during the third quarter of 1964. Another model of *radial drill* is at present on the drawing board for production in 1965.

Out of the issue of 25,000 new ordinary shares of Rs. 100 each at par to existing ordinary shareholders, 17,402 shares were applied for and allotted. Arrangements are being made to make this issue fully subscribed.

The Company received Rs. 5,47,500 by way of instalments from the agreed loan of Rs. 50 lakhs from the National Industrial Development Corporation Ltd. The aggregate loan amount so far received from the N.I.D.C. is Rs. 45,36,500.

Arrangements are being made for executing the Technical Collaboration Agreements with Okuma Machinery Works Ltd. as also for sending some of the Company's technicians for a short duration to get in-plant training at Okuma Works. Thereafter, the manufacture of Okuma models will commence at Chinchwad with the help of Japanese technicians.

Borrowing Power: To implement the Company's expansion and diversification programme inclusive of the manufacture of two models of Okuma designs, as also for setting up of a new foundry at Chinchwad, additional finance will be required. The Board considers that the limit of its authority to borrow should be increased from Rs. 1.50 crore to Rs. 2.00 crores.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	60,11,275	Gross block	1,53,79,349
Reserves and surplus	6,98,305	—Depreciation	23,28,575
Other liabilities	1,40,48,705	Net block	1,30,50,774
		Current assets	71,11,950
		Investments	5,000
		Cash	5,90,561
	Rs. 2,07,58,285		Rs. 2,07,58,285

* Paid-up capital consists of 10,000—4½ per cent. Tax-free cumulative preference shares of Rs. 100 each and 50,000 Ordinary shares of Rs. 100 each. Share application money received on new Ordinary Shares is Rs. 11,275.

Bridge and Roof Co. (India) Ltd.

(*Secretaries*: Messrs. Balmer Lawrie & Co., Ltd., Calcutta.)

Eightieth Annual General Meeting—Held on 25th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	4,37,12	3,85,52
Closing stock—raw materials	21,20	24,21
—work-in-progress	1,69,52	1,27,26
Gross profit	39,39	30,92
Transfer to depreciation	12,48	9,40
" " provision for taxation	12,12	9,60
Net profit	11,79	11,92
Appropriations:		
Transfer to development rebate reserve	3,28	3,94
" " general reserve	4,91	6,20
Proposed dividend (taxable) Ordinary	3,60	3,60
	(30%)	(30%)
Carry forward	Nil	Nil

Extracts from the Directors' report: *Operations.*—Although an increase in the turnover for the year was again recorded, the profit earned was approximately the same as in last year. After providing for the Company's liability to tax under the Companies (Profits) Surtax Act, 1964 and for the tax on dividends distributed, the Board has recommended the payment of a dividend at the same level as last year.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,00,000	Gross block	1,56,55,242
Reserves	58,62,090	—Depreciation	85,25,828
Other liabilities	3,07,25,278	Net block	73,39,414
		Block in progress	95,091
		Current assets	2,98,78,318
		Investments	1,00,100
		Cash	5,74,445
	Rs. 3,77,87,368		Rs. 3,77,87,368

* Paid-up capital consists of 1,20,000 ordinary shares of Rs. 10 each. Of the above 60,000 ordinary shares are allotted as fully paid-up Bonus shares by way of capitalisation of revenue reserve.

Twyford Tea Co. Ltd.

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

Forty-ninth Annual General Meeting—Held on 29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of tea	26,62	23,14
Closing stock	6,03	6,04
Gross profit	5,89	2,66
To Managing Agents' remuneration	51	25
Transfer to depreciation	78	83
" " development rebate reserve	2	4
Net profit	2,30	65
Transfer from provision for contingencies	2,28	89
Appropriations:	20	Nil
Transfer to general reserve	57	Nil
" " dividend equalisation reserve	50	Nil
" " provision for contingencies reserve	24	20
Proposed dividend (taxable) Equity	Nil	79
	(7½%)	(5%)
Carry forward	1,18	1
Market value of equity shares (in rupees):	1964†	1963	1962
High	9.10	9.25	11.85
Low	8.50	8.12	8.90

† Upto 20th June 1964.

Extracts from the Directors' report: The increase in crop over the previous year as well as reduction in expenditure have been responsible for the comparatively better results for the year 1963. The year 1964 has begun with a prolonged drought and a serious shortfall in crop. Moreover it is understood that the Tea Wage Board has recommended a second interim increase in minimum wages effective from 1st May. Taking into account all these adverse factors and also the need to meet commitments under the Plantation Labour Act, the Directors have decided to recommend the payment of a dividend of 7½ per cent.

Crop: 5,94,973 kgs. tea was produced during the year under report against an estimate of 5,75,000 kgs.

The stock of tea remaining unsold as at 31st December 1963, was 1,30,355 kgs. all of which has since been sold.

Cost and Price, etc.—A tabulated statement giving details of cost, price etc. for the last three years is given below:

	1961	1962	1963
Yield in kgs. per hectare	962	1,074	1,211
Yield in lbs. per acre	858	957	1,080
Estate cost—Cents per kg.	360	365	315
Estate cost—Cents per lb.	163	164	143
All in cost—Cents per kg.	420	403	355
All in cost—Cents per lb.	191	183	161
Average sale price—Cents per kg.	447	432	432
Average sale price—Cents per lb.	203	196	196

Estimates: The estimate for the year ending 31st December 1964 is 6,00,000 kgs. tea to be produced at a cost of 337.66 cents per kg. The estimates of capital expenditure will be Rs. 68,500.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	15,75,000	Gross block	34,08,581
Reserves and surplus	17,89,711	—Depreciation	5,94,685
Other liabilities	7,53,580	Net block	28,13,896
		Current assets	10,68,991
		Investments	1,101
		Cash	2,34,303
	Rs. 41,18,291		Rs. 41,18,291

* Paid-up capital consists of 1,57,500 Equity shares of Rs. 10 each. Of the above 24,645 Equity shares are allotted as fully paid-up Bonus shares through capitalisation of general reserve and 15,000 Equity shares allotted in lieu of dividend.

Bhartia Electric Steel Co., Ltd.

(*Managing Agents*: Messrs. Tantia Brothers Private Ltd., Calcutta.)

Thirty-fifth Annual General Meeting—Held on 29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	1,97,93	1,68,68
Closing stock	21,96	19,37
Gross profit	54,87	40,12
To Managing Agents' remuneration	3,42	Nil
Transfer to depreciation	6,03	5,69
" " development rebate reserve	1,20	30
" " provision for taxation	25,50	22,30
Net profit	18,72	11,83
Excess provision for taxation for previous year written back	Nil	6,00
Appropriations:	11,25	12,00
Transfer to general reserve	7,50	6,25
Proposed dividend (taxable) Equity	(15%) 2	(12½%) 5
Carry forward		
Market value of equity shares (in rupees):	1964†	1963	1962
High	15.37	15.12	14.25
Low	13.75	13.00	9.62

† Upto 20th June 1964.

Extracts from the Directors' report: The working results of the Company improved significantly in the year 1963 as compared to the previous year. The value of production which in 1962 amounted to Rs. 1,55,83,347 rose to Rs. 2,00,51,957 in the year 1963. This improved position reflects the increase in production of *Steel Castings* at the Company's Works.

The production of *Centre Buffer Couplers* improved considerably during the year under review and this is reflected in higher payments to the Company's foreign collaborators. These stand at Rs. 6,28,245 as against Rs. 3,84,101 during the year 1962. During the year 1963 the Company received a large order for *Couplers* which is, perhaps, the largest single order for *Steel Castings* ever placed by the Railway Board. The capacity of the Company's plant for the production of *Centre Buffer Couplers* has been further increased and the Directors hope that the Railway Board will continue to make the best utilisation of this capacity.

In its efforts to add new items of production, the Company has been making attempts for some time to interest the Indian Railway Board in the purchased of *Cast Steel Bogies* which consist mainly of *Steel Castings* components and also to secure foreign collaboration for the production of such *Bogies* in the Company's works. These efforts have now met with success. Negotiations for technical collaboration with M/s. Amsted Industries International, Chicago, U.S.A. have been completed and a letter of intent has been signed. The Directors also expect that in the near future an Educational Order will be received by this Company from the Railway Board. The production of *Cast Steel Bogies* will make a tremendous demand upon the technical resources at the Company's disposal; but, it is confident of its ability to successfully execute this developmental work.

The demand for *Steel Castings* continues to be satisfactory and the plant is now fairly well booked. In the last year's report the Directors had referred to the programme for expansion of the capacity and they are glad to report now that substantial steps have been taken during the intervening period in this direction. Land has been purchased at Baruipur, at a distance of about 13 miles from the Company's existing Ballygunge Works and approximately Rs. 20,00,000 have already been spent on the expansion programme. The total capital cost of the programme has been estimated at Rs. 1,07,00,000. To meet this expenditure, an application for a loan of Rs. 70,00,000 has been submitted to The Industrial Credit and Investment Corporation of India Ltd. and this application is being processed now. The balance of the expenditure will be met from internal resources.

Accounts in brief as at 31st December 1963 has since been sold.

Liabilities	Rs.	Assets	Rs.
Capital*	50,00,000	Gross block	1,22,65,591
Reserve and surplus	56,60,485	—Depreciation	82,93,550
Other liabilities	97,46,935	Net block	39,72,041
		Block in progress	1,49,975
		Current assets	1,58,86,912
		Investments	37,660
		Cash	3,60,832
	Rs. 2,04,07,420		Rs. 2,04,07,420

* Paid-up capital consists of 5,00,000 Equity shares of Rs. 10 each. Of the above 2,99,893 Equity shares are allotted as fully paid-up Bonus shares by Capitalisation of Revenue Reserves.

Seebpore Coal Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—Held on 29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of coal	42,77	34,90
Closing stock	29	2,16
Gross profit	5,90	6,69
To Secretaries and Treasurers' commission	35	43
Transfer to depreciation	94	66
" " provision for taxation	2,34	3,35
Net profit	2,27	2,25
Excess provision for taxation written back	Nil	25
Development rebate reserve written back	12	Nil
Appropriations:		
To provision for Super Profits Tax	Nil	70
Transfer to development rebate reserve	52	30
" " capital reserve	Nil	1
" " general reserve	80	75
To dividends (taxable) Preference	26	26
" " " "	80	1,00
	(28 4/7%)	(35 5/7%)
Carry forward	16	16

Extracts from the Directors report: Raisings for the year from the Lower Kajora and Sonachora seems at Lachipur colliery were 1,22,801 tonnes compared with 1,25,503 tonnes in the previous year and despatches totalled 1,28,071 tonnes as against 1,15,817 tonnes. Raisings of Koithi seam coal from the limited area of the Pretoria property continued during the year.

The new winders to which reference was made in last year's report have been received and are being installed at Lachipur colliery.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	6,80,000	Gross block	36,11,289
Reserves and surplus	14,65,000	—Depreciation	22,95,222
Other liabilities	7,63,377	Net block	13,16,067
		Current assets	8,53,494
		Investments	1,40,269
		Cash	5,99,147
	Rs. 29,08,977		Rs. 29,08,977

* Paid-up Capital consists of 4,000—5 per cent (without any deduction of income-tax) cumulative preference shares of Rs. 100 each and 40,000 Ordinary shares of Rs. 10 each—Rs. 7 per share paid-up.

ORISSA CEMENT COMPANY

(*Concluded from page* 31)

oven bricks, forsterite bricks, etc. Efforts continue to be made to achieve further diversification of production as a possible method of meeting to some extent the difficulties arising from overproduction in the industry. While such diversification will doubtless assist the industry, its salvation must lie in controlling its further growth as the bulk of the requirements and hence of the production is for the conventional types of refractories which are already produced.

Refractory industry continues to face the problem of multiple specifications regarding quality, shape and size adopted by the steel plants. The Indian Standard Specifications formulated with the help of steel industries' representatives still remain unaccepted in many cases. We hope Government will take further action to ensure universal adoption of the Indian Standard Specifications for refractories by the steel plants. This would help to restrict unnecessary imports and facilitate the manufacture and supply of refractories to the steel plants at short notice.

Delays continue to be experienced in the disposal of mining lease and prospecting licence applications, although there are indications of some improvement in this direction. I would like to repeat here the suggestion which I had made last year that rules and regulations should be devised whereby the legitimate claims of manufacturers and actual users of certain raw materials which are extremely scarce are recognised and upheld to prevent good properties, while being evaluated, passing into the hands of speculators thereby making it extremely difficult to programme the manufacture of heavy duty products such as refractories on a regular basis.

Before I conclude, I would like to express our appreciation of the services rendered by the officers, staff and workers of the Company during the year.

JAI HIND.

N.B.—*This does not purport to be a report of the proceedings of the General Meeting.*

Notice

JAGATJIT COTTON TEXTILE MILLS LIMITED

NOTICE

THE 17TH ANNUAL GENERAL MEETING of the Shareholders of the Company will be held at the Registered Office of the Company at "Thapar House," 25, Brabourne Road, Calcutta, on Friday the 31st July, 1964 at 3-00 p.m.

AGENDA:

1. To receive and adopt the Directors' report and the audited accounts of the Company for the year ended the 31st January, 1964.
2. To declare dividends on Preference and Equity Shares.
3. To elect Directors in place of those who retire by rotation:
   (*a*) Seth Bhagram Handa, Director of the Company being longest in office, is due to retire and being eligible, offers himself for re-election;
   (*b*) Shri L. M. Thapar is also due to retire being longest in office and as he is an associate of the Managing Agents of the Company, a notice has been received from a shareholder of the Company, proposing his re-election. A special notice as such is hereby given for passing the following resolution with or without modification as a special resolution:

   RESOLVED:

   "That pursuant to Section 261 of the Companies Act, 1956, Shri L. M. Thapar, an associate of the Managing Agents of the Company, be and is hereby re-elected Director of the Company."

   (*c*) Shri J. K. Srivastava also retires, being longest in office, and as he is an associate of the Managing Agents of the Company, a notice has been received from a shareholder of the Company, proposing his re-election. A special notice as such, is hereby given for passing the following resolution with or without modification as a special resolution:

   RESOLVED:

   "That pursuant to Section 261 of the Companies Act, 1956, Shri J. K. Srivastava, an associate of the Managing Agents of the Company, be and is hereby re-elected Director of the Company."
4. To appoint Auditors for the current year and to fix their remuneration. The present auditors, Messrs. S. P. Chopra & Co., retire and are eligible for re-appointment.

Note: (i) The Share Transfer Books of the Company will be closed from the 22nd July, 1964 to 31st July, 1964, both days inclusive.

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

(iii) Explanatory note pursuant to Section 173 of the Companies Act, 1956 in respect of items No. 3(*b*) and (*c*) of the agenda has been sent to all the shareholders along with the notice.

By Order of the Board,
KARAM CHAND THAPAR & BROS.
PRIVATE LTD.,
Managing Agents.

Registered Office:
"THAPAR HOUSE,"
25, BRABOURNE ROAD,
CALCUTTA
The 22nd June, 1964.

The International Monetary Fund has agreed to a drawing by the Government of Morocco equivalent to $13.125 million, to be made half in French francs and half in deutsche mark. This will be the first occasion on which Morocco has used the Fund's resources. A stand-by arrangement for $25 million in November 1959 expired unused a year later.

INDIAN MERCANTILE INSURANCE COMPANY LIMITED

CHAIRMAN, MR. KRISHNARAJ THACKERSEY WANTS REVISION OF INSURANCE ACT

A STRONG plea for fixing the expenditure limits of insurance companies at a reasonable level has been put forward by Mr. Krishnaraj M. D. Thackersey, Chairman of the Indian Mercantile Insurance Company Limited, in his annual statement to shareholders circulated along with the balance-sheet and accounts of the Company for the year ended December 1963. With the ever-rising costs, he declares the Indian Insurance Act of 1950 required a thorough revision, especially the provisions relating to the limitation on expenses of management. He hopes that the Tariff Committee would look into these problems and give relief to the industry. Incidentally, he is satisfied at the manner in which the Life Insurance Corporation is conducting general insurance business as a non-tariff insurer.

The following are extracts from Mr. Krishnaraj M. D. Thackersey's speech:

GENTLEMEN,

Before proceeding and commenting on the year's results and some of the important topics relating to insurance industry, I wish to refer to the shocking news in the event of the sudden death of our beloved Prime Minister, Jawaharlal Nehru who passed away on 27th May. The death by laying its icy hand on Jawaharlal Nehru removed from our midst the maker of modern India, a man of action and a towering personality who held and dominated the Indian scene for last seventeen years at a most critical time in the history of our nation when India needed him most. In his death the nation has suffered an irreparable loss and the void which his death has created is difficult to fill. However, I am sure that the sound common sense of our people will see to it that modern India marches on and occupies its rightful position in the comity of nations by following and dedicating to the ideals of national unity and solidarity which our beloved Prime Minister, Jawaharlal Nehru preached and emphasised in his lifetime. I wish to put on record and you will join with me in expressing our sense of terrible sorrow and profound anguish which has overtaken our nation at this juncture of his death. May his soul rest in peace.

The report, the statement of accounts and the balance sheet for the year 1963 which accompany this statement relate to the Company's operations for the 56th year and they show that the Company has continued to maintain its record of consistent progress.

Non-Tariff Insurer

An important event which will shape the course of insurance industry in India is the decision of the Government authorising Life Insurance Corporation of India to operate and transact General Insurance business from 1st April 1964 as a non-tariff insurer. Though the Life Insurance Corporation is authorised to operate as a non-tariff insurer, I am glad to note that the understanding with which the L.I.C. proposes to operate in the market to avoid rate war and approach and underwrite business at tariff rates will go a long way to stabilise general insurance business. The Tariff Committee and insurers operating in India have extended their support to the L.I.C. in connection with their business, and in turn the L.I.C. has entered into certain re-insurance arrangements with a view to retain as much Indian premium as possible in Indian market. I am confident, given goodwill, friendly spirit and mutual understanding between the L.I.C. and the insurers operating in India to operate in insurance market in India to the mutual advantage of all concerned, it will result in building up a strong base for the insurance industry in the country. I hope that the new Tariff Committee which will be shortly elected will address themselves to a task which will establish close and fuller co-operation between the L.I.C. and other insurers in the country to create a very strong insurance market in the country.

Last year I had referred to the difficulties experienced by the insurance industry as cost of its operations is controlled by the provisions of the Insurance Act, as framed in 1950. It is a matter of common knowledge that since 1950, cost of everything has gone up and it is becoming increasingly difficult for insurers to conduct their operations within the prescribed limits. This difficulty becomes all the more pronounced when the taxing authorities have decided to disallow, and tax excess expenditure over prescribed limits controlling the cost provisions. I hope the new executive committee which is recently elected will, having regard to the reality of the situation, press their way and see that adequate relief is granted which in turn is accepted by the taxing authorities so that the hardships experienced by insurers are avoided.

Accounts

Coming back to accounts, I am glad to inform you that the Company has written a gross premium income of a little over Rs. 56.5 lakhs in the year representing approximately a rise of 10 per cent over previous year. The net premium income of the Company amounts to Rs. 48.90 lakhs as against Rs. 46.52 lakhs in the last year. The underwriting profits amount to Rs. 7.42 lakhs as compared to Rs. 5.36 lakhs in the previous year. This shows a rise of nearly 40 per cent over last year. You will have noticed that your Directors have transferred to the taxation reserve Rs. 5,75,000 and Rs. 5,00,000 to the dividend equalisation reserve. As a result of the year's operations, the funds of the Company have gone up by Rs. 5 lakhs and they now stand at Rs. 77 lakhs.

You know that last year your Company contributed Rs. 21,150 to the National Defence Fund. It was publicly announced by the Government that such contributions will be income-tax-free. Unfortunately, the taxing authorities have decided otherwise. The problem is being pursued earnestly by Indian Insurance Companies Association, and I am quite confident that these contributions made by insurers will be treated in the assessments of insurers as income-tax-free as advised and announced.

Your Directors have resolved not to charge any fees for the transfer or transmission of shares or splitting or consolidating of the share scrips with effect from 1st March 1964, as recommended by the Government of India, Ministry of Finance, Stock Exchange Division.

Your Directors have recommended the dividend at the rate of Rs. 8 per share subject to tax which is 16 per cent amounting to Rs. 3,38,448 and the dividend when approved and paid will be debited to dividend equalisation reserve.

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

CHANDRAPURA THERMAL STATION

The I.G.E. export division of General Electric (U.S.) has been awarded a contract for nearly $3 million to supply a steam turbine-generator complete with accessories to the Damodar Valley Corporation (D.V.C). The 144,500-kilowatt generator will be installed in the Chandrapura Thermal Power Station in Bihar. The order is being financed through the U.S. Agency for International Development. According to the I.G.E.'s manager of electric utility sales, "addition of this unit, the fourth turbine-generator unit of this size which I.G.E. has furnished the Damodar Valley Corporation, will make Chandrapura India's largest thermal power station." One of the three previous units is for use at D.V.C.'s Durgapur thermal power station in Bengal. The other two units which are scheduled to be in operation this year at D.V.C.'s Chandrapura station are presently being installed by the International General Electric Co. (India) Private, Ltd., of Bombay.

EUROPE'S LARGEST "NYLON TANKER"

The nylon tanker, jokingly termed "oil sausage" by its Hamburg builders, is Europe's largest. Unlike some smaller experimental specimens, which were used to transport crude oil from source to refinery, it is to serve as a floating service station. In conjunction with a service-raft, it is to supply ships on the high seas—mainly deep-sea fishing vessels, away from port for prolonged periods—with fuel. The thin, transparent "Flexitainer" (its official name) is 42 metres long, of 3.30 m. diameter, and can carry a total of 300 tons of floating fuel. The Hamburg firm of "Internationale Container-Bau" produced the giant tank by order of the Marine Traffic Department of the West German Federal Ministry of Transport. Our photos show the nylon oil-sausage in the factory, shortly before completion and a technician, giving the finishing touch to the floating tank. It seems to be certain that this inexpensive tanker, pulled to its destinations by a small tug, will have a brilliant future.

OGALE GLASS WORKS LIMITED

CHAIRMAN'S SPEECH AT ANNUAL MEETING

PLEA FOR FAIR RETURN ON CAPITAL

ADDRESSING the Forty-third Annual General Meeting of the Ogale Glass Works Limited, held at Ogalevadi (Maharashtra) on Monday, 15th June 1964, the Chairman of the Company, Mr. Jagannath Maharaj Pandit, made a fervent appeal to the Government to allow medium-scale industries to deduct a sufficient amount from their profits as essential expenditure for paying a fair return on equity capital. Such a step, he hoped, would induce more funds to flow into the corporate sector and enable companies to build up some reserves for development, resulting in better earnings, and consequently, greater revenue to the Government in the form of taxes. He wanted the Federation of Indian Chambers of Commerce and Industry to take up this proposal with the authorities concerned.

The following are extracts from the speech of Mr. Pandit:

GENTLEMEN,

I have great pleasure in welcoming you to this forty-third annual general meeting of the Company.

The year's total production exceeded by about Rs. 19,50,000 over that of the previous year, but the margin of profit did not increase proportionately due to rising costs.

It is now an accepted fact that medium-scale industries earning a modest margin of profit cannot plough back in the industry for its development, any part of their earnings after meeting the ever increasing prices of raw materials and stores, labour charges, levies and taxes, payment of income-tax and finally a small return on the share capital.

A Reasonable Suggestion

I should like to make the following suggestion and request the various trade associations, chambers of commerce and particularly the Federation of Indian Chambers of Commerce and Industry to take this matter up with the Ministry of Finance in the Central Government; this suggestion, in my opinion, is extremely reasonable and indisputable:

"That an amount sufficient to pay a minimum of 6 per cent return on the equity capital of a company be permitted to be deducted as essential expenditure before assessing its profits for income-tax purposes, in the same manner as interest charges on the borrowed capital are permitted to be deducted."

This, I hope, may induce more capital to flow in industrial investment and enable companies to build up some reserves for development, and result in better earnings and consequently increased revenue to the Government in the form of sales tax, excise duties and also income-tax in due course.

Workers' Responsibility

I would like to impress on the workers that they apply their mind and energy to put in better production, minimising breakages and wastages especially during hard times like the present, since their prosperity lies in the prosperity of the industry in which they serve.

I am thankful to the workers, staff and the executives of the Company for the good work turned out during the year under the able guidance of our Managing Agents.

Note: *This extract does not purport to be a report of the proceedings of the General Meeting of the Company.*

BENGAL PAPER MILL COMPANY LIMITED

CHAIRMAN, MR. N. D. BANGUR, ON PROBLEMS OF COSTS AND RAW MATERIALS

PRESENT PRICE STRUCTURE RETARDING GROWTH OF PAPER INDUSTRY

INCREASED costs of production, non-revision of prices and inadequate supply of raw materials were referred to as the major problems facing the paper industry by Mr. N. D. Bangur, Chairman of the Bengal Paper Mill Company Limited, in his speech at the Annual General Meeting of the Company held at Calcutta on 29th June 1964. He was doubtful if the third Plan production target of 700,000 tonnes of paper would be achieved despite the increase in installed capacity. He apprehended that, if the question of prices was not given due consideration, the growth of the paper industry would be retarded. He expressed concern over the reluctance of some States to provide raw materials to industries situated in other States and urged the Central Government to ensure the continuance of the traditional sources of raw materials.

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

GENTLEMEN:

I have great pleasure to welcome you to this annual general meeting of your Company. The Directors' report and audited statement of accounts for the year have been in your hands and, with your permission, I take the same as read.

Before anything, it is my painful duty to refer to the sad and sudden passing away of our beloved leader and Prime Minister, Shri Jawaharlal Nehru, on 27th May 1964. Shri Nehru, the architect of modern India, was a source of strength and security to the teeming millions of the country. He was acclaimed as a world statesman and his name became almost a legend in his own lifetime. There would be no better tribute to the memory of the great champion of liberty and peace than our determined efforts towards fulfilment of his dream of a peaceful, prosperous and united India.

On this occasion I offer my respectful congratulations and best wishes to our new Prime Minister. His unanimous election has been universally acclaimed and I have no doubt that under his wise guidance our country will swiftly march forward to prosperity.

Economic Situation

The signs of vigorous growth which ought to be there in a planned economy are not visible. I would particularly like to invite the kind attention of the Government to the conditions in the capital market. Only two years ago the climate for investment was so healthy that the public, belonging to every level of income group, showed tremendous interest in investing in industrial shares. The new issues were heavily oversubscribed. But the steep increase in taxation has dampened the enthusiasm of the investing public. Little savings are left in the hands of the public and consequently entrepreneurs are finding it increasingly difficult to raise funds barring the financial institutions. Friendly foreign countries have been generous in giving us assistance in various ways but unless the climate for investment in India is made attractive it will not be possible to take full advantage of the foreign aid.

Immediate attention therefore has to be given to measures for reviving the climate for investment so that once again the capital market can become active and investors and entrepreneurs may vie with one another in their efforts to develop the economy. I have no doubt that the Government will give serious thought to the present situation and adopt appropriate measures to give a big push to our economic progress so that the much needed production targets may be achieved. It is therefore essential that a growth-oriented fiscal policy should be followed.

So far efforts made by the Government through L.I.C., Unit Trust and establishment of Development Bank towards reviving the confidence in capital market are appreciated, yet it would have been much better had a liberal atmosphere be created by reviewing personal tax structure which is complicated and high at all levels of income group. I may mention that all personal taxes taken together at a stage even accounts more than total earning of an individual which amounts to expropriation of capital. A liberal revision of personal tax structure will open the way for wider investment out of personal savings from all classes of people throughout the country which, in turn, will give birth to new enterprises in different lines, solve unemployment problem and boost production leading to prosperity in the country. Time has come for mass education through publicity drive by institutions and stock exchanges to educate the urban and rural population to bring home the benefits of more and more investment.

Third Five-year Plan and Price Policy

In the third Five-year Plan the Planning Commission has fixed a target of 7,00,000 tonnes of actual production of paper. At the end of 1963, the production of paper and board was 4,65,000 tonnes with an installed capacity of 5,50,000 tonnes. Taking into account the increased capacity, production in 1965-66 is estimated to be 6,00,000 tonnes, leaving a gap of 1 lakh tonnes between the estimated demand of 7 lakh tonnes and the actual production. To meet this shortfall, the Government recently have invited schemes from all the existing units for increasing production by adjustments and modifications of their machines and installing balancing equipments with the least foreign exchange expenditure and in quickest possible time. Additional installed capacity of 1,20,000 tonnes is expected to materialise by these schemes. If all these schemes are put in commission by 1966, the third Plan target's capacity may be achieved. But, it is doubtful whether the production of 7 lakh tonnes will be achieved, because a part of the installed capacity may not become productive and may be delayed.

The industry has submitted a detailed representation for an upward revision of the prices. The cost of production has gone up due to various reasons beyond the control of the industry. The prices are governed by the provisions of Tariff Commission allowing a meagre 12 per cent return on capital including interest charges, etc. Even this small 12 per cent return on capital employed is not available now, due to the continuous rise in costs. In this situation, if the question of price is not given due consideration, the effect will be a retarded growth of the industry. It is not a happy feature that an increase in the selling prices of end-products should become possible only after a long-drawn process. I am of the view that price increase should be automatic and it should not be difficult to evolve a formula in terms of which paper prices could be revised as soon as costs of production tend to vary beyond agreed limits. As matters stand, the representations now pending before the Government for price increase have already become outdated because there have since been further substantial increases and it is hoped that Government will give due consideration to the matter of price increase at an early date.

Raw Materials

There has been no improvement in the difficult situation faced by the industry in respect of its requirements of raw materials. It is being found that some of the States favour local development of industries and are reluctant to continue giving raw materials to industries situated in other States. When industries have been set up banking on the availability of raw materials from neighbouring States, the above trend is causing serious anxiety in the minds of entrepreneurs. The Central Government should immediately consider this matter and formulate a policy by which traditional sources of raw materials to the industries are not disturbed.

By recent research, it has been found that hardwood could also be utilised as a substitute raw material in India and I am glad to inform you that your mill is using a considerable quantity of hardwood by mixing with bamboo and other conventional raw materials. In this view, so far as your Company is concerned, the raw material position is assured.

In my last year's speech I had referred to the necessity on the part of the Government of West Bengal to allocate sufficient waste lands to the paper industry for development of plantation. We have found that eucalyptus can be grown in the district of Midnapore and if proper arrangements for supply of manure and nurseries are made, eucalyptus can be grown in a shorter time than what bamboo normally takes and it will be another raw material for the industry. I will therefore again appeal to the West Bengal Government to take an early decision.

Some time ago the Development Council for Paper, Pulp and Allied Industries recommended to the State Governments to grant long-term leases of forests to the paper mills and a specific basis for determination of royalty was suggested. I am not aware of any State having considered and adopted this basis.

The present allotment of foreign exchange for import of wires, felts and spares hardly makes it possible for the mills to meet emergencies and quite often mills have to resort to air-freighting. If the paper industry has to produce to the maximum extent of installed capacity, it is of utmost importance that the mills are allowed to build buffer stock of consumable stores. I would therefore urge that a liberal policy is followed in the matter of releasing foreign exchange to the mills for import of these materials.

Considerable difficulties are still being experienced by the industry in getting at reasonable prices its full requirement of chemicals. The prices of chemicals have gone up and the paper industry finds it difficult to meet with the fixed selling prices of paper.

Sales

Since the commissioning of the multi-stage bleaching plant, the shade of our paper has improved and is being liked by the consumers. It is the constant endeavour of the mill to improve the quality of the paper and also to go in for manufacture of special qualities such as, the paper for Formica and Melamines, wrapping paper for photo films, etc. for industrial use, the demands of which in the country are being met by imports. We urge the Government to gradually restrict the import of these qualities to provide an incentive to indigenous industry and save foreign exchange most needed by the country.

We have supplied to one of our customers cable insulating paper manufactured from imported pulp and thus have seen that we can produce this quality provided the import of the required type of wood pulp is allowed. We feel it will be in the interest of the country if import of pulp is allowed to us for manufacture of such qualities of paper rather than to allow their import. The Government have been approached for this purpose and we hope they will take a realistic view of the position. We do not feel any justification of the installation of new units to produce such qualities when the existing units have adequate equipment and experience for their production.

I welcome the concession granted in the excise duty to the new units as well as to the mills which have expanded their existing capacities by installing new machines since 1st March 1964. The Joint Committee of the Paper Industry immediately represented the case to the Government that other new units and expanded units which have already come into production before 1st March 1964 should also be entitled to such concession. On this representation, the Government has agreed to grant the concession on excise duty to the new units which came into production between 1st April 1961 and 1st March 1964. The Government has not considered the case of those units which have expanded their capacities during this period and a further representation has already been made to clarify this position and I hope the Government will take due cognisance and allow the same concession to those units. After all they have also incurred heavy expenditure on installation of new machines like the new units and there seems to be no justification to deny this concession to the units expanded after 1st April 1961.

The production and the gross profit during the year were 22,567 tonnes and Rs. 64,75,025 compared to 21,588 tonnes and Rs. 60,02,630 dur-

(*Continued on page 43*)

SELECTED SATGRAM COLLIERIES LIMITED

ENGINEERING WORKS PROPOSED TO BE SET UP

SPEECH OF CHAIRMAN, MR. S. D SHETHIA

ADDRESSING the Nineteenth Annual General Meeting of the Selected Satgram Collieries Ltd., held at Calcutta on Monday, 29th June 1964, Mr. S. D. Shethia, Chairman of the Company, revealed that the Company had decided to set up an engineering works with foreign collaboration with a view to diversifying its activities. This new venture, he said, would not only stabilise the Company but also help maintain an adequate return on capital. He pointed out that, by catering to the consumers' needs even at a slightly higher cost, considerable benefit would accrue to the firm. Referring to the problems of the coal industry in general, he stated that the two "musts" requiring immediate attention were neutralisation of the higher cost of non-coking coal of certain grades and grant of depletion allowance to the industry. These, he added, were necessary to maintain the tempo of production.

The following is the full text of Mr. S. D. Shethia's speech:

LADIES AND GENTLEMEN,

With sad heart, I must refer to the calamity that has befallen our country. In losing our late beloved Prime Minister, Pandit Jawaharlal Nehru, we have not only suffered an irreparable loss, but has also seen the change of an era under the dynamic leadership of such a great man whose sincere and devoted missionary service to all of us, his countrymen, has immortalised him in our minds as well as in the eyes of the citizens of the world. May I urge you kindly to stand in silence for two minutes as a mark of respect towards him and pray for eternal peace for the departed soul.

It is now meet and proper that we all resolve to stand together in response to the timely call of our President and the new Prime Minister, Shri Lal Bahadurji, who shoulder very great responsibilities of building our country at such a difficult time.

I have great pleasure in welcoming you all to the nineteenth general meeting of the Company and address you after a lapse of nearly two years. Last year, as you will remember, we were prevented from meeting in this manner by Rule No. 52 of the Defence of India Rules which were promulgated in the wake of national emergency arising out of naked and unprovoked aggression from Red China.

New Directors

I have the pleasure in welcoming two new members to your Board of Directors. Shri Prabhakar L. Kirloskar, who belongs to the well-known firm of Kirloskars, a progressive industrial group of Western India, and Shri Bharat S. Shethia, ex-officio Director from the Managing Agents, who has, after joining in 1956 and having been assigned the responsibilities of our producing units, now gained necessary experience.

While recording with regret the resignation of one of your Directors, Shri C. M. Dave, on eve of his retirement, as he desired, I take this opportunity in appreciating on your behalf his services to the Company and wishing him peaceful retirement from hectic activities the present times demand.

With your permission, I am taking as read the audited statement of accounts and the Directors' report for the year ended 31st December, 1963 which have been with you for quite sometime. The accounts for the year ended 31st December, 1962 were circulated to you upon removal of the restrictions of the Defence of India Rules.

Performance

Since we last met, by the grace of the Almighty, raisings during 1962 increased by 1,81,986 tonnes over the figure of 1961 and during 1963 by 98,100 tonnes over 1962; despatches have also shown improvement specially in 1963 and our collieries are holding a stock of 10,459 tonnes against 20,046 tonnes at the end of 1962 (mere 19 per cent of our monthly production). This has been mainly due to the efficient sales organisation of the Managing Agents and their associates who have helped us in the disposal without charging us anything in this respect despite the present market conditions.

In terms of money, our turnover has increased by Rs. 22,68,322 to Rs. 86,97,953 or 35 per cent excluding Rs. 27,38,654 of New Majri Colliery which was worked by us until beginning of the last year as raising contractor and had earned the net remuneration of Rs. 1,55,949. The net remuneration from the raising contract of South Joyramdanga Colliery came down by Rs. 1,88,784 to Rs. 1,15,656 due to the depillaring operation that was delayed owing to withholding of the permission by the authorities concerned and on account of other unforeseen payments. The operating profit of your concern has increased from Rs. 10,22,449 to Rs. 16,41,804 despite the increase in cost of production in respect of the expenses of statutory and various other nature, incidence of installation of substantial expansion, interest charges, emergency risk insurance, steep increase in the rates of premia for workmen's compensation and substantial increase in the prices of essential materials required by the coal industry. The profits also include Rs. 1,17,449 received from the Managing Agents and their associates.

You will have noticed that despite the increase in the profits, the provision for taxation has not increased proportionately. This is on account of applicability of Section 84 of Income Tax Act of 1961 to the unit New Majri Colliery. Thus, after provision of various statutory and necessary reserves amounting to nearly Rs. 9,02,600, your Directors have recommended maintenance of dividend at the same rate as that of last year, viz. Rs. 10 per share. Considering the tax holiday, this share gives in your hands a net yield of Rs. 7.02 per cent on the existing prices as against 5.60 per cent last year.

Reserves

The reserves of your Company have increased from Rs. 8,70,685 to Rs. 16,17,485 which is about 40 per cent of the capital. The policy of husbanding a bigger proportion to the reserves has been on various matured considerations, principal amongst them is consideration of the effect of new 'Sur' tax upon your Company, when the substantial medium-term loan would be paid off. Today, the net worth of your shares is Rs. 140 as compared to its latest market value of Rs. 114 as against Rs. 121 and about Rs. 125 (on an average) last year.

The construction and development of housing and dispensary facilities at all of your collieries have maintained a satisfactory trend. At New Satgram Colliery, the Central Hospital provides for extra medical facilities in the shape of twelve-beds unit with an air-conditioned operation threatre. This is being extended during the current year. The progress of the labour housing at New Majri Colliery has been little or none owing to the fact that according to the Housing Board regulations, this facility is available to the units which can demise their land for forty years with enough scope for the mines working upto that time. Though the reserves of New Majri Colliery are adequate, the lease of the colliery would expire in 1973, and the Board is not inclined to give assistance to your Company in this respect. An application, however, has been earlier made to the Government of Maharashtra, who had been realistic and encouraging in the past, for remedial measure by renewing the leases of this unit for a further period of thirty years as available under the Mineral Concession Rules 1960.

Recreational facilities in the form of games, sports, cinema show have been available to all the staff and workers even of the new units and the co-operative societies are functioning satisfactorily as lending institutions.

Safety-consciousness

During the Safety Week celebration, the programme which has been rightly sponsored with great emphasis by the Chief Inspector of Mines for successful measure for increasing safety-consciousness amongst the workers, you will be pleased to know that your New Majri Colliery stood first in the Chanda Coalfield and New Satgram Colliery has ranked amongst the top ones.

Though progress in other spheres have been at a satisfactory level, there has been little or no progress in acquisition of the surface land through the Government, though a provision has been inserted by the Land Acquisition Act for easier acquisition of the necessary land for industries for public purpose and belonging to the public limited corporation.

Labour-management relation has continued at the same satisfactory level as before.

Coal Industry

Never before has the coal industry passed through such an utter chaotic state. Only in my last address to you, I had mentioned about exhorting urgent call of honourable Union Minister, then in charge of Mines and Fuel, to increase the production and meet the ever-increasing demand for coal in the country. The industry in response had geared all its energies and resources and put them to realisation of the objective with the help of the Central Government including getting of Rs. 16.7 crores of foreign exchange from the World Bank for the import of necessary machineries. As a result of all-round efforts accelerated by the urgency stressed during national emergency, the production of this vital commodity of fuel came up. In the normal circumstances, such strenuous efforts, so much of risk taken, such a lot of huge investment put and the resulting increase would at least warrant a pat on the back. In this particular case, however, a very queer phenomenon was observed when for the year ended 31st March 1963 the output of coal was about 64 million tonnes, the demand all of a sudden slumped. The present chaotic state of affairs in coal industry has perhaps aptly been described as follows:

"That over every corner of our coal economy overhangs the dismal cloud of confusion and doubt and that every solution of our difficulty turns sour in the end and that our remedies themselves require a cure."

For this quandary, who is to be blamed? This is a very difficult question to answer. There have been several factors which have contributed to it. To mention a few overestimation of demands, slow speed of industrial growth created, amongst others, by the Chinese aggression, the Government policy in subsidising the furnace oil and thus encouraging several industries in Western and Southern India to use oil instead of coal, improvement in coal transport, etc.

Remedial Measures

It would not be easy to offer a ready-made solution for this is a very complex problem. One thing, however, is very necessary and that is a careful searching and realistic enquiry at a very high level to determine the root cause of the present state. Then the short-term, the medium-term and the long-term remedial

Notice

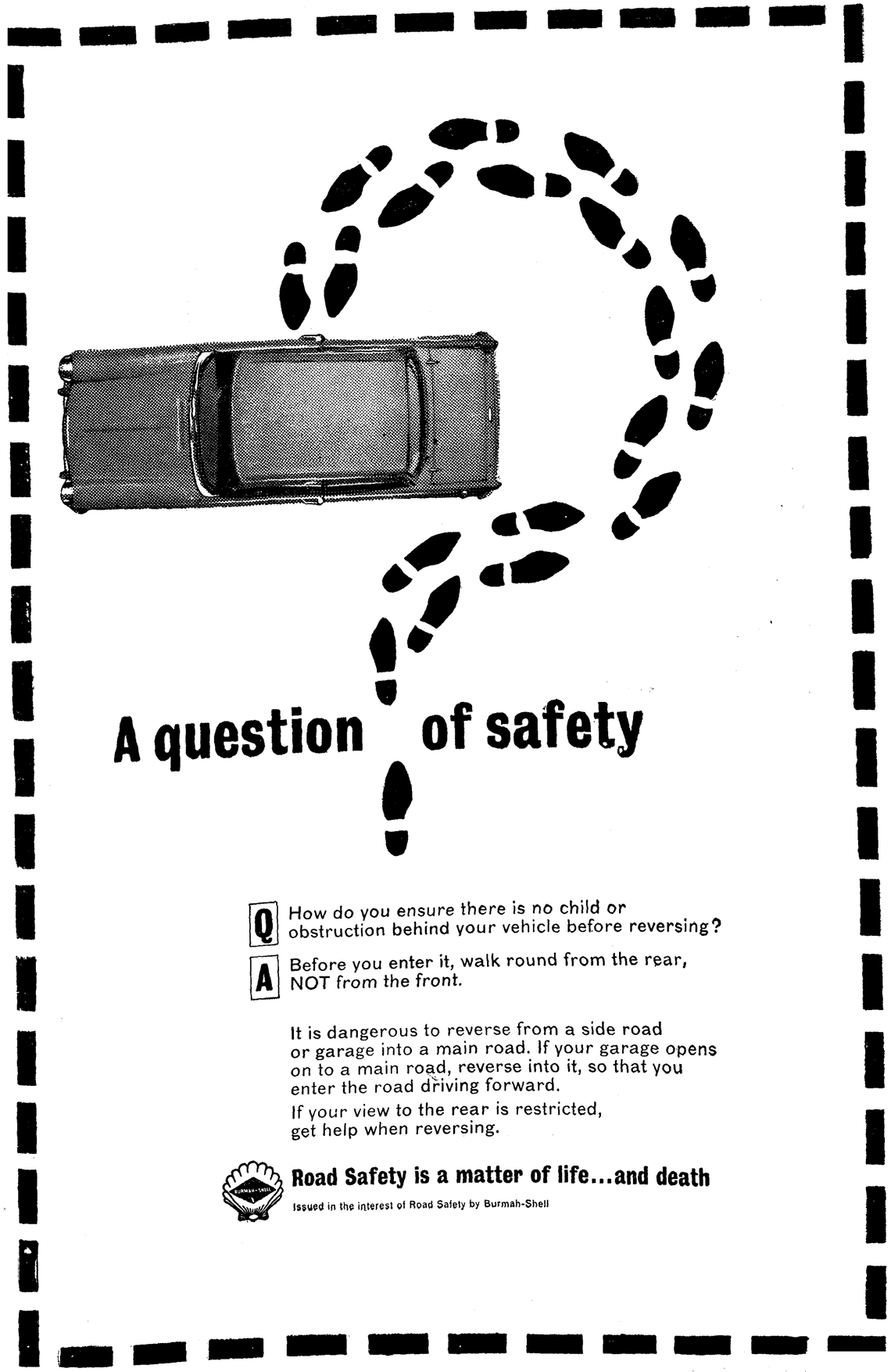
THE INDIAN IRON AND STEEL COMPANY LIMITED

NOTICE

THE ORDINARY SHARE REGISTER AND Transfer Books of the Company will be closed from Saturday, the 1st August, 1964 to Saturday, the 22nd August, 1964, both days inclusive, for the purpose of payment in due course of dividend on Ordinary Shares in the Company for the year ended 31st March, 1964. The dividend when declared will be paid to those Shareholders whose names appear on the Company's Register of Members for Ordinary Shares on the 22nd August, 1964 or to their mandatees.

By Order of the Board,
MARTIN BURN LIMITED,
F. G. LIVERSEDGE,
Managing Director,
Managing Agents.

Registered Office:
12, MISSION ROW,
CALCUTTA-1,
23rd June, 1964.



measures would have to be found out so that a consistent and steady policy could be adopted; not only for proper and continued development of the industry which is in *core of our Plans*, but also of supply of proper quality coal that the consuming industries require, at the same time not wasting our good coal for which our resources are very limited. This would need careful striking of the balance between the two, so as to avoid shortage of this essential raw material in future.

While on this, I cannot but mention a few bold measures taken by the Honourable Shri Subrahmaniam, the Union Minister in-charge of this portfolio till recently. Increase of selective grade of coking and non-coking coal, decontrol of the movement of the lower grades of coal, pegging of the output of some of the metallurgical coal which would be badly required for our future progress and whose reserves are very meagre, and persuading the Finance Minister to include coal in the list of essential industries, as a result of which the companies mining coal would have to bear lesser tax incidence and would be able to ploughback more to their resources. What results these measures would bring is very difficult to say at this premature stage when there is so much confusion about demand of coal. Two points in my opinion need immediate attention.

The neutralisation of the higher cost of non-coking coal of grade I variety in Bengal and Bihar area and of grades I and II in the outlying coalfields, on the same basis as other selective coals is not only in the interests of equity and justice but also a definite *must*, to maintain the tempo and effectively use our valuable foreign exchange. These have been the coals, the production of which was thoroughly scrutinised by the high level Technical and Finance Sub-Committees constituted by the representatives of the World Bank, the Government and the industry. Secondly, the granting to coal industry depletion allowance in respect of its wasting assets. This point has been raised from time to time with great emphasis, having got the precedent in case of oil industry, and it is high time this realistic help is given to the industry.

While requesting the Government to help the coal industry to full measures, I do not wish to brush aside the main question that faces your Company in particular and the industry in general. Catering to the exact requirement of the consumer and giving him satisfactory and dependable service even at a slightly higher cost would help us considerably in the disposal of our product and your Company is making every feasible endeavour to fulfil these needs.

Fiscal Policy

The Union Budget for 1964-65 has brought a new ebb to the hopes and expectations of an individual investor as has been reflected by the crisis in the investment markets. The market expectations were raised by the realistically balanced speech of the Union Finance Minister in Parliament which have not been realised as the implications of the Budget became clear. There were also major changes in respect of taxation policies and some of the measures which had earlier been discarded were adopted, whereas some measures which were adopted were discarded. The stability of the taxation policies cannot be gainsaid. The need for bringing about confidence in the mind of the common man and the investor by adopting proper policies on the long-term loans which would improve the investment climate, and channelise the savings in the industry require complete reorientation of the fiscal measures, and it is not too late even now to realise the importance of building psychological confidence by giving adequate net return to an individual, to his present savings and in respect of what he can transfer to his first line of successor by not squeezing every bit from his estate. How, otherwise, can the industrial production go up?

Bonus Commission

The report submitted by the Bonus Commission, it has been strongly felt by the coal industry, would only tend to bring about the state of industrial unrest and utter confusion in this labour-intensive and more difficult industry, where the absenteeism is more than anywhere else. Why no emphasis could be put on proper attendance, on adequate return to the capital in this highly risky industry, adequate provision of the rehabilitation reserve in this wasting industry, and realisation of the fact that adoption of the majority report of the Bonus Commission would necessitate increase in the price of coal to adequately neutralising the high resultant cost is beyond me. All I can say is that present attendance bonus is more than adequate in this primary industry. From my recent experience in Japan, I can reiterate this with more emphasis, having heard the Japanese Prime Minister strongly objecting on the incidence of increasing labour bill on prices.

Diversification

In the present stage of the coal industry the old adage "not putting all the eggs in one basket" is realised more than ever before and I feel that your Directors' recent decision to develop your Company by diversification is perhaps the correct answer to the primary call of the present time.

Your Directors have decided to intensify the activities of the Company in the direction of setting an engineering works with proper foreign collaboration and I hope that this change in the weightage and the Company's decision would not only stabilise the Company, but also maintain the adequate return on capital for future too.

Prospects

The question has frequently been posed before us; what all these expansion means to a shareholder? how is an ordinary shareholder benefited? I shall endeavour to answer this question in the context of present stage of development of socio-politico economy of ours. You will have seen that intrinsic value of your share has been increasing. Even a cursory glance at your balance-sheet would convince you of this *prima facie* position. When your Directors made the valuation of the properties belonging to your Company at New Satgram Colliery, an increase of about 129 per cent was observed. Therefore, there can be no doubt that with the development of our economy, your Company's keeping pace will not only have stability that we expect, fair return for future, but also the satisfaction of having contributed our mite to the growth of the country which is all-important call before every patriot in the country.

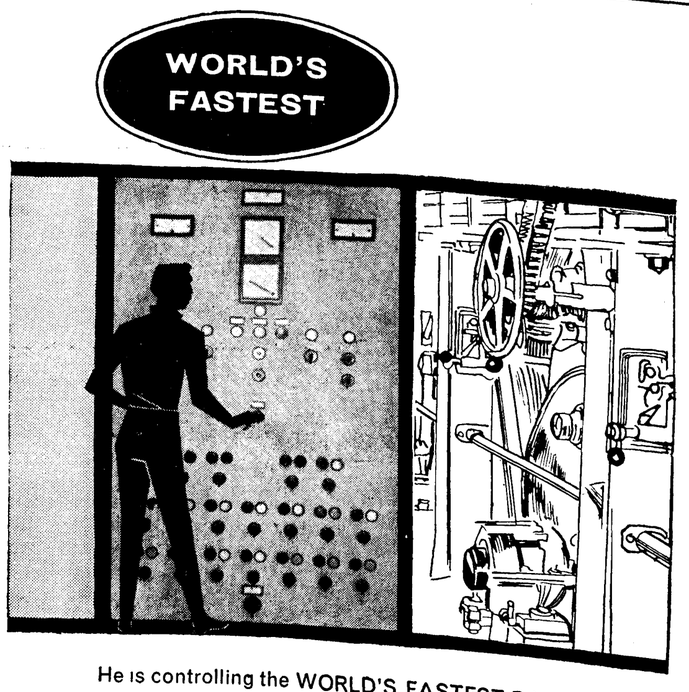
To keep pace with the developing nature of your collieries' activities we have been consciously making efforts to suitably train the personnel that man and head its various operations. We have sent our senior and junior staff to the courses, seminars and lectures from time to time which impart necessary training in the fields of finance administration, sales, safety and human development.

Before I conclude, it would not be out of place for me to place on record our sincere appreciation to workers and staff of your Company headed by Shri J. Singh, General Manager of the Collieries and his team, other senior officers, for their making sincere endeavours to keep pace with the ever-increasing needs of our growing concern in exercising various controls. I have faith that they would continue this relentlessly in the coming difficult time. The efforts of your Managing Agents not only in helping proper and timely disposal of your product at such a critical time but also meeting vital financial needs of your Company from time to time needs a laudable mention. It is but meet and proper that your Directors have recommended the renewal of your Managing Agents' agreement, and we do hope that the Central Government will unhesitatingly sanction it after your approval. In return of their singular service, I do take it, I have your approval in congratulating them as a member of Shethia Group for having completed fifty years of their satisfactory and dependable service to customers.

In conclusion, on your behalf and mine, I express our sincere gratitude to members of the Board of Directors who have continued to give their able and mature guidance so spontaneously; we do count a lot upon their continued co-operation in future.

With your permission now, I propose that the report of the Directors and the audited statement of accounts for the year ended 31st December 1963 be hereby approved and adopted.

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



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TREND OF MARKETS

MONEY DISTINCTLY EASY

(From Our Own Correspondent)

BOMBAY, 1st *July*

The short-term money market ruled distinctly easy during the week under review. Demand for funds was rather limited, while the available supply was plentiful. Borrowers, therefore, found no difficulty at all in obtaining their requirements. Inter-bank call rate for both renewals and fresh money stood at 2¼ per cent, as against 2½ per cent a week before. Calcutta, too, reported distinctly easy conditions, renewals being quoted at 1⅞ per cent and fresh money at 2 per cent; last week, both were standing at 2¼ per cent.

Thanks to the prevailing highly comfortable conditions, the 91-day Government of India Treasury Bills continued to elicit excellent response. The total amount (Rs. 4.50 crores) offered against Bills, the tenders for which opened on Monday, 29th June, was more than double the amount (Rs. 2 crores) invited and accepted. The average rate of accepted tenders declined slightly from Rs. 2.995 per cent per annum to Rs. 2.994 per cent. The Intermediate Treasury Bills also evoked very good support, though the amount of Bills actually sold from 24th to 27th June was less at Rs. 7.60 crores, as against Rs. 13.32 crores a week before.

India's foreign exchange reserves fell by a further Rs. 4.24 crores to Rs. 96.61 crores during the week ended 26th June, bringing the total decline since 22nd May to Rs. 19.98 crores. A part of this decline is apparently due to the second instalment ($25 million) of repayment of the I.M.F. credit of $250 million drawn from the Fund on 1st August 1961. In a Press note issued yesterday, the Government of India announced that it had arranged to refund to the Fund a sum of $25 million. The first instalment was repaid on 20th February last. The whole of the remaining balance will have to be repaid in suitable instalments before the end of July 1966. The fall of Rs. 4.24 crores in reserves in the aforesaid week was mostly in the foreign securities held in the Issue Department of the Reserve Bank which declined by Rs. 4.00 crores to Rs. 89.46 crores. Balances held abroad were lower by Rs. 23.61 lakhs at Rs. 7.15 crores. Loans and advances to scheduled banks decreased by Rs. 2.88 crores to Rs. 1.14 crore, while deposits of these banks with the Reserve Bank improved by Rs. 8.46 crores to Rs. 97.67 crores. Notes in circulation moved down again by Rs. 33.15 crores to Rs. 2,484.12 crores.

The total credit made available by scheduled banks to their clients fell by a further Rs. 23.56 crores to Rs. 1,785.38 crores during the week ended 19th June. Since, at the same time, their deposits went up by Rs. 26.83 crores to Rs. 2,536.32 crores, borrowings from the Reserve Bank receded by Rs. 13.79 crores to Rs. 4.58 crores, including Rs. 2.63 crores (a drop of Rs. 2.90 crores) obtained against usance bills. Investments spurted by Rs. 13.61 crores to Rs. 633.46 crores, while total cash was lower by Rs. 1.70 crore at Rs. 148.87 crores.

As a prelude to the ensuing flotation of Central Government loans, the Reserve Bank of India has suspended all its open market operations in Government securities with effect from 29th June. The Bank was hitherto selling 4 per cent 1970 at Rs. 99 and 4½ per cent 1989 at par and buying 3½ per cent 1965 at Rs. 99.85 and 3½ per cent 1966 at Rs. 99.65. Details of the loan announcement which is expected any day were being awaited with great interest. Meanwhile, the Gilt-edged market was marking time. Business put through was limited, with practically no change in quotations for both Central and State loans.

In the foreign exchange market, the banks' selling and buying rates for U.S. dollars improved by a further 25 nP to Rs. 479.50 and Rs. 476.00 per $100, respectively. In New York, the pound sterling eased *vis-a-vis* the dollar, the spot rate declining by 0.160 cent to 279.190-279.220 cents and the three months' forward by 0.150 cent to 278.820-278.850 cents.

GOLD EASY, SILVER STEADY

(From Our Own Correspondent)

BOMBAY, 1st *July*

Gold suffered a setback in value during the week under review, while silver was steady, though it staged a retreat today. The setback in gold followed selling pressure from some parties, especially those who had bought heavily last week. Reports of low offtake due to the rainy season also acted as a danger. Silver met with good support during the major part of the week, thanks to fears of an acute shortage of supplies developing in future. Consequently, values moved up. The rising tendency was halted yesterday when the metal encountered selling and drifted downward. Over the week it was a shade better.

Fourteen-carat gold began the week at Rs. 71 as against the previous close of Rs. 71.50, and declined steadily to close at Rs. 68.25 today. Sovereign was dull at Rs. 92. Pure gold, in unofficial trading, which had shot up from Rs. 118 to Rs. 129 per 10 grams last week came down to Rs. 121 this week.

Silver moved up from Rs. 247.50 to Rs. 251, but receded thereafter, and touched Rs. 248 today. The daily average arrivals of silver was around 22 bars, as against 25 bars last week, while offtake remained unchanged at 10 bars.

The international price for gold at the London market was a shade lower at $35.07¼ per fine ounce. The sterling price, however, was marked slightly up by 2½*d.* at 251*s.* 3½*d.* Both ready and forward silver remained unchanged at 111⅜*d.* and 111⅝*d.* respectively, as also silver in New York at 129.3 cents.

The Government has introduced one simple new form of accounts for the gold dealers and refiners to submit their returns, following their representations to the authorities about the existing cumbersome procedure. Under the Gold Control Rules, they have to submit every month three sets of accounts regarding receipt, issue and stock of gold. In addition, they are to maintain an entry book, a manufacture register and a stock account in the prescribed forms. Though the revised form is to come into effect from today, the dealers and refineries are allowed to make necessary arrangements to introduce them before 1st September.

The following table shows the trend of prices during the week under review:

	1-7-1964 (closing)	High	Low	24-6-64 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (996 fine) ..	248.00	251.00	247.00	247.50
GOLD				
Ready (14-carat) ..	68.25	71.25	68.25	71.50
Sovereign	92.00*	—	—	92.00*
London—				
Gold ..	251*s.*3½*d.*	251*s.*3½*d.*	251*s.*1½*d.*	251*s.* 1½*d.*
Silver Ready ..	111⅜*d.*	—	—	111⅜*d.*
Silver Forward ..	111⅝*d.*	—	—	111⅝*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

COTTON FUTURES FINISH LOWER

(From Our Own Correspondent)

BOMBAY, 1st *July*

Cotton futures, which ruled distinctly firm during the earlier part of the week, developed a sagging tendency yesterday and the downward trend continued even today. The firmness in the initial sessions was engendered by bear-covering on a large scale. There was also speculative buying by some upcountry operators. Active mill demand, scarcity of good quality cotton and encouraging advices from other markets, too, imparted strength. Consequently, prices moved up. The upward trend was, however, halted yesterday following reports of beneficial rains in several cotton tracts, besides profit-taking at higher levels. A large part of the earlier gains was erased. Even so, the closing rates today were higher than those at the end of last week.

The Jarilla August contract which closed at Rs. 736 last week maintained a firm upward trend during the first four days of the week and touched a new high of Rs. 743.75 on Monday (29th June). Thereafter, the contract drifted downward and closed at Rs. 739. The net gain over the week was Rs. 3.

The spot market at Sewri was quite active. The supply of cotton available was inadequate to meet spinners demand in a number of cases. Interest was shown by needy mills in varieties like L.147, 197-3, Digvijay and Co2, American and Khandesh.

It is reported that the indigenous production of cotton in the current (1963-64) season will be a record one exceeding 6.0 million bales. The cotton season is said to be quite satisfactory in Rajasthan, Maharashtra and Madhya Pradesh. Sea Island cotton seems to be a crop which holds promise for the eastern parts of Palghat District. The extension work of the Sea Island Development staff in Palghat has borne fruit. In 1963-64, the total area under the crop was 750 acres as against 250 in the previous season.

The following are the latest quotations for some of the popular varieties:—

Uklana Rs. 727 K; Chopda Rs. 1,090; Karanpur Rs. 800 K; Podampur Rs. 777 K; Shrirampur Co2 Rs. 1,731; Nagar Co2 Rs. 1,730; Jalgaon Rs. 1,130; Nandgaon Rs. 1,025.

In the foreign section, it was hoped that the export duty on Bengal *Deshi* would be removed to enable the domestic trade to meet Pakistani competition. The Cotton Textile Consultative Board, which is scheduled to meet on the 7th inst. is expected to consider this question. Interest continued to be shown in Egyptian cotton, but, pending the renewal of the Indo-Egyptian Trade Agreement, trade in this variety has almost come to a standstill. Great hopes are attached to the visit of a 14-man trade delegation from the U.A.R., as it is expected that the trade agreement between India and that country will be renewed. Stray mill interest was reported in the American, Sudan and African varieties.

TURNOVER IN PEPPER THIN

(Messrs. Parekh and Co.)

BOMBAY, 1st *July*

Malabar black pepper during the week ruled steady but quiet with thin turnover in both ready and forward. America is totally out of picture with chances remote for is coming in the Indian market. Recent improvement in London is likely to bring about some inquiries from rupee payment countries in the near future. Almost all East European countries have now become price-conscious. As a consequence, they generally base their buying price on the parity of London prices. When London market is weak, they in all instances sit on the fence, even though they continue to send feelers for judging the pulse of the market.

After the failure of Tokyo conference, Singapore suffered from war-psychosis and, as a consequence, market there improved, under pressure of short covering. Black pepper improved to $(M) 115 from $(M) 107½ and white from $(M) 135 to $(M) 142½. London rallied from 32*d.* to 34½*d.* for white and from 24*d.* to 26½*d.* for black. New York spot ruled quiet at $0.31½ with minor changes under pressure of heavy arrivals with grinders sidelining.

Ungarbled at Cochin ruled at Rs. 336 throughout the week without inquiries to test the market. Garbled moved round about Rs. 348. *Jeth* delivery in Bombay went off the board at Rs. 368. *Shravan*, after touching the highest at Rs. 382, came down to Rs. 370 before improving to Rs. 375. *Badrapad* is quoted at a premium of Rs. 6.

July delivery at Cochin came down to Rs. 358 from Rs. 365 with business very very small.

The future of pepper is uncertain and is likely to take shape according to the selling policy of Indonesia. There are reports current in the market that the next crop of Malabar will be smaller and that the arrival of the new crop will be delayed. But it is too early to forecast the size of the crop and it is nothing but foolhardy to believe in such report at this time of the season.

Ready black pepper in the local market is quoted at Rs. 184 per 50 kgs.

CASTOR FUTURES AT A STANDSTILL

(From Our Own Correspondent)

BOMBAY, 1st *July*

The Board of the Bombay Oilseeds and Oil Exchange, with the consent of the Forward Markets Commission, announced this week that the maximum permissible level to which the September contract could rise was Rs. 181.50. This announcement brought trading to a temporary standstill, but, in the evening's unofficial dealings, the contract was quoted at Rs. 182.25, though it declined subsequently to Rs. 181.62. Since then the contract has been quoting just under the ceiling and there is no reason to believe that it is going to suffer any sizable reaction. In fact, the earlier ceiling for the September contract was Rs. 186 and, as the lower ceiling holds good only until the end of August, bulls interpreted that the contract would naturally come to its own after the time limit was over. Bears, too, should have thought likewise, for they came to cover their position on fears that they might incur further losses. The point is that the spot market in castor is very strong, with Madras quality quoted at Rs. 36.75 and Kanpur bold at Rs. 35.62. Oil Commercial ready and B.S.S. are also firm at Rs. 15.35 and Rs. 15.80, respectively. Export business in castor oil has been satisfactory. About 2,000 to 3,000 tonnes were said to have been transacted this week. Business was accounted for mainly by the communist bloc with Russia and East Germany being conspicuous among them. Export houses were, therefore, active buyers, while sellers in spot were inclined to keep away from the market.

There are some in the market who feel that the current levels of castor are much lower than they ought to be. Today castor fetches just half the price of groundnut. It is argued that, as the yield of oilseeds per acre is only two-fifths that of wheat or any other foodgrain for that matter, the former should normally be quoting at two-and-a-half times the latter, in order to make it remunerative for the farmer to grow more oilseeds. For example, Sharbati wheat is quoted today at Rs. 130 per quintal which works out to about Rs. 330 per candy. Castor should be quoting at Rs. 330, too, but it cannot be traded at more than Rs. 181.50. This argument looks quite sound, but it is a moot point whether the Forward Markets Commission will let castor seek a level of Rs. 330.

Castor June went off the board during the week at Rs. 178 plus a penalty of Rs. 5. Delivery orders for 1,575 tonnes were issued.

Linseeds June, too, ran out during the week at Rs. 42,75 and no delivery orders were issued. However, activity in linseeds was at a low ebb, although the market in both seeds and oil was firm. The September contract continued to be quoted at Rs. 44.75 which was just below the ceiling. The trend in linseeds was induced mainly by the general firmness of the market. Otherwise, nothing worthwhile happened during the week in this section.

Activity in the groundnuts section was moderate, but, here again, the trend continued to be firm. The supply position was tight and, consequently, the spot market was bid up to fresh high levels with Madras quality touching Rs. 64.25 per 50 kg. and Khandesh Rs. 64.50. Spot groundnut oil touched an all-time high of Rs. 24.85 and ex-mill Rs. 25.25.

United Kingdom advices were favourable and, although the market in London had at one time been marked down to £119, it improved again to £121. As mentioned in this column last week, at present, India has very little of groundnut oil to offer on the world market, but, with the demand being what it is, one can expect the prices to be maintained at the present high levels. Burma is mentioned as a keen buyer.

The most active counter during the week under review was groundnut extractions which touched a new high of Rs. 430 per ton. Market men were calling this an all-time high, but it now appears that no level is an all-time high one, as one cannot say with the slightest measure of certainty that the market will not seek a yet higher level.

In keeping with the trend in extractions, expellers touched a peak of Rs. 507 per tonne. It was said that East Germany bought about 12,000 tonnes for July and that the price paid by it ranged between Rs. 432 and Rs. 438 per tonne f.o.b. However, reports of beneficial weather induced unloading by bulls, with the result that extractions eased to Rs. 420 and expellers to Rs. 500. But the undertone of the market remained firm with extractions ready meal quoted at Rs. 428 and expellers ready at Rs. 504 on Wednesday.

In London, groundnut extractions advanced to £38-15 for June-July, £38-10 for August, £38 for August-December and £37-10 for November-

January. But it must be pointed out here that, at higher levels, there were more sellers than buyers.

Coming back to castor, the Board of the Bombay Oilseeds Exchange has decided to postpone the weekly clearing until its meeting convened for tomorrow. The steps taken by the Board are supposed to give a chance to bears to cover their positions. The Board will, however, review the situation as and when occasion demands. Further, the new contract will come into force from after 15th July and, as such, there is ample opportunity for operators to switch over to it. By and large, the basic position of the market continues to be strong. Spot prices are sizably higher than in the previous week, barring cottonseeds which have reacted in anticipation of large tenders. The spot section is also weak. The supply position, however, is easy but there is very little interest in the market on the part of operators.

The following table shows the closing prices of oilseeds and oils as on 1st July as compared with those of the two previous weeks.

	1-7-1964	24-6-1964	17-6-1964
Groundnuts	Rs.	Rs.	Rs.
Nizam bold	63.25	61.25	59.00
Khandesh quality	64.50	62.00	60.50
Oil ex-mill	25.25	24.25	22.95
Oil Rly. Receipt	24.80	23.80	22.05
Castorseed			
September 1964 contract.. ..	181.50	179.75	178.87
Ready Madras	36.75	35.12	34.87
Ready Kanpur	35.62	34.12	33.75
Oil B.S.S.	15.80	14.75	14.45
Oil commercial	15.30	14.15	13.75
Linseed			
September 1964 contract.. ..	44.75	44.62	44.47
Bold ready	47.50	46.25	45.00
Linseed oil	19.40	19.10	18.30
Cottonseed			
July 1964 contract	98.50	102.00	104.50

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

TEAS IN GOOD DEMAND

(From Our Own Correspondent)

CALCUTTA, 30*th June*

Good demand featured yesterday's export sales as also during the internal sales held in the last week. The tidal bores in the Hooghly affected shipments during the week, and demand for space in ready as well as forward loaders was intense. Heavier shipments are expected to take place in the coming few weeks. That shipments to the U.K. would continue to be heavy is indicated by the low level of stocks in U.K. which were only 126 million lbs. at the week ended 19th June as against 130 million lbs. in the previous week. Encouraging note has been taken of the increasing interest evinced in tea by the European Common Market nations. British consumption is about 10 lbs. per head and the Irish about 8 lbs., but consumption in the E.C.M. countries is much less than that. The *per capita* consumption in many European countries is stated to be less than 1 lb. Russian consumption per head is above ½ lb. This position emphasises the immense possibilities of expansion of the tea market in the U.S.S.R. and many other European countries. As a result of the efforts by the Tea Board, which has initiated promotional activities in the E.C.M. area with the unit's headquarters at Brussels, it is expected that exports of Indian tea to these countries would increase.

The difficulties faced by the tea industry in the Terai area in regard to securing adequate finance for capital and other expenditures, were dealt with at length by Mr. S. G. Raha in his address at the Annual General Meeting of the Terai Indian Planters' Association, held recently at Matigara in Siliguri. Referring to the restrictions imposed by banks on hypothecation loans, Mr. Raha demanded the Tea Board's intervention in the matter so that the industry was able to procure loans at least to the extent of the cost of production per lb. He also asked the Tea Board to consider easier capital repayment terms, lower rates of interest and easier terms of security for replantation loans which are granted by the Board. He also suggested the introduction of a deferred payment of excise duty to be collected at the time of the auctions, refund of excise duty on exports in respect of gardens succeeding in exporting 65 per cent of their total production, and a subsidy on freight. Mr. Raha emphasised that, if the industry were to achieve the plan target of output, the only alternative for the Government was to pay greater attention to make available more revenue and block capital for the industry. In this connection, he referred to the difficulties which the gardens are facing in implementing some of the recommendations for labour, like housing, due to lack of adequate funds. Mr. A. C. Roy, Chairman of the Indian Tea Planters' Association, also addressed the T.I.P.A. and said that it is also necessary for Government to pay greater attention to the matter of irrigational facilities to gardens as many of the drought-affected gardens had no alternative source of water for irrigation.

Strong demand characterised last week's internal sales, when dusts on offer totalled 8,832 chests. The brighter liquoring teas were particularly favoured by buyers. First flush C.T.C. teas were quiet, but all other C.T.C. teas were absorbed at increased rates. Bright Assam orthodox teas were also a strong feature, and prices recorded a liberal addition. Legg-cut teas hardened with the smaller powdery types being in the forefront. No quotations were issued in view of the absence of adequate quantity of representative grades. During the export sale held yesterday, offerings totalled 25,004 chests, which met with a good general demand. Buyers closely followed quality. The quotations per 1 kg. inclusive of excise duty were: Best Assam C.T.C. fannings Rs. 7.50 to Rs. 8.50; best Assam C.T.C. B.P. Rs. 7.40 to Rs. 8.40; medium Assam C.T.C. fannings Rs. 5.80 to Rs. 6.60; medium Assam C.T.C. B.P. Rs. 5.60 to Rs. 6.60; clean plain pekoe Rs. 5.20 to Rs. 5.40; plain B.P. Rs. 4.50 to Rs. 4.70; and plain fannings Rs 4.30 to Rs. 4.50. Keen competition was offered to the good and medium C.T.C. teas with brighter liquors, and fanning grades received more attention. Other C.T.C. teas met with less support, and prices were irregularly lower. Plain orthodox teas were firm. Dooars and medium Assams eased, but the brighter liquoring teas hardened. Flavoury Darjeelings were taken at higher rates, but the lesser kinds met with poor support. Whole leaf grades and the new tippy teas were steady.

UNORTHODOX TEAS DEARER

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, 25*th June*

A total of 779,000 kgs. was offered in sale No. 25 held on the 23rd inst. Quality of teas was generally maintained. There was strong general demand with interest being shown for all types on offer. Highgrowns were a little irregular but sold well with prices more often fully firm with quality. Good mediums were well supported, although somewhat irregular, but prices were on the whole fully firm. Medium brokens were about steady, while similar fannings showed a slightly easier tendency. Low mediums encountered keen competition and were fully firm to dearer. Plainest descriptions followed the firmer tendency of the market. Black leaf descriptions were again in good demand at fully firm rates. Whole leaf grades were the strongest feature of the sale, particularly orange pekoes. Unorthodox teas evoked stronger demand and were dearer. The small selection of tippy teas on offer met improved demand.

The quotations (per kg.) were:—

	1964	1963
	Rs.	Rs.
Low mediums	4.10-4.40	3.90-4.15
Mediums	4.30-4.60	4.20-4.35
Good mediums	4.60-5.10	4.40-5.20
Nilgiri B.O.P.	4.40-5.85	4.30-5.50

The average price realised in sale No. 45 was Rs. 4.31 per kilo, as against Rs. 4.31 a week ago and Rs. 4.05 in the corresponding sale last year.

In the dust sale held today, 290,000 kgs. were on offer. The market met with strong general demand. Highgrown descriptions were well supported at rates generally above last. All mediums were well sought after and were generally fully firm to dearer, but Wynaad types were somewhat irregular and barely steady. Unorthodox descriptions were in more demand and sold at firm to dearer rates.

The average price realised in dust sale No. 45 was Rs. 4.35 per kilo, as against Rs. 4.25 a week ago and Rs. 3.87 in the corresponding sale last year.

COLOMBO: There was good general demand. Best liquoring Western descriptions met improved demand. Uvas were irregular, although selling at rates above last, with all other types showing little change.

London: North Indian and other growths: In Monday's sale, there was good demand and prices were fully firm to dearer, except some plainer sorts which were irregular. Ceylon and South Indians: 29,525 packages were offered in Tuesday's sale, of which 4,458 packages originated from South India. There was strong general demand for Ceylons at dearer rates, with the exception of plain, thin liquoring B.O.Ps. South Indian teas received irregular support with the best being firm.

As we go to press, Messrs. Forbes, Ewart, and Figgis Private Ltd. wire us as follows:

"Leaf sale No. 26: 579,000 kg. offered. Good demand. Low mediums and mediums about steady. Good mediums firm. Highgrowns elicited more enquiry and were generally fully firm. Unorthodox barely steady."

JUTE GOODS STEADIER

(From Our Own Correspondent)

CALCUTTA, 30*th June*

Following more business in B. twills with the Government of India, steadier conditions were in evidence in the jute goods market during the week under review. Reports of a threatened strike by jute mill workers in Pakistan also contributed to pushing up sentiment for a time. The publication of figures showing a higher offtake for export last month, contrary to earlier expectations, was also a favourable factor. While heavy goods recorded small gains, hessian remained unchanged but steady, as there was no encouraging news from the New York burlap market where (40" 7½ oz. hessian at 8.65 cents a yard and the 10 oz. hessian at 11.40 cents a yard) remained unchanged. Earlier in the week, moderate interest was shown by shippers. Due-date business as well as covering aided sentiment. Although the waiting time for incoming ships at the Sandheads had been rapidly reduced since a few weeks, the tidal bore in the Hooghly experienced later in the week has led to a deterioration in the shipping position. This has led to the hold-up of ships at the Sandheads, in view of the difficulty in mooring them at the port for loading and unloading. As a result, shipments were affected this week. The shortage of lighters was not felt so much as in the previous week, because of the shortfall in loading as a result of hold-up of ships at the Sandheads. Ships could not be brought to berth at the riverside jetties and only a limited number of priority ships containing incoming foodgrain consignments could be attended.

The fall in U.S. consumption of burlap so far this year is naturally causing anxiety. This tendency, despite higher economic activity in the U.S.A., has led to the conclusion that, once again, substitutes are affecting prospects for hessian. It is now reported that, in the four months ended April last, U.S. imports aggregated only 332 million yards, representing a marked fall of 65 million yards or 16.37 per cent as compared with the corresponding period of 1963. While in the period under reference, Pakistan recorded a small increase in exports of hessian to the U.S. at 33.7 million yards, as against 33.3 million yards previously, Indian exports to the U.S. fell by 65 million yards to 280 million yards. It may be noted that this fall is equivalent to the total fall of imports into the U.S.A. This position calls for more vigorous campaigns in that country in favour of hessian and, against this background, it is good news that the Indian jute pavilion in the New York world fair elicited keen interest by overseas visitors. Following this fair, both the Government of India and the industry in Calcutta have already received some inquiries, and it is significant that these inquiries include interest in some new products. This emphasises the importance of the market research and product development work undertaken by both the Indian Central Jute Committee and the Indian Jute Mills Association. The recent trade delegation headed by the Government of India's Jute Commissioner, Mr. G. C. L. Joneja, to the U.S.A. and other West European countries has been timely. While, as a result of the long-term bilateral trade agreements with the U.S.S.R. and other East European countries, exports of jute goods to these countries have increased, it is emphasised that continuing attention to the traditional markets is essential. In the context of heavy fibre stocks with mills and the prospects of a bumper crop, increased exports of goods will be the only incentive for mills in India to continue production at the maximum capacity. In view of Pakistani ability to under-quote India in goods and supply overseas mills raw jute at lower prices than Indian mills pay for the indigenous fibre, the industry has again and again pointed out that a cut in fibre prices has become essential. It is thought that, by intensive cultivation and improvement of quality, the farmers have realised some economies and, having regard to the fact that in the production of heavy goods mills are sustaining losses, the case of mills for lower prices of fibre has become stronger than previously.

In an attempt to enable the industry to realise the aim of increased exports of goods this year—in 1963, exports amounted to 900,000 tonnes, the highest level since 1948—the Government of India has taken a series of measures in recent months. Further, modernisation of mills is encouraged, as this is necessary to cater to the new needs of highly quality-conscious markets such as the U.S.A. and Canada. Also Indian mills should introduce the latest technological innovations in an attempt to reduce production costs and improve quality. In this context, the new scheme introduced by the Government of India recently to enable mills to get equipment from abroad must be welcomed. Styled the self-financing scheme, it allows mills to pay the cost of imported machinery out of their foreign exchange earnings within a stipulated period. Allocations of foreign exchange for the import of machinery have been liberalised, and it is stated that licences issued for the import of jute mills machinery in the ten months to January last aggregated Rs. 5.40 crores which represents a three-fold increase as compared with those for the whole of 1961-62.

Against the background of the market belief earlier that exports in May had fallen as a result of shipping difficulties at the Calcutta port, it is gratifying to note that total despatches by mills for export in May increased to 75,600 tonnes from 71,200 tonnes in the previous month. Itemwise, while sacking fell by 1,300 tonnes to 20,300 tonnes, hessian, carpet backing cloth and miscellaneous goods rose by 4,500 tonnes, 400 tonnes and 800 tonnes to 40,100 tonnes, 6,200 tonnes and 9,000 tonnes, respectively. Total despatches against internal consumption at 28,900 tonnes showed a small rise of 1,300 tonnes. Both miscellaneous goods and hessian fell by 200 tonnes and 1,300 tonnes, respectively, to 3,100 tonnes and 3,700 tonnes, but sacking at 22,100 tonnes showed a rise of 2,800 tonnes. As a result, the combined despatches for export and internal consumption at 104,500 tonnes showed the welcome rise of 5,700 tonnes, with hessian at 43,800 tonnes accounting for a rise of 3,200 tonnes and miscellaneous goods at 12,100 tonnes showing a rise of 600 tonnes. Sacking fell from 40,900 tonnes to 42,400 tonnes. There is no change in the figure for carpet backing cloth, since this item figures in export trade only.

The fibre market ruled easy. Welcome rains interspersed by bright sunshines in several jute districts in West Bengal excited the anxiety of holders of old crop to find buyers. What is available now from the old crop is mostly mesta and other inferior grades. Even discounted offers failed to be responded by mills and their agents earlier in the week. However, subsequently mills showed more interest, as they needed to cover for the remainder of the June quota. Interest was confined to higher grades of mesta. At this time, there were reports of flood damage to crop in some low-lying areas of Assam. However, these did not lead to a hardening trend, since it was thought that, in the context of a higher crop prospect, some loss due to floods would not matter much. Moreover, every year, floods cause some damage to plants. Quotations for the old crop were as follows: Daissee bottoms Rs. 33.00, Assam bottoms Rs. 30.50, and Northern bottoms Rs. 29.50. Conditions in the goods market, as already stated, were steadier during the week under review, due to more shipper-covering and more tenders on behalf of the Government of India. Reports of labour troubles in Pakistan jute mills led to larger interest by overseas buyers for a time. The trade welcomed the President's speech at the annual meeting of the East India Jute and Hessian Exchange Ltd. held at Calcutta on 26th June. For it stated in no unmistakable terms the need for measures to assist the industry in its attempts to increase exports. The

sellers' market, which prevailed hitherto, had changed into a buyers' market, and Pakistan has emerged as a challenging competitor in India's sacking markets abroad.

On Tuesday last, ready hessian 40" 10 oz. was quiet at Rs. 44.40, while profit-taking made B. twills fall from Rs. 115.40 to Rs. 114.75. These prices were unchanged on the following day, when the feature was Government's tender for 5,150 bales of standard B. twills for July-August deliveries. The market was officially closed on Thursday, when B. twills and hessian 40" 10 oz. were nominally quoted at Rs. 114.75 and Rs. 44.25 respectively. On Friday, B. twills strengthened to Rs. 115.15, but hessian 40" 10 oz. eased to Rs. 44.26. Over the week-end, prices were firm at Rs. 115.00 and Rs. 44.10, respectively. Near and ready delivery B. twills again formed a Government tender, and business to the extent of 7,400 bales was done. This resulted in better conditions yesterday, when B. twills hardened to Rs. 115.60 and hessian 40" 10 oz. to Rs. 44.25.

MIXED TREND IN FOODGRAINS

(From Our Own Correspondent)

HAPUR, 29*th June*

A mixed trend was witnessed in the foodgrains market during the past week. While wheat and *gram* drifted lower, rice, coarse grains and pulses continued to move up. At the call of the Government to check the rising trend in prices, grain dealers of Hapur and six other towns of U.P. have voluntarily fixed ceiling prices of the best and inferior varieties of wheat at Rs. 24 and Rs. 22 per maund respectively, and export ban was declared from Meerut district by the District Magistrate.

Wheat declined here by Rs. 3 to Rs. 4 per quintal according to quality during the week following the ban on export from U.P. Average quality was now quoted between Rs. 55 and Rs. 57.50, and farm produce between Rs. 60 and Rs. 65 per quintal. Demand from the consumers side was also reported to be slack. Daily arrivals averaged 1,000 to 1,200 maunds, and local stocks were estimated around 2,500 quintals.

Rice continued to rule firm on brisk seasonal demand in the face of paucity of stocks. *Gadda* variety rose as much as Rs. 5 per quintal. Other varieties also were marked up. Stocks with trade were reported around 4,000 quintals. Week-end prices were:—Rice *basmati* superior Rs. 96.45 to Rs. 99.13; *sela* Rs. 93.77 to Rs. 96.45; *mainpuri* Rs. 77.70; *ramajwayan* Rs. 83.06; *raimunia* Rs. 84.40; and *gadda* Rs. 80.38 per quintal.

Gram was subdued on poor buying support due to the ban on exports from U.P. Prices eased by Rs. 2 to Rs. 3 per quintal to be quoted now at Rs. 58.50 per quintal for local produce and Rs. 57.60 for Punjab quality. Both stocks and arrivals, however, were poor. Barley and *bejhar* advanced sharply by Rs. 3 and Rs. 2.50 per quintal respectively, and prices now ranged between Rs. 47.50 and Rs. 50 and Rs. 48.50 to Rs. 51 per quintal. Demand was reported to be brisk in the face of poor arrivals. *Juwar* and *guwar* hardened further on good demand for seed purposes. Oats and *methi*, however, ruled quiet. Other sections were almost stationary. Week-end prices were:—Maize Rs. 47.50 to Rs. 50; *methi* Rs. 52.50 to 55; *juwar* Rs. 47.50 to Rs. 50; *guwar* Rs. 61.62 to Rs. 62.50 and oats Rs. 57.50 to Rs. 58.50 per quintal.

* * * *

The International Wheat Council, at the end of a three-day meeting on Thursday last week, recommended extension of the International Wheat Agreement of 1962 without amendment; the Agreement is due to expire on 31st July 1965. The extension, it was agreed, should not exceed two years and the Council would decide the exact length of the extension at its next meeting to be held from 18th to 25th November next. The Wheat Agreement, it may be noted here, seeks to assure supplies to importing countries and markets to exporting countries at reasonable prices and to promote international co-operation in solving wheat trade problems. The Wheat Council is made up of representatives of all Governments that signed the 1962 Agreement. The countries to be represented on the Executive Committee for the 1964-65 crop year are Australia, Canada, Soviet Union, and the United States among exporting countries and Benelux (Belgium, Netherland, Luxembourg), Canada, Soviet Union, India, Japan, Portugal, South Africa, and the United Kingdom among importing countries.

SUGAR RISES AGAIN

(From Our Own Correspondent)

HAPUR, 29*th June*

Sugar in the open market recorded further gains during the week on brisk buying support of the commodity in the face of poor supply position through fair price shops, coupled with non-availability of *khandsari*. The U.P. Government, however, has made arrangements to sell *khandsari* through fair price shops to bulk consumers. Sugar in the open market was quoted at Rs. 175 to Rs. 180 per quintal, as against the controlled price of Rs. 134.

Trading in *khandsari* continued at a standstill. The State Government has freezed *khandsari* stocks at Rs. 108 to Rs. 109 per quintal according to quality, but trade circles and *khandsari* producers are still urging for a rise in prices. The U.P. Government, however, is in mood to revise these prices and have threatened traders that, if they were to start some agiation in this connection, they would suffer losses.

There was selling pressure by stockists, as the quality of stocks left was of poor quality. The week's offtake against import permits aggregated 10 wagonloads during the week. Daily arrivals averaged 300 to 400 maunds and local *gur* stocks were estimated at 18,000 quintals, while the corresponding figure last year was much lower at 150,000 quintals. Cane crop prospects were fair, but damage to standing crop in some areas due to *salai* pest was reported. It was, however, stated that the cane crop needed rains now for healthy progress.

Shakker, was much in demand due to non-availability of crystal sugar in the market. Week-end prices here were:—*Gur pansera* superior Rs. 29 to Rs. 29.25; average Rs. 28.50;*kotha* selected Rs. 28.75; dry wet Rs. 28 to Rs. 28.37; and *shakker* Rs. 31 to Rs. 33 per 40 kilogram.

METALS QUIET

(From Our Own Correspondent)

CALCUTTA, 30*th June*

The comparatively quiet conditions that were in evidence in the Calcutta metal market during the week under review followed an improvement in the supply position as a result of fresh arrivals. The present attempts made abroad to arrest the up-trend in copper on the genuine apprehension entertained by the producers about a boost in substitutes in the event of the continuation of the up-trend for any length of time also helped the market. Considering the fact that producers in Rhodesia and Chile have stepped up production, the apprehension of a world shortage is dismissed. By the end of this year, it is expected that the free world copper output would have exceeded the demand. The copper price stabilisation policy of the Anglo-American and Rhodesian Selection Trust has been significantly hailed by the Northern Rhodesian Prime Minister, Mr. Kenneth Kaunda, who declared that a spectacular boom in copper followed by a disastrous slump should be avoided. On the London Metal Exchange during the week under review, spot copper wire-bars strengthened to £296 a ton after opening at £291 and being lower at £287 for a time. Spot cathodes and spot fire-refined metal closed higher on balance at £287½ and £281 respectively as against the opening rates of £282 and £280. On the other hand, the improvement in the supply position of the virgin metal, utensil copper scrap, in Calcutta, eased from Rs. 675 per 100 kgs. to Rs. 660.

The trade and industry have noted with disappointment the recent changes made by the Government of India in regard to the export promotion scheme as applicable to the non-ferrous metals products. According to these changes, the import entitlement of a manufacturer or merchant trader, exporting specified items has been reduced to 75 per cent from 100 per cent of the f.o.b. value of items exported. The merchant exporter is no longer entitled for the import quota, but the licences will be issued only to a manufacturer-exporter. The group system, according to which manufacturers of various items had been differently grouped for the purposes of the export promotion scheme, is given up. It will be remembered that it was only in the last year that the import entitlement quota was raised to 100 per cent and since then the exports of non-ferrous metal products have been increasing. It is regretted that without allowing sufficient time to the trade and industry to show better results, the Government's policy has been reversed.

Overseas reports have hinted at the possibility of the U.S.A. becoming a member of the new International Tin Agreement that will become effective in 1966. Although the U.S.A. is not a producer of tin, and only producing countries sign the Agreement, the heavy national stock-piles of tin in that country and their weekly releases have meant that the U.S. stocks is also a factor in the moulding of the international price of tin. In recent months, the price of tin has been steadily moving upward, and a new high of £1,260 a ton on the London Metal Exchange has been reached. United States has often declared that its policy of weekly releases would be so shaped as not to impart a non-stabilising influence, but that the U.S. Government should safeguard supplies to low-income countries. The U.S. Assistant Secretary of State, Mr. G. Griffith Johnson has recently indicated America's readiness to support formal commodity agreements aimed to improve conditions in particular commodity markets. The L.M.E. price for spot tin during this week closed at £1,200 a ton, after opening higher at £1,240. In Calcutta, the quotation rose from Rs. 2,850 per 100 kgs. to Rs. 2,900.

On the L.M.E., spot zinc opened at £139 a ton but skid to £134, with the three-months quotation closing lower on balance at £121½ as against £123¾ earlier in the week. The rate in Calcutta steadily rose to Rs. 324 from Rs. 318 per 100 kgs. United States will soon release about 75,000 tons from its stocks, but, if the world price should be prevented from a further rise, a higher release is called for. Consuming countries are pressing the States for direct allocations from its national stocks. Spot lead in London opened at £91¾ a ton and after hardening to £92¼ closed lower on balance at £91½. In Calcutta, the price moved down from Rs. 298 per 100 kgs. to Rs. 290.

Notice

THE METAL BOX COMPANY OF INDIA LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Thirty-first Annual General Meeting of the Company will be held at the Registered Office, 59C Chowringhee, Calcutta, on Wednesday, the 22nd day of July 1964, at 12.30 p.m., for the following purposes:

1. To receive and consider the Statement of Accounts for the year ended 31st March 1964 and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To elect Directors.
4. To re-appoint and fix the remuneration of Auditors.
5. To transact any other ordinary business of the Company.

SPECIAL BUSINESS

The consideration of the following Resolution which will be proposed as a Special Resolution:

"That the consent of the Company be accorded by this Special Resolution to the holding by Mr. T. M. Rama Aiyangar, who is an Alternate Director of the Company, of the office or place of profit of General Commercial Manager."

Explanatory Statement and Note

The consent of the Company by Special Resolution is requisite to the holding of his office or place of profit by an Alternate Director of the Company.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.

NOTICE is hereby given that the Ordinary Share Register of the Company will be closed from 6th to 22nd July 1964, both days inclusive.

By Order of the Board.

B. BARKER.
Secretary.

59C CHOWRINGHEE, CALCUTTA,
27th June, 1964.

BENGAL PAPER MILL CO. LTD.

(Concluded from page 37)

ing the previous year. The net profit, however, declined to Rs. 3,52,330 during the year compared to Rs. 15,18,412 during the previous year. The decline in the net profit has been due to increased provision for depreciation and development rebate. In view of the increasing cost of production and fixed selling prices, the above profit should be considered satisfactory. After considering the various aspects, your Directors have recommended the same dividend of 20 per cent on equity shares for the year under review.

Expansion and Modernisation

The shareholders will be pleased to know that the Company has been able to complete the first phase of the expansion and modernisation programme. The new paper machine No. 6 was commissioned on the 13th November 1963 as per schedule. This is the machine having the highest running speed of all the machines so far installed in this country. Along with this machine your mill is able to produce 100 tons of paper a day.

The stock preparation plant, multi-stage bleaching plant and coal-fired boiler were commissioned during the year according to schedule, as indicated by me last year. The new turbo generator was commissioned in January, 1964 and the recovery boiler in May 1964. There were, however, teething troubles, and especially a serious interruption took place in the power generating unit which was recommissioned at reduced speed by the help of foreign technicians. Additional arrangements have also been made with the power supply companies by which the mill would be able to keep up the production programme. The full utility of the Company's power plant will be available as soon as the delivery of the turbine shaft is received from U.S.A. The Government of India invited the paper industry to submit such schemes which by modification, adjustment and by adding balancing equipment, would increase the paper production in the country within a short time and involving a minimum foreign exchange. Your company also submitted a scheme to increase the capacity by another 21,000 tonnes at an approximate cost of Rs. 1.5 crore. I am glad to inform you that our scheme was approved by the Government and we have been granted an industrial licence for this increase in the capacity. Necessary steps for implementation of the same will be taken in due course.

The relation with staff and workers continues to be cordial and I would, on your and on my behalf, like to express our appreciation of their sincere services rendered to the Company.

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

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 26th June 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		73,00,00,000
National Agricultural Credit (Stabilisation) Fund		8,00,00,000
Deposits—		
(a) Government—		
(i) Central Government	79,70,59,000	
(ii) State Governments	14,04,74,000	
(b) Banks—		
(i) Scheduled Banks	97,66,72,000	
(ii) State Co-operative Banks	4,49,39,000	
(iii) Other Banks	1,54,000	
(c) Others	162,18,00,000	
Bills Payable	43,37,63,000	
Other Liabilities	73,68,37,000	
Rupees	641,16,98,000	

ASSETS	Rs.	Rs.
Notes		51,93,60,000
Rupee Coin		4,33,000
Small Coin		2,64,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments	28,30,28,000	
(ii) State Co-operative Banks	11,02,82,000	
(iii) Central Land Mortgage Banks	.....	
(b) Investment in Central Land Mortgage Bank Debentures	4,08,83,000	
National Agricultural Credit (Stabilisation) Fund	.....	
Loans and Advances to State Co-operative Banks	.....	
Bills Purchased and Discounted—		
(a) Internal	.....	
(b) External	.....	
(c) Government Treasury Bills	.....	
Balances Held Abroad*	40,73,64,000	
Loans and Advances to Governments**	7,15,16,000	
Loans and Advances to—	53,34,28,000	
(i) Scheduled Banks†	1,14,45,000	
(ii) State Co-operative Banks‡	134,52,52,000	
(iii) Others	1,78,60,000	
Investments	273,90,16,000	
Other Assets	33,55,67,000	
Rupees	641,16,98,000	

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 56,15,000 advanced to scheduled banks against usance bills under Section 17(4)(*c*) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	51,93,60,000	
Notes in circulation	2484,12,34,000	
Total Notes issued		2536,05,94,000
Total Liabilities		2536,05,94,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	89,45,89,000	
Total		207,21,79,000
Rupee Coin		102,90,56,000
Government of India Rupee Securities		2226,03,59,000
Internal Bills of Exchange and other commercial paper		.....
Total Assets		2536,05,94,000

State Bank of Pakistan

Statement of Affairs for the week ended 19th June 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		6,65,00,000
Rural Credit Fund		3,00,00,000
Deposits :—		
(a) Central Government	29,19,06,000	
(b) Provincial Governments	50,47,000	
(c) Banks	36,78,52,000	
(d) Others	85,99,00,000	
Bills Payable	27,50,000	
Other Liabilities	24,09,31,000	
Rupees	189,48,89,000	

ASSETS	Rs.	Rs.
Notes		12,33,96,000
Rupee Coin		20,000
Subsidiary Coin		45,000
Bills Purchased and Discounted :—		
(a) Internal	.....	
(b) External	.....	
(c) Government Treasury Bills	.....	
Balances held outside Pakistan*	22,98,04,000	
Loans and Advances to Governments	4,42,00,000	
Provincial Governments' Debtor Balances	4,45,98,000	
Other Loans and Advances	90,87,66,000	
Investments	40,61,42,000	
Other Assets	13,79,18,000	
Rupees	189,48,89,000	

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,33,96,000	
Notes in circulation	449,73,69,000	
Total Notes issued		462,07,65,000
Total Liabilities	.....	462,07,65,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion	.....	
Foreign Securities	81,32,58,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	4,65,51,000	149,49,92,000
Government of Pakistan Securities	302,02,16,000	
Internal bills of exchange and other commercial paper	.....	
		306,67,67,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		462,07,65,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 33.57 per cent.

State Bank of India

Statement of Affairs for the week ended 26th June 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		625,50,39,000
Bills Payable		62,15,000
Bills for Collection being Bills receivable as per contra		5,91,28,000
Acceptances, Endorsements and Other Obligations per contra		10,39,96,000
Other Liabilities (including Inter-Office Adjustments)		17,99,87,000
Total .. Rs.		691,49,01,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		23,88,56,000
Balances with other Banks		3,90,65,000
Money at Call and Short Notice		2,93,33,000
INVESTMENTS :—		
Government and other Trustee Securities Rs. 237,79,19,000		
Other Authorised Investments .. 9,44,20,000		247,23,39,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc. Rs. 338,46,03,000		
Bills Discounted and Purchased.. 21,99,25,000		360,45,28,000
Bills Receivable being Bills for Collection as per contra		10,39,96,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,99,87,000
Premises less Depreciation		2,29,82,000
Furniture and Fixtures less Depreciation		1,84,64,000
Other Assets (including Inter-Office Adjustments)		20,53,51,000
Total .. Rs.		691,49,01,000

EXCHANGE RATES

	24th June 1964	17th June 1964
London on New York, per Dollar	2.7935 -2.7937	2.7948- 2.7951
London on Berne .. Sw. Frs.	12.0545-12.0565	12.0590-12.0610
London on Paris .. Frs.	13.6880-13.6900	13.6949-13.6960
New York on London Cents per £	279.350-279.380	279.470-279.500
Pound Sterling—		
Sellers T.T. D.D. Spot .. .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. .. s.	1-6 1/32	1-6 1/32
Buyers D.D. .. .. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D... Rs. to $100	479.25	479.00
Buyers T.T. .. Rs. to $100	475.75	475.50
Canadian Dollar—		
Sellers T.T. D.D. .. Rs. to $100	445.50	445.50
Buyers T.T.	437.50	437.50
French Francs—		
Sellers T.T. D.D... per Rs. 100	102.10	102.20
Buyers T.T	103.20	103.20
Swiss Francs—		
Sellers T.T. D.D... ..	89.90	90.00
Buyers T.T.	90.90	90.90
Deutsche Marks—		
Sellers T.T. D.D... ..	82.80	82.80
Buyers T.T.	83.70	83.70
Italian Lire—		
Sellers T.T. D.D... ..	13.005	13.010
Buyers T.T.	13.180	13.185
Swedish Kroner—		
Sellers T.T. D.D... ..	107.10	107.10
Buyers T.T.	108.10	108.20
Belgian Francs—		
Sellers T.T. D.D... ..	1.037	1.037
Buyers T.T.	1.053	1.053
Dutch Guilders—		
Sellers T.T. D.D... ..	75.40	75.50
Buyers T.T.	76.30	76.30
Hongkong Dollars—		
Sellers T.T. D.D. ..	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D... ..	149.10	149.10
Buyers T.T.	150.50	150.50
Danish Kroner—		
Sellers T.T. D.D. ..	144.10	144.20
Buyers T.T.	145.50	145.50

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	19-6-64	12-6-64	21-6-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	67,69	65,01	55,79
(ii) From others	1,084,42	1,077,16	893,74
(b) Borrowings from banks	44,19	49,22	29,23
(c) Others	66,05	64,34	56,78
2. Time liabilities—			
(a Time deposits—			
(i) From banks	30,32	25,45	28,56
(ii) From others	1,276,22	1,265,72	1,230,04
(b) Borrowings from banks	11,14	10,61	19,97
(c) Others	11,63	11,80	11,35
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,360,63	2,342,88	2,123,78
4. Borrowings from Reserve Bank	4,58	18,37	1,30
(a) Against usance bills and/or promissory notes	2,63	5,53	46
(b) Others	1,96	12,84	84
Borrowings from State Bank and/or a notified Bank	20,55	21,52	15,98
6. Cash	63,81	64,47	53,67
7. Balances with Reserve Bank	85,06	86,11	86,01
8. Cash and balances with Reserve Bank	148,87	150,57	139,68
9. 8 as per cent of 3	6,31	6,43	6,58
10. Balance with other banks in current account	22,05	21,51	21,30
11. Money at call and short notice	57,71	57,73	51,91
12. Investments in Government securities	633,46	619,86	642,83
13. 12 as per cent of 3	26,83	26,46	30,27
14. Advances—			
(a) Loans cash credits and overdrafts	1,541,75	1,542,14	1,302,12
(b) Due from banks	10,72	12,55	7,46
15. Inland bills purchased and discounted	179,90	198,96	170,29
16. Foreign bills purchased and discounted	63,73	67,84	51,03
17. Total Bank Credit [14(a)+15+16]	1,785,38	1,808,94	1,522,43
18. 17 as per cent. of 3	75,63	77,21	71,73

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 20th June 1964	13th June 1964	23rd May 1964	22nd June 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.8	99.8	99.8	98.8
2. Government of India	99.5	99.5	99.5	98.4
3. State Governments	102.9	102.9	102.0	101.3
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.8
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	97.8	97.6	97.1
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.2	81.1	81.3	81.8
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	161.5	160.9	162.6	161.4
8. Agriculture and Allied Activities : Total*	143.6	142.9	143.7	142.5
9. Tea Plantations	130.6	130.6	130.9	132.2
10. Coffee Plantations	163.2	163.1	164.1	145.2
11. Rubber Plantations	181.5	181.4	182.2	159.5
12. Mining and Quarrying: Total*	134.6	134.1	133.4	140.6
13. Coal	94.8	95.3	96.1	110.0
14. Other Mining	161.9	160.7	158.9	161.6
15. Processing and Manufacturing : Total	173.3	172.8	175.2	173.7
16. Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†	170 9	170.5	173.6	176.1
17. Sugar	122.5	122.5	123.1	121.0
18. Cotton Textiles	157.3	159.9	160.0	163.4
19. Jute Textiles	84.3	85.1	85.5	98.1
20. Silk and Woollen	808.1	802.0	826.0	807.3
21. Processing and Mfg. (Metals, Chemicals, etc.): Total*	188 4	187.4	190 2	182.6
22. Iron and Steel	157.2	156 2	157.6	148.4
23. Transport Equipment	308.4	309.6	316.4	324.2
24. Electrical Machinery	149.0	150.4	150.3	145.5
25. Machinery other than Transport and Electrical	216.8	215.5	219.9	214.1
26. Basic Industrial Chemicals	177.9	175.0	176.6	168.3
27. Processing and Mfg. (Others) : Total*	152 4	152.3	152 2	150.1
28. Cement	143.7	143 7	144 0	138.7
29. Paper	194.7	194.6	195.2	194.5
30. Other Industries : Total*	107 5	106.8	107.1	104.0
31. Electricity Generation and Supply	88.6	88 3	88.0	84.4
32. Trading	108.5	109 0	108 3	108.3
33. Shipping and Other Transport	94 2	93 6	94 9	81.1
34. Construction	286 7	278 2	279.9	264.6
35. Financial: Total	186 0	184 5	184 8	183 1
36. Banks	205 5	203.4	205 5	199 5
37. Insurance	159 5	159 3	159 7	161 9
38. Investment Trusts	79.5	79.5	79.6	82.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	169 4	168 2	170.4	165.7
40. Calcutta	149 0	148 7	150.0	151.5
41. Madras	169 7	169 3	171.7	172.4
42. Delhi	220.7	219.1	221.0	211.8

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	30th May 1964	23rd May 1964	1st June 1963	March 1964	March 1963	Percentage of Increase (+) or Decrease (—) in March 1964 as compared with March 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	150.1	149.6	133.0	142.1	123.4	+15.2	136.8	128.1
Cereals	192	130 3	129.4	110.4	123.6	102.0	+21.2	116.3	105.6
Pulses	43	137.1	136.7R	107.0	133.9	99.9	+34.0	115.4	106.2
Fruits and Vegetables	47	176.7	177.6R	133.0	162.9	133.4	+22.1	140.6	135.6
Milk and Ghee	23	177.6	177.7	149.6	160.0	124.8	+6.6	152.6	124.4R
Edible Oils	84	138.3	137.9	128.8	133.3	141.8	+12.8	151.1	124.3
Fish, Eggs and Meat	47	176.7	176.7	149.6	160.0	124.8	+6.6	149.8	135.6
Sugar and Gur	17	154.9	158.5	147.9R	152.7R	137.5	+17.3	149.8	149.6R
Others	48	192 3	190.2*	183.0R	173.0	147.5	+1.6	179.3	145.0
Liquor and Tobacco	50	177.7*	178.6R	177.5	176.7	172.9	+4.2	179.8	145.0
Tobacco	21	118 6	117.6	118.7	119.0	114.2	+4.2	118.8	149.6R
Fuel, Power, Light and Lubricants	30	141.7	113.9	139.9	116.1	111.6	+4.0	116.9	100.9R
Industrial Raw Materials	155	150 3	149 9	138.4	144.9	137.7	+4.4	139.6R	97.4R
Fibres	61	135.2	135.2	134.3	135.7	135.3	+7.2	139.5	124.4R
Oilseeds	60	177.7	176.5	151.2	162.9R	133.5	+1.6	143.2	136.5
Minerals	2	103.2*	103.2*	98.4*	98.1	143.0	+13.9	133.2	128.8
Others	32	130 6*	131 0R	125.0*	131 5R	126.6	+5.0	92.8	151.4
Manufacture	290	133 8	133.8	130.5	132 8	129.6	+3.9	127.3	125.8
Intermediate Products	41	93.6	146.7R	139.1	144.7	138.2	+2.5	131.1	128.8R
Finished Products	249	131.7	131.7	129.1	130 8	136.2	+2.4	139.1	126.5
Textiles	147	128.9	129.0	127.2	128.6	134.4	+6.2	139.7	139.5
Cotton	...	137.4*	137.4*R	135.0*	136.7	127.0	+1.7	127.7	126.1
Jute	...	98.5	98.7	102.1	98.7	102.1	+1.3	135.6	130.7
Woollen	...	168.7*	162.5*	142.7*	162.4	142.4	— 3 3	130.7	110.9
Silk and Rayon	...	141.9*	141.9*	127.3*	143.2	139.2	+14.0	130.3	155.3
Metal Products	...	12	168.9	168.9	161.5	166.1	161.0	+2.9	139.8
Chemicals	20	110.4*	119 2*	117.1*	120.2	117.3	+3.2	163.1	131.8
Oil Cakes	9	185.0	185.6	164.6*	172.5	157.8	+2.5	163.1	160.1
Machinery and Transport Equipment	31	125.8	125.8	122.2	125.6	122.2	+9 3	165.7	115.5
Others	30	127.5	127.5	128.0	127.8	127.2	+2.8	124.2	160.9
All Commodities	1,000	144.5	144.1	133.0	139.3	127.2	+ 9.5	135.3	117.9R 125.8

NOTE :—Weight shown against the sub-groups under each of the group index. R—Revised. *—Subject to revision.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N:—Nominal quotations, x.d.—Ex. Dividend. c.d.—Cum. Dividend. I—Interim Dividend. C.R.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :— Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Shares 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
20,00,700	17,73,622	50,45,511	30,63,133	26,452	Maganlal Bhagwandas & Co. ..	45,180	..	Ambika Silk Mills Co., Ltd. ..	284.00	100	15.00	20.00	20.00		12	Y.
50,00,000	17,53,935	1,84,39,380	83,17,117	1,35,878	Rajputana Text. (Agencies) Pvt. Ltd.	58,453	902	Apollo Mills	1.06	2	Nil	Nil			12	Y.
2,50,98,000	4,24,81,018	13,87,13,614	7,68,55,693	48,238	Nowrojee Wadia & Sons (Pvt.) Ltd.	44,784	859	Bradbury Mills	57.70	25	3.50	3.50	3.50	3.50	12	Y.
10,00,000	43,71,358	93,84,977	66,76,193	21,113	M. Rasmanarain Private Ltd. ..	1,26,752	2,702	Century Spg. & Mfg. ..	162.50	50	5.00	12.50	5.00	15.00	3	Y.P.
3,54,90,900	5,00,47,465	19,19,05,390	3,39,29,130	..	Birla Gwalior Private Ltd. ..	31,480	672	Coorla Spg. & Wvg. ..	597.50	100	30.00	30.00	30.00	30.00	3	Y.
28,00,000	53,60,441	1,43,43,896	64,47	5,842	Cowasjee Jehangir & Co. Pvt. Ltd...	93,960	..	Dawn Mills	168.00	50	15.00	15.00	15.00	15.00	3	Y.
28,00,000	49,27,043	1,21,38,021	77,41,056	2,149	Ruia Industries Ltd.	..	..	Eastern Textiles	285.00	200	18.00	18.00	12.00		12	Y.P.
34,00,000	33,74,168	1,53,70,960	79,34,359	—9,38,834	Purannal Bubna Sons	47,444	928	Edward Textiles	52,988	1,756	9.00	11.00	9.00		12	Y.
30,00,000	43,58,520	2,37,36,533	1,05,05,794	5,844	N. K. Jalan, Esq. (Director-in-charge)	54,777	..	Elphinstone Spg. & Wvg. ..	103.00	100	23.00	23.00	23.00	23.00	12	Y.
50,00,000	99 33,000	2,67,92,168	1,53,97,560	63,492	James Finlay & Co., Ltd.	60,212	1,020	Finlay Mills	290.00xd	100	21.50	21.50	19.50	19.50	12	Y.
50,00,000	80,43,677	1,59,10,972	92,99,367	22,927	James Finlay & Co., Ltd.	50,620	1,129	Gold Mohur Mills Ltd. ..	208.75	100	20.00	20.00	20.00	20.00	12	Y.
24,00,000	1,39,65,715	2,87,65,911	1,69,98,809	15,303	K. M. D. Thackersey, Esq. (Chairman)	..	..	Hindoostan Spg. & Wvg. Mills ..	125.00	100	125.00	125.00	64.00	64.00	3	Y.P.
2,00,00,000	71,99 100	5,78,94,999	4,29,77,839	3 99,937	M. D. Bhat, Esq. (Chairman) ..	2,43,784	0,357	India United Mills	20.48xd	0ID.	0.1325	0.3725	0.2525		12	Y.
D. 50,00,000									2.44xd	01D.	0.1325	0.3725	0.2525			
24,00,000	1,03,67,299	2,14,93,730	1,58,08,903	9,350	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	870.00	250	58.00	62.50	64.00	64.00	3	Y.P.
1,13,00,000	65,33,630	4,58,31,693	3,23,17,188	13,249	Khatau Makanji & Co. (Pvt.) Ltd. ..	1,05,409	1,495	Khatau Makanji Spg. & Wvg. ..	170.00	100	32.00	16.00	16.00	8.00	6	Y.P.
1,00,00,000	1,23,17,072	5,26,23,342	3,53,16,158	9,025	Killick Industries Ltd.	1,20,504	1,848	Kohinoor Mills	322.75	100	15.00	18.00	18.00	21.00	12	Y.
51,49,437	10,20,000	83,66,131	93,24,179	2,416	C. C. Desai, Esq. (Chairman) ..	..	..	Modella Woollens	12.24	10	..	..	0.40	0.60	6	Y.
50,77,400	67,86,945	1,53,31,171	93,24,179	32,182	N. Sirur & Co. Private Ltd. ..	1,24,376	2,752	Morarjee Goculdas Spg. & Wvg. ..	271.00	100	21.50	24.00	24.00	20.00	6	Y.P.
51,75,000	78,75,201	5,36,40,749	2,82,36,291	....	Chinai & Co. Private Ltd.	5,794	..	National Rayon Corporation ..	376.50xd	100	22.00	22.00	16.00	16.00	12	Y.P.T.
2,41,12,100	2,46,77,150	20,31,21,338	9,47,31,722	2,44,926	H. V. Gandhi, Esq. (Chairman) ..	45,944	455	New City of Bombay Mfg. ..	188.75	100	Nil	Nil			12	Y.
24,00,000	12,59,737	91,26,187	48,70,078	1,80,099	Sahu S. P. Jain, Esq. (Chairman)	49,800	962	New Great Spg. & Wvg. ..	153.00	100	Nil	12.00	18.00		12	Y.P.
30,00,000	10,74,106	1,93,74,499	88,59,358	54,899	Kasturchina Ramnarain Private Ltd.	69,196	1,220	Phoenix Mills	260.00	100	15.00	20.00	20.00	20.00	3	Y.
48,00,000	86,57,346	2,33,62,884	1,48,89,184	3,646	Podar Sons Private Ltd.	35,360	930	Podar Mills	12.00	10	1.20*	1.20*	1.20*	1.20*	12	Y.P.
55,00,000	54,83,094	1,48,83,992	14,825	J. K. (Bombay) Private Ltd. ..	..	..	Raymond Woollen Mills Ltd. ..	146.25	100	12.00	12.00	12.00	12.00	12	Y.P.
75,00,000	68,54,335	2,38,00,688	1,14,52,107	44,090	R. A. Podar, Esq. (Chairman) ..	..	..	Sassoon & Alliance Silk Mills ..	10.24	100	Nil	Nil	Nil		9	Y.
10,00,000	3,23,222	39,43,322	24,83,628	673	M. G. Investment Corpn. Private Ltd.	96,488	2,125	Sassoon Spg. & Wvg. ..	37.00	10	1.70	2.00	1.00	2.00	12	Y.
30,60,000	1,62,43,697	4,52,87,112	2,01,24,788	48,276	Marwar Textiles (Agency) Pvt. Ltd..	84,434	1,592	Shree Niwas Cotton Mills ..	242.00xd	100	18.00	20.00	14.00	16.00	12	Y.P.
1,00,00,000	95,34,478	3,19,34,543	1,40,19,240	24,574	S. R. Damani, Esq. (Chairman) ..	50,056	960	Simplex Mills	136.00	50	7.50	Nil	11.00	8.00	3	Y.T.
60,45,000	34,48,460	2,78,94,037	1,43,98,524	9,965	Mafatlal Gagalbhai & Sons	1,13,116	2,706	Standard Mills	658.00xd	100	30.00	25.00	20.00	20.00	12	Y.P.
1,53,65,000	2,81,58,767	5,97,04,133	3,25,75,290	11,562	Tata Industries Private Ltd. ..	87,708	2,000	Svadeshi Mills	258.00	100	17.00	19.00	17.00	19.00	12	Y.P.
1,00,00,000	1,36,03,475	4,40,45,391	2,56,07,243	14,843	James Finlay & Co., Ltd.	70,840	1,765	Swan Mills	261.00	100	36.00	21.00	21.00	21.00	12	Y.
50,00,000	69,37,345	2,55,98,305	1,56,48,403	5,647	Tata Industries Private Ltd. ..	50,056	942	Tata Mills	57.70	25	5.00	5.50	5.00	4.50	12	Y.T.
64,01,000	34,90,525	3,78,23,212	1,56,56,532	3,059	Mangaldas Mehta & Co. Private Ltd..	54,204	1,352	Victoria Mills Ltd.	275.00	100	25.00	25.00	18.00		12	Y.P.
85,01,200	4,22,88,027	3,04,51,582	1,90,17,265	15,048	M.			Western India Spg. & Mfg. ..	850.00	250	116.00	125.00	88.00	64.00	12	Y.P.
24,00,000	1,02,88,220	2,25,79,413	1,53,34,226													
AHMEDABAD																
50,00,000	82,90,984	2,65,60,128	1,20,80,530	7,385	Tata Industries Private Ltd. ..	51,976	1,016	Ahmedabad Advance Mills‡ ..	153.75	100	15.00	12.00	11.00	10.00	12	Y.P.
29,93,600	1,24,15,559	1,75,88,659	1,11,99,348	53,759	Hutheesing Sons & Co.	42,768	955	Aruna Mills	482.00	100	30.00	30.00	30.00	30.00	12	Y.P.
1,00,00,000	2,91,97,308	5,36,29,144	2,41,77,127	1,588	Narottam Lalbhai & Co.	81,092	1,412	Arvind Mills	640.00	100	45.00	45.00	30.00	30.00	12	Y.P.
34,65,000	46,71,342	1,59,05,846	1,03,86,433	3,190	Ahmedabad Manufacturing & Calico Printing Co. Ltd. ..	40,296	953	Aryodaya Ginning & Mfg. ..	242.50	200	30.00	30.00	30.00*		3	Y.P.
29,89,500	1,46,37,481	2,73,79,038	1,13,44,

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,80,980	1,77,88,358	77,19,665	8,246	B. N. Elias & Co. Private Ltd.	879	Agarpara	8.94	10	1.00	0.25	0.25	1.20	3	Y.P.T.
6,00,000	21,01,100	85,62,870	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	275.00	100	44.00	15.00	42.50		3	Y.P.T.
30,00,000	26,04,850	1,72,09,661	1,14,76,789	1,05,589	McLeod & Co., Ltd.	1,264	Alliance	111.00	100	6.00	Nil	10.00	12.50	12	Y.P.T.
40,00,000	1,04,67,331	3,42,98,398	2,11,97,620	90,773	Duncan Brothers & Co., Ltd. ..	2,561	Anglo-India	152.00	100	20.00	7.50	10.00	12.50	5	Y.P.
40,00,000	83,84,494	1,69,46,077	1,00,08,540	1,752	Bird & Co. Private Ltd.	810	Auckland	124.00	100	27.00	12.00	10.00	12.00	3	Y.P.
20,00,000	46,28,520	1,58,42,088	98,46,188	39,388	Birla Brothers Private Ltd. ..	959	Bally	235.00	100	25.00	Nil	Nil	15.00	3	Y.P.T.
£275,000	£875,267	£1,486,277	£1,075,854	£1,341	Jardine Henderson Ltd.	1,889	Barnagore	220.00	£5	£1 10sh.	10 sh.	25.00	25.00	3	Y.P.
95,00,000	27,17,701	76,46,179	45,59,589	1,36,234	Soorajmull Nagarmull	600	Bengal	6.75	10	0.50	0.50	10 sh.	£2	3	Y.P.
1,58,56,210	3,28,59,904	9,96,58,577	4,20,72,427	46,419	Birla Brothers Private Ltd. ..	1,372	Birla	32.06	10	1.50	1.50	0.50	0.50	6	Y.P.T.
36,00,000	20,48,440	1,25,69,733	79,60,997	35,907	Andrew Yule & Co., Ltd.	991	Budge-Budge	128.00	100	10.00	Nil	12.00	20.00	3	Y.P.
7,47,380	88,200	49,78,424	37,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	7.00	10	Nil	Nil			3	Y.P.
18,80,980	30,27,728	1,19,96,838	65,00,929	7,332	M.	616	Caledonian	142.00	100	12.00	5.00	15.00	15.00	12	Y.P.
29,58,290	1,01,10,201	1,95,45,693	1,19,34,129	39,264	James Finlay & Co., Ltd.	600	Champdany	20.75xd	10	1.00	0.50	Nil	Nil	11	Y.P.
38,58,750	77,75,319	1,47,45,586	77,38,580	1,10,207	Andrew Yule & Co., Ltd.	1,131	Cheviot	20.37	10	Nil	0.50	Nil	4.00	3	Y.
30,15,000	36,54,850	1,38,59,292	87,51,922	—4,10,550	McLeod & Co., Ltd.	500	Chitavalsah	8.00	10	0.50	0.50	2.50	2.50	11	Y.P.
24,00,000	8,04,609	£1,44,890	69,78,978	—15 44 521	M.	969	Clive	8.00	10	Nil	Nil	0.50	Nil	7	Y.P.T.
31,49,260	21,35,995	1,33,24,108	$2,26,550	3,316	Bird & Co. Private Ltd.	766	Dalhousie	114.00	100	1.00	1.00	1.30	1.40	12	Y.T.
50,00,000	74,36,442	1,88,80,591	76,70,106	23,475	Andrew Yule & Co., Ltd.	779	Delta	132.00	100	7.50	5.00	Nil	25.00	3	Y.P.T.
15,00,000	45,21,709	1,21,06,993	86,25,776	84,695	McLeod & Co., Ltd.	500	Empire	14.00	10	1.25	0.75	12.00	16.00	11	Y.P.
62,80,000	1,22,58,695	4,17,02,867	2,35 01 408	4,532	Ketilewell Bullen & Co., Ltd. ..	1,884	Fort Gloster Industries Ltd. ..	234.00	100 Old	25.00	10.00	12.50	1.50	7	Y.P.T.
21,49,625	32,04'590	1,42,22,521	93 72,524	6,051	Bangur Bros., Ltd.	1,014	Fort William	21.37	10	2.25	2.25	1.00	2.00	3	Y.P.T.
84,32,100	77,96,303	3,00,05,500	1,61,98,875	16 267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.								
45,36,000	46,54,205	2,19,63,231	88,71,916	9,681	M.	607	General Ind. Society Ltd. ..	13.69	10	1.00	1.00	1.50	2.00	3	Y.P.
80,00,000	65,50,122	3,27,96,620	2,06,30,061	28,659	Macneill & Barry Ltd.	1,394	Gourepore	14.19	10	4.00	1.00	1.30	1.40	12	Y.P.
40,00,000	1,09,30 042	1,86,44,677	1,01,39,206	4,954	Bangur Bros., Ltd.	1,078	Hastings	22.50	10	3.00	2.50	2.00	2.00	12	Y.T.
16,80,000	44,86,659	99,76,527	67,56,170	4,294	M.	778	Hooghly	126.00	100	6.00	2.50	2.00	2.00	3	Y.P.
65,62,500	46,60,997	2,31,36,629	1,61,63,455	....	Jardine Henderson Ltd.	1,940	Howrah	17.00	10	1.00	2.00	0.75	6.00	3	Y.P.
22,50,000	1,22,25,000	3,45,75,240	2,10,75,240	5,088	Ramdutt Ramkissendas	2,272	Hukumchand	15.75	10	1.25	1.00	Nil	1.00	3	Y.P.
87,30,000	26,63,965	1,86,83,015	1,06,01,406	76,164	M.	790	India	19.50	7.50	2.15	2.10	2.00	2.00	3	Y.P.T.
24,00,000	36,84,700	2.08 46,168	1,60,07,458	....	Jardine Henderson Ltd.	1,797	Kamarhatty	15.12	12.50	1.75	1.50	2.00	2.00	3	Y.P.
30,00,000								169.00	100	5.00	Nil	20.00	20.00	3	Y.
24,00,000	16,53,308	1,79,25,475	1,35,47,483	....	Jardine Henderson Ltd.	1,527	Kankanrah	169.00 'B'	100	5.00	Nil	20.00	20.00	12	Y.P.T.
28,00,000	72,61,800	2,51,06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	129.00xd	100	Nil	Nil	20.00	20.00		
54,00,000	2,40,12,573	1,56,10,456	1,04,04,116	3,379	Anderson Wright Ltd.	1,530	Khardah	140.00	100	15.00	15.00	5.00	20.00	12	Y.P.T.
59,33,200	49,03,577	2,28,97,363	1,50,89 313	12,641	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	116.00	100	2.00	15.00	15.00	15.00	5	Y.P.
24,48,000	1,30 000	1,00,10,272	70,67,675	4 687	Bird & Co. Private Ltd.	931	Lansdowne	113.00	100	20.00	7.00	1.25	1.25	3	Y.P.
28,00,000	14,68,147	68,30,767	45,80,762	664	Bird & Co. Private Ltd.	840	Lawrence	98.00	100	Nil	Nil	Nil	Nil	3	Y.P.T.
31,65,200	44,85 037	2,88,76,163	1,65,73,714	84,805	M.	1,294	Megna	98.00	100	15.00	15.00	15.00	10.00	3	Y.P.T.
29,98,900	41,39,963	1,91,36,426	1,15,78,300	21,972	Bhagat Agencies Ltd.	1,084	Naihati	12.56	10	1.20	1.25	Nil	10.00	3	Y.P.
20,00,000	11,82,460	36,57,072	27,05,449	3,215	Howrah Trading Co. Private Ltd.	315	Naskarpara	85.00	100	Nil	Nil	Nil	Nil	3	Y.P.
35,00,080	72,10,449	2,01,14,893	53,47,374	8,567	M.	425	National	7.50	10	0.60	Nil	Nil	Nil	3	Y.P.T.
26,25,000	36,20,172	80,96,895	46,01,106	35,230	McLeod & Co., Ltd.	852	Nellimarla Jute	20.06	10	0.75	Nil	1.00	0.50	10	Y.T.
2,86 50,000	3,31,99,122	11,98,78,237	2,72,02,888	13,602	Sahu Jain Ltd.	1,765	New Central	8.31	10	0.30	0.60	1.50	0.50	7	Y.P.
16,70,850	46,80,688	1,43,77,778	85,72,943	1,076	Bird & Co. Private Ltd.	567	Northbrook	24.75	10	1.50	1.50	Nil	1.50	7	Y.P.T.
66,79,400	58,00,825	1,63,46,564	65,15,293	13,111	Macneill & Barry Ltd.	1,092	Nuddea	3.00	10	3.00	2.00	2.00	3.50	3	Y.P.
25,00,000	13,65,554	1,08,88,905	84,46,448	17,108	McLeod & Co., Ltd.	400	Presidency	10.75xd	10	0.80	0.60	0.50	1.00	3	Y.P.T.
20,00,000	5,27,126	68,13,305	24,70,568	28,500	Hindustan Investment Corpn. Ltd.	205	Rameshwara	4.50	5	0.40	0.30	0.50	1.00	3	Y.
48,50,000	0.89,145	1,24,03,777	69,15,776	7,27,719	M.	423	Reliance	7.25	10	Nil	Nil	Nil	Nil	7	Y.
£600,000	£1,029,127	£1,602,126	£796,090	£2,892	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	7.37	10	Nil	Nil	Nil	Nil	3	Y.P.
20,80,000	23,52,584	1,57,85,313	1,08,08,079	8,777	Bagaria More & Co., Ltd.	911	Shree Ambica	9.50N	£1	6%†	Nil	Nil	10%†	10	Y.P.T.
14,00,000	17,16,854	77,43,303	55,72,946	28,425	Hindustan Investment Corpn. Ltd.	401	Soorah	27.00	10	0.80	0.60	Nil	13%	12	Y.P.
£600,000	£693,155	£1,631,120	£845,419	£3,525	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	19.50	10	2.50	2.50	2.50	2.50	12	Y.P.
35,98,500	42,63,667	1,10,95,221	63,98 988	603	Bird & Co. Private Ltd.	1,326	Union	9.50N	£1	6%†	Nil	Nil	18%†	12	Y.P.
£400,000	£495,602	£1,372,172	£711,723	£1,951	Thomas Duff & Co. (India) Pvt. Ltd.	1,831	Victoria	135.00	100	25.00	6.00	Nil	10%	12	Y.P.
2,50,000	9,70,000	81,07,250	46,38,438	57,655	McLeod & Co., Ltd.	447	Waverley	9.50N	£1	6%†	Nil	Nil	10%†	20.00	Y.P.T.
								8.19	1	0.30	0.30	0.60	10%	12	Y.P.T.
														12	Y.P.
														5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
10,25,000	5 60,324	18,08,952	4,15,764	48,095	Young India Agencies Private Ltd...	1,665	Balanoor Tea and Rubber ..	12.12	10	1.50	1.20	1.20		3	Y.P.
34,60,000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agn.) Pvt. Ltd.	1,870H	Blue Mountain Estates & Ind..	2.38	2	0.25	0.20	0.20	0.20	3	Y.P.
5,50,000	5,11,000	19,95,967	4,35,544	9,168	K. Anantaraman, Esq. (Mg. Director)	846	Chandramalai Estates Ltd. ..	2.65	2	0.25	0.20	0.20	0.12	3	Y.
14,00,100	14,46,380	33,49,058	11,64,152	22,758	Peirce, Leslie & Co., Ltd. ..	660H	Chembra Peak Estates	4.70	2	0.26	0.20	0.20	0.12	3	Y.
5,66,730	13,90,424	24,87,766	3,02,266	....	Matheson Bosanquet & Co. Pvt. Ltd..	150H	Coonoor Tea	4.70	2	0.40	0.40	0.40	Nil	8	Y.
4,80,000	5,03,204	16,62,155	3,17,071	17,303	M. L. Goenka, Esq. (Chairman) ..	671	Coorg Tea	17.37	10	1.75	1.50	0.40	0.40	8	Y.P.
3,40,000	2,28,556	13,60,903	4,33,226	3,308	P. G. Krishna Iyer, Esq. (Mg. Director)	171H	Devashola (Nilgiri) Tea	24.08cd	10	0.40	0.40	0.30	1.75	9	Y.P.
6,74,650	3,83,749	13,44,758	3,14,203	28 158	Young India Agencies Private Ltd. ..	1,177	Devon Tea	11.96	10	1.50	2.00	2.00	0.30	10	Y.P.
7,50,000	6,16,000	5,94,450	13,465	19,221	K. N. Krishna Iyer (Mg. Director)	198	Emerald Valley Estates	6.15	10	1.50	1.50	1.50		3	Y.P.T.
25,00,000	22,41,000	41,03,359	15,14,788	34,749	Parkina Private Ltd.	607H	Halleyburia	13.72cd	5		Nil	1.20	1.00	3	Y.
9,00,000	9,85,470	16,93,743	4,93,218	29,726	Peirce, Leslie & Co., Ltd. ..	190H	Kalasa Tea	4.08xd	2	1.50	1.25	0.50	0.30	3	Y.P.
4,80,000	13,42,010	37,08,125	8,78,832	28,817	Peirce, Leslie & Co., Ltd. ..	556H	Kil Kotagiri Tea	6.40	2	0.40	0.25	0.50	0.30	12	Y.P.
6,90,000	3,13,000	13,93,084	1,58,424	1,857	Ipe Oommen & Co. Pvt. Ltd. ..	936	Kurchermala Plant Ltd.	5.07	2	0.50	0.50	0.50	0.30	12	Y.P.
5,00,080	2,00,560	11,18,870	1,35,037	49,466	Matheson Bosanquet & Co., Ltd. ..	160H	Lucky Valley	11.70xd	10	Nil	0.40	Nil	0.50	3	Y.P.
3,50,000	20,000	3,59,879	33,028	4,608	Vasantha & Co. (Trichy) Pvt. Ltd. ..	255	Manar Estates Ltd.	1.93cd	2	1.00	Nil	Nil	Nil	10	Y.P.
2,50,000	6,13,117	15,03,179	3,99,591	—3,503	Eapen Thomas, Esq. (Mg. Director)..	560	Miamallay	0.20	1	0.20	1.00	1.00	1.00	2	Y.
36,00,000	24,19,484	84,10,841	17,28,500	20,257	A. V. Thomas & Co. (India) Ltd. ..	825H	Neelamalai	34.60	25	3.75	3.50	2.00	1.00	12	Y.
12,00,000	10,09,000	32,29,949	6,97,916	9,932	A. V. Thomas & Co., Ltd.	738H	Nellampathy	4.75	5	0.375	0.50	2.00	Nil	3	Y.
14,06,350	10,16,954	40,42,865	8,24,072	8,184	A. V. George & Co., Ltd.	1,622	Nilgiri Tea	4.02	2	0.26	0.30	0.375	0.375	3	Y.P.
35,10,000	11,05,281	39,45,336	15,15,045	28,437	Harrison & Crosfield Ltd.	841	Nonsuch Tea	9.00	10	0.80	1.00	0.80	0.80	6	Y.P.
14,88,960	17,22,988	34,54,296	7,51,937	46,177	P. S. M. Molyneux, Esq. (Chairman)..	227H	Parkside	22.25	10	2.00	2.00	1.00	0.50	3	Y.P.T.
6,00,000	6,84,231	7,96,354	79,137	4,27,181	S. Sivaramakrishna Aiyar, Esq. ..	771	Peninsular Plantations Ltd. ..	25.73	10	2.00	2.00	2.00	2.00	3	Y.P.
17,00,000	13,87,519	48,20,401	20,82,169	46,169	Aspinwall & Co. (Travancore) Ltd. ..	634H	Peermade	21.25	10	2.75	2.75	2.75	2.50	6	Y.
57,94,880	20,68,711	1,23,79,158	46,17,784	58,308	Peirce, Leslie & Co., Ltd.	1,506H	Periakaramalai	21.25cd	10	2.25	2.50	2.00	2.00	3	Y.
13,50,000	2,95,500	12,02,040	1,74,015	3,959	A. V. Thomas & Co. (India) Ltd. ..	882	Sheveroy Estates Ltd.	3.43	2	0.27	0.40	0.25	0.30	12	Y.P.
9,00,000	15,30,496	31,78,663	10,02,544	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated	2.05	2	0.18	0.40	0.25	0.30	12	Y.P.
1,25,000	12,500	2,18,532	22,950	2,921	M.	216	Swinton Estates	13.75	10	1.70	1.00	1.25	0.125	6	Y.P.
12,50,000	12,05,697	34,15,317	5,52,996	22,571	Srinivas Agencies	1,056	Talayar Tea	2.68	2	0.25	0.12	1.50	1.20	6	Y.
16,75,000	17,65,955	34,08,581	5,94,085	23,756	Parkins Private Ltd.	491H	Twyford	1.87	2	0.16	0.12	Nil	Nil	3	Y.
2,20,000	3,07,345	10,82,130	1,53,087	38,985	A. V. George & Co., Ltd.	503	Udayagiri Rubber Co., Ltd. ..	9.29cd	10	1.00	0.20	Nil	0.20	3	Y.
21,93,280	21,26,250	59,80,505	22,94,476	22,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	15.50	10	0.60	0.60	0.20	0.20	3	Y.
47,25,000	21 88,765	93,19,418	15,06,787	81,980	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Waterfall	23.40	10	0.10	Nil	Nil	0.75	12	Y.
								2.28	2	0.25	0.20	2.20	2.25	12	Y.P.
												0.20	0.20	3	Y.
														6	Y.P.

RUBBER AND OTHERS

4,00,000	5,52,425	17,06,345	5,03,082	20,544	Ramani & Co. Pvt. Ltd.	999	Alageswar Estates Ltd.								
6,75,000	2,85,527	21,05,098	4,40,732	1,693	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	2.67	2	0.15	0.30	0.20	0.20	3	Y.
2,50,000	2,69,092	12,93,383	2,52,129	56,241	A. V. George & Co., Ltd.	629	Anandam Rubber Co., Ltd. ..	10.01	10	1.00	1.00	1.00	0.50	3	Y.P.T.
12,07,825	2,28,040	22,69,026	3,45,437	34,775	Associated Planters Private Ltd.	1,342	Anaparai Estates Ltd.	14.50cd	10	1.50	1.80	1.50	1.50	12	Y.P.
4,25,000	4,75,000	12,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd.	1,041	Badra Coffee Estates Ltd. ..	3.00	2	0.40	0.30	0.20	0.20	5	Y.T.
4,00,000	86 000	7,46,317	1,66,774	2,787	A. V. Thomas & Co. (Mysore) ..	293H	Bababudin Coffee & Produce..	5.00	2	0.30	0.30	0.20	0.20	12	Y.P.
3,00,000	2,05,000	4,73,718	88,297	1,481	Planting Agencies (Private) Ltd.	151H	Balmadies Plantations	1.80	2	0.40	0.40	0.30	0.20	5	Y.T.
26,81,270	19,60,914	60,63,040	12,47,912	28,851	Peirce, Leslie & Co., Ltd. ..	6,255	Cochin Malabar	6.36cd	3	0.525	Nil	0.15	0.10	6	Y.P.
22,50,000	33,62,169	57,74,920	18,29,355	890	M. A. Sreenivasan, Esq. (Chairman)	2,793	Coffee Lands and Industries ..	17.65	10	0.60	0.60	0.60	0.10	6	Y.P.
71,55,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman)	5,345	Consolidated Coffee	22.25	10	0.60	1.20	0.60	0.36	6	Y.P.
6,00,000	5,09,735	15,58,047	1,41,758	5,918	Associated Planters Private Ltd.	1,410	Cottanad Plantations	9.50	10	2.00	2.00	1.50	0.90	6	Y.P.
4,88,560	2,60,000	4,02,930	1,35,017	40,856	Peirce, Leslie & Co., Ltd.	246H	Cowcoody Estates (Coffee) ..	4.66cd	10	1.00	2.00	2.00	0.90	6	Y.P.
18,00,000	15,20,000	40,99,088	9,82,819	40,041	A. V. Thomas & Co., Ltd.	922H	Highland Produce	15.65cd	2	0.50	0.50	0.625	1.00	6	Y.P.
11,86,700	11,77,705	31,72,827	4,60,277	22,904	A. V. George & Co., Ltd.	1,587	Kallar Rubber Co., Ltd.	3.78	2	1.50	1.50	0.40	0.35	6	Y.P.
12,00,000	8,10,342	22,75,750	4,65,953	5,164	A. V. Thomas & Co. (Mysore) ..	888H	Kalpetta Estates	6.07	2	0.40	0.30	1.50	1.50	6	Y.P.
6,00,000	2,40,000	9,03,124	2,60,252	29,055	Peirce, Leslie & Co., Ltd.	278H	Kumergoode Estates Ltd. ..	12.20	10	1.25	0.50	0.60	1.50	12	Y.P.
13,50,000	6,58,333	23,24,906	5,02,946	3,669	K. T. Thomas Kathanar, Esq.	2,147	Malankara Rubber Co., Ltd. ..	3.78	2	0.40	0.35	1.25	1.125	2	Y.
3,25,000	2,50,000	5,72,727	96,884	8,643	Associated Planters Pvt. Ltd.	906	Mercara Rubbers Ltd.	16.37	10	1.50	1.50	0.30	1.40	4	Y.
49,50,000	17,71,083	79,92,021	18,59,147	1,529	A. V. Thomas & Co., Ltd.	1,388H	Midland Rubber	7.45	5	1.00	1.60*	1.40	0.28	10	Y.
8,35,000	4,12,607	17,54,491	3,54,374	1,18,608	A. V. George & Co., Ltd.	1,331	Neemeny Rubber	11.00	10	1.00	1.00	0.75	0.625	3	Y.
2,00,000	5,03,616	11,04,287	66,555	3,992	Associated Planters Private Ltd.	846	Nilambur Rubber Co.	22.55	10	1.25	1.25	1.25	0.625	3	Y.P.
6,50,000	5,96,464	12,89,223	1,39,772	17,987	Peirce, Leslie & Co., Ltd.	293H	Oscoor Estates Ltd.	11.55cd	10	1.50	1.50	1.50	1.00	3	Y.P.
19,45,980	34,54,133	69,64,648	24,42,425	2,616	Peirce, Leslie & Co., Ltd.	1,812H	Ouchterlony Valley Estates ..	2.37cd	2	0.30	0.30	0.12	0.30	12	Y.P.
16,50,000	5,12,431	24,09,627	4,19,333	6,644	Aspinwall & Co., Ltd.	900H	Pullangode Rubber	3.00xd	2	0.26	0.24	0.30	0.30	3	Y.P.T.
13,50,000	13,58,959	63,99,804	20,80,550	20,850	A. V. Thomas & Co., Ltd.	1,216H	Rajagiri Rubber	3.07	2	0.30	0.30	0.30	0.30	3	Y.P.
2,00,000	1,64,963	4,06,853	60,046	47,531	Associated Planters Private Ltd.	422	Rajendra Coffee Ltd.	21.65cd	2	0.10	0.12	0.15	0.25	10	Y.P.
12,00,000	78,907	20,87,248	2,33,330	—1,48,848	Patco Agencies	470H	Sangameshwar Coffee Estates..	10.42	10	2.00	2.00	0.25	0.20	10	Y.P.T.
5,59,170	3,23,000	10,11,403	2,15,317	6,933	Peirce, Leslie & Co., Ltd.	202H	Savamalai Estates Ltd.	1.68	5	1.25	1.25	2.00	2.125	3	Y.P.
6,25,000	2,74,153	14,06,789	65,133	7,665	A. V. George & Co., Ltd.	816	Thamaraipally Rubber	4.32	2	0.12	0.12	1.00	1.25	3	Y.P.
9,15,300	10,75,840	16,61,781	2,34,808	7,080	Peirce, Leslie & Co., Ltd.	1,312	Thirumbadi Rubber Co., Ltd. ..	16.25cd	2	0.28	0.32	Nil	Nil	3	Y.P.
6,60,860	6,15,616	13,78,050	1,92,991	1,840	Eapen Thomas, Esq. (Mg. Director).	1,341	Travancore Rubber	1.65	10	3.00	1.80	0.30	0.35	3	Y.P.T.
41,00,000	12,05,584	90,95,305	18,31,504	32,583	Aspinwall & Co. (Travancore) Ltd.	2,109H	Travancore Rubber & Tea	11.12cd	10	0.07	0.12	1.60	1.00	11	Y.
30,00,000	1,91,000	33,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director)	3,157	Tropical Plantations Co.	9.50cd	10	1.30	1.20	0.10	0.10	12	Y.P.T.
8,80,010	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyaar, Esq. (Chairman)	1,118	Valkundam Rubber Co., Ltd. ..	19.65xd	10	0.90	1.00			9	Y.P.
6,60,000	6,69,482	19,50,932	1,87,596	6,425	P. T. Joseph, Esq. (Chairman) ..	1,245	Velimalai Rubber Co., Ltd. ..	25.00	25	2.00	1.00	1.00	1.00	12	Y.
12,00,000	12,40,982	16,57,152	2,24,133	36,874	Peirce, Leslie & Co., Ltd.	417H	Wartyhully Estates Ltd.	35.10	10	3.00	3.00			12	Y.
6,95,000	97,309	13,95,464	1,02,251	23,313	M.	898	Woodland Estates	5.12	5	0.60	0.50	0.25	0.35	12	Y.
								2.89cd	2	0.30	0.30	0.20	0.24	12	Y.P.T.
								6.80	10	1.00	1.00	1.00		3

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
					CERAMIC; MINING AND QUARRYING									
24,00,000	12,111	67,05,606	22,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	6.40	10	0.60	0.60	0.50		3	Y.
15,50,000	6,88,242	22,23,656	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kot Ltd	24.00N	10	2.00	3.00	2.00		9	Y.P.
25,25,146	25,41,704	1,90,40,451	48,35,084	3,206	Bharat Ram Bhagat & Co.	Bengal Potteries	5.00	10	2.00	3.00	2.00		9	Y.P.
40,00,000	28,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Biara Stone Lime Co.	17.69	10	3.00	3.00	1.00	1.25	3	Y.
14,17,800	25,18,589	53,55,181	22,68,904	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	191.25	100	12.86	15.00	15.00	18.00	9	Y.P.
20,00,000	24,63,738	1,36,52,623	46,61,618	1,20,084	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd.	107.50	100	8.00	11.00	9.00		12	Y.P.
22,05,950	22,23,573	24,002,119	22,243,738	577,316	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.34	Sh. 2	0.36	0.36			12	Y.P.
5,25,00,000	27,81,955	34,18,636	10,76,454	1,40,029	Bird & Co. Private Ltd.	Karanpura Development	9.37	10	1.50	1.50			12	Y.
50,00,000	....	1,14,21,419	5,78,268	3,63,516	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd.	72.00	100	0.50	0.50			12	Y.
30,00,000	56,56,899	1,70,20,512	52,80,436	25,499	Bird & Co. Private Ltd.	Kumardubbi Fireclay and Silica Works.	18.45	10	1.80	1.80	1.80		12	Y.P.
1,78,79,255	19,90,896	1,22,39,515	76,13,994	3,25,966	Sir Indra Singh, Kt. (Chairman)	Metal Corporation of India Ltd.	6.69	10	Nil	Nil	Nil		3	Y.P.T.
6,00,000	7,37,303	17,66,777	9,37,747	190	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	11.57N	10	1.428	1.20	1.50	1.25	3	Y.P.
30,00,000	67,67,481	80,02,201	34,56,786	38,801	Bird & Co. Private Ltd.	Orissa Minerals	22.12	10	3.60	2.80	2.00		3	Y.
12,18,050	22,84,051	1,05,25,902	57,38,031	43,395	A. Y. Ghaznire, Esq. (Chairman)	Parshuram Pottery Works Co., Ltd.	59.00	25	5.36	5.36	5.36	3.75	6	Y.
4,86,840	37,51,142	99,40,647	51,84,720	—23,63,858	Kilick Industries Ltd.	Shivtarpur Syndicate	17.00	10	3.00*	Nil	Nil	Nil	11	Y.
4,80,680	12,75,390	34,34,281	11,78,647	21,096	S. N. Beri, Esq. (Secret	Sutna Stone & Lime Co. Ltd.	28.31	10	2.00	2.75	2.50		12	Y.
								5	1.00	1.375	1.75			
					CHEMICAL									
88,86,175	....	1,79,449	18,076	—26,645	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers	73.50	100	Nil	Nil			12	Y.P.
1,45,80,000	91,50,574	3,54,4 220	1,39,51,126	16,265	Bayuma Services	Alembic Chemical Works Co.	162.50	100	14.00	14.00	12.00	12.00	12	Y.P.
5,10,00,000	2,26,33,273	8,39,01,420	2,46,53,284	5,671	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	20.25	10	1.20	1.50	1.50	12.00	12	Y.P.
1,10,23,200	80,12,547	2,29,02,580	73,73,157	6,813	Amrital & Co. Private Ltd.	Amar Dye-Chem. Ltd.	105.00	100	12.00	9.00	9.00	9.00	9	P.Y.
20,84,000	47,67,886	2,21,76,216	99,62,362	....	Amrital Lalbhai & Co.	Anil Starch Products Ltd.	470.00	100	30.00*	30.00*	25.00*	8.00	12	Y.P.
2,25,16,200	1,83,81,480	7,54,09,08	2,06,13,757	19,425	Lalbhai Sons & Co.	Atul Products Ltd.	310.00	100	12.00	12.00	12.00	12.00	12	Y.T.
60,00,000	....	35,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	58.00	100					6	Y.
1,25,45,900	67,58,822	1,59,19,707	51,89,070	5,728	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	100.00	100	7.00	10.00	Nil		9	Y.
1,80,00,000	93,15,410	1,47,09,873	34,41,546	1,184	Ramniwas R. Ruia, Esq. (Chairman)	Colour-Chem Ltd.	360.00	100	Nil	8.00	8.00		3	Y.P
14,86,344	4,84,918	17,40,490	9,02,009	13,818	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd.	33.00	25	2.50	3.00	3.00	12.00	3	Y.
41,38,250	58,16,052	1,64,19,039	87,13,284	9,597	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	120.00	50	Nil	8.00	8.00		3	Y.
1,07,50,000	1,07,07,358	5,93,07,157	2,11,95,198	1,76,320	Sahu Bros. (Saurashtra) Private Ltd.	Dhirangadhra Chemicals	117.00	100	Nil	8.00	8.00	8.00	12	Y.
5,95,97,740	61,43,460	10,44,89,497	4,07,36,479	3,85,109	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	5.20	10	0.60	6.00	6.00	8.00	12	Y.
1,96,76,000	71,67,780	2,64,75,973	86,44,827	3,006	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd.	287.50	100	6.00	6.00	6.00	6.00	3	Y.P.
15,00,000	6,54,411	26,94,858	15,61,602	19,974	Jal H. Mehta, Esq. (Chairman)	Kemp & Co.	250.00	250	25.00	25.00	7.00	7.00	3	Y.P.
1,40,00,000	37,48,301	2,45,51,382	1,10,52,661	11,681	Seshasayee Brothers Private Ltd.	Mettur Chemicals	14.05	10	1.25'C	1.25	1.375*	1.25	3	Y.P.
24,81,320	13,02,685	56,25,511	47,52,456	3,322	T. Bhamanna, Esq. (Chairman)	Mysore Chemical and Fertilisers	7.87	10	1.00	1.00	1.00	1.25	3	Y.P.T.
19,00,000	5,35,915	13,66,245	7,61,774	4,765	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemicals Mfg.	16.70	10	2.00'C	2.00	2.00	2.00	12	Y.
80,00,000	86,00,955	1,03,02,040	30,64,507	9,857	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	135.00	50	5.50	5.50	5.50	1.50	3	Y.
50,00,000	8,470	59,77,481	40,438	56,804	Emcete & Sons Private Ltd.	Premier Fertilisers Ltd.	6.25	10	Nil	Nil	Nil	7.50	3	Y.P.
25,50,000	17,62,293	65,52,467	27,96,505	11,013	Bangur Brothers Ltd.	Phosphate Co., Ltd.	105.50	100	4.50	2.00	1.50		12	Y.P.
4,95,54,470	17,67,251	31,86,795	18,50,805	19,167	D. M. Jaffray, Esq. (Chairman)	Smith Stanistreet & Co.	168.00	100	55.00	25.00	17.50	15.00	12	Y.
9,02,25,815	1,09,52,567	9,01,95,274	3,04,03,867	—9,38,858	Tuticorin Alkali Chem. & Fertilisers	Synthetics & Chemicals Ltd.	79.50	5	1.25	1.25	1.25	1.125	6	Y.P.
25,00,000	5,89,750	29,88,714	12,05,389	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Tata Chemicals	18.80	10	0.60	0.65	0.65	Nil	3	Y.
31,10,000	....	3,82,892	1,492	—6,72,366	Mr. M. J. Vaidya (Chairman)	Travancore Chemical Mfg. Co. Ltd.	18.85	10	1.50	2.00	2.25	1.00	6	Y.P.T.
14,99,875	....	128,06,158	7,312	—5,574	Mr. N. S. Iyengar (Chairman)	Travancore Electro-Chemical Ind.	60.00	100	Nil	Nil	Nil	8.00	6	Y.P.
						Ultramarine & Pigments Ltd.	115.00	100	Nil	Nil	Nil		12	Y.
					ELECTRIC (BOMBAY)								12	Y.
8,74,78,895	1,85,12,601	18,97,78,999	5,00,50,102	364	Kilick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	100.75	100	7.00					
88,88,380	31,13,441	2,90,89,788	78,91,211	16,72,972	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	9.12	10	1.00	7.00	8.00	8.00	3	Y.P.
2,02,77,000	1,23,89,917	12,35,61,084	3,04,61,312	96,134	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,075.00	1,000	85.00*	80.00*	0.90	0.90	3	Y.P.
1,75,00,000	1,21,07,262	5,11,22,128	1,25,80,588	2,370	Kilick Industries Ltd.	Bombay Suburban Electric Supply	105.00	100	8.00	8.50	8.50	8.50	3	Y.T.
7,67,200	1,02,357	16,91,756	3,70,206	1,556	Rajaputana Textiles (Agencies) Ltd.	Broach Electric Supply Developmen	6.48	10	1.00	1.00	1.00	1.00	3	Y.P.T.
45,89,000	12,56,818	1,57,72,704	61,59,509	5,547	Rajaputana Textiles (Agencies) Ltd.	Poona Electricity Supply	179.00	100	9.50	0.72	0.50		3	Y.
70,00,000	34,04,483	1,81,93,935	61,64,422	3,075	Kilick Industries Ltd.	Surat Electricity	105.50	100	7.50	8.25	8.25	8.00	3	Y.
2,40,00,000	1,39,66,841	9,20,04,314	2,23,23,926	27,886	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	113.00	100	8.50*	8.00*	8.00*	8.50	3	Y.P.T.
5,15,35,000	3,61,11,841	20,36,47,928	4,29,65,210	39,986	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,140.00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.
					West Bengal and Other Centres									
19,99,600	51,52,883	1,70,15,387	51,84,841	13,612	Martin Burn Ltd.	Agra Electric Supply Co. Ltd.	124.00	100	11.00	11.00	11.00	11.00	3	Y.T.
8,00,000	16,30,275	62,04,833	28,40,512	1,852	Martin Burn Ltd.	Bareilly Electric Supply	12.00	10	1.10	1.10	1.10	1.10	3	Y.T.
54,00,000	54,29,990	1,66,67,025	60,88,135	5,523	Martin Burn Ltd.	Benaras Electric Light & Power Co.	21.94	10	1.10	1.10	1.10	1.10	3	Y.T.
54,362,646	£10,815,240	£37,687,253	£15,755,253	£106,574	Sir William Lamond (Chairman)	Calcutta Electric Supply	14.84	10	1.10	1.10	1.10	1.10	3	Y.T.
8,50,000	7,55,075	37,78,204	11,86,461	42,962	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	10.25	10	7¼%	7½%	7½%		3	Y.T.
43,20,000	35,90,160	1,15,99,694	45,52,365	48,005	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	10.75	10	1.00				3	Y.P.T.
5,54,640	1,48,257	42,85,379	17,60,326	47,128	Moonna Lall & Sons	Jhansi Electric Supply	85.00	100	10.00	10.00			3	Y.P.T.
22,49,700	29,85,246	1,16,29,618	48,58,877	9,286	Martin Burn Ltd.	Jubbulpore Electricity Supply	5.40N	10	0.70	Nil	0.70	10.00	3	Y.P.
86,97,380	40,44,800	1,41,84,886	66,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	11.87	10	1.00	1.00	1.00		3	Y.P.
9,10,000	2,56,304	15,36,383	8,29,426	3,542	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	11.00	10	1.00	1.00	1.00	1.10	3	Y.T.
16,80,000	16,08,685	80,81,827	48,11,680	3,975	Bird & Co. Private Ltd.	Sijuah (Cherriah) Elec. Supply Co.	6.69	10	0.625	0.625			3	Y.
70,00,000	26,88,132	2,42,78,880	81,28,055	23,886	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	8.50N	10	1.00	1.00			3	Y.P.
5,00,000	12,25,998	35,53,657	15,13,985	1,035	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	1.00scd	10	0.90'C	0.90	0.90		3	Y.
55,00,000	80,13,213	8,76,23,016	1,75,34,564	9,312	Martin Burn Ltd.	U. P. Electric Supply Co.	19.25	10	1.35	1.25	1.35		3	Y.P.T.
3,00,000	12,86,606	54,12,090	15,22,831	4,16,799	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	151.00	100	11.00	11.00	11.00	11.00	3	Y.
							15.62	10	1.50	1.499	1.499		3	Y.
					ENGINEERING (Bombay)									
51,98,100	63,99,678	1,13,50,883	65,35,499	26,126	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	290.00	100	17.00	22.50	19.00			
10,99,000	7,77,224	25,48,735	12,13,956	641	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	96.00	50	5.50	9.00*	9.00*	9.00	12	Y.
90,00,000	54,77,000	2,14,72,451	99,99,190	158	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	115.00	100	13.00'C	15.00	9.00*	9.00	12	Y.
1,20,00,000	1,51,427	97,23,681	28,47,223	—12,767	Dhanmull D. Desai, Esq. (Chairman)	Hindustan Electric Co., Ltd.	122.50	100	13.00'C	15.00	7.00	9.00	12	Y.
60,00,000	1,26,73,164	2,72,87,477	1,56,47,699	145	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	137.50	100	4.00	5.00	14.00	14.00	6	Y.P.T.
50,00,000	4,61,618	9,84,581	1,87,481	28,604	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	165.00	100	12.00	12.00	12.00	3.00	3	Y.
80,00,000	17,41,760	95,00,765	21,12,283	20,765	Adsam Services Ltd.	Jyoti Ltd.	137.50	100	13.00'C	Nil	Nil		6	Y.
44,96,250	14,17,502	85,37,034	43,80,367	4,511	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	13.00	10	4.00	5.00	14.00	14.00	6	Y.P.T.
67,61,440	1,42,50,088	2,19,41,484	38,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	13.00	10	12.00	13.00	9.00	3.00	3	Y.
61,24,940	71,09,974	1,37,30,770	57,59,125	578	Kirloskar Associates	Kirloskar Electric Co., Ltd.	39.50	25	2.50	2.50	0.95	1.20	12	Y.
90,00,000	79,27,836	1,76,05,965	63,99,529	28,996	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	18.40	10	0.80	1.10	1.20	2.50	7	Y.
27,52,350	20,54,388	50,71,872	16,74,705	18,511	Kirloskar Associates	Kirloskar Pneumatic Co., Ltd.	25.00	10	1.43	1.10	1.20	2.50	7	Y.
2,50,000							193.75	100	Nil	1.60	1.60	1.20	6	Y.
41,00,000	3,80,730	1,26,03,493	40,82,904	61,080	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.		10	Nil	Nil	Nil		3	Y.
1,66,00,000	25,52,279	1,92,60,488	60,32,772	11,973	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	5.52	10	Nil	Nil	Nil	16.00	3	Y.P.
57,29,880	....	25,48,315	4,35,319	—2,80,078	B. L. Kucheria, Esq. (Secretary)	Lynx Machinery	20.52XR	10	1.80'C	Nil	Nil		9	Y.
39,13,160	35,37,336	1,84,33,145	92,09,093	2,374	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	4.48	10	..	Nil	1.40	1.40	3	Y.P.
1,97,98,145	1,14,80,083	2,29,64,781	89,96,861	15,767	Keshub Mahindra, Esq. (Chairman)	Mahindra & Mahindra Ltd.	22.76	10	Nil	Nil	..	Nil	3	Y.
80,00,000	1,29,812	58,73,065	32,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd.	15.88	10	1.25	1.50	1.25	1.50	3	Y.P.
11,86,000	4,48,987	49,41,793	30,54,778	720	P. Jhunjhunwala, Esq. (Mg. Director).	McKenzies	115.00	100	Nil	Nil	1.25	1.25	10	Y.P.
1,86,28,619	91,29,048	1,99,99,158	76,17,143	....	Jeewan Ltd.	Mukand Iron & Steel	140.00	100	10.00	12.00	Nil		3	Y.P.
2,24,250							17.64	10	1.20	1.20	14.00	14.00	3	Y.P.
50,00,000	58,34,208	1,88,49,872	85,50,104	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	156.25	100	12.00	12.00	1.20	1.20	7	Y.P.
7,50,000	11,96,582	39,61,901	14,35,875	3,127	Sir C. B. Mehta (Chairman)	National Rice Industries Ltd.	50.00	50	6.00	6.00	12.00	12.00	3	Y.P.
15,45,400	19,91,430	1,40,31,705	86,38,522	28,097	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	100.00	50	6.00	6.00	6.00	10.00		
35,32,100	1,35,20,545	11,88,575	3,47,065	455	Walchand & Co. Private Ltd.	Premier Construction	130.00	100	12.00	12.00	12.00	12.00	9	Y.
78,67,725	46,64,780	1,28,80,480	60,80,553	5,683	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	83.50	50	12.00	9.00	9.00	9.00	3	Y.
74,45,67,690	38,10,37,802	1,95,88,43,262	92,56,04,287	32,094	Tata Industries Private Ltd.	Tata Iron and Steel	153.00	100	12.00	12.00	14.00	14.00	3	Y.P.
7,59,36,300	5,09,98,017	35,50,77,615	15,50,34,255	14,982	Tata Industries Private Ltd.	Tata Locomotive	75 Old	100	12.00	12.00	8.00	12.00	3	Y.P.
27,22,280	15,68,192	65,71,363	19,00,582	11,054	T. Maneklal & Co.	T. Maneklal Mfg. Co.	276.00	100	9.75'C	10.25*	10.25*	11.00	3	Y.P.
41,56,938	32,87,021	19,70,276	11,25,441	1,178	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	500.00	100	12.50	12.50	12.50	13.00	3	Y.P.
3,55,00,000	3,28,20,017	1,72,11,765	48,75,403	....	J. D. Chokai, Esq. (Chairman)	Voltas Ltd.	25.25	10	1.00	1.00	1.00	1.00	3	Y.P.
70,00,000	22,37,374	1,12,49,648	1,56,793	29,282	M.	Zenith Steel Pipes Ltd.	251.50	100	13.00	8.25	8.25	8.25	6	Y.
							16.00	10	..	14.99	14.00	14.00	3	Y.
										Nil	Nil	0.60	4	Y.
					West Bengal and Other Centres									
6,99,000	7,36,851	48,61,413	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	18.00	10	Nil	Nil				
50,00,000	44,13,231	1,13,71,910	76,30,062	5,347	Tantia Brothers Pvt. Ltd.	Bhartia Electric Steel	15.56	10	1.00	1.00	1.00			
40,00,000	12,24,786	52,01,611	18,36,998	21,432	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	12.75	10	1.00	1.00	1.25			
1,00,00,000	1,40,28,433	2,28,25,810	45,49,254	....	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	32.37xd	10	2.50	2.50	1.40	1.20	12	Y.
12,00,000	50,48,274	1,84,59,269	72,72,176	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	49.00N	10	2.50	2.50	2.50	2.00	12	Y.
19,88,670	7,04,841	39,97,580	14,03,535	32,998	Homne Wilson & Co., Ltd.	Britannia Building and Iron	10.00	10	Nil	3.00	3.00		12	Y.
1,00,00,000	52,95,795	1,98,55,098	75,90,275	5,115	McLeod & Co., Ltd.	Britannia Engineering	20.00	10	1.00	1.00			12	Y.
25,00,000	18,18,956	86,05,885	31,76,021	....	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	10.00	10	1.00	1.00			12	Y.
84,00,000	2,99,02,509	8,88,27,014	3,77,08,725	15,077	Martin Burn Ltd.	Burn & Co.	29.00	10	1.00	1.00			12	Y.
1,00,00,000	17,65,495	75,57,194	17,95,224	1,08,751	R. N. Bhotika, Esq. (Secretary)	Calcutta Steel Co., Ltd.	274.00	100	4.50	2.00	1.50		12	Y.P.T.
1,50,00,000	43,98,384	2,46,10,814	59,12,202	32,961	R. L. Makharia, Esq.	Central India Machinery Mfg. Co., Ltd.	13.75	100	25.50	25.50	25.50		12	Y.P.
80,00,000	35,00,000	1,74,24,651	51,07,264	6,986	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	11.60	10	0.50	0.50	0.50		12	Y.
60,98,400	28,26,003	1,26,09,018	30,29,918	21,399	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	11.12	10	Nil	Nil	1.50	1.25	4	Y.
22,77,795	25,59,619	1,78,84,008	22,52,420	9,707	Harparshad & Co. Private Ltd.	Escort Ltd.	12.75	10	1.00	1.00	Nil	Nil	3	Y.
1,32,18,740	5,15,05,807	12,11,95,790	3,33,48,700	....	N. B. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	17.12	10	1.00	1.00	1.00	0.75	3	Y.P.T.
12,50,000	5,48,100	62,35,333	48,28,998	5,801	Martin Burn Ltd.	Hooghly Docking	24.12	10	1.00	1.00	1.00	1.00	3	Y.
4,44,08,990	80,39,05,725	85,16,35,548	23,96,39,691	....	Martin Burn Ltd.	Indian Iron and Steel	100.00	50	1.50'C	1.50	1.10	1.10	12	Y.
87,57,000	87,57,035	1,85,75,884	58,08,803	24,084	Martin Burn Ltd.	Indian Standard Wagon	25.14	10	1.50	1.40	1.40	1.20	12	Y.T.
99,55,150	3,38,88,872	4,66,80,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products	36.25	10	1.50	Nil	6.25		12	Y.T.
26,586							33.00	10	2.85	2.85	1.00	1.60	12	Y.P.
48,75,180	2,68,887	42,29,659	22,96,610	19,463	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	12.37	0.1	2.30	2.40	2.50	3.00*	3	Y.P.
1,33,47,197	1,36,61,953	5,12,70,807	2,30,47,904	4,996	Madan Mohan Lal Shri Ram & Co.Pt.Ltd.	Jay Engineering Works Ltd.	9.90	10	0.22	0.24	0.24	0.30	3	Y.P.
40,00,000	68,79,000	97,98,620	30,88,807	2,169	J. K. Industries Private Ltd.	J. K. Steel Ltd.	17.44	10	..	0.75	0.22	0.80	3	Y.
1,00,99,000	58,00,16,258	5,57,97,464	1,90,97,854	64,015	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	16.00	10	1.715	1.715	1.00	0.90	3	Y.
97,54,800	83,04,956	1,06,33,553	50,21,186	5,004	Bird & Co. Private Ltd.	Kumardubbi Engineering Works	21.25	10	2.00	2.00	1.00	1.00	3	Y.P.T.
18,50,000	1,09,591	18,65,829	14,91,446	—18,08,413	Marshalls (Direction) Private Ltd.	Marshall Sons & Co. (India) Ltd.	5.44	10	0.558'C	0.558	0.558	0.558	6	Y.P.
60,00,000	18,58,998	1,54,02,104	92,07,119	—4,42,017	M.	National Iron and Steel Co., Ltd.	3.06	2	0.03	0.03	0.03		6	Y.P.
6,00,000	20,52,302	22,10,822	22,42,052	18,804	The British India Corpn. Ltd.	Saran Engineering Co. Ltd.	5.94	10	Nil	0.85	0.85	1.00	10	Y.
66,05,790	9,55,000	75,57,485	14,65,310	58,514	Mr. N. Ranganachan (Mg. Director)	Southern Structurals	6.87	10	Nil	0.48	1.00		3	Y.P.T.
1,50,00,000	1,25,61,666	5,74,96,913	2,92,91,642	54,305	Birla Brothers Private Ltd.	Tee	10.28xd	10	Nil	Nil			6	Y.
59,44,325	20,10,956	1,09,67,915	40,30,919	3,132	Balasundaram & Co.	Textile Machinery Corporation Ltd.	27.95	10	0.35	0.40	0.40		3	Y.P.T.
14,49,485		4,88,096	25,540	—2,84,332	B. A. Harper, Esq. (Mg. Director)	Textool Co. Ltd.	142.50	10	Nil	Nil	0.50	0.40	3	Y.
						Wellman Incandescent India Ltd.		100	1.00	1.00	0.60	0.90	12	Y.
							11.50	10	15.00	15.00	15.00	1.50	12	Y.P.
												Nil	3	Y.

* Includes bonus. 'C'—On Increased Capital.

N.B.—All dividends paid since 31st March 1950 are shown as taxable.

M—Managed by Board of Directors.

X.R.—Ex. Right.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
						INSURANCE (X)								
				25,429	N. M. Cole, Esq.	Concord of India	10.00	5	1.00	1.00	1.00	1.00	12	Y.
13,50,000	69,03,607	2,06,89,131	87,91,455‡‡	65,390	M.	Devkaran N

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
98,75,000	3,46,84,621	7,27,48,445	1,37,72,801	11,965	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd. ..	11.50	10	1.20	1.20	1.20	0.50	3	Y.P.T.
1,00,00,000	56,97,689	2,16,10,686	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	20.00	10	1.80	0.90	1.80	1.50	3	Y.
7,94,700 } 12,65,175 }	2,72,000	16,65,492	2,19,926	1,442	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	15.00	10	..	..	1.00	0.50	3	Y.
30,00,000	44,23,928	46,09,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	7.12	7.50	..	..	1.00	0.50	4	Y.
4,97,14,990	81,08,000	5,99,72,026	1,61,25,618	53,599	A. E. L. Collins, Esq. (Mg. Director).	Ashok Leyland Ltd.	23.62	10	2.50	2.81	2.80	0.375	}	
30,00,000	48,10,024	50,67,341	27,77,690	18,162	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	6.50	5	0.40	0.30	0.40	0.35	9	Y.
1,18,00,000	96,34,917	1,31,10,564	77,02,281	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A	26.37	10	1.80	2.00*	2.00*	2.00	12	Y.
20,00,000	44,17,208	77,53,757	54,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	23.50	10	2.50	1.50	1.50	1.50	3	Y.
80,01,400	1,26,93,254	97,20,051	46,35,240	....	C. G. Montgomery, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	9.00N	10	Nil	1.00	1.00	..	8	Y.
12,00,000	31,52,122	39,22,354	35,10,354	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	251.00	100	25.00	25.00	25.00	22.50	12	Y.
20,00,000	9,62,972	39,03,574	....	....	Bengal Flour Mills Co., Ltd.	Birla Investment Ltd.	31.00N	10	4.00	2.50	2.50	3.00	12	Y.
68,95,530	83,79,866	1,94,30,251	78,26,521	1,064	Birla Investment Ltd.	Britannia Biscuits	9.00	10	0.95	1.00	1.00	0.80	9	Y.P.
3,23,00,000	2,59,31,762	3,30,37,927	2,59,48,445	23,545	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	37.75	10	2.50	3.00*	2.50	2.10	3	Y.P.T.
50,00,000	49,02,950	52,52,851	29,71,082	2,226	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	9.56	5	0.20	0.35	0.45	0.75	12	Y.P.
1,88,80,000	14,77,426	1,77,97,825‡§	....	....	Andrew Yule & Co., Ltd.	Clive Row Investments	20.25xd	10	1.25	1.25	1.00	1.50	12	Y.
2,90,650	7,50,000	40,86,867	30,84,660	2,46,740	K. L. Mital, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	8.00xd	10	0.80	0.75	0.75	..	12	Y.
4,50,00,000	6,23,00,650	12,21,08,895	5,75,17,151	28,239	M. L. Bexon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	15.00N	10	1.00	1.00	0.70	..	12	Y.
90,00,000	1,27,48,000	99,14,313	14,45,934	....	K. E. Goenka, Esq. (Chairman)	Duncan Brothers & Co., Ltd.	84.12	10	2.15	2.15	1.50	1.75	12	Y.P.T.
56,72,320	2,28,56,496	2,44,33,402	58,55,071	2,42,095	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	135.00	100	14.00	14.00	14.00	..	12	Y.P.T.
76,89,000	68,11,801	1,78,16,455§§	....	48,651	Birla & Co. Private Ltd.	Eastern Investment Ltd.	24.00	5	1.25	1.50	0.90	0.90	3	Y.P.
98,58,202	1,93,822	26,02,244	8,43,057	—4,08,444	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	101.00	100	14.00	14.00	12.00	10.00	12	Y.P.
48,33,000	9,17,059	1,27,35,885	41,42,015	5,749	Satish Chandra, Esq. (Chairman) ..	Enfield India Ltd.	7.75	10	Nil	Nil	Nil	Nil	3	Y.
40,12,888	89,54,090	1,15,37,705	59,85,716	2,62,262	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd.	10.50xd	10	0.60	0.40	0.40	0.75	12	Y.
14,00,000	10,92,000	44,75,416	23,86,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	13.50	12.50	1.60	1.60	..	..	12	Y.P.
80,00,000	....	4,73,255	21,691	—3,80,640	National Rubber Mfrs. Ltd.	General Tyres Ltd.	225.00	100	17.50	20.00	15.00	..	9	Y.P.
65,00,000	58,42,190	34,60,723	20,88,588	15,471	J. W. Easson, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	7.00	7.50	..	Nil	Nil	Nil	12	Y.
40,00,000	35,10,000	38,00,747	56,46,453	2,440	D. S. Tarron, Esq. (Chairman)	Godfrey Phillips India Ltd.	15.12	10	1.00	1.25	1.00	..	6	Y.
2,00,15,000	1,54,59,733	3,68,93,878	37,75,535	1,57,517	R. E. O. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	22.50	10	1.10	1.10	1.10	1.10	3	Y.P.
3,07,66,250	2,31,76,491	10,71,36,048	5,23,33,894	51,86,310	Birla Brothers Private Ltd.	Hindustan Motors	22.87	10	4.00	4.00	8.00	2.00	12	Y.P.
1,80,00,000	57,26,612	3,18,45,042	72,54,008	3,043	Talukdar Law & Co. Private Ltd. ..	Hindustan Pilkington Glass	16.12	10	Nil	Nil	..	..	12	Y.P.
40,00,000	....	92,65,321	6,66,780	—12,90,311	H. L. Kapoor, Esq. (Chairman)	Hindustan Tinfoyords Ltd.	18.41	10	0.90	1.20	1.25	1.15	3	Y.P.
15,16,00,000	10,67,60,544	12,85,24,553	4,09,70,628	—11,60,824	Mr. F. A. Colleit (Chairman)	Hindustan Tinfoyords Ltd.	15.00	10	1.20	1.20	Nil	Nil	3	Y.
6,00,44,460	5,02,72,274	18,67,08,068	6,81,39,252	3,29,429	H. V. R. Iengar, Esq. (Chairman) ..	Imperial Tobacco Co. of India Ltd. ..	12.62	10	..	..	Nil	Nil	10	Y.
3,48,65,450	3,38,26,675	3,48,31,931	1,88,64,273	4,12,610	J. V. J. Paterson, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	9.37	10	0.80	0.90	0.90	0.80	3	Y.P.
3,64,00,000	1,61,33,886	9,00,12,544	3,91,56,221	21,621	Amiya Kumar Sen, Esq. (Mg. Director	Indian Cable Co., Ltd.	31.00	10	1.50	1.50	1.75	1.75	12	Y.
29,93,375	1,89,825	60,18,368	28,12,632	85,587	M.	Indian Oxygen Ltd.	35.00	10	2.25	2.50	2.25	2.25	3	Y.P.T.
5,27,970	12,42,783	22,18,109	13,35,190	66,066	M.	Indian Plastics Ltd.	25.06	10	1.50	1.50	1.20	1.20	3	Y.T.
74,96,900	5,81,500	1,01,04,128	15,16,862	53,791	M.	Indian Rubber Manufacturers	7.75	10	Nil	Nil	Nil	Nil	3	V.T.
2,00,00,000	87,10,720	1,50,40,409	19,24,182	19,207	Duncan Brothers & Co., Ltd.	Isaac Hodsons (India) Ltd.	17.75xd	10	2.00	0.50	3.60	..	3	Y.P.
15,00,000	18,00,000	18,79,359	1,62,872	....	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	12.37	10	Nil	Nil	Nil	Nil	3	Y.P.
1,40,20,838	29,23,514	2,78,13,972	16,67,683	64,044	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	7.50	10	7.00	7.00	6.00	7.00	12	Y.
1,47,12,250	1,86,23,546	94,70,888	25,41,490	1,01,639	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	7.75	10	1.00	1.00	..	..	3	Y.P.
16,00,000	14,99,583	29,93,908	5,30,650	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	11.37	10	..	0.50	0.45	0.32	3	Y.
47,12,000	90,33,868	34,12,628	15,66,033	2,34,727	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	28.31	10	2.75	2.75	2.50	2.80	9	Y.
1,61,00,000	2,38,95,151	4,47,55,502	1,71,01,969	38,785	M.	McLeod & Co.	22.82cd	10	3.00	1.25	0.60	..	9	Y.P.
34,98,000	22,90,164	32,86,801	11,11,396	8,426	M. K. Vellodi, Esq. (Chairman)	Metal Box Co. of India Ltd.	230.00	100	15.00	15.00	15.00	..	12	Y.
6,86,250	10,53,965	15,65,798	46,55,184	1,217	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electric Industries Ltd. ..	31.25	10	2.50	2.50	2.50	..	12	Y.
10,00,000	5,01,040	22,77,151	13,28,666	1,401	Mr. M. Subramanyam (Chairman) ..	Mysore Lamp Works	168.00	100	24.00	20.00	20.00	1.90	3	Y.P.
1,35,00,000	1,27,32,234	1,84,18,002	73,45,576	21,708	I. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	80.00	10	2.00	2.50	3.70*	12.00	3	Y.
30,00,000	36,90,800	56,25,223	32,56,376	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	12.00	10	1.00	Nil	1.00	0.80	3	Y.P.
50,00,000	39,77,485	81,98,266	44,68,902	35,955	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Pipes & Tubes Co., Ltd. ..	22.75	10	2.50	2.50	2.50	1.00	3	Y.
50,00,000	21,55,713	1,30,15,550	62,00,885	58,629	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Rolling & Steel Ropes	25.50	10	2.00	2.00	1.80	..	3	Y.
79,97,000	1,30,46,098	1,76,39,830	1,01,47,234	3,26,438	K. K. Mookerjee, Esq. (Mg. Director.)	National Rubber Manufacturers Ltd. ..	19.00	10	1.30	1.50	1.50	2.00	3	Y.T.
28,22,100	17,27,391	64,65,515§§	....	48,990	B. N. Elias & Co. Private Ltd.	National Tobacco Co.	11.25	10	Nil	0.65	1.50	..	9	Y.P.
20,00,000	10,04,500	19,05,562	10,15,929	2,705	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	10.94	10	1.60	0.70	0.70	0.80	12	Y.P.
3,20,00,000	1,13,85,086	3,55,53,701	1,25,86,971	43,000	Parry & Co., Ltd.	Parrys Confectionery Ltd.	55.00N	75	6.50	6.50	5.00	..	12	Y.P.T.
1,56,25,000	9,45,700	2,36,97,801	39,71,134	—47,66,862	W.A.C.H. Bosschaart, Esq. (Chairman)	Phillips India Ltd.	2.95	1	0.30	0.30	0.30	..	12	Y.
72,25,600	7,44,934	30,08,133	7,95,081	4,309	Duncan Brothers & Co., Ltd.	Phillips Carbon	18.37	10	1.20	1.20	1.30	0.16	3	Y.
41,56,400	43,63,124	75,97,564	27,98,860	2,987	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	12.62	5	Nil	Nil	Nil	1.50	12	Y.
1,25,00,000	41,45,070	1,66,51,275	62,82,070	5,962	T. Shamanna, Esq. (Chairman)	Radico & Electricals Mfg. Co., Ltd. ..	8.60	5	0.70	0.70	0.70	..	3	Y.
1,50,00,000	3,35,90,000	15,86,08,576	7,92,70,758	4,805	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	31.12	10	2.30	1.80	0.75	0.75	3	Y.
71,60,000	66,99,991	3,28,44,422	1,87,12,414	4,301	Sahu Jain Ltd.	Rohtas Industries	121.00	100	4.00	6.50	1.80	1.80	3	Y.
75,00,000	....	1,09,02,408	9,21,227	—14,10,918	K. D. Gangull, Esq. (Secretary)	Sen-Raleigh Ltd.	11.56	10	2.00	2.00	2.00	8.50	3	Y.P.
40,00,000	55,43,000	3,25,33,514	1,15,95,090	76,764	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	13.00	10	0.80	0.80	0.80	0.90	3	Y.P.T.
47,00,000	1,10,03,806	1,66,53,654	89,38,199	4,87,429	S. M. Smith, Esq. (Chairman).. ..	Shaw Wallace & Co., Ltd.	7.10	10	Nil	Nil	Nil	Nil	9	Y.P.
1,50,00,000	82,00,000	2,09,13,453	63,50,721	14,232	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	15.69	10	1.10	1.80	0.75	..	12	Y.P.
9,99,810	59,876	19,24,738	10,28,291	1,292	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products	21.66cd	10	1.80	1.80	1.80	1.80	6	Y.P.
11,56,800	19,10,341	16,95,997	8,58,687	5,517	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	10.12xd	10	0.90	0.70	0.60	..	6	Y.P.
1,50,00,000	2,14,79,610	5,05,64,026	1,69,15,726	50,510	E. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	5.55cd	10	0.60	0.70	0.65	..	6	Y.P.
3,58,950	7,01,942	79,25,378	46,26,151	89,275	Sir A. Ramaswami Mudaliar (Chairman	Tube Investments of India Ltd.	30.50	10	3.25*	1.50	0.65	0.65	12	Y.
2,50,00,000	3,80,54,275	7,77,15,892	2,55,25,232	1,93,008	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	201.00	100	10.00	10.00	8.25	3.85	3	Y.
50,00,000	91,28,520	70,39,890	27,47,493	....	J. R. Galloway, Esq. (Chairman) ..	Union Carbide India Ltd.	8.75	10	Nil	Nil	Nil	10.00	7	Y.
5,00,000	3,48,748	6,77,698	5,77,958	....	Vittal Mallya, Esq. (Chairman)	United Breweries	30.25	10	1.80	1.80	1.25	1.50	9	Y.T.
81,46,200	36,44,970	1,18,05,831	52,87,456	9,200	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	33.00	10	3.00	3.00	2.50	1.50	12	Y.
					A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd.	26.25xd	10	3.50	1.00	0.75	0.60	3	Y.
							207.00	100	10.00	12.00	14.00	15.00	11	Y.
													3	Y.P.
TRANSPORT														
20,00,000	23,73,558	70,97,782	30,60,732	54,558	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	127.00xd	100	7.50	7.50	10.00	10.00	10	Y.P.
1,00,00,000	75,25,052	3,76,66,710	1,67,53,127	—68,12,170	Dinshaw (Private) Ltd.	Bharat Line	4.24	10	Nil	Nil	Nil	0.50	12	Y.
90,00,000 } 30,06,000 }	2,71,64,446	10,34,29,602	3,49,39,042	1,28,987	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	13.08	10	1.00	0.75	1.00	0.75	12	Y.
66,55,580	£1,194,360	£4,312,991	£2,342,183	—£84,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. .	12.00	10	1.00	0.75	1.00	Nil	6	Y.P.
1,47,50,000	1,57,29,564	28,79,77,974	8,19,14,557	....	Lionel Edwards (Private) Ltd.	India Steamship Co.	40.00	£10	0.80	0.80	0.50	Nil	6	Y.
28,19,293	11,58,24,647	36,88,60,105	12,45,17,005	2,82,649	D. N. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	6.37	10	1.00	Nil	Nil	Nil	6	Y.P.
8,40,800 } 2,10,200 }	30,76,582	18,79,885	11,06,250	21,687	R. B. Aiyer, Esq. (Manager)	Walford Transport Ltd.	15.32	10	1.00	Nil	Nil	Nil	12	Y.P.
							3.19cd	O. 1	0.80	0.60	0.60	1.00	6	Y.
							3.25	F.O. 1	0.30	0.30	0.30	0.27	12	Y.
									0.20	0.20	0.20	0.27		

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
25,50,000	69,27,800	1,49,32,049	90,70,765	89,096	Shaw Wallace & Co./Ltd.	Amalgamated Coalfields	22.25	10	1.00	1.25	1.50	..	3	Y.
12,00,000	12,52,902	41,58,992	36,25,221	....	Jardine Henderson Ltd.	Barraree Coke	20.62	10	Nil	Nil	1.50	1.50	3	Y.
1,49,49,350	1,92,388	11,57,089	6,92,088	5,892	Kalyanji Mavji & Co.	Bengal-Bhatdee	3.00	10	Nil	Nil	..	..	3	Y.
30,00,000	2,88,23,773	9,41,09,272	5,66,84,183	1,08,409	Andrew Yule & Co., Ltd.	Bengal Coal	0.60	21.00	21.00	19.00	16.00	..	10	Y.
2,25,000	5,45,335	24,86,330	21,80,114	16,129	M.	Bengal-Nagpur	227.00	100	25.00	2.60	..	..	10	Y.P.T.
4,00,000	54,950	1,27,37,959	69,90,595	—3,95,581	Sahu Jain Ltd.	Bharat Collieries	3.25N	10	1.00	Nil	Nil	Nil	12	Y.
7,15,000	8,81,772	59,01,584	37,89,469	—5,87,301	M.	Bhulanbararee	10.00N	10	Nil	Nil	..	..	12	Y.
7,50,000	29,11,605	55,15,184	32,39,252	....	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	10.00N	10	Nil	Nil	Nil	..	12	Y.
90,92,480	94,32,421	4,74,28,820	2 50 88,877	90,768	Bird & Co. Private Ltd.	Burrakur	20.25	10	Nil	Nil	..	..	12	Y.
49,97,750	6,88,370	84,52,322	33,56,558	3,58,028	Hindustan Investment Corpn. Ltd. ..	Central India	15.81	10	1.50	1.50	1.50	1.50	12	Y.P.T.
3,00,000	12,99,400	54,18,457	35,46,265	—1,25,641	Jain Industries	Central Kurkend	8.69	10	1.80	1.80	1.80	1.50	12	Y.P.
16,00,000	....	61,90,801	36,92,941	—5,29,084	M.	Dhemo Main	3.56N	10	0.80	1.00	1.00	1.80	6	Y.P.T.
12,40,000	£561,055	£979,072	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	3.95	10	Nil	..	..	..	3	Y.
29,83,760	1,22,22,090	5,20,46,901	3 93,26,117	1,57,517	Macneill & Barry Ltd.	Equitable	28.50	51	1.00	2.00	2.75	..	12	Y.
1,80,00,000	2,41,453	46,20,017	30,84,265	796	Killick Industries Ltd.	Ghusick and Musila	11.50	10	1.50	2.00	2.00	2.00	12	Y.
3,00,000	....	26,07,218	20,64,101	—3,65,525	M.	Hingir-Rampur	18.00N	10	1.50	1.00	1.00	1.00	12	Y.
20,00,000	9,86,018	49,02,919	15,19,022	32,810	Bird & Co. Private Ltd.	Hurriladih	39.75	50	Nil	Nil	..	..	12	Y.P.T.
14,90,460	18,07,072	66,56,854	44,88,524	20,670	Karanpura Collieries	Karanpura Collieries	5.44N	10	Nil	Nil	Nil	..	3	Y.
9,00,000	10,22,752	29,57,644	23 77,712	87,591	Andrew Yule & Co., Ltd.	Katras Jherriah	11.75	10	1.00	1.00	2.25	2.25	3	Y.P.
7,48,240	56,490	13,90,484	10,51,223	74,771	H. V. Low & Co. (Private) Ltd. ..	Lakurka	30.25	10	0.75	1.00	1.00	1.00	3	Y.P.
81,97,210	46,16,139	2,10,81,103	1,23,85,029	15,709	Tantia Brothers Private Ltd.	Nasira	12.75N	10	0.50	4.00	2.50	3.00	3	Y.P.
10,00,000	8,00,206	12,37,188	3,80,199	51,280	Andrew Yule & Co., Ltd.	New Beerbhoom	1.00	10	0.40	..	..	..	3	Y.
1 15,000 } 1,57,000 }	4,31,409	17,65,276	10,59,556	15,045	Octavius Steel & Co., Ltd.	New Manbhoom	15.19	10	0.75	Nil	..	..	4	Y.
12,50,000	12,52,534	1,94,347	22,85,005(k)	....	M.	North West	11.37	10	1.50	1.00	1.20	1.00	12	Y.
3 34 000	1,52,212	37,96,226	14,17,160	589	P. Prashad, Esq. (Chairman)	Ondal	19.00N	10	1.50	1.50	..	..	12	Y.P.
15,75,000	24,59,125	87,88,044	54,94,852	54,253	Sheepchand Kishenlall	Parasea	17.50N	7.50	1.00	1.00	0.75	0.50	12	Y.
41,99,130	40,85,000	1,62,75,221	1 12,48,598	35,781	Shaw Wallace & Co., Ltd.	Pench Valley	11.50N	10	1.50	1.50	..	..	3	Y.
18,50,000	32,96,490	80,83,857	47,23,819	8,453	M.	Raneegunge	13.00N	10	0.125	0.125	0.75	0.50	12	Y.
37,50,000	45,20,336	1,20,44,712	48,96,957	5,653	Shaw Wallace & Co., Ltd.	Rewa	17.44	10	1.00	1.00	1.00	..	12	Y.P.
40,00,000	16,17,485	1,10,28,290	24,54,119	1,672	M.	Samla Collieries	13.37	10	1.00	1.00	1.00	..	12	Y.P.T.
2,80,000	14,49,316	36,11,289	22,95,222	16,284	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries	26.00	10	1.50	1.70	1.70	..	3	Y.
12,80,000	4,54,548	....	13,04,570(k)	1,546	Andrew Yule & Co., Ltd.	Seebpore	7.50xd	10	2.00	2.00	1.00	1.50	3	Y.
3,00,00,000	1,03,14,323	10,13,84,729	4,10,29,316	47,033	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	1.00	10	1.00	1.00	0.75	0.75	12	Y.
17,50,000	11,77,056	57,60,323	25,84,592	3,001	M. P. Pai, Esq. (Chairman)	Singareni	116.00	100	16.00	14.00	10.00	10.00	12	Y.
8,00,000	15,48,969	....	1,52,707	38,908	Bird & Co. Private Ltd.	South Karanpara	5.50	10	0.50	0.35	2.50	2.00	12	Y.
3,50,000	3,01,032	23,77,775	17,75,595	36,403	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	9.75	10	0.70	0.75	..	..	12	Y.P.
49,98,000	6,09,055	1,05,82,162	42,25,012	1,19,162	M. P. Pai, Esq. (Mg. Director)	Union	6.60	10	0.25	Nil	Nil	0.75	3	Y.
7,00,000	....	60,62,759	34,56,424	—8,28,711	Hindustan Investment Corpn. Ltd. ..	Western Bengal	10.44	10	1.50	1.00	..	0.25	3	Y.
					M.	West Jamuria	10.25N	10	Nil	Nil	Nil	..	3	Y.
							8.75	10	2.00	Nil	0.90	..	12	Y.
							3.50N	10	0.60	0.75			12	Y.
								10	Nil	Nil				

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.
M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable.'
A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 80 lakhs only.
(k) Investments. X.B.—Ex-B

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
67,50,000	1,33,55,000	4,67,639	Allahabad Bank	250.00	100	18.50‡	18.00‡	15.00	15 00	12	Y.P.
1,01,600	30,58,220	4,794	Andhra Bank	88.00	100	8.00	8.00	8.00	8.00	6, 12	H.
40,78,300				77.06	85	6.80	6.80	6.80	6.80		
2,00,00,000	2,44,93,750	2,96,970	Bank of Baroda	96.00	50	8.50	8.50	8.00	9.00	12	Y.
3,55,00,000	4,86,00,000	4,19,848	Bank of India	102.50	50	10.00	10.00	10.00	9.00	6, 12	R.L.Y.
50,00,000				103.50	50'A'	1.00	10.00	10.00	9.00		
60,30,030	35,90,200	47,625	Bank of Maharashtra	53.00	50	5.50‡	4.50	4.50	4.50	12	Y.
80,00,000	1,00,78,033	.....	Canara Bank Ltd.	77 .00	50	7.50	7.50	7.50	7.50	12	Y.P.
25,00,000	27,00,000	9,000	Canara Banking Corporation Ltd. ..	68.80	50	7.50	7.50	7.50	6.00	12	Y.P.
5,99 880				143.50	100'A	20.00‡	20.00‡	20.00	20.00		
41,42,120	75,20,000	17,041	Syndicate Bank Ltd.	17.10	10'B'	2.00	2.00‡	2.00	2.00	12	Y.P.
2,00,000				1.57	1'C'	0.20	0.20‡	0.20	0.20		
2,63,01,800				46.25	25	5.10‡	5.00	5.00	5.00	12	R.L.Y.
52,50,000	5,20,41,606	91,510	Central Bank of India Ltd.	50.00	25	5.10‡	5.00	5.00	5.00		
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co. ..	63.00	50	4.38	5.50	5.50	6.00	12	Y.
2,00,00,000	2,40,00,000	70,60,104	Habib Bank Ltd. P.	20.95N	5	17.5%	20%	20%	20%	12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank	10.50	50	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
50,00,000	3,50,000	18,193	Hindustan Mercantile Bank	10.00	50	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
88,46,215	92,91,884	1,61,942	Indian Bank	152.50	100	15.00‡	15.00	14.00‡	15.00‡	12	R.L.Y.
99,71,575	93,62,535	1,01,850	Indian Overseas Bank Ltd.	142.50	100	14.00	14.00	12.00	14.00	12	Y.
2,00,00,000	2,87,10,000	2,27,073	Punjab National Bank	19.40	10	2.00	2.00	2.00	2.00	12	Y.
5,62 50,000	9,30,00,000	85,50,831	State Bank of India	400 00	100	22.75	23.00	23.00	23.00	12	Y.
1,00,00,000	75,00,000	1,57,743	Union Bank of India	6.08	5	0.57	0.57	0.57	0.57	12	Y.
2,79,66 812	3,20,00,000	75,942	United Commercial Bank	69.50	50	6.00	6.00	6.00	6.00	12	Y.
2,68,71,987	1,00,30,000	4,15,815	United Bank of India	7.59	10	0.48	0.60	0.60	0.75	12	R.L.Y.

PRINCIPAL EXCHANGE BANKS (Dividend per cent.)

£6,600,000	£7,525,000	£510,433	Chartered Bank	£2-9-3	£1	15‡†	15†	15†	15†	12	Y.
H.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£21‡	H.K. $25	£3.15*	sh. 15*	sh. 16*	sh. 16*	12	Y.
£5,708,000	£5,250,000	£316,941	National and Grindlays Bank Ltd. ..	£1-10-6	sh. 15	13‡†	14‡‡	16‡‡	16‡‡	12	H.Y.

Includes bonus. P—Figures in Pak rupees. † Less tax. xr—Ex-Right.
'sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June ..	Carew & Co.	1938	98.50	1st June 1970
2,46,000	6½	1st March and 13th September..	Carew & Co. (2nd mortgage)‖	1941	95.00N	28th February .. 1970
25,00,000	4½	1st May and 1st November ..	Walchandnagar Industries	1944	99.50	1st November .. 1959-64
75,00 000	6	1st July and 1st January ..	Walchandnagar Industries	1960	98.50	21st June 1972
COAL						
30,00,000	6	20th April and 31st October ..	Bharat Collieries	1944	90.00N	31st October .. 1964
60,00,000	6½	1st May and 1st November ..	Bengal Coal Co., Ltd.	1961	98.00	31st October .. 1975
20,00,000	4½	30th June and 31st December‖..	Burrakur Coal Co.	1947	90 00	30th June .. 1967 (a)
46,86,000	5½	1st July and 1st January ..	Equitable Coal Co.	1953	97.00	14th December .. 1968 (a)‡
COTTON						
80,00,000	5½	1st January and 1st July ..	Ahmedabad Advance	1956	95.00	15th December .. 1966-71
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1897	90.00N	15th November .. 1966 (a)
63,93,000	5T	1st April and 1st October ..	Buckingham and Carnatic	1959	100.00	1st March .. .. 1972 (a)
40,02,331	6½	1st April and 1st October ..	Gokak Mills	1957	93.00	1st April 1967-72
18,00,000	6½	2nd January and 2nd July ..	Minerva Mills	1959		1st July 1967-76
$4,22,000	6½	1st January and 1st July ..	Shree Nivas	1958	97.00	31st December .. 1970
$9,51,000	6½	1st April and 1st October ..	Shinplex	1959	97.00	15th October .. 1969-74
$0,00,000	5½	1st April and 1st October ..	Lakshmi-Vishnu	1955	94.50	1st June 1966-70
80,00,000	5½	1st June	Tata Mills	1961	98.50	1st June 1966-71
ELECTRICS						
10,00,000	4½	31st March and 30th September..	Agra Electric Supply Co., Ltd.	1950	97.00N	31st March .. 1965 (a)
8,00,00,000	5½	15th June and 15th December ..	Ahmedabad Electric Co., Ltd.	1960	98.00	15th June .. 1965-70
98,24,000	5½	1st April and 1st October ..	Andhra Valley Power Supply Co.	1940	94.00	1st April 1970-75
12,00,000	4½	30th June and 31st December ..	Benaras Electric Light and Power Co., Ltd.	1949	97.00N	31st December .. 1964 (a)
£3,787,574	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	89.50	1st January .. 1970 (a)
10,80,000	5½	1st January and 1st July ..	Sijua (Jherlah) Electric Supply Co., Ltd.	1951	91.00N	30th June .. 1976 (a)
1,00,000	5T	3rd April and 3rd October ..	South Madras Electric Supply	1940	93.50	30th September .. 1955-68
47,78,000	5	1st March and 1st September ..	Tata Power	1940	93.00	1st July 1970
2,50,00,000	4½	1st January and 1st July ..	Tata Power	1949	93.00	1st July 1965-70
ENGINEERING						
5,00,000	6½	30th June and 31st December ..	Britannia Engineering	1945	94.00N	31st December .. 1969
1,50,00,000	6	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	98.50	1st January .. 1971
29,18,000	7	15th September and 15th March.	Indian Hume Pipe (Bearer)	1962	100.00	15th September .. 1977 (a)
10,63,000	4	31st May and 30th November ..	Kumardhubi Engineering Works Ltd. ..	1946	90.00N	31st May 1971
3,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	96.75	30th September .. 1960-65
JUTE						
12,00,000		1st October and 1st April ..	Agarpara	1939	91.50	31st March .. 1969
6,00,000		30th June and 31st December ..	Alexandra	1939	91.50N	30th June .. 1969
15,00,000		31st December and 30th June ..	Auckland Jute Co., Ltd.	1945	97.00N	31st December .. 1964
10,69 000	6	30th June and 31st December ..	Chitavalsah Jute Mills	1951	93.00N	30th June .. 1966
18,78,000	6½	31st March and 30th September.	Dalhousie Jute Co.	1954	95.00	31st March .. 1969 (a)
8,86,000	5	15th January and 15th July ..	Empire	1951	92.00N	15th July .. .. 1966 (a)
25,00,000	6½	31st March and 30th September..	Fort Gloster Industries Ltd.	1952	98.00	30th September .. 1966
20,40 990	6½	31st March and 30th September.	Howrah Mills Co., Ltd.	1955	93.50	31st March .. 1970
25,00,000	5	30th June and 31st December ..	Khardaon Jute Mills Co., Ltd.	1949	97.00N	31st December .. 1964 (a)
25,00,000	6½	30th June and 31st December ..	Nahabil	1952	92.00	31st March .. 1967 (a)
5,00,000	6½	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd.	1939	92.00N	14th May 1974
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co., Ltd.	1945	97.00	31st December .. 1964
25,00,000	5	31st March and 30th September.	Reliance Jute Mills Co., Ltd.	1950	94.00N	5th September .. 1965 (a)
12,00,000	5½	30th June and 31st December ..	Union	1937	95.50N	31st March .. 1967
RAILWAYS‖; STEAMSHIP AND TRAMWAYS						
£321.697	4½	1st January and 1st July‖ ..	Calcutta Tramways	1900	£66.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£189,051	5	1st April and 1st October ..		1933	£74.00N	
£,50,000‖	6	30th June and 31st December‖..	Katakhal-Lalabazar Railway‖	1945	85.00 N	1st October .. 1974
£200,000	4½	30th June and 31st‖December‖..	Shahdara-Delhi-Saharanpur Railway ..	1905	‖£64 N	31st December .. 1974
						Any time on six months' notice (a)‡
PLANTING						
4,44000	7T‖	1st‖April‖and‖1st October‖	..‖Sangameshwar Coffee	..	100.00	1st‖April .. .. 1960-61‖
MISCELLANEOUS						
45,00,000	5	2nd January and 2nd July ..	Aluminium Industries	1961	100.75	2nd July 1966-71
9,96,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd. ..	1948	97.00N	31st December .. 1966-71
5,00 00,000	5½	1st March and 1st September ..	Burmah-Shell	1954	98.35	1st September .. 1965
2,00,00,000	5½	1st April and 1st October ..	Caltex Oil Refining ((India) Ltd.	1955	98.50	1st October .. 1965-69(a)‡
1,00,00 000	6½	31st March and 30th September.	Dalmia Cement (Bharat) Ltd.	1946	86.00	30th September .. 1970
2,04,55,000	6½	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd.	1950	98.95	1st January .. 1970
97,80,000	5½	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	100 50	30th June .. 1973 (a)†
3,00,00,000	6½	1st January and 1st July ..	Indian Aluminium Co., Ltd.	1959	94.50	1st January .. 1969 (a)‡
27 75,000	5T	2nd January and 2nd July ..	Mettur Chemical Industries	1949	84.00	30th September .. 1975
39,70,000	4	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes).	1947	410.00 (per note)	31st December .. 1972 (a)
74,75,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	78.00	1st April ..
55,01,000	6½	30th June and 31st December ..	National Rayon	1955	99.50	30th June .. 1971
30.00,00,000	6½T	15th May and 15th November..	Oil India	..	98.25	15th November .. 1965-70
20	6½	1st January and 1st July ..	Premier Automobiles	1958	125.50	31st March .. 1968-77
1,00 00,000	6	30th June and 31st December ..	Rohtas Industries Ltd.	1946	96 00	31st December .. 1968-73
10,00,000	5½	January and July ..	Shree Gopal Paper Mills Ltd.	1944	95.00N	15th July 1969
80,00,000	5½	1st May and 1st November ..	Esso	1953	95 25	1st April 1966
5,31,000	5	31st January and 31st July ..	Tata Chemicals Ltd.	1945	95.00	31st July .. .. 1964-68 (a)‡‡
50,00,000	6	1st April and 1st October ..	Tata Oil Mills Co. Ltd.	1959	96.00	30th September .. 1970-75
						1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 13 years. § Any debenture outstanding on 1-6-1960 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-6-1964. ‖ Rs. 86 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1963 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961. T.—Taxable. T.F.—Tax-free. N.—Nominal.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 2nd July 1964.

	Closing quotations 25-6-1964	High	Low	Closing quotations 2-7-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	149.00	153.75	150.00	153.75
Apollo (2)	1.72	1.76	1.66	1.70
Baroda Rayon (100)	79.50	81.00	79.50	80.50
Bombay Dyeing (25)	57.30	59.00	57.30	57.80
Bradbury (50)	162.50	—	—	162.50
Central India (100)	90.50	95.00	91.00	94.00
Century Mills (100)	593.50	604.00	592.00	599.00
Dawn (50)	165.00	170.00	166.00	166.50
Elphinstone (50)	100.50	106.00	102.00	105.00
Finlay (100)	290.00	297.00	290.00	297.00
Gokak (100)	185.00	185.50	184.00	185.50
Gold Mohur (100)	210.00	—	—	208.75
Gwalior Rayon (10)	36.50	39.25	37.75	39.25
Ind. Untd. Defd. (1)	2.42xd	2.46	2.42	2.42
Ind. Untd. Ord. (10)	20.72xd	21.00	20.72	21.00
Indian Rayon (100)	64.00	65.00	64.00	64.00
Indore Malwa (100)	210.00xd	210.00	209.00	210.00
Khatau (100)	181.25	191.25	181.25	187.50
Kohinoor (100)	322.00	325.50	320.00	322.00
Mafatlal (100)	487.50	500.00	487.50	500.00
Modella Woollens (10)	12.24	12.24	12.00	12.24
Morarji (100)	265.00	272.50	268.00	271.50
Mysore (50)	39.00	39.00	36.00	37.50
National Rayon (100)	369.50	381.50	368.00	380.50
New Great (100)	165.00	165.00	153.00	160.00
Phoenix (100)	250.00	262.00	251.00	258.00
Podar Mills (10)	11.76	—	—	12.00
Raymond Woollen (100)	142.50cd	147.50cd	137.50xd	137.50
Sassoon Spg. (10)	37.00	—	—	37.00
Shree Dhs. (100)	240.00	245.00	240.00	242.00
Simplex (50)	132.00	138.00	132.00	138.00
Standard (100)	615.00xd	661.00	613.00	650.00
Svadeshi (100)	254.50	256.00	253.50	255.50
Swan (100)	262.00	—	—	261.00
S. I. Viscose (100)	121.00	122.50	120.50	121.50
Tata Mills (25)	58.50	60.70	59.00	59.70
Lakshmi-Vishnu (100)	86.00	—	—	86.00
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	102.50	102.50	102.00	102.50
Do. (New) (50)	104.50	104.50	103.00	103.50
Bank of Baroda (50)	95.70	96.00	95.50	95.00
Central (25)	47.75	48.50	47.50	48.00
Central 'A' (25)	49.00	50.00	48.50	50.00
Dena Bank (50)	62.00	63.00	62.30	63.00
Punjab National (10)	19.40	—	—	19.40
Union Bank (5)	6.12	6.12	6.08	6.08
United Com. (50)	69.50	70.00	69.00	70.00
Maharashtra (50)	53.00	—	—	53.00
ELECTRIC COS.				
Ahmedabad (100)	100.50	100.75	100.00	100.25
Amalgamated (10)	9.08	9.20	9.08	9.20
Andhra Valley (1,000)	1,075.00	1,087.50	1,075.00	1,085.00
Bom. Sub. El. (100)	104.50	106.00	105.00	106.00
Surat (100)	105.00	—	—	105.00
Tata Hydro (100)	113.00	113.50	113.00	113.00
Tata Power (1,000)	1,150.00	1,145.00	1,140.00	1,145.00
INSURANCE COS.				
British India (10)	14.00	—	—	14.00
Indian Mercantile (50)	66.00	—	—	65.00
New India (15)	47.00xd	65.00	64.00	46.00
New India 'A' (15)	48.00xd	47.25	46.00	47.50
Vulcan (10)	16.24	48.50	47.25	16.24
STEEL COS.		—	—	
Ind. Iron (10)	25.00	—	—	25.50
Mukand Iron (10)	17.52	25.60	25.15	17.88
Tata Steel Ord. (75)	151.50	17.88	17.52	154.50
SUGAR COS.		154.75	152.00	
Belapur (50)	213.00	215.00	213.00	213.00
Bhopal (10)	12.76	—	—	12.75
Changdeo (12.50)	25.75	—	—	25.75
Maharashtra (50)	135.00	139.00	—	139.00
Phaltan (50)	102.50	103.00	136.00	102.50
Walchand Ind. (100)	164.00	154.00	101.00	152.00
CEMENT COS.			151.50	
Associated Cts. (100)	152.25	155.50	152.50	154.00
Digvijay (100)	190.00	191.00	188.00	188.00
Orissa (10)	13 08	13.16	12.96	13.00
DYES & CHEMS.				
Amar-Dye-Chem (100)	165.00	173.75	165.00	167.50
Camphor & Allied (100)	87.50	87.00	86.00	87.00
Citric (100)	71.50	76.00	73.00	76.00
Chemicoat (100)	103.00	104.00	102.00	103.00
Colour-Chem. (100)	355.00	368.75	355.00	360.00
Indian Dyestuff (100)	276.25	297.50	277.50	287.50
Polychem (50)	138.75	143 75	135.00	137.50
Synthetics (100)	80.00	82.00	79.00	79.00
Tata Chemicals (10)	18.60	18.92	18.56	18.84
MISCELLANEOUS				
Alcock Ashdown (100)	287.00	294.00	287.00	290.00
Bom. Burmah (25)	58.20	58.50	57.80	58.00
Do. (New) (20)	44.00cd	44.50cd	44.00xd	44.00
Br. B. Petrol (1½ sh.)	3.36	3.48	—	3.40
Cooper Eng. (100)	9.36	3.34	—	9.36
Hindustan Lever (10)	111.00	119.00	115.00	115.00
Hindustan Motors (10)	33.00	34.00	33.25	33.50
I. C. & Invest. Corporation (100)	18.40	18.76	18.40	18.72
Indian-Copper (2 sh.)	90.00	92.00	90.00	92.00
Klilicka (100)	3.42	3.44	3.34	3.38
Larsen & Toubro (10)	88.00	92.00	88.00	92.00
Mahindra & Mahindra (10)	20.40xr	20.72	20.36	20.40
Asian Cables (100)	16.12	16.12	—	15.88
Permanent Magnets (100)	71.00	—	15.84	71.00
Phillips Carbon (10)	112.50	112.50	110 00	110.00
Pre. Automobiles (100)	97.50	12 50	11.76	11.76
Premier Con. (80)	104.50	104.75	97.50	102.50
Scindia (20)	14.84	190.50	184 50	186.00
G. E. Shipping (10)	12.84	15.56	14.84	15.44
N. Standard Eng. (100)	130.00	13.48	12.92	13.40
T. Manekial (100)	490.00	—	—	130.00
Shivrajpur (10)	18.76	505.00	490.00	502.50
Sirpur Paper (10)	11.92	19.52	17.00	17.50
Tata Locomotive (100)	277.00	12.12	11.92	12.00
Tata Oil (25)	61.50	286 50	276 50	277.00
Voltas (100)	252.25	61 70	60.50	61.20
W. I. Match (100)	241.00	254.50	251.50	252.00
W. Coast Paper (100)	158.50	243 50	241.00	242.50
Zenith Steel (10)	16.24	162.00	158.50	161.50
		16.52	16.00	16.30

GOVERNMENT SECURITIES	25-6-1964 Rs.	Gross Yield Earlier Redemption	Later Redemption	2-7-1964 Rs.
2½% 1976	83.00	—	4.61	83.00
3 % 1966-68	98.15	—	—	98.15
3 % 1970-75 1st Dev.	90.45	3.84	4.48	90.45
3½% 1968 Con. Loan	93.80	4.85	4.09	93.80
3½% 1965 N. P. Bonds.	100.00	—	4.71*	100.10
3½% 1967 N. P. Bonds.	99.85	—	3.40	99.85
3½% 1974	96.75	—	3.55	96.75
3½% 1969 N. P. Bonds.	100.05	—	4.12	100.05
3½% 1968	98.00	—	3.73	98.05
3½% 1968 N. P. Bonds.	98.40	—	4.03	98.40
4 % 1972 Loan	99.70	—	3.94	99.70
4 % 1973 Loan	98.85	—	3.82	98.85
4 % 1979 Loan	98.85	—	4.17	98.85
3½% 1966 Bonds	98.50	—	4.16	98.50
4 % 1988 Loan	99.90	—	4.14	99.90
4 % 1981 Loan	98.00	—	3.55	98.00
4½% 1985 Loan	98.25	—	4.18	98.35
6½% 1972 G. Bonds	100.10	—	4.15	100.10
4½% 1972 N. D. Bonds	118.10	—	4.49	118.10
	100.10	—	4.61	100.10
		—	4.24	

* Current Income. xd—Ex-dividend. xr—Ex-Right.
c.r.—Cum-Right. cd—Cum-dividend.
‖ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus

COMMERCE

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

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WHAT IS WRONG WITH CAPITAL MARKET?

THE inauguration of the Industrial Development Bank of India in Bombay on the 3rd inst. provided an opportunity to businessmen and industrialists to understand the mind of the Union Finance Minister on an issue that is causing them great anxiety, namely, the depressed state of the capital market. It was to his issue that Mr. T. T. Krishnamachari devoted the major part of his inaugural speech. There need be no hesitation in recognising that the speech was on the whole constructive in approach, though it did not contain clear-cut solutions designed to boost the sentiment of the capital market excepting for the statement that the Capital Issues Control had been asked to relax, in suitable cases of new issues, the debt-equity ratio of 2:1. Mr. Krishnamachari was, of course, candid enough to admit that, if the response to new issues and the barometer of the share market were indicators of the state of wealth of the economy, there was room for concern. But he was not prepared to concede the need for any major modifications or concessions in the Government's economic and fiscal policies.

Mr. Krishnamachari has no doubt been emphasising, ever since his return to the Finance Ministry last year, the need for reviving the confidence of investors. And he has also taken quite a few steps in that direction. Mention may be made of the abolition of the Super Profits Tax and its replacement by a milder Surtax calculated on a wider capital base, the incentives provided in the Finance Act for the corporate sector, the lower rate of tax for technical fees payable to foreign companies, and a number of other incentives to foreign investment. All these, as Mr. G. L. Mehta, Chairman, Indian Investment Centre, stated in his speech at the annual general meeting of the Centre in Bombay on Thursday this week, have sought to rectify the situation to some extent. But there is as yet no evidence to suggest that these steps, in their totality, would achieve the accelerated rate of growth that every one is keen on. At any rate, the confidence the budget proposals sought to infuse in the capital market has not been reflected by stock markets. The all-India index number of variable dividend industrial security prices (base: 1952-53=100), which stood at 174.3 just before the presentation of the budget, has gone down to 164.0 (for the week ended 27th June). That the budget proposals have not been adequate to tone up the capital market will be evident from the marked decline in the number of "further" issues (especially those made at a premium) and the poor response to the "initial" issues, barring a few selected good ones. Indeed, the public support for several new issues has been so niggardly that the underwriters have had to take up a substantial portion of them.

If, in spite of Mr. Krishnamachari's claim that his recent budget has accorded "large" concessions to the private sector, the capital market is dull and drab, the question arises: Why? According to Mr. Krishnamachari, the reasons are the following:

1. It might well be that there is no money or perhaps not enough money available for investment.

2. It might even be that the money that is available would not come out for the reason that it might then be taxed.

3. It might also be that managing agencies are no longer able to inspire confidence and attract capital as they once did.

4. The present phase might be the inevitable counterpart of the scramble for new issues which developed in 1960 and 1961. Feverishness, whether in a man or in a stock exchange, is always a symptom of bad health.

Few can disagree wholly with this assessment, as also with Mr. Krishnamachari's emphasis that there are two basic weaknesses which need early attention on the part of private enterprise. One is that the promoters do not care to canvass for investment. The other is the large reliance on underwriting institutions as an end in themselves. To these weaknesses, we may also add a third factor, namely, the grave mistakes made by promoters. There are some industries in which the private sector has not lived up to the promises held out at the time of issuing prospectuses. The depreciation in the value of investments made in these industries is so high that it has dampened the enthusiasm of investors for new issues. Several new issues, too, have recorded a depreciation in their values.

When such is the state of the capital market, how can the private corporate sector be expected to fulfil the huge investment target of about Rs. 3,200 crores tentatively set for it in the fourth Plan? This target represents a rise of Rs. 1,200 crores as compared with the total investment of Rs. 2,000 crores expected to be incurred in the current Plan. What is more, a significant part of the outlay (Rs. 1,500 crores out of the total of Rs. 3,200 crores) will have to come out of the internal resources of the corporate sector; the amount of Rs. 1,500 crores is exactly double the corresponding estimate for the third Plan. Mr. Krishnamachari himself pointed out that there was no escape from a policy of encouraging larger savings in the corporate sector and measures to channel them into desired lines of development. But he did not spell out clearly the elements of this policy. All that he said was that some of the measures in the last budget were formulated with this very objective.

There is no gainsaying the fact that both entrepreneurs and investors continue to adopt an extremely cautious attitude which is restraining the new issue activity. The establishment of the Industrial Development Bank and the Unit Trust will no doubt go some way in strengthening and broadening the framework of the capital market as the source for the supply of funds to industry. But, if the cautious attitude of entrepreneurs and investors is to yield place to a venturesome one, it is imperative that the Finance Minister should have a second look at his budget proposals with a view to (*a*) encouraging larger savings in the corporate sector, (*b*) inducing more entrepreneurs to launch new enterprises, and (*c*) providing sufficient incentives to individuals. The dividend tax, for instance, can be made applicable only to excess dividends or, if this is not possible, a rebate can be given to companies on the amount transferred to reserves and retained in business. Further, the tax on notional capital gains on bonus shares must be done away with and the heavy incidence of Estate Duty and Gift Tax reduced. Again, small companies with a paid-up capital of Rs. 10 lakhs or a turnover of Rs. 20 lakhs, whichever is higher, should be exempted from the mischief of Section 104 (old Section 23A) of the Income-tax Act. The Annuity Deposits Scheme, too, requires a thorough modification, if not complete abandonment. The present exemption limit (annual income of Rs. 15,000) must be raised substantially and the rate of deposits reduced drastically.

Mr. Krishnamachari, it is somewhat regrettable, refuses to believe, in spite of convincing arguments put forward by many, including this journal, that the increase in Estate Duty and Gift Tax has significantly acted as a damper to investment. In one breath, he emphasises that the flow of savings into equity stock must increase and that every effort must be made to sustain such an increase. But, in another breath, he says that "there is no use arguing, as some people do, that a reduction of taxation, greater incentives to the private sector, or Government giving up its determination to pursue socialist objectives would do the trick and revive the capital market." What a capital market needs is, according to him, not the speculator in search of quick gains, a herd of bulls in pursuit of bears, but the genuine investor who, when he buys the shares of a new company, does so with the knowledge that he will have to wait for some time before he gets any return; of course, the return which he ultimately gets has to be adequate and commensurate with the period of waiting.

While speculation with the object of getting quick gains to which Mr. Krishnamachari has referred is highly undesirable, the point is that the bulk of the investments going into shares comes from shareholders who belong largely to the middle-income group. It is this group that is fin

PARTIAL TEXTILE CONTROL

IT will be idle to pretend that the scheme of textile control, outlined by the Cotton Textile Consultative Board at its meeting held this week in Bombay, is free from defects or that it is easy to work it. If the scheme has been generally welcomed even in industrial circles, it is because it retains a certain measure of freedom for the mills in respect of their marketing operations. In other words, the welcome feature of the scheme is that it keeps controls to what it considers to be a fair minimum proportion of the total mills' output of cloth. In doing so, it has set its face against full-fledged control on cloth which, as past experience shows, raises more problems than it solves. Finding that the *ad hoc* voluntary control on textiles instituted by the industry has not worked as well as was originally expected, the Board has found it necessary to replace it by a statutory control on 40 per cent of the mills' production of cloth (except cloth meant for defence and exports).

If the industry's voluntary price control did not work as well as was once thought possible, the blame must rest squarely on the Government's shoulders. Had the Government been imaginative enough to build into this scheme some flexible method whereby cloth prices could reflect changes in production costs, the scheme might still hold the field today. The Government did nothing of the kind. Despite repeated reminders by the industry that it had no sanctions to enforce a scheme which was being weighed down under the rising pressure of production costs, the Government chose to sit pretty tight on it in the hope that the industry would carry on as best as it could. But then the inevitable result took place. Several mills found it difficult to work this scheme and, having abandoned their self-imposed restraint, they raised the prices. Judging from press reports, the Government did not take kindly to what the industry did. But, if it was in earnest about maintaining the scheme intact, it was still open to it to reform the scheme in a manner that would have made it a realistic mirror of the changing elements that go to make the overall textile costs. From the general tenor of its proceedings, it is clear that the Board was determined to scrap the scheme and to replace it by a more comprehensive measure. Broadly speaking, the reform envisages, as already stated, a control on 40 per cent of the mills' production, leaving the mills free to produce and market the balance as they please.

As it will take some time—at least some three months—before the statutory controls can come into effect, it is now agreed that the working of the voluntary price regulation scheme should continue during the interim period. Again, during this period, the prices of certain old varieties—that is, those which were in existence before 1st January 1962—will be refixed by the Textile Commissioner in consultation with the industry. However, no increase in prices will be allowed in respect of new varieties of cloth which the mills commenced producing after 1st January 1962. Fearing that any further change in the pattern of cloth production will make the transition to the new system of controls more difficult, the Board has held that no new varieties should be produced during the interim period. When the new regulation comes into effect, the controlled varieties will have the prices marked in red and the non-controlled varieties in blue. The choice of the varieties that will come under control is left to an Advisory Committee consisting of official and non-official representatives. The controlled cloth will be made available through consumer co-operatives and fair-price shops. To avoid any malpractice at the retail end, the Board has suggested that vigilance committees of consumers, public workers and other interests should be set up in each town or city.

Such in broad outline is what the Board has proposed as a solution to the problem of rising cloth prices. The success of the scheme would depend on how ably the Government succeeds in meeting the three difficulties that seem to be inherent in the scheme itself. In the first place, much will depend on a wise choice of the varieties that will come under control. If the varieties are chosen wrongly, they just will not appeal to the consumer. It must be remembered that consumer preferences have changed a great deal in the last decade or two. Consumers seem to want better cloth. There are also regional differences in the varieties of cloth consumed and also differences in consumer tastes as between the rural and the urban areas. It is no easy task to assess these differences and set the right pattern for mill cloth production under the controlled categories. Secondly, the co-operatives and the fair-price shops which will have to lift the cloth must have adequate finance if they are to serve as efficient channels of distribution. Moreover, past experience shows that even co-operative societies prefer superior varieties of cloth to slightly inferior varieties. And if they choose to distribute only the popular varieties, whether controlled or non-controlled, and refuse to take the rest of the cloth, the mills may be overburdened with an unsold surplus. Thirdly, the scheme does not provide for any situation arising out of unsold cloth and of any possible tendency among mills to inflate the prices of uncontrolled varieties and also downgrade the quality of the controlled varieties. These shortcomings are bound to come up time and again when the scheme begins to be worked. They are stated here not so much as an argument against the entire scheme but as a pointer to the pitfalls which one should expect in the working of the scheme. It is better to be warned of the dangers than to be caught by them unawares.

Realising that it is essential that the textile output as a whole should be raised in order to meet the rising demand for cloth, the Board has done well to outline two commendable measures. First, it has suggested that the mills should work their plant and machinery more intensively. Secondly, the Board has pleaded for more imports of balancing machinery and equipment such as will enable the mills to undertake a vigorous scheme of expansion of their output. It may be mentioned here that the Indian textile machinery industry is now not in a position to meet fully the textile industry's requirements of machinery. And insofar as the Board's suggestions envisage more imports, they should be welcomed as a realistic approach to the problem. In fact, any modest expenditure in foreign exchange which such imports might involve would be adequately compensated by increased production and exports. In any case, if the measures now recommended by the Board result in increased production, they will have contributed not a little to the easing of the cloth position. In the first five months of the current year, cloth production has moved up by 69 million yards to more than 2,060 million yards and the output of yarn by about 63 million lbs. to over 850 million lbs., as compared with the corresponding period of last year. Given better co-operation from labour and adequate supplies of cotton, it should be possible to raise cloth output further. When such an increase in textile production is achieved, it will be easier to implement any specific scheme of control over cloth; absolute shortages in supply will lead to a situation in which even the most rigorous scheme of cloth control must fail. The essential thing to do is to raise the output of cloth. In the final analysis, the Board's proposals will be judged by the fillip they provide to higher production.

BUNGLING IN FOOD

THE Union Ministry of Food and Agriculture, it is well known, has been fashioned all along to devote most of its energies to such questions as imports, prices, procurement, movement, distribution, zoning, cordoning, trading, licensing and the like. It has thus come to accord primacy to "food" as a problem of scarcity. In its anxiety to solve the problem (or, perhaps, not to solve it), the Ministry has built up over the last seven or eight years a cumbersome machinery for directing or administering partial food controls in all their bewildering complexity. Incidentally, these partial controls, which do not involve monopoly procurement from producers at control prices and statutory rationing as in 1948-52 when full-fledged control was in force, have been thought of as a half-way house between a wholly free economy and a fully controlled economy. But they have in fact become a cobweb of restrictions, complicating further an already complex food problem, with the result that they either seem to combine the worst features of both types of economy or do not seem to combine the best features of either. It is within this framework of partial control that restrictions are periodically relaxed or tightened up with no lasting results in terms of either lower prices or fuller supplies. The entire framework is such that it is inextricably linked with the problem of food distribution. This is the legacy that Mr. C. Subramaniam, the new Minister for Food and Agriculture, has inherited. Whether his "dynamic" impact on the Ministry will turn it in the right direction—the direction of greater food production—remains, however, to be seen.

As of today, there are no encouraging pointers to such a salutary result. On the other hand, there is the depressing spectacle of the Food and Agriculture Minister continuing to think of food as a problem of procurement, distribution, prices and imports. He has just announced (*vide* his Press conference at New Delhi on the 3rd instant) that 2,000 rice mills, capable of handling 20 million tonnes of rice, are to be established in the public and co-operative sectors by the end of the fourth Plan "in keeping with the Government's policy of securing a commanding position in the procurement and distribution of foodgrains." And he has also stated that neither new rice mills would be licensed in the private sector nor would existing rice mills, with their obsolete equipment and technology, be taken over by the State. If, thus, the Union Food and Agriculture Ministry has chosen to violate the spirit of the Bhubaneswar Congress resolution on the taking over of rice mills, could it not have also wisely decided not to think in terms of setting up rice mills in the public sector? After all, it would any day be easier and cheaper to expand and modernise the existing rice mills than to set up entirely new ones with imported machinery and equipment. Only, for this, the Government might have to evolve suitable financing arrangements under which, incidentally, effective control over the operations of the rice milling industry could also be ensured. As even otherwise the industry's procurement and distribution activities could be suitably regulated, it would not be prudent to incur heavy capital outlays on hundreds of public-sector rice mills, as if the establishment of these mills would, by some magic, enlarge the supplies of rice. But such imprudence would seem to be inevitable in the context of the Union Ministry's chronic obsession with food as a problem of procurement and distribution.

INDEX NUMBER OF WHOLESALE PRICES

(1952-53=100)

Year	Cereals	Sugar and Gur	Oilseeds	Fibres
1956-57	99	92	117	121
1957-58	96	113	116	111
1958-59	101	128	128	107
1959-60	103	141	140	125
1960-61	100	117	160	176
1961-62	102	122	148	126
1962-63	103	148	143	134
1963-64	123	168	166	136

Likewise, the Food Ministry is always obsessed with the elusive goal of evolving a set of foodgrain prices that would be acceptable to both producers and consumers. Mr. Subramaniam's view, expressed at his Press conference, is that a long-term policy could be evolved to stabilise prices for the consumer without making them unremunerative to the producer. The expectation here seems to be that, at such an ideal level of prices, ample supplies will flow into the market. But it has been ignored, in this context, that the trend of commercial crop prices is bound to have a significant impact on the course of prices and marketed supplies of foodgrains. One may recall, in this connection, that the increase in the wholesale prices of commercial crops (*vide* the accompanying table) was relatively very much higher over the period 1952-53 to 1962-63 than the increase in cereal prices. The further rise in the prices of commercial crops in 1963-64 may have been partly responsible for the rise in cereal prices, because, when the money returns from commercial crops were obviously greater, the cash needs of agriculturists should have been met to a substantial extent, thereby obviating the need for premature selling of their cereal surpluses.

This price analysis is not meant to suggest that commercial crop prices should be restrained, thereby lending support to the Food Minister's view that no price policy should encourage growth of cash crops to the detriment of food crops. If anything, there can be no question of restricting the commercial crop sector, for larger production of sugar, cloth and edible oils would be necessary to meet the ever-rising consumer demand for these products. As it is well-nigh impossible to bring foodgrain prices and commercial crop prices into some sort of balance, the only sensible course would be to undertake stabilisation operations with the possible help of the proposed Foodgrains Trading Corporation or Corporations, purchasing foodgrains at certain floor prices in a falling market and selling them at fair prices in a rising market. For the rest, the market forces of demand and supply should be allowed greater freedom to bring about a natural and organic balance between the prices of foodgrains and those of commercial crops.

MARKET GOSSIP

Central Government Loans

SOON after we went to press last week, the Government of India announced (late in the evening of Friday, 3rd July) the second instalment of its borrowing programme. The instalment consists of two cash loans for a total amount of Rs. 150 crores. The loans are a further tranche of (*a*) 4 per cent 1970 loan at Rs. 99 per Rs. 100 (nominal) repayable on 15th April 1970 and (*b*) 4¼ per cent 1989 loan at par repayable on 15th April 1989. The list opens on Monday the 13th inst. and will close on the 15th inst. or earlier in case the total subscriptions amount to Rs. 150 crores. The Government reserves the right to retain subscriptions upto 10 per cent in excess of the notified amount, that is, upto Rs. 165 crores.

This year's borrowing programme of the Central Government differs from that of last year in four important respects. In the first place, the programme seeks to cover the requirements of the Centre only, whereas last year's programme was a combined one launched on behalf of both the Centre and the States. Secondly, the second instalment of the borrowing programme this year, as already stated, consists of two purely cash loans, unlike last year when two cash-*cum*-conversion loans were issued. Thirdly, one of the two loans this year is a long-dated one, maturing after about 25 years, while one of the loans issued last year was a medium-dated one, maturing after ten years; in both the cases, the other loan is a short-dated one, maturing after six years. Fourthly, for the short-dated loan, the Government is paying a little higher than last year, though the two loans bear the same rate of interest (4 per cent), for the issue price of this year's loan is 50 paise lower than that (Rs. 99.50) of last year's.

The 1964-65 budget of the Central Government, it will be recalled, provides for a total market borrowing of Rs. 295 crores. Since a sum of Rs. 141.52 crores has already been obtained from the two conversion loans (against the 3½ per cent National Plan Loan 1964 and 3 per cent Loan 1964 issued in April last), the balance is only Rs. 153.48 crores. The aggregate amount of the two cash loans announced now more or less corresponds with this figure, after taking into account the Government's right to retain subscriptions up to ten per cent in excess of the notified amount.

Besides the Centre's borrowing programme of Rs. 295 crores, the State Governments also will be entering the market individually later in the slack season, presumably in the second half of next month or early in September. The total collections are expected to be of the order of Rs. 100 crores. In other words, the aggregate market borrowings by the Centre and the States for 1964-65 will amount to about Rs. 395 crores, as against the Rs. 367 crores raised in the previous year.

The total amount of the Centre's two new cash loans might have been less than Rs. 150 crores, if the response to the two conversion loans (issued in April) had been fully encouraging. Although the conversion facilities offered were attractive and the Reserve Bank had held a sizable portion of the holdings, the two loans were converted to the extent of only Rs. 141.52 crores (total), as against the aggregate outstandings amounting to Rs. 188.51 crores. The shortfall thus of Rs. 46.99 crores had to be repaid in cash. The response to the new cash loans, however, is likely to be very much better. Indeed, the indications are that the loans may be oversubscribed by a considerable amount for the following reasons:

1. The terms of the new loans are quite favourable. Their issue prices are same as the current market rates of loans of identical maturities: the 4 per cent 1970 is currently quoted at Rs. 99 and 4¼ per cent 1989 at Rs. 100.

2. The redemption yields on the new loans are fairly attractive: 4.20 per cent in the case of 4 per cent 1970 and 4.75 per cent in respect of 4¼ per cent 1989.

3. With the enforcement of higher statutory liquidity requirements of the banking system with effect from 1st September next (28 per cent, as against 20 per cent at present), the banks will have to go in more for Government securities.

4. Conditions in the money market are extremely comfortable, with the call money rate now quoted around ½ to ¾ per cent, as against 1½ per cent on the eve of loan flotations last year. The banks may be expected to lend good support to the loans, especially to the short-dated loan, while the Life Insurance Corporation, Provident Funds and Trusts will invest largely in the long-dated loan. The banks are certainly in a much better position today than before to subscribe to the new loans. The net accretion to the deposit portfolio of scheduled banks is expected to be larger in the current slack season as compared with the previous season. The actual increase since the beginning of the season upto 26th June was as much as Rs. 66 crores, as against Rs. 38 crores in the corresponding period last year. While the growth of deposits has been faster, the total credit made available by scheduled banks has contracted to a greater extent—by Rs. 77 crores, as against Rs. 68 crores. The cash balance of banks has improved, while borrowings from the Reserve Bank have been reduced more markedly than a year before (*vide* the accompanying table). The position of banks is expected to improve further in the coming weeks.

Judged against this background, one can reasonably expect that the banks will invest sizably in the new loans, especially the short-dated loan. It is true that, as a result of larger investments in Government securities and higher interest rates on deposits, the banks' average rate of earnings will be lower. But the banks know that they can make up for the loss by charging their customers a little extra. There are already rumours that the average lending rate of banks will be raised by ¾ per cent to 8½ per cent from September. The average, it is said, will be achieved individually by all banks and not under any agreement, though the minimum lending rate will continue to be maintained at the level of 6½ per cent prescribed under an inter-bank agreement.

The possible upward revision in interests on bank advances and the higher yield pattern of the new loans prompt one to ask: Will there be a rise in the Bank rate from the present level of 4½ per cent? Many are inclined to feel that such a rise is inevitable in the present context of highly inflationary conditions.

Cement Price Increase

The Government of India has revised, with effect from 1st July 1964, the price of unpacked cement from Rs. 97.75 per tonne to Rs. 99.75 per tonne, f.o.r. destination. The price increase is thus to the tune of Rs. 2.00 per tonne and is stated to have been sanctioned in the light of an official appraisal of increases in cost of production, freight, etc. Of this increase, only Re. 1.25 per tonne will go to the benefit of cement producers. In other words, the ex-works price of cement has been increased by just Re. 1.25 per tonne. The Cement Manufacturers' Association has taken the stand that this increase is too little, for, together with the net increase of Rs. 2.50 per tonne allowed in the retention price from 1st June 1963, it can only partly neutralise the cost increases since 1st November 1961 when the cement retention price was fixed in terms of the Tariff Commission's report.

The Association has pointed out that the last effective increase of Rs. 2.50 per tonne in the retention price with effect from 1st June 1963 fell short of the actual increase of Rs. 4.89 per tonne in costs of production till that date. Since that increase was not given retrospective effect from 1st November 1961, the industry had incurred huge losses which ate into its meagre resources. Between 1st June 1963 and 30th April 1964, costs had gone up further by Rs. 1.025 per tonne. Thus, over the period 1st November 1961 to 30th April 1964, the cost increase was as much as Rs. 5.915 per tonne. But the price increases granted by the Government so far have come to only Rs. 3.75 per tonne in all. What is more, since the latest price increase has effect only from 1st July 1964, the industry as a whole has lost a further Rs. 3.25 crores over the period 1st June 1963 to 30 June 1964. The loss is very real, for the cost increases have been on account of power, fuel, rail freight, etc. It cannot be recouped except by an adequate price increase. The niggardly increase of Re. 1.25 per tonne just sanctioned cannot also be expected to enthuse the industry which, according to general recognition, has a low margin of profit and a low level of reserves and consequently finds it difficult to attract capital for expansion. The very fact that the present price increase has practically had no effect on cement share prices—some cement shares have actually declined since 2nd July 1964—would seem to suggest that the market's assessment of the industry's basis difficulties has not undergone any change.

T.I.S.Co. Raises Dividend Again

In consonance with general expectations of stock markets, the Directors of the Tata Iron and Steel Co., Ltd. (T.I.S.Co.) have stepped up the ordinary dividend again from Rs. 11 to Rs. 12 per share of Rs. 75 (subject to deduction of tax) for the year ended 31st March 1964. The increase of Re. 1 thus is larger than the increase of 64 nP announced last year when the total dividend was raised to Rs. 11 from Rs. 10.36 distributed in 1961-62. What is more, a higher dividend has been proposed for 1963-64 after making all essential provisions and without using reserves. Indeed, this is the first time in the past six years that the Company has not withdrawn anything from reserves for the purpose of dividend distribution. The rise in dividend has been rendered possible largely because of the encouraging working results for the year. The Company's turnover in 1963-64 touched the all-time peak of Rs. 110.44 crores, representing a rise of as much as Rs. 11 crores as compared with the previous year's turnover of Rs. 99.53 crores. The shareholders are, however, a little disappointed in that, despite a sharp rise in turnover and the handsome profit of Rs. 80 58 lakhs accruing from the previous year's operations, the gross profit of the Company has risen by no more than Rs. 2.23 crores to Rs. 24.44 crores. This is apparently due to the impact of the steep advance in production costs and other expenses, unaccompanied by a corresponding increase in retention prices. Out of the gross profit of Rs. 24.44 crores, the Directors have made the following essential allocations:

(In lakhs of rupees)

	1963-64	1962-63
Depreciation at the rate of 5 per cent on original cost	797.04	770.28
Additional depreciation provision to make up the total amount admissible under the Income-tax Act ..	Nil	395.47
Transfer to general reserve	275.00	Nil
Transfer to development rebate reserve	100.00	870.00
Transfer to deferred taxation reserve.	270.00	Nil
Taxes	475.00	80.00
Total ..	19,17.04	21,15.75

The above allocations leave a balance of Rs. 5.27 crores, of which Rs. 5.25 crores have been transferred to the dividend reserve from which the distribution of dividends is to be made, the balance being carried forward. The total dividend absorption will amount to Rs. 440.92 lakhs.

The Inflationary Malaise

Inflation is a world phenomenon—a persistent danger to stability almost everywhere. The rate at which monetary depreciation (that is, the yearly shrinkage of the buying power of money) has taken place in recent years, however, varies from country to country. Noteworthy, in this connection, is the latest annual review of the comparative rates of depreciation of money, contained in the *Economic Letter* (July 1964) of the First National City Bank of New York. This review contains a table which presents in two ways the shrinkage of purchasing power of the currencies of 42 countries over the ten-year period 1953-63. The shrinkage, incidentally, has been calculated inversely from the increases in cost-of-living or consumer price indices as reported by Governments.

One of the ways in which the extent of monetary depreciation in each country has been brought out pertains to the provision of an "index of value of money" with its base 1953=100. It is seen from the index numbers for 1963 that the value of money in that year represented less than 10 per cent of its value in 1953 in four countries, namely, Argentina, Brazil, Chile and Bolivia, 18 per cent in Uruguay, 38 per cent in Turkey and 40 per cent in Colombia, 46 per cent in China (Taiwan) and 50 per cent in Peru, between 50 and 60 per cent in Israel, Spain, Iran and Mexico, 66 per cent in France and 67 per cent in Finland, between 70 and 80 per cent in Greece, Denmark, Japan, Sweden, Norway, Italy, New Zealand, United Kingdom, Netherlands, Ireland, Austria and *India*, between 80 and 90 per cent in Australia, Philippines, South Africa, West Germany, Switzerland, Ecuador, Pakistan, Portugal, Canada, Belgium and the United States, and between 90 and 95 per cent in Venezuela, El Salvador, Ceylon and Guatemala. Inflation was particularly acute in several of the major countries in Latin America. Brazil, for instance, suffered the most serious loss in purchasing power—43 per cent in one year—while the value of Chile's currency sank by 31 per cent and that of Argentina by 20 per cent. The severe inflationary problems in these countries, it is said, have held down their growth rates below the annual target of 2.5 per cent *per capita* set by the Alliance for Progress.

Looked at in another way, that is, in terms of compounded annual rates of monetary depreciation, the world inflationary picture shows that most countries have been afflicted with "creeping inflation" in the sense of a slow but steady depreciation of the buying power of money. Such inflation is taken here to connote an annual rate of depreciation of up to four per cent. The countrywise picture, in this connection, shows that in the period 1953-63 the annual rate of monetary depreciation ranged between three and four per cent in Sweden, Japan, Denmark, Greece, Finland and France, between two and three per cent in West Germany, South Africa, Philippines, Australia, *India*, Austria, Ireland, Netherlands, United Kingdom, New Zealand, Italy and Norway, between one and two per cent in the United States, Belgium, Canada, Portugal, Pakistan, Ecuador and Switzerland, and between 0.5 and one per cent in Guatemala, Ceylon, El Salvador and Venezuela. Inflation was more serious, with the rates of monetary depreciation exceeding five per cent per annum during the period under reference, in the following countries:

	Per cent		Per cent
Mexico	5.0	Turkey	9.3
Iran	5.6	Uruguay ..	15.8
Spain	5.7	Argentina ..	21.1
Israel	5.7	Brazil	24.4
Peru	6.7	Chile	26.3
China (Taiwan) ..	7.5	Bolivia	30.5
Colombia ..	8.7		

It is noteworthy that the United States suffered the lowest rate of depreciation of any of the

(Continued on next page)

POSITION OF SCHEDULED BANKS

(In crores of rupees)

	Slack season 3rd May to 26th June		Busy season 25th October to 3rd May	
	1964	1963	1963-64	1962-63
Aggregate deposits	2,315 2,381	2,086 2,124	2,234 2,315	2,052 2,086
Net variation	+66	+38	+81	+34
Advances (bank credit)	1,852 1,775	1,592 1,524	1,469 1,852	1,386 1,592
Net variation	—77	—68	+383	+206
Deposits-Credit ratio (%) ..	74.53	71.73	70.97	76.33
Investments	619 655	618 643	759 619	713 618
Net variation	+36	+25	—140	— 95
Deposits-Investment ratio (%)	27.51	30.27	26.73	29.65
Cash balances	147 160	135 140	170 147	124 135
Net variation	+13	+ 5	—23	+11
Deposits-Cash ratio (%) ..	6.72	6.58	6.36	6.46
Borrowings from Reserve Bank ..	64 1	42 1	2 64	9 42
Net variation	—63	—41	+62	+33
Notes in circulation	2,554 2,536	2,335 2,308	2,270 2,554	2,067 2 335
Net variation	—18	—27	+284	+268

TREND OF SHARES

SAGGING TENDENCY

(From Our Own Correspondent)

BOMBAY, *9th July*

AFTER being bid up to new high levels in the recent uptrend under the lead of steels and selected engineering and miscellaneous issues, equities staged a setback later in the week on profit-taking by bulls and inadequate follow-up support. The tone at the close was easy with the list showing fairly sizable losses on a wide front.

The week began with a distinctly buoyant tone, sentiment being sustained by hopes of a higher dividend on steel shares. Corporate news from Telco more than fulfilled market's expectations, in that both profits and turnover have reached new peaks, and the Directors, besides maintaining the dividend at Rs. 14.50, seem to be confident of paying the same rate even on the increased capital. The one-for-five right issue caused some disappointment not because of the ratio but because of the 50-point premium which the Directors propose to collect. On the whole, the market was apparently well pleased and the shares were bid up to Rs. 293 in the kerb, as against the day's low of Rs. 272. Although at the close they were subdued, the closing rate today was still satisfactory at Rs. 288. It may be mentioned here that, in 1963, the shares moved between Rs. 245 and Rs. 304. In the current year, the shares had touched Rs. 317.50 on Budget day, though they had declined to Rs. 259 on 27th May. Reports of A.I.D. credit for expansion helped sentiment.

Tata Steels, along with some selected industrials, led the decline. The Directors stepped up the dividened to Rs. 12 for the year to March 1964 from the Rs. 11 distributed in the previous year, but the swift reaction in the quotation from the high of Rs. 158.50 to Rs. 156 and finally to Rs. 155.25 at the close on Thursday indicated that the market was not satisfied with the rise in the dividend. Although, by itself, corporate achievements may be spectacular, shares may yet decline either because the benefits fall short of market's expectations or because operators sell on good news. Let us suppose it was both in the case of Tata Steel. At Rs. 155.25, the shares yield around 8 per cent and, normally, an investor would be satisfied with a return of this nature on steels. One disappointment is that the profit margin (ratio of gross profit to sales) for the year is lower despite the rise of 11 per cent in turnover which has passed the Rs. 100-crore mark. It would, however, be better to await the Directors report and the profit and loss account before arriving at conclusions.

Even during the previous week, technical analysts had been saying that the state of the market warranted a correction, but there had been no sign of it in the early part of this week. The assurances of prompt food supplies from the United States was noted with satisfaction, but reported the move of banks to raise interest rates on advances from September dampened enthusiasm. The decline that set in later did please technical analysts. The general feeling among them is that the market will resume its upward movement once the present gains are digested. The working of the market in the current week will perhaps give an indication whether the process of digestion is complete or whether there still remains much for the market to consolidate before it could advance further.

It is rather difficult yet to understand the full implications of the recommendations of the Cotton Textile Consultative Board, but it is believed that, by and large, mills should benefit from the proposal to free 60 per cent of their output from controls. The recommendation for an interim revision of prices should also help, but, on the whole, the report seemed to have fallen flat on the textiles section of the stock market. It appeared that mill shares were content to follow the lead of steels and engineerings rather than assert themselves on their individual or collective merits. In keeping with the general trend, leading mill shares failed to maintain their gains and closed the week with small to moderate on-balance losses. Bombay Dyeing, however, was better at Rs. 58, while Century which had moved up to Rs. 621 declined to close at Rs. 608. Standard lost 10 points to quote at Rs. 638. National Rayon was also conspicuous for its weakness having lost more than seven points to Rs. 371.

Automobile shares were well held and Hindustan Motor improved from Rs. 18.68 to Rs. 18.76 following A.I.D. loan. Premier Auto was fractionally better at Rs. 102, as against the previous week's close of Rs. 101.50. Voltas was another market leader which closed on a stronger note at Rs. 256.

Among the other active scrips, a notable loser was Indian Dyestuff which moved down by 10 points to Rs. 280 over the week. Tata Chemicals, among the leaders in the group, was also easy at Rs. 18.56, as against Rs. 18.72. Paper shares were steady to quiet, with Sirpur fractionally down to Rs. 11.96 and West Coast slightly shaded at Rs. 161. Sugars were quiet, with Belapur quoting at Rs. 214.50 and Phaltan at Rs. 100. Bank shares were almost neglected.

As for shares which are considered to possess considerable growth potential, Union Carbide has on hand a Rs. 9-crore expansion programme and Metal Box has come out with excellent results for the year to March 1964. Guest, Keen, Williams has reported a 25 per cent increase in sales and the gross profit is also sizably up. Though the current yield cannot be termed high, investors feel that the Company's prospects should bring in additional benefits to shareholders. Another satisfactory performance is by Zenith Steel. The Company has recommended a tax-free dividend of 8 per cent for the year ended April 1964 after stepping up its sales to around Rs. 433 lakhs.

* * * *

The Calcutta market indicated a mixed trend. Initially sentiment here, too, was induced by the same factors which helped a firm and buoyant tone in Bombay such as dividends and development bank, but the market sagged later. Jute shares lacked interest following reports of bleak outlook for gunnies as well as cutback in business from Argentina, in view of that country's foreign exchange difficulties. Later, however, there was some selective support, but interest fagged again. Teas were dull throughout, though off and on, interest was shown in a limited way in some selected scrips. Paper shares were shaded. Kesoram was easy. Dunlop Rubber closed on a weak note at Rs. 33.75 and Birla Jute was quoted at Rs. 33.50, as against Rs. 33.56 and Orient Paper at Rs. 35.60, as against Rs. 35.90. Kesoram declined from Rs. 27.37 to Rs. 26.87.

* * * *

Madras was active and, at the time of writing, business was confined to plantation shares. Teas and Coffees attracted selective support, but activity in textiles was rather mainly in cash scrips. Miscellaneous shares were generally inactive.

MARKET GOSSIP

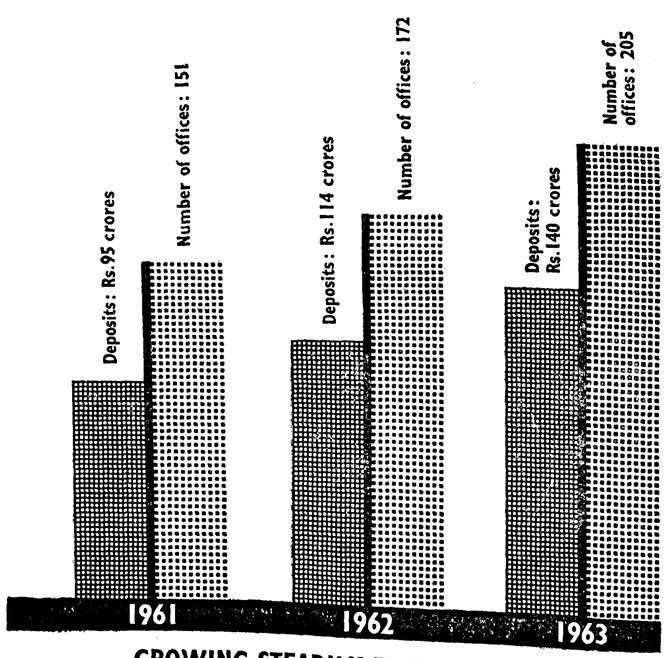
(Concluded from previous page)

major industrial nations, for its average annual rate of shrinkage was only 1.3 per cent for the decade ended 1963. The fact that the dollar has lost value at a far slower rate than most other currencies helps to explain why it continues to be so widely used and respected as an international standard of value. In most European countries, on the other hand, the rates of depreciation over the decade have been of the order of 2.5-4.0 per cent. The European Economic Community, in particular, has, therefore, formulated a programme to combat inflationary pressures. It is being recognised that reasonable monetary stability is an essential prerequisite for restoring the faith of people in long-term promises to pay. If, for instance, a 2.5 per cent annual rate of shrinkage in the value of a currency were projected over the life of a 20-year bond denominated in that currency, the real value of the bond would be reduced by 40 per cent at maturity. Viewed thus, India's 2.4 per cent annual shrinkage rate—this should have been somewhat higher if a more representative and scientific cost-of-living index had been in vogue in this country—is sufficiently disquieting, if not alarming. A better record of price stability is called for in India for the purpose, among others, of building investor confidence in bonds.

U.S. LOANS FOR AUTOMOBILE INDUSTRY

The U.S. Government has authorised this week three credits totalling $37.8 million (Rs. 18 crores) to help the Indian automobile industry to expand and modernise its production facilities and to increase its heavy engineering capacity. The credits will be used to purchase machinery to increase annual production in India by 10,500 trucks, 15,000 heavy duty automobile engines and 24 power shovels. The loans, extended by the U.S. Agency for International Development, are: two credits of $23 million and $3 million to Hindustan Motors Ltd. and a credit of $11.8 million to the Tata Engineering and Locomotive Company Ltd. (T.E.L.Co.).

The Indian firms will repay to the Government of India the rupee equivalent of the U.S. A.I.D. dollar credits over a period of 10 years, with an initial grace period of two years. They will pay the Indian Government interest at the rate of 5½ per cent.



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Anandlal Hiralal Sheth	Navnitlal M. Chokshi *(Managing Director)*
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it generates work and income for numerous other industries and trades;

it contributes to the development of agriculture through speedy road transportation of produce to markets;

it generates high revenue to Government for numerous development projects;

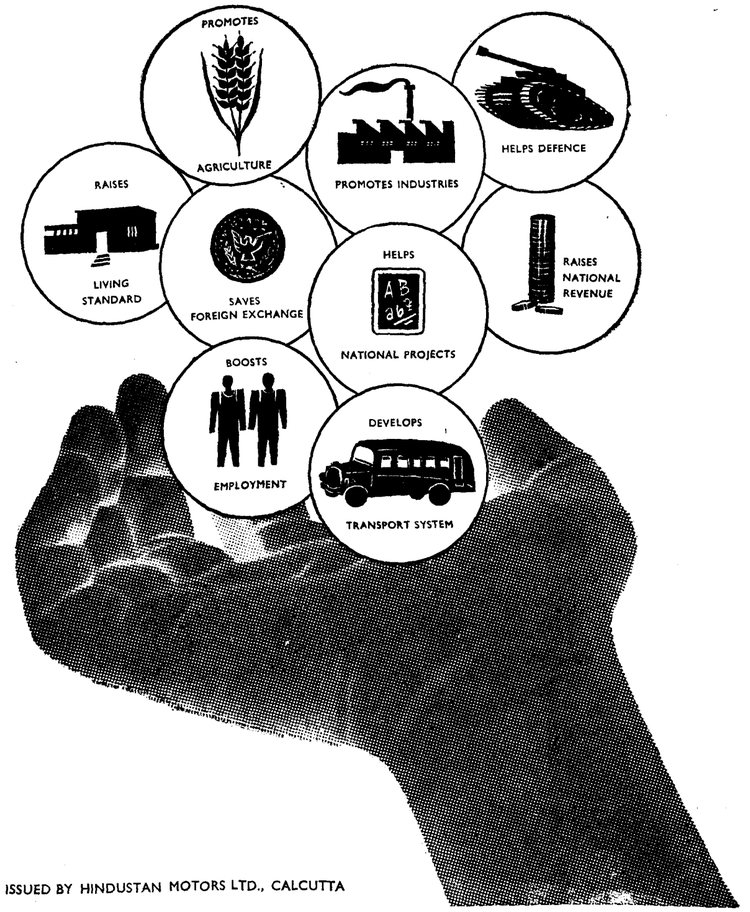
it helps to raise standard of living and do away with poverty;

it helps the integration of the country through greater mobility;

it contributes to the improvement of vocational education and technical 'know how', through apprenticeship schemes, mechanics' and engineers' training courses, technical institutions, etc.;

it contributes to the country's defence through supply of the required vehicles to the armed forces.

The Indian automobile industry, therefore, deserves the fullest measure of support from the Government and the public.



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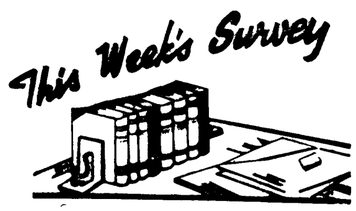


A SOVIET CEYLON?

IN recent years several non-communist countries in the underdeveloped part of the world, notably India, Egypt and Burma, have taken to the socialist road. The kind of socialism sought to be established by these countries, it is supposed, is a more desirable alternative to communism. This may not always turn out to be so, for indiscriminate and sweeping measures of nationalisation, such as those of Burma, would only pave the way for communist totalitarianism. That a democratic country like India has not gone that far is no doubt a consoling thought. But democrats in this country are bound to be disturbed by the news from democratic Ceylon that its Coalition Government, consisting of Sri Lanka Freedom Party and the pro-Marxist Samasamaja Party, has formulated a programme of 'sovietisation" so as "to carry forward the country along socialist lines." The programme, incidentally, was announced by Ceylon's Governor-General in his "Speech from the Throne" on the 2nd instant.

The most disquieting ingredient of this programme is that the Coalition Government intends to depend on "people's committees" (another name for Samasamaja Party's original idea of "little Soviets") for transforming the country on "socialist lines." It is envisaged that the workers in State-owned corporations and trade unions will be mobilised by law to share the burden of running the Government "efficiently." Workers' advisory committees and vigilance committees are proposed to be set up for different purposes. In particular, workers' committees, which are to be associated with the administration at all levels, will have power to investigate and advise on elimination of waste, inefficiency and corruption. Vigilance committees, which are to be set up in Government, local government and semi-governmental institutions, will be empowered to advise the Government on elimination of bureaucratic inefficiency and obstruction. Government officers who are found to be inefficient or who do not co-operate with the Government in the implementation of this programme will be compulsorily retired. The people's committees proper will be legally empowered to eradicate hoarding, black marketing and corrupt practices and be also closely associated with the distribution of goods.

The proposed programme of "little Soviets," taken along with the policy statement that imports of all essential goods would be monopolised by the State and that the export trade, too, would be nationalised gradually, points to ominous possibilities which are reminiscent of the slogan, "all power to Soviets," that heralded the October Revolution in Russia in 1917 and of the Communist take-over in Czechoslovakia in 1948. Power to people's committees of different kinds carries with it revolutionary implications, especially when such committees happen to be led, as they are bound to be, by a militant Marxist minority. There can be no surer way of subverting democracy. It is indeed strange that the Sri Lanka Freedom Party, led by Mrs. Bandaranaike, has exceeded the limits of prudence in its anxiety to please the minority partner in the Coalition Government. Whether Srimavo's Party would be strong and resourceful enough to checkmate possible subversion at some stage or other remains to be seen.

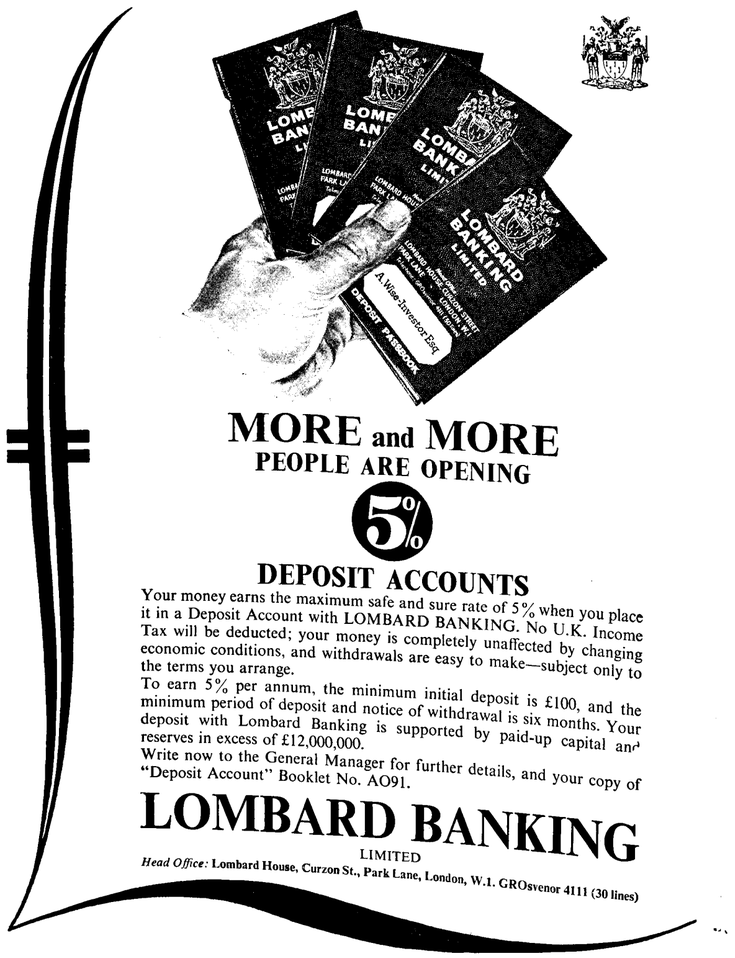
SOAP INDUSTRY

The third Plan's target of soap production in the organised sector is 220,000 tonnes. It is doubtful whether the industry would be able to reach this target, for the growth of production in the first three years of the Plan has been pretty slow. How slow this growth has been will be seen from these figures of actual production: 142,800 tonnes in 1960; 149,000 tonnes in 1961; 150,300 tonnes in 1962; and 158,000 tonnes in 1963. At this rate, it is scarcely to be expected that the industry would be able to produce as much as 220,000 tonnes in 1965 (or 1965-66 to be precise). The utmost level of annual output that it may reach is 175,000 tonnes by the end of the Plan. This, incidentally, is the estimate made by Mr. P. A. Narielwala in his speech at the annual general meeting of the Indian Soap and Toiletries Makers' Association held at Calcutta last week. If that is all that can be reasonably hoped for under the third Plan, the possible achievement by the end of the fourth Plan may not be more than 250,000 tonnes, according to his further estimate. That this is not an unduly cautious or conservative estimate could be inferred from the fact that the *additional* annual production (75,000 tonnes, that is, 250,000 tonnes *minus* 175,000 tonnes) expected by the end of the fourth Plan would be more than double the *additional* annual production (32,200 tonnes, that is, 175,000 tonnes *minus* 142,800 tonnes) expected by the end of the third Plan.

The question arises, in this connection, as to how much *additional* capacity would have to be installed so that the industry can reach an annual output level of 250,000 tonnes by the end of the fourth Plan. If the figures provided by the Department of Technical Development are to be believed, there will, of course, be no need to license any further capacity, for the aggregate installed capacity in the organised sector is already 255,000 tonnes. To take this official figure of existing capacity as correct and reliable would, incidentally, be to suggest that as much as 38 per cent of that capacity is now idle. Mr. Narielwala, however, has questioned the veracity of this official estimate and pleaded for a review as follows:

"This figure of capacity of 255,000 tonnes, which is to be found in the records of the Development Wing, is a mythical figure and it needs to be reviewed. How this figure of capacity was arrived at we have not been told. There are also on the records of the Development Wing a large number of units, many of which are either moribund or have gone out of existence. It is, therefore, doubtful whether the capacity of 255,000 tonnes is the real capacity or the one which exists only in name with the Development Wing. A time has come when the Development Wing should seriously set about to find out for itself what the true capacity of the industry is. I am making this suggestion because we may suddenly find ourselves in a position when the real capacity is much less than what has been stated and the industry may find itself in difficulties if it is asked to undertake a sudden expansion."

Mr. Narielwala seems to be convinced that, if a possible fourth Plan target of 250,000 tonnes is to be achieved, there will be need for expanding capacity. But that is not all, for many old and obsolete plants in the industry would have to be replaced by modern equipment in keeping with the technological developments that have taken place elsewhere in soap manufacture. It would thus appear that on account of both expansion and modernisation there is a lot to be done. That the Association has offered to assist the authorities in studies pertaining to all these aspects is no doubt encouraging. But, in the ultimate analysis, it will be the Government's responsibility to ensure the requisite foreign exchange for expansion and modernisation. The Government's responsibility will not, however, stop there, for it will have to take steps to ensure a more adequate supply of fats for the industry. This will be a particularly difficult problem in the context of the disappointing rate of growth of oilseeds production. Unless a systematic effort is made to manufacture fatty acids from rice bran and to locate and exploit the non-edible oil resources of the country, the organised industry's partial dependence on imported fats may increase. And that will only add to the Government's foreign exchange difficulties.



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AID TO DEVELOPING COUNTRIES

The international flow of capital, both private and public, has a tendency to concentrate on a relatively small number of countries. This is one of the findings of the latest U.N. study on the "international flow of long-term capital and official donations in 1960-62." As the study report, published last week-end, elaborates, 15 of the 52 developing countries received as much as two-thirds of the long-term assistance during the period under reference. Nearly half of this two-thirds share went to five countries, namely, India, Argentina, Puerto Rico, Brazil and Indonesia. While private capital flowed largely to Latin America, more than 70 per cent of the total official funds were received by countries in the Far East and Africa. The net inflow into India during the period was $767 million in 1960, $630 million in 1961 and $711 million in 1962.

The report further reveals that the flow of foreign capital to the developing countries in particular increased during 1960-62, albeit at a slackening pace. It estimates, in this connection, that the net inflow of long-term capital and official donations increased from $5,200 million in 1960 to $5,700 million in 1961 and then to only about $5,900 million in 1962. In the 1960-62 period, the annual net flow of funds from the advanced nations to the rest of the world—"the rest of the world" here includes developing countries, international institutions and centrally planned economies—averaged about $6,300 million, or 14 per cent above the $5,500 million averaged in the 1955-59 period. However, rising prices of manufactured goods imported by the developing countries reduced the real aid provided by international funds. Thus, ten per cent rise in aid in 1961 and the four per cent rise in 1962 amounted, in actual effect, to only a nine per cent and three per cent increase in capacity to finance imports.

The United States, the largest net exporter of long-term funds to the developing nations, accounted for nearly three-fifths of the total aid. She was followed by France and the United Kingdom, with 18 and 10 per cent, respectively. Funds from the developed countries to the rest of the world rose from $6,000 million in 1960 to $6,500 million in 1961 and then declined to $6,300 million in 1962. Private capital, which represented 22 per cent of the total flow of funds from the advanced countries in 1960, fell to 16 per cent in 1962. However, their contributions to international institutions went up from 21 per cent in 1961-62 to 42 per cent in 1962. There was also an increasing shift towards loans rather than grants in the aid provided to the underdeveloped areas, accompanied by an "easing" of loan terms.

The assistance provided by the centrally planned economies, that is, the Communist bloc countries, also increased rapidly after 1954. Their total credit commitments reached a peak of about $1,168 million in 1961. It is noteworthy that over 75 per cent of credit commitments went to the developing countries in 1959, while the corresponding percentages for 1960, 1961 and 1962 were 56, 62 and 59, respectively. Soviet Union led the socialist countries in granting aid and was followed by Czechoslovakia, Hungary and Poland. Their economic aid to the developing nations consisted entirely of credits which were almost exclusively in the form of shipments of equipment and materials needed for the construction of specific projects. And the receiving countries, too, were normally entitled to repay such credits by shipments of its exports.

MAN-MADE FIBRES

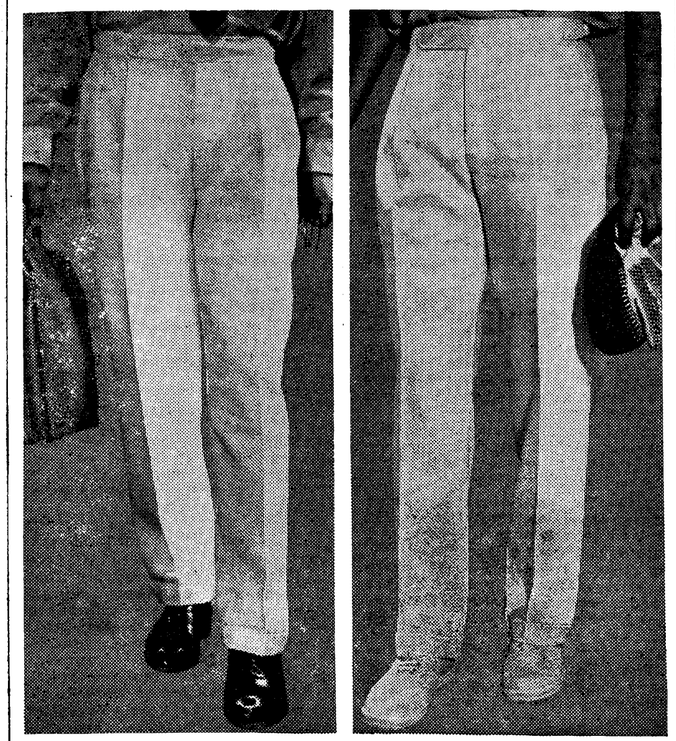
The man-made fibre industry in India, as elsewhere in the world, has made rapid strides. Thus, in a short span of thirteen years from 1951 to 1963, the production of viscose rayon yarn has gone up from a bare 4.5 million lbs. to as much as 68.57 million lbs., and the number of rayon manufacturing units has increased from two in 1951 to 26 in 1963. The output of staple fibre has also risen from 6.80 million lbs. in 1954—it was in that year that this fibre was first produced in the country—to 71.24 million lbs. in 1963 and that of acetate rayon yarn from 2.30 million lbs. in 1955 to 4.30 million lbs. in 1963. A notable development during the last five years has been the production of nylon yarn; the actual output has risen from just 300,000 lbs. in 1962 to 1.58 million lbs. in 1963. Thanks to the phenomenal progress made by the indigenous rayon industry, there has been a considerable saving of foreign exchange which would otherwise have been spent on imports in order to meet the expanding domestic requirements. An idea of this saving can be had from the marked reduction in the quantum of imports, from 46 million lbs. in 1957 to no more than 16 million lbs. in 1963. While the progress made by the man-made fibre industry is thus impressive, it should not engender any sense of complacency for there is the urgent need to step up production further, what with the rapidly expanding domestic demand for its products. The magnitude of the problem of further development and expansion was clearly indicated by Mr. Babubhai M. Chinai, M.P., in his speech at the tenth annual general meeting of the Association of Man-made Fibre Industry held at Bombay on 30th June. Mr. Rasiklal J. Chinai, Chairman of the Association, was absent. The industry, according to Mr. Babubhai Chinai, has suggested a development programme under the fourth Five-year Plan which envisages a total production of 713 million lbs. (596 million lbs. of cellulide man-made fibres and 117 million lbs. of non-cellulide fibres) by 1970-71. If the programme were accepted by the Planners and the Government, the production of viscose rayon yarn and staple fibre alone would have to be augmented to be significant extent, the former from about 69 million lbs. (as of 1963) to 176 million lbs. by 1970-71 and the latter from 71 million lbs. to 330 million lbs. In the context of the large-scale expansion of capacity, there is the need to remove certain difficulties now being faced by the man-made fibre industry. The two major handicaps to which Mr Chinai drew pointed attention are the heavy burden of excise duty and inadequate and irregular supplies of certain important raw materials like rayon grade caustic soda.

In view of the rising trend in population and the expected rise in the standard of living of the people in this country in the coming years and, bearing in mind that the natural fibres alone cannot in the foreseeable future satisfy the entire clothing requirements of the country, the need for expanding the man-made fibre industry cannot be over-emphasised. The plea of Mr. Chinai for relief in taxation is quite justified. Equally justified is his plea for modification in the decision governing wood-pulp. He said:

"Manufacturers of viscose yarn welcome with gratitude the decision of the Government to delink the requirements of pulp of the industry with the export of piecegoods. Under the linking arrangements, viscose yarn manufacturers had to pay 50 per cent higher premium for supplies of their essential raw material, namely, wood-pulp, which will now be a thing of the past. However, I would like to bring to the notice of the Government that while announcing the new decision, they have asked the manufacturers to fulfil their back-log, which requirement, looking to the present conditions of the industry and particularly the heavy excise duty put on it during the last Budget, is uncalled for. I, therefore, appeal to those in authority to reconsider the matter and release the manufacturers from the obligations to fulfil their back-log."

Referring to the problem relating to the supplies of rayon-grade caustic soda, Mr. Chinai said: "The various units are finding it increasingly difficult to have reasonable reserves of this basic raw material. Even the quantities allotted to the industry by the Government are quite insufficient. The allocation of quantities of this material to the industry is not only inadequate but also irregular." Alluding to the reported move of the State Trading Corporation to import Rs. 90 lakhs worth of caustic soda, he suggested that the Government should make available a part of this quantity to the man-made fibre industry. This suggestion is unexceptionable. Since caustic soda is one of the basic raw materials used by the industry, it is obvious that, unless its supplies are adequate, the industry will not be able to utilise its capacity fully and maintain a high level of output.

Business or Pleasure



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TRAFFIC PRESSURE ON AIRPORTS

HOW IT CAN BE RELIEVED

By Our Aviation Correspondent

MAN is not particularly blessed in the matter of foresight. We have only to observe the many, various, and, now, often insoluble problems created by the motor vehicle to realise how far short our pre-planning has fallen. And yet the onslaught of the motor vehicle on our lives and times has been no sudden or unforeseeable phenomenon. It has been, in fact, a gradual process and it is only during the last decade that the very size of the problem has begun to excite public anxiety. Will air transport, in course of time, confront us with some similar sort of situation?

Unlike the roads, the sky is high, wide, and three-dimensional. Even so, there are already plenty of problems in respect of aircraft separation, particularly, of course, in the vicinity of major air terminals. Were personal flying ever to become one hundredth as popular as personal motoring, then indeed, there would be immense problems to be met. There are no signs, however, that, within the foreseeable future, we face such an eventuality. On the whole, all the indications are that, for the next decade or so, the principal difficulties to be encountered will be those concerning airports.

In the early days of air transport, the provision of airports was probably the least of the problems involved. It was, of course, a much larger world than it is today. There was not the same pressure of population on building land in the vicinity of cities that there is at the present time. In the second place, the requirements of an airport were extremely modest. A grass field, eight or nine hundred yards in length, a hangar, an office for aerodrome staff and customs, a waiting-room perhaps, a wind-sock, some paraffin flares, and a telephone —these comprised almost the entire needs of a major air terminal.

It was, of course, the vehicle itself which forced the pace. By the early nineteen-thirties, concrete or asphalted runways had become essential—aircraft had become too heavy for operation on grass in wet weather. The capacity of aircraft had also increased—as had the frequency of services. This kind of progress called for more staff, larger and more sophisticated buildings, additional amenities, a greater range of equipment, and better communications of all kinds.

The Second World War still further accelerated the pace. The increasing demand for air transport for all sorts of purposes made airport expansion a matter of supreme urgency. Take India, for example. Once the war had spread to the East, existing aerodromes were found to be totally inadequate not only in terms of location and numbers, but also in size. At both Delhi and Bombay, entirely new airfields had to be built. At Calcutta, the existing airfield had to be vastly extended and supplemented by another at Barrackpore.

In planning for the post-war era of air transport, almost all the world's major cities were faced with problems of a complex and largely unexplored character. It must have been extremely difficult in the mid-nineteen-forties to foresee not only the rapidity with which air traffic would increase, but also the major technological advances which would occur in the construction of aircraft and power plants. London's Heathrow, perhaps, offers a typical example. Planned and commenced in 1945—and only recently completed—it has been faced, during the intervening years, with progressive demands for longer and stronger runways.

With the introduction of subsonic jets, we have reached a stage where, at most major airports and for the next decade, runway demands, in terms of length and strength, have probably been met—or, at least, can be foreseen. The principal problems now to be resolved are partly technical, partly social and partly financial. They can be summarised as, firstly, how to bring aids and facilities into line with the increasing tempo of operations; secondly, how to meet the requirements of a continually expanding volume of traffic; thirdly, how to improve communications between airports and cities.

It would be out of place here to discuss the complex technicalities of aircraft separation, all-weather landing, automated control, and other allied subjects. Let us turn rather to the question of how the ever-increasing volume of traffic —freight as well as passenger—is to be handled. It has been argued that this can only be achieved by supplementing existing city airports with others. In some cases, of course, this has already been done. London, for instance, has supplemented Heathrow with Gatwick and many of the world's major cities have two airports. To continue this process, however, is bound to raise immense problems, not of cost alone but fraught with very thorny social issues. The scarcity of suitable sites and mounting public opposition could make this apparently simple solution almost impracticable.

Some means, it seems, will have to be found to handle a far greater volume of traffic at existing airports. Nor is this necessarily so difficult. In 1963, Heathrow handled 168,538 aircraft movements. In the U.S.A., we are told, there are at least 30 airports, each one of which handles considerably more traffic than that. In 1962, O'Hare Airport at Chicago, for instance, recorded an average of 47 movements per hour. That is 2.5 times as many as Heathrow's average of about 18 movements per hour.

One does not pretend to know how, in this particular sphere, the Americans contrive to do so much better than others. On the face of it, however, it seems that either they plan their airports better, or their traffic control methods are superior, or there is some other factor in their favour. The fact remains that they do it—and if they, why not others? In the light of this evidence, it is at least reasonable to assume that pressure on existing airports is not quite such an immediate problem as has been supposed. Even if it is, it might be relieved by the adoption of American methods.

That brings us to the third problem—that of improving communications between airports and cities. In many respects, this is perhaps the most difficult problem of all. Even if airports can be planned to meet the ever-increasing volume of traffic, the roads linking airports to cities could become such a bottleneck as to offset all the benefits of improved airport planning. Apart from that aspect, there is also the case of short-haul traffic. In almost all operations of this nature, passengers spend as much, or even more time in travelling to and from airports than on the actual air journey itself.

Many means to surmount this difficulty have been suggested. Some have been tried—monorail or helicopter links, for example. To date, both from the practical and financial points of view, these have achieved somewhat indifferent success. Almost inevitably, the answer will have to be provided by vertical take-off and landing aircraft. Only thus, one suggests, can short-haul services continue to be attractive. In the event of V.T.O.L. services, however, there immediately arises the need for new airports at or near city centres—and all the attendant social problems of space, noise and public opposition. It is here, if anywhere, one suggests, that pre-planning now could avoid an infinity of trouble at a later date.

(Concluded from next column)

relationship between the official "investment" in the Commonwealth and the needs of the emergent countries seems inadequate. However, the delegates to the Conference will have a very poor cupboard to stare into, if they consider the U.K.'s overseas investment potential. The detailed balance of payments figures for the first quarter reveal an overall deficit (trade *plus* invisibles) of over £60 million accompanied by a record long-term capital "outflow" of £90 million. Fortunately this "outflow" (so much of it is due to a drying-up of the normal inflow of capital into the U.K.) was countered by unidentified receipts, presumably of short-term money, of a similar amount, so that the final adverse balance of monetary movements, the actual fall in monetary resources, was limited to the current account deficit of over £60 million. But, in the current quarter, the unidentified receipts may not be so large and the final monetary deficit larger—hence the concern with which the June drop of £17 million net (excluding the £3 million for loan service to the U.S.A.) in the gold reserves was received. It is quite obvious that the U.K. is not producing the resources with which to finance overseas development at the present time. Indeed, it is equally clear that it is the net receipts (including capital inflows) of some Commonwealth countries which are supporting the sterling area at the present time.

LONDON LETTER

COMMONWEALTH AND CAPITAL

(From Our Own Correspondent)

LONDON, *4th July*

THE Commonwealth Conference now assembling in London will meet against a somewhat confused background of national problems in the various member-countries. Britain is still the reluctant "mother country," a concept the Government does its best to dispel.

But Britain, to the 28 Commonwealth countries, is not simply a member with whom the political relationship is changing, but one with whom the economic relationship is also in decline. The Government appears complacent about this. They note that between 1959 and 1963 the value of intra-Commonwealth exports increased by 5 per cent, while the Commonwealth's exports to the rest of the world increased by 31 per cent. Even if the U.K.'s exports are excluded, intra-Commonwealth exports increased by 10 per cent and exports to the rest of the world by 28 per cent. In 1963 over two-thirds of the Commonwealth's total exports went to non-Commonwealth countries. In effect, trade between the U.K. and the other Commonwealth countries (three-quarters of total intra-Commonwealth trade) and trade between the other Commonwealth countries themselves is becoming just what one would expect it to be, whether the Commonwealth were there or not.

In spite of Commonwealth preferences, which cover about half the total trade between members, U.K. imports from the Commonwealth declined from 36 per cent of total imports in 1959 to 32 per cent in 1963. (The actual value of imports into the U.K. did, however, rise from £1,418 million to £1,545 million, as compared with a rise in Britain's total imports of £850 million.) U.K. exports to the Commonwealth fell from 36 per cent of total to 30 per cent of total, the total value of such exports actually falling when the value of total British exports rose by £750 million.

Compared with this picture of diminishing trading relationships, the volume of private investment into the Commonwealth from the U.K. appears to be well maintained. The annual flow of private capital of all kinds from the U.K. to the rest of the Commonwealth has averaged about £200 million in recent years, about two-thirds of total private investment outside the U.K. There has been a slight decline since 1960, but the figure for 1962 is higher than that for 1959. A Board of Trade analysis of U.K. companies shows that (excluding oil, banking and insurance) their investment overseas is £3,500 million, of which £2,200 million or 63 per cent is in the Commonwealth. Of course, this has a historical basis—the largest volume of investment being in Canada, next in Australia, third, but a long way lower, in India. So it is significant that since 1959 inspite of increasing investment in the E.F.T.A. countries and the Common Market countries, and in spite of a declining investment in such a historical market as Canada, rising annual investment in Australia and India in particular has maintained the importance of the Commonwealth to the U.K. as an investment area. India has become the second largest investment market for U.K. companies, though the annual total of commercial investment there is only £13 million.

As for official investment and assistance this has been on a steadily rising scale and yet the total appears inadequate in relation to the resources of the U.K. and the volume of development required in the Commonwealth. The following table shows the progress over the past ten years:

	(£ million)	
	1954-55	1963-64
Loans	22.5	72.9
Grants	33.4	39.5
Technical assistance	2.8	23.8
Total	58.7	136.2

Of course, Commonwealth countries receive aid in one form or another from international agencies and the U.K. is the second largest contributor towards the cost of technical assistance and other aid provided through the United Nations, while more of the experts in the field under U.N. programmes come from the U.K. than from any other country.

Yet, when one considers that the U.K. has a population of 53 million, the "white" Commonwealth countries 32 million and the rest of the Commonwealth some 650 million, the

BONN STAYS STUBBORN OVER THE MARK

By Questor

THE U.S. balance of foreign payments may still be in substantial deficit, but "the economic trouble spot has shifted from the United States to Continental Western Europe," as the Bank for International Settlements puts it. Strains are most apparent at present inside the European Community itself. Italy, France and, to some extent, Holland are all experiencing the effects of a straightforward demand inflation; whereas Germany, having been fairly successful in avoiding inflation at home, is determined not to import it from abroad.

The striking fact about this situation is that most European Governments are relying very largely on monetary policy to keep their economies under control. Not only Britain but France, Belgium, Holland, Sweden, Denmark and now Switzerland have raised the official discount rate during the past few months, and long-term interest rates, too, have risen generally. Monetary weapons may well be the handiest, but I doubt whether such reliance on them will do much good.

From the purely national point of view, they may well prove to be ineffective. Higher interest rates are not going to have much effect on consumer spending or current public expenditure, which seem to be the main source of trouble in France and Italy at the moment. And nowadays, with exchange controls all but gone, high rates are likely to attract an inflow of short-term capital from abroad to frustrate the efforts of the monetary authorities to regulate national liquidity.

From the international point of view, the result of such a competition for short-term money is likely to be an upward spiral in interest rates which may well discourage investment in new plant and equipment and will certainly discourage the development of an effective long-term capital market in Western Europe.

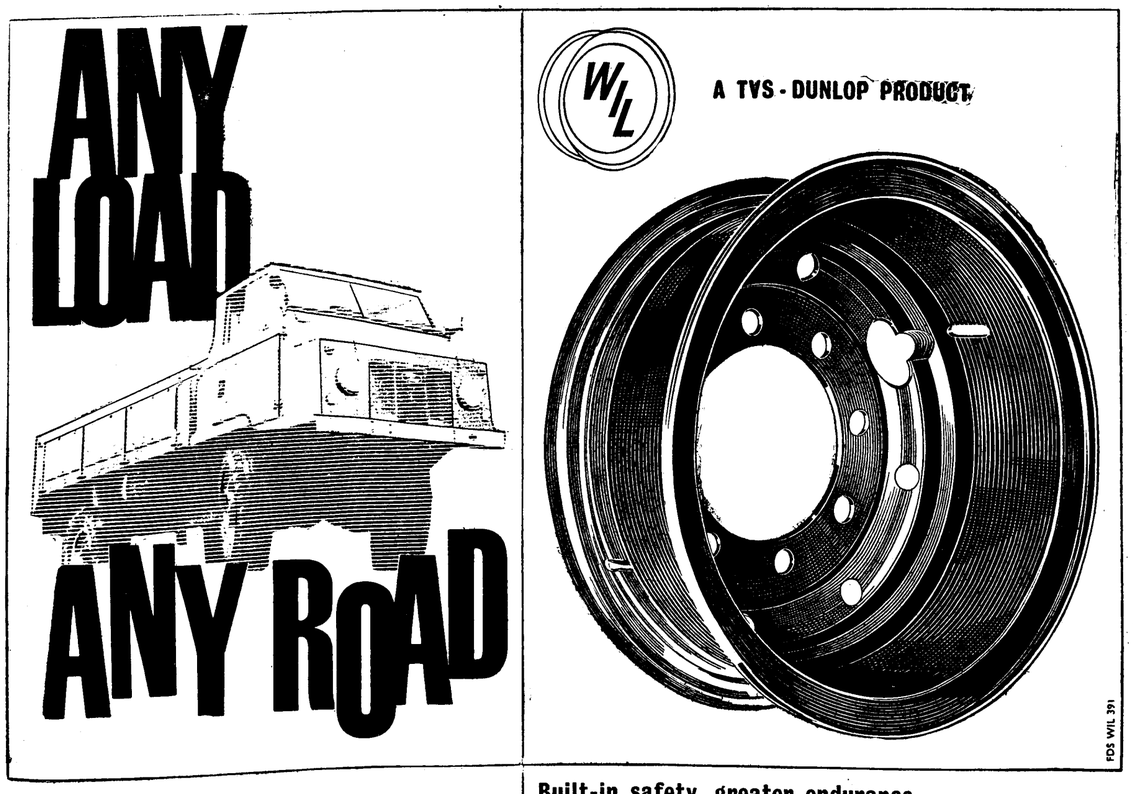
Some countries, it is true, are now becoming aware of the disadvantages, national and international, of high short-term rates. Germany, Switzerland and France all forbid the payment of interest on foreign-owned deposits, and Germany intervenes regularly in the forward exchange market to persuade her commercial banks to invest in New York. France, too, recently lowered the bank's minimum liquidity ratio to prevent them from withdrawing funds on an embarrassingly large scale from London. Central bankers are not only ready to devise new measures when these are needed to maintain their control over the domestic market but are willing to admit some responsibility for the international repercussions of their domestic actions.

But there is a limit to what can be achieved without major changes of policy. So far as the rest of the world is concerned, they can hardly fail to notice that the exchange reserves of the Six rose by $1.5 billion last year even though the current payments account was in slight deficit. Now, on the one hand, the deficit countries in the E.E.C. are tending to tackle their problem with high interest rates which bring in fresh funds from abroad. On the other hand, Germany—whose trade surplus so far this year has been more than double what it was in the same period of 1963—is determined to prevent any increase in costs and prices, whatever may happen in the rest of the world.

This determination, however virtuous in itself, may turn out to be more disruptive than the French or Italian deficits. These two countries, after all, are at least doing something to come into line. Germany's behaviour, on the other hand, ignores the assumption on which the move towards economic union rests, that the Six should be ready to harmonise conditions in their different countries. It is disruptive of monetary order because it implies a refusal to admit any international rules which run counter to the prejudices of the national central bank. Even under the gold standard, after all, the natural result of the rise in Germany's surplus would be an easing of credit, a tendency for economic activity to grow and prices to increase. Now, instead, the very size of the surplus is causing the German authorities to worry about the risk of importing inflation.

It is possible, however, that they will not find it easy to reduce the surplus. Most measures to encourage imports are ruled out by the rules of the Treaty of Rome or by domestic political pressures. For the moment, the Bundesbank is concentrating on attempts to lend its surplus abroad—by encouraging foreigners to issue securities in Germany rather than invest there. But in the long run, as foreign exchange dealers have recognised for some time past, there are only two ways of dealing with a persistent surplus. One is to let costs and prices gradually rise to meet those of one's neighbours, the other is to alter the exchange rate.

Germany is still protesting her refusal to accept either alternative. The longer she continues to do so, the longer the exchange markets will remain unsettled and the possibility of an unmanageable movement of short-term funds will persist. The Bretton Woods system envisages occasional small alterations in exchange parities when these are needed to recognise the emergence of permanent changes in the economic situation. Can there be any doubt that this is a course which both Germany and Italy should be considering now?



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THE UNIT TRUST OF INDIA—II

PROSPECTS, POLICIES AND PERSPECTIVE

IT was shown in the outline of the objects and organisation of the Unit Trust of India last week that the unit issued by the Trust offers a unique form of investment because it combines several important advantages. It minimises risk. For the Trust operates on the principle of investing its funds in a balanced and well distributed portfolio of investments. A unit holder with a minimum investment of Rs. 100 participates in the entire portfolio consisting of Government securities, industrial debentures, preference shares and equities.

Equity capital, however, is basically risk capital and, as equities move up and down, the unit prices are also bound to fluctuate, based as they are on the value of the underlying securities. There should, therefore, be no illusion in the minds of investors that the prices of units will appreciate only and that there will be no chance or possibility of their being sold or repurchased at a discount. It is true that such a possibility is remote, because, firstly, the Government has staked quite a lot on a single Unit Trust in the public sector and would not like the investors to lose confidence and, secondly, in the next few months, the trends in the stock market are bound to look upwards in the hope and expectation of realistic economic, fiscal and monetary policies from the new Government. Nevertheless, as the Trust will spread its holdings over many companies, investors will be protected better than if they held shares only in a few companies. The example of the U.K. during the last five years makes interesting reading in this connection. During 1959, the leading unit trusts in that country averaged a capital appreciation of 62 per cent—much higher than the *Financial Times* average of ordinary shares index. On the other hand, early in 1960, equities fell at one time by nearly 10 per cent, but unit trusts never fell by more than 8.4 per cent. A great advantage of unit trust movement is that it evens out fluctuations and provides a steady income.

Ready marketability is a great and important attraction for small investors, for they are able to get immediate cash if they are forced to do so any time. After the initial period of brisk sale is over, units can be sold back to the Trust whenever the money is needed. With effect from 1st November 1964, the Unit Trust will announce daily its purchase prices and the Chairman of the Trust has repeatedly assured the investing public that the difference between the sale and purchase prices will never exceed five per cent but may be lower than that, as against the 10 per cent margin usually kept in foreign countries.

Prices of Units

The Unit Scheme 1964 provides extensive details of the method for fixing the prices of the units. The units are now being sold at par but, from the 1st of next month, the price at which a unit will be sold on any day by the Trust [that is, the sale price (=S.P.)], will be arrived at under the following formula:

$S.P.=\frac{V}{U}+M$ where V is the value on any day of the assets of the Unit Trust as at the close of business on the immediately preceding working day, reduced by its liabilities other than contingent liabilities or liabilities in respect of the initial and unit capital and reserves at the close of business on the same day; U is the number of units sold and outstanding on that day; and M is the amount estimated to cover brokerage, commission, taxes, if any, stamp duty or such other management or investment charges. The result is to be rounded off to the next higher 5 nP.

The price at which units will be repurchased (=RP) by the trust on any day shall be arrived at by a similar formula $RP=\frac{V}{U}-M$, the only difference being that M is deducted from the result instead of being added to it.

For the purpose of arriving at the *value* of assets of the Trust, the assets other than investments will be taken at their book value. The investments shall be valued by taking the closing prices on the stock exchange. If the security is quoted on more than one stock exchange or if it is not quoted at all, the manner of determining the value shall be decided by the Trust which shall take into account what may be regarded by it as the *fair value* of such investment. The value so arrived at will be further adjusted for interest accrued but not taken credit for or dividend declared but not received.

Although the procedures seem to be elaborate, the Unit Trust plans to mechanise all its routine and voluminous operations and processing. We may thus safely assume that a unit holder is assured that he can realise his investment any time he chooses at very short notice and at a definitely ascertainable price quoted in the national newspapers and announced over the radio. It may also be possible to borrow against units from banks.

All this will, of course, be possible only so long as sales and repurchases take place during the normal course of business. If, however, an emergency or a universal loss of confidence in equities forces all unit holders to sell their units to the Trust, it may not be possible for it to repurchase all the units on offer, in spite of the various powers of the Unit Trust to borrow from the Reserve Bank for supplementing its liquid resources. In such circumstances, the Reserve Bank may, by a written directive, prohibit the Trust from selling or repurchasing the units.

Some of the investment trusts or companies in foreign countries have a fixed capital and pattern of investment. But the Unit Trust of India, like many other unit trusts, is an open-ended fund. As more and more people buy its units, the Trustees will be able to buy corresponding amounts of securities. The Trust can thus go on expanding so long as the units are in demand.

Savings or Thrift Plans

What are the prospects for the sale of units? It is widely believed that, in the present state of the capital market and with higher and rising prices of essential commodities, as well as higher and rising taxation liabilities, public response to the Unit Trust may not be very encouraging. Advertisements, however, have already started to keep the Unit Trust in the public eye. Unit trust is a novelty to the Indian investor and, once the initial inertia or resistance is overcome and a momentum is gained, substantial new investment should flow into the Unit Trust. The Chairman has also expressed the intention of the Trust to initiate at a later stage savings or thrift plans designed to enable a saver of even moderate means to invest in units.

Experience of unit trusts abroad has shown that savings plans have great appeal to small investors, particularly salaried classes. There can be several types of such plans for automatic reinvestment of regular and accumulated savings into units, or plans that combine unit trust investment with life insurance. In the U.K., for example, advertisements, thrift plans and block offers keep several competing unit trusts in the public eye. And trust managers are finding other ways of promoting the sale of units, particularly links with life insurance. Rapid strides have been made from a total investment of £60 million in units in mid-1960 to £200 million by the end of 1959 and £370 million by the end of 1963. More than £1 million net are being invested in unit trusts each week presently, and the number of investors is steadily growing. There are more than a million unit-holding accounts now. In the U.S.A., the total assets of the mutual funds exceeded $25 billion at the end of 1963, having risen from $6 billion in 1960. The total number of accounts is now 6 million. What does this all show? True, savings are high throughout the U.K. and the U.S.A. But the increasing popularity of the unit trusts suggests that a significant number of small savers are pinning their long-term hopes on unit trusts. If something like a similar revolution in peoples' ways of thinking, saving and investing is brought about here in India, it shall not be long before the target of Rs. 100 crores investments in units may be reached. In the U.K. and the U.S.A., where there are several competing Unit Trusts, each one is on its own for the sale of units and, as was pointed out in the previous article, banks have refused to sell them over their branch counters, in view of their inability to choose from the multiplicity of offers available for sale at any one moment. In India, in spite of many other disadvantages of a State monopoly of a single trust, it must be admitted that over 4,000 branches of 38 banks in both private and public sectors, in addition to several share-brokers, will be able to sell units simultaneously. The already existing machinery of banks will thus give a great boost to the Unit Trust of India.

Any buyer or holder of a unit has an equal right in the beneficial ownership of the assets of the Trust. This means, as the Unit Scheme lays down, that all the units rank equally for the distribution of dividends, no matter *when* they were sold. It would clearly be unjust to give the same return to two investors who have made their investments on two dates which may be more than eleven months apart. It may, however, be expected that the price of the units will steadily appreciate as the dividend date draws near.

There is no doubt that the sale of units will involve great effort and expenditure, at least initially. It is not known whether it is scepticism or cynicism that has prompted, in some quarters, a comparison of this new scheme with the effort and expense that went behind the fiasco of the prize bond schemes. The comparison, however, ignores the differences of circumstance, attitude and organisation. In spite of the fact that the Reserve Bank advised the Government on and conducted sales and draws, of prize bonds, they were basically departmentally administered. The superintendence, direction and management of the Unit Trust of India is, on the other hand, entrusted to an autonomous institution whose Board of Trustees consists of successful people who have made their mark in various fields of life. Moreover, the Government adopted a very rigid attitude towards the defects in the administration of the prize bond schemes, but, as it appears now, the Board of Trustees of the Unit Trust of India has a very flexible and rational attitude on many problems facing it. The restriction of the sale of prize bonds to only a few offices came in the way of its widespread sales, whereas the units can be purchased at almost any of the 4,000 bank branches.

Considering the unit scheme from all its aspects, there is no doubt that it will succeed. It seems almost certain that India is on the threshold of attracting the small investors into the Unit Trust and that Savings Schemes and thrift plans will play a dominant part in the future growth of the movement. India is fortunate that the entire new movement is in the hands of competent and clever persons possessing a visionary mind.

(Concluded)

WEST BENGAL FINANCIAL CORPORATION

The West Bengal State Financial Corporation received during the year ended March 1964 ninety-nine applications for Rs. 4.86 crores but sanctioned only forty-three applications for Rs. 1.71 crore. The amount actually disbursed was Rs. 1.29 crore or 76 per cent of the sanctions. This represents a substantial progress from the 46 per cent disbursements in the previous year. The total commitments of the Corporation in respect of loans sanctioned since its inception upto 31st March 1964 come to Rs. 7.84 crores, of which Rs. 4.93 crores have so far been disbursed. The gap between sanctions and disbursements is under the close attention of the Board of Directors of the Corporation which, we are told, have already taken appropriate steps to reduce the gap further.

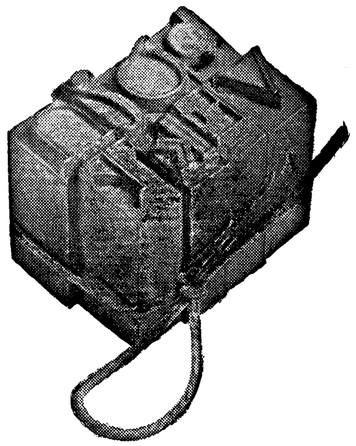
Considering the growing demand for assistance, the resources of the Corporation would appear to be inadequate, in spite of the borrowing facility with the Reserve Bank of India and Refinance Corporation for Industry Ltd. The Corporation does not expect that substantial amounts could be raised by way of deposits at the present time. It has, therefore, decided to raise a further Rs. 1 crore by issuing fresh bond, in addition to the Rs. 2 crores raised in the past.

The financial results of the Corporation for the year 1963-64 are substantially better than those for the previous year. Net profits amount to Rs. 10.37 lakhs, as against Rs. 7.49 lakhs. The Corporation is able to meet its liability for guaranteed dividend liability aggregating Rs. 3.50 lakhs and no subvention from the State Government has been necessary. The total outstanding liability for this subvention received in the past is Rs. 11.87 lakhs, against which the reserves and special reserves built up from the dividend forgone by the State Government and the Reserve Bank amount to Rs. 8.01 lakhs. The provision for taxation is Rs. 4.69 lakhs.

An important step taken by the Corporation during the year was the appointment of a panel of technical advisers for examining the technical competence of the schemes financed by the Corporation. With the assistance of this panel, the Corporation, it is hoped, will be in a better position to judge the soundness of schemes for financing than has been possible in the past.

DENA BANK'S PROFIT

The profit of the Devkaran Nanjee Banking Co., Ltd., for the half-year ended 30th June 1964 is Rs. 16.58 lakhs (subject to tax), as against Rs. 14.15 lakhs for the corresponding half of 1963. The Directors have recommended an *ad-interim* dividend of 8 per cent or Rs. 2 per share, subject to deduction of tax. Including the Rs. 1.78 lakh brought in, the total available for distribution comes to Rs. 18.36 lakhs. The interim dividend will absorb Rs. 4 lakhs, leaving Rs. 14.36 lakhs to be carried forward to the second half-year's account.



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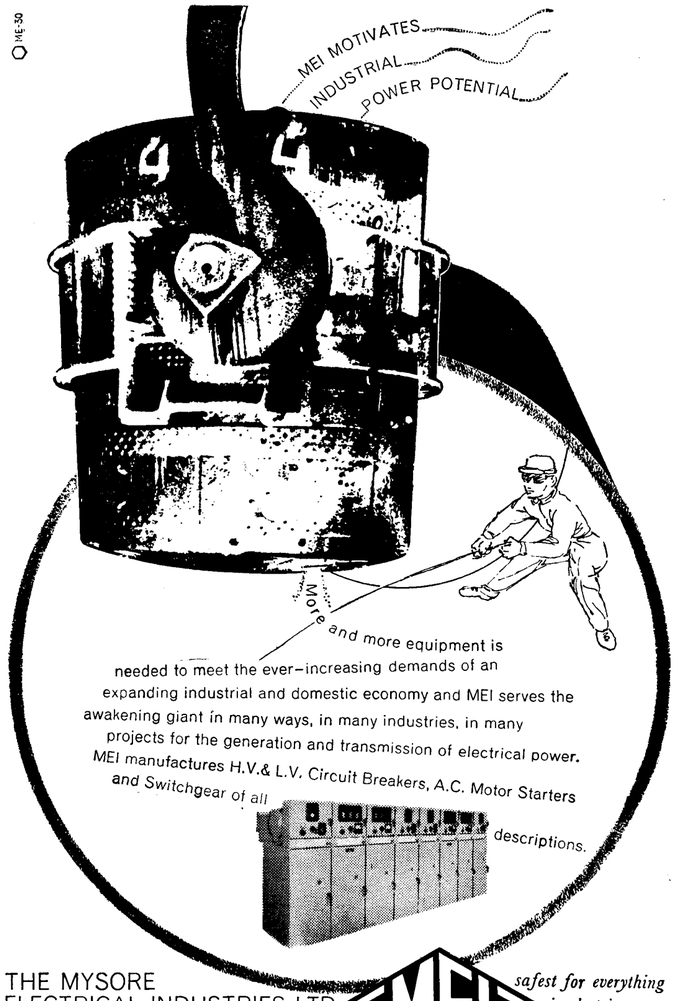

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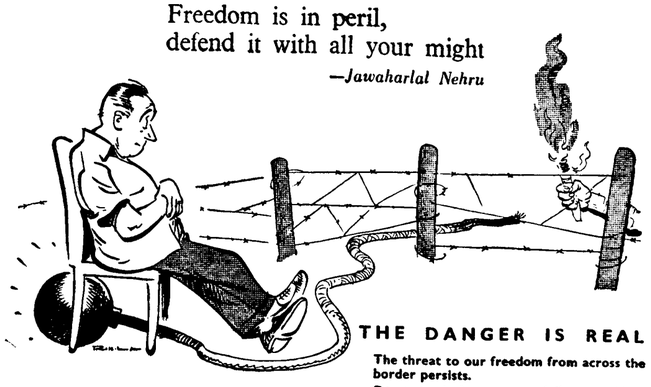

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PROGRESS OF COTTON MILL INDUSTRY

MORE SPINDLES AND LOOMS NEED TO BE INSTALLED SOON

IT is now clear that the cotton textile industry will not be able to achieve the third Plan production and export targets fixed for the year 1965-66. For so wide is the gap between these targets and the current rate of output and shipments. Thus, as against the production target of 9,300 million yards of cloth, the actual output is currently running at an annual rate of no more than 8,000 million yards (4,950 million yards in the mill sector and 3,050 million yards in the decentralised sector comprising handlooms and powerlooms). As for yarn, the present output is only 2,050 million lbs. whereas the target is 2,250 million lbs. Similarly, in the case of exports, the actual shipments are maintained at an annual rate of just 600 million yards which is well below the export target of 850 million yards fixed to be achieved by 1965-66.

In view of the lag in exports and considering that the *per capita* consumption of cloth within the country has not increased as envisaged in the Plan, the requirements of cotton piecegoods in 1965-66 would naturally be less than the estimate of 9,300 million yards. The total requirements, according to the Planning Commission's Working Group on Cotton Textiles, are expected to be around 9,000 million yards. Assuming that the Working Group's expectation regarding the successful fulfilment of the production target (3,500 million yards) assigned to the decentralised sector will prove correct, the mill sector will have to produce at least 5.500 million yards in order to meet the total requirements of 9,000 million yards (revised estimate). The Working Group does not think that this much production will come from the mill sector. The maximum output that can be expected by more intensive utilisation of existing capacity is estimated at 5,000 million yards. The shortfall in supplies in 1965-66 will thus be of the order of 500 million yards. The Working Group has done well, indeed, to warn against a cloth shortage in the last year of the third Plan and to urge the Central Government to provide foreign exchange for the import of some capital equipment. For achieving a production of around 5,000 million yards in the mill sector by 1965-66, it is considered necessary to ensure the installation of at least 16,000 additional looms by the end of the current financial year (March 1965).

Stocks Depleted

The fears about a possible shortage of cloth supplies developing in the coming years are not exaggerated. There has already been a considerable depletion of stocks with mills and, unless the rate of production is raised, there will be a further depletion. Such a depletion is not desirable. A reasonable quantity of cloth must always be held as stocks in mills' godowns and in the pipelines. The table below indicates the mill cloth supply position during the first half of 1964 and 1963, as well as in the whole of 1963 and 1962:

(In million yards)

	January-June		Whole of	
	1964	1963	1963	1962
Opening stocks	456	686	686	543
Production	2,472	2,388	4,837	4,987
Imports	1	1	1	2
Total available supply	2,929	3,075	5,524	5,532
Less closing stocks	290	457	456	686
Offtake	2,639	2,618	4,068	4,846
Of which:				
Domestic consumption	2,364	2,340	3,537	4,338
Exports	275	278	531	508

Corresponding to the cloth production target of 9,300 million yards, the target envisaged for yarn, as already noted, was 2,250 million lbs. In order to achieve this target, spinning capacity in the mill sector was to be expanded by an additional four million spindles over the 13.66 million spindle capacity achieved at the end of the second Plan. To begin with, it was envisaged that three million spindles should be licensed. Although capacity of the order of 3.7 million spindles has been licensed, the actual progress in the installation of spindles has been slow. On the basis of the present assessment, it is unlikely that more than 1.5 million spindles would be actually installed before the close of the third Plan. The Working Group, therefore, emphasises that concerted efforts will be necessary to accelerate the rate of installation of additional spindles.

Since the progress made in the installation of spindleage is slow, it has been decided that the existing composite spinning mills may increase their spindleage to the extent of 7½ per cent of their registered spindleage and, in exceptional cases, up to 10 per cent, if found necessary for balanced and economic working. The production of yarn is currently running at about 1,960 million lbs. In order to achieve the target, the working Group points out, an additional production of the order of 290 million lbs. will have to be achieved in the next two years. In the opinion of the Group, the current utilisation of spindleage is very satisfactory and any additional production by further intensified utilisation of capacity can only be marginal. Corresponding to the cloth production of 9,000 million yards in 1965-66, the requirements of yarn in that year will work out to about 2,180 million lbs. As there is little scope for increasing production from the existing capacity, an additional capacity of the order of one million spindles, it is said, will have to be installed by the end of 1964-65 to ensure extra output of about 200 million lbs. of yarn in 1965-66. The Group is quite confident that, with concerted efforts, it should be possible to install about 1.5 million spindles by 1965-66. Of this, at least one million spindles should be in production at the beginning of 1965-66.

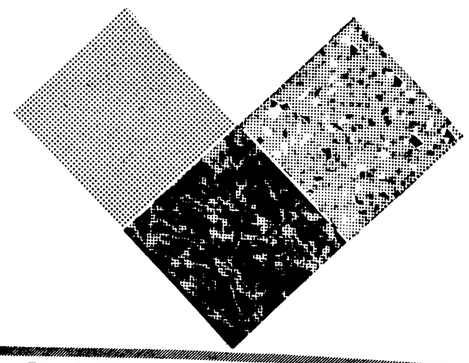
Imports

To the extent the requirements of machinery for the additional capacity indicated above cannot be met from indigenous sources, imports will be necessary. It is true that such imports entail foreign exchange spending, but, fortunately, several aid-giving countries have agreed to make available to India untied credits. A part of the credits can certainly be allotted to the cotton mills for import of capital equipment.

It may be noted, in this connection, that the State Trading Corporation of India is arranging for the import of textile machinery worth about Rs. 10 crores (£7.6 million) from the U.K. for being used by five mills in the private sector, 11 co-operative mills (in Maharashtra, Gujarat and Uttar Pradesh) and one public sector unit in West Bengal: all these mills are new units. The machinery and equipment will be supplied by Messrs. Platt Brothers Ltd. of Oldham, a subsidiary of the Stone-Platt Group of Britain. Out of the total cost (7.60 million) of machinery, 20 per cent, that is, £1.52 million, will represent down payment. The balance of £6.08 million will be financed out of a loan granted by the Midland Bank Ltd. An agreement covering £5.3 million was signed at London last week-end by the Chairman of the S.T.C., Mr. B. P. Patel, and the General Manager (Overseas) of the Midland Bank, Mr. G. I. Williamson. This agreement will be followed by a supplementary agreement at a later date to cover the remaining part of the loan. The loan is repayable over twelve years.

Raw Cotton

Necessary imports of textile machinery and increase in production within the country are both urgent for enabling the cotton mill sector to expand its capacity. Equally urgent is the need for the requisite supply of raw cotton. Basing itself on the rate of mill cotton consumption during the year 1962, the Planning Commission's Working Group has estimated that about 6.5 to 6.6 million bales of cotton will be required to produce 2,180 million lbs. of yarn by 1965-66. As the actual production of cotton has fluctuated between 3.85 and 5.50 million bales in the past four seasons, it is somewhat difficult to say whether the estimated crop would be sufficient to meet the estimated requirements of 6.5-6.6 million bales. The Working Group has rightly stated that, to the extent there is a shortfall in cotton output, imports are inescapable.



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MANCHESTER LETTER

MODERN METHODS OF WORK IN MILLS

EMPLOYERS AND UNIONS GIVE FINAL SEAL OF APPROVAL

From Our Special Correspondent

MANCHESTER, 30*th June*

DETAILS of a new agreement affecting operatives in the spinning section of the Lancashire cotton textile industry working modern high-speed and high-production machinery have been announced. It is claimed that it will bring into force the most modern wage structure in the U.K.

The new agreement signed by the British Spinners' and Doublers' Association and the National Association of Card, Blowing and Ring Room Operatives will be applied as soon as possible to all mills or parts of mills which have been modernised. There will be no immediate adjustment in wage levels either upwards or downwards as a result of the agreement, but it is expected to provide a considerable incentive to employers to install new equipment with the assurance that it will be fully utilised and to operatives to accept reorganisation and new methods of working with higher potential earnings.

The main point of the agreement is the acceptance by both employers and unions of work measurement and modern work study methods. "The negotiations have been based on the principle that it is in the interests of both parties to find a fair and right solution to problems involving wage levels and work allocations rather than to rely on the old tug of war methods," said a statement. The sharing of the benefits of increased productivity by the workers is recognised, but it is also agreed that the wage bands arrived at with the help of job evaluation and practical experience should not be upset by unjustifiable claims for wage increases on behalf of individuals or groups of workers at mill level. The agreement also includes a new training and apprenticeship scheme designed to attract good quality recruits into the spinning industry.

Welcoming the agreement, Mr. R. W. Greenhalgh, President, British Spinners' and Doublers' Association, said that it gave the final seal of approval by employers and unions to modern methods of work organisation. It allowed for maximum flexibility at mill level while preserving a common pattern and wage structure throughout the industry. "Provided that the agreement is operated with the same spirit of co-operation and fairness with which it was negotiated, it will make a great contribution to the efficiency and well being of the industry and all engaged in it," he added.

Profusion of Reports

Continuing the current assessment of the trade position as outlined by company chairmen whose reports are now coming through in profusion, the era of expansion is only just beginning if their forecasts are carried into practice. Mr. P. R. Gell, Chairman of Ashton Brothers, says:

"We do not believe that a mammoth scale of operations is essential in order to release the economies that follow from vertical integration, but it is the Board's policy to continue the development of the group by suitable acquisitions of other businesses and by the investment of funds in the most modern and up-to-date machinery within its own mills."

Although the Company's results during the year to the end of March were eminently satisfactory, Mr. Gell warns against false optimism. "There has been a tendency in some quarters to regard present conditions as a boom," he observes and adds: "This is certainly not so in the textile industry where the effect of imports cannot be ignored." The Government, he hopes, having accepted the need for control of imports, will ensure that it is developed still further.

"Be Realistic" Plea

A call for a more realistic attitude towards textile imports is also made by Mr. H. M. F. Carrington, Chairman of Carrington and Dewhurst, the spinning and weaving company in which Courtaulds, I.C.I. and Bradford Dyers (and through the latter, Viyella International) are financially interested. Were it not for apprehension about the Government's policy towards textiles generally, he says, he would view the group's future with complete confidence. Forthcoming G.A.T.T. negotiations could commit Britain to a reduction of up to 50 per cent in duties, without any guarantee of reciprocal action by other countries.

"The development of man-made fibres in this country reached its present stage behind a tariff barrier," Mr. Carrington continues. "It is utterly unreasonable of the Government to expect an industry such as ours to compete successfully overseas whilst fighting to maintain a profitable home market." Further expansion, through re-equipment, leasing of more factory space in Northern Ireland, the knitting trade and additional merchanting facilities, is in prospect, while the proposed acquisition of William Totton & Co. adds another chapter to the group's development programme.

Textile Recovery

A year ago, the Bleachers' Association changed its name to Whitecroft Industrial Holdings, making it clear that non-textile interests now represented the bulk of the Company's business. Subsequently, more expansion into other fields has been carried out, including the acquisition of firms engaged in carpet manufacture, plumbers' merchants, builders and contractors.

Nevertheless, Mr. Charles D. Greenhalgh, the Chairman, is able to report much more profitable trading by the textile finishing branches of the group in the year to the end of March. Profits from this section, he says, contributed 37 per cent of the total of £904,000, which itself was an increase of £377,000. More cloth for processing has been available and the benefit of branch reorganisation and the installation of modern plant is now apparent.

The policy of the Company, however, as declared by the Chairman, is to widen its scope still further by broadening the spread of its non-textile investments, as well as of its textile interests, where appropriate. New acquisitions may follow discussions now in progress.

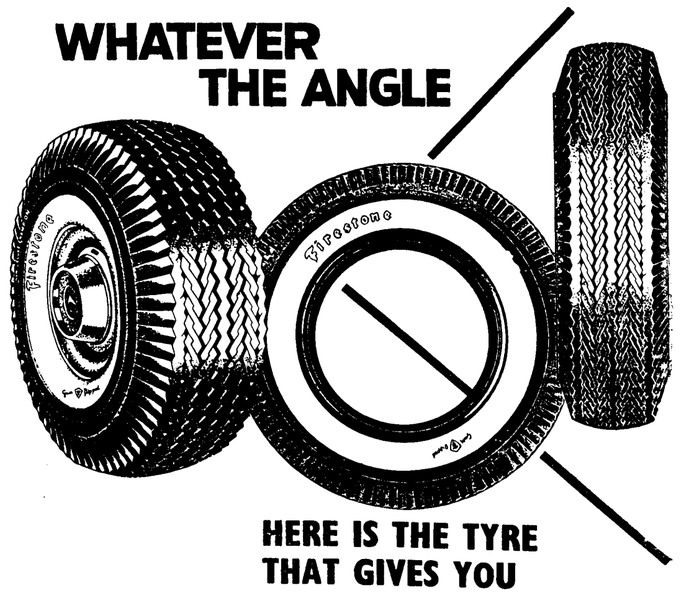
Market Letter

All the above adds colour to the comments made by a prominent firm of Manchester stockbrokers who have devoted their current market letter to the trend of textiles. The financial activity by the two giant man-made fibre producers, it is pointed out, has attracted most of the publicity, but it has also stimulated equally important consolidation moves by other companies, both public and private, to maintain or improve their competitive position. "In addition to reducing the number of independent production units in Lancashire," the report adds, "this tightening of the industry's structure is also changing the pattern of distribution. An increasing proportion of yarn, cloth and garments is coming under the control of relatively few organisations."

This not only reduces the amount sold in the open market, but is especially significant, in view of the growth of large retailing and industrial groups which take the final textile product. The increased co-operation possible could make a substantial contribution towards reducing the amplitude of cyclical fluctuations in the industry.

Growth in demand for rayon and the synthetics has not all been at the expense of natural fibres; in the case of leisure wear particularly, the report observes, the easy-care properties of the new fibres has made them ideally suited for the needs of what is virtually a new market created by changing social habits. Recent technical advances have increased demand for rayon and the synthetics, but as total demand for fibres is unlikely to grow at a rate of more than 2 or 3 per cent per annum, significant changes in the pattern of fibres used can certainly be forecast.

WHATEVER THE ANGLE



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REORIENTING AGRICULTURAL SCIENCE TO THE NEEDS OF INDIAN FARMERS

By A. D. Pandit

[Why has modern science and technology failed to make a sufficient impact on Indian agriculture? And what are the factors that impede the transfer of knowledge from agricultural colleges and research institutions to the farmer? In this article, (abridged) Mr. A. D. Pandit, Vice-President of the Indian Council of Agricultural Research and Special Secretary, Department of Agriculture, Ministry of Food and Agriculture, Government of India, attempts an answer to these problems. Agricultural production has increased by about 40 per cent since the beginning of India's first Five-year Plan. Production of foodgrains has gone up from 57.6 million tons at the beginning of the first Plan to about 80 million tons in the last few years. Except for Brazil and Japan perhaps, no other country in the world has achieved a comparable increase in production over the same period. However, for achieving a break through on the agricultural front, Mr. Pandit feels, it is essential that India's agriculture should take advantage of the latest techniques devised by agricultural science.]

WHILE efforts are being made by social reformers and educationists to remove the barriers to the adoption of a more receptive attitude in the farmer, the agricultural administrator and the scientists must, meanwhile, put their house in order. The agricultural scientist must develop a more practical outlook and devote his working life to the study of the fundamental research work carried on in other countries and devise techniques which can readily be applied to our soil and climates. The agricultural administrator must do everything possible to enhance the prestige of teachers and research workers in agricultural science. In every country, agriculture, being an unorganised industry, is usually at a disadvantage compared to other economic interests and the agricultural administrator must ceaselessly advocate the cause of the farmer and ensure a fair deal to him.

It is widely recognised in developing countries that, without special efforts, the findings of research may remain confined to the laboratory. Extension or advisory services have been set up in all developed countries to make available to the farmer the latest advances in agricultural science and technology. These services also advise industries catering to the needs of the farmer how to produce farming requisites cheaply and efficiently.

In India, the first attempt to establish an agricultural extension service was made in 1932, and today every village is covered by the village level worker who is the extension agent at the bottom of the ladder. He is assisted by a sprinkling of agricultural graduates and a few experts at the divisional headquarters, a division constituting four or five districts.

In the U.S.

The extension service in America is based on the Land Grant Colleges where the Director of Extension is a member of the faculty and the county extension agents live in the neighbourhood of the college and function under his technical control. This ensures a two-way traffic between the farmer and the scientific experts. The Land Grant Colleges through the extension services themselves conduct an adult education programme designed to channel scientific and technical information to farmers and to the agricultural supply and processing industries with a view to speeding the rate of adoption of new techniques and encouraging more efficient application of techniques already in use. Recently, the extension agent has been buttressed by a central staff of extension specialists in physical and social science fields related to agriculture in recognition of the fact that scientific knowledge is getting more and more specialised.

In coming years, it would be necessary to replace, to the extent that our educational resources will permit, the multipletype village level worker with a graduate extension agent and to give him technical support by the provision of a set of experts in agronomy, soil and water management, and plant protection in every district. These experts should be located at an agricultural college, if one already exists, in the district; and where there is no agricultural college, a research farm with the necessary laboratory should be established so that these experts can carry on research on local problems in their own disciplines.

The linking of the extension services with educational and research institutions will ensure that problems from the farmers' field are taken by the extension agents to the colleges and research institutes, and solutions to these problems, as and when they are found, are taken by the extension agents back to the farmer.

The reader will naturally want to know what steps are being taken to remove the obstacles that stand in the way of the advent of science in Indian agriculture. The syllabus of agricultural colleges has been scrutinised by an Expert Committee and the revised syllabus places a greater emphasis on practical work. Subjects such as soil and water management now receive more attention than in the past. The course of instruction of the village level worker has also recently been revised so as to devote more hours to agriculture and less to other subjects such as health and social education. Arrangements have been made for practical extension work by trainees in the blocks around the training centres.

Applied Research

The Indian Council of Agricultural Research, as its last session, discussed measures for reorienting agricultural research to the needs of the farmers. The principle was accepted that fundamental research, some of which is necessary for progress in applied research, should mainly be carried on in Central research institutions and Universities and that State research institutions should concentrate on the investigation of local problems. The Council emphasised that, as in other investments, investment in agriculture research will also have to be judged from the return in the form of an increase in income from agriculture that can be traced directly to such research, and that research for the sake of research, could not be defended in agriculture.

When we consider that the first serious effort to apply scientific methods to Indian agriculture is not more than 30 years old, and that more advanced countries have had to wait for half a century before there was an appreciable impact of science on agriculture, we can say that a cautious optimism about the future of Indian agriculture would be justified. If the agricultural scientist reorientates his outlook to the needs of the times and resources within the next five years permit the building up of a competent extension service, it will be possible to make the much needed break-through in agriculture within a short time. The beneficent social changes being brought about by the spread of education to all classes, particularly to women, are bound to give rise to the desire for a higher standard of living in the rural areas and transform peasant economy from a subsistence economy to a commercial economy. Experience elsewhere proves that the only way in which this can be done is the assimilation of techniques devised by agricultural science and the increasing use of products of industries, such as implements, fertilisers and pesticides backed up by technical advice.

A Major Factor

The application of science and technology to industry and agriculture is a major factor in economic growth. Spectacular increase in agricultural productivity has been achieved by countries which have adopted the latest techniques devised by science.

In the last half century, the U.S.S.R., Britain, the U.S.A., Australia and Japan, among others, have increased their yields of wheat by between 50 to 100 per cent, whereas the yield in India has gone down by 6 per cent. During the same period, while rice yield in countries such as Japan, Australia and the U.S.S.R. rose 50 to 100 per cent, that in India fell by 11 per cent. It is well known that yields per acre in India are a third, or, in some cases, a fourth of the present yields in countries where agriculture has attained a high level of efficiency.

Several factors are responsible for the low output and the low rate of growth in yield of vegetable, as well as animal food, in less-developed areas. But perhaps the most important among them is the low educational level of the farmer in countries constituting this region and the consequent failure of modern science and technology to make a sufficient impact on the traditional techniques of cultivation followed by them.

The developed countries of today have over the past century devoted considerable resources to scientific research and education. They have built up institutions to pass on the fruits of research to the farmer in the form of agricultural extension services. Scientific agriculture involves the use of materials produced outside the farm and, therefore, the developed countries have built up industries to provide non-farm inputs, such as agricultural implements fertilisers and pesticides and organised their wide distribution and made arrangements to ensure that adequate credit for the purchase of these materials is available to the farmer on convenient terms.

Technological Revolution

The index of farm output rose the large-scale mechanisation of American when agriculture and the wide use of chemical fertilisers became features of most American farms. The Morrill Act of 1862 established the Land Grant Colleges from which sprang the extension services to render advice on the latest scientific techniques to the farmer; the Hatch Experiment Station Act of 1887, which gave each State an yearly grant for the support of an agricultural experiment station, brought out a flowering of agricultural research in the last decades of the 19th century. The number of persons that a farm worker could support increased from 9.8 in 1930 to 10.7 in 1949, 14.6 in 1950 and 22.8 in 1957, thus making it possible not only to feed the population of the country according to the highest nutritional standards but to supply a large part of the widening gap between food production and rising populations in some of the less-developed regions of the world. The technological revolution in American agriculture included widespread progress in mechanisation, greater use of lime and fertiliser widespread use of cover crops and other improved practices, use of improved varieties, the adoption of hybrid corn, a more balanced food for livestock, the more effective control of insects and disease, and the use of chemical weedicides and defoliants.

A similar connection between research, education and technology and the improvement of agriculture can be traced in the case of other developed countries, such as Britain and Japan. In Japan, agricultural research was rigorously directed to the felt needs of farmers and the extension services were staffed on a scale which made advice on farm management readily available to all farmers. The research workers evolved an agricultural technology specifically adapted to physical and economic characteristics of Japanese agriculture. These factors led to a rapid growth in productivity. From the Meiji Restoration (1868) until the outbreak of World War I, the annual growth rate of agricultural output averaged 2.3 per cent and the increase in the production of food crops was sufficient to outstrip the growth rate of population.

In India, the Imperial Agricultural Research Institute, now known as the Indian Agricultural Research Institute, was established in Pusa in Bihar in 1905 and subsequently shifted to New Delhi in 1936. Soon after, agricultural colleges were established in Poona, Kanpur, Nagpur, Lyallpur (Pakistan), Coimbatore and Sabour. The Veterinary Research Institute, which was started in 1889 in Poona, was shifted to Mukteswar in 1893, but much of the educational and agricultural research framework of this country was built as a result of the recommendations of the Royal Commission on Agriculture headed by Lord Linlithgow.

Yields in India Static

The figures about changes in yields of wheat and rice during the last 50 years go to show that Indian agriculture has been static during this period and, from such data as is available, it appears that yields of the principal crops have, in fact, gone down. There are several factors responsible for this somewhat depressing picture, but it will be beyond the scope of this article to examine all those factors. The most important of them is the large growth in population during this period and the extension of cultivation to marginal and sub-marginal lands which has brought the average down. There is, however, no doubt that, had the Indian farmer been converted to scientific methods of farming early enough, he would have met the additional demand for food by increasing yields from present acreage and would not have extended cultivation to lands which were only fit for growing pasture and forests.

Why have modern science and technology failed to make a sufficient impact on Indian agriculture? And, what are the factors that impede the transfer of knowledge from our agricultural colleges and research institutions to the farmer?

The adoption of a foreign technology or even a technology based on research carried on elsewhere but adapted to local conditions cannot be absorbed by a traditional society in a few years. The application of science for the betterment of the economic and social life of a people involves the breaking down of traditional resistances, the growth of appropriate institutions, and the broadening of the educational base. The aversion to manual work among some classes, the laws of inheritance responsible for fragmentation of holdings, the pessimism generated by years of poverty, and the consequent lack of initiative and disinclination to take risks, are some of the social factors underlying the conservatism of the Indian farmer. Time and the influence of education now being made available to everyone under our successive Plans can alone lead to the growth of a commercial and scientific outlook in the agricultural community.

We cannot also expect any improvement in the quality of our agriculture until the attitude of our urban educated classes to agriculture and agriculturists undergoes a radical change. A vast educational campaign is necessary to make not only children but even the adults realise that our economic goals and a higher standard of living for the people can be achieved only if we are able to increase the productivity of our land.

Best Talent Deprived

The low value attached to agricultural pursuits has deprived agriculture, agricultural institutions and agricultural research of the best talent in the country. It is not intended to belittle the performance of some of our agricultural scientists who have devoted the best years of their lives to the improvement of the common crops grown in the country. The series of rust-resistant and high-yielding varieties of wheat developed in the Pusa Research Institute, the Coimbatore varieties of sugarcane and the Indo-American hybrids of cotton, which have replaced the indigenous varieties practically all over the country, are a tribute to their work. In spite of these exceptions, however, it would be true to say that both the quality of agricultural education as well as research has suffered because of the relatively low prestige accorded to agricultural services in the country. Then, in common with other professional education, teaching in agricultural colleges has in the past been somewhat theoretical and bookish and the student has lacked the practical skills and the self-confidence necessary to enable him to solve the problem in the farmer's field.

Lacking prestige in terms of salary and status, the research worker has often tried to seek compensation by doing abstruse work which would enable him to contribute a paper to a reputed international journal instead of taking up problems of applied research which would yield economic benefits to the farmer. Instead of evolving varieties of crops calculated to give high yields in difficult conditions which confront the farmer over a large part of the country, such as, a low moisture content in the soil, prevalance of insect and other pests and the short growing season, too much time is spent in the study of methods of breeding and genetics. Local problems such as soil and water management have been neglected in favour of fundamental studies on run-offs, and crop and animal husbandry sacrificed to work on plant and animal genetics. Foreign scientists who have taken a cursory look at Indian agricultural research and education have been struck by the divorce between the preoccupations of the scientists and the problems that stare the cultivator in the face in different parts of the country.

F.I.C.C.I. CONFERENCE ON AGRICULTURAL DEVELOPMENT

A two-day Conference on Agricultural Development and Economic Progress, organised by the Federation of Indian Chambers of Commerce and Industry, will be inaugurated at New Delhi on 28th August next by Mr. C. Subramaniam, Minister for Food and Agriculture. The Federation has issued a special invitation to Mr. B. R. Sen, Director-General, Food and Agriculture Organisation, to address the Conference. The Conference is expected to provide a forum for exchange of ideas and experiences in the fields of production and distribution or agricultural commodities for producers, traders, experts and Government officials. The agenda is being so framed as to highlight major aspects of agricultural production—trends and fluctuations, crop pattern, methods to improve productivity, credit facilities, etc. And other points such as the size of land holdings, pricing, purchase and import policies, which have an important bearing on agricultural production, will also come up for consideration.

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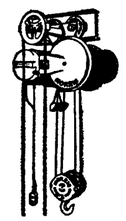

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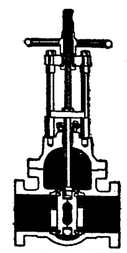

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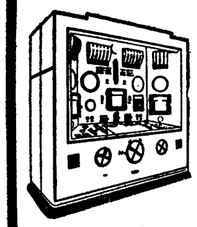

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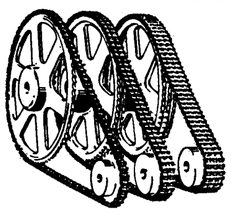

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LAW RELATING TO INCOME-TAX RETURNS

HONEST TAXPAYERS SUBJECTED TO HARDSHIP

By S. V. Ghatalia, B.Com., F.S.A.A., F.C.A.

A CLOSE study of the history of tax legislation in our country reveals four distinct stages: Formerly, we had good laws well drafted; then we had good laws badly drafted; then we had bad laws well drafted; and now we have bad laws badly drafted. The changes in law relating to submission of returns are contrary to accepted principles of jurisprudence and rules of natural justice and equity. They are aimed at reducing tax evasion, but, in practice, are likely to hit the honest taxpayer. The available statistics on income-tax collection clearly show that there is a sizable evasion of tax. For the year ended 31st March 1961, only 10,300 individuals reported an income above Rs. 50,000 and only 4,900 individuals reported an income above Rs. 70,000. The changes in law will not hit the quarters where there is real evasion of tax but will cause avoidable hardship to the honest taxpayers. The rule of law appears to be that, if you are honest, you are penalised.

Income-tax return is a device by which a major portion of your income is returned to the Government. Once a man received an income-tax notice for the first time; he went through it and sent it back with a note saying: "after carefully perusing your prospectus, I have decided not to join your association." This aptly reflects the sentiments of taxpayers and non-taxpayers under the penal scheme of taxation in our country.

However, I would not like to underestimate the importance of rigid laws to eradicate evasion. Al Capone, the notorious American gangster, committed 110 murders with a number of gun battles in the street. In 1931, he was brought to trial and fined $50,000 and sentenced to 11 years' imprisonment. He was convicted not for murder, riot or robbery but for failure to submit his returns and for non-payment of income-tax. I regret to say that the recent ill-conceived changes would rope in very small Al Capones in this country who are more foolish than criminal. The real Al Capones would continue to elude the grasp of the law.

It is not understood how, for the non-submission of returns in time, late payment of tax or an honest mistake in submitting returns the penalty could be greater and swifter than a penalty on high dignitaries who might be shown to have committed an offence far more grave and much more against the public interests.

Law Before the Amendments

Before I deal with the changes, let me briefly recapitulate the law as it stood before the amendment. Under Section 139, the returns are required to be submitted voluntarily within the prescribed time limits. If the total income does not include income from business or profession, then the return must be filed before 30th June. If the total income includes income from business or profession and the accounting year expires on or before 31st December, then also the return must be submitted before 30th June. In case one has income from business or profession and the accounting year expires after 31st December, then the return must be filed before the expiry of six months from the end of the latest previous year. The return must also be filed within the above prescribed time limits, if there is a claim for carry forward of loss in business or speculation or capital loss.

The income-tax officer is empowered to issue a notice calling upon any person to furnish a return within 30 days from the date of service of the notice. In case the return becomes due on 30th June, the income-tax officer may extend the time upto 30th September without charging any interest and thereafter on the basis of interest at six per cent. Where the return is required to be submitted after 30th June, extension may be granted upto 31st December without charging interest and thereafter on the basis of interest at six per cent. The income-tax officer may reduce or waive the interest in certain cases. For failure to submit the return of income according to law, under Section 271, an assessee becomes liable to a penalty equal to two per cent of the tax for every month during which the default continues but not exceeding 50 per cent of the tax.

Until now, there were four methods of payment of tax, namely, deduction of tax at source, advance payment of tax, provisional assessment and regular assessment. Under Section 141A, relief was granted to the extent of one per cent on the tax paid before 1st January of the relevant assessment year and interest was charged at two per cent where the assessee did not file his return by 31st December or having filed the return did not pay the tax on his own, on the basis of the return by that date. Section 141A is now deleted and replaced by Section 140A.

Law After the Amendments

Self-assessment

A new Section 140A which replaces Section 141A introduces a principle of self-assessment according to which the assessee is now required, on his own, to pay the tax on the basis of the return within 30 days of filing the return and in default he is made liable to a penalty. Section 140A applies in the following circumstances:

When a return has been furnished under Section 139 and

The tax payable on the basis of the return as reduced by tax already paid exceeds Rs. 500.

This new section comes into operation from 1st April 1964 and, therefore, normally it will apply to the assessment year 1964-65. However, it appears that this section will also apply to returns in respect of prior assessment years where the return is submitted after 1st April 1964.

Even if a revised return is filed under Section 139(5), the difference in tax should be paid under Section 140A within 30 days of the filing of the revised return. The revision of the return would not entail any penalty under Section 140A of the Act on the ground that, in the original return, a smaller amount of income was shown and, consequently, a smaller amount was paid on self-assessment. Such revised return may, however, entail a penalty under Section 271 or a fine under Section 277. The provisions in regard to self-assessment will also apply to cases where a return of income is submitted in the event of reopening of assessments.

A question may arise as to whether on self-assessment the additional super-tax under Section 104 should also be paid. Normally when the return is filed, the statutory period for distribution of dividend namely, 12 months from the end of the previous year, would not have expired and hence the amount of tax would not be due. Secondly, such tax would become due only in consequence of the order of the income-tax officer. It appears that, until the amount is due, there could be no liability to pay tax on the basis of self-assessment.

The amount of tax on self-assessment should be paid within 30 days of furnishing the return. Where extension for furnishing the return is granted, the payment of tax will also be automatically delayed, as the payment is required to be made within 30 days of the date of filing the return. The amount of tax paid by the assessee under Section 140A will be adjusted towards the final tax liability on completion of the regular assessment.

If an assessee fails to pay the tax or any part of such tax on the basis of the self-assessment, he would incur a penalty except in cases where provisional or regular assessment has been made before the expiry of 30 days of filing the return. The amount of penalty is left to the discretion of the Income-tax Officer, but the penalty should not exceed 50 per cent of the amount of *tax not paid* on the basis of self-assessment. Before levying the penalty, the assessee is entitled to a reasonable opportunity of being heard. The income-tax officer would decide upon the amount of penalty on his own without the prior approval of the Inspecting Assistant Commissioner of Income-tax. The Finance Minister has assured (*Economic Times* of 22nd April 1964) that instructions would be issued to officers not to invoke the penalty provisions for non-payment of tax, if circumstances did not justify it. The order of the income-tax officer levying the penalty is appealable under Section 246 of the Act. In respect of the power of the income-tax officer to levy penalty, no time limit, before which or after which the penalty could be levied, is indicated.

The principle of self-assessment appears to have been borrowed from the practice in the U.S.A. In our country, having regard to the level of education and complexities of tax laws, it is extremely difficult for a layman to determine the amount of tax on his own. Even the Finance Minister may have to invoke the aid of a Chartered Accountant. The period of 30 days is too short, because the computation of tax is a lengthy process on account of complicated rate structure. In most of the cases, the amount payable on self-assessment would not be large, as advance payment of tax would have already been made. Even if self-assessment was not introduced, the provisional assessment was sufficient to collect the amount of tax. The new provision would not so much expedite the recovery of the tax as shift the administrative burden of determining the provisional tax from the department to the public.

While introducing the principle of self-assessment, the legislature has not extended the same principle to the refunds due to the assessee. If the tax is required to be paid within 30 days, then logically the excess tax must be refunded within 30 days of submitting the return. There is no time limit for granting refund of excess tax paid by the assessee and the assessee is entitled only to interest at 4 per cent on the refund, if the refund is not granted within six months of the date of the order.

Penal Provisions

Under Section 271, penalty is imposed where the assessee has concealed the particulars of his income or *deliberately* furnished inaccurate particulars of such income. Now the word "deliberately" is omitted. The consequence is that, even if the assessee has furnished inaccurate particulars of his income without any deliberation but either through pure accident or an honest mistake, he may be liable to a penalty. The penalty for this offence is a sum not less than 20 per cent and not more than one and a half times the amount of the tax, which would have been avoided if the income has returned had been accepted as the correct income.

Under the new explanation to Section 271(1), if the total income returned is *less than 80 per cent of the correct total income*, the assessee is deemed to have concealed the particulars of his income or furnished inaccurate particulars thereof unless he proves that the failure to return the correct income did not arise from any fraud or any gross or wilful neglect on his part.

For the purposes of explanation, the correct income means the total income as reduced by the expenditure incurred *bona fide* for the purpose of making or earning such income, but which has been disallowed as a deduction. The deduction is permitted in respect of expenditure, but it appears that a mistake in the amount of depreciation would not be allowed to be adjusted as depreciation is not an "expenditure." The same appears to be the position in respect of development rebate.

In determining the correct total income, only expenditure incurred for making or earning the income and not allowed is excluded. Under Section 37, expenditure incurred wholly and exclusively for the purposes of business is allowable and yet the exclusion under Section 271 is limited to a much narrower quantum of expenditure. It is apprehended that expenditure incurred wholly and exclusively for the purpose of business but not shown to be incurred for making or earning the income would not be excluded in order to arrive at the correct income.

The difference of 20 per cent between the returned income and the correct income is misconceived. If a person has returned an income of Rs. 4,000 but is assessed at Rs. 6,000, he would incur a penalty in respect of Rs. 2,000. But an assessee who has returned an income of Rs. 1,00,000 but is assessed at Rs. 1,20,000 would not be liable to a penalty under the explanation, because the difference is within the limit of 20 per cent of the correct total income. It follows that small assessees would become liable to a penalty for a small offence, but the same degree of offence by a higher assessee would not entail a penalty.

It was already a practice to treat all taxpayers as tax-dodgers and with the amendment of Section 271 the said practice has now the blessings of the legislature. Even if a criminal has a presumption of innocence as well as the well-known doctrine of benefit of the doubt in his favour, it is very strange that a taxpayer

(*Continued on page 73*)

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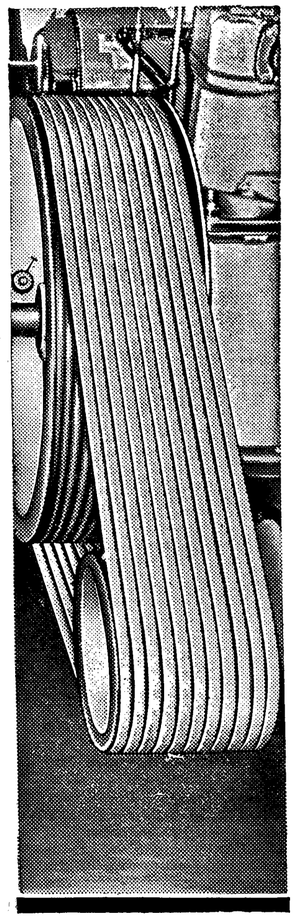

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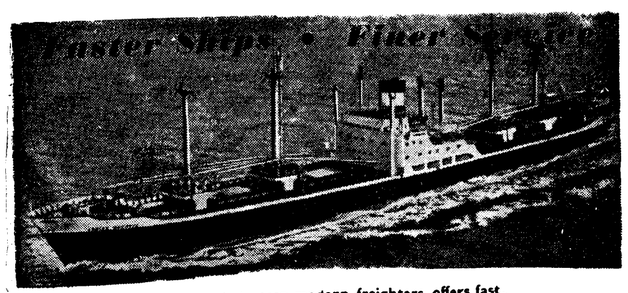

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CONDITIONS FOR ECONOMIC GROWTH—I

WHAT INDIA CAN DO TO ATTRACT FOREIGN PRIVATE CAPITAL

By Professor W. H. Hutt

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HOW can India progress most rapidly from relatively very low average standards of living to standards comparable with those achieved in, say, Western Europe and United States?

The question can be usefully put in another form. Why is it that, in spite of an ancient cultural background and in spite of powerful world forces which (it will be argued) are tending to spread to underdeveloped areas the modern technologies of industry and agriculture, with the accompanying outputs, high wages and good living conditions, the great mass of the Indian people are somehow being prevented from enjoying what the world has been offering her?

This reference to what the world has been "offering" does *not* relate to that assistance which, springing from altruism and enlightened self-interest, takes the form of "foreign aid" to friendly nations. Gifts of that kind, we shall argue, are of negligible importance in relation to what foreign profit-seekers for whom no altruistic intention can be claimed, would be able to achieve for the poverty-stricken Indian masses if policies in India were *rationally* aiming at the rapid material advancement of the common people.

The speed of growth in material well-being on the part of any underdeveloped region depends ultimately upon the thrift of its people. For thrift is simply the net accumulation of capital.

By "capital," we usually mean income-earning assets; but as used here the term is intended to include also what we today call "human capital." Capital in this form is accumulated through the improvement of the powers of the people, especially by means of education and technical training, which increase their ability to use physical assets effectively.

Respect for Thrift

Because of the enormous importance of thrift, if the aim in India is to catch up, as quickly as possible, with the standards achieved in, say, the United States, their leaders ought to make one of their top priorities the creation of great respect for thrift. This they can do most effectively by gradually discarding *discriminatory* taxation;[1] and that will mean avoiding one of the worst mistakes of the western powers during the present century. It is neither to the advantage of India as a whole nor of its poor if the provident are taxed for the benefit of the thriftless, the industrious for the benefit of the lazy, the enterprising for the benefit of the complaisant or the plodder, or the competent for the benefit of the incompetent.

A case can, admittedly, be made out for death duties to limit the size of inheritance.[2] But, under economic democracy, this case rests on an important proviso. The sums acquired by inheritance taxes (or by any "progressive" element in taxation) must be constitutionally protected from squandering by the politicians. If the community's progress—through provision for the future—is not to be braked, the proceeds of death duties (or of the "progressive" element in taxation) must be *maintained intact and devoted to the production of income yielding assets*, whether in the form of loans to private businesses, investment in equities via a collectively-owned investment corporation,[3] or devotion to State enterprises.[4]

Among the "assets" into which the proceeds of death duties or the "progressive" element in taxation *may* be legitimately invested are the people themselves. In so far as capital raised by discriminatory taxation is devoted to general and technical education which actually *does* play a part in raising the real earning powers of the people,[5] the capital transferred may well be maintained intact. But a large proportion of expenditure on education will necessarily be in the nature of replacement. The developed powers of a person ultimately decline as he ages, and die with him. Hence some part of expenditure on education and training must, properly speaking, be regarded as in the nature of consumption and ideally be met out of *proportional* taxation (i.e., taxation which takes the same proportion from all incomes down to the point at which it does not pay to collect).

But increased expenditure from taxation on education may require concurrent or prior provision of additional physical assets from savings if that investment is to be fertile. And the skills of men not only need tools if they are to be productive. They require an appropriate development of communications (roads, railways, ports, etc.) and trading institutions.

Investment in Human Capital

It is equally true that the accumulation of equipment may be wasteful unless accompanied by complementary investment in human capital.

In a stimulating recent contribution on this topic, Dr. H. D. Gideonse writes:

"If we ignore the fact that labour as a productive force derives its value from the investment of capital in the form of in-service training and formal education, it is impossible to understand comparisons of economic growth in the U.S.A. and in the U.S.S.R., or to develop an intelligent understanding of our experience with the Marshall Plan in Western Europe when it is contrasted with the disappointing result of our billions of foreign aid in Asia or Latin America. In Western Europe the 'aid' produced increases in productivity that were more than proportional. In Korea or Indonesia there was no measurable enduring response in productivity. . . .

"In the European case, our 'dollars' literally 'primed the pump'—a human pump consisting of trained and educated manpower with moral or customary attitudes that were compatible with development. In the Asian or Latin American cases the absence of the corresponding—or preceding—investment in the human factor doomed the venture from the beginning. . . . The experience of Japan, which has shown an increase in productivity that is more than proportional to the flow of private capital assistance which it has received, is additional confirmation of the hypothesis that the rate of human investment is the crucial factor. . . .

"In the underdeveloped countries educational policy is more easily recognized as a part of overall economic policy. The difficulty here is the emotional resistance to the acceptance of a rank-order of priorities that is compatible with a reasoned strategy of economic development. In the egalitarian passion for literacy which was encouraged by some of the less fortunate activities of UNESCO, programmes for national literacy—the first six years for everyone—were sometimes encouraged at the expense of all other educational and economic development. Literacy at the sixth-year level is not a reliable foundation for step-by-step articulation of a programme that supplies essential human skills as they are needed in the acceleration of economic development."[6]

To discern the potentialities of growth in a country like India, it is essential to appreciate that it is to the advantage of the *developed* countries that the economic progress of the *underdeveloped* countries shall be fostered. If there were no restraints imposed by the governments of the more advanced areas, the resources needed for the rapid economic expansion of the backward regions would flow into them far more rapidly than is happening at present. But most of the governments of the western world are committed to policies known as "central economic planning;" and among the aims which the "planners" nearly always pursue is that of retaining resources at home, or, as it is usually phrased, "preventing the outflow of capital." Now this discouragement of investment abroad is not to the material advantage of the people of any country which resorts to it; for resources (i.e., capital) are only sent to other countries when their prospective yield (i.e., their forecast contribution to the well-being of the nation) is higher abroad than at home. But the greater harm caused by restraint on the free international movement of capital is to the areas which, like India, are thirsting for capital. The economic and industrial progress of such countries has, indeed, been much slower than it would have been if the private owners of capital in Western Europe and United States had been allowed greater freedom to seek profits, without restraint, in those areas of the world judged to be most productive.

Why do we know that the underdeveloped regions could attract so much of the savings (that is, the accumulating resources) of the western world under unrestrained private enterprise? The answer is that *setting under-utilised resources to work is nearly always the most fruitful form of investment.* When there are no restrictions imposed by governments, investors will find it profitable to supply both equipment and co-operating capital; and this will enable the world's markets not only to provide more remunerative employments for the masses of the poorer countries, but to create an incentive for training the backward peoples in more productive and higher paid occupations. It is not *altruism* which will have this result. The development of virgin resources (by which is meant undeveloped or underdeveloped factors of production) simply happens to provide the most remunerative of investment outlets.

Secondary Activities

Moreover, there are other factors which are tending to spread secondary industrial activities over regions in which they do not as yet exist, or are as yet only beginning to emerge. The more advanced industrial countries do not themselves possess sufficient resources (labour, skill, equipment and "gifts of nature") to supply the world with machinery, machine tools generally and other products for the manufacture of which they have "*acquired* advantages" (or special natural advantages) *and* at the same time to manufacture secondary industrial products cheaply enough to export. During the last few decades a new division of labour has been brought into being by these circumstances, and it is currently creating a strong propensity to industrial progress in countries where there are as yet no local secondary industries.

Unfortunately, this propensity has nowhere been allowed free scope. On the contrary, it has been resisted almost everywhere. For instance, under world freedom of trade a country in India's position (like many other economically underdeveloped countries) would probably have experienced incomparably more rapid industrial progress than it has in fact enjoyed. For had pure profit-seeking been permitted or encouraged, both by the governments of relatively wealthy countries with capital seeking outlets, and by the governments of the poorer countries wishing to raise their living standards, there would have been relatively little need for "aid" from other governments. Indeed, the advantage which the Indian people would have won from the new employment offered by private foreign investments would have been almost unbelievably greater than any benefits received from foreign governmental resources, or from World Bank loans.

Under existing circumstances, of course, foreign aid is not without material importance. But if international freedom for investment had existed, and the free market system had existed internally, the significance of "aid" would have rested firstly in the gesture of goodwill which it has expressed, and secondly in the possibility of its being utilised *educatively*, the sums advanced being maintained intact as "capital" (in which, of course, we must include "human capital"). Thus, if the immediate aim had been to provide Indian businessmen *with loans* to develop their enterprises, or directly with *risk-capital* (through some form of investment corporation), the fruits would have been cumulative and the whole population would have shared in the results.

If there is one country in the world for which this could have been confidently predicted, it is India, which has a well established commercial class and an ancient trading tradition. In the writer's judgment, the aspect of industrial progress which is most important during the formative stage of any industrial revolution is the marketing—the buying and selling—aspect. Business (including industry) consists largely of continuously predicting changes in consumer demand for particular products and changes in the availability of means of production, together with action in response to such predictions. The response takes the form of business planning and budgeting. Through rational foresight of this kind, diverse capital resources are committed to specific uses for varying periods. The costs of particular "inputs" are incurred in anticipation of prospective prices of the corresponding "outputs." In a more enlightened world, "foreign aid" would have been primarily devoted to training business men in the art of managing this process simply by financing *private* business. That this has not been done has been due, firstly, to the governments responsible for "aid" not having understood the issues I have just been discussing; and secondly, to the political aims which have motivated it.

Because the Western governments have wanted to discourage the countries assisted from becoming "communist," they have financed foreign governments rather than peoples. But governments are, after all, merely small groups of private persons; and they are all too apt to squander foreign aid, as well as their own people's savings, in striving to maintain themselves in office. This does not imply that, given the existing political situation in the world, this political aim of the donors of aid has not been legitimate[7], or that it has not had some of its intended effects. But direct aid to private Indian profit-seekers would have meant far more to the impoverished masses in India. It would have raised the employment opportunities at their disposal, released incentives for the improvement of their powers, and silenced the cynical allegation that the supposed generosity of foreign aid has merely been bribery of governments.

Private Investment

It has already been suggested, however, that capital advanced in the form of gifts from friendly governments could never have been nearly as fruitful as capital advanced in the form of purely private investment under normal business incentives. It is now further suggested that the development potentialities of India would soon become a magnet to that part of the world's savings which is not being withheld by restraint on the export of capital, *firstly*, if the Indian Government declared itself to be committed to economic democracy (i.e. private enterprise in business), and *secondly*, if constitutional guarantees were somehow created to ensure that private foreign capital investments would be safe from confiscation by future governments (whether through nationalisation, taxation or other subterfuges). In the writer's judgment, fear of spoliation via the State is currently creating the most formidable *internally imposed* barrier to a rapid transition to industrial modernity and the high living standards associated with it, not only in India, but in most other underdeveloped communities.

But what of the fear that, progress of these regions having been financed by aliens, we should ultimately find foreign ownership—with foreign control—of the greater part of the industrial assets of the countries financed? The answer is that a progressive economy would soon have its own savings to invest. Substantial investment from overseas is necessary in order to set going what has been recently called the process of "self-sustaining growth"; but subsequently, according to the extent to which thrift can be stimulated, a country such as India will be able to provide for itself a gradually rising proportion of the capital needed for its continued expansion.

During the transition to self-sustaining growth, direction from abroad represents the reasonable resolve of overseas investors, who are hastening the transition, to ensure the conservation and efficient use of their hard-won savings. Moreover as we have seen, "foreign control" may provide expertness in risk-taking, management and technical competence. Indeed, its presence may be expected to exercise a powerful educative effect. Whilst college courses in management can communicate recorded experience of business forecasting, budgeting and administration, and provide formal training in the relevant technical skills, real expertness in the decision-making of commerce and industry can be learnt only in action. What sentimentalists, or politicians appealing to sheer prejudice, may describe as "foreign domination" of industry can be the channel through which the most valuable capital of all can be transferred (from, say, American, British and German managements to Indian managements), namely, proficiency in prediction and the direction of business effort. There is not the slightest doubt in the writer's mind that Indians have *innate* talent for the development of managerial ingenuity.[8] Their best opportunity of developing that talent may well be via co-operation with managements responsible to foreign investors. An attempt to learn it independently, through bitter experience (with some help from books and lectures), can certainly succeed; but will it not command success much more slowly?

(To be concluded)

[1] It is conventional to describe taxation which discriminates against the higher incomes as "progressive taxation."

[2] This case may be based on the feeling that it is unjust to allow a person to enjoy the advantage of an inherited income in the achievement of which he can have played no part. But the wife and children of a rich man must necessarily benefit from his wealth during his lifetime. Is there, then, any compelling ethical reason why these benefits should end at his death? Or the case for death duties can be defended on the grounds that, *properly administered*, they may promote a larger measure of equality of opportunity.

[3] The earnings of any such corporation should naturally be used to reduce the load of the proportional taxation required to pay for the services of the State.

[4] Amenities like parks as well as "free" public utilities such as roads, bridges and sewers, may fall under this heading.

[5] As distinct from expenditures on "education" aimed at conditioning people's minds, so that they are amenable to control in the interests of the politically powerful.

[6] H. D. Gideonse, *College and University*, Summer, 1963, pp. 424-7.

[7] The urgency of the situation created by an *apparent* threat from the militaristic, totalitarian imperialisms of Russia and China, bent upon world domination, seems to have made it expedient for peace-loving and freedom-loving powers, like the United States and the western powers generally, to seek the favour of the governments of the backward areas rather than directly to assist the inarticulate and untutored people of those areas.

[8] Indians in the Republic of South Africa have succeeded remarkably in the trading field, against the obstacles of Governmental-imposed discriminations and powerful prejudice.

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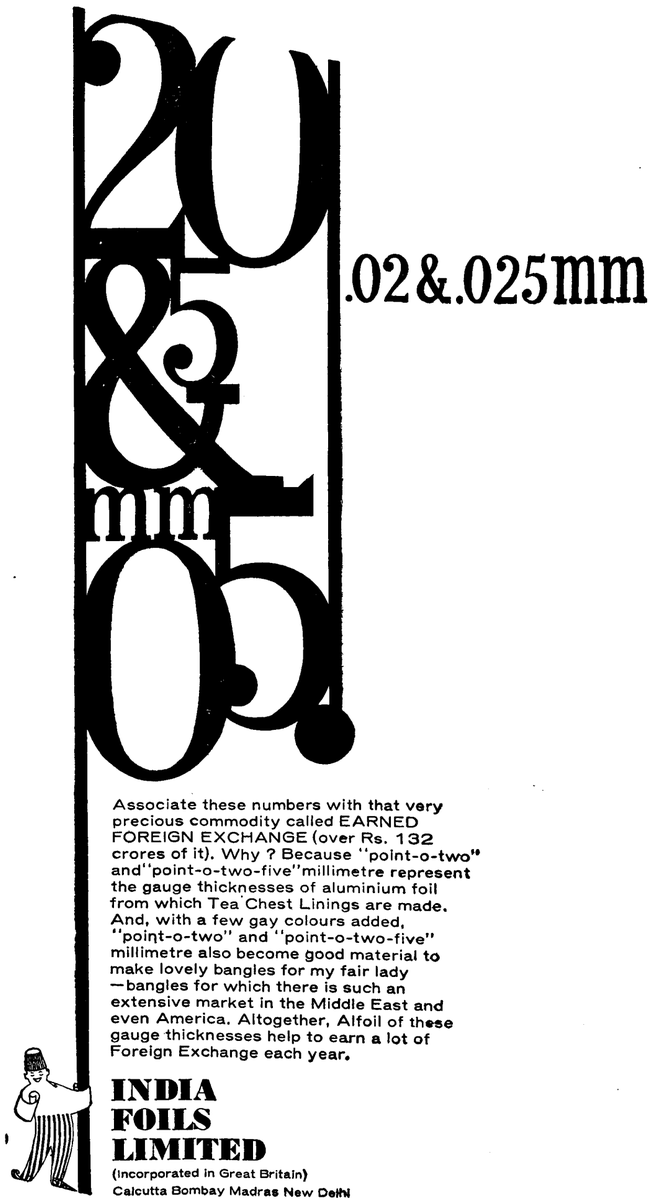
Assistant Secretary.

Date: 27th June 1964.



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WORKERS IN COTTON MILL INDUSTRY

THE CASE FOR STANDARDISATION OF WAGES

By Dr. Prem Narain Saxena

IT is true that wages form the pivot round which most labour problems revolve. The wage is the price of labour with which the employer tempts the labourer to engage in one of the processes of production, which together with other factors of production make up our complete, although complex and gigantic, industrial system. The purchasing power which the wage possesses, limiting the standard of living of the worker in general, his relative efficiency as well as its cost as an item in the cost of production—all these pertain to this problem. The surplus of this wage over conventional necessities measures the opportunity of his family's development. If your culture is to be democratic, the common man is to have access to the fullness of life and it is only possible by the grace of the plain ordinary pay envelope.

The coming of industrialisation has made the labourer dependent for his living, his welfare and his development upon a vague, mysterious and powerful system of prices. His economic existence is put up within two sets of prices. The price at which he can dispose of his labour and the prices at which he can purchase the goods and services which appear upon his household budget. He does not know what determines his income. He only knows that a large income is divided between wage-earners and several groups of non-workers who receive dividends, interest, profits, and what not. But the reasons for this division are actually wrapped up in mystery.

Again, the limit of his expenditure is fixed by the prices which he must pay for services and goods he consumes. In case the amount that the worker gets is small, the rising prices nibble away his hard-earned income and, by falling, they bless him with unexpected and plenty of goods. Truly speaking, to the worker the prices of the goods he buys are the upper and lower milestones of the wage system. As a matter of fact it is wages that give to the worker or withhold from him real things of life —goods and services, leisure, and what not. If he is to be efficient, if he is to have leisure for his own use, if the native gifts of his children are to be developed, if his family is to share in the culture which is the common heritage of all, his wages must be adequate to get all these necessaries of life for him.

It is only of late that employers, the State and the society have come to realise that the workers have got their own place in the economic system of a country and that they are entitled to some social status and civic rights, which must be given to them either by employers or, failing that, by the Government of the country or by the society as a whole. Besides this, wages have assumed importance for the following reasons:

1. There is an urgent need to prevent industrial unrest.
2. The intense desire to promote the standard of living.
3. To ensure that the worker gets at least a living wage.

Again the importance of wage problem lies in the fact that different wage rates in the same type of work in different units of the industry lead to migration of workers from industry to industry and factory to factory. Sometimes these things have become the cause of industrial unrest and disputes resulting in huge loss to employers, loss of working hours and lastly, but not least, loss of national income.

In the Textile Industry

Looking to the history of wages in cotton textile industry, it may be stated that during the war and early post-war years there existed a wide disparity in the earning of the workers, not only between province and province or between different centres in the same province, but even between workers in the same unit in the same centre and employed in the same type of work. In this connection, the U.P. Labour Enquiry Committee has stated in their report as follows:

"That in seven out of twelve industries cases have been recorded in which variation in earnings in the same occupation goes up to the magnitude of 300 per cent or more. In other words, earnings in certain occupations in one factory amount to over three times of those in the same occupations in another factory. The highest average variation in the earnings of the same occupation is shown by the oil industry, where it comes to 194 per cent in order of magnitude of average variation, glass comes next with 180 per cent followed by sugar 174 per cent, leather 160 per cent and cotton textile 151 per cent."

The Indian Tariff Board (Cotton Textile Enquiry) recommended the standardisation of wages as early as January, 1927 and reported:

"We cannot regard as satisfactory the present system under which the wages in Bombay mill industry vary from mill to mill even when the managing agents are the same and would recommend for the consideration of the Millowners' Association the adoption of a system for standardised wages for the same class of work, as between mill and mill. We realise that the adoption of such a system presents very great difficulties in Indian conditions owing to the illiteracy and imperfect organisation of labour, and that its introduction might probably cause discontent among those operatives whose wages might be prejudicially affected. Nonetheless we think that the standardisation of wages throughout the Bombay industry would tend to strengthen its position. A suitable scheme could, of course, only be drawn up in consultation with representatives of labour. It is obviously preferable that it should be adopted by all mills, but if a large proportion of the mills were willing to accept it, it would not be long before others followed suit."

Immediately after this recommendation the question was considered by several bodies and at least by the Bombay Textile Labour Enquiry Committee in 1937, which prepared a new scheme of standardisation of wages. However, the scheme could not be introduced as the Government did not think it proper at a time when the Second World War was going on.

Standardisation as such could not be enforced till the minimum wages for the least skilled worker were fixed in 1947 by the Industrial Court, Bombay. Similarly in other centres, minimum wages were fixed in 1947 and subsequent years. Once the minimum wages were fixed the problem arose with regard to the fixation of differentials for higher categories of workers. Generally these were also fixed by the same industrial authority which fixed the minimum wages in various centres of textile industry in the country.

Wage Differentials

All the wage-fixing authorities agreed that wage differentials should be based not only on customs and historical factors but on the training, required skill, experience, efficiency and responsibility, etc. While some industrial authorities have left the determination of wage differentials to negotiations between employers and employees, others have broadly classified workers into three divisions: unskilled, semi-skilled, and skilled. They have fixed the rates for each one of these categories separately. In some important centres schemes for standardisation of wages were prepared by the assessors, or by the committees specially appointed for the purpose.

In the various standardisation schemes which are operating in the different centres of cotton textile industry, generally what has happened is that the wages have been fixed for the different categories of workers above the minimum wage, but the jobs and occupations have not been standardised. For example, from a close study of wage rates it would appear that the occupational minima are very great. The difference is obvious, the differentials have not been correctly and scientifically assessed. For example, at least the schemes in U.P. and Bengal do not seem to have been worked out on any scientific system because there are unwarranted and wide disparities.

Standardisation of wages as such, without the standardisation of occupational nomenclature, is incomplete. As a matter of fact, a standard rate is a rate of wages fixed according to some definite standard which should be uniform in its application. It must be borne in mind that a standard rate does not mean the maximum rate. It is a rate fixed for the average worker. Thus, first the minimum basic wage should be fixed on which the whole wage structure in an industry is erected. the differentials should then be worked out and added to the basic minimum to find out the occupational minimum. But in Indian cotton textile industry, standardisation of wages has been mixed up with the question of fixing minimum wages. The occupational minima which have been fixed in schemes of standardisation represent only the basic minimum for each occupation rather than an occupational standard wage. Fixation of occupational minima is only a part of the process of standardisation of wages. In India, the standard rate is only a distant target which has to be attained gradually in future.

Although we have achieved some sort of standardisation of wages in cotton textile industry in India in almost all the regions on a State level, since it has not been possible so far to achieve the standardisation of jobs, this work will have to be handled again by the general or central wage board when the national minimum or the regional minimum will be fixed for each occupation in the industry. As regards the scheme of standardisation of wages, it is suggested that it should be so framed as will:

(a) cause labour to be allocated among the different occupations, industries and geographic areas in the economy in such a manner as to maximise the national products;

(b) enable full employment of the resources of the economy to be attained; and

(c) facilitate the most desirable rates of economic progress.

The Fair Wages Committee has rightly remarked that in fixing wage differentials the skill required, the training and risk involved, the responsibility borne, the physical and mental strain undergone, efficiency of the performance and the experience should be taken into consideration. They think that there should be as few differentials as possible and that differences between the lowest and the highest paid worker should not be abnormally large.

The wage structure in the different centres of textile industry in this country shows that the wage differentials have either to be based on questions of supply and demand, accident of history and sociological considerations or on any scientific appraisal of the factors that should be taken into consideration. It is, however, suggested that the following factors should be taken into considerations in fixing wage differentials:

1. Degree of skill.
2. The strain of work.
3. The experience involved.
4. The training required.
5. The responsibility.
6. The mental and physical requirements.
7. The disagreeableness of the task.
8. The fatigue involved.
9. The hazard attendant on the work.

It is difficult to estimate what weight should be attached to each factor; that is a matter which will gradually be evolved on the basis of experience. No doubt there are difficulties in achieving standardisation of wage rates, because the manufacturing work in textile industry comprises a number of operations, requiring varying degrees of skill and effort. Again, the type of machinery and material in use, the conditions in which the work is carried on, the quality of the goods manufactured etc., also vary from centre to centre and from mill to mill in the same centre. Still standardisation of wage rates can be achieved if the employers' and workers' representatives work in a spirit of co-operation and friendly attitude and try to fix standard rates for different occupations by mutual discussions. But a change in the attitude of both the employees and the employers is needed.

Role of Collective Bargaining

Thus standardisation of wages can be best obtained only by collective bargaining and mutual discussions. Standardisation will require the standardisation of occupational nomenclature and this can best be done by State Boards which must have experts to advise on the problem and draw up standardisation schemes. It is admitted that there is bound to be certain variations in the earnings of workers in the same occupation in various mills on account of variations in machinery, material, working conditions, character of goods and the efficiency of works. But the disparities at present are too large to be accounted for by all these reasons. They can only be ascribed to lack of uniformity in the system prevailing in the various mills for the determination of wages. Such wide disparities will have to be removed, because they cause discontent, endangering industrial peace.

The Government of India is going to constitute the second Wage Board for the textile industry to revise the wage structure. This situation affords an opportunity for the industry to build up a fair and scientific classification of jobs into various grades and thus plan for a scientific standard of wage rates in this industry. There is no purely scientific basis to classify jobs into different grades but the four important techniques of job evaluation, namely, the ranking method, the grading method, the factor composition method and the pivot method, can be used fairly and accurately to classify the jobs into different [illegible]

TRAVANCORE CEMENTS LIMITED

COMPANY MUST BE ALLOWED TO RAISE ITS SELLING PRICE

CHAIRMAN, MR. C. S. LOGANATHAN'S PLEA

A PLEA to allow the Travancore Cements Ltd. to raise its selling price along with the other cement companies, was put forward by Mr. C. S. Loganathan, Chairman of the Company, in his speech at the Seventeenth Annual General Meeting of the Company held at Nattakom in Kottayam, on Monday, 29th June 1964. He assured the shareholders that necessary representation was being made to the Government both by the Company and the Cement Manufacturers' Association. Higher costs of production, he declared, had been primarily responsible for lower profits and smaller dividend in 1963.

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

GENTLEMEN,

I welcome you all for the seventeenth annual general meeting of our Company.

We are meeting at a time when the entire nation has not yet recovered fully from the gloom cast on account of the passing away of Sri Jawaharlal Nehru, our illustrious past Prime Minister. The phenomenal industrial progress of our country since we gained independence was mainly due to his foresight and drive, and it is the sacred duty of every one of us to keep up the tempo and help building up a prosperous India for which he lived, labour- ed and died. As a mark of respect to our late Prime Minister, let us all rise up and observe a minute's silence.

The audited accounts and the annual report for the year 1963 have been circulated to all members and with your permission, I shall now take them as read.

Higher Sales, Lower Profit

During 1963, the Company has been able to keep up the high production and sales levels. During the year, we produced 53,160 tonnes of grey cement and 6,300 tonnes of white cement and have sold 52,678 tonnes of grey cement and 6,082 tonnes of white cement. Our sales of white cement have been gradually improving year by year and sales during 1963 have been 31 per cent more than what it was in 1962, and 76 per cent more than that of 1961.

You would have noticed from the Directors' report that our profit for the year 1963 has been only Rs. 7,17,163 as against Rs. 9,67,529 for the previous year. The reasons for the decline in profit have been due to increased cost of production as explained in the Directors' report. Your Directors have, therefore, been able to declare a dividend of only 6 per cent for the year 1963 as against 7 per cent for the year 1962.

Retention Price

The retention price payable to the cement producers was fixed based on the Tariff Commission's Report in November 1961, and is to be in force till March 1966. However, the Government of India had in principle agreed to make suitable changes in the retention prices, whenever there are material increases in the cost of production. From June 1963, an increase of Rs. 2.75 per tonne was allowed to all cement producers excepting ourselves to meet the increased cost of production. As explained in your Directors' report, representations have been made to the Government of India to extend this price increase to our factory also, and the matter is still pending with the Government. Since June 1963, there have been further increases in the cost of production due to increase in coal price, railway freight etc., and the factories individually and through the Cement Manufacturers' Association have requested the Government of India for a further suitable enhancement of retention price. It is hoped that Government will favourably consider this request of the industry and in our case, mete out justice which was denied to us at the time of allowing a general increase to the industry from June 1963.

Taxation

As per the Finance Act of 1964, in the case of industries engaged in the production of basic and essential commodities, a rebate in the tax is allowed. Cement is one among such industries and we are getting a relief of 5 per cent in the taxation, but there is an extra levy of dividend tax at the rate of 7.5 per cent of the amount of dividend.

The total amount of tax to be deducted from dividends has been reduced from 30 per cent to 20 per cent and this is a good relief to the shareholders.

Board of Directors

Gentlemen, you are aware that the Government of Kerala have two nominees in the Board of Directors. Sri C. S. Padmanabha Iyer who was Government nominee in the Board has been appointed by the Government of India as Chief Engineer of Cochin Port Trust, and consequently, Sri Padmanabha Iyer has resigned from the Board. In this vacancy, the State Government has nominated Sri T. P. Kuttiammu, Chief Engineer, Irrigation and Projects. I take this opportunity to express our thanks to Sri C. S. Padmanabha Iyer for his valuable guidance and services to the Company, and also welcome Sri T. P. Kuttiammu to the Board.

Before I conclude, I would like to express my thanks to my colleagues on the Board of Directors for their valuable services to the Company and to the Works Manager and all employees for their continued co-operation and efficient service.

I now request that the Directors' report and the audited accounts for the year 1963 may be taken up for consideration and adoption.

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

LAW RELATING TO INCOME-TAX RETURNS

(*Concluded from page* 68)

who pays his legitimate dues to the State should at least not be presumed to be honest until he is found to be otherwise. In the United Kingdom, the Inland Board of Revenue, in spite of the anxiety of the Royal Commission to do so, did not wish that their powers be enlarged on the ground that it would be resented by the public. In our country, at no level of administration such anxiety prevails. We have more and more and stricter and stricter laws and yet more and more people transgress the law with impunity. We have the distinction of having more laws but lesser compliance than before.

Prosecution

False statement in declaration—Section 277: In addition to penalty, a person becomes liable for punishment in respect of false returns, account or statement or verification thereof which is false and which he either knows or believes to be false or does not believe to be true. The amendment also provides that punishment shall not be less than six months in absence of special and adequate reasons to the contrary to be recorded in the judgment of the Court. Thus, the discretion of the Court in awarding punishment is very much fettered. If the Court wishes to award punishment of less than six months, it must record special and adequate reasons for the lesser punishment. The prosecution under Section 277 is in addition to the penalty and not in substitution thereof. Similar changes have been made in respect of offence in connection with abetment of false return, account, statement or verification.

The conditions for meting out punishment under Section 277 are different from the conditions for levying a penalty under Section 271. If a person under a due process of law is found to have committed an offence, there should be no objection to a rigid provision for punishment. It should be noted that, for the punishment under Section 277, there should be an element of knowledge and deliberation in committing the offence.

We have so far witnessed a phenomenon of multiple taxation. Now we are entering a more advanced phase of *Ram Raj*, namely, multiple penalisation. Ill-considered, stricter laws without adequate and discriminating administration may tend to have the opposite effect than intended by driving honest people to dishonesty. I am afraid that jail-going for tax offence may become a status symbol as it was during the days of the freedom movement.

RUBY GENERAL INSURANCE COMPANY LIMITED

CHAIRMAN, MR. M. L. SHAH'S SPEECH

IN his speech at the Twenty-eighth Annual General Meeting of the Ruby General Insurance Company Limited, held at Calcutta on 29th June 1964, the Chairman of the Company, Mr. M. L. Shah, referred to the entry of the Life Insurance Corporation of India into general insurance business from 1st April 1964. He urged the Corporation to open fresh avenues of general insurance, instead of disturbing the existing business of private insurers.

The following is a summary of Mr. Shah's speech:

GENTLEMEN,

It gives me great pleasure to welcome you to the twenty-eighth annual general meeting of the Company.

We are meeting under the shadow of a national tragedy. Shri Jawaharlal Nehru, our beloved Prime Minister and Leader, who guided the destinies of the nation since independence, is no more with us. Not only India but the whole world mourns his loss. Such great personality is seldom born and it is impossible to replace him. However, it is gratifying to note that Shri Lal Bahadur Shastri has been appointed our new Prime Minister with promise of all-round support and I am confident our country will continue its onward march of progress under his able guidance.

The statements of accounts of the Company for the year 1963 have been with you for some time and you must have noted with satisfaction that the Company has again shown good results.

Your Company has been making steady progress since its inception, and particularly during the last few years has shown very good results. As compared with the premium income of Rs. 1,85,12,084 for 1962, the premium income for 1963 has been Rs. 1,89,85,871 and the capital and funds during the same period have increased from Rs. 1,67,75,481 to Rs. 1,81,05,006.

The premium income for the year has increased from Rs. 78,21,379 in the year 1962 to Rs. 83,36,101 and profit from Rs. 16,43,000 to Rs. 18,40,247.

The premium income for the year has been reduced from Rs. 93,07,083 in the year 1962 to Rs. 88,52,631 due to reduction in foreign motor business which has not been profitable. The profit increased from Rs. 4,17,262 in the year 1962 to Rs. 4,48,283.

The premium income for the year has increased from Rs. 13,83,622 in the year 1962 to Rs. 17,97,139. The working of the department shows a loss of Rs. 3,99,290 as against a profit of Rs. 1,30,940 in the year 1962, mainly due to the increase in the premium reserve from Rs. 13,83,622 to Rs. 17,97,139.

The net profit after taxation has increased from Rs. 13,35,783 in the previous year to Rs. 13,85,873.

The Directors have recommended a dividend of Re. 1.25 per share as before. The Directors have also decided to take steps to capitalise Rs. 6,40,000 out of the premium on shares and issue one fully paid bonus share of Rs. 8 as against five existing shares.

The most important event in the Indian insurance industry during the year under review has been the decision of the Government to permit the Life Insurance Corporation of India to write general insurance business. The L.I.C. has commenced business from 1st April 1964 and decided to follow the tariff rates for the present. The L.I.C. should not disturb the existing business of the private insurers but should open new avenues and look for fresh business.

The voluntary code of conduct has proved very useful in improving the tone of the industry and I hope the encouragng results achieved so far will be continued.

Before I conclude I would like to place on record my sincere appreciation and thanks to our patrons for their continued support and to the executives, staff, field-workers and representatives in India and abroad f co-operation and devotion to duty enabled the Company to achieve gr

Thanking you, gentlemen.

Note: *This does not pur of the proceedings of t Meeting.*

WORLD OUTPUT OF NON-METALLIC MINERALS

COMMONWEALTH'S SHARE SUBSTANTIAL

INDUSTRIAL and constructional activities throughout the world have led to a tremendous increase in the consumption and production of non-metallic minerals, such as sulphur and pyrites, gypsum and anhydrite, asbestos, asphalt and bitumen, magnesite, graphite, mica and diamonds. The Commonwealth makes a substantial contribution towards the production of these important industrial raw materials. According to a recent review published by the Commonwealth Economic Committee, the Commonwealth produces nearly half the world's asbestos, almost a third of diamonds (by value), a quarter of gypsum and anhydrite and most of the sheet mica. It also contributes one-eighth of the recorded non-Communist output of sulphur and pyrites, petroleum bitumen, magnesite and natural graphite.

Production

The following table shows the comparative trends of production of important non-metallic minerals in the world and in the Commonwealth countries:

Table 1: *Production of Certain Non-metallic Minerals*
(In thousand tons unless otherwise stated)

	World production		Commonwealth production	
	Average 1949-54	1962	Average 1949-54	1962
Sulphur (*a*), (*b*)	11,490	17,830	1,226	2,461
Gypsum and anhydrite ..	23,570	40,930	6,425	10,929
Asbestos	1,320	2,740	892	1,279
Petroleum bitumen (*b*) ..	15,170	31,420	1,770	3,508
Magnesite (*b*)	1,550	3,030	136	285
Natural graphite (*b*), (*c*) ..	94	110	14	10
Sheet mica in thousand lbs. (*b*) ..	27,920	29,240	22,350	23,644
Diamonds in thousand carats ..	17,420	31,400	2,448	5,607
Diamonds in £ thousand ..	39,130	89,300	7,773	25,218

(*a*) Native and recovered sulphur and sulphur-in-pyrites.
(*b*) Recorded non-communist production only.
(*c*) Excluding fuel-quality graphite.

Sulphur

Non-Communist production of sulphur from all sources (native and recovered sulphur and sulphur-in-pyrites) showed an upward trend from 1949 to 1962. Sulphur is used very widely in industry and the acceleration in its production reflected the stepping up of the rate of industrial expansion in some of the principal consuming countries. This mineral has many applications in the modern economy. About four-fifths of the world's sulphur is used in the form of sulphuric acid, the most important basic raw material consumed by the chemical industry. It has been estimated that as much as 64 per cent of the current world acid output is used in the manufacture of fertilisers, notably superphosphates and ammonium sulphate. Other uses for this acid are in rayon, metallurgy, dyestuffs, detergents and plastics, while the most important non-acid use of sulphur is in the manufacture of wood-pulp and viscose rayon.

In India and Australia, the fast rates of increase in total sulphur consumption are noteworthy. This is mainly because of the increasing use of fertilisers in agriculture. But in Canada, growth has been due more to increased usage in pulp industry and also in uranium ore processing. The higher rates of increase in Japan and the E.E.C., as compared with those in the United Kingdom and the United States, reflect the differences in the rates of general industrial growth between the countries concerned in the period covered. A significant fact is that the consumption of sulphur has been little affected by substitution, for the comparatively low price and easy supply of sulphur has limited the opportunities for competing materials.

Among the producers of native sulphur the United States continues to hold first place, though its output has fallen from the record level in 1956. Mexico, which began production in 1954, continues to expand its output. Among the leading non-Communist pyrites producers Japan and Italy have gained in relative importance since 1949, while Spain and Cyprus have lost ground. Production of all forms of sulphur in the Sino-Soviet group of countries is estimated to have been rising steeply in recent years. The competitive position of the U.S. and Mexican native sulphur may be improved by the plans for the development of deliveries in liquid form to Europe from the current year onwards.

Gypsum and Anhydrite

Gypsum is used predominantly for making moulding plaster and Portland Cement and also, in ground form, in the paint, paper and cotton finishing industries and as a soil conditioner. In some countries anhydrite, as well as gypsum, is used in the making of sulphuric acid and, as a substitute for sulphuric acid, in the manufacture of ammonium sulphate. Substantial increases in usage of gypsum and anhydrite have been recorded by all consuming countries, the fastest growth being in Japan, India and the E.E.C. and the slowest in the United States. The bulk of gypsum consumption in India, and over half the usage of anhydrite in the United Kingdom are in the manufacture of ammonium sulphate for fertilisers, while most of the remainder of the U.K. usage of anhydrite is in the making of sulphuric acid and cement.

Recorded world production of gypsum and anhydrite has risen quite steeply since 1949, from an average of 23.6 million tons during 1949-54 to 4.09 million tons in 1962. This has been due, firstly, to the post-war reconstruction drive and, subsequently, to the general building boom throughout the world. Resources of gypsum are widespread and abundant and output takes place in many countries, the largest producers being the United States, Canada, the Soviet Union, France, the United Kingdom, Spain and Italy. The United States share of output has, however, been falling in recent years, while the relative contributions of a number of smaller producers, notably Spain, Austria, Japan, Egypt and the Dominican Republic, have increased.

Asbestos

Like gypsum, the consumption of asbestos is also dependent on activity in the building and construction industries, the manufacture of asbestos cement constituting the greatest demand for the material. This is used in roof shingles, sheeting, pipes and the various heat insulating moulded cement articles. It is also used in fire-proof industrial textiles and clothing, while certain kinds of high grade materials are used for electrical insulation. The motor industry uses asbestos in brake linings and clutch-facings, while the shortest grades of asbestos fibre have recently become very important as fillers in plastics, putties and paints. Since about 1954 demand for shorter grades of fibres used for building materials has risen relatively faster than demand for the textile fibres which more recently has tended to level out. But, by 1963 the expansion of production facilities had created surplus capacity for all grades. Known world reserves of asbestos have been estimated to be sufficient for 25 to 30 years of output at current rates.

Production of asbestos has shown a very marked upward trend since 1949, associated chiefly with increased demand for asbestos cement for building purposes and increased use of the shortest asbestos fibres as fillers in the manufacture of other building materials, such as asphalt floor tiles. Consumption in Japan and E.E.C. showed by far the steepest rise. In the Commonwealth, India's consumption was pronounced, while in Canada, U.K. and Australia the increases were relatively smaller. There is no general substitute for asbestos, but limited competition is offered to it in certain applications by materials, such as fibreglass, silicon products and plastics.

While Canada was still, in 1962, by far the largest producer, its output has accounted for a declining proportion of the world total since 1955, because Soviet production has been growing faster. In 1962, in fact, Soviet output is estimated to have approached the Canadian figure. The other principal producers of asbestos are the Republic of South Africa, which is world's only producer of the type of asbestos known as amosite and the biggest producer of crocidolite, and Southern Rhodesia, which specialises in low-iron chrysolite asbestos of spinning grade.

Petroleum Bitumen

The general growth in the production of petroleum bitumen has been due to its use in making bituminous mixtures for new or reconstructed roads built to take a rapidly increasing amount of traffic. Its other applications are for coating weather resisting materials, especially roofing felts and a variety of uses in the coal, rubber, agriculture and textile industries. The output of this material has been continuously using since 1949, though the rate of increase has tended to fall. The main basis of the rise has been the ever increasing number of motor vehicles which have given rise to greater road building and construction activities. The United States is the largest producer of this material, the others being Venezuela, Japan, West Germany, Italy and India. The consumption in Japan, however, has been very marked in contrast to that in United States and Canada where the consumption growth has slowed down.

Magnesite

Virtually all magnesite is calcined to magnesia before use and most of it is employed in the manufacture of basic refractory furnace limps and bricks, primarily in the steel industry but also in certain other non-ferrous metal smelters and in rotary cement kilns. Its other uses include the manufacture of magnesium cement, magnesium salt and magnesium metal. The production of crude magnesite, as will be seen from Table I, has almost doubled during the period from 1949 to 1962. This has been associated with an increase in the demand for refractories, particularly by the steel industry, and increasing preference for magnesite refractories as against other types. Not only does the natural magnesite face the growing competition of synthetic magnesia but it can also be replaced for some refractory purposes, particularly in oxygen converter steel-making, by dolomite. The Soviet Union is estimated to be the world's largest producer of magnesite, with Austria and China in second and third places, respectively. But, of these three countries, only Austria publishes production statistics. It is also produced in Yugoslavia, Spain, Brazil and South Africa and the United States. Large reserves of magnesite exist in many countries and, if the possibilities of obtaining magnesia from sea water are taken into account, total reserves of this mineral may be said to be unlimited.

Graphite

The largest single use for graphite is in foundry facings and moulds, to which it gives a smooth skin enabling the metal castings to be removed easily from the moulds on cooling. Medium grade graphite is employed in the manufacture of crucibles for melting metals, especially non-ferrous metals, while high purity graphite is used in the manufacture of various types of lubricants and in the electrical industry for making carbon brushes. Consumption has greatly increased in Japan, E.E.C. and India. Artificial graphite may be substituted for natural graphite in nearly all uses except crucibles, but in practice the relatively high cost of the artificial material tends to limit its application to those uses in which its exceptionally high purity is required. The leading producers are Mexico, Austria, the Malagasy Republic, West Germany, Ceylon, Norway and Japan. It is also produced in South Korea and Hong Kong for use as fuel. Artificial graphite is produced in the United Kingdom and the United States from petroleum coke and pitch coke. Natural graphite is available in almost all countries of the world and, though data for some of the most important producers are not able, reserves can be said to be enormous.

Mica

Commercial demand for sheet mica (block, film and splittings) comes almost entirely from the electrical and electronic industries, where the material is employed for its insulating properties. As will be observed from Table I, the growth of mica production has been sluggish and its consumption has not matched the growth of the electronics industry. Between 1949-54 and 1959-62 there were declines in the consumption rates in the United States, the United Kingdom and Austria. The falls have been due to mica saving through miniaturisation of electrical and electronic components and also, to a minor degree, substitution of alternative materials in certain uses. India is overwhelmingly the largest producer of block mica, followed at a considerable distance by Brazil and the Malagasy Republic. Though accurate measurement of mica reserves is well-nigh impossible, because of the unpredictability of the mica content of deposits in advance of actual mining, Indian reserves may be said to be very large.

Diamonds

Consumption data cannot be calculated for either gem or industrial diamonds. The U.S. Government buying of industrial stones has been an important element in the world demand for rough diamonds, which has been greatly rising since 1949. A development affecting gem diamonds has been a rapid rise in the Israeli cutting industry which is now offering strong competition to the Belgian industry, the latter still maintaining the leading position. The development of synthetic diamonds may be said to be supplementing, rather than supplanting, natural industrial diamond. Almost all the world production of diamonds outside the Soviet Union and Brazil comes from Africa. In terms of quantity, the Congo Republic is by far the world's largest producer but its output consists mainly of industrial diamonds and in terms of value, it takes the third place after South Africa and South West Africa. About 80 per cent of the world diamond production is marketed through the Central Selling Organisation of the Beers Group.

Exports by Commonwealth

Since 1955, the Commonwealth share of diamond exports has risen in terms of both weight and value, as a result of the expansion of Ghana, Tanganyika and Sierra Leone shipments. The share of sulphur exports contributed by the Commonwealth was at a high point in 1957 and 1958, but it has since fallen off somewhat as a result of reduction in Canadian and Cyprus exports. The Commonwealth shares of mica and crude gypsum exports have been well maintained since 1955, though they are in each case currently somewhat lower than in 1949-54. The proportion of asbestos exports, after falling from 1955 to 1958 owing to rise in Soviet exports, has since stabilised.

Prices

The following table (No. II) relates to the United Kingdom prices of the non-metallic minerals, except diamonds for which no price quotations are available. In all cases, except graphite, the indices are of average wholesale prices and have been published by the U.K. Board of Trade.

Table 2: *Prices of Non-metallic Minerals*
(Base : 1954 = 100)

	1955	1961	1962	1963
Sulphur, crude for acid making (*a*)	110.6	71.9	74.2	66.7
Pyrites (*a*)	105.6	62.6	60.3	58.1
Gypsum plaster	102.0	114.0	114.0	114.0
Asbestos cement products (*b*) ..	103.4	124.8	130.4	134.9
Mixed asphalt (*c*)	100.9	116.7	119.1	119.8
Magnesite, calcined, unground (*d*)	100.0	100.0	100.0	100.0
Artificial graphite (*e*)	147.7	182.4	325.4	N.A.
Natural graphite (*e*)	113.1	96.2	97.1	99.0
Mica (Indian)	95.4	91.5	91.8	94.3

(*a*) Imported.
(*b*) Almost entirely corrugated sheets.
(*c*) Prepared to comply with British Standard 594.
(*d*) The indices relate to mid-points of a narrow range.
(*e*) Average unit values of total U.K. imports.

The indices for crude sulphur show a steep and almost continuous fall in prices between 1956 and 1963, reflecting the change in the world sulphur supply situation during this period from shortage to abundance and increasing competition between the major suppliers of elemental sulphur. This, in turn, has led to a similar decline in pyrites prices over the same period. Prices of crude and calcined gypsum tend to have only a local significance. The indices for gypsum plaster showed a continuous rise from 1954 to 1958, after which they followed a stable course. The rise in the asbestos cement prices from 110.6 points in 1955 to 134.9 in 1963 suggests that it has been due to increases in cement prices in general, and possibly due to increased manufacturing costs. The index for asphalt mixture shows an almost continuous rise of about 20 per cent between 1954 and 1963. The price indices for natural graphite cover varying proportions of different grades and are, therefore, unrealiable guides to price trends. In the case of artificial graphite, however, they may provide a better indication as the synthetic product is uniform in quality. The average values for the artificial materials have risen very steeply during 1959 to 1962. In 1962 there was an extremely sharp rise due to an increase in receipts of exceptionally dear material from France. The indices of Indian mica prices fluctuated fairly narrowly from 1959 to 1963.

NEW PRODUCTS AND PROCESSES

High-speed Mixer

MATERIALS hitherto regarded as impossible to mix can now be produced as emulsions or dispersions by equipment to be marketed by Sigmund Pulsometer Pumps, of 20, Lamb's Conduit Street, London, W.C. 1. Demonstrated in London for the first time yesterday, the machine produced a permanent emulsion of oil and water in under 30 seconds and a suspension of mercury and water in about the same time. Called the S.P.P. Fiscalin Reactor, it has a mixing vessel with a pipe entering the top and ending in a flow nozzle of special design just short of the bottom, and a circulation pump. The vessel is filled with the material to be mixed (it may be either a liquid or a powder) and it is drawn out at the bottom and pumped back into the vessel through the reactor pipe. There are no moving parts. The equipment is suitable for either batch or continuous production and can also be used for the gasification of liquids and crystallisation. Sigmund says that experimental work done by Continental manufacturers using pilot models indicates that fundamental changes in established methods of mixing and processing are possible.

Melting Pure Metal

A way of rapidly melting and re-shaping a sample of pure metal while preventing it from touching any other substance, so that it cannot become contaminated, has been reported by the Institute Fur Angewandte Physik Der Reinststoffe, of 28, Winterbergstrasse, Dresden A 20, Germany. Applications are in research and in the manufacture of semi-conductor and transistor components. Freedom from contact is achieved by levitating the metal in a vacuum with the aid of magnetic forces; high-speed melting is achieved by bombarding it with a beam of electrons. As the metal melts it becomes less magnetic and drops fall on to an ingot of the same metal below.

Pipeline Control System

Equipment designed to monitor the flow of a liquid in a pipeline and to provide an audible and visual warning when the density of the liquid varies from a pre-set value is being produced by Photronic Controls, of Randalls Road, Leatherhead, Surrey. Particular applications are the control of effluent discharges into rivers and control of processes involving the movement of liquids in breweries and soft drink manufacturing. The equipment consists of a viewing chamber which is inserted in the pipeline and is fitted with a light source on one side, and a photoelectric cell on the opposite side. In this way, a beam of light passes through the liquid as it flows through the pipeline and is monitored by the photocell. The output from the cell varies in accordance with the obscuration of the beam, and this varying current is fed into a unit which is fitted with a sensitivity control. When the light beam is obscured, a relay operates an alarm bell and red indicating light.

Quickly-made Sleepers

A quick method of making railway sleepers from sheets of laminated cement and asbestos by compressing them lightly in a mould is reported by Eternit S.p.A., of Piazza della Vittoria 11, Genoa, Italy. The Company states that sleepers of consistently high mechanical properties and an exact geometrical shape ideal for rapid track laying are obtained in the process.

Rigid Vinyl Sheet

Imperial Chemical Industries (Hyde) has now introduced Sintilon, a rigid vinyl sheet suitable for many kinds of building applications. It is available in a range of forms, including transparent, diffused and opaque grades, natural, green and yellow colours, and three profiles as well as flat sheet. Sintilon can be used for roofing, canopies, illuminated ceilings, partitions and display signs and weighs 7-8 ozs. per square feet. It will not rust, rot or corrode and when exposed to flame is self-extinguishing.

Ionisation Anemometer

To help in studies of air movement and its distribution patterns in rooms, supplementing flow visualisation techniques, Brightside Engineering Holdings, G.P.O. Box 118, Sheffield 1, has brought out and improved version of ionisation anemometer. The work was done in conjunction with the Physics Department of Birmingham's College of Advanced Technology which calibrated the instrument in its wind tunnel. The device, which has been used to measure air velocities in the range 12 to 60 feet/minute, may be produced commercially.

Slide Rule for Water Flow

A slide rule for the quick estimation of water flows through weirs, notches and orifices has been announced by Paterson Engineering, 129, Kingsway, London, W.C. 2. It is intended to help engineers make trial estimates and arrive rapidly at the most satisfactory arrangement of the deciding design factors. It gives scales for British and metric units, together with the formulæ to be applied once the interim selection of weir or notch has been made.

Trays for Meat and Produce Packaging

A new range of trays for prepacking fresh meat and produce has been developed by Bowaters' Paper Products Division. Known as Unitrays, they are made of white board. The trays are equally suitable for hand, semi- or fully-automatic wrapping with all types of film and the round corners will not puncture the film. A name or advertising message can be printed on the sides. When used in microwave cookery the laminated paper and board permit the passage of the microwaves without loss or interference. Cost of the U73S size, for example, is £2 18s. per 1,000 for 1,000 lots.

Kitchen Accessories

An integrated line of kitchen accessories, all powered by the same electric motor, has been developed by the Jerome Murray Corporation, of 401, East 58th Street, New York City. The motor is mounted under an unbroken counter-top—operating the appliances above the top by a rotating magnetic field. Mixing is done by a plastic-covered block of steel which moves in a container above the counter, impelled by the field below it. One standard accessory is a pot cleaner which scrapes the insides of pans. The magnetic coupling means that there is no problem of water-tight seals between motor and container. The unit and five accessories are estimated to sell for under $100.

Handled Like Toys

Looking like a mammoth lathe, a railway car rotator built by the Ransome Company of Scotch Plains, New Jersey, will turn a 40-ton car upside down for repair in seconds. It was designed for the Berwind-White Coal Mining Company of Hollidaysburg, Pennsylvania, to substitute for an expensive crane. The headstock and its motor and the tailstock unit moves on railway tracks so the distance between them can be adjusted for the length of the car. Closing on the car between them, the headstock grips it, lifts it 6 feet into the air and rotates it as much as 360 degrees. This permits such repair work as under-body welding to be carried out easily.

Mailing Machine

The new 5.500 mailing machine from Pitney-Bowes (U.K.) is intended for the office that deals with small to medium quantities of letters and parcels. It can seal, frank and stack letters in one operation and can be simply adjusted to print a small advertisement on the envelope in addition to the postmark. Once the date and postal denomination have been set by means of controls on the postage meter, the three operations are performed automatically on turning a handle at the side of the machine. The meter, which contributes 10½ lb. to the machine's total weight of 28 lb., is detachable so that it can be taken separately to the Post Office when the time comes for it to be reset. It keeps a visible record of how much of the allotted postage has been spent and how much remains, and will print denominations between a halfpenny and 99s. 11½d. on letters or labels. An envelope stacker, a label dispenser and a carrying case for the meter are supplied as free extras with the machine.

Furniture from Groundnut Shells

High quality building board which can be used for furniture, partitions and ceilings can now be made from groundnut shells, available in India in large quantities as waste material. The Tropical Products Institute in London has completed manufacturing trials on the board, and is now analysing results in detail. Research work at the institute had shown the possibilities of the material, which is pressed into board under heat after spraying with ureaformaldehyde. According to the institute, a plant for producing the board would not be expensive to set up. The cost of the board itself works out to half that of board made from wood chips. The groundnut shell board is the result of an extensive programme of research carried out at the Tropical Products Institute on possible uses of tropical waste material. They include bagasse, coffee shells, cottonseed residue and coconut husks.

New Phone Receiver

A new telephone receiver especially designed for persons who are hard-of-hearing will be manufactured soon, according to Mr. Norman Gleis of the Swedish Board of Telecommunications Research Centre, in Fonsta near Stockholm. The new microtelephone differs little from ordinary telephones. An amplifier with a volume adjuster has been attached to the upper part of the receiver. The amplifying of the sound is provided by two built-in transistors. It is mainly designed for people who have moderate hearing difficulties.

New Ideas in Brief

A new kind of fertiliser spreader consists of an enamelled steel hopper with a strong steel body mounted on rubber-tyred wheels. It is produced by Carlo Girelli, Piadena (Cremona), Italy.

Metallised synthetic net-curtain material with heat-insulating properties is being produced by Metalen Thermostoffen, Botlekweg, Rozenburg, Rotterdam, Netherlands.

A computer designed for use by engineers is claimed to be as simple to work as a slide-rule or desk calculator, and is developed by Electronic Association, Burgess Hill, Sussex, England.

A range of 11 universal boring and milling machines, known as the AD/AF series, has been introduced by Ceruti, Milan, Italy.

An automatic control system for self-advancing roof supports in coal mines can be used on nearly all long-wall coalfaces. It is produced by 7.M.I. Electronics, Hayes, Middlesex, England.

INDIA'S FOREIGN TRADE IN 1963-64

TERMS OF TRADE DETERIORATE

By V. Bhanu Koti

THE year 1963-64 was one of further consolidation and expansion of India's external trade in merchandise. In fact, exports (including re-exports amounting to Rs. 4 crores) at Rs. 794 crores touched a new high, the increase of Rs. 73 crores over the previous year being the highest on record. This is very significant in the present context of our export promotion efforts. The imports at Rs. 1,149 crores recorded a nominal increase of only Rs. 14 crores. These figures include trade of Goa, postal exports of precious stones and land-borne trade with Nepal. The broad trends in the external trade are summarised below:

The rise of Rs. 76 crores in exports in 1963-64 was well spread over several commodities and destinations. It was due mainly to an increase in the quantum than to any rise in prices, which is indicated by the rise of the index number of quantum of exports (1958=100) from 112 to 126. The index number of unit values, on the other hand, fell from 106 to 105. Tea was the only major item which recorded a fall. Another important feature is the greater diversification of the exports which is reflected in the increased exports of new manufactures such as ferro-manganese, base metals and engineering goods. Further, the trade with most of the countries expanded excepting the U.K., Canada and Australia.

Re-exports recorded a decline of Rs. 3 crores from Rs. 7.2 crores in 1962-63 to Rs. 4.0 crores in the year under review.

The overall increase of Rs. 14 crores in imports was due to larger imports of machinery and crude petroleum. This was, however, partly offset by decreases in imports of cereals, chemicals, manufactured goods and crude materials. By countries, the imports were larger from the U.S.A., Saudi Arabia, Canada, Russia and Denmark, but those from the U.K., West Germany, Italy, Australia, Sudan and Netherlands were lower.

The balance of trade remained unfavourable for most of the countries excepting the sterling area. The adverse balance, however, declined from Rs. 414 crores in 1962-63 to Rs. 355 crores in 1963-64. Further, while the gap in the trade with the U.K. was considerably reduced, the favourable balances with Ceylon and Singapore increased appreciably.

By currency areas, India's total trade (exports plus imports) with the countries of dollar area, East Europe and "other soft currency area" increased, but the trade with the E.C.M. and sterling area countries decreased.

Exports

India's total exports of merchandise, including overland supplies to Nepal and postal exports of precious stones, pearls, etc., increased from Rs. 714 crores in 1962-63 to Rs. 790 crores in 1963-64. The table below gives the break-up of exports for the broad groups of commodities:

(In crores of rupees)

Group	1962-63	1963-64	Percentage rise or fall
Plantation crops (chiefly tea)	137	132	— 5
Agricultural produce	196	228	+32
Minerals	63	62	— 1
Textiles and fibre products	225	241	+16
Other manufactured products	32	47	+15
All others	61	80	+19
Total ..	714	790	+76

The commodity-country trends for principal items are reviewed below:

Sugar: Exports aggregated Rs. 26.1 crores (430,000 tonnes) during 1963-64, as compared with Rs. 17.3 crores (410,000 tonnes) in 1962-63. The increase was due partly to larger quantum of exports and partly to realisation of higher prices, the average export price actually realised rising from about Rs. 400 to nearly Rs. 600 per tonne. The U.S.A. and Japan stepped up their offtake from Rs. 4 crores and Rs. 1 crore to Rs. 10 crores and Rs. 4 crores, respectively. Malaya also stepped up its purchase from Rs. 2.6 crores to Rs. 4.7 crores, although the quantity declined from 60,000 tonnes to 47,000 tonnes. Exports to Canada, however, declined from Rs. 5 crores to Rs. 3 crores.

Jute manufactures: Exports increased from Rs. 149 crores (840,000 tonnes) to Rs. 157 crores (910,000 tonnes). The exports of jute cloth and "other jute manufactures" (other than jute bags) rose from Rs. 99 crores and Rs. 10 crores to Rs. 105 crores and Rs. 16 crores, respectively, but those of jute bags receded from Rs. 40 crores to Rs. 36 crores. The U.S.S.R. and the U.S. took more, the respective increases being from Rs. 6 crores to Rs. 12 crores and from Rs. 61 crores to Rs. 65 crores.

Precious stones, pearls, etc.: Exports of these items, which are normally sent by post, increased from an estimated figure of Rs. 8.0 crores to Rs. 15.7 crores.

New manufactures: The increase in exports of new manufactures from Rs. 21 crores to Rs. 28 crores was accounted for mainly by the rise in the exports of base metals from Rs. 3.3 crores to Rs. 7.7 crores, footwear from Rs. 2.7 crores to Rs. 3.4 crores, engineering goods from Rs. 9.0 crores to Rs. 9.5 crores and ferro-manganese from Rs. 1.2 crore to Rs. 1.7 crore. The increase in exports of chemicals and allied products was relatively small—from Rs. 3.8 crores to Rs. 4.0 crores. Among the engineering items, sewing machines and electric fans showed lower exports, but the decrease was compensated by larger exports of other items such as iron and steel trunks, tubes, and fittings.

Vegetable oils (non-essential): Exports in 1963-64 at Rs. 20.0 crores (145 million kgs.) were the highest in recent years. In 1962-63, they amounted to Rs. 13.4 crores (99 million kgs.). The bulk of the increase was in groundnut oil. Its exports rose from Rs. 7.9 crores to Rs. 13.4 crores. Exports of castor oil also moved up from Rs. 4.3 crores to Rs. 4.8 crores. The countries accounting for larger exports were Burma, Spain and the U.S.S.R.

Tanned and dressed leather: Exports rose from Rs. 22.5 crores (19.3 million kgs.) to Rs. 26.2 crores (19.8 million kgs.). The higher unit price also contributed to the larger earnings. The bulk of the exports went to the U.K. which rose from Rs. 12 crores to Rs. 13 crores. The U.S., Czechoslovakia and Italy also took more.

Oilcakes: Exports increased from Rs. 31.1 crores (840,000 tonnes) to 35.4 crores (960,000 tonnes). Larger offtake by Japan (from Rs. 40 lakhs to Rs. 2.7 crores), East Germany (from Rs. 1.9 crore to Rs. 2.9 crores) and Czechoslovakia (from Rs. 1.3 crore to Rs. 2.8 crores) mostly accounted for the increase. Exports to the U.K. and West Germany, however, declined from Rs. 15.8 crores and Rs. 1.5 crore to Rs. 13.4 crores and Rs. 90 lakhs, respectively.

Cotton fabrics: The declining trend in the exports of cotton textiles was arrested during 1963-64. In fact, appreciable progress was made. The exports rose from Rs. 51.9 crores (541 million metres) to Rs. 54.5 crores (568 million metres). The improvement was recorded mainly in respect of the U.K. (from Rs. 11 crores to Rs. 16 crores) and Ceylon (from Rs. 2 crores to Rs. 4 crores). Exports to the U.S.A., Sudan and Nepal, however, declined from Rs. 6, crores, Rs. 3 crores and Rs. 6 crores to Rs. 4 crores. Rs. 2 crores and Rs. 5 crores, respectively.

Tobacco: Exports rose from Rs. 18.9 crores (62 million kgs.) to Rs. 21.7 crores (65 million kgs.), because of larger offtake by the U.S.S.R. (from Rs. 3.3 crores to Rs. 4.9 crores) and Poland (from Rs. 30 lakhs to Rs. 1.0 crore). Exports to the U.K. rose slightly from Rs. 9.6 crores to Rs. 9.7 crores, but those to East Germany decreased from Rs. 1.2 crore to Rs. 70 lakhs.

Art silk fabrics: Exports increased from Rs. 7 crores to Rs. 10 crores, the increase being largely in respect of Singapore (from Rs. 2 crores to Rs. 3 crores).

Other traditional items: Cashew kernels recorded a rise from Rs. 19.3 crores to Rs. 21.4 crores, spices from Rs. 13.8 crores to Rs. 16.0 crores and woollen manufactures from Rs. 5.1 crores to Rs. 7.7 crores. Exports of coffee, iron ore and manganese ore, however, increased nominally amounting to Rs. 8.3 crores, Rs. 36.4 crores and Rs. 8.3 crores in 1963-64, as against Rs. 7.6 crores, Rs. 35.3 crores and Rs. 8.0 crores, respectively, in 1962-63.

Tea: In spite of a slight rise in unit price from Rs. 5.8 per kg. to Rs. 6.0 per kg., exports decreased from Rs. 129.0 crores (220 million kgs.) in 1962-63 to Rs 123.4 crores (210 million kgs.) in 1963-64, mainly on account of the decline in despatches to the U.K. which fell from Rs. 75.6 crores to Rs. 70.4 crores. Exports to Iran, Australia, the U.S.A. and Irish Republic were also lower slightly, but those to the U.S.S.R., the U.A.R. and Tunis increased. Exports to the U.S.S.R., the second largest buyer of Indian tea, rose slightly from Rs. 10.6 crores to Rs. 10.7 crores.

Mica: Exports declined from Rs. 10.3 crores (34 million kgs.) to Rs. 9.2 crores (30 million kgs.) mainly because of the fall in exports to the U.S.A. from Rs. 2.3 crores to Rs. 1.8 crore, presumably due to development of substitutes. Japan, the U.K., the U.S.S.R. and Poland also made less purchases.

Raw hides and skins: Despite a rise in the unit price from Rs. 7.4 to Rs. 8.3 per kg., exports fell from Rs. 10.9 crores to Rs. 9.7 crores. The exports, which were mostly to the European countries, declined in each case, excepting those to the U.S.S.R. which, increased slightly from Rs. 4.8 crores to Rs. 5.1 crores.

Other major commodities: Exports of raw cotton registered a small decline from Rs. 12.2 crores to Rs. 12.1 crores. Exports of coir manufactures also receded from Rs. 12.2 crores to Rs. 11.7 crores.

Imports

The rise in imports was comparatively less as compared with that in exports. Total imports, including those by land from Nepal, increased from Rs. 1,135 crores to Rs. 1,149 crores. The break-up of the figures for broad group of items are given below:

(In crores of rupees)

Group	1962-63	1963-64	Percentage rise or fall
Food	180	165	—15
Crude materials, inedible, except fuels	129	123	— 6
Mineral fuels, lubricants, etc. ..	88	105	+17
Chemicals and allied products ..	101	88	—13
Manufactured goods classified according to kind	204	196	— 8
Machinery and transport equipment	387	422	+35
All others	46	50	+ 6
Total ..	1,135	1,149	+14

The commodity-country trends for principal items are indicated below:

Machinery and transport equipment: This group recorded the largest increase. Machinery items showed a substantial rise, but transport equipment items showed a fall. The machinery imports rose from Rs. 315 crores in 1962-63 to Rs. 361 crores in 1963-64. The imports from the U.S.A., the U.S.S.R., Switzerland and East Germany increased from Rs. 63 crores, Rs. 30 crores, Rs. 5 crores and Rs. 3 crores to Rs. 101 crores, Rs. 34 crores, Rs. 6 crores and Rs. 5 crores, respectively. Imports from the U.K., West Germany, Japan and Czechoslovakia, however, decreased from Rs. 89 crores, Rs. 53 crores, Rs. 24 crores, and Rs. 14 crores to Rs. 85 crores, Rs. 51 crores, Rs. 20 crores and Rs. 13 crores, respectively. As regards transport equipment, imports decreased from Rs. 72 crores to Rs. 61 crores, owing to lower arrivals from the U.S.A., Japan and Italy, the fall being from Rs. 22 crores to Rs. 20 crores, from Rs. 6 crores to Rs. 3 crores and Rs. 4 crores to Rs. 2 crores, respectively. Imports from U.K., however, rose slightly from Rs. 17.7 crores to Rs. 17.9 crores.

Crude petroleum: Imports increased from Rs. 30 crores to Rs. 46 crores, consequent on larger supplies from Iran and Saudi Arabia, the rise being from Rs. 23 crores and Rs. 6 crores to Rs. 28 crores and Rs. 16 crores, respectively. Imports of petroleum products rose nominally from Rs. 57 crores to Rs. 58 crores.

Food: According to the published figures, the largest decrease was in food items (mainly cereals) which fell from Rs. 180 crores in 1962-63 to Rs. 165 crores in 1963-64. This trend is, however, likely to be reversed on receipt of complete data for cereals which are imported under the Note Pass system. The figures as at present show that imports of wheat declined from Rs. 113 crores to Rs. 103 crores, owing to lower supplies from Australia and the U.S.A. which receded from Rs. 11.5 crores and Rs. 101.0 crores to Rs. 3.4 crores and Rs. 99.5 crores, respectively. Imports of rice also fell from Rs. 28 crores to Rs. 22 crores. The supplies from the U.S.A. were reduced from Rs. 22 crores to Rs. 13 crores, but those from Burma increased from Rs. 5 crores to Rs. 7 crores.

Chemicals: The fall in imports of chemicals from Rs. 101 crores to Rs. 88 crores was caused mainly by less purchases in U.K., West Germany, Italy, France and U.S.S.R., the fall being from Rs. 20 crores to Rs. 14 crores, from Rs. 16 crores to Rs. 13 crores, from Rs. 7 crores to Rs. 4 crores, from Rs. 6 crores to Rs. 3 crores and from Rs. 4 crores to Rs. 1 crore, respectively. The imports from Japan and East Germany, however, increased from Rs. 7 crores to Rs. 10 crores and from Rs. 2 crores to Rs. 3 crores, respectively, while those from the U.S.A. rose from Rs. 21.4 crores to Rs. 21.7 crores.

Manufactured goods: Imports of manufactured goods (classified chiefly by material) declined from Rs. 204 crores to Rs. 196 crores. Metal manufactures (from Rs. 21 crores to Rs. 16 crores), textile yarn and fabrics (from Rs. 15 crores to Rs. 13 crores) and paper and paper board (from Rs. 14 crores to Rs. 12 crores) contributed to this fall. Imports of base metals, however, increased from Rs. 144 crores to Rs. 145 crores.

Crude materials, inedible: The fall in the imports of these was mainly the result of lower imports of raw cotton which decreased from Rs. 57 crores to Rs. 49 crores. The supplies from Sudan and Kenya receded from Rs. 17 crores and Rs. 4 crores to Rs. 8 crores and Rs. 2 crores, respectively. There were practically no imports from West Pakistan, as against Rs. 5 crores in 1962-63. On the other hand, the U.S.A. and Egypt increased their supplies from Rs. 18 crores and Rs. 9 crores to Rs. 22 crores and Rs. 15 crores, respectively.

Direction of Trade

India's trade by currency areas is shown in the table below for the two years under review:

(In crores of rupees)

Currency area	Exports (including re-exports)		Imports	
	1962-63	1963-64	1962-63	1963-64
Dollar area	143	157	365	416
European Common Market ..	48	67	159	138
East European countries ..	92	109	110	123
Sterling area	268	283	235	247
Other soft currency area ..	170	188	216	225
Total ..	721	794	1,135	1,149

In spite of increase in exports, the gap with the dollar area countries increased in 1963-64, due to larger imports. The same trend is reflected in India's trade with the U.S.A., the biggest among them. While the exports to that country increased from Rs. 114 crores to Rs. 128 crores, imports rose from Rs. 347 crores to Rs. 390 crores. Exports to Canada, the next important country in the region, decreased from Rs. 22 crores to Rs. 21 crores, but imports rose from Rs. 17 crores to Rs. 24 crores, thus converting the favourable balance in 1962-63 into an adverse balance in 1963-64. Despatches to Cuba at Rs. 4.0 crores in 1963-64 were also higher by Rs. 50 lakhs, while imports were almost *nil*.

The adverse balance in India's trade with the E.C.M. countries was reduced by Rs. 30 crores in 1963-64 as a result of larger exports and lower imports. Exports to each of them increased, the largest increase being in respect of West Germany and Netherlands, from Rs. 15 crores and Rs. 9 crores to Rs. 19 crores and Rs. 11 crores, respectively. Imports also decreased, the fall being the highest in the case of West Germany (from Rs. 99 crores to Rs. 89 crores), Italy (from Rs. 22 crores to Rs. 16 crores) and Netherlands (from Rs. 14 crores to Rs. 10 crores) came next in the descending order. Imports from France and Belgium were almost stationary at Rs. 14 crores and Rs. 9 crores, respectively.

India's trade balance with the East European communist countries also showed some improvement in 1963-64. Total exports to these countries rose by Rs. 17 crores, as against the increase of Rs. 13 crores in imports, thereby reducing the adverse balance by Rs. 4 crores. Exports to the U.S.S.R. increased considerably from Rs. 38 crores to Rs. 52 crores, while imports improved from Rs. 59 crores to Rs. 64 crores. Exports to East Germany rose from Rs. 9 crores to Rs. 10 crores and imports from Rs. 8 crores to Rs. 10 crores. On the other hand, exports to Poland declined from Rs. 12 crores to Rs. 10 crores, but imports rose from Rs. 8 crores to Rs. 10 crores. Exports to Czechoslovakia went up from Rs. 11 crores to Rs. 16 crores, but imports receded from Rs. 20 crores to Rs. 17 crores, thus reducing the trade gap. While exports to Yugoslavia fell from Rs. 11 crores to Rs. 9 crores, imports increased from Rs. 8 crores to Rs. 10 crores.

An interesting and welcome trend in trade with the sterling area countries is the transformation of adverse balance into a favourable balance because of larger exports and lower imports. The rise in exports resulted from larger despatches to Ceylon (from Rs. 13 crores to Rs. 19 crores), Malaya (from Rs. 7 crores to Rs. 13 crores) and Singapore (from Rs. 9 crores to Rs. 17 crores). Exports to the U.K., however, declined from Rs. 163 crores to Rs. 161 crores. Exports to Australia, Nigeria and Pakistan also declined from Rs. 19 crores, Rs. 6 crores and Rs. 9 crores to Rs. 18 crores, Rs. 4 crores and Rs. 7 crores, respectively. The fall in imports was due to less deliveries from the U.K. which decreased from Rs. 186 crores to Rs. 169 crores. Imports from Australia, Pakistan, Singapore and Ceylon also recorded a substantial fall from Rs. 24 crores to Rs. 17 crores, from Rs. 17 crores to Rs. 9 crores, from Rs. 8 crores to Rs. 5 crores and from Rs. 8 crores to Rs. 6 crores, respectively. Imports from Malaya, however, rose from Rs. 11 crores to Rs. 12 crores.

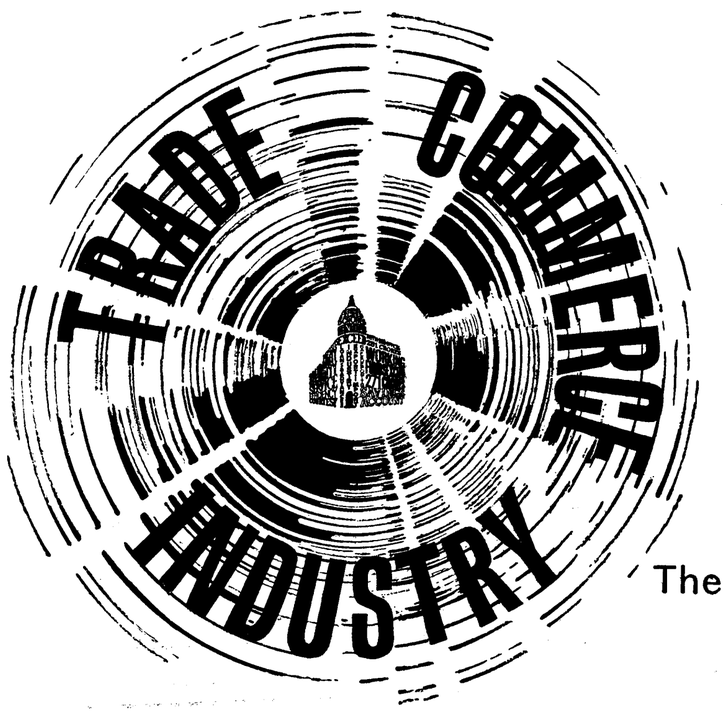
The balance of trade with the countries of "other soft currency area" also showed an improvement during 1963-64 because of higher exports and smaller imports. India's exports to Japan, the biggest trading partner in this area, rose from Rs. 33 crores in 1962-63 to Rs. 59 crores in 1963-64, but imports fell from Rs. 65 crores to Rs. 63 crores. Exports to the United Arab Republic decreased from Rs. 13.0 crores to Rs. 12.6 crores, but imports rose from Rs. 9.8 crores to Rs. 15.3 crores. Both exports to and imports from Sudan fell from Rs. 9.0 crores to Rs. 7.8 crores and from Rs. 17.1 crores to Rs. 8.5 crores, respectively. Exports to Argentina improved from Rs. 8.1 crores to Rs. 10.1 crores, but imports were negligible in both the years. Imports from the main oil producing countries of Iran and Saudi Arabia went up from Rs. 46 crores to Rs. 48 crores and from Rs. 12 crores to Rs. 22 crores, respectively. Exports to Iran, however, decreased from Rs. 6.4 crores to Rs. 4.7 crores, but those to Saudi Arabia increased from Rs. 2.7 crores to Rs. 3.2 crores.

Terms of Trade

"Terms of Trade" is a concept designed to measure the degree of achievement of the highest possible prices for exports and the lowest possible for imports. Terms of trade are of two kinds—gross and net. The index of quantum of imports as percentage of that of exports defines the gross terms of trade. It measures the gain from the trade by comparing imports actually received with exports actually despatched. A rising index shows that more imports have been obtained in exchange for a given volume of exports. The net terms of trade, which isolates the price effect, is, on the other hand, the index of unit prices of exports as a percentage of that of imports. It measures the real cost of imports in terms of exports. A rising index shows that larger volume of imports can be obtained for a given volume of exports on the basis of price relations, that is, imports are becoming relatively cheaper than exports. Thus, a favourable position is indicated by a rise and an adverse position by a fall in the terms of trade. The two types of terms of trade for the years 1962-63 and 1963-64 are given in the table below in regard to India's foreign trade:

Index	1962-63	1963-64
Unit value index No. of exports	106	105
Unit value index No. of imports	94	97
Quantum index No. of exports	112	126
Quantum index No. of imports	131	135
Net terms of trade (1÷2×100)	113	108
Gross terms of trade (4÷5×100)	117	107

The above index numbers of exports and imports have been constructed with 1958 as base. In comparison to the base year, there has been a definite improvement in the terms of trade (net and gross alike) both in 1962-63 and in 1963-64 which is indicated by their rise. As compared with 1962-63, however, the position deteriorated in 1963-64 which is reflected by a fall. In other words, we obtained in terms of both prices and quantum less from our exports to other countries in that year. The situation calls for a remedial action of larger and larger exports at more remunerative prices.



'Central'
The Pivot of
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CAUSTIC SODA INDUSTRY IN INDIA

PLEA FOR EXTENSION OF PROTECTION

THE caustic soda industry, it will be recalled, was first granted tariff protection in 1954. Thanks to protection, the industry has made rapid headway. Both installed capacity and actual production have gone up quite considerably. The quality of the product is also said to be fairly satisfactory. With the continuously rising demand for caustic soda, which, as is well known, is used as one of the basic raw materials by a wide range of industries, especially soap, textiles, paper, rayon and aluminium, there is vast scope for further expansion. Caustic soda being a basic raw material, the development of the industry, maintenance and enhancement of productive efficiency, discovery of avenues for fuller utilisation of chlorine, improvement of quality, and arrangements for ensuring that the product reaches consumers readily and at reasonable prices—all these require, as Dr. R. Balakrishna, Member of the Tariff Commission, rightly stated while opening the public inquiry into the question of extending protection to the industry beyond December 1964, held at Bombay last week, close attention.

The industry has pleaded for continuation of protection, which is due to expire on 31st December next, until the industry reaches the stage of self-sufficiency, in order to fulfil its overall obligations of a protected industry. As imports are necessary to meet the growing demand and since the import prices are lower, the industry, it is contended, cannot do without protection to maintain the pace of advance. The industry's plea has been supported by consumers who, however, emphasise that the Tariff Commission should exhort the industry to develop sufficiently so as to provide adequate supplies of standard quality caustic soda at fair prices. The Director-General of Technical Development, Government of India, has also lent his support to the plea by saying that the industry's growth is very vital to the economy of the country.

Capacity

The growth of the caustic soda industry since the grant of protection has certainly been appreciable. Thus, between 1954 and 1963, the number of units has risen from 12 to 20, installed capacity from 39,317 tonnes to 209,185 tonnes and actual production from 28,993 tonnes to 150,330 tonnes. As part of the expansion programme, seven existing units have been granted an additional capacity of 64,200 tonnes capacity and fourteen new factories have been licensed to put up a total capacity of 153,968 tonnes. With the completion of these schemes, the total installed capacity of the industry will rise from 209,185 tonnes (as of 1963) to 427,353 tonnes. The technical optimum or the economic size of a caustic soda plant varies from unit to unit depending on the purpose for which production is meant, that is, for self-consumption or for sale or for use as a by-product. Taking the average technical optimum per unit as 100 tonnes a day, most of the indigenous units even after expansion already sanctioned, according to Dr. Balakrishna, will continue to be below the economic level. Since the size of a caustic soda unit has an important bearing on its cost of production, the Tariff Commission will do well to discuss the prospects of further expansion of at least some of the units to the economic size.

Production

Production of caustic soda (on 100 per cent NaOH basis) has gone up from 118,646 tonnes in 1961 to 150,330 tonnes in 1963. The production of caustic soda liquid as well as of flakes has registered a progressive rise. The share of the former in the total output was 53 per cent in 1961 and 57 per cent in 1963, while the latter accounts for about 6 per cent and 8 per cent respectively, during these two years. This improvement is obviously at the expense of caustic soda fused solid, the production of which represented 41 per cent in 1961 and 35 per cent in 1963. Another development since the last inquiry has been an increase in the output of rayon grade caustic soda from about 44 per cent to 47 per cent.

Demand

In 1961, the Tariff Commission had estimated the domestic demand for caustic soda at 201,800 tonnes and expected it to rise to 319,000 tonnes in 1964. But the actual consumption would appear to be well below these estimates, being 138,660 tonnes in 1961, 198,506 tonnes in 1962 and 218,843 tonnes in 1963. The estimates of current and future demand for the product made by the Director-General of Technical Development (D.G.T.D.) and the Alkali Manufacturers' Association of India (A.M.A.I.) vary widely, as will be seen from the table below:

(In thousand tonnes)

Consuming industries	1964	1965	1966	1967
Soap Industry:				
A.M.A.I. estimates	36	40	44	48
D.G.T.D. ,, ...	43	47	52	60
Textile Industry:				
A.M.A.I. estimates	43	46	49	52
D.G.T.D. ,, ...	45	46	47	48
Paper and Paperboard Industry:				
A.M.A.I. estimates	53	61	69	76
D.G.T.D. ,, ...	56	71	77	83
Rayon Industry:				
A.M.A.I. estimates	76	89	103	115
D.G.T.D. ,, ...	80	85	115	130
Aluminium Industry:				
A.M.A.I. estimates	12	16	20	30
D.G.T.D. ,, ...	14	18	23	31
Miscellaneous Industries:				
A.M.A.I. estimates	25	30	35	45
D.G.T.D. ,, ...	22	28	36	48
Total:				
A.M.A.I. estimates	245	282	320	366
D.G.T.D. ,, ...	260	295	350	400

As chlorine is a joint product in the manufacture of electrolytic caustic soda, its profitable utilisation has a direct bearing on the development and pricing policy of the caustic soda industry. The Tariff Commission will, therefore, have to assess the domestic requirements of chlorine. It may be noted here that, in its previous report, the Commission had anticipated that the demand for chlorine would rise from 68,000 tonnes in 1961 to 132,000 tonnes in 1964. In connection with the present inquiry the D.G.T.D. has assessed the demand for chlorine at 110,000 tonnes for 1964, 135,000 tonnes for 1965, 170,000 tonnes for 1966 and 210,000 tonnes for 1967, while the Alkali Manufacturers' Association of India has estimated the demand at 132,000 tonnes, 147,000 tonnes, 164,000 tonnes and 183,000 tonnes for these four years, respectively.

With the domestic output of caustic soda falling short of actual requirements, imports have been a regular feature. The actual imports were 20,000 tonnes in 1961, 76,000 tonnes in 1962 and 68,000 tonnes in 1963. The present tariff rate for caustic soda is 70 per cent *ad valorem*, preferential and 80 per cent *ad valorem* standard on import values of Rs. 28 per quintal of fused solid and Rs. 52 per quintal of caustic soda of other forms. Further, a surcharge of 10 per cent on import duty and a countervailing excise duty of Rs. 4 per quintal are also levied on all imports.

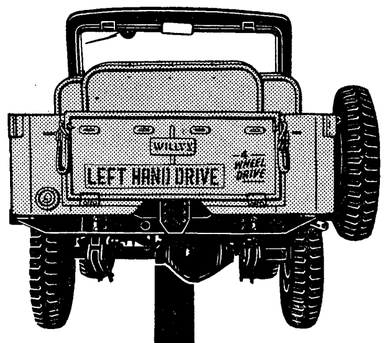
Of the 20 caustic soda plants in the country, all but one have adopted the electrolytic process. Common salt, the chief ingredient in caustic soda production by the electrolytic process, is easily available. But electricity accounts for a significant portion of the cost of production. The Saurashtra Chemicals uses the chemical process. Caustic soda, which is produced in two grades, namely, technical grade and rayon grade, generally conforms to the standard specifications laid down by the Indian Standards Institution.

Prices

Since the selling prices of caustic soda were decontrolled in December last, there has been a general increase in prices. The producers maintain that the price rise was long overdue, in view of the steep rise in costs. But the consuming industries like soap, textiles, rayon and paper, have strongly objected to the price increase. Alluding to the price question, Dr. Balakrishna said that the Tariff Commission would examine the question especially in view of the moral obligation cast on a protected industry to keep its selling price in fair relation to costs of manufacture.

Distribution

Consumers, on the whole, are dissatisfied with the present system of distribution of caustic soda. While some have complained that they do not get regular and adequate supplies and are compelled to buy from the open market at exorbitant prices, others have suggested a quota system to ensure fair supplies.



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METAL BOX'S PROFIT RISES MARKEDLY

BUT RETURN ON HIGHER CAPITAL PRUNED

BOTH sales and gross profit of the Metal Box Company of India Ltd. (Chairman: Mr. M. K. Vellodi, Calcutta) have touched new peaks of Rs. 13.85 crores and Rs. 182.53 lakhs, respectively, during the year ended 31st March 1964. This performance is all the more significant in view of the fact that, in the previous year, while sales had gone up, in contrast with the fall in the growth rate from 11 per cent to 8 per cent in 1961-62, by 13 per cent to Rs. 11.85 crores, gross profit had recorded a marginal improvement of Rs. 9.53 lakhs to Rs. 145.59 lakhs and was, in fact, below the best level then of Rs. 149.36 lakhs registered in 1960-61. The improvement in profit has stemmed from a 17 per cent rise in sales. But, in his review of the year's operations, the Chairman Mr. M. K. Vellodi, states that sales in all significant product groups have increased but those of ordinance supplies are below forecast owing to "unexpected problems in equipping ourselves and in meeting the standards required by the ordnance inspection authorities." He also refers to the commissioning into production of the new paper group during the second half of the year and to the encouraging volume of order book for paper products at the year-end which, he says, is an indication that this addition to the Company's packaging service will be widely welcomed. One may safely conclude from what Mr. Vellodi says that this new paper group has made a considerable contribution to the sales and profit during the year under review. Considering that the supply of raw materials and certain products (such as tubes) was irregular during the second half of 1963-64, the year's results are pretty impressive.

After allowing Rs. 20.04 lakhs (Rs. 16.86 lakhs a year before) for depreciation and Rs. 92.50 lakhs for taxation, out of which Rs. 18.50 lakhs are attributable to Surtax and Dividend tax (Rs. 79 lakhs in all in the previous year, out of which Rs. 16 lakhs were for S.P.T.), the net profit is higher by more than Rs. 20 lakhs at Rs. 69.99 lakhs. But after providing Rs. 7.88 lakhs (Rs. 5.08 lakhs) for gratuity and taking Rs. 17.50 lakhs (Rs. 42 lakhs) to reserves, the return on the 10-rupee ordinary shares has been pruned further by one point (six points in the previous year) to 18 per cent per annum. The reduction has been made in the final dividend which is 9 per cent, because it is payable on the capital increased in March 1964 to Rs. 322 lakhs by the issue of 1,610,000 shares at a premium of Rs. 2.50 per share in the proportion of one new share for every share held. The shareholders took up 99.37 per cent of the shares offered; the remaining 0.63 per cent were allotted in proportion to their holdings to those who had applied for more. A sum of Rs. 40.25 lakhs is shown in the share premium account.

Tabulated below are the salient features of the Company's progress in the past four years:—

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Product sales	13,84.99	11,85.41	10,49.68	970.08
Other income	25.95	25.02	23.73	22.57
Stock of finished goods ..	19.84	14.52	12.91	15.61
Materials and stores consumed..	830.70	725.10	629.92	589.29
Other expenses	403.03	341.35	304.75	281.71
Gross profit	182.53	145.59	136.06	149.36
Provision for—				
Depreciation	20.04	16.86	16.71	16.10
Taxation	92.50	79.00	58.10	60.00
Net profit	69.99	49.73	61.25	73.26
Withdrawals from provisions ..			0.77	1.47
Provision for gratuity	7.88	5.08	5.00	10.00
To reserves	17.50	42.00	14.20	18.00
Dividends—				
Preference	1.50	1.50	1.60	1.60
Ordinary	48.47 (18%)	30.59 (19%)	40.25 (25%)	40.25 (25%)
	0.02	0.39	29.83	28.86
Carry forward				

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	51.00	55.00	65.00	48.12	44.25
Low	28.50	38.87	53.50	36.62	32.12

During the current year, the Company plans to promote vigorously sales of non-tinplate products. Further, with the No. 2 factory at Calcutta having overcome difficulties in tooling up for Defence, the sale of industrial components should be particularly strong. However, the availability of raw materials, especially tinplate and polyethylene, and also capacity to produce certain products will continue to determine the extent to which the Company can meet the strong demand that has emerged in the current year. Thanks to the generous long-term credit arrangements with its associates in England and with the ingenuity and good planning by its managers, the Company has been able to undertake its long overdue modernisation programmes. Expenditure on fixed assets during the year under review was Rs. 83.07 lakhs, of which Rs. 57.21 lakhs were spent on machinery and plant. Work on the Bombay No. 2 factory at Deonar was completed during the year and the machinery installed. In July last, the newly established paper group commenced carton and label production at the Bombay No. I factory.

The Company's paid-up capital of Rs. 352 lakhs, including Rs. 30 lakhs in 6 per cent (taxable) redeemable cumulative preference shares of Rs. 100 each, is backed by reserves and surplus amounting to Rs. 296.73 lakhs. Short-term loans of Rs. 29.94 lakhs (additionally, there are unsecured loans of Rs. 34.05 lakhs from the Metal Box Company Overseas Ltd.) and current liabilities and provisions amounting to Rs. 369.01 lakhs bring the total short-term indebtedness to Rs. 398.95 lakhs, as against which current assets, book debts and investments aggregate Rs. 742.61 lakhs. The gross block of Rs. 527.52 lakhs (Rs. 447.55 lakhs a year before) has been written down to Rs. 339.11 lakhs.

The net yield on the Rs. 10 fully paid ordinary shares of the Company at their current market value of Rs. 31.25 *cum-div.* (final) works out to 4.7 per cent per annum.

TRAVANCORE RAYONS CUTS DIVIDEND

Protracted labour troubles in the rayon spinning section and continuance of the system of concessional sales of yarn to weavers under the export promotion scheme for rayon fabrics have been mainly responsible for the somewhat disappointing performance of the Travancore Rayons Ltd. (Managing Agents: Messrs. Emecets & Sons (Travancore) Private Ltd., Madras) during the year ended 31st December 1963. Thanks to a welcome improvement in the production of cellulose film—though that of rayon yarn has declined "precipitously"—turnover has advanced by approximately ten per cent from Rs. 313.04 lakhs to Rs. 343.15 lakhs, but the gross profit has remained almost unchanged, being Rs. 59.31 lakhs, as against Rs. 59.72 lakhs the year before. The profit margin (ratio of gross profit to sale proceeds) has thus contracted for the fourth successive year and works out to 17.3 per cent for the year under review, as against 19.1 per cent for 1962 and 32.6 per cent for 1961 which was the most profitable year on record so far. This decline is obviously due to the drop in production consequent on the labour troubles, the loss suffered on the compulsory sale of yarn at concessional sales and the continued upward thrust of costs of production.

The lower gross profit has naturally attracted a lower provision for the Managing Agents' commission of Rs. 1.25 lakh, as against Rs. 1.34 lakh, but, since that for depreciation has risen steeply from Rs. 26.75 lakhs to Rs. 32.20 lakhs, the profit subject to taxation has come down heavily by Rs. 5.77 lakhs to Rs. 25.86 lakhs. However, with a saving of Rs. 13.13 lakhs at Rs. 4.60 lakhs in the provision for taxation, the net profit shows a welcome increase to Rs. 21.26 lakhs from Rs. 13.90 lakhs a year ago. Supplementing this with the Rs. 3.00 lakhs transferred from reserves, as was done in the previous year, the Directors have credited Rs. 8.50 lakhs (as against Rs. 1.15 lakh) to the development rebate reserve and have also provided Rs. 3.25 lakhs for payment of preference dividend in respect of the year. With a lower surplus available, they have been obliged to reduce the ordinary dividend once again—this time by 2.5 points—to 12.5 per cent subject to deduction of tax. This claims Rs. 12.50 lakhs, leaving Rs. 19,156 to be carried forward, as against the Rs. 18,587 brought in.

The steady deterioration in the profits of the Company during the past four years owing to a continuation of extraneous factors is revealed by the following comparative data:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds	343.15	313.04	366.49	376.88
Other income	1.73	0.88	1.48	2.14
Closing stocks	38.69	31.77	42.05	16.57
Raw materials and stores consumed	131.03	98.80	134.40	119.78
Excise duty	39.95	44.43	32.70	23.95
Other expenses	121.51	100.69	114.86	100.85
Gross profit	59.31	59.72	111.39	122.64
Managing Agents' remuneration.	1.25	1.34	5.06	7.34
Provision for—				
Depreciation	32.20	26.75	40.13	36.47
Taxation	4.60	17.73	30.60	27.30
Net profit	21.26	13.90	35.58	51.53
Withdrawal from reserves ..	3.00	3.00	..	..
To reserves and provisions ..	8.50	1.15	12.25	27.20
Dividends—				
Preference	3.25	3.25	3.25	4.00
Ordinary	12.50 (12.5%)	15.00 (15%)	20.00 (20%)	20.00 (20%)
Carry forward	0.19	0.19	2.69	2.61

Market price of ordinary shares (in rupees):	1964	1963	1962	1961	1960
High	26.50	29.75	46.10	47.50	40.40
Low	20.65	22.75	28.60	32.25	24.95

By utilising the residual profit and the amount credited to the depreciation account for augumenting its holdings under fixed assets, the Company has built up a strong financial position. The issued share capital, which still remains unchanged at its original level is Rs. 150 lakhs, comprises of Rs. 50 lakhs in preference shares of Rs. 219.68 lakhs made up of Rs. 163.26 lakhs as borrowings, and Rs. 56.48 lakhs as current liabilities and provisions (excluding the provision for gratuity which is included under reserves). Borrowings no doubt are on the higher side, but, being mainly on account of payment towards capital; additions are taken due care of by the gross block. Besides current assets, investments and loans and advances themselves at Rs. 210.05 lakhs very nearly equal the total outside interest. During the year, new assets worth Rs. 78.30 lakhs were acquired and these have raised the block account to Rs. 655.93 lakhs. But it has been very well written down through the depreciation account to Rs. 250.41 lakhs. Together with Rs. 26.34 lakhs as the value of capital work-in-progress, the overall net block works out to Rs. 276.75. lakhs.

It will be recalled that, towards the close of 1962, the rayon spinning section of the Company experienced unsettled labour conditions which resulted in the dismissal of nearly all the spinners and, as matters grew worse, in a layoff in October of that year. It was not until the end of January 1964 that the layoff could be lifted and, consequently, production of rayon yarn declined precipitously from 2.16 million kg. in 1962 to 1.38 million kg.—or less than half the rated capacity—during the year under review. Fortunately, the output of cellulose film (Trayophane) registered a welcome improvement from 1.48 million kg. to 2.37 million kg. and thus helped the turnover show a rise over the previous year. Production of rayon grade pulp from cotton lintas was achieved on a commercial scale during the year and the quality of the pulp was found satisfactory; it was superior to that of imported wood pulp. The full rated capacity of 10 tons per day could not be attained owing to non-receipt of some balancing equipment. Since this have now been received, production can be stretched the full length to 10 tons per day during the current year.

In their report to shareholders for the year 1962, the Directors had referred to the orders placed for six new spinning machines. They now state that these have been received and are being installed. It is expected that full production from these will be available by the last quarter of the current year. As for the electrical carbon di-sulphide plant, the same is ready for commissioning and production will commence as soon as position with regard to power eases.

Speaking at the annual general meeting held on 25th June 1964, the Chairman informed, the shareholders that labour was acquitting itself satisfactorily and that the quality of rayon yarn and the quantity of production had shown a marked improvement. Sales, too, had been, of late, picking up and, should this trend continue, the Chairman had every hope that the year 1964 would see promising results.

At present, the Rs. 10.00 paid ordinary shares of the Company are quoted at Rs. 22.80 *cum-div.* and fetch a return of 4.6 per cent per annum on an *ex-div.* price.

LAKSHMI MILLS PAYS SAME

In spite of a spurt of Rs. 140.32 lakhs to Rs. 598.59 lakhs in their Company's sales during the year ended 31st March 1964, which contrasts with the slight drop of Rs. 10.84 lakhs recorded in the previous year, the shareholders of the Lakshmi Mills Company Ltd. (Managing Agents: Messrs. G. Kuppuswamy Naidu & Co., Coimbatore) have got the same 20 per cent return (to which level it was reduced in the previous year by another five points on the same paid-up capital of Rs. 106.50 lakhs) on their Rs. 50 fully paid shares. The reasons for this are two. One, there has been a sharp rise of Rs. 115.67 lakhs to Rs. 398.09 lakhs in the cost of materials and stores consumed eating up the bulk of the improvement in sales at the level of gross profit which shows an increase of only Rs. 24.43 lakhs to Rs. 100.64 lakhs. And, two, the essential provisions are higher, resulting in a net profit of only Rs. 30.04 lakhs at which level it is still below the Rs. 31.75 lakhs earned during 1961-62 when sales amounted to Rs. 469.11 lakhs. Out of the net profit, a sum of Rs. 6 lakhs (Rs. 5.65 lakhs in the previous year) has been carried to development rebate reserve and Rs. 2.65 lakhs (Rs. 70,000) have been provided for work people's gratuity. The dividend absorbs Rs. 21.30 lakhs, leaving a surplus of Rs. 25,194, as against the Rs. 17,087 brought in.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds	598.59	458.27	469.11	440.03
Other income	18.01	11.01	3.64	2.07
Stocks of finished goods and goods-in-progress	87.35	19.78	13.57	15.89
Materials and stores consumed..	398.09	281.42	280.41	252.17
Staff expenses	77.34	70.47	67.24	63.81
Other expenses	58.11	46.39	39.00	32.82
Gross profit	100.64	70.21	83.78	94.12
Provision for—				
Depreciation	30.83	23.53	22.52	18.18
Taxation	35.00	21.00	25.00	31.00
Managing Agents' commission ..	4.77	4.00	4.51	5.38
Net profit	30.04	27.68	31.75	39.56
To development rebate reserve.	6.00	5.65	5.18	2.09
,, other reserves	..	..	..	5.50
Workpeople's gratuity	2.65	0.70	..	..
Dividend	21.30 (20%)	21.30 (20%)	26.63 (25%)	31.95 (30%)
Carry forward	0.25	0.17	0.14	0.19

Equity shares' market value (in rupees):	1964	1963	1962	1961
High	137.00	142.50	170.00	181.00
Low	130.00	130.50	138.00	148.00

During the year, the Coimbatore and Kovilpatti Mills worked three shifts from October. In the Palladam branch, only the staple fibre unit has commenced third shift working since January 1964.

The Company has now a total installed capacity of 147,920 spindles in its three units and 364 looms at Coimbatore. During the year, 15,232 spindles were commissioned in the Palladam staple fibre unit. It is proposed to install another 8,768 spindles to reach the licensed capacity of 24,000 spindles. Sixty-four out of the 96 automatic looms ordered have been received.

The Company's paid-up capital of Rs. 106.50 lakhs is divided in the same number (142,000) of Rs. 50 fully paid and Rs. 25 'A' class fully paid ordinary shares. It is supplemented by reserves and surplus amounting to Rs. 102.98 lakhs. The year has closed with secured loans of Rs. 143.82 lakhs (about Rs. 9 lakhs less than in the previous year) and current liabilities and provisions amounting to Rs. 139.43 lakhs. The total indebtedness to outsiders thus works out to Rs. 283.25 lakhs and is taken care of by liquid assets of Rs. 322.29 lakhs, comprising investments of Rs. 62.35 lakhs (of which Rs. 7.50 lakhs are quoted at par) and current assets, loans and advances shown at Rs. 259.94 lakhs. The gross block has appreciated during the year from Rs. 419.15 lakhs to Rs. 452.26 lakhs and has been written down to Rs. 204.59 lakhs.

Currently quoted at Rs. 131 *cum-div.*, the Rs. 50 fully paid shares of the Company offer a net yield of 6.1 per cent per annum.

EQUITABLE COAL MAINTAINS DIVIDEND AGAIN

Thanks to the improvement in the availability of wagons for coal movement, which, by augmenting despatches, has actually warded off the effects of a drop in raisings, the Equitable Coal Company Ltd. (Managing Agents: Messrs. MacNeill and Barry Ltd., Calcutta) has been able to report more encouraging results for the year ended 31st December 1963 than previously. The realisation from sales and despatches of coal has advanced from Rs. 413.66 lakhs to Rs. 449.75 lakhs and, as other income has also risen by Rs. 8.80 lakhs to Rs. 21.89 lakhs, the gross profit at Rs. 28.10 lakhs shows a gain of Rs. 2.93 lakhs over the previous year. Considering the increases in selling prices of coal granted by the Government to compensate for the changes in wage structure and other costs, subsidies for sand stowing, and adverse mining conditions, the gross profit could well have been higher. But this has not been the case, because coal subsidies have offset only a part of the costs of operation, while many demands of increased and increasing costs remain unneutralised by the price increases.

Inclusive of adjustments in respect of prior years—a credit of Rs. 0.84 lakh, as against a deficit of Rs. 2.81 lakhs—the gross profit stands higher at Rs. 28.94 lakhs, as against Rs. 22.36 lakhs for the year before. In view of this betterment, the provision for Managing Agents' remuneration has gone up from Rs. 0.64 lakh to Rs. 1.47 lakh and that for taxation has almost doubled from Rs. 3.28 lakhs to Rs. 6.23 lakhs, while the provision for depreciation at Rs. 15.31 lakhs is only slightly lower than Rs. 15.93 lakhs a year ago. Consequently, the resulting net profit is lower at Rs. 5.09 lakhs, as against Rs. 5.32 lakhs. There is, therefore, to be no change in the dividend of 10 per cent subject to deduction of tax, for the third year in succession. This absorbs Rs. 2.96 lakhs and leaves Rs. 1.58 lakh to be carried forward, as against the Rs. 45,000 brought in. The transfer to reserves has been lowered somewhat, but this is mainly because of a smaller withdrawal from past provisions.

The following comparative table presents the working results of the Company for the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds	449.75	412.66	398.57	392.56
Other income	21.89	13.09	13.67	2.88
Closing stock of coal	13.14	14.26	10.74	18.66
Stores, power and fuel	63.13	64.02	56.81	57.32
Staff expenses	285.70	258.79	252.89	248.47
Other expenses	93.59	81.29	70.03	78.52
Gross profit	28.10	25.17	25.10	32.65
Past adjustments	+0.84	—2.81	+3.27	—1.00
Managing Agents' remuneration	1.47	0.64	1.10	1.33
Provision for—				
Depreciation	15.31	15.93	16.24	16.81
Taxation	6.23	3.28	5.33	0.85
Net profit	5.09	5.32	2.43	13.66
Withdrawal from reserves and provisions	3.39	6.59	0.50	..
To provisions	1.21	0.80	0.88	1.13
reserves	3.66	4.87	2.77	6.80
Dividends—				
Preference	0.35	0.35	0.35	0.31
Ordinary	2.96	2.96	2.96	4.45
	(10%)	(10%)	(10%)	(15%)
Carry forward	1.58	0.45	0.34	1.11
Raisings of coal (tonnes)	1,839,912	1,859,398	1,825,596	1,892,208
Despatches (tonnes)	1,852,814	1,831,041	1,863,720	1,837,588
Closing stocks (tonnes)	57,621	70,528	55,451	93,576
Market price of ordinary shares (in rupees):	1964	1963	1962	1961	1960
High	29.62	26.87	25.31	32.50	31.87
Low	21.25	22.87	20.87	26.50	25.75

During the year the Company raised 1,839,912 tonnes of coal, as against 1,859,398 tonnes in 1962 and 1,825,596 tonnes in 1961. The fall in output was due in the main to difficult mining conditions and availability of fewer working places at certain collieries. Further, the system of working on rest days introduced soon after the beginning of the Emergency was not continued during the year under review and the benefit of additional production was, therefore, not obtained. Fortunately, the availability of rail transport showed an improvement in the latter half of the year, with the result that despatches picked up from 1,831,041 tonnes to 1,852,814 tonnes, though they were no match to the record of 1,863,720 tonnes attained in 1961. With this improvement, stocks did not accumulate at pitheads and the Company could close the year with a stock of 57,621 tonnes coal on hand, as against 70,523 tonnes a year ago.

Else, the Directors state, are not unmanageable, though lack of demand for the lower grades of coal is beginning to cause concern.

Development of Hurriladih Colliery of the Company progressed satisfactorily during the year and raisings were due to commence in April 1964. Preliminary development work at Kottadih Colliery was undertaken during the year and good progress has been made in the driving of inclines and sinking of shafts. The Company has also availed of the facilities afforded by the Government for import of equipment under the World Bank loan scheme. Essential machinery and spare parts are now being received. The expenditure on this account, occurring at a time when the rate of profitability in the industry is at a low level, is reported to have placed a considerable strain on the financial resources of the Company.

As regards the prospects for current year, the Directors report that the estimated results for the first quarter are not as encouraging as those for the corresponding period last year and that the Company shares the apprehensions of the industry that the demand for coal may not rise with actual and planned production for some time.

The Rs. 20 paid ordinary shares of the Company are currently available at Rs. 21.50 *cum-div.* On an *ex-div.* basis, these fetch a net annual return of 3.9 per cent on fresh investment.

SELECTED SATGRAM COLLIERIES DOES WELL

The working results of the Selected Satgram Collieries Ltd. (Managing Agents: Messrs. S. D. Shethia and Co. Private Ltd., Calcutta) for the year ended 31st December 1963 are heartening. With a 15 per cent increase in raisings of coal from 551,413 tonnes to 649,513 tonnes and a 17 point rise in despatches from 637,946 tonnes to 526,368 tonnes, turn over has expanded by as much as Rs. 50.07 lakhs to an all-time high of Rs. 114.37 lakhs. The gross profit has risen correspondingly from Rs. 13.89 lakhs to Rs. 23.11 lakhs. Yet another pleasing feature is that, in spite of increased raisings, closing stocks of coal have been reduced from 20,046 tonnes to 10,459 tonnes (from Rs. 2.25 lakhs to Rs. 1.88 lakhs in terms of value). Due to increased activity and a higher gross profit, all the essential provisions are naturally larger—that for the Managing Agents' commission at Rs. 1.70 lakh, as against Rs. 1.09 lakh, for depreciation at Rs. 5.40 lakhs, as against Rs. 3.95 lakhs, and for taxation at Rs. 3.35 lakhs, as against Rs. 2.69 lakhs. Even so, the net profit at Rs. 12.66 lakhs shows a gain of more than 100 per cent over the previous year's figure of Rs. 6.16 lakhs. To this has been added the Rs. 1.56 lakh withdrawn from the development rebate reserve excess provided during the previous year, making a total of Rs. 7.72 lakhs. A sum of Rs. 1.56 lakh has been set aside to cover the tax liability in respect of prior years. The dividend remains unchanged at 10 per cent, subject to deduction of tax, but claims a slightly bigger amount of Rs. 4.00 lakhs, as compared with Rs. 3.83 lakhs a year ago. The credit to reserves having been stepped up from Rs. 2.36 lakhs to Rs. 8.62 lakhs, including Rs. 6.20 lakhs, as against Rs. 2.26 lakhs to the development rebate reserve, the carry forward is lower at Rs. 1,672, as against the Rs. 5,303 brought in.

The Company's performance during each of the past four years is presented synoptically in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds	114.37	64.30	51.07	52.71
Other income	6.85	6.84	4.84	0.05
Closing stocks	1.88	2.25	1.10	0.66
Mining and raising charges	50.24	31.35	26.34	25.02
Salaries and wages	18.49	11.40	8.87	8.35
Rent, cess and royalty	5.07	2.76	1.37	1.50
Other expenses	23.94	12.89	9.74	9.79
Gross profit	23.11	13.89	9.56	7.36
Managing Agents' commission	1.70	1.09	0.76	0.65
Provision for—				
Depreciation	5.40	3.95	2.63	1.84
Taxation	3.35	2.69	2.38	1.89
Net profit	12.66	6.16	3.79	2.98
Withdrawals from reserves and provisions	1.56	0.01	..	..
Miscellaneous provisions	1.64	..	..	..
To reserves	8.62	2.36	1.10	1.02
Dividend	4.00	3.83	2.97	2.25
	(10%)	(10%)	(14%)	(10%)
Carry forward	0.02	0.05	0.07	0.03
Market price of ordinary shares (in rupees):	1963	1962	1961	1960
High	118.00	127.00	156.00	192.00
Low	118.00	107.00	110.00	160.00

The rapid expansion in activities undertaken since the Company was converted into a public limited company in 1961 has strained its financial position to some extent. Thus, whereas the "own" funds aggregate Rs. 56.19 lakhs (comprising Rs. 40.00 lakhs in equity shares of Rs. 100 each and the balance in reserves), outside interest is no less than Rs. 106.17 lakhs. This is made up of Rs. 67.05 lakhs as secured and unsecured loans and Rs. 39.12 lakhs as current liabilities and provisions. On the assets side, too, the block account, inclusive of additions worth Rs. 2.35 lakhs made during the year, stands as high as Rs. 110.28 lakhs, while the net block is Rs. 88.34 lakhs, the depreciation written off being Rs. 24.54 lakhs. Current assets and loans and advances total Rs. 72.08 lakhs, thus falling short of current liabilities and borrowings by about a third.

The New Satgram Colliery remained the main producing unit and raised 56 per cent of the total raisings. The output was obtained by exploiting and depillaring operations of Bogra and Satgram seams. A new pit is now coming up and simultaneously planned to the assisted siding and to raise all the coal of Bogra and Satgram seams from this pit. Production from the New Jamuria Colliery increased considerably, though cost of production remained high, consequent upon the installation of a large number of plants and machineries at substantial investment of capital funds output at the New Majri Colliery acquired towards the close of 1962. This colliery was producing grade III coal which was upgraded to the second grade in October 1963. A new licence was obtained for an annual production of 98,000 tonnes of coal and a further application seeking permission to raise the production to 30,000 tonnes per month has been made. Production at the South Jayramdanga Colliery decreased on account of depillaring permission being withheld in Manoharbabal seam where working places were not sufficient. Depillaring of Lower Dhadka seam, however, was completed and raisings were discontinued from this seam at the end of the year. The industrial licence in respect of the New Satgram Engineering Works is under active consideration. Meanwhile, it has been decided to set up a structural workshop with a capacity of about 1,200 to 1,500 tonnes per annum.

It will be recalled that the Company was permitted to raise additional capital by the issue of equity shares. The Directors inform that the issue could not be proceeded with, in view of uncertain market conditions. The shares will now be issued at the appropriate time after underwriting arrangements are made which are expected to be completed shortly. The Company has also applied to the West Bengal Financial Corporation for a loan.

The current market quotation for Rs. 100 paid ordinary shares of the Company is Rs. 118 *cum-div.* On an *ex-div.* basis, the net yield per annum works out to 7.3 per cent.

CALTEX OIL REFINERY (INDIA) LTD.

The processing operations of Caltex Oil Refining (India) Limited during the year ended 31st December, 1963 were quite encouraging, although throughput was still limited to the extent to which licences for the import of crude oil were available. The Company was able to process as much as 7,771,988 barrels of crude as against 7,079,023 barrels in the previous year. But the income from refining which had dropped from Rs. 355.50 lakhs in 1961 to Rs. 262.55 lakhs in 1962, remained almost stagnant at Rs. 263.01 lakhs in the year under review. The gross profit has further fallen from Rs. 146.34 lakhs in 1962 to Rs. 141.46 lakhs during 1963, while net profit has increased from Rs. 1.61 lakh to Rs. 17.76 lakhs. The increase in net profit has been mostly due to a lesser provision of Rs. 34.25 lakhs for taxation as against Rs. 54.18 lakhs surplus left is Rs. 17.12 lakhs.

The year 1963 stands unique in the history of the Company in that, for the first time since its inception in 1957, it decided at an Extraordinary General Meeting held on 12th December, 1963 to pay a dividend of 10.58 per cent on paid-up share capital; this has been distributed out of prior years' tax-free profits. An amount of Rs. 47.60 lakhs was paid out of Reserve No. 1 and Reserve No. 2 created last year. A sum of Rs. 40.00 lakhs was utilised from Reserve No. 1 representing profits exempt from tax under Section 15C of the Income Tax Act, 1922 and an amount of Rs. 7.60 lakhs out of Reserve No. 2, representing profits exempt from tax under Sections 84 and 101 of the Income Tax Act, 1961. A balance of Rs. 42.4 lakhs which was left in Reserve No. 2 has also been declared as another tax-free dividend at the rate of 9.42 per cent on paid-up equity share capital of the Company.

The Company has now converted all its accumulated profits till date into a "General Reserve" to which a sum of Rs. 492.67 lakhs has been appropriated in the following manner:

a) The balance of the profits of the year ended 31st December, 1963, namely, Rs. 17.12 lakhs, together with the balance of Rs. 333.49 lakhs in the Profit and Loss Account of 1962.

b) An amount of Rs. 6.33 lakhs from the Development Rebate reserve representing excess accrual of Development Rebate reserve as on 31st December, 1963.

c) A sum of Rs. 135.73 lakhs from the Tax Equalisation Reserve.

The entire paid-up capital of Rs. 450 lakhs in Equity shares of Rs. 100 each is held by the California Texas Oil Corporation and its nominees and the Company's Reserves and surpluses amounted to Rs. 621 lakhs. Secured loans representing 54 per cent 1966-70 debenture-stock and unsecured loans from Caltex (U.K.) Limited, stood at Rs. 200 lakhs and Rs. 400.70 lakhs, respectively. The total capital, that is, the aggregate of the borrowings and the "own funds," employed in the business of the Company, amounted to Rs. 16.71 crores. The gross block as shown in the books is at Rs. 14.79 crores and, after the deduction of depreciation value of Rs. 5.70 crores, has been written down to a net of Rs. 9.09 crores. With the total of current assets standing at Rs. 8.35 crores and current liabilities at Rs. 0.73 crore, the net assets work out at Rs. 7.62 crores.

The following table gives an account of the Company's progress since the year 1960:

(In lakhs of rupees)

Particulars	For the year ended 31st December			
	1963	1962	1961	1960
Income from refining	263.01	262.55	355.50	346.52
Other income	7.41	7.18	7.75	17.38
Materials and stores consumed	20.30	20.56	20.51	17.28
Power charges	11.03	10.17	10.51	10.22
Staff expenses	53.59	48.82	49.46	59.08
Other expenses	44.03	43.84	40.80	55.27
Gross profit	141.46	146.34	241.97	222.12
Provision for:				
Depreciation	89.45	90.55	90.74	89.94
Taxation	34.25	54.18	40.40	
Net profit	17.76	1.61	110.83	132.18
Transfer to development rebate reserve	00.65	00.93	00.63	7.72
To other reserves	350.60	00.00		52.87
Carry forward	..	333.49	422.81	312.71

The Company has commenced the production of Liquid Petroleum Gas under the trade name of "Calgas," licence for which was obtained last year. The Company is also expecting Government sanction for the expansion of the Visakhapatnam Refinery. The duty protection on diesel and fuel oils was relinquished by the Company on 1st April, 1963 under the Refinery Agreement. Though this has represented a loss to the Company to the extent of Rs. 76 lakhs, it is a corresponding gain to the Government. The duty protection on motor spirit, it may be recalled, was surrendered by the Company as early as 1st October, 1959.

Efforts to Indianise the personnel in the Company have been continued during the year 1963 and the number of expatriate staff has been further reduced from six to four, the total number of staff employed in the Company being 511, inclusive of foreign staff. Two Senior Indian employees are currently receiving training in the United Kingdom and two others are scheduled to participate in the Caltex Management Development Training Programme in the United States during the current year. The Management claims to have maintained excellent relations with the employees. During the year 1963 the Company chartered a 33,600-ton tanker of the Shipping Corporation of India. This chartering will result in a saving of foreign exchange.

Some of the striking contributions of the Company to India's economy during the year under review may also be noted here. These are:—1) Caltex tankers entered the Visakhapatnam port 119 times either to discharge or load products. This accounted for about 48 per cent of the total port tonnage and contributed Rs. 58 lakhs to the revenue of the port; 2) Charges paid for utilities to the local authorities amounted to Rs. 11 lakhs; 3) the Government collected nearly Rs. 29 crores on account of excise duty on the products refined by the Company; and 4) the Company has, in its endeavour to use indigenous products to the maximum extent, been able to reduce the number of its foreign purchase items to 5,240, as against 6,800 in the previous year.

MADRAS MOTOR AND GENERAL INSURANCE CO., LTD.

The progress of the Madras Motor and General Insurance Co., Ltd. (Chairman: Mr. T. S. Santhanam, Madras) has been so sustained that the company, which was established as late as in 1950, now ranks, in terms of premium and total assets, twelfth among the general insurance companies in the country. From the point of view of net profits, Madras Motor's position is even better; it ranks fifth, according to the *Indian Insurance Yearbook* 1963, which relates to the year ended 31st December 1962. The Company was underwriting only motor insurance up to 1959. Fire, marine and other classes of business were added to its portfolio thereafter, so that today it is a fledged general insurance company doing every class of general insurance business.

Motor insurance, of course, continues to be the mainstay of its business. Its fire insurance business is expanding fast as is evident from the fact that the net premium has increased more than twelvefold, from less than a lakh of rupees in 1960 to Rs. 12.30 lakhs during the year ended 31st December 1963. Similarly, net marine insurance premium has jumped up from Rs. 41,000 to Rs. 3.47 lakhs. Net premium in the miscellaneous department, which also includes motor business, has risen from Rs. 37.96 lakhs in 1960 to Rs. 62.17 lakhs in 1962 and further to Rs. 68.30 lakhs in 1963. This is more than four times the combined net premium in the fire and marine departments.

Normally the profit position of a company that leans so heavily on motor business, which is notoriously unprofitable, should be precarious. But in the case of Madras Motor, such dependence has not affected profits which have actually been increasing steadily. Thus net profits (after taxes) increased from Rs. 6.70 lakhs in 1959, the year in which the Company became a full-fledged general insurance company, to Rs. 10.24 lakhs in 1961, Rs. 10.95 lakhs in 1962 and a record high of Rs. 11.46 lakhs in 1963. This steady improvement in profit has enabled the Company to declare progressively rising dividends to shareholders every year. Thus it entered the dividend list in 1955, five years after it was founded, with a 10 per cent distribution to shareholders. It declared a record dividend of 21.5 per cent two years later, that is, in 1957. The proposed dividend for the year ended 31st December 1963 is only fractionally lower than the 1957 record of 21 per cent, as compared with the 18.5 per cent distributed in 1962. It is noteworthy that this higher dividend has been proposed on the increased capital of Rs. 40 lakhs, as against Rs. 30 lakhs in the previous year. The following table summarises the salient features of the working of the Company during the year 1963, with figures for the previous two years given for purpose of comparison.

(In lakhs of rupees)

	Year ended 31st December		
	1963	1962	1961
Fire:			
Net premium	12.30	5.94	2.78
Claims	4.43	0.84	0.36
Commission and expenses (net)	2.05	0.05	—0.05
Fire fund	6.15	2.97	1.39
Marine:			
Net premium	3.47	2.17	1.31
Claims	1.57	1.13	0.70
Commission and expenses (net)	0.78	0.25	0.03
Marine fund	3.47	2.17	1.31
Miscellaneous:			
Net premium	68.30	62.17	53.02
Claims	27.15	27.36	18.99
Commission and expenses (net)	20.63	18.05	13.98
Miscellaneous fund	34.15	31.08	26.51
Net profit	11.46	10.95	10.24
Provision for taxation	13.85	9.60	8.00
Dividend	6.43	5.55	6.23
	(21%)	(18.50%)	(20.75%)
Carry forward	0.12	0.38	0.35

As will be seen from the above table, net premium in the fire department rose from Rs. 5.94 lakhs in 1962 to Rs. 12.30 lakhs in 1963. The underwriting profit, however, was lower at Rs. 2.64 lakhs, as against Rs. 3.47 lakhs, thanks to the higher claims and commission charges. Reserves for unexpired risks amounted to Rs. 6.15 lakhs, being 50 per cent of net premium. In the marine department, net premium increased to Rs. 3.47 lakhs. Underwriting profit was higher at Rs. 78,000, as against Rs. 25,000 in the previous year. This was because of better claims experience. Reserves for unexpired risks aggregated Rs. 3.47 lakhs, that is, 100 per cent of premium. Underwriting profit in the miscellaneous department increased from Rs. 12.20 lakhs in 1962 to Rs. 17.45 lakhs in 1963, following the rise in premium income and lower claims ratio. The reserve for unexpired risks amounted to 50 per cent of premium income at Rs. 34.15 lakhs, as against Rs. 31.08 lakhs.

The net underwriting profit credited to the profit and loss account, after offsetting the loss in the marine department, amounts to Rs. 19.91 lakhs, an increase of Rs. 4.31 lakhs over the previous year. The net profit, after taking into account interest, dividends, rents, other receipts and miscellaneous outgo, as well as the provision of Rs. 13.85 lakhs for taxation, comes to Rs. 11.46 lakhs, as against Rs. 10.95 lakhs for the previous year. This amount *plus* the amount brought in and *minus* Rs. 78,000 paid as donation, leaves a balance of Rs. 11.05 lakhs for distribution. Of this, a sum of Rs. 4.50 lakhs has been transferred to general reserves. The proposed dividend will absorb Rs. 6.43 lakhs, leaving Rs. 12,000 to be carried forward.

The Company had, as on 31st December 1963, capital and reserves aggregating Rs. 1.09 crore, as against Rs. 89.76 lakhs a year ago. Of this total, capital accounted for Rs. 40 lakhs, departmental funds for Rs. 43.77 lakhs and other reserves for Rs. 25.62 lakhs.

INDIAN MERCANTILE INSURANCE CO., LTD.

A small rise in the combined net premium income, an improvement in claims experience and a handsome increase in net profit are disclosed by the statement of accounts of the Indian Mercantile Insurance Co., Ltd. (Secretary: Mr. C. M. Telivala, Bombay) for the year ended 31st December 1963. The combined net premium in all the three departments has gone up during the year to Rs. 48.90 lakhs, a rise of Rs. 2.37 lakhs as compared with 1962. The higher premium is mainly accounted for by the miscellaneous department; the rise in premium in the other two departments (fire and marine) is only fractional. The overall claims ratio has declined from 43.2 per cent in 1962 to 42.7 per cent in 1963. Commission and expenses are substantially lower at 39.5 per cent, as compared with 43 per cent. Consequently, both the underwriting profit and the net profit after making provision for taxation are higher at Rs. 7.80 lakhs and 5.09 lakhs, respectively, as against Rs. 5.73 lakhs and Rs. 4.00 lakhs. Thanks to the improvement in net profit, the dividend has been stepped up by 1 per cent to 16 per cent (Rs. 8 per share of Rs. 50 paid-up) subject to tax. The following table summarises the working results of the Company for the year ended 31st December 1963, as compared with those for 1962 and 1961.

(In lakhs of rupees)

	Year ended 31st December		
	1963	1962	1961
Fire:			
Net premium	25.73	25.15	22.29
Claims	9.41	8.48	6.67
Commission and expenses	10.33	11.12	9.84
Underwriting profit or loss (+) or (—)	+5.88	+4.20	+4.34
Fire fund	12.87	12.57	11.15
Marine:			
Net premium	6.98	6.82	7.86
Claims	4.48	5.25	6.08
Commission and expenses	2.14	2.11	2.24
Underwriting profit or loss (+) or (—)	+0.30	+0.59	—0.05
Marine fund	6.98	6.82	7.86
Miscellaneous:			
Net premium	16.18	14.56	13.62
Claims	7.00	6.34	5.52
Commission and expenses	6.85	6.76	6.08
Underwriting profit or loss (+) or (—)	+1.62	+0.94	+0.66
Miscellaneous fund	8.09	7.28	6.81
Net profit	5.09	4.00	6.65
Provision for taxation	5.75	4.25	Nil
Dividend	3.88	3.17	2.54
	(16%)	(15%)	(15%)

The rise in underwriting profit in the fire department has been due to lower commission and expenses which have offset the higher claims ratio to yield a surplus of Rs. 5.88 lakhs, as against Rs. 4.20 lakhs in the previous year. In the marine department, claims as well as commission and expenses are lower. But as a result of the net increase of Rs. 16,168 in reserves, the accounts show only a smaller underwriting profit of Rs. 30,115, as against Rs. 58,773. Reserves for unexpired risks have been maintained at 100 per cent of premium. Net premium in the miscellaneous department as noted above recorded a sizable increase from Rs. 14.56 lakhs to Rs. 16.18 lakhs. The claims are a shade lower at 43.3 per cent, as against 43.5 per cent in 1962. Commission and expenses have declined by 4.2 per cent to 42.3 per cent. The underwriting profit, after maintaining the reserves for unexpired risks at 50 per cent of premium, amount to Rs. 1.62 lakh, as against Rs. 0.94 lakh.

The departmental contribution to the profit and loss account aggregates Rs. 7.80 lakhs, as against Rs. 5.73 lakhs in the previous year. After taking into account the income from interest dividends, rents and miscellaneous receipts and providing expenses not attributable to any particular account, the profit (before taxation) amounts to Rs. 10.84 lakhs. Of this, Rs. 5.75 lakhs have been transferred to the taxation reserve and Rs. .5 lakhs to the dividend reserve from which will be paid the dividend of 16 per cent which will absorb Rs. 5.75 lakhs.

As a result of the year's operations, the reserves and funds of the Company have increased by Rs. 5 lakhs to Rs. 77 lakhs as on 31st December 1963. The total comprises paid-up capital of Rs. 21.15 lakhs, departmental funds of Rs. 27.94 lakhs and reserves of Rs. 28 lakhs.

T.E.L.CO. TO ISSUE FURTHER CAPITAL

The Directors of the Tata Engineering and Locomotive Co., Ltd. have maintained the ordinary dividend for the year ended 31st March 1964 at the previous year's level of 14.5 per cent (subject to deduction of tax and subject to relief under Section 84 of the Indian Income-tax). But the dividend is on a higher capital. In January 1963, it will be recalled, the paid-up capital of the Company was raised by issuing right shares (in the ratio of one new share for every four held) at a premium of Rs. 50 per share. The Company's performance has been highly encouraging. The total turnover has spurted to Rs. 51.51 crores (including excise duty recovered amounting to Rs. 4.89 crores) from Rs. 43.64 crores (including excise duty recovered amounting to Rs. 3.76 crores) in the previous year. The gross profit amounts to Rs. 664.78 lakhs, against Rs. 550.03 lakhs. The provision for depreciation is Rs. 260.53 lakhs (Rs. 222.53 lakhs for 1962-63) and that for taxation (including surtax) is Rs. 200 lakhs, as against Rs. 184.50 lakhs. The net profit works out to Rs. 204.25 lakhs, as against Rs. 143.00 lakhs. A sum of Rs. 68.10 lakhs (Rs. 27.47 lakhs for 1962-63) has been transferred to development reserve. The balance of Rs. 136.15 lakhs, together with Rs. 8 lakhs drawn from General Reserve No. 1 and the balance of Rs. 15,000 brought in, gives a total of Rs. 144.30 lakhs available for distribution. Appropriation to dividend reserve is Rs. 144 lakhs, leaving Rs. 30,000 to be carried forward.

The Directors of the Company have recommended the issue of 200,000 ordinary shares of Rs. 100 each this year at such premium not exceeding Rs. 50 per share as the Controller of Capital Issues may prescribe and as may be agreed to by the Directors. They expect to maintain the dividend at 14.5 per cent on the increased capital.

A NEW NYLON PROJECT

The Bombay firm of Arthur Import-Export Company has concluded a collaboration agreement with the Invest Export of Berlin (East Germany) for the installation of a nylon manufacturing plant in Bombay. The licensed capacity of the proposed plant is 1.095 tons or 2.45 million lbs. per annum. The total capital outlay on the project is estimated at Rs. 4 crores. The East German government has agreed to supply the plant and equipment valued at Rs. 2 crores on long-term deferred payment basis. The balance of Rs. 2 crores will be met by contributions from promoters and their friends, as well as the various credit institutions, and proceeds from a public issue. A public limited company, called Bombay Nylon Spinners Limited, is being formed. The Company is expected to enter the capital market with a public issue for about Rs. 50-60 lakhs early next year.

The German firm has contracted to supply the latest plant and equipment for the nylon project. Shipments of machinery are likely to commence by the end of 1965 or early in 1966 and will be completed in six months. The factory is expected to go into commercial production by the end of 1966. The necessary technical know-how is being provided by the German firm and the services of their several engineers would be available for the running of the plant.

The proposed unit, which is the third one licensed so far, is bigger than the two existing plants. Large quantities of nylon yarns and fibres are presently being imported. But they are very much short of actual requirements. The Planning Commission had originally fixed a target for the production of nylon at 10 million lbs. per annum to be achieved by the end of the third Plan (March 1966). As against this, the capacity that has already come into existence is no more than 2-3 million lbs. The requirements of nylon for the manufacture of fabrics, hosiery goods, parachutes, automobile tyres, fishing nets, belting cords and ropes have now been re-estimated at 62 million lbs. by the end of the fourth Plan. Looking to the ever-increasing production of nylon in the highly developed countries of Europe and Japan, India's requirements of nylon may well exceed this quantity, what with the rising standards of living and increasing population.

INDIAN ENGINEERS LIMITED

The Government of India and the Bechtel, International Corporation of San Franscisco (U.S.A.) have agreed jointly to form an engineering company, to be known as Indian Engineers Limited, to design, undertake engineering construction and management services for a broad range of industrial projects in the public as well as private sectors. The memorandum of understanding was signed at New Delhi by Mr. K. R. Damle, Secretary of the Union Ministry of Petroleum and Chemicals, on behalf of the Government of India, and Mr. R. M. Dorman, on behalf of the Bechtel International Corporation.

The new Company will provide engineering services in connection with petroleum refineries, oil field development, oil and gas pipelines, petro-chemical facilities, chemical intermediates and other industrial programmes. Messrs. Bechtel International Corporation are engaged on a world-wide basis in performing engineering services for similar projects and are able to contribute to the new company a wide range of technical resources and personnel. The Indian Engineers Limited will employ engineers from India and the United States. The American firm has also undertaken to train selected Indian personnel of the Company at its offices in the U.S. and elsewhere.

Notices

RESERVE BANK OF INDIA

APPLICATIONS ARE INVITED FOR THE posts of Junior Officers Grade II (on probation) in the Bank in the scale of Rs. 375-20-535-25-560-EB-25-660-30-720.

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

In addition to pay, the selected candidates will be eligible to draw local pay at 10 per cent of the pay rounded off to the next higher complete rupee when stationed at Bombay, Calcutta, Madras, New Delhi, Kanpur, Ahmedabad, Bangalore and Hyderabad and dearness allowance at prescribed rates. The present rate is 20 per cent of pay with a maximum of Rs. 100 *per mensem*. In addition they will be eligible for house rent allowance at 15 per cent of pay with a minimum of Rs. 60 per mensem.

QUALIFICATIONS:

Applicants should have a good academic record and possess a first or high second class Bachelor's or Master's degree in Science, Arts or Commerce of a recognised Indian or Foreign University. Practical banking experience in a commercial bank will be considered as an additional qualification. Preference will be given to those who have passed the Institute of Bankers' Examination.

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

AGE LIMIT AS ON 1st AUGUST 1964:

Between 21 and 25 years. The maximum age limit is relaxable but not beyond 30 years in the case of:—

(i) candidates possessing special qualifications and experience of value to the Bank;

(ii) ex-employees of banking institutions whose services had to be terminated for reasons of economy or as a result of the banks going into liquidation;

(iii) personnel retrenched from Government offices after at least one year's service applying through Employment Exchanges; and

(iv) candidates belonging to the Scheduled Castes or Scheduled Tribes.

2. Applicants for the above post must remit with their application a fee of Rs. 7.50 by cheque or bank draft on a *Scheduled Bank* payable at Bombay or by Postal Order. *The application fee is in no case refundable.* In the case of candidates belonging to Schedule Castes/Tribes, the fee will be reduced to one-fourth.

3. Applications in the candidate's own handwriting in the prescribed forms obtainable from the Reserve Bank's offices at Bombay, Calcutta, Kanpur, New Delhi, Nagpur, Madras, Bangalore, Hyderabad, Trivandrum, Lucknow, Patna and Jaipur accompanied by copies (originals should *not* be sent) of certificates regarding age and educational qualifications, statements of marks secured in the Graduate and Post-Graduate degree examinations and copies of two testimonials should be forwarded to the Secretary, Central Recruitment Board, Reserve Bank of India, Central Office, Post Box No. 406, Bombay No. 1, so as to reach him on or before the 1st August 1964.

4. Candidates already in service will be required to produce a proper discharge certificate from their employers in the event of their being selected at the time of their appointment in the Bank's service.

5. Candidates belonging to Scheduled Castes/Scheduled Tribes should mention this fact prominently in their applications and also enclose a copy of a certificate to that effect from a competent authority.

6. Candidates must be prepared to serve in any office of the Bank in India or group of departments to which they are posted, and to undertake tours when required.

7. Selected candidates will have to appear for interview/s before the Selection Board at any of the Bank's Offices.

8. Appointments will be subject to candidates being found medically fit for service in the Bank by the Bank's Medical Officer.

9. If any candidate desires to have his application acknowledged, he should send it by "Registered Post—Acknowledgement Due." Apart from those who may be specially called, interviews will not be granted to candidates nor will the Bank enter into correspondence with them.

10. Canvassing in any form will be regarded as disqualification.

THE BRITANNIA BISCUIT COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting (being the 73rd Ordinary General Meeting) of the Shareholders of the Britannia Biscuit Company, Limited, will be held at the registered office of the Company, 15, Taratola Road, Calcutta-53, on Thursday the 20th August, 1964, at 10 a.m. for the following purposes:

1. To receive and consider the Report of the Directors with Statement of Account and Balance Sheet, and to read the Report of the Auditors thereon.
2. To declare Dividends.
3. To elect Directors.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Books of the Company will be closed from the 5th August to 20th August, 1964, both days inclusive, and warrants for such Dividends as may be declared will be issued directly to the Registered Shareholders or their mandatees whose names appear in the Company's Books on the 20th August, 1964, on or after the 31st August, 1964.

By Order of the Board,
A. P. CHANDA,
Director and Secretary.

15, TARATOLA ROAD,
CALCUTTA, *3rd July*, 1964.

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

DALMIA CEMENT (BHARAT) LIMITED

Registered Office: DALMIAPURAM

NOTICE IS HEREBY GIVEN THAT THE Board of Directors of the Company have decided to implement the Scheme for Conversion of the Deferred shares into Ordinaries in the ratio of 4:1, which has already been approved by the shareholders and Madras High Court, with effect from 1st July, 1964. For this purpose, the Registers of Members and Share Transfers of the Company will remain closed from 28th July to 8th August, 1964, both days inclusive. Ordinary shares in lieu of the Deferred shares of this Company will be issued in accordance with the provisions of the Scheme to the registered holders of the Deferred shares as on 8th August, 1964.

By Order of the Board,
S. C. AGGARWAL,
Secretary.

Dated: 1st *July* 1964.

THE BANK OF INDIA LIMITED

Registered Office:
70-80, Mahatma Gandhi Road, Bombay 1

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books and Register of Members of The Bank of India Ltd. will be closed from Tuesday, the 28th July, 1964, to Friday, the 14th August, 1964 (both days inclusive).

The Dividend will be payable on and after Tuesday, the 25th August, 1964.

By Order of the Board of Directors,
T. D. KANSARA,
General Manager.

BOMBAY,
8th July, 1964.

THE BRITISH INDIA CORPORATION LTD.

KANPUR

BRANCHES DIVISION

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

BEGG SUTHERLAND DIVISION

Secretaries and Treasurers:

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

Secretaries for:

Beta Picker Co. Ltd.

Agents for:

The Oriental Fire & General Insurance Co. Ltd.

GOVERNMENT OF INDIA

4 PER CENT LOAN 1970 • ISSUE PRICE Rs. 99.00 PER Rs. 100 (NOMINAL) • REPAYABLE ON 15th APRIL 1970

4½ PER CENT LOAN 1989 • ISSUE PRICE Rs. 100 PER Rs. 100 (NOMINAL) • REPAYABLE ON 15th APRIL 1989

Subscriptions to further tranches of the above loans will be received in the form of cash/cheque from 13th of July 1964 to 15th of July 1964 but the subscription list may be closed earlier without notice as soon as the total subscriptions amount to Rs. 150 crores.

2. Interest on the new loans, which will be subject to tax under the Income-tax Act, 1961, will accrue from 13th July 1964. Interest will be paid on 15th October 1964 for the period 13th July to 14th October 1964 inclusive and thereafter payments will be made half-yearly on 15th April and 15th October.

3. Applications for the new loans will be received at:—

(*a*) Offices of the Reserve Bank of India at Bangalore, Bombay (Fort and Byculla), Calcutta, Madras, Nagpur and New Delhi;

(*b*) Branches of the subsidiary banks of the State Bank of India conducting Government Treasury work; and

(*c*) Branches of the State Bank of India at other places in India.

For full particulars apply to any of these offices or branches.

SYNOPSES OF COMPANY REPORTS

Kumardhubi Fireclay and Silica Works Ltd.

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

Annual General Meeting—Held on 29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	2,08,03	2,25,52
Closing stock	18,04	15,98
Gross profit	30,35	29,47
To Managing Agents' commission	1,29	2,49
Transfer to depreciation	13,36	9,63
,, ,, provision for taxation	7,12	11,56
,, ,, ,, super profits tax	Nil	1,90
,, ,, statutory development rebate reserve	91	4,28
,, ,, debenture redemption reserve	1,00	1,00
Net profit	6,67	8,24
Appropriations:		
Transfer to general reserve	1,00	1,00
,, ,, reserve for plant renovation	1,00	1,75
To dividends (taxable) R.C. preference	18	18
,, ,, ordinary	4,50	5,40
	(15%)	(18%)
Carry forward	24	25

Extracts from the Directors' report: *General*: The total output during the year dropped to 95,083 tonnes from 98,789 tonnes produced during the previous year. The drop in Silica production by about 7,000 tonnes compared to last year was the main factor. As stated in the Directors' last report, due to technological changes in the Steel Industry, the demand for Silica is diminishing. The modernisation programme in the old firebrick section has not yet been completed but the Company has been able to achieve a higher production in the firebrick section. The total sale value has decreased from Rs. 2.26 crores in 1962 to 2.08 crores in 1963.

The Board has been exploring various avenues to diversify production and negotiations have reached an advanced stage for the acquisition of foreign collaboration and technical know-how.

The question of re-construction of Tunnel Kiln No. 1 will be finalised in accordance with plans to be formulated after the completion of these negotiations.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	34,00,000	Gross block	1,78,57,945
5½% debentures	18,00,000	—Depreciation	95,66,008
Reserves and surplus	60,70,838		
Other liabilities	1,33,01,515	Net block	82,91,937
		Block in progress	94,543
		Current assets	1,55,24,860
		Investments	5,02,222
		Cash	1,53,791
	Rs. 2,45,72,353		Rs. 2,45,72,353

* *Paid-up* capital consists of 3,00,000 ordinary shares of Rs. 10 each and 4,000—5½ per cent. redeemable cumulative preference shares of Rs. 100 each. Of the above, 60,000 ordinary shares have been allotted as fully paid up by way of bonus shares by capitalisation of reserve.

Binod Mills Co., Ltd.

(*President and Managing Director*: Seth Lalchand B. Sethi, Ujjain.)

Fifty-second Annual General Meeting—Held on 27th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of finished goods	4,40,70	3,78,44
Other sales	2,54	1,76
Gross profit	15,06	14,75
Transfer to depreciation	12,40	10,40
,, ,, provision for taxation	Nil	Nil
Net profit	2,66	4,35
Transfer from dividend equalisation reserve	3,70	Nil
Income-tax refund for 1948	Nil	1,39
Credit items written back	72	66
Profit on sale of fixed assets	5	3
Balance brought forward	24	9,85
Appropriations:		
To bonus for prior years	70	3,18
To additional income-tax for 1961	Nil	2,30
To loss on investments sold	Nil	55
Transfer to development rebate reserve	1,20	5,65
Transfer to development rebate C.R. preference	1,20	
Proposed dividends (taxable) ordinary	4,20	47,20
,, ,,	(7%)	(7%)
Carry forward	8	24
Market price of ordinary shares	1964†	1963 1962
(in rupees):		
High	161.00	167.25 248.50
Low	126.00	125.00 161.00

† Upto 3rd July 1964.

Extracts from the Directors' report: The costs of production during the year under report have considerably risen for the textile industry as a whole on account of general increase in prices. An additional burden of Emergency Risk Insurance charges was imposed during 1963. The increase in prices of cloth has, however, resisted due to the voluntary price fixation scheme.

A large carry-over of stocks of finished products was brought from the year 1962 due to the unavoidable circumstances as reported last year. The stocks were effectively reduced only in the latter part of 1963. This added to the burden of interest and also brought strain on the working capital.

The machinery and some of the other entitlements accrued against exports have been retained by the Company for importing machinery for Bimal Mills. Hence the amount of export incentive shown in the profit and loss account is estimated on a conservative basis. This has also apparently effected the working results of the Company for the year under report.

The above factors reflected adversely on the working results of this Company. However, the Directors are of the opinion that having regard to the above circumstances the results have been satisfactory.

Loan from National Industrial Development Corporation: The last instalment of Rs. 2.18 lakhs out of the total loan of *Rs. 20* lakhs has been received from the said Corporation during the early part of 1964.

Progress of Bimal Mills: Since the Directors' last report, a loan of Rs. 98.33 lakhs from the Industrial *Finance Corporation* of India, New Delhi has been received, and also a sum of Rs. 58.93 lakhs has been raised by issue of shares for financing the Bimal Mills project. However as a consequence of increase in the cost of building materials, cement, iron and steel, import duty, central sales-tax, steamer and railway freight and the increase in prices of machinery and plant effected by the manufacturers, there is an overall increase in the cost of the scheme of Bimal Mills by approximately Rs. 44 lakhs. Such increase in cost of projects under construction has taken place in most cases in the country.

In order to meet the above shortfall the Company has applied to the Industrial Finance Corporation of India to grant an additional loan of Rs. 25 lakhs, and the Madhya Pradesh Financial Corporation, Indore, has also been approached for a loan of Rs. 20 lakhs. The Directors take pleasure in reporting that the M.P. Financial Corporation of Indore has consented to give the loan of Rs. 20 lakhs on certain conditions of which one is to obtain a guarantee for the loan from the Madhya Pradesh Government. The Company has already applied to the State Government and the matter is under active consideration of Hon'ble The Chief Minister and Hon'ble The Minister for Industries and Commerce. The Directors hope that the State Government will give consent to and expedite the guarantee for above loan, pursuant to their declared policy, and thus help one of the major new industrial undertakings in the State. In addition, some of the Directors have already agreed to advance by way of loan a sum of Rs. 4 lakhs for meeting the shortfall in the completion of the scheme of Bimal Mills.

The spinning section has partially commenced production from February 1964 and major part of spinning is already working two shifts. It is expected that the spinning section will go into full production in three shifts soon. It is proposed to market the yarn of Bimal Mills till the weaving section is commissioned. The weaving section buildings will be completed now, the delay mainly having occurred due to shortage of cement. All the weaving preparatory machinery and the 380 *Automatic Looms* have been received at site. It is expected that the entire weaving section will go into production by the end of this year.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,14,92,742	Gross block	2,45,57,288
Reserves and surplus	50,33,444	—Depreciation	1,45,01,268
Other liabilities	2,64,61,051		
		Net block	1,00,56,015
		Block in progress	6,88,786
		Expenditure for New Bimal Mills' unit	1,14,02,577
		Current assets	1,98,74,820
		Investments	4,86,210
		Cash	4,78,830
	Rs. 4,29,87,238		Rs. 4,29,87,238

* Paid-up capital consists of 60,000 ordinary shares of Rs. 100 each fully paid; 40,000 new equity shares of Rs. 100 each fully paid and 15,000—9¼ per cent. cumulative redeemable preference shares of Rs. 100 each. Calls unpaid on ordinary shares amount to Rs. 7,257.

Bharat Steel Tubes Ltd.

(*Managing Director*: Mr. Raunaq Singh.)

Registered Office: 14-15/F, Cannaught Place, New Delhi-1. *Works*: Ganaur, Punjab.

Fourth Annual General Meeting—Held on 30th June 1964.

Extracts from the Directors' report for the year ended 31st December 1963:

The Company has been engaged in the construction of the Factory and acquisition of necessary capital assets during the year under report. The statement of accounts disclose a loss of Rs. 1,649.

The authorised share capital of the Company was remodelled in so far as the equity capital was reduced to Rs. 1,60,00,000 from the original figure of Rs. 1,75,00,000 and the denomination was changed from Rs. 100 to Rs. 10 per share, while the preference capital was correspondingly increased to Rs. 40,00,000 from Rs. 25,00,000 as originally provided.

The Company, in order to raise the necessary funds, proposed to go for public issue. Although the Prospectus was signed on the 28th December, 1963, the shares were offered to the Public for subscription in the month of January, 1964.

The Company also arranged loans to the extent of Rs. 1,55,00,000 including Rs. 93.90 lakhs in U.S. currency, from Industrial Finance Corporation of India and U.S. Agency for International Development. The loan of Rs. 1,30,00,000 including dollar loan raised from Industrial Finance Corporation of India is repayable in 20 half-yearly instalments commencing from 20th December, 1966, whereas the loan of Rs. 25,00,000 from U.S. A.I.D. is repayable in five equated annual instalments commencing from 1st January, 1966.

The Company has acquired about 129 acres of land at Ganaur, (Punjab) for establishing its factory. The cost of the said land amounting to Rs. 2,42,460 has been deposited by the Company. The Company has also completed arrangements for the requirements of power and water for the Factory and its residential colony and the Directors are confident that the arrangements made are sufficient to meet present requirements of the Company.

A site office and godowns to facilitate the construction work have been built. The lay-out of the main factory buildings in accordance with the plans prepared by the Company's architects has also been taken in hand. Necessary technical staff required for the construction and operation has been engaged and posted at the factory site. The current year is witnessing the construction of the main factory buildings and good progress is being maintained.

The Company negotiated with M/s. Abbey Etna Machine Co., Perrysburg, Ohio, U.S.A. for technical and financial collaboration. The President of the said company together with his team of experts visited India in March 1963 to assess the feasibility of establishing the factory and to finalise the Collaboration Agreement.

The Company obtained clearance from the Capital Goods Committee of the Government of India for the import of *capital equipment* valued at Rs. 141 lakhs c.i.f. The necessary import licence for the import of this equipment has since been obtained. The order for the supply of complete plant, equipped with the world's latest manufacturing process of *Electric Resistance Weld* with *High Radio Frequency*, has been placed with M/s. Abbey Etna Machine Co., Perrysburg, Ohio, U.S.A. It is expected that the first lot of capital equipment would be received in time to enable the Company to have trial production in this very year.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	13,48,975	Gross block	4,85,907
Calls in advance	7,250	—Depreciation	16,300
Other liabilities	98,681		
		Net block	4,69,607
		Current assets, loans and advances	4,95,252
		Expenses pending capitalisation	4,55,648
		Miscellaneous expenditure	32,750
		P.L. a/c deficit	1,649
	Rs. 14,54,906		Rs. 14,54,906

* Paid-up capital consists of 15,500 equity shares of Rs. 10 each fully paid up; 1,93,090 equity shares of Rs. 10 each—Rs. 5 per share paid up and 91,410 equity shares of Rs. 10 each—Rs. 2.50 per share paid up.

Thakurdass Sureka Iron Foundry Ltd.

(*Managing Director*: Mr. Ratanlall Sureka, Salkia, Howrah.)

Fifteenth Annual General Meeting—Held on 29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of finished goods and raw materials	4,04,24	2,98,76
Closing stock of finished goods and raw materials	58,14	50,10
Gross profit	17,60	8,51
Transfer to depreciation	1,63	1,42
,, ,, development rebate reserve	23	8
,, ,, provision for taxation	9,50	3,70
Net profit	6,24	3,31
Income-tax refunds	2	15
Balance brought forward	9	3
Appropriations:		
Transfer to general reserve	3,50	1,25
Proposed dividends (taxable) preference	17	17
,, ,, ,, equity	2,64	1,98
	(12½)	(9%)
Carry forward	4	9

Extracts from the Directors' report: *Production and sales*: The Company's production and sales reached new high levels in 1963. These were made possible by the integrated expansion, overall planning for production and careful adjustments in all spheres and directions. There was an all-round improvement in production operations. Taken together the total production reached a height of 81,000 tonnes as against that of 64,000 tonnes during 1962, marking an increase of approximately 17,000 tonnes or 26 per cent.

50 Years of Service: The year 1963 is significant in the history of the Company. It marks a period of half a century of services with aspirations and efforts, through hopes and frustrations, in troubles and turmoils, and finally, with profits and gains for progress and prosperity. To mark this golden jubilee the Company has launched another big project—Foundry unit No. 3 at Lohata (near Varanasi). It is again significant to point out that the activities of the Company spreads to another state—Uttar Pradesh.

Apart from other profitable considerations, creation of this additional capacity gives scope for larger production since the rated capacity of the existing two units has been reached.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	24,15,800	Gross block	22,85,407
Reserves and surplus	11,66,287	—Depreciation	9,04,048
Other liabilities	1,23,15,551		
		Net block	13,81,359
		Block-in-progress	97,631
		Current assets	1,36,45,696
		Investments	1,08,066
		Cash	9,84,881
	Rs. 1,58,97,638		Rs. 1,58,97,638

* Paid-up capital consists of 2,158—6 per cent. tax-free cumulative preference shares of Rs. 100 each and 2,20,000 equity shares of Rs. 10 each.

The annual installed newsprint capacity of the State-owned National Newsprint and Paper Mills is expected to be raised from 30,000 tons to 75,000 tons. The Government of Madhya Pradesh has sanctioned about Rs. 9 crores for carrying out the proposed expansion. With a view to improving the quality of paper, experiments are in progress for a new method of treating wood-pulp.

NEWS IN BRIEF

THERE has been a phenomenal increase in the number of advisory bodies to the Government of India since Independence. In 1947, there was only about a dozen of them whereas today their number is as large as 528.

India exported bicycles worth Rs. 51 lakhs during the financial year 1963-64, as against Rs. 10 lakhs in the preceding year. The export of bicycles constitute a third of the value of total exports of transport equipments. More than 40 countries imported Indian bicycles.

The Emergency Risks (Good) Insurance Scheme and the Emergency Risks (Factories) Insurance Scheme have been so modified as to provide for the automatic extension, by a further period of three months with effect from 1st July 1964, of the policies already issued under these two schemes. No premiums will be charged on these policies and no fresh applications will also be necessary for the renewal thereof.

The provisions of the Major Port Trusts Act, 1963, have been made applicable to the port of Mormugao with effect from the 1st inst. The first Board of Trustees under Section 4 of the Act has also been constituted. The Chairman of the Board of Trustees is Mr. L. M. Nadkarni. Besides the representatives of the various Central Government departments and the Union territory of Goa, Daman and Diu, there are also representatives connected with shipping, commercial and local interests on the Board.

The Union Government has appointed a Central Committee for Jute Development in the place of the Central Supervisory Body for Jute. The Committee will scrutinise the development programmes formulated by State Governments for jute and allied fibres, review progress of jute development and recommend measures to accelerate the tempo of development programmes. It will also suggest special schemes for improving quality of jute and other allied fibres, determining prices of jute and recommend steps to stabilise them.

The package plan district of Tanjore in Madras State may have its own seed production plant, if the scheme now before the Government of Madras, is sanctioned. The Ford Foundation has agreed to make an outright gift of the plant. The plant which is expected to be located at Tiruvarur, will turn out 30,000 mds. of seed per year. The Foundation has also agreed to set up seed production plants in the remaining 13 districts presently under the package programme of intensive cultivation in India.

Under an agreement signed at New Delhi on Monday this week between the Governments of India and Russia, the latter will provide financial and technical assistance for the sixth blast furnace complex at the Bhilai Steel Works. The furnace, which will have a capacity of 1,719 cubic metres, will manufacture foundry iron. The Soviet Union has also agreed to supply main equipment, besides assisting in the actual establishment of the furnace and coke battery. The foreign exchange component and technical assistance will be covered by the Indo-Soviet credit pact of February 1964.

The Governments of India and Japan have agreed to launch a joint programme to promote tourism in the two countries. The Union Minister for Transport has already held preliminary discussions with his counterpart in Japan. There is a plan to offer incentives to American tourists visiting Japan to induce them also to visit Thailand, Hong Kong and India. Similarly, European tourists visiting India will be induced, through proper incentives, to visit Japan and other Asian countries. The two coutries will also launch joint publicity campaigns in foreign countries to attract tourists.

The International Development Association has granted a loan equivalent to $33 million to India for the improvement of the telephone network. The credit will enable India to equip its telephone system to serve about 75 per cent more subscribers. Thus, the number of telephones will be increased from 460,000 to 810,000 and about 5,900 kilometres of coaxial cables will be added to the 470 km. that existed in 1961. The credit is for a 50-year period and carries no interest but a ¾ per cent service commission will be charged on unpaid amounts to cover administrative costs. Repayments of the principal will begin on 15th January 1975.

Anti-T.B. drugs for domiciliary treatment of patients are to be supplied free of charge to T.B. clinics throughout the country, set up with Central assistance under the second and third Five-year Plans. A provision of Rs. 25 lakhs was made for this purpose in the financial year 1963-64. A further amount of Rs. 50 lakhs is expected to be provided for 1964-65 and a like amount for 1965-66. T.B. clinics started outside the Plan provision are to be covered by another scheme under which the Union Health Ministry is expected to allocate Rs. 20 lakhs in each of the financial years 1964-65 and 1965-66 for a cost-free supply of drugs.

As many as 814 collieries were reported to have been working during the month of March 1964 with an average daily employment of 426,518 workers, the corresponding figures for the previous month being 808 and 437,010 (revised), respectively. Output of coal per man-shift was estimated at 1.35 tonnes for miners and loaders, .72 tonne for all workers below-ground and in opencast workings and at .52 tonne for all persons employed including above-ground workers as compared with 1.33, .71 and .51, respectively, for February 1964. The percentage of absenteeism was of the order of 13.11, as against 13.01. The overall cash earnings of the workers per week for the whole country was Rs. 26.73, the corresponding figures for Jharia and Raniganj fields being Rs. 26.35 and Rs. 26.90, respectively. The number of hours worked in a week in the whole country, Jharia and Raniganj fields are 48, 47 and 48, respectively, as against 48, 48 and 48 in the preceding month.

The Union Ministry of Steel and Mines is expected to place orders with two or three Indian technical consultant firms to carry out feasibility studies in a dozen selected areas for establishing blast furnaces to produce pig-iron, as part of a major programme drawn up by the Government to expand the production of pig-iron and steel in the fourth Plan period. The areas selected are in Maharashtra, Andhra Pradesh and the coal and steel belt of Eastern India. The proposed blast furnaces will, of course, be in the public sector, but the Government has also given licences to four private parties to set up similar furnaces with an aggregate capacity of nearly one million tons. One of the parties is believed to be the House of Birlas which has been given a licence for 300,000 tons and the remaining three parties being the iron-ore exporting firms of Goa.

With the arrival of new electronic data processing machines from the U.S. (the IBM 1401 system) at its headquarters in Baranagar, the Indian Statistical Institute now has one of the largest installations of electronic calculating machines in this country. As the total volume of survey and scientific data dealt with by the Institute has grown considerably during recent years, the IBM 1401 EDPM—with its modern transistorised high-speed system has been acquired to cope with the problem. The new machine is now being installed in the Research and Training School of the Indian Statistical Institute. The IBM 1401 EDPM will be used by the Institute for computer oriented training and research, processing of large-scale survey data, analysis of scientific experimental data, promoting operational research and other management techniques for increasing productivity by industries in private and public sectors, and also for economic studies relating to planning for national development.

* * * *

From Abroad

The number of unemployed in the U.S. jumped up by over one million to almost 4.7 million in the month of June 1964, owing to a large influx of students seeking summer work into the labour market. As a result, the seasonally adjusted unemployment rate rose by 2/5 per cent to 5.3 per cent.

Twenty-four out of 100 West Germans will "take another vacation—go travelling" if given a bonus of an extra month's pay (tax-free), according to a survey conducted by the EMNID Public-opinion-Polling Institute. About 20 out of every 100 persons will save the money, 13 will buy household appliances and 7 clothing.

The International Road Machine and Road Material Exhibition, organised by the Nordic Road Technical Association, will be held at Goteborg, in Sweden, from 11th to 18th June 1965. The prospective participants should apply before 1st February 1965 to The Secretary, "Vag 65," Kungsportsavenyn 2, Goteborg C, Sweden.

The U.S. House of Representatives has passed a $3,300-million Foreign Aid Appropriation Bill for the current fiscal year (July 1964-June 1965). The Appropriation voted by the House is, however, $200 million less than what had been sought by the President. The Bill has still to be finally voted in the Senate where it is currently being considered by the Foreign Relations Committee.

The total world production of rice (excluding Mainland China) touched a record of 159 million tons in 1963-64, as against the 153 million tons touched in the previous year, according to the Commonwealth Economic Committee. The rise is accounted for by Pakistan, Thailand, South Korea, Egypt and the U.S. There was, however, a slight decline in production in Japan, Indonesia and Brazil.

Insurance companies in Sweden are expected to raise their premium rates for motor vehicles from October next, following a heavy loss of well over Kr. 100 million suffered last year, due to an increase in the number of claims, higher cost per claim and rise in wages for staff. The actual increase will be 30 per cent in respect of compulsory third party liability and 20 per cent for motor vehicle insurance; it will be in addition to increases already effected but not fully operative.

The Government of the Republic of Mali has been authorised to draw from the International Monetary Fund a total amount equivalent to $9.9 million over the next twelve months. The arrangement is intended to support a comprehensive stabilisation programme which is being introduced by the Mali authorities. The Republic of Mali became a member of the Fund in September 1963, with a quota of $13 million. Up to now, it has not used the Fund's resources.

Japan's first major nuclear power station at Tokai Mura (150 MW plant), now being built for the Japan Atomic Power Company by the British General Electric Company of Japan, is in the last stages of construction work. The first nuclear chain reaction is expected before the end of the year. Fuel will be supplied by Britain under a £10-million contract to run initially for ten years. It consists of hollow rods of natural uranium metal sheathed in an alloy of magnesium.

Courtaulds of Britain will export to Soviet Russia viscose rayon, staple filament and tyre cord worth £6 million during the year 1965 under a contract signed between the Company and the Government of Russia. The contract represents only the first part of the Company's 1965 export programme. The second part is expected to be negotiated some time in October next. Courtaulds has sold in the past a number of fibre-making plants to the Soviet Union and other communist countries.

The Government of Pakistan has abolished the minimum export prices for jute during the 1964-65 season. An export prices check will, however, remain in operation, and the Government will watch the situation closely and, if necessary, it will not hesitate to reintroduce the minimum prices again. The quota system of exports will be maintained, linked to phase purchases in the internal market by shippers. The export price differential of Rs. 2 a ton in favour of the small shipper will be abolished. The Government has decided to set up a Committee in the Ministry of Commerce to make recommendations for the establishment of a jute price stabilisation fund.

The International Monetary Fund has approved a stand-by arrangement with the Government of Ecuador authorising drawings from the Fund of a total amount equivalent to $13 million over the next twelve months. The arrangement will provide continued support for the Government of Ecuador's financial programme, which is designed to consolidate internal and external stability and, at the same time, permit an acceleration in the pace of public investments. The new arrangement is the fourth successive arrangement which the Government of Ecuador has maintained with the Fund. It replaces a similar arrangement covering $6 million which expired unused on 30th June 1964. Ecuador's current outstanding drawings on the Fund amount to $2 million.

A decree issued by the Government of Spain—after many months of complaints from Spanish farmers and the steel industry—allows the simultaneous levy on goods dumped as well as countervailing duties on foreign subsidised exports to Spain. The decree follows the general lines of the G.A.T.T. agreement and defines dumping as imports "below normal value" in the country of origin while countervailing duties may be applied on products obtaining cash subsidies abroad, transport subsidies, unusually favourable production and export credits and special foreign exchange rates. However, no anti-dumping or countervailing levies will be applied unless dumping has a threatening effect on home industry or hinders the establishment of new industries. The Ministry of Commerce is to set up a special commission to handle each case individually.

The World Bank has granted a loan equivalent to $30 million to the Pakistan Industrial Credit and Investment Corporation Limited for providing medium and long-term finance for private industry. This is the Bank's fifth loan to the Corporation. It will provide the Corporation with about half the foreign exchange it will require until the end of 1965 for loans to new or expanding industries. The Bank loan does not have a fixed schedule for repayment or a fixed interest charge. Each part of the loan committed for a particular project will be repaid in semi-annual instalments according to a schedule determined at the time of the commitment. Interest will be applied to each portion of the loan at the Bank's rate prevailing when that portion is committed for one of the Corporation's projects. The loan is guaranteed by the Government of Pakistan.

PERSONAL

MR. Thomas E. Naughten of Washington has been appointed Deputy Director of the U.S. Agency for International Development in India.

Dr. D. R. Gadgil, Chairman, Maharashtra State Co-operative Bank Ltd., has been elected the first Chairman of the All-India State Co-operative Banks' Federation.

Mr. M. P. Pai, I.C.S., formerly Chief Secretary to the Government of Andhra Pradesh, assumed the Chairmanship of the Tariff Commission on the 1st inst.

Mr. K. M. Nanjappa, first Principal of the Staff Training College of the State Bank of India at Hyderabad, has taken over charge as General Manager of the Indian Overseas Bank Ltd.

Mr. T. T. Krishnamachari, Union Finance Minister, and Mrs. Indira Gandhi, Minister for Information and Broadcasting, left for London on Monday this week to attend the Commonwealth Prime Ministers' Conference.

Dr. B. K. Madan, until recently the Executive Director of the Reserve Bank of India, assumed charge as the Deputy Governor of the Bank on 1st July 1964. He has also been appointed Vice-Chairman of the Industrial Development Bank of India. Mr. P. C. Bhattacharyya, Governor of the Reserve Bank, is the Chairman of the Development Bank.

TREND OF MARKETS

TWO CASH LOANS

(From Our Own Correspondent)

BOMBAY, *8th July*

The notable event of the week insofar as the money market is concerned is the announcement of the second instalment of the Centre's borrowing programme for the current financial year. A further tranche of the following two loans has been offered:

4 per cent Loan 1970 at Rs. 99.00 per cent and repayable at par on 15th April 1970, and

4¾ per cent Loan 1989 at Rs. 100 per cent and repayable at par on 15th April 1989.

Subscriptions will be in the form of cash or cheque. They will be received from the 13th to 15th inst., but the subscription list may be closed earlier without notice as soon as the total subscriptions amount to Rs. 150 crores. The Government reserves the right to retain subscriptions upto ten per cent in excess of the notified amount.

The higher yield pattern of the new loans has been welcomed by market circles. The public response to the loans is expected to be quite good, the short-dated loan eliciting support from banks and the long-dated from institutional investors such as the L.I.C., Provident Fund and Trust. The announcement of the loan is well-timed. The money market is ruling distinctly easy. The market is flooded with funds, while the demand for credit is on a reduced scale. The inter-bank call rate (for both renewals and fresh money) is currently standing at as low as ½ per cent with lenders over, whereas, last week, it stood at 2½ per cent. The rate at Calcutta, too, has gone down in the past week from 1¾ per cent to ¾ per cent.

The distinctly easy trend of the money market is reflected in the sustained support elicited by the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 7th inst. The total amount offered was as large as that in the previous week, namely, Rs. 4.50 crores, as against Rs. 2 crores invited (and also accepted). The average rate of accepted tenders was lower at Rs. 2.500 per cent per annum, as against Rs. 2.995 per cent a week before. The Intermediate Treasury Bills also met with renewed support, though the amount of Bills actually sold from the 1st to 4th inst. was slightly lower at Rs. 6.70 crores, as against Rs. 7.60 crores a week before and Rs. 13.32 crores two weeks before.

In the context of the persistently comfortable money conditions, it is somewhat surprising that notes in circulation went up by Rs. 17.42 crores to Rs. 2,501.54 crores during the week ended 3rd July. There was practically no change in foreign exchange reserves which stood at Rs. 96.52 crores (as against Rs. 96.61 crores), balances held abroad accounting for Rs. 7.06 crores and foreign securities held in the Issue Department of the Reserve Bank for Rs. 89.46 crores. Loans and advances to scheduled banks declined by Rs. 83.95 lakhs to Rs. 30.50 lakhs. Their deposits with the Reserve Bank also declined by Rs. 5.60 crores to Rs. 92.07 crores.

There was a further drop of Rs. 10.74 crores (to Rs. 1,774.64 crores) in the total credit made available by scheduled banks to their clients during the week ended 26th June. Since, at the same time, deposits rose by a further Rs. 27.10 crores, the borrowings from the Reserve Bank fell by Rs. 3.56 crores to Rs. 1.23 crore, of which the share of those against usance bills was Rs. 56.15 lakhs (a fall of Rs. 2.06 crores). Total cash rose by Rs. 11.22 crores to Rs. 160.09 crores and investments by Rs. 21.57 crores to Rs. 655.03 crores.

Activity in the Gilt-edged market was considerably restricted during the week under review. Business put through was limited and values of both Central and State loans were unchanged.

In the foreign exchange market, the banks' buying rate for U.S. dollars rose by a further 25 nP to Rs. 476.25 per $100, while their selling rate was unaltered at Rs. 479.00. In New York, the pound sterling eased again *vis-a-vis* the dollar, the spot rate declining by 0.060 cent to 279.130-279.160 cents and the three months' forward by 0.50 cent to 278.770-278.800 cents.

GOLD RISES, SILVER FALLS

(From Our Own Correspondent)

BOMBAY, *8th July*

A divergent trend was witnessed in the bullion market during the week under review. While gold ruled firm, silver moved down due to resistance from buyers. Improved demand and lower arrivals helped gold to rise. Silver, which had elicited good support from buyers last week, shed its gains on larger arrivals. Over the week, it closed a rupee lower.

Fourteen-carat gold began the week 25 nP lower at Rs. 68, but steadily moved up to close at Rs. 69. Sovereign was fully steady at Rs. 92. Primary gold, in unofficial trading, moved between Rs. 118 and Rs. 121.

Silver opened slightly lower at Rs. 247.50 and gradually receded to close at Rs. 246.50. The daily average arrivals of silver were around 18 bars, as against 22 bars last week, but offtake was only about 6 bars.

At the London market, the international price for gold was a shade down at $35.07½ per fine ounce. The sterling price was also marked lower by ½*d.* at 251*s.* 3½*d.* Both ready and forward silver moved up by ½*d.* and ¼*d.* to 111¾*d.* and 112*d.* respectively. However, there was no change in New York silver which stood at 129.3 cents.

The Central Government has decided to allow exports of existing stocks of jewellery and other gold articles of over 14-carat purity abroad for six more months, that is, up to the end of December 1964, subject to the discretion of the Collectors of Central Excise. The Government has also permitted every certified goldsmith to possess primary gold worth 100 grammes, including unfinished forms of ornaments.

The Government-owned Hutti Gold Mines has announced that the price of gold of fineness 990 and above to be supplied to permit holders for industrial use would be Rs. 115 per 10 grammes plus sales tax. It is for the three-month period July to September 1964.

The following table shows the trend of prices during the week under review:

	8-7-64 (closing)	High	Low	1-7-1964 (closing)
SILVER				
Ready (996 fine) ..	Rs. 246.50	Rs. 247.50	Rs. 246.50	Rs. 248.00
GOLD				
Ready (14-carat) ..	69.00	69.00	68.00	68.25
Sovereign	92.00	—	—	92.00*
London—				
Gold	251*s.* 3½*d.*	251*s.*3½*d.*	251*s.*2*d.*	251*s.*3½*d.*
Silver Ready ..	111¼*d.*	—	—	111¼*d.*
Silver Forward ..	112*d.*	—	—	111¾*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

COTTON FUTURES DECLINE

(From Our Own Correspondent)

BOMBAY, *8th July*

The sagging tendency of cotton futures noted towards the close of last week persisted during the first half of the week under review, thanks to reports of clear weather in the cotton growing regions where there had been heavy rains in the last few days, weaker spot advices and persistent bull liquidation following the announcement regarding the early imports (about 360,000 bales) of additional cotton from the U.S. under P.L. 480. Values, as a consequence, continued their downward march. The fall in prices would have been more pronounced but for large-scale buying of fresh arrivals by some parties with a view to preventing a further sharp drop in prices. The downward trend was, however, halted on Monday when, on account of hectic bear-covering, cotton futures staged a recovery. The recovery gathered momentum in the subsequent sessions. Even so, the closing rates today were below those prevailing on Wednesday last week.

The Jarilla August contract began the week at Rs. 737.75, as against the previous close of Rs. 739.00, and drifted downwards to touch a low of Rs. 734 on the 3rd inst. After recovering on the same day to Rs. 741.15, the contract closed today, after alternate spells of buying and selling, at Rs. 738.25. The net loss over the week was 75 paise.

The spot market at Sewri remained listless. The removal of compulsory survey on Digvijay "A" cotton, though it was welcomed, did not have any perceptible effect on the market, as the total of only 100,000 bales of this variety (and also Surti) was said to have been unsold. These bales were reported to be of inferior types. Stray mill buying was confined as usual to selected lots of L. 147, 197-3, Laxmi and Jayadhar. Although there was demand from needy mills, there was some reluctance on their part to renew buying, since a good crop was anticipated next season following reports of satisfactory rains all round. The prices quoted for some of the popular varieties are as follows:

Anjangaon L.147 Rs. 1,365; 100 Hubli Laxmi Rs. 1,180; 100 Jagadia Rs. 1,200; 39 Khamgaon 0,394 Rs. 1,075; Bijapur Jayadhar Rs. 960; Dhulia CO2 Uncer Rs. 1,134; and Hubli Jayadhar Rs. 1,085.

This week was notable for two major developments; (*a*) announcement regarding the import of U.S. cotton (360,000 bales worth Rs. 21 crores), the first shipment of which was expected in the current month, and (*b*) the recommendations made by the Cotton Textiles Consultative Board, at its meeting held in Bombay on the 7th inst., for enforcing scheme of price and production control on popular varieties of cloth and decontrol of other varieties.

In the export section, there was no renewal of interest by Japan in the Bengal *Deshi* variety and the trade had been expecting a reduction in export duty on cotton, following a 50 per cent reduction by Pakistan on its cotton exports. But this expectation did not materialise. The only destinations which were showing moderate interest in this section included the United Kingdom and the Continental countries. It was felt in trade circles that, in the absence of any official decision concerning export duty, exports of Bengal *Deshi* might suffer. In the import section, the renewal of the rupee agreement with Egypt for imports at about 70,000 to 80,000 bales attracted attention. Local interests were understood to have sent bids for about 30,000 to 35,000 bales to be settled at any rate, due to an acute shortage of long-staple cotton in the country. It was believed that prices would be around Rs. 400 higher than in the previous season, in view of encouraging demand for these growths in Egypt.

The Committee of the Indian Cotton Mills Federation has proposed that the Federation should play an active role in promoting the grow-more-cotton campaign. A sum of Rs. 5 lakhs per year has been sanctioned, to begin with. The Committee has appointed a five-man Standing Committee to work out details of the Federation's Cotton Extension Scheme drawn up by a sub-Committee.

The Government of India (Ministry of Food and Agriculture, Directorate of Economics and Statistics) has announced the All-India final estimates of cotton for the season 1963-64. The area and production of cotton are put at 19.57 million acres and 5.49 million bales (of 392 lbs. each), respectively. As compared with the partially revised estimates of 19.38 million acres and 5.37 million bales for 1962-63, the estimates for 1963-64 show an increase of 184,000 acres, or 0.9 per cent in area and 119,000 bales, or 2.2 per cent in production. The current year's production of cotton is the highest on record.

PEPPER ADVANCES

(Messrs. Parekh and Co.)

BOMBAY, *8th July*

Malabar black pepper, which was otherwise languishing except for a period when there were purchases on account of East European countries, got inspiration during the week from the recent announcement by the Indonesian Government of the increase in the check price for Lampong A.S.T.A. quality at $0.38½ and for F.A.Q. quality at 28½*d.* As a consequence, ungarbled on the Coast rallied from Rs. 334 to Rs. 345 and garbled from Rs. 343 to Rs. 355. July delivery moved forward from Rs. 358 to Rs. 374 and August from Rs. 364 to Rs. 380. On the Bombay ring, *Shrawan* delivery improved to Rs. 383 from Rs. 362 and *Bhadrapad* to Rs. 388 from Rs. 369. The news from Indonesia acted as a short in the arm to grinders and traders who were haggling to buy even at the parity of $0.28. It is likely to act as a catalyst for the long awaited improvement in the tone of the market all over the world. The announcement regarding Lampong, seems to have been well advised and is so timely synchronised, when grinders' demand should generally start expanding. Autumn demand in the U.S.A. generally picks up after Independence day.

Despite the foregoing, it is very difficult to prognosticate the future trend of the market, as, owing to prolonged holidays in New York on account of Independence Day, no news as to its actual reaction on the market is available. It is, however, generally believed in the market that New York market will rally, as most of the pent-up demand is likely to come up as New York grinders and traders, as a rule, buy only on a rising market. They never buy in a declining one. When Indonesian exporters were pressing to sell at prices ranging from $0.28½ to $0.30 from June through August, there were no takers as the market was declining. As a result, there is every likelihood of small arrivals during July through August unless New York starts buying at the new price, as no sizable business is reported for June-July and July-August shipment with Indonesia except for speculative short sales. It is within the bounds of possibility that there will be shortage of spot material in New York, particularly when autumn demand is in the offing. The monthly average consumption during autumn in normal course exceeds 1,500 tons.

At the time of writing, however, spot in New York improved to $0.36, with trade awaiting development. Djakarta is reported to have been totally withdrawn as sellers. Only Singapore is reported offering small lots $0.36 for testing New York.

Singapore has improved for black from $M110 to $M115. London as far as Sarawak is concerned is nominally unchanged, but few sellers.

The future of pepper appears rosy for the coming couple of months, as the ready stock in New York is in strong hands. Left to themselves, they are likely to push up prices in expectation of good autumn demand and in view of the fact that replacing parity from India and Indonesia is comparatively higher.

Indonesia's pepper generally takes two months to arrive at New York. As such New York will have to look to India for its immediate requirements when necessary. The world's markets are caught by surprise by the action of the Indonesian Government. As bear positions all over the important markets are already created during the declining period, there are chances of development of short-covering by bears which will in all instances accelerate the world market sooner than expected.

WHOLE LEAF TEA STRONG

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *2nd July*

A smaller quantity amounting to only 579,000 kgs. was offered in tea sale No. 26 held here on 30th June 1964. Nilgiri quality was often improved and from other districts it was maintained. There was good demand, but prices were irregular, particularly for the plainer kinds while competition for whole leaf grades was a strong feature. A limited selection of best liquoring Nilgiris was available and these came to a firm market, but the lesser kinds were dearer where quality was improved. Good medium brokens generally ruled firm as did their fannings, unless containing fibre. Medium brokens were irregular but generally about steady, although a few invoices were occasionally easier. There was less enquiry for their fannings when fibre was noticeable. Low medium brokens were irregular and sometimes tended lower, but their fannings encountered better support and were often a few paise dearer. Black leaf teas were sold well at around last rates whereas plainest descriptions were about steady. Whole leaf grades were a strong feature, particularly orange pekoes which were often very much dearer. Teas of unorthodox manufacture were barely steady.

The quotations (per kg.) were:—

	1964 Rs.	1963 Rs.
Low mediums	4.10-4.40	4.00-4.25
Mediums	4.30-4.60	4.25-4.45
Good mediums	4.60-5.10	4.45-5.20
Nilgiri B.O.P.	4.40-6.50	4.50-6.00

The average price realised in sale No. 26 was Rs. 4.35 per kilo, as against Rs. 4.31 a week ago and Rs. 4.24 in the corresponding sale last year.

In dust sale No. 26 held today, 312,000 kgs. came under the hammer. There was good general demand, Highgrowns came to a dearer market

where quality was improved. Good mediums were sold well, but mediums and low mediums were barely steady on last rates. Unorthodox descriptions were usually firm, but sometimes easier.

The average price realised in dust sale was Rs. 4.31 per kilo, as against Rs. 4.35 a week ago and Rs. 3.99 in the corresponding sale last year.

Colombo: In the sale this week just under 7½ million lbs. were offered and met with a good demand with best dimbulas and improved uvas dearer, but other highgrown brokens were firm. Best medium brokens eased 5 to 10 cents, but other medium descriptions and uvas were firm. Liquoring fannings were irregular and generally slightly lower whilst lowgrown types were steady.

London: North Indian and other growths: In Monday's auction, offerings mainly consisted of Africans which evoked good demand at fully firm prices.

Ceylon and South Indians: In Tuesday's sale, there was fairly good demand at irregular rates with plainest sorts easier.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale No.* 27: 8,045,000 offered. Good general demand. Poorer low mediums and mediums 15 to 20 nP easier. Others slightly easier. Good mediums and highgrowns fully firm. Unorthodox tending easier. Whole leaf strongest feature."

MARGIN CURBS ON BANK ADVANCES AGAINST OILSEEDS

(From Our Own Correspondent)

BOMBAY, *8th July*

More than price movements and trends, interest in the oilseeds market was centred on the plea made by the Oilseeds Exchange and the Indian Oil and Produce Exporters' Association for an immediate ban on exports of edible oils and expeditious import of soyabean oil from the U.S. as a measure of checking the rise in prices. No one disputes the need to check the present trend of rising prices and everyone would welcome the import of soyabean oil, especially if the same could be got under P.L. 480; perhaps the U.S. is in a position to supply India as much oil as it wants, in view of a bumper soyabean harvest there. But the question is whether it is prudent to stop exports of oil completely and lose hold on our traditional markets, particularly at a time when rivals are trying to dislodge India from the position it has built for itself after years of strenuous efforts. One wonders if there are no other means by which a downward trend in prices could be effected.

Knowledgeable sources in the market assert that no useful purpose will be served by throwing away our overseas markets. Prices can be brought down, they point out, if the present incentives on exports are either done away with or suspended for some time. It is common knowledge that, with the facilities to import copra, palm oil and machinery against exports of oil and the enormous profit that can be made from these transactions, one would be ready and willing to pay any price for groundnut and other oils. These sources also say that the withdrawal of incentives will in no way affect exports of oil. Demand for oil from the U.K. and Continental markets is yet unfulfilled. They, therefore, argue that it would be good if incentives were withdrawn and the oils allowed to sell in world markets on their own merits.

While the market is awaiting the decision of the Union Government in this regard, the suggestion induced a nervous tendency in the market and prices, which were quoted at or a little below the ceilings, tended to sag. Marginal bulls liquidated their positions, with the result that castor futures which had shot up to Rs. 181.50 on Thursday eased to the week's low of Rs. 179.75 and closed at Rs. 180.25 on Wednesday. The Reserve Bank's directive that scheduled banks should impose margin restrictions on advances against the security of vegetable oils (including *vanaspati*) and raise the present margins on bank advances against other oilseeds also affected sentiment on Wednesday evening.

However, price movements in castor during the week were narrow indicating little interest on the part of operators. With the ceiling at its present level, there is unlikely to be any wide price movements, as no sensible operator would like to build up any short position worth the name.

The spot market was initially firm but reacted later in sympathy with futures. Sellers were eager to get rid of their stocks, but buyers were not ready to respond. Prices, as a consequence, generally shaded, with Madras Small at Rs. 36.12, Kanpur Bold at Rs. 35.12. Oil commercial ready and B.S.S. were very weak at Rs. 14.70 and Rs. 15.25, respectively.

Groundnuts were active in the beginning, but the volume of business here, too, tended to sag, as traders preferred to await the outcome of the plea for a ban on exports of oil before entering into fresh commitments. Prices eased with the decline in activity. Madras and Kanpur were quoted at Rs. 64 and Rs. 61.75, respectively. It is doubtful whether groundnuts can hold their levels if the Government imposes a ban on exports of oil.

Cottonseeds were extremely dull, as they have been for the past many days. At the time of writing, the September contract was quoted at Rs. 104. There were no transactions in the July contract today. Even on other days, turnover was negligible. The same was more or less true of linseeds and, with the contract hovering around the ceiling of Rs. 44.62, it was no wonder that the volume of trading was very small. In the maturing cottonseed July contract, tenders for 50 tonnes were issued. The market was dull and tenders had by no means been good.

The following table shows the closing prices of oilseeds and oils as on 8th July as compared with those of the two previous weeks.

	8-7-1964	1-7-1964	24-6-1964
	Rs.	Rs.	Rs.
Groundnuts			
Nizam bold	63 25	63 25	61 25
Khandesh quality	64 50	64 50	62 00
Oil ex-mill	25 25	25 25	24 25
Oil Rly. Receipt	24.50	24.80	23.80
Castorseed			
September 1964 contract	180 25	181 50	179.75
Ready Madras	36 12	36 75	35 12
Ready Kanpur	35 12	35 62	34.12
Oil B.S.S.	15 25	15 80	14.75
Oil commercial	14.70	15.30	14.15
Linseed			
September 1964 contract	44 62	44 75	44.62
Bold ready	47 75	47 50	46.25
Linseed oil	19.65	19.40	19.10
Cottonseed			
September 1964 contract	104.00	103.00	103.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

ART SILK YARNS EASY

(From Our Own Correspondent)

BOMBAY, *8th July*

Distinctly easy conditions prevailed in the yarn market during the week under review. The easiness of art silk yarns was due to improved supply position and poor offtake by mills. Cotton yarns encountered some selling and tended to look down. Staple fibre yarns were neglected. It was reported that the 19-day old power cut in South India had been lifted. But this report had no effect in the market.

Among art silk yarns, National Rayon 150D lots 6 nP to Rs. 11.18. 120D fell by 17 nP to Rs. 11.97. South India Viscose 150D dropped 26 nP to Rs. 14.17. Bright Century 75D receded by 35 nP to Rs. 18.70.

In the staple fibre yarn (2 x 34) season, Century was dull at Rs. 9.64. Kohinoor lost 18 nP to Rs. 9.90. However, City put on 22 nP to Rs. 9.42 on special support.

Cotton yarn 12s Modern was neglected at Rs. 24. 22s Madura fell by Re. 1.50 to Rs. 31.50. 68 Mahindras eased by a like amount to Rs. 90.

The plea of traders for the resumption of forward trading in staple fibre yarn was renewed by Mr. Kantilal Nahalchand, President of the Bombay Yarn Merchants Association, in his speech at its annual general meeting held recently. He said that the production of staple fibre yarn, which was 20,000 bales per month last year, had increased to 30,000 bales this year and production of raw staple fibre was also likely to increase from 90 tons per day of last year to 130 tons this year. On account of the ban on forward trading of staple fibre yarn and the blanket ban on the import of rayon yarn for the last five years, he added, many had been rendered unemployed and the trade in the market had dwindled to a considerable extent. He, therefore, urged the Central Government to lift the ban on forward trading without much delay.

SUSTAINED DEMAND FOR TEAS

(From Our Own Correspondent)

CALCUTTA, *7th July*

Good demand featured yesterday's export sales as well as the internal auctions last week. So far, the price trend has been below expectations, and is below last year's levels. The general belief that there would be more tea offering in world markets as compared with that in the last year has been strengthened by the estimate of the U. S. Department of Agriculture that world tea production this year would total 2,326 million lbs. representing a rise of 2 per cent as compared to that in 1963. This expectation rules out any possibility of prices rising at any rate above last year's levels, unless a significant spread of the tea drinking habit all the world over takes place. This prospect is difficult of materialisation as in the more advanced countries tea is being considered as the poor man's drink; the younger generation has been reported as preferring more stimulating and exciting drinks! U. S. imports of tea in 1963 fell to 126 million lbs. from 130 million lbs. in 1962. This points to a need for promotion campaigns in favour of tea in the United States. An encouraging sign of U. S. consumers' interest in tea is indicated in the huge order for tea strainers which India has received following India's participation in the World Fair recently held in New York, a reference to which was made by Mr. Manubhai Shah, the Union Commerce Minister. U. K. imports of tea in 1963 were 563 million lbs. as against 6 million lbs. in 1962 which shows that the British consumption has been just maintained.

An encouraging news this week has been the announcement by the Japanese Government of its decision to raise the import quota for black tea by the equivalent of 50 per cent of the annual increase in the domestic demand, to enable developing countries to increase their exports of primary products. This decision reverses the restrictive policy hitherto pursued by Japan in regard to black tea imports in order to accord protection to domestic growers.

In the internal auction held here in the last week, dusts on offer aggregated 8,011 chests. The early first flush Assam C.T.C. teas and plainest orthodox teas were easier, but the remainder of offerings met with a strong general demand. The best Assam C.T.C. teas were a strong feature, and prices recorded a liberal addition. No quotations were issued in view of the limited quantity on offer of representative teas. Offerings during yesterday's export sale aggregated 35,598 chests, which met with a fair demand. The quotations per kilogram (in rupees) inclusive of excise duty were: best Assam C.T.C. fannings Rs. 7.20 to 8.20; medium Assam C.T.C. B.P. 5.50 to 6.50: best Assam C.T.C. B.P. 7.20 to 8.20: medium Assam C.T.C. fannings 5.60 to 6.50; clean plain pekoe 5.20 to 5.40; plain fannings 4.30 to 4.40; and plain B.P. 4.40 to 4.60. Whole leaf grades were sold well, and the few tippy teas on offer met with better support than that last week. Keen competition was offered to the attractive flavoury Darjeelings, with prices recording higher levels. Other Darjeelings were steady and buyers followed quality. Plain orthodox teas gave to an easier trend, while "teas for price" were unchanged at around last levels. Doars and Assam orthodox varieties were quiet. In C.T.C. teas, the few selected brightest liquorings met with increased support, but others were irregular.

JUTE GOODS BETTER

(From Our Own Correspondent)

CALCUTTA, *7th July*

Increased support explained the slightly steadier conditions that were in evidence in jute goods during the week under review. Reports of heavy rains and the subsequent inundation, coupled with the expectation of the issuance of a purchase quota for the current month, lent a hardening tendency to new crop raw jute prices. It is expected that the new crop would arrive earlier than usual and, against the background of this expectation, the remainder of the crop still available in the market, about 420,000 bales of low-grade fibre, would be difficult to be disposed of. These would have to be channelled to other uses, that is, in the making of twines and ropes. The compulsory purchase quota issued by the Jute Commissioner for the period ended 27th June 1964 was 190,000 bales, and with this, mills have purchased 6.93 million bales from the last crop, estimated at 7½ million bales. In addition, the Jute Buffer Stock Association has lifted 150,000 bales. In view of the proximity of the new crop, jute dealers have been anxious for clearance sales to enable them to have adequate cash for new crop business.

The abolition of the minimum export prices for raw jute in Pakistan was announced earlier in the week. This has been done to step up fibre exports. The Pakistan Government has stated that this change in the jute policy for the 1964-65 season does not mean the abolition of control over export, as it is stated that the minimum export price would be reintroduced, if circumstances warranted the same. The Government would continue to maintain a check on export prices, and the quota system together with phased purchases for export as well as internal consumption will also continue. No export quota is fixed at this stage in view of the lack of a correct estimate of the new crop. The new Pakistani policy has fixed the internal minimum prices of loose jute, based on the lowest or bottom grades as follows: the *jats* Rs. 23 a maund, the districts Rs. 22 a maund, and the northern Rs. 20 a maund. The new policy is aimed at stepping up exports, as, in the last season, export offtake declined.

For reasons already explained, prices of the new crop rose as follows: Assam bottoms from Rs. 30.50 to Rs. 31.50 a maund and northern bottoms from Rs. 29.50 to Rs. 31.00, daisee bottoms being unchanged at Rs. 33.00. The new crop is expected to start arriving in liberal quantities by the end of this month, and although the proportion of the quality grades, it is believed, would be greater, the crop, is not expected to be larger than last year's. Pakistan expects a smaller crop this year, thanks to the difficult marketing conditions evidenced in the last season. In view of the abundance of the last crop, overseas buyers of Pakistani fibre were favourably placed. Further, India also began exporting fibre. Now that Pakistan has abolished the minimum export prices, Indian fibre would be subjected to stiffer competition from Pakistan in overseas markets. However, since, the Pakistani crop would be lower than last year's, that country may expect to realise higher prices, which in turn would be to India's advantage.

While there is satisfaction among the trade that in recent weeks India was able to do good business in heavy goods with Burma, Tanganyika and Chile, it was noted that an entire order for 70,000 bales of heavy cees from Cuba was annexed by Pakistan. There is evidence that Pakistan has started exporting hessian to Argentina, which is a substantial buyer of Indian hessian.

During the week, Government tenders for B. twills were again a feature and, on Wednesday last, short-covering raised ready B. twills from Rs. 115.60 to Rs. 116.00. In sympathy, ready hessian 40" 10 oz. hardened from Rs. 44.25 to Rs. 44.45. On Thursday, business in B. twills was done with Government involving a quantity of 4,600 bales against July-August delivery. As a result, B. twills were steadier at Rs. 116.40 and hessian 40" 10 oz. at Rs. 44.60. With prices at Rs. 116.20 and Rs. 44.60, conditions were unchanged on Friday, but over the week-end prices further rose to Rs. 116.40 and Rs. 44.65 respectively. Conditions in jute goods yesterday became steadier following a Government tender for 13,000 bales of B. twills for July-August delivery. As a result, B. twills rose to Rs. 117.00 and in sympathy, hessian 40" 10 oz. went up to Rs. 44.75.

COPPER SCRAP QUIET

(From Our Own Correspondent)

CALCUTTA, *7th July*

Tin, zinc and lead were steadily maintained at earlier levels during the week under review, while, copper scrap ruled quiet, in view of a further improvement in the supply position of the virgin metal. Advices from the London Metal Exchange were steady. Spot copper wire bars hardened from £291 a ton to £300 and closed at £298, and the three-months' metal from £278 to £287. Spot cathodes closed at £298 showing a net gain of £14, but spot fire-refined metal closed £1 lower on balance at £277. Utensil copper scrap in Calcutta was quiet at Rs. 660 per 100 kgs. It is noted that in recent weeks London quotations have moved irregularly, and the earlier anticipation that the price would move down to a more reasonable level is far from being realised. World output has been increased, but if in spite of this the price had not moved down, this has been because of the belief that world consumption of copper, despite competition from aluminium, has also increased.

Spot tin in London opened at £1,225 a ton and, after rising to £1,235, closed at £1,225. The three-months' position closed £13 higher on balance at £1,187. The rising trend can be arrested only if the U.S. would increase the quantity of releases, now fixed at 5,000 tons a quarter. Until recently, it had been believed that the gap between production and consumption was about 20,000 tons a year, and it was based on these estimates the General Services Administration of the U.S.A. decided that releases throughout the year should not total more than 20,000 tons. The continued rise in the price has led to the belief that the gap between output and consumption is now more than 20,000 tons, say about 30,000 tons. The U.S.A. has, therefore, been urged to take the revised estimate into consideration and increase the release quota. In Calcutta, tin price was steady but unchanged at Rs. 2,900 per 100 kgs.

Spot zinc on the L.M.E. gained from £136½ to £140 a ton, with the three-months' quotation rising from £123½ to £127½. It was reported that with the increased offerings of Russian zinc, its price would move down. In Calcutta, the price hardened to Rs. 324 since demand widened following the improvement in the supply position of copper. Virgin lead was steady here at Rs. 290 while the L.M.E. quotation at £93⅜ a ton added £2½. It is significant that the European Lead Development Committee has estimated higher world consumption this year as a result of the rapid expansion of the building construction industry and of such lead-based industries as batteries and tetraethyl and tetramethyl for petrol.

MIXED TREND IN FOODGRAINS

(From Our Own Correspondent)

HAPUR, *6th July*

Mixed trend continued in foodgrains prices during the past week. While wheat and gram prices were subdued, rice and coarse grains registered further gains due to poor supply position. While the food situation, in some districts of east U.P. is described as grave, the State Government opines that it was pulling out of the critical situation. About 2,000 tons of wheat have been daily moving to the State from the ports. With 40,000 tons of imported wheat promised to U.P. by the Centre and with the regular movement of the area's quota, the State Food Minister was hopeful of an improvement in the situation.

Wheat prices declined by Rs. 2 to Rs. 2.50 per quintal, according to quality during the week, due to slack demand. Average quality wheat was quoted at Rs. 56.25 to Rs. 58.25 and, farm produce between Rs. 60 and Rs. 62.50 per quintal. Daily arrivals are estimated around 373 quintals and stocks around 2,500 quintals. Firm trend was, however, witnessed in the rice market and prices improved by Re. 0.67 to Re. 1.34 per quintal due to brisk seasonal demand meagre supply and declining stocks. Local stocks with trade are estimated around 4,000 quintals. Week-end prices (in rupees) were:—Rice *basmati* superior 96.46 to 99.13; *sela* 93.77 to 96.45; *mainpuri* 77.70: *ramajwayan* 83.06, *raimunia* 85.74 and *gadda* 80.38 per quintal.

Gram prices were subdued during the week on poor buying support and prices were quoted at Rs. 58 per quintal for local produce and Rs. 56.50 for Punjab quality. Both arrivals and stocks were small. Barley and *bejhar* prices touched new heights in face of poor arrivals. Barley was quoted between Rs. 48.50 and Rs. 50 and *bejhar* between Rs. 50 and Rs. 51.50 per quintal. *Juwar* and *guwar* prices also hardened due to brisk demand for seed purposes and prices ranged between Rs. 48 and Rs. 50 and between Rs. 62.96 and Rs. 64.30 per quintal respectively. Maize and other coarse grains prices were unchanged. Week-end prices here were:—Maize Rs. 48 to Rs. 50; *methi* Rs. 52.50 to Rs. 55 and oats Rs. 57.50 to Rs. 58.50 per quintal.

TANNED KIPS STEADY

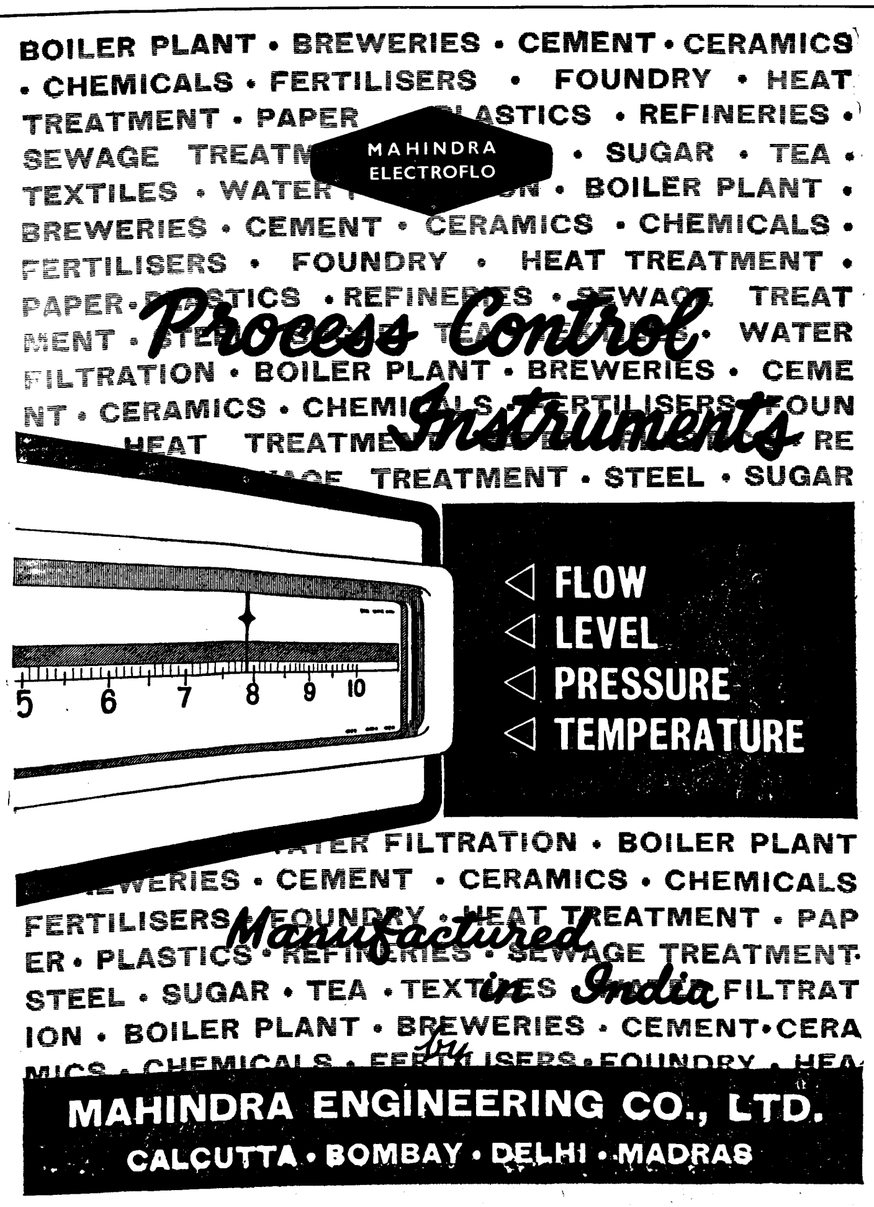
(From Our Own Correspondent)

MADRAS, *6th July*

Arrivals of tanned kips from the upcountry tanneries were on a moderate scale, and offtake by local dealers and exporters was halting. Prices ruled steady. There were large sales for export to U.K. in tanned cowhides, good marks light weight all selections, at firm levels, while ordinary tannages were not in demand except in 8/8½ lbs. fifths selection. Fourths in cowcalf—lights—were in demand, but stocks were short in this description. Buffcalf was neglected and there was no call from the traditional ports.

Export trading was meagre in the skins section. Importers viewed the Madras levels to be higher than in other countries and hence considered it to be not economical. There were patchy sales of good marks 8/9 lbs. Run and thirds and fourths at full prices; and on other lines, importers were bidding at low prices which prevented expansion of business. Light weights in secondary marks were wanted but sellers were few. As regards sheep skins, trading has been slow and the prices showed weakness all round.

In the German tanned skins public sales which commence on 6th July 1964, about 116,000 goat and 25,000 sheep skins will be on offer. In the London public sales, which take place the same day, 50,000 goat and 35,000 sheep skins will be available for sale. The results in both auctions are awaited with interest.



MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 3rd July 1964

BANKING DEPARTMENT

Liabilities	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		86,00,00,000
National Agricultural Credit (Stabilisation) Fund		9,00,00,000
National Industrial Credit (Long-Term Operations) Fund		10,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		60,55,18,000
(ii) State Governments		12,79,73,000
(b) Banks—		
(i) Scheduled Banks		92,06,63,000
(ii) State Co-operative Banks		7,07,43,000
(iii) Other Banks		4,43,000
(c) Others		189,35,38,000
Bills Payable		40,96,64,000
Other Liabilities		19,23,67,000
	Rupees	612,09,09,000

Assets	Rs.
Notes	17,94,97,000
Rupee Coin	4,26,000
Small Coin	3,14,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,30,29,000
(ii) State Co-operative Banks	12,98,83,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,08,83,000
National Agricultural Credit (Stabilisation) Fund— Loans and Advances to State Co-operative Banks.	....
National Industrial Credit (Long-Term Operations) Fund:-	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances Held Abroad*	38,88,06,000
Loans and Advances to Governments**	7,06,16,000
Loans and Advances to—	36,29,36,000
(i) Scheduled Banks†	30,50,000
(ii) State Co-operative Banks†	....
(iii) Others	150,37,89,000
Investments	1,93,20,000
Other Assets	275,35,99,000
	38,47,61,000
Rupees	612,09,09,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. Nil advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	17,94,97,000	
Notes in circulation	2501,54,44,000	
Total Notes issued		2519,49,41,000
Total Liabilities		2519,49,41,000

Assets	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	89,45,69,000	
Total		207,21,79,000
Rupee Coin		101,25,65,000
Government of India Rupee Securities		
Internal Bills of Exchange and other commercial paper		2211,01,97,000
		....
Total Assets		2519,49,41,000

State Bank of India

Statement of Affairs for the week ended 3rd July, 1964

Capital and Liabilities	£	Rs.	Rs.
Capital—			
Authorised Capital :— 20,00,000 shares of Rs. 100 each.		20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.		5,62,50,000	
Reserve Fund and Other Reserves			5,62,50,000
Deposits and Other Accounts			9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.			636,07,01,000
Bills Payable			61,15,000
Bills for Collection being Bills receivable as per contra			3,55,01,000
Acceptances, Endorsements and Other Obligations per contra			8,74,58,000
Other Liabilities (including Inter-Office Adjustments)			17,38,07,000
Total		Rs.	13,69,02,000
			694,97,34,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		14,08,64,000
Balances with other Banks		3,56,06,000
Money at Call and Short Notice		3,93,33,000
Investments :—		
Government and other Trustee Securities	Rs. 246,83,86,000	
Other Authorised Investments	9,44,20,000	
		256,28,06,000
Advances :—		
Loans, Cash Credits, Overdrafts, etc.	339,97,68,000	
Bills Discounted and Purchased	21,35,21,000	
		361,32,89,000
Bills Receivable being Bills for Collection as per contra		8,74,58,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,33,07,000
Premises less Depreciation		2,30,33,000
Furniture and Fixtures less Depreciation		1,86,48,000
Other Assets (including Inter-Office Adjustments)		25,48,90,000
Total	Rs.	694,97,34,000

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	26-6-64	19-6-64	28-6-64
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	70,34	67,69	65,46
(ii) From others	1,092,05	1,084,42	900,88
(b) Borrowings from banks	40,59	44,19	32,22
(c) Others	65,01	66,05	59,95
2. Time liabilities—			
(a Time deposits—			
(i) From banks	35,28	30,32	37,49
(ii) From others	1,289,20	1,276,22	1,238,62
(b) Borrowings from banks	17,14	11,14	22,64
(c) Others	11,54	11,03	11,31
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,381,24	2,360,63	2,139 50
4. Borrowings from Reserve Bank	1,23	4,58	1,17
(a) Against usance bills and/or promissory notes	56	2,63	9
(b) Others	66	1,96	1,08
Borrowings from State Bank and/or a notified Bank	20,58	20,55	15,62
7. Balances with Reserve Bank	66,49	63,81	66,68
8. Cash and balances with Reserve Bank	93,60	85,06	92,43
9. $ as per cent of $	160,09	148,87	159,11
10. Balance with other banks in current account	6,72	6,31	7,44
11. Money at call and short notice	24,65	22,05	27,78
12. Investments in Government securities	68,11	57,71	59,12
13. 12 as per cent of $	655,08	633,46	653,10
14. Advances—	27,51	26,83	30,53
(a) Loans cash credits and overdrafts	1,537,42	1,541,75	1,316,14
(b) Due from banks	10,35	10,72	7,27
15. Inland bills purchased and discounted	173,57	179,90	161,25
16. Foreign bills purchased and discounted	63,64	63,73	51,92
17. Total Bank Credit [14(a)+15+16]	1,774,64	1,529,38	1,529,31
18. 17 as per cent. of $	74,53	75,63	71,48

EXCHANGE RATES

	24th June 1964	17th June 1964
London on New York	$. per Dollar	2.7935 - 2.7937	2.7948 - 2.7951
London on Berne	Sw. Fcs.	12.0545-12.0565	12.0500-12.0610
London on Paris	Fcs.	13.6880-13.6900	13.6940-13.6960
New York on London Cents per £		279.350-279.380	279.470-279.500
Pound Sterling—			
Sellers T.T. D.D. Spot	s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	s.	1-5 15/16	1-5 15/16
Buyers T.T.	s.	1-6 1/32	1-6 1/32
Buyers D.D.	s.	1-6 1/16	1-6 1/16
U.S. Dollar—			
Sellers T.T. D.D.	Rs. to $100	479.25	479 00
Buyers T.T.	Rs. to $100	475.75	475.50
Canadian DeNam—			
Sellers T.T. D.D.	Rs. to $100	445.50	445.50
Buyers T.T.	"	437.50	437.50
French Francs—			
Sellers T.T. D.D.	per Rs. 100	102.10	102.20
Buyers T.T	"	103.20	103.20

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	30th May 1964	23rd May 1964	1st June 1963	March 1964	March 1963	Percentage of Increase (+) or Decrease (−) in March 1964 as compared with March 1963	Financial Year Averages	
								1963-64	1962-63
Food Articles	504	150 1	149 6	133 0	142 1	123 4	+15.2	138.8	126.1
Cereals	192	130 3	129 4	110 6	123 6	102 0	+21.2	116.3	105 6
Pulses	43	137 1	136 7R	107 6	133 9	99 9	+34.0	115.4	105 2
Fruits and Vegetables	23	177 6	177 6R	138.9	162 9	133 4	+22.1	140.6	135 6
Milk and Ghee	84	138.3	137 7	128.8	133 0	124.8	+6.6	128.2	124 4R
Edible Oils	47	176 7	175 7	149 6	160 0	141 8	+12.8	151.1	152 3
Fish, Eggs and Meat	17	154 9	158 5	147 9R	152 7R	137 5	+11.1	149.8	148 6R
Sugar and Gur	48	192 3	190 2*	183 0R	173 0	147 5	+17.3	188.8	145 6
Others	50	177 7*	178.8R	177 5	175 7	172 9	+1.6	179 3	177 6
Liquor and Tobacco	21	118 6	117 0	118 7	119 0	114.2	+4.2	119 8	100 9R
Fuel, Power, Light and Lubricants	30	141 7	141 7	139 8	141 7	137 7	+4.0	140 8	97.4R
Industrial Raw Materials	155	150 3	149 9	138.4	144 9	135 2	+4.4	139.5R	124 4R
Fibres	61	135 2	135 2	134 3	135.7	133 5	+7.2	139.5	138.5
Oilseeds	60	177 7	178 5	161 2	162 9R	143 0	+1.6	153 2	128.8
Minerals	2	103 2*	103.2*	93 4*	98 1	93.4	+13.9	154 1	151 4
Others	32	130 6*	131 0R	125 0*	131 5R	126 6	+5.0	92 8	93 6
Manufactures	286	132 8	133 8	130.5	132 8	129 6	+3.9	127.3	125 8
Intermediate Products	41	146 6	146 2R	139.1	144 7	136.2	+2.5	131 1	128.8R
Finished Products	249	131 7	131 7	129 1	130 8	134.2	+2.4	139.6	139.1
Textiles	147	128 9	129 0	127 2	128 6	134 4	+6.2	129.7	127.1
Cotton		137.4*	137.4*R	135 0*	136.7	127 0	+1.7	127.7	126 1
Jute		98 9	98 7	102.1	98.7	102.1	+1.8	135 6	130.7
Woollen		168 7*	162 5*	142 7*	162.4	142 4	−3 3	100 2	110 9
Silk and Rayon		141 9*	141 9*	137 3*	143 2	139 2	+14.0	155 3	140 4
Metal Products	12	168 9	168 9	161 5	166 1	161 0	+2 9	139 8	131 8
Chemicals	20	119 4*	119.2*	117.1*	120 2	117 8	+3 2	153 1	140 1
Oil Cakes	9	185 0	185.6	164.6*	172 5	157 8	+9 3	117.9	115 5
Machinery and Transport Equipment	31	125 8	125 8	123 2	125.6	122 2	+2 8	165.7	160 9
Others	80	127 5	127 5	128 0	127.8	127.2	+0 5	124 2	117.9R
All Commodities	1,000	144.5	144.1	133 0	139.3	127.2	+9.5	135.3	125.3
									127

NOTE:—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group revision. P=Subject to index. R—Revised. * Estimated.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 9th July 1964.

	Closing quotations 2-7-1964	High	Low	Closing quotations 9-7-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Abm. Adv. (100)	153.75cd	153.75cd	144.50xd	145 00xd
Apollo (2)	1.70	1.74	1.60	1 60
Baroda Rayon (100)	80 50	80 50	79.00	79 00
Bombay Dyeing (25)	57.80	59.00	57.50	58 00
Bradbury (50)	162 50	—	—	162.50
Central India (100)	94 00	97.00	94.00	96 00
Century Mills (100)	599 00	621.00	601 50	603.00
Dawn (50)	166 50	168.00	163 50	165.00
Elphinstone (50)	105.00	105.50	104 50	105 00
Finlay (100)	297.00	298.00	295.00	295.00
Gokak (100)	185 50	185.50	182.00	182.00
Gold Mohur (100)	208.75	—	—	208.75
Gwalior Rayon (10)	39.25	39.50	38.75	39.00
Ind. Untd. Defd. (1)	2.42	2.44	2.40	2.42
Ind. Untd. Ord. (10)	21 00	21.00	20.60	20.60
Indian Rayon (100)	64.00	65.00	63 00	64 50
Indore Malwa (100)	210 00	212.50	208.00	208.00
Khatau (100)	187 50	192.50	187.50	188.75
Kohinoor (100)	322 00	329.00	319.00	324 00
Mafatlal (100)	500.00	—	—	500.00
Modella Woollens (10)	12.24	12.60	12.16	12.52
Morarji (100)	271.50	275.00	262.00	270 00
Mysore (50)	37.50	39.00	38.00	39.00
National Rayon (100)	380.50	387.50	370.50	371.00
New Great (100)	160 00	165.00	158 00	160.00
Phoenix (100)	258.00	259.00	252.00	252.00
Podar Mills (10)	12.00cd	12.00cd	11.44xd	11.44xd
Raymond Woollen (100)	137.50xd	138.75	137.50	138.75
Sassoon Spg. (10)	37.00	38.00	37.00	38.00
Shreeniwas (100)	242.00	245.00	239.00	239 00
Simplex (50)	138.00	140.00	136.00	138.00
Standard (100)	650.00	675 00	638 00	638 00
Svadeshi (100)	255.50cd	256 0cd	244 00xd	244 50xd
Swan (100)	261.00	264.00	262.00	264 00
S. I. Viscose (100)	121 50	123 00	119 50	120 00
Tata Mills (25)	59.70cd	59.70cd	65 00xd	55 00xd
Lakshmi-Vishnu (100)	86.00cd	92.50cd	86.00cd	90.00xd
Western India (250)	815.00	—	—	815.00
BANKS				
Bank of India (50)	102.50	103.00	102.00	102 50
Do. (New) (50)	103 50	104.50	103 50	104 50
Bank of Baroda (50)	96 00	97.00	96.00	97 00
Central (25)	48 00	48.50	48 00	48 50
Central 'A' (25)	50 00	51.50	50 00	51 50
Dena Bank (50)	63.00	65.00	62.70	64 50
Punjab National (10)	19 40	—	—	19.60
Union Bank (5)	6 08	6.16	6.12	6 12
United Com. (50)	70.00	70.00	69 50	70 00
Maharashtra (50)	53.00	54.00	53.00	54.00
ELECTRIC COS.				
Ahmedabad (100)	100.25	100.50	100 00	100 25
Amalgamated (10)	9 20	9.40	9.20	9.40
Andhra Valley (1,000)	1,085 00	1,091.25	1,085.00	1,091.25
Bom. Sub. El. (100)	106.00	106.00	105 00	106 00
Surat (100)	105 00	105.00	103 00	103 00
Tata Hydro (100)	113.00	113.25	113 00	113 00
Tata Power (1,000)	1,145.00	1,143.75	1,137.50	1,140.00
INSURANCE COS.				
British India (10)	14.00	—	—	14.00
Indian Mercantile (50)	65.00	—	—	65 00
New India (15)	46 00	46.50	46 00	46 00
New India 'A' (15)	47.50	48.00	47.25	47 50
Vulcan (10)	16.24	—	—	16.24
STEEL COS.				
Ind. Iron (10)	25 55	26.05	25.50	25.60
Mukand Iron (10)	17 84	18 60	17 80	18.28
Tata Steel Ord (75)	154.50	158.50	154.00	155.25
SUGAR COS.				
Belapur (50)	213.00	217.50	213.00	214.50
Bhopal (10)	12.75	—	—	12.75
Changlee (12.50)	25 75	—	—	25.75
Maharashtra (50)	139 00	138 00	136 00	137 00
Phaltan (50)	102 50	101.50	100.00	100.00
Walchand Ind. (100)	152.00	152.00	151.00	152.00
CEMENT COS.				
Associated Cts. (100)	154 00	155 00	152 00	152 00
Digvijay (100)	188.00	188.00	185 50	186 00
Orissa (10)	13.00	13.24	13.00	13 08
DYES & CHEMS.				
Amar-Dye-Chem (100)	167.50cd	166 25cd	161 25xd	161.25xd
Camphor & Allied (100)	87 00	87.00	85.00	85 00
Citric (100)	76 00	76 00	73 00	73 00
Chemicoat (100)	103 00	108 00	101.50	108.00
Colour-Chem. (100)	360.00	357.50	347 50	350 00
Indian Dyestuff (100)	287 50	309.00	280 00	280 00
Polychem (50)	157 50	153 75	135 00	151 25
Synthetics (100)	79 00	79 00	72 00	72 00
Tata Chemicals (10)	18.84	19.12	18.56	18.56
MISCELLANEOUS				
Alcock Ashdown (100)	290.00	—	—	—
Bom. Burmah (25)	294.00	294.00	287.00	289 00
Do. (New) (20)	58 00cd	58 20cd	57 00xd	57 00xd
Br. B. Petrol (1)	44 00xd	44.00	43.75	44.00
Br. I. Corpn. (5)	3.40	3.56	3.36	3.46
Cooper Eng. (100)	9 36	9.60	9.36	9.60
Hindustan Lever (10)	115 00	115 00	109 00	109.00
Hindustan Motors (10)	33 50	34.00	33.50	33 50
I. C. & Invest. Corporation (10)	18.72	19.20	18.56	18.76
Indian Copper (2 sh.)	92 00	—	—	92.00
Killick (100)	3 32	3.40	3 30	3 34
Larsen & Toubro (10)	92 00	95.50	92.00	95.50
Mahindra & Mahindra (10)	21.56	20.32	20.32	21.40
Asian Cables (100)	15.88	16.36	16.00	16 36
Permanent Magnets (100)	71.00	—	—	71.00
Phillips Carbon (10)	110.00	112.50	110 00	110 00
Pre. Automobiles (100)	11.76	12 24	11.64	12 00
Premier Con. (30)	102.50	106.50	101.00	102 00
Reliance (50)	186.00	188.50	183 00	184 50
G. E. Shipping (10)	15 44	15 80	15 32	15 52
N. Standard Eng. (100)	13 48	13 60	13 36	13 36
T. Mangalai (100)	130 00	138.50	130.00	135 00
Shivraipur (10)	502 50	515.00	490.00	500.00
Sirpur Paper (10)	17.52	18.76	17.52	17 52
Tata Locomotive (100)	12 00	12.16	11.96	11.96
Tata Oil (25)	277.00	286 00	272 00	288 00
Voltas (100)	61 20	64 00	61 20	62 00
W. I. Match (100)	252 00	261 00	250 25	256 00
W. Coast Paper (100)	242 50	245 50	242 50	243 50
Zenith Steel (10)	161.00	164.00	160 00	161.00
	16.16	16.80	16.12	16.24

GOVERNMENT SECURITIES	2-7-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	9-7-1964 Rs.
2½% 1975	83 00	—	4.61	83.00
3% 1966-68	98.15	3 84	3.48	98 15
3% 1970-75 1st Dev.	90.45	4.85	4 10	90 40
3% 1986 Con. Loan	83.80	—	4 71*	83 80
3½% 1965 N. P. Bonds	100 10	—	3 40	100 10
3½% 1967 N. P. Bonds	99.85	—	3.52	99 95
3½% 1974	96.75	—	4.12	96 75
3½% 1967 N. P. Bonds	100.05	—	3.73	100 05
3½% 1968	98 40	—	3 52	98 10
3½% 1968 N. P. Bonds	99.70	—	3 94	98.40
4% 1972 Loan	98.85	—	4 61	99 95
4% 1973 Loan	98 80	—	4 16	98 95
4% 1979 Loan	98.50	—	4 16	98 80
3½% 1966 Bonds	99.90	—	4 14	98 50
4% 1980 Loan	98 00	—	3 55	99 90
4% 1981 Loan	98.05	—	4 18	98 00
4½% 1985 Loan	100.10	—	4 15	98 05
4½% 1977 O. Bonds	118.10	—	4 49	100 10
4½% 1972 N. D. Bonds	100.10	—	4 61	118.10
		—	4.24	100.10

* Current Income. C.R.—Cum-Right. xd—Ex-dividend. cd—Cum-dividend. x.r.—Ex-Right.

‡ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. † Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 85.

COMMERCE

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

VOL. CIX. No. 2778 BOMBAY, 18th JULY 1964 PRICE Rs. 2

F.I.C.C.I. ON MAHALANOBIS REPORT

THE public controversy over the first part of the Mahalanobis Report on income distribution and concentration in the corporate sector seemed to have died down in the weeks following the demise of Mr. Jawaharlal Nehru. But, with the publication, this week, of a critical brochure thereon by the Federation of Indian Chambers of Commerce and Industry, the brief respite from controversy has just ended. Whether the debate can be usefully continued at all is the question here, for the Mahalanobis Committee itself has stated that, if the problems pertaining to income distribution and economic concentration are to be sized up in correct perspective, the second part of its report, which is to deal with the changes in the levels of living over the first decade of planning, would have to be read along with the first part. It may thus be a sensible thing to say, in fairness to the Committee, that critics should wait for the second part to study the Report as a whole, comprising both the parts. Such an approach may be deemed all the more necessary because the Committee itself has refrained from drawing any "firm" conclusions on the grounds that the available data on the distribution of income and wealth are extremely meagre and that statistics do not show any definite and significant trend in concentration ratios in the private corporate sector during the first ten years of planning. In a way the wisdom of such waiting has also been recognised by the Federation when it says that "it is not unlikely that at least some of the observations made in the present Report may well need change" in the light of the Committee's findings regarding the changes in levels of living during the Plan periods.

If still the Federation has chosen to direct its fire on the Mahalanobis Report, it is because the Committee has made "certain statements which are not devoid of doubts or controversy." These statements, in the opinion of the Federation, "require to be carefully gone into by the public as well as the authorities lest on wrong premises future policy should get formulated." But how "carefully" the Federation has examined and refuted the Committee's controversial observations is itself open to doubt. For instance, the Federation has broadly asserted that "statistics show that, in the last decade, the output of those commodities which enter the consumer budget of the less well-to-do classes has expanded more rapidly and must have secured a better distribution of income for the economy as a whole." And, in so-called substantiation of this statement, it has added that, "in the period 1951-61, the production of bicycles increased by eight times and of *vanaspati* and sugar nearly doubled," that, "apart from the increase in commodity consumption, there has simultaneously been expansion and improvement in (social) services provided by the State," and that "all these factors have tended to promote a more equitable distribution of real income." All this is presumably in refutation of the following observation of the Committee:

> "It should be noted that there is a general feeling, *though the Committee could not collect the required data to support it* (italics ours), that an average person, whether in urban or rural areas, is better fed, better clothed and even better housed in the 1960's than in the 1950's and that the working conditions have also improved generally over this period. On the other hand, since there is also some evidence that the rate of growth in income for certain high income groups has been as high as or higher than the rate of growth in income per employed person for the country as a whole, it has not been possible for the Committee to pronounce a definite judgment, *even of a broad nature* (italics ours), on the changes in income distribution. However, it can be stated that there is no clear indication of a significant change in income distribution over the Plan decade."

What a blissfully vague and ambivalent observation this is! It is this unenlightening statement that the Federation claims to have refuted. But how unenlightening, in its turn, the Federation's refutation is! One may be justified in asking whether the Federation could not have set its research department to work in this connection for calculating, albeit roughly, *per capita* consumption (production *plus* imports *minus* exports, divided by population) in 1950-51 (the year preceding the first Plan) and in 1960-61 (the end-year of the second Plan) of, say, cereals and pulses, sugar and *gur*, oils and fats, milk and milk products, biscuits and confectionery, salt, soap, matches, cloth, paper and pharmaceuticals. Comparative data could have been similarly assembled in respect of railway and bus passenger-miles, hospitals and dispensaries, educational institutions, roads, etc., per 1,000 or 10,000 of population. In view of the fact that more than 99 per cent of the people are earning less than Rs. 3,000 per year, *per capita* figures worked out in respect of articles of mass consumption may be taken to reflect almost fully the trends in distribution of real income. As the Federation has not sought to collect all possible data to support the general impression that an average person is better fed, better clothed, etc., its claim that "an attempt is made (in the brochure) to interpret or to explain the economic significance of important trends which can be statistically measured" does not seem to be quite a valid one at least insofar as the distribution of real income is concerned.

But the Federation's statistical analysis of trends in the money incomes of those subjected to income-tax is much better, for it has clearly brought out that the average post-tax incomes of individual assessees in the Rs. 25,001-50,000, Rs. 50,001-1,00,000 and above Rs. 1,00,000 brackets had decreased by 3.5 per cent, 9.0 per cent and 18.2 per cent, respectively, in 1961-62, as compared with 1953-54. It has also been found that the average income per assessee earning more than Rs. 5,000 per year had declined by eight per cent pre-tax and five per cent post-tax in the period 1953-62. Since during the same period the *per capita* income for the economy as a whole increased by about 21 per cent, the Federation has validly drawn the conclusion that the *per capita* income of persons earning less than Rs. 5,000 per year must have increased by more than 21 per cent. All in all, therefore, the distribution of money income in the non-agricultural and agricultural sectors alike should have become more equitable. In the non-agricultural sector, such a result has doubtless come about partly because of the levelling-down role of direct taxation and partly because of the levelling-up of the wages of workers and the salaries of lower middle class employees. The only omission in the Federation's analysis pertains to the agricultural sector. If the authors of the brochure had also studied the trends relating to land distribution, tenancy and rents, prices of foodgrains and commercial crops, land revenue, etc., they could have found data to show that a more equitable distribution of income had resulted from rent reduction and reforms in cultivating tenancy and land tenure, as well as from higher agricultural prices and virtually static land revenue.

While dealing with some of the observations of the Mahalanobis Committee on "concentration" in the private corporate sector, the Federation has made quite a few telling points. For instance, according to it, the growth of small-scale sector in industry cannot be considered to be an alternative to large-scale enterprise. A related point is that the large-scale sector in industry promotes social objectives by securing the maximum benefit of technology, management and economy of indivisible factors. Another point is that even our so-called "giant" companies are pygmies by international standards. Referring to the Committee's finding that big business complexes have grown more rapidly and come to control a substantial portion of industrial activity, the Federation has expressed the view that, if the concept of "decision-making authority" is defined with objective precision, "concentration" would not appear to pose a social problem. This view, however, has been presented in a rather feeble manner. It is, therefore, necessary to mention that the Committee's definition of "concentration," far from being a purely technical concept involving "concentration ratios" which give the share of the largest few (say, three) firms in the total gross output, net output or employment in a particular industry, has been deliberately stretched to mean something unreasonably wider.

The Mahalanobis Committee has preferred to define concentration "in the wider sense of a small number of individuals or groups having in their control significant volumes of economic power in terms of capital or income or employment or media of communication which, though not constituting a large percentage share of the national aggregate in each case, nevertheless sets them so much higher than any other individual or group in the relevant context that it gives them a disproportionately large influence and enables them to exercise economic power not measurable statistically by the mere ratios of concentration." This involved and long-winded definition is unjustifiably wide and patently loose. It could have been intended only as a sort of "interpretation" of the vague, confused and pre-

Contents

	Page
LEADING ARTICLES—	
F.I.C.C.I. on Mahalanobis Report	89
Office Management	90
MARKET GOSSIP	91
TREND OF SHARES	92
THIS WEEK'S SURVEY	94-95
SPECIAL FEATURES—	
Behaviour of Sterling	91
Delhi Letter	96
London Letter	97
American Letter	99
Manchester Letter	101
Capital Issues in Private Sector	102-103
Pruning Public Expenditure	104
Business News From West Europe	105
Conditions for Economic Growth—II	110-111
CHAIRMEN'S SPEECHES—	
Advance Insurance Co., Ltd.	113
Union Co-operative Society Ltd.	119
BANKING	98
TEXTILES	100
ENGINEERING	106
NEW PRODUCTS AND PROCESSES	107
LABOUR	108-109
COMMERCE AND INDUSTRY	112-113
COMPANY MATTERS	114-116
NEWS IN BRIEF AND PERSONAL	117
TREND OF MARKETS	120-122
MISCELLANEOUS STATISTICAL INFORMATION	123-124
STOCK AND SHARE QUOTATIONS	125-132
WEEK'S STOCK EXCHANGE TREND	132

conceived ideas held by the Planning Commission and the ruling party on large-sized enterprise, monopoly, concentration and the like. In fact, the Committee itself has said that "apparently what the Planning Commission and the public have in mind is the latter (that is, the Committee's definition) rather than the former (that is, concentration ratios)." It is no wonder, therefore, that several untenable and exaggerated conclusions have flowed from the application of this wide definition—conclusions smacking of certain ideological considerations and thus liable to militate against higher production which alone can help reduce general poverty. That is not all, for there is also the Committee's arbitrary assumption that joint-stock companies "constitute economically the most significant form of property." To have singled out the private corporate sector (which accounts for only about a half of all industrial production in the private sector) for a study of "concentration of economic power" at a time when far greater concentration of such power is being effected by the State does not seem to be quite logical. That the Committee's terms of reference have precluded consideration of the State sector is beside the point.

OFFICE MANAGEMENT

PRODUCTIVITY is a term which is usually associated with workers and machines, the two important factors of production: it is expressed as a ratio of actual output to the input of these factors. It, therefore, follows that, if (*a*) the labour works hard and intelligently, (*b*) the machines employed are modern, and (*c*) the methods of manufacture are rationalised, the level of output will be much higher than otherwise. The responsibility for creating such conditions rests on management, that is, persons who take policy decisions about the operations of enterprises at one end and those who implement the decisions at the other. Management is aptly described as a group of persons which "manipulates and controls men, methods, machines and materials to achieve the best possible results with least expenditure in the shortest practicable time." Indeed, it is no exaggeration to say that the very existence of every factory and business depends on the efficiency of office management. But for the due importance attached to this vital subject and the series of steps taken to gear office management to handle the increasing complexity of business, the tempo of technological advance in Western countries would have been greatly arrested.

In India, too, office management development has been receiving attention lately. Much useful work has been, and is being, done by the All-India Management Association, the management institutes set up at Calcutta and Ahmedabad, the Administrative Staff Training College at Hyderabad, and the National Productivity Council, as well as by a few private industrial enterprises. But only the fringe of the problem has been touched. For so wide is the gap between the adequately trained managerial personnel available and the actual requirements. The gap will be wider still in the coming years, what with the expansion of existing enterprises and the establishment of new ones. Every thousand additional jobs created, according to one estimate, require at least twenty managers and twice the number of other managerial personnel. It is, therefore, just as well that the National Productivity Council should have sponsored, under the auspices of the U.S. Agency for International Development, the study tour of a productivity team on office management (leader: Mr. K. K. Dasgupta) covering Japan, the U.S. and Britain. Considering that these are the countries where the development of an efficient integrated office management has been remarkable, the findings of the team are of inestimable value. The team has made a general study of office management as developed and practised in the aforesaid countries and, in the light of this study, pinpointed certain deficiencies inherent in the Indian system and offered constructive solutions to the series of problems involved in office management.

The four basic weaknesses of office management in India to which the Dasgupta team has drawn pointed attention are administrative delays, hardening of the communication arteries, lack of co-ordination and meaningful administrative control, and a poor memory-cell to provide continuity. The team has rightly pointed out that the creation of an Organisation and Methods (O. and M.) department does not cure all administrative ills, because the organisational defects must be corrected to provide a sound basis for the O. and M. department to function effectively. The success of an O. and M. department depends, as the team has emphasised, on a definite plan of organisation based on functions *and not personalities*, clear demarcation of executive positions to control and direct each function, clear lines of vertical authority and decision-making process extended to all levels of management so as to bring them as close as possible to the point of initial action, and a management guide for all executive and supervisory personnel.

A notable finding of the team is that a programme of work simplification renders possible considerable economies in the operations of any organisation, be it industry, business, public utility or social service. Forming an essential part of this programme is mechanisation of office operation as is done extensively in Japan, the U.S. and Britain. Mechanisation of office work is regarded as the only means of solving the vast and complicated problem of collecting, analysing and processing the mass of data relating to the management of an enterprise. There are, however, two handicaps to such mechanisation, namely, paucity of foreign exchange which does not permit import of office machinery and apprehension of labour about possible displacement due to introduction of machines in office. The latter handicap is a more serious one. The Dasgupta team is, of course, fully aware of it, but it emphasises that the apprehension of workers has to be allayed. The industry, it says, must prove by demonstration that office mechanisation in an expanding economy actually promotes greater employment.

While mechanisation of office work helps greatly in reducing costs, proper work study ensures the effective performance of a specified office task. Sound techniques of work measurement are one thing; the way they are used is another. The Dasgupta team has done well, therefore, in urging the need for clearly specifying the method by which a task is carried out before work measurement takes place, remeasuring the work-content in case of any change in method, surveying regularly the work that has been measured and keeping work unit values up-to-date. "Management, supervisors and clerks, all have responsibility," to quote it, "for seeing that method changes are properly taken into account in any measured standards they may use. The outstanding features of the techniques of office work measurement are systematic approach and objective attitude." On no account should the high standards of fairness and impartiality inherent in the techniques be sacrificed to expediency. This is a responsibility which, as the team observes, always rests on management.

Simultaneously with efforts to ensure work simplification and proper work study, there is the urgent need for a rational procedure analysis and cost control in clerical operations (through the adoption of charting and analysis techniques), as well as an efficient records management system. Most of the advanced companies in the U.S. and the U.K., we are told, have determined work standards for clerical operations, and this has been made necessary because of the installation of expensive computers. The companies are keen to ensure maximum utilisation of machines. The team was impressed to note that some companies in Britain had programmed for 90 per cent utilisation of the machine time. The clerical budget, which is a corollary to the work standards, is determined by most of the large undertakings. But, generally, clerical budgets are not extensively used in any of the advanced countries, but management takes special care to control office expenses in a variety of ways without adopting the sophisticated methods of clerical budgeting. Since the subject of clerical budgeting is complicated, the team has naturally struck a note of caution. It should be approached, it says, carefully, securing the full confidence and co-operation of supervision in every phase of the task. After all, it has to be remembered that studies of this nature depend for their success on the integrity, knowledge and commonsense of both the supervisor and the analyst.

No less urgent is the need for improved office layout, working conditions, furniture, light and heat. In India, attention is sometimes given to the reception or to the directors' room, and the rest of the office is left to function haphazardly. Characteristically enough, the Dasgupta team calls this window-dressing which does not make an office efficient; rather the contrasting picture might create disharmony among staff members. Inasmuch as the efficiency and tone of administration is reflected at this point, either the Office Equipment Association or the Indian Standards Institution will do well to evolve standards for office equipment and supply. On its part, the Government should encourage manufacture of office equipment, and foreign collaboration for such project must be welcomed.

Whatever the improvements effected in the set-up of office *management*, they will not be of much avail unless the personnel problems of office workers are tackled satisfactorily. A lot has been done by way of research, training and governmental regulations for factory workers and middle management executives, but the office clerk remains neglected. Drawing attention to this disquieting trend, the Dasgupta team has clearly warned that this situation cannot continue for long; the situation has changed considerably now that there is a large number of graduate clerks who demand recognition and share in the opportunities for progress in the organisation. The personnel problems of office workers should be a subject of research and discussion, as is in vogue in the U.S., Britain and Japan. Special attention must needs be paid to education and training of office management personnel.

An interesting suggestion put forward by the Dasgupta team pertains to the establishment of an Institute of Office Management with the active support of industry, business and the Government. This Institute, which will have close liaison with office management associations abroad, should provide, according to the team, the following specific services to its members:

1. Training for the senior executives of member-companies in systems and procedures, so that "paper personality" is developed in them, and an atmosphere of efficiency is created in an organisation.

2. Exchange of information among the members in the country and also securing of information from advanced countries.

3. Standardisation of statements which are required to be submitted to Central and State Governments with regard to the various aspects of the operation of industry or business; efforts will be made to devise a system in case of each industry/business to collect relevant official data without unnecessarily adding to the clerical cost of paper work.

4. It will urge training in subjects of office management at post-graduate, graduate and under-graduate levels.

5. It will promote consciousness of office-cost among the high executives and top management through a series of seminars and discussions.

6. It will seek standardisation of certain office equipment and supplies for the benefit of manufacturers and consumers.

7. It will conduct research in certain fields of office activity and personnel.

Evidently, the Dasgupta team must have been prompted by the consideration that office management is as much a profession as medicine or law, requiring some specialised knowledge and skill which can be acquired only through a combination of formal education and practical training. Since adequate facilities for such education and training are not available in India at present, the team's suggestion for setting up an Institute of Office Management is worth considering. Only care must be taken to see that there is no duplication of effort. An Institute of this kind, if it is planned properly and run efficiently, will certainly go a long way towards the evolution and implementation of a sound office management development programme in the country.

MARKET GOSSIP

Just Rs. One Crore More

THE response to the two Central Government cash loans (further tranches of 4 per cent 1970 and 4½ per cent 1989) was not so encouraging as was expected. Actually, the response was limited. Although the loans were on tap for all the three days, that is, from Monday the 13th inst. till the close of business on Wednesday the 15th inst., the actual subscriptions aggregated no more than Rs. 151 crores. This amount is just Rs. 1 crore in excess of the total (Rs. 150 crores) sought by the Government. Such limited support may appear surprising in the context of the distinctly easy conditions prevailing just before the loan flotation, favourable terms of the loans and fairly attractive redemption yields. But the banks had earlier bought the two loans to the tune of Rs. 15.20 crores. Moreover, the banks must have limited their purchases of the loans with a view to conserving funds for subscribing to the forthcoming State loans. The banks, after all, cannot afford to ignore the pressure of State Governments for good support to their loans.

The bulk of the total subscriptions, as is only to be expected, has been for the short-dated loan (4 per cent 1970), the actual subscription amounting to Rs. 106 crores; the balance of Rs. 45 crores represents the share of 4½ per cent 1989 loan. The banks and the Life Insurance Corporation are reported to have contributed a total of about Rs. 90 crores to the two loans. A substantial portion of the remaining amount must have been subscribed by the Reserve Bank.

The aggregate subscriptions of Rs. 151 crores and the Rs. 141.52 crores obtained from the two Conversion Loans bring the total subscription to Rs. 292.52 crores. The shortfall in the Union Government's borrowing (Rs. 295 crores), as envisaged in the budget, is thus Rs. 2.48 crores.

Coal In The Doldrums

Coal continues to be in bad shape. Stocks at pitheads show no signs of declining to levels at which they could be regarded as reasonable. Meanwhile, there have been reports of a cut in production in many collieries and it is difficult to predict what the final outturn will be this year. Though it is likely that last year's output of 67 million tons may be exceeded this year, the country will still be far behind the third Plan target which has had the unenviable distinction of having been revised thrice in the current Plan period. From 104 million tons, to which it was raised from the earlier 97 million tons, the target was revised downwards to 98 million tons and then still further to 88 million tons; now there is talk of its being revised to 80 million tons. It is true that flexibility is a great virtue in planning. But this is a flexibility with a difference, almost with a vengeance.

Apparently the freeing of non-coking coal (grades 2 and 3) from controls with effect from the 1st inst. has not benefited the industry as a whole. The need for bringing the output of coal into balance with the demand is more urgent than ever. The Indian Chamber of Commerce has rightly urged that any fresh assessment of the problem should take into account the demand for different grades of coal, both coking and non-coking, and draw up the production schedules based on the demand for them. The Chamber feels that one of the factors that may be responsible for the constant fall in demand could be the change-over from coal to oil effected in some industries in the last three years. Perhaps the whole decision on change-over was hasty in that it was based less on the superior economy in the use of oil than on the non-availability of coal because of transport bottlenecks. Surely, there was little sense in urging the use of oil in place of coal without giving the industrial units an opportunity to assess more accurately the relative merits of the two forms of fuel. And it is ironical that, when the authorities found that coal was in surplus and the transport position had eased, they urged the industrial units to switch back to coal. This is hardly the way to plan for an industry of the size and importance of coal in the national economy. The Chamber, on its part, has suggested that the situation arising out of the change-over should be re-examined; as fuel oil has a large import component, the conversion from coal to oil should be avoided wherever possible.

The Chamber's two suggestions for relieving the glut in lower grade coal deserve urgent scrutiny. In the first place, the Chamber has suggested that, as the reserves of higher grade non-coking coal are limited, an attempt should be made to persuade the railways to use more lower grade coal and that the National Coal Development Corporation should confine itself to opening new mines yielding only higher grade coal. Secondly, it has pleaded for more energetic efforts designed to export more coal to Pakistan, Ceylon, Burma and other South-East Asian countries. To make such exports possible, it has suggested the provision of additional incentives by way of subsidy and concession in railway freight; the rebate in rail freight given for the movement of coal to southern and western India by coastal ships could be extended to exports. It is a moot point whether any policy intended to improve artificially the use of lower grade coals will work in actual practice. Surely, a more sensible method is to evolve a pattern of prices which will both compel consumers to economise the use of higher grade coals and induce them to use more lower grade coals.

It may well be that the glut in coal is a passing phase. It may not last long enough to do irreparable damage to the industry. On the other hand, it would be beneficial if it induced the planners to think harder on the right target for coal in the fourth Plan. It is imperative that the cavalier attitude towards planning for coal must yield place to a more realistic assessment. Perhaps the authorities have not been sufficiently aware of the gravity of the problem posed by frequent changes in targets. To ask units to cut production when they have advanced sufficiently far from the blueprint stage is to render their planning for coal as hazardous as its mining. It is time the Government of India woke up to the importance of sound planning for coal and took the necessary steps from now.

Tentative estimates are inclined to place the target for coal in the fourth Plan at about 154 million tons, which implies a large increase over the current levels of output. It is estimated that the achievement of the target would imply an investment of Rs. 500 crores, including a foreign exchange component of Rs. 168 crores. An outlay of this magnitude will mean that the industry is left with resources large enough to plough into new investments. The Chamber has done well to point out that, in the context of the high level of capital per tonne of new coal (about Rs. 200 per tonne), the notional gross profit of Rs. 1.75 per tonne awarded by the Coal Price Revision Committee in 1959 is unrealistic. Surely, in the absence of an adequate increase in coal prices, which will encourage the industry to put new money in opening up new mines and also enable it to return the loans it has taken from the World Bank and other specialised financial institutions, it is difficult to expect any large increase in coal output.

At the same time, it seems necessary to sound a note of caution. Trends in the coal industry the world over show that the days when coal could be raised at any cost have ended. The increasing competition from other fuels has underscored the need for utmost economy in production costs. Between 1957 and 1963 coal output in the U.K. declined from 224 million tons to 196 million tons, the decline being attributed to the authorities' keen desire to raise only as much coal as could be sold at competitive prices. If India is to raise coal that could be sold at prices, fair at once to the producer and the consumer, it would be necessary for the industry to mechanise its production. It is some comfort that there has of late been some improvement in the mechanisation of mines. Between 1951 and 1962 the number of coal cutting machines in use by the industry has increased from 374 to 696, mechanical loaders from 7 to 26 and mechanical conveyors from 23 to 135. Obviously the rate of progress in mechanisation as well as its level have to be raised. Moreover, if the foreign exchange component involved in the outlay on raising coal output is to be kept to a minimum, there is need for giving top priority to the programme designed to produce machinery for coal mining. Most of the current programmes are still in the blueprint stage, but they will need to be processed with vigour if they are to yield concrete results for use by the industry in its expansion programmes in the fourth Plan period.

Port Congestion And Food Scarcity

Acute congestion has developed at the ports of Bombay and Calcutta in recent weeks, following the arrival of a large number of ships, particularly foodships. This situation, resulting from the "bunching" of ships, has served to expose the inadequacy of port facilities and the slow progress of port development schemes. This is not the first time that such congestion has suddenly developed at the two leading ports. And this is also not the first time that the Government and the port authorities have taken frantic measures after allowing themselves to be overtaken by the event. It is indeed distressing to find that port development so far has not been fast enough to provide some elbow room for a contingency like the present one.

It is all the more distressing that port congestion, which delays loading and unloading operations further, should have arisen now, thereby worsening the ship-to-mouth food situation. The fact that wheat price in Bombay has steeply gone up of late may be noted in this connection. But the prompt measures adopted at the Bombay Port for unloading foodships may be shortly expected to ease the situation of wheat scarcity.

At Calcutta, where stevedore labour is partly to blame for the congestion, unloading operations have just been speeded up, following the visit of Mr. Raj Bahadur, Union Minister for Transport. A five-point plan of action, parts of which are also applicable to the Bombay Port, has just got under way there. Firstly, according to this plan, the Transport Ministry would henceforward directly regulate the despatch of foodships from foreign countries and their arrivals in India through a suitable chartering administration in the Ministry itself. The responsibility for chartering foodships, which has hitherto been handled by the Union Food Ministry, has thus been taken over by the Chief Controller of Chartering in the Food Ministry. Secondly, the Transport Ministry would divert the foodships to other suitable ports to avoid "bunching" of ships at one place. Thirdly, long-distance road transport trucks would be used by the Government to relieve wagon capacity and to ensure a quicker discharge of foodgrains from ports. Fourthly, efforts to modernise and mechanise the cargo handling work at ports would be expedited. And, lastly, in Calcutta in particular, the Government would introduce an incentive scheme for dock labour for better performance in discharging foodships. This five-point programme to deal with congestion has been evolved with a sense of urgency in the context of the critical food situation. The Transport Ministry has done well to deal with the congestion problem promptly and as realistically as possible in the circumstances.

BEHAVIOUR OF STERLING

By W. T. C. King

Editor, "The Banker," London

A NOTABLE feature of the past month ha been the easing of sterling on the inte national foreign exchange markets, but this mov ment seems to have been associated with inte national shifts of short-term funds, in part in re ponse to influences arising overseas, rather tha with any further change in the underlying tren of Britain's own balance of payments. At a events, neither the behaviour of sterling nor th confirmation of the assumption that the overa balance of payments had swung into considerabl deficit in the first quarter of this year has ha any discernible effect on business confidence a registered in the London stock markets.

The Gilt-edged market, usually the most sensi tive of all to any worries about sterling, has, in deed, just staged its first significant rally after a long downtrend. As measured by the Governmen securities index of the *Financial Times*, the mar ket had reached its lowest point for 1964 at 81.81 ir mid-June (when it was 7.4 per cent below the six year peak touched last October); in the ensuing fortnight it recovered to 82.45. In the industria share market the turnround has been still more pronounced. After sagging away from its post-Budget high point of 352.5 to only 334.6 by early June, the ordinary share index rose steeply in the next few weeks, touching 353.8 early in July—its highest since the major crack in the boom in May 1961 (the all-time peak reached then was 365.7).

Sterling, until quite recently, had been heartening and even a little unexpectedly firm. As I noted in this correspondence two months ago, soon after the Budget, the sterling-dollar rate had risen above parity, for the first time since last August. It hovered around this level until the last week of May, when it slipped back to $2.79¾, and then in early June it dipped more sharply, until in the last few days of the month it touched $2.79½, the lowest quotation for three years.

It was understood in the market that at least during the early stages of this pressure, the authorities were preferring to meet it by allowing the rate to move towards an equilibrium level rather than by giving support at the expense of the gold and exchange reserves. Over the month as a whole, however, these reserves dropped by $56,000,000, slightly more than offsetting their rise in May, and carrying the total down to a little over $2,700 million.

European Rediscount Rates

One of the major causes of this movement has been the repatriation of short-term balances by European holders as a consequence of the growing stringency in local money markets, and in response to the associated rise in money rates in a number of centres—tendencies that were accentuated last month by the shifting of balances for mid-year window-dressing. No fewer than four European countries have raised their official rediscount rates during the past month. The Netherlands Bank Rate went up from 4 to 4½ per cent on 4th June, the Danish from 5½ to 6½ per cent on 10th June, the Belgian from 4½ to 4½ per cent on 2nd July, and the Swiss from 2 to 2½ per cent on the following day. In each of the first three of these instances, this is the second increase to be made since last autumn. The Swiss move is interesting in the opposite sense—it is the first for a number of years.

There is, of course, no single or simple explanation of the rising trend of interest rates in Europe. In part it reflects tendencies of mainly domestic origin, and notably the effort to resist actual or apprehended inflationary pressures. But it also quite clearly reflects one international development of major importance that has been taking place during the past year—the success of the United States authorities in their efforts to cut down the overall deficit on the American balance of payments. Notably by restricting the access of oversea borrowers to the New York market, these policies have intensified the demands on European capital markets, in part by domestic borrowings within the countries concerned, and in part by international operations through the "Euro" currency markets that have been so greatly expanded in recent years.

As a result of this marked change in the pattern of international payments, one can already hear talk of the probability of a return to *conditions* of dollar shortage, and this trend in thinking is affecting international views about sterling, as the other international currency. It is being suggested that if the tensions within the European structure of international payments—and notably the tensions within that of the Six—lead to renewed repatriations of balances held overseas, sterling, rather than the dollar, may have to take the first strain.

In these circumstances, one does not need to look to the uncertainties of domestic politics in election year, or even to the apparent behaviour of Britain's own balance of payments, for the immediate explanation of the latest turnround in the exchange market. The most recent detailed estimates of Britain's balance of payments as a whole relate to the first quarter of this year, and became available on the last day of June—after sterling had touched its lowest point. They showed a continuation of the deteriorating trend in the current account that began in the second quarter of 1963, but this movement had been foreshadowed months ago. It has long been recognised that, when the economy is expanding at an above-average rate, this process must sooner or later put pressure on the balance of payments, if only because of the higher level of work-in-progress and the need at some stage to build up stocks to match the higher rate of output.

The first big strain from this source can now be traced in the estimates. In the first quarter of

(*Continued on page* 132)

TREND OF SHARES

EASY AT CLOSE

(From Our Own Correspondent)

BOMBAY, *16th July*

FOR want of fresh developments, industrials moved irregularly both ways in a narrow range with a distinctly easy tone at the close. Prices, wherever changed, showed small to moderate on-balance losses. Fears that the Government would implement the recommendations of the Bonus Panel and persistent reports of Pakistani firing on the Kashmir border induced bull operators to liquidate their holdings and cash the available profit. Rallies were due mainly to short-covering and scattered replacement buying and it was apparent that, although bulls were in no mood to extend their commitments, shorts were not ready either to bear the market.

Today (Thursday), however, sentiment turned easy following the news of Republican party nomination for Senator Barry Goldwater, who, it was feared, would adopt a tough policy with regard to foreign aid if he were elected President of the United States. There was also the question of Indian Iron dividend hanging over the market. The pessimistic reports about rayon prices turned out to be another disturbing factor. Further, it was said that one of the leading operators who had too many irons in the fire was eager to get out of the share market. The result was that the list closed on Thursday with all-round losses. Over the week, Tata Ordinary eased from Rs. 156.25 to Rs. 155.75 and Indian Iron from Rs. 25.60 to Rs. 25.50, and, among cotton textiles, Bombay Dyeing was down from Rs. 58.20 to Rs. 57.60, Century from Rs. 612.50 to Rs. 603, Standard from Rs. 653 to Rs. 638 and Kohinoor from Rs. 328 to Rs. 326.50.

The decline in rayon shares is not difficult to understand, in view of the plea on the part of spinners for relief following the continued lack of demand for yarn despite the cut in prices. Reports of the leading units having been able to sell just around 55 to 60 per cent of their current quarter's output caused considerable nervousness and National Rayon was quoted at the end of the week at Rs. 368.50, as against Rs. 376 last week. The rate in the kerb today evening was even lower at Rs. 366. Indian Rayon lost as many as 12 points to Rs. 54, due to distress selling, and Baroda Rayon lost three points to Rs. 76. On the whole, textile shares remained weak with sentiment clouded by persistent demand for a wage revision and threats of agitation by labour as well as uncertainty regarding cloth prices.

Automobile shares continued to look depressing. It is unfortunate that the industry should think of cutting down production to tide over its crisis of inadequate demand. Orders from the defence department are understood to have been cut and retreading has taken away a considerable part of the sales which should have accrued to manufacturers. Ceat was quoted at as low as Rs. 87 and Premier Tyres were done at Rs. 83. Something, it is said, must be done to help the tyre industry to its feet. To let manufacturers cut down their production is good neither for the country nor for the investor who has sunk his money in tyre shares.

Tata Loco, however, has been a shade better at Rs. 292, but this scrip has some special features which attracts investors. Among motor shares, Hindustan Motors was down from Rs. 18.76 to Rs. 18.28 and Premier Auto from Rs. 103 to Rs. 101.50.

A really disappointing note came from New Great Eastern Spinning and Weaving Mills which has skipped over its dividend for the year ended March 1964. After remaining out of the dividend list for four years, the Company resumed payment (12 per cent) in 1961 and stepped it up to 18 per cent in 1962. It is yet not known what affected the Company's working and the market is eagerly awaiting the Directors' report.

Scindia among shippings were down from Rs. 15.84 to Rs. 15.72.

Among companies which pleased their shareholders during the week was Larsen and Toubro which stepped up the dividend by 10 nP to Re. 1.50, which is also payable on the equity shares which became fully paid-up in August 1962. Sales of the Company are up by 41 per cent and the gross profit is Rs. 1.11 crore, as against Rs. 66.27 lakhs in the previous year. The shares were mentioned at Rs. 21.48 at the end of the week. New Standard Engineering has stepped up the dividend from 9 per cent to 10 per cent inclusive of a Cash Jubilee bonus of one per cent. At Rs 135, the shares yield 7.88 per cent gross.

A notable feature among the small counters was the firmness in B.B. Petrol which shot up to Rs. 3.72 on brisk support, though the quotation declined to Rs. 3.50 at the end of the week in line with the general trend of the market.

Indian Dyestuff was also weak, having declined from Rs. 282.50 to Rs. 278.75 and Voltas eased from Rs. 257 to Rs. 254.50. A.C.C. was fractionally lower at Rs. 152.25, but Belapur was up by three points at Rs. 218. Tata Chemicals was a shade easy at Rs. 18.68. The failure of this scrip as well as many others to look up despite excellent prospects ahead goes to sugggest that, once the market is set for a decline, no share, however strong individually, can pick up bull factors. Technical analysts now feel convinced that a correction has set in and they would not be surprised if the market were to stage a long pause before moving up again. True there have been strong bear factors this week, but the theory is that a declining market becomes extremely sensitive to these and may even look for them if they are not somewhere near around.

* * * *

The Calcutta market was guided more or less by the same factors which influenced Bombay and conditions were generally dull with a tendency for prices to sag. Jute shares lacked interest but Birla Jute managed to gain fractionally at Rs. 33.25. Howrah attracted demand, but the trend in this section was a mixed one. Paper shares were a shade easy with Orient at Rs. 34.30 and Shree Gopal at Rs. 24.87. Coal shares were dull, but the highlight of the week was provided by Kesoram Industries which announced a 2 per cent rise in the dividend to 15 per cent for the year to March. After fluctuating between Rs. 23.75 and Rs. 30.31 during the current year the scrip was quoted at Rs. 26.69 at the time of writing.

* * * *

In Madras, plantation shares were in the limelight with selected coffees and teas attracting investment demand. Industrials also maintained a firm tone. Among textiles, South India Viscose softened towards the week-end, but Bangalore Woollen were being asked for. The Miscellaneous section was active with many of the leaders coming in for good inquiry.

FIBREGLASS PILKINGTON LTD.

Fibreglass Pilkington Limited, whose public issue in November 1963 was 1½ times oversubscribed, has just announced its final call of Rs. 2.50 per share on 10,49,993 equity shares of Rs. 10, making them fully paid-up. This will provide the necessary finance for the Company's continuing programme of capital expenditure.

The construction of the Company's first factory at Thana, which began in February 1964, it is learnt, has been progressing to schedule, and roofing work on the main factory building is already in hand. Also taking shape on site are the office buildings, warehouse and staff accommodation. The purchase of machinery and equipment is under way and the first consignment of imported items is *en route* for Bombay. Commercial production is expected to begin in 12 to 15 months, when a full range of glass fibre products will be manufactured in India for the first time. It is heartening to find that the Company is expediting construction work and thereby seeking to live up to the promises held out in its prospectus.

The Government of India has granted the Company a licence to produce 2,500 tons of glass wool, 600 tons of glass textile fibre and 75 tons of glass staple tissue per annum. The three product types that will be manufactured at Thana are: (i) glasswool insulation for the preservation of heat or cold, and the reduction of noise—in boilers and industrial plant, cold storage and air-conditioning equipment, road, rail, sea and air transport, commercial and factory buildings and many other applications; (ii) glass staple tissue which is used as an anti-corrosive wrapping for pipelines, as a base for bituminous roofing felt, and as a spacer in electric batteries; and (iii) glass textile yarns, fabrics and mats for decorative textiles, the insulation of electrical equipment and for the manufacture of glass fibre reinforced plastics (translucent roof sheeting, boat and car bodies, building, panels, and 20,000 other products from sports goods to defence equipment).

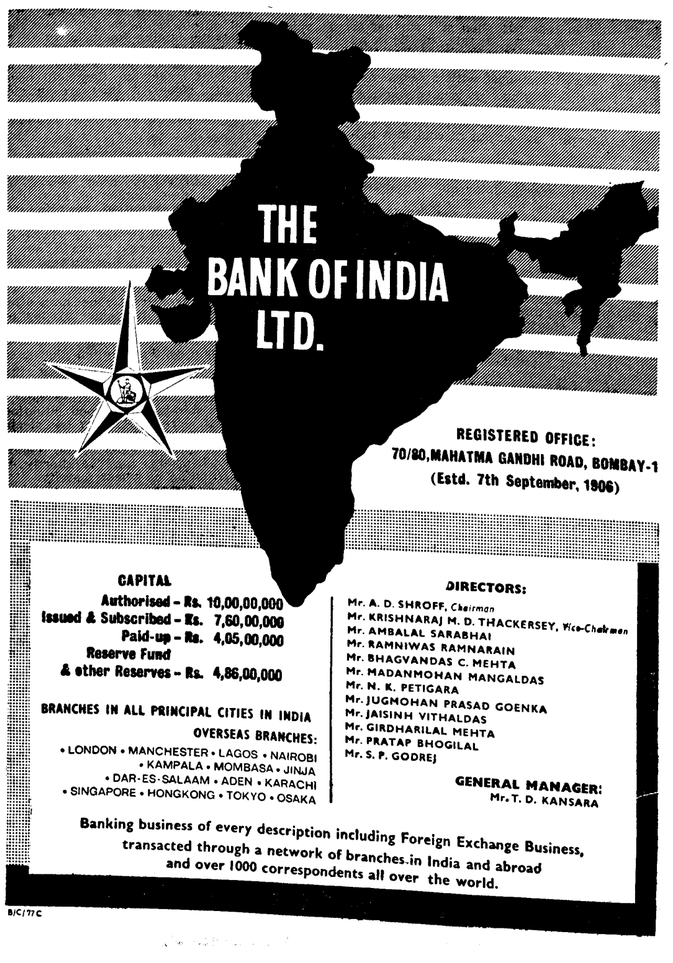
Technical collaborators and promoters of the Company are Fibreglass Limited, the leading manufacturers of glass fibres in the United Kingdom.

SOUTHERN GAS LTD.

The Southern Gas Ltd. is entering the market on 3rd August next with a public issue of Rs. 12.50 lakhs in 10,000 equity shares of Rs. 100 each. The whole issue has been underwritten. The Company has been licensed to put up a factory at Ernakulam in Kerala for the manufacture of 60 million c.ft. of oxygen and 12 million c.ft. of dissolved acetylene per annum. The factory is expected to commence operation by October-November this year. Full production capacity is likely to be attained in three years' time. The Fertilisers and Chemicals Travancore Ltd. (Alwaye) has agreed to supply the Company with oxygen in an uncompressed state at a cost of Rs. 10 per 1,000 c.ft. The machinery and necessary technical know-how will be supplied by an East German manufacturer. An import licence worth Rs. 25 lakhs for the import of machinery and cylinders from East Germany and Yugoslavia has already been granted by the Central Government.

The total cost of the project is put at Rs. 40 lakhs. This will be met by the share capital of Rs. 22.50 lakhs, bank loans amounting to Rs. 14.50 lakhs and deposits of Rs. 3 lakhs.

The authorised capital of the Company is Rs. 50 lakhs comprising 30,000 equity shares of Rs. 100 each and 20,000 unclassified shares of Rs. 100 each. Of this, the issued capital is Rs. 22.50 lakhs comprising 22,500 equity shares of Rs. 100 each. The promoters, directors and their friends have already subscribed Rs. 10 lakhs and the balance of Rs. 12.50 lakhs will be offered to the public.



Tokyo b

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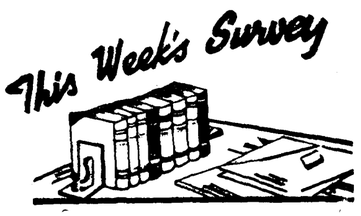
ROYAL DUTCH AIRLINES



FOREIGN CAPITAL FOR INDIA

THE aggregate outlay on the fourth Five-year Plan will be pretty large, the estimate of the Perspective Planning Division being about Rs. 22,000 crores. A sizable part of this outlay represents foreign exchange expenditure. It is true that the Governments of the friendly countries abroad will continue to make available to India large-scale assistance in the form of loans. But such loans, it is common knowledge, also entail the heavy burden of repayment (principal and interest charges). Precisely for this reason, the Government of India is attaching great importance to the need for an accelerated inflow of private foreign capital into India. Only the other day, the Union Finance Minister, Mr. T. T. Krishnamachari, declared at London again that India would welcome foreign capital. Almost simultaneously with this statement came a news agency report from New Delhi suggesting that the Government of India would permit American firms to invest $300 million (about Rs. 143 crores) annually in 21 chosen key industries during the fourth Plan period (April 1966-March 1971). This, the report said, "is in line with the new thinking of the Finance Ministry that, besides friendly Governments, the private foreign investor should also have a role to play in the fourth Plan."

Some of the steps taken by the Government to attract foreign capital were impressively highlighted by Mr. G. L. Mehta, Chairman of the Indian Investment Centre, when he addressed the annual meeting of the Centre in Bombay last week. Mr. Mehta made special mention of the incentives provided in the last Budget, as well as of the reappraisal of Government's policies and procedures in a number of directions, and said that these were likely "to act as an impetus to the inflow of private foreign capital." And he hoped that the current year would be an encouraging and active one for the Centre in its efforts to attract private foreign investment for the economic development of the country. Emphasising that the Centre must play an increasingly important role so as to make an adequate contribution towards realising the objectives of the Plan, Mr. Mehta gave the following broad outline of the Centre's work in facilitating inflow of foreign private capital in industrial fields over the next few years:

In the course of the Centre's activities during the last three years, the emphasis has been rightly placed upon information, assistance and service aspects of work rather than on its stimulation and sales functions. For the Centre to succeed in the tasks ahead, it must now be in a position, in addition to its capabilities as an advisory service organisation, to carry out effectively the 'selling' of India's investment opportunities to foreign entrepreneurs. This would be possible only by planning the Centre's activities in India and abroad over a period of time. It is essential to set up a technical wing in the Centre which will not only advise Indian and foreign entrepreneurs on their projects but also assist them in framing them. A feasibility division and a field service should be established for this purpose. The latter would, among other things, maintain contacts with the new generation of Industrialists who are coming up in various parts of the country. Joint-venture companies, which come into being with the assistance of the Centre, should also be regularly visited in the initial stage of their operations. This liasion is important for the purpose of gaining experience in practical problems encountered by such concerns so as to enable the Centre to render assistance in solving them. The field service would eventually form the nucleus of the Centre's branch offices in places like Bombay, Calcutta and Madras.

The Investment Centre's activities abroad will have to be simultaneously enlarged. At present, we have an office only in New York and, while this office is in need of being strengthened in various directions, it is essential to set up a number of offices in other countries as well. Accordingly, it has been decided to establish a European office at Dusseldorf, which would start functioning by September this year.

Simultaneously with the setting up of the European office it is proposed to bring in a team of German industrialists to India sometime in October-November to enable them to study conditions and opportunities in the country, to discuss with appropriate authorities and establish contacts with Indian industrialists.

We also propose to invite a team of Japanese experts some time in August who would explore the possibilities of petro-chemicals in India and the prospects of participation in such development both technically and financially. It is the Centre's intention to bring in at a later stage similar teams from France and other countries.

While the Investment Centre will doubtless play a notable part under the able stewardship of Mr. G. L. Mehta, the pace of inflow of private foreign capital will be influenced essentially by the general attitude of foreign investors which, in turn, will depend on the overall climate for investment that obtains in the country. Investors abroad are no doubt generally satisfied with the climate for investment and they are also fully aware of the vast potentialities of the Indian market. But there is a widespread feeling among them that the fiscal and industrial policies of the Indian Government need certain adjustments if the pace of investment is to be accelerated. The Governments of some countries, too, feel the same way. Here is what Mr. Franklin D. Roosevelt, U.S. Under-Secretary of Commerce (Mr. Roosevelt accompanied the U.S. businessmen's mission to New Delhi in April last) said at Washington recently:

"A country as large as India has enormous problems. We do think foreign capital investment could help much in the development of India. This would require the elimination of some bottlenecks in the Indian economy, which are holding back private investments. This was the major purpose of the mission which went to India in April and which focussed the attention of the Indian Government on specific issues."

The specific fields in which the U.S. businessmen's mission wants adjustments were indicated in our Market Gossip columns only two weeks ago (*vide* page 3 of *Commerce* dated 4th July). In the light of these suggestions, the Government of India will do well to formulate definite guidelines for foreign investors as to the broad basis for collaborations and joint ventures, "so that the rules of the game are known in advance." Such guidelines, as Mr. Roosevelt has aptly remarked, would be of immense help to investors to understand their own position and thus encourage advance planning. If the guidelines are worked out, American capital, according to him, can associate itself in technical assistance, management, engineering and design, even if a plant is in the public sector. Surely, the formulation of definite guidelines will help attract foreign investments in India on a significantly large-scale in the coming years.

ROLE OF ROAD TRANSPORT

The Planning Commission's Committee on Transport Policy and Co-ordination is yet to finalise its report. The Government is, therefore, waiting for this report to evolve a suitable policy for co-ordinating various modes of transport during the fourth Plan period. That such co-ordination, which has not been attempted so far, is necessary has been generally recognised. It will be all the more necessary under the fourth Plan which may provide for an investment of as much as Rs. 4,000 crores in all forms of transport. But what is so very necessary is, at the same time, difficult to achieve, for, as in the field of food policy, the State Governments, with their divergent interests, are very much in the picture. It will be something of an achievement if a co-ordinated all-India transport policy comes to be evolved. As of today, one can only hope for the best in the belief that the Committee on Transport Policy and Co-ordination will show the way.

Whatever be the policy that is ultimately formulated for transport co-ordination, there can be no doubt that the road transport sector will have a bigger role to play in the years to come. This should be evident from the fact that roads and road transport will have a larger *absolute* share of investment in the next Plan period. It may be that this role will also be relatively more effective, considering that the Planning Commission proposes to adopt "a design for regional development that will make it much easier to remove restrictions on road transport that might have been considered unavoidable in the past, to secure the planned development of road transport and to co-ordinate it effectively with road construction, railway development and with regional economic development plans" (*vide*: Mr. Asoka Mehta's speech at the I.R.T.D.A. meeting on 27th June 1964). The clear indication by the Deputy Chairman of the Planning Commission that road transport will have an "enormous contribution to make . . . . in terms of the growth of regional economies in the country and, on long-distance routes, as a secondary supporting service to the railways" is also an encouraging pointer to the final shape of the Transport Policy Committee's report.

That a more promising field awaits the road transport industry could also be inferred from some of the observations made by the Union Transport Minister, Mr. Raj Bahadur, at the meeting of the Road and Inland Water Transport Advisory Committee last week. Mr. Raj Bahadur had this to say, namely, that the Motor Vehicles Act would require further drastic amendments (besides the ones proposed in a Bill to be presented to Parliament shortly) in the light of the recommendations of the Committee on Transport Policy and Co-ordination. That was not all, for he also referred to the possibility of prompt action on the recommendations of the study group which was examining the divergent taxation policies and licensing procedures of State Governments with a view to rationalising them. Another information given by him was to the effect that a working group set up by the Reserve Bank had advised the State Finance Corporations "to finance road transport at a rate not exceeding that of the Reserve Bank by more than 4½ per cent." The Minister's recognition of the need for a thorough study of the existing system of hire-purchase financing for motor vehicles with reference to the requirements of the fourth Plan is also noteworthy in this context. All in all, therefore, the Union Ministry of Transport is fully seized of the problem of how best to ensure the development of road transport as "an efficient and economic service." If the Government is earnest about this objective, it should expedite the various transport studies, so that practical measures could be devised at the earliest for dealing with the organisational and financial aspects of road transport.

IMBALANCE IN WORLD TRADE

At the United Nations Conference on Trade and Development held at Geneva recently, it will be recalled, the spokesman of practically every developing country expressed wide fears about the persistently growing imbalance in world trade. That these fears were not at all exaggerated is clearly borne out by a U.N. study as well as by a F.A.O. survey. The findings of the U.N. study are contained in Part II of the *World Economic Survey* 1963, a brief summary of which has just been released. The findings reveal that the export earnings of developing countries rose by only 4-5 per cent during the year 1963 as compared with 1962, while those of industrial market-economies went up by 6-7 per cent and of the centrally planned economies by 7-8 per cent. The aggregate value of world trade in 1963 is estimated at about $153 billion, representing an increase of $12.2 billion or nine per cent over 1962. Almost two-thirds of this increase is accounted for by the industrial countries of North America, Western Europe, and Japan, the actual exports from which rose by $8.0 billion. Exports from primary producing economy went up by $2.9 billion and those from the centrally planned economies by $1.3 billion.

The combined trade deficit of developing countries was no doubt smaller in 1963 than in any year since 1954, as the rise in their spending for imports lagged behind the upswing in export earnings. Even so, the need for sustaining the increase in the export earnings of many developing countries is urgent to a degree. The world demand for their export products will necessarily have to rise at an accelerated pace, for the margin of safety achieved under the generally market conditions of 1963 is a small one in relation to the longer-term growth needs

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The persistently heavy deficit in the trade of developing countries with the developed countries ought to be reduced drastically if the world economy as a whole is to expand on a sound and healthy footing.

The F.A.O. has clearly warned that the developing countries' trade deficit will be wider still if their agricultural production fails to keep up to the targets laid down. At constant prices and assuming no major policy changes, the total net exports of developing countries are expected to increase by no more than 3.5 per cent a year during the 'sixties, while their imports of manufactured goods will continue to be on a large scale. The actual imports have risen in recent years by about six per cent a year and any reduction in these imports is bound to affect the economic growth of developing countries. Viewed thus, the need for an improvement in the terms of trade cannot be stressed too strongly. It is only such an improvement that can reduce the trade deficit of developing countries. Besides the widening trade deficit, the heavy deficit in invisibles is also a matter for concern. The deficit, according to U.N. estimates, may increase from $4 billion in 1959 to as much as $8 billion by 1970.

Judged against this background, the F.A.O. has done well, indeed, in urging (1) removal of barriers to trade in non-competing commodities, (2) more liberal import policies for competing commodities (particularly sugar), (3) an increase in the prices of some tropical export crops for which import demand is inelastic, (4) expansion of processing industries in developing countries through reduction of trade barriers in developed countries and regional arrangements among developing countries, and (5) a more rapid rise in the imports of centrally planned economies. The implementation of these measures, in keeping with the spirit of the Geneva Conference, should merit the serious consideration of the Governments of both the developed and developing countries. Though the task is formidable, what is needed is greater international co-operation in order to bring about an equitable structure of world trade, so that the share of developing nations in the expanding world trade will be much larger than at present.

A NON-OFFICIAL REPORT ON KANDLA

Kandla Port and Gandhidham area in Kutch, Gujarat, have developed considerably in the last few years. The volume of traffic handled at the port has increased from 11.24 lakh tons in 1959-60 to 17.43 lakh tons in 1962-63, and its revenue, too, has gone up substantially from Rs. 66.4 lakhs to Rs. 110.7 lakhs. Some industries, too, have come up in the area, the achievements todate being a formaldehyde plant, a fish canning factory, a small industrial estate and some salt works. Even so, the delegation of the Gujarat Chamber of Commerce (Leader: Mr. Premchand Gokaldas, President of the Chamber), which visited the region recently, has found the progress to be pretty slow and tardy, lacking the basic momentum for economic growth. It is indeed surprising that several sheds in the industrial estate constructed at Gandhidham are lying vacant. Even the industries already set up in the estate continue to experience a crop of difficulties in obtaining plant and machinery, raw materials, licence and quota certificates and financial assistance. All this is not surprising, for the area is deficient in many of the basic amenities for economic development like transport, power, water and housing. As if to add to these shortages, the Kutch district does not produce enough foodgrains owing to inadequate rainfall. The vast desert tracts of the region have remained unexplored for years and cannot be put to productive use because of adverse climatic conditions.

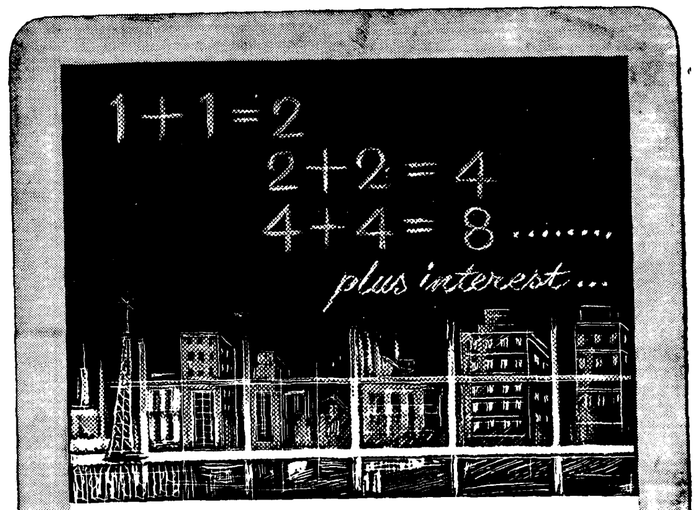
The region as a whole, therefore, stands in need of planned development. The delegation has suggested, in this connection, that the Gujarat Government should set up immediately a Desert Development Board to convert Kutch into a rich, fertile agricultural belt with the help of the Union Government and the technical assistance of the Food and Agriculture Organisation and other relevant affiliated agencies of the United Nations. Further, the construction of the Zund-Kandla railway link should be taken up and completed within a reasonable time to increase the movement of goods. The delegation has also suggested that the Kandla-Ahmedabad Highway and the fair-weather road between the two centres should be completed very soon with a view to increase the transport facilities. Another suggestion is that Kandla should be linked by air with Ahmedabad, Delhi and other places for its speedy development.

The team has rightly stressed the need for proper planning in regard to power generation and supply, for if the proposed oil refinery comes to be established in the region, the present 3,000-kw. power generator would become inadequate. A kind of preference would also have to be given to Kandla area in fixing electricity rates for its rapid growth. Further, the Government's efforts to augment the supply of water from 20 lakh gallons to 50 lakh gallons per day would need to be speeded up to meet the ever-rising needs of industries. In view of the comparative backwardness of Kutch, the State Government should accord priority to small-scale and other industries in the allotment of raw materials and provision of financial assistance. To step up building activity in the area, the L.I.C. and the Gujarat Housing Board should draw up and assist appropriate programmes. For rapidly urbanising the area, the Union Government should also consider the shifting of some of the scattered Central Government offices to the vicinity of Kandla.

The delegation's report is particularly valuable for its treatment of questions relating to the proposed creation of a free trade zone at Kandla. While welcoming this move as a unique experiment in the field of sea customs in India, it has requested the Government to provide incentives and facilities of the kind available in other free trade areas of the world so as to stimulate the establishment of new industries and thereby the foreign trade. There should be no ambiguity in the rules and, if controls are to be imposed on the activities in the zone, they should be announced in advance. Further, no limitation of time for the re-export of goods should be fixed. As a lot of delay has already occurred between the announcement of the scheme and its implementation, the delegation has urged that it should come into operation as expeditiously as possible. Its further plea is that the list of industries, for which there is scope for development, should be announced sufficiently in advance so as to enable the parties concerned to plan things well in time. At the same time, it has also called upon the enterprising mercantile community of the State to come forward and establish new industries in the area. The delegation's appeal to the Government and entrepreneurs alike has come not a day too soon. It is realistic too, for it is based on on-the-spot studies.

* * * *

The income of the Kandla port rose by Rs. 27.61 lakhs during 1962-63, according to the administration report. This was due mainly to increase in the trade handled at the port. The revenue receipts, excluding pilotage account, during the year were Rs. 110.70 lakhs, as compared with Rs. 83.09 lakhs in 1961-62. The total trade handled at the port was 17.43 lakh tonnes as against 18.87 lakh tonnes. The expenditure, excluding that charged to the pilotage account and contribution to the depreciation fund, was Rs. 63.35 lakhs, as against Rs. 50.23 lakhs. The percentage of working expenses, excluding debt charges and special expenditure, to income under the general account was 57, as against 60 in 1961-62. Contribution made as usual to the depreciation fund during the year was Rs. 8.36 lakhs. A sum of Rs. 15 lakhs was also paid towards part payment of interest charges on the cost of assets transferred from the capital to the revenue side. The outstanding debt of the port at the close of the financial year was Rs. 12.61 crores due to the Government of India on account of assets transferred to the port and those taken over from the former Government of Kutch. Imports during 1962-63 registered an increase of 2.95 lakh tonnes or about 21 per cent more than the previous year. This was mainly due to greater imports of foodgrains, iron and steel, oil and other miscellaneous items. The exports also showed a rise of 61,000 tonnes as compared with the previous year because of greater traffic in cotton, ores, salt, sugar and mineral oils. Excluding sailing vessels, 311 vessels with a gross tonnage of 25.25 lakhs entered the port during the year under review as against 230 vessels with a gross tonnage of 17.30 lakhs.



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DELHI LETTER

CHANGES IN ADMINISTRATION

MR. SHASTRI INITIATES THE FIRST STEPS

From Our Special Correspondent

NEW DELHI, *14th July*

MR. Lal Bahadur Shastri has lost little time in initiating changes which will lead to a slight shift in the seat of administrative power at the Centre. Mr. L. K. Jha, Secretary to the Department of Economic Affairs, has been moved to the post of Secretary to the Prime Minister. Under Mr. Nehru, the Prime Minister had a personal secretariat and a Personal Private Secretary, an Indian Civil Service man, but the Cabinet Secretariat formed the clearing house for communications from the highest level to various Ministries and departments. The Cabinet Secretary, in effect, was the kingpin of the administration.

For several months past Mr. Jha has been rated as among those in the nucleus of an I.C.S. group which lobbied on its own and theorised on administration, public-sector industries and procedures when the hold of ailing Mr. Nehru was on the wane. Prominent among this group were Cabinet Secretary Khera and Co-ordination Secretary Bhoothalingam. This group had also begun to look upon Finance Minister T. T. Krishnamachari, whose mastery of technocracy made him one of the group's mentors. Until one of the former Cabinet Secretaries writes his memoirs or reminiscences, it will be difficult to know in detail how far the Cabinet Secretary, from his commanding position, became an influencing element in the Nehru era. Mr. Shastri is known not to have undiluted admiration for the civil service whose contributions are inflated almost as a matter of principle by British commentators. The Prime Ministers' secretariat under Mr. Jha will now be Mr. Shastri's listening post and Mr. Jha his chief of staff for administrative operations.

Mr. Jha is familiar with the numerous economic problems which will dominate governmental activities for some time to come. As a negotiator for foreign assistance, Mr. Jha's face is also familiar to numerous foreign dignitaries, but if Mr. Shastri hopes to retain the Foreign Ministry in his hands, Mr. Jha will not be of much help to him in that field. Mr. Shastri hopes to add to the Prime Minister's secretariat some junior secretaries from other departments.

Future Role of Planning Commission

Mr. Shastri has made it plain to Yojana Bhavan that the Planning Commission will have a much reduced role—merely the task of being advisers and thinkers. Mr. Asoka Mehta himself had started his innings at Yojana Bhavan in November on the assumption that he would seek to make the Planning Commission more of brains trust and less of an action wing. There had been considerable agitation among planners and administrators over the dialogue earlier this year between Mr. Krishnamachari and Mr. Mehta on the status of the Planning Commission; Mr. Nehru had not the time to pass final judgment on the issue except for remarking that the Planning Commission had overgrown. According to Mr. Shastri's trend of thinking, the Planning Commission should divest itself of all executive functions. Before the National Development Council meets, probably in August, the Planning Commission would have processed numerous reports of working groups concerned with specific sectors.

Agriculture, no doubt, has been the sector in which the greatest attention has been devoted in the past few weeks. The decision after the Chief Ministers' conference is to move forward with measured steps instead of plunging headlong into a radically new food policy. Mr. Shastri wants economic programmes which will yield quick results, for a change, fruits of which are visible to the people at large. Some of the economists who have concentrated on huge perspectives naturally may be somewhat disheartened by the trend of the new administration towards emphasis on short-term projects. Among the bigger projects, it would appear that the erection of the public-sector plant at Bokaro, expansion of other steel plants and a crash programme for fertiliser factories are among the few which will be pressed forward. These will be among the "core projects" in the fourth Plan. When the National Development Council meets, it will be presented a consensus of the Central Cabinet and the Planning Commission on the targets necessary in the agricultural field in the fourth Plan. Talks between the Food Minister, the Community Development Minister and the Irrigation and Power Minister, on the one hand, and the Planning Commission, on the other, have resulted in the perspective target of 120 million tonnes of foodgrains by 1970-71 being the one to be placed before the National Development Council. Among other targets are 8.5 million bales of cotton and more than 32 million tonnes of milk and milk products.

Food Policy

The Chief Ministers endorsed Mr. Subramaniam's idea for a food trading corporation and a decision on when to start the corporation and whether to have one or two will be taken by the Cabinet after the Finance Minister returns from the Commonwealth Prime Ministers' Conference. After examining the economics of importing rice milling machinery—for the 2,000 units the Government wants to erect by the end of the fourth Plan—it has now been decided to plan for large-scale manufacture within the country. Thailand, Burma and Pakistan have responded with offers to sell rice to meet some immediate needs. But these supplies are anyway marginal to the requirements and the terms of payment have also to be ironed out—Burma and Thailand still want sterling. Mr. Subramaniam's strategic sales programmes can make a real start only after another P.L. 480 deal with the United States is consummated.

In the matter of prices, a technical committee will try to find a formula which can satisfy the consumer and the producer. Mr. Subramaniam has had talks with the Planning Commission on the subject, but the Planning Commission does not want to take any active role in the matter although the Home Minister, Mr. G. L. Nanda, has been pressing the planners to revive the price intelligence machinery which Yojana Bhavan evolved when Mr. Nanda was Planning Minister and Deputy Chairman of the Planning Commission. Mr. Nanda will have to bear the major responsibility if there are breaches of law and order as a result of prices spiralling further upwards. Scattered incidents have already been reported. Mr. Mehta is clear in his mind that the measures to tackle the price problem are to be left wholly in the hands of the executive ministries.

A group in the Planning Commission is also against hints of major reductions in developmental expenditure as a disinflationary policy; according to those who favour a forced pace of development, any slowing of developmental efforts now will merely postpone the aggravation of economic problems.

Chavan's Moscow Mission

Although Mr. Shastri has accepted an invitation to visit the Soviet Union, his health does not permit him as yet to fix a definite date. Mr. Shastri is likely to attend the non-aligned powers' meeting in Cairo in October. The first senior Indian Minister to visit the Soviet Union after the change of Government will be the Defence Minister, Mr. Y. B. Chavan, who will be in Russia for a fortnight from 28th August. Mr. Anastas Mikoyan, Soviet Vice-Premier, on a short visit to Delhi in June, promised to take steps to speed the project to make MIG 21 supersonic fighter planes in India. Mr. Mikoyan cold-shouldered the idea of an early visit by Mr. Krishnamachari because Russia is not willing to discuss commitments for the fourth Plan now. Mr. Chavan's visit to Britain for defence aid talks is likely now only after the British elections and the formation of a new Government there. To the demand for quicker action on the MIG project (which Soviet lobbyists in Delhi say is delayed due to Indian inaction) is proposed to be added a new item to Chavan's Moscow shopping list—assistance in the manufacture of military tanks. (See Delhi Letter in *Commerce*, dated 27th June, page 1096.)

Foreign Investment

In the three years it has been active, the Indian Investment Centre has been able to push through 66 deals with a capital cost of Rs. 55.6 crores and foreign equity participation of Rs. 6.5 crores. Of the 66 deals, 22 have been technical collaboration agreements. As a sounding board, the Centre has begun to become more prestigious—as many as 750 inquiries were received by it in its third year of operation. Nearly half of the deals which have gone through with the Investment Centre's help are from the United States and now the Centre is spreading its wings to other countries with an office in Germany. The Centre plans to bring a team of West German businessmen for a visit to India, probably in November. This trip by Germans will be on the same lines as that of American businessmen in May. Incidentally, even an East European communist country has made use of the Centre's services in entering into a collaboration deal with an Indian firm.

New Lines of Production

One factor which is often lost sight of by critics examining the flow of foreign investment into the country is the significance of the new lines of production; the easiest way to analyse foreign investments is to compare the amounts invested. In the past few weeks some collaboration deals have been made in crucial sectors. The most glamorous perhaps is the arrangement between the Government and the Bechtel International Corporation to form a new firm, Indian Engineers Limited, which will make a large variety of industrial machinery, particularly those needed for the oil industry. A second noteworthy agreement will ultimately enable a firm in Coimbatore to manufacture a wide range of sophisticated textile machinery. The World Bank, an American bank and the Swiss firm of Reiter Machine Works Limited are associated in the provision of money and technical aid to Lakshmi Machine Works. The Indian Investment Centre was associated with some of the negotiations for the Coimbatore project. Progress is also being made in getting foreign firms' interest in petro-chemical units. Mafatlals' arrangements with Shell, Dutch and German firms will perhaps mark the beginning of the Indian petrochemical era on a big scale; for the Gujarat complex the Government hopes to negotiate several collaboration deals soon. A petro-chemical team from Japan will be visiting the country in a few weeks.

Much work remains to be done to pursue the interest evinced by the American businessmen during their visit to Delhi; some of the openings made by Mr. Krishnamachari during his last U.S. visit are beginning to yield results. In the arrangement with Philips for the Cochin refinery and the recent deal for Indian Engineers Limited, Delhi has made a dent in a barrier built by American companies in their reluctance to join in partnership with the Government.

Leylands' decision to invest an additional £2.5 million in its subsidiary in Madras again is a short in the arm for the Indian automobile industry. If the Indian automobile industry fails to move near to the targets set in the third Plan, it cannot now be said to be for want of foreign exchange. In addition to the British investment in Ashok Leylands' expansion, Hindustan Motors, T.E.L.C.O. and Premier Automobiles have all received American assistance. The latest U.S. allotment of $37.8 million will permit the second big expansion of T.E.L.C.O. and Hindustan Motors; both these firms, as well as Premier Automobiles, already have been recipients of a total of U.S. $40 million which is helping their current expansion programme. The World Bank's assistance for the automobile industry in 1964-65 is $47 million. A similar amount is being sought for the industry from the World Bank for the next financial year. The automobile industry's production in 1963-64 showed a slight improvement on the previous year's.

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LONDON LETTER

THE CO-OPERATIVE COMMONWEALTH

T.T.K. MAKES EXCELLENT IMPRESSION

From Our Own Correspondent

LONDON, *11th July*

THUS far—though at the time of writing it is only a beginning—the eighteen Commonwealth countries here assembled have shown an ability to confer without fireworks, yet at the same time getting down to brass tacks. Maybe this is because some of the most difficult issues are being gently withdrawn from the publicity of the Conference room into quieter spheres—Southern Rhodesia, for instance, which yesterday provided matter for completely frank statements from all members, is today being talked about in an entirely practical way in the seclusion of the Prime Minister's country house Chequers. Similarly Mr. Krishnamachari is talking about Kashmir over lunch with President Ayub Khan, something both statesmen might find difficult nearer home.

Incidentally, Mr. Krishnamachari made an excellent impression of combined diffidence and strength of purpose when he met the whole corps of London journalists at lunch on his arrival from India at the beginning of the week. Mr. Maudling was another guest of honour and replied to Mr. Krishnamachari's affirmation that he proposed to seek more aid with a tribute to the Finance Minister's qualities: he related that, as a junior Treasury Minister, he had occasion to make a request to Mr. Krishnamachari in Delhi and was greatly impressed by the attention and courtesy with what amounted to his complaint was received. It was only after he had left the Minister that he realised the answer had been "No"!

Perhaps an unexpected reason for the manner in which difficult problems are being discussed is because the British Prime Minister, as Chairman, acts the self-effacing chairman to an astonishing degree. Sometimes it is as if he wasn't really interested, sometimes as if he was merely weak, but the effect is to let the conference debate very freely, without this necessarily implying that if it comes to the point Britain will give anything away.

Overseas Aid

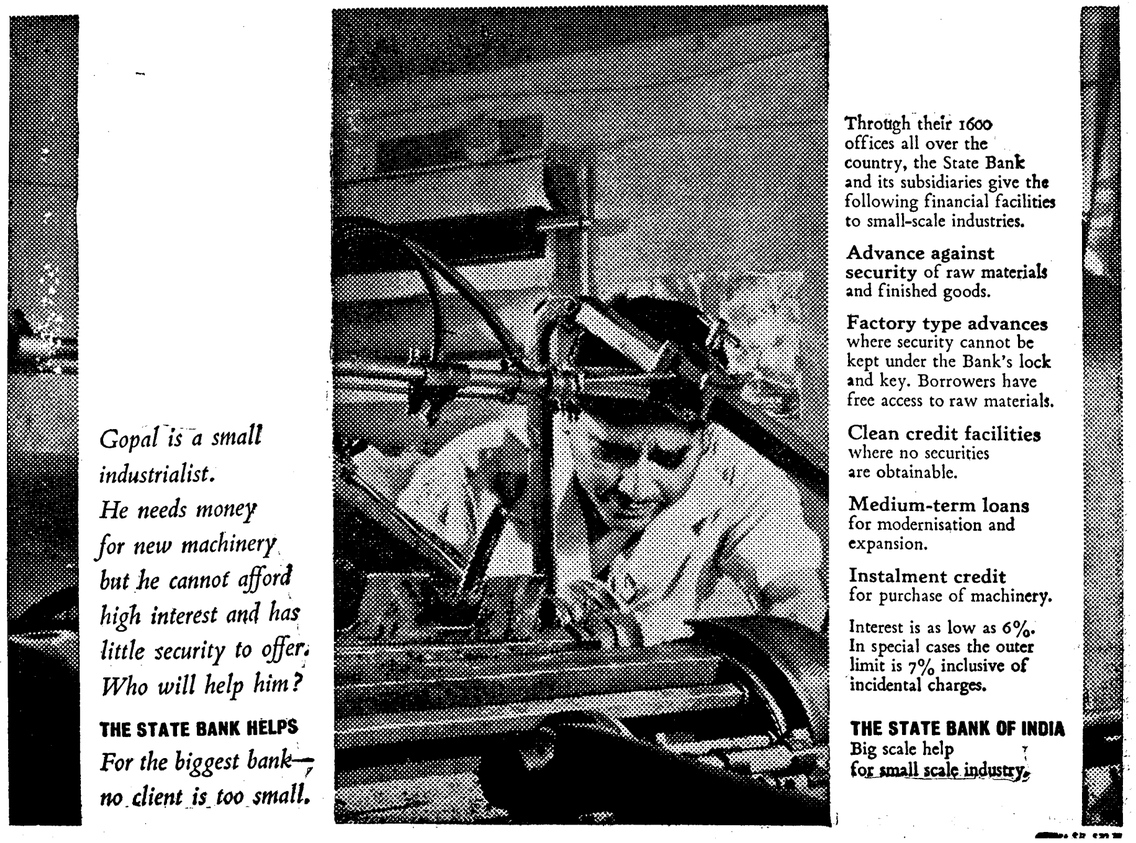
The Overseas Development Institute has now produced a study to show that overseas aid does not really strain the U.K's Balance of Payments. The argument is, first, that a loan represents an overseas asset. This only makes sense if the asset is realisable—that is, can be sold to someone else. But even if the asset were realisable, and few loans can be so regarded, the point is irrelevant: the strain on the balance of payments is no less real because an asset has been acquired. Of course, if such an asset could be accepted by the I.M.F. or by the World Bank as collateral for exchange, then the resources used would be effectively made up—but this does not happen yet, though it is an excellent idea.

The second part of the argument is that whether aid is tied or untied in practice, it goes out in exports. If this were 100 per cent true, then the adverse effect of a loan on the balance of payments would be offset fully by exports, that is, if the loan had not been made, then the exports would not have been made and the balance of payments would have been exactly the same. But this implies that the exports themselves require no imports of materials or other goods and that the productive capacity which they take up could not have been diverted to other exports which would have been paid for instead of being loaned for. Aid loans do not represent a burden to anything like their full extent, but neither can they be glibly dismissed as being without effect on the balance of payments. The truth lies between the two extremes—and somewhat in favour of the loans.

But there are ways in which the balance of payments burden could be eliminated. They have been proposed to the I.M.F. and their general principle is indicated above. If one takes the simplest argument, that a loan is an unpaid export, then if that export can be paid for, countries would tumble over each other to give loans in aid. Therefore, the loan-export must be monetised and under one plan the I.M.F. should issue to the developing countries loan receipts which they could use to pay for development imports. Such loan receipts received by the country making the export would go to the credit of that country at the I.M.F. A credit structure with an international basis will have been created. These are the lines of international monetary progress which could transform the rate of development of the emergent countries.

A Secretariat in London?

One way in which the Commonwealth countries could explore such suggestions for their mutual advantage would be by the creation of a Secretariat in London. This has been on the Conference agenda this week, and, though it is not a new idea, it now has much more general support. It would do for the Commonwealth what the Secretariat of the U.N. does for the world and what the British Government's Commonwealth Relations Office cannot do. If the present Government does not do anything about this suggestion, it is likely that the next one will advocate it warmly to the other Commonwealth countries. Such a secretariat—no one has this week spoken against the idea, which was first mooted by Australia—would explore all the ways by which the Commonwealth countries could assist one another. It would, like U.N.O., be staffed with representatives (Civil servants primarily but also specially appointed ministers) from all the countries and, perhaps, they would have to take an oath of allegiance (the civil servants anyway) to the Commonwealth as opposed to their individual countries! And the Secretariat might even be located in Delhi instead of in London (that is, where Mr. George Brown, Mr. Wilson's deputy, would put it anyway). The essence of the idea would be to develop the concept of the new form Commonwealth as an expanding force; it will be opposed only by those who are prepared to see it wither away on the pretext that it is an unnecessary supplement to the U.N.O.



TRENDS IN BRITISH BANKING—I

CHANGING STRUCTURE AND POLICIES

THE slow growth of banking (as compared with the phenomenal growth of building societies and hire-purchase companies during the last several years) and the falling share of bank deposits in national income have come in for widespread criticism. In the face of such criticism, the banking system in Britain appears to have developed a sort of "automatic defence mechanism." Bankers know that their customers can hardly find a better service in the world and, since they offer a rare combination of an entirely personal relationship, a nation-wide grid of apparently limitless financial resources, and a well-knitted branch network, the customers rarely complain. Even when they complain in rare cases about "unimaginative" branch managers who are "insufficiently informed" and who are "unable to take real trouble and initiative," they have nothing but praise for the clerical efficiency of banks. The main complaints against banks, their ways and, the most important of all, their policies come from the public, that is, newspapers, financial journalists and economic commentators. There are, however, some bankers even at the top executive levels who have precise and aggressive ideas, who are efficient and energetic, and who are, above all, knowledgeable. They, too, think deeply about the fundamentals of British banking which are fast changing. In the present stir, what is being challenged and changing is not merely the outward form or internal procedures of banks; the roots of change go deeper into their structure and organisation, into their ways and policies. Since it is the very existence of British banking that is being challenged, the bankers are worried about their own future. The paragraphs that follow attempt to give an outline of the trends and currents of the winds of change-over in British banking.

The inherent limitations of the British bankers' individual and collective set-up which prevent them from thinking about banking innovations were highlighted in the course of a survey published recently by the *Economist* of London. Administratively, there is considerable over-centralisation of the decision-making process in banks, and the head-office management is too much overburdened with detail to be able to think about fundamentals and policies. There may be more of rhetoric than truth in the gibe that general managers know too much about banking and the directors too little, but it is nevertheless a reflection upon the decision-making process in British banks. The managers in the second rank are all so busy with individual accounting, accommodation or advances problems that they are unable to see the wood as a whole. The bankers' collective arrangements also reflect this inadequacy in their thinking ahead for the entire banking sector. Bankers who are busy with their own problems have hardly the time, the equipment or the facilities to evolve policies for the future growth and development of banking. Most of the time, they are busy sorting out the difficulties in an *ad hoc* manner. They are hardly able to agree on positive possibilities of change in the number of business hours in a day, although they could agree on a negative decision on the number of business days in a week.

Five-day Week

The extraordinary decision to close on Saturdays had preceded the decision (or is it indecision?) to remain open on Friday night in order to attract wage earners into the banking system. The bankers announced their decision on Saturday closing soon after the bank chairmen had all made their annual homilies, none of which contained any indication of the decision to come: either they were not aware, or they were not agreed, or it may be that they did not want to tell. But the staff rightly regards the decision on Saturday closing as a victory for one of their long overdue demands. The Committee of London Clearing Banks has already announced that the decision may be implemented soon—which may mean with effect from 1st January 1965. There was some talk of a five-day week for the staff and six-day week for customers, but only the first half seems to have found some favour. Whether in the bargain the bankers will be able to persuade the staff to stagger holidays and provide a skeleton service on Saturdays or whether business hours on all week days or only on Fridays will be increased—there is no knowing.

As things are, bankers have attempted to rationalise their decision by referring to the many banks abroad, particularly in Europe, who operate five-day week without disrupting the national economy or driving the customers into the giro. But, as pointed out in the *Bankers' Magazine* by Mr. George Norman, who describes the chaotic conditions regarding holidays and regarding days and hours of opening in which the European banks keep on going, banking is so hopelessly *casual* in Europe and the banking hours there display a lack of balance and order as compared with the "pathetic little six bank holidays" a year in the U.K.; there are official, semi-official, unofficial, national, religious and civic holidays in Europe: and it is a wonder, he remarks caustically, that any ledgers get posted at all! But he doubts if Britain could live with banking that way!

Popular Banking

The question of Saturday closing is intimately connected with the much wider question of popular banking. The inordinate delay in liberalising the banking hours to make them more suitable for factory wage earners has led many to believe that enthusiasts for more popular banking are to be found in greater numbers outside the banks than within. It is realised by many others that any attempt to make banking more popular requires several innovations and changes, or even break from past habits. To those who have begun to think that the bankers may have lost their enthusiasm for popular banking, a "correspondent of no account" reminds, that the banks have spent £1 million in 1963 in advertising, which reflects their desire to enlarge the circle of banking public. Nevertheless, rightly or wrongly, hardly any doubt is left in the public mind that banks are not doing anything to break the barrier of indifference of the wage earners, inappropriate public image of banks and the mutual distrust of each other. Above all, at a wage-earner's income and standard of living, if the entire credit of the weekly wage packet is to be withdrawn on the pay day itself, or in two instalments at the best, the additional inconvenience to the wage earner of going to the bank and withdrawing cash is hardly an attraction. And in any case, for those who want to save a part of their weekly income, the post office or a building society offers much the same liquidity as a bank does. What is important is that they have far more liberal business hours and they pay interest on current accounts too!

Banks have hardly given much thought to the innovations to make themselves more competitive; no doubt there have been interminable negotiations, but they have hardly produced any results in time. Before Lord Cromer's bold bid for more competitive banking could awaken the banks, for example, the slumbering Treasury was roused with its narrow-minded and restrictive views. If the banks had kept pace with the changing needs and times and done the thinking about new banking innovations themselves, they could have acted before the Treasury was even aware.

In Defence of Bankers

Things are, however, changing: banks no longer despair and resign themselves to a dependence upon the Government for obtaining their liquid assets from a fixed pool of savings. They no longer accept complaints about the failure of bank deposits and advances to keep pace with the trend of national income and of the growth of other financial intermediaries. Contrary to all traditions, the Chairman of Lloyds Bank, Mr. Heral Peake, has openly challenged in a *Guardian* survey, the generally held and long discussed pessimistic implication that banks are not holding their own, with a brand new set of arguments. For the first time in the last several years, a banker has shown that the banks, too, have a perspective on their problems. He analyses the view of the investing public that banks possess greater growth potential (so far, at any rate, as dividend-earning capacity is concerned) than British industry as a whole. This no doubt is a very effective argument, but the banks themselves do not regard the investing public as rational, for, otherwise, they would not be so reluctant about revealing their true profits and reserves in their accounts. Moreover, the public has no real means of obtaining any information about the accumulated secret reserves and, even if they had, the stock market reports at best represent short-term prospects on the basis of past performance and strength, and future economic conditions. They do not in any way justify the conclusion regarding the growth potential or prospects which Mr. Peake has drawn. But the value of Mr. Peake's analysis lies in the fact that banks are not yet convinced that they are losing ground. It is true that there are some trends, so well published which the bankers would like to see altered, but there are at least some respects in which the banks have been keeping up with or running ahead of national economic growth.

To illustrate his powerful arguments, Mr. Peake shows that the money total of London clearings alone has been rising much faster than the national total money incomes. He also shows that even the number of items passing through the clearing has been expanding faster than national income in real terms (adjusted for price rise). This argument can, of course, be countered by saying that the growth in the number or amount of London clearings do not represent real economic growth, but only reflects the equities boom of the fifties.

Mr. Peake concedes that the growth in national income has out-stripped the growth in bank deposits, but he does not agree that this represents banks' failure to extend banking to the wider, wage-earning classes of people. What this overlooks is that the net personal deposits of the banks in recent years have actually been growing faster than the total of personal incomes. Yes, slightly of course. But personal *savings* or personal *investments in financial assets* have far outgrown the growth of personal deposits. And it is hardly possible to judge banks' performance in the face of their unwillingness to disclose information regarding the growth in the number of accounts. Only recently has a sketchy beginning been made by some banks in revealing this information.

A Real Challenge

The failure of banks advances to grow with national income is, of course, a real challenge to banks, for the growth of other financial intermediaries and institutions which also provide finance to entrepreneurs and enterprises has been offering tough competition to banks. But the bankers are prone to attribute their failure to grow in this direction to the various official controls, directives and requests during the period between 1939 and 1958. The impressive growth in clearing bank advances since 1958 when the banks earned freedom from control in comparison with the moderate growth in the building societies' outstanding mortgages, or with the almost stationary hire-purchase debt outstanding, seems to illustrate the bankers' point. The growth of near-banks and non-banks is, moreover, a world-wide phenomenon and banks everywhere must learn to live with them.

A more important consequence of this growth in clearing bank advances during the last five years is that, for the first time in thirty years, the banks have run out of their liquidity. Sometime ago, the Bank of England was forced to grant them additional liquidity by allowing the liquid assets ratio to be reduced from the traditional 30 per cent to 29 per cent at first and 28 per cent later, with the further promise from Lord Cromer that the Bank might agree to an even lower ratio, say 25 per cent if that became necessary in future.

Evidence is growing that the British bankers are willing to modify their traditional practices and to embark upon new departures, even if they may be unwilling to shed their cartel for fixing deposit and advances rates. Introduction of credit transfers and joint advertising for them by the "Eleven Clearing Banks" (even if that was prompted by the bankers' fear that the Radcliffe Committee might introduce a postal giro in Britain), the adoption of many new forms of lending, increase in medium-term loans to industries and exports, installation of electronic equipment and computers, the opening of hundreds of other branches—these are not the only changes. In addition, the relations of clearing banks with their staff and with their new competitors like trustee savings banks and merchant banks are also changing. The impact of these changes will be considered in the second part of this article.

(To be continued)

AMERICAN LETTER

FOREIGN AID BILL IN CONGRESS

SENTIMENT IN FAVOUR OF MULTILATERALISM NOT QUITE STRONG

By N. Pattabhi Raman

MARSHFIELD (VERMONT), 11*th July*

TWO facts stand out in regard to the passage of the Foreign Assistance Act of 1964 in the U.S. Congress this month. Firstly, unlike in previous years, Congress authorised virtually the entire amount of funds requested by the President for the foreign aid programme. This was due largely to President Johnson. He refused to go along with the usual practice of padding up the budget proposal in the expectation that the lawmakers would prune it anyhow to demonstrate their concern for economy and that the figure finally approved by them would approximate to what was actually required. Instead, he requested only $3.4 billion (as compared to President Kennedy's request for $4.9 billion last year), stating that it was the leanest budget he could propose for the programme on hand. Having taken this approach, he insisted that Congress authorise this amount and warned that he would come back to Capitol Hill for more if it should fail to comply with his request. Moreover, he brought into play the immense influence he had accumulated in the past as a Senator. The combination of his statesmanlike approach and political backplay worked. In fact, it worked so well that Representative Otto Passman of Louisiana, who has had widening support in recent years in cutting down foreign aid authorisations and appropriations, stomped out of a sub-committee hearing in rage, cursing President Johnson.

Secondly, the debate in Congress over the Aid Bill was quite sedate and short. Criticism there was, but it was muted. There was none of the excitement and tension that followed the publication of the Clay Committee report last year, none of the fiery opposition of the band of liberals led by Senator Wayne Morse—erstwhile supporters of aid—which burned a big hole in the fabric of foreign aid last winter. Besides Johnson's approach, the preoccupation of the lawmakers with the Civil Rights Bill perhaps also contributed to the reduction in Congressional verbiage.

History of Aid Programme

Impressive as these facts are, they should not delude anyone into thinking that foreign aid is now out of trouble. The controversy surrounding it is far from over. This controversy, it is worth noting, is as old as the programme itself. From the beginning, the programme has meant different things to different people. Though in recent years, there have been criticisms of waste, inefficiency or corruption in the programme's administration, the basic cause of the controversy has been the purpose of the programme itself. The attendant cross-fire has generated more heat and noise than light.

In its early days, foreign aid was aimed primarily at containing the spread of Communism and at the defence of threatened nations. Hence the military and economic assistance to Greece and Turkey in 1947 and the launching of the Marshall Plan in 1948. The accent was on "mutual security"—as reflected in the Mutual Security Act of 1951 which lumped together both military and economic programmes. This accent grew heavier in the years when the late John Foster Dulles was Secretary of State. He employed aid as an instrument in developing a ring of bases or strong points around the Communist bloc nations.

The concept of assisting the economic progress of the poorer nations emerged only later. President Truman's Point Four programme pointed the way. Consequent upon the economic resurgence and military strengthening of Western Europe and Japan, the threat to American security and welfare posed by the social and political conflicts within the underdeveloped areas came to be recognised more fully. Greater emphasis than before thus came to be placed on America's contribution to the global war on poverty.

Other purposes, too, emerged in the course of the 17-year history of the aid programme. At least three of these can be identified today. One, foreign aid has become directly involved in financing exports and developing overseas markets for American products, through such devices as Public Law 480 and the "Buy American" stipulation. Two, humanitarianism has provided the motive sometimes, as evidenced in gifts of food products for famine relief, etc. And three, aid has been used repeatedly as a bribe. For example, loans and grants, or favours to Government leaders and politicians of recipient nations, have been given in exchange for military bases and political services.

In short, foreign aid has emerged as a handy multi-purpose instrument of U.S. foreign policy, used in an increasingly wide variety of ways for an increasing broad range of purposes. As a result, attempts to develop a single doctrine of foreign aid have not been quite successful. Even efforts to de-emphasise the negative, anti-communist element and accent the positive, world-building aspect of the programme have never quite come off. In 1961, for example, the late President John F. Kennedy sought to educate the public about the positive, constructive aspects of foreign aid, but he too had to fall back on the anti-communist dogma in order to secure Congressional approval of his aid proposals.

President Johnson's Approach

Now, President Johnson is making a fresh attempt to educate the public on why America should spend millions of dollars of taxpayers' money in assisting the less developed countries. Appealing for the support of newspaper publishers and editors in this task, Mr. Johnson said in April:

"We are waging an all-out war against poverty here at home. We are committed to pursue that war to final victory. But we are also engaged in that same battle on 100 different fronts around the world, in 100 or more nations.

"We do this for two reasons. First, for the first time in history, man has the real power to overcome poverty. . . The determined labour of skilled men and women can ultimately produce enough food and clothing and shelter for all mankind. The possession of new abilities gives us new responsibilities and we want to live up to those responsibilities. That is our Christian duty.

"Second, we now know that the progress which others make in satisfying their own desire for a better life will ultimately affect our own future and our own prospects, for we are now part of a single world community. . . ."

The President further warned that if a peaceful revolution in the less developed lands is not given proper assistance, "a violent revolution is inevitable." "The people of the developing world are on the march, and we want to be beside them on that march," the President declared.

If President Johnson is keen on doing a better job than has been done till now in explaining "why our children's welfare and the welfare of our country may well depend on the wisdom and the foresight we show in working with the people of other lands," foreign aid's foes are as adept as ever on creating confusion. Even though the many achievements of the programme recorded over the past 17 years stare them in their faces, they prefer not to see them, but continue to describe foreign aid as a "gigantic giveaway," or a swindle of the American taxpayer or the throwing away of good money after bad people (such as neutralist, socialist or communist governments and independent nations), or as a vast bureaucratic boondoggle that has done no good to anybody.

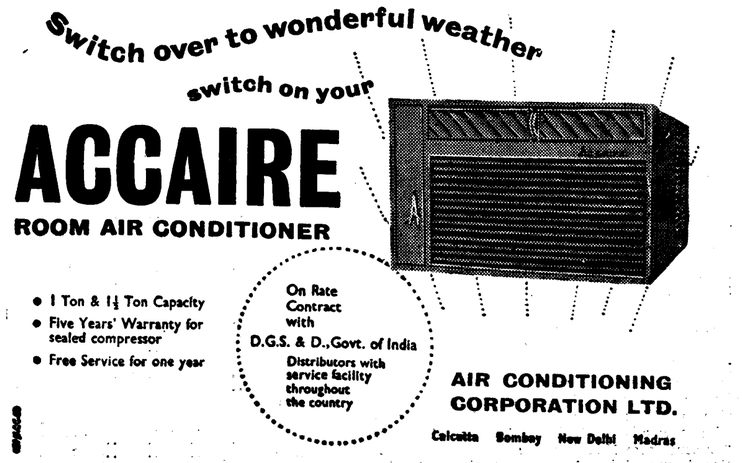
Multilateral Aid

Perhaps, the controversy over foreign aid will never abate. It is recognition of this possibility that impelled some people like Eugene R. Black, former President of the World Bank, to advocate multilateralism in aid-giving. Multilateral aid, in their view, would free this important task from the influence of national politics and domestic controversies and enable the formulation and implementation of orderly, internationally co-ordinated and economically effective development programmes.

There is some sentiment in U.S. Government and political circles in favour of multilateralism. But there is no disposition to give up the concept of bilateral aid. In this context, some remarks on foreign aid included in a recent statement by a panel of Republican leaders constitute constructive criticism. The panel said that the U.S. must discontinue the use of foreign aid as "a multi-purpose gadgets to be taken out of the kit as found convenient—a kind of bribe or bludgeon to accomplish any and all kinds of foreign policy purposes." Such use, it said, "has led to confusion regarding its real purposes and helped defeat them." The panel stated further: "This is not to say the United States should abandon efforts to achieve short-range political objectives. It is to say that the use of foreign aid for such purposes is not the way. In cases where short-run financial assistance is deemed necessary in the national interest, the money should be made available out of a special fund at the disposal of the President, appropriated for that specific purpose. This fund should be labelled for what it is and not be confused with economic and technical assistance directed towards what we believe is foreign aid's appropriate role in achieving constructive longer-range purposes."

FUND AND BANK REVIEW

The first issue of a new quarterly, entitled *The Fund and Bank Review: Finance and Development*, sponsored jointly by the International Monetary Fund and the World Bank, and reflects the wish of the two institutions to make both their own work, and the sphere in which they operate, more comprehensible to non-specialists, has just been published. In a foreword, the Managing Director of the Fund and the President of the World Bank explain their particular hope that the publication will be read in the developing countries and elaborate on its field of interest as being "the nature and development of the international monetary system, the purposes and techniques of development assistance, and the vital relation between monetary processes and economic growth." The new publication appears in three identical editions in English, French and Spanish. The Editor of the new review is Mr. J. D. Scott, a British writer and journalist, who has come from London to take up the appointment.



INTERNATIONAL FIBRE SITUATION

MAN-MADE FIBRES OFFERING KEEN COMPETITION TO COTTON

THE most striking feature of development in the international fibre situation in recent years is the marked inroads made by man-made fibres in apparel making *vis-a-vis* natural fibres (cotton and wool). Thus, between 1958 and 1963, the share of man-made fibres has gone up from 20.4 per cent to 27.9 per cent, while that of cotton has receded from 70.2 per cent to 62.8 per cent and wool from 9.4 per cent to 9.3 per cent. So keen is the competition from man-made fibres lately that there is no exaggeration whatever in the statement of the International Cotton Advisory Committee (Washington) that the most serious problem facing the cotton industry at the present time is without doubt "the constant erosion" of cotton's market. The Committee, in its May-June 1964 issue of Cotton, points to the deterioration in cotton's position in the U.S., the equally unfavourable situation to cotton in Western Europe, the possibility of a further increase in the production and consumption of man-made fibres this year, the expanding man-made fibre capacity in several countries, the sharp reduction in prices of synthetic fibres, and the widespread acceptance of blended fabrics containing a much higher proportion of man-made fibres than either cotton or wool.

Rayon Production

The world production of man-made fibres, according to the Review, has continued to expand at an accelerated rate in many countries. In terms of cotton equivalents, world rayon consumption in 1963 was over four million bales higher than in 1959. Four years ago, rayon production was only about 25 per cent of the total consumption of raw cotton, but now the percentage has risen to over 30 per cent. Relatively the advance made by synthetic fibres has been more pronounced, with consumption now well over double the 1959 level and equivalent to about 15 per cent of cotton consumption. In contrast to the static situation in raw cotton, therefore, the total production of man-made fibres over the period 1959 to 1963 has risen by more than 45 per cent. Competition from other fibres existed in the 'fifties, particularly from rayon, but, even so, cotton registered considerable gains. There was almost uninterrupted upward trend of cotton consumption in that period, the average annual rate of increase being about four per cent. But the growth in rayon was more marked: an average of six per cent per year. Synthetic fibre production was, for the most part, still relatively small. This stands in contrast to the situation prevailing today. Absolutely as well as relatively, the competitive position of cotton has deteriorated rapidly. If the growth rate of the 'fifties had continued, the world cotton consumption would have been several million bales higher than it is, and the surplus problem would be greatly alleviated. In fact, the current rate of world cotton consumption is below than in 1959, notwithstanding the fact that the rehabilitation of cotton textiles industries in Western Europe has been completed and that the establishment and expansion of textile manufacturing in many primary producing countries have proceeded to the point where these countries are more or less self-sufficient in cotton textiles in relation to effective demand. The inability of cotton consumption to expand at all in recent years has been due to the intensified competition from man-made fibres as will be seen from the table at the end.

Cotton's Position

The decrease in the relative consumption of cotton has been marked in Japan and the United States. The deterioration in cotton's position is very apparent in the U.S., where cotton consumption is now at one of the lowest levels for the entire post-war period. In a matter of only three years, the share of cotton in the total market for textile fibres in that country has fallen from 66 per cent to the all-time low of 57 per cent. It is reported that the cumulative effect of competitive losses over this period has reduced the annual rate of cotton consumption by 1.8 millon bales. The total production of man-made fibre industry in that country is now equivalent to nearly nine million bales, or even higher than cotton consumption. In 1963, man-made fibre production reached a new all-time high, an increase of eleven per cent from 1962. Rayon and acetate production increased by six per cent, the entire increase being in staple fibre. Non-cellulosic fibre output was up by eighteen per cent.

The situation in Western Europe, as already stated, is just as unfavourable to cotton. Mill consumption of rayon (production plus imports minus exports) went up by about four per cent in 1963. Western Europe is a large net exporter of rayon and, so, if production data alone are considered, the increase was much more than this. For the six major rayon producing countries the aggregate increase in production comes to over nine per cent. Here again, virtually the whole of the increase has been in staple fibre, the only significant rise in continuous filament yarn being in the United Kingdom. This is of significance in the sense that cotton comes into direct competition with staple fibre on the spinning system. The rate of growth in consumption of synthetic fibres in Western Europe, though it slowed down in 1963, was still of the order of eleven per cent.

In Japan, cotton consumption increased last year but proportionately the increase in respect of other fibres was more significant, particularly in the case of synthetics. Japan is one of the countries where the growth of synthetic fibres has been spectacular and the development of this industry has progressed as a part of Japanese textile industry. Rayon consumption was still far short of its 1957 peak, while the output of synthetic fibres reached a new high in 1963.

In India, though the development of the man-made fibre industry has been rapid, the share of cotton in the total consumption of all fibres has gone down only slightly from 94.3 per cent in 1958 to 92.4 per cent in 1963. Between 1958 and 1963, actual consumption of cotton has risen by 15 per cent, while that of rayon and acetate by 47 per cent and of other man-made fibres by as much as 260 per cent.

Planned Expansion

In certain countries, policy is now directed to a planned expansion of synthetic fibre production and there is relatively less emphasis on raw cotton. International trade in rayon and synthetic fibres is moving in the same direction and the market for man-made textiles in cotton producing countries, though it is still small in relation to total consumption of all fibres, is growing continuously. Alluding to this phenomenon, the Review observes:

"It is difficult to summarise the reasons for the advance made by man-made fibres and the losses that have occurred in cotton's markets. Price is one of the factors, though it is more important in some of the countries than in others. Technological developments and improvements have rejuvenated the rayon industry and are certainly factors in the growth of synthetic fibres. Finally, in view of the much greater expenditures, promotion and researches have also been more effective for the man-made fibres than for cotton, and marketing and distribution practices have been more aggressive."

The upward trend in the production and consumption of man-made fibres is expected to gather further momentum in the current year. The continued upswing in the economies of the major industrial countries, it is said, should react favourably on the demand for textiles and the tendency is for the man-made fibres to take an increased share of the total market. Within the industry itself, rise in capacity is indicative of the potential demand. The world rayon production is scheduled to have only modest increases, but, by the end of 1964, the production capacity in the non-cellulosics in the world is expected to be over 1.8 million metric tons annually or roughly 40 per cent more than actual production in 1963. The man-made fibre industry is expanding not only in more traditional manufacturing countries but also in many cotton producing countries, as for instance, in the U.S.S.R. and Brazil. The other favourable factors for the growth of this industry are the sharp reductions in prices of synthetic fibres over the last year and the widespread acceptance of the blended fabrics containing a much higher proportion of man-made fibres than either cotton or wool. The *per capita* world consumption of all fibres is estimated at 10.6 lbs., of which the man-made fibres alone account for 2.5 lbs.

The table below indicates the trend of man-made fibres production in the past two years (1962 and 1963), as compared with 1956 and 1951:

(In thousand metric tons)

	1951	1956	1962	1963
Rayon and acetate:				
Yarn	963	1,026	1,203	1,220
Staple	855	1,359	1,662	1,833
Total ..	1,818	2,385	2,865	3,053
Non-cellulosics:				
Yarn	76	198	634	751
Staple	27	109	445	547
Textile glass fibre ..	16	49	115	130
Total ..	119	356	1,194	1,428
Grand Total ..	1,937	2,741	4,059	4,481

It will be seen from the above figures that the world production of rayon filament yarn and staple in 1963 established a new record of 3,053,000 metric tons, which was about eleven per cent more than in the previous year. The rise was mostly accounted for by the important producing countries, particularly in the United States, West Germany, the Soviet Union, the United Kingdom, Japan, Italy and Spain. In some cases, the increase in output was mainly the result of larger export commitments in respect of both yarn and staple, the Soviet Union and China being the main markets. The United States remained the single largest producer. After reaching a peak in 1951, output of rayon and acetate in the United States subsequently experienced a marked decline, but, in the last two years, serious attention has been given to the construction of additional cellulosic capacity as a result of renewed interest in their fibres for end-uses hitherto dominated by other synthetic or natural fibres, particularly cotton. Japan has retained its place as the world's second largest producer of yarn. Filament yarn production in Japan has been curtailed since mid-1957 when a joint government industry committee limited output to 30 per cent below the industry's capacity level. In March 1963, however, this limit was removed, following announcements by the two large rayon manufacturers that each was planning to reduce its filament yarn output. The aggregate world exports of rayon and acetate staple rose to a new peak in 1962 at about 337,000 metric tons, 19 per cent more than in 1961. Aggregate exports from the Common Market countries were 13 per cent more than

(*Continued on page 122*)

World Textile Fibre Consumption
(In thousand metric tons)

Area and year	Total	Cotton	Wool	Rayon and acetate	Other man-made fibres	Cotton's percentage
India—						
1958	997	938	11	45	3	94.3
1962	1,139	1,050	11	73	5	92.2
1963	1,146	1,060	11	70	9	92.4
United States—						
1958	2,648	1,745	149	497	258	65.9
1962	3,132	1,899	182	547	505	60.6
1963	3,203	1,824	179	612	588	56.9
Western Europe—						
1958	2,906	1,548	578	673	107	53.2
1962	3,400	1,613	612	859	316	47.4
1963	3,436	1,596	600	890	350	46.5
Japan—						
1958	922	500	73	304	45	54.3
1962	1,330	654	145	358	173	49.2
1963	1,376	667	138	370	201	48.5
World—						
1958	13,517	9,483	1,276	2,280	478	70.2
1962	15,940	10,387	1,495	2,864	1,194	65.2
1963	16,125	10,129	1,510	3,053	1,433	62.8

MANCHESTER LETTER

FOREIGN TRADE IN TEXTILES

IMPORTS RISE AGAIN—EXPORTS DECLINE

From Our Special Correspondent

MANCHESTER, *7th July*

AT the end of five months of the current year, the import-export ratio so far as cotton goods alone were concerned had widened still further in favour of arrivals. Cloth imports at 344,491,000 square yards were, in fact, little more than 8 million yards below the peak level of 1961. Nor did the substantial purchases show any sign of subsiding, in view of the strong call for supplies generally. Exports of cotton fabrics, on the other hand, still drifted downwards, the quantity of shipments to the end of May being 88,067,000 yards, as against 96,140,000 yards in the same period of 1963. Corresponding exports of man-made fibre piecegoods, however, continued their progress, amounting to 37,986,000 square yards, as against 32,723,000 square yards last year.

Very little change was noticeable in the movement of cotton yarn and thread abroad, the five-month total being 9,280,000 lbs., as against 9,455,000 lbs., but, again, the man-made fibre sector kept up its sustained improvement. The weight of yarn shipped abroad increased from 33,725,000 lbs. to 41,470,000 lbs.

Imports of cotton yarn and thread in the five months were only slightly higher than last year, at 17,426,000 lbs., as against 16,836,000 lbs., but the similar products in the man-made fibre branch were sharply higher at 10,533,000 lbs., as against 5,919,000 lbs. Arrivals of man-made fibre cloth also show a broadening tendency, having risen from 24,510,000 square yards to 38,941,000 yards.

Arrivals of Yarn

Detailed figures of imports of cotton yarn are not as immediately obtainable as those for cloth, which are published regularly in the Trade and Navigation Accounts of the Board of Trade. It is known, however, that, at the end of the first quarter this year, arrivals of yarn had exceeded the 1963 level by 676,000 lbs., being around 10,400,000 lbs. This compared with imports for the whole of last year of 35,500,000 lbs.

In the first quarter, the bulk of the supplies from individual markets came from India, which sent nearly 3 million lbs., as against 9,696,000 lbs. in the whole of 1963 and the annual ceiling of 11,470,000 lbs. The other two major suppliers were Spain, with 1,832,000 lbs., as against 6,916,000 lbs. in the whole of last year and an annual ceiling of 8,400,000 lbs., and Hong Kong with 1,672,000 lbs., as against 4,813,000 lbs. in 1963 and a ceiling of 6,340,000 lbs.

Somewhat remarkable is the fact that, in the first three months of this year, imports of cotton yarn from Pakistan were quite negligible at barely 1,000 lbs., as against last year's full total of 717,000 lbs. and an annual ceiling of 600,000 lbs. Several European countries have maintained their 1963 level of exports to Britain, including the Irish Republic with 615,000 lbs., Italy 633,0000 lbs., Portugal 385,000 lbs., Switzerland 329,000 lbs., and Belgium 322,000 lbs. Arrivals of cotton yarn from Israel accounted for 495 000 lbs. in the three months, while imports of 325,000 lbs. from Egypt represented more than half the total of purchases from that country last year. Greece supplied 238,000 lbs., as against 506,000 lbs. throughout 1963.

"One World"—In Textiles

No more forthright answer to those people, generally outside the Lancashire textile industry, who persist in referring to the "cotton" trade can be given than that provided by Mr. W. T. Winterbottom in his current statement with the accounts of Fine Spinners and Doublers Ltd. "The introduction of new fibres, as well as the continuing popularity of other older established fibres such as viscose and cotton, continue to demonstrate the subtle values of the machinery system which we use," he says. The emphasis must undoubtedly be on the drafting system, which Mr. Winterbottom declares is paramount, not the raw material. "Our machinery can handle literally any fibre up to a staple length of 2½", with only minor adjustments and refinements to suit particular fibres," he adds.

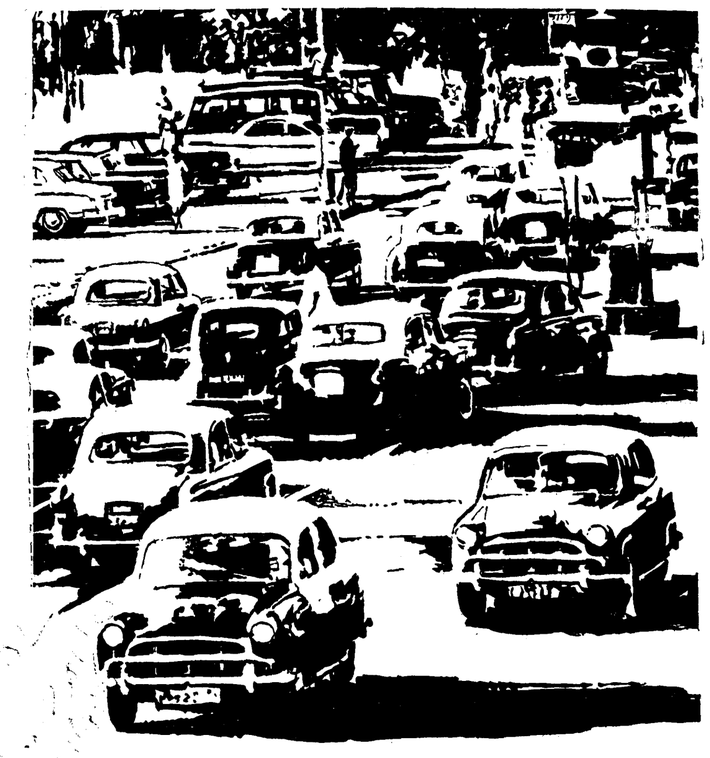
This inability to accept the well recognised fact among textile men that most of the fibres are now almost completely interchangeable, encourages misguided comment. Even in this scientific age, such criticism receives more publicity than it warrants in semi-technical journals which cast aspersions on an industry which, for all its failings, has struggled hard in the past 20 years against a number of discouraging outside factors.

Basic Adaptability

The basic adaptability of the drafting system of spinning, along with far-reaching developments in fibre chemistry, have been responsible for the growth in the sources of supply of yarn and cloth for a wide range of end-uses, according to Mr. Winterbottom. No longer is there a limit to the products which can be supplied to customers such as that once apparently created by the processing of shorter stapled natural fibres. Nor is this feature of recent origin, as he points out. It has been going on for over 30 years.

Always keen to propagate the theory of price support, particularly during a period of keen competition, when sellers have to face considerable pressure from customers, Mr. Winterbottom makes his point in commenting on the trade revival which began towards the end of September last. "Unfortunately, after a long period of desultory trading, with its attendant evils of lack of continuity and hand-to-mouth production in direct opposition to the basic requirements of re-equipped mills, firms in the industry succumbed to the temptation of increasing their orderbooks to a size which would ensure a long period of full activity before they felt strong enough to make determined attempts to obtain worthwhile margins," he says.

As a result, spinners and weavers derived no benefit from the greatly increased activity until the first quarter of the current year when margins at last began to improve. Still optimistic about the outlook, Mr. Winterbottom predicts a bright future for textiles provided the industry's problems are more sympathetically regarded in quarters where remedial action can be taken, and if those concerned follow a rational pricing policy. Then, he feels, the remaining firms would show results more in keeping with what should be obtained from a highly capital-intensive industry.



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CAPITAL ISSUES IN PRIVATE SECTOR

INVESTORS MORE SELECTIVE—UNDERWRITERS' LIABILITY RISES

IN our first leading article last week, we emphasised how urgent was the need for keeping the capital market buoyant. For a stagnant capital market always adversely affects the flow of funds to industry. The veracity of this statement is clearly borne out by the comparison of the capital market situation during the calendar year 1963 with that in the three previous years (1960-62) as given in an interesting article on capital issues in private sector during the period 1960-63 published in the June 1964 issue of the Reserve Bank of India's monthly *Bulletin*. The total amount of fresh capital raised by non-Government companies (both public and private limited companies) during 1963 was no more than Rs. 81 crores, as against over Rs. 105 crores raised in 1962, Rs. 99 crores in 1961 and less than Rs. 90 crores in 1960. The decline was accounted for by both initial issues and further issues, the amounts actually raised falling from Rs. 30.94 crores in 1962 to Rs. 27.63 crores in 1963 in the case of the former and from Rs. 74.32 crores to Rs. 53.07 crores in the case of the latter. New issue activity suffered a sharp setback in 1963, the total amount of new issues being just Rs. 51 crores, as against Rs. 98 crores in 1962. Even if the giant debenture issue for Rs. 30 crores by Oil India Ltd.—an undertaking jointly owned by the Central Government and a private sector company—is not taken into account, there was a fall of Rs. 17 crores in new issues during 1963. The public response to most of the issues made during the year was reported to have been unsatisfactory with only a few selected good issues being met with favourable response. The proportion of issues underwritten to the total number of issues made through prospectus also increased from 71 per cent in 1962 to 77 per cent in 1963, while the amount underwritten in relation to the net amount offered to the public was 81 per cent, as against 84 per cent in 1962. A large proportion of the amount underwritten reportedly devolved on the underwriters, owing to unsatisfactory response to a large number of issues.

Table A: Capital Raised by Non-Government Companies
(In crores of rupees)

Capital raised	1963	1962	1961	1960	Total
Initial	27.64	30.94	37.27	29.80	125.65
Of which:					
Ordinary shares	27.01	30.03	35.52	29.33	121.89
Preference shares	0.63	0.91	1.75	0.47	3.76
Further	53.07	74.32	61.65	59.95	248.99
Of which:					
Ordinary shares	28.91	43.11	45.64	43.12	160.78
Preference shares	1.82	1.33	3.92	7.44	14.51
Debentures	22.34	29.88	12.09	9.39	73.70
Grand Total	80.70	105.27	98.92	89.75	374.64

The sluggishness of the capital market during 1963 actually began towards the close of 1962, reflecting the market's reaction to Chinese aggression on the northern borders. The number of capital issues through prospectus declined from 85 in 1961 to 77 in 1962. The total amount offered no doubt increased from Rs. 16.36 crores to Rs. 26.48 crores, but, since the shortfall in public response was heavy, the underwriters had to take up quite a bit of the unsubscribed amount: Rs. 5.77 crores (26.0 per cent of the amount offered) in 1962, as against Rs. 2.94 crores (23.9 per cent of the total) in 1961.

The Reserve Bank's analysis of the recent trends in new issue activity shows that the period 1959 to 1962 (until the declaration of the Emergency in October 1962) was a boom phase for capital issues, as the investment climate remained favourable as a result of the growth prospects of industries in an era of planned development and prospects of capital appreciation in the context of the continued bullish trend in stock markets. The Reserve Bank's index of variable dividend industrial securities rose by 30 per cent in the two years 1958 and 1959 and by another 24 per cent between 1960 and mid-1962, the total rise in the boom phase in the stock markets—this phase lasted for about 4½ years from early January 1958 to mid-June 1962—being of the order of 60 per cent.

A security-wise classification of new capital issued by different industries shows that, with the exception of electricity generation and supply and mineral oils, all other industries which had substantial recourse to capital market resorted largely to ordinary shares. Thus, out of the total capital issue of Rs. 264.88 crores during the period from 1960 to 1963, ordinary shares accounted for Rs. 203.30 crores, preference shares for Rs. 15.43 crores and debentures for Rs. 46.16 crores. The market for securities yielding a fixed return, that is, preference shares and debentures, remained generally limited as indicated by the trends in the issue of these securities during these years. Preference issues, after an initial rise from Rs. 2.0 crores in 1957 to Rs. 9.7 crores in 1959, dropped continuously to Rs. 2.6 crores in 1962 while debenture issues fell from Rs. 5.3 crores in 1958 to Rs. 1.1 crore in 1961 before increasing to Rs. 38 crores in 1962, mainly on account of the Rs. 30-crore debenture issue by Oil India Ltd. The details of capital raised by non-Government companies in the past four years are given in Table A. The industry-wise distribution of the total for the period 1960-63 is given below:

Engineering 99.51; mineral oils 30.00; chemicals 24.13: cotton textiles 15.57; paper 15.34; rubber and tyres 14.64; banking and finance 8.69: "other" textiles 8.14; sugar 6.71; electricity generation 6.33; cement 5.95; coal 2.43; jute textiles 1.74; plantations 1.28; shipping 0.25; and miscellaneous 24.18.

The boom phase in capital issues during the years 1961 and 1962 was characterised by an increase in the number of issues made at a premium, from 10 in 1960 to 24 in 1961 and 39 in 1962, the majority carrying a premium upto 50 per cent of the face value of the issue. The number of such issues, however, fell significantly to 19 in 1963, reflecting a change in the capital market situation. The fixation of premium on issues quoting substantially above par, it may be noted here, has been one of the measures adopted by the Controller of Capital Issues to curb speculative tendencies in the market.

A larger proportion of the capital issues was made through prospectus which accounted for about 58 to 67 per cent of the total amount issued during 1960-62, the balance being through rights. As between capital issues by new companies (initial issues) and issues by existing companies (further issues), a substantially larger proportion was in respect of the latter category during 1961 and 1962; in 1960, however, the amount of the "initial" issues was somewhat higher. An analysis of the size-wise classification of capital issues made during the period reveals that a larger proportion (59 to 78 per cent) of the capital issues comprised big issues, that is, issues for over Rs. 50 lakhs.

The preference and debenture capital issues made since 1960 have been at higher rates of dividend and interest reflecting the rise in the cost of capital during the period in conformity with the uptrend in the interest rate structure in the economy in recent years. The dividend rate for preference shares during 1963 remained unchanged at the 1962 levels (9-9½ per cent), while the rate of interest offered on all the debenture issues was higher at 7 per cent, as compared with 6½ per cent on a majority of issues in 1962.

Of the capital issues (through prospectuses) aggregating Rs. 32.79 crores in 1963 (as against Rs. 65.42 crores in 1962), the share of public subscriptions was Rs. 17.19 crores (Rs. 28.02 crores in 1962). The balance was contributed by promoters, directors' friends, etc. Rs. 8.41 crores (Rs. 7.61 crores in 1962), foreign investors Rs. 6.26 crores (Rs. 4.87 crores), Indian financial institutions Rs. 77 lakhs (Rs. 11.53 crores), and existing shareholders Rs. 16 lakhs (Rs. 69 lakhs). There was no contribution by Central and State Governments in 1963, whereas, in 1962, such contribution amounted to Rs. 12.71 crores.

Although both the number and the amount of issues involving foreign participation went up (the former rose from 17 in 1962 to 30 in 1963 and the latter from Rs. 13.08 crores to Rs. 18.70 crores) and the amount of foreign participation, too, increased (from Rs. 4.87 crores to Rs. 6.26 crores), the proportion of such participation in the total declined from 37.3 per cent in 1962 to 33.5 per cent in 1963. The latter figure is, however, well above that (23.5 per cent) for the year 1960. Country-wise, the share of the U.S. in the total foreign participation is predominant, followed by the U.K., Sweden, Italy, Japan, W. Germany, France, Austria, Switzerland and Canada (*vide* Table B).

The Indian financial institutions (I.F.C., I.C.I.C.I., L.I.C., etc.) evinced increasing interest through direct participation in industrial securities during the years 1961 and 1962. Indicative of such interest was the rise in the share of these institutions (representing firm allotments) from 7 per cent in 1960 to 12 per cent in 1961 and 17.6 per cent in 1962. The proportion, however, fell to 2.3 per cent in 1963.

As for underwriting support, the role of brokers, banks and the Life Insurance Corporation continued to be generally predominant during the year 1963. But there was also evidence of larger amounts being underwritten by specialised financial institutions, namely, the Industrial Finance Corporation of India (I.F.C.), the Industrial Credit and Investment Corporation of India (I.C.I.C.I.) and the State Financial Corporations (S.F.Cs.), as will be seen from Table C.

A striking feature of growth in the corporate (joint-stock) sector since the beginning of the second Plan is that despite a substantial reduction in the number of companies between 1956 and 1963 (as a result of the process of elimination of *moribund* and inactive companies from the register of live companies by the Company Law Administration), the paid-up capital continuously increased from year to year (*vide* Table D). The data indicate an increase of Rs. 311 crores in paid-up capital during the second Plan period (April 1956-March 1961) and a further Rs. 130 crores was added in the first two years of the third Plan (1961-63). There has thus been an average annual increase of Rs. 62.65 crores since the beginning of the second Plan. The total paid-up capital of non-Government companies at Rs. 1,399 crores at the end of March 1963 constituted about 64 per cent of the total paid-up capital of both Government and non-Government companies (Rs. 2,185 crores). As between public and private limited companies in the private sector, the former accounted for about three-fourths of the total paid-up capital of non-Government companies, although, in numerical strength, they constituted less than one-fourth of the total number of non-Government companies. The data relating to consents for capital issues to non-Government companies, which roughly indicate the investment intentions of the private sector, also show a substantial increase in the total consents (including bonus and miscellaneous issues), the annual average moving up from Rs. 139 crores during 1956-60 (roughly corresponding to the second Plan period) to Rs. 214 crores during the three years 1961 to 1963.

Table B: Foreign Participation in Capital Issues

Country of origin	Number of issues with participation	Amount (Rs. crores)	Percentage to total foreign participation
U.S.A.	25	11.09	53.4
U.K.	27	4.44	21.4
Sweden	5	2.65	12.8
Italy	3	1.27	6.1
Japan	4	0.40	1.9
W. Germany	8	0.32	1.6
France	2	0.32	1.5
Austria	2	0.13	0.6
Switzerland	1	0.10	0.5
Canada	1	0.05	0.2
Norway	1	—	—
Total	76*	20.77	100.0

* In the case of 3 issues, there were participant from two different countries. — Negligible.

As a substantially large proportion of the total consents comprises consents for the issue of shares (other than bonus) and debentures, they also provide a rough index of the possible magnitude of new issue activity, as the period stipulated for the utilisation of such consents is generally one year. Such consents, too, have shown a substantial increase, the annual average moving up from Rs. 96 crores during 1956-60 to Rs. 146 crores during 1961-63. The data pertaining to capital actually raised by the private sector companies through the issue of shares other than bonus) and debentures available from 1957 onwards also show a rising trend over the years. The annual average for 1961-63 was higher at Rs. 95 crores, as against Rs. 71 crores in the preceding four years (1957-60). The major part of the capital raised represented equity capital, the public limited companies accounting for a predominant share.

Table C: Underwriting—Institution-wise
(In crores of rupees)

	1963	1962	1961	1960	Total
L.I.C.	2.08	8.65	1.91	1.30	13.93
	(14.06)	(33.1)	(11.7)	(11.2)	(20.4)
I.F.C.	1.41	2.41	1.41	0.30	5.52
	(9.80)	(9.2)	(8.6)	(2.6)	(8.1)
I.C.I.C.I.	1.38	2.42	0.60	1.42	5.81
	(9.6)	(9.3)	(3.7)	(12.2)	(8.5)
Banks	2.42	4.09	1.85	4.38	12.74
	(17.0)	(15.6)	(11.3)	(37.8)	(18.7)
Investment companies	0.25	0.79	0.84	1.12	2.99
	(1.8)	(3.0)	(5.1)	(9.7)	(4.4)
Brokers	4.43	5.92	6.24	2.59	19.18
	(31.0)	(22.6)	(38.3)	(22.4)	(28.1)
S.F.Cs	1.45	0.39	2.10	0.15	4.08
	(10.1)	(1.5)	(12.9)	(1.3)	(6.0)
Others	0.87	1.48	1.36	0.32	4.08
	(6.1)	(5.7)	(8.3)	(2.8)	(5.9)
Total	14.28	26.14	16.30	11.57	68.28

Figures in brackets indicate percentage to total.

The bulk of the increase of Rs. 1,111 crores in the total paid-up capital over the period March 1956-March 1963 has been in the Government sector, the paid-up capital of which has gone up by Rs. 720 crores (to Rs. 786 crores), whereas that of the non-Government sector has risen by Rs. 441 crores (to Rs. 1,399 crores). Consequently, the share of Government companies in the aggregate paid-up capital of the entire joint-stock sector in 1963 was as high as 36 per cent, as against a bare 6 per cent in 1956. And indications are that this share is bound to rise further in the coming years. It is thus clear that economic power is getting relatively more and more concentrated in the State sector.

Table D: Joint-stock Companies At Work

End of March	Companies	Public limited companies: Number	Public limited companies: Paid-up capital (Rs. crores)	Private limited companies: Number	Private limited companies: Paid-up capital (Rs. crores)	Total: Number	Total: Paid-up capital (Rs. crores)
1956	Non-Government	..	..	..	..	29,813	9,58
	Government	..	..	..	..	61	66
	Total	9,575	6,90	20,299	3,34	29,874	10,24
1957	Non-Government	8,771	6,96	20,512	3,09	29,283	10,05
	Government	39	19	35	54	74	73
	Total	8,810	7,15	20,547	3,63	29,357	10,78
1958	Non-Government	8,255	7,56	19,934	2,94	28,189	10,49
	Government	41	18	50	2,39	91	2,57
	Total	8,296	7,74	19,984	5,33	28,280	13,06
1959	Non-Government	7,608	7,82	19,691	3,05	27,299	10,87
	Government	38	23	66	4,06	104	4,29
	Total	7,646	8,05	19,757	7,11	27,403	15,16
1960	Non-Government	7,151	8,14	19,621	3,27	26,772	11,42
	Government	37	26	88	4,51	125	4,77
	Total	7,188	8,41	19,709	7,78	26,897	16,19
1961	Non-Government	6,663	9,12	19,344	3,56	26,007	12,69
	Government	39	33	103	5,13	142	5,46
	Total	6,702	9,45	19,447	8,70	26,149	18,15
1962	Non-Government	5,930	9,82	18,768	3,64	24,698	13,46
	Government	41	23	113	6,04	154	6,28
	Total	5,971	10,05	18,881	9,69	24,852	19,74
1963	Non-Government	5,952	10,60	19,412	3,40	25,364	13,99
	Government	42	27	118	7,59	160	7,86
	Total	5,994	10.87	19,530	10,98	25,524	21,85

deposits amounting to Rs. 1.30 lakh were received from the public during the year; the term of deposits which earn 4¾ per cent is five years. The total of such deposits at the end of the year was Rs. 2.41 lakhs. Further, the Corporation has also obtained borrowing limits of Rs. 20.70 lakhs and Rs. 31.50 lakhs with the Refinance Corporation and the Reserve Bank of India, respectively. Applications for an additional limit of Rs. 93.15 lakhs were still pending with the Refinance Corporation.

A sum of Rs. 1.40 lakh on account of dividends payable to the Reserve Bank and the State Government was forgone by them in accordance with the recommendations of the Working Group on State Finance Corporations; the amount has been credited to a special reserve account. They have further agreed to forgo dividends till the special reserve is equal to 10 per cent of the paid-up capital of the Corporation.

The Corporation earned during the year a gross income of Rs. 15.76 lakhs, as against Rs. 11.96 lakhs in the previous year. Expenses also rose from Rs. 3.89 lakhs to Rs. 5.57 lakhs, with the result that net profits went up from Rs. 8.07 lakhs to Rs. 10.19 lakhs. After transferring more than Rs. 95,000 to reserves and providing Rs. 4.63 lakhs for taxation, the balance of Rs. 4.61 lakhs was available for meeting the 3¾ per cent guaranteed dividend liability of Rs. 5.25 lakhs. The shortfall of Rs. 64,000 was proposed to be withdrawn from reserves for the purpose of meeting the liability. If the 7½ per cent tax on dividends introduced this year is also to be paid by the Corporation, it would necessitate drawing a subvention of about Rs. 40,000 from the State Government, bringing the total of subvention liability of the Corporation to the State Government to Rs. 20.38 lakhs.

The presentation of details relating to industry-wise and amount-wise classification of loans sanctioned leaves much to be desired in some cases. The table on industry-wise and year-wise classification, for example, would have been more useful, if another column giving totals for all the years since the inception of the Corporation were given.

MYSORE STATE FINANCIAL CORPORATION

The tempo of progress maintained by the Mysore State Financial Corporation in recent years has not only been maintained but has been accelerated during the year ended March 1964. In that year, the Corporation received 52 applications for Rs. 111.21 lakhs, including 40 applications for Rs. 102.72 lakhs from new concerns. The number of applications sanctioned was 38 covering a total of Rs. 73.23 lakhs. Since the inception of the Corporation on 31st March 1959, financial assistance has been granted to 149 applicants, the total amount involved being Rs. 223.05 lakhs. The actual disbursements against sanctions at the end of 31st March 1964 stood at Rs. 180.06 lakhs inclusive of 89 loans amounting to Rs. 125.96 lakhs which have been fully availed of. The total disbursements were 82 per cent of the sanctions. Financial assistance has been sanctioned for the establishment of five new units, namely, paper, pulp and paper board, manufacture of allied transport equipment, plastic goods manufactures, gas manufacture and storage batteries. The Corporation has also continued to render financial assistance to small-scale industries in an increasing measure; about 80 per cent of the applications received during the year was from this sector.

One disturbing feature of the Corporation's working in 1963-64 was that, out of the 105 instalments either of principal and/or interest, as many as 31 instalments from 26 parties covering over Rs. 2.23 lakhs were overdue at the end of the year. Six parties have since paid about Rs. 65,000, but, in some other cases, the Board of Directors has had to take recourse to legal proceedings.

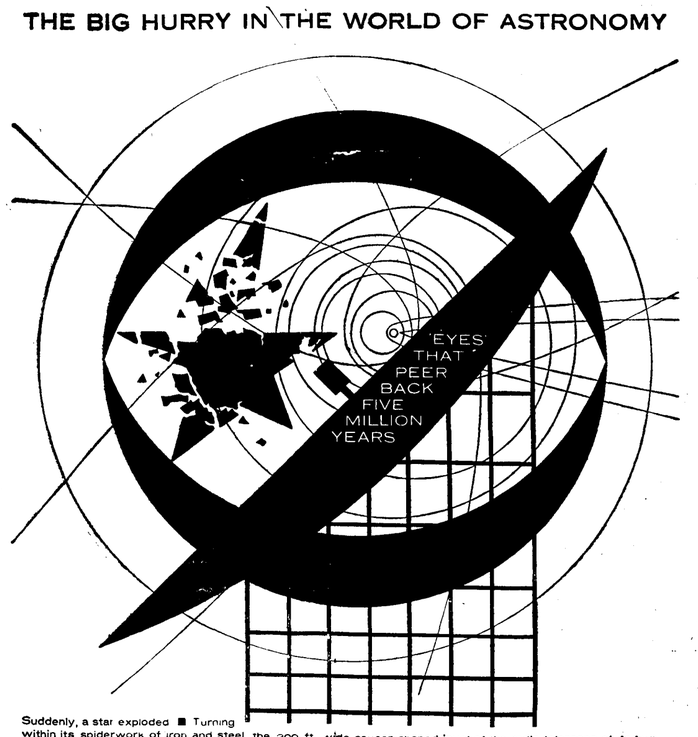
The profit of the Corporation has increased by 29 per cent to Rs. 6,27,156 during the year, as against Rs. 4,85,098 in the previous year. The profits do reflect the increasing pace of disbursements, but the rate of disbursements is largely beyond the control of the Corporation, for it depends partly on the extent to which machinery, equipment and raw materials are obtained by the borrowers and partly on the progress they are able to make. The profits are nevertheless inadequate to meet the guaranteed dividend liability, even though the State Government and the Reserve Bank of India have agreed to forgo its own share of dividends. The amount of subvention received from the State Government during the current year is Rs. 1.50 lakh, as against Rs. 2.14 lakhs in the previous year. The total subvention liability to the Government now stands at Rs. 9.87 lakhs. The total provision of taxation made by the Corporation since its inception amounts to over Rs. 9.96 lakhs and the amount of dividends paid to State Government and the Reserve Bank of India comes to over Rs. 7.67 lakhs, of which they have so far forgone a sum of Rs. 1.32 lakh.

The business of the Corporation is steadily rising and the amount of subvention required is declining and is less than the amount of dividend due to the Government and the Reserve Bank of India: even the percentage of the subvention to total dividend liability has come down from 54 in 1962-63 to 38 in 1963-64. It may be expected that the Corporation will soon be able to stand on its own and the Government subventions may no longer be necessary.

ANDHRA PRADESH STATE FINANCIAL CORPORATION

During the year ended 31st March 1964, the Andhra Pradesh State Financial Corporation received 61 applications for financial assistance aggregating Rs. 3.67 crores, of which 40 applications for Rs. 2.38 crores were sanctioned, bringing the total sanctions since the inception of the Corporation to Rs. 6.57 crores to 389 concerns. Disbursements have been made to 293 concerns covering a total of Rs. 4.54 crores. Besides sanctioning loans, the Corporation has lately been issuing deferred payment guarantees for inland machinery purchases; a beginning was actually made in 1963-64 when guarantees for over Rs. 86 lakhs (six applications) were approved, the amount disbursed on two applications being more than Rs. 30 lakhs.

For augmenting its resources, the Corporation issued during the year 12-year 4½ per cent bonds for Rs. 50 lakhs at par, carrying the guarantee of the State Government regarding the repayment both of principal and interest. In addition, fixed



PRUNING PUBLIC EXPENDITURE

IS T.T.K. SERIOUS ABOUT IT?

By A Special Correspondent

THE announcement by Mr. T. T. Krishnamachari of the Government's intention to cut down public expenditure by about Rs. 70 crores is an indirect admission of the fact that the authorities have not been very careful in avoiding extravagance. It may be recalled that Dr. John Matthai, free India's second Finance Minister, resigned from the Cabinet because, apart from his differences over the status and functions of the Planning Commission, he did not get the wholehearted co-operation from his colleagues in enforcing economy in expenditure. The Taxation Enquiry Commission, in its report submitted in 1955, strongly stressed the need for a thorough enquiry into the pattern of public expenditure. The report said:

"The need for utmost restraint on the growth of non-development expenditure can hardly be overemphasised. Besides, during a phase of intensive development effort when targets in terms of expenditure also assume a certain degree of significance, there is likely to be, even within the development sector of expenditure, some loss in effectiveness and possible room for economy and avoidance of waste. We are ourselves impressed with the need for thorough and careful enquiry both in the Central Government and the States into the whole question of public expenditure and suggest that such enquiries should be undertaken and entrusted to sufficiently high-powered bodies."

Effective Efforts Absent

However, there have been no such enquiries on the lines suggested by the Taxation Commission. Successive Finance Ministers have no doubt emphasised in their budget speeches the importance of economy in expenditure, but, by and large, the efforts in this direction have not been effective. Mr. Morarji Desai, for instance, in his budget speech in February 1963, admirably summed up the problem thus:

"By far the largest expenditure in the country is incurred by Governments at the Centre and the States. There cannot be any question that economy and efficiency in public expenditure are the very heart of the matter in mobilising resources. We have taken a number of steps at the Centre to effect economies in several directions. But, essentially, the task of achieving the utmost economy in public expenditure is not merely a question of cutting or reducing some items of expenditure or of laying down this or that rule of procedure. What we need is more performance with less expenditure of resources in every sphere of public activity; and what such economy through efficiency requires is an attitude of mind—a spirit of vigilance and responsibility—on the part of all those who are entrusted with the expenditure of the people's money, be they engineers, army officers, contractors, workers, civil servants or indeed Ministers. Here again, the task is one which is for all of us to perform incessantly and not just that which anyone of us can lay down once and for all."

Mr. Krishnamachari, in his last budget, observed that the Government should set an example by economising in expenditure and by not investing in less essential fields. "Economy in administration," he said, "is fully compatible with efficiency; and it shall be my constant endeavour to ensure that the administrative machinery of the Government is reorganised so that it is fully responsive to this need."

Though Finance Ministers in the past have given expression to noble sentiments in regard to economy, in practice, they have been unable or unwilling to put them into practice. The reports of the Auditor-General and the Estimates Committees of Parliament have from time to time drawn attention to the waste of money in different departments, but these "irregularities" are hardly taken serious notice of by the Government, although the amounts involved are colossal. It is gratifying to find, however, that, now at least, the Government, faced with ever-increasing level of prices, has realised the danger of indulging in reckless expenditure.

Unnecessary Interference

But the question to be considered is how far the Government will actually be able to carry out its intention in this regard. The solution does not consist merely in suspending further recruitment of staff for sometime. That is only a small part of the problem. The real issue is whether the Government is prepared to reconsider its policy of socialism. There can, of course, be no quarrel with the objective of socialism if all that it implies is only an attempt to achieve a welfare State which will work for the prosperity of all people. But the policies being adopted in recent years are hardly calculated to hasten the advent of a welfare State. What has happened is that, in the name of socialism, the sphere of the public sector has been rapidly expanded and that of the private sector deliberately restricted. Expansion of the public sector is desirable provided its activities relate to fields beyond the scope of the private sector. But, in recent years, the Government has been increasingly and actively participating in trading operations which only displace the private individuals and disturb the normal trade channels. The decision of the Government of India to set up rice mills in the public sector at an estimated cost of Rs. 160 crores is another example of unnecessary interference with the private trade.

The Real Solution

If the Government of India, therefore, is serious in its attempts to check the rising trend in prices and halt the phenomenon of too much money chasing too few goods, then it is not enough if a token cut of Rs. 70 crores is made in Government expenditure. Other measures are necessary and, among them, the following are more important:

One, there should be no further expansion of the public sector in industry or trade merely on ideological grounds. Serious efforts must be made to improve the profitability of the existing units of the public sector. The third Five-year Plan had assumed that about Rs. 300 crores would be available by way of surplus from the public sector undertakings of the Central Government, but this target is not at all going to be reached, since their contribution in the first three years of the current Plan was only about Rs. 70 to Rs. 80 crores.

Two, the State Governments should be urged by pressure and persuasion to set their finances in order. While the irregularities at the Centre receive some publicity, those in the States generally do not. In this connection, the following remarks by Mr. T. T. Krishnamachari in his last budget speech are revealing. He said:

"The financial position of most of the States has been causing me a good deal of concern. The total amount due to the Centre by the States at the end of the current financial year will be of the order of Rs. 3,000 crores. In addition, the State's liability on account of market loans at present amounts to Rs. 656 crores. Both in terms of loans from the Centre and market borrowings, the States have been receiving more than what was originally contemplated in the Plan. Their share of Central taxes and duties has also been increasing. Yet most of them are constantly facing ways and means difficulties of a disturbing nature."

Three, the industrial and fiscal policy needs to be geared to dynamic growth. The private sector is subjected to far too many restrictions, most of them arising from ideological bias, which, by holding up production, tend to aggravate inflationary forces. The capital market should be revived by a series of suitable adjustments in the tax system so that the stock exchanges can once again perform efficiently their role in mobilising the savings of the community.

The problem of checking the rising trend in prices cannot be solved in piecemeal fashion. It has to be tackled in a bold and comprehensive manner with the full and enthusiastic co-operation between the Government and the private sector, if the third Plan is to be saved from failure and the fourth Plan is to be launched successfully.

NEWS from SKF

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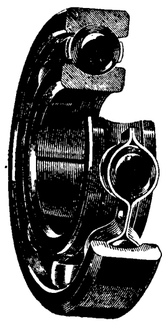

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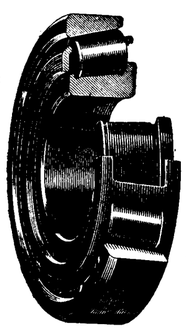

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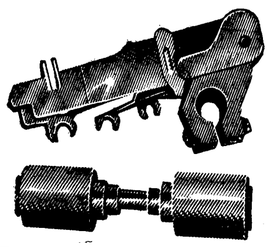

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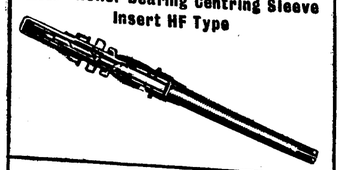

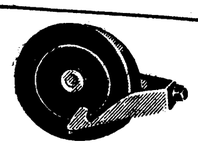

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BUSINESS NEWS FROM EUROPE

I.M.F.: SEARCHING FOR MORE LIQUIDITY

CINEMA INDUSTRY CHECKS DECLINE

SWITZERLAND'S admission to the Paris Club of the International Monetary Fund, the group of 10 advanced countries that have undertaken to supplement the Fund's finances, has given the cause of international liquidity a boost. Although the months of negotiations that preceded the Swiss entry, made longer by the fact that Switzerland is not a member of the I.M.F., resulted in an addition to the Club of only 200 million dollars, the contribution is in effect greater because it will be used only to aid other members of the Club.

The Paris Club's funds are now 6,200 million dollars and have become a more than useful addition to the I.M.F. funds. The I.M.F. has funds from the more advanced nations of 10,000 million dollars, so that the Paris Club has contributed some 60 per cent more. The I.M.F's funds are, in practice, much larger than 10,000 million dollars, but the holdings of the minor currencies are of relatively little account. Almost any country will take the German Deutschemark in exchange; few (if any) will accept the Burmese kyat or the Brazilian cruzeiro.

Behind the moves to get the Swiss into the Paris Club is the long-acknowledged need to expand world liquidity. Many bankers and financiers are worried by the prospect that unless something is done to change the international monetary system in the next two or three years expansion in world trade will be held up by a shortage of international money. This is all the more likely as the United States balance of payments rights itself, thus reducing the international supply of dollars.

Increasing the Quotas

What is not nearly so easily settled is how to bring about increased liquidity. The Paris Club is going to recommend the I.M.F. at its September meeting in Tokyo to increase the quotas of national funds. It is also going to publish its own liquidity study by August, look further into the long-term issues of world liquidity and (on the instigation of the Germans) think about a code of good behaviour in monetary matters.

There is by no means unanimity on the question of quotas. Under the Bretton Woods agreement, which set up the Fund in 1944, each country is given a quota which it must deposit or make available to the Fund. A quarter of the quota must be deposited with the Fund in gold—this is the gold tranche—and the rest made available on call in its own currency.

Both Britain and the United States would like to see larger quotas and a lower gold tranche. Britain feels that the Fund's resources should be given more automatically than now, that loans should be for a longer period and that quotas should be changed according to the current trading and reserve strength of a country rather than the criterion approved of in 1944 and 1945. The United States goes so far as to say that there should be a 50 per cent increase in quotas, only a small part of which should be in the gold tranche. Opposition to this comes principally from the French, Dutch and Germans.

Yet the need to bring quotas up to date is acknowledged to be urgent. It is absurd that a country like Italy, which has a trade as great as France's, should contribute only 40 per cent of the French quota to the Fund. Or that Germany, with a trade substantially greater than Britain's, should contribute only 40 per cent as great a quota.

To bring about increased international liquidity the Fund wants more capital for the larger members. This can only be provided by countries which are underpaying now. To make matters worse, the Fund's present gold holding, 3,100 million dollars, is largely immobilised. The I.M.F. refuses to use this except in extreme emergencies: thus just under a quarter of its resources are never used.

The failure of Governments to overhaul Bretton Woods has led to a number of *ad hoc* alterations; the American swop credits, Britain's gold pool, and the Bank of International Settlements' credits. But the result, it is thought, will still be paralysis if the Fund does nothing at Tokyo to aid more liquidity through bold measures.

The almost continuous decline in cinema admissions and film making which has been a characteristic of the industry since 1946 may be coming to an end. Although the portents are slight, both Britain and America have noticed the first reversals in the trend. Last year the American film industry, according to the Motion Picture Association, increased its revenue by about 5 per cent. And gross cinema box-office takings in Britain in April, at £1.31 million a week, were the highest since last August and equal to the average last recorded in 1959. Average weekly admissions (7.5 million) also resumed an upward trend. The rest of the European industry—largely consisting of Germany, Italy, France and Sweden—is still very much depressed.

Outside Britain, total European cinema attendances increased till 1956 (in Britain they have been falling since 1946) to a peak of 2,200 million a year but had dropped to 1,640 million by 1962. The drop was most severe in West Germany (one-third) and least severe in Italy where there is still a large population in the south unaffected by the spread of television.

Feature-film production in Europe has remained fairly stable during the past few years and has averaged between 400 and 500 a year. Of this total, the British contribution is around 75. This stability masks divergent trends, though. In Italy and Spain film-making has continued to increase (aided by a large influx of American film makers), whereas in Germany it has been cut by half. French production has also declined in spite of the artistic advances made by the *nouvelle vague*.

The reasons for the fall in cinema attendance, and its consequent effect on film making, are fairly well documented. Television has been the major cause but changes in taste as affluence has spread throughout Europe have also contributed. Proof of this can be seen from the maintenance of admission figures in areas where television has not established a strong hold. The growth of car ownership and the increasing amounts of money being spent on consumer durables and drinks have also been influences.

State Assistance

Most European film industries are Government supported. Italy provides £7 million, France £5.5 million, and Germany, the Netherlands and Belgium small amounts under £1 million. But the Governments also take from the cinema trade more than they give back to the film makers. Italy raises £16 million *via* taxation, France £11 million and Germany just over £7 million a year.

The liberalisation measures adopted by the Common Market should help to stimulate an exchange of films, at least between Italy, France and Germany But in spite of progress between 1958 and 1961 the share of films from other Common Market countries is only 5 per cent in Italy, 9 per cent in France and 16.7 per cent in Germany.

British film imports, which in any case have to overcome the language barrier, are not very great from Europe. Forty per cent of the films shown in Britain are British (30 per cent have to be under a quota system); most of the rest come from the United States.

The cinema and film industries have been taking energetic steps to turn the tide. Wide screen, stereo sound and other technical improvements have been introduced. Production has turned to the epic, with considerable success. Americans have been encouraged to film in Europe, which has least given employment to the technicians. With the exception of France, the film makers have also turned their attention to producing for television though they have not been as enthusiastic on the continent in this as in Britain. To protect the cinema trade admission prices have been raised frequently, though this is a double-edged weapon. None of these palliatives is thought to be as good, though, as the one basic ingredient that has too often been missing: good films.

Thaw in U.S.-Communist Trade?

Although the visit of Mr. Robert Kennedy, the American Attorney-General, to Poland was a private one, it is one more indication of the thaw that is occurring between the United States and the Soviet bloc countries. The thaw is especially marked in the field of trade where the United States is reconsidering its basic situation *vis-a-vis* the Eastern European countries. The only countries still really "frozen" are Cuba and China.

Reason for the American moves, which have been heralded by Secretary of State, Mr. Dean Rusk as well as Mr. Averill Harriman, are political as well as economic. Politically, America is no doubt anxious to make the most of the splits which have occurred inside the bloc on national attitudes to Comecon, the trading community which Russia wants to superimpose on the satellites. If Rumania could be loosened from the strict hold Moscow exerts it would represent a considerable weakening of the eastern bloc. Economically, America is thought to be considerably worried at the progress the Western European nations are having in trading with the Soviet bloc. West Germany and Britain have captured most of the market, but nearly all countries have a flourishing, if small, trade with the Soviets.

America, it is thought, would dearly like to capture part of this market. And following the long negotiations over the wheat deal with Russia she realises not only how much is to be gained from direct trading but also how her balance of payments can benefit from the attendant invisible earnings, such as insurance and shipping receipts. Until the November election, progress in trade liberalisation may well be slow, particularly if an extremist like Goldwater opposes President Johnson. After that most-favoured-nation treatment may be offered to the Soviets, it is thought.

German Reserves: Up and Up

The West German financial authorities now believe there will be a rise in the balance of payments surplus this year, reversing a forecast made at the end of last year that 1964 should be a stable period. Although the authorities make no forecasts at the size of the surplus German economists believe it may reach about £800 million, half as large again as last year. In the first five months of this year the surplus rose to £355 million, compared with £164 million in the same period of 1963. And inside the Common Market the German surplus in the first quarter of the year reached £154 million compared with £57 million in the same quarter of 1962.

A rise in exports has contributed largely to the surplus. Exports increased by 19.5 per cent in the first four months of the year compared with 9.2 per cent more imports. And worse is still to come because all orders to industry, including those for export, this year are 18 per cent higher (consumer goods' orders being up by a quarter). With an election 15 months away it is thought that measures to stop this boom, which would cut into German prosperity, will become increasingly more difficult to take. The most obvious step, revaluation, would be the most difficult of all.

Other possible solutions are thought to fall foul of the Common Market authorities. Increased imports, for instance, could only be brought about by lowering tariffs. However, Germany could withdraw the turnover tax rebates on exports, or take measures to limit Government expenditure. But it is thought that, at least for the next 15 months, all that will be done will be a series of palliatives.

Progress Report on Austria

The rise in prices in Austria this year should be more moderate than in 1963, the balance of payments should remain strong and disparities between the performances of different sectors of the economy should be less pronounced, says the Organisation for Economic Co-operation and Development.

Gross national product is expected to go up by at least five per cent, as compared with 4.4 per cent last year and just 2.1 per cent in 1962. A rise in demand, particularly for exports, helped to raise G.N.P. last autumn and the movement has continued into this year. Private consumption rose by six to seven per cent in the second half of last year, the biggest increase (22.3 per cent) being in education, entertainment and recreation. Other big increases were recorded in heating and lighting (13.2 per cent) and furniture and household goods (11 per cent).

(*Continued on page* 109)

FUTURE OF BRITISH STEEL INDUSTRY

B.I.S.F. PRESENTS CASE AGAINST NATIONALISATION

FIFTEEN months ago Mr. Harold Wilson, Leader of the British Labour Party, reaffirmed his Party's intention to nationalise the steel industry if it came to power. But the Labour Party itself has chosen to remain silent up till now, for it has not explained authoritatively and in detail *why*, if at all, steel would be nationalised. Its very silence has been intriguing and so the industry's fears have not been set at rest. A controversy has, therefore, emerged in recent months and the industry, to its great regret, has again been brought into the political arena. And the British Iron and Steel Federation, too, has just launched an anti-nationalisation campaign on behalf of the industry. As part of this campaign, the Federation has brought out two booklets—*Steel: Leave Well Alone* and *Steel: The Facts*—which describe the structure of the industry and its national importance, examine the charges made against it in recent years and present the main lines of its case against nationalisation.

The Federation's description of the structure of the steel industry and its national importance provides a fitting background to its cogent case against nationalisation. This industry, which is so central to the whole working of Britain's steel-based economy, covers three main groups of operations, namely, (i) the making of iron, (ii) the making of steel and (iii) the shaping of steel into a variety of finished steel products—plates, sheets, bars, rails and so on—which then form the raw material for a hundred or more metal-using industries. In all, there are 262 companies engaged in these operations, in 310 works, employing about 300,000 people. But the pattern is one of great diversity, for 23 big "integrated" works cover all three operations, 37 smaller and usually more specialised producers cover only two (that is, steel making and shaping) and the remaining 250 works cover only one operation apiece, often with a high degree of specialisation. So, according to the Federation, "this is far from being an industry with standardised production units which would fit tidily into a single nationalised mould."

Two Complexities

The complexity thus arises from the fact that steel-works do not make one thing, "steel", but many things—from tinplate to heavy beams and from bars to massive forgings. The industry is "much less homogeneous in its output—and so in its wide range of commercial policies—than already-nationalised industries such as coal and electricity." And it "has at all times to hold a careful balance between the commercial pressures fostering greater diversity among the supplying works and the technical pressures largely favouring concentration." Another complexity arises from the fact that many steel companies have wide interests outside steel—for instance, in constructional engineering, basic chemicals and town gas supply, to name only a few. In view of this complexity, the Federation argues, nationalisers would either have to break up sucessfully intertwined groups or else surreptitiously nationalise important parts of other industries as well as steel.

The Federation has next highlighted the industry's national importance by a reference to some facts regarding its performance. In the first place, the industry's outputs since the war have risen sharply in line with Britain's overall economic expansion, as will be seen from the following figures:

(Million tons)

	1937	1946	1953	1960	1963	1964*
Pig iron	6.6	7.8	11.2	15.8	14.6	17.4
Crude steel	13.0	12.7	17.6	24.3	22.5	26.0†
Heavy products	4.2	3.8	5.8	6.3	5.2	..
Thin flat products ..	2.2	1.7	1.5	4.0	4.7	..
Light-rolled products ..	2.8	3.3	4.3	6.3	5.6	..

* Estimated.
† According to latest reports from London (9th July 1964), actual steel output in the first half of this year was 13.1 million tons.

About three-fifths of Britain's steel output are retained for ultimate use at home. The other two-fifths go abroad in one way or another, half of these being fabricated at home into goods for export (for instance, motor cars) and the other half being exported directly as finished steel products (for instance, tinplate). British steel exports, incidentally, have nearly doubled since the war, rising from 2.3 million ingot tons to the record level of 4.4 million ingot tons in 1963. In the highly competitive markets of Western Europe, U.K. sales have risen by 45 per cent over the past two years. On a broad reckoning, therefore, the steel industry has worked well for the British people and the British economy.

But the Federation has not contented itself with such a broad appraisal. On the other hand, it has dealt with the issue in a more detailed manner. In this connection, it has identified four emerging areas of debate—whether (i) the industry has provided enough steel, (ii) this steel is produced efficiently, (iii) the industry is staffed effectively and (iv) enough effort is being put into selling. Regarding the first, the Federation has sought to refute the longstanding Labour charge that the steelmakers have not provided enough steel to sustain rapid economic growth. This is a baseless charge, for the industry, having invested £1,500 million in new plant since the war, is today able to supply all the steel that Britain needs. This fact has been publicly acknowledged by the National Economic Development Council itself in its report on the implications of a four per cent growth rate upto 1966. The industry's dual process of forecasting demand and recruiting matching capacity has worked reasonably well since the war, with the result that there is enough steel capacity now. What is more, nearly all that capacity is of modern and cost-reducing kind. Even the Labour Party seems to be acknowledging nowadays that steel capacity is fully adequate.

Question of Efficiency

The second area of debate is related to the question of "efficiency" in the industry. Here Labour critics allege that the industry is "inefficient". But the Federation believes that the industry's operating efficiency is high and that "the vast irrelevance of nationalisation would add nothing to it." In a science-based industry such as steel, the Federation argues, efficiency begins with research. The industry's record in this respect is good, for between 1955 and 1963 research spending by the companies and the British Iron and Steel Research Association rose nearly threefold, from £3.5 million to £9.0 million. The industry has not been slow, as alleged by Mr. Harold Wilson, in exploiting new technological processes either. For instance, the use of oxygen in steel making has advanced so fast that well over half of all British steel is made today with its help. Again, the new oxygen converter processes of steelmaking will cover as much as 25 per cent of capacity in Britain by 1965, as compared with 17.5 per cent in West Germany, 11.5 per cent in France and 15.2 per cent in the United States. In the field of continuous casting, too, Britain leads, for the steel so cast accounts for 1.7 per cent of overall capacity, as compared with 0.8 per cent in the European Economic Community and also in the world as a whole. The vacuum treatment of steel and the application of automation are also advancing fast in Britain. Besides referring to these facts regarding research and technological advance in the industry, the Federation has argued that "efficiency," as measured by both "productivity" and "comparative costs," has increased. Its arguments, in this connection, are as follows:

"*Productivity* is one test of efficiency. But it is a tricky one to handle in any industry: and this is certainly so in steel, where fuel and capital account for as much or more of total costs as does labour, and 'true' movements of labour productivity get swamped by short-term fluctuations in demand and output. For what they are worth, however, the figures are encouraging. *Fuel productivity* has risen sharply; over 1948-63, total thermal consumption per ton of hot finished steel was cut by 18 per cent and coke usage per ton of iron was cut by 33 per cent. *Capital productivity* has also done well: taking the productivity of two big 'lumps' of capital as indicators, output per blast furnace rose 188 per cent and output per steel furnace rose 159 per cent over 1946-63. *Labour productivity* rose by 2.8 per cent a year on average over 1946-63: and, with a 16 per cent jump between the fourth quarter of 1962 and the fourth quarter of 1963 and a further 3.1 per cent jump on into the first quarter of 1964, is now running at an all-time record. Comparing increases in labour productivity in steel with increases in the economy as a whole, British steel did 52 per cent better than Britain generally in the 'fifties, whereas both the U.S. and the German steel industries lagged behind their economies: and Neddy has reported that since 1961, labour productivity in steel (+4.4 per cent a year) has continued to run ahead of the national average (+2.7 per cent).

"Partial tests of efficiency in physical terms are, however, less useful a guide than the overall test of comparative costs. British steel costs are probably below American on almost all products. As regards the Continental industries, Britain leads on costs in sheets and tinplate, and more narrowly in heavy steels, and is broadly competitive for similar qualities of steel as regards light products. Recent detailed evidence suggests that U.K. and Japanese costs are very similar overall. Thus on this crucial test of efficiency, the British steel industry comes out well."

As for the third issue pertaining to manpower, the Federation has argued that the industry's record in making arrangements to deal with redundancy has been quite good. In this context, it has recalled Labour's past promises about the security, which nationalisation was expected to bring to the workers in the industries concerned, and drawn attention to the following actual results in the nationalised coal industry and railways, as compared with those in the private iron and steel industry:

Number of Men Employed
(In thousands)

Industry	1953	1966	Change
Iron and steel	298	311*	+ 13
Coal	784	580*	—204
Railways	594	350†	—244

* N.E.D.C. estimates.
† *Report on the Reshaping of British Railways.*

The fourth issue relating to "selling," in the opinion of the Federation, should be viewed in the context of the emergence of a world-wide surplus of steel and the growth of competition from alternative channels. The Federation's arguments, in this connection, are quoted below:

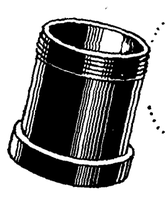
"If the steel industry is to serve Britain well in this new situation, its organisational structure must be one which is well-adjusted to a highly competitive market, that is, a selling-centred organisation. If steel were nationalised, the new organisation would be one in which greater power was vested in the central body and less with those most directly in contact with steel's customers. The consequences in today's immensely competitive steel market could not be other than wholly bad."

The Federation has also discussed some directly political aspects of the debate on steel's future. Referring to the Labour Party's thesis that ownership in the industry is concentrated in the hands of a very few "steel barons," the Federation has pointed out that 11 major steel companies, accounting for 75 per cent of aggregate steel capacity, have as many as 276,005 shareholders—rather more shareholders than workers (just under 200,000). The average shareholding is only £885 a head nominal value; and the "average shareholder" is also the typical one since 92.5 per cent of all shareholders have less than 1,000 shares. Moreover, a large part of the remaining shares are held by institutional investors, such as the insurance companies and pension funds, who draw their finance largely from "the small man." This indicates how very many small investors would be affected, directly or at one remove, by a State take-over of the industry. A wide spread of ownership may, of course, be compatible with effective control by a minority of very large shareholders. But this is not the case in steel, for the 10 largest shareholders in each of the 11 sample companies together own 17.4 per cent of the shares, far from a dominant position, and they are virtually all institutional rather than individual investors.

Key Issue of Control

Some Labour critics, however, argue that the key issue is "control" and not "formal ownership." According to them, control in steel is concentrated in a few powerful, inter-connected hands. But the Federation has effectively refuted this charge in the light of a recent survey which showed that, in 12 major companies together accounting for 85 per cent of privately owned steel capacity, the 132 directorships available were held in all by 124 people. And of those 124 people, 114 (92 per cent) held only one steel directorship. In fact, within the sample group of companies, there were effectively only nine cross-linking directorships involving eight people. More telling still is the fact that, although these interlocking directorships are supposedly designed to limit competition between steel companies, in practice none of the nine cross-links join companies making the same products: thus, there are no interlocking directorships between the main heavy steel producers, nor between the four strip mill companies. The main explanation of these nine cross-links is, in fact, simply the quality of the men involved. Above all, four other circumstances have ensured the industry's accountability to the public. These are: (i) the ever-present power of the shareholders, (ii) the possibility that the industry's policies and performance can be exposed annually to a searching Parliamentary debate, (iii) the control exercised by the public-as-buyers in the market place, and (iv) the existence of the Iron and Steel Board which has been exercising *public supervision* over *privately-owned companies* in such a way as to secure the benefits both of private dynamism and of central guidance.

The Federation has finally posed some 20 practical questions to the Labour Party. These are: (1) Would all steel be nationalised? (2) Would only steel be nationalised? (3) How strong would the central body be? (4) Would the steel companies keep their identities? (5) How would the whole industry be controlled? (6) What compensation would be paid? (7) Who would pay the bills? (8) Would the customer be free to choose? (9) Would there be price competition? (10) Would users be free to import? (11) Would development policy be shaped aright? (12) Would obsolete plants be closed? (13) Would iron ore policy be sensible? (14) How would efficiency be raised? (15) Would research be well directed? (16) What would be done about labour efficiency? (17) Who would run steel? (18) What would be done about selling? (19) What would happen to exports? (20) What would be done about world steel co-operation? Unless the Labour Party provides satisfactory answers to these questions, it would not carry conviction. For the relevant issue here is whether nationalisation would do better than the existing organisation in steel. Of course, for its part, the Federation is convinced that the consequences of nationalisation would be bad—bad for the steel industry itself, for all work in it and for all who sustain it with their savings, bad for the British steel-using industries and bad for the British economy as a whole.



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NEW PRODUCTS AND PROCESSES

Cathode-ray Display Tube

A NEW cathode ray tube capable of displaying information at a speed to match the fastest computer was shown at the International Instruments, Electronics and Automation Exhibition held at Olympia, London, in May last. It generates a character sufficiently bright for output printing at the rate of one character per millionth of a second. Its speed and brightness factor are about 30 times greater than those of present equipment, which has to use an ordinary cathode ray tube with the character traced out by dots and segments. The new tube produces the whole character simultaneously at the same current density, with the result that a character need be exposed for only one microsecond, 50 times a second, to produce a steady image visible in daylight ambient light. It will find applications in space research and space communications, and will be particularly valuable for annotating radar displays, head-up displays for aircraft, tabulator displays for various electrical systems, and so forth. Their agents in India are: Machine Tools (India) Pvt. Ltd., Winet House, Russel Street, Calcutta-16.

Concentrated Ozone

A process has been developed by The British Oxygen Company, England, for the production on an industrial scale of a more concentrated form of ozone that can be stored for long period. Applications are expected to be found in the field of water treatment, in chemical manufacture, and in the neutralising of harmful industrial effluents, such as cyanides and sulphides. Their agents in India are: Indian Oxygen Ltd., 46/1 Diamond Harbour Road, Calcutta-27.

Automatic Bandsaw

The Mebamat model 250A, the first automatic bandsawing machine to be sold by the Startrite Machine Tool Company, London, is designed to speed up the production of blanks and offcuts from bars, tubes and other sections in several materials, including steel, brass, aluminium, and nylon. It is said to be between 10 and 20 times as fast as a manually-operated machine and it relieves the operator of the task of accurately positioning unwieldy pieces of stock, which are handled after loading by a hydraulic feeder unit. The machine will automatically turn out a preset number of finished pieces while the operator has only to remove them and feed it with fresh stock. The machine, which is electrically powered, is capable of cutting stock up to 10 in. thick.

Asbestos-reinforced Plastic

A thermoplastic PVC reinforced with asbestos and used in laminated form has been introduced by the Turner Brothers Asbestos Company, Spotland, Rochdale. It has been given the name "Duraform." The PVC, supplied by British Geon, is resistant to weather, many acids, alkalis, solvents and grease. Duraform is the first thermoplastic material to get a Class 1 certificate for the surface spread of flame according to list BS476. The material can have a matt or polished finish. It is made in four sizes and over a thickness range of one sixteenth to half an inch. A fabricator can make his own laminate and so incorporate printed PVC film. The material can thus be made suitable for builders, architects and chemical engineers.

Electronic Calculators

Fully electronic desk calculators giving their results on a cathode ray tube, instead of mechanically, are now offered by Friden Incorporated, of San Leandro, California. The Company says the machine has no moving parts and is completely silent and far faster than mechanical calculators. The keyboard is like that of an ordinary machine, but above it is the result screen, appearing like a miniature TV tube. Results flash on to this screen instead of appearing on a row of numbered counters.

Cheap Petrol Engines

Low-speed petrol engines, cheap enough to throw away instead of having them repaired, are under development by the Janoil Corporation, of San Gabriel, California. Janoil hopes to sell a 5-h.p. engine for $25. The Janoil is a rotary engine with the low shaft speed of 200 r.p.m. The only moving parts are the rotor, which has triangular pockets cut in it, and a rocking lever. This drops into the pockets to compress the charge and takes the reaction of the three explosions per revolution. As the rotor turns, movement of the rocking lever out of the previous pocket pumps petrol gas into the incoming one. The lever then drops into the charged pocket which passes by a sparking plug. The resulting explosion drives the rotor further, a cam on it retracting the rocking lever and charging the next pocket with gas.

Throat Microphone

A new throat microphone is said to be the most comfortable so far produced. Two small magnetic capsules in a one-piece assembly rest on either side of the larynx, and with the minimum of contact pressure transmit speech clearly. The microphone, developed by Amphero Ltd., Beresford Avenue, Wembley, Middlesex, England, in collaboration with the Royal Aircraft Establishment, Farnborough, England, is fully tropicalised.

Iron without Coke

I. Y. Murakarni, of 1-7, 1-Chome, Umayabashi, Sumidaku, Tokyo, has patented a way of making iron in a blast furnace without using separately prepared coke as fuel. Small, dense briquettes of coal are used instead. The briquettes are fed into the furnace along with the usual lumps of iron ore and limestone and the heat there converts the coal into coke *in situ*. Hydrogen and carbon monoxide are released to provide more heat for refining the ore. The briquettes are said not to coagulate nor to be crushed by the weight of the charge as they soften.

Finger or Toe Switch

Night lights which can be turned on or off with a touch of the elbow or toe are now being made by the Eagle Electric Manufacturing Company, of 23-10, Bridge Plaza, Long Island City, 1, New York. The small bulb and touch switch come as a unit which can be plugged into any power point. If the point is in the skirting, the switch can be operated with the toe, without bending. If set higher a woman with a load of laundry in her arms, for instance, can turn it off with her elbow.

Small Holes in Diamonds

A U.K. patent has been taken out by a Russian organisation for a machine tool which makes holes of less than 2,000ths of an inch in diameter in diamonds and hard metallic carbides. Nauchno-Issledovatelsky Institute Kabelnoi Promyshlennosti, of Moscow, E-20. 2450, says that holes of great accuracy are produced by a tool vibrating under the action of a transducer at an ultrasonic frequency in an abrasive suspension. High speeds are claimed and the applications are expected to cover the tool-making, aircraft and hydraulic fields as well as the jewellery industry.

More Sugar from Beet

By crushing washed and frozen sugar beet to a fine pulp and simultaneously removing the juice by centrifugal separation, a German firm claims that far greater yields of sugar are possible. "Elfa" Apparate Vertriebs G.m.b.H., of 52a, Friedrichstr., Muelheim, Rhuhr, says that the machine it has developed will separate as much as 99 per cent of the sugar content of beet in a few minutes.

Titanium Pigments

The largest manufacturer of titanium pigments outside the U.S. is British Titan Products, 10, Stratton Street, London, W.1. It has a capacity of some 150,000 tons per annum. The Company has now produced a review of its scientific and technical work under the title: "The Technical Resources of B.T.P.," chiefly concerned with the new central laboratories at Stockton-on-Tees, Pigments, paper-coating, ceramics, textiles and the search for customer-requested products are illustrated and described.

Softer Leather

Leather that is softer and more supple than usual is said to result from treating semi-raw hide with an aqueous solution formulated by Farbenfabriken Bayer A.G., of Leverkusen-Bayerwerk, Germany. The solution contains chemical compounds that react with one another to provide a good foundation for dyes and gloss-producing chemicals. The treated leather is suitable for gloves, belts, shoes and handbags.

New Ideas in Brief

An all-purpose mould-release material in aerosol form has been produced by Rocol, Swillington, Leeds, Yorkshire, England.

A rapid and efficient way of covering large and small irregularly shaped objects with a plastic (epoxy resin) that sets hard and resists chemicals has been produced by Shell International Research, 30 Carel van Bylandtlaan, The Hague, Netherlands.

A new lubricant for use when cold rolling, drawing, stamping, and extruding metals has been developed by Montecatini, 1-2 Largo Guido Donegani, Milan, Italy. It is stated to leave the metal surfaces glossy, to be easily removable and to burn without leaving carbon deposits during annealing.

An unconventional way of coating steel strip with phosphate or synthetic resin so that it will not rust in storage and can be painted or galvanised easily later has been devised by Societe Anonyme Metallurgique d'Esperance-Longdoz, 60 rue d'Harscamp, Liege, Belgium.

A new steam boiler runs on oil or gas but will simultaneously burn any kind of solid fuel or waste refuse. It is meant primarily for hotels and factories and is produced by Gebruder Mittelmann Fabrik Moderner Badeofen, Laasphe-Westphalia, West Germany.

Complex profiles previously requiring a battery of milling machines to carry out facing operations can be quickly and economically machined in one operation on a horizontal surface broaching machine. It is devised by Mandrin, Erlach, Switzerland.

A new lathe produced by Etablissements Sim, Route de Lausanne, Morges, Switzerland, is claimed to be an economical purchase for the motor engineer who has to machine the skirts of pistons in small lots.

A quick method of making railway sleepers from sheets of laminated cement and asbestos by compressing them lightly in a mould is reported from Italy, developed by Eternit, Piazza della Vittoria 11, Genoa, Italy.

Equipment has been developed which counts the number of road vehicles passing a given point and also classifies them into vehicle types by Telefon AB L.M. Ericsson Fack, Stockholm 32, Sweden.

A way of rapidly melting and reshaping a sample of pure metal prevents it from touching any other substance so that it cannot become contaminated. It is developed by the Institute fur Angewandte Physik der Reinststoffe, 28 Winterbergstrasse, Dresden A 20, East Germany.

TRADE UNIONS IN INDIA

POLITICAL PARTIES MUST STAY OUT

By Dr. R. M. Goil

IN the Budget session of the Lok Sabha, Mr. C. Subramaniam, who was then Union Minister for Steel, Mines and Heavy Engineering, blamed the Government's labour policy for the labour trouble in public sector undertakings and said that the Congress was as much at fault as other political parties. More specifically, he stated that the party base of our trade unions was the 'original sin' to which all the parties, including the Congress, subscribed and which led to multiplicity of union organisations. Prescribing his remedy for the evil, again, he said: "Unless we take away the political attachments of trade unions, no progress will be possible in the public sector."

Other than anything else, such an utterance on the part of a person of the stature of a Central Cabinet Minister warrants a re-examination of the rather familiar and not very new questions: Should the trade unions indulge in political activities or not? Should they be 'party-based' or 'self-based'? And, given the party-base of our unions, what can, if any, be done about it? Further, exceptions apart, can we really draw a line between the public and the private sectors from the point of view of their trade union organisations so that the unions might maintain their party base in the private sector and give it up in the public sector?

The Facts

The party base and the political nature of our trade unions can hardly be denied. Even a cursory look at the history of the trade union movement in India would bring home to the reader that, right from its real beginnings after the First World War, the trade union movement in India has continued to be subjected to the dominating influence of the country's political parties. The politicians entered the Indian labour movement for the first time, perhaps, in 1918 when the Madras Labour Union was organised by patriots who regarded the struggle with employers as secondary to winning Home Rule. In 1920, the Indian National Congress stepped into the labour movement and, at its Nagpur session, passed a resolution urging its provincial committees and other affiliated associations to promote labour unions throughout the country. During the same year, despite Gandhiji's opposition,* the Congress leadership worked towards the formation of a national federation of trade unions to co-ordinate the activities of trade unions in the country and to speak for the Indian labour movement both inside and outside the country. As a result, the All-India Trade Union Congress (A.I.T.U.C.) was formed in July 1920. In the years to follow, so close was the association of the Congress Party with the A.I.T.U.C. that it led some observers to conclude that the latter was merely an offshoot of the former.

Right from the formation of the A.I.T.U.C. in 1920 to the formation of the fourth major trade union federation (the United Trade Union Congress—U.T.U.C.) in 1949, the numerous splits, re-unions and formation of new bodies within the labour movement in India, have closely followed the ideological variations, the destinies, and the splits and re-unions in the major political parties of the country. The result is that there is a sort of regular struggle between the major political parties of India for the allegiance of the small but crucial industrial labour population. And the parties to this struggle are represented by the four major labour federations—the Indian National Trade Union Congress (I.N.T.U.C.), the A.I.T.U.C., the *Hind Mazdoor Sabha* (H.M.S.) and the U.T.U.C.—in the country. A fifth federation—the *Akhil Bhartiya Mazdoor Sangh*—was formed by Jan Sangh in 1955. But it does not seem to have made any significant mark on the Indian labour movement. The *Indian Labour Year Book* has taken no notice of this body.

Every new federation owes its origin to, and continues to be nurtured and dominated by, a definite political group in the country. Mr. Jagjiwan Ram, Mr. V. V. Giri, Dr Kannappan, and other noted authorities in the field have testified to this state of affairs.

Political unionism, divided mainly on political party lines, is not something unique to India. Rather, it appears to be a general pattern of unionism in most newly emerged developing nations. In fact, it seems to be inevitable. The main reasons for such a tendency appear to be three: (1) The association and use of trade unions in the liberation movements of the respective countries, (2) the absence of conditions for the viability of business unionism in most such countries, and (3) the role that the trade unions are called upon to play in the countries' development under an economic set up largely controlled and regulated by Governments.

In Ghana, several countries of Latin America and India, among others, the labour movement has been closely associated with the countries' independence movement and their leaders. These links, once established and utilised to win political freedom, are, later on, sought to secure economic freedom. The ruling parties, in particular, are keen on channelising worker support to the economic policies of their Governments through their influences in the labour movement. For opposition parties, likewise, trade unions provide a platform to spread their own ideologies and viewpoints.

Conditions for Viability

Galenson, while discussing the characteristics of trade unions in developing societies, points out that the conditions necessary for the viability of business unionism are not likely to be realised in underdeveloped countries except in a few special cases. These conditions are: high average incomes of the workers, a fair degree of employment stability, and sufficiently strong trade unions to maintain an independent bargaining position. The last condition, among others, implies large membership, adequate funds and strong internal leadership in the unions. In India, even after an increase of about 37 per cent in the average money earnings of factory workers during the period 1951-61, their average annual earnings in 1961 were only around Rs. 1,400, collective bargaining is not very much likely to appeal to workers and they are likely to look elsewhere for quick gains in their economic position. Low worker earnings and unstable employment are also partly responsible for weak unions. Low membership (an average membership of 561 per union in 1961), weak finances (an average income per trade union of Rs. 2,176 in 1961), and domination of outside leadership are well-known and oft-repeated failings of Indian trade unions.

Outside leadership in the Indian trade unions, which, in the early stages of their development, was necessitated by a variety of reasons including lack of funds, lack of capable leadership (particularly English-knowing educated persons) among the rank and file, and need to escape victimisation, and which was made possible by the enabling legislation, has also tended to perpetuate itself. It has rather been a kind of vicious circle. Unquestionably, the importance of the contribution of outside leaders, coming mostly from political parties and, in many cases, providing honorary services, in the development of the movement in its formative years cannot be overemphasised. However, preoccupied with their party work, they could not and did not pay adequate attention to the development of a proper structural, administrative and financial set-up in the movement. Nor have they made adequate efforts to develop internal leadership. And so, continued financial and administrative weaknesses and absence of adequate internal leadership call for leadership from without; the latter, in turn, tends to perpetuate and reinforce the former weaknesses.

The Dual Role

The changing role that the unions in many of the newly developing countries are called upon to play and the set-up in which they have to operate also account, in a large measure, for their emphasis on politicking. Known by different names, a trade union, in general, has to play a dual role: a 'consumptionist' role and a 'productionist' role. In so far as it represents the interests of its members and seeks to secure higher wages and better working conditions for them, it is its consumptionist (the 'combative' or the 'responsive') function; having made the bargain, it is also obliged to abide by its terms to maintain discipline and to 'co-operate' in production. This is its 'productionist' (the 'constructive' or the 'responsible') function. The difference, however, lies in the varying degrees of emphasis given to one or other of these two functions in different countries at different times and by different unions. In all the socialist and in most of the developing countries, the Governments seek to emphasise the productionist and to suppress the consumptionist role of the unions.

Our Five-year Plans have also emphasised the need for promoting "constructive co-operation" between the management and labour and have indicated the wide powers assumed by the Government to ensure it. Thus, the third Plan says: ". . . the State has, over a decade, taken upon itself the responsibility of providing facilities for promoting the amicable settlement of industrial disputes and has assumed powers of intervention for the purpose of maintaining industrial peace."

Collective Bargaining

In a set-up where the Government has overwhelming regulatory powers, where the productionist function of the trade union is given greater emphasis, and where, as noted earlier, the trade unions are weak, collective bargaining assumes a different form. It is more between the workers and the Government rather than between the workers and the employers. The unions know that most of the improvements in their wages, hours and working conditions are going to come through the Government and the legislature and not through bargaining with employers. Success in collective bargaining itself seems to depend on the political influence of the union. And hence their natural inclination towards politics.

There is nothing wrong and undesirable, however, in the political activities of the trade unions as such. Even in the developed countries, both in their early stages of their trade union development and at present, politicking was and continues to be an important part of union activities. The difference, however, lies in "that in most Western countries all or most unions are interested in one party and it is the unions which exert major influence on the party, whereas in India unions have divided political interests and it is the parties which exert major influence on the unions." In the U.S.A., for instance, towards the close of the 19th century, Samuel Gompers fought for ten years to win laws that would curb the use of injunction and exempt the unions from the Sherman Act. Even today almost every important union in the U.S. has a separate political action department headed by men of high stature within the union.

Absence of broad ideological differences, among others, may be said to have contributed in the West to a labour movement not sharply divided on party lines. In Great Britain, for instance, "since 1926, specially since the downfall of the second Labour Government in 1931, official trade unionism has endeavoured not to challenge capitalism but to make terms with it; and it has regarded its worst enemies not the employers but those trade unionists who have endeavoured to recall it to a more militant policy." Very much similar is the situation in the U.S.

In India and many underdeveloped countries, it is not so. The sharp ideological differences between the political parties in India with regard to their 'vision' of the country's political and economic set-up are directly transplanted in the form of rival unionism in the field of labour and are reflected in the 'objectives' of the four major trade union groups in the country.

Three-pronged Approach

What is needed, in the present circumstances, therefore, can be outlined in the form of a three-pronged approach. First, some kind of ideological understanding within the ranks of labour is essential. The goal of establishing a socialist State through a process of democratic planning accepted by the country should broadly provide this understanding. Instead of being rigid, this goal and the detail approaches within it are flexible enough to permit lively discussions over the varied alternatives and to call for decisions acceptable to the majority. Such discussions and decisions, however, will be within a group of people with the same broad objective and ideology, instead of

* Gandhiji believed that it was a most dangerous thing to make political use of labour until labourers understood the political conditions of a country and were prepared to work for the common good. It was under his influence that the Textile Labour Association of Ahmedabad stayed away from the A.I.T.U.C. Also see, in this connection, Subbiah Kannappan, "The Gandhian Model of Unionism in a Developing Economy: The T.L.A. in India," *Industrial and Labour Relations Review*, Oct. 62, pp. 87-110.

apart from each other and clung to their respective ideologies.

Secondly, the political parties should voluntarily undertake a 'hands off' policy through some kind of explicit or implicit 'code.' No doubt, the parties nutured and brought the unions up in their formative years. But it is high time now that the unions were left on their own, so that they may develop capacity for an independent 'adult' existence.

Chances Dim

The chances are rather dim for the above kind of approach on the part of the parties themselves. And hence, thirdly, and also most importantly, the unions must themselves seriously seek to achieve and assert their own 'adulthood and independence. It is they who have to realise the futility and harmfulness of their continued party-based rivalries. It is true that each of the four labour federations has spelled out different objectives for itself. The necessity for every union to be 'responsive' to its membership, on the one hand, and the overall Government control and regulation, on the other, have, however, tended to minimise differences in their actual operations. With all their emphasis on class collaboration (as opposed to class-conflict) and on peaceful methods of settling industrial disputes, and with a full realisation of the 'productionist' function of the trade unions, the I.N.T.U.C. could not afford to completely neglect its 'consumptionist' function and, quite often, its demands have not been much different and less vigorously put forward than the demands by other unions. On the other hand, with all their emphasis on class conflict and the militant consumptionist role of the trade unions, the A.I.T.U.C. have had to subject itself to the moderating influence of the law. Some of the common demands by our trade unions in general have been the gradually increasing public ownership of industry, increased regulation of private sector, abolition of managing agency, workers' participation in management (except by A.I.T.U.C.), and, most recently, the matching dearness allowance to neutralise rising cost of living.

Once these actual and practical 'similarities' are realised and emphasised and the differences undermined, it would not be difficult for the unions to realise that politicking and lobbying (as well as bargaining with the employers for that matter) on the part of a united labour movement will carry a greater force than when it is divided. To my mind the "Code of Conduct," the "Code of Discipline," the numerous tripartite decisions to which all the four labour federations had been parties, the merged federations in a number of national services such as the Post and Telegraph, the Railways, and the banks, and the alliances (even though temporary and *ad hoc*) of several rival unions on specific questions like the one of rationalisation at Kanpur, Nagpur, etc., should provide reasonable starters for such re-thinking.

Government's Policy

A word about the Government's policy in the matter is also necessary. Given the democratic set-up in the country, progress on the above lines will depend much on the unions and the political parties themselves. Yet the Government can significantly contribute in the realisation of the above objectives and in the reduction of tensions of rival unionism so long as the present situation continues in a number of ways. The scheme of workers' education in general, and of trade unionists in particular has to be more vigorously pursued. Some kind of legislative measure to provide for recognition of a single 'representative' union in an industry and area, either on the lines of similar measure in Bombay or in Madhya Pradesh, has to be adopted for the whole country. Government's persuasion and honest lead by the ruling party have to be explored to initiate efforts for a 'hands-off' policy on the part of the political parties. Once this is done there will, no more, remain any need to emphasise the differences between the public and the private sector from the point of view of their labour troubles.

To conclude, instead of being unique, politicking and party base of our trade unions is only an indication of general pattern of unionism in most newly emerged developing countries. Association of labour movement with the respective countries' liberation movement and the emphasised 'productionist' role of trade unions in their economies combined with the unions' own weaknesses have largely been the causes for such a pattern. It is phasise the actual and practical 'similarities' of their approaches and undermine their theoretical and ideological differences, develop and claim independent adulthood, and seek strength in unity. This, combined with a more vigorous pursuit of workers' education scheme and Government's persuasion for a 'hands-off' policy on the part of the political parties will go a long way in improving the situation in India. In the meantime, legislative measures might be adopted for the recognition of a single 'representative' union in an industry and area for the whole country as it is, for

BUSINESS NEWS FROM EUROPE

(*Concluded from page* 105)

It is expected that the lower cost of bank credit and other long-term finance should ensure that the growth of private, as well as public building and construction, consumption will continue. Housing construction is especially expected to expand steeply.

Trade: The balance of payments is expected to remain in surplus. Although Austria has a visible deficit (£122 million, 341 million dollars last year) invisibles, especially tourist earnings, more than cover this.

Economic Policy: Although there is thought to be no immediate danger that demand will become excessive, even when stimulated by an expansionary budget and easy money, an O.E.C.D. report has queried the advisability of a budget deficit. However, the deficit is expected to be smaller than last year's.

Israel Feels a Cold Trade Breeze

Israel's determination to allow more consumer goods into the country after 15 years of semi-austerity is having serious repercussions on her balance of payments. In the first four months of this year imports increased by £26 million compared with the same period of last year. As a result the trade gap more than doubled to £47.5 million. There were signs that this rise was slowing down in April and the Government must hope that an influx of tourists in the European summer months will help to offset the visible trade deficit. The Israeli State Tourist Board has been undertaking a vigorous advertising campaign in Europe to attract visitors.

The trade balance is slightly less serious than it seems because part was due to a fall in citrus fruit exports, one of the country's main sources of foreign earnings. The fall of £7 million in the four months more than offset a rise in industrial exports worth £5 million. However, total exports fell slightly compared with 1963.

Israel has been equivocal on its import liberalisation policy. While wishing to stimulate local industry it has not wanted to undercut it altogether. Quite high import duties have therefore been set at the same time. Duty on a pair of shoes, for instance, is over £2. Furniture is the main consumer-durable import so far and the Scandinavian furniture firms have been busy setting up showrooms in the country. Swiss chocolate manufacturers have also benefited from the liberalisation.

Eggs: Output Up, Trade Down

The trend towards self-sufficiency or oversupply in eggs in most northern hemisphere countries will continue this year, according to the Food and Agriculture Organisation. As a result, the decline in the world egg trade in recent years is likely to go on.

F.A.O. sees output exceeding by a fair margin that of 1963, when 194.9 million cases were produced in North America and 172.8 million cases in Western Europe. The sharpest increase in 1964 is likely in North America, which produces about one-third of the world's hen eggs, and in the main importing countries of Western Europe.

Already last year world exports of eggs were 25 per cent lower than the peak of 25.9 million cases shipped in 1960. Declining import demand and smaller exportable supplies in Western Europe led to a 22 per cent decline last year in both Dutch and Danish exports, while Polish shipments fell by 35 per cent.

A report from Copenhagen suggests that Danish output in 1964 will continue the steady decline—averaging five per cent annually—registered since 1961. Production is likely to decline even further next year, following a curtailment of laying flocks by some eight per cent expected during the course of 1964. At the last census in April, there were some eight million Danish layers—already about one million birds less than a year earlier. As a result, Danish egg output next year may drop to son 4.1 million cases, compared with 4.8 millic cases expected this year. Exports in 1964 a likely to be no more than 1.4 million case against 2.1 million last year and 3.4 millic in 1961.

The trend of increased home productic was not shared by Austria or, until this yea by Britain. Austria's imports rose by 12 p cent and Britain's by six per cent last yea F.A.O. says that two of the main continent suppliers, the Netherlands and Belgium, bo Common Market members, were notable la year for selling more eggs to countries outsic the market. The Netherlands increased expor to Britain and Austria, and Belgium replace Poland in the Swiss market.

U.S. Beef Exports in Doubt

The United States Department of Agr culture and the Meat Institute are keeping wary eye on new developments which ma upset their plan to ship between 100,000 an 200,000 tons of surplus beef to Europe. Sor meat traders fear that exploitation of the bee hungry European market, for the first time i 45 years, may come up against adverse pric movements, quality standard difficulties an excessive competition from established sup pliers.

The Agriculture Department expects Amer can beef output to go on rising this year, bu at a slower pace than in the first quarte This may have the effect of firming America prices just at a time when values in Europ were slaughter herds are building up, see likely to move down from their recent peak.

The narrowing of the differential whic would have induced European buyers to go fc American beef is already showing up. Heav continental demand for instance, has failed t raise Irish prices above Chicago ones. Similarly Argentina sides at Smithfield are still cheape than corresponding American values, despit the tight position of shipments from Argentin

The Meat Institute is believed to b pleased with the results of its beef sample di plays at Smithfield and its trial shipments t Paris. Trial consignments have certainly bee praised in both centres; but the hard fact re mains that the quality standards and notation demanded in both Britain and continenta Europe are different from (not necessaril higher than) those accepted in the Unite States.

Finally, there is the commanding positio of suppliers which already have a firm foo hold in the market. At the moment this mear Australia, which is finding ready markets fc beef shut out from America; Uruguay, know to have plenty; and smaller supplies from Ir land, which has the advantge of proximity.

Topical Briefs

Three of the world's leading oil companie have agreed to adopt techniques on their shi to avoid the amount of oil waste discharge at sea. Oil-polluted beaches are the despair c both Governments and holidaymakers. If th system operated by the three is successfu there should be a lot less to cause distress t swimmers and sunbathers. The companies- Shell, British Petroleum and Esso—contr about two-thirds of the crude-oil carrying tanl ers and their new system is based on clear ing out the oil tanks in a different way. O has been jettisoned when a ship cleans out it tanks after discharging its cargo and the re sultant mixture of sea water and oil poure overboard. The three companies now propos to run the discharged oil into one tank on to of a base of sea water and then mix it wit the new cargo when it is pumped into the shi Such a system may prove difficult to exten to the other third of the world's tanker flee because it would depend on voluntary ac ceptance. But it is thought that the oil com panies themselves could put strong pressure o the tanker lines.

Crude steel production in the Commo Market, running higher this year than las may level off in the second half. Output i the first five months reached 6.75 million ton 11 per cent higher than in the same period o last year. Only Italy has not shown a rise i production this year, output having fallen by 6. per cent because of lower demand from th rest of industry. Of the rest, the Netherland had the fastest rate of growth (17.3 per cent and France the slowest (10.2 per cent). Pro duction in May dropped a little, because of th greater number of holidays in the month. Nev orders for rolled products have dropped slightly The order book for the steel industry is boom ing healthily and in 22.6 per cent higher

CONDITIONS FOR ECONOMIC GROWTH—II

INFLATIONARY POLICY MUST BE RENOUNCED

By Professor W. H. Hutt

[This article, the first instalment of which appeared in our last issue, is being published by the Forum of Free Enterprise in the form of a booklet. It is reproduced here with the kind permission of the Forum. The author is one of the leading world economists. He is a member of the well-known Mont Pelerin Society with which leading economists who believe in a free market economy are associated.—ED.*]*

ONE of the chief obstacles to the speedier modernisation of the industrial and commercial system of India is believed by some authorities to have been the absence there of an influence, sometimes called "the Christian ethic," which prevailed during the revolutionary growth in industrial output and trade in the western world during the eighteenth and nineteenth centuries.[9] There are sociologists who hold that this phenomenon was ultimately attributable to attitudes towards thrift, interest, profits and ambition which grew out of the Protestant reformation—particularly among the Puritans. The moral approach of Protestants and Puritans towards trade and thrift has been somewhat misrepresented by certain historians and sociologists.[10] But it is true that the religious convictions of the Protestants tended to justify the normally altruistic virtue of thrift,[11] and did not frown on the incentive to excel and win respect—the personal ambition which promotes self-improvement and diligence.

Nevertheless, in the present writer's view, doctrinal teachings tend more often to support and propagate the morals of any era than inspire those morals; and the religious traditions of countries like India (however different from those of the West) need form no *lasting* obstacle to the development of a system which rewards persons whose providence, initiative and wisdom succeed in raising the material standards and broadening the economic life of the people.

Profit reward (insofar as it is truly profit[12]) is always small in relation to the social benefit for which it is the recompense. And rigorously envisaged, "profit" is merely a realised yield in excess of the rate of interest upon the value of replaced or accumulatd assets, just as "loss" is a realised yield which falls short of the interest return. In seeking to avoid losses (and this is the same thing as seeking profits) to the investors on whose behalf they act, business managements are responding to production objectives set by the people as consumers; for consumers have the power to buy or refuse to buy any product offered. The form of replacement of inventories consumed and equipment worn out (or otherwise depreciated) or of their net accumulation is determined, under the free market system, by society's democratically expressed preferences.

The rate of material progress of any underdeveloped area is likely to be closely related to the degree of economic democracy achieved. By "economic democracy" is meant *the vesting in the people, in their consumer role, of ultimate power to command and control the productive process.* Through the consumers' expression of their wishes in the market (in buying or refraining from buying), the possessors of skills and the owners of physical resources are disciplined, not by a few strong and privileged persons or groups (as under "central economic planning") but by the whole community. And the consumers' discipline is then exercised with the greatest direct force upon the business managers who most commonly—in the modern world of free enterprise—administer limited liability corporations. The managers act as intermediaries, entering into contracts with investors (as risk-takers) on the one hand and the suppliers of effort or skill ("labour") on the other.

The profits with which consumers remunerate wise prediction and action in business accrue, almost universally, to shareholders—those investors who are prepared to bear the risks of the managers making wise or unwise, lucky or unlucky decisions on their behalf. Investors contract to accept such risks when they acquire what are known as "equities" or "ordinary shares." There are social advantages in this sort of arrangement. *The suppliers of capital* cannot themselves have the detailed market and technical knowledge to make the necessary decisions with success, yet it is appropriate that they should bear the risk, thereby earning risk-remuneration (profit) as well as interest; for individual managers can seldom possess sufficient capital to justify their shouldering the essential risk-bearing function. Moreover, it is difficult, although by no means impossible, for "labour"—*the suppliers of effort and skill*—to bear the risk by paying interest to the providers of capital and sharing profits, in addition to wages, as their remuneration.[13]

It is important to perceive the democratic nature of the authority which business managers—ultimately subject to consumers' will—must wield on behalf of the risk-takers to whom they are legally responsible; for backward communities may be expected to advance in proportion to the extent to which the reasons for the responsibilities of the managers—in commanding and directing the productive process—are understood and respected. The orders of "employers," as it is usual to describe the managements of companies,[14] are democratic because, as we have seen, those orders are, properly observed, the interpreted dictates of the whole people in their consumer role.

Economic Democracy

Economic democracy is most likely to be achieved under political democracy. By political democracy is meant a society in which the rulers are elected, but accorded strictly defined, limited rights to make and administer laws. In every *true* democracy, it is not only possible to change rulers without force, but to subject them to enforce enforceable "rules for making rules." In a perfectly democratic society, a rigid constitution would strictly restrain the powers of the small groups of private persons who form successive Governments. Thus, if political democracy has really been won, majorities will have no right to enrich themselves (through the governments which they have elected) at the expense of minorities,[15] or to discriminate in other ways, for instance on grounds of race, colour, creed, caste or social class.

There is, in fact, no such *perfectly* democratic governmental system in existence anywhere. But independently enforced constitutions, like that of the United States, provide examples of the machinery through which true democracy would be obtainable if societies ever did wish to free themselves from State tutelage and vest sovereignty in the people. British democracy evolved on a foundation of strong traditions or "conventions," which limited the powers of the legislature and the executive. But political philosophers have now perceived that the constitutional effectiveness of those "conventions" has been quite inadequate against the forces of acquisitiveness and envy.

The virtues of democracy are, indeed, derived less from the franchise (the right of citizens to qualify, by educational achievement or other proof of competency, for the responsible duty of choosing legislators) than from independently enforced constitutional entrenchments which limit governmental power by invalidating discriminatory laws. Such constitutional entrenchments do not stand in the way of the assumption by the State of any truly co-ordinative functions. The difference between liberal[16] and totalitarian planning by the State is that, in the former, *firstly*, the democratic rights of the people as consumers (expressed through the market) are regarded as sacrosanct: and *secondly*, that no power to discriminate is conferred. But under totalitarian planning (as is found under what Mises has termed "omnipotent government"), not only is the market expression of consumers' preference overruled but the government (a smal group of private people, we must always remember), through its officials, claims the right to discriminate in favour of one industry against another, or one district against another, one firm or person against another, and one class, caste, or race against another.

Tariff Protection

Most countries of which the industrial development is only just beginning assume that tariff protection of young industries is essential for their emergence or survival. There is an element of validity in this assumption; for foreign suppliers of goods which compete with domestic industries that are in process of establishing themselves may try to kill the infant industry at birth by price-cutting in that region alone. But legitimate protection in this case should do no more than prevent the price of the local product from being forced below, say, nine-tenths of the previously ruling price. This is because the justification for establishing any local industry is that, by reason of cheaper labour—or other relatively underdeveloped resources—it is possible to produce the protected commodity substantially cheaper than the foreigner can, given his high costs of transport, insurance, interest and marketing. If you can establish a new industry at home only by raising the price which your people have to pay for its product, by doing so you will be holding back your country's development, not fostering it.

What misleads so many people is the fact that it is often possible to create prosperity for any industry, *considered in isolation*, by means of a tariff which excludes or restrains competing imports. But in each case *all other, non-competing industries are burdened;* for when people have to pay more for one commodity they have less income left with which to demand other commodities.

Even in developed countries, the overwhelming majority of industrialists *believe* that the emergence of industrial activity, as well as its survival, depends upon protective tariffs. But the arguments by means of which, in the 18th century, Adam Smith exposed the fallacies in such ideas have never been refuted. No economist denies that import tariffs can benefit the people of a country if they enable them to exploit some monopolistic power which they happen to possess (either as sellers or as buyers). The use of such powers *can certainly improve what we call the "term of trade"* of a country; but this simply means obtaining a given volume of imports with a smaller volume of exports; and as no tariff protection programme has ever been designed to increase the volume of imports in relation to the volume of exports, the theoretically conceivable gain (through the exploitation of foreign suppliers or purchasers) is hardly likely to be realised in practice.

An illustration from the United States may be helpful. Over the last four decades, the southern states have been enjoying a phenomenal industrial progress. Now if these states had happened to possess sovereign independence, they would almost certainly have been forced to protect their "infant industries" against competition from the highly developed industries in the North. Under protection, because the forces tending to spread industry are extremely powerful, the southern states would still have developed *some* industries; indeed, they would have been very proud of them; and they would have been convinced that they were the result of tariff protection. But because the American Constitution has denied these states unqualified political freedom, by forbidding the erection of import tariffs, their industries have grown and have diversified at a rate which has seldom, if ever, been surpassed anywhere.

The case of South Africa, which has also experienced remarkable industrial progress over the last four decades, provides another illustration. In spite of protective tariffs which have slowed down the development tempo, rapidly increasing utilisation of Coloured, Indian and African labour in factory employments has engendered an industrial boom. Yet the writer has for many years told his students that every time he sees a factory in South Africa, he seems to see next to it a "ghost factory," that is, a factory which would have been there had not industrial growth been burdened by tariff protection.

It is sometimes argued that industry can be stimulated at the expense of agriculture. But although industrial protection undoubtedly does impose a burden on farming activity, in the long run it does not imply a redistribution of national income in favour of those engaged in industry and against those engaged in farming. It reduces all incomes, more or less in the same proportion.

Industrialisation of Agriculture

Not only is it impossible to stimulate industry by any transfer of income from farmers to industrial investors, but a vigorous development of factory production nearly always requires a parallel development of agriculture. There is a certain complementarity in economic progress under which the growth of output in one sector creates demand for the growing output of another sector. It seems that what is wanted in India is a process which has been called "the industrialisation of agriculture" (i.e., its gradual mechanisation), accompanied by concurrent investment in modern methods of factory production.

But the technological improvement of agriculture is *likely* to mean that many small farmers will find that they can earn more as skilled farm workers than as small farm owners. One can well understand the feelings of those who would resist the sociological changes which such a revolution in agricultural methods and land tenure would cause. But if the Indian community are to be better fed (as well as better clothed, better housed, and better supplied with secondary industrial products), large-scale farms must supersede smallholders. On the other hand, Indians as a whole may wish to give a high priority to the preservation of peasant farming. If so, they must be prepared to sacrifice the possibility of a rapid development tempo in both agriculture and industry.

Although wise leadership by the State is essential for the progress of underdeveloped areas to economic maturity, there is always the danger that spectacular, grandiose schemes will be given priority; for Governments are, we know, tempted to choose projects for which they can claim early credit and prestige. Whereas private investors have obvious motives for avoiding any squandering of their capital, and equally strong motives for careful prediction and risk-taking, the people who form Governments are actuated by quite different motives. They do not personally bear the losses nor reap the rewards, as do private investors. That is partly the reason why certain critics believe that the large sums invested in the Indian steel industry have not represented the most productive use to which the savings of the Indian people could have been put, at the present stage of their economic development. There is a certain time sequence in successfully programmed growth—a sequence normally secured through the simple operation of the loss-avoidance, profit-seeking incentives.

It is futile, for instance, to direct the people's savings into heavy industry before the secondary industrial activities it can serve are emerging, the transport and communications system (roads, railways, harbours etc.) is being developed, marketing machinery is evolving, and the appropriate education and training of labour is proceeding.

Wage Determination

There is another way in which India may foster its industrial development, and that is by avoiding the blunders of the "developed countries" in the matter of labour's remuneration. In the western world, the course of politics has encouraged State action, or permitted private coercive action, continuously to reduce the flow of wages and other income. To understand this problem we must never forget that wages are paid by the consumers of the product, and neither by the owners of the businesses which employ labour nor by the managements of those businesses. Every increase in wage-rates which is enforced by privately-exercised coercive power (as through strikes) or by the State (in order to get the support of particular groups of voters) leads to the community having to pay more for the product. There are some exceptions to this principle but they are of negligible importance. The effect of such price increases is always "regressive," by which we mean that they tend to burden the poorer consumer relatively more than the well-to-do. Hence, in a society which wishes as rapidly as possible to raise its standards of living, and especially those of its poorest classes, wage-rates should be determined by free market forces. The flow of income and wages will then be maximised and its distribution rendered as equitable as possible.

The functions of labour unions should, in an equalitarian and economically democratic society, be confined (*a*) to preventing the "exploitation" of their members by firms which might rely upon ignorance about what the labour market is offering, or (*b*) to breaking down agreements to remunerate any group of workers by wage-rates which are less than the true free market value of the labour. In case (*a*) labour unions could search out better paid opportunities for members whom they felt were being under-paid through their unawareness of these opportunities; and in case (*b*), they could bring Court actions for the dissolution of combinations designed to force wage-rates below their competitive level. But the right to strike means the right to use coercive power for private aims: and when the countries of the western world tolerate private coercion (whether in the form of strikes, boycotts or otherwise) they are submitting to a regime of right is might. Their ability to use and develop their physical resources and the powers of their people for the common good is obviously reduced thereby.

The great economic advantage which communist countries have in comparison with those of the West is that they do not permit strikes. This virtue of the totalitarian communities has naturally to be set against (*i*) their marked inferiority in the realm of management, (*ii*) the extraordinary clumsiness of their market machinery, and (*iii*) the absence of freedom of thought and expression under their system. But the peoples of the free world could have outstripped the communists in *every* direction if they had followed the Russian example in just this one respect, namely, denying the right of private coercion. If, say, the United States had, in this way, protected their working classes from the labour union activities which have all along been growing stronger, and forcing the flow of wages and income well below what it could otherwise have been (as well as destroying the *security* of distributive justice), not only would the prosperity and material standards of Americans have been even more impressive than at present, but those benefits would have been shared much more justly with the Negroes in all parts of the country.

The Sphere of Money

Some of the most serious weaknesses of the western powers' contemporary economic policies are to be found in the sphere of money, and unfortunately these weaknesses have been copied by the Governments of underdeveloped countries. Inflation, either in the sense of the depreciation of a nation's currency unit in terms of currencies in general, or in the sense of its depreciation in terms of purchasing power, is proof of monetary inefficiency; for (to simplify the issue for expositional purposes), the purchasing power of the money unit is wholly a matter of discretion, determined chiefly by the relation between the volume of bank deposits *plus* currency in circulation (which volume can easily be controlled by treasuries and central banks) on the one hand and the flow of output on the other hand.

It is true that, if the performance of the State's role in the economic system is defective—prices and wage-rates coming to be fixed beyond the reach of the people's income, or out of harmony with their expectations so that unemployment emerges—inflation *can* serve as a crude way of bringing the economy into better co-ordination. But it has a debilitating effect, through penalising those who have been innocent of the pricing activities which have disco-ordinated the economy and encouraging those who have been responsible. Governments do not "fight inflation," as they universally claim. They engineer it, however reluctantly, because it is often the politically easiest way out of their difficulties. And inflation will continue until electorates become sufficiently well-informed to throw out Governments which resort to the debasement of their money.

Admittedly, the *political* difficulties of non-inflationary policies are real, and it would be too much to expect that an underdeveloped country should refuse to follow the depreciation of, say, the American dollar, which is today the tacitly accepted monetary standard of the world. Nevertheless, a community such as India ought to realise that a continuously rising cost of living is a phenomenon which strong, wise and truly democratic Governments could prevent; and they should reject the currently fashionable argument that "moderate inflation" is a tolerable method of boosting a flagging economy. That argument becomes plausible only when Governments are failing in their duty to protect society from collusively or politically motivated sectionalist actions which are disco-ordinating the economic system.

Not least of the evils for which inflationary policy must bear the blame is that, in attempts to prevent costs from increasing ahead of and in anticipation of price increases, resort to a porliferation of "controls" becomes unavoidable. The people's right to protect their interests through the free market is withdrawn, and a socially neutral market is replaced by the arbitrary decisions of officials. "Controllers" allocate foreign exchange, import permits and licences; and they dictate prices, rents and outputs. Now when officials thus acquire the power to create or destroy private fortunes, an inevitable inducement to bribery with a consequent weakening of business morale must follow. The fear or fact of public corruption can, indeed, provoke a malignant debilitation of the business incentives which can build up a healthy expanding economy.

Population Growth

Mention has been postponed of one matter of overriding importance which, the author feels, may already be sufficiently understood by Indian leaders. The most successful achievements of economic policy can remain unrecognised if expanding real income is balanced, or more than balanced, by population growth. To win more satisfactory living standards demands not merely the accumulation of income-producing assets and the better utilisation of those assets: it requires that the number of mouths to feed and the number of bodies to clothe and house must decline, remain stationary, or increase less than proportionally to growing outputs. It is necessary to make this rather obvious point for the sake of completeness of exposition.

To sum up, the achievement in India of a rapid development tempo will, in the author's opinion, depend upon the success with which (*i*) thrift can be encouraged by a taxation system which does not discriminate against the provident; (*ii*) the foreign capital needed can be attracted by the creation of faith that nationalisation or confiscatory taxation will be avoided and by official acknowledgement of the reasonableness of foreign control of foreign capital accepted; (*iii*) enterprise generally can be fostered by explicit official recognition of profit as the reward for wise and responsible direction of productive activity; (*iv*) a climate of economic justice can be created through constitutional entrenchments whereby legislation or private agreements which discriminate on grounds of race, caste or income will be unconstitutional and void; (*v*) the temptation to distort the form of development by tariff or quota restraints on imports can be overcome; (*vi*) the mechanisation of agriculture can be hastened, so that the economies of large-scale cultivation can be won side by side with industrialisation; (*vii*) the political incentive to invest public capital in spectacular, grandiose schemes can be resisted and an appropriate time sequence in development permitted; (*viii*) the determination of prices, wage-rates and outputs by private coercion (as through strikes or boycotts) can be forbidden; (*ix*) inflationary policy can be renounced, a major incentive to corruption (which accompanies the repressed form of inflation) being thereby eliminated; and (*x*) unbridled population growth can be prevented.

(Concluded)

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[9] The industrial and commercial revolutions effected under *laissez-faire* capitalism brought not only rapidly improving health and living standards (better food, clothing and shelter) but greater scope for leisure, the elimination of the child labour which had characterised the pre-capitalistic age, and greater economic equality. These proud achievements were secured in spite of restraints from misconceived legislation and labour unions seeking sectional benefits. See Hayek (Ed.), *Capitalism and the Historians.*

[10] The historians and sociologists in question are, on the whole those who have been actively allied to the political parties of the Left. A dispassionate and scholarly treatment of the issue is H. M. Robertson's *Aspects of the Rise of Economic Individualism.*

[11] Thrift is normally altruistic because the saver wishes to protect himself from becoming a burden on others in old age, or in the event of some unforeseen misfortune, and to provide for those near and dear to him—his family and successors. It is politicians appealing to mass envy and cupidity who have tended to represent thrift as mere greed or acquisitiveness.

[12] If the free market is overruled through collusive action to fix prices or wage-rates (or to limit particular outputs), the remuneration (in dividends or wages) of certain sections of the community may be raised. But the increase of dividends, or wages achieved for the benefit of such privileged sections is enjoyed at the expense of other recipients of wages and dividends. The share of "profits" in aggregate income is not increased thereby.

[13] Or sharing losses as a deduction from wages.

[14] The term "employers," as usually used, is extremely misleading. The true "employers" are the consumers. Corporations, administered by managers, are the employees most directly subject to the discipline of the market.

[15] When political power happens to be the monopoly of a minority the right of the minority to discriminate, against the majority is, of course equally indefensible.

[16] The term "liberal" is here used in its old, traditional meaning. But by reason of the many virtues which liberalism (in the sense of economic democracy, as I have described it) has manifestly brought the world, the totalitarians have found it expedient to appropriate the term. To such an extent has this tactic succeeded that, in the U.S.A. today, the word "liberal" has almost come to mean a mildly totalitarian-minded reformer. The so-called "liberals" hope to preserve the benefits which true liberalism has won whilst allowing the State the right to suppress the freedom of consumer preference and entrepreneurial judgment which has been the source of these benefits.

PATENTS AND DRUG PRICES IN INDIA

ABROGATION OF PATENTS NO SOLUTION TO HIGH COST OF PRODUCTION

"FEW subjects have more popular appeal than medicines and the economics of the manufacture of pharmaceuticals and drugs has a fascination even to the layman." This observation of the Development Council for Drugs and Pharmaceuticals, Government of India, explains why drugs and the drug industry are so often in the news. And in a country like India, where inflationary pressures pose a serious threat to the standard of living of the people and the entire planning process, prices are the focalpoint of all economic discussions, debates in Parliament and agitation by trade unions. In the case of drugs and medicines, in particular, the question is so surcharged with emotion that economics and objectivity tend to get lost in the swamp of emotional upsurge. This is not altogether inexplicable because the mixture of diseases, doctors and drugs sparks emotional reactions as violent as those of any chemical combination. But an emotional approach, however, justifiable on other grounds, will not help in understanding the real nature of a problem or in finding solutions for it.

The Pharmaceutical and Allied Manufacturers' and Distributors' Association (P.A.M.D.A.L.), Bombay, has attempted to raise the question of drug prices from the purely emotional plane to that of objective study. It has just published a brochure entitled *Facts on the Pharmaceutical Industry* which seeks to answer, with facts and figures, the various charges and allegations levelled against the industry and to present what it considers to be the facts about drug prices, patents, research and a host of other related questions of vital interest to the public. It is a commendable effort inasmuch as the need to inform and educate the public is nowhere more urgent than in the case of the pharmaceutical industry because, as noted above, the question of drugs and medicines has an emotional appeal such as no other necessities of life possess.

Strong Criticism

It may be noted here that criticism of the pharmaceutical industry for the 'high' price of drugs is not confined to this country only. In fact, throughout the world the industry is facing heavy fire on this score. This critical attitude can be traced to an investigation conducted by Senator Kefauver in the U.S. a few years ago and the sensational report on its hearings. It is important to note here that the Kefauver report was *not* an official report of the U.S. Government, nor was it endorsed by the U.S. Government or the Congress. In fact, the U.S. Congress and the Administration completely rejected Senator Kefauver's proposal for legislation to shorten the duration of drug patents and to provide for compulsory licensing at fixed maximum royalty. Nevertheless, by unnecessarily dramatising it, Senator Kefauver's investigation received wide publicity, out of all proportion to the importance or authority of the investigation, while, as is usual in such cases, the defence put up on behalf of the industry by its leaders, world-renowned scientists, leading physicians and economists was overshadowed by the sensational headlines of the Kefauver hearings. The Kefauver investigation had its repercussions in other parts of the world, too. It provided ample ammunition for critics of the industry who promptly mounted their attack. Thus the international pharmaceutical industry came under fire as never before.

Anti-climax

The emergence of such an adverse climate came as a dramatic anti-climax to what is called the "heyday" of the industry, namely, the period between 1945 and 1958 when pharmaceutical advance was raised to an entirely new and spectacular plane. The industry during this period rode on the crest of a sweeping wave of prestige and popularity set in motion by the discovery of penicillin, streptomycin, the broad spectrum antibiotics, corticosteroids, antihistamines, tranquillizers and new vaccines which saved the lives of millions of people and took away much of the fear of what were previously killing diseases. Apart from saving millions of lives, the new chemotherapy, which the pharmaceutical industry made available to the medical practitioner, enabled thousands of beds to be freed in hospitals and saved patients, hospital authorities and Governments enormous sums of money. So rapid and so intense was this advance that, out of all the prescriptions written today, more than 80 per cent could not have been filled just two decades ago. Indeed, such was the rate of progress and so spectacular were the discoveries that it seemed almost as if the final conquest of disease was at hand. The Kefauver inquiry, however, changed all this and put an unprepared industry into disarray and on the defensive.

It is against this background that the criticisms levelled against the industry in India and abroad has to be examined. The main points of criticism centres round drug prices and its alleged cause, namely, patents on drugs. The answer to this criticism and the facts relating thereto form the main theme of the booklet published by P.A.M.D.A.L.

Trend of Drug Prices

Answering the charge that drug prices are exorbitant, P.A.M.D.A.L. points out that, in virtually all countries, drug prices to the consumer, in distinct contrast to the continually rising cost of food, clothing and other essential items, have remained the same or declined in recent years or, where all consumer prices have risen universally, the price of medicines has risen much less. This is the case in India too. Thus, while the general index of prices (base: 1952-53=100) has risen to 127 in 1962, index of drug prices, with the same base, has increased only to 102. This two per cent rise over a period of ten years is lower than the percentage rise of any chemical product, except fertilisers, and compares with the 14-point rise in the index for all chemicals taken together. The two per cent rise in the index of drugs conceals certain significant price falls registered in respect of some important medicines, such as antibiotics. For instance, the wholesale price of tetracycline capsules has dropped by 51 per cent between 1957 and 1962. Similarly, there has been a 33 per cent fall in the price of chloramphenicol. Both these drugs are of major importance in treating severe infectious diseases. Take the case of vitamin C. There has been, on an average, a 30 per cent decline in its price since 1954, in spite of the fact that there has been a substantial increase in manufacturing costs—cost of raw materials, packing material, wages, freight, taxes, etc.

It is true that, when the industry was dependent on imports, prices of imported finished preparations used to be higher than those prevailing in countries from which they were imported. This was because of the 50 per cent import duty on finished preparations. Subsequently, however, when manufacture was undertaken in India, first by establishing formulation activity and finished product manufacture, later followed by more basic manufacture, prices of these drugs progressively declined and imports of drugs in finished form have been reduced to a negligible extent.

High Costs

In comparing drug prices in India with those in other countries, it should not be forgotten that essential raw materials available locally cost 50 to 100 per cent more than in most foreign countries. In addition, productivity per worker is low and goods have to be transported over large distances at considerable cost. Furthermore, the higher temperature and the absence of cooling facilities make it impossible to control solvent losses to the extent it is possible in more temperate climates. Extreme climatic variations also shorten the life-span of drugs.

As for the charge that patents are detrimental and that patents do not encourage invention but only add to the cost of drugs, P.A.M.D.A.L. argues, with considerable force, that India, far from being a victim of drug patents, as is alleged, has benefited immeasurably from modern, patented drugs. Patents bring to the people of the country the benefits of the gigantic research efforts of the international pharmaceutical industry. During the last few years all leading manufacturers of the world have established units for the production of most modern drugs and medicines in this country, usually in collaboration with Indian entrepreneurs. These and the units that already exist and the ones that are under way will produce a wide range of drugs and medicines to meet the needs of internal consumption and exports. The growth of the pharmaceutical industry in India in the past decade or so has been tremendous. What was only a Rs. 10-crore industry a decade ago is today a Rs. 100-crore industry. And the industry bids fair to grow at even a much faster rate in future.

Development Council's View

But for the existence of patent protection the major drug manufacturers of the world, who have set up units in this country, and the local industry, of which they are a part, would not have progressed as fast as they did in the past few years. It is this realisation that has prompted the highest advisory body for the industry in the country, namely, the Development Council for Drugs and Pharmaceuticals, Government of India, to make the following observation in its latest (1962-63) report:

"The Council, however, feels that the abuses of the patent system have sometimes led to an exaggerated picture of the profits made by private companies on discoveries of drugs and medicines that were aimed at amelioration of human sufferings. The view has sometimes been supported by Indian scientists that it would greatly help the growth of research as well as utilisation of research carried out in the country in the field of pharmaceuticals if the patent system were abolished so far as this country is concerned. The Council feels that this view is based on an incomplete appreciation of the factors that contribute to the healthy development of the pharmaceutical industry."

Abrogation or suspension of patents, according to the Council, will greatly harm the industry. It says:

".... The Council feels that, if, at this crucial juncture, Government resort to drastic steps like suspension of patents so far as drugs and medicines are concerned, it might do immense harm to this industry. Modern pharmaceutical industry evolves the use of very complicated techniques and equipment which it would take years for any country to develop on its own. It is desirable, if not essential, that the complexities of such processes should be seen personally by those who are to take a decision on this very vital subject."

No Evidence

The contention that drug prices tend to be substantially higher in countries which award patents on drugs, as compared with those which do not, is not true. For the Kefauver Committee's data on a number of major antibiotics, anti-diabetic drugs and tranquillizers show that prices are higher in Italy, which do not have patents on drugs, than in countries like the U.K., Germany and France, all of which provide patent protection. In fact, analysing the Kefauver Committee's data, Mr. George E. Frost, a renowned patent expert, demonstrated that there was no evidence to indicate that patent rights increased drug prices. Factors other than patents, he proved, far outweighed whatever influence patents had on prices.

Equally unfounded is the argument that drug discoveries in countries without product patents outnumber those discovered in countries with patents. The opposite is the case. The Kefauver Committee's own data revealed that not one of the major drug discoveries since 1940 was made in Italy, whereas the U.S., with strong patents, accounted for the majority and Britain, France, Germany, Switzerland, etc. with medium patents were responsible for the rest. In fact, drug discoveries in countries providing patent protection for pharmacentical products outnumber those in countries without patents in the ratio of 13 : 1. It is not without reason that almost all countries in the free world, with the exception of Italy and Turkey, provide some measure of patent protection for drugs. Even in Italy, there is now a Pharmaceutical Patent Bill pending before Parliament which is certain to be passed in the course of the next two years when that country brings its commercial laws into conformity with those of the other countries of the European Common Market.

Determinant of Price

Patents have no significant influence on prices. As economists testified before the Kefauver Committee, it is competition, not the alleged monopoly, that follows a patent which determines the price of the drug—competition between manufacturers of different drugs which can be used for more or less the same purpose. That patents do not stand in the way of reducing drug prices is borne out by the experience of the U.S. where wholesale prices for patented pharmaceuticals declined by 23.9 per cent since 1949, as compared with the fall of 1.9 per cent during the same period in the price of non-patented products. Similarly, in 1962-63, the price of patented drugs declined by one per cent, as against 0.1 per cent fall in the non-patented groups. To believe that abrogation of patents would lead to reduced drug prices is to indulge in wishful thinking because patent and royalty fees represent only a very small fraction of the total cost of drugs.

Profits, Research and Prices

The "excessive" profits of pharmaceutical companies are said to be another cause of the "high" price of drugs. That this is not true was testified by economist after economist at the Kefauver hearings. Suffice it to quote only one of them, namely, Dr. Fredrick L. Thomson: "If the entire profits of the drug manufacturers were wiped out completely, buyers of consumer drugs, on the average, would hardly notice the difference in prices."

Critics of the industry who make much of patents and "excessive profits" as responsible for the "high" price of drugs forget the enormous amount of money that goes into research which *does* affect the cost of drugs. An idea of the research expenses of the pharmaceutical industry may be had from a few facts. In the U.S. alone, the pharmaceutical industry spent $1,000 million (Rs. 500 crores) on research during the period 1958-62. In 1963, as much as $257 million (Rs. 125 crores) was spent by the industry, a more than sixfold increase over the 1950 figure of $39 million (Rs. 20 crores). In the past decade, while drug sales have increased by 96 per cent, research expenditures increased almost 300 per cent. In fact, in the U.S., the pharmaceutical industry spends nearly three times as much of its sales income on research as do other industries and on fundamental research four times more of its total research budget than do other industries. It is estimated that behind every new drug of consequence that has reached the public in the past decade the industry has spent some $4 million (about Rs. 2 crores) in research and development cost. Whereas private industry as a whole in the U.S. finances only 42 per cent of its research (with the balance 56 per cent financed by the Government), the pharmaceutical industry itself pays for 98 per cent of drugs and medical research cost, only two per cent being provided by the Government. In the U.K., the pharmaceutical industry spent £7.8 million (Rs. 10.4 crores) on research in the year 1961-62. In addition to these, tens of millions of dollars are spent by the pharmaceutical industry in Switzerland, Germany, France, etc.

Research in India

It is true that expenses on this scale is not incurred on research in India. But, then, the pharmaceutical industry in India is as yet small in size and is comparatively of recent origin. The industry has to go through the various stages of development, such as the start-up of secondary production, the creation of basic manufacturing facilities, the investigation of the medical properties of Indian plants, etc. The indigenous industry has just entered the third stage of development. Basic research centres to carry out co-ordinated research in various branches are being set up, the most outstanding example being the Rs. 2-crore Research Centre recently opened at Bombay by CIBA. More such centres will be established in future, *provided* the industrial climate in the country is favourable for it.

In conclusion, P.A.M.D.A.L. points out that neither complete elimination of profit nor abolition of royalty payments would reduce drug prices significantly, nor bring them within the reach of all those who need them in India or in any other country. Indeed, economist Dr. Fredrick L. Thomson observed before the Kefauver Committee as follows:

"Only a very small reduction in the level of drug prices and an even smaller percentage reduction in the total cost of a cure would result if all profits of all the drug companies were wiped out.

"The price that society has paid in the form of drug industry profits is, in the aggregate, very low. The consumers' alternatives of longer hospitalisation, more time lost from work and more medical services would have been far more costly than the aggregate profits of the drug industry.

"Even if all drug manufacturers' profits were wiped out, the problem presented by the low-income consumer and the chronically ill would remain and costs of the ordinary in-and-out user of prescription drugs would not be reduced enough to pay for his daily newspaper."

Finally, it should not be forgotten that the most expensive drugs in the world are those which could save lives and alleviate pain, if only they existed. The most expensive drugs today are those which would cure cancer, heart disease and other unconquered illness. It may be a long, long time before they become available if, unfortunately, the research efforts of the pharmaceutical industry are impeded or halted because of patent limitation and other restrictive measures that discourage research.

It is evident from the foregoing that the case against abrogation of patents is indeed very strong. The only argument advanced for abolition of patents is that it *may* help to reduce drug prices. In the light of the facts presented by P.A.M.D.A.L. and of the experience of other countries, especially those without drug patents, it is highly doubtful whether this argument is correct. The cost of production of almost all industries is higher in India and this is true of the pharmaceutical industry too. Unless efforts are made to reduce the cost of production, by making available raw materials of good quality at reasonable prices and by giving incentives to higher production, prices of drugs or of any other commodity cannot be brought down. This is admittedly a difficult task. The temptation to follow the line of least resistance and to resort to palliatives and short-term measures in the hope that they may produce the desired results should be resisted. Revision of patent law on drugs is a subject that calls for the most careful consideration of its possible effects on the development and growth of the pharmaceutical and other allied industries. It is to be hoped that the Government of India will examine the issue in all its ramifications before taking a decision thereon.

ADVANCE INSURANCE COMPANY LTD.

RESERVES FOR UNEXPIRED RISKS MUST BE RAISED

SPEECH OF CHAIRMAN, MR. B. SOMANI

ADDRESSING the Twenty-first Annual General Meeting of the Advance Insurance Company Limited held at Bombay on Wednesday, 8th July 1964, Mr. Basudev Somani, Chairman of the Company, reiterated the suggestion that the percentage of reserves for unexpired liabilities should be doubled for stabilising the general insurance trade in the country. With a view to attracting foreigners and creating greater confidence among the public, he urged the Government to sanction the request of insurance companies to raise their paid-up capital. Referring to the L.I.C.'s entry into general insurance as a non-tariff insurer, he hoped that both the insurance companies and the L.I.C. would work in close co-operation and impart strength to the insurance business.

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

GENTLEMEN,

It is with great pleasure that I welcome you to this twenty-first ordinary general meeting of the Company.

I must at the outset express, on behalf of you all and my own, the deep sorrow at the passing away of Pandit Jawaharlal Nehru who ably guided the affairs of our motherland for well over sixteen years. It was Pandit Nehru who made India what it is today. Destiny has taken him away from our midst at this critical hour, but I have no doubt whatsoever, that the Prime Minister, Shri Lal Bahadur Shastri, and his competent team will lead the country to prosperity.

The Directors' report on the working of the Company for the year ended 31st December 1963 and the audited accounts for the period have been in your hands for some time now and, with your permission, I shall take them as read.

L.I.C.'s Entry

You perhaps know that the Life Insurance Corporation of India has entered into the field of general insurance business and started doing general insurance business with effect from 1st April 1964. The Life Insurance Corporation of India has been registered as a non-tariff insurer but, it is understood that for the present they will charge the same rate as laid down by the tariff. It is hoped that the Life Insurance Corporation of India and the tariff insurers will work in close co-operation with each other and thereby would lend greater strength and stability to the general insurance trade in India.

Coming to the affairs of the Company, I am, indeed, happy to report that notwithstanding the impact of the national emergency on the economy and, through it on general insurance and the reduction in fire premium rates, the total net premium of the Company has risen quite markedly from Rs. 33.60 lakhs in 1962 to Rs. 39.40 lakhs in 1963, representing an increase of Rs. 5.80 lakhs or 17 per cent. The rise in premium income is accounted for mainly by the fire department. Expenses of management shows a satisfactory reduction over the previous year. Expense ratio to gross premium in the year 1963 was 23.54 per cent as against 29.14 per cent in the year 1962 which means a reduction of 5.60 per cent. The gross earnings of the Company for the year 1963 was Rs. 5,77,447 as against Rs. 5,09,998 in the year 1962.

The reserve for unexpired risks have been kept at 50 per cent of net premium in the fire, miscellaneous and workmen's compensation department, and at 100 per cent in the marine department. In this connection, I would like to reiterate the suggestion which we have been making in past years, viz., that, with a view to further stabilising and strengthening insurance companies, the percentage of reserves for unexpired liabilities should be increased till it reaches 100 per cent in fire and miscellaneous business and 200 per cent in the marine business, instead of the present 50 per cent and 100 per cent respectively.

Premium Reserves

It was in the year 1950 that the companies were allowed to increase their premium reserves for the purpose of taxation from 40 per cent to 50 per cent in the fire and miscellaneous business. Thereafter, there had been heavy reductions thrice in the fire insurance rates, first in 1957 by 10 per cent, second time in 1960 by 15 per cent and third time in 1962 by 15 per cent on the average. The present average rate is about 60 per cent of what it was in 1950. Thus the present reserve at 50 per cent would actually mean 30 per cent on the basis of the premium of the year 1950. With the reduction in premium rate, a higher percentage of reserve should be maintained. Thus, in my humble opinion, reserve for unexpired risks should, as stated above, be increased to 100 per cent in fire and miscellaneous business and to 200 per cent in marine business to enable the companies to meet any unforeseen catastrophe any time.

Besides keeping increased reserves for unexpired liabilities in view of low premium rates, it will be in the interest of the trade to create special reserve similar to development reserve in other trades. The amount of this special reserve should be invested only in Government of India securities. It should be made free of Income-tax as well.

Paid-up Capital

Whenever insurance companies want to increase their paid-up capital, the Government should sanction their application for increasing their paid-up capital which would not only strengthen the stability of such insurance companies but would also create great confidence in the public and also attract foreigners and would be real assets of the country.

Considering the satisfactory performance in the last few years and the sound financial position of the Company, I feel encouraged to say that the Company can look forward to a period of sustained progress in future.

I take this opportunity of thanking my colleagues on the Board for their co-operation. I also wish to express the appreciation of the good work done by the staff.

Note—This does not purport to be a report of the proceedings of the A[illegible] ing.

BURN AND COMPANY FARES BADLY

PROFIT RECEDES—DIVIDEND CUT AFTER BONUS ISSUE

COMING on top of what was but a slight reduction of 3.5 per cent in the previous year, the rather big slash of 10 points to 15 per cent per annum in Burn and Company's (Managing Agents: Messrs. Martin Burn Ltd., Calcutta) dividend on the 100-rupee ordinary shares for the year ended 30th April 1964 has been made after the Company issued during the year 84,000 bonus shares to double the equity capital to Rs. 168 lakhs. Essentially, this further reduction has followed a decline in gross profit from Rs. 194.40 lakhs to Rs. 163.64 lakhs, in spite of higher sale proceeds of Rs. 12.74 crores, as compared with Rs. 11.41 crores a year before. But, whereas gross profit is down by approximately Rs. 31 lakhs, the net profit is lower by less than Rs. 5 lakhs at Rs. 47.59 lakhs, as against Rs. 52.16 lakhs. The setback in profit has narrowed down at the net level, because the tax provision is lower at Rs. 64.50 lakhs, as compared with Rs. 98.25 lakhs which included Rs. 25.75 lakhs towards S.P.T. for 1961-62. With the net profit not much below the previous year's figure, the Directors could have chosen not to cut the dividend, the bonus issue notwithstanding. But that would have attracted more dividend tax and reduced substantially the amount of profit retained in business, which, even after slashing the dividend by 10 points, is lower by more than Rs. 7 lakhs at Rs. 14.73 lakhs, as against Rs. 22.18 lakhs a year before. The footnote explaining the year's tax provision says that it includes Rs. 3.25 lakhs on account of the previous year but does not show the amount of dividend tax or sur-tax, if any. It will be seen thus that the cut in dividend has been necessitated largely by the bonus issue during the year. Significantly, even at the reduced rate of 15 per cent, the dividend absorbs Rs. 4.20 lakhs more at Rs. 25.20 lakhs.

The following comparative table mirrors the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 30th April			
	1964	1963	1962	1961
Sale proceeds	12,73.96	11,40.72	11,23.04	947.12
Other income	89.93	100.82	89.20	90.14
Stocks of finished goods and goods-in-progress	654.42	531.39	447.46	364.53
Materials and stores consumed	725.19	631.64	638.49	543.58
Other expenses	598.09	490.43	457.02	420.90
Gross profit	163.64	194.40	199.66	149.88
Managing Agents' commission	8.61	11.53	11.34	9.64
Provision for—Depreciation	42.94	32.46	24.26	23.73
Taxation	64.50	98.25	92.50	57.75
Net profit	47.59	52.16	71.58	58.76
Provision for retiring gratuity	5.24	7.71	24.40	10.22
To reserves	14.73	22.18	20.99	22.25
Dividends—Preference	2.35	2.35	2.35	2.39
Ordinary	25.20 (15%)	21.00 (25%)	23.94 (28.5%)	23.94 (28.5%)
Carry forward	..	..	1.09	1.21

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	326.00	710.00	743.00	538.00	540.00
Low	260.00	305.00	519.00	437.00	425.00

The Directors write that the year's results have been obscured by the additional payments made to the staff for profit sharing bonus in respect of previous years. The amount of such additional payments is not specified. But the total of staff expenses excluding gratuity provision (this total has been included in other expenses shown in the foregoing table) has risen sharply from Rs. 336.43 lakhs to Rs. 425.68 lakhs. It is due partly to such a marked rise in staff expenses and partly to the appreciable increase in closing stocks (Rs. 654.42 lakhs, as compared with Rs. 531.39 lakhs) that the profit has suffered a distinct setback. The increase in stock position, it may be noted here, is entirely on account of work-in-progress which is valued at Rs. 476.12 lakhs, as against Rs. 387.72 lakhs a year before.

A significant development during the year was that Reyrolle Burn Ltd., a new company formed in 50-50 collaboration with Messrs. A. Reyrolle and Company Ltd. of the U.K. for manufacturing the latter's electrical products in India, went into production immediately after the construction of its factory, which became possible because the initial operatives were trained in the Company's Howrah iron works. A progressive increase in the new Company's production is planned.

The Howrah works continue to achieve reasonable results and the order book remains satisfactory. For the past few months, the supply of matched steel has been better. The various mines and refractory works of the Company continue in production, but sufficient remunerative work is extremely difficult to secure. Exports of magnesite increased slightly during the year from Rs. 35.35 lakhs to Rs. 37.93 lakhs.

Out of the Company's total paid-up capital of Rs. 196 lakhs, Rs. 168 lakhs are in equity shares and the rest is divided in three types of preference shares. Reserves and surplus amount to Rs. 229.82 lakhs. As against these "own" funds aggregating Rs. 425.82 lakhs, the gross block, which has appreciated during the year from Rs. 688.27 lakhs to Rs. 765.67 lakhs, has been written down to Rs. 372.24 lakhs. Current assets, loans and advances shown at Rs. 12.30 crores exceed the total indebtedness of Rs. 12 crores, comprising Rs. 11.46 crores in current liabilities and provisions and Rs. 53.63 lakhs in bank borrowings. Investments of Rs. 23.51 lakhs include Rs. 8.16 lakhs quoted at Rs. 12.11 lakhs.

The net yield on the Company's 100-rupee ordinary shares at their current market value of Rs. 277 *cum-div.* works out to 4.5 per cent per annum.

The Republic Forge Company, Ltd. of Hyderabad is to issue capital (for cash at par) of Rs. 1,47,60,000, consisting of equity shares of Rs. 100 each of the total value of Rs. 112.60 lakhs and 35,000 cumulative redeemable preference shares of Rs. 100 each carrying dividend at 9.3 per cent free of Company's tax but subject to deduction of taxes at source at prescribed rates. The money will be used for the establishment of a forge plant in collaboration with the Renault Engineering Company of Paris. This consent is in supersession of the earlier consent dated 9th February 1962 and is valid for 12 months.

The Aluminium Corporation of India Ltd., Calcutta, has secured official consent to issue further capital of Rs. 42,81,250 (for cash at par), consisting of Rs. 17,81,250 in equity shares of Rs. 10 each and Rs. 25 lakhs in 25,000 9.3 per cent cumulative redeemable preference shares of Rs. 100 each. The money will be utilised for financing the expansion involved in the manufacture of virgin aluminium ingots, sheets, circles, etc.

Bonus shares of the value of Rs. 35,28,000 divided into 3,52,800 equity shares of Rs. 10 each are being issued by the Indian Paper Pulp Company, Ltd. on capitalisation of the share premium account to a like extent. The bonus shares will be offered at the ratio of two shares for every five shares held.

(*Concluded from next column*)

maintained by the mills in their production of cloth as well as yarn.

The development programme of the Company proceeded satisfactorily during the year. Mercerising plant and hot air stenter, both of which were received last year, have been erected and commissioned into service. The back filling machine is also being utilised for manufacturing certain qualities which are meant for the same. The beaterless scutcher, though erected, is not working as it is required only for fine and superfine qualities which are not being manufactured at the moment on account of shortage of foreign cotton. The continuous dyeing plant is almost ready for final test and is likely to go into production in the course of another month or so. The erection of the semi-continuous plant has also been completed during the year and is giving regular production.

Import licences have been obtained for waste plant, along with rag tearing machine and a firm order has been placed. Firm orders for import of one felt calender, after purchasing import entitlement certificates of corresponding value, have also been placed. Orders for indigenous machinery pertaining to 10,000 spindles are still pending for execution and delivery of the same is expected sometime after March 1965. Import licences for some of the preparatory machinery meant for expansion have also been received and firm orders placed. Orders for printing plant along with curing machine too, has been placed. The I.F.C. has been approached for a foreign exchange loan of Rs. 46 lakhs so as to enable import from West Germany and the U.S.A. of the latest type of automatic machinery and the application is being considered by the I.F.C.

The Rs. 20 paid ordinary shares of the Company are currently being quoted at Rs. 16.87 *cum-div.* On an *ex-div.* basis, the net annual return on fresh investment works out to 7.7 per cent.

JAGATJIT COTTON MILLS

DIVIDEND SAME ON HIGHER CAPITAL

THE Jagatjit Cotton Mills Ltd. (Managing Agents: Messrs. Karamchand Thapar & Brothers Private Ltd., Calcutta) has reported satisfactory working results for the year ended 31st January 1964. Thus, net sales realisation (that is, excluding excise duty and export promotion loss) has advanced by about 12.5 per cent from Rs. 370.20 lakhs to Rs. 416.01 lakhs, notwithstanding the virtual freezing of cloth prices since January 1961. With trading conditions remaining fairly steady, closing stocks of finished goods have also nearly halved from Rs. 37.86 lakhs to Rs. 19.08 lakhs or what the Directors refer to in their report as a "normal" level. If, despite these favourable factors, the gross profit has remained practically unchanged at Rs. 76.71 lakhs (as against Rs. 76.53 lakhs for 1962-63), it is mainly because of the all-round increase in wages and rise in cost of stores, raw materials, etc. The profit margin has, therefore, declined, for the second year in succession, to 18.5 per cent from 20.7 per cent which itself was lower by 1.6 points than the record level attained in 1961-62.

Consequent on the decrease in profit margin, the Managing Agents' remuneration has declined from Rs. 4.90 lakhs to Rs. 4.62 lakhs, but the provision for depreciation has been raised by Rs. 5.66 lakhs to Rs. 23.34 lakhs. This increase has been necessitated by the third-shift allowance introduced by the last budget and full benefit being available on the machinery installed during the preceding year. Luckily, the provision for taxation has gone down substantially from Rs. 33.00 lakhs to Rs. 25.36 lakhs, including surtax and dividends tax. The net profit, as a result, has increased by Rs. 5.44 lakhs to Rs. 26.39 lakhs. After setting aside from this Rs. 1.32 lakh for payment of preference dividend in respect of the year, the Directors have proposed an ordinary dividend of 15 per cent, subject to deduction of tax. Although this is the same as that for the preceding three years, it is payable on an enlarged capital and hence claims Rs. 11.79 lakhs, as against Rs. 6.25 lakhs the year before. This has naturally affected the ploughback which is lower at Rs. 13.69 lakhs, as against Rs. 15.30 lakhs, including Rs. 2.90 lakhs (Rs. 3.30 lakhs) credited to the development rebate reserve.

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

(In lakhs of rupees)

	For the year ended 31st January			
	1964	1963	1962	1961
Sales (less excise duty, rebate etc.)	416.01	370.20	378.02	278.75
Other income	12.07	8.60	7.30	3.81
Closing stock of finished goods	19.08	37.86	25.48	29.40
Raw materials and stores consumed	226.47	218.14	214.04	164.83
Staff expenses	60.74	57.07	53.85	44.59
Other expenses	45.38	39.44	39.32	28.87
Gross profit	76.71	76.53	84.19	56.12
Managing Agents' commission	4.62	4.90	5.24	4.44
Provision for—Depreciation	23.34	17.68	17.52	15.78
Taxation	25.36	33.00	30.00	10.50
Net profit	26.39	20.05	31.43	25.40
Excess provisions written back	..	2.00	..	..
To reserves	13.69	15.30	24.40	18.60
Dividends—Preference	1.32	1.32	1.32	1.32
Ordinary	11.79 (15%)	6.25 (15%)	5.84 (15%)	5.84 (15%)
Carry forward	0.30	0.71	0.63	0.75

Financially the Company is in fairly good shape. Own funds as at 31st January 1964 aggregate Rs. 220.29 lakhs, comprising Rs. 16.50 lakhs in preference shares of Rs. 100 each, Rs. 78.60 lakhs in ordinary shares of Rs. 10 each and the balance in reserves. As against these, outside interest amounts to Rs. 290.36 lakhs, made up of Rs. 134.30 lakhs as secured and unsecured loans and Rs. 156.06 lakhs as current liabilities and provisions, but both these are more than fully covered by current assets and loans and advances which altogether amount to Rs. 329.67 lakhs. Besides, investments are carried in the books at a cost of Rs. 28.27 lakhs. Including the additions worth Rs. 24.11 lakhs, the block account stands raised to Rs. 333.83 lakhs but has been well written down to a net block of Rs. 152.72 lakhs, including Rs. 15.23 lakhs as the cost of capital work-in-progress and Rs. 4.25 lakhs as advances and payments against supply of machinery.

There was a further improvement in the operation efficiency of the mills during the year under review. Yarn production improved from 52.90 lakh kgs. to 53.27 lakh kgs. and cloth production from 284.31 lakh metres to 313.61 lakh metres. High standards of quality were

(*Continued in previous column*)

TATA OIL'S SALES UP, PROFIT DOWN

LOWER DIVIDEND COMPENSATED BY BONUS ISSUE

SQUEEZED between rising costs and taxation, on the one hand, and a limitation on the prices of its products, on the other, the Tata Oil Mills Company Ltd. [Managing Agents: Messrs. Tata Industries (Private) Ltd., Bombay] has reported for the year ended 31st March 1964 a substantially lower gross profit of Rs. 49.76 lakhs, as against Rs. 70.82 lakhs for the previous year. Such a sharp fall has occurred despite a further sizable improvement in net sales proceeds (that is, excluding excise duty paid) from Rs. 11.95 crores to Rs. 12.44 crores. The tax provision has no doubt been reduced considerably from Rs. 23.03 lakhs to Rs. 9.87 lakhs because of (*a*) lower gross profit, (*b*) increase in depreciation provision from Rs. 15.26 lakhs to Rs. 18.07 lakhs and also in the appropriation to development rebate reserve from Rs. 3.15 lakhs to Rs. 5 lakhs, and (*c*) inclusion of Rs. 2.43 lakhs for S.P.T. in the previous year's provision, whereas the provision for the year under review includes Rs. 1.34 lakh for tax on dividends declared out of profits of 1962-63. Even so, the setback in net profit is reduced by Rs. 8.46 lakhs to Rs. 19.25 lakhs. After transferring Rs. 5 lakhs to development rebate reserve (which is all the amount retained in business, as against Rs. 8.30 lakhs in the previous year) and after allowing other adjustments, the profit available for dividends is only Rs. 13.98 lakhs, as against Rs. 19.51 lakhs in the previous year. The Directors have, therefore, been obliged to cut the dividend on the 25-rupee ordinary shares from 22 per cent to 12 per cent per annum. The dividend is payable on 420,392 shares, same as in 1962-63, but, since it is a full year's return on the 139,920 new shares issued in the previous year, it has increased on these shares to Rs. 3 per share from Re. 1.73 a year before. The total amount absorbed by ordinary dividend is, however, lower by Rs. 5.23 lakhs at Rs. 12.61 lakhs. Considering the present an opportune moment to issue bonus shares for reducing the disparity between the Company's block account and share capital, the Directors have proposed a one-for-three bonus issue by capitalising Rs. 35.04 lakhs from the share premium account. This bonus issue will naturally compensate the shareholders for the lower dividend.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds, less excise	12,43.81	11,94.82	10,35.51	936.99
Stocks of finished goods and goods-in-process	153.74	100.46	121.42	107.34
Other income	50.77	41.40	37.08	42.39
Materials and stores consumed	829.93	776.39	652.34	595.11
Staff expenses	147.76	148.47	136.54	120.02
Excise duty paid	85.23	52.61	56.22	47.99
Other expenses	256.79	219.43	216.12	206.11
Gross profit	49.76	70.82	60.37	57.88
Provision for—Depreciation	18.07	15.26	12.75	11.00
Taxation	9.87	23.03	18.55	17.10
Managing Agents' commission	2.57	4.82	4.29	4.37
Net profit	19.25	27.71	24.78	24.91
Excess provisions written back	0.48	..	2.78	1.00
Miscellaneous write-offs	0.75	..	..	..
Employers' gratuity	..	2.00	1.75	1.75
To reserves	5.00	8.30	5.75	5.88
Dividends—Preference	1.34	1.34	1.34	1.34
Ordinary	12.61 (12%)	17.84 (22%)	16.12 (23%)	16.12 (23%)
Carry forward	0.01	0.01	0.10	0.29

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	71.00	75.00	87.50 XR	86.80	89.00
Low	56.00	54.70	50.00	67.00	58.00

The Directors have listed three main factors resulting from Government policies or actions which have adversely affected profit for the year under review. One is the considerable rise in the cost of raw materials owing to a further increase in the price of Indian oils but mainly because of the loss suffered on the larger tonnage of groundnut oil exported for earning import entitlements for raw materials. Out of an increase of Rs. 80 lakhs to Rs. 240 lakhs in the Company's total exports, Rs. 70 lakhs were on account of groundnut oil. The quantity of groundnut oil exported increased from 5,747 tonnes to 10,333 tonnes, with every tonne sold abroad resulting in a heavy loss of Rs. 550. This had the effect of increasing the cost of imported raw materials during the year by Rs. 25 lakhs. While in the previous year Rs. 6 lakhs were carried forward to the accounts of the following year, an amount of Rs. 11 lakhs has been carried to the financial year 1964-65 in respect of import entitlements which have not been availed of during the year under review. The second adverse factor is the increase of Rs. 82.50 per tonne in the excise duty on laundry soap which the Company had to bear for the full year, as against only for one month in the previous year. The extra cost to the Company on account of this increase was Rs. 21 lakhs. The third factor is the inability of the Company to raise prices, in view of the restrictions imposed by the Government under price control until December 1963.

Production of both laundry and toilet soap was maintained at the previous year's level, but the total sales of branded products recorded a nominal increase of about Rs. 7 lakhs over the previous year. This was despite an increase of 23 per cent in the sales value of toilet soap. Laundry soap, constituting about 55 per cent of the Company's total sales of branded products, and glycerine recorded major declines. Quantitatively, toilet soap sales rose by 15 per cent, while soap and glycerine sales dropped by 8 per cent each. The setback in laundry soap sales was due to growing competition, absence of Defence orders and shortfall in production at Tatapuram for several months, initially on account of power shortage and subsequently due to the prolonged slow-down resorted to by the daily-rated employees. For increasing consumption of indigenous oils, crushing activities at both Tatapuram and Bombay were expanded and the actual quantity of seeds crushed exceeded the previous year's tonnage by 12 per cent. The solvent extraction plants at Bombay were worked satisfactorily and the bulk of the deoiled groundnut meal was exported, fetching approximately the same realisation as in the previous year. Sales of *vanaspati* increased by about 5 per cent, but a large portion of the hydrogenation capacity at Tatapuram and Bombay was utilised for manufacturing soap.

Capital projects on hand have progressed well. The erection of the new solvent extraction plant commenced in October last and the plant is expected to be commissioned shortly. Major extensions were made to the building for housing the factory of Industrial Perfumes Ltd. A sum of Rs. 4 lakhs was spent on providing a new package boiler an additional equipment for the hydrogenation plant and on the renovation of gas cells. An Italian synthetic detergent plant is expected to be in operation early next year. Inordinate delay in the delivery of new boilers has delayed the start-up of the Ghaziabad factory.

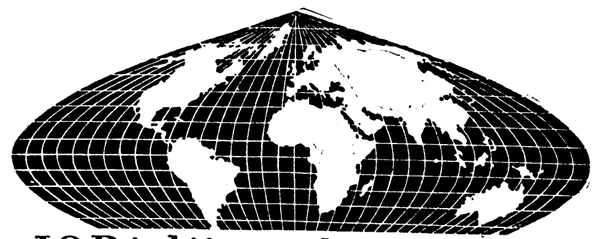
Discussing future prospects the Chairman, Mr. J. R. D. Tata, says that the Company's present efforts are mainly concentrated in the direction of reducing costs without lowering the product-quality. This is done through constant modernisation of equipment and use of improved processes. An increase in profit-margin is expected to result from this. Continuing, Mr. Tata observes:

"I have every hope of being able to report better results next year which will permit an increased dividend, or at least the maintenance of the present dividend on a capital which will then be larger by one-third than today, if the shareholders approve of the bonus issue." However, Mr. Tata cautions: "The next two or three years are going to be a testing and difficult time for all industries in the country. I expect from all our staff and workers to put special zeal and effort into their work."

As sanctioned by the shareholders, the Company subscribed Rs. 31.25 lakhs to the share capital of Tata-Finlay Ltd. It was appointed the sole selling agent for distributing the latter's packet tea which was put on the market towards the end of February 1964. According to the terms of the agreement, which will be in force for five years, the Company will not charge any selling commission for the first two years, during which period the entire expense on establishing the new sales organisation will be borne by Tata-Finlay. Production of instant tea for the American market has been delayed, but it is expected to commence in time for introducing tea in the U.S. in the spring of 1965. The retail marketing in the U.S. will naturally involve millions of dollars on promotional and advertising campaign and also a good deal of risk. But this expense will be borne by a new company to be jointly formed in the U.S. by Tatas, Finlays and a leading American corporation. It is hoped that the venture will be a profitable one.

The Company's subscribed capital of Rs. 135 lakhs, including Rs. 29.89 lakhs in 4.5 per cent 100-rupee cumulative preference shares, is backed by reserves and surplus (excluding Rs. 13.96 lakhs from dividend reserve required for meeting the year's dividend liability) amounting to Rs. 111.34 lakhs. A second series of Rs. 50 lakhs 6 per cent debentures—the first series of a like amount and bearing the same rate of interest matures between 1969 and 1974—were created towards the close of the year and have been pledged during the current year with the State Bank of India as security against additional cash credit facilities. Secured bank loans of Rs. 352.10 lakhs (Rs. 243.90 lakhs a year before), unsecured borrowings of Rs. 73.65 lakhs (Rs. 38.68 lakhs) and current liabilities and provisions of Rs. 278.11 lakhs (including Rs. 13.96 lakhs being the year's dividend liability) bring the total short-term indebtedness to Rs. 653.86 lakhs, as against which current assets, loans and advances aggregate Rs. 669.13 lakhs. The gross block of Rs. 474.41 lakhs (Rs. 410.15 lakhs a year before) has been written down to Rs. 270.07 lakhs.

Currently quoted at Rs. 62.50 *cum-div.*, *cum-bonus*, the Rs. 25 fully paid ordinary shares of the Company offer a net yield of 5.7 per cent per annum.



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SYNOPSES OF COMPANY REPORTS

Bengal Potteries Ltd.

(*Managing Agents*: Messrs. Bharat Ram Bhagat & Co., Calcutta.)

Fifty-second Annual General Meeting—Held on 22nd June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	2,33,78	2,16,18
Closing stock	51,37	45,87
Gross profit	25,79	26,83
Transfer to Managing Agents' commission	1,33	1,57
,, ,, depreciation	12,14	10,51
,, ,, development rebate reserve	53	2,01
,, ,, provision for taxation	5,50	5,50
Net profit	6,29	7,24
Appropriations:		
Transfer to general reserve	Nil	60
,, ,, dividend reserve	6,30	Nil
Proposed dividend (taxable) ordinary	*	6,63
	(11%)	(10%)
Carry forward	2	3

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

Extracts from the Directors' report: *Sales and Production*: The production of the Company registered an increase of 10 per cent during the year. The total sales increased from Rs. 2.16 crores to Rs. 2.33 crores.

Dinnerware: In last year's report it was stated that the Company's Factory No. 1 would be producing only Dinnerware. This was achieved in the beginning of 1963. The *Dinnerware* production increased by 13 per cent as compared to the previous year.

Fine China: The production of *Fine China* has been started and efforts are being made to increase its production. The present production is being taken up without foreign collaboration.

Insulators: The production of *High Tension Insulators* has been diversified and *Insulators* upto 33,000 volts have been developed and are in production. New types of *High Tension Insulators* have been produced and the production is being increased further to meet the very large demand in the country. These new items upto 33,000 volts have been produced for the first time by the Company.

With regard to *Low Tension Insulators*, almost the entire requirements of the Posts and Telegraphs Department for telegraph and telephone lines have been met and production is being increased to meet their increased requirements.

Costs: The costs of production continued to rise on account of increase in prices of raw materials, power, fuel, transport charges and increase in statutory impositions like import duty, freight, etc. While these costs which are beyond the control of management continued to rise, the prices of finished products have not been increased proportionately and this naturally affected the profits.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	55,23,548	Gross block	1,94,48,115
Reserves and surplus	30,28,183	—Depreciation	96,49,200
Other liabilities	2,00,66,519		
		Net block	97,98,915
		Current assets	1,86,86,262
		Cash	1,31,071
	Rs. 2,86,16,248		Rs 2,86,16,248

* Paid-up capital consists of 22,09,436—8 per cent. equity shares of Rs. 2.50 each. Of the above 10,56,885 equity shares are allotted as fully paid up by way of bonus shares by capitalisation of reserves. Calls unpaid amount to Rs. 46.

Birpara Tea Co., Ltd.

(*Managing Agents*: Messrs. Duncan Brothers & Co., Ltd., Calcutta.)

Sixty-ninth Annual General Meeting—Held on 1st July 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Gross proceeds of tea sold in London and Calcutta	23,32	21,35
Closing stock of tea	11,97	15,79
Gross profit	5,67	8,32
To Managing Agents' remuneration	42	71
Transfer to depreciation	1,37	1,17
,, ,, provision for taxation	1,64	2,64
Net profit	2,24	3,80
Transfer from development rebate reserve	Nil	25
Appropriations:		
Transfer to revenue reserve	1,20	2,50
,, ,, investment reserve	Nil	10
,, ,, development rebate reserve	6	23
,, ,, capital reserve	10	Nil
To dividends (taxable) C. preference	9	9
,, ,, ,, ordinary	90	1,58
	(10%)	(17½%)
Carry forward	3	14
Market value of ordinary shares (in rupees):		
	1964*	1963 1962
High	162.00	172.00 169.00
Low	151.00	149.00 147.00

* Upto 10th July 1964.

Extracts from the Directors' report: Trading results for 1963 season show an appreciable decline as compared to those of the previous year and this is attributable mainly to less favourable market conditions.

The total *crop* harvested in 1963 was 6,79,448 kgs. as compared with Rs. 6,69,958 kgs in the previous year, while the average price realised was Rs. 4.71 per kg. in 1963, as against Rs. 5.01 per kg. in 1962. *The planted area*, including seed reserve, is now 586 hectares.

Estimates for 1964 provide for a crop of 6,70,000 kgs., at an outlay of Rs. 27,90,000 including inland freight and sale charges as well as depreciation and all administrative expenses. The start of the new season has been not unsatisfactory although drought and red spider have caused some damage and loss of crop.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,00,000	Gross block	38,28,370
Reserves and surplus	23,55,143	—Depreciation	12,86,024
Other liabilities	14,83,045		
		Net block	25,42,346
		Block in progress	1,10,404
		Current assets	19,81,706
		Investments	73,769
		Cash	1,29,873
	Rs. 48,38,188		Rs. 48,38,188

* Paid-up capital consists of 1,000—8 per cent. cumulative preference shares of Rs. 100 each and 9,000 ordinary shares of Rs. 100 each. Of the above shares, 4,500 ordinary shares of Rs. 100 each are allotted as fully paid-up bonus shares through capitalisation of reserves.

Edward Textiles Ltd.

(*Agents*: Messrs. Puranmal Bubna Sons, Bombay.)

Fifty-fifth Annual General Meeting—18th July 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	2,66,13	2,36,56
Closing stock	66,11	83,27
Profit (+) or loss (—)	—7,42*	—9,41*
To Managing Agents' remuneration	36	30
Transfer to depreciation	14,55	9,10
,, ,, development rebate reserve	1,41	5,84
,, ,, provision for taxation	Nil	Nil
Net profit (+) or loss (—)	—7,42	—9,41
Excess provision for development rebate written back	3,30	Nil
Transfer from general reserve for payment of proposed dividend	2,04	2,04
Balance brought forward	—9,30	+ 2
Total available balance	+5,34	+2,06
Appropriations:		
To adjustment of loss brought forward	3,30	Nil
To bonus for previous years	9,32	Nil
Proposed dividend (taxable) ordinary	2,04	2,04
	(6%)	(6%)
Loss carried forward	—22,82	—9,39
Market value of ordinary shares (in rupees):	1964† 1963	1962
High	305.00 325.00	452.50
Low	260.00 280.50	325.00

* After making provision for Managing Agents' remuneration, depreciation and development rebate reserve.
† Upto 3rd July 1964.

Extracts from the Directors' report: The results upto now during this year are, however, better than the results of previous year though the year under review was most difficult for the Company in view of the process of implementation of a scheme of modernisation and rehabilitation of the Mills which involved writing off large sums towards development rebate and depreciation. In respect of the same, orders have been placed for the purchase of machineries etc., such orders as are remaining to be executed on 31st December, 1963, are to the extent of about Rs. 7,64,791. Further orders as have been placed during the period from 1st January, 1964 till the date of this report are to the extent of about Rs. 2,75,083.

The Company paid bonus to employees upto the year 1961 to the extent of Rs. 8,08,950 and further provision has been made in the accounts for the year 1962, amounting to Rs. 1,22,881.

Looking to the market trend, the Board of Directors have deferred for the time being the implementation of the special resolution passed at the last annual general meeting in respect of issue of 5,000 9.3 per cent taxable redeemable cumulative preference shares of Rs. 200 each.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	34,00,000	Gross block	1,61,62,117
Reserves†	16,37,278	—Depreciation	91,09,291
Other liabilities	1,14,11,847		
		Net block	70,52,826
		Block in progress	2,574
		Current assets	92,47,923
		Investments	75,597
		Cash	70,205
	Rs. 1,64,49,125		Rs. 1,64,49,125

* Paid-up capital consists of 17,000 ordinary shares of Rs. 200 each. Of the above 8,500 ordinary shares of Rs. 200 each are allotted as fully paid-up bonus shares by capitalisation of reserves.
† Reserves are shown after deducting the debit balance of Rs. 22,82,468 in the profit and loss account.

Testeels Ltd.

(*Chairman*: Mr. H. M. Patel, Ahmedabad.)

Seventh Annual General Meeting—4th August 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales	71,54	47,49
Closing stock	20,77	15,35
Gross profit	13,05	8,09
Transfer to depreciation	3,61	1,35
,, ,, statutory development rebate reserve	27	Nil
,, ,, provision for taxation	3,65	Nil
Net profit	5,52	6,74
Appropriations:		
To deferred revenue expenditure written off	41	41
To arrears of depreciation upto 31-3-1961	96	80
To provision for statutory development rebate reserve for 1962 63	14	Nil
To last year's balance transferred	Nil	5,52
Transfer to general reserve	4,01	Nil
Carry forward	1	1

Extracts from the Directors' report: The Directors recommend that the cumulative dividend on 6 per cent tax-free Redeemable cumulative preference shares for the period up to 31st March 1964 amounting to Rs. 3,78,604 be paid out of the general Reserve after sanction has been accorded by the seventh annual general meeting. The Directors regret their inability to recommend payment of any dividend to the equity shareholders.

It is, however, relevant and important in this connection to observe in the first place that the Company has now been able to provide for entire arrears of depreciation and statutory development rebate and has also been able to write off the remaining balance of deferred revenue expenditure, and secondly, that the working of the plant so far has been satisfactory and having regard to the orders already obtained, the working during the rest of the year promises to be no less satisfactory.

The order book of the Company shows unexecuted contracts worth Rs. 72,26,338. Of these, contracts of the value of Rs. 37,05,376 are only for labour charges, materials of the value of Rs. 36,67,321 being supplied by the customers. In effect, therefore, the Company has unexecuted orders on its books of the value of Rs. 1,08,33,559. With this value of orders on hand, the Company's plate and structural shops will be adequately employed during the current year. The foundry shop, which it has not been possible to start so far, the Company hopes to commission at an early date, as it has now at last been given an allotment of *pig Iron*.

During the year, raw materials like steel and electrodes of right specifications were difficult to be procured and their prices showed a rising trend.

The process of improving the plant continues. During the year a sum of Rs. 3,45,071 has been spent on the installation of a *Stress Relieving Furnace*, a *Welding Jig* and extension of Structural and Stainless Steel Shops. The Directors further contemplate the import of various equipment designed to ensure increased production while maintaining the highest standard in terms of quality.

The Company has received the Industrial Licence for the manufacture of *Electric Hoists* and *Light Cranes* and steps are in hand for exploiting it as quickly as possible.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	34,84,875	Gross block	36,14,064
Reserves and surplus	7,20,428	—Depreciation	10,59,385
Other liabilities	54,76,301		
		Net block	25,54,679
		Current assets	70,04,409
		Investments	8,569
		Cash	1,13,947
	Rs. 96,81,604		Rs. 96,81,604

* Paid-up capital consists of 22,384 equity shares of Rs. 100 each and 12,500—6 per cent. tax-free redeemable cumulative preference shares of Rs. 100 each. Calls in arrears on equity shares amount to Rs. 3,525.

Hantapara Tea Co., Ltd.

(*Managing Agents*: Messrs. Duncan Brothers & Co., Ltd., Calcutta.)

Sixty-eighth Annual General Meeting—Held on 1st July 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Gross proceeds of tea sold in London	20,67	22,89
Gross proceeds of tea sold in Calcutta	19,81	20,92
Closing stock of tea in London and Calcutta	17,13	14,35
Gross profit	10,16	12,65
To Managing Agents' remuneration	73	99
Transfer to depreciation	2,80	2,65
To loss of sale on investments	64	Nil
Transfer to provision for taxation	2,34	3,51
Net profit	3,65	5,50
Transfer from development rebate reserve	Nil	9
,, ,, investment reserve	65	Nil
Appropriations:		
Transfer to revenue reserve	1,50	2,00
,, ,, development rebate reserve	15	6
Proposed dividends (taxable) Preference	5	5
,, ,, Ordinary	2,70	3,60
Carry forward	(7½%)	(10%)
	15	24
Market value of Ordinary shares (in rupees)	1964† 1963	1962
High	108.00 122.00	136.00
Low	100.00 99.00	102.00

† Upto 26th June 1964.

Extracts from the Directors' report: *Amalgamation*: The scheme of arrangement between this Company and Birpara Tea Co., Ltd., as approved by shareholders at the General Meeting, was later sanctioned by the Hon'ble High Court to take effect from 1st January, 1964. Accordingly, all the properties, rights and liabilities etc., except for a sum of Rs. 2,74,540 retained against payment of dividend have now been transferred to Birpara Tea Co., Ltd. The Company will stand dissolved immediately after the conclusion of the annual general meeting.

The total *crop* harvested in 1963 was 14,23,297 kgs. as compared with 13,74,053 kgs. in the previous year, while the average price realised was Rs. 4.52 per kg. in 1963 as against Rs. 4.76 per kg. in 1962. The *planted area*, including seed reserve, is now 1,051 hectares.

Estimates for 1964 provide for a crop of 14,00,000 kgs. at an outlay of Rs. 59,77,000 including inland freight and sale charges as well as depreciation and all administrative expenses. The start of the new season has not been unsatisfactory although drought and red spider have caused loss of crop at Hantapara division.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	36,50,000	Gross block	88,46,170
Reserves and surplus	43,06,255	—Depreciation	32,94,578
Other liabilities	29,21,213		
		Net block	55,51,592
		Block in progress	1,35,312
		Current assets	46,14,618
		Investments	4,00,375
		Cash	4,65,571
	Rs. 1,09,67,468		Rs. 1,09,67,468

* Paid-up capital consists of 500—8 per cent cumulative preference shares of Rs. 100 each and 38,000 Ordinary shares of Rs. 100 each. Of the above, 24,000 Ordinary shares of Rs. 100 each are allotted as fully paid up Bonus shares by way of Capitalisation of reserve.

NEWS IN BRIEF

THE total resources of the highest grade coal with ash content up to 17 per cent at present are estimated at 661.78 million tonnes in Jharia, 418.71 million tonnes in Raniganj and 23.01 million tonnes in East Bokaro fields.

The total value of goods seized by customs authorities in India during the month of May 1964 amounted to about Rs. 24.11 lakhs, as against Rs. 25.89 lakhs in the same month last year. Of this, the share of gold alone was Rs. 7.44 lakhs (at international rate) as against Rs. 11.32 lakhs.

A mechanised coal cutter, called the "continuous miner," has been put into operation in the Chalkari mines by the National Coal Development Corporation. The cutter is capable of producing an output equivalent to 1,000 miners. It is fitted with an automatic loader. Its cost is placed at Rs. 10 lakhs.

The stores purchased by the Director-General of Supplies and Disposals reached a record of Rs. 520 crores, during the year 1963-64, as against Rs. 405.15 crores in the previous year. The indigenous content of the purchases is estimated at Rs. 420 crores, representing about 81 per cent of the total purchases.

It is proposed to issue shortly three paise coins. The face of the coin will have the Lion Capital of the Asoka Pillar with the words *Bharat* in Hindi and "India" in English. On the reverse side, the coin will bear its value in international numeral and the Hindi rendering of the value. The standard weight of the aluminium coin will be 1.25 gramme.

About 500,000 labourers employed in Assam tea gardens will soon be covered by a pension scheme initiated by the Government of Assam. This scheme is claimed to be the first of this kind to be introduced in this country. It will be financed from out of tea garden labourers' provident fund where the quantum of contribution has now been raised from 6¼ per cent to 8⅓ per cent to be contributed equally by labourers and managements.

The Union Government has exempted raw naphtha from payment of excise duty leviable thereon when used within a refinery as fuel for the manufacture of other products. It has also been exempted from payment of duty as is in excess of five per cent *ad valorem* when used elsewhere as fuel in blast furnaces, whether used directly or mixed with coke oven gas. A partial exemption will also be provided for naphtha used in the manufacture of petro-chemicals.

The Government of India has contributed $100,000 (Rs. 475,000) to the John Fitzgerald Kennedy Memorial Library and Institute. Proceeds from the Library fund will be used to build a museum, an archive, and an institute in Boston, Massachusetts. The museum will house personal mementos of the late President. The archive will contain his personal papers and public records of his administration. The institute will provide scholarships, research material, lectures, seminars, and programmes on public affairs and the practice of democratic political life.

Air-India has decided to book two delivery positions for the Anglo-French Concorde supersonic airliner. The agreement is expected to be signed shortly. The Anglo-French manufacturers who are producing the Concorde are guaranteeing a non-stop operation over the Atlantic both ways between New York on the one hand and London/Paris on the other. This meet Air-India's requirements. The minimum pay-load of the Concorde aircraft is 20,000 lbs., but it is expected to be 26,000 lbs or more. The cruise speed is Mach 2.2 and the expected price is well below that of the American S.S.T.

The State-owned Heavy Electricals factory at Bhopal has undertaken the manufacture, for the first time in India, of large size industrial motors in sizes ranging from 600 H.P. to 2,000 H.P. for the Associated Cement Company of Bombay. Thirteen such motors with a total rating of 21,800 H.P. and of the value of over Rs. 30 lakhs will be supplied to the A.C.C. Hitherto such large size motors were being imported from abroad. The Bhopal factory is equipped for the manufacture of industrial motors of even higher ranges upto 5,500 H.P. Each one of the thirteen industrial motors to be supplied for cement mills of the A.C.C. will have its own control equipment consisting of liquid rotor starters, stator switches and field control cubicles which will also be manufactured in the Bhopal factory.

The Board of Trade, which was set up in May 1962, has been reconstituted with 22 members. Mr. Manubhai Shah, Minister of Commerce, will continue to be its Chairman. Mr. S. V. Ramaswamy, Deputy Minister of Commerce, will be its Vice-Chairman. The members will be: Presidents of the Federation of Indian Chambers of Commerce and Industry (ex-officio); Associated Chamber of Commerce of India (ex-officio); non-official members not exceeding 12 nominated by the Government representing trade, industry economists and others; Secretary-General, Ministry of External Affairs; Secretaries of the Union Ministries of Commerce; Finance (Department of Economic Affairs); Planning Commission; Food and Agriculture (Department of Agriculture); and a Joint Secretary in the Ministry of Commerce (Member-Secretary).

The Governments of India and the U.S. have concluded eight new agreements aggregating Rs. 78.4 crores on the 10th anniversary of the U.S. Food for Peace Programme. These Public Law 480 funds will help to finance projects in agriculture industry, health and education. Under the agreements, grants are being extended to India's malaria eradication programme (Rs. 16.3 crores); the training of teachers for medical colleges (Rs. 2 crores); soil and water conservation (Rs. 2.6 crores); craftsmen training (Rs. 18.4 crores); primary health centres (Rs. 2.8) crores); and smallpox eradication (Rs. 7.7 crores). Recipients of loans are the Refinance Corporation for Industry (Rs. 10 crores) and five irrigation and water power projects (Rs. 18.6 crores). The irrigation and power undertakings are Nagarjunasagar, Kosi, Tungabhadra, Mahanadi and Koyna.

Some places of tourists interest have been selected for the provision of facilities for landing of aircraft. These are Khajuraho, Hassan, Konarak, Bijapur, Hospet and Periyar Lake (Thekadi Game Sanctuary) in Kerala. It is expected that during the current Plan, fair weather aerodromes at Khajuraho and Hassan will be completed. Steps will also be taken to start work on construction of fair-weather strips at Bijapur/Badami and Hospet during the current Plan period. Provision to construct *pucca* runways at most of these places is proposed to be made in the fourth Plan. There is a provision of Rs. 35 lakhs in the third Plan, for the construction of aerodromes or airstrips at or near places of tourist attraction. India's income from foreign tourists is expected to go up in the fourth Plan period, from an annual average of Rs. 16.7 crores to Rs. 23 crores. More and more tourists from the U.S., the U.K., and West Europe, it is said, will visit India owing to relaxations in travel payments, promotional efforts through publicity and improvement of facilities for tourists in India.

The first modern oil refinery built in India by the Esso during the early 'fifties completes a decade of successful operation this month. Meeting approximately one-fourth of the country's petroleum needs, the Esso Refinery has in recent years doubled the range of products manufactured initially at the time of start-up. Two of the important additional products are asphalt and solvents. The solvent unit which was entirely designed by Indian engineers and built by local contractors in 1962 now supplies products used by textile, rubber and vegetable oil extraction industries. When the refinery started operation it had 66 Americans on its staff. By sending Indian personnel overseas to receive training in higher skills, the number of American engineers and technicians has been reduced to five. Besides creating new job positions and assisting in the development of advanced skills, the refinery has also helped to save and earn Rs. 46 crores in foreign exchange for India over the last decade. The emergence of the Esso Refinery at Trombay—15 miles from Bombay city—has helped to transform an area once large desolate into a thriving industrial township. Apart from several chemical plants, a thermal power generating station and a Government sponsored fertiliser unit, the area has attracted hundreds of smaller entrepreneurs.

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From Abroad

The U.S. Export-Import Bank has given a loan equivalent of $4.1 million to a Mexican automobile Company for the purchase of U.S. machinery, tooling and related services.

The trade between Communist China and West Germany has been declining year after year since 1958. The actual trade (imports and exports) in 1963 was no more than DM. 223 million.

Almost one out of the five (numbering 55,000) weekly-paid payroll employees of the Imperial Chemical Industries of Britain is having his wages paid through a bank of their own choosing; the scheme started five years ago.

Four U.S. Shipping Companies are contemplating to build commercial nuclear-powered ships by 1967. They will probably use one of two reactor systems, namely, the Consolidated Nuclear Steam Generator, made by Babcock and Wilcox, or the 630A made by the U.S. General Electric Company.

Although the number of companies registered in Britain during 1963 was higher at 42,173 as against 34,852 in the previous year, the nominal capital was less by 26 per cent at £111 million. The total number of companies on the register at the end of last year was 476,080, of which 16,080 were public companies.

Supplemental labour costs in West Germany came to about 50 per cent of straight wages and salaries. The typical West German employer pays out about two-thirds of his labour costs for work performed, while the remaining one-third goes for supplemental work-connected expenses, such as social-security benefits. The figures emerge from a survey made by the Federal Office of Statistics of 14 selected industrial branches based on costs in 1962.

As many as 4.5 million Britons took holidays abroad during the year 1963, spending about £225 million, including fare payments, according to the British Travel and Holidays Association. More than 80 per cent of all holidays abroad last year were spent on the continent, 10 per cent in Ireland, 3 per cent in North America, 2 per cent in Africa and Middle East and one per cent elsewhere. About one-fifth of the holiday-makers came from households with a combined family income of less than £950 a year.

The New Orleans Cotton Exchange, second largest cotton exchange in the U.S., has ceased trading in cotton futures with effect from the 9th inst., after 93 years of existence. The end is a sequal to the new agricultural law which extends to domestic mills a 6.5 cents a pound subsidy already available on exported cotton. In view of this new law, the Exchange considered that both exporters and domestic mills had no longer any reason to see the futures market as a safeguard against price fluctuations. The New York Cotton Exchange, however, continues to remain open though it suspended trading some weeks ago in the 1965-66 cotton crop to allow itself an opportunity to work out arrangement for accommodating the new farm law.

The Bundesbank Council has tightened the credit squeeze in a bid to curb the boom without altering the discount rate which has remained unchanged at 3 per cent since the last three years. About DM1,200 million of bank liquidity are to be "sterilised" by a 10 per cent increase in the minimum reserve requirements made on the banks in respect of deposit made by residents, with effect from 1st August next. In order to reinforce the measures against capital imports, the Council has decided to penalise banks taking up foreign credits by reducing the quotas allowed for rediscounting bills with the Central bank system. The quota is to be cut by the amount by which the credit taken up abroad by any bank exceeds the average level of these credits during the first six months of this year.

A single synthetic product superior to natural rubber in each of its five basic characteristics has been tested recently by Goodyear for the first time in Detroit (U.S.A.). The new rubber, it is claimed, will not get as hot as natural rubber in a running tyre. In addition, it is stronger and will make a longer wearing trend than natural rubber. It is called "Super Natsyn," and is superior to natural and its synthetic equivalent, polyisoprene. "Super Natsyn," however, is still a laboratory product, but quantities of it have been tested repeadedly with the same outstanding results. These tests confirmed the superiority of the new synthetic in tensile strength and in the dynamic qualities of modulus, resilience, internal friction and heat rise—which, combined, represent the five basic characteristics of rubber.

A £32-million steel plant—Britain's largest single steel industry project to be completed this year—was officially opened near Rotherham in northern England, last week. The plant, which includes a steel-making department and a continuous narrow hot strip mill, is situated at the works of the Park Gate Iron and Steel Co., Ltd. The new works will increase Park Gate's annual output of steel from 425,000 ingot tons to 800,000 ingot tons. Much of the new output will be used for tube-making by the firm's parent Company, Tube Investments Ltd., which exports 20 per cent of the production. The new plant will also produce carbon and other steels for engineering use, and increase the firm's range of alloy steel production.

The Special Fund of the United Nations has earmarked $336,300 to assist the Government of Thailand in the establishment of an experimental and demonstration farm for irrigated agriculture at Kalasin. Spread over a period of four years, the allocation will supplement the Government's own contribution of about $400,000. An experimental station of ten hectares and a demonstration area of 300 hectares will be irrigated from an existing tank nearby. Under the supervision of project personnel, the demonstration area will be cultivated under irrigation by the farmers owning the land. They will be taught the use of better implements, seeds and fertilisers, soil management and the organisation of marketing and credit facilities. The Food and Agriculture Organisation acts as the executing agency for this project which will be of four years' duration. The Fund assistance will then cease and the pilot station will become the responsibility of the Government's Department of Agriculture.

PERSONAL

MR. Herbert Baumgartner assumed charge this week as Director of the U.S. Information Service in Bombay in the place of Mr. Donald T. Shea.

Mr. G. V. Swaika, a prominent Calcutta industrialist, has been appointed a member of the Indian Central Oilseeds Committee representing the exporters of oilseeds and oilseed products.

Mr. N. L. Gadkari, Chief Inspector of Factories, Maharashtra, has left for London to attend the fourth World Congress on Prevention of Occupational Accidents and Diseases now in session there.

Mr. P. N. Talukdar, Managing Director, Hindustan Pilkington Glass Works Ltd., has been elected the first President of the All-India Sheet Glass Manufacturers' Association and the All-India Rolled Plate Glass Manufacturers' Association.

Mr. L. K. Jha, Secretary, Department of Economic Affairs, Union Ministry of Finance, assumed charge on Monday this week as Secretary to the Prime Minister. He will, however, also continue to be Secretary in the Finance Ministry till a new successor is appointed.

Notices

THE TATA OIL MILLS COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE FORTY-SIXTH ANNUAL GENERAL MEETING of THE TATA OIL MILLS COMPANY LIMITED, will be held at the Registered Office of the Company, Bombay House, 24, Bruce Street, Fort, Bombay, on Tuesday, the 4th August 1964, at 4-30 p.m. (S.T.), to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account and Balance Sheet for the year ended 31st March 1964.

2. To declare dividends on Preference and Ordinary Shares.

3. To appoint a Director in place of Sir Chunilal V. Mehta, who has attained the age of 83 years and who retires by rotation and to consider and, if thought fit, to pass the following resolution of which a special notice as required by Section 281 of the Companies Act, 1956, has been received by the Company:—

"RESOLVED that pursuant to the provisions of Section 281 and other applicable provisions (if any) of the Companies Act, 1956, Sir Chunilal V. Mehta, who has attained the age of 83 years and who retires by rotation, be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."

4. To appoint a Director in place of Mr. D. M. Ghia, who retires by rotation under Article 151 of the Company's Articles of Association and is eligible for re-appointment.

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:—

"RESOLVED that—

(a) 1,40,000 shares out of 2,75,000 unclassified shares of Rs. 25 each be and are hereby classified as Ordinary Shares of Rs. 25 each.

(b) (i) Subject to the consent of the Controller of Capital Issues being obtained in that behalf, and subject to the conditions, if any, prescribed by him, the sum of Rs. 35,03,750 (Rupees Thirty-five lakhs three thousand seven hundred fifty) being part of the amount standing to the credit of the Share Premium Account of the Company be and the same is hereby capitalised, and that accordingly the said sum of Rs. 35,03,750 be transferred from the Share Premium Account to Share Capital and that such capital sum of Rs. 35,03,750 be applied on behalf of the persons who on a date to be hereafter fixed by the Directors shall be the holders of the existing 4,20,449 Ordinary Shares of the Company in payment in full for 1,40,150 new Ordinary Shares of the Company of Rs. 25 each (out of the 1,44,551 Unissued Ordinary Shares of the Company) to be issued as fully paid up bonus shares and that such 1,40,150 New Ordinary Shares credited as fully paid be accordingly allotted as Bonus Shares to such holders respectively as aforesaid in the proportion of one such new share for every three of the said existing Ordinary Shares then held by such holders respectively upon the footing that they become entitled thereto for all purposes as capital.

(ii) No fractional certificates shall be issued in respect of any holding of less than 3 existing Ordinary Shares or in respect of a holding which is not 3 existing Ordinary Shares or a multiple thereof but that the New Ordinary Shares allotable in respect of such holdings of fractions of 3 existing Ordinary Shares shall be consolidated and in respect of each set of 3 fractions so consolidated the Board of Directors shall on behalf of the members entitled to such fractional certificates, allot one New Ordinary Share to such person or persons (including one or more of themselves or the Managing Agents Tata Industries Private Limited or the holding company of the Managing Agents Tata Sons Private Limited or one or more of the officers or employees of the Company) as the Board of Directors may in their absolute discretion select for the purpose of holding and selling on behalf of the members entitled to such fractional certificates, such shares at such time or times and at such price or prices as may be approved by the Board of Directors provided that the Board of Directors may without making an allotment of all or some of such New Ordinary Shares direct on behalf of the members entitled to such fractional certificates, the sale of all or any of such New Ordinary Shares at such price or prices as may be approved by it and upon receipt of the purchase price for each such share, provided the Board of Directors approves of the transferee, the Board of Directors may allot the share to the approved transferee. The aggregate sale proceeds of all such New Ordinary Shares left over after defraying thereout all costs, charges and expenses of the sale or sales shall be distributed and divided *pro rata* amongst such holders as would otherwise have been entitled to such fractions of such New Ordinary Shares.

(iii) The said 1,40,150 New Ordinary Shares to be issued and allotted as fully paid up Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall subject thereto rank for dividend and in all other respects *pari passu* with the existing Ordinary Shares and shall be entitled to participate in any ordinary dividend declared or to be declared for the financial year 1964-65 as if the full amount of the capital paid up or deemed to be paid up thereon had been paid up as on the first day of April 1964.

(iv) No allotment letters be issued but that the certificates in respect of the New Ordinary Shares to be allotted as fully paid Bonus Shares as aforesaid shall be completed and ready for delivery within 9 months of the allotments thereof respectively.

(v) For the purpose of giving effect to this resolution the Board of Directors be and are hereby authorised to give such directions as may be necessary or desirable and settle any questions or difficulties whatsoever (including a question or difficulty in connection with any deceased or insolvent shareholder or a shareholder suffering from any disability) as they may think fit."

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:—

"RESOLVED that the Articles of Association of the Company be altered in the manner following:

(i) For Article 4, substitute the following Article:—

'4. The present capital of the Company is Rs. 2,50,00,000 divided into 30,000 cumulative preference shares of Rs. 100 each, 5,65,000 ordinary shares of Rs. 25 each, 45,000 unclassified shares of Rs. 100 each, and 1,35,000 unclassified shares of Rs. 25 each.'

(ii) For Article 70, substitute the following Article:

'70. The Directors may from time to time fix a fee not exceeding 25 paise per share in respect of the transfer or transmission to the same party of any number of shares of any class or denomination subject to such maximum on any one transfer or transmission as may from time to time be fixed by the Directors. Such maximum may be a single fee payable on any one transfer or on transmission of any number of shares of one class or denomination or may be on a graduated scale varying with the number of shares of any one class comprised in one transfer or transmission or may be fixed in any other manner as the Directors may in their discretion determine. The Directors may in their discretion waive the payment of any transfer or transmission fee either generally or in any particular case or cases'."

7. To appoint Auditors and to fix their remuneration.

8. To authorise the Board of Directors to appoint in consultation with the Company's Auditors, persons other than the Company's Auditors to audit the accounts of the Sales Offices of the Company, which are its Branch Offices and to fix their remuneration, and, if thought fit, to pass the following resolution with or without modification as an ordinary resolution:—

"RESOLVED that the Board of Directors be and are hereby authorised to appoint in consultation with the Company's Auditors, any person or persons qualified for appointment as auditor or auditors of the Company under Section 226 of the Companies Act, 1956, to audit the accounts for the year 1964-65 of such of the Company's branch offices as are or may be its Sales Offices, and to fix their remuneration and the terms and conditions on which they shall carry out the audits."

Notes:—(a) The relative explanatory statements, pursuant to Section 173 of the Companies Act, 1956, in respect of the special business under items 3, 5, 6 and 8 set out above are being posted to the shareholders with the notice.

(b) *A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.*

(c) The Transfer Books of the Company will be closed from Monday, the 29th June 1964 to Friday, the 17th July 1964, both days inclusive.

(d) If dividends on shares, as recommended by the Directors, are passed at the meeting, payment of such dividends will be made at the State Bank of India on and after the 5th August 1964, to those members whose names were on the Company's register on 17th July 1964.

By Order of the Board of Directors,
TATA INDUSTRIES PRIVATE LIMITED,
Managing Agents.
N. H. TATA,
Director.

Bombay, 23rd June, 1964.
Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET,
FORT, BOMBAY 1.

THE SOUTH MADRAS ELECTRIC SUPPLY CORPORATION LIMITED

Registered Office:
Power House, Tennur, Tiruchirapalli

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE Twenty-fourth Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company, Tennur, Tiruchirapalli, on Friday the 14th August, 1964 at 4 p.m. to transact the ordinary business, viz., (i) the consideration of the Accounts, Balance Sheet and the Report of the Board of Directors, (ii) the declaration of a dividend, (iii) the appointment of Directors in place of those retiring and (iv) the appointment of and the fixing of the remuneration of the Auditors.

Certain items of special business will also be transacted at the said Annual General Meeting in accordance with details furnished in notices served to individual shareholders and among these items are included resolutions to:

(i) To approve the re-appointment and continuance of Messrs. Seshasayee Brothers (Private) Limited as Managing Agents and Chief Engineers of the Company for a further period of 10 years from 1-4-1965 on revised terms of remuneration according to the provisions of the Electricity Supply Act but subject to certain limitations in the event of a shortfall in "Clear Profit" of the Company in any year below "Reasonable Return" and on other terms and conditions set out in the draft agreement, subject to the approval of Central Government; and (ii) To approve amendments to the Articles 5, 99 and 118 of the Articles of Association of the Company (The amendments to Articles 5 and 99 are for the purpose of referring to the re-appointment of the Managing Agents and Chief Engineers from 1-4-1965; amendment to Article 118 is for enhancing the limit for charitable contributions within the limit set by Section 293 of the Companies Act).

Detailed notice with the Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, in respect of the Special Business is being posted to the Members individually at their Registered addresses.

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

The transfer books of the Company and the Register of Members will be closed from 22-7-1964 to 14-8-1964 (both days inclusive). The dividends when declared will be made payable on and after 14-8-1964 to those shareholders whose names stand on the Register of Members on 14-8-1964 or to holders of dividend mandates.

(By Order of the Board of Directors)
SESHASAYEE BROTHERS (PRIVATE) LIMITED,
Managing Agents and Chief Engineers.
TIRUCHIRAPALLI,
Dated: 25-6-1964.

RESERVE BANK OF INDIA

APPLICATIONS ARE INVITED FOR THE following posts in the Bank:—

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

(i) Statistical Assistants in the Department of Statistics (ii) Economic Assistants in the Economic Department	Rs. 255-15-270-16-398-21-419 EB 21-482-22-570

In addition to pay, the selected candidates will be eligible to draw house allowance and dearness allowance.

(B) **QUALIFICATIONS:**

(i) *Statistical Assistants*: Applicants should have obtained at least 50 per cent marks or its equivalent in the Master's degree of a recognised University in Statistics or Mathematics/Commerce with Statistics as a special subject.

(ii) *Economic Assistants*: Applicants should have obtained at least 50 per cent marks or its equivalent in the M.A. or M.Com. degree of a recognised University with specialisation in any of the following subjects:—Economic Analysis, Monetary Theory, Banking, International Economics, Theory of Growth or Rural Economics. Preference will be given to those who have practical experience of research in Economics.

(C) **AGE LIMITS AS ON 1st JULY 1964:**

Between 18 and 24 years.

The maximum age limit is relaxable but not beyond 30 years in the case of:—

(i) applicants possessing special qualifications and experience of value to the Bank;

(ii) ex-employees of banking institutions whose services had to be terminated for reasons of economy or as a result of the banks going into liquidation;

(iii) personnel retrenched from Government offices after at least one year's service applying through Employment Exchanges; and

(iv) candidates belonging to the Scheduled Castes or Scheduled Tribes.

2. Candidates who wish to apply for more than one category of posts must submit *separate* applications accompanied by separate application fees and *should clearly indicate the post for which they have applied.*

3. Applicants must remit with their applications a fee of Rs. 2.00 for each post. *The application fee is in no case refundable.* In the case of candidates belonging to Scheduled Castes/Tribes, the fee will be reduced to one-fourth.

4. Applications in the candidate's own handwriting in the prescribed forms obtainable from the Reserve Bank's offices at Bombay, Calcutta, Kanpur, New Delhi, Nagpur, Madras, Bangalore, Hyderabad, Trivandrum, Lucknow, Patna and Jaipur accompanied by copies (originals should not be sent) of certificates regarding age and educational qualifications, statements of marks secured in the Graduate and Post-Graduate degree examinations and copies of two testimonials should be forwarded to the Secretary, Central Recruitment Board, Reserve Bank of India, Central Office, Post Box No. 406, Bombay No. 1, so as to reach him on or before the 8th August 1964.

5. Candidates already in service will be required to produce a proper discharge certificate from their employers in the event of their being selected, at the time of their appointment in the Bank's service.

6. Candidates belonging to Scheduled Castes/Scheduled Tribes should mention this fact prominently in their applications and also enclose a copy of a certificate to that effect from a competent authority.

7. Candidates must be prepared to serve in any office of the Bank in India and to undertake tours when required.

8. Selected candidates will be required to appear for a written test which will be held at the abovementioned offices of the Bank. Candidates should clearly state on the top of their applications, the office of the Reserve Bank at which they desire to appear for the test, if called. Those successful in the test will have to appear for an interview at Bombay.

9. Appointments will be subject to candidates being found medically fit for service in the Bank by the Bank's Medical Officer.

10. If any candidate desires to have his application acknowledged, he should send it by "Registered Post—Acknowledgement Due." Apart from those who may be specially called, interviews will not be granted to candidates nor will the Bank enter into correspondence with them.

11. Canvassing in any form will be regarded as disqualification.

A revised proposal to set up *Panchayati Raj* Finance Corporations at State levels will be considered at the Annual Conference on Community Development and *Panchayati Raj*, to be held at New Delhi in the third week of this month. The Santhanam Committee on *Panchayati Raj* finances recommended the establishment of these corporations, with participation in share capital by the Reserve Bank. The State Bank, the Life Insurance Corporation or other financial institutions. As these institutions are not keen, it is now proposed to limit share capital participation to the Central and State Governments and *Panchayati Raj* institutions. Another proposal is to have a Central *Panchayati Raj* Finance Corporation at a later stage. At the recent meeting of the *Panchayati Raj* Consultative Council in New Delhi, it was felt that financial resources of *panchayats* and *panchayat samitis* should be augmented with Governmental assistance on a *per capita* basis.

UNION CO-OPERATIVE INSURANCE SOCIETY LIMITED

SPEECH OF CHAIRMAN

MR. J. L. Mehta, the Chairman of the Union Co-operative Insurance Society, Ltd., while presiding over the Fifteenth Annual General Meeting held in Bombay on 4th inst., was happy to disclose to the shareholders that the Society had crossed the Rs. 1,00,00,000 premium mark and had underwritten a premium income of Rs. 1,05,30,000.

He also informed that the major rise in premium was in the fire department which had proved to be the most profitable branch to the Society.

Claims

The claims experience of the Society was satisfactory. He attributed adverse experience in foreign treaty acceptances as the main cause for higher claims experience in fire department.

He also informed the shareholders that various actions taken to conserve resources of the Society had not only built up profitable reciprocity but also reduced net cost substantially.

The net profits earned amount to Rs. 4,57,000 after adding Rs. 8,60,000 to reserve for unexpired risks on a net premium income of Rs. 57,00,000.

L.I.C.

Mr. Mehta expressed a feeling that the decision of the Life Insurance Corporation to follow the tariffs for the present is likely to help the private insurance sector to adjust itself with the changed circumstances that may arise due to entry of Life Insurance Corporation in the general insurance market.

He expressed a feeling that, in view of the heavy competition in the rating structure of non-tariff business, profitability in this section is likely to go down.

Mr. Mehta informed the members that he was awaiting the recommendations of the study group which was appointed by the Government of India for recommending structure of co-operative insurance sector.

He also expressed his gratitude to the staff for a reasonable attitude taken for settlement of labour problems.

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TA 63/62

TREND OF MARKETS

CASH LOANS FETCH RS. 151 CRORES

(From Our Own Correspondent)

BOMBAY, 15*th July*

The total subscriptions to the further tranches of 4 per cent 1970 loan and 4½ per cent 1989 loan, which were closed at the close of business today, amounted to about Rs. 151 crores. Of this total, the amount subscribed to the 4 per cent 1970 loan was Rs. 106 crores, the balance of Rs. 45 crores being the share of the other loan. All subscribers, it is said, will receive full allotment.

With the opening of the subscription list on Monday the 13th inst., demand for funds in the short-term money market increased considerably. The pressure of demand was so much that borrowers had to look around for accommodation. The inter-bank call rate for both renewals and fresh money, as a consequence, climbed up from ½ per cent to 3-3½ per cent.

India's foreign exchange reserves improved by Rs. 93 lakhs to Rs. 97.45 crores during the week ended 10th July 1964. The whole of this improvement was in balances held abroad which rose from Rs. 7.06 crores to Rs. 7.99 crores. The foreign securities held in the Issue Department of the Reserve Bank of India were unchanged at Rs. 89.46 crores. Loans and advances to scheduled banks were negligible, being Rs. 47.70 lakhs, and their deposits with the Reserve Bank spurted by Rs. 14.71 crores to Rs. 106.77 crores. Notes in circulation increased by Rs. 6.44 crores to Rs. 2,507.98 crores.

The total credit made available by scheduled banks to their clients rose by Rs. 5.55 crores to Rs. 1,780.19 crores during the week ended 3rd July. Since, at the same time, deposits advanced by Rs. 23.93 crores to Rs. 2,587.35 crores, borrowings from the Reserve Bank declined by Rs. 1 crore to Rs. 22 lakhs. Total cash improved by Rs. 32.54 lakhs to Rs. 160.09 crores and investments by Rs. 19.44 crores to Rs. 674.47 crores.

In the gilt-edged market, activity was restricted during the week under review. Business put through was limited and values of both Central and State loans were unaltered.

In the foreign exchange market, the banks' buying rate for U.S. dollars was unchanged at Rs. 476.25 per $100, while their selling rate rose by 25 nP to Rs. 479.75. In New York, the pound sterling eased further *vis-a-vis* the dollar, the spot rate declining by 0.090 cent to 279.040-279.070 cents and the three months' forward by 0.050 cent to 278.720-278.750 cents.

SILVER RECOVERS

(From Our Own Correspondent)

BOMBAY, 15*th July*

The bullion market ruled distinctly firm during the week under review. Silver met with good support induced by sustained demand from upcounrty centres and sellers resistance to dispose of their stocks at lower levels. Gold elicited persistent demand.

Silver began the week 50 nP higher at Rs. 247 and increased gradually to Rs. 250.50 today. The daily average arrivals of the metal were practically unchanged at 18 bars, while the offtake was larger at 11 bars as against 6 bars.

Fourteen carat gold moved up from Rs. 69 to Rs. 69.50. Sovereign was quiet at Rs. 92. Primary gold, in unofficial trading, rise from Rs. 118-121 to Rs. 122 on reports of the seizure of unauthorised gold.

The international price for gold at the London market was marked down at $35.06¼ per fine ounce. The sterling price, however, gained 3*d.* to 251*s.* 4*d.* Both ready and forward silver remained unchanged at 111¼*d.* and 112*d.*, respectively, as also silver in New York at 129.3 cents.

The Government of India has regulated the manufacture of liquid gold from 1st July. No manufacture of liquid is now permitted except under an authorisation by the Gold Control Administrator. The authorisation, which is valid for three months, will have to be obtained from the office of the Gold Control Administrator. The producer will have to conduct his manufacturing process in the presence of a supervising officer and store the liquid gold in his presence. The manufacturer will also have to maintain his stock of the metal in the prescribed forms and keep them ready for inspection.

According to Mr. B. D. Pande, Gold Control Administrator, nearly 200.000 out of the total 280,000 goldsmiths affected by the Gold Control Order have already taken or applied for certificates to work as self-employed goldsmiths. Of the remaining 80,000, about 25.000 persons have been given loans for taking to other professions, and some 10.000 have secured jobs in Government and semi-Government institutions. The reamining applications will be disposed of before next September.

The All-India Sarafa Association has suggested that gold could be imported against exports of precious stones and platinum jewellery to bring down its price and check sumggling effectively. The price of gold, according to the Association, is likely to rise further because gold is not coming to the market in the form of ornaments. Addressing a press Conference in Bombay on Tuesday this week, the Secretary of the Association said that the exports of precious stones, handicrafts and jewellery had fetched in about Rs. 30 crores last year. If 15 to 20 per cent of this sum was given as an export incentive and gold was allowed to be imported under it, then smuggling activity would come down and prices ease. The Secretary added that the Gold Control had been a "dismal failure." It had neither stopped smuggling nor weaned people away from the lure of gold. If the new Bill was passed, the Secretary warned, it would compel people to declare their gold ornaments. The price of gold had been at Rs. 130 per 10 grams last month. This was higher than the rate prevailing before the Gold Control was introduced. He felt that this was likely to go up further, because gold, in the form of ornaments, was not coming into the market. A sample survey of about 10 jewellers and bullion dealers in Bombay had disclosed that the sale of old ornaments which amounted to Rs. 5 crores in 1962 fell to Rs. 10 lakhs in 1963. He also added that the people were reluctant to sell their old ornaments for fear of not being able to buy new ones, exceeding 14-carat purity.

The following table shows the trend of prices during the week under review:

	15-7-1964 (closing)	High	Low	8-7-64 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (996 fine) ..	250 50	250 50	247 00	246.50
GOLD				
Ready (14-carat) ..	69.50	69 50	69 00	69 00
Sovereign	92.00*	—	—	92 00*
London—				
Gold ..	251*s.*4*d.*	251*s.*4*d.*	251*s.*3*d.*	251*s.* 3½*d.*
Silver Ready ..	111½*d.*	—	—	111½*d.*
Silver Forward ..	112*d.*	—	—	112*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

COTTON FUTURES FIRM

(From Our Own Correspondent)

BOMBAY, 15*th July*

Starting on a quiet note, cotton futures staged a smart recovery during the week under review. Tightening of bull grip and hectic short-covering pushed up prices. The undertone was distinctly firm, in spite of reports about favourable weather conditions and bright prospects for the new crop. The Zalawar, Ahmedabad, Rajasthan, Uttar Pradesh and Punjab operators who were reported to have a total outstanding holdings of more than 3.5 lakh bales, made a determined bid to squeeze the shorts. The bulls' readiness to accept tenders forced the shorts to cover their position. The bulls were inspired greatly by the firmness of the spot market.

The Jarilla August contract began the week at Rs. 738.50 as against the previous close of Rs. 738.25 and moved upwards swiftly and touched a new high of Rs. 744.75 today before closing at Rs. 744.50. The net gain over the week was Rs. 6.25. There were indications during the week that trading in the new hedge contract for March 1965 delivery might be allowed to commence sometime later this month. Further, it was learnt that the Board of the East India Cotton Association had suggested to the Forward Markets Commission to fix the ceiling price for the new crop Jarilla March contract at Rs. 775 till February-end and Rs. 798 during the tender period.

In the spot market at Sewri, there was brisk activity, as spinners rushed to buy Egyptian cotton. Business to the tune of 35,000 bales was reported. Mills sought popular varieties like Khandesh, Digvijay, L147 and Co2 in moderate lots daily. Since the finer qualities were in short supply, interest was naturally evinced in inferior varieties. The quotations for some of the popular varieties are as follows:

Hingloi Rs. 1,225, Anjangaon L.147 Rs. 1,235, Bagalkot Laxmi Rs. 1,070, Manavdar Kala Rs. 852, Malegaon Co2 Rs. 1,690, Chopda Rs. 1,090, Aurangabad Buri Rs. 1,110, Moga Rs. 761 K, Ganganagar Rs. 760 K, Hubli Laxmi Rs. 1,175 and Gadag Laxmi Rs. 1,150.

In the foreign section, Egyptian cotton met with good support, following the announcement by the Egyptian Cotton Commission of fixation of export selling prices for the new crop. A surprising feature of this announcement was that the prices notified for Giza 45 and Menoufi turned out to be much lower than the offers which the Indian importers submitted to the shippers in Egypt on behalf of their mill clients here. The offers received from Alexandria which were cheaper by Rs. 75 to Rs. 100 per candy and were quoted in sterling, could be transferred in rupees after the finalisation of the special rupee agreement between India and Egypt. The trade looked forward to an early finalisation of the agreement. In the export side, trading in Bengal *Deshi* remained dull due to the Government's silence over the revision of export duty on this variety. There was stray demand from the U.K. and the Continent but no revival of interest from Japan was in evidence. The market was thick with rumours that the Government's decision on export duty and other concessions urged by the trade would be notified along with the next season's export policy towards the end of this month.

TIPPY TEAS DEARER

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, 9*th July*

A total of 845,000 kgs. was offered in tea sale No. 27 held here on the 7th inst. Quality was generally well maintained with some of the Nilgiri teas showing further slight improvement. The market met with good general demand. Plainer low mediums and mediums elicited fair support, but prices for these declined irregularly by 15 to 20 paise, with others in this category came to a slightly lower market. Good mediums received good support and were sold at fully firm rates with occasional invoices being dearer with quality. Highgrowns also evoked good demand and were fully firm. Buyers were prepared to pay more wherever quality showed improvement. Unorthodox descriptions were sold readily, but at rates below last. Whole leaf grades continued strong and dearer, particularly O.Ps. which advanced by 20 to 30 paise. Tippy teas received good enquiry and were dearer.

The quotations (per kg.) were:

	1964 Rs.	1963 Rs.
Low mediums	4.05-4.40	4.05-4.35
Mediums	4.30-4.60	4.35-4.55
Good mediums	4.55-5.20	4.55-5.15
Nilgiri B.O.P.	4.60-6.10	4.60-6.50

The average price realised in sale No. 27 was Rs. 4.38 per kilo, as against Rs. 4.35 a week ago and Rs. 4.27 in the corresponding sale last year.

In dust sale No. 27 held today, 303,000 kgs. were offered. There was good general demand. Highgrowns were dearer with improved quality. Mediums and low mediums were steady on last rates and colourv mediums fully firm to dearer. Unorthodox descriptions were firm and sometimes dearer.

The average price realised in dust sale No. 27 was Rs. 4.36 per kilo, as against Rs. 4.36 a week ago and Rs. 4.15 in the corresponding sale last year.

Colombo: The market opened to good demand but slackened as the sale progressed. Improved Uvas were, however, dearer throughout the sale.

London: *North Indian and other growths*: In Monday's sale, there was good demand for the new season's dooars on offer. Brighter African teas were fully firm to dearer, while others were steady.

Ceylon and South Indians: In Tuesday's auction, the market received good demand for all descriptions at firm prices with the exception of plain and light liquoring kinds which were easier.

As we go to press, Messrs, Forbes, Ewart and Figgis (Private) Ltd. wire us as follows:

"*Sale No.* 28: 710,000 kgs. offered. Good general demand. Low mediums and mediums little easier. Good mediums steady. Highgrowns firmer, others irregular. Unorthodox irregularly dearer."

RESTRICTIONS ON VEGETABLE OIL EXPORTS

(From Our Own Correspondent)

BOMBAY, 15*th July*

This week is notable for the decision of the Government of India to impose restrictions on exports of vegetable oils, including *vanaspati*, and to send a delegation to the United States for negotiating the purchase under P.L. 480 of one lakh tonnes of soyabean oil and 50,000 tonnes of tallow. These measures have been taken apparently in conformity with the Government's policy of effecting a downward trend in prices. The decision to restrict exports means, in effect, that they are subject to licensing.

The oilseeds market brushed aside the aforesaid announcement on the ground that the restrictions did not have much of a meaning so long as exporters were already under contractual obligations to sell oil to their overseas customers. Prices, therefore, continued to be firm, although a section of oil interests was maintaining that no exporter had any long-term contracts on hand and that, at least in one case, exporters were stopped from loading oil despite the fact that goods had been got through the customs. Groundnuts Madras Quality was mentioned at Rs. 64.75 and Kanpur at Rs. 61.75. Demand was good. The firm trend was also induced by better advices from Delhi and Saurashtra. Sellers were reserved. In oils, ready was mentioned at Rs. 25.25 per 10 kgs., as against the week's opening rate of Rs. 23.90. The news of the soyabean oil delegation, however, was generally well-received and was taken as proof of the Government's recognition of the urgent need to bring down prices here. The landed cost of soyabean oil is expected to be around Rs. 1,500 per tonne, as against the current price of Rs. 2,500-Rs. 2,600 for groundnut oil.

The *vanaspati* industry's annual needs of vegetable oils average about 450.000 tonnes and 100,000 tonnes of soyabean oil will take care of about 2½ months's requirements. But the oil, if it should help, must arrive here in September or latest in October, for these are the two lean months here and the new crop groundnut will be out only in November. But P.L. 480 is a rather slow affair involving as it does many formalities, but the industry circles here hope that, in view of India's urgent need to curb the rising trend of prices, the U.S. Government would expedite the sale.

It appears that the United States will find itself in a comfortable position to give us the oil we need. Crop reports point to a good harvest and private estimates are for a crop of 721.5 million bushels of soyabean, as against 701 million bushels of last year. Only recently, the United States sold 8,000 tons of soyabean oil to Tunisia and the G.S.A. is to sell about 5.5 million lb. of Sumatran and Congolese crude palm oil at the end of the month.

But even the soyabean oil report fell flat on the market. Otherwise, the market could not have been bid up to fresh high levels. On Wednesday evening, groundnut Coromondel was quoted at Rs. 65.75 and ready oil at Rs. 25.75 to Rs. 26. Stocks in Bombay were reported to be just enough to last for a day or two, while Delhi was an aggressive buyer. The undertone in both groundnuts and groundnut oil remained firm. The soyabean oil factor had already been discounted by the market.

Castor futures maintained a firm tone in keeping with the general trend in oilseeds. The September contract crossed the official upper limit of 180.25 in late deals, once on Tuesday when it was quoted at Rs. 182.25 and again on Wednesday when, after being firm at Rs. 181.50, it shot up in the evening to Rs. 183.25 on heavy short covering and firm spot advices. Sentiment was helped by talk of a barter deal—castor oil from India against soyabean oil from Africa.

In the spot section, Madras small was quoted at Rs. 37.75, Bihar Bold at Rs. 36.75, commercial oil at Rs. 15.50 and B.S.S. at Rs. 16.20. In the beginning of the week, the corresponding rates were Rs. 36 for Madras small, Rs. 14.65 for commercial oil and Rs. 15.30 for B.S.S.

Linseeds continued to be firm and was quoted only fractionally below the ceiling. Price movements in linseeds were narrow, but this was understandable, as operators were absolutely reluctant to go short in a market which is basically strong, while bull operators could not take the market up on account of the ceiling.

Linseeds September was mentioned at around Rs. 45 on Wednesday *evening*, while, in the spot section, bold was mentioned at Rs. 47.75 to Rs. 48. Cottonseeds were more or less neglected and on many a day, there were no transactions. At the close of the week, the September contract was mentioned at Rs. 44.78.

In the context of the market's firmness, there is some force in the plea for an upward revision of ceilings, though it is difficult to see how it conforms with the policy of lowering the price levels. The Oilseeds Exchange is said to be moving in the matter and is understood to have recommended to the Forward Markets Commission that the ceiling in castor be raised to Rs. 211 and that of linseeds from Rs. 45 to Rs. 52. The ceiling on cottonseeds suggested is Rs. 125. The question will come up for discussion at a meeting of the presidents of the various oilseeds and oil exchanges.

Extractions staged a notable recovery during the week. They had decline to Rs. 408 from their earlier high of Rs. 430 but lower levels attracted fresh buying and at the time of writing the market was quoted at around Rs. 424-Rs. 425.

East European countries were again active in the market and it was said that purchases by East Germany during the last few days aggregated about 27,000 tonnes. Poland was also a fairly active buyer.

The temper of the market suggests that prices will remain firm so long as basic factors support a rise. Bulls are, therefore, sitting tight and restrictions on exports and imports of soyabean oils may not affect the market in any significant way. This seems to be the reading today. The next factor is the domestic harvest, but it is rather too soon in the season to talk of it.

The following table shows the closing prices of oilseeds and oils as on 15th July as compared with those of the two previous weeks.

	15-7-1964	8-7-1964	1-7-1964
Groundnuts	Rs.	Rs.	Rs.
Nizam bold	63.75	63.25	63.25
Khandesh quality	65 50	64.50	64.50
Oil ex-mill	25.25	25.25	25.25
Oil Rly. Receipt	25.15	24.50	24.50
Castorseed			
September 1964 contract.. ..	181.50	180.25	181.50
Ready Madras	37.25	36.12	36.75
Ready Kanpur	36.00	35.12	35.62
Oil B.S.S.	15 80	15.25	15.50
Oil commercial	15.30	14.70	15.50
Linseed			
September 1964 contract.. ..	44.78	44.62	44.75
Bold ready	47.50	47.75	47.50
Linseed oil	19.75	19.65	19.40
Cottonseed			
September 1964 contract.. ..	104.00	104.00	103.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

YARNS EASY

(From Our Own Correspondent)

BOMBAY, 15*th July*

In the absence of any fresh development, the yarn market put on an easy appearance during the week under review. Trading was dull throughout the week, thanks to absence of satisfactory buying interest. Art silk yarns tended to look down as spinners were eager to sell, while demand from weavers and dealers at a low ebb on hopes of a further fall in prices. A section of traders, however, discounted the possibility of the downward trend gathering momentum. In their opinion, owing to the improvement in export demand for rayon textiles, buying interest would stimulate in the coming weeks. Staple fibre yarns encountered selling on large-scale offers by the South India mills. Cotton yarns were dull.

Amongst art silk yarns, National Rayon 150D and 120D were neglected at Rs. 11.18 and Rs. 11.97, respectively. South India Viscose 150D dropped 16 nP to Rs. 14.01. Bright Century 75D, however, gathered 13 nP to Rs. 18.83 on special support.

In the staple fibre yarns (2 x 34 French Count and 2 x 40 British Count) section, Kohinoor was dull at Rs. 9.90. Century shed 9 nP to Rs. 9.55, and City lost 5 nP to Rs. 9.37.

Cotton yarns 12*s* Modern and 22*s* Madura were unchanged, the former at Rs. 24 and the latter at Rs. 31.50. 68*s* Mahindra was subdued at Rs. 90.

There was a distinct improvement in exports of rayon textiles during the month of June 1964. From the low of 244 lakh metres valued at Rs. 30.40 lakhs in May 1964 actual shipments went up to 45.98 lakh metres valued at Rs. 50.30 lakhs in June 1964.

The Government of India has applied Section 15 of the Forward Contracts (Regulation) Act, 1952, as recommended by the Forward Markets Commission, to *kapas* and staple fibre yarn throughout the country with immediate effect. Recognition under Section 6 of the Act has been granted to the Bombay Yarn Merchants' Association and Exchange Limited, Bombay, for a period of two years to conduct forward contracts (other than non-transferable specific delivery contracts) in staple fibre yarn. However, forward contracts can be entered into only between or through or with the members of the Association. The Association has been asked to carry out the necessary modifications in its constitution and trading by-laws. Recognition has also been granted to (1) the Punjab Company Ltd., Bhatinda; (2) the Mahesh Beopar Bhandar Company Ltd., Dhuri; (3) the Saurashtra Oil and Oilseeds Association Ltd., Rajkot (for Surendranagar ring only) and (4) the Jalna Merchants' Association Ltd., Jalna, in respect of *kapas* for a period of three years.

BRISK DEMAND FOR FOODGRAINS

(From Our Own Correspondent)

HAPUR, 13*th July*

Firmness in foodgrain prices continued unabated. Poor arrivals in face of brisk local and east U.P. buying support were the main influencing factors. Conditions in some districts of U.P. were alarming but U.P. Food Minister, Mr. Negi, assured that every effort was being made to tide over the difficult food situation. Imported wheat began to arrive from Bombay and the coming weeks are expected to mark further improvement. Continued untimely heavy rains in the last ten days, marred the prospects of good *kharif* crops already sown and delayed large-scale *kharif* sowings. Unfavourable weather conditions have added to the bullish conditions in foodgrains market.

Wheat prices crossed the ceiling fixed by the trade during the week and advanced by Rs. 2 to Rs. 4 per quintal according to quality. The average quality was quoted between Rs. 62 to Rs. 64.50 and farm produce between Rs. 65 to Rs. 67.50 per quintal as against Rs. 43, the controlled price. Daily arrivals were affected due to rains and local stocks were estimated around 2,000 quintals. It was learnt that wheat and flour released through fair price shops were being sold in the open market at higher prices and wheat was also being sent outside the district. Rice also moved up during the week and prices of the inferior quality advanced on good demand as against dwindling stocks. Week-end prices were:—Rice *basmati* superior Rs. 96.45 to Rs. 102.50, *sela* Rs. 93.77 to Rs. 96.45, *mainpuri* Rs. 78.37, *ramajwayan* Rs. 83.06, *raimunia* Rs. 85.74 and *gadda* Rs. 80.38 per quintal.

After an early setback, gram improved sharply to Rs. 3 per quintal on good demand against short supply due to meagre stocks. Local produce was quoted at Rs. 61.50 and Punjab quality at Rs. 60 per quintal. Arrivals were poor and stocks left with the trade were negligible. Barley and *bejhar* prices further hardened on brisk enquiries from the consuming areas of east U.P. and prices ranged between Rs. 49 to Rs. 50 and Rs. 50 to Rs. 51 per quintal respectively. *Juwar*, *guwar* and maize prices improved on good demand for seed purposes as against poor stocks. Week-end prices were:—*Juwar* Rs. 48.50 to Rs. 51.50, *guwar* Rs. 62.96 to Rs. 64.30, maize Rs. 48 to Rs. 51, *methi* Rs. 55 to Rs. 57.50 and oats Rs. 57.50 to Rs. 60 per quintal.

In the pulses section, peas improved on good outside buying enquiry in face of smaller stocks. Peas *dara* was quoted between Rs. 57.50 to Rs. 58.50 and farm quality between Rs. 60.50 to Rs. 61.50 per quintal. Daily arrivals were negligible due to rains and local peas stocks were put around 4,000 quintals. Peas *dal* prices also hardened to Rs. 63.50 per quintal. *Arhar* prices were stationary while *arhar dal* is attracting good demand and prices of *arhar* ranged between Rs. 72.50 to Rs. 75 per quintal. *Urd* and *moong* prices stayed steady while other *dal* prices sought higher levels due to meagre stocks. *Masoor* prices also ruled firm. Week-end prices were:—*Arhar dal* Rs. 95 to Rs. 105, *urd* Rs. 67.50 to Rs. 73.68, *urd dal* Rs. 85.74, *moong* Rs. 83.06 to Rs. 101.81, *moong dal* Rs. 105, *masoor* Rs. 70 to Rs. 75. *masoor dal* Rs. 85.74 and gram *dal* Rs. 68 per quintal.

SUGAR SUPPLIES SCARCE

(From Our Own Correspondent)

HAPUR, 13*th July*

The steadier trend witnessed in the sugar market last week continued during the week under review, as supplies remained scarce. The supply position was further adversely affected due to the non-availability of *desi khandsari*. Prices in non-official dealings, therefore, improved by Rs. 5 to Rs. 190 a quintal, as against the controlled price of Rs. 135 to Rs. 140 a quintal.

Trading in *khandsari* continue to remain at standstill for the fifth successive week following the seizure of stocks by the State Government in all markets of U.P. On persistent demand by traders and producers and on the expert committee advice, the U.P. Government has revised prices of different qualities of *khandsari* which now were: sulphitation superior Rs. 127, white Rs. 124, yellow Rs. 117 and brown Rs. 106 a quintal. Further, yellow and brown quality stocks have been released for open sale in the market at controlled prices. Traders, however, were anxiously awaiting the decision of the Allahabad High Court on the writ filed by some traders regarding prices fixed by the Government initially.

Ready *gur* turned steadier during the week, thanks to brisk buying enquiry against import permits from Rajasthan and Gujarat. The daily arrivals were nominal due to heavy rains throughout the week. As the stocks have become wet, dealers are now anxious to sell. Cane crop prospects have very much improved during the week following heavy rains. The week-end prices (in rupees per 40 kilogram) were: *gur pansera* 29.50 to 30, average 29.37, *dara* 29.25 to 29, *kotha* selected 29.25, dry-wet 27 to 28, wet 26.50 and *shaker* 31 to 33.

After an early fall, *gur* and *shakker* regained a part of the losses on the revival of upcountry demand. *Gur chaku* wet quality prices lost Rs. 2 per 40 kilogram, as demand was lacking. Dry quality prices, however, improved by Re. 1 to Rs. 31.50/32.50 per 40 kilogram on brisk buying enquiries from Rajasthan and West Bengal. *Gur khurpapar* gained Re. 1 to Rs. 2 per 40 kilogram on the support from Madhya Pradesh, Gujarat and Rajasthan and was now quoted from Rs. 30.50 to Rs. 32 per 40 kilogram. The *rusket* varieties attracted good enquiry from Rajasthan, M.P., West Bengal and Assam, and prices fluctuated between Rs. 12 to Rs. 16 per 40 kilogram. *Shakker* ruled both ways in the absence of new urges.

KIPS QUIET

(From Our Own Correspondent)

MADRAS, 13*th July*

The kip market remained quiet as it was last week. Export trading was selective with emphasis on light weight cowhides, all selections and medium weight fifths, and light cowcalf fourths. Turnover was small. In the tanned skins section also, sales were patchy. Medium weight goat skins were in demand but enquiries for other averages were meagre, and the market ruled weak. As regards sheep skins, prices remained easy; and despite offers at lower prices by the tanners, importers were not keen to make purchases.

The impending August holidays and the Paris Leather Fair in September this year tend to mitigate long-term buying by the dressers overseas. It is feared that the tone will be bearish for some weeks more. Shipments during June 1964 were:—2.115 bales tanned cowhides, 239 cowcalf, 5 buffhides, 502 buffcalf, 467 goat and 435 sheep skins to U.K. ports; 5 cowhides. 21 cowcalf, 2 buffcalf, 838 goat, 404 sheep skins and 7 cases chrome goat to the Continental ports; 10 buffhides, 65 buffcalf, 245 goat skins and 39 cases pickled goat skins to American ports; 7 goat and 44 sheep skins to Japan.

In the German public sales held last week, 40 per cent of the goat skins were sold at prices ranging from 6 to 12 pence per lb., above the current expectations. Clearance of sheep was poor. In the London public sales, clearance of goat and sheep was meagre.

JUTE GOODS FIRM

(From Our Own Correspondent)

CALCUTTA, 14*th July*

The report that stocks of raw jute with mills as at the beginning of last month at 2 million bales represented a fall of 230.000 bales as compared with the corresponding period last year led to steadier conditions in new crop raw jute during the week under review. The publication of figures relating to goods in stock with mills at the end of last month, which at 126,100 tonnes were higher by only 1,900 tonnes as compared with the previous month, despite shipping difficulties, led to firmness of jute goods. There was a further deterioration in port conditions. Due to heavy rains, loading and unloading operations were severely affected, and the number of ships waiting at the Sandheads for entry into the harbour increased. The continuance of tidal bores, coupled with shortage of loading boats, caused anxiety. These conditions naturally attracted the attention of the Central authorities. Both the Union Deputy Minister and the Minister of Shipping were in Calcutta to examine the problem at firsthand and recommend remedial measures in the same way as was done in Bombay following the visit there of the Union Food Minister. It was stated that jute goods exported in May 1964 aggregated only Rs. 1.1 crore.

The Union Commerce Ministry has drawn attention to the fact that jute goods are facing severe lowering of prices and undercutting by Pakistan. Shippers are naturally relieved to note that the deterioration in the shipping conditions at Calcutta port has caught the Central Government's attention, as in the context of the existence of buyers' markets overseas for the traditional exports from India such as jute goods and tea, the trade is naturally anxious that it should not provoke the ire of overseas consumers for the former's failure to keep up to the schedule of deliveries. It is time that a permanent solution to such difficulties as lack of adequate number of lighters was arrived at. The trade has pointed out that, due to no fault of its own, it could not complete several shipments by the 10th of this month and thus avail the benefit of lower freight rate. Goods in stock with mills as at the end of June showed that, while hessian at 45,100 tonnes and miscellaneous items at 14,500 tonnes fell by 1,900 tonnes and 1,100 tonnes, respectively, as compared with the end of May 1964, sacking and carpet backing at 45,100 tonnes 21,400 tonnes rose by 4,700 tonnes and 200 tonnes. The rise in heavy goods occurred despite large purchases against internal consumption. In other words, exports fell visibly last month. The better statistical position in hessian has been due to purchases by the United States and Argentina; however, the report that Argentina may not be able to proceed with its purchasing programme in view of foreign exchange difficulties is causing concern.

Both the industry and the trade are one with the Government of India in the latter's measures

to enforce rigorous quality and inspection control on jute goods. Even before Parliament passed the Export (Quality Control and Inspection) Act, which came into force from the beginning of this year and which will be made effective to jute goods exports as from 1st December 1964, the industry had finalised a system of sampling, quality control and inspection. With this end in view, the Indian Jute Mills Association set up the I.J.M.A. Quality and Inspection Control Organisation. This Organisation, with headquarters at the Research Institute of the Association, has five zonal branches in important mill centres. It is learnt that the Central Government is considering to make this Organisation responsible for the statutory provision in the Act referred to. The standards issued by the Indian Standards Institution in 1963 in respect of jute goods are now being revised in the light of comments received from overseas buyers. After this revision, the final standards are expected to be issued before 1st December. Licences for the I.S.I. certification mark on goods will be issued to mills on the recommendation of the I.J.M.A.Q.I.C. Under the I.S.I. certification mark system, each mill, licensed by the I.S.I. will be responsible to stamp their goods with the I.S.I. mark after ensuring themselves that the goods are in conformity with the relevant I.S.I. standard. The I.J.M.A.Q.I.C. will do the periodic checking as is now being done by the I.S.I. with regard to other industries. Quality control at different stages of processing is also aimed. The introduction of quality and pre-shipment inspection will no doubt add to costs of mills, and it is realised that such addition to costs is essential in order to expand India's markets abroad. However, against the background of the stiff competition in foreign countries from Pakistani mills and the tendency in foreign countries to set up more jute mills with a view to achieving self-sufficiency, mills would once again urge the need for lowering raw material prices.

Weather this season has been so far uniformly good, and farmers will also benefit from official action in the provision of clean retting water and other facilities. The yield per acre is expected to show a rise, and a small lowering of fibre prices will not affect the fortunes of the farmer, but will mean much to the mills' industry which is already groaning under the heavy weight of expenditure. Expenses have only risen since the past one year as a result of taxation and the implementation by the industry of the Wage Board's recommendations and the generally rising price trend for jute mills' stores.

New crop arrivals this week were estimated at about 11,000 maunds a day. Quality was uniformly good and that was the reason for the mills to show keen interest in offerings. Although their fibre stocks were lower as compared with the last season, they had ample fibre to maintain production at the existing enhanced rate until the new crop arrivals touched fairer proportions. The fact that mills showed keen interest in new crop arrivals this week was mistakenly interpreted as springing from their anxiety to build up stocks. The Jute Commissioner was expected to issue the first compulsory purchase quota for this season. He was reported to be watching the trend of arrivals before deciding as to the quantum of the quota to be issued. Heavy rains in most jute districts were again a feature in this week, but, in contrast with last week, spells of sunshine had been less often. Some damage to the crop in the lower Assam and north Bengal was again reported. The quotations for new crop were firm as follows: northern bottoms Rs. 31.50, Assam bottoms Rs. 32.00, and daissee bottoms Rs. 33.50. Prices in agencies were above Calcutta's parity, and the discounting tendency, a feature pertaining to the remaining portion of the old crop, was conspicuous by its absence.

Jute goods maintained a firm trend during the week under review. The steadiness in prices of new crop as well as more business in heavy goods against internal consumption, both Government and commercial, boosted sentiment for a time, despite the deterioration in shipping conditions. Dull reports from the New York burlap market continued to be received, and the report of Argentina's inability to lift hessian from Calcutta as planned in view of foreign exchange shortage encouraged buyers in New York to go slow. Further, plant shut-downs for inventory taking in the U.S.A. were also a factor in buyers' favour. Covering business was a feature in the Calcutta goods market on Tuesday last. However, overseas business was lacking, and that explained for the fall in ready B. twills from Rs. 117.00 to Rs. 116.65 and of ready hessian 40" 10 oz. from Rs. 44.75 to Rs. 44.70 on that day. At this stage, details of figures of goods in stock with mills were announced and the belief that in June exports had fallen led B. twills to fall to Rs. 115.65 and hessian 40" 10 oz. to Rs. 44.60 on Wednesday. Business in B. twills for July-August delivery with Government involving 10,000 bales was a feature on Thursday, and this led B. twills to harden to Rs. 116.20. However, in the absence of support, hessian 40" 10 oz. eased to Rs. 44.55. These rates were unchanged on Friday. Over the week-end, B. twills shed to Rs. 116.00, hessian 40" 10 oz. remaining unchanged at Rs. 44.55. Very little business was done yesterday, and prices were fractionally lower at Rs. 115.45 and Rs. 42.20, respectively. It was noted that the rise in stocks of goods with mills was much lower than the rise in output in June.

METALS WELL SUPPORTED

(From Our Own Correspondent)

CALCUTTA, 14*th July*

Following good support, firmer conditions were in evidence in the Calcutta metal market during the week under review. On the London Metal Exchange, values recorded further gains. The world shortage in the principal metals is now believed to be more firmly based than hitherto thought.

It has been urged on behalf of the producing countries that the gap between consumption and availability of tin could be closed only by the medium of a free market price and thereby increase its output. At present, the existence of the International Tin Agreement, it is represented, is preventing the price to rise to such a level as to cover fully the increased cost of production. Drawing attention of all concerned to these representations of the Malaysian tin industry, Mr. G. Simms, Chairman of the Tronoh Mines Ltd., recently stated that with the rising tempo of industrial development in several countries, in particular in India, the U.S.S.R. and China, world consumption of tin is bound to go up rapidly, and that if the producing countries failed to step up their output, it would result in substitution. He said that Malaysian membership of the International Tin Agreement meant a loss of £1.25 million a year for that country. He advocated the scrapping of the Agreement, and return of the funds blocked in London for the buffer stock purchases, as these funds could be of assistance to producing countries in developing new low-grade properties. On the London Metal Exchange, spot tin eased from £1,250 a ton to £1,237½ and the three-months from £1,209 to £1,204. The fall in Continental inquiries explained the decline. In Calcutta, tin was unchanged at Rs. 3,000 per 100 kgs. Consumer demand was steady.

Good demand was in evidence for copper scrap, and the price of the utensil scrap was firm at Rs. 660 per 100 kgs. With more arrivals of the virgin metal, actual users were in a comfortable position and this explained the unaltered price for scrap despite good demand. It was good news to hear that a copper smelter unit, based on imported concentrates, was to be set up in the private sector in Bombay. The capacity of the unit would be about 18,000 tonnes a year. India's only smelter unit at Ghatsila was allowed to be expanded. Now that copper ores have been located in Kashmir and other places, there is the need to increase smelting capacity in India. It may be recalled that the Planning Commission's working group for non-ferrous metals had recommended the setting up of one or two copper smelters based on imported concentrates having regard to the rapidly increasing demand for copper. The group had referred to the desirability of long-term arrangements for importing copper concentrates as processing of these, like the crude oil imports, would lead to a great saving in foreign exchange. On the L.M.E., spot copper wire-bars rose from £302 to £309½ a ton, spot cathodes from £296 to £300, and spot fire-refined copper from £275 to £280½. Spot zinc went up from £138 to £140½, but closed lower on balance at £137. Spot lead was, however, unchanged at £94½ a ton. In Calcutta, both lead and zinc were unchanged at Rs. 290.00 and Rs. 322.00 respectively per 100 kgs.

HEAVY ARRIVALS OF TEA

(From Our Own Correspondent)

CALCUTTA, 14*th July*

Demand during the export sale held yesterday was good, and the improvement in quality of dusts offered during the internal sale last week explained the bidders' added interest. The heavy arrivals of tea showed that the season had commenced in full swing, and that floods in Assam had not yet disturbed river transport. Had it not been for congestion at the port, shipments this week would have been higher. Foreign buyers are paying more attention to North Indian tea. The fall in South Indian production—up to the end of May production at 65 million lbs. was lower by 18 million lbs.—is significant.

While the Wage Board for the tea industry is reported to have recommended a second interim increase in dearness allowance and its final recommendations are awaited, it is disturbing that labour agitation in the areas of Dooars and Darjeeling is threatening production. Their demands include higher wages to neutralise the increase in the cost-of-living index, pension and gratuity benefits, and the fixation of retiring age. Agitation for higher bonus having regard to the Bonus Commission's recommendations is reported gathering momentum in the Dooars area. At a time when the Wage Board is deliberating on the needs of the tea garden labours and the capacity of the industry to shoulder additional burdens, labour unrest is causing anxiety to managements of several gardens.

The tea industry is also concerned with the rising prices of essential commodities. While prompt measures of the Government are praiseworthy, labour has exploited the situation to put up demands. The keen competition which Indian tea is facing in foreign markets, prohibits the industry to add to costs. All the same, the final recommendations of the Wage Board are bound to raise costs, but such loads cannot be shifted to the consumer. The industry will itself have to bear the additional burden, and this means a further lowering of the margin of profit. Already, in comparison with other industries such as engineering and consumer goods, investments in the tea industry are giving a much lower return, and this is one of the reasons why tea gardens have to look to their own resources and loans for financing acreage expansion programmes. Loans granted by the Government of India through the Tea Board are not popular with the tea industry since interest and other charges are higher than the return that the investments are expected to yield. Hence, tea industry has pleaded for consideration in this regard and has urged the need for measures to improve its own resources position. This can be done by revision of excise duties, which should be refunded in the case of exports. This will cheapen prices for the foreign consumer, and strengthen Indian tea in foreign markets.

Dusts on offer during last week's internal sale aggregated 13,947 chests which met with a strong demand. In particular, all bright and powdery teas were bidders' favourites. A strong feature was provided by C.T.C. teas, prices of which went up. While plain orthodox teas were firm at previous levels, all Assam teas, particularly the bright ones, gained in values. Legg-cut teas, however, eased, but the small powdery sorts were taken by bidders with enthusiasm. The quotations per kg inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.90 to Rs. 7.40, medium Assam C.T.C. dust Rs. 5.80 to Rs. 6.50, medium Assam dust Rs. 5.20 to Rs. 6.00, legg-cut dust Rs. 4.90 to Rs. 5.30, and plain orthodox dust Rs. 4.20 to Rs. 4.50.

Leaf on offer during yesterday's export sale aggregated 35,795 chests which met with a fair demand. Buyers followed quality. Keen competition was offered to flavoury Darjeelings and higher prices were realised. A dearer tendency was also recorded in medium C.T.C. teas with improved liquors, with the best Assam C.T.C. teas receiving better attention. The balance of C.T.C. teas were irregular. Whole leaf grades met with ready demand although at slightly easier rates, but tippy teas sold well. Plain liquoring orthodox teas eased in an irregular trend, with fannings becoming difficult to be pushed. Medium Assam and Dooars also eased. Prices for the bright liquoring teas gained, however, with O.F. teas recording a strong tendency. Quotations per kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 7.00 to Rs. 8.20, medium Assam C.T.C. B.P. Rs. 6.00 to Rs. 6.80, best Assam C.T.C. B.P. Rs. 7.00 to Rs. 8.20, medium Assam C.T.C. fannings Rs. 6.00 to Rs. 6.80, clean plain pekoe Rs. 5.10 to Rs. 5.30, plain B.P. Rs. 4.30 to Rs. 4.50, and plain fannings Rs. 4.00 to Rs. 4.20.

TEXTILES

(Concluded from page 100)

the previous year. Japan showed the largest increase in exports between 1961 and 1962; as much as 70 per cent. Most of the E.F.T.A. countries (especially Norway) and the United States recorded significant increases. The world exports of non-cellulosic yarns and staple showed a rise of 46 per cent in 1962 as compared with 1961, the actual exports aggregating about 144,000 metric tons.

In general, the prices of rayon and acetate, as well as of the wholly synthetic fibres such as nylon are much more stable than those of natural fibres. As a factory-made product the supply of these materials is more easily controlled and the policy of the large manufacturing companies has been to keep prices steady for long periods. In certain exports markets, however, prices have been more flexible than in the domestic markets of major producing countries, due to more competitive conditions prevailing there. The prices of non-cellulosics are generally more than either rayon and acetate or the natural fibres. Manufacturers normally hold these prices in the short run, but, in the longer run, reductions have tended to follow expansion in production or when competition for specific end-uses has intensified.

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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 10th July 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	86,00,00,000
National Agricultural Credit (Stabilisation) Fund	9,00,00,000
National Industrial Credit (Long-Term Operations) Fund	10,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	53,42,04,000
(ii) State Governments	19,78,98,000
(b) Banks—	
(i) Scheduled Banks	106 77,35,000
(ii) State Co-operative Banks	6,65,45,000
(iii) Other Banks	4,03,000
(c) Others	189,74,62,000
Bills Payable	37,93,79,000
Other Liabilities	19,19,62,000
Rupees	623,55,89,000

Assets	Rs.
Notes	11,52,02,000
Rupee Coin	2,94,000
Small Coin	3,65,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,30 31,000
(ii) State Co-operative Banks	12,91,91,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,10,84,000
National Agricultural Credit (Stabilisation) Fund	....
Loans and Advances to State Co-operative Banks.	
National Industrial Credit (Long-Term Operations) Fund:-	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	45,51,51,000
(c) Government Treasury Bills	7,98,90,000
Balances Held Abroad*	25,86,00,000
Loans and Advances to Governments**	
Loans and Advances to—	47,70,000
(i) Scheduled Banks†	145,30,00,000
(ii) State Co-operative Banks‡	1,88,45,000
(iii) Others	302,29,65,000
Investments	37,32 01,000
Other Assets	623,55,89,000
Rupees	

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. Nil advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	11,52,02,000	
Notes in circulation	2507,98,16,000	
Total Notes issued		2519,50,18,000
Total Liabilities		2519,50,18,000

Assets	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	89,45,69,000	
Total		207,21,79,000
Rupee Coin		101,05,80,000
Government of India Rupee Securities		2211,22,59,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2519,50,18,000

State Bank of Pakistan

Statement of Affairs for the week ended 26th June 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,65,00,000
Rural Credit Fund	3,00,00,000
Deposits :—	
(a) Central Government	30,57,15,000
(b) Provincial Governments	50,29,000
(c) Banks	38,40,41,000
(d) Others	84,56,59,000
Bills Payable	53 58,000
Other Liabilities	21,86,75,000
Rupees	189,09,77,000

Assets	Rs.
Notes	12,97,30,000
Rupee Coin	20,000
Subsidiary Coin	46,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	23,77,11,000
Loans and Advances to Governments	7,85,00,000
Provincial Governments' Debtor Balances	5,41,83,000
Other Loans and Advances	81,56,17,000
Investments	43,20,22,000
Other Assets	14,33,48,000
Rupees	189,09,77,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	12,97 30,000	
Notes in circulation	444,36,69,000	
Total Notes issued	....	457,33,99,000
Total Liabilities		457,33,99,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion		
Foreign Securities	78,61,63,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		146,78,97,000
B. Rupee Coin	4,91,85,000	
Government of Pakistan Securities	299,73,11,000	
Internal bills of exchange and other commercial paper	....	
		304,64,96,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		457,33,99,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued: 33.32 per cent.

State Bank of India

Statement of Affairs for the week ended 3rd July, 1964

Capital and Liabilities	Rs.	Rs.
Capital—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		636,07,01,000
Bills Payable		61,15,000
Bills for Collection being Bills receivable as per contra		3,55,01,000
Acceptances, Endorsements and Other Obligations per contra		8,74,58,000
Other Liabilities (including Inter-Office Adjustments)		17,38,07,000
Total Rs.		13,69,02,000
		694,97,34,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		14,08,64,000
Balances with other Banks		3,56,06,000
Money at Call and Short Notice		3,93,33,000
Investments :—		
Government and other Trustee Securities	246,83,86,000	
Other Authorised Investments	9,44,20,000	
		256,28,06,000
Advances :—		
Loans, Cash Credits, Overdrafts, etc.	339,97,68,000	
Bills Discounted and Purchased	21,35,21,000	
		361,32,89,000
Bills Receivable being Bills for Collection as per contra		8,74,58,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,38,07,000
Premises less Depreciation		2,30,33,000
Furniture and Fixtures less Depreciation		1,86,49,000
Other Assets (including Inter-Office Adjustments)		25,48,90,000
Total Rs.		694,97,34,000

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	3-7-64	26-6-64	5-7-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	71,63	70,34	58,34
(ii) From others	1,09,32	1,09,205	903 37
(b) Borrowings from banks	47,22	40,59	29,06
(c) Others	64,59	65,01	59,03
2. Time liabilities—			
(a Time deposits—			
(i) From banks	43,48	35,28	37,50
(ii) From others	1,29,86	1,29,20	1,23744
(b) Borrowings from banks	20,57	17,14	23,19
(c) Others	12,46	11,54	10,98
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,395,18	2,381,24	2,140 81
4. Borrowings from Reserve Bank	22	1,23	83
(a) Against usance bills and/or promissory notes	—	56	9
(b) Others	—	66	74
Borrowings from State Bank and/or a notified Bank	20,06	20,53	16,14
6. Cash	68,26	66,49	54,03
7. Balances with Reserve Bank	91,50	93,60	96,83
8. Cash and balances with Reserve Bank	159,76	160,09	150,86
9. 8 as per cent of 3	6.67	6.72	7.05
10. Balance with other banks in current account	22,83	24,65	19,90
11. Money at call and short notice	72 31	68,11	56,36
12. Investments in Government securities	674 47	655,03	661,05
13. 12 as per cent of 3	28.16	27.51	30 88
14. Advances—			
(a) Loans cash credits and overdrafts	1,544,38	1,537,42	1,314,99
(b) Due from banks	9,82	10,35	7.72
15. Inland bills purchased and discounted	171,00	173,57	162,13
16. Foreign bills purchased and discounted	64,81	63,64	52,19
17. Total Bank Credit [14(a)+15+16]	1,780,19	1,774,64	1,529 32
18. 17 as per cent. of 3	74 32	74.53	71 44

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended			
	4th July 1964P	27th June 1964P	6th June 1964	6th July 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99 9	99.8	99.8	98 9
2. Government of India	99.6	99.5	99.5	98 6
3. State Governments	102.1	102.1	102.0	101 3
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.8
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	98.1	97.7	97.1
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.1	81.3	81 1	81.6
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	165.1	164.0	161.4	158 8
8. *Agriculture and Allied Activities : Total**	140 4	141 9	143 2	140 5
9. Tea Plantations	126 6	128 6	130 8	130 3
10. Coffee Plantations	163 3	164 3	162 1	144 3
11. Rubber Plantations	182 1	181 8	181 1	157 7
12. *Mining and Quarrying: Total**	136 3	137 5	133 5	141 2
13. Coal	94 9	94.7	95 7	107 7
14. Other Mining	164.7	166 9	159 5	164 1
15. *Processing and Manufacturing : Total*	178 4	176 6	173 8	170 2
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	175 9	173.8	171 7	171 4
17. Sugar	126 4	126 1	122 5	120 3
18. Cotton Textiles	161.1	159 8	158 4	159 0
19. Jute Textiles	84 5	84 8	85 3	97 1
20. Silk and Woollen	867 8	834 5	808 0	770 1
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	195 4	193 3	188 6	180 1
22. Iron and Steel	165 0	162 1	156 5	147 0
23. Transport Equipment	317.9	314 2	312 7	316 4
24. Electrical Machinery	155.7	153 6	148 6	141 9
25. Machinery other than Transport and Electrical	222 4	222 2	217 6	210 9
26 Basic Industrial Chemicals	185.9	184 2	176.0	165 3
27 *Processing and Mfg. (Others): Total**	154 2	153.8	152 3	148 4
28. Cement	144 8	144.8	143 9	137 9
29. Paper	198 1	197.0	194 8	189 5
30. *Other Industries : Total**	109 3	108.5	108 9	103 8
31. Electricity Generation and Supply	89 3	89.1	88 2	84 8
32. Trading	110.6	109.7	109 3	106 6
33. Shipping and Other Transport	97.3	95 4	94 0	82 0
34. Construction	296 4	294 5	278 9	256 0
35. *Financial : Total*	187.4	188 1	182 6	182 6
36. Banks	256 3	256 3	201 7	199 3
37. Insurance	156 2	160 1	155 8	164 7
38. Investment Trusts	78 3	79 0	79 5	81 2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	175 7	173 6	169 4	163 1
40. Calcutta	150 6	150 3	148 7	149 8
41. Madras	170 5	170 5	170 2	169 3
42. Delhi	226.6	225.2	218.9	206.6

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

EXCHANGE RATES

	15th July 1964	8th July 1964
London on New York	2.7904 -2.7906	2.7913- 2.7915
London on Berne	Rs. Fcs. 12.0565-12.0585	12.0505-12.0525
London on Paris	Fr. Fcs. 13.6740-13.6760	13.6765-13.6785
New York on London Cents per £	279.040-279.070	279.130-279.160
Pound Sterling—		
Sellers T.T. D.D. Spot	s. 1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	s. 1-5 15/16	1-5 15/16
Buyers T.T.	s. 1-6 1/32	1-6 1/32
Buyers D.D.	s. 1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D.	Rs. to $100 479.75	479 50
Buyers T.T.	Rs. to $100 476.25	476 25
Canadian Dollars—		
Sellers T.T. D.D.	Rs. to $100 445.50	445.50
Buyers T.T.	" 437.50	437.50
French Francs—		
Sellers T.T. D.D.	per Rs. 100 102.00	102.10
Buyers T.T.	" 103.10	103.10
Swiss Francs—		
Sellers T.T. D.D.	" 89.90	89.90
Buyers T.T.	" 90.90	90.90
Deutsche Marks—		
Sellers T.T. D.D.	" 82.70	82.70
Buyers T.T.	" 83.60	83.70
Italian Lire—		
Sellers T.T. D.D.	" 12 990	12.995
Buyers T.T.	" 13.165	13,170
Swedish Kroner—		
Sellers T.T. D.D.	" 107.10	107.30
Buyers T.T.	" 108.20	108.40
Belgian Francs—		
Sellers T.T. D.D.	" 1,034	1,035
Buyers T.T.	" 1,050	1,051
Dutch Guilders—		
Sellers T.T. D.D.	" 75.20	75.30
Buyers T.T.	" 76.10	76.20
Hongkong Dollars—		
Sellers T.T. D.D.	" 119.60	119.60
Buyers T.T.	" 120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D.	" 149.10	149.10
Buyers T.T.	" 150.40	150.50
Danish Kroner—		
Sellers T.T. D.D.	" 144 00	144 00
Buyers T.T.	" 145.40	145 30

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	20th June 1964	13th June 1964	22nd June 1963	March 1964	March 1963	Percentage of Increase (+) or Decrease (—) in March 1964 as compared with March 1963	Financial Year Averages 1963-64	Financial Year Averages 1962-63
Food Articles	504	154.7	153 2R	136 3	142.1	122.4	+16.2	136.8	128.1
Cereals	192	135 2	133.4	113 2	123.6	102.0	+21.2	116.8	106 6
Pulses	43	143.9	140 1R	109 6	133 9	99 9	+34.0	115.4	108 2
Fruits and Vegetables	23	179 1	182 9R	137.8	162.9	133.4	+22.1	140.6	135.6
Milk and Ghee	84	141 0	140.9	134.8	133.0	124.8	+ 6.6	128.2	124 4R
Edible Oils	47	188 4	182 4	152.3	160.0	141 8	+12.8	151.1	142 3
Fish, Eggs and Meat	17	166 8	165 6	145.7	152.7R	137.5	+11.1	149.8	143 6R
Sugar and Gur	48	194 9	193.7	190 2	173.0	147.5	+17.3	188.8	145 0
Others	50	176 1*	176.9*	179 5*	175.7	172.9	+ 1.6	179.3	171 8
Liquor and Tobacco	21	122 1	121 0	119 3	119.0	114.2	+ 4.2	119.6	100 9R
Tobacco	..	119 3	119 3	116.2	116.1	111.6	+ 4.0	116 8	97 4R
Fuel, Power, Light and Lubricants	30	141 8	141 7	139 9	141.7	137.7	+ 4.4	139.8R	134 4R
Industrial Raw Materials	155	154 9	153.9R	138 9	144.9	135.2	+ 7.2	139.5	138.5
Fibres	61	133 8	134 3	133 2	135.7	133 5	+ 1.6	133.2	128.8
Oilseeds	60	188 8	185.5R	158 5	163.9R	143.0	+13.9	154.1	151.4
Minerals	2	103.7*	103.7*	98.4*	98.1	98.4	— 0	99.8	93.6
Others	32	130 8*	130 7	125 4*	131 5R	126.6	+ 3.9	127.3	126 8
Manufactures	290	133 4	133.1R	130 4	132 8	129 6	+ 2.5	131.1	128 8R
Intermediate Products	41	147.7	147.6	138 8	144.7	136.2	+ 6.4	139.9	139.5
Finished Products	249	131 0	130 8R	129 0	130.8	136.2	+ 6.2	129.7	127.1
Textiles	147	127.5	127 2R	126 9	128.6	134.4	+ 1.7	127.7	126 1
Cotton	..	135.3*	135 3*	126.7	127.0	125.7	+ 1.3	126.6	130.7
Jute	..	99.1	97 3	100 2	98.7	102.1	— 3.3	100.5	110 9
Woollen	..	168 7*	168 7*	142.7*	162.4	142.4	+14.0	155.5	140 4
Silk and Rayon	..	139 6*	139 6*	136 4*	148.2	139.2	+ 2.9	139.8	131 8
Metal Products	12	169.8	168.9	161.5	160.1	161.0	+ 3.2	163.1	160.1
Chemicals	20	118.7*	119.5*	117.4*	120.2	117.3	+ 2.5	117.5	115 5
Oil Cakes	9	188.1	185.4	167.2*	172.5	167.8	+ 9.3	165.7	160 9
Machinery and Transport Equipment	31	126.9	126 9	123 3	125.6	122.3	+ 2.8	124.2	117 9R
Others	30	127.4	127.5	128.2	127.8	127.2	+ 0.5	128.2	125.3
All Commodities	1,000	147.3	146.3R	134.7	139.3	127.2	+ 9.5	135.3	127.9

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	March		April to March* (Twelve months)	
	1964	1963	1963-64	1962-63‡
Exports	68,97‡	63,56	762,89‡	678,15
Re-exports	19	56	3,96	7,34
Total Exports ..	69 16	64,12	766,85	685,49
Imports	96,24‡	89,03	1,143,60‡	1,131,48
Overall Balance of Trade ..	—27,08	—24,91	—376,75	—445,99
Exports—Items:				
Tea	5,93	7,72	123,19	128,82
Coffee	65	37	8,30	7,61
Sugar	2,90	2,34	26,87	17,93
Jute yarns and manufactures	15,04	14,54	157,43	156,17
Cotton yarns and manufactures	5,77	4,72	56,28	52,13
Cotton, raw and waste ..	1,63	1,80	16,84	17,04
Petroleum products ..	27	43	3,47	3 67
Vegetable oils ..	1,67	2,31	19,75	13,10
Fruits and vegetables ..	2,64	2,74	29,69	26,66
Tobacco—Raw	1,89	3,20	23,51	17,98
Mica	60	81	9,20	10,36
Wool and other animal hair.	90	17	7,43	6,60
Gums, resins and lac ..	88	76	8,03	7,22
Spices	1,74	1,39	15,82	13,78
Leather & leather manufactures	2,27	2,12	26,38	22,62
Hides and skins, raw ..	1,24	1,19	10,11	10,89
Cashew kernels	1,99	1,93	21,41	19,36
Pepper (black)	76	73	5,89	5,57
Manganese ore	99	71	8,26	7,38
Iron and steel scrap ..	56	32	4,91	1,95
Iron ore and concentrates..	4,24	1 98	36,38	19,83
Sewing machines		6	24	44
Electric fans	1	29	52	90
Provisions and oil	1,11	1,77	13,45	7,83
Castor oil	34	51	4,80	4,29
Defatted groundnut meal ..	4,11	3,35	30,47	26,52
Country-wise Exports—				
Australia	1,16	1,32	17,59	18,54
Burma	94	32	6,31	6,91
Canada	1,91	2,23	21,17	22 19
Ceylon	2,05	1,01	19 15	13 56
Czechoslovakia ..	2,08	1,14	15 16	11,47
France	80	93	8 86	6,50
East Germany ..	98	47	10,08	8,48
West Germany ..	1,42	1,01	9,60	15.17
Italy	85	1,07	11,16	9,48
Indonesia	34	81	2,41	5,53
Japan	6,18	4,48	58 65	33 37
Kuwait	61	41	4,07	3,91
Federation of Malaya ..	52	74	12,75	6,65
New Zealand	50	43	7,26	6,25
Netherlands	72	96	10,40	8 88
Nigeria	40	37	3,18	5,16
Pakistan	61	78	7,17	9 38
Singapore	61	85	71,30	9 37
Sudan	44	47	7,84	8,06
U.A.R.	1,74	1,59	15,57	13,01
United Kingdom	11,14	13,06	140 71	162,34
U.S.A.	13,83	10,15	128,32	113,31
U.S.S.R.	6,98	3,91	52,10	37,99
Imports—Items :				
Machinery	33,23	25,93	366 81	315 33
Iron and Steel	8 85	9,43	115,4	91 01
Copper	2,62	1,54	26 66	25,28
Aluminium	72	68	6,37	10,53
Zinc	65	53	8,86	9 02
Tin	39	26	6 48	5,11
Lead	22	28	3,35	2,69
Metal	6	8	1,78	1,49
Chemicals, drugs and medicines	6,62	7,34	88,40	100,52
Electrical goods and apparatus	7,15	6,65	83,48	64,78
Vehicles (excluding aircraft, ships and boats) ..	2,90	3,73	45,38	54,61
Aircraft	49	2,26	11,70	15,66
Ships and boats	11	6	3,66	1,7e
Cotton, raw and waste ..	5,95	3,79	48 90	54,92
Fruits and vegetables ..	2,72	2,00	18 59	18 5
Paper, pasteboard, etc. ..	79	1,17	11,86	13 64
Dyes and colours	68	96	8 04	12 15
Rubber	6	6	70	9 77
Wool	64	1,49	20,40	27 01
Wheat and spelt	6,08	8,87	102,86	113,09
Country-wise Imports—				
Australia	1,41	1,19	17,22	24 28
Belgium	53	62	9 99	9,09
Canada	96	1,24	24 16	16 87
Ceylon	86	70	6 01	8 16
Czechoslovakia	2,91	2,62	17 34	19,71
France	1,13	99	13 86	14 20
East Germany	1,16	52	9,74	7,82
West Germany	6,43	8,59	88 67	98,66
Italy	1,52	1,34	16,14	12 21
Japan	5,11	6,91	42 63	64,86
Iran	4,41	1,18	47,99	45,88
Federation of Malaya ..	45	1,06	12 09	10,71
New Zealand	3	40	1,32	1 83
Netherlands	61	1,11	10 41	13,32
Norway	6	14	1,00	1,78
Pakistan	93	95	9 34	16 65
Singapore	42	37	5 31	5,11
Sudan	68	70	8 52	17 11
Sweden	92	68	11 7	8 55
Switzerland	88	98	12 0	9 42
U.A.R.	1,40	2 10	15,26	9 77
United K'ngdom	14,35	17,26	16 89	16,56
U.S.A.	30 80	24,28	390 24	346,84
U.S.S.R.	5,66	3,62	63,99	58,64

* Revised figures.

† Including electric goods.

‡ Excludes imports by land from Nepal valued at Rs. 55 lakhs for each 1964 and Rs. 5.39 crores for the whole of 1963-64.

§ Excludes overland exports to Nepal valued at Rs. 11.57 crores for the whole of 1963-64 and postal exports of pearls, precious stones, etc. valued at Rs. 15.69 crores for the whole of 1963-64.

PRINCIPAL BANK RATES*

Centre	Changed on	From	To
Argentina	Dec., 1957	3 50	6
Austria	27th June, 1962	5	4 5
Belgium	2nd July, 1964	4.25	4 75
Bolivia	June, 1963	6	6 9
Burma	1962	3	4
Canada	11th Aug., 1962	3 5	4
Ceylon	13th Aug., 1960	2 50	4
Chile	1961	14 62	14 21
Denmark	10th June 1964	5.50	6.50
Ecuador	1960	5	5
El Salvador	June, 1961	5 5	6
Finland	April, 1962	8	7
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1963	6	5 50
India	3rd Jan., 1962	4	4 50
Indonesia	Aug., 1963	3	9
Ireland	31st Jan., 1964	3 98	3 94
Italy	7th June, 1958	4	3 50
Japan	18th Mar., 1960	5 84	6 57
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	4th June, 1964	4	4.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3 50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944		2
South Africa	27th Nov., 1962	4	3.50
Spain	1962	5.75	4
Sweden	31st Jan., 1964	4	4 5
Switzerland	3rd July, 1964	2	2.50
Thailand	Nov., 1959	7	6
Turkey	May, 1961	9	7.5
United Kingdom	27th F b., 1964	4	5
U.A.R.	May, 1962	3	4
U.S.S.R.	1st July 1958	3	4
U.S.A.	16th July, 1963	4	3.50
West Germany	9th May, 1961	3.50	3

INDUSTRIAL PRODUCTION

Industries.		1960	1961	1962	1963	Nov., 1963	Dec., 1963	Dec., 1962
Major Industries—								
Coal	million metric tons	52.02	56.10	61.55	66.91	5.50	5.67	5.83
Steel ingots—crude	thousand metric tons	3,242	4,027	5,090	5,966	493	509	505
Yarn	.. million kgs.	786	862	860	893	78	82	74
Cloth	.. million metres	4,616	4,694	4,480	4,423	375	392	377
Cement	thousand metric tons	7,835	8,245	8,587	9,355	793	877	869
Sugar	thousand metric tons	1,066	877	1,181	1,236	104	107	104
Paper and paper boards ..	thousand quintals	3,475	3,541	3,876	4,626	409	418	469
Matches*	million gross boxes	25.6	28.4	28.8	28.6	2.2	2.4	2.4
Sugar	thousand metric tons	2,591	2,841	2,786	2,316	257	523	452
Engineering and Electrical industries—								
Machine tools	Value in lakhs of Rs.	602	761	1,074	1,706	162	159	112
Electric lamps	.. .. millions	41.39	46.90	58.55	70.36	5.75	6.07	5 57
Dry cells	.. .. millions	207.4	213.6	240.0	280.1	21.2	19.5	23 6
Power transformers	thousand K.V.A.	1,116	1,754	2,357	2,638	212	252	217
Electric Motors	thousand H.P.	660	827	983	1,180	103	109	103
Electric fans	.. .. Nos.	991,200	1,074,000	1,134,000	1,143,200	75,100	85,800	108,200
Radio receivers	.. .. Nos.	286,700	326,340	348,000	413,400	34,100	44,000	36,300
Storage batteries	.. .. Nos.	510,000	520,800	564,000	688,800	59,500	64,100	55,500
Diesel engines—Vehicular ..	.. .. Nos.	9,708	9,216	7,620	8,837	799	876	722
Diesel engines—Stationary ..	.. .. Nos.	44,196	44,196	45,072	55,902	4,381	5,456	4,539
Chemical Industries—								
Salt	million metric tons	3.43	3.48	3.86	4.54	0.16	0 12	0.18
Caustic soda	metric tons	99,144	119,844	12,4,25	153,283	13,714	15,829	11,996
Soda ash	metric tons	145,284	176,489	222,660	266,961	22,847	25,515	22,614
Chlorine liquid	metric tons	31,566	33,912	36,972	44,234	4,416	4,539	3,401
Bleaching powder	metric tons	5,926	7,118	7,828	6,969	566	688	576
Dichromates	metric tons	5,472	6,732	7,045	6,923	529	660	696
Storage batteries	.. .. Nos.	359,400	413,520	468,300	563,236	52,000	51,050	45,718
Superphosphate	metric tons	370,886	445,224	573,803	56,782	51,537	44,763	
Non-ferrous Metals—								
Aluminium	metric tons	18,467	18,381	35,404	53,885	4,708	4,949	4,688
Antimony	metric tons	809	518	661	909	80	82	75
Copper (virgin metal)	metric tons	8,992	8,725	9,781	9,593	895	895	865
Lead (virgin metal)	metric tons	3,778	3,654	2,849	3,537	275	323	250
Gold	kilograms	4,992	5,372	5,076	4,300	317	346	396
Miscellaneous (Minor) Industries—								
Sewing Machines	.. .. Nos.	297,288	307,404	343,824	341,440	31,325	7,890	29,252
Bicycles	.. .. Nos.	1,050,098	1,040,592	1,115,916	1,183,920	105,402	112,000	83,661
Automobiles	.. .. Nos.	51 989	54,312	57,816	52,197	5,407	6,265	4,792
Plywood—Tea chests	thousand sq. metres	9,120	9,108	9,122	9,925	873	768	758
Plywood—Commercial	thousand sq. metres	5,074	5,564	7,356	9,636	877	892	666
†Woollen manufactures { Worsted Fabrics	thousand metres	13,980	13,200	18,288	20,412	1,764	1,483	1,453
†Woollen manufactures { Worsted Yarn	thousand kg.	12,168	14,760	18,012	22,722	1,842	1,907	1,891
Alcohol—Industrial	million litres	70.57	92.84	110.82	136 08	8 87	12.0	12.00
Alcohol—Power Absolute ..	million litres	49.33	53.77	50.22	27.60	0.08	0.15	4.39
Railway Wagons	Nos.	7,476	10,556	13,932	14,168	1,310	1,345	1,550
General Index—(Base 1956=100 Revised) ..		129 8	139.3	149.8	164.2	174 5	174.8	162.1

* Matches—Boxes of 60 sticks each upto February, 1961 and of 50 sticks thereafter.

‡ Includes figures for Jammu and Kashmir.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1940=100)

	All-India	Bombay*	Ahmedabad†	Sholapur‡	Kanpur †	Nagpur	Calcutta †	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur‡	Jabalpur	Bangalore†
1960 Average	124	499	108	367	100	126	100	146	129	107	103	100	100	100
1961 ,, ...	126	481	105	382	101	131	101	146	126	106	101	111	102	102
1962 ,, ...	133	484	104	381	105	133	107	150	130	115	103	121	108	108
Feb. 1963	139	487	104	401	104	131	107	150	130	119	104	122	109	109
March ,, ...	130	482	105	376	105	130	109	148	131	111	107	118	104	109
April ,, ...	131	487	106	367	106	132	112	149	132	115	112	109	108	109
May ,, ...	132	488	106	368	107	133	112	150	132	117	111	108	108	110
June ,, ...	134	488	107	375	108	135	112	150	132	117	111	108	108	112
July ,, ...	135	488	108	381	110	143	112	151	134	121	111	110	110	112
August ,, ...	136	489	108	374	110	144	112	151	134	124	109	109	111	112
September ,, ...	137	494	109	377	112	146	112	152	136	124	109	109	113	113
October ,, ...	138	498	109	371	112	147	116	153	136	122	112	109	113	114
November ,, ...	138	494	110	378	112	147	116	153	136	122	113	109	113	114
December ,, ...	140	492	111	379	115	147	116	157	140	125	113	110	113	114
January 1964	140	485‡	111	388	115	150	111	157	140	125	115	108	112	116
February ,, ...	142	489‡	115	417	122	159	111	157	140	126	113	108	113	117
March ,, ...	142	490‡	116	417	124	156	115	158	145	124	119	112	113	117
April ,, ...	144	497‡		422						124	121		157	
May ,, ...		499‡		449										

* June 1954=100. ‡Jan. 1928=100. †Base: 1960=100. ‡ The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base: 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Raw Cotton	Raw Jute	Groundnut	Spices and condiments	Coal	Jute manufactures	Cotton textiles	Woollen textiles	Iron & Steel Manufactures	All Commodities
1956-57	97	88	122	122	71	166	104	95	109	90	111	126	111	97	116	95	116	131		
1960-61	108	99	123	109	87	206	116	127	96	111	110	176	146	138	118	96	138	147		
1961-62	105	91	113	122	82	198	117	126	116	96	109	176	146	146	118	96	138	147		
1962-63	111	90	130	124	89	178	122	146	133	139	118	119	144	158	161	111	181	160		
1963-64	122	99	133	130	100	185	133	139	139	218	112	119	148	158	161	100	136	168		
April 1963	117	88	109	119	87	186	136	138	177	110	149	136	154	161	100	136	168			
October ,, ..	125	94	110	129	96	195	136	140	176	261	114	149	147	157	161	136	168			
November ,, ..	130	97	111	130	101	192	137	139	216	111	117	147	136	157	161	100	136	168		
December ,, ..	122	106	114	139	110	192	126	145	210	115	118	148	136	154	161	100	136	168		
January 1964 ..	120	112	123	139	109	192	126	145	205	116	120	148	136	154	161	98	136	168		
February ,, ..	121	121	130	144	120	193	130	145	198	116	121	150	147	154	161	100	136	168		
March ,, ..	122	121	134	146	123	180	138	145	189	112	120	151	153	164	165	99	137	169		
April ,, ..	125	116	137	149	116		139	145	184	112	121	161	155	162	166	99	137	169		

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,757	1,591	887	132	52	16	116	15	122	401	56	317	25	79
1961-62	9,870	1,706	802	115	40	14	125	12	120	399	51	344	24	76
1962-63	10 667	1,924	782	125	42	14	150	15	143	385	54	433	28	75
1963-64	11,354	2,080	913	136	41	14	160	15	143	413	57	493	30	65
Jan., 1963	8 700	1,580	657	99	30	11	127	11	115	317	43	352	22	62
Feb., ,, ...	9,617	1,741	722	110	25	13	140	13	130	349	49	390	32	69
March ,, ...	10,628	1,924	792	125	43	14	160	15	143	385	54	433	32	75
June	2,717	509	236	35	13	3	21	3	39	98	14	113	3	14
July	3,646	687	311	44	15	4	25	4	50	139	19	155	7	22
Aug., ...	4,561	866	377	52	16	5	35	5	61	183	24	196	11	34
Sept., ...	5,461	1,040	446	59	18	7	58	5	71	195	25	237	16	39
Oct., ...	6,406	1,225	516	69	19	8	70	6	78	230	33	280	21	54
Nov., ...	7,354	1,401	593	81	21	9	91	7	85	265	38	323	26	59
Dec., ...	8,355	1,578	676	97	25	9	101	9	93	304	42	366	28	46
Jan., 1964	9,366	1,777	762	110	31	10	103	10	103	333	45	409	29	57
Feb., ,, ...	10,335	1,910	833	122	36	12	134	11	113	375	52	449	29	57
March ,, ...	11,354	2,080	913	136	41	13	143	12	124	413	57	493	30	65

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source:*—Ministry of Railways.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	National Savings Certificates 7-Year B	National Savings Certificates 12-Year B	12-Year National Plan Savings Certificates C	Post Office Savings Bank Deposits	10-Year National Plan Certificates D	Post Office Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	Cumulative Time Deposits 10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	10-Year Treasury Savings Deposit Certificates 4% G	15-Year Annuity Certificates G	Total
	Outstandings	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Receipts	Outstandings
1959-60 ..	1.57	3.14	98.95	221.68	266.59	268.10	19.79	—41.36	50	31	41.68	10.64	21.76	66	2.91	304.88	680.39
1960-61 ..	1,26	2.46	81.35	286.74	236.84	313.16	18.84	—42.01	1.70	93	38.80	16.14	37.34	69	3.38	338.02	785.96
1961-62 ..	89	1.88	66.47	347.66	260.64	348.85	17.91	—42.45	3.06	1.91	27.50	16.79	53.35	40	3.63	351.08	873.31
1962-63 ..	62	1.39	48.16	367.55	244.86	355.20	16.91	—42.65	7.57	2.50	20.38	7.32	60.70	50	3.83	364.22	948.42
April 1963 ..	60	1.35	46.68	364.82	20.48	353.89	16.77	—42.68	7.97	2.65	19.96		60.66	48	3.83	31.13	962.32
June	57	1.26	43.80	360.64	18.84	350.44	16.61	—42.69	8.84	4.00	18.93	..	60.57	2	3.82	29.06	960.84
July	56	1.22	42.25	358.53	21.37	354.40	16.51	—42.71	9.31	4.22	18.20	..	60.50	2	3.81	34.27	972.91
Aug.	54	1.15	40.93	356.62	18.33	357.13	16.41	—42.72	9.76	4.64	17.64	..	60.44	4	3.83	28.79	981.93
Sept.	53	1.11	39.62	354.88	18.21	359.81	16.15	—42.71	10.20	4.69	17.13	..	60.43	3	3.83	29.19	991.92
Oct.	50	1.06	38.14	352.70	19.84	361.99	16.06	—42.74	10.64	4.93	16.67	..	60.39	4	3.84	30.33	1,000.12
Nov.	47	1.03	36.79	351.14	18.73	363.59	15.97	—42.74	11.05	5.18	16.23	..	60.31	5	3.86	29.83	1,009.25
Dec.	46	1.00	35.45	349.36	19.61	365.66	16.09	—42.75	11.50	5.42	15.89	..	60.27	3	3.86	29 80	1,017.95
Jan. 1964 ..	46	1.00	35.44	346.26	20.76	367.21	16.08	—42.75	11.85	5.64	15.50	..	60.22	4	3.87	31.99	1,030.18
Feb. ,, ..	44	1.00	34.85	347 79	20.70	368 43	16.04	—42.74	12.18	5.90	14.87	..	60.14	4	3.88	31.66	1,038.53
Mar. ,, ..	42	95	32.78	346.18	33.44	380.01	15.96	—42.75	12.61	6.18	14.47	..	60.08	5	3.90	52.63	1,063.78
April ,, ..											14.13	..	60.02	5	3.92		

Note.—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from May 16, 1954 to May 30, 1957. E—Including Defence Savings Banks Deposits upto 1954-55. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings amount to Rs. 20 crores. Fifteen-year Cumulative Time Deposits commenced from June 1962—the outstandings at the end of Mar., 1964 amount to Rs. 62 lakhs. Twelve-year National Defence Savings Certificates commenced from 16th November 1962 and the end of Mar., 1964 amount to Rs. 160.51 crores. Ten-year Defence Deposit Certificates were issued from 10th November 1962 — the outstandings at the end of Mar., 1964 amount to Rs. 31.66 crores. Premium Prize Bonds were issued from 1st January 1963 and outstandings at the end of Dec., 1963 amount to Rs. 5.75 crores.

A new series of Premium Prize Bonds, 1964 was issued since 1st January 1964. The outstandings at the end of March 1964 was Rs. 6.66 crores including cashholdings of the previous series.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I—Interim Dividend. C.R.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : ' A ' shares and ' B ' shares—these are indicated by the same letters ' A ' and ' B ' under the columns ' Paid-up Ordinary Capital ' and ' Paid-up ' per share.

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed		Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Shares				Accounts Closed	Reference
						Spindles	Looms				1960	1961	1962	1963		
Rs.	Rs.	Rs.	Rs.	Rs.					Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
20,00,700	17,73,622	50,45,511	30,68,133	26,452	Maganlal Bhagwandas & Co. ..	45,180	..	Ambika Silk Mills Co., Ltd. ..	284.00	100	15.00	20.00	20.00		12	Y.
50,00,000	17,53,885	1,04,39,380	83,17,117	1,35,878	Raiputana Text. (Agencies) Pvt. Ltd.	56,458	902	Apollo Mills	1.62	2	*Nil*	*Nil*	

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,80,980	1,77,88,358	77,19,665	8,246	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	8.81	10	1.00	0.25	0.25	1.20	3	Y.P.T.
6,00,000	21,01,100	85,62,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	275.00	100	44.00	15.00	42.50		12	Y.P.T.
20,00,000	26,04,850	1,72,09,661	1,14,76,789	1,05,889	McLeod & Co., Ltd.	1,264	Alliance	124.00	100	6.00	Nil	10.00	12.50	5	Y.P.
40,20,700	1,64,67,331	3,42,98,398	2,11,97,620	90,773	Duncan Brothers & Co., Ltd. ..	2,561	Anglo-India	157.00	100	20.00	7.50	10.00	12.00	3	Y.P.
40,00,000	32,04,394	1,69,46,077	1,00,08,540	1,752	Bird & Co. Private Ltd.	810	Auckland	124.00	100	27.00	12.00	Nil	15.00	3	Y.P.T.
20,00,000	40,35,530	1,58,43,088	98,46,188	39,388	Birla Brothers Private Ltd.	959	Bally	234.00	100	25.00	25.00	25.00	25.00	3	Y.P.
£375,000	£975,367	£1,486,277	£1,075,854	£1,341	Jardine Henderson Ltd.	1,889	Barnagore	222.00	£5	£1 10sh.	10 sh.	10 sh.	£2	3	Y.P.
45,00,000	27,17,701	76,46,179	45,39,566	1,36,234	Soorajmull Nagarmull	600	Bengal	6.60	10	0.50	0.50	0.50		3	Y.P.T.
1,59,56,210	3,88,65,994	9,96,98,597	4,20,72,427	46,410	Birla Brothers Private Ltd.	1,373	Birla	33.50	10	1.50	1.50	1.50	1.50	3	Y.P.
36,00,000	20,48,440	1,25,69,733	79,60,997	35,907	Andrew Yule & Co., Ltd.	991	Budge-Budge	121.00	100	10.00	Nil	12.00	20.00	10	Y.P.
7,47,380	83,200	49,78,434	37,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	8.12	10	Nil	Nil			12	Y.P.
18,00,000	30,27,728	1,19,96,838	65,06,929	7,332	M.	616	Caledonian	142.00	100	12.00	5.00	15.00	15.00	11	Y.P.
23,58,200	1,01,10,201	1,95,45,693	1,19,34,120	30,261	James Finlay & Co., Ltd.	600	Champdany	20.75	10	1.00	0.50	Nil	4.00	3	Y.
38,58,750	77,75,319	1,47,45,588	77,38,580	1,10,207	Andrew Yule & Co., Ltd.	1,131	Cheviot	19.06	10	Nil	0.50	2.50	2.50	11	Y.P.
30,15,000	36,54,850	1,38,59,292	87,51,922	—4,10,550	McLeod & Co., Ltd.	600	Chitavalsah	8.00	10	0.50	Nil	0.50	Nil	7	Y.P.T.
24,00,000	8,04,609	81,44,890	69,78,978	—15 44 521	M.	969	Clive	8.00	10	Nil	Nil	Nil		3	Y.P.
21,49,200	21,35,095	1,33,24,108	82,26,550	3,316	Bird & Co. Private Ltd.	766	Dalhousie	116.00	100	1.00	1.00	Nil	25.00	3	Y.P.T.
56,00,000	74,36,442	1,88,80,591	76,70,106	23,475	Andrew Yule & Co., Ltd.	779	Delta	132.00	100	7.50	Nil	12.00	16.00	11	Y.P.
15,00,000	42,21 700	1,21,66,987	86,25,776	84,695	McLeod & Co., Ltd.	500	Empire	13.87	10	1.25	0.75	1.25	1.50	7	Y.P.T.
63,00,000	1,23,58,695	4,12,02,867	2,35 01 408	4,532	Kettlewell Bullen & Co., Ltd. ..	1,884	Fort Gloster Industries Ltd. ..	234.00	100 Old	25.00	10.00	12.50	20.00	3	Y.P.T.
12,49,225	92,09,590	1,42,52,521	93 72,524	6,051	Bangur Bros. Ltd.	1,014	Fort William	21.81	10	2.25	2.25	1.00	2.00	3	Y.P.T.
84,32 100	77,96,303	3,00,00,500	1,61,98,875	16,267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	13.66	10	1.00	1.00	1.50	2.00	3	Y.P.
43,20,000	46,54,205	2,19,63,231	88,71,916	9,681	M.	607	General Ind. Society Ltd. ..	14.19	10	4.00	1.00	1.30	1.40	12	Y.T.
48,00,000	95,59,122	3,27,96,620	2,06,30,091	28,059	Macneill & Barry Ltd.	1,394	Gourepore	22.25	10	3.00	2.50	2.00	2.00	3	Y.P.
40,00,000	1,09,30 042	1,86,44,677	1,01,39 206	4,954	Bangur Bros., Ltd.	1,078	Hastings	126.00	100	6.00	6.00	6.00	6.00	3	Y.P.
16,80,000	44,86,659	99,76,527	67,56,170	4,294	M.	720	Hooghly	17.00	10	1.00	2.00	0.75	1.00	3	Y.P.
65,52,500	1,40,00,997	2,31,38,629	1,61,58,455	....	Jardine Henderson Ltd.	1,940	Howrah	15.75	10	1.25	1.00	Nil	1.00	3	Y.P.T.
52,50,000	1,26,22,000	3,46,72,261	2,10,75,240	5,088	Ramdutt Ramkissendas	2,276	Hukumchand	19.50	7.50	2.15	2.15	2.00	2.00	3	Y.P.
87,30,000	26,63,965	1,86,83,015	1,09,04,160	76,164	M.	790	India	15.12	12.50	1.75	1.50			3	Y.
24,00,000								158.00	100	5.00	Nil	20.00	20.00		
'B' 19,20,000	36,84,700	2.08 46,168	1,60,07,458	....	Jardine Henderson Ltd.	1,797	Kamarhatty	158.00	'B' 100	5.00	Nil	20.00	20.00	12	Y.P.T.
30,00,000								158.00	'B' 100	5.00	Nil	20.00	20.00		
'B' 24,00,000	16,53,308	1,79,25,475	1,35,47,483	....	Jardine Henderson Ltd.	1,527	Kankanarrah	128.50	'B' 100	Nil	Nil	15.00	15.00	12	Y.P.T.
22,00,000	72,61,800	2,61 06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	140.00	100	15.00	15.00	5.00	20.00	5	Y.P.
54,00,000	66,26,810	2,49,19,513	1,66,14,494	3,379	Anderson Wright Ltd.	1,530	Khardah	17.50	10	2.00	0.50	1.25	1.25	3	Y.P.
59,88,200	49,03,577	2,28,97 363	1,50,89 313	12,641	F. W. Heilgers & Co. Private Ltd. ..	1,250	Kinnison	114.00	100	20.00	7.00	Nil	10.00	3	Y.P.T.
24,48,000	1,30 000	1,00,10,272	70,67,675	4 687	Bird & Co. Private Ltd.	931	Lansdowne	92.50	100	Nil	Nil	Nil	Nil	3	Y.P.
28,00,147	14,38,147	45,86,707	45,39,705	564	Bird & Co. Private Ltd.	840	Lawrence	102.00	100	15.00	15.00	10.00	10.00	3	Y.P.
31,65,200	44,95 037	2,88,24,106	1 66,72,214	84,805	M.	1,294	Megna	12.50	10	1.20	1.25			3	Y.
29,98 900	41,39,963	1,91,36,426	1,15,78,300	21,972	Bhagat Agencies Ltd.	315	Naihati	85.00	100	Nil	Nil	Nil	Nil	3	Y.P.T.
30,00,000	11,82,460	36,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	7.50	10	0.60				10	Y.T.
35,00,000	73 10,449	2,01,18,083	1,43,47,374	9,807	M.	862	National	20.62	10	0.75	Nil	1.00		10	Y.P.
26,25,000	36,29,172	80,96,895	46,01,106	35,230	McLeod & Co., Ltd.	316	Nellimarla Jute	8.25	10	0.30	0.60	1.50	0.50	7	Y.P.
2,56,50,000	3 31,09,122	11,98,78,237	2,72,02,888	13,602	Sahu Jain Ltd.	1,765	New Central	11.12	10	1.50	1.50	Nil	1.50	3	Y.P.T.
16,79,880	96,86,689	1,43,61,778	89,72,943	1,076	Bird & Co. Private Ltd.	567	Northbrook	24.75	10	3.00	3.00	2.00	3.50	3	Y.P.T.
66,79,500	58,00,825	1,03,46,564	65,12,293	13,111	Macneill & Barry Ltd.	1,092	Nuddea	10.56	10	0.80	0.60	Nil	1.00	3	Y.
25,00,000	13,65,554	1,08,88,905	84,46 448	17,103	McLeod & Co., Ltd.	400	Presidency	4.19	5	0.40	0.30	0.50	0.50	7	Y.
20,00,000	5,27,128	68,13,305	54,70,569	25,500	Hindustan Investment Corpn. Ltd. ..	305	Rameshwara	7.25	10	Nil	Nil	Nil	Nil	3	Y.P.
49,50,000	6,89,145	1,24,02,777	99,15,779	7,27,719	M.	423	Reliance	7.37	10	Nil	Nil	Nil	Nil	3	Y.P.
£600,000	£1,029,127	£1,602,126	£796,090	£2,892	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	6%†	Nil	10%†	13%	10	Y.P.T.
20,00,000	23,52,584	1,57,85,313	1,08,08,079	8,777	Bagaria More & Co., Ltd.	911	Shree Ambica	27.00	10	0.90	0.60	Nil	0.90	3	Y.P.
14,00,000	17,16,854	77,43,303	55,72,940	26,425	Hindustan Investment Corpn. Ltd. ..	401	Sorabh	18.94	10	2.50	2.50	2.50	2.50	12	Y.P.
£600,000	£693,155	£1,631,120	£843,019	£3,525	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	6%†	Nil	13%†	10%	12	Y.P.
55,98,600	42,63,667	1 10,95,221	63,98 988	603	Bird & Co. Private Ltd.	1,326	Union	133.00	100	25.00	6.00	Nil	20.00	3	Y.P.T.
£400,000	£495,902	£1,272,172	£717,223	£1,051	Thomas Duff & Co. (India) Pvt. Ltd.	1,831	Victoria	9.50N	£1	6%†	Nil	10%†	10%	12	Y.P.
2,50,000	9,70,000	81,07,250	46,38,438	57,655	McLeod & Co., Ltd.	447	Waverley	8.00	1	0.30	0.30	0.60	0.30	5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
10,93,990	5 50,324	13,08,952	4,15,754	48,095	Young India Agencies Private Ltd. ..	1,665	Balancor Tea and Rubber ..	12.12cd	10	1.50	1.20	1.20		3	Y.P.
64,00,000	25,11,425	1,49,41,142	25,95,990	64,776	Kothari & Sons (Agn.) Pvt. Ltd.	1,370H	Blue Mountain Estates & Ind..	2.34	2	0.25	0.20	0.20	0.20	6	Y.
5,50,000	5,13,080	19,49,957	4,35,544	9,166	K. Ananthanam, Esq. (Mg. Director)	548	Chandramalai Estates Ltd. ..	2.85	2	0.20	0.20	0.12	Nil	3	Y.
14,00,100	14,46,380	33,49,058	11,64,122	22,758	Peirce, Leslie & Co., Ltd. ..	698H	Chembra Peak Estates ..	4.78	2	0.40	0.40	0.40	0.40	3	Y.P.
5,66,730	13,90,424	24,87,766	3,02,266	....	Matheson Bosanquet & Co. Pvt. Ltd..	159H	Coonoor Tea	17.40	10	1.75	1.50	1.75	1.75	9	Y.P.
4,80,000	5,03,204	16,62,155	3,17,071	17,303	M. L. Goenka, Esq. (Chairman) ..	671	Cooray Tay	4.85	2	0.40	0.40	0.60	0.30	10	Y.P.
8,40,000	2,28,526	13,60,908	4,33,226	3,300	P. G. Krishna Iyer, Esq. (Mg. Director)	171H	Devashola (Nilgiri) Tea ..	24.08cd	10	2.00	2.00	2.00	2.50	3	Y.
6,74,650	3,83,749	13,44,758	3,14,293	23 158	Young India Agencies Private Ltd.	1,177	Devon Tea	11.96cd	10	1.50	1.20	1.20		3	Y.P.T.
7,50,000	6 10,000	5,94,450	13,468	19,221	K. N. Krishna Iyer (Mg. Director) ..	198	Emerald Valley Estates ..	6.15	5		0.50	0.50	0.30	3	Y.
25,00,000	22,41,971	61,03,359	15,14,758	34,749	Parry & Co., Ltd.	607H	Halleybuna	13.00xd	10	1.50	1.25	1.10	1.00	3	Y.
9,00,000	9,85,470	16,93,743	4,93,218	29,726	Peirce, Leslie & Co., Ltd.	190H	Kalasa Tea	4.08xd	2	0.40	0.50	0.30	0.30	12	Y.P.
17,17,076	13,42,010	37,08,125	8,78,832	28,817	Peirce, Leslie & Co., Ltd.	556H	Kil Kotagiri Tea	4.40	2	0.50	0.50	0.50	0.40	3	Y.T.
6,90,000	3,13,000	13,93,084	1,58,424	1,857	Ipe Oommen & Co., Pvt. Ltd. ..	936	Kurchermala Plant Ltd. ..	5.07	10	Nil	Nil	Nil	Nil	3	Y.P.
5,00,000	2,00,560	11,18,479	1,35,037	49,466	Matheson Bosanquet & Co., Ltd.	109H	Lucky Valley	11.70	10	1.00	1.00	1.00	1.00	12	Y.
3,50,000	20,000	3,59,379	33,028	4,609	Vasantha & Co. (Trichy) Pvt. Ltd. ..	255	Manar Estates Ltd.	1.93cd	2	0.20	0.10	0.10	0.10	3	Y.
3,00,000	6,13,117	15,03,173	3,99,581	—3,503	Eapen Thomas, Esq. (Mg. Director)..	560	Mimallay	34 60	25	3.75	3.50	2.00	Nil	3	Y.P.
36,00,000	24,19,434	84,10,841	17,28,590	20,273	A. V. Thomas & Co. (India) Ltd. ..	825H	Neelamalai	4.68	5	0.375	0.375	0.375	0.375	6	Y.P.
12,00,000	10,09,000	32,29,940	6,97,916	9,932	A. V. Thomas & Co., Ltd.	738H	Neliampathy	4.18	2	0.26	0.30	0.30	0.30	6	Y.P.
14,00,250	10 15,954	40,42,365	8,24,073	8,184	A. V. George & Co., Ltd.	1,622	Nilgiri Tea	9.00	10	0.80	1.00	1.00	1.00	6	Y.P.T.
23,10,000	11,02,821	39,43,336	15,15,045	32,457	Harrison & Crosfield Ltd.	841	Nonsuch Tea	21.75	10	2.00	2.00	2.00	2.00	3	Y.P.
14,88,980	17,22,983	34,54,296	7,51,987	46,177	P. S. M. Molyneux, Esq. (Chairman)	227H	Parkside	25.73	10	2.75	2.25	2.75	2.50	6	Y.
6,00,000	6,84,231	7,96,354	79,137	4,27,181	S. Sivaramakrishna Aiyar, Esq. ..	771	Peninsular Plantations Ltd. ..	21.25cd	10	2.00	2.00	2.00	2.00	2	Y.
17,00,000	13,87,519	48,20,401	20,82,999	46,160	Aspinwall & Co. (Travancore) Ltd. ..	634H	Peermade	20.50	10	2.25	2.50	2.00	1.75	12	Y.P.
57,94,880	20,68,711	1,28,79,158	46,17,784	58,308	Peirce, Leslie & Co., Ltd.	1,506H	Periakaramalai	3.43	2	0.27	0.40	0.25	0.25	12	Y.P.
13,50,000	2,96,500	12,02,040	1,74,015	3,959	A. V. Thomas & Co. (India) Ltd. ..	882	Sheveroy Estates Ltd.	2.05	2	0.18	0.15	0.125	0.125	3	Y.P.
9,00,000	15,30,496	31,73,663	10,02,754	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated	13.75	10	1.70	1.00	1.50	1.50	6	Y.
1,25,000	12,500	2,18,632	22,950	2,921	M.	216	Swinton Estates	2.68	2	0.25	0.12	Nil	1.20	6	Y.T.
12,50,000	12,05,697	34,15,317	5,52,996	22,571	Srinivas Agencies	1,056	Talayar Tea	1.87	2	0.16	0.20	0.20	0.20	3	Y.
15,75,000	17,05,955	34,08,581	5,94,685	23,756	Parkins Private Ltd.	491H	Tevford	9.00xd	10	1.00	0.60	0.50	0.75	12	Y.P.
2,20,000	3,97,345	10,82,130	1,53,687	28,985	A. V. George & Co., Ltd.	508	Udayagiri Rubber Co., Ltd. ..	15.50	10	Nil	Nil	Nil	Nil	12	Y.
21,93,280	21,26,250	59,80,505	22,94,476	22,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	23.40	10	2.10	2.20	2.20	2.25	3	Y.
47,25,000	21 33,765	93,19,418	15,06,787	81,380	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Waterfall	2.28	2	0.25	0.20	0.20	0.20	3	Y.P.

RUBBER AND OTHERS

6,00,000	5,52,435	17,66,245	5,03,082	20,544	Ramani & Co. Prt./Ltd.	999	Alageswar Estates Ltd. ..	2.67	2	0.15	0.30	0.20	0.20	3	Y.
6,75,000	2,85,527	21,05,698	4,40,732	1,693	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	1.00	0.50	3	Y.P.T.
2,50,000	2,69,092	12,93,383	2,52,129	56,241	A. V. George & Co., Ltd.	629	Anandam Rubber Co., Ltd. ..	13.30xd	10	1.50	1.50	1.50	1.50	12	Y.P.
12,07,838	2,28,040	22,89,626	3,45,487	34,775	Associated Planters Private Ltd. ..	1,343	Anaparai Estates Ltd.	3.15	2	0.40	0.30	0.20	0.20	12	Y.P.
4,25,000	4,75,000	12,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd. ..	1,041	Badra Coffee Estates Ltd. ..	2.30	2	0.30	0.30	0.15	0.20	6	Y.T.
4,00,000	80 000	7,45,817	1,56,774	2,787	A. V. Thomas & Co. (Mysore) ..	238H	Bababudin Coffee & Produce..	5.00	5	0.40	0.40	0.30	0.30	6	Y.P.
3,00,000	2,05,000	4,75,718	88,297	1,481	Planting Agencies (Private) Ltd. ..	151H	Balmadies Plantations ..	1.80	2	0.15	0.10	Nil	0.10	3	Y.P.
26,91,279	19,60,914	60,63,349	12,47,912	28,851	Peirce, Leslie & Co., Ltd.	6,255	Cochin Malabar	6.35cd	3	0.525	0.60	0.60	0.36	3	Y.P.
22,50,000	33,02,169	57,74,920	13,29,355	890	M. A. Sreenivasan, Esq. (Chairman)	2,703	Coffee Lands and Industries ..	16.75	10	0.60	1.20	0.90	0.90	6	Y.P.
71,55,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman).	5,345	Consolidated Coffee	23.60	10	2.00	2.00	1.60	2.00	6	Y.P.
6,00,000	5,09,735	15,58,047	1,41,758	5,918	Associated Planters Private Ltd.	1,410	Cottanad Plantations	9.80	10	1.00	1.00	0.625	0.50	6	Y.P.
4,08,580	2,50,000	4,05,690	1,35,017	40,856	Peirce, Leslie & Co., Ltd.	240H	Cowcoomby Estates (Coffee) ..	4.75cd	2	0.50	0.50	0.40	0.35	6	Y.P.
18,00,000	15,20,000	40,99,988	9,82,819	40,041	A. V. Thomas & Co., Ltd.	622H	Highland Produce	14.45xd	10	1.50	1.50	1.50	1.50	6	Y.
11,85,700	11,77,705	31,72,827	4,60,277	22,904	A. V. George & Co., Ltd.	1,537	Kallas Rubber Co., Ltd.	6.20	2	0.40	0.50	0.60	0.50	12	Y.P.
12,00,000	8,19,342	22,75,750	4,65,953	5,134	A. V. Thomas & Co., Ltd.	383H	Kalpetta Estates	12.20	10	1.25	1.25	1.25	1.25	6	Y.
6,00,000	2,40,000	9,93,124	2,60,252	26,055	Peirce, Leslie & Co., Ltd.	275H	Kumergode Estates Ltd.	3.78	2	0.40	0.35	0.80	0.28	10	Y.
13,50,000	6,58,333	23,24,900	5,02,946	3,669	K. T. Thomas Kathanar, Esq. ..	2,147	Malankara Rubber	16.37	10	1.50	1.50	1.50•	1.40	3	Y.
3,25,000	2,50,000	8,72,727	96,884	3,643	Associated Planters Pvt. Ltd. ..	906	Mercara Rubbers Ltd.	7.45	5	1.00	1.00	0.75	1.40	3	Y.
40,50,000	17,71,083	79,92,921	13,59,147	1,529	A. V. Thomas & Co., Ltd.	1,886H	Midland Rubber	11.40	10	1.25	1.25	1.25	0.625	3	Y.
3,35,000	4,12,607	17,54,491	3,54,374	1,18,608	A. V. George & Co., Ltd.	1,331	Neanmeny Rubber	22.55cd	10	1.50	1.50	1.50	1.00	3	Y.P.
2,00,000	5,08,016	11,04,787	66,555	3,902	Associated Planters Private Ltd. ..	846	Nilambur Rubber Co.	11.65cd	10	1.50	1.50	1.00	1.25	12	Y.P.
6,50,000	5,96,464	13,66,223	1,89,772	17,987	Peirce, Leslie & Co., Ltd.	236H	Oscoe Estates Ltd.	2.85cd	2	0.30	0.30	0.30	0.30	12	Y.P.T.
19,45,980	34,54,133	69,84,648	24,42 425	2,616	Peirce, Leslie & Co., Ltd.	1,812H	Ouchterlony Valley Estates ..	3.55	2	0.25	0.24	0.20	0.20	3	Y.P.
16,50,000	5,12,431	24,09,527	4,19,338	6,844	Aspinwall & Co., Ltd.	900H	Pullangode Rubber	3.18	2	0.10	0.12	0.12	0.25	10	Y.P.T.
18,58,980	18,58,959	53,99,894	9,55,425	20,850	A. V. Thomas & Co., Ltd.	1,216H	Rajagiri Rubber	21.75cd	10	2.00	2.00	2.00	1.50	12	Y.P.
2,80,000	1,64,968	4,06,853	60,946	47,551	Associated Planters Private Ltd.	422	Rajendra Coffee Ltd.	10.42	5	1.25	1.25	1.25	2.125	6	Y.P.
12,00,000	78,907	20,87,248	2,33,330	—1,43,843	Patco Agencies	470H	Sangameshwar Coffee Estates..	1.68	2	0.12	0.12	1.00	1.25	3	Y.P.
5,50,170	3,23,000	10,11,493	2,15,317	6,993	Peirce, Leslie & Co., Ltd.	202H	Savamalai Estates Ltd.	4.32	2	0.28	0.32	0.80	Nil	3	Y.P.
6,25,000	2,74,158	14,90,789	65,183	7,695	A. V. George & Co., Ltd.	816	Thamarapally Rubber	15.56xd	10	2.50	2.50	2.50	2.125	12	Y.P.T.
9,15,300	10,75,840	16,61,781	2,34,898	7,989	Peirce, Leslie & Co., Ltd.	1,312	Thirumbadi Rubber Co., Ltd. ..	1.68	1	0.07	0.15	1.60	0.35	11	Y.
6,00,000	6,15,616	13,78,050	1,92,991	1,849	Eapen Thomas, Esq. (Mg. Director)..	1,841	Travancore Rubber	11.35cd	10	1.80	1.20	0.10	0.10	12	Y.P.T.
41,00,000	12,63,584	90,95,305	18,31,504	32,283	Aspinwall & Co. (Travancore) Ltd. ..	2,109H	Travancore Rubber & Tea	9.90	10	0.90	1.00			9	Y.
20,00,000	1,91,000	33,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director) ..	3,157	Tropical Plantations Co.	19.65	25	2.00		1.00	1.00	12	Y.
8,80,010	5,47,051	10,84,166	84,782	9,228	S. Padmanabh Aiyar, Esq. (Chairman)	1,118	Vallundam Rubber Co., Ltd...	35.50	10	3.00	3.00			12	Y.P.
6,00,000	6,69,492	19,50,925	1,87,596	6,425	P. T. Joseph, Esq. (Chairman) ..	1,245	Velimalai Rubber & Co.	5.12	5	0.60	0.50	0.25	0.35	12	Y.
12,00,000	12,40,982	16,87,152	2,24,138	36,874	Peirce, Leslie & Co., Ltd.	417H	Wartyhully Estates Ltd.	2.85	2	0.20	0.30	0.20	0.24	3	Y.P.T.
6,95 000	97,309	13,65,464	1,02,251	23,813	M.	898	Woodland Estates	6.80	10	1.00	1.00			3	Y.P.T.

V—Includes 60 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

ASSAM

| Paid-up Ordinary Capital Rs. | Reserves Rs. | Gross Block Rs. | Depreciation Rs. | Carried Forward Rs. | Managing Agents, Managing Directors or Secretaries | Acreage under Tea | Company | Latest available Quotation Rs. nP | Paid-up per Share Rs. | Dividend per Share 1960 Rs. nP | 1961 Rs. nP |

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
26,00,000	12,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	6.25	10	0.60	0.60	0.50		3	Y.
18,50,000	6,38,242	23,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kot Ltd	24.00N	10	2.00	3.00	2.00		9	Y.P.
55,25,546	30,24,128	1,94,48,115	96,49,200	2,055	Bharat Ram Bhagat & Co.	Bengal Potteries	5.00	2½	0.375	0.30	0.30	0.275	12	Y.
40,00,000	28,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Biara Stone Lime Co.	17.69	10	3.00	3.00	1.00	1.25	3	Y.
14,17,800	25,18,589	53,55,181	22,68,904	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	191.25	100	12.86	15.00	15.00	18.00	9	Y.P.
80,00,000	25,89,086	1,43,85,859	56,29,712	56,950	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd.	107.50	100	8.00	11.00	9.00	7.00	12	Y.P.
82,956,950	£2,324,873	£4,002,119	£2,243,738	£79,310	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.28	Sh. 2	0.36	0.36			12	Y.
F.5,00,000									1.50	1.50	0.90	0.90		
O.15,00,000	29,37,096	49,30,247	14,36,451	1,570	Bird & Co. Private Ltd.	Karanpura Development	9.12xd	10	0.50	0.50	0.30	0.30	12	Y.
50,00,000	.....	1,14,21,419	5,73,368	3,63,516	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd.	64.00	100	*Nil*				12	Y.P.
30,00,000	60,46,599	1,78,57,945	95,66,008	24,239	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	18.45	10	1.80	1.80	1.80	1.50	12	Y.P.T.
1,78,79,255	10,90,896	1,22,39,515	76,13,994	3,25,965	Sir Indra Singh, Kt. (Chairman)	Metal Corporation of India Ltd.	6.69	10	*Nil*	*Nil*	*Nil*		3	Y.P.
6,00,000	7,27,303	17,66,777	9,37,747	190	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	11.57cdN	10	1.428	1.20	1.50	1.25	3	Y.
20,00,000	67,67,431	80,62,201	34,56,786	28,801	Bird & Co. Private Ltd.	Orissa Minerals	22.12	10	3.60	2.80	2.00		6	Y.
12,18,650	22,84,051	1,05,25,963	57,38,031	48,395	A. V. Gharpure, Esq. (Chairman)	Parshuram Pottery Works Co., Ltd.	59.00	25	5.36	5.36	5.36	3.75	7	Y.P.
5,00,000	37,51,142	99,40,647	51,84,720	—23 63,868	Killick Industries Ltd.	Shivrajpur Syndicate	18.00	10	8.00*	*Nil*	*Nil*	*Nil*	11	Y.
4,86,840	13,90,910	37,08,644	14,23,752	5,375	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	28.31	10	2.00	2.75	3.50	2.00	12	Y.
7,20,730								7.50	1.00	1.375	1.75	1.50		
CHEMICAL														
28,86,175	.....	1,78,449	13,076	—26,846	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers	72.50	100	*Nil*	*Nil*			12	Y.P.
1,44,30,000	91,50,574	3,54,4 220	1,39,51,136	16,265	Rayuma Services	Alembic Chemical Works Co.	158.75	100	14.00	14.00	12.00	12.00	12	Y.P.
3,10,00,000	2,26,33,273	8,39,01,420	2,46,53,284	5,671	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	29.00	10	1.20	1.50	1.50	1.50	9	P.Y.
1,10,23,200	80,12,547	2,29,02,580	73,73,157	6,813	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	162.50	100	12.00	9.00	9.00	8.00	12	Y.P.
29,84,000	47,67,886	2,21,76,216	99,62,362	.....	Kasturbai Lalbhai & Co.	Anil Starch Products Ltd.	482.50	100	30.00*	30.00*	25.00*	25.00*	12	Y.P.
2,24,16,200	1,83,84,880	7,54,09,808	2,06,13,734	19,425	Lalbhai Sons & Co.	Atul Products Ltd.	300.00	100	12.00	12.00	12.00	12.00	12	Y.T.
80,00,000	.....	85,050	910	.....	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	57.00	100			*Nil*		6	Y.
1,25,45,960	67,58,822	1,59,19,707	81,89,070	5,728	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	100.00	100	7.00	10.00	10.00		3	Y.P.
1,25,00,000	1,44,62,999	1,71,30,875	43,75,171	16,333	Ramniwas R. Ruia, Esq. (Chairman)	Color-Chem Ltd.	343.75	100	*Nil*	8.00	12.00	12.00	3	Y.
14,86,344	4,34,918	17,40,490	9,02,099	12,818	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd.	31.50	25	2.50	3.00	3.00		12	Y.
41,38,250	58,16,953	1,64,19,689	87,13,284	9,897	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	116.25	50	*Nil*	8.00	8.00	8.00	12	Y.
1,07,50,000	1,07,07,353	5,93,07,157	2,11,05,108	1,75,820	Bhagat & Sons Private Ltd.	Dhrangadhra Chemicals	117.50	100	*Nil*		6.00	6.00	3	Y.P.
6,95,97,740	61,48,460	10,44,89,497	4,07,36,479	3,86,109	M. K. Kaya, Esq. (Mg. Director)	F. A. C. T.	5.45	10	0.60	0.60	*Nil*		3	Y.P.
1,86,76,000	71,67,780	2,54,75,973	36,44,827	2,006	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd.	277.50	100	6.00	6.00	7.00	7.00	3	Y.P.
15,00,000	6,54,411	28,94,858	15,61,802	19,974	Jal H. Mehta, Esq. (Chairman)	Kemp & Co.	260.00	200	25.00	25.00	20.00		3	Y.
1,40,00,000	37,48,801	2,43,51,282	1,10,56,661	11,631	Seshasayee Brothers Private Ltd.	Metlur Chemicals	13.90	10	1.25C'	1.25	1.25	1.375*	12	Y.P.T.
24,81,220	13,02,685	56,25,511	47,52,455	3,322	T. Shanmanna, Esq. (Chairman)	Mysore Chemical and Fertilisers	7.87	10	1.00	1.00	0.50	*Nil*	3	Y.
10,00,000	5,35,915	13,66,245	7,61,774	4,765	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemicals Mfg.	16.70	10	2.00C'	2.00	2.00	1.50	3	Y.P.
36,00,000	85,00,955	1,03,02,040	30,64,507	9,857	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	146.25	50	5.50	7.50	7.50	7.50	3	Y.P.
49,84,750	8,470	69,41,412	40,438	52,803	Emcee & Sons Private Ltd.	Premier Fertilisers Ltd.	6.25	10	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
22,50,000	17,63,293	65,52,467	27,96,506	11,012	Bangur Brothers Ltd.	Phosphate Co., Ltd.	178.00	100	35.00	25.00	17.50	15.00	6	Y.
20,00,000	17,67,251	31,86,795	18,60,805	19,167	D. M. Jaffray, Esq. (Chairman)	Smith Stanistreet & Co.	13 62	5	1.25	1.25	1.25	1.125	6	Y.P.
4,96,54,470	24,39,990	3,18,78,704	17,05,817	—9,38,858	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	72 00	100		*Nil*	*Nil*	*Nil*	3	Y.
3,02,32,815	1,09,52,567	9,01,96,274	3,04,93,867	3,923	Tata Industries Private Ltd.	Tata Chemicals	18.70	10	0.60	0.65	0.65	1.00	6	Y.P.T.
25,00,000	5,89,750	29,88,714	12,05,339	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd.	18.76	10	1.50	2.00	2.25	2.00	3	Y.P.
31,15,000	.....	8,97,892	1,493	—6,72,388	Mr. M. J. Valdya (Chairman)	Travancore Electro-Chemical Ind.	54.00	100	*Nil*	*Nil*	*Nil*		12	Y.
14,99,375	2,52,500	28,88,794	3,45,383	—4,12,501	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	115 00	100	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
ELECTRIC (BOMBAY)														
8,74,78,895	1,85,12,601	18,97,73,999	5,00,50,102	344	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	99 50	100	7.00	7.00	5.00	5.00	3	Y.T.
85,83,330	31,13,441	2,90,89,788	79,81,211	10,72,978	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	9.48	10	1.00*	0.90	0.90	0.80	3	Y.P.
3,02,77,000	1,23,89,917	12,25,61,084	3,04,61,313	26,154	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,095 00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.T.
1,75,00,000	1,21,07,263	5,11,22,126	1,25,80,588	3,370	Killick Industries Ltd.	Bombay Suburban Electric Supply	106 00	100	8.00	8.50	8.50	9.00	3	Y.
1,00,00,000	1,03,967	19 77,22,075	8,70,000	1,538	Rajaputana Textiles (Agencies) Ltd.	Broach Electric Supply Developmen	6 48	10	0.60	0.72	0.60	0.50	3	Y.
48,89,000	12,56,813	1,57,72,704	61,59,509	3,547	Rajaputana Textiles (Agencies) Ltd.	Poona Electric Supply	179 00	100	9.50	9.50	8.25	8.00	3	Y.T.
70,00,000	34,04,483	1,81,93,935	61,64,423	2,075	Killick Industries Ltd.	Surat Electricity	103 00	100	7.50	8.00	8.00	8.50	3	Y.P.
2,40,00,000	1,39,34,341	9,29,84,314	2,23,25,926	27,536	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	114 00	100	8.50*	8.00*	8.00*	9.00	3	Y.P.
5,15,50,000	3,61,11,341	20,88,47,938	4,39,65,310	29,988	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,145.00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.
West Bengal and Other Centres														
19,99,500	51,52,883	1,70,15,387	51,84,841	13,612	Martin Burn Ltd.	Agra Electric Supply Co. Ltd.	124.00	100	11.00	11.00	11.00	11.00	3	Y.T.
5,00,000	16,30,275	62,04,833	28,40,512	1,852	Martin Burn Ltd.	Bareilly Electric Supply	12.00	10	1.10	1.10	1.10	1.10	3	Y.T.
17,00,000	84,57,030	1,66,67,023	60,83,135	1,523	Martin Burn Ltd.	Benaras Electric Light & Power Co.	12 25	10	1.10	1.10	1.10	1.10	3	Y.T.
54,52,646	£10,815,240	£37,532,951	£15,201,226	£100,524	Sir William Lamond (Chairman)	Calcutta Electric Supply	14 69	10	74%	74%	74%		3	Y.P.
3,60,000	7,55,076	37,78,204	11,86,451	42,963	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	11 00	10	0.75	1.00			3	Y.
45,75,000	35,90,169	1,16,99,894	45,52,365	48,905	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	86 00	100	10.00	10.00	10.00	10.00	3	Y.P.
5,24,640	1,48,267	42,36,379	17,60,526	47,133	Moonna Lall & Sons	Jhansi Electric Supply	5 40N	10	0.70	*Nil*	0.70		3	Y.T.
22,49,700	29,85,246	1,16,29,613	48,58,877	3,286	Martin Burn Ltd.	Jubbulpore Electric Supply	12 06	10	1.00	1.00	1.00	1.10	3	Y.T.
25,07,280	40,44,800	1,41,84,880	56,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10 12	10	1.00	1.00			3	Y.
9,10,000	2,56,304	15,86,883	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6 75	10	0.625	0.625			3	Y.T.
16,80,000	16,03,885	80,81,327	48,11,630	3,975	Bird & Co. Private Ltd.	Sijua (Jherriah) Elec. Supply Co.	8 50N	10	1.00	0.90	0.90		3	Y.T.
70,00,000	30,88,132	2,42,78,389	81,28,055	23,389	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	11 82cd	10	0.90C	0.90	1.00		3	Y.T.
5,00,000	12,25,998	35,93,657	15,10,385	1,935	Martin Burn Ltd.	Upper Jamna Valley Elec. Supply	11 00	10	1.35	1.35	1.35	1.35	3	Y.T.
55,00,000	30,15,213	3,76,23,916	1,75,34,564	9,312	Martin Burn Ltd.	U. P. Electric Supply Co.	154 00	100	11.00	11.00	11.00	11.00	3	Y.T.
3,00,000	13 88,606	54,12,090	15,22,321	4,16,700	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	15.62	10	1.50	1.429	1.429		3	Y.P.
ENGINEERING (Bombay)														
51,98,100	63 90,678	1,13,50,358	63,52,499	26,128	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	283.00	100	17.00	22.50	19.00		12	Y.
19,99,660	7,77,224	25,48,735	12,13,956	641	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	96.00	80	5.50	9.00*	9.00*	9.00	12	Y.
99,40,000	54,17,295	2,14,23,410	86,99,555	1,601	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	113.50	100	13.00*C'	13.00	7.00	8.00	6	Y.
1,20,00,000	1,51,427	97,23,681	28,47,228	—12,767	Dharamsinh D. Desai, Esq. (Chairman)	Hindustan Electric Co., Ltd.	130 00	100	*Nil*	*Nil*	*Nil*	*Nil*	6	Y.
60,00,000	1,28,73,164	4,61,61,814	1,56,47,699	145	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	165 00	100	13.00*C'	13.00	14.00	14.00	6	Y.P.
15,00,000	4,61,618	9,54,586	1,82,481	33,604	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	47 00	50	4.00	5.00	5.00	3.00	3	Y.P.
50,00,000	17,41,760	95,00,755	31,13,235	20,765	Adnem Services	Jyoti Ltd.	137 50	100	12.00	12.00	9.00		12	Y.
44,96,250	14,17,502	86,37,034	43,89,307	4,511	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	13 12	10	0.80	0.90	0.95	1.20	9	Y.T.
67,61,445	1,42,50,088	2,19,41,464	88,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	38.50	25	2.50	2.50	2.50	2.50	9	Y.T.
61,24,640	71,09,995	1,57,25,007	67,59,551	578	Kirloskar Associates	Kirloskar Electric Co., Ltd.	41.50	10	0.90	1.10	1.20	1.00	6	Y.
90,00,000	79,27 836	1,76,05,965	63,99,529	28,996	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	25 00	10	1.43	1.50	1.60	1.20	6	Y.
27,58 350	20,54,388	50,71,373	16,74,703	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	103.75	100	*Nil*	12.50	12.50	10.00	3	Y.T.
38,19,770	5,14,084	1,34,12,444	50,13,120	1,69,270	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	5.76	10	*Nil*	*Nil*	*Nil*	*Nil*	9	Y.T.
1,65,00,000	95.52,279	1,92,60,488	60,22,772	11,973	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	21.52	10	1.80C'	1.80	1.40	1.40	3	Y.T.
57,29,880	.....	25,48,815	4,35,319	—8,20,078	B. L. Kucheria, Esq. (Secretary)	Lynx Machinery	4 66	10		*Nil*		*Nil*	3	Y.
80,12,160	35,37,386	1,84,83,145	82,09,093	2,374	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	*Nil*	*Nil*	1.25	*Nil*	3	Y.
1,97,98,145	1,14,00,083	2,29,64,731	89,96,801	15,767	Mahindra & Mahindra Ltd.	Mahindra & Mahindra Ltd.	16.12	10	1.25	1.50*	1.25	1.50	3	Y.T.
30,00,000	1,28,812	53,78,065	23,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd.	115.00	100	*Nil*	*Nil*	*Nil*	1.25	10	Y.T.
11,00,000	4,48,987	49,41,793	30,54,773	729	P. Jhunjhunwala, Esq. (Mg. Director)	McKenzies	140.00	100	10.00	12.00	14.00	14.00	3	Y.T.
1,66,25,910														
D. 1,24,850	91,29,048	1,99,99,158	76,17,143	.....	Jeewan Ltd.	Mukand Iron & Steel	18.08	10	1.20	1.20	1.20	1.20	3	Y.T.
50,00,000							156.25	100	12.00	12.00	12.00	10.00		
7,50,800	58,84,208	1,88,49,872	85,50,104	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	126.00	50	6.00	6.00	6.00	5.00	3	Y.
15,55,400	11,86,582	39,61,901	14,35,875	8 127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	100.00	50	6.00	6.00	6.00			
56,25,100	19,91,420	1,40,31,705	56,38,522	23,037	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	135.00	100	12.00	12.00	9.00		3	Y.T.
38,99,970	1,38,39,545	1,71,68,575	3,47,855	455	Walchand & Co. Private Ltd.	Premier Construction	184 50	80	13.00	10.00	9.00	14.00	3	Y.T.
78,67,725	46 64,730	1,28,89,480	60,80,553	5,683	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	100.00	100	12.00	13.00	8.00	6.00	3	Y.T.
27,55,67,699	38,10,37,802	1,95,88,43,262	32,56,04,257	32 096	Tata Industries Private Ltd.	Tata Iron and Steel	156 00	75 Old	9.75C'	*Nil*	10.50*	11.00	3	Y.T.
7,99 99,300	5,09,28,017	32,80,72,378	15,50,34,261	14,962	Tata Industries Private Ltd.	Tata Locomotive	293 50	100	12.50	14.50	14.50	11.00	3	Y.T.
27,23,280	15,68,192	65,71,363	19,00,231	11,554	T. Mankelal & Co.	T. Mankelal & Co.	510 00	100	18.50	27.00	27.00	6.00	3	Y.
41,66,988	28,97,021	19,70,675	11,38,441	1,176	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	25 25	10	3.00	3.25	3.25	2.24	6	Y.
2,55 00,000	3,28,57,137	1,79,11,762	48,75,403	.....	J. D. Choksi, Esq. (Chairman)	Voltas Ltd.	254 50	90	13.00	14.00	14.00	14.00	6	Y.
70,00,000	23 27,374	1,12,49,643	5,05,730	29,382	M.	Zenith Steel Pipes Ltd.	16.16	10	1.00	*Nil*	*Nil*	0.60	6	Y.
West Bengal and Other Centres														
10,00,000	7,38,551	42,61,418	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	21.25	10	*Nil*	*Nil*	1.00		12	Y.
80,00,000	56,58,221	1,22,05,501	32,93,550	2,283	Tantia Brothers Pvt. Ltd.	Bhartia Electric Steel	14 81	10	1.00	1.00	1.25	1.50	12	Y.T.
40,00,000	12,24,786	5a,01,611	18,36,998	21,432	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	14 44	10	2.50	1.00	1.00	1.20	12	Y.
1,00,00,000	1,40 28,433	2 28,23,310	45,49,254	.....	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	33 62	10	2.50	1.00	1.00	1.20	12	Y.
12,00,000	58 63,000	1,56,65,242	55,25,838	3,203	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	49 00N	10	2.50	2.50	1.50		12	Y.
19,80,470	7,04,341	39,97,530	14,03,635	22,996	Thomas Wilson & Co., Ltd.	British Insulated Building and	3 00	10	3.00	3.00	3.00	3.00	12	Y.
1,00,00,000	52,95 735	1 98,55,098	75,90 275	5,115	McLeod & Co., Ltd.	Britannia Engineering	9 94	10	*Nil*	*Nil*			12	Y.
25,00,000	23,97,576	41,94,472	22,91,671	.....	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	29 00	10	1.00	1.00	1.00		12	Y.
94,00,000	2,90,77,055	6,88,21,014	3,77,03,755	55,077	Martin Burn Ltd.	Burn & Co.	280 00	100	4.50	2.50	1.50	1.50	12	Y.
1,00,00,000	17,65,495	75,57,194	17,95,224	1,08,751	R. N. Bhotika, Esq. (Secretary)	Calcutta Steel Co., Ltd.	28 50	100	28.50	28.50	28.50	25.00	4	Y.
1,00,00,000	42,09,184	2,42,19,314	59 12,202	32,061	R. L. Makharia, Esq.	Central India Machinery Mfg. Co., Ltd.	12 12	10	0.50	1.50	1.50	1.25	3	Y.
80,00,000	35,00,983	1,74,36,000	61,07,264	6,868		Dalmia Iron & Steel Ltd.	11 06	10	1.00	1.00	*Nil*	0.75	3	Y.
30,93,400	28,26,003	1,26,09,918	30,29,918	21,399	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	13 12	10	1.00	1.00	1.00	1.00	9	Y.
1,00,18,469	77,93,558	2,44,44,896	36,44,226	15,200	Harnarshad & Co. Private Ltd.	Escort Ltd.	17 12	10	1.00	1.50	1.00	1.00	9	Y.
3,82,18,710	5,12,05,807	12,11,46,799	3,83,45,700		R. R. Bajoria, Esq. (Chairman)	Guest, Keen, Williams Ltd.	23 06	10	1.50	1.50	1.10	*Nil*	12	Y.
17,50,000	11,04,000	62 95,094	44,03,320	3,237	Martin Burn Ltd.	Hooghly Docking	100.00	10	1.60C'	1.40	1.40	1.50	12	Y.
12,44,08,990	80,89 05 725	85,16 35 648	23,96,39,601		Martin Burn Ltd.	Indian Iron and Steel	25 36	10	*Nil*	*Nil*	6.25	5.00	12	Y.
77,97,000	87 57,038	1,35,75,384	88,08,803	24,064	Martin Burn Ltd.	Indian Standard Wagon	37 50	10	1.50	1.50	1.00	1.50	3	Y.
96,58,160	3,23,88,672	4,56,30,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products	33 50	10	2.85	2.25	2.85	2.00*	3	Y.
28,580							13 37	0.10	2.30	2.40	2.85	1.80		
48 78,580	3,63,887	42 99,680	23 95,610	19,483	C. R. Ramaswamy Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	9 90	0.1	0.23	0.24	0.23	1.80	3	Y.
1,51,87,197	1,26,61,953	5,12 70,807	2,30,47,904	4,896	Madan Mohan Lal Shri Ram & Co.Pt.Ltd.	Jay Engineering Works, Ltd.	17 50	10	*Nil*	1.25	1.00	0.90	3	Y.
28,58,280	65 79,000	97 98,620	30,88,807	2 169	J. K. Industries Private Ltd.	J. K. Steel Ltd.	16 69	10	1.715	1.715	1.50	1.50	12	Y.
2,09 99,000	3,00 16,258	5,57,97,464	1,90,97,854	64,915	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	20.75	10	2.00	2.00	1.00	1.00	3	Y.P.T.
27,64,800	53,04,920	1,06,33,858	50,21,186	3,088	Bird & Co. Private Ltd.	Kumardhubi Engineering Works	5 00	10	0.858C'	0.858	0.858	1.00	3	Y.P.
10,50,000	1,09,591	18,65,829	14,91,446	—18,08,413	Marshalls (Direction) Private Ltd.	Marshall Sons & Co. (India) Ltd.	3 06	3	0.03	0.33	0.45		10	Y.P.
49,96,000	13,58,398	1,54,02,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd.	6 16	2	*Nil*	*Nil*	*Nil*		11	Y.P.T.
6,00,000	20,52,302	82,10,330	22,45,052	13,304	The British India Corpn. Ltd.	Saran Engineering Co.	7 06	10	*Nil*	*Nil*			6	Y.
66,05,790	9,55,000	75,87,465	14,45,310	58,514	Mr. N. Ranganadhan (Mg. Director)	Southern Structurals	10 28	4	0.35	*Nil*	0.40	0.50	6	Y.P.T.
1,50,00,000	1,25,61,066	5,74 96,913	2,92 91,642	54,305	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	26.30	10	*Nil*	*Nil*	0.50	0.40	3	Y.
59 44,225	20,10,956	1,09 67,915	40,30,919	3,132	Balasundaram & Co.	Textool Co. Ltd.	142 50	10	1.00	1.00	0.60	0.90	12	Y.P.
14,49,495							11 50	10	15.00	15.00	15.00	12.00	4	Y.
				—8,84,232	R. A. Harner, Esq. (Mg. Director)	Wellman Incandescent India Ltd.						*Nil*	3	

* Includes bonus. 'C'—On Increased Capital. M—Managed by Board of Directors. X.R.—Rr. Right

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
INSURANCE (X)														
13,50,000	69,03,607	2,06,89,131	87,91,455‡‡	25,429	N. M. Cole, Esq.	Concord of India	10.00	5	1.00	1.00	1.00	1.00	12	Y

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
92,75,000	2,48,84,621	7,27,48,445	1,37,72,801	11,965	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd..	11.87	10	1.20	1.20	1.20	0.50	3	Y.P.T.
1,00,00,000	56,97,689	2,18,10,686	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	19.85	10	1.80	0.90	1.80	1.50	3	Y.P.
7,94,700							9.50	10	..	..	1.00	0.50	3	Y.
12,65,175	2,73,000	16,65,492	2,19,926	1,442	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd.. ..	7.16	7.50	..	..	0.50	0.375	4	Y.
30,00,000	44,23,928	46,09,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	24.44	10	2.50	2.81	2.80	2.80	3	Y.
4,97,14,990	81,06,000	5,99,72,026	1,61,25,618	53,399	A. E. L. Collins, Esq. (Mg. Director)..	Ashok Leyland Ltd.	6.50	5	0.40	0.80	0.40	0.80	3	Y.
30,00,000	43,10,024	50,67,241	27,77,690	18,162	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	26.37	10	1.80	2.00*	2.00*	2.00	12	Y.
1,18,00,000	98,34,917	1,31,10,564	77,02,281	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A.	23.00	10	2.50	1.50	1.50	1.50	6	Y.
20,00,000	44,17,208	77,63,757	34,45,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	9.00N	10	Nil	1.00	1.00	1.50	8	Y.
80,01,400	1,26,22,254	97,30,051	46,35,240	....	C. G. Montgomery, Esq. (Chairman)..	Balmer Lawrie & Co., Ltd.	237.00	100	25.00	25.00	25.00	22.50	12	Y.P.T.
12,00,000	31,52,123	39,22,354	35,10,354	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	31.00N	10	4.00	2.50	2.50	3.00	12	Y.
20,00,000	9,62,972	67,82,724§§	....	1,064	Lovelock & Lewis	Birds Investment Ltd.	9.00	10	0.95	1.00	1.00	0.80	9	Y.P.
93,95,530	88,79,866	1,94,30,251	78,28,521	6,999	K. Julian Scott, Esq. (Mg. Director).	Britannia Biscuits	37.75	10	2.50	3.00*	2.50	2.10	3	Y.P.T.
3,25,00,000	2,59,81,762	3,30,37,927	2,50,49,445	23,545	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	9.62	5	0.20	0.35	0.45	0.75	12	Y.P.
50,00,000	49,02,950	52,35,651	29,71,882	2,226	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	21.75	10	1.25	1.25	1.00	1.50	12	Y.
1,88,80,000	14,77,426	1,77,97,325§§	....	2,46,740	Andrew Yule & Co., Ltd.	Clive Row Investment	8.00xd	10	0.80	0.75	0.75	..	12	Y.
5,96,850	7,50,000	40,86,867	30,84,660	28,239	K. L. Mital, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	1.00	0.70	..	12	Y.
4,50,00,000	6,23,00,650	12,21,06,895	5,75,17,151	....	M. L. Dexon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	33.31	10	2.15	2.00	1.50	1.75	12	Y.P.T.
90,00,000	1,27,48,000	39,14,313	14,46,834	2,42,095	K. P. Goenka, Esq. (Chairman)	Duncan Brothers & Co., Ltd.	137.00	100	14.00	14.00	14.00	..	12	Y.P.T.
56,72,520	2,28,56,496	2,44,33,402	53,83,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	24.12	5	1.25	1.50	0.90	0.90	3	Y.P.
76,89,000	65,11,801	1,78,16,453§§	....	1,51,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	101.00	100	14.00	14.00	12.00	10.00	12	Y.P.
98,58,202	1,93,822	26,02,244	8,43,057	—4,08,444	P. D. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	8.75	10	..	Nil	Nil	Nil	3	Y.
45,33,000	9,17,059	1,27,35,885	41,42,015	5,749	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.50xd	10	0.50	0.40	0.40	0.75	12	Y.P.
40,12,888	89,64,090	1,15,37,705	59,85,716	2,62,362	Satya Narain Gupta, Esq. (Chairman)..	Ganesh Flour Mills Co., Ltd.	13.50	12.50	1.60	1.60	..	..	9	Y.P.
14,00,000	10,92,000	44,75,416	23,85,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	225.00	100	17.50	20.00	15.00	..	12	Y.
80,00,000	....	4,73,255	21,091	—3,80,040	National Rubber Mfrs. Ltd.	General Tyres Ltd.	7.37	7.50	..	Nil	Nil	Nil	6	Y.
66,00,000	58,42,190	34,60,728	20,88,588	15,471	J. W. Easson, Esq. (Chairman)	Gillanders Arbuthnot & Co., Ltd. ..	15.12	10	1.00	1.10	1.10	1.10	3	Y.P.
40,00,000	35,10,500	83,90,747	56,46,453	2,446	D. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	22.50	10	4.00	4.00	8.00	2.00	12	Y.P.
2,00,15,000	1,54,59,733	3,66,93,878	37,76,535	51,86,310	R. E. D. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	22.00	10	..	Nil	..	..	12	Y.
3,07,66,250	2,31,76,491	10,71,36,646	5,28,33,894	3,048	Birla Brothers Private Ltd.	Hindustan Motors	18.37	10	0.90	1.20	1.25	1.15	3	Y.P.
1,80,00,000	57,26,612	3,18,45,042	72,54,008	—12,90,311	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	15.00	10	1.20	1.20	Nil	Nil	10	Y.
40,00,000	....	66,55,321	6,66,783	—11,50,824	H. L. Somany, Esq. (Chairman)	Hindustan Twyfords Ltd.	12.60	10	..	Nil	Nil	Nil	3	Y.
15,16,00,000	10,67,60,544	12,69,94,528	4,09,70,628	3,29,423	Macneill & Barry Ltd.	Imperial Tobacco Co. of India Ltd. ..	9.25	10	0.80	0.90	0.90	0.80	3	Y.
6,00,44,450	5,02,72,274	18,67,08,063	6,31,36,292	4,12,610	H. V. R. Iengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	30.50	10	1.50	1.50	1.50	1.50	12	Y.P.T.
2,48,65,450	3,38,26,675	3,48,31,931	1,88,64,273	21,521	J. V. J. Patterson, Esq. (Chairman) ..	Indian Cable Co., Ltd.	35.25	10	2.25	2.25	2.25	2.25	3	Y.T.
3,84,00,000	1,61,33,886	9,06,12,544	3,91,56,221	25,587	Amiya Kumar Sen, Esq. (Mg. Director	Indian Oxygen Ltd.	25.62	10	1.50	1.50	1.20	1.20	3	V.T.
29,98,375	1,89,825	60,18,368	28,12,632	66,066	M.	Indian Plastics Ltd.	7.75	Nil	..	Nil	Nil	Nil	3	Y.P.
8,27,970	12,42,783	22,18,109	13,35,190	53,791	M.	Indian Rubber Manufacturers	17.75xd	10	2.00	3.00	3.50	..	3	Y.P.
74,88,900	5,81,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	11.37	10	Nil	Nil	Nil	..	3	Y.
2,00,00,000	67,10,720	55,40,429	19,24,182	....	J. V. J. Patterson, Esq. (Chairman) ..	Jardine Henderson	76.50	10	7.00	7.00	6.00	7.00	12	Y.
18,00,000	13,00,000	18,79,359	1,52,872	64,044	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	9.50	10	1.00	1.00	..	..	3	Y.P.
1,40,20,886	89,23,514	2,73,13,972	18,67,683	1,01,639	Young India Agencies Pvt. Ltd.	Madras Rubber Factory Ltd.	11.37	10	..	0.60	0.45	0.32	3	Y.P.
1,47,12,250	1,38,23,546	94,70,688	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	26.62	10	2.75	2.75	2.50	2.50	9	Y.P.
16,00,000	14,99,563	29,93,908	5,30,650	....	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	22.22	10	3.00	1.25	0.60	..	9	Y.
47,12,000	90,88,866	34,12,628	15,66,083	2,34,727	M.	McLeod & Co.	230.00	100	15.00	15.00	18.00	..	12	Y.
1,61,00,000	2,38,95,151	4,47,55,502	1,71,01,999	38,785	M. K. Vellodi, Esq. (Chairman)	Metal Box Co. of India Ltd.	31.12	10	2.50	2.50	2.50	1.90	3	Y.P.
84,98,000	22,90,164	82,86,801	11,11,396	4,424	N. G. Ayyangar, Esq. (Mg. Director .)	Mysore Electric Industries Ltd. ..	168.00	100	24.00	20.00	20.00	12.00	3	Y.P.
6,66,358	10,53,965	15,65,798	46,55,184	1,217	Mr. M. Subramanyam (Chairman) ..	Mysore Lamp Works	30.00	10	2.00	2.50	3.70*	0.80	3	Y.
10,00,000	5,01,040	22,77,151	13,28,686	1,401	I. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	12.00	10	1.00	Nil	1.00	1.00	3	Y.P.
1,35,00,000	1,27,32,334	1,64,18,002	72,46,576	21,708	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	23.44	10	2.50	2.50	2.50	1.80	3	Y.T.
80,00,000	36,90,300	56,25,223	32,56,376	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Pipes & Tubes Co., Ltd. ..	26.87	10	2.00	2.00	2.00	2.00	9	Y.P.
40,00,000	39,77,485	51,98,266	44,68,902	35,955	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Rolling & Steel Ropes	19.19	10	1.80	1.50	1.50	..	3	Y.P.
80,00,000	21,55,773	1,30,14,550	62,00,885	38,629	K. N. Mookerjee, Esq. (Mg. Director.)	National Rubber Manufacturers Ltd..	11.25	10	Nil	0.65	0.80	1.00	12	Y.P.
79,97,000	1,30,46,098	1,76,30,830	1,01,47,234	24,536	B. N. Elias & Co. Private Ltd.	National Tobacco Co.	10.62xd	10	1.60	0.70	0.70	0.80	12	Y.P.T.
28,82,100	17,27,391	64,55,515§§	....	46,960	Ramduit Ramkissendas	New India Investment Corpn. Ltd. ..	55.00N	75	6.50	6.50	5.00	..	12	Y.
20,00,000	10,04,500	19,06,562	10,15,929	2,705	Parry & Co., Ltd.	Parrys Confectionery Ltd.	2.99	1	0.30	0.30	0.26	0.16	3	Y.
2,30,00,000	1,13,85,086	3,58,53,739	1,25,86,971	43,000	W.A.C.H. Bosschaart, Esq. (Chairman)	Phillips India Ltd.	27.25	10	1.20	1.20	1.30	1.50	12	Y.
1,56,25,000	9,45,709	3,26,97,801	39,71,134	—47,66,862	Duncan Brothers & Co., Ltd.	Phillips Carbon	12.12	5	Nil	Nil	Nil	Nil	3	Y.
12,25,800	7,44,934	30,08,133	7,95,081	4,809	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.60	5	0.70	0.70	0.75	0.75	3	Y.P.
41,56,400	43,63,124	75,97,564	27,98,860	2,087	T. Shamanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	21.12	10	2.30	1.80	1.80	1.50	12	Y.P.
2,25,00,000	5,85,835	24,86,330	21,80,114	16,129	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	123.00	100	4.00	8.50	8.50	10.00	3	Y.P.
5,00,00,000	54,950	1,27,37,959	69,90,595	—3,95,581	Sahu Jain Ltd.	Ravalgaon Sugar Co.	11.19	10	2.00	1.00	0.80	0.90	3	Y.P.T.
5,15,000	8,81,772	59,01,384	37,59,466	—6,87,301	M.	Remington Rand of India Ltd.	2.00	Nil	..	Nil	Nil	Nil	3	Y.P.
7,50,000	29,11,605	55,15,184	32,39,252	6,037	F. W. Heilgers & Co. (Private) Ltd. ..	Rohtas Industries	20.25	10	1.50	1.50	1.50	1.50	12	Y.T.
99,92,480	94,32,421	4,74,28,820	2,50,88,877	90,768	Bird & Co. Private Ltd.	Rohtas Industries (Old) T.F.C.	16.06	10	1.30	1.30	1.30	1.30	12	Y.P.
49,87,750	6,85,270	84,52,322	33,58,568	8,58,023	Hindustan Investment Corpn. Ltd. ..	Sarda Mines	8.69	10	0.80	1.00	1.00	..	6	Y.P.T.
5,00,000	12,99,400	54,18,457	33,46,585	—1,25,641	Jain Industries	Sarkar Quinine Works	18.37	10	0.90	1.20	1.25	1.15	3	Y.P.
16,00,000	....	61,90,801	36,92,941	—5,39,084	M.	Shaw Wallace & Co., Ltd.	3.95	10	Nil	Nil	..	..	12	Y.
22,40,000	£561,055	£979,072	£218,516	£6,234	Jardine Henderson Ltd.	Shaw Wallace & Co., Ltd.	28.50	£1	1.00	2.00	2.75	..	12	Y.
29,92,700	1,22,29,000	5,21,90,901	3,93,62,117	1,57,617	Macneill & Barry Ltd.	Shaw Wallace & Co., Ltd.	21.50	10	1.50	1.00	1.00	..	4	Y.
15,00,000	40,000	27,42,664	9,88,623	—5,84,266	Bhatter's Agency Ltd.	Shaw Wallace & Co., Ltd.	13.87	10	Nil	Nil	Nil	1.00	12	Y.P.T.
12,00,000	2,41,433	45,20,017	30,34,265	796	Kilick Industries Ltd.	Shaw Wallace & Co., Ltd.	41.00	50	Nil	Nil	Nil	..	3	Y.
3,00,000	....	26,07,218	20,64,191	—3,65,025	M.	Shaw Wallace & Co., Ltd.	5.44N	10	0.75	..	..	..	3	Y.P.
20,00,000	9,86,018	49,02,919	15,15,222	32,810	Bird & Co. Private Ltd.	Shaw Wallace & Co., Ltd.	11.62	10	0.75	1.00	1.00	..	12	Y.
14,90,460	20,19,553	70,21,354	46,47,670	22,818	Andrew Yule & Co., Ltd.	Shaw Wallace & Co., Ltd.	30.00	10	9.50	4.00	2.50	8.00	2	Y.P.
9,00,000	10,27,762	29,57,644	23,77,712	57,591	H. V. Low & Co. (Private) Ltd.	Shaw Wallace & Co., Ltd.	12.75N	10	0.40	0.75	..	..	4	Y.
7,49,540	56,440	15,90,454	13,10,323	74,711	Tanuja Brothers Private Ltd.	Shaw Wallace & Co., Ltd.	4.60	10	0.75	Nil	Nil	..	4	Y.
21,97,210	46,16,139	2,10,81,103	1,23,85,029	15,709	Andrew Yule & Co., Ltd.	Sree Beerbhoom	15.25	10	1.60	1.00	1.20	1.00	12	Y.
10,00,000	8,90,206	12,37,188	3,80,199	51,230	Octavius Steel & Co., Ltd.	Sree Manbhoom	11.37	10	0.75	0.90	..	..	10	Y.P.
1,15,000	4,31,409	17,65,275	10,59,556	15,045	M.	North West	19.00N	10	2.00	2.00	..	..	3	Y.
1,57,000							17.50N	7.50	1.50	1.50	..	..	3	Y.
7,50,000	12,52,534	1,94,347	22,85,005(k)	....	P. Prashad, Esq. (Chairman	Ondal	13.50	10	0.60	0.75	0.75	0.50	12	Y.P.
3,34,000	1,52,212	37,86,226	14,17,160	589	Deepchand Kishenlall	Parasea	14.50N	10	0.125	0.125	..	..	12	Y.P.
15,75,750	24,59,125	87,68,504	24,44,552	54,253	Shaw Wallace & Co., Ltd.	Pench Valley	17.44	10	1.00	1.00	1.00	..	12	Y.T.T.
41,99,120	40,85,000	1,62,75,221	1,12,48,598	35,781	M.	Raneegunge	18.37	10	1.50	1.70	1.70	..	3	Y.
13,50,000	32,96,490	89,33,334	47,23,319	8,458	Shaw Wallace & Co., Ltd.	Rewa	26.00	10	2.00	2.00	2.00	..	12	Y.
37,50,000	45,20,338	1,20,44,712	48,96,957	3,953	M.	Samla Collieries	7.81	10	1.00	1.00	0.75	..	12	Y.
40,00,000	15,17,485	1,10,28,290	24,54,119	1,672	S. D. Sethia & Co. Private Ltd.	Selected Saigram Collieries	104.00xd	100	16.00	14.00	10.00	10.00	12	Y.
2,80,000	14,49,316	36,11,280	22,95,222	16,284	Andrew Yule & Co., Ltd.	Seshpore	34.75	7	3.00	3.00	2.50	2.00	12	Y.
12,84,000	6,35,222	35,740	18,68,748(k)	382	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	5.00	10	0.50	0.35	0.25	0.30	12	Y.P.
3,00,00,000	1,42,11,727	11,00,70,501	5,00,12,313	18,633	M. P. Pai, Esq. (Chairman)	Singareni	9.75	10	0.70	0.75	..	0.80	12	Y.
17,50,000	11,77,056	57,60,323	25,84,592	3,001	Bird & Co. Private Ltd.	Sonth Karanpara	6.50	10	0.25	Nil	Nil	0.25	3	Y.
8,00,000	16,18,969	1,53,707	25,15,455(k)	4,723	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	9.65xd	10	1.50	1.00	1.00	1.00	3	Y.
3,50,000	3,01,032	23,77,775	17,75,595	36,403	B. M. Varma, Esq. (Mg. Director) ..	Union	10.25N	10	Nil	Nil	..	..	12	Y.
49,98,000	5,09,055	1,05,82,162	42,25,012	1,19,162	Hindustan Investment Corpn. Ltd. ..	Western Bengal	8.75	10	0.60	0.75	0.90	..	3	Y.
7,00,000	....	60,62,759	34,56,424	—6,23,711	M.	West Jamuria	3.60	10	Nil	Nil	..	..	3	Y.
TRANSPORT													12	Y.
20,00,000	33,73,558	70,97,782	30,50,733	54,555	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	127.00xd	100	7.50	7.50	10.00	10.00	10	Y.P.
1,80,00,000	75,25,652	3,76,69,710	1,57,53,127	—68,12,170	Dinshaw (Private) Ltd.	Bharat Line	4.60	10	Nil	Nil	Nil	0.50	12	Y.
60,00,000	2,71,64,446	10,84,29,602	3,49,39,642	1,28,987	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	13.88	10	1.00	0.75	1.00	Nil	6	Y.P.
56,66,660							13.28	10	0.50	0.50	0.60	Nil		
48,55,580	£1,194,360	£4,312,991	£2,342,188	—£84,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co.	34.00	£10	Nil	Nil	Nil	Nil	12	Y.P.
2,67,50,000	1,57,29,564	28,79,77,974	8,19,14,557	....	Lionel Edwards (Private) Ltd.	India Steamship Co.	6.37	10	1.00	Nil	Nil	Nil	12	Y.P.
11,25,19,293	11,58,24,447	36,58,80,105	12,45,17,005	2,82,649	D. N. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	15.88	20	0.60	0.60	0.80	1.00	3	Y.
O. 8,40,800							2.97xd	O. 1	0.80	0.80	0.80	0.27	6	Y.
P.O. 2,10,200	30,76,582	18,79,885	11,06,250	21,687	R. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	3.25	P.O. 1	0.20	0.20	0.20	0.27	12	Y.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only.

(k) Investments. §§Investment at cost. *Includes bonus.

X.B.—Ex-Bonus.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
25,50,000	69,27,800	1,49,32,049	90,70,765	89,096	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	21.19	10	1.00	1.25	1.50	..	3	Y.
15,00,000	12,52,902	41,58,992	36,25,221	....	Jardine Henderson Ltd.	Barraree Coke	21.12	10	Nil	Nil	1.50	1.50	3	Y.
4,49,355	1,52,388	11,57,089	6,92,083	5,892	Kalyanji Mavji & Co.	Bengal-Bhatdee	3.43	10	0.60	..	..	..	3	Y.
1,30,50,000	2,88,23,138	4,41,09,762	1,58,42,133	1,03,402	Andrew Yule & Co., Ltd.	Bengal Coal	224.00	100	25.00	21.00	19.00	16.00	12	Y.
2,25,000	5,45,685	24,86,380	21,80,114	16,129	M.	Bengal-Nagpur	22.00N	10	1.00	2.60	..	..	12	Y.P.
4,00,000	64,950	1,27,37,959	69,90,595	—3,95,581	Sahu Jain Ltd.	Bharat Collieries	2.75	10	Nil	Nil	Nil	..	6	Y.
5,15,000	8,81,772	59,01,384	37,59,466	—6,87,301	M.	Bhulanbarare	10.00N	10	Nil	..	..	..	6	Y.P.T.
7,50,000	29,11,605	55,15,184	32,39,252	6,037	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	20.25	10	1.50	1.50	1.50	1.50	12	Y.T.
99,92,480	94,32,421	4,74,28,820	2,50,88,877	90,768	Bird & Co. Private Ltd.	Burrakur	16.06	10	1.30	1.30	1.30	1.30	12	Y.P.
49,87,750	6,85,270	84,52,322	33,58,568	8,58,023	Hindustan Investment Corpn. Ltd. ..	Central India	8.69	10	0.80	1.00	1.00	..	6	Y.P.T.
5,00,000	12,99,400	54,18,457	33,46,585	—1,25,641	Jain Industries	Central Kurkend	3.50N	10	Nil	..	..	..	3	Y.
16,00,000	....	61,90,801	36,92,941	—5,39,084	M.	Dhemo Main	3.95	10	Nil	Nil	..	..	12	Y.
22,40,000	£561,055	£979,072	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	28.50	£1	1.00	2.00	2.75	..	12	Y.
29,92,700	1,22,29,000	5,21,90,901	3,93,62,117	1,57,617	Macneill & Barry Ltd.	Equitable	21.50	10	1.50	1.00	1.00	..	4	Y.
15,00,000	40,000	27,42,664	9,88,623	—5,84,266	Bhatter's Agency Ltd.	Ghusick and Musila	13.87	10	Nil	Nil	Nil	1.00	12	Y.P.T.
12,00,000	2,41,433	45,20,017	30,34,265	796	Kilick Industries Ltd.	Hingir-Rampur	41.00	50	Nil	Nil	Nil	..	3	Y.
3,00,000	....	26,07,218	20,64,191	—3,65,025	M.	Hurriladih	5.44N	10	0.75	..	..	..	3	Y.P.
20,00,000	9,86,018	49,02,919	15,15,222	32,810	Bird & Co. Private Ltd.	Karanpura Collieries	11.62	10	0.75	1.00	1.00	..	12	Y.
14,90,460	20,19,553	70,21,354	46,47,670	22,818	Andrew Yule & Co., Ltd.	Katras Jherriah	30.00	10	9.50	4.00	2.50	8.00	2	Y.P.
9,00,000	10,27,762	29,57,644	23,77,712	57,591	H. V. Low & Co. (Private) Ltd.	Lakurka	4.60	10	0.

BEHAVIOUR OF STERLING

(Concluded from page 91)

this year, Britain's balance on current transactions as a whole, seasonally adjusted, slipped into deficit to the extent of £62,000,000—the largest deficit since the end of 1960. This compared with surpluses of £6,000,000 and £14,000,000 in the fourth and third quarters of last year respectively, and with a peak surplus of £71,000,000 in the first quarter.

The deterioration was wholly attributable to visible trade and, specifically, to the growth in imports. These rose between the two quarters by £82,000,000, or seven per cent, whereas exports rose by only £8,000,000, or one per cent. The rise in imports, however, occurred entirely at the turn of the year; after January, there was no further rise. The official commentary points out that this increase, whilst partly due to higher prices, was mainly a reflection of the very violent turnround in stock-building that occurred between the six months to end-September last and the subsequent six months.

In the first of these periods, the stocks held by manufacturing industry and by distributors fell by £50,000,000 (after seasonal adjustment, and valued at 1958 prices as a basis for measurement of volume changes), whereas in the second period they rose by no less than £238,000,000. Between the same two periods, imports of industrial materials rose by 15 per cent. There has also been a sharp increase in the latest quarter in imports of semi-manufactures, as well as a notable rise in finished manufactures, some of which may be associated with the upturn in fixed investment outlays.

The overall deficit, representing the identified current balance together with estimated net outgoings on long-term capital account, deteriorated more sharply still, but there is some reason to think that this movement, like that in the current balance alone, may not be fairly indicative of the trend ahead. Net outgoings of long-term capital during the quarter totalled £91,000,000, as compared with £71,000,000 in the preceding quarter and an average of only £38,000,000 a quarter in 1963 as a whole. One reason for this increased strain was that new lending by the British Government as part of the programme of oversea aid was above average and it amounted to £27,000,000, more than double the amount provided in the first quarter of 1963. The annual rate in recent years has been between £60,000,000 and £70,000,000.

More significant still, as a guide to the underlying trend, is the fact that the so-called balance of monetary movements (representing the net change in reserves and external liabilities, claims and other capital movements of a short-term nature) was adverse during the quarter to the extent of only £69,000,000—or by little more than half, indeed, of the deterioration recorded in the final quarter of 1963.

The disparity between that movement and the deterioration of the overall balance from a deficit of £68,000,000 to one of £158,000,000 is represented by items not identified in the estimates, items which in the latest quarter have an indicated net credit value of £89,000,000 in contrast with a net debit value of £59,000,000 for similar unrecorded items in the preceding quarter. The identified deficit comprises the net outcome of known and recorded current transactions and long-term capital movements. The balance of monetary movements is a firm figure showing what has happened to the cash in the till, so to speak, and short-term indebtedness. When the identified deterioration under the first head exceeds the known deterioration under the second head, the "balancing" items needed to reconcile the accounts consists of a net balance of unidentified receipts—whether unrecorded current earnings and/or a net inflow on capital account. When this balancing item is large and positive, it raises a strong presumption that the overall deficit is overstated.

It should be noted, too, that sterling benefited substantially during the quarter from the net receipts of the overseas Sterling Area in transactions with the non-sterling world. In this seasonally favourable quarter, the current account deficit of the oversea sterling countries dropped to £35,000,000, whilst the net inflow on long-term capital account rose to £150,000,000. After allowing for repayments to the International Monetary Fund and other monetary movements in currencies other than sterling, there remained a net credit of £90,000,000 to be retained in the central reserves pool in London. However, Britain's short-term liabilities to the oversea Sterling Area rose by considerably less than this—by £53,000,000 to £251 millions—principally because Britain's current surplus with the oversea Sterling Area was substantially exceeded by its net lendings to the oversea Sterling Area on long-term capital account.

The most recent indicators of the trend of Britain's external accounts are somewhat more heartening than those of the first quarter. Imports, after their leap from an average of £422,000,000 a month (c.i.f.) and seasonally adjusted in the fourth quarter of 1963 to £457,000,000 in January, have since fluctuated between that figure and £450,000,000, whilst exports in May, as in February, recovered smartly from their sharp dip in the preceding month. The average for the latest three months shows a gain of £8,000,000 on the preceding quarter, whilst the corresponding rise in imports has been no more than £3,000,000.

* * *

The provisionally estimated deficit on visible trade (with both imports and exports valued f.o.b.) averaged £30,000,000 a month in March-May, compared with £34,000,000 in the previous three months. Meanwhile, the Chancellor of the Exchequer, in a recent speech, has indicated that the strain on the balance of payments up-to-date was regarded as within the bounds envisaged earlier in the year, when it was deliberately decided that it would be right for Britain to lean on the cushion of reserves or international credit to some extent at this stage in the business expansion—on the assumption that the strain would prove to be only temporary.

BANK PROFITS

The Punjab National Bank Ltd. has reported a handsome profit of Rs. 69.26 lakhs (subject to audit and after making provision for taxes and other usual provisions) for the half-year ended June 1964, as against Rs. 50.15 lakhs for the corresponding half of last year, representing an increase of Rs. 19.11 lakhs. This profit, together with Rs. 2.27 lakhs (Rs. 15.25 lakhs a year before) brought in gives a total amount available for distribution of Rs. 71.53 lakhs (Rs. 65.40 lakhs a year before). The Directors have decided to maintain the interim dividend on the 10-rupee shares at Re. 1 per share or 20 per cent per annum, subject to tax, which will absorb Rs. 20 lakhs, leaving the balance of Rs. 51.13 lakhs to be carried forward to the second half-year's account.

* * * *

The performance of the Bank of Baroda Ltd. for the half-year ended 30th June 1964 is quite satisfactory. The net profit earned was higher at Rs. 35.55 lakhs, as against Rs. 26.10 lakhs for the first half of last year. The Directors have maintained the interim dividend at 16 per cent per annum or Rs. 4 per ordinary share which will absorb Rs. 16 lakhs. The remaining balance of Rs. 19.55 lakhs and Rs. 2.97 lakhs brought in have been carried forward to the next half-year.

BANK OF AMERICA

The net operating profits of the Bank of America for the first half of 1964 amounted to $46,416,915. The average profit per share on the 28.48 million shares comes to $1.63, as compared with $1.49 for the corresponding period last year. The marked rise in average per share profit is attributed to the substantial increase in earnings. The total resources at $14,809.91 million were $1,122.50 million higher than a year before. The total loans granted by the Bank touched a record of $8,852.84 million representing an increase of $995.01 million over the corresponding half of last year. Deposits amounted to $13,374.82 million ($12,354.79 million as on 30th June 1963). Investments in securities were $3,104.28 million, as against $3,188.15 million.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 16th July 1964.

	Closing quotations 9-7-1964	High	Low	Closing quotations 16-7-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	145.00xd	145.00	144.50	144.50
Apollo (2)	1.60	1.66	1.60	1.60
Baroda Rayon (100)	79.00	79.00	75.00	76.00
Bombay Dyeing (25)	58.00	58.20	57.30	57.60
Bradbury (50)	162.50	—	—	162.50
Central India (100)	96.00	96.00	93.50	94.00
Century Mills (100)	603.00	615.50	602.50	603.00
Dawn (50)	165.00	165.00	164.00	164.00
Elphinstone (50)	105.00	105.00	103.00	104.00
Finlay (100)	295.00	297.00	294.00	297.00
Gokak (100)	182.00	181.00	178.00	179.00
Gold Mohur (100)	208.75	213.75	208.75	213.75
Gwalior Rayon (10)	39.00	39.25	39.00	39.15
Ind. Unit. Defd. (1)	2.42	2.42	2.34	2.34
Ind. Unit. Ord. (10)	20.60	20.60	20.44	20.52
Indian Rayon (100)	54.50	54.50	54.00	54.00
Indore Malwa (100)	208.00	210.00	207.00	210.00
Khatau (100)	188.75	190.00	186.50	188.50
Kohinoor (100)	324.00	330.00	324.00	326.50
Mafatlal (100)	500.00	527.50	512.50	512.50
Modella Woollens (10)	12.52	12.52	12.00	12.00
Morarji (100)	270.00	270.00	268.00	268.00
Mysore (50)	39.00	41.50	39.00	39.50
National Rayon (100)	371.00	378.00	367.00	368.50
New Great (100)	160.00	—	—	160.00
Phoenix (100)	252.00	254.00	250.00	254.00
Pedar Mills (10)	11.44xd	11.52	11.36	11.52
Raymond Woollen (100)	138.75	138.75	135.00	135.00
Samoon Spg. (10)	38.00	38.00	37.75	38.00
Shreeniwas (100)	239.00	241.00	239.00	240.00
Simplex (50)	138.00	137.00	136.00	136.50
Standard (100)	638.00	655.00	633.00	638.00
Swadeshi (100)	244.50xd	250.00	244.00	246.50
Swan (100)	264.00	—	—	265.00
S. I. Viscose (100)	120.00	120.00	116.00	119.00
Tata Mills (25)	55.00xd	55.50	54.00	54.70
Lakshmi-Vishnu (100)	90.00xd	92.00	90.00	92.00
Western India. (250)	815.00	—	—	815.00
BANKS				
Bank of India (50)	102.50	103.50	102.00	103.50
Do. (New) (50)	104.50	105.50	104.50	105.50
Bank of Baroda (50)	97.00	97.50	96.50	97.50
Central (25)	48.50	49.00	48.00	49.00
Central 'A' (25)	51.50	51.50	51.00	51.50
Dena Bank (50)	64.50	65.00	64.50	64.50
Punjab National (10)	19.60	—	—	19.60
Union Bank (5)	6.12	6.16	6.08	6.08
United Com. (50)	70.00	70.00	69.00	70.00
Maharashtra (50)	54.00	—	—	54.00
ELECTRIC COS.				
Ahmedabad (100)	100.25	100.25	99.50	100.00
Amalgamated (10)	9.40	9.48	9.40	9.40
Andhra Valley (1,000)	1,091.25	1,097.50	1,090.00	1,097.50
Bom. Sub. El. (100)	106.00	106.00	105.75	106.00
Surat (100)	103.00	—	—	108.00
Tata Hydro (100)	113.00	114.00	113.00	114.00
Tata Power (1,000)	1,140.00	1,145.00	1,140.00	1,145.00
INSURANCE COS.				
British India (10)	14.00	—	—	14.00
Indian Mercantile (50)	65.00	—	—	65.00
New India (15)	46.00	46.25	45.50	45.50
New India 'A' (15)	47.50	47.75	46.75	47.00
Vulcan (10)	16.24	—	—	16.24
STEEL COS.				
Ind. Iron (10)	25.60	25.65	25.35	25.50
Mukand Iron (10)	18.28	18.32	18.00	18.00
Tata Steel Ord. (75)	155.25	157.25	154.75	155.75
SUGAR COS.				
Belapur (50)	214.50	220.00	213.00	218.00
Bhopal (10)	12.76	—	—	12.75
Dhangdeo (12.50)	28.75	27.50	25.75	27.50
Maharashtra (50)	137.00	137.00	135.00	136.00
Phaltan (50)	100.00	101.50	99.00	101.50
Walchand Ind. (100)	152.00	162.00	150.50	161.00
CEMENT COS.				
Associated Cts. (100)	152.00	153.75	151.75	152.25
Digvijay (100)	186.00	187.00	185.00	187.00
Orissa (10)	13.08	13.16	13.00	13.08
DYES & CHEMS.				
Amar-Dye-Chem (100)	161.25xd	164.50	160.00	161.25
Camphor & Allied (100)	85.00	—	—	85.00
Citric (100)	73.00	74.00	68.00	68.00
Chemicocl (100)	108.00	110.00	106.00	110.00
Colour-Chem (100)	350.00	347.50	341.25	345.00
Indian Dyestuff (100)	280.00	285.00	275.00	275.75
Polychem (50)	161.25	161.25	146.25	152.50
Synthetics (100)	72.00	74.00	71.00	73.00
Tata Chemicals (10)	18.56	18.92	18.44	18.68
MISCELLANEOUS				
Alcock Ashdown (100)	289.00	287.00	280.00	282.00
Bom. Burmah (25)	57.00xd	57.40	56.00	56.00
Do. (New) (25)	44.00	43.50	42.75	43.00
Br. B. Petrol (1½ sh.)	3.46	3.72	3.48	3.50
Br. I. Corpn. (5)	9.60	9.72	9.52	9.72
Cooper Eng. (100)	109.00	—	—	109.00
Hindustan Dev. (10)	33.50	33.50	33.00	33.00
Hindustan Motors (10)	18.76	18.84	18.28	18.28
I. C. & Invest. Corporation (100)	92.00	—	—	92.00
Indian-Copper (2 sh.)	3.34	3.34	3.28	3.28
Killicks (100)	95.50	101.00	95.50	101.00
Larsen & Toubro (10)	21.40	21.76	21.32	21.40
Mahindra & Mahindra (10)	16.36	16.36	16.00	16.24
Asian Cables (100)	71.00	—	—	70.50
Permanent Magnets (100)	110.00	112.50	105.00	105.00
Phillips Carbon (10)	12.00	12.00	11.88	12.00
Pre. Automobiles (100)	102.00	104.00	101.50	101.50
Premier Con. (30)	184.50	186.50	183.00	184.00
Scindia (20)	15.52	16.08	15.56	15.72
G. E. Shipping (10)	13.36	14.24	13.44	13.88
N. Standard Eng. (100)	135.00	137.00	135.00	135.00
T. Manekial (100)	500.00	512.50	500.00	512.50
Shivrajpur (10)	17.52	18.24	17.48	18.00
Sirpur Paper (10)	11.96	11.96	11.80	11.80
Tata Locomotive (100)	288.00	295.00	287.50	292.00
Voltas (100)	62.00	65.50	62.00	64.00
W. I. Match (100)	256.00	258.50	254.00	254.00
W. Coast Paper (100)	243.50	242.50	241.00	243.00
Zenith Steel (10)	16.24	16.36	16.00	16.16

GOVERNMENT SECURITIES	9-7-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	16-7-1964 Rs.
2½% 1976	88.00	—	4.61	88.00
3% 1966-68	—	—	4.61	88.00
3% 1970-75 Ist Dev.	98.15	3.84	5.43	98.15
3% 1986 Con. Loan	90.40	4.86	4.10	90.40
2½% 1965 N. P. Bonds	100.10	—	4.71*	65.85
2½% 1967 N. P. Bonds	99.95	—	5.40	100.10
2½% 1974	98.75	—	4.52	99.95
2½% 1967 N. P. Bonds	100.05	—	4.12	98.75
2½% 1975	98.10	—	5.78	100.05
2½% 1968	98.40	—	3.55	98.10
2½% 1968 N. P. Bonds	99.95	—	3.94	98.40
4% 1972 Loan	98.95	—	3.76	99.95
4% 1973 Loan	98.80	—	4.16	98.95
4% 1979 Loan	98.50	—	4.16	98.80
2½% 1968 Bonds	99.90	—	4.14	98.50
4% 1980 Loan	98.00	—	3.55	99.90
4% 1981 Loan	98.35	—	4.18	98.00
4½% 1985 Loan	100.10	—	4.15	98.35
4½% 1977 G. Bonds	118.10	—	4.49	100.10
4½% 1972 N. D. Bonds	100.10	—	4.61	118.10
			4.24	100.10

* Current Income. c.s.—Cum-Right. xd—Ex-dividend. x.r.—Ex-Right.
§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of the

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Assembly Division	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
67,50,000	1,33,55,000	4,67,689	Allahabad Bank	249.00	100	18.00‡	18.00‡	15.00	15 00	12	Y.P.
1,01,600 / 40,78,800	30,58,220	4,794	Andhra Bank	88.00 / 77.06	100 / 85	8.00 / 6.80	8.00 / 6.80	8.00 / 6.80	8.00 / 6.80	6, 12	H.
2,00,00,000	2,44,93,760	2,96,970	Bank of Baroda	97.50	50	8.50	8.50	8.00	9.00	12	Y.
3,55,00,000 / 50,00,000	4,86,00,000	4,19,848	Bank of India	103.50 / 105.00	50 / 50'A'	10.00 / 1.00	10.00 / 1.00	10.00 / 1.00	9.00 / 9.00	6, 12	R.L.Y.
60,80,080	35,90,200	47,625	Bank of Maharashtra	54.00	50	5.50‡	4.50	4.50	4.50	12	Y.
86,00,000	1,00,78,083	—	Canara Bank Ltd.	77.00	50	7.50	7.50	7.50	7.50	12	Y.P.
25,00,000	27,00,000	9,000	Canara Banking Corporation Ltd.	68.00	50	7.50	7.50	7.50	7.50	12	Y.P.
5,99,880 'A' / 61,42,120 'B'	75,20,000	17,041	Syndicate Bank Ltd.	143.50 / 17.10	100'A' / 10'B'	20.00‡ / 2.00	20.00‡ / 2.00‡	20.00‡ / 2.00	20.00 / 2.00	12	Y.P.
2,00,000				1.57	1'C'	0.20	0.20‡	0.20	0.20		
2,63,01,800 / 65,50,000 'A'	5,20,41,606	91,510	Central Bank of India Ltd.	49.00 / 57.50	25 / 25	5.10‡ / 5.10‡	5.00 / 5.00	5.00 / 5.00	5.00 / 5.00	12	R.L.Y.
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co.	66.00	50	6.88	5.50	5.50	6.00	12	Y.
3,00,00,000	2,40,00,000	70,60,104	Habib Bank Ltd. P.	20.95N	5	17.5%	20%	20%	20%	12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank	10.75	50	Nil	Nil	Nil	Nil	12	Y.
50,00,000	2,50,000	18,193	Hindustan Mercantile Bank	10.75	50	Nil	Nil	Nil	Nil	12	Y.
88,46,215	92,91,884	1,61,942	Indian Bank	153.50	100	15.00‡	15.00	14.00‡	15.00‡	12	R.L.Y.
99,71,575	98,62,886	1,01,850	Indian Overseas Bank Ltd.	144.00	100	14.00	14.00	12.00	14.00	12	Y.
2,00,00,000	2,37,10,000	2,27,073	Punjab National Bank	19.60	10	2.00	2.00	2.00	2.00	12	Y.
5,62,50,000	9,30,00,000	55,50,831	State Bank of India	407.50	100	22.75	25.00	25.00	28.00	12	Y.
1,00,00,000	76,00,000	1,57,743	Union Bank of India	6.16	5	0.57	0.57	0.57	0.57	12	Y.
2,79,68,812	3,20,00,000	75,942	United Commercial Bank	70.00	50	6.00	6.00	6.00	6.00	12	Y.
2,66,71,987	1,00,80,000	4,15,816	United Bank of India	7.69	10	0.48	0.60	0.60	0.75	12	R.L.Y.
PRINCIPAL EXCHANGE BANKS						(Dividend per cent.)					
£6,600,000	£7,525,000	£510,433	Chartered Bank	£2-10-3	£1	15‡†	15†	15†	15†	12	Y.
H.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£21§	H.K. $25	£2.15*	sh. 15*	sh. 16*	sh. 16*	12	Y.
£5,708,000	£5,250,000	£316,941	National and Grindlays Bank Ltd.	£1-11-6	sh. 15	13‡†	14‡‡	16‡‡	16‡‡	12	H.Y.

‡ Includes bonus. P—Figures in Pak rupees. † Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital
N.B.—All dividends declared since 31st March 1959 are taxable.

COMMERCE

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

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CONSERVATIVE UPSURGE IN U.S.

TO a world accustomed to think of the United States in terms of Roosevelt's 'New Deal' and Kennedy's 'New Frontiers' and of its mature liberalism as an alternative to socialism and communism alike, the present conservative upsurge in that country has come as a disconcerting surprise. Not that the world is wholly dismayed by conservatism as such, for, in its best sense, this school of political and economic philosophy stands for conservation of all that is good and time-tested in the established order. But it is the particular brand of conservatism, brought to the surface and galvanised into a tremendous force by Mr. Goldwater, that charismatic Senator from Arizona, that is viewed with alarm by thoughtful people everywhere. Perhaps, this alarm, as expressed in India and in several European capitals, is a little hysterical and exaggerated. But it is not entirely unwarranted, for, as a dyed-in-the-wool type of conservatism, Goldwaterism has its disquieting undertones of intolerance, demagogy and racism. No wonder, therefore, that it has been described as an irony of history that the Republican Party—the party of Abraham Lincoln—has nominated Mr. Goldwater as its candidate for the forthcoming Presidential election even after he had cast his vote against the historic Civil Rights Bill in the U.S. Senate the other day.

Of course, winning the Republican nomination is one thing, winning the Presidential election quite another, and Goldwater's victory at the hustings in November next is generally considered unlikely. But insofar as his election to the U.S. Presidency is quite possible, both Republican and Democratic liberals and their sympathisers round the world have logically subjected his pronouncements and the party platform evolved by his supporters to a critical scrutiny. In particular, his acceptance speech following the nomination—a speech which was brutally blunt on some points and concealed more than it revealed on some others—has come under a withering fire. Quite a few observations in this speech have been rightly invested with a certain significance bordering on the sinister. For instance, Mr. Goldwater's dictum that "extremism in the defence of liberty is no vice" and that "moderation in the pursuit of justice is no virtue" has been roundly condemned by no less a person than General Eisenhower himself—the former President who, more than anybody else, gave a strongly liberal and modern orientation to the Republican Party during the period 1952-60. The ex-President's comment on that highly controversial dictum is that "it would seem to imply that the end always justifies the means, and the whole American system refutes that idea and that concept." While this comment speaks for itself, Governor Rockefeller's description of the Goldwater dictum as "dangerous, irresponsible and frightening" is even more eloquent. Here, in India, one may be justified in asking what material difference there can be between Goldwaterite anti-communists and the communists who swear by the same doctrine of "end justifying the means." If fanaticism and extremism are condoned in the name of 'liberty,' even as violence and subversion are justified by communists in the name of 'equality' and 'social justice,' it is these laudable ends that will be distorted, decimated or destroyed in the process. The writing on the wall is there for all to see, whether in the East or in the West.

It is a thousand pities that the Republican Convention, ignoring this writing on the wall, has rejected the just liberal demand for a formal denunciation of the John Birch Society and other extremist groups which have been backing Mr. Goldwater. The rejection, incidentally, is of a piece with some other cryptic observations in the Senator's acceptance speech. The substance of these remarks is that the mistaken course (of liberals) "stems from false notions of equality," that equality, "wrongly understood, as it has been so tragically in our time, leads first to conformity and then to despotism," and that "it is the cause of republicanism to resist concentrations of power, private or public, which enforce such conformity and inflict such despotism." It is quite obvious that Mr. Goldwater has thus condemned, in the name of liberty, the goals of racial equality and of greater economic equality as between the various classes, to which American liberals (both within and outside the Republican Party) have been dedicated. It defies one's intelligence why Mr. Goldwater has conceived of a dichotomy between 'liberty' and 'equality,' although both of them are equally valid democratic ideals. Is it because communists are cynically exploiting the concept of 'equality' and denying it, as well as liberty, in actual practice that Goldwaterite conservatives wish to go to the other extreme of exploiting the concept of 'liberty' and denying 'equality' and, ultimately, liberty itself?

It may be that this is a far-fetched question, if it turns out that the authentic credo of Goldwaterite conservatism is to be found in the following passage:

"We must assure a society here which, while never abandoning the needy or forsaking the helpless, nurtures incentives and opportunities for the creative and the productive.

"We see in private property and an economy based upon and fostering private property, the one way to make Government a durable ally of the whole man, rather than his determined enemy...

"And beyond that, we see and cherish diversity of ways, diversity of thoughts, of motives and accomplishments...

"We seek a Government that attends to its inherent responsibilities of maintaining a stable monetary and fiscal climate—encouraging a free and competitive economy, and enforcing law and order.

"Thus do we seek inventiveness, diversity and creative difference within a stable order...

"Our towns and cities, then our counties and states, then our regional compacts—and only then the national Government—that is the ladder of liberty built by decentralised power. On it, also, we must have balance between branches of Government at every level.

"Balance, diversity, creative difference—these are the elements on the Republican equation."

That 'equality' is conspicuous by its absence from this equation is not surprising in the context of the repeated accent on 'diversity,' almost in the sense of 'inequality,' in Mr. Goldwater's speech. His entire conservative credo, like the curate's egg, is good in parts, for the kind of stability sought within the framework of private property, *laissez faire*, decentralisation and fiscal orthodoxy, though logical and desirable in a way, may neither be wholly consistent with the Welfare State nor be easily attainable. If anything, the aggressive manner in which Mr. Goldwater, the conservative symbol, is appealing to the combative individualistic instincts of the American character and asking the people to rebel against the conditions of the present may have the unintended effect of undermining whatever stability there is. That perspicacious commentator, Mr. James Reston of *The New York Times*, seems to be right in saying that President Johnson's greater strength derives from the fact that he is appealing to the co-operative attitudes of the American character and asking not only his liberal supporters but his conservative opponents to conserve the comparative peace and prosperity they now enjoy. It is this formidable opponent that Mr. Goldwater has set out to beat. The entire civilised world has a vital stake in the outcome of the U.S. Presidential election. For, if Mr. Goldwater happens, by any chance, to be elected, it would mean that the American people oppose the reconciliation of the races and the allies, an honourable accommodation with the Soviet Union, and the continuation of that imaginative bi-partisan foreign aid programme.

EDUCATION COMMISSION

BY undertaking the long-delayed probe into education, the Government of India has fulfilled the most urgent need of the post-independence era. It has long been recognised that education has progressed by fits and starts in the last few years without anything like even the limited planning that has characterised the growth of our economy. This is particularly unfortunate because education is far more important than any other activity taken in isolation. And to deny it the consideration it deserves and, at the same time, to attempt to build the nation in other directions is bound to lead to lopsided development. Education is and ought to remain the basis on which the national superstructure incorporating every facet of national life must rest.

It is not as if the three Five-year Plans have not devoted any attention to education at all. But what one misses is the real spirit of adventure which alone can give education a meaning and a significance. A mere addition of a chapter or two on education to the reports on Five-year Plans cannot by any stretch of imagination be called a plan for the education of the people. In the final analysis, educational reconstruction implies a missionary zeal in the cause of raising peoples' mental and moral standards. And in so far as the educational sphere in this country has lacked men with the creative spirit in the post-independence era, it should be readily admitted that we have lost sight of the nation's primary need. It is, therefore, just as well that the Government has set no rigid limits of reference for the new Commission (Chairman: Dr. D. S. Kothari). The Commission's terms of reference are broadly conceived. The Government's resolution rightly insists that education is the most powerful instrument for social transformation and economic progress and that the attempt to create a new social order based on freedom,

Contents

	Page
LEADING ARTICLES—	
Conservative Upsurge in U.S.	133
Education Commission	133
Commonwealth Aid	134
MARKET GOSSIP	135
TREND OF SHARES	136
THIS WEEK'S SURVEY	138-139
SPECIAL FEATURES—	
Delhi Letter	140
Ripe for Invasion	141
Inflation and Economic Growth ...	143-144
Manchester Letter	145
Built-in Stabiliser for Commodities ...	147
Depreciation on Business Buildings—I	150-151
U.P. Letter	154
Business Ethics of Corporate Sector ...	155
BANKING	142
SUGAR	146
PLANTING	148
ENGINEERING	152
NEW PRODUCTS AND PROCESSES	153
INSURANCE	156-157
COMMERCE AND INDUSTRY	158
COMPANY MATTERS	159-160
NEWS IN BRIEF AND PERSONAL	161
TREND OF MARKETS	162-164
MISCELLANEOUS STATISTICAL INFORMATION	165-167
WEEK'S STOCK EXCHANGE TREND ...	167

equality and justice can only succeed if the traditional educational system is revolutionised in both content and extent. The chief aim in appointing this Commission, it is stated, is to survey and examine the entire field of education in order to realise, within the shortest possible period, a well-balanced, integrated and adequate system of national education capable of making a powerful contribution to all spheres of national life.

From this, it should be clear that the tasks ahead of the Commission are as intricate and complex as those the country faces on all its fronts—the human, the political, the social and the economic. It would do nobody any good to minimise the gravity of these problems. Few countries have had to face as many problems as India and also to face them at the same time. In the first place, there is need to weld the Indian people and communities into a closely-knit nation. It is the problem of the integration of a people torn asunder by religious, regional and caste prejudices. Secondly, there is need to inculcate in the people the spirit of democracy; this has to be done in a country which for long ages has never had much of a democratic tradition. Democracy will not be practised merely because the constitution prescribes it. It is a way of life, rooted in the respect by each individual for a point of view other than his own. Thirdly, there is need to inculcate a secular outlook among the people based on religious tolerance and, even more, on mutual respect for all religions. Finally, there is need to inculcate in the people the spirit of self-help, hard work and thrift which alone are the determinants of social and economic progress. Economic revolution is basically a human revolution. It implies a change in the attitude of the people towards work and savings.

It is true that the achievement of these tasks is a continuing process. At no point of time can the nation sit back and pretend that it has accomplished its tasks. The battle for national integration, for a democratic way of life and for changing people's attitude towards work must be continually waged. And yet, the fact is that we have so far done little on these fronts. Regional loyalties continue to clash with national loyalties. Caste prejudices continue to distort political elections. Religious intolerance continues to take its toll of innocent lives; as Dr. Radhakrishnan has said, we have "enough religion to hate one another but not enough religion to love one another."

It will be all to the good if the Kothari Commission succeeds in dispelling the notion that the mere spread of literacy constitutes the whole of education. It is essential that it should strive to drive home the point that the mere ability to read and write cannot enable a citizen to take an intelligent part in national reconstruction. Literacy is at best a key to unlock the treasures of knowledge. Unless men are taught to use the key to open the right treasures, it is a valueless tool in their possession. The Government of India, on its part, has done well to recognise that qualitative improvements in education have not kept pace with quantitative expansion. The dismal fact about the educational expansion is that nearly all our schools could only be described as "knowledge shops" where pupils barter money for undigestible scraps of information. Much of the student indiscipline in schools and colleges could be traced directly to the inadequate participation by students in the educational process.

All this needs to be changed. A new spirit of adventure must permeate all our programmes for educational reform. There must be a wider appreciation of the basic value of education which is best summed up in the words of the official resolution: that no improvement is likely to yield greater returns than investment in human resources, of which the most important component is education. Moreover, the nation must be prepared, if necessary, to go slow in other directions, so that the educational basis of our national life is strengthened. The official resolution has done well to declare that the nation must be prepared to pay for quality in education.

More specifically, educational reform implies the reconstruction of the curriculum and the adoption of better methods of teaching. There is urgent need to gear the curricular studies to reflect the changes taking place in science and technology and our knowledge of the outside world. Better methods of teaching in their turn imply not only the wider use of educational aids but also more trained teachers, better equipped not to teach their subjects but to inspire their pupils. The Commission's work will be judged not by what it recommends for changing the externals of education such as more and better buildings and more and better laboratories but by what it proposes for improving the content and methods of instruction in our schools and colleges. Its tasks are the nation's tasks and they pose a challenge and an opportunity as much for the Commission as for the nation.

COMMONWEALTH AID

BEFORE the Commonwealth Prime Ministers' Conference began its eight-day session at London on the 8th instant, some had expressed serious misgivings about its outcome. There were a few pessimists who had even forecast that the Conference would end in a fiasco. The forecast gained currency from reports which suggested wide disagreements on the situation in Southern Rhodesia and British Guiana. Indeed, there were talks of a possible walk-out by the African statesmen as a protest against the U.K. Government's stand on the issue. Happily, however, not only these fears were belied but the Conference actually turned out to be a great success. There is clear evidence of this success in the final *communique* issued at the conclusion of the Conference on Thursday last week. The *communique* reflects the spirit of understanding and purpose that permeated the discussions in the Conference and the broad agreement reached on certain vital issues of importance to the Commonwealth as a whole. The Conference recognised the need for seeking long-term solutions to some basic evils that contribute to racial and international conflicts. Among these solutions, particular stress was laid on (*a*) the patient building up of experience in mediation and conciliation and (*b*) improvement of the means for economic betterment. Well could the British Prime Minister, Sir Alec Douglas-Home, claim that, "for all those who have the interests of the Commonwealth at heart, this is a most encouraging meeting" especially when "one considers the diversity of interests, peoples and culture represented round the table."

Considering that the majority of the 18 Commonwealth countries are underdeveloped—the developed nations are only Australia, Britain, Canada and New Zealand—the problem of raising the living standards of the masses in these countries is naturally a basic concern of the Commonwealth. If this problem were not tackled, the Commonwealth would, as Mr. H. Alan Walker, Chairman of the Federation of Commonwealth Chambers of Commerce, aptly remarked recently, clearly be in danger of disintegration. It was, therefore, just as well that the London Conference emphasised the need of developing countries for improved and more remunerative outlets for their trade, increased financial aid on easier terms and on a continuing basis, and larger inflow of private investment. There was agreement on the importance for all Commonwealth countries of following up the work of the United Nations Conference on Trade and Development with regard to expanding international trade in primary products through freer access to markets and, in appropriate cases, through commodity agreements and stabilised prices at equitable levels; working out arrangements for increasing access by preferences or otherwise to markets in developed countries for manufactured goods from developing countries; and elaborating proposals for supplementary finance to assist countries whose development might be threatened by adverse movements in their export earnings. The Prime Ministers affirmed their intention of working for a solution of these and other problems of the developing countries through the new institutions resulting from the Conference as well as through existing international bodies such as the G.A.T.T.

No concrete plans envisaging much larger Commonwealth assistance for the rapid development of the poorer member-countries did, of course, emerge from the deliberations of the London Conference. And it is possible that the aid potential of the Commonwealth may be limited. But it would be wrong to belittle the contribution that the Commonwealth could make to the speedier economic growth of the developing countries. Indeed, the Commonwealth, as Mr. T. T. Krishnamachari, who attended the Conference since Mr. Lal Bahadur Shastri was ill, has potentialities for the future. Certain fields of action in which the practice of Commonwealth might be extended were selected in the Conference, thanks to the initiative taken by the British Prime Minister. One of the specific schemes proposed, in this connection, relates to the launching of "Commonwealth development projects" in individual countries by pooling together men, money, materials and technical expertise. The projects, it is said, can cover improvement of agricultural production, development of natural resources through extension services, training and research, enlargement of professional and technical training, development of new industries, and so forth. It is certainly gratifying that the British Government has assured a substantial contribution to such projects and that the other member-Governments have lent support to the proposal.

The objective behind the proposal is no doubt laudable, but the projects of the kind described above, if they are to succeed, will have to be planned carefully and thoroughly at every stage of execution. The London Conference did well, therefore, to underline the need for supplementing the present arrangements for promoting the study of the techniques of administration and development planning throughout the Commonwealth. The suggestion for forming a new institute to provide facilities for such study is certainly a valuable one and deserves due consideration. Meanwhile, the British Government's offer to step up its present capital assistance for higher education in the developing Commonwealth countries to an annual average of £5 million over the five years beginning from 1965-66 is commendable.

The health standards in practically all the developing countries are very poor. Efforts have no doubt been made, and continue to be made, to improve these standards. But the progress actually achieved has not been as encouraging as one would wish, due to the inadequate attention paid to the pooling of medical knowledge. Viewed thus, the decision taken in the Prime Ministers' Conference to convene a Commonwealth medical conference some time next year must be widely welcomed. Such a conference will surely enable the member-countries to discuss mutual assistance in medical education, including links between institutions, provision of ancillary staffs, development and planning of health services, supply of medical equipment, and facilities for research.

The links among the countries of the Commonwealth will be strengthened not only by co-operation among their Governments in the initiatives mentioned above but even more by frequent personal contacts among individuals who share common professional interests. This aspect found due recognition in the London Conference. The Prime Ministers recorded their support for the valuable work which the Commonwealth Parliamentary Association performs in bringing together members of the parliaments of all Commonwealth countries. The British Government stated that it would be prepared, if other Commonwealth Governments would do the same, to increase its contribution to the Association. The Prime Ministers considered that further steps should be taken to promote contacts in other fields and that it might be desirable to establish a Commonwealth Foundation to administer a fund for increasing interchanges among Commonwealth organisations in professional fields.

Along with a Commonwealth Foundation, it is proposed to set up a Commonwealth Secretariat which will, *inter alia*, disseminate factual information to all member-countries on matters of common concern, assist existing agencies (both official and non-official) in the promotion of Commonwealth links in all fields, and help co-ordinate preparations for the future meetings of Commonwealth heads of Governments and, where appropriate, for meetings of other Commonwealth Ministers. The significance of the proposed Secretariat is that it will provide some continuing machinery which will ensure a closer and more informed understanding among Governments on the many issues that engage their attention. Appropriately enough, this Secretariat is described as a visible symbol of the spirit of co-operation among the member-countries of the Commonwealth.

The sensible proposals that have emerged from the London Conference and the keen anxiety of Britain to help accelerate the tempo of economic progress in the developing countries (as expressed in the speeches of the various British Government spokesmen) engender optimism in one's mind regarding the future of the Commonwealth. With its population (about 730 million) accounting for nearly a quarter of the total world population, the Commonwealth is bound to make a unique contribution to the promotion of peaceful world development, provided the spirit of compromise demonstrated towards the end of the Prime Ministers' Conference, as Mr. Krishnamachari has rightly remarked, endures.

MARKET GOSSIP

Finance Ministry's Firm 'No'

IT looks as though the efforts of the Stock Exchange Presidents to get the margins on forward scrips relaxed have failed, at any rate for the present. The Union Finance Ministry, it is reported, has firmly said 'No' to the plea of these Presidents for relaxing the system of margins, especially the suggestion for abolishing the two per cent margin on carry-over business. Apparently the Ministry must have thought that any relaxation in margin rules, by reviving a speculative tendency in the market, may do more harm than good to genuine investors. It must have also felt that, once the margin is reduced, it would not be easy to restore the cut, if a change in the situation were to warrant such a step, without seriously upsetting the trend of the market. As for the argument that, in view of the curbs on forward trading resulting from margins, the market is not attracting genuine long-term investment, the Finance Ministry's answer seems to be this: Long-term investment cannot be influenced by margins, inasmuch as a broker buying for a long-term investor, as distinguished from a speculator, is not concerned with margins.

Whatever be the official explanation, it is rather difficult to deny that what is deterring the share markets from recovering is not the existence of margin system but the crushing burden of taxation, enactment of laws and imposition of restrictions. It is these factors that have reduced the attraction for investment in industrial securities and resulted in a diversion of investible funds to durable goods and commodities, thereby contributing to inflation. Drawing attention to this disquieting trend once again, the *Annual Market Review* (1963) of Messrs. Premchand Roychand and Sons of Bombay points out that, despite selective reductions in tax incidence on some key industries, the general impact of the 1964-65 budget has been depressing; the investing classes have been unnerved by the dividend tax, the tax on unrealised bonus shares, higher corporate taxes, and steep increases in estate duty and gifts tax. Describing the state of the capital market at present, the *Review* observes:

"There is little activity in the capital market. New issues get hardly any public response and, in recent flotations, the underwriters have been left with a very large proportion of each issue. It is difficult to guess how long this situation will last. It is obvious that, while the domestic capital market is in a depressed state, it is hardly likely that foreign investors would be attracted to set up joint ventures which require matching rupee resources. A fiscal policy which offers 'candy' to the foreign investor and wields the 'big stick' against the nationals of the country is bound to be looked at with grave misgivings by those to whom tax concessions are offered."

Comment on these observations is superfluous. The note of warning struck by the *Review* to the effect that enactment of laws and imposition of restrictions and taxes, which the Government is unable to administer, can only lead to progressive growth of anti-social elements in the country and to inflation and corruption, the two major enemies of any system of democratic socialism. The *Review* is quite right in saying that the crying need of the country at the moment is increased production in all spheres, particularly agriculture, and simplification or removal of many restrictions or regulations that are not enforceable and yet are retained in the statute book for purely ideological reasons. Political pressures on making any changes which appear to be in favour of the 'haves' are, of course, very strong, but, unless the reality of the situation is faced squarely, as the *Review* avers, there is little hope of increasing productivity and eliminating tax evasion, corruption and inflation.

Foreign Private Capital For Steel?

The new Union Minister for Steel and Mines, Mr. Sanjiva Reddy, is reported to be of the view that foreign capital could be associated with future steel development. His idea seems to be that this association could take the form of equity investment, provided foreign capital is willing to come in as a minority partner. As even such minority participation, if accepted, will represent a major shift in the Government's policy regarding steel, the Minister has taken the precaution of adding that the idea represents only his personal view. But there is reason to believe that rethinking on the erstwhile policy had started in the Ministry even before Mr. Reddy took over from Mr. C. Subramaniam. In fact, the former Minister for Steel did, at one stage, welcome private foreign aid in some form or other for the Bokaro Project which the U.S. Government finally declined to finance. And, before he moved over to the Food and Agriculture Ministry, Mr. Subramaniam was actually considering how best India could utilise the aid that a private Anglo-American consortium had proposed to arrange for the Bokaro Project before the Soviet Union moved in with its offer to build it.

This Anglo-American consortium is now stated to have conveyed its continuing interest in building any new steel project. But the Government has yet to take firm decisions on the number of new steel plants to be taken up during the fourth Plan period and their possible locations. Incidentally, the locations under consideration are Goa-Hospet, Visakhapatnam-Bailadilla and Salem-Neyveli. If joint ventures on the lines of the Cochin Refinery Project and other proposed refineries are under contemplation for a couple of steel projects, too, and if American, British or German firms are willing to take a minority share in them, there is every possibility that the heavy foreign exchange requirements (estimated at more than Rs. 500 crores) of steel expansion in the fourth Plan will be more easily, albeit partially, met. It is to be hoped that the desirable shift in policy for associating foreign private capital will come about soon in the form of a Cabinet decision.

I.I.S.Co., Too, Raises Dividend

The shareholders of the Indian Iron and Steel Co., Ltd. must have felt quite gratified at the highly encouraging working results of the Company for the year ended March 1964, though they may be somewhat disappointed at the small increase in dividend (subject to tax) from 16 per cent to 17 per cent; even this increase is to be by way of a cash bonus of one per cent. The total dividend absorption will be higher by Rs. 19.90 lakhs at Rs. 2.19 crores. The disappointment is apparently because the rise in dividend is not commensurate with the substantial improvement in gross profit (after providing for Managing Agents' commission) which for the year under review stands at the all-time peak level of Rs. 15.91 crores, representing a rise of as much as Rs. 3.39 crores as compared with the profit for 1962-63. But a large part of the improvement in gross profit has been taken up by markedly higher provision for depreciation (Rs. 4.40 crores, as against Rs. 3.40 crores) and enhanced tax provision (Rs. 3.87 crores, as against Rs. 3.56 crores). It is true that, even after these higher provisions, the net profit has gone up by Rs. 2.08 crores to Rs. 7.64 crores. But it would appear that the Directors, instead of deciding to pay a much higher dividend than what they have proposed, have considered it prudent to utilise a sizable part of the net profit to strengthen the ploughback profit, the addition to reserves having been raised to Rs. 5.35 crores from Rs. 3.64 crores.

The substantial improvement in the gross profit of the Company has followed the distinct rise in the production and despatches of steel. The total quantity of saleable steel actually produced in 1963-64 was 810,000 metric tonnes, as against 795,000 tonnes in the previous year, and the quantity despatched amounted to 815,000 tonnes, as against 798,000 tonnes.

Engineering Exports

At the meeting of the Engineering Export Promotion Council the other day at Calcutta, the export outlook was discussed with particular anxiety in the context of two persistent factors, namely, rising prices and chronic shortages of raw materials. The first factor, it was pointed out by Mr. S. L. Kirloskar, Chairman of the Council, was upsetting cost stability and thus coming in the way of export continuity. He emphasised, in this connection, the point that exporters, after all, executed orders on forward contract. Secondly, shortages of power, iron and steel, coke, non-ferrous metals and other raw materials have become chronic, hampering production, economic expansion and thus cost reduction.

It is no wonder, therefore, that engineering industries could export only Rs. 13 crores worth of goods in 1963-64, although they were assigned an export target of Rs. 25 crores for that year. Of course, in the current year (that is, 1964-65), despite the expected fall in exports of electric fans and sewing machines due to the four-month strike in the Jay Engineering factories, the export earnings as a whole are likely to be of the order of Rs. 18 crores. Good though this export performance will be, it will not be much to boast of in the context of even the present level of production and export potentialities. If this performance is to be bettered in the coming years, the engineering industries should not only diversify their production for export but also develop service links with the engineering industries abroad. Such links, it will be recalled, were recommended by the Council's Trade Delegation to Western Europe and the U.K. in 1963. No progress in this direction seems to have been made so far, although it has been recognised that, without developing service contacts with big firms in Europe, it would be difficult for Indian engineering units to modernise themselves and to upgrade their own services.

As far as export promotion is concerned, much will depend on how imaginatively the Government's revolving scheme for foreign exchange (announced in May 1963) in respect of exports of non-traditional items like engineering goods and chemicals is worked in actual practice. The object of this scheme, incidentally, is to provide foreign exchange facilities to manufacturers/exporters for the import of raw materials, components and spares required by them for the production of goods for exports. According to the details of the scheme now available, the Export Credit and Guarantee Corporation will function as the co-ordinating agency, through which banks will have to route applications on behalf of their clients for import licences against lines of credit in foreign exchange raised by them abroad. The E.C.G.C. will bring up these cases before a screening committee consisting of representatives of the Ministries of International Trade and Finance, the Reserve Bank of India, the Chief Controller of Imports and Exports and the D.G.T.D. On the basis of the recommendations of this committee, an import licence will be granted to the sponsored exporter for the requisite raw materials, components and spares. The exporters will be required to execute a bond undertaking to effect specified exports within a stipulated period, and the import licence will be issued only for the value of raw materials and components permissible under the appropriate export promotion scheme and required for the production of goods to be exported. Whether this scheme is being worked imaginatively and to good purpose is in some doubt, for Mr. Kirloskar has referred to the recent reduction in drawbacks and import entitlements and the general inadequacy of promotional incentives in a rather critical vein.

But the situation is not without some heartening features. One of these is that much of the foreign investments in India have been used for the expansion and diversification of the country's engineering capacity. Another is that the economies of scale are being increasingly recognised for purposes of expansion, although it is difficult to say how far implementation is in accord with that recognition. Yet another is that foreign know-how is becoming available, albeit slowly, through collaboration, and this augurs well for product diversification, technical upgrading and export performance. But all these will not be of much avail, if shortfalls in the production targets set for mild steel, pig iron and special steels slow down the rate of growth—growth of current production as well as of expansion of processing capacity. In sum, the growth of engineering industries will be primarily determined by the growth of iron and steel industry and, to a considerable extent, of non-ferrous metals industry.

Monopolies Commission

The recently-appointed Monopolies Inquiry Commission, it will be recalled, has been asked to probe into (1) the extent and effect of concentration of economic power in private hands and the prevalence of monopolistic and restrictive practices in important sectors of economic activity other than agriculture, (2) the new legislative measures that could be introduced to prevent malpractices and (3) any other matter bearing on the functioning of the private sector and financial institutions. The terms of reference themselves have come in for comment in industrial and commercial circles. The Bharat Chamber of Commerce of Calcutta, for instance, has just formulated its views on the subject and submitted a memorandum to the Commission. In the note, the Chamber has urged the Commission to study the problem of growth of monopolies in the country objectively and not be biassed by any ideological considerations. For the Chamber feels that the concepts "concentration", "monopolistic and restrictive practices," etc., would need to be defined precisely before any concrete diagnosis of the malady is made.

In an effort to prove that the scope of the enquiry is very limited, the Chamber refers to the Central Statistical Organisations' estimates of national income for 1962-63 and adds that the contribution of the chief sectors other than agriculture to the national income are mining, manufacturing and small enterprises 20.1 per cent; commerce, transport and communications 17.0 per cent and other services 18.1 per cent. As regards commerce and transport, the entire pattern of development is in the nascent stages and the Government, through various institutions like the State Trading Corporation, is guiding it. In the first category, small enterprises account for 7.8 per cent. Hence mining and manufacturing business constitutes only 12.3 per cent of the national income. Even in this category, the Government has set up its own projects and thus further limited the scope of possible findings. The share of the corporate sector as a whole is only 10-11 per cent of the national income, and that of the large-sized firms a meagre 4 per cent. Considering the small periphery of this growth sector, the Chamber feels that the imperative need is to prop up the economy and not to scan the nascent segments of development.

The memorandum then deals with the extent of concentration of economic power in the country. It points out that the concentration ratio in India during the period 1953-54 to 1956-57 has been only 0.34 as against West Germany's 0.45, Ceylon's 0.42 and U.S.A.'s 0.35. According to the Chamber, there has been some apparent confusion in regard to the emergence of administrative control in groups for certain advantages in the early phases of the economy; this control has been mistaken for "concentration of power." Similarly, the note indicates the broad-based character of shareholdings in companies and adds that the trend is towards expansion of ownership and not concentration. It further states that a mere growth in the size of private companies does not lead to a monopoly condition. The fall in the value of the rupee and the increased requirements of capital are mainly responsible for the increase in the capital-size of private companies. Hence the note suggests that the "overall" dimension of growth within specific ranges has possibly created a misapprehension in regard to monopoly or economic concentration.

Coming to the legislative and other measures, the Chamber, in its memorandum, sounds a note of warning to the Commission that any fresh statutes and controls would only result in "drying up" the already scarce entrepreneurial element in the country. For it feels that there is already a plethora of legal measures to prevent the emergence of monopoly or concentration like the Industrial (Development and Regulation) Act, the Capital Issues Control Act and the Companies Act. In fact, the Chamber fails to visualise what further scope is left to legislate upon when the industrial structure is already saddled by controls from head to foot.

As regards the third item of reference, namely, any other matter bearing on the working of the private sector, the Chamber has suggested that the Commission should study and assess the sectoral pattern of development in the country. It has felt that a proper balance should be struck between heavy industries and consumer goods industries and between the public and private sectors. With the incentive to work and save at a low ebb among the entrepreneurs owing to excessive taxation of income, the need for an objective study of the tax structure is felt imperative. Any scheme of broad-basing the economy must provide for a downward revision of direct taxes on the individuals to encourage savings and investment in venture capital.

TREND OF SHARES

DOWNWARD DRIFT

(From Our Own Correspondent)

BOMBAY, *23rd July*

IT was another week of irregular price movements under alternate spells of bull liquidation and short-covering, together with scattered replacement buying with a tendency for the market to drift downwards at the close. As compared with last week, the price pattern was a mixed one, but the list showed generally good to moderate losses over the week. The sentiment of operators was adversely affected by the reported decision of the Government of India not to permit any relaxation of restrictions on the margin system. In particular, the Government was said to have rejected outright the plea for abolishing the 2 per cent margin on carryover business.

Among market leaders, Tata Steel eased from Rs. 155.75 to Rs. 154 this week and Indian Iron was placed fractionally down at Rs. 25.40, as against Rs. 25.50. Century was down from Rs. 603 to Rs. 600 and Standard from Rs. 638 to Rs. 626. National Rayon was another weak counter which was marked down to Rs. 358 from Rs. 368.50 last week, and so was Telco from Rs. 293 to Rs. 286.50. Scindia was also weak at Rs. 15.44, as against Rs. 15.72.

Sentiment on Thursday, when equities suffered a sharp recession, was induced mainly by reports that the public sector units had been directed to revise their banking arrangements which in effect means that they should do their banking with the State Bank of India and its subsidiaries. Besides public sector units, the Government is also understood to have made this directive applicable to local bodies in the Centrally-administered territories, statutory authorities and Government corporations. It is true that some of these institutions are transacting their business already with the State Bank, but the latest directive means that, hereafter, the State Bank will completely dominate the scene reducing the role of private banking to naught. Thursday's trading did suggest that the market had understood the implications of this order and thoughtful operators were of the opinion that the move was bound to have far-reaching repercussions on the private banking and industrial sectors.

The picture presented by the market suggests, on the whole, that the consolidation process is still on and technical analysts point out that this will take some time yet to be completed. The market is yet unable to sustain its rallies and analysts do not, therefore, foresee any big upward move in the near future. The latest directive to corporations and public sector units could be a strong bear factor and, if the market were to pick it up in its full measure, as a declining market ought to, prices might drift further next week. However, it would be interesting to wait and see whether any equally strong bull factor presents itself in the meantime.

A notable factor this week was the spurt in automobile shares following the excellent interim report put up by Premier Auto. The substantial rise in the turnover of the Company has raised hopes that it might return to the dividend list. The shares were bid up to Rs. 103.25, though they reacted later to close at Rs. 101.50. The firmness in these shares induced support to Hindustan Motors which were bid up to Rs. 18.36, before finishing at Rs. 18.16. That Calcutta was a consistent supporter of these shares was taken as a significant point.

But insurance shares were a depressing feature. The general withdrawal of support to these was based on fears that business on public sector and allied account might pass on sooner or later to the Life Insurance Corporation which has started underwriting general insurance. Market people comment that, one fine morning, they may wake up to find the Government having ordered its organisations to put their fire and other general business only with the State-owned organisation. Currently very little trading in insurance shares is passing on the Stock Exchange with New India hovering around Rs. 45.75.

In the face of uncertainties before cotton textiles, the easiness in this section is not hard to understand. The Government seems to be determined in its mind to keep controls as well as the system of price stamping and would have the trade suggest ways and means of successful implementation of controls. The additional problem for companies like Century and National Rayon is that of rayon yarn prices. The market is very dull at present, but investors are not prepared to throw away their textile shares, though the position at present is not, after all, quite encouraging.

Another depressing counter this week was Permanent Magnets which were quoted below par. Some distress selling induced by the feeling that dividends were still a long way off was reported. Dhrangadhra has come out with excellent results. There is a 50 per cent rise in gross profit and the dividend has been stepped up by 2 per cent to 10 per cent. Current year's prospects are considered to be even better. Polychem has pleased its shareholders by issuing three bonus shares for every seven held, besides maintaining the dividend. The issue is to be made from out of the share premium and is subject to the sanction of the Controller of Capital Issues.

Among other popular counters, Tata Chemicals closed the week on a slightly better note, though the quotation was sizably down on the week before last. Voltas was quiet at Rs. 251, while A.C.C. maintained a steady tone at Rs. 152.25.

Delivery figures released by the Stock Exchange for the 23th July clearing showed a sizable rise from 503,622 to 814,111 in the number of shares.

This obviously induced a hesitant trend. At the close of the week, cash shares remained quiet except for shares like Dhrangadhra and Star Textiles which attracted investors' attention. Miscellaneous and engineering shares were a shade easy on disinvestment.

* * * *

At the time of writing, Calcutta was devoid of active interest. Operators were reluctant for fresh commitments in the absence of incentives. Motor shares attracted profit-taking while Textile Machinery and Guest, Keen were active. Trading in coal shares was selective, while in teas. Brooke Bond, Darjeeling and Patrakola were among those that were active. Paper shares were steady.

* * * *

In Madras, plantings attracted attention, but business was confined to selected counters. Mettur Chemicals attracted attention whereas textile shares were generally dull. Bank shares were neglected and interest in Sugar shares was scattered.

DHRANGADHRA CHEMICAL PAYS MORE

The Directors of the Dhrangadhra Chemical Works Ltd., have proposed a higher dividend of 10 per cent (subject to tax) for the year ended March 1964, as compared with the 8 per cent distributed in the previous year. The rise in dividend has been rendered possible by the notable expansion in the gross profit earned by the Company which for the year is Rs. 131.8 lakhs, as against Rs. 90.3 lakhs for 1962-63. The profit would, indeed, have been much higher but for the production loss in the caustic soda plant due to breakdown and trippings, as well as frequent power restrictions and shut-offs imposed by the Madras State Electricity Board. The quantity of caustic soda actually produced in 1963-64 was about 34,500 tonnes, as against 27,000 tonnes in 1962-63. The improvement in production has been accompanied by a corresponding increase in sales from Rs. 4.34 crores to Rs. 4.94 crores.

Provisions for depreciation and managing agency commission are, of course, higher, the former by Rs. 19.91 lakhs at Rs. 54.61 lakhs and the latter by Rs. 1.94 lakh at Rs. 3.93 lakhs. Even so, the net profit is substantially higher at Rs. 77.41 lakhs, as against Rs. 55.47 lakhs. A large part (Rs. 40.00 lakhs, as against Rs. 1.06 lakh in 1962-63) of the profit has been set apart as development rebate reserve, while transfer to general reserves has been reduced from Rs. 46 lakhs to Rs. 23 lakhs.

The working results of the company for the current year (1964-65) are expected to be much better. The production of caustic soda, according to Mr. P. C. Jain, a Director of the Company, is likely to rise to 42,000 tonnes and sales to Rs. 5.75 crores, as compared with 34,500 tonnes and Rs. 4.94 crores, respectively, in 1963-64. The programme of expanding the installed capacity of the caustic soda plant from 80 tonnes to 140 tonnes a day was completed during 1963-64 and it is proposed to raise the capacity by another 40 tonnes. Meanwhile, the Company has applied for an industrial licence to put up another caustic soda plant with a daily capacity of 300 tonnes. This plant is estimated to entail a capital outlay of about Rs. 10-12 crores, half of which will represent foreign exchange component. The Company's scheme for putting up the liquid chlorine plant made further progress during the year. A letter of credit under yen credit from Japan has been opened and the deliveries of plant and machinery cover a period of 10 to 16 months. This plant is expected to go into production by the end of next year.

MYSORE ELECTRO CHEMICAL WORKS LTD.

The Mysore Electro Chemical Works Ltd., Bangalore, manufacturers of automotive batteries, heavy duty tractors, stationery, aircraft, motor cycle and scooter batteries, has proposed to increase its paid-up capital by Rs. 25 lakhs in order to finance its expansion programme. Of this total, a sum of Rs. 10 lakhs has been reserved for subscription by the directors and their friends and Rs. 5 lakhs (in preference shares) will be subscribed by the Company's West German collaborators (Messrs. Accumulatorenfabrik Sonnenschein). The balance of Rs. 10 lakhs will be offered for public subscription. The entire public issue is being underwritten by the Industrial Finance Corporation of India. The Mysore State F nancial Corporation has sanctioned a loan of Rs. 14.30 lakhs for completion of the expansion programme. Besides batteries, the Company will manufacture special types of batteries for electronic flashes and other electronic equipment and transistorised units. The Company has secured the approval of the Central Government for collaboration arrangement with Messrs. Semperit of Austria for the manufacture of hard rubber containers for batteries and permission for the import of capital goods worth Rs. 12 lakhs.

MAJOR CONTRACTS FOR SIMON-CARVES

The Simon-Carves India Ltd. has secured four important contracts valued at approximately Rs. 3.75 crores. Three of these are in the public sector for the alloy steels plant of Hindustan Steel Limited and one in the private sector for Cominco Binani Zinc Ltd. The work comprises the complete water supply system and the distribution systems for coke oven gas, compressed air, fuel oil, steam, oxygen, acetylene and argon for the alloy steels plant. A zinc refinery, together with the associated sulphuric acid plant for Cominco Binani Zinc Ltd., is to be constructed under the supervision of the well known Canadian firm. Consolidated M'ning and Smelting Company of Canada Ltd. of Trail.

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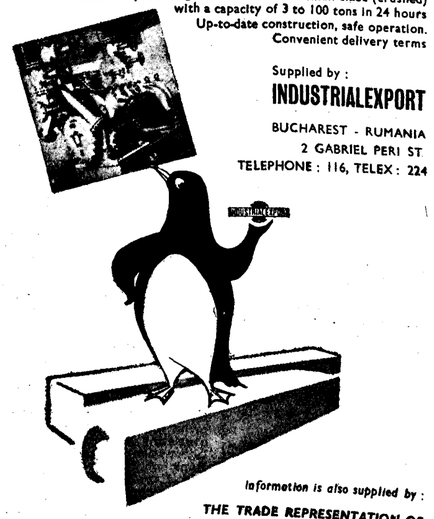

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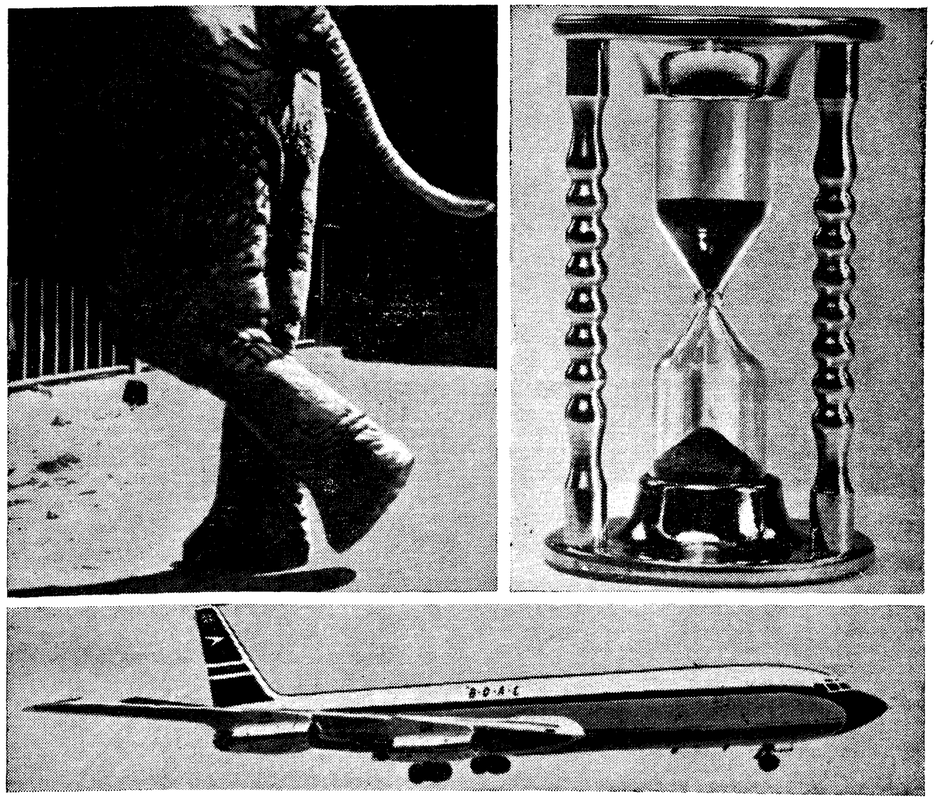

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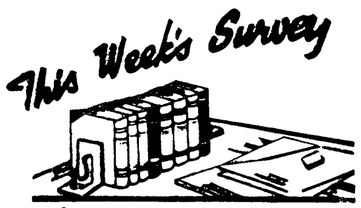

COMMUNITY DEVELOPMENT

IN sheer quantitative terms, the official claim that in a "brief" period of 12 years the whole country has been covered by extension services, and a major part of it by popular institutions like *panchayats* and co-operatives, is no doubt very impressive. But, in terms of physical achievement and quality of performance, has this rural reconstruction movement come up to expectations? The Union Minister for Community Development and Co-operation, Mr. S. K. Dey, who addressed the Annual Conference on Community Development and *Panchayati Raj* at New Delhi this week, has not, of course, answered the question in a direct manner. But it is possible to infer indirectly from his address that Community Development, as of today, is not what it could be and should be. It is indeed distressing, in this connection, to hear from Mr. Dey that "there is need also for an integrated approach to the problem of mobilising the (rural) people and getting them properly oriented for the task of maximum production." One will be justified in asking why such an "integrated approach," which was always thought of as an integral feature of the very conception of Community Development, has not been much in evidence all along.

Another candid admission by Mr. Dey is that, although agriculture is the main occupation of rural people and rural industrialisation could flow only from the growth of agriculture, much remains to be done in bringing it into focus so far as the Community Development programme is concerned. So, the impartation of an agricultural bias to community development is still marking time. Why this is so it is not difficult to infer. The admitted absence of co-ordination between community development and co-operation at the village, block and district levels, as also the lack of co-ordination between the Agriculture Department and the C. D. agency, seems to have been largely responsible for the failure to make community development agriculture-oriented. The Union Minister's further admission that joint farming has not made progress is, of course, not surprising. But, in the context of the proposed agricultural orientation to community development, it would be a good thing to bring the smallholders, who are now patently unwilling to pool their lands for joint farming, more fully and actively into service co-operatives. Incidentally, Mr. Dey's idea, also endorsed by Mr. Asoka Mehta, Deputy Chairman of the Planning Commission, that landholders could possibly be persuaded to pool all their resources, except land, in a kind of co-operative farming may be less objectionable if he has not sought to make out that it "could be an intermediate stage in joint farming." The idea may be acceptable to the large body of smallholders only if it strictly connotes co-operative endeavour for betterment farming, well-irrigation and, if possible, joint utilisation of bullocks and implements at the time of ploughing alone. In any case, as this idea of *limited* co-operative farming was originally canvassed by the Ford Foundation's Agricultural Team, its revival at the present time is significant in the context of the proposed extension of the package programme (partly aided by the Ford Foundation) and the American offer of aid for "the second stage in India's rural development."

PLANNING AND PRICE POLICIES

A lower voice for the Planning Commission and more power to the elbow of the executive ministries and the State Governments: this seems to be an immediate objective of the reorientation operations just begun by the Prime Minister, Mr. Lal Bahadur Shastri. The Planning Commission is stated to have been forcefully told by the new chief executive that it will have to confine itself to formulating general programmes rather than get itself bogged down into details and controversies. In other words, the Planning Commission should progressively get itself less and less involved in the fortunes of individual projects. The Prime Minister is keen to see the evolution of a short-term strategy which will be effective in buoying up essential sectors like agriculture and also in improving the opportunities for increased employment. Unless there is substantial improvement in the fortunes on the food front in the last two years of the current Plan, the next Plan will have to be of much smaller size than what the perspective experts have envisaged.

In the next few weeks—before the meeting of the National Development Council now expected in August—a series of working groups' reports on various sectors will be ready. These reports will be dealt with speedily by the Planning Commission and a clear picture of possibilities and perspectives for the fourth Plan painted for the N.D.C. meeting. The image of planned progress to be presented may not be in the shape of too many heavy projects but through steps for expansion of agricultural production and control of prices. Incidentally, the primary task which Mr. Shastri has assigned for the administration is, no doubt, the evolution of a national price policy; there was considerable groping about during the meeting of State Chief Ministers. But any firm administrative measure has to await the flow of grains after the harvests and the assurance of continued supplies over the next few years from the United States.

ALCOHOL INDUSTRY

For two important reasons, the need for maintaining a high level of alcohol production assumes significance. In the first place, the demand for vital items, such as synthetic rubber, polystyrene, organic chemicals and solvents produced from alcohol has gone up quite markedly in recent years, a trend that is bound to gather momentum in the accelerated tempo of industrial development under the fourth and fifth Plans. Secondly, increase in alcohol output means the profitable utilisation of molasses, a by-product of sugar industry which would otherwise go waste. Viewed thus, it is unfortunate that a large part of the alcohol industry's installed capacity continues to remain idle for want of regular and adequate supply of molasses, thanks to the distinct setback in sugar production.

While the alcohol industry has thus unused capacity, the Government has been obliged to permit imports in order to meet the sharp rise in the industrial usage of alcohol. This situation, as Mr. Humayum Kabir, Union Minister for Petroleum and Chemicals, stated, while inaugurating the twentieth annual general meeting of the All-India Distillers' Association last week-end, is an anomaly. Such an anomalous situation cannot be allowed to persist for long, but much will depend on the trend of sugar production which, in turn, will be influenced by the official sugar policy. We wish Mr. Kabir's hope that, with larger sugar output in the 1964-65 and 1965-66 seasons the production of alcohol will again catch up with demand, will prove correct. Meanwhile, the Government of India has done well in imposing a virtual ban on exports of both molasses and alcohol.

The alcohol industry has reason to feel gratified at the sympathetic and helpful attitude displayed by Mr. Kabir. There was, for instance the welcome assurance in Mr. Kabir's speech that the Government would be prepared to give every consideration to the industry's plea for a higher price to alcohol, though he qualified the assurance by the proviso "short of putting a premium on inefficiency when fixing or reviewing the price structure of ethyl alcohol." In this connection, the Minister revealed that a further study of the factors affecting the cost of production was being undertaken and that the Government would consider appropriate action in the light of this study. As for some of the other factors which influence the production cost of distilleries, Mr. Kabir felt that the octroi and other charges on molasses as mentioned by the President of the Association were high and observed: "I am aware that several States have still not agreed to forgo the excise establishment charges on distilleries. To the extent that these additional charges reflect on production costs, I can appreciate that there may be a case for adjustments in the selling prices of alcohol." The speech of Mr. Kabir also contained the following assurances:

> The Government of India has already discussed the matter with State Governments and arranged for suitable adjustments in the production and distribution of alcohol, so that the increasing demand for this basic chemical is met to the maximum possible extent.
>
> Any specific suggestion from the Association for the planning of production and distribution of alcohol from different units would be welcome and will be examined sympathetically by the Government technical officers.
>
> No production from distilleries in any region will remain unutilised; if some consumers have failed to lift earmarked quantities, these will be diverted without delay elsewhere. The U.P. Government has agreed to release another 2.35 million gallons for users outside the State and this should to some extent help the industry.
>
> As for revision of excise regulations and streamlining of administrative procedure, this matter will surely be looked into by the State Governments which are primarily concerned with control of distilleries. Several useful suggestions and principles have been laid down by the Government of India's Alcohol Committee and these can certainly form the basis for simplifying excise procedures which govern the production and use of alcohol under modern conditions.
>
> The problems faced by distilleries producing potable alcohol are largely a matter for State Governments and they will surely look into the matter keeping in view the overall national objectives.

These assurances are quite welcome, but a heavy responsibility rests on the alcohol industry itself. One of the most important problems which the industry has to face relates to attainment of maximum efficiency of operation. Mr. Kabir did well to emphasise this aspect which is especially important, considering that alcohol from molasses will have to remain a competitive raw material *vis-a-vis* petro-chemical production. Characterising this as a new challenge, Mr. Kabir rightly pointed out that efficiency and cost-consciousness should be the guiding principles, if the industry was to compete with the new petro-chemical technology that was fast taking shape. It was, indeed, a timely and wholesome advice that he gave when he asked the Distillers' Association to organise, besides arranging technical meetings or symposia at frequent intervals, active technical assistance in appropriate cases where some members are unable to operate at reasonable levels of efficiency. Equally timely and wholesome was his advice that the Association might also enrol consumers of alcohol as members or associate members. Such a move will doubtless help develop closer co-operation between the producers and consumers of alcohol.

TOURIST TRADE

A certain gap between precept and practice is clearly evident in the field of tourism, the fifth biggest earner of foreign exchange for this country. Though the year 1963 has registered an all-time record in tourist traffic to India, representing an increase of about five per cent over the previous year in the number of tourists, it is painful to observe that the earnings from this source have not been able to cross the figure of Rs. 20 crores. This is all the more deplorable, when viewed against the booming tourist trade throughout the world. The fact that, as against India's meagre earnings, Austria garnered Rs. 136 crores, Italy Rs. 400 crores and Spain Rs. 210 crores during the last year is telling in this connection. It may be that there is some leakage of foreign exchange, for, although the number of tourists per year has gone up by 75 per cent since 1957, the earnings have increased by only 15 per cent. Even after making allowance for this leakage (which, incidentally, needs to be plugged by the Reserve Bank of India), one will find the annual earnings from tourism to be relatively meagre.

It would be no exaggeration to say that tourist industry has been the Cinderella of our economic planning. The allocation made for the development of tourism in India during the third Plan is just Rs. 8 crores (Rs. 3.5 crores at the Centre and Rs. 4.5 crores in the States) which can only be regarded as too meagre in relation to the importance of the industry. Superimposed on this meagre allocation is the lack of initiative and enterprise on the part of the bureaucracy, for it has not been possible for the Central Tourist Department to spend even half of the allotted amount for the promotion of tourism. During the first three years of the current Plan, the total expenditure by the Centre was only Rs. 84 lakhs. Although the relevant data are not available for the States, their performance during the period could not have been better than this.

It is against this depressing background of performance in the field of tourism that the deliberations at the meeting of the Tourist Development Council at Srinagar last week should be viewed. The Council, incidentally, has taken a welcome decision to set up two corporations to undertake commercial enterprises in the field of tourism. One corporation will build hotels and the other will take up the responsibility of organising special transport services, produce and distribute tourist publicity material and make arrangements to entertain tourists. An allocation of Rs. 50 crores has also been proposed for the development of tourism during the fourth Plan period. All these proposals, which are a sequel to the recommendations of the Jha Committee on tourism, are indicative of the recognition that is being accorded to the industry. Better late than never.

India has been described by some as a sleeping giant insofar as the tourist industry is concerned. True, it has been emphasised at the Council meeting that efforts should be made to develop new tourist resorts. But it will be appropriate to state, in this context, that the immediate need is not so much for opening new tourist resorts as for providing more facilities to tourists on the existing tourist spots. It is not because of the lack of excellent tourist centres that we are not able to compete with other countries in tourist trade but because of the lack of decent hotel accommodation at moderate rates and the absence of proper transport facilities. Underdeveloped as this country is, there is no need to provide luxury standards comparable to those of Tokyo, Hong Kong, Rome, Paris or Washington. What an average tourist expects are liberalisation of travel rules, decent hotel accommodation and reasonably good entertainment, food, automobiles and roads. But judging from the present standards, the country is far behind this desirable and feasible objective.

It is, however, heartening to find from the latest report of the Union Ministry of Transport that the Jha Committee's recommendations regarding simplification of procedures, opening new tourist offices, etc. have been recently brought into practice. According to the report, the Government has decided that landing permits for a period of 72 hours should be issued liberally and speedily to tourists who arrive without visas for any reason. It has also been decided that, if applicants for Indian visas hold return/onward tickets, bank guarantees should not be insisted upon. The monetary limit on travel souvenirs purchased in other countries and imported by tourists has been raised from Rs. 250 to Rs. 500. Travel souvenirs purchased in India (excluding certain prohibited articles) can now be taken out by tourists without any monetary limit or export control formalities. Above all, tourists will also be able to get liquor permits quickly and early. These liberalisation measures, it need hardly be added, are in the right direction.

A STRATEGY FOR BIRTH CONTROL

Population explosion, as Mr. Asoka Mehta, Deputy Chairman of the Planning Commission, so aptly described it in his inaugural address at the Conference of Honorary Family Planning Education Leaders held at New Delhi on the 17th instant, is the "enemy within the gate." "Like a thief in the night," he continued, "population growth can rob us of all that we achieve, day after day, in economic growth." And he also grimly warned: "If unchecked population continues with the death rate declining, as it will, we cannot escape social explosions, political upheavals and the re-assertion of Malthusian checks. The terrible years of 1891-1921 are not necessarily over; they can recur with renewed vengeance." If such calamities are not to happen, a determined war against population growth, in his view, will have to be waged and won. Incidentally, the "objective-oriented and time-bound" war-like strategy indicated by him has the laudable aim of halving the birth rate over the next decade.

It is good to find that Mr. Mehta is thus importing into his campaign for population control not a little missionary fervour and that he is of the emphatic view that family planning efforts should not be restricted by financial considerations. His call for greater effort is particularly timely, for even the modest expenditure target of Rs. 27 crores under the third Plan's family planning programme remains 70 per cent unfulfilled after three years. As the present scale of the programme (covering family planning clinics, sterilisation operations, production and use of contraceptives, etc.), according to his own admission, "appears pitiful," few can disagree with his plea for reactivating it with a sense of urgency. But the question is whether the mass-scale male sterilisation advocated by Mr. Mehta would be a feasible proposition in the immediate future, considering the voluntary character of family planning and the irreversible character of surgical operations. So long as an individual is free to choose one of several methods of birth control and the claim that restoration operations are possible in view of the advance in surgical techniques lacks substantiation, the optimism displayed by Mr. Mehta in the following observations of his may seem to be rather excessive:

> "While ideally it would be wise to be discriminatory, in practice, if we are to achieve results with a sense of urgency, or on a 'war-footing,' is it not time to tell the State Governments to 'go ahead' with their schemes and plans for mass-scale vasectomy operations? It may not be possible to reach 2.5 million operations straightaway, but half a million to a million operations a year are possible almost immediately."

But Mr. Mehta's optimism, in fact, is of a restrained character in comparison with that of the family planning education leaders who have urged, in their New Delhi Conference, 100 per cent governmental assistance for achieving a 2.5-million sterilisation target per year. There can, however, be no two opinions on their finding that "sterilisation is the immediate method of putting an effective check on the birth rate," provided, of course, 2.5 million people come forward *voluntarily* every year for such sterilisation. If they don't what is to be done? It is in this context that two other methods suggested by the New Delhi Conference may have to be given simultaneous attention. Possible legal permission for abortion after three children, provided it is followed by the sterilisation of either the male or the female, is one of them. The other is encouragement for the widespread use of intra-uterine device. Given mass manufacture of standardised and reliable rubber contraceptives and, if possible, chemical contraceptives, it may be possible to make up for any partial failure in the sterilisation programme. If, at the same time, the fourth Plan provides for Rs. 101 crores (besides the outlay on the likely public-sector project for the manufacture of contraceptives) for the family planning programme in pursuance of the relevant working group's recommendation, the campaign for population control is bound to gather momentum in the not-too-distant future. It is only a combination of several methods, along with the ready availability of facilities for adopting them, that will ensure freedom of choice for individuals and thereby reinforce the democratic and voluntary character of family planning.

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CONTENTS

PART I

SALIENT FEATURES OF

- The Arbitration Act 1940 by Justice S. D. Singh
- The Indian Contract Act 1872 by K. Venkoba Rao
- The Indian Partnership Act 1932 by P. V. Ramanayya
- The Companies Act 1956 by Dr. M. J. Sethna
- The Factories Act 1948 by L. V. Jaadhao
- The Industrial Disputes Act 1947 by K. R. Wazkar
- The Industrial Employment (Standing Orders) Act 1946 with Model Standing Orders by H. M. Ghosh
- The Indian Trade Unions Act 1926 by H. N. Trivedi
- The Minimum Wages Act 1948 by Dr. Anand Prakash
- The Payment of Wages Act 1936 by Dr. B. S. Bhargava, Advocate, Supreme Court
- The Payment of Wages Amendment Act 1947
- The Employees' Provident Funds Act 1952 by Dr. B. K. Bhattacharya, I.A.S.
- The Employees' State Insurance Act 1948 by V. N. Rajan, I.C.S.
- The Employers' Liability Act 1938 by Pran Nath
- Employer-Employee Relations by K. S. Gupta
  - What are Your Responsibilities to Management?
  - What are Your Responsibilities to the Worker?
  - How Can You Maintain Discipline?
  - How Can You Develop Team-work?
  - How Can You Make Sure Your Workers Get a Square Deal?
  - What Can You Do to Build Morale Among your Workers?
  - How Would You Break in a New Worker?
- Tips for Successful Executives Handling Labour Problems
- On Bonus by G. B. Pai, Advocate, Supreme Court
- How to Investigate Complaints, Conduct Departmental Inquiry, and Procedure for Fines, Suspensions, Discharges, Dismissals and Retrenchment by R. G. Gokhale
- Glossary of Important Definitions Pertaining to Management and Labour by G. L. Kothari, Advocate, High Court.

PART II

- Statewise Lists of Industries in India employing 50 more workers daily:

(*a*) Andhra (*b*) Assam (*c*) Bihar (*d*) Delhi (*e*) Gujarat (*f*) Kerala (*g*) Madhya Pradesh (*h*) Madras (*i*) Maharashtra (*j*) Mysore (*k*) Orissa (*l*) Punjab (*m*) Rajasthan (*n*) Uttar Pradesh, and (*o*) West Bengal.

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DELHI LETTER

CHANGING THE INTELLECTUAL DIET

PROBLEMS OF EXPANSION IN EDUCATION

From Our Special Correspondent

NEW DELHI, 21st *July*

SIR Charles Snow's thesis on the conflict of cultures may become relevant to India only after the country has reached the take-off stage with an educational system geared to technological speeds. Macaulay's concept of tutoring the native to become a penpusher was resented by later-day nationalists; but hitherto the Macaulay concept has perhaps merely been promoted with some finesse to produce penpushing snobs of higher-level administrators who continue to retain the commanding jobs, causing widespread frustration among the technically qualified emerging class. The country has far to go before falling in line with the modern concept of Bertrand Russell who says that, while the classics man was considered well-educated in medieval and pre-industrial revolution Europe, the "modern educated person" is one who has knowledge of mathematics, physics, chemistry, biology, etc.

Both in the administration and in education, the rearrangement of patterns has lagged behind industrial and economic development programmes. Earlier Education Commissions and Committees, although headed by men distinguished in the academic field, probably exhibited a philosophical approach rather than technological. The Commission, which has now been appointed to suggest reforms to cover all aspects of the problem, is science-oriented in its terms of reference and is headed by a scientist. Dr. D. S. Kothari was reluctant to accept a Ministerial post in the Centre—reportedly offered to him some weeks ago—but agreed to head the Commission. Among the foreign experts to be associated with the Commission, three are representative of the modern intellectual class—Professor Blackett, eminent physicist, Sir Willis Jackson, electrical engineering professor and Dr. Fredrick Seitz, President of the U.S. National Academy of Sciences.

For some time past, the Prime Minister, Mr. Lal Bahadur Shastri, has taken an interest in the problems of science education; educational backwardness is an acute problem in his home State of Uttar Pradesh. Waywardness in school policies in many States affected a whole generation of students, and even in a comparatively progressive State like Bombay in the fifties. Morarji and Dinkerrao Desais combined to push programmes against the wishes of many parents and educationalists. In recent months, as Chairman of the Indian Parliamentary and Scientific Committee, Mr. Shastri has had occasion to focus attention on the details of the problem. Among the suggestions of the Parliamentary Committee headed by Mr. Shastri are: (1) Science education should be introduced in primary schools in the form of nature study—story telling, visits to zoos, botanical gardens and visual aids; (2) general science courses should be started in the middle schools, classes VI, VII and VIII; (3) at the high school stage science should be compulsory for all students, but in the form of separate subjects as mathematics, physics, chemistry, biological sciences, and certain guidance could be offered by the way in which courses have been prescribed in the Soviet Union; (4) specialisation at an early stage should be avoided; the tendency in some States to offer options at an early age of fourteen years is "unbalanced and uneducational"; (5) the syllabus today in a number of States is out of date and the curriculum needs modernisation—the process of making these courses up-to-date should be continuous, as "periodical revisions of the intellectual diet" are needed. (Although the Commission has more or less been asked to evolve the methods needed for science orientation, the drafting of the resolution announcing the appointment of the Commission contains the verbosity of a non-scientific administrative mind!)

Outlay on Education
(In crores of rupees)

	First plan	Second plan	Third plan (estimated)	Fourth plan (suggested)
Elementary	85	87	209	339
Secondary	20	48	88	511
University and higher	14	45	82	306
Social education	*	4	6	100
Physical education and youth welfare	*	10	12	44
Scholarships	*	*	*	142
Others	14	10	11	48
Total	133	204	408	1,990

* Included under other heads. Fourth Plan suggestions by working group on education.

A problem raised in the Government resolution is the maladjustment of the educational system in a society trying to transform itself into one based on modern technology. While there are shortages of trained men for industrial plants, there is an increase of unemployed among the educated who have had no functional training. The *Report on the Pattern of Graduate Employment*, recently published by the Directorate-General of Employment and Training in the Ministry of Labour, says that those who have passed professional courses like engineering and medicine are in the best position in the employment ladder. The incidence of unemployment among them is low or rather insignificant—the proportion of unemployed being 0.7 per cent among engineers and 4.9 per cent among doctors. The overwhelming majority of those who have passed specialised courses are in occupations within their field of study. The study is based on the experience of those who graduated in 1954 and it is found that within six years about one-fourth of the medical and engineering graduates were earning more than Rs. 500 a month while the proportion of such earnings among all graduates taken together was only four per cent. The engineers are in a slightly better position than graduates in medicine in that their waiting period for initial employment was shorter and incidence of unemployment is insignificant. An incidental conclusion from the study is that, contrary to popular impressions, 84 per cent of the medical graduates were in salaried employment as opposed to private practice.

Estimates of Number of Teachers Needed
(In lakhs)

	Teachers in position	Additions needed in 5-year period	Annual additional need
PRIMARY			
1961	9.7	....	....
1966	13.0	....	....
1971	18.0	7.4	148,000
1976	22.7	8.0	160,000
1981	28.8	10.3	206,000
MIDDLE			
1961	2.2	....	....
1966	3.6	....	....
1971	7.0	4.1	82,000
1976	14.4	8.6	172,000
1981	19.8	7.9	158,000
SECONDARY GENERAL			
1961	1.2	....	....
1966	2.1	....	....
1971	4.1	2.5	50,000
1976	6.0	2.9	58,000
1981	10.0	5.5	110,000
SECONDARY VOCATIONAL			
1961	0.25	....	....
1966	0.31	....	....
1971	1.25	0.98	19,600
1976	3.75	2.69	53,800
1981	6.25	3.00	61,000
HIGHER EDUCATION			
1961	0.62	....	....
1966	0.72	....	....
1971	1.37	0.76	15,000
1976	3.00	1.83	36,600
1981	5.00	2.45	49,000

Among graduates in agriculture and veterinary sciences also the incidence of unemployment was low—about two per cent. Unemployment among law graduates was only six per cent from among the graduates of 1954, but 59 per cent of them were in salaried posts, although a law course is generally aimed at preparing them for private practice. One out of six law graduates were in administrative jobs and an equal number in clerical jobs. For quite a number of the law graduates their legal background had no relationship to their employment. Among graduates in teaching, 91 per cent were employed as teachers, and only about one per cent as clerks. The most disconcerting feature of the teaching profession was that six years after graduation seven out of ten were earning less than Rs. 200 a month. Among science graduates the incidence of unemployment is described in the Government study as "moderate"—about seven per cent. Three-fourths of the M.Scs and one-third of the B.Scs were drawing between Rs. 200 and Rs. 500 a month. While 20 per cent of the B.Scs were in clerical jobs, only one per cent of the M.Scs were employed as clerks. For the graduates and post-graduates in commerce clerical jobs are the main source of livelihood. More than 40 per cent of the B.Coms and 25 per cent of M.Coms were employed in clerical jobs six years after getting their degrees. Thirty-one per cent of those who passed B.Com in 1954 and 44 per cent of those who got their M.Com. degree in that year were earning between Rs. 200 and Rs. 500 a month. Fifteen per cent of the graduates in arts and nine per cent of the post-graduates in arts subjects were unemployed six years after passing out of college. Thirty-eight per cent of the arts graduates took up teaching jobs and one-fourth of them were in clerical jobs. The persons with Ph.D. degrees reported the highest level of earnings—more than half of them were getting more than Rs. 500 a month six years after finishing their education.

Enrolment of Students: Actual and Perspective
(In lakhs)

Year	Primary	Middle	Secondary	Higher stage (arts, science & commerce)
1961	350	67	33	9
1966	520	110	57	18
1971	720	190	102	19
1976	910	360	180	30
1981	1,010	495	300	50

According to an estimate by an expert in Yojana Bhavan, the Government spends about Rs. 2,000 on each graduate on an average. A study group appointed by the Planning Commission in September 1955 said that 550,000 educated persons (having a qualification of matriculation or above) were unemployed in the country. Of these 120,000 were graduates. In March 1956 the number of unemployed graduates on the live registers of employment exchanges was 23,000; their number rose to 51,000 in March 1962. According to the *Report on the Pattern of Graduate Employment*, only 22 per cent of fo the unemployed graduates were on the registers of the exchanges. This gives a projection of a total of 230,000 unemployed graduates in March 1962, or nearly a doubling of the number of unemployed graduates between 1955 and 1962. In 1955-56 the number of students enrolled in universities and other higher educational institutions was 6.8 lakhs; by 1960-61 their number had grown to nearly ten lakhs.

Following a directive from the Planning Commission in May last year, a working group on education has prepared a draft programme for educational expansion during the fourth Plan as well as a perspective programme for the 15 years from 1966 to 1971. (The accompanying tables show some of the assumptions made by the working group.) According to the working group, which has just prepared its report, one of the weakest links is the shortage of teachers for educational expansion. In the fourth Plan period alone additional teachers needed in secondary schools in the main subjects are as follows: languages 67,000; science 40,000; social studies 61,000; mathematics 18,000; others 4,000. The working group suggests an allocation of nearly Rs. 2,000 crores for education in the fourth Plan, as compared with Rs. 133 crores in the first Plan, Rs. 204 crores in the second Plan and Rs. 408 crores in the third Plan—in other words, quintupling the allocation from the level in the current Plan.

The targets sought to be set in the fourth Plan period are: additional enrolment of 200 lakhs in the primary stage, 80 lakhs in the middle stage, 30 lakhs in the secondary general stage, three lakhs in secondary vocational schools and six lakhs in universities. Post-graduate output is sought to be doubled to 60,000 and ten new universities are to be established. The number of universities rose from 27 in 1950-51 to 54 in 1962-63 and the number of arts, science and commerce colleges from 542 to 1,283. Third Plan targets are for 1,400 colleges.

In the perspective plan for 1966-71, the enrolment of students is sought to be raised from 520 lakhs to 1,010 lakhs in the primary stage, from 110 lakhs to 495 lakhs in the middle stage, from 57 lakhs to 300 lakhs in the secondary stage (general and vocational, with a third of the pupils being in vocational schools) and from 13 lakhs to 50 lakhs in arts, science and commerce colleges.

For this type of expansion, teachers in position needed in 1981 will be nearly 29 lakhs for primary schools, 20 lakhs for middle schools, ten lakhs for secondary general schools, six lakhs for secondary vocational schools, and five lakhs for arts, science and commerce colleges.

Tailpiece: Average salary of primary school teachers was Rs. 70 a month in 1960 and of middle school teachers Rs. 83 a month. In 1950 the salaries were Rs. 41 and Rs. 57 respectively.

RIPE FOR INVASION

By Questor

THE consumer credit business in Britain is at an interesting stage—interesting enough, according to market gossip, to have caused several American institutions to toy with the idea of taking a hand in its future development.

The bulk of credit sales of consumer durables, from cars to television sets, are made here on the hire-purchase system. This was evolved to comply with the requirements of legislation strictly controlling the behaviour of moneylenders passed at the end of the nineteenth century. The customer nominally hires his purchase from a finance company, acquiring it for a trivial sum when the requisite number of instalments have been paid, but the finance company retains the ownership and the security until completion. Repossession of the goods has been allowed in the past in case of default on the hiring payments.

This system has not been altogether satisfactory from the point of view of the finance houses, because the second-hand value of cars drops so rapidly that repossession often provides less security than it should in theory. A few years ago, in fact, when there was stiff competition and a good deal of organised fraud by small car dealers, even the biggest finance houses ran into serious trouble.

But a number of them made use of the law at that time in a way which was regarded as being intolerably unfair to the hirer who had run into temporary financial difficulty, and new legislation is being introduced which will make repossession more difficult. A a result the security of the finance house in a hire-purchase transaction will be even more precarious than before.

Competition in the business is sufficiently keen to make it unlikely that the new conditions will make credit more difficult to obtain except for the customer who cannot afford to borrow in any case. Competition should also, one might have supposed, prevent the greater risk from being reflected in higher charges to the public.

But the fact is that consumer credit is a fairly recent growth in Britain and that the larger part of the borrowing public is more interested in its availability and in the size of the minimum down-payment than in its cost. Where the cost is advertised at all, it is in terms of a nominal percentage charge which is usually only about half the true rate of interest. And since the new hire-purchase legislation requires that where a rate is mentioned in advertisements it should be a true rate, reckoned according to a given formula, finance houses are likely to be even more coy than before about this side of the affair.

Dealers' Commissions

This insensitivity of the borrowing public to the cost of credit has enabled competition to assume a perverse share. Instead of competing on price, the finance houses compete by offering larger commissions to car dealers for the exclusive right to their business. This is very pleasant for the dealer, who has merely to sit back and be wooed. It is hard on his customer, who in the end, however unconsciously, will have to meet the cost.

The larger finance houses belong to a trade association which attempts to limit, by agreement, the size of these dealers' commissions. Yet competition from houses which do not belong to the association has caused the agreement to break down in the past; it is in jeopardy again at the moment, largely because Ford Motor, now wholly-owned by Ford of Detroit, has decided to provide its own hire-purchase finance on Ford cars and has been wooing the dealers with offers which are naturally regarded as unfair. The finance houses are reluctant to drop their rules and risk experiencing again the bad debts of a few years ago, particularly since the risk is increased by the new legislation. But they may be forced to. The final result would be that the average creditworthy borrower was subsidising car dealers, cheats, and those who insist on borrowing beyond their means.

The situation may correct itself in time as the public becomes more sophisticated and more aware of the cost of credit. Already the banks are taking a larger share of the business in consumer credit, either allowing overdrafts at the usual favourable rates to established customers (usually against security) or personal loans at a rate not much below that usual on hire-purchase to their newer or less secure customers. Their advantage is enhanced, in the eyes of the conscious few, by the fact that bank interest is allowable as a charge against income-tax whereas hire-purchase costs are not usually allowable.

Yet there is obviously room for somebody to make a profit out of hurrying up a natural development. Only three out of the five big British branch banks provide personal loans at the moment, and none of them are in the habit of going out of their way to attract this type of business: they wait for the customer to ask.

The finance houses, though admitting that the hire-purchase system is becoming more and more cumbrous, have no tradition of personal contact with their customers and of making loans on the basis of individual credit-rating. An invasion into this field from the United States, or for that matter from other countries—particularly if made in conjunction with a British finance house—would be both profitable to the invader and a boon to that large part of the British public which is more reliable than the hire-purchase system allows for but too shy as yet to penetrate the ordinary banks.

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The Indian Tube Company, pioneers in the manufacture of seamless tubes in India, have been granted an Import Licence for additional plant and machinery which will enable them to raise their annual capacity for these tubes from 24,000 to 40,000 tonnes.

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TRENDS IN BRITISH BANKING—II

GROWING COMPETITORS AND STAFF RELATIONS

THE impressive progress and growing diversification of Britain's dynamic merchant banks, and the bid of the livelier and effective trustee savings banks to offer their services to a wider public by introducing cheque-drawing facilities, make both the sets of institutions competitors of the clearing banks. However loudly they may protest that they do not intend to compete with clearing banks, they cannot help themselves and the clearing banks, on their part, have no doubts and illusions about the challenges that they face.

From their narrow specialisation in some kind of acceptance credit business during the late forties and early fifties, the merchant banks have steadily marched towards a greater diversification of their business. The fact that many of London's merchant bankers have broken their century-old traditions by opening branches in the northern cities like Manchester and Birmingham clearly shows that they are looking not only for new customers to serve and new business to transact but also for new ways of serving the customers: they seek deposits and new openings for acceptance credits, as well as new opportunities for business, the nature, character and emphasis of which are different from the traditional lines of their activities.

The progress of merchant banks in increasing their deposits and advances last year is remarkable, particularly in the face of two developments that should have, in fact, restrained them. They are: (*a*) the freedom of clearing banks to lend without any restrictions and (b) the increasing resistance to and restrictions on the movement and import of Euro-dollar balances. Both these could have so operated as to curtail the custom and business of merchant banks. But, actually, they have marched ahead domestically and progressed in building overseas connections and business.

Functions of Merchant Banks

In a way, the merchant banks are all different. Each has its own special line of activity and methods of working. Moreover, the functions of merchant banks are in no way unique, for there is always some other financial institution which is also performing one or other of the functions performed by merchant bankers. Their most serious challenge to clearing bankers, however, comes from the fact that they provide a *complete* service which covers almost all the financial affairs of their customers. The clearing banks still largely accept only first class quality of self-liquidating business which could be covered in a half per cent interest differential; they are unwilling to differentiate between the extent, degree and quality of risks in the business offered by various customers and to charge different borrowers differently. Thus, while the banks are satisfied with their large overdraft business and some personal loan business, the merchant banks go all out and their main lines of business are advising, managing and underwriting new issues, banking and financial advice, advising on and arranging mergers, and management of investments. They make special efforts to assist business and enterprises which are small, which need finance and which face difficulties today, but which will grow big tomorrow and compensate the merchant banks several times for their present efforts. Some of them have their own unit trusts—at a time when the clearing bankers have turned their heads away, with great indifference, from the proposal of starting a bankers' unit trust. Others have combined to start an institution of their own to provide a factoring service so popular in the U.S.A. Still others have turned their attention towards the Common Market and joined a Continental consortium for property development and investment in the E.E.C.

For depositors, the attraction of merchant banks lies in the fact that, while the clearing banks at present pay 3 per cent per annum for fixed deposits beyond seven days, the merchant banks offer as much as 4½ to 4¾ per cent per annum depending on the period of the deposit. Moreover, a merchant banker seems to possess more flexibility and is able to maintain the personal touch more than a branch bank manager. Although the deposit resources of merchant banks are an insignificant proportion of the funds of clearing banks and although they do not possess any branch network at all, the clearing banks are acutely aware of the new competition they are facing from the merchant bankers but are unable to do anything about it, in view of the loss of their freedom as a result of the agreed rates of interest on deposits and advances which they all quote and of their rigid traditional ideas of what constitutes banking and what does not.

Many would like to know whether Britain's 80 trustee savings banks with almost 1,400 branches are progressing faster than clearing banks. No comparisons are possible at all, since the clearing banks do not publish any statistics of the number of their accounts, but it can certainly be said that, behind the trustee savings banks, there is the zeal of a *movement*, whereas the clearing banks are, at their best, business concerns. Further, the importance and effectiveness of trustee savings banks depend on two factors. Firstly, unlike clearing bankers, they have clearly been impressed by the power of the interest rates in attracting deposits and have found that it is through increased turnover of larger resources obtained by paying higher interest rates that the problem of mounting operating costs can ultimately be solved. Secondly, the range and quality of the service of trustee savings banks remain unique in their own way. In many ways, the role of trustee savings banks which provide a "relatively simple" service is unique. There are many clearing bank customers who once began first as trustee savings bank account holders: the trustee savings banks are quite proud of their role as promoters and pioneers, and are convinced that their own liveliness and effectiveness flow from this role. In their move to attract wage earners and to popularise banking, too, the trustee savings banks offer more liberal hours than the clearing banks as regards both the early morning and the late evening opening and Saturday opening. Even as regards drawing facilities at branches other than those where the depositor has an account, the trustee savings banks offer more facilities than clearing bankers. Above all, interest earned on trustee savings bank accounts (which itself is higher than on the clearing bank deposit accounts) enjoys a limited income-tax exemption.

Cheque Book Scheme

As if all this were not enough, the trustee savings banks are now likely to intensify their competition with clearing banks by providing cheque-drawing facilities to those of their customers who are willing to forgo interest. The clearing banks never relished the idea of further competition from this most unexpected source, and the Treasury refused to take sides in this controversy. Nevertheless, there is no doubt that their endeavours to introduce a cheque book scheme will soon succeed. Such a competition may then give a fresh momentum to the move for more popular banking, and could easily show how serious the clearing banks are for popular banking.

In the face of these competitive forces, the banks have been forced to have a fresh look at the realities of the staff situation as disclosed by the Cameron Inquiry. Some of the clearing banks have for years refused recognition to the claims of the National Union of Bank Employees (N.U.B.E.) to represent bank staffs. Even those banks which were prepared to talk and discuss staff problems, salary scales and working conditions with them gave greater importance to the internal staff associations. It was in 1963 that Lord Cameron held an inquiry into the complaint of the N.U.B.E. to the International Labour Organisation that the banks, through internal staff associations under their domination, were preventing the N.U.B.E. from performing its functions as a trade union. A bitter past experience of joint-tripartite negotiating machinery consisting of N.U.B.E., staff associations and banks, which failed because some of the staff associations walked out of it, has forced the N.U.B.E. to refuse the olive branch offered by the Cameron Inquiry. The restrained report had suggested that, while there was no substance in the N.U.B.E. complaint, which was drafted without any sense of responsibility, the N.U.B.E. commanded a substantial following and efforts should be made by the banks to establish peace and to evolve a joint negotiating machinery. It must be recognised that, even if the N.U.B.E. and staff associations do not have an *identity* of interest, they do have a *community* of interest in the wealth and welfare of bankmen. But the Cameron plea for peace and joint action appears to be doomed to failure, for the hostility of staff associations is matched only by the vehemence of the N.U.B.E. propaganda against internal organisations.

The tug-of-war between the N.U.B.E. and staff associations is based not merely on a principle of representation, although it provides a convenient point of debate; the N.U.B.E. feels that no association of employees can argue as effectively with the employers about the service conditions of employees as an outsider can, but the staff associations argue that no outsider can ever understand those conditions as well as an internal organisation. But even more than this divergence in the matter of a principle, the N.U.B.E. insists that bank salaries are a national issue which must be negotiated nationally. The staff associations have a very weak case here, for, in spite of their argument that problems in each bank are unique, they have their Central Council of Bank Staff Associations (C.C.B.S.A.) a counterpart to the Committee of London Clearing Bankers (C.L.C.B.). Even the banks themselves have made an unprecedented move last month, when 11 clearing banks announced a simultaneous pay rise of 7 per cent (back dated to 1st April, 1963) for their 120,000 employees. Banks so far tried to avoid giving an impression that they take joint action in such matters, but they do not mind now that they are agreeable to establish a joint negotiating machinery.

The N.U.B.E., however, holds strong views. Before any such machinery can be established, it wants C.C.S.B.A. to be dissolved and each staff association to affiliate to and function as a committee of the N.U.B.E. The staff associations on their side try hard to create an impression that even the latest national settlement is negotiated by each association individually. The N.U.B.E. is not worried about criticisms of its membership strength or concrete achievements, for, since it has had no opportunities to function properly, these matters are not comparable at all with those of staff associations. Its successes in obtaining recognition from the trustee savings banks and Irish banks have emboldened it further. Moves and counter-moves are being made in this direction. While the clearing banks as a whole are willing to establish the joint negotiating machinery on a basis of equality for the N.U.B.E. and staff associations, one clearing bank at least has made the offer conditional upon the agreement of its staff association. Further, while the Barclays Bank Staff Association has aligned itself with the N.U.B.E. in supporting the idea of national negotiating machinery, the Chairman of at least one staff association has demanded an apology from the N.U.B.E. for bringing about the Cameron Inquiry.

And so the moves and counter-moves go on. In this tug-of-war, the real losers are the bank staffs, whether they belong to the union or the associations.

(Concluded)

ASSAM STATE FINANCIAL CORPORATION

Although the improvement in earnings enabled the Assam State Financial Corporation to pay the guaranteed dividend amounting to Rs. 3,50,000 during the year ended March 1964 without any subvention from the Government and although both the number and amount of applications sanctioned were the highest for any year since the inception of the Corporation, the worries of the Corporation are not yet over. For the Corporation continues to face two disquieting problems, namely, shortage of resources and considerable increase in defaults in payment of principal and interest.

The gross earnings of the Corporation have gone up from Rs. 16.18 lakhs in 1962-63 to Rs. 19.39 lakhs in 1963-64 reflecting the growing tempo of the Corporation's activities. At the same time, the operating expenses also have risen from Rs. 8.71 lakhs to Rs. 10.05 lakhs. Even so, the net profit (subject to taxation) has risen from Rs. 7.47 lakhs to Rs. 9.34 lakhs. After providing Rs. 4.85 lakhs for taxation and transferring about Rs. one lakh to statutory and special reserves, a balance of Rs. 3.50 lakhs is available for distribution as dividend. The amount of dividends foregone by the State Government or the Reserve Bank of India this year is not known. The total subvention liability to the State Government amounts to Rs. 10.30 lakhs.

The Corporation received during the year 70 new applications for Rs. 227.94 lakhs; the total number of applications received since the inception of the Corporation in 1954 is 467 covering in all Rs. 1,242.16 lakhs. But only 47 applications for Rs. 118.91 lakhs were sanctioned during the year, bringing the aggregate sanctions to Rs. 551.81 lakhs in 244 applications.

The total bonds issued by the Corporation till the end of March 1964 amounted to Rs. 182 lakhs, including a fresh issue of 4½ per cent 1975 bonds which was oversubscribed. The demand for finance are substantial while the resources of the Corporation are limited. With a view to augmenting its resources the Corporation is expected to issue further bonds towards the end of 1964. Out of a borrowing limit of Rs. 60 lakhs with the Reserve Bank of India, the Corporation has already borrowed Rs. 50 lakhs during the three months

(Continued on page 168)

INFLATION AND ECONOMIC GROWTH

CAN INFLATION EASE THE PROBLEMS OF A DEVELOPING COUNTRY?

By Graeme S. Dorrance

[One of the most serious problems confronting the developing countries pertain to inflation. Some degree of inflation is, of course, inevitable in a developing economy. Only steps must be taken to restrain inflation, for, otherwise, not only will the pace of development be slowed down but the social fabric will also be severely strained. This aspect has been impressively highlighted by Mr. Graeme S. Dorrance, Chief of the Finance Division of the International Monetary Fund, in an article appearing in the inaugural quarterly issue of The Fund-Bank Review: Finance and Development, *published by the I.M.F. and the World Bank. The views expressed by the author are of importance to India in the present context of inflationary trends.—*ED.]

IN a developing economy, the Government has a grave responsibility to make certain that its financial policies are directed primarily toward overcoming the basic problems which are likely to face a less developed country. These structural problems—so-called because they appear rather as elements in the structure of the economy than as incidents in its history—are often very serious. In most less developed countries, the vast majority of the people are not as yet educated to take their place in a modern technological society. In fact, the most serious problem in many of them is the problem of illiteracy. An inability to take advantage of simple opportunities to fight disease and to overcome poor nutrition is often almost as serious a social problem. Government institutions are frequently inadequate to meet the problems of a rapidly changing society. As populations grow and gather in cities, the basic sanitary facilities become inadequate, and more expensive housing is required than may be the minimum necessary in country districts. In many of the countries where progress has been slow in the past, businesses are not used to taking the risks which must be faced in the development of new products and new methods of distribution. There is also the need to develop basic community requirements, such as roads, bridges, power and other public utilities.

Faced with these and other serious problems, the Government of a developing country should consider the basic question of its financial policy so that victory over the fundamental structural difficulties may be made more likely. About inflation itself, various questions may be asked:

Does inflation help ease the problems of a developing country?

Is inflation an inevitable result of rapid development?

Or: Are the effects of inflation so harmful that the Government of a developing country should fight it with enthusiasm?

The Background

In a country which is trying to develop rapidly, there are always fewer resources (of goods or skilled workers) than are wanted. If development is to be rapid, there is a tendency for the community as a whole (including the Government as well as individuals and businesses) to try to spend more than is currently produced by home industries or available as imports. If a community tries to do this, inflation becomes likely. This happens most frequently when Governments have committed themselves to spend more than they receive from taxes, or can borrow from the genuine savings of the population. The competition resulting from the attempt to buy more goods and services than are available raises the prices of goods, and the competition for the services of skilled workers raises wages. Then the Government itself, however reluctantly and belatedly, also has to pay higher prices and wages and so has to spend even more beyond its means. As long as people in general—which includes the Government—try to spend more money than the production costs of the goods and services available at a particular time, so long will prices tend to rise and an inflation will be present.

Not all price rises are signs of dangerous inflation. Food prices may rise because of a bad harvest, for instance, but, if a good harvest follows, the situation corrects itself. The inflation that causes concern is a continuing rapid inflation; in this, there are increases in prices which increase incomes but do not correspondingly increase supplies. In that case, prices tend to continue rising. Common sense suggests and experience shows that the problems created by such an inflation may be so great that they make it impossible for a Government to speed development. In fact, if a country embarks on a rapid development programme without taking steps to restrain inflation, the end result of the programme may be progress less rapid than it would have been if the programme had not been attempted. If a severe inflation continues, and prices rise rapidly year after year, not only will development slow down, but the social fabric will be severely strained. In recent years, there have been many such occurrences and, even at the present time, there are a number of countries where these tensions are apparent. Thus, at the moment, prices are more than doubling every year in Brazil and Indonesia, and rising at a rate which would result in their doubling in less than two years in the Congo, and every three years in Argentina, Chile, Colombia, Korea and Uruguay, to name only a few such countries. It is not unlikely that similar price rises will appear in other developing countries which are trying to catch up with the more fortunate parts of the world, unless their Governments stand firmly resolved to fight inflation with enthusiasm.

Two Danger Signals

There are two danger signals that inflation has gone too far. One is the appearance of a wage-price spiral. When the cost of living is rising rapidly, wage earners and pensioners justifiably refuse to be satisfied with their lot unless they receive frequent large increases in their incomes. Yet large wage increases raise costs, and hence lead inevitably to further upward price changes. The second danger signal is a distrust of money. Once people lose faith in their money because they see that money savings held in bank deposits, insurance policies, social security funds, Government securities, or similar forms, melt away in terms of what they can buy, they cease to hold such things and the entire financial structure of the country is strained. Further, they cease to have faith in the real meaning of money promises; workers fight not for wages high enough to meet the present increase in the cost of living but for wages high enough to meet the expected *future* increases in the cost of living. Strikes become widespread and prolonged, and struggles between employers and workers embitter the political scene.

Diversion of Investment

In these circumstances, people see that it is foolish to hold money in bank accounts, savings deposits, life insurance, Government securities, or similar forms. Rather than trying to work for a better future for themselves and their families by saving in these forms, they will use in other ways what savings they may already have. It must be remembered, however, that, for the vast majority of people in every country, there are relatively few ways in which they can hold savings. They can hold such things as savings deposits and insurance policies, gold and foreign currencies, or real estate. Unless they own their own businesses, it is difficult for them to buy other assets which are likely to rise in price.

One of the important roles of banks and savings banks (including Government development banks) and insurance companies is to gather the relatively small savings of individuals and enable them to be used in the relatively large blocks that are required for productive investment, while providing protection to the small individual which he can use at a time of family crisis or can build up in the hope of providing a better future for himself and his family. However, if prices are going to rise, he will not entrust his money to such institutions. He may feel that the future is so uncertain that he might as well spend his money now and let the future take care of itself—in which event, savings will fall. Or, if he saves, he can protect his future by buying gold or foreign currencies. As the Fund said in its *Annual Report* for 1962: "A particularly unfortunate feature of the international scene in the last decade has been the large flow of private capital from those less developed countries which have tolerated inflation to countries, frequently wealthy, which have maintained monetary stability."

These same reasons which lead people to wish to buy foreign currency when they expect prices to rise will lead foreigners to be less anxious to invest in the inflating country, because they are running the risk of their investment losing value through deterioration of the exchange rate. The net result of this two-way process is a loss of capital in the inflating country. A developing country wants the rest of the world to invest in it; but an inflating country tends to be a net investor in the rest of the world.

A private individual may also build up his savings by buying real estate. Insofar as he merely buys land from someone else, there is no serious problem. It is the use made by the former landowner of the receipts from the sale of his land that raises problems. However, in cities, the purchase of real estate usually means the purchase of a house or an apartment. An individual can see a house or an apartment not only as a place to live in but also as a possession which is likely to rise in price as long as inflation continues. He may well buy a house or an apartment as much to provide protection for his future as to provide shelter for his family. In doing so, he will try to buy the biggest house or apartment that he thinks he can possibly afford. That is, he is likely to buy a house or an apartment larger than that which would fit his needs if there were other forms of saving which he trusted. Thus, with an inflation, resources will go into the building of houses and apartments on a greater scale than would otherwise happen. Resources which could have been used to increase the community's capacity to meet its wants will be wasted on the building of houses and apartments larger and more luxurious than people really want. The real satisfaction of the community will be less than it would have been if price increases had not been expected. It might be thought that, instead of building a larger house than he desired, a small individual might put his savings in a house or apartment which he could rent. However, in modern societies, when inflation occurs, Governments quite rightly try to protect the small individual from the worst effects of the inflation. It is common for the Government to impose rent controls in an attempt to protect individuals from profiteers. Unfortunately, one of the effects of these controls is that they treat the small individual who buys a house to rent in fact as a "profiteer" and, as a result, such houses or apartments become no better than bonds or insurance policies as protection against the future.

Hoarding of Stocks

In the business world, there is a parallel to the accumulation of real estate by individuals. The businessman will expect that prices and wages are going to rise in the future. However, he cannot be certain whether they will rise more in the immediate future than they have in the recent past, or whether they will rise somewhat less rapidly; and there is always the ever present chance that the Government will have the courage to stop inflation. It must be remembered that Governments universally view inflation in the same way that people view sin: they are opposed to it and never do more than accept it as an "inevitable evil."

Further, the businessman will be most uncertain about the rate of increase in the prices at which he can sell his products as compared with the rate of increase in the prices he must pay for his supplies, and also about the rate of increase in the wages he must pay, or the bonuses he must grant, to his workers to keep them in his employment or to satisfy Government decrees intended to protect workers from the worst effects of inflation. While he may be certain that prices will rise, he may be most uncertain as to what his immediate prospects are. As a result, he will be hesitant regarding the future, but will wish to hold some things which he expects to rise in price. He can do this by accumulating stocks of goods, either by buying raw materials which he is likely to need at some time in the future, or by being unenthusiastic about selling all the goods which he produces, in the expectation that he can get a better price for them than their present price. Thus resources which might be used to provide goods to satisfy the desires of the people will

be used to build up hoards by businesses, and the general welfare of the community will be worsened.

In addition to controlling rents, the Government may seek to limit the inflation by fixing the prices of socially important goods and services. These expedients deal with symptoms, not with the root trouble. Unless the Government subsidises the production of these controlled goods and services, businessmen will be frightened away from their production, and will strive to produce those goods and services which are not controlled—usually the least important. At the same time, the very fact that the prices of some goods are controlled when the prices of others are rising makes the controlled goods more attractive; people will try to buy more of them. Unless they are subsidised, lines will form in front of shops when small deliveries arrive, black markets will develop, and social dissatisfaction will be common when people are unable to obtain goods that they think should be theirs by right. Some of these problems are most evident in countries where transport and public utility services have deteriorated because fares and rates have been held down while costs have risen. In these circumstances, the economic structure becomes distorted in such a way as to necessitate painful adjustments when inflation is eventually brought to an end. If the Government subsidises the production of essential goods, the problems are avoided. However, equally severe ones take their place. The payment of subsidies will eat up the Government's revenues and leave less available to finance development, or lead to further inflationary financing.

International Consequences

Serious inflation does not limit its ravages to those on the home economy. It also leads to a worsening of a country's international position. It has already been pointed out that constantly rising prices lead to a flight of money abroad and discourage an inflow of capital. This is bad enough, but inflation also encourages people to import goods from abroad and discourages them from exporting. Because domestic prices are rising, imports available from countries with stable prices will become more attractive. Hence people will buy them, rather than goods produced at home. At the same time, a country's exports will suffer when prices are rising, partly because home demand is diverted to them and partly because they become too expensive to be sold in foreign markets.

The only way to avoid these trading disadvantages is to let the exchange rate worsen as rapidly as, or more rapidly than, prices rise. However, a worsening exchange rate tends to encourage the export of capital, so that the Government of an inflating country finds itself in a dilemma. If it allows the exchange rate to fall, capital will flee the country; if it does not, the country will sell fewer exports and buy more imports. What often happens in practice is that the exchange rate is supported for a time, and then allowed to deteriorate sharply to a lower level, where it is pegged again. This tends to combine the two disadvantages. As long as the exchange rate is better than is appropriate for prices, the balance of payments will be under pressure. The fact that it has once been altered will induce wary owners of capital to expect it to be changed again.

As long as the exchange rate is pegged at the wrong level, it is necessary to cut down imports as far as possible. Restrictions of various kinds are accordingly placed upon them. This exclusion results in yet another misdirection of effort within the country. In order to replace the goods which formerly were imported, facilities have to be created or diverted. Clearly this must be costly to the inflating country, since, if it had been economic to produce the goods at home, this would already have been done. The goods which are substituted for the former imports accordingly rise in price.

When all the worst factors combine, an inflation may move very rapidly. Developments combine to depress the exchange rate; and as it declines, fresh pressures develop at home, since imports now cost more and this adds to the forces raising domestic prices.

It Can Be Stopped

Though an inflation tends to be cumulative, and may eventually move with great rapidity, it can be stopped, although the task of stopping it is always difficult and even in the earlier stages is liable to cause a temporary fresh dislocation. Suppose, however, that, by one means or another, the excess of purchasing power over current prices is eliminated—whether by equating Government expenditures with revenues, or by borrowing abroad enough to purchase imports sufficient to fill the gap between demand and supply. What might be called the mechanical result will then have been achieved: there will be no pressures left to raise prices. But the psychological result will not have been achieved until people are convinced that the mechanical one has been, and here there is a gap. For some time to come, people will expect prices to continue to rise, and they will continue to act as though prices were going to do so, which in itself may prove an obstacle to price stability. To instill a conviction that the end of price increases has really come is one of the Government's most difficult and most important tasks.

The Second Step

What adds to the difficulty is that some prices—of food, of transportation, and of public services (such as electricity)—will have to be raised from the artificially low level at which they have been held. But a firm declaration of intent, backed up by effective steps to prevent prices from rising—by avoidance of wage increases and probably by changing the exchange rate sufficiently to close the gap in the balance of payments—will sooner or later achieve the desired results. The inflation is brought to a standstill—or at any rate near enough to a standstill to be no longer a threat to development. There is still an aftermath. All the effort that has been misdirected throughout the inflation has now to be redirected.

This second step is difficult. For the immediate result of instilling a conviction that prices will stop rising is to discourage all those types of investment which have expanded as a result of the inflation. However quickly people realise that, in the new conditions, there will be a growing demand for production appropriate to stable incomes, it takes time to organise the production of such goods; meanwhile, there will be a shortage both of the goods and of jobs. Moreover, those who have been holding stocks of goods as a safe form of investment realise that the prospect of continuing profits from increases in their prices has now been brought to an end, and as the storing of these goods is a costly matter they try to dispose of them, at the expense of current production of the same goods. In the same way, those who have been producing exportable goods and selling them at home, find that the demand for them is much lessened. They withdrew from the exports market, because they found it difficult in comparison with the home market, and markets which are fairly difficult to retain are naturally exceedingly difficult to re-enter. These are some of the dislocations which hamper and embarrass a Government that is trying to stabilise its economy.

The only alternative is to let the inflation continue, and this is worse. Only in a stable economy can effort be effectively directed to the kinds of long-run investments which are needed for economic growth. It is, therefore, a matter of the most vital importance for Governments to persevere in the measures that will end inflation and maintain stability. The measures themselves depend to some extent on the country concerned. But the avoidance of a Government deficit, the encouragement of savings, and the control of bank credit will most certainly all be necessary. None of these is easy to administer, but economic growth is a difficult objective which becomes a mere mirage without stability from which to grow. Once the initial difficulties of stabilising are overcome, true growth can begin, and investors will not be long in taking advantage of the new opportunities which stability affords, provided they are convinced that the Government is resolved to push forward resolutely with programmes designed to foster development in an atmosphere of financial stability.

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MANCHESTER LETTER

COTTON MILLS' PRODUCTIVITY RISES

RESULT OF CONCENTRATION AND MODERNISATION

From Our Special Correspondent

MANCHESTER, 14*th July*

NO outward signals marked the conclusion last week of the cotton textile industry's most ambitious programme of rehabilitation when the final date for eligibility for the Government grant against re-equipment projects was reached. Flags were not flying on the Royal Exchange, nor were there any special celebrations at the mills, where the machinery was running at full speed to complete the numerous orders held by producers.

Yet the occasion was of considerable psychological importance, representing as it did the end of nearly five years of sustained efforts by individuals and groups to instil fresh ideas and new confidence into an industry which had been sadly lacking in versatility and drive during a phase of retrogression after reaching its post-war peak a decade before. The streamlining operation was carried out in an efficient manner, so that the results of the concentration and modernisation are now being widely welcomed in the shape of much increased productivity.

Some idea of the reduction in the number of actual units now operating in the industry can be gauged from the fact that, whereas before the scheme was launched about 1,000 weaving firms were supplying cloth to their customers, the number has now shrunk to rather less than 500. In the case of spinning mills, the figure has decreased to little more than 100, although a similar number of doubling concerns are active, many in conjunction with spinning processes.

Phase of Consolidation

There should be no need to elaborate on the very strong financial ties which have lately been effected through vertical groupings, backed in most instances by the major man-made fibre producers. This has been a phase of consolidation sparked off by the absorption of the Tootal group little more than 12 months ago, while new aspects of the same theme have followed at regular intervals ever since.

To forecast that this process of closer integration will continue, and may even gain momentum in the course of the next year or two is scarcely doing more than state the obvious. There are many companies whose administration and outlook would derive benefit from an infusion of fresh animation, and a glance at the "Business Opportunities" section of any influential paper these days shows how widely the net is being cast to absorb the smaller firms into larger organisations. Nor is there any shortage of advisers ready to advertise the facilities they can provide to link companies in suitable "marriages."

The market, meanwhile, has only slowed down its rate of activity by virtue of the holiday season. When whole areas are standing idle, output quickly comes to a standstill, but the sustained pressure for supplies which has continued for some nine months shows little sign of diminishing for the moment. The needs of both domestic and industrial consumers at home represent a major proportion of the offtake; however much customers may grumble at the long waits necessary before completion of deliveries, the scale of forward buying is still appreciably strong.

In this connection, the recent wage deals offering a forward-looking approach to the industry's labour force should make a notable contribution to the stability of the trade in the years ahead. Salesmen have quickly grasped the idea that overheads can be more accurately gauged; coupled with the progressive improvement in output through the use of modernised machinery, the past fluctuations in trading through successive booms and slumps may well be ironed out.

Stocks and Sales

From the statistical department of the Cotton Board a cold, clinical approach to the immediate and distant problems of the industry can always be anticipated. To a trade somewhat prone to excesses of optimism and despair, such an attitude is all to the good. In its latest quarterly review of the situation, the Board describes the short-term prospects as "good"; in the slightly longer run, however, it points out, the outlook depends essentially on the behaviour of retail offtake and of stocks. Retail sales of clothing so far this year, according to official figures, have been rather smaller than in the second half of 1963, but remain comfortably greater than in the earlier part of last year.

Significantly enough for the weaving industry, the report adds: "The share of knitted goods in the total has continued to increase." Stocks of cloth held by weavers, converters and grey cloth importers have fallen by 75 million yards in the year ended March, but evidence suggests that stocks beyond the converting stage have been increasing for the last 12 months.

Higher Productivity

So much for estimates and glimpses of the future. Facts to substantiate the pronounced progress made in modernising the industry and its more efficient working get due prominence in the report. The fall in the labour force has been substantially halted, while production has continued to rise. The number of operatives in spinning and weaving on the books of employers at the end of April was 3 per cent lower than a year previously, but a considerable improvement in productivity has occurred—of the order of 6 or 7 per cent during the year, according to the statisticians. It is estimated that output per head in spinning is now about 22 per cent greater than before the reorganisation scheme, and a similar improvement in weaving has also taken place.

Such facts, and others like them, need to be constantly repeated by as many spokesmen the industry can muster, if the grim image which still persists in the minds of some commentators is ever to be eradicated. It can be done—steady high-pressure "prestige" advertising has proved it—if incontrovertible truths are pressed home at every available opportunity.

Plant Well Utilised

Within the maze of figures presented in each quarterly survey, several interesting facts emerge—again to the benefit of the trade. Machine activity in spinning, for instance, remained at 91 per cent of capacity, the same as in the last quarter of 1963, and against 84½ per cent in the first three months last year. The current level is the highest rate since 1961, while, in 1958-59, the plant was only running at about 66 per cent of capacity.

One milestone which should be mentioned is that in the first quarter of 1964 the number of running mule spindles in Lancashire fell below 1,000,000. Since the final quarter of 1962, the number of mule spindles in place has been reduced from 2,090,000 to 1,120,000 and the number running from 1,610,000 to 980,000.

The party's over! This was a party of minds. Rather than men. There was plenty of food—for thought! The leftovers were, in short, used-up pencils and pads. And blades and clips. The venue: The Research and Development Department of the West Coast Paper Mills Limited.

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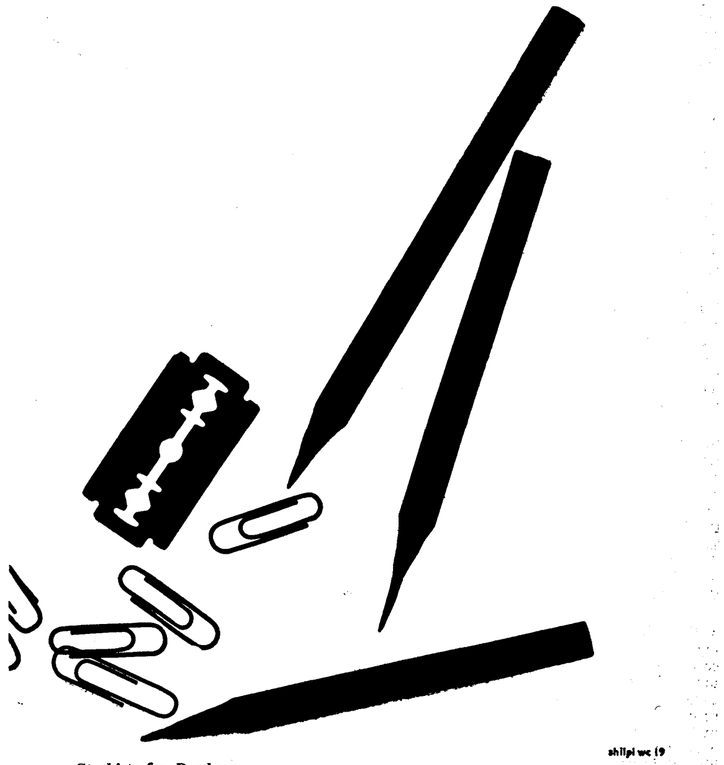

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SUGAR PRICE FIXING LACKS RATIONALE

A PLEA FOR COMPLETE DECONTROL

By Mahavirprasad R. Morarka

IN its anxiety to bring down the soaring prices of sugar, the Government of India, it will be recalled, clamped down controls on sugar prices and distribution by an order issued under the Defence of India Rules on 17th April 1963. By this order, ex-factory prices of sugar were fixed as shown in the accompanying table. The order also provided for an extra charge of one naya paisa per quintal in the case of factories situated at a distance exceeding five kilometres from the nearest railway station and permitted the State Governments to prescribe the margin of profits for wholesale and retail trade. It was stipulated that the profit margin should not exceed Rs. 2.68 per quintal. This price control was extended to the whole country.

Sugar prices were revised on 18th November 1963. Earlier, a deputation of the Indian Sugar Mills Association had waited upon the Secretary to the Union Ministry of Food and Agriculture on 7th November and had urged for an increase in ex-factory prices for the 1963-64 season. This plea was made on the basis of the need for meeting the increase in cane prices and the rising cost of production. The delegation was told that the Government's decision in the matter would come in December 1963. But, surprisingly, the ex-factory prices for sugar were increased by a notification issued on 18th November 1963.

The rise in the prices announced in November 1963 as compared with those fixed in April 1963 varied from Rs. 2.65 in the case of Assam to Rs. 12.15 in respect of some mills in South Bihar. In between these ranges, the price was raised by Rs. 5.15 for Maharashtra, Rs. 8.65 for the Punjab, Rs. 8 for certain mills in the U.P. and only Rs. 3.80 for sugar mills in Mysore, Madras, Kerala and Pondicherry.

No Justifiable Basis

There was a further upward revision of prices in the notification dated 22nd May 1964 issued by the Ministry of Food and Agriculture. Whereas the prices announced on 18th November 1963 varied between Rs. 111.25 and Rs. 122.00 (a range of Rs. 10.75), in the revision made on 22nd May 1964, we have a much wider range of ex-factory prices of Rs. 113.25 and Rs. 138.00, the difference being as wide as Rs. 24.75. The main purpose of this article is to discuss whether there is any basis for such widely differing ex-factory prices being fixed for factories in the different areas of the country. It may be stated at the outset that there appears to be no justifiable rationale or basis for this quixotic fixation of prices, nor does it appear to have any beneficial result for the consumer whose interest should normally be the basis for the control of prices or distribution of any commodity of everyday use, especially that which is in short supply.

A comparison of prices fixed in November last year with those fixed in May this year will show that the sugar factories in the Meerut Division for which the ex-factory prices were fixed at Rs. 116.50 at the time of last revision in November 1963 are now as high as Rs. 131 per quintal. There is thus a difference of Rs. 14.50. In the case of factories in Rajasthan, whereas the ex-factory price was fixed at Rs. 116 per quintal in November 1963, the price fixed now is as high as Rs. 138. In contrast, we have sugar mills in Maharashtra which have been given a rise of Re. 1 only. Similarly, in regard to factories in Mysore, Madras, Kerala and Pondicherry, the present increase is just Re. 1. The hardest hit units are the six mills of Western U.P. in Part D of Schedule III which have been given an ex-factory price of a bare Rs. 113.25.

It is apparent, therefore, that certain units of the industry had made representations, drawing attention of the Government to the high cost of sugarcane and high manufacturing cost incurred by them during the year because of cane shortage in particular areas. The general result has been that, in a delicate and important matter like the control of a commodity of everyday use, we have a situation where a blatant injustice has been inflicted on mills in certain areas, whereas a generous subsidy of Government favour has been bestowed upon mills in certain other areas. So glaring is this disparity in the prices fixed for different areas that it cannot be gainsaid that a stepmotherly treatment has been meted out to certain areas and official favour distributed to certain others. In the absence of any control on the prices of sugar and in spite of reduced production, no factory in the Meerut Division of U.P. would have secured Rs. 15 per bag more than the factories in the South. Today, because of fixation of sugar prices, mills in West U.P. would get Rs. 131 per bag, while the factories in Maharashtra, Gujarat, Mysore, Kerala and Pondicherry get only Rs. 116.

Since these controls are instituted under the all-pervading powers of the Defence of India Rules, it is probably not necessary for the Government to state the reason behind this very objectionable kind of price fixation and the administration of control. The reasons for the disparity outlined above have not been forthcoming either from the representatives of the sugar manufacturers in the country, that is, the Indian Sugar Mills Association, or from the Government of India. In fact, the presidential address at the Indian Sugar Mills Association's Annual General Meeting on 27th April 1964 is conspicuous by the absence of any mention of this problem. No doubt, the speech refers to an economic price structure and makes a plea for the Government to take into account the

Ex-factory Prices of Sugar
(In Rs. per quintal)

Region	Notification dated		
	22nd May 1964	18th Nov. 1963	17th April 1963
Maharashtra	116.00	115.00	109.85
Punjab	132.50	118.50	109.85
Rajasthan	138.00	116.00	109.85
Madhya Pradesh	124.50	118.00	109.85
Mysore, Madras, Kerala and Pondicherry	116.00	115.00	111.20
Gujarat	116.00	118.00	112.50
West Bengal	119.00	116.50	111.20
Assam	127.00	116.50	113.85
Orissa	114.00	116.50	110.50
Andhra Pradesh	118.00	115.00—117.00*	109.85
Bihar	120.00—134.00	118.00—122.00†	108.50—109.85‡
Uttar Pradesh, East	120.25		
Uttar Pradesh, West:			
(i) Factories mentioned in Part 'A' to Schedule III	131.00		
(ii) Factories mentioned in Part 'B'	123.00	111.25—116.50§	108.50
(iii) Factories mentioned in Part 'C'	120.50		
(iv) Factories mentioned in Part 'D'	113.25		

* Rs. 115 for eleven mills and Rs. 117 for six mills.

† Rs. 118 for 24 mills in North Bihar and Rs. 122 for four mills in South Bihar.

‡ Rs. 108.50 for 24 mills in North Bihar and Rs. 109.85 for four mills in South Bihar.

§ Rs. 111.25 for 30 mills and Rs. 116.00 for two mills in East U.P. and Rs. 115.25 for 21 mills and Rs. 116.50 for 19 mills in West U.P.

various cost increases and to examine the data furnished by the Association expeditiously and to provide for it in the price finally to be fixed for the current season. The speech does not indicate any foreboding of the things to come. One wonders whether even the Association had expected such a wide range of price fixation which is neither in the interest of fair competition nor to the benefit of the consumer.

In spite of the Defence of India Rules, in a democracy, questions are bound to be asked in parliament, and sugar has been a very popular subject of discussion there. For a long time, the reasons for this very strange type of price fixation was not apparent and it was very rarely that any questions were asked by members regarding ex-factory prices. At least some members of the Lok Sabha are aware of this problem. On 2nd June 1964, the question was asked whether there had been a steep rise in the prices of sugar during the month of May in some States and, if so, to what extent; the reasons for the same; and the steps taken by the Government to check it. It is from an answer to this question given by Mr. A. M. Thomas, Minister for Food, that we get a glimpse of the reasons for the fixation of ex-factory prices. The Minister said that there had been some rise in the price of sugar in some areas during the second fortnight of May, the actual rise ranging from 2 nP to 15 nP per kilo, as a result of the revision of ex-factory prices. He said further that, since the increase in prices was due to revision of cost figures based on duration and recovery figures, no such step was called for. He also said that, if the position regarding duration and recovery improved next year, as was expected, costs should come down and consequently the prices.

From this reply, we know for the first time that the ex-factory prices have been revised on the basis of duration and recovery figures. Even considering these reasons to be true, we find that there is no justification for such wide disparity in the prices fixed for the different regions. There is not such a wide difference in the duration of crushing season as well as in the recovery percentage in the different regions to justify a premium to certain areas and almost what would appear a discount to other areas in this important question of fixation of ex-factory prices. On the basis of the figures for 1961-62, we find that mills in Western U.P. worked for 159 days, whereas mills in Maharashtra worked for 156 days, Gujarat 116 days, Andhra Pradesh 126 days, Madras 154 days, Mysore 173 days, Kerala 162 days and Pondicherry 164 days. Similarly, in the matter of recovery also, we find that the average recovery per cent for the abovementioned areas are: Maharashtra 11.84, Gujarat 10.90, Madras 9.39, Andhra Pradesh 9.90, U.P. 9.32, Mysore 10.54, Rajasthan 9.31 and Kerala 8.62. Thus, taking into account the duration of season and recovery per cent of sugar, one fails to understand as to why a price as low as Rs. 116 is fixed for sugar mills in Maharashtra, Gujarat, Madras, Mysore and Kerala, as against the Rs. 131 fixed for certain factories in West U.P., Rs. 138 for factories in Rajasthan and Rs. 134 for factories in South Bihar. The result of this iniquitous price fixation would mean, in the case of a factory producing, say, 200,000 bags in Southern India, a clear loss of Rs. 2 lakhs and a similar gain for a factory producing the same quantity in the Meerut Division of U.P.

A Vital Point Ignored

The sugar industry has gone through several ups and downs during its lifetime and has also seen controls. But, formerly when controls were imposed, the prices fixed were uniform except that there were certain deficit zones and certain surplus zones. The difference in control prices, if any, would be based on the principle of a freight advantage being given to factories in the deficit zones. In fact, factories in the surplus zones made a grievance about this that there should be a uniform ex-factory price and locality advantage should not be given to any factory or any particular area. Again, we find that there are certain areas where the cane cess or the purchase tax is higher than in other areas and, in spite of this, no advantage whatever has been given to factories in those areas where the cane cess or purchase tax is higher. Thus we find that, in U.P., the purchase tax levied is Rs. 5.17 per ton and the ex-factory price for certain areas in U.P. has been fixed at Rs. 131. As against this, the factories in Mysore, where the purchase tax is the highest in India, namely, about Rs. 8 per ton, the ex-factory price fixed is only Rs. 116. This important factor in the cost of sugar production has not been taken into account when fixing the ex-factory prices.

Low recovery is stated to be one of the reasons given in justification of fixing high ex-factory prices in certain areas. But, here again, the whole purpose of the control appears to be not to encourage more efficient units but actually to pay a premium on inefficiency. While sugar manufacturers in some areas may not complain much about helping the industry as a whole, it is certainly very exceptionable that the Government should employ their all-pervading powers to mar the more efficient units whose cost of production is low and which may have shown enterprise in the proper location and organisation of their units.

In fact, the sugar industry in the South, besides evincing enterprise and foresight in locational planning and organisation, has been consistently helping our agriculturist by giving him the much needed assistance in procuring manures and fertilisers, agricultural implements, and good and new seed from Government research institutes. The sugar industry in the South has had all along the record of supervising the agricultural operations minutely. The same, however, cannot be said of the sugar industry in U.P. and Bihar. For one thing, sugarcane is a tropical plant and, therefore the yield and recovery have always been, and will always be, poor in these areas. For another thing, no concentrated effort has been made by the sugar industry in general in U.P. and Bihar to improve the lot of the cultivator. And here we now find the Government actually coming to the help of a sector of the industry which has done very little to ameliorate the condition of the poor cultivator.

If the Government has at heart the interest of consumers at large, it should actually

(Continued on next page)

BUILT-IN STABILISER FOR COMMODITIES

OUTLINE OF A NON-OFFICIAL BRITISH SUGGESTION

NO other economic subject has engaged so much attention in international discussions as that pertaining to stabilisation of commodity prices. This is both a national and a world problem, affecting as it does practically every country, be it a producing or exporting or importing country. Violent fluctuations in the prices of commodities, especially basic commodities, have a serious impact on the economy of countries. Attempts at international level to prevent such fluctuations in prices through the conclusion of commodity agreements and the like have continued to be made for a number of years now, more particularly since the end of the Second World War, but they have not met with due success, thanks to the conflicting interests of the producing, exporting and importing countries. It is not surprising, therefore, that the subject of commodity prices evoked a considerable amount of time and attention at the recent United Nations Conference on Trade and Development held at Geneva from 23rd March to 16th June. Indeed, a special committee (First Committee) was constituted, with Mr. Bernard Grinspun of Argentina as Chairman, to discuss the problems pertaining to international commodity problems. The recommendations submitted directly by this Committee and approved by the Conference covered promotional measures, synthetics and substitutes, the World Food Programme, and trade among the developing countries. The Conference approved a proposal on commodities submitted by the President of the Conference, Dr. Abdel Moneim El-Kaissouni (of the United Arab Republic). Part one of this proposal formulates the objectives, principles and scope of international commodity arrangements and envisages the establishment of a Commission on Commodity Arrangements and Policies. Part two lists the recommended action to be taken by developed countries, both those with market economies and those with centrally planned economies, as well as by both categories of developed countries together.

While the primary producers in certain countries are safeguarded against unremunerative prices by means of subsidies, there is no system operating effectively to safeguard the corresponding interests of overseas producers of those basic commodities on the import of which many secondary industries depend largely, if not wholly. This problem is now being actively discussed in Britain. One of the questions raised in these discussions is whether it is practicable to put into operation a comprehensive price-stabilising system as applicable to a very wide range of basic commodities. This question has been thoroughly examined by Mr. L. St. Clare Grondona, in the course of an interesting article published in the latest issue of the *Westminster Bank Review*, the quarterly publication of the Westminster Bank of London. The article is entitled "A Built-in Stabiliser for Commodities."

Price Stabilising Corporation

The proposal put forward by Mr. Clare Grondona envisages the setting up of a Treasury-financed British Price Stabilising Corporation (P.S.C.), having within its scope many commodities on the continued supply of which depends the secondary industry. The two primary objects of this Corporation, it is said, should be the following:

1. The Corporation will put a floor price in British markets for each basic product under its ægis. It will be ready to buy at that floor price, to be known as a commodity's low point. In effect, this will then be a world floor price (at sites of production, less freight costs to Britain), because no producer, unless coerced by an export tax, will accept a lower price anywhere for any substantial volume of his product than that assured to him as a minimum (in terms of his own currency) if he consigns to Britain and, as a last resort, sold to the P.S.C. The P.S.C. will publicise all its purchases and hold these in accessible reserve. The low point will not be fixed, in the usual sense of that word. It can fall automatically but only by prescribed small percentages—in inverse ratio to pre-specified large accumulations of any commodity; or it can rise (predictably), if, after a prescribed period, the P.S.C. does not acquire any reserves of one or other product within its scope. Of such accumulations, or their absence, all will be aware.

2. The P.S.C.'s second purpose, the achievement of which will be conditional, is to provide a ceiling price in British markets (in effect in world markets) for each 'eligible' product. But this can occur only if and when the fulfilment of its first purpose leads to its holding reserves of any such commodity. From such reserves, the P.S.C. will sell on demand, but only at a price higher by a prescribed percentage than what it has paid—its selling price being termed the commodity's high point. At this stage, it will have become a 'commodities bank'. Like the low point, the high point can fall, but only to predictable, prescribed extents—in inverse ratio to specified accumulations of any commodity.

This Corporation, according to Mr. Clare Grondona, will never 'enter' markets. It will be solely of their own volition that either sellers or, later, purchasers will have recourse to it. It will buy, after satisfactory appraisal at seller's cost, only in pre-specified large 'standard' units of volume—with the seller delivering to one of the Corporation's reception depots, which will all be sited to suit the convenience of the trade concerned; and it will sell only in similar large units of volume—with the buyer collecting. It will not bargain in the sense of negotiating prices other than those at the relevant 'points.' Commercial trading in the commodities within its scope will continue in the normal process of market dealing. Thus, there will be no compulsion or coercion involved in its functioning. The P.S.C. will buy without national or other discrimination solely on a product's merits; and it will sell with the same impartiality. Its reception depots for dutiable products will be bonded stores, whereby its operations will neither hamper, nor be hampered by, tariffs either existing or in prospect.

Average of Prices

The P.S.C.'s determination of its initial buying price (the low point) and its conditional selling price (the high point) can be based on the average of prices for any product over the immediately preceding period of, say, five years as giving a reasonable indication of the state of supply and demand. Such an average of prices will be that commodity's datum; and it is to this that the P.S.C.'s buying and selling prices for that product will be related, in terms readily understandable by everybody. The reasoning behind this formulation of the initial index and points is that, in broad terms, the economies of the chief commodity-exporting nations will have been largely geared to the averages of their receipts from sales of such exports in recent years and, although to a less extent, the economy of any commodity-importing nation (with Britain as an outstanding example) will likewise, have been geared to the averages of prices it has had to pay for such imports during the same preceding years.

The functioning of the system suggested by Mr. Clare Grondona, it is claimed, will accord with the law of supply and demand, while eliminating many of the uncertainties which have always been patently disconcerting to both producers and users. It is also claimed that there will be safeguards against any possibility of the P.S.C.'s becoming burdened with unwieldy surpluses. For the Corporation's index and points will remain at their initial levels only until a prescribed aggregate tonnage of any commodity is accumulated.

The author has laid special emphasis on the need for the P.S.C. to do its utmost to foster the establishment of commercially owned reserves. To this end, the Corporation, he says, would stand ready to provide storage, at the net cost of the space occupied, for commercial owners, but only after satisfactory appraisal and in the prescribed units of volume which it would be prepared to buy. Depositors will receive the P.S.C.'s warrant for each lodgment; and this will be an absolutely firm security for bank loans upto the level at which any such deposit can be sold *in situ* to the P.S.C. at any time. However, should the price of any deposited product rise in any recognised British market to above the level of the relevant high point, the warrant would have to be surrendered—when the P.S.C. would pay the depositor at the level of the then low point and then stand ready to sell at the high point. This proviso is designed to prevent any attempt to 'corner' a commodity; but it will not apply to any *bona fide* industrialists who has prudently established reserves exclusively for his own use, and not to 'play the market.'

The financing of the P.S.C. can be arranged so as to enable all possible commitments not only to be accurately measured in advance but also to be kept within statutorily prescribed limits which, at their maximum, is unlikely to impose any appreciable strain on this nation's internal economy or on its balance of payments. The following method, it is said, will ensure this:

The P.S.C. will pay cash sterling for all its purchases at the relevant initial low points, that is, until it acquires a first block of each eligible commodity. But, thereafter, unless 'specifically' authorised to do so, it will not make any further payments in cash for its purchases. Instead, it will pay in the form of non-negotiable three-year Bonds bearing, say, 3½ per cent interest (not compounded) to provide a 10 per cent premium on redemption. These Bonds will not be transferable except to the holders' national Treasury in exchange for local currency. The names of the payee and of the appropriate national Treasury will be inscribed on each Bond which will carry a warning that, in the possession of any person or corporate body other than the payee, or the named national Treasury, it will be void. That will effectively prevent these Bonds being traded at a discount.

Four Distinct Advantages

The four distinct advantages accruing the establishment of the proposed British Price Stabilisation Corporation, to which Mr. Clare Grondona has drawn special attention, are the following:

(i) The provision of the premium-free underwriting implicit in this system will greatly strengthen the administration of existing commodity price-maintenance schemes; and, equally important, it will go far to stimulate the setting up of other similar commodity agreements, each of which will take over much of the financial responsibility that may otherwise need to be assumed by the P.S.C.

(ii) Once the H.M. Government has blazed the trail, it will almost certainly be followed by other great trading nations. If, in due course, there are a number of nations each with its own Price Stabilising Corporation, the highest of the low points then offering for any commodity will represent its world floor price in terms of the relevant currency; and the lowest for any effective high points (that is, in countries then holding reserves under their P.S.C.'s auspices) will represent the world ceiling price in terms of the relevant currency.

(iii) The proposed system will stimulate the question of international liquidity in proportion to the extent to which it is required to operate.

(iv) British inauguration of the suggested Corporation—especially if soon followed by other national P.S.Cs—will be of outstanding importance in enabling backward countries to be assisted more effectively to develop their potentials as producers of basic materials, with the assurance that prices for these will not fall unexpectedly to unremunerative levels.

The price-stabilising system suggested by Mr. Clare Grondona is quite an interesting one. The system does not, of course, seek to ensure "absolute" stability of prices for commodities. For such stability, as Mr. Clare Grondona, points out, is not just possible even if it is desirable. But it can ensure, provided it is operated properly, a much more satisfactory measure of price steadiness than has thus far been achieved for the very wide range of essential commodities which have two attributes. One of these attributes is durability (in the sense that they can be held at negligible cost in modern storage without significant deterioration) and the other is convertibility into an extensive range of capital and consumer goods in widespread, and generally increasing, demand throughout the world.

SUGAR

(Concluded from previous page)

try to find out how best this interest could be served by compelling the inefficient units to reorganise themselves, produce more and bring down prices. Instead, we have here an example of the Government following a very strange control policy which helps neither the consumer nor the industry. In effect, the Government's policy threatens the very existence of the more efficient units and, as far as prices are concerned, by allowing such wide differences for reasons best known to themselves, the Government is driving the under-privileged units to losses, not of their own making. I think there is a justifiable grievance of those units which have been allocated low ex-factory prices and the earlier the Government alters its policy and revises its unwise decision, the better it would be for the consumer as well as the industry.

The controls have helped no one. The consumer has actually been hard hit. Before the imposition of controls, he was getting sugar at a price ranging between Re. 1.15 and Re. 1.40 per kg. In several areas, he has now to pay more than Rs. 3.50 per kg. The meagre ration that one gets also costs him about Re. 1.30 to Re. 1.70 per kg., according to different areas. There is, therefore, a strong case for scrapping the controls altogether.

RUBBER SITUATION IN INDIA

PROSPECTS FOR NATURAL RUBBER BRIGHT

THE problems facing the rubber industry in India differ widely from those pertaining to the world rubber economy. Whereas the world rubber economy is characterised mainly by competition between natural and synthetic rubbers, the problem in India is one of bridging the wide gap that exists between the demand for and production of rubber. The total production of rubber (both natural and synthetic) has no doubt increased quite markedly in recent years, but the consumption has grown at a much faster rate, so much so the annual deficit in supply is pretty huge, being of the order of about 35,000 tonnes. Thanks to such a huge deficit, the country continues to spend much precious foreign exchange on imports of natural and synthetic rubber. The aggregate value of imports (of natural, synthetic and reclaimed rubber) during the financial year 1963-64 amounted to Rs. 9.75 crores. Considering the large-scale dependence on imports and in the context of the persistently expanding capacities in the rubber goods manufacturing industries, the need for sustained effort to step up domestic production by replanting, adoption of better cultural practices (including effective plant protection measures), etc., cannot be stressed too strongly.

That the prospects for natural rubber are thus very bright, notwithstanding the manufacture within the country of synthetic rubber, has been most forcefully brought out by Dr. Rama Varma, the retiring Chairman of the Rubber Board. Here is what he said while addressing the members of the Board recently:

"It is estimated that there are more than 52,000 uses of rubber. In an automobile alone, there are 280 to 330 rubber parts, and new uses of rubber are being regularly found. In India, the potential demand for rubber is large. We are on the threshold of an industrial revolution. The *per capita* consumption of rubber in an industrially advanced country like the U.S.A. is 18 lbs. while in India it is as low as 0.3 per cent. Still in India, the gap between demand and the domestic production of natural rubber is at present about 35,000 tonnes. By 1970, the demand is estimated to increase to 167,000 tonnes, while the domestic production of natural rubber may reach 62,000 tonnes. By adopting better cultural practices including effective plant protection measures, it may, perhaps, be possible to step up the production by 8,000 tonnes more. Still the gap between demand and domestic production of natural rubber will remain large. To meet this gap only one synthetic plant with a capacity of 30,000 tonnes has been established so far. A letter of consent has been issued to a party to explore the possibilities of establishing another plant with a capacity of 25,000 tonnes. The details of technical collaboration, foreign exchange requirements, etc., of this project have not been finalised. This plant is not likely to go into full production before 1968 by which time the demand is expected to increase to 148 thousand tonnes and the natural production to 57 thousand tonnes. Even if both these synthetic plants are in full production in 1968, the gap between demand and the production of synthetic rubber will be 93,000 tonnes, whereas the domestic production of natural rubber would only be 57 thousand tonnes. There is, therefore, no need to get concerned about the market for natural rubber in the country."

Technical Angle

Even from a technical angle, natural rubber, as Dr. Rama Varma rightly stated, has certain advantages over the types of synthetic rubber that would be available in India. The Bareilly plant is engaged in the manufacture of S.B.R. and the new unit expected to be licensed is to produce polybutadiene. The tyre industry accounts for about 65 per cent of the total consumption of rubber. In India, the ratio of car tyres to truck tyres is 33:67, whereas in the U.S.A., it is 90:10. Since S.B.R. is used mostly for passenger car tyres, it has a relatively lesser use in this country. It is estimated that the potential displacement of natural rubber by polybutadiene may not exceed 13 per cent of the total natural rubber consumption. With the high ratio of truck tyre production in this country, neither S.B.R. nor polybutadiene at their present state of development is going to be a real threat to natural rubber.

Cost Aspect

There is also the cost angle. Dr. Rama Varma alluded to certain handicaps for the manufacture of synthetic rubber in this country, mainly because of the huge costs involved. India does not possess necessary technical know-how. Large foreign capital may be required to import plant and machinery and the refining capacity is also limited to undertake large-scale expansion of petro-chemical-complex. As long as these handicaps are there, any new synthetic plant which is likely to be put up, is going to have high capital cost as compared with similar plants in the industrially advanced countries. This would reflect on the cost. In this context, it is appropriate to mention that the Indian price of natural rubber itself is 50 to 60 per cent higher than the price in Malaysia and Ceylon. As the economy of the South East Asian countries is largely dependent on rubber, it may be difficult to stop imports from these countries completely without repercussions on our exports to those countries, particularly when natural rubber prices in those countries are gradually declining.

No Cause for Complacency

The foregoing analysis will show that, either from the demand side or from the technical point of view or from the cost angle, the market for natural rubber would appear to be assured in the foreseeable future. There is, however, no cause for complacency. Indeed, the natural rubber producer must remain on the alert. Emphasising this aspect, Dr. Rama Varma recalled the meeting of the International Rubber Study Group's Development and Trade Committee held at Tokyo in May last and drew pointed attention to the considerable expenditure on research and development in the synthetic rubber industry. Though it has not significantly changed the present competitive relationship between natural rubber and synthetic rubber, it has served to consolidate an enhanced acceptability of synthetic rubber in many usages. To a consumer, the synthetic rubber offers two advantages. First, he can get his raw material at a uniform quality. Further, the synthetic rubber producer sells his product direct to the consumers and offers better technical service. Secondly, synthetic rubber prices are not subject to wide fluctuations due to speculative buying and selling.

Rubber Fabricators

Another point that has to be borne in mind, according to Dr. Rama Varma, is that the rubber fabricators are getting directly interested in the manufacture of synthetic rubber and today 38 per cent of the world capacity for the production of synthetic rubber is owned by rubber fabricators. The plant which has been established in India is in collaboration with a tyre company. To quote him:

"The close tie up between producers of synthetic rubber and the rubber fabricators will give synthetic rubber an edge over natural rubber when keen competition starts. It is also possible that, when there is no strong competition, synthetic rubber producer may be able to adopt a price policy by which he can depreciate his assets in a shorter period than at the normal rate, and later bring down his price to meet any competition which may eventually arise. In the natural rubber industry as labour cost constitutes 46 per cent of the total cost of production, writing down of capital cannot have the same effect on prices as in a capital intensive industry. In an industry like rubber where there is such a large number of smallholders, it is not reasonable to expect that depreciation will be provided and such amounts set apart for replanting when prices are highly favourable. High prices will only help to raise the standard of living of smallholders."

The bulk of the natural rubber output in India comes from Kerala, where the climate is considered to be ideal for rubber cultivation. Any major effort to boost production is, therefore, to be concentrated in this region. The two serious impediments that lie in the way are the existence of numerous small holdings and lack of finance. The accompanying table shows how the non-corporate sector is gaining in importance creating a problem for the rubber industry, that is, fragmentation of holdings.

Rubber Estates and Holdings in India

Classification	1959		1963		Rise (+) or fall (—) in area (per cent)
	No. of estates	Area in acres	No. of estates	Area in acres	
ESTATES (Above 50 acres)					
Public Limited Cos.	129	74,753	132	74,143	(—) 0.8
Private Limited Cos.	9	2,013	19	4,324	(+)114.8
Individual	359	47,440	449	61,938	(+) 30.5
HOLDINGS (50 acres and below)					
11-50 acres	2,537	52,291	3,410	69,698	(+) 33.3
6-10 acres	3,843	27,920	5,428	40,041	(+) 43.4
5 acres and below ..	43,405	82,150	57,524	110,998	(+) 35.1
Total ..	50,282	286,567	66,962	361,142	(+) 26.0
Production (in metric tons) ..	—	23,772	—	37,200	(+) 56.5
Yield per acre (in lbs.)	—	183	—	230	(+) 25.6

Thus, the entire rise of 26 per cent in area under rubber between 1959 and 1963 has taken place in the non-corporate sector, while the area under the corporate sector has actually declined. Very little attention, according to Dr. Rama Varma, has been devoted to the economic consequences of this development. In 1963, there were 57,524 small holdings, of five acres and below, the average size of which was less than two acres. The presence of this fragmentation rules out the possibility of any organised effort to raise output by improved and scientific methods. How to keep the non-corporate sector together is a basic problem facing the rubber industry. "The solution to the problem," to quote Dr. Rama Varma, "cannot be found by mere legislation. Here is a human problem arising out of the pressure of population on land. Elucidating this point, Dr. Varma made the following interesting observations:

"We are passing from a feudal to an industrial economy. The impact of large-scale industrialisation on the basic values of life will have to be faced. In a labour-intensive industry like plantations, employer-employee relationship is most important. The joltings of transition are already being felt. In an industrial society which we are trying to build up, the progress of this industry like that of all other industries will depend on how science could be brought to its aid. For that, a new outlook is necessary."

Dr. Rama Varma has just stated the problem. He has not offered any constructive solution. We wish he had given some details as to how this problem could be tackled in the light of his own experience as the Chairman of the Board. He was, however, candid enough to admit that the replanting programme had not progressed satisfactorily, though he said that the programme was now getting momentum and that the actual output was likely to exceed even the target fixed for each year after 1965. A disconcerting feature about the programme, we are told, is that, while some estates replant at a fast rate others hardly do any replanting. This tendency, if allowed to persist, will, as Dr. Rama Varma rightly pointed out, give rise to certain peculiar problems. For instance, after some time, either the units that are not falling in line will have to go out of production or prices will have to be fixed on the basis of their costs. If costs are to be kept down, it is necessary through persuasion or other means to make every rubber producer join hands in the replanting programme.

Yield Per Acre

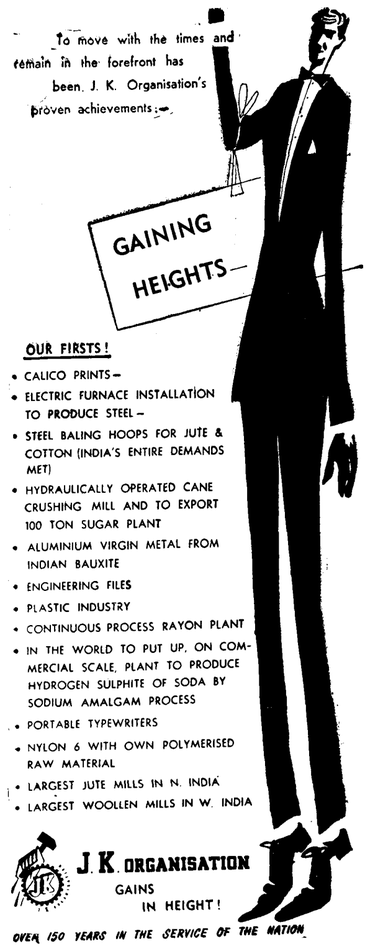
It is true that the per-acre yield of rubber in India has gone up in recent years, but the average yield continues to be poor *vis-a-vis* that obtained in other countries, especially Malaya. Referring to this issue, Dr. Rama Varma said:

"Considerable progress has been made in developing high yielding plants. There are clones which could yield as high as 3,000 lbs an acre. To reach an average estate yield of 1,500 lbs. is not a difficult thing with the different planting materials available at present. In India itself, we have instances of getting more than 1,500 lbs. per acre where high yielding planting material is used. One medium size estate of about 300 acres which is maintaining its records properly has reported an average estate yield of 1,300 lbs. There are small holdings who have replanted under the Board's subsidy scheme getting a yield of 800 lbs. in the second year of tapping. If a 1,000 lbs. yield could be obtained in an estate, it should be possible to bring down the cost to about Re. 1.10 nP per kg. On the basis of that cost, if natural rubber could be sold at Rs. 2 per kg., there is no possibility of synthetic rubber competing with natural rubber."

The scope for raising per-acre yield of rubber is pretty vast. It may not be possible to attain the high yields obtained in Malaya at any rate in the next few years. But significantly larger yields can be obtained if replanting is done systematically and new planting developed with high-yielding material.

RUBBER IN MALAYSIA

The Malaysian Minister for Commerce and Industry, Dr. Lim Swee Aun revealed at Kuala Lampur the other day that every pound of natural rubber produced in Malaysia had been sold. He, however, cautioned by saying that, in view of competition from synthetic rubber, the country could no longer afford to adopt the attitude of "take it or leave it." He emphasised the need for some positive steps to stem the tide of synthetic rubber, and suggested the introduction of a new method of grading natural rubber as a first measure. Referring to the disease in rubber trees, he said that, when the trees suffer from root diseases, however well manured and well planted a clone might be, it was useless. This, he declared, should be cured by proper research so that knowledge and foresight could replace labour and expense. Mr. Aun urged the natural rubber industry to undertake research and development programmes in order to exploit fully the high potentialities of the product. If the research programme was well planned, he said, it would unquestionably prove to be one of the soundest investments made.



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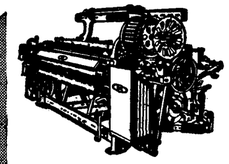

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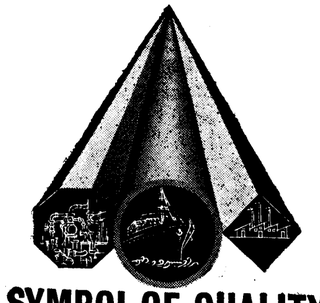

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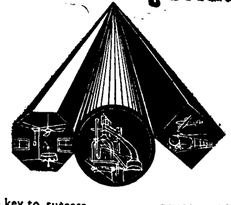

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DEPRECIATION ON BUSINESS BUILDINGS—I

SOME PROBLEMS IN INCOME-TAX ASSESSMENT

By Premjus Roy

AN interesting matter recently came up before the Delhi Bench of the Income-tax Appellate Tribunal. The appellant was Kailash Motors of Dehra Dun. The firm was a dealer in Tata-Mercedes Benz trucks and their spare parts and accessories, and also maintained a factory for repairing and servicing the trucks sold. The assessee claimed depreciation on the cost of the buildings, which were shown by the assessee in its balance-sheet as Rs. 2,80,356, including the cost of land amounting to Rs. 1,01,254. In making the firm's assessment to income-tax, the Income-tax Officer excluded the cost of the land and allowed depreciation only on the cost of the superstructure amounting to Rs. 1,79,102. As the assessee's claim on this point was rejected in the first appeal, the matter was brought before the Income-tax Appellate Tribunal in a further appeal. The two members of the Tribunal having differed, the matter was referred to the President of the Tribunal who has allowed the assessee's claim.

It is proposed to discuss in this article the various arguments for and against the allowance of depreciation under Section 32 of the Income Tax Act, 1961 (old Section 10(2) (vi) of the Income Tax Act 1922) on buildings inclusive of the cost of land. It will be seen that for deducing taxable income from business Section 32 of the Income Tax Act, 1961, permits deduction for depreciation on certain assets as under:

"32. *Depreciation.*—(1) In respect of depreciation of buildings, machinery, plant or furniture owned by the assessee and used for the purposes of the business or profession, the following deductions shall, subject to the provisions of Section 34, be allowed:

(i) * * * *

(ii) in the case of buildings, machinery, plant or furniture, other than ships covered by clause (i), such percentage on the written down value thereof as may in any case or class of cases be prescribed;"

The words used are "Depreciation of buildings, machinery, plant or furniture owned by the assessee and used for the purposes of the business or profession." If the buildings are not owned by the assessee, depreciation is not allowable. Also, if the buildings are not in fact used for the purposes of the business, again no depreciation will be allowable. Of course, Section 38(2) of the Act prescribes that where any building, machinery, plant or furniture is not exclusively use for the purposes of the business or profession, but is only partly used for business, depreciation allowable will be restricted to a fair proportional part of the depreciation which was otherwise allowable under the Rules.

What is Meant by "Building"?

The point for consideration is, what is the plain grammatical meaning of the word 'building,' that is, whether it means only the superstructure or whether it includes also the land attached to the superstructure. In common parlance 'building' means not only the superstructure but also the land which such superstructure encompasses or encloses. When one says he has bought a building, he obviously means, and will be understood to mean, that he has bought the building including land. If the legislature desired to restrict the allowance for depreciation, it would have used the words 'superstructure' or 'edifice,' instead of the word 'building.' In Webster's New International Dictionary (1949) Edition, the meaning of the word 'building' is given as follows:

"That which is built specf: A. As now generally used. a fabric or edifice, framed or constructed, designed to stand more or less permanently, and covering a space of land, for use as a dwelling. store-house, factory, shelter for beasts, or some other useful purpose."

The interpretation of the word 'building' directly arose in the case of *Corporation of the City of Victoria* vs. *Bishop of Vancouver*, reported as A.I.R. 1921 E.C. 249. The Corporation sought to impose municipal tax on the land on which a church stood, on the ground that the exemption granted to church building applied to the superstructure and not to the land on which the superstructure was erected. The Privy Council held that the exemption applied to the church building, including the superstructure and the land. Lord Atkinson, who delivered the judgment, observed that the word 'building' as used in ordinary language comprises not only the fabric of the building but also the land on which it stands. He further stated as under:

"The thing most necessary for the use of the Cathedral as a place for public worship is that the congregation which frequents it should be able to stand or kneel upon the ground embraced within its walls and forming the floor of it, or sit upon chairs resting upon that floor. The use of the floor is infinitely more essential than the use of a roof. In fact, it is as impossible to conceive the public worship of God being carried on in a building without the use of the land which it embraces within its walls, as it is impossible to conceive walls existing without the support, direct or indirect, of the soil of the earth."

Rule of Interpretation

It is the primary rule of interpretation of statutes that the meaning of the legislature is to be sought in the actual words used by it, which are to be interpreted in their ordinary and natural meaning. It is not within the province of the court to depart from the plain meaning of the expression used in the statute and to interpose contrary views of its own as to what is just and expedient. In *Gurmukh Singh* vs. *Intizima Gurudwara Bhai Sewa Singh*, A.I.R. 1942, Lahore 19 F.B., it was observed by the court that, when the words used in the statute are plain and unambiguous and admit of one meaning, a court is not at liberty to speculate on the intention of the legislature and to construe them according to its own notion of what ought to have been enacted. Lord Fiend in *Cok* vs. *Hakes* (1890) 15 A.C. 506, states thus: "Now the admitted rules of construction, from which I am not at liberty to depart, lay down that I cannot infer an intention contrary to the liberal meanings of the words of a statute unless the context or consequences, which would ensue from a liberal interpretation, justify the inference that the legislature has not expressed something which it intended to express, or unless such interpretation leads to any manifest absurdity or repugnance." Again, in *Commissioner of Sales Tax U.P.* vs. *Modi Sugar Mills*, A.I.R. 1961, S.C. 1047, it was observed that, in interpreting a taxing statute, equitable considerations are entirely out of place. Nor can taxing statutes be interpreted on any presumptions or assumptions. The courts must look squarely at the words of a statute and interpret them. It must interpret a taxing statute in the light of what is clearly expressed; it cannot imply anything which is not expressed; it cannot import provisions in the statute so as to supply any assumed deficiency. But where the words of a statute are precise and unambiguous in themselves, these words should be expounded in their natural and ordinary sense.

It would thus appear that having regard to the plain ordinary meaning of the word 'building,' if a businessman owns a building and uses it for his business, he will be entitled to depreciation under Section 32 in respect of that building, the value of the building comprising the value of the superstructure and the land thereunder. But the further question is whether this interpretation of the word 'building' is repugnant to anything either in this section or in the Act. As observed in *Badsha Mia* vs. *Rajab Ali*, A.I.R. 1946, Cal. 348 F.B., in interpreting statutes the words of a statute are always supreme and effect must be given to them when the meaning is plain, whatever the consequences, except in one case. The one exception is the case of repugnance to another part such as makes that part void or frustration of the very part where the words occur. But mere injustice or inconvenience will not justify departure from the plain meaning, for such matters are for the legislature, and not the court, to consider; nor can other parts of a statute be drawn upon to the same extent as in days when statutes were not expressed in a number of separate sections.

Income from House Property

To examine this question of possible repugnance of the word 'building' as meaning superstructure and land, a number of other provisions in the Income Tax Act might be examined. The first provision to examine is Section 22 of the Income Tax Act, 1961, which reads as under:

"22. *Income from house property.*—The annual value of property consisting of any buildings or lands appurtenant thereto of which the assessee is the owner, other than such portions of such property as he may occupy for the purposes of any business or profession carried on by him the profits of which are chargeable to income-tax, shall be chargeable to income-tax under the head 'Income from house property.'"

What is chargeable to income-tax under this section is "annual value of property consisting of any buildings or land appurtenant thereto," and exception is made for "such portions of such property as he may occupy for the purposes of any business." Now, the words "such property" mean, as defined earlier in that section, "property consisting of any buildings or lands appurtenant thereto" and this is the only meaning these words are capable of. In other words, buildings (including land appurtenant thereto) which the assessee occupies for purposes of his business fall to be taxed under Section D of Chapter IV styled "profits and gains of business or profession," while all other buildings (including land appurtenant thereto) are chargeable under Section 22 under the head "income from house property." It is thus clear that property to be charged, whether under Section 22 in the case of non-business property, or under Section 28 in the case of business property, means buildings or lands appurtenant thereto. It is not that property for the purpose of chargeability under Section 22 means buildings and lands appurtenant thereto, and for the purpose of Section 28 means buildings, excluding lands appurtenant thereto.

The next relevant provision to be examined is clause (iii) of sub-section (2) of Section 56 of the Income Tax Act, which states that "income from other sources" includes—

"(iii) where on assessee lets on hire machinery, plant or furniture belonging to him and also buildings, and the letting of the buildings is inseparable from the letting of the said machinery, plant or furniture, the income from such letting, if it is not chargeable to income-tax under the head 'profits and gains of business or profession.'"

What this provision states is that in the case of composite letting of buildings along with plant and machinery or furniture, the rent received for the use of both buildings and other assets will be taxable under Section 56 as "income from other sources." There is no provision for separating the rent of the land, which inevitably goes with the building. Where such composite letting does not amount to business, even the rent from a building belonging to the assessee is not treated under Section 22, but is to be treated under Section 56, and all allowances and deductions permissible under Section 56 have to be allowed, including allowance for depreciation under Section 57(ii) read with Section 32(i) of the Income Tax Act.

Permissible Deductions

We may next examine Section 30 of the Income Tax Act, which permits all deductions for rent, rates, taxes, repairs and insurance for premises used for the purposes of the business or profession. The heading of Section 30 is "Rent, rates, taxes, repairs and insurance for buildings" while this section itself uses the words 'premises.' It is obvious that 'premises' and 'buildings' are used as interchangeable terms, as in fact they are interchangeable. The word 'building' is specifically used in Section 32, because in Rule 5 of the Income Tax Rules, 1962, which relates to depreciation, the word used is 'buildings.' It is obvious that the allowance under Section 30 for rents, rates, taxes, repairs and insurance for buildings, used for the purposes of the business or profession, would be available for buildings including not only the superstructure but also the land appurtenant thereto, and it is inconceivable that the Income-tax Officer would try to argue that buildings mean only the superstructure and hence any rent or taxes pertaining to land attached to the building will not be treated as an allowable deduction under that section. In fact, "land revenue" which is a specific deduction under clause (b) of Section 30 can refer to land alone, and not to the superstructure. It would be useful in this connection to refer to the case of *Commissioner of Income Tax* vs. *Ranjit Singh* (1955), 28 I.T.R. 14, in which it was argued on behalf of the Commissioner that for the purposes of claiming repairs to roadways, roadways cannot be regarded as buildings. This argument was not allowed by the High Court to be raised, as it was not so raised before the Tribunal. Justice Falshaw observed (at p. 21): "The use of the words 'hotel premises' in the question framed by the Tribunal confirms that there was no dispute between the parties before it that the roadways were regarded as being attached to or forming (posessing) a part of the buildings, and it certainly cannot be denied that in the case of a business of the nature of the hotel and restaurant business roadways and spaces for the parking of cars are an essential part of the business."

It would also be helpful to quote the following extracts, stating the meaning of 'premises' in Law Lexicon by P. Ramanatha Aiyar (1940) Edition:—'Premises' includes land and everything appertenant thereto. 'Premises' is commonly used as comprising land, houses and other matter. Either 'tenements' or 'premises' will be sufficient to include land .... 'Premises' .... is used both in law and in common speech to indicate lands and tenements .... 'Premises' in popular language, frequently means, Buildings (Section 4 Bombay 168 (F.B.) .... The popular acceptation of the word 'premises', according to Sweet's Law Dictionary, and Wharton's Law Lexicon, is that it includes land. The same definition is given in Johnson's Dictionary, 12 Bom. L.R. 669.

It would thus appear that, as the word 'premises' includes the superstructure as well as the land, so does the word 'building'.

(To be continued)

CASES AGAINST MANAGERIAL PERSONNEL OF COMPANIES

The Government of India has, under Section 10A of the Companies Act, 1956, constituted a tribunal, with Mr. B. N. Gokhale, a retired High Court Judge, as Chairman and Mr. G. Mathias, a senior officer of the Indian Audit and Accounts Service, as member, to enquire into the cases against managerial personnel of companies which may be referred to it by the Central Government, and also exercise and discharge all or any of the powers and functions conferred on the courts by or under Section 155, Section 203 insofar as it relates to the granting of leave under that section, Section 240 and Sections 397 to 407 of the Act. The powers and functions mentioned above have been transferred to the tribunal with effect from the 1st inst. These powers and functions relate to the following matters:

Rectification of the register of members and the register of debenture-holders of a company;

granting of leave to persons to manage companies in cases where they have been restrained from doing so by orders of the court;

compelling certain persons to produce documents and requiring them to appear before an Inspector appointed by the Central Government to investigate into the affairs of a company, and ordering examination on oath of a person whom the inspector has no power to examine on oath; and

granting relief in cases of oppression of any member or members of a company or mismanagement of the affairs of a company or where the affairs of a company are being conducted in a manner prejudicial to public interest.

The district courts or the high courts, as the case may be, shall not exercise the powers and functions conferred on them in relation to the above matters with effect from the 1st inst. By virtue, however, of sub-section (5) of Section 10A of the Act, these courts shall continue to exercise the powers and functions in relation to any proceedings arising out of these matters pending before them immediately before the said date.

SOVIET BLOC'S FOREIGN OPERATIONS IN OIL

UNDERDEVELOPED COUNTRIES RECEIVING PRIORITY ATTENTION

NOT surprisingly perhaps, Western attention has recently been focussed on the spectacle of the Soviet Bloc's rising exports of crude and products, rather than on their exports of techniques and equipment. Now at an annual rate of well over 30 million tons, deliveries of oil to the free world from the U.S.S.R. and other Communist countries have played a decisive part in increasing the intensity of competition in many markets. And they will no doubt expand still further, albeit at a smaller pace than a few years ago.

Exports of techniques and equipment are, by comparison, hampered by the urgent need to develop the highly promising indigenous oil and gas reserves in the U.S.S.R., and to set up transport, refining and distribution facilities all over the Soviet Bloc. Indeed, the Communist countries have recently endeavoured to supplement their own output of steel piping, tankers and various types of oil industry equipment with imports from a variety of Western sources. But these developments cannot hide the fact that the U.S.S.R. and its East European satellites are now also participating to an increasing extent in the build-up of oil industries in the less developed areas of the non-Communist world.

The U.S. National Petroleum Council, in its latest survey of Soviet Bloc oil, estimates that between 1959 and 1961 the Soviet Union gave credits to various underdeveloped countries for the purchase of 55 complete drilling rigs, while over 700 Soviet geologists have recently been active in the non-Communist world, not counting more than 200 in Cuba. Furthermore, as is shown in the accompanying table, the U.S.S.R. and other East European countries have in recent years completed refineries in three developing countries, with a combined annual capacity of 2,750,000 tons, and they are presently engaged on orders for five further refineries, with prospective capacity of 7,000,000 tons. Also, a number of nationals in the developing countries are being trained for work in the oil industry.

The Russians, and the other East Europeans, do not, as a rule, engage in foreign operations on their own account. Instead, they usually grant highly favourable loans to local State organisations for the purchase of the appropriate equipment or services. The loans are mostly for periods from 12 years upward; the normal interest rate is as low as 2½ per cent annually; and repayment can be made in convenient forms —often through the export of local produce. These terms are obviously attractive to the recipients, although the scale of this aid is in most cases inadequate, and much smaller than the amounts that might be available, in the form of risk captial, from Western oil companies.

One territory where recent Russian operations do not comply with this general pattern is the Arctic island of Spitsbergen. The island is, of course, under Norwegian sovereignty, but is geographically close to the U.S.S.R., and a Soviet State organisation, Arktik Ugol, is locally engaged in coal mining under a special licence. In the past two years, Arktik Ugol has also carried out fairly exetnsive preliminary search operations for oil and other minerals, but Norway has now for the second time rejected a request for the grant of a formal oil search concession.

Another special type of agreement has recently been made with Afghanistan, where the U.S.S.R. will provide technical assistance to the State in the development of natural gas. The gas had been discovered by Soviet crews working for the Afghan Government in the north of the country. A production of 2,000 million cu. m. a year is foreseen by the end of 1966, to be expanded later, and a large part of this output—initially about three-quarters—will be exported to the U.S.S.R. through a new pipeline. Some oil has also been discovered in the north, and exploration with Russian technical assistance is continuing.

Elsewhere, the Russians do not seem to be motivated by the prospect of obtaining oil and gas for themselves but rather by a desire to gain local goodwill and to demonstrate that they can be as effective in international oil operations as the Western oil companies. Their efforts have met with a fair measure of success, above all, in India where oil has been designed as a sphere in which the public sector should have a controlling interest, and where exploration over most of the country has been reserved for many years to the Government's Oil and Natural Gas Commission. The Commission operates largely with the help of equipment and technicians from the U.S.S.R., and with Russian-trained Indian technicians; it has discovered an important oilfield at Ankleshwar in Gujarat (with a potential production of 2,000,000 tons a year), but even with Russian aid, it lacks the resources for an intensive search effort in the whole of its vast territory.

The Indian Government has also purchased three refineries from Russia and Rumania, the first of which is already on stream, while the others are nearing completion. Their combined capacity by the end of 1965 will be close on 5,000,000 tons, and later extensions are envisaged. However, there have lately been complaints about defective workmanship and excessive construction costs, and it is perhaps significant that the Government has now decided to erect further refineries in partnership with Western companies instead of relying on Russian or other East European assistance.

Also in the Indian sub-continent, the U.S.S.R. early in 1961 made an aid agreement with Pakistan, which provided for an oil exploration loan of over £10 million, giving the Russians their first economic foothold in that country. The Pakistan Government's Oil and Gas Development Corporation, with Russian assistance, is now in fact carrying out surveys in both East and West Pakistan.

Refineries Built with Soviet Bloc Financial and Technical Aid

(All the refineries are owned and operated by local Government Entities)

Location	Assisted by:	Crude capacity (Thousand metric tons p.a.)	Completion
I. *Refineries in operation:*			
Syria—Homs	Czechoslovakia	1,000	1959
India—Gauhati, Assam	Rumania	750 (a)	1963
Egypt—Alexandria	U.S.S.R.	1,000	1963
		2,750	
II. *Under construction or firm projects:*			
Egypt—Suez	U.S.S.R.	1,000	1964
India—Barauni, Bihar	U.S.S.R.	2,000 (b)	1964
India—Koyali, Gujarat	U.S.S.R.	2,000 (b)	1964-65
Indonesia—Tjepu, Central Java	Rumania	1,500	Uncertain
Ethiopia—Assab, Red Sea	U.S.S.R.	500	Uncertain
		7,000	
Grand Total		9,750	

(a) Later extension to 1,000,000 has p.a. envisaged.
(b) Completion in two stages; later extension to 3,000,000 tons p.a. envisaged.

In Burma, Rumanian teams started exploratory work last year, and the nationalised People's Oil Industry is now understood to have made arrangements for drilling with Rumanian esuipment, helped by Rumanian crews.

In Ceylon, where a Government agency has recently assumed sole responsibility for inland sales of all major petroleum products, it is understood that Czechoslovak and Rumanian Govment organisations are among the bidders for a contract to erect the country's first, Government-owned, refinery.

Farther east, Rumania in October 1962 agreed to grant a $50 million credit to Indonesia, most of which will be used for a 1½ million ton refinery at Tjepu in central Java, and for the rehabilitation and exploration of oilfields, also in Java.

There have been various Russian-sponsored development projects in the sensitive area of the Middle East, some of them directly concerned with oil. Russian crews have in recent years been carrying out a certain amount of exploratory work, for local State organisations, in North-Eastern Syria, as well as in the Khanaqin area (i.e., outside the I.P.C. concessions) in Iraq, and also in Egyptian territorial waters where, however, the State has since awarded exploration concessions to Western interests. The Syrian venture is in the remote area of the country where there were previous discoveries by American and German interests; it is understood that the Russian-assisted search has resulted in more discoveries, but no decision has so far been made on the exploitation of these various finds.

As to refineries, the Russians completed, over a year ago, a 1,000,000 ton distillation unit at Alexandria in Egypt, and a unit of similar size is nearing completion at Suez. Syria's first refinery, built by a Czechoslovak State organisation, was completed at Homs nearly five years ago and is stated to be operating well, though there are complaints about long delays in the delivery of spare parts from Czechoslovakia. Another Czechoslovak project, for a 2,000,000 ton refinery at Basra in Iraq, has been shelved as it is regarded as economically unnecessary until about 1970.

In Africa, outside Egypt, the main Russian oil venture is the planned erection of Ethiopia's first refinery—a 500,000 ton State-owned plant at Assab on the Red Sea. Construction was to start early last year, but it has recently been stated that work on the blueprints has only just begun. There have also been geological surveys by Russian crews in Ethiopia, as well as in Mali, chiefly in the North-East. From Ghana it is reported that Rumanian crews have located oil showings both in the West and the North of the country.

The Russians and their satellites are not taking any direct part in oil industry operations in Algeria, but the U.S.S.R. has recently promised, *inter alia*, to build a local institute of petroleum and a technical college for 2,000 students. This arrangement is no doubt designed to strengthen the hands of the Algerians in their dealings with the French.

In the Western Hemisphere, Soviet geologists have recently surveyed the oil possibilities of Brazil (under a contract with Petrobrás) and of British Guiana (under United Nations auspices). In both cases they seem to have made highly optimistic, perhaps overoptimistic, assessments. In Brazil, they actually recommended further exploration in the coastal belt from Sergipe to Rio Grande do Sul, pointing out that crude oil production could be quadrupled with improved techniques, to as much as 20 million tons annually in five years' time. In British Guiana, according to Radio Moscow, they found evidence of the presence of extensive oilfields, and the local Government has now applied for United Nations aid towards the cost of an offshore survey. The Argentine Y.P.F. has in recent years obtained drilling equipment from the U.S.S.R., while Petrobrás has recently arranged for the purchase of 14 rigs from Rumania.

The significance of the Soviet Bloc's economic penetration, skilfully directed towards a few selected areas, lies primarily in the fact that it may strengthen the inherent economic nationalism in the countries concerned: the illusion is created that the state, with Soviet assistance, can develop the national resources without any interference from Western capital. The terms offered by the Russians for their development aid may often sound generous, but, by fostering this type of illusion, Russian aid may acutally become a factor hampering rather than furthering the rapid development of a country's native resources.—*By Special Arrangement with Petroleum Press Service.*

O.E.C.D.'S NEW REPORT ON OIL

The proved world oil reserves of 45 billion tons would last for about 36 years at the present rate of oil consumption. Moreover, in the past, proved reserves have never failed to grow at a rate at least matching the growth of consumption. There is no reason to fear that exhaustion of world reserves will lead to a physical shortage of oil in the period for which reasonably accurate forecasts can be made. This is one of the important conclusions reached by the O.E.C.D. Special Committee for Oil in its new report "Oil Today (1964)," just published. The report reviews the main features of oil consumption and supplies in the O.E.C.D. Area from 1959 to 1962 and discusses a number of questions which are relevant to the future.

World crude oil consumption increased from 1,000 million tons in 1959 to 1,200 million in 1962, a rise of 20 per cent. In the same period, natural gas consumption rose by 30 per cent, from 430 billion cubic metres to 560 billion. In the O.E.C.D. European Area, the consumption of oil products rose by 54 per cent between 1959 and 1962, from 157 to 241 million tons, that is, a rate of increase twice as large as the world rate. The share of liquid fuels in the total consumption of energy rose from 31 to 39 per cent. In the United States, the consumption of oil products was 438 million tons in 1959 and 478 million in 1962. In Japan, whre energy consumption more than doubled over the decade 1950-60, the share of oil increased enormously, from 5 to 34 per cent.

North America remains the largest single oil-producing area but the rising production of other areas continues to reduce its share of world production (from 38 per cent in 1959 to 32 per cent in 1962). The Middle-East now accounts for 25 per cent of world production, as compared with 22 per cent in 1959. The U.S.S.R., with its associated nations, has continued to increase its share of world production.. Over the period from 1959 to 1962, its share rose from 15 to 16 per cent. Although Africa contributed in 1962 only three per cent of total world crude oil supplies, it is increasingly important as a supplier to Europe.

At the end of 1959 the European refinery capacity was 194 million tons, and 271 million at the end of 1962; by the end of 1965, it is expected to rise to at least 390 million tons. In North America refining capacity, like consumption, has increased at a slower rate than in Europe. The amount of oil transported by sea rose throughout the world by 40 per cent between 1959 and 1962 (640 million tons in 1962); Europe and North America account for well over half of this trade.

The capital requirements in the domain of oil are extremely large. The gross capital investment per employee is close to $87,000, higher than for any other major industry. During the decade ending in 1962, the world's capital and exploration expenditures for oil (exclusive of the Sino-Soviet Area) totalled $106 billion. The oil industry has demonstrated that it can generate internally and finance externally the capital necessary to supply the world's oil needs. As long as the investment climate remains favourable, the industry should be able to supply the capital necessary to finance the growth of the coming decade, concludes the report.

ECONOMICS OF MAJOR IRRIGATION

Apropos Mr. S. Ramayya's article entitled "Economics of Big Irrigation Projects," published on page 1066 of *Commerce* dated 20th June 1964, Mr. R. A. Deshpande writes from Bangalore as follows:

"While one can agree with Mr. Ramayya's conclusions that all big irrigation projects costing above Rs. 10 crores should be financed by the Centre, one cannot accept his social cost analysis of major irrigation projects or the capital-output ratio as worked out by him. I would like to question some of the basic assumptions made by him.

"The assumption that a major irrigation project costing Rs. 150 crores can be a single irrigation project is not correct. Invariably it would be an irrigation-*cum*-hydro-electric project or irrigation-*cum*-flood protection scheme. Hence, while assessing the economics of major irrigation projects, the social costs and benefits under all its aspects will have to be taken into account.

"Secondly, when irrigation has been introduced to any area, there would generally be two crops either of the same type or of two different types. In the example given by Mr. Ramayya, he has estimated that the net output of one crop of rice would be about Rs. 50 crores in the region. Along with this one crop, one should be able to raise another crop of rice or some other cereals and the net return if not double, would at least be increased by 60 per cent, granting that the other crop is not rice but some other cereal. Hence, the return would not be just Rs. 50 crores. It would not be less than Rs. 80 crores in any event, if full and positive irrigation facilities are availed of.

"The cost of improvement of lands to make them fit for irrigation at Rs. 750 per acre as assumed by Mr. Ramayya appears to be too high. Normally it is estimated that about Rs. 200-250 would be enough per acre to improve it for taking advantage of irrigation facilities. Thus the extra cost would not be Rs. 150 crores as assumed by Mr. Ramayya, but at best it would be only Rs. 50 crores.

"While assessing the irrigation benefits, one should not ignore the other all-round benefits of the irrigated area and the all-round economic development of the area. With the improvement in agriculture, the other subsidiary services like transport and communications, housing and commerce would improve and thus facilitate the all-round development.

"It is not correct to compare the investment in agriculture and industries in abstract terms. Both have their places. It should be remembered that, without a sound agricultural base, a sound industrial base cannot be built up. Both are necessary and the aim will have to be a balanced development of both sectors. If agriculture is neglected and the State depends on the imports of foodgrains, as advocated by Mr. Ramayya, that would create a dangerous situation in times of international tension. These cold facts should not be ignored while making an economic assessment.

"The application of capital-output formula for the irrigation projects is explained below by means of an illustration:

(i) Cost of the land 'A' $= x$
(ii) Cost of the annual cultivation $= y$
(iii) Annual value of crops raised $= z$
(iv) Annual rate of return on the land $= \frac{z}{x+y}$

Land 'A' after the introduction of irrigation.

(i) Cost of the land 'A' $= x$
(ii) Cost of the normal cultivation per year $= y$
(iii) Additional cost of cultivation due to introduction of irrigation $= y^1$
(iv) Annual cost of burden of irrigation including that of maintenance $= p$
(v) Annual value of crops raised $= z^1$
(vi) Rate of return on land $= \frac{z^1}{x+y+y^1+p}$
(vii) Rate of return on capital cost of irrigation $= \frac{z^1}{x+y+y^1+p} - \frac{z}{x+y}$

"If this rate of return is more than 5 per cent within a period of 15-20 years, then the project can be termed as 'productive' or remunerative.

"In view of the all-round importance of major irrigation projects for the country, I have felt it necessary to express these opinions on the adverse and unfavourable analysis made by Mr. Ramayya."

NEW PRODUCTS AND PROCESSES

Dry-Tea Sorter

NISSEN N.V., 21, Industrieweg, Kampen in Holland, has manufactured a new tea sorter machine. The feature of this sorter is that the best grades are directly separated from the coarser teas on the main sieve. It is achieved by a completely level, rotary motion, free of vibrations and incidental components. The machine comprises of two sections, namely, a conveyor mechanism and a siever with two rotating sieve trays reciprocally balanced. The speed of the rotating sieves can be regulated and stroke adjusted, and it renders the sorter suitable for a variety of products. Driven by two electric motors, this sorting machine is of robust construction, runs smoothly and needs little maintenance.

Nitrogen-filled Tyres

Special metallic carcass tyres for the Paris Public Transport Network (R.A.T.P.) have been developed by the Societe Michelin of Paris. The tyre pressure for the bearing tyres is 9 atmospheres on the driving carriages, and 6.5 atmospheres on the coupled carriages, while the steering tyres are inflated to 10 atmospheres. Nitrogen is chosen due to its being an inert gas. It is non-inflammable and will not support combustion. It diffuses less than the oxygen in the air and because of this requires less frequent inflation. Further, a gas with no oxygen content is a guarantee against aging of the rubber, which would be a drawback for tyres which have to be used for several hundred thousand kilometres and must therefore last several years.

Refined Maize

From waste resulting from the production of maize starch, a firm in Dolni Krupa of Czechoslovakia, produces a highly concentrated protein, indispensable to the human organism, called 'glutten.' The firm supplies the refined maize containing 80 per cent proteins as a semi-finished product to the foodstuffs industry and even export it abroad to Latin American countries and Great Britain. All enquiries about this product are to be made with the Czechoslovak Embassy in India.

Wool Scouring Machine

A new wool scouring machine is being produced at G.H. Michell & Sons (P) Ltd., one of Australia's largest manufacturers of wool-tops and scoured wool. It is at the Hindmarsh plant of the Company in Adelaide. The company claims that in the new machine, wool spends considerably less time in the scouring solution. This virtually eliminates fibre entanglement, which in turn means less breakage of wool in later processes such as carding and combing.

Self-serve Cigarette Machines

"Auto-serve," coin-in-the-slot cigarette vending machine, capable of holding some 700 cardboard flip-top and flat packets is being manufactured by the Electronic Industries Ltd., 161-173 Sturt Street, South Melbourne, Victoria, Australia. The machine has 22 columns and can dispense many different brands of cigarettes. It is non-electric and mechanically operated. The company says that the machine can be easily modified to take coins of other countries.

Better Greases

Improved heavy-duty greases which retain their properties even when subjected to extreme pressures and immersed in water, have been developed by Shel International Research, of 30 Carel van Bylandtlaan, The Hague, Netherlands. Consisting essentially of clay, lubricating oil and molybdenum disulphide, plus small amounts of chalk and a lead compound, they are said to be particularly suitable for use in steelworks' rolling mills, mining machinery and submerged pumps.

Use for Old Newspapers

Old newspapers are pounded up and used for house insulation in a system developed by the U.S. Insulating Sales Company, of 2,306, Edwards Street, Houston, Texas. The powdered newspaper stock is first treated to make it fireproof, then sprayed on and between walls through a mist of adhesive which makes it stick in place. A special spray gun must be used for application.

Insect-free Pools

Insects can be driven away from swimming pools, it is claimed, with repellant poured into the water. The repellant, made by Perry-Austen Manufacturing Company, of 250, Parkinson Avenue, Staten Island 5, New York, is stated to be odourless and harmless to swimmers, but gives off a vapour which drives away mosquitos, flies and other insects. Its action is said to last 24 hours.

Liquid Electrolyte Capacitors

A new range of liquid electrolyte tantalum capacitors covering the complete range of values from 33 to 470 microfarals has been announced. They have working voltages up to 75 and are of high stability while impedance at room temperatures is less than 1 ohm. Parameter changes with orientation have been greatly reduced and the design is able to withstand reverse voltages up to 3 volts and continuous operation at 150° C. Dielectric and Magnetic Division of Plessy-U.K., Wood Burcote Way, Towcester, Northants, will give any additional information required.

Light-sensitive Plastic Sheets

Plastic sheets which darken temporarily when exposed to light are said to act more quickly than glass with similar properties. They are being developed by the Space Technology Laboratories, Redondo Beach, California. The sheet is said to become opaque within a few thousandths of a second after exposure to a bright light. It recovers its transparency in a matter of seconds after the end of the flash. Tests up to 700 exposures showed no failing off in the darkening power.

Magnifying Glass

An illuminated magnifier, adjustable to any position, has been designed for intricate assembly and inspection work in the laboratory and on industrial production lines. It is also suggested for difficult examinations in medical and dental work. Glare-free, shadowless light is provided and three interchangeable lenses of varying strengths are available. Manufacturers are: Thousand and One Lamps, 386, Lee High Road, London, S.E.12.

Flaked Ice Unit

A compact, economical refrigerator that makes flaked ice automatically is saving money for many Australian restaurants, hotels, hospitals and food processors. The unit called the "Scotsman" super ice flaker, makes ice flakes (between 150 lb. and 450 lb. a day) only when they are needed. "Scotsman" units, made by the Industrial Refrigeration Division of Email Limited, 54, Burnley Street, Richmond, Victoria, Australia, are available with daily output capacities of up to 12 tons. The most popular model uses a heavy-duty ½-horse-power compressor and single-phase 240 volt A.C. power. The "Scotsman" can be installed immediately wherever there is standard plumbing and electrical power. And because it is not bulky (less than 4 ft. wide, 3½ ft. high and 2 ft. deep) it can be located exactly where needed.

Plating Solution

With a new plating solution, developed by the International Nickel Company Ltd. of U.K., nickel can be deposited at speeds far greater than those normally achieved in conventional sulphamate solutions. Deposits obtained at a current density of 400 amps./sq. ft. are soft and ductile, with moderate or low tensile stresses. At 200 amps./sq. ft., the deposits are stress-free, and therefore particularly suitable for the production of electroforms such as gramophone record stampers, and moulds and dies for the plastics industry. It is said that the new solution will in fact facilitate fuller and more rapid development of the electro-forming technique as a manufacturing process. At conventional current densities—around 50 amps./sq. ft.—the solution yields lustrous, hard, yet ductile deposits that have high compressive stress and are especially useful for the reclamation of worn engineering components. It is possible, in the same solution, to put a hard facing on a softer deposit obtained at high speed, by reducing the current density. A composite deposit achieved in this way is useful for coating engineering components that will be required to resist fatigue. Since no addition of other agents is made to the solution, control and maintenance of its composition are simple. Their agents in India are Greaves Cotton and Company Ltd., 1 Forbes Street, Bombay-1.

Material from Waste

A new material made from waste products, so tough that in some applications it can be used in place of steel, has been developed by E. A. Chamberlain Ltd., Nailsworth, Gloucestershire, England. Its main constituents are old paper bags—the type used for packing fertilisers and so forth—fibres, and plastic resins that are a waste by-product of oil refining. The material can be formed, after heating, into any shape. It has a high impact strength and good acoustic properties. It is also water-resistant. An hour's immersion in water at 50 degrees C increases its weight by only four per cent, and this resistance can, of course, be considerably increased by coatings. It takes any kind of paint, varnish, or lacquer, and a number of other types of finish. It is claimed that with the new material, moulded articles can be produced more cheaply than with metal, polythene or PVC. The new material is already being used by some British car firms, by the packaging industry, and by makers of luggage, filing cabinets, jewellery cases, trays and toys.

Sheet-metal Thickness Gauge

A new electronic device for measuring without contact the thickness of metal coatings and non-magnetic sheet metal whose thickness ranges from 30 millimicrons to 20 mm., is developed by A. S. Popov Tele-communications Research Institute, Prague. It is able to measure the decrements of the wall-thickness of pipes and boilers suffering from corrosion, the metal coatings of electron tubes, transistors, printed circuits etc. The design of the device is original; by its accuracy and speed of measurement it belongs among the most efficient instruments of this kind in the world.

New Trailer for Liquid Hydrogen

Liquid hydrogen deliveries are now travelling via new 13,200-gallon (500 hectoliters) semi-trailers built by Union Carbide Corporation. These are the largest over-the-road trailers for liquid hydrogen use in the U.S. They are intended primarily for delivering product to N.A.S.A. prime contractors in the western states from the 60-ton-per-day liquid hydrogen plant that recently started up at Sacramento, California. Gross capacity of the new semi-trailer is nearly 1,000 gallons (3,785 liters) greater than that of any other over-the-road trailers for liquid hydrogen use, and almost double that of the 7,800-gallon (29,525 liters) trailers which make up Union Carbide's initial liquid hydrogen highway transport fleet. Despite its increased size, the Unit's full-load weight of about 50,000 pounds (22,680 kg.) will be less than that of smaller-capacity cryogenic transportation equipment. Liquid hydrogen, weighing only about 0.6 pound (272 grams) per gallon, is the lightest of all cryogenic fluids. Further information available from: Union Carbide International Company, Division of Union Carbide Corporation, 270 Park Avenue, New York, N.Y., U.S.A., 10017.

U. P. LETTER

RISING PRICES: A SERIOUS MENACE

INDUSTRIAL RELATIONS STRAINED

From Our Special Correspondent

LUCKNOW, 23rd *July*

THE rising prices, especially of foodgrains, have created a serious hardship for consumers in U.P. The Chief Minister, Mrs. Sucheta Kripalani, told pressmen earlier this month that the food situation is "difficult but not alarming." Since then it has deteriorated still further. The ration-card holders are entitled to eight kilograms of wheat or rice per unit and one kilogram of sugar per unit per month. The fair-price shops in most places are without supplies and are unable to provide the ration quota to those who are entitled to get it. Persons belonging to higher income groups who are also allowed to purchase from these fair-price shops, although they do not have ration cards, are unable to get wheat or rice from these shops and have to buy it from the open market.

The controlled price of wheat *atta* is 2½ seers per rupee but the prices in the market are 1¼ to 1½ seers per rupee. The traders have voluntarily fixed wheat prices from Rs. 23 to Rs. 25 per maund in the different *mandis* but in some places good quality wheat is available only at Rs. 30 to Rs. 35 per maund. The prices of rice, pulses, coarser grains, vegetables, milk and other food products are also rising. With their limited income most consumers are finding it exceedingly difficult to feed the family. This has resulted in the looting of some shops and an all-round demand for higher wages and an increase in dear food allowance.

There is some truth in the explanation which the Government's spokesmen have been giving for the food scarcity and the rise in prices. We are told that the cultivator is busy with the sowing of his crops and is not bringing his surplus stocks to the market. Another explanation is the slow arrival of imported wheat and rice. There are 28 flour mills in U.P. which were allotted nearly 60,000 tons of wheat every month. In view of the slow arrival of imported wheat the flour mills have not received their quota of wheat and some have closed down altogether and others are working partially.

"Ghost" Ration Cards

Another official explanation for food shortage is the existence of a large number of 'ghost' ration cards. It has been estimated that the number of ghost ration cards is nearly 50 to 75 per cent of the genuine ration cards, with the consequence that the offtake from the ration shops is much higher than was officially estimated and hence the shortage. But the checking of ration cards has been going on and is expected to be completed by the end of this month—although the officially fixed time limit is 25th July—and quite a large proportion of the 'ghost' ration cards have already been cancelled. In spite of this, the food scarcity continues and there is no relief from the rising prices which continue to rise still higher.

There are many causes for the present food crisis in U.P. But probably the most important single cause is official neglect, inefficiency and bungling. Government officials at the village level, belonging to half a dozen different departments, have in fact pulled in opposite directions in the implementation of policies for increasing food production. The inevitable consequence has been a failure of Government's policies and programmes for securing the desired increase in the output of foodgrains. But even if food production in U.P. was below target, the situation would not have deteriorated to the point to which it has actually deteriorated, if the officials had correctly estimated the shortfall in supply and had tried to get imported wheat and rice for U.P. The fact is that the officials did not realise the full intensity of the problem before they were actually faced with it, and then it was too late to solve it. We are now told by no less a person than the U.P. Food and Civil Supplies Minister, Mr. Jagmohan Singh Negi, after his tour of six worst-affected districts, that it was with the connivance of the personnel of the Civil Supplies Department that persons who were not 'needy' drew the ration from the fair-price shops at the cost of the poor and 'needy' persons. There might or might not be much substance in this statement but the fact remains that the Civil Supplies Department of the U.P. Government is responsible for "faulty distribution" of the available supplies and for having failed to prevent hoarding of foodgrains by the cultivators, middlemen and consumers.

Khandsari Prices

On the basis of the recommendations of a four-man export committee the U.P. Government has revised the prices of various grades of *khandsari* sugar which now range between Rs. 106 and Rs. 127 per quintal at the production point including the cost of bag—Rs. 106 for the brown variety, Rs. 117 for the yellow variety, Rs. 124 for the white and creamish variety and Rs. 127 for the white crystalline variety produced by the sulphitation process—as against the earlier prices fixed by the Government which ranged between Rs. 106 and Rs. 119.75 per quintal. The margin of profits of the wholesalers have been fixed at two per cent *plus* actual transport charges and local taxes. The retailers have been allowed a further margin of profit of two per cent. These *khandsari* prices are more fair than those fixed at the time of freezing the stocks, but the dealers are not satisfied as some of them actually purchased their stocks at much higher prices. Mr. Jagdish Saran Agarwal, President of the U.P. *Gur* and *Khandsari* Association, has pointed out in a statement that the revised prices are not based on any scientific calculation and proper data and are unfair. Moreover, the quality of yellow and brown variety of *khandsari*, which is consumed mostly outside U.P., is fast deteriorating and, unless the Government permits its export and gives all the facilities for this purpose, dealers would suffer heavy losses.

Advisory Committee Meets

Although industrial relations in U.P. in recent months have not been bad, the rising prices and the high incidence of unemployment in U.P. are a cause of anxiety for the future. The State Joint Advisory Committee, which recently held its fourth meeting at Nainital, emphasised the need of establishing consumer's stores and fair-price shops for industrial workers in all establishments by October 1964. The employers' and workers' unions were exhorted to organise such stores without further loss of time so that the necessities of life would be made available to workers at reasonable prices. An official of the Labour Department will now be in-charge of seeing that the stores and fair-price shops are expeditiously set up and would seek the co-operation of the Civil Supplies and Co-operative Departments for this purpose. If these stores and fair-price shops work satisfactorily, it is possible that the edge might be taken off the demand for higher dear food allowance voiced by the workers' unions in the State. The meeting decided that the question of dear food allowance should be settled by mutual discussion between employers and employees. It also set up a committee of workers, industrialists and Labour Department officials to examine all petitions pending before the High Court and to persuade both parties to settle the matter mutually and withdraw all such writ petitions. It was decided to constitute works committees in all industrial undertakings in order to facilitate the settling of disputes through mutual discussions. In the past reliance was placed on voluntary arbitration but the committee suggested that in the future each case in which conciliation failed should be referred to arbitration by the Government, if the Conciliation Officer recommended such a course.

Arbitration

An official survey shows that whereas the number of cases referred to adjudication in U.P. in 1961, 1962 and 1963 was 752, 884 and 773, respectively, the corresponding number of cases referred to arbitration was only 29, 40 and 81, respectively. But from this it is not possible to come to the conclusion, as the officials appear to do, that the employers fight shy of arbitration. There is no denying the fact that arbitration is an extreme measure and it is always better if industrial disputes are settled through mutual negotiations and conciliation and are referred to arbitration only in extreme cases. If compulsory arbitration is introduced, as the officials seem to prefer, the resulting 'agreements' might not have long life and might lose flexibility and good faith.

The survey shows that the scheme for the formation of joint management councils has made little progress. In U.P. seven undertakings in the private sector and 17 in the public sector, including the Precision Instrument Factory and the Government Press, were selected for this scheme. But no progress has been made. The Labour Department has suggested that, where a council is already functioning, it should be allowed to function as a joint management council. The State Joint Advisory Committee has constituted a committee to study the working of the scheme of workers' participation in management and to make suggestions for making it effective. The main reason for the failure of this scheme is not so much the reluctance on the part of employers as the difference of opinion between the different workers' unions and the lack of suitable persons to represent labour in such councils. It would take a considerable time to overcome these difficulties.

Government Employees

The U.P Government has set up a seven-man Pay Committee under the chairmanship of Mr. B. Mukerji, a retired Judge of the Allahabad High Court, to consider the existing structure of emoluments of State Government's employees and to reduce the multiplicity in pay scales and to ensure, as far as possible, that equal emoluments are paid for identical nature of duties and responsibilities. The Committee will also consider the question of amenities and other benefits permissible to Government's employees with a view to increase their efficiency. Although the present inordinate rise in prices has not been specifically mentioned in the Government's *communique*, the Committee would undoubtedly consider the impact of higher prices on the cost of living of Government servants. There is not only an undue multiplicity in the pay scales of Government employees in U.P. but the scales of pay for equivalent work do not compare favourably with pay scales in some of the other States and in private employment. While it might not be possible to bring the pay scales of Government employees at par with those of employees in industrial units in the private sector, every effort should be made to bring the pay scales in U.P. into line with those of Government employees in the other States.

THE CENTRAL BANK OF INDIA LIMITED

Profit for the Half-year ended 30th June, 1964

The Net Profit of The Centra Bank of India, Limited, for the half-year ended 30th June 1964, subject to audit, including the sum of Rs. 91,510.36 brought forward (as against Rs. 93,249.88 brought forward last year), amounts to Rs. 99,45,189.97 which the Directors have resolved to dispose of as follows :—

	Rs. P.
To pay in terms of Resolution No. 11 passed at the Annual General Meeting held on 28th April 1964, the final dividend for 1962, interim dividend for 1963 and final dividend for 1963 to the former Shareholders of the Jodhpur Commercial Bank Ltd., to whom the shares of the Central Bank of India, Ltd., have been allotted after the date of the said Annual General Meeting.. ..	1,400.70
To pay an *ad-interim* dividend at the rate of Rs. 2.40 per share, subject to tax (i.s., Rs. 1.92 net) for the half-year ended 30th June 1964 which is equal to 19.2% p.a. gross	30,35,028.00
To Carry Forward to next half-year's account, subject to taxation	69,08,761.27
	Rs. 99,45,189.97

Note :—Interim Dividend in respect of new Shares offered to Shareholders by Letter of Offer dated 1st February 1964 will be declared *pro-rata* with effect from 1st May 1964 after the said new Shares are allotted.

BUSINESS ETHICS OF CORPORATE SECTOR

MORE EFFECTIVE AUDITING NEEDED

By F. R. Ginwalla

GROWTH of corporate sector poses its problems, some of them very complex and confusing. Such growth, which can be qualitative or quantitative or both, is the very nature of healthy business that produces wealth for the country. Generally speaking, the expectations of the people in our country have changed since independence and are constantly changing. As the corporate sector grows, the expectancy of the people *vis-a-vis* the accelerated growth of the corporate sector changes in a big way. Business must have a directed growth. If the growth just happens, there will be imbalance and lopsidedness and, to that extent, the company's economy will be impaired. This raises the question of business ethics and morality. It will be well if those in business and those in Government to do all that is in their power to encourage the orderly and healthy growth of corporate sector.

In keeping with the social objectives as accepted by our country, the Companies Act, 1956, was intended to regulate the actions of company managements. The changes brought about by this enactment were not, however, matched by any corresponding change in the prevailing attitude of some company managements. The existing Act was amended by the Companies (Amendment) Act, 1963, in order to facilitate quick action against persons involved in cases of fraud, misfeasance and other such malpractices and irregularities in the management of companies. Under the Act as now amended, a Tribunal has been set up and the powers and functions conferred on the courts under certain sections have been transferred to the Company Law Tribunal under a Government notification issued recently. This Tribunal will also enquire into cases against managerial personnel which may be referred to it by the Central Government.

War on anti-social elements in company management is beginning to gather momentum. Despite strong criticism by a large section of the public and the press, there is not much improvement in the attitude of a few in the management towards standards of propriety and business morality and they remain the victims of firmly-fixed and deep-rooted habits. They are rooted in the deep belief that business need have nothing to do with morality and are completely without conscience and never feel the slightest twinge of guilt. It is time they realised that such an attitude can prove treacherous in terms of both business and the business system as a whole.

Assistance to Authorities

Company Law has now been amended to protect employees who assist the authority in the probe of companies. The amendment has been necessitated by the establishment of the Company Law Tribunal. Those who work in the corporate sector know much more about the corrupt practices than persons in authority. Such practices have many forms. In order to ensure that the Government continues to get information in regard to anti-social elements in the company managements, there would be some justification in affording protection to employees who break away from the chain and report with an honest motive. It is, however, hoped that the Company Law Board will exercise the power with caution and restraint and will ensure that it does not amount to a diminution of the administrative control of company management.

Companies in the U.S.A. have for many years led the world in the disclosure of information of the activities of companies. Company reports in that country are comprehensive, frank and understandable. Although the philosophy of disclosure of facts is the underlying principle of the existing Company Law in India, we normally see in the reports that they do not contain much information about the company's activities. The two important financial statements—balance-sheet and profit and loss account give inadequate information to the shareholders—present or prospective—who look forward to the profit and profit-making capacity of the company as a basis for their investments. These are the basic weaknesses in the existing law and need early attention.

There have been cases where those in the management have tried to ward off the auditors against cunningly perpetuated frauds and withhold from them information on questions of the illegality of expense account abuses, extravagant and ostentatious company entertainments and losses which could have been avoided. Indeed, uneconomic operation of business enterprise does not serve the sacred cause of public interest. News affecting shareholders' interests travel fast on the stock exchange and a company can quickly get a bad name. Few things can more rapidly impair a company's status. And few things, let it be said, can do more damage to the reputation of a management as a whole in the eyes of the public. A wise management does not look for excuses for withholding information from the shareholders, but rather for opportunities to increase their knowledge of the company's working and to give them the maximum permissible amount of information about what is happening to the company.

Nationalisation of Audit

While commending the proposed nationalisation of audit in order to check undesirable practices in companies by taking over of some big auditing firms initially and making it compulsory for large and medium-size companies to have their accounts audited by the nationalised audit firms, it is necessary to caution against the implementation of the proposal on account of the considerable shortage of trained chartered accountants. Apart from the question of shortage, the responsibilities of company audit have increased in recent years to such an enormous extent that most auditing firms have to employ a large number of qualified personnel to carry out these audits. The salary and allowances which have to be paid to such qualified personnel go on increasing from yea to year. If the need to nationalise the audit i recognised, one wonders whether it will serv the purpose in view.

An examination of some companies' account audited by the auditors would disclose tha there is yet no adequate realisation of thei obligations by a majority of the auditors t comment on all material violations of the law or sound accountancy practices as might b reasonably expected to affect directly or in directly the fortunes of the company's account

Under the existing law, the object of audi is recognised as the expression of an indepen dent expert opinion on the financial state ments prepared by the management. An audi tor would not be responsible for the non-detec tion of fraud, unless the extent and characte of fraud is such that, on account thereof, the financial statements do not show a true and fair view of the affairs, and application of the accepted auditing practices would have reveal ed the fraud during the course of audit. Various judicial pronouncements have restricted the sphere of auditor's duties. The need of the hour is to take effective steps to ensure that the management exercises adequate internal checks to prevent fraud by those employed by it and to make the auditor responsible to detect and to report the fraud committed by the management itself. The Government for the good of the people can ill afford to delay much longer in making suitable amendments in the existing law. And it is time that the Government did not hesitate to order special audit when it has reason to believe that the affairs of a company are not being managed in accordance with sound business principles or prudent commercial practices or they are being managed in a way likely to cause serious injury or damage to the interest of the trade, industry or business to which it pertains, or the financial position of the company is such as to endanger its solvency.

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B/C/133

EUROPEAN INSURANCE BUSINESS

O.E.C.D.'S EFFORTS TO BRING ABOUT LIBERALISATION

INSURANCE is one of those few industries with widespread international ramifications. The risks covered, whether they involve certain forms of personal insurance or the insurance of goods in international trade and of vehicles, ships and aircraft, move all over the world. And such risks are internationally shared through a highly-developed system of re-insurance. In view of such international implications, insurance has attracted the attention of Governments and caused them to lay down rules for its proper supervision. These rules fall into two categories, namely, (i) those through which the activities of the insurers are supervised and (ii) those which restrict the freedom of the "buyer" of insurance to choose his insurer. Both these categories are the subject of international consultations and negotiations. For instance, the O.E.C.D. (Organisation for Economic Co-operation and Development) countries, recognising the danger of conflicting or overlapping regulations which may hamper insurance transactions on the international plane, have been moving of late towards international co-operation in the matter. But they have still a long way to go. It is in this context that a detailed comparison of the methods employed in Europe for the supervision of insurance has been recently made in a study by the O.E.C.D. Insurance Committee. The Chairman of this Committee, Mr. J. Basyn, has just highlighted the findings of this study in an article in the O.E.C.D. *Observer* (June 1964). It is his hope that the study will help to accelerate efforts for liberalising the insurance business in Europe and thus for rendering better service to the insured.

It is economically and politically essential, writes Mr. Basyn, that insurers should always be in a position to meet their obligations; the very large sums received from the public, and which are accumulated in the form of reserves, must hence be adequately safeguarded. Though in a number of sea-faring nations, intervention in insurance matters existed as far back as the thirteenth century, organised insurance supervision began in the European O.E.C.D. member-countries only in the late nineteenth and early twentieth centuries. The scope of present-day supervision embraces legal, financial and technical matters and such economic factors as rules of competition. While in some countries like France, Spain and Turkey the manner in which supervision is exercised is very precisely defined by law, in other nations like Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Norway, Sweden, Switzerland and the United Kingdom, a certain amount of discretion is given to the authorities. Again, while in some countries like Denmark and Italy, supervision is extended to all classes of insurance business, in some others like Netherlands it applies to only life assurance. In most countries, supervision covers all private insurance transactions, whether carried out by domestic concerns or by branches of foreign companies. However, reinsurance business is not supervised when run by specialised concerns in countries like France, Belgium, Greece, Ireland and Luxembourg.

Supervision

Supervision, according to Mr. Basyn, is exercised in a variety of forms. Some of them are: (1) by requiring the company to have an establishment in the country concerned; (2) by prohibiting other forms of business to insurance firms; (3) by licensing or registration; (4) by the examination of returns submitted to the supervisory authorities; and (5) by inspection at the firm's place of business. Each country, Mr. Basyn points out, has its own individual approach to the problem of supervision, and methods differ widely. It is generally agreed that efficient safeguards are necessary for the protection both of the public and possibly also of the well-run insurance firm which might otherwise lose business to less responsible companies offering cheaper rates and meretricious types and contracts. But the danger exists of such controls assuming an exaggerated form in the desire of supervisory authorities to make doubly sure; each such authority naturally believes that it has found the perfect answer to insurance supervision, and cases may occur of a too meticulous application of the rules and hence of handicaps to trade.

The Chairman of the O.E.C.D. Insurance Committee has next dealt with the question of restrictions on the freedom of the buyers of insurance. He has referred to two forms of restrictions on the buyer's freedom of insurance which are generally imposed: the liberty to take out insurance and the choice of the insurer. Though, in principle, insurance is purely voluntary, most countries have compulsory insurance in certain sectors like employers' liability for industrial injury. This insurance is provided to protect against certain hazards which might lead to personal ruin, and to make sure that persons do not through their own improvidence become a charge on the community. Freedom to take out insurance abroad is usually subject to certain restrictions. In all countries except the Netherlands, compulsory insurance is normally effected in the home country and in certain other nations like France, Ireland, Italy and Portugal, all insurances in the supervised classes are forbidden to be placed abroad. Other countries tacitly allow foreign insurance, on condition that insurers should not seek business indirectly without supervision.

Reasons for Restrictions

Mr. Basyn has identified three reasons for the restrictions on the freedom to take out insurance abroad. These are: (1) protection of the insured, (2) protection of the insurer, and (3) protection of foreign exchange reserves. As insurance is a very complex business, the average person is not in a position to know that the insurer will promptly meet his obligations under all circumstances. Hence protection of the insured is essential. Compulsory liability insurance, like motor third-party cover, is designed to protect third parties who have had no say in the selection of the insurer; and for that reason the State must assure that the insurer can honour his commitments. Adequate protection of the insurer is found necessary because of the desire of the State to shield an infant industry from powerful outside competition, or pressure from a powerful domestic industry during its growth period. The third reason advanced for the restrictions on the freedom to take out insurance abroad, namely, protection of foreign exchange reserves, is, however, no longer valid today in most O.E.C.D. countries. The author observes, in this connection, that only a few O.E.C.D. member-countries experience any balance of payments difficulties and that the only sector where they can claim that they must maintain restriction on that account is life assurance, which could involve substantial movements of capital across their frontiers.

Doubts About State Tutelage

While not questioning the excellent motives of Governments in protecting their citizens against any risks of faulty insurance, Mr. Basyn refers to the doubts entertained in some circles as to whether the State tutelage is over-zealous. He questions the keenness of the States to protect their citizens in the matter of insurance when, at the same time, these people are free, within limits of exchange control regulations, to deposit their money in a foreign bank over which they have no control. Again, the same citizens, Mr. Basyn argues, are free to travel in foreign airlines and ships and entrust their health and lives to foreign doctors and hospitals. The consideration arises as to whether it would not be possible for a citizen to insure himself with an insurer who does not come under domestic supervision, provided that the latter is also subject to equivalent supervision in another country. This, he argues, would only be falling into line with normal arrangements accepted for travel by sea, air and rail. If the strict controls applied to insurance were applied to other forms of commercial activities, international trade would be reduced to a minimum.

Again, while compulsory third-party insurance for motorists is most reasonable, if the State insisted in all cases on insurance being taken out with domestic firms, a serious obstacle would result to the growing tourist industry, in the face of the reluctance of foreign motorists to comply with the complex and irritating regulations. A clear proof that international co-operation and compromise can, however, find the answer to such a clash of interests is the general acceptance of the "green card" as guarantee of adequate cover while travelling abroad by car. This "card" assures the car owner, the driver and the authorities of the foreign country he is visiting that he is sufficiently covered to comply with the laws of that country, whatever the conditions of his own insurance policy. Mr. Basyn then proceeds to argue that the attitude of the State to protect the insurer, because of its desire to set up a "national" insurance industry will lead in the long run to increased costs, to lack of balance in insurance transactions and to complications in international markets. Hs refers to the tendency to forget that, if insurance is to be profitable, it must have substantial resources and wide markets available to it.

O.E.C.D. Code

The author has also referred to the step taken by the O.E.C.D. to overcome the conflicting regulations which hamper insurance transactions on the international plane. This step is by way of an Annex on Insurance to the Code of Liberalisation of Current Invisible Operations, first published in 1951. This Code lays down common rules for the transfer of amounts relating to insurance crossing national frontiers, for the establishment of guarantee deposits by foreign insurers operating in member-States, and for the choice and valuation of insurers' investments. As all European member-countries of the O.E.C.D. have subscribed to the Code, it is reasonable to hope for a degree of harmonisation of such rules, so as to establish an equivalence between methods of supervision which would afford the citizens of each country the same sort of protection, if they were to conclude a contract with a foreign insurer. To achieve this kind of harmony, all concerned must think alike in that direction. The O.E.C.D. and other bodies are seized of the problem of aiming at a proper balance between maximum protection of those insured and maximum freedom of choice for the responsible buyer of insurance. The various knotty problems of civil, public, fiscal and commercial law arising from the necessity of the insurance trade to work within national legal frameworks of approximately the same shape have to be tackled. The O.E.C.D. Insurance Committee is working towards their solution, notwithstanding the fact that of all the problems affecting invisible transactions dealt with by the O.E.C.D., those of international insurance business have proved to be the most intractable.

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ORIENTAL FIRE AND GENERAL INSURANCE

PROFIT LOWER, BUT DIVIDEND HIGHER

IN spite of a small setback in net profit from Rs. 19.39 lakhs to Rs. 17.11 lakhs, the Oriental Fire and General Insurance Company Ltd. (General Manager: Mr. B. C. Rakshit, Bombay) has raised the dividend for the year ended 31st December 1963 by two points to 8 per cent per annum. The setback in profit, which is in contrast with the spurt of 137.5 per cent from Rs. 8.20 lakhs to Rs. 19.39 lakhs noted in the previous year, occurred despite a substantial growth of Rs. 92 lakhs to Rs. 5.84 crores in the combined net premium, as compared with the increase of Rs. 58 lakhs to Rs. 4.92 crores a year before. The profit has declined essentially because the underwriting profit from fire insurance, which had continued to rise in the past few years, has dwindled to Rs. 15.33 lakhs from Rs. 36.68 lakhs, at which level it was up by Rs. 9.30 lakhs. Further, miscellaneous insurance which had brought in a much bigger underwriting profit of Rs. 13.39 lakhs in the previous year as compared with only Rs. 2.63 lakhs the year before that, has resulted in a loss of Rs. 1.84 lakh during the year under review. There is some welcome relief in marine insurance resulting in an underwriting profit of Rs. 6.03 lakhs, in contrast with the continuous loss—in the previous year, the loss was Rs. 14.75 lakhs—for quite a few years. Even so, the aggregate underwriting profit has dropped from Rs. 35.32 lakhs to Rs. 19.52 lakhs. Added to this underwriting profit is a sum of Rs. 9.49 lakhs (Rs. 9.17 lakhs a year before) being interest and dividends earned on funds not apportioned to any department, which, together with the Rs. 6,301 (Rs. 29,464) brought in, brings the total profit to Rs. 29.67 lakhs, as against as much as Rs. 44.69 lakhs in the previous year. The net profit, however, shows only a minor setback of Rs. 2.28 lakhs, because the tax provision has been reduced by half to Rs. 12.50 lakhs.

The increase in dividend, in spite of this setback in net profit, has become possible by cutting down the transfer to general reserve from Rs. 8.75 lakhs to Rs. 3.75 lakhs and by taking nothing (as against Rs. 3.52 lakhs in the previous year) to investment reserve, though, at the same time, the amount carried to reserve for doubtful debts has been raised from Rs. 76,000 to Rs 4.58 lakhs. It will interest the readers to know that most of the dividend of this second largest general insurance company in the country but the largest in the public sector goes to the Life Insurance Corporation of India, of which it is a subsidiary; the L.I.C. holds 14,983 out of its total 15,000 Rs. 500 paid 1,000-rupee equity shares and also 673,722 out of its total 700,000 Rs. 5 fully paid 'A' equity shares. The total dividend amount has increased by Rs. 2.20 lakhs to Rs. 8.80 lakhs and is to be obtained from dividend reserve to which a like amount has been transferred from the year's profit.

The following table compares the Company's results for the past four years:

(In lakhs of rupees)

	Year ended 31st December			
	1963	1962	1961	1960
Fire :				
Net premium	179.03	135.35	120.77	93.79
Net claims	82.90	47.14	34.99	27.24
Commission and expenses ..	63.60	70.68	63.38	46.41
Underwriting profit/loss (+).	+15.33	+36.68	+27.38	+21.32
Fire fund	92.51	70.68	63.38	46.41
Marine :				
Net premium	61.51	64.02	53.84	51.02
Net claims	55.57	59.72	51.93	43.03
Commission and expenses ..	6.11	11.82	8.97	11.75
Underwriting profit/loss (+).	+6.03	—14.75	—16.97	—15.58
Miscellaneous :				
Net premium	343.34	292.92	259.69	170.94
Net claims	210.19	169.30	126.12	87.68
Commission and expenses ..	119.55	101.08	87.78	55.10
Underwriting profit/loss (+).	—1.84	+13.39	+2.63	—5.99
Miscellaneous fund	174.65	149.46	132.84	84.59
Net profit	17.11	19.39	8.20	7.75
Provision for taxation	12.50	25.00	12.00	1.83
Dividend	8.80 (8%)	6.60 (6%)	6.60 (6%)	4.50 (6%)

Net premium in the fire department has increased by Rs. 43.68 lakhs. The bulk of the Company's fire business—Rs. 1.67 crore out of a total of Rs. 1.79 crore—is Indian and the balance —Rs. 11.90 lakhs, as against Rs. 16.76 lakhs a year before—has been effected outside India. But with net claims rising sharply from Rs. 47.14 lakhs to Rs. 82.90 lakhs, the underwriting profit, after maintaining the reserve for unexpired risks at 50 per cent of premium income and providing for an additional reserve of Rs. 3 lakhs—has dropped from Rs. 36.68 lakhs to Rs. 15.33 lakhs.

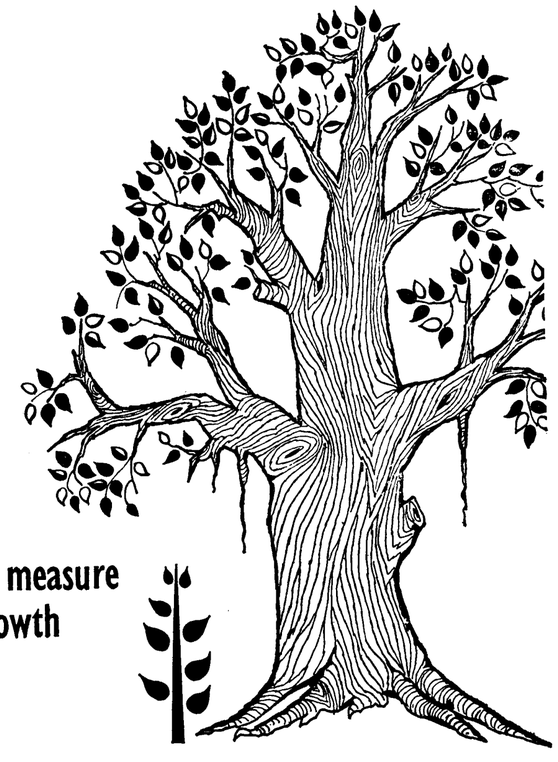
The change from the position of continuous loss to that of profit in the marine insurance account, in spite of a lower net premium of Rs. 61.51 lakhs (as compared with Rs. 64.02 lakhs in the previous year), is explained by the decline in net claims from Rs. 59.72 lakhs to Rs. 55.57 lakhs and also in commission and expenses from Rs. 11.82 lakhs to Rs. 6.11 lakhs. Out of the total premium, a sum of Rs. 49.95 lakhs is shown to have been effected in India and Rs. 11.56 lakhs outside India, as against Rs. 54.79 lakhs and Rs. 9.23 lakhs, respectively, in the previous year.

In the miscellaneous insurance business, the net premium has risen sizably by Rs. 50.42 lakhs to Rs. 343.34 lakhs, as against the increase of Rs. 33.23 lakhs (to Rs. 292.92 lakhs) noted in the previous year. But net claims, up by Rs. 43.18 lakhs in the previous year, have risen further by Rs. 40.89 lakhs to Rs. 210.19 lakhs. The amount of commission and expenses has also increased again from Rs. 101.08 lakhs to Rs. 119.55 lakhs. As a result, as against the profit of Rs. 13.39 lakhs in the previous year, the department has shown a loss of Rs. 1.84 lakh.

The Company has closed the year with capital and reserves aggregating Rs. 5.05 crores, as against Rs. 4.54 crores on the corresponding date of the previous year, comprising a paid-up capital of Rs. 1.10 crore, reserves amounting to Rs. 65.91 lakhs and departmental funds (reserves for unexpired risks) aggregating Rs. 3.29 crores.

ANIL HARDBOARDS TO PRODUCE MINERAL WOOL

Anil Hardboards Ltd. has been granted a licence to manufacture granulated rock wool (mineral wool), with a capacity of 12,000 tonnes per annum, to be used as raw material, instead of bagasse, for the manufacture of fibreboards (insulation boards), acoustic tiles and ceiling boards. The Company has entered into an agreement with the Conversion Development Corporation of the U.S., a sister concern of the Wood Conversion Company of St. Paul, Minnesota (U.S.A.), for the patents rights and the manufacture of fireproof fibreboards, acoustic tiles and ceiling boards. It has also entered into an agreement with Messrs. Baldwin-Ehret-Hill of Trenton, New Jersey (U.S.A.) for the manufacture of granulated rock wool. Both the collaboration agreements have already been approved by the Government of India. The board so manufactured will be completely fireproof, durable, safe and decorative. This will be the only factory of its kind in this part of the world and it will have an export market extending right upto the U.K. in the west and Singapore and Australia in the east. The Company has already received firm orders from the Middle East countries, with advance of Rs. 3,50,000, supplies against which are to be made from November 1964 onwards.



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INDIA'S FOREIGN TRADE IN THIRD PLAN

EXPORTS PICK UP—IMPORTS SLIGHTLY HIGHER

FOREIGN trade figures for the first three years of the current Plan period (April 1961-April 1964) show that exports aggregated more than Rs. 2,187 crores and imports nearly Rs. 3,367 crores, and the trade deficit added up to around Rs. 1,180 crores. For the Plan period as a whole, the export target set by the Planning Commission was Rs. 3,700 crores, but to this must now be added the exports from Goa, exports to Nepal and postal packages which have been included in official export figures. These additions would bring the export target to about Rs. 3,850-3,900 crores. The tally for the first three years of the Plan, therefore, leaves about Rs. 1,700 crores to be exported in the remaining two years, if the targets are to be fulfilled. For the five-year period, the Planning Commission had originally projected an import need of goods worth Rs. 2,100 crores for development projects and Rs. 3,650 crores for maintenance. In addition, Rs. 600 crores worth of commodities were envisaged under P.L. 480. The import needs for maintenance were later revised upwards to Rs. 3,800 crores; all these made up the grand total of import needs to around Rs. 6,500 crores. In the first three years of the Plan, imports amounted to Rs. 3,367 crores. The tied nature of foreign aid made the level of imports less than sufficient to meet growth and production needs.

Shifts in foreign trade direction are also noticeable in the provisional import-export figures for 1963-64. The American region has now displaced Western Europe (including Britain) as the biggest supplier of goods to India. In 1963-64, imports from America (the U.S., Canada and Latin America) aggregated more than Rs. 416 crores, as compared with Rs. 340 crores from West Europe. The comparable figures for 1961-62 and 1962-63 were Rs. 280 crores and Rs. 367 crores from the American region and Rs. 433 crores and Rs. 373 crores from West Europe. Between 1961-62 and 1963-64, imports from the American region increased by more than Rs. 136 crores, while imports from West Europe fell by Rs. 93 crores. The United States alone increased its supplies from Rs. 256 crores to Rs. 390 crores. Britain's supplies fell from Rs. 200 crores to Rs. 169 crores and West German supplies fell from Rs. 123 crores to Rs. 89 crores. While Britain continued to be the biggest single buyer of Indian goods (Rs. 161 crores worth in 1963-64), the United States, which replaced Britain as India's biggest trade partner in 1960-61, increased its total trade with India; the total trade between India and the U.S. in 1963-64 crossed the Rs. 500-crore mark to a provisional figure of Rs. 519 crores.

The Rs. 14-crore increase in exports to Japan was the biggest rise in exports to Asian countries which bought substantially more from India. West Germany was India's No. 3 trade partner in 1962-63 with a total turnover of Rs. 117 crores, but Indo-West German trade fell to Rs. 108 crores in 1963-64. West Germany's position as trade partner receded to No. 5 position, with Japan taking third place and the Soviet Union fourth. Indo-Japanese trade rose by more than Rs. 12 crores to more than Rs. 121 crores and Indo-Soviet trade rose by nearly Rs. 20 crores to more than Rs. 116 crores. The Japanese purchases will increase, mainly in iron ore, and the planned programme for expansion of Indo-Soviet trade is likely to bring the Soviet Union into the No. 3 position as trade partner in the current year. The expansion of the Bhilai plant and the supply of equipment for oil refineries and power projects are likely to give an extraordinary spurt to imports from the Soviet Union.

Commodity-wise, exports of jute manufactures have increased from Rs. 115 crores in the first year of the Plan to more than Rs. 157 crores in 1963-64. In the case of tea, the 1963-64 exports were back to the level of 1961-62 after a Rs. 6-crore increase in 1962-63. Although the quantity of iron ore exported has increased there has been little rise in the earnings as compared with 1961-62. The other major increases in earnings from exports between 1961-62 and 1963-64 are: non-essential oils from Rs. 6.49 crores to Rs. 20.6 crores, sugar from Rs. 15 crores to Rs. 27 crores, tobacco from Rs. 14.97 crores to Rs. 22.52 crores, and miscellaneous manufactures from Rs. 10 crores to nearly Rs. 18 crores.

Overall Trade Position
(In crores of rupees)

	1961-62	1962-63	1963-64	1961-64
Exports	679.69	713.61	794.12	2,187.42
Imports	1,091.89	1,131.48	1,143.60	3,366.97
Deficit	412.20	417.87	349.48	1,179.55

Imports: Commodity-wise
(In crores of rupees)

	1961-62	1962-63	1963-64
Food	147.07	179.41	163.01
Of which:			
Wheat	93.98	113.09	102.86
Rice	18.77	27.01	20.40
Crude materials	129.89	127.20	122.58
Of which cotton	62.65	56.91	48.98
Mineral fuels, lubricants	95.86	87.97	104.52
Chemicals	89.76	100.52	88.40
Manufactured goods	221.16	203.95	195.53
Base metals	157.33	144.15	145.20
Of which iron and steel	108.07	89.01	89.64
Machinery and transport	368.82	387.38	421.57
Of which:			
Non-electric	237.81	250.55	277.33
Electric	66.37	64.78	83.48
Transport	64.62	72.05	60.76
Total imports (including others)	1,091.89	1,131.48	1,143.60

Exports: Commodity-wise
(In crores of rupees)

	1961-62	1962-63	1963-64
Jute manufactures	114.79	148.45	157.45
Cotton fabrics and yarn	53.17	58.81	61.01
Coir manufactures	11.17	12.01	11.62
Tea	122.26	128.82	123.41
Spices	17.51	18.78	16.02
Coffee	9.03	7.61	8.30
Iron ore	35.42	35.32	36.38
Manganese ore	10.73	8.02	8.26
Cotton	14.32	19.18	12.11
Wool and animal hair	9.19	6.60	7.42
Raw jute		1.27	2.92
Fruits and vegetables	25.51	26.73	29.98
Leather and manufactures	25.45	22.63	26.38
Sugar	15.33	18.05	27.26
Tobacco	14.97	19.27	22.52
Base metals and manufactures	12.63	5.34	9.54
Hides and skins, undressed	8.79	10.89	10.11
Non-essential oils	6.49	13.73	20.60
Mineral fuels, lubricants	5.90	7.47	9.67
Essential oils	4.93	4.71	3.60
Oilseeds, nuts, kernels	4.52	4.32	4.32
Machinery and transport equipment	3.91	4.40	5.92
Fish and preparations	3.88	4.01	5.71
Miscellaneous manufactures	10.12	11.13	17.84
Live animals	0.90	72	63
Rubber manufactures	43	72	91
Total exports (including others)	674.31	706.44	790.16
Re-exports	5.38	7.17	3.96
Grand total of exports	679.69	713.61	794.12

Direction of Trade
(In crores of rupees)

	1961-62			1962-63			1963-64		
	Imports	Exports	Balance	Imports	Exports	Balance	Imports	Exports	Balance
East Europe	87 62	63.81	— 23.81	110.13	92.68	— 17.45	123.76	109.02	— 14.74
U.S.S.R.	39.94	32.21	— 7.73	58.64	38.25	— 20.39	63.99	52.25	— 11.74
Czechoslovakia	15.02	8.10	— 6.92	19.71	11.55	— 8.16	17.34	16.17	— 1.17
Poland	9.16	4.51	— 4.65	8.13	11.59	+ 3.46	10.86	9.60	— 0.76
West Europe	432.56	228.87	—203.69	372.82	239.64	—133.18	339.77	239.45	—100.32
Common Market	191.14	51.83	—139.31	158.05	53.65	—104.40	137.77	57.12	— 80.65
France	16.78	8.08	— 8.70	14.20	8.82	— 5.38	113.86	9.03	— 4.83
West Germany	122.88	20.64	—102.24	98.66	18.72	— 79.94	88.67	19.00	— 69.67
Italy	26.33	9.16	— 17.17	22.21	11.67	— 10.54	16.18	11.25	— 4.93
Free Trade Area	236.11	167.97	— 68.17	211.85	170.90	— 40.95	199.16	168.91	— 30.25
U.K.	200.15	160.94	— 39.21	185.56	163.26	— 22.30	168.89	161.41	— 17.48
Asia and Oceania	225.51	160.52	— 64.99	224.65	161.63	— 63.02	213.02	200.12	— 12.90
E.C.A.F.E. Region	192.43	136.60	— 55.83	109.79	138.99	— 60.88	180.35	172.40	— 7.95
Japan	59.45	40.54	— 18.91	64.86	44.08	— 20.78	62.63	58.62	— 4.01
Iran	47.35	4.45	— 42.90	45.88	6.36	— 39.52	47.90	4.66	— 43.24
	64.04	56.26	— 7.78	56.31	49.95	— 6.36	50.76	48.67	— 4.09
Africa	279.58	149.52	—130.06	367.43	156.43	—211.00	416.04	170.32	—245.72
America	255.54	115.73	—139.81	346.84	114.41	—232.43	390.24	128.67	—261.57
U.S.A.	18.55	17.60	— 0.95	16.87	22.19	+ 5.22	24.16	21.18	— 2.98
Canada	3.17	15.22	+ 12.05	1.73	16.95	+ 15.22	1.27	19.11	+ 17.84
Latin America									

Notice

INDIAN ALUMINIUM COMPANY LIMITED

31 Chowringhee Road, Calcutta-16

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of Indian Aluminium Company, Limited will be held at its registered office, 31 Chowringhee Road, Calcutta-16, on Friday, 28th August 1964, at 11.30 a.m., for the purpose of considering and, if thought fit, passing the following two special resolutions:

"1. That subject to the sanction of the High Court at Calcutta being obtained the Registered Office of the Company at present situate in the State of West Bengal shall be removed to and be situate in the State of Mysore.

2. That subject to the sanction of the High Court at Calcutta being obtained the Memorandum of Association of the Company be altered by the substitution of the words 'State of Mysore' in place of the word 'Bengal' in Clause II of the Memorandum of Association."

Any member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.

By Order of the Board,

T. D. SINHA,
Secretary.

13*th July* 1964.

Explanatory Statement as Required by Section 173 of the Companies Act 1956

Your Company has submitted an application to the Government of India under the Industries (Development and Regulation) Act 1951 for a licence to build the first stage of a large integrated aluminium industry, starting with a 30,000-tonne per annum smelter together with related alumina and bauxite facilities. The proposed smelter will draw power from the Sharavathi project in Mysore State and is expected to be located as close to the source of power as possible. A separate application has been submitted for establishing a rolling mill in Maharashtra State.

When these industrial undertakings have been completed a large integrated aluminium industry will have been established by the Company with its principal units in Mysore State. In the circumstance, and as the construction and operation of the abovementioned projects will, in your Directors' opinion, be facilitated if the registered office of your Company is transferred from Calcutta to a suitable location in Mysore State, your Directors have decided to place before you the resolutions set out in the above notice for your consideration and they recommend their adoption.

Under the provisions of the Companies Act 1956, the change in the location of the Company's registered office will be subject to confirmation by the High Court at Calcutta and the necessary steps in this connection will be taken if the special resolutions now placed before you are passed.

The International Development Association has extended a credit equivalent to $24 million to Turkey to help finance an expansion programme being carried out by the Cukurova Electric Company. The I.D.A. credit is for a term of 50 years. Repayment of principal will begin on 1st August 1974 after a 10-year period of grace. Thereafter 1 per cent of the principal will be repayable annually for 10 years and 3 per cent will be repayable annually for the final 30 years. The credit is free of interest but a service charge of ¾ per cent per annum on the amount withdrawn and outstanding will be made to meet I.D.A.'s administrative costs. The Turkish Government will relend the proceeds of the credit to the Cukurova Electric Company for a term of 25 years, including a five-year period of grace, with interest at 5½ per cent.

BRITANNIA BISCUIT HITS NEW RECORDS

BREAD BAKERY AT DELHI TO BEGIN OPERATIONS NEXT YEAR

NEW records in sales and profit have been established by the Britannia Biscuit Company Ltd. (Chairman: Mr. A. C. Khanna, Calcutta) during the year ended 31st March 1964. The proceeds of sales after excluding returns have expanded from Rs. 507.90 lakhs to Rs. 623.36 lakhs and gross profit has moved up from Rs. 96.51 lakhs to Rs. 104.21 lakhs. Signifying increased demand, the improvement in sales exceeds the previous year's figure of approximately Rs. 80 lakhs by more than Rs. 35 lakhs and has been attained, as the Directors state, with a higher production. Against the rise of Rs. 115.46 lakhs in turnover, the profit has gone up by less than Rs. 8 lakhs. The increase in profit has been only slight in relation to the increased growth in turnover because of steadily rising costs and irregular supplies of essential ingredients and materials, the burdens arising from which were, however, partly offset by economies and greater efficiencies.

Net profit at Rs. 31.56 lakhs is up by only Rs. 4 lakhs, because the provision for depreciation has been raised from Rs. 9.99 lakhs to Rs. 12.05 lakhs and so is that for taxation (including Rs. 12.50 lakhs for Sur-tax, as against Rs. 15.20 lakhs for S.P.T. in the previous year) from Rs. 59 lakhs to Rs. 60.60 lakhs. Further, with only Rs. 6,999 available as the surplus from the previous year, as against Rs. 2 84 lakhs obtained in the previous year from 1961-62, the total for distribution amounting to Rs. 31.63 lakhs is higher by only a little more than Rs. 1 lakh as compared with Rs. 30.36 lakhs. This entire increase in the distributable surplus has been absorbed in appropriations to reserves amounting to Rs. 17.13 lakhs, as against Rs. 15.79 lakhs a year before, while the dividend on the Rs. 10 fully paid ordinary shares, including the 4 per cent interim, has been maintained at 21 per cent per annum.

Tabulated below are the salient features of the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales, less returns	623.36	507.90	427.95	329.49
Other income	1.95	0.32	0.24	0.03
Stock of manufactured goods	17.11	10.54	10.34	8.19
Materials and stores consumed	327.56	247.36	206.29	154.41
Staff expenses	83.80	69.97	61.95	51.04
Other expenses	106.31	94.57	80.73	62.88
Gross profit	104.21	96.51	81.36	62.39
Provision for—				
Depreciation	12.05	9.99	8.61	6.71
Taxation	60.60	59.00	38.26	24.00
Net profit	31.56	27.52	34.49	31.68
Transfer to reserves	17.13	15.79	17.24	17.16
Dividends—				
Preference	0.02	0.02	0.02	0.02
Ordinary	14.48 (21%)	14.48 (21%)	17.24 (25%)	12.79 (25% +B. 5%)
Carry forward	0.01	0.07	2.84	2.84

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	38.00	51.50	62.00 C.R.	45.00	29.50
Low	37.75	41.00	40.62 X.R.	27.87	19.06

The Research Department of the Company has established that it is possible to increase operational efficiency and effect savings in materials costs without impairing quality. This is all the more important in the field of exports where the Company has made conspicuous headway by introducing new products and packaging and increasingly participating in overseas trade fairs. But with all its plants working to a high rate of capacity, the Company is faced with a serious problem of rehabilitation, especially when the required equipment is not yet manufactured in the country. The Directors state that it is essential for the Company to obtain modern plant and equipment, so that it can utilise to the utmost its technical skills and resources. Elucidating this point, the Directors observe:

"Over the years, we have repeatedly emphasised the need for a realistic understanding of the difficulties confronting manufacturers working multiple shifts without replacements for equipment not yet manufactured in India. All our plants are working to a high rate of capacity and rehabilitation of the units poses a serious problem. If your Company is to make progressive contributions to the development of the processed food industry, it is essential for us to obtain modern plant and equipment which will enable us to utilise to the utmost our technical skills and resources. It is already apparent that the installed capacity of the industry is inadequate to satisfy expanding consumer needs and we believe there is a growing realisation that an increase in all spheres of industrial production is required to stimulate economic growth and national development.

In recent months, the Company has commenced production of several new products and plans to pursue actively the scope for further diversification during the coming year. An important capital project in progress is the construction of a bread bakery on a recently acquired site at a new industrial estate. The bakery is expected to start operations early next year. In this connection, the Directors say: "We are a vigorous organisation with the habit of growth and we propose to work still closer with the Government in the exciting task of advancing the industrial development of the nation. In this manner, we shall try to provide both our stockholders and customers with full satisfaction in the years ahead."

The financial position of the Company is satisfactory. The paid-up capital, including Rs. 15,450 in 8 per cent 10-rupee cumulative preference shares, is unchanged at Rs. 69.11 lakhs. It is supplemented with reserves and surplus amounting to Rs. 100.96 lakhs. The 5.25 per cent (1963-68) debenture stock has been redeemed by a further sum of Rs. 1.50 lakh, reducing the outstanding stock to Rs. 6 lakhs. But other secured loans from banks have increased from Rs. 9.58 lakhs to Rs. 17.93 lakhs. These, together with current liabilities and provisions shown at Rs. 101.79 lakhs, bring the total short-term indebtedness to Rs. 119.72 lakhs, as against which current assets, book debts and investments aggregate Rs. 160.66 lakhs. The gross block, which has expanded during the year from Rs. 194.30 lakhs to Rs. 216.07 lakhs, has been written down to Rs. 126.14 lakhs and, together with capital work-in-progress, the net block is shown at Rs. 133.47 lakhs.

Currently quoted at Rs. 37.75 *cum-div.* (final), the Rs. 10 fully paid ordinary shares of the Company fetch a net yield of 4.6 per cent per annum.

NEW STANDARD ENGINEERING CO., LTD.

The working results of the New Standard Engineering Company Ltd., for the year ended 31st March 1964 are quite satisfactory. The total sales and gross profit have improved, the former by Rs. 54 lakhs to Rs. 234.13 lakhs and the latter by Rs. 3.99 lakhs to Rs. 26.88 lakhs. The shareholders of the Company have benefited from the improvement in working results. For the Directors have, besides maintaining the dividend (subject to tax) at the previous year's level of 9 per cent, proposed the payment of a bonus of one per cent. The Company celebrated its silver jubilee during the year under review.

(*Concluded from next column*)

now September 1964. Despite the most strenuous efforts, no licence for import of blister copper was issued during the year.

The year witnessed an improvement in the quantity of metal despatched for sale. The total tonnage was 14,029, as against 12,653, and included 3,057 tonnes of refined copper ingots, as against 3,019 tonnes a year before. The sale of kyanite, on the other hand, declined heavily by 11,587 tonnes to 21,597 tonnes due largely to the slump in world markets caused by a recession in the steel industry.

It will be recalled that, during the year under review, the Company capitalised a sum of £685,650 from the reserve and issued bonus shares to the then existing shareholders in the ratio of one bonus share for every two shares held. This has raised the paid-up share capital of the Corporation as at 31st December 1963 to £2,057,000, all in equity shares of 2s. each. This, together with the £2,305,000 standing to the credit of various reserves, bring the total 'own' funds to £4,362,000. As against these, outside interest aggregates £3,305,000, made up of £336,000 as secured and unsecured loans and £2,969,000 as current liabilities and provisions. These are amply covered on the assets side by loans and advances altogether amounting to £4,991,000. The net block is worth £2,676,000, including £82,695 as the cost of running rights and permanent works; this has been arrived at by reducing the gross block of £5,254,000 by £2,578 being the accumulated amount of depreciation.

The ordinary shares of the Company are currently quoted at Rs. 3.26 *cum-div.* and fetch a net annual return of 3.9 per cent in fresh investment.

INDIAN COPPER CORPORATION

DIVIDEND CUT AFTER BONUS ISSUE

IT is indeed difficult to comment on the working results of the Indian Copper Corporation Ltd. (Managing Agents: Messrs. Gillanders Arbuthnot and Company Ltd., Calcutta) for the year ended 31st December 1964. With the quantity of ore milled declining from 478,014 tonnes to 464,420 tonnes, the production of refined copper has fallen by about 200 tonnes to 9,582 tonnes, even though copper content has risen from 2.137 per cent to 2.225 per cent. Total despatches (including those of refined copper), however, have risen from 12,653 tonnes to 14,029 tonnes, thanks chiefly to the increased output of rolled products (10,598 tonnes, as against 9,739 tonnes) and much larger closing stocks of finished goods brought in from the previous year. Owing to a slump in world markets caused by a recession in the steel industry, sales of kyanite has also declined by almost a third and the average selling price of the Company's products have eased to some extent.

Apparently the favourable factors have scored over the unfavourable ones. Turnover, therefore, has advanced by about six per cent from £4,023,000 to £4,027,000 and the gross profit from £1,406,000 to £1,442,000. The profit margin (ratio of gross profit to net sales), however, has declined by a point to 34 per cent, due mainly to the increase in the overall operating costs to produce one tonne of refined copper to £179-11-4 from £172-15-6 in 1962.

Notwithstanding a higher gross profit, provision for Managing Agents' remuneration is lower at £71,000, as against £83,000 a year before, while that for depreciation has remained unchanged at £170,000. The profit (subject to taxation), therefore, has advanced by £48,000 to £1,201,000, but, since taxation is higher at £822,000, as against £742,000, the resulting net profit shows a decline of £32,000 to £379,000. Adding to this the £14,000 as provisions no longer required and transferring £147,000 (as against £264,000 in 1962) to reserves and provisions, the Directors have proposed the payment of 12 per cent, as against 18 per cent previously. Although the rate of distribution is lower, the dividend for the year is payable in full on the capital enlarged by a bonus issue and consequently claims the same amount as before, namely, £247,000. No amount is being carried forward, as during the preceding year.

The vicissitude in the fortunes of the Company during the past four years are well brought out in the following table:

(In thousands of £ sterlings)

	For the year ended 31st December			
	1963	1962	1961	1960
Net sale proceeds	4,247	4,023	3,321	3,467
Other Income	56	55	62	74
Closing stocks	916	954	895	707
Expenses	2,710	2,843	2,324	2,389
Gross profit	1,442	1,406	1,248	1,403
Managing Agents' remuneration	71	83	89	95
Provision for—				
Depreciation	170	170	165	175
Taxation	822	742	505	500
Net profit	379	411	489	633
Provisions written back	14	29	63	
To reserves	147	264	229	251
Dividend	247 (12%)	247 (18%)	370 (27½)	370 (27½)
Carry forward			72	119
Ore reserves (in tonnes)	3,929,789	3,927,687	4,004,534	3,898,868
Ore milled (in tonnes)	464,420	478,014	412,986	435,728
Copper content (%)	2.225	2.137	2.192	2.083
Refined copper (in tonnes)	9,582	9,781	8,336	8,912
Rolled products (in tonnes)	10,598	9,739	9,966	10,923

Market price of ordinary shares (in rupees):	1964	1963	1962	1961	1960
High	3.88	5.48 C.R.	5.28	5.88	5.40
Low	3.06	3.34 X.R.	3.96	4.44	3.74

During the year, the ore mill treated 464,420 dry tonnes of ore averaging 2.225 per cent copper, as against 478,014 tonnes averaging 2.137 per cent a year before. A total of 38,712 dry tonnes of concentrate (as against 37,647 tonnes) was produced, but the average value of copper declined from 26.121 per cent to 25.716 per cent. The production of copper, therefore, fell from 9,781 tonnes to 9,582 tonnes, the overall recovery from ore to virgin metal declining by 0.497 point to 92.403 per cent. The output of rolled products (including 1,222 tonnes of copper sheets and strips), however, was higher at 10,598 tonnes, as compared with 9,739 tonnes in the previous year. The construction of the new electrolytic refinery proceeded but it is said to be eight months behind schedule, due to delays in the issue of import licence and in the supply of cement, steel and roofing materials. The anticipated date for completion is

(*Continued in previous column*)

SYNOPSES OF COMPANY REPORTS

SLM-Maneklal Industries Ltd.

Chairman: Mr. Jaykrishna Harivallabhdas, Bombay.)

Registered Office: Bhadra, Ahmedabad-1.

Second Annual General Meeting—11th August 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964*	1963†
Sales	35,74	6,10
Closing stock	10,73	3,89
Gross profit	6,07	77
Transfer to depreciation	1,53	21
,, ,, statutory development rebate reserve	1,40	2
,, ,, provision for taxation	1,30	2,30
Net profit (+) or loss (—)	+1,84	—1,76§
Excess provisions written back	4	Nil
Appropriations:		
To adjustment of loss brought forward ..	1,76	Nil
Carry forward	+ 11	—1,76
Market value of equity shares (in rupees):	1964‡	1963
High	216.00	230.00
Low	142.00	150.00

* This year's figures being for a period of 15 months (from January 1963 to 31st March 1964), are not exactly comparable with the corresponding figures of the previous year.
† From 1st January to 31st December 1963.
§ Loss after providing for depreciation, taxation and development rebate reserve.
‡ High and low upto 3rd July 1964.

Extracts from the Directors' report: **Production**: The Company's factory buildings at Vatva have been ready and the Company has started production at Vatva from 15th October 1963. Consequently the manufacturing activity of the Company at Bombay under arrangement with Messrs. T. Maneklal Mfg. Co. Ltd., has been discontinued with effect from 1st April 1964 and the entire manufacturing programme will now be implemented at the Company's works at Vatva. The Laboratory block, other ancillary buildings and one block of staff quarters have been completed.

The Company has erected and commissioned machine tools of the value of Rs. 36,00 000 by now and the balance machine tools on order worth about Rs. 15,00,000 are also expected to be received and installed by the end of this year.

Finance: The paid-up capital of the Company is Rs. 79,85,075. A substantial portion of it has been utilised towards acquiring land, machinery and various other fixed assets. The Company has spent more amount on land, buildings and machinery than originally envisaged. An administration building of 6 storeys with a basement is also being built to accommodate the administrative staff and to bring all the departments under one roof, to ensure efficiency and co-ordination. Machine tools also have been ordered out to meet the increased requirements of the Company. All these have necessitated additional finance for which the Company has arranged with the Bank of Baroda Ltd., Bombay, for a medium-term loan of Rs. 50 lakhs under the Refinance Scheme of the Government of India. Under the above arrangement, a sum of Rs. 35 lakhs has been utilised till 24th June 1964.

The Company has applied for expansion licence for *Water Ring Vacuum Pumps* and *Rotary Air Compressors*. The increase in capacity sought is 860 units of *Water Ring Pumps* and 500 units of *Rotary Air Compressors* per annum from the present licenced capacity of 100 units each per annum.

The Company has also received expansion licence for *Roots Blowers* and the capacity is now 300 units instead of 100 units per annum.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	79,85,075	Gross block	81,36,668
Reserves and surplus..	1,52,826	—Depreciation ..	1,73,548
Other liabilities ..	44,96,458	Net block	79,63,120
		Block in progress ..	1,88,563
		Current assets ..	25,53,295
		Investments	2,000
		Cash	19,27,381
	§Rs. 1,26,34,359		Rs. 1,26,34,359

* Paid-up capital consists of 80,000 equity shares of Rs. 100 each. Allotment money and calls in arrears amount to Rs. 14,925.

Killcott Tea Co., Ltd.

(*Managing Agents*: Messrs. Duncan Brothers & Co., Ltd., Calcutta.)

Forty-seventh Annual General Meeting—Held on 1st July 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Tea sold in London and Calcutta	22,70	25,17
Closing stock of tea	15,74	15,84
Gross profit	5,17	9,06
To Managing Agents' remuneration	35	65
Transfer to depreciation	1,80	1,63
,, ,, provision for taxation	1,37	2,80
Net profit	1,85	3,98
Transfer from development rebate reserve	Nil	66
Excess tax provision written back	Nil	24
Appropriations:		
Transfer to development rebate reserve ..	11	5
,, ,, revenue reserve	25	3,10
,, ,, investment reserve	25	5
To dividend (taxable) ordinary	1,35	2,23
	(10%)	(15%)
Carry forward	3	33

Extracts from the Directors' report: Trading results for 1963 season show a substantial decline as compared to those of the previous year and this is attributable mainly to less favourable market conditions.

The total crop harvested in 1963 was 7,89,297 kgs. as compared with 8,24,799 kgs. in the previous year, while the average price realised was Rs. 4.47 per kg. in 1963 as against Rs. 4.59 per kg. in 1962. The *planted area*, including seed reserve, is now 598 hectares.

Estimates for 1964 provide for a crop of 8,00,000 kgs. at an outlay of Rs. 33,30,000 including inland freight and sale charges as well as depreciation and all administrative expenses. The start of the new season has been not unsatisfactory although the equivalent of 33,869 kgs. of tea has had to be sold from Killcott division as green leaf owing to the extensive factory alterations not having been completed on schedule.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	13,50,000	Gross block	47,30,594
Reserves and surplus..	36,31,969	—Depreciation ..	18,56,701
Other liabilities ..	17,86,403	Net block	28,73,893
		Block in progress ..	3,67,787
		Current assets ..	26,80,412
		Investments	3,75,137
		Cash	4,71,143
	Rs. 67,68,372		Rs. 67,68,372

* Paid-up capital consists of 1,35,000 ordinary shares of Rs. 10 each. Of the above shares 45,000 ordinary shares of Rs. 10 each are allotted as fully paid-up bonus shares through capitalisation of reserve.

Premier Mills (CBE) Ltd.

(*Managing Agents*: Messrs. K. Narayanaswamy Naidu & Co., Coimbatore.)

Registered Office: Pulankinar, Udamalpet.

Nineteenth Annual General Meeting—14th August 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sale of finished goods and waste	2,60,41	2,08,91
Closing stock	44,62	22,25
Gross profit	37,09	35,49
To Managing Agents' remuneration	2,38	2,18
Transfer to depreciation	11,49	9,88
,, ,, provision for taxation	13,50	13,25
Net profit	10,62	10,18
Appropriations:		
To donations	50	50
,, sales tax of prior years	7	10
Transfer to development rebate reserve ..	2,00	2,00
,, ,, general reserve	2,50	2,00
,, ,, gratuity reserve	50	50
Proposed dividend (taxable) equity	5,00	5,00
	(20%)	(20%)
Carry forward	13	7
Market value of equity shares (in rupees):	1963	1962
High	312.50	330.00
Low	280.00	297.00

Extracts from the Directors' report: The blow room machines, cone winders and travelling cleaners referred to in the last report have been brought into use. In addition, six more cards were also installed in the year.

An application submitted by the Company to the Government of India, for a licence to install 9,500 spindles to increase the spindlage of 'B' Mills to 25,000 is being considered favourably by the Government and the Company is expecting the licence at any time now. Further, the Company has been permitted to expand the spindlage of 'A' Mills by 3,500 spindles, i.e., 10 per cent of the installed capacity. The Bankers of the Company have agreed to advance a medium-term loan of Rs. 50 lakhs, repayable in ten years, for financing this expansion.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	25,00,000	Gross block	1,69,08,347
Reserves and surplus..	42,15,760	—Depreciation ..	90,83,057
Other liabilities ..	1,05,00,882	Net block	78,25,290
		Current assets ..	85,64,296
		Investments	8,07,937
		Cash	16,119
	Rs. 1,72,13,642		Rs. 1,72,13,642

* Paid-up capital consists of 25,000 equity shares of Rs. 100 each.

Universal Electrics Ltd.

(*Secretary*: Mr. S. S. Banthia, Calcutta.)

Third Annual General Meeting—7th August 1964.

Extracts from the Directors' report for the year ended 31st March 1964: The construction of the house service meter factory was completed and the factory went into production from May, 1963. During the year under report, the plant not only achieved its rated capacity but, due to improvement in efficiency, was also able to exceed it. The number of meters produced during the year was 95,201. Working of the plant since the close of the year is satisfactory.

Several new plants for manufacture of electric meters have come into operation within a very short space of time recently and this has, therefore, caused a surplus in the supply position of electric meters in the country. The Directors, however, expect this to be only a temporary phenomenon, as with the planned increase of power generating capacity in the country, the demand would again come up. The quality of the meters produced has been found to be satisfactory and the Company has secured orders from the D.G.S. & D. and several State Electricity Boards and power supply companies.

During the year, the Company earned a profit of Rs. 3.14,527. After deducting Rs. 2,734 being income-tax for financial year ending 31st March, 1962, and Rs. 25,840 being the debit balance brought in from the previous year, there is a credit balance of Rs. 2,85,953 to be carried forward.

During the year, as per the Company's agreement, preference shares to the value of Rs. 1,50,000 have been issued to the collaborators, Messrs. Mitsubishi Electric Corporation, for consideration other than cash.

Equity shares of a face value of Rs. 29,150 were forfeited during the year under review as the allotment and/or call money due on them was not paid in. However, since the close of the year forfeiture of 900 equity shares of a total face value of Rs. 9,000 has been annulled.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	42,95,050	Gross block	53,71,620
Other liabilities ..	47,86,143	—Depreciation ..	11,089
P.L. a/c surplus ..	2,85,953	Net block	53,60,581
		Current assets ..	38,40,326
		Cash	26,015
		Miscellaneous expenditure ..	1,40,224
	Rs. 93,67,146		Rs. 93,67,146

* Paid-up capital consists of 3,47,085 equity shares of Rs. 10 each and 8,100—6½ per cent. cumulative non-redeemable preference shares of Rs. 100 each. The amount paid up on equity shares forfeited is Rs. 14,200.

Nav Bharat Refrigeration and Industries Ltd.

(*Chairman*: Mr. S. R. Damani, Bombay.)

Registered Office and Factory: 22, Najafgarh Road, Industrial Area, New Delhi-15.

Thirteenth Annual General Meeting—Held on 20th July 1964.

Working Results:

	For the year end 31st December (In thousand rupees)	
	1963	1962
Sales—potatoes and ice	4,38	4,37
Rent received from cold storage	3,03	1,71
Gross profit	2,70	1,22
Transfer to depreciation	1,32	99
,, ,, provision for taxation	55	8
Net profit	83	15
Transfer from current reserve	Nil	40
Appropriations:		
Transfer to development rebate reserve ..	36	7
To income-tax paid for 1961	14	Nil
Transfer to dividend reserve	41	Nil
Proposed dividend (taxable) equity	•	40
	(4%)	(4%)
Carry forward	†	8

* Dividend for 1963 will be paid out of dividend reserve.
† A small sum of Rs. 410.23.

Extracts from the Directors' report: The plant and machinery were well maintained during the year under report. Various measures like adequate up-keep, repairs and overhauling of the machinery and the consequential economies effected resulted in efficient running of the plant and machinery, and this accounts for no small share in the improved results.

During the year under review additions to the fixed assets amounted to Rs. 1,57,662. The Directors report that a 18-Ton Plant capacity was added to the Ice Plant during the current year in order to meet the higher demand for ice as a result of ever increasing population and requirement for trade and industry. Fortunately the additional 18-Ton Plant capacity was accomplished in record time to take advantage of the summer, as a result whereof Ice Plant could now be run to suit the demand from public and other sections.

Prospects: New fiscal measures outlined in the Finance Act, 1964, would increase the incidence of corporation taxation, as a result whereof the Company shall be subjected to higher taxes.

The current year did not make a good beginning. Potato crop failed in U.P. and other potato growing areas and consequently the arrivals in cold storages were less. However, the potato from Punjab side is expected to arrive in the cold storages and then the situation is expected to improve. Besides the Company is continuously watching the possibilities of storing items other than potatoes like fruits, etc. which could take care of extra capacity available.

The management is trying to plan the ice sales in such a way that it is hoped that the same may be stabilised. Unfortunately, the Company operations are chiefly dependent on various factors, primarily the nature. However, the Directors hope that the Company would fare well during the current year.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,00,000	Gross block	21,36,445
Reserves and surplus..	1,26,490	—Depreciation ..	11,80,002
Other liabilities ..	1,13,620	Net block	9,49,993
		Telephone installation.	983
		Current assets ..	2,44 453
		Investments	600
		Cash	35,081
		Miscellaneous expenditure ..	9,000
	Rs. 12,40,110		Rs. 12,40,110

* Paid-up capital consists of 10,000 ordinary shares of Rs. 100 each.

NEWS IN BRIEF

ALL shipments of mica will be subjected to pre-shipment inspection with effect from 1st August next. The inspecting authority will be the Mica Export Promotion Council.

The Government of East Germany has given India a credit of about Rs. 20 crores (200 million marks). An East German delegation is expected to arrive in India next August or early in September to discuss how best this credit can be utilised for various development projects.

An outlay of Rs. 20 crores for soil conservation schemes in the fourth Plan has been proposed by the working group on irrigation and power. The group has estimated that the outlay would cover the treatment of 1,560 sq. m. in the river valley catchments in the country.

The twenty-second session of the Indian Labour Conference will be held at Bangalore on the 29th and 30th inst. This will be preceded by an informal meeting of the State Labour Ministers on the 28th inst. and the third meeting of the heads of public sectors undertakings on the 27th inst.

Six aerial ropeways—three for Raniganj and three for Jharia coal belts—which are now being erected by the Coal Board at an estimated cost of Rs. 19 crores, are expected to be commissioned by the end of the third Plan period. The ropeways will have a capacity to supply every year 10 million tons of sand to collieries in the area.

Two modern radio aids to air navigation have been installed at the Palam Airport in New Delhi by the Civil Aviation Department. One of them is called instrument landing system; also known as blind landing system. This aid, to be used for landing on the new jet runway at the airport facilitates the aircraft to land even under very poor visibility conditions.

The first regional programme of a training course in farm management conducted by the Indian Society of Agricultural Economics, began on Monday this week at Vallabh Vidyanagar in Anand (Gujarat). This programme, along with the three other similar programmes to be conducted in different centres, is financed from an *ad hoc* grant of the Agricultural Development Council Inc., New York.

Cement production in the 19 private sector factories during the first half of the calendar year touched a record of 4.50 million tonnes, according to the Cement Manufacturers' Association. Of this production, the share of the Associated Cement Company alone was 1.95 million tonnes. The Jaipur Udyog Ltd. accounted for 380,000 tonnes, India Cements for 310.000 tonnes and the Shree Digvijay Cement Companies for 270,000 tonnes.

The Bihar Government is reported to have decided to introduce food rationing in the State. Preparations to issue ration cards in rural and urban areas are already under way. It is proposed to direct all foodgrain dealers holding a stock of 25 maunds and above to obtain licences under the Bihar State Foodgrain Dealers' Licensing Order of 1963. The licensed dealers will be required to submit to the Government a return of their stock position every fortnight.

The Governments of Pakistan and India have concluded an agreement under which Pakistan will supply *Kangni* and *Joshi* rice to India valued at Rs. 365 lakhs during the next six months. In exchange, India will supply to Pakistan coal, railway equipment and other specified commodities over the next 12 months. The two Governments have also concluded another protocol providing for the exchange of fresh fruits to the value of Rs. 50 lakhs each way during the next 12 months.

The Union Government will soon appoint a five-man Committee, comprising representatives of both the Central and Punjab Governments to go into the complaints of small hosiery makers of Ludhiana and to devise ways for a more rational distribution of woollen hosiery yarn. The Committee will be asked to submit its report by 15th September next and its recommendations will be implemented from 1st October when the next wool season starts.

Nearly 40 million rubber contraceptive pieces have been put into the market annually during the last three years, according to the latest report on family planning programme published by the Union Ministry of Health. The licensed annual production capacity of rubber contraceptives in the country is 81.98 million pieces but the actual production is very small, being less than four million pieces, and the quality is said to be unsatisfactory. The bulk of the pieces sold is mostly imported.

A three-member Nepali delegation is expected to arrive in New Delhi next week for talks with Indian Government on an air agreement between the two countries. The agreement, when concluded, will be the first air pact between the two countries. India has offered Nepal unlimited training facilities for its pilots, engineers and technicians at various establishments of the Indian Airlines Corporation. The I.A.C. has also offered to help the Royal Nepal Airlines Corporation in setting up an aircraft repair and maintenance workshop in the kingdom.

A committee under the chairmanship of Mr. V. V. Chari, Additional Secretary, Ministry of Finance, has been appointed by the Union Government to examine the financial needs of the tea industry and the assistance which should be given to the industry with a view to stepping up its exports. The Committee will review the financial assistance at present available to the industry from the Tea Board and the banking institutions and suggest simplification of procedure relating to its utilisation. It will also examine the structure of taxes on tea and recommend appropriate measures for giving tax relief where necessary.

A grain silo with a capacity of 50,000 tons is proposed to be constructed at a cost of Rs. 3 crores in Bombay docks. Tenders have already been received from about 15 foreign firms. The Union Food Ministry is expected to take a decision on the tenders sometime next month. The construction of this silo, it will be recalled, was proposed eight years ago as part of the dock expansion scheme, but the proposal had to be kept in cold storage owing to labour opposition to mechanisation. Even now, the Transport and Dock Workers' Union is said to be opposing the construction on the ground that it will lead to unemployment.

An Indian delegation led by Mr. S. N. Kalra, Director-General, Overseas Communications Service, left on the 20th inst. for Tokyo to attend the second working party of telecommunication experts in Tokyo. The meeting is being held under the auspices of the Economic Commission for Asia and Far East and will be in session from the 22nd to 29th inst. The experts of the South-East Asia region and Australia meeting in Tokyo, will review the telecommunications networks of the various countries in this area in order to assess its adequacy and discuss possible ways and means for further expansion and improvement. The first meeting of the experts was held in Tokyo in 1959.

The Government of Maharashtra promulgated on Wednesday this week the Maharashtra Foodgrains Declaration of Stocks Order, 1964 in order to curb the hoarding tendencies in foodgrains. Under this Order, which has come into effect immediately and which will remain in force till 15th December next, any person who holds foodgrains at any place in the State whether on his own account or in partnership with another person to furnish a full and correct statement in writing of the stocks held by him to the Controller of Foodgrains Distribution in Bombay or the appropriate revenue officials in the districts. Every person holding more than 10 quintals of foodgrains must make such a declaration before the fifth of every month. In case of cultivators, however, such a declaration would be necessary if he holds 25 quintals or more.

* * * *

From Abroad

Under a long-term trade agreement signed between the Benelux countries (Belgium, Holland and Luxembourg) and Czechoslovakia, the former will import mainly engineering products, lorries, cars, textiles, footwear, hops and malt in exchange for chemicals, fats and oils, fish, engineering products and non-ferrous metals.

The corporate sector in Canada paid a total dividend of $595.2 million during the first seven months of the current year, representing a rise of 8.2 per cent, as compared with the peak of $549.7 million distributed in the whole of last year. This total includes $103.8 million expected to be paid in the current month, as against $79.1 million in the same month last year.

The International Finance Corporation has agreed to join with Sudanese and Japanese interests in providing loan and share capital to the Khartoum Spinning and Weaving Company, which will operate an integrated cotton-textile mills in Khartoum. The total cost of erecting the mill and providing it with initial working capital is estimated at $6 million. The I.F.C.'s loan and share investment amounts to the equivalent of $690,000. This is the I.F.C.'s first investment in Sudan.

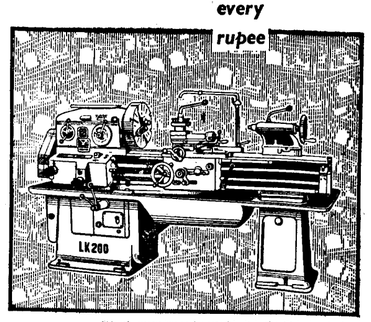
The Norwegian Storting (Parliament) has unanimously endorsed the Government proposed rules barring officials in the central administration from appointment or election as board members in industrial or mining corporations that are purely State enterprises. The same prohibition applies to companies where the State can appoint or elect at least half of the board members. In some cases, however, an official may be appointed to the board of a company whose affairs are not under the jurisdiction of the Ministry with which the appointee is connected.

In a windowless, dust-free and vibration-proof laboratory built at a cost of $2 million by the Lockheed Corporation in Burbank, California, U.S.A., calibration standards accurate to one-millionth of an inch in size, one-millionth of a gram in weight and one part in 100 million in radio frequency are now maintained. The new laboratory houses 30,000 measurement instruments which will be used to produce the present and future generation of aircraft. This new laboratory is also ably equipped to shoulder the giant quality assurance task required for America's 2,000-mile-an-hour supersonic transport.

The U.S. has invited foreign scientists to propose research experiments for American space flights beginning in 1966. Participating scientists in universities, industry and Government installations will be able to place scientific experiments in available space on Gemini and Apollo manned orbital flights scheduled to begin in 1966. Priority will be given to proposed projects of importance for the three-man Apollo moon-landing missions, the first of which is scheduled before 1970. Scientists have also been invited to prepare experiments for the X-15, a research rocket plane, the Tiros and Nimbus weather satellites, balloons orbitting observatories, and five types of sounding rockets used in atmospheric and ionospheric tests.

The Air-Pakistan Consortium at its sixth meeting held in Washington on the 16th inst. undertook to make an additional aid of $431 million available for commitment during the fifth year of the Plan subject to appropriate legislative action or other necessary authorisation. The members of the Consortium considered it important that a substantial part of the aid to be extended to Pakistan during the coming year should be in the form of non-project aid which could be used to finance imports of industrial raw materials and equipment, particularly for the private sector, in order to obtain a fuller use of Pakistan's present industrial capacity. Approximately $200 million of the aid pledged at the meeting are expected to be in this form.

The New York Stock Exchange members have been asked to approve a plan for providing up to $25 million to assist customers in the event of the possible future insolvency of any member-organisation. The plan, which is an outgrowth from the Exchange's initiative last November in helping customers affected by the failure of Ira Haupt and Co., calls for the creation of a $10 million special trust fund to be built up within five years by payments from the Exchange's pre-tax income. The fund would be supplemented by a standby credit or indemnity bond so that a total of $25 million might be available if needed. The sums made available to the special fund would be additional to the $10 million blanket bond which the Exchange already maintains to cover fraud by employees, officers or partners of member-firms. The fund would enable the Exchange to act in the case of any future insolvency regardless of the cause.



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PERSONAL

MR. S. L. N. Simha, until recently India's alternate Director to the International Monetary Fund, has been appointed Economic Adviser to the Industrial Development Bank of India.

Mr. S. K. Kooka, Commercial Director, Air-India, has been elected the President of the Indian Tourist Trade for the current year.

Mr. H. Sitarama Reddy, Chairman, Coffee Board, will attend the meeting of the International Coffee Council due to begin at London on the 27th instant.

Mr. T. N. Singh, a Member of the Planning Commission, has been appointed Union Minister of State in the Ministry of Industry and Supply. He will be in charge of heavy engineering.

Gen. K. S. Thimayya has resigned from the post of Deputy President of the United Planters' Association of Southern India with effect from the 1st inst. He has taken over charge as the Commander of the U.N. Forces in Cyprus.

Mr. C. Subramaniam, Union Minister for Food and Agriculture, will exercise overall supervision over the work of the Ministry of Community Development and Co-operation so as to concentrate its activities on increased agricultural production.

Mr. R. C. Sachdev of the Reserve Bank of India has been appointed Executive Trustee of the Unit Trust of India. Mr. V. G. Pendarkar, Economic Adviser to the Reserve Bank, was the Executive Trustee hitherto.

The President has approved of the changes in the portfolios of the following Ministers:

Sardar Swaran Singh, Minister of Industry and Supply, to be Minister of External Affairs.

Mr. H. C. Dasappa, Minister of Irrigation and Power, to be Minister of Industry and Supply.

Dr. K. L. Rao, Minister of State in the Ministry of Irrigation and Power, to be Minister of Irrigation and Power as Minister of State.

TREND OF MARKETS

CALL RATE JUST ½ PER CENT

(From Our Own Correspondent)

BOMBAY, 22nd July

Conditions in the short-term money maket were distinctly easy during the week under review. There was a surfeit of funds available, while demand was restricted. The inter-bank call rate for both renewals and fresh money, as a consequence, climbed down to just ½ per cent from 3½ per cent to which level it had risen from ¾ per cent following subscriptions to the two Central Government's cash loans. Even at ½ per cent, it was said, demand for credit was at a low ebb. Calcutta also depicted distinctly easy trend, the call rate declining from 3½ per cent to ¼ per cent.

Thanks to plentiful supply of money, the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 21st inst., evoked excellent support. The total amount offered was as high as Rs. 7.58 crores, whereas the amount invited (and also accepted) was only Rs. 2 crores. The average rate of accepted tenders was lower at Rs. 2.400 per cent per annum, as against Rs. 2.500 per cent. It was announced yesterday that the Intermediate Treasury Bills would be sold from the 22nd to 28th inst. at Rs. 99.416 per cent.

There was a drop of Rs. 1.99 crore to Rs. 95.46 crores in India's foreign exchange reserves during the week ended 17th July. The drop was accounted for entirely by balances held abroad which declined from Rs. 7.99 crores to Rs. 6.00 crores. The foreign securities held in the Issue Department of the Reserve Bank were unchanged at Rs. 89.46 crores. Loans and advances to scheduled banks were small, being Rs. 85.70 lakhs. Their deposits receded by Rs. 2.60 crores to Rs. 104.17 crores. Notes in circulation fell by Rs. 29.11 crores to Rs. 2,478.87 crores.

The total credit made available by scheduled banks to their clients fell by Rs. 12.83 crores to Rs. 1,767.36 crores during the week ended 10th July. The fall was accompanied by a rise of Rs. 11.16 crores to Rs. 2,598.51 crores in deposits, with the result that borrowings from the Reserve Bank were negligible, being no more than Rs. 45.45 lakhs. Total cash improved by Rs. 6.15 crores to Rs. 165.92 crores and investments by Rs. 1.06 crore to Rs. 675.53 crores.

On Monday the 20th inst., the Reserve Bank of India resumed its open market operations in Government securities but only in the two new Central loans (4 per cent 1970 and 4½ per cent 1989); the operations had been suspended on 29th June as a prelude to the announcement of Central loans. The selling prices of these loans are the same as the issue prices, namely, Rs. 99 and Rs. 100, respectively. The resumption of sales did not, however, have any effect on the Gilt-edged market which put on a dull appearance during the week. Fresh buying support was lacking. Offerings also were scarce. The volume of transactions was, therefore, small, with values showing no change whatever over the week.

In the foreign exchange market, the banks' selling rate for U.S. dollars rose by 25 nP to Rs. 480 per $100. Their buying rate went up by 50 nP to Rs. 476.75. In New York, the pound sterling weakened *vis-a-vis* the dollar, the spot rate declining by 0.210 cent to 278.830—278.860 cents and the three months' forward by 0.330 cent to 278.390—278.420 cents.

COTTON FUTURES RECOVER

(From Our Own Correspondent)

BOMBAY, 22nd July

Cotton futures, which had touched a new high last week-end, nose-dived in the first three sessions of the week under review following persistent selling. Bears, it was reported, joined hands with spot houses in offering large tenders. In fact, there were rumours that the bears were willing to offer tenders even at a loss. Several bull operators were naturally anxious to liquidate as large a part of their holdings as possible. Prices, as a consequence, suffered a distinct setback. The declining trend was, however, halted on Tuesday, when, thanks to the re-emergence of bull support, a recovery was in evidence. The recovery gathered further momentum today. But the recovery was not marked enough to make up for the earlier losses, so that today's closing quotes were lower than those at the end of last week. The undertone of the market at the time of writing was distinctly firm. The question whether the firmness will persist in future will depend on the respective strength of bulls and bears, as the current contract is nearing maturity. A characteristic feature of the prevailing market situation is that, while higher rates are meeting with bear-selling, lower rates are attracting marked resistance. This position is likely to continue till the commencement of the delivery period. Meanwhile, trading in the new March contract is expected to start by the first week of next month. Indications are that tendering differences will not be fixed much before maturity. The East India Cotton Association is being approached in this connection with the suggestion that the terms of the new contract should be the same as those governing the current one, excepting for the fixation of tendering differences at around maturity. It is felt that pre-fixing of tendering does not truly reflect the spot position at maturity.

The Jarilla August contract moved down from Rs. 744.50 on Wednesday last week to Rs. 741 when it began this week on Thursday the 16th inst. It declined again in subsequent session and touched a low of Rs. 732.75 on Saturday. After recovering to Rs. 743.25, the contract closed at Rs. 472.75 today.

In the spot market at Sewri, activity was restricted during the week. Only sporadic demand on the part of needy mills for quality cotton was witnessed. Interest was shown as usual in Laxmi, Co2 and 197/3 varieties. The following are the latest available quotations for some popular varieties:

Bhagalkot Laxmi Rs. 1,040, Dhulia Co2 Rs. 1,078, Ganganagar Rs. 777, Gadgag Laxmi Rs. 1,135, Jalna Rs. 905, Jagraon Rs. 750, Nagar Co2 Uncer Rs. 1,089 and Raisinagar 320F Rs. 1,095.

It is understood that the Textile Commissioner has decided to cancel his previous notification regarding the survey of Digvijay 'A' cotton by *ad hoc* Committee in case the contract price exceeded Rs. 1,270 per candy. An official notification giving effect to this decision is expected to be issued separately.

In the foreign section, vague reports emanating from Egypt suggested that further sales of Menoufi and Giza 47 in particular might not be resumed until the beginning of October. The reports also indicated that there were no chances of removal of ban on the sale of Giza 45. Commenting on the Government's marketing policy for 1964-65 season, the U.A.R. Minister for Economy indicated that the special trade agreement with India was under discussion and that it would probably be signed this month. In the meantime, it is learnt that, out of the total Egyptian crop, India has taken up about 80,000-100,000 bales, the bulk being in Giza 45 type which is suitable for defence purposes.

East African cottons ruled easy due to limited quota allocations from India and selling by shippers in Kampala. Among exportable styles, Bengal *Deshi* was subdued. It is reported that the Union Commerce Ministry is not opposed to the shippers' plea for a reduction in export duty on this variety, though it is admitted that relief, if granted, would entail a revenue loss of about Rs. 75 lakhs on exports of about 300,000 bales. It is felt that prices of cotton should come down to strengthen the competitive position of India. Japan, the principal buyer, has curtailed its purchases of Bengal *Deshi* cotton by about 25,000 to 30,000 bales, while other countries like France and Germany have come in for purchases and the United States, too, has also been increasing its offtake. It is further understood that stocks of Bengal *Deshi* with Pakistan are very meagre and may not be sufficient to meet the Japanese demand. Accordingly, Japan may revive its interest in Bengal *Deshi* from India in the near future.

SILVER FORGES AHEAD

(From Our Own Correspondent)

BOMBAY, 22nd July

A hardening tendency in prices was noted in the bullion market during the week under review. Sustained demand from upcountry dealers and reluctance of stockist to offer large quantities helped silver to forge ahead. In sympathy, gold tended to move up.

Silver opened the week 50 paise higher at Rs. 251 and steadily rose to touch Rs. 254.50 today. Heavy buying from dealers in Akola was mainly responsible for this uptrend. While the daily average arrivals were unchanged at 18 bars, offtake was larger at 13 bars, as against 11 bars.

Fourteen-carat gold, after declining from Rs. 69.50 to Rs. 69.25 recovered to Rs. 70.50 on improved demand. Primary gold, in unofficial trading, was quoted a rupee higher at Rs. 123. Sovereign was firm at Rs. 92.50.

The international price for gold at the London market rose from $35.06¾ to $35.07¼ per five ounce. The sterling price spurted from 251s. 4*d.* to 251s. 7¼*d.* Ready and forward silver increased by ¼*d.* each to 112*d.* and 112¾*d.*, respectively. Silver at New York was unchanged at 129.3 cents.

The Union Government is reported to have taken a very serious view of the Punjab Government's failure to submit regular and detailed progress reports about the rehabilitation of unemployed goldsmiths in the State. It has asked the district officers, through the State's Gold Control Officer, to make an overall assessment of the unemployment situation and grant relief to goldsmiths after taking into consideration their educational qualifications and normal income levels. The Union Government has further ordered the expeditious disposal of applications for loans from goldsmiths in distress.

The following table shows the trend of prices during the week under review:

	22-7-64 (closing)	High	Low	15-7-1964 (closing)
SILVER				
Ready (996 fine) ..	Rs. 254.50	Rs. 254.50	Rs. 251.00	Rs. 250.50
GOLD				
Ready (14-carat) ..	70.50	70.50	69.25	69.50
Sovereign ..	92.50*	—	—	92.00*
London—				
Gold ..	251*s.* 3½*d.*	251*s.* 7¼*d.*	251*s.* 3½*d.*	251*s.* 4*d.*
Silver Ready ..	112*d.*	—	—	111¾*d.*
Silver Forward ..	112¾*d.*	—	—	112*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

PEPPER RISES

(Messrs. Parekh and Co.)

BOMBAY, 21st July

Malabar black pepper during the week greeted the news of Indonesia having increased the check price to $0.40 from the lowest of $0.30 by hoisting ungarbled and garbled at Rs. 343.50 and Rs. 353, respectively. But the improvement proved short-lived for want of new development and, in view of the news that second-hands from Indonesia are offering to New York at round about $0.36. Singapore is also reported to have sold some quantity at about $0.35. There was some buying of Malabar by Canada and Italy at $0.39 after the increase in the rate of Lampong pepper. Some buying of Malabar by San Francisco interests is also reported at $0.39. The picture from Indonesia is not clear and exporters there are confused, as the Indonesian Government are not allowing the export of lower priced contracts unless there are enough proofs for the genuineness of the contracts.

Technical position of Malabar is reported to be sound. But it being out of world parity, it will take some time before there are marked improvements, as traders are not sure when Indonesia will stage a somersault. Malabar values are steadily held and there is no disposition on the part of Indian exporters to sell at anything less than full price. Ungarbled improved from Rs. 336 to Rs. 343 and garbled from Rs. 348 to Rs. 353. July delivery on Cochin ring went out of the board at Rs. 359. August and October are quoted at Rs. 368 and Rs. 378, respectively. Ready goods in Bombay encountered good demand. As such spot material improved to Rs. 185. *Shrawan* and *Bhadrapad*, after improving to Rs. 383 and Rs. 389, respectively, remained subdued under pressure of bear sales at Rs. 373 and Rs. 383.

Calicut also is reported better at Rs. 340.

Spot in New York, after rallying to $0.36, is now quoted at $0.35½, with grinders refusing to follow the advance. Pressure of arrivals in New York for April-May-June commitments from Indonesia may also be responsible for such a stalemate.

Singapore market appears uncertain. Prices are increased and decreased according to alternate bouts of buyings and sellings. Pressure of arrivals of Sarawak and uncertain political situation in South East Asia are also responsible for such uncertain trend. Future of world's pepper depends upon the selling policy of Indonesia.

There is some deficiency of rain in pepper growing area on the Coast, but it is too early to forecast the size of new crop Malabar black pepper except that the arrival of new crop may be delayed. Garbled quality may not arrive before early January. However, this is all hypothetical. Crop of ginger in the area is reported to have been affected because of present drought conditions prevailing on the Coast.

YARNS IRREGULAR

(From Our Own Correspondent)

BOMBAY, 22nd July

An irregular trend was in evidence in the yarn market during the week under review. Thus, art silk yarns ruled easy, as demand from upcountry centres was poor, while staple fibre yarns tended to move up on some buying from Surat and cotton yarns were steady due to buying support at lower levels.

The Government of India's decision to allow the Bombay Yarn Merchants' Association and Exchange Ltd. to resume forward trading in staple fibre yarns, announced last week, has been widely welcomed by traders. The hedging facility, it is said, will not only lead to increased activity but also help stabilise prices. Actual trading is expected to be resumed in about two months time. At present, the Board of the Association is busy drafting the necessary modifications in bye-laws and seeking necessary instructions from the Forward Markets Commission. Traders feel that there is a very strong case for the resumption of forward trading in art silk yarn too. In fact, forward trading, according to them, should have been allowed first in the art silk yarn section, as there is surplus production and accumulation of stocks. Hope is, however, expressed that hedge trading in art silk yarn will soon be resumed.

Among art silk yarns, National Rayon 150D was neglected at Rs. 11.18. 120D shed 5P to Rs. 11.92. South India Viscose 150D dropped 6P to Rs. 13.95. Bright Century 75D, however, gathered 16P to Rs. 18.96 on special support.

In the staple fibre yarns (2 x 34 French Count) section, Citys put on 18P to Rs. 9.55. Srirams gathered 13P to Rs. 9.06. Pioneer picked up 10P to Rs. 4.22.

Cotton yarns 12s modern and 52s Kasturi were firm at Rs. 24 and Rs. 50, respectively. 34s Madura strengthened by Rs. 3 to Rs. 39. 68s Mahindras were fully maintained at Rs. 90.

OILSEEDS DULL

(From Our Own Correspondent)

BOMBAY, 22nd July

Trading in the oilseeds market was dull and without any significance during the week under review. Under the existing conditions, no activity seems possible. The ceiling in castor bears absolutely no relation to the intrinsic value of the commodity and the ban on futures trading in groundnuts has taken away the fun from the market. What is true of castor is true of linseeds too. And no one is interested in cottonseeds.

For almost the whole of this week, there was virtually no transaction in linseeds, but, in unofficial dealings, the contract was consistently quoted above the ceiling and was bid up to as high as Rs. 183.50. No operator would like to bear the market, for, even at present prices, castor is comparatively much cheaper than groundnuts. Moreover, castor is not easily perishable. At any rate, it can be stored for much longer periods than groundnuts. On top of all this is the effort on the part of the Oilseeds Exchange to persuade the Government to fix a higher ceiling of Rs. 211 for the new crop contract. In these circumstances, operators would like to go rather long than short.

The spot section in castor was also firm. Madras Small and Kanpur Bold were quoted at Rs. 39 and Rs. 37.75, respectively. Commercial oil was bid up to Rs. 16.85 to 17 and B.S.S. to Rs. 17.60 to 17.80. On the export front, Russia was understood to have purchased about 4,000 tonnes of castor oil for August-October shipments and some East European countries bought 600 to 1,000 tonnes. These purchases were apparently

the reason for covering by shippers and the consequent rise in prices.

With the ban on exports, activity in groundnut oil was limited, but the trend of the market was firm with ready oil bid up to Rs. 25.75 to 26. The increase in the selling prices of *vanaspati* also aided sentiment. Groundnuts firmed up further. Nizam Bold was quoted at Rs. 64.50 and Khandesh at Rs. 65.50. The market has taken note of the plea by oilseeds interests in Gujarat for a ban on exports of oil from the State. The trade in Bombay has not at all appreciated this move which, they say, may lead to fissiparous tendencies and provoke retaliatory action on the part of other States. The opinion here favours a uniform all-India policy governing oilseeds and oils. Meanwhile, the Delhi market is very firm and prices have shot up by as much as Rs. 125 per ton in just one week.

It still remains to be seen whether the measures announced by the Government will succeed in inducing a downward trend in prices. There is a view in the market that the Government should impose a ban on exports of H.P.S. groundnuts. At present, exports of these are regulated, but it is felt that a complete ban, together with a categorical statement by the Government that groundnut oil should not be quoted above a certain level (which should be much below the existing rate), will help. Meanwhile, all eyes are on Gujarat, for this State supplies 75 per cent of the country's total requirements of edible oils.

Trading in linseeds was pointless. The September contract remained more or less stationary at Rs. 44.75 which is only a shade below the ceiling. Fluctuations were extremely narrow, for neither bears nor bulls were in a position to extend their commitments, the former because of factors and the latter because of the ceiling. Cottonseeds remained unquoted for almost the whole of the week. The contract is divested from realities and spot prices are much higher. Moreover, the contract permits the tendering of poor quailty seeds to the extent of 40 per cent and as such no sensible crusher would like to take delivery of shrivelled seeds.

Groundnut extractions were dull and the market was quiet with prices for July-August at Rs. 415 a ton. Shippers were aloof and the feeling was that, unless the East European countries came forth to buy, the market would not look up. On the other hand, prices, it is felt, might even decline. United Kingdom advices indicated £38-2-6 for July-August, £37-15 for September, £37 for October-December, £36-10, for November-January and £35-7-6 for January-March. The trend in expeller cakes was also quiet with the price at Rs. 497-Rs. 498 per ton. The feeling was that expeller cakes might have to remain quiet in line with the trend in extractions.

The market is eagerly awaiting the outcome of the talks between the trade and the Forward Markets Commission regarding futures trading in new crop oilseeds. The main plea is for a resumption of trading in groundnuts futures, while it has been contended that the present ceilings had better be raised. A memorandum is expected to be presented soon to the Government setting out the trade's case.

The following table shows the closing prices of oilseeds and oils as on 22nd July as compared with those of the two previous weeks.

	22-7-1964	15-7-1964	8-7-1964
Groundnuts	Rs.	Rs.	Rs.
Nizam bold	64.50	65.75	62.25
Khandesh quality	65.50	65.50	64.50
Oil ex-mill	26.00	25.25	25.25
Oil Rly. Receipt	25.70	25.15	24.50
Castorseed			
September 1964 contract.. ..	181.50	181.50	180.25
Ready Madras	39.00	37.25	36.12
Ready Kanpur	37.75	36.00	35.12
Oil B.S.S.	17.80	16.80	15.25
Oil commercial	17.00	15.30	14.70
Linseed			
September 1964 contract.. ..	44.75	44.78	44.62
Bold ready	47.50	47.50	47.75
Linseed oil	19.90	19.75	19.65
Cottonseed			
September 1964 contract.. ..	104.00	104.00	104.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

* * * *

Since writing the above, the Government of Gujarat has announced the imposition, with immediate effect (Wednesday), of a ban on the movement of groundnut (shelled or unshelled) and groundnut oil outside the limits of the State by road, sea or air. All persons possessing stocks of groundnut (shelled or unshelled) in excess of 150 kgs. and oil in excess of 50 kg. have been asked to declare their stocks within 24 hours. Those who violate the regulations are liable to be punished severely and the vehicles carrying the commodities across the State border will be confiscated along with the goods.

SPURT IN JUTE GOODS

(From Our Own Correspondent)

CALCUTTA, 21st July

The visible improvement in port conditions—marred by last Sunday's collision of an incoming vessel in ballast with an outgoing ship loaded with jute products—meant satisfactory offtake in jute goods for export during the week under review. At the same time, the Government of India's interest in heavy gods continued unabated, and there had been a steady flow of orders for heavy goods from other internal buyers too. This explained this week's uptrend in prices of heavy goods. In sympathy, hessian prices were also steady. Although heavy rains continued to disrupt loading and unloading operations in the port, the waiting time for incoming ships at the Sandheads has been considerably reduced, and there had been days in the week when the Sandheads had no ships awaiting entry to the river. It was noted that, although the total output of mills in June at 107,000 tonnes rose by 5,600 tonnes, stocks at the end of June at 126,100 tonnes rose by only 1,900 tonnes. In early June, total stocks were 124,200 tonnes, and, therefore, total availability in the month was 231,200 tonnes. Total stocks at the end of June being 126,100 tonnes, total demand in the month aggregated to 105,100 tonnes, which fell short of production by only 1,900 tonnes. The fact that demand almost equalled production emphasises the sound statistical position. That explains the steadier conditions in evidence during the week under review. Had only normal conditions prevailed at the port, it stands to reason that offtake in June should have been higher. It should also be noted that stocks of goods at the end of June were higher than output in the month by only 19,100 tonnes. Although this position is not entirely unsound, it should be stated that stocks in recent months began to increase as buyers slowed down entering into commitments in anticipation of a fall in prices. The abrogation of the working time agreement by the industry only encouraged buyers in adopting such a tendency. Even the Government of India has postponed its placement of orders, and overseas buyers are now buying more to meet immediate needs than against forward deliveries.

Although the mills were cautious in entering into commitments in the new crop, sellers refrained from discounting rates.. Subsequently, a gradual hardening tendency set in in the fibre market during the week, and it was realised that the fibre supply position would not be as smooth as last year. At this time of last year, the new crop had started arriving in the mills' agencies in liberal quantities, and the Jute Commissioner had already released the first compulsory purchase quota for that season. So far this year, new arrivals have been in driblets, and in as much as prices have actually hardened to quote above the minimum rates, the Jute Commissioner has not yet issued a quota. Rates in agencies are above Calcutta's parity, and sellers have been encouraged to note that in the Pakistani markets, prices have advanced despite the abolition of the minimum export price scheme and the reduction of export duty on fibre by 50 per cent. Pakistan expects a smaller crop and a deterioration in quality is also apprehended. In India, the crop is likely to be near last year's level with an increase in the proportion of output of the superior grades.

Generally, jute goods were steady during the week under review. The steadiness in heavy goods is attributed to the increased purchases by the Government of India. The increased production in industries consuming jute packaging materials has led to more interest in heavy goods by such industries as cement, fertiliser, and cotton and woollen textiles. Now that it is months since overseas consumers have got accustomed to buy against immediate needs, and their stocks have been depleted, their offtake has become normal once again. It has been unfortunate that purchases by Argentina have had to be slowed down as a result of financial difficulties in that country. U.S. buyers are yet slow in their activities, and the Argentine news has only encouraged the New York burlap market to continue the dull phase for another week also. For these reasons, the immediate outlook for hessian can be assessed only cautiously despite the encouraging statistical position. On Tuesday last, the Government of India's tender for 11,000 bales of B. twills broke the earlier dullness of the day, and ready B. twills gained from Rs. 115.45 to Rs. 115.75. However, hessian 40″ 10 oz. eased from Rs. 44.20 to Rs. 44.10 At this stage, reports of strike in some jute mills in Pakistan were received, and these aided B. twills to rise to Rs. 116.35 on Wednesday, but hessian 40″ 10 oz. was unchanged at Rs. 44.10. The news that earlier apprehensions of a fall in jute goods exports were belied by the publication of statistics in this regard lent force to recovery on Thursday, when B. twills went up to Rs. 117.00 and hessian 40″ 10 oz. to Rs. 44.15. With prices at Rs. 117.35 and Rs. 44.30 respectively, the upward tendency was maintained on Friday, although business that took place was small. Over the week-end, B. twills at Rs. 117.60 and hessian 40″ 10 oz. at Rs. 44.50 added further gains. As a result of selling pressure in the futures market, prices eased during yesterday. Ready B. twills quoted at Rs. 116.75 and hessian 40″ 10 oz. at Rs. 44.35.

EXPORT TEA IN GOOD DEMAND

(From Our Own Correspondent)

CALCUTTA, 21st July

Following quality, the export sale held yesterday drew more attention, while the report of rising output this year in North East India lulled activity in the internal sale last week. The average price realised so far this season for dust is only Rs. 4.91 per kg., as against Rs. 5.23 for the corresponding previous period. The average price of leaf is also lower at Rs. 5.95 per kg. as against Rs. 6.03. With the improvement in quality as noticed in fresh arrivals, it is hoped that the gap in the average price of leaf would soon be closed. Considering the increased costs of production, this would not enable gardens to reach the same stage of profitability as last year. As regards dusts, it is difficult to say how soon the gap would be closed. It is believed that in view of the absence of internal propaganda, domestic consumption of

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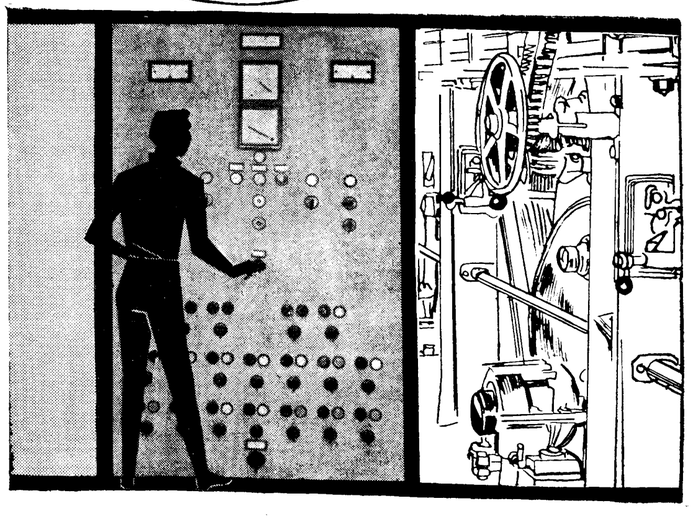

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tea has not increased by to same degree as the increase in the standard of living. The industry has already urged the revival of internal campaigns, so that the apprehension of a possible glut in supplies, as the one which developed in the recent past and which caused serious difficulties for gardens producing low quality teas, can be removed, and the industry enabled to raise production.

Although prices realised in auctions are lower than last year, the tea industry is now being called upon for yet another increase in its wage bills. For, the Central Wage Board has unanimously recommended a second interim increase in wages. Since the recommendation is unanimous, the Government of India is expected to issue orders for implementing the same. According to the recommendation, tea garden workers in the Northern region including Darjeeling, the Dooars and the Terai, will receive an increase of 6 to 10 paise a day, while monthly paid staff will receive an increase in salary varying from Rs. 3 to Rs. 10 a month. Dealing with the industry's complaints of increased absenteeism by workers, the Wage Board is reported to have called upon unions to induce workers to reduce this and improve their productivity. The Board has at the same time said that work loads can be revised by mutual agreement. At a time when the industry fears marketing problems and keener competition in overseas markets, it finds itself its costs have increased. Its case for reduction in tax load needs sympathetic consideration.

In the internal sale held in the last week, dusts on offer aggregated 14,265 chests. Demand was good but less than usual, and, therefore, prices shed. C.T.C. teas met with good demand at discounted rates. The brighter Assam orthodox teas were firm, while balance of this category eased. Legg-cut teas were accorded fair support, but the leaf teas eased. The quotations per kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.80 to Rs. 7.20, medium Assam C.T.C. dust Rs. 5.80 to Rs. 6.40, medium Assam dust Rs. 5.00 to Rs. 5.80 (nominal), legg-cut dust Rs. 4.80 to Rs. 5.30, and plain orthodox dust Rs. 4.10 to Rs. 4.50.

Following quality, demand improved during yesterday's export sale when leaf on offer aggregated 33,370 chests. The strongest feature was provided by the appreciable advance in prices of bright liquoring Assam orthodox teas. B.O.P. teas received more attention. However, plain orthodox teas eased in an irregular trend, with fannings meeting with an improved inquiry. Whole leaf grades also eased but tippy teas sold well. Flavoury Darjeelings were sold at higher rates but the remainder of this category recorded an irregular trend. The best Assam C.T.C. teas met with support at lower rates, but a few selected lots recorded liberal gain in price. Medium C.T.C. teas shed in an irregular trend. The quotations per kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 7.00 to Rs. 8.00, medium Assam C.T.C. B.P. Rs. 6.00 to Rs. 6.80, best Assam C.T.C. B.P. Rs. 7.00 to Rs. 8.00, medium Assam C.T.C. fannings Rs. 6.00 to Rs. 6.80, clean plain pekoe Rs. 5.10 to Rs. 5.30, plain B.P. Rs. 4.30 to Rs. 4.50 and plain fannings Rs. 4.00 to Rs. 4.30.

SUSTAINED SUPPORT FOR METALS

(From Our Own Correspondent)

CALCUTTA, 21*st July*

An unchanged firm price trend was the feature in the Calcutta metal market during the week under review. With tin touching a new high and lead forging ahead, prices on the London Metal Exchange continued to rise.

The deep concern of the industry and the apprehension of a setback in the industry's export promotional efforts as a result of the Government's decision to revise the import entitlement of the exporters of some non-ferrous items from 100 per cent to 75 per cent f.o.b. value of exports have been conveyed to the Government of India in a communication addressed to it by the Indian Non-ferrous Metals Manufacturers' Association, Calcutta. The proposal to cut the import entitlement on exports of bare copper conductors, non-ferrous alloys and semis, insulated cables, winding wires, etc., is also a grave matter for the industry. The N.F.M.M.A. has represented that several manufacturers of non-ferrous semis, alloys, cables and conducotrs have already entered into export commitments on the basis of their original import entitlements, and that as such these manufacturers should be allowed to fulfil their commitments.

The industry is also disappointed in regard to the reported decision of the Government to discontinue the allocation of copper and zinc to major sheet rollers. The decision of the Government is reported to be to allocate the supplies thus saved to the small-scale units. This reduction in the supplies of raw material to the major rollers will mean adding to their idle capacity, and thus increase their working expenses. Particular concern has been caused in as much as units among the big rollers have been allocated quotas on the specific condition that the materials would be used to make industrial quality sheets only. Both hot and cold rolled sheets are required by the industry, and the industrial quality sheets naturally signify both types. A proper definition of the term 'industrial quality sheet' is needed. Whatever the definition, there is no point in an official action which leads to blocking of capacity in units already set up, and which at the same time leads to the installation of more capacity, whether it be small-scale or minor units.

Against the background of an acute scarcity for non-ferrous metals and inadequate imports having regard to the country's foreign exchange earnings falling much below requirements, India has been making strenuous attempts to locate non-ferrous ores. In recent years, copper ores have been located in several places including the Kashmir valley and Sikkim. The existing copper refinery based on ore deposits of Singhbhum is already being expanded, while the setting up of a second refinery in Bombay based on imported concentrates is being considered. Bihar has also a lead smelter. The only place where zinc ores are found is Zawar in Rajasthan, where the first smelter is being set up. At present India is exporting zinc ores to Japan. It is good to hear that the Government is stepping up its efforts to locate ore deposits, and with this end in view, is seeking U.S. help to undertake electro-magnetic surveys.

On the London Metal Exchange, spot tin rose to quote a new high of £1,295 a ton after opening at £1,242½ early in the week under review. Towards closure, the quotation at £1,285 lost a portion of the week's gain. It is now believed that the gap between demand and consumption is nearly 30,000 tons a year. Earlier estimates had placed the figure at 24,000 tons. There is no surprise that the price is continually rising in tune with the rising world consumption. An acute world shortage is only postponed as a result of the periodical releases by the U.S.A. from its national stockpiles. The excess stock will last for about six years if the present rate of release, that is, 20,000 to 24,000 tons is continued. In Calcutta, tin was firm at Rs. 2,050 per 100 kgs. while utensil copper scrap hardened from Rs. 650 per 100 kgs. to Rs. 660. Spot copper wire-bars on the L.M.E. eased from £307 to £300 a ton, but soon recovered to £304½. Spot cathodes shed from £299 to £296 and spot fire-refined copper from £280 to £279. On the other hand, spot lead rose from £96½ a ton to £99½. The rise followed a keen demand against the background of fast depleting stocks. In Calcutta, lead rose from Rs. 290 per 100 kgs. to Rs. 292, while zinc was firm at Rs. 322 per 100 kgs. After weeks of buoyancy, the L.M.E. quotation for spot zinc gave way from £139½ a ton to £134.

KIPS LIVELY

(From Our Own Correspondent)

MADRAS, 20*th July*

The hides and skins market wore a lively look, following more overseas demand for shipment. Inquiries from the U.K. for cowhides were insistant for light and medium weights and prices were a shade firmer than last week. Demand for cow calf was selective and restricted. Arrivals of tanned stocks of kips from the tanneries were moderate in volume and clearance for local trade and for shipment was small. Prices ruled steady.

Importers of tanned goat skins from the traditional ports showed more interest especially in averages below 11-12 lbs. Higher weights were a drug on the market. As regards sheep skins, buyers did not evince interest except in lower selections of middle class sheep; and the market was weak in consequence. The following were the ruling quotations per lb. for all round parcels:— Tanned cow hides 8-8½ lbs. average Rs. 2 to Rs. 2.06, tanned buff 12-14 lbs. average Re. 1.80 to Re. 1.86, and tanned buffcalf 1½-2 lbs. average Rs. 2.50 to Rs. 2.62.

HEAVY DEMAND FOR FOODGRAINS

(From Our Own Correspondent)

HAPUR, 20*th July*

Bullish trend continued unabated during the week under review and prices of all foodgrain and pulses touched an all-time high levels. Poor stocks position and scanty arrivals from rural areas coupled with an all-round buying support were the main influencing factors. Stocks with State Government to feed fair price shops were also not adequate. Towards the week-end however it was gathered that large quantity of imported wheat is being rushed from the ports to U.P. to meet the deficit. After active monsoonish conditions in last two weeks, weather is now sunny which would enable sowings of kharif crops on an extensive scale.

Wheat prices recorded a sharp rise of Rs. 3 to Rs. 7.50 per quintal, according to quality during the week and prices touched a new high level. The rise in prices was due to poor arrivals because of rains and brisk local and east U.P. demand. The average quality was quoted between Rs. 70 and Rs. 72.50 and farm produce between Rs. 73 and Rs. 75 per quintal. Wheat prices on the corresponding date last year had ranged between Rs. 42.50 and Rs. 48.50 per quintal Firm conditions continued in rice market also and prices hardened by 67 paisa to Rs. 2 per quintal. Stocks here declined to 3,000 quintals because of brisk outside enquiry and poor arrivals. Week-end prices were: Rice *basmati* superior Rs. 97.50 to Rs. 102.50, *sela* Rs. 93.77 to Rs. 96.35, *mainpuri* Rs. 81.72, *ramajwayan* Rs. 84.40, *raimunia* Rs. 86.40 and *gadda* Rs. 83.06 per quintal.

Gram prices ruled steadier and advanced sharply by Rs. 2 to Rs. 3.75 per quintal according to quality and touched new high level at Rs. 66 for local produce and Rs. 65 per quintal for the Punjab variety. The prices on the corresponding date last year were much lower at Rs. 42.53 per quintal for the Punjab quality. Local arrivals in the week were negligible and stocks were meagre. Barley and *bejhar* prices were also steadier in sympathy with wheat, rice and *gram* coupled with nominal arrivals and prices ranged between Rs. 54 and Rs. 55 and Rs. 55 and Rs. 56.25 per quintal respectively. Stocks were nominal. *Juwar* and *guwar* prices also rose due to poor supply position and were quoted at Rs. 51 to Rs. 53 for *juwar* and between Rs. 64.30 and Rs. 65.64 per quintal for *guwar*. *Methi*, oats and maize prices also advanced as stocks of these commodities were small. Week-end prices were: maize Rs. 50 to Rs. 52.50, *methi* Rs. 56.75 to Rs. 60 and oats Rs. 60 to Rs. 62.50 per quintal.

SUGAR SUBDUED

(From Our Own Correspondent)

HAPUR, 20*th July*

Despite the tight supply position, the sugar market was subdued during the week. For, its demand was not so heavy as in the past weeks because of the end of the marriage season. Prices in the open market declined by Rs. 10 per quintal at Rs. 175 per quintal, as against the controlled rate of about Rs. 140 per quintal. The sugar ration quota has been reduced by 25 per cent to ¾ per kilo a unit per month.

Trading in *khandsari* continues to be at standstill as the stocks frozen by the State Government has not yet been released despite the Government's decision early this month to release yellow and brown quality stocks for sale in the open market at revised rates. In the week-end, however, some releases were made upto 10 per cent which the traders considered to be very low, and requested the Government to release at least fifty per cent immediately as the goods were becoming wet due to heavy rains. In unofficial trading, *khandsari* prices suffered a loss of Rs. 15 a quintal due to slack demand following the end of the marriage season. Stocks of *khandsari* in the Muzaffarnagar market were placed around 2,00,000 maunds, the corresponding figure last year being about 20,000 maunds.

Ready *gur* here was subdued during the week owing to slack demand following the non-receipt of import permits from the consuming states. Stockists were anxious sellers as the quality of *gur* and *shakker* stocks left with them was fast deteriorating due to heavy rains. Arrivals from the rural centres were negligible and stocks of *gur* here was placed around 12,000 quintals. Heavy rains in the last two weeks have proved beneficial to standing cane crops, and a bumper cane crop is expected this time. The week-end prices here (in rupees per 40 kilogram) were: *Gur pansera* 29.25, *dara* 28.25 to 28.50, *balti* 28 to 28.25, *kotha* dry-wet 27 to 27.75, *shakker* 30 to 32.50.

MEDIUM TEA FIRM

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 16*th July*

A total of 710,000 kgs. was offered in tea sale No. 28 held here on the 14th inst. Quality of teas from Nilgiris was often improved, while teas from other districts were irregular. The market opened to good general demand which lessened in the latter part of the sale. There was good support for low mediums and mediums, but prices for these were irregular and often easier. Good mediums met with strong support and were sold at firm rates. Improved highgrowns, meeting good enquiry, were dearer, but others in this category were irregularly lower with quality. Clean black leaf types were steady, whereas plainest descriptions came to an easier market. Teas of unorthodox manufacture were well supported at irregularly dearer rates. O.Ps. elicited keen competition and were dearer, these being the strongest feature of the sale, but pekoe types came to a lower market. Tippy teas were sold at around last rates.

The quotations (per kg.) were:

	1964 Rs.	1963 Rs.
Low mediums	4.00-4.30	4.10-4.40
Mediums	4.20-4.50	4.40-4.65
Good mediums ...	4.55-5.30	4.65-5.25
Nilgiris B.O.P.	4.60-6.80	4.60-6.60

The average price realised in sale No. 28 was Rs. 4.38 per kilo, as against Rs. 3.38 a week ago and Rs. 4.41 in the corresponding sale last year.

A smaller quantity of 249,000 kgs. was offered in dust sale No. 28 held today. There was a strong general demand throughout the sale. Plainer mediums evoked fair support and prices may be quoted barely steady. Others in this category received useful enquiry and were firm with more emphasis on colourey mediums. There was good demand for highgrowns which were sold at fully firm rates. Unorthodox dusts encountered strong competition and were sold at rates above last.

The average price realised in dust sale No. 28 was Rs. 4.36 per kilo, as against Rs. 4.36 a week ago and Rs. 4.18 in the corresponding sale last year.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale No.* 29: 725,000 kgs. offered. Fair demand. Low mediums and mediums irregularly 10 Highgrowns irregular with quality. Unorthodox fully firm."

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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 17th July 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	86,00,00,000
National Agricultural Credit (Stabilisation) Fund	9,00,00,000
National Industrial Credit (Long-Term Operations) Fund	10,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	53,73,63,000
(ii) State Governments	18,45,08,000
(b) Banks—	
(i) Scheduled Banks	104 17,34,000
(ii) State Co-operative Banks	5,91,03,000
(iii) Other Banks	1,21,000
(c) Others	190,26,65,000
Bills Payable	32,58,27,000
Other Liabilities	20,48,74,000
	Rupees 615,61,95,000

ASSETS	Rs.
Notes	17,97,15,000
Rupee Coin	3,87,000
Small Coin	4,00,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,30,29,000
(ii) State Co-operative Banks	12,86,34,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,34,62,000
National Agricultural Credit (Stabilisation) Fund	....
Loans and Advances to State Co-operative Banks.	
National Industrial Credit (Long-Term Operations) Fund:-	....
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	86,86,75,000
Balances Held Abroad*	6,00,48,000
Loans and Advances to Governments**	21,12,00,000
Loans and Advances to—	
(i) Scheduled Banks†	85,70,000
(ii) State Co-operative Banks‡	144,87,47,000
(iii) Others	1,97,70,000
Investments	259,02,82,000
Other Assets	31,32,76,000
	Rupees 615,61,95,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund.

† Includes Rs. 35,00,000 advanced to scheduled bans against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	17,97,15,000	
Notes in circulation	2478,87,13,000	
Total Notes issued		2496,84,28,000
Total Liabilities		2496,84,28,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	89,45,69,000	
Foreign Securities		
Total		207,21,79,000
Rupee Coin		103,18,28,000
Government of India Rupee Securities		2186,44,21,000
Internal Bills of Exchange and other commercial paper	....	
Total Assets		2496,84,28,000

State Bank of Pakistan

Statement of Affairs for the week ended 26th June 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,65,00,000
Rural Credit Fund	3,00,00,000
Deposits:—	
(a) Central Government	30,57,15,000
(b) Provincial Governments	50,29,000
(c) Banks	88,40,41,000
(d) Others	84,56,59,000
Bills Payable	53,58,000
Other Liabilities	21,86,75,000
	Rupees 189,09,77,000

ASSETS	Rs.
Notes	12,97,30,000
Rupee Coin	20,000
Subsidiary Coin	46,000
Bills Purchased and Discounted:—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	23,77,11,000
Loans and Advances to Governments	7,53,00,000
Provincial Governments' Debtor Balances	5,41,33,000
Other Loans and Advances	81,56,17,000
Investments	43,20,29,000
Other Assets	14,33,48,000
	Rupees 189,09,77,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,97,30,000	
Notes in circulation	444,36,69,000	
Total Notes issued		457,33,99,000
Total Liabilities	....	457,33,99,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion		
Foreign Securities	78,61,63,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	146,78,97,000
B. Rupee Coin	4,91,85,000	
Government of Pakistan Securities	299,73,11,000	
Internal bills of exchange and other commercial paper	....	304,64,96,000
II. Held with the Reserve Bank of India pending transfer to Pakistan:—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	20,51,000	5,80,06,000
Total Assets		457,33,99,000

State Bank of India

Statement of Affairs for the week ended 10th July, 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital:— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up:— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		643,53,67,000
Bills Payable		67,15,000
Bills for Collection being Bills receivable as per contra		4,89,23,000
Acceptances, Endorsements and Other Obligations per contra		8,57,08,000
Other Liabilities (including Inter-Office Adjustments)		17,38,82,000
Total	Rs.	14,14,95,000
		704,13,40,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		22,50,82,000
Balances with other Banks		4,01,82,000
Money at Call and Short Notice		3,66,66,000
INVESTMENTS:—		
Government and other Trustee Securities	242,83,84,000	
Other Authorised Investments	9,44,20,000	252,28,04,000
ADVANCES:—		
Loans, Cash Credits, Overdrafts, etc.	336,11,07,000	
Bills Discounted and Purchased	20,87,46,000	356,98,53,000
Bills Receivable being Bills for Collection as per contra		8,57,08,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,38,82,000
Premises less Depreciation		2,31,78,000
Furniture and Fixtures less Depreciation		1,86,83,000
Other Assets (including Inter-Office Adjustments)		34,53,56,000
Total	Rs.	704,13,40,000

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	10-7-64	3-7-64	12-7-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	68.62	71.63	53.55
(ii) From others	1,098.34	1,098.32	909.25
(b) Borrowings from banks	40.58	47.22	26.32
(c) Others	67.43	64.59	59.72
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	44.76	43.48	37.28
(ii) From others	1,307.23	1,296.86	1,247.13
(b) Borrowings from banks	19.73	20.57	21.37
(c) Others	12.13	12.46	10.80
3. Aggregate deposits [(1) (a) (ii)+2 (a) (ii)]	2,405.57	2,395.18	2,156.89
4. Borrowings from Reserve Bank	45	22	1.77
(a) Against usance bills and/or promissory notes	—	—	94
(b) Others	45	22	83
Borrowings from State Bank and/or a notified Bank	21.19	20.06	18.19
6. Cash	61.06	58.26	53.26
7. Balances with Reserve Bank	104.86	91.50	86.95
8. Cash and balances with Reserve Bank	165.92	159.76	140.21
9. 8 as per cent of 3	6.90	6.67	6.50
10. Balance with other banks in current account	21.58	22.83	20.28
11. Money at call and short notice	68.05	72.31	58.82
12. Investments in Government securities	675.53	674.47	691.26
13. 12 as per cent of 3	28.08	28.16	32.06
14. Advances—			
(a) Loans cash credits and overdrafts	1,537.41	1,544.38	1,303.36
(b) Due from banks	8.74	9.82	9.04
15. Inland bills purchased and discounted	167.03	171.00	157.66
16. Foreign bills purchased and discounted	62.92	64.81	50.95
17. Total Bank Credit [14(a)+14(b)]	1,767.36	1,780.19	1,511.97
18. 17 as per cent of 8	73 47	74 32	70 12

EXCHANGE RATES

	22nd July 1964	15th July 1964
London on New York	2.7882- 2 7884	2.7904 -2.790
London on Berne	12.0530- 12.0550	12.0565-12.058
London on Paris	Fr. Fcs. 13.6630-13 6650	13.6740-13.676
New York on London Cents per £	278.830-278.860	279.040-279.07
Pound Sterling—		
Sellers T.T. D.D. Spot	s. 1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	s. 1-5 15/16	1-5 15/16
Buyers T.T.	s. 1-6 1 32	1-6 1/32
Buyers D.D.	s. 1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D.	Rs. to $100 480.00	479.75
Buyers T.T.	Rs. to $100 476.75	476.25
Canadian DeZare—		
Sellers T.T. D.D.	Rs. to $100 446.50	445.50
Buyers T.T.	" 438.75	437.50
French Francs—		
Sellers T.T. D.D.	per Rs. 100 102.00	102.00
Buyers T.T	" 103.00	103.10
Swiss Francs—		
Sellers T.T. D.D.	" 89.90	89.90
Buyers T.T.	" 90.90	90.90
Deutsche Marks—		
Sellers T.T. D.D.	" 82 60	82.70
Buyers T.T.	" 83.60	83.60
Italian Lire—		
Sellers T.T. D.D.	" 12,980	12,990
Buyers T.T.	" 13,150	13 165
Swedish Kroner—		
Sellers T.T. D.D.	" 106.90	107.10
Buyers T.T.	" 108.00	108.20
Belgian Francs—		
Sellers T.T. D.D.	" 1,032	1,034
Buyers T.T.	" 1,048	1,050
Dutch Guilders—		
Sellers T.T. D.D.	" 75.20	75.20
Buyers T.T.	" 76.00	76.10
Hongkong Dollars—		
Sellers T.T. D.D.	" 119.60	119.60
Buyers T.T.	" 120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D.	" 149.00	149.10
Buyers T.T.	" 150.40	150.40
Danish Kroner—		
Sellers T.T. D.D.	" 144 00	144 00
Buyers T.T.	" 145.40	145.40

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended 11th July 1964	4th July 1964	13th June 1964	13th July 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99 8	99 8	99 8	98 9
2. Government of India	99 6	99 6	99 5	98 6
3. State Governments	102 1	102 1	102 0	101 3
4. Municipal, Port Trust, etc.	98 9	98 9	98 9	98 8
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.2	98 1	97.8	97.3
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.1	81.1	81.1	81.8
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	165.3	165.1	166.9	162 2
8. *Agriculture and Allied Activities: Total*	142 1	140 4	142 9	142 2
9. Tea Plantations	129 2	126 6	130 6	131 4
10. Coffee Plantations	163 1	163 3	163 1	147 0
11. Rubber Plantations	183 2	182 1	181 4	158 9
12. *Mining and Quarrying: Total*	138 4	136 3	134 1	148 4
13. Coal	94 7	94 9	95 3	167 6
14. Other Mining	165.1	164.7	160 7	171 4
15. *Processing and Manufacturing: Total*	178.5	178.4	172.8	174.3
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	176 0	175.9	170 5	176 0
17. Sugar	127 2	126 4	122 5	124 7
18. Cotton Textiles	160 7	161.1	156 2	162 1
19. Jute Textiles	84 1	84 5	85 1	96 8
20. Silk and Woollen	868.3	867.8	802 0	835 4
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total*	198 5	195 4	187.4	184 7
22. Iron and Steel	166 8	165.0	156 2	152 8
23. Transport Equipment	319 6	317 0	308 6	321 4
24. Electrical Machinery	158 3	155.7	150 4	146 7
25. Machinery other than Transport and Electrical	222 7	222.4	215 5	214 2
26 Basic Industrial Chemicals	184.7	185.9	175 0	170.1
27 *Processing and Mfg. (Others): Total*†	152 9	154 2	152 3	149 7
28. Cement	144 3	144 8	143 7	140 9
29. Paper	194 3	198 1	194 6	187 6
30. *Other Industries: Total*†	109 4	103.3	108.8	104 9
31. Electricity Generation and Supply	89.5	89 3	88 3	85 9
32. Trading	109.5	110 6	109 0	107 6
33. Shipping and Other Transport	98 2	97 3	93 6	84 7
34. Construction	297 2	296 4	278 2	261 3
35. *Financial: Total*	187 2	187 4	184 5	184 5
36. Banks	208 6	208 4	203 4	200 8
37. Insurance	154 3	156 2	159 3	166 5
38. Investment Trusts	77 5	78 3	79 5	81 5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	176 3	175.7	168 2	170 2
40. Calcutta	150 6	150 6	148 7	149 8
41. Madras	170 6	170 5	169 3	171 0
42. Delhi	226.8	226.6	219 1	209 2

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	20th June 1964	13th June 1964	22nd June 1963	March 1964	March 1963	Percentage of Increase (+) or Decrease (—) in March 1964 as compared with March 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	154.7	153 2R	136 3	142.1	123.4	+15.2	136.8	128.1
Cereals	192	135 2	133.4	118 2	128 6	102.0	+21.2	116.3	105 6
Pulses	43	143 9	140 1R	109 6	133 9	99 0	+34.0	115 4	105 2
Fruits and Vegetables	28	179 1	182 9R	137 3	162 9	133 4	+22.1	140.8	135 6
Milk and Ghee	84	141 0	140 9	134 8	133 0	124.8	+6.6	133.3	124 4R
Edible Oils	47	188 4	182 4	152.3	160 0	141 8	+12.8	151.1	152 3
Fish, Eggs and Meat	17	166 3	165 6	145 7	152 7R	137 5	+11.1	149.8	148 6R
Sugar and Gur	48	194 9	193.7	190 2	173 0	147 5	+17.3	168.8	145 0
Others	50	178 1*	176.9*	179 5*	175.7	172 9	+1.6	179 3	171 8
Liquor and Tobacco	21	122 1	121 0	119 3	119 0	114.2	+4.2	118.8	100 9R
Fuel, Power, Light and Lubricants	30	141 8	141 7	139 9	141.7	137 7	+4.0	116 8	97.4R
Industrial Raw Materials	155	154	153.9R	138 9	144.8	135 2	+7.2	139.5	136.5
Fibres	61	138 8	134 3	133 2	135.7	133 5	+1.6	133.2	128.8
Oilseeds	60	188 8	185 5R	153.5	162 9R	143 0	+13 9	154.1	151.4
Minerals	2	103 7*	103.7*	93 4*	98	93.4	+5.0	92 8	93 6
Others	32	130 3*	130 7	125 4*	131 5R	126 6	+3 9	127.3	125 8
Manufacture	290	133 4	133 1R	130 4	132 8	129 6	+2.5	131.1	128 9R
Intermediate Products	41	147.7	147 C	138.8	144.7	136.2	+2 4	139.8	138 5
Finished Products	249	131 0	130 8R	128 6	130 8	128 2	+2.0	129.7	127.1
Cotton	147	127.5	127 2R	126 9	129 6	125 6	+3.2	127.7	126 1
Jute	..	135.8*	135 3*	135 4*	136.7	127 0	+7.6	135 6	130.7
Woollen	..	99 1	97 3	100 2	98.7	102.1	—3 3	100.2	110 9
Silk and Rayon	..	148 7*	148 7*	142.7*	142.4	124 6	+14 0	136.3	140.4
Metal Products	..	139 6*	139 6*	136 4*	143 3	138 8	+3 2	139.3	131 9
Chemicals	13	169 8	168 9	161.8	165.1	161.6	+2.5	163.1	160.1
Oil Cakes	20	115 7*	119 5*	117.4*	120.2	117 3	+2.5	117.9	116.5
Machinery and Transport Equipment	9	188 1	186 4	167 2*	178 5	167 2	+6.8	165.7	160 9
Others	21	126 6	126 9	122 5	125.6	122 5	+2.5	124.3	117 6R
	80	127.4	127.8	128.2	127.4	127 4	+0 5	128.2	125.8
All Commodities	1,000	142.8	142.8R	136.2	138.4	129.6	+6.8	136.2	128.4

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	March		April to March* (Twelve months)	
	1963	1964	1963-64	1964-65‡
Exports	68,97§	63,56	762,89§	678,15
Re-exports	19	56	3,96	7,34
Total Exports	69 16	64,12	766,85	685,49
Imports	90,24‡	89,03	1,143,60‡	1,131,48
Overall Balance of Trade	—27,08	—24,91	—376,75	—445,99
Exports—Items:				
Tea	5,93	7,72	123,19	128,82
Coffee	65	37	8,30	7,61
Sugar	2,90	2,34	26,87	17,93
Jute yarns and manufactures	15,04	14,54	157,43	156,17
Cotton yarns and manufactures	5,77	4,72	56,28	52,13
Cotton, raw and waste	1,63	1,80	16,84	17,04
Petroleum products	27	45	5,47	3,68
Vegetable oils	1,67	2,31	19,75	13,10
Fruits and vegetables	2,64	2,74	29,69	26,66
Tobacco—Raw	1,89	3,20	21,01	17,99
Mica	60	81	9,20	10,36
Wool and other animal hair	90	17	7,43	6,60
Gums, resins and lac	88	76	8,33	7,28
Spices	1,74	1,39	15,82	13,78
Leather & leather manufactures	2,27	2,12	26,38	22,62
Hides and skins, raw	1,24	1,19	10,11	10,89
Cashew kernels	1,99	1,93	21,41	19,36
Pepper (black)	76	73	5,89	6,57
Manganese ore	99	71	8,26	7,38
Iron and steel scrap	56	32	4,91	1,95
Iron ore and concentrates	4,24	1 98	36,38	19,83
Sewing machines	..	6	24	44
Electric fans	3	29	90	90
Groundnut oil	1,11	1,77	13,45	7,83
Castor oil	34	51	4,80	4,29
Defatted groundnut meal	4,11	3,35	30,47	26,52
Country-wise Exports—				
Australia	1,16	1,32	17,59	18,54
Burma	94	32	6,31	5,01
Canada	1,91	2,23	21,17	22,19
Ceylon	2,05	1,01	19,15	13,56
Czechoslovakia	2,08	1,14	16,16	11,14
France	80	93	8,86	8,50
East Germany	98	47	10,08	8,48
West Germany	1,42	1,61	18,60	15,17
Italy	85	1,07	11,16	9,48
Indonesia	34	81	2,41	4,05
Japan	6,18	4,48	58,65	33,37
Kuwait	61	41	4,07	3,91
Federation of Malaya	52	74	12,75	6,65
New Zealand	50	43	7,26	6,25
Netherlands	96	72	10,43	8,88
Nigeria	40	37	3,78	5,15
Pakistan	61	78	7,17	9,38
Singapore	61	85	71,30	9,37
Sudan	44	47	7,84	8,66
U.A.R.	1,74	1,59	12,57	13,01
United Kingdom	11,14	13,06	160,71	162,24
U.S.A.	12,35	10,15	158,32	113,81
U.S.S.R.	6,98	3,91	52,10	37,99
Imports—Items:				
Machinery†	33,23	26,98	360,81	315 33
Iron and Steel	8,85	6,43	89,64	89,01
Copper	2,62	1,54	26,86	25,28
Aluminium	72	68	6,37	10,53
Zinc	62	53	9,86	9,02
Tin	39	26	6,40	5 11
Lead	22	28	3,35	2,69
Nickel	6	8	1,78	1,49
Chemicals, drugs and medicines	6,62	7,34	88,40	100,52
Electrical goods and apparatus	7,15	6,65	83,48	64,78
Vehicles (excluding aircraft, ships and boats)	2,90	3,73	45,38	54,61
Aircraft	4,91	2,26	11,70	15,66
Ships and boats	11	6	3,66	1,78
Cotton, raw and waste	5 95	3 79	48,90	54,92
Fruits and vegetables	2,72	2,09	18 59	18 5
Paper, pasteboard, etc.	79	1,17	13,86	13 64
Dyes and colours	68	96	8,04	12 15
Spices	7	10	1,70	1,77
Rice	64	1,49	20,40	27,01
Wheat and spelt	6,08	8,87	102,86	113 09
Country-wise Imports—				
Australia	1,41	1,19	17,22	24 28
Burma	53	62	8,99	9,09
Canada	1,24	24,16	16 87	16,63
Ceylon	86	70	9 01	8 18
Czechoslovakia	2,91	2,62	17 34	19,71
France	1,13	99	13 86	14 20
East Germany	1,16	62	9,74	7,82
West Germany	6,43	8,59	88,67	98,66
Italy	1,52	1,34	16,18	22,21
Japan	5,11	6,01	62,63	64,86
Iran	4,41	1,18	47,90	45 88
Federation of Malaya	45	1,06	12,09	10,71
New Zealand	3	40	1,42	1 83
Netherlands	61	1,11	11,44	13,82
Norway	6	14	1,00	1,78
Pakistan	2,69	93	9,36	16 65
Singapore	42	37	5,31	5,11
Sudan	68	70	8 62	17 11
Sweden	92	68	11 7	8 55
Switzerland	88	98	12 0	10 42
U.A.R.	1,40	2,10	11,66	9 77
United Kingdom	14,35	17,26	164 89	185,56
U.S.A.	30,80	24,28	390,24	346,84
U.S.S.R.	5,66	3,62	63,99	58,64

* Revised figures.

† Including electric goods.

‡ Excludes imports by land from Nepal valued at Rs. 55 lakhs for March 1964 and Rs. 5.39 crores for the whole of 1963-64.

§ Excludes overland exports to Nepal valued at Rs. 11.57 crores for the whole of 1963-64 and postal exports of pearls, precious stones etc. valued at Rs. 15.69 crores for the whole of 1963-64.

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees)			Average rate of discount	Rate of allotment in full
	Offered	Applied for	Allotted	Per cent.	Rs.
1964					
5th to 8th Feb. *	0.78	—	0.78	—	99.436
11th February	2.00	2.00	2.00	2.340	99.415
12th to 14th Feb.*	1 00	—	1.00	—	99.431
18th February	2.00	2.02	2.00	2.340	99.415
19th to 22nd Feb.*	0.20	—	0.20	—	99.431
25th February	2.00	2.03	2.00	2.350	99.415
26th to 29th Feb.*	0.60	—	0.60	—	99.431
3rd March	2.00	2.00	2.00	2.360	99.410
4th to 7th Mar.*	1 33	—	1.33	—	99.426
10th March	2.00	2.12	2.00	2.360	99.410
11th to 14th Mar.*	0.21	—	0.21	—	99.426
17th March	2.00	2.00	2.00	2.500	99.375
24th March	2.00	2.00	2.00	2.750	99.310
25th to 28th Mar.*	0.10	—	0.10	—	99.331
31st March	2.00	2.00	2.00	3.000	99.250
1st to 4th April*	0 01	—	0.01	—	99.266
7th April	2.00	2.00	2.00	3.000	99.250
13th April	2.00	2.00	2.00	3.000	99.250
21st April	2.00	2.00	2.00	3.000	99.250
14th to 18th April*	2.33	—	2.33	—	99.266
28th April	2.00	2.00	2.00	3.000	99.250
22nd to 25th April*	0.40	—	0.40	—	99.266
5th May	2.00	2.00	2.00	3.000	99.250
29th Apr. to 2nd May*	0.80	—	0.80	—	99.266
Total amount outstanding	33.76	—	33.76	—	

INDUSTRIAL PRODUCTION

Industries.		1960	1961	1962	1963	Nov., 1963	Dec., 1963	Dec., 1962
Major Industries—								
Coal	million metric tons	52.62	56.19	61.55	66.91	5.50	5.67	5.83
Steel Ingots—crude	thousand metric tons	3,242	4,027	5,090	5,966	483	509	505
Yarn	,, million kgs.	738	862	950	893	78	82	74
Cloth	,, million metres	4,616	4,694	4,480	4,423	375	392	377
Cement	thousand metric tons	7,835	8,245	8,587	9,355	782	877	869
Jute	thousand metric tons	1,085	971	1,181	1,236	104	107	104
Paper and paper boards	thousand quintals	3,475	3,541	3,876	4,626	409	413	369
Matches*	million gross boxes	32.6	38.4	28.8	28.6	2.2	2.4	2.4
Sugar	thousand metric tons	2,591	2,841	2,786	2,316	257	523	452
Engineering and Electrical Industries—								
Machine tools	Value in lakhs of Rs.	602	761	1,074	1,706	162	159	112
Electric lamps	,, millions	41.39	46.90	58.55	70 36	5.75	6.07	5.57
Dry cells	,, millions	207.4	213.6	240 0	280.1	21.2	19.5	23 6
Power transformers	thousand K.V.A.	1,116	1,754	2,357	2,638	212	252	217
Electric Motors	,, thousand H.P.	680	827	983	1,180	103	109	103
Electric fans	,, Nos.	991,200	1,074,000	1,134,000	1,143,200	75,100	85,800	108,200
Radio receivers	,, Nos.	256,700	326,340	348,000	418,400	34,100	44,000	36,300
Storage batteries	,, Nos.	510,000	520,800	564,000	688,800	59,500	64,100	55,500
Diesel engines—Vehicular	,, Nos.	9,708	9,816	7,620	8,837	799	876	722
Diesel engines—Stationary	,, Nos.	44,196	44,196	42,672	55,692	4,381	5,456	4,539
Chemical Industries—								
Salt	,, million metric tons	3.43	3.48	3.86	4.54	0.16	0 12	0.13
Caustic soda	,, metric tons	99,144	119,844	127,420	153,283	13,714	15,329	11,996
Soda ash	,, metric tons	145,284	176,639	222,660	266,961	22,847	25,515	22,014
Chlorine liquid	,, metric tons	31,656	23 912	36,972	44,234	4,416	4,539	3,401
Bleaching powder	,, metric tons	5,925	7,125	6,823	6,969	566	588	576
Bichromates	,, metric tons	5,472	6,732	7,045	6,923	529	660	696
Sulphuric acid	,, metric tons	359,400	413,520	468,300	563,236	52,000	51,050	45,718
Superphosphate	,, metric tons	322,464	370,936	445,224	573,903	56,782	51,537	44,763
Non-ferrous Metals—								
Aluminium	,, metric tons	18,467	18,381	35,404	53,885	4,708	4,949	4,688
Antimony	,, metric tons	809	618	661	909	80	82	75
Copper (virgin metal)	,, metric tons	5,992	5,726	9,781	9,593	895	865	860
Lead (virgin metal)	,, metric tons	3,778	3,654	2,849	3,537	274	323	260
Gold	,, kilograms	4,992	4,872	5,076	4,300	317	346	396
Miscellaneous (Minor) Industries—								
Sewing Machines	,, Nos.	297,288	307,404	343,824	341,440	31,325	7,890	29,252
Bicycles	,, Nos.	1,050,096	1,040,592	1,115,916	1,183,220	105,402	112,000	82,661
Automobiles	,, Nos.	51 660	54,312	57,816	52,197	5,407	6,265	4,792
Plywood—Tea chests	thousand sq. metres	9,120	9,108	9,132	9,925	873	878	758
Plywood—Commercial	thousand sq. metres	6,024	6,564	7,356	9,636	877	892	666
†Woollen manufactures { Worsted Fabrics / Worsted Yarn	thousand metres / ,, thousand Kgs.	13,980 / 12,588	13,200 / 14,760	18,288 / 18,012	20,412 / 22,728	1,764 / 1,842	1,483 / 1,907	1,453 / 1,891
Alcohol—Industrial	,, million litres	70.57	92.84	110.82	136 08	8 87	12.0	12.00
Alcohol—Power Absolute	,, million litres	49.32	53.77	50.22	27 60	0 08	0.15	4 39
Railway Wagons	,, Nos.	7,476	19,536	13,932	18,960	1,439	1,845	1,550
General Index—(Base 1956=100 Revised)		129.8	139.3	149.8	164.2	174 5	174.8	162.1

* Matches—Boxes of 60 sticks each upto February, 1961 and of 50 sticks thereafter.

‡ Includes figures for Jammu and Kashmir.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1949=100)

	All-India	Bombay*	Ahmedabad†	Sholapur§	Kanpur †	Nagpur	Calcutta †	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur†	Jabalpur	Bangalore†
1960 Average	124	429	109	257	100	136	100	148	130	167	108	100	100	100
1961 ,,	126	431	102	262	101	131	101	146	127	113	106	101	111	105
1962 ,,	130	444	104	281	105	137	107	152	130	115	102	103	131	108
Feb. 1963 ,,	129	437	104	401	104	131	107	150	130	110	110	104	132	108
March ,,	130	438	105	370	105	129	110	149	129	111	111	107	128	109
April ,,	131	437	108	367	106	132	112	149	132	115	112	109	128	109
May ,,	132	440	106	368	107	133	112	150	132	117	111	108	128	110
June ,,	134	446	107	376	109	138	112	150	132	117	110	109	134	113
July ,,	135	448	108	381	110	143	112	151	133	121	111	110	135	112
August ,,	136	449	108	374	110	144	113	151	134	124	109	109	141	112
September ,,	137	454	109	377	112	146	116	152	136	124	109	109	143	113
October ,,	138	453	109	371	112	146	119	151	136	122	112	109	143	114
November ,,	138	454	110	378	112	147	116	153	138	124	112	109	143	114
December ,,	140	483‡	111	379	113	147	116	157	140	125	113	110	145	115
January 1964 ,,	140	485‡	111	388	115	150	111	157	140	125	115	108	152	118
February ,,	142	488‡	115	417	122	159	111	157	145	126	113	108	158	117
March ,,	143	496‡	116	417	124	156	115	158	145	124	119	112	159	117
April ,,	144	497‡	..	422	..	..	..	..	..	124	124	..	157	..
May ,,	..	499‡	..	449	..	..	..	..	..	..	..	..	..	..

* June 1954=100. §Jan. 1928=100. †Base: 1960=100. ‡ The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base: 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Raw Cotton	Raw Jute	Ground-nut	Spices and condiments	Coal	Jute manufactures	Cotton manufactures	Iron & Steel Manufactures
1958-57	97	88	122	123	71	165	104	95	100	90	111	126	111	97	116	95	116	131
1960-61	108	90	122	130	87	206	118	127	126	111	112	210	146	128	141	131	125	147
1961-62	109	91	112	122	88	196	117	114	99	109	102	176	145	146	148	122	126	148
1962-63	111	90	130	124	89	175	122	121	105	94	113	147	146	141	151	122	126	148
1963-64	125	99	116	132	100	196	133	139	218	112	119	148	144	158	161	100	136	160
April 1963	117	88	109	119	87	..	136	138	177	110	119	149	136	154	161	100	135	161
October ,,	132	94	110	129	96	195	135	139	261	112	114	147	157	161	161	101	136	163
November ,,	130	97	112	133	101	192	127	139	216	111	117	147	136	157	161	100	136	163
December ,,	122	106	114	139	110	192	126	145	210	115	118	148	136	154	161	98	136	163
January 1964 ,,	122	112	123	139	113	192	126	145	205	116	120	149	136	160	161	100	136	163
February ,,	121	121	130	144	120	193	130	145	198	116	121	150	147	160	161	100	136	163
March ,,	122	121	134	146	123	180	138	145	189	112	120	151	153	164	165	99	137	167
April ,,	125	116	137	149	116	..	139	145	184	112	121	151	155	162	166	99	137	169

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,787	1,591	887	192	52	16	116	15	138	401	86	317	35	79
1961-62	9,879	1,706	808	115	40	14	128	13	180	399	51	366	36	79
1962-63	10 607	1,824	782	125	43	14	140	15	143	435	54	433	38	75
1963-64	11,354	2,080	913	136	41	13	143	12	124	413	57	493	30	65
Jan., 1963	8,700	1,580	657	99	30	11	127	11	115	317	43	392	32	62
Feb., ,,	9,617	1,741	722	110	35	13	140	13	130	349	49	390	32	69
March ,,	10,628	1,924	792	125	43	14	150	15	143	385	54	433	32	75
June ,,	2,717	509	236	35	13	3	31	3	39	98	14	113	8	14
July ,,	3,546	657	314	44	15	4	25	4	50	139	19	155	2	20
Aug., ,,	4,561	866	377	52	16	5	41	5	60	163	24	196	11	24
Sept., ,,	5,461	1,040	446	59	18	7	56	5	71	193	28	237	16	29
Oct., ,,	6,406	1,225	516	69	19	8	70	6	78	230	33	280	21	34
Nov., ,,	7,354	1,401	583	81	21	9	91	7	85	265	38	323	26	39
Dec., ,,	8,355	1,578	676	97	25	9	101	9	93	304	42	366	28	46
Jan., 1964 ,,	9,366	1,747	754	110	31	10	123	10	108	338	46	400	29	51
Feb., ,,	10,335	1,910	832	122	36	12	134	11	112	375	52	449	30	57
Mar., ,,	11,354	2,080	913	136	41	13	143	12	124	413	57	493	30	65

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source:*—Ministry of Railways.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year Ratio-nalising Certificates	Post Office Savings Bank Deposits		10-Year National Plan Certificates D	Post Office Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% G	15-Year Annuity Certificates G	Total	
	Outstandings	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Outstandings	*	Outstandings	Outstandings	Outstandings	Receipts	Receipts	Outstandings	Outstandings II
1959-60	1,57	8.14	98,95	221,68	209,59	268,10	19,79	—41,36	50	31	41,68	10,64	21,76	66	2,91	304,83	680,35
1960-61	1,26	2,46	31,35	285,74	256,64	313,10	18,84	—42,01	1,70	93	88,80	16,14	37,34	69	3,38	338,02	785,84
1961-62	89	1,88	65,47	347,96	250,64	348,85	17,91	—42,45	3,96	1,61	97,53	16,79	53,35	49	3,38	364,12	878,81
1962-63	62	1,39	48,16	367,55	244,86	365,50	16,91	—42,65	7,57	3,60	20,58	7,52	60,70	50	3,83	364,22	948,42
April 1963	60	1,35	46,68	364,82	20,48	353,89	16,77	—42,75	12,61	6,18	14,47	..	60,08	41	3,83	364,22	948,42
June ,,	57	1,26	43,80	360,64	18,64	350,44	16,61	—42,69	8,84	4,00	16,93	..	60,66	3	3,83	361,15	955,25
July ,,	54	1,22	42,25	358,58	21,37	354,40	16,51	—42,71	9,31	4,22	18,20	..	60,57	2	3,82	29,06	960,84
Aug. ,,	54	1,15	40,93	356,62	18,33	357,13	16,41	—42,72	9,76	4,45	17,64	..	60,50	2	3,81	84,27	972,91
Sept. ,,	53	1,11	39,62	354,83	18,21	359,81	16,15	—42,71	10,20	4,64	17,10	..	60,44	4	3,88	28,79	991,95
Oct. ,,	50	1,06	38,14	352,70	19,84	361,99	16,06	—42,74	10,64	4,93	16,67	..	60,43	3	3,88	29,19	991,92
Nov. ,,	47	1,03	36,84	351,14	18,72	363,58	15,97	—42,74	11,05	5,18	16,23	..	60,39	4	3,84	30,33	1,000,12
Dec. ,,	46	1,00	35,45	349,36	19,61	365,65	16,09	—42,75	11,51	5,42	15,89	..	60,37	3	3,86	29,86	1,009,29
Jan. 1964 ,,	46	1,00	35,44	349,24	20,36	367,21	16,08	—42,75	11,85	5,64	15,50	..	60,32	4	3,87	31,99	1,017,96
Feb. ,,	44	1,00	34,85	347,79	20,70	368,43	16,04	—42,74	12,18	5,90	14,87	..	60,22	4	3,87	31,99	1,030,18
Mar. ,,	42	95	32,78	346,16	33,44	380,01	15,96	—42,75	12,61	6,18	14,47	..	60,08	5	3,88	31,66	1,038,55
April ,,	..	..	..	..	..	..	..	..	..	..	14,13	..	60,02	5	3,92	..	52,831,1,063,75

Note.—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities: repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Including Defence Savings Banks Deposits upto 1954-55. F—No sales from June 1, 1957. G—Issued from June 1, 1957. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings amount to Rs. 20.22 crores. Fifteen-year Cumulative Time Deposits commenced from June 1962—the outstandings at the end of March, 1964 amount to Rs. 62 lakhs. Twelve-year National Defence Savings Certificates commenced from 16th November 1962 and the outstandings at the end of Mar., 1964 amount to Rs. 62 lakhs. Twelve-year Ten-year Defence Deposit Certificates were issued from 10th November 1962—the outstandings at the end of Mar., 1964 amount to Rs. 160.51 crores. Premium Prize Bonds were issued from 1st January 1963 and outstandings at the end of Mar., 1964 amount to Rs. 81.65 crores. Five-year A new series of Premium Prize Bonds, 1964 was issued since 1st January 1964.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Cotton Receipts (Total Indian)	Week ended 16th July, 1964	16,432(J)
	Corresponding week, 1963	8,140(J)
	1st Sept. to 16th July, 1963-64	1,463,380*
	Corresponding period, 1962-63	1,682,216*
Exports by Rail	From 1st Sept. to 16th July, 1963-64	38,375 A
Exports by Road (Estimated)	Do. Do.	72,000
Exports by Sea	Do. Do.	..
Mill Consumption (Estimated)	1st Sept. to 16th July, 1963-64	1,215,324
	Corresponding period, 1962-63	1,148,953
Stock (with exporters dealers and mills) in Bombay (Estimated).	On 16th July 1964	527,152
	Corresponding date, 1963	507,754

Indian Mills cotton consumption from 1st Sept. to 30th April (In Bales of 180 Kilograms)	1963-64	1962-63
Indian	3,667,963	3,072,047
Pakistan	5,452	102,695
American (including Peruvians)	190,567	268,809
Egyptian	102,622	76,292
Sudan	84,307	157,977
East African	27,566	52,122
Others	4,123	9,852
Total	4,082,600	3,739,794

Consumption of Cotton—			
Indian	April, 1964	470,316	
Foreign		50,319	
Indian	Eight months ended April 1964	3,667,963	
Foreign		414,637	
Indian	Same period, 1963	3,072,047	
Foreign		667,747	
Stocks (Mills and Elsewhere)—			
Indian	As on 30th April, 1964	1,943,999	
Foreign		297,062	
Indian	As on 30th April 1963	1,709,588	
Foreign		186,347	

Exports by Sea to Foreign Countries (a) (In bales of 180 kilograms)	Week ended 16th July 1964	Week ended 16th July 1963	From 1st September to 16th July 1963-64	From 1st September to 16th July 1962-63
U. K.	—	—	4,993	4,137
Continent	—	—	26,146	25,538
Hong Kong	—	—	4,303	7,001
Japan	1,572	4,148	148,764	193,601
U.S.A.	100	—	17,305	12,613
Other countries	188	—	1,872	1,167
Total—all foreign countries.	1,860	4,148	203,383	244,057

Cotton Pressed in India† (In running bales)		(Bales of 392 lbs.)
	Week ended 3rd July 1964	..
	Corresponding week, 1963	44,966
	1st Sept. to 3rd July, 1963-64	3,690,197
	Corresponding period, 1962-63	4,239,210
Karachi (Pakistan) Receipts	1st Sept. to 2nd July, 1963-64	1,514,254
	Corresponding period, 1962-63	1,362,245
Exports	1st Sept. to 2nd July, 1963-64	1,117,160
	Corresponding period, 1962-63	1,044,245

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. A—Adjusted. —Not received. (a) Includes Zoda cotton and yellow pickings.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Fg. Loan	1943	110,11,78,000	1966-68	98 20
3 % Dev. Loan	1945	115,05,82,000	1970-75	90 40
2½% Loan	1946	14,77,48,000	1976	83 00
3½% N.P. Bonds (2nd Series)	1955	153,67,92,000	1965	100.10
3½% N. P. Bonds	1956	197,40,92,000	1967	99.90
3½% Loan	1956	86,63,53,000	1974	96.75
3½% N. P. Bonds (4th Series)	1957	56,99,30,000	1967	100 05
4 % Loan	1957	154,70,22,000	1972	90 00
3½% Loan	1958	156,64,22,000	1968	99.95

Notices

ZENITH STEEL PIPES LIMITED

Registered Office:

"Moti Mahal", Churchgate Reclamation
Bombay 1

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE Fourth Annual General Meeting of the Shareholders of Zenith Steel Pipes Limited will be held at "Industry House," 159, Churchgate Reclamation, Bombay-1, on Friday, the 21st August 1964, at 4-30 p.m., to transact the following business:—

(1) To consider and adopt the Directors' Report, the audited Balance Sheet and the audited Profit and Loss Account for the year ended 30th April, 1964.

(2) To declare a dividend.

(3) To appoint a Director in place of Shri K. M. Premchand, who retires by rotation and, being eligible, offers himself for re-appointment.

(4) To appoint a Director in place of Shri S. G. Nevatia, who retires by rotation and, being eligible, offers himself for re-appointment.

(5) To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS:

(6) To appoint a Director in place of Shri A. V. Birla, who was appointed as additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his re-appointment as a Director.

(7) To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Section 293 (1) (e) of the Companies Act, 1956, the Board of Directors be and is hereby authorised to contribute and/or subscribe on behalf of the Company in any financial year to charitable and other funds not directly relating to the business of the Company or to the welfare of its employees (excluding any contributions to any political party or for any political purpose to any individual or body as provided for in Section 293A of the Act) in excess of the limit prescribed by the said Section 293 (1) (e) but so that the aggregate of the contributions in excess of the said limit shall not exceed the sum of Rs. 1,00,000 (Rupees one lakh) in any year."

(8) To consider and, if thought fit, to pass, with or without modification, the following Resolution as Special Resolution:

"RESOLVED that Article 56 of the Articles of Association of the Company dealing with 'Fee on Transfer' be amended by adding the following proviso to the existing Article: Provided that the Directors may at any time in their absolute discretion waive payment of the fee aforesaid for transfer or transmission of shares."

For and on behalf of the Board,

S. G. NEVATIA,
Director.

BOMBAY, *6th July*, 1964.

Notes:

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

(2) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of items 6 to 8 is being posted to Shareholders along with notice.

(3) NOTICE IS HEREBY ALSO GIVEN UNDER SECTION 154 OF COMPANIES ACT, 1956, THAT THE REGISTERS OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 3RD AUGUST, 1964 TO 21ST AUGUST, 1964, BOTH DAYS INCLUSIVE.

(4) The dividend when sanctioned will be made payable at the United Commercial Bank Limited, Dadabhoy Naoroji Road, Bombay-1, from 26th August, 1964 to those shareholders whose names stand on the Register on 21st August, 1964, to whom dividend warrants will be posted.

THE INDIAN IRON AND STEEL COMPANY, LIMITED

NOTICE

AT A MEETING OF THE BOARD OF Directors held today the Directors have recommended in respect of the Ordinary Share Capital payment of a dividend for the year ended 31st March, 1964, of Rs. 1/60 per share together with a special cash bonus of 10 paise per share, making a total distribution of Rs. 1/70 per share subject to deduction of tax in accordance with the provisions of the Income Tax Act. This distribution awaits sanction by the shareholders at the Annual General Meeting to be convened for Tuesday, the 8th September, 1964.

The net profit after provision of Rs. 4,40,25,006 for depreciation, Rs. 3,87,00,000 for taxation and net transfer of Rs. 5,35,17,685 to Appropriation Reserves is Rs. 2,29,04,228. For the previous year the net profit was Rs. 1,91,87,975 after provision of Rs. 3,40,18,269 for depreciation, Rs. 356,00,000 for taxation and net transfer of Rs. 3,64,01,226 to Appropriation Reserves.

The Ordinary Share Register and Transfer Books of the Company, as already announced, will be closed from the 1st to the 22nd August 1964, both dates inclusive, and the dividend and cash bonus if sanctioned will be paid on or after the 9th September 1964 to those shareholders whose names appear on the Register of Members on the 22nd August, 1964.

By Order of the Board,

MARTIN BURN LIMITED,
F. G. LIVERSEDGE,
Managing Director,
Managing Agents.

Registered Office:
12, MISSION ROW, CALCUTTA, 1.
17th July, 1964.

HOWRAH MILLS COMPANY, LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE one hundred and thirty-ninth Annual General Meeting of the Members of the above-named Company will be held at the registered office of the Company, No. 4, Clive Row, Calcutta-1, on Friday, the 21st day of August, 1964 at 12.15 p.m. for the following purposes:—

1) To receive and consider the Audited Accounts for the year ended 31st March, 1964, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.

2) To confirm interim dividends already paid and to declare final dividends.

3) To appoint a Director in place of one retiring.

4) To appoint Auditors and to fix their remuneration.

NOTICE is also given that the Share Transfer Books of the Company will be closed from 7th August, 1964 to 21st August 1964, both days inclusive.

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

By Order of the Board,

JARDINE HENDERSON, LTD.,
(Sd.) C. EVANS,
Secretary.
Managing Agent.

4, CLIVE ROW,
CALCUTTA-1.
17th July, 1964.

Note: The dividends, if approved, will be payable on and after 7th September, 1964 to those members whose names are registered in the books of the Company on 21st August, 1964.

BANKING

(*Concluded from page* 142)

ended June 1964. The borrowing is, however, in the nature of temporary accommodation repayable by the end of the year. It has also been able to attract deposits aggregating Rs. 13 lakhs, of which Rs. 10 lakhs have been provided by a scheduled bank and the balance by a local authority. Refinance will also be obtained from the Refinance Corporation for Industry.

The most disturbing feature of the Corporation's working has been the increase in arrears. The total outstanding as at the end of March 1964 amounted to Rs. 26.76 lakhs, principal accounting for Rs. 18.59 lakhs and interest for Rs. 8.17 lakhs. The Board does not view this with anxiety in view of the underdeveloped conditions of Assam and the various handicaps faced by the entrepreneurs. Nevertheless, it has decided to take legal steps against at least 15 concerns.

MADHYA PRADESH FINANCIAL CORPORATION

The Chairman of the Madhya Pradesh Financial Corporation has been forthright in enumerating the difficulties created for it by the State Government. The acute financial stringency as a result of shortage of resources has adversely affected the policy of "quick sanctions and early disbursements" followed by the Corporation. During the year ended March 1964, the Corporation could sanction only 28 applications for Rs. 47 lakhs, as against 77 applications for Rs. 275 lakhs in the previous year. Although the number of applications received was less than in the previous year, the loan operations of the Corporation had to be restricted largely due to lack of funds owing to circumstances beyond its control. The position at the end of last year (with 92 per cent of its resources already lent out) was a shade easier than a year before when 98 per cent of resources were lent out, but these high proportions reflect the urgent need for augmenting the resources of the Corporation.

It is not clear why the Government of Madhya Pradesh has refused to give its gurantee for flotation of bonds worth Rs. one crore; the total amount borrowed by the Corporation so far through bond issues is Rs. 55 lakhs, which is much less than what many other Corporations have obtained and there is considerable scope for increasing its resources in this direction. It is to be hoped that, during the current year, the Corporation will not only be able to persuade the Government to give gurantee to its bond-issues but also obtain exemption from paying stamp duty in its bond issues which absorbed more than Rs. 1.5 lakh last year. By borrowing Rs. 56 lakhs from the Reserve Bank, the Corporation has nearly reached the limit of this temporary borrowing facility, and the State Government can no longer overlook the need for increasing the resources of the Corporation.

Although the disbursements of loan during 1963-64 were lower and administration charges higher, the Corporation has been able to increase its net profit (subject to taxation) from Rs. 4.19 lakhs to Rs. 4.79 lakhs. After transferring Rs. 72,000 to statury and special Reserve Funds and providing Rs. 2.80 lakhs for taxation, only Rs. 1.27 lakh is available for distribution of the guaranteed dividend amounting to Rs. 3.50 lakhs. The State Government has to meet the balance of Rs. 2.23 lakhs by way of subvention, bringing the total subvention liability of the Corporation to the Government to over Rs. 15 lakhs.

BANK PROFITS

Central Bank of India

The profit (subject to audit) of the Central Bank of India Ltd. for the half-year ended 30th June 1964 has risen by 9.7 per cent to Rs. 98.54 lakhs as compared with the corresponding half of last year. An interim dividend of Rs. 2.40 per share, subject to tax, or 19.2 per cent per annum has been proposed. Since the new right shares issued in 1964 will also be eligible for a *pro rata* dividend for the two months May and June and in view of the provision of Rs. 1.401 in respect of final dividend for 1962 and interim and final dividends for 1963 to the former shareholders of Jodhpur Commercial Bank Ltd. who received the shares of the Central Bank, the interim dividend absorption is slightly higher at Rs. 30.35 lakhs as against Rs. 30.28 lakhs for the first half of 1963. The balance of profit, together with the surplus of Rs. 91.510 brought in from 1963, brings the total to Rs. 69.09 lakhs (subject to tax) which has been carried forward to the next half-year.

Bank of India

The working results of the Bank of India Ltd. for the half-year ended 30th June 1964 show a higher profit (subject to tax) of Rs. 55.95 lakhs, as compared with Rs. 47.01 lakhs for the corresponding half of 1963. Together with the Rs. 4.20 lakhs brought in from last year's account, the total comes to Rs. 60.15 lakhs. The Directors have maintained the interim dividend at 16 per cent per annum or Rs. 4 per share, subject to deduction of tax, which will absorb Rs. 32.40 lakhs. The balance of Rs. 27.75 lakhs has been carried forward to the next half-year.

Indian Bank

The Indian Bank Ltd. has reported a slightly higher net profit of Rs. 10.39 lakhs for the half-year ended 30th June 1964 as against Rs. 9 lakhs for the corresponding half of 1963. The Directors have recommended an interim dividend of 7½ per cent (including a bonus of 2 per cent) as against 7 per cent (including a bonus of 2.5 per cent) distributed for the first half of 1963. In view of higher interim dividend, the total absorption is larger at Rs. 6.63 lakhs, a rise of Rs. 41,000 as compared with the same period in 1963. A sum of Rs. 2.08 lakhs has been transferred to the reserve fund. The balance of Rs. 1.66 lakh and the surplus of Rs. 1.62 lakh brought in from the previous account have been carried forward.

COMMERCE

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

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INDIAN LABOUR CONFERENCE

THE alarming price situation dominated the deliberations at the twenty-second session of the Indian Labour Conference held at Bangalore this week, although the subject was not on the agenda. This is not surprising, for it is the persistent rising trend of prices, more than anything else, that is agitating the minds of everybody. All official spokesmen, labour leaders and employer-representatives who participated in the discussions at the session expressed utmost concern over the steep rise in prices, albeit for different reasons. The official spokesmen sought to emphasise the fact that, if prices were not held in check, the pace of economic development would be slowed down considerably; the labour leaders pointed to the miseries of workers; and the employer-representatives struck the note of warning that a continuous upward pressure of prices, by inflating production costs, would adversely affect the interests of workers, as well as the consuming public at large. The Conference as such did not, of course, give any clear-cut indication as to how the problem of prices could be solved to the satisfaction of all. But it did serve to highlight the important point, that, since the price question was a national problem having many ramifications, both workers and employers should desist from seeing problems in terms of immediate gain or loss to either sector. Mr. D. Sanjivayya, Union Minister for Labour and Employment, did well, therefore, to urge, in his presidential address at the Conference, that the workers, in particular, should not be tempted to take a shortsighted view of things. It is possible that the workers, in their anxiety over the severe strain caused by rising prices, may lend their ears to any advice of despair and that there may be people to give such advice. But desperate remedies, as Mr. Sanjivayya rightly remarked, do not solve the problem; acting in panic or in anger will certainly not take us out of our troubles.

In the short run, prices can be held under manageable limits, if the food distribution problem is handled properly, if there is a substantial pruning of non-development and highly unproductive expenditure, and if the heavy incidence of taxes on consumer goods is reduced straightaway. But, from the long-term point of view, the solution to the problem of high prices lies in a determined bid to maintain production at as high a level as possible. The rate of industrial output can certainly be stepped up provided conditions are congenial for utilising the capacities of industries more intensively than at present. One such condition is harmony in industrial relations. The Industrial Truce Resolution, solemnly adopted by the representatives of the central organisations of workers and employers in November 1962 in the wake of the Chinese aggression, called for, among others, the total elimination of work stoppages and mutual settlement of disputes. Thanks to the encouraging—though not fully encouraging—response to the Resolution, there was a welcome decline in the number of man-days lost during the calendar year 1963, the actual number being 3.27 million, as against 6.10 million in 1962. It is, however, depressing that this happy trend has lately been reversed. Even incomplete returns which Mr. Sanjivayya cited in his speech show that, during the first five months of 1964 alone, over 2.59 million man-days were lost as a result of work stoppages.

Not a day passes without threats of direct action from workers in some industry or other. Describing direct action (in the sense of work stoppage) as absolutely illogical in the present situation, the Labour Minister observed: "What we need today and now is an ampler flow of goods, and I cannot for a moment understand how prices can be brought down by stopping the wheels of production." Holding up production, he went on to say, would cause great hardship and suffering not only to workers but to all other sections of the community. He, therefore, pleaded with labour that resort to work stoppages must be avoided by all means. A great responsibility is cast on trade union leaders, for it is their word that always influences workers. These leaders, whatever be their political ideology or economic belief, ought to remember that workers alone are not passing through stress and strain; all others, too, are subjected to the same stress and strain. The situation is bad enough and resort to work stoppages will only make it worse. It is deplorable that one of the labour leaders, Mr. N. Srikantan Nair, should have threatened that workers "are going to take direct action, emergency or no emergency."

Mr. Sanjivayya's exhortation to labour not to entertain any advice of despair is quite wholesome and pertinent. And his plea to employers to give a fair deal to labour and always act in the true spirit of the Code of Discipline is not unwarranted. Only one wonders if Mr. Sanjivayya, before he made this plea, had cared to find out whether things had been going on smoothly in the public sector undertakings. As between the private and public sector undertakings, it is the record of the latter that is not so satisfactory as that of the former. How else is one to explain the acute labour unrest that has frequently been witnessed in recent years in several public sector undertakings, notably the Rourkela steel plant, the Bhopal Heavy Electricals, the Barauni refinery, the Hindustan Antibiotics at Pimpri and, presently, the Sindri Fertiliser Factory which has been locked out? Generally speaking, the public sector enterprises have neither given a fair deal to labour—how many of them have so far linked dearness allowance to cost of living or declared bonus for their employees or set up suitable machinery for redressing workers' grievances?—nor acted in the true spirit of the Code of Discipline. In regard to arbitration, too, these enterprises do not seem to have made any headway, notwithstanding all the persuasions by those who are in charge of the Union Labour Ministry. In fact, their record in the matter of implementation of labour laws, in general, and resort to arbitration, in particular, is not, we say it again, enviable; if anything, it compares unfavourably with that of the private sector. It is, therefore, refreshing to find that Mr. Sanjivayya, unlike his predecessor, Mr. Nanda, who always sought to lay the blame at the doors of employers in the private sector, has urged the public sector enterprises to function as model employers. Here is what he is reported to have said while presiding over the meeting of heads of public sector undertakings at Bangalore on Monday this week:

"The public sector has to conduct itself as a progressive employer serving as a model for the private sector in the matter of application of labour laws. The public sector managements should, therefore, discharge their responsibility better than what is expected of employers in the private sector. It is necessary to ensure that workers' grievances are attended to and redressed promptly. There is no point in permitting tensions to poison the atmosphere which often affects production adversely. Managements in the public sector undertakings should set up a suitable procedure for dealing with workers' grievances in consultation with the workers' organisations. To assist them, the Union Ministry of Labour and Employment has circulated a model procedure."

This plain speaking by Mr. Sanjivayya is, indeed, commendable. One of the cardinal principles accepted by the Indian Labour Conference is that no distinction shall be made between private and public sectors in the application of labour laws. Public sector enterprises are, therefore, legally and morally bound to implement faithfully all labour laws.

Whether it is a public sector undertaking or a private sector enterprise, labour disputes arise often on the question of dearness allowance (D.A.). In the Bangalore Conference, the workers' representatives demanded the immediate linking of D.A. to cost of living index. Few will dispute the need for adjusting D.A. to living costs in a suitable manner. But it is absurd to urge, as some did in the Conference, a hundred per cent neutralisation of rise in cost of living. It is sheer common sense that, unless the supply of goods available is sufficiently large, the mere pouring in of more money by way of enhanced D.A. will not help workers at all. Such a remedy, as Mr. Sanjivayya stated, may prove worse than the disease and it may very well accelerate the spiral of rising prices. That the Government should have the matter thoroughly examined before deciding on this question was impressively brought out by Mr. Naval Tata, President of the Employers' Federation of India. Different industries have different systems of paying D.A. and, naturally, workers in some industries who get a lower D.A. as compared with their counterparts in other industries, sometimes even in the same locality or region, always nourish an ill-feeling. Mr. Tata was wholly in the right when he said that the decision had to be taken on an *all-India basis.*

Besides uniformity in paying D.A. to workers, there is the need for ensuring the correctness of the cost of living indices. The need is stressed because of the defects discovered in the old series. Viewed thus, the statement of Mr. Sanjivayya that every effort is being made to construct and publish the all-India new series of index numbers with 1960 as base which will give "full satisfaction to everybody" is certainly reassuring. Incidentally, some are inclined to lay greater stress on measures other than increase in D.A. in order to reduce the impact of high prices on workers. A specific measure that has actually been adopted relates to the scheme for the establishment of employer-sponsored fair-price shops or co-operatives for industrial workers. Although the idea behind the scheme is laudable, it has not been implemented in right earnest, as the scheme, several

Contents

	PAGE
LEADING ARTICLES—	
Indian Labour Conference	169
Roadways *vs.* Railways	170
MARKET GOSSIP	171
TREND OF SHARES	172
THIS WEEK'S SURVEY	174-175
SPECIAL FEATURES—	
Delhi Letter	176
London Letter	176
Britain to Start the Spiral?	177
Business News from Europe	178-179
Manchester Letter	183
Depreciation on Business Buildings—II	188-189
Efficiency of Calcutta Port	189
Productivity in World Oil Industry ...	192
Food and Population Growth	198
Should U.K. Bank Rate Be Raised? ...	212
CHAIRMEN'S SPEECHES—	
Oil India Ltd	185
Tata Engineering and Locomotive Co., Ltd.	190-191
Apollo Mills Ltd.	198
BANKING	180
INSURANCE	181
TEXTILES	182
PLANTING	184
ENGINEERING	186
NEW PRODUCTS AND PROCESSES	187
COMMERCE AND INDUSTRY	193
COMPANY MATTERS	194-196
NEWS IN BRIEF AND PERSONAL	197
TREND OF MARKETS	199-201
MISCELLANEOUS STATISTICAL INFORMATION	202-204
STOCK AND SHARE QUOTATIONS	205-211
WEEK'S STOCK EXCHANGE TREND ...	212

ing to Mr. Tata, covers at present only 30 per cent of workers. The scheme can be made to operate more comprehensively and effectively, provided the fair price shops run by factories are assured of regular and adequate supplies of commodities at reasonable prices and the workers are prompted to avail themselves fully of this facility.

In the case of bonus, too, the decision taken should be on an all-India basis covering both public and private sectors. All trade unions participating in the Conference demanded immediate implementation of the Bonus Commission's recommendations. The anxiety of labour to see something final about the bonus question is understandable. But the formula for bonus evolved by the Commission is defective in several respects. It is unnecessary to dilate on this issue, as it has been discussed in detail in our first editorial in *Commerce* dated 15th February 1964. Suffice it to say that the bonus formula is excessively weighted in favour of employees and that its cumulative effect on the growth of investments in the private sector will be adverse. It is not too late even now to get the Bonus Commission's recommendations suitably modified by a tripartite body.

An important item on the agenda before the Labour Conference pertains to the legislation for granting of sick leave and casual leave to factory workers. The Punjab Government has prepared a Bill providing for paid casual leave and sick leave to workers. The proposal, according to the Union Home Ministry, may lead to some complications in relation to the working of the Employees' State Insurance Scheme and the Plantations Labour Act, 1951. Moreover, the proposal will impose an additional burden on the employers in the Punjab who will then be at a disadvantage as compared with employers in other States where no such legislation is contemplated. The Union Labour Ministry will do well, therefore, to persuade the Punjab Government to wait till a uniform legislation applicable to the whole country is thought of. The employers and workers can certainly agree to give a definite direction to the Government in regard to such legislation.

Another important item on the agenda of the Bangalore Conference relates to what is familiarly known as the Pay Roll Savings Scheme. The Scheme envisages a voluntary arrangement between employers and employees to facilitate regular investment of the savings of employees in small savings securities and accounts. Deductions for the purpose of making such investments are made by employers from the wages of their employees with their consent. Although this Scheme has been in operation for quite some time now—it was approved at the seventeenth session of the Labour Conference—the progress actually made has not been as encouraging as one would wish. The amount of collections per month under the Scheme is no more than Rs. 35 lakhs—the membership, too, is just 645,000—which represents an insignificant part of the aggregate wage disbursements of industrial establishments. The slow progress is apparently because of the fact that the savings potential of workers has thinned considerably due to price inflation. If price inflation is tackled in right earnest, there is no reason why the Pay Roll Savings Scheme will not get due support from workers.

ROADWAYS *Vs.* RAILWAYS

THERE can be no gainsaying the fact that one of the outstanding achievements of planning in India is the progress registered in road construction and improvement. The figures show that the mileage of surfaced roads rose from 98,000 in 1950-51 to 155,000 in 1962-63 and of unsurfaced roads from 151,000 to 235,000. It is confidently expected that the total length of surfaced roads in particular will increase to 172,000 miles by the end of the current Plan. In terms of annual expenditure, which is another measure of progress in this field, road building and maintenance will have absorbed upwards of Rs. 100 crores in 1964-65, as compared with a mere Rs. 18 crores in 1951-52. All this progress, impressive as it is, has still fallen short of the comparatively modest targets recommended in the 20-year (1961-81) Road Development Plan of the Chief Engineers. For instance, even the revised third Plan outlay of about Rs. 420 crores on road development is very much below the minimum of Rs. 590 crores recommended in the Chief Engineers' Plan for the period 1961-66. Incidentally, it is this inadequate allocation that limits the crust quality, width and capacity of roads and bridges and condemns the transport industry to the use of vehicles of uneconomic load capacity. The fact that this country has only 12 miles of surfaced roads per 100 square miles of area, as compared with underdeveloped Ceylon's 39 miles, may be noted in this connection. Quite apart from this quality aspect of road development, which is crucial to efficient lorry transport, there is the aspect of sheer quantity in terms of aggregate requirements of roads of any kind. Here, again, there is a long way to go before even the modest objective of bringing the villages in developed and agricultural areas within four miles from metalled roads or one-and-a-half miles from any type of road can be achieved.

Truly, in a country of the size of India, where many parts are inadequately served by roads and tens of thousands of villages lack the basic road links, the requirements of road building are enormous. And yet, as Mr. Asoka Mehta, Deputy Chairman of the Planning Commission, said recently, "one must underline the vital role that can and must be played by road transport in locating and developing those hundred or two-hundred growth-centres in the hinterland that can serve as counter magnets to bring to the surface and retain the energy of persons who today are drawn to major cities where alone the opportunities seem to exist." But in emphasising the supreme importance of developing a connected network of national highways, State highways, district roads and village roads, Mr. Mehta has not been oblivious of the limitations arising from scarcities of materials and construction equipment. So, even if the limitation of financial resources is removed, there will still be the limitation of physical resources unless, of course, the indigenous manufacture of construction materials and equipment is stepped up and more economical techniques of road building and maintenance are evolved and applied.

The financial aspect is, of course, most important. It is, however, something of a disappointment to find that the Transport Development Council, which met at Srinagar last week-end, has endorsed the relevant working group's recommendation for an outlay of only Rs. 1,150 crores on road development during the fourth Plan period. Although this allocation is higher than the Rs. 1,065 crores recommended in the Chief Engineers' Plan for the 1966-71 period, it is less than what is strictly required, that is, Rs. 1,250 crores (Rs. 1,065 crores *plus* Rs. 185 crores of third Plan's investment backlog), even in terms of that Plan. And it is much less than what the Indian Roads and Transport Development Association has considered necessary. The Association's estimate, in this connection, is Rs. 1,700 crores. That investment of this order would be quite necessary and justifiable is the emphatic view expressed by the Association as follows:

"Since the formulation of the 20-year Road Plan six years ago, revenues from road transport have already increased far beyond the estimates of the authors of that Plan. The revenue in 1963-64 is 61 per cent higher than that mentioned by the Plan. During the third Plan, road transport will be yielding a revenue of over Rs. 1,000 crores; so even an allocation of Rs. 590 crores will leave Rs. 260 crores for general revenues after providing Rs. 150 crores for road maintenance. Again, during the fourth Plan, revenues can be expected to increase by at least 70 per cent over the Chief Engineers' estimates. Even assuming conservatively that the increase is no more than 65 per cent, that is, Rs. 1,980 crores, as against the Chief Engineers' estimate of Rs. 1,200 crores, Rs. 1,700 crores should in all fairness be expended on road development in the fourth Plan and the surplus channelised for road maintenance so as to bring roads in this country to the 'take off' stage."

But what is most desirable does not seem to be quite feasible, considering that the planners may have difficulty in accommodating even the recommended outlay of Rs. 1,150 crores in a possible Rs. 18,000-crore fourth Plan which alone, according to the reported view of the Union Finance Minister, could be safely undertaken in the light of foreign aid possibilities. Some readjustment in the proposed allocations for the two principal transport sectors, namely, (i) railways and (ii) roads and road transport, should be possible, if the share of the first can be substantially reduced from the Rs. 2,400 crores currently envisaged. Only, for this, the standing bias in favour of developing the railways further and further would have to be discarded. Otherwise, as Mr. J. R. D. Tata, Chairman of T.E.L.Co., has just stated in his statement to the shareholders of the Company, the Government's railway-dominated thinking would make the prospects of some relief to the road transport industry dim indeed. A somewhat lower outlay on railways and a correspondingly higher outlay on roadways would seem to be quite justified in view of the consideration that road transport is far more efficient than rail. This is how Mr. F. C. Badhwar, a former Chief Commissioner of Railways, himself has spoken of the efficiency of roadways:

"A modern roadway can pass three times, or more, the tonnage of traffic that a railway can handle, due mainly to the latter's handicap of not being permitted to admit more than one train at a time on a block section. Under normal Indian conditions, this limits in practice goods trains on an average block section of approximately four miles to about one per hour. Assuming that each such train carried 1,000 tons of goods, the throughput every 24 hours can be taken as 24,000 tons. On a modern roadway continuous streams of traffic, with insignificant intervals and short unoccupied spaces between load-carrying vehicles, are practical possibilities. For example, 5-ton lorries with 5-ton trailers can follow each other at 10-second intervals in almost uninterrupted streams, as they actually do in many Western countries. This alone means a throughput of the order of 60 tons per minute, or 3,000 tons an hour, or 86,400 tons per day."

But that is not all, for there are other considerations which speak more in favour of roadways than in favour of railways. Firstly, although the capital cost of providing rolling stock is practically the same for roadways and railways, the cost of constructing a broad-gauge railway track, whether in virgin territory or by way of doubling of an existing track, is about Rs. 10 lakhs per mile, as compared with Rs. 3.5 lakhs for a first class two-lane road. The cost of track for railway transport is in fact six times as heavy as that for road transport even on the assumption that the carrying capacity of the road is only twice that of the rail and not thrice, as worked out by Mr. Badhwar. Secondly, the speed of railways is an average of 50 miles per day, while that of roadways is three to six times more. This is a vital consideration, for it means a quickening of the tempo of economic activity and a higher return on capital for industry and commerce. For instance, Hindustan Lever has found that, by using road transport for half their despatches, the additional return on capital is not less than 25 per cent. Thirdly, the railways yield to the exchequer only five per cent on capital. But the return from roads has been worked out as 19 per cent of the cost of road system after meeting maintenance charges. Fourthly, road transport provides seven times as many jobs as railways do for a given quantity of goods moved. And, lastly, as regards operating costs, road transport can operate at the same rate per ton-mile as the railways, given modern vehicles and combinations and modern roads.

In view of these distinct advantages of roadways, the question has been rightly asked whether the country, with its relatively meagre investible resources and its millions of unemployed, can afford to develop unduly the less productive (and less efficient) railways. That a much smaller country like the United Kingdom has just proposed an aggregate public investment of £1,060 million (about Rs. 1,413 crores) in new roads construction and major improvements for the five years from 1965-66 may be usefully noted in this connection. The U.K. road plan, which does not include an estimated £390 million (Rs. 520 crores) of outlay on road maintenance and improvements by local authorities during the period, has earmarked as much as £575 million (Rs. 768 crores) for motorways and trunk roads. While thus Britain, that great pioneer in railways, is turning away from them, it is strange that "railway thinking" continues to dominate official attitude to transport problems in India. As Mr. J. R. D. Tata has said, "India must surely be one of the few countries where such numerous and oppressive barriers continue to be placed in the way of the development of road transport, while railway mileage continues to be expanded at tremendous cost." One hopes that roadways may yet receive a more liberal allocation and that the road planning boards at the Centre and in the States, recommended by the Transport Development Council, would help develop long-term road plans to meet the requirements of a developing economy. If these plans are integrated with the railway plan in a manner that will ensure bulk movement mainly by rail and development of road transport as a secondary supporting service to the railways on long-distance routes, it will be very good indeed. The Planning Commission's Transport Policy and Co-ordination Committee, if reports are to be believed, may well give a new turn to the country's transport policy which has all along had an excessive railway bias.

MARKET GOSSIP

Cheering The Capital Market

IN the present context of the depressed capital market, some of the recommendations made by the Capital Issues Control Advisory Committee, which met in Bombay on Tuesday this week under the chairmanship of Mr. C. L. Mehta, must be widely welcomed. The share markets might not have taken these recommendations with the seriousness they deserve, but there is no doubt that they will, sooner or later, come to appreciate the benefits resulting from their implementation. The recommendations are more or less in line with the suggestions made by the Bombay Shareholders' Association. By far the most interesting is the proposed relaxation in certain cases of the debt-equity ratio (2:1) so as to include deferred payments for acquisition of fixed assets with interest thereon. In India, both shareholders and company managers prefer to take recourse to borrowed finance rather than enlarging the capital base. The ratio is 1:1 in countries like Britain and the U.S., while, in Japan, it is said to be as high as 6:1. The high ratio in Japan is attributed to the peculiar nature of capital existing in that country, but, by and large, the consideration is that debts should not be such as to overburden a company. In India, some feel that it might be more advantageous to borrow from banks, as funds are available at reasonable rates of interest than to incur a permanent liability for dividends.

The markets should also be pleased with the Committee's plea for ending restrictions on transfer of shares (firm allotments) before a period of one year. This is good insofar as it goes, though it may not attract much attention right at present. Gone are the days when new issues were quoted at a premium of 200 per cent even before the lists opened. The Committee has further suggested that the managing brokers should be allowed brokerage (at ½ per cent for equity and preference shares and ¼ per cent for debentures) on new issues, even if the issues are fully underwritten. The relaxation is considered necessary, in view of the present state of the investment market. Even fully underwritten issues need promotional efforts and there have been many instances of managing brokers having burnt their fingers and being obliged to carry in their hands shares which the public would not want. The two other suggestions made by the Committee are: one, issue of participating preference shares should be permitted, provided the dividend does not exceed 11 per cent. Two, there should be no fees, remuneration or charges for transferring an individual licence by the promoter to the company and the expenditure, which is reimbursable, should be audited by the statutory auditors of the company.

Since the meeting of the Committee was attended by four senior officials of the Central Government (Joint Secretary to the Union Ministry of Finance, Controller of Capital Issues, Deputy Secretary in the Finance Ministry and Deputy Controller of Capital Issues), one may presume that its proposals will be accepted by the Government. But the implementation of the proposals alone cannot be expected to give the necessary boost to the capital market. What is urgently needed is a reduction in the burden of corporate taxation, besides removal of certain official restrictions and adoption of rational price policies.

Oilseeds Situation

It is now clear that long years of neglect of oilseeds have compelled the Government to reverse its earlier policies, thereby causing considerable misgivings both at home and abroad over the future outlook for the commodity. From dynamic measures taken only a year ago for stimulating exports of oils, the Government has gone to the other extreme of imposing a total ban on their exports. This has now been followed at the State level by a ban on exports of oils and oilseeds from Gujarat to other States in the Union. As if this is not uncertainty enough in the sphere of oilseeds, the U.P. Government is reported to be considering the question of banning exports of mustard seed from the State. Meanwhile, *vanaspati* units in Delhi, Rajasthan, M.P. and other Northern areas which generally draw their supplies of oil from Gujarat face the prospect of closure. Though the prices of oil have shown some signs of decline in Gujarat, the prices in other centres, as is only to be expected, continue to rule high.

It is evident that neither the ban on forward trading in oilseeds and oils nor the stoppage of exports has been much of a gain to the oilseeds economy. However, all this serves only to raise four fundamental issues. In the first place, what prevented the Government from intelligently anticipating the kind of shortage which has now compelled it to revise all its earlier policies? Secondly, assuming that the ban on exports is necessary, is it right that the ban should embrace even the commitments already entered into by exporters in foreign markets? Thirdly, how far is it appropriate that States should individually choose to impose a ban on exports of commodities to other areas in the country? Fourthly—and this is the most fundamental issue—what does the Government propose to do to place the oilseeds economy on a firm basis?

These questions call for a clear answer in view of the muddle into which the country's oilseeds economy has fallen. Surely, it is not beyond the wit and ingenuity of the Government to have foreseen that genuine shortages in oilseeds would develop. In fact, prices have been rising continually for quite some time now. The index number of edible oils (base 1952-53—100) has risen month after month in the last few months until it has climbed 27 points to over 175 in the last 12 months. Had the Government realised the gravity of the situation earlier, particularly when it knew that the country faced a very poor mustard crop, it could have evolved a simpler and more effective policy for oilseeds than the present unsatisfactory measure in the shape of an omnibus ban on exports. Possibly the Government could have imported soyabean oil from the U.S.—it is now feverishly trying to secure some one lakh tons—and thereby eased the upward pressure on oilseeds prices. It is a pity that it has not occurred to the Government that the total ban on exports disrupts the country's foreign trade and that links once broken cannot be re-forged without some difficulty. After all, no foreign consumer will be happy in dealing with a country which acts in fits and starts and prevents even negotiated contracts from being fulfilled. It is true that the quantum of exports which may suffer through this ban is limited; non-official estimates place it at about 5,000 tons of vegetable oils and 650 tons of *vanaspati*. But this does not alter the fact that it is extremely unwise on the part of the Government to impose a sudden and total ban on exports.

Gujarat's decision is certainly deplorable in that it is bound to choke the normal channels of supply of vegetable oils from that State to its natural markets. But this question has now become part of the wider issue of preserving the economic unity of the country. So long as the zonal system is allowed to impede the movement of foodgrains—Gujarat has been hurt by the zonal restrictions on the movement of wheat and coarse foodgrains—the tendency for each State to conserve its available surplus in particular commodities for the benefit of its own people will increasingly assert itself. Be that as it may, it remains to be seen what long-term effects Gujarat's decision will have on oilseeds and oils. Non-official estimates place the groundnut oil stocks in the State at 23.45 lakh tins, while forward sales to the extent of four lakh tins have been made by millers and commission agents. Gujarat's needs in the next three months—that is, till the new crop arrives in October—are estimated at over 26 lakh tins. Will Gujarat's farmer respond to the call for increased production if he knows that his produce is being singled out for special curbs?

The critical situation on the oilseeds front will still have done some good if it induces the Central and State Governments even now to give top priority to oilseeds production. Nothing is more calculated to bring the Government's agricultural programme into ridicule than the fact that, though we are now in the fourth year of the third Plan, there is no prospect of achievement of the target for oilseeds fixed under the second Plan. It is now believed that the actual achievement under the current Plan is likely to be only of the order of 72 lakh tons, as against the target of 97 lakh tons. The two reasons which have been cited for the failure of the programme for oilseeds is the shortage of superphosphate and the negligible extension of irrigated land to the cultivation of oilseeds. But these reasons cannot wholly explain the shortage of oilseeds.

The fact is there has been a deplorable failure on the part of the State Governments to stimulate the production of oilseeds. Though it is true that oilseeds are generally grown in dry areas where the possibility of improvement in yields is somewhat poor, there is much that could be done through contour bunding and pre-sowing treatment for seeds. The results of the extension programme undertaken by the *vanaspati* industry show what immense scope there is for raising the per-acre yields in groundnut. The industry's experimental efforts have demonstrated that yields could be stepped up considerably through treating seeds with pesticides; in a centre in Maharashtra, it was able to harvest 300 to 345 kgs. of groundnut pods per acre, as against 130 to 175 kgs. per acre in untreated fields. It is now up to the State Governments to do what the industry has done on its own and that, with its admittedly limited resources. They should also examine the scope for growing groundnut as a summer crop in several States, including Andhra Pradesh, Mysore and Maharashtra, and for raising more groundnut as a *kharif* crop in Northern States.

There is urgent need to assess the long-term implications of the shortage of oilseeds to the country's fat economy. It is vital that the available edible sources of fat should be conserved for human consumption and new sources of non-edible fat located for industrial uses. This will relieve the pressure on edible oils by industrial consumers. In particular, as production of soaps rises to meet the growing demand, arising from the increase in population and in the peoples' living standards, the industry's demand for fats will move up to much higher levels than now. Either the industry's fat requirements should be met by imports or new sources of non-edible fat developed speedily. The Indian Oilseeds Committee has surveyed certain areas in Madhya Pradesh where it has been able to locate a potential supply of *mahua* seed to the extent of two lakh tons. Further surveys could possibly yield similar results in other areas. The experimental cultivation of red oil palm in Kerala is believed to have yielded good results. This should induce the authorities to encourage its cultivation on a commercial basis. A far more important source of non-edible fat is rice bran oil and cottonseed extraction which, between themselves, could yield 200,000 tons. It is to be hoped that the Government will bestir itself and take early steps to develop non-edible fat for use by industrial consumers. But this alone is not enough. A much higher priority for oilseeds is necessary in the overall agricultural programmes. And for purposes of agricultural planning, oilseeds deserve to be placed on par with foodgrains, because not only are they the only source of fat for the common people whose diet is woefully deficient in nutritive content but they have an immense export and industrial potential.

Climate For Foreign Capital

The impression that India's investment climate for foreign capital has shown some improvement in recent months is supported by the current trend of thinking in London and Washington alike. Business circles in America appreciate India's earnestness to create a better climate through tax concessions and procedural reforms for attracting foreign investments in a big way. Besides this feeling, which is reflected in American businessmen's emerging interest in fertiliser, petro-chemical and machine building industries, press reactions in the United States are also quite encouraging. A recent despatch from the New Delhi correspondent of the U.S. financial daily *Wall Street Journal*, for instance, has testified to the view that private investment climate in India is improving rapidly and that beneficial results are just flowing from the recent changes in official policies. At present, according to the journal, there are certain important allurements for foreign capital such as: (i) grant of 10 per cent rebate to companies entering key industries and elimination of super-profits tax; (ii) establishment of a high-level committee to speed governmental approval of foreigners' investment proposals; (iii) allowing plant additions of less than $500,000 to be made without Government approval; the previous limit was $250,000; (iv) lifting of price controls on important industrial materials; and (v) introduction of special tax concessions on export earnings of many Indian concerns and establishment of price supports for some exportable goods.

Private foreign investment has so far played a relatively minor role in India's development, the total amount involved being $1,400 million only. The *Wall Street Journal* has quoted a high Indian Government spokesman as saying that the country needs at least $300 million in addition outside private investment yearly, that is, five times the current rate, and that the Government would like to get $300 million from the U.S. alone during the next two years. The *Journal* has concluded by saying: "There are indications, too, that India's new efforts to attract more private capital from abroad are beginning to pay off. In the first quarter of this year, for example, the Indian Government approved 105 new business projects involving foreigners, up from 72 in the last three months of 1963. Eighteen of the new projects involved U.S. concerns, compared with only 12 in the final 1963 quarter."

The American business team, which came to India last April to explore the possibilities for investment, has since conveyed its impressions to over 120 American companies in New York. That their reactions have been sufficiently favourable is indicated by the reported move on the part of some U.S. industrialists to form a consortium to help India in speeding up some of its major industries. In particular, an American consortium of petro-chemical and fertiliser interests is stated to have made an offer to participate in an ambitious scheme of production and distribution of fertilisers. Incidentally, if this offer represents a total fertiliser plan and is reasonably attractive, it will render the quest for individual collaborators unnecessary. But here, as in steel, a more flexible operation of industrial policy may be called for.

How the U.K. investor views the climate in India may also be considered here. According to a spokesman of the Federation of British Industries, India ranks very high, after Canada and Australia, in the list of countries where British businessman and industrialists would like to invest their capital. British businessmen, according to the F.B.I., have full understanding about India's policies and no fears are encountered by them about the socialist policies; they do not apprehend any outright nationalisation of their firms operating in India. A further encouraging feature at present is that even small British firms are evincing interest in India and wish to co-operate with medium and small Indian entrepreneurs. There is also the added appreciation for India's political stability and maturity and British investors, besides feeling secure in this country, are contemplating a huge market for their goods. The only factor, according to the F.B.I., that inhibits the flow of foreign capital into India is a plethora of controls and import restrictions. Of course, these impediments are being got over with the aid of "Kipping loans," under which a part of the aid given by Britain every year to India is being utilised for the import of British components and raw materials for British owned or British assisted industries in this country. The Government of India has been urged, however, to examine the question of excise duties which not only add to the prices of goods but also prevent their exports.

Steel Minister's Clarification

It is most unfortunate that, at a time when the aforesaid favourable view of India's investment climate is gaining currency in the United States and the United Kingdom, the Union Minister for Steel and Mines, Mr. Sanjiva Reddy, has chosen not to canvass Cabinet backing for his sensible view (albeit personal) that foreign capital could be associated with future steel development on the basis of minority participation (*vide* note entitled "Foreign Private Capital for Steel?" in our "Market Gossip" columns last week). Mr. Sanjiva Reddy, it is clear from the press statement issued by him this week, has no hope of imparting a degree of flexibility to the Government's industrial policy, in general, and steel policy, in particular. The following is his authoritative clarification:

"There has been some controversy in the press recently following certain observations made by

(*Continued on next page*)

REND OF SHARES

INTERMITTENT RALLIES

(From Our Own Correspondent)

BOMBAY, 30*th July*

THE trading pattern on stock exchange during the week was again one of irregular movements nder short alternate spells of bull liquidation and nort-covering plus replacement buying. No doubt iere were a few buoyant spots, but the list gene-ally showed small to moderate variations either 'ay. The tendency at the close, however, was istinctly weak. Although bulls were not in a iood to extend their commitments bear operators 'ere not bold either to go decisively short. Inter-ittent rallies were due mainly to short-covering y those operators who were content with a iodest profit.

Over the week, Tata Steel eased slightly to uote at Rs. 154, while Indian Iron was unchanged t Rs. 25.50. By and large, interest in steel shares eemed little and there was nothing for operators to ang on to once the dividends were announced and rough idea of the working became known. It is kely that this section will remain dull until fresh evelopments take place.

In fact, the market as a whole is awaiting new evelopments. The worsening food situation and ie continued reports of hostile operations on the akistani border are still there, but, as factors, ley have been more or less discounted by now. the situation worsens further—God forbid—it is different matter. The market, however, may not ve a definite indication so long as there is no-ling new in the news.

The Government's decision to go ahead with s scheme to control the prices, production and stribution of popular varieties of cloth was a amper on the textiles section. Century and a w others were exceptions. On hopes of a gher interim dividend and a probable bonus sue, Century were bid up on sustained profes-onal buying to Rs. 615, a new high in the recent oward trend, although, on profit-taking, they eased close at Rs. 610, as against Rs. 605 last week. ther shares were better or worse on their own erits, but Standard were taken down from Rs. 632 Rs. 629, while Bombay Dyeing was better at s. 57.80, as against Rs. 57.40. Kohinoor was ightly shaded at Rs. 324.50. Apart from Cen-ury, the star performer in the textiles group was vadeshi which were bid up from the last week's vel of Rs. 247 to Rs. 263 on heavy short-covering id institutional support.

Another notable counter was Belapur, in igars, which were bid up to Rs. 230. The shares ad been neglected for quite some time and their ooting up into the limelight on hopes of good cor-orate results attracted investors' attention. The ares eased to close the week lower at Rs. 225.50, it the rise, as compared with last week's level Rs. 219, was indeed considerable. The under-one continued to be firm and this induced a better one in other sugar shares. Phaltan moved up om Rs. 101 to Rs. 105 at the end of the week. 'alchand from Rs. 150.50 to Rs. 152, while even e normally dull Maharashtra was quoted at s. 139, as against Rs. 136.50 last week-end.

Yet another star performer during the week as National Rayon which on professional support se to Rs. 368.50, though, at the close, the quota-on was down to Rs. 363, a net gain of Rs. 5 over ie week. Support to these shares was said to be a professional nature and from knowledgeable urces. It appears that some professional ope-tors were building up long positions in the hope some relief to the industry to overcome the pre-nt depression. Further, the price level was also id to be attractive for purchases.

Hindustan Motors came in for considerable ng liquidation, as the mere maintenance of the vidend at 11.5 per cent gross came as a big dis-ppointment to a market which was anticipating a se in the dividend. The shares were done down Rs. 17.80, but scattered short-covering induced fractional rally on balance with the scrip clos-g the week at Rs. 17.88, as against Rs. 18.16. remier Auto was also a shade easy at Rs. 101.

Among other shares, Baroda Rayon were ightly easy at Rs. 74.50. Gwalior Rayon and dian Rayon closed the week at Rs. 40.50 and s. 58, respectively. Papers were erratic with rpur fractionally easy at Rs. 11.36, while West ast was a shade better at Rs. 159. Electricity ares were dull, but Ahmedabad attracted some tention at Rs. 100.25. Activity in bank shares as confined to India and Central, whereas, among surances, New India was placed at Rs. 45.50. India was shaded at Rs. 15.20 for want of sup-rt.

The decline on Thursday was particularly in-ced by end-account considerations as well as e possibility of the implementation of the Bonus mel's recommendations. However, the market as still very much above the 27th May levels. r example, Tata Steel was today done at s. 154 (as against Rs. 142.50 on 27th May), Indian on at Rs. 25.50 (Rs. 23.72), Century at Rs. 610 s. 583), Standard at Rs. 629 (Rs. 590) and Sva-shi at Rs. 263 (Rs. 245)). Scindia fetched s. 15.20, as against Rs. 13.84, while Belapur and remier construction are quoted at Rs. 225.50 and s. 183, as against Rs. 198 and Rs. 162, respec-vely. Despite current weakness, Dyestuff was oted at Rs. 263.75, as against Rs. 246.25. tional Rayon was bid at Rs. 363, as against Rs. 342. though jolted rather badly, Hindustan Motors as quoted at Rs. 17.88, as against Rs. 17.32.

During the process of a secondary correction, ares lose about 40 per cent of the gains and, this thesis, it seems that there is still scope for market to ease. Technical analysts say that market is consolidating itself and that it is a trading area. One can only wait and see whe-r some correction is still due or whether the process of consolidation has ended so that the market may push its way further.

A word about Telco. The close was modestly better at Rs. 290 and shareholders felt pleased by the Chairman's statement that, barring unforeseen circumstances, the larger profit that would follow the increase in output should enable the Company to maintain the ordinary dividend. The rate was likely to be maintained even on the capital proposed to be increased by a right issue. Shareholders also appreciated the gesture of the Chairman in proposing to collect the share amount of the new issue in two instalments.

* * * *

At the time of writing, Calcutta was easy, owing to selling in selected counters. Birla Jute was down to Rs. 33.44 and Dunlop Rubber eased to Rs. 32.50. Orient Paper receded to Rs. 34 and Shree Gopal was dull at Rs. 24.94.

* * * *

Madras was dull and very few shares changed hands. Business in plantations was at a low ebb. Mettur Chemicals attracted moderate inquiry and Aluminium Industries and Seshasayee Paper were better.

A NEW INDO-U.S. CHEMICAL VENTURE

The Government of India has approved a joint venture of the M. & T. Chemicals Inc. of New York and the Ronuk Industries Ltd. of Bombay to manufacture and market electroplating compounds and chemicals in India. The new firm is to be known as M. & T.-Ronuk Chemicals Ltd., with head office in Bombay where the Ronuk Industries Ltd. is already operating three plants. Sales will be handled by a subsidiary organisation of Ronuk Industries, Ronuk Sales. Eventually, the new joint venture will export plating products to the South-East Asia market area.

The basic product lines of M. & T.-Ronuk will be self-regulating high speed chromium plating compounds for decorative and hard chrome plating, chromic acid, nickel-plating chemicals and organic rack coatings for electroplating use. In the field of decorative chrome plating, the largest market potential is bicycle manufacturing. More than two-million bicycles are manufactured every year in India. The other large manufacturing markets are motor bikes, automobiles, trucks, business machines and hardware. Plating compounds are also used by the Indian defence industry. Hard chrome plating markets are in the manufacture of dies, pistons, piston rings, and—with a new diesel locomotive manufacturing facility now being built in India—locomotive cylinder liners.

PREMIER CABLE CO., LTD.

The Premier Cable Company Limited, which has obtained an industrial licence to manufacture P.V.C. insulated power cables, is expected to enter the capital market shortly with a public issue of Rs. 52 lakhs, divided into 300,000 equity shares of Rs. 10 each and 22,000 9.3 per cent cumulative redeemable preference shares of Rs. 100 each. The entire issue has been underwritten by the L.I.C., Industrial Finance Corporation of India, Kerala State Industrial Development Corporation and the I.C.I.C.I.

The Company's factory is being put up at Karukutty near Cochin port in Kerala. The construction of building is in progress and the machinery and equipment are expected to arrive by the beginning of next year. The foreign collaborators in the venture are Messrs. VEB Kabelwerk Oberspree of East Germany, one of the leading manufacturers of aluminium conductor cables in Europe. The firm has agreed to supply technical know-how, to supervise the erection and actural running of the factory, and to train Indian personnel. It will be paid only in lump sum for its services.

INDIAN OVERSEAS BANK

The accounts of the Indian Overseas Bank Ltd. for the first half of 1964 disclose a higher net profit (subject to audit) of Rs. 21.99 lakhs as against Rs. 20.76 lakhs for the corresponding period in 1963. The amount brouhgt in from the last year's account is Rs. 1.02 lakh.

MARKET GOSSIP

(Concluded from previous page)

me in the course of an interview granted to the industrial correspondent of a leading newspaper.

"There are no proposals to admit foreign capital participation in the expansion of the steel industry and a discussion of this issue in these circumstances can, therefore, be of academic interest only.

"I wish to make it clear that Government have no intention of deviating from the principles embodied in the industrial policy resolution of 1956. There is, therefore no question of a shift in Government's policy relating to the development of the public sector. I trust that, with this clarification the controversy will cease."

Monopoly In Engineering?

There has been a lot of loose talk about monopoly and concentration of economic power in the private sector, especially after the appointment of the Monopolies Inquiry Commission. The terms of reference of this Commission have, however, not made the meaning of the above concepts clear. But the Engineering Association of India, in its recent memorandum to the Commission, has tried to throw some light on these issues. The Association, at the outset, has stoutly denied the existence of any monopoly prejudicial to public interest in the engineering industry. If there is at all any monopoly in this field, it is in the public sector undertakings, manufacturing telephones, coaches and locomotives. But such public-sector monopoly has not been included in the scope of the Commission's inquiry.

The Association has maintained that, although the term "monopoly" usually denotes a single unit in the market, for purposes of measuring the effects of restrictive trade practices, the concept would have to adopt different standards for different industries, depending on each industry's development and the number of units operating in relation to their production and demand rates. The note has further added that, in a developing country like India, which is aiming at all-round growth, signs of monopoly, even if visible, cannot be called monopolies, as even in such cases imports do take place and gradually, with the rise in demand, more units enter the field.

The Engineering Association has also cautioned the Commission against the likely confusion in distinguishing between a "monopoly" and a "dominant enterprise." The need for the latter, according to the Association, arises in specialised industries which have limited markets and the economy of which necessitates the existence of only a few enterprises. Pointing out the case of automobile and antimony industries which have only a few units, it has emphasised that the factors governing demand, economies of scale, etc., which tend to reduce the number of units, should not be lost sight of. It has also referred to its own survey of 120 engineering industries, in most of which the units working are far too many to allow monopolies to operate. While the steel industry has five big units, with the State itself as a dominant partner, the aluminium industry has four units, the electric fans industry 24 units and the bicycle industry 21 units. The processing industries, on the other hand, have more than 100 units operating in the country.

As regards concentration of economic power, the Association has stated that, with the extensive legislative measures of the Government, it is difficult to believe that it exists in the present set-up. In support of its stand, it has referred to the Industrial Policy Resolution of 1956, Industries (Development and Regulation) Act and the Company Law, all of which have been intended to thwart any such trend of economic concentration in private hands. The Association has requested the Commission to take due note of the redistributive taxation measures adopted by the Government. Above all, the Commission should recognise that the circumstances in the country have not favoured the adoption of restrictive trade devices, for there has been a growing internal market for almost anything that is produced.

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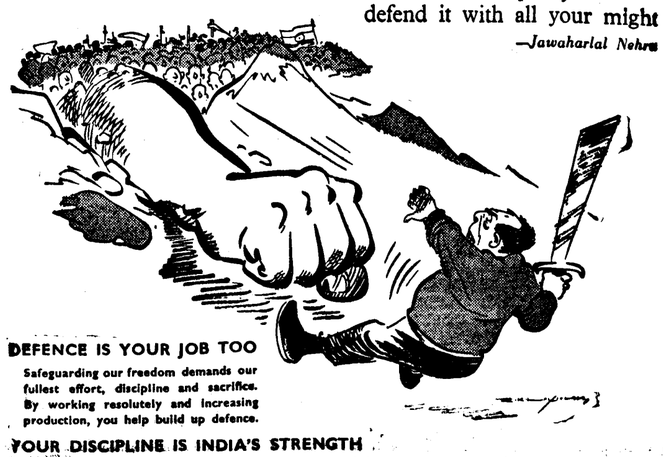

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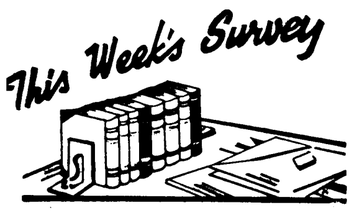

SUGAR POLICY

TWO important pronouncements bearing on the sugar industry were made by Mr. C. Subramaniam, Union Minister for Food and Agriculture, at a Press conference in New Delhi on Monday this week. One pertains to the *de novo* study of the price-distribution-production pattern for sugar and the other to the lifting of the ban on inter-State movement of *gur*. A special committee has been set up, with Dr. Sen of the Planning Commission as Chairman, to recommend, within a month, the aforesaid pattern and to examine the merit of the entire scheme for constituting a Sugar Marketing Board. The pattern suggested by the Committee, it is stated, will come into vogue from the next crushing season, due to begin (officially) on 1st November 1964.

Mr. Subramaniam must have evidently been prompted by the consideration that it would be better to frame the sugar policy on the basis of the findings of a special inquiry committee. A distinct advantage in doing so seems to be that if, by chance, the sugar policy were to fail, the Committee could be used as a scapegoat. That apart, one wonders whether there is any need at all for a special inquiry. This journal is among those who have repeatedly been drawing attention to the factors responsible for the lag in sugar production and indicating the solutions therefor. Only the Governments, Central and State, have not cared to pay heed to these; they have always preferred to play for safety in the context of pressure-tactics of vested interests, especially in the States of Uttar Pradesh and Bihar. It is, however, to be hoped that the report of the Sen Committee at least will pave the way for the formulation of a rational and, what is more important, a consistent sugar policy.

Thanks to the absence of such a policy, the trends in sugar economy have continued to be disquieting to a degree. Despite all the loud talk of encouraging sugar production, the actual output (less than 2.14 million tonnes) in the 1962-63 season was well below the peak level (3.03 million tonnes) touched in 1960-61 and the current season's output of 2.50 million tons, though it is higher than the previous season's is lower than the target of 3.3 million tonnes fixed to be achieved by the Government. While sugar production in the past two seasons has been low, domestic requirements have gone up, due to rise in population and increase in purchasing power, and there are also export commitments. The total closing stock of sugar with factories at present is said to be no more than 650,000 tonnes which is insufficient to meet the demand between now and the time when the new season's sugar becomes available.

The sugar supply position would not have been so tight but for the inability of the mills to utilise their crushing capacity—the capacity has expanded quite markedly in recent years—intensively. This inability is due to the inadequate supplies of cane, as a result of the large-scale diversion to the production of *gur* and *khandsari* which are commanding very high prices. The diversion is bound to be on a much larger scale, now that the ban on inter-State movement of *gur* has been removed and it is proposed to do away with movement restrictions on *khandsari* also. It is a pity that Mr. Subramaniam has fallen a victim to the pressure of *gur* manufacturers backed by the State Governments. If the ban on *gur* movement, as Mr. Subramaniam says, has not worked well, the remedy lies, surely, in enforcing the ban effectively and not in abolishing it.

MORE ON C. D. PROGRAMME

The Annual Conference on Community Development and *Panchayati Raj* held at New Delhi last week, it is gratifying to find, has made several practical recommendations relating to agricultural production. One of these is that "progressive farmers" should be increasingly associated with the local agricultural production plans. Their active association, it is needless to add, would constitute an example for all other farmers who can be brought into the planning process only by stages. Again, the twin idea that the production targets to be specified in the village plan should be those "agreed to by the farmers themselves" and that they should be based on improved agricultural practices "already demonstrated and accepted" is commendable, for any unrealistic production plan imposed from above is bound to be resented and even sabotaged by farmers who are generally more practical-minded. If individualistic farmers are to develop co-operative attitudes and become community-minded, gentle persuasion through a systematic programme of demonstrations, in which the "progressive farmers" take an active part, is the only way open to the C. D. Agency and the agricultural extension service.

Another recommendation made by the Conference is to the effect that those States, which have not so far introduced legislation for making beneficiaries responsible for excavation and maintenance of field channels, should do so expeditiously. This, again, is a salutary recommendation, for one of the factors responsible for the slow utilisation of irrigation facilities in the commanded areas of major and medium projects is the slow pace of construction of field channels. In particular, the idea of using the rural works programme, too, for excavation is quite a good one, for the beneficiaries who are made responsible for the construction of field channels can thereby be assured of some financial assistance from Government sources.

The Conference has also done well to express the opinion that any transfer of minor irrigation works to *panchayats* should be invariably accompanied by the provision of adequate funds for their maintenance. That only three States—Maharashtra, Punjab and Rajasthan—have provided the necessary funds so far is indeed disappointing in this connection. Since the *panchayats*, with their meagre resources, may not be in a position to discharge this necessary function satisfactorily without financial assistance, all the State Governments would do well to take the necessary steps in this regard This is all the more advisable because it is a notorious fact that the maintenance of older minor irrigation sources like tanks and wells has been largely neglected while spending money on newer minor works. Greater attention to this aspect is particularly urgent in the context of the proposed extension of the intensive cultivation programme to more districts. Likewise the proposal to dovetail rural electrification with lift irrigation by according a high priority to the supply of electricity for agricultural purposes deserves to be pursued energetically within the overall limits of power availability. This, incidentally, will give a further fillip to minor irrigation either as a main or as a supplemental source in all villages lying along main transmission lines.

HALDIA PORT PROJECT

The recent acute congestion in the Calcutta Port, which delayed the clearing of even essential items like foodgrains, has further underlined the need for developing the proposed subsidiary port at Haldia with expedition. As this port will be nearer the sea than Calcutta, its establishment will be to the advantage of larger and deeper-draught vessels which are unable to enter the relatively shallow Hooghly now. Moreover, such a stand-by port will also help divert the traffic from Calcutta if the entry to it is blocked by any accidental sinking of a vessel in the river. Industry and trade in the hinterland of Calcutta are, therefore, looking forward to the early construction of this ancillary port. They will be gratified to hear that the first phase of this port project has just been finalised by the Calcutta Port Commissioners in consultation with the Union Ministry of Transport.

The Haldia project report, as finalised now, has been prepared with the help of World Bank technicians and of experts belonging to some major international ports. The Bank's financial and technical assistance, in particular, has been of immense value in the preparation of the Master Plan for the project. It will be recalled, in this connection, that the Bank's mission in 1957 had taken note of the growth potentiality of trade through a port at Haldia because of the rapid industrialisation of about five lakh square miles of Calcutta's hinterland. That the World Bank continues to maintain a sense of urgency about the construction of this new port is even more gratifying in the context of the rather heavy foreign exchange component (Rs. 14 crores) of the Rs. 30-crore project covering the first phase.

The Chairman of the Calcutta Port Commission has just given the cheering news that the construction of the port is to begin in right earnest now with the co-operation of the World Bank. Already arrangements are being made to meet the initial power requirements of the project, and the West Bengal Electricity Board is expected to take the necessary steps for supplying 50 M.W. of electricity by 1970-71. The establishment of this port, according to him, will not come in the way of the development of Paradip port in Orissa. The volume of cargo handled at both the ports will be only complementary. Together these two ports will cater to the growing trade requirements of Eastern India, thereby easing the pressure on the Calcutta port.

Haldia port, when completed, is expected to handle a total traffic of 11-12 million tons, consisting of coal, iron-ore, crude oil, rock-phosphate and other miscellaneous cargo. To cope with this traffic, six mechanised berths are to be provided. The port will be able to handle large bulk carriers, and the overall costs of operation are likely to be much less than at Calcutta. Haldia will also be connected to the main railway system near Kharagpur. With the construction of a pipeline between Barauni and Haldia, additional imports of crude oil for the public-sector refinery can be effected through this port. Oil traffic will be about three to five million tons. Similarly, for the fertiliser factories at Sindri, Durgapur and Barauni, raw phosphate will be imported at this centre. Foodgrains may also figure in the port's imports. As so much is expected of the Haldia port, it is of the utmost importance that the first phase of the project should be completed according to schedule.

SOVIET AGRICULTURE

Despite the devastating drought that hit the major farming belts of the U.S.S.R. last year the Soviet Government procured 2,735 million poods (of 36 lbs. each) of foodgrains, as against 1,900 poods procured a decade back in 1953. During the past two five-year periods the output of grain has recorded an increase of about 77 per cent. Meat products have more than doubled and milk, butter and sugar have increased by 76 per cent, 82 per cent and 230 per cent, respectively. But these figures pertaining to Soviet agricultural growth over the last decade, so proudly quoted by Mr. Khrushchev in his report to the Supreme Soviet the other day, are not quite impressive in the context of a glaring deficiency in food supplies for some time now—a deficiency that has forced that country to import as much as 12 million tons of grain in a single year (1963-64). It is quite patent that, even after making allowance for the loss in output caused by last year's drought the quantum of grain imports is quite large. And that, incidentally, suggests that Soviet production of food, like other consumer goods, has not increased rapidly enough to meet consumer needs and wants fully. It is indeed characteristic of Mr. Khrushchev that he has just bluntly told the Supreme Soviet that before Communists can boast about their "just" system of distribution they "must have something to distribute."

The relative failure on the agricultural front, however, seems to have been a blessing in disguise, for it has compelled the Soviet Government to think in terms of providing greater inputs and incentives for that sector. Mr. Khrushchev's report reveals, in this connection, that a system of measures for the intensification of agriculture and for ensuring stable crops and high productivity of livestock breeding has just been evolved. According to this plan, there will be, firstly, a sharp increase in the output of mineral fertilisers, of chemical means for the protection of plants and of other chemical products for plant growing and livestock breeding. Secondly, it is proposed to intensify the mechanisation of agriculture. Lastly, it is planned to carry out on a large scale the work of irrigation and land reclamation. As these measures will call for vast capital inputs, an amount of 5,400 million roubles has been allocated in the current year, as compared with 900 million roubles spent in 1953.

At the same time, the need for greater incentives to collective farmers has been recognised. Hence the current proposal to introduce a system of pensions and other benefits for collective farmers with effect from 1st January 1965. The draft law, in this connection, envisages an All-Union Fund of Social Maintenance for Collective Farmers to be formed by the contributions of collective farms and by annual appropriations under the State budget. Under this scheme, some 6.5 million collective farmers will have the right to pension. The estimated expenditure on account of these pensions and allowances will come to 1,300-1,400 million roubles annually. There is no doubt that the pension system has been conceived as an indirect incentive to collective farmers who have always displayed greater enthusiasm for individual farming on their tiny kitchen plots and achieved much higher productivity thereon. In fact, Mr. Khrushchev's expectation is that "the introduction of a uniform system of pensions in collective farms will stimulate a new upsurge of creative activity of the workers of countryside in their devoted and dignified struggle for new sucesses in agriculture." Time alone will show whether the Soviet Premier's optimism is justified.

ESSO REFINERY'S FIRST DECADE

The tenth anniversary of the Esso Refinery, celebrated with *eclat* this week at Bombay, has highlighted the immense and varied contribution made by it to India's economic development. One measure of this contribution is to be found in the foreign exchange saving resulting from the Refinery's operations. This saving last year alone was Rs. 11.3 crores, and the total savings since the start-up of the plant in 1954 have come to Rs. 46 crores. All this has been made possible not only by refining crude locally but also by the export of surplus gasoline and asphalt and by the addition of new units for manufacturing products hitherto imported. The associated activities of the Refinery, which has itself more than doubled its initial capacity, have catered to both domestic and foreign markets and contributed their share to the saving (and earning) of foreign exchange.

But that is not all, for the refining company has made yet another contribution by relinquishing duty protection through a much higher level of refining efficiency, increased throughput, better product distribution and the use of lower priced crude.

A broader vista of opportunities may well open out for this refining company if the Government of India can see its way to adopting a more considerate and pragmatic approach to the pending question of expansion. It is indeed distressing that Esso's offer to negotiate a regular industrial licence in place of the refinery agreement of 1951, if the Government would agree to refinery expansion, is yet to be accepted by New Delhi. But it is gratifying to find that at least in the matter of negotiations for a lubricating plant in the vicinity of the Refinery, heads of agreements have been reached for erecting the plant as a joint enterprise of the Government of India and Esso Standard Eastern Inc. This limited achievement, however, can be no consolation either to Esso or to the country, for the bigger issue of expansion remains unresolved, as of today. Since India's consumption of petroleum products is expected to reach 18 million tons by 1966 and 30 million tons by 1970 and the new refineries that are either being built or planned cannot be expected to meet all the increase in demand, there is a sound case for allowing the three private refineries to expand their capacity. The most telling argument, in this connection, is that the investment for the expansion of an existing unit is much less than the investment for the erection of a new plant of the same capacity as is involved in such expansion. Moreover, expansion of existing units can save the country additional foreign exchange in the immediate future. That the Esso Refinery, if given the chance for expansion, will continue to prove itself unequalled in its ability to transform petroleum into creative service for the people of India is the most heartening assurance given by the Company on the occasion of its tenth anniversary.

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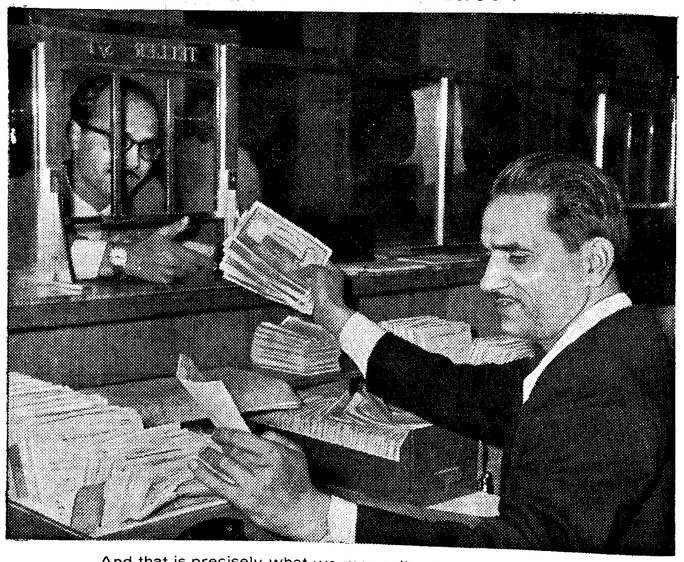

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DELHI LETTER

TOWARDS A NATIONAL FOOD POLICY

DIFFERENCES AMONG MINISTERS PERSIST

From Our Special Correspondent

NEW DELHI, 28th July

A CURRENTLY popular quip about the Shastri administration, which has Congress President Kamaraj operating forcefully in the wings, is that it seeks to evolve a "Government by consensus." It was this factor, according to those who claim inside knowledge, which forced Food Minister Subramaniam to hold himself in check during the State Chief Ministers' Conference which discussed the critical food situation. In framing the broad outlines of his short-term tactics and long-term strategy, which he announced to newspaper correspondents on Monday, Mr. Subramaniam, no doubt, tried to evolve a policy comprising the consensus of various State interests and different Union Ministries concerned, but he has found the interests abounding in the food business are too conflicting to permit a commonly acceptable formula. Mr. Subramaniam has gone ahead with the enunciation of a policy which obviously has the full support of the Prime Minister; it is whispered that the Finance Minister, Mr. T. T. Krishnamachari, and the Congress President are not fully in agreement with the measures announced by the Food Minister. The Home Minister, Mr. Nanda, is reported to fear that the establishment of the Food Trading Corporation means greater scope for corruption which he is sworn to try root out. Mr. Krishnamachari, who told Parliament of his new belief in the need for State trading soon after Mr. Nehru's death, is reported to believe that half-way measures as conceived by the Food Minister may tend to confuse the situation further. A significant expression of doubts on the efficacy of the State trading palliative has come from Mr. R. Venkatraman, Madras Minister, who was Mr. Subramaniam's colleague in the Madras Ministry headed by Mr. Kamaraj. A question being asked is whether Mr. Venkatraman echoes the views of Mr. Kamaraj.

When he announced the elaborate programme on Monday, Mr. Subramaniam took pains to dispel the fears which have been growing more widespread day by day. The Union Minister for Community Development and Co-operation, Mr. S. K. Dey, whose portfolio has come under the general supervision of the Food and Agriculture Minister, raised the worst scare when he told the conference of State Ministers of Community Development and *Panchayati Raj* that he feared extensive rioting, dangerous to democratic Government, if the food situation deteriorated further. Home Minister Nanda also had cautioned senior police officers in conference of the dangers to the law and order situation in the event of the price levels continuing to rise.

Ship-to-Mouth Existence

The Food Minister has tried to present a bold face despite the fact that the revised estimates of food production show that the production in 1963-64 has been even lower than the first estimate of around 81 million tonnes of grains. The estimate now put the total output at 79.4 million tonnes; rice production is still placed at four million tonnes more than the previous season's, but the wheat production is about two million tonnes lower than expected. Mr. Subramaniam has stressed that the total food supplies *available* will be three or four million tonnes more than last year. This increase in availability is *almost solely* to be achieved by heavier unloading of imported grains—nearly 6.5 million tonnes this year. In 1963, the Government issued 4.92 million tonnes of foodgrains from its stocks. The Government releases will thus be one and a half million tonnes more than last year. The Food Minister's claim that the increase in supplies this year may be three or four million tonnes more does not appear to be correct. Six million tonnes are considered to be the highest limit of imports that can be handled in the country. The original estimates, when the third Plan was being framed, was that, for 1964-65, the foodgrain needs would be around 90 million tonnes. The home production plus the six and a half million tonnes of imported grains would make 86 million tonnes at best. This is the quantity theoretically available in the country. The Central Food Ministry will cut its teeth to attack the price problem, probably when the State Trading Corporation is established next year. Until then, the deficit regions may undergo a ship-to-mouth existence, with surplus States going back on promises.

Although the Food Grains Inquiry Committee, headed by Mr. Asoka Mehta, made its report several years ago, this is the first occasion that the Centre is attempting to tackle the food problem with a long-term strategy instead of a piecemeal approach. The Food Grains Inquiry Committee had said: "It should be ordinarily sufficient to undertake open market purchases and sales of foodgrains by the Government as a regular measure, socialise a part of the wholesale trade, exercise control over traders operating in the rest of the market through a system of licences, maintain a sizable reserve stock of wheat and rice, arrange for regular import of a certain quantity of rice and wheat. . . ." The Committee also recommended a Price Stabilisation Board for determining prices of foodgrains and the establishment of a Foodgrains Stabilisation Organisation.

The Planning Commission's Deputy Chairman has repeatedly maintained that the short-term steps for rectifying the price situation are the responsibility of the executive ministries. The Planning Commission, as such, has not entered the food debate in recent days nor has it explained its approach; but when the National Development Council meets, the planners will be expected to go beyond the suggestion to fix the fourth Plan food production target at 120 million tonnes and present an integrated programme.

Points for Consideration

Mr. Shriman Narayan, who handles the food portfolio at Yojana Bhavan, has recently spelled out points for consideration, dealing with problems other than production targets. Mr. Shriman Narayan's suggestions, some of which have already been implemented by Mr. Subramaniam, are:

1. It would not be desirable to follow either a policy of free trade and decontrol or to impose complete rationing and control of foodgrains; we should follow the middle course by regulating the food trade at strategic points, more specially at the wholesale level, and by building up adequate buffer stocks.

2. It should not be necessary for the Government to undertake the purchase of the entire marketed surpluses, as that would cast on the Government the responsibility for feeding the entire urban and semi-urban population;

3. Wholesalers should be permitted to function as licensed dealers who will make purchases on their own behalf and pay specified minimum prices to farmers; while the Government will have a right to acquire the whole or a portion of the stocks from the licensed traders at notified maximum prices the traders will be free to dispose of the remaining stocks to retailers at prices not exceeding these maximum prices.

4. The order enabling the State Governments to fix maximum prices should be enforced strictly and effectively.

5. To build up adequate buffer stocks, the Government should declare purchase prices of foodgrains well before the sowing season and set up an agency for making direct purchases from the producers.

6. To build up sizable buffer stocks, specially in rice, it may become necessary, as an experimental measure to purchase the entire marketable surplus in certain selected districts in surplus States.

7. A Foodgrains Trading Corporation should be established for purchasing and selling grain at specified prices.

8. For sale of foodgrains through fair-price shops, it may be desirable to control distribution through family identity cards.

9. The ultimate pattern of State trading in foodgrains should consist of a system which provides for the collection of farm surpluses through well-organised service co-operatives at the village level and channelling of the surpluses through marketing co-operatives for distribution through consumers' co-operatives.

LONDON LETTER

TROUBLED WATERS

POSTAL STRIKE AND AFTER

(*From Our Special Corrsepondent*)

LONDON, 18th July

(*Delayed in transit*)

THIS has not been a good week for Government or country, although it started off with proper *panache* over a long, detailed and agreed Commonwealth Premiers' *communique*. And then it became known that the African Prime Ministers were very seriously disturbed over the British Premier's failure to take their request for a conference on the Southern Rhodesian constitution seriously and some of the gilt flaked off Sir Alec Douglas-Home's gingerbread. Then there has been the strike of Post Office workers which has affected British communications with all parts of the world and, contrary to anticipations in some quarters that this would harm the Opposition's image, public sympathy has tended to remain with the postmen and the odium has fastened on the Postmaster General and the Chancellor of the Exchequer who, though carrying the main responsibility for sticking out against the postmen's demands, refused to intervene till too late and then with no intention of making any concession.

Postmen have not struck before this century and briefly their demand is for an 8 per cent rise on a pay which has been falling behind that of general industry for eight years. Thus the insistence on a 4 per cent rise was felt to be less than reasonable. Negotiations continue but it looks as if this country's postal services will stay in a poor way for some time.

The stock markets have sagged, after looking all set for making fresh records, partly because of the end-week trade figures, but on the last day because of the crash in one over-popular share. Spectacular crashes of this kind tend to have a depressing effect on the whole market even though there is no direct relationship. However, the malaise on this account is not likely to last above a week. The trade figures could have a more lasting effect—they have already caused sterling to dip as low as possible—especially as the month of June was not expected to be anything like so bad as has turned out. The following table compares the June figures with those for each of the preceding three-month periods:

(£ million)

Monthly averages	*Dec. 1963/ Feb. 1964*	*Mar./May*	*June*
Exports f.o.b. ..	364	373	360
Imports f.o.b. ..	398	403	423
(Imports c.i.f.) ..	(450)	(453)	(473)
Adverse balance ..	34	30	63

This is against a background of a £4-million per month adverse balance in 1963. So June joins the months of January and April as one of phenomenally bad figures. For the calendar year to date the adverse balance has now risen to over £40 million a month.

It will be noticed that the big jump in the adverse balance is due partly to a slump in exports (which dropped £23 million on the month) and as much to another jump in imports (which rose £23 million on the month). Even the President of the Board of Trade had to admit that he found the figures a bit disappointing!

Taking a longer view June exports are one per cent down on the figures for the first quarter, while imports are about 6 per cent up. For the first half of this year exports are still 4 per cent above the 1963 average, while imports are 14 per cent above it. If this is what the President of the Board of Trade calls an upward "underlying trend" which he regards as so important, then it is pertinent to ask which "upward" is he referring to? The fact that exports are upward?, that imports are upward?, that the adverse balance is upward? Surely the responsible Minister might have a more cogent observation to make.

But it seems that the Chancellor of the Exchequer is not really worried. His main worry had been inflation and he clearly has nothing to do about that at present, but he ought to remember that the Government's main claim in seeking re-election is that it has brought the country to and maintained it on a rising curve of prosperity. The export performance

(*Continued on page 201*)

BRITAIN TO START THE SPIRAL?

By Questor

MR. Dillon's plea to European Governments to make more use of fiscal policy and less of monetary policy does not seem to have gone entirely unheard. Interest rates have certainly risen in several European countries, including Britain, in the past few months. But a rise was inevitable, given the inflationary pressures which have emerged and the relative paucity of the economic weapons available to some Governments. It has not been large. It has not, so far, led to the competitive bidding up of rates. And it has not noticeably embarrassed the U.S. Administration. Indeed, the dollar, despite the persistence of the payments deficit, now seems to be over the worst of its troubles.

The strengthening of the dollar has been accompanied, as nearly always, by a weakening of the other reserve currency—sterling. The British balance of payments is in temporary deficit at the moment, as was only to be expected to be as business activity increased. It has long been realised that this deficit would become more apparent as the general election approached and movements of short-term capital became less favourable. The Government declared a long time ago that it would be ready to ride out a temporary deficit by drawing on the gold reserve and on its various lines of international credit, including a $1,000-million standby facility, recently renewed, with the International Monetary Fund and a $500-million swap with the U.S. Treasury.

It would prefer to do this, provided that the economy were free of inflationary tendencies, than to impose fresh restrictions on the growth of demand and jeopardise its attempt to achieve a faster and more even rate of growth. The British gold reserve, like Britain's diplomatic strength, is a good deal less than that of the U.S. But London has been trying to meet a basically similar problem—the combination of sluggish growth with reserve currency obligations—in a basically similar fashion.

Yet it is plain from the behaviour of the money and bond markets during the past couple of weeks that a good many people in London would not be surprised to see the official discount rate raised again—an attitude which is probably responsible for the hardening of the exchange rate. It is a traditional assumption in Britain that the discount rate should move by a full 1 per cent when it is rising, for fear that a mere ½ per cent might merely provoke expectation of the other half.

If the rate were to go up from the present 5 to 6 per cent, there is little doubt that there would be repercussions in other European countries and probably in the U.S. itself. The Government is as little anxious to be responsible for these as to take a step which might blight the present upswing in business investment plans. Why, then, is the possibility of another rise in the discount rate being discussed here quite seriously?

The reason is that the economy seems to be developing in a more complex way than most of the experts expected at the beginning of the year. Although labour is now becoming scarcer and there are bottlenecks in the supply of a few materials, there is no sign at all that the business upswing is getting out of hand.

Industrial production, if one can trust the figures, has remained fairly static, while unemployment has been declining, retail trade is no more than reasonably good, car sales have ceased to rise, small businessmen are not wildly optimistic about the outlook, and there is little evidence of the hoarding of scarce labour and materials which has accompanied previous booms. Wage rates, too, have been rising relatively slowly. Yet the latest trade figures—they have been fluctuating with unusual violence this year—suggest that exports are now rising more slowly and that imports are continuing to rise after the temporary jump caused by the rebuilding of industrial stocks.

If the balance of payments on current account is worsening because of something other than a temporary burst of stockbuilding, it can be argued, Britain ought not to borrow against a run on sterling without taking some action to deal with the situation. On the other hand, since there is no sign yet that domestic demand is excessive, it would be wrong-headed to restrict personal consumption by higher taxes or to cut public or private investment spending. The only sensible course, it follows, is to raise the discount rate—a step which might have a less dampening effect than direct restrictions on the much-needed recovery in investment plans and one which would certainly improve the balance of foreign payments on capital account.

I hope that this line of argument will not prevail. A sudden rise in British interest rates would further upset the international balance, would drive up the general level, and would serve no purpose but to slow down unnecessarily the growth of world output and trade. I agree that direct restrictions on the growth of demand would be much worse. But if Britain's balance of trade is seriously wrong—and the figures are still ambiguous—this shows only that the foreign balance needs more time than expected to adapt itself to a faster rate of growth.

The obvious conclusion, if import restrictions are ruled out, is that we may need to draw on international credit for a longer time and to a greater extent than we expected. Provided that the home economy remains as sound as at present, it is in the interest both of Britain herself and of her trading partners to see that ample credit is made available. The U.S., in particular, has surely learnt from experience that such matters cannot be put right quickly and will now use its strength to procure for Britain the breathing-space it has procured—with obvious success—for itself.

* * * *

THE PROSPEROUS MIDDLE

Nothing makes political economists get hotter under the collar than a discussion about taxation policy. Political and economic considerations often point in opposite directions. Modern democratic Governments, for example, take it for granted that the tax charged to each citizen should be tailored, in some measure, to his ability to pay: £10 or $30 means a great deal more to one than it does to another.

Yet this tailoring has only been possible since the introduction of taxes on income, which are a fairly recent development in most countries. And it is a hard fact that most industrialised countries originally accumulated the capital needed for development—Soviet Russia is no exception—by imposing poll taxes or sales taxes on the mass of the poor who could least afford to pay them and encouraging the enterprising rich to become richer in the public interest. Some countries, in which the social sense is still undeveloped and where there is no great middle class to bridge the gap between rich and poor, still have to rely on indirect taxes to a disproportionate extent.

It was only at the beginning of this century that the idea of matching the tax bill to the taxpayer's means produced the progressive income-tax, which now, particularly in the U.S. and Britain, bears very heavily on large incomes. Whether or not these high rates of tax are an actual disincentive to effort is still debated and the evidence is conflicting, but they are obviously an incentive to legalised tax avoidance.

Quite apart from this, it is clear that the tax system in countries like the U.S. and Britain is not nearly as progressive as liberals tend to assume. When indirect as well as direct taxation is taken into account, the burden does not move smoothly up with income but is disproportionately heavy on the minority extremes, the rich and the poor. The economist, Colin Clark, quotes in a recent book the effect of a proposed change in the Dutch tax structure which the newspapers represented in a diagram: the Dutch public noticed that the curve bulged downwards in the middle, assumed that the civil servants had planned it to meet their own circumstances, nicknamed it 'Civil Service belly' and complained until the bulge was removed.

Dissatisfaction with the extremes of progressive taxation has led to a demand by various U.S. theorists, and endorsed by Senator Barry Goldwater, that the means (capital as well as income?) of each citizen should be taxed in the same proportion. This demand forms a coherent part of a particular conservative philosophy which holds that Governments tend to grow too large and to interfere too much with the liberty of the individual; that administration and taxation should be decentralised as far as possible to create a sense of responsibility in the public spenders; and that the individual sense of involvement in policy will grow keener with the extent to which the individual pocket is directly affected.

This sort of philosophy still attracts many people in Britain. It is not officially supported at present by any of the three political parties—though they advocate different degrees of State interference in different fields—partly because the number of voters whose self-interest coincides with the theory is relatively small, partly because we are a small kingdom rather than a large federation and the scope for decentralising Government is limited, partly because the State is already accepted as playing so large a role in sectors like health and education that a complete return to the free market would be regarded as impossibly eccentric. Yet there is little doubt that the Conservatives, if re-elected, will introduce greater freedom to choose between public and private welfare services; and the modern Labour Party has abandoned the extremes of egalitarianism and is proposing to tax companies more and individual incomes less.

Colin Clark, whose recent book I have already mentioned, propounded the thesis twenty years ago—and received the support of Keynes for it—that when taxation (plus a large Budget deficit) exceeds 25 per cent of net national income, costs and prices are likely to rise as a result within two or three years. The figures he now presents to support his thesis I find unconvincing, since conditions differ so much from one country to another.

If Portugal and South Africa both have low tax rates and a low rate of inflation, and if the reverse is true of Britain and the Scandinavian countries, I tend to believe that the social and political environment, rather than an abstract relation between economic concepts, is the thing to look at; the U.S., after all, has managed to combine a high level of taxation with a remarkable degree of price stability.

But it may be true, in the case of individual countries, that a high level of taxation tends to produce, rather than merely be associated with, rising costs and prices. And many will agree with Colin Clark that Governments, their power swollen either by wartime necessity or political doctrine, tend to assume functions—and raise taxes to pay for them—which are properly the function of the individual.

But those who want to reverse this trend towards 'welfarism' should remember that it is the poor as well as the rich, in the U.S. as well as Britain, who are oppressed by the majority in the middle and who presumably stand in greater need of relief.

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BUSINESS NEWS FROM EUROPE

THE OIL COMPANIES AND NORTH SEA GAS

EUROPEAN CAPITAL MARKETS BEGIN TO GROW

THE major oil companies stand to lose most from the discovery of natural gas in the North Sea. But they are in fact remarkably sanguine about the results of a successful search. This is because the possibility of finding oil at the same time remains high. But it is also because the oil companies themselves are pioneering much of the drilling work. At the same time, the companies know that they are unlikely to be abandoned completely by Governments. Oil now plays a very considerable part in the economies of most European States and it is inconceivable that any Government would allow cheap gas, if it is found, to undermine the position of the petroleum companies—not without a period of transition anyway.

Although the Dutch mainland and German North Sea gas field is known to be the second largest in the world, and may even be the largest (reserves around 40 million cu. ft. have been mentioned), it is matched by a steadily increasing demand for energy in Europe. World energy has doubled between 1946 and 1963 and is expected to double again by 1980. The place for oil in this expansion—with or without natural gas—is considerable.

What might in fact hit the oil companies, it is thought, would be the discovery of very large supplies of oil in the North Sea as well as gas. There is already a more-than-buoyant oil supply in the world and the difficulty has been in regulating output and prices as new supplies have been found. Big discoveries off Europe would only add to the problems. The most serious effect that large supplies of natural gas would have are thought to be on the hydro-electric producers—particularly Norway, but to a lesser extent Italy as well. Norway, thanks to large natural resources, has one of the largest supplies of cheap electric power in the world. This power has enabled it to build a number of energy-intensive industries that would probably not otherwise have gravitated to the country. These include aluminium, paper, iron and steel, rayon and chemicals. But as Norway produces more power than it needs there is also a considerable, and valuable, export market in power. Indeed, there is room for a lot more expansion in the economy as the hydro-electric industry is still underdeveloped. Economic advance depends on utilising this underdevelopment.

With the creation of another source of cheap power in Europe, Norway's economy would be faced with difficulties (Italy also, though to a much smaller extent). New industries would go where the power was cheaper. This movement will depend to a large extent on the price the Dutch, and any subsequent developers of gas, set. For the mid-'70s, when the Dutch expect to be in full production, with an output of 30,000 million cu. metres a year (half for its own consumption) a price of around 6 cents (1½d. sterling) a cu. metre is being talked about.

However, the natural gas industry itself is none too sure that the future will be completely profitable. Over its future looms the prospect of cheap electricity from nuclear power (which would also hit Norway) and the Dutch themselves are not sure how much of their output they will be able to sell when they are on full production.

Most important of all, no one can be sure of the role the Russians will play in releasing cheap oil into Europe. Supplies in 1963 were 37 million tons, but the rate of annual increase, which had been 50 per cent in 1959, has fallen to around 9 per cent. Even if the Russians increase sales to Europe by 10 per cent a year, a figure thought to be essentially conservative, at least 61.1 million tons would be on sale by 1970. This prospect is enough to cast gloom over oil, gas and electricity interests alike.

Capital Markets

There are signs at last that Europe's capital markets are beginning to flower and take some of the burden off the shoulders of the American market. The marks that progress is being made are slow, but sure. Paris has handled its first international public loan for 25 years and the German market has been more active this year than in any other full year since the way.

The impetus to the resurgence of the European market came last year when the late President Kennedy introduced measures to shore up the dollar and right the American balance of payments problem. One of the most important of these measures was the exchange equalisation tax which, in effect, clamped down on borrowing facilities in New York by the advanced nations (with the exception of Canada). Apart from the fact that something had to be done about her trade deficit, Americans felt Europe ought to be able to raise more money itself anyway.

A report prepared for Congress has shown that the seven major capital markets of Europe (Britain, West Germany, France, Belgium, Italy, Sweden and Holland) have raised only 30 per cent as much as the United States although these countries have a combined population larger than America's. Europe had raised 309,800 million dollars by 1962. And although this is an underestimate, since some figures from France, Holland, Italy, Belgium and Sweden are not available, the full picture would come nowhere near the United States 1,037,700 million dollars. Of the European total 44 per cent (137,600 million dollars) has been raised by Britain; the next most important market, Germany, has raised only a third as much. The British figure is, in fact, only slightly less than that for the rest of Europe. Partly this is due to the way in which two wars, and savage peace-time inflations, have wiped out much European indebtedness. But it also shows the extent to which Europe has been falling right behind America. This is why the emergence of European markets is so important.

Paris Issue

The recent Paris issue was for £11 million, in French francs, for the European Coal and Steel Community, which had previously been to America to raise money. Admittedly a large part of the capital will be spent in France but part of it will be available for E.C.S.C. operations abroad. Germany's role this year has been quite impressive. In the first six months it amounted to just over £70 million, if one includes loans announced but still to come to the market. Up till the end of last year all Germany would handle was the occasional issue for the Common Market or a Japanese municipality. By comparison, this year's Deutschemark issues have included one for Finland and another for the Inter-American Development Bank. The other European countries have also been making efforts to raise domestic finance in their own markets which they would earlier have sought abroad.

A criticism of many of the flotations in Europe is that they have been in currencies other than local money. There has been a great dependence on the Euro-dollar market, especially so in London. Before Europe's markets can be expected to take a larger share of the world capital issues some technical obstacles will have to be ironed out and old-fashioned ideas, particularly prevalent on the continent, will have to be overcome. Most important of all, though, the gap between interest rates in the old and the New World will have to be reduced. So long as rates are lower in America than Europe there will be no incentive for borrowers to raise money in the latter. This is sometimes seen as an argument for raising American rates, since the European ones are universally higher. But it is thought that the real movement should be the other way round in order to get satisfactory operations in the world's capital markets.

Trade Problems for the Six

A 16 per cent rise in imports from third countries in the first quarter of this year, compared with the same quarter of 1963, has created serious problems for the Common Market Commission. The Common Market's trade deficit reached over £350 million in the three months, for which Italy was responsible for more than half. The import surplus was widely based, only Germany having a export surplus (nearly £65 million). Although Italy's was the most serious position, imports from third countries actually rose fastest in France (23 per cent, compared with Italy's 21 per cent). Benelux imports from outside the Market rose by 17 per cent and Germany's 7 per cent. The problems of maintaining a trade balance have been made more difficult by the extent to which imports have outstripped exports. Aggregate exports rose by 15 per cent, with the Benelux countries doing the best.

In the quarter intra-Community trade rose by 24 per cent on the corresponding quarter of 1963 to £1,570 million. If allowance is made for the severe winter of 1963 the real increase was in fact rather slower—19 per cent. Total imports from all sources reached £2,407 million. Achieving equilibrium is all the more difficult because of the built-in tendency for exports to increase in Germany and for imports (stimulated by internal inflations) to rise in Italy and France. The former is almost as much of a problem for the Commission as the latter. The only relative stability is offered by the Benelux countries, but this is not a great deal of consolation to the Commission since these countries are the market's minor traders.

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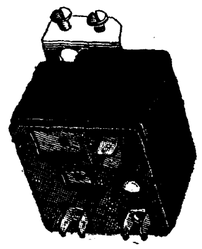

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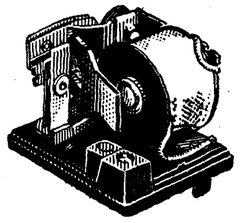

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Rumania Stands Firm on Comecon

Rumania appears to have taken a further step towards winning independence from Russia in the control of her own economic affairs. In a recent meeting between the premier, Mr. Ion Maurer, and Mr. Khrushchev in Moscow the Rumanian is believed to have made it clear to Mr. Khrushchev that his country intended to maintain its economic contacts with the United States, China and Western Europe. Nub of the contention between the two countries has been the Russian insistence that Rumania should play a full part in Comecon, the Eastern European common market. This would have meant Rumania had to concentrate on certain lines and give others up in favour of the rest of the bloc.

The Rumanians, anxious to plan their own economy without outside interference but within the Soviet orbit, were unwilling to go all the way with the Russians. In particular, they are believed to have objected strongly to the bad quality of consumer goods and raw materials supplied by the rest of the bloc. Here, also, is thought to lie one of the causes of the split. If Rumania joined Comecon she would have to accept the growth rate laid down. But Rumania is thought to want to concentrate more on consumer goods and to break free from the rigid Soviet attitude to non-capital-goods consumption. Consequently, Mr. Maurer has argued with the Russians that dealings between Comecon countries and the West should be carried out directly, and not through Comecon. He has also pressed for the right to make trade agreements with the West wherever the individual economy needs it. Both these views are thought to have been received favourably by Mr. Khrushchev.

Japan's Aid Programme Criticised

Japan is being increasingly criticised for her policy on aid to developing countries. Although claiming to be one of the biggest donors of aid, she is accused of inflating her total by adding extraneous factors. Although official aid was £67 million last year this included reparations. Strictly speaking, it is claimed, this item is not aid at all. Some economists also feel that the countries Japan classifies as those being aided, particularly some of the Latin American ones, are not really developing nations. Total aid, official and private, in 1962 (the last year for which full figures are available) was just over £100 million, representing 0.65 per cent of national income. This was well below the previous year's £133 million (0.97 per cent).

Japan is also criticised for tying aid closely to her own exports and concentrating aid on those areas, especially South-East Asia, where she will stand to benefit most when the recipient nations manage to stand on their own feet. She has, for instance, practically pulled out of Africa. Of her total aid, 69 per cent went to Asia and the bulk of the rest to Latin America (where there is a considerable Japanese population).

Japan, it is felt, is still using her aid programme as a means of gaining advanced-nation status, rather than considering it an obligation arising out of that status. But how to integrate Japanese aid programmes with those of other donor nations is not easy to solve, in spite of her entry into the Organisation for Economic Co-operation and Development, since Japan seems unwilling to increase contributions to organisations, such as the World Bank, which work on a multilateral principle.

Progress Report on Norway

Foreign demand for Norwegian goods is contributing materially to the upswing in the country's economy. Not even a new wage settlement, inevitably forcing some prices up, is thought likely to hinder this growth. There is, however, felt to be a danger that the continuing boom and the wage rise taken together will endanger the balance of payments by leading to a rise in imports. In particular, it is thought that stockpiling may rise in the future.

Production in mining, manufacturing and power increased rapidly in the first four months of this year. In the first two months it rose by 5 per cent; by April it had risen 11 per cent, compared with the same period of 1963. Export production went up even more rapidly in the four months, and at the end of April was 13.2 per cent above the previous year. By comparison, consumer-goods production was up by 4.8 per cent and investment goods by 7.3 per cent.

Labour: One of the dangers facing expansion is a shortage of labour. At the end of May there were some 8,000 unemployed, a drop of 500 compared with the end of May 1963. But over the year total employment rose by some 13,300. There is a very real fear that demand for labour will outstrip the available supply and force wage rates up even further.

Prices: Some picture of the extent to which prices are moving up can be seen from the fact that while the value of retail trade turnover rose in March-April by over 9 per cent compared with the same months in 1963, the volume rose by only 5.5 per cent.

Topical Briefs

A target for Britain's next national growth plan, expected in the autumn, will probably be delayed because of the impending general election. The next meeting of the National Economic Development Council is to be held on 7th October but it is extremely unlikely that a target will be announced then because of the imminence of the election (favourite forecast date: 15th October). To announce a plan and then possibly have it altered within a week or two following the assumption of power by another Government would not be in the best interest of N.E.D.C. Some dissention surrounds the present 4 per cent growth rate. It is felt by some that this should be higher for the second period, between 1966 and 1970. Other economists believe that it would stretch resources too much to try for a rate higher than 4 per cent, particularly in the vital building industry. A shortage of labour, estimated to rise by about one per cent a year, will not make it any easier to hit a rate higher than four per cent.

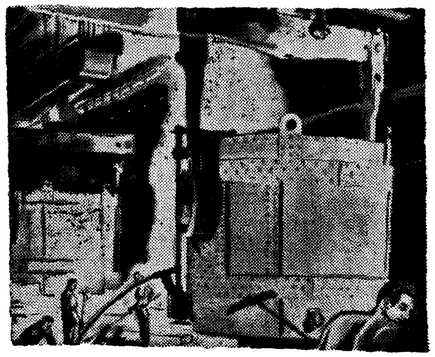
Renewed support for a European Miners' Code has been expressed by the President of the High Authority of the European Coal and Steel Community. The idea of a code was first mooted at Aix-en-Chapelle in 1956 and was supported by the High Authority as a means of easing the difficult problem of recruiting miners. The Authority was bound, according to the president, by the Treaty of Paris and consequently could not support matters relating to wages and social-security systems in the code. But he felt that there were other aspects where there was a good chance of successful implementation —guaranteeing a real career to the miner, a bonus on appointment, a regular bonus for satisfactory work, an improvement in accident and sickness benefits. In these fields it was suggested that the Authority and the miners could work towards a common goal. Such measures would need finance, the President said, and this should be found by the Community itself, the Governments and the producers.

The French steel industry has staged a recovery during the first half of this year after three years of stagnation. Production is up by 12 per cent and orders by a quarter. But there are still two bear points: the slow but regular decline of France's net trade balance in steel continues; and the level of financial debt has mounted to 70 per cent of its yearly turnover compared with a planned 45 per cent. A call has been made for lower coke prices, Government measures to bring down loan costs and a fundamental review of corporation and personal income taxes.

Deliveries of refrigerators to the home market in Britain were 13.2 per cent up in May over the previous May and reached 116,534. And deliveries in the first five months of the year, at 410,694, were 16.9 per cent up. But there was a fall in the number of exports in May for the first time this year (down 19.6 per cent). However, total exports for the first five months were 67,744, an increase of 10 per cent.

A steady increase of bicycle production in West Germany is reported by the Institute for German industry. In the first four months of the year production rose by 29,000 to 323,000. On top of this figure, another 210,500 frames were manufactured, an increase of nearly 44,000. All types of lighter motorised two-wheelers, principally mopeds and motor cycles, also increased in production.

DEVELOPMENTS IN THE EAST



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DEVELOPMENT WITH STABILITY

A REVIEW OF INDIA'S FISCAL AND MONETARY POLICIES

THE story of India's strategy for economic growth and of the fiscal and monetary techniques in the context of our development plans has never been fully told. It is true that the voluminous Plan documents and evaluation or progress reports contain elaborate data (largely imperfect and incomplete) and arguments (often platitudes, but more often misleading). It is also true that a lot more is written on the problems and policies of Plans by academic theoreticians, officials who regard it their duty to defend every aspect of policy formulation and implementation, and the economic commentators who are concerned more with evaluation than with implementation. Special mention must be made of that little gem of a publication by the Ministry of Finance, *India: Pocket of Economic Information*, and of the various *Annual Reports* of the Reserve Bank of India, which contain detailed and authentic record of the objectives and techniques of specific policy measures. But the published materials are clearly inadequate in telling the entire story, for all that they do is to describe or, at the best to analyse the problems and statistics.

Viewed thus, Mr. S. L. N. Simha's recent book *Development with Stability—The Indian Experiment* (Vora & Co. Publishers Pvt. Ltd., Bombay-2. Pp 131 + xii. Price $2.50) is, indeed, unique in many respects. It is unique not merely because it tells the story of India's development effort nor because it is primarily concerned with the financial aspects of development about which very little has been written, but more than that. Mr. Simha's effort is basically an *interpretation*, even when it attempts to be an objective account on a sympathetic analysis. Intimate knowledge of and association with formation and implementation of fiscal and monetary policies, which could have proved to be a handicap in any other case, have given the author a new perspective, particularly since he also had the advantage of viewing the problems and policies of the country from a distant and a more comprehensive point of view of a world monetary organisation.

Two Aspects of Inflation

In his evaluation of the Indian experiment during the past thirteen years (1951-63), Mr. Simha considers the problems of accelerating the growth rate and the compatibility of rapid growth with stability. In other words, he distinguishes between two aspects of inflation: one, inflation as a *byproduct* of growth with its consequences on wholesale and consumer prices and balance of payments, and the other, inflation as an *instrument* of growth, both to mobilise savings and to stimulate investment. There is considerable diversity of opinion and experience on these two aspects of inflation in different countries and at different times even in the same country. In the immediate post-war years, for example, there was widespread and enthusiastic support for the view that inflation could be used as an instrument of growth. But experience over the years have diminished this enthusiasm a great deal. This has been largely the result of the failures to take appropriate action for altering the structure of the economy as well as of the limitations inherent in the social, political and economic environment of the country.

In the ultimate analysis, the entire problem resolves itself into a basic proposition—whether rapid growth is compatible with stability. There is the brave, albeit inconclusive, view that high rates of growth can *only* be achieved in an environment of stability. Experience, however, shows that deliberate inflation is not only an essential preliminary but also inevitable consequence of the periods of high growth. May be, the conflicting evidence and views are the result of insufficient or inadequate data, besides the scattered and limited range and depth of our experience of developmental processes and problems. And may be, a lot more unbiased empirical research work in this field is called for than has been done so far. But an intimate and real understanding of the complex relationship between growth and stability and of the role of fiscal and monetary policies can no longer be postponed, particularly as upsurge in inflationary pressures and exhaustion of foreign exchange resources and sources of aid mark the passage of the third Five-year Plan into the fourth. Mr. Simha's book has appeared at the most appropriate time, for 1964 may well be a turning point in India's plans for economic development any may determine whether we succeed or succumb. In the rethinking on fundamentals that is now being done all round here, it may be well to remember the conditions for achieving success on the basis of our experience of the past thirteen years.

The general conclusion drawn by Mr. Simha that inflationary financing could be helpful to growth, *provided* it is used on a modest scale only and with some *regulatory* apparatus, is extremely relevant to our present experience which perhaps tends to show that planners may have forgotten all the simple truths with which they started. What is a *modest* degree of inflation may be a matter of judgment and, although Mr. Simha may be justified in regarding a 30 per cent rise in wholesale prices during the second Plan period as a "very moderate" rise as compared with the performance of the underdeveloped countries generally, even he is sharp in commenting that the Indian authorities were *quite* concerned about this and, consequently, in framing the third Plan estimates, care was taken to provide for budgetary deficits of an order no more than sufficient to facilitate an expansion of money supply equivalent to the estimated increase in national income. In the face of and in spite of all this, it is a tragic commentary on our planning and achievements that prices have been rising at an annual rate of about 7 per cent since the beginning of the third Plan (the rate being almost 10 per cent per annum during the third year of the third Plan) and that both budgetary deficits and money supply (as well as population) have been increasing much faster (or at least as fast as) than national income.

Persistent or Intermittent?

An aspect of the rising prices is to see whether the rise is persistent or intermittent. Mr. Simha has rightly pointed out that a persistent rise in prices, even if small, could have rather serious repercussions and grave effects. An intermittent rise is, perhaps, preferable, even if it means a "stop-and-go" policy, for, this way, it may be possible to render inflation "self-liquidating." While it was possible to moderate the rise in prices during the first two Plans by alternating periods of a stiff dose of deficit financing and of credit squeeze and monetary discipline, the third Plan period has so far witnessed an almost continuously rising prices largely on account of inflationary pressures resulting from Government deficits, though the contribution of physical shortages and failure of Government policies—both economic and fiscal—cannot be entirely ruled out. The social, economic and political dangers of a persistently upward trend of prices are only too apparent today to need any recounting.

The planners and the policy makers will, therefore, do well to realise, as Mr. Simha has done, that inflation (or inflationary financing) could make a modest, but only a modest, contribution to the development process, for it cannot bring about any marked and sustained increase in the rate of savings. Moreover, an adequate, competent and efficient administrative and organisational framework is essential to counter inflationary side-effects of deficit financing. India has already a comprehensive framework of extensive economic controls, but it has largely obstructed the smooth and proper functioning of the economy; it has actually added to a mis-direction or mis-allocation of resources, rather than positively channelling investment in a continuous flow into desired directions. The tax system has been streamlined more than once, with the ostensible object of encouraging savings and investments for mobilising resources. In terms of sheer effort and structure of taxation, India's tax effort during the third Plan so far could hardly be matched even by developed countries. Whether an income is earned or unearned, whether it is saved, spent or invested, whether any property is gifted away or inherited, whether profits are distributed or ploughed back, and whether any goods are produced or sold, substantial tax is payable at every point. The worst part of the tax system is that it has not merely failed to generate incentives for savings and investment but also created incentives for evasion and avoidance of taxation, besides a parallel money and capital market which is beyond all control and regulation.

The first Plan was on the whole a modest effort, essentially of a preparatory character, its objectives being related mostly to immediate requirements and possibilities. Yet the accent and emphasis was on growth with stability. Most of the troubles with which the third Plan has now been saddled arise from the failure to implement faithfully what was apparent even before the era of planning began in our country. Both the first Plan documents and the technical mission from the International Monetary Fund, headed by the then Director of Research, Dr. E. M. Bernstein, had hoisted the red signals when they recognised that, in the development process, money incomes were likely to rise more rapidly than production and that the consequent rise in consumer expenditure was bound to affect prices. Although the stability of prices cannot be an end in itself and some increase may, in fact, be necessary and even desirable for the smooth functioning of a developing economy, it is important to realise that the scope for deficit financing is intimately bound up with the policy for supply and distribution of foodgrains, cloth, *gur*, sugar and oil, in order to meet the essential minimum requirements of a growing population. In this sense, therefore, it is not finance as such that limits the scale of investment effort but rather the limitations of policy and administration regarding the supply and distribution of essential commodities.

The most important contribution of Mr. Simha's book is that it traces the evolution of monetary policy during the thirteen years of planning. The Indian authorities have taken the view that monetary policy, despite its many limitations, particularly in developing countries like India where comprehensive development plans have been undertaken with Government initiative and direction, can play a useful role in the task of accomplishing growth with stability. Monetary policy has to be expansionist, but this expansion must be controlled. While the need for expansion of credit and money supply commensurate with the rapid development and diversification is fully recognised, the excessive expansion of money supply would be inflationary and it would ultimately jeopardise the financial stability and the development process itself. In the face of this considerable inflationary potential, the direction of credit policy should be one of general restraint without jeopardising the functioning and progress of essential productive sectors of the economy.

Bank Rate

Against this background, we find that, in the very first year of the first Plan—in November 1951, to be precise—Bank rate was raised for the first time in sixteen years since the inception of the Reserve Bank. The rise marked the formal abandonment of the cheap money policy of the war years, although, in fact, if not in form, it had already been given up in 1946, when the rate of interest on the non-terminable Government loan was raised by offering conversion facilities. During the second Plan period, there was a definite levering up

(Continued on page 212)

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EMPLOYEES' STATE INSURANCE SCHEME

NEED FOR AN INTEGRATED SOCIAL SECURITY SET-UP

THE Employees' State Insurance Scheme has been in force since 1952 as one of the principal social security measures in the country. The scheme operated under the Employees' State Insurance Act 1948 has provided compulsory insurance for factory workers against the risks of sickness, maternity and employment injury. At present the scheme covers over 2.7 million workers in 200 centres throughout the country. Under the scheme, medical care is being provided not only to the workers but also, in most centres, to members of their families; as many as 9.7 million men, women and children are so benefited. The E.S.I. scheme affords five benefits (referred to as *Panch Deep* or five lights)—four in cash (against sickness, disablement, maternity and death) and the fifth, medical care, in kind. Cash benefits under the scheme are disbursed directly by the Employees' State Insurance Corporation through about 340 local and pay offices. The administration of medical benefit is the statutory responsibility of State Governments, E.S.I.C. paying seven-eighths of the cost, where families are also given medical care, and three-fourths of the cost, where such facilities are provided only to insured persons.

The Corporation derives its resources from contributions from employers and employees. Employers pay 2½ per cent of the wage-roll in areas where the scheme is implemented and ¾ per cent in other areas; employees pay varying amounts according to their wage-group, the average incidence being a little less than 2½ per cent of wages. The budget for 1964-65 envisages a revenue of Rs. 17.2 crores. The main expenditure relates to cash benefits and payments to State Governments as E.S.I.C.'s share of medical care. During 1963-64, the Corporation spent about Rs. 5.4 crores on cash benefits and about Rs. 6.5 crores on medical care. During 1964-65 the figures are expected to rise to Rs. 6.2 crores and Rs. 7.0 crores respectively.

Common Complaints

The third Plan has proposed to extend the scheme to all centres with an insurable population of 500 and above, and also to cover the families of the insured workers. The E.S.I.C., which administers the scheme, has estimated the total number of medical beneficiaries, including family members, to rise from its present 8.25 million to 10 million by 1966. However, all this planned progress has failed to cover all the workers and the complaints of red-tapism, high costs and non-welfare attitude of the enforcing agency have not been uncommon.

Hence, with a view to ensuring a more satisfactory functioning of the E.S.I. scheme, the twentieth session of the Standing Labour Committee in 1962 had recommended the setting up of a Tripartite Committee to review its working. Accordingly, a Review Committee under Mr. C. R. Pattabhi Raman, the then Union Deputy Minister for Labour, Employment and Planning, was appointed in June 1963, consisting of three representatives each of State Governments, employers and workers. The Review Committee has prepared and sent out a very comprehensive and detailed questionnaire of 111 questions covering all aspects of the working of the Employees' State Insurance Act and scheme. The Engineering Association of India, in its replies to the above questionnaire of the E.S.I.'s Review Committee, has urged the need for the immediate integration of the various social security programmes like the Employees' Provident Fund Scheme, Employees' State Insurance Scheme, the Workmen's Compensation Scheme, etc. into a single agency or organisation as recommended earlier by the Study Group on Social Security. Such a co-ordination of the different agencies, in the opinion of the Association, would not only yield better benefits, but also reduce the cost of providing security.

Contribution

The Association has further suggested that a contribution at a rate of 2½ per cent of the wage bill to the E.S.I. Fund would be simple and straightforward. The above proposal, doing away with the present cumbersome system of dividing employees in a dozen wage groups, would bring in more revenue with every rise in wages. With the State mainly interested in the health and welfare of the insured persons and social insurance being a compulsory scheme, the Association has recommended that the contribution from employers, employees and the Government should be equal, that is, at the rate of one-third each. Another important suggestion of the Association relates to the elimination of conflict regarding the term "employee." It has requested that the term "employee" ought to be defined in conformity with the provisions of the Employees' Provident Fund Act. The Association also agrees with the proposal for enhancing the wage limit for coverage of the insured person from Rs. 400 to Rs. 500.

Referring to the lacunæ in the procedure for payment of cash benefits, which result in insured persons receiving wages from the employers and cash benefits from the E.S.I. Corporation, the Association has felt that the drawing of double benefit for the same period should be legally prohibited. Further, the organisational set-up and administrative machinery of the Corporation should be so remodelled as to provide quick payment of cash benefits and facilities to the insured persons, even if it involves some extra expenditure. Similarly, in cases where the insured person is reported to be engaged in any other occupation, while absenting from his work-place on grounds of illness, the Association has pointed out that the real remedy should be to prosecute the panel doctor concerned, and declare the illness certificate as null and void. The employer should also be at liberty to take disciplinary action against the insured person concerned in accordance with the provisions of the Standing Orders. On the question of protection of an insured person against discharge, dismissal or any other punishment during the period of medical treatment, the Association has suggested that protection may be granted provided the person applies well in advance and complies with the requirements of the Standing Orders. As an incentive for regular attendence, the Association has recommended a "good health bonus" to the insured persons who do not claim benefit for a period of one year and also do not avail of medical facilities, and the quantum of such bonus should be 25 per cent of his own contribution.

Inadequate Facilities

As the present hospitalisation and other medical facilities available to the insured persons are not adequate, the Association has stressed the neeed for increasing the number of hospitals and beds and other medical benefits at an early date. In fact, it has felt that the service system for medical treatment throughout the country would be more beneficial. The Association has further pointed out that there should be a provision for a periodical check up, preferably once a year, on a national basis. A National Health Scheme covering the entire population should be really ideal. In addition, the medical benefits admissible under the National Health Scheme should be administered under the overall control of the E.S.I. Corporation. Laying emphasis on the quality of medicines which can be prescribed under the scheme, the Association has felt that there is no need for a specialists' list and the specialists should be free to prescribe whatever medicines they consider necessary for the speedy recovery of the worker.

Suggestions

In conclusion, the Association has made certain constructive suggestions for the E.S.I.S. Review Committee to consider. Firstly, it has pointed out that the rising capital expenditure should be met by raising loans and should be spread over a number of years. The reserves, instead of being frittered away, should be utilised for extending the benefits to the insured persons. Secondly, an all-out attempt should be made to broad-base the benefits under the E.S.I. scheme. Thirdly, the procedure for deduction and deposit of contributions and disbursement of cash benefits should be so simplified as to ensure efficient and quick service to the insured persons. This could be achieved by simplifying the administration of the scheme by delegation of financial and administrative powers to the regional boards and directors. Lastly, the Association has felt that, if integration is likely to be delayed, the meagre benefit of the scheme needs to be augmented substantially.

It is to be hoped that the E.S.I.S. Review Committee will bear in mind all these factors while framing its report, and recommend an integrated social security scheme that would go some way towards the introduction of universal coverage as in the United Kingdom and New Zealand.

RUBY GENERAL INSURANCE CO., LTD.

The Ruby General Insurance Company Ltd. (Chairman: Mr. B. M. Birla, Calcutta) ever since its inception in 1936, more particularly in the past few years, has been making commendable progress in the general insurance field where it ranks next only to New India Assurance and Oriental Fire so far as net premium income is concerned. During the 13-year period from 1950 to 1962, the net premium income of the Company nearly trebled from Rs. 66.36 lakhs to Rs. 185.12 lakhs and capital funds were marked up from Rs. 79.50 lakhs to Rs. 167.75 lakhs. It is heartening to note that this progress is still continuing and that the Company has gained further ground during the year ended 31st December 1963, despite some difficulties. Net premium income has advanced from Rs. 185.12 lakhs to Rs. 189.86 lakhs and the capital funds have expanded to Rs. 181.05 lakhs from Rs. 167.75 lakhs. But the net profit has actually declined, though modestly, from Rs. 30.36 lakhs to Rs. 28.56 lakhs, the reasons for which will be explained later. The provision for taxation has naturally gone down from Rs. 17 lakhs to Rs. 14.50 lakhs, so that the amount available for distribution to shareholders and amongst the various reserves remains more or less the same. The dividend has been maintained at 15.5 per cent (subject to deduction of tax), claiming Rs. 5 lakhs as before, but the Directors have decided to take steps to utilise a sum of Rs. 6.40 lakhs out of the share premium account to issue fully paid bonus shares of Rs. 8 each in the proportion of one share for every five shares held.

The follwoing table presents a clear picture of the progress made by the Company during the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Fire:				
Net premiums	83.86	78.21	71.99	70.51
Claims	33.74	32.78	31.46	29.15
Commission and expenses	28.53	25.79	21.23	28.19
Underwriting profit or loss	+18.40	+16.43	+16.13	+4.99
Fire fund	41.68	39.11	36.00	34.20
Marine:				
Net premiums	17.97	13.84	15.79	14.76
Claims	13.08	9.99	13.98	12.99
Commission and expenses	4.31	4.46	3.33	3.55
Underwriting profit or loss	—3.99	+1.31	—7.41	+3.91
Marine fund	17.97	13.84	15.79	10.33
Miscellaneous:				
Net premiums	88.53	93.07	94.037	87.38
Claims	55.10	55.45	58.22	46.18
Commission and expenses	31.07	33.69	32.54	32.04
Underwriting profit or loss	+4.48	+4.17	—0.39	—7.25
Miscellaneous fund	44.26	40.54	47.01	43.69
Net profit	28.56	30.36	12.75	4.17
Provision for taxation	14.70	17.00	4.60	2.69
Dividend	5.00 (15.5%)	5.00 (15.5%)	4.20 (10% +B. 8.1½)	3.20 (10%)
Carry forward	0.36	0.14	4.96	1.00

It will be observed that, with the exception of the Miscellaneous department, the other two departmeents showed a commendable improvement in their net premium earnings during the year under review. The decline in the net premium income of the Miscellaneous department was due mainly to the reduction in overseas business which had not been profitable. To set matters right, the Company followed a policy of planned reduction of this class of business in overseas territories. It is pertinent to note that, despite a reduction in premium income, the underwriting profit has actually risen from Rs. 4.17 lakhs to Rs. 4.48 lakhs.

After earning a small underwriting profit of Rs. 1.31 lakhs during 1962, the Marine department again went into red in 1963 by suffering a loss of Rs. 3.99 lakhs. Although this was apparently due to the increase in the marine fund from Rs. 13.84 lakhs to Rs. 17.97 lakhs, the main reason was the keen competition and rate-undercutting among insurers both in India and abroad. The fire department again showed a profit, but this was earned at a much reduced rate, the reason being the reduction in premium rates effective from 1st July 1962.

So far as the current year is concerned, the most important event in the Indian insurance industry is the entry, with effect from 1st April 1964, of the Life Insurance Corporation in the general insurance field. It is good that the L.I.C. has decided to follow the tariff rates for the present, though the Corporation has been registered as a non-tariff insurer. The Tariff Committee as well as various individual offices are reported to have extended their fullest support to the Corporation which in return has entered into certain insurance arrangements with the existing offices with a view to retaining as much premium in India as possible. The voluntary code of conduct in the general insurance industry has proved very useful in improving the tone of the industry. It is, therefore, to be hoped that L.I.C. and the general insurers in the private sector will extend full co-operation to each other and work to the benefit of the industry and the insuring public.

TEXTILE INDUSTRY IN DEVELOPING COUNTRIES

NEED TO AVOID OVER-CAPACITY STRESSED

By J. B. M. Evans

IN judging the usefulness of setting up a textile industry in primary producing or underdeveloped countries, a broad view of the particular nation and its well-being must be incorporated with an even broader view of world trade, its priorities and its freer development. That the world should not suffer from over-capacity, over-production and unrealistic pricing is plain However, at the same time, it is also clear that an unnatural situation is created when a cotton producing country has to rely completely, or in the main, on imports of textile goods. This latter situation was widespread until fairly recently when post-war shortages, awakening nationalism in underdeveloped parts and the spread of economic knowledge, all helped to encourage the foundation of domestic textile sectors. International schemes and organisations of every kind have done much to foster viable cotton textile industries.

Some idea of the rapidity of expansion may be gained from the rise in machinery capacity, both loom and spindle production and raw material consumption in numerous nations with newly established cotton industries. The rapidity of expansion may easily become a mixed blessing, if planning is inadequate or over-optimistic, based on inexact views of the size of domestic consumption or the growth rate of *per capita* textile offtake. The time has now come, too, when Western nations are taking a larger volume of exports of textile goods and it would be wrong to include a too optimistic view of export potential in this area, although it is likely that some increase in Western offtake will have to occur and is indeed partly secured under the G.A.T.T. Long-Term Arrangement on cotton textiles of 1962. Growth in capacity based on incorrect forecasts is as bad as, if not worse than, no growth at all, for it leads to chronic wastage of all resources and general disruption in textile trade through the existence of unrealistic pricing.

Waste of Capital

Perhaps foremost in the category of resource wastage is the wastage of capital and foreign exchange. Throughout the underdeveloped areas of the world, a shortage of capital and foreign exchange remains one of the most pressing economic problems and indigenous textile industries are only set up at the sacrifice of considerable sums of capital and exchange. The cost of developing a cotton textile industry is immense and the installation of too much machinery only serves to waste much needed monetary resources, besides reducing the efficiency of that machinery which is used, hence increasing the costs of production. Much capital used in this wasteful manner might be much more usefully employed in a range of other industries with the resultantly greater economic safety which comes from national industrial diversification.

Of course, other wastage occurs, including that of management skill, which is often at a premium in a developing nation. Indeed, one of the obstacles to be overcome in the formation of a textile industry is a disheartening lack of management and technical skill, qualities which are only obtained through thorough training of likely candidates. The process is complicated, lengthy and costly and wastage in the sphere is to be deplored. Land, buildings and public services are wasted also in a state of over-capacity as well as manual labour, though this last may seem a boon in the short-term for nations with a surplus of labour.

An increasing trend throughout world textile consumption is that towards increasing usage of man-made fibres. This is a potential danger to those developing countries which rely totally on home-grown cotton to feed their newly erected mills. The trend to a certain percentage of fibre consumption falling to man-made fibres will doubtless steadily spread to the developing countries, as their living standards improve and tastes become more sophisticated. The danger is evident that undue imports of these artificial and synthetic fibres will nullify the foreign exchange benefits accruing from the foundation of a viable domestic textile industry. As far as possible, developing nations must endeavour to combat the threat by entering into agreements with patentees to produce some man-made fibres themselves for use in the domestic market. Some nations have already followed this principle and a few have even used exports of man-made fibres, yarns and cloth to avoid existing textile trade regulations on cotton manufactures. This would appear to be a rather short-sighted policy and likely only to engender opposition to the legitimate claims of developing countries, even cotton producers, to develop their domestic textile industries. There are, however, certain limitations to the expansion of man-made fibre production and consumption, particularly in countries which are mainly agricultural producers in warmer climates.

As in the case of the typical botanical example of the bean seed, certain basic growth conditions are needed for the development of a cotton textile industry. With the bean seed, heat, light and moisture are required; the textile industry demands rather more complex and numerous growth conditions. Basic is a ready supply of raw materials which, in the majority of cases, provides little problem, save in the importation of man-made fibres. However, certain countries are unable to meet their domestic requirements despite a useful cotton crop. In most cases, improved techniques and yields as well as increased acreage would serve to increase the crop and eliminate the supply shortage. Progress is marked in this direction, in a number of countries. The problem of man-made fibre supply has already been mentioned.

Demand Factor

The other basic, of course, is demand and here the majority of developing nations have an assured condition of growth. The market is the textile needs of the home population which, in most cases, increases itself at a high rate and, what is more, has an increasing *per capita* consumption of textiles as the standard of living rises. In this connection, it is not necessarily correct to assume that the wearing of Western style dress will assist textile consumption, since, in some cases, the typical style of dress of a developing country demands more textile yardage.

Other conditions for growth are the availability of adequate transport and power facilities as well as water which themselves can ensure the viability of the industry. A highly efficient buying and distribution system must be evolved to avoid the experience of a number of countries where the infant textile industry has been brought almost to a standstill by the inefficient supply and distribution channels. Such a system would also tend to ensure that the highest possible prices were secured and that pricing was on a rational basis. Efficiency in the use of machinery is, of course, a prime requisite of a viable cotton textile industry and this depends on a high standard of training for all employees, whether manual, technical or managerial, and the existence of suitable labour to train.

A sensible, well planned approach to the formation of a domestic cotton textile industry, together with a fair degree of political stability, will attract the other great condition for growth capital. The bulk of capital is largely subscribed by foreign firms or Governments either in the form of private investment loans or inter-governmental aid. This capital will only be attracted by sensible, firmly based schemes which aim to fill a well-defined industrial gap and which will be well implemented by reliable staff. From the viewpoint of the developing country, offers of capital assistance should be realistic and quickly implemented; otherwise, development will be disrupted and hard won confidence destroyed.

Protective Legislation

In the short-term, Government encouragement and some protective legislation will normally be necessary. This encouragement usually comes in the form of freedom from import tax on raw cotton, export subsidies and bounties and severe licensing or banning of imports of yarn and cloth. Tax concessions are also made on profits and capital investment. In the longer view, such controls and protection should be ended or at least lessened in the interests of world trade and in the cause of the continuing efficiency of the industry. Perhaps also in the long-term, individual spinners and weavers should combine in central organisations to promote domestic cotton textile goods and to disseminate new ideas. In many nations these already have been created.

Benefits Many

The benefits accruing to an underdeveloped cotton producing country which sets up a viable domestic textile industry are many. Foreign exchange is saved on textile imports, work is provided for large numbers of workers who subsequently set the economic multiplier to work when they spend their wages, so that the mechanism of prosperity is to some extent set in motion. Textile self-reliance is perhaps the greatest boon, because economic development and progress is held back when almost complete reliance on textile imports is necessary. However, there is a conundrum to be dealt with, for setting up a domestic textile industry normally reduces the amount of raw cotton available for export and hence reduces the foreign exchange earning of the raw material. Textile exports may fill the gap, but, quite clearly, there are limitations to the outlets for textile goods in "hard currency" markets, and thus much of the export surplus must go to non-hard currency nations with a resultant diminution in the hard currency earnings of the developing nation. Capital and exchange for investment in foreign machinery is in short supply. Foreign aid schemes, besides loans, made privately, help in the short-term alleviation of the shortage, but the long-term solution must lie solely with the plans of the developing nation. Efforts should be made to increase raw cotton yield so that, after domestic requirements have been met, a surplus for export still remains to augment and diversify foreign exchange holdings. The newly established textile industry should aim to achieve a volume of production which covers the basic domestic requisites leaving a small balance for export. Having reached this stage, industrial activities should be extended to other sectors not concentrated on further textile expansion which relies entirely on exporting for its viability, when export markets are far from assured and especially not in the "hard-currency" nations towards which most present plans are orientated.

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MANCHESTER LETTER

FURTHER AMALGAMATIONS AMONG TEXTILE FIRMS

GARMENT IMPORTS RISE MARKEDLY

From Our Special Correspondent

MANCHESTER, 21st July

INDUSTRIAL deals between some of the larger companies merging their interests have become so much a part of every trade that new announcements rarely startle. The absorption of Combined English Mills (Spinners) Ltd. by Viyella International marked a further phase in the consolidation of output and marketing in textiles which has been going on for the past fifteen months. Speculation over the future of the chief horizontal groups in the spinning trade has persisted throughout this time. The policy of "vertical thinking," propagated and so effectively carried out by the C.E.M. management team, made it appear that even closer links with some other organisation might be the eventual outcome.

Financial observers have suggested that, on its own, the Atherton based company might have continued to find progress difficult. This comment, however, does less than justice to the keen executives who have been running this business for the past few years and have guided its fortunes through a period of intense modernisation and large-scale changes which are by no means yet complete.

Progress in Concentration

This development, the latest in a long line of integration in which Viyella and Courtaulds have played the major roles, has caused some re-thinking on ideas about the future of the industry which were put forward less than two years ago. At the 1962 Cotton Board conference, Mr. A. M. Alfred, head of the Economics Department of Courtaulds, gave an outline of the concentration which had taken place at that time. Some seventy firms, he pointed out, between them controlled 80 per per cent of the spindles, 35 per cent of the looms, perhaps 40 per cent of converting and 40 per cent of finishing. Fifteen of these firms, he continued, were already important vertically, controlling 130,000 or more spindles, 2,000 or more looms and being in the top 40 converters. Together with three horizontal weavers and two finishers, these groups controlled around 30 per cent of the spinning, weaving and converting industry.

"What is now needed is action towards further amalgamations among these firms to produce groups large enough to rationalise their production and to finance and control their own marketing," Mr. Alfred added. Groups of around 250,000 spindles and 5,000 looms, producing 100 million square yards of cloth annually and converting perhaps 140 million yards, appeared to be about the right magnitude. It had been suggested that nine such groups could market two-thirds of the industry's output.

Vertical Nucleus

The revolutionary concept of vertical nucleus had already been outlined in an earlier and somewhat controversial paper given to the British Association by Mr. Alan Ormerod, Managing Director of Ashton Brothers. In this document, he had forecast that the nucleus of vertical developments would be large-sized verticals with established marketing organisations. Such units could amalgamate with other viable and assimilable vertical or horizontal units consonant with a general plan. The horizontal combines, said Mr. Ormerod, could assist the development of the group by allowing suitable mills to be integrated into vertical firms, the horizontal members taking a share in the profitable operation of the latter. The remaining horizontal spinning and finishing units could service the partial verticals and specialist units.

The section of the industry for which there appeared to be no hope of revival, Mr. Ormerod declared, was the horizontal weavers manufacturing basic products in units of less than 250 looms. At that time, these constituted nearly 17 per cent of total weaving capacity and the majority were operating non-automatic looms on single shifts. The greatest impediment to this development, in his opinion, was not the inability to recognise its necessity but the dearth of top management capable of organising and controlling the combined operations. This, said Mr. Ormerod, provided all the more reason for the 750 firms then operating in the industry to be drastically reduced and the few existing large combined units or partial verticals expanded.

Garment Imports

Quite apart from the growing volume of imports of grey and finished cloth into this country so far this year, the supply of made-up cotton articles has been increasing at an even larger rate. In the first quarter of 1964, the cost of these goods was £13,872,000, as against £9,972,000 in the same period last year and the quarterly average in 1963 of £10,197,000.

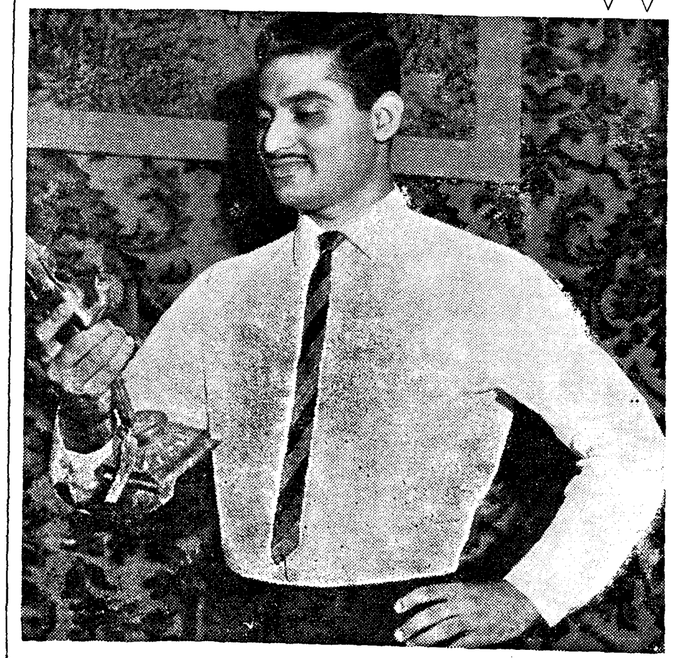
Woven clothing represented the major proportion of these imports, the value of these goods entering British ports in the first three months this year being £8,196,000, as against £5,761,000 in the first quarter of 1963 and the quarterly average last year of £5,985,000. There was a marked rise in the quantity of dresses imported, aggregating 1,414,000, as against 1,155,000 in the first quarter of last year and the quarterly average of 692,000 in 1963.

The cost of imports of men's and boys' coats, waistcoats, trousers, etc., also rose substantially, from £1,131,000 in the first quarter last year to £1,732,000 in 1964. Another marked increase was in purchases of proofed outer garments for women and girls which amounted to 192,000 this year, as against only 60,000 in the first quarter of 1963.

Cost of Reorganisation

Although the Government-aided scheme to assist the cotton industry launched in 1959 has now been officially completed, eligibility for the re-equipment grant in some instances has still to be assessed. It is, therefore, not possible to provide a final answer as to how much money the Treasury will be called upon to make available to those firms which have modernised their plant. The latest situation at the time of the closing of the books at the end of the first week of July was that payments made aggregated about £19,600,000. Mr. Edward Heath, Minister for Industry, told the House of Commons that £11,200,000 had been paid on account of the scrapping scheme and £8,400,000 distributed in re-equipment grants. Further sums will obviously be payable in due course as a number of outstanding claims have yet to be negotiated. The Cotton Board has estimated that the financial aid for the industry is likely to reach about £26 million.

Double Diamond



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TEA INDUSTRY'S FINANCIAL NEEDS

HIGH-POWERED COMMITTEE SET UP

FINANCIAL hardship at home and intensified competition in markets abroad are the two major problems facing the Indian tea industry which contributes as much as 16 per cent to the foreign exchange earnings of this country. Despite a fall in output from 345.3 million kgs. in 1962 to 343.7 million kgs. in 1963, the industry has recorded an increase of about 16 million kgs. in its total exports over the 1962 figure. In terms of value, tea exports in 1963 have come to Rs. 133 crores, as compared with Rs. 124 crores in 1962. This performance is all the more creditworthy, considering the fact that the industry has had to face intense competition from East Africa and other countries whose tea industry is not handicapped by problems of the kind present in India. Incidentally, unless these problems are solved, it will be difficult for the Indian tea industry to build up its competitive capacity in the overseas markets.

Terms of Reference

Seen in this context, the appointment of a high-powered committee under the Chairmanship of Mr. V. V. Chari, Additional Secretary, Ministry of Finance, for examining the financial needs of tea industry is most welcome and timely. This move indicates that the Union Government is alive to the needs of an industry which has, of late, been manifesting a climate of pessimism in view of the rising costs and the lack of finances for implementing the programme of replanting, etc. The Chari Committee, which is expected to submit its report to the Government within three months, has the following terms of reference:

(i) To examine the financial position of the tea industry with particular reference to the requirements of increase in production and exports;

(ii) to review the financial assistance available to the industry from the Tea Board and banking institutions and to suggest simplification of procedures relating thereto;

(iii) to make recommendations regarding the provision of finances required by the industry;

(iv) to examine the structure of taxes on tea and to suggest appropriate measures for giving tax relief where necessary; and

(v) to make any other recommendation that the Committee may deem appropriate for the development of tea industry.

The task before the Committee is immense, as the replantation programme, with which the tea industry is chiefly concerned at present, is defying implementation, due to the considerable cost of new openings taxation, wages, etc. Other factors like the uncertainty of fair return on capital

Table I: Production of Tea
(In million kgs.)

	January-June		Whole of	
	1964	1963	1963	1962
Total production	95.4	93.8	343.7	345.3
Of which:				
N. E. India	58.8	47.1	255.1	261.4
South India	37.1	46.7	88.6	83.9

have also been responsible for the postponement of replanting and expansion schemes. Due to the failure of the industry to plough back sufficient earnings, this programme has fallen in arrears. About eight years ago, it will be recalled, it was estimated that the industry needed replantation of 88,000 hectares. Against this, it is disappointing to note that only around 13,000 hectares have been replanted so far. Replantation being a costly and long-term affair, it is imperative that the industry should be sure of earning sufficiently on its new investments to return the loans taken for the purpose.

Reasonable Return

A recent survey conducted by the Reserve Bank of India has revealed that the tea industry was unable to earn even a reasonable return on its investments. According to the R.B.I. study of company finances, the tea industry earned just six per cent on the capital it employed, as against nearly ten per cent earned by all industries together. Investments are finding their way into engineering and consumer goods industries which are reaping rich dividends. There is, accordingly, no inducement for investment in the tea industry. This is a major reason why tea gardens have to depend on their own resources and loans for financing acreage expansion and replanting programmes. Added to this deficiency is an increase in the production costs of the industry due mainly to increase wages, rising commodity prices and heavy State levies. The Central Wage Board, incidentally, has unanimously recommended a second interim increase in wages. In the context of rising prices of essential commodities, labour has chosen to put up further demands without caring for that higher productivity on which the Wage Board itself has laid emphasis.

Planned Targets

Despite the fact that the third Plan's original production and export targets for tea have been reduced from 408 million kgs. and 277 million kgs. to 377 million kgs. and 241 million kgs., respectively, the industry has so far failed to achieve them. The exports during the year 1963 aggregated about 225 million kgs., recording an increase of about 16 million kgs. over 1962. But the output in fact fell from 345.3 million kgs. in 1962 to 343.7 million kgs. in 1963, as will be observed from the tables accompanying this article. The prospects for 1964, however, are quite bright, with the output during the period January-June 1964 having touched 95.4 million kgs., as compared with 93.8 million kgs. during the corresponding period last year. But, it must not be overlooked in this context, that the production potential of the other major tea producing countries has also increased at the same time. The possibility of an abundant supply of tea in the world market should not, therefore, be ignored. This development, which may lead to a fall in the world prices of tea, will create further complications for the home industry with its increasing production costs. In this situation it would be an uphill task for the industry to achieve a target of 455 million kgs. by 1970-71, that is, by the end of the fourth Plan, as proposed at present, unless vigorous efforts are made betimes to finance adequately the replantation and expansion schemes.

Formidable Task

A possible fourth Plan target of 455 million kgs. would mean an increase of 25 per cent over the record level of production of 364 million kgs. expected for the year 1964. The task is formidable, for it will require new planting over an area of about 6,500 hectares per year. It has been estimated by trade that this order of expansion will entail an expenditure of about Rs. 75 crores, but the official view allows for only one-third of this figure. If the Chari Committee is to find satisfactory solution these divergent estimates about financial requirements for the achievement of physical targets during the next Plan would have to be reconciled. The inclusion in the Committee of representatives of a few leading commercial banks and the State Bank, as also of the Agricultural Refinance Corporation, which is evidently meant to induce these agencies to invest in the industry, is certainly welcome. Again, in view of the fact that the taxation policies of certain States differ from the policy followed by the Centre, representation in the Committee for the Governments of tea-growing States should help evolve a uniform tax policy covering the Centre and the States.

There is a controversy whether the expenditure on replanting should be treated as a revenue or capital expenditure. If the cost of new planting is treated as revenue expenditure, as advocated by the tea industry, the tax-saving would go a long way towards alleviating the heavy financial burden involved. But, in itself, even this concession may not be adequate. What is also required is the creation of an atmosphere for channelling finance into tea replantations which normally bear fruit after about five years. There is, therefore, a crying need for an institutional set-up for catering to the long-term needs of the industry. At present, three lending schemes are being operated by the Tea Board for financing hire-purchase of machinery, new plantings and purchase of irrigation equipments. These schemes have no doubt helped the industry to some extent. But in view of its other functions, the Board may not find it feasible to provide any further substantial financial assistance beyond the Rs. 13 crores it has already provided. Financial help should, therefore, be made the principal business of a financial institution, specially designed for the purpose. The Chari Committee, it is to be hoped, will recommend a suitable set up in this connection.

As the Chari Committee has been asked to make any other recommendation for the development fo tea industry, it will not be out of place to examine the questions relating to quality in tea exports and to their countrywise direction. The acute competition in overseas markets has, in fact, compelled the tea planters

Table II: Exports of Tea
(In million kgs.)

	January-June		Whole of	
	1964	1963	1963	1962
United Kingdom	22.49	41.82	134.75	117.84
Irish Republic	1.59	2.17	7.26	7.21
U.S.S.R.	5.38	5.16	17.08	12.62
Turkey	0.04	0.62	1.24	1.77
Eastern Europe	1.88	0.66	N.A.	N.A.
Other European Countries	2.01	2.07	N.A.	2.37
U.S.A.	3.47	3.62	9.96	11.21
Canada and rest of America	2.33	2.29	5.35	6.55
Iran	1.02	1.85	3.17	4.32
Iraq	1.44	1.89	2.64	2.33
U.A.R.	8.26	7.44	16.93	18.67
Sudan	1.90	1.75	3.59	5.40
Rest of Middle East	1.18	0.90	N.A.	1.08
Australia and New Zealand	2.07	1.78	3.99	5.71
Tunisia	1.51	0.87	2.37	N.A.
Other Countries	0.06	0.04	N.A.	11.38
Total	55.58	73.34	224.99	208.77
Of which:				
North India	39.35	51.80	176.20	166.87
South India	17.28	21.54	48.79	42.40

N.A.—Not available.

and the Government to keep a strict watch on the export of sub-standard teas. A recently proposed amendment in the Prevention of Food Adulteration Rules, 1955, which lays down an I.S.I. specification has been objected to by some tea planters. It is held by them that the new specification for black tea is impracticable. As quality is an important element in our exports of tea, this issue also needs a careful examination.

Export Promotion

As for the direction of export trade in Indian tea, it will be noticed from Table II that during the first half of 1964, tea exports to the United Kingdom have been only to the tune of 22.49 million kgs., as against 41.32 million kgs. during the corresponding period last year. It is a dismal sign for the industry that it is losing its hold in the traditional U.K. market which used to consume more than 50 per cent of India's total exports of tea. The Indian tea industry would have to make great efforts in new markets like those of the U.A.R., the U.S.S.R., and the Middle Eastern countries. The increase of about five million kgs. in tea exports to U.S.S.R., from 12.62 million kgs. in 1962 to 17.08 million kgs. in 1963, may be noted here with some gratification. But the fall in exports to U.A.R. from 18.67 million kgs. in 1962 to 16.93 million kgs. in 1963 and to Iran from 4.32 million kgs. to 3.17 million kgs. should, at the same time, be given some anxious thought. This country should not only make efforts to cultivate the new markets but also seek to maintain the traditional ones. It is heartening to note, in this connection, that a concerted programme of developing tea consumption in Western Europe is under way in collaboration with Ceylon. The Tea Board's programme of spending between £17,000 and £20,000 in Britain this year on propaganda is also in the direct direction. The Chari Committee, it is to be further hoped, will outline suitable measures for exports promotion, in view of its organic connection with the planned expansion of production.

Notice

BURMAH-SHELL REFINERIES LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of the Company's 5¼ per cent Debentures 1965-69 will be closed for transfers from 17th August 1964 to 31st August 1964, both days inclusive.

N. RAMANAND RAO,
Secretary & Treasurer.
State Bank of India,
Agents for Burmah-Shell Refineries Ltd. for the management of the Debentures.

STATE BANK OF INDIA,
MUNICIPAL LOANS SECTION,
APOLLO STREET, FORT,
BOMBAY, *1st August*, 1964.

OIL INDIA LIMITED

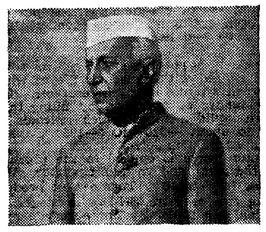
(A 50:50 Cooperative Enterprise of the Government of India and The Burmah Oil Company for Prospecting, Drilling, Production and Transport of Crude Oil from Assam to Refineries in Gauhati, Assam and Barauni, Bihar)

STATEMENT OF THE CHAIRMAN, SHRI KHANDUBHAI K. DESAI, M.P., TO THE SHAREHOLDERS ON THE OCCASION OF THE FIFTH ANNUAL GENERAL MEETING OF OIL INDIA LIMITED, HELD AT DULIAJAN, ASSAM, ON TUESDAY, JUNE 23RD, 1964.

GENTLEMEN,

I have pleasure in presenting to you the report of the Directors and the Annual Accounts of the Company for the year 1963. Under the new order issued under Rule 52 of the Defence of India Rules it will not be possible for us to circulate these reports as usual. This rule also imposes restrictions in regard to publication of news concerning the activities in individual fields and details in respect of the other aspects of our work. Within these limitations I shall endeavour to present a general view of our activities during the last year and a continuation of these efforts in the next year.

TRIBUTE TO LATE SHRI JAWAHARLAL NEHRU



We are meeting under the shadow of a great tragedy which struck the nation in the death of Jawaharlal Nehru, whose unique role as a leader in the forefront of India's struggle for independence and as Prime Minister of independent India for over 17 years has contributed a new and glorious chapter in the history of this ancient land. He was the architect of modern India and took a keen interest in all activities directed to promote the welfare of the country and the people. Only in June 1963 we were honoured by his visit to our oilfields in Assam and his appreciation of our work had been a source of encouragement and inspiration to us. The best way to honour his memory is to work hard in our limited spheres and thus contribute our mite to India's prosperity.

General: Oil is fast assuming a place of first importance in the industrial economics of the world and recent trends in uses of various commercial fuels indicate that the popularity of petroleum products and their proportionate use in industry has been going up steadily. Although India has a very low *per capita* consumption of oil products, the economy of the future will require a rapid and steady increase of these energy sources. In the long run coal and hydraulic power sources may prove inadequate and nuclear energy will take a considerable time to replace traditional sources of energy. The combined requirements of energy and petro-chemicals in India leave no alternative therefore to the rapid development of the oil industry.

In the recent past the demand for petroleum products has been increasing at the rate of nearly 10 per cent per annum and during the Fourth Plan period it is now expected to increase by 2 to 3 million tonnes annually. By the end of the Fourth Plan period, demand for all products is likely to go up to about 28 or 30 million tonnes. However, there is some difference of opinion about the total demand and how it will shape in future during the Fourth Plan period and it is not necessary for me to go into these details except to stress that the refineries based on imported crude should produce more of kerosene and fuel oil, for which there is a spurt in demand. The purpose of this review is to set a background for the functions of Oil India and the role it has to play in meeting this demand for petroleum products.

The country hopes to have a production of about 6 million tonnes of indigenous crude oil by the end of the current Plan and, of this, more than half will be contributed by the oilfields in Assam. When this quantity of oil is produced and refined at the public sector refineries of Gauhati and Barauni it will save imports of petroleum products of the value of nearly Rs. 40 crores per annum.

Oil Field Development: Despite the difficulties faced in acquiring land for drilling sites, Oil India Limited have achieved their drilling targets. An average of 74,154 feet per drilling rig was achieved which compares favourably with similar drilling efforts elsewhere in the world. Of the total wells drilled during this year, two wells were completed with a view to producing oil from two zones independently, popularly known as dual completion wells, and three deviational wells directed to tap oil reserves under the river bed. These were the first deviated and dual production wells to be drilled in India and Oil India can legitimately lay claim for these two "firsts" in their drilling programme. Another noteworthy feature of the drilling activities in Oil India's areas is that increases in the cost of material and labour and heavy expenses involved in exploration drilling have been offset by speed in drilling.

With the wells drilled and completed, Oil India is in a position to meet the requirements of the public sector refineries at Gauhati and Barauni, to the extent of its commitments. The refinery at Gauhati has been taking regular supplies of crude oil particularly since the latter half of this year, while the first unit of the refinery at Barauni is expected to go on stream in the near future. In fact some quantities of crude oil are being supplied to this refinery for "trial runs."

Exploration Activities: For the first working season, a seismic party from the Oil and Natural Gas Commission was employed to do seismic surveys in the New Exploration Licence Areas. In the second working season a seismic party from the Seismograph Services Limited was engaged in the fields. Both parties made excellent progress. Over 900 line miles of seismic reflection survey were completed during the two working seasons commencing February 1963 as against a target of about 700 line miles for this period.

The permits required to enable the personnel to enter the Exploration Licence Area in NEFA were not received until 5th February 1964. However a ground survey was commenced on 6th February but later heavy monsoon interrupted the work and the party had to be evacuated with the assistance of helicopters.

Exploration drilling in the New Exploration Licence Areas was taken up side by side with seismic survey. This programme of surveys and test drilling, costing a total of about Rs. 2 crores will be continued throughout 1964 and early 1965.

Pipelines: Oil India's pipeline system in North East India connecting the oilfields with Government refineries at Gauhati, Assam and Barauni, Bihar, has been completed. This is the second longest crude oil pipeline in the East and one of the most modern and automatic of its kind in the whole world. This pipeline was constructed for Oil India by The Burmah Oil Company (Pipe Lines) Limited and I would like to pay here a tribute to all the project staff—labour, clerical and executive—and the various contractors and their men who worked hard to complete this extremely difficult job. After the completion of the pipeline The Burmah Oil Company (Pipe Lines) Limited, have been required to operate and guarantee the pipeline for a period of 12 months from 1st January 1964. Meanwhile the operational control without affecting the guarantee is being taken over by Oil India with the necessary integration of staff to which I propose to revert later. A little known fact of this project is that the final completion cost of about Rs. 45 crores was a little below the original estimate of Rs. 46 to Rs. 47 crores.

Crude Conditioning Plant: The crude conditioning plants at Nahorkatiya and at Moran, the first of their kind in the world and which were especially designed to make Nahorkatiya-Moran crude pumpable, were completed and operated during the year. These plants were actually constructed for Oil India by the Assam Oil Company, a subsidiary of The Burmah Oil Company—Government's partner in Oil India. Oil India has taken charge of these plants after thorough test and these are now operational. The tests showed that the completed plants conform to pilot plant expectations and our thanks are due to Assam Oil Company and their staff for this job.

Industrial Installations and Domestic Buildings: Almost all the programmed construction work for 1963 on the various industrial installations and domestic buildings was completed during the year. One more oil collecting station was installed at Nahorkatiya, making a total of six such stations there, an another similar station was completed at Moran. Ninety-five domestic buildings of various types, together with the necessary roads, drainage and other services, were completed during the year and what was an impenetrable jungle a decade ago has turned into a thriving and prosperous town due to the oil find at Nahorkatiya.

Crude Supplies: The requirements of crude of the refineries at Gauhati and Digboi were met in full. The production will go up once the first unit of the Barauni Refinery goes on stream to be followed by the second unit.

Gas: Apart from nearly 10 million cubic feet of natural gas which will be required for oilfield uses, there is still a large balance which can be utilised for other projects. As at present, commitments have been made for the supply of nearly 45 million cubic feet of natural gas per day to various industrial projects; 18 million cubic feet per day to the Assam State Electricity Board; about 10 million cubic feet per day to the Assam Gas Company; 8 million cubic feet per day to Assam Oil Company; 8 million cubic feet per day to the Fertilizer Plant at Namrup; and small quantities to brick kilns and tea gardens. Here I would like to assure the Government of India and the State Government of Assam that we, on our part, are prepared to supply the balance of the gas available with us to the industrial projects approved by them, and we can do so at a price which will be sufficient to enable Oil India to compress and store gas to the extent necessary to provide for uninterrupted supplies over the period required by the consumer.

Finances: The delay in the commissioning of the Barauni Refinery resulted in the offtake by the Indian Refineries Limited being much lower than originally anticipated. The consequent reduction in the anticipated cash inflow necessitated the use of larger overdraft facilities for working capital and general purposes and arrangements were made with the State Bank of India to make these available.

The rupee cost of pipeline construction was financed by Rs. 30 crores received in full on 6¼ debenture stock 1968/77. The foreign exchange expenditure on this project was financed partly by a loan of £3 million from the U.K. Government to the Government of India under a U.K./India (Oil Pipeline) Credit Agreement 1959 and a sterling loan of £10,250,000 from the Bank of Scotland, U.K.

Dividend: The profit and loss account shows a net surplus of Rs. 336 lakhs after providing for depreciation, taxation and development rebate. This leaves funds available for the declaration of a dividend of Rs. 120 per share of paid-up equity capital which is a minimum dividend of 9 per cent after payment of all taxes including taxes payable on dividend. An interim dividend of Rs. 40 per share of paid-up equity capital was declared in December 1963, and a final dividend of Rs. 80 per share is now being recommended.

Staff: We are making advance arrangements now to take over the Pipeline and for this purpose additional staff have been taken on the payroll for maintenance and operation of the Pipeline. This process has almost been completed. The last years have been formative ones for Oil India and organisational problems have been tackled side by side with development work in the Mining Leases and exploration activities in the New Exploration Licence Areas. This has been rendered possible by the spirit of co-operation shown by all concerned at all levels—workers, clerical and executive—and here I would like to pay a tribute to their sense of duty and constancy. In particular I would like to mention that there was no industrial unrest, which is evidence of the consciousness on the part of the workers of their participation and keen interest in the national endeavour to produce more oil.

Lastly, I would like to thank my colleagues on the Board for their active assistance. In particular I would like to mention Mr. J. C. Finlay, M.C., Managing Director, and Shri P. Govindan Nair, I.C.S., Financial Director, who have worked most closely together to make this year a successful year for Oil India. I also take this opportunity of expressing my thanks to various Ministries of the Government of India, especially the Ministry of Petroleum and Chemicals and the State Governments of Assam, West Bengal and Bihar for their assistance in our work.

NATURAL GAS UTILISATION IN INDIA

INCIPIENT TRENDS POINT TO BRIGHT POSSIBILITIES

NATURAL gas is not only a versatile fuel but an important raw material for petro-chemicals. The uses to which it is extensively put in the United States and Europe (including the Soviet Union) are many and varied. For instance, 90 per cent of 108 million meals served every day by America's restaurants, hotels, military mess halls, schools, etc. are cooked by natural gas. Much of the canned and processed food in the United States is also prepared with gas heat. In the field of petro-chemistry, the ingredients of natural gas, namely, methane, ethane, propane and butane are being used as raw materials for the plastic, synthetic rubber and synthetic fibre industries in that country. Seventy-five per cent of the ammonia produced in the United States comes from the use of natural gas as the raw material, and the largest use of this ammonia is in fertilisers. Residential consumption of gas is also very large in that country. It is stated that the most exciting possibility for natural gas lies in energy converters and that at least four devices are now in various stages of development by 500 U.S. companies for producing electricity. In Europe, where natural gas accounts for a relatively small proportion of total energy, its use tends to be more heavily concentrated in chemical industries. In Soviet Russia, too, natural gas, which is to be found in as many as 300 deposits, is put to a variety of uses, both industrial and residential.

But in India natural gas is still in the preliminary stage of exploitation and utilisation. In fact, according to an expert who has dealt with his subject in *Indianoil News Annual*—1964 (just published by the public-sector Indian Oil Co., Ltd., Clarke Road, Bombay-34), the total gas reserves in India have not been fully assessed yet. The gas reserves estimated so far cover only Assam and Gujarat. In Assam, the Nahorkatiya, Moran and Upper Assam fields have 22,000 million cubic metres of gas reserves. The Gujarat field includes Cambay, Ankleshwar and Kalol areas. Cambay, it has been estimated, can yield 7,000 million cubic metres of gas annually; the existing wells, it is said, can produce about 200,000 cubic metres per day (approximately equivalent to 60,000 tons of oil per year). While the individual gas reserves of Ankleshwar and Kalol fields are not yet known, an estimate is at least available for the amount of gas associated with their oil production. This estimate is that, on an oil production of two million tons per year, the total gas available is 1.05 million cubic metres per day and that, after gas separation, 850,000 cubic metres per day will be available. Incidentally, the Oil and Natural Gas Commission continues its gas exploration activities in Gujarat, for, apart from the Commission's gas supply commitments to the power stations of Utran and Dhuvaran and the industries of Baroda, other demands are foreseen. It is also stated, in this connection, that in view of the discovery in recent months that the Cambay gasfield is actually bigger than was originally believed, the Commission is going ahead with the programme of further drilling to delineate the boundaries of the field fully.

Still in Infancy

As for gas utilisation, the position in India at present is that it is still in its infancy. For instance, Oil India Ltd. produced 5,789 million cu. ft. of natural gas in 1963 and sold only 2,332 million cu. ft. of it to Assam Oil Company and Derial Tea Estates. Taking both associated gas (that is, gas associated with oil production) and non-associated gas together, Oil-India's daily output at Nahorkatiya can well be of the order of 85 to 125 million cu. ft. per day or 31,000 to 46,000 million cu. ft. per annum. But that much output, if available, cannot be easily absorbed within Assam itself. Actually Oil-India's present commitments are to the tune of only 55 million cu. ft. per day—10 million cu. ft. for oilfield uses and 45 million cu. ft. for various industrial projects. It is, however, gratifying to find that the daily supply of 45 million cu. ft. of Oil-India's natural gas will be used by a variety of industries—18 million cu. ft. by the Assam State Electricity Board, about 10 million cu. ft. by the Assam Gas Company, eight million cu. ft. by the Assam Oil Company, eight million cu. ft. by the Fertiliser Plant at Namrup and small quantities by brick kilns and tea gardens. Still Oil-India will have a large surplus of gas. The Chairman of the Company, in this connection, has just assured the Government of India and the Government of Assam that the Company is prepared to supply the balance of gas available with it to industrial projects approved by the two Governments and that it can do so at a price which would be sufficient to enable Oil-India to compress and store gas to the extent necessary to provide for uninterrupted supplies over the period required by the consumer.

In view of the large surplus of Nahorkatiya gas that will be available, several new industrial projects have been proposed to utilise it. The Indian Oil Company's expert has referred to several proposals in this connection. First, the associated gas is to be fractionated into lower (mainly methane) and higher (mainly liquifiable) fractions. Secondly, the dry gas is to be used for the production of power (50,000 k.w.), fertilisers (50,000 tons of urea, 50,000 tons of ammonium sulphate per annum) and gas furnace black (10,000 tons per annum) and as domestic and industrial fuels. Thirdly, higher fractions are to be used for the manufacture of polyethylene (14,000 tons per annum) and polybutadiene rubber (20,000 tons per annum). A recent development of note, in this context, is that a licence has been granted for the setting up of an acrylic fibre plant based on Nahorkatiya gas. This unit will have an authorised capital of Rs. 8 crores and will require foreign exchange to the extent of Rs. 3 crores. It is estimated to consume four million cu. ft. of gas per day to produce 300 tons of acrylic fibre, resembling wool, every month.

Gujarat Gas

The utilisation of Gujarat gas will be in accordance with the order of priorities laid down by the Government of India. According to the Government's decision, the supply of gas will be given, first, for the generation of electricity, next for fertilisers, third, for other State projects and then for private industries. Gas supply to the Dhuvaran power station is expected to commence in September and to the Utran power station in November 1964. The Gujarat Fertiliser Factory will be supplied from about June 1966, when it is expected to go into production. The requirements of some industries in Baroda can be supplied towards the last quarter of 1964. There is no delay in this supply schedule, as the supply will synchronise with the consumers' readiness to receive the gas. The price of gas to be charged from the various industries in Gujarat has been tentatively fixed as follows:

(Per thousand cubic metres)

Supply to Gujarat Fertiliser Factory	Rs. 90
Supply to Gujarat State Electricity Board ...	Rs. 80-100*
Supply to industries around Baroda	Rs. 100

*Rs. 80 for Cambay gas and Rs. 100 for Ankleshwar gas.

The price of gas to be supplied for industries and power generation has been related to the price of residual fuel oil on thermal value equivalence. The price of gas to be supplied for fertilisers has been related to the price of naphtha on thermal value equivalence. Negotiations regarding price between the Gujarat Government and the State Electricity Board, on the one hand, and the Oil and Natural Gas Commission and the Central Government, on the other, have recently broken down. Following this breakdown, the issue of pricing has been referred to arbitration.

It has been estimated that, if the production of oil is 2.5 million tons per annum and the gas-oil ratio is about 1,000 cu. ft. per barrel, the total quantity of gas available in Gujarat from the existing fields would be of the order of 250 million cu. ft. The Oil and Natural Gas Commission has planned to supply progressively one million cubic metres of gas (equal to 1,000 tons of coal) per day to three thermal power stations (including Dhuvaran and Utran) by the middle of 1964. A scheme of gas pipelines has also been formulated to link oilfields and the power stations.

It would appear from the above review that India has a long way to go in the exploration, exploitation and utilisation of natural gas. Although the country's natural gas reserves (not yet fully estimated) may not be comparable to those of the United States, U.S.S.R. and Middle East, they should be pretty substantial. Their planned exploitation and utilisation should go some way towards meeting the country's increasing energy requirements and developing a variety of petro-chemical industries.

SYSTEM FOR VACUUM PUMPING

Extremely clean vacuums can now be produced efficiently and economically by a new vacuum pumping system developed by Union Carbide Corporation. Based on the principle of gas adsorption at cryogenic temperatures, Union Carbide's cryosorption pumps have no moving parts or working fluids, thereby completely eliminating the danger of contamination from back-streaming of oil from mechanical or diffusion equipment. The first commercially available Union Carbide unit is the SN-12 cryosorption vacuum pump, which can be used to evacuate volumes up to 20 cubic feet (0.57 m.³). Pump-down performance is improved if the space to be evacuated is first purged with dry nitrogen gas to eliminate uncondensable gases such as neon and helium.

The SN-12 consists essentially of an adsorption chamber packed with Molecular Sieves which can be sealed in a liquid nitrogen reservoir. The unit is made ready for operation by filling the reservoir with liquid nitrogen which precools the adsorbent to about —320° F. (—195° C.) in 10 to 20 minutes. Pump-down begins as soon as the vacuum valve is opened in the pipeline connecting the pump and vacuum chamber. Vacuums as low as 10^{-6} to 10^{-7} Torr can be produced by operating two or more SN-12's in stages. In an actual field test utilising a three-stage pump-down system, these pumps produced ultra-clean vacuums of 10^{-4} in two hours, 10^{-6} Torr in three hours, and 10^{-7} Torr in approximately four hours.

Operating performances indicate that higher vacuums and faster pumping speeds are obtained with the SN-12 than with other commercially available liquid nitrogen cryosorption pumping systems. An improved reactivation process has also been developed for Union Carbide's pumping systems.

Because it has no moving parts, the SN-12 cryosorption pump is virtually maintenance-free and simple to operate. Its outstanding operating efficiency results from a combination of the high gas adsorption characteristics of Union Carbide's Molecular Sieve adsorbents and proprietary design features. For further information, Union Carbide International Company, Division of Union Carbide Corporation, (270 Park Avenue, New York, N.Y., U.S.A., 10017) is to be addressed.

ATLAS OF SOUTH-EAST ASIA

The term 'South-East Asia' had its origin in the Second World War when the Allied Organisation, South-East Asia Command, was formed to direct operations against the Japanese in the area. South-East Asia is densely populated. And it is an area of ancient cultures, where great empires existed and were destroyed, leaving behind trails both in stone and tradition. This region today, with a favourable climate, vast areas of fertile land and large rich mineral resources, has become a centre of attraction and holds a very important position in world economy. This prompted Macmillan and Company of London, the world reputed firm of publishers, to bring out a separate atlas for this area, which is, incidentally, the second of a series of regional atlases. The atlas under review contains 64 pages of coloured maps (with a total of 130 maps) and introduces the territory as a whole in general maps. However, the major part of the volume is devoted to individual countries of the region. The relevant maps cover physical and political conformation, geology, climate, vegetation, land use, population, industries, communications, minerals, town plans of the main cities, etc.

The great Indian sub-continent, though a part of South-East Asia from the point of view of natural environment, is excluded. One may wonder why. The publishers themselves have provided an answer in their preface. They say: "The Indian sub-continent has been excluded from this atlas because, in our opinion, it deserves separate treatment, owing to its situation, extent and political importance."

The atlas is also noteworthy for its brief but comprehensive introductory note from the pen of Prof. D. G. E. Hall of the University of London, its fine collection of photographs and its exhaustive index It is priced 50 shillings.

NEW PRODUCTS AND PROCESSES

Welding Machines for Thin Lines

THE A. S. Popov Telecommunications Institute in Prague has designed a thermo-compression welding machine which is able to weld wires 10-50 microns thin to the electrodes of transistors. In order to achieve a high degree of accuracy of the welding, the whole process is enlarged on the screen of a closed circuit television apparatus where it is viewed. The welding machine is an important part of the equipment being built in Czechoslovakia for the mass production of transistor microtechnique parts.

Concrete Testing Device

Engineer Yordan G. Pashev and Todor D. Tedorov, a technician, both from the Construction Frame Works in Kremikovtsi, Bulgaria have thought out a new device for testing the strength of concrete, without harming it. The device called 'Kremikovets" works on the imprint method and is better than the devices that are similar and that have been used so far (Baumann and Schmidt devices). The Kremikovets device is very precise in testing both low and high grade brands of concrete. It can also be used effectively in testing the strength of metals. The device has been recognised as an invention.

Checking Method for Car Headlights

A small device for checking whether a car's headlights are working properly is being marketed by BOVORST, Merelaan 1, The Hague (Holland). This device, dubbed as the 'headlight spy,' consists of a chromium-plated metal element containing two very powerful reflectors measuring 1 sq. cm. It is fitted centrally on the front of the car's bonnet. There the reflectors pick up the diffused light of the headlights and reflect it towards the driver. All departures from normal, such as when the headlights are not burning uniformly or one light is not working at all, can be spotted immediately. The device has no moving or electrical parts, so that no technical trouble is possible. It can easily be fitted by the layman and works under all weather conditions. A separate 'spy' is made for each make of car. Models are already in production for a few of the commonest makes while new devices for other makes will successively be added to the production programme.

Power Transmission Calculating Method

A new method of calculating flash-over voltage for overhead power transmission lines has been developed by Dr. Arie Braunstein, in Sweden.

Dr. Braunstein, who is an Israelite, has based his studies on a loop-voltage method developed by a former Chalmers professor, Raknar Ludholm, whose theories he confirmed experimentally. In the course of his experiments, Dr. Braunstein has found that Lundholm's circulations are valid only when earthing cables are installed as lightning arresters for the transmission lines, whereas the results are different if no such cables are used. The so-called compensating currents have proved to be of decisive importance in this context, and Bernstein has developed a technique, the "CC-method," to calculate them properly. The CC-method, which is likely to be of interest to electrical engineering in general, may make it possible to simplify the design of pylons for overhead transmission lines and also discard the use of earthing cables. Technical solutions of this kind are at present being discussed for several transmission lines in Sweden.

Automatic Calculator

The latest addition to the range of automatic desk calculators produced by Archimedes Diehl, of Chandos House, Buckingham Gate, London, S.W.1, is known as the Math-Matic. Its principal features comprise automatic multiplication and division with automatic decimal point in the result, an independent visible storage register, a multiplier memory and direct transfer between the storage register, the results register and the keyboard. Colour coding is incorporated so the operator need only follow a red code to divide, a blue code to multiply or a grey code to add or substract. It is suitable for both commercial and scientific use.

Platinum Adds to Anodes Life

Combined lead and platinum anodes, used for protecting ships, are said to last longer than zinc or magnesium anodes. The Marine Services Division of Lockheed Aircraft Service Company, Ontario, California, has applied the system to the wine carrier s.s. Angelo Petri, a converted tanker. The anodes are made of lead with platinum pins inserted. The lead reacts with the sea water to form lead peroxide, and current is passed through this into the water. The platinum aids in re-conversion of the peroxide, extending the life of the anodes. The reaction keeps the sea water from corroding the hull and its metal fittings.

Printing Machine

The latest Rondec screen process printing machine is designed especially for the printing of a wide variety of flat objects. Basically a printing unit built on to a pedestal to which is added a feed hopper and guides designed for handling the object to be printed, it is pneumatically operated and fully automatic. A separate compressor can be supplied if piped air is not already available. The maximum print area is 6 inches by 6 inches and the machine operates at rates up to 2,000 strokes per hour.

Shapes Hard Metals

A Soviet engineer, G. M. Kirilitsev, of 5/20, 1st Basmanny Lane. Flat 156, Moscow, has devised an improved spark erosion machine for shapping very hard components like hardened forged dies and tungsten carbide tools. Great versatility is claimed for the machine and it is said to be capable of cutting a big range of die and tool shapes in many sizes. The movement of the tool electrode is automatically or manually controlled.

New Patent

A patent for the manufacture of coin blanks from carbonyl-nickel pellets has been taken by Henry Wiggin & Co. Ltd. of U.K. (inventor P.G. Turner). In the manufacture of high-quality nickel strip for coining, planing the ingot results in a scrap loss of some 27 per cent and the processes involved in reducing the ingot to strip of the required thickness and width produces a scrap loss of some 25-30 per cent of the planed ingot. A further scrap loss of about 30 per cent of the strip is incurred in punching the coin blanks, and the overall conversion of virgin metal to finished coins is only about 35 per cent. In the invention claimed, these losses are reduced, and the process is simplified, by eliminating the need to use strip. The coin blank is produced using a substantially carbon-free nickel pellet made by decomposing nickel carbonyl, and of a volume at least equal to that of the desired coin blank. The pellet is stamped to the desired thickness and shape between dies, and any excess metal is removed by clipping.

Cutting Concrete with Water

A water torch capable of cutting through six inches and more of concrete or about ½ inch of stainless steel, has been developed by World Research and Engineering, 5527 Cleon Avenue, North Hollywood, California, U.S. It is backed by pumping equipment capable of delivering a steady stream of water at 20,000 p.s.i. Applications include cutting a way into crashed aircraft where speed and absence of heating effects are vital. Used in conjunction with contracting equipment, the system could provide virtually silent road breaking or demolition. A water torch has also been used to dismantle large bombs which had been stored in a war-time dump for so long that handling had become a serious problem.

Pneumatic Hoist for Fish

A plant something like a grain elevator which will automatically discharge a fish catch at a rate of 220 lbs. per 5 to 11 seconds on to a conveyor belt on shore has been developed in the Netherlands.

The fish are sucked up from the hold by an air stream moving at 15 to 25 metres per second and delivered undamaged to an air lock.

Depending on the size of fish and the distance it has to be conveyed average power consumed is 2 h.p. per ton and per hour

Two models are being made, one for 20-40 tons and the other for 40-80 tons per hour.

While the fish are travelling through the pipeline, it has been found that they barely touch the walls and at the receiving end, specially shaped guide boards minimise damage to them.

Hamycin Patent

Hamycin, an anti-fungal antiobitic developed in the Research Laboratory of Hindustan Antibiotics, has been granted a patent in the U.K. Hamycin is a potent anti-fungal and anti-protozoal antibiotic obtained from broth cultures of "streptomyces pimprina" isolated from Pimpri soil by HAL scientists. Hamycin is a new antibiotic discovered and clinically established at HAL.

Dust Remover

Particles of dust, which are a health hazard if inhaled, can be extracted from the air by the Airflo unit specially developed to overcome this type of pollution. It is known as an hydrostatic precipitator, into which the dust-laden air is drawn and "scrubbed" before recirculation. The clean air is drawn through a series of eliminators designed to return any entrained droplets and the water carrying the dust falls into a collecting sludge tank. The machine is stated by the manufacturer, Industrial Fan and Heater Company, of Evelyn Road, Birmingham 11, to have low water consumption and maintenance cost.

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Office Intercom

The President is the name of a new, fully transistorised, loud-speaking, intercommunication system for offices and similar places, introduced by The British Home and Office Telephone Company, of 73, Great Peter Street, London, S.W.1. It consists basically of a master station which has 14 or 21 lines. Extensions can themselves be wired for 7, 14 or 21 lines. More than one master station can be incorporated in a system and as many simultaneous conversations can be carried on as there are pairs of instruments. To operate the system, the executive at the master station simply flicks a key labelled with the identification of the person he wishes to call.

Decimal System Computing

A ceramic material recently developed by Sandia Corporation of Albuquerque, New Mexico, may make it possible to produce a computer memory working on the ten digits of the decimal system rather than the common computer language of 0 and 1. The material is a lead zirconate-titanate with an addition of niobium, bismuth or potassium. Computer memory units, made from it in the form either of bars or discs can store information in any of ten stable states, permitting the use of the decimal system. Information is fed into memory units by applying voltage pulses which change the characteristics of tiny areas within the ceramic units. The most important property claimed for the new compound is the stability of the changes produced in these tiny areas. This means that once data has been stored, they can be retrieved time and again. The ceramic is not affected by temperature changes and other factors that would cause trouble in other systems. The company claims that little energy and time are needed to switch from one storage state, or digit, to another.

Portable Liferaft Radio

The introduction of a new portable transmitter-receiver for use in survival craft is just announced by Marconi Marine. It is believed to be the first survival craft radio to have facilities for working on three frequencies. Named "Survivor," it is designed for maximum portability. The entire equipment, including masts and aerials, is contained in a single case weighing less than 30 lb. Other features are a case and cover in resin bonded glass fibre, painted bright yellow for instant recognition in water, capable of floating, and designed to withstand damage after being dropped overboard, if necessary, from a ship in distress. It is powered by a hand-driven generator of high efficiency or can be operated off an alternative static power source. The "Survivor" can be operated by any unskilled personnel in the boat or raft. With an output of some 3 watts, ranges of 100 miles on medium frefrequency and 400 miles on high frequency have been obtained during recent service trials.

Fruit-gatherer

A French firm has produced a machine for gathering fruit from the ground. This pedestrian driven machine which permits both gathering and sorting was recently exhibited at the 35th International Agricultural Machinery show at Paris. The "pick-up" unit consists of a "hedgehog" cylinder formed by juxtaposing eight-point stars in fairly stiff rubberised canvass. The motion of the cylinder collects the fruit and sends it by a tongue piece and duct to a sorting table. This motion causes all the leaves, grass and impurities to fall between the rollers, while the fruit itself is fed to the rear due to the angle of inclination towards the collecting basket.

Stair-mounting Wheel Chair

A new invention enables wheel-chair patients to get up and down stairs unassisted. The only difference between this and the conventional type of wheel chair is a well-thought-out second undercarriage, which is powered by two electromotors and can be swung out if and when required. It uses two non-skidding hard-rubber chains which, caterpillar-fashion, adapt to the ground and slowly pull patient and wheel chair up or down the stairs. For the present, the electric motors are directly connected with the net, a model with chargeable battery is under construction. A third motor has the task of keeping the chair level at any ground-inclination. Together with many other technical innovations, designed to ease patients' lot, the new invalid chair was shown for the first time at the recent special hospital-equipment exhibition at the "Planten un Blomen" exhibition grounds in Hamburg.

X-ray Camera for Industrial and Medical Use

The world's smallest x-ray unit—about the size of a pack of cigarettes—has been developed by the Illinois Institute of Technology in Chicago. The hand-held unit, which needs no outside electric current, has special and very practical applications. It can make on-the-spot checks on installed electronic equipment and aerospace components in situations where it would be difficult or impossible to use bulky standard X-ray units. X-ray inspection of such equipment detects internal defects which cannot be found by any other method without damaging the equipment. The tiny unit has already been used to check thin castings and welds and enclosed electronic circuitry. The device is described as a camera in reverse. Instead of film it contains a pellet of radioactive Promethium-147 which emits X-rays through the open shutter toward the object under study. X-ray sensitive film is placed behind the object to get the pictures. Because the radiation is emitted in a straight column with little scattering, no safety problems are involved if simple precautions are taken. The inventors suggest the operator keep out of the beam's line as much as possible and that his time of operation of the unit be limited. The device is being tested at Michael Rese Hospital in Chicago in diagnosing fractures, bone diseases and foreign bodies lodged in thin area such as limbs.

DEPRECIATION ON BUSINESS BUILDINGS—II

ASSESSEE'S CLAIM FOR INCLUDING LAND TENABLE

By Premjus Roy

THE next provision of law to be examined is Clause (iv) of sub-section (1) of Section 32 of the Income Tax Act which refers to the allowance of initial depreciation in respect of certain buildings which satisfy the conditions mentioned in that clause. This clause reads as under:

"*S.* 32(1)(*iv*).—In the case of any building which has been newly erected after the 31st day of March 1961, where the building is used solely for the purpose of residence of persons employed in the business and drawing a remuneration not exceeding two hundred rupees per mensem, or where the building is used solely or mainly for the welfare of such persons as a hospital, creche, school, canteen, library, recreational centre, shelter, rest-room or lunch-room, a sum equal to twenty per cent of the actual cost of the building to the assessee in respect of the previous year of erection of the building; but any such sum shall not be deductible in determining the written down value for the purposes of clause (ii) of sub-section (1)."

It might be argued that since the words used in this clause are "building erected," and "erection" of a building can refer only to superstructure and not land, 'building' in the preceding clause (ii) of Section 32(1) should also be construed in a restricted sense to mean only superstructure, exclusive of land. Such a contention would, however, be entirely futile, because clause (iv) of sub-section (1) of Section 32 which provides for initial depreciation is entirely separate from the allowance of normal depreciation prescribed under clauses (i) and (ii) of that sub-section. Where the building of the description mentioned in clause (iv) has been newly erected after 31st March 1961, the conditions are more restrictive than under clause (ii) although the allowance itself is more liberal. For instance, sub-section (iv) requires that the building should be "newly erected" after 31st March 1961, while for allowance under sub-clause (ii) the building could be old and need not be erected by the owner, but might have been purchased old by the owner. Clause (iv) requires that the building is either "used solely for the purpose of residence of persons employed in the business" or is used "solely or mainly for the welfare of such persons as a hospital, etc.," while for the purpose of clause (ii) the building should be "used for the purposes of the business or profession" and such use could be only fractional. If the building fulfils the various other conditions of clause (iv), initial depreciation is allowed at the rate of 20 per cent of the cost in the year of erection of the building, which is not to be deducted for determining written down value for purposes of normal depreciation under clause (ii). To take another instance, for the purpose of allowance of development rebate under Section 33, the requirements are, *inter alia*, that the machinery or plant should be 'new,' and should be 'installed' while for the purpose of allowance of normal depreciation under Section 32, the plant and machinery should neither be new, nor should it be installed, but it will do if the plant and machinery is old, and is not installed, such as would be the case of books, scientific apparatus and surgical equipment used for business and treated as 'plant' under the definition given in Section 43(3) of the Income Tax Act. It would be futile to contend that the restrictive words for the purpose of allowance under Section 33 should also apply to the allowance for plant and machinery under Section 32(1). Hence, the use of the words "newly erected" with the building for the purpose of initial depreciation under clause (iv) cannot have any bearing on the use of the word 'building' for the purpose of clause (ii) which provides for normal depreciation of building, irrespective of whether they are newly erected or not.

The Income Tax Act prescribes that the total amount of depreciation allowable in respect of building, plant, machinery, etc., will not exceed total cost of the asset. This would apply equally whether building includes mere superstructure, or includes superstructure and land. Further, when any building, machinery, plant or furniture is sold, discarded, demolished or destroyed, there is provision for a "balancing charge." If the sale or the scrap value, as the case may be, is less than the written down value, the difference is allowable as a deduction under sub-clause (iii) of sub-section (1) of Section 32, while if the sale value is in excess of the WDV, the difference is assessable to tax under sub-section (2) of Section 41 in the year of sale. Obviously, for the purpose of the balancing charge, there will be no difficulty if building is treated as including not only the superstructure but also the land. If a building is purchased as such for business, instead of land being first acquired and subsequently built upon, it would be clearly convenient to deal with the building, i.e. superstructure and the land attached thereto, as a unit, instead of placing an artificial value upon the land and the superstructure separately, and to allow depreciation on the cost of superstructure alone. Equally, at the time of sale of a business building, it would obviously be convenient to treat the sale of the building as a unit, instead of splitting the value of the superstructure and land, for the purpose of treating the superstructure alone for the balancing charge.

Section 43 of the Income Tax Act gives definitions of certain terms relevant to income from profits and gains of business or profession, used in Sections 28 to 41 and in Section 43 of the Act. Under one of the definitions, it is stated that "'plant' includes ships, vehicles, books, scientific apparatus and surgical equipments" used for the purposes of the business or profession. It will be seen that this definition is only inclusive, and comprehends such items as vehicles, books, scientific apparatus or surgical equipments, which, as commonly understood, could not be treated as plant, and in respect of such items as well, depreciation would be allowable under Section 32. If, for the purpose of allowing depreciation under Section 32, 'plant' is taken to include such items as books, scientific apparatus or surgical equipment, it would be a violence on language to say that 'building' would exclude land appurtenant thereto.

Exemption from Wealth Tax

By an amendment made by the Finance Act 1964, in clause (iv) of sub-section (1) of Section 5 of the Wealth Tax Act 1957, exemption from wealth tax is provided for "one house or part of a house belonging to the assessee exclusively used by him for residential purposes," subject to the proviso that where the value of such house or part, situate in a place with a population exceeding ten thousand, exceeds one lakh of rupees, the exemption shall be restricted to rupees one lakh. It would be unfair, or perhaps even absurd, to suggest that this exemption would apply only to the value of the superstructure, and not the house as a whole including also the land. Likewise, by another amendment made by the Finance Act 1964, a new clause (n) has been added in sub-section (1) of Section 33 of the Estate Duty Act, 1953, which similarly granted exemption from estate duty in respect of "one house or part thereof exclusively used by the deceased for his residence, to the extent the principal value thereof does not exceed rupees one lakh if such house is situate in a place with a population exceeding ten thousand, and the full principal value thereof in any other case." Obviously, the exemption would extend to the house, including the land appurtenant thereto, and not to the superstructure alone.

It would be clear from the above that far from there being repugnance if 'building' in Section 32 is understood in its grammatical meaning as including land appurtenant thereto, the only way to harmonise the provisions of Section 32(1)(ii) with other provisions of the Act is to treat 'building' as meaning the superstructure and the land appurtenant thereto. Assuming, for the sake of argument, that the word 'building' is capable of two interpretations; one that it means only superstructure, and the other that it means the superstructure and the land appurtenant thereto, even then the courts should hold in favour of the latter interpretation, since that would be more favourable to the assessee. As observed in *Escorts (Agencies) Private Ltd., Delhi,* vs. *C.I.T. and another,* 1958 P.L.R. 613, where there is a possibility of two equally forceful interpretations being put on a provision in a financial Act, the interpretation must proceed in a fashion that is favourable to the subject rather than against him.

It could be argued that no depreciation should be allowed on land even as part of the cost of a building used for business, because depreciation allowance is to cover "wear and tear" when a fixed asset is used for the purposes of business producing profits, while the land does not in fact suffer any such wear and tear in such use. While this argument would appear superficially attractive, it will not be a permissible interpretation of a statute to depart from plain and grammatical meaning of the word 'building' in Section 32(1) of the Income Tax Act, and when the meaning is clear, intention cannot be gone into. When land is attached to building, it becomes necessarily a part of that building. As stated by Kanga and Palkhiwala in their book on *Income Tax* (1963 Edition, Volume I, at page 347), "the assessee is entitled as of right to the full amount of allowance prescribed by r. 5 read with Part I of Appendix I to the Income Tax Rules 1962, irrespective of the actual wear and tear caused to the assets in question." Suppose there is a structure made of solid steel, it will not suffer any wear and tear for a considerable period of time, and perhaps the steel materials such as girders would be capable of being used in another building after remaining in use for almost hundred years in one building. This obviously would not justify the exclusion of the value of such steel structure from the cost of the building on which depreciation is allowable under Section 32. Equally, a building used for the purposes of business might have a solid construction like that of a fort, such as, for instance, it might be made of stone boulders, which do not suffer any perceptible wear and tear for scores and scores of years. Obviously, depreciation at the prescribed rate will be available under Section 32 even in respect of such a solid structure without any consideration as to its actual wear and tear. It would be futile to reject the claim for allowance of depreciation on a building inclusive of land on the ground of supposed equity when, under the Income Tax Act, there are various items of capital expenditure which get consumed or wasted in the course of being exploited for business, such as wastage of mining leases, and still no allowance is made for income-tax on account of actual wastage of such assets. It is only in the case of prospecting etc. for mineral oil that a concession has been made under Section 42 of the Income Tax Act, while in all other cases, the law shuts its eyes to the actual depletion of a wasting asset in the course of being used for business, although equity would fully justify such capital expenditure being treated as allowable deduction for business, spread over the estimated useful life of the asset. The rationale behind the allowance of depreciation is to allow capital cost of building, plant and machinery used for the purposes of business as a charge on the profits earned from the use of such assets, but spread over a certain number of years, and it would be perfectly logical and equitable to allow depreciation to be charged in respect of a building, including the superstructure and the land, just as much as in the case of plant or machinery.

Question of Discrimination

In Kailash Motors case referred to above, which went before the Income Tax Appellate Tribunal, the member who thought that depreciation should be allowed only on the superstructure, and not on the building including the land, cited the following two examples in support of his view:—

(1) Suppose there is a big plot of land of 5 acres and if an assessee has a shed on it, say 1,000 sq. ft. in area for the use of a factory for his business then does it stand to reason that he should get depreciation on the value of the 5-acre plot even though the superstructure utilised for factory is only 1,000 sq. ft. in extent? On the other hand, the assessee having only that much of area of land as that of the shed will get less depreciation as he will be getting depreciation only in respect of that small bit of land on which the factory shed stands.

(2) Supposing an assessee who has got a plot of land with an old superstructure on it, he will get only normal depreciation. That means, normal depreciation even in respect of that land, if we are to give the assessee's meaning to the word 'building.' If, on the other hand, on the very said land, in the place of the old structure, a new structure was erected on it, then on the value of the land initial depreciation will have to be given if the assessee's contention is to be accepted.

From these two examples, he came to the conclusion that, when one assessee gets lesser depreciation, while another assessee possessing the same extent of land will get a larger amount by way of depreciation, this will amount to discrimination offending Article 14 of the Constitution. Frankly, the argument is far-fetched. In the first example, if the assessee uses for the purpose of his business a large plot of land attached to a small superstructure, it is only right and fair that he gets a larger depreciation in respect of that building, as against another assessee who does not require any land for the use of his business and can carry on his business only within the compass of the superstructure. So far as the second example is concerned, the allowance for initial depreciation is quite separate from the allowance for normal depreciation, and it is only on fulfilment of certain conditions that initial depreciation is allowable on buildings which comply with those conditions. The initial depreciation on building is available only in certain cases on new buildings, and the legislature thought fit to encourage construction of such new buildings by providing for a larger initial depreciation. Such initial depreciation is allowable only in the first year of construction, and in subsequent years, there is no difference in the allowance of depreciation between such new building and any other building. Such classification would be perfectly permissible, and it is entirely futile to contend that such classification would be treated as discriminatory under Article 14 of the Constitution of India. Article 14 states that "the State shall not deny to any person equity before the law or the equal protection of the laws within the territory of India." Equal protection means the right to equal treatment in similar circumstances both in the privileges conferred and in the liabilities imposed by law, *vide State of West Bengal* vs. *Anwar Ali* (1952) S.C.R. 284 (320). The principle does not take away from the State power of classifying the persons for legitimate purposes. Every classification is in some degree likely to produce inequality, and mere production of inequality is not enough. Differential treatment does not *per se* constitute violation of Article 14. It denies equal protection only when there is no reasonable basis for the differentiation—*Ameeroonissa* vs. *Mehboob* (1953) S.C.R. 404 (414).

Differential Treatment

It was recently held by the Supreme Court of India in the case of the *State of Madhya Pradesh* vs. *Bhopal Sugar Industries Ltd.* that an applicant pleading that equal protection of laws has been denied to him must make out that not only he has been so treated from persons, others, but he has been so treated from persons similarly circumstanced without reasonable basis and such differential treatment is unjustifiably made. The Legislature has always the power to make special laws to attain particular objects and for that purpose has authority to select or classify persons, objects, or transactions upon which the law is intended to operate. Differential treatment becomes unlawful only when it is arbitrary or not supported by a rational relation with the object of the statute. As stated in *Budhan* vs. *State of Bihar* (1955) I.C.C.R. 1045 (1049), if a law deals equally with members of a well-defined class, it is not obnoxious and it is not open to the charge of denial of equal protection on the ground that it has no application to other persons. The classification may be founded on different bases, namely, geographical, or according to objects or occupations or the like. What is necessary is that there must be a nexus between the basis of classification and the objects of the Act under consideration. The classification may be according to the difference in time—*Ramjilal* vs. *I.T.O.* (1951) S.C.R. 127. In view of such clear exposition of law, it is clear that if the word 'building' is construed as meaning the superstructure and the land attached thereto, for the purpose of Section 32 of the Income Tax Act, it cannot be attacked on the ground of discrimination.

From what has been stated above, it would be clear that for the purpose of allowance of depreciation under Section 32 of the Income Tax Act, 'buildings' include not only the superstructure but also the land appurtenant thereto, which is used for the purpose of business. This construction would not only be grammatical but also logical and in harmony with other provisions of the Act.

When a building is purchased by a person for purposes of his business, it would be all right to show the entire cost under 'buildings' and to claim depreciation thereon as such. When, on the other hand, land alone is first purchased and debited to land account, and subsequently building is erected upon it, the value of land pertaining to the building should then be transferred to building account, by a corresponding credit to land account, and this might be so as well in the case of companies as in the case of firms or sole proprietorships. Even if the cost of land is not transferred to building account but remains separately in the balance sheet, this really makes no difference to the claim of the assessee for depreciation on building, including the land appurtenant thereto, if the claim is otherwise tenable.

(Concluded)

EFFICIENCY OF CALCUTTA PORT

A MATTER OF ALL-INDIA CONCERN

By A Special Correspondent

THE port of Calcutta recently hit the headlines because of the acute congestion that prevailed in June and in the first few days of July this year. The situation at present seems to have improved. But it does not mean that all is well with the port. There are many aspects relating to the port's working which require immediate attention in the interests of the economic development not only of West Bengal but of the country as a whole.

The importance of the Calcutta port to the Indian economy will be evident from the fact that in 1963-64 it accounted for 42 per cent of the country's exports. Out of the total earnings of Rs. 763 crores from the export of merchandise in 1963-64, the share of Calcutta port was Rs. 321 crores. The port serves not only West Bengal but also the States of Assam and Bihar.

The major commodities exported through Calcutta port are jute goods, tea, sugar, mica, iron ore, manganese ore, iron and steel and scrap, coal and engineering goods.

In 1963-64, tea worth Rs. 97.29 crores and jute goods valued at Rs. 155 crores were exported through this port. The port also handled in that year sugar worth Rs. 10 crores out of the total export of Rs. 26.87 crores from the whole of India.

The value of some other commodities exported through Calcutta port in 1963-64 was: mica Rs. 6.87 crores, iron ore Rs. 3.54 crores, hides and skins Rs. 4.51 crores, shellac Rs. 3.40 crores, woollen carpets (handloom) Rs. 4.94 crores and crude opium Rs. 2.16 crores. Details showing the quantity and value of goods exported through Calcutta in relation to all-India exports are given in the accompanying table.

But despite its great importance, sufficient attention has not been given to keep the Calcutta port always at a high level of efficiency. The Estimates Committee of the Lok Sabha, in the forty-eighth report issued in March this year, suggested that the turnround of ships in Indian ports, particularly Calcutta, needed to be improved. "There is heavy detention of ships at Calcutta port," said the Committee, and recommended that it would be worthwhile to undertake a study of the effect of heavy detention of ships at this port, on the c.i.f. value of exports.

To some extent, natural factors are responsible for the deficiencies of the Calcutta port. The port is not on the seaboard and the condition of the river Hooghly has been deteriorating. This will be clear from the fact that while formerly ships with a draught of 28 ft. could steam up to Calcutta, in recent years the draught has been reduced to 21 ft. At times in the summer it even goes down to 18 ft.

The Farakka barrage will help to reduce the forces and frequency of the bore tides and improve the navigability of the Hooghly. But this project will take another five years or so for completion. It is, therefore, necessary that greater attention has to be concentrated on measures which in the short-term will increase the port's efficiency.

Intensive dredging will, of course, be useful but it appears that the lack of up-to-date navigational aids and facilities for prompt repair and maintenance of dredgers are standing in the way.

At present about Rs. 3½ crores are being spent every year on the proper maintenance of the Hooghly river; and this is the main reason why port charges in Calcutta are higher than those of Madras, Bombay and Cochin. Industrial associations in Calcutta and the authorities of Calcutta port have been urging the Centre

Export of commodities through Calcutta Port together with all-India totals during 1963-64
(Value in lakhs of rupees)

Commodity description	Calcutta		All-India	
	Quantity	Value	Quantity	Value
Tea (m. kg.)	161	97,29	209	1,23,19
Jute and jute manufactures:				
(a) Raw jute ('000 tons)	26	2,91	26	2,91
(b) Jute manufactures ('000 tons)	904	1,54,88	904	1,54,88
Sugar ('000 tons)	163	9,99	525	26,87
Mica (m. kg.)	17.2	6,87	29 7	9,17
Iron ore ('000 tons)	720	3,54	9,868	36,38
Manganese ore ('000 tons)	152	1,77	954	8,26
Iron and steel scrap ('000 tons)	310	3,90	384	4,91
(a) Hides and skins ('000 kg.)	6,439	4,51	11,541	9,60
(b) Leather ('000 kg.)	1,012	1,35	19,799	26,20
Footwear (m. pairs)	4.1	1,25	5 9	3,44
Shellac (m. kg.)	13 3	3,40	13 3	3,40
Coal ('000 tons)	147	63	864	2,24
Hard paraffin wax ('000 tons)	9.5	57	9.5	57
Cigarette paper ('000 kg.)	662	27	703	29
Cotton textiles:				
(a) Cotton yarn ('000 kg.)	312	12	14,357	6,62
(b) Cotton fabrics (m. met.)	19	90	520	49,66
Woollen carpets, handloom (m. sq. m.)	1.4	4,94	1.5	5,16
Coir cordage (m. kgs.)	1.6	20 3	2.4	30
Sewing machine and parts	..	24.6	..	28
Electric fans and parts	..	50	..	58
Opium, crude ('000 kg.)	348	2,16	475	2,97

Government that the latter should bear the cost of maintaining and servicing the Hooghly and that this should not be financed by charges levied on the users of the port. The Centre however, has not agreed yet.

The low labour output is another cause for concern. It was recently disclosed that till a few years ago, a steamer could discharge about 6,000 tons of general cargo in six days and an equal quantity of foodgrains in 60 hours. But now it takes 12 days and 8 days, respectively for discharging the same quantity of cargo. It is alleged that the stevedore labour is deliberately resorting to go-slow tactics. The replacement of the present mode of payment of wages by an incentive scheme, it is felt, will help to improve labour productivity in Calcutta port. This matter is now under the active consideration of the Port authorities.

The slow progress in regard to modernisation is another obstacle to efficiency. It is reported that the port does not have an adequate number of mobile cranes and other equipment to handle heavy weight cargo. Shortage of special types of wagons, dry dock facilities, lack of berths and godown space are some of the other difficulties experienced by the trade. The construction of the Haldia port will help to relieve the pressure on Calcutta to some extent because coal, iron ore and some other types of cargo will be diverted to the former. But Haldia, according to present indications, will take more than five years to be completed.

Meanwhile, the Calcutta port will continue to handle a steadily increasing volume of goods both in regard to export and import. It is, therefore, necessary that the question of improving its efficiency and providing better facilities should receive the serious attention of the Government of India, the Government of West Bengal and the authorities of the Calcutta Port.

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Champaran Sugar Company, Limited
Saran Engineering Company, Limited

Secretaries for:
Beta Picker Co. Ltd.

Agents for:
The Oriental Fire & General Insurance Co. Ltd.

TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED

STATEMENT OF THE CHAIRMAN, MR. J. R. D. TATA

THE following is the statement of Mr. J. R. D. Tata, Chairman of the Tata Engineering and Locomotive Company Ltd., for the year 1963-64:

Before I review the Company's operations during the past year, I must give expression to our profound sorrow at the passing away of our late Prime Minister. Although his failing health during the last year had given rise to some anxiety, his sudden death at the end of May stunned the people of India and, indeed the whole world, for Jawaharlal Nehru's status as a statesman and as a man transcended political and geographical frontiers. His fame, his writings, his struggles and sacrifices in the cause of freedom and peace were known in every country of the world and it is probably true to say that more people mourned his passing than that of any other man in modern history, with the exception perhaps of Mahatma Gandhi. It was possible to disagree with some of his and his Government's policies and decisions on political, international or economic issues, but it was impossible not to be deeply affected and influenced by his intellectual brilliance, his single-minded devotion to the causes he espoused, his courage, his innate goodness, the depth and tenderness of his solicitude for the afflicted, the oppressed and the poor and the love which he inspired amongst the people. Jawaharlal played a dynamic role in shaping world history during these two decades, but it is as the Maker of Modern India that he will be remembered and his memory forever enshrined in the hearts and minds of the people of India.

I am glad to report that the Company made good progress in its operations, profits and expansion during the past year which, however, was also marked by certain unhealthy developments culminating in the tragic events of March 1964, to which I shall revert later in this review.

Output rose appreciably; the first stage of expansion to 18,000 vehicles is now virtually complete and work has started on the second stage intended to bring production up to 24,000 vehicles per annum. I am glad to report that the Agency for International Development has just approved of a further loan of $11.80 million (Rs. 5 62 crores) to finance the foreign exchange element of the second stage of the expansion programme. Orders for imported machine tools and equipment will be released shortly.

Operating profits for the year were Rs. 114.75 lakhs higher than in the previous year, but most of the excess was absorbed by increased allocations to depreciation, development rebate reserve and taxation, so that the net increase in disposable profit was only Rs. 20.62 lakhs. The total amount available for distribution was thus Rs. 136.15 lakhs, which is some Rs 8 lakhs short of the amount required to maintain the current dividend of 14½ per cent on our enlarged capital. Your Directors have, therefore, transferred Rs. 8 lakhs from the general reserve and recommended the same dividend as last year. A total of Rs. 14 lakhs will thus have been drawn from reserves over the last two years towards the payment of dividends. This will have been fully justified as barring some totally unforeseen setback, the increased profit resulting from our expanding output should enable us without difficulty to continue paying the same dividend on ordinary shares in future. In fact, there are in my view, good prospects of the Company being able to maintain the same rate of dividend even after the additional issue of 200,000 ordinary shares in the ratio of one new share for every five shares held, which is being recommended to you at such premium, not exceeding Rs. 50 per share, as the Controller of Capital Issues may prescribe and as may be agreed to by the Directors.

In view of the issue for the same amount made as recently as 1963, your Directors would have normally preferred to postpone the present recommendation for a year or so, but the extraordinarily large and rapid expansion of the Company and the growing imbalance in the Company's capital structure make a further issue imperative and urgent.

In relation to total funds employed of about Rs. 44 crores (including Rs. 25 crores of debt), which are expected to rise to about Rs. 60 crores by 1966, our present share capital of Rs. 12 crores is clearly disproportionately small, while our debt equity ratio will be unacceptably large if the share capital is not increased and the amount is borrowed instead. An issue of shares is therefore required not only to provide urgently needed funds but also to improve the debt-equity ratio to which the A.I.D., like the World Bank, attaches considerable importance.

Your Directors realise that these are difficult times for shareholders to find additional funds to invest. In view, however, of the special and urgent requirements of the Company, the recent indications of a revival in the state of the market and the fact that the new shares may be expected to earn a dividend of 14½ per cent from the date of issue, equivalent to 9.7 per cent on capital plus premium, I am sure shareholders will approve the recommendation which is also subject to the approval of the Controller of Capital Issues.

Although about half of the capital of the Company is institutionally held and only one and a half crores rupees or so will therefore be obtained from individual subscribers, the Directors have recommended, in order to lighten the burden on shareholders, payment of the amount for the new issue in two instalments, one in November this year and the other in May, six months later.

The demand for Tata Mercedes-Benz vehicles continues unabated and in spite of the steady increase in our output, we have so far failed to catch up with it. Ever since we commenced production of these vehicles, they have been the first choice of the transport operator because of the quality, performance and ruggedness built into them. There are today more Tata Mercedes-Benz vehicles on the road than any other make.

There are misguided people who assume that bigness in private sector enterprises, particularly those which supply a significant proportion of the total market for any product, results in the exploitation of the consumer and is therefore against the public interest. The manner in which your Company has used its pre-eminent position in the field of commercial vehicles should provide a telling answer to such a belief.

Between October 1959, when the Company completed the initial phase of its truck manufacturing programme, and today, the price to a customer in Bombay of the TMB 312/42 model —the most popular model in our range—increased from Rs. 30,455 to Rs. 37,619, i.e., by Rs. 7,164. During the same period, the sales, excise and other taxes charged on this vehicle by the Central and State Governments increased by Rs. 6,780, while the cost of imported materials and components rose by Rs. 739, a total of Rs. 7,519. Therefore, over the last five years which witnessed a disturbing and continuous rise in the price of practically every product, commodity or service in the country, the price of the TMB vehicle excluding the above two items has actually fallen in spite of the continuous incorporation of a number of major improvements to the vehicle, the cost of which was absorbed by the Company, and in spite also of the fact that the price of locally made ancillary items invariably exceeded the price of the imported ones which they replaced.

The point to be noted in this context is that the Company could not have fulfilled its desire to keep its prices low in the interests of the consumer and the country if it did not have the benefits of large-scale production.

If Government had not sanctioned the successive expansion schemes of Telco, as they wisely did, there is no doubt that the user of Tata Mercedes-Benz vehicles would be paying a substantially higher price than he is paying today, while the country would have been deprived of the full benefits of a powerful, versatile and highly productive engineering unit, geared to meet both civilian and military requirements, and also of most of the substantial contributions which have accrued to the public exchequer as a result of the Company's operations. It is noteworthy that during the year under review, public revenues were enriched, as a result of Telco's operations, by as much as Rs. 16 crores, in import and excise duties, sales taxes and taxes on profits.

But this is by no means the full measure of our Company's contribution to the Indian economy, The Company has created direct employment for over 16,000 men, whom it has, over the years, trained to a high degree of skill. The importance of this contribution should not be underestimated, for the economic growth of a country depends just as much on the specialised skills of its workers, technicians and managers as on machines, raw materials and finance.

Finally, the large-scale development of Tata Mercedes-Benz vehicles has helped to establish a number of ancillary industries in the country, the lack or insufficiency of which in the past has been one of the main obstacles to the rapid development of the automobile industry. All in all, we can be justly proud of our performance during the last decade which, in terms of growth and service to the country is probably unsurpassed by any other company in the country.

I have referred earlier to the large revenues accruing to the national exchequer as a result of our operations. As the cost of Government's various imposts is largely included in the price of our vehicles, it is the user who ultimately bears this heavy initial burden; but that is only the beginning so far as he is concerned. On an average, every commercial vehicle in regular use for highway transport pays every four years in taxes alone a sum in excess of its original cost. Of all economic activities in the country, none to my knowledge bears such a crushing burden of tax as the road transport industry. It is, I believe, a fact that the incidence of taxes and duties alone in every ton-mile of road transport equals the total amount charged by the railways for a ton-mile by rail. In addition to crippling taxation, the road transport industry suffers in a number of ways from Government policies and is burdened with such a maze of outmoded restrictions as to prevent it from playing in full the role it would in the country's economic development. That in spite of these conditions, road transport in India has grown to such an extent that it is now estimated to carry half the country's passenger traffic and over a fifth of its freight, reflects the road transport industry's technological advantages as well as the initiative, perseverance and resiliency of its operators.

India has one of the world's largest railway systems borne long before motor vehicles came into existence. As a result, the transport policies of successive administrations have invariably been based on "railway thinking" with little consideration given to alternative forms of transport. This thinking has dominated official attitude to transport problems to a degree which is probably unique in the world. India must surely be one of the few countries where such numerous and oppressive barriers continue to be placed in the way of the development of road transport while railway mileage continues to be expanded at tremendous cost. How else can one explain the restrictive regulations that are imposed by the numerous State Governments which make inter-State trucking a nightmare for operators and long-distance trucking virtually impossible? These restrictions include difficulties and long delays in obtaining permits for inter-State operations, limitations on the number of permits issued for some routes and the temporary nature of permits that make long-term investment in motor transport hazardous. Multiple taxation of vehicles and sometimes taxation of the cargo add to the difficulties. The result is that inter-State traffic is reserved to the railway to a degree which fails to take into adequate account that for some goods the speed and other advantages of highway transport are very important. What is needed is a system where inter-State trucking permits for operating through any State should be issued by a central authority. The permits should carry a fee sufficient to absorb all the State and local vehicle taxes at present levied. The permits should be given for one year and automatically renewed unless the holder has his permit revoked for some violation. These should not be limited in number for the trucking business attracts thousands of small operators who should be permitted to develop the traffic.

It is unfortunately apparent, from a recent announcement of the railway's share of about 70 per cent of the total proposed investment in surface transport in the fourth Five-year Plan, that Government's thinking on the subject is as railway-dominated as ever and that the prospects of some relief to the road transport industry and of an improvement in the operating conditions are dim indeed. I feel that the time has come when a comprehensive and impartial study of the economics of transportation in India needs to be undertaken by an independent body. An explicit analysis of benefits and costs will, I am sure, reveal that greater investments in highways and some relief to the road transport industry are not only fully justified but urgently needed.

I have kept to the last a reference to the unhealthy developments mentioned in my opening paragraph which marred an otherwise satisfying year of progress. I am referring to the labour situation as it developed at Tatanagar during the past twelve months and to the shocking events which brought such misery and shame to Jamshedpur during the month of March last.

The labour situation at the Telco Works has been increasingly unsatisfactory during the last year and particularly since the beginning of 1964. Internal rivalries between two groups within the recognised Telco Workers' Union have been mainly responsible for the deteriorating situation and the blame must squarely attach to the dissident group which, notwithstanding the fact that its claim for control of the Union was, and still is, the subject of proceedings before the Patna High Court, carried on an intensive agitation which far exceeded the bounds of legitimate trade union activities. In its attempt to force its demand for recognition, this group resorted to widespread intimidation not only of workers but also of supervisory personnel. Indiscipline, defiance of constituted authority and unpunished intimidation, threats of violence and actual violence create an atmosphere where crime and lawlessness find it easy and profitable to rear their ugly heads.

We have constantly sougth the assistance of the Central and State Governments, in addition to doing everything possible ourselves, to restore normalcy and are grateful to them for their assistance. I earnestly hope that stern action will be taken against those who, under the guise of trade unionism, deliberately create problems of law and order and prevent the full utilisation of industrial capacity urgently needed by the country. The recent communal disturbances have shown how easy it is for a handful of mischievous and anti-social persons to lead masses of people to planned acts of violence.

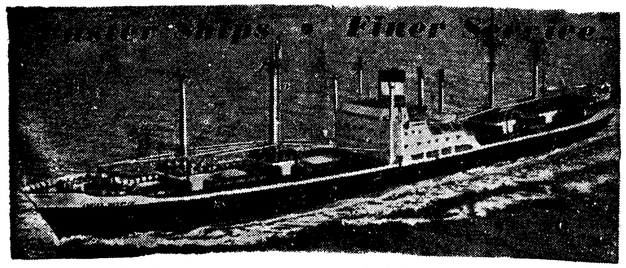
With its thousands of tough and hardy men drawn from all parts of the country, a large industrial centre like Jamshedpur-Tatanagar obviously contains explosive possibilities of trouble and therefore requires the maximum of alertness coupled with firm and timely action on the part of the management of factories and those charged with the maintenance of law and order. The scope for Management to maintain discipline and prevent acts of violence and intimidation is largely limited to the shop floor whereas in this case, agitation and violence grew and flourished largely outside the works.

Perhaps one of the reasons for the inadequacy of law and order enforcement in the area, is the fact that although the city of Jamshedpur-Tatanagar is the second largest in the State of Bihar and one of the largest and most vital industrial centres in the whole country, it is still constitutionally treated for administrative purposes as a sub-division of a district, the headquarters of which are not even Jamshedpur but Chaibassa which is a minor town in the area. We have urged that consideration should be given to upgrading Jamshedpur to an administrative status within Bihar commensurate with its importance and the magnitude of the task and problems of administering it.

While looking forward to another year of progress, I wish to acknowledge the diligent efforts of our employees, suppliers and dealers which have made possible the good results before you in spite of the many difficulties and obstacles which faced them. In particular, our officers at Tatanagar, Indian and German, deserve our gratitude for the hard work they put in and the fortitude with which they faced difficult and harrassing situations.

J. R. D. TATA,
Chairman.

BOMBAY, *9th July, 1964.*



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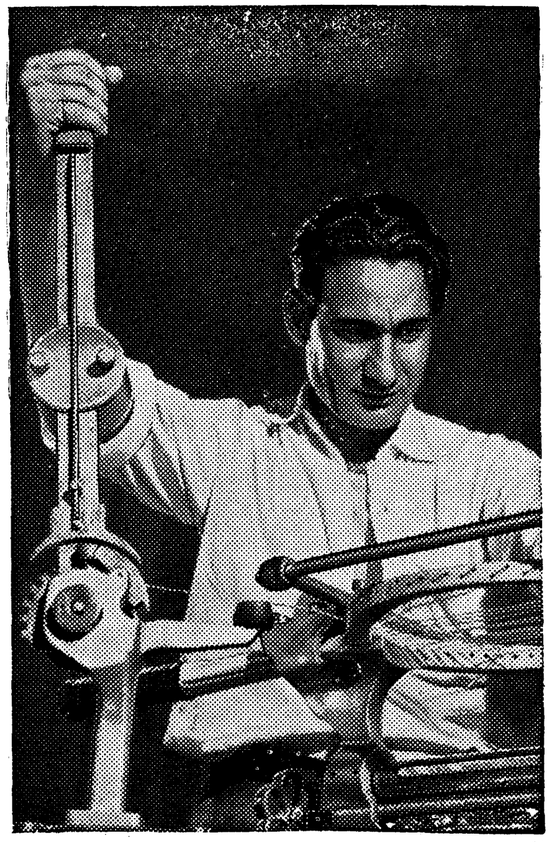

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PRODUCTIVITY IN WORLD OIL INDUSTRY

COMPANY MANAGEMENTS TRYING TO CUT COSTS

DESPITE the depredations of the tax collector, the relentless rise in wage and other costs, and the weakness of selling prices, the advance in oil company earnings continues. This somewhat paradoxical result is due in part to the healthy growth of demand for petroleum products. It is due also to strenuous efforts on the part of company managements to cut unit costs and to improve efficiency all along the line. Evidence of success can be found in the rising figures of output per worker: the staff employed by leading companies has been reduced by 10 to 20 per cent in the past few years, despite large increases in the volume of oil handled. It can be found also in the recent improvement in earnings per unit of capital employed: of the 22 companies whose 1963 results were reviewed in these columns two months ago, only two failed to show a higher return on shareholder's equity than in 1962. Even so, the rates of return remained substantially below the peaks of 1956-57 owing to the drop in prices.

Maximising the return from a given input of resources is not merely a question of raising efficiency at each stage of the Company's operations. It may call for a redeployment of resources to secure the most rapid expansion in the most profitable markets or sectors of the business; and in extreme cases this may mean pushing out the frontiers of the industry into new territory. Advances are being made along many different lines, as the Company reports clearly reveal. But there is no reason to suppose that the end of the road is yet in sight.

Exploration and Production

The exploration sector absorbs a great deal of the effort of every integrated oil company because a firm's future is largely dependent on the maintenance and expansion of its raw material base. Since the search for oil is so time-consuming and costly, there is a powerful incentive to seek for improved exploration techniques. Some progress in this direction is being achieved by the marriage of advanced scientific knowledge with modern methods of electronic data processing. Prospective oil-bearing areas within a sedimentary basin are being more accurately defined by improved geological techniques, while more effective seismic shooting procedures are yielding better sub-surface maps. An intricate system for measuring traces of magnetism is leading to new methods of examining and orienting rock structures. The information thus obtained, by contributing to improved understanding of underground formations, will help both the search for oil and the planning of well patterns in producing fields.

So far as drilling is concerned, one company, Mobil, reports that the use of air or gas as a drilling medium in place of conventional mud has brought considerable savings in the areas where the technique can be employed. In some fields costs are also being reduced by the installation of automatic well-testing units and other automatic facilities. A "mud separator" employed offshore in Nigeria and in the Gulf of Mexico permits the recovery, for re-use, of valuable chemicals from the fluid, making possible a significant saving in costs.

Having found oil, a company's next problem is to produce it as economically as possible and to recover the highest feasible proportion of the oil in place. A sand-consolidation method of well completion that increases productive efficiency has been developed by the Royal Dutch/Shell group in its Netherlands laboratories. This consists of injecting a plastic that holds back the sand but allows the oil to flow through. The method has recently been proved in practice and has been licensed to companies providing specialist services to the oil industry.

Again, scale models simulating the flow processes in oil-bearing strata have yielded valuable information leading to the recovery of oil that would otherwise have been left untapped. Recovery rates are also reported to have been improved by the construction of mathematical "models" of oilfields and the use of high-speed computers to find the optimum solution.

Almost all important producing companies in the United States and many elsewhere are pressing ahead with secondary recovery projects—which may in some cases double or treble the recoverable reserves of the field at comparatively low cost. To take one company as an example, Texaco reports two important developments in this field: the use of "attic oil recovery"—the injection of gas into the crest of the reservoir in highly faulted salt-dome fields; and the co-operative development in Texas of a supply system capable of delivering 600,000 barrels a day of salt water to producing areas which have inadequate water supplies for secondary recovery projects. Standard of California mentions that over the past decade secondary recovery projects have accounted for more than 10 per cent of its western hemisphere production, at a cost of only 4 per cent of its total development expenditure. Among other companies, Continental derived about 17 per cent of its 1963 net output of crude in the U.S.A. from secondary production, while for Phillips the proportion was as high as 25 per cent.

Reducing Transport Costs

In the marine transport sector by far the most important contribution to cost-cutting is still being made by increases in the average size of tankers employed. (Costs per ton are about half as much with, say, a 70,000-tonner as they are with a T2.) Oil companies continue to report progress in the elimination of small and obsolescent vessels from their fleets, and in the construction of terminal facilities capable of accommodating the largest tankers afloat; improvements in hull design that make for higher speeds and better performance generally; and the installation of labour-saving electronic controls on the bridge and in the engineroom. The most recent development is the fitting of tankers with equipment enabling them while at sea to transmit automatically details of their performance. Analysis of this information by computer enables the owners to improve the operating efficiency of their whole fleet.

Pipelines as well tankers offer substantial potential economies of scale, provided, of course, that the available capacity can be fully utilised; and lines with diametres of 40 inches or more are likely to become increasingly common for the transport of crude oil and natural gas. The large reduction in costs offered by such lines is leading increasingly in the direction of joint ownership; and control by computers is becoming more common. Oil consumption in western European countries is now reaching levels at which it is possible to take advantage of the economy of pipeline transportation for products. In the U.S.A. the most remarkable development in the sphere of products lines is the Colonial Pipeline system, which will be completed this year: with a total mileage of about 2,600, stretching between Houston and New York, this system will have an ultimate capacity of 1.2 million barrels a day (say 60 million tons a year) making it by far the largest products line in the world.

Efficiency in Refining

In refining as in transport there is a natural tendency for unit costs to fall as the scale of operations increases. But because Governments of developing countries with relatively small oil consumption are often anxious to have local refining plants, a great deal of thought has lately been devoted to the design of economical small plants. And a fair measure of success has been achieved. In both large and small plants, productivity is being raised by the employment of the most modern equipment and techniques, by improved budgeting and control, by planned maintenance, and by other means. Hence the cost of refining to produce a barrel of products is reckoned to have been cut by about a fifth in a decade.

The fundamental problem of the refinery manager is to obtain the maximum financial return from a given throughput of crude, and there is a growing inclination today to employ computers to determine the optimum operating programme to match the changing pattern of demand. In North America and elsewhere much attention is being devoted to the development of new processes, including new catalysts, to maximise the yield of high-valued products. The Gulf report, for instance, speaks of new hydro-cracking catalysts that can be tailored to maximise the production of either gasoline or middle distillates. Such new catalysts help to expand the capacity of existing cracking plants, thus increasing the Company's ability to manufacture high-grade gasoline without additional capital investment.

A striking example of cost-cutting in the refining sector which has come in for a good deal of publicity lately is that provided by Esso's Fawley plant in the United Kingdom. Here the problem of underutilisation of labour, which is alleged to be all too common in British industry generally, was solved by a comprehensive agreement between the management and the trade unions concerned. In exchange for a substantial increase in wages and reduction in working hours, the men agreed to changes in working practices which are said to have resulted in a 50 per cent improvement in productivity in two years. These results are spurring other companies in the U.K. to seek similar agreements, with a view to reducing their labour costs in this sector. But the hammering out of such agreements can be a lengthy process.

The Overall Picture

An integrated company is more than the sum of its several parts. Most fundamental and most intractable of all the problems of management is that of co-ordinating the whole range of the Company's operations. This involves the allocation of crudes to individual refineries and the movement of products to marketing areas, taking account of differences in refinery and transport costs, the availability of ships, changes in the pattern of demand and so on. The complexity of the problem increases as new types of crude oil are brought into the picture, additional refineries constructed, new products introduced and product specifications made more exacting. With such a degree of complexity, the optimum solution of this fundamental problem of management can be found only by the use of large-scale computers. This is a field in which oil companies have been pioneers. To take one example, the British Petroleum Co., after seven years' experimental work with smaller models, is to utilise the fantastic capacity of London University's new Atlas computer to help co-ordinate its world-wide operations.

Sometimes, as has been suggested, the search for the most profitable investment opportunities may take a management to the fringes of the oil industry, or beyond. Thus, oil companies have in the past taken a large stake in the manufacture of synthetic rubber, various plastics, fertilisers, and other chemical products; and they have pioneered the ocean transport of liquefied methane. Now one U.S. concern, Pure Oil, has diversified into a new energy field—geothermal power, brought to useful form as steam which can be used to drive power station turbines. Completed on 1st January this year, the Company's unique steam well in southern California also yields a brine containing potash and other minerals. Another company, Jersey Standard, has just purchased the business of American Cryogenics Inc., a company engaged primarily in the manufacture and sale of liquefied industrial gases and associated equipment used to create extremely low temperatures. Jersey hopes that this investment will be highly profitable, since new developments in cryogenics are making a significant contribution to a wide range of industries—which suggests that the demand for such equipment will expand greatly during the next few years.

Challenge and Opportunity

There is no reason to suppose that the oil companies' quest for productivity is approaching a limit, assuming that the forces of competition continue to function. It is a truism that every successful cost-cutting innovation reduces the scope for further progress in the same direction. But the very rapidity of the industry's growth enlarges the opportunities for the replacement of obsolescent plant and equipment, the attainment of the full economies of large-scale operation, and the improvement of labour productivity without the distasteful necessity of discharging employees already on the payroll.

Within the industry's existing frontiers there is room for further advance, particularly perhaps in the sphere of exploration and production. The industry needs more reliable methods of finding oil, further improvement in drilling techniques, and even more efficient methods of production that will step up recovery rates. Indeed, every sector offer its challenge and its opportunities. In the interests of shareholders, consumers and host Governments alike, it is important that managements should continue to face the challenge and to grasp the opportunities with both hands.—(*By Special Arrangement with the Petroleum Press Service.*)

U.S. FOOD-FOR-PEACE PROGRAMME

INDIA RECEIVES MORE THAN A FIFTH OF ALL P.L. 480 AID

NO other country has contributed so much to the economic advancement of the free world as the United States. Indeed, it would be no exaggeration to say that, but for the massive aid extended by the U.S., the tempo of world economic development, especially in the underdeveloped region, would not have been so high. The U.S. aid, which consists of grants, loans and technical assistance, is channelled through three agencies: The U.S. Agency for International Development, the Export-Import Bank and the U.S. Food-for-Peace Programme. It is the Food-for-Peace Programme that is most fascinating, a "twentieth century form of alchemy," to borrow the phrase of Senator Hubert Humphrey. The basis of this Programme is Public Law 480, popularly called "P.L. 480," which was passed by the U.S. Congress on 10th July 1954. On the occasion of the Programme's tenth anniversary last month, while the Government and the people of the U.S. felt justly proud of the vital contribution made by P.L. 480 to the welfare and progress of other peoples, all the aid-receiving countries expressed their sense of gratitude for the immense benefits conferred by the Programme. Indeed, the Programme has, as Mr. Richard W. Reuter, Director of the Programme, has very aptly stated, provided the means for converting America's agricultural productivity and abundance into schools and text-books, hospitals, bridges and roads, the vital ingredients of economic and social growth in the developing nations of the world."

Incidentally, the P.L. 480 Programme has been of great importance to the American economy itself, in that it has provided an outlet for a considerable part of the surplus agricultural commodities. Every year, the U.S. produces much more than what it actually consumes. An idea of the huge surplus of foodgrains and cotton can be had from the table at the foot of this page which gives actual production and stocks during the last thirteen years. It will be noted from that table that, just before the shipments of P.L. 480 commodities began (end of 1953-54), the unsold stocks in the U.S. aggregated over 25 million metric tonnes of wheat, 29 million tonnes of coarse grains and 5.6 million bales of raw cotton.

U.S. Agricultural Exports Under Title I of P. L. 480
(From 1st July 1954 to 31st December 1963)

Commodity	Unit	Quantity	Export market value (Million $)
Wheat and wheat flour	Million bushels	2,909.20	4,829.50
Foodgrains	,,	48.51	516.20
Rice	Million cwt.	83.66	485.40
Cotton	Million bales	8.13	1,184.80
Cotton linters	'000 bales	7	0.80
Meat products	Million lbs.	113.19	38.10
Tobacco	,,	411.72	300.80
Dairy products	,,	583.83	102.10
Fats and oils	,,	7,657.55	990.10
Poultry	,,	32.84	9.70
Dry edible beans and peas	Million cwt.	1.02	8.00
Fruits and vegetables	Million lbs.	198.15	18.10
Seeds	Million cwt.	10.00	0.40
Total	..	..	8,483.20

*Since the inauguration of the Food-for-Peace Programme on 10th July 1954, more than $11.4 billion worth of U.S. farm products have been sent overseas. On an average, five 10,000-ton ships, we are told, leave the U.S. every day carrying Food-for-Peace cargoes. The P.L. 480 products are sold against payment in local currencies (that is, the currencies of the countries to which the products are supplied). The major part of the currencies so acquired by the U.S. is given back to the purchasing country as grants and loans to be used as capital for economic development. During the calendar year 1963, for instance, over three-fourths of more than $1,700 million worth of commodities made available under P.L. 480 were sold for local currencies, of which $740 million were loaned back to the Governments of the respective countries for financing economic development. The total amount loaned back since 1954 is estimated at $4 300 million, besides the $1,800 million provided as grants. The local currencies are also used, instead of dollars, to pay the costs of U.S. installations and programmes (for example, U.S. buildings, trade fairs, educational exchange, translation of books and periodicals, American schools and military housing). In the fiscal year 1963, about $211 million of U.S. bills overseas were paid for by local currencies generated by the sale of American food.

Of special importance is the provision of capital for U.S. investment overseas. Under the "Cooley Amendment" to P.L. 480—the Amendment is named after Mr. Harold D. Cooley who introduced it in the U.S. House of Representatives—it will be recalled, up to 25 per cent of the local currencies generated by the sale of surplus products can be used by the Agency for International Development to grant loans to U.S. firms or branches for business development in other countries. The total of such loans as on 30th June last stood at $149 million, the number of firms investing being 232. What is more, American farm products are being used as a supplementary wage for about 700,000 workers in 22 countries. "These food-for-work projects," to quote Mr. Richard W. Reuter, provide an essential incentive for self-help community and economic development activity. The use of food as a catalytic force in economic and social development is one of the most exciting potentials of the programme. Food-for-Peace is vigorously expanding programmes that use food as partial payment for work done on a broad range of economic development projects: construction of schools, child-feeding centres, roads, bridges, irrigation projects, resettlement and land reform projects, livestock and poultry-feeding projects, reforestation and sanitation...." To what extent the programme has benefited some countries has been highlighted by Mr. Richard Reuter thus:

Philippines: More than 6,000 young men will find work in a one-year reforestation programme. Patterned after the Civilian Conservation Corps camps of the U.S. in the 1930's, the Philippine Youth Conservation Service will plant new trees over 150,000 acres.

Dahomey (West Africa): Over 7,000 unemployed or semi-employed workers and their families are engaged in a training and works programme that includes land clearance and road repair, farm relocation and experimental teak and cashew cultivation.

Tunisia: A Labour Intensive Development Programme has provided full or part-time employment to 300,000 people in the past five years.

Taiwan (Republic of China): 45,000 workers and 14,000 veterans are employed in irrigation, flood control, land reclamation, soil conservation, forestry development and fishing harbour construction projects.

Ecuador: Some 6,900 people benefit from the work of 1,150 heads of families who are working on village improvement programme in 46 Ecuadorean towns, building roads, community baking ovens, washing stations and village sanitary facilities.

Colombia: 120 rural families are being grubstaked in a resettlemeent project that includes land cultivation and access roads.

Bolivia: 1,500 colonists are building schools, medical posts.

Algeria: 60,000 jobless are being put to work on programme designed to bring about better use and management of land and water resources and to improve agricultural production.

Mexico: An estimated 150,000 workers and dependents will benefit directly from the labour involved in a village improvement programme which includes housing and home improvement, well and reservoir construction, fishing projects and road construction.

Morocco: 30,000 previously unemployed workers built in a three-month period 1,200 new school houses and 600 homes for teachers.

Brazil: Some 600 farm families will be grubstaked during the next two years in a co-operative land clearing and resettlement project in the Pindorama area.

Western Europe: P.L. 480 shipments since 1954 aggregate $3,500 million in value. Of this total, $1,800 million worth of products are sold for local currencies, $1,500 million bartered for strategic materials or distributed in relief programme through American voluntary agencies operating overseas, another $106 million used in emergency feeding and economic development programme and $44 million sold for dollars on long-term credit terms. Most Food-for-Peace Programme in Western Europe have now been concluded, as the nations concerned have reached new levels of progress and prosperity and repaired their economies from wartime damage.

India, too, has benefited greatly from the U.S. P.L. 480 programme. Since July 1954, eight P.L. 480 agreements have been concluded between India and the U.S. The agreements together cover agricultural commodities worth Rs. 1,190 crores ($2,500 million), representing as much as 22 per cent of the aggregate P.L. 480 shipments so far. Indeed, India is the largest single recipient of the U.S. P.L. 480 aid. The bulk of India's food imports in the past few years has been met from out of P.L. 480 arrivals. The total actual arrivals up to the end of May 1964 amount to over 22 million tons of wheat, 1.38 million tons of rice and 738,000 tons of foodgrains. It is stated that one shipload of P.L. 480 food is arriving in India every day throughout the year.

P.L. 480 Assistance to India

Commodity	Agreement signed up to 15th July 1964		Commodity arrivals up to 31st May 1964
	Programmed quantity (In thousand metric tons)	Value (In million dollars)	Approximate quantity (In thousand metric tons)
Wheat	27,067.2	1,630.7	22,043.6
Foodgrains	830.5	41.3	737.9
Rice	1,398.1	165.3	1,380.4
Cotton*	2,383.0	272.7	1,733.7†
Tobacco	6.3	13.8	5.63
Non-fat dry milk	20.9	8.57	21.0
Soyabean oil	8.7	1.0	8.0
Evaporated milk	13.0	4.12	14.99
Whole milk powder	0.23	0.27	0.23
Cheese (processed)	0.08	0.08	0.10
Canned fruit	0.40	0.1	0.42
Total market value	..	2,138.3	..
Ocean transportation	..	358.37‡	..
Grand total	..	2,491.67‡	..

* Cotton is reported in thousand Indian bales of 392 lbs. each.
† Preliminary arrivals through 31st March only.
‡ Includes approximately 86.4 million ocean transportation differential costs for which the Commodity Credit Corporation is not reimbursed by the recipient country.

Of the total value (Rs. 905 crores) of agricultural commodities obtained by India from the U.S. up to the end of April last, about Rs. 726 crores (representing 80.5 per cent of the total) have been made available to the Government of India as grants and loans for agreed development projects. The rupee loans made out of P.L. 480 proceeds aggregate about Rs. 390 crores, the projects covered being mainly in industrial, transport and power spheres. The terms of loans are very liberal. Since they are repayable in local currencies over 40 years, including a ten-year grace period, they do not impose any burden on balance of payments. Some Rs. 33 crores have been given as loans to the American participants in joint undertakings in the private sector. Assistance in the form of grants (sometimes in rupees and sometimes in dollars) has been made available to projects in the field of developing human resources, the most prominent being education, agriculture and health; the total of such grants up to the end of April 1964 is put at Rs. 178.3 crores.

(*Continued on page 201*)

Foodgrains and Cotton in U.S.
(*In million metric tonnes*)

Season	Wheat		Rice		Coarse grains		Cotton	
	Production	Stocks	Production	Stocks	Production	Stocks†	Production	Stocks
1951-52	26.9	7.0	1.4	0.1	99.0	18.5	15.1	2.3
1952-53	35.6	16.5	1.4	..	106.7	24.7	15.2	2.8
1953-54	31.9	25.4	1.6	0.2	95.8	29.4	16.4	5.6
1954-55	26.8	28.2	1.9	0.8	98.2	73.3	13.6	9.7
1955-56	25.5	28.1	1.6	1.1	104.2	39.3	14.7	11.2
1956-57	27.4	24.7	1.5	0.6	103.6	44.4	13.0	14.5
1957-58	26.0	24.0	1.3	0.6	106.4	53.8	11.0	11.4
1958-59	39.7	35.2	1.3	0.5	116.8	61.7	11.5	8.7
1959-60	30.5	35.8	1.6	0.4	122.2	63.0	14.6	8.9
1960-61	36.9	38.4	1.6	0.3	126.3	77.2	14.5	7.8
1961-62	33.6	35.5	1.6	0.2	116.0	65.4	14.4	7.3
1962-63	29.7	31.7	1.9	0.3	N.A.	55.8	14.9	7.8
1963-64	30.8	N.A.	2.0	N.A.	N.A.	N.A.	15.5	11.3

Note:—The season ends on 30th June for wheat and coarse grains and 31st July for rice and cotton. Figures relating to stocks are end-season totals. Figures for rice are milled equivalents. Figures for cotton are in million bales of 478 lbs. net.
* Exclude sorghum. † Includes sorghum. N.A.—Not available.

ZENITH STEEL PIPES FARES WELL

SALES, PROFIT, DIVIDEND AND RESERVES HIGHER

THE progress made by the Zenith Steel Pipes Ltd. (Director: Mr. B. K. Birla, Bombay) during its second year of production ended 30th April 1964—the factory went into production in May 1962—is quite encouraging. Sales have shown nearly a threefold rise from Rs. 148.23 lakhs to Rs. 433.73 lakhs and gross profit has jumped up from Rs. 34.78 lakhs to Rs. 52.70 lakhs. This improvement in turnover and profit has stemmed from the Company having produced about 32,000 tonnes of pipes of different classes during the year, as against about 12,000 tonnes in the previous year. Whereas gross profit is up by nearly Rs. 18 lakhs, the net profit shows only a small increase of a little more than Rs. 1 lakh, from Rs. 29 65 lakhs to Rs. 30.98 lakhs, mainly because of the sharp rise in the tax provision from just Rs. 27,000 to Rs. 13.85 lakhs (on account of a lower credit for development rebate reserve and the increase in gross profit) and also because of the higher provision for depreciation of Rs. 7.87 lakhs, as compared with Rs. 4.86 lakhs a year before. But the dividend on the Rs. 10 fully paid ordinary shares has been raised by two points to 8 per cent per annum, subject to tax. It absorbs Rs. 1.40 lakh more at Rs. 5.60 lakhs. At the same time, the amount transferred to reserves, including the Rs. 1.32 lakh (Rs. 12.58 lakhs a year before) carried to statutory development reserve and Rs. 44,138 (Rs. 4.19 lakhs) carried to development rebate reserve, has been increased from Rs. 24.27 lakhs to Rs. 25.66 lakhs, at which level it is about 41 per cent of gross profit, as against 70 per cent in the previous year, and as much as 84 per cent of the distributable surplus, as against 80 per cent.

The dividend liability amounting to Rs. 5.60 lakhs is to be met out of general reserve to which a total of Rs. 29.50 lakhs has been credited out of the year's profit. In the previous year, however, the dividend amount of Rs. 4 20 lakhs was separately provided from profit. The dividend will be paid, as in the previous year, out of the portion of the profit subject to relief under Sections 84 and 101 of the Income Tax Act, 1961, and, as such, the whole of it will be exempt from tax in the hands of the shareholders.

One will agree with the Directors that the results for the year under review, which are compared below with those for the previous year, are very satisfactory, especially in the prevailing circumstances:

(In lakhs of rupees)

	For the year ended 30th April	
	1964	1963
Sales	433.73	148.23
Other income	1.47	1.05
Stocks, including in-process	52.08	36.38
Materials and stores consumed	341.69	127.49
Staff expenses	20.36	8.30
Other expenses	36.15	15.09
Gross profit	52.70	34.78
Depreciation	7.87	4.86
Taxation	13.85	0.27
Net profit	30.98	29.65
Preliminary expenses written off	..	1.19
Development rebate reserve	0.44	4.19
Other reserves	25.22	20.08
Dividend	5.60	4.20
	(8%)	(6%)
Carry forward	0.05	0.29

The higher production during the year, the Directors say, was possible because of better efficiency and steady and adequate supply of steel strips. It will be recalled that the Company, having already achieved the licensed capacity of 24,000 tonnes of pipes per annum on the basis of production on two shifts in the previous year, had approached the Government for an additional 12,000-tonne capacity to enable it to work third shift. The Government has not formally recognised this additional capacity but approved the operation of three shifts, subject to availability of steel. The working of the factory was uninterrupted. The Indian staff is gradually taking over duties and responsibilities from the foreign technicians.

Although the offtake of pipes continued to be fairly satisfactory during the year, the annual sale contracts covering the production of the year had to be made at prices lower than those for the previous year, owing to various circumstances. The need for reducing prices further was felt in respect of the production of the current year, that is, 1964-65, also. A notable feature, however, is that the Company has been able to secure orders for almost the whole of its production for 1964-65. Orders for export have also been substantial. The import entitlements against the resulting exports will be utilised mainly to import the much needed spare parts and zinc, which is in short supply. The Company has also entered into a rate contract with the D.G.S. & D. of the Government of India.

Letters of intent were obtained during the year for annual production on two-shift basis of 48,000 tonnes of seamless pipes, 3,000 tonnes of steel castings and 12,000 tonnes of heavy structurals. These schemes are being actively considered by the Directors and an application for foreign exchange for the seamless project has already been made to the International Finance Corporation, Washington. The industrial licence for distilling zinc dross has not been utilised, because of the Government's proposal to deduct the quantity of distilled zinc from the Company's import quota of zinc.

The existing cash credit facilities with the United Commercial Bank were raised further to Rs. 1.5 crore for meeting working capital requirements consequent on the increase in production.

With the paid-up share capital of Rs. 69.97 lakhs and reserves and surplus (excluding Rs. 5.60 lakhs from general reserve for meeting the year's dividend liability) of Rs. 49.99 lakhs making a total of "own" funds of Rs. 119.96 lakhs, the Company has a gross block of Rs. 130.88 lakhs (Rs. 112.50 lakhs a year before) which has been written down to a net value of Rs. 117.96 lakhs. Secured loans of Rs. 152.58 lakhs comprise Rs. 52.39 lakhs from the I.C.I.C.I. Ltd. and Rs. 100.19 lakhs from banks, as against Rs. 51.97 lakhs and Rs. 65.85 lakhs, respectively, in the previous year, when the Company had also carried unsecured loans of Rs. 20.17 lakhs. Taking only the bank loans and current liabilities and provisions (including the year's dividend liability), the total short-term indebtedness amounts to Rs. 139.41 lakhs and is well covered by current assets, book debts and investments aggregating Rs. 193.80 lakhs.

Currently quoted at Rs. 16.04 *cum-div.*, the Rs. 10 fully paid ordinary shares of the Company offer a net yield of 4.1 per cent per annum.

(*Concluded from next column*)

SOUTH MADRAS ELECTRIC'S PROFIT UP

DIVIDEND RAISED

THE South Madras Electric Supply Corporation Ltd. (Managing Agents: Messrs. Seshasayee Brothers Private, Ltd., Tiruchirapalli) has reported further progress in all its spheres of activities during the year ended March 1964. The realisation from the sale of energy has risen by almost 13.4 per cent from Rs. 103.19 lakhs to Rs. 116.97 lakhs and, although there has been an unavoidable increase in expenses—from Rs. 44.64 lakhs to Rs. 49.15 lakhs in cost of distribution and from Rs. 29.10 lakhs to Rs. 34.46 lakhs in other expenses—the gross profit has increased from Rs. 33.15 lakhs to Rs. 37.52 lakhs. A major portion of this increase, however, has been neutralised by essential provisions that for Managing Agents' commission claiming Rs. 80,000 as before, for depreciation Rs. 10 94 lakhs (as against Rs. 9.72 lakhs) and for taxation Rs. 12.53 lakhs (as against Rs. 8.80 lakhs). The resulting net profit, therefore, is slightly lower at Rs. 13.25 lakhs, as compared with Rs. 13.83 lakhs. From this, and inclusive of the amount written back from past provisions and that brought in from the previous accounting period, the Directors have transferred Rs. 2.34 lakhs (as against Rs. 3.75 lakhs) to reserves, besides setting aside Rs. 2.14 lakhs for payment of preference dividend. They have also proposed a higher final dividend—the interim dividend was maintained at 5 per cent per annum—of 6 per cent, as against 5.5 per cent, both subject to deduction of tax, so as to make a total dividend of 11 per cent for the year. This claims Rs. 7.70 lakhs, as against Rs. 7.35 lakhs, besides leaving a higher carry forward of Rs. 12,430, as against the Rs. 990 brought in.

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

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds of energy	116.97	103.19	95.81	96.95
Other income	4.16	3.70	2.93	3.43
Cost of distribution	49.15	44.64	40.75	46.62
Other expenses	34.46	29.10	25.22	23.52
Gross profit	37.52	33.15	32.77	30.25
Managing Agents' commission	0.80	0.80	0.80	0.80
Provision for—				
Depreciation	10.94	9.72	8.95	8.40
Taxation	12.53	8.80	9.50	8.70
Net profit	13.25	13.83	13.52	12.35
Transfer from reserves	0.06	0.18	0.36	..
To reserves and provisions	2.34	3.75	4.63	3.68
Dividends—				
Preference	2.14	2.14	3.15	2.29
Ordinary	7.70	7.35	7.00	6.30
	(11%)	(10.5%)	(10%)	(9%)
Carry forward	0.12	0.01	0.23	0.12
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	12.00	11.25	10.25	10.25
Low	10.90	9.86	9.83	9.70

During the year, the Company added a total of 202 miles to its transmission lines, bringing the mileage to 2,617 from 2,415 a year ago. Number of sub-stations also increased by 57 to 683. Supply of electric energy was extended to 63 more villages, thereby bringing the total number of villages electrified as at 31st March 1964 to 832. The extension of transmission lines and electrification to rural areas naturally brought about an increase in the number of service connections from 71,269 to 76,687 and in the connected load from 16,365 h.p. to 18,323 h.p. A break-down of service connection by type of customer shows that as many as 67,488 or over 88 per cent connections were for domestic consumers, while the balance 12 per cent was shared almost equally by industrial and agricultural users.

The works covered by Government loans were almost fully completed during the year under review. Works on systems improvements, extensions in the developed rural areas, etc., financed by the Company from its own funds and including the specific sanctioned extensions covered by Government loans referred to earlier, made up altogether an outlay of Rs. 17.84 lakhs under capital expenditure during the year. In order to accelerate and at the same time rationalise rural electrification in certain areas within the Company's licensed areas, the Government of Madras suggested that the Company should hand over to the State Electricity Board such parts of its areas as could be comparatively more economically developed from the Board's system. The Directors state, in their report to shareholders, that after due and care-

(*Continued in previous column*)

ful consideration of each case some areas were ceded to the State Electricity Board. They further observe that the retained area has a considerable development potential and could be managed economically at the same time. To do full justice to this task, an outlay of over Rs. 2 crores in the next seven or eight years would be necessary. The Company's officials, the Directors inform, are engaged in preparing master plans to reach this target according to a steady rate of progress year by year. It is, however, to be noted that the Madras State Government has advised the Company that, due to pressure on its resources, the Company should not expect further loans from the Government, at least for the present, to undertake rural extensions. The Company will have, as such, to resort to lending institutions and other sources to obtain the finances required to discharge its obligations as a licensee. It is heartening to note, therefore, that this matter also is receiving careful attention from the Directors.

There has been no change in the Company's share capital which stands at Rs. 100 lakhs, made up of Rs. 30 lakhs in preference shares and Rs. 70 lakhs in ordinary shares of Rs. 10 each. But the reserves have moved up from Rs. 38.19 lakhs to Rs. 42.75 lakhs, so that 'own' funds amount to Rs. 142.75 lakhs, as against Rs. 138.19 lakhs previously. Loans, including Rs. 33.31 lakhs from the State Government, aggregate Rs. 37.18 lakhs, while current liabilities and provisions amount to Rs. 98.01 lakhs. Including the additions of Rs. 17.84 lakhs during the year, the block account is Rs. 293.14 lakhs and this has been written down to Rs. 192.74 lakhs through the depreciation account. Current assets, loans and advances are placed at Rs. 81.97 lakhs, and investments, mostly in Government securities, are carried in the books at a cost of Rs. 3.23 lakhs and are actually worth Rs. 3.20 lakhs at market price.

The Rs. 10 paid ordinary shares of the Company are currently priced at Rs. 12 *cum-final-div.* The net annual yield at an *ex-div.* price works out to 7.6 per cent.

T.E.L.CO. PAYS SAME ON HIGHER CAPITAL

FURTHER ISSUE—BORROWINGS FOR EXPANSION

IN his statement for the year ended 31st March 1963, Mr. J. R. D. Tata, Chairman of the Tata Engineering and Locomotive Company Ltd. [Managing Agents: Messrs. Tata Industries (Private) Ltd., Bombay] had observed that, "notwithstanding the minor setback in the profit last year (1962-63) and the difficulties and uncertainties during the current (1963-64) year, the fact remains that the Company's productive capacity and financial strength continue to grow and that the prospects continue to be bright." And he had hoped that the profit for the year 1963-64 would be enough to maintain the dividend on the enhanced capital following the offer of 200,000 additional ordinary shares on 26th March 1963 at a premium of Rs. 50 per share. Nobody doubted Mr. Tata's robust confidence about the Company's near-term outlook at the time he made the statement and even subsequently. But the strike by the Company's workmen in January 1964 (due to internal rivalries between two factions of the T.E.L.Co. Workers' Union) which hampered production and disturbed industrial peace in Jamshedpur early this year with serious communal violence in March, caused some serious concern to many about T.E.L.Co.'s performance during the year ended 31st March 1964. The stock market especially had entertained grave fears and was almost unanimous in its opinion that the Company's Directors might be obliged to enforce a cut in dividend on increased capital. The preliminary announcement of excellent results with the same dividend as in the previous year, however, came as a welcome surprise to the stock market and the shares of the Company shot up 25 points in barely two days. It needs no saying that this reflects well on the Company's able management in whom shareholders will be well advised to continue their faith.

The table below gives a clear idea of the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale of products and services, less excise	46,60.92	39,86.84	37,93.00	34,27.00
Stock accretion (+) or reduction (—)*	+14.65	+76.28	+73.47	—21.98
Other income	72.04	72.56	59.86	75.55
Materials and components consumed	25,36.02	22,44.53	21,37.33	19,12.32
Payments to and provisions for employees	537.05	539.87	495.60	448.80
Expenses of manufacture	839.13	723.50	632.66	562.95
Excise duty	491.84	376.82	370.38	330.34
Interest and Directors' remuneration	115.31	87.49	73.65	52.65
Less—expenditure on capital account	21.69	12.87	28.44	15.62
Gross profit	630.78	573.15	616.05	517.13
Depreciation	260.53	222.53	219.92	180.63
Taxation	200.00	184.50	187.75	122.23
Managing Agents' remuneration	25.00	23.12	18.33	23.82
Net profit	204.25	143.00	190.05	190.45
Withdrawals from reserves	8.00	6.00	..	10.55
To reserves	..	..	25.00	30.14
To development rebate reserve	68.10	27.47	40.18	44.88
Dividends—				
5 per cent. preference	8.33	8.33	8.33	9.76
Ordinary	135.32	116.00	116.00	115.99
	(14.5%)	(14.5%)	(14.5%)	(14.5%)
Carry forward	0.30	0.15	3.62	2.47
Production—				
Boilers (Nos.)	..	..	71	92
Locomotives (Nos.)	57	63	72	96
Diesel vehicles (Nos.)	12,800	12,200	12,100	10,435
Steel ingots and pig iron (tons)	..	..	6,036	8,489
Steel castings (tons)	..	..	5,921	4,941
Iron castings (tons)	..	..	6,457	4,987
Excavators (Nos.)	34	31	6	..
Industrial shunters (Nos.)	10	11	1	..

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	317.50	301.50	332.50	390.00	349.00
Low	259.00	245.50	251.00	278.00	200.00

* Stock of finished goods being Rs. 399 69 lakhs for 1963-64, Rs. 385 04 lakhs for 1962-63, Rs. 308.76 lakhs for 1961-62 and Rs. 235.29 lakhs for 1960-61.

Net sales (that is, excluding excise duty paid) have spurted by nearly Rs. 7 crores from Rs. 39.87 crores to Rs. 46.61 crores, as against the improvement of about Rs. 2 crores noted in the previous year. Gross profit, which had dropped from Rs. 616.65 lakhs to Rs. 573.15 lakhs in 1962-63, has risen sharply to Rs. 689.78 lakhs. Net profit, down by Rs. 47.65 lakhs in the previous year, has gone up by Rs. 61.25 lakhs to Rs. 204.25 lakhs, after providing Rs. 260.53 lakhs for depreciation (against Rs. 222.53 lakhs a year before), Rs. 200 lakhs, including Rs. 8.70 lakhs for dividend tax and Rs. 2 lakhs for surtax, for taxation (Rs. 184.50 lakhs including Rs. 23.30 lakhs for S.P.T.), and Rs. 25 lakhs for Managing Agents' remuneration (Rs. 23.12 lakhs). Out of the net profit, Rs. 68.10 lakhs (Rs. 27.47 lakhs) have been carried to development rebate reserve, leaving a distributable surplus of Rs. 136.15 lakhs. This surplus slightly falls short of the aggregate amount of Rs. 143.65 lakhs required for preference and ordinary dividends. The Directors have, therefore, withdrawn Rs. 8 lakhs from reserves, as against Rs. 6 lakhs a year before. The year's dividend liability is to be met from dividend reserve to which Rs. 144 lakhs have been transferred out of the year's profit.

Reviewing the Company's operations, the Directors give the following details:

Automobile Division: *Tata Mercedes-Benz* output increased by 5 per cent. First stage of expansion programme to 18,000 vehicles will be completed on schedule; from this month (August), the monthly production will be 1,500 vehicles. Indigenous content, 84 per cent at present, will be 90 per cent by December this year. But the resulting foreign exchange saving is frittered away, because steels of which the vehicles are built are still imported. Because of Defence orders, a large part of the civilian demand could not be met during the year.

Steam Locomotives: Labour trouble and communal disturbances caused the output to decline from 63 to 57 in numbers. A further 200 locomotives are contracted to be supplied to the Railway Board during the fourth Plan period on the understanding that, on completion of these supplies, the Company would cease to produce steam locomotives and direct its manufacturing capacity to other engineering products.

Excavators: Non-availability of foreign exchange for importing certain components and raw materials restricted output during the year. Within two years, a pretty high 77 per cent indigenous content has been achieved. This year, excavators of 1¼ cu. yd. size will also be produced.

Paper and Pulp Machinery: Inadequate and uncertain supply of various categories of steel not only makes it extremely difficult for the Company to offer the fixed deliveries which the purchasers demand but also raises appreciably the cost of manufacture. The Company's experience so far has been that a disproportionate amount of engineering capacity and managerial effort is required to secure even a modest turnover from the production and sales of such custom-built items of heavy machinery and plant. Instead of making complete plants, the Company is concentrating on making a limited number of standardised items of paper and pulp machinery for efficient utilisation of its capacity. During the year, a series of large pulp digesters were delivered.

Forge Division: Up-to-date forging facilities, including high production mechanical forging presses of 1,300 and 2,000-ton capacity, have been installed and a large 6 000-ton press is expected to be in operation before the end of 1964. The output will result in very substantial foreign exchange saving. The division will have capacity to meet the entire requirements of forgings for the production of 24,000 *Tata Mercedes-Benz* vehicles per annum, as well as most of the forgings for the other engineering products.

Steel Foundry: Production of castings rose and the quality remained high.

Alloy Foundry: Latest techniques and processes are being introduced. A substantial expansion to make the foundry capable of meeting the full needs of alloy iron castings of diverse specifications required for the automobile industry is under way.

Export Business: Exports of vehicles to the South and Middle East countries increased over the year by Rs. 20 lakhs to Rs. 23 lakhs. Recently the Company introduced a luxury air-conditioned coach for export to Thailand and other neighbouring countries.

Some progress has been made in regard to the Poona project, as land for setting up a factory has been secured. To begin with, the Company will establish there an apprentice training centre and a well-equipped facility for producing large press tools and complex dies which the mass production industries in the country require. Such items are now being imported. Messrs. Raymond F. Tompson (Engineers) Ltd. of Britain are collaborating in this project.

The second stage of expansion programme in the automobile division, envisaging production of 24 000 *Tata Mercedes-Benz* vehicles, has been taken up and finance for it is being arranged. The loan of $13.7 million (Rs. 6.52 crores) secured from the Agency for International Development (A.I.D.) for the first stage has been utilised to the extent of $8.5 million (Rs. 4.10 crores) up to March 1964. The balance amount will be used this year. In addition, plant and equipment worth Rs. 1 crore were ordered from West Germany. A major portion of them has been received and is in operation. Negotiations are in progress with the A.I.D. for a further loan of $11.8 million (Rs. 5.62 crores) for financing the import of equipment for the second stage. This loan is expected to be granted shortly. Meanwhile, the Government has agreed to allow the contribution of Rs. 48 lakhs made by the Company's associates, Daimler-Benz A.G., to its increased equity capital to be utilised for importing machine tools and equipment from West Germany for the second stage of expansion. Additional finance is proposed to be raised through another rights issue of 200,000 ordinary shares of Rs. 100 each at such premium not exceeding Rs. 50 per share as the Controller of Capital Issues may prescribe and may be agreed to by the Directors. These new shares will be offered to the existing shareholders in the ratio of one share for every five shares held. Besides long-term foreign exchange borrowings and fresh share capital issue, it is proposed to arrange with bankers additional cash credit facilities amounting to Rs. 3 crores secured by hypothecation of stores, stocks, work-in-progress and book debts. The Company's short-term borrowings and withdrawals from cash credits increased by about Rs. 3 crores towards the end of the year under review. The interest charges were higher by Rs. 28 lakhs because of increased borrowings as well as higher rates of interest.

Secured loans have increased during the year from Rs. 16.03 crores to Rs. 22.42 crores, of which Rs. 14.46 crores (Rs. 12.12 crores a year before) are of a short-term nature, being loans from banks on cash credits and overdraft accounts. Besides, there are unsecured loans of Rs. 2.27 crores, bringing the total of short-term borrowings to Rs. 16.73 crores. These and current liabilities are provisions (including the year's dividend liability) bring the aggregate short-term indebtedness to Rs. 32.96 crores which is fully covered by current assets, book debts and investments together amounting to Rs. 37.27 crores. The paid-up share capital, including Rs. 2 crores in 5 per cent 100-rupee cumulative preference shares, has increased from Rs. 10 crores to Rs. 11.98 crores following the rights issue of 200,000 ordinary shares at a premium of Rs. 50 per share in March 1963. This capital is backed by reserves and surplus (excluding Rs. 1.44 crore from dividend reserve required for meeting the the year's dividend liability) aggregating Rs. 5.59 crores. The gross block, which has expanded during the year from Rs. 32.81 crores to Rs. 39.20 crores, has been written down to a net value of Rs. 21.18 crores. It will be seen thus that the Company's financial position is pretty sound.

The general benefits of the Company's increased capacity have been highlighted by Mr. J. R. D. Tata in his statement for the year under review. One is that the price to a customer in Bombay of the *Tata Mercedes-Benz* 312/42 model—the most popular model in the range—increased between October 1959, when the Company completed the initial phase of its truck manufacturing programme, and today by Rs. 7,164 to Rs. 37.619, as against an increase of Rs. 7,519 on account of rates and excise (Rs. 6,780) and the cost of imported materials and components (Rs. 739) during the same period. It will be seen that the price, excluding the increase on account of rates and excise and cost of imported materials and components, has actually fallen in spite of the continuous incorporation of a number of major improvements to the vehicle. The other important benefit of the expanded capacity of the Company is the creation of direct employment for over 16,000 men trained by the Company to a high degree of skill over the years.

Discussing the outlook, Mr. Tata has called for stern action against those who, under the guise of trade unionism, deliberately create problems of law and order and prevent the full utilisation of industrial capacity urgently needed by the country. He looks forward to another year of progress. According to him, the new shares to be offered may be expected to earn a dividend of 14.5 per cent from the date of issue, equivalent to 9.7 per cent on capital plus premium.

The net yield on the Company's 100-rupee ordinary shares at their current market value of Rs. 288.50 *cum-div.* works out to 5 per cent per annum.

TRAVANCORE RAYONS LTD.

In the review of the working results of the Travancore Rayons Limited for the year 1963 appearing on page 79 of *Commerce* dated 11th July 1964, certain lines in the paragraph following the table are inadvertently missing. These lines relate to issued share capital, reserves and own funds. The correct position is indicated below:

The issued share capital of the Company remains unchanged at Rs. 150 lakhs, comprising Rs. 50 lakhs in preference shares and Rs. 100 lakhs in ordinary shares. This is supported by reserves aggregating Rs. 117.12 lakhs, including Rs. 5.50 lakhs as provision for gratuity to employees. The total own funds thus amount to Rs. 267.12 lakhs, against which outside interest is Rs. 219.68 lakhs, made of Rs. 163.20 lakhs as borrowings and Rs. 56.48 lakhs as current liabilities and provisions (excluding the provision for gratuity which is included under reserves).

SYNOPSES OF COMPANY REPORTS

Apollo Mills Ltd.

(*Chairman*: Mr. C. P. Wadia, Bombay.)

Forty-fourth Annual General Meeting—Held on 24th July 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of cloth, yarn, waste, etc. ..	2,52,40	2,16,66
Closing stocks ..	69,91	76,69
Gross profit (+) or loss (—) ..	+ 59*	— 4,00*
Debits relating to past years:		
To rates and taxes for period 1-4-1958 to 31-12-1962 ..	75	Nil
,, Bonus for past years ..	7,92	6,58
,, sales-tax for 1949-55 ..	Nil	24
,, compensation for market shop ..	Nil	22
Final debit balance carried forward ..	—17,32†	— 9,41†

* After providing Managing Agents' commission (minimum of Rs. 25,000) but without providing for depreciation.
† Net loss after adjusting with refund of income-tax on dividends Rs. 17,651 and the year's profit of Rs. 58,720.
‡ Loss after taking into account the refund of income-tax on dividends Rs. 27,092 and the credit balance of Rs. 1,35,878 brought in from 1961.

Extracts from the Directors' report: The working results of the year which show a small profit as against the loss suffered in the previous year, while being a good augury for the future, have not come up to the Directors' expectations owing to unforeseen stresses and strains created by fresh fiscal imposts, direct and indirect, and the rising cost of raw materials. To a marginal unit like this company with low priced products such burdens weigh more adversely than in other cases. The Directors are endeavouring to change the pattern of production by supplementing modern machinery to effect economies. Some encouraging signs are evident in the working of the Mills since the close of the year.

In order to ensure better working results, despite the hardships and strains of external features beyond the control of the management, the Directors have been continuously examining ways of reducing the production costs through programmes of rehabilitation and modernisation of the Mills' machinery and equipment. During the year under report, five *Ring Frames*, two *Doubling* and *Folding Machines* and four *Humidification* sets have been installed. Furthermore, an up-to-date Printing Plant was put into commission to make use of the printing quota of three million yards allotted to the Mills by the Government. The printing process has been giving satisfactory results and in order to use the full capacity of the printing plant, the Government has been moved for a sizable increase in the printing quota. Over and above these actual installations during the year under review, orders have been placed for 64 new *Lakshmiratan Toyoda Ring Frames* with *High-draft Conversion* out of which 5 frames have already been put into commission and 5 more frames are under installation and will be put into commission very shortly. Most of the remaining frames will be received during the course of this year. Besides, in order to achieve better quality and production and reduce the manufacturing costs, orders have also been placed for NGM-AAA *High Draft Conversion Material* for 35 *Ring Frames* delivery of which is expected to commence from August 1964 onwards. Having regard to the aforesaid programme of renovation and modernisation that is being steadily implemented and the growing popularity of the Company's printed fabrics, the Directors look forward to better working results hereafter.

With regard to the further issue of 25 lakhs shares of Rs. 2 each, the Company received applications in respect of 10,87,482 *Right Equity Shares* out of which 10,86,732 *Right Equity Shares* have been allotted to the respective applicants while 750 shares were not allotted for technical and other reasons.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	58,79,460	Gross block ..	1,48,55,248
Reserves ..	17,16,185	—Depreciation ..	50,60,009
Other liabilities ..	1,53,83,338	Net block ..	97,95,239
		Current liabilities ..	1,07,20,912
		Investments ..	9,39,421
		Cash	29,364
		P.L. a/c deficit ..	16,94,384
		Miscellaneous expenditure ..	7,685
	Rs. 2,31,87,005		Rs. 2,31,87,005

* Paid-up capital consists of 25,00,000 equity shares of Rs. 2 each and 8,79,460 equity shares of Rs. 2 each issued by way of right shares on which rupee one per share has been paid up.

Pesticides Ltd.

(*Chairman*: Madanmohan R. Ruia, Bombay.)

Registered Office: 28, Sayani Road, Bombay-28.

Extracts from the Directors' fourth annual report for the year ended 31st December 1963: The profit and loss account shows a revenue surplus of Rs. 1,19,368 before making any provision for depreciation. However, after making a provision for depreciation of Rs. 3,14,837 and adding the previous year's deficit of Rs. 9,680 a net loss of Rs. 2,05,149 has been carried forward to next year.

The total expenditure upto 31st December 1963 under the head "Expenditure during Construction" as shown in the balance-sheet amounts to Rs. 5,06,156 out of which Rs. 4,92,609 has already been allocated to the appropriate heads leaving a balance of Rs. 13,547 to be allocated at a later date.

Progress of various projects of the Company: B.H.C., Malathion, Zinc Phosphide and Copper Plants (taken over from Kirti Chemical Works) have been functioning satisfactorily to the rated capacity. During the first year of working, it was not possible for the Company to make any appreciable profit as the Company was affected by the emergency, due to which there was an acute shortage of wagons, which resulted in difficulty in obtaining *Benzene*, one of the chief raw materials in the manufacture of B.H.C. The cost of raw materials has also increased due to various levies. During the current year, however, excise duty on certain items has been lifted, one of them being *Chlorine* which is one of the main raw materials used in the manufacture of B.H.C.

New Projects: For Phenyl Mercury Acetate plant, the capital goods licence is awaited. In the meantime, the design, development and research work on the same has been completed. Further steps would be taken as soon as the licence is received.

Parathion: The Company intends to engage the services of Mr. Gunnar Andreasen, a Danish expert in this field, who has agreed to give the Company an improved method of manufacture of *Parathion* which would bring down the cost and consumption of raw materials, thus making the finished goods competitive both for local market and for export purposes. This would also mean saving of a considerable amount of foreign exchange. Engaging the services of Mr. Gunnar Andreasen would mean an extra expenditure of Rs. 2 lakhs approximately which would be a permanent benefit to the Company.

The Company also proposes in future to cover one by one the entire agro-chemical field. If these projects are implemented, there will be a considerable saving in foreign exchange. The implementation of some of these projects would mean an additional capitall outlay of Rs. 90 lakhs which would be raised by obtaining finances from other sources.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	46,81,550	Gross block ..	45,25,382
Other liabilities ..	13,69,584	—Depreciation ..	3,14,837
		Net block ..	42,10,545
		Block in progress ..	1,66,845
		Expenditure during construction ..	13,547
		Current assets ..	11,23,122
		Investments	13,503
		Cash	1,52,488
		Miscellaneous expenditure ..	1,46,435
		P.L. a/c deficit ..	2,05,149
	Rs. 60,51,134		Rs. 60,51,134

* Paid-up capital consists of 5,00,000 equity shares of Rs. 10 each. Allotment money and calls in arrears amount to Rs. 3,18,450.

Ossoon Estates Ltd.

(*Secretaries & Treasurers*: Messrs. Peirce Leslie & Co., Ltd., Mangalore.)

Ninth Annual General Meeting—11th August 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Income from coffee crop	7,21	4,96
Gross profit	3,79	1,92
To Secretaries' and Treasurers' remuneration ..	17	8
Transfer to depreciation	34	23
,, ,, provision for taxation ..	1,91	68
Net profit	1,37	93
Balance brought forward	18	47
Excess provision for taxation written back ..	1,57	*
Appropriations:		
Transfer to general reserve	70	25
,, capital reserve	26	Nil
To interim dividend (taxable) equity ..	49† (5%)	32‡ (5%)
Proposed final dividend (taxable) equity ..	97† (10%)	65‡ (10%)
Total equity dividend per cent.	[15%]†	[15%]‡
Carry forward	71	18
Market value of equity shares (in shares):	1964§	1963	1962
High	3.53	3.85 O.R.	2.96
Low	2.35	1.46 X.R.	2.60

* Only a small sum of Rs. 522.
† On the increased equity capital of Rs. 9.75 lakhs.
‡ On a paid-up equity capital of Rs. 6.50 lakhs.
§ High and low upto 17th July 1964.

Extracts from the Directors' report: *Reserves.*—A sum of Rs. 3,25,000 was capitalised from the general reserve by the issue of *Bonus Shares* during the year and including Rs. 70,000 transferred from profit and loss account this year, the general reserve now stands at Rs. 2,70,000.

Crop and Costs.—A total crop of 229.900 metric tonnes was harvested during the year and delivered to the Coffee Board. This has been valued at Rs. 2.30 per point or Rs. 3,134 per metric tonne. A comparative statement of production and costs for the last three years is given below:—

Year	Crop (Metric tonnes)	Estate Expenditure per metric tonne	All-in-cost per metric tonne
1961-62*	166.052	Rs. 2,094	Rs. 2,369
1962-63*	165.814	,, 2,105	,, 2,482
1963-64*	229.900	,, 1,634	,, 1,999

* Inclusive of Sulgodu Estate.

A bonus payment of Rs. 9.362 at 5.3 nP per point has been received on 1959-60 crop making the total for the year Rs. 2.29 per point and this is equivalent to Rs. 2.995 per metric tonne. A similar payment has been received also in respect of Sulgodu Estate amounting to Rs. 3,285.

The 1962-63 season's crop has been revalued at Rs. 2.30 per point being the final figure declared by the Coffee Board for that season and this is equivalent to Rs. 3.255 per metric tonne including the Bonus Points awarded on the basis of 20 points per tonne on *Arabica Parchment* and 140 points per tonne on *Robusta*.

The 1964-65 crop has been estimated at 219 metric tonnes and the all-in-cost of production at Rs. 2,167 per metric tonne.

Capital Expenditure.—Rs. 6.446 was spent on capital account during the year. Capital expenditure for the year 1964-65 is estimated at Rs. 10,400.

Accounts in brief as at 31st *March* 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	9,75,000	Gross block ..	12,95,669
Reserves and surplus..	4,37 521	—Depreciation ..	1,74,083
Other liabilities ..	5,45,090	Net block ..	11,21,586
		Current assets ..	5,25,529
		Cash	3,10,496
	Rs. 19,57,611		Rs. 19,57,611

* Paid-up capital consists of 4,87,500 equity shares of Rs. 2 each. Of the above 1,62,500 equity shares are allotted as fully paid up by way of bonus shares through the capitalisation of general reserve.

New Great Eastern Spinning and Weaving Co., Ltd.

(*Chairman*: Mr. Tulsidas Kanoria, Bombay.)

Ninetieth Annual General Meeting—14th August 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of cloth, yarn and waste, etc. ..	2,96,72	2,55,55
Closing stock	71,11	78,68
Gross profit (+) or loss (—)	—18,17*	+26,72
Transfer to depreciation ..	18,68	12,09
,, ,, development rebate reserve ..	3,78	5,49
Net profit (+) or loss (—)	—18,17	+ 9,14
Balance brought forward	1,80	1,55
Appropriations:		
To adjustment of loss for the year ..	1,80	Nil
To bonus for the years 1959 and 1960 ..	Nil	3,04
To dividends (taxable) C. preference ..	Nil	44
,, ,, ,, equity ..	Nil	5,40
Carry forward credit (+) or debit (—) ..	(Nil)	(18¾)
	—16,37	+ 1,80

Market value of equity shares (in rupees):

	1964†	1963	1962
High	165.00	270.00 O.R.	315.00
Low	150.00	178.00 X.R.	247.50

* Loss after providing for depreciation and development rebate reserve.
† High and low upto 17th July 1964.

Extracts from the Directors' report: A sum of Rs. 6,93,362 being bonus to the employees for years 1961 and 1962 paid during the year has been fully debited to the accounts of the year under review.

There was a considerable increase in the prices of cotton, stores, spare parts, power and fuel etc., during the year under review. Besides, new machineries were installed in various departments and due to shortage of space in the Mills, the production suffered to a great extent during the course of erection of these machineries. At the same time a good number of workers were reduced in the process of rationalisation and a sum of Rs. 5 lakhs approximately was paid to them by way of gratuity and compensation, and this has also reflected in the working results of the Company.

Since the workers were not accustomed to the working of the new machineries the scheduled product on could not be achieved. However, the Directors are doing their best to improve the working results and hope to have better results during the current year.

The Company has spent Rs. 30,75,377 towards additions to the block by installing various machineries and constructing buildings etc. required for the purpose of renovation and modernisation.

Orders have been placed for various machineries worth Rs. 12 lakhs approximately for which contracts remained unexecuted on capital account at the end of the year under review.

During the current year upto 30th June 1964 orders for machineries etc., have been placed for Rs. 11 lakhs approximately in addition to the unexecuted orders at the end of 1963.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs
Capital* ..	42,95,700	Gross block ..	2,12,73,292
Reserves and surplus..	14,52,369	—Depreciation ..	1,07,27,301
Other liabilities ..	1,74,08,854	Net block ..	1,05,45,991
		Block in progress ..	3,59,863
		Current assets ..	1,02,13,448
		Investments	18,327
		Cash	3,12,675
		P.L. a/c deficit ..	16,37,419
	Rs. 2,31,56,923		Rs. 2,31,56,923

* Paid-up capital consists of 34,046 equity shares of Rs. 100 each and 4,000—5¼ per cent. cumulative preference shares of Rs. 200 each. Application money received is Rs. 1,100. Of the above, 15,000 equity shares of Rs. 100 each are allotted as fully paid bonus shares by capitalising reserves.

NEWS IN BRIEF

THE U.S. Agriculture Department has announced the issuance of a P.L. 480 authorisation to India covering the supply of about 800,000 tonnes of wheat in bulk (grade U.S. No. 2 or better) worth, $54.86 million.

A tripartite labour panel under the Chairmanship of Dr. V. K. R. V. Rao will be constituted shortly to advise the Planning Commission on the programmes relating to labour and employment to be included in the fourth Plan.

The last date for submitting the first set of the returns by non-banking companies and financial institutions fixed under the Orders dated 15th July 1964 has been extended up to the end of this month.

The fourth Finance Commission (Chairman: Mr. P. V. *Rajamannar*) proposes to begin tours of the States from November next, by which time the Commission hopes to receive and study the estimates of the States' likely receipts and expenditure.

The cotton mills' production in the month of June 1964 is provisionally placed at 72 million kilograms of cotton yarn and 379 million metres of cotton cloth. At the end of the month, the composite mills of the cotton textile industry held an estimated cloth stock of 80,000 *metric* bales as unsold and 148,000 metric bales as sold (unlifted).

Under a second long-term agreement signed recently by the Indian Oil Company and the Soviet Union, the former will import approximately 500,000 tons of oil products in 1964, 800,000 tons in 1965 and 400,000 tons in 1966. The first agreement, it will be recalled, was signed in 1960 and it covered import 1.5 million tons of oil products.

A Five-man Committee has been set-up, with Mr. A. V. Venkateswaran, Joint Secretary, Union Ministry of Commerce, as Chairman, to review the scheme of woollen yarn distribution to hosiery units and suggests suitable modifications. The Committee has been asked to submit its report by 15th September next.

The Union Home Ministry has appointed an official committee, headed by Mr. G. Mukherji, Joint Secretary in the Ministry, to examine the existing security arrangements at various airports and to suggest measures to strengthen them. The Committee will review the present arrangements and procedures at airports, in addition to customs migration, health checks and passenger facilities.

The Union Government has constituted an expert-committee headed by Dr. B. R. Nijhawan, Director, National Metallurgical Laboratory, to suggest technological improvements in the public sector steel plants with a view to raising output. It is estimated that the production of pig-iron can be raised from 1.7 million tonnes in the fourth Plan with some improvements in the blast furnaces of the various steel plants.

A draft outline of the fourth Plan and a memorandum on the fifth Plan will be presented by the Planning Commission at the meeting of the National Development Council towards the end of this month, according to Mr. Shriman Narayan, a member of the Planning Commission. The fourth Plan draft is expected to be published in April next and will be submitted to Parliament for discussion.

India will participate in the Food and Domestic *Equipment Trade Fair to be held at Brussels* from 10th to 25th October next. A selected and suitable range of products, such as, tinned fruits, canned vegetables, juices, alcoholic beverages, meat, fish, shrimps, tea, coffee, spices of all kinds, cigarettes and snuff, domestic and kitchen equipment, table-ware, cutlery and sewing machine will be displayed.

The sale of the Indian Telephone Industries Ltd. exceeded Rs. 9 crores during the year 1963-64, recording an increase of Rs. 1.5 crore over the previous year. Equipments worth Rs. 5.6 lakhs were exported during the year to Ceylon, Nepal, Uganda, Egypt, Singapore and Malaysia. Production of co-axial equipment, special signalling equipment of remote type and flasher units has lately been undertaken.

An agreement to provide for non-project loan of about Rs. 13.3 crores (£10 million) by Britain to India for the fourth year of the third Plan was signed at New Delhi on Tuesday this week. This is the first instalment of *the sum of £30 million* promised by Britain to India for 1964-65 during the last meeting of the Aid India Consortium. Negotiations are in advanced stage for determining the purposes for which the balance of £20 million is to be used.

In the Western region comprising Maharashtra, Gujarat, Madhya Pradesh and the Union territory of Goa, as many as 88 companies with a total authorised capital of Rs. 18.67 crores were registered during the first quarter of the current financial year, as compared with 86 companies with an authorised capital of Rs. 14.41 crores in the preceding quarter. Of these, 64 were registered in Maharashtra, 11 in Gujarat, 7 in Madhya Pradesh and 6 in Goa. They include 12 public companies, 75 private companies and one non-profit association.

The findings of a recent market survey conducted by India's Trade Representative in the *Lebanon* revealed that India has a potential market for many items of pharmaceutical and drugs. If only India can supply these articles according to International specifications, it is said, there is a great future for Indian goods. The average annual imports of pharmaceuticals into the Lebanon amounts to about 300 tons. These come mainly from Austria, U.S., Switzerland, France, West Germany, the U.K., Italy, Belgium, Holland and Denmark. The average annual imports of antibiotics aggregate 310 kg.

A manpower division will be set up in the Planning Commission to assess the manpower shortages and future needs for managerial and non-managerial positions in the country. This was disclosed by Dr. V. K. R. V. Rao, a member of the Planning Commission, at a meeting of the heads of *public sector undertakings* held at Bangalore on Monday this week. According to him, a conference is likely to be convened in September next to find out the manpower requirements, in specified categories during the fourth and subsequent plans.

The *foundation stone of the Hindustan* Machine Tool's Rs. 8-crore machine tool factory at Hyderabad was laid by Mr. S. M. Patil, Managing Director of the Company. This is the fifth unit of the H.M.T. and is expected to go into production by the end of the next year. The factory will be built entirely by Indian personnel without any foreign collaboration. With the commissioning of this plant, the combined annual output of the five units of the H.M.T. is expected to be of the order of Rs. 25 crores, the total number of the persons employed being about 15,000. The Hyderabad plant will produce gear shapers, gear hoppers, gear cutting machines, sophisticated *machine tools* and special purposes machines required by automobile and *mass* production-oriented industries.

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From Abroad

A contract worth £2.3 million for the construction *of a 300-mile gas* pipeline has been awarded by the Pakistan Government to the E.N.I. Oil Corporation *of Italy*.

An Italian-built circular knitting machine which can produce 16 different types of seamless nylon stockings, the first of its type in Europe, has begun production at the works of Nichols and Wileman in Earl Shilton, (Leicestershire). The machine costs about £14,000.

The Boeing Aircraft-Company (U.S.) began producing a convertible cargo version of its three-jet short hauls 727 airliner, the 727C. The 727C will operate as an all-passenger, all-cargo or mixed passenger-cargo aircraft. The first is due to fly early in 1966. A contract for the delivery of three such aircraft has already been placed by the *North-West Orient Airlines*.

The Government of Japan has reported to the G.A.T.T. Secretariat the measures it has taken in the year ended 30th June 1964, to implement the G.A.T.T. Action Programme for expansion of trade of developing countries. The measures include removal of quotas on specified types of lumber and lead and reduction or suspension of customs duties on *groundnuts*, specified woods, etc.

Deposits in Sweden's commercial banks decreased by Dr. 151 million to Dr. 24,259 million during the first six months of 1964 as compared with the corresponding period last year, while advances showed an increase of Kr. 1,150 million to Kr. 20,498 million. During the last five-year period deposits in the commercial banks have increased by 43.4 per cent, or Kr. 7,344 million, and advances by 62.5 per cent or Kr. 7,885 million.

Poland will be given compensation for the loss of its German *markets for eggs* and pigs due to Common Market farm policy under an agreement signed between the two countries. The total volume of Polish exports in the current and next years is to remain at the same level as DM 468 million agreed for 1963. But industrial quotas have been stepped up by DM 50 million. The quotas for German exports have also been increased by DM 70 million to DM 460 million. The chemical and pharmaceutical products alone accounts for half of the total quotas.

The report on a comprehensive scheme for the quality control of drugs and medicated products for Britain, prepared by a technical committee of the *Pharmaceutical Society of Great Britain*, has just been published. The scheme provides for the registration and licensing of all manufacturers of drugs and medicated products, importers of drugs drug wholesalers, manufacturing and dispensing units of hospitals, practitioners who dispense, clinics and all retailers handling drugs. In the opinion of the committee, the inspectors, should be empowered to sample products at any stage of production or formulation (the sampling techniques are indicated), importers must be told to supply samples on request and all dispensaries should be subjected to some form of control, the inspectors being authorised to take samples of any medicine or form of treatment.

A credit equivalent to $58.54 million has been granted by the International Development Association to the Government of Pakistan for use in the Indus Basin Development Fund, an international fund which is helping to finance the construction of irrigation and other works in West Pakistan. The works will give effect to an agreement reached between India and Pakistan in 1960 for sharing the waters of the Indus system of rivers, and will develop the use of Indus waters in West Pakistan. The credit is for a term of 50 years. Repayment of principal will begin from 1st March 1975, after a 10-year period of grace. Thereafter 1 per cent of the principal will be repayable annually for 10 years and 3 per cent will be repayable annually for the final 30 years. The credit is free of interest but a service charge of ¾ per cent per annum on the amount withdrawn and outstanding will be made to meet I.D.A.'s administrative costs.

The International Monetary Fund has approved a stand-by arrangement with the U.S. Government authorising the drawing of currencies of other members of the Fund up to the equivalent of $500 million during the next twelve months. It succeeds a similar one-year arrangement in the same amount which expired on 21st July 1964. The Fund's Articles of Agreement stipulate that the Fund may accept repayments from its members only in convertible currencies of which the Fund's holdings are less than 75 per cent of quota. The Fund at present holds dollars amounting to 81 per cent of the U.S. quota, and is therefore precluded from accepting dollars from other members in repayment. Under its stand-by arrangement, the U.S. may draw the currencies of other members and sell them for dollars to countries wishing to make repayments to the Fund. The U.S. has followed this practice with respect to the previous arrangement under which drawings equivalent to $250 million were made.

PERSONAL

SIR Paul Gore-Booth, British High Commissioner in India, has arrived in Delhi after a period of leave in Britain.

Dr. Rustom C. Cooper, a well-known Chartered Accountant, has been nominated a non-official member of the Central Direct Taxes Advisory Committee.

Mr. R. E. Grant, formerly resident Vice-President of the First National City Bank, has been appointed a Vice-President of the Bank. His present assignment in India is as overall executive in charge of all Indian branches of the Bank.

The Punjab National Bank Limited
New Delhi
NOTICE OF INTERIM DIVIDEND

The Directors of the Punjab National Bank Limited, New Delhi, have decided to pay an Interim Dividend for the current year at the rate of Re. One gross per share. The dividend will be payable at the Registered Office of the Bank at Parliament Street, New Delhi, on or after September 11, 1964.

The Transfer Books and Register of Members of the Company will remain closed from August 11, 1964 to September 5, 1964 (both days inclusive).

By Order of the Board of Directors,
R. L. TULI
General Manager.

Dated: July 14, 1964.

NOTE:- Shareholders are requested to intimate change of addresses, if any, to the Bank immediately.

FOOD AND POPULATION GROWTH

A BOLD APPROACH IMPERATIVE

By Dr. S. Chandrasekhar, M.P.

PERHAPS the greatest problem we are facing today in our country is that of increasing population and lagging food supply. This growing imbalance between growing numbers and dwindling food resources has been with us for such a long time before and after freedom that hunger seems to be a near-perennial and accepted part of things. The answer to this chronic problem is apparently simple in print. Increase food production, ensure better distribution of what is produced and reduce the number of mouths, or at any rate reduce the rate of population growth in the country. But this seemingly simple answer is not put into effect for a variety of reasons.

First, we have been used to approaching various national, economic and social problems on a compartmental basis. But our problems are so intertwined and interdependent that a single or compartmental approach cannot be of any lasting help. We need a multi-pronged attack, not one after the other but all at the same time. The problem is so intractable that only such a cumulative attack can give us some results. The problem of food supply must be attacked from several points: more irrigation, scientific farming, minimum agrarian legislation, incentives to the farmer, women's education, dietary reform, reduction in the number of cattle, etc.

The second general observation I want to make is that we should undertake a campaign of compelling general education of the public for a more scientific, rational, and less obscurantist approach to life and its problems. The average Indian has a nineteenth century outlook in this atomic age. Unless we give up our traditional, sentimental and superstitious attitudes, we cannot solve our socio-economic problems. What is needed is a scientific outlook and a rational temper, whether it is about our diet or about our attitude to cattle.

War-like Approach

The third point is that agriculture should be put on a war basis. It is well known that we are a nation without much discipline. While individual liberty is precious, discipline in a nation is priceless. We are supposed to be in a period of national emergency since the Chinese attack, but "business as usual" seems to be the order of the day. Everyone—the Government and the people—knows what is wrong with agriculture. We know the answers. We, however, do not want to implement them because it entails disciplined hard work. Lord Boyd-Orr pleaded a few years ago that our agriculture be put on a war basis, but nothing was done about it. All these seventeen years we have been hearing slogans of "No foreign bread," "Grow more food," "More wheat and less rice," etc., but we have not gone beyond the slogan stage. We pass pious resolutions and promptly forget them. Our Government has done much but not enough, and I am sure this nation could rise to the occasion if the Government were to demand from the people a war-like approach to the problem of our food supply.

Cattle Situation

The ills of our agriculture are too well known to need repetition. But a few aspects of the overall problem need emphasis. Our cattle situation is part of this problem. When we talk of the food supply, we should add to the 450 million people to be fed some 210 million cattle. India has a quarter of the world's bovine population but the returns, in terms of milk, meat or muscle power, are disproportionately meagre. When the *per capita* land is shrinking, there is no point in maintaining these cattle. We simply cannot have quality without sacrificing quantity.

Then there is the problem of women's education. People may wonder what women's education has to do with the problem of food supply. By and large, our women are in charge of feeding the nation. They preside over our kitchens and dictate our diet. If we can educate our women on the need for simple, nutritive food and convince them to give up those of our traditional habits which are detrimental, new foods can be consumed and there will be less wastage and more conservation of foodstuffs. Gradually wheat can take the place of rice. The consumption of fish can be greatly increased adding badly needed protein to our diet. Various foods which have been traditionally ignored but are nutritionally valuable can become part of our diet and improve the general health of our people. If we can convert our women to a whole new attitude of mind in this area, half the battle of the food front can be won.

Science and Agriculture

As for our agricultural system itself, much can be done with slight improvements within the existing framework. Once we effect even to a small extent the marriage of science with agriculture, we can:

(*a*) raise the yield per acre not just on demonstration farms but in the country as a whole;

(*b*) increase the acreage under irrigation and reduce the eternal dependence on the monsoons, and

(*c*) raise the acreage under double cropping.

To do this, the farmer must be given an adequate incentive, peasant proprietorship should not be interfered with, and the State must introduce minimum legislation. There nearly need be no contradiction in putting agriculture on a war basis and a plea for minimum legislation, once the tiller's ownership and security are not questioned.

Self-sufficiency

There is too much of a cry for national self-sufficiency as far as our food supply is concerned. The available evidence shows that we have had no self-sufficiency in the past and we are not likely to have it in the future. Once we realise this, we can become reconciled to the fact that we shall in the foreseeable future be a food importing nation like some European countries. In other words, we must explore the possibility of improving our balance of payments and pay for the food imports we require. Then we need have no qualms about importing more and more of P.L. 480 foodgrains and paying for them as best we can.

As regards the population problem, we have exceeded the 450-million mark today. We have added more than 120 million since independence. We shall probably exceed 525 million by the time the next census in 1971 comes around. All thoughtful people want our birth rate to be halved from 40 to 20 per 1,000. We have advocated and attempted several methods to do this. But almost all these methods have disadvantages in our peculiar backward socio-economic context. We need a simple foolproof method. I believe vasectomy after the third child is the answer. One is tempted to plead for compulsory sterilisation under certain circumstances, but this is difficult in a vast democracy of illiterates. Therefore, some incentives must be provided. If we can pay one hundred rupees for each vasectomy after the third child, the Government will find this cheaper in the long run. Our overall problem is so desperate that we need drastic remedies. The Government has taken a bold and progressive action on some of these issues. But if we mean business, we must act much more boldly before it is too late. Otherwise, our political freedom will have been won in vain. What is the use of political freedom without economic advancement and social progress?

THE APOLLO MILLS LTD.

CHAIRMAN, MR. C. P. WADIA'S SPEECH

SPEAKING at the Forty-fourth Annual General Meeting of the Apollo Mills Limited held at Bombay on 24th July 1964, the Chairman of the Company, Mr. C. P. Wadia, stated that the improvement in the working results of the Company had been due mainly to the internal efficiency achieved through renovation and modernisation of machinery and equipment, as also to the launching of new items of production such as printed fabrics. Mr. Wadia hoped that a more realistic official policy in relation to textile industry would be forthcoming and that the Company would be able to earn reasonable return on large capital outlay.

The following is the text of the speech of Mr. Wadia:

GENTLEMEN,

I have pleasure in welcoming you to the forty-fourth annual general meeting of the Company.

At the outset I must refer to the great calamity that befell our nation nearly two months back in the sudden and sad demise of our beloved Prime Minister, Pandit Jawaharlal Nehru. We are meeting today in the lingering gloom left behind by the departure of a resplendent jewel of India, which was source of refreshing light and inspiration to every field of human endeavour in the country.

Now reverting to the business of this meeting, the Directors' report and the audited accounts of the Company for the year ended 31st December 1963, which have been in your hands for sometime past, must have been carefully perused by you. With your kind permission, I shall take them as read.

The outcome of the working of the year under report is a small profit as against the sizable loss suffered during the previous year. The noticeable improvement in the working of the mills despite the continuance of the adverse circumstances must be regarded as a heartening sign for the future. In the context of textile prices remaining frozen at the level obtaining four years ago under the Voluntary Price Regulation Scheme with the cost structure rising by about 20 per cent, the only way left to the management to show better results was in the direction of improving internal efficiency by renovation and modernisation of machinery and equipment and launching new items of production. This they have been doing with unflinching determination and you will observe that the additions to the capital block during the year under review exceed Rs. 7 lakhs in value.

New Field

Printing is a new field we have ventured into, since the beginning of 1963, and our printed fabrics are gradually gaining popularity. As the printing quota of three million yards granted by the Government is being exhausted within ten months by working one shift per day, we have approached the Government for allotment of sufficient quota to enable us to work three shifts per day in the printing section.

You might have already noticed from the Directors' report that your Directors have taken in hand the programme of renovation and modernisation of the mills' machinery and necessary orders have been placed for the purpose. However, much more needs to be done in respect of this renovation and modernisation programme which necessitates much more finance than is readily available. With that end in view, your Managing Agents have arranged to secure future finance, as you must have observed from the accounts.

Since the close of the accounting year, as a result of continued efforts towards economy and changeover of patterns, some beneficial results are visible. It is hoped that a more realistic official policy in relation to the textile industry would be forthcoming to enable units like this Company to earn reasonable returns on their large capital outlay.

The total number of spindles and looms worked during the year was 4,84 67.557 and 6,96.174 respectively as against 4,89,72,945 and 8,29,559 respectively worked in the previous year.

I would also like to inform you that the Registrar of Companies, Maharashtra, has very kindly granted one month's extension of time for holding this meeting.

In conclusion, I wish to thank the technical and administrative staff as also the workers on the production side and the Managing Agents who have worked for the Company with singular devotion in the face of adverse circumstances.

TREND OF MARKETS

MONEY EASY AGAIN

(From Our Own Correspondent)

BOMBAY, 29th July

The short-term money market continued to rule distinctly easy during the week under review. The supply of funds available was much more than what was actually needed to meet demand, with the result that the money left unemployed at the end of each day was quite sizable. Turnover was restricted, with inter-bank call rate for both renewals and fresh money standing at the low level of ½ per cent. Conditions at Calcutta, however, were firm and borrowers had to look around for accommodation. The call rate jumped up from ½ per cent to 4 per cent.

The rates of interest for short-term deposits remain unchanged at the ceilings prescribed under the inter-bank agreement. For purposes of ready reference, the ceilings are quoted below:

(*a*) Category I (banks with deposits above Rs. 50 crores and exchange banks): 3 to 30 days (inclusive): 3 per cent, 31 to 60 days (inclusive): 3½ per cent, 61 to 90 days (inclusive): 3¾ per cent, 91 days and over but less than 12 months: 3¾ per cent, 12 months: 4 per cent.

(*b*) Category II (banks with deposits of more than Rs. 25 crores but upto and including Rs. 50 crores): ¼ per cent higher than the rates for Category I.

(*c*) Category III (banks with deposits of more than Rs. 10 crores but upto and including Rs. 25 crores): ¼ per cent higher than the rates for Category I.

The distinctly easy tone of the market is reflected in the renewed support evoked by the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 28th inst. The total amount offered, namely, Rs. 4.05 crores, was more than twice the amount invited (and also accepted), that is, Rs. 2 crores. The average rate of accepted tenders was a shade lower at Rs. 2.399 per cent per annum, as against Rs. 2.400 per cent. The response to Intermediate Treasury Bills, too, was excellent, the Bills actually sold from the 22nd to 25th inst. aggregating Rs. 19.06 crores.

India's foreign exchange reserves fell by a further Rs. 2.63 crores to Rs. 92.83 crores during the week ended 24th July. The fall occurred despite the rise of Rs. 1.36 crore to Rs. 7.37 crores in balances held abroad, for this rise was more than offset by the decline of Rs. 4 crores to Rs. 85.46 crores in foreign securities held in the Issue Department of the Reserve Bank. Deposits of scheduled banks receded by Rs. 8.21 crores to Rs. 95.96 crores, and loans and advances obtained by them from the Reserve Bank were small, being Rs. 45 lakhs. Notes in circulation decreased by Rs. 35.11 crores to Rs. 2,443.76 crores.

A further sharp fall of Rs. 25.56 crores to Rs. 1,741.80 crores in the total credit made available by scheduled banks to their clients was noted in the week ended 17th July. At the same time, there was a fresh accretion of Rs. 12.87 crores to the deposit portfolio of banks. Consequently, borrowings from the Reserve Bank were negligible, being just Rs. 42 lakhs. Total cash improved by Rs. 2.31 crores to Rs. 163.61 crores and investments by Rs. 3.49 crores to Rs. 679.02 crores.

There was no development of importance to the Gilt-edged market this week. Since the market is awaiting the announcement of State Government loans, activity in this section was restricted, with values showing no change. Among Central loans, 3½ per cent 1968 was keenly bid 45 P higher at Rs. 98.85. 4¼ per cent 1972 gained a like amount to Rs. 100.15. 6½ per cent 1977 Gold Bonds were fully maintained at Rs. 118.10, at which rate the redemption yield works out to Rs. 4.65 per cent. 3½ per cent 1965, however, encountered selling and dropped 40 P to Rs. 100.10.

In the foreign exchange market, the banks' selling rate for U.S. dollars was unaltered at Rs. 480 per $100, while their buying rate declined by 25 nP to Rs. 476.50. In New York, the pound sterling ruled irregular *vis-a-vis* the dollar. Thus, the spot rate rose by 0.040 cent to 278.880-278.900 cents, while the three months' forward eased by 0.010 cent to 278.390-278.410 cents.

SILVER DECLINES

(From Our Own Correspondent)

BOMBAY, 29th July

A divergent trend prevailed in the bullion market during the week under review. Silver shed a part of its last week's gains owing to the reluctance of dealers to enter into fresh commitments. Enquiries from upcountry centres were poor. The easiness of silver had no effect on gold which moved up on good support.

Silver, which had shot up from Rs. 250.50 to Rs. 254.50 last week declined steadily and touched Rs. 252 today. While the daily average arrivals were unchanged at 18 bars, offtake was lower at 8 bars, as against 13 bars.

Fourteen-carat gold opened at Rs. 70.50 and, after declining to Rs. 70.25 in the earlier sessions, recovered subsequently and closed at Rs. 71 today. In unofficial trading, primary gold was quoted higher at Rs. 124. Sovereign was firm at Rs. 92.50.

The international price for gold at the London market rose from $35.07½ to $35.07¾ per fine ounce. The sterling price, however, declined to 251s. 6¾d., after moving up to 251s. 7½d. Ready and forward silver were steady at 112d. and 112½d., respectively, as also silver in New York at 129.3 cents.

The Parliamentary Select Committee on Gold Control Bill has been told by some interests that the gold control policy has failed in achieving its desired objectives of checking smuggling and bringing down the price of gold. These interests have, therefore, urged the Committee to recommend withdrawal of the Bill. According to them, the manufacture of new ornaments of 22-carat purity has not come to an end and that ornaments of 14-carat purity have failed to become popular. Further, the making charges for higher purity ornaments have gone up considerably. Gold itself, it is said, has to be procured from dealers at rather exhorbitant rates. They have also objected to the severe penalties in the provisions of the Bill. The Committee, it is presumed, might recommend the grant of more concessions to dealers through some modifications in the Bill.

The retiring President of the Surat Jari Merchants' Association has appealed to the Union Government to announce its decision about the revised jari export promotion scheme as soon as possible. He has requested that the industry will be given gold equivalent to 75 per cent of its requirements. He has also called for the implementation of the remaining recommendations of the Jari Industry Enquiry Committee of 1958 for the all-round development of the jari industry.

The following table shows the trend of prices during the week under review:

	29-7-1964 (closing)	High	Low	22-7-64 (closing)
SILVER				
Ready (996 fine) ..	Rs. 252 50	Rs. 254.50	Rs. 252.00	Rs. 254.50
GOLD				
Ready (14-carat) ..	71 00	71.00	70.25	70.50
Sovereign ..	92 50	—	92.50	92.50*
London—				
Gold ..	251s. 6¾d.	251s. 7½d.	251s. 6¼d.	251s. 7¼d.
Silver Ready ..	112d.	—	—	112d.
Silver Forward ..	112½d.	—	—	112¾d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

COTTON FUTURES FIRM AT CLOSE

(From Our Own Correspondent)

BOMBAY, 29th July

Starting on a quiet note, cotton futures moved up due mainly to hectic bear covering. On Saturday the 25th inst., the market became almost overspeculative, for there was not only hectic bear-covering but also sustained bull support, in view of the nearness of the delivery period to commence. The two parties failed to reach an understanding over the rates for squaring up open positions. The bulls were not prepared to yield ground. The failure of the efforts made by the Chairman of the East India Cotton Association calling on the parties to reach an understanding led to a further rise in prices. The upward trend was, however, halted on Monday when, following fears of official intervention in this regard, coupled with lack of enthusiasm and heavy unloading by tired bulls in private deals, cotton futures suffered a setback. Rumours that bears sold afresh in private and were understood to be ready to offer about 5,000 bales in tender against the maturing contract also imparted easiness. The easiness persisted till today when the market picked up strength again, thanks to emergence of buying support at lower levels. The undertone of the market at the time of writing was distinctly firm.

The Jarilla August contract opened Re. 1.25 higher at Rs. 741.50 and, after touching a new high of Rs 749.25 on the 25th inst., receded to Rs. 743.50 yesterday. It, however, recovered to Rs 747.25 before finishing at Rs. 746.25. The net gain over the week was Rs. 3.25. The contract, it may be noted here, is maturing on the 3rd of next month. According to knowledgeable sources, the first day tenders are expected to aggregate around 5,000-7,000 bales. The outstanding volume of business in the August contract is said to be about three lakh bales. Trade circles feel that the price movements in Jarilla August contract have not been very wide and that the rate of Rs. 746 per candy (three quintals) is not at all high especially when 25/32" Moglai Jarilla is being quoted at Rs. 798 in the spot market.

Trading in the new crop contract for March 1965 delivery will commence tomorrow. In the meantime, the Board of the East India Cotton Association Ltd. has decided to apply the terms and conditions applicable for the I.C.C. August 1964 delivery to the hedge contract for 1964-65 season with some modifications. The Board has also decided to revise the arbitration procedure in By-law 38 in order to make it more equitable and speedy. Trade circles, it will be recalled, had represented to the E.I.C.A. that the terms of the March 1965 contract should be similar to those of the current one excepting that fixing of difference should be done around the maturity date so that it truly reflects the spot positions at that time. But the E.I.C.A. has not taken any decision about this. The authorised representatives of the cotton trade are understood to meet tomorrow to consider the amendments to by-laws and the hedge schedule applicable to the contract for 1964-65 season.

In the Sewri spot market, mill buying was confined as usual to varieties like Co2, L.147 and Laxmi. Some of the popular varieties were quoted at the following rates:

Dhulia Rs. 1,000; Karanja L.147 Rs. 1,150 K; Hubli Laxmi RA Rs. 1,241; Amravati red label Rs. 1,275; Burhanpur Rs. 1,235; Sholapur delivery Khangaon L.147 Rs. 1,250; Bilingual Jayadhar Rs. 1,045 and Bijapur Laxmi Rs. 1,080.

In the export section, revival of interest in Bengal *Deshi* by Japan was reported. The import section was dominated by developments regarding the Egyptian cotton. Trade circles got perturbed over the reports about the promulgation of the new exchange control regulations by the Egyptian Government authorities. According to the new procedure, letters of credit are required to be opened for the entire purchases of Egyptian cotton by all importers and spinners here by the end of this month. Although both the East India Cotton Association and the Cotton Buyers' Association have sought the good offices of the Egyptian cotton authorities for a possible relaxation of the new stipulations, no reply seems to have been received so far. It is understood that Japan and the U.K., to whom similar stipulations had been made by the U.A.R. have refused to open letters of credit.

In the meantime, the Textile authorities in India have agreed to all the conditions insisted by the U.A.R. Government. Heavy rush was reported at the office of the Joint Chief Controller of Exports and Imports on Tuesday (28th inst.) from applicants seeking import licences for Egyptian cotton. With the issue of the import quotas to mills by the Textile Commissioner, the issue of import licences in respect of Egyptian cotton is proceeding at full swing. Though the payment is stipulated by U.A.R. authorities in sterling, it will depend on the terms settled in the agreement to be concluded shortly between India and the U.A.R. The U.A.R. Delegation was expected to arrive on Sunday last, but postponed the visit. It is now expected to arrive here next week.

OILSEEDS BUOYANT

(From Our Own Correspondent)

BOMBAY, 29th July

Trading in oilseeds futures was practically at a standstill this week also. For the ceilings are low and bear no relation to the intrinsic worth of the contracts. The ceiling on castor futures is Rs. 181.50, but the spot price works out to about Rs. 200. The spot rate for linseeds has touched Rs. 50, whereas the ceiling is Rs. 45.

The cottonseeds contract is virtually a dead one. In unofficial dealings, astor September had been bid up to around Rs. 184.75, although, at the close of the week, it eased a little to Rs. 184. The spot section was extremely active and buoyant, the Madras Small variety being bid up to Rs. 41 and Bihar bold to Rs. 40. At the close of the week, they were slightly shaded at Rs. 40.12 and Rs. 39, respectively. Oil B.S.S. and commercial was done at Rs. 18.60 and commercial at Rs. 17.80.

The talk of the market is the imposition of the ban by the Gujarat Government on exports of groundnut oil and oilseeds from the State and its possible repercussions here. About a third of Maharashtra's needs are met by imports and the daily requirement of groundnut oil is put at 600 to 700 tonnes, including 200 tonnes on account of the *vanaspati* industry. If the ban were to continue—and the market at least is not hopeful of any early relaxation of restrictions—there would be a virtual famine of groundnut oil in the State. Oilseeds and oil interests here are extremely critical of the Gujarat Government's policy which they term as purely retaliatory in nature. How long will this ban continue is anybody's guess, but the general comment is that it will stay at least until such time as it begins to recoil on the farmers of Gujarat and through them on the economy of the State itself. The surplus of groundnut oil there is estimated at 40,000 tonnes.

The result of the ban was a scramble for oil in Bombay and the rise in its price to around Rs. 2,650 per tonne. It was said that at upcountry centres, the commodity had been bid up to as high as Rs. 3,000 after the Gujarat Government's decision regarding the ban became known. In the spot section, Madras quality was done at Rs. 67. The Sangli and Kanpur varieties were taken up to Rs. 64 and Rs. 63, respectively. At the end of the week, they were quoted at Rs. 65.75, Rs. 64 and Rs. 63, respectively.

The announcement regarding the import of 100,000 tons of soyabean oil under P.L. 480 was welcomed wholeheartedly. It was felt that the imports would help ease the situation, but on second thoughts, the trade wondered whether the imports would exercise any real effect on prices here. It was said that the receipts would average 8,000 tonnes a month and that it would, therefore, take a long period of 12 months for the entire quantity to be received here. Even if larger quantities could be obtained at any single time, lack of bulk handling and storage facilities here would preclude such receipts. A quantity of 8,000 tonnes a month was considered chicken feed.

In keeping with the trend in castor and groundnuts, linseeds maintained a firm tone. Price movements in the September contract were narrow and outside interest was virtually absent. The contract hovered just under the ceiling and, with the spot rate being much higher than the forward quotation, business in futures was virtually impossible. The same was more or less true of cottonseeds. Apart from the defective terms and conditions, few would care to touch it so long as its ceiling is sheer of reality. Linseed bold was quoted at Rs. 50 and oil at Rs. 21. The undertone was distinctly firm.

Groundnut extractions showed a tendency to weaken. The rate was around Rs. 417 a tonne with sellers eager but buyers reserved. United Kingdom advices indicated £37-10 for August, £37-7-6 for September, £36-7-6 for October-December, £36 for December, £35-15 for December-January-February and £35-7-6 for January-February-March. Knowledgeable circles think that the market in extractions is heading for

a rather big decline particularly in view of the bearish advices from overseas markets. The trend here will be induced by the availability or otherwise of soyabean meal, but current ideas are that its supplies would be such as to induce a downtrend in the market. Expellers were mentioned at about Rs. 495 a tonne in Bombay and Rs. 475 in Saurashtra. No doubt supplies are tight at the moment, but overseas buyers at the same are generally reluctant for commitments for the end-of-the-season stuff. Locally, demand is poor and it is said that nearly half the number of plants have been closed down and the orders are working at only one-half to a third of their rated capacity.

With trading in the present forward contracts at a standstill, interest has naturally shifted to the new crop contracts. The trade is fondly hoping not only for permission but also for higher ceilings. Respresentations had been made to the Government about the desirability of raising the *ceiling rates*. Informed sources, however, think that the Government may postpone consideration of forward trading in castor and groundnuts until November. The question of linseeds may not come up for consideration until February, at any rate not before some idea of the mustard crop becomes available. This can happen only in January or sometime in February. There is a feeling that trading in cottonseeds might be allowed, but, under the existing conditions, it matters little to the trade whether permission is given or withheld. With regard to groundnuts, the trade is rather confused in that, under the present contract of the Bombay Oilseeds Exchange, oils and oilseeds are tenderable in various centres of Gujarat, and the point is whether this would not lead to complications, in view of the present ban on exports from the State. The feeling, therefore, is that, unless the ban is removed, the contract as it stands will become inoperative. But permission for forward trading within the limits of the present ceilings has no meaning.

The first estimates of the new crop groundnuts indicate a rise of 24 per cent in the acreage and, although about 400,000-500,000 tons more might be harvested, informed sources do not anticipate a decline in the prices both on account of the inflationary tendencies and a possible increase in demand. However, speculations of this nature are rather premature and risky.

The following table shows the closing prices of oilseeds and oils as on 29th July as compared with those of the two previous weeks:

	29-7-1964	22-7-1964	15-7-1964
Groundnuts	Rs.	Rs.	Rs.
Nizam bold	65.00	64.50	63.75
Khandesh quality	65.75	65.50	65.50
Oil ex-mill	26.25	26.00	25.25
Oil Rly. Receipt	25.80	25.70	25.15
Castorseed			
September 1964 contract	181.50	181.50	181.50
Ready Madras	40.12	39.00	37.25
Ready Kanpur	39.00	37.75	36.00
Oil B.S.S.	18.60	17.80	15.80
Oil commercial	17.80	17.00	15.30
Linseed			
September 1964 contract	44.81	44.75	44.78
Bold ready	49.25	47.50	47.50
Linseed oil	21.30	19.90	19.75
Cottonseed			
September 1964 contract	104.00	104.00	104.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PEPPER RECEDES

(Messrs. Parekh and Co.)

BOMBAY, 29*th July*

A persistent downward slide characterised trading in Malabar pepper during the week. In Bombay, though spot remained unchanged steady, forward delivery in *Shrawan* lost Rs. 15 and *Bhadrapad* Rs. 10. In Cochin; August delivery lost Rs. 14 and October was pressed down to Rs. 368. Several factors have been mentioned as reasons for the decline. Some quarters were of the opinion that the heavy arrivals of Lampong black pepper in New York during July acted as pressure on spot which went down to $0.34½ and that it had its natural reflection on the Indian markets. Other quarters felt that weakness in India was due to bear selling by some trade interest in forward deliveries at both Bombay and Cochin. The floating stock of ready pepper on all primary markets being small, the fall in spot was only sympathetic.

A section of the trade, on the other hand, believes that the present fall in New York is only a temporary one, as there is no selling pressure from Lampong where old stocks of Lampong is estimated at 1,000-2,000 tons only and that A.S.T.A. quality new crop is not likely to come to the market before October. A knowledgeable source also expects that the Indonesian Government is likely to increase its check price to $0.42 for the U.S.A. in the near future, as now its selling policy is being shaped according to the advice of one or two Dutch experienced firms which are collaborating with the Indonesian State Trading Corporations in both Europe and New York. They also express concern over the tense South-East Asian situation and renewed clash between Indonesia and Malaysia in North Borneo. If the political situation deteriorates, the prices are likely to be lifted unexpectedly.

If the trend on the New York Produce Exchange is any criterion for the future, one can safely forecast that the future of the world's black pepper is rosy, inasmuch as that September on the New York future market is bade at $0.35, while $0.37.50 is asked, as against the spot price of $0.34½. October and November remain unquoted.

Technical position in India being strong, the growers refused to be unnerved by bear hammering on forward rings at Bombay and Cochin and are unwilling to part with goods unless at their price.

Singapore, after remaining closed for a couple of days owing to riot there, is now fairly steady.

Ready ungarbled at Calicut is quoted at Rs. 330 to Rs. 350.

Ready pepper in Bombay is quoted at Rs. 185 per 50 kilos.

STAPLE FIBRE YARNS LOOK UP

(From Our Own Correspondent)

BOMBAY, 29*th July*

Staple fibre yarns ruled distinctly firm during the week under review, while art silk yarns and cotton yarns drifted downward. The firmness of staple fibres yarns was engendered by sustained buying support and good demand and small supplies from local manufacturers. It was said that some composite mills were themselves utilising their production of staple fibre yarn for weaving fabrics. One or two mills are reported to have reduced their production of staple fibre yarn. It was, therefore, feared that the inflow of yarn into the market would decline. Prices, as a consequence, moved up. Art silk yarns, however, encountered selling induced by easy availability of import licences at a reduced premium and comfortable supply position, thanks to poor demand in the wake of large arrivals. Cotton yarns ruled easy.

Among art silk yarns South India Viscose 120D fell by 33 P to Rs. 13.62. Bright Century 75D slumped by 68 P to Rs. 18.28. National Rayon 150D and 120D were neglected, the former at Rs. 11.18 and the latter at Rs. 11.92.

Staple fibre yarn (2x34 French count) Citys firmed up from Rs. 9.55 to Rs 9.79. Sitalaxmi put on 4 P to Rs. 9.94. Vasantha strengthened by 13 P to Rs. 9.35.

In the cotton yarn section 34s Madura declined by Rs. 3 to Rs. 36. 68s Minerva fell by Rs. 7 to Rs. 86. 8s Podar and 12s Modern were dull at Rs. 21 and Rs. 24.

RAW JUTE ADVANCES

(From Our Own Correspondent)

CALCUTTA, 28*th July*

A feature of trading in the jute markets during the week under review was the sharp rise in fibre prices as a result of restricted arrivals of new crop. Prices of heavy goods also rose impressively due to covering demand against earlier purchase orders and hectic activity in the hedge market, although actual business taking place with overseas buyers was limited. For a time, the news of the end of strike in certain Pakistani jute mills caused recession in prices of heavy goods, but soon sentiment was buoyed up following covering demand. After weeks of continued dullness, the New York burlap market picked up a measure of liveliness during the week under review, and spot 40" 7½ oz. hessian hardened from 8.60 cents a yard to 8.70 cents. At 11.50 cents a yard, the heavier hessian recorded a similar rise. In Calcutta, hessian prices recorded a small rise, mainly in sympathy with the rising fibre and heavy goods markets. Although an encouraging note was taken of the rise in U.S. burlap consumption in June—from 63.5 million yards in May to 70 million yards—this failed to have an impact in sentiment in Calcutta. For, with the knowledge that mills in both India and Pakistan were operating up to their maximum capacities, U.S. inquires continued to be for small quantities only. Despite the increase in U.S. consumption in June, total consumption for the first six months of this year was only 436.8 million yards, a decrease of 27.1 million yards as compared with the corresponding period of 1963.

The falling trend of U.S. consumption has naturally caused anxiety in trade and industry circles. In the twelve months to June 1964, consumption in that country aggregated 886 million yards, showing a decline of 10 million yards as compared with 1962-63. In the second half of 1964, consumption was sharply down at 449 million yards, as against 432 million yards in the second half of the previous year. As already stated, consumption in the first six months of the current year continued to fall. This unwelcome trend, attended by a fall in the price trend, reflects the steady progress made by the man-made fibre industry and carpet backing fabrics in the United States. The paltry support accorded to Calcutta hessian by U.S. buyers underlines the non-changing character of hessian prices, despite the continued hardening in fibre prices ever since the new crop began arriving mills' stations. In this context, the rise in new crop prices above the I.J.M.A. minimum levels is causing anxiety.

The rise in the prices of goods during the week under review, as already stated, was principally due to covering against earlier orders. In addition, increased demand on account of internal buyers served as a sentiment booster. It is expected that, as a result of loss of production in Pakistan on account of labour troubles recently, some overseas demand normally going to Pakistan would be diverted to Calcutta. Although during the week port conditions considerably eased following the series of steps taken by the port authorities and the delay for ships for entry and re-floating was cut down sharply, ready loaders for several destinations, including River Plate ports, failed to carry the size of jute goods cargo originally expected. The sharp rise in prices has made shippers to proceed cautiously, as, considering the estimate of the new crop, they felt that the rise in prices would be only temporary. Keen activity in the hedge market was a feature on Tuesday last, and so ready B. twills rose from Rs. 116.75 to Rs. 117.05, despite the news of easiness in the labour situation in Pakistani mills. On the other hand, ready hessian 40" 10 oz. was quiet at Rs. 44.30. Against earlier orders, there was covering in both ready delivery hessian and heavy goods on Wednesday. B. twills and hessian 40" 10 oz. were firm at Rs. 117.05 and Rs. 44.35, respectively. Prices rose further on Thursday and, though genuine business was lacking, dealers were anxious to cover against earlier orders before prices added more gains. B. twills were pushed up to Rs. 117.85 and hessian 40" 10 oz. in sympathy to Rs. 44.65. At this stage, buoyancy set in in the hedge market to take ready B. twills to Rs. 118.85 and ready hessian 40" 10 oz. to Rs. 45.20 on Friday. These levels induced profit-taking over the week-end, when quotations were Rs. 118.50 and Rs. 45.00, respectively. Short-covering in ready goods, coupled with continued buoyancy in hedge, led ready B. twills to move up to Rs. 119.40 yesterday. In B. twills, some business was done with Government, but overseas buyers did not respond to the rise. Ready hessian 40" 10 oz. added a small gain at Rs. 45.35.

As already stated, fibre prices rose. New crop arrivals were small, as harvesting and retting had not started on a large scale, and transport was affected due to bad weather. This gave rise to doubts as to whether the new crop would be as large as last year's. Assam bottoms rose from Rs. 33.00 a maund to Rs. 33.50, daisee bottoms from Rs. 33.50 to Rs. 35.00, and northern bottoms from Rs 31.50 to Rs. 33.00. Mills are worried at the rising trend, as already simultaneous business in fibre and goods is putting them to loss. If prices of goods rose in tune with the rise in fibre prices, exports of goods are bound to suffer. Sellers of fibre were cautious as upcountry prices were above Calcutta's parity. Despite the rising trend and mills' need to purchase the selected grades, their support was small. Fibre prices in Pakistan also tended to move up, despite the increased trend of arrivals. Quality also showed some improvement. Shippers of Pakistani fibre as well as their agents in Dundee were pleased with the announcement that fibre exports on contracts entered into prior to 13th June, when the rates of duty were revised, would attract the new rates. There had earlier been a stalemate when immediately after the revision, the official interpretation was that the new rates were applicable only to shipments taking place in respect of contracts entered into after 13th June only. At this interpretation, shipments of pre-13th June contracts came to a standstill. Dundee buyers were agitated and made strong representations to the Pakistani authorities.

KIPS QUIET

(From Our Own Correspondent)

MADRAS, 27*th July*

There was no appreciable change in the kip market, and the tempo of export trading was similar to the previous week. Demand centered round lower selections in light weight cowhides. Heavy weight cowhides were not available at reasonable prices, and tanners were holding stocks. Inquiries for cow calf were mostly for light averages, and a few sales were reported. Export inquiries for buff calf were negligible; and stockists are expecting American demand after a few weeks to crop up.

In the tanned skins section, trading was at a low ebb. Beyond a few sales of 8/9 lbs. goat skins and 7/8 middle class sheep skins, there was not much to report. It is believed that importers are waiting for prices to decline at origin, to make purchases at economical levels. Raw prices in the supply centres rule firm for goat and quiet for sheep skins.

The next tanned skins public sales in London will take place on the first of August 1964; and the consignors do not expect good clearance.

TEAS IN GOOD DEMAND

(From Our Own Correspondent)

CALCUTTA, 28*th July*

Quality teas during the export sale held yesterday met with good demand. A small improvement in demand in last week's dusts sale was also discernible. A further increase in tea arrivals meant more shipments aided by favourable conditions in the port. The prompt U.K. loaders carried a good portion of cargo in tea. There was good demand for forward space for both U.K. and Continental destinations.

The appointment of a committee by the Government of India to investigate the financial needs of the tea industry has been welcomed. The tea industry has been pointing out that its costs are steadily increasing and that capital return had gradually shrunk in recent years.

Dusts on offer during last week's internal sale aggregated 16,799 chests, which met with a good general demand. As the sale progressed, demand became strong. Plain orthodox teas were steady at invoiced rates. Medium Assam teas showed good demand. Legg-cut teas exhibited initial weakness, but soon returned to opening levels. C.T.C teas were irregular; though in good demand prices at one time eased up to 20 P. The brighter teas hardened. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.90 to Rs. 7.30, medium Assam C.T.C. dust Rs. 5.80 to Rs. 6.40, medium Assam dust Rs. 5.00 to Rs. 5.80 (nominal), legg-cut dust Rs. 4.80 to Rs. 5.30, and plain orthodox dust Rs. 4.10 to Rs. 4.50.

A strong general demand met export offerings aggregating 41,219 chests of leaf during the sale held yesterday. All liquoring teas were particularly favoured. The strongest feature of the sale was provided by bright Assam orthodox teas prices of which rose impressively. Selected B.O.P. teas showed a considerable addition to price. An irregular trend was recorded in plain orthodox teas; while the brokens were about firm, fannings eased. Whole leaf grades came to a dearer market, but tippy teas eased. Assam C.T.C. teas with useful liquors advanced, but the rest of this category eased. Legg-cut teas added small addition to prices. Darjeeling teas met with better demand. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 7.20 to Rs. 8.00, medium Assam C.T.C. B.P. Rs. 6.00 to Rs. 7.00, best Assam C.T.C. B.P. Rs. 7.20 to Rs. 8.00, medium Assam C.T.C. fannings Rs. 6.00 to Rs. 7.00, clean plain pekoe Rs. 5.10 to Rs. 5.40, plain fannings Rs. 4.00 to Rs. 4.30, and plain B.P. Rs. 4.40 to Rs. 4.60.

TIN AND ZINC RISE AGAIN

(From Our Own Correspondent)

CALCUTTA, 28*th July*

With good support, firmer conditions were in evidence in the Calcutta metal market during the week under review, and both tin and electrolytic zinc recorded liberal gains. On the London Metal Exchange, copper and zinc rose, while tin and lead were maintained. Reports from London make no mistake of the anxiety entertained by producers in regard to the rapid rise in prices, as they fear that the tendency among consumers to substitute aluminium in place of copper and zinc would become more marked and basal and that, if machines were re-modified to take aluminium, a reversal to copper and zinc when prices declined would be difficult. The need for reversion would not be felt either. For this reason, producers prefer to make supplies direct to consumers, and it is apprehended that, if this tendency were to continue, the usefulness of the L.M.E. as a forum to reflect free market prices would diminish gradually but surely.

Despite the anxiety of producers, it should be recognised that one of the important causes for the uptrend on the L.M.E. quotations since the beginning of this year is the rise in world consumption. Although production has risen, the rise has been below that in consumption. That explains why the consumers, despite direct supplies from producers at prices lower than the L.M.E. quotations, take to the medium of the L.M.E. for satisfying their demand. It follows, therefore, that, unless producers are able to lower the free market prices by increasing supplies more rapidly than in recent months, the price trend would continue to reflect the world shortage. It should be remembered that a more abnormal rise in tin price is being avoided only by the periodic releases from the U.S. stockpiles. The U.S.A. has now decided to release substantial quantities of lead and zinc, but it is reported that such releases would only meet the increased requirements within the country. This being the situation, it is not seen as to how the tendency for substitution of aluminium for copper and zinc can be stemmed altogether.

In Calcutta, utensil copper scrap was firm at Rs. 650 per 100 kgs. Demand was keen. According to the annual report of the Indian Copper Corporation Ltd. for 1963, sales showed a small rise at £4.27 million as against £4.02 million in 1962, despatches having totalled 14,029 tonnes, a rise of 1,376 tonnes. These included 3,057 tonnes of copper ingots as against 3,019 tonnes. As a result of lower demand in world markets, kyanite sold fell from 33,184 tonnes to 21,597 tonnes. Output of rolled products at 10,598 tonnes, including copper sheets and strip showed a rise of 959 tonnes, while that of refined copper fell slightly from 9,781 tonnes to 9,582 tonnes. The Corporation's new electrolytic refinery is now expected to be commissioned by September, which is some eight months away from the target. This is attributed to the delay in receiving the import licences and supplies of controlled stores. On the London Metal Exchange, spot copper wire-bars scored from £305 to £314 a ton, cathodes from £297 to £305, and fire-refined copper from £282 to £284. The strike threat in Chile influenced the uptrend.

Spot tin in London opened at £1,260 a ton and closed lower on balance at £1,250. Meanwhile, the trade has noted that the immediate prospect for recession in the L.M.E. price has receded in view of the growing uncertainty caused by the deepening Indonesian-Malaysian crisis. Communal troubles in Singapore have also caused anxiety. The steady rise in prices in Penang reflects the disturbed political conditions in South-East Asia as well as to the shortfall in output in both Bolivia and Nigeria. In Calcutta, with good demand, the price gained from Rs. 3,000 per 100 kgs. to Rs. 3,050. Electrolytic zinc rose from Rs. 323 per 100 kgs. to Rs. 331. The L.M.E. quotation continued to rise, this week's closing rate for the spot metal at £144 comparing with the opening of £136. The announcement of the U.S. decision to release 75,000 tons of zinc from its strategic stocks failed to arrest the rise, as it is held that this quantity would not be able to close the gap between consumption and demand. Spot lead in London was firm at £99¼ a ton, and the U.S. decision to release 50,000 tons from its surplus stocks failed to have an impact on the firm trend. Locally, lead was in good demand with the quotation displaying firmness at Rs. 293 per 100 kgs.

FURTHER SPURT IN FOODGRAINS

(From Our Own Correspondent)

HAPUR, 27*th July*

Firmness in foodgrain and pulses prices continued unabated and prices touched all-time high levels. Scarcity conditions exist all over U.P. and there is heavy demand even at higher price levels. According to the final crop estimates the foodgrain output in 1963-64 was only 79 million tons and not 81 million tons as was indicated by the earlier provisional estimates. The latest estimate of the country's needs this year at the 1960 *per capita* consumption level is around 90 million tons. Part of the additional need will be met by pumping into the market about six million tons of imported grain. Last year only 4 million tons imported grain was used. But there may be a gap of about five million tons despite increased supplies. An unfortunate result of the present situation has been that during the next few crucial years the country will have practically no buffer stocks at all. A break-up of this year's production figures shows that while the output of cereals has risen from 67 million tons last year to 70 million tons this year that of pulses has fallen from 11.6 million tons to 9.6 million tons. There has been no increase in the output of cereals except rice. The production of wheat was 9.7 million tons *jowar* 9.2 million tons and barley 2 million tons.

Wheat prices advanced by Rs. 5 to Rs. 7.50 per quintal according to quality during the week on good local demand and brisk east U.P. buying support. Prices touched an all-time high level and were quoted between Rs. 74 to Rs. 77.50 for *dara* quality and between Rs. 80 to Rs. 82.50 per quintal for farm produce. The corresponding prices last year were much lower at Rs. 43.25 to Rs. 48.75 per quintal according to quality. Daily arrivals were small due to heavy rains and stocks now left were estimated around 2,000 quintals. The State has been facing acute food crisis during the past few days. Arrangements have been made to bring wheat from ports at a quicker pace. The Centre has also doubled supplies to the State. Bullish conditions continued in rice market also and prices rose sharply by Rs. 2.50 to Rs. 8 per quintal according to quality on good local and outside buying support in face of declining stocks position. Weekend prices were: Rice *basmati* superior Rs. 99.13 to Rs. 103.77, *sela* Rs. 96.45 to Rs. 99.13, *mainpuri* Rs. 89.75, *ramajwayan* Rs. 93.77, *raimunia* Rs. 93.77 and *gadda* Rs. 89.75 per quintal.

Gram also attracted good demand and its prices hardened upto Rs. 3 per quintal to be quoted now Rs. 68.50 for local produce and Rs. 67.50 per quintal for Punjab quality. Stocks left with the trade were reported to be nominal. Prices on the corresponding date last year were at Rs. 42.53 per quintal for Punjab quality. Barley and *bejhar* prices also registered sharp gains on brisk east U.P. demand against meagre supplies. Prices advanced by Rs. 4.50 and Rs. 4 per quintal respectively to be quoted between Rs. 60 to Rs. 62.50 and Rs. 60 to Rs. 62.50 per quintal respectively. Arrivals of both cereals were small. *Juwar* and *guwar* prices sought higher levels on good demand for seed purposes and touched new high levels. *Methi* and oats were almost stationary while maize was steadier on good demand. Weekend prices were: *Methi* Rs. 55 to Rs. 60, oats Rs. 60 to Rs. 62.50, *guwar* Rs. 65.64 to Rs. 66.98 and maize Rs. 55 to Rs. 58 per quintal.

"GUR" SHOOTS UP

(From Our Own Correspondent)

HAPUR, 27*th July*

Crystal sugar continued to rule firm during the week at Rs. 175 to Rs. 180 per quintal in the open market, due to tight supply position, coupled with the non-availability of *desi khandsari*. Controlled prices of the commodity were Rs. 135 to Rs. 140 per quintal. The acreage under cane for the next season has gone up by 15 to 20 per cent, and the heavy timely rains so far are likely to yield a bumper cane crop this year. Some sources estimate an increase of about 50 per cent in the supplies of cane to the sugar factories next season, leading to a marked increase in the sugar production. The restrictions imposed on the movement and manufacture of *gur* and *khandsari* and the fixation of prices of *khandsari* would be a sufficient deterrent to the production of these commodities.

The stocks of *khandsari* which had been sealed by the State Government last month were released partially during the week at prices fixed by District Magistrates. Trading in *khandsari* in the open market was however slack due to acute monsoonish conditions during the last three days. Prices in the open market declined by Rs. 10 to Rs. 15 per quintal on expectations of the releases of stocks and were now quoted from Rs. 135 to Rs. 150 per quintal as against Rs. 106 to Rs. 127 fixed by the Government for the sale of the freezed stocks.

Ready *gur* flared up in the later part of the week following the receipt of heavy import quotas from Rajasthan, Punjab, Gujarat and Maharashtra. Daily arrivals were negligible and the *gur* stocks here as well as in mofussil markets were fast depleting. Cane crop prospects were bright, thanks to the fairly heavy rains in July. The week-end prices (in Rs. per 40 kilogram) were:—*gur* superior 31, *dara* 29.50, *shakker* 31 to 33 and *balti* 29.

FAIR ENQUIRY FOR TEAS

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 23*rd July*

A total of just under 725,000 kgs. was catalogued in leaf tea sale No. 29 held here on Tuesday the 21st inst. Nilgiri quality was often improved as were a few mediums, but on average it remained unchanged. There was only fair enquiry with generally less demand at irregular and lower rates for most descriptions. Improved quality Nilgiri brokens were sold at only around last rates, whereas the plainer sorts again eased in price. Fannings in these categories, however, were sold well and were often dearer than their equivalent brokens. Good mediums descriptions were about steady, while medium and low medium brokens shaded in price even where quality was maintained, but the plainer sorts registered quite considerable declines in price. Clean medium and low medium fannings were irregular, but sometimes a little dearer while fibrous sorts came to a lower market. Plainest varieties declined further, but support for black leaf kinds was strong. Whole leaf grades were irregular and often lower except for liquoring sorts which were dearer with quality. Teas of unorthodox manufacture came to an irregular market.

The quotations (per kg.) were as follows:

	1964	1963
	Rs.	Rs.
Low mediums	4.00-4.15	4.10-4.40
Mediums	4.15-4.40	4.40-4.65
Good mediums	4.55-5.20	4.70-4.65
Nilgiri B.O.P.	4.50-6.20	4.70-6.70

The average price realised in sale No. 29 was Rs. 4.36 per kilo, as against Rs. 4.38 a week ago and Rs. 4.41 in the corresponding sale last year.

In dust sale No. 29 held today, 255,000 kgs. were offered. The market met with fair general demand. Medium descriptions received only fair support and prices were appreciably easier. Coloury mediums, however, encountered better enquiry, but here again prices eased. Best highgrowns were fully firm, but others declined a little. Unorthodox types were steady on last rates.

The average price realised in dust sale was Rs. 4.36 per kilo, as against Rs. 4.33 a week ago and Rs. 4.07 in the corresponding sale last year.

Colombo: In Monday's auction there was strong general demand with best dimbulas firm while other highgrowns were occasionally easier. Good mediums also ruled fully firm, but others were 5 cents dearer. There was strong demand for improved quality uvas.

London: *North Indian and other growths*: In Monday's sale there was good general demand with best dooars firm, but other descriptions on offer came to an irregular and easier market. There are no quotations for Assams as there were none available.

Ceylon and South Indians: On Tuesday there was quieter demand and although best liquoring teas were firm others came to a lower market following the decline in quality.

COMMERCE AND INDUSTRY

(Concluded from page 176)

P.L. 480 rupees are also allocated to meet the legimate needs of the U.S. Government for paying its own bills in India. Quite a significant part (Rs. 140 crores or 13 per cent of the total as of December 1963) of even the so-called "U.S. uses" rupees is earmarked for projects jointly agreed to between the U.S. and Indian Governments for the benefit of both the countries. Mention, for instance, may be made of publication of low-priced textbooks, academic exchange programme and the Fulbright programme, and research schemes carried out in Indian institutions (agricultural research and health research are the most notable). Since 1952, about 1,700 American technicians have come to India under the aid programmes to share their skills with their Indian counterparts and more than 3,700 Indians have studied in the U.S. A large number of Indian industries have received Cooley loans.

The foregoing account will clearly indicate that the U.S., under the Food-for-Peace Programme, has been sharing the fruits of its high agricultural productivity with other countries, especially the developing countries. The Programme, besides meeting a large part of the shortfalls in available supplies of foodgrains and other farm products, has helped greatly in financing the implementation of several economic development projects without entailing any heavy burden of servicing loans obtained from the U.S.

LONDON LETTER

(Concluded from page 176)

of the past six months is simply not enough to substantiate that claim. If a 4 per cent growth rate per annum in national productivity is to be achieved (and in the past fourteen years the growth rate has been under 2½ per cent per annum) then the export growth rate required is 6 per cent or a little better. That is the March/May average of £373 million per month must be somewhat bettered over the rest of the year: unless July/December exports average not less than £375 million the country will fall behind the essential target.

And since the national production index has now been stationary for some three months, it looks as if the export performance is simply a reflection of a loss of impetus in the economy as a whole. Maybe the next production and the next export figures will belie this somewhat gloomy conclusion, but for the moment this is how the City is beginning to view matters in spite of its desire to be optimistic.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 24th July 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		86,00,00,000
National Agricultural Credit (Stabilisation) Fund		9,00,00,000
National Industrial Credit (Long-Term Operations) Fund		10,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		76,87,50,000
(ii) State Governments		17,92,68,000
(b) Banks—		
(i) Scheduled Banks		95,96,46,000
(ii) State Co-operative Banks		7,21,10,000
(iii) Other Banks		3,96,000
(c) Others		190,38,01,000
Bills Payable		32,56,20,000
Other Liabilities		19,60,99,000
	Rupees	630,56,90,000

ASSETS	Rs.	Rs.
Notes		20,89,84,000
Rupee Coin		4,86,000
Small Coin		4,44,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		28,30,28,000
(ii) State Co-operative Banks		12,85,59,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		4,34,62,000
National Agricultural Credit (Stabilisation) Fund		....
Loans and Advances to State Co-operative Banks.		
National Industrial Credit (Long-Term Operations) Fund:-		
(a) Loans and Advances to the Development Bank		....
(b) Investment in bonds/debentures issued by the Development Bank		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		79,67,22,000
Balances Held Abroad*		2,36,53,000
Loans and Advances to Governments**		22,94,00,000
Loans and Advances to—		
(i) Scheduled Banks†		45 40,000
(ii) State Co-operative Banks‡		141,66,47,000
(iii) Others		2,10,44,000
Investments		288,08,61,000
Other Assets		25,78,60,000
	Rupees	630,56,90,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund.

† Includes Rs. Nil advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	20,89,84,000	
Notes in circulation	2443,76,10,000	
Total Notes issued		2464,66,00,000
Total Liabilities		2464,66,00,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	85,45,69,000	
Total		203,21,79,000
Rupee Coin		105,76,50,000
Government of India Rupee Securities		2155,67,71,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2464,66,00,000

State Bank of Pakistan

Statement of Affairs for the week ended 17th July 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		6,65,00,000
Rural Credit Fund		3,00,00,000
Deposits :—		
(a) Central Government		12,34,75,000
(b) Provincial Governments		50,15,000
(c) Banks		40,38,94,000
(d) Others		86,35,75,000
Bills Payable		33,48,000
Other Liabilities		20,43,22,000
	Rupees	172,99,27,000

ASSETS	Rs.	Rs.
Notes		8,88,32,000
Rupee Coin		17,000
Subsidiary Coin		42,000
Bills Purchased and Discounted :—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		....
Balances held outside Pakistan*		17,09,25,000
Loans and Advances to Governments		9,20,00,000
Provincial Governments' Debtor Balances		17,50,34,000
Other Loans and Advances		69,80,95,000
Investments		37,56,12,000
Other Assets		12,93,69,000
	Rupees	172,99,27,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	8,88,32,000	
Notes in circulation	453,05,72,000	
Total Notes issued		461,94,04,000
Total Liabilities		461,94,04,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion		
Foreign Securities	76,59,63,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		144,77,17,000
B. Rupee Coin	4,51,90,000	
Government of Pakistan Securities	306,74,91,000	
Internal bills of exchange and other commercial paper	....	
		311,26,81,000
II. Held with the Reserve Bank of India pending transfer to Pakistan—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		461,94,04,000

State Bank of India

Statement of Affairs for the week ended 24th July, 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		647,40,42,000
Bills Payable		76,65,000
Bills for Collection being Bills receivable as per contra		6,83,48,000
Acceptances, Endorsements and Other Obligations per contra		8,00,08,000
Other Liabilities (including Inter-Office Adjustments)		17,40,22,000
		15,71,16,000
Total .. Rs.		711,04,51,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		23,03,27,000
Balances with other Banks		3,27,60,000
Money at Call and Short Notice		2,53,33,000
INVESTMENTS :—		
Government and other Trustee Securities .. Rs. 269,25,25,000		
Other Authorised Investments .. 9,44,22,000		278,69,47,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc. .. Rs. 324,32,18,000		
Bills Discounted and Purchased.. 20,66,36,000		344,98,54,000
Bills Receivable being Bills for Collection as per contra		8,00,08,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,40,22,000
Premises less Depreciation		2,32,17,000
Furniture and Fixtures less Depreciation		1,87,32,000
Other Assets (including Inter-Office Adjustments)		28,92,51,000
Total .. Rs.		711,04,51,000

EXCHANGE RATES

	29th July 1964	22nd July 1964
London on New York$ per Dollar	2.7886– 2.7888	2.7882– 2.7884
London on Berne .. Sw. Fcs.	12.0590–12.1610	12.0530–12.0550
London on Paris .. Fr. Fcs.	13.6640–13.6660	13.6630–13.6650
New York on London Cents per £	275.880–278.900	278.880–278.860
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1- 5 31/32	1- 5 31/32
Sellers T.T. D.D. upto six months .. s.	1- 5 15/16	1- 5 15/16
Buyers T.T. .. s.	1- 6 1/32	1- 6 1/32
Buyers D.D. .. s.	1- 6 1/16	1- 6 1/16
U.S. Dollar—		
Sellers T.T. D.D... Rs. to $100	480.00	480.00
Buyers T.T. .. Rs. to $100	476.50	476.75
Canadian Dollar—		
Sellers T.T. D.D. .. Rs. to $100	446.50	446.50
Buyers T.T.	438.50	438.75
French Francs—		
Sellers T.T. D.D... per Rs. 100	102.00	102.00
Buyers T.T.	103.00	103.00
Swiss Francs—		
Sellers T.T. D.D... ,,	90.00	89.90
Buyers T.T. .. ,,	90.90	90.90
Deutsche Marks—		
Sellers T.T. D.D... ,,	82.70	82.60
Buyers T.T. .. ,,	83.60	83.60
Italian Lire—		
Sellers T.T. D.D... ,,	12,980	12,980
Buyers T.T. .. ,,	13,160	13,150
Swedish Kronor—		
Sellers T.T. D.D... ,,	106.90	106.90
Buyers T.T. .. ,,	108.00	108.00
Belgian Francs—		
Sellers T.T. D.D... ,,	1,032	1,032
Buyers T.T. .. ,,	1,048	1,048
Dutch Guilders—		
Sellers T.T. D.D... ,,	75.10	75.20
Buyers T.T. .. ,,	76.00	76.00
Hongkong Dollars—		
Sellers T.T. D.D... ,,	119.50	119.60
Buyers T.T. .. ,,	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D... ,,	149.00	149.00
Buyers T.T. .. ,,	150.40	150.40
Danish Kroner—		
Sellers T.T. D.D... ,,	144.00	144.00
Buyers T.T. .. ,,	145.30	145.40

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	17-7-64	10-7-64	19-7-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	66,49	68,62	53,79
(ii) From others	1,104,73	1,098,34	919,98
(b) Borrowings from banks	30,47	40,58	25,38
(c) Others	69,20	67,43	62,20
2. Time liabilities—			
(a Time deposits—			
(i) From banks	44,31	44,76	36,18
(ii) From others	1,314,53	1,307,23	1,259,96
(b) Borrowings from banks	18,73	19,73	23,18
(c) Others	12,06	12,13	10,32
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,419,26	2,405,57	2,179,94
4. Borrowings from Reserve Bank.	42	45	47
(a) Against usance bills and/or promissory notes	14	—	9
(b) Others	28	45	38
Borrowings from State Bank and/or a notified Bank	23,84	21,19	15,74
6. Cash	62,61	61,06	52,08
7. Balances with Reserve Bank	101,00	104,86	103,72
8. Cash and balances with Reserve Bank	163,61	165,92	155,79
9. 8 as per cent of 3	6.76	6.90	7.15
10. Balance with other banks in current account	21,90	21,58	20,59
11. Money at call and short notice	64 40	68,05	61,03
12. Investments in Government securities	679 02	675,53	698,11
13. 12 as per cent of 3	28.07	28.08	32.02
14. Advances—			
(a) Loans cash credits and overdrafts	1,516,76	1,537,41	1,284,73
(b) Due from banks	8,46	8,74	8,59
15. Inland bills purchased and discounted	162,15	167,03	160,95
16. Foreign bills purchased and discounted	62,89	62,92	51,10
17. Total Bank Credit [14(a)+15+16]	1,741,80	1,767,36	1,496,78
18. 17 as per cent of 3	72.00	73.47	68.66

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended 18th July 1964	11th July 1964	20th June 1964	20th July 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.9	99.9	99.8	99.0
2. Government of India	99.6	99.6	99.5	98.6
3. State Governments	102.1	102.1	102.0	101.3
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.9
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.2	98.2	98.1	97.5
PREFERENCE SHARES—ALL INDIA.				
6. Total	80.9	81.1	81.2	81.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	164.5	165.3	161.5	163.5
8. *Agriculture and Allied Activities : Total**	142.6	142.1	143.0	144.3
9. Tea Plantations	129.9	129.2	131.6	133.6
10. Coffee Plantations	164.2	163.1	163.2	151.0
11. Rubber Plantations	184.7	183.2	181.5	163.7
12. *Mining and Quarrying: Total**	134.5	138.4	134.6	144.4
13. Coal	94.6	94.7	94.8	107.9
14. Other Mining	163.6	165.1	161.9	169.5
15. *Processing and Manufacturing : Total*	177.3	178.5	173.3	175.6
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†	174.6	176.0	170.9	177.8
17. Sugar	125.8	127.2	123.5	125.8
18. Cotton Textiles	159.9	160.7	157.8	164.5
19. Jute Textiles	83.8	84.1	84.3	95.8
20. Silk and Woollen	850.9	868.3	808.1	838.8
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	195.1	196.5	188.4	185.7
22. Iron and Steel	165.6	166.8	157.2	151.9
23. Transport Equipment	314.2	315.6	308.4	320.6
24. Electrical Machinery	156.2	158.3	149.0	148.2
25. Machinery other than Transport and Electrical	221.8	222.7	216.8	217.3
26 Basic Industrial Chemicals	184.9	184.7	177.9	172.7
27 *Processing and Mfg. (Others) : Total**	152.1	152.9	152.4	150.6
28. Cement	143.8	144.8	143.7	141.8
29. Paper	193.5	194.3	194.7	188.8
30. *Other Industries : Total**	109.5	109.4	107.5	106.8
31. Electricity Generation and Supply	89.9	89.5	88.6	87.0
32. Trading	110.0	108.5	108.5	110.8
33. Shipping and Other Transport	98.1	98.2	94.2	88.3
34. Construction	295.6	297.2	286.7	265.4
35. *Financial : Total*	187.5	187.2	186.0	185.5
36. Banks	209.2	208.6	205.5	202.6
37. Insurance	153.4	154.3	159.5	167.0
38. Investment Trusts	77.6	77.5	79.5	81.6
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	175.2	175.7	169.4	171.6
40. Calcutta	150.0	150.6	149.0	151.0
41. Madras	170.5	170.5	169.7	172.7
42. Delhi	225.5	225.6	220.7	209.5

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base : 1952-53=100)

Particulars	Weight	20th June 1964	13th June 1964	22nd June 1963	March 1964	March 1963	Percentage of Increase (+) or Decrease (—) in March 1964 as compared with March 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	154.7	153.2R	138.3	142.1	123.4	+15.2	136.8	126.1
Cereals	192	135.2	133.4	113.2	123.6	102.0	+21.2	115.8	105.6
Pulses	43	143.9	140.1R	109.6	133.9	99.9	+34.0	115.4	105.5
Fruits and Vegetables	28	179.1	182.9R	137.3	163.9	138.4	+18.4	140.6	135.6
Milk and Ghee	84	141.0	140.9	134.8	133.0	124.8	+ 6.6	128.2	124.4R
Edible Oils	47	188.4	182.4	152.3	180.0	141.8	+26.8	151.1	142.5
Fish, Eggs and Meat	17	166.8	165.6	145.7	152.7R	137.5	+11.1	149.8	148.6R
Sugar and Gur	46	194.9	195.7	190.2	173.0	147.5	+17.3	188.8	145.0
Others	50	176.1*	176.9*	179.5*	175.7	172.9	+ 1.6	179.8	171.6
Liquor and Tobacco	21	122.1	121.0	119.3	119.0	114.2	+ 4.2	119.6	106.2R
Tobacco	..	119.8	118.2	118.2	116.1	111.6	+ 4.0	116.8	97.4R
Fuel, Power, Light and Lubricants	30	141.8	141.7	139.9	141.7	137.7	+ 2.9	139.53	134.4R
Industrial Raw Materials	155	164.9	163.9R	138.9	144.9	135.2	+ 7.2	139.5	136.5
Fibres	61	133.8	134.5	133.3	135.7	133.5	+ 1.6	133.2	128.8
Oilseeds	60	188.8	185.5R	153.5	193.9R	143.0	+13.9	154.1	151.4
Minerals	2	103.7*	98.4*	98.1	98.4	97.1	+ 5.0	92.8	88.5
Others	32	130.8*	130.7	125.4*	131.5R	126.6	+ 3.9	127.3	125.8
Manufactures	299	123.4	123.1R	130.4	132.8	119.8	+ 2.8	131.1	128.9R
Intermediate Products	41	147.7	147.6	138.8	144.7	136.2	+ 2.4	139.9	139.5
Finished Products	249	121.0	120.8R	128.0	130.8	116.2	+ 6.2	129.7	127.7
Textiles	147	127.5	127.2R	126.9	128.6	124.4	+ 1.7	127.7	126.1
Cotton	..	135.8*	135.8*	135.4*	136.7	127.0	+ 1.3	135.6	130.7
Jute	..	99.1	97.3	100.2	98.7	102.1	— 3.3	100.2	110.9
Woollen	..	188.7*	188.7*	142.7*	162.4	142.4	+14.0	155.8	140.4
Silk and Rayon	..	139.0*	139.6*	136.4*	148.2	139.2	+ 2.9	139.8	131.8
Metal Products	12	169.8	168.9	161.5	166.1	161.0	+ 3.2	162.1	160.1
Chemicals	20	118.7*	119.5*	117.4*	120.2	117.8	+ 2.5	127.9	115.5
Oil Cakes	9	188.1	185.4	167.2*	172.5	157.8	+ 9.3	165.7	160.9
Machinery and Transport Equipment	31	126.9	126.9	123.3	125.6	122.2	+ 2.8	124.2	117.9R
Others	30	127.4	127.5	128.2	127.8	127.2	+ 0.5	128.2	125.3
All Commodities	1,000	147.3	146.3R	134.7	139.3	127.2	+ 9.5	135.3	127.9

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	April 1964	April 1963	April to March* (Twelve months) 1963-64	1962-63
Exports	68,84	58,61	762,89‡	678,15‡
Re-exports	25	40	3,96	7,84
Total Exports	69,09	59,01	766,85	685,49
Imports	109,62	102,51	1,143,60‡	1,131,48
Overall Balance of Trade	—40,53	—43,50	—376,75	—445,99
Exports—items:				
Coffee	2,60	3,10	123,19	128,82
Sugar	2,19	69	8,30	7,61
Jute yarns and manufactures	5,59	3,63	26,87	17,93
Cotton yarns and manufactures	14,63	14,90	157,43	156,17
Cotton, raw and waste	5,70	4,38	56,28	52,13
Cotton, raw and waste	1,31	1,54	16,84	17,04
Petroleum products	79	62	5,47	3,68
Vegetable oils	1,12	2,19	19,75	13,10
Fruits and vegetables	2,59	2,05	29,69	26,66
Tobacco—Raw	3,32	3,00	21,01	17,99
Tea	49	90	9,20	10,36
Mica	9	11	7,43	6,60
Wool and other animal hair	85	76	8,03	7,28
Gums, resins and lac	1,64	1,13	15,82	18,78
Spices				
Leather & leather manufactures	2,69	2,35	26,38	22,62
Hides and skins, raw	75	82	10,11	10,89
Cashew kernels	1,91	1,31	21,41	19,36
Pepper (black)	49	48	5,89	6,57
Manganese ore	85	56	8,26	7,38
Iron and steel scrap	17	27	4,91	1,95
Iron ore and concentrates	3,87	2,71	36,38	19,83
Sewing machines	..	1	24	44
Electric fans	..	3	52	90
Groundnut oil	57	1,79	13,45	7,33
Castor oil	31	37	4,80	4,29
Defatted groundnut meal	2,72	2,50	30,47	26,52
Country-wise Exports—				
Australia	1,31	1,44	17,59	18,54
Burma	42	28	6,33	5,01
Canada	1,29	1,62	21,17	22,19
Ceylon	1,70	1,22	19,15	13,56
Czechoslovakia	1,61	1,64	16,16	11,14
France	1,33	1,08	8,86	9,50
East Germany	1,33	79	10,08	8,48
West Germany	2,16	1,47	18,60	15,17
Italy	83	93	11,16	9,48
Indonesia	23	15	2,41	4,05
Japan	6,51	4,57	58,65	33,37
Kuwait	44	44	4,07	2,91
Federation of Malaya	42	29	12,75	6,65
New Zealand	41	88	7,26	6,25
Netherlands	72	75	10,40	8,88
Nigeria	42	23	3,79	6,15
Pakistan	79	60	7,17	9,38
Singapore	87	85	71,30	9,37
Sudan	24	51	7,34	8,96
U.A.R.	88	85	12,57	13,01
United Kingdom	10,50	9,83	160,71	162,24
U.S.A.	14,86	11,27	128,33	113,31
U.S.S.R.	6,66	1,63	55,10	87,99
Imports—items :				
Machinery	39,75	34,12	356,31	315,33
Iron and Steel	9,84	7,85	89,64	89,01
Copper	3,67	2,53	36,66	25,28
Aluminium	77	71	6,97	10,53
Zinc	74	69	6,86	9,02
Tin	40	47	6,48	5,11
Lead	20	30	2,35	2,69
Nickel	9	10	1,78	1,49
Chemicals drugs and medicines	7,80	7,85	88,40	100,52
Electrical goods and apparatus	9,56	9,06	83,48	64,75
Vehicles (excluding aircraft, ships and boats)	3,97	5,53	45,33	54,61
Aircraft	69	1,60	11,70	15,66
Ships and boats	3	..	3,75	3,75
Cotton, raw and waste	5,01	3,04	48,99	56,92
Fruits and vegetables	3,64	1,71	18,59	18,05
Paper, pasteboard, etc.	1,11	1,99	12,56	13,54
Dyes and colours	78	82	8,04	12,15
Spices	6	7	70	1,77
Rice	1,86	1,94	20,40	27,01
Wheat and spelt	3,27	11,61	102,86	113,09
Country-wise Imports—				
Australia	88	1,89	17,22	24,28
Burma	1,77	1,18	8,99	9,09
Canada	1,41	3,08	24,16	16,87
Ceylon	58	29	6,01	8,18
Czechoslovakia	2,60	1,33	17,34	19,71
France	1,27	94	13,86	14,20
East Germany	81	93	9,74	7,82
West Germany	10,33	7,34	88,57	99,66
Italy	1,51	1,48	16,18	22,21
Japan	5,58	6,17	62,63	64,86
Iran	3,84	1,46	47,90	45,88
Federation of Malaya	92	98	12,09	10,71
New Zealand	8	32	1,32	1,83
Netherlands	1,07	93	10,44	13,82
Norway	14	15	2,04	2,07
Pakistan	42	63	9,36	16,65
Singapore	37	37	5,31	8,11
Sudan	91	27	8,62	17,11
Sweden	1,22	1,40	11,47	8,55
Switzerland	96	1,26	12,04	10,42
U.A.R.	1,98	1,84	15,28	9,77
United Kingdom	16,31	15,66	163,89	185,56
U.S.A.	31,03	35,99	390,24	346,84
U.S.S.R.	6,38	6,86	63,99	58,64

* Revised figures.

† Including electric goods.

‡ Excludes imports by land from Nepal valued at Rs. 55 lakhs for March 1964 and Rs. 5.39 crores for the whole of 1963-64.

§ Excludes overland exports to Nepal valued at Rs. 11.57 crores for the whole of 1963-64 and postal exports of pearls, precious stones, etc. valued at Rs. 15.69 crores for the whole of 1963-64.

CUSTOMS AND EXCISE REVENUE OF INDIA

(In crores of rupees)

	1963-64	1962-63	1961-62
Customs Revenue :			
Sea Customs :			
Import duties	321.93	231.04	193.21
which :			
—Revenue	297.15	210.46	171.77
Protective	24.78	20.58	21.43
Export duties	3.26	9.50	12.77
Miscellaneous	2.84	2.83	2.50
Land Customs	0.96	0.23	0.95
Air Customs	3.39	3.64	3.38
Gross customs and duties	332.48*	247.36	212.71
Less—Refunds and drawbacks	11.56	1.36	5.60
Net customs and duties	320.92	246.00	207.11
Union Excise duties (gross)	720.26†	597.18	490.82
Less—Refunds	5.80	4.58	3.02
Net Union excise duties	714.46	592.60	487.80
Grand total of customs and duties :			
Gross	1,052.74	844.54	703.52
Net	1,035.38	838.60	694.91

* Includes Rs. 18.24 lakhs, being the amount of customs duties collected in the Customs Zone of Pondicherry and Karikal.

INDUSTRIAL PRODUCTION

Industries		1960	1961	1962	1963	Jan., 1964	Feb., 1964	March, 1964	April, 1964
Major Industries—									
Coal	million metric tons	52.62	56.10	61.55	68.91	5.78	5.21	5.62	..
Steel Ingots—crude	thousand metric tons	3,242	4,027	5,090	5,966	531	498	..	..
Yarn	.. million kgs.	788	862	860	893	81	73	82	..
Cloth	.. million metres	4,618	4,694	4,480	4,423	392	349	400	..
Cement	thousand metric tons	7,838	8,245	8,587	9,355	790	807	864	80
Jute	thousand metric tons	1,085	971	1,181	1,236	411	385	..	..
Paper and paper boards	.. thousand quintals	3,475	3,641	3,876	4,626	102	99	113	104
Matches*	.. million boxes	4,830.0	5,524.4	4,095.6	4,128.0	343.0	303.3	..	..
Sugar	thousand metric tons	2,591	2,841	2,786	2,316	611	546	386	31
Engineering and Electrical Industries—									
Machine tools	Value in lakhs of Rs.	669	852	1,182	1,800	192	151	..	..
Electric lamps	.. .. millions	41.39	46.90	58.55	70.36	6.24	5.81	6.34	..
Dry cells	.. .. millions	207.4	213.6	240.0	276.0	18.8	22.0	..	..
Power transformers	.. thousand K.V.A.	1,116	1,764	2,357	2,638	317	223	..	..
Electric Motors	.. thousand H.P.	686	827	983	1,133	99.0	92.1	..	..
Electric fans	.. .. Nos.	991,200	1,074,000	1,134,000	1,142,400	78,500	61,000	..	..
Radio receivers	.. .. Nos.	266,700	326,340	348,000	418,800	27,600	32,300	..	..
Storage batteries	.. .. Nos.	510,000	520,800	544,000	636,000	63,700	53,100	..	..
Diesel engines—Vehicular	.. .. Nos.	9,708	9,316	7,620	8,832	850	823	792	..
Diesel engines—Stationary	.. .. Nos.	44,196	44,196	42,492	55,492	5,143	4,362	..	..
Chemical Industries—									
Salt	million metric tons	3.43	3.45	3.86	4.54	0.13	0.33	0.57	..
Caustic soda	.. .. metric tons	99,144	119,344	120,420	152,280	15,303	14,151	15,853	..
Soda ash	.. .. metric tons	145,284	176,639	223,660	263,964	23,878	22,843	22,788	..
Chlorine liquid	.. .. metric tons	31,656	33,912	36,972	44,292	4,416	3,546	3,948	..
Bleaching powder	.. .. metric tons	5,928	7,125	6,828	6,972	622	508	633	..
Bichromates	.. .. metric tons	5,472	6,782	7,046	6,923	584	642	..	..
Sulphuric acid	.. .. metric tons	359,400	413,520	465,300	567,936	52,655	50,424	..	..
Superphosphate	.. .. metric tons	322,464	370,836	445,224	582,024	50,264	49,329	34,634	..
Non-ferrous Metals—									
Aluminium	.. .. metric tons	18,467	18,381	35,404	53,886	4,871	4,402	..	..
Antimony	.. .. metric tons	809	612	601	900	70	76	73	..
Copper (virgin metal)	.. .. metric tons	8,992	8,725	9,781	9,593	420	..	900	..
Lead (virgin metal)	.. .. metric tons	3,778

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Cotton Receipts (Total Indian)	Week ended 23rd July, 1964	14,449(J)
	Corresponding week, 1963	35,519(J)
	1st Sept. to 23rd July, 1963-64	1,482,829*
	Corresponding period, 1962-63	1,717,735*
Exports by Rail	From 1st Sept. to 23rd July, 1963-64	39,460
Exports by Road (Estimated)	Do. Do.	74,000
Exports by Sea	Do. Do.	..
Mill Consumption (Estimated)	1st Sept. to 23rd July, 1963-64	1,240,874
	Corresponding period, 1962-63	1,173,103
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 23rd July 1964	514,545
	Corresponding date 1963	511,723

Consumption of Cotton—		
Indian	April, 1964	470,316
Foreign		50,319
Indian	Eight months ended April 1964	3,667,963
Foreign		414,637
Indian	Same period, 1963	3,072,047
Foreign		667,747

Stocks (Mills and Elsewhere)—		
Indian	As on 30th April, 1964	1,943,999
Foreign		267,062
Indian	As on 30th April 1963	1,709,598
Foreign		185,347

Indian Mills cotton consumption from 1st Sept. to 30th April (In Bales of 180 Kilograms)	1963-64	1962-63
Indian	3,667,963	3,072,047
Pakistan	5,452	102,695
American (including Peruvians)	190,567	268,809
Egyptian	102,622	76,292
Sudan	54,307	157,977
East African	27,566	52,122
Others	4,123	9,852
Total	4,052,600	3,739,794

Exports by Sea to Foreign Countries (a) (In bales of 180 kilograms)	Week ended 23rd July 1964	Week ended 23rd July 1963	From 1st September to 23rd July 1963-64	From 1st September to 23rd July 1962-63
U.K.	—	—	4,993	4,137
Continent	122	—	26,268	25,638
Hong Kong	100	244	4,403	7,245
Japan	2,905	4,577	151,669	198,178
U.S.A.	194	100	17,499	12,713
Other countries	—	—	1,972	1,167
Total—all foreign countries.	3,321	4,921	206,804	248,978

		(Bales of 392 lbs.)
Cotton Pressed in India† (In running bales)	Week ended 10th July 1964	17,681
	Corresponding week, 1963	3,701,709
	1st Sept. to 10th July, 1963-64	4,256,791
	Corresponding period, 1962-63	
Karachi (Pakistan) Receipts	1st Sept. to 9th July, 1963-64	1,515,376
	Corresponding period, 1962-63	1,362,545
Exports	1st Sept. to 9th July, 1963-64	1,138,314
	Corresponding period, 1962-63	1,054,042

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. A—Adjusted. —Not received. (a) Includes Zoda cotton and yellow pickings.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
2 ¾ Fg. Loan	1943	110,11,78,000	1966-68	98.55
3 % Def. Loan	1945	115,08,82,000	1970-75	90.40
2½% Loan	1946	14,77,48,000	1976	83.00
3½% N.P. Bonds (2nd Series)	1955	153,67,92,000	1965	100.10
3½% N. P. Bonds	1958	187,40,92,000	1967	99.90
3½% Loan	1956	86,63,58,000	1974	96.75
3½% N. P. Bonds (4th Series)	1957	56,99,30,000	1967	100.05
4 % Loan	1957	154,70,22,000	1972	98.95
4 % Loan	1958	70,00,00,000	1968	98.85
4½% Loan N.P.B.	1958	156,54,22,000	1968	99.05
4 % Loan	1958	94,51,44,000	1973	98.80
3½% Loan	1959	190,35,42,000	1969	98.05
3½% Loan	1959	31,00,39,000	1979	98.25
4 % Loan	1960	98,05,17,000	1980	98.05
2½% Bonds	1960	82,66,41,000	1966	100.00
4 % Loan	1961	79,96,55,000	1981	98.25
4½% Loan	1962	114,83,37,000	1985	100.10
4½% Gold Bonds	1962	22,60,000	1977	118.10
4½% Loan N.D.B.	1962	18,96,47,000	1972	100.15
LOANS TERMINABLE AT OPTION OF GOVT.				
3 % Loan	1896-97	8,98,33,000	'M'	68.50
3 % Loan	1946	248,91,03,000	'K'	68.80
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	99.40
4 % Andhra	1956	6,56,15,000	3rd Sept. 1968	99.00
4 % Andhra	1957	14,98,00,000	15th July 1970	99.00
4 % Andhra	1958	6,57,75,000	19th Aug. 1971	98.90
4 % Andhra	1960	9,85,35,000	29th Aug. 1969	98.40
4½% Andhra	1961	11,01,81,000	Sept. 1972	98.25
4 % Andhra	1962	19,90,10,000	Sept. 1974	98.00
4 % Maharastra	1962	3,34,83,000	1st Aug. 1964	99.90
4 % Maharastra	1956	9,41,35,000	1st Sept. 1967	99.65
4 % Maharastra	1956	7,75,11,000	3rd Sept. 1968	99.50
4 % Maharastra	1957	6,47,37,000	15th Sept. 1969	99.50
4 % Maharastra	1958	6,48,62,000	15th July 1970	99.40
4 % Maharastra	1958	5,67,75,000	15th July 1971	99.25
4 % Maharastra	1959	6,58,14,000	19th Aug. 1971	98.10
4 % Maharastra	1960	10,98,87,000	29th Aug. 1969	98.15
4½% Maharastra	1961	10,77,38,000	Sept. 1972	99.15
4½% Maharastra	1962	13,64,97,000	Aug. 1974	99.80
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	99.20
4 % Bihar	1956	2,18,41,000	3rd Sept. 1968	98.80
4½% Bihar	1958	2,74,71,000	15th Oct. 1970	98.00
4 % Bihar	1959	3,33,22,000	19th Aug. 1971	97.75
4 % Bihar	1960	3,22,43,000	29th Aug. 1969	98.50
4 % Bihar	1961	3,28,40,000	Sept. 1972	97.50
4½% Bihar	1962	4,31,75,000	Aug. 1974	99.00
4 % Gujarat	1960	5,32,74,000	29th Aug. 1969	98.60
4 % Gujarat	1961	5,97,47,000	Sept. 1972	98.30
4½% Gujarat	1962	6,54,73,000	Aug. 1974	99.60
3½% Howrah Bridge (New)	1936-37	1,85,06,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	99.50
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.80
4 % Madras	1952	6,24,81,200	1st Aug. 1964	99.95
4 % Madras	1956	19,47,17,000	3rd Sept. 1968	99.50
4 % Madras	1956	13,88,56,000	3rd Sept. 1968	99.00
4½% Madras	1956	5,58,57,000	15th July 1970	99.00
4½% Madras	1959	9,72,75,000	19th Aug. 1971	98.10
4 % Madras	1960	12,29,72,000	29th Aug. 1969	98.70
4½% Madras	1961	10,44,06,000	Sept. 1972	98.25
4½% Madras	1962	13,54,99,000	Aug. 1974	99.35
4 % Mysore	1955	3,64,94,000	1st Sept. 1967	99.40
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	99.00
4 % Mysore	1957	2,54,36,000	15th Sept. 1969	98.25
4 % Mysore	1958	5,51,62,000	15th July 1970	98.00
4 % Mysore	1959	5,43,46,000	19th Aug. 1971	98.00
4 % Mysore	1960	4,57,73,000	29th Aug. 1969	98.70
4 % Mysore	1961	5,54,19,000	Sept. 1972	98.25
4½% Mysore	1962	6,59,08,000	Aug. 1974	99.20
3 % M.P.	1948	2,08,19,000	15th Sept. 1964	99.50
3 % M.P.	1955	1,58,12,000	1st Sept. 1967	99.20
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98.80
4 % M.P.	1958	2,21,35,000	15th July 1970	98.00
4 % M.P.	1959	5,38,25,000	19th Aug. 1971	97.75
4 % M.P.	1960	5,16,80,000	29th Aug. 1969	98.50
4 % M.P.	1961	5,04,45,000	Sept. 1972	97.50
4 % M.P.	1962	5,06,39,000	Aug. 1974	99.00
4 % Saurashtra	1955	3,46,38,000	1st Sept. 1967	99.40
4 % Saurashtra	1956	2,62,56,000	3rd Sept. 1968	98.75
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98.50
4 % Kerala	1958	3,27,45,000	15th July 1970	98.00
4 % Kerala	1959	4,47,08,000	19th Aug. 1971	97.25
4 % Kerala	1960	4,09,41,000	29th Aug. 1969	98.00
4 % Kerala	1961	4,10,68,000	Sept. 1972	97.50
4½% Kerala	1962	4,21,15,000	Aug. 1974	99.00
2½% U.P.Z.A.	1952	42,60,19,000		42.50Z
3 % U.P.	1938	1,54,30,000	15th Sept. 1961-66	94.00
4 % U.P.	1952	5,82,17,000	1st Aug. 1964	99.95
4 % U.P.	1955	8,94,65,000	1st Sept. 1967	99.45
4 % U.P.	1956	8,19,58,000	3rd Sept. 1968	99.05

PORT TRUST LOANS

BOMBAY

Amount Rs.	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
36,50,000	4	1904	1964	
35,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1969	96.00
40,00,000	4	1909	1970	
56,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
80,00,000	4	1913	1974	91.00
88,25,000	4	1914	1975	91.00
55,00,000	4	1915*	1975	
7,00,000	3½	1938*	1968	D
	3½	1939*	1969	
	3½	1941	1971	

CALCUTTA

Rs./-				Rs.
90,24,300	4	1914	1974	98.25
76,90,100	4	1915	1975	98.25
1,50,00,000C	3	1921	1981	82.00
66,82,300C	3½	1921	1981	144.00N
80,00,000	4½	1931	1991	93.00
60,00,000	3½	1935	1965	99.00
25,00,000	3	1938	1965-68	92.00
50,00,000	3	1945	2005	72.00
50,00,000	3	1945	1975	82.75
50,00,000	3	1946	1976	82.50
50,00,000	3	1946	2006	72.00
50,00,000	2½	1947	1977	75.50
50,00,000	3	1948	1978	83.00
50,00,000C	3	1950	1980	81.00
50,00,000	3	1951	1981	80.50
50,00,000	4	1955	1983	97.50
50,00,000	4	1956	1986	97.25
50,00,000	4	1956	1986	97.25
50,00,000	4	1956	1987	99.50
50,00,000	4½	1958	1988	99.00
50,00,000	4	1959	1989	99.50
50,00,000	4½	1959	1989	99.00
1,00,00,000	4	1960	1970	98.50
1,00,00,000	4	1960	1970	98.50
1,50,00,000	4½	1961	1971	98.75
50,00,000	4½	1963	1973	100.00
1,00,00,000	5	1963	1973	100.00

STERLING LOANS

£892,600	5	1923	1953-88	£71
£901,000	5	1924	1954-84	£72

MADRAS

Rs./-				Rs.
24,91,669	3½	1947	1977	
8,69,957†	3	1947	1977	A
2,90,517†	3	1949	1979	
45,00,000†	4½	1954	1984	

IMPR. TRUST LOANS

BOMBAY

Amount Sanctioned Rs.	Interest per cent.	Year of Issue	Repayable	Market, quotation Rs.
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	
20,00,000	4	1906	1966	97.57
15,00,000	4	1907	1967	N
30,00,000	4	1908	1968	
25,00,000	4	1912	1972	
18,00,000	4	1913	1973	
50,00,000	4	1914	1974	
25,00,000	4	1916	1976	97.50
65,00,000	6	1920	1935-80	N
25,00,000	4	1927	1961-70	98.00N
10,00,000	3½	1936	1966	

STERLING LOANS

Rs.				
£566,600	4	1909	1969	£95.50
£388,000	4	1910	1970	£95.50N

CALCUTTA

Rs.				Rs.
50,00,000	4	1934	1964	99.25
35,00,000	4½	1935	1965	99.00
80,00,000	3	1936	1966	92.50
20,00,000	3	1938	1963-68	92.00
1,25,00,000	3	1950	1988	98.50
75,00,000	4½	1958	1988	101.00
65,00,000	4	1959	1974	99.75

MUNICIPAL LOANS

BOMBAY

Rs.				Rs.
8,25,00,000	3½	1947	1977	82.00
2,18,14,500	3½	1948	1978	82.00
4,00,00,000	3	1950	1965	98.10
2,69,21,472	4	1952	1964	99.50
2,00,57,318	3½	1951	1966	98.00
92,19,000†	4	1952	1966	99.00
86,87,000†	4	1954	1966	99.00
2,50,60,000	4	1955	1967	98.00
1,57,50,000	4	1956	1968	98.00
2,25,10,500	4½	1957	1969	98.30
4,40,00,000	4½	1958	1970	98.75
5,50,00,000	4½	1959	1971	97.00
5,00,00,000	4½	1960	1972	98.50
2,50,00,000	4½	1961	1973	98.50
5,15,00,000	4½	1962	1974	99.75

CALCUTTA

Rs.†				Rs.
33,91,000	3½	1925	1965	96.00
60,00,000	3	1935	1965	92.00
27,50,000	3	1938	1968	92.00
21,10,000	3½	1942	1972	92.00
66,58,000	3½	1951	1966	98.00
75,00,000	4½	1959	1969	100.00
2,22,72,000	4	1955	1985	97.25N
78,86,000	4½	1958	1970	101.00N
1,67,32,000	4½	1958	1970	101.00N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1958	7,65,59,000	15th July 1970	99.20
4 % U.P.	1959	5,71,01,000	19th Aug. 1971	98.15
4 % U.P.	1960	7,79,21,000	29th Aug. 1969	99.00
4½% U.P.	1961	6,53,99,000	Sept. 1972	98.80
4½% U.P.	1962	8,54,05,000	Aug. 1974	99.50
4 % Rajasthan	1955	3,14,19,000	3rd Sept. 1968	98.10
4½% Rajasthan	1958	2,70,88,000	15th July 1970	98.35
4 % Rajasthan	1959	3,84,16,000	19th Aug. 1971	98.00
4 % Rajasthan	1960	5,09,26,000	29th Aug. 1969	98.85
4½% Rajasthan	1961	4,49,43,000	Sept. 1972	97.50
4½% Rajasthan	1962	4,94,43,000	Aug. 1974	99.00
4 % Orissa	1955	3,09,34,000	3rd Sept. 1968	98.50
4½% Orissa	1958	3,26,60,000	15th July 1970	98.00
4 % Orissa	1959	3,82,58,000	19th Aug. 1971	97.75
4 % Orissa	1960	4,40,63,000	29th Aug. 1969	98.50
4½% Orissa	1961	5,58,74,000	Sept. 1972	98.25
4½% Orissa	1962	7,66,10,000	Aug. 1974	99.05
4 % M. Bharat†	1956	1,11,25,000	3rd Sept. 1968	98.50
4 % W. Bengal	1952	2,00,00,000	15th July 1964	99.95
4 % W. Bengal	1955	7,58,72,000	1st Sept. 1967	99.40
4 % W. Bengal	1956	7,11,40,000	3rd Sept. 1968	98.90
4 % W. Bengal	1958	5,10,62,000	15th July 1970	99.00
4 % W. Bengal	1959	7,69,69,000	19th Aug. 1971	98.90
4 % W. Bengal	1960	7,05,32,000	29th Aug. 1969	98.70
4½% W. Bengal	1961	7,30,71,000	Sept. 1972	98.75
4½% W. Bengal	1962	7,03,29,000	Aug. 1974	99.25
4 % Assam	1959	2,76,40,000	19th Aug. 1971	97.50
4½% Assam	1962	3,01,85,000	Aug. 1974	99.00
4½% Punjab	1962	2,18,37,000	19th Aug. 1971	97.50
4½% Punjab	1961	3,13,03,000	Sept. 1972	97.50
4½% Punjab	1962	3,64,88,000	Aug. 1974	99.00

ABBREVIATIONS. N—Nominal. (J) Income-tax free. * Loans held entirely by the Trustees. † Bombay State Transport.
A—Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. D—Domestic Loan not marketable.
‡Rate of Interest reduced from 6 to 3 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 6¼ to 4 per cent with effect from 1st April 1963.
†Rate of Interest free for first 12 years. t—Interest free for first 7 years. 7—Ex Twelve instalments but inclusive of accrued Interest.
f—Interest free after three months' notice. K—On September 1956 or later at the option of the Government after three months' notice.
M—At the option of the Government after three months' notice. N—Liability taken over by Madhya Pradesh. @ Total amount invested in Gold Bonds up to 18th February 1963.

Notices

THE KARANPURA COLLIERIES LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE KARANPURA COLLIERIES LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Friday the 28th August, 1964, at 11 a.m., for the following purposes:

1. To consider and adopt the Audited Accounts of the Company for the year ended 29th February, 1964, and to receive the Directors' and the Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Auditors and fix their remuneration.
4. To appoint a Director in place of a retiring Director.

AS SPECIAL BUSINESS

5. To appoint a Director in place of Mr. N. K. Kejriwal, who retires, and in this connection to consider and if thought fit, to pass with or without modification the following resolution of which a notice has been received by the Company from one of its members under Section 257 of the Companies Act, 1956, which will be proposed as ordinary resolution.

"That Mr. N. K. Kejriwal be and is hereby appointed a Director of the Company."

The Share Transfer Registers of the Company will be closed from the 13th August, 1964, to the 28th August, 1964, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED
Secretaries & Treasurers.

CHARTERED BANK BUILDINGS,
CALCUTTA, *23rd July*, 1964.

Notes:

(a) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(b) The Dividend, if declared, will be paid on or after 10th September, 1964, to those members so entitled whose names appear in the Company's books on the 28th August, 1964, or to their mandatees. No application for Dividend Warrants will be necessary.

(c) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business set out above is being sent to all members.

THE KARANPURA COLLIERIES LIMITED

AT A MEETING OF THE BOARD OF Directors held on Thursday, the 23rd July 1964, the following dividends were recommended for declaration at the Annual General Meeting to be held on Friday the 28th August 1964, subject to deduction of tax.

On 5½ per cent Cumulative (Taxable) Preference Shares at 4·579 per cent (being dividend at the stipulated rate of 5½ per cent per annum increased by 11 per cent thereof, and deducting therefrom Income-tax at Company's rate of 25 per cent in accordance with the provisions of the Preference Shares (Regulation of Dividends Act 1960) subject to deduction of tax).

On Ordinary Shares at the rate of 12 per cent per annum.

By Order of the Board,
BIRD & CO. (PRIVATE) LTD.,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA: *23rd July* 1964.

STOCK & SHARE QUOTATIONS

Abbreviations:—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. C.R.—Cum. Right. XR.—Ex. Right.

Shares:—If a company has different classes of shares—as for example: 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts:—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends:—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number Installed Spindles	Number Installed Looms	Mill	Latest available Quotation Rs.	Paid-up Per Share Rs.	Dividend Per Ordinary Shares 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
BOMBAY CITY AND ISLAND																
20,00,700	17,73,622	50,45,511	30,68,133	26,452	Maganlal Bhagwandas & Co.	45,180	..	Ambika Silk Mills Co., Ltd.	234.00	100	15.00	20.00	20.00	..	12	Y.
50,00,000	12,53,845	1,84,33,330	83,17,117	1,35,373	Balpatsana Text. (Agencies) Pvt. Ltd.	56,488	902	Apollo Mills	1.60	2	*Nil*	*Nil*	*Nil*	..	12	Y.
2,50,95,000	4,24,31,018	13,37,13,614	7,63,53,693	44,239	Narsrajee Wadia & Sons (Pvt.) Ltd.	1,96,796	3,736	Bombay Dyeing & Mfg.	57.70	25	3.50	3.50	3.50	3.50	12	Y.
10,00,000	43,71,338	93,84,077	58,79,196	31,112	M. Ramnarain Private Ltd.	44,784	859	Bradbury Mills	162.50	50	5.00	12.50	5.00	15.00	3	Y.P.
2,54,90,900	5,03,47,465	19,05,35,390	8,36,29,140	....	Birla Gwalior Private Ltd.	1,26,752	2,702	Century Spg. & Mfg.	613.50	100	30.00	30.00	30.00	30.00	12	Y.P.
2,54,90,900	53,60,441	1,42,43,836	95,30,330	5,342	Cawasjee Jehangir & Co. Pvt. Ltd.	43 980	..	Cowrie Spg. & Wvg.	169.00	100	11.00	11.00	11.00	11.00	3	Y.
26,00,000	49,37,043	1,21,38,221	77,41,056	2,149	Raja Industries Ltd.	47,444	928	Dawn Mills	165.00	50	15.00	15.00	15.00	15.00	3	Y.
23,00,000	33,74,183	1,53,70,900	79,31,339	—9,38,834	Puranmal Bubna Sons	52,348	1,756	Edward Textiles	300.00	200	18.00	18.00	12.00	..	12	Y.P.
34,00,000	48,58,523	2,37,36,533	1,05,05,794	5,344	N. K. Jalan, Esq. (Director-in-charge)	97.00	50	Elphinstone Spg. & Wvg.	97.00	50	9.00	11.00	9.00	..	12	Y.
30,00,000	99 32,033	2,67,92,163	1,54,97,350	63,492	James Finlay & Co., Ltd.	302.00	100	Finlay Mills	63,212	780	23.00	23.00	23.00	23.00	12	Y.
50,00,000	80,43,677	1,59,10,372	82,99,337	22,627	James Finlay & Co., Ltd.	212.50	100	Gold Mohur Mills Ltd.	60,212	1,039	21.50	21.50	19.50	19.50	12	Y.
50,00,000	1,39,85,715	2,87,55,011	1,69,95,309	15,203	K. M. D. Thackersey, Esq. (Chairman)	901.25	250	Hindoostan Spg. & Wvg. Mills	50,620	1,129	125.00	125.00	64.00	64.00	3	Y.P.
24,00,000	71,99 100	5,78,94,999	4,29,77,339	$ 99,937	M. D. Bhat, Esq. (Chairman) ..	2,43.784	6,357	India United Mills ..	19.32	0100.	0.80	1.40	1.10	..	12	Y.
O. 2,00,00,000									2.40	01D.	0.1325	0.2725	0.2525	..		
D. 50,00,000																
24,00,000	1,03,37,339	2,14,93,720	1,53,03,903	9,350	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	840.00	250	58.00	62.50	64.00	64.00	3	Y.P.
1,19,70,000	65,33,630	4,53,31,693	3,21,17,198	13,349	Khatau Makanji & Co. (Pvt.) Ltd. ..	1,05,490	1,493	Khatau Makanji Spg. & Wvg.	180.00	100	32.00	16.00	16.00	8.00	6	Y.P.
1,00,00,000	1,22,17,073	5,33,23,343	3,53,16,156	9,035	Killick Industries Ltd.	1,20,504	1,843	Kohinoor Mills	325.00	100	15.00	18.00	18.00	21.00	12	Y.
51,43,437	10,90,003	83,98,121	7,36,945	2,416	C. C. Desai, Esq. (Chairman) ..	12.12	10	Modella Woollens	..	..	..	..	0.40	0.60	12	Y.
50,77,400	69,98,345	1,63,31,171	93,34,179	32,182	N. Sirur & Co. Private Ltd. ..	49,200	644	Modern Mills	19.25	10	6.00	6.00	6.00	..	10	Y.
51,75,000	78,75,201	5,36,43,749	2,82,36,331	....	Chinai & Co. Private Ltd.	3,547	2,752	Morarjee Goculdas Spg. & Wvg.	289.00	100	21.50	24.00	24.00	20.00	6	Y.P.
2,41 12,100	2,46,77,150	20,31,21,383	9,41,91,723	5,794	Chinai & Co. Private Ltd.	45,544	455	National Rayon Corporation ..	368.00	100	22.00	22.00	16.00	16.00	12	Y.P.T.
24,00,000	12,57,737	91,36,137	48,70,078	2,44,938	H. V. Gandhi, Esq. (Chairman) ..	49,300	962	New City of Bombay Mfg. ..	188.75	*Nil*	*Nil*	*Nil*	*Nil*	..	12	Y.
30,00,000	10,74,106	1,82,71,499	83,59,353	1,80,033	Sahu S. P. Jain, Esq. (Chairman) ..	69,196	1,220	New Great Spg. & Wvg. ..	160.00	*Nil*	12.00	18.00	12.00	12.00	12	Y.P.
50,00,000	86,57,346	2,33,63,934	1,48,39,184	34,839	Rajkrishna Ramnarain Private Ltd.	35,360	930	Phoenix Mills	250.00	100	15.00	20.00	20.00	20.00	3	Y.
48,00,000	54,33,014	1,43,85,992	63,32,565	3,646	Polar Sons Private Ltd.	11.12	10	Podar Mills	1.30	10	1.20	1.20	1.20	1.20	12	Y.P.
55,00,000	68,54,325	2,33,00,636	1,14,52,107	11,825	J. K. (Bombay) Private Ltd. ..	135.00	100	Raymond Woollen Mills Ltd. ..	10.24	100	*Nil*	*Nil*	*Nil*	..	9	Y.
75,00,000	3,73,322	39,43,333	24,33,923	44,000	R. A. Polar, Esq. (Chairman) ..	96,483	2,125	Sassoon Spg. & Wvg.	38.00	10	1.70	2.00	1.00	2.00	12	Y.
10,00,000	1,62,43,037	4,52,87,112	2,01,34,788	673	M. G. Investment Corpn. Private Ltd.	84,484	1,592	Shree Niwas Cotton Mills	245.00	100	20.00	20.00	14.00	16.00	12	Y.P.
30,60,000	93,34,473	3,19,34,543	1,43,19,240	48,378	Marwar Textiles (

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,80,980	1,77,88,358	77 19,665	8,246	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	8.87	10	1.00	0.25	0.25	1.20	3	Y.P.T.
6,00,000	21,01 100	85,62,670	55,90,516	32,706	McLeod & Co., Ltd.	466	Alexandra	258 00xd	100	44.00	15.00	42.50		12	Y.P.T.
20,00,000	26,04 850	1,72,09,661	1,14,76,789	1,05,589	McLeod & Co., Ltd.	1,264	Alliance	118 00	100	6.00	Nil	10.00	12.50	5	Y.P.
49 20,700	1,64 67 331	3,42,98,398	2 11,97,620	90,773	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	160.00	100	27.00	12.00	Nil	15.00	3	Y.P.T.
40,00,000	32,04,394	1,69,46,077	1,00,08 540	1,752	Bird & Co. Private Ltd. ..	810	Auckland	129.00	100	27.00	12.00	Nil	15.00	3	Y.P.T.
20,00,000	40,35,530	1,58,43,088	98,46,188	39,388	Birla Brothers Private Ltd. ..	1,889	Baily	238.00	100	25.00	25.00	25.00	25.00	3	Y.P.
£375,000	£975,367	£1 666,277	£1 075,854	£1,341	Jardine Henderson Ltd. ..		Barnagore	223.00	£5	£1 10sh.	10 sh.	10 sh.	£2	3	Y.P.
45,00,000	27,17,701	76,46,179	45,59,689	1,36,234	Soorajmull Nagarmull	600	Bengal	6 75	10	0.50	0.50	0.50		3	Y.P.T.
1,59,56,210	3,88,65,994	9,96,98,597	4,20,72,427	46 410	Birla Brothers Private Ltd. ..	9,360	Birla	33.81	10	1.50	1.50	1.50	1.50	3	Y.P.
36,00,000	20,48,440	1,25,69,733	79,60,997	85,997	Andrew Yule & Co., Ltd. ..	1,373	Budge-Budge	125.00	100	10.00	Nil	12.00	20.00	10	Y.P.
7,47,380	88,200	49,78,434	37,06,878	—2,70,362	Dayaram & Sons	991	Calcutta Jute Mfg.	7.00	10	Nil	Nil			12	Y.P.
18,00,000	30,27,728	1,19,06,838	65,06,929	7,332	M.	502	Caledonian	140.00xd	100	12.00	5.00	15.00	15.00	11	Y.P.
29,58,200	1,01,10,201	1,95,45,693	1,19,34,120	30,261	James Finlay & Co., Ltd. ..	616	Champdany	1,100 00xd	100	15.00	5.00	15.00	15.00	12	Y.P.
30,15,000	77,75,319	1,47,45,586	77,38,380	1,10,207	Andrew Yule & Co., Ltd. ..	1,131	Cheviot	19 31xd	10	Nil	0.50	Nil	4.00	3	Y.
24,00,000	36,54,850	1,38,59,292	87,51,922	—4,10,550	McLeod & Co., Ltd.	500	Chitavalsah	8.12	10	0.50	Nil	0.50	Nil	7	Y.P.T.
31,49,200	8,04,609	81 44,890	69,78,078	—15 44 521	M.	969	Clive	7.50	10	Nil	Nil	Nil	Nil	3	Y.P.
56,00,000	74 26,442	1,88,80,591	76,70,106	23,475	Bird & Co. Private Ltd. ..	766	Dalhousie	119 00	100	1.00	1.00	Nil	25.00	3	Y.P.T.
15,00,000	42,21 700	1,21,66,987	86,25 776	84,695	Andrew Yule & Co., Ltd. ..	779	Delta	133.00xd	100	7.50	Nil	12.00	16.00	11	Y.P.
68,00,000	1,23,58,695	4,19 02,867	2,35 01 408	4,532	McLeod & Co., Ltd.	500	Empire	14.00	10	1.25	0.75	1.25	1.50	7	Y.P.T.
31,49,625	32 04,589	1,42,22,521	93 72,524	6,051	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	235.00	100 Old	25.00	10.00	12.50	20.00	3	Y.P.T.
84,32 100	77,96,303	3,00,05,500	1,61,98,875	16 267	Bangur Bros. Ltd.	1,014	Fort William	21.75	10	2.25	2.25	1.00	2.00	3	Y.P.T.
43,20,000	46,54,205	2,19,63,231	88,71,916	9,681	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	18.62	10	1.00	1.00	1.50	2.00	3	Y.P.
48,00,000	65,50,122	3,27,06,629	2,06,30,061	28,659	M.	507	General Ind. Society Ltd.	13 25xd	10	4.00	1.00	1.80	1.40	12	Y.T.
40,00,000	1 09,30 042	1,86,44,677	1 01 39 206	4,954	Macneill & Barry Ltd. ..	1,394	Gourepore	22 25xd	10	3.00	2.50	2.00	2.00	3	Y.P.
16,80 000	44,86,659	99,76,527	67,56,170	4,294	Bangur Bros., Ltd.	1,078	Hastings	126.00	100	6.00	6.00	6.00	6.00	3	Y.P.
65,62,500	46,00,997	2,31,38,629	1,61,63,455	720	Hooghly	1,720	Howrah	17.00	10	1.00	2.00	0.75	1.00	3	Y.P.
52,50,000	1,26,22,000	3,46,75,240	....	5,088	Jardine Henderson Ltd. ..	1,195	Ludlow	15 94	10	1.00	1.00	Nil	1.00	3	Y.P.
87,30,000	26,63,965	1,86,83,015	1,09,04,160	76,164	Ramdutt Ramkissendas M.	2,272	Hukumchand	19.50	10	1.25	1.00	Nil	1.00	3	Y.P.T.
24,00,000	36,84,700	2,08 46,168	1,60,07,458	....	Jardine Henderson Ltd. ..	1,797	India	15 87	12.50	1.75	1.50	1.50	2.00	3	Y.
'B' 19,20,000							Kamarhatty	154.00xd	100	5.00	Nil	20.00	20.00	12	Y.P.T.
30,00,000								154.00xd	'B' 100	5.00	Nil	20.00	20.00		
'B' 24 00,000	16,53,308	1,79,25,475	1,35,47,383	....	Jardine Henderson Ltd. ..	1,527	Kankinarrah	127.00xd	100	Nil	Nil	15.00	15.00		
28,00,000	72,61,800	2 51 06 312	1,23,45,904	94,936	McLeod & Co., Ltd.	703	Kelvin	127.00xd	'B' 100	Nil	Nil	15.00	15.00	12	Y.P.T.
54.00.000	66,26 810	2,49,19,513	1,56,16,494	3,379	Anderson Wright Ltd. ..	1,530	Khardah	140.00	100	15.00	15.00	5.00	20.00	5	Y.P.
59,88,200	49 03,577	2,28,97 363	1,50,89,914	15,641	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	17.00	10	1.00	1.00	1.00	1.00	3	Y.P.
24,48,000	1,30 000	1,00,10,272	70,67,675	4 687	Lansdowne	1,250	Kinnison	122 00	100	20.00	7.00	Nil	10.00	3	Y.P.T.
28,00,000	14,08 147	65,36 767	45,86,762	664	Bird & Co. Private Ltd. ..	581	Lansdowne	93 00	100	Nil	Nil	Nil	Nil	3	Y.P.
31,65,200	44,95 037	2,88,14,774	1 66,72,214	840	M.	1,294	Lawrence	100.00	100	15.00	15.00	10.00	10.00	3	Y.P.
29,98 900	41 39,963	1,91,36,426	1 15,78,300	1,294	Bhagat Agencies Ltd. ..	1,812	Naihati	12 50	10	1.20	1.25	1.50	1.50	3	Y.
20,00,000	11,82,460	36,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	82.00	100	Nil	Nil	Nil	Nil	3	Y.P.T.
35,00,000	73 10,449	2,01,18,089	1 53 47,374	9,507	M.	852	National	20.62	10	0.75	Nil	1.00		10	Y.T.
26,25,000	36,29,172	80,96,895	46,01,106	85,230	McLeod & Co., Ltd.	816	Nellimarla Jute	8.37	10	0.30	0.60	1.50	0.50	7	Y.P.
2,56,50,000	3 31,49,122	11,98 78,237	2,72,02,888	13,602	Sahu Jain Ltd.	1,765	New Central	10 00	10	1.50	1.50	Nil	1.50	3	Y.P.T.
16,79,860	56,56,689	1,43,61,778	89,72,943	1,076	Bird & Co. Private Ltd. ..	567	Northbrook	24 87	10	1.00	1.00	1.00	1.00	3	Y.P.
66 79,800	58,00 825	1,63,46,564	65,12,293	13,111	Macneill & Barry Ltd. ..	1,092	Norddea	10.37xd	10	0.80	0.60	0.50	1.00	3	Y.P.
25,00,000	13,65,554	1,08,88,905	84,46 448	17,103	McLeod & Co., Ltd.	400	Presidency	4 25	5	0.40	0.30	0.50	0.50	7	Y.
20,00,000	5,27,128	68,13,305	24,70 569	25,500	Hindustan Investment Corpn. Ltd.	305	Rameshwara	5.07	10	Nil	Nil	Nil	Nil	3	Y.
49,50,000	6,89,145	1,24,02,777	69,15,776	7,27,719	M.	423	Reliance	7 25	10	Nil	Nil	Nil	Nil	3	Y.P.
£600,000	£1,029,127	£1,602,126	£796,090	£2,892	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	7 00	10	Nil	Nil	Nil	Nil	10	Y.P.T.
90,00,000	23,52,584	1,57,85,313	1,08,08,079	8,777	Bagarla More & Co., Ltd.	911	Shree Ambica	9.50N	£1	6%†	Nil	10%†	13%	12	Y.P.
14,00,000	17,16 854	77,43,303	55,72,946	26,425	Bhudatan Investment Ltd. ..	401	Soorah	30 00	10	0.90	0.60	Nil	0.90	3	Y.P.
£600,000	£693,155	£1,631,123	£843,019	£3,525	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	18 75	10	2.50	2.50	2.50	2.50	12	Y.P.
35,98,600	42,63,667	1 10,95,221	63,98 988	603	Bird & Co. Private Ltd. ..	1,326	Union	9.50N	£1	6%†	Nil	18%†	10%	12	Y.P.
£400,000	£495,602	£1,372,172	£711,723	£1,951	Thomas Duff & Co. (India) Pvt. Ltd.	1,831	Victoria	134.00	100	25.00	6.00	Nil	20.00	3	Y.P.T.
2,50,000	9,70,000	81,07,250	46,38,438	57,655	McLeod & Co., Ltd.	447	Waverley	9.50N	£1	6%†	Nil	10%†	10%	12	Y.P.
								8.00	1	0.30	0.30	0.60	0.80	5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
19 93,960	5 60,824	18,08,952	4,15,754	48,095	Young India Agencies Private Ltd...	1,665	Balanoor Tea and Rubber	12.12xd	10	1.50	1.20	1.20		3	Y.P.
94,00 000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agn.) Pvt. Ltd.	1,870H	Blue Mountain Estates & Ind.	2 30	2	0.25	0.20	0.20	0.20	6	Y.
5,50,000	9,11,980	49,39,055	11,64,122	4,35,544	A. Anantanan, Esq. (Mg. Director).	848	Chandramalai Estates Ltd.	2.65	2	0.20	0.20	0.12		6	Y.
14,00,100	14,46,380	33,49,058	11,64,122	22,758	Peirce, Leslie & Co., Ltd. ..	693H	Chonkara Peak Estates	4.77xd	2	0.40	0.40	0.40	0.40	3	Y.P.
5,66,730	13,90,424	24,87,766	3,02,266		Matheson Bosanquet & Co. Pvt. Ltd.	159H	Coonoor Tea	4	2	0.40	0.40	0.40	0.40	3	Y.P.
4,80,000	5,03,704	16,62,155	3,17,071	17,303	M. L. Goenka, Esq. (Chairman)	671	Coorg Tea	17.40	10	1.75	1.50	1.75	1.75	9	Y.P.
8,40,000	2,50,017	14,11,057	4,65 057	3,328	C. Balchand, Esq. (Chairman)	144H	Devashola (Nilgiri) Tea	4.85	2	0.40	0.40	0.30	0.30	10	Y.P.
6,74,650	3,83,749	13,44,758	3,14,293	23 158	Young India Agencies Private Ltd. ..	1,177	Devon Tea	30.75cd	10	2.00	2.00	1.50	1.50	10	Y.P.
7,50,000	6 10,000	5,94 450	13,468	19 221	K. N. Krishna Iyer (Mg. Director) ..	198	Emerald Valley Estates	11.96cd	10	1.50	1.20	1.50	1.50	12	Y.
25,00,000	22,41,971	61,03,359	15,14,788	34,749	Parkina Tea Ltd.	607H	Halleyburia	6.45	5	....	Nil	0.30	1.00	3	Y.
9,00,000	9,85,470	16,93,743	4,93,218	29,726	Peirce, Leslie & Co., Ltd. ..	190H	Halsa Tea	13.00	10	1.50	1.25	1.10	1.25	3	Y.
17,17,778	13 42,010	37,08,125	8,78,332	28,817	Peirce, Leslie & Co., Ltd. ..	556H	Kil Kotagiri Tea	4.25	2	0.40	0.50	0.30	0.50	12	Y.P.
5,90,000	3 13,000	13,93,984	1,58,424	1,857	Ire Oonoors & Co. Pvt. Ltd. ..	936	Kurchermala Plant Ltd.	4.80	2	0.50	0.50	0.50	0.50	3	Y.
5,00,000	2,00,560	11,18,479	1,35,037	49,466	Matheson Bosanquet & Co., Ltd.	109H	Lucky Valley	5.07	10	Nil	Nil	Nil	Nil	10	Y.P.
3,50,000	20,000	3,59,379	33 028	4,609	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd. ..	11.75	10	1.00	1.00	1.00	Nil	3	Y.P.
3,00,000	6,13,117	9,95,173	3,99,591	—3,938	Eapen Thomas, Esq. (Mg. Director).	560	Mamallay	1.95cd	2	0.20	0.10	0.10	0.10	12	Y.
36,00,000	24,19,434	84,10,841	17,28,590	20,273	A. V. Thomas & Co. (India) Ltd.	825H	Neelamala	34 60	25	3.75	3.50	2.00	Nil	3	Y.P.
12,00,000	10,09,000	32,29,940	6,97,916	9,932	A. V. Thomas & Co., Ltd. ..	788H	Nellampathy	4.70	5	0.375	0.375	0.375	0.375	6	Y.P.
14,06,250	10 15,954	40,42,994	8,24,072	8,184	A. V. George & Co., Ltd. ..	1,622	Nilgiri Tea	4.17	2	0.26	0.30	0.30	0.375	6	Y.P.
23,10,000	11,02,621	39,43,336	15,15,045	25,437	Harrison & Crosfield Ltd. ..	841	Nonsuch Tea	9.00	10	0.80	1.00	1.00	0.50	3	Y.P.T.
14,88,980	17,22,983	34,54,296	7,51,937	46,177	P. S. M. Molyneux Esq. (Chairman).	227H	Parkside	21.87	10	2.00	2.00	2.00	2.00	3	Y.P.
6,00,000	6,84,231	7,96,354	79,137	4,27,181	S. Sivaramakrishna Aiyar Esq.	771	Peninsular Plantations Ltd.	25.25	10	2.75	2.25	2.00	2.00	6	Y.
17,00,000	13,87,519	48,20,401	20,82,969	46,160	Aspinwall & Co. (Travancore) Ltd. ..	684H	Peermade	21.25cd	10	2.00	2.00	2.00	2.00	6	Y.
57 94,880	20,68,711	1,23,79,158	46,17,784	58,308	Peirce, Leslie & Co., Ltd. ..	1,506H	Periakaramalai	20.50	10	2.25	2.50	2.00	2.00	2	Y.
13,50,000	2,96,500	12,02,040	1,74 015	3,959	A. V. Thomas & Co. (India) Ltd. ..	882	Sheveroy Estates Ltd. ..	8.43	2	0.27	0.40	0.50	1.75	12	Y.P.
9,00,000	15 80 496	81,73,663	10,02,544	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated ..	2.05	2	0.15	0.15	0.25	0.125	3	Y.P.
1,25,000	12,500	2,18,632	22,950	2,921	M.	316	Swiaton Estates	13.75	10	1.70	1.00	1.50	1.20	6	Y.
12,50,000	12,05,897	34,15,317	5,52,996	22 571	Srinivas Agencies	1,056	Talayar Tea	2.68	2	0.25	0.12	Nil	0.50	3	Y.T.
15,75,000	17,65,955	34,08,581	5,94,685	23,756	Parkins Private Ltd.	491H	Twyford	1.87	2	0.16	0.20	0.20	0.20	3	Y.P.
2,20,000	3,97,345	10,52,130	1,53,857	28,095	A. V. George & Co., Ltd. ..	503	Udayagiri Rubber Co., Ltd. ..	9.00	10	1.00	0.60	0.50	0.75	12	Y.
21,93,280	21,26,250	59,80,505	22,94,476	22 127	T. Stanes & Co., Ltd.	736H	United Nilgiri	15.50	10	Nil	Nil	Nil	Nil	12	Y.
47,25,000	21 88,765	93,19,418	15,06,787	81,380	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Waterfall	23.40	10	2.10	2.20	2.20	2.25	12	Y.P.
								2.28	2	0.25	0.20	0.20	0.20	6	Y.P.

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
6,00,000	5,52,435	17,66,245	5,03,062	20,544	Ramani & Co. Pvt. Ltd.	999	Alageswar Estates Ltd.								
6 75,000	2,85,527	21,05,698	4,40,732	1,693	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	2.67	2	0.15	0.30	0.20	0.20	3	Y.
2,50,000	2,69,092	12,93,383	2,52,129	56,241	A. V. George & Co., Ltd. ..	629	Anandam Rubber Co., Ltd. ..	10.01	10	1.00	1.00	1.00	0.50	3	Y.P.T.
12,07,838	2,28,040	22,89 626	3,45,437	34 775	Associated Planters Private Ltd.	1,348	Anaparai Estates Ltd. ..	14 25	10	1.50	1.50	1.50	1.50	12	Y.P.
4,25,000	4,75,000	12,07,785	1,42,997	1 061	Young India Agencies Pvt. Ltd. ..	1,041	Badra Coffee Estates Ltd. ..	3 10	2	0.40	0.30	0.20	0.30	6	Y.P.
4,00,000	86 000	7,45,317	1,66,774	2,737	A. V. Thomas & Co. (Mysore) ..	233H	Bababudin Coffee & Produce.	2 90	2	0.30	0.30	0.15	0.20	6	Y.P.
3,00,000	2,05,000	4,73,718	88,297	1,481	Planting Agencies (Private) Ltd.	151H	Balmadies Plantations ..	5.00	5	0.40	0.40	0.40	0.30	5	Y.P.
20,91,270	19,80,914	60,68,649	12,47,912	28,851	Peirce, Leslie & Co., Ltd. ..	6,255	Cochin Malabar	1.85	2	0.15	0.10	Nil	0.10	5	Y.P.
22,50,000	33,62,169	57,74,920	18,29,555	890	M. A. Sreenivasan, Esq. (Chairman).	2,703	Coffee Lands and Industries	4 35cd	3	0.525	0.60	0.60	0.36	2	Y.P.
71,55,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman).	16 85	Consolidated Coffee	23.40	10	2.00	2.00	0.90	0.90	6	Y.P.
5,00,000	5,09,736	16 58,047	1,41,758	5,918	Associated Planters Private Ltd.	1,410	Cottanad Plantations	9.33	10	1.00	1.00	1.00	2.00	6	Y.P.
4,08,580	2,60,000	4,02,630	1,35,017	40,856	Peirce, Leslie & Co., Ltd. ..	246H	Cowcoody Estates (Coffee) ..	4 80cd	2	0.50	0.50	0.40	0.55	6	Y.
18,00,000	15,20,000	40,99,988	9,82,819	40,041	A. V. Thomas & Co., Ltd. ..	522H	Highland Produce	14.75	10	1.50	1.50	1.50	1.50	12	Y.P.
11,85 700	11,77 705	31,72,827	4,60,277	22,904	A. V. George & Co., Ltd. ..	1,537	Kallas Rubber Co., Ltd. ..	6 28cd	2	0.40	0.50	0.60	1.50	12	Y.P.
12,00,000	8 19,342	92,75,750	5,65,353	5 164	A. V. Thomas & Co., Ltd. ..	888H	Kalpetta Estates	12 50	10	1.25	1.25	1.25	1.125	4	Y.
6,00 000	2,40,000	9,93,124	2,60,252	28,055	Peirce, Leslie & Co., Ltd. ..	278H	Kunnergode Estates Ltd. ..	3 78	2	0.40	0.35	0.30	0.28	10	Y.
13,50,000	6,58,338	23,24,900	5,02,946	3,669	K. T. Thomas Kathanar, Esq.	2,147	Malankara Rubber	16 37	10	1.50	1.50	1.60*	0.80	3	Y.
3,25,000	2,50,000	6 72 737	96,634	3,643	Associated Planters Pvt. Ltd.	906	Mercara Rubbers Ltd.	7.45	5	1.00	1.00	0.75	1.40	3	Y.
40,50 000	17,71,088	79,92,921	13,59,147	1,229	A. V. Thomas & Co., Ltd. ..	1,388H	Midland Rubber	11 35	10	1.25	1.25	1.25	1.00	3	Y.P.
3 35,000	4 12,807	17,54,491	3,54 874	1,18,608	A. V. George & Co., Ltd. ..	1,331	Nenmeny Rubber	22.55cd	10	1.50	1.50	1.50	1.50	12	Y.P.
2,00,000	5,03,616	11,04,287	66,555	3,902	Associated Planters Private Ltd.	846	Nilambur Rubber Co.	11 65cd	10	1.50	1.50	1.50	1.50	12	Y.P.
6,50,000	5,98,944	12,99,228	1,39,772	17,987	Peirce, Leslie & Co., Ltd. ..	293H	Ossoor Estates Ltd.	2 85cd	2	0.30	0.30	0.20	0.30	3	Y.P.
19,45,980	31,54,133	69,64,648	24,42 425	2,616	Peirce, Leslie & Co., Ltd. ..	1,812H	Ouchterlony Valley Estates	3 03cd	2	0.10	0.12	0.15	0.20	3	Y.
16,50 000	5,12 431	24,69,527	4,19,933	6,844	Aspinwall & Co., Ltd.	900H	Pullamadai Rubber	3.12	2	0.25	0.24	0.12	0 25	10	Y.P.T.
15,00,000	13,58,950	59,99,894	5,55,425	20,850	A. V. Thomas & Co., Ltd. ..	1,216H	Rajagiri Rubber	4 03cd	2	0.10	0.12	0.15	0.20	3	Y.
2,00,000	1,64 983	4 06,853	60,946	47,531	Associated Planters Private Ltd.	422	Rajendra Coffee Ltd.	12 10xd	10	2.00	2.00	2.00	2.125	3	Y.P.
12 00,000	78,907	20,87 248	2,83,330	—1,48,843	Patco Agencies	370H	Sangameshwar Coffee Estates.	1 88	5	1.25	1.25	1.00	1.25	3	Y.P.
5,50,170	3,23,000	10,11,493	2,15,317	6,933	Peirce, Leslie & Co., Ltd. ..	202H	Savamalai Estates Ltd. ..	4 32	2	0.28	0.32	Nil	Nil	3	Y.P.T.
6,25,000	2,74,183	14,90,780	66,133	7,695	A. V. George & Co., Ltd. ..	816	Thamaraipally Rubber	15 05	10	3.00	1.80	1.60	0.35	11	Y.
9,15,300	10,75,840	16,61,781	2,34,898	7,980	Peirce, Leslie & Co. Ltd. ..	1,312	Thirumbadi Rubber Co., Ltd.	1 68	1	0.07	0.15	0.10	0	12	Y.P.T.
6,00,000	6,15,516	13,78,050	1,92 991	1,840	Eapen Thomas, Esq. (Mg. Director).	1,341	Travancore Rubber	11 35cd	10	1.30	1.50	Nil	1.50	3	Y.
41,00,000	12 83,584	90,95,305	18 31,504	32,283	Aspinwall & Co. (Travancore) Ltd.	2,109H	Travancore Rubber & Tea ..	8 50	10	0.90	1.00	1.00		12	Y.
20,00,000	1,91,000	33,45,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director) .	3,157	Tropical Plantations Co. ..	19.65	25	2.00	1.50	1.00	1.00	12	Y.P.
8,50 010	5 47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyaar, Esq. (Chairman)	1,118	Vallvindan Rubber Co., Ltd.	35 50	10	3.00	3.00	3.00	3.00	3	Y.
5,00,000	6,66,482	10,50,982	1,87,596	6,425	F. I. Joseph, Esq. (Chairman)	1,245	Vellmalai Rubber & Co. ..	5.12	5	0.60	0.50	0.25	0.35	2	Y.P.T.
12,00,000	12,40,982	16,57,152	2,24,183	36,874	Peirce, Leslie & Co., Ltd. ..	417H	Warrybully Estates Ltd. ..	2.86cd	2	0.30	0.30	0.20	0.24	3	Y.P.
6,98 900	97,309	13,65,464	1,02,251	23,318	M.	898	Woodland Estates	6.80	10	1.00	1.00			3	Y.P.T.

V—Includes 60 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

| Paid-up Ordinary Capital Rs. | Reserves Rs. | Gross Block Rs. | Depreciation Rs. | Carried Forward Rs. | Managing Agents, Managing Directors or Secretaries | Acreage under Tea | Company | Latest available Quotation Rs. nP | Paid-up per Share Rs. | Dividend per Share 1960 Rs. nP | 1961 Rs. nP | 1962 Rs. nP |

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
CERAMIC; MINING AND QUARRYING														
96,00,000	18,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	6.00	10	0.60	0.60	0.60		3	Y.
18,50,000	6,38,242	23,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kot Ltd	22.00	10	2.00	3.00	2.00		9	Y.P.
45,23,546	30,24,128	1,94,48,115	96,49,200	777	Bharat Ram Bhagat & Co.	Bengal Potteries	5.00	25	0.375	0.30	0.30	0.275	12	Y.
40,00,000	28,31,270	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	17.69	10	3.00	3.00	1.00	1.25	3	Y.
90,00,000	25,89,686	1,43,85,859	56,29,712	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	101.25	100	12.86	15.00	15.00	18.00	9	Y.P.
25,05,250	£2,304,999	£4,477,588	£2,577,638	£465	Gillanders Arbuthnot & Co., Ltd.	Ferro Alloys Corporation Ltd.	110.50	100	8.00	11.00	9.00	7.00	12	Y.P.
0,15,00,000	29,37,096	49,30,247	14,36,451	1,570	Bird & Co. Private Ltd.	Indian Copper Corporation	3.30	Sh. 2	27%	27%	18%	12%	12	Y.
50,00,000		1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd.	Karanpura Development	9.12xd	10	1.50	1.50	0.90	0.90	12	Y.
80,00,000	60,46,599	1,78,57,945	95,66,008	24,239	Bird & Co. Private Ltd.	Khandelwal Ferro Alloys Ltd.	65.50	100	Nil	Nil	0.50	0.30	3	Y.
1,78,79,255	10,90,896	1,22,39,515	76,13,994	3,25,965	Sir Indra Singh, Kt. (Chairman)	Kumardhubi Fireclay and Silica Works.	18.45	10	1.80	1.80	1.80	1.50	12	Y.P.
60,00,000	7,27,303	17,66,777	9,37,747	190	Mysore Industrial Development Co.	Metal Corporation of India Ltd.	6.25	10	Nil	Nil	Nil		3	Y.P.
12,18,650	67,67,431	80,62,201	34,56,786	38,801	Bird & Co. Private Ltd.	Mysore Stoneware Pipes & Potteries	11.67cdN	10	1.428	1.20	1.50	1.25	3	Y.
21,00,000	22,54,051	1,05,25,902	57,38,031	43,395	*A. V. Gharpure, Esq.* (Chairman)	Orissa Minerals	22.12	10	3.60	2.80	2.00		6	Y.
4,88,840	87,61,142	99,40,647	51,84,720	−23 63,858	Killick Industries Ltd.	Parsburam Pottery Works Co., Ltd.	59.00	25	5.36	5.36	5.36	3.75	7	Y.P.
7,29,730	13,90,910	37,08,644	14,23,752	5,375	S. N. Beri, Esq. (Secretary)	Shivrajpur Syndicate	17.00	10	8.00*	Nil	Nil	Nil	11	Y.
						Sutna Stone & Lime Co. Ltd.	28.31	10	2.00	2.75	3.50	2.00	12	Y.
								7.50	1.00	1.375	1.75	1.50		
CHEMICAL														
29,86,175	....	1,79,449	18,076	−26,646	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers	74.00	100	Nil	Nil			12	Y.P.
1,44,50,000	91,50,574	3,54,,4 220	1,39,51,136	16,265	Rayuma Services	Alembic Chemical Works Co.	157.50	100	14.00	14.00	12.00	12.00	12	Y.P.
3,19,00,000	2,36,33,273	8,39,01,420	2,46,53,284	5,671	Imperial Chemical Industries (India) Private Ltd.									
1,10,23,200	80,12,547	2,29,02,580	73,73,157	6,813	Amritlal & Co. Private Ltd.	Alkali and Chem. Corpn. of India	29.00	10	1.20	1.50	1.50	1.50	9	Y.
3,24,16,200	1,83,84,680	7,54,09,808	2,06,13,757	....	Kasturbai Lalbhai & Co.	Amar Dye-Chem. Ltd.	155.00	100	12.00	9.00	9.00	8.00	12	Y.P.
50,00,000	....	35,050	910	19,425	Lalbhai Sons & Co.	Anil Starch Products Ltd.	455.00	100	30.00*	30.00*	25.00*	25.00*	12	Y.P.
				....	P. N. Balasubramanian, Esq. (Mg. Director)	Atul Products Ltd.	299.00	100	12.00	12.00	12.00	12.00	12	Y.T.
1,25,45,900	67,58,822	1,69,19,707	51,80,070	5,728	Barium Chemicals Ltd.									
1,25,00,000	1,44,62,999	1,71,93,875	43,75,317	16,339	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	55.00	100			Nil		6	Y.
14,56,544	4,34,918	17,40,490	9,02,099	12,818	Ramniwas R. Ruia, Esq. (Chairman)	Colour-Chem Ltd.	100.00	100	7.00	10.00	10.00		3	Y.P.
41,33,250	58,16,958	1,04,19,639	37 13,284	9,897	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd.	343.75	100	Nil	8.00	12.00	12.00	3	Y.
1,97,50,000	1,07,07,353	5,93,07,157	2,11,95,199	1,75,320	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	32.00	25	2.50	3.00	3.00		12	Y.
6,96,97,740	61,48,460	10,44,89,497	4,07,36,479	3,86,109	*Sahu Bros. (Saurashtra) Private Ltd.*	Dhrangadhra Chemicals	116.25	50	Nil	8.00	8.00	8.00	12	Y.
1,84,10,000	71,67,780	2,54,75,973	36,44,827	3,008	T. K. K. Nayar, Esq. (Mg. Director)	T. A. C. T.	100.00	100	Nil	6.00	6.00	6.00	3	Y.P.
12,80,000	6,54,411	28,34,858	15,61,602	19,974	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd.	5.52	10	0.60	0.60	Nil	Nil	3	Y.P.
1,40,00,000	37,48,801	2,43,51,282	1,10,58,661	2,43,61,282	Jal H. Mehta, Esq. (Chairman)	Kemp & Co.	266.25	100	6.00	6.00	7.00	7.00	3	Y.
24,81,220	13,02,685	66,25,511	47,52,455	3,322	Seshasayee Brothers Private Ltd.	Mettur Chemicals	255.00	200	25.00	25.00	20.00		3	Y.
10,00,000	5,35,915	18,66,245	7,61,774	4,765	T. Shamanna, Esq. (Chairman)	Mysore Chemical and Fertilisers	14.26	10	1.25C	1.25	1.375*	1.25	3	Y.P.T.
50,00,000	36,00,955	1 09,02,040	30,64,507	2,857	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemicals Mfg.	7.90	10	1.00	1.00	0.50	Nil	3	Y.
49,84,750	8,470	60,41,412	40,438	52,803	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	16.70	10	2.00C	2.00	2.00	1.50	3	Y.P.
22,50,000	17,63,293	65,52,467	27,96,505	11 013	Emcete & Sons Private Ltd.	Premier Fertilisers Ltd.	152.50	50	5.50	7.50	7.50	7.50	3	Y.P.
20,00,000	17,67,251	31,86,796	15,50,926	19,167	*Bangur Brothers Ltd.*	Phosphate Co., Ltd.	6.25	10	Nil	Nil	Nil	Nil	12	Y.
4,96,54,470	24,88,960	3,13,78,704	17,05,817	−2,35,858	D. M. Jaffray, Esq. (Chairman)	Smith Stanistreet & Co.	172.00	100	35.00	25.00	17.50	15.00	6	Y.
3,05,31,315	1,09,52,567	9,01,95,274	5,04,93,867	3,923	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	13.69	5	1.25	1.25	1.25	1.125	6	Y.P.
25,00,000	5,80,750	29,85,714	12,05,389	6,518	Tata Industries Private Ltd.	Tata Chemicals	71.00	100		Nil	Nil	Nil	3	Y.
31,16,000	....	8,93,892	....	−6,72,286	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd.	18.76	10	0.80	0.65	0.65	1.00	6	Y.P.T.
14,90,376	2,52,500	28,88,794	3,45,383	−4,12,501	Mr. N. S. Iyengar (Chairman)	Travancore Electro-Chemical Ind.	52.00	100	Nil	Nil	Nil	2.00	12	Y.
						Ultramarine & Pigments Ltd.	110 00	100	Nil	Nil	Nil		12	Y.
ELECTRIC (BOMBAY)														
8,74,78,895	1,85,12,601	18,97,78,999	5,00,50,102	264	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	100.25	100	7.00	7.00	8.00	8.00	3	Y.
88,88,330	31,13,441	2,90,89,788	78,81,211	10,72,972	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	9.48	10	1.00*	0.90	0.90	0.90	3	Y.P.
8,62,77,000	1,22,89,917	12,25,61,084	3,04,61,318	26,154	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,097 50	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.T.
1,75,00,000	1,21,07,232	5,11,22,126	1,25,80,668	5,870	*Killick Industries Ltd.*	Bombay Suburban Electric Supply	107.00	100	8.00	8.50	8.50	9.00	3	Y.P.T.
7,07,020	1,03,967	19 07,265	8,70,206	1,536	Rajputana Textiles (Agencies) Ltd.	Broach Electric Supply Development	6.48	10	0.60	0.50	0.50	0.50	3	Y.
68,00,000	12,56,813	1,57,72,704	61,59,509	3,547	Rajputana Textiles (Agencies) Ltd.	Poona Electric Supply	190.00	100	9.50	0.72	0.60	0.50	3	Y.T.
70,00,000	34,04,483	1 31,23,285	61,64,423	3,075	Killick Industries Ltd.	Surat Electricity	106.00	100	7.50	8.25	8.00	8.00	3	Y.P.T.
2,40,00,000	1,39,56,841	9,29,64,314	2,23,22,926	27 839	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	114.50	100	8.00*	8.00*	8.00*	8.00	3	Y.P.
5,15,36,000	2,61,11,841	20,88,47,928	4,39,65,310	29,983	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,145.00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.
West Bengal and Other Centres														
10,99,500	51,52,883	1,70,15,387	51,84,841	13,612	Martin Burn Ltd.	Agra Electric Supply Co. Ltd.	125.00	100	11.00	11.00	11.00	11.00	3	Y.P.
5,00,000	16,30,275	62,04,833	28,40,512	1,852	Martin Burn Ltd.	Bareilly Electric Supply	12.12	10	1.10	1.10	1.10	1.10	3	Y.P.
17,00,000	54,27,530	1,66,67,025	60 88,135	5,523	Martin Burn Ltd.	Benares Electric Light & Power Co.	13.00	10	1.10	1.10	1.10		3	Y.P.
£4,35,000	£10,21,240	£37,52,951	£15,201,226	£100,524	Sir William Lamond (Chairman)	Calcutta Electric Supply	14.69	10	1½	1½	1½	1½	3	Y.P.
6,60,096	7,55,075	27,78,594	11,86,451	48 063	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	11 37	10	0.75	0.75	0.75		3	Y.P.T.
48,20,000	35,90,169	1,15,99,694	45,52,365	48,905	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	86.00	100	10.00	10.00	10.00	10.00	3	Y.
5,34,540	1,48,267	42,36,379	17,60,526	47,183	Moonna Lall & Sons	Jhansi Electric Supply	6 40N	10	0.70	Nil	0.70		3	Y.P.
22,49,700	29,85,245	1,15,29,613	48,58,577	5,286	Martin Burn Ltd.	Jubbulpore Electric Supply	12 25	10	1.00	1.00	1.00	1.10	3	Y.P.
85,07,380	40,44,800	1,41,84,880	56,06,270	78,787	Octavius Steel & Co., Ltd.	Patna Electric Supply	10 44	10	1.00	1.00			3	Y.P.
9,10,000	2,56,304	15,86,883	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.56	10	0.625	0.625			3	Y.P.
16,80,000	16,03,685	80,81,837	45,11,450	2,975	Bird & Co. Private Ltd.	Bijuan (Jharkhand) Elec. Supply Co.	22.00	10	1.35	1.35	1.35	1.35	3	Y.P.T.
70,00,000	30,88,182	2,42,78,389	81,28,055	28,889	Seshasaye Bros. Private Ltd.	South Madras Electric Supply Corpn.	1 00N	10	1.00	0.90	0.90		3	Y.
5,00,000	12,25,998	35,93,657	15,13,985	1,935	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	12 00cd	10	0.90'C'	0.90	0.90		3	Y.P.
54,00,000	30,13,213	3,76,25,016	1,75,34,564	9,312	Martin Burn Ltd.	U. P. Electric Supply Co.	22.00	10	1.35	1.35	1.35	1.35	3	Y.P.T.
3,00,000	13 88,506	54,12,090	15,22,851	4,16,790	Chandrika & Co. Private Ltd.	Vellore Electric Corporation	105.00	100	11.00	11.00	11.00	11.00	3	Y.
							15.62	10	1.50	1.429	1.429		3	Y.
ENGINEERING (Bombay)														
31,96,100	62 99,678	1,12,50,858	62,52,499	26,128	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	283.00	100	17.00	22.50	19.00*		12	Y.
19,99,060	7,77,224	25,48,735	12,13,956	641	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	91.00	80	5.50	9.00*	9.00	9.00	12	Y.
99,40,000	54,17,295	2,14,22,410	86,99,565	153	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	134.00	100	13.00*C'	13.00	7.00	8.00	12	Y.
1,20,00,000	1,12,15,147	97,73,284	28,10,407	−12,767	Dharamshih D. Desai, Esq. (Chairman)	Hindustan Electric Co., Ltd.	130 00	100	13.00*C'	13.00	14.00	14.00	6	Y.P.
60 00,000	1,28,73 164	2,72,67,477	1,56,47,699	14,565	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	163 75	100	13 00*C'	13.00	14.00	14.00	6	Y.P.T.
15,00,000	4,61,615	9,54,586	1,82,481	33,604	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	47 00	50	4.00	5.00	6.00	6.00	4	Y.P.T.
1,50,00,000	17,41,780	95,00,765	31,13,288	20,765	Adnem Services	Jyoti Ltd.	5.00	10	4.00	5.00	14.00	14.00	6	Y.P.T.
44,96 250	14,17,502	85,37,084	43,39,307	4,511	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	131 25	100	12.00	12.00	9.00	8.00	3	Y.
67,61,445	1,42,50,068	2 19,41 464	88,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Ilyin Ltd.	13 12	10	0.80	0.90	0 95		9	Y.P.
61,54,940	77,09,866	1,67,20,070	67,50,501	578	Kirloskar Associates	Kirloskar Electric Co., Ltd.	38.50	25	2.50	2.50	2.50	1.20	9	Y.P.
60,00,000	79,27,916	1,76,05,966	69,90,529	28,996	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	18 40	10	0.90	1.10	1.20	2.50	7	Y.
27,58 350	20,54,388	50,71,372	16,74,703	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	25 00	10	1.43	1.60	1.60	1.20	3	Y.
88,19,770	5,14,084	1,34,12,444	50,13,120	1,69,270	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	193.75	100	Nil	12.50	12.50	10.00	3	Y.P.
1,65,00,000	95,52,279	1,92,60,488	60,22,772	11,973	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	6 00	10	Nil	Nil	Nil	Nil	9	Y.P.
57,29,880	....	25,48,815	4,35,319	−8,20,078	B. L. Kucheria, Esq. (Secretary)	Lynx Machinery	21.08	10	1.80C'	1.80	1.40	1.40	3	Y.P.
30,12,160	35,37,386	1,84,83,145	82,09,093	2,374	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	4 00	10	Nil	Nil		Nil	3	Y.
1,97,98,145	1,14,00,083	2,29,64,731	89,96,801	15,767	Keshub Mahindra, Esq. (Chairman)	Mahindra & Mahindra Ltd.	22 76	10	Nil	Nil	1.25	1.50	3	Y.
30 00,000	1,20,812	53,73,065	33,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd.	16 28	10	1.25	1.50*	1.25	1.25	10	Y.P.
11,00,000	4,48,987	49,41,793	30,54,773	729	P. Jhunjhunwala, Esq. (Mg. Director).	McKenzies	115.00	100	Nil	Nil	Nil		3	Y.P.
1,98,28,019	91,29,048	1,99,99,158	76,17,143	....	Jeewan Ltd.	Mukand Iron & Steel	140.00	100	10.00	12.00	14.00	14.00	7	Y.P.
D. 1,24,850							17.92	10	1.20	1.20	1.20	1.20	3	Y.P.
50,00,000	58,34,208	1,33,49,872	85,50,104	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	156.25	100	12.00	12.00	12.00	10.00	3	Y.
7,50,000							126 00	50	6.00	6.00	6.00	6.00	3	Y.
15,55,400	11,96,582	39,61,901	14,35,875	8,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	100.00	100	6.00	6.00	6.00		3	Y.
56,23,100	19,01,430	1,40,31,705	36,33,522	2,857	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	135.50	100	13.00	6.50	6.50	6.50	3	Y.
28,99,970	1,38,39,545	11,68,575	3,47,855	455	Walchand & Co. Private Ltd.	Premier Construction	183 50	50	13.00	9.00	9.00	9.00	3	Y.P.
78,67,725	6,64,730	1,28,89,480	60,80,553	5,683	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	100.00	100	12.00	13.00	9.00	14.00	12	Y.P.
27,55,67,690	28,10,37,802	1,95,88,43,286	92,56,04,277	25 095	Tata Industries Private Ltd.	Tata Iron and Steel	154.75	75 Cd	9.72'C'	10.36*	10.36*	11.00	3	Y.P.
9,98 26,823	5,58,56,832	39,19,06,452	18,01,54,678	30,275	Tata Industries Private Ltd.	Tata Locomotive	291.00	100	12.50	18.50	14.50	14.50	3	Y.P.T.
27,22,280	15,68,192	65,71,363	19,00,582	11,654	T. Mancklal & Co.	T. Mancklal Mills Co.	510.00	100	18.50	27.00	27.00	6.00	6	Y.
41,66,994	35,97,021	1,79,71,765	11,38,451	1,176	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	24.84	10	3.00	3.25	3.25	2.25	6	Y.
2,55 00,000	3,28,57,137	1,79,11,762	48,75,403	....	J. D. Chokal, Esq. (Chairman)	Voltas Ltd.	251 00	10	3.00	3.25	3.25	2.25	6	Y.
69,96,948	49,94,169	1,30,88,393	12,92,840	4,991	M.	Zenith Steel Pipes Ltd.	16.00	90	13.00	14.00	14.00	14.00	3	Y.
								10		Nil	Nil	0.60	4	Y.
West Bengal and Other Centres														
50,00,000	57,28,551	1,42,61,413	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	21.25	10	Nil	Nil			12	Y.P.T.
50,00,000	56,58,221	1,22,65,591	62,93,550	2,263	*Tantia Brothers Pvt. Ltd.*	Bhartia Electric Steel	14.81	10	1.00	1.00	1.00	1.50	12	Y.
4,00,000	12,24,786	5,01,011	18,36,998	21,432	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	11.69	10	2.50	1.00	1.00	1.00	12	Y.
1,00,00,000	1,40 28,433	2,29,23,810	1,82,74,056	....	T. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	11.69	10	2.50	2.50	1.50	1.50	12	Y.
12,00,000	68 62,090	1,56,65,242	85,25,828	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	33.00	10	2.50	2.50	1.40	2.00	12	Y.
19,98,670	7,04,341	39,97,530	14,03,635	22,996	Homes Wilson & Co., Ltd.	Britannia Rolfding and Iron	49.00N	10	3.00	3.00	3.00	3.00	12	Y.
1,90,00,000	52 95,758	1,99,58,099	79,90,276	6,115	McLeod & Co., Ltd.	Britannia Engineering	3.00	10	Nil	Nil			12	Y.
25,00 000	23,97,576	44,64,472	22,91,671	....	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	10.00	10	1.00	1.00	1.00		3	Y.P.
158,00,000	2,29,82,397	7,65,66,696	4,17 99,966	....	Martin Burn Ltd.	Burn & Co. Ltd.	29.12	10	2.50	2.00	1.50	1.20	12	Y.P.T.
1,00,00,000	1,22,70,383	31,14,102	24,19,384	1,57,572	R. N. Bhutika, Esq. (Secretary)	Calcutta Steel Co., Ltd.	281.00	100	28.50	28.50	28.50	25.00	4	Y.
1,80,00,000	42,09,184	2,42,19,314	59 12,572	32,961	R. L. Makharia, Esq.	Central India Machinery Mfg. Co., Ltd	13.75	10	0.50	1.50	1.50	1.50	12	Y.
30,00,000	35,00,000	1,74,24,651	51,07,264	6,888	M.	Dalmia Iron & Steel Ltd.	7.62	10	Nil	Nil	Nil	0.75	3	Y.
1,95,93,400	29,29,033	1,26,09,918	30,29,918	21,399	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	11 12	10	1.00	1.00	1.00	1.00	9	Y.P.T.
1,00,18,469	77,93,558	2,44,44,696	36,44,252	15,200	Harparshad & Co. Private Ltd.	Escort Ltd.	13.25	10	1.00	1.00	1.00	1.00	9	Y.
6,32,18,740	5,12,05,807	10,11,66,706	3,33,48,700	....	N. R. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	17.25	10	1.50	1.50	1.50	1.00	10	Y.
17,50,000	11,04,000	62,95,094	44,03,320	3,287	Martin Burn Ltd.	Hooghly Docking	23.06	10	1.50	1.50	1.10	Nil	12	Y.
12,44,08,990	80,89 05,725	86,14,35,648	23,96,89,601	....	Martin Burn Ltd.	Indian Iron and Steel	100.00	50	Nil	Nil	1.40	1.20	12	Y.T.
77,97,000	1,25,90,911	1,52,59,529	94,86,216	....	Martin Burn Ltd.	Indian Standard Wagon	35.60	10	1.50	1.60	0.25	5.00	12	Y.
96,52,160	3,23,88,672	4,56,30,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd.	*Indian Steel and Wire Products*	37.50	10	1.50	1.60	1.00	1.50	12	Y.
25,50,000							33 50	0.10	2.00	2.85	2.85	3.00*	3	Y.P.
48 78,580	2,63,887	42 99,689	28 95 610	19,483	C. R. Ramaswamy Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	12 37	0.1	0.23	0.24	2.80	1.80	3	Y.P.
51,87,197	1,86,61,958	5,12,70,807	2,30,47 904	4,896	Madan Mohan Lal Shri Ram & Co.Pt.Ltd.	Jay Engineering Works, Ltd.	9 80cd	10	Nil	1.25	1.00	0.90	3	Y.
40,00,000	45,79,000	97,98,620	30,88,807	2,169	J. K. Industries Private Ltd.	J. K. Steel Ltd.	17 19	10	1.715	1.715	1.50	1.00	3	Y.P.
2,08 99,000	3,00,16,258	5,07,97,464	1,99,97,524	64,918	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	15 75	10	1.70	1.715	1.50	1.00	3	Y.P.T.
27,64,800	58,04,920	1,06 33,358	50,21,186	3,098	Bird & Co. Private Ltd.	Kumardhubi Engineering Works	20.00	10	2.00	2.00	1.00	1.00	3	Y.P.
10,50,000	1,09,591	18,66,829	14,91,446	−18,08,413	Marshalls (Direction) Private Ltd.	Marshall Sons & Co. (India) Ltd.	20.75	10	0.858'C'	0.858	0.858	1.00	6	Y.P.
49,96,000	13,36,933	1,54,09,104	52,07,170	−4,42,917	M.	National Iron and Steel Co. Ltd.	5 25	2	0.05	0.35	0.45		10	Y.P.
6 00,000	20,52,302	22,10,330	12,34,804	18,304	The British India Corpn. Ltd.	Saran Engineering Co.	8 06	2	Nil	Nil	Nil		6	Y.P.
66,05,790	9,55,000	75,87,465	14,63,310	58,514	Mr. N. Ranganadhan (Mg. Director)	Southern Structurals	6 19	10	Nil	Nil	Nil		3	Y.
1,50,00 000	1,25,61,086	5,74,96,913	2,92,91,642	54,305	Birla Brothers Private Ltd.	Textile Machinery Corporation. Ltd.	7 31	4	0.35	0.40	0.50	0.40	3	Y.P.T.
59 44,225	20,10,956	1,09,67,915	40,30,919	8,132	Balasundaram & Co.	Textool Co. Ltd.	10 28	10	Nil	Nil	0.60	0.90	12	Y.
14,49 475		4,88,086	25 840	−2,84,232	R. A. Harner, Esq. (Mg. Director)	Wellman Incandescent India Ltd.	26.20	10	1.00	1.00	1.25	1.50	12	Y.
							142 50	100	15.00	15.00	15.00	15.00	12	Y.P.T.
							11 50	10					4	Y.T.

* Includes bonus. 'C'—On increased Capital.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

M—Managed by Board of Directors.

Y.P.—Ex. Bonus.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
INSURANCE (X)														
13,50,000	69,03,807	2,06,89,131	87,91,455‖	25

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
93,75,000	2,48,84,621	7,27,48,445	1,37,72,801	11,955	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd...	11.19	10	1.20	1.20	1.20	0.50	3	Y.P.T.
1,00,00,000	56,97,689	2,15,10,686	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd.	20.12xd	10	1.80	0.90	1.80	1.80	3	Y.
7,94,700 } 12,55,175 }	2,72,000	16,65,492	2,19,926	1,442	K. N Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	9.70	10	....	....	1.00	0.50	3	Y.
							{ 7.31	7.50	....	....	0.50	0.375	} 4	Y.
30,00,000	44,23,928	46,09,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd. ..	Angelo Bros. Ltd.	24.62	10	2.50	2.81	2.80	2.80	3	Y.
4,97,14,990	81,08,000	5,99,72,026	1,61,25,618	58 899	A. E. L. Collins, Esq. (Mg. Director)..	Ashok Leyland Ltd.	6.78	5	0.40	0.30	0.40	0.35	9	Y.
30,00,000	43,10,024	50,67,241	27,77,690	18,162	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	26.37	10	1.80	2.00*	2.00*	2.00	12	Y.
1,18,90,000	96,84,917	1,31,10,554	77,02,281	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A	22.37	10	2.50	1.50	1.50	1.50	8	Y.
20,00,000	44,17,208	77,58,757	54,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	9.00N	10	Nil	1.00	1.00	....	6	Y.P.T.
80,01,400	1,26,93,254	97,20,051	46,35,240	....	C. G. Montgomery, Esq. (Chairman)..	Balmer Lawrie & Co., Ltd.	237.00	100	25.00	25.00	25.00	22.50	12	Y.
12,00,000	31,52,123	39,22,354	35,10,354	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	31.00N	10	4.00	2.50	2.50	3.00	12	Y.
20,00,000	9,62,972	67,82,724§§	....	1,064	Lovelock & Lewis	Birds Investment Ltd.	9.00	10	0.95	1.00	1.00	0.80	9	Y.P.
68,95,530	1,00,95,705	2,16,07,495	89,93,468	745	K. Julian Scott, Esq. (Mg. Director)..	Britannia Biscuits	38.00	10	2.50	3.00*	2.50	2.10	3	Y.P.T.
3,25,00,000	2,59,81,762	3,30,37,927	2,59,48,445	23,545	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	9.62	5	0.20	0.35	0.45	0.75	12	Y.P.
50,00,000	49,02,950	52,35,851	29,71,082	2,226	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	21.50	10	1.25	1.25	1.00	1.50	12	Y.
1,58,80,000	14,77,612	1,77,91,192§§	....	2,70,442	Andrew Yule & Co., Ltd.	Clive Row Investment	8.00xd	10	0.80	0.75	0.75	0.80	12	Y.
5,96,650	7,50,000	40,86,867	30,84,660	28,239	K. L. Mital, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	1.00	0.70	....	10	Y.P.T.
4,50,00,000	6,25,00,650	12,21,08,895	5,75,17,151	....	M. L. Bexon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	32.62	10	2.15	2.00	1.50	1.75	12	Y.P.T.
90,00,000	1,27,48,000	39,14,313	14,45,834	2,42,095	K. P. Goenka, Esq. (Chairman)	Duncan Brothers & Co., Ltd.	135.00	100	14.00	14.00	14.00	....	12	Y.P.
56,72,320	2,28,56,496	2,44,33,402	53,53,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	24.00	5	1.25	1.50	0.90	0.90	3	Y.
76,89,000	66,11,801	1,78,16,453§§	....	1,51,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	101.00	100	14.00	14.00	12.00	10.00	12	Y.P.
96,58,202	1,93,322	26,02,244	8,43,057	—4,08,444	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	6.75	10	....	....	Nil	Nil	3	Y.
48,33,000	9,17,059	1,27,35,885	41,42,015	5,749	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.00xd	10	0.60	0.40	0.40	0.75	12	Y.P.
40,12,888	89,64,090	1,15,37,705	59,85,716	2,62,362	Satya Narain Gupta, Esq. (Chairman)..	Ganesh Flour Mills Co., Ltd.	12.50N	12.50	1.60	1.60	1.60	....	9	Y.P.
14,00,000	10,92,000	44,75,416	23,86,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	225.00	100	17.50	20.00	15.00	....	12	Y.
80,00,000	....	4,73,255	....	21,691	National Rubber Mfrs. Ltd.	General Tyres Ltd.	7.12	7.50	....	Nil	Nil	Nil	6	Y.
65,00,000	58,42,190	34,60,723	20,83,588	—8,30,040	J. W. Easson, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	15.47	10	1.00	1.10	1.10	1.10	3	Y.P.
40,00,000	85,10,800	88,90,747	56,46,453	2,446	D. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	21.60xd	10	4.00	4.00	3.00	2.00	12	Y.P.
2,00,16,000	1,54,85,753	3,68,98,878	37,75,535	51,86,310	R. E. O. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	22.69	10	....	Nil	....	....	12	Y.
3,07,66,250	2,31,76,494	10,71,36,643	5,58,33,994	3,043	Birla Brothers Private Ltd.	Hindustan Motors Ltd.	18.00	10	0.90	1.20	1.25	1.15	3	Y.P.
1,80,00,000	57,26,612	3,18,45,042	72,54,008	—12,90,311	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	14.37	10	1.20	1.20	Nil	Nil	10	Y.
40,00,000	....	92,65,321	6,66,780	—11,50,824	H. L. Somany, Esq. (Chairman) ..	Hindustan Twyfords Ltd.	12.25	10	....	Nil	Nil	Nil	3	Y.P.
15,16,00,000	10,67,60,544	12,69,94,526	4,09,70,628	3,29,429	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	9.31	10	0.80	0.90	0.90	0.80	3	Y.
6,00,44,460	5,02,72,274	18,67,08,063	6,31,36,292	4,12,610	H. V. R. Iengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	39.37	10	1.50	1.50	1.75	1.75	12	Y.P.T.
2,48,65,450	3,38,26,675	3,48,31,931	1,88,64,278	21,521	J. V. J. Paterson, Esq. (Chairman) ..	Indian Cable Co., Ltd.	36.25	10	2.25	2.25	2.25	2.25	3	Y.T.
3,54,00,000	1,61,33,888	9,06,12,544	3,91,56,221	85,587	Amiya Kumar Sen, Esq. (Mg. Director	Indian Oxygen Ltd.	24.12	10	1.50	1.50	1.20	1.20	9	Y.T.
29,98,375	1,89,825	60,18,368	28,12,632	66,066	M.	Indian Plastics Ltd.	7.75	10	Nil	Nil	Nil	Nil	3	Y.P.
8,27,970	12,42,783	22,18,109	13,35,190	53,791	M.	Indian Rubber Manufacturers	17.75xd	10	2.00	2.00	2.50	....	3	Y.P.
74,98,900	5,81,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Isaac Heldens (India) Ltd.	11.37	10	Nil	Nil	Nil	Nil	12	Y.
2,00,00,000	87,10,720	55,40,429	19,54,132	....	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	75.50	10	7.00	7.00	6.00	7.00	3	Y.P.
15,00,000	18,00,000	18,79,359	1,52,872	64,044	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	9.12	10	1.00	1.00	....	....	3	Y.P.
1,40,20,888	29,23,514	2,73,18,972	18,67,883	1,01,639	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	11.37	10	....	0.60	0.45	0.32	3	Y.
1,47,12,250	1,38,23,546	94,70,888	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	26.50	10	2.75	2.75	2.50	2.50	9	Y.P.
16,00,000	14,99,563	29,93,908	5,80,650	....	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	22.22	10	3.00	1.25	0.60	....	12	Y.
47,12,000	90,83,868	34,12,628	15,66,083	2,34,727	M.	McLeod & Co.	230.00	100	15.00	15.00	18.00	....	3	Y.P.
3,22,00,000	2,96,70,151	5,27,52,316	1,88,41,107	2,480	M. K. Vellodi, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	30.00xd	10	2.50	2.50	2.50	1.90	3	Y.P.
24,98,000	22,90,764	32,86,501	11,11,396	3,426	N. G. Ayyangar, Esq. (Mg. Director .)	Mysore Electric Industries Ltd. ..	168.00	100	24.00	20.00	20.00	12.00	3	Y.
6,56,250	10,58,965	15,65,798	46,55,184	1,217	Mr. M. Subramanyam (Chairman) ..	Mysore Lamp Works	30.00	10	2.00	2.50	3.70*	0.80	3	Y.P.
10,00,000	6,01,040	22,77,151	13,28,686	1,401	I. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	11.25	10	1.00	Nil	1.00	1.00	3	Y.
1,35,00,000	1,27,32,234	1,64,18,002	73,46,576	21,708	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	24.00	10	2.50	2.50	2.50	1.80	3	Y.T.
20,00,000	36,90,300	56,25,223	32,56,376	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Pipes & Tubes Co., Ltd. ..	27.56	10	2.00	2.00	2.00	2.00	9	Y.P.
40,00,000	39,77,485	81,98,266	44,68,902	35,955	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Rolling & Steel Ropes ..	19.50	10	1.50	1.50	1.50	....	6	Y.
80,00,000	21,56,713	1,30,14,550	62,00,886	58,629	K. N. Mookerjee, Esq. (Mg. Director.)	National Rubber Manufacturers Ltd..	10.75	10	Nil	0.65	0.80	1.00	12	Y.P.
79,97,000	1,30,45,000	1,76,39,820	1,01,47,234	3,26,438	N. N. Elias & Co. Private Ltd.	National Tobacco	11.12xd	10	1.60	0.70	0.70	0.80	12	Y.P.T.
28,82,100	17,27,391	64,55,515§§	....	46,960	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	51.00xd	75	6.50	6.50	6.00	....	12	Y.
20,00,000	10,04,500	19,06,562	10,15,929	2,705	Parry & Co., Ltd.	Parrys Confectionery Ltd.	2.97	1	0.30	0.30	0.26	0.16	3	Y.§
2,30,00,000	1,13,85,088	3,58,53,739	1,25,56,971	43,000	W. J. C. H. Bosschaert, Esq. (Chairman)	Phillips India Ltd.	27.25	10	1.20	1.20	1.30	1.50	12	Y.
1,56,25,000	9,45,700	2,36,97,801	39,71,134	—47,66,862	Duncan Brothers & Co., Ltd.	Phillips Electrical	12.25	5	Nil	Nil	....	....	3	Y.
12,25,600	7,44,934	20,08,133	7,95,081	4,309	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.60	5	0.70	0.70	0.75	0.75	3	Y.P.
41,56,400	43,63,124	76,97,664	27,98,850	2,987	T. Shamanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	21.12	10	2.30	1.80	1.80	1.80	3	Y.
2,25,00,000	41,45,070	1,66,51,275	62,32,070	5,982	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	124.00	100	4.00	8.50	8.50	10.00	3	Y.P.
3,00,00,000	3,85,90,000	15,86,08,576	7,92,70,768	4,805	Sahu Jain Ltd.	Rohtas Industries	11.31	10	2.00	1.00	0.80	0.90	3	Y.P.T.
1,25,00,000	86,99,991	1,02,02,408	9,21,237	—14,10,918	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	7.10	10	0.80	0.80	Nil	9	9	Y.P.
71,60,000	....	1,66,99,597	70,28,936	3,55,748	C. M. A. Bathurst, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	14.62xd	10	1.50	1.50	0.75	1.25	12	Y.P.
75,00,000	69,54,952	1,10,03,806	45,00,289	1,19,162	Standard Motor Co. (India) Pvt. Ltd.	Travancore Ogale Glass	10.12xd	10	0.90	0.70	0.60	0.75	12	Y.P.
47,00,000	$2,00,000	2,09,13,405	63,50,721	14,200	Ogale Bros. (Private) Ltd.	Travancore Rayon Ltd.	5.03	10	0.60	0.70	0.65	0.65	12	Y.
9,99,810	59,875	19,24,738	10,28,291	1,292	E. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	30.50	10	3.25*	1.50	3.25	3.35	3	Y.P.
11,16,200	19,10,241	16,95,997	8,53,887	53,656	Sir A. Ramaswami Mudaliar (Chairman	Tube Investments of India Ltd.	192.00	100	10.00	10.00	10.00	10.00	7	Y.
2,50,00,000	2,14,79,630	5,65,54,026	1,69,15,726	50,510	Sir A. Ramaswami Mudaliar (Chairman	Tungabhadra Industries Ltd.	8.69	10	Nil	Nil	Nil	1.00	9	Y.T.
3,58,950	7,01,942	79,26,373	46,26,373	89,275	The Cotton Agents Private Ltd. ..	Union Carbide India Ltd.	30.50	10	1.80	1.80	1.25	1.50	12	Y.T.
2,80,00,000	3,80,54,275	7,77,15,892	2,68,25,232	1,93,008	J. R. Galloway, Esq. (Chairman) ..	United Breweries	33.00	10	5.00	6.00	2.50	0.50	3	Y.
90,00,000	1,32,52,320	70,39,990	27,47,493	....	Vittal Mallya, Esq. (Chairman) ..	United Flour Mills Ltd.	26.25xd	10	3.50	1.00	0.75	2.00	11	Y.
5,00,000	5,41,748	9,59,498	6,77,689	8,262	K. W. Wallace & Co., Ltd.	Western India Plywoods Ltd.	207.00xd	100	10.00	12.00	14.00	15.00	3	Y.P.
81,46,200	30,44,970	1,13,05,331	52,37,456	9,200	A. K. Kaderkutty, Esq. (Mg. Director).									
TRANSPORT														
20,00,000	23,73,858	70,97,782	39,60,733	54,558	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co... ..	110.00	100	7.50	7.50	10.00	10.00	10	Y.P.
1,00,00,000	75,25,552	3,76,66,710	1,67,53,127	—68,12,170	Dinshaw (Private) Ltd.	Bharat Line	4.44	10	Nil	Nil	Nil	0.50	12	Y.
80,00,000 } 20,06,099 }	2,71,54,448	10,34,29,602	3,49,39,642	1,28 987	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	{ 13.84	10	1.00	0.78	1.00	Nil	} 6	Y.
							{ 13.28	10	0.50	0.39	0.50	Nil		
68,55,850	£1,194,360	£4,312,991	£2,342,163	—£84,854	Kilburn & Co. Private Ltd.	India General Navigation & Bly. Co.	28.00	£10	Nil	Nil	Nil	Nil	3	Y.P.
2,47,50,000	1,57,29,564	28,79,77,974	8,19,14,557	....	Lionel Edwards (Private) Ltd.	India Steamship Co.	6.37	10	1.00	Nil	Nil	Nil	12	Y.P.
11,28,19,293	11,58,24,947	36,88,60,105	12,45,17,005	2,82,649	D. N. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	15.24	20	0.60	0.60	0.60	1.00	3	Y.P.
2,40,800 } F.C. 2,10,200 }	$0.76,582	18,79,885	11,06,250	21,687	R. R. Aiyar, Esq. (Manager)	Walford Transport Ltd.	{ 2.94	O. 1	0.80	0.80	0.80	0.27	6	Y.
							{ 2.25	F.C. 1	0.20	0.20	0.20	0.27	} 12	§Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
25,50,000	69,27,800	1,49,32,049	90,70,765	89,096	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	21.06	10	1.00	1.25	1.50	....	3	P.
12,00,000	12,52,552	41,58,992	22,25,221	....	Jardine Henderson, Ltd.	Barraree Coke	21.25	10	Nil	Nil	1.50	1.50	3	Y.
4,49,350	4,52,388	11,57,089	6,92,088	5,592	Kalyanji Mavji & Co.	Bengal-Bhatdee	3.00xd	10	0.60	....	....	1.50	3	Y.
20,00,000	2,88,23,178	9,41,09,762	5,68,34,133	1,03,409	Andrew Yule & Co., Ltd.	Bengal Coal	227.00	100	25.00	21.00	19.00	16.00	12	Y.P.T.
2,25,000	5,45,835	24,86,330	21,80,114	16,129	M.	Bengal-Nagpur	22.50N	10	1.00	2.60	....	....	12	Y.
4,00,000	....	1,27,27,959	99,60,595	—8,95,581	Sahu Jain Ltd.	Bharat Collieries	3.00N	10	Nil	Nil	Nil	....	6	Y.P.T.
7,15,000	8,31,772	59,01,884	37,69,468	—6,87,301	M.	Bhulanbararee	10.00N	10	Nil	....	....	....	3	Y.P.
7,50,000	29,11,605	55,15,184	32,39,262	6,037	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	18.25xd	10	1.50	1.50	1.50	1.50	12	Y.P.
92,92,480	94,32,421	4,74,28,850	2,98,88,977	90,768	Bird & Co. Private Ltd.	Burrakur	15.75	10	1.30	1.30	1.30	1.30	3	Y.P.
49,97,750	6,85,370	84,62,322	33,58,568	3,58,023	Hindustan Investment Corpn. Ltd. ..	Central India	8.44	10	0.80	1.00	1.00	....	3	Y.
8,00,000	12,99,400	54,18,457	35,46,265	—1,25,641	Jain Industries	Central Kurkend	3.50N	10	Nil	....	....	....	12	Y.
16,00,000	....	61,90,801	32,92,041	—5,39,084	M.	Dhemo Main	8.56	10	Nil	Nil	....	....	12	Y.
42,40,000	£561,055	£979,072	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	28.00	£1	1.00	2.00	2.75	....	3	Y.
29,68,760	1,22,22,090	5,29 46,901	3 93,26,117	1,57,517	Macneill & Barry Ltd.	Equitable	20.75xd	10	1.50	1.00	1.00	1.00	4	Y.
15,00,000	40,000	27,42,964	9,88,623	—5,84,265	Khaitan Agency Ltd.	Ghusick and Musilia	13.00N	10	Nil	Nil	....	....	3	Y.P.T.
12,00,000	2,41,433	45,20,017	30,34,265	766	Killick Industries Ltd.	Hingir-Rampur	41.00	50	Nil	Nil	Nil	....	3	Y.P.
3,00,000	....	26,07,213	20,64,191	—3,65,025	M.	Hurriladih	5.44N	10	Nil	....	....	....	6	Y.P.
20,00,000	9,86,018	49,02,919	15,19,022	32,810	Bird & Co. Private Ltd.	Karanpura Collieries	11.56	10	0.75	1.00	1.00	....	12	Y.
14,90,460	20,19,552	70,21,254	46,47,270	2,03,231	Andrew Yule & Co., Ltd.	Katras Jherriah	29.50	10	3.50	4.00	2.50	3.00	3	Y.
8,00,000	10,27,762	29,57,544	23,77,712	57,591	H. V. Low & Co. (Private) Ltd. ..	Lakurka	12.75N	10	0.40	....	....	....	1	Y.
7,48,240	56,490	13,90,484	10,51,223	74,711	Tantia Brothers Private Ltd.	Nazira	4.69	10	0.75	Nil	Nil	....	4	Y.
31,97,210	46,16,139	2,10,82,165	1,23,86,029	15,709	Andrew Yule & Co., Ltd.	New Beerbhoom	16.56	10	1.60	1.00	1.20	1.00	12	Y.
10,00,000	8,90,256	12,37,188	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Manbhoom	11.37	10	0.75	0.90	....	....	10	Y.P.
1 15,000 } 1,57,000 }	4,31,409	17,65,275	10,59,556	15,045	M.	North West	{ 19.00N	10	2.00	2.00	....	....	3	Y.
							{ 17.50N	7.50	1.50	1.50	....	....		
7,50,000	12,52,534	1,94,347	22,85,005(k)	....	P. Prashad, Esq. (Chairman	Ondal	11.00xd	10	....	0.75	....	....	} 3	Y.
3,34,000	1,52,212	37,86,226	14,17,160	589	Deepchand Kishenlall	Parasea	12.00xd	10	0.125	0.125	0.75	0.50	12	Y.P.
15,75,000	24,59,125	87,88,044	54,94,852	54,253	Shaw Wallace & Co., Ltd.	Panch Valley	17.37	10	1.00	1.00	1.00	....	12	Y.P.T.
41,99,120	40,85,000	1,62,75,221	1,12,48,598	35,781	M.	Ranegunge	18.12	10	1.50	1.70	1.70	....	3	Y.
13,50,000	32,99,490	86,33,834	47,23,819	8,453	Shaw Wallace & Co., Ltd.	Rewa	24.75xd	10	2.00	2.00	1.70	....	3	Y.
37,50,000	45,20,336	1,20,44,712	48,96,957	3,953	M.	Samla Collieries	7.50xd	10	1.00	1.00	1.00	1.50	12	Y.
40,00,000	16,17,485	1,10,28,290	24,54,119	1,672	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries	104.00xd	100	16.00	14.00	10.00	10.00	12	Y.
2,80,000	14,49,816	26,11,289	22,95,222	16,284	Andrew Yule & Co., Ltd.	Seebpore	25.00xd	7	3.00	3.00	2.50	2.00	12	Y.
12,84,000	6,35,222	35,740	18,68,748(k)	382	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	5.25xd	10	3.00	3.00	2.50	2.00	12	Y.P.
3,00,00,000	1,42,11,727	11,90,70,501	5,00,12,313	18,633	M. P. Pai, Esq. (Chairman)	Singareni	9.75	10	0.50	0.75	0.35	0.25	3	Y.
17,50,000	11,77,055	57,60,323	25,84,592	3,001	Bird & Co. Private Ltd.	South Karanpura	9.25	10	0.70	0.75	0.50	0.30	12	Y.
8,00,000	16,18,969	1,58,707	25,19,145(k)	4,723	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	9.62xd	10	0.25	Nil	Nil	0.75	3	Y.
2,50,000	3,01,032	23,77,775	17,78,595	36,403	B. M. Varma, Esq. (Mg. Director) ..	Union	10.25N	10	1.50	1.00	1.00	1.00	12	Y.
49,98,000	6,09,055	1,05,82,162	42,25,012	1,19,162	Hindustan Investment Corpn. Ltd. ..	Western Bengal	8.75	10	0.60	0.75	....	....	12	Y.
71,60,000	....	80,62,759	34,56,424	—6,23,711	M.	West Jamuria	3.50N	10	Nil	Nil	0.90	....	3	Y.

M.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.

N.B.—Dividends paid since 31st March 1959 are shown as taxable.

M.—Managed by the Board of Directors.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only.

(k) Investments.

X.B.—Ex-Bonus.

*Includes bonus.

§Investment at cost.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.0(	Mar, Sept.	94.50	100
BREWERIES AND SUGAR						
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N	100
Bhopal Sugar T

SHOULD U. K. BANK RATE BE RAISED?

By Our London Correspondent

As the holiday season closes in the City tends to become distracted by trivialities and movements which develop on the markets and the exchanges are given more than their usual significance: it is known as the beginning of the "silly season" when commentators must be more than usually careful to distinguish wheat from chaff. And there have been plenty of subjects to provide excuse for speculation: the collapse of the firm referred to by this correspondent last week has gone on providing food for gossip though its economic significance is nil. On balance the markets showed a gain on the week (though there was no excuse for last week's losses). Of much greater significance than the collapse affair has been the proposed merger between Courtaulds, Lancashire Cotton and Fine Cotton Spinners, which, if it goes through, would create a giant textile monopoly of £370 million. Views are mixed: there has been general astonishment at the magnitude of the deal and its commercial implications, but some are prepared to say that the British textile industry is still in need of rationalisation and that this is the way to do it. The anti-monopolists are worried, the efficiency seekers pleased.

The May production figures are now out and show that for five months running the British economy has apparently stood still, while employment has crept up. "Down goes productivity" murmur the pessimists and most people are inclined to agree the position is unsatisfactory, but now comes the revelation that it is all due to the fine summer. People are using less gas and electricity, so the utilities, which account for one-eighth of U.K. output, are producing less and thus counteracting the other rising elements in the economy. There is something, but not much, in the point.

Retail Trade

What is less satisfactory is that the volume of retail trade is actually down over the past three months, but retail prices are two per cent up—or three per cent up on the past six months.

Economic growth is clearly lagging behind, public spending is in no way responsible for any inflationary tendency, yet imports have risen much more steeply than exports and prices have risen. This suggests that old spectre cost inflation, one of whose components is poor productivity. A main danger about the rise in retail prices in these circumstances is that cause is given for more wage claims in the autumn. After all three per cent in six months is a higher rate than the agreed formula (agreed by the Government and industry, that is, not by the unions who still demand a "proper" incomes policy before agreeing to any such thing) for wage increases. Thus all workers who have had gains of no more than three per cent since last autumn have already had them wiped out.

This gives point to the insistence by the postmen that they should receive much more than the four per cent the Government offered them. In the event they have now had 6½ per cent and called off their strike, but other workers will now say that their claims also must be looked at without prejudice, that is without being measured against a national yardstick of 3½ per cent.

The Immediate View

On the immediate view, the British economy certainly appears to be nodding. Why then should a rise in Bank rate be expected week by week? First, because domestic money rates have been rising (the Treasury Bill rate is now almost up to Bank rate); secondly, because international factors are bearing against sterling. Such a rise is unlikely to inhibit the expansion in industrial investment which must surely begin to show itself before long. In building it is already here; bricks and now timber are in short supply and the constructional industries fully extended. Only a lack of confidence can hold back substantial industrial investment. Can anything be done to assist confidence in the future if Bank rate is raised? Should the Budget cautionary cry be reversed? For instance, should "regulator" taxes (the indirect taxes that the Chancellor can move by 10 per cent without Parliamentary authority) be dropped?

These questions are already being asked, but just as importantly it is being urged that an incomes policy is more than ever necessary. The pessimists are going so far as to say that, if something is not done before long (and how can it be done before the election?) then the alternative will be devaluation. But this looks like a bad estimate of the future; the present Government is not going to set the seal on defeat at the polls by devaluing before October and, if Labour wins, it would hardly start off by devaluing, even if it could say that its predecessors made that inevitable. It would be a point of honour and of economic principle to cure the nation's ills without that, especially as such a Government could resort to physical controls to relieve import pressures. But a returned Conservative Government might conceivably devalue and put the blame on the trade unions for resisting an incomes policy: however, this is a long shot in speculation.

In conclusion, there seems little doubt that Britain's problem is too low productivity and too high costs. And it is improbable that anything will be done about these things till after the election.

BANKING

(*Concluded from page 180*)

of interest rates. A special feature of this growing importance of dear money which has escaped general notice has been emphasised by Mr. Simha: Contrary to public impression, India is not a land of very low interest rates. Taking into account all the sectors—the organised and the unorganised, the industrial borrower and the agricultural borrower, the large borrower and the small borrower—the structure of interest rates is reasonably high. The endeavour of the authorities has been to raise interest rates for the organised and the industrial sector but to lower it for the unorganised and the agricultural sector, and to hold it down as far and as much as possible for Government borrowing. In fact, during the second Plan, a fairly active monetary policy was in operation. In addition to interest rates, quantitative and selective credit regulations were used to control direction and flow of credit. Above all, variable reserve ratios were operated for the first time.

By the time we came to the second year of the third Plan, there were indications of stresses and strains following substantial stepping up of investment effort. The accent on monetary policy during the third Plan period has, therefore, been on restraint, though there have been short periods of some liberalisation thrown in between.

Mr. Simha's analysis of fiscal and monetary policies is fairly intensive and, even when he has emphasised the achievements, he is not unaware of the inadequacies, difficulties and the importance of the time factor in taking important policy decisions. But what is of the greatest value is his stress on proper organisational economic, fiscal and monetary framework within which the instrument should be employed and that too on a modest scale. A proper appreciation of his findings by the policymakers could suggest a way out of the present impasse in which the thrd Plan and the economy have landed themselves at present.

SALE OF UNIT TRUST'S UNITS

The response to the sale of units by the Unit Trust of India which have been on offer since 1st July 1964, has so far been good. Over 40,000 applications, according to the Trust, have been received upto 22nd July and there is a regular flow of applications from all over the country. The majority of applications are for amounts ranging from Rs. 100 to Rs. 1,000 reflecting the subscriptions from small and medium income groups. In response to the requests to extend the initial sale period beyond 31st July and with a view to providing fuller opportunity particularly to persons in the remoter parts of the country to take advantage of the initial offer of the units, the Board of Trustees has extended the initial sale (at par value) period, which ended on 31st July upto the 14th of this month. Sale of units, therefore, continue at par value, namely, Rs. 10 per unit.

Notice

TAK MACHINERY LIMITED

Registered Office:

Janmabhoomi Bhavan, Ghoga Street Fort, Bombay-1

NOTICE

To
THE SHAREHOLDERS
TAK MACHINERY LTD.

NOTICE is hereby given that the Second Annual General Meeting of the above Company will be held at the Registered Office of the Company on Saturday, the 29th day of August 1964, at 10.30 A.M. (S.T.), to transact the business, details of which have been given in our Notice together with the Explanatory Statement dated 27th July 1964 which is being sent individually to all the members together with the audited Statements of Accounts for the year ended 31st March 1964.

The Share Transfer Books of the Company have been closed since the 21st day of July 1964 and will remain closed upto 3rd August 1964 (both days inclusive).

By Order of the Board,
(D. S. MAHADEVIA),
Managing Director.

Dated 27th July, 1964.

N.B. A MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 30th July 1964.

	Closing quotations 23-7-1964	High	Low	Closing quotations 30-7-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	145.00	—	—	145.00
Apollo (2)	1.60	1.60	1.58	1.60
Baroda Rayon (100)	75.00	75.00	74.00	74.50
Bombay Dyeing (25)	57.40	58.00	57.00	57.80
Bradbury (50)	162.50	—	—	162.50
Central India (100)	93.00	93.00	91.00	91.00
Century Mills (100)	600.00	615.00	597.50	610.00
Dawn (50)	166.00	166.00	165.00	165.00
Elphinstone (50)	104.00	104.00	97.00	97.00
Finlay (100)	300.00	302.00	300.00	302.00
Gokak (100)	178.00	178.00	176.50	176.50
Gold Mohur (100)	213.75	215.00	212.50	215.00
Gwalior Rayon (10)	38.50	40.50	38.50	40.50
Ind. Untd. Defd. (1)	2.36	2.40	2.36	2.36
Ind. Untd. Ord. (10)	19.24	19.52	19.32	19.40
Indian Rayon (100)	58.50	59.30	56.00	58.00
Indore Malwa (100)	208.00	210.00	207.50	210.00
Khatau (100)	180.00	—	—	180.00
Kohinoor (100)	324.00	326.25	324.25	324.50
Mafatlal (100)	505.00	505.00	501.25	503.75
Modella Woollens (10)	12.00	—	—	12.12
Morarji (100)	268.00	269.00	268.00	269.00
Mysore (50)	38.50	39.00	38.50	39.00
National Rayon (100)	358.00	368.50	354.50	363.00
New Great (100)	160.00	—	—	160.00
Phoenix (100)	253.00	255.00	250.00	252.00
Podar Mills (10)	11.44	11.44	11.28	11.41
Raymond Woollen (100)	133.75	136.25	134.50	136.25
Sasoon Spg. (10)	38.00	—	—	38.00
Shreeniwas (100)	245.00	246.00	243.00	244.00
Simplex (50)	136.00	136.00	135.50	135.50
Standard (100)	626.00	638.00	622.00	629.00
Svadeshi (100)	246.50	265.00	246.50	263.00
Swan (100)	266.00	266.00	266.00	266.00
S. I. Viscose (100)	117.00	116.00	114.00	116.00
Tata Mills (25)	53.50	54.20	53.20	54.00
Lakshmi-Vishnu (100)	91.00	91.00	90.70	91.00
Western India (250)	815.00	825.00	815.00	825.00
BANKS				
Bank of India (50)	104.00	104.00	103.50	104.00
Do. (New) (50)	105.50	106.00	105.50	106.00
Bank of Baroda (50)	97.50	98.00	97.00	98.00
Central (25)	49.00	49.50	48.50	49.25
Central 'A' (25)	52.00	52.00	51.50	51.50
Dena Bank (50)	64.50cd	64.50cd	63.50xd	63.50xd
Punjab National (10)	20.44	20.52	20.44	20.52
Union Bank (5)	6.08	6.16	6.08	6.16
United Com. (50)	70.00	70.50	69.50	70.00
Maharashtra (50)	53.50	—	—	53.50
ELECTRIC COS.				
Ahmedabad (100)	99.80	100.25	99.70	100.25
Amalgamated (10)	9.32	9.24	9.12	9.24
Andhra Valley (1,000)	1,100.00	1,100.00	1,095.00	1,100.00
Bom. Sub. El. (100)	106.00	107.00	106.50	107.00
Surat (100)	104.00	106.50	105.00	106.50
Tata Hydro (100)	114.00	115.00	113.75	115.00
Tata Power (1,000)	1,145.00	1,150.00	1,145.00	1,147.50
INSURANCE COS.				
British India (10)	14.00	14.00	9.72	9.72
Indian Mercantile (50)	65.00	—	—	65.00
New India (15)	45.75	46.00	45.50	45.75
New India 'A' (15)	47.00	47.25	46.50	46.50
Vulcan (10)	16.24	—	—	16.24
STEEL COS.				
Ind. Iron (10)	25.40	25.70	25.35	25.50
Mukand Iron (10)	18.00	18.00	17.80	17.92
Tata Steel Ord. (76)	154.00	155.00	153.25	154.00
SUGAR COS.				
Belapur (50)	218.50	230.00	218.00	225.50
Bhopal (10)	12.76	—	—	12.76
Changlieo (1.50)	27.75cr	27.75CR	25.50XR	25.50XR
Maharashtra (50)	136.50	142.00	136.50	139.00
Phaltan (50)	100.50	106.50	100.25	105.00
Walchand Ind. (100)	150.50	152.00	150.50	152.00
CEMENT COS.				
Associated Cts. (100)	152.25	153.00	152.25	152.50
Digvijay (100)	175.00xd	176.00	174.50	175.50
Orissa (10)	11.92	12.00	11.92	11.96
DYES & CHEMS.				
Amar-Dye-Chem (100)	157.50	157.50	154.50	155.00
Camphor & Allied (100)	84.00	84.00	83.00	84.00
Citric (100)	67.50	68.00	67.00	67.00
Chemicost (100)	111.00	111.00	108.00	108.00
Colour-Chem (100)	317.50xd	315.00	310.00	313.75
Indian Dyestuff (100)	267.50	271.25	262.50	263.75
Polychem (50)	163.75	165.00	148.75	152.50
Synthetics (100)	71.50	72.50	70.00	70.00
Tata Chemicals (10)	18.44	19.08	18.40	18.60
MISCELLANEOUS				
Alcock Ashdown (100)	277.00	286.00	275.00	281.00
Bom. Burmah (25)§	55.50	56.00	55.20	55.50
Do. (New) (20)‡	42.30	42.50	41.75	42.00
Br. B. Petrol (1½ sh.)	3.38	3.48	3.32	3.40
Br. I. Corpn. (5)	9.72	—	—	9.72
Cooper Engg. (100)	109.50	109.50	107.00	107.50
Hindustan Lever (10)	32.00	31.25	30.00	30.00
Hindustan Motors (10)	18.16	18.20	17.80	17.88
I. C. & Invest. Corporation (100)	93.00	—	—	93.00
Indian-Copper (2 sh.)	3.24	3.30	3.24	3.25
Kilburn (100)	101.00	101.50	100.50	101.00
Larsen & Toubro (10)	21.20	21.20	20.88	21.12
Mahindra & Mahindra (10)	16.24	16.36	16.16	16.24
Asian Cables (100)	69.00	71.00	69.00	71.00
Permanent Magnets (100)	99.00	100.00	97.50	97.50
Phillips Carbon (10)	12.00	12.00	11.76	11.76
Pre. Automobiles (100)	101.50	101.50	100.00	101.25
Premier Cos. (20)	180.00	183.50	178.00	183.00
Scindia (25)	15.44	15.52	15.20	15.20
G. E. Shipping (10)	13.76	13.92	13.68	13.72
N. Standard Eng. (100)	136.00	136.00	134.00	136.00
T. Manekial (100)	510.00	—	—	510.00
Shivrajpur (10)	17.00	17.52	16.52	16.76
Sirpur Paper (10)	11.40	11.48	11.36	11.36
Tata Locomotive (100)	286.50	292.00	285.50	290.00
Tata Oil (25)	63.00	63.50	62.50	62.70
Voltas (100)	251.00	251.50	249.00	249.50
W. I. Match (100)	241.00	241.00	240.00	240.50
W. Coast Paper (100)	158.00	160.00	157.50	159.00
Zenith Steel (10)	16.12	16.36	15.76	15.76

GOVERNMENT SECURITIES	28-7-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	30-7-1964 Rs.
2½ % 1976	83.00	—	4.61	83.00
3 % 1966-68	98.55	3.70	3.27	98.55
3 % 1970-75 1st Def.	90.40	4.86	4.10	90.40
3 % 1966 Con. Loan	63.85	—	4.71*	63.80
3½ % 1965 N. P. Bonds	100.10	—	3.33	100.15
3½ % 1967 N. P. Bonds	99.90	—	3.55	99.85
3½ % 1974	96.75	—	4.12	96.75
3½ % 1967 N. P. Bonds	100.05	—	3.73	100.05
3½ % 1969 Loan	98.16	—	3.91	98.15
3½ % 1968	98.40	—	99.00	3.76
3½ % 1968 N. P. Bonds	99.95	—	3.76	99.95
4 % 1972 Loan	98.95	—	4.16	98.95
4 % 1973 Loan	98.80	—	4.15	98.85
4 % 1979 Loan	98.50	—	4.14	98.50
3½ % 1966 Bonds	99.90	—	3.42	100.15
4 % 1980 Loan	98.00	—	4.18	98.00
4 % 1981 Loan	98.35	—	4.15	98.35
4½ % 1985 Loan	100.15	—	4.50	100.00
6½ % 1977 G. Bonds	118.10	—	4.61	118.10
4½ % 1978 N. D. Bonds	100.10	—	4.24	100.10
4½ % 1986 Loan	100.10	—	4.50	100.00
4½ % 1989 Loan	100.00	—	4.75	100.00

* Current Income. xd—Ex-dividend. x.r.—Ex-Right.
c.r.—Cum-Right. cd—Cum-dividend.
§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 35.

COMMERCE

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

VOL. CIX. No. 2781 BOMBAY, 8th AUGUST 1964 PRICE Rs. 2

TEXTILE CONTROL: THINK AGAIN

QUITE a bright and interesting speech, albeit provocative and controversial in parts, was delivered by Mr. Ramnath A. Podar, Chairman of the Indian Cotton Mills' Federation, at the sixth annual general meeting of the Federation on Thursday this week. After impressively highlighting in the introduction of his speech the vicious circle of rising prices, wages and taxes induced by the self-defeating fiscal policy of the Government, Mr. Podar straightaway proceeded to deal with the problems pertaining to textile industry. The first to be tackled by him was the issue of prices of cloth. He was frank enough to admit that the Federation had accepted the scheme of partial control recently put forward by the Government with certain misgivings, because its practicability and usefulness were doubtful. As readers are aware, the Government's scheme provides for price and production controls over 40 per cent of cloth supplied by mills, leaving the balance free. This scheme, which is yet to come into force, will replace the existing voluntary price regulation. Much has been said about the voluntary regulation that came into being in January 1961. Suffice it to add that it had ceased to be effective long ago and that the protection offered by it to consumers was more illusory than real, especially in the last two years. Upto a stage, the mills had, no doubt, made a real sacrifice in an attempt to keep the prices of cloth from rising, but, when cost inflation assumed unbearable proportions and the Government failed to heed the industry's plea for a realistic revision of the prices voluntarily agreed to, the whole understanding broke down. The vast majority of mills found ways and means of circumventing the scheme.

Really speaking, the scheme was not all that voluntary as is made out, because the industry had no freedom to vary the prices in accordance with the changes in production costs. It was actually foisted on the industry, with the Government not wanting to take the responsibility for imposing statutory controls. In any case, it was meant to be a stop-gap arrangement, pending more effective measures for bringing about a sizable increase in the supply of cloth. Indeed, "the industry as a whole would have lost nothing," to quote Mr. Podar, "if the voluntary scheme, which had lost most of its sanctity, was continued." Then, why did the Federation, of all the interests concerned, raise its voice against the continuation of the voluntary scheme? Mr. Podar's explanation is that the Federation, far from aiming at putting more money in the pockets of millowners, was anxious "to re-establish discipline and orderliness in regard to textile prices." What Mr. Podar apparently means here is that the Federation did not want to be a party to an arrangement which had become a failure.

The scheme that has now been evolved to replace the so-called voluntary control is also of dubious value, particularly from consumers' point of view, and may create more problems than it seeks to solve. Mr. Podar, who has now publicly accepted this view, ought to have disassociated himself with it when the Cotton Textile Consultative Board gave its approval. But, in their anxiety not to be dubbed as non-co-operators, few of our businessmen choose to take such a forthright stand. This is not a commendable attitude. It is the duty of businessmen to point out the defects in any scheme, especially when they know that the ultimate sufferers will be consumers, and make it clear that, if the Government still wants to proceed with its implementation, it must take the entire responsibility for the consequences. Any way, it is gratifying to find that at least now Mr. Podar has thought it prudent to air his misgivings in public, though he still says that the industry would give a fair trial to it and expects the trade, as well as others concerned, to do likewise.

Some of the difficulties inherent in the scheme were spelt out in these columns a few weeks ago (*vide* page 54 of *Commerce* dated 11th July). The Government already seems to be feeling them, as is evident from its move to alter the scheme in a fundamental respect. If it finally gives effect to this amendment to the earlier scheme, it would only make things worse. The contemplated change and the further complications it would cause would be clear from the following extract from Mr. Podar's speech:

"... the scheme to which representatives of the industry agreed to give a trial envisaged control being extended to a cross-section of the entire production, so that, on the one hand, the consumer gets all types of his requirements from the pool of controlled varieties and, on the other, all units of the industry contribute the same proportion of their production for civilian market. Now, however, Government, it transpires, are thinking in terms of bringing under control all *dhotis, saris*, longcloth and shirting. Under the present pattern of production, the quantity of *dhotis, saris*, longcloth and shirting manufactured by each mill bears to its total production a different percentage ranging from nil to 100. This means that, under the scheme, the contribution of each mill to the controlled pool will also vary widely from nil to 100. To be successful, the scheme of controls must be equitable to all and I would like to request Government not to proceed with their new proposals which, besides being iniquitous, might result in loss of production and consequent imbalance between demand and supply to the detriment of the consumer.

"If the proposals have been framed by Government with the idea that they are going to eliminate the simultaneous supply of controlled and non-controlled *dhotis, saris*, longcloth and shirting, the existence of the decentralised sector seems to have been overlooked. That sector does produce these qualities. The market will, therefore, continue to have *dhotis, saris*, etc., both with price-stamping and without price-stamping; and the scheme does not fulfil even the limited purpose of eliminating non-price-stamped cloth in the controlled sector."

So what is the alternative? The answer is either complete control or no control. A half-hearted solution of the type now sought to be thrust on the industry is tantamount to eye-wash. It not only ignores the realities of the situation, but confers benefit, if any, only on a small section of the public. There was a time—1951 to be precise—when the mill sector accounted for about 79 per cent of total production of cloth in the country and the decentralised sector (handlooms and powerlooms) for the balance. But now its share has gone down to about 60 per cent, while that of decentralised sector has risen to 40 per cent. Meanwhile, the population has increased by not less than 100 million. The prices of cloth made in the decentralised sector have never been, and could never be, controlled, so that, even when the entire mill-made cloth is controlled, only 60 per cent of domestic production is subjected to price and production controls. But what is now sought to be done is to restrict controls to only 40 per cent of the production of a sector that accounts for less than 50 per cent of availability of cloth for home consumption, considering that exports of mill-made cloth vary from 12 to 15 per cent of production. Such a control, therefore, will not be of much benefit to a large section of consumers.

Mr. Podar goes a step further and avers that "it is impracticable to devise a really foolproof control" even if the entire mill-made cloth available for domestic market is subjected to price and production controls. He proves his point effectively when he says:

"Out of some 7,400 million yards made available to the civilian market in 1963, about 3,100 million yards were supplied by the decentralised sector. From the balance of 4,300 million yards supplied by mills, 2,000 million yards were grey cloth. If one estimates that 1,000 million yards thereof were, before reaching the consumer, subjected by processing houses to various finishes like bleaching, dyeing and printing, it means only about 3,300 million yards out of 7,400 million yards, or 45 per cent of the total internal supply, reached the consumer in the form in which it left the mills. Thus, any regulation of prices of mill cloth would, under the present pattern of production, extend to only 45 per cent of the supply in the internal market. Lakhs of persons must necessarily be engaged in the distribution of all this cloth to a population of over 460 million spread all over the country—more in villages and in hamlets than in big cities. This analysis clearly brings out the utter impossibility of exercising any control over this gigantic operation of distribution. Things have not been made easier by the indistinguishability of mill cloth from the cloth manufactured by the decentralised sector."

A logical extension of this argument is this: If more than half of the domestic supply is uncontrolled, why not leave the remainder also out of control? That, in our opinion, would be the right thing to do, for, though this solution might cause some temporary inconvenience to the public, it would lead to a better situation in due course, provided the Government permits the mill industry to expand not only its spinning capacity but also the weaving capacity through the introduction of automatic looms. More and more production of mill cloth to keep pace with the clothing demands of a growing population with a progressively increasing volume of purchasing power is the only way of preventing a recurring shortage of cloth.

But with the Congress Party in this country logic is invariably at a discount. Further, consequent upon the sharp rise in price levels in the past one year and the countrywide agitation stirred up by political parties out to discredit the party in power, the climate is not favourable for freeing any necessity of life from controls. It would require an extraordinary degree of political courage to take this step. And this is clearly absent in the Congress Party. Again, if cotton manufactures are decontrolled, it would be politically difficult to defend the continued retention of controls on cotton. If controls on cotton were removed, growers of other crops, including foodgrains, would also clamour for similar freedom which the country cannot obviously afford at this juncture of its economic career. Accordingly, some form of control, designed to ensure stability in the prices of cloth, seems to be unavoidable. This control, however, should be such as not to (*a*) retard the growth in the production of mill-made cloth which indeed is looked upon as the barometer of cloth supply situation, (*b*) result in a fall in the quality of cloth and (*c*) run counter to consumer preference. The system of partial control now being worked out does not satisfy these canons. The Textile Consultative Board [illegible]

Contents

	PAGE
LEADING ARTICLES—	
Textile Control: Think Again	213
U.S. Aid for Agriculture	214
MARKET GOSSIP	215
THIS WEEK'S SURVEY	218-219
TREND OF SHARES	247
SPECIAL FEATURES—	
Delhi Letter	216
American Letter	220
London Letter	221
I.M.F. and International Liquidity ...	223
Manchester Letter	225
Significant Advance in U.S. Economy ...	226
Britain's Approach to Cartels	228
Administration of Companies Act in India, U.K. and U.S.A.	230-233
BANKING	222
LABOUR	224
ENGINEERING	234
NEW PRODUCTS AND PROCESSES	235
COMMERCE AND INDUSTRY	236-237
NEW PUBLICATIONS	237
COMPANY MATTERS	238, 240
TREND OF MARKETS	243-246
WEEK'S STOCK EXCHANGE TREND	[illegible]
MISCELLANEOUS INFORMATION, REGISTRATIONS [illegible]	

and the Government should, therefore, get together and think again. Why not rectify the defects that have reduced the gentlemen's agreement to a farce? This may not be an ideal solution, but it may prove to be better than the partial control now on the anvil.

The authorities, as well as the spokesmen of industry and trade, are of the view that there is no scarcity of cloth in the country and quote in support of it the absence of any complaint from consumers about non-availability of cloth. If there is so much agreement among them on this point, the case for controls on production and prices falls to the ground. The fact, however, is that stocks of cloth in the country are thin; in any case, they are not large enough to prevent prices of cloth from going up in a free market. The unsold stock of cloth with mills as at the end of March 1964 was only 146 million metres, equivalent to about nine days' production and 12 days' delivery at the then prevailing level. There could not have been any significant improvement in the position since then. Production has no doubt been better, but so have been sales and deliveries. On the face of it, this state of affairs is also not conducive to freedom from all controls to trade and industry. If, however, there are no complaints from consumers, it may be because of the ready availability, though at high prices, of cloth made on powerlooms and handlooms as well as of rayon and synthetic fabrics.

The basic cause of the present unsatisfactory state of affairs is the defective textile policy of the Government under which loomage in the mill sector has remained frozen in the neighbourhood of 200,000 during the last 15 years, so that the decentralised sector could expand. There has been some thawing in the past two or three years, but it has been halting and half-hearted. Unless there is a drastic modification in this policy in favour of mills, cloth shortage will be a perennial malady of Indian economy. This is no exaggeration. It is pertinent to note, in this connection, that, though production in the decentralised sector has more than doubled since the early 'fifties (the estimated average monthly production in 1963 is 262 million yards, as against 119 million yards in 1952), the supply position of cloth continues to be difficult, necessitating controls that are irksome to prducers, traders and consumers alike. In this context, the advance reports about the contents of the Asoka Mehta Committee's recommendations on the place of powerlooms and handlooms in the decentralised sector are disquieting, as they credit the Committee of having favoured the continuation of the freeze on the loomage of mills. In the light of this, Mr. Podar's warning to the Government to the effect that continuation of the present policy would only result in a further worsening of the textile situation in the coming years is quite pertinent. This journal shares his fervent hope that the lesson that has or should have been learnt from a freeze on the mill sector ever since India became independent would not be ignored by the powers-that-be.

U.S. AID FOR AGRICULTURE

THE food situation, characterised by shortfalls in production, shortages in supply and consequent high prices, has deteriorated rapidly in recent months and brought about, in the process, a renewed awareness of the supreme importance of strengthening the agricultural foundation as much for feeding and clothing the increasing population as for sustaining the tempo of industrialisation. Thanks to this awareness, the Central Government and the Planning Commission have begun to think in terms of according a higher priority to agriculture in the fourth Plan. Of course, this higher priority is not reflected in the currently-proposed relative share of agriculture (including irrigation) in the aggregate *public* investment of about Rs. 14,000 crores envisaged by the Perspective Planning Division of the Planning Commission for the next Plan; in fact, this share is only 16 per cent, as compared with 21 per cent of the third Plan's public outlay of Rs. 6,300 crores. But the fact that the likely absolute investment in agriculture will represent 60 per cent more than under the third Plan, taken along with the trend of accent on intensive cultivation and minor irrigation, would seem to suggest that a higher priority is being envisaged for such agricultural schemes as will yield quicker and better results for the planned outlay.

Noteworthy, in this context, is the critical view recently expressed by Mr. Asoka Mehta, Deputy Chairman of the Planning Commission, about poor planning and faulty execution in the *crucial* sector of irrigation. In his judgment, quick-yielding schemes in agriculture are not being attended to; although it was always known that major and medium irrigation schemes would take time to complete—and more time to give a return—they have not been properly phased so as to help reduce the unproductive period; and poor planning and faulty execution have delayed the completion and utilisation of minor irrigation schemes. As two-thirds of all cultivated lands lack irrigation facilities or are inadequately watered by rainfall, better planned efforts to extend irrigation—a factor which, other things remaining constant, can raise yields by 50 per cent—is of crucial importance for securing higher productivity in agriculture. That this improvement is urgently called for from the wider point of view of balanced economic development, too, is better said in the words of Mr. Asoka Mehta himself:

> "Development, irrespective of ideology, involves investments in items such as generation of power, expansion and modernisation of transport, improvement of productive tools and techniques, etc. Long before these investments find an industrial application and even while the plants are coming up, the transmission lines are being laid or while the transport network is being improved and extended, money incomes must tend to rise and need to be balanced by improvements in agricultural productivity. In a situation where development has not been based upon available agricultural surpluses, it is crucial that priority should be given to generating these surpluses and thus achieving a balance with the many schemes that require a longer time to mature."

The shift in emphasis from major to minor irrigation, canvassed by Mr. Asoka Mehta, has just been reflected in the Planning Commission's decisions which are to form part of its forthcoming draft memorandum on the fourth Plan. One of these decisions is to the effect that special surveys should be conducted in command areas of *old* major and medium irrigation projects to determine the dimensions of supplementary minor irrigation works in order to provide optimum intensity of irrigation in relation to requirements of crops. The second decision is to the effect that the minor irrigation programme, chalked out on the basis of the aforesaid surveys, should be over and above the 16 million-acre programme recommended by working groups for minor irrigation and that both these programmes should be given equal priority. And the third decision is that *new* major and medium irrigation projects should be scrutinised by the Union Ministry of Food and Agriculture and could be undertaken only if and when they have been cleared by that Ministry.

These are not the only commendable decisions, for there are quite a few others from the short-term point of view too. The High-power Agricultural Production Board, for instance, has just taken the decision to give complete freedom to State Governments to implement quick-yielding minor irrigation projects. Another related decision is that the Central subsidy would be extended to the working of irrigation tube-wells, as is now done in respect of canal irrigation or open-well irrigation. By another decision, the Board has sought to cut red-tape to the utmost, laying down, in this connection, that no approval of the Centre should be awaited for implementing production projects in the agricultural sector so long as they are within the overall ceiling. The practical recommendations made by the recent Annual Conference on Community Development and *Panchayati Raj* regarding village production plans, expeditious excavation of field channels in command areas of new major and medium irrigation projects, and financial assistance to *panchayats* for the maintenance of minor irrigation works may also be recalled here. All these measures, proposed by the Planning Commission, the Agricultural Production Board and the Community Development Conference, are generally on right and realistic lines. But much will depend on how earnestly and diligently the State Governments implement them over the next six years.

Taken along with the progressive extension of the package plan of intensive cultivation to more districts and crops and the proposed agricultural orientation to community development, the plans under contemplation augur well for the future of agriculture. The present mood of despondency caused by food scarcity and high prices is bound to give place sooner or later to a mood of confidence, now that aid-giving countries like the United States and the Soviet Union have begun to display a more active interest than ever before in strengthening India's agricultural foundation. It is the United States, in particular, that has provided so far massive assistance for relieving food scarcity and for constructing several major irrigation and tube-well projects; it has once again offered a spectacular aid package. This is what Mr. Chester Bowles, U.S. Ambassador to India, said at New Delhi last week:

> "This is not the first time in India's long history when she has faced serious shortages. However, this time there is solid basis for confidence. For the short-term, massive shipments of grain are now on their way from the United States. For the longer term, the Indian Government, backed by all the scientific skill that the United States can bring to bear, is launching a bold, carefully planned, scientifically sound programme designed rapidly to increase India's food production.
>
> "With a reasonably fair break from the monsoon rains and with a determined implementation of the programme I have described, India will successfully meet her food problem in the coming years, and I can assure you that the United States Government is determined to help."

The short-term plan outlined by Mr. Bowles involves delivery of four million tons of U.S. wheat and a substantial amount of rice over the next seven months. With these shipments, the aggregate P.L. 480 aid provided by the United States since 1956 will have exceeded 27 million tons of foodgrains. As another P.L. 480 agreement, covering as much as 17 million tons of foodgrains, is likely to be concluded after the U.S. Congress has acted on legislation to extend the life of the law this month, it may also be reasonably taken as forming part of the food aid plan which, incidentally, has the capacity to curb inflation by increasing the food supply. Moreover, the U.S. will have supplied during this year alone 433,000 tons of fertilisers—almost as much as it has supplied through its aid programme in the last 13 years. While the Trombay fertiliser factory, entirely financed by the United States, will commence production shortly, that country is also financing the construction of another major fertiliser plant at Visakhapatnam. While all this is good in more ways than one, it is to be hoped that the Central and State Governments will avail themselves of the breathing space provided by this generous U.S. food aid plan for the second time in succession to maximise agricultural production and achieve relative self-sufficiency at least by the end of the fourth Plan. It is here that the longer-term American plan to assist agricultural and related programmes will be seen to be even more relevant and imaginative. The varied elements of this plan are:

1. An offer by American companies to build five fertiliser plants in India with a total capacity of one million tons that can close the present gap in fertiliser requirements within three years.

2. American experts, with long experience in the pricing of food products, to help set incentive prices for producers and fair prices for consumers.

3. An American expert to co-operate with the Indian authorities in developing and expanding a programme of a large-scale aerial spraying against insects and plant diseases.

4. Four U.S. scientists to work on a new programme involving a major expansion of the output of grain legumes (beans and peas).

5. Present plans pertaining to hybrid maize to be carried forward to double maize production. The development of hybrid varieties of *jowar* to be expedited.

6. Nine American technicians to work with Indian experts for extending soil and water conservation programmes.

7. Eight additional U.S. experts to work in the 15 "Package Plan" districts where intensive cultivation has been under way.

8. U.S. co-operation to continue in the setting up of seven agricultural universities.

9. A thousand pedigree bulls to be supplied to improve the milk-production of Indian cattle.

10. American shipping and handling experts to advise on the unloading and distribution of foodgrains at ports.

This is, indeed, a well thought-out longer-term programme covering fertiliser production and effective technical assistance at crucial points. As far as fertilisers are concerned, the expectation is that the Government of India would take a realistic stand on the American private offer and reach a mutually beneficial agreement. The other elements of the programme would call for readjustments in some of the Plan schemes and for understanding and co-operation between American technicians and Indian experts and administrators. Difficulties there will always be in the implementation of this or any other programme relating to agriculture, but, given the will to overcome them, they will cease to be so many discouraging factors. Now that the Soviet Union, too, in spite of its own agricultural problems, has offered to provide some machinery, technical know-how, fertilisers and pesticides and to set up another large-scale mechanised State farm like the one at Suratgarh in Rajasthan, this country should feel further encouraged in its efforts to increase agricultural production. Although Soviet aid in this field will be relatively insignificant in comparison with the proposed massive U.S. aid, it may be welcomed as one more friendly gesture by a country which has recently decided to build the Bokaro steel plant.

MARKET GOSSIP

Thirteen State Loans

BARRING Punjab and Jammu and Kashmir, the Governments of all the remaining thirteen States have announced their borrowing programmes for the current financial year. The programmes together envisage loans aggregating Rs. 100 crores, of which exactly half, that is Rs. 50 crores, represents the combined share of four States alone, namely, Maharashtra, Madras, Andhra Pradesh and Uttar Pradesh; the actual loan amounts of these four States are Rs. 15 crores, Rs. 14 crores, Rs. 11 crores and Rs. 10 crores, respectively. Orissa is raising Rs. 8 crores, Gujarat, Mysore and West Bengal Rs. 7 crores each, Rajasthan and Madhya Pradesh Rs. 5 crores each, Bihar and Kerala Rs. 4 crores each, and Assam Rs. 3 crores. All loans except the Kerala loan will open for subscription on Monday the 24th inst.; the Kerala loan will open a day later.

The terms of all the thirteen loans are similar in two respects. In the first place, the loans bear a uniform rate of interest at 4½ per cent. Secondly, the period of repayment (at par) also is uniformly twelve years. In regard to the issue price, however, there are some differences. Only Maharashtra and Gujarat are issuing the loans at par (Rs. 100). Madras, Uttar Pradesh and West Bengal are issuing at a discount of 25 nP, and the discount is larger at 50 nP in the case of Andhra Pradesh, Assam, Bihar, Kerala, Madhya Pradesh, Mysore, Orissa and Rajasthan.

Of the thirteen loans, eight loans are cash loans, while the other five loans are cash-*cum*-conversion loans. The latter include Maharashtra, Madhya Pradesh, Madras, Uttar Pradesh and West Bengal. The details of the maturing (1964) loans that will be accepted at par for conversion into the new loans of these five States are:

State	Loan	Outstanding amount (Rs. lakhs)
Maharashtra	4% Bombay State Development Loan	346.78
	4% Saurashtra *State* (Local Bodies Development Loan)	251.00
Madhya Pradesh	3½% Madhya Pradesh Loan	208.29
Madras	4% Madras Loan	524.81
Uttar Pradesh	4% U.P. Loan	589.00
West Bengal	4% W. Bengal Loan	200.00
	Total	21,14.88

Quite a substantial part of the outstanding amounts of the aforesaid six loans is likely to be converted into new loans. The chances of such conversion are brighter in respect of Madhya Pradesh, Madras, Uttar Pradesh and West Bengal loans. For the redemption yields on these loans are very attractive: 4.81 per cent in the case of Madhya Pradesh and 4.78 per cent in that of the *remaining three loans.*

The response to all the thirteen loans is expected to be fully encouraging. By the time the subscription lists open, conditions in the money market will be distinctly easy; the present temporary stringency that has developed due to the disorganisation of banking services caused by unrest among clerical and subordinate staff will have ended by then. The attractive yields will naturally induce banks to go in for them on a large scale. The banks themselves are said to be having surplus cash in India. In any case, the banks will have to enlarge their portfolio of gilt-edged securities, in view of the higher statutory liquidity requirements (28 per cent, as against 20 per cent at present) of the banking system with effect from about the middle of next month. There will also be the usual official promptings by State Governments to banks to lend support to their loans. Besides good offtake by banks, the L.I.C., provident funds not governed by the Industrial Disputes Act and Trusts may also be expected to invest largely in the State loans, as the yields on them are relatively better than those available on existing State loans.

The total amount (Rs. 100 crores) of the thirteen State loans this year—no account is taken of either the conversion or the right of Governments to retain subscriptions up to 10 per cent in excess of the notified amounts—is less by a crore of rupees than the Rs. 101 crores which the fifteen States (including Punjab and Kashmir) got as their share in the Centralised borrowing programme last year. It is not known whether the Punjab and Kashmir Governments intend to enter the market some time later. In the Punjab budget for 1964-65, it will be recalled, the State's Finance Minister had merely stated that the Government would be able to borrow a "substantial amount" from the people, particularly for flood control schemes. Assuming that this State and Kashmir do not raise any loans, the total (Rs. 100 crores) of the State loans and the Central loans aggregating about Rs. 293 crores together amount to Rs. 393 crores, as against the Centralised borrowing programme covering Rs. 367 crores in 1963-64.

States' Overdrafts

The combined Rs. 100-crore borrowing target of State Governments for the current financial year is not surprising. For the financial position of several State Governments has not been as satisfactory as one would wish, thanks largely to high level of non-Plan expenditure and heavy outlays on development projects with a long gestation period such as irrigation and power. Indeed, the finances of several State Governments are in the red. They have resorted to heavy overdrafts from the Reserve Bank. It is reported that the Government of India has had to pay nearly Rs. 23 crores to the Reserve Bank in lieu of overdrafts made by some State Governments in 1963-64. The bulk of the overdrafts is accounted for by Andhra Pradesh, Assam, Bihar, Kerala, Madhya Pradesh and Orissa. Since the amount of Rs. 23 crores is being adjusted against the current year's Central assistance to States, the overall deficit of all the States put together for 1964-65 will be higher than the figures revealed in the budgets. The States have accordingly chosen to rely greatly on market borrowings with a view to reducing the ways and means difficulties that would crop up later in the year. The marked rise in the public debt of States as a result of loans could have been avoided if only the Governments had, besides taking prompt measures to collect arrears of revenue due to them and effectively preventing evasion of taxes (sales tax, for example), cared to cut down non-Plan expenditure as much as possible. Such a reduction, incidentally, is imperative especially in the present context of the urgent need to break the rising spiral of prices.

World Coffee Agreement

By the time these lines appear in print, the outcome of the International Coffee Council's meeting which began at London on Tuesday last week will probably have been known. Three important subjects were on the agenda of the meeting: (1) election of Chairman and members of the Executive Board for the second year (beginning on 1st October next) of the International Coffee Agreement; (2) measures to strengthen the Agreement (including procedures to be followed on over-exporting, or, conversely, shortfalls), to stimulate coffee consumption and to rationalise production; and (3) fixation of export quotas. Doubts have been expressed about the possible agreement on the question of export quotas. The Executive Board of the Council, at its preparatory meeting early last month, failed to agree on estimates for basing the quotas.

The decision on the quota issue is most eagerly awaited by India which, as is well known, has pleaded for a more liberal quota than that (about 22,100 tonnes) fixed for the current year. Mr. H. Sitarama Reddy, Chairman of the Coffee Board, who attended the Council's meeting, is believed to have presented an impressive case for a larger export quota.

Meanwhile, the World Coffee Agreement continues to be without any real force. For, although the U.S. Government had ratified the Agreement in December last, the Bill giving effect to the ratification has still not been approved by the Senate. Since the Republican Presidential candidate, Senator Goldwater, is opposed to world commodity pacts, some wonder whether Mr. Johnson will now risk a vote on this issue so close to the election.

Stock Exchange Presidents' Plea

"The stalemate on the stock market continues unchecked. Activity is on a very limited scale and price variations negligible, while the overall trend remains downward for lack of support." These two sentences, taken from a recent review of a leading firm of share brokers in Bombay, aptly describe the real state of the capital market in India at present. That the capital market is in a depressed mood is clearly borne out by the official index numbers of security prices themselves. The average all-India index number (base: 1952-53=100) of variable dividend industrial securities for the week ended 25th July 1964 stands at as low as 163.9, as against 174.3 prevailing just before the presentation of the Central Government budget for 1964-65 on 29th February. The extent of the decline will be more marked if the figure of 163.9 is compared with the index number of 188.00 for the week ended 1st September 1962, that is, before Chinese aggression. The conclusion is obvious that the latest Central budget has not, as is often claimed by its author, toned up the market. Actually, some of the regressive tax proposals contained in the budget—the 7½ per cent tax on equity dividends, to mention just one instance—and the continuance of Emergency measures introduced in the wake of Chinese aggression have resulted in a sharp decline in stock prices, eroding the value of securities held by investors and severely affecting their enthusiasm to subscribe to new issues. Pointed attention to this disquieting trend has been drawn by the Presidents of the recognised Stock Exchanges in a joint memorandum submitted to the Union Finance Minister. Here is the relevant description (it is not a verbatim version) of the state of the capital market as contained in the memorandum:

> There has not only been a sharp decline in the amount of capital issues from Rs. 73.8 crores in 1962 to Rs. 54.6 crores in 1963, but the burden of large portions of the new issues fell on the shoulders of underwriters. The extent of the decline can be seen from the fact that, in 1960-61, new issues were often oversubscribed. There has also been a sharp fall in the prices of the new issues floated during the past few years. A comparison of the pre-slump highest price and the current price shows a 51 per cent fall. The decline is attributable to the dismal economic, corporate, fiscal and political trends of the time. With the present rates of taxation, the Annuity Deposit Scheme and the surtax on companies, individuals and corporate bodies are unable to generate more savings. The present trend in the market is merely a continuation of the debacle that had overtaken it following the price crash in Wall Street early in 1962. Hardly had the market recovered from that shock, when the Chinese aggression in 1962 again unnerved it. After that a series of emergency measures, beginning with the suspension of forward trading and ending with the levy of the Super Profits Tax in February 1963, gave it a severe jolt. By the spring of 1963, the market had become greatly crippled as a result of which investors left the market. The withdrawal of the ban on forward trading in the second half of 1963 gave the stock market some hope, but the 1964 budget proposals belied it.
>
> The Stock Exchange Presidents have certainly not cried 'wolf' when they say that the present state of the capital market, if it is allowed to continue, will blacken the future of new issues, thereby directly affecting the industrialisation of the country. In their anxiety to avoid such a development and to ensure the active functioning of the capital market, the Presidents have put forward the following specific suggestions:
>
> 1. The 7½ per cent tax on dividends and the levy of tax on notional gains from bonus shares should be reviewed, because they are likely to discourage provision of risk capital by investors.
>
> 2. Companies should be encouraged to pay larger dividends. This is necessary, since inflation has brought about a depreciation in the value of the rupee, thereby reducing the real income of investors from dividends.
>
> 3. The existing invidious treatment of income from dividends as unearned income must be done away with.
>
> 4. The margin system must be reviewed and rationalised.
>
> 5. The Reserve Bank should urge the banks to liberalise their policy of lending against stocks and shares.
>
> Comments on these suggestions are superfluous. This journal itself has time and again made similar suggestions. The capital market is, after all, a sensitive one and requires careful nursing, if it is to make its due contribution to the rapid development of the country's economy in the years to come.

Unutilised P.L. 480 Funds In India

Under the P.L. 480 agreements signed between India and the U.S., it will be recalled, 12.7 per cent of the total sale proceeds of commodities is reserved to cover the expenses of the U.S. Administration in India. Since the sale proceeds are pretty large, the amount so reserved (nearly Rs. 129 crores as of 30th June 1964) is much more than the expenditure actually incurred so far by the Administration. It is true that several projects of mutual benefit jointly agreed to between the Governments of the two countries have been financed from out of this amount. Even so, a significant part is remaining unutilised. The question of ensuring a quicker and more effective utilisation of the unspent money has been engaging the attention of the U.S. Government for some time now. Among the various proposals mooted in this connection, the one pertaining to the creation of a special trust with an initial capital of Rs. 100 crores for financing programmes such as slum clearance, agricultural improvement and rural development, as well as for underwriting the rupee shares of American businessmen interested in making investments in India, is interesting indeed.

Details regarding the scope and functions of the proposed trust, it is said, are now being worked out. The proposal can, however, be given effect to only after some time. The Governments of India and the U.S. will first have to reach an understanding. The U.S. Congressional approval, too, will be necessary. Nothing concrete is likely to emerge until after the forthcoming U.S. Presidential election is over.

Chinese Loan To Pakistan

It is not so much economic or humanitarian considerations as political tactics that seem to have prompted Communist China to offer a loan of $60 million to Pakistan, though the country cannot afford it. How else is one to explain the very liberal terms of the loan? Not only is the loan interest-free but the Chinese are prepared to accept repayment in the shape of goods (cotton, raw jute, jute goods, and other manufactures) from Pakistan extended over as long as 30 to 40 years or even beyond that. The only condition attached to the loan is that Pakistan should utilise it to buy Chinese machinery, equipment and commodities. The Chinese offer of a loan to Pakistan has followed the visit of the Pakistan Commerce Minister to China which was preceded by a Pakistan delegation to China and an earlier visit by a Chinese trade team to Pakistan.

Giving the impressions of his visit to China, Pakistan's Commerce Minister told pressmen at Rawalpindi last week that China could supply Pakistan various types of machinery like textile, sugar and cement plants, as also electrical goods at internationally competitive prices. He expressed satisfaction over the quality of machinery. Incidentally, he revealed that the Chinese Government had offered to supply railway coaches, wagons and rails on credit basis, to construct railway lines, and to make available services of engineers and other technical experts whose emoluments would not be more that those of Pakistani personnel. Replying to a query whether there was any possibility to Sino-Pak joint ventures, the Minister said: "This will have to wait and can be examined by the Pakistan experts after the loan is formally accepted. The loan is available for use during 1964-65 or afterwards."

Pakistan's economic relations with China have improved greatly in the past two years, as is evident from the increase in Sino-Pakistan trade. Pakistan's imports of Chinese goods have gone up from Rs. 1.65 crore in 1961-62 (July-June) to Rs. 2.32 crores in 1962-63 and its exports to China from Rs. 1.05 crore to Rs. 3.56 crores. During the first six months of 1963-64, Pakistan imported goods and commodities worth Rs. 1.66 crore, whereas its exports were higher at Rs. 2.60 crores. Thus, Pakistan enjoys a favourable balance of trade with China.

DELHI LETTER

DIALOGUE ON THE FOURTH PLAN

A CONVERSATION WITH MR. ASHOKA MEHTA

From Our Special Correspondent

NEW DELHI, 4*th August*

THE streams of figures flowing out of various sections or divisions at Yojana Bhavan, the seat of the Planning Commission, with or without official clearance, have in recent weeks added to the confusion over the strategies of perspective and practical approaches. Some of the projections have been leaked out by officials overzealous about their own concepts and are half-baked versions which have not been fully processed even by the individual divisions at Yojana Bhavan. The paper of the Perspective Planning Division, which has been discussed in detail in the open in print and in conversation, is still officially labelled "secret" although members of the Planning Commission and the Finance Minister and officials of other Ministries freely discuss the merits and flaws in the Division's paper which was adopted as a starting point for the fourth Plan at the last meeting of the Planning Commission to be presided over by Mr. Nehru in May.

When Mr. Ashoka Mehta, Deputy Chairman of the Planning Commission, Prime Minister Lal Bahadur Shastri or Finance Minister T. T. Krishnamachari talk of a new strategy for the fourth Plan—as different from what had been followed in earlier planning years—the votaries of forced development, who base their targets almost solely on perspective needs, begin crying wolf, and beat their breasts, mourning that the Nehru concepts on planning are being thrown to the winds so soon after the leader's death. Such an interpretation of the coming changes in the planning structure is an oversimplification. According to those who want some fundamental changes in long-term planning strategy and short-term tactics, the changes would have been inevitable even if Mr. Nehru had continued to be at the helm of affairs in the Administration and the Planning Commission. One major difference between the days before and after May 27 is perhaps that there is no longer anyone in power who can expect to be listened to while pleading to the people to wait long and patiently for the harvests of planned development.

According to Mr. Ashoka Mehta, the strategy which he now advocates is largely a by-product of the circumstances created by the process of planned development hitherto. In conversation with this correspondent, Mr. Ashoka Mehta understandably refused to discuss specific policies which he firmly believes are the responsibility of the executive Ministries—a stand forcefully indicated by the Prime Minister also. Mr. Ashoka Mehta's emphasis on the need immediately to take up quickly yielding projects and the Prime Minister's underlining of the need to provide more jobs as well as to decelerate the trends of rising prices are complementary concepts. The base for the advance programming for the fourth Plan has to be the present level of low economic activity. Perspective expectations of growth of resources have been belied by the stagnation of agriculture in the past three years and to this difficulty has been added the burden of heavy defence expenditure—unproductive and wasteful but unavoidable following the Chinese aggression. When the third Plan was framed, enough resources had not been located to fulfil the physical targets and the resources position has been further strained by the agricultural and military setbacks. Even without the defence effort at a higher level than originally assumed, the third Plan targets may not have been attainable, since the availability of resources has shrunk.

While the agriculture-based industries have suffered in the past three years, the chemical and mineral based industries have registered considerable progress. A developing economy invariably is an inflation-tinted economy and the take-off in prices has been easy in the absense of consumer articles to anchor the price level. Mr. Mehta admits that enough attention has not so far been paid to quickly yielding projects which would have mopped up some of the increasing purchasing power which has come into the hands of the people. The projects which may produce goods and facilities to meet the demands for consumer goods which may help ease inflationary trends, according to Mr. Mehta, are in what he calls the diffused industrial and other sectors whose development cannot be as efficiently controlled and directed as large organised industries can probably be. While agricultural production increases can certainly soften the impact of inflation, concentration on agricultural increases alone is not enough. Mr. Mehta says that about five crores of people today spend an annual Rs. 2,500 crores on non-food consumer goods. Added to this is a major shift in food consumption patterns. Mr. Mehta cites the example of Kashmir where there has been an increasing demand for rice while several years ago the food habits of the people were such as to permit the sale of coarse grains on a large scale.

The record of several Yojana Bhavan experts on estimating resources has been suspect, and, therefore, Mr. Krishnamachari is today in a strong position when he repeats that a Rs. 18,000-crore fourth Plan is all that will be feasible. Estimates outside the Perspective Planning Division seem to indicate that the growth rate and the targets prescribed by the Division may need more resources than the P.P.D. has estimated. The various working groups' estimates may add up to a larger investment total than the P.P.D. projections. Here again, if the record of preparations by working groups for earlier Plans is any indication, the Ministerial groups have a tendency to inflate estimates of outlay, because they are firmly convinced that the planners, anyway, will slice the demands of various Ministries to smaller shares than asked for.

The Prime Minister, the Deputy Chairman of the Planning Commission and the Finance Minister are all agreed on the straightforward assumption that the most intensive fourth Plan drive should be on the agricultural front. There is no shortage of cynics among economists and administrators in Delhi who think that massive investments in agriculture may just wither away in droughts or be washed away in floods. Immediate food problems will be alleviated somewhat by the larger injections of American wheat supplies, at double the rate hitherto or four million tons in the seven months to the end of February. Already, the United States, according to Ambassador Chester Bowles, has supplied 23 million tons to India in seven years.

Mr. Ashoka Mehta explains that, when one talks of the drive in agriculture, it should not be in isolation but in integration with numerous associated sectors which comprise a variety of inputs—extension and utilisation of electricity in rural areas, measures to tap underground and overground water and fertilisers which in

(*Continued on page* 246)

4¾ PER CENT
STATE GOVERNMENT LOANS
1976

	STATE	Amount (In crores of Rs.)	Issue Price per cent Rs.
1.	ANDHRA PRADESH	11	99.50
2.	ASSAM	3	99.50
3.	BIHAR	4	99.50
4.	GUJARAT	7	100.00
5.	KERALA	4	99.50
6.	MADHYA PRADESH	5	99.50
7.	MADRAS	14	99.75
8.	MAHARASHTRA	15	100.00
9.	MYSORE	7	99.50
10.	ORISSA	8	99.50
11.	RAJASTHAN	5	99.50
12.	UTTAR PRADESH	10	99.75
13.	WEST BENGAL	7	99.75

All loans, except Kerala Government's loan, will open for subscription on Monday, 24th August 1964 and close on Saturday, 29th August 1964 or earlier without notice as soon as subscriptions approximate to the amount of each issue. The Kerala Government's loan will open for subscription on Tuesday, 25th August 1964 and close on Monday, 31st August 1964 or earlier without notice as soon as subscriptions approximate to the notified amount. All the State Governments reserve their right to retain subscriptions upto ten per cent in excess of the notified amounts.

The loans will be redeemable at par after 12 years i.e. 24th*/25th @ August 1976 and interest will be paid half-yearly on 24th*/25th @ February and 24th*/25th @ August each year.

Subscriptions may be in the form of CASH/CHEQUE in respect of all the loans.

Securities of 4% Bombay State Development Loan, 1964 and 4% Saurashtra State (Local Bodies Development) Loan, 1964 will be accepted AT PAR for conversion into the new loan of the Government of Maharashtra. Securities of 3% Madhya Pradesh Loan 1964, Madras Government 4% Loan 1964, 4% Uttar Pradesh Loan 1964 and 4% West Bengal Loan 1964 will also be accepted AT PAR for conversion into the new loans of the respective State Governments.

Interest on the securities of 4% Bombay State Development Loan, 1964, Madras Government 4% Loan 1964, 4% Uttar Pradesh Loan, 1964 and 4% West Bengal Loan, 1964 tendered for conversion will be paid at the rate of 4% per annum upto 31st July 1964 inclusive and at 4½% per annum for the period 1st to 23rd August 1964 inclusive. Interest on the securities of 4% Saurashtra State (Local Bodies Development) Loan, 1964 and 3% Madhya Pradesh Loan, 1964 tendered for conversion will be paid at the rate of 4% and 3% upto and inclusive of 23rd August 1964 and 31st August 1964 respectively.

Applications for *all the loans* will be received at the offices of the Reserve Bank of India at Bangalore, Bombay (Fort and Byculla), Calcutta, Madras, Nagpur and New Delhi, the branch of the State Bank of India at Patna and the branch of the State Bank of Hyderabad at Hyderabad.

Applications will also be received *at other places within the respective States* as follows:—

(i) Branches of the Subsidiary Banks of the State Bank of India conducting Government treasury work.

(ii) Branches of the State Bank of India at places where there is no branch of its Subsidiary Banks conducting Government treasury work.

(iii) Treasuries and Sub-treasuries (except in the States of Assam and West Bengal) at places not served by the aforesaid branches.

Copies of the Notifications and Application Forms may be obtained at any Receiving Office.

Applicants tendering applications at the offices of the Reserve Bank of India at Bangalore, Bombay (Fort and Byculla), Calcutta, Madras, Nagpur and New Delhi will, in the event of oversubscriptions to the loan applied for, be given the option of transferring their cash refunds to any of the other State Government loans which may still be open for subscription. To avail themselves of this facility, the applicants should complete the "Special Option Form" copies of which can be obtained at any of the foregoing offices of the Reserve Bank of India and tender the form along with their applications.

* For other Loans.
@ For Kerala Loan

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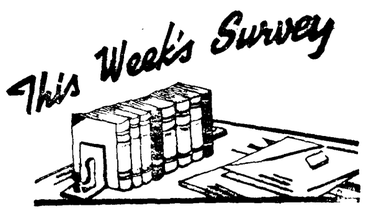

CORPORATE MANAGEMENT

WHEN the Union Finance Minister, Mr. T. T. Krishnamachari, said in London the other day that several Indian business houses were being managed "dynastically," he was criticised by some in this country for having run down India's corporate sector before a foreign audience. There was certainly some point in the criticism that T.T.K. should not have made such a disparaging remark outside India. That apart, was there no element of truth in his caricature of the Indian corporate sector? It would appear, at any rate from the luncheon address delivered by Mr. P. C. Bhattacharyya, Governor, Reserve Bank of India, at the Delhi Management Association on the 3rd instant, that the Finance Minister's view was substantially correct. For, although the Reserve Bank Governor did not refer to T. T. K.'s view as such, what he said about the managing agency system was, in effect, calculated to buttress that view. This is what Mr. Bhattacharyya said:

"While the growing interest in this country in the study of management problems is to be heartily welcomed, we would do well in recognising the limitations of existing economic and social realities which have, in a way, fashioned our attitudes and outlook on management of industry.... Many of the now big industries in India owe their growth to the hard labour, initiative and foresight of a few family groups. This nature of industrial organisation was reinforced by the system of managing agency which facilitated control and supervision by one small group over a large number of industries. The management of these industries, therefore, became highly personalised and subjective.... its inadequacy was felt once the calls of modernity, the size of the firm, and technology became compelling. The management of industries based on a *dynastic* (italics ours) elite became ill-suited to the needs, and in fact impeded the dynamic growth, of industries. It was inherent in this system that status was preferred to ability, autocracy to delegation of authority, and docility to discipline."

This old form of family-based industrial management, according to Mr. Bhattacharyya, has become obsolete and obsolescent now, thanks to the increase in the size of a firm and to the change in corporate personality whereby ownership is substantially divorced from management. A new form of management, where only the broad policy framework is laid down by the shareholders through the Board of Directors and the day-to-day operations in all their complexity are looked after by a professional cadre of managers, has, therefore, become imperative. But the old era of personalised management has not wholly ended and the new era of functional management has scarcely begun. In fact, the corporate sector is passing through a period of transition, and the Companies Act is slowly but surely bringing about changes in the structure of corporate management. If adoption of scientific attitudes towards management in keeping with trends in the advanced countries is to become more general, it is needless to add that healthy institutional changes would have to be brought about by periodical reform of company law in the light of experience. All this will necessarily take time.

The Reserve Bank Governor's treatment of management in its relationship with profit, however, reflects some confused thinking. If, as he says, in the larger context of planned economic development, profits should be viewed more as social obligation than as purely private gains, there could be no valid objection to augmenting the size of retained profits in the corporate sector. After all, according to Mr. Bhattacharyya himself, economic growth would depend on a steadily rising rate of saving and an increasing use of new technology and both of these, in their turn, would be governed by the size of profits and the manner in which they are put to use. In other words, if more corporate savings can ensure further development and if such savings can result from appropriate fiscal policies, the social good would be adequately served. But, surely, those who have invested in corporate enterprises must have a return reasonable and appropriate to the risks taken, sufferings undergone and profits made. Otherwise, why should one invest in equities? If distribution of good dividends is bad, why have equities at all? Mr. Bhattacharyya's view that public enterprises should be efficiently run so as to yield surpluses and that these surpluses should become an important means of financing industrial expansion itself may well be applied to the private corporate sector too. Only, if ownership of corporate sector is to be dispersed by attracting an increasing number of investors and, if concentration is to be prevented, there should be no excessive restraint on distribution of dividends and issue of bonus shares. The point is that the present fiscal policy does not fulfil this healthy condition. It may appear to be socialistic, but, in actual practice, it is not.

ISSUES BEFORE MONOPOLIES COMMISSION

It is a very cogent and well-argued memorandum that the Indian Chamber of Commerce (Calcutta) has just submitted to the Monopolies Commission on the issues pertaining to monopolies, concentration of economic power and restrictive trade practices. The Chamber has rightly argued at the outset that, as 'monopoly' means exclusive possession of the trade in some commodity, there is no single corporation in the private sector that commands the entire Indian market and could be called a monopoly in that sense. It is in the public sector, on the other hand, that there are monopoly concerns such as the Indian Telephone Industries, the Railways, the Indian Airlines, the Life Insurance Corporation, and the State Trading Corporation in respect of several commodities. The creation of such State monopolies, according to the Chamber, seems to be based on the mistaken belief that a monopoly is likely to be harmful to the public interest when it is in private hands, but not so when it is in the hands of the State. The Chamber's pertinent comment, in this connection, is that, as State enterprises are expected to provide a substantial part of the financial resources for the Plans, the urge towards profits maximisation is likely to be just as strong in the case of State monopolies as in the case of private monopolies (if there are any). But, in fairness to the Government, the Chamber should have recognised the fact that the pricing policies of public-sector enterprises are generally not governed by monopolistic considerations in actual practice.

The Chamber, however, has done well to recognise that there may be a 'monopoly' stage in the development of new industries in the private sector. A marked degree of industrial concentration in that early stage is, however, bound to diminish with the development of the demand for the particular product and the subsequent entry of new units in the same field of production. Even where monopolies, controlling one-third or more of the market, exist, they are to be found only in the case of one or two commodities. Here, too, according to the Chamber, the share of the dominant firm in the total sales turnover of the country is fast declining as more units are coming into being. In any case, even if monopolies are unavoidable in some cases or at some stages, the Government can regulate their functioning, as in the United States, in a manner conducive to public interest.

Adverting to the issue of "concentration of economic power," the Chamber has regarded it as vague and underfined. The expression has an ideological origin which often disregards the economic issues involved in the normal process of industrial growth. With production being regulated by the Industries Act, investment by the Capital Issues Control, management by the Company Law and distribution of income and wealth by egalitarian tax measures, there can be no undue concentration of economic power in India today. On the contrary, excessive regulation seems to be inhibiting that rapid economic growth so very necessary for the country's underdeveloped economy. As for restrictive practices, there can be no scope for them in the background of controls and regulations at every stage of production and distribution of finished products and raw materials. The fact is glaring that industries in India today are unable to expand fast enough to cater to the growing market because of Government's restrictive fiscal policies and licensing procedures in the context of foreign exchange difficulties and raw material shortages. It is not as if the Indian economy has reached such a high level of development and competition that industrial units feel impelled to follow restrictive policies harmful to economic expansion or to the consumer. As industry's best interests can continue to be served by producing as much as possible to cater to a market that is expanding all the time, there is no need for it to adopt "price rings" and the like. On all these grounds, therefore, the Chamber's view is that no legislative or other action is called for to restrain the "non-existent" concentration of economic power or restrictive practices. But this generalised view cannot be expected to prevail with the Monopolies Commission, if its objective investigations bring to light any disquieting facts regarding, or specific instances of, industrial concentration or monopolistic and restrictive practices.

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(2) State Bank of India, Patna.

(3) State Bank of Hyderabad, Hyderabad.

(4) Branches of the State Bank of Saurashtra conducting Government treasury work in Gujarat.

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DEVELOPMENT ASSISTANCE

To India and other developing countries, this year's "Annual Aid Review" of the O.E.C.D.'s Development Assistance Committee (D.A.C.) which concluded its long session at Paris last week, is of special importance. For the "review" raises high hopes of a much larger development assistance on a more liberal scale from the O.E.C.D. member-nations to the developing countries. Thanks are due to Mr. Willard L. Thor, Chairman of the D.A.C., who most forcefully and impressively highlighted the urgency for strengthening the assistance effort. Indeed, Mr. Thor put forward a number of concrete proposals to this effect which, it is gratifying to find, have been accepted in full by the O.E.C.D. member-countries. Reassuring is the statement made on behalf of these countries that they "have every wish to contribute as effectively as possible to the acceleration of the process of development in the less developed countries." The countries have agreed to give particular attention in the coming months to three major problems pertaining to development assistance. They are: (*a*) the requirements of assistance in the light of self-help measures by the less developed countries and the adequacy of aid to meet these requirements; (*b*) terms and conditions, indebtedness suppliers' credits, and other short and medium-term credits; and (*c*) co-ordination of various aid programmes.

Incidentally, it is certainly encouraging to note that the total financial outflow from the O.E.C.D. countries to the developing countries during the calendar year 1963 amounted to $8,100 million, comprising $5,700 million in official bilateral flows, $2,000 million of private capital flow and $400 million of official contributions to multilateral agencies. Since the extent of assistance rendered by multilateral agencies substantially exceeded payments made by O.E.C.D. members to these agencies, the total flow of funds actually received by the developing countries in 1963 was higher than the figure of $8,100 million. The D.A.C.'s estimate puts the total flow in 1963 at $8,400 million, representing a rise of $700 million as compared with $7,700 million in 1962. A further improvement is anticipated in the current year.

The new initiatives to expand the assistance flow to developing countries which the D.A.C. Chairman has urged cover increased budgetary appropriations for economic assistance, maintenance of a high rate of increase in the volume of technical assistance, more active support to multilateral agencies, and vigorous efforts to expand the capacity of developing countries to use external resources effectively. "The donor countries," to quote the Chairman, "should have a more dynamic attitude in helping less developed countries to identify opportunities for the development of their natural and human resources, to formulate development projects and to implement them efficiently. Procedures by members for examining assistance requests, their activities during the pre-commitments stage, their eligibility criteria, and their methods for appraising implementation of programmes must also be constantly reviewed and adapted to the needs and circumstances of the less developed countries." It is possible that the aid-receiving nations may regard all this as undue interference by the aid-giving nations. But they must remember that such reviews will help them considerably in finding out pitfalls and taking proper action for their elimination.

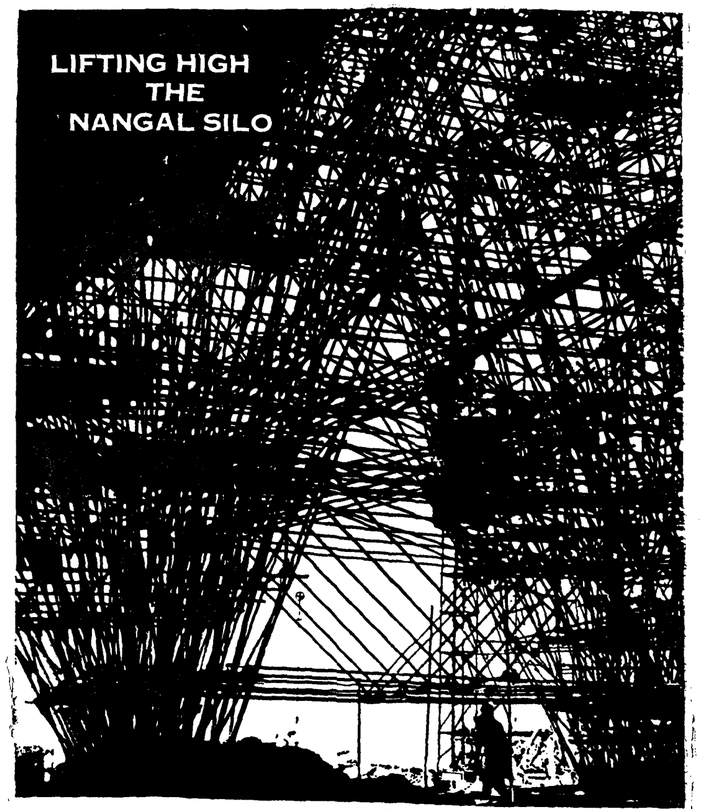
Besides calling for new initiatives to expand assistance flow, the D.A.C. Chairman has urged liberalisation of the terms and conditions attached to aid. Without such liberalisation, many developing countries are bound to be faced with the problem of debt servicing which is already acute enough. Increasing harmonisation of loan terms among the different suppliers of capital, as Mr. Thor has rightly stated, appears highly desirable.

As for the effective utilisation of external assistance, Mr. Thor has done well in advocating increased financial and technical support to agriculture, rural development, small and medium-scale industries, and agricultural and industrial development banks. He has also laid special emphasis on large-scale non-project assistance, simplification and standardisation of administrative arrangements for assistance, and co-ordination of capital project assistance. In the sphere of technical aid, he has stressed the importance of further strengthening training facilities and institutions, especially in respect of student and trainee programmes. Since the limitations to an increase in technical assistance are largely physical ones, a more active policy to overcome these limitations is considered desirable. This, according to Mr. Thor, may require, for example, the setting up of additional special courses for training advisers and a planned increase in facilities for trainees and students from developing countries. The O.E.C.D. member-countries have been asked to give special attention to the ways and means of augmenting rapidly the supply of middle-level personnel in developing countries.

Whatever be the scale of foreign assistance received by the developing countries, it will not by itself be sufficient to accelerate the tempo of economic development, not to speak of the burden of repayment. It is imperative that foreign assistance must be accompanied by an increasingly larger inflow of private capital. The rate of inflow is, of course, influenced predominantly by the economic and political conditions which private investors can expect in the capital-importing countries. But there is much that the foreign countries themselves can do to encourage larger outflow of private capital. Appropriately enough, the D.A.C. Chairman has called upon the member-countries to give prompt attention to O.E.C.D. proposals relating to the use of tax incentives, a possible multilateral guarantee scheme, and official encouragement to private non-profit organisations in providing technical assistance and other help.

The results of the development efforts of the less developed countries, as well as of the foreign assistance programmes, are decisively affected by the ability of these countries to augment their foreign exchange earnings through exports. This aspect was widely recognised by practically every country at the recent United Nations Conference on Aid and Development held at Geneva. It is somewhat surprising that the D.A.C. Chairman has been content with a mere recounting of the proposals that have emerged from the Conference and a reiteration that they should be studied carefully "to the extent they have a bearing on assistance policies and objectives." One wishes he had been more specific on this issue and urged the O.E.C.D. countries to open their gates a little wider to the products of the developing countries.

The rate of growth in the circulation of newspapers and periodicals in India slowed down from 8.8 per cent in 1962 to 5.4 per cent in 1963, according to the annual report of the Registrar of Newspapers for the year 1963. The slower growth is attributed to the very restricted supplies of newsprint. There were 7,790 newspapers and periodicals at the end of 1962. The total circulation of 4,570 newspapers was 20.95 million, as compared with 19.26 million for 4,467 newspapers in 1962. The total number of newspapers and periodicals at the end of the year stood at 9,750, including 2,121 dailies and news and current affairs weeklies.



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AMERICAN LETTER

IMPLICATIONS OF MR. GOLDWATER'S ASCENSION

GRAVE DANGER TO THE WORLD

By N. Pattabhi Raman

NEW YORK, 1st *August*

SEEKING nomination as the Republican Party's standard-bearer, Senator Barry Goldwater of Arizona emphasised time and again that, as the Grand Old Party's candidate for the Presidency, he would offer the electorate "a choice, not an echo."

This was a challenge to the moderates who were in control of the Republican Party for more than a generation, until they were shouted down and smothered in the Cow Palace putsch in July by Goldwater's militant, rightwing supporters. Goldwater was saying that the Republican Party's platform, as constructed by the moderates and liberals, was an edifice to "me-tooism," merely reflecting the liberal and "socialist" programmes of the Democratic Party. He was saying that the G.O.P., instead of playing Tweedledee to the Democratic Party's Tweedledum, should put forward a truly conservative programme and offer the American people a real alternative to the New Deal, Fair Deal and New Frontier concepts of the party in power.

Now that Barry Goldwater has been chosen as the G.O.P. (Grand Old Party) candidate and that he in turn has chosen for his running mate a man who echoes his ideas, it can be said that he does offer a choice to the electorate. This is clear not only from the candidate's own numerous pronouncements on different issues, but also from the Party's election platform (programme) which mirrors his concepts quite sharply. But it cannot be said that the programme he offers is a conservative one; as a matter of fact, it is quite reactionary.

Not A True Conservative

Since the dark days of the Great Depression, both the major political parties in the U.S. have moved to the left. At a time when the free enterprise system seemed threatened, Franklin Delano Roosevelt stole the thunder from socialists like Norman Thomas by adopting and adapting many of their ideas and implementing new-fangled programmes to build in social and economic stabilisers. The Republican Party frowned on Roosevelt's New Deal concepts and measures, but, by the early fifties, the moderate wing of the Party which put Dwight D. Eisenhower in the White House willy-nilly accepted many of them, including progressive labour legislation and social security. This did not mean that the moderate wing turned its back on conservatism. Actually, it parted company with the rest of the Party mainly on the issue of internationalism *versus* isolationism in foreign policy. With regard to fiscal and monetary policies and also welfare measures, it was still conservative in its orientation. But, even in its conservatism it embraced new ideas and changes that seemed appropriate for the times.

True conservatism cherishes what is best in tradition, yet accepts and seeks advances in the human condition. Goldwater, despite his claim to being a conservative, would not only close the door to the future, but would sweep aside the progress of ideas and the achievements of many years and decades to go back to a romantic past. His answer to the complexities of the modern age is to invoke a simplistic image of supposedly free men, free from the bureaucracy of a big Government and the wishy-washy philosophy and the fettering chains of a welfare State.

Some Typical Remarks

Typical is his view on the progressive income-tax. "The graduated (income) tax is a confiscatory tax," he has said. "Its effect, and to a large extent its aim, is to bring down all men to a common level. We are all equal in the eyes of God, but we are equal in no other respect. Artificial devises for enforcing equality among unequal men must be rejected." This is the philosophy that apparently led him to cast a negative vote on the Civil Rights Bill last month. (Goldwater claims that he is "unalterably opposed to discrimination of any sort" and that as a half-Jew—his grandparents were Polish Jews—he himself has suffered discrimination.)

The Senator from Arizona has said too: "Let welfare be a private concern," meaning thereby that, instead of the society organised in the State concerning itself with the welfare of its members, the individual should fend for himself by buying insurance or seeking help from private organisations. He amplified this point in a television interview in 1961 and said: "When you say to Johnny, '*Don't worry about the old man or your mother, we are going to take care of them when they get older,*' you have destroyed his freedom there, the freedom of responsibility." Perhaps, the man who embraced the church does not lack Christian charity, but, if he has any understanding of the complex society and its social and economic problems, he has given no evidence of it.

Goldwater's simplistic "solutions" to complex problems have an emotional appeal to many, but several of his "solutions" are dubious and also mutually contradictory. In this sense, the choice he offers to the electorate is not at all a clear one.

Goldwater would, for instance, reduce the role of the Federal Government—which he often discusses as though it is a foreign Government imposing its rule on the people of the United States—and would substantially reduce Federal Government spending. But he also says he would seek to develop more powerful and sophisticated weapons of war and take a militant diplomatic and military posture in foreign affairs. These would involve more, and not less, centralisation and perhaps also additional spending on armaments.

Dangerous

If many of the domestic policies Goldwater espouses appear antedeluvian, the foreign policy approaches he advocates are reckless and dangerous. His role as the Rip van Winkle of American politics might be amusing, but it is certainly unnerving to see him play the sheriff of the world, shooting from the hip, Western style. On foreign aid, he once said: "If we have to live with foreign aid—and I don't think we do have to live with foreign economic aid—I think it should be used as a 'rifle' aimed at specific areas where we can gain an advantage over the Russians." The new platform of the Republican Party endorses this concept and asserts that foreign aid should be given only to America's allies in the war against Communism. But Goldwater's position on foreign aid is *relatively* innocuous. More terrifying is his view that, in the global contest between the United States and the Communist Powers, especially the Soviet Union, the U.S. should seek "total victory." He believes that there can be no such thing as peaceful co-existence, that Russia must be vanquished as a power if it is not to "bury" the U.S. In 1962, the Senator who later on voted against the limited nuclear test ban treaty called disarmament "a dangerous exercise in complete and total futility." Last year, he said: "I don't give a tinker's dam what the rest of the world thinks about the United States as long as we keep strong militarily." Earlier this year, he said: "We should get back to the Eisenhower-Dulles doctrine of brinkmanship, where everybody knows we have the power and will use it."

"Senator Goldwater believes that he can confront the Soviet Union and China without the risk of war," Walter Lippmann commented recently. "He is not trying to bluff. It is more serious than that. He is suffering from a delusion that the United States is omnipotent and irresistible."

Naive he may be, but he is no less a fanatic than Mao Tse-tung in his ideology and considerably more irresponsible, in that, if elected, he *would have the power* to pursue his mad policies.

Extremism No Vice

His statement on extremism gives no clue to a sober Goldwater tomorrow. In the speech accepting the Republican nomination in July, he observed: "I would remind you that extremism in the defence of liberty is no vice. And let me remind you also that moderation in the pursuit of justice is no virtue." In the abstract, this may not sound so significant, but in the context of his refusal to condemn fascist groups like the John Birch Society and, in fact, his readiness to have their support in the elections, this could only be interpreted to mean that he believes the end justifies the means. More than a year ago, he made another statement that supports this interpretation. He told a television interviewer: "I don't object to a dictatorship as violently as some people do, because I realise that not all people in the world are ready for democratic processes. If they have to have a dictator in order to keep Communism out, then I don't think we can object to that."

It is tempting to say that only the odd balls are for Goldwater and that the odds are against his election, but it could be a terrible mistake to say so. For Goldwater has the support not only of the extremist elements of the right, the reactionaries and the fascists. He has the support, current and potential, of millions of others with a variety of attitudes and prejudices. "Mr. Goldwater may attract all the ultras, and the antis—the forces that are anti-Negro, anti-labour, anti-foreigner, anti-intellectual—but he also attracts something else that is precisely the opposite of these vicious and negative forces." a *New York Times* writer commented recently. He explained: "Mr. Goldwater touches the deep feeling of regret in American life: regret over the loss of religious faith; regret over the loss of simplicity and fidelity; regret over the loss of the frontier spirit of pugnacious individuality; regret, in short, over the loss of America's innocent and idealistic youth."

Defeat Not to be Taken for Granted

Goldwater's voting strength lies in the Mid-west, North-west and the Far-west. In particular, the businessmen and career men and others with comfortable living in these areas support his advocacy of less Federal Government action in the domestic sphere, his call for a return to *laissez-faire*. He has the support also of Southern segregationists who appreciate his negative stand on civil rights. He might gather the votes also of those Northern whites, particularly the minority groups represented by European immigrants, who are reacting with fear to the Negro's vigorous drive for equal opportunities. Many Northern whites who are sympathetic to the Negroes' drive for equality are nonetheless not happy to have the Negroes as their neighbours or are resentful of the Negroes' militant tactics and demonstrations. Moreover, with unemployment at high levels and automation disemploying thousands at a gathering pace, they are fearful too that equal opportunity for the Negroes might mean their displacement. The fashionable term to describe these white reactions is *white backlash*. (It is not widely realised that the present militant struggle of the Negroes is itself a backlash or reaction to years and decades of oppression and exploitation by the white majority.)

A recent survey indicated that the white backlash has so far not assumed fearful proportions, but there is no assurance that it will not grow and be translated into votes for Barry Goldwater. The Arizonan's election strategy actually seeks to exploit it. Already, there are indications that the forthcoming election in November will be preceded by a mean and dirty campaign. Senator Goldwater gave a taste of what is to come when, prior to the San Francisco convention of the Republican Party, he disputed President Johnson's sincerity on civil rights and called him a "faker" and the "phoniest individual" to come on the Washington scene. The Goldwater faction, which has gained control of the Party apparatus, is, moreover, composed of ruthless, ambitious persons, who can be expected to employ every device to put their man in power. While recent popularity polls show that President Johnson would easily beat Goldwater, anything can happen between now and November.

U.S. STEEL PRICE

An increase in steel prices in the U.S. is hinted at in New York. The Chairman of both the United States Steel (Mr. Roger M. Blough) and Bethleham Steel (Mr. Edmund F. Martin) are of the view that, notwithstanding the increase in prices effected last year in two stages and rise in production this year, the current prices are not remunerative enough. "They certainly are not," according to Mr. Martin, "at the level they should be." "Bethleham's profit-margins are between 6 and 7 per cent of sales; they should be," he said, "9 or 10 per cent to be where other industries are."

LONDON LETTER

IS ANYTHING WRONG?

KALDOR TAKES MAUDLING TO TASK

(From Our Own Correspondent)

LONDON, 1st *August*

"BLACK day for the City" announced a subhead at the close of the week and everyone knew what that was about: coming on top of the Rolls Razor collapse (now followed by a Board of Trade inquiry), was the hammering of a Stock Exchange firm; announcement of the suspension in share dealings of three companies; and police inquiries into various share dealings. But what the City was bemoaning was its smirched public image, for the stock market indices barely faltered. They stand now just a shade below their July peak which is practically an all-time high.

It is also noteworthy that the stock markets have been able to maintain their strength, in view of the amount of general concern about the U.K's Balance of Payments. Half-yearly figures have now been published which confirm the lugubrious calculations made month by month. For the first half of 1964, exports averaged £354 million a month (to which add £12 million for re-exports). This is a 4 per cent rise over the 1963 average, though only 2 per cent over the average for the last half of 1963. But imports averaged £457 million a month, or £406 million reduced to f.o.b. terms to make them comparable with the export figures. This is some 14 per cent over the 1963 average and 9 per cent over the average for the last half of 1963.

Payments Deficit

Thus, there is an adverse balance of trade of £40 million a month, ten times the 1963 average. The first half of 1964 has, therefore, piled up a payments deficit, approaching £200 million. Even if imports tail off a little more steeply than they have been doing in the past three months, the deficit must certainly exceed £300 million over the year.

In order to guard against pressure on sterling, the British Government has obtained a renewal of its $1,000 million line of credit with the I.M.F. which should just about take care of the total annual deficit, if, of course, such support should be necessary.

A Controversy

Announcement of the half-year figures has been enlivened by a crossing of swords between Prof. Nicholas Kaldor, a distinguished economist, and the Chancellor of the Exchequer. Prof. Kaldor began by taking the Government to task for trying to explain everything away in terms of imports of industrial raw materials to sustain the expanding economy. What are the facts? Imports of industrial materials have risen continuously since early last year. In the first half of 1964, their value was 12 per cent (£20 million a month—half the deficit!) more than in the second half of 1963. But a part of this was due to a significant rise in price and the rate of growth of these imports has been slowing down since the beginning of the year.

Imports

On the other hand, imports of finished manufactures increased substantially in the first half of 1964 when they were some 23 per cent (£14 million a month) more than in the previous half-year. Imports of machinery and instruments have continued to rise since the start of the year, but then, so have imports of consumer goods which have shown increases in a wide range of articles. In the second quarter of 1964, consumer goods were 35 per cent up on the year before, including a 44 per cent increase in cars and motor cycles. Others, mainly capital goods showed a 32 per cent rise on the previous year. But this group of finished manufactures (of which only part is capital) accounts for a quarter of the increase in the imports bill.

The more the import figures are analysed the harder it is to find complacent explanations. For instance, while semi-manufactures have risen 32 per cent, imports of iron and steel have risen 58 per cent over the year (comparing still the second quarter of 1964 with the second quarter of 1963). Of course, iron and steel amounts to only one-eighth of the import bill for industrial semis, but it is all too evident in this case that home production is being supplemented by imports simply because it is not sufficiently competitive.

Yet this last aspect was the one which the Chancellor of the Exchequer chose to challenge. He said that Mr. Kaldor was in error in showing alarm at the widening trade gap: this was a phenomenon associated with the beginning of a phase of industrial expansion when industrial materials and capital goods imports had to go up. Unhappily for the Chancellor it now begins to be difficult to see 1964 as the "beginning" of a period of industrial expansion. The production indices have been stationary for several months, imports of goods we should be producing ourselves are rising, consumer goods imports are going up—while, on the other hand, exports have not kept pace with the rate of expansion required of an expanding economy.

Mr. Maudling is generally felt to have had the worst of this exchange, but there can be no satisfaction over this in any quarter, since the problem looks even worse, when even the Chancellor cannot analyse it properly. The Opposition "shadow Chancellor" has easily declared that the answer is an expansion of exports, but has not gone so far as to spell out how this is to be achieved. Lack of competitiveness in exports? Apparently, but how is that to be set right? The answer will no longer be looked for from Ministers, for this long Parliament has ended at last and the country settles down to its general holidays, after which the atmosphe will be steadily heated for the October electic One thing is certain; whoever gets back Westminster in October will be in the unen able position of having to tackle the proble of a really serious imbalance in this country trade.

NEW BODY FOR PROMOTING U.K. EXPORTS

The formation of a new organisation f promoting British exports, following on t decision to dissolve the Western Hemisphere E port Council at the end of March, was announc in the House of Commons recently by Mr. Edwa Heath, Secretary of State for Industry, Trade a Regional Development and President of the Boa of Trade. The tasks of the new organisation w be to initiate, guide and inspire export effort all markets, to advise on the formation of bodi to foster British exports in particular areas of t world, to provide a means of co-ordination b tween such bodies and the country's export effo generally, and to provide the necessary finan and services for this purpose. There will be fi bodies to carry on work in Europe, the Midd East, Canada, the United States, and Lat America.

The sponsors of the British National Expo Council will be the Federation of British Indu tries, the National Association of British Man facturers, the Association of British Chambers Commerce, the Trades Union Congress, and t City Financial Advisory Panel on Exports. S William McFadzean, who has served with suc distinction, and success as Chairman of the E port Council for Europe, has accepted the invit tion to become Chairman of the new Council ar to undertake its formation, in consultation wi the sponsoring bodies and the Board of Trade.

4¾ PER CENT

MAHARASHTRA STATE DEVELOPMENT LOAN, 1976

ISSUE PRICE AT PAR

OPEN ON MONDAY, THE 24TH AUGUST 1964

The loan will be closed as soon as the total amount of Rs. 15 crores has been subscribed and in any case not later than the close of business on the 29th August, 1964.

The applications for the loan will be received at—

(*a*) the offices of the Reserve Bank of India, Bangalore, Bombay (Fort & Byculla), Calcutta, Madras, Nagpur and New Delhi,

(*b*) the branch of the State Bank of India at Patna,

(*c*) the branch of the State Bank of Hyderabad at Hyderabad,

(*d*) the branches of the State Bank of Hyderabad conducting Government treasury work within the State of Maharashtra,

(*e*) the branches of the State Bank of India within the State of Maharashtra except at Bombay and Nagpur and at places covered by item (*d*),

(*f*) the Government Treasuries and Sub-treasuries in the State of Maharashtra at places not covered by items (*d*) and (*e*).

Full particulars can be obtained at any of the offices mentioned above.

BANK MERGERS AND FREE COMPETITION

U.S. SUPREME COURT BACKS JUSTICE DEPARTMENT

BANK mergers have been accepted in India as a means of strengthening small and uneconomic banking units. The Reserve Bank's policy of both voluntary mergers throughout the 'fifties and compulsory mergers since the beginning of the 'sixties has enabled larger and progressive banks to take over units which are substandard or which suffer from a shortage of resources, in order to avoid dangers to their solvency or liquidity. There have even been significant attempts by larger banks to extend their geographical coverage through mergers—the most classic instance being the acquisition of Hind Bank in 1958 and New Citizen Bank in 1962 by the Bank of Baroda. A more recent instance is provided by the Canara Bank which has absorbed the Pandyan Bank, among others. The Reserve Bank has all along encouraged the mergers.

In India, the merger trend has never been considered in the context of competition among the banks, largely because there has undoubtedly been far too many small banks posing a serious threat to the stability of banking and growth of banking habit. It is only lately that the powers-that-be have been talking about concentration of share-ownership and economic power in the hands of a few and entertaining the idea of nationalisation. Even so, they have not cried halt to bank mergers and asked the Reserve Bank of India to reverse its policy. This obviously suggests that they realise that the merger policy has large merits in the Indian context and that its implementation does not in any way reduce the scope for adequate and healthy competition, so essential in the interests of depositors and borrowers alike.

Mergers of even bigger banks have been taking place in many countries of post-war Europe also. Here the object is to render more efficient, economical and diversified service to customers, as well as to take bigger risks than in the pre-war era. Across the Atlantic in the United States, however, the trend towards mergers has evoked considerable opposition.

Two Notable Decisions

As was pointed out in *Commerce* dated 23rd November 1963 (page 864), bankers there have been agitated for the last four years over the hostile attitude of the Justice Department of the Administration, which is charged with the duty to enforce anti-trust laws to bank mergers on the ground that they would impede effective competition. The U.S. Supreme Court decisions in what has come to be known as the Philadelphia merger case (discussed in the aforesaid issue of *Commerce*) and in the latest Lexington merger case have upheld the Department of Justice. They have not only barred completely the way for future bank mergers, but also created a situation in which the Department could challenge the bank mergers that took place even before 1950, when the Clayton Act was passed. These two decisions together may change the entire course of U.S. banking history and reverse the bank merger trend which had gathered much momentum in recent years.

The Sherman Act and the Clayton Act have for years given the U.S. Department of Justice the authority to initiate and institute anti-trust proceedings, but it was not clear whether these Acts applied to bank mergers. In fact for ten years, every one—the Department of Justice, the banking industry, the Congress, the bar and the judiciary—all proceeded on the assumption that these Acts did not affect bank merger. When the Bank Mergers Act of 1960 was being debated in 1960, the Congressional debates and Committee proceedings clearly and repeatedly reflected the understanding that Clayton Act did not apply to bank mergers. The Bank Merger Act defined the procedure for approving bank mergers and prescribed explicitly the authorities for approving the mergers. Thus, mergers of the National banks needed the approval of the Comptroller of Currency and those of the State member-banks required the approval of the Federal Reserve. Similarly, the State non-member insured banks were subject to the Federal Deposit Insurance. The procedure was that the Federal agency responsible for approving mergers must consider several factors affecting bank mergers, namely, the history of the bank, its present conditions, its capital structure, its management, the needs of the economy and of the region. Under the last item, the question of competition between banks in the concerned region should also be considered—by inviting the opinion, but only the opinion, of the Department of Justice.

This arrangement worked smoothly for years, but it was the zealous enthusiasm of the present Comptroller of Currency in approving a large number of bank mergers that seems to have induced the Department of Justice to challenge bank mergers. And it has been able to do so successfully, in spite of the joint efforts and informal co-operation among all the three Federal agencies. In spite of sharp disagreement on various matters, the three agencies have lined up on one side, to evolve a consistent common approach to bank merger applications. Their formal committee is known by the name of Bank Mergers Standards Committee.

The Main Difference

The main difference in the joint approach of these agencies and the approach of the Department of Justice is that, while the former emphasises the *banking* factors and regards the competitive factor as only *one* of the factors affecting the decision on any merger, the latter regards the *competitive* factor as the *fundamental* determinant of merger applications.

The earlier decision of the Supreme Court invalidating the merger between the Philadelphia National Bank and the Girard Trust Corn Exchange Bank—a merger which was originally approved by the Comptroller of Currency and upheld by the District Court—was based upon the Clayton Act, and although the Justice Department had also pleaded the violation of the Sherman Act, no ruling was given on that issue. Bankers in the U.S. were, therefore, eagerly awaiting the Supreme Court's decision on further cases involving the Sherman Act. The Supreme Court has now held that the merger of the First National Bank and Trust Company with the Security Trust Company of Lexington also violates the Sherman Act.

The position as a result of the Philadelphia case was described in our earlier article referred to above. How does the Lexington case alter that position? In the Philadelphia case, both the District Court and the Supreme Court considered the applicability of Clayton Act. The former held that, since a bank merger was a case of *assets* acquisition and not a case of *stocks* acquisition, the Clayton Act did not apply. The Supreme Court conceded both the arguments: if Philadelphia case was different from a *pure assets* acquisition, it was also equally different from a *pure stock* acquisition. But it gave a new interpretation to the law, by holding that the entire range of corporate amalgamations from stock to assets acquisitions was *within* the scope of Clayton Act.

In the Lexington case, the Sherman Act provisions were directly being considered. The Supreme Court has held by a majority opinion that, where the merging companies are major competitive factors in a relevant market, the elimination of significant competition between them constitutes a violation of the Sherman Act. The statistics presented at the hearing clearly showed that the First National and the Security Trust were both big and their merger meant a bank that was bigger still. The new bank, it may be noted here, is larger than all the remaining banks in that area combined together. Prior to the merger, the two banks were *close* competitors in the trust department business. The Supreme Court considered that significant competition will be eliminated by the merger and that elimination of significant competition constituted an unreasonable restraint on trade.

With this final seal of the Lexington decision, the Supreme Court has blocked the future mergers; but it seems to be the objective of the Department of Justice to break up past mergers too. In its action against 1963 merger of the Crocker-Anglo National Bank with the Citizens National Bank, the Justice Department has also challenged the 1956 merger between the Crocker First National Bank of San Francisco with Anglo-Californian National Bank, which produced the Crocker-Anglo. What the bankers now wonder is this: should this 1956 merger break up, can the merger that produced Morgan Guaranty Trust Company survive? Some feel that Justice Department is not likely to stop even there. At the end of Philadelphia decision, it was felt that the anti-trust zeal of the Justice Department may not extend backwards beyond 1950. But the Lexington decision, coupled with an entirely different decision on Du Pont merger with General Motors (which required divestment by the Du Pont of General Motors stock acquired some 30 years ago), has created a distinct possibility that the Department may proceed against mergers or acquisitions accomplished even prior to the passing of the Clayton Act in 1950. In fact, the Assistant Attorney General has said so much. He argued that, though the divestment of assets merged years ago might be troublesome, the difficulties had been exaggerated. It is not necessary, in his view, to trace the original assets for the purpose of segregation: the court may effectively restore the previous competitive situation by creating a new corporation or a company out of the assets of the existing company.

Opinion however is not unanimous on the merger question. Although Senator Patman, Chairman of the House Banking and Currency Committee, has declared that he will oppose all efforts that will now be made to exempt banking from anti-trust laws, Senator Robertson, Chairman of Senate Banking and Currency Committee, has clearly expressed his disapproval of the Supreme Court's decision, which, it may be noted, was not unanimous in the case of both the Philadelphia and the Lexington cases. The dissenting judges differed with the majority opinion not only in the interpretation of the case law, but also pointed out that the consolidations clearly appeared to have been the result of lawful programmes of expansion on the part of the merging banks rather than any invidious scheme to restrain competition and secure monopoly in the local field of banking. They also felt that various banking factors in any particular case might completely outweigh the competitive factors and that in any case competitive factors, however, favourable or unfavourable, were not by themselves the only controlling factors.

There the matter stands now and it remains to be seen, how powerfully and fruitfully the joint committee of Federal agencies will be able to act in allowing bank mergers that are in public interest, even though they might result in some decline in competition.

KERALA FINANCIAL CORPORATION

Unlike in the case of the other State Financial Corporations, the problem of the Kerala Financial Corporation is not that of a shortage of resources but the lack of avenues for employment of funds. As against 48 applications for Rs. 98 lakhs received in 1962-63, only 25 applications for Rs. 25 lakhs were received during the year ended 31st March 1964. The decline is largely due to the difficulty in accepting landed properties as security, as a result of the situation created by the enforcement of Kerala Agrarian Relations Act. With a new Land Reforms Act in force now, the position has eased and the Corporation looks forward with a note of optimism to future working and progress. The Corporation is also making all possible efforts to popularise credit facilities offered by it.

The net profit of the Corporation for the year ended March 1964 shows a nominal increase of Rs. 2,500 to Rs. 5.8 lakhs. It was possible to maintain the profits in spite of the fall in the number of applications for assistance and in spite of adverse circumstances, because the amount disbursed was higher.

In spite of the slight rise in profit, there has been a substantial increase in the subvention required to make up the deficit to meet the guaranteed dividend liability: it rose from Rs. 1.41 lakh for the previous year to Rs. 1.67 lakh for the year under review. The entire increase was, however, the direct result of the new Finance Act which provides for a 7½ per cent tax on dividends declared by companies.

During the eleven years of its existence, the Kerala Financial Corporation earned about Rs. 50 lakhs as net profit, out of which more than Rs. 23 lakhs were provided for taxation. Against this, the subventions drawn from the State Government amount to Rs. 13 lakhs. The awkwardness of the entire arrangement under which the State Financial Corporations pay taxes like any other corporate bodies and then draw subventions from the State Government to meet the guaranteed dividend liability is clearly illustrated by the case of the Kerala Financial Corporation. Moreover, the amount of dividends paid to the State Government and the Reserve Bank of India during these eleven years amounted to almost Rs. 11 lakhs. It is only during the last two years that they have decided to forego their dividends in order to strengthen the reserves of the corporation. The amount foregone so far adds up to Rs. 2,10,000.

The industry-wise classification of loans sanctioned by the Kerala Financial Corporation shows that, of the total loans sanctioned, textiles and food manufacturing industries received 28 per cent each next in importance come mineral products, rubber products and wood work, with 9 per cent, 9 per cent and 8 per cent of the total loans respectively.

I.M.F. AND INTERNATIONAL LIQUIDITY

A PLAN FOR OVERCOMING SOME PROBLEMS RAISED BY GOLD SUBSCRIPTIONS

By S. L. N. Simha

[How can international liquidity be improved? This question has figured prominently in world discussions for some time now. The various suggestions which have emerged from these discussions, together with the findings of the study undertaken by the I.M.F. itself and the "Group of Ten" industrial countries, will come up for a close scrutiny at the forthcoming annual meeting of the I.M.F. due to be held at Tokyo next month. One of the suggestions pertains to a further increase in the quotas of I.M.F. members, the proportion of the increased quota being subscribed in gold. This suggestion has been critically examined by Mr. S. L. N. Simha, an Adviser in the Reserve Bank of India, who served as an Alternate Executive Director for India at the I.M.F. from December 1961 to June 1964, in the course of an interesting article contributed, in his private capacity, to the July 1964 issue of The Banker, *London. Besides examining the issue, Mr. Simha has offered his own plan for dealing with the gold problem.*—ED.]

IT is not yet known what specific proposals for improving international liquidity will emerge from the studies now being conducted by the International Monetary Fund and the "Group of Ten" industrial countries. It is widely anticipated, however, that, when the annual meeting of the Governors of the Fund takes place in September Tokyo, a further general increase in members' quotas (that is, their drawing rights) will be recommended, supplemented by some special increases for particular countries whose importance in world payments has increased over the past few years. It will be recalled that similar action was taken in 1959, following the Fund meeting at New Delhi the previous October. The need for a further substantial increase in quotas is fairly obvious. Quota increases are of great help to all countries, developed and developing—and, indeed, are essential if members' drawing rights are to rise in step with the expansion of world trade. A significant increase in quotas, moreover, would provide adequate resources for the Fund to obviate, by and large, recourse either to any supplementary borrowing arrangements of the type that are now in force or to the sale of gold by the Fund to replenish its holdings of currencies. Certainly, as precautionary measures, such borrowing arrangements and the I.M.F. gold stock have a place. But there are strong arguments for trying to operate the Fund without recourse to them. Immediately, the role of gold in the Fund's operations raises many far-reaching questions that touch upon one of the controversial aspects of the suggestions that quotas should be further increased—the proportion of the increased quotas to be subscribed in gold. This article examines this particular problem and puts forward a proposal for meeting it.

In reviewing the role of gold in the Fund, two conflicting considerations have to be reconciled. One is the necessity of endowing the Fund with sufficient international liquidity—which in this context means gold—to meet its operational requirements adequately and promptly. The other is the evident desire of member countries to keep as much of their gold as possible in their own reserves. It is true that, insofar as a convention is being developed to include the gold tranche of the quota (or more precisely the gold subscription *plus* the net creditor position in the Fund) in the reserves of members, payment of gold to the Fund should not make any material difference to the member's reserves. But, in the aggregate, gold subscriptions could still lead to some decrease in international liquidity to the extent that members have drawings outstanding to the Fund or have to purchase the gold from the reserve-currency countries.

Plainly enough, the larger the quota increases, and the more flexible the supplementary borrowing arrangements, the smaller is the need for the Fund to have gold resources. Moreover, the Fund could also avoid hasty sales of gold for the replenishment of currencies to meet what are certain to be very temporary transactions: it is the writer's impression that the Fund's sales of gold in recent years were not quite necessary. What, then, are the practical ways of achieving this reconciliation of the needs of the Fund and those of its members?

What Escape from Article III?

Under the Fund's Articles of Agreement [Article III, Section 4(*a*)], 25 per cent of a quota increase has to be paid in gold. The Articles also provide that, if, on the date when the member consents to an increase in quota, its monetary reserves are less than its *new* quota, the Fund *may* reduce the proportion of the increase to be paid in gold. This relaxation, it should be emphasised, is discretionary and not mandatory. For instance, when there was a general increase in quotas in 1959, the Fund decided that, in all cases, there must be a 25 per cent payment of gold. Things, of course, have changed a great deal since 1959. The most conspicuous feature of the new situation is the substantial decline in the gold reserves of the United States. The gold holdings of the other reserve-currency country, Britain, have shown hardly any net change. Significantly, perhaps, these two reserve countries might—in view of their heavy short-term liabilities—claim the benefit of gold subscription of less than 25 per cent, in terms of the proviso to Article III, Section 4(*a*). Whether, if the Fund agreed, there would be any meaning at all to a 25 per cent gold payment by the other developed countries, it is unnecessary to discuss here: the point scarcely seems practical politics at the moment. There is little doubt that the majority of the developing countries would be eligible to take advantage of the relaxation of the gold subscription—and deserving of such a concession.

In view of the many uncertainties, it seems highly desirable that other methods of dealing with the gold problem should be explored. One method would be to amend the Articles, providing for either no gold payment or a substantially smaller one than 25 per cent, in any general increase in quotas. Other amendments, however, would also be required, since, under the present arrangements, any holding of a member's currency by the Fund in excess of 75 per cent of its quota is regarded as extension of credit by the Fund to the member and a repurchase obligation is created. Another method would be for the Fund to take the gold subscription due under the present requirements, but to sell it back to the member for purchase of its currency. It is doubtful whether this step would be consistent with the letter and spirit of the Articles of Agreement, for, under the existing provisions, any sale of gold by the Fund to acquire a currency should be predominantly related to the Fund's holdings of that currency. It should be emphasised that Section 2 of Article VII (which provides for sale of gold by the Fund) bears the heading "measures to replenish the Fund's holdings of scarce currencies;" any holding of a member's currency by the Fund above 75 per cent of the quota could hardly be regarded as state of scarcity for that particular currency.

A Plan for Returning the Gold

There is, however, a third way of dealing with the gold problem, and this forms the main theme of this article. Briefly, it proposes the investment of the additional gold subscriptions in securities of the respective member countries, the Fund having the right to get back its gold on maturity of the securities. The pattern for this is the present investment of $800 millions of gold in the U.S. short-term Treasury securities, which, in practice, have been continually renewed on maturity. There seems considerable scope for the use of this technique in any general expansion of the Fund's resources. Without prejudice to the exploration of the various other proposals—especially that for dispensing with gold subscription altogether—this investment device deserves serious consideration. It is assumed that Article III Section 4(*a*) will remain as it is. That is to say, members will have to pay 25 per cent of the increase in quota in gold, except where the Fund exercises its discretionary powers to permit a lower payment; possibly in the case of the less-developed countries, the maximum possible reduction in gold payment, to the point even of zero payment, would be made. Now, if the proposed technique were employed, the whole of the gold subscription as thus determined—or, preferably, a substantial portion (say, 75 per cent) of it—could be invested in Government bonds of the respective member countries. These should be special bonds and might even be called gold bonds or gold certificates; they should carry a uniform, though nominal, rate of interest—say, ¼ per cent—with provision for payment of it in local currency in appropriate cases. Any legal difficulties in the way of the issue of such bonds by member Governments should be removed fairly easily. The essential feature of the bonds is that, any time it wishes, the Fund should have the right to convert a part or the whole of them into actual gold.

Whenever the Fund wished to replenish its holdings of any particular currency by sale of gold (and not by activating any special borrowing arrangements), it would acquire the currency by selling an appropriate amount of the bonds to the country concerned. These would usually be the bonds of the country in question—in which case they would simply be extinguished by payment of the local currency. But if deemed appropriate the Fund could sell the bonds of other countries—in which case the receiving country could either hold them or, through the Fund, in effect redeem them for gold. If the amount of the currency required by the Fund is larger than the gold subscription of the country in question, either the Fund's existing stock of gold would have to be utilised or a call made on other member countries for actual gold payments, there being a corresponding decrease in the amounts of their gold bonds held by the Fund. (The developing countries could be exempted from this call.) To expedite matters, the Fund could first draw on its existing gold stock and replenish it in due course through the call on the gold bonds.

Indeed, it may not be necessary to transfer actual gold to the country whose currency is being acquired by the Fund, over the above what is financed by the gold bonds of that country. As noted earlier, the Fund could transfer to the country part of its holdings of bonds of other countries, which are backed by its own guarantee, as it were—provided the country is willing to accept such bonds. This would result in substantial elimination of gold movements.

A possible objection to the above proposal is that, if countries are not required to pay a gold subscription, they are likely to make exaggerated claims for quota increases. This argument was probably valid when the Fund was being set up. But it has very little validity at the present moment. It is assumed that the quota increases will take the form of a uniform increase of all quotas, suplemented by a few selective additional increases. It is obvious that the selective increases would have to meet with general approval and no country can hope to pitch its claim irresponsibly. At the same time, this arrangement will be of real benefit to the developing countries.

Expanding Liquidity

There seems no reason why the scheme suggested here should require any modification of the policies in respect of drawings in the various tranches of a member's quota. The availability of each tranche is, and should be, governed by the I.M.F.'s assessment of the member's requirements and of the policies it is pursuing. In effect, members will be getting an extra tranche to borrow—which is surely consistent with the basic objective of expanding international liquidity.

It would appear that there is no legal obstacle to the Fund's "investment" of its gold in the manner suggested above. Should there be any dobt, all that is required is a simple amendment, permitting the Executive Board to invest gold in any manner it likes. The amendment could also make suitable provision for eliminating the requirement, if any, that gold must be tendered to a depository before it is returned in exchange for bonds.

The above is only the broadest indication of a technique for overcoming some of the problems raised by gold subscriptions to the I.M.F. Many details have to be worked out. I believe, however, that the scheme has considerable simplicity and provides a fairly satisfactory way out of the difficulties posed by any large gold payment. Undoubtedly, there is need for much more intensive consideration of such arrangements *vis-a-vis* the various other alternatives. The main object of this outline is to stimulate thinking and discussion in this important field that requires the collaborative endeavours of a large number of people and the pooling of a great many ideas.

MORE ON INDIAN LABOUR CONFERENCE

PAYMENT OF PART OF WAGES IN KIND ACCEPTED IN PRINCIPLE

THE twenty-second session of the Indian Labour Conference held at Bangalore on 29th and 30th July was quite notable for the agreement in principle reached on the question of paying a part of the workers' wages in kind. This was the question on which there was an exciting and heated debate, with threats of walk-out by labour representatives. The compromise formula accepted by the Conference provides for payment of a portion of wages in kind, consisting of rice, wheat or wheat substitutes, sugar, pulses, one or two popular varieties of cloth and cooking medium. The Government has agreed to supply to the employers the first three articles at controlled prices for distribution to workers through fair-price shops. On their part, the employers have undertaken not only to ensure such distribution but also to make available to workers textiles, pulses and cooking medium at wholesale prices, the cost of distribution being borne by them.

In the course of discussions on the above issue, it was suggested by the Government spokesmen—the suggestion was widely supported by labour leaders—that employers of industrial establishments should subsidise foodgrains sold through fair-price shops. The acceptance of this suggestion is bound to add further to the production costs of industries which are already high enough. Why should employers be made to bear this additional burden designed to confer benefits on a section constituting a fraction of the population? Naturally, the suggestion was stoutly opposed by Mr. Naval Tata, President of the Employers' Federation of India. Without mincing words, Mr. Tata declared that any subsidy from employers who were already required to give many fringe benefits to workers "is out of the question." Would the Government, he asked, give a similar subsidy to its white-collar employees, and said: "By asking employers to agree to a subsidy, the Government would be creating a privileged class. This is not social justice." Thanks to the convincing arguments put forward by employers' representatives, the Government agreed to ensure supplies of rice, wheat or wheat substitutes and sugar at controlled prices for distribution by employers to workers.

Fair-price Shops

The debate was equally exciting and heated on the issue of fair-price shops. The excitement and heat could have been avoided if only the Government spokesmen and labour leaders had cared to find out the real reasons for the slow progress made in the formation of employer-sponsored fair-price shops and consumer stores. At the Standing Labour Committee meeting in December last, it will be recalled, it had been agreed that 95 per cent of the industrial establishments should be covered by the scheme before 29th February 1964. But, so far, we are told, only 78 per cent of the public sector undertakings and 50 per cent of the private sector enterprises—according to Mr. Naval Tata, the latter figure is much less, being 30 per cent—have implemented the scheme. Mr. D Sanjivayya, Union Labour Minister, threatened that the Government would resort to legislation to ensure the setting up of employer-sponsored fair-price shops and consumer stores in all establishments employing more than 300 persons. This move was widely endorsed by some State Labour Ministers, as well as by all the trade unions represented in the Conference, but was opposed by employers' representatives.

The employers' representatives are not against the scheme as such; only they want that no unit, which is not in a position to open consumer stores or fair-price shops, should be compelled to do so. And they are quite justified in asking the Government to appreciate the real difficulties faced by some units and not to force them to establish fair-price shops, unless, of course, the Government is prepared to help them overcome the difficulties. Some of the points urged by the employer-spokesmen against statutory enforcement are:

1. Unless the prices charged by the wholesale producers or suppliers are controlled, co-operative and fair-price shops which function merely at the distributing end cannot offer much relief to the workers.

2. The existing fair-price shops and consumer stores in factories have not been taken full advantage of by industrial workers. It is, therefore, doubtful whether the need for more such shops has been really felt by workers.

3. The State Governments operate a wide network of their own fair-price shops for general public and, in view of the shortage of essential foodgrains, especially rice, some State Governments are unable to ensure steady supply to the fair-price shops to be set up by the employers.

4. The establishment of consumers' co-operative stores in which the workers will have a direct interest and stake is preferable to the employers' setting up fair-price shops.

Instead of appreciating these pertinent points, the Union Labour Minister thought it fit to hold out the threat of legislative enactment. The Government itself, as Mr. B. M. Chinai stated in the Conference, should take the responsibility for supplying commodities at controlled prices to the employer-sponsored fair-price shops or consumer stores. It is good that, in the case of at least three commodities, the Government has undertaken, as already stated, to make available supplies at controlled prices. The workers, too, must be prompted to avail themselves fully of these facilities, for there are instances of workers in several establishments not making use of these stores.

Bonus Issue

The issue pertaining to bonus also figured prominently in the discussions in the Conference. The trade union leaders, as was only to be expected, unanimously demanded immediate acceptance of the Bonus Commission's recommendations in their entirety. The employer-representatives, however, appealed to the Government not to allow itself to be hustled into taking a decision without examining all aspects of the report. In particular, they opposed the Commission's proposal for a minimum bonus, irrespective of whether or not an enterprise made profits. In the light of the conflicting views, the Conference preferred not to make any specific suggestion. All that it did was to call upon the Government to take a decision on the Bonus Commission's recommendations "quickly."

Voluntary Arbitration

A review of the working of the voluntary arbitration arrangements as made in the Conference revealed a good deal of improvement. There were some difficulties in the beginning, but these have largely been overcome. The approach to this issue of the three parties participating in the Conference, namely, employers,

(*Continued on page 226*)

Number of Consumers' Co-operative Societies Functioning in the Country

Ministry of Labour and Employment:	*Position as on* 13-7-63	25-6-64
Co-operative societies for industrial workers in the States and Union Territories	318	970*
Co-operative societies for industrial workers in the Central Government undertakings	247	356†
Co-operative societies in coal mines	100	166
Wholesale stores in—		
Jharia	—	1
Raniganj	—	1
Madhya Pradesh	—	1
Co-operative societies in mica mines	19	12
Total	684	1,507
No. of fair price shops in—		
Private sector	—	260
Public sector	—	149
Total	—	409
Grand Total	684	1,916
Total number of establishments employing 300 or more workers in—		
Private sector	1,914	2,219
Public sector	330	552
Coal mines	400	400
Non-coal mines	168	168
Total	2,812	3,339

Coverage $\frac{1,916 \times 100}{3,339}$ = About 57 per cent.

Department of Co-operation:		
Central stores so far registered to which primary co-operative societies for industrial workers will also be affiliated	83	221
No. of primary societies set up for the general consumers under the scheme of the Ministry of Community Development and Co-operation	848	3,328
Fair price shops run by the State Governments for the general public in the country	..	77,000

* Including 55 branches. † Including 68 branches.

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MANCHESTER LETTER

A NEW PLAN FOR TEXTILE INDUSTRY

COTTON BOARD URGES CONTROL OVER IMPORTS

From Our Special Correspondent

MANCHESTER, 28*th July*

A REVOLUTIONARY five-year "convalescence" plan aimed at giving the Lancashire textile industry the chance to achieve complete recovery has been put to the British Government by leaders of the Cotton Board. The key recommendation in a hard-hitting nine-page diagnosis is for the price-tickets on the flood of cheap imported textiles into Britain—so far this year they total more than 400,000,000 yards—to be brought into close alignment with Lancashire's own selling rates. A levy would be imposed on the imported goods "to bring their prices within a fixed percentage of fair domestic prices." The proceeds of the levy would then be returned to the exporting country.

Critics of this novel plan are expected to argue that, in effect, it can only hit the purse of the British shopper who buys imported textiles. But the Cotton Board says the scheme "would undoubtedly solve the cotton industry's main difficulties." It also claims that "very little levy would be payable, because, in practice, the level of prices at which imported goods were offered would rise. Failing such a "radical reform," says the Board, present methods of control must be made more effective—either by the imposition of a "global quota" on imports into Britain or the imposition of a tariff on textiles from the Commonwealth.

In a powerful appeal for Government understanding in helping the industry to restore its lost confidence, the Board says:

"The cotton industry, alone amongst major British industries, has been required to face over the past decade an ever-increasing proportion of cut-price, duty-free imports. Consequently, a catastrophic decline, with enormous erosion of capital and employment, has been unavoidable. It seems certain that a new era of technological advances is opening. Labour-saving techniques are materially affecting the historic balances between capital and labour costs. Both the cotton and synthetic fibre industries are becoming dependent on revolutionary developments in scientific and mechanical techniques. It is especially necessary that reasonable Government support should still be available to the United Kingdom industry, whilst the technical, commercial and financial reorganisation continues."

The document, entitled *The Case for a Viable United Kingdom Cotton Industry,* has been submitted to Mr. Heath, the Minister of Trade.

Progress Report

A five-point programme outlining recent progress in the industry follows. Capital expenditure, it is pointed out, has increased greatly—from £14.2 million in 1958 to £25.5 million in 1961; in subsequent years the sums spent on re-equipment have continued to exceed £20 million. Total spindleage fell by 65 per cent between 1958 and 1963, but yarn production decreased by only 28½ per cent. Mule spindles now represent only 12 per cent of total spinning capacity and automatic looms 37 per cent of the weaving trade.

Shift work has been adopted on 38 per cent of spinning spindles, as against only 5 per cent before the reorganisation scheme. The proportion of looms running shifts has increased from 20 per cent to 39 per cent in the same period. About half the yarn spun on the cotton system and about 60 per cent of the cloth woven is produced on machinery working shifts.

Since the reorganisation scheme, output per head has increased by around 20 per cent on average, despite a shorter working week. The report claims that the most efficient firms are now "within sight" of U.S. levels of productivity.

"The theory so frequently still quoted that cotton textiles are ideally suitable for production in low labour-cost, labour 'surplus' areas, is no longer true. It is urgent that this should be realised by all concerned," says the Board.

During this period of adjustment, the industry, the Board declares, requires control of the volume of goods imported from low-wage countries; control of the pattern of imports from low-wage countries; and a price level reflecting, for the first time for many years, "Western" instead of "Eastern" costs of production. The countervailing levy on imports of cotton textiles from low-wage countries is then put forward as the basis of the case. The proceeds would be returned to the exporting country concerned, the Board suggests, so that the additional earnings would go to the exporter instead of to the Government of the exporting country. Provided the percentage discount were sufficiently small, there could then be a gradual dismantling of quantitative limitations. In passing, the Board comments that such a scheme could easily be combined, if desired, with the establishment of a central buying commission for imports, such as operates in the jute trade. Some significance can be attached to the fact that this proposal is part of the Labour Party's "Plan for Cotton."

A Global Quota

While the Cotton Board contends that such a scheme would undoubtedly solve the industry's main difficulties, it also feels there should be a refinement of the quantitative controls. The only way in which the "ring fence" policy can be made effective is for the existing arrangements to be reinforced by the introduction of a global quota for all those developing countries with whom there is no existing bilateral agreement. The report also calls for the imposition of a tariff on goods from the Commonwealth preference area. The main advantage of this would be to help to some extent in bringing prices of low-cost Commonwealth imports more into line with domestic prices and thereby reducing disruption.

A tariff of five-sixths of the current duty, the Board urges, should be levied on yarns, piece-goods and made-up goods and restrictions on the volume and types of imports should be maintained for a trial period of five to ten years. At the end of that time it is hoped that special quantitative restrictions on yarns and piecegoods would no longer be needed and the general provisions of the G.A.T.T. long-term arrangement, if still in force, would be sufficient protection.

A giant takeover—the biggest-ever—in the Lancashire textile industry. In bids worth more than £36,000,000, Courtaulds, the man-made fibre combine, are seeking control of the two biggest spinning groups in Lancashire—Fine Spinners and Doublers and Lancashire Cotton Corporation.

The news—a well-kept secret—took the British cotton industry by surprise when it broke. Both Fine Spinners and Lancashire Cotton employ thousands of workers in mills throughout Lancashire and in surrounding countries. Fine Spinners operate more than 30 mills in the U.K. and also have six firms in France and a 36,000-acre cotton plantation in Mississippi in the United States. Lancashire Cotton have nearly 40 spinning mills as well as interests in other industries including brick making, woollens and electrical manufacture.

Courtaulds' Offer

Directors of Fine Spinners are recommending acceptance of the Courtaulds' offer for their group—one Courtauld share of £1 plus £6 in cash for every four £1 shares in Fine Spinners. The offer for Lancashire Cotton—one Courtauld share of £1 plus £ 7 in cash for every four Lancashire Cotton shares—is being considered by the group's directors.

Both groups have their headquarters in Manchester. Shareholders who went to Fine Spinners annual meeting in the city were unaware of the developments until Mr. William T. Winterbottom, the Chairman, told them he had an announcement to make. He said: "I am absolutely convinced that the fusion is not only in the interest of the textile industry as a whole but also to the benefit of all those employed."

Mr. Winterbottom said that there was much to be said for larger groupings to combat the industry's problems. He added: "Although we are regarded as a giant-sized group my colleagues and I have come to the conclusion that our ramifications are inadequate in view of the developments which have taken place in our industry since our last meeting."

From the trade unions, Mr. Joe King, General Secretary of the biggest spinning union—the Cardroom Workers—hoped that it would be in the interests of the industry and the people who worked in it. It would mean, he said, the spending of more money on modernisation and re-equipment. But there was a possibility that integration on this giant scale would bring streamlining and possibly the closing down of some efficient mills. Mr. King stated that it was important that, in large-scale financial deals of this kind, the interests of the workers should not be forgotten and that there should be the fullest consultations with the trade unions.

SIGNIFICANT ADVANCE IN U.S. ECONOMY

FISCAL POLICIES ATTUNED TO ENSURE GROWTH

By Douglas Dillon
U.S. SECRETARY OF THE TREASURY

WHEN the Kennedy Administration took office, the great challenge was to find a new way to promote more rapid and steadier economic growth at home, and at the same time restore confidence in the dollar by whittling down and eventually eliminating our balance of payments deficit. The situation that confronted us in 1961—and still continues—ruled out the use of extremely low interest rates. We simply could not permit short-term interest rates to drop to the levels of earlier post-war recessions without courting a massive outflow of short-term capital. In short, the very dangers in our balance of payments situation necessarily limited the freedom of monetary policy and gave it a new challenge—to facilitate investment at home without provoking an outflow of capital abroad.

In the early days of the Administration, therefore, and without hesitation, we decided to employ fiscal policy—and, more specifically, tax policy—to expand the role of the private sector of our economy as the primary force in achieving our national economic goals. We promptly undertook two major moves to improve the climate for business investment—moves that could be instituted without any excessive loss of revenue. They were the Revenue Act of 1962, with its central provision of a 7 per cent investment tax credit, and the administrative liberalisation of depreciation—both landmarks of progress in our drive to spur the modernisation of our capital equipment.

Although these were major achievements, they were merely first steps in our integrated, long-range programme to stimulate the private sector of the economy. The biggest impediment to a more robust private sector still remained—the high individual and corporate income-tax rates, born out of war-time inflation, that continually prevented the economy from reaching and maintaining its full potential. The Revenue Act of 1964 substantially embodies the tax programme we proposed to break the grip of these high tax rates upon our economy. The timing of the overall tax programme has been important in sustaining the present expansion, and deliberately so, but that should not be taken to mean that we have succeeded in developing a new and effective counter-cyclical tool.

There remain, in my opinion, great obstacles to the use of tax policy for purely counter-cyclical purposes. The chief of these obstacles is the fact that, within our constitutional system, a long lag typically intervenes between a request for a change in tax rates and legislative approval. Unless and until some method is worked out—acceptable to the Congress and consistent with its prerogatives—whereby tax rates can be varied without undue delay, the purely counter-cyclical function of tax policy will remain outside our arsenal of economic tools.

It is, of course, far too early to reach any final judgment on the results of this year's $11.5 billion reduction in personal and corporate taxes. We can, however, take a reading of the cumulative effects of our earlier actions, including the 1962 investment credit and depreciation reform. So far as our domestic economy is concerned, the current expansion is now in its 40th month—the longest peacetime expansion in this century except for the half-hearted recovery from the depths of the great depression of the thirties. Gross National Product in real terms has already increased by 17 per cent since the beginning of recovery in March of 1961. This far exceeds the record of the two previous recoveries. And prospects are favourable for continued expansion for many more record-breaking months to come.

Employment Picture

While still too high, the unemployment rate has begun to diminish perceptibly, moving down to 5.1 per cent in May 1964, as compared with the 5.7 per cent average of 1963. More striking has been the decline in the jobless rate for married men, which at 2.6 per cent in May is now lower than at any time since July of 1957—seven years ago.

Recent gains in total employment have been impressive. In the year ending last month, jobs rose by about 2 million to 70.8 million—more than twice as much as the 800,000 gain during the preceding 12-month period. Increased employment and better use of our productive facilities have been accompanied by better-than-average productivity gains, reflected both in higher personal incomes and higher profits. With tax liabilities in the first quarter already reflecting the new reduced corporate tax rates, corporate profits after taxes ran at the rate of $31,100 million—more than twenty per cent higher than in the same quarter of last year and more than sixty per cent higher than in the first quarter of 1961.

At the same time, the recovery has witnessed a large and steady rise in real take-home pay for labour—as evidenced by the fact that, after taxes and adjustment for price increases, the average weekly take-home pay for a wage-earner with three dependents is today ten per cent larger than it was in early 1961.

Price Stability

It is highly significant that all of these economic gains have been accomplished in an environment of price stability. Average wholesale prices are no higher today than they were six years ago. This price stability has been of critical importance to our balance of payments, and is now beginning to pay off in terms of increased competitiveness in our export industries.

Overall, our balance of payments deficit has declined sharply since the middle of last year. Since then, the annual rate of deficit on regular transactions, which averaged more than $3,500 million for the past six years, and last year amounted to $3,300 million has been cut in half. This has enabled us to staunch the heavy drains on our gold stock. As of 31st May 1964, our overall holdings of gold were slightly above those at the end of last July—ten months with no net loss at all, as compared with a loss of $1,700 million in the single year 1960.

Evidence is accumulating that we have "turned the corner" in our balance of payments, which, like the domestic economy, is beginning to show the favourable effects of the more active fiscal and tax policies, complemented by appropriate monetary policies, that have characterised the past three years.

Capital Outlays

These effects are quite apparent in investment spending—the key area in terms of both our domestic growth and our balance of payments. Plant and equipment outlays levelled off and even declined after mid-1962, following the break in stock prices and reflecting widespread business uncertainty. But, by the second quarter of last year, less than a year after the new depreciation rules and the tax credit became effective they were rising strongly and are now running almost one-sixth higher than in the first quarter of 1963. Further sizable increases are in sight through the rest of this year. It seems clear that these successive increases in planned expenditures largely reflect the widening recognition of the new incentives implicit in the recent tax measures—including not only the 1962 measures, but this year's two-stage reduction in corporate tax rates to 48 per cent.

A recent study by George Terborgh of the Machinery and Allied Products Institute emphasises that, in order to have achieved effects upon after-tax returns of capital comparable to those of the 1962 and 1964 measures, it would have been necessary to either:

Cut corporate tax rates from 52 per cent to 34 or 29 per cent, depending upon the assumed proportion of equity to total capital, or to have allowed an initial depreciation of from 53 to 57 per cent of asset cost, or to have reduced the cost of new capital equipment by 16 per cent.

It is hardly surprising that investment activity is responding to incentives of this magnitude—even though it will be some time before the cumulative impact is fully realised—and that investment spending is now spearheading the recovery.

The ready availability of credit has also had a favourable influence on the growing strength of domestic investment, but we have found ways of making this credit available without driving short-term interest rates sharply lower. Instead, with the economy expanding vigorously at home, monetary policy has been able to discharge its full share of the task of defending the dollar. Our short-term rate structure has been brought into better alignment with those prevailing overseas, and our monetary authorities are now in a flexible position, prepared to meet whatever further contingencies may arise in the balance of payments.

Economy No Longer on the Wane

In the relatively short span, therefore, of less than three and one-half years, both American economic policy and practice have taken new and dramatic turns for the better. Our economy is no longer on the wane—but surely and strongly on the rise. And we can now look forward, in all sober confidence, to the continuation of a peacetime economic recovery of greater durability and strength than in any comparable period in this century.

Equally important, the past three and one-half years constitute a significant watershed in the development of American economic policy. For they have borne witness to the emergence, first of all, of a new national determination to use fiscal policy as a dynamic and affirmative agent in fostering economic growth. Those years have also demonstrated, not in theory, but in actual practice, how our different instruments of economic policy—expenditure, tax, debt management and monetary policies—can be tuned in concert toward achieving different, even desperate, economic goals. In short, those years have encompassed perhaps our most significant advance in decades in the task of forging flexible economic policy techniques capable of meeting the needs of our rapidly changing economic scene.

LABOUR

(*Concluded from page 224*)

employees and Government, was almost identical; it may be summed up thus:

Employers: They want voluntary arbitration, provided there is no coercion and necessary conditions are created for it. (Mr. Naval Tata stated that he was persuading the employers to keep away from compulsory adjudication and accept voluntary arbitration.)

Employees: It is a progressive measure to adopt voluntary arbitration, instead of compulsory adjudication.

Government: The principle of voluntary arbitration has been accepted with a view to seeing that the usual bitterness in labour-employer relations is reduced. Mr. Sanjivayya appealed to both sides to co-operate with the Government to see that this principle of voluntary arbitration was fully implemented.)

Leave Facility

The Conference decided to allow the Punjab Government to legislate for the provision of national and festival holidays, as well as casual and sick leave, for workers in industrial establishments. The decision does not seem to be a sensible one, in that it will, by imposing an additional burden on employers in the Punjab, place them at a disadvantage *vis-a-vis* their counterparts in other States where no such legislation is contemplated. The better thing would have been for the Conference to accept the pertinent suggestion of Mr. Naval Tata that a high-power committee be constituted to fix a national minimum of working days with a view to making uniform leave benefit for workers throughout the country. The Punjab Government can certainly wait till such time as the findings of this Committee are made available. It would be clearly wrong to confer special leave benefits to workers only in one State.

On the recognition of category-wise or department-wise unions in an establishment under the Code of Discipline and the rights of unrecognised union, the Conference did not take any decision. For the consensus of opinion was to the effect that discussion on the subject should be postponed.

Winding up the deliberations, the Union Minister for Labour and Employment made three important announcements. One, the Government has reached a final stage in setting up a wage board for the engineering industry and another for the chemical industry is under consideration. Two, an amendment to the Industrial Disputes Act in order to ensure security of employment is ready; it would be introduced in the next session of Parliament. Three, the Planning Commission and the Government are considering questions relating to giving protection to agricultural labour.

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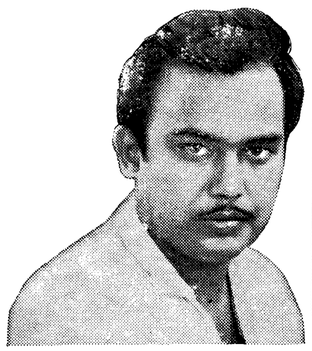

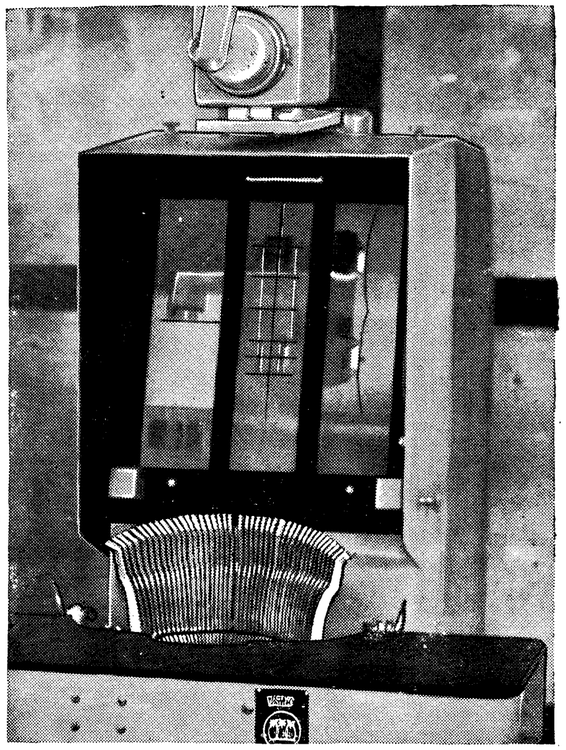

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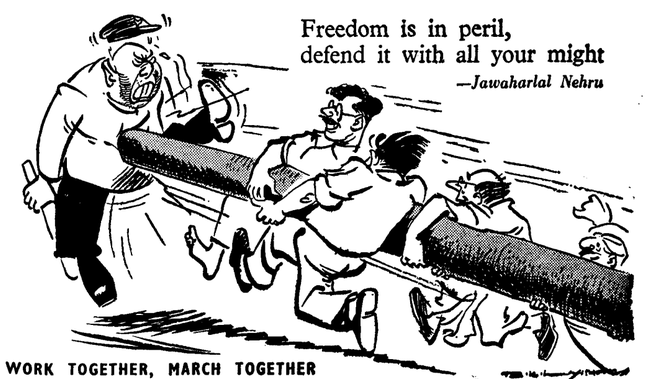

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BRITAIN'S APPROACH TO CARTELS

WORKING OF MONOPOLIES COMMISSION EXAMINED

By V. S. Swaminathan

BASED on abundant and accessible supplies of cheap coal and steam power, Britain pioneered the Industrial Revolution at a time when rugged individualism was the order of the day, and free trade prevailed. Other nations with vaster and more diversified resources, like Germany in Europe and the U.S.A. across the Atlantic, were not slow to emulate her example. Indeed, when the First World War broke out, Britain was caught on the wrong foot since she leaned heavily on Germany for such strategic items as machine tools, dyestuffs, optical glass and scientific instruments.

Also towards the latter part of the last century the sturdy individualism of an earlier epoch gave place to joint stock enterprise and the family business, which was previously the rule, yielded to limited company operated by salaried managers and owned by a large number of shareholders who were for the most part absentees. Near the end of that century British industrialists, following the lead of the U.S.A. and Germany, began to form big combines like Associated Portland Cement, the Calico Printers Association, Imperial Tobacco and Wall Paper Manufacturers. The biggest of them all—Imperial Chemical Industries (I.C.I.) Ltd.—was born only in 1928.

The First World War gave an impetus to the growth of trade associations aided and abetted by the authorities to fix prices and allocate production quotas. The Great Depression and its aftermath encouraged trade agreements calculated to stabilise prices and reduce redundant productive capacity.

Compared to the United States, the British Monopolies and Restrictive Practices Commission is a mere infant. Here there is no legal presumption that monopoly is harmful. One of the functions of the Monopolies Commission is to determine, when asked by the Board of Trade, whether a particular restraint is in the public interest or not. In the U.K. the Labour Government (like the Congress Government in India) did much to create monopolies in the nationalised industries, bound by no defined principles and outside the scrutiny of the Monopolies Commission. At the same time, some of the leading members of the Conservative Party appeared to defend trade association practices, including fixing of prices by agreement, as contributing to "ordered progress."

Indeed, relations between Government and business in Britain differ markedly from those obtaining in the United States. A section of British opinion believes, rightly or wrongly, that cartels may even be beneficial to the public, for instance, by pooling scientific research, concentrating capital investments and conducting joint publicity campaigns. Some British manufacturers hold that combines enable them to know where they stand, to arrange a steady flow of orders at an assured profit and to plan ahead with a measure of confidence. British trade unions, or at least the majority of them, would seem to sympathise with cartels, arguing that by ensuring attractive prices and profits they gurantee against wage cuts and unemployment. Also, labour leaders naturally find it easier to negotiate with a central body of manufacturers than with several separate units of an industry.

Restrictive Practices

The White Paper on Employment Policy after the Second World War emphatically put to the industrialists that they should seek the reward of enterprise and good management in larger output rather than in higher prices. The growing trend towards cartels and pacts, national and international, by which manufacturers strove to control prices and output, to divide markets and to fix conditions of sale, did not escape the notice of the authorities. The U.K. Government, therefore, sought powers "to inform themselves of the extent and effect of restrictive agreements and of activities of combines, and to take appropriate action to check practices which may bring advantages to sectional producing interests but work to the detriment of the country as a whole." This led to the establishment of the Monopolies and Restrictive Practices Commission by the Labour Government in 1948. Seven years later it was supplemented by the Restrictive Trade Practices Act. The White Paper on monopolies, mergers and restrictive practices, published in March 1964, declares the intention of Government to widen the scope of the definition of restrictive practices so as to bring under its wing "informal," bilateral agreements and "agreements to the like effect" which today escape the scope of the Act.

Initially the Monopolies Commission consisted of ten members with a legally qualified permanent chairman. To begin with, it was entrusted with the task of looking into six trades, that is, electric lamps, dental equipment, electric wires, match making machinery, matches, and drainage goods—a cross-section of the products in which restraint of trade was alleged to be common. Between 1948 and 1956 the Commission prepared in all 18 detailed reports on the supply of a wide range of products by individual industries, trades and single firm monopolies, and one general report on discriminatory practices in industry as a whole.

These reports revealed that restrictive agreements existed in many industries, and in various forms, ranging from secret ones at one extreme and formal written ones at the other. Here are some examples. A 60-Watt lamp for home costs a consumer 1*s.* 4.5*d.* of which 3.5*d.* is purchase tax. But the manufacturing cost of this bulb is stated to be only some 3*d.* The manufacturers not only fix among themselves what they charge to wholesalers and retailers, they also have agreements with dealers regulating the minimum prices at which electric bulbs are sold to the public.

Again, once prices over a wide range of patent medicines or cosmetics have been decided upon producers collectively enforce them. Any retailer is liable to be penalised if he disregards the rigged prices. If he sells a patented drug or tooth paste below the fixed price he may be punished by the cartel in two ways. The manufacturer may cut off his supply of specific articles he has sold too cheaply. Secondly, he may withhold from the "guilty" retailer or wholesaler all other pharmaceuticals marketed by some organisation. This boycott goes by the elegant name of "collective re-sale price maintenance."

Informal Agreements

Informal agreements prevailed between firms under an association, the constitution of which forbade such formal agreements as in the case of British Electrical and Allied Manufacturers' Association (B.E.A.M.A.). In some associations, with no written constitution, the business was transacted by the presidents as, for example, the London Builders' Conference. In the case of the National Association of Master Bakers, the members were advised to accept a recommendation.

The most common type of restrictive agreement was, as noted above, the re-sale price maintenance. This included standard forms of contract and discriminating discounts for prompt payment on large orders. There were also pacts regulating production or sales by means of quotas. There were others to limit entry to a specific trade, or trade in a geographical area, the cases in point being the "tied-house" system in the brewery trade, and the "zoning" system in the retail news agency. There were, too, certain "exclusive dealing" agreements, namely, delimitation of buyers by the sellers, and the practice of discriminatory rates of sale to different buyers. To cut a long story short, price rings control a host of British manufactures, including steel, building materials, textile machinery, electrical equipment, steam turbines, marine engines, non-ferrous metals, etc. A Government Committee reported in 1948 that restrictive practices permeate virtually the entire field of building materials.

Position in Steel Industry

At the moment, the regime under which the largely derationalised steel industry operates in Britain is under critical review from outside. The Restrictive Practices Court has before it one of the main agreements that underpin the present pricing system of U.K. steel. Under it maximum prices are set by the publicly appointed Iron and Steel Board, according to its estimate of what costs and a reasonable return on an "ideal plant" would be; these are then recommended by the industry's conferences as the right price to charge, and in practice steel-makers hardly ever undercut them. Price control is perhaps the strongest influence that the Steel Board exerts on the industry. Its other main power is the obligation upon companies to obtain its approval for major investments. In the denationalisation Act of 1953 it was made the task of the Steel Board to ensure that the supply of the commodity should be "efficient, adequate and economical under competitive conditions." Most steel-makers and the Board maintain that price competition is unsuitable for this industry. *The Economist*, however, adds two criteria: (i) Would they conduce to making the industry adaptable to technological, commercial and economic terms? and (ii) Would they have any chance of being acceptable enough to later Conservative Governments to offer the industry a measure of political stability?

The findings of the Monopoly Commission led to the passing of the Restrictive Trade Practices Act in 1956, which provides for compulsory registration of a wide range of agreements relating to production and sale of goods. It is based on the principle that "restrictive trading agreements are, in general, adverse to public interest because they impede the free play of competition." Circumstances may exist which justify such practices, but this must be demonstrated in each case.

Problems Facing Commission

The problems confronting the Monopolies Commission varied from case to case. They pertained to fixing of prices by Government; exercising a "watching brief" by Government to ensure that prices do not get out of hand; general prices to have a direct relationship to those charged by a monopoly seller to a monopoly buyer; precautionary measures in anticipation of a plausible abuse of the prices by trade associations in future; periodic, but continuing, control by Government over the policy of a single firm monopoly. All these recommendations called for decisions on the part of the Government. In the case of electric lamps, all the findings of the Commission were accepted by the Government and the Electric Lamp Manufacturers' Association agreed to give effect to them. Regarding dental goods industries, it laid bare the existence of exclusive dealing and collective boycott, and recommended the issue of an order by the Government prohibiting these two reprehensible practices, and the Government acted accordingly. The main issue involved in the case of matches and match-making industry was the institution of direct price control by the Government. The system of "level tendering agreement," that is, disclosing and adjusting tenders in London Builders' Conference, was terminated by Government order, and violators of the order were to be excluded from the approved list of Government contractors.

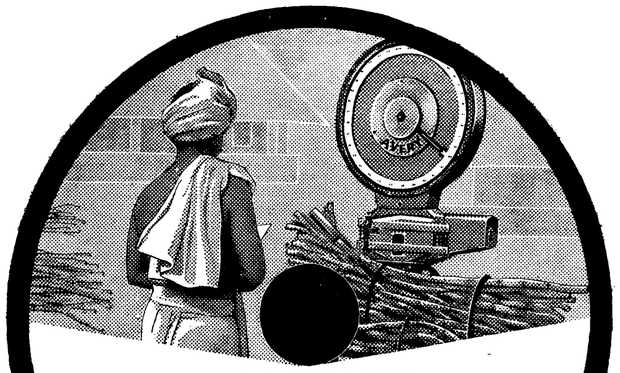
Nowadays the Registrar of Restrictive Trading Agreements compiles and maintains the "register," and institutes proceedings before the Restrictive Practices Court, the machinery of justice consisting of three judges and three or four laymen. The Monopolies Commission still investigates cases of single firm monopolies and any such agreements which may escape the legislative Act.

New proposals contemplate clear demarcation of the functions of the Monopolies Commission and the Registrar of Monopolies. The former would assess the consequences of a monopoly in relation to the public interest. The latter would also investigate proposals for mergers which would result in a monopoly control of at least one-third of the market, or industry, increasing the power of an existing monopoly.

The U.K. Government plans to enact special legislation prohibiting the practice of retail price maintenance except where exemption had been granted by the Restrictive Practices Court. The main object is, of course, to promote more competition throughout the economy. The effect of this legislation would be to make it unlawful for any supplier to fix a minimum retail price, as also to withhold supplies.

The nationalisation of a particular industry only substitutes a public monopoly for a private cartel. It seldom appears to have dawned on the past predominantly Conservative Governments or the post-war Labour Government, that the best way to end restrictive trade practices is to forbid them and penalise their manipulators.

A tariff wall protects the British cartels against foreign competition. These combines carry it further and eliminate much competition on the home market. Independent producers or dealers are black-listed by the cartel if they undercut the ring's selling prices. One result of this is that prices are set at levels acceptable to the least efficient members of the trade. To that extent British cartels keep alive many factories and wholesale and retail businesses which, by any fair test of competency, would long ago have been obliged to close down. Such unduly high prices also hamper exports and impede the country's most pressing economic problem, expansion of sales in the hard currency areas.



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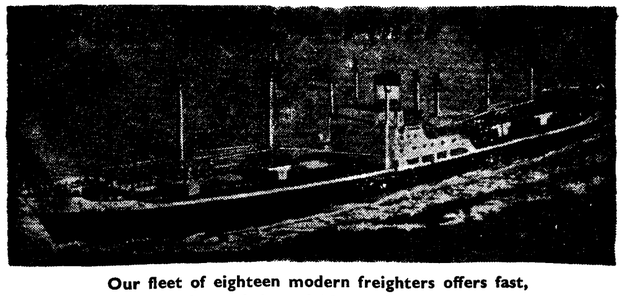

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ADMINISTRATION OF COMPANIES ACT IN INDIA, U.K. AND U.S.A.

COMPARATIVE STUDY OF ADMINISTRATIVE SET-UPS

By A Special Correspondent

DURING the last six months, a series of administrative reorganisations of the Union Ministries and Departments have taken place. The process is still continuing, though in somewhat a less spectacular manner than it was seen to operate some months ago. In this context, it has become a fashion to suggest new administrative reforms for the administration of various Central laws and subjects; among these discussions, the question of evolving a suitable machinery for the administration of Company Law has also figured very prominently. In fact, the question as to how the administrative machinery for administering the Companies Act should be organised in our country has remained a live issue from the days of the appointment of the Bhabha Committee on Company Law Reform in 1948. Interest in the subject was once again enlivened by the abolition of the erstwhile Department of Company Law Administration in October 1963, and its replacement by a new administrative body, called the Company Law Board, brought into being on 1st February 1964, in the Department of Revenue and Company Law of the Ministry of Finance. This Board is broadly patterned on the lines of the former Central Board of Revenue (now split up into two Boards, namely, the Board of Direct Taxes and the Board of Indirect Taxes).

In the discussions on the form of administrative agency to administer Company Law and to oversee the working of the corporate sector, very frequently references are made to the British Board of Trade and the U.S Securities and Exchange Commission, but a clear picture of these administrative set-ups has not yet been presented to the public in this country. Strangely enough, though the Companies Act in our country has existed for over a hundred years, right up to this day, we have not been able to evolve a suitable and satisfactory administrative machinery for administering it. We have been making experiments while in the U.K. and the U.S.A., the administrative set-ups have been functioning in a stable and perfected form for decades with competence and increasing effectiveness.

Most Formal and Nominal

In our country, for a long long time right upto 1955, the administration of the Companies Act was done in a most formal and nominal way. Firstly, during the days of the British Government, the traditions of *laissez faire* did not require strong administration which might have exercised a close supervision over the working of the joint stock companies. Secondly, after independence, the revision and reform of Company Law took an exceptionally long time during which *status quo* in administrative arrangement was kept and the State Governments, under the authority delegated to them by the Central Government, continued to administer the Act. The Bhabha Committee, which reviewed the working of the then existing administrative arrangements, agreed with the censorial comments of knowledgeable witnesses who appeared before it and said that "the Indian Companies Act was perhaps the most underadministered of the Central Acts relating to trade and industry" in our country. The reasons for the unsatisfactory state of affairs that prevailed then were the absence of a Central administrative machinery and the lack of realisation of full social implications of Company Law by the State Governments to whom the administration of the Companies Act had been delegated by the Central Government. The State Governments, known as Provincial Governments during the British rule, regarded the administration of the Companies Act primarily "as the negative function of preventing the joint-stock companies from contravening its statutory requirements" and employed skeleton staff to exercise a limited measure of control over the companies. The result of this loose administration of law for a prolonged period was a rapid decline in the standards of company management and this process was particularly accelerated under the influence of corrupting pressures generated during the Second World War.

It was to check this trend and to restore the confidence of the public in the corporate institution that the Bhabha Committee recommended the setting up of a strong Central authority as a matter of urgency. The Committee considered two alternatives for organising this authority: (*a*) a Central Department like the one existing in the U.K., known as the Board of Trade (Companies and Insurance Department) and (b) a Central Statutory Authority on the lines of the U.S. Securities and Exchange Commission. On the testimony of a great majority of witnesses, the Committee favoured the latter form of set-up. The principal reason for this choice given by the Committee was that "while a departmental organisation will be simpler to work, a statutory authority will create more confidence and possess more elasticity and initiative." Allaying the fears of official circles, the Committee further said that such a statutory body would not be functioning in isolation from the main currents of economic policy that may be adopted by the Government of the day, as, "once these issues of economic policy have been settled and embodied in legislative or executive decisions, the application of the accepted principles of individual companies, whether in respect of their formation or working, should be the responsibility of a quasi-independent authority which will examine the technical problems involved in as detached a manner as possible and be guided solely in this regard by the general directions given to it in an Act or in a recorded executive decision of Government as a whole." Detailing the functions of the Statutory Authority to be named as "the Corporate Investment and Administration Commission," the Committee advocated that it should also carry on functions such as those relating to capital issue control, regulation of stock exchanges, etc.

The administrative scheme as proposed by the Bhabha Committee seemed to have wide support at the time of the framing of the Companies Bill in 1953, but the Joint Committee of Parliament supported the Government's move to establish a Central Department functioning directly under the Minister-in-charge, instead of a Statutory Commission or Authority. In support of the Government's view, the then Finance Minister, Mr. C. D. Deshmukh, said in Parliament:

"The more I think of it the more I consider that it is a right decision. There are so many powers the exercise of which involves the decision of questions of policy and I cannot readily conceive of any statutory commission which is bound to be autonomous exercising these kinds of power on behalf of Government, because their exercise goes to the root of the economic conditions in the country."

However, while the Government rejected the Committee's main recommendation as to the form of the administrative body, they adopted the other suggestion that subjects such as stock exchanges and capital issue control should be entrusted to the new Central Department. Later on, these subjects became controversial issues and, in the administrative reshuffle effected in 1956, they were taken away from the former Department of Company Law Administration on its transfer from the Ministry of Finance to the former combined Ministry of Commerce and Industry.

Three-tier Machinery

Thus, for the first time in the history of the administration of Company Law in our country, a full-fledged Central secretariat Department was formed in August 1955. It had a three-tier set-up. At the apex was the Central Office—the main secretariat of the Department. It comprised a number of branches dealing with matters relating to investigation, prosecution, liquidation, inter-company loans and investment, licensing and change of names, policy and rules, miscellaneous powers, managerial personnel, research and statistics, housekeeping, etc. The second tier consisted of zonal offices headed by Regional Directors of Companies, and the third one of the field offices in each State and Union Territory headed by the Statutory Officers, called Registrars of Companies. The Registrar of Companies office in the State is a public office where companies are required to file documents and returns. Also in each State, there is the office of the Official Liquidators of Companies dealing with companies under compulsory liquidation or those sent into liquidation by order of the court.

In contrast to the Registrar of Companies Office, the Regional Offices are the creation of the Government outside the scheme of the Act. The Regional Offices, which in the beginning numbered five but later regrouped into four, were charged with responsibilities such as the following:

(*a*) to maintain close contact with the offices of the Registrars of Companies in the region and exercise supervision and control over them on behalf of the Department;

(b) to advise and guide the Registrars on technical and administrative matters;

(*c*) to look after the progress of investigations started by the Department and to pursue prosecutions arising out of investigations and other breaches of the provisions of the Act;

(*d*) to discharge functions of public relations offices and attend to complaints or difficulties put forward by joint-stock companies, particularly the smaller ones having meagre resources to obtain expert advice or guidance; and

(*e*) to report to the Government important events and trends in the region in the sphere of trade and commerce, in general, and particularly on the activities and operations of companies and developments in the capital market.

The regional offices cannot be said to be an altogether original idea, as the Securities and Exchange Commission in the U.S.A. has also got a number of zonal offices for the administration of the Securities Act and other allied legislation in that country. Apart from these, under the provisions of the Companies Act, the Government of India had also set up a high powered commission called the Company Law Advisory Commission. It is headed by a judicial figure and is composed of four other members representing the interests of business, labour, shareholders and an expert from the accounting profession. This Commission advises Government in regard to matters pertaining to managerial personnel.

Change in Nomenclature

The foregoing arrangements continue even today in the original form except that the name of the administrative machinery has been changed from the Department of Company Law Administration to the Board of Company Law Administration. This change in nomenclature occurred in February 1964 in pursuance of the provisions of the Companies Amendment Act, 1963. The provisions of this Amendment Act also envisage that the work relating to the regulation of stock exchanges in particular and other functions like capital issue control, etc., would be once again handed over to the authority administering the Companies Act. The divestment of these functions from the Company Law Administration was severely criticised by the Vivian Bose Commission Report which favoured an integrated administration of laws concerning the corporate sector. As regards converting the Administration into a Board, the main reason given by the official spokesmen was that matters of vital nature affecting the working of corporate sector required careful handling and consideration by a group of officials sitting in a body rather than their disposal by the individual officers at various level without holding a discussion. Further, these officials in the Board would be the experts, whereas, in the Secretariat Department, the administrative seniority normally has the way.

Besides the Board, the Amendment Act of 1963 has introduced a few more novel things in the administrative body. Under the provisions of this Act, an administrative tribunal is to be set up to decide cases of delinquent and 'undesirable' management that may be referred to it in certain circumstances by the Government. In addition, an office of Public Trustee has also been created. The Public Trustee is to be vested with the powers to exercise voting rights attached to shares held by trusts which are created by instruments in writing and which hold shares in excess of certain monetary limits. Thus, in the latest shape, the administrative set-up for the administration of the Companies Act comprises a Company Law Division in the Department of Revenue in the Ministry of Finance, the Company Law Board with regional and State offices under it, an Advisory Commission, a Tribunal, a Public Trustee office and offices of Official Liquidators; the latter are jointly controlled by the Board and the High Courts. From this, it is clear that the administration of Company Law in the present form is quite complex and there is scope for making it simpler, besides evolving effective ways of establishing co-ordination with other Government departments administering laws having some bearing upon the working of the corporate sector. For this purpose, the study of administrative set-ups existing in the U.K. and the U.S.A. would be of great use.

In Britain

In the U.K., the administration of the Companies Act is done by a Government Department called the "Insurance, Companies and Bankruptcy Department" in the Board of Trade which is comparable in a broad sense to the combined Ministries of International Trade and Industry and Ministry of Finance (for certain subjects) in our country. Theoretically, the U.K. Board of Trade is a Committee of the Privy Council having been created in 1786 as a deliberative body, but, over the years, it has in practical administrative sense become a massive ministry which at one time dealt with, besides matters relating to foreign trade, industry, etc., also other subjects which are now handled in the Ministries of Labour, Transport, Fuel and Power, Supply, Materials and Food. Even after the "hiving off" of many a subject, the Board of Trade with its present subjects is at present directly concerned with more than half, judged by value, of the physical product of the national economy, besides a large proportion of the distributive services, more than half of its imports and four-fifths of its exports. The branches of business which are its direct concern engaged the daily work of half of the employed population and a large proportion of the "self-employed." It has to watch, in several ways, the interests of all consumers. In functional terms, the Board's functions include handling of matters pertaining to internal and overseas trade, manufacturing industries except the aircraft and shipbuilding industries, raw materials of industry with such exceptions as coal, oil, iron and steel, building and road-making materials, statutory duties relating to insurance and company law, patents and the distribution of industry.

The Insurance, Companies and Bankruptcy Department is one of the six major constituent departments of the Board of Trade, the other departments being the General Services Division (divided into six sub-divisions such as the Parliamentary Branch, Finance Branch, Enemy Property Branch, Accountant's Division, Establishment Division and Statistics Division), Patents Office and Industrial Property Department, Commercial Relations and Export Department, Industries and Manufactures Department (of this, one division deals with the Monopolies and Restrictive Practices Acts) and Export Credits and Guarantee Department. This Department is concerned with the general administration of the Companies Act, 1948, the Prevention of Fraud (Investments) Act, 1958, including unit trusts, Protection of Depositors Act, 1963, the Registration of Business Names Act, 1916, the Limited Partnership Act, 1907, the Insurance Companies Act, 1958, insurance business and accountancy profession generally at home and overseas, residual work on the U.K. private and business chattel schemes as also the Far Eastern chattel scheme, the Arts Unions Act, 1946, the Newspaper Libel and Registration Act, 1881 and the exemptions under the Moneylenders Act, 1900-27. This Department has three principal branches of which one is the Insurance Branch, the other the Companies Branch and the third the Bankruptcy Branch each of which is headed by an Under Secretary or Assistant Secretary who are in rank equal to the Secretary or Joint Secretary of the Union Government of our country. The Insurance Branch which is headed by an Under Secretary is further sub-divided into two sections one dealing with matters concerning British insurance overseas and the other with insurance in the U.K. and the administration of the Insurance Companies Act, 1958, Business Chattel schemes and the Protection of Depositors Act, 1963. The

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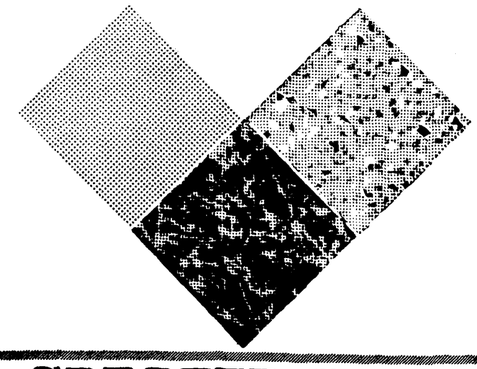

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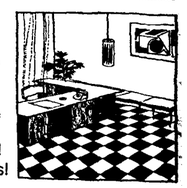

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Bankruptcy Branch has very specific responsibility about the bankruptcy matters under the Companies and other Acts. Under this Branch there is an Inspector General who is responsible for the work of the official receivers in Bankruptcy and for supervising and auditing compulsory liquidation of companies. For purposes of handling bankruptcies and compulsory company liquidations, the Inspector General has a headquarters staff which controls over 60 official liquidators all attached to the High Court of Justice and to County Courts throughout the country. The Inspector General is also the Registrar of Deeds of Arrangement.

The third branch of the main Department which deals with matters pertaining to companies functions under the charge of an Assistant Secretary. It is organised under three sections which deal with the Companies Act, 1948, Business Names Act, 1916, Prevention of Fraud (Investments) Act, 1958, Moneylenders Act, and accountancy profession in particular. The administrative arrangement of the Companies Branch is utterly simple and, within it, neither any hierarchy is built nor is the number of staff allowed to swell. Under the branch, there are two Registrars of Companies who head the offices in London and Edinburgh. There is also a Registrar of Business Names who is responsible for the work of registering particulars of business names under the Registration of Business Names Act, 1916. The object of this Act is to secure the disclosure of true identity of persons carrying on businesses under names other than their own. The total number of companies under the surveillance of the Companies Branch in the U.K. is over 750,000, whereas about 30,000 companies are registered every year. The total strength of the branch is of about 400 persons. The whole department of Insurance, Companies and Bankruptcies is manned by not more than 1,200 persons.

Thus, from the above account and a comparison with the administrative set-up as it existed in the past or as it exists today in our country, it would appear that the British administrative set-up is extremely streamlined and compact, it is a part of a Ministry which deals with most of the matters pertaining to trade and industry. The conditions, however, in that country are somewhat different from those obtaining in our country. The network of control over corporate sector is not so elaborate as in our country. Many a matter is regulated by autonomous institutions like the Stock Exchanges and by Advisory Committees like the Capital Issue Control Advisory Committee. In our country, there are Acts which impose numerous kinds of controls and there is centralised direction and control. It is for this reason that there is a multiplicity of administrative authorities which for reasons of administrative pulls are scattered over a number of Ministries. Notwithstanding this, it has to be considered that the volume of work in the U.K. is very appreciably more than that in our country which has only one-twentieth of the companies at work and one-fifth of the companies in liquidation in the U.K. and there is scope for economy in administration.

In the United States

Now coming to the U.S.A., the Company Law, known as the Corporation Law there, is a State subject. There are Corporation Registration Offices in each State. But apart from these, there is the well-known centralised administrative body called the Securities and Exchange Commission which was created under the provisions of the Securities Exchange Act in 1934 to take over the administration of the Securities Act, 1933 formerly administered by the Federal Trade Commission. Subsequently, the Public Utility Holding Company Act, 1935, Trust of Identure Act, 1939. Investment Company Act, 1940 and Investment Advisers Act, 1940 were also entrusted to the Commission. Also by the terms of the Bankruptcy Act, as amended in 1938, the Commission serves under certain circumstances as adviser to the United States District Courts in connection with reorganisation proceedings for debtor corporations. A short description of the objectives of the various federal laws looked after by the Commission would bring out the importance of this body in the American Economic administrative system.

The Securities Act, 1933 has two basic objectives: (a) to provide investors with material financial and other information concerning securities offered for public sale, and (b) to prohibit misrepresentation, deceipt and other fraudulent acts and practices in the sale of securities generally, whether or not required to be registered. Under this law, before the public offering of such securities, a registration statement must be filed with the Commission by the issuer setting forth the required information and the objective of registration is the disclosure of facts upon which investors may appraise the merits of securities and exercise "an informed judgment in determing whether to purchase them." The Securities Exchange Act, 1934, extends the 'disclosure' doctrine for investor's protection to securities listed on national (registered) securities exchanges. Issuers of such securities must file a registration statement both with the exchanges on which the securities are listed and with the Commission, as well as subsequent annual and other periodic reports keeping current the date originally filed. This law also imposes a similar periodic reporting requirement upon companies which file registrations under the Securities Act and whose securities are not listed on the exchanges. The Securities Exchange Act also provides a system for regulating securities trading practices in both the exchange and the over-the-counter markets.

Designed to protect the interests of investors and the public, these provisions seek to curb misrepresentation and deceipt, market manipulation and other fraudulent acts and practices and to establish and maintain just and equitable principles of trade conducive to the maintenance of open, fair and orderly markets. While these various provisions of the law establish the general regulatory pattern, the Commission is responsible for providing rules and regulations for their implementation. The third Act looked after by the Securities and Exchange Commission is the Public Utility Holding Company Act, 1935 which was passed after a comprehensive nine-year study conducted by the Federal Trade Commission and after extensive hearings and debates by both Houses of Congress. This Act seeks to eliminate such abuses as the following:

(i) Inadequate disclosure to investors of the information necessary to appraise the financial position and earning power of the Companies whose securities they purchase;

(ii) issuance of securities against fictitious and unsound values;

(iii) overloading of the operating companies with debt and fixed charges, thus tending to prevent voluntary rate reductions;

(iv) imposition of excessive charges upon operating companies for various services such as management, construction work, and the purchase of supplies and equipment;

(v) the control by holding companies of the accounting practices, dividend and other policies of their operating subsidiaries so as to complicate or obstruct State regulations;

(vi) the control of holding companies and subsidiaries through disproportionately small investment; and

(vii) the extension of holding company systems without relation to the economy of operations or to the integration and co-ordination of related properties.

The law requires that holding company systems register with the Commission and file periodic reports containing detailed data with respect to the organisation, financial structure and operations of system companies. The fourth Act administered by the Commission, namely, Trust Indenture Act, 1939, applies in general to bonus, debentures, notes and similar debt securities offered for public sale which are issued pursuant to trust indentures under which more than $1 million of securities may be outstanding at any one time. The Act requires that the indenture trustee should be free of conflicting interests which might interfere with the faithful exercise of its duties in behalf of the purchasers of the securities. Under the Investment Company Act, 1940 the activities of companies engaged primarily in the business re-investing and trading in securities and whose own securities are held by the investing public, are subject to statutory limitations and to Commission regulation in accordance with prescribed standards deemed necessary to protect the interests of investors and the public. The Investment Advisers Act, 1940 established a pattern of investment advisers which is similar in many respects to Securities Exchange Act provisions governing the conduct of brokers and dealers. Lastly, Chapter X of the Bankruptcy Act provides for Commission's participation as adviser to the courts, in corporate reorganisation proceedings pursuant to Chapter X. The Commission may advise the court with respect to the feasibility and fairness of proposed plans or reorganisation and other matters arising during the course of proceedings.

Three Principle Objectives

The functions of the Securities and Exchange Commission are thus very onerous and require exercise of a nationwide vigilance over the operations of corporations and persons connected therewith by the Commission. The Commission's set-up comprises headquarters in Washington and nine regional offices. The Seventeenth Code of Federal Regulations prescribes the strength of the Commission as of five members not more than three of whom could belong to the same political party. The members are to be appointed by the President, with the advice and consent of the Senate, for five-year terms, term of one member ending each year. The Commission is assisted by a staff which includes lawyers, accountants, engineers, securities analysts and examiners as well as administrative and clerical employees. This organisational structure of the staff is designed to achieve the following three principal objectives:

(a) To secure in the members of the Commission control over policy making;

(b) to create the most effective possible mechanism for enforcing compliance with the Federal securities in laws; and

(c) to provide the greatest possible assistance to public investors and to the regulated industries in achieving compliance with the various Acts.

The Commission has been served by many eminent U.S. public figures, including the father of the late President Kennedy, Mr. Joseph P. Kennedy; its present Chairman is William L. Cary. At the headquarters, the top officers attached to the Commission are the Secretary to the Commission, the Hearing Examiners, the Adviser to the Commission and the Director of Office of Opinion Writing. The Secretary of the Commission has the ultimate responsibility to the Commission for the preparation and maintenance of official records of the Commission actions, the custody of the official seal and the certification and authentication of documents reflecting official Commission actions and for the furnishing of information concerning Commission actions and functions to the press and public. The Adviser to the Commission is responsible for presenting to the Commission an independent viewpoint with respect to problems and matters in the entire field of capital formation under the several statutes administered by the Commission. The Hearing Examiner's job is to preside at public and private hearings and examinations held under the various statutes and in appropriate cases prepare recommended decisions. The Director of the Office of Opinion Writing prepares the opinions and decisions on motions and certifications of questions and rulings by Hearing Examiners in the course of administrative proceedings and this office is also responsible for the preparation of Commission's Annual Report to the Congress. The fifth senior appointment is that of the Executive Director who is chief administrative official of the Commission and wields all such powers as may be delegated by the Commission including the administrative direction and co-ordination of the divisions and offices in the headquarters office and the regional offices in the field. He also serves as the Director of the Division of Administrative Management and responsible for the administration of the Regulation Regarding Conduct of Members and Employees, present and past, both.

Under the administrative charge of the Executive Director and substantive charge of the Chairman, there are six main divisions in the Commission, viz., (a) the General Counsel's Division, (b) the Trading and Exchange Division, (c) Corporation Finance Division, (d) Corporate Regulation Division, (e) Chief Accountants Division, and (f) Administrative Management Division. The General Counsel's office is headed by the General Counsel whose responsibility is to represent the Commission in judicial proceedings in which it might be involved as a party or as *amicus curiæ* to review cases to be referred to the Department of Justice with a recommendation for criminal prosecution, to give interpretations involving novel questions of law, to prepare new legislation entrusted by the Commission and serve as liaison with the Department of Justice etc. The Chief Accountant's Division is responsible for the accounting and auditing matters arising in the administration of the Acts administered by the Commission, particularly with respect to new accounting policy determinations, the form and content of financial statements to be filed with the Commission and the supervision of procedures to be followed in audit or accounting investigations conducted by the Commission. This Office also helps the Counsel in conducting administrative proceedings relating to the disqualification of accountants to practise before the Commission. The Administrative Management Division which is headed by a Director, deals with personnel matters, fiscal matters including preparation of estimates of appropriations and supervision of obligation and expenditure of funds, maintenance of records, public reference services, etc.

Responsibilities

The Corporation Finance Division is assigned the work of administration and enforcement of all matters relating to establishing and requiring adherence to standards of economic and financial reporting with respect to securities traded on exchanges or offered for public sale pursuant to registration or exemptive regulations, establishing and requiring adherence to standards of fair disclosure in the solicitation of proxies for election of directors and other corporate actions, enforcement of the standards set forth in the Trust Indenture Act, 1939 regarding indentures covering debt securities, and enforcing of financial reporting and disclosure provisions applicable to investment companies and reviewing their sales literature. The Trading and Exchange Division is responsible for the administration and enforcement of all matters relating to the regulation of exchanges, national securities associations, brokers, dealers and investment advisers, the institution and conduct of proceedings to revoke or deny the registration of brokers and dealers, the prevention of fraudulent trading practices and market manipulations, supervision of investigation and enforcement activities except as assigned to other operating divisions or offices and for conduct of statistical functions. This Division is also responsible for the institution of injunctive actions arising under the various laws, with the advice of the General Counsel. The Corporate Regulation Division is responsible for the administration and enforcement of all matters arising under the Public Utility Holding Company Act, 1935, the regulatory provisions of the Investment Company Act, 1940 and Commission's responsibilities under Chapter X of the Bankruptcy Act. Each of the above Divisions excepting the Divisions of the General Counsel and Chief Accountant are headed by Directors. The individual operating divisions have the initial responsibility for proposing amendment to existing rules or new rules under the statutory provisions within their jurisdiction.

Each Regional Office has the responsibility in the region for executing the Commission's responsibilities under the various Acts (excepting the Bankruptcy Act) subject to the supervision and direction of the Executive Director, Divisional Directors, the General Counsel and the Chief Accountant within their respective spheres. The Regional Administrator who heads the Regional Office is entrusted with the work of conducting investigation of transactions in securities on national exchanges and registered brokers and dealers including the examination of reports filed under Rule 17A-5 issued pursuant to the Securities Exchange Act, 1934 the examination of proceedings of filings under Regulation A framed under the Securities Act, 1933, the prosecution of injunctive actions in the courts, administrative proceedings before Hearing Examiners, the rendering of assistance to U.S. Attorneys in criminal cases and making of the Commission's facilities more readily available to the public in that region. The New York Regional Administrator, in addition to the above duties, is also responsible for the participation in proceedings under Chapters X and XI of the Bankruptcy Act in the New York and a few other areas. The regional charge of a few other administrators is also wide.

The Securities and Exchange Commission is thus organised in a simple manner in two tiers, one, the headquarters organisation divided into six Divisions and, two, Regional Offices. The Headquarters Organisation, besides having as members who are prominent people taken from the legal and accounting professions or public life, employs highly qualified legal experts and this gives judicial and expert bias to the administration of the Acts governing the corporate sector at the national level in that country. Administrative efficiency combined with expertise is ensured by the appointment of accounting and financial experts to high positions as directors, associate directors of the divisions. Further, prompt service to the public and corporate management and others connected with the promotion of corporations is secured by the decentralisation of administration on regional basis. Lastly, fuller dissemination of information relating to the working of the S.E.C., rules and regulations framed by it and the impact of administration on the corporations is done through a large number of publications brought out by the S.E.C. at frequent intervals. It is a characteristic feature of this body, as is generally true of other American administrative organs, that the objectives in view are secured by giving wide publicity to existing abuses and also to the approach of the administrative agencies towards them: legislation is mooted only after all other ways of checking the abuses have failed.

Conclusion

In conclusion, it may be said that a comparative study of the administrative set-ups existing in the U.K., the U.S.A. and in our country shows that Company Law administration in our country is rather complicated and lacks strength from judicial and legal viewpoints. It is more prone to look into the details of corporate management and thus in the process ignores the positive obligation of raising the standards of corporate management through means other than imposing further stringent controls and punitive measures through legislation. The machinery lacks a system of continuous watch and vigilance over the commanding heights of the corporate sector as also over the vulnerable constituents of that sector. The Administration occasionally gets engaged and entangled with a few companies or business groups which for their doings could as well be given exemplary punishment under other laws of the land. In other words, the present Administration lacks a long-term perspective and objectives. This has been the experience in the past. However, it is to be hoped that the new changes in the administrative machinery, as announced by the Finance Minister, would make the administration of the Companies Act strong, judicious and fair to the corporate sector. Further, the Administration would concentrate its attention to simplify the provisions of law and cut out the requirements of law in regard to filing of many unnecessary and avoidable returns of which use is at present hardly being made by the Government or the public.

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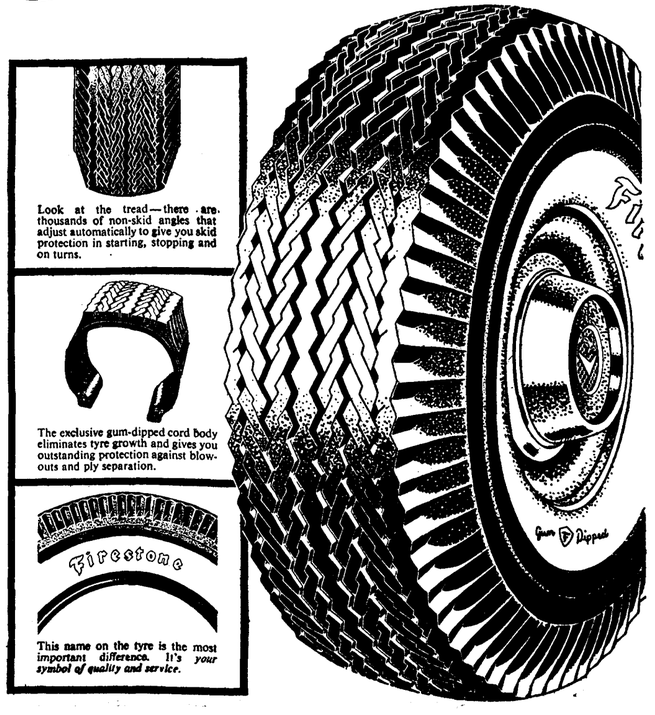


INDIA'S ATOMIC ENERGY PROGRAMME

ACHIEVEMENTS OF FIRST DECADE REVIEWED

IN just ten years since August 1954, when the Government of India launched a full-fledged atomic energy programme, this country has acquired the technical competence to become a nuclear power. Thanks to the dynamic, brilliant and farsighted stewardship of Dr. H. J. Bhabha, the Department of Atomic Energy has achieved several notable successes in the pursuit of its allotted tasks of (i) surveying the country for atomic minerals, (ii) working and developing such minerals on an industrial scale, (iii) doing research in the scientific and technical problems connected with the release of atomic energy for peaceful purposes, (iv) training and developing the necessary scientific and technical personnel for this work and (v) fostering fundamental research in nuclear sciences in its own laboratories and in the universities and research institutions. But, notwithstanding these successes, India, like Canada, has proclaimed its non-nuclear status and rejected the idea of nuclear weaponry. In fact, this country has gone even farther than Canada and consistently maintained an anti-nuclear line in international affairs. Although the Department of Atomic Energy aims at complete self-sufficiency in all the related nuclear technologies, it is also wedded to a policy of using atomic energy purely for peaceful purposes. The Department's tenth anniversary this week has provided the occasion for reviewing the progress achieved by it in the pursuit of the twin goals.

Atomic Minerals

First, in the field of atomic minerals development, the relevant division of the Department has been successful in locating large uranium deposits and extensive thorium-rich minerals on the Ranchi Plateau in Bihar State. It is stated that the Ranchi thorium deposits are larger than the Kerala beach deposits and that these two deposits together, estimated at an aggregate of 500,000 tons, represent at least half the known world supply. The division has also located valuable beryl and lithium ores. It is now developing a uranium mine in the Jaduguda area of Bihar State. Work is now in progress there to build a Uranium Ore Mill for treating 1,000 tons of uranium ore per day. The Alwaye Plant of the Travancore Minerals Ltd., in which the Government of India and the State Governments of Kerala and Madras have shares, leaves a residual cake containing thorium and uranium after separation of rare earths chloride from monazite. A plant has been working at Trombay since 1953 to process this residue to obtain thorium nitrate (which is widely used in the gas mantle industry) and uranium fluoride. The latter mineral is further processed at Trombay for obtaining nuclear grade uranium metal.

Research Reactors

Towards the end of 1954 the Department carried out studies of various types of research reactors. In March the next year, it was decided to build a reactor of the pool type, using enriched uranium fuel elements. Work was begun in right earnest in July that year to build at the Trombay Establishment a reactor operating at a maximum power level of 1,000 kw. It may be noted, incidentally, that at the time this decision was taken only two countries in Europe, besides France, the U.K. and the U.S.S.R., had designed and built their own research reactors. The Trombay reactor—the first in Asia—was completed within a year. Christened *Apsara*, it became critical on 4th August 1956 and has since given trouble-free service, with an output of over nine million kilowatt hours so far. The Atomic Energy Establishment at Trombay has thus been a going concern since then.

In 1955 the decision was taken to build a second reactor for engineering experiments, materials testing and radioisotope production. When different reactor types were being considered for this purpose, Canada offered assistance under the Colombo Plan for the design and construction of a reactor similar to their N.R.X. reactor in operation at Chalk River. It was decided to accept this offer on the basis that about half its total cost (more than Rs. seven crores) was to be provided by Canada. Although Canada was responsible for the erection and commissioning of the reactor, the group which actually carried out the intricate job consisted of both Canadian and Indian personnel; the largest number of Canadian staff at any time did not exceed 30, as against the total of engineers and skilled artisans of about 1,200. This Canada-India Reactor reached first criticality in July 1960. Half of its first fuel charge of 190 rods had been fabricated at Trombay and the other half provided by Canada. Complete responsibility for operating and maintaining the reactor (which can be operated at a maximum of 40 M.W.) was taken over from Canada towards the end of November 1960.

The third reactor, *Zerlina*, on the other hand, was designed, engineered and built entirely by Indian personnel. It is a zero-energy reactor and differs from *Apsara* and the Canada-India Reactor in that it is a very low-power reactor, the maximum designed power level being only 100 watts. This reactor, which was erected in less than a year, reached criticality in January 1961. It has proved to be a very valuable experimental tool for the examination of the properties of various types of nuclear fuels.

As heavy water is used as a moderator in C.I.R., *Zerlina* and certain types of power reactors, the Trombay Establishment has co-operated with the Fertiliser Corporation of India in setting up a heavy water plant at Nangal as part of its fertiliser project. The plant, which commenced production in August 1962, has an installed capacity of 14.5 tons of heavy water per annum. The output of this plant, it is stated, will be inadequate to meet the heavy water requirements of the proposed atomic power stations in Rajasthan and Madras States and so India will have to build another plant for the manufacture of about 200 tons of heavy water per annum.

Atomic Fuel

The Department decided in May 1956 to set up a plant for producing reactor grade uranium metal with a view to achieving self-sufficiency in the nuclear field. This plant, which was commissioned by the end of 1958, has been producing nuclear pure ingot of uranium metal from the uranium fluoride obtained from the Thorium Plant. Its initially designed capacity was 30 tons of uranium metal per annum, sufficient for providing the uranium for C.I.R. and *Zerlina* reactors. However, reactor technology has progressed to such an extent that the same plant, with minor additions, can produce enough uranium for feeding the Rajasthan and Madras nuclear power stations with an aggregate capacity of 800 M.W. The Trombay Establishment has also set up a Fuel Element Fabrication Plant. It is noteworthy that this plant, originally set up to fabricate fuel for the Canada-India Reactor, has been so planned as to enable other fuel elements to be made in such shapes and sizes as may be required for experimental purposes or for future research and power reactors.

Plutonium Plant

Trombay scientists and engineers have also successfully designed, built and commissioned a Fuel Element Reprocessing Plant for processing irradiated uranium rods to extract plutonium and other fissionable materials. Commissioned in March 1964, this plant has cost Rs. 3.6 crores. Plutonium, incidentally, is an extremely valuable fissile material and atomic fuel for future reactors. It is of great importance to the long-term power programme, as plutonium reactors can be used to breed uranium 233, also a fissile material, from thorium. India's long-term atomic power programme, it may be noted in this context, is based on the use of thorium in future reactors as the country has the largest reserves of thorium in the world. Plutonium can also be used to improve the utilisation of India's less abundant uranium resources and for the design of small and medium-sized reactors. Hence the significance of the plutonium plant, with its nominal capacity of 30 tons of uranium per annum and its much higher actual capacity.

Radioisotopes

Among the most versatile tools of atomic energy are radioisotopes and radiation sources. The Department has been making these tools available to workers in agriculture, biology, industry, medicine and research all over the country. Today over 250 different types of radioactive products like phosphorus 32, sulphur 35, iodine 131, gold 198, iron 59, chromium 51 and sodium 24, including many special preparations, are readily available from Trombay not only for the domestic market but also markets overseas. Most of the electronic instruments needed by institutions employing radioisotopes and radiation sources, as also by the Establishment, are being produced at Trombay.

Atomic Power

It was in August 1958 that the Planning Commission approved of the inclusion of an atomic power station in the power development programme of the third Plan. The provision in the Plan, it will be recalled, envisaged a 300-M.W. station, costing Rs. 51 crores. However, under the U.S. tender which has been accepted, India will have at Tarapur, 60 miles north of Bombay, a 380-M.W. station for only Rs. 48.5 crores. The U.S. Agency for International Development has lent Rs. 38.10 crores ($80 million) for this station. The likely cost of power from this station has been estimated at 3.01 paise per kw.h., as against 3.69 paise per kw.h. for thermal power in this region. This estimate bears out the Department's stand that nuclear power would be competitive with thermal power in areas far removed from the coalfields. The Tarapur station, now taken up for construction, will be ready early in the fourth Plan period.

The Government has also decided to go ahead with a second nuclear power station, with a generating capacity of 200 M.W. in one reactor, at Rana Pratap Sagar in the State of Rajasthan. This station is to be constructed with Canadian help and collaboration. Already Canada has agreed to loan $37 million (Rs. 16.2 crores) to cover purchases in that country. A noteworthy point here is that, while the Tarapur station is being built under a turn-key contract, the Rajasthan station is to be built by Indian scientists and engineers with Canadian designs. Although the capital cost per kilowatt installed for the Rajasthan station will be somewhat higher than that of the Tarapur station, the cost of electricity from it, we are told, will be less, being as low as 2.6 to 2.7 paise per kw.h. When the proposal for the third power station, to be located at Kalpakkam near Madras, will take concrete shape is not known. But it is said that this Madras station, when taken up for construction, will be engineered and built entirely by Indian scientists and engineers. If that materialises, it will surely be a monument to the remarkable atomic energy development registered so far in India in the pursuit of peaceful objectives.

The U.K. Minister of Transport, Mr. Ernest Marples, told the House of Commons last week that there was no reason why a British nuclear-powered merchant ship should not be operating by 1968. In reply to questions, Mr. Marples said that for some time the Government had been considering ways and means of co-operating with shipbuilders and shipowners to get a nuclear-powered ship built on terms satisfactory to the Government. He also disclosed that recently a shipbuilding company and a shipowning company had jointly approached the Government with the object of building and operating a large merchant vessel powered by a Vulcain-type reactor.

NEW PRODUCTS AND PROCESSES

Stainless Steel Street Lamp Standards

THE first street lamp standards constructed entirely of nickel stainless steel have been installed in Philadelphia. This is a major innovation in street lighting, and will probably set the trend for similar developments in many other cities throughout the world. Standing 30 feet high and incorporating an integral mastarm, the gracefully designed standards have been erected for trial and demonstration purposes. Appropriately, they are equipped with a new type of metallic vapour lamp, the industry's most advanced white light source. The material has traditional advantages—corrosion resistance, adaptability to contemporary design, strength, long life and handsome appearance. As stainless steel resists corrosion, and is not subject to the staining and deterioration in surface finish caused by weathering, the lamp standards require little or no maintenance. This means a substantial reduction in upkeep costs. Such standards offer labour saving and efficient service in trunk-road lighting schemes, while their appearance makes them readily acceptable in residential areas. Their installation is a simple matter for, because of the thin gauge of the stainless steel used, they are light in weight and easily handled.

Machine for Manufacturing Plastic Packages

The "Sterilbox" machine, built by Société Laroche Frères, of France, has been designed specifically for automatic, waste-free manufacture of thermo-hardened plastic containers. The machine is supplied directly by an extruder fed with polystyrene or polyolefin granulates. The granulated plastic is tipped into the hopper of the extruder, and emerges in a strip whose width corresponds to the dimension of the package desired. It then enters the thermo-hardening line, which consists of 16 to 24 moulds mounted on an endless chain. The packages are formed continuously by air pressure and a reciprocating die. A cutting station separates the packages thus formed, which are then fed to the discharge station, while the remains of the strip go to a granulator located above the feeding hopper of the extruder.

Mechanical Suturing Instruments

Soviet surgeons have now 25 different types of mechanical suturing instruments which make reliable, accurate and flawless sutures. The latest achievements in this field are apparatuses for suturing the cornea of the eye, suturing the urinary bladder, and joining the stomach with the œsophagus and intestines. One of the merits of the new apparatuses in their ability to make ideally air-tight sutures. These instruments are expected to enable major surgery to be performed in small hospitals. Mechanical suturing is done in a matter of seconds and cuts to a fraction the time of operation, which is so trying to the patient.

Unique Watch

An electronic watch run by an electric motor has been designed at the Petrodvorets factory near Leningrad in Russia. It vastly differs in design from all other existing mechanisms of this kind. Its miniature case contains semi-conductor-based instruments, condensers, electric magnets and an electrochemical element. The watch is actuated by a tiny storage battery and can operate uninterruptedly for a whole year. The winding key is used only to move the hands.

Computer Aid for Typesetting

An analogue computer which can be used to show quickly exactly how much space an article or any other printed matter will take up when set in type has been developed by Capo Equipment Ltd., Westmoreland Road, London, N.W. 9. If the amount of space available for the article is fixed, the computer can be used to 'decide' the appropriate leading, type size and style to ensure that the article fits exactly. If the printed matter like an advertisement is already in type and has to be changed for a larger or smaller space, the computer shows what changes are necessary. To calculate how much space an article or any piece of copy needs, the computer is first told the number of lines and the average number of letters in a line. It multiplies these to produce the total number of characters. The computer then works out how many lines or what copy depth the article will need, depending on the type, display and leading selected by the operator.

One Driver for Two Tractors

An English farmer, Mr. Colin Shaw of Alvechurch, near Redditch, Worcestershire, has patented an automatic remote control device with which one driver can operate two tractors simultaneously during ploughing or other operations on an arable farm. The two tractors can be of different makes. There are no modifications to the leading tractor, which is driven, and the only extra fitting required for this part of the set-up is an offset hitch of the type used for tandem discs. A telescopic control bar to couple up to the second or "slave" driverless tractor is attached to the hitch on the leading tractor's implement. With only one driver, the two tractors and implements are completely manœuvrable. An added refinement is an automatic switch on the slave tractor to stop the engine in the event of the two tractors becoming separated.

Aircraft Crash Protector

Aircraft passengers of the future may be protected during hard landings or crashes by the cushioning effects of plastic balloons. These balloons would be rapidly inflated to pin the passengers in their seats and keep them from being thrown against the backs of the seats ahead by the impact. The system, called "Air-Stop," has been developed by the Martin Company of Baltimore, Maryland, in the United States in research carried on for the U.S. National Aeronautics and Space Administration (N.A.S.A.). The system has been tested with man-size dummies in simulated airplane crashes. As now envisioned, these bags required only for about ten minutes during launch and landings, will be stored, deflated and folded and kept behind each seat. If a hard landing or crash is anticipated, the bags will be inflated by the pilot with a switch at his control panel. The bags inflate in two sections, one to protect the feet and ankles, and a larger section over the legs, lap and chest of the passenger. The head is protected when, upon impact, it is thrown, together with the upper part of the body, to rest against the back. The bag keeps the passenger from being thrown forward from the seat, and absorbs the shock of sudden deceleration.

Automatic Paint Brush

Thought to be especially useful for painters working on bridges, ships or buildings is a Japanese apparatus which automatically pumps paint from a supply tank to the brush through long, flexible hoses. The painter controls the supply with two push-button valves on the brush, and so can leave the storage tank at ground level. One of the hoses supplies paint to the brush and the other returns unused paint to the tank. Besides helping high-level work, the device is said to make normal painting faster, cleaner and less wasteful. It is supplied by Gray and Campling of Bournemouth, in England.

New Duplicator

No stencils or liquids are required in the Dri-Master, the latest duplicator to be launched by Ellams Duplicator Company, of Walton Road, Watford, Herts. Reproduction is by chemical reaction in the specially treated copy paper used. A master copy is typed or hand drawn and fixed to the drum of the machine. The copy paper is fed in by hand, the handle turned and out come 50 to 150 copies of the material required. The machine is suitable for copying a wide variety of items such as memos, circulars, invoices and address labels.

Water-cooled Jacket

W. A. Bemelman, of Baamburgse, Zuwe 125c, Vinkeveen, The Netherlands, has designed a special type of jacket which, it is stated, will keep steel-makers and others cool as they work in front of hot furnaces. Within the collar of the jacket there is a reservoir of water and over the whole of the surface of the garment there are many hair-like capillaries which connect with the reservoir. Heat from the furnace evaporates the water from the ends of the capillaries and this cools them and the jacket and the wearer. Perspiration can get away because much of the jacket is permeable.

Chronometer

An electronic chronometer of small dimensions and very high precision has been introduced by Ebauches S.A., of Switzerland. It is insensitive to vibration and has been designed as a time base for military and civil use as well as air and sea navigation. It has a built-in power source so that it can be used both for indoor and field operation, independent operation being provided for five days. Further information is available from Swiss Federation of Watch Manufacturers, Windsor House, 83, Kingsway, London, W.C. 2.

Copying Machines

Office copying machines using nuclear energy to react on boron or lithium inks are under development by Moore Business Forms, of 900, Buffalo Avenue, Niagara Falls, New York. Radiation from an element such as plutonium would be used instead of light to reproduce an image. Radiation striking the reactive ink would release high energy particles which in turn affect photosensitive paper. This paper, of the type used in light activated machines, would then be developed to produce the copy. The plutonium would be in the centre of the roller with the master and copy paper passed around it. The system on which Moore holds the patent, is claimed to have the advantage that no outside light source is needed.

Under-water Paint

Dof A.G., of Vaduz, Liechtenstein, says it has developed a paint that can be applied under water. It contains a solvent that dissolves slowly in the water—just as conventional solvents evaporate into the air—allowing a hard film to set. It is heavier than water so that it will not float when the can is immersed. Anti-corrosive agents have been added to the paint, and phosphates so that it will adhere easily to rough surfaces.

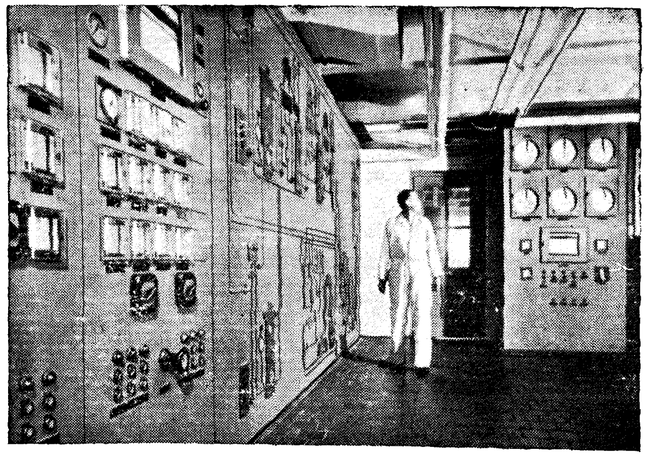
Ideas in Brief

A new low-cost method has been developed by 4D Research and Development Department, Leatherhead, Surrey, England, for turning out concrete products with high-quality surface finishes.

A new high-speed stone-cutting machine is being built in Russia capable of cutting four-to-five-ton granite cubes at high speed. It can also be used for a number of other engineering purposes. Information is available from: Soviet Information Service, 3 Rosary Gardens, London, S.W.7, England.

An attachment for industrial grinding and polishing machines which automatically keeps them supplied with solid abrasive or polishing wax is developed by Johan Gunnar Lundin, Nybohovsbacken 103, Stockholm, Sweden.

A vibration machine, enclosed in the core of moulds when casting reinforced concrete pipes, does not cause displacement of the steel wire reinforcements has been produced by Skanska Cementgjuteriet, Norrlandsgatan 7-9, Stockholm, Sweden.



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PSBS-H 10/62

PROBLEMS OF PLYWOOD INDUSTRY

RAW MATERIALS SCARCE AND EXPENSIVE

CONCENTRATION of plywood industry in the proximity of tea plantations in this country is not a matter of coincidence but a natural process. Plywood industry began as an ancillary to tea industry which needed suitable containers both for internal distribution and exports of tea. Starting from a mere producer of tea chests, it is indeed remarkable that, within a short span, the industry has made rapid strides, diversifying its production and playing a bigger role in the national economy. The main advantage of plywood as a packaging material is its lightness coupled with strength and elegance. It is also odourless. In view of these advantages, it was but natural that plywood tea chests should usurp other tea-containers from the market. So long as Indian tea industry retains its high place in the world as well as domestic markets, the plywood chest as a container is assured of a good market. But, as mentioned at the outset, the uses of plywood are many and varied now. The main types of plywood that are manufactured today in this country, besides the tea chest variety are: (*a*) commercial plywood which is ordinary non-decorative type for common uses such as partitions, ceiling, furniture, packing, railway coaches and bus bodies; (*b*) decorative plywood with teak, champ, mahagony or walnut facings which find use in high class furniture, panelling, radio cabinet manufacture, etc.; (c) marine plywood, used mainly by shipbuilding industry; and (*d*) flush doors used in all kinds of buildings in replacement of ordinary conventional wooden doors.

Diversification in production and increase in capacity have been accompanied by a marked improvement in quality. The industry has thus justified the protection granted to it for thirteen years from 1947 to 1960. At present,

PRODUCTION OF PLYWOOD
(In million square metres)

States	1961	1962	1963	1964*
Assam	6.81	7.63	9.11	11.00
West Bengal ..	3.89	4.09	4.35	4.70
Kerala	3.29	2.80	4.25	5.00
Mysore	1.24	1.48	2.04	2.70
Uttar Pradesh ..	0.15	0.16	0.18	0.20
Total ..	15.38	16.16	20.93	23.60

* Estimated.

the industry is not only meeting all the indigenous requirements of plywood, thus saving considerable amount of foreign exchange which would otherwise have been expended, but also contributing a sizable amount to the Exchequer. Currently, the value of plywood produced in the country is more than Rs. 8 crores. Its contribution to total excise revenue in 1963-64 was around a crore of rupees.

An idea of the growth of plywood industry can be had from the figures cited in the table accompanying this article. It will be noticed that, during a short period of four years from 1961 to 1964 production has shown an increase of more than 50 per cent from 15.38 million sq. metres in 1961 to 23.60 million sq. metres estimated for the current year, with Assam State providing nearly half of the total output. As against this, the production only a decade back was just over one million sq. metres. In 1963, the output of commercial plywood (10.03 million sq. metres) was a little less than that of tea chest plywood (10.4 million sq. metres). In the current year, however, it is expected to surpass tea chest plywood. This is indicative of new trends in the industry. Judged from the production trends in plywood, there are expectations that the third Plan target of 24.16 million sq. metres pertaining to both commercial and tea chest varieties will be exceeded by at least 1.5 million sq. metres. It is, however, doubtful whether the specific target fixed for tea chest variety will be hit, for the growth of tea production has been lagging behind the goal. The increase in production of plywood has followed a rise in the number of factories. As against 43 recognised units in 1947, the number of factories registered so far is 72 and more factories are in the process of being set up in the Andaman Islands and Bastar (Madhya Pradesh). In addition, there are about 63 small-scale factories in West Bengal, the Punjab, Uttar Pradesh, Mysore and Kerala.

The progress made by the industry has been appreciated by the Deputy Minister for Food and Agriculture, Mr. Shah Nawas Khan inaugurating the second Annual General Meeting of the Federation of Plywood industry at New Delhi a few days ago. Mr. Khan said that the industry had made rapid strides in the production of plywood and other forms of wood products. He expressed the hope that it would be further rationalised. He promised all possible Governmental assistance for the improvement of the industry. Referring to India's international trade in respect of timber and wood products which showed at present an annual adverse balance of about Rs. 20 crores, the Minister underlined the need for replacement of natural forests by plantations of those species which would more economically yield the raw materials for the industry.

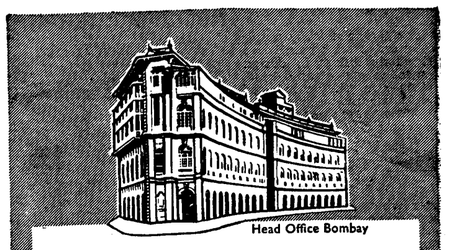
These are, however, measures that can yield results only in the long run and will not solve the existing problems that are handicapping the industry's growth. The first and the most important problem of the industry is that it has to pay for timber, the main raw material accounting for 50 per cent of production costs, a price much higher than the one in foreign countries. This has been described as the main impediment to the growth of industry by the President of the Federation, Mr. A. K. Kader Kutty. According to the Vice-President of the Federation, Mr. G. L. Kedia, while timber for manufacturing plywood is available abroad at Rs. 2.50 per cubic foot, the same quality cannot be had anywhere in this country at a price less than Rs. 5 per cubic foot. Actually, the price of Andaman timber, which feeds the factories in Calcutta area is much higher at Rs. 7.50 per cubic foot. Further, due to shipping difficulties, supply from the Andaman is too inadequate and irregular. This is not all. The coastal shipping lines, which have the monopoly of shipping in the area, are charging Rs. 108.00 per ton as against Rs 60.00 per ton at which foreign ships are prepared to bring Andaman timber. In order to overcome these difficulties, Mr. Kader Kutty wants the Government to permit liberal imports of timber and the use of foreign ships for bringing Andaman timber. It may be noted here that the present timber requirements of plywood industry are placed at 178,000 tons.

Another raw material required by the plywood industry is synthetic resin glue. The present requirements of this material are estimated at 3,500 tons per year which is met partly by indigenous production and partly by imports. By the end of the third Plan, the industry's need of this material is expected to increase to about 5,800 tons. The supply position of resin is also unsatisfactory.

Idle capacity to the extent of 35 per cent is another problem confronting the industry. Inadequate supply of raw materials is not the only cause. The demand for plywood has not kept pace with the growth in capacity. Although production has increased by about 60 per cent during the last eleven years, the production capacity is already very much more than not only the current demand but also the estimated demand in 1965-66—the final year of the third Plan. Whereas the existing capacity for tea chests alone is over 19.5 million sq. metres and that of commercial plywood over 14 million sq. metres, the present demand for tea chests is only 8.8 million sq. metres and that for commercial plywood is 6.5 million sq. metres, the requirements in third Plan being only 11 million sq. metres and 9.3 million sq. metres respectively. As a result, the industry is said to be experiencing keen competition. The position has been aggravated by the imposition of excise duty. The industry's contention is that the prevailing rate of excise duty is pretty heavy completely ignoring the high cost of raw materials and labour. Other points made by it in this connection are that resin itself is subject to an excise duty and substitutes for plywood such as particle boards are assessable to a concessional rate of duty at 5 per cent, as against 10 per cent and 12 per cent on tea chests and other products of plywood industry, respectively.

From what has been stated so far, it should be obvious to any one that the Indian plywood industry cannot compete effectively in world markets. There is a market for tea chests in the other tea producing countries such as Ceylon, Indonesia and East African States. Commercial plywoods are also in good demand in South-East Asia and West Asia. But Indian plywood products, though competitive in terms of quality, are non-competitive in terms of price. According to the study made by a recent delegation on plywood which visited thirteen countries, prices of Indian plywood are generally 40 to 50 per cent higher than the international prices. In order to overcome this handicap, the plywood industry has urged the Government for some relief in income-tax on foreign earnings, besides a minimum subsidy of 35 per cent of the f.o.b. value of exports. Another suggestion made by the industry is that the Government should permit import of plywood machinery for the purpose of diversification of products, as there is a great demand for Indian decorative timber products made of teak, rosewood, walnut, etc.

This picture of Indian plywood industry will remain incomplete without a reference to the Plywood Research Laboratory at Bangalore and the Field Station at Calcutta which are being set up by the plywood industry in co-operation with the Council of Scientific and Industrial Research. The Mysore Government has devoted 17 acres of land for the Research Laboratory which is expected to start functioning in a couple of years. With research and proper publicity demand for commercial plywood can be considerably stimulated in order to solve the problem of unutilised capacity. Research can also help the industry to bring down production costs. Accordingly, the initiative taken by the industry to have its own research outfit is a commendable step.



NEW PUBLICATIONS

Company Directors—A Guide to their Rights, Powers, Functions and Duties. By V. P. Arya. Published for Management Publications by Oxford Book Company, Calcutta. Pages: 161. Price: Rs. 16.

THE success or failure of a company, whatever its size, depends upon the standards of directional behaviour. It cannot stay in business profitably if its directors lack in the essential equipment for the discharge of their directorial duties and functions. The book under review deserves special notice because it aims at describing the rights, powers, functions and duties of directors in a language which is not too technical and in a manner which is not too superficial or too detailed. This book, as its title suggests, is not intended to be a legal text-book. Nevertheless, it will guide the directors in playing an increasingly important part which they are expected to play in the management of a company.

A special feature of the book is the Appendix containing the specimen forms for use by directors in the discharge of their statutory duties.

Elements of Company Law, Third Revised and Enlarged Edition. By Prof. U. V. Desai. Published by Allied Publishers Private Ltd., Bombay 1. Pages: 278. Price: Rs. 10.50.

The popularity of this book is evident from the fact that it is the third and revised edition within a very short time. In its 268 pages it compresses much useful information on the Companies Act, 1956. The book is bound to be useful to students of Law and Commerce, in general, for whom it is primarily intended. It is, however, a pity that it is affected in some parts on account of the principal Act having been amended by the Companies (Amendment) Act 1963. No doubt, the author will issue a supplement to the book so as to make it up-to-date.

Financial Institutions: National and International. Prepared by the Economic Adviser to the Government of Pakistan, Ministry of Finance, Rawalpindi. Pages: 278.

Financial institutions are very much part and parcel of the process of economic development in all countries inasmuch as they oil the wheels of progress by providing long and medium-term loans to industry and agriculture. This publication, prepared by the Economic Adviser, Ministry of Finance, Government of Pakistan, examines in detail the role played by the various financial agencies, national and international, in accelerating the growth process in that country. Some of the agencies discussed in the book, such as the Pakistan Industrial Development Corporation and Agricultural Development Corporation, are not "strictly" financial institutions, but they have been included to give a complete picture of the overall financial operations in the sphere of industry and agriculture. Foreign aid-giving agencies like the International Monetary Fund, World Bank, International Development Association, International Finance Corporation, Export-Import Bank of Japan, and the Commonwealth Development Finance Company Ltd. have been discussed elaborately and their contributions to the process of economic development of the country assessed. The Finance Minister, Mr. M. Shoaib, in his foreword to the book, hopes that the "short account of the activities of the financial institutions would be helpful in appreciating the role played by them."

A Guide to Company Law Procedures. By M. C. Bhandari, 134/1, Mahatma Gandhi Road, Calcutta 7. Pages: 236. Price: Rs. 15.

The purpose of this book is to offer business executives guidance on the procedural formalities of the Companies Act. The author has taken great pains to give as much information as can be compressed in a book of its dimensions. He has attempted to outline topic-wise 115 separate procedures. The topics cover, amongst others, incorporation, conversion, dissolution and amalgamation of companies, alterations and changes in articles, capital issues, appointment of directors, managerial remuneration, lending, borrowing, investments, etc. The book is bound to be of use and benefit to company executives.

Indian Sugar—Annual Number, May 1964. Published by the Indian Sugar Mills Association, India Exchange, Calcutta-1. Pages: 198. Price: Rs. 3.

The above Annual Number marks another milestone in the development of *Indian Sugar* journal. Its main feature is a resume of the proceedings of the 31st Annual General Meeting of the Indian Sugar Mills Association. It also contains a very comprehensive survey of the problems affecting the sugar industry, written by the Association President, Mr. G. M. Modi. There are several authoritative articles, covering a wide range of subjects from cane growing to sugar distribution, from experts and industrialists like D. C. Kothari, V. D. Jhunjhunwala, S. S. Kanoria and S. Jaipuria. The publication carries at the end an up-to-date and extensive statistical section which will come in handy for reference.

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METTUR CHEMICAL'S PROGRESS STEADY

DIVIDENDS FULLY COVERED

THE results of the Mettur Chemical and Industrial Corporation Ltd. (Managing Agents: Messrs. Seshasayee Brothers Private Ltd., Mettur Dam R. S.) for the year ended 31st March 1964 reflect, for the first time, the full impact of the expansion from 20 tons a day to 40 tons a day in the capacity of the caustic soda section. The realisation from the sale of a well diversified range of chemical products has advanced by almost 30 per cent from Rs. 201.13 lakhs to Rs. 261.12 lakhs and, with closing stocks of finished goods well maintained around Rs. 6.81 lakhs, the gross profit is higher by Rs. 10.42 lakhs at Rs. 56.94 lakhs. True, the profit-margin (ratio of gross profit to gross sale) has dropped by 1.3 points to 23.8 per cent but this has been due chiefly to a higher incidence of royalty and excise duty amounting to Rs. 12.39 lakhs, as against Rs. 5.32 lakhs, and a further rise in other expenses.

Consequent upon the improvement in gross profit and the decrease of Rs. 0.33 lakh to Rs. 16 lakhs in depreciation, the provision for Managing Agents' commission has gone up to Rs. 2.30 lakhs from Rs. 1.63 lakh for the previous year but that for taxation at Rs. 14.10 lakhs is almost double the amount (Rs. 7.50 lakhs) set aside a year ago. As a result, the net profit is only moderately higher at Rs. 24.54 lakhs, as against Rs. 21.06 lakhs for 1962-63. From this, a slightly larger sum of Rs. 4.62 lakhs, as against Rs. 4.10 lakhs, has been credited to reserves. The appropriation for preference dividend is also higher at Rs. 1.79 lakh as against Rs. 1.56 lakh, because of the increase in this class of capital during the year. The dividend on ordinary shares has been maintained at 12.5 per cent, subject to deduction of tax, but, being payable on an enlarged number of shares, claims Rs. 18.12 lakhs as against Rs. 15.40 lakhs a year ago. Both the ordinary and preference dividends have been fully earned, with the amount carried forward remaining unchanged.

The steady upward trend in sales and profits of the Company that has been in evidence during the past four years is clearly reflected in the following comparative figures:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales realisation	261.12	201.13	150.09	133.89
Other income	2.42	2.68	2.84	2.49
Closing stocks of finished goods	6.81	6.80	5.20	5.78
Raw materials and stores consumed	117.42	88.98	66.53	62.34
Other expenses	89.18	69.91	51.91	46.05
Gross profit	56.94	46.52	33.41	28.36
Managing Agents' remuneration	2.30	1.63	1.63	1.58
Provision for—				
Depreciation	16.00	16.33	12.83	9.47
Taxation	14.10	7.50	2.85	6.60
Net profit	24.54	21.06	16.10	10.71
Withdrawals from reserves	..	..	6.41	2.80
To reserves	4.62	4.10	10.00	3.50
Dividends—				
Preference	1.79	1.56	1.56	1.56
Ordinary	18.12 (12.5%)	15.40 (12.5%)	11.00 (12.5% + B. 1½%)	8.41 (12.5%)
Carry forward	0.12	0.12	0.11	0.16
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	14.26	13.70	15.05	15.25
Low	12.20	11.92	12.03	12.20

It will be recalled that the expansion of the caustic soda unit from 20 tons per day to 40 tons per day was completed during the preceding year and that full rated capacity production was achieved during the second half of that year. With a full year's output forthcoming from the extended plant, production of caustic soda reached an all-time high of 12,700 tons—which is the rated capacity of the plant—and compared favourably with the previous year's figure of 10,380 tons. In consonance with this trend, liquid chlorine production increased substantially beyond the previous year's level. Following the commissioning of a third plant, the bleaching powder unit also showed good results, with production well maintained at approximately 6,900 tons. Output of vegetable oil products and other chemicals continued to be highly satisfactory while that of miscellaneous chemicals actually surpassed the previous year's figures to a considerable extent. The demand for all these products continued to be good and, as transport difficulties were negligible, movement of products remained very brisk throughout the year. The striking feature of the year's performance was the large increase in sales of caustic soda in the lye form. Approximately 60 per cent of the production was sold thus.

The year also witnessed the removal of controls on caustic soda, liquid chlorine, bleaching powder and hydrochloric acid towards the end of 1963, with a view to providing, according to the Government, incentives to producers who would now be assured of a fair realisation for their products. The price control on *vanaspati*, effective from 1st March 1963, was also replaced by a voluntary price regulation formula under which *vanaspati* manufacturers were permitted to sell the product on the basis of raw oil costs *plus* a fixed margin for processing, packing, etc. Soaring prices of groundunt oil due to scarcity of oilseeds are, of course, adversely affecting the production of and the demand for *vanaspati* but the Directors are of the opinion that the situation will improve shortly with the coming in of the new crop.

In their report for the year 1962-63, the Directors had made a reference to the creation of a further 20 tons a day capacity for caustic soda—making 60 tons in all—in the existing factory premises itself by installing 60 additional Hooker cells and auxiliary equipment with a view to achieving expeditiously additional capacity with a comparatively low capital investment. This was done in the year under review and the plant was brought into commission in March 1964. Substantial progress has been made in the setting up of the second factory to produce 60 tons per day of rayon grade caustic soda. The entire land needed for this purpose has been acquired and civil works for factory buildings are well under way. As regards the plans for the manufacture of organic chlorine chemicals, certain delays and difficulties were encountered in concluding collaboration agreements. These difficulties have, however, been overcome and satisfactory arrangements have been concluded for obtaining technical collaboration. It is expected that orders for plant and machinery would be placed abroad very shortly and that the first stage of this scheme would be put on stream by the end of the current financial year.

During the year under review, the Company issued to its existing shareholders 300,000 preference shares and 600,000 ordinary shares, both with a nominal value of Rs. 10 on which only half the amount was collected during the year. This has raised the preference share capital to Rs. 35 lakhs and the ordinary share capital to Rs. 169.79 lakhs. The total paid-up share capital thus stands at Rs. 204.23 lakhs. Reserves and surplus amount to Rs. 42.23 lakhs, raising the total of own funds to Rs. 247.22 lakhs. As against these, outside interest amounts to Rs. 155.07 lakhs, comprising Rs. 82.41 lakhs by way of borrowings and Rs. 72.66 lakhs by way of current liabilities and provisions. On the assets side the gross block stands raised to Rs. 286.96 lakhs following the acquisition of new assets worth Rs. 47.13 lakhs during the year and, on deduction therefrom of the accumulated amount of depreciation, the net block stands at Rs. 163.90 lakhs. Adding to this Rs. 75.58 lakhs as cost of capital work-in-progress, the total net block works out to Rs. 239.48 lakhs. Investments, mostly in shares of Travancore-Cochin Chemicals Ltd., Alwaye are carried in the books at a cost of Rs. 16.58 lakhs while current assets, loans and advances total Rs. 146.23 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted on a *cum-div.* basis at Rs. 14.26 and fetch on an *ex-div.* basis a net annual return of 7.6 per cent on fresh investment.

(Concluded from next column)

which have increased from Rs. 117.75 lakhs to Rs. 140.22 lakhs due entirely to the rise in bank borrowings from Rs. 42.75 lakhs to Rs. 65.22 lakhs also include 1969-74 6.5 per cent debentures which are unchanged at Rs. 75 lakhs. Unsecured loans have been lower at Rs. 1.29 lakh as compared with Rs. 9.13 lakhs a year before. The secured bank loans, unsecured borrowings and current liabilities and provisions (including the year's dividend liability) together bring the total short-term indebtedness to Rs. 112.31 lakhs which is covered by current assets, book debts and investments aggregating Rs. 166.27 lakhs. The gross block which has increased during the year from Rs. 278.94 lakhs to Rs. 285.99 lakhs has been written down to Rs. 119.42 lakhs.

Currently quoted at Rs. 135.50 *cum-div.*, the Rs. 50 fully paid shares of the Company offer a net yield of 5.6 per cent per annum.

SIMPLEX EARNS MORE

DIVIDEND CUT PARTLY RESTORED

AN appreciable rise in both sales and gross profits, which more than wipes out the setback suffered in the previous year, has been reported by the Simplex Mills Company Ltd. (Chairman: Mr. S. R. Damani, Bombay), for the year ended 31st March 1964. According to the Directors, the improvement is due to the introduction of fine varieties of cloth which has enabled the Company to achieve a higher profitability. It would be pertinent to note, the Directors add, that, during the year under review, the production programme was extended to the manufacture of superfine varieties including *dhotis*, *saris* and lawns. It is expected that the Company will obtain additional benefits from this change. Meanwhile, the improved results have enabled the Directors to raise the dividend on the Rs. 50 fully paid shares by two points to 18 per cent *per annum*, thus restoring one-third of the six-point cut imposed in the previous year.

Coming to the financial results, net sales (that is, excluding excise, freight, etc.) have risen to a new peak of Rs. 367.10 lakhs from Rs. 289.72 lakhs to which level they had dropped in the previous year from Rs. 342.60 lakhs for the year before that Likewise, gross profit, which had declined from Rs. 54.73 lakhs to Rs. 41.53 lakhs in the previous year, has improved to Rs. 55.65 lakhs during the year under review. Net profit at Rs. 22.26 lakhs is, however, slightly lower as compared with Rs. 22.79 lakhs a year before, because depreciation has claimed Rs. 4.20 lakhs more at Rs. 22.94 lakhs and taxation has taken up Rs. 10.45 lakhs against nothing in the previous year, which was because it was estimated that there would be no assessable income for that year in view of the heavy liability arising from bonus for the years 1957, 1959, 1960 and 1961. Against Rs. 17.04 lakhs in the previous year, Rs. 10.90 lakhs have been provided during the year under review for the payment of bonus for the years 1957 and 1959 to 1962. The dividend, as noted before, is higher and it is to be paid out of dividend reserve to which Rs. 10.89 lakhs have been transferred out of the years's profit. It is pertinent to note here that, whereas, in the previous year, the Directors had to withdraw a net amount of Rs. 3.90 lakhs from reserves and provisions, to pay even the lower dividend, during the year under review the dividend has been raised after carrying a net amount of some Rs. 65,000 to reserves. The carry forward is Rs. 9,856, against Rs. 24,574 brought in.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales, less excise, freight, etc.	367.10	289.72	342.60	358.09
Other income	4.27	8.22	11.76	12.08
Closing stocks	29.78	42.08	26.43	40.36
Materials and stores consumed	184.18	155.07	149.40	170.74
Excise, freight, etc.	33.20	24.38	23.89	20.16
Staff expenses	78.22	81.84	94.45	101.92
Other expenses	42.92	36.15	40.86	40.61
Gross profit	55.65	41.53	54.73	84.41
Managing Agents' commission	..	..	..	0.03
Depreciation	22.94	18.74	16.14	16.21
Taxation	10.45	..	11.50	..
Net profit	22.26	22.79	27.09	18.21
Withdrawals from reserves and provisions	0.25	10.80	..	0.48
Bonus to workers and staff	10.90*	17.04†	..	..
Transfer to reserves	0.90	6.40	13.90	14.80
Dividend	10.89 (18%)	0.68 (16%)	13.31 (22%)	‡
Carry forward	0.10	0.25	0.27	0.39
Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	140.00	152.00	182.00	216.00	187.00
Low	118.00	117.00	149.00	157.00	142.00

* For 1957 and 1959 to 1962.
† For the years 1957, 1959, 1960 and 1961.
‡ No dividend was paid, but a bonus share of Rs. 50 fully paid was issued for every five shares held.

The Company did not lag behind in meeting the Defence requirements; its supplies of cloth and yarn to Defence formed 5.05 per cent of its total production. The Company will continue to meet future Defence requirements. Exports, which improved as a result of a change in the incentive scheme, are expected to rise further during the current year. Additions to fixed assets during the year amounted to Rs. 7.61 lakhs and orders for machinery outstanding at the close of the year aggregated Rs. 17 lakhs.

The Company's balance sheet shows paid-up capital unchanged at Rs. 60.48 lakhs in Rs. 50 fully paid shares which is backed by Rs. 39.40 lakhs in reserves and surplus, excluding Rs. 10.89 lakhs in dividend reserve required for meeting the year's dividend liability. Secured loans

(Continued in previous column)

Here are the remarkable features of the

CONVEYOR BELTING WITH A COTTON/NYLON CARCASS

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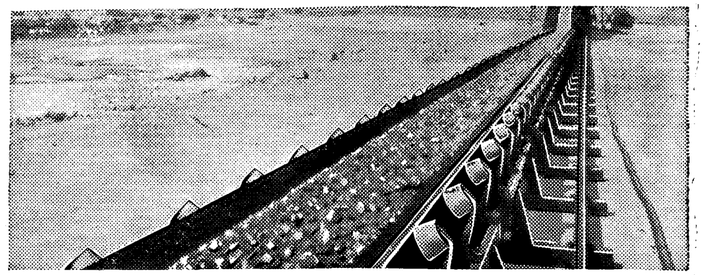

Starlon's cotton/nylon carcass is a major break-through in conveyor belting development in India. These details tell you how Starlon will bring increased pay-offs!

Intensive tests have proved that conveyor belts with a cotton/nylon carcass are far more successful for heavy duty material handling service. Starlon is the result of these tests. It is backed by the world-wide technical know-how and experience of Dunlop and is specially constructed for extra heavy conveyor jobs.

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7. Better fastener holding properties.
8. Higher belt weft strength.
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Starlon Belting, 17240 metres long and 1524 mm wide, will shortly be supplied to the Neyveli Lignite Corporation for their mine expansion scheme. This is the largest single order for conveyor belting and yet another Dunlop achievement.

For complete details on Starlon, contact the nearest Dunlop office or write to:

THE DUNLOP RUBBER CO. (INDIA) LTD.

Industrial Products Division, 57B, Free School Street, Calcutta-16.

62/DLP-2

READY REFERENCER & GUIDE TO COMPANIES ACT

1961 EDITION

By JOHN and ROW, Advocates, Madras

Contents: A commentary on the Companies Amendment Act 1960. Text of the Companies Act 1956 incorporating up-to-date amendments.

Price: Rs. **12.50** (*postage extra*)

EXPRESS PUBLISHERS (PRIVATE) LIMITED

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SYNOPSES OF COMPANY REPORTS

Cochin Malabar Estates Ltd.

(*Managing Agents*: Messrs. Peirce Leslie & Co., Ltd., Calicut.)

Thirty-fourth Annual General Meeting—13th August 1964.

Working Results:

	For the year ended 29th February (In thousand rupees)	
	1964	1963
Sales—rubber	32.29	32.47
,, —bought rubber latex	14.18	35.36
Closing stock—rubber	6.36	5.95
,, —bought rubber latex	.27	1.16
Gross profit	12.75	11.32
To Managing Agents' remuneration	.78	.78
Transfer to depreciation	1.84	1.73
,, ,, provision for taxation	5.57	4.69
Net profit	4.56	4.12
Balance brought forward	.29	.24
Transfer from general reserve	15	Nil
Appropriations:		
To tax deduction for previous year	Nil	51
Transfer to rehabilitation reserve	1.60	25
To preference dividend (taxable)	.8	.8
Proposed dividend (taxable) ordinary	3.23 (12%)	3.23 (12%)
Carry forward	.9	.29

Market value of ordinary shares (in rupees):	1964*	1963	1962
High	6.50	6.45	7.38
Low	6.30	5.60	6.25

* Upto 31st July 1964.

Extracts from the Directors' report: The crop harvested during the year was satisfactory and young rubber areas brought into tapping during the year have shown satisfactory results.

Crops and Costs

Year	*Crop*	*Estate cost of production per kg.*	*All-in cost of production per kg.*	*Average price realised per kg.*
	Kg.	Rs.	Rs.	Rs.
1961-62 ..	11,50,898	2.28	2.76	3.58
1962-63 ..	11,05,303	2.63	3.05	3.48
1963-64 ..	11,32,759	2.41	2.84	3.41

In view of the rehabilitation programme on which the Company has embarked to increase its yields, it is extremely difficult to reduce expenditure by any appreciable amount. The cost of materials and stores continues to increase, and the existing legislations governing the employment of labour places a very heavy burden on the Company.

Future Prospects: The crop for 1964-65 is estimated at 10,88,708 kg., to be produced at an all-in-cost (excluding replanting) of Rs. 2.80 per kg.

Accounts in brief as at 29th February 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	28,04,579	Gross block	60,09,790
Reserves and surplus	19,54,687	—Depreciation	13,97,512
Other liabilities	19,82,541		
		Net block	46,12,278
		Current assets	15,15,890
		Cash	6,13,639
	Rs. 67,41,807		Rs. 67,41,807

* Paid-up capital consists of 2,266—7 per cent. cumulative preference shares of Rs. 50 each and 8,97,093 ordinary shares of Rs. 3 each. Of the above 5,38,256 ordinary shares are allotted as fully paid up by way of bonus shares through the capitalisation of reserves.

Samastipur Central Sugar Co., Ltd.

Authorised Controller: Mr. J. P. Goel, New Delhi.)

Registered Office: 1, Netaji Subhas Road, Calcutta.

Forty-fourth Annual General Meeting—26th August 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sale proceeds	79.99	1,03.80
Closing stock	19.33	46.45
Loss	—10.11*	—1.00
Provision for depreciation	3.51	Nil
To loss on export of sugar	1.54	2.53
,, Items relating to previous year	2	Nil
,, development rebate reserve	Nil	14
Loss brought forward from previous year	8.99	5.50
Total loss	20.66	9.17
Credit adjustment	20†	18†
Final loss carried forward	—20.46	—8.99

Market value of equity shares (Rs. 10 paid up) (in rupees):	1964‡	1963	1962
High	4.50	9.69	10.12
Low	3.50	4.10	8.75

* Loss after providing for depreciation.
† By export sales of sugar in respect of previous year.
‡ Upto 31st July 1964.

Extracts from the Authorised Controller's report: During the year under review, the Factory worked for 78 days as against 154 days in the previous season and crushed 471,822-30 quintals of sugarcane against 9,59,299 quintals in the previous season producing 43,785-39 quintals of sugar against 85,080-81 quintals in the previous season at an average recovery of 9.28 per cent against 8.87 per cent in the previous season. The factory commenced crushing on 13th December, 1962 and closed in the morning of 1st March, 1963. This will show that the period of crushing was short and the quantity of cane crushed was comparatively low. This factor and the incidence of high expenditure have resulted into an abnormal loss as mentioned above. In view of this poor financial position, no provision for taxation or dividend has been made.

After taking over the undertaking it was observed by the Authorised Controller that due to the then financial stringency, the previous Board of Directors (who vacated their offices in terms of the Rule 125-A(4) (a) of The Defence of India Rules, 1962) could not effect payment of either the principal amount or the interest on the loans secured by them from the Government of Bihar, the State Financial Corporation of Bihar, Cane-cess, Cane Price, Cane Societies' Commission, Suppliers' Bills and other liabilities and the Cash Credit limit secured by the Company from the State Bank of India had also been cancelled. However, with a great deal of efforts and co-operation of the employees of the Company and the cane-growers of the area, the factory commenced crushing on 20th January, 1964, producing 32,428-35 quintals of sugar after crushing 325,548 quintals of cane with an average recovery of 9.96 per cent and it is expected that in the next season 1964-65, there would be better results subject to normal conditions of the region.

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

Liabilities	Rs.	Assets	Rs.
Capital*	11,99,750	Gross block	72,10,543
Reserves	14,04,877	—Depreciation	32,09,585
Other liabilities	69,50,285		
		Net block	40,00,958
		Current assets	34,50,590
		Investments	5,000
		Cash	52,310
		P.L. a/c deficit	20,46,054
	Rs. 95,54,912		Rs. 95,54,912

* Paid-up capital consists of 1,20,000 equity shares of Rs. 10 each. Amount paid up on shares forfeited is Rs. 750.

Sandvik Asia Ltd.

(*Managing Director*: Mr. Lars De Jounge.)

Registered Office: Bombay Poona Road, Poona-12.

Fourth Annual General Meeting—19th August 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales	6.50	65.80
Closing stock	47.73	80.46
Gross profit (+) or loss (—)	+25.88	—4.12*
Transfer to depreciation	13.09	7.27
Net profit	13.79	—4.12
Appropriations:		
To adjustment of loss brought forward	4.12	Nil
Transfer to development rebate reserve	4.50	6.06
,, ,, general reserve	1.25	Nil
To prelminary expenses written off	.28	Nil
Proposed dividend (tax-free) equity	2.80† (6%)	Nil (Nil)
Carry forward	4	—4.12

Market value of equity shares (in rupees):	1964‡	1963
High	1.03.64	65.80
Low	47.73	80.46

* Loss after provision for depreciation and development rebate reserve.
† The dividend will not be subject to tax by virtue of Section 84 of the Income-Tax Act, 1961.
‡ Upto 17th July 1964.

Extracts from the Directors' report; Factory Progress: All the plants were in production during the year under review. The manufacture of *Tungsten Carbide* from the ore stage commenced. A new line of production, *Tungsten Carbide Tipped Tools*, also commenced. The indigenously manufactured *Tipped Tools* were marketed in January 1964. Another item in the group of *Tungsten Carbide Products* marketed during the year was *Nibs* for drawing dies. *Nibs* were marketed in March 1964. The production of *Tungsten Carbide Powder* was increased to meet the Company's requirements in full as well as those of other manufacturers of *Tungsten Carbide* products.

Expansion Programme: As a result of discussions with the Government of India authorities, on receipt of their letter inviting the Company to expand the *Tungsten Carbide* production, an application for substantial expansion was lodged with the Government. Simultaneously, applications were lodged with the Government for licences to import machinery and certain balancing equipment to increase the range of *Tungsten Carbide* products. The Government of India have issued a "Letter of Intent" expressing their willingness to issue the necessary industrial licence, subject to the requirement of imported capital equipment being settled to the satisfaction of the Government.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	60,00,000	Gross block	1,43,16,496
Reserves and surplus	17,04,055	—Depreciation	21,63,107
Other liabilities	1,01,73,124		
		Net block	1,21,53,389
		Current assets	55,91,685
		Cash	1,32,105
	Rs. 1,78,77,179		Rs. 1,78,77,179

* Paid-up capital consists of 60,000 equity shares of Rs. 100 each fully paid up.

Wartyhully Estates Ltd.

(*Secretaries & Treasurers*: Messrs. Peirce Leslie & Co.. Ltd., Mangalore.)

Ninth Annual General Meeting—11th August 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Income from coffee crop	5.22	6.29
Gross profit (+) or loss (—)	— 93*	+ 2.67
To Secretaries' and Treasurers' remuneration	15	14
Transfer to depreciation	57	89
,, ,, provision for taxation	23	97
Net profit (+) or loss (—)	— 13†	+ 1.16
Excess provision for taxation written back	3.13	1
Credit balance brought forward	37	64
Total available balance	3.37	1.81
Appropriations:		
Transfer to general reserve	1.30	Nil
To interim dividend (taxable) equity	60 (5%)	60 (5%)
Proposed final dividend (taxable) equity	84 (7%)	84 (7%)
Total equity dividend per cent.	[12%]	[12%]
Carry forward	63	37

Market value of equity shares (in rupees):	1964‡	1963	1962
High	3.05	3.02	3.00
Low	2.80	2.45	2.50

* Loss after providing for Secretaries' and Treasurers' remuneration and depreciation but without making provision for taxation.
† Loss after taking into account taxation provision of Rs. 22,500.
‡ High and low upto 17th July 1964.

Extracts from the Directors' report: Crop and Costs—A total crop of 158,200 metric tonnes was harvested during the year and delivered to the Coffee Board. This has been valued at Rs. 2.30 per point or Rs. 3.299 per metric tonne. A comparative statement of production and costs for the last three years is given below:—

Year	*Crop (metric tonnes)*	*Estate expenditure per metric tonne*	*All-in-cost per metric tonne*
1961-62	195.281	Rs. 2.742	Rs. 3.044
1962-63	195.508	,, 2.415	,, 2.843
1963-64	158.200	,, 3.244	,, 3.889

A bonus payment of Rs. 13.744 at 5.3 nP per point has been received on 1959-60 crop making the total for the year Rs. 2.29 per point and this is equivalent to Rs. 3.476 per metric tonne.

The 1962-63 season's crop has been revalued at Rs. 2.30 per point being the final figure declared by the Coffee Board for that season and this is equivalent to Rs. 3,416 per metric tonne including the bonus points awarded on the basis of 20 points per tonne on *Arabica Parchment* and 140 points per tonne on *Robusta*.

The 1964-65 crop has been estimated at 175 metric tonnes and the all-in-cost of production at Rs. 3,528 per metric tonne.

Capital Expenditure.—Rs. 21,341 was spent on capital account during the year. Capital expenditure for the year 1964-65 is estimated at Rs. 30,050.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,00,000	Gross block	16,67,876
Reserves and surplus	14,84,101	—Depreciation	2,80,946
Other liabilities	2,77,228		
		Net block	13,86,930
		Block in progress	9,740
		Current assets	4,15,388
		Investments	6,49,195
		Cash	4,50,076
	Rs. 29,11,329		Rs. 29,11,329

* Paid-up capital consists of 6,00,000 equity shares of Rs. 2 each.

Notices

THE IMPERIAL TOBACCO COMPANY OF INDIA LIMITED

THE DIRECTORS HAVE TODAY DECIDED to recommend to the shareholders at the Annual General Meeting, to be held on 24th September 1964, the payment of a final dividend for the year ended 31st March 1964, of 2½% (subject to tax) which, together with the two interim dividends of 2% (subject to tax), makes a total of 6½% for the year (1963 8%).

The net profit for the year is Rs. 99,25,376 (1963 Rs. 1,80,23,592) after deducting all charges and expenses and after providing for taxation amounting to Rs. 1,87,45,944 (1963 Rs. 2,62,37,010).

The Directors also intend to declare a first interim dividend of 2½% (subject to tax) in respect of the year ending 31st March 1965 (1964 2%).

The Company's business has been adversely affected by taxation measures in each of the last two Budgets and the Directors have considered it prudent to recommend a reduction in the final dividend. Prospects for the current year, however, warrant the declaration of a first interim dividend of 2½%.

The final dividend, if approved, and the interim dividend will be payable on 30th September 1964 to the shareholders whose names appear on the register on 24th September 1964. The share transfer books of the Company will be closed from 5th to 24th September 1964, both days inclusive, and transfers received in order at the office of the Company's Registrars (Jardine Henderson Limited, 4 Clive Row, Calcutta 1) up to 4th September 1964 will be in time to be passed for the payment of the dividends to the transferees.

By Order of the Board

P. J. RICKETTS
Assistant Secretary

VIRGINIA HOUSE,
37, CHOWRINGHEE,
CALCUTTA.
3rd August 1964.

THE MYSORE PAPER MILLS LIMITED

Asiatic Buildings, Kempegowda Road
Post Box No. 570, Gandhi Nagar P.O.
BANGALORE 9

NOTICE

Re: Closing of Share Transfer Books

IN CONNECTION WITH THE TWENTY-ninth Annual General Meeting of the Shareholders of the Company to be held on Wednesday the 30th September 1964, at 2 p.m., in the premises of the Mysore Chamber of Commerce Buildings, Kempegowda Road, Bangalore City, the Share Transfer Books of the Company will be closed from 11th September to 30th September 1964 (both days inclusive).

By Order of the Board,

C. V. RAMACHANDRA RAO,
Secretary.

Dated: 25th July 1964.

NEWS IN BRIEF

EXPORTS of spices from India during the first four months of the current financial year amounted to Rs. 7.1 crores, an increase of Rs. 1.6 crore over the corresponding period last year.

A Soviet seismic survey ship, *Kademik Arkhangelsky*, is now at the Madras port. It will prospect for oil and natural gas under the sea area stretching from Madras to Palk Straits in the South and extending upto the continental shelf.

Thirty co-operative spinning mills at a cost of Rs. 40 crores are expected to be established in Maharashtra by the end of the fourth Plan. So far six co-operative mills have been registered and 19 mills are in the process of being registered.

A committee to study the distributional arrangements of fertilisers is to be constituted by the Union Ministry of Food and Agriculture. The decision to this effect was taken at the meeting of the Planning Commission which was attended by Mr. C. Subramaniam.

The National Coal Development Corporation is reported to be examining proposals for setting up a coal-based industrial complex (which will include several chemical industries) at Ramgarh in Bihar, opening a high temperature carbonisation plant to produce gas for industrial use and exploiting high grade metallurgical coal from depths of 500 to 1,000 metres.

The Central Government is considering a tentative programme envisaging installation of 1,000 improved types of rice mills of three-ton capacity and an equal number of mills of one-ton capacity during the fourth Plan period. It is expected that the bigger mills will together process about 10 to 20 million tons of rice. The one-ton capacity mills are proposed to be set up at less important centres.

An international training centre in food technology, now being set up at the Central Food Technological Research Institute in Bangalore under an agreement between the Government of India and the Food and Agricultural Organisation, is expected to start functioning from the last week of next month. It will provide training programmes in food technology, including a two-year post-graduate diploma course. The F.A.O. will meet the expenses of 12 international trainees and the Indian Government will provide for the training of an equal number of Indians.

The shares of the Industrial Finance Corporation held by the Government of India and the Reserve Bank of India have been transferred to the Industrial Development Bank of India. The shares comprise about 40 per cent of the Rs. 7 crore shares of the I.F.C. The Corporation is also issuing 2,692 additional shares in favour of the Industrial Development Bank so as to enable the Bank to hold 50 per cent of the total share capital of the I.F.C. (which stands now at a little less than Rs. 8.35 crores). The I.F.C. will be co-ordinating its activities more closely with the Bank.

The British Government has offered the Government of India, subject to agreement on terms and conditions, financial assistance for the third stage of the steel works at Durgapur. The third stage will double the capacity provided by the first two stages and bring annual production capacity to a total of three million ingot tons. Construction is expected to begin early in 1966. An extension of the second stage will be put in hand immediately by the construction of a fifth blast furnace and ancillary plant. For that work the Government of India expects to issue tender invitations next week. The foreign exchange costs required for the fifth blast furnace and ancillary plant totalling £7 million will be provided from British aid over the next four years.

The Expert Committee (Chairman: Dr. S. R. Sen, Adviser, Planning Commission) on assessment and evaluation of the intensive agricultural district programme, popularly known as the package programme, in its first report submitted recently has expressed the view that the weakness of co-operatives has proved to be the main limiting factor in the progress of the programme. The progress has not been uniform in all the seven districts in which it was introduced in 1961. The unpreparedness of the Extension Service Agency in terms both of knowledge and equipment, as well as the required strength to undertake the task, is another limiting factor. It is also not possible to create certain basic facilities, such as implements, workshops and soil testing laboratories, organisations for production and distribution of quality seed, and information, units for dissemination of useful information to farmers.

• • • •

From Abroad

The British Treasury has given its consent to the Chrysler Corporation's £12.3 million bid to acquire 30 per cent of the ordinary voting shares in Rootes Motors and a 50 per cent interest in the "A" non-voting ordinary shares.

The U.S. gold reserves have declined by more than $100 million to $15,623 million since the end of April. During the month of June alone, the fall was of the order of $70 million, the largest monthly outflow of gold for almost a year. The total gold loss over the whole of 1963 was $450 million.

The American Institute of Physics feels that, despite the much-publicised 'drain' in the U.S. of British scientific talent, the Americans may still be faced with a severe shortage of scientists by the end of 1970. It is stated that, by 1970, the number of jobs for qualified scientists will be no more than 38,000 as against the estimated 59,300 jobs available.

The Brazilian Coffee Institute has just announced two steps to stabilise domestic and international prices of Brazilian coffee. They are the advancing of purchase from 1964-65 crop by two months and an increase in the purchase price of the previous season s coffee. The Institute has also announced the release from its stocks of 300,000 bags monthly for sale in world markets at 42 U.S. cents per pound.

The automobile factories in Britain produced as many as 1,035,891 cars during the first half of the current calendar year, that is 237,792 more than the corresponding period last year. The total output of cars during the whole of 1963 was 1.6 million. Of the 1,035,891 cars produced, 366,195 were exported, as against the 309,150 cars exported in the preceding half-year and 306,677 in the corresponding period of 1963.

Fire insurance premium rates on commercial and industrial premises in Britain are to go up by an average of 10 to 15 per cent from 1st March 1965, in accordance with the decision taken by the Fire Offices' Committee, which represents tariff companies handling the biggest share of fire insurance business. Household policies, however, will not be affected. Lloyd's underwriters and non-tariff companies are expected to follow suit. The new premium rates replace the temporary flat 15 per cent surcharge imposed last year on commercial and industrial property unprotected by approved sprinkler systems. The fire damage in the U.K. is estimated at £66 million last year and £38.5 million in the first half of 1964. The latter figure represents a rise of 10 per cent as compared with the corresponding period of 1963.

West Germany intends to launch three research satellites by 1969. The Federal budget for 1965 already includes DM4 million as a first allocation for this project. Total cost of the satellites is estimated at DM53.5 million. These satellites are but part of the West German space programme. The Federal Research Ministry has budgeted DM13 million for planning and constructing experimental ground stations. Plans include the building of space-stimulating installations, test-stands for rockets, propulsion units and combustion chambers, the planning and constructing of flight-stimulating equipment, reliability-test stations and location-finding and observation points for satellites. The entire space-research programme will cost an estimated DM74 million.

PERSONAL

MR. J. W. Anson, a Managing Director of Messrs. Mackinnon Mackenzie and Company Private Ltd., has been appointed Chairman of the Company with effect from the 1st of this month, on the retirement of Mr. M. R. Das.

Mr. M. C. Chagla, Union Education Minister, returned this week after visiting the Soviet Union.

Mr. Raghunath Singh, M.P., has been appointed Chairman of the National Shipping Board, *vice* Mr. C. H. Bhabha who resigned recently.

Mr. Nittoor Sreenivasa Rau, Central Vigilance Commissioner, will be in the city from the 8th to 11th inst.

Mr. Viren J. Shah. Chief Executive Mukand Iron and Steel Works Ltd., has been elected the Vice-Chairman of the Company.

Dr. D. N. Wadia has been appointed a part time member of the Oil and Natural Gas Commission for a period of one year with effect from 29th July 1964.

Mr. A. N. Jha, the erstwhile Secretary in the Department of Defence Production, assumed charge as the Secretary to the Union Ministry of Information and Broadcasting on the 3rd inst.

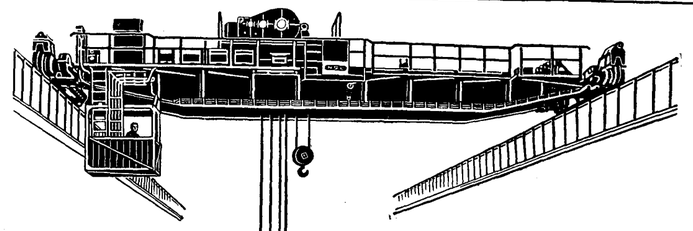
Dr. Gustavo Zakrzewski of Argentina has been appointed Director of the UNESCO's Regional Office for Education in Asia. He succeeds Dr. A. F. M. K. Rahman who died last December.

Mr. Nakul Sen, till recently Chairman and Managing Director of Indian Drugs and Pharmaceuticals Ltd., has taken over charge as Secretary in the Union Ministry of Petroleum and Chemicals.

Mr. R. K. Birla, Chairman of the Indian Woollen Mills' Federation, left on Monday this week for Iran on a week's tour with a view to studying the scope for exporting woollen goods to that country.

Mr. V. Shankar, I.C.S., Secretary to the Union Food and Agriculture Ministry, has returned to New Delhi from Washington where he had gone to negotiate the extension of the period for import of the balance P.L. 480 wheat supplies.

Mr. Humayun Kabir, Union Minister for Petroleum and Chemicals, left New Delhi this week on a four-week tour of Rome, Bucharest, Paris and London in order to explore the possibilities of foreign collaboration in the development of petroleum and petro-chemical industries.



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OVERALL CLAIMS COST INCREASES

CHAIRMAN, MR. B. K. KAUL'S SPEECH

PRESIDING over the Forty-second Annual General Meeting of the Indian Guarantee and General Insurance Company Ltd., held at Bombay on Tuesday, 28th July 1964, the Chairman of the Company, Mr. B. K. Kaul, I.C.S., told the shareholders that, though the Company had escaped the effects of deteriorating fire insurance throughout the world, the overall claims cost on this account had increased from 41.1 per cent in 1962 to 45.3 per cent in 1963. He attributed this increase to several factors, particularly increase in all-India fire claims experience, adverse experience in foreign acceptances, rise in motor claims, and the fact that the year 1963 was the first full year in which the impact of statutory cessions received by the Company under the Insurance Amendment Act, 1961 was reflected.

Following is the full text of Mr. Kaul's speech:

GENTLEMEN,

We are meeting under the gloom cast by the passing away of Shri Jawaharlal Nehru, Prime Minister of India since independence. His death has plunged the nation in deep grief. An illustrious fighter for freedom, an outstanding statesman, a world leader, he will always hold a prominent place in the hearts of his countrymen as the architect of a modern India. It is he who gave India a strong and stable Government for seventeen years and strove with all his might to banish poverty from amongst India's millions. The greatness of Jawaharlal Nehru needs no further elaboration and the best tribute we can pay to our departed leader is to work hard and do our duty, as he would have wished us to do.

The report, accounts and balance sheet for the year ended 31st December, 1963 are already in your hands and, with your approval, I propose to take them as read. Before we proceed to consider adoption thereof, I would like to say a few words on some of the points which have a bearing on the working of your Company.

Statutory Cessions

Your Company was reconstituted from 1st January, 1960 as a company transacting reinsurance business only. In April 1961 your Company was approved by the Government of India as an "approved Indian reinsurer" under the provisions of the Insurance Amendment Act 1961, and receives statutory cessions under the provisions of that Act from all general insurance business transacted in India by insurers, both Indian and non-Indian.

In addition to receiving statutory cessions, the Company operates as a reinsurer not only in the Indian market but on an international basis. However, since it started operations in 1960, the results of fire business all throughout the world have been deteriorating steadily. For instance, in the U.K. the claim cost in 1963 amounted to almost £67,000,000 which is 20 per cent higher than 1962 which was the worst year up to then. The highest claims cost recorded till as late as 1958 in the U.K. was only £28,000,000. On the Continent, as well as in Canada and United States of America, the claims cost is also continuously rising.

Reinsurance Business

As we transact reinsurance business only, it is inevitable that we have to bear our share of the adverse claims experience all over the world, but fortunately for a large part of our operations we have escaped this disastrous experience on account of different methods of dealing with our reinsurances and surpluses.

Turning now to the results of the year's working, the Company wrote a total gross premium of Rs. 8,46,46,469 (£6,348,485) as compared to Rs. 6,97,63,358 (£5,232,252) in 1962 and after fulfilling statutory obligations and making other retrocessions, a net premium of Rs. 3,28,63,678 (£2,464,776) as compared to Rs. 2,65,02,946 (£1,987,721) in 1962. The net premium income in 1963 shows a 24 per cent increase over 1962. The net premium income in the fire department increased by Rs. 19,81,347 (£148,601), in the marine department Rs. 21,28,395 (£159,630), and in the miscellaneous insurance department by Rs. 22,50,990 (£168,824).

Claims cost increased to 45.3 per cent from 41.1 per cent in 1962. Commission cost showed a slight increase to 31.9 per cent from 31.8 per cent and expenses of management remained stable at 1.2 per cent. The increase in the overall claims cost is due to several factors, mainly increase in all-India fire claims experience, adverse experience on our foreign acceptances, increase in motor claims, and the fact that the year 1963 was the first full year in which the impact of claims of statutory cessions is reflected. In the fire department, claims cost increased from 29.8 per cent in 1962 to 31.4 per cent which, considering the experience of fire business world-wide, must be considered as very satisfactory, in the marine department the claims cost decreased to 60.1 per cent from 62.4 per cent in 1962 and in the miscellaneous insurance department the claims cost increased from 39.0 per cent in 1962 to 48.4 per cent, giving an overall claims cost of 45.3 per cent, against 41.1 per cent in 1962.

Whilst continuing to maintain reserves in the fire and miscellaneous insurance departments at 50 per cent, I am happy to report that in the marine department we have increased the reserves from 65 per cent to 100 per cent of the net premium income in 1963.

Investments

Our investments as at 31st December, 1963 aggregate to Rs. 2,85,26,453 (£2,139,484) and the depreciation thereon was Rs. 3,61,862 (£27,140). This is adequately covered by the investment reserve. Considering the volume of investments and that the major portion of our investments were made during the second half of 1961 and 1962 when prices were comparatively higher as compared to the prices ruling on 31st December 1963 the depreciation is nominal.

As a result of the year's working, the departmental reserves have increased by Rs. 64,47,114 (£483,534) to Rs. 2,06,42,538 (£1,548,190) in 1963 as compared to Rs. 1,41,95,424 (£1,064,657) in 1962. The funds of the Company stand at Rs. 3,25,31,831 (£2,439,887) in 1963 compared to Rs. 2,47,57,550 (£1,856,816) in 1962 showing an increase of Rs. 77,74,281 (£583,071).

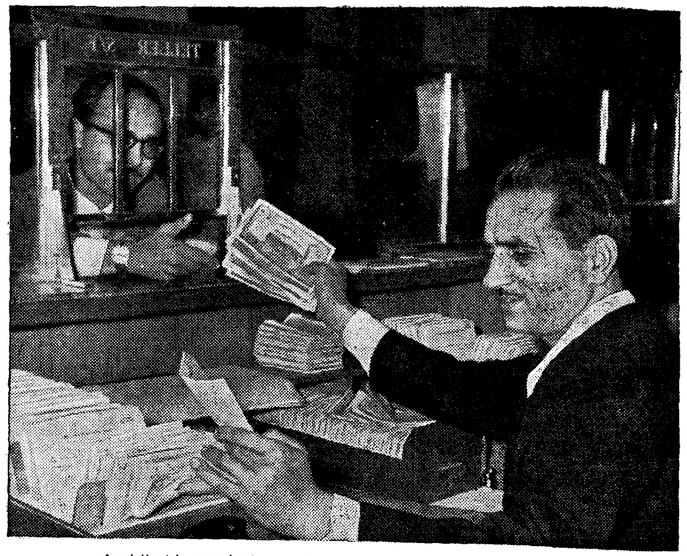
Profits

The gross profit of the Company before making provision for taxation amounted to Rs. 19,45,167 (£145,888) as against Rs. 28,48,755 (£213,657) for the year 1962. The fall in the profit is mainly due to increasing the reserves in the marine department from 65 per cent to 100 per cent of the net premium income besides the adverse experience in the fire and miscellaneous insurance departments. The general reserve has been further augmented by an appropriation of Rs. 3,90,000 (£29,250) and now stands at Rs. 6,50,000 (£48,750).

Your Directors have recommended a dividend at the rate of 6 per cent (subject to deduction of tax at prescribed rates) on the paid-up value of the shares which will absorb a sum of Rs. 6,06,000 (£45,450).

In conclusion I take this opportunity to express my thanks to our business connections both in India and abroad from whom we have received excellent support and co-operation. I would also like to thank the management and the staff of the Company for their loyalty and good work.

Cashed in a Minute!



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TREND OF MARKETS

CALL RATE JUMPS UP

(*From Our Own Correspondent*)

BOMBAY, *5th August*

The short-term money market continued to rule distinctly easy till the close of business on Saturday the 1st inst., but developed a stringency on Monday which persisted yesterday and today too. Although the supply of funds was quite plentiful, borrowers found it difficult to obtain it, in view of disorganisation of banking services in the city caused by unrest among clerical and subordinate staff. Consequently, the inter-bank call rate moved up. Fresh money fetched 3 per cent today and renewals 2½ per cent, whereas both were standing at ½ per cent a week before. Calcutta also reported tight money conditions, the call rate there rising again from 4 per cent to 4¾ per cent, with stray transactions put through at 5 per cent.

Despite the emergence of sudden stringency in the money market, the response to the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 4th inst., was quite encouraging. As against the Rs. 2 crores invited, the amount offered was Rs. 4.25 crores; the sum accepted was, of course, only Rs. 2 crores. The average rate of accepted tenders was a shade lower at Rs. 2.393 per cent, as against Rs. 2.399 per cent a week before. The response to Intermediate Treasury Bills, however, was somewhat limited. The Bills actually sold from 29th July to 1st August aggregated Rs. 5.28 crores, as against Rs. 19.06 crores a week before.

There was a rise of Rs. 1.16 crore to Rs. 93.99 crores in India's foreign exchange reserves during the week ended 31st July 1964. The rise was entirely in balances held abroad which went up from Rs. 7.37 crores to Rs. 8.53 crores. The foreign securities held in the Issue Department of the Reserve Bank were unchanged at Rs. 85.46 crores. Loans and advances to scheduled banks increased by Rs. 3.20 crores to Rs. 3.66 crores. Their deposits with the Reserve Bank also increased by Rs. 4.58 crores to Rs. 100.55 crores. Notes in circulation receded by a further Rs. 24.35 crores to Rs. 2,419.41 crores.

The total credit made available by scheduled banks to their clients declined by a further Rs. 8.70 crores to Rs. 1,733.10 crores during the week ended 24th July. At the same time, there was a fresh deposit accretion of Rs. 17.88 crores. Borrowings from the Reserve Bank, as a result, were negligible, being less than Rs. 12 lakhs. Investments increased by Rs. 58.42 crores to Rs. 737.44 crores, while total cash receded by Rs. 6.72 crores to Rs. 156.88 crores.

The notable development of the week in so far as the Gilt-edged market is concerned was the announcement, by thirteen State Governments, of the issue of their new loans for amounts aggregating Rs. 100 crores. All the thirteen loans bear a uniform rate of interest at 4¾ per cent and are redeemable at par after twelve years. The amount (in crores of rupees) of loans and issue price (in rupees), respectively, are given below:

Andhra Pradesh 11: 99.50; Assam 3: 99.50; Bihar 4: 99.50; Gujarat 7: 100.00; Kerala 4: 99.50; Madhya Pradesh 5: 99.50; Madras 14: 99.75; Maharashtra 15: 100.00; Mysore 7: 99.50; Orissa 8: 99.50; Rajasthan 5: 99.50; Uttar Pradesh 10: 99.75 and West Bengal 7: 99.75.

All loans except the Kerala loan will open for subscription on Monday the 24th inst. and close on Saturday the 29th inst. or earlier without notice as soon as subscriptions approximate to the amount of each issue. The Kerala Government's loan will open for subscription on Tuesday the 25th inst. and close on Monday the 31st inst. or earlier without notice as soon as subscriptions approximate to the notified amount. All the State Governments reserve their right to retain subscriptions up to ten per cent in excess of the notified amount. Interest will be paid half-yearly. It will be liable to tax under the Income-tax Act, 1961.

Securities of 4 per cent Bombay State Development Loan, 1964 and 4 per cent Saurashtra State (Local Bodies Development) Loan, 1964 will be accepted *at par* for conversion into the new loan of the Government of Maharashtra. Securities of 3 per cent Madhya Pradesh Loan 1964, Madras Government 4 per cent Loan 1964, 4 per cent Uttar Pradesh Loan 1964 and 4 per cent West Bengal Loan 1964 will also be accepted *at par* for conversion into the new loans of the respective State Governments. Interest on the securities of Bombay State Development Loan, Madras Government Loan, Uttar Pradesh Loan and Bengal Loan tendered for conversion will be paid at the rate of 4 per cent per annum upto 31st July 1964 inclusive and at 4¾ per cent per annum for the period 1st to 23rd August 1964 inclusive. Interest on the securities of Saurashtra Loan and Madhya Pradesh Loan tendered for conversion will be paid at the rate of 4 per cent and 3 per cent upto and inclusive of 23rd August 1964 and 31st August 1964, respectively.

Applicants tendering applications at the offices of the Reserve Bank of India at Bangalore, Bombay (Fort and Byculla), Calcutta, Madras, Nagpur and New Delhi will, in the event of oversubscription to the loan applied for, be given the option of transferring their cash refunds to any of the other State Government loans which may still be open for subscription.

The undertone of the Gilt-edged market this week was steady. 3½ per cent 1968 rose by 15 nP to Rs. 99 and 3½ per cent 1966 Bonds by 10 nP to Rs. 100.10. 3¼ per cent 1969 gained 5 nP to Rs. 98.10. The 6½ per cent 1977 Gold Bonds were fully maintained at Rs. 118.10 at which rate the redemption yield works out to 4.65 per cent. State loans were dull.

In the foreign exchange market, the banks' selling and buying rates for U.S. dollars were unaltered at Rs. 480.00 and Rs. 476.50 per $100, respectively. In New York, the pound sterling eased a little *vis-a-vis* the dollar, the spot rate declining by 0.020 cent to 278.850-278.880 cents and the three months' forward by 0.010 cent to 278.380-278.410 cents.

SILVER FORGES AHEAD

(*From Our Own Correspondent*)

BOMBAY, *5th August*

Both silver and gold staged an impressive rally during the week under review. Silver met with sustained buying support from refiners and upcountry dealers. Arrivals of silver were no doubt quite large, but they failed to have any effect. Gold advanced further on reports of scarcity of supplies due to poor arrivals.

Silver began the week at Rs. 252.50, same as last week, and forged ahead to touch a high of Rs. 261 today. The closing was a shade lower at Rs. 260.50. It was reported that one refiner had cornered 150 bars of raw silver. The daily average arrivals of the metal were higher at 30 bars and the offtake was around 12 bars.

Fourteen-carat gold spurted from Rs. 71 to Rs. 72.25. Primary gold, in unofficial trading, picked up Rs. 3 to Rs. 127 on reports of seizure of contraband gold. Sovereign gained 50 P to Rs. 93.

The international price for gold at the London market went up from $35.07¾ to $35.08¾ owing to good demand for the metal before closing lower at $35.08¾. The sterling price increased by 1d. to 251s. 7d. Both ready and forward silver were unchanged at 112d. and 112¼d., respectively, as also silver in New York at 129.3 cents.

The following table shows the trend of prices during the week under review:

	5-8-64 (closing)	High	Low	29-7-1964 (closing)
SILVER				
Ready (999 fine) ..	Rs. 260.50	Rs. 261.00	Rs. 252.50	Rs. 252.50
GOLD				
Ready (14-carat) ..	72.25	72.25	71.00	71.00
Sovereign ..	93.00*	—	—	92.50*
London—				
Gold ..	251s. 7d.	251s.7½d.	251s.6d.	251s.6¾d.
Silver Ready ..	112d.	—	—	112d.
Silver Forward ..	112¼d.	—	—	112¼d.
New York—				
Silver ..	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

COTTON FUTURES ERRATIC

(*From Our Own Correspondent*)

BOMBAY, *5th August*

Cotton futures during the week under review were characterised by erratic movements. The recovery noticed towards the close of last week was short-lived and the first day itself saw a decline in prices due to the impact of margins imposed by the Forward Markets Commission in order to check unhealthy speculative activity. The range of fluctuations was restricted due to a struggle between bears and bulls. The sagging tendency noticed in the earlier sessions of the week was reversed by hectic short covering during the later sessions, so much so that the futures developed a bullish tendency yesterday. But in their efforts to book profits at the high levels, liquidation by bulls brought the futures down. At the time of writing, however, the prices were rather steady.

The imposition of fresh curbs by the Forward Markets Commission on the maturing Jarilla August contract and the opening of the March 1965 contract were the main highlights of the week. On the first day of the week, namely, 30th July 1964, the Commission imposed a special margin of Rs. 75 per bale on longs whenever the price of August 1964 contract ruled above Rs. 750 and a special margin of Rs. 75 per bale on shorts whenever the prices went below Rs. 725. The Commission stated in its *Communique*, issued on Thursday (30th July), that it had been watching with concern the unduly large open position amounting to about 3,00,000 bales in the August contract. The East India Cotton Association was further directed by the Commission to ask every member to furnish to the Association daily statements showing daily purchases and sales and the long and short position held on his account and on account of every client separately in respect of the maturing August contract.

The Jarilla August contract began the week at Rs. 745, that is, Re. 1.25 lower than the closing rate of the previous week and after retreating to Rs. 737 during the afternoon session of the opening day itself managed to recover to Rs. 746. Thereafter, the trend was irregularly upward and a peak of Rs. 751.50 was touched on Tuesday (4th August). It then fell to close at Rs. 745.75 today, thus showing a net loss of 50 P over the week.

The quantity tendered against the August contract on the first day of delivery, namely, Saturday (1st August) aggregated 6,750 bales consisting mainly of Laxmi "A" and "B" varieties (4,600 bales), other varieties being in small quantities. It may be interesting to note in retrospect that so far in its career the August 1964 contract has moved within quite narrow limits as compared with the previous Jarilla contracts, as will be seen from the following table:

Contract (Jarilla)	(Pre-tender period) Rate (in rupees) High	Low	Range (in rupees)
August 1963 ..	748.0	687.50	60.50
March 1963 ..	784.0	686.50	97.50
May 1964 ..	770.25	718.0	52.50
August 1964 ..	751.50	715.25	36.25

The range within which the currently maturing contract has fluctuated is only Rs. 36.25, which is much less than the average range of fluctuations, namely, Rs. 70.17. If this suggests anything, it is that the quantum of speculations in the said contract has been much less than in its predecessors.

The Forward Markets Commission permitted trading in the 1964-65 season's Indian cotton by allowing dealings in the Jarilla March (1965) contract since Thursday (30th July) subject to following stipulations:

(1) trading shall be subject to a maximum price of Rs. 775 per three quintals upto the commencement of the delivery period, that is, 28th February 1965, and

(2) during the delivery period, that is, March 1965, whenever the prices of the contract rule above Rs. 775 per three quintals, a special margin of Rs. 150 per bale will be payable on the gross long position held by a member on his own account or on account of each of his clients. A free limit of 1,000 bales has, however, been allowed to small operators.

The Jarilla March 1965 contract started its career on 30th July with a backwardation charge of Rs. 15 at Rs. 727 per candy and in the course of first three days' trading, it moved upto Rs. 728.25, though at one time it was taken down to Rs. 724.50. During the subsequent sessions of the week, however, it remained steady at Rs. 727. As the trade attention is concentrated on the maturing August contract, little interest has been evinced in the March contract. The contract closed at Rs. 727, gaining a net of 2 points over the week.

In the Sewri spot market, moderate activity prevailed during the week. The interest by mills was as usual confined to varieties like L147, Co2, Digvijay, Laxmi, 197-3 and Surat. The following are the latest available rates for some popular varieties:

Aurangabad Rs. 905; Malegaon Co2 Rs. 1,300; Jhagadia Rs. 1,185; Amravati Rs. 1,150; Jagraon Rs. 755; Manavdar Hybrid Rs. 1,650; Bijapur Laxmi Rs. 990 spot.

Export registrations of Bengal Deshi have been steadily going up. Though no broadening of foreign interest was visible, prices of new crop of Bengal Deshi continued to rule firm. In the import section, no fresh business in any particular foreign growth was reported. With the excitement over the Egyptian cotton having subsided mill interest is expected to be switched over to Sudan, Pima and East African varieties.

YARNS EASIER

(*From Our Own Correspondent*)

BOMBAY, *5th August*

Easy conditions prevailed in the yarn market during the week under review. Staple fibre yarns drifted downward owing to lack of follow-up support and increased supply from spinners. In sympathy with staple fibre yarns and due to poor demand from local as well as upcountry centres, art silk yarns drifted downward again. Improvement in supplies and a further decline in premium on import licences also imparted easiness. It was stated that those who could not dispose of their licences at attractive rates of premium had themselves imported yarns against these licences. In view of such heavy imports the yarn was said to be available at 140 per cent, that is, at a flat discount of about 20 per cent on the licence premium. Cotton yarns continued to rule dull in the absence of any encouraging development.

Hedge trading in staple fibre yarn is expected to commence by about the 15th of next month. The Yarn Merchants Association and Exchange Ltd., which has obtained the necessary official permission, has just completed the necessary modifications in bye-laws and is seeking proper instruction from the Forward Markets Commission. All the yarn dealers have been informed about the resumption of forward trading in staple fibre yarn.

It is reliably learned that the sale of cotton yarn on sized beam by the composite textile mills will not be allowed to exceed the average deliveries effected in the past three years, namely, 1961, 1962 and 1963. The mills are tending to produce yarn on sized beams, as the prices for these are not regulated, whereas the cone prices are regulated.

Rayon piece goods exports from India suffered a setback during the month of July, the total value of shipments being Rs. 36 lakhs, as against Rs. 56 lakhs in the previous month. The decline is attributed to seasonal slackness in demand.

Among art silk yarns, National Rayon 150D receded by 11 P to Rs. 11.07. 120D shed 4 P to Rs. 11.88. South India Viscose 120D declined by 16 P to Rs. 13.46. Bright Century 75D, however, put on 13 P to Rs. 18.41 on special support.

Staple fibre yarn (2 x 34 French Count) City dropped 11 P to Rs. 9.68. Sitalaxmi slumped by 22 P to Rs. 9.72. Madhav was lower by 5 P to Rs. 9.73.

In the cotton yarn section, 62s Pioneer put on a rupee to Rs. 63. 68s City, however, lost Rs. 2 to Rs. 80. 34s Madura was neglected at Rs. 36.

OILSEEDS DULL

(*From Our Own Correspondent*)

BOMBAY, *5th August*

With the forward section virtually dead, the oilseeds market put on a dull appearance during the week under review. Traders were awaiting the official reaction to the plea of the Bombay Oilseeds Exchange to commence trading in new crop groundnut oil and seeds. The main argument of the Exchange is that the futures market is in no way responsible for the rise in prices and that the reason for the spurt in prices lay elsewhere. The Exchange has also pleaded for the present ceilings to be suitably raised in order that the market may remain active

unlike at present. A memorandum is under preparation. Meanwhile, it is reliably understood that the Forward Markets Commission has permitted trading in new crop cottonseeds January with the ceiling raised from the present level of Rs. 113 to Rs. 118. Both these rates are inclusive of penalties. The new contract will carry a penalty of Rs. 2.50, as against Rs. 2 applicable to the running contract. The weekly limit will continue to be Rs. 3.50 for a rise. The Exchange is to fix up an auspicious hour and trading may start in a day or two.

Although cottonseed has been able to get through and that with a higher ceiling, knowledgeable sources in the market are rather sceptical about the grant of permission for trading in other sections. New Delhi is said to be just not in a mood to take up this question for the time being. At any rate, the question of castor may not come up for consideration before November, but the decision will depend upon the state of the harvest at that time. For linseed, November seems to be the earliest time for consideration, as this is the time of the year when the prospects of the mustard harvest will become available. It is, however, difficult to forecast with any measure of certainty the mind of the Government—any Government for that matter.

Castor September went untraded during most of the week and so were cottonseeds, but, in unofficial dealings, castor was quoted at Rs. 184.25. Spot castor remained firm, with Madras Small at Rs. 40 and Kanpur at Rs. 39. Groundnuts Madras Quality was shaded but well held at Rs. 65.50, Kanpur Bold at Rs. 64.75 and Sangli at Rs. 63. But prices are not the point in groundnuts. The question is whether the Gujarat Government is going to relax its ban or intends to keep it. The oilseeds trade here is worried that the goods booked by rail before the ban was enforced are being held back, even though the rail receipts have already been despatched. Similar complaints are understood to have been made by the trade in some other States too, but the fate of these goods is still hanging in the balance. Meanwhile, private estimates indicate that about four million tins of groundnut oil have accumulated in Saurashtra, in addition to 150,000 tons of seeds. The retail selling price of oil has been fixed at Re. 1.95 a kg., while, for wholesale deals, the price is Rs. 30.25 per tin, inclusive of sales tax. But it is said that oil is currently available there at Rs. 28.50. As compared with the rate prevailing before the ban, the market price is down by about Rs. 12.50 a tin. The position elsewhere is just the opposite. Groundnut oil in Bombay is quoted at Rs. 2,530 per tonne, while, in Delhi, the rate is said to be as high as Rs. 2,750. If the situation goes unrectified, it is feared, many *vanaspati* plants will have to face starvation for want of raw material.

It is said that oilseeds interests, as well as the States which are directly affected by the ban, have taken up the matter with the Gujarat Government, but knowledgeable sources think that the latter may not budge until October or November when the new crop begins to move. A reaction in groundnut oil prices outside Gujarat is ruled out for the time being at any rate, particularly because of reports that the West Bengal Government has raised the selling price of mustard oil to Rs. 4,000 a tonne, as against the earlier price of Rs. 3,225. With the price of mustard oil further up, it is beyond one's imagination how groundnut oil can become cheaper than now. Added to this confusion comes the report that Mysore is contemplating a ban on exports of oil from the State.

There is, however, one silver-lining. Rains this time have been timely and plentiful, and there has been a rise in the acreage under groundnuts. This means that we should be having a larger harvest, but, even then, the chances of a sizable reaction in prices is considered unlikely. An estimated larger consumption may offset greatly the benefit of a larger harvest.

Groundnut extractions have been almost inactive. The ban on the movement of solvent oil from out of Gujarat has much to do with this inactivity. The price of solvent oil in Saurashtra is said to have declined from Rs. 2,600 to Rs. 1,700 a ton during the last fortnight. Further, supplies of expeller cakes have become rather difficult and it is likely that this difficulty will continue for some time, at least until the new crop comes into the market. Offerings of extractions are, therefore, poor, but so is the demand. European countries which account for over 60 per cent of the outgo from here are said to have used up their quotas and, as such, they are not likely to be in the market for quite some time. Based on India's capacity to manufacture about 140,000 tonnes of extractions a month from November onwards, the price trend is likely to be bearish, but the market may take a different turn, if the situation in the Gulf of Tonkin happens to worsen. Then the United States will conserve its supplies of oil, particularly soyabean oil, for defence needs rather than sell it in international markets. Advices from the United Kingdom are currently quiet, with £37-10 quoted for August-September, £36-10 for October-December, £36 for November-January and £35-2-6 for January-February-December.

Linseed September moved in a narrow range during the week, but prices were just below the ceilings. Operators were apparently looking forward to the new crop contract to start and see whether it gives them any chance to trade in. In the spot section, linseed bold was mentioned at the close at Rs. 47.50 and oil at Rs. 20.35, both a shade easy.

The following table shows the closing prices of oilseeds and oils as on 5th August as compared with those of the two previous weeks:

	5-8-1964	29-7-1964	22-7-1964
Groundnuts	Rs.	Rs.	Rs.
Nizam bold	64.50	65.00	64.50
Khandesh quality	65.25	65.75	65.50
Oil ex-mill	25.80	26.25	26.00
Oil Rly. Receipt	25.30	25.80	25.70
Castorseed			
September 1964 contract.. ..	181.50	181.50	181.50
Ready Madras	40.25	40.12	39.00
Ready Kanpur	39.25	39.00	37.75
Oil B.S.S.	18.10	18.60	17.80
Oil commercial	17.45	17.80	17.00
Linseed			
September 1964 contract.. ..	44.78	44.81	44.75
Bold ready	47.50	49.25	47.50
Linseed oil	20.35	21.30	19.90
Cottonseed			
September 1964 contract.. ..	104.00	104.00	104.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

KIPS QUIET

(From Our Own Correspondent)

MADRAS, *3rd August*

Arrivals of tanned goods from the tanneries were normal and clearance was moderate. Prices ruled steady. Demand for exports was meagre due to the prevailing August holidays. A few sales were, however, reported in cowhides light weights and mediums lower grade, for exports. There were a few inquiries for light cow calf which was in short supply. Trading in the kip section on the whole was lethargic.

As regards tanned skins, the tempo of the market was also halting. There was patchy demand for 5/6 lbs. and 8/9 lbs. goat skins lower selections while other weights were neglected. It is hoped that a fall in the price levels after the August holidays, to the extent of 5 to 10 per cent would stimulate active trading with the Continent and the U.S.A. Prices of sheep skins ruled quiet, due to poor response to the offers made, by the E.I. Tanners. Raw market remained weak.

The following were the nominal prices per lb. for all-round lots:

Tanned cowhides 8/8½ lbs. average Rs. 2.00 to Rs. 2.06, tanned buffhides 12/14 lbs. average Re. 1.80 to Re. 1.86, tanned buffcalf 1½/2 lbs. average Rs. 2.50 to Rs 2.62.

TIPPY TEAS DEARER

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *30th July*

A smaller quantity amounting to 600,000 kgs. was offered in tea sale No. 30 held here on the 28th inst. Quality was generally often improved, particularly of teas from the Nilgiris. There was good demand for most descriptions at irregular but often dearer rates, although the plainest types often shaded in price. Highgrowns came to an irregularly dearer market with buyers closely following quality, but the plainer sorts in this category were again barely steady and a similar trend was in evidence in respect of good medium teas. Useful liquoring medium brokens were keenly competed for at slightly higher rates, but the plainer kinds were only about steady; similar fannings elicited good enquiry around last rates. Clean bright low medium brokens also followed an upward tendency, but others generally shaded in price, while fannings were fully firm. Plainest descriptions evoked quite good support, but at lower rates, while black leaf sorts were well supported around last levels. Whole leaf grades, particularly orange pekoes, often eased quite considerably, whereas the useful selection of tippy teas on offer tended dearer. Legg-cut teas came to a lower market. C.T.C., however, were sold well at around last rates except for the plainer sorts.

The quotations (per kg.) were:—

	1964	1963
	Rs.	Rs.
Low mediums	4.00-4.25	4.10-4.35
Mediums	4.20-4.50	4.35-4.60
Good mediums	4.55-5.20	4.65-5.30
Nilgiri B.O.P.	4.50-7.00	4.75-7.20

The average price realised in sale No. 30 was Rs. 4.33 per kilo, as against Rs. 4.36 a week ago and Rs. 4.43 in the corresponding sale last year.

A total of 261,000 kgs. was offered in dust sale No. 30 held today. The market met with fair general demand. Best highgrowns were firm to dearer, but others were generally easier. All mediums received irregular support and prices declined. Clean unorthodox descriptions were firm but fibrous types eased.

The average price realised in dust sale No. 30 was Rs. 4.28 per kilo, as compared with Rs. 4.33 a week ago and Rs. 4.06 in the corresponding sale last year.

Colombo: As much as 7 million lbs. were offered and evoked strong demand, with best liquoring teas irregularly dearer following quality. Useful mediums advanced 5 cents, while lowgrowns ruled fully firm to dearer.

London: *North Indian and other growths*: In Monday's auction, the better liquoring new season's Assams met with good demand, but prices for dooars were generally rather easier.

Ceylon and South Indians: Tuesday's sale encountered quieter demand and prices for all descriptions were generally lower following quality.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale No.* 31: 576,000 kgs. offered. Good general demand. Low medium and medium brokens fully firm. Fannings barely steady. Good mediums fully firm. Highgrowns dearer with quality. Unorthodox dearer."

FOODGRAINS BUOYANT

(From Our Own Correspondent)

HAPUR, *3rd August*

Buoyant conditions were in evidence in the foodgrains market during the week under review. Wheat and gram reacted a little towards the week-end after touching new high levels earlier. Coarse grains and pulses continued to rule firm on brisk buying support against small arrivals.

Wheat firmed up to touch new high levels at Rs. 77.50 to Rs. 85 per quintal according to quality in the early part of the week on brisk demand in the face of poor supplies. It eased slightly later to Rs. 75 to Rs. 80. Fears of Government intervention and better arrivals influenced the trend. Daily arrivals of wheat averaged 800 to 1,000 maunds in the open market. Sales of imported wheat through fair price shops commenced again after some days' recess and this, too, had a quietening effect on prices. Amidst reports of damage to *kharif* crops in eastern districts and uncertainty of imported wheat supplies, the U.P. Government has taken the drastic step to authorise its district officials to reduce the existing rations of 2 kgs. of wheat per person per week to quantities commensurate with the stocks available.

Firm trend continued in the rice market during the week and prices hardened Rs. 2.50 to Rs. 5 per quintal according to quality on brisk buying enquiries from the consuming areas of east U.P. Stocks here declined to 2,000 quintals. Weekend prices were:—Rice *basmati* superior Rs. 99.13 to Rs. 103.77; *sela* Rs. 96.45 to Rs. 99.13; *mainpuri* Rs. 93.77; *ramajwayan* Rs. 95.11 to Rs. 96.45; *raimunia* Rs. 95.11 to Rs. 96.45; and *gadda* Rs. 92.45 to Rs. 93.77 per quintal.

Gram ruled quiet towards the week-end after being firm earlier as the demand was poor. Local produce was quoted at Rs. 70 and Punjab quality at Rs. 69 per quintal. The prices on the corresponding date last year were much lower at Rs. 42. Both arrivals and stocks were meagre. Barley and *bejhar* attracted good demand from east U.P. and prices improved by Rs. 5 per quintal for each but, towards week-end, prices eased slightly on poor buying. Barley was quoted at Rs. 62.50 to Rs. 63.50 and *bejhar* between Rs. 62.50 to Rs. 64 per quintal. *Juwar* and *guwar* improved on good demand for seed purposes in the face of paucity of stocks. Thanks to sunny weather in the last two days there were chances of early sowing of *kharif* crops of maize, *juwar* and *bajra*. *Methi* and maize prices stayed steady while oats touched new high level. Week-end prices were:—*Gnwar* Rs. 66.98 to Rs. 69.66, *methi* Rs. 57.50 to Rs. 61.50 and oats Rs. 67.50 to Rs. 70 per quintal.

Pulses continued to rule steadier during the week and prices in all sections registered further gains. Peas hardened by Rs. 2 to Rs. 3 per quintal according to quality on better buying enquiry from the consuming areas of Madras and West Bengal. Prices now quoted between Rs. 66.25 to Rs. 67.25 for *dara* quality and between Rs. 67.50 to Rs. 68.50 per quintal for farm quality. Peas *dal* also improved to Rs. 68.50 per quintal. Peas arrivals were small and local stocks declined to 2,300 quintals. *Arhar* advanced by Rs. 2.50 per quintal on good demand in the face of declining stocks position and prices ranged between Rs. 75 to Rs. 80 per quintal. *Urd* and *moong* were stationary at previous levels and were quoted at Rs. 67.50-Rs. 72.50 and Rs. 85.75-Rs. 101.81 per quintal, respectively. *Masoor* ruled firm and advanced by upto Rs. 5 per quintal due to meagre supply position. Other *dals* also ruled firm. Week-end prices here were:—*Arhar dal* Rs. 95 to Rs. 105, *urd dal* Rs. 91.09, *moong dal* Rs. 105, *masoor dal* Rs. 76.50 a quintal.

"GUR" ADVANCES AGAIN

(From Our Own Correspondent)

HAPUR, *3rd August*

Sugar in the open market was steady, as supplies were restricted. Crystal sugar was quoted at Rs. 175 to Rs. 180 per quintal, as against the controlled rates of Rs. 135 to Rs. 140. In the Muzaffarnagar market, sugar firmed up to Rs. 175-Rs. 180 per quintal in private trading, in view of continuing shortage. In the open market, the retail rate of sugar was Re. 1.87 to Rs. 2 per kilogram. Prices in the Kanpur market drifted lower on slack enquiries and week-end prices were Rs. 185-Rs. 190 per quintal. The U.P.-Bihar Joint Sugarcane Board has recommended to the Union Government to fix Rs. 2 per maund as the minimum price of sugarcane. The U.P. is expected to produce 1.4 million tonnes of sugar during the ensuing season, as against 1.1 million tonnes in 1963-64.

Trading in *khandsari* was very much restricted here, as only a part of the stocks frozen by the State Government had been released for sale. Prices in private trading, however, sought higher levels, due to fairly heavy demand. The U.P. Government has announced its new *gur* and *khandsari* policy and, the licensing of units manufacturing these commodities would be restricted. Prices, in the private trading, were Rs. 130-Rs. 160 per quintal. Following the removal of all controls on *gur* by the Union Government, its price flared up by Rs. 6 to Rs. 8 per 40 kilogram on brisk buying support from the consuming States of Gujarat, Rajasthan, M.P., Maharashtra and Punjab. The week's offtake aggregated twenty wagonloads. *Gur* stocks here were around 10,000 quintals and stocks in mofussil markets were estimated at 80,000 quintals. Cane crop prospects were bright all over in west U.P., thanks to the heavy rains in July. The week-end prices (in rupees per 40 kilogram) were:— *gur pansera* 39, *dara* 37.50, *balti* 38 and *shakker* 39 to 41.50.

Buoyant conditions were witnessed in the *gur* and *shakker* market at Muzaffarnagar during the past week, following the removal of ban on inter-State movement. Inquiries were brisk from the deficit areas and, as a result, the prices forged ahead to touch new high levels of the season. *Gur Chaku* dry spurted by Rs. 11 to be quoted at Rs. 44-Rs. 45 per 40 kilogram and wet quality ranged between Rs. 35 to Rs. 36.

TEA DUSTS DECLINE

(From Our Own Correspondent)

CALCUTTA, *4th August*

Tea dusts on offer during the internal sale held last week eased. Arrivals continued in large quantities and, so far, the floods in Assam rivers have not affected movements. Heavy shipments of tea were effected during the week to the United Kingdom. The fact that prices in auctions have not yet reached the same level at this time last year has caused concern. The possibility of a glut in supplies has made buyers to proceed slowly. Tea output in North East India up to the middle of July aggregated 171.85 million lbs., as compared with the 145.89 million lbs. produce in the corresponding period of 1963. Output in this month is expected to raise the percentage still further.

Dusts on offer during last week's internal sale aggregated 20,731 chests, which met with good and general demand. C.T.C. Assam eased by up to 30 nP, the smaller lines meeting with better support. Plain orthodox teas were firm at last levels, while Assam sorts eased. Legg-cut teas met with a good market at around last rates. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.70 to Rs. 7.10; medium Assam C.T.C. dust Rs. 5.80 to Rs. 6.30; medium Assam dust Rs. 4.90 to Rs. 5.70; legg-cut dust Rs. 4.80 to Rs. 5.30; and plain orthodox dust Rs. 4.10 to Rs. 4.50.

HEDGE TRADING IN JUTE GOODS SUSPENDED

(From Our Own Correspondent)

CALCUTTA, *4th August*

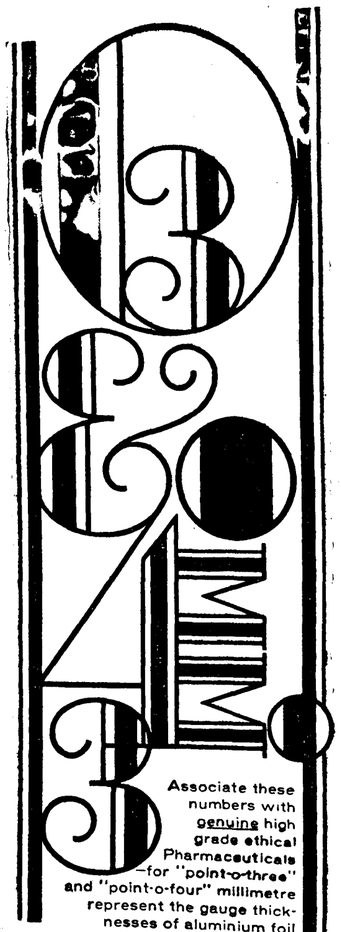
With speculative fervour touching a high level, conditions in the jute markets turned excited during the week under review, and both raw jute and jute goods forged ahead. Concerned over the rising trend in the hedge market, the Committee of the East India Jute and Hessian Exchange suspended all operations since the week-end. Earlier, the Vigilance Committee of the Exchange had been asked to keep a watch over the situation and suggest measures to curb excessive speculation. Both the trade and the industry have expressed grave concern over this week's strident rise in the prices of ready goods. That overseas buyers have not followed these rises and placed orders at the high rates only deepens the concern of the industry. There is the genuine apprehension that, if prices failed to move down and steadily quote at reasonable levels, Calcutta goods would lose overseas markets, and substitutes and bulk handling methods would make fresh inroads and that the research now being undertaken in the United States in regard to finding substitutes receive a great impetus. At existing levels of prices, the profit on hessian has shrunk further, and heavy goods can be produced only at a loss. The conspicuous absence of genuine investor-enthusiasm on shares of jute mills demonstrates the apprehension that the profits of mills for the current accounting period would be so markedly lower as to reduce returns. Continued rise in prices of goods would mean a further impetus for the Pakistani goods in overseas markets.

Despite only normal buying by the U.S.A. during the week, buoyant conditions of Caclutta had an effect on the New York burlap market where the spot 40" 7½ oz. hessian gained from 8.75 cents a yard to 8.85 cents and the 10 oz. hessian from 11.55 cents to 11.70 cents. U.S. stockists of burlap possessed at the end of June consumer-requirements for about four months, and that is why U.S. buyers of Calcutta goods have not followed up the rises in Calcutta. In heavy goods, internal buyers restrained from entering into commitments at the rise, as they had not anticipated such an abrupt uptrend. The main cause of the gradually rising trend in prices of raw jute since the beginning of last month has been the poor nature of new crop arrivals. This week's arrivals were no more than 35,000 maunds a day. With mills operating at the maximum capacity, and the proportion of output of hessian and specialities like carpet backing cloth in relation to sacking and miscellaneous goods having increased, mills urgently need to buy selected grades. Mills began this season with lower stocks of fibre, which, including the holdings on account of the Jute Buffer Stock Association, aggregated 3.1 million bales, as against 3.3 million bales at the beginning of the last season. The poor arrivals so far this season have led to apprehensions that the crop may not be even equivalent to the level of the last crop, although the optimistic estimate by the Government of eight million bales has been only reaffirmed despite the uptrend and shortfall in arrivals so far in this season. The drought earlier has delayed harvesting, but the prevelence of good weather in the past six weeks has aided the standing crop. Although new arrivals have not begun in substantial quantities, both the trade and industry share the optimism of the Government in regard to the expectation that the crop would more than meet the requirements of mills and also leave an export surplus.

It is significant that the Jute Bulletin of the Indian Central Jute Committee has estimated that the area sown this year is almost the same as that last year. The quality of the fibre harvested so far has been uniformly good. The yield per acre is believed to have increased. If, therefore, a higher crop is not expected, it is because of some loss in lower Assam valley and north Bengal on account of floods and the loss on account of the month-long drought conditions in the predominantly tossa districts of West Bengal. The good rain in the last six weeks have brought water levels in tanks and canals sufficiently high to allow for good clean retting. The official optimism of a good crop is backed by the additional seasonal factor which allowed sufficient time for cultivators for proper inter-culture. The continued rise in prices of foodgrains and essential commodities since the beginning of this year have forced farmers to quote higher rates for raw jute. In West Bengal, there has already been a demand for official measures to prevent cultivators from sowing jute in traditionally paddy lands. For it is believed that West Bengal has increased jute acreage at the cost of paddy. Another factor for this week's buoyancy in fibre prices is the continued uptrend in Pakistani quotations despite the abolition of the minimum export price of raw jute and the reduction in export duty. The hardening tendency in Pakistani fibre market is attributed to the expectation of lower crop. It is feared that the crop there will not be larger than 5.8 million bales. Export demand is estimated at 4 million bales and Pakistani mills will require about 2.2 million bales. In other words, the carry-over to the next season will be practically nil. According to reports, Thailand, which exports a good portion of its fibre, is also expecting a much lower crop. Already some demand has been shifted from Thailand to Pakistan. All indications are that India will be able to export as much surplus fibre as she would have.

Prices for the new crop increased this week by about Rs. 2 a maund, current quotations being: daissee bottoms Rs. 37.00; Assam bottoms Rs. 35.50; and northern bottoms Rs. 35.00. These prices are now far above the I.J.M.A. minimum levels.

The buoyant conditions that prevailed in goods this week was due not to genuine interest but to keen speculative activities in the hedge market. That the high levels restrained fresh buying activity by shippers was a matter of concern. The rise in fibre prices widened further the loss in manufacture, despite the rise in prices of goods. Shippers hurried to cover against earlier orders lest their losses should increase, and mills had to accept orders for substantial quantities in



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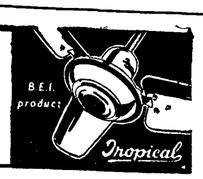

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both hessian and heavy goods for several positions. As stated, this was on account of covering. The tendency on the part of overseas buyers to place direct orders on mills has become more marked than previously. Now that order books of Pakistani mills are full up to the end of October, overseas support of heavy goods in Calcutta is expected to improve perceptibly. This expectation is all the greater in view of the recent strike in Pakistani mills. On Tuesday last, the impact of the news of the end of the strike in Pakistani mills was greater than on Monday, and ready B. twills eased from Rs. 119.40 to Rs. 118.85. The easiness was aggravated by large-scale selling by some mill groups for forward deliveries. In sympathy, ready hessian 40″ 10 oz. eased to Rs. 45.00. However, on Wednesday last, sentiment was boosted by the buoyancy in fibre prices. The hedge market turned all-liveliness with bouts of speculative enthusiasm. In the spot market, scattered business took place with the U.S.A. and the U.K. B. twills gained from Rs. 120.45 and hessian 40″ 10 oz. to Rs. 45.55. These price levels were maintained on Thursday. On Friday, the U.K. exhibited some interest and business was done; interest on behalf of other countries was paltry, if not nothing. However, activities in the hedge market were so lively as to raise spot B. twills to Rs. 112.40 and hessian 40″ 10 oz. to Rs. 46.40. Over the week-end, the continued buoyancy in the hedge market caused anxiety and the authorities suspended all activities. By this time, ready B. twills had touched a high of Rs. 125.40 and hessian 40″ 10 oz. Rs. 47.50. Despite absence of activities in the hedge market, spot rates continued to advance during yesterday. Speculative buying aided the rise, and overseas buyers did not show any interest. Ready B. twills hardened to Rs. 126.25, and sale was reported in the January-March position at a high rate of Rs. 128. Similarly, business in January-March hessian 40″ 10 oz. was done at the high rate of Rs. 50.

METALS FIRM

(From Our Own Correspondent)

CALCUTTA, *4th August*

With a further rise in prices of utensil copper scrap and electrolytic zinc, firmer conditions were in evidence in the Calcutta metal market during the week under review. This was in tune with the continued buoyancy on the London Metal Exchange, where, during the week under review, both copper and zinc added more gains. The attempts of world producers of copper and zinc to arrest the free-market buoyancy by making direct sales to consumers at prices much lower than the L.M.E. quotations have not yielded results. The cause is that the principal non-ferrous metals have by and large come to stay as very scarce. Efforts have, of course, been made to step up world production, but, unless supplies increase more visibly, the continued buoyancy in world prices cannot be stopped. The principal zinc producing firm in the United Kingdom, the Imperial Smelting Corporation, recently decided to offer to its customers zinc against new sales and unpriced balances of existing contracts at a base price of £125 a ton. This is an attempt to stem the tide of substitution. Producing firms in Australia and Canada have also decided not to sell zinc to the British and European markets at more than £125 a ton.

Despite the price stabilisation moves by producers, spot zinc on the L.M.E. during the week under review rose from £139 to £145 a ton. And rightly, the L.M.E. Chairman stated recently that the price rise could be arrested only if producers were able to meet the extra demand, and that, failing this, consumers would have to look to the L.M.E. to meet their marginal requirements. The Chairman shared the grave concern of the industry at the uptrend, but declared that the L.M.E. should not be blamed for this, as the Exchange was a terminal market which truly reflected the marginal supply and demand conditions.

It is also significant that the uptrend in both lead and zinc continues unabated, despite the decision of the General Services Administration of the U.S.A. to release 75,000 tons of zinc and 50,000 tons of lead from strategic stocks on a shelf-item basis, meaning at pre-determined prices. Although prices are fixed and, therefore, are not to be co-related to prices ruling on dates of release, some conditions are attached to the sales. It is stated that the recognised domestic (U.S.A.) producers of primary slab zinc will be issued 67,500 tons of the 75,000 tons of zinc, on condition that they are re-sell the same within 90 days of issue on an equitable basis to independent allocators of zinc. Prices of issue for the different grades of zinc vary from 13.70 cents a lb. for brass special to 14.50 cents for special high grade. Release prices of lead vary from 12.75 cents a lb. for grades E or K common deliverised lead to 12.85 cents for grade B chemical lead. The distribution of 50,000 tons of lead will be as follows: 5,000 tons each to domestic consumers of primary refined lead and domestic producers of secondary refined lead, 13,500 tons to qualified representatives of foreign producers of primary refined lead and 26,000 tons to recognised domestic producers of primary refined lead. Needless to say, these releases are primarily meant to ease shortages within the United States and that explains the absence of the announcement's impact on the L.M.E. quotations. During the week, spot lead opened on the L.M.E. at £103¾ a ton and closed higher on balance at £105. In Calcutta, zinc and lead were firm at Rs. 343.00 and Rs. 293.00 per 100 kgs., respectively.

The rising trend was also a feature on the L.M.E. in respect of copper quotations. Spot copper wire-bars closed at £328, cathodes at £315 and fire-refined copper at £290 a ton, as against the week's opening rates of £311, £304 and £280, respectively. Rising demand in the face of depleted stocks and reports of loss of production on account of continued strike at El Teniente and Kennecott mines was among factors that pushed up prices. Utensil copper scrap was firm at Rs. 670 per 100 kgs. in Calcutta, despite lower up-country demand on account of the monsoon. Tin gained from Rs. 3.050 per 100 kgs., to Rs. 3.100. The London quotation for spot tin shot up from £1,220 a ton to £1,262½.

DELHI LETTER

(Concluded from page 216)

turn are tied to development of the petrochemical industry. The progress in agriculture cannot simply be projected in terms of input-output ratios, says Mr. Mehta; calculations based on pure equations of input and output are bound to go wrong in agriculture. (It may be noted in passing that there has been a comparative lack of sophistication among the economic and technical experts associated with the Planning Commission in terms of assessing the political and administrative climate.)

To consider one aspect of the efforts needed in agriculture. Major irrigation projects initiated in the first, second and third Plans will give a potential of 44 million acres when completed. At the end of the third Plan, according to Mr. Mehta, these projects may yield a potential of 20 million acres. The aim will be to complete as many of these projects as possible by the end of the fourth Plan. Simultaneously, minor irrigation projects which will yield quick results will have to be taken up. In Mr. Mehta's view, the medium irrigation projects may have to be treated as in the contingent sector, to be taken up if the economy, particularly agriculture, shows a big lift thanks to favourable natural factors. Also in the contingent sector will be the extension of some rural amenities.

Essentially linked to the efforts for capital formation to increase the resources will be the production of what Mr. Mehta calls *incentive goods*. As an example, he cites the pressure to produce toilet goods to beautify milady. (Even among the working class women, the demand for cosmetics is rising, along with the rise in purchasing power and the craving for the little things that make life more attractive—the pleasant smell of face powder and the uplift of the brassieres.) From a strictly rational point of view, it may be said that the inclusion of toilet goods in the Plans of a developing country may not look proper, but some degree of irrationality in meeting consumer demands is inevitable. In the villages, for example, the extension of electric power may be primarily intended to provide more water for irrigation, but it may at the same time lead to a spurt in demand for electric irons, the villager wishing not only to use soap to wash his clothes but also to wear well-creased shirts. In many hearts, the phrase *incentive goods* may echo the wish for the still clusive cheap people's car. But the people's car project is certainly not in Mr. Mehta's mind when he talks of *incentive goods*. To this correspondent Mr. Mehta's conception of *incentive goods* appeared to refer to consumer goods simpler than cars or similar emblems of status. (A sociologist remarks that the controversy over the 'haves' and 'have-nots' in Delhi often appears to be between those who have refrigerators and those who do not have!)

The provision of consumer goods for the farmers will be part of the incentive to produce more agricultural commodities and sell more of the production. While the detailed measures to produce the foodgrains surplus for the urban consumers are a matter to be decided by the executive ministries, Mr. Ashoka Mehta (who studied the problem as chairman of the Food Grains Inquiry Committee) does not subscribe to the view that there is much scope to push or squeeze the farmer. (Even the Stalinists found that pushing the farmer too hard led to a situation in which the peasants go on strike in so far as producing the surplus is concerned. It may be possible to squeeze the traders, but such a policy is unlikely to be very remunerative at present after three lean seasons on the food front. The Delhi Administration made an ass of itself through some raids on godowns last week.)

Mr. Mehta is firmly convinced that the planning process has to become more sophisticated. The annual review of the Plan would perhaps yield a "new five-year Plan" each time, if several sectors are considered flexible. No doubt, there will be some sectors in which certain minimal inflexible efforts will be prescribed and these cannot be tampered with year to year. Many of these will be in the industrial sector and in the infrastructural transport and power sectors.

While the planning for indigenous production of variety of machinery is being pushed through, some of the user Ministries are known to be contemptuous of indigenous efforts. As earlier reported in these columns, one such instance is the attitude of the Irrigation and Power Minister, Dr. K. L. Rao, whose assessment of the capacity of the emerging heavy electrical industry is pessimistic, particularly in terms of quality. This has come up as a celebrated inter-ministerial dispute. The structure of the heavy electrical industry is such that it can take up manufacturing programmes only on the basis of specific orders from the users. Dr. K. L. Rao, as a top technician, has to prescribe the demand as well as the standards. A simple refusal not to make use of home-produced goods because the standards are not yet up to the mark would be a sabotage of the machine-building effort. The margin of difference between the Irrigation and Power Ministry and the people in charge of heavy engineering needs to be reduced by intervention at higher levels. One possible solution being canvassed is the transfer of the heavy electrical industry to the charge of the Irrigation and Power Ministry which will then have the power to impose its standards and control production more effectively. Such a pattern of industrial development exists under the Railway Ministry which itself runs the factories producing locomotives and rolling stock. The stubborn attitude of the Power Ministry is perhaps because it desires such a change in the administration of factories in the public sector producing electrical goods.

Apart from the production of incentive goods to the dynamic elements in society—or those whose purchasing power is increasing—Mr. Ashoka Mehta advocates a determined effort in the field of family planning. Notwithstanding the recent public controversy in which another Planning Commission member, Dr. V. K. R. V. Rao, scoffed at family planning dreams, Mr. Mehta believes that the population increase can be controlled by intensifying the sterilisation campaign. Sterilising women is surgically a more complicated operation and financially a more expensive business than sterilisation of men. Apart from conscientious objections, the Japanese method of abortions is out of question, because facilities for abortion operations without damage to the health of the mother will be impossible in rural areas. The oral pill is too expensive; apart from the recurring cost, the contraceptive methods of population control are speculative. At present it is estimated that there is medical and organisational capacity to sterilise up to a million men a year. The population growth can be brought down to a half the present rate of 2.4 per cent, according to Mr. Mehta, if the sterilisation operations can be increased to a little over 2.5 million a year for the next two decades. Including doctors' fees, compensation for wages lost and other organisational expenses, it is estimated that an operation to sterilise a man will cost between Rs. 30 and Rs 35. An investment of about Rs. 100 crores in the Five-year Plan is what Mr. Ashoka Mehta considers necessary in the family planning field. Mr. Mehta advocates commission to agents who bring men into camp for sterilisation. The commission may be given to individual agents or to *panchayats* who recruit the candidates for sterilisation. The States think a large-scale sterilisation campaign needs this sort of agency commission salesmanship and canvassing, but the Central Health Ministry has a Gandhian abhorrence to such a down-to-earth approach of giving commissions —not to insure life but to ensure no more lives than desired!

The hot, sectoral and perspective controversies over the next Plan have so far been largely within the public sector; the problem of the role for the private sector in the fourth Plan yet remains to be discussed. Indications are that the Planning Commission, particularly its Deputy Chairman, will not make any immediate dogmatic pronouncements on the subject. It is possible that Mr. Ashoka Mehta will have a series of conversations with leading industrialists and groups to assess private sector perspectives.

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TREND OF SHARES

BULLS DISAPPOINTED

(From Our Own Correspondent)

BOMBAY, *6th August*

THE hopes raised during the middle of the week that the consolidation process was reaching its end and that the market would emerge from its trading area to resume its upward move were belied when on Thursday shares reacted sharply on bull liquidation and lack of follow-up support.

On balance, the main body showed small to moderate variations over the week, but Thursday's list which was rather significant showed generally sizable losses on a wide front. During the week, some of the leaders did break through their resistance levels and it looked as though they would carry the market on their wings. But this did not happen and the market took a different turn.

Bull operators must have been disappointed with the market's performance on Thursday but none can be blamed for this. The outbreak of hostilities in the Gulf of Tonkin brought Wall Street tumbling down. Some operators were heard to remark on Wednesday that a war elsewhere might help the market here and they were recalling the Korean boom. It is doubtful whether their calculations would work out rightly this time, for a war in which the United States gets itself directly involved might affect its aid programme. India has been one of the largest recipients of this aid and it would be bad for the market if there is going to be any cut or break in U.S. aid. Apart from this the food problem continues to cause anxiety and have statements and good resolutions will not produce food. Added to this is the continued irritation from the Pakistani border, not to speak of threats of strike from labour at home. It is difficult even for the strongest market to ignore these factors. And no bull, howsoever powerful and determined he may be, can carry the trading public with him in face of these factors.

However, steel shares were well held with Tata Ordinary at Rs. 154.25 against Rs. 154 of last week and Indian Iron at Rs. 25.65 against Rs. 25.50. In fact, Indian Iron was in the lead and Tata Steel contented itself with following. Indian Iron was bid up to Rs. 26.05 during the week but at the same time Tata Steel were quoted at Rs. 155.75. Incidentally, the level of Indian Iron was the highest for the year and the corresponding peak for Tata Steel was Rs. 158.50. The statement of Mr. J. R. D. Tata to the shareholders was well received and it was pleasing to note not only the rise in turnover and profits of Tata Iron and Steel but the various measures the Company has on hand to fight rising costs.

The performance of cotton mill shares was rather individualistic and the rise or fall in them was guided mainly by the operators' choice. A point worth noting was the return to popularity of Bombay Dyeing which were bid up to Rs. 60.20 although at the close they had reacted on profit-taking to around Rs. 59.20, as compared with last week's quotation of Rs. 57.80. Svadeshi continued to be in the limelight, being bid up to Rs. 265 before easing at the close to Rs. 258 against Rs. 263 of last week. Standard attracted liquidation and closed five points down at Rs. 624. Kohinoor was steady at Rs. 324.50. At Rs. 622, Century had crossed its resistance level on Tuesday, though persistent liquidation and lack of support brought the quotation at the close to Rs. 610.50 which was just about last week's closing. Among rayons, National was another counter which came in for heavy beating. The closing level was fractionally down on last week at Rs. 362, although at one stage the shares had been bid up to Rs. 367.50. Among others in the group, Gwalior Rayon was a shade better at Rs. 41.50 but Indian Rayon and Baroda were distinctly better at Rs. 60.50 and Rs. 74, respectively. South India Viscose closed the week at Rs. 113, against Rs. 112 last week.

Telco was another notable counter; after being bid up to Rs. 297, it eased on liquidation and scattered bear pressure to Rs. 290.50 at the close, a fraction better than last week. Voltas on the contrary were a shade easy at Rs. 249. Among Motor shares, Hindustan closed quiet at Rs. 17.88, but Premier Auto improved from Rs. 101 of last week to Rs. 103. Alcock attracted support and closed the week at Rs. 279. Among shippings, Scindia rallied on short-covering to Rs. 15.48 while Great Eastern Shipping maintained a subdued tone. Barring Phaltan which were better at Rs. 104, sugar shares were easy due presumably to profit-taking. Belapur was offered lower at Rs. 222 against Rs. 225.50 of last week while Maharashtra lost two points to close the week at Rs. 137.

The bank employees' strike did certainly affect sentiment in bank shares. Of the few that were transacted India was weak at Rs. 102 though United Commercial was steady at Rs. 70.50. But interest in this section was limited. Papers were steady, with West Coast at Rs. 158 and Sirpur at Rs. 11.24. Electricity shares were active and Tata Power was bid up to a new high level of Rs. 1,170 although at the close it was slightly down to Rs. 1,165. A.C.C. caused a flutter by being bid up to Rs. 154.75 but closed at Rs. 154.

Compared with the 8th July levels, the market has a considerably wide gap yet to fill. For example, Tata Ordinary was then quoted at Rs. 156.50 and Indian Iron at Rs. 25.80. Standard has more than 30 points to cover while Dyestuff at Rs. 261.25 has to move up to Rs. 287.50. Hindustan Motor is at Rs. 17.88 against Rs. 18.92 and National Rayon has a loss of 17 points to cover. It must be pointed out, however, that some have crossed the 8th July levels. Notable among these are Svadeshi at Rs. 258 against Rs. 247, Belapur at Rs. 222 against Rs. 215. and Bombay Dyeing at Rs. 59.20 against Rs. 58.50. The general sentiment in the cash list was still hesitant and investors preferred to await developments. However, Gwalior Rayon, Sankey Wheels and Zenith Steel were among those that were in demand. The feeling was that the Government ought to alter its fiscal policy in such a way as to help investment. This point has been stressed in the latest memorandum submitted to the Finance Minister by the stock exchange presidents.

A word about Tata Oil. The market welcomed the Chairman's statement holding out an optimistic outlook. Current results are substantially better and shareholders were satisfied by hopes that the dividend would be maintained, if not increased. The Company's efforts at diversification were also much appreciated. The shares were quoted at Rs. 62.50.

* * * *

In Calcutta, conditions were easier but Birla Jute presented a firm tone, due to a squeeze on bears. Business was confined to speculative counters but the turnover was moderate and the undertone hesitant. Dunlop Rubber was steady but Indian Cable, Indian Aluminium and Kesoram Industries were all quiet. Cotton mill shares were neglected but interests in coals was selective. Howrah, Dalhousie and Ganges were prominent among those jute shares which attracted attention. Tea shares were dull.

* * * *

At the time of writing an easy trend prevails in Madras with business well distributed but at lower levels. Among plantings, Consolidated Coffee and Blue Mountain were both a bit shaded while Periakaramalai held firm. South India Viscose were easy but India Cements continued to maintain a steady tone.

REMINGTON RAND OF INDIA LTD.

Remington Rand of India Ltd. is proposing to accept Indian participation in equity shares. It is expected to come out with a public issue in about six months. The Company, it is said, is now well set to produce more typewriters of improved quality. It has already imported new testing and production equipment. The highly sensitive optical profile grinder is housed in an air-conditioned room and compares machine parts and dies against actual drawing office equipment. Non-specification parts are machined to within the permissible tolerances. The three-dimensional type aligning projector checks type-soldering and alignment of type bars by simultaneously projecting the top, side and front faces on three adjacent screens. Alignment is checked against pre-drawn lines on those lines. Spray painted parts are heat-treated in the hump back oven. The gradual rise in temperature within the oven ensures uniform baking, giving the product a finish which is free from cracking, peeling and corrosion. These modern machines, which are used for the first time at the Remington Rand factory, will help considerably in improving the standard and efficiency of typewriters manufactured in this country.

The Company's factory has a capacity to produce 30,000 typewriters per year. The actual output is currently maintained at an annual rate of 27,000, with an indigenous content of 95.9 per cent which will be raised later to 99.5 per cent. The Company employs in all 3,494 persons and has 31 sales and service stations.

HINDUSTAN ALUMINIUM CORPORATION LTD.

The U.S. Export-Import Bank of Washington has approved a third loan application from the Hindustan Aluminium Corporation Ltd. (Hindalco). The $11-million (Rs. 5.2 crores) loan is repayable over ten years beginning in 1968. The loan will be utilised for financing the U.S. dollar equipment and engineering costs of the expansion programme. The total cost of the programme is put at $30 million (Rs. 14.3 crores). After the completion of the programme, the annual production capacity will be of the order of 48,000 metric tons of aluminium, as compared with the original capacity of 20,000 tons

The Hindustan Aluminium was incorporated in 1958. The Eximp Bank helped in its initial financing by two loans aggregating $18.7 million (Rs. 8.9 crores). The Company is partly owned by Henry J. Kaiser interests in the U.S. and the Birla family interests in India. Approximately half of the outstanding stock is held by individual Indian investors.

BAJAJ ELECTRICALS LTD.

The working results of Bajaj Electricals Ltd. for the year ended 31st March 1964 are slightly better than those for the previous year. Gross profit is higher at Rs. 28.25 lakhs as against Rs. 27.20 lakhs. The improvement in profit is in keeping with the increase in the company's turnover from Rs. 358 lakhs in 1962-63 to Rs. 392 lakhs in 1963-64. Provision for depreciation has been raised from Rs. 2.17 lakhs to Rs. 2.42 lakhs, while that for taxation is reduced from Rs. 14.00 lakhs to Rs. 13.75 lakhs. The net profit is higher at Rs. 10.58 lakhs as against Rs. 10.05 lakhs for 1963. The whole of this amount has been transferred to general reserves from which dividend (subject to tax) on ordinary shares will be paid at Rs. 10 per share, same as last year. The holders of new ordinary shares will get Re. 1.25 per share. The deferred ordinary dividend has been raised from Rs. 4.27 to Rs. 4.53 per share. The total dividend distribution (including preference dividend) will amount to Rs. 6.36 lakhs as against Rs. 5.97 lakhs.

The Indian Aluminium Company has been granted another loan of $900,000 by the Canadian Government to finance purchase of Canadian capital equipment required for the expansion of the Company's bauxite mine and alumina facilities at Loharga (Bihar) and raising the capacity of its smelter at Alupuram in Kerala from 11,000 to 16,000 tons. A loan of $one million was provided in December last.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 6th August 1964.

	Closing quotations 30-7-1964	High	Low	Closing quotations 6-8-1964
TEXTILES	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Alum. Adv. (100)	145.00	145.50	142.50	145.50
Apollo (2)	1.60	1.62	1.56	1.58
Baroda Rayon (100)	74.50	75.00	72.50	74.00
Bombay Dyeing (25)	57.80	60.20	57.00	59.25
Bradbury (50)	162.50	—	—	162.50
Central India (100)	91.00	93.00	89.00	90.50
Century Mills (100)	610.00	622.00	608.50	610.50
Dawn (50)	166.00	166.50	164.00	165.50
Elphinstone (50)	97.00	97.00	95.00	95.00
Finlay (100)	302.00	—	—	302.00
Gokak (100)	176.50	177.50	175.00	177.00
Gold Mohur (100)	215.00	—	—	215.00
Gwalior Rayon (10)	40.50	42.00	40.50	41.50
Ind. Unit. Defd. (1)	2.36	2.40	2.34	2.38
Ind. Untd. Ord. (10)	19.40	19.80	19.32	19.32
Indian Rayon (100)	58.00	63.00	58.00	60.50
Indore Malwa (100)	210.00	210.00	207.50	210.00
Khatau (100)	180.00	183.75	180.00	183.75
Kohinoor (100)	324.50	328.00	323.50	324.50
Mafatlal (100)	503.75	503.75	500.00	500.00
Modelia Woollens (10)	12.12	12.12	12.12	12.12
Morarji (100)	269.00	271.00	265.00	265.00
Mysore (50)	39.00	39.50	38.50	38.50
National Rayon (100)	363.00	372.50	359.00	362.00
New Great (100)	160.00	—	—	160.00
Phoenix (100)	252.00	255.00	250.00	251.50
Podar Mills (10)	11.44	11.52	11.40	11 40
Raymond Woollen (100)	136.25	136.00	135.50	135.50
Samoon Spg. (10)	38.00	—	—	38.00
Shrasiwas (100)	244.00	247.00	244.00	247.00
Simplex (50)	135.50	135.50	135.00	135.00
Standard (100)	629.00	644.00	624.00	624.00
Svadeshi (100)	263.00	265.00	257.00	258.00
Swan (100)	265.00	—	—	265.00
S. I. Viscose (100)	116.00	115.50	111.00	113.00
Tata Mills (25)	54.00	54.50	53.50	53.50
Lakshmi-Vishnu (100)	91.00	91.50	90.00	90.00
Western India (250)	825.00	—	—	825.00
BANKS				
Bank of India (50)	104.00	104.00	102.00	102.00
Do. (New) (50)	106.00	106.00	105.50	106.00
Bank of Baroda (50)	98.00	98.00	97.50	98.00
Central (25)	49.25	49.50	48.75	49.00
Central 'A' (25)	51.50	52.00	51.50	51.50
Dena Bank (50)	63.50xd	63.50	63.00	63.00
Punjab National (10)	20.62	20.60	20.36	20.60
Union Bank (5)	6.16	6.20	6.12	6.20
United Com. (50)	70.00	70.50	70.00	70.50
Maharashtra (50)	53.50	—	—	53.50
ELECTRIC COS.				
Ahmedabad (100)	100.25	101.25	100.25	101.00
Amalgamated (10)	9.24	—	—	9.24
Andhra Valley (1,000)	1,100.00	1,102.50	1,097.50	1,102.50
Bom. Sub. El. (100)	107.00	108.50	107.00	108.00
Surat (100)	106.50	108.00	106.50	108.00
Tata Hydro (100)	115.00	120.50	114.50	120.00
Tata Power (1,000)	1,147.50	1,170.00	1,147.50	1,165.00
INSURANCE COS.				
British India (10)	14.00	14.00	12.52	12.52
Indian Mercantile (50)	65.00	65.00	61.00	63.50
New India (15)	45.75	45.75	45.25	45.25
New India 'A' (15)	46.50	47.00	45.50	46.00
Vulcan (10)	16.24	—	—	16.24
STEEL COS.				
Ind. Iron (10)	25.50	26.20	25.50	25.65
Mukand Iron (10)	17.92	18.04	17.72	17.80
Tatas Steel Ord (75)	154.00	156.75	153.75	154.25
SUGAR COS.				
Belapur (50)	225.50	227.50	222.00	222.00
Bhopal (10)	12.76	—	—	12.76
Chasgeo (12.50)	25.50XR	25.50	23.00	23.00
Maharashtra (50)	139.00	140.00	136.50	137.00
Phaltan (50)	105.00	104.00	103.00	104.00
Walchand Ind. (100)	152.00	152.00	151.00	151.50
CEMENT COS.				
Associated Cm. (100)	152.50	154.75	152.25	154.00
Digvijay (100)	175.50	176.00	175.00	175.50
Orissa (10)	11.96	11.96	11.92	11.92
DYES & CHEMS.				
Amar-Dye-Chem (100)	155.00	156.25	152.50	153.75
Camphor & Allied (100)	84.00	83.00	81.50	81.50
Chds (100)	67.00	67.00	66.00	66.00
Chemicol (100)	108.00	108.00	106.00	108.00
Colour-Chem (100)	318.75	320.00	312.50	315.00
Indian Dyestuff (100)	263.75	272.50	260 00	261.25
Polychem (100)	152.50	158.75	151.25	152.50
Synthetics (100)	70.00	74.00	69.50	69.50
Tata Chemicals (10)	18.60	18.96	18.56	18.72
MISCELLANEOUS				
Alcock Ashdown (100)	281.00	291.00	279.00	279.00
Bom. Burmah (25)	58.50	57.00	55.40	58.70
Do. (New) (25)	42.00	42.50	41.75	42.25
Br. B. Petrol (1¼ sh.)	3.40	3.46	3.34	3.36
Br. I. Corpn. (5)	9.72	—	—	9.72
Cooper Eng. (100)	107.50	116.00	107.50	115.50
Hindustan (100)	30.00	30.00	29.75	30.00
Hindustan Motors (10)	17.86	18.32	17.72	17.88
I. C. & Invest. Corporation (100)	93.00	—	—	93.00
Indian-Copper (2 sh.)	3.26	3.38	3.24	3.26
Kilnicks (100)	101.00	101.00	100.50	100.50
Larsen & Toubro (10)	21.12	21.32	21.04	21.16
Mahindra & Mahindra (10)	16.24	16.36	16.20	16.24
Asian Cables (100)	71.00	—	—	70.00
Permanent Magnets (100)	97.50	98.50	97.50	97.50
Philips Carbon (10)	11.76	12.00	11.60	12.00
Pra. Automobiles (100)	101.25	104.00	100.50	103.00
Premier Cos. (10)	183.00	185.00	180.00	181.50
Scindia (20)	15.20	15.60	15.12	15.48
G. E. Shipping (10)	13.72	13.88	13.52	13.56
J. Mavadarj Eng. (100)	136.00	136.00	135.00	135.00
T. Manekjal (100)	510.00	500.00	495.00	495.00
Shivrajpur (10)	16.76	17.52	16.48	16.52
Sirpur Paper (10)	11.36	11.44	11.24	11.24
Tata Locomotive (100)	290.00	297.00	288.25	290.50
Tata Oil (25)	62.75	63.50	62.50	62.50
Voltas (100)	249.50	253.00	248.00	249.00
W. I. Match (100	240.50	240.00	239.50	240.00
W. Coast Paper (100)	159.00	159.00	158.00	158.50
Zenith Steel (10)	15.76	16.00	15.76	16.00

GOVERNMENT SECURITIES	30-7-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	6-8-1964 Rs.
2½% 1976	88.00	—	4.61	88.00
3% 1965-66	98.55	3.70	3.27	98.55
3% 1970-75 1st Dev.	90.40	4.86	4.10	90.40
3% 1986 Con. Loan	68.80	—	4.71*	68.70
3½% 1965 N. P. Bonds	100.15	—	3.33	100.15
3½% 1967 N. P. Bonds	99.85	—	3.53	99.90
3½% 1974	96.75	—	4.12	96.75
3½% 1967 N. F. Bonds	100.05	—	3.75	100.05
3½% 1969 Loan	98.15	—	3.92	98.10
3½% 1968	99.00	—	99.00	3.76
3½% 1968 N. F. Bonds	99.95	—	3.76	99.95
4% 1972 Loan	98.95	—	4.16	98.95
4% 1973 Loan	98.85	—	4.15	98.85
4% 1979 Loan	98.80	—	4.18	98.90
3½% 1966 Bonds	100.15	—	3.42	100.15
4% 1980 Loan	98.90	—	4.18	98.90
4% 1981 Loan	98.85	—	4.15	98.85
4½% 1985 Loan	100.00	—	4.50	100.00
4½% 1977 G. Bonds	118.10	—	4.61	118.10
4½% 1978 N. D. Bonds	100.10	—	4.24	100.10
4½% 1986 Loan	100.00	—	4.50	100.00
4½% 1989 Loan	100.00	—	4.75	100.00

* Current Income. x.d.—Ex-dividend. x.r.—Ex-Rights.
c.r.—Cum-Right. c.d.—Cum-dividend.
£ B. Bombay Shares of Rs. 250 have been sub-divided into 5 Shares of Rs. 50 each. † Partly paid bonus (Assessed at 4 annas per share).

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 31st July 1964

BANKING DEPARTMENT

Liabilities	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		86,00,00,000
National Agricultural Credit (Stabilisation) Fund		9,00,00,000
National Industrial Credit (Long-Term Operations) Fund		10,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		114,63,24,000
(ii) State Governments		19,17,89,000
(b) Banks—		
(i) Scheduled Banks		100,54,93,000
(ii) State Co-operative Banks		2,76,28,000
(iii) Other Banks		1,34,000
(c) Others		195,42,42,000
Bills Payable		32,75,25,000
Other Liabilities		21,37,97,000
	Rupees	676,69,32,000

Assets	Rs.
Notes	37,03,10,000
Rupee Coin	9,62,000
Small Coin	4,96,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,30,13,000
(ii) State Co-operative Banks	12,76,02,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,34,62,000
National Agricultural Credit (Stabilisation) Fund	
Loans and Advances to State Co-operative Banks.	....
National Industrial Credit (Long-Term Operations) Fund:-	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	99,31,01,000
Balances Held Abroad*	8,52,63,000
Loans and Advances to Governments**	24,46,00,000
Loans and Advances to—	
(i) Scheduled Banks†	3,65,85,000
(ii) State Co-operative Banks‡	130,02,73,000
(iii) Others	2,09,69,000
Investments	290,04,00,000
Other Assets	26,98,97,000
Rupees	676,69,32,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund.

† Includes Rs. 2,05,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	37,03,10,000	
Notes in circulation	2419,41,48,000	
Total Notes issued		2456,44,58,000
Total Liabilities		2456,44,58,000

Assets	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	85,45,69,000	
Total		203,21,79,000
Rupee Coin		107,52,83,000
Government of India Rupee Securities		2145,69,96,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2456,44,58,000

State Bank of Pakistan

Statement of Affairs for the week ended 24th July 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,65,00,000
Rural Credit Fund	3,00,00,000
Deposits :—	
(a) Central Government	8 00,92 000
(b) Provincial Governments	4,52,71,000
(c) Banks	41,31,58,000
(d) Others	87,40,10,000
Bills Payable	43,10,000
Other Liabilities	19,43,11,000
Rupees	168,76,52,000

Assets	Rs.
Notes	14,82,20,000
Rupee Coin	22,000
Subsidiary Coin	50,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	12,28,30,000
Loans and Advances to Governments	6,68,00,000
Provincial Governments' Debtor Balances	6,66,41,000
Other Loans and Advances	74,73,48,000
Investments	41,56,88,000
Other Assets	12,76,53,000
Rupees	168,76,52,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	14,42,20,000	
Notes in circulation	443,09,28,000	
Total Notes issued		457,51,48,000
Total Liabilities		457,51,48,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion		
Foreign Securities	76,59,83,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		144,77,17,000
B. Rupee Coin	5,09,34,000	
Government of Pakistan Securities	301,74,91,000	
Internal bills of exchange and other commercial paper	....	
		306,84,25,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,53,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		457,51,48,000

State Bank of India

Statement of Affairs for the week ended 31st July, 1964

Capital and Liabilities	Rs.	Rs.
CAPITAL—		
Authorised Capital :—] 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		647,76,20,000
Borrowings from Other Banking Companies, Agents, etc.		78,65,000
Bills Payable		7,53,06,000
Bills for Collection being Bills receivable as per contra		8,23,26,000
Acceptances, Endorsements and Other Obligations per contra		17,38,71,000
Other Liabilities (including Inter-Office Adjustments)		31,26,00,000
Total .. Rs.		727,87,38,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		29,71,35,000
Balances with other Banks		2,42,36,000
Money at Call and Short Notice		2,26,66,000
INVESTMENTS :—		
Government and other Trustee Securities	288,22,56,000	
Other Authorised Investments	9,44,27,000	
		297,66,83,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc.	324,10,28,000	
Bills Discounted and Purchased	20,54,70,000	
		344,64,93,000
Bills Receivable being Bills for Collection as per contra		8,23,26,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,38,71,000
Premises less Depreciation		2,32,20,000
Furniture and Fixtures less Depreciation		1,87,10,000
Other Assets (including Inter-Office Adjustments).		21,33,33,000
Total .. Rs.		727,87,38,000

EXCHANGE RATES

	5th Aug., 1964	29th July 1964
London on New York	2.7884- 2.7886	2.7886- 2.7888
London on Berne .. Sw. Fcs.	12.0515-12.0535	12.0590-12.1610
London on Paris .. Fr. Fcs.	13.6645-13.6660	13.6640-13.6660
New York on London Cents per £	278.850-278.880	278.880-278.900
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. s.	1-6 1/32	1-6 1/32
Buyers D.D. .. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	480.00	480.00
Buyers T.T. .. Rs. to $100	476.50	476.50
Canadian Dollar—		
Sellers T.T. D.D. .. Rs. to $100	446.50	446.50
Buyers T.T.	438.50	438.50
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	102.00	102.00
Buyers T.T	103.00	103.00
Swiss Francs—		
Sellers T.T. D.D.	89.90	90.00
Buyers T.T.	90.90	90.90
Deutsche Marks—		
Sellers T.T. D.D.	82.70	82.70
Buyers T.T.	83.60	83.60
Italian Lire—		
Sellers T.T. D.D.	12.980	12.980
Buyers T.T.	13,155	13 160
Swedish Kroner—		
Sellers T.T. D.D.	107.10	106.90
Buyers T.T.	108.00	108.00
Belgian Francs—		
Sellers T.T. D.D.	1,032	1,032
Buyers T.T.	1,048	1,048
Dutch Guilders—		
Sellers T.T. D.D.	75.10	75.10
Buyers T.T.	76.00	76.00
Hongkong Dollar—		
Sellers T.T. D.D.	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D.	149.00	149.00
Buyers T.T.	150.40	150.40
Danish Kroner—		
Sellers T.T. D.D.	144.00	144.00
Buyers T.T.	145.80	145.80

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	24-7-64	17-7-64	26-7-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	65.89	66.49	53.16
(ii) From others	1,111.43	1,104.73	929.64
(b) Borrowings from banks	32.42	30.47	25.37
(c) Others	69.98	69.20	65.04
2. Time liabilities—			
(a Time deposits—			
(i) From banks	48.49	44.31	35.88
(ii) From others	1,326.51	1,314.53	1,245.34
(b) Borrowings from banks	16.49	18.73	22.35
(c) Others	11.90	12.06	10.19
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,347.94	2,419.26	2,174.98
4. Borrowings from Reserve Bank	30	42	25
(a) Against usance bills and/or promissory notes	—	14	9
(b) Others	30	28	16
Borrowings from State Bank and/ or a notified Bank	22.84	23.84	19.30
6. Cash	65.77	62.61	61.29
7. Balances with Reserve Bank	94.11	101.00	78.54
8. Cash and balances with Reserve Bank	156.88	163.61	129.83
9. % as per cent of 3	6.44	6.76	5.97
10. Balance with other banks in current account	22.56	21.90	20.93
11. Money at call and short notice	63.88	64 40	58.19
12. Investments in Government securities	737.44	679 02	687.03
13. 12 as per cent of 3	30.25	28.07	31.59
14. Advances—			
(a) Loans cash credits and overdrafts	1,505.27	1,516.76	1,273.34
(b) Due from banks	8.22	8.46	7.59
15. Inland bills purchased and discounted	162.25	162.15	161.96
16. Foreign bills purchased and discounted	65.58	62.80	50.83
17. Total Bank Credit [14(a)+15+16]	1,733.10	1,741.80	1,486.12
18. 17 as per cent. of 3	71.09	72 00	68.33

INDEX NUMBERS OF SECURITY PRICES

(1052-53=100)

Group and Sub-Group	Week ended			
	25th July 1964	18th July 1964	27th June 1964	27th July 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.9	99.9	99.8	99.0
2. Government of India	99.6	99.6	99 5	98.7
3. State Governments	102.1	102.1	102.1	101.3
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.2	98.2	98.1	97 5
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.0	80 9	81 3	81.9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	163.9	164.5	164.0	164.2
9. *Agriculture and Allied Activities : Total**	142 2	142.6	141 9	145.5
9. Tea Plantations	129 9	129 9	128 6	134.4
10. Coffee Plantations	164 2	164 2	164 3	152.6
11. Rubber Plantations	185 0	184 7	181 8	166.9
12. *Mining and Quarrying: Total**	134 3	136 5	137 5	144.6
13. Coal	94.2	94.6	94.7	107.8
14. Other Mining	161.7	163.6	166.9	169.6
15. *Processing and Manufacturing : Total*	176.4	177.3	176.6	176.2
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†*	174 0	174 6	173 8	177.4
17. Sugar	125 5	125 8	126 1	125.7
18. Cotton Textiles	159 7	159 9	159 8	163.9
19. Jute Textiles	83 9	83 8	84 8	96.5
20. Silk and Woollen	835.8	850.9	884.5	842.3
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	195 0	195 1	193.3	188.7
22. Iron and Steel	165 6	165 6	162 1	159.0
23. Transport Equipment	313 8	314 2	314 2	322.7
24. Electrical Machinery	157.8	156.2	153.6	150.9
25. Machinery other than Transport and Electrical	221 0	221.8	222 2	219.1
26 Basic Industrial Chemicals	186.7	184.9	184.2	176.5
27 *Processing and Mfg. (Others) : Total**	149 5	152 1	153 8	152.9
28. Cement	139 7	143 8	144 8	144.3
29. Paper & ptg.	192 9	193 5	193 5	193.3
30. *Other Industries : Total**	109 3	109.5	108.5	108.4
31. Electricity : Generation and Supply	90 8	89 9	89.1	87.3
32. Trading	109 6	110 0	109 7	113.7
36. Shipping and Other Transport	97 4	98 1	95 4	90.2
34. Construction	293 2	295.1	294.5	274.7
35. *Financial : Total*	188 8	187 5	188 1	188.6
36. Banks	210 7	209 2	208 3	203.6
37. Insurance	163 3	163 4	166.1	165.4
38. Investment Trusts	77.7	77.6	79.0	82.6
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	173.7	175 2	173 6	172.0
40. Calcutta	150.1	150 0	150 3	152.2
41. Madras	170 8	170 5	170 5	173.0
42. Delhi	225.1	225.5	225 2	210.0

* Including 'Miscellaneous.' † Including textile and vegetable oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	27th June 1964	20th June 1964	29th June 1963	March 1964	March 1963	Percentage of Increase (+) or Decrease (—) in March 1964 as compared with March 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	155 2	153.6R	138 9	142.1	123.4	+15.2	136.8	126.1
Cereals	192	134.1	133 4R	114 0	128.6	102.0	+21.2	116.3	105.6
Pulses	43	143 9	144.2R	109.2	138 9	99.9	+84.0	115.4	105.2
Fruits and Vegetables	28	175.4	176 0R	137.0	133.9	138.4	+22.1	140.6	135.6
Milk and Ghee	84	140.9	141 0	134.5	133.0	124.6	+ 6.6	128.2	124.4R
Edible Oils	47	193 1	188 4	152.0	160 0	141 8	+12.8	151.1	122.3
Fish, Eggs and Meat	17	168.1	160 0R	147.2	155.7R	137.5	+11.1	149.8	148.0R
Sugar and Gur	48	195 8	194.9	193 3	173.0	147.5	+17.3	168.8	145.0
Others	50	183 5	176.1*	180.4*	175.7	172.9	+ 1.6	179.3	171.8
Liquor and Tobacco	21	122 3	122.1	120 1	119.0	114.2	+ 4.2	119.8	109.9R
Tobacco	..	120 8	119.8	117 2	116.1	111.6	+ 4.0	116 8	97.4R
Fuel, Power, Light and Lubricants	30	142 6	141 8	139.9	141.7	137.7	+ 4.4	139.5R	124.4R
Industrial Raw Materials	185	154 0	153.9R	139 0	144.9	135.2	+ 7.2	139.5	136.5
Fibres	61	138.4	138 7R	133.4	135.7	133.5	+ 1.6	133.2	122.8
Oilseeds	60	189.9	189.9	153.5	162.9R	143.0	+13.9	154.1	151.4
Minerals	2	108.7*	108.7*	93 4*	99.1	98.4	+ 5.0	92.8	93.6
Others	32	129 3*	130.3R	125.5*	131.6R	126.6	+ 3.9	127.3	125.8
Manufactures	280	133.6	133.4	130.3	132.5	129.6	+ 2.5	131.1	128.8R
Intermediate Products	41	148 4	147.7	139 3	144.7	136.2	+ 2.4	139.6	139.5
Finished Products	240	131.1	131.0	128 9	130.8	136.2	+ 6.2	129.7	127.7
Textiles	147	127.5	127.5	126.6	128.6	134.4	+ 1.7	127.7	126.1
Cotton	..	135 8*	135.8*	135 3*	136.7	127.0	+ 1.3	135 6	130.7
Jute	..	99.2	99.1	99.2	98.3	102.1	— 3.8	100.2	110.9
Woollen	..	168.7*	168.7*	142.7*	162.4	142.4	+14.0	155.3	140.4
Silk and Rayon	..	139.0*	139.0*	136 4*	145.2	139.2	+ 2.9	139.8	131.8
Metal Products	12	169.8	169.8	161.5	166.1	161.0	+ 3.2	163.1	160.1
Chemicals	20	118 5*	118.7*	117 2*	120.2	117.3	+ 2.5	117.9	115.6
Oil Cakes	9	190.8	188.1	168 7*	172.5	167.8	+ 2.8	124.2	117.0R
Machinery and Transport Equipment	31	126 9	126 9	122.2	125.6	122.2	+ 2.8	128.2	125.2
Others	30	127.3	127.4	128.2	127.8	127.2	+ 0.5	135.3	137.9
All Commodities	1,000	147.7	148.8R	135 0	138.3	127.2	+ 8.5		

COMMERCE

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

William Blake.

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Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

Contents

	PAGE
LEADING ARTICLES—	
Mr. Shastri Backs Realism Again	249
Towards A Rational Sugar Policy?	250
MARKET GOSSIP	251
THIS WEEK'S SURVEY	254-256
TREND OF SHARES	300
SPECIAL FEATURES—	
London Letter	252
Ancestral Home Puts its House in Order	257
Manchester Letter	260
More Nationals Look Outwards	262, 264
Business News from Europe	272-274
CHAIRMEN'S STATEMENTS—	
Indian Iron and Steel Co., Ltd.	270-271
Tata Iron and Steel Co., Ltd.	276-277
BANKING	258
PLANTING	261
ENGINEERING	266
NEW PRODUCTS AND PROCESSES	268
COMMERCE AND INDUSTRY	278, 280
COMPANY MATTERS	281-283
NEWS IN BRIEF AND PERSONAL	288
TREND OF MARKETS	289-291
MISCELLANEOUS STATISTICAL INFORMATION	292
STOCK AND SHARE QUOTATIONS	293-299
WEEK'S STOCK EXCHANGE TREND	300

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MR. SHASTRI BACKS REALISM AGAIN

MUCH of what the Government of India has been doing on the economic front during the last few months is analogous to the attempts of a person who started digging a well to quench the thirst of his friend. This may appear to be a rather sweeping statement to some, but the provocation for this statement is the excessive preoccupation with the preparation of the fourth Plan. None can deny that almost 50 per cent of economic news that emanates from New Delhi these days is about the next Plan, so much so that one wonders whether the third Plan has been forgotten, even though it has still a year and a half to go. Members of the Planning Commission and Ministers have been flitting from place to place like butterflies talking about what should be the philosophy, strategy, targets and overall size of the fourth Plan. Almost all the meetings that are held in the Yojana Bhavan nowadays appear to be in connection with the fourth Plan. Hardly any attention is being paid to the third Plan. Advance planning is undoubtedly necessary, but so also is the vigorous implementation of the Plan already launched. It is obvious that, if Ministers and their Secretaries devote a good part of their time to the next Plan, they cannot find adequate time for the current Plan. Similarly, if the Planning Commission is preoccupied with conception of the fourth Plan, it cannot but neglect the task of checking and evaluating the progress so far made and of giving proper directions to the Centre and the States in order to ensure maximum results in the remaining period of the third Plan. All that the Planning Commission and the Union Ministries seem to be doing in this respect is to revise the targets in a downward direction in the light of performance so far. One fails to see the value of this paper exercise in the evening of the Plan, unless the aim is to mislead the public later on by claiming fulfilment of targets.

It must, indeed, be distressing to all those who wish to see that the economic growth of this country takes place in an atmosphere of stability and without too much discomfort for the masses to find that, even while lowering some of the third Plan targets to levels which were considered too low when the current Plan was prepared, our planners persist in their efforts to present a fourth Plan of gigantic size. They may not mind being dubbed as India's twentieth century (second half) Bourbons, but they must realise that they are upsetting the confidence of the public in the value of money and adding to the fear of perpetual inflation. People certainly don't mind being told that "this generation is condemned to hard labour," but they certainly do not relish the prospect of being condemned for another decade of inflation and falling rupee. Such a prospect is engendered by the gigantism that dominates the thinking on the fourth Plan. In any case, our planners' enthusiasm for presenting the country with a record plan is so high that they seem to be completely oblivious of the need for a proper climate of public opinion both within and outside the country for talking about it. This is evident from the fact that the continuing public concern over the steep rise in prices and the oppressive level of cost of living has not deterred them from proposing an investment of Rs. 20,000-22,000 crores under the fourth Plan. Even the hint dropped by Mr. Lal Bahadur Shastri shortly after he became Prime Minister (*vide* the first editorial of *Commerce* dated 27th June 1964) for more realistic planning has gone unheeded, as witness the emphasis of the Working Group on Resources, as recently as on 10th August, on an outlay of Rs. 20,000 crores in the fourth Plan. This Group is credited with the view that "resources should not be allowed to act as a brake on the physical targets that may be found necessary for the fulfilment of the country's objectives" and that, "in the achievement of physical targets, nothing should be regarded as sacrosanct, except India's democratic freedom." This kind of talk, nay, bravado, sounds unrealistic, if not irresponsible, at a time when, to quote Mr. Shastri himself, "the country is facing a situation which looks like developing into a crisis." Surely, democracy in this country is already in danger, thanks to inflation and corruption, not to mention political opportunism. Strikes, *hartals* imposed on the public by threats of *goondaism*, and display of violence even on the floors of Legislatures are all signs of the waning respect for democracy, decency and orderliness. In these circumstances, it would not be too much to suggest that, if the fourth Plan is not to get bogged down as the third has done, Mr. Shastri should carry out a Khrushchevian operation on the Planning Commission. Gentle hints and mild warnings from him will be of no avail.

Meanwhile, Mr. Shastri has done well to direct the attention of the Finance Minister, the Deputy Chairman of the Planning Commission and the Chief Ministers of States to the third Plan by asking them to make a fresh assessment of projects and programmes for which funds are being allocated now or will be allocated next year with a view to effecting substantial economies. Obviously, the Prime Minister has realised that a cut in non-Plan expenditure alone as proposed by the Finance Minister towards the close of June last would not suffice and that some of the Plan expenditure also should be deferred, in order to bring inflation under control. Brief as Mr. Shastri's suggestion is, it is not vague. It is sufficiently clear to indicate the line of action to be taken by those to whom it is addressed. The Prime Minister wants the policies to be geared to meet the immediate requirements of the common man—food, clothing, shelter, medical facilities and employment opportunities. Those projects in the field of heavy industries on which a real start has not been made should be postponed. What is needed, he emphasises, is not the launching of new projects but the expeditious execution of those that have already been taken up, ensuring that the community will get a good return from them. He has further emphasised the desirability of convincing the public that the additional burden they have been carrying during the last few years has brought tangible results to them. He has been frank enough to concede that, so far, the returns have been totally inadequate and not commensurate with the investments made at great sacrifice and with a rising tax burden. This is an encouraging development in the trend of economic thinking in New Delhi and it is to be hoped that Mr. Shastri will take care to see that his advice is expeditiously and diligently implemented. His responsibility does not cease with merely telling his colleagues at the Centre and in the States as to what they should do.

The most convincing proof of the correctness, appropriateness and timeliness of Mr. Shastri's aforesaid suggestions is provided by the reaction of Mr. Bhupesh Gupta, leader of the Communist Party in the Rajya Sabha. He has denounced them as "utterly defeatist and wrong" and has mischievously characterised the Prime Minister's approach as being in line with that "demanded by the Indian big business, the gentlemen of the World Bank and the U.S. Agency for International Development." Mr. Gupta is one of the most clever, as well as able, communists in this country. He realises that, if Mr. Shastri's advice were carried out faithfully and efficiently, India would become safer for democracy. Such a happy prospect does not further the interests of his party and its

ultimate goal. Unfortunately for him, even Mr. Gulzarilal Nanda now realises that Indian communists, whether they are supporters of Russia or China, want the Congress Party to go on making more and more mistakes, so that they can capture power, taking advantage of the chaos caused by such mistakes.

TOWARDS A RATIONAL SUGAR POLICY?

WHEN Mr. Rafi Ahmed Kidwai assumed charge of the Food and Agriculture Ministry at the Centre in May 1952, high hopes were expressed that the sugar industry would be set on a sound and secure footing. Some of the steps initiated by him fully justified these hopes. But, unfortunately, before they could be implemented, Destiny took him away. His successors, Mr. Ajit Prasad Jain, Mr. S. K. Patil and Sardar Swaran Singh failed to summon enough political courage to give effect to the ideas conceived by him. The result is that, even after thirteen years of planning, the country is finding itself in a sorry predicament: existence of large idle capacity in sugar industry, poor output, scarcity of supplies and unduly high level of prices. The situation would not have been so disquieting if, even as late as in the beginning of the 1962-63 season, the Governments (Central and States) had paid heed to the timely and wholesome advice tendered by many who had no axe to grind, including this journal.

Judged against this background, it is, indeed, refreshing to find that Mr. C. Subramaniam, the new Food and Agriculture Minister, is seeking to bring a new approach to the problems of sugar industry. The first thing he has done is to appoint a Commission of Enquiry to look into the variety of problems in the field of sugar. There is, of course, nothing new about these problems. They have been studied over and over again and the solutions to be adopted are clear. But Mr. Subramaniam is essentially a politician and white sugar is a highly political commodity. He apparently wants to safeguard his position by having the findings and suggestions of a Commission before formulating his policies. The setting up of a Commission is thus a political strategy. A great responsibility, therefore, rests on the Commission, headed by Dr. S. R. Sen, Adviser to the Planning Commission, who will be assisted by five competent members: Mr. S. C. Choudhuri (Economic and Statistical Adviser in the Union Ministry of Food and Agriculture), Mr. N. Krishnan (Chief Cost Accounts Officer, Ministry of Finance), Mr. S. C. Gupta (Director, National Sugar Institute, Kanpur), and Dr. Dharma Narain (Institute of Economic Growth, Delhi University); Dr. P. K. Mukherjee, Deputy Economic and Statistical Adviser in the Food and Agriculture Ministry, is the Member-Secretary. The Commission, according to the terms of enquiry, will go into the *entire* cost-price structure of the sugar industry and distribution, as well as the policy regarding licensing of new sugar factories and expansion of existing ones. It has also been specifically asked to concern itself immediately with the determination of the price and distribution system for the next sugar season that formally commences on 1st November; it is required to submit an interim report by the end of this month.

A feature of this new enquiry body is that it consists predominantly of officials. It would therefore, be in the fitness of things to call it a committee of officials. But Mr. Subramaniam has given it the high-sounding designation of a Commission and entrusted to it the privilege of suggesting not only what should be done for the next season but also a policy for long-term. It remains to be seen whether this Commission will have the courage to recommend a rational policy for sugar, for such a policy is bound to tread on many political corns. It does not have even that much of independence which the Tariff Commission has, a body to which Mr. Subramaniam is unaccountably allergic. Be that as it may, Mr. Subramaniam has held out the most welcome assurance that the Government's sugar policy will in future be shaped in accordance with the findings of the Sen Commission. That is something which should strengthen the hands of Dr. Sen and other members of the Commission in tackling the problems entrusted to them realistically and boldly. Inaugurating the twenty-fifth annual general meeting of the Deccan Sugar Factories Association in Bombay last week-end, Mr. Subramaniam said that most of the problems raised by Mr. M. L. Apte in his presidential address would surely be adequately covered by the Commission and that, ultimately, decisions had to be taken based on its report. Most welcome also is the assurance that, in any policy the Government evolves, "there will be an element of positive incentives to efficiency and to higher productivity."

The way in which Mr. Apte surveyed the problems of sugar industry, with particular reference to the Deccan region, was quite impressive. His speech was so long and comprehensive that it could as well serve the purpose of a memorandum to the Sen Commission. No wonder Mr. Subramaniam's reply was brief enough to confirm this impression. An important point that is well known but not unoften overlooked by the powers-that-be, to which Mr. Apte drew attention at the very outset, pertains to cane supplies. Unlike in the majority of sugar producing countries where almost all the cane grown is used for manufacturing a single type of sugar, the cane produced in India is used for manufacturing two types of sugar (*a*) brown sugars (*gur* and *khandsari*) and (*b*) white sugar. The quantity of cane actually consumed by the factories producing white sugar is half of what is consumed by the *gur-khandsari* sector which takes up two-thirds of the total cane harvested in a season. In view of this factor and considering that most of the cane growers themselves are producers of *gur* and *khandsari*, the quantum of cane supplies to sugar mills in any given period of time is naturally influenced to a great extent by the prices commanded by these brown sugars, not to speak of the vagaries of Dame Nature. Moreover, unlike other raw materials such as cotton, jute and oilseeds, sugarcane being a quickly perishable commodity, can neither be imported from abroad nor can it be transported over long distances within the country itself. Again, the sugar factories are rigidly controlled in all directions, whereas the *gur-khandsari* producers are practically free from control. Mr. Apte certainly struck a note of realism when he said: "Availability of cane (to sugar mills) is closely linked to *gur* and *khandsari* price levels; and, hence, to ensure sufficient sugar production, *gur* and *khandsari* prices must be checked at reasonable levels."

One may say, as Mr. Subramaniam, in fact, did, that, because of the widespread dispersal of *gur-khandsari* manufacturing units and the large number of varieties without any quality control, imposition of control on prices is a very difficult problem. There is, of course, a lot of force in this contention. But control on prices need not necessarily mean fixation of wholesale and retail prices for *gur* and *khandsari*. At least some sort of stability in prices can be ensured by proper regulation of cane that goes into their manufacture. Surely, it should not at all be difficult to earmark the supplies of cane grown within the radius of a few miles from sugar mills exclusively for crushing by these mills. No one need fear any possible diversion of land from cane to other agricultural crops as a result of adoption of this policy, since the high minimum prices payable by sugar mills give a more handsome return to the agriculturists than any other crop that can be grown on the same plot of land.

It is necessary to reiterate here the vital point that, as sugar recovery in a factory is well above that obtained in the *gur-khandsari* sector, large-scale diversion of cane supplies from the former to the latter ought to be discouraged. It is not a question of strong pull for *gur* in preference to sugar among large sections of people as Mr. Subramaniam seems to think. (Incidentally, this is an assumption of doubtful validity.) Rather, it is the question of economic utilisation of raw material. If *gur* prices are ruling unduly high, it is not because of the strong consumer preference for *gur* but because of the heavy demand for *gur* for purposes of illicit distillation superimposed on the demand from those who are not able to get enough white sugar.

Availability of adequate cane supplies alone is not sufficient. The sugar mills must also have a reasonable amount of freedom in regard to production, distribution and prices. The views of Mr. Subramaniam on this issue are rather biased and not well balanced. Opposing the thesis of Mr. Apte, he said:

"I am not able to agree with the view that the introduction of controls has invariably stagnated consumption or that decontrol has always encouraged production and consumption. Historically, leaving the need of the country for sugar to be met by the normal operations of the free market has led to what can only be described as exploitation of the consumers. We cannot afford to let either the trade or the producer fatten on the scarcity of any commodity. It has, therefore, become necessary for Government to exercise a *strategic* (italics ours) control over the production and distribution of sugar."

The word 'strategic' in the above quotation is significantly vague. We wish Mr. Subramaniam had spelt out clearly what exactly he meant by strategic control over not only production but also distribution of sugar. In any case, the retiring President of the Deccan Sugar Factories Association was not so unrealistic as to plead for complete decontrol straightaway. All that he wanted was a policy of progressive decontrol of sugar. The specific suggestion which he put forward was this: "Until such time as total decontrol is not possible, some quantities of sugar may be reserved by the Government to meet the minimum domestic requirements of the consumer. (It is not known why Mr. Apte took no account of export commitments.) Remaining quantities should be released for free sale to meet the requirements of industrial consumers like biscuit manufacturers, confectioners and sweetmeat makers." The chief merit claimed for the scheme of partial control is that, while it will make available to consumers at least some quantity of sugar at a reasonable price, higher realisation on free sale will enable the industry to meet the competition offered by *gur* and *khandsari*. Easy availability of sugar in the free market, it is said, will help to bring down *gur* and *khandsari* prices as well. The suggestion seems to be a practicable one and is worth a trial, if the overall cane crop position is fairly satisfactory.

Sugar manufacturers continue to have serious misgivings about the Government's proposal to set up a Marketing Board for sugar. It is only but natural that Mr. Apte should have referred to this move in his speech. He minced no words when he said that such a Board was only an expression of the philosophy of controls and that it implied perpetual controls. Recalling that the sugar industry had been unanimously opposing the establishment of this Board, he observed:

"In support of the Marketing Board, it is argued that it will make sugar available to the consumer throughout the country at a uniform price. We in the industry fail to appreciate the need for a uniform price. No other item of daily consumption in the country is distributed on this basis. Freight advantage is an important consideration while locating the industry and its benefit is shared by the consumer and the industry. Concept of uniform prices, however, denies this benefit to the consumer and the industry, as it can only be achieved through the mechanism of procuring sugar from the factories on cost plus basis and then by pooling of freight. It is well known that there are sugar producing regions in the country that are uneconomic and hence high cost producing. Ironically enough, these regions are also surplus States of sugar and, being located far away from the main consuming centres, these factories suffer a freight disadvantage. These regions can only be subsidised by the low cost producing region through the mechanism of pooling of freight. ... Briefly, uneconomic regions would be subsidised by the economic regions.

"It is stated that, to cover its expenses, the Board will charge some commission. Detailed pattern of distribution yet remains unknown. With our vast population and colossal number of villages involving stupendous number of distribution points, it is unthinkable that the consumer will get his sugar at a uniform price, especially in times of scarcity. Our experience of controls amply supports my belief. In times of surplus, the consumer gets his sugar cheaper than the controlled price anyway. In view of this, we fail to understand the need for such a Board. Experience of other industries like cement fully justifies our fears that, under such controls, production stagnates. I sincerely believe that our planning for plenty can only be achieved by pursuing a policy of productivity and not by following a philosophy of controls."

Mr. Apte deserves to be warmly complimented for having so cogently argued out the case against the creation of any monopolistic State marketing body for sugar. We were once given to understand that the establishment of the Board was a *fait accompli*. We are, however, glad to learn from Mr. Subramaniam that it is not so. For in his speech at the D.S.F.A. meeting, he said that, "while the exact nature and scope of this Board is not yet final, this is also one of the matters which the Commission of Enquiry will examine and advise on." It is now for the Commission to ponder the observations of Mr. Apte. What is lacking in the sugar economy is not a proper distribution mechanism but a vigorous production-oriented programme, a programme that envisages full utilisation of the sugar mills' capacity and improvement in the productivity of cane lands, in terms of both per-acre yield and sucrose-content. If the Sen Commission could spell out the elements of such a programme, it would surely have justified its appointment.

MARKET GOSSIP

Payment Of Wages In Kind

THE decision reached by the Indian Labour Conference at its recent session at Bangalore to pay a part of wages in kind is a retrograde step, the harmful consequences of which cannot be overstated. This is one more example of the way in which our authorities come out with ill-conceived solutions for meeting temporary situations, which owe their origin, in good part, to no less ill-conceived economic policies. Extravagant fiscal and monetary policies have produced an inflationary situation, which has no doubt been aggravated by adverse natural factors affecting agricultural output. The consequences of inflation have to be faced squarely. Of course, every effort should be made to prevent the recurrence of inflation. But what is not good is to resort to expedients of the most doubtful validity and, indeed, of infinite harm to the community and especially, as in the case under consideration, to the working class.

An important aspect of economic growth, modernisation and personal freedom in the economic sphere is the extension of the money economy, that is to say, the shrinkage of barter. Now, we in India seem to be bent upon reversing this trend. The payment of a part of wages in kind is fraught with consequences that will leave a permanent dent in the body politic of the country. It is true that this method was in vogue during the war years and early post-war years in certain parts of the country, as, for instance, in the plantations of North East India. But the situation then was entirely different and, in any case, it was soon abandoned, as neither workers nor employers were happy with it.

The expedient under question will create numerous headaches for the honest employer, as he will have to buy, store and distribute the specified goods. If the employer is dishonest, he can use this arrangement as one more source of profiteering and exploitation. The working class will suffer not merely in respect of price, but in terms of loss of freedom of choice, which is the most precious privilege of a consumer. For an employer cannot afford to have all the varieties of even essential goods that are needed. So workers may find themselves obliged to take things which they do not need and will either have to put up with it or sell these or exchange them for other varieties, incurring a loss in this process. Also, stocks may not be available in time and the workers may be quite inconvenienced. Further, owing to lack of uniformity in the quality of essential things like foodgrains, there may be a premium on the superior varieties. Corruption and black markets will become rampant. Again, the workers' spouse will have no opportunity to participate in shopping. Besides, the articles will have to be carried home from the place of work. The workers may have to queue up in the company's shops. If this time is spent on the company's account, as is inevitable to some extent, it will mean so much less output or additional costs. The maintenance of the fair-price shops will also inflate the employers' establishment charges. There will always be pressures on them to bring new items under the payment-in-kind scheme.

The move may also prove injurious to the interests of labour in other ways. It may, for instance, stand in the way of legitimate increases in emoluments corresponding to increases in productivity. Further freezing of money wages will adversely affect the retirement benefits of workers, since these will correspond to the lower level of money wages. Surely, there will be no fair price facilities for workers who retire.

There is also the additional danger that the proposed arrangement will lull people into a sense of complacency with regard to inflationary pressures. Labour is as much interested in avoiding such pressures as any other section of the community. It is best to fight the evil of inflation by preventing it, rather than by trying to remedy its harmful effects by dubious experiments, which, while being politically attractive for the moment, will injure the whole economy ultimately. What all this means is that the plans for economic development should be properly conceived and efficiently implemented, so that undue inflationary pressures do not arise.

Foodgrains Position In Russia

It is common knowledge that the Soviet Union which used to be an important exporter of foodgrains, particularly to the East European countries, has had to import large quantities of wheat in the 1963-64 crop year from the Western world, particularly from Canada, the U.S. and France, because of extensive crop failures. Till very recently, it used to be regarded in Europe that, in the current crop year (1964-65), too. Russia would be deficit in foodgrains and that it would have to import large quantities again. But the latest advices from Russia suggest that food crops in that country this year are better and that its dependence on foreign supplies would be substantially curtailed. The Soviet Communist Party paper, *Pravda*, has claimed that the country will have sufficient wheat for its requirements this year and that "the U.S.S.R. will entirely meet its needs in cereals by its own production and will substantially build up State stocks."

As usual, Western observers are sceptical of this claim. They argue that, even if Russian wheat and rye production improves this year, it will never be able to regain its position as a major exporter of wheat. This conclusion has been drawn on the basis of estimates of Russian requirements and its ability to grow them.

For considering the production and demand for foodgrains in Russia, wheat and rye, which are interchangeable as bread grains in that country, are better taken together. The average *per capita* consumption of these grains in Russia is estimated to be 440 lbs. per year. On this basis, for a population of 225 million, the requirement is 1,600 million bushels. Since the opening up of new lands, the average annual area in Russia under wheat and rye crops has been about 200 million acres. To cultivate this vast area, another 400 million bushels of grains will be required as seed. In addition, some of the production, placed at 5 per cent, goes as unavoidable wastage. The total requirements for the present population, inclusive of seed and wastage, are estimated at 2,250 million bushels.

Although figures of Russian production are not available, it has been estimated that, under favourable growing conditions, the yield may come to about 2,600 million bushels. However, the virgin lands first put to the plough ten years ago are said to have deteriorated so badly that they are not giving even the normal yield. The weather conditions in the country have also been adverse, resulting in comparatively poor yields. It is, therefore, considered doubtful whether production will reach even the level of the self-sustaining requirements of 2,250 million bushels, let alone a surplus for export.

Mr. J. R. D. Tata On Inflation

Is taxation one of the factors responsible for the current inflationary trends in the Indian economy? The answer to this poser given by some economists is in the negative. Actually, this section is of the view that the effect of the recent heavy taxation has been distinctly anti-inflationary. Here is what Prof. C. N. Vakil, a leading economist of India, said in an article he contributed recently to *The Times of India*:

"... It is possible to argue for or against given tax measures on merit. It is possible to say that a particular taxation measure is heavy in its incidence; *it should not be described as inflationary* (italics ours). Any such tax withdraws the purchasing power to the extent from the taxpayer and reduces his capacity to create effective demand in the market. To that extent, *it works as an anti-inflationary measure* (italic ours). During periods of inflation in the history of all countries, efforts are made to mop up the extra purchasing power in the hands of people by taxation. If this is not done, the effects of the inflation will be more severe and, perhaps, intolerable...."

The logic of Prof. Vakil's thesis is quite valid. Even so, it would be difficult to deny the fact that, in the peculiar conditions obtaining in India, heavy taxation has considerably strengthened the inflationary spiral. Thus, the high level of indirect taxation has contributed largely to cost inflation, as the series of indirect taxes levied by the Central and State Governments even on necessities of life have added to the prices of goods. Since, generally, both industry and trade pass on the bulk, if not all, of the incidence of additional taxation to consumers, the retail prices get inflated to that extent. This, in turn, adds to the cost of industrial raw materials and enhances the cost of living. Then follows a vicious spiral. Those who do not agree with this contention will do well to peruse the observations of Mr. J. R. D. Tata, Chairman of the Tata Iron and Steel Company, made in his latest annual statement circulated to shareholders (the statement is published on pages 276 and 277 of this issue). How steel provides a striking example of the marked deterioration in the country's cost-price structure is vividly described by Mr. Tata thus:

"Whereas until 1955 Indian steel was amongst the cheapest in the world, it has become one of the costliest, although the basic elements which make up the total manufacturing costs have not materially changed in relation to those of other countries. At the end of 1963, the average price of the common categories of steel in India was more than two and a quarter times the 1948 price, one of the largest single elements of increase being in respect of excise duty which increased no less than fifteen times from Rs. 5 to Rs. 75 per ton. Actually, the full incidence of excise duties and other taxes on the final price of steel is much greater than that, as practically every item which goes into the making of steel, including fuel, power, raw materials and stores, is itself subject at one or more stages of production to its own excise duties and other taxes. In addition to the growing burden of direct taxes of one sort or another, freight rates charged by the Indian Railways are today four to five times what they were fifteen years ago."

Rising costs and prices, besides resulting in severe hardship to the common man, cause much damage to the economy and to the long-term plans of development. Increases in costs, as Mr. Tata has said, have already rendered uncompetitive in world markets almost every exportable Indian product, other than tea and jute goods, thus severely restricting the earnings of foreign exchange; they have inflated expenditure under the Plans and this, in turn, has necessitated, apart from further additions to the already "crushing burden of taxation," a further rise in deficit financing, aggravating inflationary pressures and leading to still higher costs and prices, a vicious circle, indeed. Mr. Tata does appreciate the magnitude and complexity of the problems involved and the grievous burden of additional Defence expenditure since last year. Nevertheless, he attributes the deterioration in price structure largely to the policy of forcing the pace of economic development beyond the country's capacity in physical and financial resources. In his characteristic way, he observes:

"The inflationary effect of spending too much too quickly has been aggravated in our case by the fact that so much of the total expenditure has been incurred on unproductive civil administration and on costly long-term projects which can add to the national income only after long gestation periods and which, even when completed, produce little for the consumer. Unfortunately, there seems to be no recognition as yet of the need for a reappraisal of resources and priorities in our planning. From the tentative figures recently announced for the fourth Plan period, it would seem that the remedies for our present ills are thought to lie in still larger plans involving still heavier doses of taxation, deficit financing and foreign borrowings."

Mr. Tata has certainly not made these remarks as a cynic. For he is one of the few in this country whose wisdom and knowledge are unquestionable. In effect, what Mr. Tata has suggested is for the planners and the powers-that-be to have a fresh look at the fiscal and financial policies. Such a look is urgent in all conscience, if the current and subsequent Plans are not to founder on slippery rocks.

Mr. Podar On Inflation And Taxation

To revert to the theme that taxation in this country has been so heavy as to aggravate the inflationary pressure in the country, Mr. Ramnath Podar, Chairman of the Indian Cotton Mills' Federation, also referred briefly to this question in his speech last week and explained as follows:

"It was, perhaps, thought that increased taxation would make goods more costly and thus inhibit demand. Experience has shown that, where consumption is on the subsistence level, the increase in prices resulting from higher taxation does not inhibit demand, but creates pressures for increasing incomes, in an effort to maintain the standard of living. No part of the tax gets absorbed in the price; on the other hand, the price gets inflated by the amount of the tax *plus*, firstly, interest on the additional finance needed and, secondly, additional profit margin to maintain the manufacturer's and trader's real income intact. The primary producers try and obtain higher prices for their produce, so that they may be able to foot the increased bill for their necessities. The wage-earner also tries to obtain higher money income merely to ensure that his real wages do not fall. Meanwhile, Government, which garners bigger revenue, actually collects less in terms of real value and has, therefore, to pump more money in the system to buy the same amount of goods and services they had budgeted or planned to buy! Increased indirect taxation thus becomes a self-defeating measure in economies like ours.

"What is true of indirect taxes is also true, in a different manner, of direct taxes. Direct taxes upto a certain limit are cheerfully borne by the taxpayer. When, however, that limit is crossed and the taxes begin to weigh heavily on incomes, a tendency develops to avoid and evade taxes and this creates unaccounted money in the system. The best place for such money is to get locked in speculative purchases of goods, real estate and such things, which means further pressure on prices. The money, which would normally have gone in productive channels, thus gets diverted into speculative channels.

"The vicious circle which has thus started with reckless additions in the sphere of direct and indirect taxation can be broken only by adequate scaling down of taxes. If such a measure is applied judiciously and with circumspection, it may actually result in strengthening Government's revenues in terms of real value and enable them to make greater investment in the economy with less supply of money.

"Those who somehow identify socialism with higher taxation would consider the suggestion I have just now put forward as blasphemous. I would, however, like to appeal to those who are interested in higher standard of living for the common man and fullest utilisation of all resources in productive channels to give serious thought to the problem that I have posed."

The two views that we have quoted above clearly show that, in practical terms, excessive taxation does generate inflation.

World Bank's Activities

The International Bank for Reconstruction and Development (World Bank) has shown very promising results for the year ended 30th June 1964. The preliminary statement of accounts released this week shows that 1963-64 was an active year for the Bank. Seventeen countries became the new members of the Bank during the year, raising its subscribed capital to $21,186 million. The bulk of these new members was from Africa. As compared with a total of $448.7 million in the previous year, the loans made in 1963-64 amounted to $809.9 million—a rise of over 80 per cent. This brought the total gross commitments of the Bank upto the close of the fiscal year to $7,931.3 million. The disbursements during the fiscal year were, however, lower at $558.9 million, as compared with $620.4 million in 1962-63, bringing the cumulative total to $5,984.4 million.

India topped the list of borrowers from the Bank with loans sanctioned in its favour being $876.1 million—about 11 per cent of the total commitments of the Bank. Other main beneficiaries having loan sanctions of more than $100 million were, in the order of importance, Japan, Mexico, Australia, Colombia, Pakistan, Italy, Brazil, France, the Netherlands, South Africa, Iran, Yugoslavia, Thailand, Finland, Norway

Argentina, Peru, Chile, Venezuela, Congo (Leopoldville) and Austria. Continent-wise, Asia got 34 per cent of the Bank loans, America 26 per cent, Europe 22 per cent, Africa 13 per cent and Australia 5 per cent. Among the purposes for which loans were sanctioned, generation of electric power and transportation had the pride of place, each accounting for one-third of the total commitments upto the close of the fiscal year under review. Industry was the third, with 15 per cent as its share.

The total gross income of the Bank during the year 1963-64 rose to $219.1 million from $203.9 million in the previous year. The rise was mainly due to the higher income from interest which increased from $133.6 million to $145.5 million. The incomes from investments and commissions were also higher by $2.8 million and $1.9 million, respectively. On the expenditure side, whereas the administrative expenses increased by about one million dollars, interest on borrowings, which accounts for over 80 per cent of the total expenses, came down by an almost equivalent amount, so that there was only a minor change in the total expenses, rising from $121.2 million to $121.7 million. The net income thus recorded a rise of about $15 million—from $82.7 million in 1962-63 to $97.5 million in 1963-64. A sum of $33.2 million, which was earned during the year as loan commission, was credited to the Special Reserve, increasing it to $288.1 million. Of the total net earnings of $97.5 million, $47.5 million was transferred to the Supplemental Reserve, making it $605.6 million. The total reserve thus increased from $813.0 million to $893.7 million. The remaining $50 million of the net earnings are being transferred to the Interational Development Association (I.D.A.)—the Bank's affiliate—which provides soft loans. Incidentally, it has been decided that, with effect from 1st July 1964, the treatment as commission of a part of the loan charges, equivalent to one per cent of the disbursed and outstanding portion of loans held by the Bank and its automatic allocation to the Special Reserve, should be discontinued. With minor exceptions, all income from loans in future will be treated as regular income, and the allocations to the Special Reserve, if any, will be decided by the Executive Directors.

A welcome decision taken by the Directors of the Bank is that from 1st July 1964, the annual commitment charge on undisbursed portions of the Bank's loans (including the existing loans) should be reduced by half, from ¾ to ⅜ per cent. This will bring down the cost of borrowings from the Bank to some extent. It may be noted here that, out of the total of net loans effective amounting to $5.905 million as at 30th June last, the undisbursed portion liable to the commitment charge was no less than $1,518 million. Of this total, India's share was $120 million.

British Investments Overseas

It is a well-known fact that Britain was a major supplier of private long-term capital to the overseas countries upto the Second World War. During the war period, however, the country had to sell the major part of its investments, specially those in the dollar area, in order to finance the war requirements. Since then it has been gradually increasing its investment and has now acquired to a very large extent its pre-war position. During 1963, the British companies invested capital worth £223 million in the overseas countries as compared with £209 million in 1962. The total investment, which at the end of 1962 stood at about £3,600 million, thus increased to more than £3,800 million at the end of 1963. If the provision for depreciation is also taken into account, it is seen that the investment was £4,500 million at the end of 1962 and may be well over £4,700 million at the end of 1963. In fact, the totals of net and gross investments must be much more, because these figures do not include investment in oil industry, insurance and banking for which accurate figures are not yet available. An idea of the magnitude of these investments is, however, given by a section of the British Press. The overseas assets of British insurers in the U.S. alone were estimated to be £350 million at the end of 1960. As regards oil, the Bank of England's estimate of the value of foreign assets of oil companies in the overseas countries is £1,100 million. Thus, if the investment in insurance, banking and oil industry are included, the total overseas investment of British private capital will be substantially higher. The figure of £5,600 million (excluding the amounts set aside for depreciation) is unlikely to be far off the mark.

A breakdown is available of the investment total of £3,600 million as at the end of 1962. The amounts invested and the shares of the main host countries in the total investment are as follows:

Country	*Amount in million £s*	*Percentage to total investments*
Canada ...	672	18.7
Australia ...	522	14.5
U.S.A. ...	341	9.5
S. Africa ...	269	7.5
India ...	256	7.1

It will be seen that Canada has been the most important recipient of British private investment. The pattern of investment has, however, been undergoing a change in recent years, with a greater emphasis on Sterling Area—particularly Australia—and Western Europe and less on North America—particularly Canada. Whereas the share of North America has declined from 18 per cent of the total annual investments in 1960 to 9 per cent in 1962, that of overseas Sterling Area has remained almost constant at the level of three-fifths of investment. Western Europe—particularly West Germany and Switzerland—has been more attractive to British investors than even the Sterling Area. The share of this region has risen from 10 per cent (£25 million) of the annual investment in 1960 to as much as 24 per cent (£46 million) in 1962. In the case of India, though the net direct investments stood at £256 million as at the end of 1962, the total comes to £323 million if the provision made for depreciation is included. Most of this amount, which excludes oil and insurance, is in manufacturing industries.

According to the calculations made by the British Board of Trade, the earning of Britain on its private investments overseas in 1963 was 8.7 per cent of their book value (about £3,800 million). This rate was, however, lower than the 10 per cent earned by foreign investors in Britain. As readers are aware, Britain has been not only an exporter of private capital but also an importer. In 1962, foreign private investments amounted to £130 million, of which 73 per cent (£89.5 million) came from the U.S. The total of foreign-owned investments in the U.K. at the end of 1962 was £1,500 million, equal to about 42 per cent of that country's private investments abroad.

PREMIER CABLE CO., LTD.

The Premier Cable Company has just announced details of its public issue. The issue (at par, amounts to Rs. 52 lakhs, divided into 300,000 equity shares of Rs. 10 each and 22,000 redeemable preference shares of Rs. 100 each carrying dividend at 9.3 per cent (taxable); it will open for public subscription on Tuesday the 18th inst., and close on the 28th inst. or earlier but not earlier than the 20th inst. The entire issue has been underwritten by the L.I.C., Kerala State Industrial Development Corporation, Industrial Finance Corporation, I.C.I.C.I., United Commercial Bank Ltd., New India Assurance Co., Ltd. and Messrs. Raja Ram Bahsin and Co. The issue is in addition to the Rs. 18 lakhs (180,000 equity shares) already subscribed for by Directors, promoters and their friends.

The Company is erecting at Karukutty in Kerala a factory with a capacity to manufacture 18 million core yards of P.V.C. cables and 270 miles plastic insulated power cables per annum. The total outlay on the project is put at Rs. 120 lakhs, which is to be met partly from the share capital of Rs. 70 lakhs referred to above and partly from a loan of Rs. 50 lakhs from the Industrial Finance Corporation of India. Details regarding the Company are given elsewhere in this issue (*vide* page 287). It will be seen therefrom that the Company's products are assured of ready demand, that the quality of the products will be high since the Company has secured the technical collaboration of a leading cable manufacturing firm in Europe (Messrs. VEB Kabelwerk Oberspree of East Germany), and that the Company has a competent Board of Directors. Viewed thus, the public issue may be expected to receive good response.

DENMARK LIBERALISES IMPORTS

Denmark has reported to the Executive Secretary, General Agreement on Tariffs and Trade, on the measures taken in implementation of the G.A.T.T. Action Programme for expanding the trade of developing countries. When the Action Programme was adopted by Ministers in May 1963, it was agreed that custom duties on tea and tropical timber should be removed with the least possible delay. The Danish duty on tea, which amounted to 2.70 Danish crowns (*ad valorem* equivalent of 25 per cent), has been eliminated. No Danish duty on tropical timber has existed for several years. Denmark has also reported that, besides the removal of a considerable portion of the remaining Danish import restrictions on twine, cordage, ropes and cables of coconut fibre, electric motors and bicycles, it has liberalised imports of other items, which, although not falling under the Action Programme, have been identified as being of export interest to developing countries. These are bottles, containers of glass etc., plates, sheets and strips of unvulcanised rubber, and flooring materials of agglomerated cork with effect from 1st July 1963, dried vegetables, a considerable number of different varieties of preserved fruits and vegetables, fire hoses of rubber, articles of cork and agglomerated cork apart from flooring material, with effect from 1st January 1964, and mats and certain other articles of unhardened vulcanised rubber and tubings of rubber with effect from 1st July 1964.

(*Concluded from next column*)

ing facilities to deal with a temporary imbalance or with movements of short-term funds. Such is not the position of the developing countries whose possibilities of obtaining international credit continue to be restricted by the hard currency resources of the International Monetary Fund. Yet the two greatest factory areas of the world, the U.S.A. and Western Europe, remain stolidly opposed to an international credit system in which hard currency reserves would play as little a part as the gold stock of any industrialised country does to its internal currency and credit circulation.

But other factors can hold up new output: the U.K. is experiencing an odd example at the moment under the North Sea. Here lie supplies of non-dollar oil on which all the North Sea countries have fastened their eyes. Companies prospecting from the U.K. now need licences to drill: the Government is prepared to issue these on capitalist lines; but the Labour Party is asking the Government to wait: it would like to issue licences on "mixed-economy" lines, going half-shares with the producers once they strike oil. Since the oil companies know the view of the Labour Party, they may have decided to wait—however ready the Government may be to grant licences—till after October and see whether the terms make the venture worth their while!

LONDON LETTER

PRODUCTION TAKES A HOLIDAY

(From Our Own Correspondent)

LONDON, *7th August*

THE Treasury has now come round to the view which business has generally held for some time that things in the production world are not quite what they should be. "In the first half of 1964," says the Treasury's *Bulletin for Industry*, "economic activity has continued to increase. Manufacturing investment has turned upwards and business confidence is high. The trend of unemployment continued downwards (though less fast since the first quarter) and by mid-year pressure of demand for labour was high. It is clear, however, that the pace of expansion has been slowing down this year."

But it is equally clear that the Treasury can't make out what is happening to industrial production, because a high level of activity appears to be coupled with an astonishing uniformity of stagnation. Over the past six months, the production indices have risen, over all manufacturing, no more than 2 per cent. And the whole of this rise had already taken place in the first month of the year! The chemical industries are more progressive than most and show a rise of 4 per cent; the iron and steel industries show a rise of nearly 5 per cent—though metal manufacture as a whole is no more than 2 per cent up; engineering is under 2 per cent up; textiles under 1 per cent; bricks and cement—the basic construction materials—3 per cent up; electrical goods are nearly 4 per cent up; but vehicles and shipbuilding are "stagnant"; some branches of production have actually registered a drop.

There can be only one explanation, that, in the latter part of last year, the pace was pushed too fast to go on increasing and, having achieved a relatively high level of output, industry has been satisfied with turning over at that level. Such an explanation may serve for half a year or so; beyond that time the implication will be that the U.K. is not capable of a sustained rate of growth of as much as 4 per cent.

It is satisfactory to turn to the progress of investment in manufacturing industry. Data on this lags behind that for manufacturing output; but the rise in the last quarter of last year has been continued in the first quarter of this. Not only private but public (largely roads and houses, but also schools and hospitals) investment remains at a strongly rising trend. Total fixed investment rose by 3½ per cent or more in the first quarter and the indicators point to a continued increase.

Investment in stocks rose from a low rate early in 1963 to a high rate at the end of the year; the rate of stockbuilding since then has continued high, but it has not apparently been adding so much to the growth of demand as it did last year. Nevertheless, stockbuilding and fixed investment are about the only components of demand that continue to show strong expansion. Imports of industrial materials and finished manufactures have continued to rise, but even their rate fortunately has fallen back from the high level reached at the beginning of the year.

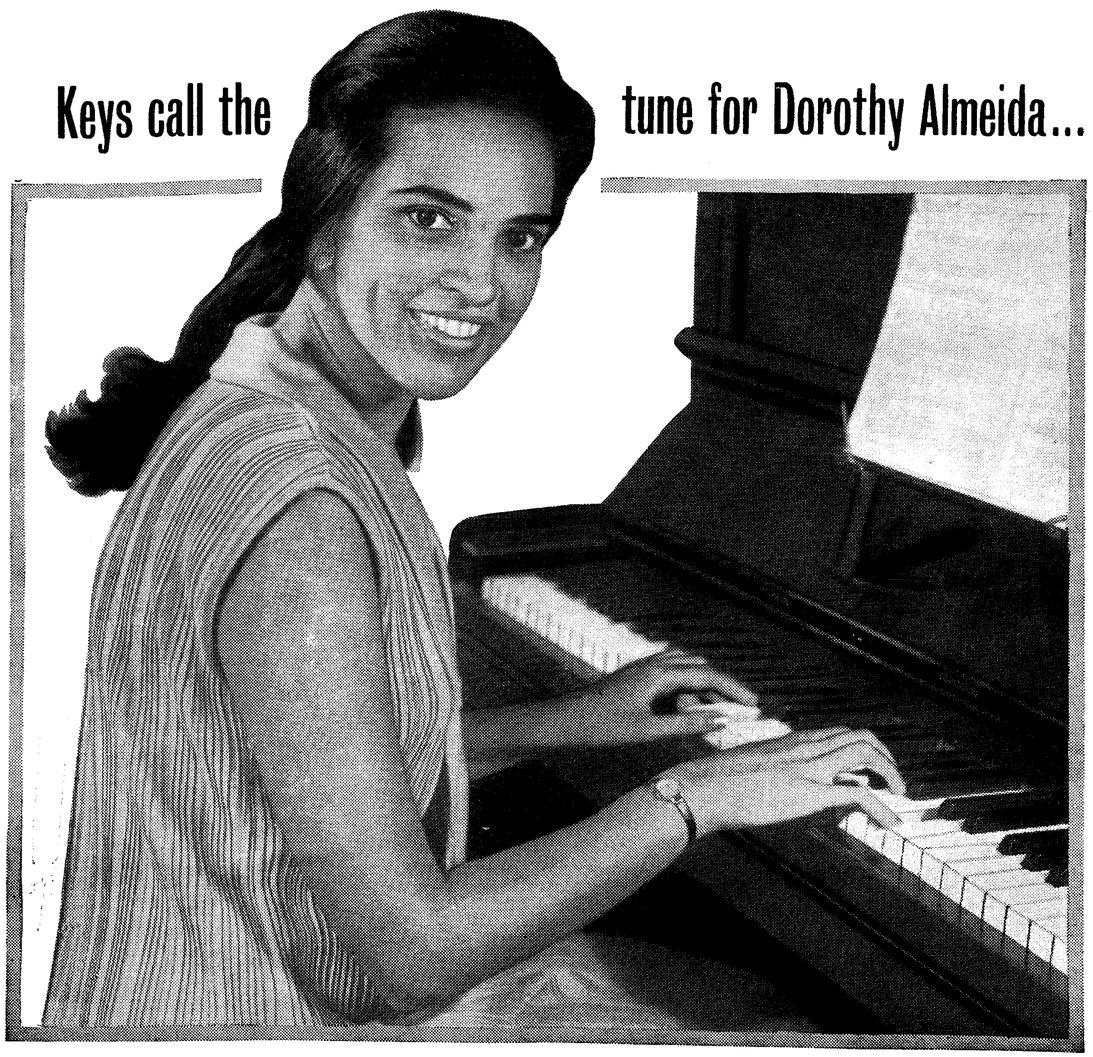
World Picture

How does Britain's position fit into the world picture? Not as well as it should... "World industrial production is expected to increase during 1964 at about the same rate as during 1963; world exports of manufactures are expected to grow only slightly less than in 1963 (a point of great significance to Britain) ... all the main markets for British exports are expected to expand throughout 1964." The world trade in manufactures was about 13 per cent up in 1963 over the level of 1962 and this is the rate of growth which is expected to be maintained. But the main cause is the expansion in the American economy. Of course, the expansion of imports into the U.K. is one facet of this growth in world trade and a similar situation is experienced in Western Europe, in Australia and South Africa and in many of the developing countries. And, in most of these countries, this growth, so welcomed by the exporting countries, is accompanied by a fear of the growing imbalance.

The U.K. is fortunate in having very large first and second line reserves and other borrow-

(*Continued in previous column*)

Keys call the tune for Dorothy Almeida...



She wouldn't put it quite like that herself. She'd say she enjoys playing the piano in the evenings. She'd tell you about the composers she likes, her favourite numbers, her preference for jazz. At work, it's the typewriter keys that call the tune. Here a different touch is needed: brisk, sure, efficient. Whatever the content or the mood—an official letter or a Gershwin blues number—Dorothy Almeida has it at her fingertips!

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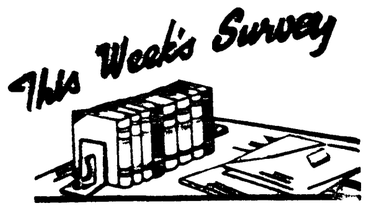

CORPORATE MANAGEMENT AND FINANCE

THE two-day conference on promotion of research in corporate management and finance, held at New Delhi last week, was notable for more than one important reason. The conference, which was convened by the Company Law Board (Chief Organiser: Dr. Raj K. Nigam) in co-operation with universities and research institutions, served to highlight the vital role played by research on corporate matters, to assess the vast scope that exists for further work in this field in addition to the marked progress achieved in the past few years, and to focus attention on some of the difficulties faced by research workers. It also sought to emphasise the need for effective application of research to corporate problems, as well as for co-ordinational planning of research. In fact, the conference itself gave a lead in this regard by pleading for the setting up of a permanent autonomous organisation in which the various institutions actively engaged in research might be able to participate. Closely allied to this plea were two suggestions: one, the universities should work on fundamentals, while other institutions should devote attention to applied research; and, two, adequate facilities must be created for training researchers in methodology, etc.

A serious handicap lying in the way of intensified research on corporate matters is paucity of information furnished in the annual accounts of several companies. The present form of preparing balance-sheets and profit and loss account provides for a lot more information than was the case before the first comprehensive amendment to Company Law in 1956. Several of the leading companies have gone out of their way to give more information than is required under the Act; in doing so, they have followed the example set by their confreres in the U.S. and have recognised the need to impress the investors in share markets. Nevertheless, there is no gainsaying the fact that the vast majority of companies, including many in the public sector, are still conservative in disclosing the details of their working. In particular, not much light is generally thrown on the break-up of various items, as, for example, loans, salaries and wages, details regarding production, and data on profit-margins, replacement costs, etc. This was an issue on which there seemed to be consensus of opinion in the conference. Emerging from the discussions was a proposal that the companies should be asked to reveal more information, if not by legal reform, by the various professional bodies.

The corporate sector, like Cæser's wife, should be above suspicion in the eyes of not merely shareholders but the public at large. It will be in the interest of the companies themselves to make their annual accounts a true index of their actual financial operations. But, unlike in the public sector, companies in the private sector have to compete with one another and cannot disclose all their secrets to their competitors. The demand for comprehensive information from joint-stock companies has, therefore, to be reconciled with the need for safeguarding the interests of individual companies. The Government of India, according to the Union Finance Minister, Mr. T. T. Krishnamachari, who addressed the concluding session of the conference, is considering an amendment to the Companies Act to compel companies to provide more exhaustive information about their financial operations; the question of framing the actual requirement in legal terms is, we are told, being actively examined at present. While this move is a right one, the point just made above has also to be borne in mind. Before this particular amendment is finalised, the Government will do well to discuss the issue in detail with the leading chartered accountants and spokesmen of industry.

Private limited companies enjoy special protection in regard to disclosure of information either to the Government or to shareholders. Recalling this protection, the Finance Minister favoured a statutory limit on the scale of operations of these companies. He said: "Either such companies may be obliged to keep within a ceiling of Rs. 20 lakhs or Rs. 25 lakhs of turnover per year, or a suitable formula devised on the basis of capital employed. Operations larger than this limit should be carried on only by public limited companies."

It is true that the private limited companies enjoy a certain amount of secrecy about their operation and financial results. And it is equally true that tolerance of such of those companies as are large does not appear to be in keeping with the greater and greater stress laid on wider diffusion of share ownership. But the question is whether what the Finance Minister favours is the correct solution. The number of private limited companies with an annual turnover of Rs. 20-25 lakhs is fairly large and one wonders whether it would be a practicable proposition to force all of them to convert themselves into public limited companies just for the sake of more detailed information on the corporate sector. If forced, the larger private limited companies may be split into several small companies within the specified limit. Again, several companies may offer for public subscription just a nominal amount of capital, keeping the bulk of it in the hands of directors, friends and relatives. Since private limited companies bear a relatively higher tax burden, the Government, too, may lose some revenue if they are converted into public companies. All these aspects must be examined carefully before the Government takes a firm decision.

NEYVELI POWER STATION

After a protracted delay, the first stage of the thermal power station at Neyveli in Madras has at last been completed. The commissioning of the first stage was formally done on Wednesday the 5th inst. by Mr. P. S. Neporozhni, Soviet Russia's Minister and Chairman of the State Production Committee for Power and Electrification. The power station is unique in several respects. It is, for instance, the single biggest generating station in India, consisting as it does of five turbo-generators with an aggregate capacity of 250,000 kw. The capacity is being raised to 400,000 kw.—construction and assembly work in this connection is in full swing—and it will be raised still further to 600,000 kw. during the fourth Plan. Apart from bigness, the power station is a pioneering venture, in that it generates power on a large scale by using lignite (instead of water or coal or oil) as fuel. The importance of the station lies in the fact that it will ensure additional supply of power to a region which has for long experienced an acute shortage of electric power supply and faced the difficulty and the cost involved in transporting coal from West Bengal and Bihar.

More than all these, the power station is an impressive mark of close Indo-Soviet economic co-operation. Soviet Russia has given a credit of 112.5 million roubles for financing the construction of the power station. This station is one of the thirteen thermal and hydro-power stations with an aggregate capacity of 2,655 MW. now being built in India in collaboration with Soviet Russia. In the course of construction and operation of the first stage of Neyveli power station, several Indian engineers and workers, with whom the Soviet specialists have shared their experience and knowledge, have been trained. In a short period of time, they have, it is claimed, mastered the details of erection and maintenance of big modern power stations equipped with the latest machinery and instruments. Well could Mr. Neporozhni claim that the fruitful results of friendly co-operation between the Soviet and Indian peoples are best seen in the construction of the first stage of the power station.

The Neyveli Lignite Project was first intended to produce thermal power, but advantage has been taken of the marginal excess of lignite over the quantities required for generating power to establish a complex consisting of a fertiliser plant and a briquetting-carbonisation plant. Both these plants are under erection. The fertiliser plant is designed to produce about 154,000 tonnes of urea per annum. Equipment for this plant is being supplied partly by a West German firm and partly by an Italian firm; it is expected to go into production during 1966. The briquetting-carbonisation plant is being put up by a consortium of German firms and the State Electricity Commission of Victoria in Australia; it is expected to commence operation in December 1965. About 386,000 tonnes of carbonised briquettes will be produced for both domestic and industrial uses. The total outlay on the integrated complex, including the residential colony, is put at Rs. 117 crores.

In the course of removal of overburden, excellent china-clay, which is found close to lignite, also becomes available. A clay washing plant capable of producing 6,000 tonnes of washed clay annually has been set up. It is already in regular production. The clay is being used for the production of high-tension and low-tension insulators, sanitaryware, crockery and ceramics of various description. Apart from the main products which will increase the power, fuel and fertiliser resources of the country, there will be a number of useful by-products such as carbolic acid, cresols, fuel oils and char dust from the briquetting-carbonisation plant. Based on these byproducts, further subsidiary industries could be set up. A steel plant based on Salem iron ore and Neyveli lignite is also a possibility. The integrated Neyveli Lignite Project will thus play a vitally important part in fostering the industrial development of the Southern region. No one is pleased so much about the vast potentialities of the project as those who had at one time expressed serious doubts about the economics of the project.

SMALL-SCALE INDUSTRIES

Although the development of small-scale industries in the third Plan period uptill now has not been impressive, the first two Plans witnessed a rapid growth of these industries. There was a substantial increase in the number of units, the volume of production, employment and productivity. A wide variety of new products, requiring highly developed technical skills, was taken up. A brief survey of the growth and problems of these industries will be timely, as it will provide an appropriate background to such decisions as may be taken at the meeting of the Small-scale Industries Board which is being held at New Delhi at the time of writing. According to the studies conducted by the Central Small Industries Organisation, during 1959-61, small-scale industries accounted for the entire production in 14 industries such as clinical thermometers, bifurcated rivets, paper pins and gem clips, measuring tapes and mechanical toys. Ten other industries like fountain pens, rolling shutters, electric irons, metal clad switches, oil pressure stoves, wire netting and wire mesh, etc. had 80 per cent of the installed capacity in the small-scale sector. Similarly, out of 60 products for which figures are available as many as 41 items had more than 40 per cent of the total installed capacity in this sector. To give another indication of the importance of the small-scale sector, no less than 35 per cent of the national production of dyestuffs and almost two-thirds of the production of pesticides in the organised sector come from small-scale industries.

During the first two Plan periods the Government played an important part in encouraging the establishment of small-scale industries. The Small Industries Service Institutes, the National Small Industries Corporation, the Small-scale Industries Board and the Central Small Industries Organisation were all established during this period to assist these industries by way of technical advice, supply of machinery on hire-purchase, finance, sale and establishment of industrial estates. Various schemes for their development were drawn up and further expansion of capacity in the case of many industries was reserved for the small-scale sector. The third Five-year Plan recognised their role and emphasised a co-ordinated development of both the small-scale and large-scale sectors. For this purpose the Plan stressed that, "in each branch of industry, with a view to planned development, it is essential to have a comprehensive view of the requirements of the community, the contribution which small industries can make in relation to large-scale industries and the extent to which the processes and stage of production can be decentralised." An Ancillaries Directorate was set up in the Central Small Industries Organisation and a Standing Committee of the Small-scale Industries Board was assigned the task of continuously reviewing the progress of the development of ancillary units.

During the last two or three years, however, there has been almost a stagnation in the development of small-scale industries largely due to shortage of production requisites. Thanks to the tight foreign exchange position, imports of components and raw materials were restricted. Even the supplies of domestically produced raw materials like steel, pig iron, coke, etc. became scarce. Expansion of industrial estates was also affected by these shortages as well as by the non-availability of enterprising small entrepreneurs who can make use of the facilities made available by the Government in these estates. In recent months, much noise has been made by politicians and nationalisation of banking has been demanded on the ground that small-scale manufacturers have not been getting adequate credit from commercial banks. But this is not the real bottleneck. The State Bank of India and its subsidiaries in the public sector and commercial banks in the private sector have been doing much useful work. Actually, it is the terms of State Financial Corporations for giving credit to small industries that are very rigid, the emphasis being on security rather than the creditworthiness of the party and the paying capacity of the industry in which he is engaged. It may be noted here that the State Bank of India and its subsidiaries have provided the small-scale sector with cheap credit to the tune of Rs. 35 crores. Recently, the Reserve Bank of India carried out a survey of commercial banks' credit to small industries under its special schemes. It found that, notwithstanding the difficulties encountered by small manufacturers on account of shortage of raw materials, fuel, power and transport and the consequent difficulty in recovering the loans, the assistance rendered by commercial banks has been impressive and that, on the whole, bank credit to small-scale units has been rising at the substantial rate of 25 per cent per annum.

The development of small-scale industries has certain advantages as well as disadvantages. On the positive side is decentralisation. The importance of this factor has been recognised since the very beginning of the programme of development of these industries in this country. In the words of the Karve Committee, set up to draw plans for development of small-scale industries for the Second Five-year Plan, "the pattern of industrial activity that should gradually emerge is that of a group of villages having its natural industrial and urban centre. These small urban centres will be related to big ones; thus a pyramid of industry based on a progressively rural economy will be set up." The gestation period in these industries is also comparatively smaller than that in the case of large-scale industries.

Although these industries have a large employment potential and the investment per employee and per unit of product may also be low, it must not be forgotten that, in many cases, the production per person and the capital-output ratio is considerably lower than that attained in the large-scale sector. Capital being one of the most important factors in the economic development of the country, India cannot afford to have a low capital-output ratio by investing large sums of money in small-scale sector. Then there is the problem of the cost of production and the optimum utilisation of raw materials. The small-scale industries are generally not able to get the maximum out of the raw materials and in many cases the cost of production is also high. India—being short of almost every variety of raw material—can hardly afford this wastage; and in an economy faced with inflation there is a great need for bringing down the cost of production, both for home consumption and exports.

This, however, does not mean that all types of small-scale industries are subject to the limitations mentioned above. There may be some industries in the case of which the capital-output ratio may be equivalent to, or even higher than, that in the large-scale sector. There may be many others the cost of production and quality of which may be competitive and they may be able to capture even the foreign markets, as some of the units in the small-scale sector have already done. It would, therefore, be desirable to undertake a comprehensive study

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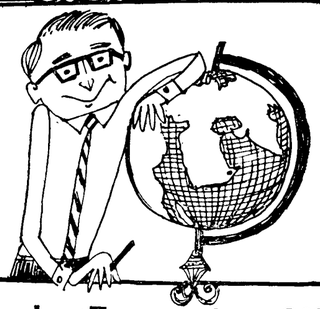

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of the capital-output ratio, cost of production, quality of products—as a matter of fact, of all the economic aspects—of the various industries operated on small scale, in order to evaluate their contribution to the economic growth of the country and determine the scope for them in the fourth Plan. It is only the industries which can be established economically in the small-scale sector that should be chosen for providing all the facilities and encouragement. In view of the limited resources at the country's disposal, such a selective approach will be better than a haphazard growth of small-scale industries in every line of manufacture.

INDO-RUMANIAN CO-OPERATION

Systematic exchange of goods between India and Rumania started with the conclusion of a trade and payments agreement between the two countries a decade back in 1954, before which year only sporadic trading was transacted. Indo-Rumanian economic co-operation got cemented with the visit in 1962 of a Rumanian trade delegation, led by Mr. Gheorghe Gheorghiu-Dej, President of the Rumanian Peoples' Republic State Council, and with the commissioning of the first Indian State refinery at Gauhati that year, in pursuance of an earlier agreement signed at Bucharest in 1958. The outstanding results of this economic co-operation are visible in the petroleum sector. Rumanian experience and expertise have greatly helped India to tap its dormant oil and gas resources. Not only has Rumania designed and erected the Gauhati refinery, but that country has also supplied the requisite installations, equipment and materials. Moreover, many Rumanian drilling rigs for various depths operate at present on India's oilfields.

The visit of the Rumanian trade delegation in 1962, it will be recalled, resulted in a long-term agreement between the two countries. According to this agreement, long-term assistance —technical, economic and scientific—would be forthcoming from Rumania by way of complete industrial installations and technical know-how for the construction of chemical, petro-chemical and cement factories and power stations. Under the agreement, India has also been committed to export iron ore and other products in return. Thanks to this agreement and the inter-governmental management established in 1960, a two-way trade pattern has developed between India and Rumania. This country is thus importing, apart from oil equipment, tractors, road rollers, metal-working machine tools, high voltage electric transformers, diesel engines, electric and water meters, lubricating oils, sodium products, carbon black, dyestuffs, chemicals etc. from Rumania and is exporting to it products such as tea, pepper, coffee, iron ore, ferro-manganese, cotton yarns, jute sacks, vegetable oils, shellac, mica etc.

But, despite all this economic co-operation between India and Rumania during the last decade, the total value of trade between the two countries has of late begun to decline. The total exports to Rumania, which increased from Rs. 2.58 crores in 1961-62 to Rs. 3.38 crores in 1962-63, have declined to Rs. 2.75 crores in 1963-64. Imports from Rumania have also come down from Rs. 3.83 crores in 1961-62 to Rs. 1.85 crore, a decrease of nearly 50 per cent. While, it has undoubtedly been possible for this country to correct the adverse balance with Rumania, which stood at Rs. 1.25 crore in 1961-62, the fact must not be overlooked at the same time that the total volume of trade itself has come down from Rs. 6.41 crores in 1961-62 to Rs. 4.6 crores in 1963-64. It is needless to add that, in the long-term, only an expansion in the two-way trade would ensure better economic co-operation between the two countries.

INDO-CZECH ECONOMIC RELATIONS

Czechoslovakia is one of the countries actively assisting India in its task of economic development. The construction of four important public sector projects, namely, foundry-forge plant and heavy machine plant at Ranchi (Bihar), heavy power equipment plant at Ramachandrapuram (Andhra Pradesh) and high pressure boilers plant at Thiruchirapalli (Madras), started with the help of credit made available by Czechoslovakia under the first economic agreement signed between India and that country in 1959. Under this agreement, India obtained Rs. 23.1 crores from the Czechoslovak Government and Rs. 17 crores from Technoexport of Prague, the Czechoslovak foreign trade corporation. When completed, these projects will go a long way towards strengthening the country's industrial base. The Foundry-forge plant will supply castings and tools at the machine tools plant as well as for the production of machines at the heavy machinery building plant. The heavy power equipment and high pressure boilers plants are expected to strengthen the power base for industrial development.

The second economic agreement signed between India and Czechoslovakia on 11th May last provides for a further credit of Rs. 40 crores to India to finance the purchase of equipment from Czechoslovakia for expanding the aforesaid plants and for constructing a few new projects. The Technoexport has undertaken to tender planning and technical advice, besides making available the services of specialists for the machine tools industry. At present about 200 Indian technicians are being trained in Czechoslovak factories and the number is expected to increase to 700. And about 200 Czechoslovak experts are already helping India in designing, installation and commencement of production; this number is likely to increase to 800.

The beneficial results of closer economic co-operation between the two countries are reflected in the marked expansion of trade. The aggregate value of trade, which was no more than Rs. 13 crores in 1960, touched as high as Rs. 30 crores in 1963. India now occupies the third place in Czechoslovak's foreign trade with non-Socialist countries and Czechoslovakia holds the sixth position in the foreign trade of India. Between 1962-63 and 1963-64, while imports from Czechoslovakia to India have declined from Rs. 19.70 crores to Rs. 17.34 crores, exports to Czechoslovakia have gone up from Rs. 11.1 crores to Rs. 16.2 crores. Exports will be higher still in the coming years, as India will be repaying the credits through the delivery of Indian goods.

In the trade and payments agreement signed in November 1963, when the Czechoslovak Foreign Trade Minister, Mr. Frantisek Hamouz, visited this country, a provision was made for exchange of larger quantities of non-traditional, finished and semi-finished Indian goods. During the last week of March 1964, a purchase mission from Czechoslovakia, led by the Vice-Minister of Internal Trade, visited this country. The mission selected a number of consumer goods for the Czechoslovak market, including all types of socks, fully processed suedes, knitted ready-made woollen wear, wollen and cotton underwear, ladies' shoes, woollen knitting yarns, handkerchiefs, handicrafts, razor blades, etc. Meanwhile, efforts to find out the demand potential in the Czechoslovak markets are also under way. The Czechoslovak Government has made an offer to this country to organise an extensive exhibition of Indian engineering and consumer goods in Czechoslovakia in 1965 and has promised to give this venture wide publicity through newspapers radio and television. The Government of India has already decided to participate in the International Trade Fair at Brno (from 6th to 20th September 1964) along with 300 Indian firms. All this will ensure a faster rate of economic intercourse between India and Czechoslovakia.

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ANCESTRAL HOME PUTS ITS HOUSE IN ORDER

By Questor

IT has recently become the fashion for large British companies which run into trouble over profit-margins and realise their need to get rid of superfluous fat to call in the American consultants, McKinseys, to advise them how best to do it. Shell has called them in; so has Imperial Chemical. Now the British Insurance Association is following along the same track. There could be no plainer evidence that the British insurance industry, the progenitor of the insurance business, knows itself to be in difficulties.

It is not the first piece of evidence. The larger insurance companies have been trying (successfully) to cut their costs for ten years past, and, recently, there have been a number of mergers arranged with economies in mind. But the experience of 1963 has encouraged everyone to move faster in this direction. The fourteen largest offices in Britain, whose business has a foreign content, received a premium income of just on $2,500 million last year and made a loss on underwriting of $87 million—their largest since the San Francisco earthquake.

It was possible to pay dividends only because the loss on underwriting was more than covered by investment income. Experience of financing operating losses out of investment income is common in the United States, but no insurance company can be happy to regard it as a normal condition of business. Hence, no doubt, the decision to call in McKinseys.

Last year's losses were only in part the result of exceptional factors, among which the severity of the winter stands out most obviously. The cost of fire damage continued to rise, not only in the U.S. but in Britain. During the past couple of years, it has been half as high again as the average for the preceding two, and it looks like being higher still in 1964. Experience in the accident department, which is dominated by motor business, was only slightly less bad. Only the marine and aviation side continued to be profitable: but claims are increasing here, too, and this side of the business is in any case relatively small. What is worrying the industry is not so much the results of a particular year, even a year like 1963, but the fact that the long-term trend looks distinctly unhealthy.

Continually raising premium rates cannot be the answer. It is being gradually recognised in the industry that the rapid growth of car population and the switch to open-plan factory building both demand a fundamental change in the traditional methods of fixing premiums. The first means that risk ought to be related not only to the type of car and the record of the driver but to the frequency with which it is likely to be used and the type of traffic conditions it is likely to encounter. The second suggests that British business is much less conscious than it ought to be of the fire hazard implicit in modern factory designs and that a sharp discrimination in rates would help to increase both awareness of the hazard and readiness to finance measures likely to reduce it.

This tendency to relate the individual premium more closely to individual circumstances is balanced, however, by a growing realisation that standardisation is the most hopeful approach towards cutting costs, two-thirds of which consist of salaries. The bridge between two apparently contradictory objectives is provided by the computer, which is only just beginning to make an impact on the insurance industry. A greater use of computers will not only make possible a considerable reduction in expensive clerical staff. It will also enable underwriters to make a much more accurate assessment of the real risks inherent in different types of situation and then to quote a variety of standardised rates.

A move in this direction will plainly tend to favour the larger companies, which have most to gain from cutting costs, and to produce still more mergers in the industry. It is also likely to have a gradual effect on life assurance, which at present is growing rapidly in Britain. The two main faults in current life assurance practice, from the point of view of the consumer, are, first, that an extremely conservative view is taken of the risk, so that the policyholder gets large bonuses but only when the Company sees fit to declare them; and, second, that it is still sold largely through professional agents (solicitors, bank managers and so on) who receive a relatively large commission for introducing the business.

As computers replace actuaries, premiums will tend to be more nearly related to the actual risks involved in assurance. And, as the larger companies become more dominant still, they are likely to look for new business less to commissioned agents and more to public advertising. Both their customers and their shareholders, I believe, stand to benefit from these changes.

* * * *

HOW MUCH IN THE KITTY?

Is there good reason for allowing banks exemption from any of the accounting requirements which the law imposes on other public companies? British banks—those which accept deposits—have always been allowed, despite successive Companies Acts, to accumulate inner reserves whose value is not disclosed in their published balance-sheets; their published figures of profit, similarly, are struck after undisclosed transfers to or from these inner reserves. Many people now regard this exemption as anachronistic and made their opinion plain to a committee appointed by the Government several years ago to recommend any changes which might be needed in the present structure of Company Law.

The Committee's report was not exciting. The main financial abuses which originally led to its appointment were dealt with in separate legislation. There were only three issues, apart from the vast mass of technical changes which these committees always recommend, which interested the financial community in general—the case for abolishing non-voting shares, the case for demanding much more information in company accounts, and the case for suspending the accounting exemption allowed to banks. On all three, the Committee came down for leaving things much as they were. But a sizable minority (five out of fourteen) considered that the banks should be allowed exemption only if they could convince the Board of Trade of the merits of their individual case. And the British Government, which recently announced that it intended to hold discussions with the banks before making up its mind on this point, evidently regards the question as still being entirely open.

The traditional argument for allowing the banks exemption is simply that any lack of confidence in their stability might cause depositors at home and abroad to withdraw their funds, so disrupting the banking system as a whole. Banks suffer fluctuations in their income and in the value of their investments from time to time which are large in relation to their profits; and full disclosure of these, it is argued, might prevent them from making adequate provision for the future in good years and shake confidence in their stability in bad ones. A run on the banks is admittedly unlikely in modern conditions, but the majority found it not impossible to imagine: and, therefore, decided to leave well alone.

It is perfectly true, of course, that bank profits are liable to fluctuate a good deal from one year to another and that it is the trend, rather than the results of a particular year, which is important: the dissenting minority would have been quite content if the banks were to publish honest profit figures every three years or so. But the argument about confidence is difficult to swallow. First, British merchant banks have published accurate figures from time to time when applying for a stock exchange quotation without suffering harm, and investment analysts make regular guesses (accurate or not) about the true size of bank profits and reserves. Second, it is exceedingly difficult to imagine circumstances in which there would be a run on one of the large British branch banks—eight years ago some of them admitted in their accounts that their investment reserves were more than exhausted, and their depositors showed no interest whatsoever; if such a run were to develop, the Bank of England would undoubtedly intervene to put things right in good time. Third, it does not flatter the intelligence of depositors to suppose that they repose greater confidence in a bank which conceals its true reserves than in one which has the courage to display them; indeed, it could be argued that the present system is a standing invitation to attract deposits under false pretences.

Banks large enough to be public companies are so closely supervised in Britain that there is little risk of the sort of mismanagement which often led to financial crises in the nineteenth century. Yet exemption from the necessity to disclose full information about profits and assets to the stockholders can lead, as with any company, to a different sort of mismanagement. It leaves the directors free—in the short run, at least—to pursue unadventurous policies and to make an inefficient use of the assets they manage. To take one example, the British branch banks own a great deal of property, much of it in commanding sites: there was even a rumour some years ago that one of the smaller banks (now safely absorbed into a larger) might be the subject of a take-over offer on the grounds that the market price of its stock was much below the value of the underlying property assets. Yet the banks are only now beginning to join wholeheartedly in major schemes of redevelopment. Competition between them ought, in theory, to ensure that assets are efficiently exploited, but outsiders sometimes wonder whether competition is as keen as the bankers themselves claim.

There is a conflict in every banking system between the need to encourage competition and the need to ensure that it does not go so far as to endanger the stability of the financial machine. Banks are strictly supervised in the national interest and are therefore not quite like other companies: this is a factor which the investor has to take into account. There may well be a case for allowing them some liberty to smooth out yearly fluctuations in profits by transfers to and from reserves where it is decided that this is in the national interest. But I do not believe that there is any case for allowing the present sweeping exemption automatically to the 100 odd banks of different kinds which are at present recognised by the Board of Trade in Britain. It would be much better, I think, to make each apply for exemption on its individual merits and to limit the exemption to the publication of a three-yearly or even a five-yearly rather than an annual statement of true profit. I hope that the British Government's decision to regard the question as still open, despite the majority recommendation of the Company Law Committee, will produce some such result as this.

SWEDEN SPENDS KR. 1,500 MILLION A YEAR ON RESEARCH

Sweden spends some Kr. 1,500 million ($300,000,000; or about Rs. 145 crores) a year on research and development. This corresponds to just under 2 per cent of the gross national product and makes her rank tenth, in absolute figures in terms of such expenditure among the world's leading industrial countries, according to *Företage och Forskningen (The Enterprise and Research)*, a publication recently issued by the Swedish Industrial Council for Social Economic Studies.

Out of total research and development spending in Sweden, industry accounts for two-thirds and the Government for the remainder. The Kr. 1,000 million spent by industry includes a couple of per cent for basic research, some 20 per cent for applied research and the remaining three quarters for the development of new products and processes.

An estimated 20,000 people, including some 5,000 holding an academic degree, are engaged in research in the industrial sector, which corresponds to two per cent of total industrial employment.

Of industrial branches, engineering accounts for the largest research spending, with a total of Kr. 602 million in 1959, the latest available breakdown figure. Next follow the chemical industry and the steel and metal industries. The heavy-weight in engineering is the aircraft industry, with Saab as an individual company, holding the lead. A further couple of major companies have research expenditures in excess of Kr. 50 million each.

Of the country's about 20,000 industrial companies, some 10 per cent do their own research. Altogether there are approximately 300 research laboratories within industry proper.

Government-sponsored research is traditionally carried out at institutes of learning such as colleges and universities, but also at other Government institutions and special research institutes. It is co-ordinated by a top-level research committee, twelve research councils and ten academies. A total of about 10,000 people are engaged in Government-sponsored research. The Swedish Government also participates in international programmes, such as research conducted within the framework of U.N.E.S.C.O. and O.E.C.D.

Besides the governmental and industrial activities in this field, research assignments are also placed by Swedish companies with foreign research institutes, with the Swedish nuclear research station at Studsvik, etc. A good deal of research is also conducted by individual researchers, inventors and engineers in their own laboratories and by local bodies such as port authorities and water works.

INTERNATIONAL LIQUIDITY

INCREASE IN I.M.F.'S RESOURCES FAVOURED

ALL the discussions on the adequacy of international liquidity during the last three or four years emphasised the necessity to enquire rather than to act. At the 1963 meeting of the International Moneary Fund (I.M.F.), the Managing Director indicated that the Fund would intensify its studies of international liquidity and related questions. Accordingly, the officials of the Fund made a special study of the problem. At the same time, the ten members of I.M.F. forming the Paris Club* also established a study group to make a thorough examination of the "outlook for the functioning of the international monetary system and of its probable future needs for liquidity." The essential tasks of both these committees during the last year have been to ensure that the central bankers and financial officials fully appreciate the basic points which the various economist-reformers have been making for altering the present international liquidity mechanism. The nineteenth annual report of the International Monetary Fund, published this week, includes, among other things, the principal findings of the Fund's Study Group. Its main finding is that "there is a case for an increase in members' quotas." It does not, however, recommend an increase in the quotas straightaway. Instead, it has proposed an early and detailed examination of the subject, in order to decide on the *size* and *timing* of a general increase, as well as on the need for special increases for individual countries. Even at Tokyo, where the twentieth anniversary of the Bretton Woods Conference is scheduled to take place next month, the emphasis is likely to remain on *preparing* for the reform rather than on the reforms themselves.

Adequacy of Liquidity

The question of adequacy of liquidity has taken a prominent place in recent and current discussions. The concern of the I.M.F. itself over international liquidity is not new: in 1953, a staff paper was published analysing the "adequacy of monetary reserves." In 1958 again, a staff study, entitled "International Reserves and Liquidity," concluded that the resources of the Fund were inadequate and recommended an increase in member nations' general quotas. This recommendation had great weight in the subsequent discussion on Fund quotas which led to the general quota increase in 1959. The ever-growing strains and stresses on the balance of payments position of an increasing number of countries in recent years, the pace and pattern of economic development among the developing countries, and the problems and policies concerned with aid, trade and transfer of resources from the rich to the poor countries, all these have once again raised the question of the qualitative and quantitative adequacy of the international liquidity structure.

In its study of international liquidity, the Fund has given due weight to the views and interests of countries at different stages of economic development and with dissimilar economic and financial institutions. Whatever be the views and interests of the developing countries, the provision of liquidity depends to a very great extent on the policies adopted by the major industrial countries, and the Fund has kept itself informed of the current thinking on these issues among the representatives of these countries. In its analysis, the Fund has not merely confined itself to the question of adequacy—present as well as future—but also outlined the main and major issues involved in the current discussions on liquidity.

International liquidity consists of *all* the resources that are available to the monetary authorities of countries for the purpose of meeting balance of payments deficits. The range of available resources is large and full of variety—from the assets readily available to resources that become available only after extensive negotiations. Assets that are readily or automatically available (*without* any prior conditions that significantly restrict the user's right of access) include at present holding of gold and exchange reserves in freely convertible currencies, gold tranche positions in I.M.F. and, in many instances, bilateral mutual credit or swap arrangements. Most other forms of liquidity are available only on prescribed or negotiated conditions as to use or as to the policies to be pursued by the country using it, though it may be that the degree of restriction may vary from case to case. The latter category even includes a country's capacity to borrow in the money markets of other countries and, in the case of a country with a key currency (as, for instance, the U.K. as the head of the sterling area), the willingness of other countries to accumulate further holdings of its currency. International liquidity thus covers also a wide spectrum of availabilities which are not readily subject to statistical measurement.

*Belgium, Canada, France, Federal Republic of Germany, Italy, Japan, Netherlands, Sweden, U.K., and U.S.A.

Policy Effects

To a large extent, the volume and direction of private international transactions depend upon the lever of international liquidity. It is true that the network of general liquidity and mutual credit arrangements among the members of he Paris Club has discouraged speculative movements on international exchange markets. Even so, the possibility of changes in the policies followed by national Governments, changes dictated by balance of payments considerations and of their unwelcome repercussions on other countries, is still there. Accordingly, any judgment as to the adequacy of a given level of international liquidity must reflect an estimate and an evaluation of the probable policy effects of expanding or contracting such liquidity.

Increase in liquidity, for example, makes it easier for the countries to which it is available for use to follow more liberal policies in regard to trade and capital movements and to follow more expansionary (or less contractionary) financial and monetary policies. If the international liquidity available for bridging *temporary* gaps in the balance of payments were not sufficient, many countries would find it difficult to correct maladjustments in their balance of payments without resort to measures destructive of national or international prosperity: arguing from the other hand, it may be stated that, if the general level of effective demand in the world were to hamper growth and employment, an expansion of international liquidity would be desirable.

Maintaining Balance

The economic policies in almost all countries are determined, guided and influenced by the triple ideal of high employment, economic growth and stable prices. In the international context, this also means that the countries must keep their overall balance of payments in balance *over a period of years.* In the short run, disequilibria one way or the other may be unavoidable or even inevitable, and the precise function of international liquidity is to bridge the gap between the short and the long-term without forcing the affected countries to follow policies that are destructive of national or international prosperity; an adequate supply of liquidity has, therefore, to provide enough *time* to enable the policy adjustments to work themselves out. The relationship between the availability of liquidity and the process of adjustment is clearly implied in the Fund's purposes and functions. Article I(v) says that the Fund is to make its resources available to members, under *adequate safeguards,* in order to provide members with an opportunity to correct maladjustments in their balance of payments, without, however, resorting to measures destructive of national or international prosperity.

Where the I.M.F. has failed is in making a distinction between the problems and needs of the developed and the developing countries. The short-term for the developing countries will have to be considerably longer than for the developed countries, and the adjustments involved will have to be far more fundamental, for the structural changes that may be required in the economy of these countries may take longer than usual to be effective.

Fiscal and Monetary Policies

The Fund has always insisted that fiscal and monetary policies should play an important role in restoring the balance of payments equilibrium, and that international shifts in relative costs, prices and incomes should take place, with their consequent effects on the flow of trade. The Fund, therefore, seems to feel that a proper use of policies should make it possible to correct and reverse balance of payments disequilibria within a reasonably short period without prolonged unemployment or stagnation in developing countries which are largely and frequently in deficit and without undue inflationary pressures on developed surplus countries. An appropriate use of international liquidity is allowed during this period of adjustment. But here the Fund has proceeded without appreciating the problems of both the developed and developing countries. The developing countries may not only find that, in spite of an increasing *volume* of their exports, their foreign exchange earnings are dwindling as a result of worsening terms of trade; they may face limitations in the free use of tied international credits and grants; they may also find that the limitations on the effectiveness of fiscal and monetary policies in the relatively unorganised markets and economics of their countries considerably prolong the period of adjustment required.. On the other hand, the developed countries may not be willing to allow their costs and prices to be affected and may not be willing to reduce or cut tariffs in order to encourage a freer flow of trade. Germany and Italy are the latest examples of countries which have shown their reluctance, in no unmistakable terms, to follow policies which may in fact mean an import of inflation from abroad, thus perpetuating the inflow of funds and mounting surplus. In fact, the I.M.F. has conceded that international adjustment through changes in relative costs and prices in different countries involves more upward adustments in surplus countries than downward adjustments in deficit countries—both of which are difficult to achieve.

Prospective Trends

On the occasion of the last annual general meeting of the I.M.F., it was generally agreed that the supply of international liquidity was adequate. This year's annual report of the Fund, however, points out that the adequacy of general level of liquidity does not necessarily mean that its distribution among countries or the supply of each type of liquidity is equally satisfactory. Moreover, it is necessary to examine, says the Fund, prospective trends in the adequacy of international liquidity. After a detailed study of the factors governing the demand for and the supply of liquidity over the last decade, the I.M.F. has come to the conclusion that, in the next decade, there is likely to be a persistent and substantial growth in the demand for international liquidity.

Discussing the nature of the aditional liquidity required, the Fund refers to the merits and demerits of the bilateral regional arrangements outside the Fund and the multilateral liquidity provided by the Fund. Bilateral credit arrangements between monetary authorities which have been introduced among industrial countries in recent years are useful in several respects, particularly the speed and secrecy with which they can be invoked to deal with speculation. The swap arrangements made by the U.S. Treasury with the European Central Banks and the London Gold Pool with the participation by European and U.S. Central Banks are two excellent illustrations. But the very bilateral character limits the scope and usefulness of the arrangements. The advantages of the multilateral institutional approach is that liquidity is available to countries on a world-wide basis, at appropriate times, and on appropriate terms and conditions. The Fund has, therefore, recommended an examination of the desirability of increases in quotas for expanding operations of the Fund and for providing additional liquidity. The entire problem

(Continued on page 286)

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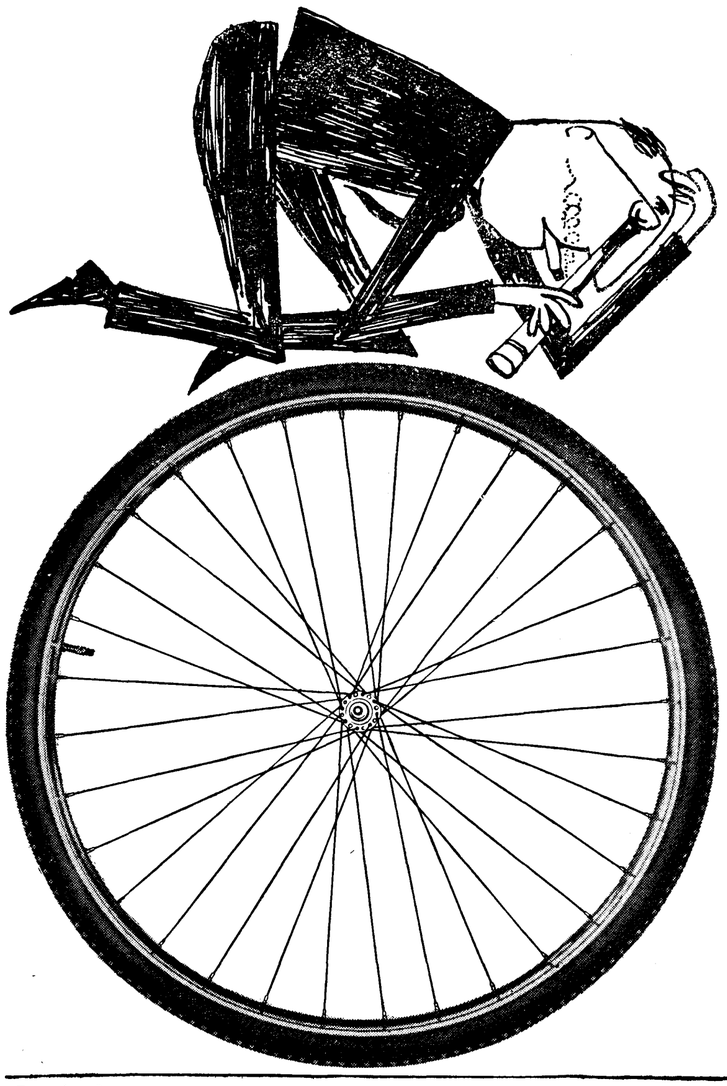

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MANCHESTER LETTER

COURTAULDS ENTERS COTTON INDUSTRY

MOVE TO ACQUIRE THE TWO BIGGEST SPINNING GROUPS OF LANCASHIRE

From Our Special Correspondent

MANCHESTER, *4th August*

CONTROL of the two biggest spinning groups in the Lancashire cotton textile industry now seems likely to pass into the hands of Courtaulds, the man-made fibre combine. Takeover bids for Lancashire Cotton Corporation and Fine Spinners and Doublers—announce on the same day and together worth £37 million —have been accepted by Directors. The Boards of the two Lancashire companies are recommending the offers, and advise shareholders to accept the bids.

From the Manchester traders' viewpoint, the news has been received with mixed feelings. There have only been isolated instances in which the matter has been treated sensibly by the Press and the giant deal has brought with it what many Lancashire cotton men regard as uninformed and unfair criticism.

One writer, observing that at last the entire process, "for good or ill," is now really concentrated in a single planning, thinking, foreseeing hand, quite rightly says that Lancashire has seen this solution to its problems for years. The critics will, of course, immediately reply that the industry should have organised itself through its own endeavours, but, in the modern era, the emphasis undoubtedly rests on finance. This has, in fact, only been available from the built-up reserves of man-made fibre giants during the past 15 months.

In the circumstances, it must be regretted that control is now vested in London. That Courtaulds, indeed, is now the instrument through which this power will be translated into action is something of a paradox. The way in which the pressure has been applied on Lancashire firms smacks very much of the manner in which I.C.I. made its controversial bid for Courtaulds some 2½ years ago.

Almost an Insult

If the offer for Fine Spinners, giving the Directors just three days' grace to consider their verdict, could be described as a whirlwind courtship, the matter of minutes between the handing over of the bid for Lancashire Cotton to their Directors and the public announcement of its contents was far more in the nature of "a shot-gun marriage." In the hope that at least some facts which must be borne in mind in taking a reasonable view of the outlook will eventually permeate to some of those who have been excessively quick to castigate cotton, it is only fair to quote a number of aspects of the situation, however evident they may be to those who are in close touch with the trade itself.

First and foremost, the part which cotton plays in the textile scenes should be reiterated yet again. Whatever the eventual outcome of the forthcoming adjustments, the production of cotton yarn and cloth at the moment still represents approximately two-thirds of the industry compared with one-third accounted for by man-made fibres. It may well be that these proportions will at some future date be reversed, but even the most prejudiced believers in the synthetics admit that such a change will only be accomplished in time—quite probably in a score of years or more.

Reliance on Man-made Fibres

At the same time, anyone who professes a faith in the future of textiles as a whole knows perfectly well that the ability to produce goods with suitable characteristics for individual end-uses must increasingly rely on the man-made fibres whose output and distribution can be more easily adopted to the needs of the moment than agricultural fibres, whose availability has often been jeopardised by the whims of nature.

For many years past, scarcely a firm could be found in Lancashire which did not process man-made fibre goods. Recognition of this fact has come in the merging of trade associations and the general acceptance that no separate industries existed but only one major entity engaged in the output of cotton and man-made fibre materials.

In this connection, it is pertinent to quote part of a survey recently undertaken by a firm of Manchester stockbrokers on the usage of man-made fibres in the cotton industry. By the beginning of the last decade, this report observed, man-made fibres accounted for some 25 per cent of total production of woven cloth. In recent years, the U.K. demand for both cotton and man-made fibre fabrics has remained relatively static, reflecting to some extent the swing to knitted apparel.

Consumption of man-made fibre cloth within the total, it is stated, has in fact declined. At the same time, the rise in the proportion of total cloth production represented by man-made fibres to about a third has been due solely to the fact that the effect of the substantial increase in imports has been confined to the cotton cloth side.

Rayon's Tariff Wall

Those who are excessively critical of the attitude of the cotton leaders in constantly calling for protection seem to assume that suppliers abroad will never take up man-made fibre production on any scale. Already in the first half of the current year, the imports of man-made fibre yarn and thread have risen sharply, while arrivals of foreign man-made fibre cloth have increased from 29 million square yards to 46 million square yards.

Lancashire cotton has stood entirely on its own as a major British industry, completely unprotected for many years from the inroads of foreign competitors, until the recent Government action to license arrivals before new suppliers gained a footing on the home market. In contrast, the rayon products emanating from Courtaulds already account for well over 90 per cent of British consumption. Often completely ignored by those writers who glory in attacking cotton is the fact that rayon is protected by a formidable tariff of 7½*d.* on a basic price of around 17*d.* Inevitably, this gives the fibre a position of great power in the industry and it is scarcely surprising that its growth has been substantial and that its future should seem almost impregnable.

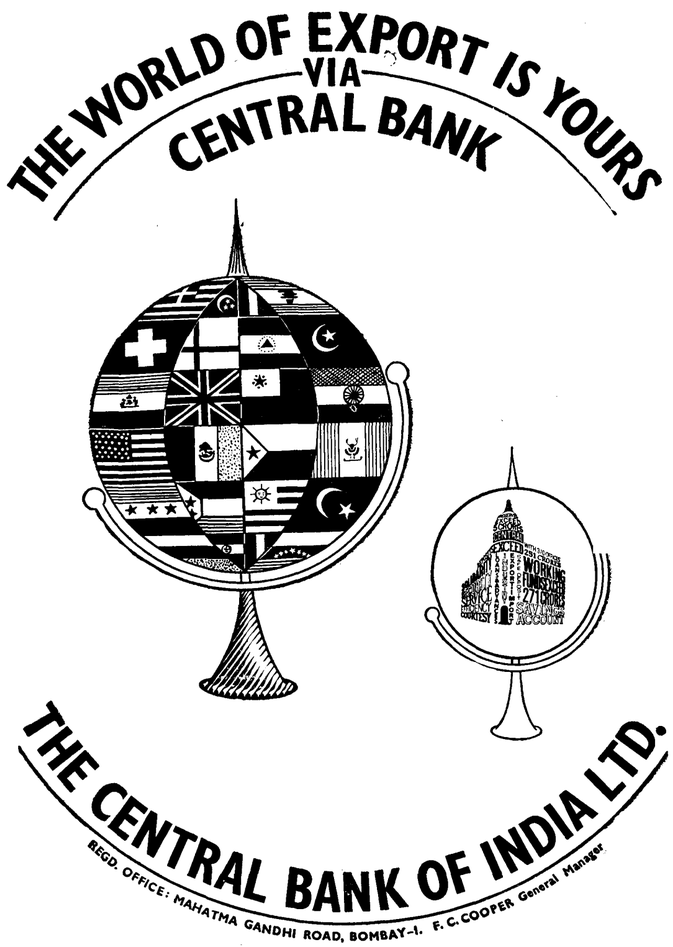
Barlow and Jones Takeover

Another big takeover move in the Lancashire cotton textile industry, followed soon afterwards. English Sewing Cotton, the Manchester-based group, is bidding two-and-half million pounds for the 90-year-old Bolton spinners and manufacturers, Barlow and Jones. The Barlow and Jones Directors are recommending shareholders to accept the offer as "fair and reasonable."

The development came just 72 hours after the £36,000,000-bid by Courtaulds for the two biggest groups in the cotton industry, Fine Spinners and Doublers and Lancashire Cotton Corporation. The 90-year-old Barlow and Jones company has six mills—five in Bolton, one in Dukinfield—and employs more than 1,800 workers. It has spent more than £1,250,000 on modernising its mills under the big cotton streamlining programme. All the mills are geared to two- and three-shift working.

Indian Order

A Yorkshire company has won an order worth £1½ million for the supply of worsted spinning machinery to India. The agreement, announced last week, has been signed by the State Trading Corporation of India and Prince, Smith and Stells, Keighley, a member of the Stone-Platt Industries group. The deal follows a recent contract secured by the same group for the supply of cotton machinery to India.



TEA PRODUCTION AND EXPORTS

REVISED THIRD PLAN TARGETS LIKELY TO BE ACHIEVED FULLY

THE Planning Commission's sub-group on tea, it will be recalled, recently revised downward the third Plan production and export targets for this beverage fixed to be achieved by 1965-66, the former from 900 million lbs. to 830 million lbs. and the latter from 610 million lbs. to 530 million lbs. When the findings of the sub-group were published, a section of tea planters was somewhat doubtful whether even the revised targets could, in fact, be fulfilled. But the actual trend of output and exports in the past few months seem to belie these doubts. Indeed, it looks as though the revised targets will not only be fully reached but actually exceeded. This at any rate is the impression one gets from the deliberations of the eighth annual general meeting of the Tea Association of India held at Calcutta last week. Both Mr. S. R. Daga, who presided over the meeting, and Mr. A. S. Bam (Chairman of the Tea Board), who inaugurated the meeting, painted a rosy picture about the prospects for the tea industry. The industry, Mr. Daga said, would be able to increase production during 1964 to a figure which might justify the revised target and fixing the export target at 530 million lbs. did not mean that the industry would not try to go beyond it; he did, of course, hasten to add that the export performance would depend much on the incentives the industry would get to reduce its production costs so as to sell its tea at competitive prices. While Mr. Daga did not give any estimate of tea exports in 1964, Mr. Bam was quite confident that an export of 510 million lbs. should be possible. As for 1965, Mr. Bam expected exports to reach 530 million lbs. out of a total production of 830 million lbs.

The anticipated production and export performance of tea industry in the current and next year is certainly encouraging against the background of the actual experience of last year. No more than 760 million lbs. of tea were produced in 1963, as against 780 million lbs. in 1962. Exports of tea no doubt registered a rise, but the rise was not appreciable, being 22 million lbs.; the quantity actually shipped was 494 million lbs., as against the 472 million lbs. shipped in 1962. Although India continues to hold the distinction of being the largest exporter of tea in the world, it is fast losing its position of vantage in world markets. Pinpointing this aspect, Mr. Daga said: "Considering the increase in the world tea consumption, we have given way to other producing countries."

Problem of Finance

The growing competition in world tea markets underlines the urgent need for renewed efforts to maximise production, improve quality and reduce costs. In regard to maximisation of output, the Tea Board Chairman felt that, by 1970, a substantial area planted with new bushes would come into bearing and that this additional area, together with a greater application of fertilisers, irrigation and pest control measures, would doubtless lead to a per-acre yield of 1,200 lbs., as against about 1,000 lbs. obtained at present. Mr. Daga's assessment of the position was somewhat different. He was rather doubtful whether production of tea would go up much further by intensive cultivation. For the increase, if any, according to him, would probably be offset by gradual deterioration with the age of total tea area. Recalling that replacements and extensions during the fourth Plan period (1966-71) in respect of 61.2 per cent of the tea gardens of North East India were estimated at 47,000 acres, he held out the assurance that the industry will be able to replant, replace or extend to the extent desired, *given the necessary financial assistance* (Italics ours). Emphasising how important the problem of finance is, Mr. Daga observed:

"Finance has been a chronic problem for the Indian tea industry. The industry needs a very large amount of money for the annual recurring needs on crop hypothecation. Constructing labour houses as required under the P.L. Act, procuring necessary tea garden stores such as coal, cement, fertilisers and iron and steel, purchasing food-grains for subsidised distribution—all these require considerably heavy amount of expenditure. In recent years, after payment of 15 per cent of profit as labour bonus and more than 50 per cent as Central income-tax and State agricultural income-tax and after paying a reasonable dividend, very little is left with the companies to meet the expenditure on capital account or to block larger amount on stores, etc. These have caused some deficits in yearly crop hypothecation account with scheduled banks for some companies. Though such deficits are carried to the next year in liquidation of everything of the previous year, the closing debit balances have been on the increase. Tea companies with such heavy closing debit balances are, therefore, unable to get required finance from the banks. It is necessary that some advance from long-term financing agencies should be provided to the industry so as to meet these deficits."

It is to consider this vital question of finance for the tea industry that the Government of India has recently constituted a high-powered committee (Chairman: Mr. V. V. Chari, Additional Secretary, Ministry of Finance). The Committee is expected to submit its report before the end of October next.

Tax Relief

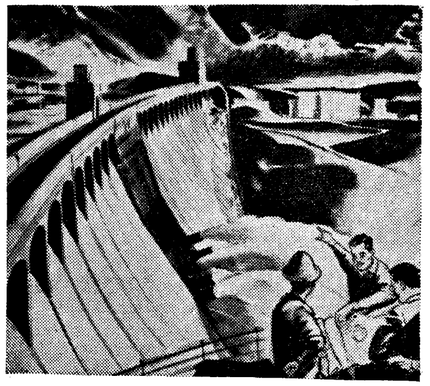
The findings of the Chari Committee will doubtless reveal that a large number of tea companies cannot afford capital expenditure. For, apart from the fact that depreciation is not allowed on tea bushes, there are the rising costs, mounting liabilities under the Plantations Labour Act and greatly increased taxation. Mr. Daga was certainly voicing the opinion of the industry as a whole when he urged that the cost of replanting, replacements and extension of planting should be allowed as revenue charge for taxation purposes. "This," to quote him, "will be the simplest and best encouragement to replace and extend time-worn tea." Several months have elapsed since Mr. Manubhai Shah first disclosed that the plea was being seriously considered by the Government of India, but no official decision has yet been taken. The State Governments, too, are silent on this issue. Now that a special committee is going into the whole question of tea finance, they may prefer to wait till this Committee submits its report. The Tea Board Chairman was, however, of the view that the State Governments, instead of waiting for the Committee's findings, should themselves take initiative and treat cost of new plantings as a revenue charge for the purpose of agricultural income-tax.

Sympathetic Response

The Tea Board is no doubt offering certain financial facilities to the industry, but they are inadequate. Take, for instance, the scheme of hire purchase of machinery. The scheme, though it gives some latitude to the industry to acquire certain machinery within a limited amount, is said to have two defects: very high rate of interest and procedural delay. Mr. Daga's plea for reducing the rate of interest is unexceptionable, considering that tea production and manufacture are a predominantly agricultural activity. Equally unexceptionable is his plea for including in the scheme a reimbursement clause which would enable the gardener to place their orders for machinery and expedite installation. The clause, according to him, would also make it possible for the gardens to obtain withering machines and oil-firing equipment available from suppliers who are not on the Board's panel and who may be reluctant to be on it because of the terms and conditions. These pleas evoked a sympathetic response from the Chairman of the Tea Board. The Chairman disclosed that a further reduction in the rate of interest was being considered, that the scheme for allowing tea gardens to place order for tea machinery would be considered in detail, and that a fresh scheme

(*Continued on page 264*)

DEVELOPMENTS IN THE EAST



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MORE NATIONALS LOOK OUTWARDS

NEW TREND IN WORLD OIL TRADE

THE movement of national or predominantly State-owned oil companies into international operations is not a new thing. Hitherto, however, only State companies of European origin, such as the French B.R.P. and the Italian E.N.I., have gone overseas to look for oil or to build refineries. Now there are signs that national oil companies in the Middle East and India are also moving on to the international scene.

The Kuwait National Petroleum Company, in which the Government has a 60 per cent interest and Kuwaiti shareholders the other 40 per cent, has already a small participation in a refinery under construction in Southern Rhodesia, and has now awarded contracts for the building of a wholly owned 90,000 barrels a day refinery to be situated in Kuwait but to operate almost entirely for export. K.N.P.C. has been investigating outlets for its future products, notably in India. Delegations have been exchanged between the Indian and Kuwaiti authorities who have, however, not announced any firm agreements for future purchases. The possibility has also been mooted that K.N.P.C. might participate in building a refinery in India. The Company has so far no crude of its own, although it has been granted a concession for exploration in Kuwait in which India for its part might seek to participate. Meanwhile, sources of crude are more immediately available to K.N.P.C. The Kuwait Government could sell the company royalty crude and the concessionaires Aminoil and Arabian Oil will probably have increasing quantities for disposal.

More momentous if less advanced at the present time is the proposal for the National Iranian Oil Company to embark on downstream operations outside the country. The Shah has stated that Iran is looking forward to going into the oil markets of the world either on a basis of partnership, or, after market research, through direct investment, and N.I.O.C. has stated that it welcomes assistance from any company in getting direct markets for its oil.

Rich in Crude

N.I.O.C. would have access to ample crude. Not only might it take one-eighth of Consortium production in kind instead of the more profitable cash but it is entitled to crude from the two joint ventures in which there is a fifty per cent N.I.O.C. shareholding. Under the terms of these undertakings N.I.O.C. was to put up half the cost of developing discoveries, as well as reimbursing the foreign partner half the exploration expenses. The State budget does not allocate funds to N.I.O.C. Apart from a profit on internal distribution, the Company's only source of income would seem to be its share of the crude from the joint ventures. So that it may be meeting its obligations under the joint venture agreements by assigning part of this share of crude at some agreed valuation. Nevertheless, all in all, N.I.O.C. can certainly lay its hands on crude for sale abroad.

S.I.R.I.P., the partnership with E.N.I., is already producing at a rate due to reach 27,000 barrels a day this year. N.I.O.C. representatives recently in Italy appear to have explored the possibilities of N.I.O.C. participating with E.N.I. (A.G.I.P.) in Italian or international marketing, or the partners might build a refinery in India. Another idea is for N.I.O.C. to acquire an interest in an independent Italian company engaged in refining or marketing in Italy. Again, I.P.A.C., in which N.I.O.C. shares with Pan American, will begin exporting on 1st September at an initial rate of 100,000 barrels a day to be increased later, and N.I.O.C. might be associated with Pan American in a proposal to build a refinery in India for which I.P.A.C. would supply the crude. Any Indian refinery taking Iranian crude competes to a certain extent with Abadan—but is still preferable from N.I.O.C.'s point of view to an Indian refinery using non-Iranian crude.

Outlets to Offer

For the Indian oil authorities, the boot is clearly on the other foot. They are not going abroad to sell crude but to seek it in return for a promise of outlets. What they have to offer is access to a potentially enormous market, a developing country with a 450 million population, in which the State-owned Indian Oil Company has now about eight per cent of the trade and is extending its operations. I.O.C. has just signed a contract for further supplies of Russian products but price and freight rates were hard-bargained and the Company cannot wish to be dependent on this source.

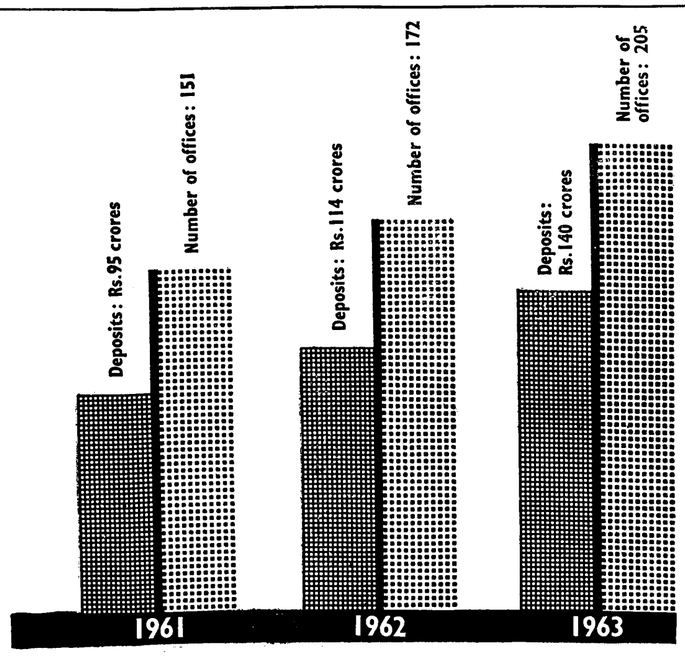
The Indian Government would, therefore, be interested in participating in promising exploration abroad, and has applied to search in Iran. However, not having contributed to the seismic survey of the offshore area, it is not eligible at the present time for a concession on its own but hope to acquire an interest in that of another group. Two potential partners have been mentioned in this connection: Phillips, already building a refinery in India in which the Government has a controlling interest, and E.N.I., carrying out contract drilling and pipeline construction for the Government under a oredit agreement. As indicated above, India is also examining the possibility of participating in the concession of the Kuwait National Petroleum Company as part of collaboration with that outlet-seeking company.

The movement outwards by national agencies is not yet widespread. Nationals of many producing countries in the Middle East, Africa and the Far East are still engaged in learning more about the production side of the oil business, or in entering local refining and distribution, as the Saudi State body Petromin is now doing, or undertaking local exploration, as in Pakistan and Syria. Indonesia's three State oil companies are engaged in exploration, production, refining and local marketing in different parts of the country, on their own or with the help of foreign contractors. Some State companies are embarking on diversification of a rather different kind, not downstream, such as the projected partnership between the Indian Government and Bechtel for refinery construction and general engineering in India. Petromin in Saudi Arabia and a Kuwaiti group have each formed drilling companies with foreign partners to operate in or outside their countries. (A private Lebanese drilling contractor with an American partner has been active for some time.) Latin American national companies are mostly fully occupied at home; moreover, nearly all prohibit the entry of State companies from other countries. There was talk at one time of Petrobras going into exploration abroad but this was critised as entailing speculative expenditure of foreign exchange and came to nothing.

* * * *

Even the efforts which are being made by Kuwait, Iran, India, are still tentative, but they are straws in the wind. They are unlikely ever to supplant world-wide marketing through international companies which offers a flexibility in matching supply and demand impossible to achieve in bilateral arrangements. The Ceylon Petroleum Corporation, relying on Russian imports supplemented by some Rumanian and Egyptian products, has run into difficulties. The Egyptian State oil organisation, though it has made some direct exports, for example to Spain and Greece, finds it on the whole more convenient to contract for its imports with companies which will take Egyptian crude and surplus products off its hands for disposal abroad.

Some two-way deals of particular convenience may be worked out—but any that are will



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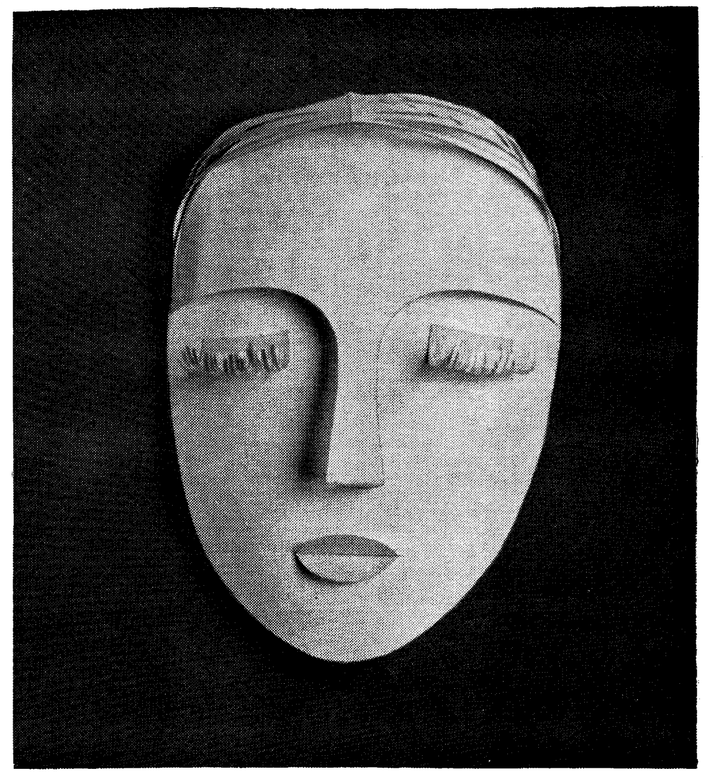

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PLANNED DEVELOPMENT FOR NATIONAL DEFENCE

be a nuisance to O.P.E.C. in its efforts to bolster prices. For why should the customer make novel arrangements, unless he is to get supplies more advantageously? The seller may thus well get less than he would have done if his oil had been traded through established channels. But some national companies, notably among the richer producers, may be prepared to put up with these disadvantages to gain experience and a footing in the market. They are looking beyond specific deals towards multilateral trading.

Such aspirations were recognised in the concessions awarded to the Japanese for the Neutral Zone, which provided for financial participation in downstream operations. The Kuwait offshore concession provided for Shell to consider any possibilities of further co-operation with the Kuwaiti partner which might develop in the course of time. In the light of recent developments this would presumably include ventures in other phases of the industry. But a small exporter cannot match the integrated companies. The capital investment required for transporting, refining and marketing one barrel of oil a day world-wide is estimated to be about $2,500. Nevertheless, the nationals might reason, one has to start somewhere and it is a fact that more and more companies, including independents of only medium size, are venturing into overseas operations. Nor is it more strange for India to seek rupee oil abroad than for France to seek franc oil or the Japanese yen oil—except that these countries had greater financial and technical resources to play with.

That the national companies should get more international in their outlook is a development which the major companies may have occasion to welcome. In scale, the movement is not likely to damage seriously their own trading as long as their efficiency as distributors remains unparalleled. But they have, in any case, to live with the national companies and this will be easier if these latter have first-hand experience of the expensive realities of the oil industry—an appreciation that money can be lost searching for oil overseas and an insight into the difficulties of selling oil in the hard world.—*By special arrangement with Petroleum Press Service.*

PLANTING

(*Concluded from page 261*)

of Rs. 1 crore under the plantation finance loan plan had received the Union Government's sanction. He also assured the industry that the Government would consider in detail the question of ensuring availability of sufficient land suitable for planting tea. Mr. Daga had earlier referred to this question in his speech.

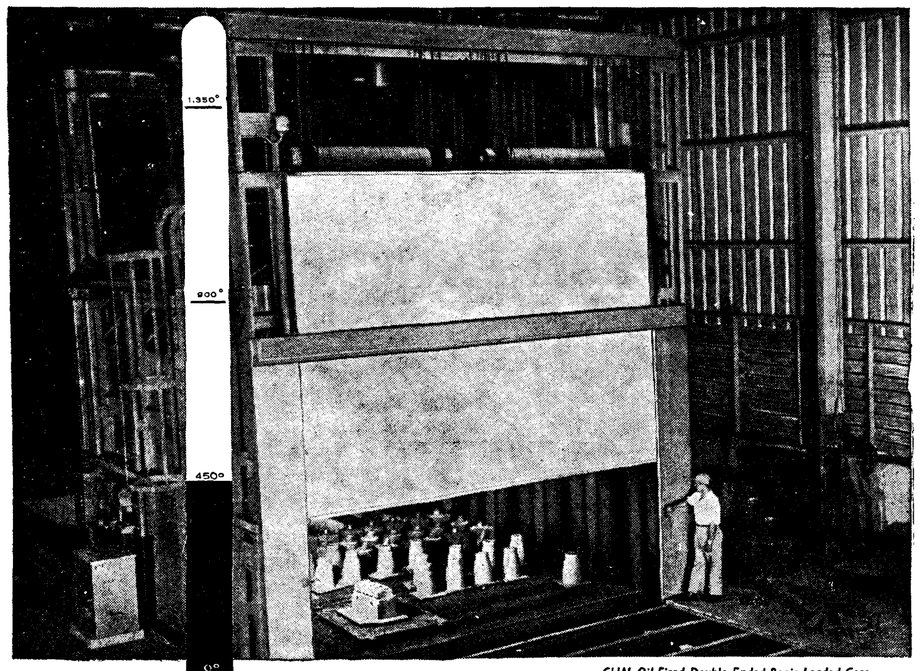
Inasmuch as the terms of references of the Chari Committee include a study of the structure of taxes on tea, Mr. Daga thought it fit to appeal to the Committee to recommend the positive implementation of some suggestion for tax relief made by the industry. In particular, he mentioned the following:

1. In the last Budget, rebate of corporation tax equivalent to 10 per cent of the income-tax *plus* super-tax and 20 per cent on surtax was allowed to the tea industry. But as only 40 per cent of the profits of the industry is taxable to Central income-tax and the balance 60 per cent is taxed as agricultural income by the States, the relief has been reduced to only 4 per cent on income-tax *plus* super-tax and 8 per cent on surtax. To enable the industry to enjoy similar relief as other specified industries, the rate of relief should be increased to 25 per cent on income-tax *plus* super-tax and 50 per cent on surtax.

2. After the abolition of the export duty on tea, the burden of excise duty has been made very heavy. Refund of excise duty on tea, even in part, at the point of export, will be a positive step of giving incentive for export promotion to the major foreign exchange earner of the country. It is, therefore, necessary that the Government should take urgent steps to provide for refund of the excise duty at least on teas exported.

3. The Assam Government should reduce the rates of agricultural income-tax. It may be noted here that, apart from this tax, the State has also increased considerably the rates of land revenue in the Districts of Sibsagar and Kamrup.

These suggestions merit due consideration. And there is considerable force in the contention of Mr. Daga that acceptance of the minimum bonus principle as recommended by the Bonus Commission would have serious repercussions on the future of tea industry. One has to bear in mind the important fact that this is a labour-intensive industry and that it, therefore, deserves to be treated on a different footing as compared with workers employed in purely manufacturing industries.



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THERE are only two nuclear ships in operation in the world today. One is the Russian icebreaker, *The Lenin*, which is really a special case, and the other the American *Savannah*. The latter ship is authoritatively said to have cost £20 million (about Rs. 26.7 crores). It is, however, not known whether it is competitive with other ships carrying cargo or passengers. The economics of nuclear propulsion for merchant ships, therefore, rests on some assumptions as of today. According to the Scientific Editor of *The Financial Times* (London), the first assumption is that nuclear ships should be compared only with ships driven by steam turbines. Here the comparison should only be between the reactor and its heat exchangers of a nuclear ship and the fire and boilers of a conventional ship, for all others in either ship are the same, whatever the driving force.

On this basis, it has been estimated that the capital cost of a suitable reactor and its boilers for a ship of 20,000 shaft horsepower ranges from about £500,000 to £2,000,000, while the equivalent cost for conventional furnace and boilers for a ship of that much horsepower is only about £200,000. On the assumption of a lifetime of 25 years, an interest rate of 6½ per cent per annum and a working year of 315 days, it has been further estimated that the running cost per shaft horsepower per hour is for the more expensive reactor ten times what it is for the conventional one. The respective figures are 0.33*d*. for the nuclear reactor and 0.033*d*. for the conventional furnace and boilers. Even the cheaper nuclear reactor would give a figure of not less than 0.083*d*. But the comparative costs of fuel consumption are estimated at 0.365*d*. per shaft horsepower per hour for the conventional ship and 0.2*d*. for the nuclear ship. When both the components are added together, it is found that the total running cost, in approximate figures, is 0.4*d*. per shaft horsepower per hour for the conventional ship and from 0.53*d*. for the more expensive reactor to 0.28*d*. for the cheaper one. These estimates, based on different assumptions by rival concerns, show that a nuclear ship with a low-priced reactor would be cheaper to run than a conventional one. It has even been estimated by one company (Mitchell Engineering) that the cost per ton of cargo carried would be £0.555 for a conventional ship, £0.536 for the first nuclear tanker and £0.490 for the fifteenth.

Different Hull Shape

But these figures assume the same cost for the hull in all cases. There are, however, several experts who do not believe that nuclear propulsion should be put into any conventional hull. They seem to be right, for the American *Savannah*, for instance, has a structure different from that of the conventional ship. The hull and inner parts of the *Savannah* are reinforced and stiffened. Outside its reactor's containment vessel, there are two collision bulkheads of heavy steel. Inside these there are collision mats—24 inches thick—which consist of a multiple sandwich of red wood and steel plate. The entire structure is such that no ship afloat, going at full speed, could ram the *Savannah* opposite the reactor and get through. Although the experience gained with the *Savannah* may prove some of this built-in safety unnecessary, such safety must be built into any hull utilising nuclear propulsion as a matter of abundant precaution.

Besides this built-in safety, the nuclear ship must also provide itself with suitable devices against the unseen and much-feared radiation. The *Savannah*, for instance, cannot get into any harbour it likes without the permission of the guest country and without some precautions. One such precaution is to slow down the reactor to 15 per cent of its reactivity while in port and to keep tugs ready to tow the ship into open water in the event of a reactor runaway which could lead to fire. As ample instrumental warning of such danger can be provided as in the *Savannah*, the Scientific Editor of *The Financial Times* thinks that there should be no obstacle to an international agreement on the use of ports by nuclear ships. Further, if commercial nuclear ships can also be covered by special insurance for nuclear incidents apart from normal hazards, another difficulty in the way of such ships plying for trade would be removed. Already, in fact, the U.S. Atomic Energy Commission underwrites upto $500 million and indemnifies the victim port or ship. It is also stated that the Commission would underwrite upto $100 million for privately-owned nuclear ships. But, as against this, the International Union of Marine Insurers has quoted a maximum sum of only $15 million for nuclear ships. All in all, therefore, there are several unresolved questions pertaining to running cost, hull shape, nuclear hazards and insurance cover. In view of these uncertainties, nuclear ships cannot be confidently foreseen to be economically competitive at first. But several shipowners in the U.S. and some in the U.K. seem to be optimistic, in the light of reasonable assumptions, that nuclear ships would be economically competitive in the near future.

Practical Advantages

In any case, the practical arguments in favour of nuclear ships are quite strong, and these may well decide the issue of nuclear shipbuilding on a substantial scale. One of these is that at some time in the future the world will run short of conventional fuels—coal and oil—and the only driving force then left for ships will have to come from nuclear fuel or the wind. Another argument is that a nuclear ship can save a lot of space otherwise given up to bunkers for fuel. The other advantages of a nuclear ship are its quick turn-round (because it does not have to be refuelled every time it gets to port) and its independence of length of run. And, from the defence point of view, it has also the advantage that it is independent of refuelling for several years. On a broader view, therefore, nuclear shipbuilding seems to have a future. It is presumably in the light of all these considerations that the U.K. Government has just initiated discussions with three leading British companies (Furness Shipbuilding Company for the hull, Anglo-Norness Shipping Company as the operator and Imperial Chemical Industries as the potential hiring company) on a joint project to build a nuclear-powered merchant ship. According to Mr. Marples, Minister of Transport, if a quick agreement with the companies could be reached for financing and organising the project, there is no reason why a nuclear ship should not be built by 1968. He has also stressed, incidentally, that the future of a nuclear ship reactor would depend on a partnership between the Government and the industries concerned and that, if the latter do not show interest, it would be very difficult for the Government to proceed along in the matter. The outcome of the British Government's negotiations with the relevant companies will be watched with interest.

U.N. SURVEY ON WATER DESALINATION

For quite some time now, the economics of converting saline water into pure water has been under discussion in several countries, notably the U.S., Israel and India. More recently, the United Nations has also studied carefully the possibilities and problems of water desalination in potentially water-short areas in developing countries. The U.N. Survey's findings, which are cautiously optimistic, have just been brought out in a 325-page report entitled "Water Desalination in Developing Countries." The report, prepared by the U.N. Department of Economic and Social Affairs, will come up for consideration at the current session of the Economic and Social Council in Geneva. Based on a survey of 43 developing countries and territories, carried out during 1961 and 1962, the report cites not only the rapid growth in demand for pure water in water-short areas, but also "the increasing pace of development being experienced in some of the water-short areas in the developing countries." Desalination, according to the report, provides an assurance that fresh water will continue to be available in future if it can be economically produced and if water-short areas are within a reasonable distance from the sea or an inland brackish water source.

There appars to be at least 50 water-short areas in which economic feasibility studies are warranted to establish whether or not possibilities exist for the economic utilisation of desalinated water. The U.N. survey urges that there is a strong need to take an inventory of existing brackish water reserves as the installation of desalination plants will become relatively less important if, subsequently, ground water is discovered or water from other areas becomes available. It has focussed attention, in this connection, on the provision of fresh water for non-agricultural uses, as desalinated water has yet to be proved economical for irrigation requiring large quantities of cheap water. But, even in regard to non-agricultural uses, the cost of supplying fresh water from a desalination plant is at present considerably higher than that of water supplied from conventional sources. This is mostly due to higher prices of fuel and electricity, to wider fluctuations in the demand for water and to the shortage of engineers and trained mechanics to deal with any inefficiencies or breakdowns in the plants. Information collected from 61 operating desalination plants, with a total daily capacity of some 77,000 cubic metres (1 cu. metre=264 U.S. gallons), in the areas covered shows that the price of desalinated water ranges from $0.37 per cubic metre (at the plants in Kuwait producing 27,273 cu. metres per day) to $3.02 per cu. metre (at the relatively small plant in Port Etienne, Mauritania producing 115 cu. metres a day).

Incidentally, the present processes of desalination involve either the extraction of fresh water from salty solution by distillation, the widely used process, or the removal of salts from water by electro-dialysis or freezing. Other processes are still in the experimental stage. Considering these factors, the U.N. report recommends (i) that in countries where low-cost energy is available, desalination by electro-dialysis should be given preference and that under other conditions it is advisable to turn to 'freezing' or vapour compression distillation, (ii) that distribution facilities for desalinated water should be taken into account; and (iii) that Governments in developing countries should clearly consider the relationship between desalinated water costs and prices and its possible influences on the efficiency with which the desalinated water is used. The report also draws attention to the problems pertaining to the efficient utilisation of dual-purpose plants, that is, plants producing both fresh water and electricity.

Last but not the least, regarding the possibility of using electricity produced in nuclear power stations for desalination and of producing steam in a nuclear reactor and using such steam for desalination, the report says:

"Nuclear power could be utilised for desalination only if in the modest quantities needed for desalination plants (in underdeveloped areas), such power could be produced at relatively low cost. However, the cost of power generation by a nuclear plant must be compared to that supplied by a conventional plant. At the present time, conventional generating stations are, in all cases, still producing power at lower cost than nuclear plants of equal size in a given location. And it will be appreciated that there are many uncertainties involved in attempting appraisals of future nuclear power costs in comparison with future conventional power costs. A nuclear reactor to produce steam in competition with a conventional boiler is also a technical possibility. At present, there is no basis to assume that a process steam reactor will produce steam at a lower cost than conventional boilers."

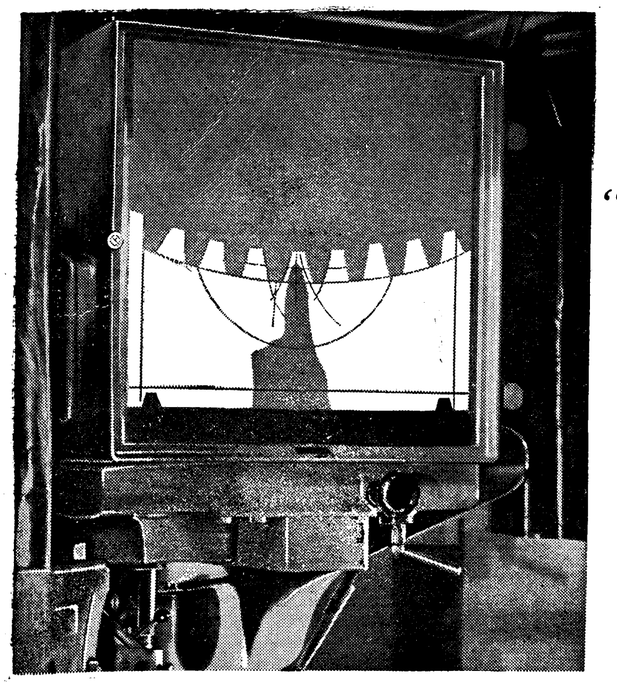
In sum, the U.N. Survey, which has appraised the growing industrial and research efforts being undertaken to expand the types and sizes of desalination plants, has held out the promise of a growing variety of equipment at competitive prices and a continuing decline in equipment cost per unit of output. Hence its hopeful approach to the role of water desalination in assisting water-short areas in developing countries.

EUROPE'S FIRST SLEEPER-BUS

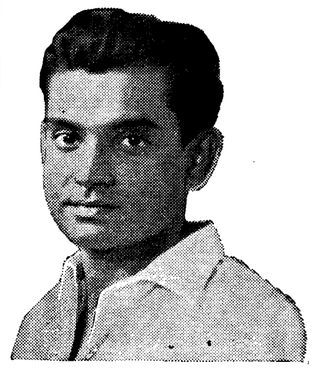
The worst discomfort of a several days' bus trip has been remedied. Any holidaymakers who, so far, avoided lengthy bus journeys, because they were being forced to sit up all the time, can now reach their destination sound asleep, thanks to Europe's first sleeper-bus construction. A large West German motor-vehicle factory will soon be taking this latest development into regular production and has already made its first sales. In a few minutes, the 40 seats of the bus can be changed into 40 comfortable beds. This, by the way, is the first bus construction to accommodate the same number of people either sitting up or lying down. A special air-spring system sees to it that neither will this bus lean sidewards in curves nor "jump" when passing over rough ground. Its 150 h.p. diesel engine is especially quiet-working and the passenger part has, moreover, been noise-insulated. During night trips, thick curtains form compartments, each for two double-beds with four occupants. Each double-bed has its own reading lamp. A separate bed is provided in the rear for the second driver, connected with the driver on duty by interphone. Since this bus can move anywhere independent of hotel accommodation, it has many uses in addition to tourism, e.g. as a hospital bus or troop transporter.

SPECIAL MILK REFRIGERATION AGGREGATE

An Austrian refrigeration and air conditioning equipment manufacturing company is producing new-fashioned milk refrigerating aggregates from high quality material. With these aggregates suitable means for the prevention of milk being ruined or its quality reduced are placed at the disposal of the agriculture and related industries. These special milk refrigeration aggregates are can-milk refrigerators and milk deep-freeze troughs. In the can-milk refrigerators water is cooled down to just about freezing point and circulated in a container. The farmers deliver the milk in cans to collecting centres where they are placed into the cold water and cool down very rapidly. From here the milk is picked up by lorries and taken to the respective dairy. But many dairies are now carting the milk with tank trucks. In this case, the milk is gathered in round or angular milk deep-freeze troughs according to the space conditions and is quickly cooled down to 40° C. (40° F.) which prevents the formation of bacteria thus maintaining the original quality. The floor and the walls of the deep-freeze trough are cooled by circulating cool water or directly by means of a refrigerant. The beautiful shaped and high performance refrigeration aggregates are produced in various sizes.



"This machine ensures accuracy of Typewriter parts up to 1/10,000th of an inch



It's the OPTICAL PROFILE GRINDER, housed in a special airconditioned chamber. Tools, dies and precision parts are machined on it, and *automatically* checked against magnified drawing office specifications — clamped on to a screen. The Grinder projects an image of the same part magnified to the same proportion—upto 50 times. I can see where the part falls short of specifications, and I machine it till its absolutely perfect."

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NEW PRODUCTS AND PROCESSES

Detecting the Fire

A FIRE alarm system incorporating a heat detecting relay which closes its contacts quickly if there is a sudden rise in temperature and so raises the alarm has been patented by Wormald Brothers Industries, of 1, Philip Street, Sydney, Australia. If there is a slow rise in temperature the contacts close when a certain upper temperature is reached. A stop is provided to prevent false alarm being given by unusual weather conditions and the alarm can be set to any rate of rise of temperature or maximum temperature thought appropriate.

Machine Draws Graphs

Drawing machines which can be operated by a typist when preparing engineering reports and graphs save much time. Electro Instruments of 2611, Balboa Avenue, San Diego 12, California, says the machines save engineers from doing this work. All the typist has to do is to press the proper buttons on the machine which then proceeds to draw the graph.

Reduced Exhaust Fumes

A device which is said to burn the unburnt gas in exhaust fumes from internal combustion engines is reported by Auto Union G.m.b.H., of Schrannenstr, 3, Ingolstadt-Donau, Germany. It consists of a tube, which replaces the conventional silencer, containing "catalytic" chemicals which cause any unburnt gases that have escaped combustion in the cylinder head to be substantially burnt. These "clean" gases are then expelled with the rest of the burnt gases, causing only a fraction of the normal air pollution.

Protection Against Dry Rot

A new protection against dry rot and damp, which will have wide application in tropical countries having high humidity, has been developed by Protim Ltd., of London. It is an impervious plastic membrane coated on both sides with a fungicidal solution. The plastic membrane forms a physical barrier against the ingress of damp, and any moisture coming in contact with it is turned into a powerful fungicide. When applied behind skirting boards, door frames or other woodwork in new buildings, the membrane prevents the still-damp plaster from causing the wood to rot.

Automatic Ultrasonic Cleaning Plant

A range of automatic ultrasonic cleaning plant for industry, designed to clean parts in large quantities and at high speed, is being produced by Hall Engineering Ltd., Shrewsbury, Shropshire, England. The standard range of machines will clean ultrasonically all types of material including metals, ceramics, plastics, rubber, glass and man-made fibres. The general exceptions are natural fibres such as cotton, wool and silk, and wood. Soils of all types from oil and swarf to foundry sand and heat scale can be removed in seconds and the process is such that they are removed without damaging the base material.

The machines are designed to operate in production lines. The principle used is the immersion of the soiled component in a cleaning fluid (the chemical formulæ is not being disclosed), which is agitated at a frequency of 20 kc. The agitation results in the pulling apart of the liquid to create the phenomenon known as cavitation. Bubbles thus produced collapse with a velocity of 100,000 g., so producing at the interface of the component and the liquid medium a violent scrubbing action which rapidly scours away all types of soil. The frequency and medium are so designed that the base material is completely unaffected either mechanically or chemically by the process.

Long-lasting Bottles

A new manufacturing technique is claimed to produce bottles which, as well as being more resistant to scratching and chipping, are 25 to 50 per cent stronger than ordinary bottles. The manufacturers, United Glass Ltd., Leicester Square, London, W.C.2, who make four million bottles a day, also claim that the new process results in glass of greater clarity and brilliance. The new process, called titanising, is applied almost at the moment when the red-hot glass is being blown into bottle shape. This chemical treatment alters the composition and physical properties of the surface, giving it hardness and brilliance, and reducing the co-efficient of glass-to-glass friction.

Faster Etching Compound

Increased etching rates and control of undercutting are among the advantages claimed for a new etching compound developed by Lee-Smith Photomechanics Ltd., Lyon Way, Hatfield Road, St. Albans, Hertfordshire, England, for precision work. The compound is basically a very pure grade of anhydrous ferric chloride, with additives. It is these additives that increase the etching speed and enable undercutting of the etch to be closely controlled to produce edges of a specific regular profile. Copper, beryllium copper, brass, aluminium and steel can all be etched. Sheet copper has been etched at rates twice as high as those currently acceptable.

Marine Radar

The first production model of a marine radar system claimed to be the most important advance in radar presentation since the introduction of the cathode ray tube was shown in London recently by Kelvin Huges Ltd. The system is called 'photo-plot' and gets much more out of radar than is possible with conventional t radar information is first displayed in the normal way on a cathode ray tube. The display is then photographed on a special 16 mm. film, processed in a few seconds and projected on to the underside of a translucent screen. The chemicals used for processing the film are blown on to it by compressed air in a pre-arranged sequence.

Suction Dredge

The first dredge equipped with an electronic control device, which will fully replace the dredge operator has been successfully tested at the Czech Shipyards in Prague. This electronic brain operates with an absolute reliability according to a pre-selected work programme which takes into account 1,500 various possibilities, all the manœuvring and working machinery of the dredge. It reacts instantaneously to all changes occurring during its work due to variations in the depth of the water, the shape of the river bed, etc. The output of the dredge SB725 is 725 m³/hour, and is equipped with an automatic control of operation.

Fertiliser from Cotton Waste

Nitrolignin, manufactured from cotton waste by a dry method, is a splendid mineral fertiliser for cotton. It is estimated that Uzbekistan in Soviet Russia will be able to harvest annually an additional 100,000 metric centners of cotton if all waste from the hydrolisis of cotton is used for the manufacture of dry nitrolignin. The production of the new mineral fertiliser has been launched in the Ferghana valley.

Most Modern Steel Plant

A new plant that combines the latest techniques of pneumatic steelmaking continuous casting and universal beam rolling has gone into trial production at the Staffordshire works of Shelton Iron and Steel Co. Ltd., Stoke-on-Trent, England, and will be fully commissioned later this year. Developed at a cost of nearly £20 million to replace two older mills, the new plant is designed to produce a larger variety of sections, joists, columns, beams and rails at a much faster rate. Within four hours, a steel billet weighing several tons can be transformed into a load of steel joists aboard a lorry on its way to a customer. Previously it took between four and seven days. The plant, which uses large quantities of oxygen, produces a "heat" in 1½ hours, compared to 10½ hours in the old type of open-hearth furnace.

Brighter Nickel Coatings

An organic reagent patented by Kemiska Candor A.B., of 10 Storgatan, Stockholm, will produce extra bright nickel deposits on car bumpers and similar components even when added to plating baths in minute amounts. Amounts of not more than one thousandth of a gram per litre of solution will also help keep the other compounds of the bath evenly dispersed, and will give increased ductility to the nickel.

TV Camera Controls Chimney Clouds

In the West German Rhine-Ruhr industrial area, TV cameras have been given extraordinary control tasks. They are watching factory chimneys, or rather the smoke they exhale. By electronic means, the watchful camera-eye makes sure of the most rational combustion possible, at the same time reducing the soot and ash precipitation which, to the neighbourhood, is both a nuisance and a health risk. So far, a yearly load of five million tons of soot and ash—approximately the combined cargo of 75,000 railway wagons—is coming down on the eight million people living in this 5,000 to 6,000 square-kilometre area, and something just has to be done to reduce air-pollution. Numerous industrial plants are being equipped with protective filters, but this is a long and costly procedure and does not obviate optical control by any means. An operator is constantly watching the picture, relayed by the TV cameras to the control board. In the event of excessive smoke generation, an additional alarm system is activated, so that necessary counter-measures can be taken immediately.

Artificial Emeralds

After many years of experiments a chemist in the province of Tyrol has succeeded in upgrading natural beryl by coating it with an emerald layer. Emeralds are known to be very rare, and extremely high prices are charged for fine specimens. For this reason, attempts have long been made to manufacture emeralds—like other precious stones—by synthetic means. Not until after 1945 was a method worked out in the United States—based on research work by the former German LG-FARBEN Concern—to produce emeralds for commercial use. However, like all synthetic products, they have never been able to rid themselves of the odium of being artificial. In the Austrian experiments, by contrast, natural stones are being artificially improved. The significant point is that the emerald layer has the same crystalline structure as the beryl core and is inseparably linked with the latter. Even experts find it difficult to distinguish these stones from genuine emeralds.

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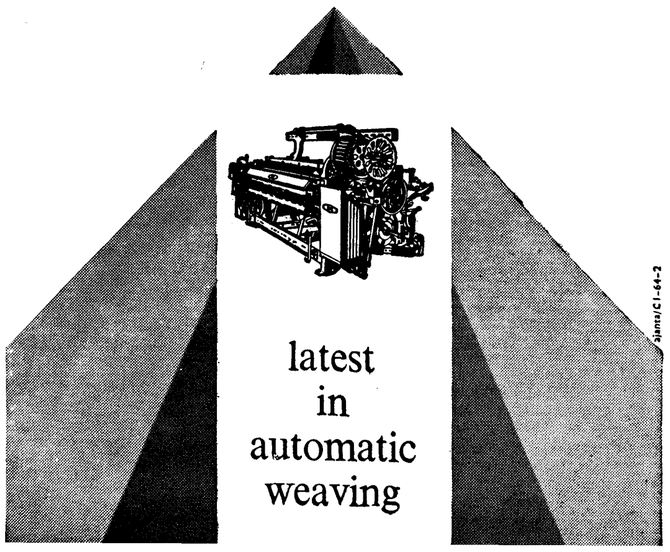

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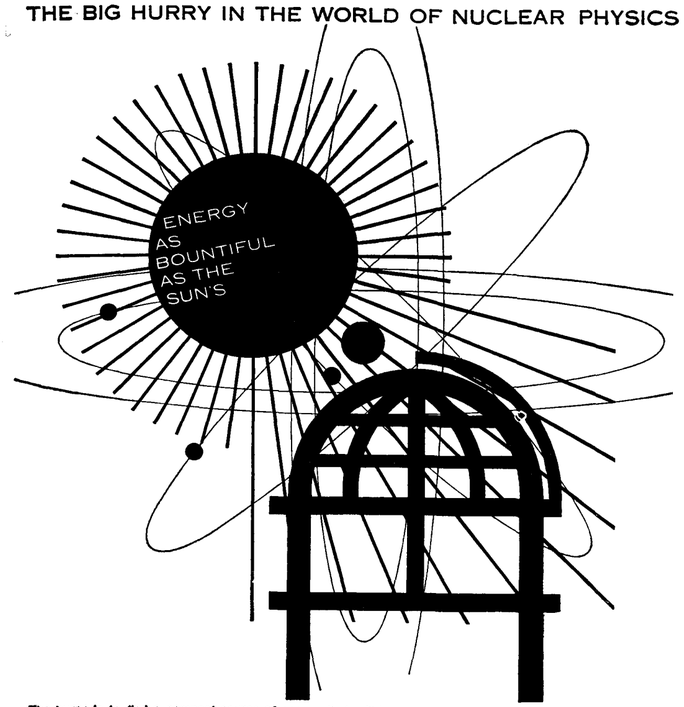
THE BIG HURRY IN THE WORLD OF NUCLEAR PHYSICS



The hurry is to find a compact source of energy that will be as prodigious as the sun and will not exhaust though the world live a million years. ■ Closest to the ideal is Uranium 235, a scant one milligram of which, when fissioned or 'exploded', releases more energy than that obtained by burning millions of tons of coal. This great world of power will keep all of us going, and going well, when the present natural sources such as coal give out. Already atomic power stations are an actuality in many countries including India. ■ Shaping the giant pressure vessels enclosing the reactor cores demands a very specialised knowledge of welding. ■ It is this specialised knowledge and application of industrial gases that Indian Oxygen affords Indian industry.

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THE INDIAN IRON AND STEEL COMPANY LIMITED

CHAIRMAN, SIR BIREN MOOKERJEE'S ANNUAL STATEMENT

PARTIAL CONTROL HAS DONE LITTLE TO CURB BLACK MARKET

THE following statement by Sir Biren Mookerjee, Chairman of the Indian Iron and Steel Company Limited, dealing with the Company's working for the year ended 31st March 1964, has been issued to shareholders. The Annual General Meeting of the Company will be held on Tuesday the 8th September 1964, at 3 p.m. at the Registered Office of the Company, 12, Mission Row, Calcutta-1.

Before dealing with the affairs of the Company, I would refer to the national tragedy we have experienced in the death of our late Prime Minister, Pandit Jawaharlal Nehru, on the 27th May 1964 and would give public expression on behalf of the Board of Directors and all members of the Company to our feeling of profound sorrow at the passing of one who played a leading part in the attainment of freedom by our country and who since the achievement of independence, guided in so able a manner on the home and international fronts the destinies of India through the momentous events of the past seventeen years. His memory will remain with us always.

Operations

From the figures given in your Directors' report it will be seen that production of steel during the year under review has again approximated to the rated capacity of the plant. This position barring untoward events it is hoped to maintain, but having reached the plant capacity as it stands under present working conditions no improvement in production of any magnitude can be looked for except to such extent as the introduction of new techniques may render possible. To this end intensive research continues to be carried out by your Company's technical staff into the beneficiation of raw materials, improvement of blast furnace operational conditions and added use of oxygen in the melting shop. I will refer to this matter of research in greater detail at a later stage in this Statement.

Accounts

Those shareholders who are unfamiliar with the provisions of the Income-tax Act and the Companies Act may find difficulty in fully understanding the reasons which have necessitated the raising of the provision for depreciation from Rs. 3,40,18,269 for the previous year to Rs. 4,40,25,006 for the year under review and I should, therefore, perhaps supplement the brief technical explanation given in the report by your Directors.

Section 205 of the Companies Act provides that no dividend shall be paid by a company for any year except out of the profits for that year arrived at after providing for depreciation. Certain alternative bases are then laid down for computation of the provision for depreciation, that chosen by your Company being stated in Section 205(2)(b) as provision "in respect of each item of depreciable asset, for such an amount as is arrived at by dividing 95 per cent of the original cost thereof to the Company by the specified period in respect of such asset." The term "specified period" is then defined in the following words—"specified period in respect of any depreciable asset shall mean the number of years at the end of which at least 95 per cent of the original cost of that asset to the Company will have been provided for by way of depreciation if depreciation were to be calculated in accordance with the provisions of Section 350." Section 350 then provides that depreciation shall be taken at the rate specified for the assets by the Income-tax Act and the rules made thereunder for the time being in force as normal depreciation "including therein extra and multiple shifts allowance."

Referring back to Section 205(2)(b), it will now be appreciated that 95 per cent of the original cost of assets is a definite unvariable amount but that the factor by which this amount is to be divided in order to arrive at the amount of depreciation to be provided, namely the "specified period", is by reason of Section 350 dependent upon the Income-tax rates of depreciation applicable from time to time. If these rates are increased then the more quickly will 95 per cent of the original cost of the assets be covered, the shorter will be the "specified period" by which the 95 per cent of the original cost of the assets has to be divided and the greater in consequence the amount of depreciation that has to be provided against profits. This is the position for the year under review where it has been announced that the income-tax depreciation rates that will be applicable in respect of that year are to be increased by the re-introduction of triple-shift allowance with consequent increase in the depreciation provision made in the profit and loss account.

Dividend

In view of the magnitude of the amount, some comment will no doubt be expected from me regarding the sum of Rs. 5.43 crores set aside to general reserve from the profits of the year in relation to the amount proposed to be distributed as dividend. It is perhaps appropriate that I should therefore list the very heavy loan liabilities outstanding at the 31st March 1964 in respect of the completed expansion schemes together with the finance that has to be found for the further schemes to which reference has been made in your Directors' report. These are:

World Bank loans:		
1953 extensions	Rs.	7.18 crores
1955 extensions	,,	5.31 ,,
Government of India loan	,,	4.61 ,,
Collieries development project	,,	23.19 ,,
Balancing of plant project	,,	16.21 ,,
Total ..	Rs.	56.50 ,,

Following upon completion of the balancing of plant project which, as you are aware, will increase the steel-making capacity of the Burnpur Works by some 300,000 tonnes of crude steel per annum, our plans are that implementation of the second phase of further expansion shall be put in hand and preliminary steps towards this end have already been taken with Government and the World Bank. This second phase of expansion would give added capacity of approximately a further 700,000 tonnes per annum, the two projects together therefore covering the raising of our present capacity by some 1,000,000 tonnes of crude steel per annum. The phasing of this further 1,000,000-tonne expansion into two parts follows our policy that no individual expansion project should be of such magnitude as to impose too great an immediate financial burden on the Company or impair the dividend position to the detriment of the interests of the shareholders but rather that expansion should be gradual, each stage being followed by a period of consolidation before the undertaking of the next. No firm estimate of the cost of the second phase of the further expansion can be made until decision is taken as to what form the end products will take, this being dependent upon the future requirement of the country, but the cost will naturally be of very great magnitude and constitutes therefore a major factor in an appreciation of the financial requirements of the Company.

Additionally, finance has to be found for expenditure on capital account in connection with the modification and improvement of the existing plants, the provision of additional housing and amenities for staff and workers together with the large general capital expenditure that must constantly be incurred in every efficient and expanding organisation. Viewed in this light, the necessity for the ploughing back of profits not only for the year under review but also for the future will, I trust, be clearly apparent.

In compensation in some measure for the restriction of dividend so caused it would normally have been the desire of your Directors to capitalise from time to time by the issue of bonus shares a portion of the reserves of the Company which are already out of all proportion to the share capital. It is a matter of regret to them that such a course is however impracticable under present taxation principles involving, as it would, heavy liability for tax both on the Company and on the shareholders and is, in fact, impossible under the current policy of Government which it is understood is to permit bonus issues solely out of any share premium account.

As possibly of some assistance to the shareholders in the spread of their income, I would however say that I am considering recommending to my Board that for the current and future years an on-account distribution of profits should be made by way of declaration of an interim dividend during the course of the year, the balance of dividend only then being left for declaration in the normal course at the annual general meeting.

Research and Development

The steady deterioration during the last ten years in the quality of the primary raw materials, particularly coking coal and limestone for pig iron production, has presented a serious challenge to the Company's technical staff but thanks to the operational research carried out by them capacity production from our blast furnaces has been achieved and is being maintained. As examples of some of the problems with which we are faced, the ash content of our coking coal currently averages about 19 per cent compared with 16 per cent ten years ago, but what is worse is the wide range between the maximum and minimum ash content at 24 per cent and 14 per cent respectively. Similarly, the effective lime content of the present-day limestone varies between 30 per cent and 45 per cent. The quality of our iron ore too has been adversely affected by increasing demand and mechanisation of the Iron Ore Mines. Nevertheless, these are the raw materials with which our country is endowed and we have to learn, and learn quickly, how to use them to better advantage to enable us to produce iron and steel efficiently, both from a productive and economic point of view.

A large part of the solution lies in raw material preparation which, if we are to avoid merely blindly copying what others have done or are doing, calls for more and more expenditure on operational research. To take a specific case—raw material preparation includes crushing to an optimum maximum size and restricting the minimum size to give an aggregate best acceptable to the process. From this procedure in the case of iron ore, a large quantity of undersize material will accrue to become an expensive discard unless steps are taken to convert it into a useful material.

The most well known, long-standing and orthodox way of doing this is by sintering, a process which has resulted in improved blast furnace practice. We, ourselves, however have never accepted that this expensive process is necessarily the best solution to the problem in relation to Indian iron ore and have consequently refrained from any hasty decision that would commit us to the very heavy capital expenditure involved. That this has been the prudent course is borne out by modern research which has suggested that other forms of agglomeration could be capable of producing better results with Indian iron ore than the sintering process.

Over the past few years your Company has accordingly been carrying out extensive research with its own iron ore in an effort to find the best way of utilising the undersize ore which as a result of crushing and screening is accruing at our Ore Mines. I am happy to say that this research has shown much promise so much so that our own findings involving a combination of direct reduction, magnetic separation and agglomeration have been confirmed on reference by us for test by an independent overseas research organisation. The product obtained in our pilot plant is of high purity and is likely to have in the future a great influence on the operation and efficiency of Indian blast furnaces. Sufficient information has now been obtained to enable the engineers to design the appropriate plant.

We have also investigated the questions of humidity control and fuel injection in relation to the operation of the blast furnaces, the increased use of oxygen in the steelmaking processes and the possibility of future production of such a standard grade of iron as would enable us eventually to eliminate the rather costly and wasteful intermediate Bessemerising process that under present conditions is necessary for purification of the hot metal before charge to the melting shop furnaces. Suitable inclusion towards this ultimate latter end has in consequence been made in the collieries development and balancing of plant schemes.

The utilisation of waste products has also been engaging our attention. For instance, we have been producing for a number of years building bricks and mortar manufactured from waste blast furnace slag.

Import restrictions on engineering spares has forced us into developing manufacturing techniques for which we more often than not are ill-equipped. The recurring expense of importing rolls for our rolling mills, for instance, is a serious drain on the country's foreign exchange resources. Here, although not having been granted a licence to manufacture rolls for the purpose of selling, we have as a result of experiments carried out at our Kulti Foundries and with the help of the British Rollmakers Corporation, been able successfully to manufacture rolls for our 18" mill which have proved to be equal to, if not better than, those imported. For this size of roll we can now support ourselves, saving approximately Rs. 13 lakhs per annum in foreign exchange. The factor limiting our ability to produce rolls in greater numbers and in larger sizes is the capacity of our existing foundry and machine shop at Kulti which we hope to enlarge in course of time so that we may be able to cover also the roll requirements of the merchant mill and sheet bar and billet mill.

Miscellaneous engineering spares previously imported are now regularly being produced by our associated companies within the Martin Burn organisation for consumption at Burnpur resulting in a considerable and recurring foreign exchange saving. We have also been able within this organisation to secure the manufacture to our specifications of items of capital plant for which we had previously to look to foreign suppliers. As examples, these cover such diverse items as hot metal ladles, ingot casting cars, ladle cranes, Bessemer converter shells, hot metal transfer cars and bogies, ground charges, slag ladle carriages, special type discharge wagons, coke quenching cars, acid tanks and acid vats, the total value over the past nine years approximating to some Rs. 50 lakhs.

Kulti Foundries

Modernisation and expansion has been carried out of the non-ferrous foundry and the steel foundry at your Kulti Works and an additional annealing furnace for the latter installed. New machine shops have been attached to these two foundries and the pressure on the main machine shops relieved to this extent.

The order position continues to be satisfactory but output for the current year remains dependent upon adequacy of the supplies of foundry grade pig iron.

During the year loss was suffered by the death of Mr. S. N. Gupta, the Works Deputy General Manager (Commercial) who had charge of Kulti. Mr. R. G. da Costa, a Mechanical Engineer of wide experience has since been appointed and has assumed charge as Deputy General Manager (Kulti).

Decontrol

In my statement last year I indicated that Government were considering decontrol of the distribution and prices of steel and that it had been arranged that the producers should submit joint concrete proposals for the setting up and operating of a joint organisation following upon decontrol and for the prices that should become effective at the date of decontrol. Representatives of the producers met on several occasions at various levels to discuss and work out joint proposals but unanimity was not able to be achieved and ultimately the producers in the private sector were asked to put up their views independently of the public sector. Accordingly, your Company jointly with the Tata Company submitted a memorandum on the 7th November 1963 suggesting the formation of an Iron and Steel Board. The memorandum contained details as to the functions of the proposed Iron and Steel Board together with recommendation regarding the prices to be effective on decontrol. These suggested prices were based on a block of Rs. 1,500 per tonne of saleable steel as being more truly representative of present-day conditions than the figure of Rs. 1,176 per tonne adopted by Government in the last fixation of retention prices. The proposed prices on this basis were about Rs. 35 per tonne higher than the retention prices excluding the assessed increased incidence in respect of freight equalisation.

Matters rested at this stage until unilateral decision was taken by Government regarding the planning of production and control and the pricing and distribution of iron and steel, the principles of which were conveyed to the representatives of your Company and those of the Tata Company who were called to meet the Minister for Steel in Delhi on the 26th February 1964. The salient features of Government's decision were as follows:

(1) Statutory control over the price and distribution of all categories of steel except pig iron, ingot moulds and bottom plates, billets and tin bars, plates, sheets, wide strips, skelp, tin plates, hoops and their respective defectives would be abolished with effect from 1st March 1964.

(2) Indents for categories of iron and steel which continued to be controlled would require to be supported by quota certificates as hitherto.

(3) A Joint Plant Committee would be constituted with an accredited representative from each of the Steel Plants and with the Iron and Steel Controller as its Chairman. A representative of the Railway Board would also be a member of the Joint Plant Committee. This Committee would be entrusted with the task of (*a*) the planning of production both of controlled and decontrolled categories; (*b*) the announcement and listing of prices of the decontrolled categories of steel and (*c*) the administration of the freight equalisation fund for both the controlled and decontrolled categories.

(4) Government would set up a high level steel priority Committee which would determine priority ranking in relation to bulk allocations of steel.

(5) Re-rollers would be virtually made free from all control, as also would stockists and retailers in the case of all decontrolled items.

The decision of Government followed the general recommendation of the Committee appointed by Government in September 1962 on decontrol of steel and popularly known as the Raj Committee.

Simultaneously with the decision of partial decontrol of steel, Government announced increases in the excise duty mainly to compensate the loss of surcharge with the abolition of the equalisation fund with effect from the 1st March 1964. The average rise in the excise duty calculated on your Company's 1963-64 output of steel is about Rs. 18 per tonne. The selling prices for the decontrolled categories announced by the Joint Plant Committee, and the prices directly notified by Government for the controlled categories, include an element of Rs. 62 per tonne on account of freight equalisation to cover the distribution of steel to consumers at all rail head stations throughout India at a uniform price. The system of retention prices has been abolished and the new prices to producers have a differential of Rs. 45 per tonne between the 'tested' and the 'untested' categories, which under the new arrangements is now retained in full by the producers as against Rs. 10 per tonne only under the old system of retention prices.

Owing to force of circumstances the prices announced by the Joint Plant Committee had of necessity to be based on the previous retention prices adjusted for excise duty and additional freight, the effective increase to the producers arising therefore almost wholly from the additional realisation in respect of tested materials. The prices of the decontrolled categories were later revised from the 13th April 1964 in partial compensation of increases in production costs not reflected in the previous retention prices.

The average increase in the case of your Company on the decontrolled categories of steel forming nearly 60 per cent of the total output is of the order of Rs. 30 per tonne on the basis of the product mix and the proportion of 'tested' to 'untested' steel achieved in the year 1963-64. In the case of the controlled categories, the effective increase has been of the order of Rs. 4 per tonne only on account of reduction in the net price of billets and the assumption by Government of an incorrectly high percentage of 'tested' galvanised sheets in working out the prices despite the fact that on protest the price of untested billets was revised upward by Rs. 15 per tonne from 30th May 1964. On the basis of our production for 1963-64 the overall average increase in respect of our total output of controlled and decontrolled categories of steel is approximately Rs. 20 per tonne, effective in successive stages of Rs. 10, Rs. 8 and Rs. 2 per tonne from the 1st March 1964, the 13th April 1964 and the 1st June 1964 respectively.

It is too early yet to assess the adequacy of the revised planning arrangements under the Joint Plant Committee and I would only say at this juncture that the retention of control by Government over certain categories of steel, particularly in the case of sheets, has done little to curb the activities of the black market in the items in short supply.

On the financial side, we have grounds for dissatisfaction inasmuch that the cut imposed by Government on the retention prices recommended by the Tariff Commission for the two years ended the 31st March 1962 and continuing up to the date of revision of prices under the above arrangements together with certain interim increases in production costs have remained uncompensated and that funds to this extent have been denied to the Company which would otherwise have been available against the heavy capital expenditure on staff housing, modernisation and expansion with which we are faced. We are also unaware of the reasons for non-acceptance of the prices put forward to Government under the joint proposals of the Tata Company and ourselves and by reason of the somewhat *ad-hoc* nature of determination of the prices now current are also unaware of any approved basis for future adjustment of these prices in relation to productive capacity, capital block and working costs.

Acknowledgements

In conclusion, I would express on behalf of the Board of Directors our appreciation of the services rendered by the General Manager, Mr. J. McCracken, his executive heads and the entire staff and workers of the Company whose efforts have contributed so largely to the results that have been achieved.

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

AUTOMATIC METAL BOW SAW AND BAND SAWS

The uninterrupted progress in technology and the wish to reduce production costs have led to a steadily progressing automation of machine tool operation. Simple machine tools are increasingly replaced by automatic equipment.

A Vorarlberg manufacturer of machine tools has taken this trend into consideration by developing the mechanical metal saws he has been manufacturing for several decades into automatic machines; his new automatic bow and band saws have found general recognition at home and abroad owing to their high efficiency.

The automatic bow saws are designed for bigger as well as smaller series. The adjustment period being short, the automatic cutting of even small series is economical. The sturdy and at the same time careful design of the machines, together with their high output, guarantees most exact cuts, a further profitable element being the stepless adaptability of the cutting pressure according to the processed material. A switch panel serves to control the operation of the machine which can be either fully automatic or semi-automatic or—if necessary—manual. The Vorarlberg enterprise has moreover taken up production of a new automatic band saw with a high output which can be used with excellent results with a number of materials. Among the main characteristics of this machine are an extremely sturdy two-standard guideway for the saw arm, ground hard-metal guideways for the saw band and a torsion free control of the band. The band is kept stretched only during operation which increases its durability and cutting precision.

The Union Government is said to be considering the import of 150,000 tonnes of foundry grade pig iron every year during the next two to three years in order to meet the increasing demand for pig iron. The necessity for imports, it is said, has arisen because of the shortage caused by the delay in setting up the Bokaro Steel plant and the poor progress in the implementation of licences granted to private sector units. This item has already been included in the Indo-Soviet Trade pact for 1964 and negotiations are being held for the actual import. Meanwhile, the Government has also issued letters of intent for a 200,000-tonne pig iron plant at Ratnagiri (Maharashtra) and a 300,000-tonne plant in Goa. Another scheme for putting up a pig iron plant with a capacity of 300,000 tonnes in Bihar has been approved. In addition, pig iron production in the Bhadravati

BUSINESS NEWS FROM EUROPE

MORE LIBERALISATION BEHIND THE CURTAIN

COMBINED ECONOMY OF SIX STILL STRONG

From Our Special Correspondent

MOVES by a number of East European countries to attract foreign tourists are thought to herald a more flexible policy on private enterprise. Four countries have so far stood out against this trend—Russia itself, East Germany, Rumania and Albania. But in the others moves have taken place along lines pioneered by Poland to introduce much more freedom. Czechoslovakia, for instance, has re-opened a limited sector of public catering to private enterprise. This has meant the introduction of the small man into the hotel trade and laundering. The State, however, regulates prices and maintains general supervision over the whole field of policy. The Polish Government has extended its policy by allowing individuals to go into work which it has been unable to run at a profit. This includes catering and other industries connected with the countryside. And Czechoslovakia has proposed a massive additional distribution of land for private use by members of collectives.

The fields where private enterprise has become most significant are agriculture, transport and the service trades. Private plots already produce a large proportion of the eggs, dairy produce and vegetables needed in Communist countries. It is thought likely that the move towards free enterprise will become more marked throughout East Europe as there is a drive to increase efficiency. But commentators are under no illusions about how far it will eventually go. The Communist States are opposed to private enterprise in almost any shape or form. If it is allowed, it is purely for expediency or to increase economic efficiency. The day is still far off when the "mixed economy" will be allowed or tolerated.

E.E.C.: Underlying Strength

Outlook "good." That forecast, made by the European Economic Community's Commission on the Common Market economy for the rest of the year, is being queried by a number of outside observers who are concerned at the mounting inflation inside the Community. They point to the fact that Italy is still suffering from acute inflation, that Germany has been unable to cure its persistent export surplus, that French foreign trade has deteriorated this year by about 12.5 per cent, and that Holland has experienced a deterioration in the visibles part of her foreign trade.

Most of the criticism of the performance of individual economies has concentrated on Italy and, to a lesser degree, France. Certainly the deterioration of the Italian balance of payments has been serious. During the past two years imports have increased by nearly £1,000 million in annual terms against an increase of £250 million in exports. Nor does there appear to be any seeming ending to the chronic deficit that Italy is now running.

But other countries have their problems too and these have frequently been glossed over, it has been said. The result has been to undermine the economic stability of the Common Market. In the Netherlands, the recent deterioration in the visibles part of external payments has seen the rise in imports in the half year to the end of March running at an annual rate of £160 million more than in the same period two years ago. The French rate in the same six months is now £500 million more than two years ago. Apart from Germany and, to a lesser degree, Belgium, the other four have experienced a turn for the worse in visible trade over the past two years. The important point, however, is that the underlying strength of the German payments position is such that it more than covers the deficits of the rest of the Market. When invisible items are taken into account, the strength of the Six as a whole becomes more pronounced.

In spite of the criticisms, none of the Six, with the exception of Italy, is really under any severe strain at the moment in the external payments field. The forecast by the Commission that further vigorous expansion should continue is, therefore, probably the more accurate judgment.

What has become important for the Six is the rise in exports to non-member countries. In the first quarter of this year, the value of such exports exceeded the level for the corresponding period of last year by 15 per cent. Even allowing for the low level of 1963, consequent upon the severe winter, this is no mean achievement.

Internal demand within the Community also continued to grow briskly, partly owing to the faster increase in gross fixed asset formation. The good weather in the early part of the year gave a welcome stimulus to investment in building and construction.

Expenditure on capital goods was on the whole influenced by the increased propensity to invest, recently seen in several countries, particularly Germany, the Netherlands and Belgium. Even in France it would appear that the previous weakness of growth in private industrial capital investment may have come to an end. Only in Italy has capital investment remained slack.

Danger for the Common Market will arise, if it does at all, in the event of the payments position of the various countries continuing to deteriorate. But there must be, it is thought, some way to go before that situation is reached. So far the deterioration seems to have done little to the basic strength of the combined economy.

Shipbuilding Fears in the Six

The Common Market's national shipbuilding industries are fighting hard to retain the subsidies they get from their Governments. Faced with the outlawing of State aid under the terms of the Rome Treaty, the industries are making it quite clear that, without subsidies, at the moment many would take hard knocks. Like the shipbuilding industry in most of the rest of the Western world, the European industries expanded rapidly in the boom days, following Korea and Suez. Between 1950 and 1958, European yards quadrupled their output. In the last five years, overcapacity has arrived at the same time as increased competition from Asian yards.

In spite of aid, total tonnage launched in the Common Market has fallen from 3.12 million tons in 1958 to 2.39 million tons last year. At the same time its share of the world market has fallen from 33.7 per cent to 28.1 per cent.

Both the Italian and French industries receive direct assistance and the German can raise finance at a lower rate of interest. France has so far attempted to comply with the E.E.C. demand to reduce subsidies by meeting the Commission half way. The Italians were to have abolished their subsidy this year, but there is little prospect that they will.

There is a lot of support for the views of shipbuilding industries that subsidies should be continued. Governments are painfully aware that, if they cancel all financial aid, the industry will take more severe knocks at a time when construction prices are being depressed by competition from Japan and the rest of Asia. It is thought likely, therefore, that the Commission will bide its time in the hope that there may be a wider, more global solution to the problem of surplus productive capacity.

Frozen Food

Consumption of frozen foods is growing steadily in Europe, though there is an enormous gap between the amount eaten here and in the United States. Total consumption in Europe last year is estimated to have been 433,000 metric tons; in America, it was almost ten times as much, at 4.25 million.

Britain accounts for almost half—45.5 per cent—of European annual consumption, with 197,000 tons. Consumption has been rising steadily since frozen foods were first introduced about 15 years ago, though the big growth has been in the last 10 years when it has risen seven-fold. The value of the market in Britain last year is estimated to have been £75 million, an increase of £3 million, of which the retail trade accounted for £62 million and catering the rest. The second largest consumer is West Germany, with 80,000 metric tons, then Sweden, 41,000 tons, the Netherlands, 26,000 tons, and France, 17,000 tons. Italy comes near the bottom of the table, with 8,000 tons.

When one looks at consumption per head there are significant changes. Sweden is clearly the most important country in this respect, with 11.9 lbs. per head a year (as compared with 50.6 lbs. in America). Britain follows, with 8.1 lbs. and then the other Scandinavians, Denmark and Norway, 7.5 lbs. and 6.6 lbs. per head, respectively. The rest of Europe trails away.

In addition to being the third largest consumer of frozen foods Sweden is also one of the Continent's biggest exporters. In 1963 exports amounted to 10,000 metric tons, most of it to Britain. Holland is the major exporter, with 22,000 tons, two-thirds of which are vegetables and the rest fruit, whereas France (34,000 tons) and Austria (5,700 tons) are net importers. Of the French imports only 15,000 metric tons are sold frozen; of the rest, part is re-manufactured and some 13,000 tons last year were thawed and sold as "fresh."

Refrigerators

Although the growth of frozen food sales is frequently associated with home ownership of refrigerators, sales have grown more in Britain, where there are fewer refrigerators as a proportion of total population than on the Continent. The food manufacturers believe that, if more people can be induced to buy refrigerators, they can sell more frozen foods. Last year, refrigerators were owned by under half the homes in eight countries and only in Sweden were there 'fridges in as few as six homes in ten.

In Germany, the most popular frozen foods are poultry, spinach, meat and game, and kale, with fish growing rapidly in popularity. Dutch preferences are similar, with fish fingers and meat croquettes growing in importance. Spinach and cod are important in Belgium and fish in Scandinavia. Frozen-food manufacturers are confident that they will capture a larger share of the convenience-food market from their competitors, principally producers of tinned goods. What both of them fear, however, is the possible emergence of accelerated freeze dried foods. A.F.D. is the system whereby a food is frozen then dried (or dehydrated). The disadvantage of the operation at the moment is that it involves a double process, first refrigeration, then dehydration, which makes it expensive. It also makes foods brittle and a dropped packet can "splinter" a vegetable or meal.

But there are big advantages. A.F.D. needs no expensive equipment in the shops; it can be stored more easily; there is little fear of its going bad in the short run, so it can be kept longer. And it is claimed that A.F.D. preserves taste and texture better than frozen food.

Two firms in Britain are already experimenting with A.F.D. One of them is already in frozen foods in a big way, being the largest supplier in the country and the supplier, through subsidiaries, of half the frozen foods on the Continent.

Development Aid Falls Away

Too few countries are receiving developing aid, which in itself fell in 1962. That is the nub of a United Nations report on aid to the emerging countries. The report shows that there are 52 countries in need of aid. But two-thirds of the long-term aid goes to only 15 of them. And more than a third went to India, Argentina, Puerto Rico, Brazil and Indonesia.

That the Far East should have received the lion's share of the aid is understandable since this is now the centre of the cold war and the Communists are also concentrating their aid in this part of the world.

But many economists feel it is unfortunate that the major donors should be concentrating their aid on those parts of the world where they are seeking to influence economic policies. Much American aid goes to Latin America; almost all French aid goes to the former French colonies in Africa and is often given, or withheld, for political reasons.

Total private and public capital flowing to the developing countries rose from about £2,150 million in 1960 to £2,330 million in 1961 and then fell away to around £2,250 million in 1962, the last year for which figures are available. The decline in private capital flow, which fell from 22 per cent in 1960 to 16 per cent in 1962, has been particularly severe.

It is felt that, unless Governments of the advanced nations guarantee to provide a fixed proportion of their national incomes for aid, the gap between the have and have-not countries will continue to grow.

Gibraltar

Gibraltar is searching for alternative sources of income. This has a double reason: to reduce her dependence on Britain and to maintain her independence of Spain. In the past, much of her income has come from the British military base. This may be less a money spinner in the future, with the rethinking that is going on in British defence policy, especially as Gibraltar's strategic value is now being questioned. At the same time, the desire to lessen dependence on Spain becomes important as that country increases her pressure to incorporate "the rock" into the mainland.

The most obvious alternative income is tourism, most of which has up to now centred on the tourist in transit. A big deficiency is the lack of adequate hotels, but this is being remedied. More facilities for the tourist, such as casinos and restaurants, are also being built. The Government is also developing the entrepot trade. As a shopping centre, Gibraltar leaves a lot to be desired but Japanese and other goods are becoming increasingly evident. Legislation is in the offing to attract foreign capital by making it exempt from much taxation. Although it is too soon to talk of Gibraltar being a tax-free haven, in the same way as Panama, the Bahamas or Liberia, this field could offer scope for the Government. The colony has an acute shortage of water, which is holding up development plans. The Government intends to avoid too heavy a dependence on Spain by setting up special catchment areas.

Trouble Again in Eggs

European trade in eggs, which has been going through some troublesome ups and downs in the past months, now seems to be headed for another "down." The Belgians are particularly concerned by the latest of a series of readjustments to the levies imposed by the Common Market on the import of eggs. A new arrangement that came into force on 1st August deprives the Belgians of most of the differential they previously enjoyed over the Dutch. As a result, Belgium eggs now compete on almost equal terms with the Dutch on the big German market.

The Dutch are concerned because of reports that German traders have released on the market large quantities of foreign eggs bought at low prices and stored for use at a strategic time. Non-Common Market countries have not noticed any improvement in their trade with the E.E.C., since import levies on the third country eggs were reduced last month. Only the German trade appears to be satisfied with present conditions. But even in Germany, importers are complaining at being deprived of a formerly flourishing business in third country eggs. Informed Dutch sources predict a shortage of eggs in the European market late this year following heavy slaughtering of laying flocks in the first months of 1964.

Back to the Land Drive in Czechoslovakia

The Czech Government will offer lavish incentives to get workers back to the land, if proposals put forward by its Agricultural Control Commission are adopted. The proposals are aimed at getting people who drifted to the cities in search of higher wages in the 1950s and early '60s to go back and operate private farms within the framework of the collective (semi-State or co-operative) sector of agriculture.

The Commission's plan is to allot holdings of between 25 and 50 acres, tailor-made to family requirements. These holdings would be available at a nominal rent of about £2 17*s.* a year. Farmers would get about 42 per cent more than the Government controlled price for a substantial proportion of their output and, for three years, income from this source would be tax free. There would also be free holidays for farmers achieving high deliveries. Finally, the Commission emphasises that no farmer will be prosecuted for failing to achieve minimum State delivery requirements. Few of the ex-farmers now working in industry can have for-

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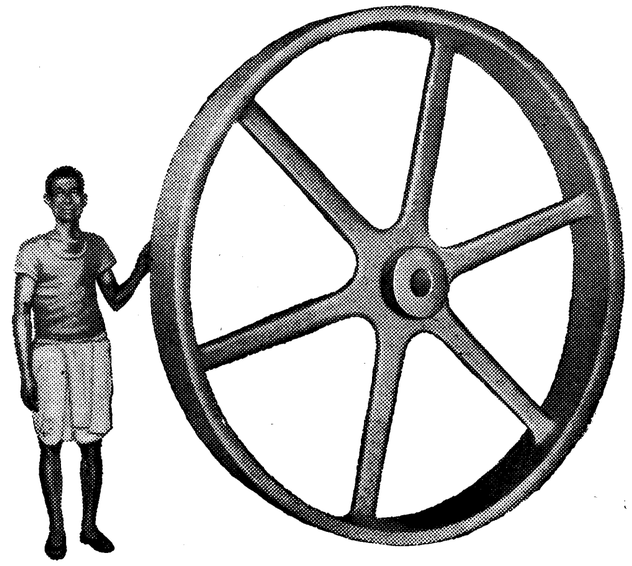

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gotten that some 27,000 of their number were jailed for varying periods between 1950 and 1954 for failing to deliver enough. Many bought additional produce with their own money and then delivered it back to State buying centres at a discount of as much as 80 per cent.

But behind the current incentive programme is the fact that collective farms, which provide the bulk of Czechoslovakia's food, have been making a loss for some years. Within the collectives, it is normally the private family plots which provide most of the eggs and dairy produce for Czech home consumption.

Dairy and bread production has lately been improving, but as a result of the decline of the collectives there is a shortage of fruit, vegetables and meat. Pork, normally popular, has been in short supply since deliveries from China ceased and, although some Argentine beef is available it is badly distributed. Most of the best fruit goes to West Germany and little is available for domestic consumption.

Subsidies for Smallholders

Over £4 million in subsidies is to be paid to small and medium-scale farmers in **Portugal,** under a plan announced by the Economy Minister Prof. Teixiera Pinto. The subsidies are part of the run-in to an agricultural improvement drive under the 1965-67 Portuguese interim development programme. The low productivity of Portugal's thousands of small farms means that the agricultural sector, which employs nearly 45 per cent of the population, produces less than 25 per cent of the nation's wealth.

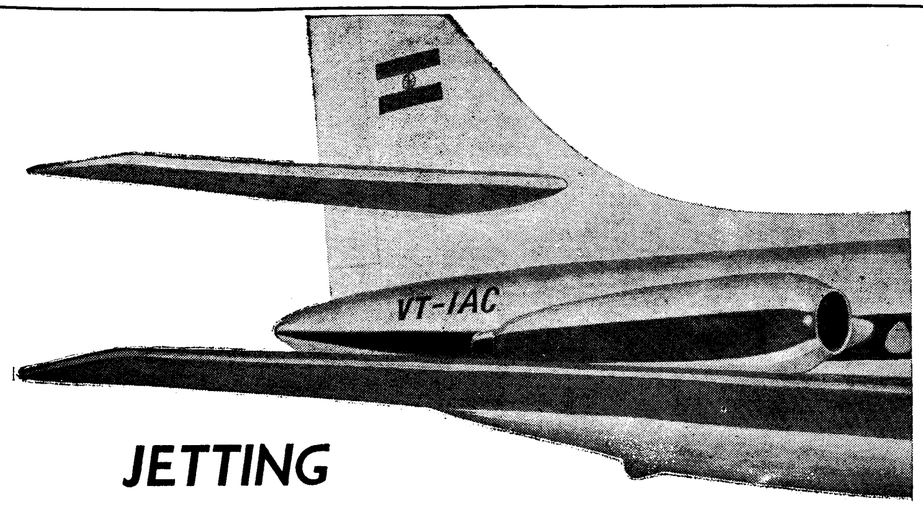
Norway's 700,000-strong agricultural community, agitating for an income rise, is to get less than it demanded—but more than the Government offered. A special arbitration board set up by Parliament decided that the settlement for the two years 1964-65 and 1965-66 should be just about midway between the Farmers Unions' claim and the Government proposal. Under the decision, about £6.25 million will be pumped into agricultural incomes in the first year, and £8.75 million in the second. The settlement is about 40 per cent less than the farmers hoped for, but 40 per cent better than the authorities were prepared to concede. In the first year, 72 per cent of the increase will be accounted for by the authorisation of higher producer prices for agricultural products notably milk and meat, and the rest by budgetary support.

Topical Briefs

European Coal and Steel Community production, imports and stocks of coal are all expected to drop in the third quarter of this year compared with the same period of 1963. Last year, production was 54.2 million metric tons and imports 9.3 million, making a total of 63.5 million tons, in the third quarter. This total was slightly less than requirements, so that stocks were run down by almost a million tons. The estimates are that stocks will rise very slightly (by about 300,000 metric tons) because of a 3.5 million-ton fall in demand and a very small fall in exports. This change is expected to occur in spite of a drop in production (just over 1 million tons) and imports (1.6 million tons). However, stocks are well up for the year as a whole since they increased by more than 4 million metric tons in the first few months of the year.

Europe's Space and Research Organisation (E.S.R.O.) is now rapidly expanding its various supporting branches. At Delft, in Holland, the Organisation's technical centre is taking shape and will eventually employ between 800 and 900 people in planning, developing and building payloads for rockets, satellites and space probes. This is intended to cater either for its own resources or in conjunction with European industry and research centres. A data-analysis centre at Darmstadt is to have a staff of 80 and there is to be a research institute, probably in Italy, also with a staff of about 80, to deal with chemistry and physics problems. Finally a launching site for high-altitude research rockets is to be set up in Sweden, which is also likely to be the home of a series of tracking stations. Eight nations are now affiliated to E.S.R.O.

German economists forecast that their country's export growth will tail off in the remainder of this year. In spite of the levelling off of exports this year, the group of economists thinks that the total amount of exports for the year will exceed last year's total of £5,200 million by as much as 12 per cent. In the first half of the year a growth rate of 15 per cent was reached, which indicates that the upsurge in the second half, if the economists are right, will be around nine per cent. Reason for the decline is that delivery dates have lengthened and the demand from abroad is not as strong as it was. But imports are expected to increase slightly and to be about 10 per cent above 1963's £4,700 million. This would indicate that the trade surplus will increase from £500 million to around £650 million.



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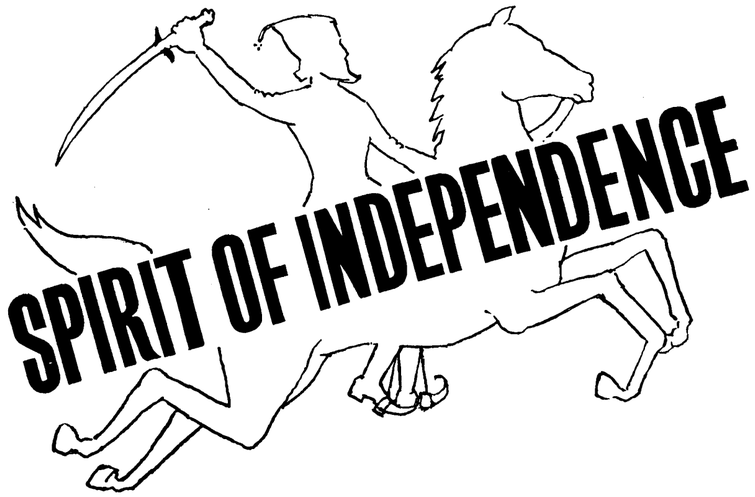

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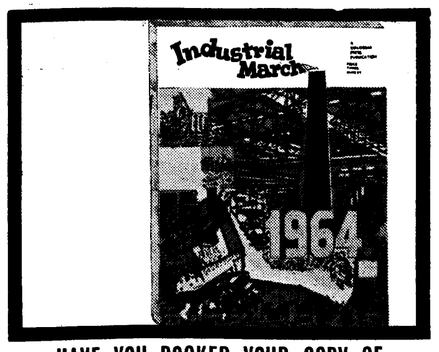

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THE TATA IRON AND STEEL COMPANY LIMITED

STATEMENT OF THE CHAIRMAN, MR. J. R. D. TATA

THE following statement by Mr. J. R. D. Tata, Chairman of the Tata Iron and Steel Company Limited, dealing with the Company's working for the year ended 31st March 1964, has been issued to the shareholders. The Annual General Meeting of the Company will be held on Thursday, 3rd September 1964, at 4.30 p.m.. at the Birla Matushri Sabhagar, 19, Marine Lines, Bombay 1.

TO THE MEMBERS,

As this review comes to you only a bare two months after the death of Jawaharlal Nehru, it is fitting that it should begin with a tribute to his memory and an expression of our grief at his passing. In every age, a few men are born destined to shape the course of history and it was fortunate for our country that at one of the most critical turning points of its history, one of his heroic stature was there to lead it.

After Gandhiji led us to freedom, Jawaharlal undertook the prodigious task of changing the outlook, beliefs and way of life of hundreds of millions of people steeped in ignorance, poverty and despair; giving them faith in themselves and showing them that with education, hard work, modern ideas and methods and the application of science and industry, they could build a new and better life for themselves and their children. Many years must still pass before Jawaharlal Nehru's dream of a modern industrialised India comes true, but he lived to see the success of the greatest and boldest experiment in parliamentary democracy the world has ever known. If through all the emergencies and crises, which it had to face and surmount over these seventeen years, India has clung so tenaciously to the democratic way of life and remains today a nation of free people, we owe it mainly to him.

The Steel Works and the city of Jamshedpur held a special place in the thoughts of Jawaharlal Nehru for, long before other steel plants were built in the country, they were to him the symbol and the promise of a new India. In 1958, on the occasion of our Golden Jubilee, while dedicating the Jubilee Park, which the Company presented to the citizens of Jamshedpur, he said "I have come here because this great Steel Works and the city of Jamshedpur have become symbolic of the growth of Indian industry ... but the biggest reason of all is to pay homage to the memory of Jamsetji Tata." It is appropriate to recall these words today since this year marks the 125th anniversary of the birth of Jamsetji Tata and the 60th anniversary of his death. Referring to Jamsetji's courage and vision, he said, "It is right that we should honour his memory and remember him as one of the big founders of modern India." The great heart that paid this gracious tribute is now stilled, but, as his biographer has said, "India will remember Jawaharlal as the man who saw the vision big and tried, with all his faith and will, to make it great."

As we mourn the passing of Jawaharlal, our thoughts, sympathy and good wishes turn to the dedicated man who has taken on the heavy burden of leading the country. The unanimous choice of Lal Bahadur Shastri as Prime Minister and the smooth transition to the new regime have given proof of the maturity and soundness of our parliamentary democracy. I am sure that shareholders will join me in assuring Prime Minister Shastri of the full support and co-operation of the Company in whatever way it may be called upon to help in the further development of India's steel industry.

The Year's Results

The Company made satisfactory progress during the year under review and reached the production target of 1.5 million tons of finished steel while the output of steel ignots fell short of the 2 million-ton target only by 5 per cent.

On the financial side, however, the results of the year's operations were somewhat disappointing. Although the profit before taxes was nearly Rs. 2 crores higher than in the previous year, much of the excess was due to the fortuitous addition to revenues of Rs. 85 lakhs written back from excess provisions made in previous years. Discounting this item, the profit was only marginally higher than in the previous year in spite of the substantial increase in sales and the ratio of profit before taxes to sales was 14.2 per cent as against 15.4 per cent in the previous year. The slight deterioration in profit per ton was due, as stated in the Directors' report, to a rise in costs uncompensated by a corresponding increase in retention prices. Increases in prices were sanctioned by Government only from March 1964, although the increases in costs beyond the Company's control which such escalation in prices is intended to cover had taken place much earlier. The delay caused the Company the loss of a substantial amount of revenue and therefore of profit during the year. Furthermore, as stated in the Directors' report, the price increases from March 1964 in categories of steel over which price control has been retained after partial decontrol, were substantially less than expected on the basis of an announcement made by the Minister of Steel in that month.

Shareholders will have noticed the sixfold increase in taxes this year. Whereas in the previous year the bulk of the profit was absorbed, for tax purposes, by arrears of development rebate, there was no similar set-off this year as all such arrears have been fully made up. The provision for taxes would, in fact, have been Rs. 2.70 crores larger but for the higher depreciation allowed under the reducing balance method of calculation adopted by the tax authorities than under the straight line method followed by us. I am sure, you will approve of the Directors' decision to set aside this saving in tax to a deferred taxation reserve for the reasons explained in the Directors' report.

As against the increase of Rs. 6.65 crores in the provisions for taxes, including deferred taxation, as compared to last year, the allocation to the development rebate reserve is as much as Rs. 7.70 crores less than in the previous year. Taking into account all the variations between the two years' allocations and provisions and last year's transfers of Rs. 3.84 crores from reserves, the final balance available for disposal was larger this year by Rs. 3.12 crores.

As you are aware, our general reserves were heavily depleted by transfers to profit during the last few years to compensate for the exceptionally large amounts set aside for special reasons towards additional depreciation and arrears of development rebate. In the interests of the shareholders, it is necessary that we should build up these general reserves again whenever possible after paying reasonable dividends. Your Directors have, therefore, set aside Rs. 2.75 crores to General Reserve No. 1 this year and at the same time were able to recommend an increase of Re. 1 in the dividend on ordinary shares.

Impact of Inflation

A matter of much concern to us as to all engaged in industry has been the continuous increase in costs, year after year, not only in steel but in almost every single product made or grown in India. Although the accelerating rise in the cost of living index during the last year has been principally due to soaring food prices, themselves due to insufficient production combined with a greatly increased purchasing power, the cost of all industrial products, including those which, like steel, do not depend on agricultural raw materials, has continued to rise relentlessly with no sign of abatement in sight.

Steel provides a striking example of the marked deterioration in the country's cost-price structure. Whereas until 1955 Indian steel was amongst the cheapest in the world, it has become one of the costliest although the basic elements which make up the total manufacturing costs have not materially changed in relation to those of other countries. At the end of 1963, the average price of the common categories of steel in India was more than two and a quarter times the 1948 price, one of the largest single elements of increase being in respect of excise duty which increased no less than fifteen times from Rs. 5 to Rs. 75 per ton. Actually the full incidence of excise duties and other taxes on the final price of steel is much greater than that as practically every item which goes into the making of steel, including fuel, power, raw materials and stores, is itself subject at one or more stages of production to its own excise duties and other taxes. In addition to the growing burden of direct taxes of one sort or another, freight rates charged by the Indian railways are today four to five times what they were fifteen years ago.

The damage caused by rising costs to the economy and to the country's long-term plans of development cannot be exaggerated. Not only does the resulting decline in the purchasing power of the rupee cause severe hardship to every family in the country, but increases in costs have a number of other dire consequences. For instance, they have already rendered uncompetitive in world markets almost every exportable Indian product other than tea and jute, thus severely restricting our earnings in foreign exchange; they have inflated expenditure under the country's development plans and this, in turn, has necessitated, apart from further additions to our already crushing burden of taxation, a further rise in deficit financing, aggravating inflationary pressures and leading to still higher costs and prices, a vicious circle indeed.

While appreciating the magnitude and complexity of the problems involved and the grievous burden of additional Defence expenditure since last year, I venture to suggest that the deterioration in our price structure is largely due to our forcing the pace of economic development beyond the country's capacity in physical and financial resources. The inflationary effect of spending too much too quickly has been aggravated in our case by the fact that so much of the total expenditure has been incurred on unproductive civil administration and on costly long-term projects which can add to the national income only after long gestation periods and which, even when completed, produce little for the consumer.

Unfortunately, there seems to be no recognition as yet of the need for a reappraisal of resources and priorities in our planning. From the tentative figures recently announced for the fourth Plan period it would seem that the remedies for our present ills are thought to lie in still larger plans involving still heavier doses of taxation, deficit financing and foreign borrowings.

Special Advance

You will, no doubt, expect me to make some reference in this statement to the recent amendment to the Companies Act empowering Government unilaterally to convert into shares loans advanced by them to joint stock companies, and to the discussions which we and the Indian Iron and Steel Company have been having with Government in regard to the repayment of our respective special advances.

We have viewed the passing of the above amendment with deep concern, not only because of its potentially grave impact on the Company and its shareholders, but also because of the arbitrary and unfair nature of the measure and of its disregard of past undertakings in so far as the two Steel Companies are concerned. The scheme for the special advances of Rs. 10 crores made by Government to each of the two main producers towards the cost of their modernisation and expansion programmes was formulated in consultation with a World Bank Mission in 1952 and, as memories on the subject seem to be short, I feel it necessary to review once again the genesis and history of these advances.

From the end of the war until the mid-fifties, the retention prices allowed by Government to the steel producers were fixed at levels far below import prices, on the unrealistic basis of a gross return of 8 per cent on block, from which had to be provided profit-sharing bonus, Managing Agents' commission and taxes, leaving only about 3½ per cent for dividends and reserves. This price scheme had disastrous consequences for it left virtually nothing in the hands of the industry for rehabilitation and modernisation, leave alone expansion, and made it impossible to attract any fresh capital. As a result, the country had to spend immense amounts in foreign exchange every year on imported steel, which could have been saved if Government had followed a more realistic price policy.

When Government finally accepted the need for modernising and expanding the country's steel industry, we urged that our prices should be raised by Rs. 100 per ton which we undertook to apply exclusively, after taxes, to the modernisation and expansion of the plant. Even with this increase, our average retention price would at that time have been about half the price of imported steel. This modest and perfectly sound proposal was turned down by Government who, instead, decided to increase selling prices without raising retention prices. The funds generated by this increase to the consumer, which would normally and legitimately have accrued to the producers, was taken to an equalisation fund, from which the special advances were made to the two Companies. As I pointed out at that time, this amounted to lending us our own money. This was, in fact, recognised, at least by implication, in the terms of the special advances which made it clear that they were no loans in the ordinary sense, for the advances were to have no fixed maturity date and were to be repaid with interest only if and when a special element was added to the normal retention prices specifically for that purpose. In their 1962 inquiry into the steel industry, the Tariff Commission were specifically asked by Government to recommend a special element in the retention prices towards the future repayment of the advances and interest thereon from July 1958. The Commission recommended Rs. 8 per ton, Government, for reasons of their own which I have not been able to understand to this day, changed their mind and announced in Parliament and elsewhere that they were considering other means of recovering these advances, including their conversion into shares. It was presumably in pursuit of this objective that the extraordinary amendment to the Companies Act mentioned earlier was passed in December 1963. Whether the real purpose was actually to convert the advances into shares or merely to induce the Companies, under the threat of such conversion, to repay them in abrogation of the terms of the agreements between the Government and the Companies, has never been made clear to us. We naturally made strong representations to Government with whom, I am glad to say, discussions have been held and are still continuing towards what I hope will be an equitable and mutually satisfactory solution.

While not relevant to this particular issue, I may mention that we have protested with equal earnestness against another amendment of the Companies Act recently introduced by Government, which is in breach of the spirit if not the letter of the Constitution. Under this amendment, the voting rights attached to shares of joint stock companies held in trust are to pass to a Public Trustee, who incidentally, has still to be appointed by Government. This measure, which has at one stroke disenfranchised every trustee shareholder in the country, except in the case of trusts of less than Rs. 5 lakhs, is an extraordinary piece of legislation which illustrates the present tendency to disregard the rights of individual citizens and a growing readiness to rely on compulsion in enforcing Government's will on the people. Although it is now part of the law of the land, it has not yet been put into actual operation as the appointment of the Public Trustee has still to be notified. I hope, even at this late stage, that some convention or *modus vivendi* will be established whereby, in practice, the voting rights of trustee shareholders will be left undisturbed except when they are abused or where the Public Trustee has grounds to apprehend the misuse of such rights by the trustees.

Further Expansion

In my statement last year, I mentioned the possibility that our Company might be called upon to undertake a further large-scale expansion of capacity at Jamshedpur during the fourth Five-year Plan. Government have, indeed, requested us to undertake such expansion and further progress has been made in the examination of the project. The scheme, as it has now emerged from such a study and from discussions with Government, contemplates the installation of the necessary facilities for making, in the first instance, an additional million tons of ingot steel to be rolled into sheets and strip in a continuous or semi-continuous strip mill.

We expect to appoint a firm of consulting engineers shortly to prepare a detailed project report which should be received in about eight months after their appointment. While only preliminary estimates have been made, the indications are that the cost of this further expansion would be of the order of Rs. 170 crores of which probably a little more than half would be in foreign exchange.

As I hinted last year, the most difficult problem will be that of finance, particularly as this project will be superimposed on a programme already in hand for expanding and modernising our ore mines, building a battery of coke ovens, adding some equipment to SMS 3 and doing a few other things, at the cost of about Rs. 25 crores and on the project for increasing the output of our Jharia collieries by a million tons of washed coal at an estimated cost of about Rs. 30 crores.

There is no need for alarm at the prospect of such large commitments. The recently completed Two Million Ton Programme and the results before you in the form of increased dividends and reserves are an indication of the benefits and added strength which accrue to the Company and its shareholders from expansion resulting in lower costs, better utilisation of total assets and increased productivity. At this early stage, I can only repeat that your Directors will sanction a further expansion only if they are thoroughly satisfied that the project is technically and economically sound and that it can be undertaken on terms wholly fair to the shareholders.

Communal Disturbances

The Directors' report contains a brief factual reference to the tragic events which overtook Jamshedpur in March this year and which, in addition to the loss of valuable life, brought great misery and hardship to thousands of innocent men, women and children. This explosion of communal violence was all the more shocking for having occurred at Jamshedpur which, for over a half century, had established an exemplary record of peace and harmony, maintained unsullied even in the darkest days of 1947.

It is poor consolation to know that the troubles were least pronounced in the Steel Plant and in the areas inhabited by the Steel Company's employees. This was to be expected as a large proportion of our present employees consists of second and third generation citizens of all communities who were born in Jamshedpur, went to school together and form a mature and stable cosmopolitan community. These elements conducive to happy relations between communities are lacking among the newer industries of Jamshedpur, most of whose employees have come from outside the city and, being younger, are more easily swayed by trouble-makers.

The lesson to be learnt from this tragic episode is the need for continuous vigilance and sustained action in the promotion and maintenance of good relations amongst the various communities as well as for a strong civil administration endowed with the necessary authority and the will to take firm and instant action in emergencies. Although the local Government authorities, including the police, no doubt did their best to bring the situation under control, they were at first overwhelmed by the suddenness and magnitude of the events which offered evidence of having been deliberately planned.

One of the possible causes for the situation having gone out of hand for a while is the fact that Jamshedpur, although the second largest city in the State of Bihar and perhaps the most vital industrial centre in the whole country, is still administratively treated as a sub-division of a district, the headquarters of which are in a small neighbouring town. As a result, the law enforcement machinery is inadequate for dealing with serious emergencies. We have, therefore, urged that early consideration be given to the possibility of upgrading Jamshedpur to an administrative status commensurate with its importance to the State and to the country and with the magnitude of the problems and the task of administering it.

As stated in the Directors' report, the Company, along with sister concerns at Jamshedpur, took quick and effective steps to provide relief and rehabilitation to the families of the affected communities. Although not relevant to this review, I think, shareholders may be interested to know that, recognising the similar misery and hardship suffered by thousands of refugee families from across the country's borders, the Steel Company, along with Telco and the Tata Trusts, are planning to undertake a programme of relief at one or more refugee camps in Bihar.

Sir Jehangir Ghandy

It is customary for me to end my annual statement to the shareholders with an expression of thanks to the officers, supervisory staff and workers at Jamshedpur and elsewhere for their contribution during the year to the further progress made by the Company. Now that I am no longer inhibited by his membership of the Managing Agents' firm, I should like to pay a special tribute to my old friend and colleague Sir Jehangir Ghandy, who retired as Director-in-Charge of the Steel Company at the end of the year under review. "Joe" Ghandy, as he has always been known to those who have worked with him, joined the Steel Company as a trainee in 1917, nearly 47 years ago, and left for the U.S.A. eighteen months later for advanced post-graduate studies. He returned to Jamshedpur in 1921, and has been there ever since. From the start, he showed such exceptional ability and drive that it took him only nine years to be put in charge of the whole plant as General Superintendent and another eight years to become the first, as well as the youngest, Indian General Manager. Since 1946, he was in charge of the Company's affairs at Jamshedpur, first as Resident Director of the Managing Agents, and then as Director-in-Charge. To him goes a major share of the credit for the progress and growth of the Company over the last thirty years.

Sir Jehangir Ghandy achieved prominence and countrywide recognition in various fields of national endeavour and was closely associated with many of the country's leading technical institutions; but it is as an outstanding Engineer-Administrator and for his unparalleled services to this Company and to the Indian steel industry as a whole that he will be remembered, and for which we all owe him a deep debt of gratitude.

Although no longer concerned with the day-to-day conduct of the Company's affairs, Sir Jehangir, happily, continues his connection with the Company as a member of its Board, as a Director of Tata Sons and as Chairman of three important enterprises associated with the Steel Company at Jamshedpur. I am sure shareholders will wish to join me in thanking him for all he has done for the Company over these four decades and more, and in wishing him many years of good health and happiness.

The work and responsibilities of Sir Jehangir at Jamshedpur are now shared by two Resident Directors of the Managing Agents, Mr. S. K. Nanavati, in charge of Operations, and Mr. R. S. Pande, in charge of Administration. Mr. Nanavati retired as General Manager of the Company in September last yesar on his joining the Board of the Managing Agents' firm after a brilliant career with the Steel Company covering a period of over 29 years, and was succeeded as General Manager by Mr. G. Kumar.

Mr. Pande had a distinguished record of service with Government prior to joining the Steel Company in 1958 as Director of Personnel. He was appointed Agent in April 1959 and retired from the Company's service on 1st April this year when he joined the Board of Tata Industries.

The Company's operations are safe in the hands of this strong and experienced team backed by a group of able and devoted officers.

J. R. D. TATA,
Chairman.

BOMBAY, *27th July*, 1964.

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PRODUCTIVITY IN CEMENT INDUSTRY

FINDINGS OF STUDY GROUP

THE consumption of cement in India—*per capita* as well as per square mile of the area of the country—is very low as compared with the industrially advanced countries in Europe and America. Thus, as against 18 kgs. in India, the *per capita* consumption is as high as 272 kgs. in the U.S., 386 kgs. in Switzerland, 295 kgs. in West Germany, 204 kgs. in France and the U.K. and 191 kgs. in Italy. These figures indicate how far India is lagging behind in cement consumption and consequently in industrial and social development.

Except for a brief spell in 1958-59, the demand for cement has always been far in excess of the availability. This, however, does not mean that the industry has been in a stagnant position and the rise in production has not been fast. Production which stood at 3.2 million tonnes at the beginning of the planned period increased to 5.0 million tonnes in 1956 and 8.2 million tonnes in 1961—a rise of over 250 per cent during the decade. There was a further rise to 8.6 million tonnes in 1962 and 9.4 million tonnes in 1963. But the demand—industrial and road development and housing—has been rising at a much faster pace, resulting in a vast gap between production and requirement. It has been estimated that, by the end of the fourth Plan, the requirement of cement in the country will be somewhere between 20 and 22 million tonnes, that is more than double the present level of production. Some have advocated import of cement as a solution to the problem of shortage. In view of scarcity of foreign exchange, this is not a feasible remedy, except, perhaps, for a short period to meet some unavoidably urgent and strategic requirement. But, basically, it is only through an increase in domestic production that the gap can be met. Indeed, the indigenous cement industry can even develop an export potential if the cost of production can be brought down. This is specially necessary, as cement, being bulk cargo, is costly to import from long distances and most of the African and Asian countries may find it more economical to take their requirements from India rather than from distant countries. If an earnest effort is made to increase the production of cement in India on economic lines, the development of an export market is not beyond the reach of the country.

Plant Improvement

Exports apart, it is necessary to bring down the production cost of cement, a basic raw material, even from the point of view of domestic economy. The aim should, therefore, be not only more production of cement, but more production at a lower cost. It must also be noted that cement industry is a capital-intensive industry. Large sums of money are required to install a cement producing plant, a substantial portion of which will have to be in foreign currency until indigenous capacity for making cement machinery becomes adequate. Whereas it is important to install new plants to increase production, it is all the more necessary to duplicate or even triplicate the already installed plants to get from them the optimum amount of production. A study group constituted by the National Productivity Council to examine the problems of productivity in cement industry has recommended that an initially established plant for producing 600 tonnes of cement a day (that is, 200,000 tonnes per annum) can be economically increased in size to reach a maximum production of 1,800 tonnes per day (that is 600,000 tonnes per annum). This large size has been recommended for two reasons: first, an increase in the capacity of an existing plant can be effected without a proportionate increase in capital investment. Secondly, the cost of production per tonne of cement will come down, as there will be a less than proportionate increase in overheads, labour and establishment costs.

Quite a large number of cement producing plants installed more than a decade ago now require replacement or major repairs. As it is, the production of these plants is only 70 to 80 per cent of their installed capacity, the chief reason, according to the findings of the Study Group of N.P.C., being the frequent breakdowns and stoppage of work. A sizable increase in the production of cement can be brought about, if prompt steps are taken for the rehabilitation of these plants. In addition to the main items of plant and machinery, there are many other mechanical devices which, if introduced in the working of the cement plants, can play an important part in increasing the production of cement and lowering the cost of production. Some of the important equipments the introduction of which can reduce the cost of production are fork lift trucks, skid shovels, cranes, locomotives, bulldozers, etc. The N.P.C.'s Study Group on cement industry has found that the Sikka Cement Works is in urgent need of these equipments and that most of the other plants are also in need of one or other of these equipments.

Machinery Imports

Many of the items of cement producing machinery are now being manufactured in India. As some more factories for producing cement-making machinery are being set up, the supply of indigenous components will improve further. Nevertheless, a substantial quantity of foreign exchange will still be necessary to get the many other items not produced indigenously and required for enlarging and rehabilitating the plants and especially for introducing new mechanical devices. The present allocations of foreign exchange are, according to the Study Group, hardly sufficient to meet the required imports. There is thus an urgent need to increase the import facilities available to the cement industry in order to push up production and reduce cost.

In cement industry, limestone is the most important item of raw materials used. Contrary to earlier assumption that India had a vast, unlimited supply of limestone, the supply prospects are far from satisfactory. Although the already proved limestone reserves are expected to be sufficient to meet the requirements of cement industry till about the fourth Plan period, many of these reserves are not of a very high quality. There are few deposits having 90 per cent $CaCo_3$ and most of the deposits fall in the range of 80 per cent to 85 per cent $CaCo_3$. Five factories are having even still lower quality of limestone, possessing 78.5-79 per cent $CaCo_3$. It may be noted here that, as limestone having a larger percentage of $CaCo_3$ permits the use of larger proportion of clays—a comparatively cheap raw material—the cost of production of cement is lower in such cases. The use of limestone having a lower percentage of $CaCo_3$ will mean the need for more bulk of limestone and less bulk of clays and will push up the cost of production of cement. Unless deposits of better quality limestone are discovered, the factories will have to take resort to flotation for enrichment of limestone. Some factories of A.C.C. have already started this process, having exhausted their deposits of better quality limestone. But the installation of flotation plants requires large capital expenditure and high operational costs are involved which will ultimately fall on the cost of production of cement. A solution suggested by the Study Team is that, so long as deposits of better quality of limestone are not available, other materials like fly ash from thermal power plants, burnt clays and blast furnace slag from steel plants should be used as far as possible. The supply of the last mentioned item will increase gradually with the growth of the steel industry in the country, and it can be used upto 50 per cent of the raw material, depending upon its quality.

The mechanisation of quarrying operations can also go a long way towards reducing the cost of production of cement. Whereas limestone extracted by manual quarrying costs Rs. 4.92 per tonne, the cost under mechanised quarrying method comes to only Rs. 3.41. The difference is mainly due to the lower costs of loading, drilling and overheads in mechanised

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quarrying. Mechanisation will also result in reducing the frequent accidents. However, it will require a considerably large amount of capital, a substantial portion of which may be in foreign exchange. The end, however, justifies the means. The Study Group has, therefore, recommended that wherever possible mechanisation should be introduced in the quarries.

Productivity and Employment

One of the arguments often advanced against mechanisation is that it will result in displacement of labour and thus aggravate the problem ot unemployment. In the case of mechanised quarrying, for example, it has been estimated that the manpower required will be only 10 to 15 per cent of that in the manually operated quarries. The Study Group found that in South India, whereas two manually operated quarries are employing 996 and 1,175 men respectively for a daily production of 1,350 and 2,200 tonnes of limestone, the two other almost fully mechanised quarries producing 2,450 and 1,550 tonnes of limestone per day are engaging only 136 and 80 men, respectively. Similarly, whereas 4.47 man-hours are required to produce a tonne of cement in Saurashtra Cement Works, as many as 20 hours are required in some plants as, for instance, Banmore, Khalari and Madras. The reason for this variance is that whereas in the former case, the latest techniques of mechanisation have been adopted, it has not been possible to adopt these techniques in case of the latter, perhaps due to the age of the plant, its design, layout, etc. Although mechanisation may result in temporary displacement of some persons, the benefits of adopting the latest techniques will be substantial and the cost of production will substantially come down through a marked reduction in the man-hours required for producing a tonne of cement. As the wages of workers are progressively increasing, the least that must be done is that any further rise in the wage cost should be halted by reducing the number of people employed in each plant.

The N.P.C.'s Study Group, which consisted of a dozen competent men, is of the view that the machinery employed for cement production in India is in no way inferior to the machinery installed in other countries. Yet it has found that "the productivity of Indian worker as compared with his counterpart in Western countries is depressingly low." It has quoted the following figures in support of its conclusion:

Country	*Man-hours per tonne*
U.S.A.	1.50
Belgium	1.51
Japan	1.75
U.K.	1.82
Germany	2.20
India	10.15

It will be noted that man-hours per tonne of cement produced is 10.15 in India as against only about two in the U.K., the U.S. and Japan. Giving its reasons for this depressing state of affairs, the Study Group says:

"Our workers labour under a peculiar conventional disability. A person doing a particular job will attend to that job alone and to none other even if he has plenty of spare time. Thus an oiler will not do the cleaning, the cleaner will not do the oiling and a machine-man will not do either of these jobs. The principle of the division of labour is thus carried to a ridiculous extreme, with the result that there are many persons unnecessarily hanging around each piece of machinery."

It may be pertinent to recall, in this connection, what Dr. Gunnar Myrdal, an authority on economic development, had said about the productivity of workers in India to members of Parliament some time ago:

"Around every piece of work to be done, there are too many workers hanging around. You are, of course, well aware of the fact that a regular situation in some of the most modern factories in India is that a machine which in Sweden or Germany, the Soviet Union or the United States is serviced by one man or woman, here will need two, three, four or even five men. In spite of low wages, the actual labour cost to the industry then comes up towards or above the levels in richer countries with their higher wages but also higher labour efficiency. Your industry is then not competitive and will lack the strength for expansion."

Summing up its conclusions on this subject, the Study Group itself has this to say:

"Higher productivity might in the short run mean some redundancy, especially in the overstaffed older plants. This can happen in India just as it has sometimes happened in the U.K., under the impact of automation. The very serious unemployment that already exists may make one stop and ask whether productivity at the cost of jobs is really necessary in India. The answer is simple. Economic growth cannot proceed without ploughing back some part of the fruits of past effort, or the accumulation of capital. The greater the accumulation, the faster the rate of growth—at least in an economy as capital-hungry as India's. The quicker the progress, the more jobs there will be, and the total of employment opportunities should in the long run keep well ahead of marginal redundance. This is the lesson of industrial progress not only in the West but also in the different conditions of Japan and Russia."

There can be no two opinions on this conclusion. Only, the authorities in this country do not have the courage to adopt in actual practice the well-known principles underlining the above quotation. Meanwhile, the least that could be done is to accept the Study Group's recommendation that natural wastage of labour in cement factories should not be replaced till the redundant labour is got rid of.

The Study Group has found that working conditions for labour are not uniformly satisfactory in all the cement factories and that productivity is bound to increase if working conditions are improved. On the question of payment of wages by results, the Study Group says that wherever piece-rate payment is in existence, like in the quarries and packing departments, incentive system is also in existence. But, in several cases, the workers do not put in any extra effort and take benefit of the incentive system, because they are afraid that if they give higher production, the company may increase the minimum workload afterwards. Such apprehensions, the Study Group says, should be dispelled from the minds of workers. They should thus be persuaded to take full benefit of the incentive scheme which can considerably increase productivity. In this connection the Study Group observes that the Dalmia Cement (Bharat) has developed an incentive scheme by linking annual bonus with production and that this has helped to increase their output. Other cement factories, in the opinion of the Study Group, may consider adoption of such schemes, if feasible. Social incentives should also be tried along with other incentives.

T.I.S.CO.: HOPE FOR INVESTORS

EXPANSION ONLY IF WHOLLY FAIR TO SHAREHOLDERS

WHEN the Directors of the Tata Iron and Steel Company Ltd. [Managing Agents: Messrs. Tata Industries (Private) Ltd., Bombay] announced an increase of full one point to Rs. 12 in the dividend on the Rs. 75 fully paid ordinary shares for the year ended 31st March 1964, they appeared, to quite a few, to have played to the gallery, especially when the preliminary results released along with the dividend announcement did not fully bear out the increase. The full accounts now on hand also warrant this comment. What is more, no other than the Company's Chairman, Mr. J. R. D. Tata, himself candidly tells the shareholders in his annual statement that "... the Company made satisfactory progress reaching the production target of 1.5 million tons of finished steel with the output of steel ingots falling short of the 2-million-ton target by only 5 per cent ... on the financial side, however, the results were somewhat disappointing . . . much of the excess of Rs. 2 crores in pre-tax profit was due to the fortuitous addition to revenues of Rs. 85 lakhs written back from excess provisions made in previous years."

That, in spite of all this, the Directors have decided to raise the dividend for the second time in two years, third time in four years and fourth time in five years, leads one to infer that they have been increasingly conscious of the shareholders' claim to benefits arising from the 2-million-ton expansion programme, for which they not only provided additional funds but stood, albeit grudgingly, the progressive reduction in dividend in the previous years to as low a level as Rs. 6.80 in 1958-59 in the hope that the expansion programme ahead would bring them their rightful claim. Significantly enough, even after the latest increase, the dividend, after tax, is still lower at Rs. 9.60 as compared with Rs. 10.50 paid in 1953-54 and 1954-55, that is before the expansion programme was launched.

Additional evidence of the Directors' consciousness of the shareholders' claim is evident in Mr. Tata's observation that a further expansion during the fourth Plan envisaging initially a million tons of ingot steel to be rolled into sheets and strip at a cost of Rs. 170 crores of which probably a little more than half will be in foreign exchange will be sanctioned by the Directors "only if they are thoroughly satisfied that the project is technically sound and that it can be undertaken on terms wholly fair to the shareholders." Investors in Tata Steel have every reason to hope for a better deal from the Directors from time to time.

The accompanying table compares the year's results with those for the previous three years. It will be seen from this table that the year's gross profit of Rs. 23.97 crores, which does not include the previous years' excess provisions of Rs. 84.72 lakhs written back to revenues, is marginally higher than the previous year's gross profit of Rs. 22.59 crores, in spite of a rise of nearly Rs. 10 crores from Rs. 88.41 crores to Rs. 98.07 crores in net sales. Further, the ratio of pre-tax profit to sales is actually lower at 14.2 per cent as compared with 15.4 per cent in the previous year. This slight deterioration in profit per ton is attributed to a rise in costs uncompensated by a corresponding increase in retention prices. Increases in prices were sanctioned by the Government only from March 1964, though the increases in costs had taken place much earlier. The delay caused a substantial loss of revenue and profit. Further, the price increases from March 1964 in categories of steel over which price control has been retained after partial decontrol were substantially less than expected on the basis of the announcement made by the Minister for Steel in that month. Finally, the Company booked export orders for 7,400 tonnes of bars and structurals at a loss of Rs. 11 lakhs by way of fulfilling its share of one-third in the year's export target for the three main producers of steel.

The year's depreciation provision of Rs. 7.97 crores has been at the rate of 5 per cent on the gross block in use. During the preceding three years, however, an additional provision for depreciation had been made for bringing up the total provision to the amount of depreciation allowance admissible at income-tax rates. These were the years in which the profits as calculated for tax purposes were insufficient to meet the dividend without recourse to reserves of past taxed profits and these additional provisions were, therefore, made to earn certain tax relief on the dividend paid out. No such additional provision for depreciation has been made this year, as it was not necessary "for the purpose in view." For tax purposes, however, the total provision, including the third-shift allowance, amounts to Rs. 13.94 crores.

Trend of Results at a Glance

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales, less rebate and excise	98,07.04	88,40.74	79,66.84	72,55.87
Other income	391.33	379.21	324.96	326.18
Adjustments in retention prices	Nil	13.20	279.14	471.44
Excise duty paid	12,36.82	11,12.15	658.65	654.77
Raw materials consumed	23,84.01	21,02.68	19,28.48	16,13.63
Staff expenses	20,62.46	18,99.01	18,24.20	17,97.54
Other expenses	33,54.96	29,71.55	22,58.91	26,82.79
Gross profit	23,96.94	22,58.91	19,49.60	19,59.55
Managing Agents' commission	37.50	37.48	25.30	
Depreciation	797.04	11,65.75	13,15.43	13,92.39
Taxation	475.00	80.00		
Net profit	10,87.40	975.68	608.87	567.16
Transfer from reserves and provisions	84.72	384.30	534.18	592.04
Transfer to reserves	645.00	870.00	678.00	644.00
Loss on devaluation of D. Mark, etc.	..	..	..	58.29
Dividends—				
Preference	84.39*	84.39*	84.39*	84.39*
Ordinary (old)	440.92	404.17	380.66	380.66
Rate per share of Rs. 75	(D. Rs. 12)*	(D. Rs. 11)*	(D. Rs. 10.36)*	(D. Rs. 9.72† B. Re. 0.64)*
Carry forward	2.44	0.32	0.34	0.34
Ratio of net profit to net sales	11.08%	11.03%	7.64%	7.01%
Ratio of net profit to capital employed	8.05%	7.14%	4.36%	4.18%
Production (in'000 tonnes) of—				
Pig iron	1,809	1,764	1,645	1,586
Steel ingots	1,892	1,799	1,643	1,622
Saleable steel	1,507	1,413	1,318	1 263
Equity shares' market value (in rupees):	1964†	1963	1962	1961
High	158.50	150.25	153.25	167.00
Low	141.00	116.50	120.00	135.50

* Subject to deduction of tax.
† High and low upto 31st July 1964.

The Company's tax burden for the year is thus about Rs. 2.70 crores less than it would be if calculated on the profits shown in the accounts. But the tax burden in future will become heavier, after the position in regard to depreciation is reversed and the depreciation allowances in the income-tax books become progressively lower than in the Company's books. The Directors have, therefore, created out of the year's profit a deferred taxation reserve of Rs. 2.70 crores, being the deferred tax liability on the difference between the depreciation allowable for income-tax purposes and the provision for depreciation made in the accounts. The amount carried to development rebate reserve is only Rs. one lakh, as against Rs. 8.70 lakhs in the previous year, but the general reserves, depleted in the past few years for paying dividend, have been strengthened with a transfer of Rs. 2.75 crores. For meeting the dividend liability, Rs. 5.25 crores have been taken to dividend reserve.

As noted earlier, the production targets for the year were fulfilled; the percentage increase in pig iron being 2.6, in steel ingots 5.2 and in saleable steel 6.7. The injection of fuel oil into the blast furnaces was extended to the remaining four furnaces during the year. The addition of an eighth furnace in steel melting shop No. 3 in October 1963 coincided with the commissioning of the new tonnage oxygen plant and the increased lancing of oxygen in the furnaces. The output of the medium and light structural mill, which had improved from 145,000 tonnes in 1961-62 to 171,000 tonnes in 1962-63, rose further to 191,000 tonnes during the year under review. Plant modifications for increasing the capacity of skelp mill from 180,000 to 250,000 tonnes are expected to be completed in the current year.

The proposed million ton (second) expansion programme will be worked out in detail by a firm of consulting engineers in about eight months. It will be superimposed on a programme already in hand for expanding and modernising the ore mines, building a battery of coke ovens, adding some equipment to SMS 3 and doing a few other things at a total cost of about Rs. 25 crores, and on the project for increasing the output of the Jharia collieries by a million tons of washed coal at an estimated cost of about Rs. 30 crores. The total outlay on all these plans thus works out to about Rs. 225 crores; half of it will be in foreign exchange. But the Chairman says there is no need for alarm at the prospects of such large commitments. "The recently completed 2-million-ton programme and the results in the form of increased dividends and reserves," he points out, "are an indication of the benefits and added strength which accrue to the Company and its shareholders from expansion resulting in lower costs, better utilisation of total assets and increased productivity." He has assured the shareholders that a further expansion will be sanctioned by the Directors only if the project is technically and economically sound and is undertaken on terms wholly fair to them.

As a result of repayment of Rs. 3.45 crores made during the year against the two World Bank loans, the outstanding liability under the two loans has come down to Rs. 32.84 crores. The total borrowings at the end of the year, apart from the special advance of Rs. 10 crores from the Government, amounted to Rs. 37.27 crores, as against Rs. 44.63 crores a year ago, out of which short-term loans are shown at Rs. 3.43 crores, as against Rs. 7.83 crores. These short-term loans and current liabilities and provisions (including the year's dividend liability) bring the total short-term indebtedness to Rs. 31.43 crores, as against which current assets, book debts and investments aggregate Rs. 59.09 crores. The paid-up capital, including Rs. 11.40 crores in three different types of preference shares, is unchanged at Rs. 38.97 crores and is backed by Rs. 45.01 crores in reserves and surplus, excluding the sum of Rs. 5.25 crores in the dividend reserve for meeting the year's dividend liability. The gross block, which has expanded during the year from Rs. 195.88 crores to Rs. 200.38 crores, has been written down to Rs. 100.15 crores.

The number of shareholders of the Company as at 31st March 1964 was higher at 76,310 as compared with 73,204 a year ago. The majority of shareholders, about 36,000 against 34,149 a year before, held shares up to Rs. 1,000, about 30,000 (against 28,286) held shares up to Rs. 5,000, some 6,000 (against 5,769) had their holdings spread between Rs. 5,001 and Rs. 10,000 and the number of those holding shares worth Rs. 10,001 and over was under 5,900. It will be seen that the shares were widely distributed in a large number of hands. Incidentally, eight years ago, the Company had only 37,519 shareholders.

The net yield on the Rs. 75 fully paid ordinary shares of the Company at their current market value of Rs. 154.50 *cum-div.* works out to 6.6 per cent per annum.

NEW STANDARD COMPLETES 25 YEARS

PROGRESS GOOD—SHAREHOLDERS GET MORE

THE silver jubilee year of the New Standard Engineering Company Ltd. (Managing Director: J. V. Patel, Bombay) which ended on 31st March 1964 has seen further encouraging progress. A considerable increase in the manufacturing activities during the year is reflected in a 31 per cent growth in gross sales (including returns) from Rs. 182.91 lakhs to Rs. 240.29 lakhs which is more than double the 14 per cent rise recorded in the previous year. Gross profit, as a result, has improved to Rs. 26.88 lakhs after having been sticky around Rs. 22 lakhs in the previous year. This improvement, which works out precisely to Rs. 4 lakhs, is reduced to about Rs. 2 lakhs at the level of net profit, amounting to Rs. 11.09 lakhs, as against Rs. 9.31 lakhs a year before, because of slightly higher essential provisions. Nevertheless the shareholders have got one per cent more by way of silver jubilee bonus in addition to the usual dividend of 9 per cent. The net amount carried to reserves (that is, after adjusting withdrawals) is also higher at Rs. 3.29 lakhs as compared with Rs. 2.44 lakhs a year before.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales less returns	234.13	180.26	158.87	119.09
Other income	8.06	4.87	3.31	1.08
Closing stocks	46.67	33.62	23.83	18.09
Materials and stores consumed	139.09	99.14	83.20	69.88
Staff expenses	57.07	46.89	42.14	31.33
Other expenses	32.20	26.00	20.10	12.78
Gross profit	26.88	22.89	22.48	18.05
Provision for—				
Depreciation	10.09	8.48	8.01	5.92
Taxation	5.70	5.10	5.50	3.10
Net profit	11.09	9.31	8.97	9.03
Withdrawals from reserves and provisions	0.49	4.00	2.55	...
To reserves	3.78	6.44	4.84	4.50
Dividends—				
Preference	2.25	2.25	2.25	1.55
Ordinary	5.62 (10%)	4.50 (9%)	4.50 (9%)	3.72 (9%)
Carry forwar	0.16	0.23	0.12	0.18
	1964	1963	1962	1961	1960
Equity shares' market value (In rupees):					
High	151.00	169.50	262.00	210.00	162.00
Low	120.00	138.00	150.00 XR	146.00	108.00

The new foundry project at Goregaon contributed Rs. 85 lakhs to the year's turnover as against its share of Rs. 45 lakhs in the previous year. It will be recalled that the Company was able to proceed in a big way with the Goregaon project after receiving the first instalment of Rs. 20 lakhs out of the sanctioned loan of Rs. 40 lakhs from the I.C.I.C.I. in the previous year. Out of the remaining amount of Rs. 20 lakhs, Rs. 13.70 lakhs have been received and the balance of Rs. 6.30 lakhs has been sanctioned in terms of $132,000 for purchasing one openside planer, which has since been received, and one horizontal borer from the U.K. During the year under review, the Company completed the construction of civil engineering work, the plant and also trenches for support of conveyors for sand handling machinery. However, due to delay in obtaining the licence for the import of capital goods, the scope of the foundry could not be fully enlarged. But some increase and improvement in the foundry capacity is expected after additional machinery is obtained from Cekop, Poland, on deferred payment terms. The necessary guarantee to the extent of Rs. 23 lakhs to secure payment in respect thereof has been furnished by the I.C.I.C.I The import licence has also been obtained and Cekop have despatched the first consignment worth Rs. 18 lakhs.

Among the manufacturing activities, there has been a substantial increase in the designing and manufacture of cranes. The Company has developed manufacturing facilities for 10 and 15 tons cranes and will start delivering these capacities by the end of the current year. There have been increasing enquiries for cranes manufactured by the Company and the orders on hand are approximately worth Rs. 20 lakhs. The manufacture of higher capacity, (upto 20 cwt.) pneumatic power hammers and drop forges, mostly out of indigenous material, has commenced. The D.G.S. & D. has placed a Rs. 12 lakhs order for the hammers. The manufacture of blow room machinery, which improved last year, will be expanded to 24 lines during the current year. A Rs. 12 lakhs order for making 12 disc filters for coal washeries has been obtained and the Company has already delivered three disc filters.

The Company has, in collaboration with the Wheelabrator Corporation, U.S., and Tilghman's Ltd., U.K., promoted a new company called Indabrator Ltd. for manufacturing shot blasting equipment. Production is expected to start by the end of this year. A proposal for making trimming pressed in collaboration with B. & S. Massey Ltd., U.K. has been approved by the Government. The details are expected to be finalised by the end of the current month. The Company's proposal for manufacturing pig iron has been sanctioned by the Government. The Company has also been allowed to make hot blast cupolas in collaboration with Cekop, Poland.

On 12th February 1964, the Directors made the first call of Rs. 25 per share on the 24,961 equity shares of Rs. 100 each issued at a premium of Rs. 20 per share in the previous year. As a result, the paid-up capital, including Rs. 25 lakhs in 9 per cent cumulative redeemable preference shares, has increased from Rs. 78.19 lakhs to Rs. 85.43 lakhs. Reserves and surplus, amounting to Rs. 23.32 lakhs, are a little more than one-fourth of this share capital. Loan capital has gone up from Rs. 81.85 lakhs to Rs. 109.32 lakhs and comprises long-term loans of Rs. 44.75 lakhs and short-term borrowings of Rs. 64.57 lakhs, as against Rs. 30.75 lakhs and Rs. 51.10 lakhs, respectively, in the previous year. In addition to the short-term loans, there are current liabilities and provisions amounting to Rs. 99.72 lakhs, bringing the total indebtedness to Rs. 164.29 lakhs, as against which current assets, book debts and investments aggregate Rs. 208.07 lakhs. The gross block of Rs. 155.97 lakhs (Rs. 140.32 lakhs a year before) has been written down to Rs. 109.72 lakhs.

Currently quoted at Rs. 135.00 *cum-div.*, the Rs. 100 fully paid ordinary shares of the Company offer a net yield of 6.3 per cent per annum.

T.W.A.'S RECORD EARNINGS

The Trans World Airlines' net earnings and revenue for the April-June quarter and half-year of 1964 are all-time records. According to its President, Mr. Charles C. Tillinghast, Jr., the net earnings for the second quarter of this year amounts to $12.17 million (about $1.81 per share), as against $6.45 million (about $0.96 per share) in the corresponding period of last year. The net profit for the six months of 1964 comes to $11.10 million (about $1.65 per share), as against a loss of $3.80 million in the corresponding period of 1963. The Company's financial progress becomes all the more impressive when it is noted that the half-yearly net profit of $11.1 million has been arrived at after wiping out the loss sustained during the same period of 1963.

Operating revenues for the second quarter of this year have gone up by 22.3 per cent to $147.16 million, and total expenses by 7.8 per cent to $122.75 million over the corresponding period in 1963. Domestic operation of the Company, which had resulted in a loss last year, has shown a smart rise this year. The Company has also increased its passenger and cargo traffic during the period. In terms of passenger miles flown, Trans World Airlines has today become the second largest airline in the free world, overtaking both the American Airlines and the Pan American Airways.

NATIONAL RUBBER'S RIGHTS ISSUE OVERSUBSCRIBED

The recent rights issue of the National Rubber Manufacturers Ltd. has been oversubscribed. The total amount of the issue was Rs. 50 lakhs, comprising 500,000 ordinary shares of Rs. 10 each issued at par in the ratio of one new share for every old ordinary share. The allotment of additional shares has been made on a graduated scale in consultation with the Calcutta Stock Exchange authorities. The share certificates for both rights and additional shares will be sent to shareholders and/or allottees on or before 30th September 1964.

(Concluded from next column)

ference shares to Rs. 119.99 lakhs. Bank borrowings of Rs. 166.50 lakhs and the I.F.C.I. loan which has increased during the year from Rs. 82.36 lakhs to Rs. 87.95 lakhs bring the total of secured loans to Rs. 254.45 lakhs. The bank loans and current liabilities and provisions (including the dividend liability) amounting to Rs. 49.96 lakhs raise the total short-term indebtedness to Rs. 216.46 lakhs, which exceeds current assets, book debts and investments aggregating Rs. 189.97 lakhs. The gross block as noted before has expanded by Rs. 281.36 lakhs to Rs. 367.74 lakhs. It has been written down to Rs. 281.37 lakhs and including technical know-how shown at Rs. 305.91 lakhs.

The net yield on the Company's Rs. 50 fully paid ordinary shares at their current market value of Rs. 156.25 *cum-div.* works out to 4 per cent per annum.

POLYCHEM PAYS SAME BUT WITH A 3:7 BONUS ISSUE

TWO PROJECTS COMPLETED

THE most significant thing to note about the working of Polychem Ltd. (Chairman: Mr. Ramdas Kilachand, Bombay) during the year ended 31st March 1964 is the completion of the two projects, namely, styrene monomer plant and alcohol distillery. The reasons are two: one is quite obvious: now that the basic raw material styrene monomer is being manufactured in its plant, the Company is no longer dependent on imports for any of its major raw materials. The other is that it has necessitated larger allocations to depreciation and development rebate from the substantially higher gross profit of Rs. 88.95 lakhs for the year as compared with Rs. 38.70 lakhs for the previous year following a handsome increase in sales (including excise but less rebates) from Rs. 196.83 lakhs to Rs. 269.79 lakhs. Thus, the provision for depreciation has jumped up from a mere Rs. 6.30 lakhs last year to no less than Rs. 56.47 lakhs and that for development rebate reserve from Rs. 2.44 lakhs to Rs. 27.33 lakhs. These large transfers follow the net addition of Rs. 281.36 lakhs to the block account, including Rs. 200.38 lakhs on account of plant and machinery and Rs. 38.78 lakhs on account of buildings and other facilities going with them.

It is commendable that, in the very first year's working of the two new plants, the Company has been able to make these much higher essential provisions. Further, in view of the allowable development rebate, no provision for taxation has been found necessary, except to the extent of Rs. 63,000 by way of dividend tax in respect of the previous year. But all good has also its side-effect which in the case of Polychem is that the profit, after depreciation and development rebate, is a paltry sum of Rs. 4.44 lakhs, not sufficient to cover the preference and ordinary dividends at the previous rates requiring Rs. 11.73 lakhs. In the circumstances, the dividends have been left unchanged and the necessary cover for them has been obtained by writing back excess provisions and withdrawing from reserves a total sum of Rs. 7.24 lakhs.

The shareholders would not have been quite happy at the prospects of realising the same dividend in spite of the very encouraging financial results of their Company. They have, however, been pepped up by the Directors with a proposed three-for-seven bonus share issue by capitalising the share premium account amounting to Rs. 24 lakhs. The improved results during the year are attributed by the Directors to increased production. The growth in gross turnover is 30 per cent and in net sales (that is, after excluding excise and rebate) too it is almost the same. But, according to the Directors, the continuance of the heavy excise duty at the rate of 24 per cent *ad valorem* on all plastic raw materials has made plastics uncompetitive in relation to many of the conventional materials for which they are ideal substitutes.

The following table gives a synoptical view of the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales less rebates	269.79	196.83	163.72	153.07
Other income	5.50	3.72	5.14	6.60
Stock of finished goods	44.56	11.23	39.53	18.23
Materials and stores consumed	97.31	72.41	87.82	89.60
Excise duty	50.01	27.22	30.76	...
Other expenses	72.34	32.02	25.92	23.45
Gross profit	88.95	38.70	39.88	48.69
Provision for—				
Depreciation	56.47	6.30	7.06	4.89
Taxation	0.63	17.00	15.50	17.50
Net profit	31.85	15.40	17.32	26.30
Withdrawals from reserves	7.24	...	1.84	7.60
Miscellaneous write offs	...	0.06	0.34	...
To reserves	27.41	4.44	9.23	22.97
Dividends—				
Preference	3.33	3.33	3.33	3.33
Ordinary	8.40 (15%)	8.40 (15%)	6.94 (15%)	6.00 (15%)
Carry forward	0.06	0.10	1.19	1.88
	1964	1963	1962	1961	1960
Equity shares' market value (In rupees):					
High	161.25	156.25	242.50	270.00	320.00
Low	112.50	125.00	128.75	190.00	174.00

The capitalisation of share premium account amounting to Rs. 24 lakhs will reduce reserves and surplus (excluding Rs. 11.73 lakhs from general reserve required for meeting the year's dividend liability) to Rs. 71.45 lakhs and raise the paid-up capital of Rs. 95.99 lakhs comprising Rs. 56 lakhs in ordinary shares and Rs. 39.99 lakhs in 7.5 per cent redeemable cumulative pre-

SYNOPSES OF COMPANY REPORTS

Karanpura Collieries Ltd.

[*Secretaries and Treasurers*: Messrs. Bird & Co. (Private) Ltd., Calcutta.]

Annual General Meeting—28th August 1964.

Working Results:

	For the year ended 29th *February* (*In thousand rupees*)	
	1964	1963
Sales of coal	74,21	60,66
Closing stock	1,22	61
Gross profit	21,14	14,68
To Secretaries and Treasurers' commission	1,33	90
Transfer to depreciation	2,35	2,22
,, ,, provision for taxation	7,63	5,71
,, ,, ,, ,, Super-profits tax for previous year	10	1,03
,, ,, ,, Surtax	1,52	Nil
Net profit	8,21	4,82
Appropriations:		
Transfer to statutory development rebate reserve	1,29	50
,, ,, general reserve	4,16	2,10
Proposed dividends (taxable) Preference	45	45
,, ,, ,, Ordinary	2,40 (12%)	2,00 (10%)
Carry forward	2	10

Extracts from the Directors' report: *Raisings and Despatches*: Raisings and despatches both improved and were 3,20,083 tonnes and 3,15,956 tonnes respectively as compared with 2,65,945 tonnes and 2,76,844 tonnes in the previous year.

Transport: Although wagon supplies were an improvement on the previous year, stocks increased during this period.

World Bank Loan: Further to the remarks made in the last year's report and accounts under this heading, most of the equipment ordered has now been received in this country, and much of it has been installed or is in course of installation.

Accounts in brief as at 29th February 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	29,97,375	Gross block	57,00,243
Reserves and surplus	17,67,571	—Depreciation	19,62,364
Other liabilities	24,67,998	Net block	37,37,879
		Block in progress	8,46,263
		Current assets	26,04,482
		Investments	4,990
		Cash	29,930
	Rs. 72,22,944		Rs. 72,22,944

* Paid-up capital consists of 2,00,000 ordinary shares of Rs. 10 each and 9,895—5½ per cent. cumulative (taxable) preference shares of Rs. 100 each.

Tak Machinery Ltd.

(*Chairman*: Mr. Yogindra N. Mafatlal, Bombay.)

Second Annual General Meeting—29th August 1964.

Working Results:

	For the year ended 31st *March* (*In thousand rupees*)	
	1964	1963
Sales	4,15	Nil
Closing stock	2,29	Nil
Loss (—)	—6,54*	—98*
Transfer to provision for depreciation	2,72	11
,, ,, provision for taxation	Nil	77
Net loss (—) carried forward	—7,52	—98
	1964†	1963
Market value of equity shares (in rupees):		
High	105.50	116.00
Low	92.00	89.00

* Loss after providing for depreciation and taxation.
† Upto 5th August 1964.

Extracts from the Directors' report: *Water and Power Supply*: The Maharashtra Industrial Development Corporation completed during this period its temporary water supply scheme at Ambarnath and the Company has been receiving adequate water supply since then. The Maharashtra State Electricity Board has already made available to the Company adequate power for present phase of production.

Building Construction and Erection of Machinery: As was indicated by the Directors in their first annual report to the shareholders, construction of the factory building, was completed by June 1963. Soon thereafter, erection of machinery was also completed.

Production: Trial run of machinery was started on 8th August, 1963 and manufacture of *Air Hoists*, *Electric Hoists* and *Crane Crab* was undertaken. After the prototypes were successfully completed, batch production of these products was started. By the end of the year under report, a turnover of Rs. 4,15,295 was achieved. Since the beginning of the current year the production has gradually increased and is being maintained. During the current year also production of *Air Hoists* and of *Electric Hoists* (*Wire Rope Type*) has been taken up and is progressing quite satisfactorily as also production of E.O.T. *Cranes* against orders received. During the year, the Company also proposes to add to the existing products, production of *Electric Hoists* (*Chain Type*), *Chain Pulley Blocks* and *Belt Conveyers*. The Company's products have been well received in the market.

Finance: To meet additional requirement of funds, the Company has arranged with its Bankers, under the Refinance Scheme of the Government of India by creation of a charge on its fixed assets, a medium term loan (repayable in 7 years) of Rs. 20 lakhs which amount has been drawn in two instalments.

New Industrial Licences: The Company had applied and obtained from the Government of India a licence for substantial expansion of its existing capacity for E.O.T. cranes. The capacity has been increased from 24 to 96 Nos. per annum.

The Company has also obtained from the Government of India under Industries (Development and Regulation) Act, 1951 industrial licences for manufacture of *Guillotine Shearing Machines; Combination Punching, Cropping and Shearing Machines* and *Hydraulic Presses*.

Efforts are being made to negotiate and obtain from reputable foreign parties necessary technical assistance for implementation of the above projects in terms of the licences.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	49,56,450	Gross block	49,03,567
Other liabilities	22,57,728	—Depreciation	2,82,899
		Net block	46,20,668
		Block in progress	3,58,046
		Current assets	14,57,774
		Cash	45,412
		P.L. account deficit	7,52,278
	Rs. 72,14,178		Rs. 72,14,178

* Paid-up capital consists of 50,000 equity shares of Rs. 100 each. Allotment money and calls in arrears amount to Rs. 43,550.

Bararee Coke Co., Ltd.

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

Eighty-third Annual General Meeting—28th August 1964.

Working Results:

	For the year ended 31st *March* (*In thousand rupees*)	
	1964	1963
Sales of By-products and coke	63,12	53,72
Closing stock	4,87	6,46
Gross profit	15,87	12,52
To Managing Agents' remuneration	1,50	1,18
Transfer to depreciation	1,18	70
,, ,, provision for taxation	2,24*	7,00
Net profit	4,95	3,64
Appropriations:		
Transfer to development rebate reserve	(a)	(b)
,, ,, deferred repairs reserve	1,50	1,50
,, ,, general reserve	1,05	81
Proposed dividend (taxable) Ordinary	2,40 (20%)	1,80 (15%)
Carry forward	Nil	Nil
Market value of equity shares (in rupees):	1964†	1963
High	21.87	24.50
Low	18.62	20.00

* Includes Surtax Rs. 1,83,768. (*a*) Only Rs. 891. (*b*) Only Rs. 120.
† High and low upto 31st July 1964.

Extracts from the Directors' report: The plant continued to work satisfactorily during the year and output of low ash content hard coke was well maintained. A regular maintenance and renovation programme is being followed which, on account of the age of the plant and difficulties in procuring the necessary spares, must inevitably affect the cost of production. The interim wage increase recommended by the Wage Board for the Coal Industry was accepted with effect from 1st March, 1963 and has also contributed to high costs.

For a short period of the year under review it was necessary to carry some stocks of coke owing to a general decrease in demand for hard coke on account of the shortage of pig iron. The high quality of the Company's product did however ensure a speedy return to normal off-take by consumers requiring coke for precision castings for the internal and export markets.

As recorded in the last report of the Directors, the grade of coke produced by the Company was decontrolled with effect from 1st March 1964, and it was therefore possible to pass on to consumers the increases in costs referred to above.

The output from the By-products, Sulphate of Ammonia and Sulphuric Acid plants was maintained at a reasonable level at a reduced cost: the renovated boiler and new water filtration plant, which are being installed, should substantially increase steam generation capacity and hence the efficiency of these old plants.

The management continues to have under investigation plans for diversification and expansion of the Company's operations but no very early results can be expected due to the complex nature of these experiments and investigations.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,00,000	Gross block	42,54,256
Reserves and surplus	15,03,889	—Depreciation	37,43,315
Other liabilities	14,58,088	Net block	5,10,941
		Block in progress	45,936
		Current assets	28,97,184
		Investments	2,06,192
		Cash	5,07,022
	Rs. 41,66,977		Rs. 41,66,977

* Paid-up capital consists of 1,20,000 ordinary shares of Rs. 10 each.

Camphor and Allied Products Ltd.

(*Chairman*: Mr. C. C. Desai, Bombay.)

Third Annual General Meeting—10th September 1964.

Extracts from the Directors' report for the period from 1st April to 31st December 1963:

The working of the Company for the period, after transferring Rs. 11,38,017 to "Expenditure During Construction Account" and after adjusting Rs. 9,285 excess provision of taxation, shows a loss of Rs. 26,890 [after providing Rs. 29,096 (Rs. 20,000 for the year ended 31st March 1963) for managing agents' commission and Rs. 2,500 (Rs. 14,250) for provision for taxation] which is added to the balance of Rs. 65,256 brought forward from the last year's account. The total loss amounting to Rs. 92,146 is carried forward.

As the major construction and erection work was completed by December, 1963, the Directors considered it advisable to change the accounting year from 31st March to 31st December. The accounts presented, therefore, are for a period of nine months ending 31st December, 1963.

The capital cost including the allocation of the pre-operative expenses to be capitalised will be approximately Rs. 1.50 crore. The increase in the capital cost is mainly due to delay in the completion of the project, consequent capitalisation of de-

increased expenditure during construction and general rise in price-level.

The *Camphor* manufactured in the Company's plant has been received well in the market and in view of the arrangements already made for the sale of its entire production, the Company does not envisage any problem with regard to the sales. Barring unforeseen events, the Company can reasonably expect the production of around 350 tons of *Camphor* before 31st December, 1964.

In respect of the Industrial Licence granted by the Government of India for the manufacture of *Formic Acid*, the Company has received two proposals for obtaining "know-how." Which would be more advantageous to the Company, is a matter under the consideration of the Directors. The Company has also submitted an application for the import of the necessary capital goods. With regard to the letter of intent received by the Company for the manufacture of various chemicals based on its by-products, considerable preliminary work has been done in that regard.

Some of the by-products like *Terpene* B, D, G and *Distilled Turpentine*, which are being already manufactured, require efficient and technically knowledgeable marketing.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	59,95,375	Gross block	1,07,87,809
Other liabilities	1,09,00,673	Block in progress	3,58,066
		Expenditure during construction	21,01,717
		Technical 'Know-how'	1,19,053
		Current assets	29,52,028
		Investments	25,000
		Miscellaneous expenditure	3,27,681
		Cash	1,31,247
		P.L. account deficit	92,146
	Rs. 1,68,96,048		Rs. 1,68,96,048

* Paid-up capital consists of 49,995 equity shares of Rs. 100 each and 10,000—9.25 per cent. (free of company's tax) cumulative redeemable preference shares of Rs. 100 each, calls in arrears amount to Rs. 4,250. Amount paid up on shares forfeited is Rs. 125.

Supreme Industries Ltd.

(*Managing Agents*: Messrs. Mody & Co., Bombay.)

Twenty-second Annual General Meeting—22nd August 1964.

Working Results:

	For the year ended 31st *March* (*In thousand rupees*)	
	1964	1963
Sales	19,32	21,88
Closing stock	9,37	12,74
Gross profit	1,78	1,91
To Managing Agents' remuneration	15	15
Transfer to depreciation	97	1,11
,, ,, provision for taxation	35	29
Net profit	31	36
Transfer from profit on sale of capital assets	71	81
Excess tax provisions written back	Nil	19
Appropriations:		
Transfer to development rebate	18	3
Proposed dividends (taxable) preference	29	29
,, ,, equity	56	56
Carry forward	(6%) *	(6%) †
Market value of equity shares (in rupees):	1964‡	1963
High	101.00	130.00
Low	75.00	89.00

* Only a sum of Rs. 440.
† A sum of Rs. 746.
‡ Upto 24th July 1964.

Extracts from the Directors' report: During the year under review the working of the Company had been satisfactory considering the numerous difficulties and problems the industry as a whole was facing. The year 1963-64 like the previous year was under the shadow of emergency and the budget of the Government of India was defence oriented with priority for defence requirements. In the last year's report the attention of the shareholders had been drawn to some of the peculiar problems of the industry. The Company had not only to face increase in the price of raw materials but also acute shortage of raw materials.

The Company's *SILPACK* Polyethylene Wide Film Department was forced to remain idle for many months. Though the Directors had deferred the decision for a long time they had to close the department towards the end of the financial year and thus plug the drain on the economy of the Company, though it was a painful decision. The high cost and shortage of raw materials was not confined to extrusion side alone but had also affected the moulding side as well. The judicious use of materials at the disposal of the Company and concentration of all efforts on the moulding side had salutory effects.

The managing agents are making all possible efforts to improve sales of the existing lines, to develop new ones and revive the old line they have for the present suspended. Renewed efforts are being made to step up the sales of paints and adhesives which have good reputation, though the sales so far have not been impressive. The Paints and Adhesive Department has increased the range of manufacture and it has now half a dozen grades each in paints and adhesives for various applications. The Electroplating Department as hitherto has been a valuable adjunct to the industry.

Regarding construction plans of the new factory at Sewree, though the progress made so far is slow, the Company has practically overcome all the objections and difficulties and is now awaiting final approval of the municipal authorities any day and if all goes well the factory will be ready before September next year.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	13,94,300	Gross block	18,94,084
Reserves and surplus	2,89,288	—Depreciation	8,40,811
Other liabilities	8,20,709	Net block	10,53,273
		Block in progress	21,026
		Current assets	12,90,297
		Investments	79,500
		Cash	50,220
	Rs. 25,04,292		Rs. 25,04,292

* Paid-up capital consists of 9,823 equity shares of Rs. 100 each and 4,500 5½ per cent [illegible] shares of Rs. 100 each.

Notices

THE ALUMINIUM INDUSTRIES LIMITED

Registered Office:
No. 1, Ceramic Factory Road
Kundara, Kerala State

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE Eighteenth Annual General Meeting of the shareholders of the Company will be held at the Registered Office of the Company, No. 1, Ceramic Factory Road, Kundara, on Monday the 28th September 1964, at 3.30 p.m., to transact the following business:—

1. To receive and adopt the Directors' Report and audited Balance Sheet of the Company as at 31st March 1964 and Profit and Loss Account for the year ended 31st March 1964.
2. To declare a dividend.
3. To appoint a Director in the place of Shri S. Narayanaswamy who retires by rotation under Article 102 of the Articles of Association of the Company and who is eligible for re-election.
4. To appoint a Director in the place of Shri K. P. Ramachandran Nair who retires by rotation under Article 102 of the Articles of Association of the Company and who is eligible for re-election.
5. To appoint a Director in the place of Shri N. Sundareswaran who retires by rotation under Article 102 of the Articles of Association of the Company and who is eligible for re-election.
6. To appoint Auditors for the Company for the year 1964-65 and to fix their remuneration. The retiring Auditors, Shri T. Velu Pillai, Alwaye, and Messrs. K. Venkitachalam Aiyer & Co., Trivandrum, are eligible for re-appointment.
7. To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

   "Resolved that consent of the Company be and is hereby accorded for the appointment of Indian Oxygen Limited, Calcutta, as Sole Selling Agents for Aluminium Welding Cables manufactured by the Company for a period of two years with effect from 1st December 1963 for territories in the Union of India and for exports."

8. To consider, and if thought fit to pass the following resolution as a special resolution:

   Resolved that the Articles of Association be amended in the manner following:

   1. The existing Article 92 shall be renumbered as 92(1).
   2. The following shall be added as Article 92(2), viz:

      "92(2). The Industrial Credit and Investment Corporation of India while any mortgage or charge created by the Company in its favour subsists, or any loan or any part of the loan borrowed by the Company is outstanding, may at any time, by notice in writing to the Company appoint one director acceptable to the Company on its Board and may at any time by notice in writing to the Company revoke the appointment of such director and appoint another in his place. Such director shall not be subject to retirement by rotation nor shall he be required to hold qualification shares but he shall be entitled to all fees and expenses ordinarily allowed to the directors."

9. To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

   "Resolved that Messrs. Seshasayee Brothers (Travancore) Private Limited, Kalamassery, be and are hereby reappointed as Managing Agents of the Company for a period of ten years commencing from 15th August 1965, in terms of the draft agreement placed before this meeting and signed by the Chairman for identification subject to the approval with modifications if any by the Central Government, as required by the Companies Act, 1956."

All shareholders are requested to be present in person or by proxy. A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

By Order of the Board,
SESHASAYEE BROTHERS (TRAVANCORE) PRIVATE LTD.,
Managing Agents,
B. V. D. MENON,
Managing Director.

KUNDARA,
27th July 1964.

Note: 1. The Share Transfer Books of the Company will be closed from the 18th to the 28th September 1964 (both days inclusive). The dividend, if sanctioned, will be made payable on or after the 28th September 1964 to those shareholders whose names stand on the Register as on the 28th September 1964.

2. Explanatory statement as required by Section 173 and abstract of the terms of Managing Agency Agreement and the nature of the interest of the Directors under Section 302(3) of the Companies Act 1956 in respect of special business is being posted to the Shareholders along with the notice.

3. The Directors have recommended payment of a final dividend of 90 paise (Ninety paise) per share subject to deduction of tax which together with the interim dividend paid in May 1964 aggregates to 18 per cent dividend for the year.

THE METTUR CHEMICAL AND INDUSTRIAL CORPORATION LIMITED

Registered Office:
Mettur Dam R.S.

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE Twenty-seventh Annual General Meeting of the shareholders of the Company will be held at the Registered Office of the Company at Mettur Dam R.S. on Tuesday the 22nd September 1964 at 11 a.m. to transact the ordinary business, viz.,

(i) the consideration of the Accounts, Balance Sheet and the Report of the Board of Directors and Auditors thereon, (ii) the declaration of dividends, (iii) the appointment of Directors in the place of those retiring and (iv) the appointment of, and the fixing of the remuneration of, the Auditors.

An item of special business will also be transacted at the said Annual General Meeting in accordance with details furnished in notices being served to individual shareholders (viz.) to approve the reappointment and continuance of Messrs. Seshasayee Brothers (Private) Limited as Managing Agents of the Company for a further period of ten years commencing from 15th August 1965 on revised terms of remuneration and on other terms and conditions as set out in the draft agreement placed before the meeting, subject to the approval of the Central Government.

Detailed notice with the Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, in respect of the Special Business is being posted to the Members individually at their registered addresses.

The share transfer books of the Company and the Register of Members will remain closed from 15th September 1964 to 30th September 1964 (both days inclusive). The dividends, if sanctioned, will be made payable on or after the 30th September 1964 to those shareholders whose names stand on the Register of Members as on 22nd September 1964.

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

By Order of the Board,
SESHASAYEE BROTHERS
(PRIVATE) LTD.,
Managing Agents.

METTUR DAM R.S.
18th July, 1964.

Note: The Directors, at their meeting held on 18th July 1964, have recommended the payment of the following dividends to the Members for the year ended 31st March, 1964:

(a) A final dividend of 6¼ per cent (subject to tax) on old equity shares (total dividend will be 12½ per cent—subject to tax—including interim dividend already paid).
(b) A final dividend of 3 per cent tax-free on old preference shares, according to the Preference Shares (Regulation of Dividends) Act, 1960—total dividend will be 6 per cent tax-free, according to the Preference Shares (Regulation of Dividends) Act 1960, including interim dividend already paid.
(c) Dividend at the rate of 12½ per cent (subject to tax) per annum on the new equity shares, for the period from 1st February 1964 to 31st March 1964, on the amounts paid-up.
(d) Dividend at the rate of 9.3 per cent (subject to tax) per annum, on the new cumulative preference shares for the period from 1st February 1964 to 31st March 1964, on the amounts paid-up.

THE MYSORE PAPER MILLS LIMITED

BANGALORE 9

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-ninth Annual General Meeting of the Company will be held on Wednesday the 30th September 1964 at 2 p.m. at the Mysore Chamber of Commerce Buildings, Kempegowda Road, Bangalore City, to transact the following business:

1. To receive and adopt the Audited Accounts and Balance Sheet for the year ended 31st March 1964 and the Reports of the Directors and Auditors.
2. To declare a Dividend.
3. To elect Directors.
   (i) To appoint a Director in place of Sri M.Ct. Muthiah who retires under Article 103 of the Articles of Association of the Company and being eligible offers himself for re-election.
   (ii) To appoint a Director in place of Sri G. Sivappa who retires under Article 103 of the Articles of Association of the Company and being eligible offers himself for re-election.
4. To appoint Auditors for the current year and fix their remuneration.

Note: (i) The Share Transfer Books of the Company will be closed from 11th September to 30th September 1964 (both days inclusive).

(ii) A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a member of the Company.

By Order of the Board,
C. V. RAMACHANDRA RAO,
Secretary.

ASIATIC BUILDINGS,
KEMPEGOWDA ROAD,
POST BOX No. 570,
GANDHI NAGAR P.O.
BANGALORE 9.
Dated: *25th July* 1964.

N.B.—The Board of Directors have recommended payment of dividend at 9 per cent or Rs. 0-90 Paise subject to deduction of tax on every Share of Rs. 10 each fully paid up for the year and proportionate dividend on new Equity Shares for the proportionate period subject to deduction of tax. Declaration of dividend is subject to the approval of the Industrial Finance Corporation of India, New Delhi, in terms of the Bi-Party Agreement under which payment of dividend exceeding 8 per cent (taxable) requires Corporation's approval for which an application has been made.

The Dividend when declared will be made payable at the State Bank of Mysore, Bangalore, or its Branches, on and after the 24th October 1964.

The Dividend Warrants will be posted to those Shareholders whose names stand on the Register of Members on the 10th September 1964.

Shareholders whose income is not taxable, are requested to obtain a certificate from the Income-tax Officer of their respective circle and send the same to the Company before 30th September 1964.

ORIENT PAPER MILLS LIMITED

Registered Office:
BRAJRAJNAGAR (ORISSA)

NOTICE

THE REGISTERS OF MEMBERS AND Share Transfer Books of the Company will be closed from the 1st September to 15th September, 1964, both days inclusive, for the purposes of payment in due course of dividends on Shares in the Company for the year ended 31st March, 1964. The dividends when declared, will be paid to those Shareholders whose names appear on the Company's Register of Members on the 15th September, 1964, or to their mandatees.

By Order of the Board,
Per Pro. BIRLA BROTHERS PRIVATE LTD.
G. D. MAKHARIA,
Managing Agents.

"EASTERN HOUSE,"
14, RADHA BAZAR LANE,
CALCUTTA, *the 3rd August*, 1964.

THE INDIAN IRON AND STEEL COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting (being the Forty-seventh Ordinary General Meeting) of the Company will be held at the Registered Office, No. 12, Mission Row, Calcutta, at 3 p.m., on Tuesday, 8th September, 1964, for the following purposes:

1. To receive and adopt the Audited Accounts for the year ended 31st March, 1964, and the Directors' and Auditors' Reports thereon.
2. To declare a dividend for the year ended 31st March, 1964, on the Ordinary Share Capital. The dividend if sanctioned will be paid on or after the 9th September, 1964.
3. To appoint a Director in place of Maharajadhiraja Sir U. C. Mahtab Bahadur of Burdwan, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Maharaja Sir Pratap Chandra Bhanj Deo of Mayurbhanj who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification the following Resolution of which Special Notice has been received by the Company and is hereby given to the members:

   RESOLVED: That the appointment as a Director made by the Managing Agents in terms of Article 108 of the Articles of Association of the Company, of Sir Biren Mookerjee who has since attained the age of 65 years, be and is hereby approved and that the age limit laid down in Section 280 of the Companies Act, 1956, shall not apply to him.

7. To appoint a Director in place of Mr. John McCracken who retires by rotation and being eligible offers himself for re-appointment and to consider, and if thought fit, to pass the following resolution as a Special Resolution in respect of which a Special Notice as required by Sections 190 and 261 of the Companies Act, 1956, has been received by the Company and is hereby given to the members:

   RESOLVED: That pursuant to the provisions of Sections 261 and 314 and other relevant provisions of the Companies Act, 1956, Mr. John McCracken, who retires by rotation and who is the General Manager of the Company's Works, be and is hereby re-appointed a Director of the Company and that consent be and is hereby accorded to his continuing to hold an office of profit as General Manager of the Company's Works including the enjoyment by him of all such benefits and perquisites as are or shall be admissible to all other overseas recruited staff of the Company of non-Indian origin.

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

By Order of the Board,
MARTIN BURN LIMITED,
F. G. LIVERSEDGE,
Managing Director,
Managing Agents.

Registered Office:
12, MISSION ROW,
CALCUTTA-1.
12th August, 1964.

An Explanatory Statement annexed to the convening notice as required under the Companies Act, 1956, has been forwarded to the members of the Company.

THE COORLA SPINNING & WEAVING COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETY-SECOND Annual General Meeting of the Company will be held at its Registered Office at Readymoney Mansion, Vir Nariman Road, Fort, Bombay, on Friday the 11th September 1964, at 4-00 p.m. (S.T.), to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March 1964.
2. To sanction the declaration of a dividend.
3. To elect a Director in place of Mr. Maneklal Premchand who retires by rotation but being eligible offers himself for re-election and for that purpose to consider and, if thought fit, to pass the following Resolution as a Special Resolution of which Special Notice has been given to the Company and is hereby given pursuant to Sections 261 and 281 of the Companies Act, 1956, as Mr. Maneklal Premchand is a person who is entitled, by virtue of an agreement, to a share of remuneration received by Cowasjee Jehangir & Co. Private Ltd., the Managing Agents of the Company, and as he has completed the age of 75 years:—

   "RESOLVED that pursuant to the provisions of Sections 261 and 281 and any other relevant provisions of the Companies Act, 1956, Mr. Maneklal Premchand who has attained the age of 75 years and who is a person entitled by virtue of an agreement to a share of remuneration received from the Company by Cowasjee Jehangir & Co. Private Ltd., the Managing Agents of the Company, be and he is hereby re-elected a Director of the Company, and that it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."

4. To appoint Mr. J. P. Thacker as a Director of the Company and for that purpose to consider and, if thought fit, to pass the following Resolution as a Special Resolution of which Special Notice has been given to the Company and is hereby given pursuant to Section 261 of the Companies Act, 1956, as Mr. J. P. Thacker being a Partner in the firm of Messrs. Mulla & Mulla and Craigie Blunt & Caroe, is an Associate of Messrs. Cowasjee Jehangir & Co. Private Ltd. since Mr. N. R. Mulla, another partner of the said firm, is a Director in the Managing Agency Company:—

   "RESOLVED that Mr. J. P. Thacker, who is an associate of the Managing Agents, Messrs. Cowasjee Jehangir & Co. Private Ltd., be and he is hereby appointed a Director of the Company."

5. To approve of the change in the constitution of the Managing Agency Company, namely, Messrs. Cowasjee Jehangir & Co. Private Ltd., and for that purpose to consider and, if thought fit, to pass the following Resolution:—

   "RESOLVED that the change that has taken place in the constitution of the Managing Agency Company, namely, Messrs. Cowasjee Jehangir & Co. Private Ltd., as a result of change in the ownership of its shares and consequently a change in character of Managing Agency Company, be and the same is hereby approved."

6. To elect a Director in place of Sir Cowasji Jehangir, Bart., who retires by rotation but being eligible offers himself for re-election.
7. To appoint Auditors for the current year and to fix their remuneration.

By Order of the Board of Directors,
COWASJEE JEHANGIR & Co. PRIVATE LTD.,
Managing Agents,
R. P. GOENKA,
Director.

BOMBAY, *7th August* 1964.

Notes:—(a) An Explanatory Statement in respect of the special items of business, being above items No. 3, 4 and 5 is hereto annexed.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER.

(c) The Transfer Books of the Company will remain closed from 29th August 1964 to 11th September 1964, both days inclusive.

(d) If the dividend as recommended by the Directors is passed at the meeting, payment thereof will be made to those shareholders whose names are on the Company's Register on 11th September 1964 and payment will be made on and after 14th September 1964.

Registered Office:
43, VIR NARIMAN ROAD,
FORT, BOMBAY.

ANNEXURE TO THE NOTICE

Explanatory Statement is being posted separately to the Members.

THE INDIAN MANUFACTURING COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE EIGHTY-THIRD ANNUAL GENERAL MEETING of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on TUESDAY, the 29th September 1964, at 4-45 p.m. (S.T.), to transact the business, details of which are set out in the Notice that will be sent to each member individually in respect of the above Annual General Meeting.

FOR THE INDIAN MANUFACTURING CO. LTD.,
FOR DAMODAR THACKERSEY MOOLJEE & CO.,
V. M. MERCHANT,
Partner,
Managing Agents.

BOMBAY, 3rd *August* 1964.

N.B.—The Register of Members and the Share Transfer Books of the Company will remain closed from THURSDAY, the 3rd September 1964 to TUESDAY, the 29th September 1964 (both days inclusive).

The dividends when sanctioned will be made payable on and after TUESDAY, the 6th October 1964 to those shareholders whose names stand on the Register on TUESDAY, the 29th September 1964.

Dividend Warrants will be posted to each shareholder to his last registered address. Change of address, if any, should be notified without delay so that the dividend warrants may not be lost or misdirected.

THE HINDOOSTAN SPG. & WVG. MILLS CO. LTD.

NOTICE IS HEREBY GIVEN THAT THE NINETY-FIRST ANNUAL GENERAL MEETING of the Company will be held at its Registered Office at Sir Vithaldas Chambers, 16, Apollo Street, Fort, Bombay, on MONDAY

the 28th September 1964, at 4-45 p.m. (S.T.), to transact the business, details of which are set out in the Notice that will be sent to each member individually in respect of the above Annual General Meeting.

For THE HINDOOSTAN SPG. & WVG. MILLS CO. LTD.,
For THACKERSEY MOOLJEE & CO.,
DWARKADAS H. VORA,
Partner,
Managing Agents.

BOMBAY, 3rd *August* 1964.

N.B.—The Register of Members and the Share Transfer Books of the Company will remain closed from THURSDAY, the 3rd September 1964 to MONDAY, the 28th September 1964 (both days inclusive).

The dividends when sanctioned will be made payable on and after TUESDAY, the 6th October 1964 to those shareholders whose names stand on the Register on MONDAY, the 28th September 1964.

Dividend Warrants will be posted to each shareholder to his last registered address. Change of address, if any, should be notified without delay so that the dividend warrants may not be lost or misdirected.

THE CALCUTTA TRAMWAYS COMPANY LIMITED

(*Incorporated in England.*)

THE DIRECTORS of The Calcutta Tramways Company Limited announce that subject to final audit, the result of the working for the year ended 31st December 1963, was as follows :—

	£	£
The Revenue for the year after transferring £100,000 to Renewals and Replacements Account was.		193,185
Against this has been debited :—		
Provision for Indian Income Tax.	118,000	
Debenture Interest	18,826	
		136,326
Leaving a balance of		56,359
In accordance with the Agreement dated 30th August, 1951, between the Governor of the State of West Bengal and the Company, the above balance has been credited to Shareholders' Account		56,359
There has been debited :—		
Debenture Stock Redemption ..	9,652	
Preference Dividend, less Tax ..	7,656	
Proposed Ordinary Dividend at 6% free of tax..	42,000	
		59,308
Utilising from amounts brought forward on Shareholders' Account		2,949

The Annual General Meeting will be held in London at twelve o'clock noon on 8th October 1964, on which day warrants for the Ordinary Dividend, if sanctioned, will be posted.

The Ordinary Share Transfer Books will be closed from 8th to 21st September, 1964, inclusive.

By Order of the Board,
E. H. GASKELL,
Acting Agent.

P-4 MISSION ROW EXTENSION,
CALCUTTA, *7th August* 1964.

NAGA HILLS TEA COMPANY LIMITED

Comparative Statement of Tea Crop and Sales for the six months ended 30th June, 1964

	1964	1963
Production (kg.) ..	69,528	51,360
Sales (kg.) ..	13,539	8,634
Average Price (Rs. per kg.) ..	7.30	7.13

BANKING

(*Concluded from page 258*)

is further complicated by the extent to which increased quotas will be payable in gold and by the extent to which the additional quotas will be available conditionally or unconditionally. The issues involved will no doubt be discussed threadbare at the Tokyo meetings of the Fund.

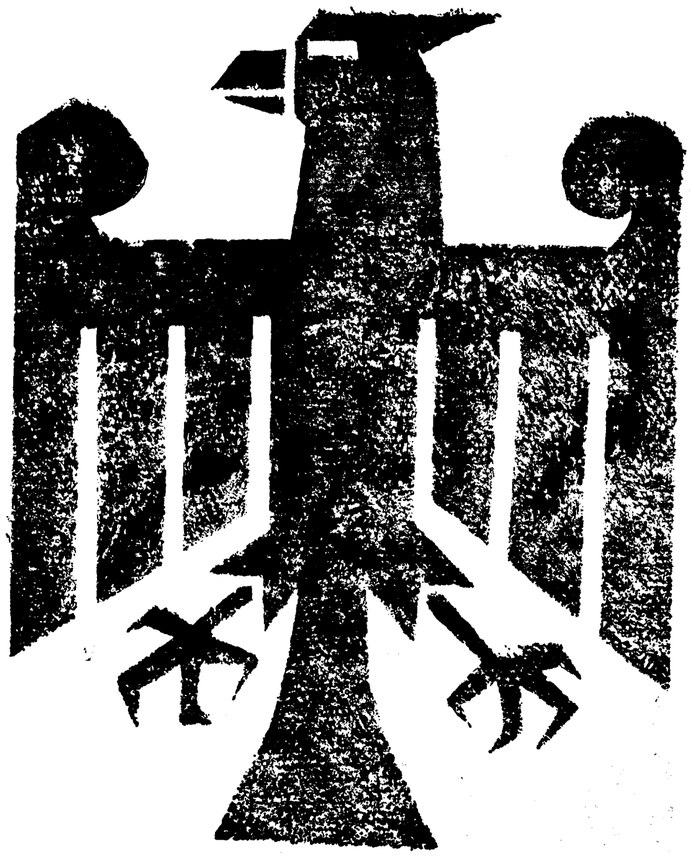
But what is lacking in this approach is the failure to integrate the monetary issues with the issues of trade and payments. It is becoming increasingly clearer every day that the only convincing approach to the problems of international trade is a monetary one, through the creation of a new world liquidity mechanism. This conclusion was challenged by some of the developing countries at the Geneva Conference on Trade and Development and may again be challenged by them at Tokyo. Their contention is that liquidity and reserves are one thing and aid and transfer of real resources from the rich to the poor countries is another. But the essential point is to see that developed countries do not cut their aid or refrain from lowering their tariffs in favour of the developing countries merely on the ground of balance of payments difficulties. Here is where the Fund comes in and an increase in international liquidity will be of some benefit to the developing countries. It remains to be seen to what extent the Fund-Bank meetings at Tokyo will take note of the special requirements of underdeveloped countries and provide for them, so that the Fund, too, can play a more effective and direct role in accelerating the growth of developing countries.

Paris Club's Findings

The findings of the Paris Club's study group, too, underline the need for raising international liquidity. The study group has no doubt reaffirmed the conviction that the present international monetary system based on fixed exchange rates and established price of gold has proved its value as a solid foundation for building the future. And it is also inclined to feel that the available supplies of gold and reserve currencies, supplemented by a broad range of credit facilities, are fully adequate for the present and are likely to be for the immediate future. But it emphasises that the continuing growth of world trade and payments will call for larger international liquidity. The study group does not seem to favour expansion of existing credit facilities and, in its opinion, there is the case for only a "moderate" general increase in I.M.F. member quotas. The more effective solution, according to it, lies in "some new form of reserve asset." The Group has not spelt out clearly what this form should be like. All that it says is that it has been decided to initiate a thorough study of the measures and instruments best suited for achieving the purpose of avoiding major and persistent world imbalances which are not conducive to the smooth functioning of the international monetary system.

COUNTRIES WE EXPORT TO (5)

WEST GERMANY HAS PURCHASED IN 1963 100,000 PAIRS OF FOOTWEAR FROM *Bata* INDIA



THIS ANNOUNCEMENT IS NOT A PROSPECTUS

Persons interested in full details are requested to obtain copies of the prospectus which are available from the Registered Office of the Company or from the Offices of the Company's Underwriters, Brokers and Bankers.

THE SUBSCRIPTION LISTS WILL OPEN AT THE COMMENCEMENT OF THE BANKING HOURS ON 18th AUGUST, 1964, AND WILL CLOSE AT THE END OF BANKING HOURS ON 28th AUGUST, 1964, OR EARLIER AT THE DISCRETION OF THE DIRECTORS, BUT NOT EARLIER THAN CLOSE OF BANKING HOURS ON 20th AUGUST, 1964.

THE PREMIER CABLE COMPANY LIMITED

(INCORPORATED ON 10TH OF APRIL 1962 UNDER THE COMPANIES ACT, 1956.)

Registered Office: **14/15, Block F, Connaught Place, New Delhi-1.**

SHARE CAPITAL :

	Rs.
AUTHORISED:	
7,50,000 Equity Shares of Rs. 10 each	75,00,000
25,000 Redeemable Cumulative Preference Shares of Rs. 100 each	25,00,000
	Rs. 1,00,00,000
PRESENT ISSUE:	
4,80,000 Equity Shares of Rs. 10 each	48,00,000
22,000 Redeemable Cumulative Preference Shares of Rs. 100 each carying dividend @ 9.3 per cent free of Company's tax, but subject to deduction of tax at source at prescribed rates	22,00,000
	Rs. 70,00,000

Out of the present issue the Directors, Promoters and their friends and relatives have subscribed for 1,80,000 Equity Shares of Rs. 10 each on which payment has been received as follows:

	Rs.
(a) FULLY PAID SHARES: 7 Equity Shares of Rs. 10 each	70
(b) PARTLY PAID SHARES: 1,79,993 Equity Shares of Rs. 10 each on which Rs. 5 per share has been paid up	8,99,965
	Rs. 9,00,035

NOW OFFERED AT PAR FOR PUBLIC SUBSCRIPTION FOR CASH:

	Rs.
3,00,000 Equity Shares of Rs. 10 each	30,00,000
22,000 Redeemable Cumulative Preference Shares of Rs. 100 each carrying dividend @ 9.3 per cent free of Company's income-tax, but subject to deduction of tax at source at the prescribed rates	22,00,000
	Rs. 52,00,000

UNDERWRITERS

The entire public issue of 3,00,000 Equity Shares of the face value of Rs. 30,00,000 and 22,000 Preference Shares of the face value of Rs. 22,00,000 has been underwritten by Kerala State Industrial Development Corporation, Life Insurance Corporation, Industrial Finance Corporation of India, Industrial Credit & Investment Corporation of India, United Commercial Bank Ltd., New India Assurance Co. Ltd., and M/s. Raja Ram Bhasin & Co.

DIRECTORS

SHRI PRAYAG CHAND PERIWAL, Forbesganj, (Purnea), Bihar, Industrialist, Managing Director : Perwal Co. (P) Ltd. Director : Shri Mahabir Industries (P) Ltd., E. Sefton & Co.(P)Ltd. and other companies.

SHRI MUTHIA ANNAMALAI CHIDAMBARAM, Adyar House, Madras, Industrialist, Chairman : South India Steel & Sugars Ltd., Southern Industrial Corp. Ltd., Automobile Products of India Ltd., Director : Indian Aluminium Co. Ltd., Machinery Manufacturers' Corp. Ltd., Ratnakar Shipping Co. Ltd., Southern Tubes Ltd., Asiatic Oxygen Ltd., Fiberglass Pilkington Ltd., and other companies.

SHRI BENU GOPAL BANGUR, 14, Netaji Subhas Road, Calcutta, Industrialist, Director : The Bengal Paper Mills Co. Ltd., Shri Madhusudan Mills Ltd., Assam Hardboards Ltd., Shalimar Rope Works Ltd., Hindustan Wire Products Ltd., and other companies.

SHRI BASUDEV SOMANI, Shreeniwas House, Waudby Road, Fort, Bombay, Industrialist, Director : The Shreeniwas Cotton Mills Ltd., The Advance Insurance Co. Ltd., Citric India Ltd., Assam Hardboards Ltd., The East India Cotton Association Ltd., and other companies.

SHRI CHARLES G. GORTON 82 St. Saviour's Road, Croydon, Surrey (UK), Industrial Consultant.
Alternate Director (to Mr. Charles G. Gorton) SMT. DURGA DEVI PERIWAL. Sriganganagar.

SHRI SOHANLAL MOTHA, 55 Jamnalal Bajaj St., Calcutta, Businessman. Managing Director: Rajtilak Industries (P) Ltd., Director : West Bengal Stores Ltd., and other companies.

SHRI HANUMAN MALL PERIWAL, Managing Director. Forbesganj (Purnea), Bihar, Industrialist. Managing Director : Shree Mahabir Industries (P) Ltd., Director: Mirzapur Electric Supply Co. Ltd., Rajtilak Industries (P) Ltd., and other companies.

MANAGING DIRECTOR

SHRI H. M. PERIWAL, has been appointed as Managing Director of the Company for a period of five years.

AUDITORS

SINGHI & COMPANY, Chartered Accountants, Calcutta, New Delhi.

SOLICITORS TO THE ISSUE

M/s. ORR, DIGNAM & CO., National Insurance Bldg., Parliament Street, New Delhi.

BANKERS TO THE ISSUE

The United Commercial Bank Ltd., 2, India Exchange Place, Calcutta. The Central Bank of India Ltd., Mahatma Gandhi Road, Bombay-1. The Bank of India Ltd., 70/80, Mahatma Gandhi Road, Bombay.

BROKERS TO THE ISSUE

Bombay
1. M/s HARKISONDASS LUKHMIDASS, Stock Exchange Bldg., 5th floor, Apollo Street, Fort, Bombay-1.
2. M/s. LEWIS & JONES, Bank of Baroda Bldg., Apollo Street, Fort, Bombay-1.
3. M/s. S. RAMDAS, Agakhan Bldg., Dalal Street, Fort, Bombay-1.
4. M/s. CHIMANLAL J. DALAL, 107, Stock Exchange New Bldg., Dalal Street, Fort, Bombay-1.
5. M/s. P. R. SUBRAMANYAM & SONS, 70-A, Stock Exchange Bldg., Apollo Street, Fort, Bombay-1.

Delhi
1. M/s. RAJA RAM BHASIN & CO., A-320, Defence Colony, New Delhi-3.
2. M/s. HARBANS SINGH MEHTA & CO., 33, Regal Building, Parliament Street, New Delhi-1.
3. M/s. M. R. DHAWAN & CO., 4/8, Asaf Ali Road, New Delhi-1.
4. M/s. RAJ PAUL CHADHA & CO., Delite Cinema Bldg., Asaf Ali Road, New Delhi-1.

Calcutta
1. M/s. PLACE, SIDDONS & GOUGH (P) LTD., 6, Lyons Range, Calcutta-1.
2. M/s. G. M. PYNE, Allahabad Bank Bldg., 14, India Exchange Place, Calcutta-1.
3. M/s. SADASUKH KABRA & CO., 2, India Exchange Place, Calcutta-1.
4. M/s. SOHANLAL PACHISIA & CO., 9, India Exchange Place, Calcutta-1.

Madras
1. M/s. MACONOCHIE & CO., Post Box No. 291, Mercantile Bank Bldg., Madras-1.
2. M/s. PATERSON & COMPANY, Post Box No. 48, 32/33, Linghi Chetty St., Madras-1.
3. M/s. KOTHARI & SONS, Post Box No. 267, Oriental Bldgs., Armenian Street, Madras-1.

Bangalore
1. M/s. LOKKUR & COMPANY, Post Box No. 631, Kempegowda Road, Bangalore-9.
2. M/s. P. R. SUBRAMANYAM & SONS, Shree Siva, 24, Fourth Street, Benson Cross St., Bangalore-6.

Ahmedabad
1. M/s. CHINUBHAI CHIMANLAL DALAL, Fatehbhai's Haveli, Ratanpole, Ahmedabad.

EXISTING AND PROPOSED ACTIVITIES OF THE COMPANY

The Company plans to manufacture immediately 18 million core yards of P.V.C. cables and 270 miles of Plastic Insulated Power Cables per annum.

P.V.C. Insulated Power Cables are fast replacing the conventional paper insulated cables throughout the world and in India also.

At present there is a sizable shortage of Power Cables, demand of which is expected to increase still further because of the various power projects under execution. In the Kerala State itself where the factory will be located several power projects like Panniar Pampa, Idukki are under execution.

TECHNICAL COLLABORATION

The Company has entered into a technical collaboration agreement with M/s. VEB Kabelwerl Oberspree of German Democratic Republic (formerly controlled by AEG), who were established 65 years ago and are reputed to be one of the leading cable manufacturers in Europe.

The agreement shall be in force for 10 years. The collaborators shall train 10 Indian personnel in their factories and the Company shall also be entitled to use their Trade Mark and benefit of the improvements made in production techniques by the collaborators. They shall be paid a total sum of Rs. 10,50,000; no royalty is payable.

LOCATION

The factory shall be located at Karukutty in the State of Kerala.

IMPORT OF MACHINERY

The Company has been granted two import licences for import of plant and machinery, worth Rs. 11 lacs from West Germany and Rs. 31·18 lacs from German Democratic Republic. Orders for these have already been placed.

CAPITAL LAYOUT

The capital cost of the project is estimated to be about Rs. 1·20 crores, which shall be met out as below :—

Share capital	Rs.	70 lacs
Loan from Industrial Finance Corp.	Rs.	50 lacs
	Rs.	1·20 crores

MINIMUM SUBSCRIPTION

The minimum subscription on which the Directors will proceed to allotment is shares of the face value of Rs. 52 lacs, being the whole of the present issue.

PROSPECTUS AND APPLICATION FORMS

Application forms along with copies of the prospectus can be had from the Registered Office of the Company and from the Bankers, Underwriters and Brokers, whose names are mentioned above.

APPLICATION FOR SHARES MUST BE FOR MINIMUM 25 EQUITY SHARES OR MULTIPLES THEREOF AND FOR A MINIMUM OF 5 PREFERENCE SHARES OR MULTIPLES THEREOF.

'BEHAR' the dependable name in FIRECLAY & SILICA Refractories

For over 15 years "BEHAR" REFRACTORIES are being used by leading Iron and Steel Works, Cement and Glass Factories, Tea Industries, Sugar and Cotton Mills and other Industries in the country.

Phone : 22-5952
22-3101
Gram : "BANCO"

The BEHAR FIREBRICKS & POTTERIES LTD
22, STRAND ROAD, CALCUTTA-1

THE DHUNSERI TEA COMPANY LIMITED

Comparative Statement of Tea Crop and Sales for the six months ended 30th June, 1964.

	Dhunseri T. E.		Dhendai T. E.	
	1964	1963	1964	1963
Production (kg.)	75,393	63,344	30,749	31,823
Sales (kg.)	21,299	9,174	8,853	4,822
Average Price (Rs. per kg.)	7.32	5.46	7.28	6.00

NEWS IN BRIEF

THE ban on the movement of wheat and wheat products from the Punjab into Uttar Pradesh has been lifted with effect from the 6th inst.

A high-level technical delegation from Russia is arriving in New Delhi this week-end to discuss with Indian engineers the technical details of the Bokaro steel project.

A notice of a motion to be moved in the Lok Sabha expressing no-confidence in the Union Government has been given by Mr. A. K. Gopalan, the Communist leader. He has charged the Government with failure to tackle the food and price situation.

The Tea Board has launched a random sample survey on the people's consuming habits of tea, coffee and milk. The object of the survey is to collect data in respect of the socio-economic conditions of the people, consumers' buying habits, reasons for the popularity or otherwise of tea as a beverage, and frequency of tea drinking.

The Hyderabad Asbestos Cement Products Ltd. has won a contract for supplying an asbestos cement sheeting plant to Messrs. Johns-Manville International Corporation of the U.S. for their Belgium factory. The plant will be designed specifically for ensuring a very high rate of production of 150 to 200 tons per day.

The Government of India is negotiating with an American firm to erect a pulp and paper machinery factory and five "baby" paper producing factories at a total cost of about Rs. 48 crores in Dehri-on-Sone. The proposed factories will together produce machinery worth Rs. 8 crores annually and 200 tons of newsprint daily.

The Governments of India and Spain are expected to sign an agreement on the development of atomic energy for peaceful purposes. The proposed agreement will provide for exchange of unclassified information, scientists and technical personnel by mutual consent. India has similar arrangement with Sweden, Poland, the Netherlands and the U.A.R.

The Industrial Court of Ahmedabad has granted an interim relief of Rs. 5.25 in dearness allowance for 26 working days to 125,000 textile workers of Ahmedabad. The relief has been granted pending the disposal of the dispute between the Ahmedabad Millowners' Association and the I.N.T.U.C.-led Textile Labour Association over the link-up of the new series of working class cost of living index with the old series for the purpose of paying D.A.

The thermal designs organisation of the Central Water and Power Commission is likely to start functioning in about a month. At present, the Commission is only giving general assistance to designing thermal stations. There are about 30 thermal stations now under construction with an installed capacity of four million kw. and, for their designs, the Government is paying as much as Rs. 6 crores, two-thirds of which represents foreign exchange.

A nine-member expert Committee, with Prof. M. L. Dantwala of Bombay University as Chairman, has been appointed by the Union Government to look into the problems of co-operative marketing. The Committee has been asked to review the present pattern of co-operative marketing of agricultural produce, supply of consumer articles at the village, regional, State and national levels and indicate the role of co-operative marketing in an integrated structure of credit, supplies and processing.

In the month of July 1964, production targets were exceeded in six units of the Durgapur steel works, namely blast furnaces, pig casting machines, steel melting shop, blooming mill, billet mill, and section mill. Two new records were set up in the assembly and despatch of roller-bearing wheel sets. About 1,770 roller-bearing wheel sets were assembled during the month, as against the previous best of 1,543 sets in the previous month, and 1,710 roller-bearing wheel sets were despatched, as against 1,592.

The U.S. Government has authorised four long-term and low-interest loans aggregating $62.3 million (Rs. 29.7 crores) to the Government of India. The four loans are, $50 million for financing import of commodities, $7.2 million for purchase of 25 broad-gauge diesel locomotives $3.1 million for meeting the foreign exchange costs of an additional 89,100-kw. generator to the Sharavathi hydro-electric project in Mysore State, and $2 million for financing the cost of obtaining the consulting services of U.S. firms and individuals for Government and private sector projects.

The Union Ministry of Community Development and Co-operation has selected the States of West Bengal, Orissa, Uttar Pradesh, Andhra Pradesh, Madhya Pradesh, Punjab, Rajasthan, Mysore and Kerala for a critical evaluation of the progress made by some key programmes in the co-operative sector. The evaluation will cover development of co-operatives in areas where intensive cultivation programmes have been launched, progress in the field of marketing and processing, and setting up of consumer stores. It will also cover the assistance received by the co-operatives from the Agricultural Refinance Corporation. The Governments of the States concerned have been asked to undertake a quick review of primary agricultural credit societies.

The Government of India has decided to set up an independent body consisting of a single person to examine the quantum of dearness allowance that should be paid to Central Government employees as compensation for rise in prices. The latest increases in the rates of dearness allowance announced by Government early in May last were calculated to ensure at the minimum of each pay slab up to Rs. 300 roughly 75 per cent neutralisation of the total rise of 20 points in the average price index since 1st July 1959. It has been represented by certain associations of employees that this increase is not adequate. In terms of statements made on behalf of Government in Parliament in August 1960, Government had agreed to 50 per cent neutralisation of the increase in prices and, if necessary, to the appointment of an impartial body to consider what portion, if any, of the other 50 per cent should be neutralised. As employees are not satisfied with the substantially higher increases given from time to time, the Government has decided to appoint an independent person to go into the matter and report quickly. The name of the person appointed will be announced shortly.

The Union Government has given its assent to a collaboration agreement between Clarion, Advertising Services Private Ltd., the largest Indian-owned and managed advertising agency in the country, and McCann-Erickson Corporation, the foremost international advertising agency in the U.S. Under this agreement, a new advertising agency, to be known as Clarion-McCann Advertising Services Private Ltd., will be formed for undertaking export advertising. The Chairman of Clarion Advertising, Sir Dhiren Mitra, told pressmen that, as a result of this arrangement, India would have direct access to reliable worldwide marketing information and facilities so necessary for its export drive, by utilising the 75 offices of McCann-Erickson in 32 countries. This is expected to lead to some saving of foreign exchange, as approximately 50 per cent of the commission earned by the new agency on export advertising will be retained in India. The agreement explicitly provides for the continued management of the new Company by Clarion or its nominees. The American partner in this joint enterprise will hold 49 per cent of shares. Besides the availability of advanced methods developed by McCann Company, the new company will also benefit from McCann-Erickson's regular schooling of personnel, international seminars and loan of personnel for specialised services.

The Union Government has decided to accept the selection of 153 rationalised sections recommended by the *ad hoc* Committee which was constituted in August last year for the selection of the rationalised sections to which rolling would be restricted, which submitted its report in May last after taking into consideration an independent report of the Indian Engineering Association. The recommendations of the Committee have been duly considered. As it will take some time for the existing rolls to wear out and for designs utilising these structural sections to be changed, it has been decided that the change over to the rationalised section will take place from 1st January next year. The main producers are being requested to take all possible steps to ensure that all the rationalised steel sections are made available to consumers in sufficient quantities and in time. The Central and State Government departments have also been requested to modify and base all their designs on these rationalised sections only. All consumers of steel will place indents from 1st January 1965 on the basis of these sections and import of steel sections not included in the rationalised scheme will not be allowed only on the ground that the structures were designed to utilise these other sections. The future pattern of production of structural sections by the main producers will be restricted to the rationalised steel sections only. Special sections, such as crossing sleepers, bearing plate bars, telegraph channels, sheet piling sections, etc., will, however, continue to be rolled to meet specific important demands.

* * * *

From Abroad

Britain remained as the biggest customer of Australia with purchases worth £255.6 million during the financial year 1693-64. Japan comes next with purchases amounting to £244.6 million.

The International Coffee Organisation Council has set the 1964-65 total world coffee export quota at 47,506,518 bags, 2.67 per cent above the Coffee Agreement's established basic quota of 45,530,183 bags.

The U.S. Export-Import Bank has authorised a $2.5 million credit to Spain. The credit will be re-lent to Spanish concerns for financing moderate-sized purchases of machinery and equipment from the U.S.

The South African Government has created a separate Ministry in charge of Planning. This move is a sequel to the growing importance of joint planning and co-operation in various spheres and the need to secure co-operation between the public and private sectors.

The French Government has agreed to grant Greece Frs. 123-million (£9 million) aid within the framework of the O.E.C.D. Aid to Greece Consortium. The aid consists of Frs. 82 million to untied credits and Frs. 41 million to "tied" credits. Both loans are repayable in 15 years and bears interest at 3.5 per cent.

A national Action Council to promote closer economic ties with Britain has been formed by Australian businessmen. This Council has its counterpart in Britain. A ten-man delegation from Britain is expected to come to Sydney on the 22nd of next month to attend the first meeting of the Action Council.

PERSONAL

MR. Purtej Singh, Chief Engineer of Bhilai Steel Plant, has been appointed a Director of the Hindustan Steel Works Construction Corporation.

Sheikh Yacob Abdul Aziz al Rashid, Kuwait's first Ambassador to India, presented his credentials to the President on Thursday this week.

Mr. M. C. Chagla, Union Minister for Education, will lead the Indian delegation to the third Commonwealth Education Conference to be held at Ottawa from 21st inst. to 4th September next.

Mr. G. D. Kothari and Mr. G. Birla have been elected President and senior Vice-President, respectively, of the Tea Association of India for the year 1964-65. Mr. P. K. Kanoria has been elected the Vice-President.

Mr. Ramnath A. Podar, Mr. G. K. Devarajulu and Mr Madanmohan Mangaldas have been elected Chairman, Deputy Chairman and Vice-Chairman, respectively, of the Indian Cotton Mills' Federation for the year 1964-65.

Dr. A. U. Shaikh has been nominated by the Government of Maharashtra as a full-time member of the Maharashtra State Road Transport Corporation. He has also been appointed the Vice-Chairman of the Corporation.

Mr. S. Bhoothalingam, I.C.S., has been appointed Secretary for Economic Affairs in the Union Ministry of Finance vice Mr. L. K. Jha who has taken over charge as the Secretary to the Prime Minister. He will continue to be in charge of the Department of Co-ordination in the same Ministry.

The Hongkong and Shanghai Banking Corporation is paying £2.1 million (Australian) for a 40 per cent stake in the equity of Mercantile credits, the Sydney-based hire-purchase financing house. The terms are 7s. 6d. for each of 5.6 million 5s. shares to be acquired. The Mercantile's present capital and reserves together amount to £3.22 million and its tangible assets aggregate £22.8 million.

The Government of Pakistan has signed two barter trade agreements with the Hungarian Government. One of the agreements, which is valid for two years, provides for the exchange of goods and commodities upto Rs. 55 lakhs on each side during the next 12 months. The other agreement provides for the import of road-building machinery and construction equipment worth Rs. 9 lakhs in exchange for Pak jute and shoes.

The Australian Federal Treasury, in the new £50 million cash issue, has raised the long-term bond rate to 5 per cent, in a bid to check inflationary trends. This rate represents an increase of 6s. per cent over the yield offered in the previous loan issued in May last and 10s. per cent over the yield of loan offered in February. The main objectives are to drain off a part of the excess liquidity, to encourage saving and to impose a stiffer interest test for capital raising in the share market.

The Government of Bulgaria has given a contract worth £4 million to Simon-Carves of Britain (in association with Imperial Chemical Industries) for the supply of a polythene plant. The plant, with a capacity to produce 24,000 tons of I.C.I.'s versatile plastic material for a wide range of consumer and industrial uses, will be located near Burgas. At least, 90 per cent of the work will be undertaken in Britain and the plant is expected to go into production in 1966.

The first shipments of Algerian natural gas from the Sahara to the U.K., under the U.K. Gas Council's contract with the Algerians for the import of about 70,000 tons a year, are expected to reach Britain sometime next month. Delivery was expected this month, but it has been delayed owing to some problems in the building of a liquefaction plant at Argew in Algeria; the plant will convert natural gas into liquid methane, so that it can be transported by tankers to the U.K. The plant is claimed to be the first of its kind in the world.

Companies, trusts and individuals in Britain are sponsoring some 209 of the 575 young Britons doing voluntary work in countries all over the world this year. Some 15 industrial concerns, according to a spokesman for the Voluntary Service Overseas Organisation are involved, headed by the British-American Tobacco Company and the British Aircraft Corporation, sponsoring five and three volunteers, respectively. Sponsorship required a minimum contribution of £300 for support of the voluntary worker during the year. The biggest supporting trust is the Christian Aid Organisation, which sponsors over 100 volunteers. Others include the Dulverton Trust, the Fort (Dagenham) Trust, and some Livery Companies of the City of London. The volunteers they sponsor go to developing countries all over the world for periods of a year or more to work on a variety of projects. They engage in teaching, agriculture, community development and social welfare. The British Government is contributing this year (1964-65) £270,000 or 50 per cent of the support costs. This will rise to £650,000 or 75 per cent in 1965-66, when it is hoped to increase the number of volunteers to 1,300 from the 800 it is planned to send this year.

TREND OF MARKETS

NEW CEILING RATES FOR DEPOSITS

(From Our Own Correspondent)

BOMBAY, 11th August

The Indian Banks' Association has announced that the requisite support of banks participating in the Inter-Bank Agreement on Deposits has been received for revising the maximum rates of interest on notice money and term deposits. The revised rates, recommended by the Executive Committee, will become effective from Monday the 17th inst. The new rates are as follows:

Period of deposit	*Rate of interest* (Per cent per annum)
For notice money at a withdrawal notice of three days or more ...	3
For term deposits:	
3—30 days	3
31—60 days	3½
61—90 days	3½
Over *Less than*	
91 days 7 months	3¾
7 months 1 year	4
1 year 2 years	4½
2 ,, 3 ,, ...	4½
3 ,, 4 ,, ...	4¾
4 ,, 5 ,, ...	5
5 ,, 6 ,, ...	5½
6 ,, 7 ,, ...	5¾
Over 7 years	6

The provisions A, B and C to Rule IVB of the Agreement will continue to hold valid.

The revised rates are higher than the existing standard rates of interest for notice money and term deposits. The existing rates are given below for the purpose of comparison:

Notice money: 3 per cent; 3 to 30 days (inclusive): 3 per cent; 61 to 90 days (inclusive): 3½ per cent; 91 days and over but less than 12 months: 3¾ per cent; 12 to 24 months: 4 per cent; 24 to 48 months: 4½ per cent; 48 to 60 months: 4¾ per cent; and 60 months and over: 5 per cent.

The short-term money market ruled stringent during the week under review, a rather unusual phenomenon for this time of the slack season. Owing to dislocation of work in banks as a result of employees' agitation for an increase in their salary and curtailment of clearing facilities, the banks which had surplus funds did not wish to lend, while those in need of them could not get their requirements easily. Inter-bank borrowings were, therefore, limited and costlier. The inter-bank call rate for both renewals and fresh money was standing at the high rate of 3¾ per cent, whereas, last week, the former was quoted at 2¾ per cent and the latter at 3 per cent. Calcutta, however, reported slightly better conditions, the call rate receding from 4¾-5 per cent to 4 per cent, with borrowers over.

In view of the tight money conditions, the response to the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 11th inst., was poor. The total amount offered was just equivalent to that invited and also accepted, namely, Rs. 2 crores. The average rate of accepted tenders was slightly higher at Rs. 2.400 per cent per annum, as against Rs. 2.393 per cent.

The Intermediate Treasury Bills also elicited limited support, the Bills actually sold from the 5th to 8th inst. aggregating Rs. 3.53 crores, as against Rs. 5.28 crores a week before and Rs. 19.06 crores two weeks before.

With fresh support lacking, the Gilt-edged market ruled easy during the week under review. 3 per cent 1986 and 4 per cent 1972 declined by 15 paise each to Rs. 63.50 and Rs. 98.85, respectively. 3 per cent 1970-75 shed 5 paise to Rs. 90.20. Among State loans, 4¼ per cent 1974 West Bengal, Madras and Uttar Pradesh eased by 15 paise each to Rs. 99.10. 4¼ per cent 1974 Mysore lost 10 paise to Rs. 99.10 and Orissa 5 paise to Rs. 99.

In the foreign exchange market, the banks' buying rate for U.S. dollars rose by 25 paise to Rs. 476.75 per $100, while their selling rate was unaltered at Rs. 480. In New York, the pound sterling eased vis-a-vis the dollar, the spot rate declining by 0.040 cent to 278.910-278.840 cents and the three months' forward by 0.050 cent to 278.330-278.360 cents.

RECESSION IN BULLION

(From Our Own Correspondent)

BOMBAY, 11th August

A reactionary trend was in evidence in the bullion market during the week under review. Silver, which had keen buyers last week, shed much of its gains in the absence of follow-up enquiries and large arrivals. Dealers, however, felt that this decline was only a connective measure and that silver would pick up very soon. Gold was also quoted lower, thanks to reports suggesting paucity of supplies and moderate support from the South.

Silver began the week at Rs. 260.50, same as last week, and rose initially by 50 paise to Rs. 261 on some support from upcountry dealers. But, following increased arrivals, the metal was subjected to bull liquidation and slumped to Rs. 257.50 to day. The daily average arrivals of silver were 21 bars, while offtake was no more than eight bars.

Fourteen-carat gold declined from Rs. 72.25 to Rs. 71.25, but closed slightly better at Rs. 71.75. Sovereign was quiet at Rs. 93. But primary gold, in unofficial trading, hardened by 50 paise to Rs. 127.50.

The international price for gold in the London market was a shade lower at $35.08. The sterling price, however, moved up by ¾d. to 251s. 7¾d., before closing at 251s. 7¼d. Both ready and forward silver were unchanged at 112d. and 112¼d., respectively, as also silver in New York at 129.3 cents.

Liberal grant of loans at easy rates on interest is envisaged in the comprehensive scheme for rehabilitation of goldsmiths announced recently by the Madhya Pradesh Government. The scheme permits grant of loan exceeding Rs. 5,000 if the borrowing goldsmith can furnish solvent security. The rate of interest charged will be just 3 per cent and even less, in some cases. Even the rule that the guarantor must invest one-third of the capital is waived. The scheme accords priority for eligible goldsmiths in getting alternative employment by relaxing the usual rules regarding age, qualification, etc. It also provides for educational facilities for the children of goldsmiths.

The Surat *Jari* Merchants' Association has urged the Union Finance Minister and the Chairman of the Central Board of Excise and Customs to grant "immediate and complete" relief to the *jari* gilding units from excise regulations. The Association has been "greatly concerned" about the deteriorating situation due to the closure of the gilding units since last month, dislocating the entire industry.

The Punjab Government has decided to raise the loan limit to goldsmiths from Rs. 2,000 to Rs. 5,000.

The following table shows the trend of prices during the week under review:

	11-8-1964 (closing)	High	Low	5-8-64 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (999 fine) ..	257.50	261.00	257.50	260.50
GOLD				
Ready (14-carat) ..	71.75	72.00	71.25	72.25
Sovereign ..	93.00*	—	—	93.00*
London—				
Gold ..	251s.7¾d.	251s.7¾d.	251s.6¼d.	251s. 7d.
Silver Ready ..	112d.	—	—	112d.
Silver Forward ..	112¼d.	—	—	112¼d.
New York—				
Silver ..	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

YARNS EASY

(From Our Own Correspondent)

BOMBAY, 11th August

The easy conditions which prevailed in the yarn market last week persisted during the week under review also, as fresh incentives were lacking and offtake was poor. Staple fibre yarns lost further ground, thanks to consumer resistance at higher levels and better supply position. Art silk yarns, too, drifted downward on poor demand from upcountry and local buyers. The rumours of a possible reduction in excise duty on art silk yarns also imparted easiness. Cotton yarns continued to put on a dull appearance due to lack of any fresh developments.

The art silk yarn manufacturers are understood to have made a representation to the Union Government reiterating their plea for a reduction in excise duty on rayon yarns. Such a reduction, it is said, is necessary for stimulating activity in the market.

In art silk yarn section, National Rayon 120D lost 9 paise to Rs. 11.79. South India Viscose 120D declined by 13 paise to Rs. 13.33. Bright Century 75D, however, picked up 55 paise to Rs. 18.96 on special support.

Among staple fibre yarn (2 x 34 French count), City shed 7 paise to Rs. 9.61, Pioneer and Vasantas were easy, the former at Rs. 9.35 and the latter at Rs. 9.02.

In cotton yarns, 52s Pioneer and 68s Finlay were neglected at Rs. 63 and Rs. 96, respectively. But 34s Madura strengthened by Rs. 4 to Rs. 40.50.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	11-8-1964	5-8-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	11.79	11.88
Century 75D	18.96	18.41
S. I. Viscose 120D	13.33	13.46
Staple fibre yarn-34 x 2 *French Count* (per kg.)		
Pioneer	9.35	9.39
Premier	9.87	—
City	9.61	9.68
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.00	21.00
17s Modern	28.50	28.50
27s Gokak	—	33.50
34s Madura	40.50	36.50
52s Pioneer	69.30	69.30
68s Ginlay	105.60	105.60

SPURT IN COTTON FUTURES

(From Our Own Correspondent)

BOMBAY, 12th August

Trading in cotton futures this week was highlighted by a break through of the upper limit of Rs. 750 imposed by the Forward Markets Commission last week to a high of Rs. 764.75. The sudden and sharp rise in cotton futures on the penultimate day of the week under review attracted the punitive provisions laid by the F.M.C. on the currently maturing contract, under which the bulls have to pay a special margin at the rate of Rs. 75 per bale. After moving within narrow ranges during the earlier sessions, the August contract suddenly jumped up and crossed the F.M.C.'s limit of Rs. 750 due to hectic bear covering induced by unfavourable results of survey and appeals and to poor tenders against the contract.

The Jarilla August contract, which had closed at Rs. 745.75 last week, began the week at Rs. 746. It declined to Rs. 742.50 on Friday (7th August), but, on Monday, pierced the limit of Rs. 750 to stand at a high of Rs. 761.50. Bulls were asked to deposit Rs. 75 per bale. On Tuesday, the rate moved up still further to a new high of Rs. 764.75 before closing at Rs. 762, on news that, out of 1,400 bales surveyed, as many as 1,150 had been rejected. Over the week, there has been a net gain of Rs. 16.75. In private deals, the contract was said to have commanded an even higher price of Rs. 767.50. There was no trading on Wednesday owing to the general strike in the City by almost all workers as a protest against the Government's failure to bring down prices.

On the second notice day, namely, Thursday (the 6th inst.), the quantity tendered against the maturing contract aggregated 4,000 bales and, on the third notice day, namely, Monday (the 10th inst.), it was 2,300 bales. This brings the total quantity so far tendered against the August contract to 13,800 bales. The bulk of this, however, has been rejected as unsuitable.

The Jarilla March contract started the week fractionally lower at Rs. 726.25, as against the last week's closing of Rs. 727. It reached a high of Rs. 734.50 today before closing at Rs. 731.75. Thus, this contract has gained a net of only Rs. 4.75 over the week. This relatively modest improvement in the new contract was due to reports of good rains, improving the prospects of a bigger crop in the 1964-65 season.

Trading in the Sewri spot market was of a restricted character. Moderate interest was evinced as usual in select lots of L.147, 197/3 and Digvijay. The following are the rates for some of the popular varieties, the unit being a bale of three quintals:

Gadgag Jaydhar Rs. 1,045; 100 Yaval Rs. 1,061; 100 Khamgaon Rs. 1,015; 100 Nagar Co2 Rs. 1,601; 100 Akote Rs. 955 spot; 100 *Jagadia Rs. 1,175; 400 Ankleshwar* Rs. 1,115 spot; Mangroi Rs. 1,101; and 200 Kim Rs. 1,115 spot.

No significant development was witnessed in the foreign section. There were reports that sales of Egyptian cotton would be resumed soon and that all varieties, except Giza 45, would be offered. The Uganda Lint Marketing Board gave an indication that its official policy would be to reserve 40 per cent of the exportable surplus from the 1964-65 cotton crop for direct sale. The first lots of new crop are expected to be offered by mid-September. Spinners were reported to be evincing keen interest in African cotton.

NEW COTTONSEED CONTRACT

(From Our Own Correspondent)

BOMBAY, 12th August

The only event of importance in a market (oilseeds) which was otherwise devoid of interest was the commencement of trading in the new crop Cottonseeds January contract on Monday the 10th inst. Trading has been allowed subject to a ceiling of Rs. 118, including a penalty of Rs. 2.50. The contract opened at Rs. 98.25, which was the lowest level of the day, and, after being bid up to Rs. 101, reacted to close at Rs. 100 today.

The contract is still far behind the ceiling rate, but informed sources in the market think that, in view of the firm undertone and the factors governing cottonseeds, the January contract should be quoting well around the ceiling before long. The strongest of all factors is the incentive which the manufacturer-*cum*-exporters of decorticated cottonseed cakes enjoy at present. They are entitled to an import licence of one tonne of copra against the export of every 3.5 tonnes of decorticated cottonseed cakes. The import licence is currently fetching Rs. 700 a tonne whereas the average c.i.f. cost of decorticated cottonseed cakes is £32 or Rs. 425 a tonne. In addition to facilities for import of copra, exporters of cottonseed cakes are also given permission to export one ton of copra cake out of every 2.7 tonnes of copra imported by them and further enjoy the benefit of a return of Rs. 214 from the duty paid by them. As though this is insufficient, exporters of copra cake are allowed to import copra equivalent to 75 per cent of the f.o.b. value of cake exported. Advance import licences for copra are also granted in certain cases. On the whole, the margin of profit on exports is put at 100 per cent.

All these incentives have evidently helped in boosting exports of cottonseed cakes and it is said that about 73,000 tonnes have been exported during the year 1963-64, earning Rs. 2.37 crores by way of foreign exchange. Up to the end of July this year, about 39,000 tonnes of cakes and 4,800 tonnes of cottonseed extractions are said to have been shipped from Bombay, besides the 15,000 tonnes shipped from Madras and Marmagao.

In these circumstances, the trend in cottonseed cakes could be anything but bearish. The price of oil had at one stage been bid up to Rs. 2,400, though it is currently placed at Rs. 2,350. Demand by *vanaspati* manufacturers is likely to move up from 5 per cent to 10 per cent. These factors lead market men to forecast that the new contract will move towards its ceiling before long. Knowledgeable sources think a level of Rs. 150 as justifiable for cottonseeds.

The futures section in castor was almost blank again during the week, for no trading was possible within the limit of the present ceiling which bears no relation to the spot market. In unofficial dealings, the September contract continued to be placed around Rs. 184.50 to Rs. 184.75. In the spot section, Madras Small changed hands at Rs. 40.25 and Kanpur Bold at Rs. 39.25. Commercial oil was done at Rs. 17.65. B.S.S. was quoted at Rs. 18.20. Futures trading in linseeds has almost been reduced to a farce with the September contract hovering around Rs. 44.84 which is just a fraction below the ceiling. Linseed Bold spot as firm at Rs. 48.25 and oil at Rs. 20.35.

Meanwhile, disappointment continues over the ban imposed by the Gujarat Government on exports of groundnuts and groundnut oil from the State. A conference convened by the Central Organisation for Oil Industry and Trade during the week in Bombay drew pointed attention to the reported surplus of 1.5 million tins of oil in Gujarat and criticised the State Government's

action in holding up the despatch of oil which had been booked before the ban. The conference thought it wrong to fix the same rates for both crude and refined oil, as this might lead to the closure of many units. Gujarat delegates were understood to have pointed out that, out of the 23 solvent extraction plants, as many as 15 had already closed and a few more were on the point of doing so. The President of the Organisation, Mr. Ratilal M. Gandhi, told the conference that the Organisation had already requested the Union Minister for Food to advise the Gujarat Government to allow the export of those goods for which rail receipts had been obtained and which were despatched before 22nd July. It remains to be seen whether the Centre will advise the Gujarat Government and whether the latter, if advised, will pay heed to it.

Currently, extractions are dull. A total of 695,340 tonnes has been exported from Bombay, Saurashtra and Madras ports since November 1963. About 60,000 tonnes are believed to have been shipped from the ports of Kakinada and Vishakapatnam and 15,000 tonnes from Marmagao and Calcutta. London is easy, though near positions are firm due to lack of offerings. Latest indications are: £38 for August-September, £37-10 for October, £36-12-6 for October-December, £36 for December-January-February and £35-5 for January-February-March.

Exports of HPS from November 1963 up to the end of July were 39,265 tonnes of kernels and 5,657 tonnes of shells. During the same period, exports of groundnut oil from Bombay, Saurashtra and Madras amounted to 74,482 tonnes. Practically nothing noteworthy occurred in the groundnuts section during the week. Prices, however, were well held with Madras Quality in demand at Rs. 65, Nizam Bold at Rs. 63.75 and Kanpur Bold at Rs. 62. Oil ex-mill was done at Rs. 25.70.

The following table shows the closing prices of oilseeds and oils as on 11th August as compared with those of the two previous weeks:

	11-8-1964	5-8-1964	20-7-1964
Groundnuts	Rs.	Rs.	Rs.
Nizam'bold	63.75	64.50	65.00
Khandesh quality	65.50	65.25	65.75
Oil ex-mill	25.70	25.80	26.25
Oil Rly. Receipt	25.15	25.30	25.80
Castorseed			
September 1964 contract.. ..	181.50	181.50	181.50
Ready Madras	40 25	40.25	40.12
Ready Kanpur	39.25	39.25	39.00
Oil B.S.S.	18.20	18.10	18.60
Oil commercial	17.65	17.45	17.80
Linseed			
September 1964 contract.. ..	44.84	44.78	44.81
Bold ready	48 25	47.50	49.25
Linseed oil	20.35	20.35	21.30
Cottonseed			
September 1964 contract.. ..	98.00	104.00	104.00
Jan. 1965_contract	100.00	—	—

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

TEAS IN GOOD DEMAND

(From Our Own Correspondent)

CALCUTTA, *10th August*

Good demand featured last week's export sales when leaf on offer aggregated 48,031 packages. That quality teas are meeting with more attention was indicated in that demand was more general than in the previous weeks. The best Assam C.T.C. teas realised useful prices, and were occasionally dearer. Medium C.T.C teas, although irregular and easier, were absorbed readily; the fannings received less attention than the brokens. Prices of legg-cut teas eased. Plain orthodox teas were firm at around last levels. Bright Assam orthodox teas drew keen attention, and prices rose. In particular, the O.F. teas and B.O.P. teas were in the forefront. Medium Assam and Doars orthodox lots met with good demand at generally lower rates. Although Darjeelings also met with good demand, prices eased in line with the fall in quality. Whole leaf grades realised higher rates, and tippy teas were firm. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. B.P. Rs. 7.20 to Rs. 8.00, best Assam C.T.C. fannings Rs. 7.20 to Rs. 7.80, medium Assam C.T.C. B.P. Rs. 6.20 to Rs. 6.80, medium Assam C.T.C. fannings Rs. 6.20 to Rs. 6.70, clean plain pekoe Rs. 5.20 to Rs. 5.60, plain B.P. Rs. 4.40 to Rs. 4.70, and plain fannings Rs. 4.10 to Rs. 4.30.

The increased tea arrivals from gardens—up to 15th July production in North East India aggregated 77.949 million kgs. as against 66.174 million kgs. in the corresponding period of 1963—explains for rather lukewarm support in internal sales. In the sales held last week, dusts on offer aggregating 27,636 chests met with a reduced demand. Plain orthodox teas recorded a hardening trend, Assams meeting with support at around last levels. Legg-cuts with bright liquors were in good demand, but the rest of this category eased. C.T.C. teas eased up to 50 nP, while good support was accorded to the smallest and brightest teas. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.50 to Rs. 7.00, medium Assam C.T.C. dust Rs. 5.70 to Rs. 6.10, medium Assam C.T.C. dust Rs. 4.90 to Rs. 5.70, legg-cut dusts Rs. 4.80 to Rs. 5.30, and plain orthodox dust Rs. 4.20 to Rs. 4.50.

The need for tea gardens to get relief to enable them with adequate resources having regard to the importance of the Plan target was emphasised by Mr. S. R. Daga, President of the Tea Association of India in his address to the annual meeting of the Association held here on 6th inst. He pointed out that in view of the fact that 60 per cent of the profits of gardens were taxed as agriculture income by the States, the effective relief resulting from the rebates granted in the last budget (10 per cent on income-tax plus super tax and 20 per cent on surtax) stood reduced to 4 per cent and 8 per cent respectively. He urged to raise the rebates to 25 per cent and 50 per cent respectively. He also advocated advances to the industry from long-term financing agencies in view of the industry's inability to secure funds from scheduled banks. Mr. Daga said that if the targets of the third Plan—targets of output and export were recently revised from 900 and 610 million lbs. to 830 and 530 million lbs. respectively—were to be realised, intensive cultivation, replantation of old areas and extension of acreage were necessary. Old bushes may not be replaced as the seeds from grown-up plants have been claimed to yield edible oil, capable of replacing mustard oil. The possibility of West Bengal gardens being requested to retain old bushes has already been hinted at. Against this background and in view of the need in West Bengal to diminish the dependence for mustard oil on other States, Mr. Daga's suggestion to the States, not to requisition lands which were apparently surplus, has been timely.

The trade is happy to note the opinion of Mr. A. S. Bam, Chairman of the Tea Board, in his address to the T.A.I. meeting that the prospects for increased consumption of Indian tea were bright. He referred to the French decision to set up a Tea Council. Although tea exports up to May 1964 were much lower as compared to the corresponding previous figure due to shortfall in early output, offtake for shipments in June were higher by 2 million lbs. Output in North East India is going up. Referring to these figures, Mr. Bam hoped that this year's exports would be substantially higher than last year.

MARGINS ON JUTES

(From Our Own Correspondent)

CALCUTTA, *10th August*

Buoyancy continued unabated in both raw jute and jute goods markets during the week under review, although sellers of fibre were cautious and genuine interest in goods was limited. Since the restrictions imposed by the East India Jute and Hessian Exchange Ltd., including suspension of trading as and when prices rose above prescribed levels, failed to stem speculation in the hedge market, the authorities of the Exchange, in consultation with the Forward Markets Commission, announced special margins on all forward sales. Following this, a reaction set in in the hedge market as holders came under selling pressure. Price levels for suspension of the market were: Rs. 47.50 per 100 yards for hessian and Rs. 123 per 100 bags for sacking for both August and November deliveries, and Rs. 34.25 a maund for Assam bottoms September delivery, with ceilings on daily fluctuations above the closing levels of the previous day being 25 paise, 70 paise and 25 paise, respectively. Special margins imposed from Tuesday last are: Rs. 24 hessian cloth contract whenever the price ruled at or above Rs. 47.50 per 100 yards, Rs. 62 for sacking contracts whenever the price ruled at or above Rs. 123.70 per 100 bags, and Rs. 17 for raw jute contract whenever the price ruled at or above Rs. 34.75 per maund. Announcing margins, the Exchange said:

"The special margins shall be paid on the net outstanding purchases or a ring member on his own account and on the net outstanding purchase of each of his member and non-member clients at the close of each working day in respect of August and November 1964 deliveries of hessian cloth and sacking bags contracts separately—without offsetting the outstanding purchases in one delivery against the outstanding sales in another delivery—and in respect of raw jute contract for September 1964 delivery. The amount of special margins deposited shall be refundable on the liquidation of outstanding purchases and/or on the special margins being not required to be paid on application from ring member concerned."

As stated, the special margins brought down activity in the hedge market, and prices during the week were throughout below the ceilings imposed. Fluctuations were within the ceilings. Thus August and November hessian and B. twills closed at Rs. 47.48 and Rs. 47.50 and Rs. 123.40 and Rs. 123.65, respectively. Earlier, August hessian and B. twills opened at Rs. 46.40 and Rs. 121.35 and this week's lows were Rs. 46 and Rs. 120.90, respectively. September Assam bottoms opened at Rs. 33.60 and rose to Rs. 34.42 which was also the week's high. For a time in the week, spot goods reacted, but soon resumed the upward trend, as fibre prices were maintained at higher levels. The lack of improvement in daily arrivals in view of heavy rains and inundation in several areas of Bihar, Assam and northern Bengal led to apprehensions about the estimate of the crop being in fact realised. If at least a crop of 7 million bales were not realised, prices would harden further. At the enhanced rate of production, mills require about 8 million bales in this season and, considering the carryover of 3.1 million bales, a crop of 7 million bales would more than meet needs. The official estimate of the crop is placed at 7.6 million bales, but, in view of some damage to plants on account of floods, the trade thinks the crop would amount to only 7 million bales. However, considering the expected shortfall in output in Pakistan, prices there are likely to continue moving up, and it is thought that more vigilance is needed at the border to prevent smuggling from India. If Indian fibre crosses the border, a shortage is bound to develop towards the closing months of the season. In view of the upward trend in Pakistan and Thai markets, it stands to reason that the Government of India should permit even now greater imports of cuttings and high-grade fibre. Meanwhile, the buffer stock of 500,000 bales should be released to mills in an attempt to prevent any further rise in prices. The buffer stock should be replenished as and when arrivals increase and prices move down to the I.J.M.A. minimum levels. It is also advisable not to permit exports of even the low-grade fibre until a re-assessment of the supply position is made after a clearer idea of the crop is available.

With low arrivals, sellers of fibre were cautious. The mills no doubt needed to buy in order to cover raw material against sales of goods, but they accorded only meagre support for fear of continued rise in prices. Prices of new crop were: Assam bottoms Rs. 36.00; daissee bottoms Rs. 37.00; and nothern bottoms Rs. 35.00.

Although harvesting and retting have begun seriously, arrivals have so far been much below expectations, due to setback in transport consequent on floods. It is also believed that there has been a tendency to hold back new crop in mofussil areas in expectation of higher prices. The fact that prices of essential commodities to cultivator have risen has naturally led the cultivator to expect a higher price for his fibre. Also, his holding power is believed to have improved following the buoyancy of 1962 in all varieties, including lower grades, and premium obtained for higher grades in 1963.

In goods, steady conditions continued to prevail, although genuine business passing was limited. In view of restrictions, internal buying had shrunk. Overseas buyers restrained support; Australia and the U.S. were among countries that bought. Calcutta's higher trend failed to push up prices in the New York burlap market, where heavy hessian at one time eased to 11.75 cents a yard to recover to the opening rate of 11.90 cents. The 7½ oz. hessian at 9 cents marked a nominal gain of 0.05 cent. By and large, by withholding support, overseas buyers have demonstrated their discontent at the rising trend. Both the trade and industry are, therefore, worried. However, having regard to the rise in fibre prices in both Thailand and Pakistan, the hardening trend in the Indian market should not be considered as not having arisen from the free application of the law of supply and demand. The rise in fibre prices in all the three countries has occurred on account of a genuine apprehension of a shortfall in output, and it is natural that the higher price should adjust demand to supply. Commodity markets throughout the world have been rising since the beginning of this year. Prices of non-ferrous metals on the London Metal Exchange have risen to very high levels as to cause the apprehension of possible substitution by consumers among producers. India has to spend more funds if it desires to maintain imports of industrial raw materials at previous levels. Considering this factor, the possibility of overseas consumers of jute goods being asked to pay a little more for their supplies this year cannot be ruled out as entirely unfair.

Normally, an increase in month-end stocks imparts an easier tone to goods, but this was not so this week. Despite the news of July-end stocks at 135,200 tonnes showing the substantial increase of 8,900 tonnes, jute goods were distinctly firm. Sacking at 52,900 tonnes represented the largest chunk of the increase, that is, 7,700 tonnes. Hessian showed a small increase of 700 tonnes at 45,900 tonnes, while the increase by 1,000 tonnes to 22,400 tonnes in carpet backing cloth showed that the production of this speciality has not yet been adjusted to demand. At 14,000 tonnes, other goods became lighter by 500 tonnes.

On Tuesday last, some business was done in hessian with U.S. buyers, and this was followed by the rise in 40″ 10 oz. hessian from Rs. 46.85 to Rs. 47. Thanks, however, to imposition of special margins, the hedge market came under selling pressure, which business with overseas buyers was absent. Consequently, ready B. twills fell from Rs. 126.25 to Rs. 124.75. On Wednesday, Australia bought 2,000 bales of cornsacks for ready delivery, and the Government also displayed some interest in B. twills. However, these were inadequate stabilisers, and B. twills declined further to Rs. 122.25. In sympathy, hessian 40″ 10 oz. eased to Rs. 46.25. At lower levels, buyers showed interest and, on Thursday, rates gradually picked up. Scattered business with both the U.S. and the U.K. took place. B. twills receovered to Rs 125.25 and hessian 40″ 10 oz. to Rs. 47.50. The announcement of increased stocks led to a reaction again on Friday when B. twills slipped to Rs. 125.25 and hessian 40″ 10 oz. to Rs. 47.30. However, the continued firmness in fibre reversed the easing tendency and, over the week-end, B twills rose to Rs. 127 and hessian 40″ 10 oz. to Rs. 48.15.

* * * *

Since preparing the above report, the Jute Commissioner has agreed to the release of buffer stocks held by the industry in order to offset the slow arrivals of new crop jute. He has also extended the time limit for replenishing the buffer stock from November to February 1965. Talks are also on for introducing maximum jute purchase quotas. These steps were outlined at a meeting of the Indian Jute Mills' Association's General Committee held at Calcutta on Monday this week.

The present market situation came under critical review by the Committee. The unwarranted steep rise in the price of raw jute and the effects of this on the finished goods market were viewed with the greatest concern, bearing in mind that cheapness and stability of price are necessary concomitants of the successful promotion of jute goods sales against substitute materials. Both these prerequisites have been placed in jeopardy by the recent developments in the market.

It was the unanimous view of the Committee that, as far as it was possible at this juncture to make a competent assessment of the availability of raw jute during the current season, there was nothing in the situation justifying the behaviour witnessed in the market during these last few days. While it is agreed that, with production continuing at existing levels, it is likely that some run-down in the carry forward of jute at the end of the season will take place, it is not felt that this will be of such dimensions as to create an actual shortage.

It seems that the present excitement is the result of fears prevalent in Pakistan of the effects of a reduced crop this year in that country, which have caused Pakistan prices to spiral. In the context of India's competitive position *vis-a-vis* Pakistan, it is particularly unfortunate that the Pakistan situation should have been allowed to influence sentiment in India and spark off speculative operations here.

One of the reasons for establishing a jute buffer stock was to meet a situation of this kind, and it is now expedient to tap these reserves. The Jute Commissioner has agreed to the total release of the buffer stocks presently held by the industry and the deferment of the date of their replacement from November to February 1965. This will help to offset the slowness of new crop arrivals due to seasonal factors.

The opportunity which has been lost to the industry to make purchases of fibre from Pakistan at reasonable rates was deplored. It was the view of the Committee that, if the Government of India had acted on the industry's advice to provide at the right time the minimum allocation of foreign exchange necessary for imports, the industry would not now be placed in a position where, because of current price levels in Pakistan, it finds itself unable to operate in that market. The industry has thus been deprived for the time being of a source of supply which in respect of certain high grades and of cuttings is of the very greatest importance.

This situation is a repetition of what has taken place regularly during the past few seasons despite the industry's most earnest representations to the authorities. The Committee of the Association sincerely hopes that, with this most recent example of the results of inaction, the Government will without further delay put the necessary foreign exchange at the disposal of the Jute Commissioner to be utilised in consultation with the industry.

It is felt that, should the price situation in Pakistan continue, it would not be unreasonable to expect the Government of India to subsidise such additional imports from Pakistan as may become necessary in order to ensure that the industry's customers overseas can be assured of obtaining their finished goods at a price which will retain their confidence. The industry is deeply conscious of its obligations of its foreign buyers and of the crucial importance to India of the foreign exchange earnings from exports of jute goods. The Committee of the I.J.M.A. is confident that the steps now being taken will ensure a return to more normal conditions in the market.

METALS FIRM AGAIN

(From Our Own Correspondent)

CALCUTTA, *10th August*

In the background of existing scarcity and a rising commodity market, a firm trend was in evidence in the metal market during the week under review. Earlier in the week, quotations on the London Metal Exchange continued to be higher, but receded subsequently, as more and more zinc producing firms joined the Imperial Smelting Corporation in the latter's price stabilisation move. As India is now able to import non-ferrous metals at much higher rates than previously, imports would be lower. Licences are issued based on value and not on quantity. Therefore, the plea put forward by the Federation of the Indian Chambers of Commerce and Industry to raise the value of licences of actual users and importers, having regard to the steady rise in prices in world markets, is timely. India's imports, restricted by foreign exchange resources, are already much below to meet the growing industrial demands. However, the fact that India's exports are increasing should enable the Government to consider the Federation's suggestion.

On the London Metal Exchange, spot zinc fell from £135¼ a ton to £131¼ this week. The fact, that the high of £147 touched a week ago, has been eroded showed that the producers' decision to make sales to consumers at £125 a ton in an attempt to stem the international tide towards substitution, is yielding the expected results. However, the slow recession is indicative of the tight supply position, and of the improbability of any improvement in supplies in the short-term. Such of the consumers who are unable to get supplies direct from the producers would look to the L.M.E. to meet their demand. According to the Mitsubishi Metal Mining Company, a leading Japanese zinc smelting firm, the L.M.E. quotation would continue to rise for some time. More Australian firms have joined the price stabilisation move.

Earlier in the week, spot copper wire-bars on the L.M.E. touched a new high of £344 a ton, but soon eased to £333 only to close at Rs. 343. Spot cathodes and fire-refined copper were priced at £325 and £298 respectively, but closed higher at £328 and Rs. 302. Spot lead in London rose to £109¼ a ton, and closed lower at £107¾. Spot tin at one time was as high as £1,263 a ton in response to the rising trend in Penang, and the gain in the other metals. The closing level was around £1,257¼. Due to the steady uptrend, world production of tin is rising. The Malaysian Minister of Commerce and Industry stated recently that his country's output in May totalled 5,014 tons, as against 4,768 tons in April. In the beginning of this year, that country had only 726 active mines, but these have now increased to 756. The Minister was hopeful that with the upward price trend, having regard to the economical exploitation of marginal and lower grade mining areas, production would steadily increase.

In Calcutta, prices ruled firm as follows: zinc at Rs. 343.00 per 100 kgs., lead Rs. 293.00, tin Rs. 3,100.00, and utensil copper scrap Rs. 670.00.

BROKEN TEAS DEARER

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *6th August*

A total of 576,000 kgs. was offered in tea sale No. 31 held here on the 4th inst. Quality generally was well maintained from all districts. Teas from Nilgiris again showed a slight improvement. The market met with a good general demand. Low medium and medium brokens were well supported and prices realised for these were slightly irregular, though, in most cases, they were dearer. Prices for similar fannings, however, could be quoted only barely steady. There was good enquiry for good mediums which were fully firm to dearer. Highgrowns were sold readily with buyers following quality. A number of cases where quality improved realised higher prices. Black leaf brokens were steady, but their fannings evoked good competition and were the strongest feature of the sale. Whole leaf grades encountered better support than last week. Unorthodox descriptions also received good support and were sold at firm to dearer rates. Tippy teas were sold at around last rates.

The quotations (per kg.) were as follows:

	1964	1963
	Rs.	Rs.
Low mediums	4.00-4.25	4.10-4.35
Mediums	4.25-4.60	4.30-4.60
Good mediums	4.55-5.30	4.65-5.30
Nilgiri B.O.P.	4.50-6.75	5.00-7.80

The average price realised in sale No. 31 was Rs. 4.48 per kilo, as compared with Rs. 4.33 a week ago and Rs. 4.49 in the corresponding sale last year.

In dust sale No. 31 held today, 268,000 kgs. were on offer. The market opened to strong general demand which continued throughout the sale. All mediums were well supported and were firm to dearer. Clean black grainy descriptions elicited good competition and were the strongest feature of the sale, sometimes advancing by up to 25 paise. Highgrowns also shared in the general trend of the market and were often dearer. Unorthodox descriptions were sold readily and were fully firm.

The average price realised in dust sale No. 31 was Rs. 4.32 per kilo, as against Rs. 4.28 a week ago and Rs. 3.99 in the corresponding sale last year.

Colombo: There was fair general demand. Western highgrown brokens were easier by 5 to 15 cents. Mediums met with better support and were firm to dearer. Uvas also came to a dearer market, while lowgrowns were slightly lower.

London: No sale was held this week.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No.* 32: 656,000 kgs. offered. Fair general demand. Low mediums and mediums about 10 P easier. Good mediums barely steady. Highgrowns brokens dearer, where quality improved. Fannings stronger. Unorthodox fully firm to dearer."

FOODGRAINS SUBDUED

(From Our Own Correspondent)

HAPUR, *10th August*

Quietly subdued trend was witnessed in the foodgrains market during the week. Better *kharif* crop prospects and continued inflow from ports to feed ration shops were the main influencing factors. The Union Government's firm decision to compell hoarders to part with stocks in the near future failing which strong action would be taken against them also depressed the market trend. Some traders, however, felt that, in the coming two months, further difficulty would be faced, as the country would have to depend mostly on imports.

Wheat was subdued during the week and prices declined by Rs. 2.50 to Rs. 5 per quintal according to quality on increased arrivals and better sales of commodity through fair price shops. Average quality was now quoted at Rs. 75 to Rs. 77 and farm produce at Rs. 78 to Rs. 79.25 per quintal, as against Rs. 43 at fair price shops. Arrivals were around 500 maunds daily.

Steadier conditions, however, continued in the rice market and prices rose further by Re. 1.34 to Rs. 2.67 per quintal according to quality on brisk purchases and tight supply position. Local stocks were estimated around 2,000 quintals. A bumper paddy crop was expected this year, because of July's heavy rains. Week-end prices were:—Rice *basmati* superior Rs. 101.81 to Rs. 104.49; *sela* Rs. 99.13 to Rs. 101.81; *mainpuri* Rs. 95.11 to Rs. 96.45; *ramajwayan* Rs. 97.79; *raimunia* Rs. 97.79 and *gadda* Rs. 95.11 per quintal.

After an early advance on east U.P. support, gram eased towards the week-end on slack demand. Local produce was now quoted at Rs. 70 and Punjab quality at Rs. 69 per quintal. Arrivals were poor and stocks were meagre. Barley and *bejhar* also sought lower levels on slack buying enquiries from the consuming areas of east U.P. and prices were Rs. 60 to Rs. 61.25 and Rs. 61 to Rs. 61.25, respectively. Arrivals of both cereals were small. *Juwar* and *guwar*, however, ruled steady, as demand for seed purposes was good and prices were Rs. 64.50 to Rs. 65.50 for *juwar* and Rs. 66.98 to Rs. 68.32 for *guwar*. Because of bright weather in the past few days, prospects for *kharif* crop have considerably improved and large-scale sowings are being done in all the areas. Other coarse grains were listless in limited trading. Week-end prices were:—*Methi* Rs. 57.50 to Rs. 60, maize Rs. 64 to Rs. 66; oats Rs. 67.50 to Rs. 70 per quintal.

The pulses market presented a distinctly firm tone and prices of practically all items advanced to touch new high levels on brisk buying support. Peas hardened early in the week but declined later on slack demand and prices were Rs. 63.75 to Rs. 65 for *dara* quality and Rs. 66.50 to Rs. 67.50 per quintal for farm quality. Arrivals were poor and local stocks ran down to 2,000 quintals. Peas *dal* also advanced to Rs. 70.50 per quintal. *Arhar*, too, improved on good demand in the face of meagre stock position and prices of *arhar dal* sought higher levels. *Arhar* was done at Rs. 75 to Rs. 80 and *arhar dal* at Rs. 105 to Rs. 112.50 per quintal. *Urd* stayed steady, while *moong* rose further, due to poor supply position. *Urd* was quoted at Rs. 67.50 to Rs. 72.50 and *moong* at Rs. 85.74 to Rs. 104.49 per quintal. *Masoor* also ruled firm due to small arrivals. Prices per quintal were:—*Urd dal* Rs. 96.45; *moong dal* Rs. 112.50; *masoor* Rs. 73 to Rs. 85.74; *masoor dal* Rs. 96.45; *gram dal* Rs. 80.50.

SUGAR HARDENS

(From Our Own Correspondent)

HAPUR, *10th August*

Sugar supplies remained scarce during the week, and prices in private trading were quoted at Rs. 175 to Rs. 180 per quintal, as against the controlled prices of Rs. 128 to Rs. 137 per quintal. Cane crop prospects were bright and as no new permits are to be issued in the new *khandsari* and crushers licensing policy, it was gathered that sugar production in the coming (1964-65) season would increase.

Desi khandsari displayed a hardening tendency during the week under review, as demand from local areas and east U.P. centres was encouraging. Prices of superior white stuff recorded a gain of Rs. 7.50 per quintal in unofficial trading. Week-end prices were Rs. 130 to Rs. 167.50 per quintal, against the controlled prices fixed at Rs. 109.83 to Rs. 131.25 per quintal. Sulphur *khandsari* was quoted higher at Rs. 174 per quintal in Kanpur. The district authorities have released only a small part of the commodity for sale out of the stocks freezed some weeks back, and the quality of stocks left was reported to be deteriorating due to the rainy season.

Ready *gur*, after touching new heights of the season, following the removal of restrictions on its movement, reacted during the week, as demand turned slack at the highest levels. Daily arrivals from rural areas were at an average of 300 to 400 maunds out of stocks retained by producers, and the week's offtake aggregating ten wagonloads of local stocks were placed around 10,000 quintals. A bumper cane crop was in sight and, as manufacturing of *gur* by bullock driven *kolhus* need no licensing, it was expected that *gur* production would go up during the coming season. Week-end prices (in rupees per 40 kilogram) were:—*pansera* 36.75 to 37, *kotha* dry 36.37, wet 30, *shakker* 38 to 40.

Ready *gur* and *shakker* was marked down in the Muzaffarnagar market during the week, as demand was dormant from the consuming centres following bulk arrivals at the destinations just after the removal of the inter-State ban on the movement of *gur*. Prices in all sections drifted lower from Rs. 1 to Rs. 3 per 40 kilogram. Cane crop in the belt is reported to be excellent and the new *gur* season is expected to start in early October.

CLEARANCE IN KIPS SLOW

(From Our Own Correspondent)

MADRAS, *10th August*

Export trading in kips and skins was negligible during the week, as most buyers were out of the market, due to the seasonal August holidays. In fact, some buyer advised their suppliers at this end to make no offers till the end of the month. Shipment business was, therefore, poor and patchy in all the sections of the trade.

In the local market, prices ruled steady. Clearance of stocks was slow, and merchants were awaiting the reopening of the market after the holidays.

The next tanned skins Public Auctions in Germany will take place on the 24th of this month and in the U.K. on the 31st instant (not 1st August as reported earlier).

Shipments during the month of July 64 were: 1,856 bales tanned cowhides, 426 cowcalf, 10 buffhides, 280 buffcalf, 454 goat and 292 sheep skins to the U.K.; 2 cowcalf, 3 buffcalf, 843 goat and 447 sheep skins to the Continent; 1 cowcalf, 30 buffs, 45 buffcalf and 272 goat skins to the U.S.A.; 17 goat and 205 sheep skins to Japan. There was also an export of 1,029 cases of pickled and chrome goat shipped to the Continental ports.

Shippers find that, of late, there has been great difficulty to get space periodically for the export of skins and hides to the U.K. and Continental Northern ports.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 7th August 1964

BANKING DEPARTMENT

Liabilities	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		86,00,00,000
National Agricultural Credit (Stabilisation) Fund		9,00,00,000
National Industrial Credit (Long-Term Operations) Fund		10,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		83,04,68,000
(ii) State Governments		26,56,72,000
(b) Banks—		
(i) Scheduled Banks		94,83,38,000
(ii) State Co-operative Banks		2,42,73,000
(iii) Other Banks		1,37,000
(c) Others		189,58,38,000
Bills Payable		34,76,31,000
Other Liabilities*		21,16,18,000
	Rupees	642,39,15,000

Assets	Rs.
Notes	9,98,55,000
Rupee Coin	5,34,000
Small Coin	5,18,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,29,51,000
(ii) State Co-operative Banks	12,68,15,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,34,62,000
National Agricultural Credit (Stabilisation) Fund	....
Loans and Advances to State Co-operative Banks.	
National Industrial Credit (Long-Term Operations) Fund:-	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	111,60,35,000
Balances Held Abroad*	8,19,66,000
Loans and Advances to Governments**	16,86,00,000
Loans and Advances to—	
(i) Scheduled Banks†	3,40,85,000
(ii) State Co-operative Banks†	143,47,80,000
(iii) Others	2,32,69,000
Investments	275,88,38,000
Other Assets	25,11,07,000
Rupees	642,39,15,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund.

† Includes Rs. 1,15,00,000 advanced to scheduled banks against usances bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	9,98,55,000	
Notes in circulation	2458,93,41,000	
Total Notes issued		2468,91,96,000
Total Liabilities		2468,91,96,000

Assets	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	85,45,69,000	
Total		203,21,79,000
Rupee Coin		104,89,71,000
Government of India Rupee Securities		2160,80,46,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2468,91,96,000

State Bank of Pakistan

Statement of Affairs for the week ended 31st July 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	3,00,00,000
Deposits:	
(a) Central Government	7,65,94,000
(b) Provincial Governments	4,27,47,000
(c) Banks	44,03,79,000
(d) Others	89,07,57,000
Bills Payable	30,33,000
Other Liabilities	21,67,52,000
Rupees	179,67,62,000

Assets	Rs.
Notes	13,57,28,000
Rupee Coin	24,000
Subsidiary Coin	52,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	11,12,86,000
Loans and Advances to Governments	5,65,00,000
Provincial Governments' Debtor Balances	6,14,32,000
Other Loans and Advances	86,87,01,000
Investments	47,13,17,000
Other Assets	12,17,72,000
Rupees	179,67,62,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	13,57,28,000	
Notes in circulation	439,14,03,000	
Total Notes issued		452,71,31,000
Total Liabilities		452,71,31,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion		
Foreign Securities	74,58,33,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	142,75,67,000
B. Rupee Coin	5,29,17,000	
Government of Pakistan Securities	398,76,41,000	
Internal bills of exchange and other commercial paper	....	304,05,58,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets		452,71,31,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 32.77 per cent.

State Bank of India

Statement of Affairs for the week ended 7th August 1964

Capital and Liabilities	Rs.	Rs.
Capital—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		648 25,87,000
Borrowings from Other Banking Companies, Agents, etc.		74,15,000
Bills Payable		9,73,01,000
Bills for Collection being Bills receivable as per contra		8,59,68,000
Acceptances, Endorsements and Other Obligations per contra		18,01,77,000
Other Liabilities (including Inter-Office Adjustments)		25,02,78,000
Total .. Rs.		725,29,76,000

Property and Assets	Rs.
Cash in hand and with Reserve Bank	21,31,70,000
Balances with other Banks	4,41,51,000
Money at Call and Short Notice	2,33,33,000
Investments :—	
Government and other Trustee Securities	290,10,87,000
Other Authorised Investments	9,44,26,000
	299,55,13,000
Advances :—	
Loans, Cash Credits, Overdrafts, etc.	323,69,00,000
Bills Discounted and Purchased	21,14,77,000
	344,83,77,000
Bills Receivable being Bills for Collection as per contra	8,59,68,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra	18,01,77,000
Premises less Depreciation	2,32,21,000
Furniture and Fixtures less Depreciation	1,86,49,000
Other Assets (including Inter-Office Adjustments).	22,04,10,000
Total .. Rs.	725,29,76,000

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	31-7-64	24-7-64	2-8-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	64,75	65,89	51,75
(ii) From others	1,109,29	1,111,48	936,04
(b) Borrowings from banks	34,47	32,42	29,08
(c) Others	73,73	69,98	63,58
2. Time liabilities—			
(a Time deposits—			
(i) From banks	41,87	43,49	35,79
(ii) From others	1,328,49	1,326,51	1,221,87
(b) Borrowings from banks	16,84	15,49	19,12
(c) Others	12,22	11,90	10,32
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,437,78	2,347,94	2,157,90
4. Borrowings from Reserve Bank..	2,00	30	2,08
(a) Against usances bills and/or promissory notes	1,14	—	59
(b) Others	86	30	1,49
Borrowings from State Bank and/or a notified Bank	23,58	22,84	18,58
6. Cash	63,09	62,77	49,29
7. Balances with Reserve Bank	95,48	94,11	83,61
8. Cash and balances with Reserve Bank	158,57	156,88	132,90
9. S as per cent of S	6.50	6.44	6.16
10. Balance with other banks in current account	22,57	22,56	19,77
11. Money at call and short notice	67 34	63,88	59,46
12. Investments in Government securities	761,36	737,44	692,84
13. 12 as per cent of 2	31.23	30.25	32.10
14. Advances—			
(a) Loans cash credits and overdrafts	1,495,39	1,505,27	1,272,76
(b) Due from banks	8,33	8,22	8,44
15. Inland bills purchased and discounted	165,36	162,25	163,55
16. Foreign bills purchased and discounted	69,13	65,58	51,65
17. Total Bank Credit [14(a)+15+16]	1,729,88	1,738,10	1,487,96
18. 17 as per cent. of S	70.96	71.09	68.95

Index Numbers of Security Prices

(1952-53=100)

Group and Sub-Group	Week ended			
	1st Aug. 1964	25th July 1964	4th July 1964	3rd Aug. 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.9	99.9	99.9	99.0
2. Government of India	99.6	99.6	99.6	98.7
3. State Governments	102.1	102.1	102.1	101.4
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	98.2	98.1	97 5
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.2	81.0	81.1	81.8
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	163.9	163.9	165.1	160.0
8. *Agriculture and Allied Activities : Total*	140.5	142.2	140 4	143.2
9. Tea Plantations	129.8	129.8	126 6	132.9
10. Coffee Plantations	161.4	164.2	163 8	150.3
11. Rubber Plantations	183 1	185.0	182.1	165.8
12. *Mining and Quarrying: Total*	133.6	134.3	136 3	140.4
13. Coal	93.9	94 2	94 9	106.6
14. Other Mining	160.8	161.7	164.7	163.6
15. *Processing and Manufacturing : Total*	176.8	176.4	178.4	171.1
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†	174.5	174.0	175.9	172.4
17. Sugar	126.9	125.8	126.4	123.1
18. Cotton Textiles	159.5	159.7	161.1	160.5
19. Jute Textiles	84.1	83.9	86.1	95.4
20. Silk and Woollen	846.9	835.8	867.8	785.1
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total*	194.8	195.0	195 4	180 5
22. Iron and Steel	164.7	165.6	165.0	145.6
23. Transport Equipment	316.0	313.9	317.9	310.4
24. Electrical Machinery	162.1	157.8	155.7	147.5
25. Machinery other than Transport and Electrical	221.5	221.0	222.4	212.4
26 Basic Industrial Chemicals	186.4	186.7	185.9	173.8
27 *Processing and Mfg. (Others) : Total*‡	149.2	149.5	154.2	149.6
28. Cement	138.9	139.7	144.8	142.4
29. Paper	193.7	192.9	198.1	187.8
30. *Other Industries : Total*	109.5	109.3	109.3	108.1
31. Electricity Generation and Supply	90.9	90.8	89 3	86.4
32. Trading	109.6	109.6	110.6	112.2
33. Shipping and Other Transport	98.3	97.4	97.3	86.0
34. Construction	294.1	293.2	294.4	262.9
35. *Financial : Total*	189.6	188.8	187.4	184.3
36. Banks	211.9	210.7	208.4	202.7
37. Insurance	154.1	153.8	156.2	159.5
38 Investment Trusts	77.9	77.7	78.3	85.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	174.0	173.7	175.7	165.2
40. Calcutta	150.0	150.1	150.6	149.8
41. Madras	170.7	170.8	170.5	171.8
42. Delhi	223.6	225.1	226.6	206.6

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

Exchange Rates

	11th August 1964	5th August 1964
London on New York	2.7818- 2.7833	2.7884- 2.7886
London on Berne .. Sw. Fcs.	12.0380-12.040	12.0515-12.0535
London on Paris .. Fr. Fcs.	13.6620-13.6640	13.6645-13.6660
New York on London Cents per $	278.810-278.840	278.850-278.880
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. .. s.	1-6 1/32	1-6 1/32
Buyers D.D. .. .. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D... Rs. to $100	480.00	480.00
Buyers T.T. .. Rs. to $100	476.75	476.50
Canadian Dollar—		
Sellers T.T. D.D. .. Rs. to $100	447.00	446.50
Buyers T.T.	439.00	438.50
French Francs—		
Sellers T.T. D.D... per Rs. 100	101.90	102.00
Buyers T.T.	103.00	103.00
Swiss Francs—		
Sellers T.T. D.D... ..	89.80	89.90
Buyers T.T.	90.80	90.90
Deutsche Marks—		
Sellers T.T. D.D... ..	82.70	82.70
Buyers T.T.	83.60	83.60
Italian Lire—		
Sellers T.T. D.D... ..	12,980	12,980
Buyers T.T.	13,155	13,155
Swedish Kroner—		
Sellers T.T. D.D. ..	106.90	107.10
Buyers T.T.	107.90	108.00
Belgian Francs—		
Sellers T.T. D.D... ..	1,032	1,032
Buyers T.T.	1,048	1,048
Dutch Guilders—		
Sellers T.T. D.D. ..	75.10	75.10
Buyers T.T.	76.00	76.00
Hongkong Dollars—		
Sellers T.T. D.D... ..	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D. ..	149.00	149.00
Buyers T.T.	150.40	150.40
Danish Kroner—		
Sellers T.T. D.D... ..	144.00	144.00
Buyers T.T.	145.40	145.30

Index Numbers of Wholesale Prices

(Base 1952-53=100)

Particulars	Weight	18th July 1964	11th July 1964	20th July 1963	April 1964	April 1963	Percentage of Increase (+) or Decrease (—) in April 1964 as compared with April 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	159 4	159.1R	137.7	143.3	127.7	+11.9	136.8	126.1
Cereals	102	137.3	136.5R	115.3	123.5	107.7	+15.7	116.1	115.6
Pulses	43	143.1	146.3R	110.1	131.1	102.6	+27.7	115.4	108.2
Fruits and Vegetables	23	183.7	186.2R	135.5	171.4	140.3	+22.1	140.6	135.6
Milk and Ghee	84	151.2	156.1R	129.4	136.7	126.6	+ 7.9	138.2	124.4R
Edible Oils	47	199.5	198.8	151.3	167.0	143.3	+16.5	151.1	125.8
Fish, Eggs and Meat	17	176.4	172.8	147.5	153.6	137.9	+11.3	149.8	149.6R
Sugar and Gur	48	191.6	189.2	194.4	169.2	163.0	+ 3.8	188.8	146.0
Others	50	182.0	183.1R	190.0	174.1	172.6	+ 0.9	179.2	171.8
Liquor and Tobacco	21	123.4	123.4	119 0	119.2	117.7	+ 1.3	119.6	100.2R
Tobacco		120.7	120.7	116.1	116.3	114.7	+ 1.4	116.8	97.4R
Fuel, Power, Light and Lubricants	30	142.3	142.1	138.2	138.2	138.2	+ 2.4	139.8R	124.6R
Industrial Raw Materials	155	159.8	157.8	138.2	147.0	136.2	+ 7.9	138.2	126.8
Fibres	61	185.3	185.4	129.4	136.8	133.6	+ 2.0	135.2	125.8
Oilseeds	60	200.3	197.4	159.9	168.7	145.5	+15.9	154.1	151.4
Minerals	2	103.7*	103.7*	98.4*	102.4	93.4	+ 9.6	92.8	89.6
Others	32	129.9*	129.8*	124.8*	129.5	126.6	+ 2.3	127.3	125.8
Manufactures	230	133.5	133.5R	130.6	133.2	129.9	+ 2.5	131.1	122.8R
Intermediate Products	41	147.7	147.7R	140.4	146.9	137.8	+ 6.8	139.9	130.9
Finished Products	189	131.2	131.2	129.6	131.1	128.6	+ 1.9	129.7	127.1
Textiles	147	127.6	127.7	126.4	128.5	126.9	+ 1.2	127.7	126.1
Cotton		135.3*	135.4*	135.0*	136.8	135.0	+ 1.3	135.6	130.7
Jute		99.5	99.7	97.6	98.6	99.6	- 1.0	100.2	110.9
Woollen		169.2*	169.2*	156.6*	162.5	142.7	+13.8	155.3	140.4
Silk and Rayon		139.4*	139.4*	136.7	141.5	140.5	+ 0.7	139.5	131.8
Metal Products	12	169.0	169.0	163.0	161.2	161.2	+ 0.0	+ 4.1	163.1	160.1
Chemicals	20	118.6*	118.8*	117.2*	120.6	117.5	+ 2.6	117.9	115.5
Oil Cakes	9	190.2*	189.0*	170.2*	175.4	159.7	+ 9.8	165.7	160.9
Machinery and Transport Equipment	31	126.9	126.9	123.9R	125.8	122.8	+ 2.4	124.2	117.9R
Others	30	127.6	127.6	123.4	128.0	127.3	+ 0.5	128.2	125.3
All Commodities	1,000	150.6	150.2R	138.4	140.2	129.8	+ 8.0	135.3	127.9

NOTE :—Weight shown against the sub-groups under each of the groups may not add to the group weight due to omission of the sub-groups under each group.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I—Interim Dividend. C.R.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :— Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Shares: 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
25,00,000	21,98,033	57,13,635	34,05,359	21,367	Maganlal Bhagwandas & Co.	45,180	..	Ambika Silk Mills Co., Ltd.	275.00	100	15.00	20.00	20.00	15.00*	12	Y.
85,79,460	17,16,185	1,49,55,248	50,80,099	—17,31,884	Rajputana Text. (Agencies) Pvt. Ltd.	56,468	902	Anglo-French Textiles Ltd.	1.80	2	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
2,90,98,000	4,34,81,018	13,87,13,514	7,68,55,693	48,236	Nowrosjee Wadia & Sons (Pvt.) Ltd.	1,96,796	3,736	Bombay Dyeing & Mfg.	59.30	25	3.50	3.50	3.50	2.50	12	Y.
10,00,000	43,71,358	98,64,077	66,76,196	21,112	M. Ramnarain Private Ltd.	44,784	356	Bradbury Mills Ltd.	162.50	50	5.00	12.50	5.00	15.00	3	Y.P.
2,54,90,900	5,00,47,465	19,19,05,300	8,36,39,130	....	D. W. Law, Esq. (Chairman)	1,29,752	2,702	Century Spg. & Mfg. Co.	617.50	100	30.00	30.00	30.00	30.00	12	Y.P.
35,00,000	53,50,444	1,42,43,990	96,80,380	5,342	Cowasjee Jehangir & Co. Pvt. Ltd.	31,460	672	Cooria Spg. & Wvg.	170.50	100	11.00	11.00	11.00	11.00	3	Y.
23,00,000	49,27,043	1,21,38,021	77,41,056	2,149	Ruia Industries Ltd.	43 960	..	Dawn Mills	108.00	50	15.00	15.00	15.00	15.00	3	Y.
34,00,000	16,37,278	1,61,62,117	91,09,291	—22,82,463	Puranmal Subna Sons	47,444	928	Edward Textiles	292.50	200	18.00	18.00	12.00	12.00	12	Y.P.
30,00,000	48,97,280	2,53,01,916	1,17,41,069	12,247	N. K. Jalan, Esq. (Director-in-charge)	52,340	915	Elphinstone Spg. & Wvg.	96.00	50	9.00	11.00	9.00	9.00	12	Y.
50,00,000	99 32,000	2,97,92,168	1,52,97,560	68,492	James Finlay & Co., Ltd.	63,212	780	Finlay Mills	302.00	100	23.00	23.00	23.00	23.00	12	Y.
50,00,000	80,43,677	1,59,10,972	92,99,367	22,627	James Finlay & Co., Ltd.	60,212	1,020	Gold Mohur Mills Ltd.	215.00	100	21.50	21.50	19.50	19.50	12	Y.
24,00,000	1,39,65,715	2,87,65,011	1,69,95,809	15,203	K. M. D. Thackersey, Esq. (Chairman)	50,520	1,129	Hindoostan Spg. & Wvg. Mills	901.25	250	125.00	125.00	64.00	64.00	3	Y.P.
⊕2,00,00,000	71,99 100	5,78,94,999	4,29,77,339	$ 99,937	M. D. Bhat, Esq. (Chairman)	2,43,784	6,357	India United Mills	19.32	0100.	0.80	1.40	1.10	....	12	Y.
D. 50,00,000									2.40	01D.	0.1325	0.3725	0.2525	....		
24,00,000	1,09,67,299	2,14,93,720	1,53,08,998	9,350	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	840.00	100	60.00	62.50	64.00	64.00	3	Y.P.
1,19,70,000	65,35,893	4,53,31,993	3,23,17,168	13,249	Khatau Makanji & Co. (Pvt.) Ltd.	1,05,409	1,495	Khatau Makanji Spg. & Wvg.	185.00	100	32.00	15.00	16.00	8.00	6	Y.P.
1,00,00,000	1,23,17,072	2,36,23,342	3,53,16,156	9,095	Killick Industries Ltd.	1,20,504	1,848	Kohinoor Mills	325.00	100	15.00	18.00	18.00	21.00	12	Y.
51,49,437	10,20,000	88,66,121	7,26,945	2,416	C. D. Desai, Esq. (Chairman)	....	....	Modella Woollens	12.00	10	....	....	0.40	0.40	6	Y.
1,08,39,430	49,55,278	1,87,38,243	92,57,336	4,623	N. Sirur & Co. Private Ltd.	49,200	644	Modern Mills	41.00	50	6.00	6.00	3.00	3.00	12	Y.
51,29,000	51,75,201	5,26,40,749	2,82,36,291	....	Piramal Sons Private Ltd.	1,24,376	2,752	Morarjee Goculdas Spg. & Wvg.	266.00	100	21.50	24.00	24.00	20.00	6	Y.P.
2,41,12,100	2,46,77,150	20,31,21,333	9,47,31,722	5,794	Chinai & Co. Private Ltd.	....	....	National Rayon Corporation	362.00	100	22.00	22.00	16.00	16.00	12	Y.P.T.
24,00,000	12,59,737	91,28,187	43,70,078	2,44,956	H. V. Gandhi, Esq. (Chairman)	45,944	455	New City of Bombay Mfg.	188.75	100	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
34,00,000	14,59,349	2,12,73,392	1,07,27,301	—16,37,419	Sahu S. P. Jain, Esq. (Chairman)	49,608	962	New Great Spg. & Wvg.	160.00	100	15.00	*Nil*	12	....	12	Y.
48,00,000	88,57,346	2,33,62,864	1,48,89,184	34,889	Badakrishna Ramnarain Private Ltd.	69,196	1,220	Phoenix Mills	253.00	100	15.00	20.00	20.00	20.00	3	Y.
55,00,000	54,83,094	1,48,88,992	62,32,565	3,646	Podar Sons Private Ltd.	35,360	930	Podar Mills	11.24	10	1.20*	1.20*	1.20*	1.20*	12	Y.
75,00,000	66,54,835	2,33,00,696	1,14,52,107	14,825	J. K. (Bombay) Private Ltd.	....	....	Raymond Woollen Mills Ltd.	135.50	100	12.00	12.00	12.00	12.00	12	Y.
10,00,000	3,73,322	39,43,322	24,83,628	44,090	R. A. Podar, Esq. (Chairman)	....	....	Sassoon & Alliance Silk Mills	10.24	100	*Nil*	*Nil*	*Nil*	....	9	Y.
80,60,000	1,62,43,997	4,52,87,112	2,01,24,763	673	M. G. Investment Corpn. Private Ltd.	96,488	2,125	Sassoon Spg. & Wvg.	38.00	10	1.70	2.00	1.00	2.00	12	Y.
1,00,00,000	95,34,473	3,19,34,543	1,40,19,240	48,276	Marwar Textiles (Agency) Pvt. Ltd.	84,484	1,592	Shree Niwas Cotton Mills	248.00	100	18.00	20.00	14.00	16.00	12	Y.P.
90,48,000	84,48,460	2,78,94,037	1,43,98,524	24,574	S. R. Damani, Esq. (Chairman)	50,056	960	Simplex Mills	135.00	50	7.50	*Nil*	11.00	8.00	3	Y.P.
1,53,65,000	2,81,58,787	5,97,04,133	3,25,76,290	9,965	Mafatlal Gagalbhai & Sons	1,13,116	2,706	Standard Mills	637.00	100	30.00	25.00	20.00	20.00	12	Y.P.
1,00,00,000	1,36,03,476	4,40,65,391	2,58,07,243	11,562	Tata Industries Private Ltd.	87,708	2,000	Swadeshi Mills	259.50	100	17.00	19.00	17.00	19.00	12	Y.P.
50,00,000	69,97,345	2,55,95,305	1,56,48,403	14,843	James Finlay & Co., Ltd.	40,328	550	Swan Mills	285.00	100	36.00	21.00	21.00	21.00	12	Y.
65,57,875	1,04,73,183	3,78,33,212	1,56,56,532	5,645	Tata Industries Private Ltd.	70,840	1,765	Tata Mills	55.70	25	5.00	5.00	5.00	4.50	12	Y.T.
22,00,000	64,99,237	1,58,45,522	94,10,510	6,486	Bangaldas Mehta & Co. Private Ltd.	50,056	942	Victoria Mills Ltd.	295.00	100	25.00	25.00	18.00	18.00	12	Y.P.
24,00,000	1,02,38,220	2,25,79,413	1,23,34,326	15,048	M.	54,204	1,352	Western India Spg. & Mfg.	825.00	250	116.00	125.00	88.00	64.00	12	Y.P.
AHMEDABAD																
50,00,000	82,90,984	2,65,60,123	1,20,60,539	7,385	Tata Industries Private Ltd.	51,976	(1,016	Ahmedabad Advance Mills	144.50	100	15.00	12.00	11.00	10.00	12	Y.P.
29,93,600	1,24,15,559	1,75,88,859	1,11,69,343	53,759	Hutheesing Sons & Co.	42,765	955	Aruna Mills	450.00	100	35.00	24.00	30.00	30.00	12	Y.P.
1,00,00,000	2,91,97,303	5,36,29,144	2,41,77,127	1,588	Narottam Lalbhai & Co.	81,092	1,412	Arvind Mills	596.00	100	45.00	45.00	30.00	30.00	12	Y.P.
24,55,000	46,71,342	1,59,95,645	1,03,66,433	25,439	Mangaldas & Brother (Pvt.) Ltd.	35,908	903	Aryodaya Ginning & Mfg.	260.00	200	30.00	30.00	30.00*	....	3	Y.P.
29,89,500	1,46,37,481	2,73,79,036	1,13,34,580	3,190	Lalbhai Dalpatbhai & Co.

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,80,980	1,77,88,358	77,19,665	8,246	B. N. Elias & Co. Private Ltd. ..	870	Agarpara	8.81	10	1.00	0.25	0.25	1.20	3	Y.P.T.
5,00,000	21,01,100	85,62,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	258.00xd	100	45.00	15.00	42.50		12	Y.P.T.
20,00,000	26,04,850	1,72,09,661	1,14,76,789	1,05,589	McLeod & Co., Ltd.	1,264	Alliance	124.00	100	6.00	Nil	10.00	12.50	3	Y.P.
49,20,700	1,64,67,331	3,42,86,398	2,11,07,630	90,773	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	167.00	100	20.00	7.50	10.00	12.00	3	Y.P.
46,80,000	22,04,394	1,69,46,077	1,00,08,540	1,722	Bird & Co. Private Ltd.	810	Auckland	167.00	100	27.00	12.00	Nil	15.00	3	Y.P.T.
20,80,000	40,35,530	1,58,43,088	98,46,188	39,388	Birla Brothers Private Ltd. ..	959	Bally	246.00	100	25.00	25.00	25.00	25.00	3	Y.P.
£375,000	£975,267	£1,486,277	£1,075,864	£1,341	Jardine Henderson Ltd.	1,889	Barnagore	222.00	£5	£1 10sh.	10 sh.	10 sh.	£2	3	Y.P.
45,00,000	£7,17,701	76,46,179	45,59,589	1,36,234	Soorajmull Nagarmull	600	Bengal	6.75	10	0.50	0.50	0.50		6	Y.P.T.
59,56,210	3,86,65,994	9,96,98,597	4,20,72,427	46,410	Birla Brothers Private Ltd. ..	1,573	Birla	37.56	10	1.50	1.50	1.50	1.50	3	Y.P.
36,00,000	20,48,440	1,25,69,733	79,60,997	35,907	Andrew Yule & Co., Ltd.	991	Budge-Budge	121.00	100	10.00	Nil	12.00	20.00	10	Y.P.
7,47,360	88,200	49,78,434	37,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	8.32	10	Nil	Nil			12	Y.P.
18,00,000	30,27,728	1,19,06,833	65,06,929	7,332	M.	616	Caledonian	145.00xd	100	12.00	5.00	15.00	15.00	11	Y.P.
20,58,200	1,01,10,201	1,95,45,693	1,19,34,120	30,261	James Finlay & Co., Ltd. ..	1,470	Champdany	271.50	10	1.00	0.50	Nil	4.00	3	Y.
28,58,750	77,76,319	1,47,45,586	77,38,580	1,10,207	Andrew Yule & Co., Ltd. ..	1,131	Cheviot	19.31	10	Nil	0.50	2.50	2.50	11	Y.P.
30,15,000	36,54,850	1,38,59,292	87,51,322	—4,10,550	McLeod & Co., Ltd.	500	Chitavalsah	8.25	10	0.50	Nil	0.50	Nil	7	Y.P.T.
24,00,000	8,04,609	81,44,690	69,78,978	—15,44,521	M.	969	Clive	8.00	10	Nil	Nil	Nil		3	Y.P.
31,49,200	21,25,995	1,33,24,108	82,26,550	3,316	Bird & Co. Private Ltd.	766	Dalhousie	122.00	100	1.00	1.00	Nil	25.00	3	Y.P.T.
56,00,000	74,36,442	1,88,80,581	76,70,106	23,475	Andrew Yule & Co., Ltd.	779	Delta	132.00	100	7.50	Nil	12.00	16.00	11	Y.P.
15,00,000	42,21,700	1,21,66,987	86,25,776	84,695	McLeod & Co., Ltd.	500	Empire	14.12	10	1.25	0.75	1.25	1.50	7	Y.P.T.
23,00,000	1,22,58,695	4,12,02,867	2,35,01,408	4,532	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd. ..	230.00	100 Gld	25.00	10.00	12.50	20.00	3	Y.P.T.
14,40,625	32,04,590	1,42,22,521	93,72,524	6,051	Bangur Bros. Ltd.	1,014	Fort William	21.69	10	2.25	2.25	1.00	2.00	3	Y.P.T.
84,32,100	77,96,303	3,00,05,500	1,61,98,875	16,267	Lakshmipat Singhania, Esq. (Chairman)		Ganges Manufacturing Co. Ltd.	14.37	10	1.00	1.00	1.50	2.00	3	Y.P.
48,20,000	46,54,205	2,19,63,231	88,71,916	9,681	M.	1,709	General Ind. Society Ltd. ..	14.25	10	4.00	1.00	1.50	1.40	12	Y.T.
48,00,000	65,50,122	3,27,96,620	2,06,30,061	28,659	Macneill & Barry Ltd.	1,394	Gourepore	23.00	10	3.00	2.50	2.00	2.00	3	Y.P.
40,00,000	1,09,30,042	1,86,44,877	1,01,39,906	4,954	Bangur Bros., Ltd.	1,078	Hastings	126.00	100	6.00	6.00	6.00	6.00	3	Y.P.
16,80,000	44,86,659	99,76,527	67,56,170	4,294	M.	735	Hooghly	17.00	10	1.00	2.00	0.75	1.00	3	Y.T.
65,52,500	46,00,997	2,31,38,629	1,61,63,455	....	Jardine Henderson Ltd.	1,940	Howrah	16.00	10	1.25	1.00	Nil	1.00	3	Y.P.T.
14,50,000	12,00,000	3,46,73,240	2,10,75,240	5,088	Ramdutt Ramkissendas	2,272	Hukumchand	19.50	7.50	2.15	2.15	2.00	2.00	3	Y.P.
37,30,000	26,63,965	1,86,83,615	1,09,04,160	76,164	M.	700	India	15.25	12.50	1.75	1.50			3	Y.
24,00,000	36,84,700	2,08 46,168	1,60,07,458	....	Jardine Henderson Ltd.	1,797	Kamarhatty	157.50	100	5.00	Nil	20.00	20.00	12	Y.P.T.
19,20,000								157.50 'B'	100	5.00	Nil	20.00	20.00		
80,00,000								128.00	100	Nil	Nil	15.00	15.00	12	Y.P.T.
24,00,000	16,53,308	1,79,25,475	1,35,47,488	....	Jardine Henderson Ltd.	1,527	Kankmarrah	128.00 'B'	100	Nil	Nil	15.00	15.00		
28,00,000	72,61,800	2,51,06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	140.00	100	15.00	15.00	5.00	20.00	5	Y.P.
54,00,000	66,28,810	2,49,19,513	1,56,16,494	3,379	Anderson Wright Ltd.	1,530	Khardah	17.00	10	2.00	0.50	1.25	1.25	3	Y.P.
39,38,200	49,08,577	2,23,83,783	1,50,89,313	12,641	F. W. Heilgers & Co. Private Ltd. ..	1,250	Kinnison	120.00	100	20.00	7.00	Nil	10.00	3	Y.P.
24,48,000	1,80 000	1,00,10,272	70,67,075	4,687	Bird & Co. Private Ltd.	931	Lansdowne	92.50	100	Nil	Nil	Nil	Nil	3	Y.P.
38,00,000	14,08 147	65,36,767	45,86,702	664	Bird & Co. Private Ltd.	840	Lawrence	102.00	100	15.00	15.00	10.00	10.00	3	Y.P.
81,65,500	44,95 037	2,88,24,106	1 66,72,214	84,805	M.	1,294	Megna	12.50	10	1.20	1.25	Nil	Nil	3	Y.
29,98 900	41,39,963	1,91,30,426	1,15,76,330	21,975	Bhagat Agencies Ltd.	315	Naihati	85.00	100	Nil	Nil			3	Y.P.T.
20,00,000	11,82,460	36,57,072	27,63,449	2,216	Howrah Trading Co. Private Ltd.	425	Naskarpara	7.50	10	0.60				10	Y.T.
35,00,000	75,10,449	2,01,18,988	53,47,374	9,407	M.	852	National	20.62	10	0.75	Nil	1.00		10	Y.P.
30,25,000	36,29,172	80,96,895	46,01,106	35,230	McLeod & Co., Ltd.	816	Nellimarla Jute	8.25	10	0.80	0.60	1.50	0.50	7	Y.P.T.
2,46 50,000	3,31,09,122	11,98,78,227	2,72,02,888	18,602	Sahu Jain Ltd.	1,765	New Central	10.75	10	1.50	1.50	Nil	1.50	3	Y.P.T.
16,79,850	46,86,689	1,43,61,778	89,72,943	1,076	Bird & Co. Private Ltd.	567	Northbrook	24.50	10	3.00	3.00	2.00	3.50	3	Y.P.T.
25,00,000	48,00,825	1,63,46,564	65,12,293	13,111	Macneill & Barry Ltd.	1,092	Nuddea	11.12	10	0.80	0.60	0.50	1.00	3	Y.
25,00,000	15,65,554	1,08,88,905	84,46,448	17,108	McLeod & Co., Ltd.	400	Presidency	4.34	5	0.40	0.30	0.50	0.50	7	Y.
20,00,000	5,27,128	68,13,305	24,70,569	25,500	Hindustan Investment Corpn. Ltd.	305	Rameshwara	7.25	10	Nil	Nil	Nil	Nil	3	Y.P.
4,50,000	6,89,145	1,24,02,777	69,15,776	7,27,719	M.	428	Reliance	7.00	10	Nil	Nil	Nil	Nil	10	Y.P.T.
£600,000	£1,029,327	£1,602,126	£796,090	£2,892	Thomas Duff & Co. (India) Pvt. Ltd.	2,018	Samnagore	9.50N	£1	6%†	Nil	10%†	13%†	12	Y.
30,00,000	23,52,584	1,57,85,313	1,08,08,979	8,777	Bagaria More & Co., Ltd. ..	911	Shree Ambica	30.00	10	0.90	0.60	Nil	0.90	3	Y.P.
14,00,000	17,16,854	77,43,303	55,72,946	26,425	Hindustan Investment Corpn. Ltd.	401	Soorah	19.25	10	2.50	2.50	2.50	10%	12	Y.P.
£600,000	£693,155	£1,681,120	£843,019	£3,525	Thomas Duff & Co. (India) Pvt. Ltd.	1,704	Titaghur	9.50N	£1	6%†	Nil	18%†	10%	12	Y.P.
85,98,600	42,63,667	1,10,95,221	65,58,983	603	Bird & Co. Private Ltd.	1,326	Union	133.00	100	25.00	6.00	Nil	20.00	3	Y.P.T.
£400,000	£495,602	£1,372,172	£711,723	£1,951	Thomas Duff & Co. (India) Pvt. Ltd.	1,231	Victoria	9.50N	£1	6%†	Nil	10%†	10%	12	Y.P.
2,50,000	9,70,000	81,07,250	46,38,488	57,655	McLeod & Co., Ltd.	447	Waverley	7.94	1	0.30	0.30	0.60	0.30	5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
10,98,980	5 60,324	18,08,952	4,15,754	46,095	Young India Agencies Private Ltd...	1,665	Balancor Tea and Rubber ..	12.12cd	10	1.50	1.20	1.20		3	Y.P.
24,20,000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agn.) Pvt. Ltd. ..	1,370H	Blue Mountain Estates & Ind.	2.20	2	0.25	0.20	0.20	0.20	6	Y.
5,80,000	5,11,080	19,95,967	4,85,544	5,168	C. Amarasaran, Esq. (Mg. Director).	846	Chandramalai Estates Ltd. ..	2.65	2	0.20	0.20	0.12	Nil	6	Y.P.
14,00,000	14,46,880	33,49,058	11,54,132	22,758	Peirce, Leslie & Co., Ltd. ..	693H	Chembra Peak Estates	4.77cd	2	0.40	0.40	0.40	0.40	3	Y.
5,56,780	13,90,424	24,87,766	3,02,266	....	Matheson Bosanquet & Co. Pvt. Ltd.	159H	Coonoor Tea	17.40	10	1.75	1.50	1.75	1.75	9	Y.P.
4,80,000	6,08,204	16,62,155	3,17,071	17,308	M. L. Goenka, Esq. (Chairman)	671	Georgi Tea	4.82	2	0.40	0.40	0.30	0.30	10	Y.P.
3,40,000	2,50,017	14,11,057	4,55,087	3,328	C. Balchand, Esq. (Chairman)	144H	Devashola (Nilgiri) Tea ..	30.66xd	10	2.00	2.00	1.50	2.50	12	Y.
6,74,650	3,83,749	13,44,758	3,14,293	28 158	Young India Agencies Private Ltd...	1,177	Devon Tea	11.96cd	10	1.50	1.20	1.20	1.00	3	Y.P.
7,50,000	6,10,000	5,94,450	13,465	19,221	K. N. Krishna Iyer (Mg. Director) ..	198	Emerald Valley Estates ..	9.55	5	....	Nil	Nil	0.80	3	Y.
25,00,000	22,41,971	51,03,359	15,14,788	54,749	Harkin Private Ltd.	607H	Halley Tea	12.25	10	1.50	1.25	1.10	1.25	12	Y.P.
5,00,000	9,85,470	16,93,743	4,93,219	29,726	Peirce, Leslie & Co., Ltd. ..	190H	Kalasa Tea	4.25	2	0.40	0.50	0.30	0.30	3	Y.T.
17,17,076	18,42,010	37,08,125	8,78,882	28,817	Peirce, Leslie & Co., Ltd. ..	556H	Kil Kotagiri Tea	4.80	2	0.50	0.50	0.50	0.40	10	Y.P.
6,90,000	3,13,000	13,98,086	1,58,424	1,857	Ipe Ouseph & Co. Pvt. Ltd. ..	356	Kurchermala Plant Ltd. ..	5.07	10	Nil	0.40	Nil	Nil	2	Y.P.
5,00,000	88,200	49,78,434	37,08,876	8,777	Matheson Bosanquet & Co., Ltd.	100H	Lucky Valley	11.75	10	1.00	1.00	1.00	1.00	12	Y.
3,50,000	30,000	3,59,379	33,028	4,609	Vasantha & Co. (Trichy) Pvt. Ltd...	255	Manar Estates Ltd.	1.93cd	2	0.20	0.10	0.10	0.10	3	Y.
3,00,000	9,13,117	15,08,173	3,99,591	—8,508	Rapen Thomas, Esq. (Mg. Director)..	560	Mamalay	84 60	25	8.75	3.50	2.00	Nil	3	Y.P.
26,00,000	24,19,434	84,10,841	17,28,590	30,278	A. V. Thomas & Co. (India) Ltd. ..	1,326	Neelamalai	4.70	5	0.875	0.875	0.875	0.875	6	Y.P.
12,00,000	10,09,000	32,29,949	6,97,916	9,982	A. V. Thomas & Co., Ltd.	738H	Nellampathy	4.20	2	0.26	0.30	0.30	0.30	6	Y.P.T.
14,06,250	10,15,954	40,42,265	8,24,072	8,184	A. V. George & Co., Ltd.	1,022	Nilgiri Tea	9.00	10	0.80	1.00	1.00	0.50	3	Y.P.
23,10,000	11,02,921	39,43,235	15,15,045	28,487	Harrison & Crosfield Ltd.	841	Nonsuch Tea	21.87	10	2.00	2.00	2.00	2.00	6	Y.
14,88,960	17,22,983	54,54,296	7,61,937	45,177	P. E. M. Molyneux, Esq. (Chairman)	227H	Parkside	25.25	10	2.75	2.25	2.75	2.50	6	Y.
6,00,000	6,84,231	7,96,354	79,137	4,27,181	S. Sivaramakrishna Aiyar, Esq. ..	771	Peninsular Plantations Ltd. ..	21.25cd	10	2.00	2.00	2.00	2.00	3	Y.
17,00,000	13,87,519	46,20,401	20,82,969	46,160	Arpinwall & Co. (Travancore) Ltd. ..	634H	Peermade	20.50	10	2.25	2.50	2.00	1.75	12	Y.P.
37,94,850	20,69,711	1,23,79,158	46,17,764	56,058	Peirce, Leslie & Co., Ltd.	1,605H	Periakanamalai	4.75	2	0.37	0.40	0.30	0.30	3	Y.P.
13,50,000	2,96,500	12,02,040	1,74,015	3,959	A. V. Thomas & Co. (India) Ltd. ..	882	Sheveroy Estates Ltd.	2.05	2	0.18	0.15	0.125	0.125	6	Y.
9,00,000	15,30,496	31,78,663	10,92,544	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated	13.75	10	1.70	1.00	1.50	1.20	6	Y.T.
1,25,000	12,800	2,18,632	27,950	2,921	M.	216	Swinton Estates	2.68	2	0.25	0.12	Nil	Nil	3	Y.
12,50,000	12,08,097	34,15,317	5,52,996	22,571	Srinivas Agencies	1,056	Talayar Tea	1.89	2	0.16	0.20	0.20	0.20	3	Y.
15,75,000	17,85,955	34,08,581	5,94,685	28,756	Parkins Private Ltd.	491H	Twyford	9.00	10	1.00	0.60	0.50	0.75	12	Y.
2,20,000	8,97,846	10,82,130	1,53,687	28,086	A. V. George & Co., Ltd.	509	Udayagiri Rubber Co., Ltd. ..	15.50	10	0.10	Nil	Nil	Nil	12	Y.P.
21,25,000	21,66,250	59,80,505	22,04,476	28,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	23.30	10	2.10	2.50	2.50	2.25	3	Y.
47,25,000	21 33,765	93,19,415	15,06,787	81,380	Kothari Mehta & Co. Pvt. Ltd.	1,127H	Waterfall	2.30	2	0.25	0.20	0.20	0.20	6	Y.P.
RUBBER AND OTHERS															
6,00,000	5,52,425	17,66,245	5,03,082	20,544	Ramani & Co. Pvt.(Ltd.	999	Alageswar Estates Ltd. ..	2.67	2	0.15	0.30	0.20	0.20	3	Y.
6 75,000	2,85,527	21,05,698	4,40,782	1,668	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	1.00	0.50	3	Y.P.T.
2,50,000	2,69,092	12,98,383	2,52,129	56,241	A. V. George & Co., Ltd.	629	Anamdam Rubber Co., Ltd. ..	14.25	10	1.50	1.50	1.50	1.50	12	Y.P.
12,07,838	2,28,040	22,69,626	3,45,427	34,775	Associated Planters Private Ltd.)	1,842	Anaparai Estates Ltd.	9.45	2	0.40	0.30	0.20	0.20	6	Y.T.
4,25,000	4,75,000	12,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd.	1,041	Badra Coffee Estates Ltd. ..	2.90	2	0.30	0.30	0.15	0.20	5	Y.P.
4,00,000	86,000	7,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore) ..	288H	Babahudin Coffee & Produce..	5.00	5	0.40	0.40	0.30	0.30	6	Y.P.
3,00,000	2,05,097	4,73,718	88,297	1,481	Planting Agencies (Private) Ltd.	161H	Balmadies Plantations	3.85	2	0.18	0.10	Nil	0.10	5	Y.P.
36,91,279	19,60,914	60,68,649	12,47,912	28,851	Peirce, Leslie & Co., Ltd.	6,255	Cochin Malabar	5.55cd	5	0.60	0.60	0.60	0.50	3	Y.P.
22,50,000	23,62,169	57,74,020	18,29,355	890	M. A. Sreenivasan, Esq. (Chairman).	2,792	Coffee Lands and Industries ..	16.75	10	0.80	1.20	0.90	0.80	6	Y.P.
71,55,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman).	6,345	Consolidated Coffee	23.60	10	2.00	2.00	1.50	2.00	6	Y.P.
6,00,000	6,09,755	15,58,047	1,41,758	5,018	Associated Planters Private Ltd.	1,410	Cottanad Plantations	9.50	10	1.00	1.00	0.625	1.00	3	Y.P.
4,05,560	2,50,000	4,02,630	1,35,017	40,866	Peirce, Leslie & Co., Ltd.	246H	Cowcoody Estates (Coffee) ..	4.68xd	2	0.50	0.50	0.40	0.35	6	Y.P.
18,00,000	15,20,000	40,99,988	9,82,819	40,041	A. V. Thomas & Co., Ltd.	622H	Highland Produce	14.75	10	1.50	1.50	1.50	1.50	12	Y.P.
11,85,700	11,77,705	41,72,277	31,72,827	22,904	A. V. George & Co., Ltd.	1,557	Kallar Rubber Co., Ltd.	6.28cd	2	0.40	0.50	0.40	0.50	12	Y.
14,25,800	8,19,342	22,75,750	4,65,953	5,164	A. V. Thomas & Co., Ltd.	888H	Kalpetta Estates	12.50	10	1.25	1.25	1.25	0.60	2	Y.
6,00,000	2,40,000	9,03,124	2,60,252	26,055	Peirce, Leslie & Co., Ltd.	272H	Kumergode Estates Ltd.	3.78	2	0.40	0.35	1.25	1.125	4	Y.
18,50,000	6,58,383	23,24,000	5,02,946	3,669	K. T. Thomas Kathanar, Esq. ..	2,147	Malankara Rubber	16.25	10	1.50	1.50	1.50	0.33	10	Y.
3,25,000	2,50,000	96,554	5,72,787	3,543	Associated Planters Pvt. Ltd.	906	Mercara Rubber Ltd.	7.75	5	1.00	1.00	0.75	0.625	6	Y.P.
40,50,000	17,71,085	79,92,921	18,59,147	1,229	A. V. Thomas & Co., Ltd.	1,886H	Midland Rubber	11.35	10	1.25	1.25	1.25	1.00	3	Y.P.
3,35,000	4,12,607	17,54,491	3,54,374	1,18,602	A. V. George & Co., Ltd.	1,321	Neemeny Rubber	12.75	10	1.50	1.50	1.50	1.00	3	Y.
2,00,000	5,03,616	11,04,287	66,555	3,002	Associated Planters Private Ltd.	546	Nilambur Rubber Co.	11.55cd	10	1.50	1.50	1.50	1.50	12	Y.P.T.
6,50,000	5,96,464	13,89,223	1,39,772	17,987	Peirce, Leslie & Co., Ltd.	293H	Orsoor Estates Ltd.	2.90cd	2	0.30	0.40	0.30	0.30	12	Y.P.T.
19,45,980	34,54,133	69,64,648	24,42,425	2,616	Peirce, Leslie & Co., Ltd.	1,812H	Ouchterlony Valley Estates ..	3.15	2	0.20	0.24	0.22	0.25	10	Y.P.T.
16,58,000	5,12,431	24,69,527	4,19,338	6,844	Arpinwall & Co., Ltd.	900H	Pullangode Rubber	2.95xd	2	0.10	0.12	0.15	0.25	3	Y.P.
12,58,950	13,58,959	68,99,894	15,55,425	20,860	A. V. Thomas & Co., Ltd.	1,216H	Rajagiri Rubber	22.10	10	2.00	2.00	2.00	2.125	6	Y.P.
2,80,000	1,94,993	4,06,853	60,946	47,531	Associated Planters Private Ltd.	422	Rajendra Coffee Ltd.	9.35	5	1.25	1.25	1.00	1.25	3	Y.P.
12,00,000	78,907	20,37,248	2,33,330	—1,43,843	Patco Agencies	470H	Sangameshwar Coffee Estates.	1.88	2	0.12	0.12	Nil	Nil	3	Y.P.T.
5,50,170	3,23,000	10,11,493	2,15,317	6,988	Peirce, Leslie & Co., Ltd.	202H	Savamalai Estates Ltd.	4.32	2	0.28	0.32	0.30	0.10	11	Y.
6,25,000	2,74,153	14,90,789	65,133	7,695	A. V. George & Co., Ltd.	816	Thamarapally Rubber	15.15	10	3.00	1.50	1.50	1.50	12	Y.P.
9,15,300	10,75,840	16,61,781	2,34,898	7,989	Peirce, Leslie & Co., Ltd.	1,312	Thirumbadi Rubber Co., Ltd. ..	1.70	1	0.07	0.12	0.10	0.10	9	Y.
6,60,000	6,15,616	13,78,050	1,92,991	1,840	Rapen Thomas, Esq. (Mg. Director) ..	1,341	Travancore Rubber	10.85xd	10	1.80	1.20			12	Y.
41,00,000	12,63,584	90,96,005	18,31,504	32,283	Arpinwall & Co. (Travancore) Ltd. ..	2,109H	Travancore Rubber & Tea ..	8.75	10	0.90	1.00	1.00		12	Y.P.
30,00,000	1,91,056	35,48,191	9,09,484	228	P. T. Thomas, Esq. (Mg. Director) ..	3,157	Tropical Plantations Co.	10.65	25	2.00				12	Y.
3,80,010	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyaar, Esq. (Chairman)	1,118	Valkundam Rubber Co., Ltd. ..	35.50	10	3.00	2.00			12	Y.
6,00,000	6,69,482	19,50,932	1,87,506	14,325	M. Joseph, Esq. (Chairman)	1,245	Vellanaki Rubber & Co.	5.12cd	5	0.60	0.50	0.25	0.25	12	Y.P.T.
12,00,000	12,40,982	16,47,152	2,24,133	36,874	Peirce, Leslie & Co., Ltd.	417H	Wartyhully Estates Ltd.	2.95cd	2	0.30	0.30	0.30	0.24	3	Y.
6,95 000	97,309	13,65,464	1,02,251	23,313	M.	898	Woodland Estates	6.80	10	1.00	1.00			3	Y.P.T.

V—Includes 50 nP. for 50-6-1954. * Includes bonus. H—Area in Hectares; M—Managed by Board of Directors. † Less Income-tax

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

| Paid-up Ordinary Capital Rs. | Reserves Rs. | Gross Block Rs. | Depreciation Rs. | Carried Forward Rs. | Managing Agents, Managing Directors or Secretaries | Acreage under Tea | Company | Latest available Quotation Rs. nP | Paid-up per Share Rs. | Dividend per Share 1960 Rs. nP | 1961 Rs. nP | 1962 Rs. nP |

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Re-ere-
					CERAMIC; MINING AND QUARRYING									
36,00,000	13,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd..	Assam Sillimanite Ltd.	6.00	10	0.60	0.60	0.50		3	Y.
18,50,000	6,38,242	23,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kot Ltd	22.00	10	2.00	3.00	2.00		9	Y.P.
55,23,548	30,34,125	1,94,48,115	96,49,200	2,055	Bharat Ram Bhagat & Co.	Bengal Potteries	5.00	2½	0.375	0.30	0.30	0.275	12	Y.
40,00,000	25,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Birra Stone Lime Co.	18.62	10	3.00	3.00	1.00	1.25	3	Y.
14,17,800	25 18,589	53,55,181	22,68,904	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd. ..	192.50	100	12.86	15.00	15.00	18.00	9	Y.P.
20,00,000	25,89,686	1,43,85,859	56,29,712	56,950	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd. ..	110.50	100	8.00	11.00	9.00	7.00	12	Y.P.
22,050,950	£2,304,999	£4,477,588	£2,577,638	£405	Gillanders Arbuthnot & Co., Ltd. ..	Indian Copper Corporation	3.32	Sh. 2	27%	27%	18%	12%	12	Y.
F.5,00,000 } J.15,00,000 }	29,37,096	49,30,247	14,36,451	1,570	Bird & Co. Private Ltd...	Karanpura Development	9.12xd	10	{ 1.50 0.50	1.50 0.50	0.90 0.50	0.90 0.30	12	Y.
50,00,000	....	1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	66.00	100	*Nil*				12	Y.P.
30,00,000	60,46,599	1,78,57,945	95,66,068	24,239	Bird & Co. Private Ltd...	Kumardhubi Fireclay and Silica Works.	18.45	10	1.80	1.80	1.80	1.50	12	Y.P.N.
1,78,79,255	10,90,896	1,22,39,515	76,13,994	3,25,955	Sir Indra Singh, Kt. (Chairman) ..	Metal Corporation of India Ltd. ..	6.06	10	*Nil*	*Nil*	*Nil*		3	Y.P.
6,00,000	7 27,303	17,66,777	9,37,747	190	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries ..	11.57cdN	10	1.428	1.20	1.50	1.25	3	Y.
20,00,000	67,67,431	80,62,201	34,56,786	38,801	Bird & Co. Private Ltd...	Orissa Minerals	22.12	10	3.60	2.80	2.00		6	Y.
12,18,650	22,84,051	1,05,25,903	57,38,031	43,395	A. Y. Gharpure, Esq. (Chairman) ..	Parahuram Pottery Works Co., Ltd. ..	59.00	25	5.36	5.36	5.36	3.75	7	Y.P.
21,00,000	37,51,142	99,40,647	51,84,720	—23 63,858	Killick Industries Ltd.	Shivrajpur Syndicate	17.00	10	8.00*	*Nil*	*Nil*	*Nil*	11	Y.
4,85,840 } 7,20,730 }	13,90,910	37,08,644	14,23,752	5,375	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	{ 28.31 ..	10 7.50	2.00 1.00	2.75 1.375	3.50 1.75	2.00 1.50	12	Y.
					CHEMICAL									
22,36,175	....	1,79,449	13,076	—26,645	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers ..	74.00	100	*Nil*	*Nil*			12	Y.P.
1,44,50,000	91,59,574	3,54,74 220	1,39,51,136	16,265	Rayunna Services	Alembic Chemical Works Co.	157.50	100	14.00	14.00	12.00	12.00	12	Y.P.
3,10,00,000	2,26,33,273	8,39,01,420	2,46,53,284	5,671	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	27.00	10	1.20	1.50	1.50	1.50	9	P.Y.
1,10,23,200	80,12,547	2,29,02,580	73,73,157	6,813	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	153.75	100	12.00	9.00	9.00	8.00	12	Y.P.
29,84,000	47,67,886	2,21,76,216	99,62,362	....	Anil Starch Products Ltd.	Anil Starch Products Ltd.	452.50	100	30.00*	30.00*	25.00*	25.00*	12	Y.P.
3,24,16,200	1,83,84,680	7,54,09,808	2,06,13,757	19,425	Lalbhai Sons & Co.	Atul Products Ltd.	300.00	100	12.00	12.00	12.00	12.00	12	Y.T.
80,00,000	....	35,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	55.00	100	....	....	*Nil*		6	Y.
1,25,45,900	67,58,822	1,59,19,707	81,89,070	5,722	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	108.00	100	7.00	10.00	10.00		3	Y.P.
1,25,00,000	1,44,62,999	1,71,93,875	43,75,317	16,332	Ramniwas R. Ruia, Esq. (Chairman) ..	Colour-Chem Ltd.	320.00xd	100	*Nil*	8.00	12.00	12.00	3	Y.
14,86,344	4,84,918	17,40,490	9,02,099	12,818	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	32.00	25	2.50	3.00	3.00		12	Y.
41,88,050	58,16,953	1,64,19,839	87,13,284	9,937	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd. ..	115 00	50	*Nil*	8.00	8.00	8.00	12	Y.
1,07,50,000	1,07,07,353	5,93,07,157	2,11,95,198	1,75,320	Shiv Bros. (Saurashtra) Private Ltd. ..	Dharangadhra Chemicals	122.00	100	*Nil*	6.00	6.00	6.00	3	Y.P.
98,97,740	61,48,460	10,44,89,497	4,07,36,479	3,85,109	M. K. K. Nayar, Esq. (Mg. Director) ..	F. A. C. T.	5.10	10	0.60	0.60	0.75	*Nil*	3	Y.
36,75,000	71,57,780	2,54,75,973	35,44,827	3,006	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	261.25	100	6.00	6.00	7.00	7.00	3	Y.P.
12,00,000	8,54,411	23,94,868	15,51,902	19,974	Jai H. Mehta, Esq. (Chairman)	Kemp & Co.	257.50	200	25.00	25.00	20.00		3	Y.
40,00,000	37,48,801	2,43,51,282	1,10,66,661	11,631	Seshasayee Brothers Private Ltd. ..	Metitur Chemicals	14.56cd	10	1.25'C'	1.25	1.375*	1.25	3	Y.P.T.
24,81,120	18,02,685	56,25,511	47,82,455	2,322	T. Shamanna, Esq. (Chairman)	Mysore Chemical and Fertilisers ..	7.90	10	1.00	1.00	0.50	*Nil*	3	Y.
10,00,000	5,35,915	13,66,245	7,61,774	4,765	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemicals Mfg.	16.70	10	2.00'C'	2.00	2.00	1.50	3	Y.P.
55,00,000	85,00,955	1,03,02,040	30,64,507	9,857	Ramdas Kilachand, Esq. (Chairman) ..	Polychem Ltd.	160.00	50	5.50	7.50	7.50	7.50	3	Y.P.
49,84,750	8,470	69,41,412	40,438	52,803	Emcete & Sons Private Ltd.	Premier Fertilisers Ltd.	6.25	10	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
22,50,000	17,63,293	65,52,407	27,96,508	11,012	Bangur Brothers Ltd.	Phosphate Co., Ltd.	170.50	100	35.00	25.00	17.50	15.00	6	Y.
20,00,000	17,67,251	31,85,795	15,60,805	19,167	D. M. Jaffray, Esq. (Chairman)	Smith Stanistreet & Co.	13.50	5	1.25	1.25	1.25	1.125	3	Y.P.
96,54,479	24,38,960	3,13,78,704	17,05,817	—9,88,858	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	71.50	100	....	*Nil*	*Nil*	*Nil*	3	Y.
92,33,818	1,09,52,667	9,01,95,274	3,04,93,867	3,923	Tata Industries Private Ltd.	Tata Chemicals	18.80	10	0.80	0.65	0.65	1.00	6	Y.P.T.
35,00,000	5,89,750	29,98,714	12,05,339	9,516	T. Krishnamurthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd. ..	18.70cd	10	1.50	2.00	2.25	2.00	3	Y.P.
31,16,000	....	8,93,892	1,493	—6,73,288	Mr. M. J. Valdya (Chairman)	Travancore Electro-Chemical Ind. ..	58.00	100	*Nil*	*Nil*	*Nil*		12	Y.
14,99,375	2,52,500	28,88,794	3,45,383	—4,12,501	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	110.00	100	..	*Nil*	*Nil*	*Nil*	12	Y.
					ELECTRIC (BOMBAY)									
1,74,78,895	1,85,12,601	18,97,73,999	5,90,50,102	344	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	101.25	100	7.00	7.00	8.00	8.00	3	Y.P.
85,83,380	31,15,441	2,90,89,788	78,81,211	10,72,973	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	9.32	10	1.00*	0.90	0.90	0.90	3	Y.P.
1,92,77,000	1,28,89,917	12,55,61,084	3,04,61,813	36,154	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,107.50	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.T.
1,75,00,000	1,21,07,263	5,11,22,126	1,25,80,588	3,370	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	108.50	100	8.00	8.50	8.50	9.00	3	Y.
7,07,020	1,03,067	16,97,265	3,70,206	1,536	Rajputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Developmen..	6.48	10	0.66	0.72	0.60	0.50	3	Y.
48,89,000	12,56,813	1,57,72,704	61,59,509	3,547	Rajputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	200.00	100	9.50	8.25	8.25	8.00	3	Y.P.
70,00,000	34,04,483	1,31,93,935	51,84,423	2,075	Killick Industries Ltd.	Surat Electricity	110.00	100	7.50	8.00	8.00	8.00	3	Y.P.
2,40,00,000	1,39,56,841	9,29,64,314	2,23,23,926	27 586	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	119.00	100	8.50*	8.00*	8.00*	8.50	3	Y.P.
4,15,36,000	2,61,11,341	20,38,47,938	4,39,65,210	29,988	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,175.00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.
					West Bengal and Other Centres									
38,99,500	51,52,883	1,70,15,387	51,84,841	13,612	Martin Burn Ltd.	Agra Electric Supply Co. Ltd.	125.00	100	11.00	11.00	11.00	11.00	3	Y.T.
15,00,000	16,30,275	62,04,383	28,40,512	1,852	Martin Burn Ltd.	Bareilly Electric Supply	12.12	10	1.10	1.10	1.10	1.10	3	Y.T.
17,00,000	54,27,530	1,66,67,025	60,80,138	1,553	Martin Burn Ltd.	Benaras Electric Light & Power Co ..	13 62	10	1.10	1.10	1.10	1.10	3	Y.T.
54,562,646	£10,815,240	£37,582,951	£15,201,226	£109,524	Sir William Lamond (Chairman) ..	Calcutta Electric Supply	14.81	10	71%	71%	71%		12	Y.
5,60,096	7,55,076	37,78,204	11,86,451	42,963	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	12.06	10	0.75	1.00	1.00	1.00	3	Y.
43,20,000	35,90,193	1,15,99,004	45,52,355	45,905	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	86.00	100	10.00	10.00	10.00	10.00	3	Y.P.
5,34,640	1,48,267	42,36,379	17,50,526	47,138	Moonna Lall & Sons	Jhansi Electric Supply	5.40N	10	0.70	*Nil*	0.70		3	Y.P.
22,49,700	29,85,246	1,16,29,613	48,58,377	3,286	Martin Burn Ltd.	Jubbulpore Electric Supply	12.31	10	1.00	1.00	1.00	1.10	3	Y.
35,37,850	40,44,800	1,41,84,580	56,06,270	75,787	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.44	10	1.00	1.00			3	Y.
9,10,000	2,56,304	15,86,883	6,22,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.84	10	0.625	0.625			3	Y.
16,80,000	16,08,886	80,81,827	48,11,680	2,975	Bird & Co. Private Ltd...	Sijuah (Jherriah) Elec. Supply Co. ..	8.50N	10	1.00	1.00	0.90		3	Y.
70,00,000	30,83,125	2,42,78,389	81,28,055	23,389	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn	12.00cd	10	0.90'C	0.90	1.00		3	Y.P.T.
5,00,000	12,25,128	35,93,657	15,12,135	1,035	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	22.00	10	1.85	1.35	1.85	1.35	3	Y.
56,00,000	80,13,213	3,76,23,916	1,75,84,564	9,812	Martin Burn Ltd.	U. P. Electric Supply Co.	170.00	100	11.00	11.00	11.00	11.00	3	Y.
8,00,000	13 88,606	54,12,090	15,22,321	4,16,780	Chandrie[& Co. Private Ltd.	Vellore Electric Corporation	15.62	10	1.50	1.429	1.429		3	Y.
					ENGINEERING (Bombay)									
51,96,160	62 99,478	1,13,50,558	62,52,499	26,122	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	281.00	100	17.00	22.50	19.00		12	Y.
19,99,960	7,79,275	25,45,735	12,13,956	641	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	91.00	80	5.50	9.00*	9.00*	9.00	12	Y.
99,16,000	54,17,295	1,54,17,425	46,99,556	153	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	117.50	100	13.00'C'	13.00	7.00	8.00	6	Y.
1,20,00,000	1,51,427	97,25,681	28,47,228	—12,767	Dharamsinh D. Desai, Esq. (Chairman)	Hindustan Electric Co., Ltd.	130.00	100	*Nil*	4.00	*Nil*	*Nil*	4	Y.
99,00,000	1,28,73 154	2,72,67,677	1,56,47,699	145	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	163.75	100	13.00'C'	13.00	14.00	14.00	4	Y.P.
15,00,000	4,61,301	9,54,586	3,82,481	28,604	T. V. Baddeley, Esq. (Chairman) ..	Jost's Engineering	47.00	50	4.00	5.00	5.00	5.00	3	Y.
50,00,000	17,41,760	95,00,755	31,13,288	29,765	Adnem Services	Jyoti Ltd.	131.25	100	12.00	12.00	9.00		12	Y.
44,96,250	14,17,502	85,37,084	43,89,307	4,511	Kamani Engg. Corporation	Kamani Engineering Corporation ..	13.12	10	0.80	0.90	0.95	1.20	7	Y.
87,61,445	1,42,50,099	2,19,41,464	58,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	38.50	25	2.50	2.50	2.50	2.50	9	Y.
61,24,940	71,09,895	1,57,20,070	47,59,501	578	Kirloskar Sons & Co.	Kirloskar Electric Co., Ltd.	18.40	10	0.90	1.10	1.20	1.00	6	Y.
40,00,000	79,27,836	1,76,05,965	63,99,529	28,996	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	26.00	10	1.41	1.60	1.80	1.20	3	Y.
27,58,850	20,54,588	50,71,373	16,74,792	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd. ..	194.00	100	*Nil*	12.50	12.50	10.00	3	Y.P.
38,19,770	5,14,084	1,34,12,444	50,13,120	1,69,270	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	{	10	*Nil*	*Nil*	*Nil*		9	Y.P.
1,65,00,000	95,52,279	1,92,60,488	60,22,772	11,973	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	21.40	10	1.80'C'	1.80	1.40	1.40	3	Y.P.
57,29,880	.....	25,48,815	4,35,319	—8,20,078	B. L. Kucheria, Esq. (Secretary) ..	Lynx Machinery	{ 4.00	10	*Nil*	*Nil*	*Nil*		3	Y.
30,12,160	35,37,386	1,84,83,145	82,09,092	2,874	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	*Nil*	*Nil*	1.25	1.50	3	Y.P.
1,97,98,145	1,14,00,083	2,29,64,781	89,96,891	15,767	Keshub Mahindra, Esq. (Chairman) ..	Mahindra & Mahindra Ltd.	16.32	10	1.25	1.50*	1.25	1.25	10	Y.P.
30,00,000	1,29,812	53,73,055	23,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd. ..	100.00	100	*Nil*	*Nil*	*Nil*		3	Y.P.
11,00,000	4,48,987	49,41,793	30,54,778	729	P. Jhunjhunwala, Esq. (Mg. Director)..	McKenzies	140.00	100	10.00	12.00	14.00	14.00	7	Y.P.
1,66,28,618 } 1,24,850 }	91,29,048	1,99,99,158	76,17,143	....	Jeewan Ltd.	Mukand Iron & Steel	17.92	10	1.20	1.20	1.20	1.20	3	Y.P.
50,00,000	58,84,208	1,88,49,872	85,50,104	2,976	Kirloskar Associates	Mysore Kirloskar Ltd.	{ 156.25 126.00	100 50	12.00 6.00	12.00 6.00	12.00 6.00	10.00 5.00	}	Y.
15,35,000	11,96,582	39,61,901	14,35,875	8,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	100.00	100	12.00	9.00	9.00	9.00	3	Y.
56,32,160	19,91,420	1,40,31,705	56,38,522	28,037	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	135.00	100	12.00	9.00	9.00	3	3	Y.
38,99,978	1,35,39,540	11,58,575	3,47,355	455	Walchand & Co. Private Ltd.	Premier Construction	189.00	80	13.00	10.00	9.00	14.00	12	Y.P.
78,67,725	56,44,730	1,28,39,480	60,80,558	5,683	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	90.00	100	12.00	13.00	8.00	6.00	6	Y.P.
7,55 67,699	38,10,37,802	1,95,88 43,262	92,56,04,257	32 096	Tata Industries Private Ltd.	Tata Iron and Steel	155.00	75 Old	9.72'C'	10.80*	10.80*	11.00	3	Y.P.
1,98,26,323	5,58,56,382	39,19,96,452	18,01,54,678	30,275	Tata Industries Private Ltd.	Tata Locomotive	294.50	100	12.50	14.50	14.50	14.50	3	Y.P.
27,22,280	18,58,192	58,71,183	19,00,522	11,654	T. Maneklal & Co.	T. Maneklal Mfg. Co.	500.00	100	18.50	27.00	27.00	6.00	5	Y.
41,56,986	38,97,021	19,70,675	11,38,441	1,176	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	24.84	10	3.00	3.25	3.25	2.25	6	Y.
1,55,00,000	3,28,57,137	1,79,11,762	48,75,403	....	J. D. Chokai, Esq. (Chairman)	Voltas Ltd.	251.00	60	13.00	14.00	14.00	14.00	3	Y.
69,96,943	49,94,169	1,30,88,393	12,v2,240	4,991	M.	Zenith Steel Pipes Ltd.	15.76	10	..	*Nil*	*Nil*	0.60	4	
					West Bengal and Other Centres									
6,00,000	7,28,551	42,61,418	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	21.25	10	*Nil*	*Nil*	1.00		12	Y.P.T.
50,00,000	56,58,221	1,22,85,591	52,93,550	2,263	Tantia Brothers Pvt. Ltd.	Bhartia Electric Steel	14.81	10	1.00	1.00	1.00	1.50	12	Y.
40,00,000	12,24,786	54,01,811	18,20,998	21,432	D. D. Bihani, Esq. (Mg. Director) ..	Bihani Metal Works Ltd.	11.25	10	2.50	1.00	1.00	1.50	12	Y.
90,00,000	1,40,28,433	2,28,23,810	1,82,74,066	....	J. V. Jardine Paterson, Esq. (Chairman)	Bridgewalle & Co. (India) Ltd.	33.62	10	2.50	2.50	1.00	1.50	12	Y.
12,00,000	48 62,090	1,56,65,242	85,25,828	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	49.00N	10	2.50	2.50	1.40	2.00	12	Y.
19,86,670	7,04,341	39,97,580	14,08,295	32,906	Homes Wilson & Co., Ltd.	Britannia Building and Iron	8.00	10	*Nil*	*Nil*	3.00	3.00	12	Y.
1,80,00,000	52,75,735	1 98,55,098	75,90,775	8,115	McLeod & Co., Ltd.	Britannia Engineering	9.47	10	1.00	1.00			12	Y.P.
25,00,000	23,97,576	44,64,472	22,91,671	....	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	29.12	10	4.50	2.00	1.00	1.00	12	Y.
168,00,000	2,29,82,397	7,65,66,698	4,17 99,966	....	Martin Burn Ltd.	Burn & Co.	269.00	100	22.50	22.50	22.50	28.50	12	Y.
1,00,00,000	22,70,823	81,14,077	24,19,334	1,57,572	R. N. Bhutika, Esq. (Secretary) ..	Calcutta Steel Co., Ltd.	13.12	10	0.50	1.50	1.50	1.50	12	Y.
1,00,00,000	42,09,184	2,42,19,314	59,12,202	32,961	R. L. Makharia, Esq.	Central India Machinery Mfg. Co., Ltd.	12.60	10	0.50	1.50	1.50	1.25	3	Y.
80,00,000	35,00,000	1,74,24,651	51,07,264	6,868	M.	Dalmia Iron & Steel Ltd.	12.60	10	*Nil*	*Nil*	*Nil*	0.75	3	Y.P.T.
80,93,400	28,27,000	1,25,06,918	30,29,918	21,899	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	11.25	10	1.00	1.00	1.00	1.00	9	Y.
1,00,18,400	77,93,558	2,44,44,696	36,44,226	15,200	Harparshad & Co. Private Ltd.	Escort Ltd.	13.25	10	1.00	1.00	1.00	1.00	10	Y.
6,22,18,740	5,12,05,807	10,11,66,706	3,83,48,700	....	N. R. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	17.25	10	1.50	1.50	1.10	*Nil*	12	Y.P.
17,50,000	11,04,000	62,95,094	44,08,320	3,237	Martin Burn Ltd.	Hooghly Docking	23.06	10	1.50'C'	1.40	1.40	1.20	12	Y.T.
12,44,03,900	80,29,05,725	85,16,35,648	22,96,39,691	.....	Martin Burn Ltd.	Indian Iron and Steel	89.00	10	*Nil*	*Nil*	6.25	5.00	12	Y.
77,97,000	1,25,90,911	1,52,50,529	94,86,216	.....	Martin Burn Ltd.	Indian Standard Wagon	25.90	10	1.50	1.00	1.00	1.60	3	Y.P.
96,53,160 } 26,580 }	3,28,88,672	4,56,30,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	{ 33.60 12.37	0.10 0.1	2.85 2.80	2.85 2.40	2.85 2.80	2.00* 1.80	3	Y.
48,78,580	3,63,887	42,99,689	23,95,610	19,483	C. R. Ramaswamy Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd. ..	9.05cd	10	0.25	0.75	0.50	0.80	3	Y.P.
1,51,87,197	1,86,61,953	5,12,70,807	2,30,47,904	4,896	Madan Mohan Lal Shri Ram & Co.Pt.Ltd.	Jay Engineering Works, Ltd.	17.19	10	....	1.25	1.00	0.90	3	Y.P.
40,00,000	65,79,000	97,98,620	30,88,807	2,169	J. K. Industries Ltd.	J. K. Steel Ltd.	15.65	10	1.715	1.715	1.50	1.00	3	Y.P.T.
2,08,99,000	3,00,16,258	5,57,97,464	1,90,97,854	64,915	A. K. Chanda, Esq. (Chairman)	Jessop & Co. Ltd.	21.00	10	0.858'C'	0.858	1.00	1.50	6	Y.P.
37,54,800	53,04,920	1,06,33,358	50,21,186	3,088	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	5.25	3	0.03	0.85	0.45	1.00	11	Y.P.T.
10,50,000	1,09,591	18,65,329	14,91,446	—18,08,413	Marshalls (Direction) Private Ltd. ..	Marshall Sons & Co. (India) Ltd. ..	8.00	2	*Nil*	*Nil*	*Nil*	*Nil*	6	Y.
48,96,000	18,58,836	1,54,02,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd. ..	6.37	10	*Nil*	*Nil*	*Nil*		6	Y.
6,00,000	20,52,302	32,10,330

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
98,75,000	2,46,84,621	7,27,48,445	1,37,72,801	11,985	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd...	11.53R	10	1.20	1.20	1.20	0.50	3	Y.P.T.
1,00,00,000	56,97,669	2,18,10,686	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd. ..	20.15cd	10	1.80	0.90	1.80	1.50	3	Y.
7,94,700 } 12,55,175 }	2,72,000	16,65,492	2,19,926	1,442	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	{ 9.70 7.15	10 7.50	.. ..	.. ..	1.00 0.50	0.50 0.375	} 4	Y.
30,00,000	44,23,928	46,09,374	29,12,554	2,17,061	Turner Morrison & Co., Ltd. ..	Angelo Bros. Ltd.	24.62	10	2.50	2.81	2.80	2.80	3	Y.
4,97,14,990	81,08,000	5,99,72,026	1,61,25,618	53 399	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	6.78	5	0.40	0.80	0.40	0.35	9	Y.
30,00,000	48,10,024	50,67,241	27,77,690	18,162	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd. ..	26.37	10	1.80	2.00*	2.00*	2.00	12	Y.
1,15,00,000	98,34,917	1,51,10,564	77,02,281	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A.	22.37	10	1.50	1.50	1.50	1.50	3	Y.
30,00,000	44,17,208	77,53,767	34,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	9.00N	10	Nil	1.00	1.00	..	6	Y.P.T.
80,01,400	1,26,98,254	97,20,051	46,35,240	....	C. G. Montgomery, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd. ..	233.00	100	25.00	25.00	25.00	22.50	12	Y.
15,00,000	31,52,123	39,22,354	26,10,354	....	Balmer Lawrie & Co., Ltd. ..	Bengal Flour Mills Co., Ltd. ..	31.00N	10	4.00	2.50	2.50	3.00	12	Y.
30,00,000	9,62,972	67,82,734§§	....	1,054	Lovelock & Lewis	Birds Investment Ltd.	9.00	10	0.95	1.00	1.00	0.80	9	Y.P.
66,95,580	1,00,95,705	2,16,07,495	89,93,468	745	K. Julian Scott, Esq. (Mg. Director) ..	Britannia Biscuits	37.62	10	2.50	3.00*	2.50	2.10	3	Y.P.T.
3,25,00,000	2,59,81,762	3,30,37,927	2,59,48,445	23,545	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	10.25	5	0.20	0.35	0.45	0.75	12	Y.P.
80,00,000	49,02,950	52,35,651	29,71,082	2,226	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd. ..	21.75	10	1.25	1.25	1.00	1.50	12	Y.
1,88,80,000	14,77,612	1,77,96,192§§	....	2,75,442	Andrew Yule & Co., Ltd. ..	Clive Row Investment	8.00xd	10	0.80	0.75	0.75	0.80	12	Y.
5,95,550	7,50,000	40,66,867	30,84,660	28,239	K. L. Mital, Esq. (Secretary) ..	Delhi Flour Mills Co., Ltd. ..	15.00N	10	1.00	1.00	0.70	..	10	Y.P.T.
4,50,00,000	6,23,00,850	12,21,08,895	5,75,17,151	....	M. L. Bexon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	33.62	10	2.15	2.00	1.50	1.75	12	Y.P.T.
90,00,000	1,27,48,000	39,14,313	14,45,334	2,42,095	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd. ..	135.00	100	14.00	14.00	14.00	..	12	Y.
56,78,820	2,28,56,496	2,44,33,402	58,83,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	24.06	5	1.25	1.50	0.90	0.90	3	Y.
70,89,000	65,11,801	1,78,16,453§§	....	1,51,252	Bird & Co. Private Ltd. ..	Eastern Investment Ltd.	101.00	100	14.00	14.00	12.00	10.00	12	Y.P.
66,58,202	1,93,822	26,02,244	8,43,057	—4,08,444	D. P. Sen, Esq. (Secretary) ..	East Anglia Plastics (India) Ltd. ..	7.19	10	..	Nil	Nil	Nil	3	Y.
46,83,000	9,17,059	1,27,35,985	41,42,015	5,749	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.00	10	0.50	0.40	0.40	0.75	12	Y.P.
40,12,888	89,54,090	1,15,37,705	59,85,718	2,62,362	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd. ..	13.00	12.50	1.60	1.60	..	..	9	Y.P.
14,00,000	10,92,000	44,75,416	28,85,812	46,128	Macneill & Barry Ltd. ..	Ganges Rope Co., Ltd. ..	225.00	100	17.50	20.00	15.00	..	12	Y.
80,00,000	....	4,73,225	21,591	—3,80,540	National Rubber Mfrs. Ltd. ..	General Tyres Ltd.	6.94	7.50	..	Nil	Nil	Nil	6	Y.P.
65,00,000	58,42,190	84,60,725	20,83,588	15,471	J. W. Easson, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	15.19	10	1.00	1.10	1.10	1.10	3	Y.P.
40,00,000	85,10,800	88,90,747	56,46,453	2,446	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd. ..	28.12	10	4.00	4.00	3.00	2.00	12	Y.
2,00,15,000	1,54,59,733	3,68,93,878	37,75,535	51,66,310	R. E. O. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	21.50	10	..	Nil	..	..	3	Y.P.
5,07,16,250	2,31,79,491	10,71,56,054	5,25,33,894	3,043	Birla Brothers Private Ltd. ..	Hindustan Motors	17.78	10	0.90	1.20	1.25	1.15	3	Y.
1,80,00,000	57,26,512	8,18,45,042	72,54,008	—12,90,811	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass ..	14.37	10	1.20	1.20	Nil	Nil	12	Y.
40,00,000	....	92,65,321	6,66,780	—11,50,824	H. L. Somany, Esq. (Chairman) ..	Hindustan Twyfords Ltd. ..	13.25	10	..	Nil	Nil	Nil	3	Y.P.
15,16,00,000	10,67,60,644	12,69,94,528	4,09,70,628	3,29,429	Mr. F. A. Collett (Chairman) ..	Imperial Tobacco Co. of India Ltd. ..	9.19	10	0.80	0.90	0.90	0.80	3	Y.
2,00,44,460	5,03,72,274	18,57,06,063	6,31,96,292	4,12,610	H. V. R. Iyengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd. ..	31.06	1	1.50	1.50	1.75	1.75	12	Y.P.T.
2,48,85,450	3,38,26,675	3,48,31,931	1,88,64,273	21,521	J. V. J. Paterson, Esq. (Chairman) ..	Indian Cable Co., Ltd.	36.00	10	2.25	2.25	2.25	2.25	3	Y.T.
3,64,00,000	1,61,33,886	9,06,12,544	3,01,56,221	35,587	Amiya Kumar Sen, Esq. (Mg. Director	Indian Oxygen Ltd.	23.69	10	1.50	1.50	1.20	1.20	9	Y.P.
29,98,978	1,89,625	60,18,365	28,12,632	66,066	M.	Indian Plastics Ltd.	7.75	10	..	Nil	Nil	Nil	3	Y.P.
5,37,970	12,42,783	22,18,109	13,35,190	55,791	M.	Indian Rubber Manufacturers ..	21.75	10	2.00	3.00	3.60	..	3	Y.
74,98,900	5,81,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd. ..	Woolcombers of India Ltd. ..	11.31	10	Nil	Nil	Nil	..	12	Y.
2,00,00,000	87,10,720	55,40,429	19,24,182	....	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	78.00	10	7.00	7.00	6.00	7.00	3	Y.P.
15,00,000	18,00,000	18,79,359	1,62,872	64,044	J. K. Agents Private Ltd. ..	Jhabvya Pradesh Industries Ltd. ..	9.12	10	1.00	1.00	..	..	3	Y.
1,40,20,888	29,23,514	2,73,13,972	18,67,683	1,01,639	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd. ..	11.37	10	..	0.60	0.45	0.32	9	Y.
3,47,12,250	1,88,23,546	94,70,688	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	26.25	10	2.75	2.75	2.50	2.50	3	Y.P.
16,00,000	14,99,665	29,93,908	5,80,650	....	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	22.22	10	3.00	1.25	0.80	..	12	Y.P.
47,12,000	90,83,868	34,12,623	15,66,083	2,34,727	M.	McLeod & Co.	230.00	100	15.00	15.00	18.00	12	12	Y.P.
3,22,00,000	2,96,70,151	5,27,52,316	1,88,41,107	2,480	M. K. Vellodi, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	29.75xd	10	2.50	2.50	2.50	1.90	3	Y.
94,98,000	22,90,164	32,86,801	11,11,896	3,426	N. G. Ayyangar, Esq. (Mg. Director ,)	Mysore Electric Industries Ltd. ..	168.00	100	24.00	20.00	20.00	12.00	3	Y.
6,97,258	10,53,965	15,65,766	46,85,184	1,217	M. M. Subramanyan (Chairman) ..	Mysore Lamp Works	30.00	10	2.00	2.50	2.75*	2.50	3	Y.P.
10,00,000	6,01,040	22,77,151	13,28,686	1,401	I. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	11.25	10	1.00	Nil	1.00	1.00	3	Y.
1,25,00,000	1,27,32,234	1,64,18,002	73,46,576	21,708	Associated Ind. Dev. Co. (Pvt.) Ltd..	National Insulated Cable Co. ..	22.75	10	2.50	2.50	2.50	1.80	3	Y.T.
80,00,000	86,90,300	56,25,223	32,56,376	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd..	National Pipes & Tubes Co. Ltd. ..	28.12	10	2.00	2.00	2.00	2.00	9	Y.P.
40,00,000	89,77,545	81,98,266	33,58,516	44,658,905	Associated Ind. Dev. Co. (Pvt.) Ltd..	National Rolling & Steel Ropes ..	20.00	10	1.30	1.50	1.50	..	6	Y.
80,00,000	21,55,718	1,30,14,550	62,00,585	58,629	K. N. Mookerjee, Esq. (Mg. Director.)	National Rubber Manufacturers Ltd..	10.75	10	Nil	0.65	0.80	1.00	12	Y.P.T.
19,97,000	1,30,46,098	1,76,39,830	1,01,47,234	3,26,438	B. N. Elias & Co. Private Ltd....	National Tobacco Co.	11.37	10	1.60	0.70	0.70	0.80	12	Y.T.
33,32,100	19,27,385	64,55,215§§	....	46,960	Ramdutt Ramkissendas ..	New India Investment Corpn. Ltd. ..	51.00xd	75	6.50	6.50	5.00	..	12	Y.
20,00,000	10,04,500	19,06,562	10,15,929	2,705	Parry & Co., Ltd.	Parrys Confectionery Ltd.	2.76	1	0.30	0.30	0.26	0.16	3	Y.
2,80,00,000	1,18,85,086	3,56,53,739	1,25,86,971	45,000	W.A.C.H. Boschaart, Esq. (Chairman)	Phillips India Ltd.	26.00	10	1.20	1.20	1.20	1.50	12	Y.
1,25,75,000	9,45,700	2,36,97,801	89,71,134	—47,66,862	Duncan Brothers & Co., Ltd. ..	Phillips Carbon	12.25	5	Nil	Nil	Nil	Nil	3	Y.P.
12,25,000	7,44,934	30,06,183	7,95,081	4,309	Iyer & Co. Private Ltd. ..	Rane (Madras) Ltd.	8.80	5	0.70	0.70	0.75	0.75	3	Y.
1,00,00,000	1,44,34,000	1,76,39,830	1,01,47,234	3,26,438	B. N. Elias & Co. Private Ltd....	Ramdutt Ramkissendas ..	207.00cd	100	10.00	12 0*	14.00	15.00	3	Y.P.
TRANSPORT														
20,00,000	23,78,858	70,97,782	30,60,782	54,558	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co. ..	106.00	100	7.50	7.50	10.00	10.00	12	Y.P.
1,00,00,000	75,25,552	3,76,69,710	1,67,53,127	—68,12,170	Dinshaw (Private) Ltd.	Bharat Line	4.44	10	Nil	Nil	Nil	0.50	12	Y.
60,00,000 } 30,06,098 }	2,71,64,446	10,34,29,602	3,49,39,642	1,28 987	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co. ..	{ 13.84 13.00	10 10	1.00 0.50	0.78 0.39	1.00 0.50	Nil Nil	} 6	Y.P.
66,55,880	£1,194,360	£4,312,991	£2,342,183	—£84,854	Kilburn & Co. Private Ltd. ..	India General Navigation & Rly. Co. ..	34.50	£10	Nil	Nil	Nil	Nil	12	Y.P.
2,47,50,000	1,57,29,564	28,79,77,764	8,19,15,557	....	Lionel Edwards (Private) Ltd. ..	India Steamship Co.	6.50	10	1.00	Nil	Nil	Nil	3	Y.P.
11,28,19,293	11,58,24,547	36,88,60,105	12,46,17,005	2,82,649	D. N. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co. ..	15.72	20	0.60	0.60	0.60	1.00	6	Y.
5,40,800 } P.O. 2,10,200 }	30,76,582	18,79,885	11,06,250	21,687	R. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	{ 3.00 3.25	O. 1 P.O. 1	0.30 0.20	0.30 0.20	0.30 0.20	0.27 0.27	} 12	Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
(95,50,000	69,27,800	1,49,32,049	90,70,765	89,096	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	21.50	10	1.00	1.25	1.50	1.50	3	Y.
13,00,000	12,52,902	41,58,992	36,25,221	....	Jardine Henderson Ltd.	Barraree Coke	21.75	10	Nil	Nil	1.50	1.50	3	Y.
4,49,350	1,52,288	11,57,089	6,92,038	5,392	Kalyanji Mavji & Co.	Bengal Coal	7.48	10	1.50	1.50	..	..	12	Y.
2,50,00,000	2,66,36,178	9,41,29,762	5,66,34,133	1,08,409	Andrew Yule & Co., Ltd. ..	Bengal-Nagpur	22.00N	10	1.00	2.00	..	..	12	Y.
2,25,000	5,45,355	24,86,330	21,80,114	16,129	M.	Bharat Collieries	3.00N	10	Nil	Nil	Nil	..	6	Y.P.T.
4,00,000	64,950	1,27,37,959	69,90,595	—2,95,581	M.	Bhulanbarasee	10.00N	10	Nil	..	..	..	12	Y.
7,15,000	8,31,776	55,07,584	37,59,488	—5,87,301	M.	Borrea	18.25	10	1.50	1.50	1.50	1.50	12	Y.P.
7,50,000	29,11,605	58,15,184	32,39,252	6,037	F. W. Heilgers & Co. (Private) Ltd. ..	Burrakur	15.75	10	1.30	1.30	1.30	1.30	6	Y.P.T.
90,92,480	94,32,421	4,74,28,820	2 50 88,877	90,768	Bird & Co. Private Ltd. ..	Central India	8.19	10	0.80	1.00	1.00	..	3	Y.
49,97,780	6,85,370	84,52,522	33,58,568	3,58,023	Hindustan Investment Corpn. Ltd. ..	Central Kurkend	3.50N	10	Nil	Nil	Nil	Nil	12	Y.
3,00,000	12,99,400	54,18,457	35,46,265	—1,25,541	Jain Industries	Dhemo Main	3.95	10	Nil	Nil	..	..	12	Y.
16,00,000	....	61,90,801	36,92,941	—5,39,084	M.	East Indian	27.87	£1	1.00	2.00	2.75	..	4	Y.
42,40,000	£561,055	£979,072	£218,616	£6,234	Jardine Henderson Ltd.	Kenilworth	20.50	10	1.50	1.50	1.00	1.00	12	Y.P.T.
23,63,780	1,22,22,090	5 29 45,801	3 92,28,117	1,57,517	Macneill & Barry Ltd.	Ghusick and Muslia	13.00N	10	Nil	Nil	..	..	3	Y.
15,00,000	....	27,42,664	9,88,623	—5,84,265	Bhatter's Agency Ltd.	Hingir-Rampur	41.00	50	Nil	Nil	Nil	..	6	Y.
12,00,000	2,41,432	45,20,017	30,84,265	796	Killick Industries Ltd.	Hurriladih	5.44N	10	Nil	Nil	..	..	12	Y.P.
2,00,000	....	26,07,218	20,64,191	—8,65,035	M.	Karanpura Collieries	12.62	10	0.75	1.00	1.00	..	2	Y.
80,00,000	9,86,018	49,02,919	15,19,022	82,810	Bird & Co. Private Ltd.	Katras Jherriah	29.50	10	9.50	4.00	2.50	3.00	1	Y.
14,00,480	20,19,553	70,21,354	46,47,670	22,818	Andrew Yule & Co., Ltd. ..	Lakurka	12.75N	10	0.40	Nil	Nil	..	4	Y.
9,00,000	10,27,762	29,57,644	23,77,712	57,591	H. V. Low & Co. (Private) Ltd. ..	Nazira	4.69	10	0.75	Nil	Nil	..	12	Y.
7,48,240	....	56,49,494	10,51,223	74,713	Tantia Brothers Private Ltd. ..	New Beerbhoom	16.56	10	1.60	1.00	1.20	1.00	10	Y.P.
21,97,510	46,16,139	2,10,81,103	1,23,85,029	15,709	Andrew Yule & Co., Ltd. ..	New Manbhoom	11.37	10	0.75	0.90	..	..	3	Y.
30,00,000	8,90,206	12,37,188	3,80,199	51,230	Octavius Steel & Co., Ltd. ..	North West	19.00N	10	2.00	2.00	..	..	3	Y.
1 15,000 } 1,57,000 }	4,81,409	17,65,275	10,59,556	15,045	M.	Ondal	17.50N	7.50	1.50	1.50	..	..	3	Y.
7,50,000	12,52,584	1,94,347	22,85,005(k)	....	P. Prashad, Esq. (Chairman ..	Parasea	13.50	10	0.60	0.75	0.75	0.50	12	Y.P.
3,24,000	1,52,212	37,86,226	14,17,160	589	Deepchand Kishenlall	Panch Valley	14.00	10	0.125	0.125	..	..	12	Y.T.
15,75,000	24,59,125	87,88,044	54,94,852	54,232	Shaw Wallace & Co., Ltd.	Raneegunge	17.44	10	1.00	1.00	1.00	..	3	Y.
41,99,120	40,85,000	1,62,75,221	1,12,48,598	35,781	M.	Rewa	13.06	10	1.50	1.70	1.70	..	3	Y.
12,50,000	32,96,490	89,33,834	47,23,819	8,458	Shaw Wallace & Co., Ltd.	Samla Collieries	21.87	10	2.00	2.00	1.00	1.50	12	Y.
37,50,000	45,20,336	1,20,44,712	48,96,967	3,958	M.	Selected Saigram Collieries ..	7.81	10	1.00	1.00	0.75	0.75	12	Y.
40,00,000	16,17,485	1,10,58,290	24,54,119	1,072	S. D. Sethia & Co. Private Ltd. ..	Seebpore	104.00	100	16.00	14.00	10.00	10.00	12	Y.P.
2,80,000	14,49,516	36,11,289	22,95,222	16,284	Andrew Yule & Co., Ltd.	Sendra	34.75	7	3.00	3.00	2.50	2.00	12	Y.
12,84,000	6,85,222	35,740	18,68,748(k)	382	F. W. Heilgers & Co. (Private) Ltd. ..	Singareni	4.12	10	0.50	0.35	0.25	0.30	12	Y.
3,00,00,000	1,42,11,727	11,90,70,501	5,00,12,315	18,633	M. P. Pai, Esq. (Chairman)	Standard	9.75	10	0.70	0.75	..	0.75	3	Y.
17,50,000	11,77,056	57,60,323	25,19,145(k)	4,723	Bird & Co. Private Ltd.	Standard Ind.	9.62xd	10	1.50	1.00	1.00	1.00	12	Y.
9,00,000	16,18,969	1,68,707	17,78,595	36,432	F. W. Heilgers & Co. (Private) Ltd. ..	Union	10.62N	10	Nil	Nil	..	..	12	Y.
3,50,000	3,01,032	23,77,776	12,42,012	1,19,102	H. M. Verma, Esq. (Mg. Director) ..	Western Bengal	8.81	10	0.60	0.75	0.90	..	12	Y.
48,96,000	6,09,055	1,05,82,163	34,55,424	—6,23,711	Hindustan Investment Corpn. Ltd. ..	West Jamuria	3.50N	10	Nil	Nil	..	..	12	Y.
7,00,000	....	60,62,759	....	....	M.									

M.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956. •Includes bonus.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments. §§Investment at cost.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 113 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X.B.—Ex-Bonus.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.0(	Mar. Sept.	94.00	100
BREWERIES AND SUGAR						
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April ..	60.00	100
Darew & Co. T.F.R.C. ..	8,00,000	1875	6.50	Mar. Sept.	71.50	100
Dwarpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb. Aug.	112.00	100
Deoan Sugar & Abhas 'A' T.F.C....	7,00,000	1920	7.00	July Apr.	4.28	5
East India Distilleries C. ..	£200,000	1897	9.00	Jan. July	17.38	£1
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec. ..	60.00	100
Do. (Non-redeem) ..	5,00,000	1940	7.00	Dec. ..	60.00	100
Hurlabpore Co. C.	6,00,000	1922	10.00	Oct. ..	10.50	10
Hannuggar Cane T.F.C.	4,00,000	1933-36	6.00	Aug. ..	85.00	100
Hayalgaon Sugar C.	20,00,000	1945	5.00	Dec. ..	75.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct. ..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec. ..	10.00	10
Upper Ganges T.F.C.	12,00,000	1933	5.00	Dec. ..	90.00N	100
Do. (2nd) C.	15,00,000	1946	5.00	Dec. ..	76.00N	100
Walchandnagar T.F.C.	2,50,000	....	10.00	April May	113.00	100
COAL						
Borrea T.F.C.	14,00,000	1899-27	6.50	Oct. Apr.	85.00	100
Burrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr. Oct.	101.50	100
Do. (2nd) C.	4,50,000	1946	6.00	.. ..	5.50	10
Equitable T.F.	4,00,000	1895	8.75	Mar. Sept.	90.00	100
Karanpura Collieries C.	9,35,500	1946	5.50	.. ..	46.00	10
††Khas Kajora C.	1,93,000	1931	10.00	Mar. Sept.	8.00N	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan. July	10.50	10
Ondal T.F.C.	2,00,000	1896-99	6.50	Apr. Oct.	4.00N	100
COTTON						
Ahmadabad Advance,T.F.C.)	19,00,000	1920	7.14	Apr. Oct.	81.00	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan. July	95.71	100
Basanti Cotton T.F.	5,00,000	1938	7.00	.. ..	7.00	10
Bowreah 'A' T.F.	5,00,000	1920	8.00	Feb. Aug.	111.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb. Aug.	85.00	100
Bradbury T.F.	14,75,000	1919	10.00	June Dec.	60.50	100
Buckingham & Carnatic C.T.F. ..	21,80,500	1920	7.50	Jan. July	105.50	100
Cambodia C.T.F.	50,00,000	1913	7.00	Apr. ..	76.13	100
Central India T.F.	50,00,000	1913	7.14	Apr. Oct.	415.00	500
Century Spg. & Mfg. Co. R.C. ..	1,25,00,000	1958	8.37	Dec. ..	109.50	100
Coimbatore Pioneer C.T.F.	1,00,000	1922	6.50	June ..	68.68	100
Elgin T.F.C.	11,00,000	1912	8.00	May ..	112.00	100
Elgin 'B' T.F.C.	4,50,000	1948	5.00	July ..	4.35	10
Gokuldas T.F.C.	25,00,000	1917	7.00	May Nov.	76.00	100
Hukumchand T.F.C.	20,00,000	1919	10.00	June Dec.	107.00	100
Kothari C.T.F.	15,00,000	1927	8.57	June ..	69.50	100
Kothari 'B' (Pref.) T.F.C.	50,00,000	....	5.00	May ..	7.04	10
Lakshmi Vishan Cotton	5,00,000	1921	6.50	.. ..	88.18cd	100
Moraljee Goculdas Spg. & Wvg. T.F.C.	1,50,000	1938	6.00

TREND OF SHARES

FIRM TOWARDS THE CLOSE

(From Our Own Correspondent)

BOMBAY, 13th *August*

THE fears that the nervousness and sharp reaction witnessed on the stock exchange last Thursday (6th August) might well prove the beginning of a reversal of the main trend have failed to hold water. Although during most of this week the market moved irregularly both ways on alternate spells of short-covering and scattered support, the tendency on the last day (13th August) was distinctly buoyant, with most of the leading counters scoring fairly sizable gains.

Last week, sentiment had been disturbed by the developments in the Gulf of Tonkin but shorts hastened to cover when the situation eased considerably. Threat of a general strike—*Bombay Bandh*—had induced the bulls to reduce their commitments but much to their satisfaction the strike passed off without ugly incidents. The situation in Cyprus is none too happy, it is true, but the bulls seemed to have taken the view that, with U.N. efforts at peace, the situation here too might not get out of hand. The go-slow tactics on the part of bank employees did create some apprehension that clearing facilities might get upset, but, by and large, the market was inclined to brush this aside as no more than of nuisance value. The rally on New York Stock Exchange helped sentiment here.

The rise in share values was fairly good. Tata Ordinary, for example, moved up over the week from Rs. 154.25 to Rs. 157.25 but it was Indian Iron that led not only the steels section but the entire market in its spurt on Thursday. On hectic short-covering and renewed fresh support, Indian Iron was bid up on Thursday to Rs. 26.40 which, incidentally, is the highest so far this year. Sentiment here was induced by the statement of I.I.S.Co. Chairman, Sir Biren Mookerjee, that an interim payment might be possible before the annual meeting. The Chairman's reference to the strategy of the Company's expansion plans also added to operators' confidence.

Apart from corporate factors, sentiment was very much induced by the Prime Minister's directive suggesting the postponement of some of the projects in the field of heavy industry and calling for a fresh assessment of schemes and programmes for which funds were to be allocated during the current and next year. Sentiment was also favourably affected by the feeling that the Government was likely to make suitable modifications in the recommendations of the Bonus Commission. These were interpreted by the market as signs of a realistic approach and the market was quick to take notice of them. More than these was the rumour on Thursday that the Government might also announce some relief in taxation.

Under the spell of optimism some of the shares crossed their resistance levels again. These were Century and Telco, not to speak of Indian Iron. Century were bid up to Rs. 625.50 on talk of a higher dividend as well as hopes of a suitable revision in rayon excise duty. It was a new high level again in the current upward trend. Svadeshi continued to be in the limelight, although, at its closing level of Rs. 260, it was much lower than the last week's high of Rs. 265. Bombay Dyeing were well held at Rs. 59.40 against the previous week's level of Rs. 59.20 while Standard improved over the week from Rs. 624.50 to Rs. 636.

An interesting counter was Indian Dyestuff which recorded a rise of five points at Rs. 266.25. Dividend on this scrip has only been maintained and, though there has been a one-for-fourteen right issue at par, the results have not been to the market's satisfaction at all. The 1963-64 results were not encouraging and the Chairman had hinted at the annual meeting that the working until then were no better. Perhaps the market is consoling itself with the idea that the overall position would improve once the expansion plan is put through. It remains to be seen whether the market will be sustained in its calculations. Meanwhile, the present level of Rs. 266.25 is rather far below the current year's high of Rs. 362.50 and the 1963 high of Rs. 460.50.

Telco gave a pleasing performance, touching Rs. 297 again as compared with the last week's closing of Rs. 290.50. Hindustan Motors were also better at Rs. 18.28 against Rs. 17.88 on influential support while Premier Auto was taken up from Rs. 103 to Rs. 104.75. Premier Construction, in the Walchand group, attracted support and were bid up to Rs. 190.50. Sugar shares were dull, with Belapur remaining almost unchanged at Rs. 222 and Phaltan at Rs. 104. Among electrics, Tata Power moved up to Rs. 1,180 but Hydro shaded off a little at Rs. 119.15, while Ahmedabad Electric was fractionally better at Rs. 101.25. Voltas was four points up at Rs 253 and Tata Chemical was fractionally better at Rs. 18.80, as against Rs. 18.72 of last week. A.C.C. was a firm counter at Rs. 156.50, while, among purely rayon counters, Gwalior was a bit quiet at Rs. 41.25 and Baroda Rayon at Rs. 73. South India Viscose were, however, firm at Rs. 115. Among shippings, Scindia improved from Rs. 15.48 to Rs. 15.80, and Great Eastern was fractionally better in sympathy at Rs. 13.76. Larsen and Toubro was firm at Rs. 21.56, mainly on account of the optimistic statement by the Chairman about the Company's prospects.

On the whole, the market has ended the week on a cheerful and buoyant note and this was particularly significant as it had started the week with a load of unhelpful factors. The position is now fairly healthy and the market should be able to forge ahead, provided nothing happens to disturb the favourable factors upon which it is now building its strength.

* * * *

At the time of writing, Calcutta too presents a steady tone, despite the end of account considerations. As in Bombay, sentiment in Indian Iron was helped by the Chairman's encouraging statement while some of the forward scrips which were oversold attracted short-covering. The turnover was fairly good. Birla, among Jutes, was a firm feature and the rise was due to hectic bull support. Among other active counters in this section were Dalhousie, Ganges, New Central and North Brooke. Paper shares were steady, but Orient and Bengal were distinctly firm. Tea shares were dull, while interest in coal shares was selective.

* * * *

Activity in Madras was confined to selected shares. Tea and rubber shares were steady but mill shares continued to be dull. Chemicals were in demand while cements were steady and papers soft. Among banks, Canara evoked some good demand.

The Mitsubishi Heavy Industries Ltd. of Japan has signed a contract for the Japanese company to build two 13,000 G/T cargo liners for Alfred Holt and Co., a British shipping firm. The hull form of the two cargo ships has been designed with a bulbous bow and an open water stern to permit the vessels to be run at economic power output and fuel consumption. The ships will have extensive automation in the engine room and on deck. All hatch covers on all decks will be fully power-operated. All cargo spaces are to be air-conditioned. Individual airconditioned cabins, with private toilet facilities for all officers and men, will be provided. Each of the ships will have a swimming pool. Delivery is scheduled for May 1966 for the first ship and August 1966 for the second ship.

India bought aircraft, aero engines and spare parts valued at £1.64 million from Britain during the first six months of this year. The British Board of Trade has placed the British aircraft industry's exports in June at £6.3 million. Of this amount, India's purchases of aero engines and parts alone accounted for £260,062. Italy was the biggest buyer, making purchases to the value of £489,455, followed by India, the United States (251,261) and West Germany (£237,800). Aviation experts predict that exports of British aeronautical equipment will increase next year when the new generation of jet airliners (notably the BAC 1-11) are delivered to overseas customers.

WEEK'S STOCK EXCHANGE TREN

THE following quotations indicate the trend transactions on the Bombay Stock Excha during the week ended 13th August 1964.

	Closing quotations 6-8-1964	High	Low	Cl... quotati... 13-8-...
	Rs.	Rs.	Rs.	Rs.
TEXTILES				
Ahm. Adv. (100)	145.50	145.50	144.00	144
Apollo (2)	1.58	1.66	1.58	1
Baroda Rayon (100)	74.00	74.00	73.00	7
Bombay Dyeing (25)	59.20	59.60	59.20	5
Bradbury (50)	192.50	—	—	19
Central India (100)	90.50	92.00	90.50	9
Century Mills (100)	610.50	627.00	611.50	6
Dawn (50)	165.50	169.00	165.50	16
Elphinstone (50)	95.00	97.00	96.00	9
Finlay (100)	302.00	302.00	301.00	3
Gokak (100)	177.00	180.50	176.50	17
Gold Mohur (100)	215.00	216.25	213.75	21
Gwalior Rayon (10)	41.50	41.75	41.00	4
Ind. Untd. Defd. (1)	2.36	2.40	2.36	2
Ind. Untd. Ord. (10)	19.32	19.80	19.32	1
Indian Rayon (100)	60.50	—	—	6
Indore Malwa (100)	210.00	210.00	207.50	2
Khatau (100)	183.75	186.25	183.75	18
Kohinoor (100)	324.50	327.00	324.50	32
Mafatlal (100)	500.00	510.00	500.00	5
Modella Woollens (10)	12.12	12.12	12.00	
Morarji (100)	265.00	266.00	265.00	26
Mysore (50)	38.50	—	—	3
National Rayon (100)	362.00	378.50	361.50	37
New Great (100)	160.00	—	—	16
Phoenix (100)	251.50	256.00	251.50	25
Podar Mills (10)	11.40	11.40	11.24	1
Raymond Woollen (100)	135.50	135.50	134.00	13
Sassoon Spg. (10)	88.00	—	—	8
Shreeniwas (100)	247.00	258.00	246.00	25
Simplex (50)	135.00	—	—	13
Standard (100)	624.00	640.00	624.00	63
Svadeshi (100)	258.50	261.50	259.00	26
Swan (100)	265.00	—	—	26
S. I. Viscose (100)	113.00	115.00	112.00	11
Tata Mills (25)	53.50	54.50	53.50	5
Lakshmi-Vishnu (100)	90.00	—	—	9
Western India (250)	825.00	—	—	82
BANKS				
Bank of India (50)	102.00	103.00	101.50	10
Do. (New) (50)	106.00	—	—	10
Bank of Baroda (50)	98.00	98.00	97.50	9
Central (25)	49.00	49.50	49.00	4
Central 'A' (25)	51.50	—	—	
Dena Bank (50)	63.00	63.50	63.00	
Punjab National (10)	20.00	20.00	20.50	
Union Bank (5)	6.20	6.20	6.16	
United Com. (50)	70.50	71.00	70.50	
Maharashtra (50)	53.50	53.50	53.00	
ELECTRIC COS.				
Ahmedabad (100)	101.00	101.25	101.00	10
Amalgamated (10)	9.24	9.32	9.24	
Andhra Valley (1,000)	1,102.50	1,107.50	1,102.50	1,1
Bom. Sub. El. (100)	108.00	109.50	108.50	10
Surat (100)	108.00	110.00	109.00	11
Tata Hydro (100)	120.00	120.50	118.50	11
Tata Power (1,000)	1,165.00	1,180.00	1,165.00	1,1
INSURANCE COS.				
British India (10)	12.52	—	—	
Indian Mercantile (50)	63.50	63.50	61.50	6
New India (15)	45.25	—	—	4
New India 'A' (15)	46.00	46.50	46.00	4
Vulcan (10)	16.24	—	—	
STEEL COS.				
Ind. Iron (10)	25.65	26.40	25.75	2
Mukand Iron (10)	17.80	18.08	17.80	1
Tata Steel Ord. (75)	154.25	157.50	154.00	15
SUGAR COS.				
Belapur (50)	222.00	226.00	221.50	22
Bhopal (10)	12.76	—	—	1
Changlieo (12.50)	23.00	—	—	2
Maharashtra (50)	137.00	137.50	136.00	13
Phaltan (50)	104.00	105.00	103.50	10
Walchand Ind. (100)	151.50	151.50	150.00	15
CEMENT COS.				
Associated Cts. (100)	154.00	157.00	154.25	15
Digvijay (100)	175.50	177.00	175.50	17
Orissa (10)	11.92	11.92	11.80	1
DYES & CHEMS.				
Amar-Dye-Chem (100)	153.75	156.25	152.50	15
Camphor & Allied (100)	81.50	85.00	81.50	8
Citric (100)	66.00	67.00	66.00	6
Chemicoat (100)	103.00	107.00	103.00	
Colour-Chem (100)	315.00	325.00	306.00	
Indian Dyestuff (100)	261.25	267.50	315.00	32
Polychem (50)	152.50	160.00	257.50	26
Synthetics (100)	69.50	73.00	162.50	17
Tata Chemicals (10)	18.72	18.96	70.00	7
			18.72	18
MISCELLANEOUS				
Alcock Ashdown (100)	279.00	286.00	280.00	28
Bom. Burmah (25)	55.70	56.20	55.70	5
Do. (New) (20)	42.25	42.25	42.00	4
Br. B. Petrol (1½ sh.)	3.38	3.42	3.36	
Br. I. Corpn. (5)	9.72	10.12	9.64	1
Cooper Eng. (100)	118.50	118.50	118.00	11
Hindustan Lever (10)	30.00	30.50	30.00	3
Hindustan Motors (10)	17.88	18.32	17.84	1
I. C. & Invest. Corporation (100)	93.00	—	—	
Indian Copper (2 sh.)	3.26	3.40	3.28	
Killicks (100)	100.50	101.50	100.50	10
Larsen & Toubro (10)	21.16	21.56	21.20	2
Mahindra & Mahindra (10)	16.24	16.48	16.28	1
Asian Cables (100)	70.00	70.00	69.00	
Permanent Magnets (100)	97.50	97.50	97.00	9
Phillips Carbon (10)	12.00	12.00	11.84	1
Pro. Automobiles (100)	103.00	104.75	102.75	10
Premier Con. (50)	181.50	191.50	182.50	19
Scindia (20)	15.48	15.84	15.52	1
G. E. Shipping (10)	13.56	13.84	13.56	1
N. Standard Eng. (100)	135.00	—	—	13
T. Manekial (100)	495.00	520.00	497.50	50
Shivrajpur (10)	16.52	17.24	16.80	1
Birpur Paper (10)	11.24	11.48	11.16	1
Tata Locomotive (100)	290.50	297.50	291.50	29
Tata Oil (25)	62.50	63.00	62.50	6
Voltas (100)	249.00	253.50	249.50	25
W. Kayser (100)	240.00	240.00	239.50	23
W. Coast Paper (100)	158.50	163.00	159.00	16
Zenith Steel (10)	16.00	16.00	15.68	1

GOVERNMENT SECURITIES	6-8-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption
2½% 1976	83.00	—	4.61
3% 1966-68	98.55	3.70	3.38
3% 1970-75 1st Dev.	90.40	4.86	4.12
2¾% 1966 Con. Loan	63.70	—	4.72*
2½% 1965 N. P. Bonds	100.15	—	3.33
2½% 1967 N. P. Bonds	99.90	—	3.54
2¾% 1974	96.75	—	4.15
2½% 1967 N. P. Bonds	100.05	—	3.75
2½% 1969 Loan	98.10	—	3.91
2½% 1968	99.00	—	99.00
2½% 1968 N. P. Bonds	99.95	—	3.77
4 % 1972 Loan	98.95	—	4.16
4 % 1973 Loan	98.85	—	4.16
4 % 1979 Loan	98.50	—	4.13
3½% 1966 Bonds	100.15	—	3.43
4 % 1980 Loan	98.00	—	4.17
4 % 1981 Loan	98.00	—	4.14
4½% 1985 Loan	98.35	—	4.49
6½% 1977 G. Bonds	118.10	—	4.69
4½% 1972 N. D. Bonds	100.10	—	4.24
4½% 1986 Loan	100.00	—	4.49
4½% 1989 Loan	100.00	—	4.75

* Current Income. C.R.—Cum-Rights. xd—Ex-dividend. cd—Cum-dividend. x.r.—Ex-Right

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
'67,50,000	1,33,55,000	4,67,689	Allahabad Bank	248.00	100	18.50‡	18.00‡	15.00	15 00	12	Y.P.
1,01,600	30,58,220	4,794	Andhra Bank	85.50	100	8.00	8.00	8.00	8.00	6, 12	H.
40,78,300				77.06	85	6.80	6.80	6.80	6.80		
2,00,00,000	2,44,93,760	2,96,970	Bank of Baroda	98 00	50	8.50	8.50	8.00	9.00	12	Y.
3,55,00,000	4,86,00,000	4,19,848	Bank of India	102.50	50	10.00	10.00	10.00	10.00	6, 12	R.L.Y.
A. 50,00,000				106 00	50'A'	1.00	10.00	10.00	9 00	12	
60,30,050	85,90,200	47,625	Bank of Maharashtra	53 50	50	5.50‡	4.50	4.50	4.50	12	Y.
86,00,000	1,00,78,033		Canara Bank Ltd.	77 00	50	7.50	7.50	7.50	7.50	12	Y.P.
25,00,000	27,00,000	9,000	Canara Banking Corporation Ltd.	68.80	50	7.50	7.50	7.50	6.00	12	Y.P.
'A' 5,99 880				143.50	100'A'	20.00‡	20.00‡	20.00	20.00		
'B' 41,42,120	75,20,000	17,041	Syndicate Bank Ltd.	17.10	10'B'	2.00	2.00‡	2.00	2.00	12	Y.P.
'C' 2,00,000				1.57	1'C'	0.20	0.20‡	0.20	0.20		
2,63,01,800	5,20,41,606	91,510	Central Bank of India Ltd.	49 50	25	5.10‡	5.00	5.00	5.00	12	R.L.Y.
'A' 52,50,000				61 50	25	5.10‡	5.00	5.00	5.00		
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co.	63.50	50	4.38	5.50	5.50	6.00	12	Y.
2,00,00,000	2,40,00,000	70,60,104	Habib Bank Ltd. P.	20.95N	5	17.5%	20%	20%	20%	12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank	11 25	50	Nil	Nil	Nil	Nil	12	Y.
80,00,000	3,50,000	18,193	Hindustan Mercantile Bank	10.75	50	Nil	Nil	Nil	Nil	12	Y.
88,46,215	92,91,884	1,61,942	Indian Bank	155 00cd	100	15.00‡	15.00	14.00‡	15.00‡	12	R.L.Y.
99 71,575	93,62,535	1,01,850	Indian Overseas Bank Ltd.	145 00	100	14.00	14.00	12.00	14.00	12	Y.
2,00,00,000	2,87,10,000	2,27,073	Punjab National Bank	20.60	10	2.00	2.00	2.00	2.00	12	Y.
5,62 50,000	9,30,00,000	35,50,831	State Bank of India	412 50	100	22.75	23.00	23.00	23.00	12	Y.
1,00,00,000	76,00,000	1,57,743	Union Bank of India	6 20	5	0.57	0.57	0.57	0.57	12	Y.
2,79,68 812	3,20,00,000	75,942	United Commercial Bank	71 00	50	6.00	6.00	6.00	6.00	12	Y.
2,68,71,987	1,00,30,000	4,15,815	United Bank of India	7.59	10	0.43	0.60	0 60	0.75	12	R.L.Y.

PRINCIPAL EXCHANGE BANKS

(Dividend per cent.)

£6,600,000	£7,525,000	£510.433	Chartered Bank	£2-11-6	£1	15‡†	15†	15†	15†	12	Y.
H.K. $79,046,125	£15,000,000	£146.282	Hongkong and Shanghai Banking Corporation	£21‡	H.K. $25	£3.15*	sh. 15*	sh. 16*	sh. 16*	12	Y.
£5,708,000	£5,250,000	£316,941	National and Grindlays Bank Ltd.	£1-10-9	sh. 15	13‡†	14‡†	16‡†	16‡†	12	H.Y.

‡ Includes bonus. P—Figures in Pak rupees. † Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital.

COMMERCE

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

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PRIVATE SECTOR IN CEMENT CAN DO IT

AS cement, like steel, is an indispensable construction material, the chequered growth of this industry in the era of planning has been causing, of late, not a little anxiety all round. Both the Government and the public are understandably anxious, because the overall cement shortage is bound to hold up or slow down construction activity not only in the sector of defence but in all fields of development, including housing, education and public health. All this, of course, may sound platitudinous. But such platitudes, it will be appreciated, have to be repeated *ad nauseam* in the hope that something might be done to improve the fortunes of the cement industry and thereby introduce a more dynamic element into its growth pattern. That this pattern of growth has not been as dynamic as it should have been in recent years is, incidentally, borne out by independent assessments of the situation as well as by those of the industry itself. The Productivity Study Group on Cement Industry, for instance, has just observed that, though the number of factories has increased from 22 to 34 and production by 270 per cent since 1950-51, the demand has outstripped the supply of cement. The industry's own assessment is that the shortfall in the output of an essential commodity like cement results in great dislocation and delay in the execution of important national projects and inflates their overall costs, that it tempts irresponsible and unsocial agencies to indulge freely in adulteration, and that it causes a host of other adverse chain reactions which, in the ultimate reckoning, must be regarded as a national loss (*vide* Mr. Dharamsey Khatau's presidential speech at the third annual general meeting of the Cement Manufacturers' Association held at Bombay on the 14th instant.)

It is Mr. Khatau's review of the industry's progress *todate* that constitutes a telling commentary on its sad plight in the current Plan period. As the public is aware, the capacity target for the industry is 15 million tonnes and production target 13 million tonnes. But the prospect of these targets being reached is bleak. At best, according to Mr. Khatau, actual capacity and production in 1965-66 may come to only 11.5 million tonnes and 11.0 million tonnes, respectively, representing 77 per cent and 85 per cent of the targets. There will thus be big shortfalls to the tune of 3.5 million tonnes in capacity and 2.0 million tonnes in production. The reasons for this disappointing progress are not far to seek. One of them is that the acute foreign exchange difficulties, transport bottlenecks and inadequate supplies of coal in the early years of the current Plan have slowed down the industry's growth. Secondly, the Government's doctrinaire decision to grant licences to newcomers with no experience of cement manufacture has caused a stalemate in the expansion programme of the industry. One has only to recall, in this connection, the grievous tale of how the new licensees failed to set up the licensed plants and how the Government had to cancel several licences. Thirdly, even the cautious recommendations made by the Tariff Commission in regard to the prices payable to cement producers have been watered down by the Government to such an extent that the prices fixed with effect from 1st November 1961 have fallen very much short of the Industry's expectations. How the lack of foresight on the part of the Government in determining the ex-factory prices of cement has arrested the industry's growth will be seen from the following passage in Mr. Khatau's speech:

"The low return fixed by the Government has left little scope for the plough-back of profits in the industry and its expansion. Some of the companies have even been forced to maintain their dividend rates by resorting to the reserves built up previously.... The low returns on cement *scrips have naturally failed to attract investors in* cement company shares. Thus, an all-round malaise has set in mainly due to the unrealistic pricing policies of the Government. In the prices fixed for the industry with effect from 1st November 1961, the Government had made provision for upward adjustment payable to producers if the costs of the industry went up on account of Governmental actions. You are all aware that, between 1st November 1961 and 30th April 1964, *the costs of production have gone up by Rs. 5.92* per tonne and the price adjustment (net) granted by Government over this period amounts to Rs. 3.75 per tonne only. These *ad hoc* adjustments have not been given retrospective effect, with the result that there have been further losses to the industry. The industry's plea for framing an automatic escalation clause for revision of prices from time to time has not been conceded by Government till now."

That the cement industry, with its aggregate capital outlay of about Rs. 115 crores, has not fared as well as it should have is also borne out by the Reserve Bank's analysis of the finances of 1,333 joint-stock companies as of 1962-63. According to this analysis, just published, dividends as percentage of paid-up capital in the cement industry were only 9.3 in 1962-63, as compared with 9.8 and 9.7, respectively, in 1961-62 and 1960-61. It is indeed revealing that, in most industries, such as tea, rubber, sugar, cotton textiles, jute textiles, woollen textiles, iron and steel, electrical machinery, metal products, pharmaceuticals, chemicals, matches and mineral oils, the relevant percentages in 1962-63 were higher, ranging from 9.7 to 16.5. Likewise, in the matter of net capital formation, the cement industry had a rate of only 7.0 per cent in 1962-63, as compared with 4.6 per cent and 9.3 per cent. respectively, in 1961-62 and 1960-61, while most other industries had higher rates. With its gross profits—these are exclusive of interest charges and managing agents' commission—representing 11.4 per cent of capital employed and its profits (after tax) representing just 9.4 per cent of net worth in 1962-63, the highly capital-intensive cement industry can hardly be in a position to plough back profits in expansion at the present level of return allowed to it by the Government. But that such expansion is urgently called for need hardly be overemphasised.

It is in this context that the industry's recent representations to the Government for a better deal may be deemed quite timely and necessary. An increase in the development rebate from the present 20 per cent to 40 per cent, a more rational basis for the grant of production incentive, a higher price for additional production achieved by the expansion of existing plants or the setting up of new plants and a realistic retention price for cement—these are the elements of a better deal expected by the industry. But the Government has agreed so far to grant only one measure of relief by way of a higher price (Rs. 77.75 per tonne) for production coming out of expansions of the present plants and out of new plants. If the other measures of relief were also conceded, it would be possible for the industry to expand rapidly. And it would any day be cheaper and more economical to encourage the present units in the private sector to expand capacity and step up production than to establish new units in the public sector which at present has two units—one in Mysore and the other in Uttar Pradesh. As the industry in the private sector has achieved a high level of production performance, representing 95 per cent of its installed capacity (9.4 million tonnes), trained and nurtured a corps of technical personnel and built up some experience in prospecting limestone deposits, it would be more prudent and economical in the long run to improve the investment climate and facilitate the growth of new ventures and accelerate the expansion of existing units in the private sector itself.

The production target of 23 million tonnes, currently canvassed for the fourth Plan, would seem to buttress the case for establishing a number of units in the public sector. But, if it is realised that this is an over-ambitious target in relation to the third Plan's likely maximum achievement of 11 million tonnes per annum, a more realistic target may come to be laid down ultimately. One has only to recall, in this connection, that the second Plan originally laid down a target of 13 million tonnes, later reduced it to 11 million tonnes and finally achieved a production level of 7.8 million tonnes only. If even the comparatively realistic target of 13 million tonnes under the third Plan is beyond reach, it is because of the defects in the Government's policy. If these defects are promptly removed and if a realistic target is decided upon for the fourth Plan, such a target would be well within the capacity of the private sector itself to achieve.

FOURTH PLAN EXPORT TARGET

THE export target for the fourth Plan has now been more or less decided. It is, perhaps, the first among the fourth Plan targets to be determined in consultation with the private sector, as well as with the Ministry concerned. This is only as it should be, because foreign exchange plays a prominent part in the implementation of the Plans and, for the coming Plan, India would be well advised to depend on its exports for the major portion of foreign exchange requirements. Again, it is only right that the spokesmen of private sector should be taken into confidence in this matter, for the great bulk of exports is being handled by that sector. It was, indeed, thoughtful of Mr. Manubhai Shah, Union Minister for Commerce, to have asked the Board of Trade to meet this week and express its views on this important subject. After much deliberation, the Board of Trade has endorsed the figure of Rs. 5,100 crores as the aggregate export target for the next Five-year Plan. This decision, incidentally, should put an end to the controversy that has been silently going on between the experts of the Planning Commission and those of the Commerce Ministry on the export target. It would appear that, while the former were contending that Rs. 5,400 crores should be the minimum, the latter were of the view that anything more than Rs. 4,700-4,800 crores would be extremely difficult and unrealistic. The officials of the Ministries pertaining to agriculture, industries and [illegible] affairs were also [illegible]

Contents

LEADING ARTICLES—	PAGE
Private Sector in Cement Can Do It ...	301
Fourth Plan Export Target ...	301
Reserve Bank on Price Situation ...	302
MARKET GOSSIP	303
THIS WEEK'S SURVEY	306-307
TREND OF SHARES	340
SPECIAL FEATURES—	
Interest in More Interest	303
Delhi Letter	304
American Letter	308
London Letter	309
Corporate Sector's Net Profit Suffers Again	310-311
Manchester Letter	314
Monthly Economic Review of Britain ...	318
Importance of Agricultural Exports to Economic Development	320
Trends in World Gold Production and Distribution	325
India in the World of Agriculture ...	326
TEXTILES	312-313
COAL	316
ENGINEERING	324
NEW PRODUCTS AND PROCESSES	323
COMMERCE AND INDUSTRY	331
COMPANY MATTERS	332-334
TREND OF MARKETS	335-337
MISCELLANEOUS STATISTICAL INFORMATION	338
WEEK'S STOCK EXCHANGE TREND ...	340

ed with the opinion that the expectations of the Planning Commission were too high, reflecting inadequate appreciation of the practical problems. Mr. Manubhai Shah himself was not in favour of a very high export target. In an article contributed to the Independence Day supplements of newspapers last week-end, he struck a note of caution in choosing the export target and crisply remarked: "It would be unfortunate, if a larger export effort, following from a large Plan, is made the subject of fancy and wishes rather than of facts and hard work towards modest practical targets." The target that has now been approved, namely, Rs. 5,100 crores, itself appears to be substantially higher than the figure the Commerce Ministry had in mind, thereby representing a compromise between the ideas of the Ministry and the Planning Commission.

Yearly breakdown of the aggregate target for the five-year period of the coming Plan is not available at the time of writing, except that the Board of Trade has regarded Rs. 1,100 crores as a realisable target in the last year of the Plan, that is, 1970-1971. This compares with Rs. 1,200-1,300 crores which the Planning Commission is reported to have had in view and Rs. 1,065 crores advocated by both the Committee of Economic Secretaries and the Commerce Ministry. More pertinent, however, would be to compare the Board of Trade's target figure of Rs. 1,100 crores with the actual performance and the target of the third Plan. For the final year of the third Plan, the target is Rs. 840 crores, that is, Rs. 200 crores above the exports of Rs. 640 crores in 1960-61, the last year of the second Plan. Exports in 1963-64 were of the order of Rs. 798 crores, a spectacular increase of Rs. 130 crores over those in the previous year. Even making allowance for the fortuitous factors that enabled India to register such a striking increase, it would be reasonable to assume that the third Plan aggregate export target of Rs. 3,700-3,800 crores would be more than realised and that actual exports in 1965-66 would at least be Rs. 850 crores, if not Rs. 875 crores, provided there is no slackening in the efforts for sustaining the high level of tempo and no serious setbacks to either the world economy or the domestic economy. On these assumptions, the target chosen for the fourth Plan means an increase of Rs. 250 crores in the annual level of exports over the five-year period, or a progressive increase of Rs. 50-60 crores every year. Is this a feasible proposition? Two years ago, one would have shook one's head and said "no". But, today, considering the increase achieved last year and the promising prospect of third Plan export target being hit, one may be inclined to say that it is not beyond the realms of possibility.

The target favoured by the Board of Trade, however, implies sustained hard work in many directions. It also calls for the continuation of the vigorous export promotion measures and scheme of assistance adopted last year, with prompt adjustments and refinements to suit the changes in circumstances. The Plan itself should be so drawn up as to facilitate a high level of exports. It has now been realised from experience that there is still good scope for stepping up India's traditional exports (jute manufactures, tea, textiles, minerals, and vegetable oils) if they are competitive in price and quality alike. No efforts should be spared to increase their production at economic prices. The Government's policies should be so readjusted as to enable the country to enjoy the benefits of economies of scale in production and marketing. Considerations of ideology should be tempered by practical wisdom. Investments in agriculture and mining must be stepped up in order to secure larger production. Transport (including shipping) and port facilities should be expanded. Each sector of the economy and every industry must be encouraged to study and state its needs for making an effective contribution to the export drive. The powers-that-be should examine them patiently and dispassionately, without bringing in their ideological predilections, and try to meet such of those needs as are not inimical to the country's larger interests. If this is done, the competitive capacity of many industrial goods and raw materials can be greatly improved.

Some Ministers and members of Planning Commission have been stressing restraint on domestic consumption in order to find enough exportable surpluses. This policy has serious limitations; it is already in force in the case of most commodities, with unpleasant consequences to price stability and cost of living. It can, therefore, be relied upon only to a limited extent. The policy of starving domestic consumers and penalising them, in order to find adequate supplies for exports, may have some chance of success under a dictatorship, but it will be self-defeating under a democratic set-up, where people are not accustomed to self-discipline and where political agitators behave like free-booters in exploiting the discontentment among the people caused by the strains and stresses of rapid economic development. In such a situation, it is only through more and still more production that the surpluses required for export purposes should be found. This is not an unrealistic solution, for the scope for it is large, especially in the agricultural sector.

RESERVE BANK ON PRICE SITUATION

So much has been spoken and written about the critical price situation in the past few months that one need not be surprised if the Reserve Bank of India has not said anything new on the subject in its latest Annual Report on Currency and Finance (for the year 1963-64) released this week. But one is certainly surprised to find that the appraisal of the price situation as made by the Reserve Bank is not sufficiently forthright. Not only is the analysis of the factors responsible for the inflationary pressures in the economy somewhat loose and incoherent, but no attempt has been made to indicate the solutions to the problem of combating the strong and persistent pressure on the price level. Although quite a detailed reference has been made to the price policy, the Reserve Bank has merely listed the series of steps taken by it and the Government of India to counter the inflationary pressures; it has not made any comments on the adequacy or otherwise of these steps, much less indicated the future course of action. By virtue of the unique position the Reserve Bank occupies as the central bank of the country in charge of monetary and credit affairs and as the economic adviser to the Central Government, two roles which it is supposed to play as an autonomous and independent body, it ought to be more explicit and forthright in its views especially on a burning topic as that pertaining to prices. May be, the nature and the scope of the Report on Currency and Finance are different from those of the annual report of the Central Board of Directors. Even so, the authors of the Report should have made at least a searching analysis, if not a critical review, of the problem of rising prices, a problem that is agitating everybody's mind. It is, however, to be hoped that what is lacking in this Report will be amply made good in the annual report of the Directors of the Bank.

From this criticism one must not conclude that the Report is not without some value on the issue in question. Indeed, it is notable for the wealth of statistical data giving a clear idea of the magnitude of the recent trends in prices and highlighting the basic cause of the deterioration in the price situation. Barring 1955-56, in no other year after the commencement of Five-year Plans in 1951 was the increase in prices so steep as that witnessed in 1963-64, the actual increase being over nine per cent; in the previous year (1962-63), the increase was no more than 3.7 per cent, while, in 1961-62, there was actually a drop of 3.7 per cent. Inasmuch as the Report covers only up to the end of March 1964, the review of prices is an understatement of the position as of today, inasmuch as the price situation has deteriorated considerably since the beginning of the current financial year. Thus, between 28th March and 1st August this year, the all-India wholesale price index (base: 1952-53=100) has gone up by a greater extent than was the case in the whole of 1963-64: a rise of nearly 15 points, as against 12 points or a total rise of 27 points since the end of 1962-63, which is almost equivalent to the increase of 27.4 points between the base year 1952-53 and March 1963.

What is the basic cause of the deterioration in the price situation? The answer given to the poser in the Report is unexceptionable. The accentuation of inflationary pressures, as it has been rightly pointed out, is basically the outcome of the widening gap between aggregate demand and supply. While the substantially larger outlays on defence and development, higher levels of industrial activity, increase in incomes and employment, as well as growth of population and urbanisation have all tended to swell demand, agricultural production, which exercises a crucial influence on the general price level, has suffered a visible setback, the decline being particularly conspicuous under food articles which account for 50 to 60 per cent of the total household expenditure. The demand-supply imbalance has been aggravated by a phenomenal rise in money supply. Indeed, at present, too much money seems to be chasing too few goods. The Reserve Bank has been fair enough not to play down this fact, as witness this quotation from the Currency Report:

"Money supply, which broadly represents the monetary demand in this (organised) sector (of the economy), expanded at a distinctly faster rate (in 1963-64) than in the previous year, the increase being Rs. 439 crores or 13.3 per cent, as compared to Rs. 264 crores or 8.7 per cent during 1962-63. The expansion in money supply more than kept pace with the growth in aggregate output, thus inevitably giving an upward thrust to the price level. A striking feature of the monetary situation this year was the increase in money supply in the slack season also."

The Reserve Bank has also been candid enough to concede that the major factor stimulating expansion in money supply continues to be the net bank credit to Government, representing the combined lending of the Reserve Bank and the rest of the banking system. The Reserve Bank's net credit to the Government sector—that is, deficit financing—has been moving up year after year. During the three years of the third Plan (1961-62, 1962-63, and 1963-64), the total of this credit has risen by as much as Rs. 561 crores; a further addition of Rs. 177 crores has taken place in the first quarter of the current year, as compared with Rs. 111 crores in the corresponding period of the previous year.

The impact of the increase in money supply would not have been so severe if only the Central and State Governments had taken care (*a*) to ensure that their high level of investments were matched by savings or by results in terms of increased production, (*b*) to reduce non-Plan outlay as much as possible, and (*c*) to effect economies in developmental expenditure. One wishes the Reserve Bank had thrown some light on these most important causes of the price problem. Indeed, it has sought to justify the tax measures of the Centre (besides the increases in railway freights and fares and post and telegraph charges) as being anti-inflationary in effect. In doing so, the Reserve Bank has apparently ignored the cost inflation that has resulted from the high level of direct and indirect taxation (especially on industrial raw materials) and the pressure on retail prices exerted by the series of taxes on a wide range of commodities.

It is somewhat strange that the Reserve Bank has argued that the incidence of changes in the excise and customs proposed in the last Budget is diffused over a number of commodities which are mostly outside the common man's budget. It is equally strange that the Bank has wholeheartedly endorsed the budget for 1964-65 by glibly saying that the Government has refrained from making any major increase in indirect taxes that may tend to push up commodity prices perceptibly. For the question is not whether the last budget in particular has added to inflationary pressures to any significant extent but whether it was designed to reduce the pressures that were already there, thanks to the impact of heavy doses of taxation resorted to by the Central and State Governments in the earlier years, more especially "the unprecedented increase in taxation"—to borrow the phrase from the Report—introduced in the 1963-64 Budget.

How the heavy load of taxation has aggravated the inflationary pressures was shown at some length in our Market Gossip columns only last week, so that it is unnecessary to dilate on it again now. Suffice it to say that an adequate scaling down of taxes is necessary to give a real boost to production (especially of consumers goods) which will go a long way towards reducing the supply-demand imbalance.

Considering that the price situation is a complex of varied and complicated factors, any qualitative change in the inflationary situation, as Mr. C. Subramaniam, Union Minister for Food and Agriculture, aptly stated at a seminar on food and prices in New Delhi early this week, calls for integrated measures which transcend the conventional wisdom of credit and other regulations. It is gratifying to hear from Mr. Subramaniam that he proposes to bring about a rationalisation of the food price mechanism. But such rationalisation of food price mechanism alone will not be of much avail, unless measures are taken to augment foodgrains production and unless a bold bid is made to avoid excessive deficit financing, to redetermine priorities to advance projects yielding immediate results, and to cut down non-developmental and unproductive expenditure to the barest minimum. The Prime Minister, Mr. Lal Bahadur Shastri, we are glad to note, has expressed his determination to tackle the price situation with vigour. In this task, he deserves the unstinted support from his colleagues at the Centre and in the States, as well as from the Opposition leaders and the business community.

MARKET GOSSIP

Stock Exchanges In Good Cheer

The Stock Exchanges are in a cheerful mood and the recently begun upward trend is still gathering momentum. Gains have been handsome in regard to only certain popular speculative counters, while the vast majority of scrips, including a good number of first class equities, have scarcely moved up. Among the speculative counters, steels have taken the lead. This is not surprising, for they had remained unduly depressed for an unduly long time. Both the steel companies have stepped up their dividends and their financial strength is perceptibly improving, having attained production upto their full rated capacity. In other words, the burdens of development under the second Plan which had been acting as a drag on the dividend-paying capacity of these companies have begun to shrink in size. There is no threat of nationalisation either direct or indirect. In fact, the Government does not intend to exercise its recently acquired power to convert the loans given to them into equities and wants them to expand their capacity further. That apart, purely on the basis of merits, even at current levels the steel shares are not overpriced.

It would surely be too early to say that the rise in equities in recent days has been too much or too rapid. If first class counters in the cash list have not yet received the attention they deserve, it is because genuine investors have yet to get over the shocks of depression. Many of them have suffered heavy losses, especially in new scrips. Further, the rising cost of living has eaten into their margin of savings and a part of their incomes has to be set aside for paying the Annuity Deposit. If nothing untoward happens, the bullish fervour may gradually spread over a wider list of counters.

Debacle In Cotton

After many many years, the futures section of the Bombay cotton market is faced with the failure of a few speculators to pay the difference due from them on the clearance day; the amount involved is placed at Rs. 10 lakhs. Consequently, trading in Jarilla August Contract has come to a standstill, even though it still has a few days of life. This debacle is the result of overtrading by a few adventurous speculators of inadequate means and brains. It is inconceivable that anyone should go short by several thousand bales and keep the position open almost right up to the end of the Contract's career, when prices in the spot market have all along been ruling firm at the ceiling level. Although the current cotton season is ending with a comfortable carry-over, thanks to a record crop of six million bales (of 400 lbs. each), the supply of good cotton has become scarce and the quantity available for being tendered against the Contract is limited. That this would be so would have been obvious to any speculator who had any connection with the cotton market and had cared to study the statistical position of the commodity. Obviously, the bears who are now caught must either be ignorant or reckless gamblers, caring very little for their reputation. The bulls who were all out to get their pound of flesh cannot be blamed, if they still insist on doing so. No one need be sorry for this mess in the East Indian Cotton Association, though the Board of the Association could have averted it in good time had it the desire and will to do so. The Forward Markets Commission has done well in remaining calm, resisting the temptation to rush in with more restrictive measures. For the tussle between the bulls and bears has been well within the rules and limits already prescribed by it. Had it come forward with any further steps, it would have meant taking sides with the bears now in distress and deservingly so. Now it remains for the Income-tax Commissioner to collect his share in full from the bulls who have had a windfall. He must make sure that they do not outwit him by hiding their profits.

World Coffee Agreement

Just before the International Coffee Council began its fifth meeting at London on 28th July, some had expressed serious doubts about the Council being able to reach agreement on the issue of export quotas for the coffee year commencing from 1st October next. These doubts have proved correct. The meeting, which was to have ended on the 7th of this month, went on till Wednesday the 19th inst., when it adjourned to meet again after sometime, without reaching any agreement on either the overall basic quota or on the quotas for individual member-countries. For so divergent and conflicting were the views of the consumer and producer groups of countries. The former wanted the overall quota to be fixed anywhere between 47 million bags and 49 million bags, while the latter favoured a lower quota: 45 to 47 million bags. Informal talks are currently going on among the delegates and a further conference is expected to be held next month.

Despite the deadlock on the quota issue, the recent session of the Coffee Council was not without any significance. The Council, before adjourning, took two important decisions, besides approving the administrative budget amounting to $700,000. One of them was the sanctioning of a $5.3-million programme for promoting world coffee consumption during the year 1964-65; the programme will be financed from out of a cess (at the rate of 15 cents per bag) on coffee exported from member-countries of the Agreement. The other was the approval of rules governing deduction of export excesses over authorised exports. Accordingly, any excess over authorised annual exports during the three previous quarters of the same coffee year which is not compensated by a corresponding quantity in the fourth quarter will be treated as a quarterly excess of the last quarter of the coffee year 1963-64 and be deducted in equal parts from the authorised exports for the quarters January-March and April-June of the coffee year 1964-65. In case such exports exceed 50 per cent of the authorised exports under quota in any of these quarters, the balance will be deducted from the authorised exports under quota for the July-September quarter of 1964-65.

In the context of quota restrictions and the move to stimulate consumption, the world coffee market is currently ruling distinctly firm. Uganda Robusta grade coffee is now quoted in London at £14-2 per cwt. This rate, though it is lower than the high of £16-18 touched a few weeks ago, is well below the £9-9 prevailing at this time last year. In view of the high prices abroad, Indian coffee interests are hoping to earn more from exports. The earnings would be larger still if the country's plea for a more liberal export quota were conceded by the Coffee Council.

Tea In Madras

The move of the Madras Government to give some tax relief to tea industry is, indeed, commendable. Addressing the eleventh annual conference of the Association of Planters of Madras at Coonoor last week, Mr. R. Venkataraman, the State's Minister for Industries, disclosed that the Madras Government was considering the question of granting some relief for tea under the agricultural income-tax. He did not indicate what exactly this relief would be. It is, however, presumed that the Government would allow, as suggested by the Centre, replanting expenditure as a legitimate charge on the profit assessable for agricultural income-tax. While the Minister was silent on the plea of the Association's Chairman, Mr. M. R. M. Punja, for allowing depreciation allowance for field assets in the form of tea, coffee and rubber, he held out the welcome assurance that the Government would give planters exemption from electricity consumption tax during periods of power cut or when the Government asks the industry to use its own generators.

Madras has once again given the lead; it was Madras which first granted the depreciation element in the case of rubber. And the Governments of other States will do well to follow this lead.

Capital Goods Industries

It is well known that the cost of production of capital goods in India is very high as compared with that in the industrially developed countries. The cost is high in both the public and private sectors. Although consumer goods industries are not free from this defect, the high cost of capital goods has more severe and sustained repercussions, as it affects, to a very large extent, the cost of production of consumer goods. With the introduction of science and technology to our agricultural system, and the use of fertilisers and improved farm implements, even the cost of production of agricultural commodities depends to some extent on the cost of production of industrial goods. The high cost of production of one commodity thus chases that of others, resulting in a vicious circle that does not easily lend itself to be cut effectively.

In order to curb inflation in the economy, it is necessary to bring down the cost of production of not only consumer goods, but also capital goods like steel, machinery and chemicals, as this reduction will automatically affect the cost of production of consumer goods. The magnitude of the problem will be clear from the latest finding of an official working group that the cost of most capital goods manufactured in India is higher by as much as 40 per cent as compared with the landed cost of the same categories of items, besides being comparatively inferior in quality. The high cost of capital goods in the country is the result of a number of factors. Though it cannot be denied that most of the capital goods industries in India are in their infancy, it is also true that production has not been able to reach the optimum level in the case of many plants. One reason may be the shortage of raw materials. Another reason may be the Indianisation of technical services. As the indigenous technical expertise is not of the same calibre as in the Western countries, the replacement of foreign experts has, in many cases, adversely affected the productivity of the plants and the quality of products. The lack of introduction of modern industrial practices in many plants is a third reason for the high cost of production.

It is gratifying to learn that the Government is now considering the problems faced by the capital goods industries in reducing the cost of production. It is reported to have decided to constitute a panel of experts to suggest measures for introducing modern industrial practices in the capital goods industries in the public sector with a view to reducing cost of production. It is also said to be examining the question of facilitating the flow of foreign experts without any inhibitions.

INTEREST IN MORE INTEREST

By Questor

The resources of British banks have been growing more *slowly* for some years past than those of other deposit-taking institutions like finance houses and building societies. The reason is not far to seek: the latter offer much more attractive rates of interest. About two-thirds of all bank deposits are current accounts, on which no interest at all is paid. The rate on the remaining third is fixed by agreement at 2 per cent under Bank Rate and stands at present at 3 per cent. By contrast, *Local authorities offer 4½ per cent*, finance houses a fraction over 5 per cent, and building societies the equivalent of nearly 6 per cent.

It is some time now since the Governor of the Bank of England shocked the bankers assembled at a banquet to celebrate the 400th anniversary of one of the big ten by suggesting that they were not doing all they could to meet the needs of the twentieth century and that it might be a good idea if they tried to win deposits from competing institutions by offering higher rates. The shock was due not only to the unexpectedness of this onslaught and the occasion on which it was delivered but to the fact that the rigidity of the present structure of bank interest rates had been assumed to suit the convenience of the monetary authorities. When it wore off, however, bankers—to whom the idea of competition was not altogether novel—began to consider the new proposal.

The first reaction was that higher rates would serve no useful purpose. The level of bank deposits, it was argued, was a simple function of the amount of liquidity the *monetary authorities chose* to create; higher rates could not increase it. The argument, however, was soon carried a stage further. If the banks raised their deposit rates, two results might be expected to follow. In the first place, they would probably win deposits from competing institutions. Even if this did not increase the total level of bank deposits directly, it would certainly reduce the velocity of monetary circulation and perhaps force the monetary authorities to create more credit. In the second place, they would probably attract funds at present invested in Government securities, notably through the National Savings movement. The Government would be forced to make good this loss by borrowing in other directions—in particular, by issuing Treasury Bills to the banks themselves and so increasing their credit base.

Once thinking had reached this stage, the banks became more reconciled to the idea of competition. There would be no point, of course, in paying interest on current accounts, which are presumably maintained at the minimum level compatible with convenience, or in increasing the rate on small deposit accounts. But it might well be possible to win back business from competing institutions by offering higher rates on large deposits guaranteed for a certain time. Most of the bank chairmen gave the possibility an approving mention in their annual statements.

At this point, however, the Treasury stepped forcefully in. The Bank of England is nationalised and is formally subordinate to the Treasury, but it enjoys a good deal of independence in practice, and it is by no means the case that the two institutions always see eye to eye. On this occasion, the Treasury decided that higher bank deposit rates would mean, first, that monetary management of the economy would become more complicated and, second, that loan rates to industry would be bound to rise simultaneously. There may be a case for this in the abstract, since bank finance is relatively cheap and many firms depend on it who could perfectly well raise permanent capital in the market. But it did not seem a good idea to officials, who, at that time, were trying to stimulate the rate of growth of the economy and, in particular, to encourage an upswing in industrial investment.

The banks, however, annoyed by this Treasury ban on a step which had taken them so much time and trouble to decide on, are now eager to experiment in this new field. And since the British economy is now at a stage where it may soon need mild restriction rather than further stimulus, the case for giving them their head has become rather stronger. In the meantime, some of them may well attempt to do by the back-door what they are still discouraged from doing by the front. They already have substantial investments in the leading finance houses, some of which are completely controlled by banks, and are, therefore, able to do part of their business at the higher deposit and lending rates which these institutions customarily quote.

They now seem to be hiving off another part of their business. At the end of last year, the Midland formed the Midland and International Bank with the participation of three foreign banks. The Westminster has recently increased the capital of Westminster Foreign. Barclays has now formed Barclays Export Finance Company with an issued capital of £ one million. This financial services it offers to exports are not markedly different from those which Barclays itself already offers and will continue to offer. But it will also take deposits of over £50,000 at fixed terms of three, six and twelve months at whatever the market rate happens to be. It would not be surprising, if Barclays were to push export financing business into its new and flexible subsidiary, just as it tends to push certain other business in the direction of its associated finance house.

DELHI LETTER

CONTROLLING POPULATION GROWTH

PLANS FOR A "CRASH PROGRAMME"

From Our Special Correspondent

NEW DELHI, 18th August

NOTWITHSTANDING the controversy in public between the Deputy Chairman of the Planning Commission and a Commission member, Dr. V. K. R. V. Rao, programmes are being processed with the idea of intensifying the campaign for sterilisations, particularly of males, so as to bring about a reduction in the population growth. In the decade 1911 to 1921 there was no growth in the Indian population. In the thirty years to 1951 the population grew 44 per cent and in the decade of the fifties the population explosion reached the rate of 22 per cent. It is now believed that the increase during the decade of the sixties will be at least 24 per cent. According to experts, India is now in the second demographic stage. In the first stage in which the country remained until 1921, the birth and death rates more or less neutralised each other. The progressive reduction in the death rate from about 44 in the beginning of this century to about 20 per thousand of the population in the decade of the fifties has caused the population to increase at a high rate. According to the Indian Parliamentary and Scientific Committee, which has just published a report on population control and family planning, the death rate has already shown a fall to about 18 per thousand of the population without any similar fall in the birth rate. It is in the third stage of the demographic cycle that there is a steady fall in the birth rate. According to the Parliamentary and Scientific Committee, there is a time lag between the fall of the death rate and the fall in the birth rate; in Western countries this process has taken a century or a century and a half.

The biggest immediate problem from this increase in the population growth rate is in the provision of foodgrains. The Committee's report contains an amusing paragraph which reads: "It can be reasonably expected that in the next twenty-five to thirty years, through great effort, it may be possible to produce at the most 94 million tons (of foodgrains) a year. This would be just enough to feed 450 million a year. It appears that the population has already exceeded this limit though the total food production is lagging far behind." (The Chairman of the Parliamentary and Scientific Committee is Mr. Lal Bahadur Shastri.)

No. of Sterilisation Operations

Year	Males	Females	Total
1956	2,879	5,526	8,405
1957	3,760	10,797	14,557
1958	10,676	17,853	28,529
1959	16,630	23,607	40,237
1960	37,373	25,157	62,530
1961	60,196	37,405	97,601
1962	96,418	33,096	129,514

The Committee says that, if a list of priorities for the family planning programme is drawn up, more money should be spent on propaganda and education. The Committee proceeds to argue that the role of medical personnel will be subservient to those of social and behavioural scientists for years to come. According to it, "family planning is not a medical problem; but it is essentially a social and psychological problem."

The Committee discusses the various contraceptive methods and points out that, although the licensed capacity for rubber contraceptives was 93 million, production in 1963 was only two and a half lakh pieces. At present, the licensed capacity has increased to more than 180 million pieces a year, according to the Family Planning Directorate in New Delhi. It is estimated that the demand for rubber contraceptives may be as high as 180 million pieces this year and more than 500 million pieces by 1966. The Government is understood to be considering the question of entering the contraceptive manufacture business in a big way since there appears to be a disinclination on the part of private manufacturers to increase production. One party which was granted a licence recently surrendered the licence. The private sector's reluctance is probably due to the fact that in this country the rubber and other contraceptive appliances may have to be distributed free or at nominal charges if there is to be any widespread use of contraceptives. In the face of rising prices, the people are likely to consider the amounts spent on purchasing contraceptives as a domestic budget item on which economy could be practised, as Mr. Asoka Mehta pointed out to this correspondent some days ago.

Mr. Asoka Mehta is forcefully advocating the popularisation of sterilisation operations for men, but the Parliamentary Committee says: "To effect a fifty per cent reduction in ten years (which should be the target if the population is to be stabilised at an optimum level of 600 million,) nearly two million operations per year or six thousand operations per day have to be performed. Even with the maximum intensification of efforts and providing the facilities for operation it is difficult to visualise the figures reaching beyond two lakhs a year." Yojana Bhavan planners, however, think that it will be possible to popularise vasectomy as the only sure method of population control. The Parliamentary Committee's emphasis is on non-clinical methods because it proceeds on the premise that family planning is primarily a social problem. The Committee says. (1) High priority should be given to the production of mass communication media and rapid methods of dissemination of information and education. (2) Far more resources, and probably the bulk of them, should be put into non-clinical systems of education and distribution of contraceptives. Normal retail channels should be maximised by education and subsidisation of shopkeepers, druggists, doctors, midwives, welfare organisations in large factories and offices. . . (3) Indigenous production of contraceptives should receive high priority. Since there does not seem to be any particular enthusiasm in the private sector, the question of their manufacture in the public sector should receive serious attention.

Public expenditure on family planning schemes has hitherto been lagging behind the allocations under the Five-year Plans. In the first Plan the outlay proposed was Rs. 65 lakhs and the public expenditure was only Rs. 19 lakhs and in the second Plan the outlay proposed was Rs. 550 lakhs and the expenditure Rs. 300 lakhs. The outlay in the third Plan is Rs. 2,700 lakhs but the total expenditure in the first three years has been less than Rs. 900 lakhs, leaving two-thirds of the third Plan outlay available for expenditure in the last two years of the current Plan.

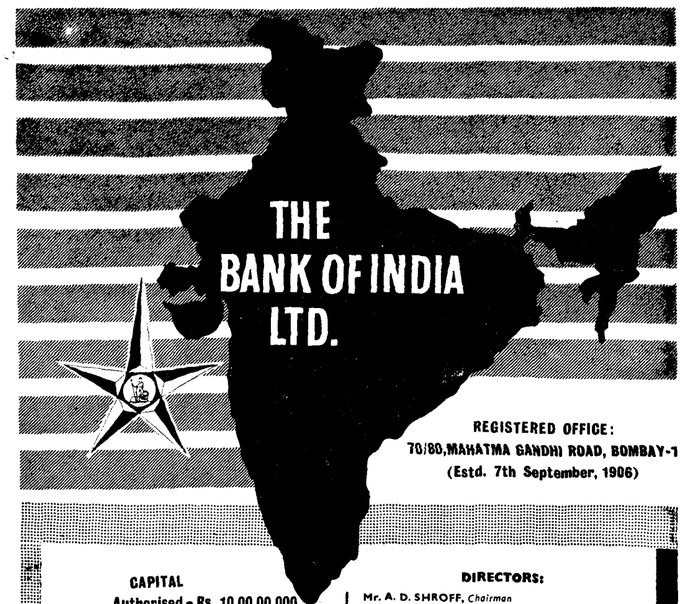
At the end of the second Plan, the number of family planning clinics was 2,136—1,379 in the rural areas and 757 in urban areas. The clinics have now got a new name, family welfare planning centres or Parivar Kalyan Niyojan Kendras. As on 31st March 1964, the number of such centres was 10,948, of which 9,244 were in the rural areas and 1,704 were in the urban areas. The rapid statistical increase is probably due to redefinition of the scope of the centres; now institutions distributing contraceptives are also included in the listing. The third Plan target, however, refers to 8,200 clinics—6,100 in the rural areas and 2,100 in the urban areas. The Health Ministry thinks that this target will be achieved by the end of the third Plan. In 1956 the number of sterilisation operations recorded by Government institutions was 8,136; of these the number of operations on males was 2,879 or, in other words, the females undergoing sterilisation operations totalled two-thirds of the total undergoing operations. By 1959 the number of sterilisation operations increased to more than 40,000 but the number of females undergoing sterilisation still was higher than the males. This trend was reversed in 1960 where more males than females underwent sterilisation. In 1962 the operations crossed the one-lakh mark; the number of males going in for voluntary sterilisation was more than 96,000. Up to March 1964, the total number of sterilisation operations conducted by Government institutions was more than 550,000. The goal of the family planning programme now is to accelerate the trend of birth control measures so as to halve the rate of population growth and to spread the practice of family planning to ninety per cent of the married couples. Several State Governments have now accepted the need for a "crash programme" in sterilisation.

The Union Government has already decided to offer various forms of financial assistance to the States. These include: (1) Strengthening of staff of teaching medical institutions for training of doctors in the techniques of sterilisation operations; (2) Strengthening of hospitals up to taluk level for which the Centre will spend up to about Rs. 10,000; (3) Payment of Rs. 100 per day to surgeons for doing a minimum of ten sterilisations of men in camps organised by the State Governments; (4) Rs. 100 a day for surgeons who do a minimum of five sterilisation operations a day on women; (5) Special casual leave of up to six days for Central Government employees undergoing sterilisation operations. Some State Governments are already paying people undergoing sterilisation operations Rs. 10 to Rs. 30 to compensate for the loss of wages.

Plan Outlay on Family Planning
(In lakhs of rupees)

	Outlay	Expenditure
First Plan	65	19
Second Plan	550	300
Third Plan	27,00	..
1961-62	..	242
1962-63	..	314
1963-64	..	327
1964-65	..	883
Fourth Plan (suggested) ..	101,00	..

For the fourth Plan, experts at Yojana Bhavan recommend an outlay of Rs. 101 crores for family planning programmes. (See also Delhi Letter in *Commerce* dated 8th August 1964, on page 216).



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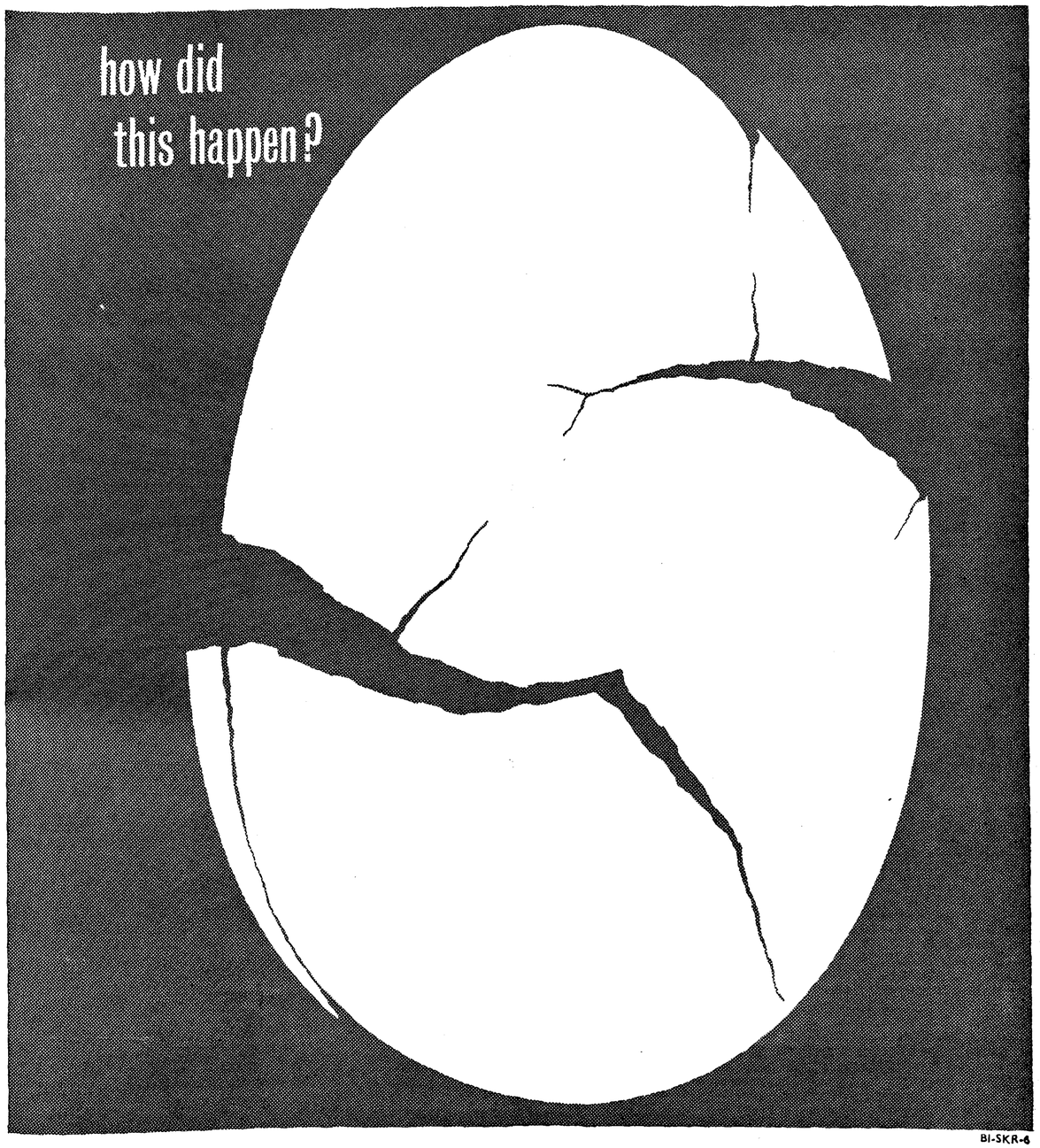

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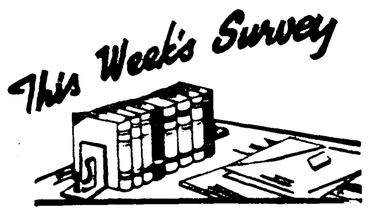

F.I.C.C.I. ON MONOPOLIES

FOR some time now, the Monopolies Enquiry Commission has been receiving memoranda from commercial organisations on its terms of reference. The latest memorandum is the one submitted by the Federation of Indian Chambers of Commerce and Industry. In this memorandum is to be found a painstaking analysis of the structural and organisational aspects of Indian industry. It emerges from the Federation's analysis that "there is little scope for any concentration of economic power in a few hands or for the exercise of monopoly control over the supply of any commodity." Moreover, according to the Federation, it would not be *relevant* to speak about the existence of monopoly and concentration of economic power, for the various legal and administrative regulations, together with the overall controls imposed by planning, "have limited the freedom of individual enterprise and made it conform to the standards set by the Government." This general approach, which takes into account the pervasiveness of legislation and administrative regulations that limit the growth, form, ownership, control, etc. of private industries, has been amplified by the Federation as follows:

"There are certain peculiar features which apply almost invariably to all industries in India and which make it impossible for any firm or group of firms to achieve monopoly power so as to regulate prices, production, distribution or investment. The extent of these regulatory measures is so comprehensive and their application so unmistakable that development of industry in all forms and at all levels has been just what Government had planned or desired. When the State has such effective powers, it would be idle to talk about monopoly or concentration of economic power in private hands."

Specifically addressing itself to the question whether under the prevailing conditions it would be possible to secure a monopoly position in any industry, the Federation has sought to establish "that, taken all in all, the sellers in India cannot be deemed to have that unrestrained power which can be described either as monopoly or concentration of power." The stages by which this conclusion has been reached constitute the core of the Federation's memorandum. The starting point of the Federation's analysis is the working hypothesis "that monopoly ceases to be effective when the supply controlled by the largest seller is less than one-third of the total supply in the market." This hypothesis, which has been adopted in the U.K., is further based on the assumption that the particular commodity does not have any near-substitute. Applying the hypothesis to the following estimates made by the National Council of Applied Economic Research, the F.I.C.C.I. memorandum argues that, in most industries, the proportion of output controlled by the largest firm or the largest group of firms is less than one-third and that, therefore, it cannot provide any effective basis for monopoly power:

Industry	*Year*	*Percentage share of topmost unit/group/in total production/ capacity*
Cotton textiles	1958	4.1
Sugar	1958-59	2.4
Coal	1959	11.1
Caustic soda	1958	14.8
Matches	1960	60.0
Jute textiles	1958	12.3
Ceramics	1957	17.3
Paints and varnishes ..	1957	11.4
Hydrogenated oils ..	1958	14.0
Superphosphate	1958	14.8
Soap	1957	30.8
Cement	1960	45.0
Bicycles	1959	20.2
Paper and paper board ..	1958	23.5

It will be seen from the above figures that there are at least some industries where the output controlled by the largest firm or the largest group of firms is more than one-third. But the Federation has hastened to add that this does not mean that these are monopolies, for they do not have the freedom to charge any price, adopt any process of manufacture, regulate the level of investment and growth, etc; this freedom is purposively curtailed by the general policy framework. The capacity to retain monopoly power is eliminated by the opportunity available under the Industries (Development and Regulation) Act for the entry of competitors. Further, a situation cannot be identified as monopoly, if it is not associated with the power to influence prices, supply or cost. As prices are controlled by the Government in several industries (namely, steel, pig-iron, sugar, zinc, cement, fertilisers, coal, paper and newsprint, cotton and woollen textiles, *vanaspati*, petroleum and petroleum products, drugs, etc.), there can be no question of any effective monopoly *per se* in such industries. The Federation has also highlighted the fact that Indian industry has registered rapid growth in all fields of production in the last decade, thanks to the operation of competitive forces. Such growth would not have been possible in monopoly conditions, for it is a matter of general observation that an industry with a monopolistic organisation is apt to grow at a smaller rate than it does under competition. All these are no doubt powerful arguments. If they also happen to be borne out by the Commission's specific enquiries, it will be very good indeed.

The Federation's memorandum is notable for the attention it has focussed on the need for reducing the present pervasive restrictions so as to stimulate greater effort in the industrial sector. Some of these restrictions already amount to interference by external authority with the internal management of companies and render the economic power of entrepreneurs ineffective. As they generally stand in the way of monopolistic control and concentration, the Federation has taken the stand that no further regulations are called for. Of course, it has recognised that the number of producers in certain industries is not large. But this situation, in its opinion, merely reflects the state of development in accordance with the licensing policy and Plan targets; it does not reflect the existence of monopolistic or restrictive practices. Further development is bound to bring in more producers, thanks to the assertion of the forces of individual enterprise, and thereby put an end to the present temporary scarcity in some fields. It is the emphatic view of the Federation that any additional restrictions on the present system would only curb effort and postpone development itself. As the Union Finance Minister himself said in his Budget speech on 29th February 1964, the question is how to achieve this objective—the objective of preventing any concentration of economic power or the growth of monopolies—"consistently with our concern to see that genuine and desirable development is not stifled." The Monopolies Commission may be expected to show the way in the light of its objective enquiries.

A CHRONICALLY IRRATIONAL ATTITUDE

The stubborn refusal of the Maharashtra Government to concede the Bombay Gas Company's just plea for a moderate increase in gas price is deplorable. Equally deplorable is the move of the Government to take over the Company itself. It is true that the gas produced by the Company constitutes an important source of fuel to a large number of homes (18,000 in all), hotels, hospitals and industrial establishments, besides being used extensively for street lighting, in the city of Bombay. But one should not be completely blind, as the Government of Maharashtra has all along been, to the realities of the situation. The array of facts and figures cited by Mr. N. K. Jalan, Chairman of the Company, in his speech at the annual meeting of the Company held in Bombay on Tuesday this week, will clearly bring out the irrational attitude of the State Government towards the Company. The price of gas has continued to be pegged at the 1949 level of Rs. 3.94 per thousand cubic feet, despite the marked rise in the production costs of the Company, following the all-round increases in coal prices, enhanced freight charges, heavier wage bill and higher interest charges. The Company consumes on an average as much as 110,000 tons of coal every year. Should not the price of any commodity be adequate enough to cover cost increases, provide a moderate return on capital employed, and ensure a reasonable surplus for expansion and development? The Government of India has recognised this important fact. When the control prices of several goods (iron and steel, cement, coal and sugar, to mention a few) have been revised upward, one fails to understand why the Maharashtra Government has not cared to raise the price of gas suitably.

The price of gas continues to be pegged at the uneconomic level of Rs. 3.94 per thousand cubic feet, while the price of liquid petroleum gas sold by Burmah-Shell and Esso is as high as Rs. 16. The price is also well below the Rs. 7 at which the Oriental Gas Company of Calcutta (this Company was taken over by the West Bengal Government in 1960) is supplying gas in Calcutta. That the Bombay Gas Company's plea for a suitable increase in price is fully justified has been, we understand, amply borne out by the findings of the Directorate of Government Commercial Audit which examines the accounts of the Company year after year. When the Government of Maharashtra appointed a Gas Advisory Committee in February 1963, it was thought that the Government might have been convinced of a strong *prima facie* case for an increase in gas price. But, for some unknown reason, the Government has not cared to release the Committee's report, much less to act upon it, although nearly a year has elapsed since the report was submitted. The Committee is believed to have recommended a higher price for gas, and it is regrettable that this recommendation has been kept in cold storage. It is all the more regrettable because the recommendations of the Committee, according to our understanding, are mandatory.

Caught as it has been between a highly uneconomic price (fixed fifteen years ago), on the one side, and cost inflation, on the other, the Bombay Gas Company has been incurring heavy losses. The working results of the Company for the year 1963 show a loss of Rs. 10.31 lakhs. This much loss on a turnover of about Rs. 110 lakhs is certainly quite heavy. Moreover, it may be noted here that, out of the annual turnover of the Company, only half represents the income from gas, the other half being derived from the sale of by-products (soft coke, tar, creosote oil, ammonia and naphthalene).

In the context of the proposed move to nationalise the Company, it looks as though the continued refusal of the Maharashtra Government to sanction an increase in the selling price of gas is a deliberately planned action to deprive the shareholders of the Company adequate compensation and to take over the entire show for a song. This is surely unethical and unbecoming of any democratic government. The best way to disabuse this impression is to drop the move to nationalise or municipalise the Company. It must be noted here that the Company is not unwilling to expand its activities by making fresh investments, if it is assured of a reasonable return. Indeed, it claims to have taken great pains and spent large amounts of money in order to expand and develop. The quality of its service is also said to compare favourably with that of other public utility concerns. What justification is there then for the State Government to take over this Company? Surely, the Government's hands are not idle. It has plenty of other things to do and its resources can be more fruitfully employed than in taking over an existing undertaking.

JUTE GOODS EXPORTS

It is not so much the growing popularity of paper, polyethylene and other packaging materials and bulk handling methods as the keen competition from the Pakistan jute industry that is now causing utmost concern to jute millowners and shippers in India. Indeed, indications are that competition offered by Pakistan jute mills will be keener still in the coming years, especially in respect of sacking goods. The jute industry in Pakistan is now said to be operating at a level of 325,000 tons annually, representing about 25 per cent of India's production, and there exist plans which envisage a further 20 per cent increase in production over the next eighteen months and a much greater increase over the subsequent three or four years. The four distinct advantages enjoyed by the Pakistan jute industry are (*a*) completely modern machinery and equipment, (*b*) availability of superior quality raw jute at an economic cost, (*c*) larger yield of raw jute per acre, and (*d*) direct export subsidy.

Pakistan has, of course, every right to resort to any reasonable step to make its jute goods highly competitive in world markets. But the grant of a permanent export subsidy in the form of bonus voucher scheme certainly contravenes the G.A.T.T. fair trade regulations. If the Government of India has resisted from conceding the plea of the Indian jute industry for a similar subsidy, it is apparently because it does not want to be placed in the same invidious position. At the same time, it recognises the need for offsetting the advantage enjoyed by the Pakistan jute industry over the Indian industry. The Government has been considering for some time the question of granting assistance for export without infringing the G.A.T.T. regulations. One of the proposals mooted in this connection relates to the grant of a subsidy on sacking exports made at prices competitive with those from Pakistan, the subsidy being paid from out of a fund raised by a cess on the domestic sales of jute goods.

It is felt that, if the aforesaid scheme were operated by the industry, the Government could absolve itself of the responsibility for giving a permanent export subsidy. But who will bear the cost of this arrangement? Apparently, the domestic consumer. In that case, the inflationary pressures within the country will be aggravated further which in turn will add to the cost of production of the jute mills themselves in course of time. In short, this is a self-defeating measure. It may not yield any sustained tangible results. It is possible that, in order to counteract the advantage of this scheme to Indian jute mills, Pakistan may come out with an even more liberal scheme of export assistance. In any case, the adoption of measures and countermeasures of doubtful economic value by India and Pakistan is not a sensible approach. It simply means one underdeveloped country cutting the throat of another, the net gainers being the developed countries which can certainly afford to pay reasonably better prices. The need for avoiding such unhealthy competition was very forcefully stressed in just one sentence by Mr. D. Duncan-Smith, the retiring Chairman of the Calcutta Jute Fabrics Shippers Association, when he addressed the annual meeting of the Association at Calcutta last week. He said:

"I sincerely hope that, ultimately, the two countries can reach a form of working agreement in both raw materials and finished goods, so as to avoid chronic over-capacity and, in the end, bankruptcy in both camps. ..."

This is certainly a sound suggestion, but it is highly doubtful whether Pakistan will really co-operate with India in this respect. Any invitation by India will be interpreted by Pakistan as stemming from weakness. Even so, the Indian Jute Mills Association (I.J.M.A.) may sound its counterpart in Pakistan. Till then, however, every effort must be made by this country to improve the competitive capacity of Indian jute goods abroad. Simultaneously, the assistance of G.A.T.T. must be sought again for preventing Pakistan from infringing continuously rules of international trade to which it is a party. Mr. Duncan-Smith wanted the Government of India to assist the industry in meeting the "State-subsidised competition" from Pakistan. Echoing this plea, the I.J.M.A. Secretary, in the course of a statement issued to the Press, observes: "A boldly conceived plan of assistance to the industry is what is required to achieve this desired objective (of not losing its position as the major supplier of jute goods), but time is fast running out. If the confidence of the Indian industry in its future is not to be irreparably damaged, Government must come to the industry's aid, so that a concerted effort can be made to win back lost markets and to ensure that India obtains a fair share of any rising world demand."

Neither Mr. Duncan-Smith nor the I.J.M.A. Secretary spelt out clearly the type of assistance which the Government should provide. By way of general remarks, however, Mr. Duncan-Smith did indicate certain lines on which improvements could be effected. In particular, he stressed the importance of maintaining high quality standards and stability of prices. He went to the extent of saying that some sort of stability must be achieved, even if it meant control on maximum prices for export; minimum prices were already being enforced. Mr. Duncan-Smith also stressed the need for removing two main obstacles to the rapid settlement of overseas buyers' claims. One is the somewhat cumbersome arbitration

(*Continued on page 337*)

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AMERICAN LETTER

PRIVATE INVESTMENTS ABROAD EXPECTED TO RISE FURTHER

BUT WILL INDIA GET MORE?

By N. Pattabhi Raman

NEW YORK, 15*th August*

IT is believed here that, in the fourth Five-year Plan, the target for foreign private investments in India would be set at $1,500 million, or $300 million a year. This would represent a five-fold increase in expectations, considering that the Third Plan target is $300 million for the five-year period.

The escalating expectations underscore the realisation on the part of the Government of India that foreign, Government-to-Government aid cannot be expected to keep up with the anticipated increase in foreign exchange requirements during the fourth and fifth Plans and that, substantially, larger foreign investments would be required to narrow or close the foreign exchange gap. Finance Minister T. T. Krishnamachari has publicly acknowledged this position in seeking to improve the climate in India for foreign investments.

Placed against these hopes, recent data indicating a rise in U.S. business investments abroad should appear heartening. A survey conducted this month by the publishing firm of McGraw-Hill reveals that U.S. manufacturing and petroleum companies expect to spend $4.5 billion on their overseas activities this year—a 14 per cent increase over last year and the biggest annual increase since 1957. Actually, manufacturing companies plan to spend 21 per cent more than last year.

Part of a Trend

The rising outflow of American investment capital is part of a trend. U.S. companies have now invested some $35 billion in plants and equipment in other countries. Two-thirds of this investment was made in the last ten years. In 1963, more American companiees (745) participated in new foreign activities than in the previous two years. They established 718 new activities (new facilities, expansion of existing facilities or licensing arrangements) last year, as compared with 584 in 1962 and 560 in 1961. These figures are available from a study made by Booz, Allen and Hamilton, a Chicago firm of management consultants.

The McGraw-Hill survey further indicates that, both for 1965 and 1966, U.S. companies are planning to spend in excess of $4.6 billion on overseas activities.

The projections for 1964 to 1966 may be somewhat surprising, considering that the domestic economy is shaping excellently, but the factors underlying the rising outflow are not difficult to locate. Apparently, more and more companies in America are coming to the conclusion that the biggest markets of the future are overseas, not here at home. They seem to feel that the U.S. market, though huge, is relatively saturated and that new products are the only major key to growth. Sales data of U.S. companies with multinational operations clearly show that their sales overseas are growing much faster than their sales in the U.S. The McGraw-Hill survey indicates that U.S. manufacturing companies expect a 11 per cent increase this year (to $36 billion) in sales from overseas plants, as against an anticipated 6 per cent rise in U.S. sales.

Profitability

Profitability, too, it seems, is better abroad than at home; returns on capital even in some of the so-called socialistic societies top what can be obtained in the citadel of capitalism. Many companies admit to a percentage return twice as high overseas as in the U.S., the contributing factors presumably being less competition and lower labour costs. Sixty-five per cent of the companies polled by McGraw-Hill stated that profit-margins abroad were as good (23 per cent) or better (42 per cent) than at home.

Also, the cash position of U.S. companies is excellent this year, despite a projected 12 per cent increase in domestic capital spending and hence they are able to festoon the globe with doller bills.

If U.S. companies are stepping up their foreign investments, one might say that it augurs well for India. But to determine to what degree it really does so, one must look into the directions of the flow of American private capital. The governing principle in this regard was well stated recently by Augustus C. Long, Board Chairman and Chief Executive Officer of Texaco, when he said: "Private enterprise is free enterprise. It is free to go where it is needed, where it is wanted, and where it will be treated fairly. If the economic climate is poor, private enterprise will look elsewhere."

Statistics developed by Booz, Allen and Hamilton indicate that, during the 42-month period ended 31st December 1963, U.S. companies chose Western Europe as the site of half of the more than 4,000 new foreign activities undertaken by them. They selected countries in the Western Hemisphere (Canada and the Latin American republics) for 26 per cent of their new activities, scattering the balance of their activities in Asia, Oceania and Africa. Between 1961 and 1963, new activities sited in Western Europe declined from 52 per cent to 49 per cent of all foreign activities newly undertaken by U.S. companies; correspondingly, there was a small gain in activities in the Western Hemisphere countries (24 per cent to 27 per cent) as well as in Asia (16 per cent to 17 per cent).

India's Share

These data do not show any significant shift in the geographical distribution of U.S. foreign investments; however, they reveal a promising, though very small, increase in the number of activities in Asia. In 1963, U.S. companies participated in 206 new activities in Asia, as compared with 176 in 1962 and 189 in 1961. Japan was the site of 123, 99 and 107 of these activities, while India accounted, respectively, for 30, 31 and 28 activities.

Against this background, can India hope to increase the flow of foreign investments to the extend desired? The answer to this question lies in the womb of the future, as it does also in the hands of the Indian Government.

The Government of India has, in recent months, initiated several measures designed to lure larger foreign investments and make their entry less cumbersome. These have received the appreciation of the U.S. business community. At the end of the April talks in New Delhi with Indian Government Ministers and officials, Mr. J. Roy Galloway, Chairman of the top-drawer U.S. Businessmen's Delegation that came to India at the invitation of the Indian Investment Centre, said:

"In the light of the significant strides which the Indian economy has already made in recent years, with the political and financial stability which has stemmed from democratic institutions and good government, with the vast potential market which India's large and industrious population represents, India should offer an outstanding opportunity for business enterprise. We are hopeful that, as a result of this conference, the investment climate will continue to improve and that increased private foreign investment will be able to assist India in achieving its economic goals."

Mr. Galloway's statement indicated that U.S. businessmen, at least the members of the Delegation, expect the Government to take additional steps to improve the climate for foreign investments. Perhaps, India cannot grant all the concessions and conditions that foreign investors seek, but it is clear that, in order to attract a significantly larger volume of foreign investments than is coming in today, continuous efforts will have to be made to enhance India's attractiveness as a competitive site. If the past is prologue, it is difficult to be sanguine about the future.

Advice from a Friend

In this context, I had a discussion this week with a leading authority on economic development, a man who does not see thinks simply in black and white but is sensitive to the entire spectrum of ideas and possibilities, a man who is fully aware of Indian conditions and plans and what is more a staunch friend of India. What he said is relevant to this discussion and accordingly I *parapharse* his remarks below:

"I will not go into the virtues of capitalism or socialism. But I will say India cannot afford socialism. The Indian Government's semi-socialistic policies slow down the rate of development. The Government's leaders and senior officials seem to look on private enterprise with suspicion; instead, they should place greater reliance on it if the economy is to make adequate progress.

"Foreign investors can make a substantial contribution to the growth of the Indian economy. India, with its huge population, has one of the biggest potential markets. If I were in business, I would want to be there. But it is so difficult to get in. All these controls that India has, they only deter progress. Controls should be considered only in terms of an emergency, not as permanent measures.

"The Government should concern itself less and less with industrial investments. It shouldn't be committing its resources in industry, in oil, for example. It should concentrate on agriculture which is not making sufficient progress. If it insists that foreign companies should take it as partner in industrial enterprises, foreign investments will continue to lag behind expectations and needs. Businessmen do not want to join the Government; they much prefer to take Indian businessmen as partners.

"As I have told you before, India must give private enterprise a much larger role. If it does, growth will be much faster."

British bankers are going out on more international ventures. Last week, Rea Brothers have taken on a 25 per cent share in the Dutch banking firm Amsterdamse Crediet Maatschappij in company with Contrad Hinrich Donner of Hamburg which is taking the same stake. At the same time, Westminster Foreign, which recently announced a new link with Spain's Banco de Vizcaya, has raised its capital from just over £1 million to £3 million. The most notable move of all in recent weeks, however, was the co-ordination of interests in the Caribbean by Barclays D.C.O. and the Bank of London and Montreal, which was originally owned, in equal shares, by the Bank of London and South America and the Bank of Montreal.

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P. S. MOKASHI,
Managing Director.

LONDON LETTER

THE MILLS OF MONEY

MINISTERS OF TEN IGNORE THE NEEDS OF DEVELOPING NATIONS

From Our Own Correspondent

LONDON, 14*th August*

AMONG the international credit arrangements which have grown up almost unnoticed in the past few years has been one going under the umbrella title of General Arrangements to Borrow. This is an organisation of the main financial powers of the "Western world"—Britain, France, Germany, Belgium, Netherlands, Italy, Sweden, Canada and Japan. Britain is strictly slightly apart from the others (known as the "Eight") as it is a reserve currency nation. In the same category is the U.S.A. joined with Britain in the Arrangements. In addition to these ten is Switzerland which co-operates with the other countries but is not directly associated.

These ten countries, *plus* Switzerland, have gradually devised formulæ to supplement the credit assistance given by the I.M.F. to countries in temporary credit trouble—countries, that is, that are members of the club of ten. As a result, behind the national reserves of these ten countries (which through Britain embrace the whole sterling area) stands not only the I.M.F. but also the resources of the ten, mobilised through interbank arrangements—hence the title of the club.

Less than a year ago, the participating countries decided to set up a form of Committee of Ministers and Governors to examine the adequacy of world credit arrangements. This was naturally done in association with the I.M.F. and at the same time the officials of the I.M.F. were asked to make a parallel study. Both studies are to be considered at the meeting of the International Monetary Fund in the autumn of this year. Meanwhile, the Ministers have issued their report. Looking at the monetary uses of gold, the Ministers formally make the statement "... we do not believe that the flow of new gold into official reserves can be relied on in fact to meet fully the liquidity needs of the future." This is an auspicious beginning!

It is recognised that domestic reserves backing the currency should be available for international settlements—thus the logic is established that gold should play no part in domestic currency, that domestic currency and credit should lose "conventional relationships" with gold. But, in the international sphere, the Ministers confirm the enthronement of gold and their concern is to make gold available for its international role.

The Bank for International Settlements is now having a new lease of life in the Arrangements to Borrow—thanks to being in Switzerland. It is becoming the centre or forum for the balancing of surpluses and deficits on international account. Such arrangements are *ad hoc*, but it is intended that, first of all, by a complete exchange of balance of payments information and next by actually making balance swaps, the B.I.S. should work more than ever before as a central bank for central banks. No such thought is spelled out in the report of Ministers, but the functions are stated and recommended . . . "a basis for multilateral surveillance of the various elements of liquidity creation, with a view to avoiding excesses or shortages in the means of financing existing or anticipated surpluses and deficits in the balance of payments, and to discuss measures appropriate for each country in accordance with the general economic outlook." All this to be done in co-ordination with the O.E.C.D. (Organisation for Economic Co-operation and Development).

Next the Ministers address themselves to the question of creating a new form of reserve asset to supplement the stocks of gold already declared to be inadequate. But at this point imagination deserts the Ministers or may be they have not been fully briefed. The world has two problems moneywise—not one. First is the problem of short-term credit facilities and the machinery for coping with hot money movements and temporary imbalances. These are on the way to being very well provided for. But the other need is for more credit to be made available for the developing countries, now held back because it implies balance of payments problems for the lender. The Ministers show themselves quite unaware of this problem. They say: "in view of the adequacy of the supplies of gold, etc., in the present and near future, there is no immediate need to reach a decision as to the introduction of a new type of reserve asset. Such studies can, therefore, be pursued without undue haste. . . . But . . . such studies are timely. . . ." So the Ministers have established a study group on the creation of reserve assets to report in about a year! Such is the pace of progress. But, perhaps, the officials of the I.M.F. will, in their report, show more understanding of the urgency of this great problem. Why must domestic credit get along without a gold prop but international credit must be limited by gold stocks? Clearly the Ministers of these ten countries do not see this limitation as cramping international exchanges on the present basis. They do not see that the present basis may be quite inadequate for the needs of the developing countries.

B.O.A.C. TRANSATLANTIC TRAFFIC UP

British Overseas Airways Corporation's transatlantic traffic rose rapidly—by 32 per cent—in the early summer months this year as compared with the same period in 1963. The Corporation has announced that 145,925 passengers were carried between Britain and North America from April to July, as compared with 110,390 passengers during the same four-month period last year. For September, the forward bookings from Britain to the United States are 55.5 per cent up on the same month last year, and for October 61.9 per cent up.

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CORPORATE SECTOR'S NET PROFIT SUFFERS AGAIN

DEPENDENCE ON BORROWINGS INCREASES

THE profitability of Indian joint-stock companies declined further in 1962-63 as compared with the previous year, which had witnessed a setback over the year 1960-61. Although there was an improvement in the rate of growth of the value of industrial output from 7.8 per cent in 1961-62 to 10.1 per cent in 1962-63—mainly due to the declaration of emergency in October 1962 and the resultant better utilisation of installed capacity—and the sales, total income and gross and pre-tax profits, all recorded a higher rate of growth, the net profit declined for the second year in succession due to higher taxation. Consequently, both the rate of dividend and the rate of shareholders' equity came down by about 10 per cent. These conclusions are derived from the Reserve Bank of India's excellent study of 1,333 public limited non-financial non-governmental companies having a paid-up capital of more than Rs. 5 lakhs each and covering 89 per cent of the total paid-up capital of all such companies at work as at the end of March 1961. The coverage is comprehensive in the case of most of the industries, though it is comparatively less extensive in the case of plantations, especially rubber plantations, in that the companies selected cover only 54 per cent of the total paid-up capital in the industry. The study is based on the accounts of the companies closed during the period 1st July 1962-30th June 1963.

At the outset, we give below a summary of the growth and working of the 1,333 companies during the years 1961-62 and 1962-63:

Table A: Growth and Working of the Company Sector

(Percentage rate of growth)

	1961-62	1962-63
Paid-up capital *plus* reserves	7.9	6.7
Total gross assets	10.1	9.9
Total net assets	9.3	9.3
Sales	9.7	10.5
Total income	9.6	10.0
Gross profit	8.1	10.2
Profit before tax	7.6	9.9
Taxation provision	21.6	28.5
Profit after tax	—1.2	—4.3
Dividends	3.5	—4.5
Profits retained	—8.3	—4.0

The most outstanding point that emerges from the above data is the stagnation in the growth of joint-stock companies. The provision for taxation, which had increased by 21.6 per cent in 1961-62 as compared with the previous year, recorded a still higher increase of 28.5 per cent in 1962-63. Thus, during the two years under reference, the taxation provision increased by as much as 56.2 per cent. The higher tax provision in 1962-63 was mainly due to the introduction of Super Profits Tax in the budget for the fiscal year 1963-64. The result was that, though the profits before tax had increased at a faster rate—indicating the efficiency in the private sector companies as compared with that in the public sector companies most of which have been running at a loss—the profits after tax which had declined by 1.2 per cent in 1961-62, declined at a faster rate by 4.3 per cent in 1962-63. Due to this decline in profits after tax, both the amount distributed as dividend and that retained by the companies came down, having severe repercussions on the growth of paid-up capital and reserves, as is evident from the table. Due to the fall in the retained profits and the unfavourable impact of higher taxes and lower dividends on capital markets, the companies had to depend in a large measure on external resources. Due to a decline in the dividends, the importance of the role of fresh issues came down considerably and borrowings increased at a fast rate. Whereas fresh capital issues declined from Rs. 37.20 crores in 1961-62 to Rs. 28.84 crores in 1962-63, borrowings increased from Rs. 66.23 crores to Rs. 96.05 crores. Of these borrowings, those from banks alone rose from Rs 50.60 crores to Rs. 67.15 crores. It is not suggested that the growth in dependence on external sources of finance was entirely due to the defects in fiscal policy, for, to some extent, it reflects the expansion in industrial activity. But there is no denying the fact that, if the fiscal policy had not been severely harsh and punitive, the corporate sector would have been able to raise more capital on its own and to plough back a larger amount of its improved gross profit.

Income and Expenditure

The total income of the 1,333 companies recorded an improvement in the rate of growth—from 9.6 per cent in 1961-62 to 10.0 per cent in 1962-63. The sales also recorded a higher growth rate from 9.7 per cent to 10.5 per cent. The growth would have been still better if there was an improvement in the supply of raw materials, especially cotton, sugarcane and iron and steel. Groupwise, agricultural and allied activities carried on a commercial scale, recorded a recovery in 1962-63 from stagnation in the previous year. Whereas, during 1961-62, there was only a marginal increase in the income of tea plantations, and there was a decline in the incomes of coffee and rubber plantations, during 1962-63, all the three plantations recorded a good increase in income and the total income of agricultural and allied activities, which had increased by only 1.1 per cent in 1961-62, jumped up by 9.4 per cent in 1962-63. Mining and quarrying also showed better return from 5.9 per cent to 10.0 per cent; coal mining from 6.8 per cent to 10.4 per cent. The growth of income of processing and manufacturing industries, however, declined from 10.8 per cent to 10.1 per cent. But in this group, the performance of metals, chemicals and products thereof was remarkable and the income increased from 10.5 per cent to 14.0 per cent (iron and steel 5.9 to 10.3, transport equipment 4.7 to 10.9 and machinery unchanged at 18.8). It was the foodstuffs, textiles, leather and products thereof that suffered a fall, the growth in their income falling from 10.9 per cent to 7.8 per cent. The worst sufferer was the sugar industry, the income of which grew by only 1.4 per cent as compared to 17.4 per cent in the previous year. There was also a decline in the rate of growth of income of cotton textiles and jute textiles, the former from 10.3 per cent to 8.2 per cent and the latter from 7.7 per cent to 7.2 per cent. As regards other processing and manufacturing industries not covered by the two sub-groups, cement industry had a higher growth in its income (from 11.7 per cent to 13.4 per cent). However, the growth in income declined from 14.9 per cent to 10.1 per cent in rubber and rubber manufactures and 11.1 per cent to 10.7 per cent in paper and paper products. Mineral oil industry continued to remain a sick child and the income which grew by only 5.3 per cent in 1961-62 recorded a mere 2.0 per cent growth in 1962-63.

The growth in the income of industries other than processing and manufacturing, was 9.3 per cent against only 3.6 per cent in 1961-62. It was 17.2 per cent in construction and 14.8 per cent in electric generation and supply. The income in shipping, which had remained practically unaltered in 1961-62, rose by 8.5 per cent in 1962-63. And trading, which had increased its income by only 3.9 per cent in 1961-62, recorded a more respectable growth of 8.6 per cent in 1962-63. It will be seen that the popular notion of very high profits in trade is not correct, not in the organised sector at any rate. The growth in income of trading companies was considerably lower than that in other sectors both in 1961-62 and 1962-63. The above figures indicate the commendable performance of the private sector companies, in spite of various limitations such as shortage of raw materials and foreign exchange.

On the expenditure side, the major items are raw materials consumed, salaries, wages and bonus and excise duty and cess. The value of raw materials consumed which increased by 6.7 per cent in 1961-62, rose by 7.2 per cent in 1962-63. This was mainly due to higher growth of industrial production in 1962-63, though the rise in prices of raw materials also played some part. Salaries, wages and bonus, which increased by 7.5 per cent in 1961-62 as compared with those in 1960-61, rose further by 8.5 per cent in 1962-63. Thus, in two years, the increase was over 16 per cent. Though the rise in employment was there, a considerable portion of this rise was the result of additions to the rates of wages and salaries.

Effect of Indirect Taxes

It was the excise duty and cess payable by manufacturers that recorded perhaps an unprecedented rise during 1962-63. The inflation was as much as 30.7 per cent over the previous year, on top of a rise of 12.9 per cent in 1961-62. Thus, during the two years, excise duty and cess paid increased by about 50 per cent. As a part of the total income, excise duty and cess increased from 5.6 per cent in 1960-61 to 5.8 per cent in 1961-62 and 6.8 per cent in 1962-63. But these figures hide the fact that, in some industries the share of excise duties and cesses in the total income was very much higher. Thus, the charge was as high as 56.0 per cent of the total income of match industry, 39.3 per cent of tobacco industry, 24.1 per cent of mineral oil, 19.3 per cent of cement, 17.7 per cent of rubber and rubber manufactures, 15.7 per cent of sugar, 14.2 per cent of paper and paper products and 12.0 per cent of silk and rayon textiles. An important point that emerges from this analysis is that, to a substantial extent, the increase in the total income of the corporate sector reflects the growth in the burden of indirect taxation. Incidentally, the corporate sector's role as tax collector also accounts for the rise in its borrowings, inasmuch as excise duties and cesses have to be paid even before the sale proceeds flow into the companies' bill.

Before we proceed with a further analysis of the Reserve Bank's study of the corporate sector's financial results, it is necessary to add here that the Bank's conception of gross profit is different from that followed by this journal. The Bank has arrived at the gross profit after providing for all expenses, except interest charges and managing agents' commission, and for depreciation. Profit before tax is computed by deducting from the gross profit interest and managing agents' commission. Profit after tax is what it literally means, that is, that which belongs to shareholders.

Profits and Their Allocation

As the growth in total income was better in 1962-63 and the growth in expenses remained almost unaltered, the gross profit, which had increased by 8.1 per cent in 1961-62, rose further by 10.2 per cent in 1962-63. As percentage of sales and total capital employed, it remained almost the same at about 10 per cent, though the position varied widely from industry to industry, as shown in Table C. Of the total gross profit, interest charges accounted for 15.6 per cent in 1962-63, as against 15.2 per cent in 1961-62—due to the large borrowings at higher rates of interest—and managing agents' remuneration for 4.2 per cent which was lower than 4.4 per cent in 1961-62. The profits before tax remained at almost the constant level of 80 per cent of the gross profits, though, in 1962-63, the increase in these profits was 9.9 per cent as compared to 1961-62 when they rose by 7.6 per cent.

So far we have seen that the growth of industrial production was greater and the increase in sales, income, gross profits and profits before tax was faster. These are all favourable factors, indicating that the development of the industrial sector was faster in 1962-63. But one single factor that changed the entire position and had wide repercussions, was taxation. As may be seen from Table B, tax provision as percentage of profit before tax rose sharply from 38.3 in 1960-61 to 43.3 in 1961-62 and still further to 50.6 in 1962-63. It was highest on sugar industry and rose sharply from 50.5 per cent of the pre-tax profit in 1961-62 to 72.2 per cent in 1962-63. Of the total of 28 industries covered by the Bank's study, the burden varied between 60 and 70 per cent on five industries, namely, tea plantations, electric machinery, apparatus, appliances etc., foundries and engineering workshops, 'other chemical products' and mineral oils and between 50 and 60 per cent on ten other industries. Thus, out of a total of 28 industries, as many as 16 industries paid more than half of their pre-tax profits by way of taxation. The result was a reduction in profit after tax by Rs. 1.53 crore in 1961-62 and Rs. 5.67 crores in 1962-63 or by 1.2 per cent and 4.3 per cent, respectively. The return on shareholders' equity (that is, profit after tax as percentage of net worth) came down from 10.9 per cent in 1960-61 to 10.0 per cent in 1961-62 and 9.0 per cent in 1962-63, as is shown in Table C. Next to shipping, sugar industry was in the worst position with a return as low as 3.5 per cent. Some of the industries, notably jute textiles, silk and rayon textiles, woollen textiles, iron and steel, machinery, chemicals and pharmaceuticals, and matches, were, however, in a relatively better position with a return of over 10 per cent, though the return in the case of many of even these industries was lower as compared with that for the previous year.

Of the total decline of Rs. 5.67 crores in profits after tax in 1962-63, the decline in the amount of dividends was Rs. 3.75 crores and in retained profits Rs. 1.92 crore. Whereas the amount distributed as dividend had increased by 3.5 per cent in 1961-62, the decline in 1962-63 was 4.5 per cent. Thus, the loss in 1962-63 was more than the gain in 1961-62, and the situation was even worse than that in 1960-61. The position of retained profits was still worse. The retained profits had declined both in 1961-62 and 1962-63, by 8.3 per cent and 4.0 per cent, respectively. Though there was a great need for preserving the profits for reinvestment, the corporate sector could not have possibly pruned the dividends further, as such action would have demoralised the shareholders and the stock exchanges. Thus, as is shown by Table B, of the total amount of profit after tax, the percentage share of dividends and retained profits remained in 1962-63 at almost the same level as in 1961-62. But, though the profit after tax had declined, the paid-up capital and net worth of the companies had increased, so that, in spite of the fact that dividend as percentage of the profit after tax remained unchanged, as percentage to paid-up capital and net worth of the company, it came down sharply both in 1961-62 and 1962-63. The dividends paid works out to an average of 5.7 per cent on net worth. This is one of the lowest in the world and quite inadequate for an undeveloped economy like that of India. No wonder the industrial sector is not able to attract enough risk capital and the pace of industrialisation is in turn far behind what it should be, having regard to the need for more goods and employment.

During 1962-63, gross assets increased by Rs. 354.9 crores, as against a rise of Rs. 325.3 crores in 1961-62. The rate of growth was, however, lower at 9.9 per cent, as against 10.1 per cent. The gross assets can be divided into internal resources and external resources. The growth of owned resources, comprising paid-up capital (including capitalised reserves), reserves and surplus and provisions, declined from Rs. 217.3 crores to Rs. 202.4 crores, i.e. from 66.8 per cent of the total increase in gross assets to 57.0 per cent. Though the development rebate reserve, depreciation provision and taxation provision had to be increased of necessity, the addition to all the other types of reserves and surplus and provisions came down. The increase in paid-up capital through capitalisation of reserves was much larger at Rs. 12.90 crores in 1962-63 against Rs. 6.20 crores in 1961-62, obviously because of the sensible concessions which Mr. Morarji Desai had given in the tax on bonus shares. This welcome change in the fiscal policy has unfortunately been reversed by his successor, Mr. T. T. Krishnamachari, so that the trend to issue bonus shares has suffered a serious setback since March last.

In view of the slower growth of owned resources, the external resources became more important. Thus, of the total increase in gross assets, whereas the external resources of funds had accounted for 33.2 per cent in 1961-62, the percentage increased to 43.0 in 1962-63. It was still higher in some of the industries. As there was poor response from the market, the fresh capital issues declined from Rs. 37.2 crores in 1961-62 to Rs. 28.8 crores in 1962-63, that is from 11.4 per cent of the increase in gross assets to 8.1 per cent. Borrowings, on the other hand, rose at a faster rate, the rise being Rs. 66.2 crores in 1961-62 and Rs. 96.0 crores in 1962-63 (bank borrowings Rs. 50.6 crores and Rs. 67.1 crores, respectively). As a part of the total increase in gross assets, the rise was from 20.4 per cent to 27.1 per cent.

The gross fixed assets increased by a larger amount of Rs. 196.1 crores in 1962-63, as against Rs. 185.4 crores in 1961-62, but the rate of growth was lower from 10.1 per cent to 9.7 per cent. As the major portion of the increase in gross fixed assets was accounted for by depreciation provision, the rate of net fixed assets formation declined from 8.3 per cent to 8.0 per cent. The rate, however, varied widely from industry to industry, as will be seen from Table D.

The Reserve Bank's study throws up data in ample measure to substantiate the contention that, to a very large extent, the Government is responsible for the stagnation in the industrial sector. The industrial policy of the Government, which is supposed to be meant for industrial development, is actually working as a drag on economy of the country. The basic principle for industrial development is that the internal sources of the companies should be as large as possible and should at least be sufficient to meet the requirements for gross fixed assets. But in India, the trend is just the other way round because of a defective fiscal policy. More than half of the profits before tax are taken up by the Government by way of taxation, as a result of which both the dividend (amount and rate) and the growth in reserves have not been adequate to sustain the interest of investors in industrial shares. The Unit Trust and the L.I.C. may, through their open market operations, sustain the tempo of stock exchanges for a while, but they cannot solve the problems posed by an inadequate supply of risk capital fully and satisfactorily.

Table B: Capital Formation Rates, Industry-wise, 1961-62 and 1962-63

(Per cent per annum)

Industry	No. of companies	Gross fixed assets formation		Net fixed assets formation		Inventory accumulation		Gross capital formation		Net capital formation	
		1961-62	1962-63	1961-62	1962-63	1961-62	1962-63	1961-62	1962-63	1961-62	1962-63
Tea plantations	147	6.6	6.9	5.1	6.3	—5.2	14.6	3.5	8.8	1.5	9.1
Coffee plantations	15	2.8	4.0	1.0	1.9	33.6	—11.3	4.5	2.9	3.2	0.8
Rubber plantations	21	1.1	2.3	—0.9	3.2	—14.6	21.6	—0.3	3.8	—2.3	4.9
Coal mining	47	5.9	7.5	5.8	10.2	—5.5	9.9	4.3	7.8	2.8	10.1
Edible, vegetable and hydrogenated oils	16	11.1	2.1	13.2	—1.7	1.3	6.1	6.6	3.8	5.9	2.8
Sugar	79	7.9	6.3	4.8	3.9	18.7	—19.0	—13.1	—6.5	—13.4	—11.0
Tobacco	5	8.3	8.0	5.7	5.2	11.7	10.6	10.4	9.6	10.3	9.4
Cotton textiles	262	10.4	11.4	11.0	14.9	6.5	9.1	9.1	10.6	8.7	11.9
Jute textiles	58	5.4	11.5	3.2	15.0	5.2	31.0	5.3	17.5	4.2	22.9
Silk and rayon textiles	10	32.8	13.1	43.6	4.5	26.7	40.9	31.8	17.6	39.4	12.8
Woollen textiles	7	8.4	11.9	7.3	15.6	19.3	44.8	12.7	25.6	14.1	33.0
Iron and steel	2	2.5	2.9	—4.9	—4.0	5.3	4.5	2.9	3.1	—2.8	—2.1
Non-ferrous metals	7	15.9	36.8	19.0	52.9	12.9	23.2	14.7	31.2	15.6	36.9
Transport equipment	32	16.2	17.5	14.1	16.8	16.1	3.9	16.2	10.9	15.3	9.0
Electrical machinery apparatus and appliances, etc.	45	15.7	14.6	13.9	11.2	16.1	11.5	15.9	13.1	15.1	11.3
Machinery (other than transport and electrical)	52	24.3	15.2	24.2	11.5	22.4	18.9	23.4	16.8	23.2	15.4
Foundries and engineering workshops	25	16.1	13.7	17.7	14.2	18.7	18.1	17.2	15.5	18.3	16.4
Ferrous/non-ferrous metal products	24	9.4	8.7	6.6	4.7	5.2	25.5	7.8	14.9	5.9	14.7
Basic industrial chemicals	35	31.3	27.1	34.0	27.9	28.5	24.5	30.7	26.5	32.4	27.0
Medicines and pharmaceutical preparations	33	25.4	21.2	25.0	20.4	13.6	3.4	20.2	13.8	19.1	11.9
Other chemical products	21	9.3	10.2	8.6	9.5	8.4	6.9	8.9	8.8	8.5	8.0
Matches	2	4.6	3.2	1.3	—1.4	—6.3	18.2	1.3	7.4	—2.0	6.9
Mineral oils	3	3.6	1.2	—4.5	—7.6	6.6	—12.6	3.4	—0.1	—3.0	—8.3
Cement	15	5.0	8.9	—0.7	5.5	20.0	10.5	7.8	9.3	4.6	7.0
Paper and paper products	21	13.6	12.3	14.2	12.3	—3.9	38.2	10.4	16.5	9.3	18.5
Electric. generation and supply	32	7.0	8.1	6.6	7.3	15.1	23.7	7.4	9.0	7.2	8.6
Shipping	14	4.3	1.0	0.2	—4.3	—0.5	—5.8	4.2	0.9	0.2	—4.4
Trading	72	16.6	20.1	20.9	21.7	4.1	4.1	7.6	9.0	7.2	7.9
TOTAL (including others)	1,333	10.1	9.7	8.3	8.0	10.8	9.0	10.3	9.5	9.3	8.4

Table C: Profitability Ratios, Industry-wise, 1960-61, 1961-62 and 1962-63

Industry	No. of companies	Gross profits as percentage of sales			Gross profits as percentage of total capital employed			Profits after tax as percentage of net worth			Dividends as percentage of net worth			Dividends as percentage of paid-up capital		
		1960-61	1961-62	1962-63	1960-61	1961-62	1962-63	1960-61	1961-62	1962-63	1960-61	1961-62	1962-63	1960-61	1961-62	1962-63
Tea plantations	147	20.4	15.5	17.6	12.1	9.4	10.7	9.0	6.0	5.9	7.2	5.8	5.2	14.6	11.9	10.2
Coffee plantations	15	21.7	16.0	27.9	10.4	6.4	12.2	10.3	4.4	7.5	7.9	5.5	6.5	12.4	8.7	10.3
Rubber plantations	21	34.9	29.8	28.0	16.9	14.0	13.3	10.5	7.3	8.0	7.8	6.9	6.9	11.1	10.3	10.6
Coal mining	47	9.6	8.9	9.8	8.9	8.3	9.5	7.8	5.7	8.1	5.3	5.1	4.4	9.2	8.8	7.8
Edible, vegetable and hydrogenated oils	16	3.3	2.6	2.6	8.6	7.4	7.3	10.4	6.4	7.9	5.8	5.1	4.9	8.0	7.2	7.3
Sugar	79	9.9	8.2	6.7	8.8	7.4	7.6	11.2	7.4	3.5	7.5	6.4	5.5	13.9	11.6	9.7
Tobacco	5	8.6	7.2	8.6	13.4	11.7	14.2	8.7	6.9	7.7	6.3	6.0	5.3	10.7	10.3	9.2
Cotton textiles	262	9.9	10.5	6.7	12.0	12.9	7.9	13.5	13.1	5.8	6.3	6.1	4.9	12.1	12.4	10.0
Jute textiles	58	5.0	2.1	11.9	7.6	3.4	16.4	7.0	—0.2	19.5	5.0	3.5	6.7	8.6	5.9	13.1
Silk and rayon textiles	10	22.6	20.9	14.2	15.8	13.2	9.7	19.1	17.1	11.1	6.6	5.6	4.7	10.0	9.2	8.2
Woollen textiles	7	15.6	15.9	14.3	19.4	20.1	17.5	17.8	19.9	17.4	9.1	7.8	6.8	12.2	12.0	11.8
Iron and steel	2	13.1	13.8	15.1	6.9	8.0	9.6	10.4	10.2	12.8	6.4	6.1	5.9	12.6	12.6	13.0
Non-ferrous metals	7	11.9	10.8	12.1	12.8	10.9	10.0	17.4	9.0	9.9	6.3	5.0	3.5	7.4	5.8	4.2
Transport equipment	32	8.6	9.7	10.1	9.8	10.1	10.6	12.1	11.0	9.5	7.6	7.1	6.1	9.9	9.6	8.4
Electrical machinery, apparatus and appliances, etc.	45	13.0	11.8	13.2	12.8	11.6	14.1	14.2	13.4	11.5	8.3	8.0	7.0	13.0	12.8	11.3
Machinery (other than transport and electrical)	52	13.6	12.6	13.2	11.4	10.4	11.0	14.7	12.8	10.7	6.6	6.7	5.4	9.2	9.8	8.1
Foundries and engineering workshops	25	7.9	9.7	10.2	8.4	9.3	10.3	7.0	8.7	9.3	6.6	6.1	5.5	10.2	9.3	8.8
Ferrous/non-ferrous metal products	24	11.9	11.0	11.1	11.3	11.1	11.2	11.0	9.9	9.8	7.1	8.6	6.5	13.1	16.0	12.2
Basic industrial chemicals	35	22.4	20.3	19.0	13.7	12.3	10.5	14.1	13.1	11.4	6.8	7.1	6.8	8.9	9.8	9.4
Medicines and pharmaceutical preparations	33	13.8	13.7	13.6	14.5	13.5	13.7	17.1	15.9	12.0	9.6	8.2	6.7	15.18	13.7	11.2
Other chemical products	21	9.4	9.1	10.3	11.6	11.2	13.4	11.3	10.3	9.8	7.4	9.1	9.3	11.2	14.0	14.5
Matches	2	7.0	7.4	8.7	16.1	16.2	17.6	12.5	11.7	13.4	9.3	9.2	8.5	16.2	16.4	16.4
Mineral oils	3	19.9	21.4	22.3	12.8	14.1	14.3	11.0	10.8	7.1	6.4	7.2	7.3	14.4	16.5	16.5
Cement	15	10.9	11.0	13.6	8.3	8.7	11.4	7.8	7.9	9.4	6.9	6.9	6.5	9.7	9.8	9.3
Paper and paper products	21	12.7	11.2	11.7	9.4	8.4	8.3	9.9	8.0	7.1	5.8	5.5	5.0	10.2	9.8	8.6
Electricity generation and supply	32	23.0	23.4	21.3	7.4	8.0	7.6	8.9	8.3	7.1	5.3	5.2	5.2	8.0	8.2	8.6
Trading	72	4.9	5.6	5.3	8.4	9.2	8.7	9.8	10.4	8.6	10.1	9.3	7.7	15.3	14.7	12.1
Shipping	14	—0.3	2.1	1.1	—0.1	0.8	4.9	—4.0	—1.9	3.0	1.4	1.4	1.9	2.7	2.8	3.6
TOTAL (including others)	1,333	10.3	10.2	10.1	10.1	10.0	10.1	10.9	10.0	9.0	6.6	6.3	5.7	11.1	10.9	9.9

Table D: Profit Allocation Ratios, Industry-wise, 1960-61, 1961-62 and 1962-63

Industry	No. of companies	Tax provision as percentage of profits before tax			Dividends as percentage of profits before tax			Profits retained as percentage of profits before tax			Dividends as percentage of profits after tax			Profits retained as percentage of profits after tax		
		1960-61	1961-62	1962-63	1960-61	1961-62	1962-63	1960-61	1961-62	1962-63	1960-61	1961-62	1962-63	1960-61	1961-62	1962-63
Tea plantations	147	46.5	51.8	61.4	42.9	46.6	34.2	10.6	1.6	4.4	80.3	96.7	88.6	19.7	3.3	11.4
Coffee plantations	15	25.5	43.5	54.1	57.0	71.8	39.4	17.5	—15.3	6.6	76.5	127.2	85.7	23.5	—27.2	14.3
Rubber plantations	21	50.5	56.4	49.4	37.0	41.1	43.6	12.5	2.5	7.0	74.7	94.3	86.2	25.3	5.7	13.8
Coal mining	47	46.1	57.4	50.6	36.5	38.1	26.7	17.4	4.6	22.7	67.8	89.3	54.0	32.2	10.7	46.0
Edible, vegetable and hydrogenated oils	16	44.4	53.9	38.4	30.9	36.5	38.4	24.7	9.5	23.2	55.6	79.3	62.3	44.4	20.7	37.7
Sugar	79	41.6	50.5	72.2	39.2	43.1	43.9	19.2	6.4	—16.1	67.1	87.1	158.0	32.9	12.9	—58.0
Tobacco	5	48.5	53.8	59.0	37.3	40.3	28.0	14.2	5.9	13.0	72.5	87.2	68.3	27.5	12.8	31.7
Cotton textiles	262	35.0	42.1	54.4	30.3	27.2	38.5	34.7	30.7	7.1	46.5	46.9	84.4	53.5	53.1	15.6
Jute textiles	58	39.3	106.6	37.8	43.1	116.6	21.5	17.6	—123.3	40.7	71.0	..	34.5	29.0	..	65.5
Silk and rayon textiles	10	20.3	16.1	19.1	27.5	27.6	34.3	52.1	56.3	46.6	34.5	32.9	42.4	65.5	67.1	57.6
Woollen textiles	7	47.7	46.4	53.0	26.7	20.9	18.4	25.6	32.7	28.6	51.1	39.0	39.1	48.9	61.0	60.9
Iron and steel	2	13.1	25.9	22.0	53.8	44.6	35.6	33.1	29.5	42.3	61.9	60.1	45.7	38.1	39.9	54.3
Non-ferrous metals	7	31.7	46.0	40.0	24.7	29.6	21.0	43.6	24.4	39.0	36.1	54.9	35.0	63.9	45.1	65.0
Transport equipment	32	40.0	50.9	59.6	37.9	31.5	26.0	22.1	17.6	14.4	63.1	64.1	64.3	36.9	35.9	35.7
Electrical machinery, apparatus, appliances, etc.	45	44.5	43.3	61.6	32.5	33.9	23.4	23.0	22.8	15.0	58.6	59.8	61.0	41.4	40.2	39.0
Machinery (other than transport and electrical)	52	39.5	42.9	57.9	27.4	30.0	21.4	33.1	27.1	20.7	45.4	52.5	50.8	54.6	47.5	49.2
Foundries and engineering workshops	25	59.5	58.3	61.3	37.8	29.3	22.8	2.7	12.4	15.9	93.4	70.2	58.9	6.6	29.8	41.1
Ferrous/non-ferrous metal products	24	40.9	45.4	49.8	38.3	47.8	33.1	20.8	6.8	17.1	64.8	87.6	66.0	35.2	12.4	34.0
Basic industrial chemicals	35	34.6	37.0	41.3	31.5	33.9	34.9	33.9	29.1	23.8	48.2	53.9	59.5	51.8	46.1	40.5
Medicines and pharmaceutical preparations	33	44.5	45.0	56.2	31.1	28.4	24.7	24.4	26.6	19.1	56.1	51.7	56.4	43.9	48.3	43.6
Other chemical products	21	48.5	50.3	63.9	33.9	44.0	34.2	17.6	5.7	1.9	65.8	88.5	94.6	34.2	11.5	5.4
Matches	2	48.2	52.2	53.3	38.5	37.5	29.8	13.3	10.3	16.9	74.4	78.5	63.8	25.6	21.5	36.2
Mineral oils	3	41.1	47.4	68.0	34.5	35.0	32.7	24.4	17.6	—0.7	58.5	66.6	102.1	41.5	33.4	—2.1
Cement	15	31.0	37.1	45.6	61.4	55.1	37.3	7.6	7.7	17.1	89.0	87.7	68.6	11.0	12.3	31.3
Paper and paper products	21	32.1	38.1	46.9	39.6	42.9	37.3	28.3	19.0	15.8	58.3	69.4	70.2	41.7	30.6	29.8
Electricity generation and supply	32	11.1	24.7	33.1	53.1	47.4	49.2	35.7	27.8	17.7	59.8	63.0	73.5	40.2	37.0	26.5
Trading	72	52.0	53.7	57.5	49.2	41.6	32.4	—1.3	4.7	10.1	102.6	89.8	76.3	—2.6	10.2	23.7
Shipping	14	..	..	43.7	..	..	34.3	..	..	22.0	..	..	61.0	..	..	39.0
TOTAL (including others)	1,333	38.3	43.3	50.6	37.4	36.0	31.3	24.3	20.7	18.1	60.6	63.4	63.3	39.4	36.6	36.7

TEXTILE MACHINERY INDUSTRY

EXPANSION AND MODERNISATION ALIKE NEEDED

By A Special Correspondent

THE textile machinery industry of India is less than fifteen years old, although its mainstay, the cotton mill industry, came into existence more than a century ago. There is good reason for the former's late arrival. Till the outbreak of the last war, the Indian cotton mill industry had few opportunities to consolidate its position. The Indian market was flooded with imported textiles. Many mills were forced to work multiple shifts and subject their machinery to extreme wear and tear in an attempt to reduce their working costs so that their products could successfully compete with foreign cloth. In spite of such efforts, a large section of the industry could not earn sufficient profits even to cover the depreciation allowances to which the mills were entitled and the large amounts required for interest on borrowed money.

Perspective

The Indian textile producers, who were thus forced to fight a rearguard action, could not be expected to venture into the uncharted realm of machinery manufacture, involving considerable capital investment and technical knowledge. Other entrepreneurs were no less chary of assuming such a responsibility. Apart from considerations of finance, textile machinery production demands advanced technical skill which the millowners and others were in no position to import and pay for. How the machinery manufacturer has to cater to a bewildering variety of specifications is best illustrated by the fact that the types of ring frames produced are so numerous that it is almost impossible to count them! It is because the variety in the textile machines is so large that, in spite of the great forward steps taken to improve their quality, world producers of this equipment have not yet fully succeeded in standardising their products.

Another equally important reason that discouraged the development of textile machinery industry as a major enterprise in the country was the cheapness and the plentiful supply of textile machines of all kinds from abroad. In the 'thirties, British manufacturers waged a ruthless price-war among themselves which sent machinery prices tumbling down by 42½ per cent. For instance, in 1932-33, a card was sold at £90 and a ring frame at £180. It was only on the eve of the last war that machinery prices rose again, as a result of the British producers abandoning their ruinous competition, so that a card was sold at £200 and a ring frame at £450.

The Indian cotton mill industry opened a new chapter in its chequered career with the outbreak of the last war. The enormous calls upon its productive capacity greatly helped it to recover from the many infirmities that had long oppressed it and to take stock of its new position. The war, however, created new problems for the industry. In the drive for higher output, the plant and machinery, the bulk of which had already become old, were worked without rest or respite. It was not possible to carry out renewals and replacements on the required scale, partly because machinery prices had risen to abnormal levels and partly because imports were most difficult. In fact, there was a world-wide dearth of textile machinery due to the manufacturing countries like the United Kingdom and Japan diverting their productive capacity to the manufacture of military hardware. The Indian cotton mill industry, which had by now greatly widened its productive activities, was not prepared to accept the situation with resignation. It was impossible for it to consolidate its gains if it were to depend helplessly as before on distant countries to meet its requirements of capital equipment.

Factories to produce textile machinery were accordingly set up in the country during the war years, but inevitably the venture had all the limitations of a pioneering enterprise. They started manufacturing some quantities of spinning frames and rings, looms and parts besides other accessories such as wire healds, pickers, bobbins, fluted and tin rollers. The end of the war, however, saw many more firms entering the field, Texmaco and Textools being notable among them. These were commendable ventures, but it was felt that, owing to the vastness of the requirements of the mill industry, the textile millowners themselves should assume major responsibility for the production of capital goods required by them. The prospects for a wider demand for cloth were considered extremely good.

Initial Step

It became increasingly evident to the millowners that strenuous efforts would be needed to establish the textile machinery industry in a big way if the mills were to be assured of a regular supply of their productive equipment. At the instance of the late Sir Ardeshir Dalal, the then Central Member for Planning and Development, a conference of millowners was held in December 1945 when the question of setting up an all-India organisation for undertaking such a project was considered. The conference came to the conclusion that the new industry should be started and controlled by a body of millowners and not be left to the initiative of individuals. In the following year, a delegation of millowners went to Britain and made arrangements with a leading firm of textile machinery manufacturers in that country for the establishment of a factory in India. It is thus that the National Machinery Manufacturers Ltd., whose factory is situated at Kalwa, near Bombay, came into existence. The President of the Indian Union, the late Dr. Rajendra Prasad, inaugurated the factory on 25th February 1952 and praised the Indian industrialists for their drive and enterprise.

Production of textile machinery in the country is on the increase. Imports of many items and parts are banned to provide a sense of security to the domestic producer and to enable him to expand his activities with confidence. On the recommendation of the Tariff Commission in 1949, statutory shelter was given to spinning ring frames, spindles, spinning rings and plain looms. Subsequent investigations by this body led to a wider range of items being brought within the scope of protection.

Protection

In its report of 1963, the Commission recommended that the industry should be given protection for a period of three years ending 31st December 1966 in respect of complete ring frame. Similar shelter was suggested for protected components, namely, spindles, spinning rings and fluted rollers. The Commission also recommended continuance of protection to automatic looms beyond 31st December 1963 for a period of three years. In the case of all these items, the prevailing rate of duty of 10 per cent *ad valorem*, exclusive of surcharge, was recommended.

The following table shows the various items of spinning equipment produced in India:

	Carding engines	Drawing frames	Speed frames	Ring frames*	Reeling machines	Doubling frames
1955	649	44	28	863	607	..
1956	726	24	29	1,110	1,158	..
1957	1,023	34	33	1,364	1,965	..
1958	1,148	9	28	877	804	..
1959	763	41	16	1,077	435	..
1960	1,075	47	45	1,127	50	156
1961	1,308	75	70	1,340	14	113
1962	1,498	91	45	1,571	136	114
1963	1,690	52	96	1,990	419	80

* Each ring frame consists of about 400 spindles.

The production of looms in the country is shown below:

Year	Looms			Automatic looms imported
	Plain	Automatic	Total	
1955	2,787	70	2,857	1,067
1956	2,873	161	3,034	139
1957	2,868	316	3,184	915
1958	3,187	36	3,223	848
1959	4,231	356	4,587	159
1960	5,177	374	5,551	649
1961	7,534	67	7,601	1,943
1962	5,360	496	5,856	1,747
1963	1,802	3,382	5,184	1,411

The scope for expansion of textile machinery production in India greatly depends upon the prospects for cloth and yarn offtake both for domestic consumption and for export. The third Five-year Plan has provided for a moderate increase in mill production, namely, from the present level of 5,000 million yards of cloth a year to 5,800 million yards. On the basis of the anticipated *per capita* consumption of cloth and exports by the end of the third and fourth Plan periods, the annual requirements of different items of spinning and weaving machinery, both for expansion and for replacement, are as shown below:

Item of machinery	Annual requirements for expansion and replacement	
	Third Plan	Fourth Plan
Blowroom lines	42	58
Carding engines	1,230	2,040
Comber sets	21	41
Draw frames	108	158
Speed frames	304	431
Ring frames	1,325	1,840
Winding machines—		
(a) High speed	33	24
(b) Fully automatic	16	23
Warping machines—		
(a) High speed	22	23
(b) Fully automatic	16	23
Sizing machines	38	49
Plain looms	1,650	1,225
Automatic looms	4,700	3,250
Total value of the above items in rupees (lakhs)	1,449,450	2,130,125

It is evident from the series of statistics presented here that, while indigenous production of textile machinery is making good progress, the magnitude of machinery requirements of textile industry is very much higher than domestic supplies. The mill industry has made an estimate of its own in the case of some of the important items of textile machinery that will be required from 1964. According to this study, the mill sector should have 16 lakh spindles annually both for purposes of rehabilitation and expansion, while the output of spindles in the country is 8 lakhs a year.

Demand Position

Similarly, the mills need 1,000 carding engines a year to replace the existing ones and another 3,300 *per annum*, if the plan to increase the spindleage materialises. India produces about 1,700 carding engines a year and should, therefore, be prepared to make good a deficit of 2,500 of them each year.

The position relating to the supply of looms also calls for an appreciable improvement. It is estimated that, as many as 7,000 looms will have to be earmarked annually for purposes of rehabilitation. If the expansion of weaving capacity materialises on the scale envisaged, the industry must have 41,000 looms. Assuming that half the quantity of these looms will be installed in the current year and in 1965, the annual loom requirements of the mills will be 17,000, that is, 7,000 for rehabilitation and 10,000 for expansion. The current rate of production inside the country is 3,500 automatic looms and 2,500 plain looms.

There will also be a shortfall in other items of machinery, including blow room lines and speed frames. The textile industry has consistently held that indigenous producers of textile machinery should be given every encouragement to increase their output so that the gap between domestic output and the requirements of the mills may be narrowed. Towards this end, it has advocated that the Indian textile machinery manufacturers should be allotted foreign exchange on a generous scale. It has also suggested that long-term loans should be sanctioned to them to facilitate their concluding collaboration agreements with foreign manufacturers for the production of textile machinery on a bigger scale inside the country. They should also be helped to import pig iron and components on the required scale. At the same time, suitable steps should be taken to ensure that machinery production in the country is in accordance with the latest technological developments abroad.

Commendable Efforts

The textile machinery manufacturers themselves are making strenuous efforts to expand and diversify their output. A number of new items, namely, blowroom lines, draw frames, speed frames, high-speed winding and warping machines, wet processing machinery, including winches, cloth printing machines, automatic jiggers, hot-air stenters, mercerising machines, singeing machines, continuous dyeing plant, pneumatic mangles, open width bleaching plant and polymerising machines are now being manufactured in the country. Indigenous capacity has also been created for the production of ring frame components such as top arm drafting parts, ball bearing top rollers, ball bearing jockey pulleys, roller bearing inserts, etc. Foreign collaboration has been secured for enlarging the production of automatic looms and sizing machines.

Even so, the country will have to wait for many years before it can reach the much-coveted goal of self-sufficiency in textile machinery, as the growth of this industry is not rapid enough. During the second Plan period, 1956-61, India produced textile equipment valued at Rs. 42 crores which accounted for about 46 per cent of the assessed demand in terms of value. Imports have thus become inevitable. The following table shows the value of the textile machinery imported over a period of years:

Year	Rs. (crores)
1957	18.94
1958	10.31
1959	9.05
1960	13.81
1961	20.36
1962	21.68
1963	22.00

Imports of items like ring frames, spindles, spinning rings and fluted rollers are in negligible quantities, while large sums of money are being spent on importing blow-room machinery, drawing frames, winding machinery and automatic looms. The following table shows the import of some of the major items of cotton textile machinery in the year 1st April 1963 to 31st March 1964:

Type	Quantity in Nos.	Value in lakhs of Rs.
Cotton waste spinning machinery	25	13
Dyeing machinery	41	15
Finishing machinery	10	17
Printing machinery	8	5
Sizing machinery	22	41
Blowroom machinery	81	109
Carding machinery	37	18
Combing machinery	94	62
Twisting machinery	28	28
Drawing frames	362	142
Intermediate frames	9	4
Ring frames	59	28
Roving frames	23	26
Warping machinery	22	19
Winding machinery	222	107
Automatic looms	1,279	127
Plain looms	8	3

(*Source:* Department of Commercial Intelligence and Statistics, Government of India.)

The main sources of textile machinery supply to India are Britain, the United States of America, West Germany, Japan and Czechoslovakia.

The third Plan provides for textile machinery production valued at Rs. 20 crores a year. Considering the enormous machinery requirements of the textile mills, the target is undoubtedly a modest one. The following table shows the value of indigenous production in the period 1957-63:

Year	Rs. (crores)
1957	9.25
1958	7.65
1959	8.84
1960	11.08
1961	12.94
1962	15.40
1963	18.52

It is estimated that production will rise to Rs. 36 crores in 1966.

Raw Materials

The industry is, however, confronted with serious difficulties in reaching higher levels of production. With the existence of unutilised capacity, we are witness to the strange spectacle of darkness at noon. The reason for this paradox is the inadequate and uncertain supply of the raw materials required by the industry. The main raw materials for textile machinery production are pig iron of superior grades, steel items like bright drawn sections and free cutting varieties and coke.

Machinery producers are greatly handicapped due to the deterioration in the supply position pertaining to most of these items. They fear that the quality and prices of their own products will be exposed to adverse criticism on this account. The textile machinery industry has undoubtedly a good case for asking that imports of essential components and raw materials required by it should be liberalised by making a generous allocation of foreign exchange for this purpose.

It is only when the textile machinery industry is freed from such worries will it be able to increase its output to the required scale, to improve the quality of its products and to deliver them to the mills more promptly and at attractive prices. It will also be in a better position to adopt the continually improving techniques of machinery fabrication. As in the production of other industrial equipment, revolutionary changes are taking place in the manufacture of textile machinery, the aim being to reduce the number of processes in the production of cloth and yarn and to improve their quality.

New Invention

Inexorable economic forces are driving the textile industry towards automation, with the result that the production of conventional types of machinery may before long go into disuse. The C.A.S. (continuous automated spinning) system developed in Japan is designed to shorten the conventional six to nine operational stages to two. In America, a new experimental cotton spinning machine, developed by the engineers of the U.S. Department of Agriculture, may well lead to early automation in the cotton spinning mills.

To conclude, the textile machinery industry in India is still in a developing stage, but the scope for its products is very wide indeed. Its aim should be not only to increase the volume of its output but also to improve the quality of its manufactures. By doing so, it will not only be able to cater to domestic requirements but also be in a position to export sizable quantities to the textile producing countries, especially in Asia and Africa. In order to keep itself up-to-date, the industry should be permitted to import the latest machines with a view to manufacturing similar ones in the country itself. If necessary, collaboration with foreign firms and experts should be sought on a bigger scale than at present. Self-sufficiency in textile equipment is one of the urgent necessities of the country.

TEXTILES IN A DIVIDED EUROPE

In one of the recent issues of the *Textile Mercury International* (Manchester), Mr. Mario Ludwig, Director of the International Federation of Cotton and Allied Textile Industries in Zürich, takes a new look at the textile industry in a divided Europe. He reviews the structural evolution in the world's textile industries, which resulted in a decline in the productive capacities of the Western nations and a corresponding increase in the textile mill capacity of developing countries, mainly in Asia, Africa and Latin America. Mr. Ludwig then points out that, as a result of the division of Western Europe into the "Six" and the "Seven," the textile industries are handicapped further still. In the E.E.C. area, the textile industries are relatively homogeneous and composed of four large and fairly similar markets; Benelux, France, Germany and Italy. They always had intensive foreign trade in textile goods among themselves. In the E.F.T.A., on the other hand, the textile industries form an extremely heterogeneous group. They are composed of one very large producer and consumer, i.e. the United Kingdom, and six small, multifarious markets scattered all over Europe, each with its own small cotton textile industry. These smaller E.F.T.A. countries have, in their foreign trade in textile goods, always been orientated towards E.E.C. countries.

Mr. Ludwig recalls that the textile industry of Western Europe has been the first industry ever to advocate all-European market integration. Since this is not likely to happen soon on the political level, it is understandable that the industry should now seek ways and means as to how this could be achieved at least for the textile sector. Two major conditions would have to be fulfilled: (1) Harmonisation of E.F.T.A. tariffs on textile goods with the common external tariff of the E.E.C., and (2) adoption of a common foreign trade policy towards third countries. Mr. Ludwig believes that both are within the realm of possibilities. As far as the harmonisation of tariffs is concerned, he points out that current textile tariffs in E.F.T.A. countries—with a few exceptions—do not differ substantially from the common external tariff of the E.E.C. With regard to the co-ordinated foreign trade policy, he recalls that already the Western European textile industries receive special treatment under the G.A.T.T. Long-term Arrangement on International Trade in Cotton Textiles. If this need for special textile policies, specifically designed for the benefit of the highly industrialised importing countries on one side and the developing exporting countries on the other, has been officially acknowledged by such a world-wide inter-governmental body as the G.A.T.T., then—Mr. Ludwig feels—it should not be too difficult to arrive at a co-ordinated foreign trade policy on textiles between the E.E.C. and the E.F.T.A. He suggests that perhaps the special Committee for Textiles of the O.E.C.D. might provide the appropriate institutional framework to achieve this.

SECOND WAGE BOARD FOR COTTON TEXTILE INDUSTRY

The Government of India has announced the setting up of a second Wage Board for the cotton textile industry to consider the question of a further revision of the wage structure in the industry. While making its recommendations, the Wage Board has been asked to keep in view the recommendations of the first Wage Board for the cotton textile industry and Government decisions thereon; the principles of fair wages as set forth in the report of the Committee on Fair Wages; the needs of the industry in a developing economy (including the need for maintaining and promoting exports); the various elements of labour costs (excepting bonus) apart from wages; the requirements of social justice; the need for adjusting wage differentials in such a manner as to provide incentive to workers for advancing their skill; and the desirability of extending the system of payment by results. In applying the system of payment by results, the Board is required to bear in mind the need for fixing a minimum (fall-back wage) and also safeguarding against overwork and undue speed. Further, the Wage Board shall consider the demands for the introduction of a gratuity scheme on an industry-wise basis.

The composition of the Board shall be as follows:—

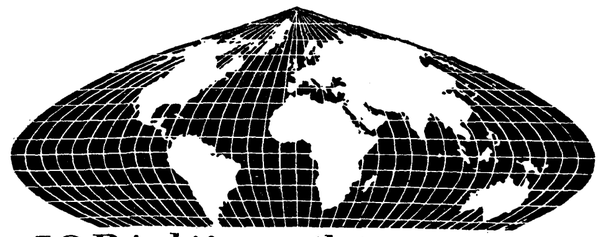
Chairman: Mr. K. Bhimasankaram, Retired Judge, High Court, Andhra Pradesh; *independent members*: Mr. Tulsidas S. Jadhav, member, Lok Sabha, and Prof. M. B. Desai; *employers' representatives*: Mr. D. C. Kothari and Mr. Surottam P. Hutheesing; *workers' representatives*: Mr. G. Ramanujam and Mr. A. N. Buch.

The headquarters of the Board will be located at Hyderabad. The correspondence intended for the Board shall be addressed to the Chairman, Second Central Wage Board for the Cotton Textile Industry, c/o the Secretary to the Government of Andhra Pradesh, Home (Labour-II) Department, Hyderabad.

ANNUAL REPORT OF MILLOWNERS' ASSOCIATION, BOMBAY

The Committee of the Millowners' Association, Bombay, in its annual report for the year 1963, describes the various regulations affecting the cotton textile mills throughout the country. The Committee points out that a mere permission to industries to step up their productive capacity cannot raise the level of production. What is more urgently needed, according to it, is action to bridge the widening gulf between costs and prices. It, therefore, urges a revision of cloth and yarn prices.

The report contains a resume of the proceedings of the last annual general meeting and incorporates the full text of the latest budget speech of the Union Finance Minister. The comprehensive statistical section included at the end gives, among other things, details regarding the progress of the cotton mill industry, consumption of raw cotton, production, import, export and *per capita* availability of cloth in the country and the prevailing rates of excise duty on cloth.



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MANCHESTER LETTER

FOREIGN TRADE IN TEXTILES

EXPORTS DECLINE, IMPORTS RISE AGAIN

From Our Special Correspondent

MANCHESTER, 11*th August*

IN June, exports of cotton cloth from Britain were at their lowest level for many years at 14,586,000 square yards, while corresponding arrivals from abroad were 70,366,000 square yards. At the end of six months, shippers had sent 102,877,000 square yards of cotton cloth abroad, earning £15,360,884, while imports had reached 414,723,000 yards at a cost of £34,386,622.

Arrivals during the half-year were only about 6 million square yards short of the previous peak in 1961 and were over 80 million yards more than in the same period last year. At the same time, the comparable shipments of man-made fibre cloth were 44,687,000 square yards and imports were 46,278,000 square yards.

The following table illustrates the current situation, with corresponding figures for selected years since the post-war export peak:

(Cloth in thousand sq. yards and yarn in thousand lbs.)

	Cotton cloth		*Rayon, etc. cloth*		*Cotton yarn*	
	Exports	*Imports*	*Exports*	*Imports*	*Exports*	*Imports*
1949 ..	903,578	345,800	180,708	51,800	82,061	1,960
1953 ..	709,905	98,640	176,826	44,400	41,920	3,360
1958 ..	384,078	386,763	84,404	47,171	26,797	14,637
1959 ..	347,687	557,145	63,725	37,764	22,921	21,512
1960 ..	337,090	727,707	54,355	58,419	21,113	38,648
1961 ..	286,632	731,011	48,884	69,739	14,451	43,737
1962 ..	235,210	575,021	54,969	66,485	21,902*	31,910*
1963 ..	222,262	695,208	80,319	63,446	20,605	36,244
1963—						
1st half	113,965	332,586	38,827	28,894	10,941	19,219
1964—						
1st half	102,877	414,723	44,687	46,278	11,092	21,461

* Including thread from 1962 onwards.

While the above table still reflects the same discouraging picture which has for so long affected the British industry, the one bright spot remains the man-made fibre yarn sector. Shipments in the first half of the current year increased by a further 8 million lbs. to 48,177,000 lbs., nearly twice as much as was exported in the corresponding period of 1961. Arrivals of man-made fibre yarn and thread admittedly nearly doubled at 13,476,000 lbs. as against 7,121,000 lbs., but it is as well to remember that there are some encouraging aspects of the situation.

The major rise in imports has again been in the quantity of cotton grey cloth arriving in this country. This has soared from 254,440,000 yards to 327,738,000 yards. Leading suppliers during the six months were India (136,002,000 yards, as against 94,618,000 yards); Hong Kong (38,236,000 yards, as against 45,736,000 yards); Pakistan (32,679,000 yards, as against 35,976,000 yards) and China (29,669,000 yards, as against 18,937,000 yards). Larger quantities were taken from Canada, the Irish Republic and Yugoslavia.

Arrivals of finished fabrics were nearly 9 million yards higher in the first half of 1963 at 86,985,000 yards. Most of these goods came from Belgium (15,096,000 yards), India (13,645,000 yards) and Hong Kong (12,524,000 yards).

Cotton cloth exports continued to decline in volume. The major markets were South Africa (12,157,000 yards); the Irish Republic (10,406,000 yards); and Australia (9,399,000 yards). Among other countries absorbing modest quantities from Britain were New Zealand (7,276,000 yards); Nigeria (7,189,000 yards) and Rhodesia and Nyasaland (6,294,000 yards).

No Holiday Let-up

Yet another week of pronounced activity in the takeover field affecting textile companies has brought a new rush of negotiations and actual bids, and it seems self-evident that the traditional holiday month of August is not going to interfere with the expansionist plans of the groups which are the mainspring of this mood. In particular, focus at the moment is the weaving section. Following the substantial purchases made in spinning, it is felt that those who aspire to being fully vertical are somewhat short of an appropriate number of looms to absorb the rest of their capacity. The likelihood of John Grey Ltd., Burnley, being absorbed for this reason has been confirmed by an official indication that talks are going on with a prospective bidder.

In the meantime, steps taken to protect contacts and outlets by some of the smaller units in the industry reflect the anxiety which is undoubtedly being felt by customers and producers alike. Mergers within this field, or at least a series of financial arrangements to safeguard the future flow of supplies, may well provide an offshoot to the direct takeovers which have lately concerned the more substantial companies in the trade.

Re-equipment Schemes

Although the first flush of comment created by the bids for the spinning combines has died down, the outlook for the industry has still been the subject of widespread debate. Much has been made during the past week or two of the financial aid provided by the Government to carry out the reorganisation scheme and, in particular, the re-equipment grants.

Again, the industry has been blamed for not scrapping enough machinery or installing sufficient new plant. In general terms, some of these arguments can be justified, but it should be remembered that individual companies still retained the right to decide how far they should venture into these schemes—there was no compulsion.

In fact, very large sums of money have been expended on modernising the mills and the critics would do well to spend a few hours seeing the best that Lancashire can now offer, which is more than comparable with its competitors abroad. The efficient, far-seeing executives who have nursed these plans into fruition, and who still have a number of useful cards up their sleeve, will be only too ready to show what has been accomplished so far.

In view of the comparisons which are constantly being drawn between the consumption of the natural and man-made fibres, it is interesting to note that the supplies of raw cotton imported into this country during the past season were the highest for the last four years. Arrivals of nearly 1,300,000 bales were 180,000 bales more than in the previous 12 months and as compared with 1,450,000 bales in the 1959-60 season.

Although there is obviously a distinct correlation between the state of the trade in the industry and the purchases of the raw material, the maintenance of imports at more than 1,000,000 bales seems to indicate that cotton is by no means the back-number which some people suggest. Certainly two years ago, when arrivals were at their lowest ebb for a long time back, it looked as if the writing was on the wall, but, in the subsequent seasons, additional quantities have been shipped to this country each year.

One of the major changes over the past season has been the marked revival in purchases of cotton from the United States, despite the very complicated circumstances ruling in America, arising from the legislative changes relating to the crop which were under consideration. It is a far cry indeed from the 1956-57 season when the United States Government adopted an aggressive selling policy to dispose of their huge accumulation of stocks, and Britain imported just over 1,000,000 bales of American cotton out of total arrivals of 1,690,000 bales.

In contrast to the fluctuating shipments from the United States, the imports of Turkish cotton have shown a steady increase with the exception of the 1960-61 season, and now represent the second largest source of supply. Purchases from Iran have also moved upwards, and cotton grown in Pakistan has found a ready market in Britain this year, reaching the highest level for many seasons past.

Actual forwardings of cotton to the mills during the past season were rather smaller than might have been anticipated in view of the arrivals. The gap between the two was in fact 86,000 bales, as compared with only 8,000 bales in the previous season.

GOVERNMENT OF UTTAR PRADESH

FINANCE DEPARTMENT

Dated Lucknow, August 4, 1964

PRESS NOTE

4¾ Per Cent

Uttar Pradesh State Development Loan, 1976

The Government of Uttar Pradesh are floating a loan of Rs. 10 crores in order to finance development schemes particularly those relating to electricity, irrigation and industries. The loan will open for subscriptions on August 24, 1964 and will close on August 29, 1964, unless closed earlier. The main terms of the loan are that the issue price will be Rs. 99.75 for every Rs. 100 of the loan applied for; the loan will have a currency of 12 years from August 24, 1964, and will be repaid at par on August 24, 1976; the loan will carry interest at the rate of 4¾ per cent per annum from August 24, 1964 payable half-yearly on February 24 and August 24, the payments being subject to tax under the Income Tax Act, 1961. Subscriptions for the loan can be made in the form of cash or cheque or securities of 4 per cent Uttar Pradesh Loan, 1964 and will be received at the branches of the State Bank of India in Uttar Pradesh, the Government treasuries and sub-treasuries in the State of Uttar Pradesh where there is no branch of the State Bank of India, the offices of the Reserve Bank of India at Bombay, Calcutta, New Delhi, Madras, Nagpur and Bangalore, the branch of the State Bank of India at Patna and the branch of the State Bank of Hyderabad at Hyderabad.

Full details of the terms of the loan are contained in Finance Department notification No. BI—3054/X—88-64, dated August 4, 1964, copies of which, along with the application form, are obtainable at the receiving offices mentioned above.

2. Financial position of the Government of Uttar Pradesh:—

Revenue position—During the years 1959-60 to 1962-63, the Revenue receipts and expenditure were as follows:—

(Figures in lakhs of rupees)

	Revenue Receipts	Revenue expenditure	Surplus (+)
1959-60	12,955	12,816	+139
1960-61	14,835	14,431	+404
1961-62	15,399	15,111	+288
1962-63	19,000	18,867	+133

The Accounts for 1963-64 have not yet been finally closed, but the indications are that the year might close with a revenue surplus of about Rs. 10 crores.

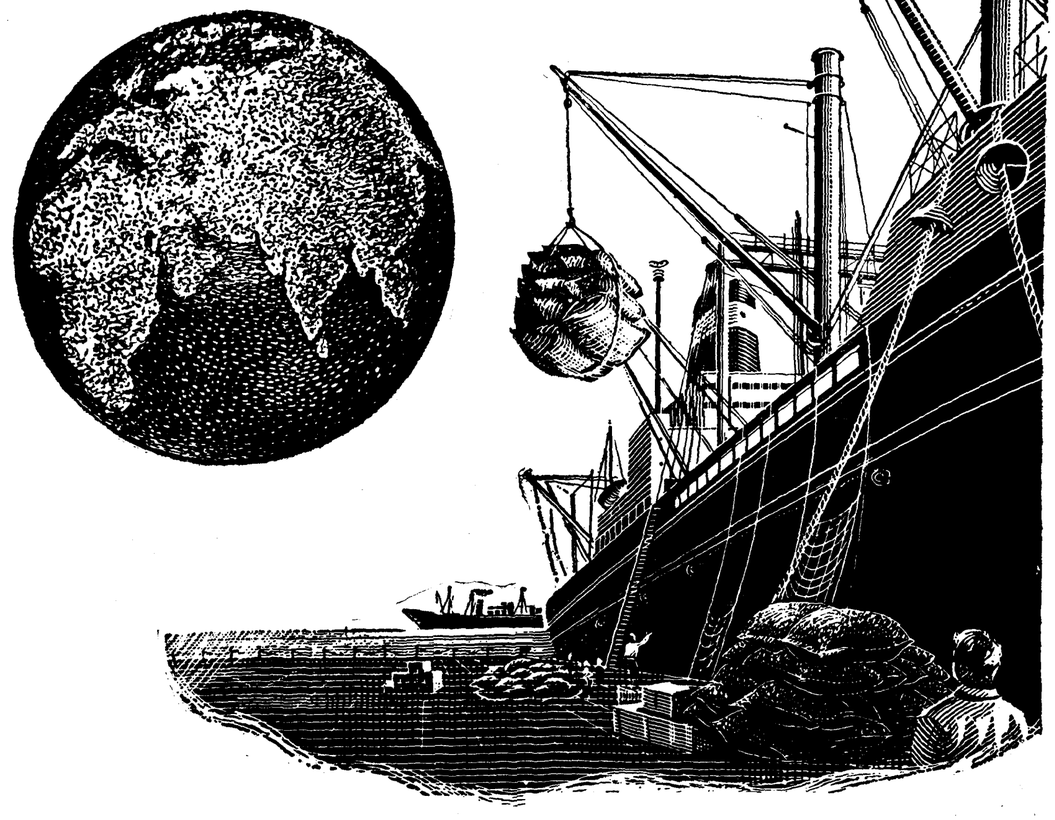
Balances in the Reserve Funds—The balances at the credit of the various Reserve Funds at the end of 1963-64 were Rs. 65.40 crores of which a sum of Rs. 54.84 crores is invested in Government securities.

Debt position—The total debt of the Government of Uttar Pradesh as on March 31, 1964 was about Rs. 406.59 crores consisting of Rs. 331.63 crores as loans received from the Government of India, Rs. 64.75 crores on account of open market loans, Rs. 9.31 crores representing loans from the Agricultural Credit Fund of the Reserve Bank of India and from the Life Insurance Corporation of India, etc., and a sum of Rs. 90 lakhs in respect of issue of U. P. E. E. Act Bonds. There are Sinking Funds for the public loans (both Liquidation and Depreciation) and the balance at the credit of these Funds which amounted to Rs. 27.40 crores on March 31, 1964 is invested mostly in Government of India securities. A sum of Rs. 16.83 crores—mostly invested—is also available in the Sinking Fund built up for the amortisation of loans obtained from the Government of India which are repayable in lump sum. Besides the above debt of Rs. 406.59 crores, the State Government also issued Zamindari Abolition Compensation Bonds and Rehabilitation Grant Bonds, the outstanding balance of which on March 31, 1964 amounted to Rs. 81.40 crores.

Assets of the Government—Against the outstanding debt of Rs. 406.59 crores there are assets in the shape of the Ganga, Yamuna and Sarda Canals, various other canals and the State Tube-wells, Government Cement Factory, Government Precision Instruments Factory, Government Bus Services and Rihand Electricity Scheme, in which a total sum of about Rs. 321.44 crores has been invested. Another asset is the balance due to Uttar Pradesh Government on account of loans and advances made amounting to about Rs. 194.31 crores. Besides these, there are a large number of buildings and roads for which no separate capital accounts are maintained.

1788
THE E.I.D.-PARRY GROUP
1964

FOREIGN EXCHANGE AND PARRYS



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COAL CONSUMPTION IN INDIA

LARGER USE OF LOWER GRADES MUST BE ENCOURAGED

IN any industry, the level of production alone is not important. Equally important is the proper pattern of production. If the production pattern is not proper, there is bound to be imbalance in the demand for, and the supply of, a product. This simple truth, it is somewhat unfortunate, does not seem to have been recognised by New Delhi. How else is one to explain the recent decision of the Union Ministry of Steel and Mines to earmark the additional non-coking coal requirements of nine million tonnes in the remaining period of the third Plan exclusively to higher grades of coal upto grade one?

Apart from the limited deposits of superior grade coal, the Government should not ignore certain vital considerations. Some of these considerations have been well brought out by the Indian Colliery Owners' Association in a memorandum recently submitted to the Minister for Steel and Mines. The Association has drawn attention, for instance, to the fact that, in due recognition of the necessity for larger consumption of lower grade coal supplies backed by large reserves, boilers in various industries have been designed for using lower grade coals. Further, mention is made of the economics of lower grade coal for brick-burning purposes. It is claimed that such coal can be used easily without any loss in efficiency. Mention is also made of the urgent demand, already existing in the countryside, for lower grades of coal to meet the needs of domestic consumption in the shape of soft coke. Recalling, in this connection, the incalculable harm being done to the economy as a whole by the use of cow dung, fire wood and vegetable wastes as fuel by villagers as highlighted in a research study, the Association says: "Any lapse on our part resulting in the failure to check the wasteful use of our available manures by replacing them with soft coke, in which our country abounds, would be unpardonable." Dr. P. S. Lokanathan, Director-General of the National Council of Applied Economic Research, in his foreword to the interesting report on *Domestic Fuels in India* published by the Council in 1959, said that, "if the amount of dung burnt in India is used as manure, production of foodgrains can be increased by about nine million tons every year, which means that the loss in terms of fertilisers is roughly equivalent to burning 12 Sindries every year."

Stocks Heavy

In 1962, it may be noted here, the production of lower grades coal (IIIA and B) did not exceed ten per cent of the total output and coal was considered to be in acute shortage. The collieries producing such lower grades readily responded to the call for stepping up production, and the supply position improved greatly thereafter. The position today is, however, different. Explaining the position, the Association observes:

"This section of the coal industry (representing producers of lower grades), after having achieved the required production, finds itself facing a peculiar predicament arising from the so-called glut in the production of lower grades. This has assumed a proportion of serious threat not only to the economy but the very existence of the majority of the producers of lower grade coals. The pithead stocks lying at the collieries are the greatest cause of distress, besides various other liabilities and commitments hanging like Damocle's sword. In an all-out effort to respond most zealously to the nation's call for higher production, the industry made costly preparations like sinking new pits, constructing railway sidings, installing new machinery and plants necessary for increased production and thereby got involved in various financial commitments coming out of which, in the existing circumstances, seemed well-nigh impossible. The pithead stocks held by the lower grade coal producers are 2,808 million tonnes at the end of February 1964."

In this connection, the Association rightly stresses the supreme importance of conserving higher grade coals. Out of the estimated total deposits of 51,312 million tons of coal upto the depth of 4,000 feet, selected grades, we are told, form no more than two per cent and the medium coking and non-coking grades (grades I and II) account for seven per cent, whereas the so-called inferior grades constitute as much as 91 per cent. While the reserves of selected grades are thus small, the rate at which they are being consumed is pretty high. Out of the total consumption, these grades alone account for as much as 26 per cent, the share of medium and lower grades being 62 per cent and 2 per cent, respectively. This pattern of consumption certainly underlines, as the Association says, the necessity for a thorough recasting of the schedule of gradewise allocations for various industries and changing the very pattern of consumption on realistic basis in the light of the proved reserves. There have been numerous studies and examinations of the position of reserves in our country by various Committees appointed by the Government to ascertain the need to curtail production and consumption of coal of certain varieties and to encourage the utilisation of those grades the reserves of which are plentiful. All these studies have warned against consumption of higher grade coals for purposes where the lower grades could very well meet the demand.

Coal for Brick-burning

Pointing to another instance of the imbalance in coal consumption and resources, the Association observes:

"In a rising economy, the necessity of housing and building construction is great. Requirements of fuel for brick-burning as corollary to this part of the national programme cannot be ignored. While coals of lower grades can easily be used without any loss in efficiency for brick-burning purpose, Grade I coal was allowed to be used to the extent of 31.5 per cent of total supplies of coal under 'BRK' category during the year 1963 alone. The position has further worsened by the supply of washery middlings under priority class BRK—a regrettable fact which came to the notice of the Association in 1961 whereupon the matter was duly taken up with the Deputy Coal Controller (Distribution) and such movements had to be stopped. But the despatches of washery middlings began again for the second time during 1963 and the Association made telegraphic protests to the Coal Controller and sought the help of the Ministry of Mines and Fuel. Although this practice hit the lower grade coal producers hard, no final action seems to have been taken at Government level."

Transport Problem

A larger and wider use of lower grades coal in industries, brick-burning and for domestic purposes presupposes the availability of adequate transport facilities. The Colliery Owners Association is quite aware of this fact, as witness its plea for a speedy revision in the overall system of transport. Severely criticising the way in which the Railways are handling coal transport, it observes:

"Railways are the principal carriers of coal and coke and their irreconcilable attitude imposing restrictions of various kinds on the movement of coal/coke under the plea of rationalisation, even when wagons are available in plenty, still persists. It really does not stand to reason how unflinching restrictions under the name and style of rationalisation are considered expedient now. Substantial demands for these coal/coke are going unsatisfied for years together, while pithead stocks of these grades are mounting in the collieries. With the onset of relaxation of distribution of soft coke and coals of Grade II and below with effect from 1st July 1964, the hardships on account of heavy demurrage imposed upon collieries on the basis of programmes prepared by the Coal Controller prior to the measure of present decontrol set in have suddenly registered a steep rise. While collieries are ignorant of the wagons arriving at their sidings under the Coal Controller's programmes, Railways continue to honour such programmes and the demurrage charges go on mounting for no fault on the part of the collieries."

The Government of India will do well to ponder the aforesaid observations and rationalise the production-consumption pattern of the different grades of coal. When the various expert studies have clearly revealed that the reserves of metallurgical coal are extremely limited, prudence demands that these reserves should be conserved for the use of expanding iron and steel industry. Such conservation can be easily ensured, if proper steps are taken to encourage larger and larger use of lower grade coal.

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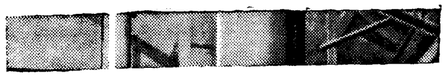

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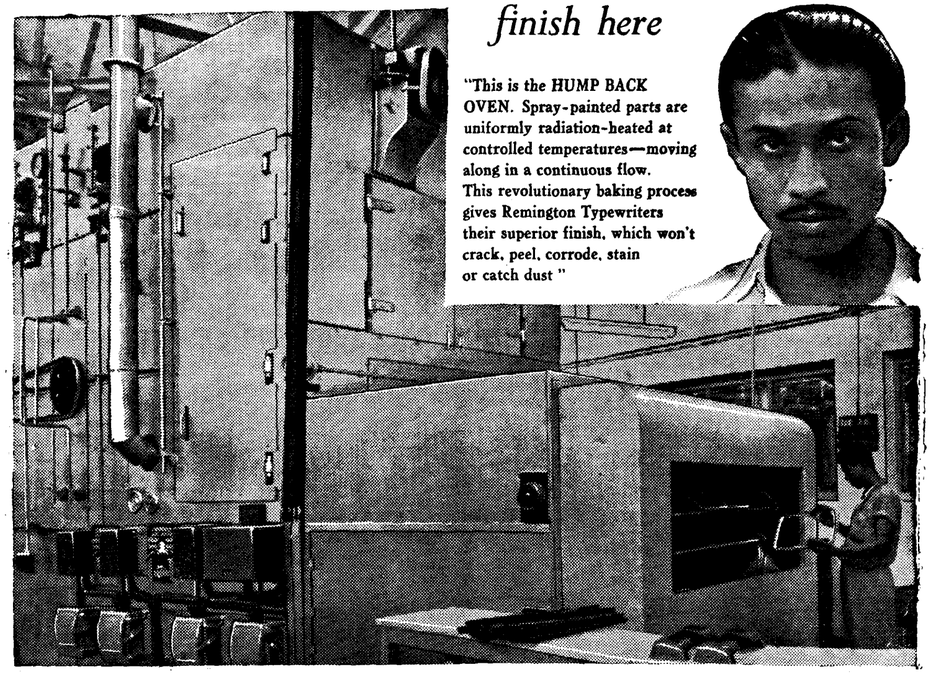

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U.K.'S ECONOMIC EXPANSION SLACKENS

NOT AN UNWELCOME CORRECTIVE TO EARLIER RAPID GROWTH

By W. T. C. King
EDITOR OF "THE BANKER"

LONDON, *4th August*

THERE is now no doubt that Britain's rate of economic expansion, after rising sharply in 1963, has this year slackened significantly—as, indeed, it needed to do, if risk of a recurrence of excessive strains on productive resources was to be avoided. The rapid expansion last year, it may be recalled, was largely in response to a series of Governmental measures designed to boost demand, with the object of enabling the economy to take up the slack in utilisation of productive capacity, a slack that had accumulated in the aftermath of the abrupt disinflationary check administered in mid-1961. Precisely because the economy was last year meeting the increased demands upon it largely by a fuller utilisation of existing productive resources, total output could grow much more rapidly than would be possible when resources were fully employed, for then the safely sustainable rate of growth of output could not exceed the rate at which productive capacity was itself growing.

For this reason, the degree of stimulation applied in 1962 and 1963 was almost bound to prove excessive in the conditions of 1964, as the economy came closer to the practical limits of full employment. Accordingly, official tactics for the regulation of aggregate demand changed direction: at the end-February last, the Bank Rate was raised from 4 to 5 per cent, and six weeks later the Budget provided for increase in taxation to the extent of £100,000,000—measures that were intended to slow down the prospective rate of growth of demand to bring it into line with the maximum rate at which it was assumed that output could grow without any "overheating" of the productive mechanism.

Most unofficial commentators, as I recorded in this correspondence *at the time*, were indeed of opinion that the Chancellor's measures might not prove sufficient for this purpose. Now, however, although it is still too soon to gauge the full effects of the Budget, it appears that the economy has been slowing down more decidedly than had been expected—by the critics, if not also by the authorities. The statistical evidence, unfortunately, is not adequate to sustain any precise quantitative assessment, not at any rate over so short a period, owing in part to the difficulties of seasonal smoothing. But, if all the available pointers are considered together, they seem to show fairly conclusively not only that a material slackening has been taking place but that it started before the Budget.

National Income

The quarterly estimates of national income and expenditure issued at end-July show that, in the first quarter of this year, the gross domestic product, valued at constant prices, was 1½ per cent above the average for the two preceding quarters, equivalent to an annual rate of increase of 4 per cent, whereas that average for the second half of 1963 had been as much as 6 per cent above the low figure recorded for the first quarter of 1963 (when there was distortion of the smoothing estimates owing to the abnormally severe winter) and fully 5 per cent above the fourth quarter of 1962. (The averaging of the last two quarters of 1963 for purposes of comparison is considered necessary since the two alternative bases of estimation—on income data or on expenditure data—gave sharply divergent figures for the latter quarter, but the two sets of figures came into line again in the first quarter of this year, suggesting that the difference may have been largely due to discrepancies in timing.)

The impression of slackening emerges even more strikingly from the official index of industrial production, which covers approximately one-half of national output as a whole. The latest available index relates to the month of May, too soon to register any perceptible effects from the Budget. Yet that index, at 126 (1958=100), now shows no increase since January, after downward revisions of provisional estimates.

The index now figures at 126 for five successive months. Hence, even if three-monthly averages are taken as a guide (to avoid the distortions to which single month's estimates are prone), the latest three-month period shows an advance of less than 1 per cent per annum of the preceding three months, compared with 3¼ per cent per annum registered a month earlier (for the period February-April compared with November-January), and rates up to 10 per cent a year in the latter part of 1963. The index for manufacturing industry alone is, moreover, now shown as having actually dipped in March and April to 127, as compared with 128 in February, and to have merely regained this setback in May. On the three-month comparison, this index likewise indicates a rate of growth of under one per cent a year for the latest period.

F.B.I.'s Survey

Other evidence suggests that these indices of industrial production may be overstating the extent of the change in the pace of the economy. There are signs that business activity went on increasing in some measure not only through the period in which the production index had stabilised, from January to May, but also more recently.

This impression emerged in particular from the latest of the surveys of industrial trends conducted by the Federation of British Industries (F.B.I.). Of the industrialists responding to the questionnaire in June, 60 per cent reported a rise in output over the preceding four months, whilst only 7 per cent reported a fall, and those expecting output to go on rising in the next four months far exceeded those expecting a fall. In the course of a parliamentary debate at end-July, the Chancellor of the Exchequer, after referring to the slackening in the rate of growth, went on to say: "If one looks at the returns from industry, goes to the F.B.I. or talks to people in industry and business who know the facts and prospects, one learns the expansion is continuing, but continuing at a healthy rate."

As yet, it is not easy to match this evidence of deceleration of output with detailed evidence from the side of demand, but there certainly appears to have been a marked slackening in the most important sector of demand. The seasonally smoothed index of the value of retail sales dipped by one point in March, from its January-February peak of 112 (1961=100), rose to a new peak of 113 in April and held that in May. But this climb was wholly attributable to price changes. The index of volume dropped two points in May, to 104, as compared with the peak of 107 in January last, and the average for the latest three months, at 15, is below that for the first quarter of the year, and at the same level as that recorded for both the third and fourth quarters of 1963.

There also seems to have been some flattening of demands financed by hire-purchase. The level of outstanding debt on hire-purchase contracts first surpassed £1,000 million in April last, and then jumped to £1,024 million in May, the increase in both those months being larger than in the corresponding period of 1963. But the rate of growth of new hire-purchase business, by comparison with the higher levels established last autumn, is regarded as not much more than seasonal, and in household goods the May total actually showed a small drop on the year.

Consumers' expenditure as a whole, as measured by the quarterly national income and expenditure series, showed only a very slow growth, at constant prices, both in the first quarter of this year and in the fourth quarter of 1963: the rise in both those periods was at the rate of about 2 per cent per annum.

Investment of Capital Rising Fast

The fastest rising sector of demand early this year was, indeed, that of investment capital. Fixed investment, valued at constant prices, was fully 3½ per cent greater in the first quarter than in the preceding quarter, and 6 per cent above the average for the second half of 1963. The increase, as expected, was most marked in the public sector (up by 8½ per cent by comparison with the second half of last year), but private sector investment still reached its highest point since the all-time peak was touched in the third quarter of 1961. Investment in manufacturing industry which now accounts for about one-fifth of total investment, rose by 6½ per cent, as compared with the second half of 1963. Stock-building was also running at a high level in the first quarter of this year; the actual estimates suggest some reduction from the peak rate recorded for the fourth quarter of 1963.

Little statistical evidence is yet available of the course of investment in the second quarter of the year, but the general impression is that the rise has continued, and in the private sector may even have accelerated. The rate of placings of new orders in the heavy engineering industries up to May and in machine tools up to April suggests that there are good prospects of sustained expansion through the second half of this year at least.

Employment Still High

The trends in the labour market also imply that the general level of activity has continued to rise, if more slowly, up to mid-June. Unemployment was falling more than seasonally: in the three months to that date. The true rate of decline in the number of adult workers "wholly" unemployed was probably rather more than 7,500 a month. Only in the four weeks to mid-July was the fall less than seasonal—by 12,153, compared with a "normal" decrease of about 15,000. That was a welcome portent, for the total of all workers unemployed had been reduced by June to only 1.4 per cent of the labour force, with the ratio in districts of most intense demand for labour down to only 0.8 and even 0.7 per cent in July.

In spite of these low ratios—and in spite of the fact that notified vacancies remaining unfilled now exceed the total of unemployed—there have been comparatively few reports of severe shortages of labour. In June, the F.B.I. enquiry still showed industrialists, surprisingly, putting scarcity of orders above scarcity of labour as the factor most likely to limit their output in the ensuing four months. The labour supply, it should be noted, is now receiving its seasonal injection from school-leavers: the unemployment ratio normally reaches its lowest point of the year in July.

The Achilles' Heel

If the pressure on the labour market is, indeed, passing its point of maximum intensity, it is to be hoped that there may be some corresponding easing in the pressure for wage increases. These have been outrunning the long-run sustainable average rate, and the gap has lately seemed likely to widen. The tendency for incomes to outpace production and productivity is, indeed, the Achilles' heel of Britain's economy. Thanks to the drive for public education in the facts of economic life, this is a truth that is now widely recognised, but the remedy still proves elusive.

MECHANISATION OF SUGARCANE PRODUCTION

World sugarcane experts, who attended a four-day conference in England last week, studied one of agriculture's oldest problems—full mechanisation of cane production.

Delegates from more than 20 sugarcane producing countries attended the conference, which was being held at the Massey-Ferguson School of Farm Mechanisation near Coventry. Mr. J. W. Beith, Managing Director of Massey-Ferguson (Export) Ltd., said that he believed it was the first cane conference designed to deal on a global scale with all aspects—from ploughing and planting right through to delivery of cane at the factory.

Reviewing the current situation in the industry, Mr. Arthur Chapman Barnes, the conference chairman, said sugar was vitally important in the world's food economy. An average man's annual intake was equivalent to 1,000,000 calories. At present, this amount was produced by approximately one-tenth of an acre of sugarcane—compared to wheat flour which required seven times as much acreage, milk 20 times and beef 100 times as much land to raise the cattle. He said that world sugarcane production had risen from 18,255,000 tons in 1939-40 to 28,702,000 tons in 1962-63. "Despite this remarkable rise," he added, "the world market has reflected shortages by the spectacular fluctuation in prices, from the low figure of £19 15s. per ton in January 1962 to an all-time high of £105 in November 1963. It is a production position which calls for corrective measures. With other factors involved, the result is that the sugar industry has entered another phase of active expansion which requires more agricultural machinery and the application of efficient methods at all stages of production."

The situation at the present time, Mr. Barnes said, indicated a reduction of world stocks of sugar to a level which was inadequate. World demand for sugar was expected to be 21,000,000 tons more in 1980, requiring an additional area of 8,000,000 to 10,000,000 acres. He concluded: "Here, then, is a group of factors which constitutes a challenge of great magnitude to the commercial interests of many countries which must be resolutely met by determined action, especially by manufacturers of agricultural machinery on the one hand and by the sugar plantations on the other. It is clear that the future developments and continuing prosperity of the cane-sugar industry are heavily dependent on the complete mechanisation of the work concerned with the production of sugarcane in constantly increasing quantities."

SOUTH MADRAS ELECTRIC SUPPLY CORPORATION LTD.

CHAIRMAN, MR. K. A. P. VISVANATHAN, HINTS AT FURTHER EXPANSION

SPEAKING at the Twenty-fourth Annual General Meeting of the South Madras Electric Supply Corporation Limited, held at Tennur, Tiruchirapalli, on 14th August 1964, the Chairman of the Company, Mr. K. A. P. Visvanathan, told the shareholders that the progress of the Company last year was satisfactory. He revealed that the Company had decided to invest about Rs. 25-30 lakhs over the next 7-8 years on expansion projects. He observed that, for a brief spell from June to July 1964, the power supply position had been very unsatisfactory and that, following the Government's belated decisions to cope with the delay in the arrival of the south-west monsoon, considerable harassment was caused to the rural and urban consumers of domestic power. He, however, expressed satisfaction over the abundant supply of water in the reservoirs for the coming summer months.

The following is an extract from the Chairman's speech:

Please allow me to welcome you all to this twenty-fourth annual general meeting of the Company.

We are gathered here today under the gloom cast by the demise of our beloved Mr. Jawaharlal Nehru. As one of the architects of our freedom and then as our Prime Minister, from the time the country reached its independent status, he worked hard for improving the economic status of the ordinary individual and for conferring equality to all people. He succeeded in his objectives in no small measure. May we deserve his efforts and sacrifices and continue to work in his footsteps, to achieve his objectives and ideals.

Mr. Shastri

We are fortunate in having in Mr. Lal Bahadur Shastri a worthy successor to Nehruji. He has been acclaimed, the world over, as one who would follow Nehruji's footsteps, most sincerely and effectively. I am sure that in his efforts to bring economic happiness at home and world peace and amity all over, he will have the sincere co-operation and goodwill of every citizen of India.

Last year, the balance sheet and accounts of the Company could not be published on account of the prohibition imposed on the publication of such documents under the Defence of India Rules in 1963. I am glad to state that this prohibition has however been relaxed and hence the accounts of this year have been published. I believe you will share with us the gratification that our Company's affairs progressed very satisfactorily. Though the restrictions imposed under the Emergency have been relaxed, I would like to repeat my assurance to the Government, on behalf of all of you, that this Company's resources and services will always be available to the Government in any emergency.

Satisfactory Progress

Now, reverting to the specific affairs of the Company. As I said earlier, the progress all round has been satisfactory. Expansion in both rural and urban areas has been up to the usual budgeted schedules. In spite of our having given up large blocks of the area to the Electricity Board for development, demand for extension in the retained area, for both agricultural and domestic services, continues to be heavy.

The Company has decided to invest between 20 to 25 lakhs of rupees every year on such expansion projects, so that over the next seven to eight years we can cover the entire area entrusted to us, with electricity services.

We had an almost calamitous power position this year, from the beginning of June to the end of July. Due to late decisions taken by the Government on the imposition of restrictions, the mode of power regulation was very unsatisfactory and caused untold harassment to the rural and urban consumers of domestic power. I would request the officials of the Electricity Board to recognise the fact that the hydro-electric generation in this State is subject to vagaries of monsoon and, therefore, to take more timely and rational steps in regulating power supply to avoid such unpleasant situations.

I am however glad to say that the abundant, though late, rains are reported to have filled up the Kundah and Pykara reservoirs and that Mettur, Periar and Papanasam lakes are also receiving a full measure of water supply. This position, I am told, will ensure that, in the coming summer months, we will not be subjected to any anxiety on account of power restrictions.

Increased Dividends

The effect of this one month's power restrictions (that is, June-July 1964) will probably be reflected to some extent in the next year's account. This year, however, as you would have observed from the balance sheet, we have done very well with power sales at over 120 lakhs of rupees and with over 76,000 consumers. With the continually increasing demand for power, I believe this rate of growth will be kept up. Your Directors have recommended the payment of increased dividends on equities at 11 per cent for this year which, I hope, will be accepted by you. I also hope the same progress will continue in future.

To achieve this level of expansion and growth, the staff of the Company have contributed their best. I am sure they will every time strive to give their best for the consumers whom they serve.

This leads me to the Managing Agents, Messrs. Seshasayee Brothers (Private) Limited whose managing agency will end by 1st April 1965 and whose request for renewal of their managing agency has been commended to you by the Directors. Seshasayees need no further recommendation to you from me. Apart from the exemplary way in which they have managed the affairs of this Company, their contribution to industrial expansion in South India is well known to you. I heartily commend their continuance as Managing Agents as per their request. I am sure you will all wholeheartedly support this proposition.

I now move that the Directors' report, Auditors' report and the balance sheet as on 31st March 1964 and the profit and loss account for the year ended 31st March 1964 be approved and adopted.

Note:—*This does not purport to be the record of the proceedings of the 24th Annual General Meeting of the Company.*

4¾ PER CENT

MAHARASHTRA STATE DEVELOPMENT LOAN, 1976

ISSUE PRICE AT PAR

OPEN ON MONDAY, THE 24TH AUGUST 1964

The loan will be closed as soon as the total amount of Rs. 15 crores has been subscribed and in any case not later than the close of business on the 29th August, 1964.

The applications for the loan will be received at:—

(*a*) the offices of the Reserve Bank of India, Bangalore, Bombay (Fort and Byculla), Calcutta, Madras, Nagpur and New Delhi,

(*b*) the branch of the State Bank of India at Patna,

(*c*) the branch of the State Bank of Hyderabad at Hyderabad,

(*d*) the branches of the State Bank of Hyderabad conducting Government treasury work within the State of Maharashtra,

(*e*) the branches of the State Bank of India within the State of Maharashtra except at Bombay and Nagpur and at places covered by item (*d*),

(*f*) the Government treasuries and sub-treasuries in the State of Maharashtra at places not covered by items (*d*) and (*e*).

Full particulars can be obtained at any of the offices mentioned above.

IMPORTANCE OF AGRICULTURAL EXPORTS TO ECONOMIC DEVELOPMENT

Dr. Baidyanath Misra, M.A., A.M., Ph.D.

THE degree of unfavourableness in foreign trade is increasing in India in recent years. The imbalance in foreign trade was mild during the period of the first Plan when the tempo of development was slow to begin with. With the increase in the rate of industrialisation, the need for imports is rising and, therefore, the economy is facing greater adverse foreign balance. This process is likely to continue till the economy is in a position to generate sufficient internal resources for development, and to produce necessary capital goods and technical know-how which are necessary for transforming the economy from a traditional or transitional to an industrial one. Imbalance in foreign trade at the present stage seems, therefore, inevitable. As a matter of fact, if there is an attempt to increase the rate of growth, there will be greater unfavourableness in foreign balance. The economy will have to choose between slow progress and less unfavourable balance of trade or rapid progress and greater unfavourable balance of trade. The choice at the present stage seems to be in favour of the latter.

This does not, however, mean that there should not be any attempt to correct the imbalance in foreign trade. It is often said that unfavourableness in foreign trade is desirable for inducing rapid growth in an underdeveloped country. Harrod's equation of growth for an open economy, GwCr=S—B (where Gw stands for the warranted rate of growth, Cr for the required capital co-efficient, S for the fraction of income saved and B for the foreign balance) implies that, if Cr and S remain constant, the value of Gw varies inversely as B, or in other words, the warranted rate of growth of an economy falls as its foreign balance increases. It follows from this that a positive foreign balance is necessary for a developed economy where the saving propensity is so high that the warranted rate of growth exceeds the natural rate of growth and where a reduction in the warranted growth is called for in the interest of full employment. On the other hand, in the case of a developing economy where the saving propensity is low and the warranted rate of growth lags behind the natural rate, there is need to maintain, so it is argued, a negative foreign balance to develop the economy.

Multiplier Effects

The important defect in this argument is that a deficit in foreign trade balance may translate itself into a higher volume of consumption and prevent the growth of the economy. In fact, the fundamental role of foreign trade in the process of capital formation is whether the proportion of capital goods has increased as a result of foreign trade. If an underdeveloped country could not transform consumer goods into capital goods through foreign trade, the multiplier effects of unfavourable balance of trade cannot generate a process of growth and the physical transformation functions of foreign trade is always a difficult process.

It means that mere unfavourableness in foreign trade cannot generate growth. Further, even though it does, a developing country cannot afford to put up with a growing deficit for all the time to come. The ability to import will ultimately depend upon the capacity to export. Export promotion, therefore, remains crucial for all developing countries, as they are heavily dependent on imports of machinery, heavy equipments and other essential goods that are strategic to lifting the levels of productive investment for accelerated economic growth.

If exports are crucial for economic development, what kind of commodities should the underdeveloped countries export in order to earn foreign exchanges? There is no doubt that underdeveloped countries should diversify their exports and seek out for themselves the dynamic industrial commodities with rising demand trends and with higher income and price elasticities. Due to excessive dependence on primary commodities, the external balance of less developed countries was considerably accentuated by a steady deterioration in the terms of trade. The average price of goods exported by these countries in 1960 was about the same as in 1950, while the average price of their imports was significantly higher, resulting in the decline of the terms of trade by 9 per cent. As a consequence, the share of the underdeveloped countries in total world trade which was already low at one-third shrunk to one-fifth. The industrially developed countries and the centrally planned economies increased their respective share of world trade. The poor export performance of the underdeveloped countries in 1950's is also explained by low income elasticity of demand for food stuffs and high propensity to economise and substitute in the case of raw materials. For example, in the decade of 1950's, the volume of exports from the less developed countries rose at an annual rate of 3.6 per cent, as against 6.9 per cent of increase for the developed private enterprise countries and 10.7 per cent for the centrally planned economies. On the other-hand, under the momentum of plans of economic development, the volume of imports of the less developed countries rose at an annual rate of 4.6 per cent which was significantly in excess of the 3.6 per cent annual expansion in the volume of exports. The income elasticity of demand for imports from underdeveloped countries is presented in the following table:

Income Elasticity of Imports of the Industrially Advanced Countries from the Developing Countries

Commodity group	*Income elasticity*
Foodstuffs	0.76
Agricultural raw materials and ores	0.60
Fuels	2.87
Manufactured goods	1.24

(Source: *World Economic Survey* 1962.)

This means that underdeveloped countries should change the basic structure of their economy and thus transform the pattern of their trade so as to secure new opportunities in international trade. The fundamental factor for improving balance in trade is, therefore, creating a new type of economy which is different from the existing one. This does not seem to be an easy process. In the initial stage of development, improvement in trade balance could, therefore, be obtained only by increasing the exports of traditional commodities. There are three immediate reasons for this. First, these primary commodities account for well over four-fifths of the exports of less developed countries. In case of India, agricultural commodities form about 50 per cent of the total exports of the country. These are too important for India to be neglected. India should try to hold on to the present share of world exports for these traditional commodities. Our past neglect for traditional exports has reduced our share of world trade. For example, in jute manufactures, our share of world exports fell from 97 per cent in 1948-50 to about 76 per cent in 1958-60; in tea our share fell from about 50 per cent to 43 per cent over the same period; before the war, India normally supplied 45-50 per cent of world exports (excluding China) of groundnuts and groundnut oil (in terms of oil equivalent); but in 1958-60, India's share had fallen to 3 per cent. During 1948-50, both India and Japan accounted for about 11 per cent each of world exports of cotton textiles each; in 1958-60 Japan had managed to raise her share to about 18 per cent while India's fell to about 10 per cent. It is estimated that, if India's relative share of world exports of her principal traditional exports in 1958-60 had been the same as in 1948-50, the country's export earnings would have been higher by about Rs. 90-100 crores a year than they actually were. This clearly shows that export promotion of traditional commodities is too important to be neglected.

Deterrent Factors

Secondly, at this stage of our economy, we may not be able to increase the export of our new manufactures to a substantial extent due to growing emphasis on import substitution in other underdeveloped countries and the reluctance of the Western countries to be liberal in reducing their tariff barriers. Each and every underdeveloped country is trying to industrialise and get the advantages of economic growth. This is a deterrent factor to foreign trade promotion of manufactured commodities for any particular underdeveloped country. There is, again, the tariff policies of Western countries. In spite of their divergent levels, the customs tariffs of Western European Countries have three common features. First, they are low for primary commodities not competing directly with domestic production. Secondly, with some exceptions, tariffs increase at each stage from crudes to processed materials and from processed materials to finished products. Thirdly, there is a tendency for tariff rates to increase more in the transition from crude to processed materials than in that from processed materials to finished products. These features clearly indicate that the tariff structures of the West European countries have been so designed as to offer protection to their domestic manufacturing industries. It is, therefore, doubtful whether underdeveloped countries can hope to increase their exports of manufacturd goods, unless the Western Countries are persuaded to bring down their trade barriers substantially.

Finally, export surplus is crucially dependent on the trends in internal production. For example, export drive can be effective only if the economy responds to incentives thereby establishing and increasing exportable surplus at short notice so as to take advantage of increased foreign demand. It is quite possible that agricultural productivity could be increased by introducing various simple technological innovations within the frame work of existing labour-intensive methods of production and with a minimum capital investment. There is an existence of technical base in the agricultural sector and farm output and productivity could be exploited by techniques that rely mainly on the use of resources that have low opportunity cost. This is the greatest advantage of agricultural exports for promoting economic development in the country.

Land reform will be the subject of a three-year study by Professor M. L. Dantwala of the University of Bombay. The project will be financed by a grant of Rs. 236,500 from U.S.-owned rupees generated by the Food-for-Peace Programme in India. It calls for an evaluation of the impact of land reform in the Western region of India, on the structure of land holdings and farm production potential. Involved will be the principal social and economic issues, a study of the impact on responses of farmers in regard to long-term investment and adoption of improved farming techniques, and to evolve an appropriate methodology for land reform research.

Announcement

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

THE MYSORE ELECTRO CHEMICAL WORKS LIMITED

(INCORPORATED AS A PUBLIC LIMITED COMPANY UNDER THE MYSORE COMPANIES ACT, 1938)

Registered Office : Rajajinagar, Industrial Suburb, Yeshwantpur, Bangalore-22. *Postal Address:* P.B. No. 1022, Malleswaram, Bangalore-3.

Collaborators : M/s. ACCUMULATORENFABRIK SONNENSCHEIN G.m.b.H., West Germany. M/s. SEMPERIT, Vienna, Austria.

EXISTING AND PROPOSED ACTIVITIES OF THE COMPANY

The Company is already manufacturing various types of Storage Batteries for Motor Cars, Trucks, Forklifts, Motor Cycles, and Scooters and for Defence Services etc. under the name and style of " MEC " Batteries.

The quality of the Batteries manufactured has satisfied rigorous consumer standards and has been approved by the Indian Standards Institution.

By reason of the considerable increase in the demand for Storage Batteries in various fields including Defence and Communication requirements of the country, the Company has launched a programme of expansion of its present capacity to manufacture various types of batteries. Apart from the manufacture of the Automobile Batteries, Traction Batteries, Heavy Duty Batteries, Aircraft Batteries, Stationary Batteries etc., the Company will also be taking up the manufacture of specialized batteries for Electronic Flashes, Transistorised and Electronic Equipments and Wireless Sets.

With the completion of the expansion scheme the Company will also be self-sufficient with regard to the requirements of Hard Rubber Containers and Lead Oxide which are now being procured from other sources.

The expansion and development of Road Transport, Railways, Telegraph and Telephone Systems and Electronic Equipments in our country under the Five-year Plans has enlarged the demand for Storage Batteries of various sizes and descriptions. The requirements of the Defence Department have also increased considerably. The prospects for export of batteries are also very bright. As such the Directors of the Company have every hope that under the present arrangements made for the expansion of the factory with West German collaboration the Company will be able to earn sufficient profits in a short time and pay reasonable dividends to the shareholders early.

LOCATION OF THE FACTORY

The factory is situated in the fast developing area of the Industrial Suburb of Rajajinagar, Yeshwantpur, Bangalore. The Company has necessary land in possession for the proposed expansion.

SHARE CAPITAL

AUTHORISED CAPITAL:

	Rs. P.
1. 10,000—9.3% Redeemable Cumulative Preference Shares of Rs. 100 each	10,00,000.00
2. 3,65,671 Equity Shares of Rs. 10 each	36,56,710.00
3. 68,658 " A " class Equity Shares of Rs. 5 each ..	3,43,290.00
Rs.	50,00,000.00

ISSUED AND SUBSCRIBED CAPITAL:

	Rs. P.
1,00,000 Equity Shares of Rs. 10 each	10,00,000.00

PAID-UP CAPITAL:

68,658 Equity Shares of Rs. 10 each reduced to Rs. 5 each	3,43,290.00

PRESENT ISSUE:

(i) 2,00,000 Equity Shares of Rs. 10 each	20,00,000.00
(ii) 5,000—9.3% Cumulative Preference Shares of Rs. 100 each (Subject to Tax)	5,00,000.00
Rs.	25,00,000.00

Out of the present issue, the 5,000—9.3% Redeemable Cumulative Preference Shares of Rs. 100 each are set apart for allotment in favour of Messrs. Accumulatorenfabrik Sonnenschein G.m.b.H. of West Germany, the Technical Collaborators of the Company.

1,00,000 Equity Shares of Rs. 10 each will be allotted to the Directors and their friends.

THE BALANCE NOW OFFERED AT PAR FOR PUBLIC SUBSCRIPTION:

1,00,000 EQUITY SHARES OF Rs. 10 EACH.

TERMS OF PAYMENT

On application—Rs. 5 per share. On allotment—Rs. 5 per share.

THE EQUITY SHARES HEREIN OFFERED FOR PUBLIC SUBSCRIPTION ARE FULLY UNDERWRITTEN BY INDUSTRIAL FINANCE CORPORATION OF INDIA, NEW DELHI.

APPLICATIONS

Copies of the application forms and Prospectus can be obtained from the Registered Office of the Company or from the Brokers, Bankers and Underwriters listed herein.

LOAN CAPITAL

The Mysore State Finance Corporation has been pleased to sanction a loan of Rs. 14.30 lacs to meet a part of the Capital requirements of the expansion project of the Company.

TECHNICAL COLLABORATION

The Company is already having Collaboration arrangements with Messrs. Accumulatorenfabrik Sonnenschein G.m.b.H., West Germany, for both technical collaboration and participation in the Company's Share Capital. Messrs. Accumulatorenfabrik Sonnenschein G.m.b.H. are a leading firm of Battery Manufacturers in West Germany for more than 50 years and have considerable experience in the manufacture of various types of Lead Acid Storage Batteries and Accumulators of special types—such as those used in Electronic Flashes, Transistorised and Electronic Equipments, Wireless Sets etc. They now operate two large Factories in West Germany. They enjoy a very strong domestic market and export their products to more than 100 countries.

They have agreed to subscribe for the full issue of Preference Capital, partly by supply of machinery and partly in cash.

Further, the Company has also received Government of India's sanction for entering into an agreement with Messrs. Semperit, Austria for technical collaboration to manufacture Hard Rubber Containers for batteries. Messrs. Semperit are well-known Manufacturers of Tyres and Battery Containers, in Europe.

BOARD OF DIRECTORS

1. Shri N. KRISHNA IYER, M.A.B.L. Advocate, Brindavan, Kottayam (*Chairman.*)
Director:
Travancore Cements Ltd., etc.

JANAB ABDULLABHOY M. BHAGAT, 10, Sembudoss St., Madras.
Director:
Aluminium Industries Limited.
Andhra Cement Co. Ltd.
Tubes and Malleables Ltd., etc.

Shri N. RAMACHANDRAN, M.A.B.L. 5, Nandanam Extension, Chamiers Road, Madras-35.
Director:
Modern Housing Construction and Properties Limited, etc.

JANAB HUSENY J. BHAGAT, 10, Sembudoss Street, Madras.
Director:
Andhra Cement Co. Ltd., etc.

Shri K. VENKATACHALAM, B.SC. B.E., Bangalore-1.

i LACHCHMANDAS S. MANKANI, 3-4-849,

7. Shri K. NEELAKANTA IYER, B.COM., 4/4 Crescent Road, High Grounds, Bangalore-1.
Director, Cardamom Marketing Co. (Travancore) Ltd., etc.

LEGAL ADVISOR

SRI S. G. SUNDARASWAMY, Advocate, Bangalore-9.

AUDITORS

SRI S. R. MANDRE, M.A., B.COM., F.C.A. F.S.A.A. (Lond.), Chartered Accountant, M/s. S. R. Mandre & Co., 97, Gandhinagar, Bangalore-9.

MANAGING DIRECTOR

SRI K. NEELAKANTA IYER, B.COM., 4/4, Crescent Road, High Grounds, Bangalore-1.

UNDERWRITERS

MESSRS. INDUSTRIAL FINANCE CORPORATION OF INDIA, Reserve Bank Buildings, Parliament Street, New Delhi. Rs. 10,00,000

BANKERS TO THE ISSUE

1. M/s. State Bank of India, Post Box No. 511, Bangalore-2.
2. M/s. State Bank of Travancore, Post Box No. 34, Trivandrum.
3. M/s. Canara Bank Limited, Nidhi Buildings, P.B. No. 1007, Malleswaram Circle, Bangalore-3.
4. M/s. Allahabad Bank Limited, 85-A, Kempegowda Road Extension, Bangalore-9.
5. M/s. Syndicate Bank Limited, 53, Gandhinagar, Bangalore-9.
6. M/s. Indian Overseas Bank Limited, Kempegowda Road, Bangalore-9.
7. M/s. Devkaran Nanjee Banking Co. Ltd., Kempegowda Road, Bangalore-9.

Note: Application forms and copies of the Prospectus are available from the above offices of the Bankers and their existing main branches at the following places:

STATE BANK OF INDIA—Madras, Bombay, Calcutta, Cochin, Ahmedabad, Amritsar, Bangalore, Baroda, New Delhi, Coimbatore, Hyderabad, Indore.

STATE BANK OF TRAVANCORE—Trivandrum, Cochin, Ernakulam, Coimbatore, Alwaye, Madurai, Palghat, Trichinopoly, Trichur, Madras, Kottayam, Calicut.

CANARA BANK LIMITED—Bombay, Madras, Calcutta, New Delhi, Hyderabad, Bangalore, Mysore, Coimbatore, Trivandrum, Erode, Davangere, Hubli, Alwaye, Madurai, Mangalore, Nagpur, Palghat, Secunderabad, Vijayawada, Trichur, Panjim Goa, Poona, Trichinopoly, Bellary, Cochin.

ALLAHABAD BANK LIMITED—Bombay, Calcutta, Madras, New Delhi, Old Delhi, Ahmedabad, Hyderabad, Bangalore, Nagpur, Agra, Aligarh, Allahabad, Bhopal, Kanpur, Jullundur City, Patna, Chandigarh.

SYNDICATE BANK LIMITED—Bombay, Calcutta, Madras, Bangalore, Hyderabad, Baroda, Secunderabad, Vijayawada, Erode, Mysore, Davangere, Hubli, Trichur, Ernakulam, Coimbatore.

INDIAN OVERSEAS BANK LTD.—Bangalore, Bombay, Calcutta, Madras, Coimbatore, Madurai, New Delhi, Trichinopoly, Vijayawada, Cochin.

DEVKARAN NANJEE BANKING CO., LTD.—Bombay, Bangalore, Madras, Hyderabad, Poona, Nagpur, New Delhi.

BROKERS TO THE ISSUE

BOMBAY:
1. M/s. Lewis & Jones, Bank of Baroda Bldg., Apollo Street, Bombay-1.
2. M/s. P. R. Subramanyam & Sons, 70-A, Stock Exchange Bldg., Apollo Street, Bombay-1.
3. M/s. Merwanjee Bomanjee Dalal, Allahabad Bank Bldg., Apollo Street, Bombay-1.

BANGALORE:
4. M/s. P. R. Subramanyam & Sons, Benson Cross Road, Bangalore-6.
5. M/s. Lokkur & Company, P.B. No. 631, Bangalore-9.

CALCUTTA:
6. M/s. Place, Siddons & Gough Pvt. Limited, 6, Lyons Range, Calcutta-1.
7. M/s. Murarka Brothers, 7, Lyons Range, Calcutta-1.
8. M/s. Kishanchand Junjunwala, 7, Lyons Range, Calcutta-1.
9. M/s. Sohanall Pachisia & Co., 9, India Exchange Place, Calcutta-1.
10. M/s. Brijnath Kandelwal & Co., 13, India Exchange Place, Calcutta-1.

HYDERABAD:
11. M/s. P. B. Afzulpurkar, Sultan Bazar, Hyderabad.

MADRAS:
12. M/s. Chitra & Co., 322/323, Linghi Chetty Street, Madras-1.
13. M/s. Paterson & Co., 32/33, Linghi Chetty St., Madras-1.
14. M/s. Dalal & Co., 362, Esplanade, P.B. No. 149, Madras-1.

NEW DELHI:
15. M/s. H. P. Mehta & Co., Connaught Place, Connaught House, New Delhi.
16. M/s. Harbans Singh Mehta & Co., 33, Regal Bldgs., Parliament St., New Delhi.
17. M/s. Raj Paul Chadha & Co., Delite Cinema Bldg., Asaf Ali Road, New Delhi.
18. M/s. P. S. Khambete & Company, M-45 Connaught Circus, New Delhi-1.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON THE 17TH DAY OF AUGUST, 1964 AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON THE 31ST DAY OF AUGUST, 1964 OR EARLIER AT THE DISCRETION OF THE DIRECTORS AS SOON AS THE SUBSCRIPTIONS APPROXIMATING TO THE AMOUNT ISSUED HEREABOVE TO THE PUBLIC HAVE

THIS ANNOUNCEMENT IS NOT A PROSPECTUS

PERSONS INTERESTED IN FULL DETAILS ARE REQUESTED TO OBTAIN COPIES OF THE PROSPECTUS WHICH ARE AVAILABLE FROM THE COMPANY'S REGISTERED OFFICE AND FROM THE OFFICES OF THE COMPANY'S BANKERS, BROKERS AND UNDERWRITERS.

NIMAR TEXTILES LIMITED

(INCORPORATED AS A PUBLIC LIMITED COMPANY ON 1st SEPTEMBER, 1962 UNDER THE COMPANIES ACT, 1956)

Registered Office: **SYLVESTER BUILDING, 20, OLD CUSTOM HOUSE ROAD, BOMBAY-1**

PROPOSED ACTIVITIES

The Company has undertaken the establishment of a cotton spinning mill at Khandwa, Madhya Pradesh, with an installed capacity of 25,000 Spindles, for spinning cotton yarn.

LOCATION

The Company has purchased and taken possession of 42.89 acres of freehold land at Khandwa, Madhya Pradesh.

SHARE CAPITAL

		Rs.
I.	**AUTHORISED :**	
2,50,000	Equity Shares of Rs. 100 each	2,50,00,000
50,000	Redeemable Preference Shares of Rs. 100 each ..	50,00,000
	Rs.	3,00,00,000
II.	**SUBSCRIBED :**	
28,000	Equity Shares of Rs. 100 each subscribed by Directors, their friends and associates for cash at par	28,00,000
	Out of the above shares, Rs. 100 per share has been paid on 1,655 Equity Shares (including 7 Equity Shares of Rs. 100 each subscribed by the Subscribers to the Memorandum); Rs. 50 per share on 2,720 Equity Shares and Rs. 25 per share on 23,625 Equity Shares. Total amount paid upon the above shares is Rs. 8,92,125.	
	(No underwriting commission or brokerage has been paid or is payable in respect of these shares.)	
III.	**NOW OFFERED FOR PUBLIC SUBSCRIPTION IN CASH AT PAR:**	
28,000	Equity Shares of Rs. 100 each	28,00,000
14,000	9.5% Cumulative Redeemable Preference Shares of Rs. 100 each	14,00,000
	Rs.	70,00,000

BOARD OF DIRECTORS

1. SHRI T. P. CHAKRAVARTI (*Chairman*)
C/o Mohini Mills Ltd., 22, Canning Street, Calcutta-1.
Industrialist and Businessman.

Director of :—
1. Mohini Mills Ltd.
2. Associated Industries (Assam) Ltd.
3. Lilamoyee Pictures Ltd.
4. Chakravarti Mukherji P. Ltd.
5. Chitra Services Pvt. Ltd.
6. Victoria Cotton Mills Ltd.
7. Sri Girijaprasanna Cotton Mills Ltd.
8. Sri Durga Cotton Mills Ltd.
9. Hemalatha Textiles Ltd.
10. Central Cotton Mills Ltd.
11. Kanoria Chemicals and Industries Ltd.

Partner of :—
Chakravarti Sons & Company, Managing Agents of Mohini Mills Ltd.

Director of :—
Chakravarti Mukherji Pvt. Ltd., Managing Agents of Annapurna Cotton Mills Ltd.

2. SHRI SETH LALCHAND B. SETHI,
Binod Bhavan, Ujjain.
Industrialist, Businessman and Banker.

Managing Director of :—
Binod Mills Co. Ltd.

Director of :—
1. Vulcan Insurance Co. Ltd.
2. Binodiram Balchand Pvt. Ltd.
3. Hukumchand Mills Ltd.
4. New Manekchowk Spg. & Wvg. Co. Ltd.
5. Indian Electro-Chemicals Ltd.
6. Central India Machinery Mfg. Co. Ltd.
7. Central India Cotton Association Ltd.
8. Kalyanmal Mills Ltd.
9. Central India Insurance Co. Ltd.
10. Madhya Pradesh Financial Corporation.
11. Krishnaram Baldeo Bank Pvt. Ltd.
12. Gajraj Pannalal Ltd.
13. Hira Mills Ltd.

3. SHRI ARVINDKUMAR N. KILACHAND,
Mafatlal House, Backbay Reclamation, Bombay-1.
Industrialist.

Chairman of :—
1. Chemicoat Ltd.
2. Nandlal Koppers Ltd.

Managing Director of :—
Indmag Pvt. Ltd.

Director of :—
1. Oriental Pharmaceutical Industries Ltd.
2. Bharatex Pvt. Ltd.
3. Dodsal Pvt. Ltd.
4. Tradewings Pvt. Ltd.
5. Famous Fabrics Ltd., London.
6. Bhup Pvt. Ltd.
7. New India Industries Ltd.
8. A.E.G. Engineering Co. of India Pvt. Ltd.
9. Particle Boards India Ltd.
10. Vibgyor Ltd.
11. Hingir-Rampur Coal Co. Ltd.

Alternate Director of :—
1. International Fisheries Ltd.

Director of :—
1. Vidarbha Mills Berar Ltd.
2. Modak Rubber Products Pvt. Ltd.

4. SHRI RAJESHWAR VYANKATESH DESHMUKH, C/o Vidarbha Mills Berar Ltd., Ellichpur.
Industrialist and Businessman.

Director of :—
1. Indian Rayon Corp. Ltd.
2. Structural Ceramics Ltd.
3. Barium Chemicals Ltd.
4. East India Hotels Ltd.
5. Grauer & Weil (India) Ltd.
6. Tungsten of India Ltd.
7. Freight Carriers Pvt. Ltd.
8. Bombay Ceramics Agencies Pvt. Ltd.
9. Bombay Sales & Agencies Pvt. Ltd.
10. Free Enterprises Ltd.

5. SHRI LIMJEE KAIKHUSHROO PANDAY, Kilachand Building, 45/47, Apollo Street, Bombay-1.
Share and Stock Broker.

Director of :—
1. Shama Engine Valves Ltd.
2. Universal Electrics Ltd.
3. Barium Chemicals Ltd.
4. Jhelum Spg. & Wvg. Mills Ltd.
5. Metal Distributors Ltd.
6. Indo-American Electricals Ltd.
7. Firth Sterling Steel Co. of India Ltd.
8. East India Hotels Ltd.
9. Shama Pistons & Rings Ltd.
10. Bliss & Laughlin-Shama Ltd.
11. Shama Forge Co. Ltd.

6. SHRI SOLI BURJORJI BILIMORIA, C/o M/s. Batlivala & Karani, Union Bank Building, Dalal Street, Bombay-1.
Share, Exchange and Finance Broker.

Director of :—
1. Maneklal Parshottam (India) Pvt. Ltd.
2. Industrial Combine Pvt. Ltd.
3. Maneklal Parshottam (Aden) Ltd.
4. Nav Agency Pvt. Ltd.
5. Petroleum Barrel Pvt. Ltd.

Managing Director of :—
Nav Agency Private Ltd.

7. SHRI PRAVINCHANDRA MANEKLAL SHAH, 9, "Rajhans", 88, Marine Drive, Bombay-2.
Businessman.

Director of :—
1. Industrial Combine Pvt. Ltd.
2. Mangalchand Hukmichand Pvt. Ltd.

Partner of :—
1. M/s. Vinayak Kalyanji Shah.
2. M/s. Silk Centre.

8. SHRI MANGALDAS DAMODARDAS VORA, 18/4, Rafi Ahmed Kidwai Road, Bombay-31.
Businessman.

Director of :—
1. Industrial Combine Pvt. Ltd.
2. Nav Agency Pvt. Ltd.

9. SHRI VINAYAK KALYANJI SHAH, Dwarkesh Gulli, M.J. Market, Bombay-2.
Businessman.

10. SHRI NAVINCHANDRA SAVCHAND SHAH (*Special Director*), 134/136, Zaveri Bazar, Bombay-2.
Businessman.

Partner of :—
1. M/s. N. Savchand.

NEW PRODUCTS AND PROCESSES

Shatter-proof Mirror

A VERY lightweight, virtually unbreakable mirror has been manufactured by Ward Brooke and Co., High Wycombe, Bucks. The basic material is polyester film, only 0.0005 inch thick. It is coated on one side with a vacuum-deposited film of aluminium and mounted with the metal so that the reflecting surface is protected from damage. The thinness of the material prevents condensation, since the surface instantly assumes the temperature of the impinging moist air. A crisp image with no sign of distortion or chromatic aberration is given. The material weighs about one-fifth as much as comparable glass mirrors.

Easy Threading of Conductors

Inserting cables through twisting or angled protective tubing, often a nightmarish job, has been neatly solved by the German firm, W. Hegler. All plastic reinforced conduit made by the Company has a draw-wire already fitted, so that even thick cables can easily be pulled through from one end. Each reel of conduit has about three feet of spare draw-wire at each end, so that lengths can be cut off without losing the draw-wire.

Discovering Counterfeit Notes

A way of examining bank notes so that even the most cleverly produced counterfeit ones are detected has been patented by the Automatic Canteen Co. 1430, Merchandise Mart., Chicago, U.S.A. Notes of the same denomination are mounted in a machine which directs a light on to one side of them as they pass through. The light passes through the paper in a certain fixed pattern for a genuine banknote, but in a slightly different pattern for a counterfeit note. Counterfeit notes are automatically rejected. The Company says the machine can be adapted for the separation of cheques, stubs, tickets and other partly transparent plastic or paper items.

Polishing Lenses

High precision and high output are the main claims made for a Belgian machine for grinding down and polishing lenses for spectacles and other optical equipment. The machine is used for operations subsequent to the initial 'roughing' process, and produces surfaces accurate to 0.01 to 0.02 of a micron (micron is one millionth of a metre). Grinding down of a 50 to 51 mm. diameter lens is stated to take three minutes and polishing five minutes. It is being manufactured by Optibel, 150-160, Rue Jolly, Brussels, Belgium.

Automatic Tin and Jar Filler

Gunther and Walker of Pfaffikon, Switzerland, has developed a fully automatic machine for filling tins, jars and other rigid containers with free-flowing products in powder, granular or crystal form. A similar machine is available for small tablets. It can be set to give an accurate filling of any weight between 0 and 2 lbs. to within plus or minus 1 or 2 grammes, depending on the character of the product. It can be linked to a main storage silo and supplied as a complete installation. Containers of various sizes and capacities can be filled by the same machine, and containers of differing diameter, or totally different design can be accommodated by use of spare sets of conveyor parts. The firm is represented in the U.K. by the Central Engineering Co., Colquhoun House, 27-37, Broadwick Street, London, W. 1.

Tyre Pressure Gauge

Gauges permanently mounted in hub caps are available in the U.S. for lorry owners wishing to keep constant watch on tyre pressures. Supplied by the Berg Manufacturing Co., 333, East Touhy Avenue, Des Plaines, Illinois, the devices can also be used to equalise pressures between the tyres on twin wheels.

Water-resistant Leather

An emulsion that is claimed to give tanned leather outstanding water-resistant properties while keeping it soft and supple and dry to the touch, has been formulated by Farbenfabriken Bayer A.G., of Leverkusen-Bayerwerk, Germany. The leather is soaked in the solution for about 72 hours and then taken out, hung up to dry and dressed in the usual way. Rubber can be vulcanised to it without any difficulty.

Dismountable Steel Cupboards

A dismountable steel cupboard, suitable for use in factories, hospitals, workshops, stores, offices, etc., is being marketed by A. H. Korthof N.V., Postbus 5162, Amsterdam (Holland). The cupboard consists of two, three or five sections, each with a door. Ventilation slits have been pressed into the doors at the top and bottom. The rear wall is flat, so that the cupboards are particularly suitable for making separating walls to, say, partition off a changing or washing area in the corner of a large room or hall.

The cupboards can also be supplied with a sloping top and mesh doors, and with or without legs. In the latter case they are placed directly on the floor. Extras, such as special locks, can be supplied on request. As the cupboards are dismountable, they require little storage space. For despatch purposes, a special packaging was designed for the cupboards, resulting in a considerable saving in freight costs.

Saving Time on Road Works

Developed by a British firm is an adhesive agent, which if dissolved in hot bitumen or tar considerably cuts the time taken for these binders to adhere to wet road surfaces and chippings. The secret behind the additive is that while it is soluble in organic solvents it is quite insoluble in water. Another advantage is that inclusion of the additive protects the road surface against the stripping which may occur later as a result of gradual moisture absorption in the aggregate, or because of the action of frost. The additive, "Stearine Amine," is an organic crystalline product which melts at 120°F.

Spool for Winding Thread

For winding thread, wire and other materials, Gebrs. Franken Rondcartonnage N.V. Willem Fenengastraat 13, Amsterdam-O., (Holland) has brought out a spool consisting of two plastic flanges and a cardboard tube. Each plastic flange is provided with a shank ribbed with barbed hooks. The spool is assembled by pressing a plastic flange with its shank into one end of the fibre cylinder. The barbs on the shank ensure that the flange is very securely anchored in the fibre tube and that rotation is out of the question. The spool can be made of various widths by selecting tubes of different lengths. Advantages of this spool are that the smooth surface of the plastic flanges eliminates thread rupture or damage to the material to be wound. Furthermore, the tube fits so snugly up against the tube that there is no opening or groove between the two parts in which the thread could stick. The flanges do not wobble during winding; they are accurately centred and are exactly at right angles to the tubes. Since the flanges are flat the spools can be stood on end without wobbling. In addition, the plastic flanges can be made in a variety of colours and printed with letters, embossed or engraved. As the spool consists of three separate components that occupy very little space, this new product works out very cheap in both storage and transport.

Process for Fertiliser Manufacture

A process, developed by the Scottish Agricultural Industries Ltd., reduces to a single stage the production of agricultural fertilisers in hard, dry, spherical granules of uniform size. Each granule, a complete and balanced plant food in itself, is built up layer upon layer, rather like onion skins, in two revolving drums of a recycling system, and the chemical energy liberated as heat during the process is used to evaporate all the water present. The interaction of sulphuric, nitric and phosphoric acids with ammonia produces the constituents of the granules, and potassium salts are added to form a complete synthetic fertiliser.

The uniformity of the granules' shape and size makes for an even pattern of distribution, and since they contain less inert matter they are more concentrated. The fertiliser is available in two forms—one with a high potash content and the other with a high nitrogen content.

Colour Prints

A Swiss industrial firm in Basle has found a new process for obtaining colour prints from diapositives. The colours do not fade and are perfect in tone. This new process renders it feasible to market non-fade prints vastly superior to the ephemeral ones produced by the traditional methods of reproduction.

Plug and Socket

A new type of plug and socket for electrical connections, which has recently been developed by a Swiss firm, can carry currents exceeding 10 amperes. The smallest model of the plug, 2.3 mm. in diameter, suffices for a load of 25 amperes. One that is 35 mm. in diameter can carry 1,000 amperes, and certain of the 100 mm. models are intended for currents of 4,000 amperes.

Hypodermic Syringe

A new hypodermic syringe made entirely of glass with a removable tip has been evolved by a Swiss firm. Its chief advantage lies in its robustness. Also, in case of damage, only the cylinder, which is quite cheap, need be replaced, for tip and cylinder are separate. Up till now, it had been the practice to solder a metal tip to the cylinder. Finally, the new syringe is easy to clean. As there are no soldered joints, the risk of contamination is reduced.

Top-loading Balance

A Swiss factory has made new top-loading balance. This balance has a range from 0 to 120 grammes, and an accuracy of ± 3 milligrammes. It thus, fills the gap between the existing top-loading balances and the ordinary analytical balances. It is simple and very rapid to operate. Moreover, a special viewing device allows the operator to keep the moving scale under continuous observation. This does away with the tiresome pauses that were necessary up till now when measuring out the substance to the weighed.

Table Clock

A table clock showing the time all over the world in a new way has just been placed on the market by a Le Locle watch factory. The clock is round 12 inches long and 7 inches high. Its face, showing local time, is superposed on twenty-four spindle-shaped sections of the globe. An aperture at the base of each spindle gives, for that part of the world, the time corresponding to the local time shown on the clock face.

NIMAR TEXTILES LIMITED—*(Continued)*

MANAGING AGENTS

M/s. NAV AGENCY PRIVATE LIMITED, Sylvester Building, 1st Floor, 20, Old Custom House Road, Bombay-1.

UNDERWRITERS

1. INDUSTRIAL FINANCE CORPORATION OF INDIA, Reserve Bank Building, Parliament Street, New Delhi-1.
2. LIFE INSURANCE CORPORATION OF INDIA, "Jeevan Kendra," Jamshedji Tata Road, Bombay-1.
3. THE INDUSTRIAL CREDIT & INVESTMENT CORPORATION OF INDIA LIMITED, 163, Backbay Reclamation, Bombay-1.
4. MADHYA PRADESH FINANCIAL CORPORATION, Shiv Vilas Palace, Indore-2.
5. THE ORIENTAL FIRE & GENERAL INSURANCE CO. LTD., Oriental Buildings, Mahatma Gandhi Road, Bombay-1.
6. DEVKARAN NANJEE BANKING CO. LTD., 17, Horniman Circle, Bombay-1.
7. SHRI L. K. PANDAY, Kilachand Building, 45/47, Apollo Street, Bombay-1.

BANKERS TO THE ISSUE

1. STATE BANK OF INDIA,
Apollo Street, Bombay-1,
and at their Main Branch Offices at Ahmedabad, Bangalore, Baroda, Bhopal, Calcutta, Delhi, Gwalior, Hyderabad, Indore, Jabalpur, Kanpur, Khandwa, Madras, Nagpur, New Delhi, Poona, Rajkot and Surat.
2. DEVKARAN NANJEE BANKING CO. LTD.,
17, Horniman Circle, Bombay-1,
and at their Main Branch Offices at Ahmedabad, Bangalore, Baroda, Bhavnagar, Bhopal, Calcutta, Delhi, Hyderabad, Madras, Nagpur, New Delhi, Poona, Rajkot and Surat.
3. THE BANK OF INDIA LIMITED,
Mahatma Gandhi Road, Bombay-1,
and at their Main Branch Offices at Ahmedabad, Bangalore, Baroda, Bhavnagar, Bhopal, Calcutta, Delhi, Gwalior, Hyderabad, Indore, Jabalpur, Kanpur, Madras, Nagpur, New Delhi, Poona, Rajkot and Surat.
4. THE CENTRAL BANK OF INDIA LIMITED,
Mahatma Gandhi Road, Bombay-1,
and at their Main Branch Offices at Ahmedabad, Bangalore, Baroda, Bhopal, Calcutta, Delhi, Gwalior, Hyderabad, Indore, Jabalpur, Kanpur, Madras, Nagpur, New Delhi, Poona, Rajkot and Surat.

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BRITISH AIRCRAFT INDUSTRY AT THE CROSSROADS

PROBABLE FUTURE TRENDS

By Our Civil Aviation Correspondent

THE Farnborough Air Show, now a biennial function, is a time-honoured fixture in the aeronautical calendar. This year's show, to be held, as is customary, in September, will be as entertaining and as interesting, no doubt, as ever. For the hosts, however, and particularly for the major manufacturers of aircraft, it will be, one imagines, an occasion for some anxiety. To imply that the British aircraft industry is approaching those allegorical 'crossroads' so beloved of journalism is, perhaps, to over-dramatise the situation. Nevertheless, the turn of events over the past two years has been none too favourable.

Take the case of the VC-10, for example. A few short months ago, and accompanied by an almost unprecedented fanfare of publicity, this new, second generation, long-haul jet was launched by B.O.A.C. on its U.K./Africa routes. The aircraft, by all accounts, is doing extremely well. Passengers have reacted favourably to its exceptionally quiet, roomy, and comfortable cabin. Operationally, the aircraft has proved to be singularly free from "teething troubles" and is achieving a high daily utilisation. An excellent start, one would surmise—yet most, if not all, of the high potential value of a successful debut has been dissipated by an unfortunate domestic storm centred round B.O.A.C. and the Super VC-10.

The story of this particular controversy is now fairly widely known. To recapitulate, B.O.A.C.—to whose specifications the aircraft was designed—placed an initial order for 12 VC-10s and 30 Super VC-10s. That was two years ago. However, B.O.A.C.'s recently appointed Chairman, whose brief, apparently, is to make the Corporation pay, has come to the conclusion that not only did his predecessor in office order too many Super VC-10s but that, as compared with the Boeing 707, the Super VC-10 will be uneconomical to operate. In accordance with those conclusions, he expressed an intention to cancel the entire order and to purchase, in lieu, an additional seven Boeing 707s.

In the interests of the British aircraft industry, the Chairman's plan was set aside. B.O.A.C. is to take 17 of the 30 Super VC-10s ordered. Politically speaking, that was probably as good a solution as any other. From the industry's point of view, however, it is little short of disastrous. How very unfortunate, too, that the whole episode was staged, as it were, *in coram populo*. The fact is, of course, that, even if the Super VC-10 is marginally less economical than later versions of the Boeing 707, it has compensatory features. In the long run, these may well offset its higher break-even load factor. It would be less than realistic to suppose, however, that these events have enhanced the aircraft's value in the eyes of foreign operators.

Most unfortunate of all, perhaps, is the timing of this purely domestic controversy. It comes at a time when not the VC-10 alone but other British second generation jets are engaged in a world market where opposition has seldom been so formidable or competition so ruthless. There is the B.A.C. One Eleven, for instance, a short-medium haul jet built by the same firm as the VC-10. The One Eleven was the first jet in this particular field and achieved considerable initial success—including sales in the American domestic market. It has, in fact, netted 64 sales to date. Latterly, however, its prospects have somewhat faded. It is faced with intense competition not only from the Boeing 737, the most recent entry in the field, but also from the Douglas DC-9. This latter aircraft, incidentally, has just secured a large and important order from T.W.A.

Another British venture is the De Havilland "Trident." This aircraft was more or less designed to the specifications of British European Airways and is now in operation with that Corporation. To date total orders for the Trident amount to only 32—a figure obviously very far removed from the number which De Havillands must sell to recover the development costs. The Trident's most formidable rival is the Boeing 727 which, backed, of course, by the large American domestic market, has already received in excess of 140 orders. To make matters still more difficult, Sud Aviation has embarked on the Galion, an improved version of the famous Caravelle. This aircraft also comes into direct competition with the Trident.

The British engine manufacturers—represented by such world-famous firms as Rolls Royce and Bristol-Siddeley—are in a somewhat different category and, as yet, have little to fear from world competition. It is the aircraft industry *per se*—and that includes the many scores of firms who manufacture aircraft systems, components, and accessories—which, to use a common idiom, is "out on a limb." The two British air corporations and a few independent air companies cannot absorb a tenth of the aircraft industry's products. Yet, in order to secure initial orders of any size, British aircraft have often to be designed to the specifications of one or other of the two Corporations. This is to have the worst of both worlds. Such aircraft are not necessarily the most suitable for the world market, yet it is in the world market that they must sell.

There are those who see in this increasingly difficult situation the looming of crisis and the necessity for fundamental changes in the composition and policies of the aircraft industry. In their view, if the United States is not eventually entirely to monopolise the aircraft market, the time has come for the British industry to regroup and to concentrate on fewer projects backed by greater resources. They advocate, too, co-operation, rather than competition, with the growing aircraft industries of Western Europe. There are no lack of indications that the latter policy may be quite actively pursued. Most obvious, of course, is the Anglo-French Concord, involving major units of the British and French industries. In addition, there is collaboration on space projects and several joint ventures in respect of military aircraft are mooted.

And so, back to Farnborough. This is the shop-window of the aircraft industry—and the primary objective of a shop-window is to sell the goods. There will be many thousands of overseas visitors, including top representatives of air forces and airlines from all parts of the world. It will be a colourful occasion, but, as never before perhaps, with the accent firmly on commerce. Success this year will be judged not on the size of the attendance, not on the brilliance of the military flying, not even on the vagaries of the fickle British weather, but solely on the size of the order books obtained.

BRITISH ENGINES FOR GERMAN VERTICAL TAKE-OFF PLANES

Rolls-Royce are to supply the turbojet engines for a second West German experimental vertical take-off and landing (VTOL) aircraft. This follows collaboration between the British firm and the German aero-engine firm M.A.N. Turbomotoren in producing the engines for the first West German experimental VTOL aircraft, the V.J. 101-C/X1, which achieved transonic speeds for the first time during tests recently. A spokesman for Rolls-Royce said that the second aircraft, to be known as the V.J. 101-C/X2, would have the same RB145 engines as the first aircraft, but that they would be equipped for reheat. He said that it was hoped by this means to achieve higher supersonic speeds.

Two of the 65 BAC 1-11 short-haul jet airliners now on order will go to executive users, according to its manufacturers, the British Aircraft Corporation. One of the aircraft is for a "large industrial undertaking in the United States," and the other is for the German chain-store company Helmut Horten. The 1-11, which is fitted with two rear-mounted Rolls-Royce Spey jet engines, cruises at about 540 m.p.h.

The K.C.P. Limited of Madras, which has entered into an agreement with the Industrial Development Corporation of Orissa Ltd. for the supply and erection of a 1,200-ton-per-day cement plant at Bargarh in Sambalpur district, has made very good progress in the manufacture and despatch of the major part of the machinery for the project. Roughly two-thirds of the machinery and equipment are of indigenous origin, the balance being imported from France. About 1,100 tons of imported machinery and equipment landed in Madras harbour this week. The fabrication of the remaining indigenous machinery is going on in full swing in the workshops of the K.C.P. Ltd. in Madras. The cement factory at Bargarh is expected to go into production by the end of 1965

ECONOMICS OF BIG IRRIGATION PROJECTS

SOME POINTS ANSWERED

Mr. S. Ramayya, a retired Accountant General, who had contributed a series of three articles on the subject, writes:

"MR. R. A. Deshpande from Bangalore has raised certain points on my articles on the "Economics of Big Irrigation Projects" (*vide* page 153, *Commerce* dated 25th July 1964). I am replying to them below. At the outset I may mention that the three articles published in *Commerce* of 28th September 1963, 20th June 1964 and 27th June 1964, respectively, have to be read together, since there is an undercurrent of basic ideas running through all of them.

"Mr. Deshpande starts agreeing with me that major projects of over Rs. 10 crores should be taken over by the Centre. If my article in *Commerce* of 28th September 1963 is perused, it will be clear that the argument hinges on the fact of the very poor additional national output by such huge investments and that States will be hard put to find enough of additional revenues to pay for both maintenance and the interest charges on the loans mainly got from the Centre. The question arises whether it is worthwhile even for the Centre to start such projects in future. The trend of recent thinking in the Centre, as seen from recent news in the papers (*vide* the *Hindu*, dated 19th July 1964) is to discourage huge projects and encourage more and more only medium types, the same idea which I have been stressing.

"The second point raised is that a Rs. 150-crore project cannot be a purely irrigation project, but a multipurpose one with a combination of hydro-electric production and/or flood protection. I can assure the correspondent that I have taken the figures from an actual case with which I was intimately associated till recently. It is a huge irrigation project with some idea of possible generation of power in a so-called second stage. As conceived at present, its objective is only irrigation and its cost will be easily of the order of Rs. 150 crores. The benefit from flood protection, being not appreciable, will not affect the fundamental figures.

"If a particular project of Rs. 150 crores includes a hydro-electric scheme, we should proceed in a different manner. This is a case of joint cost and we first allocate separately the cost of investment in irrigation and then the cost of investment in hydro-electricity by the usual principles in such cases. Then, we can proceed to evaluate the result by aggregating the public sector outlay and the private sector investment in each case and comparing output and judge. As I have argued in the articles, the power project may evoke greater private sector investment and it may be very paying from the national point of view. The irrigation side may not be worthwhile. We can then combine both and see the result and then compare it with a purely power project, say, a thermal one. Anyhow I am here confining myself to a simple actual case of an irrigation project only.

"Mr. Deshpande wants to put a figure of Rs. 80 crores as net national output with a possible two crops. The intention of this project, if I remember aright, is only one main crop, that is, paddy. Leaving aside this question of fact based on water storage and crop planning, a little refined calculation, even on the basis of a double crop, will not show much of a difference from my Rs. 50 crores. The Rs. 50 crores, I took as a good approximation, on a gross output in 2 million acres, with half ton per acre, on a single crop of paddy with Rs. 500 per ton, based on existing price levels, and with existing techniques of production. *The net national output* naturally excludes the raw materials used in production like seeds, manure and fertilisers outside farmyard product and the depreciation on the investment of the peasant. This depreciation is easily Rs. 500 per annum on five acres, or Rs. 100 per acre. Consequently from the gross Rs. 50 crores, Rs. 20 crores intermediate product (2 million×100) should be deducted for these items, leaving a net output of Rs. 30 crores only.

"The other point is that we are not bringing virgin land under cultivation. Already in the region (as elsewhere in India), the 2 million acres are cultivated in some sort of way, with rain water, small tanks rivulets, etc., and they must be producing at least Rs. 10 crores net. *Since we are considering additional net output on the new investments only* and even taking the figure of Rs. 30 crores of Mr. Deshpande for the second crop, *the net national output for the investment will not exceed Rs. 50 crores*, i.e., the new Rs. 30 crores production *plus* the extra (30-10), i.e. Rs. 20 crores—50 crores.

"Mr. Deshpande puts the cost of permanent investment by the peasantry at Rs. 200 to Rs. 250 an acre. I am afraid this is rather on the low side. I have seen the region and large portions are full of rock and are very uneven. We should not forget the other factors. If a peasant and his family and possibly an odd labourer now and then with a five-acre holding is going to start cultivation with new irrigation water, he has to invest in lots of other things also. Five acres require at least two pairs of bullocks and one or two carts. He has to purchase better ploughs and implements. Greater investment in housing for himself and his labourer, if any, may be necessary with additional farmyard space. These will easily cost over Rs. 2,500. The other work of bundling, levelling, etc., may cost, even according to Mr. Deshpande, Rs. 1,250 for five acres, in all Rs. 3,750. On a conservative estimate, I had put it at only Rs. 750, while some technical officers have told me that it might easily go up to

(*Continued on page 337*)

TRENDS IN WORLD GOLD PRODUCTION AND DISTRIBUTION

SHARE OF NON-MONETARY USES STILL HIGH

FOR the tenth successive year, world production of gold, excluding the output in the U.S.S.R., Communist China and other countries of the Red bloc, increased in 1963. The rise was of the order of 4.6 per cent, bringing the total to 38.9 million ounces, the highest annual figure touched so far. At the U.S. price of $35 per fine ounce, the value of gold produced in 1963 works out to $1,360 million, as compared with $1,300 million, in 1962, $1,215 million in 1961 and $1,178 million in 1960. These figures have been taken from the annual report of the International Monetary Fund (I.M.F.) for 1964, which, as usual, provides a comprehensive picture of gold production, distribution, reserves and trend of prices.

South Africa again led the gold producing countries in 1963 with its output of 27.4 million ounces, equivalent in value to $961 million. Representing about 70.6 per cent of world production, South Africa's production in 1963 was the highest on record so far. While output in Ghana increased by $1 million, in Japan, Mexico, and Southern Rhodesia, the increase was much smaller. In Canada, the United States, Australia and Columbia, the downward trend in gold production witnessed in the last few years, continued in the year under review also. In Canada, the second largest gold-producing country (excluding U.S.S.R.) in the world, the output in 1963 was no more than $139 million, as compared with $162 million in 1960. During the same period it fell from $55 million to $53 million in the U.S. and from $38 million to $36 million in Australia. In India, too, the production decreased by $0.9 million to $4.8 million as compared with 1962. The table below shows the trend of production in the principal countries over the years 1940-1963:

Table I: *Value of World Gold Production** (In millions of U.S. dollars at U.S. $35 a fine ounce)

	1940	1959	1960	1961	1962	1963
South Africa	492	702	748	803	892	961
Canada	186	157	162	155	145	139
United States	170	57	59	55	55	53
Australia	57	38	38	38	38	36
Ghana	31	32	31	29	31	32
S. Rhodesia	29	20	20	20	19	20
Philippines	39	14	14	15	16	13
Japan	30	11	12	13	15	15
Columbia	32	14	15	14	14	11
Mexico	31	11	11	9	8	8
Congo (Leopoldville) ..	20	12	11	8	7	7
Others†	157	59	57	56	61	65
Total† ..	1,264	1,127	1,178	1,215	1,300	1,360

Source: International Monetary Fund, *International Financial Statistics*.
* Excluding the output of Sino-Soviet area.
† These figures include estimates for data not available.

It will be seen from the table above that gold production has more than doubled in South Africa since 1945. This growth is significant, because there has been no increase in the world price of gold which has remained pegged at the U.S. official price of $35 per fine ounce and the South African Government has been demanding an increase in this price on the ground that it is uneconomical and unremunerative. The main reasons for this expansion is the opening of new mines with rich reserves and adoption of new techniques of mining. Unlike some of the other producing countries, as, for instance, Canada, and Australia, the South African Government has not been providing any subsidy to its producers. It was only in April this year that it decided to assist some of its marginal mines by granting them unsecured loans. This financial assistance, which has the cocurrence of the Fund, is to be confined only for one year. Will the upward trend in gold production in South Africa continue in the coming years? By way of an answer to this poser, the I.M.F. report draws attention to the view of Transvaal and Orange Free State Chamber of Mines that the country would reach its peak output in 1964 or 1965 and that, thereafter, production might level off for a few years, and subsequently decline because of the closing down of the older and marginal mines, which cannot employ the new techniques used in conjunction with concentrated mining.

On the position of gold in Russia, the I.M.F. review has this to say:

"During the period under review, bad harvests forced the U.S.S.R. into the market as a buyer of wheat. These purchases, principally from Australia, Canada, France, the Federal Republic of Germany, and the United States, are understood to have led to the sale of gold in order to provide the foreign exchange to effect payment. For this reason, Russian gold production, reserves, and sales have been a subject of considerable interest in the gold markets. It is estimated that in 1963 the U.S.S.R. sold gold approximating to $550 million, compared with sales of only $215 million in 1962. Recent estimates of Russian production have varied between $150 million and $400 million per annum and those of Russian gold reserves between $1,950 million and $7,000 million. In any event, it is felt that the drain on the gold reserves of the U.S.S.R., resulting from the wheat purchases will be significant, and there is some evidence of a desire by the Russian authorities to diversify their sales of gold. Banking facilities have been opened by them in Beirut. On the other hand, the Soviet authorities have announced a drive for increased gold output and a reduction in costs of production."

Drawing attention to the growing concern among gold producers over the falling production and rising costs, the I.M.F. report remarks:

"The introduction of new mining techniques and discoveries of higher-grade ore have helped to maintain and even increase output in certain areas. However, a few governments have found it necessary to provide financial assistance to the industry, which in some cases has taken the form of direct subsidies."

Gold Holdings

The I.M.F.'s survey of the gold holdings held by the monetary authorities of the world shows that they have increased by as much as $855 million in 1963, as compared with $325 million in 1962 and $600 million in 1961. The holdings of the Communist bloc nations are not included in these figures, but those of the I.M.F. the Bank for International Settlements, and the European Fund have been taken into account. On this basis, world monetary reserves at the end of 1963 stood at $42.3 billion. The amount of gold newly available to the Western countries last year is placed at $1,910 million, and that which has gone into private hands, industries and the arts at $1,055 million, about $135 million less than in 1962. It has been estimated that, over the post-war years, approximately $15,000 million worth of gold has been diverted from official holdings to other uses. This continuous addition to private gold hoards is attributed to "political and economic uncertainties." The following table indicates the position of world gold reserves, as well as the sources of changes in the years 1961-63:

Table II: *World Gold Reserves*
(In millions of U.S. dollars)

	1961	1962	1963
Production	1,215	1,300	1,360
Soviet sales	325	215	550
Total available ..	1,540	1,515	1,910
Consumption in industry, arts and private hoarding	—940	—1,190	—1,055
Total added to world monetary gold stock*	600	325	855
I.M.F. gold transactions :			
Subscriptions	—72	—24	—46
Sales to countries	500	..	..
Repayments	—66	—94	—71
B.I.S. and E.P.U./E. F. gold transactions	—135	165	238
Total added to countries' monetary stock*† ..	830	375	975

Sources: International Monetary Fund: *Internal Financial Institutions*.
* Excluding stocks held by countries in the Sino-Soviet area.
† Totals do not equal the sums of the items because of rounding.

It is true that not all the gold that has gone into non-monetary uses represents hoarding in the form of bullion and jewellery, because a part of it includes the metal that has gone into industrial applications and arts. But there is no gainsaying the fact that the bulk of this total constitutes private hoarding.

Gold Markets and Prices

A brief review of the trend of gold markets and prices during 1963 may be given. The Federal Reserve Bank of New York, as the fiscal agent for the U.S. Treasury, sold $391.7 million of gold to foreign countries and international institutions at the official rate of $35.0875 per fine ounce. In addition, about $69 million gold was sold inside the country for industrial, professional and artistic uses. The total decline in the U.S. gold stock amounted to $461 million, as compared with $889.9 million in 1962. The U.S. sales to foreign countries in 1963 included $517.7 million to France, $130 million to Spain and $82.1 million to Austria. In the same year, America purchased gold from the United Kingdom ($329.3 million, resulting mainly from the operations of the Gold Pool), Brazil ($72.2 million) and Philippines ($24.7 million). As a result of these operations, the amount of gold held under earmark by the Federal Reserve Banks for accounts of foreign central banks, Governments and international institutions rose by $253 million, to a total of $13 billion (that is $13,000 million).

The dollar price for gold during the Fund's fiscal year May 1963 to April 1964 at the London market fluctuated within the narrow range of about 5.5/16 cents, as compared with 13½ cents in 1962. The price touched a high of $35.11-3/16 per fine ounce in August 1963 due to the uneasiness about the strenght of the dollar and consequent hoarding. Sales of Soviet gold to effect payments for wheat imports brought the price as low as $35.05⅛ per fine ounce in March 1964. At the same time, the sterling price of gold moved between a minimum of 250s. 4½d. and a maximum 251s. The latter price was the highest level reached since the Cuban crisis in October 1962. In 1963, Britain imported some 34.3 million ounces of bullion, equivalent to $1,200.5 million, and exported about 19 million ounces, equivalent to $664.5 million. Thus, the net addition to Britain's stocks of gold was $536 million, as against $179.1 million in 1962.

Other Markets

In markets where gold is bought and sold against local currencies, prices were relatively stable. These markets, because of their special characteristics and intermediary exchange rate fluctuations, have been found to be different from the London pattern. The following table will give one an idea of the changes in gold price in the main markets of the type described here:

Table III: *Prices in Various World Markets*
(In U.S. dollars a fine ounce, a day's dollar rate)

	Bar Gold		Sovereign	
	End of April 1963	End of April 1964	End of April 1963	End of April 1964
Beirut	35.00	35.32	40.64	41.55
Bombay	76.34*	74.05†	..	..
Brussels	35.20	35.16	41.63	41.08
Hongkong	38.55	38.09	..	..
Milan	35.33	35.44	42.09	42.15
Paris	35.23	35.20	41.52	41.35

* Average for week ended May 10.
† Average for week ended April 24. The figure was obtained by conversion from quotations for 14-carat gold.

Commenting on the Bombay bullion market, the Fund's review says:

".... dealings were restricted following the introduction by the Government of India of a variety of regulations, the immediate objective of which was to reduce smuggling, but which were also expected, in the long run, to help the authorities to mobilise the existing private hoards of gold. The regulations have had the effect of reducing the demand for gold. There is some evidence that the volume of smuggling of gold has declined, and the price of gold, which had been rising steadily in recent years, was markedly lower in 1963 and the early part of 1964 than it had been just before the adoption of the gold control measures."

In the markets for gold coins, prices for the sovereign and the napoleon rose in general over the period, although at the end of April 1964 they were rather below the highest levels recorded during the year. In Milan, this increase in price was due in part to increased political uncertainty and doubts as to the economic future, which early in March 1964 led to rumours of a devaluation of the lira. Early in April, stocks on the Milan exchange sank to their lowest point for four years, as selling revealed investors' lack of confidence in the economic situation. This uncertainty led to an increased demand and higher prices for gold coins.

Silver

The I.M.F.'s review makes a brief reference to silver also. According to it, the wide interest in the price of silver and the activity of the last two years subsided after 9th September 1963, when the price of the metal rose to 129.3 cents, slightly above the price at which it becomes profitable to call upon the U.S. Treasury to redeem silver certificates. In response to this increase in price, the U.S. authorities took action, and the Congress enacted a law repealing the Silver Purchase Acts of 1934, 1939 and 1946. The 1963 Act authorises the Federal Reserve Banks to issue Federal Reserve notes in denominations of $1 and $2; this will enable Treasury silver certificates to be retired over a period of time. Following its enactment, purchases and sales of silver bullion in the United States were freed from legislative restriction for the first time for 30 years. The way was thus opened for trading in silver futures, which was resumed on the New York Commodity Exchange on 12th June 1963 for the first time since 9th August 1934. Under these new market conditions, the highest price reached in 1963 was 131.35 cents an ounce on 5th July, for delivery of silver in June 1964. The U.S. Treasury holds nearly 1,500 million ounces of silver, which will become available for coinage and other uses as Federal Reserve notes gradually replace silver certificates in the low denominations.

INDIA IN THE WORLD OF AGRICULTURE

A COMPARATIVE PICTURE OF PRODUCTIVITY

By A Special Correspondent

WHERE does India stand in the world of agriculture? A study of this question is of considerable importance when our food situation has reached a critical situation. From time to time, economists and others, both in India and abroad, had warned the Government against complacency but the warnings were not taken seriously. The result is we are once again confronted with scarcity and high prices, and imports on a massive scale have become necessary. Mr. Chester Bowles has revealed that 15 per cent of the wheat and 20 per cent of the rice grown in the U.S.A. are now coming to India. There is, of course, nothing wrong in importing food from other countries, provided we, on our part, have done everything to improve productivity and increase the output. This, however, has not been done.

Six years ago, four eminent industrialists—Mr. B. M. Birla, Mr. C. H. Bhabha, Mr. Tulsidas Kilachand and the late Sir B. P. Singh Roy—prepared a scheme for achieving self-sufficiency in agriculture. Briefly, their proposals aimed at the improvement of increasing the yield per acre substantially by using methods of intensive cultivation over 100 million acres of irrigated land in ten years. The then existing land under all crops was about 350 million acres. The industrialists estimated that, if we could increase the yield in ten years in 100 million acres by about one-third of a ton per acre, we would be able to raise food production by about 50 per cent in the next ten years. They pointed out that the total land under various crops in the United States was not very much more than what we had in India. But the yield from land in the U.S. was many times higher than in India because of improved methods of agriculture, large-scale farming, supply of better seeds and fertilisers.

INDIA AND WORLD

Yield per acre of certain Agricultural Commodities

Country	Lbs. per acre	Country	Lbs. per acre
Rice (Paddy) (1961-62):		Sugarcane—(*Contd.*)	
India	1,350	Hawaii	175,405
Italy	4,885	Argentina	29,634
U.S.A.	3,377	Brazil	37,484
Mexico	2,296	Pakistan	27,900
Brazil (1960-61) ..	1,506		
Burma (1960-61) ..	1,443	Wheat (1961-62)	
Indonesia	1,629	India	756
Japan	4,198	France	2,137
Pakistan	1,488	Italy	1,705
U.A.R.	4,511	U.S.S.R.	935
		U.S.A.	1,435
Cotton (lint) (1961-62):		Argentina	1,084
U.S.S.R.	597	Australia	1,007
U.S.A.	440		
Mexico	491		
Brazil	173	Tobacco (1961-62):	
India	94	India	680
Pakistan	207	U.S.A.	1,754
U.A.R.	323	Brazil	887
Sudan	377	U.S.S.R. (1960-61) ..	1,136
		Turkey	585
Sugarcane (1960-61):		S. Rhodesia ..	1,089
India	33,237		
Mexico (1959-60) ..	50,281	Jute:	*Bales per acre*
Puerto Rico ..	68,339	India	2.6
U.S.A.	46,915	Pakistan	3.8

Specific Suggestions

Some specific suggestions made by the industrialists included the following: creation of a unified central organisation to deal with food as well as other allied activities closely linked with agricultural production; more emphasis on minor irrigation schemes; intensive use of nitrogenous, phosphatic and potash fertilisers; provision for the production of one million tractors in ten years; adequate banking facilities in rural areas, and a vigorous programme of family planning involving free distribution of contraceptives worth Rs. 25 crores every year. The capital cost of the scheme was placed at Rs. 1,305 crores, of which the foreign exchange component was Rs. 350 crores. The return in terms of increased yield from 100 million acres at the end of the tenth year was estimated at an additional output of 33 million tons valued at about Rs. 1,320 crores. It was expected that, as a result of this plan, it would be even possible to produce two crops instead of one in many parts of the country.

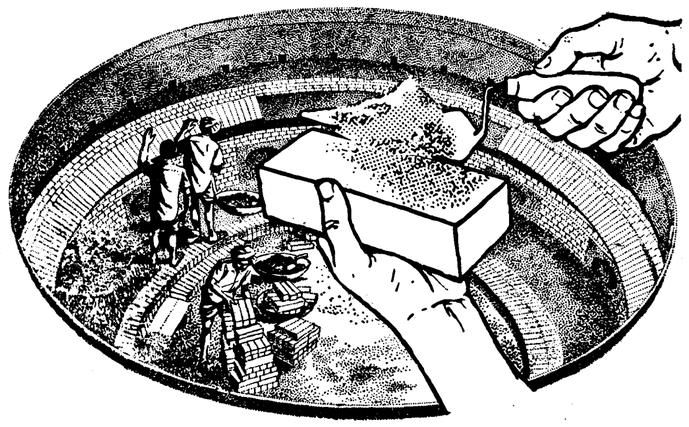
There was, of course, nothing very original in these suggestions but it was significant that the captains of our industry had taken a lively interest in agricultural problems and forcefully pleaded for the efficient administration of the most important sector of our economy.

Mr. B. M. Birla and his colleagues submitted their above plan in 1958. Five years later, the Federation of Indian Chambers of Commerce and Industry set up an Agriculture Sub-committee, with Mr. S. S. Kanoria as Chairman. This Sub-committee also produced a valuable and interesting report. It did not contain any novel suggestion, but the data it released on various aspects of agriculture served to focus attention on many weak spots of agriculture. The report pointed out, for instance, that, while in India about 71 per cent of the population were dependent on agriculture for occupation and livelihood, the corresponding figures in other countries were much less—12 per cent for the U.S., 13 per cent for Australia, 16 per cent for New Zealand, 19 per cent for Netherlands, 23 per cent for Denmark, 26 per cent for France and 40 per cent for Japan. But the income from agriculture accounted for less than one half of the total national income in India. Indian agriculture, according to the report, was, by and large, poorly mechanised, the number of tractors in use at the end of the second Plan being about 35,000. On the other hand, the number of tractors in use in other countries was: U.S. 48 lakhs, West Germany 8.5 lakhs, France 6 lakhs, U.K. 4 lakhs, Canada 4 lakhs, Italy 2.5 lakhs and Denmark 1 lakh.

There has never been any dearth of suggestions for improving agricultural production in India; and if today, despite over a decade of planning, the food problem continues to be difficult, it is almost solely due to inefficiency and lack of effective co-ordination on the part of the different agencies dealing with agriculture. Frequent changes at the Food Ministry in the Centre and the indifference of most Chief Ministers of States to agricultural development have in no small measure contributed to the present crisis. The uncertainty created by land reforms is another important factor responsible for the muddle. It is not adequately realised that the policy of putting a limit on land holdings will adversely affect productivity, because it is not conducive to the adoption of modern techniques of cultivation. Large farms not only can produce more but also provide more wages and other amenities to labour.

An analysis of the yield per acre in India as compared with other countries, given in the table below, glaringly brings out the vast scope for improvement in agriculture. Not only in rice but in every other crop—wheat, cotton, sugarcane, tobacco and jute—our yield is very much lower than what it is in other countries. It may not be possible to raise our productivity to the level of the U.S., Japan or elsewhere but certainly it should be possible, by the adoption of suitable methods, to bring about a substantial increase in the yield per acre. It is to be hoped that the ease with which we have been able to import food from abroad will not lull the Government into complacency and that serious and systematic attention will be given to the vital task of agricultural development.

The accompanying table compares the yield per acre of some agricultural commodities in India with those in other countries.



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INDIAN COPPER CORPORATION LIMITED

SHORTAGE OF GOOD QUALITY COAL HINDERS PRODUCTION

CHAIRMAN, MR. S. C. GLADSTONE OUTLINES EXPANSION PLANS

PRESIDING over the Annual General Meeting of the Indian Copper Corporation Limited, held at Calcutta, on the 12th inst., the Chairman of the Company, Mr. S. C. Gladstone, told the shareholders that the shortage of good quality coal had been chiefly responsible for the reduction in the Company's output. He said that scarcity of foreign exchange, coupled with inadequate supply of blister copper, especially in the U.S., had an adverse effect on the Company inasmuch as the new electrolytic refinery was based on the import of blister copper. Mr. Gladstone outlined the expansion plans the Company had taken in hand and disclosed that the Company had been granted an industrial licence for expansion of copper production, as well as for the production of sulphuric acid as a by-product of the electrolytic plant. The financial results for 1963, the Chairman said, were satisfactory, despite the mounting costs on account of higher wages and deeper mining operations.

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

GENTLEMEN,

The report of your Directors and the accounts for the year ended 31st December 1963 have been in your hands for several weeks. Fortunately, the restrictions imposed in 1963 by the Government of India under the Defence of India Rules, which prohibited the publication of the accounts, have now been relaxed.

This is the first time that I have had the privilege of addressing you, but, before I begin my review, I should like to pay tribute to the late Prime Minister, Pandit Nehru. After leading the freedom movement for many years, he became the first Prime Minister of independent India in August 1947 and for 17 years never spared himself in the service of the country. He will undoubtedly go down in history as one of India's greatest men.

Your Chairman last year, Mr. J. W. Easson, who left India on retirement in March this year, has been connected with the Company for 29 years and has been your Chairman for the last two years. I am sure that you would all like to join me in wishing him a happy retirement, which has been so well earned.

I will now give you a general review of the affairs of your Company during 1963.

General Review

During the first nine months of last year, there was ample copper to meet world demands and the price remained steady at about £234 per ton. In the last quarter of that year, demand began to overtake supply, but it was not until the new year that prices began to rise. In spite of increased production and sales, the price on the London Metal Exchange, which had been steady since June 1961, rose to around £300 per ton where it has since remained.

At the present time, production capacity probably just about balances the world demand and, but for industrial disputes, the price could be expected to recede to between £240 and £250.

The shortage of copper, especially in the U.S.A., has had a most unfortunate effect on your Company, inasmuch as the new electrolytic refinery is based on the import of blister copper. It was originally intended to import blister copper from Africa, but, as a result of the foreign exchange shortage, the Government of India have only been able to allow us a licence to import from the U.S.A. and, at the present time, blister copper is not available from this source.

Working Review

The production of copper in 1963 was 9,582 metric tonnes, a small decrease of 199 tonnes compared to the previous year, due to a number of factors such as the deterioration in the quality of coal and operating conditions.

In the middle of 1962, as a result of the acute shortage of good quality coal, the Coal Controller reduced our quota of Selected 'A' coal by 50 per cent and substituted coal of inferior quality for the balance of our requirements. Inevitably, this has had a significant effect on the efficiency of your smelter.

Your Company's rolling mill produced 9,376 tonnes of brass sheets and circles during 1963 and for this imported zinc is required. Import licences for zinc are now based on value and are financed by U.S. aid and thus the high price of this metal in world markets, and particularly in the U.S.A., has resulted in a substantial reduction in the tonnage that can be purchased. The Government of India have also imposed restrictions on the sale of brass and copper sheets to the utensil industry, our traditional and principal consumers. The effect of these restrictions began to be felt in the second half of 1963 and the burden this year will be heavier.

Mining exploration at your Surda and Patharghora mines continued, but a serious breakdown of the main compressor restricted development work at the main mine at Mosaboni. In spite of the most energetic efforts, it took eight months to obtain an import licence and procure spare parts for this machine, during which time all available compressed air was used to maintain production and development was at a standstill. In spite of this, our reserves increased by over 2,000 tonnes, which is satisfactory, and I am pleased to say that the compressor was put back into operation in January 1964.

Electric supplies were adequate throughout the year, but pig iron and coke for the foundry and cement were in very short supply. Thanks to a better supply of wagons, despatches showed some improvement, resulting in a decrease in the stock of finished products.

The financial results of your Company for 1963 were satisfactory, considering the rise in prices in the wake of the Emergency. Labour costs and the expenses of mining at greater depths continue to mount; nevertheless, the successful results reflect credit on all concerned.

During the year under review, labour relations were generally good and a dispute over the payment of profit-sharing bonus was settled in conciliation proceedings. Towards the end of the year, however, the Unions submitted fresh demands for very substantial increases in wages, which cannot be justified. I regret to report that, while negotiations were in progress, the Works Union recently called a three-day protest strike to bring pressure to bear in support of their demands. Negotiations are still in progress.

Kyanite

Exports of kyanite fell from 27,686 tonnes in 1962 to 18,797 tonnes, due to competition from synthetics and poor market conditions. The recession in the steel industry abroad in 1962 led to a reduced demand for kyanite in the following year. At the same time, there was a big improvement in the supply of railway wagons to carry the ore from your mines to the docks, which encouraged your customers to reduce their stocks. This has led to a temporary fall in exports, but I am happy to say that, up to the end of July, over 13,000 tonnes had been exported and, by the end of this month, the figure will approach 17,000 tonnes.

Electrolytic Plant

When your Directors' report was written in May this year, it was predicted that the new refinery would be completed in September this year, but I regret to report that there have been further serious delays since that date.

There have been many delays in the construction schedule, chiefly due to a shortage of essential materials such as cement, roofing sheets and steel and the failure of most suppliers of indigenous plant to keep to promised delivery dates. Much of this can be traced to the Emergency created by the Chinese invasion in November 1962. There has also been pilferage in the Calcutta docks. All this is completely outside our control and, although everything is being done to speed the work on the final stages of the plant, it is anticipated that production will not commence before the new year. This will, of course, depend on the supply of blister copper to which I have referred earlier.

Your Company has also been licensed to produce 260 tonnes of nickel sulphate, which will be a by-product of the electrolytic plant. Foreign exchange has been arranged and the final details of technical know-how are now being negotiated. It is hoped to start production in the first quarter of 1966.

Expansion Plans

Your Company has been granted an industrial licence to expand production of copper and to produce sulphuric acid as a by-product and negotiations for foreign exchange loans are far advanced. The present smelter is now over 30 years old and has for some time been operating at well above its designed capacity. No plant can be expected to remain at peak efficiency after so many years' service. It will, therefore, be necessary to install a new smelter of larger capacity and of a type that will allow the recovery of waste gases in the form of sulphuric acid.

At Surda, new equipment is required to allow for development in depth and also a concentration plant. Additional grinding plant is required at your works and a new crushing plant at your Mosaboni mine to deal with the increased capacity. It is expected that, after this new equipment has been installed, production of copper will rise to 12,130 tonnes during the first year of operation of the new smelter and to 12,950 tonnes during the second year. Sulphuric acid will be produced at the rate of 100 tonnes a day.

The total cost of this plant will be £2,875,000, which, it is planned, will be financed by bank overdrafts, foreign loans and debenture issue.

Accounts

The profit for the year before providing for taxation, depreciation and reserves amounts to £1,384,875, as compared with a profit in 1962 of £1,351,771. Income-tax and super-tax on profits, however, amounted to no less than £821,855, partly because of the bonus issue in 1963 and the new tax on dividends. Your Directors have decided to place £170,000 to depreciation and £98,000 to general reserve. £26,597 is allotted to development rebate reserve and £21,694 to provision for kyanite decretal amount.

There is a balance available of £247,299 and your Directors are recommending that the same amount as last year, i.e. £246,834, equivalent to a dividend of 12 per cent, subject to tax, on the new capital of the Company should be distributed, leaving a balance of £465 to be carried forward.

Staff

It remains for me to thank the General Manager, Mr. N. A. B. Hill, and the staff and workers, both at the mines and the works. I am sure that you would all wish me to thank them for their exertions on your behalf which have led to yet another successful year.

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THE BOMBAY GAS COMPANY LTD.

RISE IN GAS PRICE LONG OVERDUE STILL UNJUSTLY DENIED

CHAIRMAN, MR. N. K. JALAN, DEPRECATES NATIONALISATION MOVE

HOW the Bombay Gas Company Limited had been denied the legal and equitable right to an increased gas price was highlighted by Mr. N. K. Jalan, Chairman of the Company, at the Annual General Meeting of the Company held at Bombay on Tuesday, 18th August 1964. Mr. Jalan declared that it was difficult to understand the reasons or the motives weighing with the Government of Maharashtra in taking no action on, or in going slow in dealing with, the Company's well-proven case for an adequate increase in the price of gas. He characterised as ill-founded and unsound the Government's view that a rise in gas price would hit consumers hard and provoke resistance. He deprecated the talks of nationalisation or municipalisation of the Company and stated that the move was ill-conceived and ill-timed. After recalling the "great pains" taken by the management to nurture the Company for the last eighteen years and the "substantial contribution" made by the Company to the national economy, he hoped that the Government would give the Company that justice and fair deal to which it was clearly and definitely entitled.

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

GENTLEMEN,

I have pleasure in welcoming you to the annual general meeting and to present to you the balance sheet and the annual accounts, together with your Directors' report, for the year ended 31st December 1963. These have been in your hands for some time now and, with your permission, we may take them as read.

Company Incurs Substantial Losses

You would have found that the accounts for the year 1963 reveal a very poor and disappointing financial result of the working of the Company, entailing a very heavy and abnormal loss of Rs. 10.31 lakhs, as compared with a loss of Rs. 1.92 lakh for 1962. The principal factors responsible for this further substantial increase in the Company's loss to the tune of some Rs. 8.39 lakhs were (*a*) increase in cost of coal and freight charges by Rs. 3.37 lakhs, (*b*) Emergency Risk Insurance, being Rs. 1.53 lakhs, as against nil in 1962, (c) interest on overdraft, etc., and (*d*) other general increases and incidence of annual increase in total staff and labour payments, etc. Your Directors regret that, owing to this extremely unsatisfactory financial result of the operation of the Company, no dividend can be paid to the stockholders for the year under review, this being the second consecutive year for which the Company has been unable to declare a dividend. We need hardly point out that this is bound to produce further unfavourable reaction on the already depressed investment market of the country.

The current year's (i.e., 1964) working is going to be affected still more adversely on account of substantial increases in cost under several items. Thus, the increase in railway freight/surcharge from 1st April 1964, and increase in cost of coal from 5th June 1964, together with the full impact of the rise in the cost of coal sanctioned earlier in 1963, are estimated to cost an additional amount of Rs. 4.52 lakhs. Secondly, as per the Lakdawala Committee's recommendations regarding increases in the dearness allowance of workers and staff and as sanctioned by the Maharashtra Government with effect from 1st January 1964, the annual salaries and wages expenditure would increase by Rs. 2.10 lakhs. Thirdly, the projected minimum bonus as per the recommendations of the Central Bonus Commission, which are currently under the active consideration of the Government of India, when applied to the existing level of wages and salaries, without taking into consideration the effect of time-scale increment as per Awards, etc., would add a further amount of Rs. 1.54 lakh to the total expenditure. Fourthly, time-scale increment of wages and salaries would cost Rs. 95,000 per year. These items, together with the increased impact of certain other statutory increases in the course of 1963, fully operative in 1964, increases in municipal rates/taxes, etc., would account for an increased expenditure of over Rs. 10 lakhs in 1964 above that of 1963. On this basis, the total loss from the Company's operations in the current year (1964) would come to the alarming figure of well over Rs. 20 lakhs.

The paid-up capital of the Company is Rs. 40 lakhs and there is a reserve of Rs. 12.61 lakhs, out of which Rs. 9.50 lakhs have already been eaten up on account of the heavy loss incurred during 1963. With the currently running rate of loss of Rs. 20 lakhs per annum, by the end of the present year, practically the whole of the reserves and fully one-half of the paid-up capital of the Company would have gone. It would be easily appreciated that, with its capital and reserves drastically depleted to the extent of Rs. 30 lakhs, or by almost 60 per cent of the total, it will just not be possible for the Company to carry on any longer.

The accounts of the Company are also independently audited every year by the Government Auditors. According to the reports of the Deputy Director of Government Commercial Audit, the Company had incurred deficits in what is considered to be reasonable return in 1959, 1960, 1961 and 1962, the deficit for 1962 having been as high as 162 per cent. And on the basis of the financial results of the Company's working in 1963, the percentage of deficit, according to the methods adopted by the Director of Government Commercial Audit, would be 5.3 times as high, i.e., 860 per cent of the reasonable return. In this connection, it may be pointed out that, for purposes of calculating reasonable return for 1961 and 1962, the Deputy Director of Government Commercial Audit, under instructions from the Government, arbitrarily and drastically reduced the capital base of the Company from that used for the immediately preceding two years, i.e., 1959 and 1960. Thus, whereas the capital base used for 1959 was £875,396 (Rs. 1.17 crore), the capital base used for 1961 was taken at only £269,213 (i.e., Rs. 35.90 lakhs), which meant an unjustifiable reduction in the capital employed by about 70 per cent. Again, whereas, in the earlier two years of 1959 and 1960, the rate of return on capital was taken at 8.9 per cent, the rate taken for 1961 and 1962 was 7.5 per cent On this account, whereas the amount of reasonable return for 1959 was estimated at £77,910 (i.e., Rs. 10.30 lakhs), the corresponding figure of reasonable return for 1962 was only £21,302 (i.e., Rs. 2.84 lakhs). Had the capital base and the rate of return thereon for 1962 been calculated under the same principles and methods as had been applied for the years 1959 and 1960, the figure of deficit for 1962 would have become much higher than what it is shown to be.

Prima Facie Case for Increase of Gas Price

These recurring and rapidly mounting shortfalls in what the Deputy Director of Government Commercial Audit has determined to be reasonable return on the capital employed by the Company for four successive years, 1959 to 1962, at long last convinced the Government that there was a strong *prima facie* case for an increase in the price of gas and a high-power Gas Advisory Committee was appointed, on 16th February 1963, to go into the question of a reasonable price for gas. At the instance of the Committee, experts of the Finance Department of the Government carried out a thorough examination of the accounts of the Company and confirmed that the current rate for gas was clearly and definitely uneconomic in the sense of not even covering the bare costs of production and distribution of gas, with the result that the Company was running at a loss. Subsequently, in August 1963, the Advisory Committee held detailed discussion with the Company's representatives and, apparently, the Committee also was convinced that there was a clear and strong case for an increase in the price of gas.

Appointment of Gas Advisory Committee

The Committee would have submitted its findings and recommendations to the Government by 31st October 1963, being the date of expiry of its term of office, i.e., after eight and a half months from the date of its appointment. As indicated in the earlier paragraphs, due to continuous rises in the costs of production and distribution of gas, the Company's financial condition was fast deteriorating and the Company made urgent representations to Government for an early sanction of a reasonable rise in the price of gas. And, full five months after the submission of the Advisory Committee's report, the Government wrote a letter to the Company on 31st March 1964, in which the Government asked for a "binding undertaking" to implement an expansion programme in the event of a reasonable increase in gas price. In reply to this letter, the Company solemnly reaffirmed the undertaking that had been already given in the course of its several representations, to implement a programme of expansion designed to give 15,000 to 20,000 new gas connections within a period of three to four years, in the event of an early and adequate rise in the price of gas.

Consumers Enthusiastic for New Gas Connections with Moderate Increase of Price—Company takes Preliminary Steps

In the light of the foregoing developments, the Company had been led to anticipate a rise in the price of gas. And it proceeded to circularise some 3,000 applicants for gas connections on its waiting list to the effect that, if they were still interested in receiving gas connections, the Company would survey their premises and prepare and furnish estimates of costs of fittings, labour, etc. The Company received an immediate and enthusiastic response from over 1,500 would-be consumers, and several hundred citizens got their premises surveyed and promptly deposited the estimateed costs of fittings, etc. In the circulars issued to the applicants for new gas connections, it had been clearly pointed out that these essential preliminaries were being carried out to facilitate the immediate installation of gas connections without allowing any loss of time, in the event of an increase in gas price being sanctioned by Government. The very fact that over 1,500 applicants for new gas connections eagerly responded to the Company's circular by requesting the Company to survey their premises while a majority of them promptly deposited with the Company the estimated costs of fittings, etc., would go to show very clearly that the members of the public were ready and willing to pay an adequately increased price for gas to receive new gas connections. Information regarding these important preliminary steps for giving new gas connections, was duly communicated to the Government.

Government's Mysterious Silence on the Gas Advisory Committee's Report

The Government having appointed, under Section 5 of the Bombay Gas Supply Act, 1939, a Gas Advisory Committee to go into the question of a fair and reasonable price for gas, and the said Committee having duly submitted its recommendations to the Government in this behalf, we are advised that the Government were required, under Section 6 of the same Act, to make rules prescribing, in accordance with the recommendations of the Advisory Committee, the limits of prices which the Company may charge. It is a matter of great regret and surprise that, even eighteen months after the date of the appointment of the Advisory Committee and over nine months after the receipt of the Committee's Report in this behalf, and in spite of our repeated representations pointing out the financial difficulties through which the Company had been passing, the Government has not yet seen fit to sanction the gas price increase to which the Company is specifically entitled in law and equity.

Established Principles of Price Fixation

In the matter of price control, it is a well-recognised principle or convention that control prices of commodities and services should cover (*a*) all indisputable cost increases, (*b*) a moderate return on the capital employed, and (c) reasonable surplus for reserves. In a number of important cases, such control prices sometimes include also a substantial element intended to contribute partially towards the cost of expansion. This principle has been honoured in India over a wide field of price control, more or less continuously, ever since control was instituted during the Second World War. It has also been honoured by and large in all the advanced and developing countries. In India, in accordance with this principle, practically all control prices, such as those of iron and steel, cement, coal and sugar, have gone up several times. Thus, for instance, in the case of a basic commodity like steel, the control price of which had been fixed at Rs. 393 per ton from 1st February 1956, was raised to Rs. 474.59 per ton, i.e., by Rs. 81.59 or 21 per cent with effect from 31st March 1960, and again to Rs. 522.50 per ton, i.e., increased by Rs. 47.91 or 10 per cent, with effect from September 1962, the total increase within the period of 6½ years being 31 per cent. With effect from 29th February 1964, several items of steel, viz., structurals, light bars, heavy bars, rails, blooms and hoe-bars were decontrolled and the authority for the the fixation of their prices was given to the Joint Plant Committee comprising the Iron and Steel Controller and representatives of all the steel producers in the public and private sectors. Immediately, the prices of most categories were raised, the increase in the case of untested rails being from Rs. 655 to Rs. 710 per tonne or 8.4 per cent and tested rails from Rs. 694 to Rs. 755 per tonne or 8.8 per cent. With effect from 1st March 1964, the prices of several categories of iron and steel, such as pig iron grade I, ingot mould 1 tonne and below, billet, tin bars, skelp, black sheet, G.C. sheet, plates, R.R. strips, C.R. sheets, cotton bailing hoops and jute bailing hoops, which are still under control, were also raised. Thus, for example, the price of pig iron grade I was raised from Rs. 246 to Rs. 282 per tonne or by about 15 per cent, ingot mould, 1 tonne and below, from Rs. 148 to Rs. 223 per tonne or 50.7 per cent. The price of untested tin bars was raised from Rs. 473 to Rs. 547 per tonne or by 16 per cent and tested tin bars from Rs. 503 to Rs. 592 per tonne or by 17 per cent. (The above prices are inclusive of excise duties.)

As regards coal, the cost of coking coal, inclusive of freight, as supplied to the Bombay Gas Company, was increased from Rs. 47.36 per tonne in 1957 to Rs. 56.73 per tonne in 1961, to Rs. 59.67 in 1962, to Rs. 63.31 in 1963, and to Rs. 68.13 in the early part of 1964, the total increase during the last seven years being Rs. 20.77 per tonne or 43.86 per cent. In Bombay itself, the Tata Hydro Electric Company raised the rate for electricity by levying a surcharge of 10.5 per cent from 1st July 1962, and again by 26.4 per cent with effect from 1st May 1963, on account of increase in the cost of coal, freight, etc. It may also be noted that, in the same city of Bombay, the municipal assessment of cotton mills was raised on the basis of quinquennial valuation from Rs. 3 in 1933 to Rs. 7 in 1958 per 100 sq. ft. of processing block, i.e., by 133 per cent in 25 years; and from Rs. 2 in 1933 to Rs. 6 in 1958 per 100 sq. ft. of non-processing block, i.e., by 200 per cent in a period of 25 years. It may be mentioned that the increased rates of 1958 were imposed in spite of general public protest. The Maharashtra State Electricity Board itself, after the take-over of the Poona Electric Supply Company, raised the rate for electricity in Poona per unit from 13 nP to 31 nP, i.e., by 138 per cent, on account of rise in cost.

Oriental Gas Company

The Oriental Gas Company of Calcutta, which was taken over by Government in 1960, has recently increased the effective price for gas by approximately 35 per cent in an indirect manner on the plea of improvement in quality. It is pertinent to mention that this Company had already before raised the rate for town's gas from Rs. 4 per '000 cubic feet in 1945 to Rs. 5.75 per '000 cubic feet in 1948, i.e., by 43.75 per cent. Thus, in the case of the Oriental Gas Company, the increase in the price of gas over a period of 19 years has been about 95 per cent. Incidentally, it may be mentioned that the nationalisation of the Oriental Gas Company of Calcutta, instead of improving the quality of service and reducing the price for gas, has, on the contrary, led to a substantial increase in the price of gas on the one hand and serious deterioration in the quality of service to the consumers on the other, and, consequently, there has been much public criticism and resentment at the arbitrary manner in which the increased charges for gas are billed. The B.E.S.T. undertaking of the Bombay Municipality, with effect from 21st April 1963, has raised the minimum bus fare from 7 nP to 10 nP, i.e., by 43 per cent. It is also reported that the same undertaking is presently contemplating further increases in bus fare. During the last six years (1958-64), in the city of Calcutta, the bus and tram fares have been raised twice, first in 1958 on the recommendation of a Commission of Inquiry and then recently, with effect from 29th April 1964, on account of rise in the cost of maintenance and service, and the public of Calcutta have accepted these two rises without any protest whatever. On this latest occasion, the lowest tram fare in Calcutta was raised from 6 nP to 7 nP per ticket, i.e., by 17 per cent. Likewise, Delhi Transport Undertaking is reported to have also recently increased the bus fares by 50 to 80 per cent. It may also be mentioned that the Bombay Municipality, within a period of eight years, from 1948 to 1956, has raised water charges per '000 gallons from Re. 1 to Re. 1.50, i.e., by 50 per cent. It will be noted that these are very essential commodities and services affecting the pockets of even the poorest working class people.

Consumers Do Not Grudge Reasonable Increase in Gas Price

The claim of the Bombay Gas Company to an adequate increase in the price of gas is based on the well-recognised economic principle or convention mentioned above. It is, also, as explained earlier, based specifically on the Company's legal right under the Bombay Gas Supply Act, which is the obverse of its legal obligation under that Act to supply gas at such control price as may be fixed by Government from time to time in accordance with the recommendations of the Gas Advisory Committee. Such being the case, it is difficult to understand the reasons or the motives which may be weighing with the Government in taking no action, or, at any rate, in going slow in dealing with, the Company's well-proven case for an adequate increase in the price of gas. The spokesmen of the Government have sometimes suggested that the consumers of gas, by and large, being lower middle-class people, a rise in the price of gas would hit them hard and provoke resistance. Such a view would be altogether ill-founded and unsound, for, by far the largest number of consumers of town's gas reside in such aristocratic localities as Malabar Hill, Marine Drive, Cumballa Hill, Cuffe Parade, Fort, etc., or are flourishing business units in different parts of the city. At a time when even the poorest classes are under compulsion to bear the heavy burden of rising prices of essential commodities and services like electricity and transport, it is most unreasonable to hold that a moderate increase in the current price of gas, which, by the way, was fixed as long ago as in 1949 and which, incidentally, is somewhat lower than what it had been in 1926, would inflict an excessive burden on the rich and prosperous individuals who are privileged to live in those expensive areas and who have enjoyed the advantage of subsidised gas price over the years. That there is no substance at all in this view regarding the burden of an increase in gas price on the consumers would be crystal-clear from the fact that, according to available information, there are at the present time in the city of Bombay itself over 104,000 consumers of liquid petroleum gas with the trade names of 'Burshane' and 'Mobilflame,' with another 64,000 consumers of this bottled gas being located in other parts of Maharashtra and certain parts of Gujarat (i.e., old Bombay State), who readily buy this liquid petroleum gas at nearly 4 times the price of town's gas. It is altogether anomalous, unjust and inequitable to hold that a moderate increase in the present town's gas price of Rs. 3.94 per unit consumed by some 18,000 rich and prosperous consumers including modern, luxurious hotels and big industrial units, would be an excessive burden to them while in the very same city of Bombay hundreds of thousands of consumers, many of them being in the middle-income brackets, are eagerly and spontaneously buying and consuming liquid petroleum gas at a higher price of around Rs. 16 per unit, without causing any complaint or unfavourable comments in any quarters including the general public and the Government. In this connection, it is interesting to note that at the present time Esso Oil Company is reported to be enlisting 2,000 new consumers every month in the Bombay City itself and that, in the city of Calcutta where the supply of Burshane was started on 1st July 1964, the registration of new consumers of this bottled gas is proceeding at the rate of 400-500 per day. In this connection, it would be quite proper and pertinent to raise the question whether it was not a patently and grossly discriminating policy on the part of the Government to peg down, most rigorously and inflexibly, the control price of town's gas to Rs. 3.94 per '000 cubic feet over a period of almost two decades despite enormous increases in all important costs and prices during the time, while, at the same time, freely allowing two oil companies to sell a substitute for piped town's gas, namely, liquid petroleum gas, at almost four times the price of town's gas, namely, Rs. 16 or more per equivalent unit in terms of thermal power to over 168,000 consumers of middle-income bracket groups in the self-same city of Bombay and in certain contiguous areas of Maharashtra and Gujarat the unjust discrimination being in effect applied against the Bombay Gas Company, which has been rendering a good service to the city of Bombay, continuously for almost two decades, by supplying piped gas, the most convenient form of fuel, at a rate which is by far the cheapest rate in any part of the world including the most advanced countries of modern times. It may also be pertinently askcd whether it is not extremely anomalous and paradoxical that, whereas the rate for electricity in Greater Bombay has been increased by 37.1 per cent in the course of only two years, which certainly hit hard many millions of consumers of lower-income groups, the Government of Maharashtra is found to show such excessive solicitude for the 18,000 consumers of town's gas belonging to the upper-income bracket groups, that they appear to have firmly resolved that not even a moderate increase be granted in the price of town's gas however justifiable it might be in law and equity and by considerations of indisputable and well-proven increases in the costs of production and distribution of gas.

Company Has Made Substantial Expansion of Supply

The present management carried out substantial expansion of production and increased gas supply by 64 per cent from 988,242,300 c.ft. in 1946 to 1,613,887,000 c.ft. in 1963. New gas connections came to 3,430, out of which 2,500 were given in 1957-58, in response to an assurance informally given by the then Ministers concerned to the effect that, if the Company carried out expansion and gave new gas connections, the Government would favourably consider the question of an increase in the price of gas. The Company, in good faith, carried out this substantial expansion programme. In this connection, it may also be pointed out that, had the average consumption of gas per consumer remained unchanged at the level of 1946, the expanded gas supply would have sufficed to add some 9,000 new gas connections to the 14,831 in existence at 1946. However, while the Company invested a considerable amount on this occasion to give new gas connections and thus fulfil its part of the informal understanding, the Government gave no price increase whatsoever. This was also an important instance of unfair and inequitable treatment received by the Company at the hands of the Government.

We invested in 1946 a very large amount of money to acquire the assets of the Bombay Gas Company, from its foreign owners. This fact was admitted by the First Gas Advisory Committee headed by Sir Navroji J. Wadia, a retired Judge of the Bombay High Court. Since then, the Company has put back into the undertaking some Rs. 70 lakhs of which [illegible]

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Rs. 17.31 lakhs were spent as lately as in 1962 and 1963 to provide some ancillary facilities, such as complete re-sheeting of a gas-holder, setting up an elevated purifier box and enlarging the gas mains at important places, etc., with a view to facilitating the flow of larger gas supplies proposed to be immediately undertaken by the Company. In this case also, the Company put back into the undertaking these large sums in perfect good faith in the intentions of the Government to give a fair deal to the Company. And we are shocked to learn that Government now propose to forsake all considerations of justice and fair play in dealing with the Company.

The Company's fixed assets, recently revalued by the well-known surveyors Messrs. Ibcon (P) Ltd., in the light of present-day market prices of such assets and after providing for full depreciation stand at Rs. 3.19 crores as at 31st December 1963.

Company's Dividend Policy Has Been Conservative

It is sometimes held against the Company that it had distributed high dividends in the past. The actual facts are as under:

Average annual dividend during 1947-52—7.12 per cent.

Average annual dividend during 1953-56—12.50 per cent.

Average annual dividend during 1957-62—3.52 per cent.

1962—Substantial loss and no dividend.

1963—Much heavier losses and no dividend.

The above percentages of dividends are on the basis of the paid-up capital of Rs. 40 lakhs as shown in the Company's books. Actually, however, the present management had paid, as mentioned above, a much larger amount in acquiring the valuable assets of the undertaking from the foreign stock-holders. This high acquisition price was based on the then ruling market price of the stock of the Company. In relation to the cost of acquisition of the assets of the Company, the dividends would be as follows:

Average annual dividend during 1947-52—2.49 per cent.

Average annual dividend during 1953-56—4.38 per cent.

Average annual dividend during 1957-62—1.23 per cent.

And it is obvious that these effective dividend rates were much too low by any standard and these figures would completely demolish the wrong impression that the Company had indulged in paying excessively high dividends for certain years in the past.

With an Economic Price for Gas, the Company Will Readily Improve Workers' Remuneration and Amenities

One of the direct and devastating effects of the continuance of an uneconomic price for a prolonged period has been that the Company's finances are so crippled that it had not been possible for the Company to bring about any upward wage revision, or to give any bonus to its employees, for the past several years. Today, there is acute unrest among the workers, and great dissatisfaction among the members of the staff on this account, which is an extremely unfavourable trend even in normal times, and more so at the present juncture. The workers have preferred a claim for the payment of bonus for the year 1962, and their "Charter of demands" claiming several benefits, is pending before the Conciliator. Similarly, the Company's Staff Association has put in a claim for upward revision of salaries, and for other benefits. If these claims are allowed, it would be an unbearably heavy burden on the present slender resources of the Company. In this connection, it would be pertinent to point out that the Government's directive to industrial units to pay higher dearness allowance to employees pursuant to the recommendations of the Lakadawalla Committee has also imposed a very heavy financial burden on the Company to the tune of over Rs. 2 lakhs per year. The issue of a notice in this behalf by the Company notifying to the employees its intention to discontinue paying the readjusted dearness allowance caused considerable unrest among the employees, who waited in deputation on the Labour and Industries Ministers, and in consequence the Government have referred the matter for adjudication to an Industrial Tribunal. The Government has been stoutly advocating industrial peace and better understanding between management and labour, and very rightly so. An adequate increase in gas price, and a consequent improvement in its financial position, would enable the Company to consider favourably the claims of the employees for better terms during the present times of economic stress and mounting costs of living.

Ill-conceived and Ill-timed Nationalisation or Municipalisation Talk—The Prime Minister's Grave Warning and Wise Advice Regarding Priorities

In response to a very recent personal representation to the Government, earnestly pleading for an immediate and adequate rise in the price of town's gas, we were informally given to understand that Government were presently considering the question of nationalising or municipalising the Bombay Gas Company. The question of nationalisation or municipalisation is a question of high policy. It may, however, be pointed out that, according to the Industrial Policy Resolution dated 30th April 1956, carbonisation of coal is included in Schedule B. In the said resolution, it is mentioned that, while, with a view to accelerating their future development, the State will increasingly establish new undertakings in the industries in Schedule B, at the same time, private enterprise will also have the opportunity to develop in this field, either on its own or with the State participation. It can be reasonably argued that, since there is already a well-established, experienced and efficient private sector unit of gas industry in the Bombay City, it is entitled to be allowed to continue to render its service to the Bombay City under suitable economic conditions. This point of view derives special support from the fact that the Union Government, in accordance with the Industrial Policy Resolution cited above, has recently given a licence for the installation of a coke oven plant in the Maharashtra State in the private sector, the licensee being Messrs. Shanta Bros. Private Ltd. Town's gas, however, is relatively low in the scale of priorities for nationalisation with a view to carrying through rapid expansion and providing for substantially wider availability. There are several other items which have much higher priority from the point of view of social welfare-*cum*-economic development, such as adequate supply of drinking water in the towns and villages, road transport, electricity, slum clearance, working and middle-class housing and State-wide health services with hospitals—all of which would involve development on a colossal scale, entailing huge capital outlays and employment of large numbers of top level administrative personnel. When these high-priority items have been taken care of, say, within a period of four or five years, it would then be appropriate time for Government to review the question of taking over relatively low-priority items like town's gas. It would be pertinent to point out that many of the huge capital-intensive enterprises in the public sector, according to the findings of the Estimates and Public Accounts Committees of Parliament, have failed to show any conspicuous success in respect of planning, programming, executing and financing. On the contrary, there have been far too many cases of lack of proper programming and phasing and of absence of efficient operation, with the result that there has been colossal wastage of money, material and manpower, and the return on the huge investments has been extremely poor and disappointing, being, for instance, as low as 2.5 per cent, in 1962-63, even after ignoring the huge losses sustained by Hindustan Steel Ltd. In this connection, we do hope that all parties, concerned with the economic progress and social welfare of the country, will give serious heed to the wise advice and timely warning that has been recently given by our beloved Prime Minister, Shri Lal Bahadur Shastri, regarding the imperative need of applying stricter standards of priorities in our development plans and programmes. In the undoubtedly grave situation of a developing crisis which the country faces, the Prime Minister rightly says, "It is imperative that Government policies in the immediate future should be geared to meeting the requirements of the common man...." The Prime Minister goes on to say, "What is needed at the present time is not the launching of new projects but ensuring that those already in execution are completed expeditiously, giving a good return to the community." The Prime Minister, also wisely points out that "the people should feel that the additional burden they carried during the last few years has brought tangible results to them. So far such returns have been totally inadequate and not commensurate with investments made at great sacrifice and with a rising tax burden."

The proposal for the municipalisation of the Bombay Gas Company was mooted long ago. But, by requiring the Company to undertake an expansion programme, by setting up a Gas Advisory Committee, by demanding a "binding undertaking" from the Company, and by allowing the Company to proceed with important preliminary steps for giving new gas connections, the Government had clearly indicated that the question of municipalisation had been put off by a few years and that, in the meantime, the Bombay Gas Company would be allowed to continue and that, as clearly implied by the very fact of the appointment of a Gas Advisory Committee, the Company would be given a rise in the gas price if recommended by the Advisory Committee.

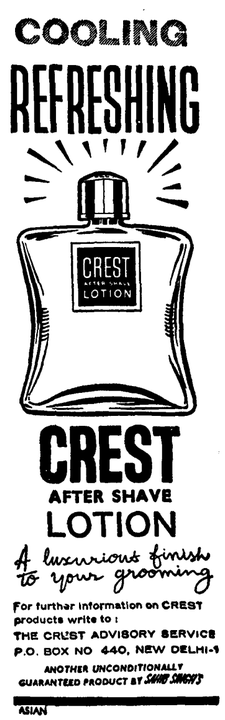
We have taken great pains to nurture the Company for the last eighteen years. We invested very large amounts in acquiring the former British-owned Company and in developing it over all these years. We have effected all-round improvement in its efficiency. The quality of its service would compare very favourably with that of any other public utility concern in this country, including even the largest Electric Supply Undertakings in Bombay, Calcutta and elsewhere. By taking over the Company at a huge capital expenditure, we have saved year after year, over this long period, substantial amounts of foreign exchange which would have been otherwise remitted abroad by way of transfer of profits. We have also completely Indianised the managerial and technical staff, thereby also saving considerable amounts of foreign exchange. And we still hope that, in consideration of these substantial contributions to the national economy, Government would give us that justice and fair deal to which we are clearly and definitely entitled.

Plant and Machinery

During the year, we have added plant, machinery and equipment worth Rs. 2.50 lakhs, including one additional Holmes Commersville station meter having a capacity of 6 million cu. ft. per day, one Sternette compressor unit for oil refrigeration and one 100 kw. Germanium rectified set.

Appreciation

Before I conclude, I would like to express our warmest appreciation to the workers, the staff and officers for their whole-hearted co-operation and specially to Shri S. Chowdhary, your General Manager and Secretary, and Shri A. S. Rao, your Deputy General Manager, for their invaluable services.



PRODUCTION AND USE OF FERTILISERS

SUPPLY LOW—CONSUMPTION ILL-BALANCED

FERTILISERS play the role of a catalyst in the economic development of a predominently agricultural economy such as India. The failure on the food front, in particular, and the shortfalls in agricultural production, in general, both of which have presently created chaos and confusion in this country's economy, serve to highlight the importance of fertilisers once again. Modern scientific agriculture presupposes sufficient and diligent use of fertilisers without which seeds, implements and labour cannot yield optimum results. It is not a mere chance but the outcome of definite planning and hard work that all the industrially advanced countries such as the U.S., France and West Germany have sound agricultural sectors. It has been estimated that one unit of plant food can grow ten times extra quantity of grains. With the use of fertilisers, some of the Indian farmers have also experienced increases of about eightfold in their outputs. But such instances are rare exceptions rather than a general rule. By and large, expansion in the use of fertilisers has been poor, as compared with the need for it. This point has been well brought out by the Fertiliser Association of India in some of its recent publications. In the latest issue of its periodical, *The Fertiliser News*, the Association very aptly remarks:

"But food production cannot increase markedly when only about 5-10 per cent of our farmers use fertilisers; when our per-acre use of fertiliser of 2.5 lb. is the lowest in the world; when our yields per acre are among the poorest in the world; when the fertiliser distribution and the flow of rural credit are monopolies of co-operatives, regardless of efficiency, performance and coverage; when fertiliser distribution margins offer little incentive to salesmanship, and when propaganda measures to educate the farmer on advantages of fertilisers are halting."

Further, in its *Annual Review* of 1963-64, providing a wealth of data on consumption and production of fertilisers in this country, the Association provides a vivid picture of the lags in this sphere. According to the *Review*, though there has been progress in fertiliser production and consumption, such has been slow and consistently below the targets laid down for the third Plan period, except in 1961-62 when the production of nitrogen very nearly hit the target.

Production of Nitrogen

Table I shows the trend of production of nitrogen (N) and phosphoric acid (P_2O_5), the only fertilisers made in this country since 1960-61. Nitrogen, it may be noted here, is produced in the form of ammonium sulphate, calcium ammonium nitrate, urea, ammonium sulphate nitrate, ammonium chloride, Chilean natural nitrate of soda, ammonium phosphate sulphate and nitro-sulphate. In all these forms, the output of nitrogen increased from 111,987 metric tonnes in 1960-61 to 194,194 metric tonnes in 1962-63 and is estimated to have touched 239,275 metric tonnes in 1963-64, an increase of about 114 per cent over 1960-61. Impressive though this improvement appears to be, it must be noted that this achievement was only 78.5 per cent of the target for 1963-64, the shortfall being 65,500 tonnes. The gap that remains to be filled in the remaining two years of the current plan is much bigger, as the target is as high as 812,000 metric tonnes. At the current rate of growth in production, the actual production in 1965-66 will fall far short of this target. Be that as it may, such increase as there has been in production since 1960-61, is due partly to the commencement of production by the new factories at Nangal (Punjab) in 1960-61 and Rourkela (Orissa) in 1962-63, and partly to the expansion of the Sindri factory and Fertilisers and Chemicals Travancore Ltd. (F.A.C.T.). The beginning made in the production of a complex fertiliser at Ennore (Madras) also made a modest contribution to the total.

Table I: *Production of Fertilisers in India*
(In metric tonnes)

Plant food	1963-64*	1962-63	1961-62	1960-61
Nitrogen (N)	239,275 (66.3)	194,194 (68.7)	154,326 (70.2)	111,987 (67.6)
Phosphoric Acid (P_2O_5)	121,840 (33.7)	88,301 (31.3)	65,360 (29.8)	53,722 (32.4)
Total (N+P_2O_5)	361,115 (100.0)	282,495 (100.0)	219,686 (100.0)	165,709 (100.0)

Note:—Figures in brackets represent percentage to the total.
* Estimated.

A region-wise picture of progress shows that, till 1960-61, production of nitrogen was mainly confined to five States—Kerala, Mysore, Punjab, Uttar Pradesh and Bihar, with the last mentioned State contributing more than 70 per cent of the total production. By 1963-64, its share had, however, come down to about 38 per cent, because of the growth of factories in the other States.

Phosphoric Acid

Production of phosphatic fertilisers, in the form of superphosphate, ammonium phosphate sulphate and nitro-phosphate, is, however, in almost all parts of the country. The Southern region accounts for nearly half of the production and the Western region for about one-quarter. The rest of the production is shared by the northern and eastern regions. Upto 1960-61, the production of superphosphate was confined to the States of Andhra Pradesh, Kerala, Madras, Mysore, Gujarat, Maharashtra, Delhi, Bihar and West Bengal. In the subsequent three years, superphosphates factories in Madhya Pradesh, Uttar Pradesh and Assam also went into production. The only States not producing superphosphate are Jammu and Kashmir, Himachal Pradesh, the Punjab, Rajasthan and Orissa. It will be seen from Table I that production of phosphates, in terms of phosphoric acid, showed an increase from 53,722 metric tonnes in 1960-61 to 88,301 metric tonnes in 1962-63 and still further to 121,840 metric tonnes (estimated) in 1963-64, the net gain during the period being 127 per cent. Even so, it falls far short of the target for 1963-64 by 106,800 tonnes, the achievement being only a little over 53 per cent. From the level attained in the third year of the third Plan, the Plan target of 406,400 tonnes seems to be a far cry. All regions have shared in the increase in the production of phosphoric acid, but more particularly in the northern and eastern regions, due to the completion of new superphosphate factories at Unnao in Uttar Pradesh and Chandrapur in Assam.

Trend of Consumption

The quantum and pattern of consumption of fertilisers in India are indicated in Table II. It will be seen that consumption of nitrogen increased by about 41 per cent from 231,817 metric tonnes in 1960-61 to 327,774 metric tonnes in 1962-63 and still further to around 440,000 metric tonnes (estimated) in 1963-64. As compared with the base year, the net increase during the year under review was about 90 per cent. The share of nitrogen in the total consumption of plant foods is about 71 per cent. A region-wise analysis of consumption of nitrogen does not indicate any particular pattern which is more or less dependent on the availability of nitrogen under the Central Fertiliser Pool formed to regulate the distribution of all available supplies. The southern region accounts for about half of the total consumption of this variety, the intake of the northern, western and eastern regions being 21, 17 and 12 per cent respectively. The important individual States consuming nitrogenous fertilisers are Andhra Pradesh, Madras, Uttar Pradesh, Maharashtra and the Punjab. These States together consumed nearly 65 per cent of the total nitrogen consumed in the whole of India in 1962-63. The average consumption of nitrogen per acre of cultivated land is 1.72 lb. in India. It is the highest in Andhra Pradesh (5.07 lbs.), followed by Madras (5.06 lbs.), Kerala (3.25 lbs.) and the Punjab (2.31 lbs.). The other States, consuming more than a pound are Delhi, Uttar Pradesh, Mysore, West Bengal, Bihar, Gujarat and Maharashtra. The third Plan envisages the consumption of nitrogen to go up to 1,016,000 metric tonnes, but, by the end of the third year, it was only 440,000 tonnes, that is, well below 50 per cent of the target. It will be observed from the data given here that the States in the South are more fertiliser-minded than the others. But the Association is of the view that, "given a free market," the pattern of consumption may be different.

Table II: *Consumption of Fertilisers in India*
(In metric tonnes)

Plant food	1963-64*	1962-63	1961-62	1960-61
Nitrogen (N)	439,800 (70.2)	327,774 (71.4)	307,077 (76.5)	231,817 (72.5)
Phosphoric Acid (P_2O_5)	130,580 (20.8)	91,159 (19.9)	63,580 (15.9)	53,804 (17.1)
Potash (K_2O)	56,500 (9.0)	39,940 (8.7)	30,443 (7.6)	29,583 (9.4)
Total (N+P_2O_5+K_2O)	626,970 (100.0)	458,873 (100.0)	401,100 (100.0)	315,204 (100.0)

Note:—Figures in brackets denote the proportion of each plant food consumed to the total.
* Estimated.

Consumption of phosphoric acid (P_2O_5), in the form of phosphatic and complex fertilisers, showed a marked improvement in 1962-63 as against the two previous years. Whereas in 1961-62, it stood at 63,580 metric tonnes as against 53,804 metric tonnes in 1960-61, it increased to 91,159 metric tonnes during 1962-63, showing an increase of about 43 per cent. There was a further increase of 43 per cent in 1963-64 taking the total to 130,580 metric tonnes. Nevertheless, it does not look as though the third Plan target of 406,400 metric tonnes is likely to be hit in 1965-66. The consumption pattern for phosphoric acid is determined by the free-play of the market forces of demand and supply. All the regions have shown an increase in consumption of this plant food during the last four years. As in the case of nitrogenous fertilisers, so also in the case of phosphatic fertilisers, the Southern States had the lead in consumption. Thus, a little less than half of the entire quantity of phosphate consumed in the country during 1962-63 was in the South, the western, eastern and northern regions consuming 26, 12 and 9 per cent respectively. Nearly 26 per cent of the all-India consumption in 1962-63 was in one State, namely, Andhra Pradesh, as against 28 per cent in the previous year. This State is followed by Madras, Mysore, Gujarat, Maharashtra and West Bengal which taken together account for about 46 per cent of the total consumption of phosphoric acid. About 17 per cent of total consumption is accounted by Kerala, Madhya Pradesh, Punjab, Uttar Pradesh and Bihar and about 4 per cent by Rajasthan, Jammu and Kashmir, Assam, Orissa and Union territories. The remaining 7 per cent is used in the mixtures prepared by the superphosphate manufacturers. On the whole, consumption of phosphoric acid has been steadily increasing. The per-acre figure for the whole country is 0.43 lb. It is highest in Andhra Pradesh (1.55 lb.), followed by Madras (1.09 lb.), Kerala (0.76 lb.), West Bengal (0.76 lb.), Gujarat and Maharashtra (0.57 lb.) and Mysore (0.49 lb.). Other States have a per-acre consumption of below 0.30 lb.

Potash

Potash is another chemically produced plant food. Its importance will be clear from the following quotation from the annual report of the Fertiliser Association of India:

"Consumption of this fertiliser is more or less confined to a few States in India. They are Kerala, Madras, Mysore, Maharashtra, Bihar and West Bengal which account for about 90 per cent of the fertiliser consumed in India. This is rather a sorry state of affairs considering that as the can and phosphoric acid is increased, the existing deficiency of other plant nutrients, viz. nitrogen sumption of potash will increase further and soils will be depleted of potash. Unless potash deficiency is restored in the beginning itself, it will require much more effort to correct potash deficiency at a later stage. Every effort should, therefore, be made to increase the consumption of potash in the country."

Production of potash in India is very negligible at present and whatever little is consumed (for actual figures see Table II) is met mostly out of imports.

Although consumption of potash in the form of muriate and sulphate in 1963-64 at 56,500 tonnes was 93 per cent more than in 1960-61, it was only a little more than one-fourth of the target of 203,300 tonnes assumed in the third Plan for 1965-66. In the case of this type of fertiliser, too, the southern region has been leading. It consumed nearly 75 per cent of the total quantity available, though with the gradual increase in consumption in other regions, the share of southern region will go down in the coming years.

Table III: *Import of Fertilisers*
(In metric tonnes)

Plant food	1963-64	1962-63	1961-62	1960-61
Nitrogenous	717,783 (24.65)	796,505 (24.56)	342,505 (10.45)	314,930 (9.70)
Phosphatic	27,965 (1.01)	16,779 (0.65)	1,376 (0.05)	2,654 (0.05)
Potassic	75,083 (1.82)	81,158 (2.04)	53,465 (1.40)	33,957 (0.92)
Total	820,831 (27.48)	894,442 (27.25)	397,346 (11.90)	351,541 (10.67)

Note:—Figures in brackets denote value of import in crores of rupees.

Consumption of fertilisers in India is grossly inadequate. Even in the South which ap-

(*Continued on page 339*)

L. & T. MAKES STRIKING PROGRESS

DIVIDEND RAISED—RIGHTS ISSUE ON WAY

A SIXTY-TWO per cent rise in production, a 40 per cent increase in sales and a 67 per cent improvement in gross profit amply justify the conclusion: the progress is striking. And this is precisely what Larsen and Toubro Ltd. [Managing Agents: Messrs. L. & T. (Management) (Private) Ltd., Bombay] has achieved during the year ended 31st March 1964. Sales have spurted from Rs. 582.38 lakhs to a new record of Rs. 820.74 lakhs, the increase having accrued very largely from higher sales of own products. Together with servicing, etc., the total turnover shows, however, limited growth from Rs. 740.74 lakhs to Rs. 859.02 lakhs, because against Rs. 121.80 lakhs charged for completed contracts in the previous year, there is no corresponding figure for the year under review as the current two large contracts—the instrumentation of the Barauni refineries and the mechanical and electrical erection and instrumentation of the thermal power station at Korba—are still in progress. Profit shows a greater rise than sales, because, apart from the higher proceeds of own product sales, there has also been a reduction in production cost during the year.

Provision for taxation, including Rs. 1.45 lakh on account of the year's equity dividend, Rs. 4.90 lakhs for sur-tax and Rs. 1.50 lakh for prior years, amounts to Rs. 50.50 lakhs, as against Rs. 24.40 lakhs in the previous year. The substitution of S.P.T. by sur-tax has to some extent reduced the tax liability, but the burden on the Company and its subsidiaries is still heavy and hampers their ability to expand. Net profit, as a result, is higher by only Rs. 15.18 lakhs at Rs. 42.31 lakhs. The transfer to reserves has been doubled from Rs. 8.30 lakhs to Rs. 16.54 lakhs. At the same time, the dividend on the 10-rupee ordinary shares has been slightly raised by one point to 15 per cent per annum, subject to tax. Since this dividend covers a full year's distribution on the 550,000 shares allotted and fully paid up in August 1962, the total cost of dividend has increased from Rs. 19.25 lakhs to Rs. 24.75 lakhs. The equity and preference dividends absorb Rs. 25.72 lakhs and are to be paid out of dividend reserve to which a sum equal to this total liability has been transferred from the year's profit. If the tax on distribution of dividend on equity shares is continued, the current year's tax liability will increase by Rs. 1.86 lakh which is more than one per cent of the equity capital.

The salient features of the Company's progress in the past four years are presented in the table below:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales, servicing charges, etc.	859.02	740.74	571.40	351.08
Other income	49.40	34.17	25.89	19.48
Work-in-progress	69.98	39.59	134.60	100.57
Materials, trading goods and stores consumed	541.05	385.86	333.12	190.38
Salaries, wages and benefits	150.08	120.28	144.94	84.31
Other expenses	130.21	103.52	94.13	68.96
Gross profit	117.52	70.25	59.13	55.53
Managing Agents' commission	6.25	4.08	3.70	3.77
Provision for—				
Depreciation	18.46	14.64	12.20	11.52
Taxation	50.50	24.40	21.00	17.40
Net profit	42.31	27.13	22.23	22.84
Withdrawals from provisions			1.13	1.27
To reserves	16.54	8.30	6.46	8.32
Dividends—				
Preference	0.97	0.97	0.97	0.97
Ordinary	24.75 (15%)	19.25 (14%)	15.40 (14%)	14.40 (13%)
Carry forward	0.16	0.12	1.51	0.99
Equity shares' market value (in rupees):	**1964**	**1963**	**1962**	**1961**	**1960**
High	24.24 C.R.	27.50	44.90	48.00	53.50
Low	20.12 X.R.	20.52	20.48 X.R.	33.75	25.75

Mr. H. Holck-Larsen, Chairman of the Company, informs the shareholders that expansion in the Company's activities between 1960-61 and 1963-64 has necessitated a doubling of the equity capital from Rs. 80 lakhs to Rs. 165 lakhs and led to an almost threefold rise in production, sales and profit, before tax. The forecast of production and sales for the following three years, he notes, also shows an encouraging picture. A comprehensive three-year plan for financing expansion covering an increase in the capacity at Powai, additional facilities for sales and servicing of Caterpillar equipment and improvement and expansion of the Madras workshop envisages issue of additional shares, arranging further medium and long-term loans and securing adequate banking facilities. To begin with, it is proposed to issue 660,000 equity shares of Rs. 10 each for cash at a premium of Rs. 2 per share (in the proportion of two for five), which would bring an amount of Rs. 79.20 lakhs. From the State Bank additional cash credit facilities were obtained during the year and medium and long-term loans are expected to be arranged in future. Mr. Larsen writes: "From the progress of the past, I see the promise of the future.... I feel confident of our future growth and strength." The Directors say in their report that they are reasonably hopeful of maintaining the dividend for the current year on the increased capital.

All manufacturing units at Powai, it is claimed, operated during the year with increased efficiency. Now they have reached or exceeded their production targets. The manufacturing activities here have been organised into two major units—general workshop and switchgear factory. The general workshop was fully occupied with the fabrication and assembly of plant and equipment for the chemical, pharmaceutical and food processing industries. The switchgear factory increased the production of switchgear, motor starters, control and instrument panels and kerbside petrol dispensing and metering pumps. Production of switchgear equipment exceeded the target and the factory requires a further expansion to meet the increasing demand. The general workshop also assists the contracting division to undertake 'turn-key' jobs—from design and fabrication—to complete erection and commissioning of plant and equipment. The contract from M.P. State Electricity Board for the mechanical and electrical erection and instrumentation of the 200 M.W. thermal power station extension at Korba, valued at Rs. 140 lakhs, and the contract for instrumentation of the Barauni refineries, valued at Rs. 31 lakhs, are progressing satisfactorily. Some smaller contracts of this type are also in progress.

As for the subsidiary companies, it is proposed, because of the tax disadvantage, either to merge one subsidiary with another or to merge all of them with the Company at a favourable time. Their progress during their completed years has been satisfactory.

From the wholly-owned Alu Capsules Ltd., which manufactures, in addition to bottle capsules from aluminium foil, press tools, jigs, fixtures, plastic bakelite moulds and dies for pressure die castings in collaboration with Interfonda Ltd., Switzerland, the Company received Rs. 3.27 lakhs as selling agency commission and Rs. 75,000 as dividend on the paid-up capital of Rs. 7.50 lakhs.

Taking advantage of the clause contained in the Finance Act 1964 for exemption from the provision of the Income Tax Act requiring compulsory distribution of dividends, the 51 per cent-owned Christensen-Longyear (India) Ltd., manufacturing drilling equipment and diamond drill bits in collaboration with E. J. Longyear Company, U.S., and Christensen Diamond Products Company, U.S., respectively, declared no dividend but paid the Company Rs. 6.57 lakhs as sole selling agents' commission. Between them, the collaborators hold the balance 49 per cent shares.

In order to conserve resources, the wholly-owned subsidiary, Engineering Construction Corporation Ltd., which showed a substantial increase in civil engineering and contracting business during the year ended 30th September 1963, declared no dividend and in May 1964 doubled its paid-up capital to Rs. 10 lakhs. It is extending its operations by collaborating with reputable foreign companies for large civil engineering works.

The India Crown Cork Company Ltd.'s production and sales increased during the year and the Company earned Rs. 3 lakhs as selling agency commission and Rs. 58,500 as dividend on the paid-up capital of Rs. 5.85 lakhs entirely owned by it. In its operations, this subsidiary is handicapped by inadequate supply of tinplates.

The progress of associate companies also continues to be up to expectations and there is a steady increase in the Company's income by way of selling agency commission and dividends.

Audco India Ltd., the 50-50 joint venture with Serck Ltd. of the U.K., paid Rs. 1.45 lakh as commission and Rs. 15,000 by way of dividend from tax-empt profit. It has plans in hand to widen the range of products which are lubricated taper plug valves for different industries.

Eutectic Welding Alloys of India Ltd., formed in collaboration with Castopar Societe De Participations Et D' Etudes Castolin S.A., Lausanne, Switzerland, for manufacturing low temperature welding alloys and fluxes for gas and arc welding, is expected to start production, delayed by the non-receipt of import licence, by the end of this year.

The Government has approved of the Tractor Engineers Ltd.'s collaboration agreement with the American Caterpillar Tractor Company, for obtaining know-how, specifications and designs for manufacturing parts for Caterpillar tractors. For increasing production from additional plant and machinery its factory is to be shifted from Sion to a new location in Powai.

From Tractor and Equipment Corporation Ltd., supplying Caterpillar and allied machines and their parts to Government bodies, the Company received Rs. 4.39 lakhs by way of dividend and commission on sales.

Strikes and riots at Rourkela between January and April 1964 caused a temporary but severe setback to the gradual increase in production of Utkal Machinery Ltd. During the year, it was entrusted with the manufacture of a major portion of components for blast furnace No. IV for the Rourkela steel works. The Company earned from it Rs. 1.24 lakh as selling agency commission which in future will rise with the anticipated increase in sales but the dividend may not come by for some years.

The parent Company's paid-up capital, including Rs. 15 lakhs in two types of preference shares, amounts to Rs. 180 lakhs and is backed by reserves and surplus (excluding dividend reserve of Rs. 25.72 lakhs) aggregating Rs. 112.40 lakhs. As against this, the gross block of Rs. 234.04 lakhs (Rs. 192.60 lakhs a year before) has been written down to Rs. 156.85 lakhs and, together with capital work-in-progress, the net block is shown at Rs. 171.60 lakhs. Current assets, loans and advances are shown at Rs. 666.79 lakhs and investments at Rs. 127.88 lakhs and together they exceed the total indebtedness, including borrowings of Rs. 315.46 lakhs, by Rs. 120.80 lakhs. Out of the total investments, Rs. 127.73 lakhs are in subsidiaries and associate companies. These, together with loans and advances to the subsidiary and associate companies bring the Company's total investment in their fixed assets to Rs. 234.04 lakhs.

Currently quoted at over 100 per cent premium at Rs. 21.68 *cum-div.*, the Rs. 10 fully paid ordinary shares of the Company offer a net yield of 5.8 per cent per annum.

PARSONS-I.B.I. PRIVATE LTD.

The Indo-Berolina Industries (Private) Ltd. of Bombay, a well-known engineering house in the chemical field which supplies chemical plant and equipment, has launched, in collaboration with the world-renowned Ralph M. Parsons Company of the U.S.A., a new engineering and construction company, known as the Parsons-I.B.I. Private Ltd. This was disclosed by Mr. D. T. Javeri, Executive Director of the Company, at a Press conference in Bombay on Friday last week. The Government of India has already given its approval and the new company is expected to be registered shortly with a capital of Rs. 10 lakhs, of which half will be contributed by the American firm.

The new company proposes to offer to the Government and private industrialists in this country a wide range of services on petroleum refineries and processing units, petro-chemical plants, chemical plants, off-site facilities, power generation and material handling systems, metallurgy and ore processing engineering, etc. The services cover economic feasibility surveys of proposed projects, arrangements for obtaining the best know-how for the projects, designing and engineering of projects, procurement of the best equipment on global basis, maximum fabrication of equipments indigenously, construction of the entire plant on a turn-key basis, and start-up and commissioning of plant to give the guaranteed output in terms of quality and quantity based on stipulated consumption of raw materials and other off-site facilities.

BOTANIUM RETURNS CAPITAL

It will be recalled that, in an extraordinary general meeting of the Botanium Ltd., held on the 10th January 1964, it was decided by the members to reduce the paid-up capital by returning to shareholders Rs. 4 out of Rs. 5 paid-up on shares with a face value of Rs. 10 each. This followed the decision of the Company not to proceed, for the time being, with the project for establishing a titanium dioxide plant. But this reduction of capital did not affect the 300,000 fully paid-up equity shares allotted to Laporte Industries Ltd., London in lieu of the "know-how" of manufacturing process acquired by the Indian Company from that company. The "know-how" and technical collaboration agreements, entered into between the Botanium Limited and the London firm, would continue to stay for a further period of five years, when they will expire, if it is finally decided by the Company not to proceed with the project.

In their report to the shareholders covering the year ended 31st March 1964, the directors of the Company say that the scheme for reduction of capital was approved by the High Court in April last and that the work of repaying Rs. 4 per share to the shareholders has now been practically completed.

BATALA ENGINEERING CO., LTD.

The Batala Engineering Company Ltd. (a subsidiary of the Mukand Iron and Steel Works Ltd.), which manufactures machine tools, proposes to expand and diversify its activities. The total cost of the expansion projects is put at Rs. 162 lakhs. In order to meet a part of the funds required, the Company is entering the capital market shortly with a public issue of Rs. 7.39 lakhs; the list for subscription will open on the 28th inst. The Company is setting up a factory at Balabgarh near Delhi to manufacture open side hydraulic planers and geared-head lathes. Its application for import of equipment worth Rs. 39.36 lakhs (subject to availability of foreign exchange loan of Rs. 22.05 lakhs) has been approved in principle by the Central Government.

ANGLO-INDIA JUTE MILLS

PROFIT-MARGIN RECEDES

IN common with most jute companies, the Anglo-India Jute Mills Company Ltd. (Managing Agents: Messrs. Duncan Brothers and Co. Ltd., Calcutta) has suffered a sharp setback in its fortunes during the year ended 31st March 1964. The gross turnover has decreased by no less than Rs. 86.00 lakhs to Rs. 782.52 lakhs and, although the closing stocks of gunnies have been marked up from Rs. 33.29 lakhs to Rs. 42.81 lakhs, the gross profit has dropped by about a third from Rs. 97.85 lakhs to Rs. 66.03 lakhs. The profit margin (ratio of gross profit to gross sale) is, therefore, lower at 8.4 per cent, as against 11.3 per cent for the preceding year. What has brought about this reduction is, of course, the increase in the cost of labour, following the implementation of the Wage Board award, as well as rise in the cost of power and other materials. Consequent on the decrease in gross profit and also because of the rise in the provision for depreciation (from Rs. 15.13 lakhs to Rs. 23.47 lakhs), the provision for Managing Agents' commission has declined from Rs. 8.14 lakhs to Rs. 3.90 lakhs and that for taxation is as low as Rs. 17.13 lakhs, as against Rs. 38.14 lakhs the year before. Thanks to these sizable reductions in essential provisions, the net profit is lower at Rs. 18.53 lakhs, as against Rs. 35.44 lakhs. Out of this, a sum of Rs. 8.15 lakhs (as against Rs. 27.74 lakhs for 1962-63) has been credited to reserves and a further Rs. 3.64 lakhs has been earmarked for the payment of preference dividend. The ordinary dividend has been maintained at 12 per cent, subject to deduction of tax, but, since it is payable on an enlarged number of shares following the one-for-five bonus issue in the preceding year, the actual amount claimed is higher at Rs. 7.09 lakhs, as against Rs. 5.90 lakhs previously. The carry forward is naturally lower at Rs. 55,893, as against the Rs. 90,773 brought in.

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

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales (gross)	782.52	868.52	762.64	730.96
Other income	7.00	8.54	4.54	6.59
Closing stock of gunnies	42.81	33.29	40.98	37.15
Raw materials and stores consumed	404.11	415.34	474.16	374.05
Gunnies purchased for resale	136.17	179.73	115.43	199.24
Other expenses	192.73	176.45	146.86	138.23
Gross profit	66.03	97.85	34.56	28.07
Managing Agents' remuneration	3.90	8.14	2.25	1.24
Provision for—				
Depreciation	23.47	15.13	12.17	11.59
Taxation	17.13	38.14	9.03	5.23
Net profit	18.53	35.44	11.11	9.96
Withdrawal from reserves				1.20
To reserves	8.15	27.74	3.54	1.50
Dividends—				
Preference	3.64	3.64	3.64	4.48
Ordinary	7.09 (12%)	5.90 (12%)	4.92 (10%)	3.69 (7.5%)
Carry forward	0.56	0.91	2.75	3.74
Market price of ordinary shares (In rupees):	**1964**	**1963**	**1962**	**1961**
High	183	239	230	231
Low	151	175	167	174

The Company's balance-sheet as at 31st March 1964 shows that its paid-up share capital aggregates Rs. 99.05 lakhs, of which Rs. 40.00 lakhs are in preference shares of Rs. 100 each and Rs. 59.05 lakhs in ordinary shares of Rs. 100 each, including the 9,842 shares issued during the year as bonus shares in the proportion of one for every five held. With the backing of Rs. 115.86 lakhs in reserves, this makes Rs. 214.91 lakhs as the shareholders' funds. As against these, borrowings aggregate Rs. 175.52 lakhs and current liabilities another Rs. 191.10 lakhs, so that the outside interest totals Rs. 366.62 lakhs. This is more than fully covered, on the assets side, by the total of current assets and loans and advances which, as at the date of the balance-sheets, stands at Rs. 369.47 lakhs. Investments are carried in the books at a cost of Rs. 70.29 lakhs, comprising Rs. 2.70 lakhs in Government securities, Rs. 32.08 lakhs in shares of Isaac Holdens Ltd.—now Woolcambas of India Ltd.—and the balance in unquoted shares of a subsidiary. Additions to fixed assets during the year aggregated Rs. 32.77 lakhs, including Rs. 1.56 lakh as the cost of capital work-in-progress transferred on completion and this has raised the block account to Rs. 373.88 lakhs. On deducting therefrom Rs. 233.71 lakhs as the depreciation earned to-date, the net block amounts to Rs. 141.77 lakhs, inclusive of Rs. 1.60 lakh as the value of capital work-in-progress at the end of the year.

The Company's subsidiary, Landale and Clark Ltd., had another successful year's trading and earned a profit of Rs. 8.67 lakhs before providing for taxation. One year's preference dividend was proposed to be paid. The results of Isaac Holdens (India) Ltd., in which the Company has substantial interest, were satisfactory during the year ended 31st December 1963 and a maiden dividend of 5 per cent was received.

Commenting on the prospects for the Indian jute industry, the Directors observe that, although internal demand is improving, the challenge to our export markets for sacking continues to grow on account of the rapid development of jute industries in other consuming countries. They make special reference to the rapid expansion of Pakistan's capacity for the production of sacking and its ability to produce goods at comparative cheaper cost. They further state that, while demand for good quality carpet backing continues to exist, production in India appears at present to be more than adequate to meet current overseas requirements. As for prospects for the current year they inform that, at present levels of prices, trading margins are disappointing and prospects must, therefore, be viewed with extreme caution. The forecast for the season's crop is satisfactory. Export prospects for sacking continues to be a matter of concern, but local demand is expected to maintain itself at encouraging level. Offtake of hessian will continue to be governed primarily by the level of American consumption, which has not been encouraging of late. But with no recession in the American economy and with the growing support of Argentine and Russian markets, a steady demand is expected.

The present quotation for the Rs. 100 paid shares of the Company is Rs. 167 *cum-div.* On an *ex-div.* price, the net yield works out to 6.1 per cent per annum.

(*Concluded from next column*)

quotas set by the Jute Commissioner caused acute embarrassment to the mills. Results for the current year indicate ever-increasing competition, with the result that the margin of profit which can be earned in both hessian and sacking still continues to diminish. Fortunately, there are indications that more countries are beginning to take an interest in Indian jute goods and it is hoped that the strenuous efforts being made by the Government and the Indian Jute Mills Association will result in the creation of new markets, particularly for sacking, to replace those already lost. The Directors, however, are of the opinion that, unless positive steps are taken to offset the large price advantage enjoyed by our overseas competitors, it will be difficult to retain such markets and to prevent further erosion of the established ones.

Some additions were made during the year to machinery installed and extensive repairs were also carried out to both plant and buildings. The sewing capacity of the factory is being increased and an application has been made for licences to import further preparatory machinery. Orders have also been placed for additional spinning frames to increase the capacity for non-standard items. Arrangements are in hand for the constructions of extra godowns to accommodate the increased stocks of jute that must now be held.

The paid-up share capital of the Company continues to stand at Rs. 91.88 lakhs, of which Rs. 26.25 lakhs are in two classes of preferences shares of Rs. 100 each and the balance is in equity shares of Rs. 10 each fully paid up. Reserves have risen to Rs. 51.91 lakhs from Rs. 46.01 lakhs a year ago. Own funds thus total Rs. 143.79 lakhs, as against which the outside interest is only Rs. 105.84 lakhs. This comprises Rs. 29.74 lakhs as loans and Rs. 76.10 lakhs as current liabilities and provisions. On the asset side, current assets and loans and advances aggregate Rs. 164.93 lakhs, while investments, including partnership capital of Rs. 15.08 lakhs, are shown in the balance-sheet at a cost of Rs. 21.89 lakhs. As a result of additions worth Rs. 2.30 lakhs made during the year, the block account stands raised to Rs. 233.65 lakhs and, on deduction of Rs. 170.88 lakhs as the depreciation earned to date, yields a net block of Rs. 62.77 lakhs. Machinery awaiting installation is valued at Rs. 4,578.

The Rs. 10 paid ordinary shares of the Company are currently quoted at Rs. 16 *ex-div.* and fetch a net annual return of 6.2 per cent on a fresh investment.

HOWRAH JUTE'S PROFIT LOWER

BUT DIVIDEND RAISED

THE working results of the Howrah Mills Company Ltd. (Managing Agents: Messrs. Jardine Henderson Ltd., Calcutta) for the year ended 31st March 1964 are heartening, though they reflect the impact of the further increase of Rs. 30 per ton in costs of production due to the award of the Wage Board for the jute industry, which became operative from 1st July 1963, the implementation of the schemes to ensure a higher standard of quality of finished products, and the increases in lighterage rates and charges for electricity. With production and demand well maintained and a sizable drop in the value of closing stocks, realisation from the sale of products has advanced by over 13 per cent from Rs. 350.74 lakhs to Rs. 396.82 lakhs, but the gross profit has declined by as much as Rs. 15.69 lakhs to Rs. 53.54 lakhs. The ratio of gross sales to turnover (profit margin) has thus dropped by 5.7 points to 14 per cent and this is mainly because staff expenses have risen rather sharply from Rs. 73.98 lakhs to Rs. 89.44 lakhs—for reasons already stated—and other expenses are also up from Rs. 41.98 lakhs to Rs. 45.16 lakhs.

The lower gross profit, accompanied by a higher provision of Rs. 9.29 lakhs (as against Rs. 7.84 lakhs) for depreciation, has, as a matter of course, necessitated a lower provision of Rs. 3.65 lakhs (as against Rs. 4.05 lakhs) for the commission payable to Managing Agents. The provision for taxation at Rs. 24.62 lakhs is likewise lower by Rs. 5.38 lakhs than that a year ago. Although the essential provisions thus aggregate Rs. 37.56 lakhs, as against Rs. 41.89 lakhs previously, they form a much higher proportion—70 per cent, as against 60.5 per cent—of the gross profit and the resulting net profit, therefore, shows a decrease of Rs. 11.36 lakhs to Rs. 15.98 lakhs. Strengthening this by Rs. 3.51 lakhs (Rs. 1.01 lakh) withdrawn from reserves and past provisions, the Directors have credited the reserves with Rs. 8.90 lakhs (Rs. 3.39 lakhs) and have also set aside Rs. 2.39 lakhs for the payment of preference dividend. The ordinary dividend has been stepped up by 2.5 points to 12.5 per cent subject to deduction of tax. This claims Rs. 8.20 lakhs, as against Rs. 6.56 lakhs a year ago.

The following comparative table presents synoptically the changes in the fortunes of the Company during the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds	396.82	350.74	411.32	460.07
Other income	4.88	12.02	3.73	3.99
Closing stocks of jute work-in-progress and finished goods	119.61	131.03	100.48	111.64
Jute purchases and stores consumed	202.14	208.12	297.52	369.84
Staff expenses	89.44	73.98	73.54	78.93
Other expenses	45.16	41.98	34.55	40.95
Gross profit or loss	53.54	69.23	—1.72	28.95
Managing Agents' commission	3.65	4.05	0.50	1.79
Provision for—				
Depreciation	9.29	7.84	8.75	9.82
Taxation	24.62	30.00	..	5.05
Net profit or loss	15.98	27.34	—10.97	12.29
Withdrawals from reserves	3.51	1.01	..	0.14
To reserves	8.90	3.39	3.62	2.07
Dividends—				
Preference	2.39	4.78*	..	2.94
Ordinary	8.20 (12½%)	6.56 (10%)	..	6.56 (10%)
Carry forward	..	..	—13.61	0.98
Market price of ordinary shares (In rupees):	**1964**	**1963**	**1962**	**1961**
High	18.56	20.44	22.87	23.94
Low	15.00	17.50	19.37	19.50

* Including Rs. 2.39 lakhs for the year ended 31st March 1962.

During the year under review, production by the industry was maintained at the maximum and the Company continued to operate as many loans as possible having regard to the ancillary machinery installed.

Raw jute supplies were adequate, although quality continued to deteriorate. Prices were maintained at the operational minima imposed by the Government and the resources of the Company were stretched to the utmost to provide fineness and storing space for the stock while it was obliged to hold. In addition to their regular purchases, the Buffer Stock Association continued to operate with consequent increase in the demand on the mills for storage space. As stated earlier, greater emphasis was placed on quality control and on pre-shipment inspection of goods. The Directors state that, while results were achieved, it was here that the declining quality of raw jute supplies became most apparent and the large quantities of jute fit only for sacking production which the industry was obliged to buy to fulfil the

(*Continued in previous column*)

SYNOPSES OF COMPANY REPORTS

Velimalai Rubber Co., Ltd.

(*Managing Agents*: Messrs. Ooppoottil Kurian & Co., Private Ltd., Kottayam, Kerala.)

Twentieth Annual General Meeting—28th August 1964.

Working Results:

	For the year ended 29th February (In thousand rupees)	
	1964	1963
Sales of rubber (gross)	6,89	6,75
,, ,, tea (gross)	83	70
,, ,, pepper (gross)	41	19
,, ,, minor produce	29	18
Closing stock of rubber, tea and pepper	56	95
Gross profit	2,01	2,03
To Managing Agents' remuneration	18	17
Transfer to depreciation	22	23
,, ,, provision for taxation	55	55
Net profit	1,06	1,08
Appropriations:		
Transfer to debenture redemption reserve	40	40
,, ,, rubber replanting reserve	5	2
Proposed dividends (taxable) preference	18	18
,, ,, ,, equity	42	42
	(7%)	(7%)
Carry forward	8	6
Market value of equity shares (in rupees):	1964	1963
High	5.25	5.28
Low	5.10	5.00

Extracts from the Directors' report: *Crop, Cost and Prices*: A rubber crop of 2,21,220 kgs. was harvested at an estate cost of 205.41 nP per kg. against 2,15,817 kgs. at an estate cost of 196.81 nP per kg. for the previous year. The actual crop harvested till 30th June 1964 is 63,003 kgs. against 62.334 kgs. for the same period last year.

The tea crop harvested was 17,555 kgs. at an estate cost of 381.09 nP per kg. against 20,667 kgs. at an estate cost of 325.17 nP per kg. for the previous year. It was mentioned in the previous report that tea crops were on the decrease because the tea area was being replaced by rubber. The process has since been completed and the tea bushes are being abandoned from next month onwards.

The net average prices realised were 306.59 per kg. for rubber and 397.64 nP per kg. for tea against 322.13 nP per kg. for rubber and 354.80 nP per kg. for tea for the previous year. The demand for latex was not good during the year and hence the lower sales price.

The maximum controlled price for No. 1 sheet remained at Rs. 162.60 per 50 kgs. exclusive of sales tax till 16th December 1963 when prices were decontrolled, but from 19th December 1963 floor prices were fixed which is Rs. 161.50 per 50 kgs.

Minor Products: The Company's cocoanuts and peper have been a good source of income this year enabling it to maintain the profits inspite of increase in cost and decrease in sale proceeds of rubber. The income from this source is expected to show further improvement in further years.

The estimates for the current year are for a crop of 2,05,000 kgs. of rubber at an estate cost of 229.25 nP per kg.

Accounts in brief as at 29th February 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	8,50,000	Gross block	19,97,467
Reserves and surplus	7,26,625	—Depreciation	2,09,728
Debentures	3,19,000		
Other liabilities	1,83,611	Net block	17,87,739
		Current assets	1,99,525
		Investments	1,000
		Cash	90,972
	Rs. 20,79,236		Rs. 20,79,236

* Paid-up capital consists of 25,000—7 per cent. cumulative preference shares of Rs. 10 each and 1,20,000 equity shares of Rs. 5 each.

Minerva Mills Ltd.

(*Managing Agents*: Messrs. N. Sirur & Co. Private Ltd., Bombay.)

Forty-fourth Annual General Meeting—31st August 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of yarn, cloth and waste	2,05,46	1,70,84
Closing stock	68,54	77,55
Gross profit (+) or loss (—)	—70*	+8,18
To Managing Agents' commission	40	40
Transfer to depreciation	9†	4,45
Net profit (+) or loss (—)	—70	+3,33
Credit balance brought forward	9	24
Excess provision for depreciation on machinery written back	Nil	2,66
Appropriations:		
Transfer to development rebate reserve	Nil	1,37
,, ,, gratuity reserve	Nil	1,15
To bonus for 1961	Nil	22
,, provision for payment to workers	Nil	1,42
,, compensation to workers	Nil	62
,, dividends (taxable) preference	Nil	31
,, ,, ,, equity	Nil	1,04
	(Nil)	(3½%)
Carry forward (credit)	+11‡	+9
Market value of equity shares (in rupees):	1964§	1963 1962
High	60.00	65.00 71.50
Low	59.00	50.00 50.00

* Loss after providing for Managing Agents' commission and depreciation.

† Only on motor cars, trailers and furniture and fixtures.

‡ Credit balance carried forward after adjusting the years' loss against the previous year's balance brought in and against reserves.

§ Upto 7th August 1964.

Extracts from the Directors' report: The Directors regret that, after a period of continued profits aggregating to over Rs. 27 lakhs gross in the previous three years, which enabled the Company not only to wipe off all the previous arrears and deficits but also declare token dividends for the years 1961 and 1962, the results of the year under report are negative and the dividends have to be passed over. The main reason was that the work of installing the bulk of the new machinery under the N.I.D.C. Scheme, commencing trial runs and placing the machinery into working order led to considerable dislocation of work in the first half of 1963. Furthermore, owing to reduction in the actual users' quota for superfine cotton, the number of spindles operating on superfine yarn had to be reduced during the year under report from about fifty per cent to twenty-five per cent of the total spindles. Moreover, the prices of superfine yarn were reduced in February 1963 under the Voluntary Price Control Scheme.

The prices of cloth during the year under report remained unchanged, and pegged at unrealistic levels under the Voluntary Price Control Scheme which has been in force since 9th September 1960 and which provided for stamping of prices at rates determined on the basis of rates prevailing in August 1959. The Scheme intended as a stop-gap measure has been continued for nearly four years. The most important lacuna in the Scheme has been that it ignored the cost factor and involved linking to old sorts while fixing prices of "new" sorts of cloth. The shareholders are aware that a large percentage of the cloth produced by the Mills in 1959 consisted of grey goods. However, under the Voluntary Price Control Scheme, the new processed varieties of cloth introduced in the last two years have been assigned meagre price differentials for processing.

The N.I.D.C. Scheme, which is now almost fully implemented, has resulted in the transformation of the Mills from an obsolete unit into a modern unit. A new American whitin blow room line replacing two old lines is now operating entirely on coarse and medium cottons used in cloth, and the teething troubles in this blow room line have been completely overcome. Practically the entire production of coarse and medium yarn meant for warp purposes in the weaving shed is now spun on new N.M.M. double driven large package ringframes which comprise nearly thirty per cent of the total spindleage of 46,000. Of the remaining spindles, about half have already been renovated and modernised under the N.I.D.C. Scheme. Materials are being received for converting a further 11,000 spindles leaving a balance of only 6,000 spindles to be modernised or replaced.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	33,07,484	Gross block	1,60,45,622
Share application money received	19,425	—Depreciation	62,64,084
Debentures	18,00,000	Net block	97,81,538
Reserves and surplus	17,29,507	Current assets	1,19,46,219
Other liabilities	1,51,33,434	Investments	96,889
		Cash	65,514
		Miscellaneous expenditure	99,690
	Rs. 2,19,89,850		Rs. 2,19,89,850

* Paid-up capital consists of 29,597 equity shares of Rs. 100 each and 3,266—0½ per cent. cumulative redeemable preference shares of Rs. 100 each.

Surat Electricity Co., Ltd.

(*Managing Agents*: Messrs. Killick Industries Ltd., Bombay.)

Forty-fourth Annual General Meeting—3rd September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sale of energy (gross)	1,29,82	1,15,30
Gross profit	27,43	25,25
To Managing Agents' remuneration	1,99	1,88
Transfer to depreciation	6,12	6,01
,, ,, employees' retiring gratuities reserve	98	56
,, ,, provision for taxation	7,21	7,82
Net profit	11,13	9,03
Transfer from equalisation of dividends reserve.	Nil	90
Appropriations:		
To new share capital issue expenses written off	2	2
Transfer to development reserve	1,30	3,17
,, ,, contingencies reserve	1,02	47
,, ,, dividend reserve	4,41	4,06
,, ,, other reserves	1,88	Nil
To interim dividends paid (taxable) preference	21	21
,, ,, ,, ,, equity	2,10	2,10
	(3%)	(3%)
Proposed final dividends (taxable) preference	21*	21*
,, ,, ,, ,, equity	4,20*	3,85*
	(6%)	(5½%)
Total equity dividend per cent.	[9%]	[8¾%]
Carry forward	18	†
Market value of equity shares (in rupees):	1964‡	1963
High	110.00	105.00
Low	99.00	93.00

* Final dividends—payment out of dividend reserve.

† Only Rs. 786.

‡ High and low upto 13th August 1964.

Extracts from the Directors' report: There was no tariff revision during the year. 2,135 new consumers were connected to the mains bringing the total number to 36,201.

Sales: The following table indicates the development of sales of energy since the year 1961-62.

Kilowatt hours sold for the year ended 31st March	Public and private lighting and fans	Motive power and domestic purposes	Total	% increase on previous year
1962	10,471,223	47,945,575	58,416,798	2.14
1963	11,047,655	50,076,980	61,124,635	4.63
1964	12,278,087	57,394,998	69,673,085	13.98

The restrictions on the supply and use of electricity imposed by the Government of Gujarat in March 1961, continued to operate throughout the year under review.

Gujarat Electricity Board:—The Company continued to purchase bulk supplies of power from the Board's thermal station at Utran, which were supplemented from time to time by the Company's Diesel Plant.

The Company's maximum demand on the Board during the year under review, was 13,565 kw. and kilowatt hours purchased were 73,340,000, kilowatt hours self-generated were 3,540,000.

The maximum simultaneous peak load on the Company's system as a whole was 16,700 kw., as against 15,850 kw. during the previous year.

The Company's transmission and distribution systems were maintained in good order and gave trouble-free service. To relieve some of the overloaded distributors and to cater for new demands, several extensions and reinforcements were carried out. At the close of the year, there were 133.368 km. of underground and 89.594 km. of overhead mains. Five new substations were added to the system.

Extracts from the Chairman's review: Despite restrictions and the acute power shortage which prevailed in the South Gujarat area, the Company has had a successful year in 1963-64. The sale of energy was 13.98 per cent higher than the units sold in the previous year. This rate of growth is well above the annual rate of growth recorded during the last seven years. This growth, in spite of overall shortage, has been due to better utilisation of available plant capacity. Such utilisation has been made possible by the judicious use, and good maintenance, of the Company's diesel plant, which, although over 20 years old, is continuing to give reliable and efficient service.

To meet the growing demand, the Company proposes to install a Third Receiving Station with a capacity of 15,000 KVA. The land for this purpose has been purchased and appropriate action is being initiated for the purchase of plant and equipment. Steps are also being taken to lay additional distribution cables and to lay out substations to serve the additional load visualised. The capital required for this expansion is proposed to be financed by Bank borrowings.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	75,00,000	Gross block	2,04,57,385
Reserves and surplus	56,02,939	—Depreciation	73,49,175
Other liabilities	56,30,169		
		Net block	1,31,08,208
		Block in progress	1,06,892
		Current assets	41,85,171
		Investments	6,34,418
		Cash	7,77,995
		Miscellaneous expenditure	9,524
	Rs. 1,88,22,208		Rs. 1,88,22,208

* Paid-up capital consists of 70,000 equity shares of Rs. 100 each and 5,000—6½ per cent. cumulative preference shares of Rs. 100 each.

Kailas Rubber Co., Ltd.

(*Managing Agents*: Messrs. A. V. George & Co., Ltd., Kottayam.)

Twenty-first Annual General Meeting—29th August 1964.

Working Results:

	For the year ended 29th February (In thousand rupees)	
	1964	1963
Sales—rubber and minor produce	16,15	16,10
Closing stock	1,82	1,94
Gross profit	7,87	7,77
To Managing Agents' commission	78	78
Transfer to depreciation	51	54
,, ,, provision for taxation	2,90	2,90
Net profit	3,68	3,60
Appropriations:		
To interim dividend (taxable) equity	1,78	1,78
	(15%)	(15%)
Proposed final dividend (taxable) equity	1,78	1,78
	(15%)	(15%)
Total equity dividend per cent.	[30%]	[30%]
Carry forward	35	28
Market value of equity shares (in rupees):	1964*	1963
High	6.89	7.28
Low	5.85	4.95

* Upto 14th August 1964.

Extracts from the Directors' report: *Estates*: Paalali, Pathanapuram and Kutikul Estates are well maintained and in very good condition. 40 acres in Kutikul Estate have been replanted during the current year with Malayan Clonal Rubber seeds.

Crop and Prices: The rubber crop secured during the year was 4,56,137 kgs. at an estate cost of 163.24 nP per kg. against an estimate of 3,89,000 kgs. at 195.28 nP per kg.

The Rubber crop estimated for 1964-65 is 4,21,000 kgs. at an estate cost of 181.78 nP per kg.

The Rubber was sold at an average price of Rs. 3.38 per kg. A small portion of the Kutikul crop was sold as *Sole Crepe*.

Accounts in brief as at 29th February 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	11,85,700	Gross block	31,99,915
Reserves and surplus	12,13,078	—Depreciation	5,11,190
Other liabilities	10,02,852		
		Net block	26,88,725
		Current assets	4,39,407
		Investments	17,500
		Cash	2,55,998
	Rs. 34,01,630		Rs. 34,01,630

* Paid-up capital consists of 5,92,850 equity shares of Rs. 2 each.

TREND OF MARKETS

MARGIN ON FOODGRAINS CREDIT RAISED

(*From Our Own Correspondent*)

BOMBAY, 19*th August*

The enhanced ceiling rates for deposits, announced by the Indian Banks Association, have come into effect from Monday the 17th inst. The revised rates (details were given in our last report) are applicable to exchange banks and Indian scheduled banks in category one as specified in the Inter-bank Agreement on Deposits, that is, banks with deposits of Rs. 50 crores or more. Banks in category two (with deposits between Rs. 25 crores and Rs. 50 crores) are permitted to pay ¼ per cent more and banks in category three (with deposits between Rs. 10 crores and Rs. 25 crores) ½ per cent more than the standard rates. The agreement, it may be noted here, does not cover banks with deposits of less than Rs. 10 crores.

Yesterday (Tuesday the 18th inst.), the Reserve Bank of India announced further tightening of control on bank advances against foodgrains, in view of the sharp rise in prices of foodgrains and with a view to checking further possible speculative hoarding of stocks with the help of bank advance. Thus, under the new directive issued to banks, the minimum margins required to be maintained by banks on advances against the security of these foodgrains have been raised from 35 per cent to 50 per cent with immediate effect and those on advances against warehouse receipts covering foodgrains from 35 to 40 per cent. Further, the ceiling limits in respect of advances against "other foodgrains" (that is, other than paddy and rice and wheat) have been reduced and the banks are now required to maintain, during each two-month period commencing from September-October 1964, an average aggregate level of credit against the security of "other foodgrains" which shall not exceed 90 per cent of such level of credit actually maintained in the corresponding two-month period of 1962. Earlier, these ceiling limits had been fixed at 100 per cent of the 1962 level.

The above directive does not seem to have had any significant effect on the short-term money market. Conditions in the market have improved greatly. The supply of money available is quite large and borrowers are obtaining their requirements easily. Interest rates, as a result, have tended to decline. Fresh money is quoted at ¼ per cent and renewals at ¾ per cent, whereas, last week, both were done at ½ per cent. Calcutta is also ruling easy, the call rate standing now at ¾ per cent, as against 4 per cent last week.

Thanks to the comfortable conditions in the money market, the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 18th inst., evoked very encouraging response. The total amount offered (Rs. 4 crores) was exactly double that invited and also accepted. The average rate of accepted tenders was unchanged at Rs. 2.400 per cent per annum. The Intermediate Treasury Bills, too, elicited very good support; the Bills actually sold from the 12th to 14th inst. aggregated Rs. 855.75 lakhs, as against Rs. 353.25 lakhs a week before and Rs. 527.50 lakhs two weeks before.

India's foreign exchange reserves improved by Rs. 27 lakhs to Rs. 94.26 crores during the week ended 14th August. The improvement was entirely in balances held abroad which rose from Rs. 8.53 crores to Rs. 8.80 crores. The foreign securities held in the Issue Department of the Reserve Bank were unaltered at Rs. 85.46 crores. Deposits of scheduled banks with the Reserve Bank went up by Rs. 12.91 crores to Rs. 113.46 crores, while loans and advances obtained by them declined by Rs. 1.77 crore to Rs. 1.89 crore. Notes in circulation recorded a rise of Rs. 33.55 crores, the total being Rs. 2,452.97 crores.

A rise of Rs. 7.03 crores to Rs. 1,736.91 crores in the total credit made available by scheduled banks to their clients occurred during the week ended 7th August. At the same time, there was an increase of Rs. 7.55 crores to Rs. 2,637.91 crores in deposits. Even so, borrowings from the Reserve Bank rose by Rs. 2.03 crores to Rs. 4.03 crores. Investments improved by Rs. 2.85 crores to Rs. 764.21 crores and total cash by Rs. 1.71 crore to Rs. 160.28 crores.

The Gilt-edged market ruled quiet with business on a reduced scale. Values of practically all Central and State loans were unchanged. 3 per cent 1986 encountered selling and declined by 20 P to Rs. 63.30. 4 per cent 1969 eased by 10 P to Rs. 99.80.

In the foreign market, the banks' buying and selling rates for U.S. dollars rose by 50 paise each to Rs. 477.25 and Rs. 480.50 per $100, respectively. In New York, the pound sterling eased again vis-a-vis the dollar, the spot rate declining by 0.220 cent to 278.590-278.620 cents and the three months' forward by 0.110 cent to 278.220-278.250 cents.

BULLION ERRATIC

(*From Our Own Correspondent*)

BOMBAY, 17*th August*

Both silver and gold moved rather erratically during the week under review. Silver, which was marked down last week, picked up some strength on upcountry support, but failed to sustain the same later owing to increased arrivals. Reports of larger inflow of gold depressed the otherwise steady demand for the yellow metal. Dealers, however, felt that this decline was only temporary and that it would move up gradually.

Silver opened the week on a weaker tone at Rs. 256, as against the previous close of Rs. 257.50, but firm enquiries from upcountry centres helped it to advance to Rs. 259. Subsequently, however, it receded and closed at Rs. 257.50, same as last week. The daily average arrivals of silver were 28 bars, while offtake was only 9 bars.

Fourteen-carat gold began at Rs. 71.75, same as last week, and steadily firmed up to Rs. 72.75 on good demand in the earlier sessions. But following reports of better arrivals, gold declined to finish at Rs. 72.25. Primary gold, in unofficial trading, was quoted higher by 50 paise at Rs. 128. Sovereign put on 50 paise to Rs. 93.50.

The international price for gold in the London market was marked lower at $35.07¼. The sterling price, however, gained 1¼d. to 251s. 9d. Both ready and forward silver were unchanged at 112d. and 112¼d., respectively, as also silver in New York at 129.3 cents.

The Union Government has widened the powers vested in Central Excise officers for purposes of seizure and confiscation of gold articles, manufactured in contravention of the sub-rule (2) of Rule 126-B of the Defence of India Rules, by amending these rules. Liquid gold below nine carats in purity will henceforward be covered by this rule. The officers are further empowered to seize and confiscate any article of gold, irrespective of its caratage, manufactured in contravention of the rules.

The following table shows the trend of prices during the week under review:

	19-8-64 (closing)	High	Low	11-8-1964 (closing)
	Rs.	Rs.	Rs.	Rs.
SILVER				
Ready (996 fine)	257.50	259.00	256.00	257.50
GOLD				
Ready (14-carat)	72.25	72.75	71.75	71.75
Sovereign	93.50*	—	—	93.00*
London—				
Gold	251s. 9d.	251s.9d.	251s.6¾d.	251s.7¾d.
Silver Ready	112d.	—	—	112d.
Silver Forward	112¼d.	—	—	112¼d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

ART SILK YARNS DECLINE

(*From Our Own Correspondent*)

BOMBAY, 19*th August*

Art silk yarns continued to rule easy during the week under review, while staple fibre yarns were firm and cotton yarns steady. The easiness of art silk yarns was due to pressure of sales by spinners and poor offtake. Consumers were said to be only buying the minimum they required. Even the rise in import licence premium from 163 per cent to 175 per cent and rumours of increase in incentives against exports of finished rayon fabrics failed to have any effect. Staple fibre yarns tended to look up following good demand from Surat side.

The Union Ministry of Commerce has informed the General Secretary of the Andhra Pradesh Handloom Weavers' Congress that the Government of India has initiated steps to increase production of superfine counts yarn in hanks in the next few months. It has also stated that 65 per cent of the hank—yarn of superfine counts will be drawn for supplies under the all-India yarn distribution scheme to the handloom industry; the composite and spinning mills have been directed to pack 25 and 50 per cent respectively, of their monthly average packing during the period April-September in each of the superfine counts. The plea to subsidise yarn used by handloom sector has been rejected by the Ministry. In its opinion, it is not possible to augment substantially the supply of high count yarn to meet the increasing demand, particularly as this type of yarn is being produced from imported cotton involving extra expenditure of foreign exchange.

The Art Silk Yarn Distribution Committee, which was set up by the Central Government in 1961 under the Development Council for Art Silk Industry to distribute art silk yarn equitably, has been wound up with effect from Monday this week. The last meeting of the Committee was held in Bombay on Monday. Addressing the meeting, Mr. S. M. Mehta, member of the Committee said that the residual work of the allotment of yarn distribution under the special export promotion scheme would be transferred to the Silk and Rayon Textile Export Promotion Council. The Committee, during its short tenure of three years, had distributed as much as 63.4 million kg. of indigenous yarn out of the total production of 87.0 million kg.

It is understood that the manufacturers of art silk yarn have reached an understanding to the effect that they should not sell at prices lower than those fixed now. The prices fixed per lb. are: first quality bright cone rayon yarn 150D Rs. 4.97 (Rs. 10.82 per kg.); 120D Rs. 5.35 (Rs. 11.77); 75D Rs. 8.56 (Rs. 18.83); dull cone 120D Rs. 6.12 (Rs. 13.46). This move is justified as being necessary to prevent a possible competition among manufacturers and to stop further erosion in the prices of yarns in the open market. Market circles, however, are doubtful about the success of the scheme; since the prices of a few varieties of yarn actually ruling in the market are below the fixed prices.

Imports of art silk yarns into Bombay during the month of July amounted to 456,000 kg. and synthetic yarn to 661,000 kg. W. Germany was the leading supplier of art silk yarn with 288,000 kg. followed by Italy with 84,301 kg. and the U.K. with 44,143 kg. Exports of cotton yarn during the month under review amounted to 290,000 kgs.

Among art silk yarn National Rayon 120D fell by 9 P to Rs. 11.79. South India 120D eased by 13 P to Rs. 13.20. Bright Century 75D shed 6 P to Rs. 18.90. National Rayon 150D was neglected at Rs. 11.07.

In the staple fibre yarn (2 x 34 French count) Section, Vasanta put on 20 P to Rs. 9.22. Sitalaxmi picked up 2 P to Rs. 9.66. Sriram gained 14 P to Rs. 9.35. Pioneer was firm at Rs. 9.35. City, however, receded by 13 P to Rs. 9.48.

Cotton yarns 34 Madura improved by 50 P to Rs. 41. 68s City and Modern were fully steady at Rs. 80 and Rs. 110, respectively. 42s Tuticorin, however, lost 25 P to Rs. 42.50.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	19-8-1964	11-8-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	11.70	11.79
Century 75D	18.90	18.98
S. I. Viscose 120D	13.20	13.33
Staple fibre yarn-34 ×2 *French Count* (per kg.)		
Pioneer	9.35	9.35
Premier	9.83	9.87
City	9.48	9.61
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.00	21.00
17s Modern	28.50	28.50
27s Sasoon	37.00	37.00
34s Madura	41.00	40.50
52s Pioneer	69.30	69.30
68s Finlay	105.60	105.60

OILSEEDS RECEDE

(*From Our Own Correspondent*)

BOMBAY, 19*th August*

Interest in oilseeds has shifted to new crop trading and indications so far point to a comparatively easier trend. Against the current crop groundnuts Khandesh and Karad Bold ready, which are quoted at Rs. 65 and Rs. 62, respectively, transactions have been reported in new crop groundnuts (15th October R/R) at Rs. 48.50 per 50 kg. for Khandesh quality, the quotation for whole October and early November is only Rs. 47. December-January Karad Bold is mentioned at Rs. 44.75, as against the spot price of Rs. 62. Groundnut oil spot is quoted at present around Rs. 2,500 per tonne, while September delivery is mentioned at Rs. 2,375, October at Rs. 2,000 and November at Rs. 1,800, deals in December are said to have been put through at as low as Rs. 1,750 with sellers over. Even the spot market was easy during the week.

Sentiment in new crop groundnuts is apparently induced by optimistic estimates of a crop of 3.6 million to 3.8 million tonnes. Further, exports of groundnut oil from the country are banned. In these circumstances, the tendency for the market will be for a decline in prices and knowledgeable circles say that they will not be surprised if, after the new crop begins to move in the market sometime in November-December, the price of oil declines even to the Rs. 1,500 level. A forecast for so long ahead is, however, difficult, but, looking to the trend in new crop groundnuts and the factors influencing the commodity, the market is likely to remain easy in the months to come. The one factor which may help the market revive is the high prices fetched by mustard oil and, if the trend in mustard oil continues to be firm, it is possible that groundnut oil prices may look up.

It is presumably the weakness in new crop groundnuts that has induced an easy trend in cottonseeds, apart from satisfactory cotton reports. The January 1965 contract has been unable to maintain its levels and declined from the week's highest level of Rs. 101 to Rs. 94.75 on Wednesday. The September contract eased in sympathy to Rs. 90.50. Knowledgeable sources again assert that no visible damage has been done to the long-term outlook for the new contract, but they also say that cottonseeds cannot keep their head high so long as groundnuts lie low. Cottonseeds, they say, could only be sold at a discount of Rs. 100 to Rs. 150 a tonne on groundnuts.

Groundnut extractions have been dull and the market is quiet on overseas advices. Reports from the United Kingdom indicate a price of £37-10 for August-September, £37 for October, £36 for October-November-December, £35-15 for November-December-January and £34-15 for January-February-March with sellers eager and buyers hesitant. East European countries are said to be out of the market at present and they are not likely to come in at least until two months. New crop groundnut extractions were reported on offer at Rs. 370 a tonne for December-January, but buyers were said to be hesitant. The spot quotation at Bombay, however, is Rs. 415, indicating a steady tone.

Castor futures is virtually untraded with the quotation at Rs. 181.50 nominal, but, in unofficial dealings, the trend has been easy. The September contract was mentioned at Rs. 184.75 early in the week with a fairly good volume of business put through, but, later, the contract drifted downwards and, at the time of writing, it was mentioned at Rs. 182.25-182.50. Sentiment was also induced by talk that the present ceiling of Rs. 181.50 valid up to the end of this month would be extended until the close of the contract. In the spot section, Madras Small was easy at Rs. 39.25, as against Rs. 40.25 at the beginning of the week, Bihar Bold at Rs. 38.25, as against Rs. 39.25, Commercial oil at Rs. 17.40, as against Rs. 17.65 and B.S.S at Rs. 18, as against Rs. 18.15. Shippers do not see much prospect for India selling castor oil in overseas markets, in view of the stiff competition from Brazil following the systematic devaluation of its currency. Linseeds futures continued to be dull and price movements did not have much of a meaning in a contract which is consistently quoted just under the permissible

ceiling. The closing rate on Wednesday was Rs. 44.69. In the spot section, linseed oil was easy at Rs. 20 and linseed bold shaded at Rs. 47.50.

This week was a short one with a holiday besides Sunday. The trade is now eagerly looking forward to permission for trading in new crop seeds and, although at one time it was supposed that the Government would think twice before granting permission, the easy trend in the new crop seeds might induce it to relax its attitude. In fact, some market men are so confident that they expect forward deals to start in the course of the next few days. The question is whether the Government would raise the ceilings which have become unrealistic in the case of the running contracts. There is, however, a strong feeling that trading should be freed from ceilings and that prices should be allowed to find their natural levels. But ceilings might lose their meaning if the market were to take a downward turn and the long-term outlook remains bearish. The removal of the ban on exports from Gujarat of solvent extracted groundnut oil and the permission granted for the free movement of *vanaspati* was welcomed. Stocks of raw groundnut oil in Gujarat are said to be around four million tins, while there are said to be about 150,000 tonnes of groundnut kernels. Estimates for the new crop are 1.5 million tonnes of kernels, as against the 950,000 tonnes produced in 1963-64. The trade has been looking forward to the removal of the ban on other items of seeds and oils, but it is doubtful whether the Gujarat Government will alter its policy for the rest of the current year

The following table shows the closing prices of oilseeds and oils as on 19th August as compared with those of the two previous weeks:

	19-8-1964	11-8-1964	5-8-1964
Groundnuts	Rs.	Rs.	Rs.
Nisam bold	63.00	63.75	64.50
Khandesh quality	64.50	65.50	65.25
Oil ex-mill	25.00	25.70	25.80
Oil Rly. Receipt	25.00	25.15	25.30
Castorseed			
September 1964 contract.. ..	181.50	181.50	181.50
Ready Madras	39 25	40 25	40.25
Ready Kanpur	38 25	39 25	39.25
Oil B.S.S.	18 00	18.20	18.10
Oil commercial	17.40	17.65	17.45
Linseed			
September 1964 contract.. ..	44.60	44.84	44.78
Bold ready	47.50	48.25	47.50
Linseed oil	20.00	20.35	20.35
Cottonseed			
September 1964 contract.. ..	90 50	98.00	104.00
January 1965 contract	94.75	100.00	—

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

KIPS EASY

(From Our Own Correspondent)

MADRAS, 17*th August*

Arrivals of kips from the tanneries were of moderate volume and clearance was small. Prices ruled weak. Export business was small and selective, with emphasis on fifths selection in cowhides and fourths in cowcalf skins, at one to two pence below the last prices made. Buffcalf was not in demand, from the usual European or American ports. The holiday mood seems still to persist; and trading has been very halting and slow.

In the skins section also, export business was at a low ebb. There were enquiries for goat 8/9 lbs. and fifths in 5½/6 lbs., but as tanners have been in a well sold position, business booked was small. In the sheep skins section, trading was patchy in middle class tannages and the call for prime and semiprime sheep was not pronounced. Buyers seem to await lower prices to commence economical purchases. Several tanners from South India will be visiting some countries in Europe and U.S.A. next month to augment their export business; it remains to be seen how far their objective will be achieved.

Prices in the raw skins markets ruled shade quiet, as the quality of arrivals was poor.

STRONG DEMAND FOR TEA

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, 13*th August*

A total of 655,000 kgs. was offered in tea sale No. 32 held here on Tuesday the 11th inst. Nilgiri quality was useful, but from other districts it was barely maintained. The market evoked strong general demand for all liquoring teas, especially fannings, but, for the plainer types, it was not so strong as seen in previous weeks. Best highgrowns were sold well at dearer rates. Their fannings were particularly in strong demand and appreciated by up to 40 paise in value. Medium descriptions, meeting only a fair demand, shed a few paise. Their brokens were generally weaker than equivalent fannings. Black leaf B.O.Ps suitable for the Middle East were easier, but selected black fannings were strong and were sold at dearer rates. Orange pekoes were sold well at dearer rates, but flowery pekoes came to a lower market. Unorthodox descriptions were sold well at firm to dearer rates. Tippy teas declined in value.

The quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.00-4.20	4.00-4.20
Mediums	4.20-4.50	4.20-4.50
Good mediums	4.55-5.20	4.60-5.40
Nilgiri B.O.P.	4.75-7.00	5.20-9.00

The average price realised in sale No. 32 was Rs. 4.39 per kilo. as against Rs. 4.48 a week ago and Rs. 4.51 in the corresponding sale last year.

In dust sale No. 32 held today, 324,000 kgs. were offered. The market met with strong general demand. Highgrowns were well supported and appreciated in value, sometimes by up to 50 paise. There was good enquiry for all medium sorts and prices were fully firm on last rates. Black leaf types were strong and dearer. Clean unorthodox descriptions advanced in prices, but others were a little irregular and sometimes easier.

The average price realised in dust sale No. 32 was Rs. 4.41 per kilo, as against Rs. 4.32 a week ago and Rs. 3.94 in the corresponding sale last year.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale No.* 33: 688,000 kgs. offered. Useful demand. Plain and low mediums unchanged. Mediums and good mediums about steady. Highgrowns dearer, with improved quality, particularly fannings. C.T.S. strong and dearer."

TEAS IRREGULAR

(From Our Own Correspondent)

CALCUTTA, 18*th August*

An irregular trend and a fall in prices of certain varieties featured the export sale last week, when leaf on offer aggregated 57,822 packages. The sale opened on a hesitant note. Although good demand was in evidence subsequently, it was less general than the previous week. Whole leaf grades were a strong feature, and prices were fully firm. Darjeelings were readily absorbed. Orthodox teas were firm, but B.O.P. teas and other tippy kinds were below invoices. Selected fannings recorded a small gain, and the plainer teas realised valuations. C.T.C. teas met with fair support and B.P. teas were steadier than fannings, with the best sorts fetching useful prices. The quotations per kg. inclusive of excise duty were: best Assam C.T.C. B.P. Rs. 7.00 to Rs. 8.00; best Assam C.T.C. fanning Rs. 7.00 to Rs. 7.80; medium Assam C.T.C. B.P. Rs. 6.10 to Rs. 6.70; Assam C.T.C. fannings Rs. 6.00 to Rs. 6.50; clean plain pekoe Rs. 5.20 to Rs. 5.60; plain B.P. Rs. 4.40 to Rs. 4.70; and plain fannings Rs. 4.10 to Rs. 4.40.

Dusts on offer during last week's internal sale aggregating 31,580 chests met with limited demand and prices with a few exceptions were lower. All C.T.C. teas eased by about 40 P., while legg-cut teas were shown good attention. Plain orthodox teas were firm, while medium Assams were irregular. The quotation per kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.30 to Rs. 6.60; medium Assam C.T.C. dust Rs. 5.50 to Rs. 5.90; medium Assam dust Rs. 4.90 to Rs. 5.70; legg-cut dust Rs. 4.90 to Rs. 5.30; and plain orthodox dust Rs. 4.20 to Rs. 4.50.

Tea output in North East India this year is expected to be 600 million lbs. Up to the end of July production was 226.57 million lbs. as against 195.63 million lbs. in the corresponding period in 1963. However, output in South India is lagging behind last year's level. The industry in North East India has been unusually affected by floods in this year, and some loss of production is feared on account of limited plucking. Weather reports for July refer to heavy rains in tea districts due to which transport has been affected. That explained why tea arrivals in this week failed to come up to earlier expectations despite increased crop.

Demand was again irregular during yesterday's export sale when leaf on offer was 66,066 packages. Prices of orthodox B.O.P. teas and O.F. teas gave way in line with quality, while Assam brokens and fannings were sought at firm rates. Plainer sorts were quiet. Good support was accorded to the best C.T.C. teas, while the rest of this category recorded an irregular trend. Legg-cut teas met with support at lower rates. Whole leaf grades were absorbed at lower rates, with little support being accorded to the higher priced teas. Darjeelings were taken at about last rates. The quotations per kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 6.80 to Rs. 7.80; medium Assam C.T.C. fannings Rs. 5.80 to Rs. 6.50; best Assam C.T.C. B.P. Rs. 6.80 to Rs. 7.80; medium Assam C.T.C. B.P. Rs. 5.90 to Rs. 6.50 clean plain pekoe Rs. 5.10 to Rs. 5.50; plain B.P. Rs. 4.25 to Rs. 4.50; and plain fannings Rs. 4.10 to Rs. 4.30.

METALS BUOYANT

(From Our Own Correspondent)

CALCUTTA, 18*th August*

In line with the buoyancy in world markets, prices in the metal market moved up during the week under review. The steady rise in the quotations for copper on the London Metal Exchange has been so alarming that a break is not foreseen without clear indications of a fall in demand, on substitution. Although world output is rising, the gap between demand and supply is difficult to be bridged in the short term. The news that despite the withdrawal of all Soviet technical help, Red China has embarked on a plan of doubling aluminium output by 1970 is significant. Many other countries having rich reserves of bauxite are likely to show greater attention to aluminium. India has also stepped up its aluminium output, and the setting up of more smelters is envisaged in the next Plan.

The sharp uptrend in prices of non-ferrous metals is hitting hard the industries depending on these metals. India, which is dependent on imports to meet most of her requirements of nonferrous metals, is finding it difficult to maintain her imports at earlier levels. The acute world shortage has led to wide disparity between L.M.E. quotations and the producers' prices to consumers. According to a report from Japan, prices in the Japanese markets are far above ex-mill rates. The Mutsui Mining and Smelting Company stated that the acute shortage in world markets and the buoyancy in prices were forcing Japanese smelters and refineries to raise their prices. It is noted that Japan has desired to link the prices of zinc ores and concentrates imports with the producers' price of £125 a ton. At present, the L.M.E. quotation for zinc is considered as the base to determine the prices of zinc ores and concentrates. However, since the Imperial Smelting Corporation has fixed the price at £125 a ton for direct sale to consumers, and several other zinc smelters have followed this, Japan is feeling the need for revision of prices of ores imports. India, which is exporting ores to Japan, should be concerned with Japan's argument. It was reported that the Mitsubishi Metal Mining Company raised its price for lead ingots by 5,000 yen to 106,000 yen per long tonne for shipment as from 1st August. The Mutsui Mining and Smelting Company raised its ex-mill price for zinc by 5,000 yen to 137,000 yen per long tonne.

On the London Metal Exchange during the week under review, spot zinc opened at £132 a ton, and moved within narrow limits to close at £131. The fact that the quotation did not rise, unlike other metals, showed that the producers' action in arresting the uptrend was having effect. The liberal decision of the Imperial Smelting Corporation to release 875 tons of zinc to the market despite its own heavy commitments to consumers, expresses the Corporation's anxiety to do all it can to stem the uptrend. In Calcutta, the acute shortage explained the rise in the price to Rs. 352.00 per 100 kgs. Utensil copper scrap gained from Rs. 670.00 to Rs. 675.00 and tin from Rs. 3,100 to Rs. 3,150 per 100 kgs. Lead was maintained firm at Rs. 295.00.

Spot copper wire-bars on the L.M.E. rose from Rs. 352½ a ton to £379 as a result of excessive demands and the sharp uptrend in New York futures. However, the gain was partially lost to £367 as the week progressed. Spot cathodes and spot firerefined copper closed higher on balance at £347½ and £305 a ton respectively after opening at £336 and £305, and forging ahead to £355 and £315. Although warehouse stocks in London improved, the buoyancy in prices of metals explained the rise in spot tin from £1,262½ a ton to £1,284. The closure was, however, around £1,272. Spot lead on the L.M.E. rose sharply from £112 to £115½ a ton.

RAW JUTE FIRMS UP AGAIN

(From Our Own Correspondent)

CALCUTTA, 18*th August*

Although trading in the jute goods hedge market was active during the week under review, prices were below the ceilings imposed and thus the question of payment of special margins was not involved. However, speculators accorded much attention to the spot market, and they booked business with mills in all the principal constructions up to March deliveries at very high prices. Although fibre arrivals increased to about 70,000 maunds a day, prices continued to go up. In an attempt to hold the price line, the Jute Commissioner has decided to release the buffer stocks which would be replaced only in February next. As a further measure, the question of issuing maximum purchase quotas is also being considered. The fact that genuine overseas buying of goods at the higher prices continued to be restricted has caused anxiety to the industry. The Indian Jute Mills Association is shortly sending a delegation to the Government of India in an attempt to impress upon the latter the need for assistance to industry. India's exports of sacking goods fell significantly in 1963-64, with biggest losses being recorded in Africa and Western Europe. This was due to keen competition from Pakistan mills, which, it should be noted, increased exports to Africa in the eleven months to May last to 38,620 tonnes from 12,600 tonnes in the corresponding previous period. Although consumption of heavy goods in Australia has been rising, Indian exports had been falling. In respect of hessian, however, Indian exports in 1963-64 showed a sharp increase; in particular, shipments to the U.S.A., the U.S.S.R., the Argentina and Canada increased impressively. There has, however, been evidence lately that, in hessian, too, the Pakistan mills are attempting to under-cut Indian quotations and although Pakistan output of hessian and specialities like carpet backing cloth is insignificant at present, plans are afoot to step-up production of these also. According to Mr. Duncan-Smith, Chairman of the Calcutta Jute Fabrics Shippers' Association, who addressed the annual meeting of the Association last week here, it was the failure of the grain crop in the U.S.S.R. and other East European countries that led to increased purchases of wheat from Canada, the U.S.A. and Australia and thus to the use of more gunny bags.

In July, output of goods in Indian mills amounted 117,700 tonnes, a rise of 10,700 tonnes over June. Hessian increased by 4,800 tonnes to 49,100 tonnes, sacking by 5,200 tonnes to 46,400 tonnes, carpet backing by 300 tonnes to 8,200 tonnes and miscellaneous goods by 400 tonnes to 14,000 tonnes. At the end of June, stocks of goods were 126,300 tonnes and at the end of July these had increased to 135,200 tonnes. In other words, the total availability in the month was 244,000 tonnes and demand was only in the order of 108,800 tonnes, much less than output. This statistical position, coupled with the poor purchases made by overseas buyers so far in this month, is causing grave anxiety to the industry and, considering the heavy stocks of fibre with mills, the buffer stocks and satisfactory crop estimates of the crop, trade as well as official, there is no justification whatsoever for the steep rise in prices. The Indian Jute Mills Association considers the rise as wholly unwarranted and attributes the same to speculative operations in Calcutta arising from fears of reduced Pakistan crop and the rise in prices in that country. Although mills are in need of buying the selected grades, they are purchasing only in niggardly quantities, but speculation is so rife that prices are steadily rising. Prices of goods have also risen, but the consumer-resistance is reducing turnover in goods also. Referring to the recent request of mills to provide adequate foreign exchange to step up imports of fibre from Pakistan, the I.J.M.A. has said that, had only this request been accepted by Government, the industry would have been provided with an opportunity to make purchases from Pakistan at reasonable prices. It is to be hoped that, without further delay, the industry's request would be heeded, so that it can make purchases even now. For all indications are that the up-trend in Pakistan fibre prices would continue.

Despite increased arrivals and meagre support from mills, fibre prices rose as follows: Assam bottoms from Rs. 39.00 to Rs. 41.00 a maund, Daisee bottoms from Rs. 41.00 to Rs. 43.00, and northern bottoms from Rs. 38.00 to Rs. 40.00. If only conditions on the road had been better, arrivals should have increased further, but heavy rains slowed down fibre movements from harvesting areas. With the decision of the Buffer Stock Association to release its entire holdings to mills, mills would continue to accord less support to new crop, but, if arrivals got into the hands of speculative holders, that would mean the continuance of the up-trend at least for some time to come.

Meagre support was accorded to the goods market by overseas buyers. Only little business was done in hessian with U.S. buyers. The U.K. also booked some business. The continued uptrend in Calcutta forced up prices in the New York burlap market, where hessian 40" 10 oz. rose from 12.20 cents a yard to 12.40 cents, and the 7½ oz. from 9.25 cents to 9.40 cents. The fluctuations in the hedge market were within the ceilings fixed earlier. In the ready goods market, B. twills rose from Rs. 130.00 to Rs. 131.25 on Tuesday last following some business with Government. On the other hand, ready hessian fell from Rs. 48.50 to Rs. 48.15. Some business was done with overseas buyers of hessian on Wednesday when the 40" 10 oz. hessian hardened to Rs. 48.75. Government continued to buy B. twills and the price jumped to Rs. 133.00. On Thursday, the East India Jute and Hessian Exchange announced the imposition of heavy margins payable on transactions in raw jute at or over Rs. 37.50 per maund, 40" 10 oz. hessian over Rs. 52 and B. twills Rs. 138. Ready B. twills on Thursday had risen to Rs. 136.50 to ease to Rs. 133.75 on Friday. Hessian 40" 10 oz. also gave way to Rs. 48.75 after rising to Rs. 50.00. Yesterday, although prices remained steady, the news that U.S. burlap consumption in July had fallen and that stocks at the end of the month had risen made speculators cautious. Some interest was in evidence on behalf of U.K. buyers. Hessian 40" 10 oz. was better at Rs. 48.85 and B. twills to Rs. 134.50. The fact that new crop arrivals have tended lately to increase this week and that mills are resisting the higher levels should lead to sobriety in the fibre market, and this, before long, should take down prices of goods to levels that would attract buying by foreign interests against replenishment.

COTTON FUTURES IN TROUBLE

(From Our Own Correspondent)

BOMBAY, 19*th August*

Meagre tenders on the fourth and fifth notice days (13th and 17th August) and unfavourable survey, appeal and super-appeal results lifted cotton futures to still higher levels, bringing about a payment crisis. The squeeze on the bears was so hard and the difference payable was so large that the bears have not been able to meet their commitments. Business in August contract, therefore, came to a standstill on Wednesday. Efforts are being made, at the time of writing, to settle the issue through private negotiations.

Except on the first day of the week when the August contract was subdued due to some squaring up operations, the trend of futures was upwards.

The August contract, which had closed at Rs. 762 per three quintals or 660 lbs. last week, opened the week a shade higher at Rs. 762.50 and, after declining to Rs. 761 on the same day, jumped up to cross Rs. 770 on Monday, the 17th instant, on brisk bear covering and fresh bull buying. A high of Rs. 773 was touched on that day. There was a further rise to Rs. 774.75 on Tuesday and today no business was reported officially in the ring, though unofficially the contract was quoted at Rs. 780.

On the fourth notice day (13th inst.), the tenders issued amounted to only 1,800 bales. Out of the fresh tenders, 800 bales were rejected in survey. On appeals in respect of 2,950 bales till that date, 2,000 bales were rejected. In superappeals in respect of 2,200 bales, 550 bales were rejected. Further tenders to the tune of 6,200 bales were issued on the fifth notice day (17th inst.), which brings the total number of bales tendered till date to 21,050. Appeals in respect of 1,800 bales were conducted, of which 950 bales were rejected. As many as 1,700 bales were rejected in the super-appeals conducted for 2,650 bales. The August contract matures on 25th August 1964. While only two notice days (20th and 24th August) are left, the transactions that are still outstanding are reported to be quite large.

Jarilla March contract did not receive much attention from the operators. This contract moved within a narrow range. Reports of excessive rains in Punjab and Gujarat and in some parts of Maharashtra imparted a little strength to the distant contract, which moved up from Rs. 731.75 at the beginning of the week to a high of Rs. 734.25, before closing at Rs. 732.50. Thus, it gained a net of Re. 1.75 points over the week.

Some mill buying was witnessed in the spot market at Sewri, characterised by enquiries for popular varieties like Digvijay, L.147, 197/3 and Laxmi. The rates in respect of certain varieties per candy of 784 lbs. are as follows:

Hubli Laxmi Rs. 1,080; Bagalkot Co2 uncertified Rs. 1,100; Bijapur new Rs. 1,115; Bardoli Rs. 1,230; Manavdar high breed Rs. 1,771; Baramati Laxmi Rs. 1,550; Anjangaon Rs. 1,190; 45 Malegaon Rs. 970 and Jagadia Digvijay RL Rs. 1,185.

In foreign cottons, mill interests was focussed on new crop African, Sudanese and Pima varieties. About Egyptian cotton, it was understood that the shipment period allowed for the import under the recent global quota of 214,000 bales, would be extended upto 31st March, 1965, if so desired by spinners in India.

Export business remained dull. Bengal *Deshi* remained neglected, following the reduction of export duty on this cotton by Pakistan from July last. There were unconfirmed reports that the export duty here also would be reduced from Rs. 25 per bale to Rs. 12.50 per bale very shortly. The new Bengal *Deshi* crop is estimated by the trade around 550,000 bales. Although the December delivery contract of this variety has been steady around Rs. 737-738, foreign interest in this cotton is generally lacking, while shippers are waiting to see what the Government of India will do in regard to export duty.

FOODGRAINS QUIET

(From Our Own Correspondent)

HAPUR, 17*th August*

Foodgrain prices ruled quiet during the week on selling pressure by stockists. Timely rains earlier this week, brightened kharif crop prospects and stockists were reported anxious to sell fearing Government intervention. Demand from east U.P. was also slack following arrivals of new maize there. Sales of imported wheat through ration shops are being continued, but at times supplies fall short of distribution.

Wheat prices were subdued in early part of the week but, improved slightly at the week-end on good consumers support in face of meagre supply position. Average quality was quoted between Rs. 75 to Rs. 77 and farm produce between Rs. 77.50 to Rs. 81.50 per quintal as against Rs. 43 per quintal at fair-price shops. Daily arrivals averaged 500 maunds a day but stocks in open market were reported as negligible. Firm trend continued to prevail in the rice market and prices touched an all time high level on brisk buying inquiries from east U.P. districts. Prices hardened by Rs. 2.50 to Rs. 4 per quintal, according to quality. Stocks with trade were estimated around 2,000 quintals. Prospects of standing paddy crop were reported better due to beneficial rains. Week-end prices were:—Rice *basmati* superior Rs. 104.49 to Rs. 109.85, *selaj* Rs. 101.81 to Rs. 103.77, *mainpuri* Rs. 96.45, *ramajwayan* Rs. 97.79, *raimunia* Rs. 97.79 and *gadda* Rs. 96.45 per quintal.

Gram prices were subdued on lack of support and prices eased by Re. 1 per quintal and were quoted at Rs. 70.50 for local produce and Rs. 69.50 per quintal for Punjab quality. Both arrivals and stocks, however, were nominal. Barley and *bejhar* prices also drifted lower on poor buying support, and prices ranged between Rs. 61.25 to Rs. 62.50 for barley and between Rs. 61.25 to Rs. 62.50 per quintal for *bejhar*. *Juwar* and *guwar* also moved down as demand for sowings was poor. Prices were quoted between Rs. 64 to Rs. 65 and Rs. 66.08 to Rs. 68 per quintal respectively. Oats and coarse grains prices however were listless in limited trading. Prices in week-end were:—Maize Rs. 62.50 to Rs. 65, *methi* Rs. 57.50 to Rs. 60 and oats Rs. 67.50 to Rs. 70 per quintal.

Steadier conditions continued to prevail in the pulses market and prices registered further gains in all the sections touching new high levels on good buying support in face of dwindling stocks position. Peas prices were steady, while peas *dal* prices hardened on good east U.P. and Madras support. Peas *dara* was quoted between Rs. 65 to Rs. 66 and farm quality between Rs. 66.50 to Rs. 67.50 per quintal. *Arhar* and its *dal* prices also sought higher *levels* as stocks with trade were negligible in face of good demand. *Arhar* prices ranged between Rs. 75 to Rs. 80 per quintal.

SUGAR RISES FURTHER

(From Our Own Correspondent)

HAPUR, 17 *August*

Sugar registered further gains in the open market during the week, due to revival of festival demand and restricted supply position. The prices, in unofficial trading, were quoted at Rs. 180 to Rs. 185 per quintal, as against the controlled price of Rs. 133 to Rs. 140.

Brisk buying support locally and from east U.P. due to tight supply position of crystal sugar accounted for the appreciable gains in *khandsari* in the open market. *Khandsari* was quoted at Rs. 130 to Rs. 170 per quintal and superior sulphur quality upto Rs. 175 in the open market.

The U.P. Government's notification fixing the prices of frozen *khandsari* stocks at Rs. 106 to Rs. 109 and later at Rs. 127 per quintal, which was challenged by *khandsari* traders, was upheld by the Allahabad High Court. Sale of *khandsari* at these prices commenced during the week, and it was reported that 20,000 tons of *khandsari* were given to Madhya Pradesh in exchange for wheat. With a good cane crop in sight and prevailing high prices of the commodity, *khandsari* production was expected to rise in the coming season.

After early easiness, *gur* recorded a steadier trend during the week, on brisk buying support from the consuming areas of Gujarat, Bihar, Saurashtra and Punjab against tight stocks position. The week's offtake aggregated twenty-five wagons mostly to Gujarat and local stocks were now estimated around 4,000 quintals. New *gur* production would commence by the end of September. *Shakker* also advanced by Re. 1.50 per 40 kilogram, in sympathy with *gur*. Stocks however were very small. Week-end prices (in 40 kilogram) were:— *Gur pansera* superior Rs. 37 to Rs. 37.25, average 36.25, *dara* Rs. 35.50 to Rs. 35.75, *kotha* selected Rs. 36.50, dry-wet Rs. 32 to Rs. 33, wet Rs. 29 to Rs. 29.50 and *shakker* Rs. 38 to Rs. 40.50.

ENGINEERING

(*Concluded from page* 324)

Rs. 1,000 an acre in that area.

"It is not clear what Mr. Deshpande means when he speaks of a development in the area and propensity of the people. There will naturally be some increase in income for sometime but neither will it be very high nor will it last long. These points I have explained in some detail in my articles. If there is going to be better communications and housing, somebody has to invest. A prosperous peasantry with high income and capable of paying more taxes can induce such investment. But that is not possible according to my calculations. Nor will industrialists come and invest there, since primary production by subsistence farmers will not provide a big market, except probably for a few rice mills.

"There is no 'balanced' industrial and agricultural sector anywhere in the world. In underdeveloped countries, over 50 per cent of the national income may be generated in the agricultural sector and 70 to 80 per cent of the working population may be engaged therein. In advanced countries, 20 to 30 per cent only of national income will come from agricultural production, with 10 to 30 per cent of labour working there. In high-income countries, the proportion of income spent on food will be low, as compared with the underdeveloped countries with a low *per capita* income. Advanced countries may also depend on food imports, as, for example, Great Britain. During war-time, which is exceptional, other arrangements were and are possible.

"Developmental strategy has to be applied carefully with an eye on resource position and existing conditions. With 70 to 80 per cent of people on subsistence agriculture, with scarce capital resources and enormous disguised unemployment in the rural sector, the obvious remedy is to draw off the excess population towards capital formation and industries. Luckily, foreign aid is not unavailable for such purposes and this is the correct strategy for India. Naturally, with higher capital per head in industry and better land-man ratio in the rural sector consequent on such movement, productivity and *per capita* income will go up slowly. This will help planners to get more savings, further investment and so on in a compound interest fashion. Ragnar Nurske, Arthur Lewis and hosts of other modern economists are now of this view for underdeveloped countries with overpopulation. They stress more on industrialisation and less on heavy investments in agriculture, though nobody denies that better seeds, crop rotation, more fertilisers, better implements and minor irrigation on low-cost investment will improve agriculture to some extent which is very necessary in view of growth of population.

"The principles underlying and the actual capital-output formula of Mr. Deshpande are not clear. Even according to his formula, the rate of return on capital cost of irrigation will be very much below 5 per cent if worked out with actual data, once it is recognised that cost of land after the introduction of irrigation will be at least four to five times the cost of land before irrigation. If the first "x" is Rs. 5,000, the second "x" will be at least Rs. 20,000 or Rs. 25,000.

"The formula misses the essential idea behind capital-output ratio. The concept of capital-output ratio in modern economics is based on an empirical deduction observed over a series of years in advanced countries. It applies to fixed capital like machinery, etc., excluding land, invested in a year and the correlated net addition to the national income. The average of all sectors usually yields a ratio of 3, that is, if Rs. 100 are invested marginally, Rs. 33 are the additional net income. It is generally used in developmental calculations like our Five-year Plans. It may not be a perfect tool but a very useful tool. There are other methods also like the input-output ratio, and cost-benefit ratio. By any of these methods, it will be found that, as compared with industrial investment, investment in large irrigation projects is not very good from all points of view in the present context of India."

SURVEY

(*Concluded from page* 307)

clause in the existing Indian contracts which were worded years ago when some overseas buyers were not entirely familiar with the technicalities of jute manufacture. The other pertains to the delays in financial settlement. Even after financial settlement is reached, there is, it is said, a serious delay in obtaining Reserve Bank's permission for remitting the amount in question to overseas buyers. Surely, it should not at all be difficult for the Reserve Bank to avoid this delay by streamlining its existing procedures, in order to create goodwill among the overseas buyers of Indian jute goods.

It is somewhat disquieting to hear from Mr. Duncan-Smith that the shippers continue to experience much difficulty as regards excise duty. The procedure by which shippers have to take out bonds and produce AR 4 forms to obtain exemption from excise duty entails considerable extra work and expense, quite apart from the additional work and staff required by the Customs and Excise Departments. Since four-fifths of the jute goods produced are exported, could not, one would ask, some simplified scheme be evolved to reduce the expense

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 14th August 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		86,00,00,000
National Agricultural Credit (Stabilisation) Fund		9,00,00,000
National Industrial Credit (Long-Term Operations) Fund		10,00,60,000
Deposits—		
(a) Government—		
(i) Central Government		68,70,80,000
(ii) State Governments		23,20,81,000
(b) Banks—		
(i) Scheduled Banks		113,45,60,000
(ii) State Co-operative Banks		2,31,29,000
(iii) Other Banks		1,68,000
(c) Others		188,56,83,000
Bills Payable		30,35,21,000
Other Liabilities		21,81,12,000
	Rupees	638,52,43,000

ASSETS	Rs.
Notes	16,25,31,000
Rupee Coin	4,56,000
Small Coin	5,36,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,29,50,000
(ii) State Co-operative Banks	12,50,35,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,39,65,000
National Agricultural Credit (Stabilisation) Fund	
Loans and Advances to State Co-operative Banks.	....
National Industrial Credit (Long-Term Operations) Fund:-	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	125,32,30,000
Balances Held Abroad	8,79,73,000
Loans and Advances to Governments**	10,20,27,000
Loans and Advances to—	
(i) Scheduled Banks†	1,30,30,000
(ii) State Co-operative Banks†	143,97,88,000
(iii) Others	2,32,69,000
Investments	250,00,79,000
Other Assets	25,35,96,000
Rupees	638,52,43,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 50,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	16,25,31,000	
Notes in circulation	2452,96,57,000	
Total Notes issued		2469,21,88,000
Total Liabilities		2469,21,88,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	85,45,69,000	
Total		203,21,79,000
Rupee Coin		105,12,13,000
Government of India Rupee Securities		2160,87,96,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2469,21,88,000

State Bank of Pakistan

Statement of Affairs for the week ended 7th August 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,65,00,000
Rural Credit Fund	3,00,00,000
Deposits :—	
(a) Central Government	9,44,56,000
(b) Provincial Governments	3,48,81,000
(c) Banks	40,89,15,000
(d) Others	89,57,83,000
Bills Payable	9,75,000
Other Liabilities	19,54,01,000
Rupees	175,69,11,000

ASSETS	Rs.
Notes	6,96,49,000
Rupee Coin	20,000
Subsidiary Coin	48,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	22,28,70,000
Loans and Advances to Governments	1,00,00,000
Provincial Governments' Debtor Balances	6,37,70,000
Other Loans and Advances	78,40,45,000
Investments	43,87,77,000
Other Assets	11,77,32,000
Rupees	175,69,11,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	6,96,49,000	
Notes in circulation	445,22,84,000	
Total Notes issued		452,19,33,000
Total Liabilities		452,19,33,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion	....	
Foreign Securities	74,58,33,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		142,75,67,000
B. Rupee Coin	4,77,19,000	
Government of Pakistan Securities	298,76,41,000	
Internal bills of exchange and other commercial paper	....	
		303,53,60,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		452,19,33,000

Ratio of gold coin and bullion, silver bullion and approved

State Bank of India

Statement of Affairs for the week ended 14th August 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		652,82,01,000
Borrowings from Other Banking Companies, Agents, etc.		79,65,000
Bills Payable		6,70,55,000
Bills for Collection being Bills receivable as per contra		8,38,52,000
Acceptances, Endorsements and Other Obligations per contra		18,41,40,000
Other Liabilities (including Inter-Office Adjustments)		16,74,04,000
Total .. Rs.		718,78,67,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		26,85,85,000
Balances with other Banks		4,73,65,000
Money at Call and Short Notice		2,46,67,000
INVESTMENTS :—		
Government and other Trustee Securities Rs. 275,10,47,000		
Other Authorised Investments 9,44,30,000		
		284,54,77,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc. Rs. 324,84,08,000		
Bills Discounted and Purchased 21,38,30,000		
		346,22,38,000
Bills Receivable being Bills for Collection as per contra		8,38,52,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		18,41,40,000
Premises less Depreciation		2,32,96,000
Furniture and Fixtures less Depreciation		1,80,68,000
Other Assets (including Inter-Office Adjustments)		22,92,79,000
Total .. Rs.		718,78,67,000

EXCHANGE RATES

	10th August 1964	11th August 1964
London on New York-Buying	2.7856- 2.7859	2.7818- 2.7833
London on Berne .. Sw. Frs.	12.0340-12.0360	12.0380-12.040
London on Paris .. Fr. Frs.	13.6560-13.6520	13.6620-13.6640
New York on London Cents per £	278.500-278.620	278.810-278.840
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. s.	1-6 1/32	1-6 1/32
Buyers D.D. .. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D.. Rs. to $100	480.50	480.00
Buyers T.T. .. Rs. to $100	477 25	476.75
Canadian Dollar—		
Sellers T.T. D.D. .. Rs. to $100	448 00	447.00
Buyers T.T.	440 00	439.00
French Francs—		
Sellers T.T. D.D.. per Rs. 100	101 90	101.80
Buyers T.T	102.90	103.00
Swiss Francs—		
Sellers T.T. D.D.. ..	89.80	89.80
Buyers T.T.	90.70	90.80
Deutsche Marks—		
Sellers T.T. D.D.. ..	82.60	82.70
Buyers T.T.	83.50	83.60
Italian Lire—		
Sellers T.T. D.D.. ..	12,965	12,980
Buyers T.T.	13,140	13,155
Swedish Kroner—		
Sellers T.T. D.D.. ..	106.80	106.90
Buyers T.T.	107.90	107.90
Belgian Francs—		
Sellers T.T. D.D.. ..	1,032	1,032
Buyers T.T.	1,048	1,048
Dutch Guilders—		
Sellers T.T. D.D.. ..	75.10	75.10
Buyers T.T.	75.90	76.00
Hongkong Dollars—		
Sellers T.T. D.D.. ..	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D.. ..	149.00	149.00
Buyers T.T.	150.40	150.40
Danish Kroner—		
Sellers T.T. D.D.. ..	144.10	144.00
Buyers T.T.	145.50	145.40

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	7-8-64	31-7-64	9-8-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	66,63	64,75	50,59
(ii) From others	1,104,46	1,109,29	941,49
(b) Borrowings from banks	34,12	34,47	28,44
(c) Others	78,81	73,73	66,09
2. Time liabilities—			
(a Time deposits—			
(i) From banks	40,61	41,87	34,18
(ii) From others	1,335,04	1,328,49	1,221,17
(b) Borrowings from banks	16,04	16,84	17,78
(c) Others	12,37	12,22	10,60
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,439,50	2,437,78	2,162,66
4. Borrowings from Reserve Bank	4,08	2,00	3,17
(a) Against usance bills and/or promissory notes	2,10	1,14	2,10
(b) Others	1,93	86	1,07
Borrowings from State Bank and/or a notified Bank	23,63	23,58	19,60
6. Cash	64,72	63,09	51,99
7. Balances with Reserve Bank	95,56	95,48	86,27
8. Cash and balances with Reserve Bank	160,28	158,57	138,26
9. 8 as per cent of 3	6.57	6.50	6.39
10. Balance with other banks in current account	22,53	22,57	19,79
11. Money at call and short notice	66,68	67 34	53,33
12. Investments in Government securities	764,21	761 36	717,02
13. 12 as per cent of 3	31 33	31 23	33 15
14. Advances—			
(a) Loans cash credits and overdrafts	1,498,11	1,495,30	1,272,76
(b) Due from banks	8,25	8,33	8,93
15. Inland bills purchased and discounted	169,85	165,36	163,18
16. Foreign bills purchased and discounted	68,95	69,18	50,10
17. Total Bank Credit [14(a) + 15 + 16]	1,736,91	1,729,88	1,486,04
18. 17 as per cent. of 3	71 20	70.96	6.71

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 8th Aug. 1964	1st Aug. 1964	11th July 1964	10th Aug. 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99 9	99 9	99 9	99.1
2. Government of India	99 6	99.6	99.6	98.8
3. State Governments	102 2	102.1	102.1	101.6
4. Municipal, Port Trust, etc.,	98.9	98.9	98.9	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.2	98.1	98.2	97.5
PREFERENCE SHARES—ALL INDIA.				
6 Total	81.6	51.2	81.1	81.9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	164.5	163.9	165.3	160.1
8. *Agriculture and Allied Activities : Total**	140.5	140 5	142.1	142.7
9. Tea Plantations	128.9	128 0	129 2	132.5
10. Coffee Plantations	160 7	161.4	163.1	148.5
11. Rubber Plantations	182.0	183 1	183 2	164.0
12. *Mining and Quarrying: Total**	134.0	133.8	136 4	141.5
13. Coal	94.7	93 9	94 7	106.3
14. Other Mining	161.4	160 8	165 1	165.3
15. *Processing and Manufacturing : Total*	177.3	176 8	178.5	171.3
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	175.4	174.5	176.0	173.9
17. Sugar	126.7	126.9	127.2	122 7
18. Cotton Textiles	159 7	159.5	160.7	160 9
19. Jute Textiles	84.4	84.1	84.1	84.9
20. Silk and Woollen	865.3	846.9	868.3	803.6
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	195.7	194.8	198.5	180.8
22. Iron and Steel	165.5	164.7	166.8	145.6
23. Transport Equipment	311.4	310.7	319 6	311.0
24. Electrical Machinery	165.0	162.1	158 3	147.5
25. Machinery other than Transport and Electrical	221.8	221.5	222.7	213.6
26 Basic Industrial Chemicals	186.2	186.4	184.7	174.9
27 *Processing and Mfg. (Others) : Total**	149.1	149 2	152 9	148.3
28. Cement	139.0	138.9	144 3	141.4
29. Paper	192.6	193.7	194.3	183.7
30. *Other Industries : Total**	110.3	109.5	109 4	105.9
31. Electricity Generation and Supply	92.1	90.9	89.5	86.6
32. Trading	109.5	109 6	109.5	108.2
33. Shipping and Other Transport	97.4	96 8	98 2	86.9
34. Construction	295.5	294.1	297 2	262.2
35. *Financial : Total*	189.3	189 6	187.2	184 6
36. Banks	212.3	211 9	208.6	203 3
37. Insurance	151.2	154.1	154 3	158.8
38 Investment Trusts	78.1	77 9	77 5	83.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	175.4	174.0	176.3	160.2
40. Calcutta	150.1	150.0	150.6	149.2
41. Madras	170.5	170.7	170.6	170.8
42. Delhi	223.5	223.6	226.8	207.4

* Including 'Miscellaneous.' † Excluding Edible and Vegetable Oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	18th July 1964	11th July 1964	20th July 1963	May 1964	May 1963	Percentage of Increase (+) or Decrease (—) in May 1964 as compared with May 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	159 4	159.1R	147.8	147.8	131.5	+12.4	136.8	126.1
Cereals	192	137.3	136.5R	115.3	120.7	109.0	+15.3	116.8	106.6
Pulses	48	148.1	146.3R	110.1	135.8	106.2	+27.9	115.4	108.2
Fruits and Vegetables	23	183.7	186.3	138.5	173.8	140.9	+23.3	140.6	125.6
Milk and Ghee	84	151.2	150.1R	129.4	139.7	127.2	+ 9.8	128.2	124.4
Edible Oils	47	199.5	193.8	151 3	173 3	147 3	+18.3	151.1	139.3
Fish, Eggs and Meat	17	176.4	172.8	147.5	156 6	144.9	+ 8.0	149.8	140.6
Sugar and Gur	48	191.6	189.2	184.4	183.6	178 8	+ 5.6	188.8	146.2
Liquor and Tobacco	50	182.0	183.1R	190.0	178.2	173.8	—	179.3	171.8
Tobacco	21	123.4	123.4	119 0	117.2	118.4	— 1.0	119.6	100.0
Fuel, Power, Light and Lubricants	30	120.7	116.1	114.0	115.4	— 1.2	116.8	97.2	
Industrial Raw Materials	155	142.3	142.1	138.6	141 7	139 1	+ 1.8	139.5R	124.4
Fibres	61	159 0	157.8	138.2	149.7	137.4	+ 8.9	139.5	126.1
Oilseeds	60	135 3	135.4	129.4	135.6	134.5	+ 0.8	133.2	128.5
Minerals	2	200 3	197.4	150.9	175.5	148.3	+18.3	154.1	151.4
Others	32	103.7*	103.7*	98.4*	103.2	93.4	+10.5	92.8	125.2
Manufacture	290	129.9*	129.8*	124 8*	130 8	125.4	+ 4.3	127.3	122.5
Intermediate Products	41	133.5	133.5R	130.8	133.1R	130 7	+ 1.8	131.1	122.8
Finished Products	249	147.7	147.7R	140 4	146.2R	138.6	+ 5.5	139.6	130.1
Textiles	147	131.2	131.2	129 0	131.0	129.4	+ 1.2	129.7	127.7
Cotton		127.6	127.7	126.4	127.9	127.7	—	127.7	126.1
Jute		135.8*	135.4*	135.0*	135.7	136.0	—	135.6	130.0
Woollen		99.5	99.7	97.6	98.9	102.7	— 3.7	100.2	110.0
Silk and Rayon		169.2*	169.2*	156.6*	156.2	152.2	+ 2.6	155.3	140.1
Metal Products		139.4*	139.4	136.7	141.9	140.2	+ 1.2	139.8	131.1
Chemicals	12	169.0	169.0	163.0	168.1R	161.2	+ 4.3	163.1	160.1
Oil Cakes	20	118.6*	118.3*	117.2*	119 3	117.4	+ 1.6	117.9	115.1
Machinery and Transport Equipment	9	126.9	126.9	123.9R	126.1	123 2	+11.7	125.7	120.6
Others	31	127.6	127.6	125.4	127.5	127.9	—	124.2	117.6
All Commodities	30	127.6	127.6	125.4	127.5	127.9	—	128.2	120.0
	1,000	150.6	150.2R	135.4	143.0R	132.1	+ 8.2	135.3	125.8

Notices

JARDINE HENDERSON LIMITED

NOTICE IS HEREBY GIVEN THAT THE eighteenth annual general meeting of the members of the above-named Company will be held at the registered office of the Company, No. 4, Clive Row, Calcutta 1, on Tuesday, the 29th day of September, 1964 at 11-15 a.m. for the following purposes :—

1) To receive and consider the Audited Accounts for the year ended 31st March, 1964, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.

2) To confirm the dividends already paid on the Preference Shares and to declare a dividend on the Ordinary Shares of the Company.

3) (*a*) To appoint a Director in place of Mr. D. Fordwood who retires at the forthcoming annual general meeting.

(*b*) To appoint a Director in place of Mr. I. F. Marriss who retires at the forthcoming annual general meeting.

(*c*) (*As special business*) To appoint a Director in place of Sir Asoka K. Roy who retires by rotation at the forthcoming annual general meeting and in this connection to consider and if thought fit to pass the following resolution of which special notice as required by Section 281 of the Companies Act 1956 has been received by the Company viz. :—

"That in accordance with the provisions of Section 281 of the Companies Act, 1956, Sir Asoka K. Roy who has attained the age of 78 years and who retires from the Board at this time be and is hereby re-appointed a Director of the Company whose period of office will be liable to determination by retirement of Directors by rotation and it is hereby specifically declared that the age limit of the Directors prescribed by Section 280 of the said Act shall not apply to him and that he be remunerated by way of a fee of Rs. 600 for each meeting of the Board attended subject to a maximum in the aggregate of Rs. 6,000 per annum."

4) To appoint Auditors and to fix their remuneration.

Notice is also given that the Share Transfer Books of the Company will be closed from 16th September to 29th September, 1964, both days inclusive.

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

By Order of the Board,
JARDINE HENDERSON, LIMITED,
(Sd.) C. EVANS,
Secretary.

4, CLIVE ROW,
CALCUTTA-1.
13th August, 1964.

Note: 1. The dividend if approved will be payable on and after 23rd October, 1964 to those members whose names are registered in the books of the Company on 29th September, 1964.

2. The explanatory statement required to be annexed to the notice convening the general meeting pursuant to the provisions of Section 173 of the Companies Act 1956 is being forwarded to the members.

THE PULLANGODE RUBBER AND PRODUCE COMPANY LIMITED

(*Incorporated in India*)

NOTICE IS HEREBY GIVEN THAT THE Twenty-first Annual General Meeting of the Shareholders will be held at 11.30 a.m. on Monday, the 21st September 1964, at the Registered Office of the Company at Calvetty, Fort Cochin, to transact the following business :—

1. To receive and adopt the audited Balance Sheet and Accounts for the year ended 31st March, 1964, and the Reports of the Directors and Auditors.
2. To declare a Dividend.
3. To elect a Director.

Note: Mr. R. Sundram Iyer, the retiring Director, is now 77 years of age. Special Notice has been received and is given of the following resolution :—

"RESOLVED that Mr. R. Sundram Iyer, who has attained the age of 77 years, and who retires by rotation, be and is hereby reappointed a Director of this Company, and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the Companies Act, 1956, shall not apply to him."

4. To appoint Auditors.
5. To consider, and if thought fit, to pass the following resolution as a Special Resolution :—

"RESOLVED that the following Article be substituted in place of Article 50 of the Articles of Association of this Company :—

'On a show of hands, every shareholder present in person shall have one vote; and on a poll, every shareholder present in person or by proxy or by attorney shall have one vote for every ordinary share and five votes for every preference share held by him.'

The relative explanatory statement under Section 173 of the Companies Act, 1956, in respect of the special business under items 3 and 5 above is being posted to all members.

The transfer books and register of members of the Company will remain closed from 8th September 1964 to 21st September 1964 (both days inclusive).

Any shareholder unable to attend personally is entitled to appoint any person (whether a member or not) as his proxy to attend and vote instead of himself, subject to the provisions of Section 176 of the Companies Act, 1956. Such proxy should reach the Registered Office of the Company at least 48 hours before the time fixed for the meeting.

(By Order of the Board),
THE PULLANGODE RUBBER & PRODUCE CO. LTD.,
Per Pro. ASPINWALL & CO. LTD.,
V. P. THOMAS,
Managing Agents.

FORT COCHIN,
17th August, 1964.

Note: The dividend, if declared, will be paid on or after the 12th October 1964 to those shareholders whose names appear in the Company's books on the 21st September 1964 or to their Mandatees.

AGRICULTURAL REFINANCE CORPORATION

NOTICE IS HEREBY GIVEN THAT THE First Annual General Meeting of the Agricultural Refinance Corporation will be held at the Head Office of the Corporation at Amar Building (II Floor), Bazargate Street, Fort, Bombay 1, on Monday, the 21st September 1964, at 3 p.m., to transact the following business :

(*a*) To discuss the audited annual accounts for the year ended 30th June 1964.

(*b*) To discuss the auditor's report on the annual balance-sheet and accounts.

(*c*) To discuss the report of the Board on the working of the Corporation for the year ended 30th June 1964.

(*d*) To elect one Director under Clause (*d*) of Section 10 of the Agricultural Refinance Corporation Act by such of the central land mortgage banks as are shareholders of the Corporation in place of Shri Udaybhansinhji who retires in terms of sub-section (3) of Section 11 of the Act.

(*e*) To elect one Director under Clause (*e*) of Section 10 of the Agricultural Refinance Corporation Act by such of the State co-operative banks as are shareholders of the Corporation in place of Prof. D. R. Gadgil who retires in terms of second proviso to Section 10 of the Act.

(*f*) To elect one Director under Clause (*f*) of Section 10 of the Agricultural Refinance Corporation Act by the Life Insurance Corporation, scheduled banks, insurance and investment companies and other financial institutions, which are shareholders of the Corporation in place of Shri B. K. Dutt who retires in terms of second proviso to Section 10 of the Act.

The share register of the Corporation will remain closed from Monday, the 7th September 1964 to Monday, the 21st September 1964, both days inclusive.

By Order of the Board,
V. SIVARAMAN,
Managing Director.

Head Office:
AMAR BUILDING (II FLOOR),
BAZARGATE STREET,
POST BOX No. 363,
BOMBAY-1.
Dated: *5th August* 1964.

THE COORLA SPG. AND WVG. COMPANY LIMITED

CORRIGENDUM

IN NOTICE DATED 7TH AUGUST 1964 RE: Annual General Meeting to be held at 4 p.m. on 11th September 1964 (which appeared in *Commerce* issue of 15th August 1964) the name of the Director of Cowasjee Jehangir & Co. Pvt. Ltd. signing the Notice should read: "G. P. Goenka" and not "R. P. Goenka."

COMMERCE AND INDUSTRY

(*Concluded from page* 331)

pears to be more fertiliser-conscious, the total consumption of plant food is only 5.73 lb. per acre (that is, 6.42 kg. per hectare). How low this intake is will be evident if one compares it with 240 lbs. per acre or (270 kg. per hectare) consumed in Japan, a land of small farmers. Again, consumption is not only low, but it is also ill-balanced. Emphasising this point, the Fertiliser Association of India says:

"The phosphoric acid consumed is nearly one-fourth of the nitrogen and potash consumption is one-eighth of the nitrogen consumption, that is the ratio of N : P_2O_5 : K_2O consumption is nearly 8 : 2 : 1. The consumption of P_2O_5 is about 70 per cent of the nitrogen consumption in Pondicherry and Gujarat, about 50 and 60 per cent of the nitrogen consumption in Assam and West Bengal respectively and between 30 and 40 per cent of the nitrogen consumption in Andhra Pradesh, Mysore, Maharashtra, Goa, Rajasthan, Himachal Pradesh and Orissa. In all other States, the ratio of N : P_2O_5 is below the all-India ratio. In Kerala, the potash consumption exceeds nitrogen consumption, while in Assam and West Bengal it is 65 and 37 per cent of the nitrogen consumption respectively and in Madras and Mysore it is about 25 per cent of the nitrogen consumption. In all the other States, the ratio of N : K_2O is substantially ill-balanced.

Defective Distribution

Apart from inadequate supply of fertilisers in India, the distribution of what is produced and imported, also leaves much to be desired. The distribution set-up is devoid of any advisory mechanism or soil testing techniques in order to guide the farmers who are reluctant to shed old beliefs and embark on newer methods of cultivation. Added to this are the high prices of the fertilisers in this country. Indeed, fertiliser prices in India are said to be the highest in the world. In a recent seminar on the use of fertilisers in Maharashtra held at Bombay, certain problems were highlighted. Although the conference was regional in character, it was national in spirit because the problems are more or less the same in all the regions. The Maharashtra Government gives a subsidy of Rs. 20 per ton on mixtures, superphosphate and nitrophosphate but it is much less than the 33 per cent and 50 per cent subsidies that Ceylon and Thailand give to their paddy growers. The excessive profits made by the co-operatives, through which supplies are regulated, are quite unjustified. It has been observed from the experience of the F.A.C.T. in Kerala that there is definite scope for improvement in the set-up for distribution. The latest decision of the Government of India to appoint a technical experts committee to examine the existing arrangements for the marketing, distribution and promotion of the use of fertilisers for agricultural purposes with the object of evolving a suitable distribution and promotional agency for fertilisers in the fourth Plan period is, therefore, a timely and appropriate step.

TREND OF SHARES

BULLS IN GOOD FORM

(From Our Own Correspondent)

BOMBAY, *20th August*

THE trend of share markets during the week under review was unquestionably bullish. The market maintained a buoyant tone throughout and, in hectic sessions of heavy short-covering and renewed bull support, most of the leading counters crossed their resistance points to establish new high levels in the current upward trend. It looked certain that the market had completed its stage of secondary reaction and resumed its major upward move.

Sentiment in the market was induced mainly by the feeling that Prime Minister Shastri has initiated a policy of realism both in the domestic and external spheres. Efforts at reducing expenditure and the proposal to soft pedal some of the heavy industry undertakings together with the measures to tackle the food situation made a great impression on the market. Further, there were rumours of a supplementary budget sometime next month and the markets seemed to have taken for granted that this budget would be a budget for relief and not one for taxation. Sentiment was further induced by the renewed efforts on the part of the Prime Minister to solve the Kashmir problem and, knowing Mr. Shastri as the markets do, the impression was strong that the solution this time would be peaceful and lasting. At least this was the general feeling on the stock exchanges.

Almost all the speculative counters were active and business was well distributed. Profit-taking trimmed part of the gains late on Thursday but yet the improvement on balance was sizable. Tata Steel, for example, have moved up from Rs. 157.25 to Rs. 162, Indian Iron from Rs. 26.40 to Rs. 27.55, Century from Rs. 625.50 to Rs. 636.50, Standard from Rs. 636 to Rs. 654, National Rayon from Rs. 376.50 to Rs. 384.50 and Telco from Rs. 296 to Rs. 305.50. These levels, however, are well below the highest touched during the week, though some of them in kerb dealings. The highest touched by Tata Steel during the week was Rs. 163.25 but the support level had been around Rs. 153. Indian Iron touched Rs. 27.85 on Thursday, piercing the historic 1962 high of Rs. 27.75. In fact, steel shares led the rise with operators enthused by reports of satisfactory arrangements with the Government in respect of repayment of loans by which no interest would be charged henceforth. Equally in the lead with steels were National Rayon and Century touching in Thursday's session Rs. 386.50 and Rs. 639, respectively, compared with their 8th July levels of Rs. 379 and Rs. 612. Support to these shares was based on hopes of a reduction in the excise duty on rayon but this had been talked about in the market for quite some time. It is difficult to say whether there is anything else in it and if so informed sources which have been bidding up the shares should know better. Textile shares generally followed the lead of Century, with Standard moving up to Rs. 654 against last week's level of Rs. 636 and the 8th July level of Rs. 655. Svadeshi which had spurted into activity a few weeks ago was comparatively calm, although, in sympathy with the general market trend, the quotation moved up by three points to Rs. 263 at the close. There was nothing much doing in Bombay Dyeing which were slightly better at Rs. 59.55. In the cash section of textile shares Dawn shot up into the limelight on rumours of a higher dividend although at the close they were a shade lower at Rs. 169 as compared with the week's high of Rs. 170.

A fillip to sentiment came from reports that the Unit Trust had been receiving encouraging response from small and middle income investors. The fact that the first sale was made at a premium of 3.5 per cent contributed in no small measure to the enthusiasm on the part of operators to bull the market. It was said that electricity shares came in for particular consideration from the Unit Trust, with the result that these shares maintained a firm tone. Among these, Tata Power was the most conspicuous and were taken up to Rs. 1,195 against Rs. 1,180 of last week. The rise in these shares has been to the tune of 40 points over the last few weeks. Similarly, Surat Electricity was bid up from Rs. 110.50 to Rs. 113 while Bombay Suburban gained two points to be quoted at Rs. 112. Sentiment in electricity shares was also helped by talk that, following an amendment to the Electricity Act, the rate of return would be increased from the present 2 per cent over the Bank Rate to 3 per cent. This will put up the yield on these shares and perhaps the market has begun to adjust itself to the new yields. Activity generally in the cash section was not commensurate with the buoyancy in the forward section but it was significant that sellers were hard to find. However, West Coast Paper attracted support on informed buying, closing the week better at Rs. 166 while Indian Copper was supported on talk of expansion. Gwalior Rayon, Chemicals and Fibres and B.I.C. were notable among cash scrips, although the rise in Gwalior Rayon was but fractional. Among other rayon shares, Indian Rayon and Baroda Rayon were both shaded at Rs. 59.20 and Rs. 72.50 respectively. South India Viscose was slightly better at Rs. 116. B.I.C. improved from Rs. 10.12 to Rs. 10.24. Cement shares were better with A.C.C. at Rs. 158.50 and Digvijay at Rs. 178.25. Premier Auto ruled better at Rs. 105. Construction was steady.

Another notable counter was Telco, bid up to Rs. 308 on hopes of a reduction in the premium to be collected on the forthcoming right shares. At the close, however, the shares had ceased on profit-taking to Rs. 305.50 against last week's quotation of Rs. 296. Hindustan Motors were also firm having touched Rs. 18.92. Voltas was six points up at Rs. 259, while among Chemicals Tata was firm at Rs. 19.04 and Dyestuff at Rs. 275 against the previous week's Rs. 266.25. There was nothing much doing in bank and insurance shares. Larsen and Toubro continued to attract demand.

Technical analysts point out that, while it is clear that the reaction has ended and the market has resumed its major uptrend, current levels are yet far behind the pre-Budget highs. The working of the market has to be watched and it is likely that there will be intermediate corrections but the overall pattern is bullish. That cash shares have not been participating in the measure they ought to in the rise is a point worth taking into account but a bull market always begins with the active counters in the forward list.

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At the time of writing, near boom conditions are reported on Lyons Range, with sentiment induced mainly by the firmness in Bombay. There, too, Indian Iron has been in the lead. Interest in the share market broadened as there is now little scope for speculation in commodities. A notable counter in Calcutta has been Midnapore Zamindary which was bid up on talk of diversification of its activities and possible entry into the industrial sphere. Inquiry for engineering and paper shares was selective. Dunlop Rubber and Indian Copper attracted good attention.

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Madras was comparatively mild, with activity in the forward section confined to a few selected shares. Plantations maintained a steady trend but mill shares were dull. Among banks, Canara and Indian Overseas were in demand but electricity shares were overlooked. Sugars were moderately active with interest noted in Deccan and E.I.D. The undertone of the market was, however, firm.

GLASS CARBOYS AND PRESSEDWARES LTD.

The public issue of Glass Carboys and Pressedwares Ltd. opened for subscription on Thursday this week. The issue, the whole of which has been underwritten among others by the L.I.C. and the I.F.C. of India, amounts to Rs. 17.5 lakhs, comprising Rs. 12.5 lakhs in equity shares of Rs. 10 each and Rs. 5 lakhs in 9.5 per cent redeemable cumulative preference shares of Rs. 10 each. The Company is putting up a factory in the Maharashtra Government's Industrial Estate near Thana (Bombay) for the manufacture of glass carboys and pressedwares, domes for mercury vapour lamps, glass tiles, etc. The Company has been licensed to manufacture 4,200 tons of glass carboys and pressedwares per year. The actual output planned, however, is only 3,600 tons per annum, on the basis of 80 per cent capacity.

The Directorate of Mineral Industries, Government of India, has estimated the demand for glass carboys to be around 10,000 tons per annum, so that the Company seems to be assured of a good market. At present, the demand for this product is being met primarily through imports. The total outlay on the project is estimated at Rs. 45.46 lakhs, of which Rs. 25.56 lakhs are proposed to be met by way of loans and the balance of Rs. 25 lakhs from the share capital. Of the share capital, the promoters—the House of Jhunjhunwalas—and directors, their associates and friends, have already subscribed to Rs. 7.5 lakhs of equity capital, and the balance of Rs. 17.5 lakhs represents the public issue.

The firm has secured Rs. 10 lakhs as a long-term loan from the Maharashtra State Financial Corporation, Rs. 5.5 lakhs in foreign exchange loan from the I.C.I.C.I. for the import of machinery from the U.K., U.S.A. and W. Germany, Rs. 4.5 lakhs as banks borrowings and Rs. 0.56 lakh as unsecured loan from promoters. The Company has no proposal to have foreign collaboration.

The Board of Directors of the Company is headed by Mr. Ramjilal Jhunjhunwala and consists of Mr. Bhagawati Prasad Jhunjhunwala (Managing Director), Mr. R. B. Rungta, Mr. N. R. Ruia, Mr. M. V. Meghji and Mr. Madhaw L. Apte.

NIMAR TEXTILES TO ENTER CAPITAL MARKET

The Nimar Textiles Limited is entering the capital market on the 28th inst. with a public issue of Rs. 42 lakhs, comprising Rs. 28 lakhs in equity shares and Rs. 14 lakhs in 9.5 per cent cumulative redeemable preference shares, both of Rs. 100 each. This amount is in addition to the Rs. 28 lakhs out of the paid-up capital of Rs. 70 lakhs which the promoters Directors and their friends have agreed to take up. The entire public issue has been underwritten by the Life Insurance Corporation of India, Industrial Finance Corporation, Industrial Credit and Investment Corporation, Madhya Pradesh Financial Corporation, Oriental and General and Fire Insurance Company Limited, Devkaran Nanjee Banking Company Ltd., and Mr. L. K. Pandey, share broker. The authorised capital of the Company is Rs. 3 crores.

The Company is setting up a new textile mill of 25,000 spindles at Khandwa in Madhya Pradesh. The project is expected to cost Rs. 197.49 lakhs which will be financed through capital issue, loans and advances. The total cost of machinery is estimated at Rs. 1.09 crore, of which machinery worth Rs. 85 lakhs will be indigenous, the rest being imported from the U.S.A. and other countries. The mill is scheduled to go into production by June 1965 and achieve full production by the end of next year.

MYSORE ELECTRO CHEMICAL WORKS LTD.

The public issue of the Mysore Electro Chemical Works Ltd., which manufactures various types of storage batteries for motor-cars, scooters, trucks and motor cycles, opened for public subscription on Monday this week. The issue consisted of Rs. 10 lakhs divided into 100,000 equity shares of Rs. 10 each. The Company is expanding its present capacity to produce different kinds of batteries and proposing to manufacture specialised batteries for electronic flashes, transistorised and electronic equipments and wireless sets. The Company has secured a loan of Rs. 14.30 lakhs from the Mysore State Finance Corporation. The Union Government has permitted the Company to enter into technical collaboration with Messrs. Semperit of Austria.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 20th August 1964.

	Closing quotations 13-8-1964	High	Low	Closing quotations 20-8-1964
TEXTILES	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Ahm. Adv. (100) ..	144.50	144.50	143.00	143.00
Apollo (2) ..	1.66	1.80	1.64	1.78
Baroda Rayon (100) ..	73.00	73.50	72.00	72.50
Bombay Dyeing (25) ..	59.40	59.90	59.40	59.80
Bradbury (50) ..	162.50	—	—	162.50
Central India (100) ..	91.00	92.00	90.00	91.00
Century Mills (100) ..	625.50	639.00	625.00	636.50
Dawn (50) ..	168.00	171.00	168.00	169.00
Elphinstone (50) ..	96.00	98.00	97.50	98.00
Finlay (100)	302.00	307.00	302.00	305.00
Gokak (100)	179.00	181.00	179.00	179.00
Gold Mohur (100) ..	216.25	216.25	215.00	216.25
Gwalior Rayon (10) ..	41.25	42.00	41.50	42.00
Ind. Untd. Defd. (1) ..	2.38	2.40	2.36	2.36
Ind. Untd. Ord. (10) ..	19.80	19.60	19.36	19.60
Indian Rayon (100) ..	61.00	60.00	59.20	59.20
Indore Malwa (100) ..	210.00	210.00	208.75	210.00
Khatau (100) ..	186.25	186.25	183.75	186.25
Kohinoor (100) ..	326.50	328.50	325.50	326.50
Mafatlal (100) ..	510.00	—	—	510.00
Modella Woollens (10) ..	12.00	—	—	12.00
Morarji (100)	266.00	268.00	265.00	266.00
Mysore (50)	38.50	—	—	38.50
National Rayon (100) ..	376.50	386.50	374.50	384.50
New Great (100) ..	160.00	—	—	160.00
Phoenix (100) ..	252.00	257.00	254.00	257.00
Podar Mills (10) ..	11.24	11.40	11.24	11.40
Raymond Woollen (100) ..	135.50	137.50	135.50	136.00
Sassoon Spg. (10) ..	38.00	38.00	37.75	37.75
Shreeniwas (100) ..	258.00	266.00	254.00	258.00
Simplex (50)	135.00	—	—	135.00
Standard (100) ..	636.00	664.00	633.00	654.00
Svadeshi (100) ..	260.00	266.50	260.50	263.00
Swan (100)	265.00	268.00	267.00	268.00
S. I. Viscose (100) ..	115.00	117.00	114.50	116.00
Tata Mills (25) ..	53.50	54.20	52.70	53.00
Lakshmi-Vishnu (100) ..	90.00	90.00	88.00	88.00
Western India (250) ..	825.00	—	—	825.00
BANKS				
Bank of India (50) ..	103.00	103.00	102.00	103.00
Do. (New) (50) ..	106.00	106.00	105.00	106.00
Bank of Baroda (50) ..	98.00xd	98.50xd	94.00xd	94.50xd
Central (25)	49.50	50.30	49.50	50.30
Central 'A' (25) ..	51.50	52.00	51.50	51.50
Dena Bank (50) ..	63.50	64.00	63.50	64.00
Punjab National (10) ..	20.56	20.56	20.52	20.52
Union Bank (5) ..	6.20	6.24	6.20	6.20
United Com. (50) ..	71.00	71.00	70.50	71.00
Maharashtra (50) ..	53.00	—	—	53.00
ELECTRIC COS.				
Ahmedabad (100) ..	101.25	102.50	101.25	102.00
Amalgamated (10) ..	9.32	9.40	9.32	9.40
Andhra Valley (1,000) ..	1,107.50	1,110.00	1,105.00	1,107.50
Bom. Sub. El. (100) ..	109.50	112.00	110.00	112.00
Surat (100)	110.00	113.00	110.50	113.00
Tata Hydro (100) ..	119.50	120.00	118.00	119.00
Tata Power (1,000) ..	1,180.00	1,195.00	1,180.00	1,195.00
INSURANCE COS.				
British India (10) ..	12.52	—	—	12.52
Indian Mercantile (50) ..	61.50	—	—	61.50
New India (15) ..	45.50	45.75	45.50	45.60
New India 'A' (15) ..	46.50	46.75	46.00	46.00
Vulcan (10)	16.24	—	—	16.24
STEEL COS.				
Ind. Iron (1 0) ..	26.40	27.85	26.55	27.50
Mukand Iron (10) ..	18.08	18.40	18.04	18.40
Tata Steel Ord (75) ..	157.25	163.00	157.75	162.00
SUGAR COS.				
Belapur (50)	221.50	225.00	221.50	224.00
Bhopal (10)	12.75	—	—	12.75
Changdeo (12.50) ..	23.00	23.00	21.52	22.00
Maharashtra (50) ..	137.00	138.00	136.50	137.50
Phaltan (50)	104.50	106.50	105.00	106.50
Walchand Ind. (100) ..	150.00	152.50	150.50	152.50
CEMENT COS.				
Associated Cts. (100) ..	156.50	159.00	156.50	158.50
Digvijay (100) ..	177.00	178.25	177.50	178.25
Orissa (10)	11.92	11 92	11.84	11.92
DYES & CHEMS.				
Amar-Dye-Chem (100) ..	156.25	160.00	157.50	160.00
Camphor & Allied (100) ..	85.00	89.00	86.00	88.00
Citric (100)	66.00	66.50	65.50	66.00
Chemicoat (100) ..	107.00	—	—	107.00
Colour-Chem. (100) ..	322.50	327.50	322.50	325.00
Indian Dyestuff (100) ..	266.25	280.00	265.00	275.00
Polychem (50)	157.50	160.00	156.25	160.00
Synthetics (100) ..	70.50	72.00	70.00	72.00
Tata Chemicals (10) ..	18.80	19.20	18.80	19.04
MISCELLANEOUS				
Alcock Ashdown (100) ..	284.00	288.00	282.00	288.00
Bom. Burmah (25)§ ..	56.00	56.50	55.70	56.00
Do. (New) (20)§ ..	42.00	42.50	42.00	42.50
Br. B. Petrol (1½ sh.) ..	3.42	3.44	3.36	3.42
Br. I. Corpn. (5) ..	10.12	10.24	10.12	10.24
Cooper Eng. (100) ..	118.50	119.50	117.50	119.50
Hindustan Lever (10) ..	30.50	31.00	30.25	31.00
Hindustan Motors (10) ..	18.28	18.92	18.20	18.72
I. C. & Invest. Corporation (100) ..	93.00	—	—	93.00
Indian-Copper (2 sh.) ..	3.38	3.72	3.40	3.60
Killicks (100)	101.75	101.75	101.00	101.00
Larsen & Toubro (10) ..	21.56	22.08	21.56	21.96
Mahindra & Mahindra (10) ..	16.36	16.52	16.24	16.52
Asian Cables (100) ..	70.00	70.00	67.00	68.00
Permanent Magnets (100) ..	97.50	99.00	97.50	98.00
Phillips Carbon (10) ..	12.00	12.36	11.76	12.36
Pre. Automobiles (100) ..	104.75	107.00	104.50	105.00
Premier Con. (30) ..	190.50	193.00	190.00	190.50
Scindia (20)	15.80	16.00	15.64	15.84
G. E. Shipping (10) ..	13.76	13.72	13.52	13.72
N. Standard Eng. (100) ..	135.00	141.00	137.00	141.00
T. Mankind (100) ..	505.00	525.00	505.00	515.00
Shivrajpur (10) ..	17.00	17.48	17.00	17.00
Sirpur Paper (10) ..	11.40	11.56	11.36	11.48
Tata Locomotive (100) ..	297.00	308.00	297.25	305.50
Tata Oil (25)	62.50	64.00	62.70	63.50
Voltas (100)	253.00	259.50	252.50	259.00
W. I. Match (100) ..	239.50	240.00	239.50	240.00
W. Coast Paper (100) ..	162.00	166.50	163.00	166.00
Zenith Steel (10) ..	15.84	16.00	15.60	15.88

GOVERNMENT SECURITIES	13-8-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	13-8-1964 Rs.
2½% 1976	83.00	—	4.61	83.00
3 % 1966-68	98.45	3.80	3.88	98.45
3 % 1970-75 1st Def.	90.30	4.88	4.12	90.30
3½% 1986 Con. Loan ..	83.40	—	4.75	83.10
3½% 1965 N.P. Bonds.	100.15	—	3.83	100.15
3½% 1967 N.P. Bonds.	99.85	—	3.54	99.85
3½% 1974	96.75	—	4.15	96.75
3½% 1967 N.P. Bonds.	100.05	—	3.73	100.05
3½% 1969 Loan ..	98.10	—	3.92	98.10
3½% 1968	99.00	—	3.77	3.77
3½% 1968 N.P. Bonds.	99.90	—	3.77	99.90
4 % 1972 Loan ..	98.95	—	4.17	98.85
4 % 1973 Loan ..	98.85	—	4.16	98.85
4 % 1979 Loan ..	98.50	—	4.16	98.25
3½% 1966 Bonds ..	100.10	—	3.43	100.10
4 % 1980 Loan ..	98.05	—	4.17	98.05
4 % 1981 Loan ..	98.85	—	4.14	98.35
4½% 1985 Loan ..	100.15	—	4.49	100.15
6½% 1977 G. Bonds ..	118.10	—	4.64	118.10
4½% 1972 N. D. Bonds	100.10	—	4.25	100.10
4½% 1986 Loan ..	100.10	—	4.49	100.10
4½% 1989 Loan ..	100.00	—	4.75	100.00

* Current Income. x.d.—Cum-Right. xd—Ex-dividend. cd—Cum-dividend. x.r.—Ex-Right.

§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25/-

COMMERCE

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

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VISION LACKING AMONG INSURERS

FEAR and hope underline the speech of Mr. P. A. Advani, delivered this week at the thirty-sixth annual general meeting of the Indian Insurance Companies' Association, Bombay, in his capacity as the outgoing Chairman. Neither was new. The Life Insurance Corporation (L.I.C.) entered the field of general insurance business on 1st April 1964. It is, therefore, nearly five months since the insurers in both the private and public sectors have been living with the giant L.I.C. and their co-existence has so far been quite peaceful. Contrary to earlier fears, the L.I.C. has been playing the game by observing the tariff rates and by not indulging in any unfair competition, even though the L.I.C. had chosen to be a non-tariff insurer right at the beginning itself, ignoring the pleas of tariff companies in the private sector. Nevertheless, one senses a lurking fear in Mr. Advani's speech that this peaceful co-existence might not last long. This is implied in his renewed request, on behalf of the insurers in the private sector, to the authorities of the L.I.C. and their boss (the Union Finance Ministry) to accept the tariff rates as the norm to be charged by them. "The tariff rates," he says, "are fixed on a basis to provide a reasonable margin of profit to a well-managed medium-size insurer." So the L.I.C., the largest of all insurers in the country, should be happy enough to observe them. That is the logic of Mr. Advani's reasoning. In fact, he goes further and says: "An immense insurance potential exists in the country and it is only through the collective efforts of both the public and private sectors that such a task could be achieved successfully." The sum and substance of his thesis is that competition for business through a cut in tariffs is unnecessary.

There is nothing new in this trend. It has been reiterated by the private sector time and again. This is understandable, for competition from or with an all-powerful State undertaking is not a pleasant prospect. But will the L.I.C. oblige the private sector companies? At the moment, it has an open mind. It is observing the tariff rates, but it has unequivocally reserved its freedom to quote competitive rates on the basis of its experience. Its Chairman, Mr. B. K. Kaul, told the Press early this year that, in due course, the L.I.C. would evolve its own rating structure and schedule on sound and scientific lines in the light of its underwriting experience. The expression "in due course" is a vague one. It may mean a year, or five years or ten years. But, as revision will be determined by the experience of L.I.C. and not that of other companies, it is a safe guess that the companies in the private sector have a fairly long breathing time, for, if the revision is to be on sound and scientific lines as Mr. Kaul has said, it cannot be done on the basis of the experience of a year or two.

It may not, however, be politically possible for the L.I.C. to give an undertaking of the type repeatedly suggested by the spokesmen of the private sector, for the Government has taken a firm decision that the L.I.C. should operate as a non-tariff insurer. Indeed, political circumstances may compel the L.I.C. to quote competitive rates. Its failure to do so would mean a confirmation of the contention that the country as a whole had nothing to gain by ushering the L.I.C. into the sphere of general insurance. This journal feels that it is impolitic for general insurers in the private sector to persist in their plea for assurances and actions which the L.I.C. cannot comply with. The L.I.C.'s entry into their field as a competitor has saved them from nationalisation. If the cry for nationalisation is to be effectively silenced, it is far better to allow the L.I.C. to play the role assigned to it than to try to neutralise it by bringing the Corporation into the tariff net, Code of Conduct and so on.

As just mentioned by us, the insurers in the private sector have a fairly long time at their disposal to put their house in order, so that they may be strong and sound enough to face all healthy and fair competition that may be forthcoming from the L.I.C. They should discard their fears and misgivings, as well as their tendency to live on futile hopes, and brace themselves up to the refreshing cold wind of competition. Mr. Advani's speech, however, suggests that they are still far from this realisation. It is high time they did so and took vigorous steps to group themselves into companies of large size, so that they may enjoy the economies of scale and offer better service to their customers at a lower cost. It is true that, in recent years, there has been a steady fall in the number of insurers, from 184 (91 domestic and 93 foreign) in 1958 to 142 (76 domestic and 66 foreign) in 1963. Even so, there are far too many insurers, having regard to the size of the market and the volume of business. One may say that this suggestion has been put forward so often and for so long a time that it has become a trite. The fact that it has failed to evoke any response from those to whom it has been addressed may even warrant the inference that it is not feasible. But what is the alternative?

If the aforesaid suggestion has fallen on deaf ears, it is because of the strong individualistic character of Indian business houses and their failure to realise that it is their weaknesses that open the door to State trading. The Code of Conduct and similar props only serve to cover inefficiency and other defects in general insurance. If they are removed, there will be a strong impetus among the insurers to undertake the type of reform that has been advocated by us for long. Unfortunately, the Government itself has been reluctant to take the initiative. On the contrary, it has been extending its blessings to every one of these props. The Controller of Insurance has neither the status nor the drive of the Reserve Bank which has taken a number of steps to weed out the sub-standard units in the banking sector. It would be no exaggeration to say that at present the Government gives one the impression of being more interested in letting the private sector insurers fall in the estimation of the public through their own folly than in reforming them. In the larger interests of the private sector as a whole, therefore, a body like the Federation of Indian Chambers of Commerce and Industry should take the initiative in this respect before it is too late. It is needless to add that the hands of private sector will be steadily weakened, if the scope for it in the various spheres of the business world is progressively reduced through the extension of the public sector.

There is no lack of evidence to show that the Government is keen on getting hold of the major share of the general insurance market for itself. Apart from asking the L.I.C. to enter this field, it has also been endeavouring to direct the general insurance business to flow into the Insurance Companies' Association Pool, in which two public sector companies alone have the major share, as much as 75 per cent. Its *modus operandi* for this purpose is simple. Industrialists in the private sector are dependent upon the Government for many things. Finance is one of them. Getting contracts for civil engineering and supply of machinery is another. It is stated by the Insurance Companies' Association that quasi-Government organisations such as the Coffee Board, Tea Board, National Small Industries Corporation and the Hindustan Steel have been influencing the borrowers and suppliers to place their insurance with the Pool and not with insurers of their choice. Those who defy this pressure are exposed to the risk of incurring the displeasure of these quasi-Government bodies. The Association, according to Mr. Advani, has been representing to the Government that it is wrong in principle to issue such instructions, as they militate against the very spirit of the concept of mixed economy accepted by all (except the Communists, of course) as a matter of policy. But this representation has so far gone in vain. The authorities' silence over this matter is in keeping with its tactics, deplorable as they are. The Association's contention will, however, derive greater strength, if it can clearly establish that the private sector insurers are not giving away too much to their foreign counterparts by way of reinsurance and thereby putting the country to unnecessary loss of foreign exchange.

Another standing complaint of insurers in the private sector against the Government, which was voiced by Mr. Advani in his speech, pertains to the limit on expenses prescribed for insurers under Section 40(c) of the Insurance Act 1938 and Rule 17E of the Insurance Rules. These limits were fixed as far back as 1950. The Association's contention is that the limits have now ceased to be realistic, as they are disproportionately low as compared with the present-day costs of operations. Mr. Advani

Contents

	PAGE
LEADING ARTICLES—	
Vision Lacking Among Insurers ...	341
F.I.C.C.I. Agricultural Conference ...	342
National Income and Population ...	342
MARKET GOSSIP	343-344
THIS WEEK'S SURVEY	346-347
TREND OF SHARES	392
SPECIAL FEATURES—	
Delhi Letter	348
London Letter	348
Technology Takes Britain into Europe	349
Standards of Directorial Behaviour ...	351
Manchester Letter	353
Petrochemical Industries in India ...	358-364
Business News From Europe	366-367
Will G.A.T.T. Survive?	368
CHAIRMEN'S SPEECHES—	
New Standard Engineering Co., Ltd.. ...	369
Bengal Chemical and Pharmaceutical Works Ltd.	370
Indian Insurance Companies' Association	371
MONEY AND BANKING	350
LABOUR	352
COTTON	354
ENGINEERING	356
NEW PRODUCTS AND PROCESSES	357
COMMERCE AND INDUSTRY	372
COMPANY MATTERS	373-375
NEWS IN BRIEF AND PERSONAL	378
TREND OF MARKETS	379-381
MISCELLANEOUS STATISTICAL INFORMATION	382-384
STOCK AND SHARE QUOTATIONS	385-391
WEEK'S STOCK EXCHANGE TREND	391
NEW PUBLICATIONS	392

drove home this point by giving a few telling facts. Since 1950, salaries (including dearness allowance) of staff, which account for nearly two-thirds of expenses, have gone up, and so also the cost of postage, telegrams, travelling, paper and stationery. "It would be safe to say," according to Mr. Advani, "that, during the last 12 years, the cost of insurer in servicing Rs. 100 premium has increased by at least 30 per cent, if not more." Here is a typical example of rigidity in Government controls. The consequent hardship is aggravated by the refusal of Income-tax authorities to allow as expenditure for tax purposes anything which is in excess of the aforesaid limits on expenses. In other words, any expenditure in excess of the prescribed limits, even if it is *bona fide* and wholly and exclusively for the purpose of normal business, has to come out of taxed profit. It is true that, since 1950, the insurance companies' turnover has gone up and unhealthy competition has been kept under check through such voluntary arrangements as the Code of Conduct and Administrative Machinery, with the result that their margin of profit must have gone up. Even so, the rise in operational costs has been steep enough to justify the insurers' demand for an upward revision of the expenses limits. It is justified further by the cantankerous attitude of the Income-tax authorities and by the imperative need of insurers to expand their business by entering new fields.

F.I.C.C.I. AGRICULTURAL CONFERENCE

THE very fact that, while India's population has increased by about 20 per cent over the last eight years, foodgrains production has gone up by just 18 per cent during the same period should serve to underline the precarious balance between food and population. In fact, the situation is more serious than these figures would seem to suggest, for, if account is taken of the acceleration in money incomes and the income-elasticity of demand for finer foodgrains in particular between 1956 and 1964, only a 30 per cent increase in production could have comfortably balanced supply and effective demand at the mid-1964 level of population (476 million, as compared with 397 million in mid-1956). Even imports at the current annual level of five million tonnes have not been quite sufficient to keep supply and demand in reasonable balance. Thanks to a residual gap of probably up to three million tonnes in supplies—according to the Union Food Minister, this is not less than five million tonnes—non-producing consumers in urban and rural areas alike have been forced to pay higher prices for foodgrains in the last few months. The scarcity has been aggravated by the continued talk of scarcity, as it has led to hoarding at all levels—producers, traders and consumers. It is in this situation of scarcity and consequent high prices that newspapers, political parties and trade unions have taken, in recent weeks, a feverish interest in the agricultural problem. That the Federation of Indian Chambers of Commerce and Industry has convened a full-fledged conference on agricultural development and economic progress this week (28th and 29th August) at New Delhi is also quite timely and appropriate, for it reflects the anxiety of the business community over the slow progress in agriculture and of the consequent constraint on the pace of industrial growth.

The Federation's conference, which is being attended by representatives of its constituents and by invitees from the relevant Union Ministries, Planning Commission, F.A.O., Ford Foundation, U.S.A.I.D., Rockefeller Foundation, Bharat Krishak Samaj, Indian Council of Agricultural Research and agricultural universities and colleges, is a significant development at the non-official level. As several experts and persons with practical knowledge are participating in it, the conference provides a forum for exchange of ideas and experiences between agriculturists and agricultural organisations, on the one side, and businessmen, on the other. Although the agricultural problems and their possible solutions are broadly known, these certainly require objective analysis and re-assessment at the national level at the present time when the fourth Plan is under formulation. The conclusions of the three conference committees—one on agricultural policy and land reforms, another on agricultural production and the third on distribution and pricing—and the deliberations in general will, however, be known only next week. Without appearing to anticipate them, it should be possible, in the meantime, to deal with some significant observations made, as also issues posed, in the background paper distributed to participants and in the address of Mr. S. L. Kirloskar, Vice-President of the Federation.

The Federation's background paper may be considered first. The authors of this paper have taken great pains in marshalling facts and figures (mostly from official sources), presenting them objectively and posing appropriate issues for consideration at the conference. It is noted at the outset that, even after 13 years of planning, agricultural self-sufficiency is as distant as ever, for, although agricultural production in general has increased by more than 40 per cent since 1950-51, large quantities of foodgrains, raw cotton and vegetable oils have still to be imported. Again, although the output of commercial crops has increased at a slightly higher rate than the output of foodgrains during the period and the per-acre yield of foodgrains has risen from 466 lbs. in 1950-51 to 613 lbs. in 1962-63, agricultural productivity in general continues to be much smaller, by international standards, in respect of almost all important commodities. At the same time, it is becoming increasingly difficult to extend cultivation to marginal lands, that is, cultural wastes which agregate some 45 million acres in the entire country. The difficulty, in this connection, is that the investment required for bringing such lands under cultivation will be out of all proportion to their possible productivity. As it is a question of basic strategy here, the Federation has done well to pose this question: "Is it profitable to invest more in land already under cultivation and increase its productivity, or is it more profitable to invest in bringing more land under the plough?" What the answer is should be obvious. Still, to clinch it, it would be apposite to recall some observations made by Mr. Chester Bowles, U.S. Ambassador to India, at the inauguration of the Mysore University of Agricultural Sciences last week. These are to the effect that, in a country like India, where agricultural yields are among the lowest in the world, improved technology can increase the output of some fields by as much as ten times, that expansion of areas under cultivation is no longer possible on a major scale and that future reliance must be on rapidly increasing yields per acre.

Another issue involving basic strategy has been posed by the Federation. This pertains to the manner in which the area under cultivation is to be utilised to produce foodgrains, on the one hand, and commercial crops, on the other. The factual position, in this connection, is that, since 1950-51, the area under foodgrain crops has decreased slightly from 84 per cent of total area under cultivation to 82 per cent and that under commercial crops has increased correspondingly from 16 per cent to 18 per cent. Whether in the context of current and prospective trends pertaining to population, industrial production and exports, the relative area under commercial crops would have to be increased or decreased is the question. One may well argue, in this connection, that, as the Federation itself has recognised in minor irrigation the advantages of a shorter gestation period and a higher rate of return, extension of well-irrigation for intensive garden-type cultivation of commercial crops would not only obviate the need for extending the area under such crops but even facilitate some marginal reduction in that area in the interest of greater food production. While it would be interesting to await the findings of the conference, the manner in which the authors of the background paper have posed the relevant issues is not without some significance. This is what they say:

> "In this context, the problem to be considered is whether the present crop pattern is economic, taking into consideration the pressures of different demands from the public, industry and exports. *The evaluation cannot be based merely on short-term considerations* (italics ours). It must relate to the long-term view about the evolving structure of the economy, of which agriculture constitutes a part. The major shifts in the pattern of production cannot be achieved with speed. The balance between different types of crops is a consequence of a multitude of factors whose influence—direct and indirect—is spread over a long period of time. If a definite shift in the crop pattern has to be achieved, it is necessary to take early measures, so that, in future years, the pattern of demand may not be out of alignment with the pattern of production."

The various issues relating to prices and pricing, too, figure prominently in Mr. Kirloskar's address as in the background paper. The point made by Mr. Kirloskar is that it is necessary to understand the nature of the price rise so as to judge whether it is a reflection of some temporary factors, whether it originates from more primary sources or in the course of distribution, and whether it can be corrected by setting up new agencies or requires a new national food policy—even a new economic policy. As has been rightly pointed out by Mr. Kirloskar, prices cannot be stabilised without the necessary supplies coming on the market in the wake of larger production. The supreme question, therefore, is how production and productivity can be increased over the next five or six years. It is in this context that the issues posed by the Federation in regard to price and distribution controls, physical factors (like irrigation, fertilisers, improved seeds, plant protection, credit facilities and other agricultural requisites) and organisational factors like land reform, land management, extension service, co-operation and agricultural administration are eminently relevant.

NATIONAL INCOME AND POPULATION

"LIKE a thief in the night, population growth can rob us of all that we achieve, day after day, in economic growth." The author of this impressive description of a problem of serious magnitude confronting India is Mr. Asoka Mehta, Deputy Chairman of the Planning Commission. One must not, of course, exaggerate the population problem by attributing all our economic ills to it. But it must be unreservedly accepted that, if excessive population growth is not held in check, the efforts to raise the living standards of the people will not be of *much* avail. In other words, a high rate of increase in population neutralises greatly the benefits of economic development. This precisely is what has happened during the thirteen years following the commencement of Five-year Plans. Thus, while the aggregate national income of India (at 1948-49 prices) went up by 18.4 per cent in the first Plan period and 21.4 per cent in the second Plan period, *per capita* income rose by only 8.2 per cent and 9.8 per cent, respectively. Over the first three years of the third Plan, as against an increase of 9.5 per cent in national income, *per capita* income improved by a bare 2.4 per cent. The relatively slower rate of rise in *per capita* income has been due to leaping population growth. The rate (annual) of population growth, which was no more than 1.86 per cent in the first Plan period, spurted to 2.18 per cent in the second Plan period and further to 2.27 per cent in the first three years of the third Plan.

Taking the year 1963-64 alone, however, it is, indeed, gratifying to find from the "quick" estimates prepared by the Central Statistical Organisation that, in spite of the persistent rise in population, the increase in *per capita* income (at 1948-49 prices) was more appreciable than in the first two years of the third Plan; the actual increase in 1963-64 was Rs. 5.70, as against the negligible rise of 40 paise in 1962-63 and Re. 1.10 in 1961-62. This was not because of any sudden and sharp fall in the population growth rate but because of an improvement in some sectors of the economy and the consequent increase in national income. The "real" rise in the aggregate national income in 1963-64 was 4.3 per cent, as compared with 2.4 per cent and 2.6 per cent in the two previous years, respectively. The growth rate would not have been as high as it is but for the significant contribution to production made by factory and mining establishments which together accounted for a rise of as much as 9.1 per cent. This rise, incidentally, is to be attributed in large measure to the impetus provided by the Emergency following Chinese aggression in October-November 1962. Equally significant was the contribution made by communications (+8.7 per cent), railways (+7.8 per cent), organised banking and insurance (+7.9 per cent), and other commerce and transport (+4.4 per cent). These increases more than offset the poor progress in the agricultural sector which, as is well known, accounts for over a third—37 per cent to be precise—of the aggregate national product. The overall rise in this sector during 1963-64 was just 1.5 per cent. These figures underline the supreme importance of stepping up the production of both foodgrains and commercial crops. While higher foodgrains output is of vital importance to feed the growing population, higher output of commercial crops is necessary to ensure expansion of industrial production.

The total net rise (in real terms) in national income over the first three years of the third Plan (1961-62, 1962-63 and 1963-64) thus comes to 9.3 per cent, giving an average annual growth rate of 3.1 per cent which is well below the growth rate of 5-6 per cent envisaged for the third Plan period as a whole. It is a moot point whether the lag would be made good in the remaining two years of the Plan. The prospect would certainly have been higher if only the planners and the powers-that-be had accorded right priorities to quick-yielding projects in agriculture and industry. In particular, agriculture has not received the due attention it deserves in the implementation of development plans. The blame for the lag in agricultural production rests squarely with the State Governments which have so far failed to import into it a missionary fervour.

Higher production (agricultural and industrial), better transport facilities, improvement in communications, etc., though they are all urgent in all conscience, will simply not yield any sustained increase in living standards, unless the present phenomenal growth of population is checked effectively. Despite all the loud talk of population control all these years, the progress achieved has been little, as witness the higher rate of population growth referred to already. Finance is definitely not in the way of implementing the family planning schemes successfully. What has been lacking is the firm and right approach to the whole problem. It is, therefore, highly encouraging to learn from Prof. M. S. Thacker, a Member of the Planning Commission, who spoke at a meeting of the Central Family Planning Board in Bombay on Tuesday this week, that the Planning Commission would give the highest priority to family planning. The Commission, it is believed, has already decided to earmark Rs. 100 crores for family planning programme in the fourth Plan, as against the Rs. 27 crores provided in the third Plan, Rs. 5.50 crores in the second Plan and Rs. 65 lakhs in the first Plan.

Several economists and population experts in India as well as abroad have put forward in recent months a series of measures designed to check population growth. These measures

GROWTH AT A GLANCE

Year	Population (millions)	National income at 1948-49 prices (Rs. crores)	*Per capita* income at 1948-49 prices (Rs.)
1950-51	358	8,850	247.50
1955-56	391	10,480	267.80
Percentage variation (1955-56 over 1950-51)	+9.3	+58.4	+8.2
1960-61	434	12,730	293.20
Percentage variation (1960-61 over 1955-56)	+10.9	+21.4	+9.8
1961-62	444	13,060	294.30
1962-63	454	13,370	294.70
1963-64	464	13,940	300.40
Percentage variation (1963-64 over 1960-61)	+6.8	+9.5	+2.4

were considered by the Central Family Planning Board. At the end of discussions, the Board commended for acceptance certain valuable suggestions. They are:

1. The Central Government should undertake the production of all types of contraceptives as expeditiously as possible.

2. Sterilisation operations and other methods of contraception should be propagated and carried out soon after a couple has had their third child. The honorarium of Rs. 100 for 10 operations in one day offered to private surgeons may be continued. The approved organisations and vasectomy units may be allowed a payment of Rs. 10 per case for drugs and transport to meet their expenditure. The Centre should give 100 per cent assistance to State Governments for providing additional beds for sterilisation cases in hospitals.

3. The all-India organisations of employers and workers may consider the proposal to restrict maternity benefits in industrial establishments to a maximum of three confinements.

4. The age of marriage of girls must be raised to 18 years. (This plea stems from the belief that the fertility of girls within the age group 14-18 is generally very high).

These suggestions and the move of the Board to set up a committee to study the question of liberalising Abortion Law as a measure of family planning are quite sensible. We would only like to add that manufacture of contraceptives should not be a monopoly of the Government and that manufacturers in the private sector—there are already some—should also be given all possible encouragement. But one should not ignore the vital point that family planning is a complicated and delicate problem touching, as it does, human emotions. It may, therefore, be difficult to treat the family planning programme as a "crash programme" and implement it on a war footing. In any case, such a programme has to be preceded by proper, intensive education of the masses. The move of the Family Planning Board to appoint regional leaders to advise and guide district education leaders and intensify their activities is certainly a step in the right direction

MARKET GOSSIP

World Sugar

THE chances of India selling abroad sugar at attractive prices and without a loss have receded once again, at any rate for the time being. For the world sugar markets are currently depressed and indications are that they will continue to be so for some time to come. Sugar in London is now quoted (c.i.f.) at £38¼ (Rs. 513) per ton, as against as high as £91¼ (Rs. 1,220) early this year. The setback in prices has followed persistent selling pressure induced by fears of heavy selling by East European beet sugar producers, as well as by Argentina and Brazil. Thanks to beneficial rains throughout Europe, the sugar beet crop is expected to be a bumper one in the coming season (beginning on Tuesday, 1st September). World sugar stocks at present are no doubt much lower than those a year or two before. Even so, the possibility of a further fall in prices is not discounted. Whether or not such a fall will come about, sugar producers the world over are somewhat inclined to feel that "sugar has returned to more traditional levels after the excitement of the past eighteen months when it was twice above £100 a ton."

An event of some importance to the world sugar markets is the South African decision to terminate, with effect from 1st January next, its five-year agreement entered into with Britain, under which it has been selling Britain about 168,000 short tons of sugar annually since 1962 at a fixed price; this agreement was concluded in 1961 when South Africa ceased to be a member of the Commonwealth. Thereafter, South African sugar will be sold freely in the U.K. on the basis of the world market price and the British refiners will no longer need Government permission to import South African sugar. These refiners are currently importing (annually) more than half a million tons in excess of the sugar purchased under the Commonwealth Agreement. With the latest decision of South Africa, the sugar industry of Britain, it is said, will be made much more vulnerable to fluctuations in the world market than at present.

Note Of Cheer On Food

The Food Minister, Mr. C. Subramaniam, this week exhibits a face of cheer and confidence because he believes that the worst phase is over in the food situation in the short-term. His confidence is based partly on reports of good *kharif* crop prospects. He says that the scare created by various sections—the trade, political parties and newspapers—has been as much responsible for the atmosphere of crisis as the facts of the food shortage themselves. He does not absolve Government spokesmen of some responsibility in adding to the scare. Mr. Subramaniam pointed out, in an informal conversation, that even surplus States had tried to hold on to stocks and the deficit States exaggerated their demands, but he now thinks the process of unloading stocks has begun. Even in the worst affected area, West Bengal, the arrivals of grain into the markets have increased. The autumn crop in Bengal promises to be a bumper harvest, but, in Kerala, the other major critical area in the rice-eating region, fair-price shops had alleviated the sufferings to some extent. The Kerala crop is not good but Mr. Subramaniam thinks that the size of the problem in Kerala is not huge because the total population is not large.

The situation is still delicate in Maharashtra and Gujarat which have to depend on releases from the Central reserves until the zonal system can be ended. Mr. Subramaniam admits that the zonal system, which was intended to isolate the pockets of scarcity, has misfired by extending the problem of prices. The distortion in prices in the scarcity pockets has been reflected in areas of plenty also, with farmers holding on to grain as long as possible.

In fact, the zonal system added an edge to the crisis atmosphere. Mr. Subramaniam is clear in his mind that he will have to work his way to bring the zonal system to an end, but this cannot be done in the middle of the season, but only after the big wheat harvests are reaped early next year.

In the past eighteen months, according to Mr. Subramaniam, the wholesale food price index rose 22 per cent, against 27 per cent in the preceding ten years. Mr. Subramaniam does not believe that food prices can be pushed down very much. Stability rather than depression of prices, is his long-term aim. To an extent, Mr. Subramaniam believes in the thesis that recent food price increases have helped partly to make up the lag in prices of farmers' produce, as compared to increase in prices of non-agricultural commodities. Production and availability of more foodgrains alone cannot bring the prices of foodstuffs down, and Mr. Subramaniam explains that a fall in food prices will depend on the general economic situation.

As he has said several times since he took over the Food and Agriculture Ministry, the crux of the long-term problem is to ensure remunerative prices for the farmer. At present, the Food Minister estimates that the farmer gets around 60 to 65 per cent of the price paid by the consumer for foodstuffs. If the profit margin of the trader can be brought down, the farmer will get more, even if the consumer is not asked to pay more for his grain. In the transitional stage, perhaps, according to Mr. Subramaniam, some urban consumers may have to be supplied grain at subsidised prices. Without higher income for the farmer, Mr. Subramaniam thinks there will not be substantial improvement in agricultural production. He thinks it will be possible to reduce the margins for traders by reducing the number of multiple transactions between the producer and the consumer. To quote Mr. Subramaniam: "I do not consider a low price level as an indication of prosperity. Stabilisation of prices is important; a steady price level rather than periodic fluctuations."

A system of remunerative prices for the producer and a fair price for the consumer is better, in the Minister's opinion, than wholesale rationing. As for the operations of the State food trading corporation, the Food Minister gives the impression that he will feel his way through, rather than take precipitate action. The power for the corporation to take over stocks from wholesalers at prices notified in advance, the Minister thinks, will in itself act as a factor contributing to food price stability.

Foodgrains Target And Production Requisites

A production target of 120 million tons of foodgrains for the Fourth Plan is being talked about. The achievement of this target, based more on needs than on feasibility, will largely depend on the production and supply to the agricultural sector of items like credit, fertilisers and cement which are the basic requisites for the agricultural development in the country. Mr. Shriman Narayan, Member for Agriculture in the Planning Commission, who visited the States as the leader of the Central Agricultural Teams during May and June this year, has stressed the importance of this factor to the Government of India.

Expressing his disappointment about the shortage of cement for agricultural development projects like minor irrigation schemes, he said, "It is extremely painful to find that considerable quantities of cement are being used in both private and public sectors for constructing luxurious buildings when such agricultural programmes as minor and medium irrigation are suffering for want of cement supplies. These anomalies must be eliminated with a sense of emergency if we are really serious about stepping up agricultural output to check inflationary trends." He has estimated that at least six million tons of cement will be required for the agricultural sector to achieve the said target of foodgrains production. In order to assure the availability of this quantity for agricultural sector, he has recommended that general cement quotas for the States may be reduced, as the States give low priority to agricultural schemes in the matter of allocation, and separate quotas may be fixed for the allocation of cement for the agricultural sector. But it must be emphasised that, though the distribution system is important and the needs of agriculture must be given a high priority, Mr. Narayan's suggestion will be of no use even if it is accepted, if vigorous and effective steps are not taken to increase the production of cement in the country. As against the production of about 9 million tons in 1963, the target for cement production by the end of the fourth Plan period is contemplated at 24 million tons. Will Mr. Narayan support realistic policies designed to achieve such a high level of production for cement?

The position of fertilisers is also almost similar. Against the target of one million tons, the fertiliser production by the end of the third Plan is expected to be no more than 400,000 tons. Fertiliser plants take about five to six years to go into full production. This means that, in order to achieve the contemplated target of 2.2 million tons of fertilisers by the end of the fourth Plan period, plans for the installation of the new plants should be started immediately. If proper attention is not given to this aspect, Mr. Narayan feels that the production by the end of the fourth Plan may be only 1.2 million tons and, according to him, this factor alone would be sufficient to keep down the achievement of the food target of 120 million tons by 10 million tons. He has, therefore, stressed the need for much greater earnestness than has been evident so far in setting up fertiliser plants.

Planning for agriculture does not simply mean the laying down of targets for agricultural production. It is an intricate process involving the production of many other commodities, the production of which may, in turn, depend on many other factors. Unless a complete and integrated study is made of these factors according to the input-output analysis, the achievement of agricultural targets will be doubtful.

Raising Copper Production

India continues to spend quite a bit of its precious exchange on imports of copper. The actual imports during the financial year ended March 1964 amounted to over Rs. 27 crores, the quantity involved being about 108,000 metric tons (copper, alloys and scrap). Such heavy imports are necessitated by the yawning gap that exists between requirements and production. The estimated total demand at present is of the order of 140,000 tons per annum, whereas actual output is currently maintained at an annual rate of no more than 10,000 tons; production was around 8,700-9,600 tons in the past four years (from 1960 to 1963). The only producer of copper in India has all along been the Indian Copper Corporation.

The need to reduce heavy dependence on imports of copper and thus to save a large part of foreign exchange expenditure was recognised by the Planning Commission several years ago. The second Plan accorded a high priority to the 12,000-ton copper smelter at Khetri in Rajasthan. But no progress was made in implementing this public sector project and it was carried over to the third Plan. It is a pity that, although nearly three and a half years have elapsed since the

it was before. Many major issues are yet to be settled and none knows when the project will fructify. The project itself has undergone many changes and it is still being drawn and redrawn.

This is a glaring instance of faulty and defective planning. And it is also an instance of the way in which the public sector handles the projects *vis-a-vis* the private sector. *Meanwhile*, the Union Ministry of Steel and Mines is said to be preparing new plans to meet the demand for copper during the fourth Plan period—expected to go up from 140,000 tons at present to 250,000 tons in 1970-71. *The Ministry, it is reported*, has already initiated preliminary work on four copper projects with an aggregate capacity to produce about 58,000 tons annually. The total outlay is put at Rs. 39 crores. Details of the projects are:

Location	*Production capacity* (in metric tons)	*Estimated outlay* (Rs. crores)
Rekha road-Sideshwar blocks in the Singhbum District of Bihar ..	15,000	20
Kolihan near Khetri deposits in Rajasthan*	10,000	10
Guntur in Andhra Pradesh	2,000-3,000	1
Location not decided†	30,000	8

* The project is expected to materialise by the middle of the fourth Plan.

† This will be a smelter based on imported concentrates.

The successful implementation of the aforesaid projects and the expansion of the Indian Copper's capacity from 8,000 tons to 19,000 tons will depend greatly on the availability of copper ore. Since imports of ore concentrates entail foreign exchange spending, the need for augmenting production of copper ore, which has gone up only slightly from about 448,000 metric tons in 1960 to 474,000 tons in 1963, is imperative. Both the Indian Bureau of Mines and the Geological Survey of India should, therefore, intensify the search for copper deposits for giving this task a high priority. They should, if need be, import a sufficient number of foreign technicians.

Spurious Co-operative Societies

Inaugurating the Conference of Presidents and Secretaries of the State Co-operative Unions last week, Mr. S. K Dey, Union Minister for Community Development and Co-operation, announced the setting up of a committee, under the chairmanship of Mr. Ram Niwas Mirdha, Speaker of the Rajasthan Legislative Assembly, to go into the question of spurious co-operative societies, to make a probe into vested interests in the co-operative movement and to recommend measures to make the movement self-reliant. He said that, for the co-operative movement to be successful in this country, the co-operative societies should be self-reliant, depending on their own resources, instead of on governmental assistance. This means that co-operative societies should never run at a loss, but earn sufficient profits to pay a reasonable dividend to its shareholders and to build up resources. In other words, they should be run on business lines.

Before going into the details of the purpose of the Committee, a word must be said about its constitution. It is rather strange that the Speaker of a Legislative Assembly should have been nominated as Chairman of the Committee. According to democratic conventions, the moment somebody is elected as the Speaker of a legislative body, he rises above the controversy of party politics and ceases to be politically controversial. If such a person is the head of a committee, the recommendations of which may create a controversy between the various political parties, he will undermine the prestige of the *portfolio* which he holds. The need for avoiding such a situation is all the more greater in the context of the growing lack of confidence in the Chair, as is evident from the recent episodes in some of the States. Obviously, for the Government of India, it is one thing to proclaim from the housetops its adherence to the principles of democracy, and quite another to observe these principles in actual practice.

This political aspect apart, let us see what has been the extent of the spurious nature of co-operative movement and what are the factors responsible for it. It may be appropriate to reproduce here some data released by the Reserve Bank of India regarding the working of co-operative societies. Although the latest figures available pertain to only 1961-62, they do give a good idea of the deplorable conditions of working of co-operative societies and the spurious element in the movement. At the end of 1961-62, there were 341,841 co-operative societies in the country, of which about two-thirds were agricultural credit societies. Whereas about one-fifth of the agricultural credit societies were inoperative, another one-third were found to be working unsatisfactorily. In the case of consumers' co-operative societies, whereas a third were having no earnings, another one-third were running at a loss.

The question of questions is this: How was it possible for spurious elements to enter the co-operative movement, in spite of the so-called vigilant eye of the co-operative departments? The V. L. Mehta Committee recommended in its report that the optimum coverage of a co-operative society should be about 3,000 persons or 600 families. But, in India, a large number of co-operative societies are of very small size. Did the co-operative departments verify the size of these societies before they were authorised to function in the co-operative field? Secondly, as stressed by Mr. S. K. Dey, the Minister for Co-operatives, whose responsibility for the sad plight of the co-operative movement cannot be denied, a successful co-operative society should be self-reliant, depending on its own resources instead of on governmental aid. Did the co-operative departments ascertain the element of self-reliance before sanctioning a large number of agricultural credit societies or did they feel that the primary function of such a society is to sanction loans and their recovery is only of secondary importance? And thirdly, as has been recognised by every co-operator, the basic principle for the success of a co-operative movement is that it must not only be voluntary, inspired by the people themselves, but they must also be responsible for its management and efficient working. Did the co-operative departments verify the existence of these elements before sanctioning a co-operative society, and did they ascertain that the right type of leadership, which is so essential for a voluntary movement, was available to run the societies?

The fact of the matter is that the powers-that-be themselves encouraged the spurious elements to get into the co-operative movement by relaxing the fundamental conditions for recognising a co-operative society and by offering all sorts of concessions denied to self-employed businessmen and agriculturists. To enlarge this point a little further, the size of many of the co-operative societies in this country is very small, so small that they are not economically viable. The movement is inspired and propped up by the Government. In many parts of India, it is given a political colour which tends to keep out honest, decent and selfless workers. Further, the Government interferes in the day-to-day working of societies. It provides fiscal temptations to the people to start a co-operative society. Those who are not willing to work hard for their livelihood and are in the good books of the authorities, start a co-operative society and gain not only political importance but also monetary benefits. But it is human nature for anyone to try and take advantage of the opportunities which come his way. To blame these people for the failure of the co-operative movement and to call the societies floated by these people as spurious is to ignore the basic causes that led to the coming into existence of these societies.

It is high time the Government realised that, howsoever it may support a co-operative society, if the people do not take any direct interest in it, it can never be a success. What is required is that, instead of thrusting the co-operative movement on the people and providing fiscal temptations to them to join it, the Government should try to inculcate the co-operative spirit in the people, so that, gradually, the voluntary character of the movement may be strengthened. Naturally, it will take some time to inculcate this spirit, but it must not be forgotten that a successful co-operative movement cannot be developed in a matter of few years. It is not suggested that no incentives at all should be given to the co-operative movement. Only, they should be subject to a sense of proportion and provided only after making sure that the societies concerned are really genuine. This calls for an efficient and honest administrative machinery. If the attitude and character of Governments are not above reproach, the co-operative movement will be full of blemishes.

The recent directive of the Prime Minister to start a large number of consumer co-operative societies should be considered in the light of these facts. The Ministry-in-charge of Co-operation at the Centre feels that, unless it has an active role in the processing of agricultural goods, the consumer co-operative societies are not likely to succeed. It wants that, to start with, the rice mills in the private sector should be transferred to the co-operative sector. This approach seems to have been inspired by the success of the movement in the processing of sugarcane and some of the agricultural commodities in Maharashtra. But a factor which played an important part in the success of the movement in this State has been the availability of inspired and well-informed leadership which most of the other States cannot boast of. The suggestion, however, ignores the incapacity of the co-operative sector, in general, to handle the huge task of rice milling all over the country. Past experience shows that a remedy of this type will *not solve the food problem*. The chances are that scarcity may become more acute and magnified when all the three groups of processors, that is, individual millers, co-operative societies and the Government which also proposes to enter the field, compete with one another to get the maximum share in the common pool of production. Moreover, the co-operative societies will require large amounts of funds as aid from the Government to run the rice mills. In view of the chronic scarcity of funds with the Government, such a step is not advisable. The basic need for solving the food problem is a rise in production and it would be better for the Government to utilise its scare resources for providing more irrigation facilities, better seeds, fertilisers and improved varieties of tools than to invest in co-operative societies.

Terylene In Britain

Encouraged by the growing world demand for Terylene, the Imperial Chemical Industries Ltd. of Britain proposes to augment the production capacity of its Terylene plant by 25 per cent, that is, from 80 million lbs. to 100 million lbs. per year. The plans for expansion were announced in London last week. Details regarding capital outlay involved in expansion and date of completion have not been given. It is, however, stated that the expansion will add several million pounds to the £60 million which the I.C.I. has already invested in Terylene since it was first produced nine years ago (in 1955). The new project will help boost production of staple fibre used in blends with wool and cotton, as well as tow, by making use of the continuous polymerisation process developed recently by the I.C.I.'s Fibres Division and a U.S. firm.

Sir Isaac Newton held that gravity is a force, whereas Einstein regarded it as a property of space, which he believed was curved. But they had one thing in common. Both the Law of Gravitation and the Theory of Relativity were put down on papers for the consumption of knowledge-hungry world.

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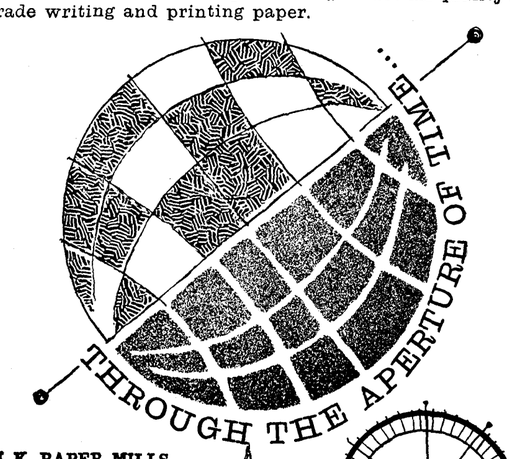

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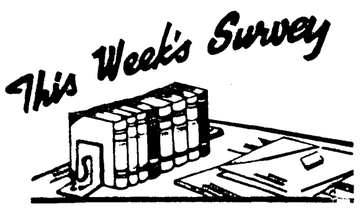


TWO COMMITTEES FOR JUTE TEXTILES

THE Government ofo India has announced this week the setting up of two special bodies for the jute industry. One of them is the Jute Textiles Consultative Board and the other is the Jute Export Promotion Advisory Committee. The terms of reference of the former are quite broad and comprehensive, covering as they do the entire gamut of jute industry, while those of the latter are restricted to the export trade only. Thus, the Consultative Board has been entrusted with the task of advising the Government on the steps to be taken to develop the jute industry in all its aspects—production, distribution and exports of jute goods, import and export of raw jute, procurement of raw materials, machinery and accessories required by the industry, and matters relating to research. The functions assigned to the Export Promotion Advisory Committee are: to act as a channel of communication between the Union Government and the jute industry; to make recommendations regarding the best means and methods of expanding jute goods exports to traditional and non-traditional areas; to promote interest among manufacturers in the expansion of overseas sales; to advise the Government on measures of export assistance (including the formulation and implementation of export promotion schemes); to effect co-ordination in the matter of jute goods exports for the entire range; to enforce quality control in co-operation with the industry and shippers; and to render any other assistance to exporters as may be considered necessary. This Committee is empowered to appoint sub-committees and panels of experts to deal with special problems.

Since the terms of reference of the Consultative Board are very comprehensive and considering that its advice will greatly influence the shaping of jute textile policy, the decision of the Government to make it a high-powered body is only as it should be. The Board will be presided over by the Union Minister for Commerce, Mr. Manubhai Shah himself. The other members include Mr. S. V. Ramaswamy (Deputy Minister for Commerce) who will be the Vice-Chairman, the Secretary and Additional Secretary to the Ministry, a nominee of the Food and Agriculture Ministry, Jute Commissioner (Member-Secretary), Chairman and three representatives of the Indian Jute Mills Association, a representative of the Calcutta Jute Fabrics Shippers Association, and a representative of labour in the jute industry. The Export Advisory Committee will be headed by the Jute Commissioner and consist of the Joint Secretary to the Union Ministry of Commerce, four members representing the I.J.M.A., and Chairman and a representative of the Jute Fabrics Shippers Association.

The appointment of the two above-mentioned bodies, as well as the constitution of the Central Committee for Jute Development announced early last month, signifies the recognition, by the Government, of the imperative need for ensuring speedy and healthy development of the jute industry. The recognition is to be widely welcomed in the context of keen competition from Pakistan, not to speak of the growing popularity of alternative packaging materials and bulk handling methods. Unless energetic action to counter this competition, not by means of special subsidies or some other counter-measures but through improvement in the competitive capacity of Indian goods, is initiated in the near future, the jute industry will not be able to fulfil the fourth Plan targets (tentative) assigned to it. The targets fixed to be achieved by 1970-71 are 1.70 million tons for production and Rs. 180 crores for exports, as against 1.23 million tons and Rs. 157 crores, respectively, in 1963-64 (third year of the third Plan). Viewed thus, a heavy responsibility is cast on the Consultative Board, the Export Promotion Committee and the Central Committee for Jute Development. The findings of these special bodies, one hopes, will form the basis for the formulation and implementation of a rational policy for jute industry in the coming years.

Inasmuch as the jute industry is an export industry—almost three-fifths of its production is sold abroad—and raw jute accounts for well over half of the industry's production costs, India's ability to compete in the world markets for jute goods will naturally depend on the adequate availability of quality fibre at a reasonable price. This aspect was pinpointed by both Mr. A. D. Ogilvie, President of the Associated Chambers of Commerce, and Mr. R. H. Morrison, Chairman of the I.J.M.A., during the discussions at the recent meeting of the Board of Trade. As Mr. Morrison rightly remarked, the Government should ensure the conditions necessary for securing higher productivity from jute lands, in terms of not only yield but also quality. Such higher productivity will obviate the need for inflating raw jute prices.

PLANS FOR PETROLEUM INDUSTRY

India's imports of crude oil and petroleum products crossed the Rs. 100-crore mark in the fiscal year 1963-64. They amounted to Rs. 104 crores, to be precise, as compared with Rs. 88 crores in 1962-63. This rising import bill, which, incidentally, is a consequence as much of the delay in constructing the public-sector refineries as of the Government's disinclination to permit the three private-sector refineries to expand further, constitutes a big drain on the country's slender foreign exchange resources. An annual saving of at least Rs. 25 crores in foreign exchange could have been effected by now, if, instead of importing Rs. 58 crores worth of petroleum products, the Government had allowed private refinery expansion so as to process an additional Rs. 33-crore worth of crude. It is not too late even now to do the right thing. but the Government seems to be in no mood to learn the right lesson from its past mistake. For, how else can one explain the reported proposal of the Union Ministry of Petroleum and Chemicals to authorise expansion of private refining capacity by an aggregate of up to 2.5 million tons *only in the last year of the fourth Plan or in the first year of the fifth Plan*?

The Ministry's tentative programme for the development of petroleum industry in the fourth Plan period, incidentally, envisages the creation of an additional refining capacity of 12 million tons so as to take the country's total refining capacity to 30 million tons per annum in accordance with the official demand projections upto 1971 for motor spirit, kerosene, high-speed diesel oil and other products. This is on the basis that the combined capacity of the four private refineries, the public-sector refinery at Gauhati, and the three public-sector refineries under construction at Koyali (Gujarat), Barauni (Bihar) and Cochin (Kerala) would come to 18 million tons. Of the proposed additional capacity of 12 million tons. three new State-owned refineries—one each at Madras, Haldia and Kandla—will, we are told, account for a total of 7.5 million tons, further expansion of Gujarat and Cochin refineries for upto 2 million tons and expansion of three private refineries, namely, Burmah-Shell, Esso and Caltex, for up to 2.5 million tons. On paper all this planning seems to be quite in order. But the snag is that, even as the third Plan is not going to achieve the public sector refinery target, the fourth Plan, too, may end with a substantial shortfall in its public-sector target of 9.5 million tons, thereby involving a larger cumulative shortfall on account of both the Plans.

What is worse, if the private refineries are not going to be allowed to expand before the last year of the fourth Plan or the first year of the fifth Plan, the actual aggregate capacity in both the public and private sectors will be very much less than the 30 million tons envisaged for 1970-71. In any case, what guarantee is there that the expansion prospects of the three private refineries would not be adversely affected by a possible later stand that two public-sector refineries in Gujarat and two such refineries on the East Coast would be sufficient in the context of demand in their respective areas? Such an element of uncertainty in the matter of private refinery expansion will certainly not be in the interests of the country's oil economy. In fact, the Government's stubborn refusal to date to countenance this expansion is already having its detrimental effects all round. As an entirely new refinery would involve a much higher capital cost than the equivalent expansion of an existing refinery, there is a compelling case for permitting private refinery expansion here and now. The case derives added strength from the consideration that the foreign exchange cost of such expansion could be entirely met by the refineries themselves. Now that the third Plan's public-sector refinery projects are being delayed, it would be prudent and farsighted to do now itself what is proposed to be done in 1970 or 1971 under possibly more depressing circumstances.

PACKAGE PROGRAMME IN LUDHIANA

During the last three years of intensive Agricultural District Programme, popularly known as the Package Programme, there has been a significant increase in the area, yield and production of wheat and groundnuts in Ludhiana District of Punjab. The table below shows the progress that has been made:

	1960-61	1963-64
Wheat :		
Production (lakh maunds)	45.41	76.39
Yield per acre (maunds)	16.90	23.70
Gross value of production (Rs. crores).	7.28	12.60
Groundnuts :		
Production (lakh maunds)	6.75	15.21
Yield per acre (maunds)	10.09	14.30
Gross value of production (Rs. crores).	1.54	3.56

Note :—One maund=37.32 kgs. or 82.28 lbs.

It will be observed from the figures quoted above that production of wheat rose by 68 per cent during the three years, against the contemplated increase of 50 to 60 per cent during the entire five-year period of the operation of the Programme. The rise in yield per acre was over 40 per cent and in the gross value of wheat production as much as 73 per cent. As regards groundnuts, the growth was still better. Whereas production increased at a remarkable rate of 125 per cent, yield per acre improved by 42 per cent and the gross value of production by 131 per cent. In spite of the fact that two of the three crop years were unfavourable to wheat crop, the cumulative economic gain from these two crops during the last three years has been Rs. 12.50 crores, which is over 30 times the expenditure of Rs. 40 lakhs, excluding loans, incurred on the Package Programme in the district.

The rise in production noted above is attributed to the preparation and implementation of farm plans, larger consumption of fertilisers and adoption of the method of producing two food crops from the same field during the year. The intake of fertilisers increased from 5,590 tonnes in 1960-61 to 24,000 tonnes in 1963-64. The use of superphosphates, which play an important part in raising wheat production, increased from a mere 360 tonnes to 6,000 tonnes. The farmers have adopted the rotation of hybrid maize followed by wheat and thus grow two food crops in the same field. As maize has to be fertilised heavily, the residual manure which becomes available in the field after the harvesting of crop, is taken advantage of by wheat crop.

The importance of what has been stated above cannot be exaggerated. In the context of continuing shortage of food and raw materials and the failure of Government's agricultural policy to increase production in the country, there are a few factors which the planners must note before laying down the plans for agricultural development for the fourth Plan period. It will be seen from the figures above that money, though important, does not play the conclusive part in raising agricultural production. This may be seen from the fact that, with an expenditure (excluding loans) of Rs. 40 lakhs only by the Government on the Programme, it was possible to raise the production of wheat and groundnuts substantially and that, during the short period of three years, the yield increased by over 40 per cent. It may be noted that India's food deficiency is only marginal and even with a lower increase in yield per acre than the one experienced in Ludhiana, the country can become self-sufficient and may even be able to export a considerable quantity of food. What is important to gain this objective is that individual attention should be given to each farm or at least to each farming village and the farming requisites should be supplied to the farmer in adequate quantities and at proper time. Even more important is that the farmer should be made aware of what these improved farm practices can do, namely, larger production, more money and better living standard. He should be made conscious of his capability to raise production and the defeatist attitude that has been so dominant in the country these days should give way to optimism. This change in outlook is possible only when the Government itself displays the production-raising demonstrations in every village and on the field of the farmer under conditions almost similar to those which are prevalent in the villages and under the limitations which the farmers have to face. A few demonstrations here and there, away from the field of the farmer and under conditions not identical with those in the villages, create a suspicion in the mind of the cultivator and are not conducive to success.

The top-heavy planning under which ambitious targets are laid down by the planners while sitting in the air-conditioned rooms of the Sachivalayas—both for expenditure and production—is not going to solve the food problem. There is an urgent need to bring planning to the village level, so that it may be possible to give adequate attention to requirements of every village to raise production.

U.S. ATOMS-FOR-PEACE PROGRAMME

Two developments of significance to the Atoms-for-peace programme have taken place of late in the United States. One of these pertains to the basic revisions in the 1954 Atomic Energy Act, approved by the U.S. Congress last week. The purpose of such revisions is to give American industry the right to own fissionable materials and make it easier for other nations to obtain U.S. fuel for atomic power stations. Under the 1954 Act, it will be recalled in this connection, American domestic operators of nuclear reactors had to lease fuel from the Atomic Energy Commission and other nations had to negotiate specific barter arrangements with the A.E.C. each time they wanted enriched uranium to re-fuel power reactors. Thanks to the present amendments, American operators will have the right to buy nuclear fuels outright and own them, while foreign nations will have a longer-term support of U.S. fuel for power reactors through a continuing uranium-enrichment service within the A.E.C. As many private enterprises in the U.S. and some 30 foreign nations depend on the A.E.C. for nuclear fuel supplies for research or power reactors, the latest changes in the basic U.S. Atomic Energy Law are bound to give a fillip to the Atoms-for-peace programme throughout the world.

The other significant development is the successful testing of Experimental Breeder Reactor II (E.B.R.-II) which has just generated its first electricity—8,000 kilowatts—at the A.E.C.'s Idaho Falls station. It is said that this particular type of reactor is the forerunner of commercial atomic stations that will produce more fuel than they burn. E.B.R.-II thus represents another milestone in the longer-term programme to get cheap, plentiful electricity with the aid of the atom. This facility is expected to furnish the technology and engineering know-how to build a prototype breeder power station in 1968. Experience with the prototype, according to the A.E.C., should lead to the construction of a full-scale commercial breeder station for supplying plentiful and inexpensive electricity by 1980. E.B.R.-II, incidentally, differs in three important respects from other experimental and commercial atomic power stations, numbering 14, which now supply more than one million kilowatts of electricity in the U.S. Firstly, it uses no moderator, such as water, to slow down the fission reaction within the core. This unrestrained chain reaction produces an enormous build-up of neutron particles that must be contained within the core while they are put to useful work. Secondly, the fuel core in E.B.R.-II is surrounded by a blanket of Uranium-238 which, in its natural state, is not burnable as fuel. Neutrons are permitted to bombard this Uranium-238, transforming it chemically to plutonium which is burnable (fissionable) as fuel. And, thirdly, the breeder uses liquid sodium, instead of water, to remove heat from the core. This heat is piped off to make power as in conventional thermal plants, that is, by feeding it through turbo-generators.

Although the U.S. is already producing economic atomic power in high-cost regions in the north-east and on the west coast and the six larger private units under construction or consideration in that country for an aggregate capacity of 2.5 million kilowatts are confidently expected to be competitive over their lifetime with conventional electric plants *anywhere*, the goal of cheap and unlimited atomic electricity is yet far away. The attainment of this goal has to await the ultimate in reactors, the breeder like the E.B.R.-II, which is now only in the experimental stage—a stage that is expected to continue up to 1968 when a prototype breeder power station is scheduled to be built. But, as has been indicated already, both the United States and the world have a long way to go before they can produce cheap electricity on a large scale with the aid of breeder reactors. The first full-fledged breeder station itself is expected to be in operation only after sixteen years from now.

EXPORT PROMOTION

On the basis of the Rs. 5,100-crore export target (at the currently ruling prices, we presume) fixed for the fourth Plan, the average annual value of exports during the five years from 1966-67 to 1970-71 will be of the order of Rs. 1,020 crores. Although this figure is markedly higher than the actual exports of Rs. 798 crores in 1963-64 and the average annual exports of about Rs. 716 crores in the first three years of the current Plan, it is not difficult of achievement, provided sustained efforts are made from now alone to improve the competitive capacity of Indian goods in world markets. What these efforts are were impressively highlighted by Mr. Murarji J. Vaidya, the Founder-President of the Indian Council of Foreign Trade, when he addressed the eleventh annual general meeting of the Council in Bombay last week-end. The programme of planning for export promotion which Mr. Vaidya commended for acceptance once again is based on the following five measures:

(*a*) Greater attention to the expansion of our agricultural products;

(*b*) greater utilisation of existing indigenous industrial capacity for capital goods;

(*c*) fuller utilisation of our productive capacity for consumer goods and durable goods;

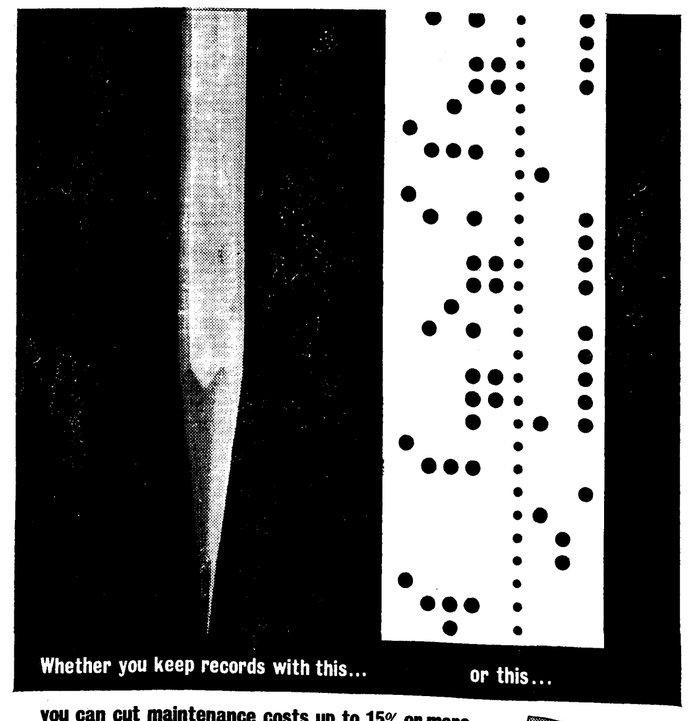
(*d*) judicious and balanced reduction of our imports by resorting to a greater degree of processing in the country and importing the same goods required by our industries and importers so far but which have not undergone the same extent of processing abroad; and

(*e*) a scheme of automatic export incentives in the place of the present integrated system of export incentives.

The first three suggestions are unexceptionable. But the fourth suggestion is somewhat vague and confused. One wonders how exactly the implementation of this suggestion will help step up exports. As for export incentives (and indirect benefits), Mr. Vaidya himself admitted that these could only be viewed as temporary measures, for, "ultimately, it will be our ability to reduce our cost of production that will ensure the continuous expansion of our export trade." Needless to say that such a reduction in cost can be brought about only by increased production (industrial and agricultural), a cut in the overall burden of taxation and steps to check the rising trend of prices, especially of industrial raw materials. Appropriately enough, Mr. Vaidya cited the example of countries like Japan which have counteracted inflationary pressures by greater productivity and increased output through the adoption of improved machinery and processes.

TEXTILES COMMITTEE

A 30-member Textiles Committee, with Mr. R. G. Saraiya as Chairman, has been set up by the Union Government "to carry out the purposes of the Textiles Committee Act, 1963." The Committee is a corporate body vested with large statutory powers to ensure the quality of all textiles, whether made wholly or partly of cotton, wool, silk, art silk or fibre. Generally it will ensure standard qualities of textiles for internal markets and export purposes, undertake, assist and encourage scientific, technological and economic research in the textile industry, promote exports of textiles and machinery and carry out propaganda for that purpose. It will specify the type of quality control or inspection and inspection of textiles at any stage of manufacture.



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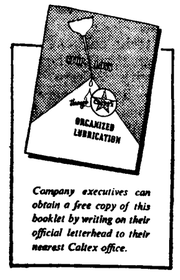

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DELHI LETTER

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From Our Special Correspondent

NEW DELHI, 25*th August*

IN the issue of *Commerce* dated 9th May 1964, this correspondent commented as follows on the Soviet aid offer for the Bokaro project:

"On May Day, the Steel Minister made the dramatic announcement that the Russians would *underwrite* the Bokaro plant and *adopt the Bhilai style*.... Despite all the tall talk, the going has been hard on Bokaro in trying to go it alone. The task of co-ordinating construction, with equipment to be ordered from numerous firms all over the world, would have been immense. The experience in Rourkela has been bitter enough. ... The Bhilai style for Bokaro means that the Russians will tackle the one-and-a-half-million-tonne stage on a *turnkey basis*.... The Russians certainly will be agreeable to making use of more indigenously fabricated equipment, particularly since the largest supplier of such equipment will be the heavy engineering plant established with Soviet technical and financial assistance."

To put it in a nutshell, the general principles governing the Soviet attitudes towards helping the construction of the Bokaro plant have undergone no change, whatever the imaginative interpretations made or the expectations unfolded by Indian technical experts inside and outside the Steel Ministry since May. The change of the Minister in charge of the Steel Ministry in itself has not meant fundamental changes in attitudes, because, phraseology of public statements apart, the basic policies in relation to Soviet or other aid are influenced by detailed discussions among various Cabinet Ministers and not subject entirely to the personal whims of one Minister or the other. It is true that the Finance Minister, Mr. T. T. Krishnamachari, has held views on the Bokaro project which have been at variance on occasions with those held by the former Steel Minister. It is also possible that the recent somewhat sensational disclosures about Soviet Demands (later denied officially) may have been inspired by those who have shared some of Mr. Krishnamachari's views on heavy projects.

A colourful description of the difficulties in Bokaro project negotiations would be to say that they relate to pride and prejudice—national pride over the expected capability of Indian technicians and prejudice on the part of foreign experts over the limitations of Indian technicians' capacities. Bhilai was created as a Soviet aid image; the ambition, which was shared by Mr. C. Subramaniam, was that Bokaro should essentially produce an Indian image with the Russians or someone else acting as the midwives. The Soviet thinking is naturally that the new steel baby should exihibit distinct Russian parentage. The Russians need not be blamed for wishing to ensure that the Bokaro baby is not delivered as a sick infant like Rourkela was. The Russians have not gone out of the way to decry the value of the work done hitherto on Bokaro planning by Dastur and Company; at the same time, the Russians obviously do not think that Indian designers' capacity has matured enough to handle the basic aspects of the Bokaro plant. The Russians want to be the final arbiters on the stage-by-stage decisions on how far Indian technicians are to be associated with the Bokaro project and at what levels. The premise that the man who issues the cheque calls, the tune need not necessarily be branded as purely capitalist. It is foolhardy to accuse the Russians of being stubborn; they are being realistic.

It is now clear that the Soviet assessment of Indian technical capabilities is not very different from that of the Americans who were connected with Bokaro investigations. Incidentally, the Russians are understood to have had discussions with an Austrian firm which makes the equipment for the L D process which is to be adopted at Bokaro. The Hindustan Steel Limited holds the Indian licence for the use of the L D process in the country. Although there is to be a separate organisation for the Bokaro project and there may be other tie-ups for other steel plants, Hindustan Steel will be in the picture as far as the L D process is concerned.

Supersonic Issues

As the Russian experts and the Indian counterparts hammer out a solution for the differences on administrative and technical control over the Bokaro project, the Defence Minister, Mr. Y. B. Chavan, will be engaged in another series of discussions of crucial importance. It is now two years since the Russians agreed in principle to help the Indian Air Force equip itself with supersonic striking power. Here, again, the essential factor is the judgment of the Russians or other foreign aiders on the Indian technical capabilities in venturing into large-scale aircraft manufacture. And here, again, the Western powers. from the very beginning, have adopted a policy which puts a damper on Indian ambitions to build up her capacity to strike in the air. While refusing to supply the type of sophisticated fighter-bomber aircraft which the Indian defence forces are keen to have, the West has at the same time carried on a quiet campaign to persuade India to withdraw from the deal with the Soviet Union to make MIG fighter planes in the country. India could, perhaps, afford to go slow with the MIG project if the United States made a firm promise to supply modern planes.

Recent reports from the United States about the possibility of Western collaboration for an engine for the Bangalore-made HF-24 has been coupled with suggestions that it would be unnecessary for India to go ahead with the MIG project. HF-24 was originally designed to be flown with a British-designed engine. The collapse of the arrangement with Bristols had nothing to do with political considerations; it was a question of India being reluctant to invest the amounts needed for the development of a suitable engine when other parties originally interested in the engine dropped out. Soviet engines were thought of as an alternative to the British engine but the use of Soviet equipment would have meant radically redesigning the engine frame of HF-24. British and American experts, who, recently visited India to study the problem of the engine for HF-24, have naturally reported that they could build an engine for the aircraft. Rolls Royce already has arrangements to help engine manufacture at the Bangalore factory of Hindustan Aircraft Limited. There is no reason why the Indian Defence Ministry should not pursue a *commercial* deal with Rolls Royce to design new equipment to power the Bangalore-designed plane.

The question of tying up the Bangalore project with the MIG venture comes up, because the Defence Ministry thinks in terms of semi-governmental aid for the aero-engine. The problem will be simplified once the Government takes a decision to enter into a commercial contract with a British or French firm which can design the engine.

The Shastri Style

Mr. Nehru's method of operations often consisted of direct conversations with a Secretary or Minister to arrive at decisions. The other Ministers were often ignorant of the reasons for the decisions and sometimes did not even know that certain important decisions had been taken. From the record of actions so far, Mr. Lal Bahadur Shastri appears to think in terms of allowing for greater interplay of forces among the various Ministries. He has at the same time made it clear that he will not hesitate to lay down the law when he thinks there is need. His directive to his colleagues that there should be immediate attention paid to economies in public expenditure is a straightforward and direct approach and he is not willing to enter into a debate at this stage on the perspectives of the fourth Plan. He refused to enter into a discussion of dogma raised in the letter written by the communist M.P., Mr. Bhupesh Gupta. Mr. Shastri has touched on the basic premises he has in mind, and says in his reply to Mr. Gupta: "It is *not* my view that there is a contradiction between the setting up of heavy industries and the promotion of well-being of the masses. But, clearly, there has to be some kind of a balance between outlays on heavy industries and outlays on measures which bring immediate benefit to the common man." Mr. Shastri is clear in his mind that sufficient attention has not so far been paid to the creation of such a balance. He explains that "the development of heavy industries is not to be assessed in terms of foundation-stones laid but in terms of output derived." Some of the laborious formulations hitherto done at Yojana Bhavan are no doubt being blown off by the new wind.

LONDON LETTER

THE CHANCELLOR IS PUZZLED

(From Our Own Correspondent)

LONDON, 22*nd August*

"TRADE Gap narrows" screamed the evening paper headlines in unison this mid-week and the hot and holiday-making Britons relaxed in the satisfaction that all was well after all, their standard of living was secure and the Conservatives were not such bad chaps and maybe ought to get back into Government again. When is the rude awakening going to come? The Chancellor has helped already in one of the frankest television interviews ever given to the British public. Only one more set of trade figures can be given to the country before it goes to the polls and there is no doubt that many a fervent prayer will be uttered that it may be good.

The good news about the trade gap was that from the near-record adverse figure of £62 million in June, it had narrowed down to the grim figure of £39 million. But, for the whole first quarter, the adverse balance was £36 million per month; for the second quarter it was £45 million; for the first half-year, it was £40 million per month and for July it was £39 million per month! It will have to improve a good deal more than £1 million per month before the complacent holiday-maker can be sure his standard of living won't be cut.

It is now possible to make an assessment of the balance of payments for the year to date: against imports of £2,448 million for the first half-year, exports and re-exports were only £2,206 million, giving an adverse balance of £242 million. Against this, invisibles produced about £85 million (the average of 1963), so that the final adverse balance on current account was £157 million. For the seven months including July, it can be estimated at £180 million and for the year as a whole on present trends it would be £300 million.

Outflow of Long-term Capital

Allowance must be made for the outflow of long-term capital: for the first half of this year, it is estimated at £150 million and the National Institute Economic Review forecasts £100 million for the second half-year. However, there are the imponderables which over the years work out as favourable and may be allowed for as £60 million positive to set against the capital outflow. (Actually for the first half-year these imponderables were exceptionally favourable which helps to account for the fact there has been no trade pressure on sterling, but, in the second half-year, they could easily be adverse as they were in 1963.)

So to the current adverse balance estimated at £300 million for 1964 must be added £190 million on capital account, giving a total adverse sum of £490 million. Up to now, support for this monetary outflow has been found from the rise in overseas sterling area balances.

What of the future? The National Institute Economic Review assumes that the visible balance will not continue to stay intractable as the upsurge in imports dies down. Even so, it estimates a deficit on current account for the first half of 1965 of £200—£250 million *less* invisibles say £100 million—thus net £125 million. But, with the allowance for long-term capital, this would become £200 million adverse for the half-year and maybe £400 million adverse at the most for the full year or, perhaps, only £300 million, making the most optimistic assumptions all round.

Adverse balances totalling £800-£900 million over two years are supportable with enough central bank assistance, but, clearly, there is no future in such vast overspending, even if £300 million or so represents investment. Naturally, the Chancellor is being asked what he thinks about it all. And this is when he has admitted that he is puzzled and does not know why our exports are lagging so far behind. For such improvement as there was in the July trade figures did not come from better exports but from worse exports coupled with a heavier drop in the import bill. Industry is confident, says Mr. Maudling; orders are flowing in. Why then aren't the figures better? Can it be that exports are just not competitive enough?

Whatever the reason, Mr. Maudling will not admit a crisis. He will not (to his credit) cut back demand—maybe the thought of the coming election has to do with this. No, he just couldn't make out what was wrong. He was asked about import controls and he made the staggering answer that he had no doctrinal objection to such if they could be shown to do the job. Mr. Wilson who has even less doctrinal objection to import controls can plead that he could make them do the job even better than Mr. Maudling could. If he thinks he can undercut Labour criticism by such an admission, he may find that he has launched a boomerang.

Output is holding up at a 4 per cent rate and the malaise with the economy on the surface is only in the export field. But, of course, this reflects something deeper. Mr. Maudling says he must have an incomes policy. The electorate may consider whether he or Mr. Wilson may be better able to achieve it. Competitiveness is going to be the watchword, but, before long, some Government is going to have to turn the word into reality!

TECHNOLOGY TAKES BRITAIN INTO EUROPE

By Questor

THE European Community is at bottom a political grouping, and it was mainly because of General de Gaulle's doubts about Britain's political loyalties that the Brussels negotiations finally broke down. But the purely economic arguments in favour of British entry, which were widely canvassed among businessmen at the time, are obviously valid. Europe can succeed in standing up to U.S. competition under conditions of reasonably free trade only if it creates a home market large enough to offer similar advantages of scale to the highly-capitalised manufacturer.

This is most plainly true in fields which involve advanced technology, particularly where the technology is of a kind more or less Government-subsidised as in the U.S. by the requirements of the defence programme. Britain has run up several times recently against the impossibility of standing up alone in such fields against U.S. competition.

First, there is the case of computers. The British computer industry was over-supplied with different models and is now rationalising iteself, but it will still find it difficult to hold out against I.B.M. I.B.M. is in an almost uniquely strong position, perhaps, but no European country wants to be dependent for expertise in this rapidly-growing sector entirely on America—General de Gaulle, it will be recalled, made a big fuss before he allowed General Electric to take an interest in Machines Bull.

Then there is the case of nuclear reactors. Lacking domestic resources either of oil or of really cheap coal, Britain has been building nuclear power stations to supply electricity for some years past and is now planning to build a new generator whose costs, it is hoped, will be competitive with those of fossil fuels. Britain has a promising reactor type, developed at considerable expense by the Atomic Energy Authority and working well, a development of the type which is already operating successfully.

But the situation has been complicated at the last moment by the fact that U.S. firms, anxious to establish themselves in the British market, are offering to supply a different type of reactor at a capital cost much reduced by proposed standardisation and mass production. So far as nuclear-powered ships are concerned, again, where the prospect of competing with oil is much more distant, there is a choice between continuing with an Anglo-Belgian reactor or buying a much less advanced but cheaper U.S. type.

Aircraft are another case in point. Britain has just had a major political row over the orders placed by the national airline, B.O.A.C., for British-built VC-10s. These orders were necessary if the British aircraft industry was to continue producing a long-range jet, and the VC-10 is a first-class piece of engineering. But the Boeing 707 is now so firmly established that the VC-10 will get few export orders and B.O.A.C. may well be entitled to demand a subsidy of some kind for operating it.

Again, the projected cost of the Concord supersonic jet airliner has already risen sharply and there is a risk that the world's airlines may not want it to fill the gap between the next generation of subsonic jets and any more advanced supersonic model the U.S. eventually decides to produce with Government help. It is a gamble which may come off, but it would be a very big gamble for one country to take alone.

In an entirely free world market, there is no doubt that the competitive advantage of the U.S. would be overwhelming and that smaller industrialised countries, however competent their own technologists, would find it cheaper to import the products of advanced technology and high capital investment. In their own interest, however, they cannot allow this to happen: they must build up their own advanced industries, just as the newly-developing countries must build up simpler manufacturing industries of their own.

Protection may be part of the answer, but it cannot be the main part. If Britain cannot maintain a large independent aircraft, nuclear or computer industry without strain, nor can the other European countries. The obvious answer is European co-operation, and the beginnings are already obvious. France and Britain are working together on the Concord, Belgium and Britain on a nuclear reactor for ships; there are strong rumours of a link-up between British and German industry on computers.

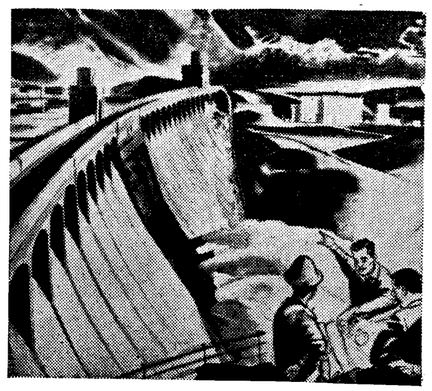
The same tendencies are making themselves felt in the world of banking. U.S. banks have been expanding steadily into Europe. At the same time, however, European banks have been steadily formalising the informal links which have existed between them for generations past and creating syndicates to transact business larger than any one of them would care to undertake alone. More recently, they have actually been acquiring stock interests in one another.

Moves of this sort are inevitable, if European financial institutions are to overcome the disadvantage inherent in the larger resources of their U.S. counterparts and in the fact that Britain, the only European country with financial markets as developed as those of the U.S., is forced into regular balance of payments difficulties by the inadequate size of her gold reserve.

The encouraging fact about the technological links is that they are being forged in the face of the political differences which kept Britain out of the European Community and of the rising trade barrier created by the common tariff. The financial links are more encouraging still: they are based more on traditional associations than on the fact that Europe is temporarily split into a Six, a Seven, and an outer fringe. They are so obviously in the common interest of the businessmen involved in them that they may yet help to break down political barriers and create a united Europe, able and willing to deal on equal terms with the U.S.

The South Arabian Federation proposes to change the name of its currency from East African shilling to dinar by April next, according to the Federal Finance Minister. The dinar will be worth 20 East African shillings (£1 sterling) being backed heavily by sterling convertible at a fixed rate. The proposed "South Arabian Currency Authority" will have about 85 to 90 per cent of its currency reserve in sterling and British Government securities and the remainder in sterling securities issued by the Aden State Government. Bahrain also proposes to introduce a new currency, the dinar, in the middle of 1965, which too will be convertible at par with sterling.

DEVELOPMENTS IN THE EAST



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TRUCE BETWEEN BANKERS AND BANKMEN

SOME LESSONS OF THE DISPUTE

FOR the first time in fifteen years, the bankers—both the State Bank of India and the other commercial banks in the private sector—have come to a mutual settlement with their employees, thus opening a new era of common understanding and mutual trust. Ever since Independence, the bankers have relied almost exclusively upon industrial tribunals to give awards which proved to be extravagantly expensive (not only in their impact, but also in their formulation), infinitely time-consuming, and thoroughly unsatisfying to both the parties. If the Sen tribunal's award was declared void and inoperative on technical grounds, the Sastry award met no better fate: in fact, the fate of the Sastry award was obvious from the experience of its short-lived predecessor—the Divatia tribunal—which was dissolved even before it had started its work. The detailed and exhaustive Sastry award was altered by the Labour Appellate tribunal, in order to give larger benefits to the employees of banks. The Labour Appellate tribunal decision was again modified by the Government which felt that it was inexpedient on public grounds to give effect to it. The wave of discontentment among bank employees again forced the Government to appoint a commission to enquire, ascertain, review and recommend an appropriate course of action that will ensure an equitable treatment to bank employees, consistent with the capacity of the various classes of banks and of the various units to pay. Mr. Justice Rajadhyaksha died soon after he undertook this assignment, and it fell to the lot of Mr. Justice Gajendragadkar to carry out the job.

The whole process from Divatia to Gajendragadkar took almost four years and the Government thought it worthwhile to give effect to the Sastry award as altered and modified, for a period of five years upto the end of March 1959 by an Act of the legislature. Meanwhile, the considerable expansion of banking industry and growing dissatisfaction of employees with the conditions of service had served to inflate the expectations of the bank employees, expectations which remain unfulfilled. The dissatisfaction of the employees led to further unrest, because the cost of living was rising and the purchasing power of money was declining as a result of the mounting strains and stresses generated by the tempo of the second Plan.

Bankers' Attitude

In 1959, the various unions of bank employees, led by the All-India Bank Employees' Association, served notices of termination of Sastry award and submitted fresh charters of demands on behalf of the employees. The Desai tribunal was constituted in 1960 and took more than two years to produce the Desai award which was liked neither by the employers nor by the employees. The employees were fully vociferous in expressing their dissatisfaction, but the employers must have found, inspite of their declared feelings, that any revision of Desai award would be even worse for them: not only did they accept the Desai award, but requested its extensions—the first such extension was granted in July 1963 and the second in July 1964. In the aftermath of the Chinese invasion, the first extension was easily available, but the second extension was very reluctantly granted by the Government, in the face of mounting discontent among the employees. The bankers felt that the time, effort and expenditure that had gone behind the Desai award would not be worth it, if the award were to expire within a year or two. But their real feelings and fears were that another award or a settlement would involve additional burdens which they might not be *able* or *willing* to bear in the face of the revised liquidity requirements coming into force from the next month. The Desai award, they were able to take in their stride, and were willing and eager to perpetuate it as long as possible—preferably for a period of up to five years.

The employees had presented their case against the Desai award on various grounds—largely upon what they described as anomalies, defects, inadequacies, etc. They never got a hearing from the employers, presumably because the bankers were able to convince the Government that the alleged anomalies, etc., had been fully and exhaustively considered by the Desai tribunal before arriving at the final decision. It was, however, the failure of the third Plan to hold the price line that ultimately torpedoed the Desai award. It must be remembered that it was the steep increase in prices five years ago that had enabled the employees to convince the Government of the need for reviewing the modified Sastry award. In the same manner, the current trend of mounting prices has forced the Government to persuade the bankers to consider the genuine grievances of bank employees even if that meant going beyond the Desai award. For two years, the bankers shielded themselves under the Desai award, but in the face of an unprecedented agitation and pressure from the Government, they could not do so any longer and had to face the realities of the situation.

Two Results

The protracted negotiations held in Delhi for over a week has brought two results: first, an *ad hoc* relief for the bank employees and, secondly, a bipartite machinery for negotiating a new long-term settlement. In the bargain, the bankers have obtained a promise of lasting peace and harmonious relations. A temporary rise in the dearness allowance equivalent to 6 per cent of the basic salary for clerks and 8 per cent of the basic salary for the subordinates (to remain effective till the expiry of the Desai award, or till the 1960-based cost of living index is published or till a long-term settlement is arrived at, whichever is earlier) is well below the original demand of the bank employees for a 20 to 25 per cent rise in the total emoluments. Immediate abolition of area IV by class A banks alone, involving a 10 per cent rise in the emoluments of staff stationed in such areas is also much below the expectations of a large number of area IV employees serving in smaller and medium-sized banks. The settlement between the bankers and the bankmen is not, therefore, notable for what it has granted: it is more important for the changed *mood* that it reflects among both the parties. As this issue of *Commerce* goes to press, the negotiations are being continued in an effort to arrive at a mutually agreed long-term settlement on various 'anomalies' perpetuated by the Desai award. Given the mood of Delhi settlement and a genuine desire amongst bankers and bankmen to arrive at a settlement that is fair to both, the chances of a successful emergence of a bipartite agreement are bright.

The latest phase of the dispute, however, holds out a few lessons for the future of industrial relations in our country and shows clearly how not to handle industrial relations. The bankers, unwilling right from the beginning to talk with the bankmen, needed an impressive demonstration of their employees' strength before being pursuaded to negotiate: but even when they were unwilling to talk, they were equally unwilling to be firm and wanted the Reserve Bank or the Government to face the music. It was only after it became clear that neither the Bank nor the Government was willing to do so, that bankers came into their own and were able to achieve a mutually satisfactory agreement. It must, however, be said to the credit of the Union Government that it did its best to reconcile the two parties and helped them to come to the present understanding.

Lack of Firmness

The bankmen claim that but for the agitation they raised, the bankers would never have listened to them: the agitation itself was novel in more ways than one. It was variously described as 'go-slow tactics' or 'work-to-rule movement' etc., but, in effect, it caused considerable disruption of banking activity and raised a number of problems of mass indiscipline and of security of banking operations. It may be argued, for the sake of argument, that employees had discovered a unique form of agitation which, while paralysing banking activities in a worse manner than an outright strike would have done, had the advantage of not cutting into their pay packets. It must be mentioned here that neither the bankers nor the Government ever challenged the employees by pointing out that they cannot agitate during the currency of an award or when the Government was already moving to bring the bankers and bankmen together. Quite apart from the question of justice or otherwise of their demands, no groups of employees can be allowed to labour under the impression that they can get away with rank indiscipline and unedifying demonstrations. After all, the Government did ask them as early as mid-1963 to prepare lists of their demands or of what they considered anomalies; if they took as long as a year or so for preparing the lists, it was their own fault. Having taken such a long time to frame their demands, they were not justified in starting an agitation even before giving the bankers a chance to consider the lists ultimately prepared by them. The truth seems to be that the workers wanted to test the Government's reaction to their agitation and, when they found that the Government was indifferent towards what was going on in the banking industry and lukewarm towards the bankers' point of view, they intensified their agitation in order to get a quick settlement. The bankers, on their part were timid and did not have the courage to take any disciplinary action.

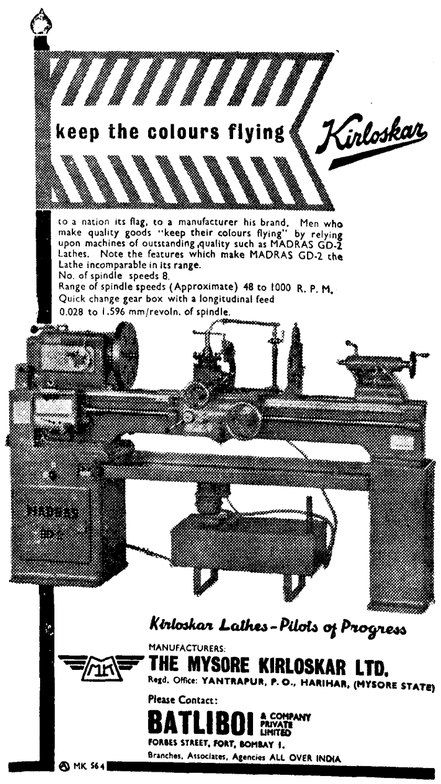
The Government on its part was completely at sixes and sevens and vacillating. The initial mistake of the Government was to give a handle to the employees' organisations by telling them in effect that, though the Desai award was extended for another year, it was no longer sacrosanct. The second mistake was its failure to tell the employees that by indiscipline or unruly behaviour they cannot intimidate the bankers. The third mistake was the failure to realise that the problem the bankers faced was not unique in any way and that, if bank employees got any substantial relief, the agitation was bound to spread to other spheres of work, business and trade. Yet another mistake was the irresponsible statements reported to have been made by some of the Ministers and officials on the banking situation: if it was the Government's intention to "force" the bankers to concede all "reasonable" demands by taking "legal measures," it could have done so without so much fuss; if the Government had only looked up the machinery for enforcing industrial peace rather than showing its helplessness, the public would have been spared much inconvenience.

State Bank of India

Some bankers say that the State Bank of India had played a clever game by announcing some concessions to its staff on the eve of the negotiations between the bankers and the bankmen. Does a public sector organisation, they ask, have no responsibility or consideration for the delicate negotiations that were to begin in Delhi? But one fails to understand as to why the State Bank of India should always be expected to support the bankers in the private sector.

One's reading of the whole situation would, however, be wrong, if one were to attribute the present interim gains of employees merely to the State Bank's cleverness, or the Government's indifference, or the bankers' helplessness. The steep increase in the cost of living during the past fifteen months has only partly and inadequately been compensated by linking the dearness allowance to the cost of living index, and there is clear justice

(*Continued on page 381*)



STANDARDS OF DIRECTORIAL BEHAVIOUR

HIGH DEGREE OF RECTITUDE AND ACTIVE INTEREST ESSENTIAL

By F. R. Ginwalla

IN modern industry, elasticity and adaptability to changing conditions are of supreme importance. Company directors have become so much immersed in their old habits that they are inclined to overlook the need for a change and even resist it. Most of our company directors show their inability or unwillingness to learn, to think and see, in a totally new fashion, the current thought and feeling. It is important, in the interest of our industrial dynamics, that the appreciation of the thought that every profession needs a certain purity of spirit must grow quickly, and become more broadbased than it has been hitherto. The highest standards of conduct in enterprise will determine the pace and direction of the country's march to prosperity. It is time company directors realised that, when they all pull together in the same direction, the country will be able to reach its goal of economic progress and social justice. And it is time they realised that no enterprise is insulated against the state of the country's economic health.

I can say without overstatement that the constant stream of criticism against the directorial behaviour indicates that some of the company directors elude the attempts to wean them away from the care-free and slipshod ways of an earlier epoch. I must beg the reader to excuse me for using this expression, for I do not find a better one.

My object in writing this article is to emphasise the wisdom or usefulness of re-thinking which has to be made by the weaker sections of company managements. Such re-thinking must be made by every sector and sections of the total community, by labour as well as capital, scientists, engineers, economists, researchers, business educators, politicians, lawyers, judges, social workers, and others scattered over the vast country. It is only when we reorganise our role in the society and when we all pull together in the same direction, will we be able to reach our goal of economic progress and social justice. We must expect to live the orderly ways we have invented, continually conscious of the fact that things change with the passage of time.

Peculiar Feature

Standards of conduct for any profession are formulated first through the behaviour of individuals in that profession. They are in fact the consolidation of a long-established practice which is eventually enforceable by regulations. A directorship is in that stage of professionalism where there is no official recognition of standards of behaviour other than in the strongly legal or narrow sense of the regulatory provisions of the Company Law.

I wish to stress that the success or failure of any corporate organisation largely depends upon the standards of directorial behaviour that are followed.

I do not dislike corporate enterprise, for I could not live without devoting all my hours to it. Everything I write or speak in connection with the corporate enterprise is to see that the system survives the pressure of change. There is a danger to the corporate sector, as a result of boards of directors being composed of individuals having major investment blocks in the share capital of the company, or of persons who are close relations and friends lacking in essential equipment for the discharge of directorial duties and functions. Then there is the danger to the country's economy resulting from the directors misusing their position of trust as trustees of the Company's money and property, misapplying the company's funds and committing breaches of trust, making corrupt profits or receiving a secret commission, making overseas trips for businesses unconnected with the company, and evading taxes and duties.

Today, when widespread, deep and rapid changes are taking place in the social and economic frame of our nation, and when still other changes seem necessary to provide more to the country in terms of higher production and better quality of goods at reasonable prices, to the people in terms of better living, to workers in terms of higher wages, and to shareholders in terms of higher return on their investments, some changes are necessary in the concept of the standards of directorial behaviour.

What is a Board?

A board of directors is essentially a collection of individuals of experience, judgment, imagination, initiative, decision, courage, integrity, and human understanding with collective responsibilities to the company's shareholders, employees, creditors, customers and consumers. Every director is in a position of trust. He is trusted by the shareholders, employees, company's creditors, and fellow-directors. And he is trusted by the nation for the country's industrial development and productivity. His responsibilities are not merely those defined in the legal text-books.

The causes for the failure of some business enterprises can be traced to the lack of initiative for the proper planning in the composition of the board of directors. It is pertinent to observe that the existing conservative tendency towards the composition of the board of directors hinders the achievement of the objectives of the company. The board of a company is like any other organisation. It must progress and grow on healthy lines. It cannot be permitted to stagnate or remain static. It is an essential fabric in the structure of the economic life of the country.

It is time to penetrate deeper and see dispassionately what is wrong with the pattern and shape of the existing boards in the country and make conscious and deliberate efforts with vigour and vitality for planning and developing a really effective board. The need for initiative to expose conservatism to new dimensions and directions can hardly be stressed. The principle that it is the board as a whole which takes decisions and not the individual directors must gain wider recognition.

No company, whatever its size, can stay in business profitably if its board is composed of directors who indulge in the belief that their responsibilities begin and end in the board room. There are instances when directors of the highest position, some of them even very eminent lawyers, have never queried the propriety of what is going on. The presence of "yes men" on the board is more often than not a rule in this country. This is due to directors distributing favours to their relatives and friends or the chairman adopting a technique to have a board which consists merely of directors nodding their heads in consent to his preconceived ideas on the items on the agenda.

A word of caution must be said against the prevalent trend in this country to bring on the board retired high Government officials, or politicians or ex-rulers chiefly with a view to making the company and the board look more strong and influential. Let it be said that both the person, who merely lends his name to a company in exchange for a fee, and the company which borrows it, are making a grave mistake in their understanding of the director's responsibilities and his obligations to the society.

Chairman

There is one particular remark I wish to make against the prevalent practice of appointing an individual as a chairman who holds a large number of chairmanships. The propriety of such a practice is considered by different people from different angles suited to their own inclination or experience. I concede that there is a distinct advantage where one individual holds chairmanships in companies having a direct link, because he may be able to maintain a uniform policy for all the companies. But I feel very dubious about the wisdom or usefulness of the practise of appointing an individual as a chairman who holds a large number of chairmanships in companies having no direct link with one another. He keeps switching on from one company to another at a moment's notice. He has hardly any time to get to know about the company's activity or even to throw a cursory glance on the financial statements and progress reports. Such a chairman is far more unlikely to serve the companies effectively as the head of the business. From an economic point of view also this practice is undesirable, because it tends to encourage concentration of economic power in the hands of a few individuals. The Companies Act prohibits the appointment of an individual as a managing director of more than two companies. There should be some regulatory provision in respect of chairmanship also.

Of late, many companies have been set up as joint ventures in collaboration with foreign companies. The Government, generally prefers that foreign investment should not be more than 49 per cent. It has, however, been pragmatic and there are many cases where the majority participation of foreign capital has been allowed. A cursory analysis of some of the companies where the foreign collaborators have large share-holdings will reveal that, in some cases, the foreign collaborators have developed a tendency to interfere in matters which are strictly the province of the board or feel that they have a right to dictate to the board, as if the board was a rubber-stamping body for them and their nominee directors. These tendencies must be closely watched and guarded against.

There is no provision in the Company Law to meet situations arising out of large stock-holdings of foreign counterparts. Here remedial action is urgently needed. The Government would do well in the wider national interest to examine the position and take the right action so as to ensure that all types of collaborations fit into the framework of the social and economic pattern of the country.

Outside Blood

Many companies in the U.S., the U.K. and other advanced countries consider it desirable to include on their boards individuals who have special knowledge and skill. Outsiders with such a background are invited to join the board, because it is increasingly recognised that their contribution to the board's wisdom would come from their specialised knowledge and that their wider experience would enable them to take a more detached view than would be possible for a whole-time or an executive director. It is a wise practice to have an outside director so as to make the board more effective. In this country, one rarely comes across a company which follows this practice. Perhaps the conservative tendency hinders the introduction of anything fundamentally new.

The appointment to the board of senior executives from the management would help the board to take sound decisions. I disagree with the view that a man so appointed would not recognise that his responsibilities as an executive of the company were quite different from his responsibilities in the board room. There is no real danger, if he keeps his two identities separate.

To believe that there are only a few persons in our country who are capable of handling affairs is to indulge in a dangerous illusion. There are many who are adequately equipped for positions of administration and leadership. The absence of law governing interlocking of relations among corporate directorates has created a barrier against bringing new men, new energies, new spirit of initiative and new blood into the management of business enterprises. Our task, therefore, is to open the field of industrial development and organisation to scores of men who are obliged to serve when their abilities entitle them to direct. Let it not be thought that I am implying that men alone are proficient in business careers, for women, too, have come a long way in a short time.

Retirement Age

The Companies Act provides for the retirement of directors on attaining the age of 65. The age limit was imposed in order to open out opportunities for the utilisation of the services of younger men with requisite training and experience in the management of companies. This objective has not been fulfilled. Hardly any director over 65 has ever retired. On the contrary, by continuing to retain their seats on the board even after attaining the age of 65, these old people stand in the way of more active men being appointed on the board. It is a common feature in this country that the directors in general consider themselves immune to the age of retirement. There are many cases where directors, by reason of their age, are unable to take any active interest in the management of the companies concerned. There must be some prohibition against the superannuated directors seeking approval of the shareholders for their reappointment again and again. This will immensely hearten the young men coming up in life and enrich the business community's

EMPLOYMENT IN INSURANCE BUSINESS

SETBACK IN THE GENERAL SECTOR

INSURANCE has gradually come to acquire an important place in the employment market in the country. At the end of March 1963 the regular employment in insurance business (based on the data published by the Life Insurance Corporation and the estimates of employment in non-life insurance business made by the Central Statistical Organisation, New Delhi) stood at 66,400, which was higher by about 15,000 as compared with the position as of March 1959. There has thus been a rise of 30 per cent in four years or an average annual rise of about 7 per cent. In addition to this, there were many more people employed in the insurance field, working on commission basis. No information on the number of such people is available.

Life Insurance Corporation

The Life Insurance Corporation (L.I.C.) accounts for about three-fourths of the total regular employment in the insurance business. Table I shows the regular employment in the Corporation since 1959, category-wise. It will be seen from the table that Supervisory and Clerical workers constitute about two-thirds of the total staff of the Corporation. But their share is gradually coming down and the rising trend which prevailed upto 1960, has been reversed. The position of Subordinate Staff is also almost similar. However, the ratio of Class I Officers and Development Officers is rising gradually.

The salary bill of the Corporation has risen at a fast rate, particularly since 1961. Though the employment has also increased, the salary bill has jumped up at a much faster rate. As compared to 1959, whereas the employment in March 1963 was higher by 29 per cent, the gross salary bill was bigger by 56 per cent. The figures indicate a considerable rise in the scales of salaries in the Corporation. Table II shows the rise in gross salary bill and the changes in average gross salary per employee, categorywise.

It may be seen from the table that the gross salary per employee increased by 21 per cent during this period. The rise was about 40 per cent in the case of Subordinate Staff and over 23 per cent for Supervisory and Clerical Staff. However, in case of Development Officers, there was practically no change and that of Class I Officers declined by about 5 per cent. No wonder the Development Officers all over India have been vociferously agitating for an increase in their salaries. Considering that there has been a steep rise in price and cost of living, their clamour is quite understandable.

Non-life Insurance

The July issue of the *Monthly Abstract of Statistics* gives some data about the employment position in non-life insurance. These data, however, give only a rough idea, as the results have been arrived at by the Central Statistical Organisation from the returns submitted by only 43 per cent of the working companies. At the end of 1961, there were 155 non-life insurance companies. Of these four Indian and four foreign companies ceased working in 1962 and one new foreign company came into existence in India. Thus, at the end of 1962, there were 148 non-life insurance companies working in the country. As against 93 companies which had sent their employment returns for March 1962, 105 companies sent such returns for March 1963. Thus more companies had responded than in the previous year. The method used by the Central Statistical Organisation for determining the employment in 148 companies and its conclusions are better put in its own words:

"Of the 105 companies which have sent in returns of employment as on 31st March 1963, it is found that 64 companies had also submitted returns on 31st March 1962. In this identical set of 64 companies, the employment has decreased from 8,820 on 31st March, 1962 to 8,553 on 31st March 1963, indicating a fall of 3.0 per cent. The eight companies which ceased to function in 1962 did not submit any returns even for 31st March 1962. As the total net premium of these eight companies put together was almost nil during the year 1961, the total employment in these companies as on 31st March, 1962 might also have been very negligible Applying, therefore, the observed decrease-rate of 3.0 per cent to the estimate of total employment as on 31st March 1962, the total employment in the 148 companies which continued to function in 1962-63 is estimated at 18,320 as on 31st March 1963, as against 18,890 in the previous year."

The method of estimation is not foolproof inasmuch as it is not necessary that the employment behaviour of 64 companies put together was also followed by the remaining 84 companies, especially so when the 64 companies were not selected by any scientific system of sample selection. Still, in the absence of any other reliable data, the C.S.O. estimates give a rough indication of employment in the non-life insurance companies.

There has been a slight change in the trend of employment in non-life insurance as compared with that of life insurance. Thus, whereas in 1962-63 there was an increase in the number of workers employed by the L.I.C., there was a fall in the non-life sector, after continuously rising upto 1961-62. As compared with 16,200 in 1958-59 the employment stood at 18,890 in 1961-62—a rise of 17 per cent in three years or an average annual rise of over 5 per cent. In 1962-63, however, it declined by 3 per cent to 18,320. The decline has been mainly in the number of Field Officers as is shown in the table in the first column.

The average number of salaried Field Officers employed by a company declined sharply during the year and the share of this category in the total employment came down from 20.2 per cent in 1961-62 to 14.5 per cent in 1962-63. In view of the general rise in the non-life insurance business, the only reason for this decline may have been the understanding among the majority of general insurers accounting for the bulk of the business in the country not to indulge in cut-throat competition and to follow a code of conduct in this respect.

ACCIDENT INSURANCE IN W. GERMANY

In the world's industrialised countries, half the workers are today using techniques unknown half a century ago. New ways in industry mean new dangers to life and limb—and consequently new responsibilities in on-the-job safety and accident insurance.

In the Federal Republic of Germany, the 80 years old industrial-safety and accident-insurance system has been re-shaped to help it cope with the new working conditions of the present day. It was on 6th July 1884, that a pace-setting law in this field was promulgated, under Chancellor Bismarck. It drew world-wide attention and is still considered a landmark in employee-welfare legislation. On this foundation, a modern accident-insurance programme was erected last year and came into effect on 1st July 1963.

Measured in per-worker cost to employers, the new German accident-insurance law is record-breaking. One of the many aspects of the high cost is the schedule of benefit payments. These are figured according to the worker's last full year of income; and the top annual income as a base for reckoning benefits has been quadrupled, to a ceiling of 36,000 DM. Moreover, a new concept of "dynamic benefits" is designed to make accident-insurance payments rise by law as wages and salaries rise. One such boost of 8.7 per cent was granted on 1st January 1964, and another increase of 6.1 per cent is planned for 1st January, 1965. Measured in comprehensiveness, the new insurance law provides workers and their dependents, at expense of the employers, with previously unequalled coverage. Benefits in most categories are higher. There are new categories of beneficiaries. And, as before, work-connected accidents are broadly defined to include not only mishaps on the job but also illnesses traceable to a worker's occupation and traffic accidents on the way to and from work.

Measured by its job-safety provisions, the law is particularly ambitious. Here too, most of the broad new responsibilities devolve on the employer. It has been estimated that 80 per cent of industrial accidents have "human" origins; that is, they are accidents from oversight or carelessness, and could be foreseen and therefore prevented. An emphasis on accident prevention therefore receives unprecedented stress under the new law. One notable provision is the role of safety or accident-prevention officer within a firm. Under the new law, some 180,000 German enterprises require an army of around 400,000 accident-prevention officers. All get extensive special training at employers' expense.

BETTER DIET FOR WORKING MAN

The average calorie requirement for a young Indian male industrial worker is 2,800 per day. A woman industrial worker requires a daily minimum of 2,150 calories. Children in the age group of 0-5 require 1,230 calories and those in the age group of 6-14, 2,000 calories per head, per day.

These are the findings of a sub-committee of the National Nutrition Advisory Committee which recently conducted a survey of nutritional requirements of industrial workers. The Committee has recommended possible improvements in the diet schedule of workers to make it more balanced. It has suggested that a part of the calories may be obtained from green leafy vegetables, which are a cheap but good source of vitamin A and Calcium, in which the working class diets are very deficient. It is of the view that most of the nutritional deficiencies found in the diets of workers can be removed by increasing the in-take of green leafy vegetables. For expectant and nursing mothers, the Committee recommends an extra thousand calories daily.

Another sub-committee, a working group on Food Hygiene, set up by the Nutrition Advisory Committee has recommended minimum standards of hygiene and cleanliness to be observed in cook-houses, hotels and restaurants. Among other things, it recommends hot oven treatment for drying and sterilisation of crockery and plates used in all eating places.

Employment Pattern in Non-life Insurance Companies

Category	March 1962		March 1963	
	93 companies		105 companies	
	Number	Percentage	Number	Percentage
Officers	1,119	9.7	1,276	11.6
Field Officers (salaried) ..	2,331	20.2	1,590	14.5
Professional and Technical Staff (other than officers) ..	156	1.3	172	1.6
Supervisory and Clerical Staff ..	6,014	52.1	6,056	55.2
Attendants, peons, etc.	1,619	14.0	1,693	15.4
Building Staff ..	43	0.4	61	0.6
Others	265	2.3	123	1.1
Total ..	11,547	100.0	10,971	100.0

TABLE I—*Employment Pattern in Life Insurance Corporation*

Category	December 1959		December 1960		December 1961		March 1963	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Class I Officers	1,479	4.0	1,852	4.6	2,162	4.9	2,495	5.2
Development Officers ..	5,188	13.9	5,808	14.4	7,128	16.3	8,208	17.1
Supervisory and Clerical Staff	24,652	66.0	26,706	66.4	28,625	65.3	30,915	64.3
Subordinate Staff	6,022	16.1	5,878	14.6	5,933	13.5	6,462	13.4
Total ..	37,341	100.0	40,244	100.0	43,848	100.0	48,080	100.0

Note :—The Life Insurance Corporation has changed its accounting year from calendar year to financial year since the close of 1961.

TABLE II—*Monthly Gross Salary Bill of Life Insurance Corporation*

	December 1959		December 1960		December 1961		March 1963	
	Gross salary (Rs. '000)	Salary per employee (Rs.)	Gross salary (Rs. '000)	Salary per employee (Rs.)	Gross salary (Rs. '000)	Salary per employee (Rs.)	Gross salary (Rs. '000)	Salary per employee (Rs.)
Class I Officers	1,282	867	1,516	819	1,777	822	2,048	821
Development Officers ..	1,753	338	1,971	339	2,392	336	2,785	339
Supervisory and Clerical Staff	5,068	206	5,490	206	6,351	222	7,860	254
Subordinate Staff	585	97	605	103	694	117	881	136
Total ..	8,688	233	9,582	238	11,214	256	13,574	282

MANCHESTER LETTER

COTTON INDUSTRY AFTER THE MERGERS

PROFIT-MARGINS POOR—RETURN ON CAPITAL LOW

From Our Special Correspondent

MANCHESTER, 18*th August*

IF the first six months of the current year can be taken as a criterion, earnings from British textile machinery shipments during 1964 will again establish new records. The half-year ended with exports valued at £36,523,757, an improvement of over £3,000,000 as compared with the corresponding period in either 1963 or 1962. By volume, however, textile plant sent abroad was smaller than in 1962, being 807,853 cwt., as against 834,194 cwt. Shipments in June this year were decidedly lower than in the same month of 1962, although the aggregate for the first half of last year was exceeded by some 12,000 cwt.

The major change in destinations of British textile plant exported during the first half of 1964 was in shipments to Pakistan. These amounted to 106,525 cwt., as against 64,770 cwt. in the same period last year. Significantly, although India only took 69,886 cwt., as against 91,591 cwt., the value of these shipments at £2,779,151 exceeded comparable earnings from trade with Pakistan by £150,000. Shipments to the Soviet Union by volume were up from 36,777 cwt. to 46,318 cwt., but the value of this business increased from £1,742,791 to £3,371,961.

Few Major Changes

Most of the other countries in the long list of those buying textile machinery from Britain showed no decided change in 1964 as compared with last year, but trade with Poland dipped substantially from 15,479 cwt. to only 1,447 cwt., while purchases by South Africa fell from 65,124 cwt. to 34,651 cwt. By value, however, South African takings only declined from £1,784,509 to £1,585,427.

Shipments to Egypt by volume improved from 25,411 cwt. to 35,100 cwt. and their value was nearly doubled at £1,367,897. Western Germany also absorbed more plant at 24,596 cwt., as against 18,929 cwt. and exports to Japan were doubled at 26,748 cwt. In contrast, trade with Peru slumped from 21,507 cwt. to 2,871 cwt.

Mergers and Margins

As the dust begins to settle after the startling takeover events of the past few weeks, the British cotton trade is still trying to take stock of the situation and, although views may vary—sometimes very substantially so—the outlook gradually becomes a little clearer. One aspect of the outcome of a more closely integrated industry concerns the always controversial issue of prices. Spinners and weavers have long complained about the inadequacy of their margins; when trade has been patchy, the level of selling rates has invariably been described as poor and even in good times the return has rarely satisfied producers—although buyers have often argued this particular point.

Independent scrutineers of the industry's balance sheets have frequently suggested that the return on capital employed was below the average usually anticipated by comparable trades. When judged in relationship with the present high cost of machinery, there is certainly justification for believing that profitability in the past has been low by other standards.

Price Leadership Plan

Since the spinning and doubling sections were forced to abandon their price regulation schemes more than five years ago, after the adverse judgment passed on them by the Restrictive Practices Court, a number of alternative systems which might not displease the authorities have been considered as replacements. None, so far, has been able to secure recognition.

Attempts to establish a form of price leadership have been the most heavily canvassed ideas, and some degree of success has been achieved during periods when the time has been propitious for such schemes to gain adherents. On other occasions, it has proved an unworkable arrangement through the inability of the sponsors to secure overwhelming support for the principle.

It could now be that, in the new circumstances ruling in the industry, those who have such enormous control over so large a part of the total productive capacity will be able to exercise their power to stabilise and virtually direct prices. Already questions are being asked as to how the man-made fibre producers will treat their spinning subsidiaries when it comes to providing supplies—and the same queries can be raised over the equally vital factor of price.

Need for Stability

Concentration of power in a few hands—the natural result of the recent spate of mergers in textiles—gives those in whom it is invested opportunities for using their authority for good or ill. Monopolistic methods often antagonise the world at large, let alone those who suffer from their ill-effects, but, in the circumstances, it seems that the now even larger textile giants will act with restraint, if only because of the watchfull eye which future Governments will keep on their activities.

It is far too early yet to give any definite opinion as to how the latest developments will basically affect the price of yarn and cloth. Concessions could conceivably be offered to users of particular man-made fibres, but far more likely is a determined effort on the part of both producers and spinners to establish a realistic level of margins, aimed at covering inescapable costs and overheads on a much more sensible scale than in the past.

While this would again benefit the major groups, the independent and smaller companies would scarcely suffer, provided they avoided the temptation to enter another suicidal price war. Such policies, so often adopted in the past, and generally with dire results, are a heritage which Lancashire traders could well obliterate from their minds. If the move towards gigantic combines on a vertical structure does no more than eliminate senseless price-cutting, it will have given the industry a real tonic.

At Harrogate in 1961

Delving into the past may be regarded in some quarters as a futile pastime, but looking through old files can sometimes unearth documents which have a very direct bearing on current circumstances. In the light of the structural changes which are proceeding in the trade, therefore, the comments made at the Cotton Board conference three years ago by Mr. D. R. B. Mynors, a Director of Courtaulds, take on an added significance.

Dealing with the relationship of the man-made fibres industry to the cotton industry, Mr. Mynors pointed out that he was the first director of a man-made fibres producing company to address the cotton trade's annual gathering at Harrogate. His statistics are now, of course, outdated, but it is worth remarking that, even in 1960, man-made fibres accounted for 17 per cent of the total fibres used by spinners, while man-made fibre and mixture cloths represented one-third of the output.

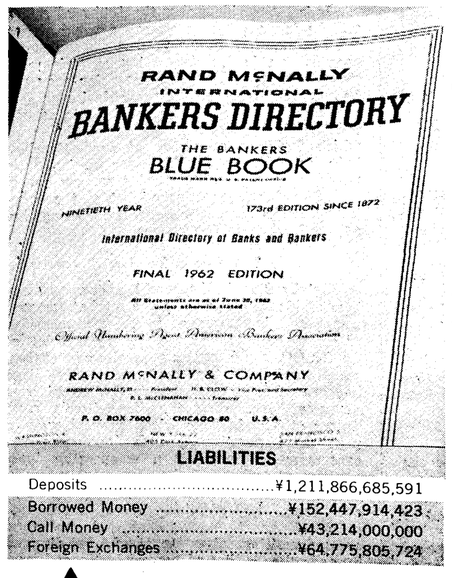
Many of the statements made at that time were well-established facts, such as the extent of the big promotional activities carried out by the man-made fibre producers. In 1960, they spent about £2,000,000 on press and television advertising alone, apart from other forms of promotion and customer and consumer services.

This expenditure, Mr. Mynors declared, was important because it helped to extend the market for textiles as a whole in the battle for the consumer's pound and also augmented the fashion-conciousness of the average woman. The benefits of this promotion spilt over into the field of natural fibres as well as man-made products.

Cotton's Inheritance

Competition from Far Eastern countries, he added, had had a much more severe effect on the producers of the older man-made fibres than many people realised. In this connection, Mr. Mynors was by no means as critical about the cotton industry as many of its detractors are. "Generations of experience are part of your inheritance," he told the conference, "and to this you can add the benefits of continual research and an ever expanding choice of materials."

In concentrating on the newer developments provided by the man-made fibres, the textile processing industry would be better able to survive the inevitable disruption caused by competition in plain cotton goods from Far Eastern countries and emergent colonial territories with lower wage levels. Lancashire, he forecast, would not only use a greater proportion of man-made fibres in the future, but would tend to concentrate on them still more as a means of exploiting its technical inheritance in an age when simpler techniques were known all over the world.



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INTERNATIONAL COTTON SITUATION

NEED FOR FINDING NEW END-USES IMPERATIVE

CONTINUED erosion of markets due to intensified competition from man-made fibres is the most serious problem facing cotton growers the world over at present. Although the cyclical downswing in cotton consumption, which began in the 1960-61 season and gathered momentum in the subsequent two seasons, has been arrested, as is evident from the expansion and improvement in cotton textile activity in many countries, cotton's position is constantly deteriorating *vis-a-vis* man-made fibres. The share of cotton in the aggregate fibre consumption in 1963 was no more than 63 per cent, as against 65 per cent in 1962 and over 70 per cent in 1958. The *per capita* mill consumption of cotton in the same year was lower at 21.6 lbs., as against 22.5 lbs. in 1962. Thanks to the reduction in consumption following the ever-increasing use of competing fibres, the volume of world cotton trade suffered a distinct setback during the three seasons (1960-61, 1961-62 and 1962-63). During the season that ended on 31st July last, that is 1963-64, the trend of consumption was no doubt upward, but the estimated actual consumption of 48.1 million bales was less than the peak of 48.3 million bales consumed in 1959-60. Since, however, the quantity consumed was below the record available supply of 73 million bales, the current season began on the 1st of this month with a heavier carry-over stock of 24.7 million bales, as against 23.2 million bales a year before and 19.8 million bales two years before. In other words, there has been an addition of as much as five million bales to the world stocks in the past two seasons. The bulk of the world surplus is in the U.S. which, as is well known, is the world's biggest producer of cotton.

The substantial rise in world cotton stocks is, indeed, a matter of concern not merely to the U.S. but to the other countries as well. At the 23rd plenary meeting of the International Cotton Advisory Committee held at Frankfurt a few weeks ago, it will be recalled, serious concern was expressed over the declining trend in world cotton consumption and mounting cotton surpluses during a period of steady

WORLD COTTON SITUATION
(In million bales of 478 lbs.)

Items	1963-64	1962-63	1961-62
Stocks, 1st August 1963	23.2	19.8	20.2
Of which : United States	11.2	7.8	7.2
Elsewhere	12.0	12.0	13.0
Production	50.1	49.0	46.1
Of which : United States	15.3	14.9	14.5
Elsewhere	34.8	34.1	31.6
Total available supply (production plus stocks)	73.3	68.8	66.3
Of which : United States	26.5	22.7	21.7
Elsewhere	51.8	46.1	44.6
Disappearance	48.1	46.0	46.8
Of which : United States	8.6	8.4	9.0
Elsewhere	39.4	37.6	37.8

growth in the total fibre market. Although the main purpose of the meeting was to consider ways and means of developing a world-wide programme of promotion and research through international co-operation, the general discussions centred largely on the three important aspects bearing on world consumption of cotton. They were: (1) The return to a situation of imbalance between production and consumption with its implications for near-term future; (2) the question of an international price level which is both remunerative to producers and competitive with other fibres; and (3) recognition that cotton consumption has failed to expand in recent years when the total fibre market has been growing, and the need to stimulate consumption.

Special Causes

The deliberations at the meeting and the events that have taken place since then have made it clear that, in addition to the general causes of imbalance in world cotton economy like over-production and under-consumption, there are special reasons which have checked the rising trend of consumption, resulting in an aggravation of the imbalance. In the U.S., for instance, the competitive position of raw cotton has been adversely affected by the dual price system. Further, even though cotton consumption in certain countries continues to increase, the rate of increase in some cases has been held down because of difficulties in assuring adequate supplies of cotton, caused by insufficient domestic production and the inability to supplement domestic supplies by imports due to lack of foreign exchange. As regards the effects of excess production, the U.S. has been able to mitigate these by a regulation of its cotton policy and it is expected that this stability of prices will continue under the new legislation in that country. Most of the producing countries, however, have a feeling that the price stability has been at too low a level, in view of the unavoidable increase in production costs, while many consumers emphasise the importance of the price factor in competitive position of cotton against other fibres, particularly rayon and staple fibre.

It will be worthwhile to recall here the observations of the Committee on the social and economic implications of the present cotton situation. The Committee said:

"It should never be forgotten that cotton provides a livelihood for countless millions of people throughout the world. There is a vital need to improve living standards of cotton farmers by ensuring that cotton prices are at a level that will offer adequate remuneration and contribute an increase in national income. In many primary producing countries, cotton is a prime source of foreign exchange and, in some, cotton and cotton textiles are an integral part of their long-term plans for economic development. Increased export earnings by these countries are in the interest of industrialised countries as well, for the developing countries are important outlets for manufactured products."

Future Prospects

Notwithstanding the huge world stocks of cotton and the growing use of man-made fibres, there does not seem to be any cause for despondency as to the future of raw cotton. Striking a note of optimism the Committee made the following observation at its last meeting:

"With an expanding world population, most of it ill-clad, it would be ironical to accept that there is too much cotton. In the long run, the problem is rather one of under-consumption than over-production. Existing capacity is sufficient to accommodate an increase in cotton textiles production and this situation has been intensified by the natural desire of the developing countries to establish and expand domestic textile industries. In the industrial countries, competition is intense and manufacturing margins are low relative to other industries. To remedy this situation, cotton textile industries are undertaking expanding programmes or rationalisation and plant modernisation. Although capacity in the highly organised man-made fibre industry continues to increase rapidly, with a heavily financed programme of research and advertising, consumption uptil now has kept pace with output. These fibres are having a material impact on the market for raw cotton, either by direct substitution or by the increasing use of blended fabrics."

It is thus evident that the future of cotton will be influenced largely by the trend of cotton consumption. In the present circumstances, consumption in the developing countries continues to expand, but this expansion may not be sufficient to offset the probable increase in production. There are then policies in certain industrialised countries, including the U.S., which facilitate expansion of synthetic fibre industry. If these developments persist, there would be a continuing surplus of raw cotton and, in order to ensure equilibrium, the countries may be forced to resort to the negative approach of curtailing output.

The Cotton Problem

Briefly stated, the world cotton problem is twofold: Expansion in the market for raw cotton and improvement in the remuneration of cotton farmers. At the plenary meeting of the I.C.A.C., the delegates generally agreed that, on a world basis, the efforts along these lines had been far from adequate and that this was a matter demanding the Committee's most urgent attention. The Committee did well to urge the imperative need for producers and consumers to formulate a co-operative programme of technological and market research and promotion. As was rightly pointed out then, in addition to a more co-ordinated effort in the field of promotion and advertising, attention should be directed towards the finding of new end-uses and new outlets for cotton products. The statement that research and promotion would be applied to cotton, in general, and to those specific projects where the potential for expanding consumption is the greatest and where the competition from the man-made fibres is the most intense, is reassuring. It is only through research aimed at achieving higher yields, improved fibre quality and more efficient farming that the remuneration of farmers can be increased. No one need, of course, deny the validity of the Committee's contention that, if an acceptable programme on cotton research and promotion could be put into operation, this would stimulate the demand for cotton by improving cotton's competitive position in the world fibre market.

Extra Long-staple

Of special importance to the world cotton situation is the supply position in respect of extra long-staple cotton (E.L.S.). It was not surprising that this issue was chosen for a separate discussion at a preliminary meeting of the Committee held prior to the 23rd plenary session. The review made at the meeting reveals that a reduced carryover and a much smaller crop have resulted in a marked contraction in total supply of E.L.S. cotton in the 1963-64 season. The opening stocks were somewhat lower than a year earlier, though higher than in most recent seasons. However, production was at its lowest level since 1957-58. The small world production was attributed primarily to the greatly reduced crop in the Sudan and decline in production in the U.A.R. The fall in world production would have been steeper still, but for the new peak output in the U.S. and Peru. "The main explanation for the decline in the world production," to quote the Committee, "is the significant reduction in average yields per acre, for total acreage was about unchanged last year." Demand, it is said, was very strong, encouraged by a relatively favourable price situation at the beginning of the season and exports were expected to be maintained at about the last season's near-record level. However, due to insufficient production, this level of export could only be achieved by reducing stocks to the lowest level in many years.

For the 1964-65 season, it has been assessed that supplies will be smaller than in 1963-64. Reports about a smaller crop of extra long-stable cotton in the Sudan have led to a substantial rise in prices of this variety and the consuming countries have expressed the fear that, if the present level of prices persists, there may be a substitution of long-staple upland cotton, more particularly synthetics, in many traditional uses of E.L.S. In order to alleviate the situation in regard to E.L.S., the U.S. has been requested to dispose of its remaining stocks of imported Egyptian cotton within the next few months.

It may be noted with satisfaction that most of the world's E.L.S. cotton is produced in developing countries, where the need for foreign exchange earnings is the greatest and where remunerative prices to growers are necessary to improve the standard of living. This situation imparts bargaining strength of the producing countries in their discussions with the advanced countries. As the International Cotton Advisory Committee has emphasised, the interests of producing and consuming nations will be best served by efforts to expand markets for this variety.

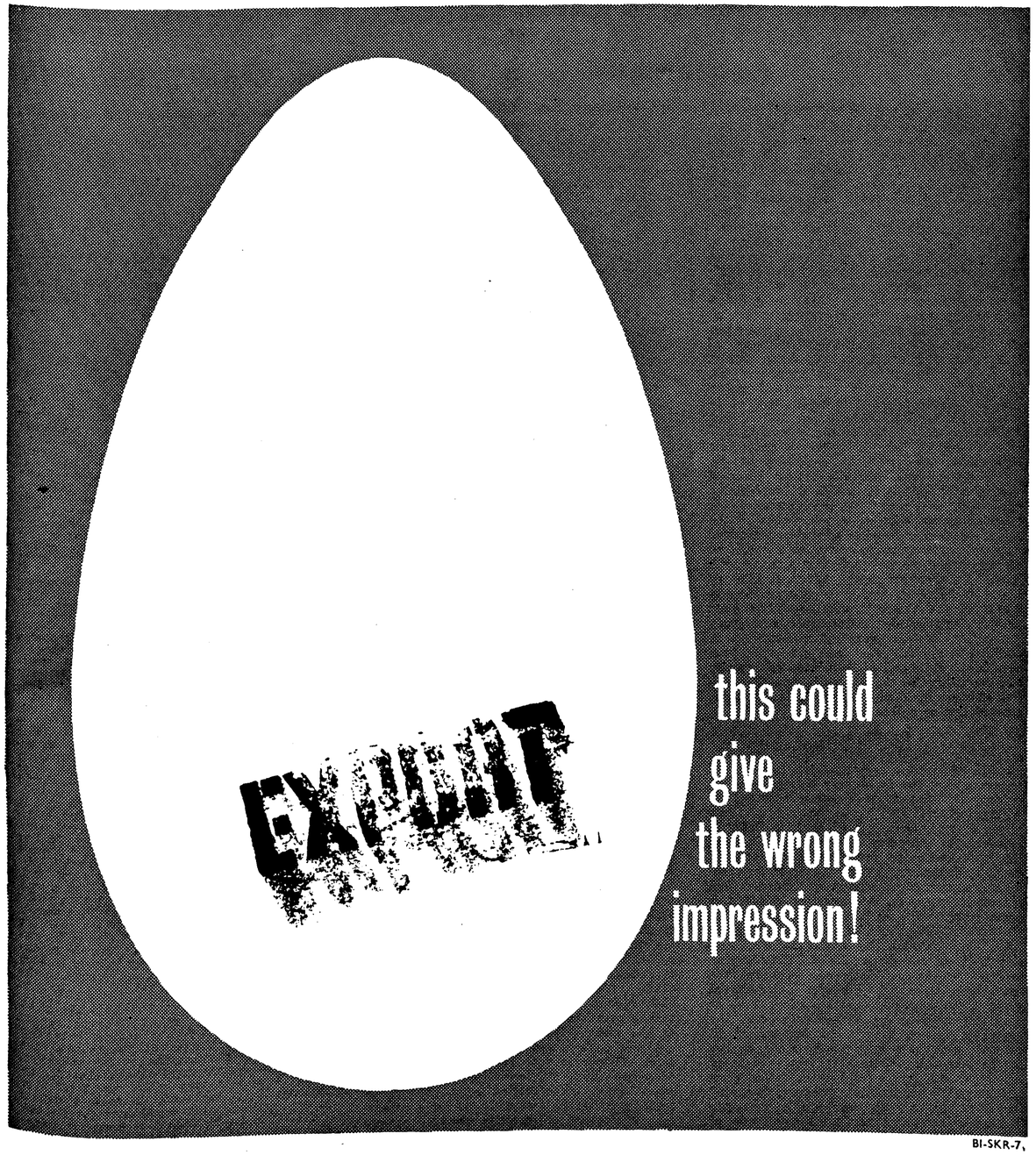
COTTON IN THE U.S.

The supply of cotton in the U.S. during the 1964 season is expected to equal demand. The U.S. Department of Agriculture has forecast output at 14,785,000 bales (of 500 lbs. each), which compares with the actual output of 15,327,000 bales last year. According to Merrill Lynch, demand this year may just absorb the output.

It was hoped in the U.S. that legislation passed earlier in 1964 would cut the existing large surplus by paying farmers to reduce their acreage by a third. Unfortunately, the legislation was passed after the growing season had begun. However, domestic consumption in the U.S. is estimated at 9.6 million bales, an increase of 1.1 million over 1963, though exports should fall by 400,000 bales, to 5.2 million due to better crops elsewhere in the world.

Cotton textile production was up in most countries in the first quarter of 1964, with the greatest increase in India, Pakistan, the U.S. and Japan. This increase in output has ended the three-year decline from 1960. In the U.S., in particular, the industry is in better shape following legislation which enables the mills to buy U.S. cotton at world market prices. This has led to new plant outlays and offers some hope that the enormous U.S. cotton surplus may be gradually absorbed.

The Textile Commissioner has permitted mills to purchase Indian cotton for the 1964-65 cotton season fully equal to the total consumption of Indian cotton during the previous season 1963-64. Every mill is required to complete its purchases of the entire quantity of Indian cotton so allowed as early as possible and, in any case, not later than 31st July 1965. This general permission is subjected to the condition that, in case any mill has used Cambodia 'A' and/or 'B' cotton any time during the last three cotton years ending on 31st August 1964, it should, during the season 1964-65, purchase at least a quantity equivalent to 7½ per cent of the annual consumption of Indian cotton in 1963-64 season of Cambodia 'A' and/or 'B' cotton.



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SECOND ALL-INDIA POWER SURVEY

WILL OVERALL SITUATION BE MORE SATISFACTORY?

THE Central Electricity Authority has just published the second All-India Power Survey (price: Rs. 5) which was carried out by the Electric Power Survey Committee (Chairman: Mr. K. P. S. Nair, Vice-Chairman, Central Water and Power Commission). The survey report, it is claimed, is the result of combined thinking on the part of representatives of State Electricity Boards and private electricity undertakings. Its principal findings pertaining to load growth in the country from 1961-62 to 1967-68 are presented in Table I. The all-India data in this table represent the arithmetical sums of the regional data. A rather satisfactory finding is the estimated aggregate installed capacity of 10,924 M.W. in 1965-66—a figure not very much below the third Plan target of 11,270 M.W. for commercial operation during the year in the public utilities sector covering both State-owned and company-owned undertakings. If this is going to be the position in respect of *installed capacity* (defined by the Committee as the sum of the maximum continuous ratings of all installed generating equipment), the aggregate *capability* of the power systems will naturally be less, being of the order of 9,434 M.W. in 1965-66. Incidentally, *capability*, as defined by the Committee, is "the maximum kilowatt output ability of the power systems at the time of system peak load with all power sources available with no allowance for outages, and (for systems with hydel installations) with sufficient kilowatt hours available to supply the energy requirements of the system"; this *capability* must provide for scheduled maintenance, emergency outage and system operating requirements in addition to the estimated load and any unforeseen load. Estimates of both *installed capacity* and *capability* for the four years from 1964-65 to 1967-68 cover the plants already installed, under construction or authorised.

Load Forecast

As for *peak load*, which is the maximum simultaneous ultimate customer demand that occurs during the fiscal year as measured by actual deliveries at bulk power sources and which includes line losses but not auxiliary power requirements, it will be 8,052 M.W. in 1965-66. The difference between *capability* and this peak load is the *gross margin* which should be of sufficient magnitude to provide for scheduled maintenance, emergency outages and system operating requirements; in 1965-66, this *gross margin* will be 1,382 M.W. representing 17 per cent. It is not clear whether this *gross margin* accounts for the *surplus* of 10,285 million kw.h. of energy in 1965-66. This *surplus*, incidentally, is the difference between "the total energy that can be produced under normal water conditions for hydel stations and at normal availability for thermal units" and "the aggregate of the energy consumption of all ultimate consumers, as measured at the busbar of the generating stations." It may be noted here that the forecast regarding "energy requirement" is not strictly a "demand forecast," for it refers only to the possible aggregate "energy consumption" at the estimated level of actual power deliveries for ultimate consumption. Th real *demand* for power may be much greater, but, then, there is no forecast of such demand in the Committee's survey. The impression produced by the figures in Table I, however, is that the overall power situation in the country will be increasingly safe because of an increasing difference between "energy available" and "energy required." But this may not actually be the case, if there happens to be substantial *unsatisfied* demand over and above the level of energy consumption estimated by the Committee under the head "energy required."

Region-wise Estimates

The region-wise picture is to be found in Table II which gives the estimates under all the relevant heads (namely, installed capacity, capability, peak load, gross margin, energy available and energy required) for 1965-66 and 1967-68. The northern region in this table covers Jammu and Kashmir, Punjab, Rajasthan, Uttar Pradesh, Delhi and Himachal Pradesh; the western region Gujarat, Madhya Pradesh and Maharashtra; the southern region Andhra Pradesh, Kerala, Madras and Mysore; the eastern region Bihar, Orissa and West Bengal; and the north-eastern region Assam, Nagaland, Manipur, N.E.F.A. and Tripura. As regional grids are yet to be established, the regional data in the table represent only the arithmetical sums of the data for each State. When a regional grid comes into operation in each region, the annual power survey will take account of any diversity between peaks on the systems that will then be operated as a closely co-ordinated group within the power zone. Thanks to such co-ordinated operation, there will be a substantial saving in capital expenditure and operating costs and higher peak loads can be met with the same capability on account of diversity between system peaks. There is no indication in the report as to when the proposed regional grids will become a reality. As regional electricity boards have now been formed for all the regions, the proposed formation of regional grids, one hopes, will not be long delayed.

In the non-utilities sector, covering self-generating industrial establishments (that is, auto producers), the estimated aggregate installed capacity in 1965-66 will be only 1,126 M.W., as compared with the third Plan target of 1,420 M.W. The estimated load demand on such non-utility power stations in that year will be 694 M.W.

The Committee's report has also highlighted the fact that the annual load factor has been 61 per cent to 63 per cent in the last three years and it will not be less than 60 per cent in the coming years. This country, incidentally, compares very favourably in this respect with the United Kingdom where the load factor is below 50 per cent. It shows that the generating plants in India are being used more fully than in the U.K.

Statewise Picture of* Per Capita *Power Consumption

(In kw.h.)

State or Territory	1962-63	1967-68
Andhra Pradesh	25	66
Assam	4	34
Bihar	49	106
Gujarat	62	116
Jammu and Kashmir	22	66
Kerala	35	86
Madhya Pradesh	26	77
Madras	63	143
Maharashtra	87	164
Mysore	44	115
Orissa	57	141
Punjab	84	136
Rajasthan	15	70
Uttar Pradesh	19	51
West Bengal	99	166
Delhi*	192	400
Himachal Pradesh	4	82
Pondicherry*	85	280
Goa, Daman and Diu	N.A.	163

* As Delhi and Pondicherry are mainly urban areas, *per capita* power consumption is relatively high.

N.A.—Not available.

Table I—*All-India Picture (Public Utilities only)*

Head		1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
Installed capacity	(M.W.)	5,129	5,636	6,267	8,256	10,924	13,882	15,091
Capability	(M.W.)	4,463	4,986	5,380	7,132	9,434	11,704	12,764
Peak load	(M.W.)	3,564	4,053	4,682	6,248	8,052	9,760	11,772
Gross margin	(M.W.)	899	933	698	884	1,382	1,944	992
Energy available	(million kw.h.)	25,859	292	31,761	42,049	53,227	68,126	75,493
Energy required	(million kw.h.)	19,199	22,167	25,382	33,287	42,942	51,532	62,046
Surplus (deficit)	(million kw.h.)	6,660	7,043	6,379	8,762	10,285	16,594	13,447

Table II—*Region-wise Picture (Public Utilities only)*

Head		Northern Region		Western Region		Southern Region		Eastern Region		North-Eastern Region	
		1965-66	1967-68	1965-66	1967-68	1965-66	1967-68	1965-66	1967-68	1965-66	1967-68
Installed capacity	(M.W.)	2,194	3,650	2,659	3,339	3,131	4,351	2,782	3,549	158	202
Capability	(M.W.)	1,780	2,691	2,568	3,209	2,511	3,593	2,424	3,094	151	177
Peak load	(M.W.)	1,659	2,399	2,021	3,012	2,117	3,100	2,185	3,131	70	130
Gross margin	(M.W.)	121	292	547	197	394	493	239	—37	81	47
Energy available	(million kw.h.)	10,016	15,973	14,491	18,348	13,659	21,310	14,248	18,794	813	1,068
Energy required	(million kw.h.)	8,910	12,736	10,868	15,939	11,269	16,224	11,620	16,577	275	570
Surplus (deficit)	(million kw.h.)	1,106	3,237	3,623	2,409	2,390	5,086	2,628	2,217	538	498

MAGNET WIRES INDUSTRY

The magnet wires industry is of very recent origin. The wires produced are mainly used in the manufacture of various electrical equipment, such as electric motors, transformers, switchgear, fan chokes and other electrical appliances and in telecommunication equipment. It has grown from a small production stage of 250 tons in 1950 to the level of 7,900 tons in 1963. The present rated capacity of the industry is estimated at 8,000 tons per annum, as against the licensed capacity of 13,000 tons and the third Plan target of 20,000 tons. But the industry is unable to expand production further because it has been experiencing of late some difficulties, such as inadequate supply quotas of copper (its principal raw material), delay in issuance of import licenses and irregularity of ship arrivals. These difficulties were pin-pointed by Mr D. C. Chinai, Vice-Chairman of the Magnet Wires and Cable Manufacturers' Association, at a Press conference in Bombay this week.

The Government issues raw material quotas on the basis of the performance of the industry. According to Mr. Chinai, it so happens that sometimes the industry could not reach the targeted level of production owing to some peculiar difficulties. The consequent lower production during the relevant policy period is taken as the basis for raw material quotas and the units are, therefore, forced to buy additional copper at a higher price from the open market. Mr. Chinai's suggestion is that the quota should not be reduced simply because a particular unit could not make full use of it, but that the unit in question should be granted "at least sufficient copper to produce to its rated capacity from the very first year it goes into production." As for the delay in issuance of quotas and the delayed arrivals of ships, his suggestion is that either the State Trading Corporation or the Association must be allowed to maintain a buffer stock of raw materials. Mr. Chinai has also taken the sensible stand that, instead of allowing small units of 60 tons a year to come up, the Government should encourage the existing units to expand capacity to the economic level of about 2,000 to 2,400 tons per year per unit. This will obviously save some foreign exchange, for it is well known that the foreign exchange required to start a new industry is much more than the foreign exchange required to expand an existing unit.

Mr. Chinai's complaint that the system of requiring the industry to sell its scrap at the present fixed rate to a fixed customer is not fair seems to call for sympathetic examination. His three alternative suggestions, in this connection, are that the Government (i) should allow the industry to sell its scrap in the open market, or (ii) revise the present fixed rates so as to conform to the prevailing international prices, or (iii) ask the S.T.C. to lift the scrap in exchange for scalped electrolytic wire bars. In view of the raw material difficulties faced by the industry, the third suggestion deserves to be pursued.

PROTECTION TO ALUMINIUM INDUSTRY

The Indian Non-Ferrous Metals Manufacturers' Association, Calcutta, in its reply to the Tariff Commission's questionnaire on the subject of extension of protection to the aluminium industry beyond 31st December 1964, has pleaded for such extension on several grounds. Firstly, the performance of the industry fully justifies the protection given to it so far. Secondly, the Association has estimated the demand for aluminium by the end of the fourth Plan at around 260,000 tonnes, as against the current demand of 80,000-90,000 tonnes. Hence a rapid expansion of the industry is needed. Thirdly, the high cost of production in India, as compared with that in foreign countries, is mostly due to factors beyond the control of the industry. The most important of these factors are:—(a) the high price of electric power; (b) the high price of raw materials, particularly caustic soda and calcined petroleum coke; and (c) high unit capital costs on account of import duties, small scale of operation, greater expenditure on colony and welfare facilities and greater investment in imported spare parts. The Association, therefore, strongly favours continuance of protection to the aluminium industry till 1970.

NEW PRODUCTS AND PROCESSES

Tougher Emulsion Paint

AFTER considerable development research, Pinchin Johnson and Associates, 93-97, New Cavendish Street, London, W.1. has produced an emulsion paint of great toughness and covering power, capable of withstanding ten times more hard washing than other emulsion paints. It is Gaymel Emulsion, available in nearly 60 colours. The resin base is a copolymer of polyvinyl acetate and acrylic, and is made in very fine particles. The acrylic adds the toughness and resistance to abrasion, and the fineness of the particles gives binding power for the pigment. In the process of making the copolymer, a semi-gel structure is incorporated, so that though the paint is not entirely drip-free, it is nevertheless easier to apply than conventional paints. A fungicide is also added to prevent the growth of mould when the paint is used for bathrooms and kitchens and wherever condensation is a problem.

Improved Pressure Cooker

A domestic pressure cooker with the usual rubber pressure seal and, in addition, a leaf spring mounted in the cooker head, is said by Rudolf Fissler K.G., of Idar-Oberstein, Germany, to be safer and more effective for the accelerated cooking of foods than ordinary pressure cookers. The ends of the leaf spring are forced against the rubber seal by the steam pressure inside the cooker, and cause any incomplete sealing between the head and body of the cooker to be rectified. The effective life of the cooker is increased because "fatiguing" of the rubber seal is avoided.

Heated Tubes for Hot Liquids

Screws with a left-hand thread near the head embedded in their insulation are now available from Samuel Moore and Company, Mantua, Ohio, for carrying liquids which must be kept hot. Two nickel-chromium wires, insulated with a fluorcarbon plastic, run alongside the steel tube. Both wires and tube are covered with plastic foam in an outer PVC sleeve which protects the foam insulation. When connected to a power supply, the elements are said to keep the tube contents 200 degrees Fahrenheit above ambient temperature.

Screws with Two-way Thread

Screws with a left-hand thread near the head and a right-hand one further down the body are being made for use in the manufacture of wireless receivers, gramophones and other household appliances. They are being supplied by the Shakeproof Division, Illinois Tool Works, St. Charles Road, Elgin, Illinois. When the left-hand thread is tightened in a panel the shank with the right-hand thread protrudes. Loudspeakers or other parts can be fitted over them and held by ordinary nuts tightened on the right-hand threads. Tightening the nuts also turns the left-hand thread slightly for increased holding power.

Cuffing Electric Motor Slot Liners

A new technique, developed by two British firms, for the mechanical cuffing of polyester film slot liners used in electric motors, saves time and cuts costs. For several years, slot liners have been made by laminating calendered board and other dielectric materials to polyester film of a thickness in the range 0.001 in. to 0.003 in. More recently, there has been considerable interest in using polyester film in the range 0.005 to 0.10 in., by itself without laminations. Mechanical cuffing (bending over the edges) of this film is easy, when the hot shaping method is used, but most automatic shaping machines operate cold, and there is a risk with them of cracking the outer edge of the cuff. A machine developed for the purpose forms a groove in the film before cuffing the edges. The forming rollers have a flange that forces the film into a groove in the bed plate. This reduces mechanical stress when the film is folded in the cuffing stage. The rollers are adjustable to suit different thicknesses of film and to ensure that the surface of the film is not scratched or otherwise damaged.

Removing Wax from New Cars

A solution for removing the wax from new cars without damaging the paint-work, the chrome, or the rubber sealing strips has been developed in Britain by Gramos Chemicals Ltd., Dundas Lane, Portsmouth, Hampshire. Waxes used to protect cars between factory and showroom have a high melting point, and are difficult to remove. The new solution, a mixture of solvents and emulsifiers, is applied to the waxed surface and left to penetrate for five to ten minutes, after which, the dissolved wax is easily wiped off with warm water. Rubbing with a soft cloth then produces a smear-free shine.

Ultrasonic Dip Tinning Equipment

High quality tinning of small components, in many cases without the use of fluxes, can be achieved by ultrasonic dip tinning equipment being produced by a British firm. Ultrasonic energy is used to cause vibration in the solder. This removes the oxide film on the work surfaces allowing a wetting action to take place and eliminating the risk of dry joints. As fluxes are not required for many materials—including aluminium wire—corrosion does not take place. The equipment consists of an electrically-heated solder pot to which is fitted a magnetostrictive transducer with a stainless steel probe. This has a natural resonant frequency of about 20 kilocycles. The probe is introduced into the solder bath through a ring-type gland clamped on the centre line of the probe, thus imparting maximum energy into the solder. Cooling is provided to prevent excessive heat transmission from the solder to the transducer by blowing compressed air through a cooling manifold.

Direct Conversion of Heat into Electricity

A £2 million development programme is being undertaken by Britain's Central Electricity Generating Board to establish the feasibility of a system designed for the direct conversion of heat into electricity. The system being investigated depends upon the passage of a hot ionised gas between the poles of a powerful magnet. A voltage appears across the gas, and this provides a power source, the electricity being extracted through probes inserted in the gas stream. Chief advantage of the system, which is known as M.H.D., over conventional generators is that much higher working temperatures, possibly up to 2,000° C., are expected to allow higher overall efficiencies to be achieved. M.H.D. power appears as direct current, and so it would involve conversion to alternating current before it could be fed into the grid.

Adhesive Laminating Equipment

A new machine for processing fabrics or webs to a maximum of 72 in. width, specifically designed for customers, who plan to enter the adhesive laminating field for the first time, is being produced by Weston-Evans and Company of Manchester. It has an average processing speed of 5 to 7 yds. a minute, and a production range of 1 to 20 yds. per minute. The firm, having long experience in the foam-backing and combining fields, has felt that a need exists for a simple machine enabling customers to become familiar with the adhesive process techniques before investing in the more costly, high output, production equipment.

Glueing Steel Saves Money

Scientists of the Iron Metallurgy Institute in Gliwice, in Poland, have recently put in industrial operation a new, interesting technological method. It consists of covering with tool steel inlay plates for the presses forming ceramic and fire-proof products. The plates made of carbonising steel, used until now, were substituted with two layer plates. They consist of a soft steel foundation and a steel sheet, 2.5 millimetres thick, made of hard tool steel and glued to the foundation with a glue for metals. After the steel sheet wears out, a quick, inexpensive and easy renewing of the plates takes place by ungluing the worn out sheet, and replacing it with a new one. The plates used to be thrown away after the steel wore out, but now the glued-together type can serve quite long, even a few years. Almost 200 tons of steel are saved yearly through this invention.

Calcium Chloride as Memoriser

Calcium chloride acts as an excellent memoriser in an electronic memory device designed by the Institute of Electronics, Automation and Telemechanics of the Georgian Academy of Sciences, in the Soviet Union. It is based on the optical memorisation of information. A fine film of calcium chloride covering a transparent screen records the signals of an electronic ray. "Travelling" over the screen in a pre-set direction, this ray records information in the form of dark and light dots. The new type of optical memory has great advantages over electronic-ray tubes or photo-sensitive materials now used in memory devices. Under the new method, information can be repeatedly recorded on the same memory element. The device needs only tens of milliseconds to record information. The ray-recorded information can be kept by such a "chemical memory" for an unlimited period. It is preserved even with electric tension switched off from the device.

Self-bonding Coatings

Self-bonding tungsten carbide powder that can be flame-sprayed to produce very hard coatings on almost any metallic surface is now being marketed by Metco, of Chobham, Working, Surrey. It can be sprayed directly on to a clean surface and no heat treatment is required after spraying, so that a low-melting point base material can be coated. For short exposures, the sprayed coatings will tolerate temperatures higher than their softening point (slightly above 1,000° Centigrade). It is stated that the coatings, in thickness from .002 to .015 inches, can be applied at a lower cost than similar materials deposited by any other process.

Make-your-own Boxes

For those who continually face the problem of parcelling awkward shaped objects, there is now a specially designed board which can be quite easily formed into boxes. It is being marketed by Progressive Stationers, 81, Parkway, London, N.W.1. The board has equally spaced creases running parallel with each other, and forming 3 inch squares and giving a pleasing embossed appearance. Boxes can be produced by first forming the board into a rectangular sleeve longer than the article and then cutting the surplus material at each end along the crease line at the corners. Fold-over flaps are formed, and these can be held in place by adhesive tape. The boxes formed are strong enough to send goods through the post.

IDEAS IN BRIEF

New light and heavyweight plastic products have the full transparency of tinted glass and colours ranging from red to bluish-orange. It is produced by Farbenfabriken Bayer, 22c Levarkusen Bayerwerk, West Germany.

A way of removing old paint from the body-work of cars almost as fast as it was put on originally has been patented by Gerhard Collardin, 215 Widdersdorferstrasse, Koln, Ehrensfeld, West Germany.

An organic reagent has been patented to produce extra bright nickel deposits on car bumpers by Kemiska Candor, 10, Storgatan, Stockholm, Sweden.

Improved magnesium alloys are said to have excellent mechanical properties and resistance to oxidation at temperatures beyond 500 degrees Centigrade. It is being developed by French Atomic Energy Commission, 69 rue de Varenne, Paris 7, France.

Building blocks, refrigerator bodies, wall coverings and doors can be made more cheaply and quickly, it is claimed, by a simple one-step moulding process made by Antonio Zanettei, Fegli, Via Oberdau 22, Pordenone, Italy.

A fast but simple way of compressing industrial powders has been produced by Deutsche Gold und Silberscheideanstalt, 9 Weissfrauenstrasse, Frankfurt 1, West Germany.

A new thermostat control unit relies for its operation on the expansion of rubber in a cylinder rather than on the expansion of a metal or a liquid according to Svenska Gasaccumulator, Lidingo, Sweden.

A special type of jacket is claimed to keep steelworkers cool as they work in front of hot furnaces says W. A. Bemelman, Baambrugse, Zuwe 125c, Vinkeveen, Netherlands.

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PETROCHEMICAL INDUSTRIES IN INDIA

THEIR IMPORTANCE—PLANS FOR DEVELOPMENT

By V. S. Swaminathan, M.A., M.Sc. (Lond.)

WE have had three capital reports regarding the prospects of establishing and fostering the growth of petrochemical industries in India, one by Dr. Kane, another by Dr. Henney and a third by the planning group for petrochemical industry. All have made far-reaching and constructive recommendations relating to the industry which in other Western and Eastern countries has, perhaps, registered the fastest growth rate. In this article, we deal with the beginnings of the industry, the competing raw materials, basic techniques, equipment and processes, economics of scale, plant obsolescence, availability of feedstocks and targets set for 1970-71. Then we review, in brief, outline, seven groups of petrochemicals—solvents, synthetic detergents, plastics, synthetic rubbers, synthetic fibres, nitrogen fertilisers and carbon black, and conclude with a consideration of the factors conducive for the growth of this young and dynamic industry.

Historical Landmarks

Ever since the Bronze Age, the chemist (and before him the alchemist) has played an important part in the utilisation of naturally occurring materials to serve the needs of man. Until the middle of the nineteenth century, the chemical industry was concerned with the manufacture of acids, alkalis and mineral salts, extraction of various natural products like dyes and sugar, and various fermentation processes. But even before the foundations of organic chemistry were laid by Liebig, Wohler and Dumas, who prepared a series of derivatives of natural products with inorganic reagents, chemists first tried to ascertain the molecular structure of natural products and then synthesize them in the laboratory. Between 1896 and 1910, the number of known organic compounds rose from 200 to 200,000. They now number over a million.

In 1824, Wohler blazed the trail by synthesizing urea by reacting carbon dioxide with ammonia. Soon afterwards, Faraday announced the discovery of benzene, which forms the basis of modern synthetic dye industry. In 1845, Professor Hofmann separated benzene from coal tar. This was followed by his pupil, Perkin, who found a method of synthesizing aniline dyes from benzene in 1856. Just over a century ago, Alexander Parkes revealed a new material, Parkesine, which, in due course, ushered in the plastic industry, now a serious rival to the Indian lac industry. In 1886, alizarin was synthesized which quickly supplanted the cultivation of madder. The synthesis of indigo by Bayer in 1880 led to the displacement of the Indian indigo crop. Later followed the use of gas products from coke ovens as simple molecules for organic synthesis. In the first decade of the current century, the conversion of coke oven gas and synthesis gas for the production of ammonia was made possible by the work of Basch and Faber. As a result, the natural nitrate industry of Chile and India languished.

A Veritable Catalyst

In the following decade, organic synthesis shifted from coal to petroleum and natural gas for its raw materials. Ethane and propane from natural gas was used to make ethylene and propylene, and isopropyl alcohol was obtained from refinery gases. Then followed the synthesis of polystyrene plastic by polymerising styrene derived from benzene. Later, Wallace Carothers produced the first synthetic rubber, neoprene, and the first truly synthetic fibre, nylon. In the 1930s, Imperial Chemical Industries produced, for the first time, polyethylene plastic by the high-pressure process. When Karl Ziegler invented the organo-metallic catalysts, it became possible to polymerise ethylene by low-pressure method into polyethylene. The advent of these catalysts led to Giulio Natta's conception of polymerising propylene by the low-pressure technique to obtain polypropylene plastic. The Second World War acted as a veritable catalyst in stimulating the growth of the petrochemical industry, particularly in the United States.

What are Petrochemicals ?

Any chemical compound derived from petroleum or natural gas has been named a "petrochemical" since the 1940s. The terminology is not quite an exact one since the word signifies "rock chemical." According to the molecular arrangement of their carbon atoms, petrochemicals are broadly classified as straight-chain types (aliphatics), or ring types (aromatics and naphthenes). Aliphatics and aromatics are more important commercially than naphthenes.

The main aliphatic materials are: methane, ethane and ethlene, acetylene, propane and propylene, butane and butylenes, butadiene, pentane and pentenes. The principal aromatics are: benzene, toluene, xylenes, naphthalene and cresylic acids. In addition to these, some inorganic chemicals form a part of the petrochemical family, the most important of which are ammonia, hydrogen, sulphur and carbon black.

When the demand for motor fuels rose sharply following the mass production of cars soon after the First World War, it was found impossible to produce sufficient quantities of gasoline by means of the simple distillation processes then in use. Therefore, the industry set about converting the heavy products to light ones by means of a decomposition process termed cracking. There are two variants of this technique—thermal and catalytic cracking. The cracking process at the same time yielded very large quantities of highly reactive olefin gases. The search for the possibility of utilising them gave the main impetus to the development of the petrochemical industry.

Competing Raw Materials

Petroleum has advantages over coal as a starting material for synthesis in being liquid, and in the fact that hydrogen is already combined with carbon. As compared with vegetable products, it is more easily and economically transported, and gives a higher yield of chemicals on a weight-for-weight basis, besides being much more stable in price. The principal attractions of petroleum hydrocarbons as raw materials for the chemical industries are that they supplant or replace base stocks in inadequate or erratic supply; provide the required feedstocks in virtually unlimited quantities, at constant quality an often at appreciably lower cost than attainable by using alternative sources. The chemical industry is only a relatively minor customer of the oil and natural gas industry. After the spectacular growth shown by this industry in recent decades, only some 1.5 to 2 per cent of world oil output, and less than 5 per cent of world natural gas production, find their way into chemicals. It is this factor that lends long-term confidence to the stability of the price structure of chemical commodities derived from hydrocarbon sources. (See Table 1.)

Techniques, Equipment and Processes

The idea of synthesis, as we have already shown, is not new, but polymerisation became a major industrial process only during the Second World War. Polymerisation stands for the combination of identical chemical molecules (repeating chemical units) to form larger ones known as high polymers or simply polymers. In some instances, it is possible to form polymers from two or even three monomers which may differ from one another in chemical form and yet be capable of linking to form mixed monomer chains. These are kown as co-polymers, and they form the basis of the most important types of synthetic rubber, including Butadiene-Styrene rubber.

One major distinction between an oil refinery and a petrochemical plant is that oilmen deal in products measured in terms of thousands of barrels a day, while, in most cases, the chemists are satisfied with daily outputs measured in a few tons. In other words, petrochemistry turns out rather limited quantities (ignoring inorganic commodities like ammonia, hydrogen, sulphur and carbon black) of relatively expensive end-products. While chemists showed petroleum technologists how to use the surplus refinery gases to economic advantage, the latter demonstrated how the products could be turned out more cheaply by adopting the techniques of continuous operation, thus doing away with frequent and costly cyclic shutdowns entailed by batch production. All the problems pertaining to industrial chemistry, such as high and low temperatures, high pressure, high vacua, special materials of construction, analytical techniques, quality control, etc., also affect the petrochemical industry.

Since the volume of materials handled by the chemical plant is generally much less than that of an oil refinery, smaller individual items of equipment are used for continuous physical operations like distillation, extraction, filtration, etc. Conditions for chemical conversion are very precise, calling for careful control of temperature, pressure, reaction velocities and so on. These factors determine the dimensions and construction of the equipment. In continuously operating units, the process conditions are generally controlled by automatic instruments. Many chemicals are corrosive, so stainless steel is widely employed in plant construction. Glass and plastics are favoured as linings for reaction vessels.

Many of the processes followed in the petrochemical industry had been known for a long time, but the gap between laboratory synthesis and commercial production was often very wide. Although the raw materials are available in refineries from the cracking processes, they are present as mixtures and the separation of any one material in a state of sufficient purity to be the feedstock of a chemical process often involves intricate operations. Also, the industry's initial base stock was refinery gas, but, as the change from thermal to catalytic cracking led to a reduction in reactive olefin content of this gas, other feedstocks such as natural gas, liquefied petroleum gases, naphtha and even residual fuels had to be pressed into service.

Naphtha Cracking

In a typical process, naphtha is fed to thermal crackers operating in the temperature range of 1,200 to 1,400° F., which are specially designed to produce large quantities of valuable olefins. The residence time in the hot zone is not more than one to three seconds, and the total product is rapidly cooled as it leaves the reactor. The cracked product is a complex mixture, ranging from hydrogen and methane upwards. The first step towards its utilisation is the separation of the compounds which are gases under ordinary conditions, hydrogen upto and including the C_4 hydrocarbons, from those which are liquid. Apart from hydrogen and methane, the gas is composed of valuable lower olefins (ethylene, propylene and butenes butadiene), and it is now split by distillation under conditions of pressure and refrigeration into C_1, C_2, C_3 and C_4 fractions.

The perfection of commercial processes for the separation of lower olefins permitted the petrochemical industry to come into existence. Demand for the industry's products made it economically successful and, thereafter, ensued a rapid expansion in which initially unthought of feedstocks and methods of converting them have led to an ever-increasing diversity, as well as quantity, of production. New and improved techniques of analysis of feeds and process streams are contributing to the soundness and vigour of the industry's growth. The main products from petroleum and natural gas are found in Tables 2, 3, 4 and 5.

Economics of Scale

Chemical processes become more economical when operated on a larger scale. With continuous, in place of batch, production, a plant with a lower capacity serves the purpose and there is a saving in capital cost. Investment required for a plant making 20,000 tons of synthetic general-purpose rubber may be anything between $10 to 20 million ($500 to 1,000 per annum ton of production) depending on methods of manufacture. A plant of 50,000-ton capacity will call for an outlay of $25 to 35 million, reducing unit cost of installation to $400 to 700 a ton. These economies of size will also be reflected in reduced operating costs, which, for the larger plant, may be 16 to 17 per cent lower than for the smaller one.

Again, a plant producing 20,000 tons of chemicals from petroleum per year gives a return of 12.5 per cent on capital, whereas the yield goes up to 25.6 per cent by stepping up output to 60,000 tons per annum at an enhancement of capital by 2.27 times only. The return on low capacity investment is not bad at full throughput, but, if the plant operates at 70 per cent of capacity, the profit in the former case declines to so low as 0.53 per cent, while the larger plant gives a return of 6.63 per cent. Dr. Taylor, of I.C.I. Ltd., recently pointed out that capital cost per unit of output falls to a quarter for a tenfold increase in capacity.

For these reasons it is well worthwhile expanding existing capacity to realise the economies of scale. Such a proposition is cheaper and less time-consuming than building a new plant. This enlargement of the scale of operation would often have the effect of bringing down the unit cost of production.

Plant Obsolescence

In this age of rapidly advancing technology, apart from *process* obsolescence, one must also reckon with *product* obsolescence. There are two main categories of products: (1) chemical intermediates manufactured in large quantities and to precisely defined chemical specifications such as ethylene, ethylene oxide, vinyl chloride, mono-styrene, etc.; (2) chemical agents and end-products, whose usefulness lies in their ultimate functions and performance like plastic polymers, plasticisers, rubber emulsifying agents, pharmaceuticals and dyestuffs. In the first case, the manufacturing plants are usually assured of a life of 15 to 20 years, unless they are rendered obsolete within a shorter period by process changes. A very much shorter life is to be expected for some of the plants turning out the second group of products, whose useful life is more often determined by that of the product than the durability of the processing equipment. With this background knowledge, we are in a better position to assess the prospects for petrochemicals in India.

Feedstocks and Finance

Although several schemes have been licensed for execution during the current Plan period in the organic chemical field, almost all the plants in operation at the beginning of the fourth Plan are likely to be based only on industrial alcohol, carbide-based acetylene, and coal-tar byproducts and distillation products. The exceptions are the fertiliser plants of F.A.C.T. and E.I.D.-Parry based on naphtha, the fertiliser and methanol plants at Trombay using naphtha and refinery gases and the Shell plant at Bombay producing solvents. The country's organic chemicals industry now depends largely on imports of intermediates for plastics, plasticisers, detergents, dyestuffs, agricultural chemicals, etc. The planning group for petrochemicals estimates that, at the close of the third Plan, the capacity and production of some of the organic chemicals may be as indicated below:

(In '000 tons)

Product	1965-66 *Latest appraisal*	
	Capacity	*Production*
Polyethylene	12	12
Polyvinyl chloride (PVC)	15	9
Polystyrene	14.2	10
GRS—rubber	30	24
Acetic acid, acetic anhydride, butanol	5.5*	4.4*
Methyl alcohol	30	16

* In terms of alcohol consumption.

According to the same group, the following capacities would need to be established by the end of the fourth Plan period (1970-71):

(In '000 tons)

Product	*Capacity required*
Polyethylene	120
Polypropylene	10
PVC resin	110
Vinyl chloride for PVC	115
Nylon	28
Polyester	20
Polyvinyl alcohol	10
Synthetic rubbers	120
Ethanol	315
Benzene	174
Detergent alkalate	20

Where are the feedstocks for the chemical plants to come from? The answer is from petroleum fractions, of which naphtha is by far the

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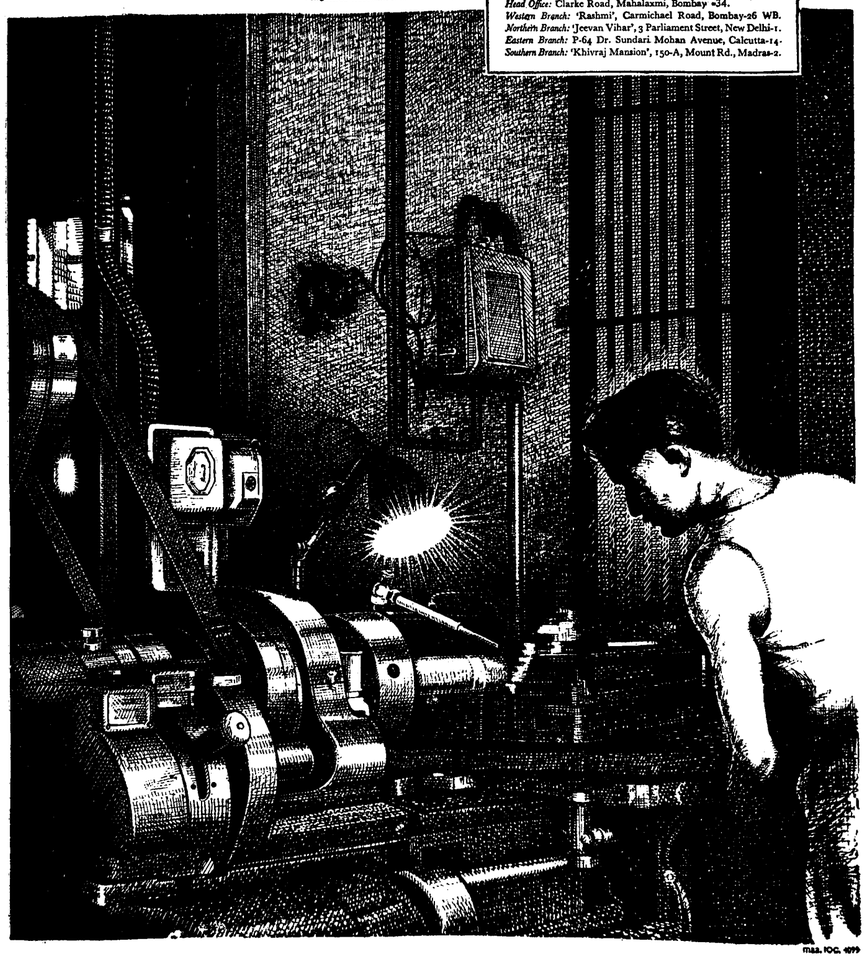

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most important, refinery gases and natural gas. Assuming India's oil refining capacity will go up from 13.4 million tons in 1966 to 24.8 million tons in 1971, Dr. Henney of the French Petroleum Institute reckons that the net amounts of naphtha available for producing petrochemicals would be:

Net Naphtha Available for Petrochemicals

(In '000 tons)

Refinery	1966	1967	1968	1969	1970	1971
Digboi	155	116	74	29	..	..
Gauhati	..	..	..	..	..	..
Barauni (East India) ..	..	..	..	..	371	321
Burmah-Shell (Esso Eastern) ..	417	307	247	264	240	540
Gujarat	178	169	160	380	370	359
Caltex	43	40	36	32	28	23
South India (1 and 2) ..	50	38	255	241	225	209

In order to permit installation of a large-scale petrochemical complex, Dr. Henney avers, there should be a continuing availability of over 150,000 tons of naphtha. From this standpoint, it should be possible to start operating major petrochemical plant groups at the following places and times:

Bombay and Gujarat 1966 initial phase and further large phase 1969 and 1971 respectively.

South India initial phase 1968.

Gauhati-Barauni (East India) initial phase in 1970.

The refinery gases, too, will become available for use. In addition some 37 million cu. ft. a day of natural gas is expected to be available from Duliajan and Moran areas in Upper Assam for new uses. This quantity is expected to go up to 70 million cu. ft. daily by 1968. Cambay is another commercial producer of natural gas. The Ankleshwar oilfield also carries associated gas. All in all, the feedstock position should improve during the fourth and fifth Plan periods.

The capital outlay on plant and equipment for the manufacture of basic feedstocks for the industry in 1970-71 is estimated at Rs. 120 crores (Rs. 65 crores in foreign currency). The corresponding investment in regard to derived products is of the order of Rs. 200 crores (with a foreign exchange component of Rs. 100 crores). Finally, if one takes into account distribution of end-products by technically trained salesmen, the grand aggregate expenditure would amount to, say, Rs. 500 crores.

Solvents

Alcohols rank next to water in importance as solvents. Until 1920, they could only be manufactured at the cost of human and animal foodstuffs. They were produced by fermentation processes, in which grains, potatoes and molasses formed the base materials. Today, many valuable solvents are manufactured from petroleum by chemical means. They include alcohols, ketones, esters, ethers and chlorinated hydrocarbons. These chemical solvents are to be distinguished from hydrocarbon ones such as white spirits and special boiling point (S.B.P.) spirits obtained from petroleum from distillation and fractionation. While the cost of ethylene production via alcohol route is of the order of 50-60 paise per lb., it is only 35-45 paise per lb. by petrochemical means, including profit-margin in both cases.

These solvents are used in oilseed extraction, cleaning processes, metal de-greasing, wool degreasing, rubber processing, printing inks, polishes, pharmaceuticals and cosmetics. Most constitute intermediate materials for further chemical synthesis. Thus acetone is manufactured from isopropyl alcohol; phenol, styrene, detergent alkylate and insecticides from benzene; TNT (explosive), several dyestuffs and pharmaceuticals from toluene; terephthalic acid (used in manufacturing polyester fibres like Terylene) from P-xylene; acrylic resins, Epikote resins and acetate rayon from acetone and formaldehyde (used in the manufacture of thermo-setting plastics) from methanol.

The first petrochemical plant for preparing organic chemicals on a large scale is being put up at Trombay, by Mafatlals in collaboration with Shell International Petroleum Chemical Company, to manufacture isopropyl alcohol, which in turn is to be converted into acetone, diacetone alcohol and methyl isobutyl ketone. Esso Standard Refinery Company of India is manufacturing special products like hexane, an industrial solvent, and has plans to produce solvent 2445 used extensively in textile industry. There is ample scope for establishing several more chemical solvents plants in the country.

Synthetic Detergents

Until very recently soaps could be made only at the expense of edible fats. It was then felt that, if materials other than oil and fat could be found for manufacturing them, a most important economy could be effected. During and soon after the Second World War, petroleum raw materials were first used for the large-scale manufacture of the now familiar synthetic detergents. The development of the latter was partly the result of a shortage of animal fats and vegetable oils needed for soap making during that emergency, and in part because synthetic detergents have special properties which give them advantages over soap. These properties include freedom from scum formation in hardwater, and ability to lather in salt water. Certain detergents are also stable in water solutions of acids and other chemicals, and this property is of use in a wide range of industrial applications. The effect of a detergent is to impart surface-active properties to the water, namely, good wetting power (ability to wet surfaces which are normally water repellent), dispersing power (ability to hold particles of solid dirt in suspension), and emulsifying power (ability to hold in suspension particles of another immiscible liquid, say, oil, in a very fine state of division).

Synthetic detergents have ever-growing household and industrial uses. Powder products are considered more suitable for clothes and linen, while liquid products are specially formulated for washing dishes, paintwork, floors and carpets. In the industrial field, textile manufacturers are the largest users of synthetic detergents from the scouring of raw wool, yarns, woven goods to the milling of woollen piecegoods. Cotton, rayons and synthetic fibres are also scoured with them. The versatile detergents are employed as wetting agents and dyebath assistants in dyeing and finishing. For laundries, special blends are made in liquid or paste form. Synthetic detergents are favoured in the engineering industry for metal de-greasing, in mining for dust laying, in paper manufacture as wetting agents to assist pulping of raw material, and in general cleaning of every type of establishment.

Considering that millions of Indians lack adequate fat (and protein) in their diet, live amid conditions of squalor and dirt, and there has been a sharp increase in the prices of domestic groundnut and coconut oils at a time when prices of imported copra and palm oil have gone down, there is, indeed, a promising future for synthetic detergents in India.

In 1960-61, India consumed 375,920 tons of soap, an increase of 270 per cent on 1950-51. The production target set for soap in 1965-66 is 508,000 tons, including 20,000 tons of synthetic detergents. At present, Hindustan Lever and Swastik Oil Mills formulate synthetic detergents from imported intermediates, largely dodecyl benzene, and their production in 1961 was 2,387 tons. Three more units, with a combined capacity of 5,300 tons, have been licensed to manufacture synthetic detergents. In fine, there are promising prospects for manufacturing alkyl aryl sulphonates based on benzene and propylene, and also alkyl sulphates derived from slack wax in the manufacture of lubricants.

Plastics

Plastics are among compounds produced by chemists which have no counterpart in nature, but which are of fundamental importance in the manufacture of new base materials for diverse processing industries. Synthetic resins are familiar to most of us as plastics, but they have other important uses in the manufacture of surface coatings, glues, synthetic textile fibres, etc.

A product of post-war development so far as India is concerned, plastics are here to stay and grow. A capital of nearly Rs. 25 crores is already invested in the industry which employs about 30,000 persons. Investment in it is reckoned to increase at an annual rate of Rs. 5 crores in the next five years. In terms of value, the production of plastics goods and materials rose from Rs. 10 crores in 1956 to Rs. 20 crores in 1960. Exports of plastics goods totalled Rs. 2.64 crores in 1963-64,

TABLE 1—ALTERNATIVE SOURCES FOR SOME ORGANIC CHEMICALS

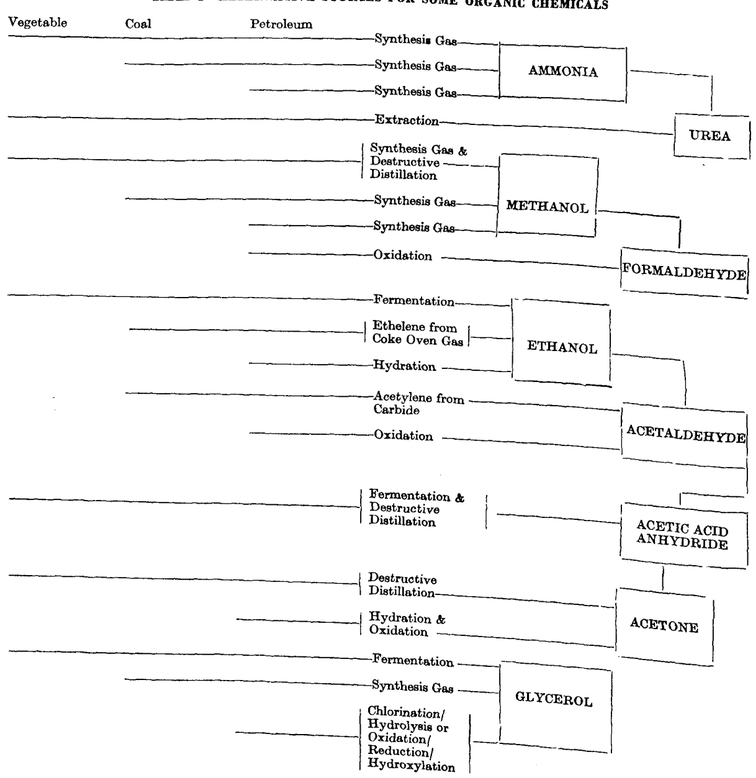
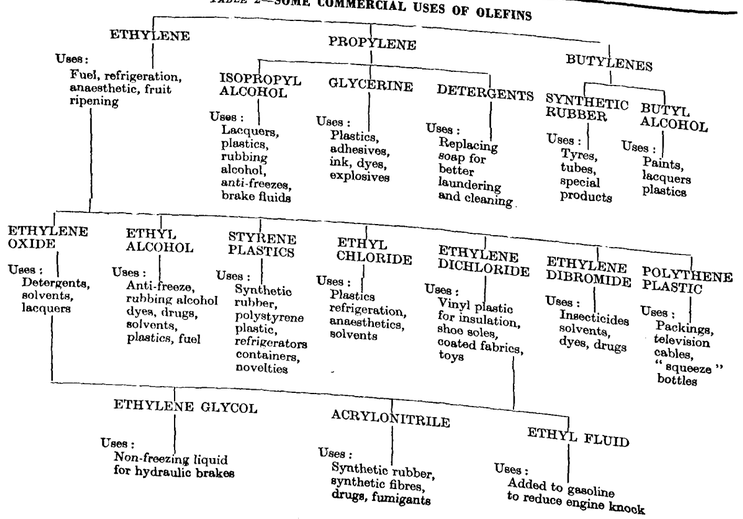


TABLE 2—SOME COMMERCIAL USES OF OLEFINS



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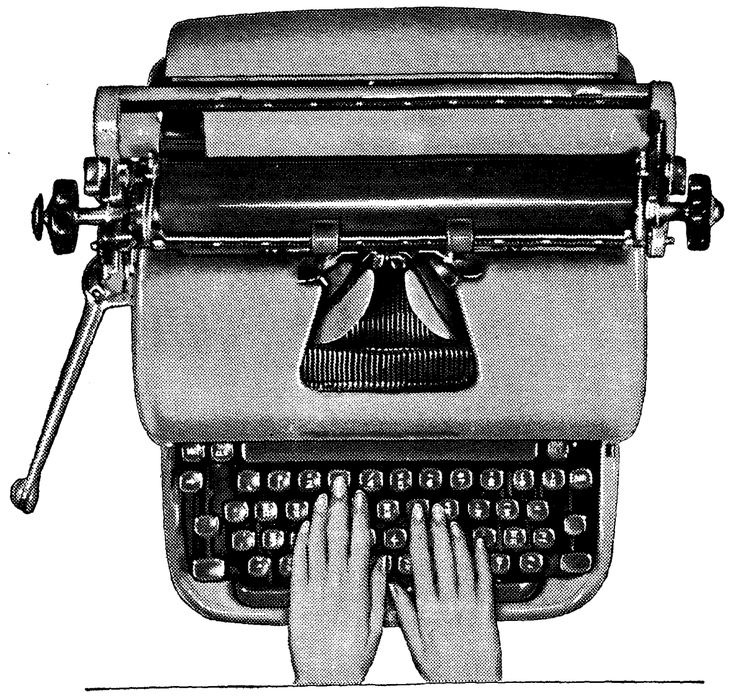

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as against Rs. 7.82 lakhs in 1955. The export target for 1964-65 is Rs. 5 crores.

The only indigenous raw materials now used for making plastics are ethyl alcohol and acetic acid from molasses, and benzene and toluene from coal tar. There are substantial imports of intermediate chemicals for plastics and plasticisers.

The Government's basic objectives in the plastics plan are twofold: (1) the utilisation of the country's natural resources for the production of plastics materials, achieve low costs by linking plastics to the cheapest source materials, that is, petrochemicals, and provide unlimited scope for the consuming industries; and (2) exploitation of the use of plastics as an engineering material for construction and industry in substitution of, and as supplement to, traditional materials, particularly those in short supply.

It is known that the cheapest source of methanol would be streams of carbon monoxide and hydrogen from gasification plants of fertiliser projects. The Trombay project, which will come on stream before the end of 1964, and designed to produce 90,000 tons of urea, will besides have the first methanol unit in the country with a daily capacity of 100 tons. This would support the existing formaldehyde plants, now dependent on imported methanol. The establishment of a major urea nitrogen industry in the country based on petroleum feedstocks, and production of methanol as adjunct, will make available low-cost technical grade urea and cheap methanol for conversion to formaldehyde. This will put domestic urea industry on a firm footing and go a long way to achieve production on conditions of competitive world economy.

Demand potential for plastics in 1966 is placed at 133,000 tons, made up of thermoplastics 90,000 tons, thermosetting resins 23,000 tons and cellulosics and others 20,000 tons Facilities for the production of polystyrene, polyethylene and polyvinyl chloride are to undergo marked expansion, as also phenol formaldehyde, urea formaldehyde, cellulosics, etc., largely based on petroleum feedstocks. There are two proposals for manufacturing linear low-pressure polyethylene, and two more for producing polypropylene. It is noteworthy that, of the estimated requirements of building blocks for the plastics industry of 84,500 tons in 1965-66, not less than 52,000 tons are to be obtained from petroleum; and of 247,000 tons in 1970-71, feedstocks derived from petroleum will account for nearly 200,000 tons. All in all, the Indian plastics industry has outstanding growth prospects, spearheaded by thermoplastics.

Synthetic Rubber

In the twelve years since 1950 the share of natural rubber in total world production shrunk from 77.7 per cent to 48.7 per cent, while that of the synthetic product expanded from 22.3 per cent to 51.3 per cent. In other words, the manufacture of synthetic rubber rose from 534,500 tons to 2,225,000 tons, and production of natural rubber also increased but from 1,860,000 tons to 2,110,000 tons. During the years 1952-61, India's rubber production increased only 33.6 per cent, whereas its consumption rose by as much as 171 per cent, the shortfall being met by importing 36,856 tons in 1961. For 1964, world natural rubber production is estimated at 2,135,000 tons and consumption 2,225,000 tons. The corresponding global figures for synthetic rubber are production 2,690,000 tons and consumption 2,545,000 tons. For the same year, India's natural rubber output is placed at 40,000 tons and synthetic rubber 15,000 tons; and the country's requirements 78,000 tons, made up of 62,000 tons of natural rubber and 16,000 tons of synthetic product. Whereas the average domestic yield of plantation rubber per acre is 320 lb., in Malaya it exceeds 700 lb. These facts and figures give much food for thought.

The greater proportion of synthetic rubbers are made by the co-polymerisation of butadiene with styrene, both derived for the most part from petroleum. Other types of synthetic rubber include butyl, a polymerisation product of isobutylene; nitrile, obtained by the co-polymerisation of butadiene with acrylonitrile; Neoprene, prepared by polymerising chlorobutadiene; Hypalon, made by treating polyethylene with chlorosulphonic acid; polybutadiene and polyisoprene. The petroleum industry provides the raw materials for all of these rubbers. The speciality rubbers are employed in applications best suited to their individual characteristics, that is, resistance to temperature, resistance to effects of oils and solvents, flexure strength, etc.

India's consumption of rubber is estimated to total 100,000 tons in 1965-66 (30 per cent synthetic) and 167,000 tons in 1970-71, of which only 62,000 tons may be met by natural rubber. Synthetics and Chemicals Ltd. has commissioned a plant with capacity to produce 30,000 tons per year of styrenebutadiene general-purpose rubber based on alcohol from molasses and benzene from coal tar. Mr. Tulsidas Kilachand, the Company's chairman, stated recently that it would be possible for the plant to operate on a profit basis if it works to full or near full capacity. For the first five months of 1964, the output was 6,500 tonnes, but, on account of poor offtake, stocks rose to nearly 8,000 tonnes. The low level of output and high prices of raw materials are given as reasons for the high costs of production. Also, the Company has to pay heavy excise duties on imported chemicals.

When this plant switches over to petroleum feedstocks, the price of synthetic rubber should come down. Mr. Kilachand also indicated the feasibility of producing stereo-rubber in collaboration with Firestone and a scheme would be submitted to the Government for its approval. Mr. Humayun Kabir stated in Bombay on 12th July that at the Koyali site it is proposed to set up a synthetic rubber plant with an annual capacity of 20,000 to 25,000 tons. It is understood that the location of the proposed 20,000 tons Cis-4-polybutadiene plant would be shifted to Bombay on economic grounds. One must visualise the setting up of more economically viable synthetic rubber plants, especially those turning out speciality rubbers based on petroleum feedstocks.

Synthetic Fibres

The dependence of textile industry on scientific research becomes ever more apparent as time passes by. Whether it be in the production of regenerated fibres from cellulose, or truly synthetic fibres like nylon and Terylene, it is based on modern chemical engineering. Here, again, the petrochemical industry has made a significant contribution to the development of the latter group of fibres. The nylon-type fabrics are manufactured from adipic acid which can be made either from cyclohexane or phenol. The British Terylene (Dacron in U.S.A.) is a polyester formed by the reaction of ethylene glycol with terephthalic acid, the latter being obtained for P-xylene by oxidation. Acrilan, derived from acrylonitrile, is obtained by the action of hydrocyanic acid on either ethylene oxide or acetylene.

That the man-made fibre industry is developing and progressing fast in the world is indicated by the fact that, from 2 million lb. in 1900, the world output of these fibres rose to 9,590 million lb. in 1963, and the potential capacity of the industry is placed at around 11,466 million lbs. The share of the man-made fibre industry in the global textile output has increased from 1 per cent in 1921 to 25 per cent in 1963. There has been a decline in the shares of natural fibres in the textile output in the world; the share of cotton fell from 81 per cent in 1900 to 60 per cent in 1963 and that of wool from 21 per cent in 1900 to 9 per cent last year.

Now India's consumption of man-made fibres went up from 57 million lb. in 1951 to 140 million lb. in 1960. The 1966 target has been set at 215 million lb., including 10 million lb. of true synthetics. The Central Government has already approved five companies for manufacturing a total of 14 million lb. of nylon; two companies for manufacturing between them 10 million lb. of Terylene and one company for putting up a 7.5 million-lb. plant for producing acrylic fibres. The capacity of truly synthetic fibres envisaged as targets during the fourth Plan is: Nylon filament and staple 15 million kg., nylon tyre yarn, fishing net and industrial yarn 13 million kg., polyester (Terylene) 10 million kg., polyacrylonitrile 10 million kg., and polypropylene 5 million kg.

Inasmuch as India spent nearly Rs. 70 crores on importing a million bales of raw cotton in 1962 and petroleum feedstocks will assume increasing importance during the fourth Plan and later, there is much to be said for fostering a domestic man-made fibre industry. It is to be hoped that the textile machinery needed for their manufacture into fabrics will also be made in India.

Nitrogen Fertilisers

Petroleum and natural gas are also the source of several inorganic chemicals, notably ammonia, carbon black and sulphur. In the draft Plan frame prepared early in 1955, Prof. Mahalanobis succeeded in convincing the Planning Commission of the close interlocking of progress in industry and agriculture. Industrial development is essential to provide an ever-increasing supply of fertilisers, pesticides, machinery and equipment for farming, irrigation, drainage and land improvement. An increase in agricultural production is vital for providing additional food and raw materials for industrial progress.

Of the three tonnage fertilisers, namely, nitrogen, phosphates and potash, the first is of the greatest importance. India has plans to have a total installed capacity of 1,000,000 tons in terms of nitrogen by 1965-66. Making certain assumptions, the Development Council for Fertilisers and Fertiliser Association of India arrived at the following broad conclusions: Foreign exchange for import of foodgrains through 1960-66 would total around Rs. 16,798 million; savings in foreign exchange by import of fertilisers rather than foodgrains would amount to Rs. 11,248 million; and savings in foreign exchange by import of fertiliser plants rather than foodgrains would be of the order of Rs. 15,716 million. The assumptions made were that all the nitrogen produced is used for food production; a ton of nitrogen gives 10 tons of foodgrains and 20 tons of straw; the cost of foodgrains is Rs. 400 a ton, and straw Rs. 27 a ton, and the cost of imported nitrogen is Rs. 1,500 a ton.

The third Plan for fertilisers envisages a target of one million tons of nitrogen. Among nitrogenous fertilisers accent is placed on urea, as it provides a concentrated form of nitrogen (46 per cent), as compared with ammonium sulphate (21 per cent) and ammonium-sulphate-nitrate (26 per cent), and is therefore economical for transport. During the current Plan period eight urea plants are to be established. They will be located at Neyveli (Madras), Kothagudum and Vishakapatnam (Andhra), Bombay (Maharashtra), Korba (Madyha Pradesh), Gorakhpur (Uttar Pradesh) and Namrup (Assam).

The plants at Kothagudum and Korba will be based on gasification of coals from mines in the vicinity, and that of Neyveli on lignite. The Namrup project is based on natural gas available from Nahorkotiya oilfields. All the other projects are based on refinery gas and/or petroleum naphtha. The Bombay, Baroda and Gorakhpur units are linked to the refineries at Trombay, Koyali and Barauni, respectively. The use of

TABLE 3—SOME USES OF AROMATICS

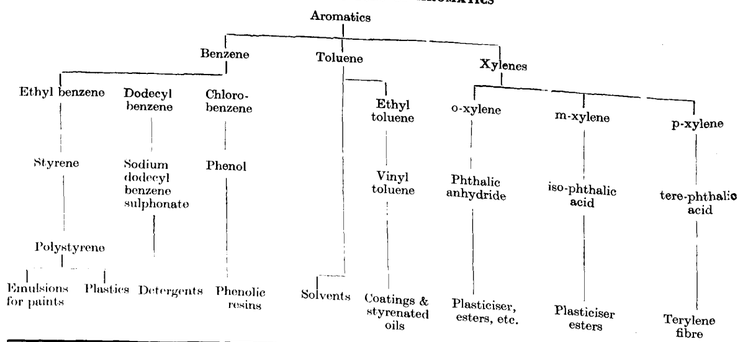
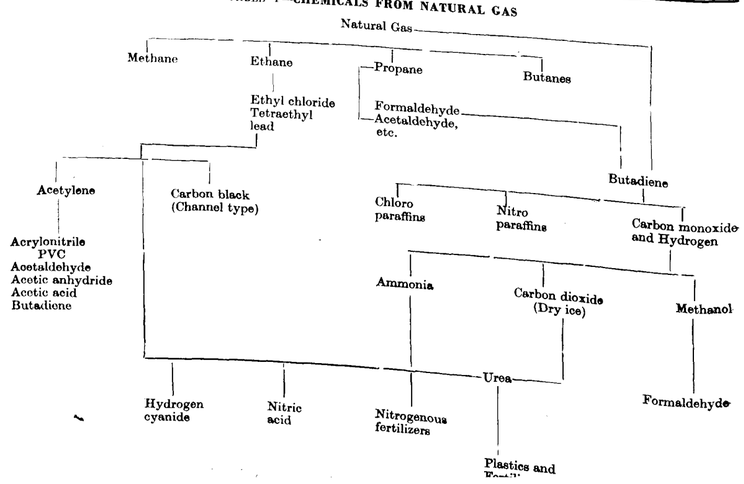


TABLE 4—CHEMICALS FROM NATURAL GAS



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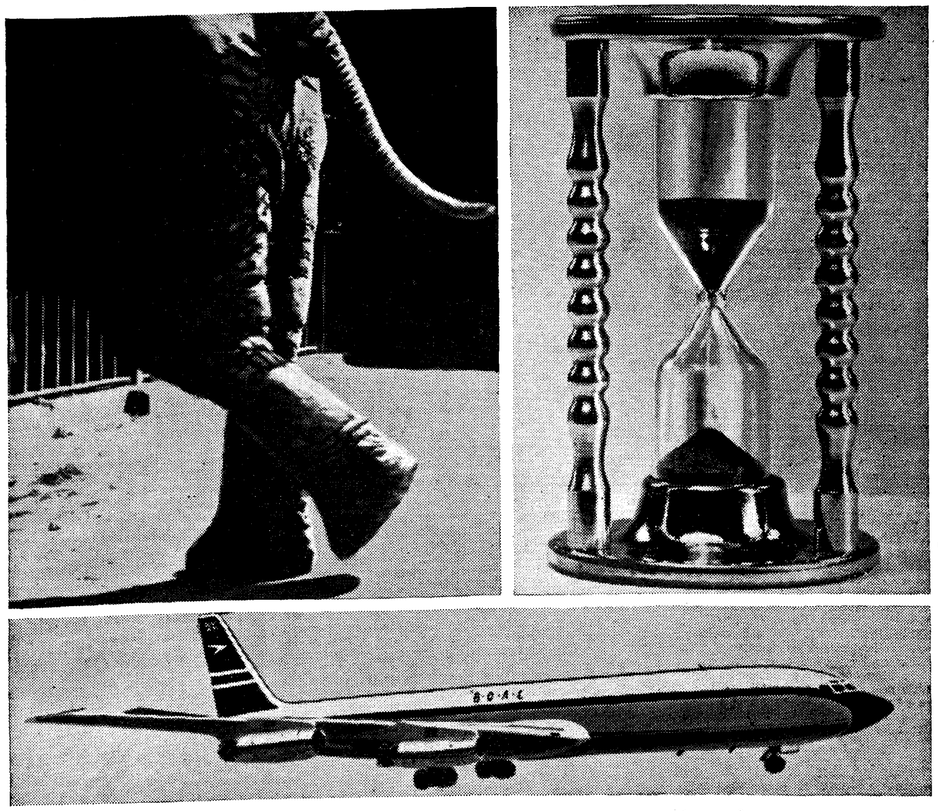

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naphtha as natural gas has been suggested for the production of fertilisers in preference to coal, except in plants where coal or lignite is available at site and the product is consumed locally. The comparative costs of producing a ton of ammonia on the basis of raw material used is as follows:

	Rs.
Natural gas, refinery gas, byproduct coke oven gas	300
Naphtha	320
Coal (at Rs. 30 a ton)	400

The U.N. Fertiliser Committee has estimated the cost of different fertilisers in terms of cost per ton of nitrogen thus:

	Rs.
Ammonia (82 per cent N)	454
Urea (46 per cent N)	810
Ammonium calcium nitrate (30.5 per cent N)	1,030
Ammonium sulphate	1,320

It follows that the manufacture of ammonium sulphate is the least economical. Also, it costs twice as much to transport a ton of this fertiliser as a ton of urea.

It has become the fashion to blame private enterprise for the admittedly slow and disappointing progress of the nitrogen fertiliser industry. But it is conveniently forgotten that the industry is capital-intensive, and that the authorities had been slow and dilatory in matters of assenting to terms of foreign collaboration, and the prices to be charged by the manufacturers in the private sector for their products.

Carbon Black

Since olden times carbon black has been used for the manufacture of inks, paints and varnishes. Today nearly 90 per cent of all black used is consumed by the strategic rubber industry, the bulk of it going into the manufacture of tyre and tubes, as filler and reinforcing agent. More recently, this versatile commodity has been found to be a most valuable addition to plastics.

Demand for various grades of carbon black required by the domestic rubber industry alone amounted to nearly 14,000 tons in 1962 of a c.i.f. value of Rs. 1.72 crore. This is reckoned to go up to about 30,000 tons by 1965-66.

India's three carbon black plants are located at Gauhati, Assam; Durgapur, West Bengal; and near Bombay, Maharashtra. The first and third units with installed capacities of 20 million and 30 million lb. are to be based on petroleum fractions. The Durgapur plant, now in production, was built by Messrs. Duncan Bros. & Co. Ltd., Calcutta, in collaboration with Phillips Petroleum Company of U.S.A. It is designed to account for 30 million lb. of black, and entailed a capital outlay of Rs. 5 crores. It uses coal tar residues as feedstocks. This unit's capacity is to be raised to 40 million lb. in the near future. When all the three units are in operation, India will become virtually self-sufficient in this key commodity.

Conclusions

Since no industry, least of all the one based on petroleum and natural gas, can thrive in a vacuum, it is worth re-stating certain conditions governing general industrial growth in India. National prosperity, as Sir Jehangir Ghandy observed recently at Jadavpur, depends upon the effective combination of three factors—capital, natural resources and technology. Of these, technology is the most important, because appropriate scientific techniques could overcome the handicap of poor physical resources (Britain and Japan, for example). Similarly, the requirements of capital could be cut down by scientific and technical ingenuity. In the context of Indian conditions, our aim should be to seek improvements in efficiency and productivity at the minimum capital cost with the least displacement of labour. It is for our scientists, engineers, administrators and statesmen to find the right solution.

India is striving to catch up with developed countries by importing foreign techniques and "know-how." To a large extent this is inevitable. After all, Japan's industrial development was based almost entirely on "borrowed" research and design. Indeed, that country is spending nearly Rs. 380 million a year at present on royalties and other payments for using borrowed technology. Speaking at Azad Bhavan, New Delhi, some time ago, Professor P. M. S. Blackett was emphatic that developments in emerging countries must be in keeping with their requirements. The planners must know which technologies could be bought off the shelf from the "world's supermarket of technologies," and how they should be adapted to local conditions. A close watch should be kept on the development of new technologies in advanced countries. Only, India should not make a fetish of foreign collaboration, though she should have her own advanced research and development centres.

Turning to the specific needs of petrochemical industries, the plan prepared by Dr. Henney of the French Petroleum Institute, at the instance of the Oil and Natural Gas Commission, envisages a total investment of around Rs. 536 crores (Rs. 263 crores being the estimated cost of the proposed five complexes, and the balance their working capital, cost of petrochemical utilisation equipment and housing). The foreign exchange component will amount to nearly 65 per cent of the total cost. Of these petrochemical plants, one each is to be set up at Bombay, Calcutta, Barauni, Koyali and in South India.

In the establishment of these petrochemical installations, Dr. Henney is emphatic that the Union Government should "actively seek" foreign participation because of three main factors: (1) the industry is highly capital-intensive, and India does not have enough foreign exchange of her own to foot the bill; (2) a foreign participant who is already in the business will be able to provide the specialised formulations and technical-commercial know-how which is changing very fast in an increasingly competitive world; and (3) a partner already having, or readily able to create, a commercial network will be able to provide the consumer the requisite guidance and the essential technical sales service.

This French expert has warned that the cost of producing petrochemicals will be about 130 per cent more than the "parity price," i.e., the representative Western European domestic price. This 130 per cent cut off point has been suggested after taking into account the experience of some advanced countries including Britain. This comparatively high production cost is due to three reasons: (1) erection cost of imported plant compared to that in European countries most of which fabricate their own equipment and the extra cost of transportation, insurance, import duties and the like; (2) since most of the projects will be financed at least partly by foreign credits, the extra cost of financing will be reflected in the ultimate cost of output; and (3) the private foreign capital tends to seek a theoretical five-year pay-out (20 per cent return on investment) after taxes, but the payment period in the case of a typical project financed with 40 per cent equity capital and 60 per cent loan capital in India will be a little over seven years. The difference in the pay-out period will have an impact on the selling prices of products.

Making allowance for the time lag, the final report of the planning group for petrochemical industry follows, in the main, the recommendations made by Dr. Henney. Organised on a scale to facilitate their viability, the report states, these complexes would involve substantial investments not normally within reach of many industrial houses in India. Some of the products are substitutes to natural raw materials and their growth would have to be co-ordinated with due regard to the possibilities for fullest exploitation in the farming sector. The State is expected to extend its sphere as well as regulate the overall growth in this field. The report emphasises the importance of co-ordination between the private and public sectors, since petrochemical developments are both of strategic significance and are capable of improving the economics of the refinery industry. The main manufacturing centres recommended are Bombay, Barauni, Koyali, Calcutta area and South India.

The planning group has made several recommendations calculated to assist the growth of the industry. Against a f.o.b. plant price of Rs. 80 per ton for naphtha assumed by Dr. Henney's report, *vis-a-vis* Indian plants, it is now reckoned the figure would exceed Rs. 90 per ton. The first generation of naphtha crackers should have an ethylene capacity of between 100,000 and 200,000 tons rather than 50,000 tons as suggested by the report of the French Institute of Petroleum. The petrochemical installations should be treated as "bonded warehouses" with duties payable only on the finished marketable products. There is need for a long-term policy in the case of naphtha in place of ad hoc arrangements now obtaining. Expensive catalysts employed by the industry should be exempt from payment of customs duties. Also, there should be a downward revision of rail freight rates on vinyl chloride, butadiene, benzene and certain other intermediate chemicals. Finally, to economise on expenditure of foreign exchange over engineering and construction, the planning group has stressed that Indian companies should be set up early.

To summarise, there must be an adequate and dependable supply of feedstocks at competitive prices; and they should preferably be adjacent to plant locations. The markets should be large enough to justify the construction of viable units. Capital must readily be forthcoming, since petrochemical installations, being continuous in operation and largely automatic, are very expensive, and must moreover be quickly amortised. The erection of a plant must be preceded by market assessments and preparation. Then there must be trained technical staff for sales and service. Above all, there must be ample facilities for research and development work. There must be a co-ordinated approach to the setting up of economic units in complexes whereby it will eventually be possible to manufacture chemicals at internationally competitive prices. If the foregoing factors are accorded due weight, the prospects of a healthy petrochemical industry taking roots in India in the late 'sixties and early 'seventies are, indeed, promising.

TABLE 5

MAIN CHEMICAL PRODUCTS FROM PETROLEUM

Chemicals and Hydrocarbon Solvents including:
- Alcohols, ketones, esters, others
- Special boiling point spirits
- White spirits

Synthetic Detergents including:
- Alkyl aryl sulphonates
- Alkyl sulphates
- Non-ionic detergents

Plastics and Resins including:
- Polyethylene and polypropylene
- Polystyrene
- Vinyl resins
- Epoxy resins
- Phenolic and urea resins

Synthetic Rubbers including:
- S.B. rubber
- Polyisoprene
- Polybutadiene

Synthetic Fibres including:
- Nylon and perlon
- Acrylic fibres
- Polyester fibres

Agricultural Chemicals of the "Pesticide" type including:
- Aldrin, dieldrin, endrin
- D.D. Nemagon

Glycerine, glycols, glycol amines and glycol ethers and ether esters

Ammonia and nitrogen fertilisers, carbon black, sulphur and sulphuric acid, hydrogen peroxide

Notices

THE RAGHUVANSHI MILLS LIMITED
BOMBAY-13

NOTICE IS HEREBY GIVEN THAT THE THIRTY-FIFTH Annual General Meeting of the Company will be held at 3.00 p.m. on Monday, the 21st September, 1964, at the Registered Office of the Company, 11-12 Haines Road, Mahalaxmi, Bombay-13, to (*a*) receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March 1964, (*b*) declare a dividend on Ordinary Shares, (*c*) appoint Directors in place of those who retire by rotation, (*d*) appoint Auditors for the current financial year and fix their remuneration, and (*e*) as and by way of Special Business to consider and if thought fit, to pass with or without modification Ordinary and Special Resolutions, amending the Articles of Association of the Company and appointing Shri Krishnakumar Maganlal as a Director of which Special Notice has been received and also approving and confirming transactions with an Associate Concern.

Copies of the Notice in detail together with the Explanatory Statement and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March 1964 have been posted to the Members at their last given addresses.

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

The Register of Members of the Company will be closed for transfers from 11th September 1964 to 22nd September 1964 (both days inclusive). Payment of dividend as declared will be made to those Shareholders whose names stand on the Register of Members as on 22nd September 1964.

By Order of the Board of Directors,
For THE RAGHUVANSHI MILLS LIMITED,
For RAVINDRA MAGANLAL & CO. PRIVATE LIMITED,
RAVINDRA MAGANLAL,
Managing Director,
Managing Agents.

BOMBAY,
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NOTICE

NOTICE IS HEREBY GIVEN THAT THE Seventeenth Annual General Meeting of the Shareholders of the Company will be held on 18th September, 1964, at 3 p.m., at the Registered Office of the Company, to transact the ordinary and special business mentioned in the Notice which is being posted to the Shareholders of the Company along with the Explanatory Statement required under Section 173 of the Companies Act, 1956, Balance Sheet, Profit and Loss Account and the Directors' Report for the year ended 31st March, 1964.

N.B.—A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member.

NOTICE is also given that the Register of Members and Transfer Books of the Equity Shares of the Company will remain closed from 31st August, 1964 to 18th September, 1964, both days inclusive.

The Dividend on Equity Shares when sanctioned will be made payable at the United Commercial Bank Ltd., on or after the 18th September, 1964, to those shareholders whose names stand on the Register on 18th September, 1964, to whom dividend warrants will be posted.

By Order of the Board,
B. N. PURANMALKA,
Secretary.

BIRLAGRAM, NAGDA
21st August, 1964.

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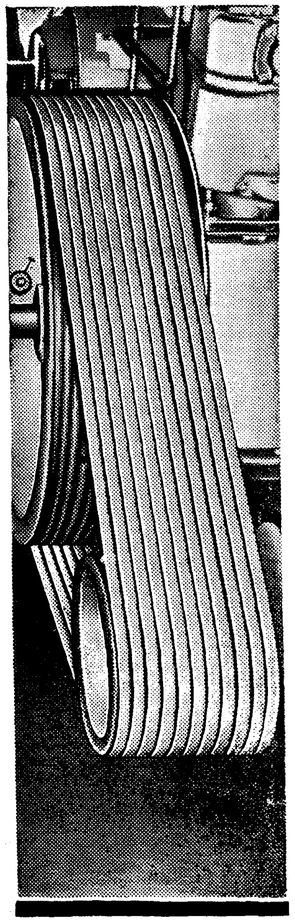

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TURNING POINT FOR COMMONWEALTH TRADE?

MATCH INDUSTRY—DECLINING INDUSTRIAL AREAS—RUMANIAN CHEMICALS

From Our Special Correspondent

NOW that the dust has settled after the Commonwealth Prime Ministers' meeting in London last month, it is possible to see that some of the economic decisions taken could have a big bearing on the development of trade. The call for a Commonwealth secretariat and the need for trade rather than aid could help to stop the decline that has taken place in the Commonwealth's share of world trade. These two considerations are likely to be big talking points with the Commonwealth Finance Ministers when they meet in Kuala Lumpur next month.

There are signs, even if slight, that the downward trend may already be stopping. The total value of Commonwealth exports last year was 9 per cent more than in 1962 and they grew faster in the year than at any time over the past decade to reach £10,733 million. There was also a recovery in imports to reach a record level of £11,864 million. If the British trade with the Commonwealth were not declining so fast, it is probable that the Commonwealth share of world trade would also put on a spurt. The bad years of 1961 and 1962 are now thought to have been passed and last year saw an appreciable rise.

Britain's contribution to expanding inter-Commonwealth exports, a 2 per cent rise, was much less than the 6 per cent rise recorded by the rest of the Commonwealth, and did no more than recover a little of the ground lost earlier. In 1963, British exports accounted for 29 per cent of Commonwealth exports, as compared with 31 per cent in 1962 and 41 per cent in 1954.

Biggest increase in exports for the rest of the Commonwealth occurred with non-Commonwealth countries, where there was a 11 per cent rise to a record £7,312 million. Much of the 6.5 per cent expansion in imports came from other Commonwealth countries.

At the Crossroads

Europe's match industry is at the crossroads. Already one of the most tightly concentrated industries in the world, it faces the prospect of even more concentration if Common Market moves are carried out. The danger is that the present stagnation in sales will lead to a falling-off in output as competition from other lighting devices in homes and among smokers increases. Already margins in the match industry are tight and the only worthwhile sources of expansion lie in underdeveloped areas of the world such as Latin America. Cut-price competition from Soviet bloc countries has not made life any easier for the manufacturers.

Competition has struck on a number of fronts. Match sales are closely tied to cigarette sales and any falling off in the latter hurts them. In the past few years, reports linking smoking with lung cancer have knocked the smoking habit a number of times. Smoking resumed its former upward path fairly soon after each report. But match consumption has not been so fortunate, because there has been a steady substitution by petrol and gas lighters. Taxes on matches, fairly universally applied, have not helped. Nor has the emergence of gas stoves with built-in lighters helped the industry.

When the Common Market abolishes import duties on matches, as it is pledged to do, the trend to concentration is likely to become even more pronounced, because the few small independent firms that exist will be fighting a losing battle to stay in existence. The rest have long since diversified into allied products to try and reduce their dependence on matches.

The extent to which concentration already exists is phenomenal. In 16 European countries, there are four State monopolies (France, Italy, Germany and Greece), production is concentrated in the hands of one company in six more (among them Norway, Denmark, Sweden and Spain) and, in a further five (Belgium, Britain and Switzerland included), one group controls at least two-thirds of total production. Only in one country is there relatively free competition. The match industry in Europe is, in fact, probably as good an example of monopoly, duopoly and oligopoly as it is possible to find.

The degree of monopoly outside the four State monopolies is accentuated by the fact that one Swedish firm, Svenska Tandsticks, controls, directly or indirectly, 83 per cent of production in the remaining 12 countries. Even in the countries with State monopolies, it has valuable operating concessions. Svenska Tandsticks was formed after the fall of the match king, Ivar Kreuger. Now it is merely a holding company, exercising no operations itself. But its subsidiaries, and its ramifications, are worldwide.

Both in Norway and Denmark, a subsidiary of the Swedish match company is the sole producer. In Belgium, an affiliate occupies a predominant position. A subsidiary of the Swedish firm has a 35 per cent interest in the British Match Corporation, which, through its own subsidiaries, controls virtually the whole of Britain's output. So it goes on.

Italy, the leading producer in Europe, with an annual output of over 100,000 million matches, is one of the few countries on the Continent where consumption is still rising. Next most important producers are West Germany (98,000 million), Sweden (85,000 million) and Britain (80,000 million).

Britain is the Continent's biggest importer, some 37 per cent of 1962's consumption of 116,000 million matches coming from abroad. Most of the imports came from Sweden, Belgium and Norway. The Netherlands, with half its needs coming from abroad, was the second biggest importer.

In exports, Sweden was undoubtedly the most important country in 1962, with 60 per cent of its production going overseas. It was followed by Belgium, Norway, which sent almost all its exports to Britain, Finland, whose exports went largely to neighbouring Denmark, Italy (the United States was its most important market) and Portugal, which exported mainly to her overseas territories.

Consumption per head tends to drop as one goes further south. Belgium, with 2,900 matches per person a year, consumes nearly three times as many as Spain's 1,000.

Tackling Common Market Blackspots

What to do with declining industrial areas, which are failing to attract new industries to replace the old ones on which prosperity was originally based, has become a vital problem for the Common Market. For some time, Common Market officials have debated whether to pay special attention to these areas, such as some of the worked-out coal mining areas of Northern France and Belgium and the uneconomic shipyards of Italy, or whether to allow them to find their own level in a free economy.

A decision to take an active role in resuscitating old areas could, it is thought, have a considerable effect on the future of the Common Market's economic policy. Areas will now be able to demand action to offset the effects of a fundamental change in their economies.

The Common Market's experts first studied methods for obtaining clearer knowledge of the reasons for changes in regional economics and of forecasting these changes more accurately. In particular, they stressed the need for preventive measures.

It was felt that regions that depend too much on one industry, even if that industry is flourishing at the moment, should diversify while they have time on their side. Among these are tourist areas on the French and Italian rivieras, for instance, and those regions with too heavy a dependence on olives and horticulture in parts of Italy.

Where a decline has already set in, the Common Market believes that its policy must take advantage of all the favourable factors, particularly the availability of skilled manpower, in inducing other industries into the area. To do this it is felt that more positive action could be taken on vocational retraining, building infrastructures and a greater use of town planing. The Commission has also been studying two other aspects of Community policy—the objectives of regional policy and the efficacy of regional policy instruments. On the latter, it was felt that financial and fiscal instruments were only one aspect of regional action and that the development of infrastructures and the rationalisation of administration are vitally important.

Financial aid, though it cannot alone ensure the development of backward areas, must still, it was thought, play a vital role in development. This finance, if it is to be really effective, must come from both State and private sources; otherwise, the Commission felt there was a danger of one side leaning too heavily on the other. The Commission also felt that financial aids would be more effective, if they stimulated the setting up of several firms in certain centres. Although this would imply the use of subsidies, it was not felt that it would be basically against Common Market policy.

The role of the State in such development areas is seen as providing the necessary conditions for the development of private enterprise. Only it could adjudicate among localities, so that one locality was not allowed to outbid another to attract a firm if it was not in the general interest of the community that it should do so. In order to achieve a proper balance in regional economic policy, it was felt that action should be differentiated according to whether it concerned regions which already have one or more large industrial centres or those extensive outlying regions whose economies were still essentially agricultural.

The first would need a policy that was designed to maintain dynamism while avoiding over-concentration. The way in which the development centres of the Netherlands and the "central points" of West Germany had done this was taken to be the model. In large peripheral regions, development problems are more difficult to resolve. The first step would be to establish a complex of industries complementary to each other; then technical training should be adopted as a follow-through.

Rumania Strikes Out with Chemicals

Rumania is to step up her chemical exports to the West this year. And total exports are confidently expected to rise more rapidly than imports. This means that exports, for the first time, will be greater than imports. And, with a big push in exports, it is now almost certain that Rumania will have a bigger trade surplus in chemicals. Taking 1958 as the base year, the index of imports by value is thought likely to touch 220 by the end of this year while exports' index should reach about 485. By next year, the latter index should be well above 500.

Rumania intends to cash in on a shortage of calcium carbide in the West. Shipments are to be stepped up following a big increase in output: from last year's 77,000 tons output is expected to top 100,000 tons this year, half of which will be exported. Behind the expansion is a shift in production. Instead of concentrating on basic chemicals and feedstocks, it is planned to step up intermediates such as phenol, caprolactam (a nylon raw material) and phthalic anhydride. This policy will help Rumania to build up its own manufacturing facilities from local raw materials.

Although imports should now take second place, it is not intended that such rises as will occur will be haphazard ones. The aim of Government policy is to allow in mainly those chemicals which will supplement local production. It has already been necessary, for instance, to import certain plastics, colourants, drugs and reagents.

By a policy of planned manufacturing capacity, Rumania is steadily eliminating those sectors where she is weakest—she will probably become self-sufficient in suspension grade P.V.C., for instance, by the end of the year and in polystyrene next year.

Cyprus Clash Adds to Turkey's Troubles

The clash over Cyprus, whatever its outcome, is likely to add to the strain on Turkey's already uncertain economic position. Turkey already spends a high proportion of its national income on defence and any further outlays that become necessary with the deteriorating international situation will only add to an import gap that already seems unbridgeable.

The political crisis comes at a time when Turkey's foreign position is acute, following the failure of the Government to cope with a large import surplus and payments deficit. This year imports are estimated to be £230 million and total payments, including debt servicing and a deficit on invisibles, £300 million. To pay for this, direct exports are expected to amount to only £134 million. The gap is thought unlikely to be bridged even by foreign aid and private capital inflows. Almost £100 milion more is wanted in new foreign aid.

Not all of this has materialised and there has been a drive to boost exports and cut back imports. The latter has had some success. During the first four months of 1964 imports fell back to an annual rate of £213 million. But exports also fell in the same period and, since then, the trade gap is thought to have widened.

While the dispute with Greece goes on, Turkey may continue to be looked on with suspicion in international eyes (as may Greece) and it will become increasingly difficult for her to raise the foreign assistance so badly needed. So far, it is thought that just over half the £100 million needed in new aid has been found, about £53 million. But much of the aid is tied to projects and will not become available until the projects are either implemented or at least under way.

Big Inflow of Capital into Ireland

Despite a current balance of payments deficit of £30 million for the 12 months to the end of June Ireland's external reserves rose by £7 million. The net inflow of private capital during the period was, therefore, around £35 million, a useful contribution to the economy. Ireland is not placing too much reliance on this inflow, because it is recognised to be hot money, most of it from Britain where there are fears of the consequences of the autumn general election. After October, a lot of the money is bound to leave Ireland again once the election result is known; if the Conservatives win there could be a heavy outflow.

Irish gross national product is expected to rise by 4-5 per cent this year, though agriculture should go up in real terms by slightly more. The rise in G.N.P. may well be more, since, in the first three months of this year, industrial output was up 11 per cent on the same quarter of 1963.

The danger signal for the economy is that imports will increase far more rapidly than exports. In the first half of this year, exports were up by £19 million; over the year as a whole, imports are expected to rise by nearly £45 million, an increase of about 12 per cent. In spite of the fears of a withdrawal of private capital in the autumn, the Irish reserves are in a healthy position and could meet a run without too much difficulty. Over the past eight years, they have risen by £54 million to over £230 million. To back this, Ireland can call on the International Monetary Fund if necessary.

Increases are expected in livestock production, barley and horticulture. If the Second Economic Programme plans are met, as the first were, there will be a 60 per cent increase in real income per head in the agricultural community, as compared with 40 per cent for the population as a whole.

Topical Briefs

Britain's watch industry is trying hard to iron out seasonal fluctuations of sales by a high-pressure advertising campaign. In a normal year, the last four months account for over half the sales, and the pre-Christmas rush is the busiest time of all for the trade. As a consequence, the early months of the year are slack. To even out demand, the industry has mounted an advertising campaign in the papers and on television—a drive that appears to have had some success. In the first quarter of this year, some 13 per cent more watches were sold than in the same period of last year. Although reliable statistics are not yet available, it appears that this higher level of sales has been carried over to the second quarter. So the industry hopes that last year's record turnover of £4 million may be surpassed. Most of the increase has been recorded in the lower-price range, which is dominated by British manufacturers rather than Swiss and other foreign imports. In the under £5 range, some 2.5 million watches a year are sold.

West Germany's steel industry this year confidently expects to break the crude steel record set in 1960. In that year, 34.1 million tons were produced and the reason for the present confidence lies in the fact that rolling capacities are now working to 90 per cent. There is also a backlog of orders averaging at least three to four months for rolled products and delays for flats are rather longer than those for shapes. Order books in the first half of the year for rolled products averaged about 2 million tons a month, which would give an 18 per cent increase in total production for the year over 1960 if this rate is maintained. The one black spot, though, is prices. Although these have been improving, they are not yet back to the levels of 1960, when steel was in short supply.

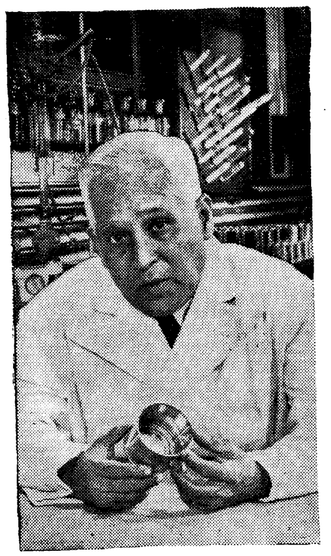
Britain has high hopes of expanding trade with the *Netherlands*. A report recently published stated that there was scope in particular for more exports of clothing, leather products, consumer durables and cars to Holland. Though its population is no larger than that of Greater London, exports to it from Britain last year amounted to over £150 million, a 32 per cent rise since 1960 and more than is sold to India or New Zealand. To push sales even further, British Week is to be held in Amsterdam next May. Britain now accounts for just over 7 per cent of Dutch imports, a figure that has fluctuated slightly in the past few years. Looking to the future, the report states that there should also be prospects for increasing trade in manufactured goods and in such items as prefabricated and the factory-made buildings. Re-equipment of the Dutch shipbuilding industry could offer scope for Britain as well, it was felt.

The rise in *European air traffic* continues, though the plan to merge the Common Market's airlines into Air Union has hit snags. During March, the last month for which figures are available, the 16 member-countries of the European Airlines Research Bureau flew 15 per cent more passenger-kilometres than in the previous March. The total was 723.8 million p.k. The load factor increased at the same time by two per cent to 54.4. And, for the year to the end of February, there was an increase of 11 per cent in passenger-kilometres flown while the load factor went up from 54.9 to 55.7. However, the Common Market's plan for Air Union ran into serious snags and there is still no date forecast for its implementation. Last spring, it was being confidently set at August. But there is still no agreement. Main stumbling block is thought to be the smaller countries' desire to be given bigger traffic quotas than either Germany or France agrees to.

Czechoslovakia plans to spend about £50 million soon on Western agricultural supplies. The Czechoslovak delegate at a special meeting in Bucharest, called to decide future policy of COMECON, the East European common market, said this would be the amount needed to buy seed and wheat in Canada and the United States, and cattle and pig-breeding stock in Britain. The delegate said that because of this, Czechoslovakia would be unable to meet some of her aid commitments to Cuba, India and several developing countries in Africa.

The West German Parliament is expected to adopt, later this year, a proposed private Bill that would set up a central fund for the promotion of *German farm products*. The Bill proposes a levy of a little under one per cent of the value of all farming land, with owners paying the levy for six successive years. Owners of land worth less than £300 would be exempt from the levy. The fund would be used solely for promoting the sale of German farm products and would not be used to support or intervene in the normal markets. The trade press is urging quick ratification.

Elderly *French* farmers are to receive extra incentives to retire, under a scheme announced by the Government. From this month, the veterans will have £154 a year added to their normal pensions if they agree to sell their holding to a younger farmer or to an official approved farm management organisation. Previously, they have received £115 a year in addition to pension. Farmers who give up small holdings below a certain acreage, or land officially judged to have been neglected or in poor heart, will receive a minimum pension bonus of £92 a year, instead of £70 a year. The new scheme is aimed at increasing agricultural efficiency in France by reducing the number of farm units, putting an end to uneconomic production and bringing large areas of unworked land back into the industry.



Acid-resistant lacquer for prawns? No!

To keep prawns eatable, cans must be coated with a sulphur-resistant lacquer. It's plum cans which need one that is acid-resistant Anyone can tell you that—anyone at the Metal Box Research Division.

Scientists attached to this Division help create the *right* package for every product... make certain that the *right* finishes are developed to preserve the contents and protect the package.

Yet it would be wrong to think that Metal Box scientists are concerned only with basic developments in packaging. They work all the time with customers to solve individual packaging problems.. help suppliers to develop improved materials.

And their discovery of many indigenous substitutes for imported raw materials helps save valuable foreign exchange. As does the work of the Metal Box Technical Development Division. Metal Box have designed and built in India can-closing and bottle-sealing machinery that used to be imported and cost the country a pretty penny

Metal Box spend about Rs 10 lakhs every year on Research and Technical Development. That's a lot of money—but it pays rich dividends to the Company as well as the nation. Take just one instance. Enterprising packers in Kerala have won growing export markets for canned prawns in recent years. Metal Box know-how and the world-wide acceptability of Metal Box containers have helped to make this export success possible.

Yes, research is at the root of all progress.

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protective packaging

WILL G.A.T.T. SURVIVE?

MUCH DEPENDS ON THE WEST

THE ability or futility of the General Agreement on Tariffs and Trade (G.A.T.T.) to deliver the goods in the changed circumstances of world trade has been questioned by some. The issue took a clear shape during the early part of this year when the United Nations Trade and Development (U.N.T.A.D.) Conference discussed it as an important item on its agenda. The consensus on the principles and rules governing world trade are no longer the same today as they were in the early post-war years. A large number of underdeveloped countries have become politically independent since then. The economic development of these countries requires a larger flow of foreign exchange. It is through larger exports that this foreign exchange problem can be solved in a satisfactory way and on a lasting basis. It is mainly the solution of this issue that will determine the survival of G.A.T.T.

The basic principles embodied in the G.A.T.T. are:

(a) There should be no discrimination in trade and the existing preferential arrangements should be gradually reduced and ultimately abolished.

(b) Domestic industries should be protected through customs tariffs only, and not through other means like import quotas.

(c) The trading relations and the results of tariff negotiations should be embodied in a binding legal instrument, and its interpretation should provide a body of accepted rules to govern the trade.

(d) In order to protect the trading interests of the underdeveloped countries, they should be treated on a different footing and be eligible to exceptions to some of the G.A.T.T. rules.

The dynamic principle of the G.A.T.T. is negotiations. But the underdeveloped countries feel that, as they have no bargaining power, they have little force in their negotiations. Moreover, the G.A.T.T. has practically excluded from its coverage the agricultural commodities, which are considered under the provision of exceptions to the general rule. As agricultural commodities form a great part of the total trade of underdeveloped countries, they have to enter into a series of negotiations to decide the terms governing their exports. Thus, the problems of the underdeveloped countries—both for determining their agricultural exports and total exports—are considered as the secondary items outside the main scope of the G.A.T.T. Even the basic principles were not adhered to by many countries and protection was taken under the provision of exceptions to form customs unions like the European Economic Community (E.E.C.). Gradually, the former colonial areas of the member-countries became associated with the community, getting the benefits of preferential tariffs, and it now seems that the non-discrimination in trade—as envisaged in the G.A.T.T. principles—instead of going out, is becoming stronger day by day. These are the major problems facing world trade today. It is true that, as a result of direct negotiations with the E.C.M., India-Pakistan-Ceylon have obtained certain valuable concessions and sympathetic assurances. But a lot still remains to be done to abolish discrimination.

Mr. Michael L. Hoffman, Director of the Lambert International Corporation, New York, who was for many years the European Correspondent of the *New York Times*, has discussed the survival of G.A.T.T. in the light of these problems in a comprehensive article published in the July issue of the *Lloyds Bank Review*. According to him, there are three main points of view on the subject: the U.S.-British views, the views of the underdeveloped countries and the French views.

U.S.-British Views

The U.S. and Britain are anxious to solve the trade problems of the underdeveloped countries and negotiate on the major issues governing the exports of agricultural goods. They feel that this can be achieved within the framework of the G.A.T.T., under the provision of exceptions embodied in it. According to the U.S., there should be a good deal less resistance to the exceptions provided in the rules. Britain and the other members of E.F.T.A. largely adhere to this view. But this view does not solve the difficulties of underdeveloped countries in facing a long series of negotiations from a position of weakness.

Views of Underdeveloped Countries

The underdeveloped countries are of the view that G.A.T.T. has resulted in advancing the trade of the developed countries at a faster rate than has been the case in their exports. They want a rise in their foreign exchange earnings through exports, by way of reasonably higher prices for their foods and raw materials and preferential treatment for their manufactured goods, while having, as they do now, complete freedom to retain their own tariffs because of their serious foreign exchange position and in order to provide protection to their nascent industries. They want these preferences as a matter of right and not by way of negotiations.

French Views

The French and their friends assert that the price of a commodity which enters the foreign trade is generally not determined by the cost of production and transport and the influence of market operations, but by the subsidy granted by the exporting country and the public policy of the importing country. They feel that as the costs in industrial countries are manipulated to achieve the domestic objectives of income equalisation, in the international field also the prices should be settled by international agreements in order to achieve income equalisation between the developed and the underdeveloped countries. In case of temperate-zone foodstuffs, the system envisaged is that there should be variable levies on imports and the countries which are now subsidising their exports may contribute to Food for Peace foodstuffs equal in value to the increase in their export earnings. Those countries which are not subsidising their exports may make the contribution, in terms of foodstuffs if feasible or in cash, equivalent to the windfall gain by way of higher price paid by importers. Regarding the raw materials and foodstuffs exported by the underdeveloped countries, the French suggest that, as there are inherent difficulties in fixing the prices by international agreements, consumption taxes should be levied on these goods in developed importing countries which may be transferred to the exporting countries for economic development.

In the case of industrial products of the underdeveloped countries, the French advocate tariff preference, quota preference or a combination of both, to only such industries which are not well established in the developed countries and can be well established in underdeveloped countries, having the potentiality to compete in the world markets in a reasonable period of time. The preferences to such industries will thus be available for a limited period. Then there may be some industries which are well established both in the developed and the underdeveloped countries. Some of these industries in the underdeveloped countries (cotton textiles is one example) are presently able to export at prices lower than the cost of production in the developed countries. Under the French proposals, these industries will not be entitled to any trade preference and their exports will be subject to the protective tariffs and/or quota restrictions in the importing countries. The quantum of protection will have to be negotiated on a case-by-case basis. This plan of tariff preferences on industrial products is apparently based on the Brasseur Plan, named after its author Mr. M. Brasseur, the Minister for Foreign Trade and Technical Assistance of Belgium.

Criticism of French Proposals

The French proposal has been criticised on many grounds. Mr. Hoffman has examined these criticisms in some detail. First, in case of the exports of temperate zone foodstuffs, the proposal envisages large transfers of foodstuffs from the exporting countries to the Food for Peace Programme and thus nullifies any benefits of a higher export price. Secondly, in the case of both temperate-zone foodstuffs and the foodstuffs and raw materials from the underdeveloped countries, much will depend on the rate of levy. If the levy is too low, it may mean almost no change in the present position; if it is too high, it may affect the imports in the developed countries and though the price gained by the underdeveloped countries per unit of their exports may be high, the total exports may decline substantially, resulting in a net loss to the exporting countries. And it will be a huge task to assess the optimum amount of levy from the point of view of the exporting countries. Moreover, the burden will fall mainly on Britain, Germany and Japan which are the principal importers of agricultural goods from the underdeveloped countries, and will thus not be judiciously distributed in the developed countries. Though France looks favourably on the exclusion of trade in agricultural commodities from the scope of the G.A.T.T. the proposals, as enunciated above, are incompatible with the present form of G.A.T.T. system. The Brasseur Plan also involves many difficult decisions, based on international discussions. To list some of them: which country is able to establish what particular industry so that it does not remain dependent on preferences after a given period of time? What should be the period of gestation for that particular industry, and what should be the levy on the imports of goods manufactured by such industries into the developed countries after the period of grace? The enormity of the task will be evident from the fact that the number of underdeveloped countries is large, each of them claiming the ability to establish a particular industry. Equally large is the number of industries for which decisions will have to be taken in case of every country. It is practically impossible to establish a machinery to take these decisions, not to speak of its operation effectively. "The conclusion conjures up visions," to quote Mr. Hoffman, "of a permanent G.A.T.T. Conference adding cell after cell of little negotiating groups until it spread from the shores of Lake Geneva over the adjoining hills and valleys like some ghastly algæ freed of all normal biological controls."

The major criticism of the French plan on a matter of principle is that, whereas the underdeveloped countries will be allowed preferential treatment of only such industries which can compete in the world market in a given period of time, this argument will not apply to the industries in the developed countries and, in spite of their high costs of production, they will continue to enjoy protection.

Conclusion

From all this, as well as from what has been stated by some of the delegates of developing countries at the last World Trade Conference, it may appear that the survival of G.A.T.T. is threatened by the needs of developing countries and the demands made by them on the developed nations. But this is only half the truth. The other half is not so well known. The chief merit of Mr. Hoffman's article is that he has brought out this less known part, namely, the Western world itself is so divided on the ways and means of reconciling their own conflicting approach to world trade problems that their own quarrels are a source of danger to G.A.T.T. The following extract from Mr. Hoffman's article will bear this point out:

"Consideration of the present division of world opinion on fundamental trade issues leads to one very important reflection on the real connection between the oratory and the operationally meaningless resolutions emanating from the U.N.T.A.D. Conference and the grim negotiations going on round the corner in the Palais des Nations at Geneva in the Kennedy round. The connection is not primarily that implied in the most talked about issue; namely, whether new machinery should be created to replace, supersede, or simply needle the G.A.T.T. U.N. conference create new machinery for the same reason that hens lay eggs; because it is their nature so to do. It is as futile to protest that the machinery is not needed and may be positively harmful to the interest of the Governments that created it, as to ridicule the hen laying sterile eggs for market for believing that she is perpetuating her kind. The real connection lies in the proposition that the aspirations of the less-developed countries cannot be met or even seriously dealt with, unless the grave issues facing the G.A.T.T. negotiators are resolved. No real advance toward a more satisfactory trade relationship between the less-developed and the advanced countries can be expected, unless the trading relationships between the advanced countries themselves are such that continued growth in the volume of international trade can be expected.

"Here the French and the rest of the European Economic Community bear a heavy responsibility; for it is they who are initiating measures that threaten to introduce substantial alterations in established patterns of trade; and it is they who are insisting on a bargaining procedure that would, in effect, throw tariff negotiations back into the tussles. The immediate problem before the Contracting Parties is whether the minimum legitimate requirements of the community can be met without thereby destroying the integrity of the G.A.T.T. system or forcing the U.S., Britain and the other members of the Free Trade Association to take positions that would ultimately do so. If this crisis can be surmounted, the chances of modifying and adapting the system to give a better deal to the less-developed countries would become very much brighter."

It is thus obvious that the future of G.A.T.T. depends, first, on the successful manner in which the Western countries themselves resolve their differences and, secondly, on the extent to which they are prepared to accommodate the legitimate requirements of the developing countries.

NEW STANDARD ENGINEERING COMPANY LIMITED

SILVER JUBILEE YEAR ACHIEVES RECORD TURNOVER

STATEMENT OF CHAIRMAN, MR. R. G. SARAIYA

THE Twenty-fifth Annual General Meeting of the New Standard Engineering Company Limited was held at Bombay on 26th August 1964. Addressing the shareholders, Mr. R. G. Saraiya, Chairman of the Company, said that an all-time high turnover of Rs. 2.40 crores, representing an increase of 30 per cent over the previous year's level, was recorded by the Company in the year ended 31st March 1964, which was its silver jubilee year. He referred to the slowing down in the tempo of its development and attributed this trend to the general problem of finding funds for development. He disclosed that the Company had to refuse many collaboration agreements for further lines of manufacture, as the apathetic state of affairs in the capital market was not conducive to raising the necessary finance. He urged the authorities to revise the fiscal policy and undertake measures to restore the climate of confidence so that it might be worthwhile for individuals to save and invest.

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

Before I turn to review the operations during the past year, I must give expression to our deep sense of grief and loss over the passing away of Shri Jawaharlal Nehru. It is now about three months since death removed him from our midst, but our feeling of loss still persists. He was the one man who, above all others, played an outstanding role in holding the Indian people together in troubled and difficult times and securing for them the gains of progress, with stability at home together with respect and recognition abroad. He is now no more at the helm, and, if our ship of state is to steer clear of troubles and dangers ahead, we have above all to pull together. Our national solidarity could be the best homage that we could pay to his memory.

The audited statements of accounts for the year 1963-64, together with the Directors' report, have been in your hands for some time and, with your permission, I shall take them as read.

New Directors

I should like to extend here a special welcome to our two new Directors, Mr. S. P. Mehta and Mr. Prabhu V. Mehta. As you have seen from the agenda, they were both co-opted as Directors by the Board and seek election at your hands, in this meeting. Mr. S. P. Mehta is an eminent advocate of the Bombay High Court, who is particularly known all over the country as an authority on tax matters. With his deep study of industrial and technical problems, Mr. Prabhu Mehta has carved out for himself a position of leadership in the business community, despite his young years. He was President of the All-India Manufacturers' Organisation last year, and held his office with distinction. The Board of Directors have already profited from their advice and guidance, and I am sure their continued association with us will be of great help to the Company.

Pace of Progress

I am glad to report that, during the year under review, the Company continued to show good progress in its operations as well as development. Sales reached the record level of Rs. 2.40 crores, as against Rs. 1.83 crore in the previous year. Against an increase of only Rs. 21 lakhs in 1963, sales showed an appreciable increase of Rs. 57 lakhs during the past year. It is a matter of satisfaction that your Company has been able to register such a marked rate of increase of over 30 per cent, even at increasingly higher levels of operations, especially in the midst of expansion and development.

Increase in Costs

The year under review has witnessed a steady pressure of an all-round increase of costs. With the increase in prices of materials such as steel, pig iron, coke, electric motors, etc., there has also been an increase in wages, dearness allowance, bonus and other benefits to labour. To this has been added the statutory increase in customs duty, Central sales tax, employers' contributions for provident fund, E.S.I.C., etc. It has not been possible to offset fully this rise in costs by increased productivity or higher prices for our products, with the result that gross profits have not shown the same rate of increase as in the case of sales and output. However, your Company's profit performance can also be looked upon as satisfactory. As against Rs. 22.88 lakhs in the previous year, the gross profits in the year under report were Rs. 26.87 lakhs. The corresponding figures for net disposable profit after depreciation, development rebate and taxation are Rs. 7.73 lakhs and Rs. 10.05 lakhs, respectively. With this increase in profits, your Directors have thought it fit after careful consideration to recommend silver jubilee bonus dividend at the rate of one per cent on equity shares, while maintaining the previous year's equity and preference dividends each at the rate of nine per cent. With the increase in dividend distribution of Rs. 1.11 lakh, it has also been possible to transfer Rs. 2.75 lakhs to general reserve as against Rs. 75,000 only in the previous year.

The fixed assets of the Company increased during the year by Rs. 15.88 lakhs as against an increase of Rs. 46.08 lakhs, Rs. 25.99 lakhs and Rs. 29.44 lakhs in the previous three years. As you will see from this, there is some slowing down of the tempo of development particularly in the past year. While this is due, to some extent, to a deliberate policy of phased expansion and delay in issue of import licence for foundry machinery, it also reflects the general problem of finding funds for development. I propose to revert later in this speech to the consideration of this important problem, which not only affects your Company's development, but also threatens the growth of our national economy.

Silver Jubilee Celebrations

This is the silver jubilee year of your enterprise, which started as far back as 1939 as a proprietary concern founded by Mr. J. V. Patel, our Managing Director, and which has blossomed out after many phases of expansion, into a public limited company in its present form, over five years ago. A souvenir brochure entitled "25 years of Service to Industry" was issued to mark this historic occasion. It was released formally by Mr. S. G. Barve, Minister for Industries, Government of Maharashtra, at a small, informal function, held at our Goregaon Works on 25th January 1964. Copies of this brochure have been sent to you all as well as distributed amongst our many friends and associates, at home and abroad. We have received heartening messages of congratulations from some of our shareholders and well-wishers, to whom we are deeply grateful for their words of encouragement.

The Directors' report has reviewed in some detail the Company's operations during the past year, with special reference to progress of foreign collaboration and development at Goregaon, to which there is little that remains to be added. I should like to mention here, the publication of our house magazine entitled "We in NSE" which was first issued under the name of the "NSE Sandesh" on 1st October 1963. Four members have also been published in a bilingual edition in English and Marathi. It is proposed to enlarge the scope of this new publication and to make its issue more frequently so that the benefit of this forum of communication and self-expression can reach all the ranks of our employees.

Labour Problems

This brings me to the outlook for the Company in the current year. In line with the rising levels of production during the past year, and the previous years, we have set for ourselves higher targets for 1964-65. Unfortunately, the progress of the first quarter in the current year was marred by labour trouble which culminated in a strike paralysing operations in one department for over a month and in the entire works for ten days. Reference has already been made in the Directors' report to the strike, which was pending at the time the report was signed. The strike was precipitated by the management's charge-sheet against one of the workers for misbehaviour. I am glad to report that the strike has now been called off, and the dispute has been referred to an Industrial Court through the good offices of the conciliation machinery of the State Government. Now that the matter has been amicably settled with the workers and the union, I do not wish to prolong the controversy.

However, I cannot help making here some general observations concerning the present labour situation in the country. While times are undoubtedly difficult owing to, what may be called the growing pains of development, as indicated by rising prices, there is no need for acts of indiscipline, acts of intimidation and sometimes even violence and sabotage as part of the methods employed to redress real or imaginary grievances. These activities may, in course of time, not only retard our economic growth but also pose a challenge to our national stability and integrity. There may be legitimate differences between labour and management, and there may even be room for strikes. But every thinking section of the community must unequivocally condemn some of the methods which have been recently adopted in an increasing measure by a section of the workers in various institutions both in the public and the private sector.

Lack of Funds

Before I conclude, I should like to turn to the other serious problem faced by industry at present, in general, and by your Company, in particular. This is the problem of finding adequate funds for further development. As you no doubt are aware, your Company has been well established for the manufacture of engineering goods. It has gained considerable management and engineering experience and built up a corps of trained personnel, which is capable of handling much further development of your industry. It has resources in land, power and water supply which are also capable of further development. As a proof of the growing potential of your Company, we are receiving almost every month proposals for collaboration for entry into further lines of manufacture, and your Company has turned down several proposals owing to lack of funds.

Apathy Among Investors

This brings me to the problem of the complete apathy of the capital market towards new issues and stagnation, if I may use the term, in the stock market. In spite of some concessions made in the last Budget by the Finance Minister, the investment and taxation climate of the country is such that it is almost impossible to attract funds for new ventures. It is desirable that there is considerable rethinking on the taxation front by the Government of India. It is not merely doling out of one concession or the other to the corporate sector, but the creation of a climate favourable to generation and accumulation of savings in the community, which is most important. With heavy Governmental expenditure, on the one hand, and rising prices, on the other, the individual who has ultimately to bear the brunt of taxation is not able to find the wherewithal for investment in new industry. I realise that the Finance Minister has an extremely difficult role to play between the needs and the clamours of realising social objectives and the basic discipline required for economic growth. It is, however, possible to carry social objectives to a point which will defeat the main objective and spread poverty instead of prosperity, if economic growth is not achieved, if agricultural and industrial production is not increased, and if there is a general climate of stagnation and frustration. I do trust that the authorities will before long undertake measures to restore the climate of confidence, so that it may be worthwhile on the part of the individual to save and invest.

I am sure you would like to join me in thanking our Managing Director, staff and workers who have worked loyally and diligently for the satisfactory working of the Company during the year.

I have now pleasure in moving the adoption of the audited statements of accounts and Directors' report for the year ended 31st March 1964.

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

BENGAL CHEMICAL AND PHARMACEUTICAL WORKS LTD.

ACUTE SHORTAGE OF RAW MATERIALS

CHAIRMAN, DR. B. N. GHOSE, URGES REVISION OF FISCAL POLICY

ADDRESSING the Sixty-fourth Annual General Meeting of the Bengal Chemical and Pharmaceutical Works Limited, held at Calcutta on the 14th August 1964, Dr. B. N. Ghose, the Chairman of the Company, said that, though the performance of the Company was encouraging during the year under review, it was below expectations because of an acute shortage of industrial alcohol as well as rectified and special denatured spirit. Dr. Ghose refuted the allegation that the pharmaceutical industry was making excessive profits. The critics, he said, forgot to take into consideration the factors determining the selling costs, namely, overheads, labour charges, distribution costs, sales promotion, quality control and research expenses. He deplored the enforcement of the Price Control Order when the authorities had no check on the prices of raw materials and other essential commodities and urged the Government to revise its fiscal policy and to withdraw levies like excise duties, sales tax and octroi. Alluding to the expansion programmes of the Company, he referred to the suspension of import entitlements against exports of surgical cotton wool, and stated that if the entitlements were granted, the Company could import essential oils, aromatic chemicals etc. and thus cover the shortfalls of raw materials.

The following is the full text of Dr. Ghose's speech:

GENTLEMEN:

It is a great pleasure for me to extend to you all, on behalf of the Board of Directors as well as on my own, a hearty welcome to this 64th annual general meeting of your Company.

Gentlemen, we are meeting here today under the shadow of a national gloom. The sudden death of our first Prime Minister, Pandit Jawaharlal Nehru, has created a void in the national and political life of India, which it will be very difficult to fill. A towering personality and a champion of world peace, Pandit Nehru was one of the greatest sons of the soil. So, before I take up the business on the agenda today, may I request you all to rise in reverence to the memory of our late beloved Prime Minister and stand in silence for two minutes to pay our respectful homage to the departed soul.

Gentlemen, the annual report and accounts for the year ended 31st March 1964, have been in your hands for sometime past, and with your permission I take them as read.

Encouraging Performance

The performances of your Company, despite various difficulties it had to encounter during the year under review, are encouraging although the net operating results are below our expectations. But for the acute shortage of industrial alcohol, rectified spirit and special denatured spirit during the latter half of 1963, which are essential raw materials in pharmaceutical industries, we could report better turnover this year with a corresponding increase in profits. To ensure smooth and uninterrupted working in the pharmaceutical industries, it is considered a matter of paramount importance to see that effective steps are taken by the authorities concerned to maintain adequate supplies of alcohol so vital for such industries. We must admit here that the excise authorities of West Bengal helped the industries of the State substantially by exercise of their good offices and eased up the acute situation by their sincere efforts in the right direction.

The trading results of your Company for the year ended 31st March 1964 are on the whole satisfactory, notwithstanding the fact that we continued to be confronted with troubles relating to procurement of raw materials, problems of transport, interrupted supplies of power and rising costs in a number of directions. I am sure, you will agree with me that, with the reduction of all these factors, as far as possible, which have direct impact on the trading activities of any industrial and manufacturing concern, your Directors will be in a position to report more satisfactory results in years to come.

Your directors recommend maintenance of the same dividend, that is, 10 per cent on all classes of ordinary shares as in the last year, and propose to carry forward a sum of Rs. 1,00,000 to general reserve No. II after providing for all prior charges. I would like to add here, that the completion of the various expansion schemes of the Company this year will necessitate the transfer of a substantial amount to development rebate reserve next year, which will have its reflection on the profits of the Company.

The overall business in the field of heavy chemicals in your Company shows a sign of steady progress, the sales during the year under review having increased substantially over the last year's figure. I am glad to report that the new alum plant is almost completed and it is now under trial run. We do hope the new alum plant will go into production very soon. You will be glad to learn that the Government of India have granted your Company industrial licence to carry on business for the manufacture of sodium aluminate, stannate, naphthenates, etc. The export potentialities of some of the products of the heavy chemicals section of your Company are now being studied and negotiations to export a large quantity of alumino ferric are going on.

The installation of an additional 50-ton/day sulphuric acid plant at Panihati is steadily progressing and we hope this plant will start production by the end of this financial year.

Regarding your Company's business in road tar, it may be recalled that I struck a note of pessimism in my review last year. The difficulties in procuring crude coal tar continued during the year as before. This setback in the tar distillation industry has substantially affected our business in the by-products of coal tar. Nevertheless efforts are being made for alternative arrangements to meet the situation.

Wrong View

Gentlemen, there is a sweeping allegation gaining currency that pharmaceutical industries are making excessive profits. I may be allowed to say that anyone with adequate knowledge of the cost economies of the manufacture of pharmaceuticals and drugs would hardly subscribe to this wrong view. In my humble opinion, the cost factors which are taken into consideration in determining the selling prices of drugs, namely, overhead, labour charges, distribution costs, sales promotion including advertisement, research expenses, quality control and other business costs which should be added to the cost of raw materials in arriving at a correct pricing policy, are presumably ignored completely when such reckless allegations are levelled against pharmaceutical industries.

Drug price control was introduced under the Defence of India Rules from November 1963 and its enforcement with retrospective effect from April 1963 has landed the pharmaceutical industries in practical difficulties in fixing the prices of drugs manufactured by them commensurate with the prevailing costs. It is pitifully interesting to note in this connection that while there is no check in prices of raw materials and other essential commodities the Price Control Order of drugs is being enforced. It has, of late, been a problem to us to adjust prices of our finished medicines on the basis of the costs of raw materials which are daily mounting by leaps and bounds. The pharmaceutical industries will be grateful if the Government revise their fiscal policy and withdraw various levies by way of excise duties, sales tax, octrois etc. on drugs, pharmaceutical and medicinal preparations. You will be surprised to note that Government undertakings also have enhanced the prices of raw materials which are essential components of our manufactured products. This upward trend in prices has resulted in the poor profitability in respect of certain items.

I reported to you last year that we have taken up in hand certain development programmes. Your Company is one of the pioneers in India in the field of manufacture of caffeine. I am glad to report that industrial licence for manufacture of 16 tonnes of caffeine annually has been obtained from the Central Government and our plants have been expanded accordingly to reach the production target. But unfortunately, the supply of tea waste, the principal raw material for manufacture of caffeine, is too inadequate to meet the increased demand.

You will be glad to note that the services of a well-known bacteriologist and immunologist are being utilised by the Company in its biology department for researches in various directions. As a step towards our declared policy of expansion the Company will soon market anti-snake-bite serum and tetanus toxoid. The utilities and the market potentialities of these two products are too obvious to need any emphasis. Your Company is also under negotiation with some foreign firms for introduction of new items.

We are trying to explore various markets in South-East Asia and Middle East and African countries. Our exports of surgical cotton wool have suffered a setback due to severe competition from other countries. We had previously been able to meet this competition to some extent from the import entitlements obtained under the special export promotion scheme against our exports of the item.

Import Entitlements

Unfortunately the import entitlements have been suspended by Government presumably because no imported materials are required for manufacture of the products. We are unable to accept this contention as substantial entitlements have been granted under the special export promotion scheme on exports of many other items which require no imported materials for production. For example, import licences are granted against exports of drugs and pharmaceuticals, irrespective of the contents of the products being imported or not. Our numerous representations that surgical cotton wool falls under this category have not met with any satisfactory response though considerable time has elapsed. We also feel that Government should recognise that the gain to the country is greater when wholly indigenous products are exported and exports of this category should be encouraged by extending full benefits under the scheme. The Government of India have not yet decided to include this export in the granting of import licences under the export promotion scheme. If the entitlement is granted against this export, we can import essential oils, aromatic chemicals, etc. to cover our shortfalls for such raw materials due to drastic cut in our usual import licences.

In an attempt to further promote its sales in Delhi and adjacent areas your Company cancelled its previous arrangements with the distributors and opened on 1st April last a depot of its own at Delhi for distribution of its products. Of course, this is an experimental measure in this direction and if it proves economical, we have in our mind to have similar measures in other parts of India as well.

The Company's business at its branch factories at Bombay and Kanpur is progressing satisfactorily. In this connection I may inform you that a strip of land of our Bombay factory has been acquired by Greater Bombay Municipal Corporation under Town Planning Scheme. Besides, loss of land the Company has to pay an additional amount of Rs. 4,000 and odd, by way of betterment fee, to the Bombay Municipal Corporation. Further, this acquisition of land has also necessitated partial re-planning of the said factory and reconstruction of its compound wall and passage-ways resulting in substantial amount of capital expenditure.

Working Results

I will now turn to analyse more salient points in the profit and loss account for the year under review. You must have noticed in the accounts forwarded to you that there has been a decrease by more than Rs. 4.5 lakhs under the head "consumption of raw materials." The increase in profit has been effected by revision of the terms to our customers resulting in savings to the Company and strict control of purchase. You will also notice that development rebate reserve which has been charged to profit and loss account has been much less this year. These are amongst others, the contributory factors [illegible]

INDIAN INSURANCE COMPANIES' ASSOCIATION

MR. P. A. ADVANI SURVEYS CURRENT PROBLEMS

AN appeal to the Government to revise the statutory limits on the general insurers' expenses of management, in the light of the increases in their cost of operation since 1950, when the limits were originally fixed, was made by the Chairman of the Indian Insurance Companies' Association, Mr. P. A. Advani, in the course of his speech at the Thirty-sixth Annual General Meeting of the Association held in Bombay on Tuesday, 25th August 1964.

Prefacing his address with a brief review of the Indian economic situation, Mr. Advani pointed out how there had been a steep rise in prices and living costs, superimposed on a built-in inflationary bias of forced development, excessive money supply and growth of population. He urged Government to trim the doctrinaire overtones of its economic policies and create a climate conducive to the growth of both the public and private sectors. "If either sector falters or lags behind, the economy will suffer," he averred.

"The most significant development for general insurers during the year was the Life Insurance Corporation's entry into the field of general insurance," Mr. Advani said. He recalled how the Association had told the Government that, if the decision was irrevocable, it was essential in the larger interests of the industry that the Corporation should conform to the discipline and regulations required of other insurers. He regretted that Government had refused this justifiable request and had allowed the Corporation to operate on a non-tariff basis. "Time alone will prove the effect of the Government's decision on the private sector," he said.

However, Mr. Advani felt gratified that the Corporation had commenced its general insurance business on a tariff basis and had also appreciated the need for harmony and goodwill in the industry. He added: "An immense insurance potential exists in this country and it is only through the collective efforts of both the sectors that such a task could be achieved successfully." At the same time, Mr. Advani reiterated his earlier appeal to the Government and the Corporation to accept the tariff rates which, he said, provided a reasonable margin of profit to any well-managed medium-sized insurer.

Mr. Advani felt that there was a marked willingness on the part of the insurers to comply with the Code of Conduct and to co-operate with the administrative machinery. He paid a tribute to the Executive Committee of the General Insurance Council which, he observed, had been doing very useful work. He added: "It will be realised that, in the final analysis, the success of the Executive Committee to place general insurance in India on a healthier and sounder footing is vitally dependent upon the support which the insurers extend to the various measures designed by it." He, therefore, appealed to the industry to give the Committee its unstinted support.

The Chairman deplored that the authorities had increasingly tended to divert general insurance business, however, remotely controlled by Government or semi-Government bodies, to the Indian Insurance Companies' Association Pool. He felt that this policy of creating a monopoly of such business militated against the very spirit of the concept of mixed economy accepted by the Government. He hoped that the authorities would soon review the position and enable insurers to provide covers to their constituents free from the fear of non-acceptance of their policies by any organisation purporting to act under official instructions.

Continuing, Mr. Advani referred to the unjustifiable stand by the income-tax authorities in disallowing expenditure in excess of the limits prescribed under the Insurance Act even when it was incurred for normal business purposes. He hoped that the authorities would set the position right. Another cause for concern was that, unlike other companies including banks, insurers were not allowed rebate of super-tax on inter-corporate dividends. He hoped that a just solution to this problem, too, would be found.

In conclusion, Mr. Advani deplored that water at adequate pressure was not available from the municipal mains and this was causing much concern to insurers, because it hampered fire-fighting operations. He renewed the Association's request to the municipal authorities to improve the water-supply position because the success of fire-fighting in Bombay, the chief centre of commerce and industry in the country, depended on prompt availability of water at sufficient pressure.

BENGAL CHEMICAL AND PHARMACEUTICAL WORKS LTD.

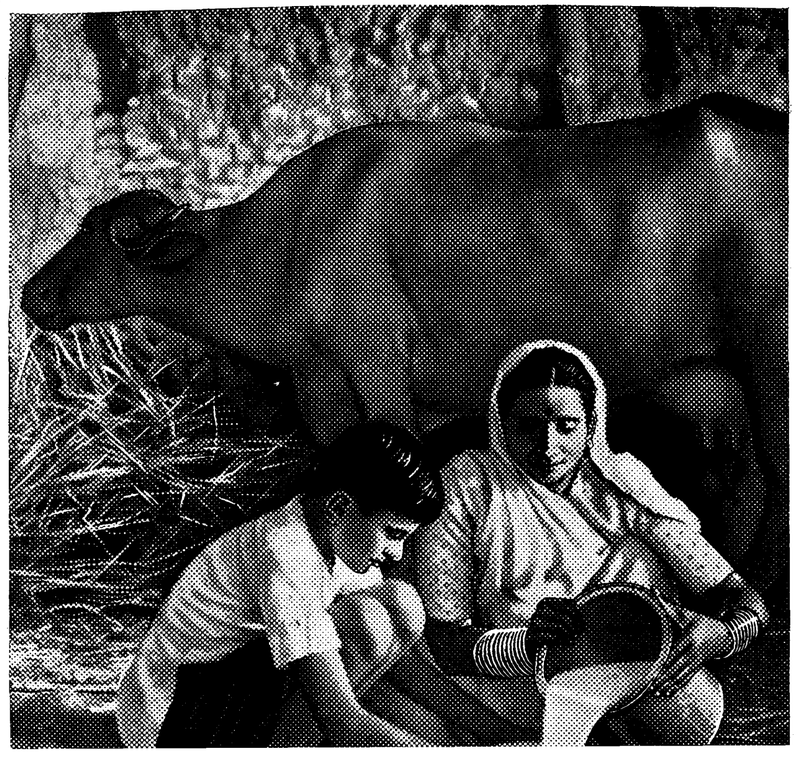
(*Concluded from previous page*)

in profits by over Rs. 5 lakhs against an increase in sales by about Rs. 7 lakhs.

Gentlemen, I am thankful to you for giving me a patient hearing. The progress that your Company has made in its trading activities during the year 1963-64 despite multifarious difficulties should not give all concerned a feeling of complacency. In these days of economic struggles and keen competition, the rule of "survival of the fittest" should always be borne in mind. The management of your Company has accordingly been wedded to such policies as would, in all probability, lead the Company to greater prosperity in the usual course of its business in future.

Finally, I conclude with an expression of gratitude to my colleagues for their co-operation, advice and mature guidance. My thanks are also due to the members of the staff at all levels without whose sincere efforts the satisfactory results would not have been possible. I also acknowledge with thanks the patronage of the members of the medical profession, our customers, stockists and distributors.

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



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I.M.F. ON WORLD ECONOMIC SITUATION

HIGHER RATE OF GROWTH—RISE IN EXPORT EARNINGS MORE WIDESPREAD

THE forthcoming annual meetings of the International Monetary Fund and the World Bank, scheduled to be held at Tokyo from the 7th to 11th of next month, need not devote much time to a detailed review of recent world economic developments. For such a review is already there. The voluminous documents presented at the Geneva United Nations Trade and Development Conference, as well as the vast quantity of literature on the deliberations of the Conference and the decisions taken thereat distributed by the Secretariat of the Conference, give a vivid picture of how the world economy has been moving lately and will move in future. The 1964 Annual Report of the I.M.F. itself provides quite a comprehensive account of the world economic developments, though the analysis does not cover the communist countries.

The I.M.F. Annual Report says that the period commencing from the beginning of 1962 has been marked by economic progress shared *more evenly than for a long time* (italics ours) among the different parts of the free world. The Report divides the free world broadly into two groups—one representing industrial countries and the other primary producing countries, rather the developing countries as they are commonly described. Output in the former group of countries has risen in the past one year more rapidly than in 1962. The continued prosperity in all these countries is a matter for satisfaction to the developing countries, for such prosperity has eased the balance of payments position of the latter countries to a great extent not only by means of larger economic aid but through better export earnings. The primary producing countries have benefited partly from the increase in the volume of imports into the industrial countries and partly from the general rise in the prices of primary products that occurred during 1963 and continued early this year.

Rapid Rise

Industrial production, according to the Report, expanded at a satisfactory rate in all the industrial countries during the year 1963. In North America, the economic upswing, that began more than three years ago, continued throughout 1963 and appeared to be accelerating early in 1964. In the U.K., recovery early in 1963, following several years of limited growth, was stimulated by expansionary policies, and the recovery gained momentum in the course of the year. In Continental Europe, industrial production rose more rapidly in 1963 than during the two preceding years, despite scarcity of labour. Japan reported a vigorous upswing, in contrast to the slowdown that had arisen in 1962 from the official measures to deal with the 1961 balance of payments crisis. Explaining the factors that induced a comparatively more rapid rate of rise in industrial output, the Report observes:

"In most countries, the main impetus to the expansion originated in the countries themselves. It came, in particular from the lift to consumption provided by wage increases and the stimulus to private investment resulting from continued expansion and favourable prospects for further growth; in some countries, budget deficits and other fiscal measures were also important. These influences were generally much more powerful in raising demand than was the impact of foreign transactions. However, the high degree of freedom for international payments that prevails in the industrial countries results in economic impulses being easily transmitted from country to country, and this undoubtedly helped to make the expansion of output general and to even out rates of progress. A rapid rise in imports in those countries which were less successful than others in controlling pressures on prices and wages served both to transmit excess demand to other countries and to bring about major changes in the payments positions of individual countries. In addition, short-term and long-term capital outflows from the United States, including the continuing U.S. direct investment in the other industrial countries, served to reinforce the domestic forces pushing for expansion in the recipient countries."

Countries Official Reserves*
(In billion dollars)

	1963	1962	1961	1960
Main industrial countries ...	48.37	47.12	47.47	45.69
Of which:				
U.S.A.	16.84	17.22	18.75	19.36
U.K.	3.15	3.31	3.32	3.72
Others†	28.38	26.59	25.40	22.61
Other high income countries‡	8.34	7.12	6.25	5.28
Other countries	12.48	11.52	11.08	11.75
Total ...	69.19	65.76	64.80	62.72
Composition of reserves—				
Gold	40.21	39.23	38.85	38.02
I.M.F. gold tranche positions	3.94	3.80	4.16	3.57
Claims on U.S.A.	13.74	12.35	11.93	11.21
Sterling claims on U.K. ...	6.50	6.21	7.10	7.08
Others	4.83	4.17	2.76	2.84

* Excluding the Sino-Soviet area.
† Belgium, Canada, France, W. Germany, Italy, Japan, Netherlands, Sweden and Switzerland.
‡ Other W. European countries, Australia New Zealand and South Africa.

Notwithstanding the marked rise in domestic prices and wage costs in most countries, export prices remained remarkably stable in the industrial countries. Only in France, Japan and the U.K. did the overall index of export prices rise by as much as 3 per cent or more. The fall in export prices particularly in West Germany and the U.S., according to the Report, may imply involuntary cuts in profits to maintain or expand sales in foreign markets, especially in the countries where inflationary pressures have been strong. In any event, the countries in question may have good reason to be concerned about their export capabilities in the future in the face of rising wage and other costs, and also about maintaining investment in their export industries at adequate levels despite the diminishing possibilities of self-financing. In particular, costs are rising in some of the countries experiencing inflation, while they tend to remain constant or to decline in some of the important countries (notably the U.S. and the U.K.) which have had persistent balance of payments problems. This disparity, says the Fund's Annual Report, may lead to marked changes in the relative competitive positions of individual countries and in the structure of international trade.

For the primary producing countries, the most striking feature of development during the eighteen months ended June 1964 was the marked upturn in the prices of primary products. The average rise in prices (excluding petroleum) during 1963 was about 10 per cent, half of the rise being accounted for by sugar alone. As prices tended to turn upward during the year, particularly in the last quarter, the general level of primary product prices at the end of 1963 exceeded that a year before by nearly 15 per cent. The upward trend continued into 1964 and, early in the year, the overall price level had reached that prevailing in 1957, that is, prior to the most recent general downturn of primary product prices. The increase in export prices, accompanied by very little change in import prices, resulted in an improvement of approximately 3 per cent in the terms of trade of primary producing countries in 1963. This, incidentally, was the first gain since 1954. Consequently, the "importing power" of their exports, which for many years had tended to rise less than the export volume, advanced by about 8 per cent, as against a volume increase of roughly 5 per cent.

What of 1964?

Judging on the basis of developments during 1963 and early in 1964, the I.M.F. Report has made a tentative appraisal of the position in so far as the whole of 1964 is concerned. It is said that the prices received and earnings from exports of sugar, cocoa, and coffee will be in excess of their 1963 levels. As for raw materials, the Report says that much will depend on the development of business activity in industrial countries. There is no reason to believe, however, that further expansion will lead to sharp price increases, since output of most materials could be raised to meet demand, from capacity either already in existence or in the course of being set up. In any case, it is felt, the price increases that occurred during 1963 and early in 1964 should help to raise the 1964 export earnings of most primary producing countries above 1963.

The I.M.F. Report does admit that buoyant foreign receipts should provide a desired stimulus to demand and output. But it strikes a note of caution and urges that monetary expansion must be kept within sustainable limits. To quote the Report:

"If demand continues to expand after export receipts have ceased to rise, the maintenance of monetary and exchange stability may sooner or later make it necessary to contract credit or to reduce the rate of credit expansion markedly. If there is a subsequent decline in export receipts, the need for restraining action will be even greater. The volatility of export receipts contributes to the difficulties of monetary management in the less developed countries."

Largely as a result of rise in export earnings, together with some increase in foreign aid, the balance of payments position of the less industrialised primary producing countries as a group improved by $1,500 million, changing the deficit into a surplus. The I.M.F. Report describes this improvement as "the most helpful development in international transactions" during 1963. There was also some evidence of a tendency towards a reduction in imbalances among the industrial countries, even though new situations of external disequilibrium arose in the course of the year.

In the considered opinion of the I.M.F., the recent sharp increases in costs and prices in the present or former surplus countries in the developed world are not merely the effect of "imported inflation", that is, an automatic or deliberate response to the balance of payments situation; other factors have also been at work. Mention, for instance, is made of the rise in wages lagging behind that in productivity in some countries, a situation that has built up pressure towards a redistribution of income shares between wage earners and entrepreneurs. Mention is also made of the pressures on wages and prices created by the success of the Continental European industrial countries and Japan in reaching their goals of full employment and a high rate of growth. The I.M.F. Report has made the following interesting observations on incomes policies, role of capital movements and potential role of private capital:

Direction of World Trade
(In billion U. S. dollars)

Exports from	Year	EXPORTS TO: Manufacturing countries	Primary producing countries†: Group I*	Primary producing countries†: Group II‡	Sino-Soviet Area†§	World†
Manufacturing countries	1960	37.4	11.8	19.9	2.6	71.5
	1961	40.7	12.0	20.8	2.4	75.9
	1962	44.6	12.4	20.6	2.6	80.2
	1963	49.3	13.7	21.5	2.6	87.1
Primary producing countries†— Group I* ...	1960	10.3	0.7	1.7	0.6	13.3
	1961	10.8	0.8	1.8	0.8	14.2
	1962	11.2	0.8	1.7	0.8	14.5
	1963	12.1	1.0	1.9	1.0	16.0
Group II‡ ...	1960	18.1	1.8	5.8	1.3	27.0
	1961	18.3	1.8	5.8	1.3	27.2
	1962	19.3	2.2	6.1	1.3	28.9
	1963	20.8	2.4	6.6	1.4	31.2
Sino-Soviet area†§ ...	1960	2.9	0.6	1.4	10.8	15.7
	1961	2.5	0.6	1.5	11.5	16.1
	1962	2.9	0.8	1.9	12.0	17.6
	1963	3.2	0.9	2.1	12.6	18.8
World†	1960	68.7	14.9	28.8	15.3	127.7
	1961	72.3	15.2	29.9	16.0	133.4
	1962	78.0	16.2	30.3	16.7	141.2
	1963	85.4	18.0	32.1	17.6	153.1

† Figures for 1963 are preliminary estimates.
* Represents Australia, Canada, New Zealand, South Africa and primary producing countries in Europe.
‡ Includes all other primary producing countries.
§ Including Cuba.

"Incomes policies have been given growing consideration as a possible means of mitigating tendencies toward cost inflation under full employment. Such policies seem likely to be used increasingly to supplement other instruments, although, even if they are generally adopted, there is no guarantee that they will be most effective in the countries chiefly prone to cost pressures. Nevertheless, an incomes policy can contribute to the adjustment process. In a deficit country, it can help to overcome a relatively unfavourable trend of costs and prices. A surplus country, confident in the effectiveness of its incomes policy in holding wage and price movements within appropriate limits, may be more willing to allow the expansionary tendencies of the surplus to have an impact on the economy.

"The role of capital movements in facilitating balance of payments adjustment has also attracted increasing attention, focussed on possibilities for improving the structure of capital markets in Europe. One point of emphasis has been a desire to correct the existing payments disequilibrium by limiting the outflow of capital from the United States and stimulating a net outflow of capital from Continental Europe. . . . It has to be borne in mind, however, that the flow of international capital is not always influenced by considerations of balance of payments equilibrium, which will vary over time and that the removal of imperfections in the mechanism of capital markets cannot be counted upon at all times to ease international payments problems.

"The potential role of private capital in assisting more effectively in the process of economic development also needs attention. The flow of

(Continued on page 377)

I.I.S.CO.'S STEADY MARCH FORWARD

SECOND PHASE OF EXPANSION UNDER WAY

BY scoring a pretty handsome gain of Rs. 2.50 to Rs. 28.05 during the last settlement on the Bombay Stock Exchange, the 10-rupee ordinary shares of the Indian Iron and Steel Company Ltd. (Managing Agents: Messrs. Martin Burn Ltd., Calcutta) have emerged as one among the very few shares coming close to their pre-Chinese aggression bull phase top levels which in their case is Rs. 28.70. This strident rise in 21 days of the settlement has no doubt been brought about by the fast accumulation of long positions (in the Calcutta market alone these are believed to total several lakhs of shares) on top of a heavy short position that had existed before. But what has caused this sudden burst of bullish activity is the realisation from the publication of the Company's impressive results for 1963-64, marked by an increase in the ordinary dividend from 16 per cent to 17 per cent after years of waiting, and the Chairman Mr. Biren Mookerjee's annual statement that the Company is slowly but steadily marching forward. What has impressed marketmen most is that this march has been deliberately gradual, with each stage of expansion, as the Chairman states, being followed by a period of consolidation before the undertaking of the next in order to avoid imposing too great an immediate financial burden on the Company or impairing the dividend position to the detriment of the shareholders' interests. With this progress, the book value of equity shares has gone up to Rs. 41.30 from Rs. 28.34 in 1961. If the 1961 top level of Rs. 28.70 was in anticipation of this increase in book value, the current high rate of Rs. 28.05 marks its consolidation and what is more still leaves the shares well below their intrinsic worth. No wonder Indian Iron have been in the limelight.

The following table shows at a glance the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales and self consumption, less excise, surcharges and rebates ...	71,56.83	68,46.21	60,41.08	57,95.38
Stock of finished goods and work-in-progress ...	581.26	602.93	581.44	451.81
Retrospective increase in retention prices ...	...	...	228.52	...
Other income ...	147.47	34.88	23.61	21.15
Excise duty paid ...	447.62	373.00	388.88	382.83
Materials, stores and spares consumed ...	24,58.61	24,83.53	23,16.46	21,26.84
Staff expenses ...	12,66.54	12,06.58	10,76.63	10,09.78
Other expenses ...	19,33.49	19,28.84	17,45.74	17,60.39
Gross profit ...	16,23.97	12,83.63	12,84.03	10,27.23
Managing Agents' commission ...	32.50	31.56	30.00	30.95
Depreciation ...	440.25	340.18	335.25	296.47
Taxation ...	387.00	356.00	395.50	166.00
Net profit ...	764.22	556.89	523.28	533.81
Transfer from reserves ...	16.32	22.38	23.19	81.59
To reserves ...	543.06	364.25	300.00	326.15
To development rebate reserve ...	8.44	22.14	21.57	166.57
Dividends—				
5% preference ...	17.54	17.54	17.54	18.71
Ordinary ...	211.50	199.05	199.05	199.05
	(17%)	(16%)	(16%)	(16%)
Carry forward ...	...	...	24.72	16.42
Production (in tonnes)—				
Pig iron ...	1,238,442	1,291,825	1,187,397	1,160,576
Steel ingots ...	1,026,786	1,002,039	934,498	914,159
Saleable ste ...	809,804	795,120	736,970	722,034

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High ...	28.05	25.55	27.35	28.70	26.55
Low ...	23.60	19.20	22.80	23.00	21.84

Production of ingot steel during the year under review has again approximated to the rated capacity of the Plant, the actual figure increasing by 24,747 tonnes to 1,026,786 tonnes which is a fresh record for the Burnpur works. Because of various difficulties the output of pig iron was a little lower at 1,238,442 tonnes. Production of saleable steel, however, was higher by 14,684 tonnes at 809,804 tonnes. Despatches of saleable steel also improved from 797,960 tonnes to 808,393 tonnes and, with an increased average sales realisation, the gross profit, which had been sticky around Rs. 12.84 crores in the previous year, has increased considerably to Rs. 16.24 crores during the year under review. Incidentally, the average increase in the case of the Company on the decontrolled categories of steel which form nearly 60 per cent of the total output is of the order of Rs. 30 per tonne on the basis of the product mix and the proportion of "tested" to "untested" steel achieved during the year under review. In the case of the controlled categories, the effective increase has been Rs. 4 per tonne only because of a reduction in the net price of billets and the assumption by the Government of an incorrectly high percentage of "tested" galvanised sheets in working out the prices, despite the fact that on protest the price of "untested" billets was revised upward by Rs. 15 per tonne from 30th May 1964. The overall average increase in the price realised by the Company on its total sales of steel is placed at Rs. 20 per tonne.

The depreciation provision has been raised substantially from Rs. 340.18 lakhs to Rs. 440.25 lakhs primarily due to the fact that the "specified period," stipulated in Section 205(2)(b) of the Companies Act, 1956 as the divisor of 95 per cent of the original cost of each asset for computing the amount of depreciation, has been reduced consequent upon the announcement by the Finance Minister of the reintroduction of triple-shift depreciation allowance for income-tax purposes. Thanks to tax rebate to certain industries, including the iron and steel industry, and the substitution of S.P.T. by surtax under which no liability is expected to arise, the tax provision has increased by only Rs. 31 lakhs to Rs. 387 lakhs, although gross profit has gone up by nearly Rs. 3.50 crores.

In view of the necessity for conserving resources for repayment of the heavy indebtedness on loan account amounting to Rs. 17.10 crores and also for the very large expenditure of Rs. 23.19 crores to be incurred on the collieries development project and of Rs. 16.21 crores on the balancing of plant project, popularly known as "the Phase I Further Steel Expansion Scheme," a larger sum of Rs. 543.06 lakhs out of the year's profit has been set aside to general reserve, as against Rs. 364.25 lakhs in the previous year. On the other hand, the amount required to pay the ordinary dividend has increased only modestly from Rs. 199.05 lakhs to Rs. 211.50 lakhs.

When the project for balancing the plant is implemented, the steel-making capacity of the Burnpur works will improve by some 300,000 tonnes (of ingot) per annum. Preliminary steps for implementing the second phase envisaging an additional 700,000 tonne capacity of ingot steel per annum have already been taken up with the Government and the World Bank. This one-million-tonne (ingot) expansion programme has been phased into two parts for reasons stated before. The Chairman says that no firm estimate of the cost of the second phase can be made until a decision is taken as to what form the end-products will take, this being dependent upon the future requirement of the country. But, he adds, the cost will naturally be of very great magnitude. He has, therefore, emphasised the necessity for ploughing back profits not only for the year under review but also for the future. He has ruled out the possibility of issuing bonus shares to compensate the shareholders, because, under the current policy of the Government, only bonus issues solely out of any share premium account would be worthwhile. In order to assist shareholders to some extent, he proposes, however, recommending to the Board that for the current and future years an on-account distribution of profits should be made by way of declaration of an interim dividend during the course of the year, the balance of dividend only then being left for declaration in the normal course at the annual general meeting.

The Company's paid-up capital, unchanged at Rs. 15.14 crores including Rs. 2.70 crores in preference shares, is backed by reserves and surplus amounting to Rs. 41.05 crores. Barring the Government's special advance of Rs. 10.18 crores, the loan liability is shown at Rs. 17.73 crores, as against Rs. 21.11 crores a year before, all of which, as against Rs. 11.97 crores, is of long-term nature. Current liabilities and provisions total Rs. 19.25 crores and are adequately covered by current assets, book debts and investments aggregating Rs. 42.02 crores. The gross block is shown in the books at Rs. 86.12 crores (Rs. 90.74 crores a year before) and is written down to a net value of Rs. 57.81 crores, excluding livestock and vehicles shown separately at Rs. 26.28 lakhs and capital work-in-progress valued at Rs. 187.05 lakhs.

The net yield on the Rs. 10 fully paid ordinary shares of the Company at their current market value of Rs. 28.00 *cum-div.* works out to a little less than 5 per cent per annum.

W.I. PLYWOOD MAKES STEADY PROGRESS

PAYS MORE ONCE AGAIN

THE results of the Western India Plywoods Ltd. (Managing Director: Mr. A. K. Kaderkutty, Baliapatam, Kerala) for the year ended 31st March 1964 show steady progress. Sale proceeds of finished goods, which had improved by more than Rs. 30 lakhs in the previous year, have gone up by nearly Rs. 22 lakhs from Rs. 101.68 lakhs to Rs. 123.64 lakhs during the year under review. Gross profit at Rs. 35.50 lakhs is higher by Rs. 5.14 lakhs, thus maintaining the increase of Rs. 5-6 lakhs seen in the past few years. As a natural consequence of better working, the dividend on the 100-rupee ordinary shares has been raised once again by one point to 16 per cent per annum. This increase is the fourth in a row since the dividend became taxable in the year 1959-60 when it was left unchanged at 10 per cent.

Actually, the higher dividend has become possible because net profit at Rs. 12.21 lakhs is higher by as much as Rs. 3.08 lakhs, as against by barely Rs. 15,000 a year before. In the previous year, the net profit did not show much improvement due mainly to the marked rise in the tax provision from Rs. 6 lakhs to Rs. 12.52 lakhs, a part of it being on account of S.P.T. and also the inclusion of Rs. 1.60 lakh being the tax on such part of the profit of the hardboard unit as was expected to be exempted from tax under Section 84 of the Income-tax Act. The claim for such tax exemption has since been conceded by the Central Board of Revenue and the amount of Rs. 1.60 lakh, which has become excess, has gone to strengthen reserves and provisions. Because of the higher net profit again, the Directors, while recommending a further increase in the dividend, have been able to carry to reserves a higher amount of Rs. 6.64 lakhs which is over 50 per cent of the distributable surplus, as against Rs. 3.94 lakhs, or roughly 40 per cent, a year before.

The progress made by the Company in the past four years is tabulated below:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds of finished goods ..	123.64	101.68	70.03	63.19
Closing stocks	15.79	15.83	17.67	12.75
Other income	0.26	0.13	0.22	0.06
Materials consumed	81.74	25.51	21.15	24.22
Salaries, wages and bonus ..	11.43	9.36	8.74	8.86
Other expenses	45.19	34.74	21.21	20.09
Gross profit	35.50	30.36	24.08	19.91
Provision for—				
Depreciation	11.29	8.71	9.10	10.05
Taxation	12.00	12.52	6.00	3.75
Net profit	12.21	9.13	8.98	6.11
Transfer to reserves	6.64	3.94	4.06	1.85
Dividends—				
Preference	0.48	0.48	0.48	0.40
Ordinary	5.03	4.72	4.40	3.77
	(16%)	(15%)	(14%)	(12%)
Carry forward	0.15	0.09	0.10	0.07

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High ..	..217.00	235.00	220.00	255.00	303.00
Low ..	..200.00	185.00	190.50	198.00	223.00

Arrangements in regard to the previous year's proposal of doubling the capacity in the hardboard plant are now nearing completion. Rupee finance for this additional capacity is to be obtained from the Company's existing resources and the necessary foreign exchange is expected to be made available to it shortly. The plywood plant is also being modernised at an approximate cost of Rs. 6 lakhs. The import permit for machinery and equipment is expected to be granted to the Company shortly.

The Company's paid-up capital, including Rs. 6.17 lakhs in 6 per cent tax-free cumulative preference shares of Rs. 100 each, stands unchanged at Rs. 37.64 lakhs and is backed by reserves and surplus amounting to Rs. 43.24 lakhs. Secured loans stand reduced from Rs. 25.13 lakhs to Rs. 20 lakhs, as the previous year's bank overdraft of Rs. 2.63 lakhs has been closed and the I.F.C.I. loan has been brought down from Rs. 22.50 lakhs to Rs. 20 lakhs. Unsecured loans of Rs. 2.81 lakhs, current liabilities of Rs. 13.78 lakhs and provisions of Rs. 30.76 lakhs bring total short-term indebtedness to Rs. 47.35 lakhs, as against which current assets, book debts and investments aggregate Rs. 91.35 lakhs. The gross block which has expanded during the year from Rs. 108.39 lakhs to Rs. 113.05 lakhs has been written down to Rs. 60.18 lakhs.

Currently quoted at Rs. 217.00 *cum-div.*, the Rs. 100 fully paid ordinary shares of the Company offer a net yield of 6.2 per cent per annum.

INDIA PAPER PULP SATISFIES

DIVIDEND SAME, BUT BONUS SHARES TO BE ISSUED

FOR some time now, the paper industry has been suffering from quite a few real grievances well enough aired. So the further, though modest, improvement in production, sales and profits reported by the India Paper Pulp Company Ltd. (Managing Agents: Messrs. Andrew Yule and Company Ltd., Calcutta) for the year ended 31st March 1964 comes as something of a very pleasant surprise. The gross realisation from sale of paper has advanced by 7.5 per cent from Rs. 283.14 lakhs to Rs. 304.32 lakhs. The gross profit has risen from Rs. 57.99 lakhs to Rs. 59.59 lakhs. Unfortunately, the ratio of gross profit to gross sale, that is, the profit-margin, has decreased by about a point to 19.6 per cent. This has of course been due to the fact that the reduction in indirect costs consequent upon increased production has been more than offset by increases in raw materials prices and wages with no compensating rise in the selling prices of paper. In fact, as the Directors observe, the small increase in gross profit has been due entirely to higher sales of the Company's by-product, Calex.

The improvement in gross profit has naturally resulted in higher provisions for the Managing Agents' commission and taxation, the former having gone up from Rs. 3.47 lakhs to Rs. 3.58 lakhs and the latter from Rs. 22.00 lakhs to Rs. 22.40 lakhs. Since the provision for depreciation at Rs. 13.50 lakhs is lower by Rs. 0.38 lakh than that a year ago, the net profit shows a gain of Rs. 1.45 lakh at Rs. 20.11 lakhs. The credit to reserves has been stepped up from Rs. 5.60 lakhs to Rs. 6.73 lakhs and the carry forward is higher at Rs. 43,578 compared with Rs. 28,615 brought in. The dividend remains unchanged at 15 per cent, subject to deduction of tax, claiming Rs. 13.23 lakhs as before, but a bonus issue is also proposed by capitalising Rs. 35.28 lakhs out of the share premium account and issuing 325,800 shares of Rs. 10 each. This means that shareholders will get bonus shares in the proportion of two shares for every five held.

The following comparative table clearly brings out the changes in the fortunes of the Company during the past four years.

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds (gross)	304.32	283.14	233.08	229.27
Other income	6.04	4.63	4.27	2.65
Closing stocks	9.50	8.68	8.28	11.78
Manufacturing expenses ..	121.31	114.63	98.25	97.90
Other expenses	80.69	72.96	63.66	61.43
Excise duty	49.59	42.59	33.66	31.73
Gross profit	59.59	57.99	38.28	44.56
Managing Agents' commission ..	3.58	3.47	2.25	2.84
Provision for—				
Depreciation	13.50	13.87	12.56	13.76
Taxation	22.40	22.00	11.55	12.10
Net profit	20.11	18.65	11.02	15.86
Withdrawn from reserves ..	..	..	1.08	..
Sundry write-offs	..	..	1.12	..
To reserves	6.73	5.60	1.52	4.11
Dividend	13.23	13.23	10.58	11.47
	(15%)	(15%)	(12%)	(13%)
Carry forward	0.44	0.29	0.46	0.60
Market price of ordinary shares (in rupees) :	1964	1963	1962	1961
High	22.75	19.81	22.50	22.75
Low	18.25	16.12	16.44	18.69

Paper production increased by 995 tonnes to 16,636 tonnes, and there was a further increase in pulp production. The increase in paper production was due to modifications to the No. 3 paper-making machine which were completed during the year, while the higher pulp production is the result of the installation of the forced circulation plant during the previous year. Although there should be a further slight rise in both paper and pulp production during the current year, there will not be, however, any substantial increase until after the completion of the jute sticks pulp plant, which is scheduled to come into production in April 1965.

After the commissioning of jute sticks pulp plant, the total pulping capacity of the mill will be about 23,000 tonnes a year, and corresponding increases are being made in the paper-making capacity to 19,000 tonnes by speeding up No. 3 paper-making machine. An application has been submitted to the Government for raising the mills' capacity by a further 4,000 tonnes by renovating and modifying the mill's Nos. 1 and 2 paper-making machines. It is expected that the modifications to the Nos. 1 and 2 paper machines will enable the mill to manufacture speciality papers which are at present in short supply. The alterations to No. 3 paper-making machine should be completed by the middle of 1965, but the full benefit of expenditure on the Nos. 1 and 2 paper-making machines is not likely to be received until 1967.

The cost of the foregoing expansion schemes is estimated at Rs. 160 lakhs, about half of which will be met out of the Company's own resources assisted, if necessary, by temporary borrowings, leaving a balance of about Rs. 80 lakhs for which additional finance will be needed. With a view to raising this amount, it has already been decided to float a debenture loan of Rs. 40 lakhs and as for the balance it has been proposed to obtain further credit facilities from the Industrial Credit and Investment Corporation of India to cover the foreign currency which will be required for the purchase of part of the imported plant and machinery.

In spite of the difficulties encountered by it in the past four years, particularly in building up larger reserves, the Company has managed to maintain a very healthy financial position. The share capital, entirely in equity shares of Rs. 10 each, is Rs. 88.20 lakhs and is supported by reserves aggregating Rs. 97.58 lakhs. Borrowings are a meagre Rs. 1.94 lakh and together with current liabilities and provisions totalling Rs. 51.97 lakhs make for an outside interest of Rs. 53.93 lakhs. This is covered more than 2.5 times on the assets sides by the total of current assets, loans and advances and investments which is Rs. 126.51 lakhs. The net block is Rs. 113.19 lakhs including Rs. 3.84 lakhs as cost of capital work-in-progress and has been arrived at by reducing the gross block of Rs. 284.23 lakhs (including capital work-in-progress) by Rs. 171.05 lakhs being the accumulated amount of depreciation. Additions to the block account during the year were Rs. 9.62 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 22.75 *cum*-final div. On an *ex*-final div. price, the net annual return on fresh investment works out to 5.5 per cent.

KERALA SPINNERS LTD.

The Kerala Spinners Ltd. has received the consent of the Controller of Capital Issues for Rs. 40 lakhs of equity shares; the Company is expected to enter the market with its public issue before the end of the year. The Company is setting up a spinning mill with 25,000 spindles. The Kerala Government and the Kerala State Industrial Development Corporation are co-operating and actively participating in the venture. Twenty-five acres of land have been purchased, the plan for building finalised and order for indigenous machinery to the tune of Rs. 23 lakhs already placed with Texmaco. For the import of capital machinery from abroad, negotiations are already under way in Japan and orders will soon be placed.

The Board of Directors of the Company is headed by Mr. Devji Rattansey, Chairman of Union Bank of India Ltd., Bombay. The other Directors are Messrs. D. P. Kejriwal, Nandlal More, Abdul Salam and R. C. Warrior (Managing Director and Development Commissioner, respectively, of the Kerala State Industrial Development Corporation), Bhagawatiprasad Goenka, Nand Kishore Ruia, Hariram Singhal and Colonel B. N. Mehta.

(Concluded from next column)

INDIA CEMENTS EARNS MORE

DIVIDEND, HOWEVER, CUT AGAIN

THANKS primarily to the attainment of full capacity output of 465,166 tonnes of clinker and 494,601 tonnes of cement, India Cements Ltd. (Managing Agents: Essen Private Ltd., Madras) has been able to report highly encouraging results for the year ended 31st March 1964. The realisation from sales of cement has advanced by 17.9 per cent (from Rs. 395.06 lakhs) to Rs. 465.86 lakhs, while the gross profit is higher at Rs. 113.47 lakhs as against Rs. 86.36 lakhs for the year before. The profit-margin (ratio of gross profit to sale) has, therefore, improved by over five points to 26.9 per cent. This is, indeed, a creditable achievement considering the steady increase in the cost of production of cement on account of increase in the prices of coal, freight on movement of all goods and surcharge on electricity duty, all due to reasons beyond the control of the Company and due essentially to Governmental actions. In spite of this smart increase in gross profit, the provision for Managing Agents' remuneration, however, has risen by only Rs. 0.15 lakh to Rs. 4.15 lakhs and this is because the depreciation chargeable for calculation of the Managing Agents' remuneration has increased by more than 50 per cent from Rs. 35.52 lakhs to Rs. 57.24 lakhs. In the published account, on the other hand, the provision for depreciation is made at Rs. 41.14 lakhs only, as against Rs. 37.01 lakhs, so that the profit before taxation shows an increase of Rs. 22.97 lakhs to Rs. 72.33 lakhs.

Unlike in the previous year when a tax provision of Rs. 24 lakhs was made, no provision for taxation has been found necessary this year, in view of the heavy development rebate claimed on the new unit at Sankaridrug which commenced production during the year under report. Consequently, the net profit has more than trebled from Rs. 21.35 lakhs to Rs. 68.18 lakhs. Out of this, no less than Rs. 40.72 lakhs have been credited to the development rebate reserve against a mere Rs. 35,000. In addition, a sum of Rs. one lakh has been transferred to the investment reserve account and Rs. 75,000 to capital reserve. Preference dividend for the year claims a slightly higher amount of Rs. 2.78 lakhs against Rs. 2.88 lakhs. Since the balance available after all this prior appropriations has been insufficient to allow the maintenance of the ordinary dividend at nine per cent paid for 1962-63, the Directors have been obliged to reduce it by three points to six per cent per annum. The proposed dividend is only half of that paid for the years 1960-61 and 1961-62. Thus, for the second year in succession the dividend has been reduced substantially. It is true that the paid-up capital has gone up since 1960-61. Nevertheless, the cut has come as a disappointment to the shareholders.

The following table presents synoptically the working results of the Company for the past four years.

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Cement sales	465.86	395.06	390.17	355.59
Other income	9.22	10.63	11.37	9.40
Closing stock of cement ..	1.54	0.27	0.59	1.22
Materials and own quarrying including royalty ..	55.90	59.16	56.56	49.99
Power and fuel	127.26	104.33	94.71	99.39
Staff expenses	40.14	33.45	29.76	31.35
Other expenses	139.58	122.08	125.08	110.56
Gross profit	113.47	86.36	94.79	74.89
Managing Agents' remuneration.	4.15	4.00	4.34	3.21
Provision for—				
Depreciation	41.14	37.01	40.33	30.10
Taxation		24.00	23.50	9.20
Net profit	68.18	21.35	26.62	32.38
Withdrawal from reserves and provisions				
Items relating to past years ..	0.86			
To reserves	3.34	12.53	5.68	24.10
Dividends—	42.47			
Preference		4.85	2.94	32.74
Ordinary	2.78	2.22	2.22	3.03
Carry forward	20.08	26.75	26.73	20.18
	(6%)	(9%)	(12%)	(12%)
Market price of ordinary shares (in rupees) :	0.93	1.47	1.39	1.19
	1964	1963	1962	1961
High	5.90	6.35	6.52	6.72
Low	5.40	5.00	5.65	5.83
			X.R.	

It will be recalled that, in their previous report, the Directors had informed the shareholders that the new plant at Sankaridrug group was nearing completion and that it was expected to commence production by the end of September 1963. Unfortunately, there was a slight delay in the commencement of production and the kiln was commissioned during the first week of November 1963. The erection of cement mill was completed by January 1964 and

(Continued in previous column)

commercial production of cement started from February this year. Since then, the working of this unit is said to have been satisfactory. Work on the expansion of the Sankari unit has already been taken on hand. Firm orders for plant and machinery have been placed. It is expected that the expanded unit would go into production in the latter half of 1965. When this expansion is completed, the rated capacity of the factories both at Sankarnagar and Sankaridrug would be of the order of nine lakh tonnes of cement per annum.

The balance sheet of the Company as at 31st March 1964 shows that there has been no change during the year under report in its paid-up share capital which continues to stand at Rs. 383.04 lakhs, of which Rs. 33.35 lakhs are in preference shares of Rs. 100 each and the balance in equity shares of Rs. five each. This is supported by reserves aggregating Rs. 102.41 lakhs so that the total of 'own' funds is Rs. 485.45 lakhs. As against these, borrowings themselves total Rs. 415.15 lakhs besides current liabilities and provisions of Rs. 186.78 lakhs giving total outside interest as Rs. 572.23 lakhs. On the assets side, the gross block, including additions during the year of Rs. 433.82 lakhs and unallocated capital expenditure of Rs. 5.57 lakhs is Rs. 949.13 lakhs and has been written down through depreciation to Rs. 697.53 lakhs. Investments are shown at cost at Rs. 15.83 lakhs, while current assets and loans and advances together amount to Rs. 374.02 lakhs.

The Rs. five paid ordinary shares of the Company are currently quoted at Rs. 5.52 *cum-div.* On an *ex-div.* basis, the net yield on fresh investment in this scrip works out to 4.7 per cent per annum.

SYNOPSES OF COMPANY REPORTS

Gourepore Co., Ltd.

(*Managing Agents*: Messrs. Macneill & Barry Ltd., Calcutta.)

Annual General Meeting—Held on 26th August 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales of gunny, yarn and jute	6,05,95	6,29,63
Other income	4,90	5,68
Closing stock	1,80,60	1,65,51
Gross profit	92,14	94,43
Transfer to Managing Agents' commission ..	4,77	5,58
,, ,, depreciation	21,31	14,75
,, ,, provision for taxation	36,25*	47,10†
Net profit	29,31	27,00
Transfer from reserve for doubtful debts ..	Nil	10
Doubtful debts received and written back ..	Nil	5
Balance brought forward	29	49
Appropriations :		
To adjustment in respect of previous years ..	32	Nil
Transfer to general reserve	13,00	6,00
,, ,, development rebate reserve ..	3,94	4,83
,, ,, investment depreciation reserve..	Nil	4,50
,, ,, reserve for doubtful debts ..	Nil	10
Proposed dividend (taxable) ordinary ..	9,60	9,60
	(20%)	(20%)
,, ,, preference ..	2,22	2,22
	(8.75%)	(8.75%)
Carry forward	42	29

* Includes provision for super tax Rs. 6,15,000.
† Includes provision for super profits tax Rs. 9,30,000.

Extracts from the Directors' report: **Production**:—While efficiencies in the Spinning and Weaving Sections of the Mill were satisfactory, frequent interruptions in power supply prevented optimum production levels being reached

Raw Jute—Purchases throughout the year were made, quantitatively, in accordance with regular quotas issued by the Jute Commissioner. This policy, designed to maintain the minimum price levels set by Government, was in a large measure successful in its objective. It must be stressed, nevertheless, that mandatory purchases of this nature to some extent usurp the function of Management and may well on occasion impair the efficiency with which this important activity of a mill's operations are conducted.

Purchases under the Jute Buffer Stock Association scheme continued and at the end of the jute season were equivalent to five weeks. While acknowledging the soundness of a policy which ensures supplies in times of shortages, it should not be lost sight of that the operation is a costly one, adding aproximately Rs. 2 per maund to the mill's consuming prices of raw matetrial.

Trading.—Trading conditions in all lines of production in which the Company's mill is interested continued to be favourable for most of the year, permitting the earning of reasonable profits. Specific demands for Gourepore products continued to increase.

Wide Looms.—In the Wide Loom Section of Mill there are now 124 looms installed manufacturing wide jute backing for the tufted carpet industry. While America continued to be the main consuming market, further progress has been made in developing shipments to other parts of the world.

Prospects.—It has been apparent for some time that the production of the two major producing countries, India and Pakistan has, temporarily, outstripped demand. The effect has been a general reduction in price levels. At the same time, with the sustained demand for jute to maintain production at existing levels, the prices for the raw fibre have shown a tendency to rise with the result that for the present the ability to earn profits has been very greatly diminished. The prospects for the Company's Mill, therefore, are not so encouraging as they were a year ago.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	74,50,000	Gross block ..	3,55,59,185
Reserves and surplus..	82,94,928	—Depreciation	2,27,64,891
Other liabilities ..	2,63,24,867	Net block ..	1,27,94,294
		Block in progress ..	6,79,999
		Current assets ..	2,37,83,757
		Investments ..	44,70,614
		Cash	3,41,131
	Rs. 4,20,69,795		Rs. 4,20,69,795

* Paid-up capital consists of 26,500—8.75 per cent cumulative preference shares of Rs. 100 each and 4,80,000 ordinary shares of Rs. 10 each. Of the above shares, 3,60,000 ordinary shares are allotted as fully paid up by way of bonus shares through capitalisation of reserves.

New Swadeshi Mills of Ahmedabad Ltd.

(*Chairman*: Mr. R. D. Birla, Bombay.)

Registered Office: 15, India Exchange Place, Calcutta-1.

Thirty-ninth Annual General Meeting—7th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales	4,82,46	3,88,21
Closing stock	67,66	45,41
Gross profit	40,10	25,70
Transfer to depreciation	21,82	14,23
,, ,, provision for taxation	10,00	3,57
Net profit	8,28	7,90
Appropriations :		
Transfer to development rebate reserve ..	84	3,50
,, ,, general reserve	5,00	2,00
Proposed dividend (taxable) equity ..	2,61	2,61
	(10%)	(10%)
Carry forward	40	58

Extracts from the Directors' report: During the year under review, as per the Scheme of Compromise or Arrangement as sanctioned by the High Court of Gujarat under Section 391 of the Companies Act, 1956, the Company purchased the block assets of a Textile Mill in Ahmedabad formerly belonging to Messrs. Bharatkhand Textile Manufacturing Co. Ltd., at a price of Rs. 55 lakhs. The stores and stocks of cloth, yarn, cotton, etc. lying in the said mill were also purchased by the Company at an agreed price of Rs. 30,07,669. The possession of the said mill was taken over by the Company on 21st December 1963 and it was re-named as "Manjushri Textiles." This mill which remained closed from 10th April, 1963 has now been re-started and is employing about 3,000 workers. The workers of the said mill have been given continuity of service as per the Scheme of the Compromise or Arrangement. The Company now owns two Textile Mills in Ahmedabad.

Trading Conditions: During the year under review, the demand for cloth remained fairly good. The prices of cloth, however, continued to be under the Voluntary Price Control Scheme introduced by the industry in 1960. The manufacturing cost on the other hand remained at a high level due to rise in the prices of cotton, fuel, electricity, chemicals, dyes and spare parts and the increase in D.A. which was mainly on account of its linking with revised cost of living index. The rate of provident fund contribution was also raised from 6¼ per cent to 8 per cent with effect from 1st December, 1963. Inspite of these factors, the Company has been able to earn a higher profit during the year as compared to that of the previous year, thanks to the improved efficiency and better productivity consequent on the programme of expansion, modernisation and rehabilitation carried out during the last five years.

Additions to Plant and Machinery: In addition to the acquisition of the block assets of one more textile mill as stated above, the Company spent Rs. 11.96 lakhs on renovation and modernisation of its Textile Mill known as "New Swadeshi Mills." The main items of additions are: one Soaper Machine, one Barber Colman Spooler and Warper, one Singeing Machine, one Padding Mangle, one Kier and one Polymeriser.

New Projects: It was reported last year that the Compay's application for necessary import licence for *Cast Iron Spun Pipes Project* was pending with the Central Government. The Government of India have not favourably considered the above application for the issuance of necessary import licence.

As stated in the last report, the Company had received the letter of intent from the Government of India for establishing a Steel Casting Foundry with a capacity of 4,800 tons per annum. As the Government of India desired that a separate company be formed for this project, a new company was registered in Gujarat with the name of "Gujarat Engineering Industries Ltd." on 5th September 1963. The necessary Industrial Licence has also been issued by the Government in the name of this new company. However, the Company has made representation to the Government of India to agree to issue the licence in the name of this Company. If the Government agrees to the representation, it would enable early implementation of the scheme.

The Company's application for the Industrial Licence to set up an export oriented textile mill with 25,000 spindles and 500 looms has been recommended by the Government of Gujarat and is now under the consideration of the Government of India.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	26,14,625	Gross block ..	2,55,51,746
Preference share capital redeemed account ..	100	—Depreciation	1,07,71,246
Reserves and surplus..	72,46,314	Net block ..	1,47,80,500
Other liabilities ..	3,28,96,760	Current assets ..	2,74,82,077
		Investments ..	3,04,848
		Cash	1,90,374
	Rs. 4,27,57,799		Rs. 4,27,57,799

* Paid-up capital consists of 26,145 ordinary (equity) shares of Rs. 100 each. Of the above shares, 17,430 shares have been allotted as fully paid up by way of bonus shares by capitalisation of general reserve. Amount paid up on shares forfeited is Rs. 125.

Hindustan Wires Ltd.

(*Chairman*: Mr. D. N. Mitra.)

Registered Office: 16/5, Chowringhee Road, Calcutta-13.

Fifth Annual General Meeting—29th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales	1,09,08	87,16
Closing stock	16,56	8,78
Processing charges (income)	1,42	1,77
Gross profit	13,32	11,61
Transfer to depreciation	2,45	1,45
,, ,, provision for taxation	5	Nil
Net profit	10,82	10,16
Development rebate reserve written back ..	Nil	1,00
Balance brought forward	32	9
Appropriations :		
Transfer to development rebate reserve ..	3,00	3,93
,, ,, general reserve	5,00	4,00
Proposed dividend—equity	3,00*	3,00
	(6%)	(6%)
Carry forward	14	32
Market value of equity shares (in rupees) :	1964†	1963
High	9.24	10.76
Low	9.24	10.76

* On this dividend no income-tax and super-tax will be payable by the shareholders under sections 85 and 110 of the Indian Income-tax Act.
† Upto 20th August 1964.

Extracts from the Directors' report: During the period under review, the sales of Company's products reached a new level of Rs. 1,09,07,645 excluding processing charges which amounted to Rs. 1,41,837. The Company also undertook important Defence orders and was able to achieve a larger production and sales during the last year in spite of the fact that, due to electricity failures and power restrictions in Calcutta, some of the plant and machinery could go into production only in the latter part of the year. In March, 1964, the Company has been sanctioned additional power and with the going into production of some of the plant and machinery received during the last year, the Company has been able to achieve comparatively higher sales during the last four months of the Company's current working and during the latter part of the year, sales are expected to increase further as Company's production of high carbon and other specialised wires would gradually increase during the year.

During the year under review, price of mild steel wire rods, one of the principal raw materials of the Company, was increased with effect from 1st July, 1963, but the increase in price of wires allowed fell short of the corresponding increase in price of raw materials. With effect from 1st March, 1964, distribution and price control has been lifted on wire rods, as well as finished products of the Company and this will enable the Company to have a more reasonable margin on its finished products.

The Company, went into production of high tensile wires for prestressed concrete in the latter part of the year, results of which would be more reflected in the current working.

For additional plant and machinery required, the Company received import licences valued at Rs. 35 lakhs under the 2nd Yen Credit only in February, 1964. Shipments of plant and machinery covered under the 2nd Yen Credit have already started from May, 1964 and it is expected that all the plant and machinery would be received by November/December this year and the expansion programme of the Company including manufacture of *tyre bead wire* would be completed during the current year. On completion of the project, the Company's sales and profitability will increase considerably.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	49,91,000	Gross block ..	73,38,247
Reserves and surplus..	16,17,354	—Depreciation	4,91,045
Other liabilities ..	79,41,787	Net block ..	68,47,202
		Development expenses.	3,24,621
		Current assets ..	72,08,065
		Investments ..	1,000
		Cash	26,690
		Miscellaneous expenditure ..	1,42,563
	Rs. 1,45,50,141		Rs. 1,45,50,141

* Paid-up capital consists of 5,00,000 equity shares of Rs. 10 each. Calls in arrears amount to Rs. 9,000.

Nuddea Mills Co., Ltd.

(*Managing Agents*: Messrs. Macneill & Barry Ltd., Calcutta.)

Annual General Meeting—Held on 26th August 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales	3,47,30	3,84,71
Other income	1,12	8,41
Closing stock	1,05,02	1,13,59
Gross profit	32,91	51,00
To Managing Agents' commission	2,11	3,07
Transfer to depreciation	10,35	8,49
,, ,, provision for taxation	10,40	17,90*
Net profit	10,05	21,54
Transfer from development rebate reserve ..	Nil	3,65
,, ,, reserve for doubtful debts ..	Nil	38
Balance brought forward	13	65
Appropriations :		
Transfer to general reserve	2,50	7,25
,, ,, development rebate reserve ..	80	4,93
,, ,, reserve for building replacement..	Nil	6,73
,, ,, investment depreciation reserve..	Nil	50
Proposed dividend (taxable) ordinary ..	6,68	6,68
	(10%)	(10%)
Carry forward	20	13
Market value of ordinary shares (in rupees) :	1964†	1963
High	11.55	13.05
Low	10.19	10.00

* This includes Rs. 45,000 for super profits tax.
† Upto 14th August 1964.

Extracts from the Directors' report: **Trading.**—Although profit margins were somewhat reduced, trading conditions generally remained favourable.

Development.—Orders have been placed covering the installation of 40 wide looms for the production of jute backing for the tufted carpet industry. The first of these looms went into production in the month of July of this year and it is hoped that this unit will make a significant contribution to the profitable working of the Company's mill.

Wage Award and Costs of Production.—The implementation of the Wage Award for the Jute Industry became effective from the 1st July 1963 and significantly increased manufacturing costs. With Dearness Allowance payments to the workers now linked to the Cost of Living Index, further additions to the wage bill are to be expected. At a time when it is imperative that costs are held to the minimum level in view of the competition from the emerging Pakistan industry, it is unfortunate that the cost of power has risen by some 18 per cent in the last year and that the rapid rise in the price of essential stores continues unabated. The Company's competitive position is weakened correspondingly.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	66,79,500	Gross block ..	1,68,98,900
Reserves and surplus..	61,50,807	—Depreciation	75,34,356
Other liabilities ..	1,19,94,243	Net block ..	93,64,544
		Block in progress ..	3,60,203
		Current assets ..	1,43,43,264
		Investments ..	4,66,061
		Cash	2,90,478
	Rs. 2,48,24,550		Rs. 2,48,24,550

* Paid-up capital consists of 6,67,950

Notices

THE PHOENIX MILLS LIMITED

NOTICE IS HEREBY GIVEN THAT THE Fifty-ninth Annual General Meeting of The Phoenix Mills Ltd., will be held on Tuesday the 22nd September, 1964, at 4-30 p.m., at Cama Oriental Institute, 5th floor, Apollo Street, Fort, Bombay 1, to transact the following business:

1. To receive and adopt the Directors' report and the Audited Balance Sheet as at and the audited Profit and Loss Account for the year ended 31st March, 1964.

2. To declare a dividend.

3. To elect a director in place of Mr. Radhakrishna Ramnarain Ruia who retires by rotation and is eligible for re-election, and to consider and, if thought fit, to pass the following resolution as a Special Resolution in respect of which special notice as required by Sections 190 and 261 of the Companies Act, 1956 has been received by the Company.

"RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions if any of Companies Act, 1956 Mr. Radhakrishna Ramnarain Ruia who retires by rotation from his office as Director of the Company and who is a director and member of Messrs. Radhakrishna Ramnarain Private Ltd., the Managing Agents of the Company, be and he is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation."

The reasons which make the above Special Resolution necessary are as under:—

Radhakrishna Ramnarain Pvt. Ltd., the Managing Agents of the Company, are authorised by the Articles of Association of the Company and the Managing Agency Agreement to appoint an ex-officio Director to the Board. As Mr. Radhakrishna Ramnarain Ruia is a Director and member of Radhakrishna Ramnarain Pvt. Ltd., and hence an associate of the Managing Agents, his appointment as a Director of the Company on retirement by rotation can only be made by a Special Resolution of the Company in accordance with the provisions of Section 261 of the Companies Act, 1956.

4. To elect a director in place of Shri Chandrakant M. Khatau who retires by rotation and offers himself for re-election.

5. To appoint Auditors for the current year and to fix their remuneration.

6. To consider and if thought fit, to pass either with or without modifications, the following Resolution as Special Resolution.

"RESOLVED that the contracts entered into between the Company and Messrs. Vinaya Trading Co. Private Ltd., an associate of Radhakrishna Ramnarain Private Ltd., the Managing Agents of the Company during the year 1963-64 pursuant to approval of the Company granted by the Special Resolution passed at the Annual General Meeting of the Company held on 8th October, 1963 and particulars whereof are entered in the Register of Contracts maintained under the provisions of Section 360 of the Companies Act, 1956 be and they are hereby ratified and confirmed."

7. To consider and if thought fit to pass the following Resolution as an Ordinary Resolution:

"RESOLVED that subject to the approval of Central Government under the provisions of the Companies Act, 1956, the Company hereby re-appoints Messrs. Radhakrishna Ramnarain Private Ltd., as Managing Agents of the Company for a further term of 10 years from 15th August 1965 on the remuneration and upon the terms, provisions and conditions set out in the draft agreement (with such modifications if any as may be agreed to at this meeting) proposed to be entered into between the Company of the one part and Radhakrishna Ramnarain Private Ltd. of the other part and which draft Agreement is placed before this meeting and for the purpose of identification subscribed by the Chairman thereof with power to the Directors of the Company, subject to the provisions of the Companies Act, 1956 to vary or alter such of the terms, provisions and conditions of the said draft Agreement before execution as shall not have the effect of increasing the remuneration of the Managing Agents, as may be agreed to between the Central Government and the Directors of the Company acting on its behalf."

To consider and if thought fit, to pass either with or without modifications, the following resolutions as Special Resolutions:

8. "RESOLVED that pursuant to the provisions of Section 360 and other applicable provisions (if any) of the Companies Act, 1956 the Company hereby approves of, confirms and consents with retrospective effect from 1st April, 1963 to the continuation of the arrangement between the Company and Messrs. Ramnarain Sons Private Limited, an associate of Radhakrishna Ramnarain Private Limited, the Managing Agents of the Company, for letting to the Company on monthly tenancy the following premises belonging to Messrs. Ramnarain Sons Private Limited,

1. One flat in "Shanti Kutir," Marine Drive, at the monthly rent of Rs. 229/50.

2. One shop in the building situate at Kalbadevi at a monthly rent of Rs. 849/76 and godown attached thereto at a monthly rent of Rs. 100.

with liberty to the Directors of the Company to agree to any additions, reductions and alterations in the area of the premises or terms of tenancy as may be deemed necessary or desirable and as may be agreed to between the Directors and Messrs. Ramnarain Sons Private Limited.

9. "RESOLVED that pursuant to the provisions of Section 360 and other applicable provisions (if any) of the Companies Act, 1956 the Company hereby grants its approval with retrospective effect from 1st April, 1963 to an arrangement between the Company and Messrs. Ramnarain Sons Private Limited, an associate of Messrs. Radhakrishna Ramnarain Private Limited, the Managing Agents of the Company, whereby Messrs. Ramnarain Sons Private Limited have agreed:

A. To allow the Company to use and occupy by way of leave and licence for a period of 5 years commencing from 1st April, 1963 the premises specified below of which Messrs. Ramnarain Sons Private Limited are tenants in consideration of a licence fee or compensation of Rs. 2,651 for use and occupation of the said premises and 25 per cent of the electricity bill in respect of the said premises per month.

(a) Portion of the office premises in State Bank Building Annexe.

(b) Two godowns at Sewri of the Bombay Port Trust.

(c) Portion of premises at Cotton Green Building, Sewri.

with liberty to the Directors of the Company to agree to any additions, reductions or alterations in the area of the premises so used or occupied on leave and licence basis or the terms of the licence as may be deemed necessary or desirable and as may be agreed to between the Directors and Messrs. Ramnarain Sons Private Limited.

B. To allow the Company to use the telephones belonging to Messrs. Ramnarain Sons Private Limited in their office premises in the State Bank Annexe and in the premises at Cotton Green Building, Sewri in consideration of the Company paying monthly to Messrs. Ramnarain Sons Private Limited a sum not exceeding 25 per cent of the respective telephone bills of Messrs. Ramnarain Sons Private Limited in the said premises towards the costs of the telephone calls and annual rental of the telephones.

By Order of the Board,

FOR RADHAKRISHNA RAMNARAIN PRIVATE LTD.,

RADHAKRISHNA RAMNARAIN,

Director,

Agents.

BOMBAY, 29*th July*, 1964.

Notes:

1. The relative explanatory statement concerning the above special business under items 3, 6, 7, 8 and 9 as required by Section 173 of the Companies Act, 1956 has been forwarded to the shareholders.

2. The Share Transfer Books of the Company will be closed from 12th August, 1964 to 5th September, 1964, both days inclusive.

3. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

4. The Register of Contracts referred to in special resolution No. 6 above is open for inspection of the shareholders at the Registered Office of the Company during office hours.

5. Dividend, if sanctioned, will be payable at the Bank of India Ltd., Bombay, on and from 25th September, 1964 to those shareholders whose names stand on the Register on 5th September, 1964.

6. Shareholders are requested to notify change in address, if any, to the Company.

INDIA STEAMSHIP COMPANY LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Members of the India Steamship Company Ltd., will be held at the Registered Office of the Company, "India Steamship House," 21, Old Court House Street, Calcutta, on Thursday, the 24th September, 1964, at 4 p.m., in order to transact the following business:—

1. To receive the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1964.

2. To sanction payment of dividend on Preference Shares as recommended by the Directors for the year ended 31st March, 1964.

3. To appoint a Director in place of Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon), who retires by rotation and is eligible for re-appointment and to consider and if thought fit to pass the following resolution of which a Special Notice as required by Section 281 of the Companies Act, 1956, has been received by the Company and the relative Explanatory Statement concerning which is annexed hereto as required by Section 173 of the said Act.

RESOLVED that pursuant to the provisions of Section 281 of the Companies Act, 1956, Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon), who has attained the age of 76 years and who retires by rotation be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for the Directors prescribed under Section 280 of the said Act shall not apply to him.

4. To consider, and if thought fit, to pass the following resolution as Special Resolution, in respect of Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon), a Special Notice for which as required by Section 261 of the Companies Act, 1956, has been received by the Company and the relative Explanatory Statement concerning which as required by Section 173 of the said Act is annexed hereto.

RESOLVED that pursuant to the provisions of Section 261 of the Companies Act, 1956, Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon), a Director of the Company who is also a Director and Member of Messrs. Lionel Edwards, (Private) Ltd., the Managing Agents of the Company and thereby an associate of the Managing Agents, be and is hereby re-appointed a Director of the Company.

To appoint a Director in place of the Rt. Hon'ble Lord Sinha of Raipur, who retires by rotation and is eligible for re-appointment and to consider and if thought fit to pass the following resolution of which a Special Notice as required by Section 281 of the Companies Act, 1956, has been received by the Company and the relative Explanatory Statement concerning which is annexed hereto as required by Section 173 of the said Act.

RESOLVED that pursuant to the provisions of Section 281 of the Companies Act, 1956, the Rt. Hon'ble Lord Sinha of Raipur who has attained the age of 77 years and who retires by rotation be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for the Directors prescribed under Section 280 of the said Act shall not apply to him.

To elect Maharaja Sir Pratap Chandra Bhanj Deo Bahadur of Mayurbhanj, G.C.I.E., a Director of the Company, who retires by rotation and is eligible for re-appointment.

To appoint Auditors for Head Office and Branch Office, Bombay, and to fix their remuneration.

Special Business:

To consider, and if thought fit, to pass the following Resolution as Special Resolution with or without modifications, if any:—

RESOLVED that Clauses 14(b) and 71(c) of the Articles of Association of the Company be deleted and Clauses 19, 69 and 70 be amended so as to read as follows:

19. For every Certificate issued under Clauses 17 and 18 no fee shall be charged.

69. No fee shall be charged for transfer of shares at the time of registration.

70. The Company shall not charge any fee for registration of Probate, Letters of Administration, Succession Certificates etc.

The Share Transfer Register of the Company will be closed from Wednesday, the 9th September, 1964 to Thursday, the 24th September, 1964, both days inclusive.

By Order of the Board,

A. MUKERJI,

Secretary,

India Steamship Company Ltd.

CALCUTTA, 10*th August*, 1964.

The dividend, if sanctioned, will be payable on 25th September, 1964, to those shareholders whose names stand on the Register of the Company on Wednesday, the 9th September, 1964.

N.B.—Member entitled to attend and vote is entitled to appoint a Proxy and the Proxy so appointed need not be a member of the Company.

Note:—The Explanatory Statement as required under Section 173 of the Companies Act, 1956, is annexed to the Convening Notice issued to the members of the Company.

CALTEX OIL REFINING (INDIA) LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of the Company's 5¼ per cent Debenture Stocks 1966-70 will be closed for transfers from 17th September 1964 to 30th September 1964, both days inclusive.

N. RAMANAND RAO,

Secretary & Treasurer.

State Bank of India, Agents for Caltex Oil Refining (India) Ltd., for the management of the Debenture Stocks.

STATE BANK OF INDIA,
MUNICIPAL LOAN SECTION,
APOLLO STREET, FORT,
BOMBAY.

Date: 29*th August* 1964.

THE GWALIOR RAYON SILK MFG. (WVG.) COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Register of Members and Transfer Books of the Equity Shares of the above Company will remain closed from 31st August, 1964 to 18th September, 1964, both days inclusive, for the purpose of paying dividend.

The Dividend on Equity shares when sanctioned for the year ended 31st March, 1964 will be made payable at the United Commercial Bank Ltd., on or after the 18th September, 1964 to those shareholders whose names stand on the Register of the Company on 18th September, 1964 to whom dividend warrants will be posted.

By Order of the Board,

B. N. PURANMALKA,

Secretary.

Registered Office:

BIRLAGRAM, NAGDA,
20th August, 1964.

THE COCHIN STATE POWER AND LIGHT CORPORATION LIMITED

Registered Office:

ERNAKULAM

NOTICE IS HEREBY GIVEN THAT THE 28th Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Huzur Jetty, Foreshore, Ernakulam, on Wednesday the 30th September, 1964, at 11.30 a.m., to consider the Audited Accounts for the year ended 31st March, 1964, declaration of Dividend, appointment of Directors and Auditors.

The Share Transfer Books will remain closed from 23rd September, 1964 to 30th September 1964, both days inclusive. Individual notices are being arranged to be sent to the members regarding the above.

CHANDRIE & CO., PRIVATE LTD.,

Managing Agents.

Branch Office:

20, SECOND LINE BEACH,
MADRAS-1.
20th August, 1964.

BRITISH PAINTS (INDIA) LIMITED

32, Chowringhee Road

CALCUTTA

NOTICE PURSUANT TO SECTION 412 OF the Companies Act, 1956, is hereby given that the Company proposes to apply to the Central Government for the approval in the increase in remuneration payable to Mr. S. R. Roy, Director Secretary and Mr. H. O. Sheane-Smith, Sales Director, with effect from 1st September, 1964.

By Order of the Board,

R. A. GODWIN,

Managing Director.

Dated the 28th day of August, 1964.

A high-power committee, headed by Mr. Ram Niwas Mirdha, Speaker of the Rajasthan Legislative Assembly, has been constituted to review the existing co-operative laws, rules and practices with a view to locating the loopholes which enabled "vested interests" to entrench themselves in co-operative institutions. The Committee has been asked to recommend measures for the elimination of vested interests, examine the factors inhibiting self-reliance and self-regulation in the co-operative movement, and suggest remedies. It will also lay down standards and criteria for judging the genuineness of co-operative societies of various types.

COMMERCE AND INDUSTRY

(*Concluded from page* 372)

private capital to the less developed countries has been discouraged in recent years by a number of phenomena that have accompanied the slow growth the exports of these countries; these include weak payments and reserve positions, intensive use of payments restrictions, and inflationary developments in many countries brought about by efforts to reach development goals not compatible with the available real and financial resources. The new rise and higher level of prices for primary products, if they prove to be more than temporary, should improve investment opportunities in the less developed countries and also encourage the inflow of foreign capital where the climate for foreign investment is favourable. The movements of private capital are quite sensitive to political developments and attitudes, and actions taken against foreign investments in one country may seriously affect prospects for a flow of capital not only to that country but also to other countries. But even where conditions are favourable, a substantial flow of private capital to some of the less developed countries will undoubtedly require a willingness, on the part of both investors and developing countries, to adopt new attitudes. It is, of course, equally important that the industrial countries should consider doing anything in their power, by fiscal or other means, to stimulate capital exports to the less developed countries."

Foreign Assistance

The I.M.F. is, however, quite confident that the larger part of the inflow of foreign finance into the less developed countries will continue to take the form of bilateral or multilateral aid, the net flow of which in 1963 accounted for about four-fifths of the total inflow of foreign financial resources. Taking note of the fact that much of the official loans and aid continues to be tied to purchases in the country providing them, the I.M.F. has emphasised that, in order to ensure effective utilisation of aid, this limitation should not be resorted to, unless, of course, there are compelling justifications for it.

The I.M.F. has also emphasised the need for improving international trading opportunities, particularly enlarged access to markets in the advanced countries for the products of the less developed countries. It has reiterated the importance of efforts to diversify these products. To quote it again:

"Nothing could contribute more to the balanced growth of the less developed countries than a steady rise in their export receipts. This would also help materially in achieving the guiding purposes of the Fund as set out in the Articles of Agreement—not only by promoting exchange stability and facilitating the expansion of international trade in all parts of the world but also by contributing to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members."

International Liquidity

It is, indeed, gratifying to hear from the I.M.F. that the pattern of world transactions that evolved during the year 1963 resulted in a substantial increase in international liquidity. Two welcome features were discernible during 1963. One was the rise of $3,400 million (as against $1,000 million in 1962) in the total official reserves of all countries; the rise was steeper than in any other post-war year. A major factor was the sharp increase in the balance of payments position of primary producing countries as a whole. Since these countries generally keep a high proportion of their world reserve in foreign exchange, their $1,600 million overall balance of payments surplus in 1963 brought about a nearly equivalent increase in their sterling and dollar holdings. The other factor was the greater increase in world monetary gold holdings than in any post-war year. Gold production and Soviet sales of gold rose, and there was also less hoarding which was itself a reflection of increased confidence in the international monetary system.

While all this is quite encouraging, there is no gainsaying the fact that the next few years will witness a persistent and substantial growth in the demand for international liquidity. The findings of both I.M.F.'s and Paris Club's studies have drawn attention to such growth and underlined the urgency of raising international liquidity. The forthcoming meeting of the I.M.F., it is hoped, will spell out more clearly the different elements (both quantitative and qualitative) of the future course of action to improve the international liquidity structure in the years to come.

The Planning Commission has appointed a technical team to draw up immediately a programme for raising fast-growing fuel wood species in the country. Such a programme is considered essential if the country is not to be exposed to a severe shortage of fuel wood in the next decade. It is estimated that about 40 per cent of the total energy consumed in the country is derived from burning wood.

NEWS IN BRIEF

LOANS aggregating $18 million from private sources in the U.S. have been secured for the Cochin refinery to meet the foreign exchange cost.

The Life Insurance Corporation of India has invested about Rs. 23 lakhs (fifteen lakh Malayan dollars) in the National Land Finance Co-operative Society of Malaya.

The total coal requirements of India by 1970-71 will be of the order of 136.46 million tonnes, according to the provisional estimate made by the Planning Commission's Working Group on Coal.

The State Trading Corporation has signed a new contract with the Raznoexport of the Soviet Union for an additional export of shoes worth Rs. 50 lakhs. The Soviet Union has already purchased Rs. 1.5 crore worth of shoes from India.

The National Shipping Board will meet at New Delhi on the 1st of next month to consider, among other subjects, proposals for fixing the fourth Plan tonnage target at four million gross tons, restarting a passenger service to the U.K. and improving port facilities.

The Government of India has constituted a Committee (Chairman: Mr. B. P. Patel, Chairman, State Trading Corporation of India) to study the market for tobacco and to promote exports. It will make recommendations on minimum export prices and suggest measures for the promotion of exports.

The ways and means of determining equitable allocation of raw materials and ensuring their proper utilisation by large and small industries will be considered by a seven-member committee. The Committee is headed by Dr. P. S. Lokanathan and consists of representatives of both large and small industries.

The Central Government has sought the Law Ministry's views on the question of introduction of legislation for compulsory amalgamation of small and uneconomic coal mines. The Collieries Voluntary Amalgamation Committee has so far received only 298 proposals, of which 50 have been approved for amalgamation.

The detailed project report on the Salem steel plant prepared by Messrs. Dastur and Company has been submitted to the Union Government. The report has confirmed the technical and economic feasibility of the project. It envisages the establishment of a plant with an initial capacity of 500,000 tonnes per annum which may be expanded to one million tonnes later and further to three million tonnes.

Production of cotton mill cloth during the month of June 1964 amounted to 379 million metres, as against the 361 million metres produced in the corresponding month last year. Cotton yarn aggregated 72.5 million kg., as compared with 69 million kg. The production of cotton cloth and yarn during the six-month period (January-June) of the current calendar year amounted to 2,262 million metres and 463 million kgs., respectively, as against 2,182 million metres and 429 million kg., respectively, in the corresponding period last year.

A Bill seeking to amend the existing law governing patents is to be taken up for consideration by Parliament at its ensuing session beginning on the 7th of next month. The Bill, which embodies the decision of the Cabinet Sub-committee on the question of drugs costs and the desirability of abolishing patents altogether, provides for the discontinuance of the products patent for foods and pharmaceuticals and the reduction, in future, of the period of patents from 16 to seven years. The Bill also fixes a ceiling of two per cent royalty (excluding the cost of know-how) on patents.

Work to provide more space for passenger facilities at Santa Cruz airport in Bombay is now in progress. The scheme for expansion in the existing building has been prepared by the Directorate-General of Civil Aviation in consultation with the airlines operating through the airport. Estimated to cost Rs. 12.55 lakhs, the scheme, when completed, will provide enough space to meet the requirements of passenger traffic through the airport for some time to come. As a long-term plan, it is proposed to build a separate block close to the existing building exclusively for international arrivals and transit passengers. The construction of this block is expected to be taken up during the fourth Plan period. The construction of new terminal buildings to provide improved passenger facilities has also been started at Dum Dum airport, Calcutta. The building will consist of three units, the international block, administrative block with control tower, and terminal for domestic airlines. Construction of the international block at an estimated cost of about Rs. 1 crore has been taken in hand. The estimate of Rs. 32.35 lakhs for the second block has been sanctioned.

A U.S. investment and industrial development mission will visit India early next spring. The mission will comprise five businessmen in fields of special importance to India's development and two Commerce Department officials who will serve as director and trade development officer. The group expects to be in India from 27th February to 27th March 1965. It will investigate during this period ways in which U.S. and Indian private firms can be most helpful and productive. It will arrive in New Delhi on 27th February 1965 and proceed to Bombay, Madras and Calcutta before returning to New Delhi, where it will complete its programme on 27th March 1965. Business information centres will be established in each of the four cities where the mission members will meet the Indian businessmen interested in the proposals offered by the U.S. firms or in presenting business offers of their own. Meetings will also be arranged with the Indian Government and State investment and industrial development organisations as well as with Indian trade groups and chambers of commerce. Plant visits will be arranged to discuss with company managements their plans for expansion, modernisation and diversification.

* * * *

From Abroad

Krupps of West Germany are negotiating with the Government of Tunisia for a large share in the industrial complex to be built around the former French base at Bizerta.

The Mexican sugar industry has protested against the U.S. Government's decision to impose a tax on sugar at the rate of 3/10 cent on "basic quota" and 3/5 cent on "domestic" sugar.

The Arab League's Economic Council has decided that its members should adopt a "positive plan" to prevent the infiltration of Israeli goods into Arab States through the European Common Market.

Savings accounts of private individuals in West Germany are growing at a record rate this year. During the first half of 1964, the increase came to DM5,257 million as compared with the increase of DM4,523 million and DM4,006 million in the first half of 1963 and 1962 respectively.

The Indonesian Government has issued a new regulation under which importers are required to contribute an advance to a "stabilisation fund" in foreign currency and possess an "import approval certificate." The rate of contribution is fixed at one per cent of the total foreign currency maintained in the certificate.

A syndicate of ten Japanese steel mills has signed long-term contracts with Australian mines for importing 5.1 million tons of iron ore from the Western mines in Australia over a eight-year period starting from 1966. The price of the ore is $12.60 (c.i.f.) per ton. Gosho Trading of Osaka is the agent for the steel companies.

Courtaulds of Britain are making a £750,000 —offer for control of Courtaulds (Australia) which was formed in 1949 to produce rayon and acetate. It is to offer 20s. per ordinary unit of one Australian pound for one quarter of each member's holding. Acceptance of the offer will raise its British firm's interest in the Australian company to a little over 50 per cent.

The International Air Transport Association is organising a supersonic airliner symposium at its annual meeting to be held at Bogota from 14th to 18th September next. The representatives of the British Aircraft Corporation, Sud Aviation, Boeing, Lockheed Corporation, and engine builders, Bristol Siddeley and General Electric who are participating in the symposium, will explain the details of their proposals for supersonic airliners.

Eleven countries (Australia, Canada, Denmark, Spain, U.S.A., France, Netherlands, Italy, Japan, Britain and the Vatican) have signed two agreements envisaging the establishment of a world telecommunications network. One of the agreements relates to a general inter-governmental accord on the principles of organisation of the future system of world communications by satellites and the other pertaining to commercial financial and technical aspects of the system.

Some 11 million employed persons in West Germany are affected by new wage and salary agreements that have been concluded or are still to be negotiated this year. There is a much sharper tendency than last year in the direction of higher pay and shorter hours. Wage rises of, from 5 to 9.5 per cent have been agreed on so far in 1964. Wage and hour agreements affecting more than three million employees are due to expire during the remainder of the year.

Germans drink 50 per cent more coffee than they did five years ago, 20 per cent more cocoa and 10 per cent more tea. Average per capita consumption of coffee is now 3.4 kilos (just under 7½ English pounds) a year, of cocoa 1.9 kilo, and of tea 0.12 kilo. West German consumers' No. 1 beverage is beer, with a per capita consumption of 113.7 litres a year, followed closely by milk (108.5 litres). Demand for mineral water, fruit juices, lemonades and "soft-drinks" is up by 44 per cent in five years, to a per capita consumption of 30.2 litres.

The British Government has agreed, subject to Parliamentary approval, to provide Uganda with a loan of £6 million for its capital development over the next two years. During his visit last month, the Prime Minister of Uganda, Dr. Milton Obote, had discussions with the British Government concerning British financial assistance for the last two years of Uganda's current five-year development plan. The independent financial settlement between Britain and Uganda was designed to run only up to 30th June this year. Technical assistance to Uganda is being provided by the British Government at the rate of nearly £2 million a year. This is likely to continue.

The Commonwealth Development Corporation has agreed in principle to provide a long-term loan of nearly £1 million towards the estimated cost of £2 million for 14 additional tea factories in Kenya. It had previously undertaken to lend £900,000 for tea development in Kenya and to provide £160,000 for two of the three factories already established. The Corporation will thus be providing a total of more than £2.1 million for what is likely to become the largest and most successful smallholder tea scheme in the world. The additional loan, it is stated, is conditional upon the satisfactory development of the field planting programme.

PERSONAL

MR. P. B. Advani has been elected President of the Indian Council of Foreign Trade for the current year.

Mr. Thomas E. Naughten has assumed charge as Deputy Director of the U.S. Agency for International Development Mission in India.

Mr. S. K. Patil, Union Minister for Railways, returned on the 22nd inst. after a four-week tour of the U.S., the U.K. and the Continent.

Mr. V. Venugopal Naidu, Chairman and Managing Director of the Mysore Acetate and Chemicals Company Ltd., has left for the U.S. on a business visit.

Mr. Dharma Vira, Chief Commissioner of Delhi, has been appointed Cabinet Secretary vice Mr. S. S. Khera, who will be relinquishing the post in November next.

Mr. P. U. Patel of the Universal Fire and General Insurance Company Ltd. has been elected Chairman of the Indian Insurance Companies' Association, Bombay, for the year 1964.

Mr. George Woods, President of the World Bank, arrived in New Delhi on Monday this week. He held talks with Mr. T. T. Krishnamachari, Union Finance Minister, and other officials of the Government of India. He is leaving for Tokyo today (Saturday the 29th.)

Mr. A. L. Dias, until recently Chairman of the Bombay Port Trust, has taken over charge as Secretary to the Union Ministry of Food and Agriculture in place of Mr. V. Shankar who has now become the Secretary to the Ministry of Civil Aviation on the same day. Mr. E. H. Simoes, General Manager of the Port Trust, has assumed the duties as Chairman until a successor to Mr. Dias is appointed.

The International Finance Corporation and Credito Bursatil, S.A., a subsidiary of Banco Nacional de Mexico, S.A., with the participation of 10 U.S., Mexican and Swiss financial institutions, have formed a syndicate to underwrite an offering amounting to Mex $156 million (approximately U.S. $12.5 million) of capital shares of a Mexican steel company. The underwriting will assist the largest private steel company in the country to obtain finance to carry out a new expansion programme to increase steel production from 500,000 to 750,000 tons annually. The Export-Import Bank of Washington has announced the authorisation of a loan of U.S. $28 million for the expansion programme.

The International Development Association has extended a credit equivalent to $2.8 million to Kenya for the expansion of tea production by African smallholders. The credit is for a term of 50 years. Repayment of principal will begin from 1st June 1974, after a 10-year period of grace. Thereafter, 1 per cent of the principal will be repayable annually for 10 years and 3 per cent will be repayable annually for the final 30 years. The credit is free of interest but a service charge of ¾ per cent on the amount withdrawn and outstanding will be made to meet I.D.A.'s administrative costs. The Government of Kenya will relend the proceeds of the credit to the Kenya Development Authority with repayment to be made in 16 years, including a 9 year grace period and interest at 5½ per cent.

Figures released by the Cotton Board reveal that despite a drop of 3,260 in the number of spinning and weaving operatives employed in Lancashire mills, yarns and cloth output has increased during the first six months of the year. Half-year returns show that yarn production reached 334.28 million lbs. as compared with 310.57 million lbs. in the same period last year. Cloth output totalled 868.94 million yards—a rise of 59.69 million yards. The total labour force in the industry now stands at 140,950, as against 144,210 a year ago. The increase in production reflects the increased activity in the trade and also the considerable advances in productivity achieved with the installation of modern machinery and general re-equipment.

The United Arab Republic Government has recently adopted unilateral measures which have a retroactive effect upon already confirmed cotton purchasing contracts and impose considerably more stringent credit requirements. Moreover, the volume of cotton already sold under contract for one specific extra-long staple variety has been curtailed by one-third. Describing these measures as arbitrary, the International Federation of Cotton and Allied Textile Industries points out that the measures are not only contrary to the usual international commercial practice, but represent a clear breach of contractual obligations. The cotton trade and industry in the traditional consumer countries have, therefore, expressed their strong opposition to the measures adopted by the U.A.R. The Director of the Federation, Mr. Mario Ludwig, is flying to Cairo shortly to lodge a formal protest with the Minister of the Economy of the U.A.R. on behalf of the major consumers of Egyptian cotton in Western Europe, America, Japan and India. Mr. Ludwig will also examine the current supply position in Egyptian cotton and enter into negotiations with the authorities regarding their future cotton export policy.

TREND OF MARKETS

GOOD RESPONSE TO STATE LOANS

(From Our Own Correspondent)

BOMBAY, *26th August*

The response to the State Government loans, which opened for subscription this week, was quite encouraging. Of the thirteen State loans, the Assam, Bihar, Gujarat, Uttar Pradesh and West Bengal loans were closed on the very first day, that is, Monday the 24th inst. Andhra Pradesh, Maharashtra, Madhya Pradesh and Orissa loans were closed yesterday (Tuesday) and Madras and Mysore loans today (Wednesday). Rajasthan and Kerala loans—the latter opened a day later, that is yesterday—are still on tap. The Andhra Pradesh, Bihar and U.P. loans were oversubscribed; the actual amounts of their loans are Rs. 11 crores, Rs. 4 crores and Rs. 10 crores, respectively. The loans fully subscribed are Assam (Rs. 3 crores), Gujarat (Rs. 7 crores), Madras (Rs. 14 crores), Madhya Pradesh (Rs. 5 crores), Maharashtra (Rs. 15 crores), Mysore (Rs. 7 crores), Orissa (Rs. 8 crores) and West Bengal (Rs. 7 crores). The amount of Rajasthan loan is Rs. 5 crores and that of Kerala loan Rs. 4 crores.

Despite large-scale subscriptions to State loans, the short-term money market ruled easy during the week under review. Funds available were plentiful and borrowers experienced no difficulty in obtaining their requirements. Only they had to pay higher interest charges. The inter-bank call rate for both renewals and fresh money stood at 2 per cent, whereas, last week, the former fetched ½ per cent and the latter ¾ per cent. Conditions at Calcutta were rather stringent, the call rate jumping up from ¾ per cent to as high as 3¾, with stray business put through at 3 to 3½ per cent.

During the week ended 21st August, there was no sale of Treasury Bills under the usual tender system, obviously because of the Reserve Bank's preoccupation with the State loans. However, sales of intermediate Treasury Bills, which were on sale from the 19th to 22nd inst., amounted to Rs. 12.90 crores, as against Rs. 8.56 crores a week before and Rs. 3.53 crores two weeks before.

There was a handsome rise of Rs. 4.20 crores to Rs. 98.46 crores in India's foreign exchange reserves during the week ended 21st August. The whole of this rise was in balances held abroad which increased from Rs. 8.80 crores to Rs. 13.00 crores. The foreign securities held in the Issue Department of the Reserve Bank were unchanged at Rs. 85.46 crores. Deposits of scheduled banks with the Reserve Bank improved by Rs. 8.70 crores to Rs. 122.16 crores. Loans and advances obtained by them declined by Rs. 5.25 lakhs to Rs. 1.84 crore. Notes in circulation receded by Rs. 29.15 crores to Rs. 2,423.82 crores.

The total credit made available by scheduled banks to their clients declined but by just Rs. 40 lakhs to Rs. 1,737.31 crores during the week ended 14th August. At the same time, there was a fresh accretion of Rs. 7.63 crores to their deposit portfolio. Borrowings from the Reserve Bank as a result fell by Rs. 1.67 crore to Rs. 2.37 crores. Investments declined by Rs. 9.32 crores to Rs 754.88 crores, while total cash improved by Rs. 10.35 crores to Rs. 170.63 crores.

The Gilt-edged market ruled quiet. Sellers were in evidence in some loans, while buyers were reserved. Business put through was small. 4 per cent 1969 dropped 30 P to Rs. 99.25. 3½ per cent 1967 and 4½ per cent 1972 eased by 5 P each to Rs. 99.75 and Rs. 100.10, respectively. Practically all the other Central and State loans were unchanged at last week's levels.

In the foreign exchange market, the banks' selling rate for U.S. dollars rose by 25 P to Rs. 480.75 per $100, while their buying rate was uneffected at Rs. 477.25. In New York, the pound sterling eased further vis-a-vis the dollar, the spot rate declining by 0.070 cent to 278.520-278.550 cents and the three months' forward by 0.120 cent to 278.100-278.130 cents.

BULLION WEAK

(From Our Own Correspondent)

BOMBAY, *26th August*

Both silver and gold were depressed during the week under review. After being erratic last week, silver was subjected to selling induced by larger arrivals and lack of sustained demand. In sympathy with silver and due to poor inquiries, gold tended to move down.

Silver commenced the week at Rs. 258, as against the previous close of Rs. 257.50, and moved up to touch Rs. 259 on some support from local stockists. But, as the follow-up inquiries were lacking and as arrivals were higher, silver uneffected at Rs. 477.25. In New York, the pound today. The daily average arrivals of silver were 27 bars, while offtake was around 9 bars.

Fourteen-carat gold was neglected at Rs. 72.50 throughout the week. Reports of seizure of contraband gold were responsible for the cautious attitude on the part of traders. Pure gold, in unofficial trading, was marked lower at Rs. 124, as against Rs. 128. Sovereign eased by 50 paise to Rs. 93.

The international price for gold in the London market was quoted lower at $35.06¼, as against $35.07¼ a week before. The sterling price, however, gained 1d. to 251s. 10d. Both ready and forward silver were unchanged at 112d. and 112½d., respectively, as also silver in New York at 129.3 cents.

The new jari export promotion scheme reintroduced by the Government from last month has created a "very serious problem" for the industry, as the import entitlement of 14 per cent gold had been removed from the scheme, according to the Surat Jari Merchants Association. In a representation made to the Gold Control Administrator, the Association says that, under the old scheme, provision is made to allow import entitlement of 14 per cent gold and 50 per cent silver against export of red jari. On the basis of the 50 per cent gold quota, the jari exporters are unable to meet the foreign demand with nearly Rs. 75 lakhs.

The U.P. Government has decided to advance loans to industrial co-operative societies of certified goldsmiths for extending and developing small-scale and cottage industries or for starting new enterprises within the State. The maximum loan will be Rs. 10,000, repayable in six monthly instalments.

The following table shows the trend of prices during the week under review:

	26-8-1964 (closing)	High	Low	19-8-64 (closing)
	Rs.	Rs.	Rs.	Rs.
SILVER				
Ready (996 fine)	256 50	259.00	256 50	257.50
GOLD				
Ready (14-carat)	72 50	72.50	72.25	72 25
Sovereign	93 00*	—	—	93 50*
London—				
Gold	251s.10d.	251s.10d.	251s.9d.	251s. 9d.
Silver Ready	112d	—	—	112d.
Silver Forward	112¼d.	—	—	112½d.
New York—				
Silver	129 3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

STAPLE FIBRE YARNS FIRM

(From Our Own Correspondent)

BOMBAY, *26th August*

Staple fibre yarns ruled firm during the week under review while art silk yarns lost further ground. In the cotton yarns section higher counts put on a cheerful appearance, while lower counts were steady. The firmness of staple fibre yarns was due mainly to higher demand from Surat consumers. As much as 50 bales were reported to have changed hands at current market rates. Art silk yarns drifted downward due to lack of fresh incentives, small buying interest from consumers and improved supply position. Even rumours of a possible reduction in excise duty failed to have any effect. For the manufacturers were eager to sell because of increasing stock.

The Union Ministry of Commerce has clarified that no imports of rayon yarn or man-made fibres are at present allowed against export of any handicraft goods, except hand-made tufted carpets. No imports of rayon yarn or man-made fibres are allowed even against export of zari goods in which some rayon and man-made fibres are used. The clarification is a sequel to persistent rumours that licences for the import of art silk yarns are being issued even now against exports of handicrafts.

Mr. C. C. Bhanwala, Vice-President of the Central Development Council of Surat's weaving industry, has complained that the art silk weaving industry is facing a very delicate situation, as rayon yarn spinners are not fulfilling their obligation under the export promotion scheme of art silk fabrics. The spinners, according to him, are not selling rayon to manufacturers-cum-exporters of art silk fabrics at concessional rates.

Among art silk yarns, National Rayon 150D declined by 14 P to Rs. 10.93, while 120D shed 2 P to Rs. 11.68. Bright Century 75D eased by 20 P to Rs. 18.70. South India 120D was neglected at Rs. 13.10.

In the staple fibre yarn (2 x 34 French count) section, City put on 7 P to Rs. 9.55, Sitalaxmi gained 6 P to Rs. 9.72. Premier was marked up by 7 P to Rs. 9.90. Vasantas and Pioneers were firm, the former at Rs. 9.22 and the latter at Rs. 9.35. Sriram, however, lost 11 P to Rs. 9.24.

Cotton yarns 34s Madura improved by Rs. 2 to Rs. 43 and Vasantas by 75 P to Rs. 39.75. 68s Minerva strengthened by Re. 1.50 to Rs. 87.50 and Finlay by a rupee to Rs. 97. All other counts were quoted unaltered at last week's level.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	26-8-1964	19-8-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	11 68	11 70
Century 75D	18 70	18 90
S. I. Viscose 120D	13.20	13.20
Staple fibre yarn-34 x 2 *French Count* (per kg.)		
Pioneer	9.35	9.35
Premier	9.90	9.83
City	9.55	9.48
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.00	21.00
17s Modern	27 00	28.50
27s Sasoon	—	37.00
34s Madura	43 00	41 00
52s Pioneer	89 30	89 30
68s Finlay	106 70	105.60

NEW CROP CASTOR AND LINSEED CONTRACTS

(From Our Own Correspondent)

BOMBAY, *26th August*

For want of fresh developments, trading in the oilseeds market during the week was a dull affair. The only interesting development was the commencement of trading in the new crop castor and linseeds March contracts. Even here, the market seemed to lack lustre. Price movements were narrow and the tone was quiet to easy at the close.

The characteristic feature of the new crop contracts is that they are free from ceilings, although are subject to margins. The margin in castor is Rs. 20 per 250 kg., if the rate touches Rs. 196 during non-delivery periods, and Rs. 50 per 250 kg. during delivery periods. The margin in linseeds is Rs. 5 per 50 kg. during non-delivery periods and is Rs. 12.50 during delivery periods. Castor March opened at Rs. 180 and, after moving both ways, closed the week at Rs. 177.12. Linseeds began the week at Rs. 39.25 and was mentioned at Rs. 39.16 at the close. Current week's fluctuations, and fluctuations during any one week for that matter, do not mean much particularly in the case of contracts which have a very long life. But, by and large, the feeling in the market is that the trend is going to be bearish. Knowledgeable sources are already saying that the market has yet lower levels to seek and that a bearish trend in futures will naturally affect spot prices. The rate for spot linseed is currently Rs. 48.25 and, with the forward rate at Rs. 39.16, it is apparent that there is still a wide gap to be bridged. Sentiment in the market is induced at present by reports of good weather and the consequent prospects of a larger harvest.

It is, however, rather too early to talk of the state of the market in the distant future. Much will depend upon the Union Government's policy regarding exports of edible oils from the country which are banned at present as well as the policies of State Governments like Gujarat and Uttar Pradesh which have stopped oils and cakes from going out of their respective States. The Union Government's policy is anybody's guess, but market men think that, if exports of new crop oil from the country were also banned, groundnut oil might seek much lower levels—Rs. 1,500 would be the probable rate.

The ban enforced by Gujarat and Uttar Pradesh has resulted in the disruption of the price pattern of groundnut and mustard oils. It is said that groundnut oil in Saurashtra is quoted at Rs. 28.50 per tin of 16 kg., including the cost of tin which alone is said to be around Rs. 2, while, in Bombay, the price is Rs. 26.10 per 10 kg. The rate in Delhi is about Rs. 27.50 which is much higher than that either in Bombay or Saurashtra. The rate for mustard oil in Delhi and Uttar Pradesh is around Rs. 3,250 per tonne, but, in Bihar, the quotation is as high as Rs. 4,250. The official price for mustard oil in Bengal is Rs. 4,000, but no oil is said to be available at less than Rs. 4,500. Market men say that no rational assessment of prices will be possible unless the Government of India removes the ban on exports of edible oils and allows forward trading in groundnuts, groundnut oil and cakes. The need to check the rising trend of prices in the country is admitted on all hands, but it is also stressed that now is the opportunity to boost our exports of groundnut oil, in view of the higher advices from overseas markets. The trade is inclined to feel that, if the new crop oil were allowed to go out, we might easily dispose of a lakh of tons in international markets.

The extractions market has been dull. Demand from East European countries is virtually nil and it may be a long time before inquiries start coming. It is reported that about 75 per cent of the solvent extraction plants are remaining closed and that the ban by Uttar Pradesh of exports from the State of expeller cakes has put solvent extraction plants in an impossible position. It is also reported that about 16 plants in Bombay are dependent on U.P. expellers and that they are nervous, as stocks with them can hardly last a week. Currently, London advices are steady. The quotations are £37-17-6 for August-September, £37-5 for October, £35-15 for November, £35-5 for December, £35 for November-December-January-February and £34-15 for January-February-March. Near positions are fairly well held, but there is a bearish slant on distant positions. In Bombay, groundnut extractions are currently quoted at Rs. 418-419 and expellers at Rs. 492. Distant positions here, too, are easy with extractions October mentioned at Rs. 413 and November at as low as Rs. 380. Expellers September are quoted at Rs. 490, October at Rs. 458 and November at Rs. 421. Demand, as already mentioned, is at a low ebb, barring that from the United Kingdom which is interested in small quantities. Exports so far during the current year are said to aggregate about 7.5 lakh metric tons.

The Bombay Oilseeds Exchange is likely to take up with New Delhi the question of forward trading in groundnuts, oil and cakes. The Association has already submitted its memorandum, but its case seems to have been strengthened by good crop estimates around 38 lakh to 39 lakh tonnes. Further, prices of new crop seeds are tending to be bearish. October delivery is mentioned at Rs. 52, as against Rs. 65.50 for spot Khandesh Quality. The November and December positions are even lower at Rs. 48.25 and Rs. 46, respectively. The spot rate for oil is Rs. 25.70 per 10 kg., but the October and November positions are down at Rs. 21.50 and Rs. 18.75, respectively. The December position is just around Rs. 18.15. The argument is that hedge facilities might have a sobering influence on spot prices. Since the new crop begins arriving in October, an early start of forward deals will be very helpful, according to the trade.

Trading in castor September continued to be a standstill with the contract quoted nominally at the ceiling rate of Rs. 181.50. The new March contract closed the week at Rs. 177.12 on an easy note, as compared with the starting rate of Rs. 180. The last unofficial rate heard for the September contract was Rs. 183.25 and reports indicated that traders were willing to come to a settlement of the outstanding positions at about Rs. 183. The linseeds March contract closed at Rs. 39.16 and linseeds bold spot was mentioned at Rs. 48.25. Cottonseeds January contract finished at Rs. 96.75 and the tendency here is steadier for

the time being. The September contract was mentioned nominally at Rs. 90.50. Spot rates in the castor, groundnuts and linseeds sections were higher than last week.

The following table shows the closing prices of oilseeds and oils as on 26th August as compared with those of the two previous weeks:

	26-8-1964	19-8-1964	11-8-1964
Groundnuts	Rs.	Rs.	Rs.
Nizam bold	64 25	63.00	63.75
Khandesh quality	66 00	64 50	65.50
Oil ex-mill	26 75	25.00	25.70
Oil Rly. Receipt	26.40	25.00	25.15
Castorseed			
September 1964 contract.. ..	181.50	181.50	181.50
March 1965	177.12	—	—
Ready Madras	39 50	39 25	40 25
Ready Kanpur	38 37	38 25	39 25
Oil B.S.S.	18 15	18 00	18.20
Oil commercial	17.55	17.40	17.65
Linseed			
September 1964 contract.. ..	44 84	44.69	44.84
March 1965..	39.16	—	—
Bold ready	48 50	47.5	48.25
Linseed oil		20.00	20.35
Cottonseed			
September 1964 contract.. ..	90.00	90 50	98.00
January 1965 contract	96.25	94.75	100.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PEPPER EASY

(Messrs. Parekh and Company)

BOMBAY, 25*th August*

Malabar black pepper ruled easy during the fortnight under review, owing to the liquidation by weak bulls on the maturity of August delivery at Cochin and *Shrawan* delivery at Bombay. August went off the board at Rs. 353 and *Shrawan* at Rs. 358. Instead of taking delivery, bulls preferred to switch from August to October and from *Shrawan* to *Badrapad* by paying heavy premium. This affected the general sentiment of the market. Continuous weak advices from New York made the matter worse. Indonesia was reported free sellers in New York for Lampong for August-September shipment at prices much below the present check price in force in Indonesia.

Ungarbled was quoted at Rs. 332½ and garbled at Rs. 344. October delivery was nominally quoted at Rs. 362½, while December was depressed at Rs. 351 under the pressure of bear selling. *Bhadrapad* was quoted at Rs. 360 and *Asho* at Rs. 364. Business on the ring is very much restricted.

Spot in New York, after going down to $0.32½, is now reported steady, as Lampong is unquoted and pressure of selling is decreasing. Black pepper at Singapore is quoted at $107½, but the trend of the market there is uncertain owing to the Malaysian and Indonesian imbraglio. As grinders in New York are reasonably covered, they refuse to be excited even after the present deterioration in Malaysia situation. If the situation becomes worse, there is every likelihood that shipment of Lampong may be unduly delayed.

With selling pressure from Indonesia on wane and with chance of development in autumn demand from September onwards, bright pepper is likely to improve provided Lampong does not come to press which is very unlikely, as no shipment of old sales of Lampong is allowed after the end of August and that the new crop of Lampong may not come in the market before October.

Ready pepper in Bombay is quoted at Rs. 180 per 50 kilos.

STRONG DEMAND FOR FANNINGS

[Messrs. Forbes, Ewart & Figgis (Private) Ltd.]

COCHIN, 20*th August*

Offerings in tea sale No. 33 held here on Tuesday the 18th inst. amounted to 688,000 kgs. Medium quality was similar to that last seen, but the occasional invoice from the Nilgiris showed an improvement. The market met with strong demand for all liquoring teas especially fannings. Nilgiris broken elicited good support, but were a little easier, while their fannings were again in strong demand and frequently showed considerable increase. Good mediums were sold well at generally firm rates. Medium and low medium brokens were in fair demand, but the general level of prices declined slightly. Their fannings, however, particularly the cleaner ones, appreciated in value. Whole leaf grades were strong and dearer, particularly orange pekoes. Unorthodox descriptions with improved liquors were sold at dearer rates, but the others were generally easier.

The quotations (per kg.) were as follows:

	1964	1963
	Rs.	Rs.
Low mediums	4.00-4.20	4.00-4.30
Mediums	4.20 4.50	4 20-4 55
Good mediums	4.55-5.20	4.60-5.40
Nilgiri B.O.P.	5.00-7.30	4.90-9.10

The average price realised in sale No. 33 was Rs. 4.51 per kilo, as against Rs. 4.39 a week ago and Rs. 4.44 in the corresponding sale last year.

In dust sale No. 33 held today, 265,000 kgs. were catalogued. There was strong general demand. The few highgrowns on offer came to an irregular market. Good mediums were well supported and prices realised were fully firm to dearer. There was good enquiry for medium and low medium descriptions which were sold at fully firm rates. Primary C.T.C. grades held their value, but secondary and more fibrous types in this category showed considerable advances.

The average price realised in dust sale No. 33 was Rs. 4 39 per kilo, as against Rs. 4.41 a week ago and Rs. 3.98 in the corresponding sale last year.

Colombo: The market opened to strong general demand and again prices were generally dearer for all descriptions except for the plainest which were only firm.

London: In Monday's auction, there was strong demand with Assam teas again selling well. Dooars descriptions and the thinner liquoring sorts were irregular and occasionally somewhat easier.

Ceylon and South Indians: On Tuesday, there was only fair demand and prices for all descriptions were generally lower. Best liquoring South Indians were firm.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire us as follows:

"*Sale No.* 34: 535,000 kgs. offered. Good demand. Plainest and low mediums 5 to 10 paise easier. Mediums about steady. Good mediums dearer. Highgrows strong. Unorthodox firm."

JUTE GOODS RISE AGAIN

(From Our Own Correspondent)

CALCUTTA, 25*th August*

Although overseas buying of jute goods remained restricted during the week under review, prices continued to move up, as speculative interest led to excited conditions. It is significant that the rapid recession in fibre prices in the Pakistan markets arising from lack of genuine buying—this week the Narayanganj market price for a maund of jute fell to Rs. 40.45 from the highest level of this season, namely, Rs. 50.55—had no effect on Calcutta quotations which scored a further gain of about Rs. 2 a maund this week. The up-trend developed despite the increase in daily arrivals which aggregated about 100,000 maunds a day. Mills, however, showed little interest in fibre at the higher levels, but sellers were in no hurry to seek business, as they expected premium rates. A tendency among cultivators from releasing their produce was also a factor for the continued strength. However, with the need for cash for annual festivities, it is expected that cultivators would show more interest in marketing their produce within the next few weeks.

In the middle of the week, prices of goods receded under the impact of profit-taking. This was indeed welcome, as it was hoped that more business would be done with overseas buyers. The recession of prices was, however, short-lived, and prices, influenced by the up-swing in fibre, moved up and closed higher on balance. However, the fall in Pakistan fibre prices caused by overseas buyers' resistance, it was felt, should before long take the Calcutta fibre market to sobriety.

Due to floods, the quality of Pakistan fibre is reported to have deteriorated, but, in respect of quantity, the earlier estimate of five million bales is expected to be realised. In view of the sharp uptrend since the beginning of this month, the condition of the fibre has suffered a setback in Pakistan, as several instances of mixture with mesta and other inferior grades have been reported. India's dependence on Pakistan to meet a portion of the former's requirements of the superior grades is also a factor for the rise in Pakistan prices in recent weeks.

The news that Indian imports of about 800,000 bales were planned immediately had a bullish effect on the Narayanganj market. Although U.K. buyers were not enthusiastic to purchase the Pakistan fibre at the hardening rates, communist countries, including Yugoslavia, China and Czechoslovakia, showed interest in substantial quantities. In addition, in view of the expanded capacity, mills in Pakistan require more fibre in this year.

This week's fall in prices in Pakistan is attributed to clear indications of overseas buyers that it would not pay them to enter the market. Evidently, a stage has been reached when overseas mills are left with no alternative other than to stop operations or to go in for substitute fibres. This hint has been rightly picked up and balers in Pakistan have become nervous. However, the daily arrivals have not yet begun to increase; this week, they amounted to about 20,000 maunds. As in India so in Pakistan, cultivators who have had fortunes in the last two seasons have accumulated some holding power and are thus withholding their produce from marketing in anticipation of higher prices. An examination of prices for the manufactured products at once reveals that it is uneconomic for the Dundee mills to purchase Pakistan fibre at the existing rates. Prices this season having gone up higher by about 50 per cent as compared with the beginning of the season, Dundee buyers have withdrawn from the market. Although it is certain that the crop in Pakistan would fall shorter than last year's and although this expectation pushed up prices, this week's recession showed that awareness of shortage has spent its full force. Now that Pakistan prices have started receding, it is not expected that any large-scale buying will be done by balers for fear of losses unless prices go down to more reasonable levels.

Although prices in the New York burlap market rose this week, this was due not to more interest from consumers but to higher advices in Calcutta. Duty paid light 40" 7½ oz. hessian, after falling from 9.30 cents to 9.10 cents in response to Calcutta's mid-week recession, regained to 9.20 cents. The 10 oz. hessian at first eased from 12.15 cents a yard to 12 cents but soon returned to 12.15 cents. However, buyers in New York refrained from entering into large commitments, as they desired prices to dip to more reasonable levels. Moreover, with U.S. burlap stocks at the end of the last month having increased to 300 million yards from 285.8 million yards at the end of June, inventories are very satisfactory and, therefore, there is no need to make further purchases in a rising market and thus boost prices further. Paper and synthetic packaging materials are being put to considerable use in the United States and woven kraft paper bags are found more suitable to pack the more durable vegetables like potatoes. For these perforated paper bags take in air more systematically than gunny bags. Also, paper bags produce considerably less heat than gunny bags and are thus found to be more suitable to transport perishables such as potatoes and fruits. Not surprisingly, therefore, total imports into the U.S.A. of hessian in the six months to June 1964 were only 487.9 million yards, as against 593.4 million yards in the first half of last year. Although the total fall of 105.5 million yards worked out to 17.71 per cent imports from India fell by 20 per cent, that is, from 509.2 million yards to 406.9 million yards. On the other hand, imports from Pakistan showed a small increase from 52.7 million yards to 53.5 million yards. Imports from other countries at 27.5 million yards, as against 31.5 million yards, fell by 12.54 per cent. It was also discouraging to note that burlap consumption in the U.S. in July 1964 fell to 64 million yards from 69.5 million yards in the previous month and 68 million yards in July 1963. The total consumption in the seven months to last month having aggregated 500.3 million yards, as against 531.7 million yards in the same period of 1963, the average monthly consumption fell to 71.47 million yards from 75.95 million yards. The fall, despite higher industrial activity in the U.S.A., should, therefore, be attributed to more consumption of substitutes.

Fully steady conditions were in evidence in the fibre market this week, and both sellers and buyers were reserved. For sellers were not prepared to lessen their holdings in anticipation of premium rates, but, at the same time, mills were also not prepared to support the market at the higher levels. This week's recession in Pakistan prices had had no effect here, and Assam bottoms gained from Rs. 41 to Rs. 43, daissee bottoms from Rs. 43 to Rs. 45, and northern bottoms from Rs. 40 to Rs. 42.00.

In the goods market, quotations at one time began to lose on reports of the Pakistan recession, but, since fibre prices here continued to rule firm, losses were not only soon erased but closing quotations were higher on balance for the week. On Tuesday last, ready B. twills eased from Rs. 134.50 to Rs. 132.00 and hessian 40" 10 oz. from Rs. 48.85 to Rs. 48.25. At these levels, there was keen buying interest which led quotations to recover to Rs. 133.50 and Rs. 48.75, respectively, on Wednesday. The news that gunny despatches for export abroad in July at 80,700 tonnes recorded a small rise of 400 tonnes also contributed to sentiment. Despatches for local purposes increased from 24,500 tonnes to 27,200 tonnes. At the increase, support was affected, but activity in the hedge market was so intense and lively as to raise ready B. twills to Rs. 135 and hessian 40" 10 oz. to Rs. 49.00 on Thursday. On Friday, it was indicated that more measures to put down speculation to reasonable limits were under contemplation by the East India Jute and Hessian Exchange Ltd., and ready B. twills dropped to Rs. 134.75 and hessian 40" 10 oz. to Rs. 48.80. However, with ready B. twills at Rs. 137.00 and hessian 40" 10 oz. at Rs. 49.75, the week-end witnessed a marked increase in prices. The largest slice of the increase occurred yesterday when B. twills quoted Rs. 140.00 and hessian 40" 10 oz. Rs. 50.25.

KIPS IMPROVE

(From Our Own Correspondent)

MADRAS, 24*th August*

The market for hides and skins showed signs of revival and enquiries from overseas importers were more persistent and genuine, though the volume of export business was not large. As is usual, sellers were trying to obtain higher prices, in vain. Buying interest was mostly in cowhides light weights, fifths in mediums, and lower ends in light cowcalf. U.S. buyers were still not in the market for buffcalf usual weights and bufflights.

As regards tanned goat skins, demand was good for light and medium weights, and sellers were reserved, quoting high prices, as tanners were having enough orders in their books to cover their incoming stocks from the tanneries. U.S. buyers showed interest in heavier weight goat skins at less money and some orders were placed for shipment. In the sheep skins section, prices were steady for primes and semiprimes but weak for middle class. Raw market was firm for goat skins and weak for sheep skins.

The following were the prices per lb. quoted for all round lots:—

Tanned cowhides 8/8½ lbs. average Rs. 2.00 to Rs. 2.10; tanned buffhides 12/13 lbs. average Re 1.80 to Re. 1.86; and tanned buffcalf 1½/2 lbs. average Rs. 2.40 to Rs. 2.50.

FOODGRAINS HARDEN

(From Our Own Correspondent)

HAPUR, 24*th August*

Continued heavy rains during the week marred kharif crop prospects and this, coupled with poor arrivals and good consumers demand resulted in hardening of foodgrain prices. Pulses prices touched an all-time high level. The Union Government, however, thinks that worst is over due to marked increase in imports and their better distribution and that prices will ease.

Wheat prices advanced by Rs. 2 to Rs. 2.50 per quintal, according to quality, during the week on good consumers support, brisk east U.P. purchases, small arrivals and declining stocks position. Average quality was quoted between Rs. 77.50 and Rs. 80 and farm produce between Rs. 81 and Rs. 83.75 per quintal. The controlled price at fair price shops was quoted at Rs. 43 per quintal. Daily arrivals were small around 400 maunds and stocks were meagre. Steadier conditions continued in the rice market and prices rose by Rs. 2 to Rs. 4 per quintal due to poor stocks and good buying support from local and east U.P. traders. Standing paddy and *munji* crops were progressing under healthy conditions following heavy rains. Local stocks with trade were estimated around 2,000 quintals. Week-end prices were: Rice *basmati* superior Rs. 104.49 to Rs. 109.85, *sela* Rs. 101.81 to Rs. 104.49, *mainpuri* Rs. 100.47, *ramajwayan* Rs. 101.81, *raimunia* Rs. 101.81 and *gadda* Rs. 100.47 per quintal.

Gram prices also ruled firm and prices hardened by Re. 1 to Re. 1.50 per quintal during the week, due to tight supply position in face of good demand. Local produce was quoted at Rs. 73.12 and Punjab quality at Rs. 72.50 per quintal. Arrivals were negligible and stocks were meagre. Barley and *bejhar* prices also sought higher levels on poor arrivals and better buying enquiries from east U.P. districts. The prices ranged between Rs. 62.50 to Rs. 65 for barley and between Rs. 65 to Rs. 66 per quintal for *bejhar*. Small arrivals of new crop maize were lifted at Rs. 62.50 to Rs. 63.75 per quintal. *Juwar* and *guwar* prices ruled steady, as stocks were very small. Other coarse grain prices remained unchanged. Week-end prices were: *juwar* Rs. 62.50 to Rs. 65, *guwar* Rs. 65 to Rs. 66.98, *methi* Rs. 60 to Rs. 62.50 and oats Rs. 70 to Rs. 72.50 per quintal.

Firm conditions continued in pulses also and prices touched all-time high levels owing to tight supply position. Peas prices rose by Re. 1.50 to Rs. 2 per quintal, according to quality, on brisk Madras and east U.P. buying support. The average quality was quoted between Rs. 66.50 and Rs. 67.50 and farm quality between Rs. 70 and Rs. 71.50 per quintal. *Arhar* prices stayed steady while *arhar dal* improved from Rs. 105 to Rs. 116 per quintal. *Urd* prices ruled quiet while *moong* prices hardened to Rs. 3 per quintal and prices ranged between Rs. 61.62 to Rs. 71 per quintal for *urd* and between Rs. 87.07 to Rs. 111.19 per quintal for *moong*. *Masoor* and other *dal* prices also ruled firm. Week-end prices were: Peas *dal* Rs. 72.50, *urd dal* Rs. 96.45, *moong dal* Rs. 117.50, *masoor* Rs. 75 to Rs. 84.40, *masoor dal* Rs. 96.45 and gram *dal* Rs. 83.06 per quintal.

SUGAR SUPPLY TIGHT

(From Our Own Correspondent)

HAPUR, 24*th August*

Sugar continued to rule firm because of brisk festival demand and tight supply position. Despite the U.P. Government's repeated requests to increase the State's quota of sugar, the Centre reduced it from 25,000 to 20,000 tons earlier and now to 19,000 tons a month. Sugar, in unofficial trading, was quoted from Rs. 175 to Rs. 180 per quintal, as against the controlled rates of Rs. 127.39 to Rs. 136.99.

Khandsari was quiet. But stockists were very much perturbed over the accumulated stocks which the Government was not releasing for free sale nor was it making arrangements for its clearance to bulk consumers in the place of sugar. Trade has demanded the export of the commodity, as stocks have already suffered enough damage from heavy rains. New season was fast approaching and, as the peak consuming season was passing steadily, stockists want an early release of *khandsari* for open sale. Production of *dane minja* is being continued in some areas and prices of different qualities of *khandsari* ranged between Rs. 130 and Rs. 170 per quintal.

Ready *gur* recorded a steadier trend during the week, thanks to brisk buying support from the consuming areas of Gujarat, Rajasthan, Saurashtra and Bihar. Stocks of dry stuff were small and stockists were anxious sellers of the dry-wet stocks, the quality of which was being further adversely affected due to the heavy monsoon. With a good cane crop in sight and the prevailing high prices of the commodity due to increased demand in the face of dwindling stock position, the new *gur* production season would start early by next month-end. *Shakker* was very much in demand, due to tight sugar supply position, and prices improved fractionally. Week-end prices (in rupees per 40 kilogram) were:—*Gur* superior 37.50 to 38, *dara* 36.25, *kotha* selected 37.75, dry-wet 33.75, wet 31, *shakker* 41 to 42.50.

Ready *gur* was marked up in the Muzaffarnagar market owing to paucity of dry stocks. *Chaku* quality improved by Rs. 3 per 40 kilogram and *laddoo* and *pansera* quality also sought higher levels. Arrivals from rural areas were poor during the week, owing to heavy rains. Total *gur* arrivals during the season were 14.88 lakh maunds and local stocks amounted to 50,000 maunds. Week-end prices (in rupees per 40 kilogram) were:—*Chaku* dry 44 to 45, wet 33 to 35, *pansera* dry-wet 33 to 35, *laddoo* 38 to 42.50, *shakker* 39 to 42.50.

AUGUST CONTRACT EXPIRES

(From Our Own Correspondent)

BOMBAY, 26*th August*

The payment crisis that had developed towards the end of last week continued through the major part of the week under review. Trading in cotton futures, therefore, was confined to the last three days only. With August contract having matured on 25th inst. after a hectic career in its last days, the futures section presented a dull picture, with business in the distant contract March 1965 being of a limited nature. The basic undertone of the running contract was rather firm, though the upward trend was restrained, because of upcountry selling on account of fair weather reports. A leading bull operator is said to have accumulated a long position to the extent of about 35,000 bales.

The chief event of the week was, of course, the end of the career of the I.C.C. Jarilla August 1964, which went off the board of the East India Cotton Association Limited on 25th inst. The erstwhile contract was unique in certain respects. It attracted tenders aggregating 36,300 bales, the greatest for the last ten years. Opening at Rs. 737.25 on 13th April 1964, the Contract declined to Rs. 716 on 6th May, on account of arrival of large quantities of U.S. cotton under P.L. 480. Afterwards, the contract showed an uninterrupted upward trend and reached its highest at Rs. 749.25, during the non-delivery period on 25th July. During the delivery period, the Contract was involved in a strong bear-bull tussle, resulting in an acute payment crisis. It shot up to Rs. 784.75, the permissible upper limit for the week under review, before running out at Rs. 784, that is, Rs. 14 below the official ceiling of Rs. 798. In unofficial dealings on that day, however, it is understood to have changed hands at Rs. 792 to Rs. 794.

Tenders issued on the last day of the Contract were 11,150 bales bringing the total tenders issued against it to 36,300 bales.

Jarilla March 1965 Contract which had closed last week at its nominal rate of Rs. 732, opened higher at Rs. 732.50 and, after touching a new high of Rs. 734.75 during the course of trading today, closed at Rs. 734.25, showing a net gain of Rs. 2.25 over the week.

There was nothing outstanding in the Sewri spot market this week. Mills transacted business in Lakshmi new, Bijapur new, L.147, Pandharpur new, Khandesh and Kalyan ready cottons. The following are the rates in respect of certain important varieties.

Cotton gin L.147 Rs. 1,280; Dhragaon Rs. 940; Baramati new Rs. 1,160; Pandharpur new Rs. 1,141; Bijapur Lakshmi Rs. 1,033 K; Ganganagar 815 K Rs. 820; Kadi Kalyan Rs. 925 and Nagar Co2 Rs. 1,120.

There have been two major Government policy announcements during the week, one pertaining to exports in the season 1964-65 and the other to purchases of new crop cotton by the mills. The export policy allows free licensing of Bengal *deshi* cotton. It has done away with certain cumbersome procedures like performance guarantee and individual ceilings. Although the policy has been generally welcomed in market circles, as it is characterised by a welcome departure from the past, there is a feeling of disappointment that the Government has not given any relief in the export duty on cotton and sales tax on cotton destined for export. The demand from abroad for Bengal *deshi* has almost ceased and prices have gone down. After ruling firm at Rs. 737-738 till the end of the last week, this variety has gone down to Rs. 735 at the time of writing. Some in the market are, however, still hopeful of the Government ultimately cutting down in export duty; in fact, they are expecting an official announcement early next week.

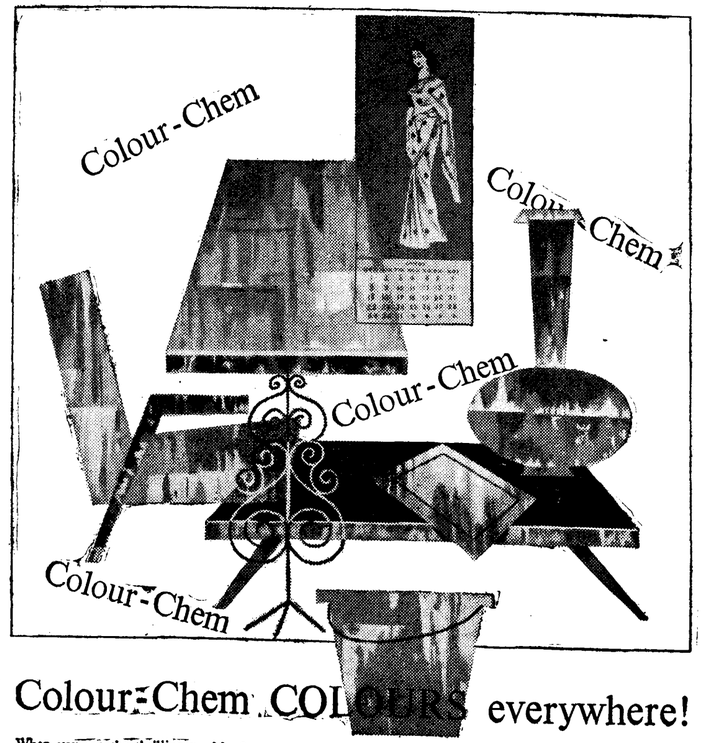
Another development is a notification by the Textile Commissioner permitting mills to make purchases of Indian cotton equivalent to their consumption during the current season which is about to end now. In other words, the mills have been granted a 100 per cent quota for buying indigenous cotton. A stipulation for compulsory purchase of Cambodia A and B cotton to the extent of 7½ per cent of consumption of Indian cotton has been added for those mills which have been using this variety during the three years ending 31st August 1964. Trade has welcomed the allocation of a liberal quota for indigenous cotton, but no immediate reaction is visible price-wise, as the mills have already filled their requirements for the next four or five months.

BANKING

(*Concluded from page* 350)

in the demands of workers for more wages. In fact, the bankers as a whole, with the single exception of the Bank of India, have turned a blind eye to the possibilities of growth and development of their business by employing a contented and well-paid staff. There is no doubt at all about the large and medium-sized banks' capacity to pay a decent wage to their employees. Nor can one question the view that a much more efficient banking system could be built up and much healthier and harmonious industrial relations be evolved if the big banks at least were to pay decent salaries to their staff, taking into account the needs of middle and lower- middle class.

Two final comments on the subject. The employees have now achieved some of their needs that were just and reasonable, even if the means and methods adopted by them were unjustified and unreasonable. The bankers have willingly paid what they think is within their paying capacity. But the Government has lost on all counts, through its indifference, indecisiveness and lack of clear price and income policies. Its failure to hold the price line has unleashed a spurt of wage increases which will ultimately increase the pressures on prices and may largely nullify the gains made by employees. Secondly, there are bankers and their advisers with a legalistic bent of mind, who may want to blow up the goodwill created by the negotiated settlement by pointing out that it has no legal basis. After all, legal basis or no, a negotiated settlement is a negotiated settlement. It is as much binding on the parties as a legal one. Further, experience has shown that neither the bankers nor the Government have any capacity to enforce even a legal agreement against the wishes of their employees. Bankers will, therefore, do well to consider this matter wisely and diligently work hard for the emergence of a new era of understanding and amity with their workers.



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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 21st August 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	86,00,00,000
National Agricultural Credit (Stabilisation) Fund	9,00,00,000
National Industrial Credit (Long-Term Operations) Fund	10,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	78,24,17,000
(ii) State Governments	13,09,21,000
(b) Banks—	
(i) Scheduled Banks	122,15,81,000
(ii) State Co-operative Banks	4,75,01,000
(iii) Other Banks	3,02,000
(c) Others	187,90,42,000
Bills Payable	35,74,42,000
Other Liabilities	22,26,87,000
Rupees	654,19,56,000

ASSETS	Rs.
Notes	22,06,02,000
Rupee Coin	3,68,000
Small Coin	5,47,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,29,51,000
(ii) State Co-operative Banks	12,38,73,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,39,05,000
National Agricultural Credit (Stabilisation) Fund	....
Loans and Advances to State Co-operative Banks.	
National Industrial Credit (Long-Term Operations) Fund:-	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	132,67,85,000
Balances Held Abroad*	13,60,12,000
Loans and Advances to Governments**	25,76,83,000
Loans and Advances to—	
(a) Scheduled Banks†	1,81,05,000
(b) State Co-operative Banks‡	138,40,42,000
(c) Others	2,48,19,000
Investments	217,28,62,000
Other Assets	25,40,72,000
Rupees	654,19,56,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund but including temporary overdrafts to State Governments.

† Includes Rs. 20,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	22,66,02,000	
Notes in circulation	2423,81,64,000	
Total Notes issued		2445,87,66,000
Total Liabilities		2445,87,66,000
ASSETS		
Gold Coin and Bullion—	Rs.	Rs.
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	85,45,59,000	
Total		203,21,79,000
Rupee Coin		106,77,91,000
Government of India Rupee Securities		2135,87,96,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2445,87,66,000

State Bank of Pakistan

Statement of Affairs for the week ended 14th August 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	8,65,00,000
Rural Credit Fund	3,00,00,000
Deposits—	
(a) Central Government	12,75,57,000
(b) Provincial Governments	3,38,91,000
(c) Banks	42,06,81,000
(d) Others	90,95,78,000
Bills Payable	9,35,000
Other Liabilities	15,42,81,000
Rupees	177,24,20,000

ASSETS	Rs.
Notes	7,10,76,000
Rupee Coin	19,000
Subsidiary Coin	50,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	11,35,04,000
Balances held outside Pakistan*	25,14,77,000
Loans and Advances to Governments	1,00,00,000
Provincial Governments' Debtor Balances	4,54,91,000
Other Loans and Advances	79,19,80,000
Investments	48,62,69,000
Other Assets	11,60,58,000
Rupees	177,24,20,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	7,10,76,000	
Notes in circulation	445,14,67,000	
Total Notes issued		452,25,43,000
Total Liabilities		452,25,43,000
ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion—		
Silver Bullion	25,15,70,000	
Foreign Securities	74,58,33,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	4,83,29,000	142,75,67,000
Government of Pakistan Securities	298,76,41,000	
Internal Bills of exchange and other commercial paper	....	
		303,59,70,000
II. Held with the Reserve Bank of India pending transfer to Pakistan	19,02,000	
Gold Coin and Bullion	4,40,63,000	
Sterling Securities		
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		452,25,43,000

State Bank of India

Statement of Affairs for the week ended 21st August 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
Capital—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		671,01,56,000
Borrowings from Other Banking Companies, Agents, etc.		82 15,000
Bills Payable		5,63,10,000
Bills for Collection being Bills receivable as per contra		8,15,58,000
Acceptances, Endorsements and Other Obligations per contra		21,05,82,000
Other Liabilities (including Inter-Office Adjustments)		17,06,46,000
Total .. Rs.		738,67,17,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		30,61,68,000
Balances with other Banks		4,76,70,000
Money at Call and Short Notice		2,93,33,000
Investments :—		
Government and other Trustee Securities	200,13,19,000	
Other Authorised Investments	9,44,30,000	
		209,57,49,000
Advances :—		
Loans, Cash Credits, Overdrafts, etc.	319,05,02,000	
Bills Discounted and Purchased	20,45,00,000	
		339,50,02,000
Bills Receivable being Bills for Collection as per contra		8,15,58,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		21,05,82,000
Premises less Depreciation		2,55,41,000
Furniture and Fixtures less Depreciation		1,30,18,000
Other Assets (including Inter-Office Adjustments)		27,80,76,000
Total .. Rs.		738,67,17,000

EXCHANGE RATES

	26th August 1964	19th August 1964
London on New York, per Dollar	2.7851–2.7853	2.7856–2.7859
London on Berne .. Sw. Fcs.	12.0330–12.0350	12.0340–12.0360
London on Paris .. Fr. Fcs.	13.6480–13.6500	13.6500–13.6520
New York on London Cents per £	278.520–278.550	278.590–278.620
Pound Sterling—		
Sellers T.T. D.D. Spot .. £.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. £.	1-5 15/16	1-5 15/16
Buyers T.T. .. £.	1-6 1/32	1-6 1/32
Buyers D.D. .. £.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D.. Rs. to $100	480.75	480.50
Buyers T.T. .. Rs. to $100	477.25	477.25
Canadian Dollar—		
Sellers T.T. D.D.. Rs. to $100	448.25	448.00
Buyers T.T. ..	440.00	440.00
French Francs—		
Sellers T.T. D.D.. per Rs. 100	101.80	101.90
Buyers T.T	102.90	102.90
Swiss Francs—		
Sellers T.T. D.D... ,,	89.80	89.80
Buyers T.T. .. ,,	90.70	90.70
Deutsche Marks—		
Sellers T.T. D.D... ,,	82.60	82.60
Buyers T.T. .. ,,	83.50	83.50
Italian Lire—		
Sellers T.T. D.D... ,,	12,065	12,065
Buyers T.T. .. ,,	13,135	13,140
Swedish Kroner—		
Sellers T.T. D.D... ,,	106.70	106.80
Buyers T.T. .. ,,	107.80	107.90
Belgian Francs—		
Sellers T.T. D.D... ,,	1,031	1,032
Buyers T.T. .. ,,	1,048	1,048
Dutch Guilders—		
Sellers T.T. D.D... ,,	75.10	75.10
Buyers T.T. .. ,,	75.90	75.90
Hongkong Dollars—		
Sellers T.T. D.D... ,,	119.60	119.60
Buyers T.T. .. ,,	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D... ,,	148.90	149.00
Buyers T.T. .. ,,	150.30	150.40
Danish Kroner—		
Sellers T.T. D.D... ,,	144.10	144.10
Buyers T.T. .. ,,	144.70	146.50

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	14-8-64	7-8-64	16-8-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	68,46	66,63	52,03
(ii) From others	1,108,99	1,104,46	957,90
(b) Borrowings from banks	33,02	34,12	27,51
(c) Others	77,10	78,81	69,28
2. Time liabilities—			
(a Time deposits—			
(i) From banks	38,83	40,61	34,01
(ii) From others	1,339,48	1,335,04	1,224,25
(b) Borrowings from banks	15,47	16,04	16,79
(c) Others	12,69	12,37	10,72
3. Aggregate deposits [(1) (a) (ii)+2 (a) (ii)]	2,448,48	2,439,50	2,182,15
4. Borrowings from Reserve Bank : (a) Against usance bills and/or promissory notes	2,57	4,03	32
(b) Others	60	2,10	—
Borrowings from State Bank and/or a notified Bank	1,77	1,93	32
6. Cash	24,56	23,63	21,04
7. Balances with Reserve Bank	65,11	64,72	59,30
8. Cash and balances with Reserve Bank	105,52	95,56	84,28
9. 2 as per cent of 3	170,63	160,28	143,58
10. Balance with other banks in current account	6,97	6,57	6,58
11. Money at call and short notice	24,47	22,53	20,60
12. Investments in Government securities	63,73	66,68	52,49
13. 12 as per cent of 2	754 88	764,21	730,49
14. Advances—	30 83	31 33	33 48
(a) Loans cash credits and overdrafts	1,501,33	1,498,11	1,266,23
(b) Due from banks	8,51	8,25	10,24
15. Inland bills purchased and discounted	167,47	169,85	163,74
16. Foreign bills purchased and discounted	68,52	68,05	48,00
17. Total Bank Credit [14(a)+15+16]	1,737 31	1,726,91	1,477,97
18. 17 as per cent. of 3	70.95	71.20	67.73

INDEX NUMBERS OF SECURITY PRICES

(1952-53—100)

Group and Sub-Group	Week ended			
	15th Aug. 1964†	8th Aug. 1964	18th July 1964	17th Aug. 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.8	99.9	99.9	99.1
2. Government of India	99.0	99.0	99.6	98.8
3. State Governments	101.2	102.2	102.1	101.6
4. Municipal, Port Trust, etc.,	98.9	98.9	98.3	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.2	98.2	98.2	97.5
PREFERENCE SHARES—ALL INDIA.				
6 Total	81.8	81.6	80.9	81.9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	165.0	164.5	164.5	160.4
8. Agriculture and Allied Activities : Total*	140.3	140.5	142 6	142.7
9. Tea Plantations	127 5	128 0	129 9	132.8
10. Coffee Plantations	161.7	160.7	164 2	147.1
11. Rubber Plantations	182.1	182.0	184.2	165 9
12. Mining and Quarrying: Total*	134 2	134.0	135 5	141 8
13. Coal	94.0	94.0	94 6	106 6
14. Other Mining	94.1	94.1	163.6	166.0
15. Processing and Manufacturing : Total	161.7	161.4	177.3	171 5
16. Processing and Mfg. (Food-stuffs, Textiles, etc.): Total*	178.0	177.3	176.4	173 4
17. Sugar	176.0	175.4	125 8	122 1
18. Cotton Textiles	126 3	126.7	159 9	160 9
19. Jute Textiles	159.9	159 7	116.7	94 8
20. Silk and Woollen	85.6	84.4	850.9	811.4
21. Processing and Mfg. (Metals, Chemicals, etc.): Total*	368.6	365.3	195.1	180 6
22. Iron and Steel	197.0	195.7	165.6	165.4
23. Transport Equipment	165.9	165.5	314.2	312 3
24. Electrical Machinery	313.8	311.1	156.2	149 4
25. Machinery other than Transport and Electrical	166.1	165.0	221.8	212.4
26 Basic Industrial Chemicals	222 2	221.8	184.9	173.6
27 Processing and Mfg. (Others) : Total*	184.7	186.2	149.1	152 1
28. Cement	149.1	149.1	143 8	141.5
29. Miscellaneous : Total*	139.6	139.0	193.5	184.6
30. Electricity Generation and Supply	191.3	190.3	109 5	106 1
31. Trading	110.6	110.3	89 9	86.7
32. Shipping and Other Transport	92.7	92.1	110.0	108 6
33. Construction	99 0	97.4	95 1	87.4
34. Financial : Total	295.3	295.5	295 6	261.6
35. Banks	189 2	189.3	187 5	185.4
36. Insurance	212.4	212.3	209.2	204 2
37. Investment Trusts	150.1	151.2	163 4	159 5
38. Miscellaneous	78 2	78.1	77.6	83 2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	176.1	175.4	175 2	166.5
40. Calcutta	150.4	150.4	150.0	149.7
41. Madras	170.4	170 5	170.5	170.7
42. Delhi	225.1	223.5	225.5	208.7

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

P—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	1st Aug., 1964	25th July 1964	3rd Aug., 1963	June 1964	June 1963	Percentage of Increase (+) or Decrease (—) in June 1964 as compared with June 1963	Financial Year Averages	
								1963-64	1962-63
Food Articles	504	164 7	161.9R	139.1	153.5	134.8	+13.9	136.8	136.1
Cereals	192	143 4	140.7R	115.0	132.5	114.8	+15.4	116.2	105.1
Pulses	43	155 3	161.3	115.2	141.8	105.5	+34.4	116.8	105.6
Fruits and Vegetables	23	194 4	192.6R	146.1	179.1	139 3	+28.6	115.4	105.2
Milk and Ghee	84	148.3	148 3	135.0	142.8	130.9	+ 9.1	140.6	135.6
Edible Oils	47	206.9	204 1	153 3	185.7	161.5	+23.1	128.2	124.4R
Fish, Eggs and Meat	17	175.5	176.4	149 2	185.7	147.1	+ 9.8	151.1	152.5
Sugar and Gur	48	206.2	196.7	153 3	161.5	150.3	+ 7.3	149.8	149.6R
Others	50	186 0	182.5	199.6	194.7	187.6	+ 3.8	133.2	128.8
Liquor and Tobacco	21	124.2	124.2	188.9	194.7	178.2	+ 9.3	164.1	161.4
Fuel, Power, Light and Lubricants	110	121 6	121 6	116.7	119.2	119.2	— 0.4	138.8	145.0
Industrial Raw Materials	166	163 1	162 7	139 0	139.7	116.3	+ 2.0	119.3	121.3
Fibres	61	138 4	140 9	139 0	141 8	116.3	+ 2.1	119.8	106.9R
Oilseeds	60	207.0	185 8	129.8	153.8	139 9	+ 1.4	116.8	97.4R
Minerals	2	103.7*	204.5	153.7	134.0	138.7	+10.9	139.5R	124.4R
Others	32	131 5*	103.7*	188 3	183.6	183.6	+ 0.3	133.2	128.8
Manufacture	280	134 6	130.1*	125.1*	103.7	152.6	+23.4	154.1	161.4
Intermediate Products	41	150.0	133.9R	130.9	130 2	125.2	+11.0	130.5	146.7
Finished Products	246	131.8	131.5R	139 0	146.7	130.5	+ 4.0	127.3	135.8
Textiles	147	128.4	127.9R	128 5	147.2	131 0	+ 2.1	131.1	196.8R
Cotton	..	185.7*	135.7*R	127.5	127.5	129.1	+ 5.5	119.8	139.5
Jute	..	102.6	100.1	130.1*	135.5	127.2	+ 1.5	129.7	127.7
Woollen	..	140 2*	169.2*	156.6*	98 3	135.3	+ 0.2	127.7	126.1
Silk and Rayon	..	137.3*	138.2*	136.7	160.7	101.3	+ 0.1	136.6	130.7
Metal Products	12	169.0	169.0	139.4	163 7	142.7	— 3 0	140.2	140.9
Chemicals	29	118.8*	118.8*	168.6	146.9	+18.9	155.8	140.4	
Oil Cakes	9	193.4*	193 2*R	117.3*	119.0	161.5	+ 1 8	139.8	151.8
Machinery and Transport Equipment	31	126.8	126.9	166.3	117.3	117.3	+ 4.4	110.6	110.6
Others	30	127.8	127.8	123.9	126.9	166 5	+ 1.4	127.9	115.5
				123.4	127.4	128.2	+12.6	106.7	100.9
						128.1	+ 3 0	124.3	117 9R
							— 0.5	128.3	126.5

Sources : Ministry of Food and Agriculture. § Excluding Tur.

* Ex-bonus of cotton lint and its financial bearing. † 100 Kgs. each.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1964					
2nd June	2.00	2.00	2.00	3.000	99.250
3rd to 4th June*	1.29	—	1.29	—	99.266
9th June	2.00	2.44	2.00	3.000	99.250
10th to 13th June*	2.20	—	2.20	—	99.266
16th June	2.00	2.34	2.00	3.000	99.250
17th to 20th June*	13.32	—	13.32	—	99.266
23rd June	2.00	2.27	2.00	2.995	99.255
24th to 27th June*	7.60	—	7.60	—	99.266
29th June	2.00	2.89	2.00	2.991	99.256
1st to 4th July*	6.70	—	6.70	—	99.266
7th July	2.00	1.50	2.00	2.500	99.375
21st July	2.00	2.75	2.00	2.495	99.376
22nd to 25th July*	10.95	—	10.06	—	99.416
28th July	10.95	—	10.06	—	99.416
29th July to 1st Aug.*	2.00	4.05	2.00	2.370	99.410
4th August*	5.28	—	5.28	—	99.416
5th to 8th August*	2.00	4.25	2.00	2.233	99.445
11th August	1.53	—	1.53	—	99.416
12 to 14 August*	2.00	2.53	2.00	2.500	99.400
18th August	8.56	—	8.56	—	99.416
19th to 22nd August*	12.00	4.00	2.00	2.500	99.400
	12.70	—	12.70	—	99.416
Total amount outstanding	92.44	—	92.44	—	—

* 3rd remedial Treasury Bills sold.

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1960	1,504,000	1,565,000	1,287,000
Do. 31st March, 1961	1,586,000	1,686,000	1,363,000
Do. 31st March, 1962	1,647,800	1,645,400	1,317,700
Do. 31st March, 1963	1,705,800	1,759,300	1,417,700
Do. 31st March, 1964	1,817,200	1,891,700	1,506,400
May 1963	168,400	164,800	122,000
June ,,	150,000	153,600	126,800
July ,,	159,700	158,700	127,100
January 1964	164,400	171,300	133,100
February ,,	118,600	139,000	109,100
March ,,	131,600	152,000	128,400
April ,,	128,300	142,800	115,000
May ,,	130,000	149,600	122,000
June ,,	152,700	158,400	120,700
July ,,	162,500	161,800	130,000
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1950	1,070,470	840,305	672,707
Do. 31st March, 1951	1,160,576	914,159	752,684
Do. 31st March, 1952	1,187,397	951,498	795,976
Do. 31st March, 1963	1,291,325	1,092,028	795,119
31st March, 1964	1,237,000	1,027,000	810,000
May 1963	116,102	91,203	65,015
June ,,	112,024	83,113	61,042
July ,,	113,510	85,553	74,121
January 1964	100,240	87,771	63,185
February ,,	103,411	80,243	66,435
March ,,	113,069	89,706	78,024
April ,,	111,269	82,319	62,656
May ,,	108,073	81,994	61,337
June ,,	99,003	79,845	52,274
July ,,	74,440	67,295	63,222

* Including Bombay.

INDIAN JUTE GOODS STATISTICS

(In thousand metric tons)

	June		Jan. to June	
	1964	1963	1964	1963
Production—Total	107.0	100.3	625.7	612.6
Of which :				
Hessian	44.3	41.5	264.4	259.2
Sackings	41.2	40.0	241.2	252.8
Carpet backing	7.0	7.4	46.4	38.4
Others	13.6	11.4	73.7	62.2
Despatches—Total	104.8	99.0	607.2	595.9
Of which :				
For exports	80.3	75.3	432.0	421.4
Hessian	42.9	39.1	232.2	226.4
Sacking	19.2	19.5	116.7	118.8
Carpet backing	7.7	6.5	41.4	35.3
Others	10.5	10.2	42.8	40.9
For internal consumption	24.5	23.7	174.3	174.5
Hessian	3.3	2.7	27.1	25.5
Sacking	17.8	18.4	125.8	131.2
Others	3.4	2.6	21.4	17.8
Closing stocks—Total	126.1	96.2	126.1	96.2
Of which—				
Hessian	45.1	32.4	45.1	32.4
Sacking	45.1	47.2	45.1	47.2
Carpet backing	21.4	6.4	21.4	6.4
Others	14.5	10.2	14.5	10.2

AGRICULTURAL PRODUCTION

Crop	Forecast	(Area in thousand Hectares) 1962-63	1961-62	(Production in thousand metric tons) 1962-63	1961-62
Cereals—					
Rice	final	35,474†	34,934†	36,481†	31,914†
Wheat	final	13,458	13,520	11,132	12,039
Jowar	final	18,174†	18,021†	9,227†	9,621†
Bajra	final	10,810†	10,800†	3,736†	3,892†
Barley	final	3,034	3,315	2,474	3,152
Maize	final	4,546†	4,607†	4,527†	4,578†
Ragi	final	2,364†	2,316†	1,852†	1,891†
Small millets	final	4,683	4,768	1,841	1,970
Total cereals	final	91,332	91,574	67,100	69,405
Pulses—					
Gram	final	9,194	9,544	5,727	5,827
Tur	final	2,363	2,351	1,539	1,339
Other Kharif pulsess	final	6,317	6,304	1,737	1,637
Rabi pulsest†	final	5,371	5,486	2,647	2,828
Total pulses	final	23,245	23,685	11,650	11,031
Total foodgrains	final	114,577	115,259	78,750	81,036
Oilseeds—					
Groundnut	final	6,804†	6,864†	5,291†	4,821†
Castorseed	final	449†	438†	101†	101†
Sesamum	final	2,424	2,245	453	379
Rape and Mustard	final	3,128	3,140	1,300	1,337
Linseed	final	1,883	1,964	427	456
Total oilseeds	final	14,519	14,214	6,876	6,958
Fibres—					
Cotton*	final	7,973	7,719	5,247	4,457
Jute A.	final	362†	351†	5,957†	5,449†
Mesta A.	final	388†	379†	1,819†	1,697†
Sannhemp (a)	final	316	333	78	78
Other crops—					
Potato	final	415	370	3,131	2,550
Sugarcane%	final	2,291	2,423	9,371	10,144
Ginger (Dry)	final	18	18	17	17
Pepper (Black)	final	102†	102†	24†	26†
Chillies (Dry)	final	623	614	389	376
Tobacco	final	430	421	367	349

Sources : Ministry of Food and Agriculture. § Excluding Tur.

* In terms of cotton lint and its financial bearing. † 100 Kgs. each.

INDUSTRIAL PRODUCTION

Industries	1960	1961	1962	1963	Jan., 1964	Feb., 1964	March, 1964	April, 1964
Major Industries—								
Coal .. .. million metric tons	52 62	56.10	61.55	66.91	5.48	5.31	5.62	..
Steel Ingots—crude .. .. thousand metric tons	3,242	4,027	5,090	5,966	501	488	..	..
Yarn .. .. .. million kgs.	788	862	860	893	81	73	82	..
Cloth .. .. .. million metres	4,616	4,694	4,580	4,423	392	349	400	..
Cement .. .. .. thousand metric tons	7,825	8,245	8,587	9,355	790	807	864	807
Jute .. .. .. thousand metric tons	1,085	971	1,181	1,225	411	325	..	..
Paper and paper boards .. .. thousand quintals	3,475	3,641	3,876	4,626	102	99	113	104
Matches* .. .. .. million boxes	4,826.0	5,624.4	4,095.6	4,128.0	343.0	303.3	..	..
Sugar .. .. .. thousand metric tons	2,591	2,841	2,786	2,516	611	516	386	315
Engineering and Electrical Industries—								
Machine tools .. .. Value in lakhs of Rs.	669	852	1,182	1,800	192	..	..	..
Electric lamps .. .. millions	41.20	46.90	58.55	70.56	6.24	5.31	6.34	..
Dry cells .. .. millions	207.4	213.6	240.0	279.0	18.8	22.0	..	..
Power transformers .. .. thousand K.V.A.	1,116	1,754	2,257	2,638	317	223	..	..
Electric Motors .. .. .. thousand H.P.	680	827	982	1,185	90.0	93.1	..	..
Electric fans .. .. Nos.	691,086	1,074,999	1,134,000	1,142,469	78,500	61,067	..	..
Radio receivers .. .. .. Nos.	266,700	326,346	348,000	418,800	27,600	32,200	..	..
Storage batteries .. .. .. Nos.	510,000	520,800	564,000	636,000	63,700	53,100	..	..
Diesel engines—Vehicular .. .. Nos.	6,703	9,316	7,829	8,332	850	823	792	..
Diesel engines—Stationary .. .. Nos.	44,198	44,196	42,492	55,142	5,142	4,972	..	..
Chemical Industries—								
Salt .. .. .. million metric tons	6.13	3.48	3.86	4.54	0.13	0.33	0.57	..
Caustic soda .. .. .. metric tons	93,115	119,344	129,420	152,794	15,303	14,151	15,353	..
Soda ash .. .. metric tons	145,284	176,639	222,660	263,964	23,578	22,843	22,788	..
Chlorine liquid .. .. .. metric tons	31,656	33,912	36,972	44,232	4,416	3,548	3,948	..
Bleaching powder .. .. .. metric tons	5,923	7,196	6,828	6,872	652	563	633	..
Bichromates .. .. .. metric tons	5,472	6,732	7,045	6,923	634	647	745	..
Sulphuric acid .. .. .. metric tons	359,160	413,520	468,300	537,936	52,655	50,424	..	..
Superphosphate .. .. .. metric tons	322,464	370,836	445,224	532,024	50,264	49,329	34,631	..
Non-ferrous Metals—								
Aluminium .. .. .. metric tons	18,467	18,381	35,101	53,886	4,671	4,452	..	..
Antimony .. .. .. metric tons	509	618	651	909	70	76	73	..
Copper (Virgin metal) .. .. metric tons	8,490	8,725	9,731	9,582	920	900	..	..
Lead (virgin metal) .. .. metric tons	3,778	3,664	2,879	3,537	395	261	..	..
Gold .. .. kilograms	4,592	4,872	5,076	4,295	361	.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Two months ended May		April to March* (Twelve months)	
	1964	1963	1963-64	1962-63
Exports	132,75	122,77	762,80§	678,15
Re-exports	43	74	3,96	7,34
Total Exports	133 18	123,51	766,85	685,49
Imports	190,47	214,93	1,143,00†	1,131,48
Overall Balance of Trade	—57,29	—91,42	—376,75	—445,99
Exports—Items:				
Tea	5,68	8,05	123,19	128,82
Coffee	4,06	1,98	8,30	7,61
Sugar	9,54	10,07	26,87	17,93
Jute yarns and manufactures	27,42	29,92	157,43	156,17
Cotton yarns and manufactures	11,34	8,36	56,28	52,13
Cotton, raw and waste	2,37	3,21	16,84	17,04
Petroleum products	1,50	1,16	5,47	3,68
Vegetable oils	1,87	4,09	19,75	13,10
Fruits and vegetables	5,56	4,91	23,69	26,06
Tobacco—Raw	8,08	6,02	21,01	17,99
Mica	94	1,57	9,20	10,36
Wool and other animal hair	1,68	43	7,43	6,60
Gums, resins and lac	1,45	1,39	8,03	7,28
Spices	2,76	2,13	15,82	13,78
Leather & leather manufactures	5 01	4,34	26,38	22,62
Hides and skins, raw	1,56	2,04	10,11	10,89
Cashew kernels	4,26	3,54	21,41	19,36
Pepper (black)	1,30	95	5,89	6,57
Manganese ore	1,94	94	8,26	7,38
Iron and steel scrap	1,51	59	4,91	1,95
Iron ore and concentrates	6,83	5,53	36,38	19,33
Sewing machines	2	3	24	44
Electric fans	14	11	52	90
Groundnut oil	80	2407	13,45	7,33
Castor oil	61	1,24	4,80	4,29
Defatted groundnut meal	5,48	4,59	30,47	26,52
Country-wise Exports—				
Australia	2,90	3,18	17,59	18,54
Burma	71	65	6,31	5,01
Canada	2,26	3,80	21,17	22,19
Ceylon	2,33	2,42	19,15	13,56
Czechoslovakia	2,83	2,72	16,16	11,14
France	2,29	1,86	8,36	8,50
East Germany	2,65	1,52	10,08	8,48
West Germany	3,62	3,18	18,60	15,17
Italy	1,08	1,93	11,16	9,48
Indonesia	48	20	2,41	4,05
Japan	13,18	10,39	58,65	33,37
Kuwait	69	87	4,07	3,01
Federation of Malaya	86	2,06	12,75	6,65
New Zealand	1,12	1,38	7,26	6,25
Netherlands	1,54	1,50	10,40	8,88
Nigeria	48	48	3,78	6,15
Pakistan	1,47	1,30	7,17	9,38
Singapore	1 68	2,04	71,30	9,37
Sudan	60	79	7,84	8,06
U.A.R.	1,53	1,56	12,57	13,01
United Kingdom	22,45	19,93	160,71	162,24
U.S.A.	24,53	24,26	128,39	113,81
U.S.S.R.	14,20	7,12	52,10	37,99
Imports—Items†				
Machinery	68,49	64,50	360,81	315,33
Iron and Steel	17,87	14,49	89,64	89,01
Copper	5,81	5,02	26,66	25,28
Aluminium	1,36	1,55	7,37	10,53
Zinc	1 24	1,43	9,86	9,02
Tin	1,43	83	6,40	5 11
Lead	73	52	3,75	2,69
Nickel	23	17	1,78	1,49
Chemicals drugs and medicines	15,29	17,55	88,40	100,52
Electrical goods and apparatus	16,63	15,64	83,48	64,78
Vehicles (excluding aircraft, ships and boats	6,70	11,14	45,38	54,61
Aircraft	1,64	3,52	11,70	15,66
Ships and boats	49	41	3,08	1,78
Cotton, raw and waste	7 74	7,08	45,06	56,92
Fruits and vegetables	5,67	3,75	18,59	18,95
Paper, pasteboard, etc.	1,99	2,29	11,86	13,64
Dyes and colours	1,69	1,92	11,16	12,15
Spices	9	23	70	1,77
Mica	3,42	10,68	20,40	27,01
Wheat and spelt	7,36	19,50	102,86	113,09
Country-wise Imports—				
Australia	2,37	3,41	17,22	24,28
Burma	3,20	4,45	8,99	9,09
Canada	2,75	5,45	24,16	16,87
Ceylon	88	61	6,01	8,18
Czechoslovakia	3,72	3,06	14,34	19,71
France	2,44	1,79	13,86	14,20
East Germany	1,37	1,54	9,74	4,82
West Germany	18,26	15,72	88,07	98,06
Italy	3,19	3,27	16,18	22,21
Japan	11,71	12,25	68,63	64,86
Iran	6,47	4,14	47,99	45,88
Federation of Malaya	1,70	2,31	12,09	10,71
New Zealand	18	68	1,22	1,83
Netherlands	2,26	2,85	10,44	13,82
Norway	28	24	1,00	1,78
Pakistan	87	1,38	9,34	10,65
Singapore	84	81	5,31	8,11
Sudan	1,68	71	8 62	17,11
Sweden	1,75	2,46	11,37	8,55
Switzerland	1,79	2,64	12,07	10,42
U.A.R.	2,87	2,46	15,26	9,77
United Kingdom	29,33	31,18	163,99	185,56
U.S.A.	53,58	74,61	390,24	346,84
U.S.S.R.	10,19	10,13	68,99	58,64

* Revised figures.

† Including electric goods.

‡ Excludes imports by land from Nepal valued at Rs. 5.39 crores for the whole of 1963-64.

§ Excludes overland exports to Nepal valued at Rs. 11.57 crores for the whole of 1963-64 and postal exports of pearls, precious stones etc. valued at Rs. 15.69 crores for the whole of 1963-64.

CUSTOMS AND EXCISE REVENUE OF INDIA

(In crores of rupees)

	1963-64	1962-63	1961-62
Customs Revenue:			
Sea Customs:			
Import duties	321.93	231.04	193.21
Of which:			
—Revenue	297.15	210.46	171.77
Protective	24.78	20.58	21.43
Export duties	8.39	9.56	12.67
Miscellaneous	2.84	2.83	2.60
Land Customs	0.96	0.23	0.95
Air Customs	8.89	3.64	3.88
Gross customs and duties	332.48*	247.36	212.71
Less—Refunds and drawbacks	11.56	1.36	5.60
Net customs and duties	320.92	246.00	207.11
Union Excise duties (gross)	720.26†	597.18	490.82
Less—Refunds	5.80	4.58	8.02
Net Union excise duties	714.46	592.60	487.80
Grand total of customs and duties:			
Gross	1,052.74	844.54	703.52
Net	1,035.38	838.60	694.91

* Includes Rs. 12.94 lakhs, being the amount of customs duties collected in the Customs Zone of Pondicherry and Karikal.

† Includes Rs. 60.84 lakhs being the amount of excise duty collected in the State of Pondicherry.

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Cotton Receipts (Total Indian)	Week ended 20th Aug., 1964	4,387(J)
	Corresponding week, 1963	13,090(J)
	1st Sept. to 20th Aug., 1963-64	1,527,285*
	Corresponding period, 1962-63	1,781,120*
Exports by Rail	From 1st Sept. to 20th Aug., 1963-64	42,827
Exports by Road (Estimated)	Do. Do.	75,000
Exports by Sea	Do. Do.	..
Mill Consumption (Estimated)	1st Sept. to 20th Aug., 1963-64	1,343,074
	Corresponding period, 1962-63	1,272,934
Stock (with exporters, dealers and mills) in Bombay (Estimated)	On 20th Aug., 1964	439,454
	Corresponding date, 1963	446,762
Consumption of Cotton—		
Indian	April, 1964	470,316
Foreign		50,319
Indian	Eight months ended April 1964	3,667,063
Foreign		414,637
Indian	Same period, 1963	3,072,047
Foreign		667,747
Stocks (Mills and Elsewhere)—		(Bales of 392 lbs.)
Indian	As on 30th April, 1964	1,943,999
Foreign		267,062
Indian	As on 30th April 1963	1,709,598
Foreign		185,347

Indian Mills cotton consumption from 1st Sept. to 30th April (In Bales of 180 Kilograms)	1963-64	1962-63
Indian	3,667,063	3,072,047
Pakistan	5,452	102,695
American (including Peruvians)	190,567	288,809
Egyptian	102,622	76,202
Sudan	84,307	157,977
East African	27,566	52,122
Others	4,123	9,852
Total	4,082,600	3,759,794

Exports by Sea to Foreign Countries (a) (In bales of 180 kilograms)	Week ended 20th Aug.,		From 1st September to 20th Aug.,	
	1964	1963	1963-64	1962-63
U. K.	—	—	5,093	4,137
Continent	111	306	27,024	25,955
Hong Kong	50	233	4,597	7,922
Japan	1,105	9,689	162,494	219,104
U.S.A.	500	100	18,404	13,591
Other countries	—	100	2,172	1,267
Total—all foreign countries	1,766	10,428	219,784	271,976
Cotton Pressed in India† (In running bales)	Week ended 7th Aug., 1964		6,023	
	Corresponding week, 1963		8,923	
	1st Sept. to 7th Aug., 1963-64		4,246,554	
	Corresponding period, 1962-63		4,310,619	
Karachi (Pakistan) Receipts	1st Sept. to 6th Aug., 1963-64		1,523,187	
	Corresponding period, 1962-63		1,396,598	
Exports	1st Sept. to 6th Aug., 1963-64		1,219,157	
	Corresponding period, 1962-63		1,098,064	

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. A—Adjusted. —Not received. (a) Includes Zoda cotton and yellow pickings.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Fg. Loan	1943	110,11,78,000	1966-68	98.40
3 % Dev. Loan	1945	115,05,82,000	1970-75	90.10
2½ % Loan	1946	14,77,48,000	1976	83.00
3½ % N.P. Bonds (2nd Series)	1955	153,67,02,000	1965	100.00
3½ % N. P. Bonds	1956	187,40,92,000	1967	99.75
3½ % Loan	1956	86,63,53,000	1974	96.75
3½ % N. P. Bonds (4th Series)	1957	56,99,30,000	1967	100.05
4 % Loan	1957	154,70,22,000	1972	98.80
3½ % Loan	1958	70,00,00,000	1968	99.00
3½ % Loan N.P.B.	1958	156,64,22,000	1968	99.00
4 % Loan	1958	94,51,44,000	1973	98.80
3½ % Loan	1959	190,85,42,000	1969	98.00
4 % Loan	1959	81,06,39,000	1979	98.00
3½ % Bonds	1960	92,85,41,000	1966	100.00
4½ % Loan	1961	65,96,65,000	1981	98.25
6½ % Gold Bonds	1962	114,03,37,000	1985	100.10
4½ % Loan N.D.B.	1962	53,60,15,000	1977	118.05
4 % Loan	1963	84,12,53,000	1969	100.10
4½ % Loan	1963	148,06,32,000	1973	99.25
4½ % Loan	1963	108,86,71,000	1973	100.10
4½ % Loan	1964	71,78,00,000	1970	99.00
4½ % Loan	1964	69,74,00,000	1989	100.00

LOANS TERMINABLE AT OPTION OF GOVT.

3 % Loan	1886-97	8,03,33,000	'M'	63.50
3 % Loan	1046	248,91,03,000	'K'	63.20

STATE LOANS

4 % Andhra	1955	5,00,16,000	1st Sept. 1967	99.40
4 % Andhra	1956	6,66,15,000	3rd Sept. 1968	99.00
4 % Andhra	1958	5,48,92,000	15th July 1970	99.00
4 % Andhra	1958	6,67,75,000	19th Aug. 1971	98.60
4 % Andhra	1960	9,85,35,000	29th Aug. 1969	98.40
4½ % Andhra	1961	11,01,81,000	1 Sept. 1972	98.25
4 % Andhra	1962	10,99,10,000	Aug. 1974	98.50
4 % Maharastra	1955	9,41,35,000	1st Sept. 1967	99.65
4 % Maharastra	1956	7,70,11,000	3rd Sept. 1970	98.50
4 % Maharastra	1957	6,47,37,000	16th Sept. 1968	99.50
4 % Maharastra	1958	6,48,62,000	15th July 1970	99.50
4 % Maharastra	1958	4,31,45,000	15th July 1971	99.25
4 % Maharastra	1959	6,58,14,000	19th Aug. 1971	98.10
4 % Maharastra.	1960	10,98,87,000	29th Aug. 1969	98.40
4½ % Maharastra	1961	10,77,36,000	1 Sept. 1972	98.70
4½ % Maharastra	1962	13,64,97,000	Aug. 1974	98.75
4 % Bihar	1953	1,54,02,960	1st Sept. 1967	99.80
4 % Bihar	1958	2,18,41,000	3rd Sept. 1968	99.20
4½ % Bihar	1958	2,76,71,000	15th Oct. 1970	99.20
4 % Bihar	1959	3,33,22,000	19th Aug. 1971	98.00
4 % Bihar	1960	5,22,48,000	29th Aug. 1969	97.75
4½ % Bihar	1961	3,28,40,000	Sept. 1972	98.50
4 % Gujarat	1961	4,31,75,000	Aug. 1972	97.50
4½ % Gujarat	1960	8,82,74,000	29th Aug. 1969	99.00
4½ % Gujarat	1961	5,97,47,000	Sept. 1972	98.50
4½ % Gujarat	1962	6,54,73,000	Aug. 1974	98.55
3½ % Howrah Bridge (New)	1936-37	1,95,06,700	1956-66	99.60
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	94.80
4½ % Hyderabad	1956	2,22,05,000	1st Sept. 1967	99.50
4 % Madras	1955	16,47,17,000	1st Sept. 1967	99.50
4 % Madras	1956	13,88,56,000	3rd Sept. 1968	99.50
4½ % Madras	1958	5,55,57,000	15th July 1970	99.00
4 % Madras	1959	8,72,76,000	19th Aug. 1971	98.10
4½ % Madras	1960	12,26,72,000	29th Aug. 1969	98.50
4½ % Madras	1961	10,44,00,000	Sept. 1972	98.25
4½ % Madras	1962	11,24,90,000	Aug. 1974	99.50
4 % Mysore	1955	3,54,94,000	1st Sept. 1967	99.50
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	99.50
4 % Mysore	1957	3,34,36,000	16th Sept. 1968	98.25
4 % Mysore	1958	5,51,62,800	15th July 1970	99.00
4½ % Mysore	1958	5,43,46,000	19th Aug. 1971	98.20
4½ % Mysore	1960	4,87,73,000	29th Aug. 1969	98.70
4½ % Mysore	1961	3,54,19,000	Sept. 1972	98.25
4½ % Mysore	1962	6,59,08,000	Aug. 1974	98.50
4 % M.P.	1956	2,08,29,000	15th Sept. 1964	99.50
4 % M.P.	1956	1,83,12,000	3rd Sept. 1968	99.20
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98.50
4 % M.P.	1958	2,21,55,000	15th July 1970	98.60
4 % M.P.	1959	5,28,25,000	19th Aug. 1971	98.50
4 % M.P.	1960	5,51,50,000	29th Aug. 1969	97.75
4 % M.P.	1961	5,04,45,000	Sept. 1972	98.50
4½ % M.P.	1962	5,04,29,000	Aug. 1974	98.50
4 % Saurashtra	1955	3,45,39,000	1st Sept. 1967	99.40
4 % Saurashtra	1956	2,62,56,000	3rd Sept. 1968	98.75
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98.50
4 % Kerala	1958	2,57,45,000	15th July 1970	98.60
4 % Kerala	1959	4,47,08,000	19th Aug. 1971	98.00
4 % Kerala	1960	4,59,41,000	29th Aug. 1969	98.00
4½ % Kerala	1961	4,26,50,000	Sept. 1972	98.75
4½ % Kerala	1962	4,21,15,000	Aug. 1974	97.50
3½ % U.P.Z.A.	1953	42,60,19,000	..	97.50
3 % U.P.	1936	1,41,30,000	15th Sept. 1961-66	42.50
4 % U.P.	1955	8,94,65,000	1st Sept. 1967	94.00
4 % U.P.	1956	8,19,58,000	3rd Sept. 1968	98.25
				99.05

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				Rs.
36,50,000	4	1904	1964	
35,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1969	96.00
40,00,000	4	1909	1970	
66,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
80,00,000	4	1913	1974	91.00
88,25,000	4	1914	1975	91.00
55,00,000	4	1915*	1975	
24,58,000	3½	1935*	1975	
15,00,000	3½	1936*	1966	D
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.†				Rs.
90,24,300	4	1914	1974	98.25
76,90,100	4	1915	1975	98.25
1,50,00,000	4	1921	1981	82.00
68,02,300	6††	1921	1981	144.00N
80,00,000	4½	1931	1991	93.00
80,00,000	3½	1935	1965	99.00
25,00,000	3	1938	1965-68	93.00
50,00,000	3	1945	2005	72.00
50,00,000	3	1945	1975	83.75
50,00,000	3	1946	1976	83.50
50,00,000	3	1946	1976*	79.75
50,00,000	2½	1947	1977	78.50
50,00,000	3	1948	1978	83.00
50,00,000	3	1950	1981	81.00
50,00,000	3	1951	1983	80.50
50,00,000	4	1953	1983	97.50
50,00,000	4	1955	1985	97.25
77,00,000	4	1956	1986	97.25
78,00,000	4	1956	1986	97.25
1,24,00,000‡	4	1957	1987	99.50
1,30,00,000	4½	1958	1988	99.00
1,00,00,000	4	1959	1989	99.00
50,00,000	4	1960	1989	99.00
1,00,00,000	4	1960	1970	98.50
1,50,00,000	4	1961	1971	98.75
50,00,000	4½	1962	1972	100.00
1,00,00,000	5	1963	1993	100.00

STERLING LOANS

£892,600	5	1928	1953-88	£71
£901,000	5	1924	1954-84	£72

MADRAS

Rs.				Rs.
24,91,669	3½	1947	1977	
8,69,857†	3	1947	1977	A
2,90,517†	3	1949	1978	
45,00,000‡	4½	1964	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
Rs.				
BOMBAY				
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	
20,00,000	4	1906	1966	97.67
30,00,000	4	1907	1967	N
30,00,000	4	1908	1968	
25,00,000	4	1912	1972	
18,00,000	4	1913	1973	
50,00,000	4	1914	1974	
25,00,000	4	1916	1976	97.50
6,00,000	6	1920	1935-80	N
25,00,000	5	1927	1961-70	98.00N
10,00,000	3½	1936	1966	
STERLING LOANS				
£566,600	4	1909	1969	£95.50
£333,000	4	1910	1970	£95.50N
CALCUTTA				
50,00,000	4	1935	1964	99.25
35,00,000	3½	1936	1966	96.00
30,00,000	3	1938	1968	92.50
20,00,000	3	1938	1965-68	93.00
1,02,00,000	4	1956	1968	98.50
75,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75

MUNICIPAL LOANS

Rs.				Rs.
BOMBAY				
8,25,00,000	3½	1947	1977	82.00
2,13,14,500	3½	1949	1979	82.00
4,00,00,000	3½	1950	1965	98.10
2,09,21,472	4	1952	1964	99.50
2,00,57,318	3½	1951	1966	98.00
92,19,000†	4	1952	1964	99.00
86,87,000†	4	1954	1966	99.00
2,50,00,000	4	1955	1967	98.00
1,57,50,000	4	1956	1968	98.80
2,09,10,500	4½	1957	1969	98.80
4,00,00,000	4	1958	1970	98.50
5,30,00,000	4	1959	1971	97.00
3,00,00,000	4½	1960	1972	98.50
2,50,00,000	4½	1961	1973	98.50
5,15,00,000	4½	1962	1974	99.75
CALCUTTA				
33,91,000	3½	1935	1965	95.00
60,00,000	3	1936	1966	92.00
47,50,000	3	1938	1968	92.00
21,10,000	3½	1942	1972	92.00
66,58,500	3½	1951	1966	98.00
72,50,000	4½	1958	1979	100.00
2,22,72,000	4	1955	1985	97.50
73,86,000	4½	1958	1968	101.50
1,67,32,000	4½	1958	1970	101.00N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½ % U.P.	1958	7,65,59,000	15th July 1970	99.15
4 % U.P.	1959	8,70,81,000	19th Aug. 1971	98.10
4 % U.P.	1960	7,79,21,000	29th Aug. 1969	98.70
4½ % U.P.	1961	6,58,99,000	Sept. 1972	98.50
4½ % U.P.	1962	9,84,05,000	Aug. 1974	98.50
4½ % Rajasthan	1956	3,14,19,000	3rd Sept. 1968	99.10
4½ % Rajasthan	1958	2,79,88,000	15th July 1970	98.50
4½ % Rajasthan	1959	3,84,19,000	19th Aug. 1971	97.50
4½ % Rajasthan	1960	5,09,25,000	29th Aug. 1969	98.25
4½ % Rajasthan	1961	4,49,48,000	Sept. 1972	98.50
4½ % Rajasthan	1962	4,94,45,000	Aug. 1974	98.50
4 % Orissa	1956	3,09,84,000	3rd Sept. 1968	98.50
4 % Orissa	1958	3,58,60,000	15th July 1970	98.60
4 % Orissa	1959	5,82,58,000	19th Aug. 1971	98.50
4 % Orissa	1960	4,40,68,000	29th Aug. 1969	98.00
4½ % Orissa	1961	5,88,74,000	Sept. 1972	98.50
4½ % Orissa	1962	7,66,10,000	Aug. 1974	98.50
4 % M. BharatT	1956	1,11,26,000	1st Sept. 1968	98.50
4 % W. Bengal	1955	2,00,00,000	1st Sept. 1967	99.40
4 % W. Bengal	1956	2,75,75,000	15th July 1964	99.50
4 % W. Bengal	1956	7,11,40,000	1st Sept. 1967	98.50
4 % W. Bengal	1958	5,10,60,000	3rd Sept. 1968	98.00
4 % W. Bengal	1958	7,59,59,000	15th July 1970	98.00
4 % W. Bengal	1960	7,05,32,000	19th Aug. 1971	98.00
4 % W. Bengal	1960	7,30,71,000	29th Aug. 1969	97.50
4½ % W. Bengal	1962	7,05,35,000	Sept. 1972	98.75
4 % Assam	1959	2,76,40,000	Aug. 1974	98.50
4 % Assam	1960	3,01,88,000	19th Aug. 1971	98.50
4 % Punjab	1961	3,18,38,000	29th Aug. 1969	97.50
4½ % Punjab	1962	3,84,88,000	Sept. 1972	98.50
4½ % Punjab	1921	3,84,88,000	Aug. 1974	98.50

ABBREVIATIONS. N—Nominal. (J) Income-tax free.
A—Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. † Bombay State Transport.
†† Rate of Interest reduced from 6 to 3 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 6½ to 4 per cent with effect from 1st April 1963.
—Interest free for first 12 years. t—Interest free for first 7 years. * Loans held entirely by the Trustees.
M—At the option of the Government after three months' notice. 2—Ex Twelve instalments but inclusive of accrued interest.
T—Liability taken over by Madhya Pradesh. ● Total amount invested in Gold Bonds up to 18th February 1963. D—Domestic Loan not marketable.
E—On September 1956 or later at the option of the Government after three months' notice.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. C.R.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : ' A ' shares and ' B ' shares—these are indicated by the same letters ' A ' and ' B ' under the columns ' Paid-up Ordinary Capital ' and ' Paid-up ' per share.

Accounts :— Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation Rs.	Paid-up Per Share Rs.	Dividend Per Ordinary Shares: 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.												
BOMBAY CITY AND ISLAND																
25,00,000	21,96,033	57,13,635	34,05,359	21,387	Maganlal Bhagwandas & Co. ..	45,180	..	Ambika Silk Mills Co., Ltd. ..	273.75	100	20.00	20.00	15.00*		12	Y.
55,79,480	17,16,185	1,48,55,248	50,50,009	—17,14,884	Raipurana Text. (Agencies) Pvt. Ltd.	58,468	902	Apollo Mills	1.84	2	*Nil*	*Nil*	*Nil*		12	Y.
1,50,00,000	4,24,31,018	13,87,13,614	7,68,55,693	48,236	Nowrosjee Wadia & Sons (Pvt.) Ltd.	1,96,976	859	Bradbury Mills	60.20	25	3.50	3.50	3.50		12	Y.
1,21,00,000	43,71,358	98,64,077	66,76,196	21,112	M. Ramnarain Private Ltd.	1,26,752	2,702	Birla Gwalior Private Ltd. ..	162.50	50	12.50	5.00	15.00		3	Y.P.
30,00,000	5,00,47,405	19,19,05,500	8,36,29,130	..	D. W. Law, Esq. (Chairman) ..	31,480	672	Century Spg. & Wvg.	647.00

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
6,00,000	74,80,980	1,77,88,356	77,19,665	8,246	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	9.19	10	0.25	0.25	1.20		$	Y.F.F.
9,00,000	21,01,100	85,02,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	258.00xd	100	15.00	42.50			12	Y.F.T.
20,00,000	26,04,850	1,72,09,661	1,14,76,789	1,05,599	McLeod & Co., Ltd.	1,264	Alliance	119.00	100	*Nil*	10.00	12.50		5	Y.P.
40,20,780	1,64,67,331	3,42,98,398	2,11,97,620	90,773	Duncan Brothers & Co., Ltd. ..	2,561	Anglo-India	200.00	100	7.50	10.00	12.00		3	Y.P.
40,00,000	32,06,394	1,69,46,077	1,00,08,540	1,752	Bird & Co. Private Ltd. ..	810	Auckland	128.00	100	12.00	*Nil*	15.00		3	Y.F.F.
20,00,000	40,35,530	1,58,43,088	98,46,188	39,388	Birla Brothers Private Ltd. ..	959	Bally	241.00	100	25.00	25.00	25.00		3	Y.F.F.
£275,000	£975,367	£1 486,277	£1 075,854	£1,341	Jardine Henderson Ltd. ..	1,889	Barnagore	226.00	£5	10 sh.	10 sh.	£2		3	Y.F.
46,00,000	27,17,701	76,46,179	46,59,589	1,36,234	Soorajmull Nagarmull	600	Bengal	6.75	10	0.50	0.50			3	Y.F.
3,59,56,210	3,58,56,994	9,96,98,567	4,20,72,427	46,410	Birla Brothers Private Ltd. ..	1,373	Birla	38.06	10	0.50	0.50			6	Y.F.
36,00,000	20,48,440	1,25,69,733	79,60,997	35,907	Andrew Yule & Co., Ltd. ..	991	Budge-Budge	133.00	100	1.50	1.50	1.50		3	Y.P.
7,47,380	88,200	49,78,434	37,98,876	−2,70,362	Dayaram & Sons	502	Calcutta Jute Mfg.	8.12	10	*Nil*	12.00	20.00		10	Y.P.
18,00,000	30,27,728	1,19,06,838	65,06,929	7,332	M.	616	Caledonian	140.00	100	*Nil*				12	Y.P.
29,58,200	1,01,10,201	1,95,45,603	1,19,34,120	30,264	James Finlay & Co., Ltd. ..	1,600	Champdany	21.44	10	0.50	15.00	15.00		11	Y.
38,58,750	77,75,319	1,47,45,586	77,38,580	1,10,207	Andrew Yule & Co., Ltd. ..	1,131	Chevlot	19.9	10	0.50	*Nil*	4.00		3	Y.
30,15,000	36,54,850	1,38,59,292	87,51,922	−4,10,550	McLeod & Co., Ltd.	500	Chitavalsah		10	0.50	2.50	2.50		11	Y.
24,00,000	8,04,809	81,44,800	69,76,978	−15,44,521	M.	969	Clive	8.19	10	*Nil*	0.50	*Nil*		7	Y.F.T.
31,49,200	21,35,995	1,33,24,108	82,26,550	3,316	Bird & Co. Private Ltd. ..	766	Dalhousie	8.00	10	*Nil*	*Nil*			3	Y.P.
56,00,000	74,36,442	1,88,80,591	76,70,106	23,475	Andrew Yule & Co., Ltd. ..	779	Delta	126.00	100	1.00	*Nil*	25.00		3	Y.F.T.
15,00,000	45,21,700	1,21,66,987	88,25,776	84,605	McLeod & Co., Ltd.	500	Empire	140.00	100	*Nil*	12.00	16.00		11	Y.P.
65,00,000	1,23,58,695	4,10,02,867	2,35,01,408	4,522	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd. ..	14.12	10	0.75	1.25	1.50		7	Y.F.T.
31,49,025	32,04,590	1,42,22,521	93 72,524	6,051	Bangur Bros. Ltd.	1,014	Fort William	262.00	100 Old	10.00	12.50	20.00		3	Y.F.T.
84,32,100	77,96,303	3,00,05,500	1,61,98,875	16,267	*Lakshmipat Singhania*, Esq. (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	21.87	10	2.25	1.00	2.00		3	Y.F.T.
45,20,000	46,54,205	2,19,63,231	88,71,916	9,681	M.	607	General Ind. Society Ltd. ..	14.62	10	1.00	1.50	2.00		3	Y.P.
48,00,000	65,59,122	3,27,96,620	2,06,30,061	28,059	Macneill & Barry Ltd. ..	1,394	Gourepore	15.00	10	1.00	1.30	1.40		12	Y.P.
40,00,000	1,09,30,042	1,86,44,677	1,01,39,206	4,954	Bangur Bros., Ltd.	1,078	Hastings	25.00	10	2.50	2.00	2.00		3	Y.P.
16,80,000	44,86,659	1,00,76,527	67,56,170	4,294	M.	720	Hooghly	126.00	100	6.00	6.00	6.00		3	Y.F.
65,62,500	51,91,579	2,33,65,028	1,70,88,188	....	Jardine Henderson Ltd. ..	1,940	Howrah	14.50	10	2.00	0.75	1.00		3	Y.F.T.
52,50,000	1,26,22,060	3,46,75,240	2,10,75,240	5,088	Ramdutt Ramkissendas	2,272	Hukumchand	16.37	10	1.00	*Nil*	1.00	1.25	3	Y.F.
87,30,000	2,53,95,865	1,76,83,015	1,09,94,160	76,164	M.	700	India	19.50	10	7.50	2.00	2.00		3	Y.P.
24,00,000 }	36,84,700	2,08 46,168	1,60,07,458	....	Jardine Henderson Ltd.	1,797	Kamarhatty	15.56	10	12.50	1.50	2.00		3	Y.
B' 19,20,000 }								157.50	100	*Nil*	20.00	20.00		} 12	Y.F.T.
80,00,000 }								167.00	'B' 100	*Nil*	20.00	20.00			
B' 24,00,000 }	16,53,308	1,79,25,475	1,35,47,483	....	Jardine Henderson Ltd.	1,527	Kankanarah	128.00	100	*Nil*	20.00	20.00			
28,00,000	72,61,800	2,51 06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	128.00	'B' 100	*Nil*	15.00	15.00		} 12	Y.F.T.
54,00,000	66,28,810	2,49,10,513	1,56,16,404	3,379	Anderson Wright Ltd.	1,530	Khardah	140.00	100	15.00	5.00	20.00		5	Y.P.
39,82,200	49,63,657	2,50,24,363	1,50,89,813	12,641	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	17.75	10	0.50	1.25	1.25		3	Y.F.T.
24,48,000	1,30 000	1,00,10,272	70,67,675	4,087	Bird & Co. Private Ltd. ..	931	Lansdowne	119.00	100	7.00	*Nil*	10.00		3	Y.F.F.
28,00,000	14,08 147	66,36,767	48,86,702	664	Bird & Co. Private Ltd. ..	840	Lawrence	92.50	100	*Nil*	*Nil*	*Nil*		3	Y.F.F.
61,65,200	24,93,567	2,06,24,214	84,805	M.	1,294	Magna	104.00	100	15.00	10.00	10.00		3	Y.P.
29,98 900	41 39,963	1,91,39,426	1,15,78,309	21,972	Bhagat Agencies Ltd.	315	Naihati	12.81	10	1.25				3	Y.
20,00,000	11,85,460	39,57,072	27,68,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	85.00	100	*Nil*	*Nil*	*Nil*		3	Y.F.T.
85,00,000	73,10,449	2,26,18,988	1,54,47,374	9,507	M.	852	National	7.50	10					3	Y.P.
36,25,000	36,29,172	80,96,895	46,01,106	35,230	McLeod & Co., Ltd.	816	Nellimarla Jute	19.50	10	*Nil*	1.00			10	Y.P.
2,56 50,000	3,81,99,122	11,98 78,237	2,72,02,888	19,602	Sahu Jain Ltd.	1,765	New Central	8.25	10	0.60	1.50	0.50		7	Y.F.T.
16,79,850	56,86,689	1,43,61,778	89,72,948	1,076	Bird & Co. Private Ltd. ..	567	Northbrook	10.75	10	1.50	*Nil*	1.50		3	Y.F.T.
66,79,500	88,00,825	1,75,45,564	85,12,293	18,111	Macneill & Barry Ltd.	1,092	Nuddea	24.81	10	2.00	2.00	3.50		3	Y.F.T.
25,00,000	18,65,554	1,08,88,905	84,46,448	17,103	McLeod & Co., Ltd.	400	Presidency	11.25	10	0.50	0.50	1.00		3	Y.
20,00,000	5,27,128	66,13,305	24,70,569	25,500	Hindustan Investment Corpn. Ltd.	305	Rameshwara	4.50	5	0.30	0.50	0.50		7	Y.
40,50,000	6,88,145	1,24,02,777	69,15,776	7,27,719	M.	425	Reliance	7.50	10	*Nil*	*Nil*	*Nil*		3	Y.F.
£600,000	£1,029,127	£1,602,126	£706,090	£2,892	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnagore	7.00	10	*Nil*	*Nil*	*Nil*		10	Y.F.F.
30,00,000	23,52,584	1,57,85,313	1,08,08,079	8,777	Ragaria More & Co., Ltd.	911	Shree Ambica	9.50N	£1	*Nil*	10%†	18%		3	Y.P.
14,00,000	17,16,884	77,45,803	55,72,946	26,425	Hindustan Investment Corpn. Ltd.	401	Soorah	30.00	10	0.60	*Nil*	0.90		3	Y.P.
£600,000	£698,155	£1,631,120	£843,019	£9,525	Thomas Duff & Co. (India) Pvt. Ltd.	1,704	Thakurhat	18.81	10	2.50	2.50			12	Y.F.
25,98,600	42,68,667	1 10,95,221	68,98 988	603	Bird & Co. Private Ltd.	1,226	Union	9.50N	£1	*Nil*	18%†	10%		12	Y.F.
£400,000	£495,602	£1,375,172	£711,722	£1,951	Thomas Duff & Co. (India) Pvt. Ltd.	1,231	Victoria	141.00	100	6.00	*Nil*	20.00		3	Y.F.F.
2,80,000	9,70,000	81,07,250	46,36,488	57,655	McLeod & Co., Ltd.	447	Waverley	7.75	1	0.30	0.60	0.80		5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
19,98,990	5 60,324	18,08,952	4,15,754	46,095	Young India Agencies Private Ltd...	1,645	Balsoor Tea and Rubber ..	11.32xd	10	1.20	1.20			$	Y.F.
84,00,000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agra.) Pvt. Ltd.	1,870H	Blue Mountain Estates & Ind.	2.27	2	0.20	0.20			3	Y.F.
5,80,000	5,11,080	19,95 967	4,85,544	9,168	K. Anantaraman, Esq. (Mg. Director)	848	Chandramalai Estates Ltd. ..	2.55	2	0.20	0.30			3	Y.F.
14,00,100	14,46,380	89,49,058	11,54,122	2,22,758	Peirce, Leslie & Co., Ltd. ..	693H	Chembra Peak Estates ..	4.77xd	2	0.20	0.12	*Nil*		6	Y.F.
5,66,780	18,90,424	24,87,766	3,02,266	....	Matheson Boenquet & Co. Pvt. Ltd.	159H	Coonoor Tea	17.40	10	1.50	0.40	0.40		3	Y.
4,80,000	5,08,204	16,62,155	3,17,071	17,808	M. L. Goenka, Esq. (Chairman)	671	Coorg Tea	4.85	2	0.40	1.75	1.75		3	Y.F.
9,60,000	2,50,017	11,11,057	4,65,057	3,222	C. Balchand, Esq. (Chairman)	144H	Devashola (Nilgiri) Tea ..	20.05	10	0.40	0.80	0.80		3	Y.F.
6,74,850	3,88,749	15,44,758	3,14,208	23,158	Young India Agencies Private Ltd...	1,177	Devon Tea	10.00	10	2.00	1.50	1.50		12	Y.
7,50,000	6 10,000	5,94,450	18,466	19,221	K. N. Krishna Iyer (Mg. Director)	198	Emerald Valley Estates ..	11.00xd	10	1.20	1.20	1.00		3	Y.F.
25,00,000	22,41,971	61,08,359	15,14,788	24,749	Parkins Private Ltd.	607H	Halleyburia	6.75	5	*Nil*	*Nil*	1.00		3	Y.F.
9,00,000	9,84,470	15,59,748	4,06,218	39,726	Birla Brothers Private Ltd. ..	190H	Kalasa Tea	12.85	10	1.25	1.10	1.25		3	Y.F.
17,17,076	18,42,010	37,08,125	3,78,832	28,817	Peirce, Leslie & Co., Ltd. ..	556H	Kil Kotagiri Tea	4.25xd	2	0.50	0.30	0.30		3	Y.F.
6,90,000	3,18,000	13,08,084	1,58,424	1,857	Ipe Oommen & Co. Pvt. Ltd.	936	Kurchi-mala Plant Ltd. ..	5.15	2	0.50	0.50	0.50		3	Y.
5,00,000	2,00,550	11,18,479	1,85,087	49,466	Matheson Boenquet & Co., Ltd.	109H	Lucky Valley	5.07	10	0.40	*Nil*	0.40		10	Y.F.
3,50,000	20,000	3,59,379	35,028	4,604	Vasantha & Co. (Trichy) Pvt. Ltd.	252	Manar Estates Ltd.	11.75	10	*Nil*	*Nil*	*Nil*		3	Y.
3,00,000	6,13,117	15,08,178	3,09,591	−3,508	Eapen Thomas, Esq. (Mg. Director).	560	Mimanalay	1.85	2	1.00	1.00	1.00		12	Y.
36,00,000	24,19,184	94,10,841	17,25,100	20,272	A. V. Thomas & Co. (India) Ltd.	825H	Neelamalai	34 60	25	3.50	0.10	0.10		3	Y.F.
12,00,000	10,09,000	32,29,949	4,07,914	9,923	A. V. Thomas & Co., Ltd. ..	788H	Nellampathy	4.71	5	0.375	0.375	*Nil*		3	Y.F.
14,06,250	10,15,954	40,42,865	5,24,078	8,184	A. V. George & Co., Ltd. ..	457H	Nilgiri Tea	4.40	2	0.30	0.30	0.30		6	Y.F.
33,10,000	11,02,621	59,45,336	15,15,048	28,487	Harrison & Crosfield Ltd. ..	841	Nonsuch Tea	9.00xd	10	0.80	0.80	0.80		6	Y.F.T.
14,88,950	17,32,968	34,51,795	7,01,927	45,177	P. S. M. Mohyeuna, Esq.	1,225	Parkside	21.87	10	1.00	1.00	1.00		12	Y.
6,00,000	6,84,231	7,96,854	79,137	4,27,181	S. Sivaramakrishna Aiyar, Esq.	771	Peninsular Plantations Ltd.	25.25	10	2.00	2.00	2.50		6	Y.
17,00,000	18,87,519	48,20,401	20,82,960	46,180	Asphwall & Co. (Travancore) Ltd.	634H	Perumade	21.25xd	10	2.25	2.75	2.50		6	Y.
67,84,880	20,68,711	1,23,70,784	46,17,784	56,308	Peirce, Leslie & Co., Ltd. ..	1,506H	Periakaramalai	20.62	10	2.50	2.00	2.00		2	Y.
18,50,000	2,96,500	12,02,040	1,74,015	3,959	A. V. Thomas & Co. (India) Ltd.	882	Sheveroy Estates Ltd. ..	3.43	2	0.40	0.25	0.30		12	Y.F.
9,00,000	15,30,498	31,78,668	10,02,544	17,781	T. Stanes & Co., Ltd.	1,056	Stanes Amalgamated	2.00	2	0.15	0.125	0.125		6	Y.F.
1,50,000	12,500	2,10,822	22,060	2,021	M.	216	Swinton Estates	18.75	10	1.00	1.50	1.20		6	Y.
12,50,000	12,08,927	34,15,817	5,52,996	22,571	Srinivas Agencies	1,056	Talayar Tea	2.68	2	0.12	*Nil*	*Nil*		6	Y.
15,75,000	17,65,955	34,06,581	5,94,685	23,756	Parkins Private Ltd.	491H	Teyford	1.30xd	2	0.20	0.20	0.20		3	Y.F.
2,20,000	2,97,845	10,82,180	1,58,587	28,985	A. V. George & Co., Ltd. ..	505	Udyagiri Rubber Co., Ltd. ..	9.00	10	0.50	0.50	0.75		12	Y.F.
51,98,380	21,39,250	99,80,505	22,04,476	22,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	15.50	10	*Nil*	*Nil*	*Nil*		12	Y.F.
47,25,000	21 23,76	98,19,418	15,06,78?	81,380	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Waterfall	28.10xd	10	2.20	2.20	2.25		3	Y.F.
RUBBER AND OTHERS															
6,00,000	5,52,425	17,66,248	5,03,032	20,544	Ramani & Co. Pvt. Ltd.	999	Alageswar Estates Ltd. ..	2.67	2	0.30	0.20	0.20		$	Y.
6,75,000	2,85,527	21,05,098	4,40,782	1,593	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	0.50		3	Y.F.T.
2,50,000	2,69,092	12,98,883	2,52,129	56,241	A. V. George & Co., Ltd.	629	Anandam Rubber Co., Ltd. ..	14.25	10	1.80	1.50	1.50		3	Y.F.
12,07,686	2,28,040	22,99 626	3,45,437	84,775	Associated Planters Private Ltd.	1,843	Anaparai Estates Ltd.	3.10	2	0.30	0.20	0.30		12	Y.F.
4,25,000	4,75,000	12,07,765	1,42,997	1 061	Young India Agencies Pvt. Ltd.	1,041	Badra Coffee Estates Ltd. ..	2.90	2	0.30	0.15	0.20		6	Y.F.
4,00,000	88 000	2,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore)	288H	Bababudin Coffee & Produce.	5.00	5	0.40	0.80	0.80		6	Y.F.
3,00,000	2,05,000	4,73,716	88,297	1,481	Planting Agencies (Private) Ltd.	151H	Balmadies Plantations	1.85	2	0.10	*Nil*	0.10		6	Y.F.
84,01,279	19,60,914	60,68,649	12,47,912	28,851	Peirce, Leslie & Co., Ltd. ..	6,255	Cochin Malabar	6.51cd	3	0.80	0.60	0.36		3	Y.F.
32,50,000	35,62,169	57,74,020	16,29,355	890	M. A. Sreenivasan, Esq. (Chairman).	2,703	Coffee Lands and Industries ..	16.75	10	1.20	0.90	0.90		3	Y.F.
71,55,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman).	5,945	Consolidated Coffee	23.56	10	2.00	2.00	2.00		3	Y.F.
6,00,000	5,09,785	15 58,047	1,41,758	5,918	Associated Planters Private Ltd.	1,410	Cottanad Plantations	9.80cd	10	1.00	0.625	1.00		3	Y.F.
4,08,560	2 25,000	4,02,630	1,85,017	40,856	Peirce, Leslie & Co., Ltd. ..	240H	Cowcoody Estates (Coffee) ..	4 68	2	0.50	0.40	0.35		6	Y.F.
13,00,000	15,20,000	40,99,988	9,82,810	40,041	A. V. Thomas & Co., Ltd.	622H	Highland Produce	14.75	10	1.50	1.50	1.50		12	Y.F.
11,85,700	11,77,705	31,72,227	4,60,277	22,904	A. V. George & Co., Ltd.	1,587	Kalka Rubber Co., Ltd.	6.46cd	2	0.50	0.60	0.60		12	Y.F.
12,90,000	6,19,342	22,75,750	4,55,958	5,164	A. V. Thomas & Co., Ltd.	888H	Kalpetta Estates	12.75	10	1.25	1.25	1.125		4	Y.
12 00,000	2,40,000	9,93,124	2,60,252	26,055	Peirce, Leslie & Co., Ltd. ..	978H	Kumergode Estates Ltd. ..	3.78	2	0.25	0.30	0.28		10	Y.
3,25,000	2,50,000	8,72,737	96,584	3,569	K. T. Thomas Kaithanar, Esq.	2,147	Malankara Rubber	16.25cd	10	1.60*	1.40	1.40		3	Y.F.
46,50,000	17,71,088	79,92,921	18,59,147	5,549	Associated Planters Private Ltd.	906	Mercara Rubber	7.85	5	1.00	0.75	0.625		6	Y.F.
3,50,000	4,12,507	17,54,491	3,54,374	1,228	A. V. Thomas & Co., Ltd.	1,888H	Midland Rubber	11.35	10	1.25	1.25	1.00		3	Y.F.
2,00,000	5,03,616	11,04,287	96,584	1,15,606	A. V. George & Co., Ltd.	1,831	Nenmony Rubber	22.55cd	10	1.50	1.25	1.00		3	Y.F.
5,50,000	5,96,484	12,89,223	1,39,772	66,555	Associated Planters Private Ltd.	846	Nilambur Rubber Co.	10.65	10	1.50	1.00	1.25		12	Y.F.
19,45,980	34,54,188	50,64,648	24,42,425	17,987	Peirce, Leslie & Co., Ltd. ..	793H	Oscoor Estates Ltd.	2.72xd	2	0.30	0.20	0.20		3	Y.F.
16,50,000	5,75,528	26,14,686	4,66,915	2,616	Peirce, Leslie & Co., Ltd. ..	1,812H	Pachetkoney Valley Estates ..	3.20	2	0.30	0.29	0.30		3	Y.F.
13,50,000	13,58,959	53 99,894	15,45,525	20,850	Asphwall & Co., Ltd.	981H	Pullangode Rubber	2.95cd	2	0.24	0.12	0.25		10	Y.F.
2,00,000	1,64,968	4,06,858	60,046	47,551	Associated Planters Private Ltd.	1,210H	Rajagiri Rubber	2.25	2	0.12	0.15	0.25	0.16	10	Y.F.
12 00,000	78,907	20,37,248	2,85,380	−1,48,843	Pateo Agencies	422	Rajendra Coffee Ltd.	22.10	10	2.00	2.00	2.20		3	Y.F.
3,50,170	3,28,000	10,11,403	2,15,317	9,988	Peirce, Leslie & Co., Ltd. ..	470H	Sangamuddayan Estates	12.85xd	5	1.25	1.00	2.125		6	Y.F.
6,25,000	2,74,153	14,90,789	66,183	7,695	A. V. George & Co., Ltd.	202H	Savamalai Estates Ltd.	1.80	2	0.12	*Nil*	1.25		3	Y.F.
9,15,300	10,75,840	16,61,781	2,84,898	7,989	Peirce, Leslie & Co., Ltd. ..	516	Thamarapally Rubber	4.32	2	0.32	0.30	0.35		11	Y.F.
6,00,000	6,15,816	18,78,050	1,92,991	1,840	Eapen Thomas, Esq. (Mg. Director).	1,812	Thirumbadi Rubber Co., Ltd..	1.70	1	1.80	1.80			12	Y.F.
41,00,000	12,68,584	90,95,305	18,31,504	32,288	Aspinwall & Co. (Travancore) Ltd.	1,841	Travancore Rubber	1.71	1	0.12	0.10	0.10		12	Y.F.
20,00,000	1,91,000	33,48,191	9,09,484	228	P. T. Thomas, Esq. (Mg. Director)	2,109H	Travancore Rubber & Tea ..	10.82	10	1.00				12	Y.F.
2,50,016	5,47,051	10,84,166	54,782	9,228	S. Padmanabh Aiyar, Esq. (Chairman)	3,157	Tropical Plantations Co. ..	8.68	10	1.00	1.00			12	Y.
6,00,000	6,60,482	19,50,982	1,87,596	6,425	P. L. Joseph, Esq. (Chairman)	1,118	Valirundam Rubber Co.	19.65	25					12	Y.
12,00,000	12,40,982	16,57,152	2,24,138	36,374	Peirce, Leslie & Co., Ltd. ..	1,245	Vellimalai Rubber & Co. ..	35.50cd	10	3.00				12	Y.F.
6,96 900	97,809	13,65,464	1,02,251	23,813	M.	417H	Wartyhully Estates Ltd. ..	5.12cd	2	0.50	0.25	0.35		3	Y.F.
						896	Woodland Estates	2.74xd	2	0.30	0.30	0.24		3	Y.F.
								6.90cd	10	1.00				3	Y.F.

V—Includes 50 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	16,37,403	27,43,482	11,08,380	....	McLeod & Co., Ltd.	368H	Amlukhie	16.12	10	*Nil*	1.00	0.75		12	Y.P.
2,78,000	17,237	16,81,576	7,19,307	....	M.	149	Ananda (Assam) Tea	27.75	10	3.00	3.00	2.50		12	Y.
2,08,250	8,53,082	21,13,838	8,26,101	3,367	Gillanders Arbuthnot & Co., Ltd.	456	Ananda Bag	30.25	10	3.00	3.25	2.00	1.25	12	Y.
5,50,000	15,34,741	29,19,154	12,97,900	26,156	McLeod & Co., Ltd.	562	Ananda Rag	11.25	10	*Nil*	1.50	0.75		12	Y.
7,65,000	10,58,955	29,78,324	10,59,045	44,244	Andrew Yule & Co., Ltd. ..	267H	Batell	28.12	10	4.00	4.50	3.00	2.50	12	Y.
4,95,900	8,13,912	22,03,321	12,55,654

MISCELLANEOUS COMPANIES—*Continued*

CERAMIC; MINING AND QUARRYING

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
36,00,000	12,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	5.94	10	0.60	0.50			3	Y.
18,50,000	6,38,242	23,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kot Ltd	22.00	10	3.00	2.00			3	Y.P.
55,23,546	30,24,128	1,94,48,115	96,49,200	2,055	Bharat Ram Bhagat & Co.	Bengal Potteries	5.00	10	3.00	2.00			9	Y.
40,00,000	28,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	18.37	10	0.30	0.30	0.275		12	Y.
80,00,000	25,18,580	53,55,181	22,68,904	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	102.50	100	15.00	15.00	1.25		3	Y.
22,056,950	42,304,999	£4,477,588	£2,577,638	£465	Gillanders Arbuthnot & Co., Ltd.	Ferro Alloys Corporation Ltd.	110.50	100	11.00	9.00	18.00		9	Y.P.
F.5,00,000						Indian Copper Corporation	3.72	Sh. 2	27%	18%	7.00		12	Y.P.
0.15.00 000	29,37 096	49 30,247	14,36,451	1,570	Bird & Co. Private Ltd...	Karanpura Development	9.12	10	0.50	0.90	0.90		12	Y.
99,99,500	9,00,000	11,59,23,191	51,63,152	29,674	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd.	65.00	100	Nil	Nil	Nil		12	Y.
30,00,000	60 46,599	1,78,57,945	95,66,008	24,239	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	18.45	10	1.80	1.80	1,50		12	Y.P.
1,78,79,255	10,90,896	1,22,39,515	76,13,994	$25,965	Sir Indra Singh, Kt. (Chairman)	Mineral Corporation of India Ltd.	6.22	10	Nil	Nil			12	Y.P.S.
6,00,000	7 27,303	17,66,777	9,37,747	190	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	11.57cdN	10	0.90	0.90	0.90		12	Y.P.
30,00,000	67,67,431	80,62,201	34,56,786	38,801	Bird & Co. Private Ltd.	Orissa Minerals	22.12	10	1.20	1.50	1.25		3	Y.
19,18,850	22,84,051	1,05,25,903	57,38,031	43,366	A. V. Gharpure, Esq. (Chairman)	Parsharam Pottery Works Co., Ltd.	59.00	25	2.80	2.00			6	Y.
4,85,840	13,90,910	37,08,644	14,23,752	5,375	S. N. Beri, Esq. (Secretary)	Shivrajpur Syndicate	17.00	10	0.35	0.35	3.75		7	Y.
7,20,730						Sutna Stone & Lime Co. Ltd.	28.31	10	Nil	Nil	Nil		11	Y
								10	2.75	3.50	2.00		12	Y
								7.50	1.375	1.75	1.50		12	

CHEMICAL

22,58 175	....	....	1,79,449	18,076	—26,645	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers	72.00	100	Nil				
1,44,50,000	91,50,574	3,54,,4 220	1,39,51,136	16,295	Rayuma Services	Alembic Chemical Works Co.	161.25	100	14.00	12.00	12.00		12	Y.P.
3,10,00,000	2 26,33,273	8,39,01,420	2,46,53,284	5,671	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	28.50	10	1.50	1.50	1.50		9	P.Y.
1,10,23,200	80,12,547	2,29,02,880	73,73,157	6,813	Amrilal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	162 50	10	1.50	1.50	1.50		9	P.Y.
29,84,000	47,67,886	2,31,76,216	99,62,302	....	Kasturbai Lalbhai & Co.	Anil Starch Products Ltd.	447 50	100	30.00*	25.00*	8.00		12	Y.P.
3,24,18,200	1,83 84,680	7,54,09,808	2,06,13,757	19,425	Lalbhai Sons & Co.	Atul Products Ltd.	317.00	100	12.00	12.00	25.00*		12	Y.P.
80,00,000	....	85,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	57.00	100	Nil		12.00		12	Y.P.
1,25,45,900	67 58 828	1 59,19,707	81,89,070	5,728	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	102.00xd	100						
1,25,00,000	1,44,02,999	1,71,93,875	43,75,317	16,332	Ramniwas R. Ruia, Esq. (Chairman)	Colour-Chem Ltd.	335.00	100	10.00	10.00			6	Y.
14,86,344	4,34,918	17 40,490	9,02,099	12,818	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd.	32.00	100	8.00	12.00	12.00	16.00	3	Y.P.
41,38,250	58,16,953	1 44,19,630	87 13,284	9,897	Dhamal Morarji & Co.	Dhamal Morarji Chemical Co., Ltd.	117.00	50	8.00	8.00			12	Y.
1,07,50,000	1,07,07,353	5,93,07 157	2,11 05,198	1,75,320	Sahu Bros. (Saurashtra) Private Ltd.	Dhirangadhra Chemicals	126.00	50	8.00	8.00	8.00		12	Y.
6,96,97,740	61,48,460	10,44,89 407	4,07,36 479	3,85,109	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	5.00	10	6.00	6.00	8.00		12	Y.
1,86,76,000	71,67,780	2,54,77,273	86,44,827	3,006	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd.	296 25	100	0.60	....	Nil		3	Y.P.
12 60,000	6,54,411	28,84,858	15,61,602	19,074	Jai H. Mehta, Esq. (Chairman)	Kemp & Co.	260 25	100	6.00	7.00	7.00		3	Y.
1,69,98,120	42,10,801	2,80,96,278	1,23,05,874	12,185	Seshasayee Brothers Private Ltd.	Mettur Chemicals	200	25.00	20.00	20.00			3	Y.P.
24,81,220	13,02,685	56,25,511	47,52,455	3,322	T. Shamanna, Esq. (Chairman)	Mysore Chemical and Fertilisers	14.70cd	10	1.25	1.375*	1.25	1.25	3	Y.P.
10,00 000	5,35,915	18,66,245	7,61,774	4,765	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemicals Mfg.	7.90	10	1.00	0.50	Nil		3	Y.P.
56,00,000	95,40,776	3,62,71,451	86,37,503	6,016	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	16 70	10	2.00	2.00	2.00		3	Y.
49,84,750	8,470	60 41,412	40,438	52,803	Emcete & Sons Private Ltd.	Premier Fertilisers Ltd.	100.00	50	7.50	7.50	7.50	7.50	3	Y.P.
22,50,000	17,63,293	65,52,407	27,96,505	6,866	Bangur Brothers Ltd.	Phosphate Co., Ltd.	6 25	10	Nil	Nil	Nil		12	Y.P.
20,00,000	17,67,251	31,86,795	18,60,805	19,167	D. M. Jaffray Esq. (Chairman)	Smith Stanistreet & Co.	170 50	100	25.00	17.50	15.00		12	Y.
4,98,54,470	24,38,960	3,13,78,704	17,05,817	—9,38,858	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	71 00	5	1.25	1.25	15.00		6	Y.
3,05,33,815	1,09,52,567	9,01,95,274	3,04,92,867	3,923	Tata Industries Private Ltd.	Tata Chemicals	260 00	100	Nil	Nil	1.125		3	Y.P.
25,00,000	5,89,750	29,88,714	12,05,339	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd.	19 26cd	10	0.65	0.65	Nil		3	Y.P.
31,16,000	....	8,93,892	1,492	—6,78,288	Mr. M. J. Vaidya (Chairman)	Travancore Electro-Chemical Ind.	58.00	10	2.00	2.25	1.00		6	Y.P.
14,99,375	2,62,500	28,88,794	3,45,383	—4,12,501	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	110 00	100	Nil	Nil	2.00		12	Y.
								100	Nil	Nil	Nil		12	Y.

ELECTRIC (BOMBAY)

4,74,78,895	1,85,12,601	18,97,73,999	5,00,50,102	384	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	102 75	100	7.00	8.00	8.00		3	Y.Y.
88,88,330	31,13,441	2,90,89,788	78,81,211	10,72,972	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	9.56	10	0.90	0.90	0.90		3	Y.P.Y.
3,02,77,000	1,23,90 917	12,26,61,084	3,04 61,318	36,154	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,202 50	1,000	80.00*	80.00*	9.00		3	Y.
1,75,00,000	1,21,07,263	5,11,22,126	1,25,80,588	3,370	Killick Industries Ltd.	Bombay Suburban Electric Supply	113.50	100	8.50	8.50	90.00		3	Y.
7,07,020	1,03,987	19 97,266	8,70,206	1,536	Rajaputana Textiles (Agencies) Ltd.	Broach Electric Supply Development	6.48	100	8.50	8.50	9.00		3	Y.P.Y.
48,80,000	12,56,813	1,57,72,704	61,69,509	3,547	Rajputana Trust (Agencies) Ltd.	Poona Electric Supply	200.00	100	8.00	9.00	9.00		3	Y.
70,00,000	52,32,432	2,04,57,383	73,49,175	18,482	Killick Industries Ltd.	Surat Electricity	260.00	100	8 25	8.25	8.50		3	Y.Y.
2,40,00,000	1,39,56,841	9,29 64,314	2,23,23,926	27 536	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	126.00	100	8.00	8.00	8.50	9.00	3	Y.P.Y.
5,15,35,000	2,61,11,841	20,38,47,938	4,39,65,810	29,998	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,267.50	1,000	80.00*	8.00*	9.00		3	Y.P.
									80.00*	80.00*	90.00		3	Y.P.

West Bengal and Other Centres

19,99,600	51,52,883	1,70,15,387	51,84,841	13,612	Martin Burn Ltd.	Agra Electric Supply Co. Ltd.	130.00	100	11.00	11.00	11.00		3	Y.Y.
5,00,000	16,30,275	62,04,833	28,40,512	1,852	Martin Burn Ltd.	Bareilly Electric Supply	12.00	10	1.10	1.10	1.10		3	Y.Y.
17,00,000	54,27,530	1,66,67,025	60 88,135	5,523	Martin Burn Ltd.	Benaras Electric Light & Power Co.	12 00	10	1.10	1.10	1.10		3	Y.Y.
24,26,2,46	£10,815 240	£37,37,952	£15,201,226	£100,524	Sir William Lamond (Chairman)	Calcutta Electric Supply	14.91	10	1.10	1.10	1.10		3	Y.Y.
6,60,000	7,55,075	37,78,204	11,46,451	42 963	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	12 06	10	1.10	1.10	1.10		3	Y.Y.
43,20,000	35,90,169	1,85,10,694	45,52,365	48,905	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	14 00	10	1.00	74%			3	Y.P.Y.
5,34,640	1,48 267	42,36,379	17,50,526	47,133	Moonna Lall & Sons	Jhansi Electric Supply	86 00	100	10.00				3	Y.
22,49,700	29,85,246	1,15,20,613	48,58,877	3,286	Martin Burn Ltd.	Jubbulpore Electric Supply	5.40N	10	Nil	10.00	10.00		3	Y.P.
85,07,380	40,44,800	1,41,84,886	56,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	12 31	10	0.70	0.70			3	Y.
9,10,000	2,56,304	18,86,883	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6 34	10	1.00	1.00	1.10		3	Y.
16,80,000	16 03,885	37,80,813	15,81,630	3,975	Bird & Co. Private Ltd.	Sijnah Tyerrein Elec. Supply Co.	8.50N	10	0.625				3	Y.
70,00,000	42,62,539	2,00,80,053	98,07,480	12,430	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	11 64xd	10	0.90	0.90			3	Y.
5,00,000	12,25,998	35,03,657	15,13,986	1,935	Martin Burn Ltd.	Upper Junma Valley Elec. Supply	22 44	10	0.90	1.00	1.05	1.10	3	Y.Y.
55,00,000	20,13,213	3,76,25,916	1,75,34,584	9,313	Martin Burn Ltd.	U. P. Electric Supply Co.	177.00	100	1.35	1.35	1.35		3	Y.Y.P.
3,00,000	13 88,606	54,12,090	15,22,321	4,16,790	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	15.62	10	1.429	11.00	11.00		3	Y.
								10	1.429	1.429			3	Y.

ENGINEERING (Bombay)

51,96,100	62 99,676	1,19,50,856	68,52,499	26,128	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	301.00	100	22.50	19.00				
19,98,000	7,77,224	25,48,735	12,13,956	641	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	91.00	80	9.00*	9.00*	9.00		12	Y.
90,40,000	54,17,295	2,14,22,410	86,99,555	153	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	120 00	100	12.00	7.00	8.00		12	Y.
1,20,00,000	1,51,427	97,23,681	28,47,228	—12,767	M.	Hindustan Electro Graphite Co., Ltd.	130 00	100	12.00	14.00	14.00		12	Y.
60 00,000	1,28,73 164	2 72,67,477	1,56,47,699	145	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	133 75	100	5.00	5.00	5.00		6	Y.P.Y.
15,00,000	4,61,618	9,84,585	2,82,481	28,604	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	163.75	100	12.00	9.00	10.00		3	Y.
50,00,000	20,04,247	1,12,08,186	37,66,506	18,020	Ademn Services	Kamani Engineering Corporation	47 00	50	5.00	5.00	5.00		6	Y.P.Y.
44,96 250	14,17,502	85,37,084	43,89,807	4,611	Kamani Bros. Private Ltd.	Kirloskar Bros. Ltd.	133 75	100	12.00	9.00	10.00		12	Y.
67,61,445	1,42,50,068	2,19,41,464	58,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Electric Co., Ltd.	13.12	10	0.90	0.90	0.90		12	Y.
51,34,940	71,09,895	1,87,20,070	67,59,501	578	Kirloskar Associates	Kirloskar Oil Engines, Ltd.	38.50	25	2.50	2.50	2.50		9	Y.
80,00,000	79,27 836	1,76 05,965	63,99,529	28,996	Kirloskar Sons & Co.	Kirloskar Pneumatic Co., Ltd.	19 25	10	1.10	1.20	1.00		7	Y.
27,58 850	20,54,388	50,71,373	16,74,703	18,511	Kirloskar Industries	Lakshmiratan Eng.	170.00	100	12.50	12.50	12.50		9	Y.
38,19,770	5,14,084	1,34,12,444	50,13 120	1,69,270	Prem Kumar Gupta, Esq.(Mg.Director).	Larsen and Toubro Ltd.	6.00	10	Nil	Nil	Nil		3	Y.P.
1,65,00,000	1,12,23,304	2,34,04,270	77,19,557	15,974	L. & T. (Management) Private Ltd.	Lynx Machinery	23.04	10	Nil	Nil	Nil		9	Y.P.
57,29,880	....	25,46,815	4,35,319	—8,20,078	B. L. Kucheria, Esq. (Secretary)	Machinery Mfrs. Corpn. Ltd.	5 60	10	1.80	1.40	1.40	1.50	3	Y.
30,12,160	35,37,386	1,84,88,145	82,09,093	2,874	Mahindra & Mahindra Ltd.	Mahindra & Mahindra Ltd.	22.76	10	Nil		Nil		3	Y.
1,97,98,145	1,14,00,083	2,29,64,731	89,96,801	15,767	Keshub Mahindra, Esq. (Chairman)	Man Industrial Corporation Ltd.	16.64	10	Nil	1.25	1.50		3	Y.P.
30,00,000	1,29,812	53,78,065	33,71,642	46,079	Prithviraj Sons	McKenzies	115.00	10	1.50*	1.25	1.25		3	Y.P.
11,00,000	4,48,987	49,41,793	30,54,778	720	P. Jhunjhunwala, Esq. (Mg. Director)	Mukand Iron & Steel	140.00	100	Nil	Nil			10	Y.P.
1,98,28,019	91,29,048	1,99,99,158	76,17,143	....	Jeewan Ltd.	Mysore Kirloskar Ltd.	19.48	100	12.00	14.00	14.00		3	Y.P.
D. 1,24,850								10	1.20	1.20	1.20		3	Y.P.
80,00,000	58,34,208	1,88,49,872	85,50,104	2,975	Kirloskar Associates	National Elec. Industries Ltd.	156.25	100	12.00	12.00	10.00		3	Y.P.
7,50,000						New Standard Engineering	126.00	75	6.00	6.00	6.00			Y.
18,55,400	11,96,582	39,61 901	14,85,875	8 127	Sir C. B. Mehta (Chairman)	Premier Construction	100.00	50	6.00	6.00	6.00			
62,44,050	23,16,221	1,55,07,206	46,25,640	15,598	J. V. Patel, Esq. (Mg. Director)	Structural Engineering Works Ltd.	142 00	100	9.00	9.00	8.50		3	Y.
32,99,370	18,39,545	11,88 575	5,47,855	455	Walchand & Co. Private Ltd.	Tata Iron and Steel	107 00	50	10.00	9.00	9.00		3	Y.P.
78,67,725	46 64,730	1,29,98,480	60,80,553	5,668	Bhagat & Sons Private Ltd.	Tata Locomotive	85.00	100	10.00	9.00	9.00	10.00	3	Y.P.
27,55,70,601	44,97,94,718	2,06,37,64,586	1,00,22,56,616	2,44,126	Tata Industries Private Ltd.	T. Manekial Mfg. Co.	162 00	75 Old	10.00	8.00	6.00		3	Y.P.
9,98 26,828	5,58 56,832	39,19,06,452	18,01,64,678	30,275	Tata Industries Private Ltd.	M. N. Dalal, Esq. (Chairman)	310 00	100	14.50	14.50	11.00	12.00	3	Y.P.
27,22,280	15,68,192	65,71,868	19,00,582	11,454	T. Manekial & Co.	J. D. Chokai, Esq. (Chairman)	527.50	100	27.00	27.00	14.50	14.50	3	Y.P.
41,66,988	35,97,021	19,70,675	11,38,441	1,178	M. N. Dalal, Esq. (Chairman)	Voltas Ltd.	24.76	10	2.25	2.25			3	Y.P.
2,55,00,000	3,26,67,137	1,79,11,762	48,75,403	....	J. D. Chokai, Esq. (Chairman)	Zenith Steel Pipes Ltd.	272 50	90	14.00	14.00	14.00		3	Y.P.
69,66,048	49,04,169	1,30,88,393	12,92,840	4,991	M.		15.96	10	1.429	14.00	0.80		4	Y.
									Nil	Nil				

West Bengal and Other Centres

6,00,000	7,38,851	48,61,413	24,92,680	4,16,417	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	21.25	10	Nil	1.00				
50,00,000	56,58,221	1,22,65,501	52,93 550	2,263	Tantia Brothers Pvt. Ltd.	Bhartia Electric Steel	14 81	10	1.00	1.25	1.50		12	Y.Y.Y.
40,00,000	12,24,786	54,01,611	18,36,998	21,432	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	11 87	10	1.00	1.00	1.00		12	Y.
1,00,00,000	1,40 28,433	2 28,23,810	1,82,74,056	....	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	32.62	10	1.80	1.80	1.20		12	Y.
1,15,00,000	1,18,55,965	1,14,65,542	85,25,828	....	Reimer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	49.00xd	10	2.50	2.50	1.40		3	Y.
19,98,678	7,04,841	39,97,580	14,03,635	12,996	Homes Wilson & Co., Ltd.	Britannia Building and Iron	9 44	10	1.00	1.00	3.00		12	Y.
1,00,00,000	52,95,788	1 98,55,098	75 90,275	5,115	McLeod & Co., Ltd.	Burn & Co.	29.12	10	Nil				12	Y.Y.
25,00,000	23,97,576	44,64,472	22,07,671	....	Reimer Lawrie & Co., Ltd.	Calcutta Steel Co., Ltd.	28.50	10	2.50	2.50	1.50		12	Y.
168,00,000	2,29,82,897	7,65,66,696	4,17 99,965	....	Martin Burn Ltd.	Central India Machinery Mfg. Co., Ltd.	18.62	100	26.50	26.50	25.00	15.00	4	Y.
1,00,00,000	22,70,823	81,14,077	24,19,384	1,57,572	R. N. Bhottika, Esq. (Secretary)	Dalmia Iron & Steel Ltd.	14.24	10	1.50	1.50	2.25		4	Y.
1,00,00,000	42,09,184	2,42,19,314	59 12,202	32,961	R. L. Makharia, Esq.	Elec. Const. & Equipment Co.	11 19	10	Nil	0.75	1.50		3	Y.Y.
80,00,000	35,00,000	1,74,24,651	51,07,264	6,866	M.	Escort Ltd.	15.44	10	1.00	1.00			9	Y.
90,93,400	28,28,003	1,26,09,918	30,29,918	21,899	Birla Brothers Private Ltd.	Guest, Keen, Williams Ltd.	17 25	10	1.00	1.00	1.00		9	Y.
1,00,18,460	77,93,558	1,24,44,928	38,44,226	15,200	Harnarshad & Co. Private Ltd.	Hooghly Docking	24.50	10	1.80	1.10	Nil		12	Y.
6,82,18,740	5,12,05,807	10,11,66,706	$3,83,48,700	....	N. R. Pillai, Esq. (Chairman)	Indian Iron and Steel	80 00	10	1.40	1.40	1.40		12	Y.
17,50,000	11,04,000	62 95,094	44,08,320	5,237	Martin Burn Ltd. (Chairman)	Indian Standard Wagon	27 75	10	0.50	0.25	1.20		12	Y.
12,44,08,990	41,05,47,562	80,61,56,369	28,54,34,800	....	Martin Burn Ltd.	Indian Steel and Wire Products	38 25	10	1.50	1.00	1.60		12	Y.
77,87,000	1,25,90,911	1,62,50,529	94,86,216	....	Martin Burn Ltd.	Indian Steel Rolling Mills Ltd.	28 12	10	2.85	2.85	2.00*	1.70*	3	Y.
96,85,160	3,28,88,672	4,56,30,100	1,92,97,757	5,022	Indra Singh & Sons Private Ltd.	Jay Engineering Works, Ltd.	12.37	0.10	2.40	2.85	1.80	2.00	3	Y.
26,850							10.10cd	10	0.75	0.22	0.80			
48,75,550	3,68,887	42 99,689	23 95 610	19,483	C. R. Ramaswamy Esq. (Mg. Director)	Jessop & Co.	17.81	10	1.25	1.00	0.90		3	Y.
1,51,87,197	1,36,61,958	5,12,70,807	2,30,47,904	4,896	Radhan Mohan Lal Shri Ram & Co.Pt.Ltd.	Kumardhubi Engineering Works	1715	100	1.50	1.50	1.50		3	Y.
40,00,000	66 79,000	97,98,620	30,88,807	2,169	J. K. Industries Private Ltd.	Marshalls (Direction) Private Ltd.	21.19	10	2.00	1.00	1.00		3	Y.
2,08,99,000	3,00 16,258	8,67,97,464	2,90,97,884	64,915	A. K. Chanda, Esq. (Chairman)	M.	5.87	10	0.358	0.858	1.00		10	Y.
37,64,800	83,04,920	1,06 83,856	50,21,166	3,098	Bird & Co. Private Ltd.	National Iron and Steel Co., Ltd.	8 06	10	0.35	0.45			11	Y.
10,80,000	1,09,591	18,65,829	14,91,446	—18,08,413	Marshalls (Direction) Private Ltd.	Saran Engineering Co.	6.19	2	Nil	Nil			3	Y.
49,96,000	13,58,398	1,54,02,104	92,07,119	—4,42,917	M.	Southern Structurals	8 56	10	Nil	Nil			3	Y.
6,00,000	20,52,802	32,10,880	22,45,062	13,304	The British India Corpn. Ltd.	Textile Machinery Corporation, Ltd.	10 28	4	0.40	0.50			3	Y.
66,05,700	9,55,000	75,87,466	14,63,810	58,514	Mr. N. Ranganadhan (Mg. Director)	Textool Co. Ltd.	26.80	10	Nil	0.60	0.40		3	Y.
1,50,00,000	1,25,61 066	5,74,06,013	2,92,91,642	54,805	Birla Brothers Private Ltd.	Wellman Incandescent India Ltd.	142 50	100	1.00	1.25	1.50		12	Y.Y.
99 44,275	20,10,066	1,09,67,915	40,30,919	8,132	Balasundaram & Co.		11 50	10	15.00	15.00	12.00		4	Y.
14,49 475		4,88,000	25 840	—8,84,232	B. A. Harper, Esq. (Mg. Director)						Nil		4	

* Includes bonus. 'C'—On increased capital. M—Managed by Board of Directors. X.R.—Ex. Right.
Y.E.—All dividends paid since 31 March 1959 are shown as taxable.

MISCELLANEOUS COMPANIES—*Continued*

INSURANCE (X)

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
13,50,000	69,03,607	2,06,89,131	87,91,455‡§	25,429	N. M. Cole, Esq.	Concord of India	9.25	5	1.00	1.00	1.00		12	Y.
10,01,000	11,65,196	23,43,030		64,390	M.	Devkaran Nanjee Insurance	35.00	50	3.00	3.00			12	Y.
24,00,000	1,19,24,632	1,83,12,997	80,66,314‡§	21,084	H. V. R. Iengar, Esq. (Chairman)	Hercules Insurance	23.50	10	2.625	2.625	2.625		12	Y.
21,15,300	96,68,377	1,18,54,962	74,91,044‡§	37,539	K. M. D. Thackersey, Esq. (Chairman)	Indian Mercantile Insurance	61.50	50	6.00	7.50	8.00		12	Y.
20,00,000	95,14,623	2,51,55,533	1,06,14,393‡§	20,414	M. G. Modi, Esq. (General Manager)	New Great Insurance	22 76	20	3.00	3.00	3.00		12	Y.
1,06,81,500							45.75	15	5.70*	5.70*	5.70*			
64,03,967	11,00,53,549

MISCELLANEOUS COMPANIES—*Continued*

UNCLASSIFIED (Other Centres)

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
92,75,000	2,46,64,621	7,27,48,445	1,37,72,801	11,965	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd...	12.81	10	1.20	1.20	0.50		3	Y.P.E.
1,00,00,000	86,97,689	2,15,10,886	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd. ..	20.80xd	10	0.90	1.80	1.50		3	Y.P.E.
1,94,700	2,72,000	16,65,492	2,19,026	1,442	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	9.85	10	..	1.00	1.50		3	Y.
12,65,175							7.15	7.50	..	0.50	0.375		4	Y.
30,00,000	44,23,926	46,09,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd. ..	Angelo Bros. Ltd.	25.25	10	2.81	2.80	2.80		3	Y.
4,97,14,990	81,08,000	5,99,72,026	1,61,25,018	58 399	A. E. L. Collins, Esq. (Mg. Director)..	Ashok Leyland Ltd.	6.80	5	0.30	0.40	0.35		9	Y.
50,00,000	49,10,024	50,87,241	27,77 709	18 162	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	26.37	10	2.00*	2.00*	2.00		3	Y.
1,18,00,000	98,84,917	1,31,10,564	77,02,281	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A.	23.44	10	1.50	1.50	1.50		3	Y.
20,00,000	44,17,208	77,58,757	34,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India ..	9.40N	10	1.00	1.00			3	Y.P.E.
80,01,400	1,26,98,254	97,20,051	46,35,240	....	C. G. Montgomery, Esq. (Chairman)..	Balmer Lawrie & Co., Ltd. ..	233.00	100	15.00	15.00			6	Y.
12,00,000	81,52,123	39,22,354	35,10,354	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co. Ltd. ..	31.00N	10	2.50	2.50	2.50		12	Y.P.
20,00,000	9,62 972	67,82,724§§	....	1,064	Lovelock & Lewis	Birds Investment Ltd.	9.00	10	1.00	1.00	0.80		9	Y.P.E.
68,94,580	1,00,85,705	2,10,07,495	89,93,468	745	K. Julian Scott, Esq. (Mg. Director)..	Britannia Biscuits	37.62	10	1.00	1.00	0.80		9	Y.P.E.
2,25,00,000	2,59,81,765	8,30,37,277	2,69,44,45	23,545	Satish Kumar, Esq. (Chairman) ..	British India Corporation Ltd. ..	10.25	5	0.35	0.45	0.75	2.10	12	Y.
80,00,000	49,02,950	52,35,651	29,71,082	2,226	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd. ..	22.25	10	1.25	1.00	1.50		12	Y.
1,85,80,000	14,77,612	1,77,96,192§§	....	2,75,442	Andrew Yule & Co., Ltd.	Clive Row Investment	8.00xd	10	0.75	0.80	0.80		12	Y.
6,96,000	7,60,000	47,67	30,64,660	28,289	.. .. ..	Delhi Flour Mills Co., Ltd. ..	15.00N	10	1.00	0.70			12	Y.P.E.
4,50,00,000	6,29,00,650	12,21,08,895	5,75,17,151	....	K. L. Mital, Esq. (Secretary)	Dunlop Rubber Co. (India) Ltd. ..	34.19	10	2.00	1.50	1.75		12	Y.P.E.
90,00,000	1,27,48,000	39,14,313	14,46,834	2,42,095	M. L. Bezon, Esq. (Mg. Director) ..	Duncan Brothers & Co., Ltd. ..	155.00	100	14.00	14.00			12	Y.
56,73,320	2,28,56,496	2,44,33,402	88,93,071	48,651	K. P. Goenka, Esq. (Chairman)	Dyer Meakin Breweries	23.19	5	2.00	2.00	2.00		12	Y.
76,80,000	55,11,801	1,78,15,453§§	....	1,51,252	N. N. Mohan, Esq. (Mg. Director) ..	Eastern Investment Ltd.	9.00	10	1.00	1.00	0.80		9	Y.P.E.
98,88,202	1,93,822	26,02,244	8,43,057	—4,08,444	Bird & Co. Private Ltd.	East Anglia Plastics (India) Ltd. ..	101.00	100	14.00	12.00	10.00		12	Y.
48,88,000	9,17,059	1,27,35,885	41,42,016	5,749	D. P. Sen, Esq. (Secretary)	Enfield India Ltd.	6.87	10	Nil	Nil	Nil		12	Y.P.
40,12,868	89,54,090	1,15,37,757	59,85,716	2,62,362	S. Sankaran, Esq. (Mg. Director) ..	Ganesh Flour Mills Co., Ltd. ..	10.15	10	0.40	0.40	0.75		12	Y.P.
14,00,000	10,92,000	44,75,416	23,85,812	46,128	Satya Narain Gupta, Esq. (Chairman)..	Ganges Rope Co., Ltd.	13.00	12.50	1.60				12	Y.P.
80,00,000	....	4,78,255	21,601	—3,80,640	Macneill & Barry Ltd.	General Tyres Ltd.	247.00	100	20.00	15.00			12	Y.
65,00,000	58,42,190	34,60,726	20,85,588	15,471	National Rubber Mfrs. Ltd.	Gillanders Arbuthnot & Co., Ltd.	6.37	7.50	Nil	Nil	Nil		6	Y.P.E.
40,00,000	35,10,500	88,90,747	56,46,453	2,440	J. W. Easson, Esq. (Chairman) ..	Godfrey Phillips India Ltd. ..	14.81	10	1.10	1.10	1.10		6	Y.P.E.
2,00,15,000	1,84,59,733	3,68,93,878	37,75,535	51,86,310	D. S. Barron, Esq. (Chairman)	Goodyear India Ltd.	22.00	10	4.00	8.00	2.00		12	Y.P.E.
3,07,66,250	2,31,76,491	10,71,36,646	5,28,33,894	3,043	B. E. O. Carey, Esq. (Mg. Director) ..	Hindustan Motors	21.56	10	Nil				12	Y.P.
1,50,00,000	57,26,512	3,18,47,067	72,54,008	—12,90,311	Birla Brothers Private Ltd.	Hindustan Pilkington Glass	17.97	10	1.20	1.25	1.15		3	Y.P.
40,00,000	....	92,65,321	6,66,780	—11,50,824	Talukdar Law & Co. Private Ltd. ..	Hindustan Twyfords Ltd.	14.00	10	1.20	Nil	Nil		10	Y.P.E.
15,16,00,000	10,67,60,544	12,69,94,528	4,09,70,628	3,29,429	H. L. Somany, Esq. (Chairman)	Imperial Tobacco Co. of India Ltd.	18.75	10	Nil	Nil	Nil		3	Y.P.E.
6,00,44,460	5,06,72,000	10,67,68,074	6 31,36,292	4,12,610	Mr. F. A. Colletti (Chairman)	Indian Aluminium Co., Ltd. ..	8.31	10	0.80	0.90	0.80		3	Y.P.E.
2,48,65,450	3,38,26,675	3,48,31,931	1,88,64,278	21,521	H. V. Kengal, Esq. (Chairman)	Indian Cables Co., Ltd.	32.00	10	1.50	1.75	2.00		12	Y.P.E.
5,64,00,000	1,61,33,886	9,06,12,544	3,91,56,221	85,587	J. V. J. Paterson, Esq. (Chairman) ..	Indian Oxygen Ltd.	36.50	10	2.25	2.25	2.25		3	Y.P.E.
29,98,375	1,89,823	60,18,368	28,12,632	66,066	Amiya Kumar Sen, Esq. (Mg. Director	Indian Plastics Ltd.	24.62	10	1.50	1.20	1.20		3	Y.P.
8,27,970	12,42,788	23,18,170	13,38,190	53,791	M.	Indian Rubber Manufacturers ..	7.75	10	Nil	Nil	Nil		3	Y.P.
74,98,900	5,81,600	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Woolcombers of India Ltd. ..	21.75	10	3.00	3.00			3	Y.P.
3,00,00,000	87,10,720	58,40,429	19,24,182	....	M.	Jardine Henderson	11.56	10	Nil	Nil			3	Y.P.
15,00,000	18,00,000	18,79,230	1,52,872	64,044	J. V. J. Paterson, Esq. (Chairman) ..	J. K. Agents Private Ltd.	76.00	10	7.00	6.00	7.00		12	Y.P.
1,40,20,838	29,23,514	2,73,13,972	18,67,683	1,01,639	Duncan Brothers & Co., Ltd.	Madhya Pradesh Industries Ltd. ..	9.12	10	1.00				3	Y.P.
1,47,12,260	1,86,25,546	94,70,688	25,41,490	1,289	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	10.12	10	1.00	1.00	1.00		3	Y.P.
18,00,000	14,99,553	29,93,908	5,80,650	....	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	10.12	10	0.60	0.45	0.32		3	Y.P.
47,12,000	90,33,866	34,12,628	15,66,033	2,34,727	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	22.62	10	2.75	2.50	2.50		9	Y.P.
3,22,00,000	2,06,70,151	5,27,52,316	1,88,41,107	2,480	M.	McLeod & Co.	22.22	10	1.25	1.60			3	Y.P.
94,98,000	22,90,164	82,86,801	11,11,398	5,426	M. K. Vellodi, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	217.00	100	15.00	18.00			12	Y.P.
6,86,250	10,38,966	16,65,788	46,55,184	1,217	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electric Industries Ltd. ..	29.75	10	2.50	2.50	1.90	1.80	3	Y.P.
10,00,000	6,01,040	22,77,151	13,28,686	1,401	Mr. M. Subramanyam (Chairman) ..	Mysore Lamp Works	168.00xd	100	20.00	20.00	12.00		3	Y.P.
1,85,00,000	1,27,32,234	1,64,18,002	78,46,576	21,708	I. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	80.00	10	2.50	3.70*	0.80		3	Y.P.
40,00,000	86,90,805	86,25,252	32,56,376	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd..	National Insulated Cable Co. ..	11.50xd	10	Nil	1.00	1.00		3	Y.P.
40,00,000	39,77,485	81,98,266	44,68,902	85,955	Associated Ind. Dev. Co. (Pvt.) Ltd..	National Pipes & Tubes Co., Ltd.	26.25	10	2.50	2.50	1.80		3	Y.P.
80,00,000	21,55,713	1,30,14,550	62,00,885	58,629	Associated Ind. Dev. Co. (Pvt.) Ltd..	National Rolling & Steel Ropes ..	28.25	10	2.00	2.00	2.00		3	Y.P.
60,00,000	79,97,000	1,10,28,290	24,54,119	1,672	K. N. Mookerjee, Esq. (Mg. Director.)	National Rubber Manufacturers Ltd.	21.19	10	1.50	1.50			6	Y.P.
2,50,000	1,81,46,098	76,93,478	31,47,234	8,24,438	Andrew Yule & Co. Private Ltd. ..	New Egerton Woollen Mills	21.81	10	0.65	0.60	1.00		12	Y.P.
23,32,190	14,49,316	17,27,391	64,55,615§§	46,960	Andrew Yule & Co., Ltd.	New India Investment Corpn. Ltd. ..	11.25	10	0.70	0.70	0.80		12	Y.P.
20,00,000	10,04,500	19,08,562	10,15,929	2,705	Ramdutt Ramkisendas	Parry & Co., Ltd.	51.00xd	75	6.50	5.00			12	Y.
3,20,00,000	1,13,85,084	3,55,55,722	1,25,36,971	43,000	Parry & Co., Ltd.	Parrys Confectionery Ltd.	2.92xd	1	0.30	0.26	0.16		3	Y.
1,56,25,000	9,45,700	2,86,97,801	39,71,134	—47,66,862	W. A. C. H. Beaumont, Esq. (Chairman)	Phillips India Ltd.	27.75	10	1.20	1.50	1.50		12	Y.P.
12,25,800	7,44,984	80,08,183	7,95,031	4,309	Duncan Brothers & Co., Ltd.	Phillips Carbon Ltd.	13.94	5	Nil	Nil	Nil		12	Y.
41,56,400	41,68,124	75,57,564	27,96,850	2,887	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.80	5	0.70	0.75	0.75		3	Y.P.
2,25,00,000	41,45,070	1,05,51,276	62,82,070	5,952	S. Sharma, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	20.87xd	10	1.80	1.80	1.80		3	Y.P.
5,00,00,000	3,85,90,000	15,86,08 576	7,92,70,758	4,806	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	123.00	100	8.50	8.50	10.00		3	Y.P.
1,85,00,000	66,99,991	8,28,44,422	1,37,12,474	4,801	Babu Jain Ltd.	Rehtas Industries	11.10	10	1.00	0.80	0.90		3	Y.P.
71,60,000	....	1,02,02,408	9,21,237	—14,10,918	K. D. Gangull, Esq. (Secretary) ..	Sen-Raleigh Ltd.	18.69	10	0.80	0.80	Nil		3	Y.P.
75,00,000	69,54,952	1,66,99,997	70,28,936	3,55,748	Seshasayee Brothers Pvt. Ltd. ..	Seshasayee Industries	7.00	10	Nil	Nil			9	Y.P.
40,00,000	1,10,03,806	1,65,59,654	49,38,199	4,87,429	C. M. A. Bathurst, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	14.62	10	1.50	0.75	1.25		12	Y.
47,00,000	82,00,000	2,09,18,405	63,50,721	14,232	C. W. Stephenson, Esq.	Standard Motor Co. (India) Pvt. Ltd.	21.25	10	1.80	1.80	1.80		12	Y.
99,99,910	59,875	19,24,788	10,28,291	1,292	Standard Motor Products	Travancore Ogale Glass	10.15	10	0.70	0.60			12	Y.
11,88,800	19,10,841	16,95,997	8,53,687	59,666	Standard Motor Co. (India) Pvt. Ltd.	T. Stanes & Co., Ltd.	5.03	10	0.70	0.65	0.65		12	Y.
2,50,00,000	2,14,79,630	5,55,64,026	1,69,15,726	50,510	Sir A. Ramaswami Mudaliar (Chairman	Tube Investments of India Ltd. ..	30.25xd	10	1.50	3.25	3.75		3	Y.
5,56,950	7,01,942	79,26,373	46,26,878	69,276	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd. ..	185.00	100	10.00	10.00	10.00		3	Y.
9,30,00,000	7,17,77,000	7,17,77,000	2,58,33,282	1,94,008	J. R. Shallow, Esq. (Secretary) ..	Union Match India Ltd.	44.00	10	Nil	Nil	1.00		9	Y.
80,00,000	91,25,520	70,39,890	27,47,493	....	Vittal Mallya, Esq. (Chairman) ..	United Breweries	31.50	10	1.80	1.25	1.50		12	Y.
3,00,000	8,41,745	9,99,498	6,77,689	8,282	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	33.00	10	6.00	6.00	6.00		12	Y.
31,46,200	43,08,662	1,21,08,808	64,16,526	15,013	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd.	26.25xd	10	1.00	0.75	0.50		3	Y.
							217.00cd	100	12 0*	14.00	15.00	16.00	3	Y.

TRANSPORT

20,00,000	33,73 556	70,97 762	30,60,732	54,555	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	105.00	100	7.50	10.00	10.00		12	Y.
80,00,000	75,25,652	3,76,59,710	1,67,58,127	—68,12,170	Dinshaw (Private) Ltd.	Bharat Line	4.20	10	Nil	Nil	0.50		12	Y.
60,00,000 } 30,00,000 }	2,71,64,446	10,84,29,602	3,49,39,642	1,28 987	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	18.92	10	0.75	1.00	Nil		6	Y.
							13.00	10	0.80	1.00	Nil			
						India General Navigation & Rly. Co.	84.00	£10	Nil	Nil	Nil			
						India Steamship Co.	6.37	10	Nil	Nil			12	Y.
						Scindia Steam Navigation Co. ..	16.12	10	Nil	Nil	Nil		3	
						Walford Transport Ltd.	2.97	O. 1	0.80	0.80	0.27		12	Y.
							3.25	P.O. 1	0.20	0.20	0.27			
2,00,000	£1,194,860	£4,312,991	£2,242,182	—£84,854	Kilburn & Co. Private Ltd.									
47,50,000	1,57,29,564	28,79,27,974	8,19,14,557	....	Lionel Edwards (Private) Ltd. ..									
38,19,598	11,58,24,547	26,88,60,168	12,48,17,005	2,82,649	D. N. Khatau, Esq. (Chairman) ..									
2,40,800 } 2,10,200 }	80,76,582	18,79,885	11,06,250	21,687	B. B. Alyer, Esq. (Manager)									

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
26,50,000	69,27,800	1,49,32,049	90,70,765	89,096	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	21.37	10	1.25	1.50			3	Y.
12,00,000	15,06,589	42,84,256	37,48,315	....	Jardine Henderson Ltd.	Barraree Coke	22.69	10	Nil	1.50			3	Y.
4,49,340	1,52,588	31,90,284	6,92,023	5,392	Kalyanji Mavji & Co.	Bengal-Bhatdee	3.48	10	..	..			3	Y.
80,00,000	2,68,23,178	9,41,09,762	5,65,34,188	1,08,409	Andrew Yule & Co., Ltd.	Bengal Coal	243.00	100	21.00	19.00	16.00		12	Y.
2,25,000	5,45,885	24,86,830	21,80,114	16,129	M.	Bengal-Nagpur	22.00N	10	2.60				10	Y.
4,00,000	94,950	1,27,57,958	69,90,595	—3,95,581	Sahu Jain Ltd.	Bharat Collieries	2.65	10	Nil	Nil			12	Y.
7,15,000	8,81,772	59,01,884	37,09,468	—6,87,301	M.	Bhimbarabarree	10.00N	10					6	Y.
7,50,000	29,11,005	55,15,184	32,39,252	6,037	F. W. Heilgers & Co. (Private) Ltd.	Borea	18.25	10	1.50	1.50	1.50		12	Y.
20,22,480	94,52,421	4,74,58,629	2 52,88,277	90,768	Bird & Co. Private Ltd.	Burrakur	16.94	10	1.30	1.30	1.30		3	Y.
40,12,868	6,85,370	84,52,322	33,58,568	3,58,023	Hindustan Investment Corpn. Ltd. ..	Central India	10.44	10	1.00	1.00			3	Y.
5,00,000	12,99,400	84,18,457	35,46,366	—1,25,641	Jain Industries	Central Kurkend	3.44	10					3	Y.
10,00,000	....	51,90,284	6,92,023	—5,39,084	M.	Dhemo Main	3.95	10	Nil				12	Y.
22,40,000	£561,055	£979,072	£128,516	£6,284	Jardine Henderson Ltd.	East Indian	27.22	£1	2.00	2.75			12	Y.
29,68,780	1,22,22,000	5,29 46,901	3 93,25,117	1,57,517	Macneill & Barry Ltd.	Equitable	20.50	10	1.00	1.00	1.00		4	Y.
15,00,000	40,000	57,27,664	9,88,022	—5,84,266	Shatter's Agency Ltd.	Ghusick and Musila	18.00N	10	1.00	1.00			12	Y.
12,00,000	2,41,423	45,20,017	30,84,255	795	Killick Industries Ltd.	Hingir-Rampur	41.00	50	Nil	Nil			3	Y.
3,00,000	....	26,07,213	20,64,191	—3,65,025	M.	Hurriladih	5.44N	10	Nil	Nil			3	Y.
20,00,000	17,65,600	57,00,243	19,02,564	1,071	Bird & Co. Private Ltd.	Karampura Collieries	13.59	10	1.00	1.00	1.00	1.20	3	Y.
14,00,460	20,19,553	70,21,345	46,47,870	22,818	Andrew Yule & Co., Ltd.	Katras Jherriah	28.12	10	4.00	2.50	3.00		3	Y.
9,00,000	10,27,752	29,57,644	23,77,712	57,591	H. V. Low & Co. (Private) Ltd. ..	Lakurka	12.76N	10					3	Y.
7,48,240	56,490	13,90,464	10,81,223	74,711	Tantia Brothers Private Ltd.	Madras	4.69	10	Nil	Nil			3	Y.
21,97,310	44,16,189	2,10,81,152	1,25,85,029	15,709	Andrew Yule & Co., Ltd.	New Beerbhoom	16.56	10	1.00	1.00			3	Y.
10,00,000	5,90,206	12,87,188	3,80,190	51,230	Ostavius Steel & Co., Ltd.	New Manbhoom	11.37	10	0.80				3	Y.
3,15,000 } 1,57,000 }	4,81,409	17,65,275	10,59,556	15,045	M.	North West	19.00N	10	2.00				3	Y.
7,50,000	12,52,584	1,94,347	22,85,005(k)	....	P. Prashad, Esq. (Chairman	Ondal	17.50N	7.50	1.50				3	Y.
2,34 000	1,82,812	27,86,226	14,17,190	589	Deepchand Kishenlall	Parasea	14.00	10	0.75	0.75	0.50		12	Y.
13,75,000	24,59,125	27,86,226	24,04,852	54,258	Shaw Wallace & Co., Ltd.	Pench Valley	17.44	10	1.00	1.00			3	Y.
41,99,120	40,85,000	1,62,75,221	1,12,46,586	85,781	.. ..	Ramagunga	13.06	10	1.00	1.00			3	Y.
12,50,000	32,96 490	89,35,834	47,28,819	8,488	Shaw Wallace & Co., Ltd.	Rewa	21.87	10	1.70	1.70			3	Y.
37,50,000	46,20,336	1,20,44,712	48,98,957	3,953	M.	Samla Collieries	7.81	10	2.00	1.00	1.50		12	Y.
40,00,000	16,17,485	1,10,23,290	54,54,119	1,672	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries	104.00	100	14.00	10.00	10.00		12	Y.
2,50,000	14,49,316	16,11,289	22,05,222	15,284	Andrew Yule & Co., Ltd.	Seebpore	185.00	100	8.00	2.80	2.00		12	Y.
12,84,000	6,85,222	85,740	16,86,746(k)	882	F. W. Heilgers & Co. (Private) Ltd.	Sendra	4.06	10	0.35	0.25	0.80		12	Y.
9,00,00,000	1,49,11,727	11,90,70,501	5,00,12,318	18,623	M. P. Pal, Esq. (Chairman)	Singareni	9.75	10	0.75		0.80		12	Y.
17,50,000	11,77,056	57,90,223	25,84,092	3,001	Bird & Co. Private Ltd.	South Karanpara	6.56	10	0.75		0.75		3	Y.
5,00,000	16,18,969	1,58,707	26,19,145(k)	4,723	F. W. Heilgers & Co. (Private) Ltd.	Standard	9.62xd	10	Nil	Nil	0.25		12	Y.
3,50,000	3,01,332	23,77,775	17,78,596	36,403	R. M. Varma, Esq. (Mg. Director) ..	Union	10.25N	10	Nil	1.00	1.00		12	Y.
49,96,000	5,09,055	1,00,83,162	42,35,012	1,10,162	Hindustan Investment Corpn. Ltd. ..	Western Bengal	7.37	10	0.75	0.90			12	Y.
7,00,000	....	60,68,759	34,56,424	—6,23,711	M.	West Jamuria	3.60	10	Nil				12	Y.

M.—Managed by the Board of Directors. N.B.—Dividends paid since 31st March 1959 are shown as taxable.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only.

K.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1958 and 37 nP for the year ended 31st March 1956.

N.B.—Dividends paid since 31st March 1959 are shown as taxable.

X.B.—Ex-Bonus.

(k) Investments.

*Includes bonus.

§§Investment at cost.

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
97,50,000	1,33,55,000	4,67,689	Allahabad Bank	248.00	100	18.00‡	15.00	15.00		12	Y.P.
1,61,600	30,58,220	4,794	Andhra Bank	103.00	100	8.00	8.00	8.00		6.12	H.
40,75,200				85.75	85	6.80	6.80	6.80		12	Y.
2,50,80,800	2,44,93,760	2,96,970	Bank of Baroda	95.00	50	5.50	8.00	9.00	4.00‡	6.12	R.L.Y.
2,50,00,000				100.50	50	10.00	10.00	9.00	4.00‡		
50,00,000	4,86,00,000	4,19,848	Bank of India	103.00	50'A'	10.00	10.00	9.00	4.00‡	12	Y.
80,80,920	35,90,200	47,625	Bank of Maharashtra	52.50	50	4.50	4.50	4.50		12	Y.P.
1,25,00,000				81.00	50	7.50	7.50	7.50		12	Y.P.
25,00,000	1,00,78,033	....	Canara B

TREND OF SHARES

BULLISH FERVOUR MAINTAINED

(From Our Own Correspondent)

BOMBAY, *27th August*

LAST week's buoyancy in shares was fully maintained during the current week and the market made further headway in its upward journey. In this process, many shares not only crossed their early July levels but registered new highs in the current bull phase. The volume of business was heavy and the tendency for the turnover to increase with the rise in prices was an unmistakable proof that, basically, the market remained strong.

Sentiment in the market continued to be induced by the series of moves which the Prime Minister is reported to have initiated in order to get a firmer grip over the present inflationary tendencies. The Prime Minister's earlier decision to prune expenditure and to put off projects which were not very essential at present had created a favourable impression. On top of this came the news on Thursday that Mr. Lal Bahadur Shastri had asked the Planning Commission to study the impact of taxation on the price trends and this was taken as an indication that the Government appreciated the need for a new approach to fiscal policy in the light of recent experience. Further, the loan from the Ex-Im. Bank and the proposed change in the World Bank's charter which would enable the International Development Association to expand its operations also strengthened the bullish sentiment.

Steel shares were, however, in the background during most of the week under review, except that Indian Iron shot up to Rs. 29 at the close on Thursday the 27th inst. But it must be pointed out that Indian Iron had touched a new high level of Rs. 28.25 in the kerb on Friday the 21st inst. Tata Steel closed unchanged over the previous week and the comparatively quiet tendency in them was attributed to precautionary liquidation on the part of one of the leading bull operators.

There were many others which shot up to establish new high levels. The most notable among them were Telco and Kohinoor, not to speak of Standard, Tata Chemicals and Hindustan Motors. Telco crossed the pre-Budget level of Rs. 317.50 to be quoted at Rs. 321.50, though the closing was subdued at Rs. 316. Sentiment in Telco was helped by the decision to issue right shares at a premium of just Rs. 30, as against the earlier proposal of Rs. 50. Moreover, the hope expressed by the Chairman at the annual meeting last week that it might be possible to issue bonus shares at a future date by capitalising the share premium account enthused the market. Later reaction was due to profit-taking which was not surprising in view of the steep rise. Kohinoor, rather in the rear these days, came to the fore and in hectic activity the shares were bid up to around Rs. 339.50 although the closing level was four points down on this at Rs. 335.50. Apart from favourable contang charges, support to Kohinoor came from knowledgeable sources. It may, however, be mentioned that Kohinoor is yet far behind its November 1963 level of Rs. 349 and its bull market top of Rs. 372 in 1961.

Also prominent in the textiles section were Century and Standard. Though Century reacted at the close to Rs. 642.50, the shares had been bid up during the week to Rs. 646 in the kerb on Tuesday and to Rs. 648 in the official session on Thursday, again a new high level. Bullish fervour in Century was helped by hopes of a higher interim dividend as well as a bonus issue. Standard shot up to Rs. 696 on brisk speculative and influential buying and it might be mentioned here that the scrip has pierced its July top of Rs. 675, belatedly though. Activity in Svadeshi was not so brisk as it used to be in the week before last but the shares were well held at Rs. 266.50. Tata Mill was another notable counter in the textile section and moved up to Rs. 58 at the close on sustained support. Dawn was quiet, as of the bare maintenance of dividend disappointed a market which was looking for a rise. National Rayon closed the week barely steady at Rs. 384.50, after touching a high of Rs. 390 earlier. The current easiness is due presumably to the difficult situation in which the yarn industry is finding itself at present. Also, the expected cut in the excise duty has not come as yet.

The Automobile section also attracted considerable attention. Hindustan Motors reached a new high at Rs. 19.44 (kerb Rs. 19.48), while Premier Auto were bid up to Rs. 109.25 which meant a gain of four points over last week. Telco has already been discussed at length.

Along with Century and National Rayon, other rayon shares were also quiet. Despite good working, Gwalior Rayon failed to attract fresh support and closed the week with a fractional rise of 50 P at Rs. 42.50 while Indian Rayon was distinctly subdued at Rs. 57 against Rs. 59.20 of last week. Baroda Rayon was quiet at Rs. 72, but South India Viscose was exceptionally firm and gained five points to close the week at Rs. 121.

In Engineerings, Voltas attracted considerable support to gain more than 12 points at Rs. 271.50. However, a much talked of scrip was Larsen and Toubro; it touched a high level of Rs. 23.20 on Tuesday. Mukand Iron and Premier Construction also moved to higher ground at Rs. 19.20 and Rs. 197, respectively.

West Coast Paper, among paper shares, came in for good support to record a 6-point gain on balance at Rs. 172. Sirpur was also better at Rs. 11.64. Tyre shares were almost neglected and went unquoted on Thursday although Premier Tyres among them came out with good working results for the accounting period to March. The Company seems to have turned the corner and although the net profit is a modest figure of a little more than Rs. 88,000 it should be noted that it has provided for depreciation up-to-date. Its shareholders however look forward to the day when they would be given dividends but looking to the latest balance-sheet that welcome day should not be very far off. Tata Chemicals which touched a new peak (Rs. 19.72 the highest on Thursday) during the week was said to have been supported in expectation of good financial results. Sugar shares returned to activity, with Belapur and Phaltan in the lead at Rs. 226 against Rs. 224 of last week and Rs. 110 against Rs. 106.50 respectively.

Special mention must be made of electricity shares, among which all Tata group recorded a handsome gain following a one per cent rise in the dividend. Andhra Valley have jumped up from Rs. 1,110 to Rs. 1,212.50, Tata Hydro from Rs. 119 to Rs. 126 and Tata Power from Rs. 1,192.50 to Rs. 1,267.50. All the three companies have reported an excellent increase in their profits, as well as in their appropriations to reserves.

Another interesting point of trading during the week was the emergence into the limelight of many shares which were hitherto in the background. This is an unmistakable sign of a market which is set for a rise. It was also satisfactory to note that the cash section, many members of which have been discussed above, was more active during the week than before. Others among these were Sandvik Asia at Rs. 171, Sankey wheels at Rs. 12.76 and Dhrangadhra Chemicals at Rs. 126.

* * * *

At the time of writing, Calcutta was steady, despite settlement considerations. Indian Iron and Hindustan Motors were the leading counters there while Guest, Keen, Williams and Textile Machinery improved on balance. J. K. Steel and Kumardhubi attracted scattered support. Jute shares were dull, although Anglo-India was in demand. Birla eased on long liquidation. Mill shares were devoid of interest. In coals, Burrakur and Bengal were steady.

* * * *

In Madras, selected forward scrips came in for enquiry with South India Viscose and Madura being the highlights. Firmness in Deccan Sugar was another notable feature. Plantings were active and business was well spread. Mettur Chemicals and Aluminium Industries were the other active shares.

PREMIER TYRES LTD.

The performance of the Premier Tyres Ltd. (Managing Agents: Indo-Orient Agencies Private Ltd., Bombay) during the fifteen months ended 31st March 1964, which represent the Company's first full period of commercial production, is quite encouraging. On the total sales amounting to Rs. 3.82 crores, the Company has earned a gross profit of Rs. 21.63 lakhs. After providing Rs. 50,000 for Managing Agents' commission and Rs. 20.25 lakhs for depreciation, the net profit comes to Rs. 88.488 which has been used to reduce the previous years' debit balance of Rs. 58.28 lakhs, so that the debit balance to be wiped out is Rs. 57.40 lakhs. The Company has not made any provision for development rebate reserve and the arrears of preference dividends aggregate Rs. 13.38 lakhs. The working results of the Company for the first four months of the current year are better than last year, according to Mr. Chandrakant S. Desai, a Director of the Company.

At present, the Company is working two shifts, the actual utilisation of capacity (three-shift basis) being 70 per cent. As against the installed capacity of 800 truck tyres and 200 passenger car tyres per day, the actual daily output of the factory is now of the order of 500 truck tyres and 100 passenger car tyres. In another three months, the factory is expected to reach full capacity production. The Company is proposing to diversify production by undertaking the manufacture of V-belts, conveyor belts and scooter tyres.

The Company's foreign collaborators, the U.S. Rubber Company, continue to take a keen interest in seeing to it that the quality of the products manufactured is second to none. The Company's products are said to have been well received by vehicle manufacturers as original equipment, the State Transport and other Government and semi-Government organisations.

The Company's paid-up capital (150,000 equity shares of Rs. 100 each and 50,000 6½ per cent tax-free cumulative redeemable preference shares of Rs. 100 each), together with the development rebate reserve of Rs. 24.85 lakhs, brings the Company's own funds to Rs. 223.79 lakhs. The gross block, which has increased during the fifteen-month period under review from Rs 252.18 lakhs to Rs. 264.51 lakhs, has been written down to Rs. 224.94 lakhs.

NEW PUBLICATIONS

Rail and Road Transport in India. By Dr. M. O. Mathew, Head of Commerce Department, University of Annamalai. Published by Scientific Book Agency, 103, Netaji Subhash Road, Calcutta-1. Pages: 226, Price: Rs. 18.

DESPITE the fact that economic planning in this country accords a very high place to railways and roadways which serve as lifelines of trade and commerce, very few studies have been undertaken on the size and organisation of transport units. Seen in this context, Dr. Mathew's book is thought-provoking and is a pioneering work in this field. It is a study regarding the application of the theory of opumum size in the transport industry. Optimum size has been defined in the economic text books as a norm towards which every industry tends to expand, but beyond which production becomes less profitable. Transport industry is peculiar in that it is a public utility service in which the evolution of size is influenced by governmental regulations. In this book it has been stressed by the author that the degree of economy and efficiency of the transport industry as a whole is determined by organisational considerations in the context of unit sizes. The author's analysis of concepts like operational ratio and traffic density constitutes an interesting study. There cannot be a better appraisal of Dr. Mathew's treatise than what has been said by Prof. M. H. Gopal, Member, Railway Rates Tribunal, in his foreword. He remarks: "As in all true research, he (Dr. Mathew) has chosen a small segment of the problem instead of trying to paint impressionistically on a large canvas. He must, therefore, be congratulated on his attempt and it may be hoped that his lead in analysis in depth will be followed by other scholars."

Census of India, Vol. X, Maharashtra: Part II-B(ii). General Economic Tables—Occupational Classification. Published by the Manager of Publications, Delhi-8. Pages: 511. Price: Rs. 7.35.

This part of the Census Report for Maharashtra gives the occupational data for workers in the State. The exhaustive material on the occupational classification of workers other than those engaged in cultivation is arranged in two tables. They are presented division-wise and district-wise, cross-tabulated by sex, broad industrial categories, age-groups and educational levels. The report reveals that 57 lakh workers are to be found in the non-farm sector. This means that about 14.4 per cent of the State's population of about 396 lakhs is economically active in this sector. Like any other census publication, this report provides a wealth of data for research workers, economists and sociologists.

Bombay Cotton Annual 1962-63. Compiled and published by D. G. Damle, Secretary, East India Cotton Association Limited, Bombay. Pages: 411. Price: Rs. 7.50.

The Bombay Cotton Annual, the forty-fourth edition of which has just been published by the East India Cotton Association, can undoubtedly claim to be a comprehensive account on trading in cotton and laws governing the same. The manual contains statistical information regarding cotton crops, imports, exports, stocks and consumption, prices and forward deals in the commodity. The present edition contains the latest developments regarding cotton and incorporates, *inter alia*, the texts of various Acts on cotton and amendments thereto, and also Union Government notifications. Mention may also be made of the Madras Cotton Control Order, 1962 and Superior Cotton Production and Certification Order, 1962. A valuable addition in the latest issue of the Cotton Annual is a chapter on glossary of cotton terms. The publication is by far the most authoritative compilation of various items of interest for all those connected with the cotton trade.

The Iron and Steel Industry in India. By M. R. Chaudhuri, Professor and Head of Department of Geography, Vidyasagar College for Women, Calcutta-6. Published by Indian Economic-Geographic Studies, Calcutta. Pages: 196. Price: Rs. 20.

The need for development of iron and steel industry in a developing country like India cannot be overemphasised. Professor Chaudhuri's book is a geo-economic study of the industry and examines critically and meticulously the raw material pattern, processes and equipment, problems and prospects of dispersal and development of steel centres and future lines of progress in this field. An interesting feature of the book is a historical-geographical approach. The book should prove useful to students of economics and engineering. The author holds that, though till a decade back the progress of the industry was very slow—in 1954 India produced only 1.7 million tons of steel as against total iron ore deposits in this country to the tune of 21,000 million tons, representing 70 per cent of total Asian deposits—at present it is in the midst of a most remarkable and spectacular expansion in its history. The author feels doubtful whether the target of 10 million tons will be achieved by 1965-66 and advocates long-term planning. Referring to the problems and prospects of the industry in chapter eleven, the writer observes: "Careful planning and development of the steel industry is the need of the time keeping in view the needs and resources of the country." An addition of appendices on ancillary industries and general statistics increase the usefulness of the book.

COMMERCE

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

William Blake.

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Commerce

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Contents

	PAGE
LEADING ARTICLES—	
Shipping Poised for Dynamic Growth ...	393
Planters' Problems	394
MARKET GOSSIP	395
THIS WEEK'S SURVEY	398-399
TREND OF SHARES	436
SPECIAL FEATURES—	
Delhi Letter	396
American Letter	400
London Letter	400
Tax Concessions Exploited	401
I.M.F. Nearly Nineteen Years Old ...	404-405
Manchester Letter	406
Administrative Justice	410, 412
Special on South Indian Plantations ...	414-419
CHAIRMEN'S SPEECHES—	
Simplex Mills Co., Ltd.	425
Poysha Industrial Co., Ltd.	430
MONEY AND BANKING	402
COAL	408
ENGINEERING	420
NEW PRODUCTS AND PROCESSES	421
COMMERCE AND INDUSTRY	422
COMPANY MATTERS	423-424
NEWS IN BRIEF AND PERSONAL	431
TREND OF MARKETS	432-434
WEEK'S STOCK EXCHANGE TREND	435
MISCELLANEOUS STATISTICAL INFORMATION	435

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SHIPPING POISED FOR DYNAMIC GROWTH

INDIAN shipping, which acquired international recognition by crossing the coveted one-million-ton mark a couple of years ago, has an operating tonnage of 1.3 million now. With the orders already placed and the deliveries expected during the rest of the third Plan period, the aggregate tonnage will be about 1.5 million in 1965-66. This tonnage growth—from 857,000 G.R.T. in 1960-61 to 1,500,000 G.R.T. in the last year of the current Plan—is all the more remarkable, considering that the Plan's target was originally fixed at only 1.1 million tons and subsequently raised to 1.3 million tons without increasing the original rupee allotment of Rs. 51 crores. But that is not all, for, without exceeding this rupee allotment, further firm orders have already been placed, on deferred payment terms, for new constructions or acquisitions to the tune of 900,000 G.R.T. There are thus two revised higher targets now for the third Plan—one relating to an operating tonnage of 1.5 million and the other (2.4 million) covering the operating tonnage and the firm orders for new constructions. These targets eloquently indicate that the growth of Indian shipping will be beyond all expectations. And they also bring out, incidentally, that shipping is perhaps the only sector in which growth has greatly exceeded the target, while in all or most other sectors there has been to date no comparable progress towards the fulfilment of their respective targets.

The credit for this achievement may be claimed equally by the private sector and the public sector in shipping. That the two sectors together have made the national merchant fleet more balanced by adding to it modern bulk carriers, large-size super-tankers and fast-moving liner ships is even more significant in the context of the country's growing international trade. The fact that today about 18 per cent of India's foreign trade is handled by Indian vessels, as compared with barely nine per cent three years ago, will be noted with pride and joy in this connection. This happy outcome would not have been possible if the Government had blindly followed the dog-in-the-manger policy advocated by some champions of shipping in the private sector. Indeed, the growth would have been even more striking and gainful to the economy as a whole had the Government been more daring in associating foreign capital and collaboration in building up the mercantile marine.

It is success of the kind noted above that will pave the way for still greater success in the years to come by encouraging the Government and the shipping industry to set their sights high. The signs are not wanting that the Government, heartened by the performance of the shipping sector, is already thinking in terms of expanding the country's tonnage in a big way. The Prime Minister, Mr. Lal Bahadur Shastri, for instance, has just told a meeting of the National Shipping Board that it would be worthwhile to have the objective of carrying at least 50 per cent of India's overseas trade in Indian bottoms so as to save a lot of foreign exchange. This objective, according to his estimate, could be achieved with an aggregate tonnage of 4.5 million. He has, therefore, suggested that, while expansion of foreign trade is going on, the country should try to increase the present tonnage "in a big way." Although he is not quite sure what the fourth Plan shipping target would be, his own view is that it should be not less than 3.0 to 3.5 million tons. One line of thinking in the Planning Commission and the Union Transport Ministry, however, seems to favour a fourth Plan target of four million G.R.T., of which 2.2 million G.R.T. will represent additional tonnage on the assumption that 1.8 million tons will be in actual operation by the end of the third Plan, as compared with the revised target of 1.5 million tons. The fourth Plan target, it is believed, can be achieved with an outlay of no more than Rs. 225 crores (with a foreign exchange component of Rs. 95 crores), if new acquisitions are made on deferred payment basis as at present, or Rs. 590 crores (with a foreign exchange component of Rs. 280 crores), if no deferred payments are involved. Both the estimates include Rs. 83 crores (with a foreign exchange component of Rs. 49 crores) on account of ships to be built indigenously.

As the proposed additional tonnage will save or earn foreign exchange to the tune of an estimated Rs. 37 crores per annum, the entire foreign exchange cost of shipping expansion in the fourth Plan can be recouped in about eight years. The proposed target does not seem to be over-ambitious against the background of achievement in the third Plan period. If the third Plan will have doubled the country's tonnage, the fourth Plan, too, can achieve similar doubling. The target is also not over-ambitious in the light of requirements, for, even with an aggregate tonnage of four million, the twin objective of carrying 100 per cent (dry cargo) of the coastal trade and 50 per cent of the overseas trade in Indian bottoms cannot be fully achieved. Whatever target is ultimately laid down, there can at least be no doubt that Mr. Lal Bahadur Shastri, who had done so much, in his former capacity as Union Transport Minister, to ensure the rapid expansion of national shipping, will do his best to further a cause so very dear to his heart.

The private sector in shipping would, therefore, do well to strengthen the Prime Minister's hands by taking a realistic stand on foreign capital participation and official encouragement to enterprising companies, old or new. This is all the more necessary, because the Prime Minister himself expects the private shipping companies, whose contribution to the growth of shipping has won his unqualified appreciation, to expand their tonnage much further. As he looks forward not to competition but to "complete co-operation and co-ordination between the public sector and the private sector in the development of shipping," the shipping industry should welcome expansion in the secure belief that each and every company will fare well, provided its operations are efficient. It would not be in good grace if any section of the private sector continues to find fault with the authorities for having given greater encouragement to newer entrants. After all, such encouragement has been given to more enterprising companies in the private sector, and there is nothing to prevent others from being equally enterprising and thereby laying claim to similar encouragement. As Mr. Vasant Sheth, a leading young shipowner, has just said, the Government has shown boldness and dynamism in achieving sizable shipping expansion during the third Plan period and the National Shipping Board should take the cue and vitalise itself.

But Mr. Vasant Sheth has also wisely added that the Government should invariably refer all important shipping matters, problems and policies to the Board and seek its guidance in the interest of co-ordinated development and of co-operation between the Government, the shipping industry and the public. Much of the kind of misunderstanding that has arisen in recent months between the Government and a large section of the private sector in shipping will not arise in future, if two pieces of advice given by Mr. Vasant Sheth are accepted by the authorities. One of these is that if, for any reason, it is not possible for the Government to accept the Board's suggestions, the latter should be advised of the reasons

underlying the Government's action. And the other is that, if any new schemes for expansion (whether in the public or in the private sector) are received or thought of by the Government for prompt attention and implementation, the Government should at least keep the Board advised in regard to such schemes. If the Government can act upon this advice, it will be very good indeed, for, then, the representatives of private shipping companies on the Board will appreciate the Government's point of view better and feel encouraged to cooperate more wholeheartedly in the implementation of policies governing expansion in both the public and private sectors. Again, if the Prime Minister's call for "complete co-operation and co-ordination between the public sector and the private sector" means anything, taking the National Shipping Board into confidence on all shipping matters is necessary to ensure such co-operation and co-ordination.

Of course, for their part, the representatives of private shipping companies, especially of the older ones, on the Board should also reciprocate by taking an expansionist view of things, by discarding their obstructive approach to enterprising newcomers and by adopting a realistic line on foreign capital participation and the like. One is prompted to give this advice, because in the past some of them took an extremely doctrinaire stand on these issues and tried their best to prevent the entry of new entrepreneurs by resorting to pressure tactics such as powerful lobbying in Parliament. If, therefore, the Government fought shy of consulting the Board on delicate issues, the entire blame cannot be laid at its (the Government's) door. Mutual understanding between the Government and the Board is necessary and this will be possible only if all the members of the Board realise that they are members of only an advisory body. Given this understanding, there is every possibility of the latter's recommendations being accepted by the former. For instance, the Board's latest recommendation that the public and private sectors should be given equal opportunities in the expansion of national shipping, that both the sectors should be enabled to expand their activities on overseas trade routes and that the two sectors should co-operate with each other is a sensible one. This is the kind of recommendation that will appeal to the Prime Minister who has no particular ideological bias in favour of the public sector, who has always looked at things from the practical angle and who attaches the highest importance to the expansion of shipping as a "national sector." It may not also be too much to hope that the National Shipping Board's future recommendations on the fourth Plan shipping target, coastal shipping, policy in regard to the public sector *vis-a-vis* the private sector, mechanisation of ports, port development and problems of personnel would be on realistic lines free from doctrinairism.

PLANTERS' PROBLEMS

IT is, indeed, creditable that, despite heavy odds, the plantation industry in South India has endeavoured its best to achieve a notable expansion in output since Independence. The annual production of tea, for instance, has doubled, from 98 million lbs. in 1947 to 195 million lbs., with an increase of only 11 per cent in area. The production of coffee has also gone up from 14,900 metric tonnes to over 67,000 tonnes (the quantity so far supplied by growers to the coffee pool from the 1963-64 crop) and that of rubber from 16,713 tonnes to 37,200 tonnes (last year). These production achievements, as Mr. J. R. Henshaw, the retiring President of the United Planters Association of Southern India (U.P.A.S.I.), stated in his speech at the seventy-first annual general meeting of the Association held at Coonoor on Tuesday this week, are the result of (*a*) good organisation, (*b*) a forward-looking and competent management, and (*c*) a rational and scientific approach to the problems of the field and the plants. In short, the plantation industry in the South provides one more striking example of the achievements that are possible on the agricultural front, given the leadership, finance and application of scientific methods of cultivation.

The production performance of South Indian plantations, remarkable though it is, should not give rise to any sense of complacency, for the need for augmenting the output of plantation crops is by no means over. With the continuously rising trend of population and improving living standards, the demand for tea, coffee and other beverages is bound to go up markedly in the coming years. There is, then, the exigency of earning the much needed foreign exchange through exports. Tea, by the way, is India's second largest earner of foreign exchange; the actual exports (in terms of value) in the financial year 1963-64 amounted to over Rs. 123 crores, representing almost one-sixth of the aggregate exports. In the same year, coffee earned a foreign exchange of Rs. 8.30 crores. Rubber is a strategic commodity widely used not only in the transport industry but also in a large number of other industries which will continue to expand. Since there is a wide gap between production and demand, the country is currently spending quite a bit of foreign exchange every year on imports of rubber (natural and synthetic).

Appropriately enough, the task of securing further increases in production of plantation crops was the main theme of the speech of Mr. Henshaw. It was refreshing to find that he did not harp, as was done by some of his predecessors and fellow planters, on the old F.A.O. theme of the world being inundated with huge quantities of surplus tea by 1965, a theme to which the U.S. Department of Agriculture has just lent weighty support. The experts of this Department are of the view that, although exports and internal consumption thus far have gained sufficiently to absorb the mounting production, "the long-time threat of an oversupply still lingers." The big question now, according to them, is: "Can the large 1964 harvest and future bumper crops be easily marketed or will stocks begin to pile up, as has been the case with coffee?" Undeterred by such recurring pessimistic forecasts from abroad, Mr. Henshaw was bold enough to say: "We are with the Government in its objective of larger production and exports." But he hastened, very rightly, to urge the Government to take remedial action for eliminating many of the obstacles lying in the way of increased production. He mentioned three obstacles, in particular, namely, heavy incidence of taxation, irrational labour legislation and shortsighted land policy. "It is," to quote him, "a self-defeating policy to pursue a tax policy which discourages expansion of production, a labour policy which appreciably increases costs and a land policy which stagnates the industry." All these policies have been having a very disquieting effect on the finances of plantation companies and, their impact on the future growth of the industry would be quite marked, unless they are corrected in good time. Even now, most of the U.P.A.S.I. member-companies, one is told, are working on large overdrafts, the only measure of meeting the day-to-day expenses.

There is certainly no exaggeration in the statement of Mr. Henshaw that the cumulative burden of competing taxation from the Centre and the States is starving the plantation industry of the resources so desperately needed and in his warning that, until this problem is tackled, progress, despite all efforts, will be limited. That the plantation industry has not fared as well as it should have is borne out by the Reserve Bank's analysis of the financial position of 1,333 joint-stock companies as of 1962-63. Here are some of the relevant figures:

	Tea planta-tions	*Coffee planta-tions*	*Rubber planta-tions*
Net fixed assets formation (%).	6.3	1.9	3.2
Net capital formation (%) ..	9.1	0.8	4.9
Profits after tax as % of net worth	5.9	7.5	8.0
Dividends as % of net worth..	5.2	6.5	6.9
Tax provision as % of profits before tax	61.4	54.1	49.4
Profits retained as % of profits before tax	4.4	6.6	7.0

Considering that the plantation industry is predominantly an agricultural industry and that tea and coffee plants are in the nature of wasting assets, it is unfortunate that the rate of States' agricultural income-tax payable by the industry is much higher than the rates of Central income-tax. The whole of the incomes from rubber and coffee and 60 per cent of the income from tea are subject to this tax. And what is worse, none of the concessions of rebates, deductions and incentives extended by the Central Income-tax Act is allowed at least in two States. Mr. C. Subramaniam, Union Minister for Food and Agriculture, who inaugurated the U.P.A.S.I. meeting, himself admitted that there was some confusion in the different spheres (of taxation) represented by States as well as by the Centre. He, therefore, suggested the convening of a conference of State Finance Ministers to evolve a uniform pattern of taxation. Uniformity is very important, but equally important is the need for reducing the heavy incidence of agricultural income-tax. In any case, the maximum rate of tax should not exceed the amount suggested by Mr. Henshaw, namely, 40 paise in the rupee.

The stiff rate of agricultural income-tax is not the only fiscal disability affecting the plantation industry. For there are several other disabilities too. Mention, for instance, may be made of disallowance of depreciation on field assets. Although tea and coffee plants age and soils become exhausted, no depreciation is allowed on the planted assets and this factor, according to Mr. Henshaw, lowers the ability of the industry to find the necessary resources for replacement. When the Tariff Commission has clearly conceded grant of allowance for depreciation against capital consumption in the case of rubber trees which have a limited economic life, one fails to understand the reason why similar depreciation allowances should not be conceded to tea, coffee and cardamom plantations which also have a limited economic life. Then, there is the question of treating the expenditure on new plantations for tax purposes. The planters would like such expenditure on all new plantations as a revenue expenditure, instead of capital expenditure. But this is asking for too much. Mr. Henshaw himself seems to realise this point. Hence his alternative suggestion that a development rebate at 50 per cent of the cost incurred should be allowed on all new plantings, whether replacements or extensions. This proposition sounds reasonable and deserves to be accepted by the authorities at the Centre and in the States.

Mr. Henshaw's plea for the grant of a similar 50 per cent development rebate on labour welfare expenditure is also not unjustified. This expenditure forms a large portion of the fixed assets of planting companies. In some cases, it is said, the expenditure exceeds the cost of established plantations. Since the resources diverted to meet this expenditure are not an investment, as there is no financial return on it, it cannot be called for from the public. It has, therefore, to come out of current savings. Also unexceptionable is Mr. Henshaw's plea for a rebate of excise duty on tea actually exported or, alternatively, for the sake of administrative convenience, a flat reduction in the rate of excise duty. If every other commodity subject to excise duty is entitled to a refund of the duty when it is exported, there is no reason why tea should be denied this facility.

The point to be borne in mind while considering the suggestions of Mr. Henshaw for fiscal relief is this: What the plantation industry urgently needs is not so much the supply of funds in the form of short and long-term loans as a more reasonable tax structure which will enable the industry to thrive on self-financing and to attract adequate risk capital out of the genuine savings of the people. After all, inasmuch as the industry's indebtedness is already heavy, any additional loans will only mean increasing its servicing and repayment obligations, which in turn will add further to costs. If the industry's demand for suitable tax relief were accepted, the problem of finance, as Mr. Henshaw rightly pointed out, would become easily more tractable. Mr. Subramaniam certainly struck the right background note when he said: "The plantation industry has been a pioneer in the export field and has earned the much-needed foreign exchange. I am sure the Union Finance Ministry and the State Governments would keep this in mind and would not kill the goose that lays the golden egg." This is exactly the point which is conveniently ignored by the authorities in framing the fiscal policies.

To the extent the plantation industry is accorded tax concessions, there will, of course, be a loss of revenue to the State exchequer. But the loss will be more than made good by the stimulus to increased production that the tax concessions give. In fact, the States, as Mr. Henshaw very pertinently remarked, stand to gain progressively more from an expanding industry with a broader tax base than from high levies on a stagnant industry, while the Centre will gain in earnings of that valuable commodity, foreign exchange. This consideration apart, one should not ignore the vital role that the plantation industry plays in the country's economy. Besides being a stable earner of foreign exchange—the industry spends only a very small percentage of its export receipts to maintain its essential imports —it is a valuable source of revenue to the State and an employer of a vast number of persons. Is the industry, then, not entitled to ask for a more understanding and sympathetic response to its problems from those who preside over its destinies?

MARKET GOSSIP

Bonus For Workers

THERE is no doubt that the Government must have been highly embarrassed by the recommendations of the Bonus Commission, as witness the long time (a little over 7½ months) taken by it to make up its mind. If implemented in full as they are, they would cripple the growth of industry in both the sectors, besides adding strength to the vicious spiral of inflation. But at the same time, they have given a fresh impetus to the rising expectation of workers. In these circumstances, what else could it do except to follow the middle path and have the satisfaction of pleasing neither employers nor employees?

Really speaking, the workers have fared very well, for the Government has accepted almost all the major recommendations of the Commission. All along, the bonus has been related to basic wages only; hereafter, it will be related to both basic wages and dearness allowance. So the higher the cost of living, the greater will be the bonus. The workers will get 60 per cent of the available surplus subject to a maximum of 20 per cent of their annual income in any one year. If the companies are prosperous, as most of them are these days, they are assured of a high level of bonus every year, as the surplus of their share in profit in a year is to be carried forward and would be available for adjustment in lean years. They will get their bonus whether they work hard or not, because it is not related to productivity or efficiency. Even if a company does not make any profit, they will get a minimum bonus equivalent to 4 per cent of their basic wages and dearness allowance or Rs. 40 whichever is higher. The workers have, therefore, the best of both worlds. It would accordingly be not in their real interest to listen to the wrong advice of some of their leaders and go through the hardship of staging demonstrations, striking work and losing wages.

The only ground on which they can follow their leaders is jealousy. For all that the Government has done in modifying the Commission's recommendations is to increase the quantum of the shareholders' share in the surplus and to allow as a prior charge against the profit all direct taxes that are payable and tax concessions given to industries in order to enable them to build up reserves for development. In both these respects, the majority of the Commission was niggardly and shortsighted. It is in the interests of workers themselves that the industries in which they are engaged are able to grow and remain financially sound. Neither of this will be possible, if the investors' share in profit is unduly deflated and if adequate reserves are not built up. The workers need not have any misgivings that the purposes for which tax concessions are given—and there are not many in any case—would be misused by the managements, for the Government proposes to ensure by law that no such thing happens.

The majority of the Bonus Commission had recommended that the shareholders' prior share should be arrived at as follows:

> 7 per cent taxable on paid-up equity capital of all companies; the return on preference capital to be at the actual rate payable; and 4 per cent return on reserves and surpluses.

The Government has now modified the rates applicable only to equity capital and reserves and surpluses. It has fixed them at 8.5 per cent taxable on paid-up equity capital and 6 per cent taxable on reserves, for all companies, except banks. For banks, the corresponding rates are 7.5 per cent and 5 per cent. At the same time, the Government has refused to concede the employers' plea for allowing rehabilitation allowance as a prior charge against the divisible surplus. The distinction made by the Government between banks and other companies is probably based on the reasoning that the great bulk of banks' resources is provided by depositors, a reasoning which will be acceptable to all fair-minded persons.

It will thus be noted that the Government has not given away to employers and investors anything which is not in the ultimate interest of workers. There is also no reason why workers should be jealous of shareholders, a substantial proportion of whom are small investors. The changes it has made are only designed to ensure a steadily growing level of employment, which is what the working class needs. The labour leaders who are now shouting from housetops that the Government has capitulated to capitalists are indulging in gross exaggeration, if not falsehood.

So far as the impact of the Government's decision on the economy in general is concerned, there is good reason to believe that inflation has received a fresh boost. The worst sufferers will, therefore, be the vast majority of people who are not covered by the Bonus Commission's recommendations, namely, the farmers, the landless labourers, the unemployed, the retired people and the self-employed persons.

I.D. Bank Takes Over R.C.I.

The taking over of the Refinance Corporation for Industry Ltd. by the Industrial Development Bank of India with effect from the 1st of this month has not come as a surprise, though the timing of it was rather unexpected. The Industrial Development Bank Act 1964 contains a specific provision enabling the Bank to acquire the entire undertaking of the Refinance Corporation. But as the Bank began functioning only a little over two months ago, one did not expect that this provision would be given effect to so soon. Apparently, the Bank must have felt that there was no need for delaying the absorption of this refinancing agency. Announcing the taking over in the course of a Press note, the Bank says: "As the functions of the Development Bank covered those of the Refinance Corporation, there was no particular advantage in the Refinance Corporation continuing to function as a separate institution after the establishment of the Development Bank, and the merger has been effected as a corollary to its function of co-ordination of the activities of various financial institutions engaged in providing term-finance to industries." The Bank has paid as compensation to the Corporation a sum of Rs. 2.5 crores equivalent to its paid-up capital to be paid to its shareholders (the Reserve Bank, the State Bank, the L.I.C. and 16 commercial banks in the private sector).

The Refinance Corporation, it will be recalled, was set up in June 1958 for providing relending facilities against medium-term loans given by banks to medium-sized industrial units for the purpose of increased production. The Corporation had, during its existence of over six years, not only utilised the entire initial allocation of Rs. 26 crores out of the P.L. 480 funds but also drawn Rs. 7.50 crores from out of the Rs. 10 crores allotted to it subsequently. It must be said to the credit of the Corporation that it fulfilled its role effectively. Besides making available relending facilities, the Corporation had also actively associated itself with the various private sector collieries in order to finance to the private sector collieries in order to help them utilise the World Bank foreign exchange loan of $35 million for importing capital equipment, etc., required to step up output.

No one need have any doubts as to whether the efforts and achievements of the Refinance Corporation, which had achieved a high degree of maturity within a few years, would receive a setback as a result of the changeover. For the Industrial Development Bank has held out the assurance that it will continue the facilities extended by the Corporation. Actually, the Bank, it is gratifying to hear, has (1) doubled the limit of refinance to any industrial concern (from Rs. 50 lakhs to Rs. 100 lakhs), (2) decided to relate the limit not to sanctions but to outstanding balance in a refinanced loan account, and (3) removed the upper limit of Rs. 50 lakhs in respect of refinance for medium-term export credits to any one party.

Indian Oil Corporation

The formation of the Indian Oil Corporation Ltd., incorporating the existing two public sector units, the Indian Oil Company Ltd. and the Indian Refineries Ltd., represents an important landmark in the development of the country's oil industry in the public sector. Mr. P. A. Gopalkrishnan, I.C.S., who has been the Chairman of the former, will be the Chairman of the new Company which formally came into being on 1st September 1964. With an authorised share capital of Rs. 75 crores, the Corporation will rank among the first ten biggest companies in the country. It is expected to handle nearly 20 to 25 per cent (3 to 4 million tonnes) of the trade in petroleum products by 1966. As a result of the merger, the Indian Oil Corporation will enjoy considerable economy, especially in marketing, overhead and other expenses. It is also expected to yield some improvement in the efficiency of operations, thanks to unified control and direction. This is only a first step, according to Mr. Gopalkrishnan, in integrating all phases of petroleum industry in the public sector under one Company. Other activities, such as exploration, mining of crude and establishment of petrochemicals, as well as by-products industries may be made a part of the Corporation at a later date. The organisational pattern the Government has in mind for its activities in this sphere is the E.N.I. of Italy. Its idea in this respect has already been endorsed by the Estimates Committee of Parliament some years ago.

For the present, the unified Corporation will have two divisions—the marketing division and the refineries division. The former division will market the entire production of public sector refineries and also the products of the Cochin Refinery, now under construction. It will also continue to distribute all petroleum products that are in deficit and imported from abroad and the Mobil lubricants from the Indian Oil Blending Company. This company, as readers are aware, was established by the Indian Oil a couple of years ago in partnership with the Mobil Petroleum Company, Inc. of the U.S. on a 50:50 ownership basis. It has two blending plants, one in Bombay with a capacity of 60,000 tonnes and another in Calcutta with a capacity of 40,000 tonnes.

The refineries division of the Corporation will manage the refineries in Gauhati, Barauni and Koyali. It will also be in charge of the construction of the products pipelines, one connecting Barauni refinery with Haldia (W. Bengal), on the one hand, and Kanpur and Delhi, on the other, another Silguri with Gauhati and the third Ahmedabad with Koyali. The object in establishing these pipelines is to ensure quicker, economical and smooth movement of refined petroleum products from the refineries to the consuming centres and to reduce the load on the railways.

The Chairman of the Corporation, Mr. Gopalkrishnan, will also act as the Managing Director of the marketing division at its headquarters in Bombay. The refineries division will be headed by Mr. N. N. Kashyap, Joint Secretary to the Ministry of Petroleum and Chemicals, who will function from New Delhi.

The marketing division of the Indian Oil Corporation has a far more difficult task than the refineries division. It is a relatively easier job to establish refineries and operate them, especially because of the help that is being provided by foreign collaborators, than to organise the distribution of millions of tonnes of products all over the country. In less than four years from now, all the four public sector refineries are expected to be completed and in full production. This means that the marketing division will have to expand fast enough to distribute about 10 million tonnes (in terms of crude) of petroleum products—the quantity would be a little more if imports of deficit products were also included. In other words, it will have to market 40 to 42 per cent more than the volume now handled by the marketing organisations of Burmah-Shell, Esso and Caltex after years of experience and endeavour. It will have to plan in great detail and establish all over the country storage depots, distribution agents, pump sites with all the facilities required by vehicle users, and equipment to transport the products to pumps and storage points. A lot of market research and exploration will also have to be done. Will it be able to carry out this enormous task single-handed in less than four years? The authorities concerned will do well to reflect on this question and be realistic in fixing the goals for the marketing division. It is needless to add that any bottleneck in distribution will have unpleasant effects on both the refineries and the consumers of petroleum products.

Singapore-U.K. Economic War Averted

What would otherwise have turned out to be an economic war between Singapore and the United Kingdom has been averted, thanks to the efforts of the U.K. High Commissioner in Malaysia, Lord Head, and the intervention by the Central Malaysian Government. Piqued by the restrictions placed by Britain on the flood of imports of cotton textiles said to have been made in Singapore, the Government of Singapore suddenly banned on Wednesday last week imports of 46 British-made goods (covering foodstuffs, household articles, domestic wares, tyres and textiles) and introduced the system of specific import licensing in respect of all other British goods. And, in order to make its decision effective, the Government's order provided for severe penalties for breach of regulations. This move, it was said, would affect several million pounds worth of goods exported from the U.K. to Singapore out of the total exports now running at an annual rate of about £38 million. The order was, however, withdrawn within five days after it was issued, that is, at midnight on 31st August, following the understanding reached on the issue of textile exports by Singapore mills.

The Singapore Government's action was clearly not justified. It is true that the U.K. Board of Trade had decided early in May last to license imports of cotton goods from Singapore and announced two months later suspension of licences for these goods till the completion of negotiations with all the countries concerned (including Singapore). But this decision was prompted by the need to check the marked increase in imports of cotton goods from Singapore of late. In terms of value, the actual imports of finished cotton goods alone in the first half of 1964 amounted to over £900,000, as against a bare £1,000 (all cotton textiles) in 1962. Such huge imports must have been partly due to the setting up of new textile mills by Hong Kong producers in Singapore with a view to evading the restrictions placed on its sales in the U.K. under an agreement reached with India, Pakistan and Hong Kong. It is also possible that a large part of the cotton goods imported into Singapore from Hong Kong were being re-exported to Britain. Instead of taking action against such trade, it is regrettable that the Singapore Government resorted to such an extreme course as that indicated at the outset. It is all the more regrettable because the British Government has consistently been saying that it is always willing to talk about the level of limitation which would be imposed on imports of cotton goods made in Singapore. By its extreme action, the Singapore Government had certainly set a bad precedent in Commonwealth trade relations. Anyway, it is a matter for satisfaction that the crisis in Singapore-U.K. economic relations has ended. One important lesson emerges from this episode and that is that no country should take any unilateral action in trade matters unless the other country simply refuses to negotiate.

Iron Ore Requirements Of Japan

A group of leading Japanese businessmen is currently in Australia to take part in the second annual meeting of the Japan-Australia Business Co-operation Committee, the objective of which is to strengthen the trade ties between the two countries. One of the important topics of discussion is the possibility of entering into long-term contracts between the two countries for the supply of iron ore and coking coal from Australia to Japan. This move, a perfectly legitimate one, should open the eyes of businessmen and officials entrusted with the task of export promotion. If Japan buys more Australian goods, it would naturally expect Australia to buy more of its goods. Thus, more trade between Japan and Australia will mean stiffer competition for Indian goods in both these countries. India exports large quantities of cotton textiles to Australia and of ores, especially iron ore, to Japan.

Japan imports the major portion of its total requirements of iron ore from foreign countries like Malaysia, India, Peru, Chile, Canada and the Philippines. As the production of iron and steel is rising in Japan at a fast rate, it is estimated that, by 1970, the imports of iron ore by that country will be more than doubled to over 50 million tonnes. In order to meet a substantial portion of these requirements, some long-term

(Continued on page 434)

DELHI LETTER

ARE TRANQUILISERS ENOUGH?

THE CONFLICT OVER PLAN CONCEPTS

From Our Special Correspondent

NEW DELHI, 1st *September*

THE long halt of Mr. George Woods, President of the World Bank, in the Indian capital on his way to Tokyo, was used by the Finance Minister, Mr. T. T. Krishnamachari, the Deputy Chairman of the Planning Commission, Mr. Asoka Mehta, and other officials for what is described as frank discussions between the lender and the big borrower. To some extent it appears it was a one-way conversation, with Mr. Woods doing most of the talking and the Indian side listening. Audit reports of the Indian economy being what they are, there was little perhaps to be gained from the Indian spokesmen pressing forward with any firm stand on any issue concerning planned expansion and requests for infusion of more foreign credits. Mr. Woods took up the public pose that there was no question of the creditor dictating the terms of formulation of the fourth Five-year Plan. In the past, Indian Ministers and administrators had cultivated the habit of studiously ignoring a flood of criticism unleashed by World Bank experts. Time and again, the Indian Government refused to release the details of World Bank comments for public scrutiny and discussion and on occasions, somebody or other indulged in the practice of leaking out selective criticism so that the Bank's views were publicised.

When Mr. Woods spoke to a distinguished group of economists and planners gathered together in an off the record session, he welcomed the "flexibility in approach" which was becoming evident in Indian planning. Nobody in the group which listened to Mr. Woods, it appears took pains to ask Mr. Woods what he meant by his discovery of flexibility which has permeated Indian thinking. Did Mr. Woods mean that the Indian Government and planners now appeared willing to *adopt* a variety of suggestions from the World Bank or other lenders? If that was Mr. Wood's reading, there is no need obviously for the World Bank experts to interfere publicly with the formulation of the fourth Plan; there is no need to rub the Bank's ideas in and raise a public uproar with political overtones. *Flexibility* and *realism* are two catchwords which have become popular in the past few weeks and they mean different things to different men in power. What Mr. Krishnamachari means by flexibility, particularly flexible fiscal arrangements, is certainly different from what civil servants may make of the expression. The thesis of going slow—said to be pressed by the Prime Minister as well as his "economic wizard" Mr. L. K. Jha—will be interpreted by various civil servants as the practice of a method which will give rise to fewer short-term problems. The effect ultimately may be to stockpile the problems which could be realeased later. To borrow from a medical analogy—if you sit still or walk slowly, the intake of calories can be reduced; instead of exhaustion from the strains of speeding and overwork, one may become anchored to a stable position, more or less inactive and the muscles may become weak!

A Big Danger

A big danger in the next few weeks could be that, as a result of pressures which have developed in favour of the concept of *consolidation*—yet another popular catchword with some these days—the spirit of adventure essential for any form of national development, whether in the public sector or in the private sector, may be forced to lie low. Mr. Shastri, in his letter to Mr. Bhupesh Gupta, prescribed his formula of balances in development, but at the same time the search for too much stability can lead to growth of numerous barriers for development. Several commentators hail the Shastrian approach as the common man's approach to problems of development. This approach could degenerate into dissipation of energies into non-developmental ventures, to please the common man who may ultimately find that all that he has got are tranquiliser pills. The tranquilisers may merely lead to delays and piling up of developmental pressures. A long time ago, Mr. C. D. Deshmukh, who cannot be accused of being a dogmatist, used to point out that stability and stagnation go together.

Fundamental urbanisation demands and trends have been built into the society during the war years and the years since planned development began. How far can Mr. Shastri and his wizard—and is it advisable on their part?—restrain the demand for industrialisation in which the public sector and the private sector and a growing number of technicians and administrators and educated job seekers are all vitally interested? Heavy cutbacks in industrial investment and greater concentration on diffused sectors can also lead to the spread of subsistence level employment for many while reducing the employment opportunities for the educated.

Despite rumours that Mr. Asoka Mehta is interested in getting back into active politics, Mr. Mehta is said to be keen on concentrating on the economic and administrative tasks in formulating the fourth Five-year Plan. His or Mr. Krishnamachari's understanding of flexibility and feasibility may be very different from that of the Chairman of the Planning Commission. Although Mr. Krishnamachari led the assault some months ago on perspective experts who favoured a huge plan, both he and Mr. Asoka Mehta will henceforward be probably engaged in a holding operation to fight off tendencies to cut back too heavily on planned industrial investment in the country. His many years as a leftist have not prevented Mr. Asoka Mehta thinking along Mr. Krishnamachari's lines in trying to promote private foreign investment. Their flexibility may be in terms of revising their own judgments in changing situations of resources, fiscal and technical feasibility, instead of holding on to dogmatic decisions. It is unlikely that either of them would in the long run accept a position in which Mr. George Woods or other foreign aiders—or civil servants—will be the arbiters of what is good for the country.

The problem, again, is not an elegantly simple one of just going ahead with plants for which foundation-stones have been laid already; there are too many consequential projects on which work has to be started. In the interests of a vague idea of consolidation there cannot be a holiday from venturing into several new projects which have become inescapable.

The Paper Weights

Even as the Planning Commission secretariat is sought to be reorganised to get rid of executive functions it has gathered in its growth—there is still groping about to determine the direction of reorganisation—the Finance and other executive Ministries have to acquire more decisive control on the execution of projects. Like his predecessors in the Food Ministry, Mr. Subramaniam feels hamstrung by the lack of control the Centre has on agricultural development and distribution which comprise the most diffused sectors in the country. There is, no doubt, resistance on the part of the Establishment in Yojana Bhavan to Mr. Asoka Mehta's or Mr. Shastri's ideas on reorganisation.

Some of the entrenched experts, no doubt, act as paper weights in trying to prevent some of their favourite formulation papers being blown away. One senior civil servant who later became a Planning Commission member may also regret the removal of some of the structures and methodology he has painfully built up.

The progressive increase in Central aid to State projects in successive plans has brought in its wake Delhi's pressing desire to have greater control over project execution and Mr. Krishnamachari has again talked of more projects during the fourth Plan being treated as national or Central projects.

These problems of administrative reorganisation will come up for consideration when the postponed meeting of the National Development Council takes place in four or six weeks. By that time, the Planning Commission may find it possible to outline its thoughts on what the fourth Plan could be. The final framework of the next Plan will have to emerge later as a result of the Development Council discussions.

The built-in momentum in industrialisation measures may carry forward into the fourth Plan some factors essential for development. A major aspect on which a final decision is to be made is on the question of prices and price controls. The seventeenth year of independence has emerged as the year of the most distressing price increases. The Economic Adviser's wholesale price index shows that, in the week ended 15th August 1964, the index was 155.6 as compared with 135.4 a year earlier. In the case of food articles the index rose from 137.4 to 165.1, the index for cereals rising from 115.2 to 144.4. The Shastri Administration—the Prime Minister as well as the Food Minister, with Congress President Kamaraj hovering in the wings—gives the impression that it is thinking in terms of a high price for the farmers. It is against a system of wholesale rationing or wholesale State purchases, a suggestion which has the support of the technocrat Mr. Krishnamachari as well as ex-Ministers Krishna Menon and Malaviya. The States will refuse to take action which will earn the disapproval of the producers on the farms, and the fixing of wholesale prices in urban areas is not enough for the consumer if the short-term Delhi experience is any indication. Reduction of margins for wholesalers has been immediately followed by the Delhi retailers increasing their effective profit-margins.

A high price level for the farmers' produce is known to be firmly advocated by Congress President Kamaraj. Not all economists are agreed on the optimistic view that more money per kilo of grain given to the farmer can automatically induce the farmer to produce more. Could it be that in some areas the higher price may merely mean that the farmer will produce even less for sale into the market? Are the increases in prices paid to the farmer and non-fiscal inducements to be accompanied by the imposition of any contractual obligations? Can a higher income for the farmer be tied to measures which will provide also for more capital formation instead of increased money supplies being diffused with no hope of the Government being able to mop them up? Is the higher standard of living for the farmer to come about through increased prices or through increased production? The Food Minister's theoretical justification for refusing to take the plunge of attempting to depress prices is that the villager should be permitted to make up the lag he has suffered in relation to urban levels of income and living standards. Writing in the *New Statesman* in December 1959, Professor Rene Dumont, who visited India as a member of a U.N. Commission to study community development, said: "As a result of the failure to exploit the resources of rural manpower to the full, to give production priority over luxury and to provide all classes with a direct motive to invest, Indian agricultural production is failing. . ." The community development effort, it is now being admitted officially, has not led to the injections of incentives for increased agricultural production. Are high prices to be the solution? Writing in another context, Mr. Dumont (who is also the author of a treatise, *L'Afrique Noire est Mal Partie*—"Black Africa Got a Wrong Start") said:

"Donations, subsidies in capital or foodstuffs should no longer be a gift so much as a contribution towards development. In return, a village receiving such aid would undertake a sort of contract to carry out all those fundamental improvements on its territory which would enable it to become adequately productive and to finance subsequent development itself. Let me give an example. A village in India has had a bad harvest. It received the few tons of grain it needs but in exchange it must improve its irrigation reservoirs. It is no longer a question of begging or charity, of subsidised idleness but a fraternal helping hand given to people whom we help to emerge from their wretchedness on condition that they likewise help themselves."

National Income Report

Bad news has a natural tendency to make bigger news headlines than good news and the ineptitude of the publicity organisation of the Government of India resulted in the encouraging report of the Central Statistical Organisation on income growth in 1963-64 not receiving as much public attention as it deserved. (*Commerce*, as a specialised paper, was an exception in that it gave prominent interpretive attention to the C.S.O's report last week. Even some other financial papers published only insignificant summaries.) The Government release on the spurt in national income—signs of a recovery after two bad years—was quietly circulated, with most of the correspondents in Delhi being ignorant that the estimates of national income were on the way. In a fully planned economy, the release of such information would have been accompanied by fanfare. The recovery in economic growth in 1963-64 from the low rates in 1961-62 and 1962-63 was something of which the Government and the public could be proud. The industrial and banking and other organised sectors have maintained a fair rate of growth. The Central Statistical Organisation's "quick estimates" are generally conservative; the revised etimates generally indicate a better performance than the first assessment does. This is perhaps as it should be, because, otherwise, the Government would be accused of bluffing. The estimates of 4.3 per cent growth in the third Plan's third year were not something of which the Government should have been ashamed. Given two bumper harvests in the last two years of the current Plan, the final growth total during the Plan period would not show a huge gap as compared to the target of 30 per cent growth.

Steel Controversy

The Steel Ministry is now understood to have told Dastur and Company that it will have to revise drastically the original draft contract spelling out the tentative amounts which the firm may hope to get for services in connection with the Bokaro project. This makes it clear that the Indian consultant firm will have a substantially reduced role and smaller fee than what it had hoped for in the Bokaro project. This also makes it clear that the Government has accepted without protesting unnecessarily the conditions under which the Russians will design and build the first one and a half million tonne stage of the steel plant. (See also page 348 of *Commerce* dated 29th August 1964.)

Notice

THE TATA MILLS LIMITED

NOTICE

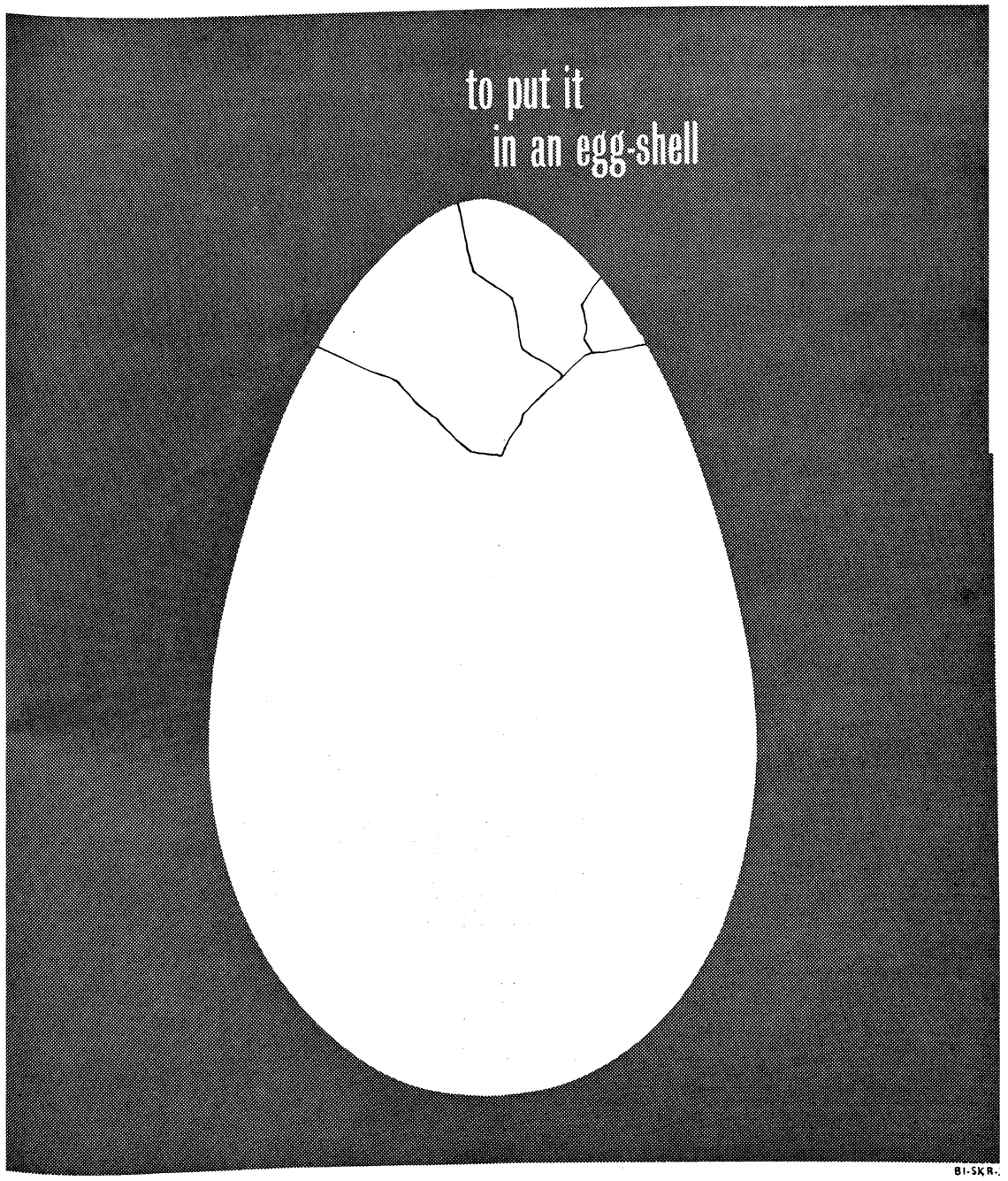
THE SHARE TRANSFER BOOKS OF THE Tata Mills Limited will be closed from Wednesday, the 23rd September to Wednesday, the 30th September, 1964, both days inclusive, in connection with the issue of further Ordinary Shares.

Circular letters conveying offers for the new issue will be posted to holders of Ordinary shares on the Register of the Company on 30th September 1964 in terms of the resolution passed at the Annual General Meeting of the Company held on 25th June 1964.

By Order of the Board of Directors,

TATA INDUSTRIES PRIVATE LIMITED,
Managing Agents,
N. H. TATA,
Director.

Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET,
FORT, BOMBAY 1.
September 2, 1964.



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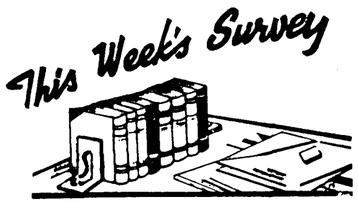
THE SILK & RAYON TEXTILES EXPORT PROMOTION COUNCIL

Resham Bhavan, Bombay-1



JOHNSON-HUMPHREY TICKET

BY nominating President Johnson and Senator Hubert Humphrey last week as its candidates for the Presidency and Vice-Presidency, respectively, the Democratic Party, like the Republican Party, has provided a choice to American voters in the forthcoming presidential election. The choice is between the conservatism of Senator Goldwater, Republican presidential nominee, and the liberalism of President Johnson. Put this way, it may seem to be a straight and simple choice between black and white, which, of course, it is not. For, conservatism, as a respectable school of political and economic philosophy, is wedded to social stability and to conservation of all that is good in the established order, and in this sense President Johnson himself is a conservative. But his is a kind of conservatism with a vital difference, for it is interwoven with dynamism and liberalism, as witness his emphasis on 'peace,' 'preparedness,' 'prosperity' and 'progress.' In other words, the dynamic or liberal conservatism of the President will be contending against the static or ultra-conservatism (albeit diluted somewhat in recent weeks) of Senator Goldwater. It will thus be a more sophisticated choice than between simple conservatism and simple liberalism. As President Johnson has put it, it is also "a choice of continuing on the courageous and compassionate course that has made this nation the strongest, freest, most prosperous and most peaceful nation in the history of mankind." How the American voter is going to exercise his choice will be watched with world-wide interest and anxiety.

The world's supreme interest is in peace, for it knows it cannot survive a nuclear holocaust. Hence its anxiety whether the unusually bitter and acrimonious presidential election campaign in the U.S. this year would result in a Goldwater victory and thereby add to the nuclear perils or, what is equally bad, put an end to the bipartisan approach of the Republican and Democratic parties to foreign policy and foreign aid and thereby cause all-round instability and uncertainty. No doubt, both the parties have pledged firmness to defend freedom and the strength to support that firmness. Whether a possible Goldwater Administration would put forth, in the words of President Johnson, "a constant, patient effort to move the world towards peace instead of war," is, however, in doubt. It may be that the responsibility of being in the White House will force Mr. Goldwater, if he wins, to modify his present rigid and extreme stand on America's relationships with the rest of the world. If that happens, it would mean that "the immediate, direct impact of a Goldwater victory might not be great, except emotionally." But *The Economist* (London), which has taken this line, adds, in the same breath, that "the long-term, indirect impact of such a reversal of the whole trend of American political development could be quite another—and a very disturbing—matter." As of now, it is only the Democratic Party's foreign policy plank that offers the reasonable hope that world peace could be maintained—and maintained in a manner that does not involve surrender to international communism. Some of the elements in this plank would bear quotation for their pregnant brevity and unmistakable sincerity:

"Peace should be the first concern of all Governments as it is the prayer of all men.

"At the start of the third decade of the nuclear age, the preservation of peace requires the strength to wage war and the wisdom to avoid it....

"Responsible leadership, unafraid but refusing to take needless risk, has turned the tide in freedom's favour. No nation, old or new, has joined the Communist bloc since Cuba during the preceding Republican Administration....

"As citizens of the United States, we are determined that it be the most powerful nation on earth.

"As citizens of the world, we insist that this power be exercised with the utmost responsibility....

"Through our policy of never negotiating from fear but never fearing to negotiate, we are slowly but surely approaching the point where effective international agreements providing for inspection and control can begin to lift the crushing burden of armaments off the backs of the people of the world."

The Democratic Party has thus presented itself as a "peace party." Its claim to be so considered seems to be a valid one against the background of its progressive and enlightened domestic and foreign aid policies which go well with its peace goals. Particularly relevant, in this context, are the domestic goals spelt out by President Johnson—namely, medical care for older citizens, fair and stable prices for the farmer, a decent home in a decent neighbourhood, an education for every child to the limit of his ability, a job for every man who wants to work, victory in the war against poverty and a continually expanding prosperity. As for foreign aid, the pledges made by the Democratic Party are: (i) Helping the developing nations in Asia, Africa and Latin America raise their standards of living and create conditions in which freedom and independence can flourish; (ii) increased priority for private enterprise and development loans in mutual assistance programmes; (iii) expansion of U.S. economic ties with other nations of the world and elimination of unjustifiable tariff and non-tariff barriers under the authority of the Trade Expansion Act of 1962; (iv) expansion of the Peace Corps; and (v) still greater use of U.S. food for peace. Now that Senator Hubert Humphrey, a forthright liberal and a staunch friend of developing countries, has been chosen as the vice-presidential nominee, there can be no doubt that, if the Democratic Party wins, the liberal policies of the Eisenhower, Kennedy and Johnson Administrations would be continued in the crucial sector of foreign aid and mutual assistance.

FOOD AND AGRICULTURE

Following the Union Food Minister's recent statement in Calcutta that the food situation has begun to improve, there is less alarmist talk in the country about scarcity. This is a salutary trend which minimises the chances of scarcity being aggravated. And that is not all, for there is also in evidence some realistic and constructive thinking on food and agriculture. The All-India Congress Committee, for instance, has just rejected the minority plea for total rationing and socialisation of the entire foodgrains trade, welcomed the Government's twin proposals to set up an agricultural prices commission and a foodgrains trading corporation and urged that utmost importance be attached to the strategy of agricultural development in the interest of industrial development itself. In particular, the A.I.C.C. has expressed the opinion that the proposed foodgrains trading corporation should be run on strictly commercial lines without being constricted by red-tape and Governmental procedures and that it should be so operated as to have a *stabilising* influence on the prices of foodgrains which should be fair to both producers and consumers.

It is a happy augury that the Shastri Government has not allowed itself to be stampeded by left-wing elements into the unwise position of socialising the entire foodgrains trade. But, of course, it would be folly on the part of the trade if it were to mistake the Government's prudence and moderation for weakness and lack of determination. For, the A.I.C.C. has warned that the "realistic maximum prices" fixed so far in six States—Madras, Kerala, Mysore, Andhra Pradesh, West Bengal and Rajasthan—and likely to be fixed soon in the other States should be scrupulously respected by the trade in the interest of its own survival. And the Food Minister, Mr. C. Subramaniam, has gone on record with the statement that, if the trade does not behave in a responsible manner, the foodgrains trading corporation would be built up step by step to take over the entire trade. It is, therefore, up to the trade to reorder its affairs and discipline itself, so that, along with the foodgrains trading corporation, it can stabilise prices and ensure uninterrupted supplies, thereby giving no provocation to the Government to do what it has so far wisely refrained from doing. Now that the Food Minister has clearly indicated that zonal restrictions on foodgrains movement and distribution would be abolished after the next harvest, it should be easier for the trade to divest itself of the distortions in its pattern and regulate its own operations more smoothly.

The food problem, as a problem of prices and distribution, can thus be tackled imaginatively with the co-operation of the trade, provided, of course, the Government resists the temptation of according, as indicated by the Food Minister, the status of "cash crops" to foodgrains in the long-range pricing policy that is to be evolved. It is necessary to emphasise this proviso, for any undue shift in pricing policy in favour of food crops may not only have the effect of inflating the living costs of the vast body of non-producing consumers but also mean relatively less cloth, sugar and vegetable oils for the entire population and less surpluses for export. After all, the fact is that the relative area under food crops has not decreased appreciably over the last 13 years although commercial crops have been throughout much more remunerative, thanks to the comparatively greater increase in their prices. Still some sort of price parity for competing crops may be necessary in certain areas where the same land could be put under different crops. In such cases it may be a good thing to establish price parities in advance for a period of three or four years, as urged by the F.I.C.C.I. Agricultural Conference on 29th August.

Incidentally, this Federation's conference has advanced several other constructive suggestions for dealing with the food problem as primarily a problem of production. Particularly noteworthy is its call for a moratorium on further land reforms and legislation, with particular reference to land ceiling, and for a uniform production-oriented agrarian policy in all the States so as to exempt all integrated and efficiently-managed holdings and the sugarcane farms of sugar factories from the purview of ceiling legislation. The plea made by the Conference for permission to set up private seed farms and for exemption for such farms from land ceiling is also a sensible one. The fact that has recognised this week the need for freezing all land reform measures at a particular level and for removing, as quickly as possible, the uncertainties in the ownership or management of land is yet another significant pointer to his realistic approach to the problems of food and agriculture.

COMMONWEALTH ECONOMIC CO-OPERATION

Three features usually mark out the Commonwealth Finance Ministers' Conferences from several other conferences. In the first place, the agenda for the Conference is not decided until it begins. Secondly, the Conference is held every year just a few days before the annual meetings of the International Monetary Fund and the World Bank commence. Finally, after a formal opening, the Conference goes into a closed session. This year's Conference, held at Kuala Lumpur on the 1st and 2nd inst., was in conformity with these features. Besides undertaking its usual review of world economic trends and of the matters likely to arise at the Fund-Bank meetings, the Conference devoted a good deal of attention to the problem of augmenting inter-Commonwealth trade, removal of difficulties faced by countries like India and Malaysia due to heavy defence burden, and an African plea for the channelling of more trade to the underdeveloped African countries. Although details regarding the deliberations of the Conference and the decisions taken thereat are not available at the time of writing (Wednesday the 2nd inst.), it is gathered that there was a wide measure of agreement on the following issues:

Once the economic inequality is removed, the Commonwealth will not only be strengthened further but also be able to face the challenge from other rich nations. (The Finance Ministers of developing countries pleaded for more liberal import policies by the developed countries to enable them export both primary produce and manufactured goods).

A specific suggestion put forward was to the effect that an importing country should first seek the goods from a Commonwealth country before opening its markets for other exporters.

The Commonwealth projects proposal was generally welcomed. This proposal, which was first mooted at the Commonwealth Prime Ministers' Conference at London in July last, envisages the launching of "Commonwealth Development Projects" in individual countries by pooling together men, money, materials and technical expertise.

The African countries need particular attention; they must be provided with all available help (technical as well as financial) to exploit their natural resources.

This brief account signifies the recognition, by the Finance Ministers of Commonwealth countries, of the vital importance of strengthening Commonwealth economic co-operation with possibilities of speedier economic growth of developing nations. The stress on the need for augmenting the intra-Commonwealth trade is understandable, considering that the growth of this trade has been rather poor, the actual increase in the value of intra-Commonwealth exports between 1958 and 1963 being no more than five per cent, as against the increase of 31 per cent in the Commonwealth's exports to the rest of the world; in 1963, over two-thirds of the Commonwealth's total exports went to non-Commonwealth countries. At the same time, it can be easily realised from these data themselves that the scope for expanding inter-Commonwealth trade is extremely limited, unless special props are provided to boost it artificially. It is a moot point whether any member of the Commonwealth will be prepared to do so and whether the other trading nations of the world will take it in good spirit. Commonwealth preference has lost much of its force now.

With the exception of Ghana, Nigeria, Uganda, Kenya, Tanganyika and Aden, all the other twelve Commonwealth countries give and receive preferences in varying degrees. Preferences cover about half of both Commonwealth exports to Britain and of British exports to the Commonwealth. But the preferences themselves, though still important, have declined in value since the war. The decline has been due to (*a*) a world-wide reduction in the general level of tariffs which has reduced the importance of both the preferences Britain earns and those Britain gives; (*b*) a cut in duties on non-Commonwealth imports effected by many countries, including Britain, either to secure them more cheaply or to obtain advantages for their own exports in other markets; and (*c*) membership of the G.A.T.T. which precludes new preferences.

It is appropriate to recall here the observations of the U.K. Board of Trade President on Commonwealth preferences made at the U.N. Conference on Trade and Development:

"We in Britain are prepared to extend tariff preferences to all developing countries. The preferences are at present designed for the benefit of Commonwealth countries. These countries might suffer from sharing them with others, unless they obtain compensating advantages in other markets. We should, therefore, act in concert with the major industrialised countries to ensure that this is brought about. Moreover, when present preferences are the subject of agreements with Commonwealth Governments, we could not act without the consent of these Governments."

Whatever be the future of preferences, there is doubtless plenty of room for greater economic and trade collaboration among Commonwealth countries in the coming years. It is with a view to achieving such collaboration that it was decided at the last Commonwealth Prime Ministers' Conference to set up a Commonwealth Secretariat to handle all aspects pertaining to Commonwealth trade and economic relations.

GENERAL INSURANCE BUSINESS

Within a week of the thirty-sixth annual general meeting of the Indian Insurance Companies' Association Bombay, addressed by its retiring Chairman, Mr. P. A. Advani, there was another meeting of insurers on 31st August 1964, namely, the twenty-seventh annual general meeting of the Indian Insurance Companies' Association, Calcutta, addressed by its retiring President, Mr. P. K. Ghose. Most of the problems discussed by Mr. Ghose were the same as those covered by Mr. Advani, namely, the entry of Life Insurance Corporation (L.I.C.) as a non-tariff insurer in the general insurance business, the working of the Code of Conduct among insurers, diversion of governmental and semi-governmental business to the Indian Insurance Companies' Association Pool and the need to revise the maximum limits of expenses fixed as far back as 1950.

Although the entry of L.I.C. as a non-tariff insurer in the general insurance business is an established fact now, it is still haunting the private insurance companies. Mr. Ghose was, however, somewhat optimistic about the solution of the problem. According to him, "it is too early to arrive at any conclusion. I for one would like to watch the character and the trend of Corporation's business in this new field. However, I am confident that, with mutual understanding and co-operation, both the L.I.C. and other general insurers can build up a strong base for the general insurance industry in the country." On the Code of Conduct, which enjoins upon the companies to follow certain agreed business practices and procedures and avoid price competition, Mr. Ghose said that it was a moot point whether the Code had been able to realise to an appreciable extent the objectives for which it was introduced. There are some insurers who have not complied with the Code and Mr. Ghose felt that, unless these companies also followed the Code, it would be better that the companies which were following the Code were also relieved of their obligations, so that they might be in a position to compete with the non-followers which include the L.I.C. also. The Code of Conduct was evolved as early as in 1951. And if it has still not been found attractive and advantageous enough for all insurers to take to it automatically, there is no point in hoping that it would be so in the near future, especially as the L.I.C. has now entered the field as a non-tariff insurer and some of the insurance companies observing the Code are now anxious to be freed of its fetters. On the tendency on the part of the Government authorities to direct general insurance business, falling within the influence of governmental or semi-governmental bodies, to the Indian Insurance Companies' Association Pool and the low limits of expenses fixed by the Government as far back as 1950, there can be no two opinions, and the views expressed by Mr. Ghose were identical with those of Mr. Advani.

The drain on foreign exchange on account of reinsurance transactions abroad, which amounted to Rs. 1.84 crore in 1960, increased to Rs. 3.27 crores in 1961, but declined to Rs. 2.06 crores in 1962. This amount can be reduced considerably if the Indian insurers exchange business more freely among themselves. The need for such a step is all the more, in view of the considerable expansion envisaged in the foreign trade of India during the fourth Plan period. Although the responsibility rests mainly on Indian insurers, it is also necessary that Indian businessmen patronise Indian insurance in an increasing measure. Mr. Ghose has suggested that the Government may come to the help of Indian insurers and induce businessmen to patronise them by allotting additional import licences equal to the difference between the c.i.f. or c. & f. price, as the case may be, and the f.o.b. price of imports. On the face of it, this seems to be a useful suggestion, but its practicability must be carefully examined before implementation.

Another point referred by Mr. Ghose related to the unfavourable claims ratio of Indian insurers as compared with that of foreign insurers operating in this country. He made two suggestions in this respect. One, as the situation may partly be due to the acceptance of substandard risks, unsatisfactory mode of packing and negligence in handling of cargo at the ports, the claims ratio may improve to some extent if insurers become more vigilant in these respects. Secondly, the development of many sections of business (such as fidelity guarantee, personal accident, cash in transit and burglary) beyond the conventional line will also help in improving the claims ratio as it will make the business more diversified. Surely, both the suggestions ought to be feasible.

In conclusion, there is enough business in the country for both the L.I.C. and the private companies, and, with the development of the economy continuing, still more insurance business will be created. The need of the time is to mobilise this prospective business to the mutual benefit of the insured and the insurers. Even the best efforts of the insurers will, however, not be fruitful unless the Government removes the unnecessary restrictive regulations and hindrances that stand in the way of vigorous development of insurance business.

Morocco has been granted a World Bank loan equivalent to $17.5 million for financing the Sidi Slimane agricultural development and irrigation programme. The programme is a pilot undertaking to introduce modern intensive agriculture into Morocco, and its successful execution will point the way to similar developments in other parts of the country. Its purpose is to improve the quality and quantity of agricultural products both for the home market and for export, to diversify production, mainy through the introduction of sugar beet to meet part of Morocco's sugar requirements, and to improve living standards through raising the level of farm incomes. Bank of America National Trust and Savings Association, San Francisco, is participating in the loan, without the World Bank's guarantee, to the extent of $100,000 representing part of the first maturity which falls due on 15th September 1972. The Bank loan is for a term of 25 years and bears interest at the rate of 5¼ per cent annually. Amortisation will begin on 15th September 1972. The eight-year grace period, which is longer than is usual for Bank loans, was agreed to not only because of Morocco's external payments position but also because the full programme requires large additional expenditures by the Government and substantial returns from the project cannot be expected until after 1971.

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AMERICAN LETTER

GROWTH WITH STABILITY IN DANGER

THREAT FROM AUTO WORKERS AND STEEL PRODUCERS

By N. Pattabhi Raman

NEW YORK, 29*th August*

IN July, the unemployment rate in the U.S. declined to 4.9 per cent. Some 3.8 million workers in a civilian labour force of 76.2 million people were still without jobs. As Secretary of Labour Willard Wirtz ruefully admitted: "That is an awful lot of people to be left out of a record high prosperity."

Yet, the drop in the jobless rate was significant. It was the first time in four and one-half years that the rate had declined below 5 per cent. Impressive by itself, it was more so because the most hopeful view of the Government was that this break-through would occur only by the end of the year. Furthermore, in the view of Labour Department experts, it was no fluke, but part of a trend toward lower levels of unemployment that began last February. These experts believe that the unemployment rate could possibly rise again in the months ahead, but that any such rise would be quite a temporary deviation from the trend.

The decline in joblessness in July was a reflection of the continuing improvement in the economy. The Gross National Product again expanded in the second quarter by 1½ per cent, which was the fourth large quarterly rise in a row. Disposable personal income rose, reflecting the first full quarter effect of the tax cut. Corporate profits set a new record.

Fiscal Policy

There is little doubt—and it is conceded generally—that the huge reduction in individual and corporate taxes granted earlier this year has substantially contributed to the rising activity. The tax cut, it might be recalled, was advocated by the late President Kennedy on the recommendation of his economic advisers specifically to release the "fiscal drag" on economic activity. Convinced that the bold experiment is working out, the Government is now beginning to think in terms of additional tax cuts in the future. Secretary of the Treasury, Douglas Dillon, recently disclosed that the Government would recommend reduction of excise taxes next year. Such a paring down of excise levies, amounting to several billion dollars of revenue loss, might expand the budget deficit which otherwise could conceivably be as low as $2 billion, as compared with the deficits of $6 billion to $8 billion in recent years. But under the policy of planned deficits, initiated by Kennedy and now supported by President Johnson, the Government is apparently determined to keep to an expansionary fiscal policy until unemployment is reduced to the "tolerance" level of 4 per cent of the labour force. It is reasoned that it is better to have controlled deficits than to follow a fiscal policy which, while possibly resulting in a balanced budget or even a surplus in the short run, nonetheless retards economic activity and thus results in unplanned deficits later on.

A second tax cut will most likely not be needed until sometime next year. All factors point to continued improvement of the economy through the rest of this year. Adverse developments in two key areas of the economy—automobiles and steel—could, however, upset the apple-cart. These developments hinge very much on human decisions rather than on mechanistic factors.

Automobile Industry

The automobile industry is doing exceptionally well this year, so well indeed that it is quite within the realm of possibility that 8 million new cars might be sold, as compared with the sales of some 7 million last year. Manufacturers believe that the long-term prospects are "excellent" and that they could confidently look forward to "the time in the not-too-distant future when 8, 9 and even 10 million cars can be taken in stride." Also, a revolution could well be set in motion if the new turbine car now being tested becomes commercially feasible. A Chrysler executive observed recently: "Our turbine engine has one-fifth the moving parts of the conventional engine. It cools itself without a radiator. It runs on any kind of fuel that can flow through a pipe and burn with oxygen. It provides nearly complete combustion, producing no carbon monoxide or other contaminants. It is practically vibrationless. . ."

Amidst all the silver clouds, however, there is a strip of red, signalling potential danger. The current labour-management contracts expire at the end of the month and, as of this writing, no progress has been made in the negotiation of new contracts. The issues involve the impact of technological change on labour, not merely dollars and cents. The three major producers have made an initial offer which, in terms of dollars and cents, is within the guidelines for wage increases developed by the President's Council of Economic Advisers. According to these guidelines, wage advances should be in line with productivity increases, and the average non-inflationary increase would be in the neighbourhood of 3.2 per cent. But, while seemingly adhering to the Government's guidelines, the auto companies have ignored another part of the guidelines which calls for price reduction in those industries where the gain in productivity rises faster than the average. In fact, they have flatly ruled out any price reductions.

Wage Demands

This has only strengthened the determination of the trade union of the 550,000 auto workers to demand as large a share of the industry's prosperity as it could possibly do. Describing the companies' profits as "fantastic," Walter Reuther, the union's president and a powerful national figure, said: "Never before have so few with so much offered so little to so many." The union's demand for increased hourly wages and additional fringe benefits would represent a 4.9 per cent increase in labour costs. The industry has turned it down. With neither side yielding a strike is very much a probability.

A prolonged strike could easily upset the present economic upswing, even if it is directed at only one of the three major producers selected as the target. For this reason, and also because of political considerations, President Johnson is keen that a strike should be avoided but chances are that neither he nor his Administration will intervene in the dispute at this stage. The union—the United Automobile Workers—is also keen to avoid enbarrassing President Johnson prior to the elections in November and, moreover, to get on with its plans to campaign against Barry Goldwater. Yet, considerations of its own security might influence the union to strike in search of a bargain which would satisfy its members that they are getting a fair shake from the management.

A strike is not the only possible source of adverse consequences. For a labour-management settlement that simply divides up the fruits of increasing productivity between the companies and the workers could also have a damaging impact on the national economy. With their huge profits, the manufacturers could absorb a substantial rise in labour costs without price increases, but a contract providing for such an arrangement could well have a inflationary impact on other sectors of the economy and queer the remarkable mixture of economic growth and cost stability that has so far characterised the current cyclical movement.

Steel Industry

The steel industry is also a possible source of inflationary pressure. Both demand and production are holding up very well this year and there are some expectations that the annual output will reach a record 120 million tons, as compared with about 100 million tons last year. With the industry position so strong, the major producers are beginning to talk publicly of price increases. This is causing some anxiety in the Government and President Johnson has expressed the hope that the industry would not raise prices again, particularly since so-called "selective" price increases were made earlier this year. The Government is concerned because further increases in steel prices would, in its view, undermine cost stability and generate inflationary pressures. Since steel is a primary commodity, a rise in its prices tends to increase costs in other steel-using industries and eventually percolate through the entire economy.

LONDON LETTER

MANPOWER SHORTAGE AHEAD

NO NEED TO FEAR AUTOMATION

(*From Our Own Correspondent*)

LONDON, 29*th August*

ONCE again, the Malthusian theory of population received a rude shock by the publication of the first report of the Manpower Research Unit which reveals a likely trend in the British labour force for the next ten years. The report points out that the 1970s will witness "Labour resources stretched to the limit." Its basic assumption is, of course, that the economic activity in Great Britain will continue at a high level. If the growth of the economy proceeds at a rapid pace, as expected, the economy is sure to face a crisis owing to labour shortage. The Unit holds the view that, between 1963 and 1968, the labour pool will be "no more than adequate," and that, from 1968 until 1973, "the strain . . . may well be even severe."

The first reaction of the Government to this report is that both unions and employers will have to work towards cuts in industrial demarcation; industry will have to look more to automation and the hoarding of labour by manufacturers will have to end. Nevertheless, the whole thing will depend upon the moral encouragement given by the Government. Welcoming the report, Labour Minister, Mr. Joseph Godber comments that it confirmed his views that "while automation may accelerate changes in the occupational structure and thus require special attention to adaptation and mobility, it is not something to be feared but welcomed."

No doubt the report has given a serious rebuff to those who have been suggesting that organised labour must be ready to face widespread unemployment. But it is true that, in the field of agriculture and mining, the decline in the needs of workers will continue. But, on the other hand, construction industry will need a sizable increase in its labour force, even allowing for the better productivity because of increased mechanisation. The gap between the demand for and supply of skilled labour will widen, as a result of the greater demand for skilled labour and this may create a crisis. Of course, the extent of requirement of individual industries is a matter of detailed surveys.

Comparison with the Continent

The growth of population in Great Britain compares favourably with the western countries as well as with the U.S. While Britain's working population has been expanding faster than in France, it has been doing so slower than Germany's. It will, perhaps, be expanding more slowly than the Common Market as a whole during the 'sixties. Labour force in the U.S. is expanding twice as fast as Britain's and the rate of growth is accelerating. It is expected to be four times as fast as Britain over the next decade.

In suggesting remedies, the Unit looks to women and older men and urges steps to avoid periodical peak demands for labour. "The efficient and flexible use of the manpower will continue to be of the greatest importance," says the report. It also suggests that, in the face of a decline in women and girls available for employment, the employer should be required increasingly to encourage part-time work and thereby facilitate the employment of married women which may encourage them to come to the employment market rather than lead a bored life. The married women are, however, relatively immobile and their immobility means that the rest of the labour force must be willing to accept greater mobility.

The report also points out that the next ten years are likely to see a larger sector of the population depending on the rest. "The rising birth rate, longer full-time education, earlier marriage and increased expectation of life in retirement have been combining to increase the economically dependent groups of the population," the report adds.

The conclusion of the report solves one problem but raises many. According to the *Financial Times'* editorial, "The problem it solves is the fear that automation will create unemployment; though a few areas of the country, and a few men with outdated skills, may be adversely affected by labour-saving machines,

(*Continued on page 436*)

TAX CONCESSIONS EXPLOITED

By Questor

LONDON, 28*th August*

THE dangers of giving discriminating tax advantages to certain forms of saving have been amply demonstrated by recent British experience. The traditional method of contractual saving in this country is an insurance policy—both for wage-earners, who pay their weekly subscription to a collector from one of the two large companies who specialise in this type of business, and for salary-earners' who can accumulate funds under policies tied to objectives such as school fees and house purchase.

One reason why an insurance policy takes the place here often assumed by saving through a mutual fund in the U.S. is partly a matter of history: insurance remained safe in the inter-war years when some of the unit trusts turned out to be a poor investment. But it is also partly due to the fact that premiums on a life policy are entitled to a tax concession. Underwriters have not been slow to realise that this concession applies not only to straight life assurance but also to the kind of policy on which the holder gets the benefit of capital appreciation on the stocks in which his premiums are invested.

This gives investment in life assurance a special attraction to anyone liable to more than a moderate rate of tax. The taxpayer who wants to invest in a house or a lump of stock, for example, can take out a policy on his life to yield a minimum sum either at an agreed date or on previous death, and the company will make an immediate loan on the security of this policy. He can claim tax-relief both on the loan interest and the assurance premiums, and the dividends on the stocks in the life fund can be reinvested to his future advantage free of surtax.

This preferential treatment of a particular type of saving has been exploited deeply for some years past, and the results are now so widespread that no Government, whatever its political colour, could lightly undertake to change the system.

Other savings media, realising that the life assurance element can be used as a cover for something rather larger, are now, however, beginning to join in. In particular, the unit trusts—our equivalent to the U.S. mutual funds which, though still relatively small, have been growing rapidly in the past few years—have been taking advantage of the tax concession on life assurance in a big way.

This began when a small insurance company offered a life policy whose value at maturity would be pegged to the price of units in an associated trust. The idea was bound to catch on. Now, most of the larger trusts have made arrangements with insurance companies—to provide life cover for investors who join a regular savings scheme. The policy, premiums on which are entitled to the usual tax concession, provides that on maturity the saver gets the units in which his money has been invested; on previous death his legatees get the units so far acquired together with the outstanding balance of contributions due. One trust even guarantees, for a modest extra charge, that the investor will get back, whatever happens to stock markets, at least the value of his contributions over the years.

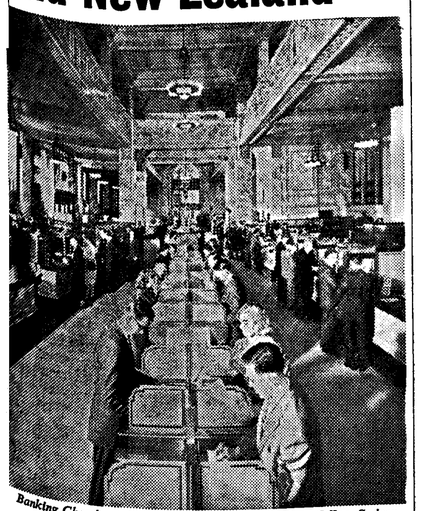
Many investors, however small, have an understandable wish to manage their own investments. For those who do not, the new type of unit trust-*cum*-insurance policy offers three considerable advantages over straight insurance. In the first place, unit trusts publish their portfolios. Many of them specialise in particular types of investment, and the buyer can choose. Insurance companies, however expert their managers, provide no more than a general breakdown of investments between stocks, government bonds, mortgages, and so on.

Secondly, the buyer gets a full share in the equity: the value of his holding at death or maturity is directly related to the market value of the trust fund. With an insurance policy, on the other hand, the investor gets a bonus from time to time when the fund earns more than it needs to meet its commitments—often a very good bonus, but it is declared at the discretion of the managers. If they are cautious, as they usually are, a part of the appreciation on his money may well be held back for the benefit of future policyholders.

Thirdly, the unit trusts attract their custom mainly through newspaper advertisements, whereas insurance companies attract their's mainly through professional agents like solicitors and bank managers. These agents are paid a fixed and relatively high commission which is deducted from the initial premiums. The investor, who is forced by circumstances to cash an ordinary insurance policy fairly soon after taking it out, will get very little back—his money has gone to pay the agent; on a unit trust policy, however, his loss will be relatively small.

It is an excellent thing that unit trusts are now managing to compete with the large insurance companies for the business of the regular saver. But this latest development shows the danger of subsidising any particular kind of saving. No doubt the tax concessions allowed on certain kinds were originally intended to serve valuable social purposes. But any tax concession is inevitably of most use to those who pay most tax and who least need subsidising, and sooner or later they will find a way of exploiting it beyond what was intended. It serves then only to distort the free operation of the market and to encourage the growth of some institutions at the expense of others. It would be better, unless taxes are levied on expenditure rather than income, to have no concessions at all.

The Biggest Commercial Bank in Australia and New Zealand



Banking Chamber, Bank of New South Wales, Head Office, Sydney

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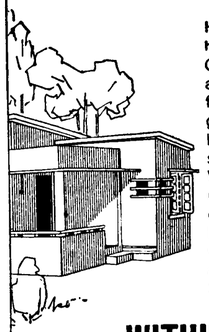
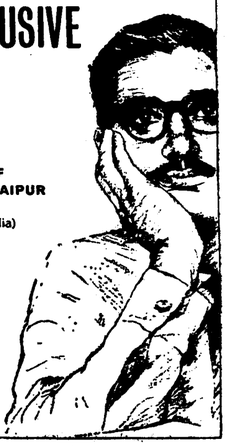


How wonderful, I thought, to have a home of one's own! One day, a friend told me about a good house located in a friendly neighbourhood. It was going at a reasonable price, but I could not buy it...no savings in the bank! Who knows? Tomorrow you may come face to face with an opportunity that will not wait. Don't let lack of cash stand in your way. Start saving now for a better tomorrow. Let the State Bank of Bikaner & Jaipur help you do it.

WITHIN REACH, BUT STILL ELUSIVE



STATE BANK OF BIKANER AND JAIPUR
(Subsidiary of the State Bank of India)
Head Office: Jaipur

SBBJ-7A

RESERVE BANK GOVERNOR ON BANKING POLICIES

PATTERN OF DEPOSIT RATES STILL UNREALISTIC

THE Governor of the Reserve Bank of India, Mr. P. C. Bhattacharyya, followed the tradition recently set by the Governor of the Bank of England in doing some loud thinking on a few problems of mutual interest to banks and the central banking institution at the annual dinner of bankers held at Bombay on Monday this week. An occasion of this sort provides an excellent opportunity for exchange and expression of views, for, in view of the informal nature of the occasion, the Governor could talk without being bound by the weight and responsibility of his high office. His utterances are nevertheless important, for they explain the rationale and present trend and line of thinking behind some of the actions of the monetary authorities which have come in for comment and criticism.

The Governor analysed, in his speech on Monday this week, the stresses and strains of the current economic situation in the form of two paradoxes which admirably describe the present trends. The rising outlays on defence and the impact of investment expenditure in both the public and private sectors has resulted in a large increase in overall liquidity, which has led to a persistent pressure on the price level, but which has failed to impart any significant and sustained buoyancy to the capital and stock markets. On the contrary, there were indications at one or two points during the past two years, that the tempo of industrial and economic growth was slowing down, that bank credit levels were moving down rapidly (1963 slack season) as the resources were being augmented. All that has changed now—for the banks will find that credit levels will move up fast in the next busy season, but their resources will be inadequate to meet both the requirements of law and the legitimate needs of trade and industry. Seasonal swings in credit operations are becoming much wider, in spite of the increasing diversification of our economy and the growth of industries with a non-agricultural base: witness how the 1963 slack season, the slackest of the slack seasons on record, was followed by the busiest of the busy seasons in the winter of 1963-64—a season which upset the calculations of the Reserve Bank and forced it to pull the reins within 4½ months of loosening them. The high rate of credit expansion in the last busy season has not left much room for manœuvre and has placed the banks in a tight resources position.

A Few Problems

The growth in banking business in recent years has accompanied the opening of more and more branches; last year alone saw an increase of over 400 branches. This is "by no means a mean achievement," as Mr. Bhattacharyya himself admits, for it reflects a widening and deepening of the banking structure to subserve the growing needs of a developing economy and represents the process of institutionalising savings and credit. But this has also created a few problems—the problem of policy for the monetary authorities, the problem of resources for the commercial bankers, and the problem of properly delimiting the appropriate sphere of the money and the capital markets in order that they may be linked and co-ordinated adequately.

The Governor's explanation of the rationale behind the sudden reversal of the monetary policy in March 1964 sounds quite convincing. When the credit reins were loosened in October 1963 through a marginal liberalisation in the midst of an extremely comfortable resources position of the banks, the Reserve Bank did in fact anticipate a much larger increase in bank credit than in the previous busy season. But what it had not bargained for was the failure of food crops and the consequent serious price situation. When the earlier optimistic crop estimates failed to materialise on account of a severe cold wave amongst other factors and the prices of food and other agricultural commodities started advancing even when the crops were moving, the Reserve Bank found it necessary to apply the brake on unrestricted credit expansion.

The Governor answers the criticism of the sudden reversal of policy in the middle of the busy season by distinguishing between the long-term promotional aspects of monetary policy, on the one hand, and the objectives and methods of monetary policy in the short-term, on the other. In order to meet the needs of development and to service a growing economy, the Reserve Bank has been endeavouring to build an institutional credit structure. The credit levels, however, have always to be related to the productive *needs* and *capacity* of the economy. Timing and flexibility are important in adjusting the cost and availability of credit to the changing economic situation. Early diagnosis of changes and an alert and purposive response to them are the essence of monetary policy, if it is to be a live one. It is the failure of the Reserve Bank's critics to realise that the short-term needs may often conflict with the long-term ones and that such conflict in emphasis need not necessarily retard the realisation of the objective of growth with stability that causes a lot of misunderstanding over its credit policy. Emphasising this point, Mr. Bhattacharyya said:

"In few areas of policy, the timing is so crucial and flexibility so important. There is no doubt that credit policy in India has to be attuned to the needs of development and the attempt of the Reserve Bank has been, over a longer term, to build up the credit structure to service a growing economy. This promotional aspect is, however, not inconsistent with a concern at any point of time with current credit levels and a watchfulness to see that credit expansion in the short-run does not outstrip the productive needs of the economy or is diverted into speculative channels. It is in this context that the accent on restriction that has marked the credit policy, both general and selective, in the last few years, has to be seen. The accent has, of course, varied in intensity at various times. In October 1963, the situation called for ... some loosening of the reins. Equally it cannot be denied that the picture as it emerged in March 1964 indicated the need for some pulling back of the reins."

No Embarrassment to Bankers

It has often been urged by bankers that the mid-season change in policy put the banks in an embarrassing position, for they had already entered into credit commitments on the basis of the earlier liberalisation of policy. The Governor, however, made it clear that it was not the intention of the Reserve Bank to restrict legitimate credit needs. In fact, in nearly every case, the earlier quotas were restored, on the Reserve Bank being convinced of the genuineness of the credit need. The fact that, in spite of the more rigorous scrutiny, banks continued to obtain almost the same level and order of finance from the Reserve Bank shows how flexible was the operation of policy. In other words, it was not the availability that was curtailed in effect, but the period for which funds were borrowed from the Reserve Bank that was reduced, as the cost of credit became higher and this, in turn, induced a more economic use of resources. Since the new policy made credit dearer rather than tighter, it should have caused on embarrassment to bankers in the sense of being unable to meet their commitments. What the change in policy really did was to make the bankers think twice before making fresh commitments to extend credit, and, in a way, this was what the Reserve Bank precisely wanted.

In this context, the Governor made a valuable analysis of the role of monetary policy in industrial growth. In view of the importance of this subject, it is desirable to quote what he said rather than summarise his observations:

"Easy credit is not the providential power that can solve the difficulties of industrial growth. The limitations to a more rapid expansion in this sphere are real rather than monetary. Factors such as raw material difficulties, foreign exchange shortages and various physical bottlenecks such as transport and power cannot be cured by easy credit. On the other hand, excessive credit under these circumstances do only more harm than good. There is no doubt that the imbalance between overall supplies and demand is clearly the underlying factor in the recent deterioration of the price situation. I am aware that the increase in credit levels by banks is only one of the major factors in the overall monetary expansion, the other important influence being the impact of fiscal operations. ...

"Policy measures such as monetary tightness or fiscal restraint which are designed to correct the price situation, will, in the ultimate analysis, succeed only to the extent to which they help to mop up some of the excess liquidity in the economy."

It will be seen from the above quotation that the Governor is aware that credit levels is only *one* of the factors in the overall monetary expansion and that, unless fiscal operations of the Governments are restrained, they will in fact frustrate the attempts of monetary control, but, for reasons which must be obvious, the Governor did not make more than a passing reference to the role of fiscal restraint in an anti-inflationary policy.

Deposit Mobilisation

Another outstanding feature of the Governor's talk to bankers this week is his candid views on deposit mobilisation. He plainly told them that "the relative ease with which the banks have been able to obtain their deposit resources in recent years has obscured them to the reality of the problem of deposit mobilisation." There is no exaggeration in his contention that banks have succumbed to the temptation of relying upon Government deficits for the purpose of augmenting their deposits and not exerting themselves unduly to gather more deposits.

The Governor of the Reserve Bank was not negative in his criticism of bankers' complacency in regard to gathering more deposits, for he did indicate the lines on which they could function more effectively in this direction. Thus, he said:

"There is still scope for further structural improvements and a rethinking of some of the policies. The success of banks' efforts at mobilising deposits is linked, on the one hand, with the rate of economic growth and income expansion and its distribution and, on the other, with institutional factors such as the expansion of branches and the improvement of banking services. Measures to impart strength to the banking system such as deposit insurance and the various statutory provisions of regulation no doubt help to inspire greater confidence among the public in the viability and soundness of the system. The role of banking education, which would feed the system with a growing cadre of qualified bankmen, is no less important and it is heartening to see increasing attention being paid by banks to this aspect of their organisation. ... I would plead once again for a reappraisal by bankers of the role of interest rates as one of the factors in attracting more deposits into the system. I venture to say that some more rethinking than what has been done in this context on the present pattern of deposit rates is called for. It has been apparent for some time that the spread between the short end and the long end of deposit rates is narrow, somewhat unnaturally so. This suggests the need for greater orderliness in the rate structure without necessarily increasing the total interest cost to the banks. With the rates of interest prevalent on call money, I have no doubt that the banks are paying more than what is needed for retaining the money which would in any case remain with the banking system. On the other hand, with the present spread, there is not surprisingly the result that the genuine saver tends to turn away from the banks and seeks other repositories for the placement of his funds."

Stand Vindicated

The fact that, within a fortnight of the revision of deposit rates under the Inter-bank Agreement, the Governor of the Reserve Bank has found it necessary to urge a fresh reappraisal of the role of interest rates is clear evidence of the half-hearted and grudging manner in which the bankers have conceded the case for paying higher rates of interest on deposits. He has plainly stated that some more rethinking than what has been done during the last six months on the present *pattern* of deposit rates is called for. What is more important is that the Governor has been more specific now than before in pointing out the precise directions in which changes are required. First, the *unnaturally narrow spread* between the short-term and long-term deposit rates must be corrected and, secondly, greater *orderliness* must be brought about in the interest rates structure. All this need not necessarily mean an increase in the total interest cost to the banks. In a way, the Governor's plea is a comment upon the unwillingness of bankers to accept the rationalisation of rate structure proposed by the Bhabha Committee. But even the Bhabha Committee, one must hasten to add, did not go far enough. We had already pointed out (*vide* page 1055 of *Commerce* dated 20th June 1964) that expediency, rather than evolution of a long-term policy, was the characteristic feature of inter-bank agreement on deposit rates and that the changes proposed by bankers then after protracted negotiations behind closed doors represented some *clever*, though not necessarily, *clear* thinking. The Governor has now fully vindicated the stand taken by this journal.

It may be recalled that the bankers had rejected the Bhabha Committee's proposal for reducing three days' call money rate by ½ per cent to 2½ per cent and did not even agree to a stipulation for a minimum period of 15 days, but they are now faced with a categorical statement by the Governor that banks are unnecessarily paying more than what is needed for

(Continued on page 436)

Driving on wet, slippery roads is as dangerous as stepping on a banana peel. Avoid skidding by taking these simple precautions.

- **See that your tyres are in good condition and always at correct pressure.**
- **Drive more slowly and smoothly on wet and slippery surfaces.**
- **Don't brake, accelerate or turn sharply.**

Never brake sharply in a skid. Leave the clutch engaged for better control of your car through the engine.

If however your car does skid, here are a few points to help you control it.

REAR WHEEL SKID. Remove your foot from the accelerator and turn front wheels into the skid. e.g. If the rear of the car swings to the left, steer left. Then steer in the desired direction, and gently accelerate.

FRONT WHEEL SKID. Remove foot from accelerator. Straighten the front wheels.

FOUR WHEEL SKID. Release brakes at once to allow free rolling of wheels. Then apply brakes gently, gradually increasing pressure, to avoid wheels locking again.

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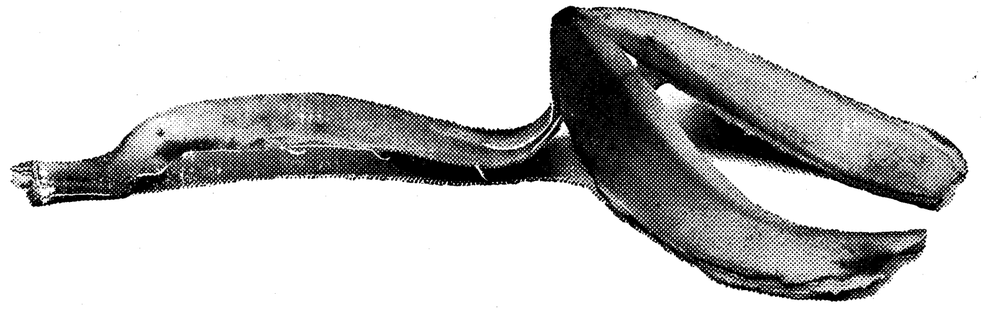
Monsoon roads are banana peels



I.M.F. NEARLY NINETEEN YEARS OLD

A RESUME OF ITS ACTIVITIES

THE International Monetary Fund (I.M.F.), on the occasion of its twentieth annual meeting to be held at Tokyo from the 7th to 11th inst., can certainly look back on its career with justifiable pride and satisfaction. The Fund, since it came into being nearly nineteen years ago—on 27th December 1945, to be precise—may not have achieved fully its fundamental objective of establishing a multilateral system of world trade and payments, a system that is free from all exchange restrictions, import controls and other handicaps lying in the way of a balanced growth of international trade. But it has doubtless succeeded in preventing a recurrence of the game of "beggar my neighbour" played by several countries during the 'thirties. What is more, the Fund has set and promoted a standard of conduct in international monetary affairs and assisted its member-countries in times of external payments difficulties. As a lender for short-term, the Fund has been helping its members to keep their economies growing and becoming stronger in all possible ways —by giving advice and technical assistance, as well as by providing foreign currencies when required. The extent and nature of help provided by it has varied from country to country. As a lender, it has been of much greater use to the developed countries than to the underdeveloped, the latter receiving more advice than tangible financial assistance. The Fund is primarily a rich man's club.

Since the Fund commenced operations, it has sold the equivalent of more than $7,000 million to 49 different countries and conducted some hundreds of consultations. Almost a hundred par values have been established and many adjustments in official rates of exchange approved. Under the Articles of Agreement, it will be recalled, each member of the Fund is obliged to agree with the Fund on what the par value of its currency shall be, that is, the ratio of its currency unit to the U.S. dollar and

FUND'S TRANSACTIONS

(In million $)

Fiscal year ended 30th April	Total purchases by members	Total standby arrangements in force at end of fiscal year	Total repurchases by members
1948 ..	606.04	—	—
1949 ..	119.44	—	—
1950 ..	51.80	—	24.21
1951 ..	28.00	—	19.09
1952 ..	46.25	—	36.58
1953 ..	66.12	53.00	194.96
1954 ..	231.29	90.00	145.11
1955 ..	48.75	90.00	276.88
1956 ..	39.75	97.50	271.96
1957 ..	1,114.05	968.90	75.04
1958 ..	665.78	884.28	86.81
1959 ..	263.62	1,132.84	537.32
1960 ..	165.53	291.88	522.41
1961 ..	577.00	338.62	658.60
1962 ..	2,243.20	1,942.88	1,260.00
1963 ..	579.97	1,287.25	807.25
1964 ..	625.90	1,970.15	380.41
Total* ..	7,471.35	—	5,285.71†

* Totals do not equal sums of items because of rounding.
† Including $279.5 million repurchased in excess of drawings.

to a stated amount of gold. Once the par value is agreed, the member is obliged to maintain the actual buying and selling rates for exchange transactions in its currency within one per cent either side of the established par value. Thanks to the international scrutiny of proposals for changes in par values, the world is today better assured than ever before that, if a country devalues, it does so for good reason and to no greater extent than its circumstances warrant.

Convertibility

The Fund has been ably discharging the responsibility concerning members' restrictions on payments and transfers for current international transactions. It has consistently encouraged its members to examine the feasibility of ending recourse to these transitional arrangements and to accept the obligations of convertibility, that is, to move from Article 14 to Article 18; the latter Article requires the country concerned to refrain from imposing restrictive measures on current payments and transfers without the Fund's approval. Alluding to the progress made in the field of convertibility, the inaugural issue of *The Fund and Bank Review* observed:

"It is something quite new in international relationships to have in existence an institution continuously concered with ecouraging countries to ease restrictions on payments, and thereby to stimulate increased international trade. Without the steady moral influence thus brought to bear by the member-countries collectively upon each one individually, it is doubtful whether many countries would yet have felt ready to cut loose from the familiar framework of restrictions. It is also important that this same collective body was and is able to help its member-countries with substantial financial aid as they prepare to scrap their restrictions."

The most conspicuous of the Fund's operations has been the provision of foreign exchange to members needing to draw on its resources. The Fund makes available to its members the pool of gold and currencies built out of the subscriptions of its members. The extent to which the pool has been drawn upon have varied greatly from time to time. The amount drawn was very heavy ($467.7 million in the very first year of operation, that is, 1947). The withdrawals were negligible in the subsequent three years, due to the Marshall Plan for Europe. For the five years 1951-55, in fact, repurchases exceeded new drawings every year, with the result that, by December 1955, the net amount due to the Fund had been reduced to $234 million.

Standby Facility

Meanwhile, in 1952, the Fund had introduced the use of standby arrangements by which the member-countries that so wish are given assurance of support should they need it, rather than immediately drawing on the Fund. Over the years during which the Fund has been assisting its members financially, it has made available about $11,000 million in drawings or the unused standby arrangements. Fifty-four members have had recourse to the Fund's resources. And at one time or another, the currencies of 14 different members have been used to assist others. Something like $1,700 million of the Fund's resources used to support its members' individual reserves are still outstanding and another $1,970 million still committed under standby arrangements.

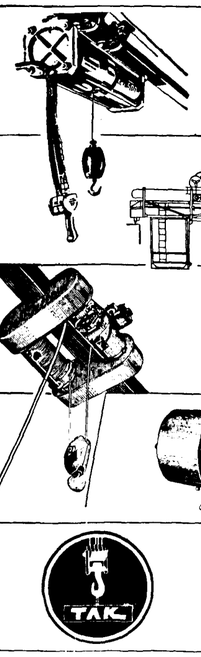
Between the beginning of operations by the Fund and 30th April 1964, 51 members purchased currencies and three had standby arrangements without drawing under them. Of these 54 members, 19 were in Central and South America, 13 in Europe, 7 in the Middle East, 7 in the Far East and Western Pacific, 5 in Africa, and 3 in North America. Total sales by the Fund were equivalent to $7,470 million. The drawings made by 44 members have been wholly or partly repaid, either through repurchases in gold or convertible currencies or as a result of purchases of their currencies by other members. On 30th April 1964, the total amount of members' purchases still outstanding was equivalent to U.S. $1,606.2 million.

Except for the drawing by Cuba, all purchases made prior to 3rd March 1960 have been fully reversed. However, 11 other members have been in a debtor position to the Fund continuously for more than five years, that is, they have not within that period reduced the Fund's holdings of their currency to 75 per cent of quota, or to the level corresponding to their currency subscription. This has been the result of new drawings, agreed with the Fund to meet re-emerging payments problems, being made concurrently with the repurchase of earlier drawings.

Repurchase Obligations

Since the inception of the Fund, 122 repurchase obligations aggregating the equivalent of $1,684 million (repurchases during 1963-64 amounted to $380.41 million, the smallest total since 1958) have been incurred by 49 member-countries. Of these, 24 are incurred by countries which have not used the Fund's resources but which had originally paid gold subscriptions equivalent to less than 25 per cent of their quotas. In addition to repurchase obligations, a member drawing from the Fund undertakes to repurchase its own currency equivalent to the amount drawn (except to the extent that other countries draw that member's currency) within a maximum period of three to five years. If a drawing is made under a standby arrangement, the maximum period is three years. In practice,

TAK HOISTING
& CONVEYING EQUIPMENT



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TAK-FELLOWS 'ELECTRALIFT' WIRE ROPE HOISTS

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the largest part of repurchases is made under commitments of this kind.

The periodic exchanges of views between the Fund and its members have proved to be a valuable instrument of international monetary co-operation for two important reasons. In the first place, they serve to make members' policies more responsive to the aims of the international community. Secondly, they equip the Fund to be more fully appreciative of the peculiar problems and needs of its individual members and supply it with the information necessary for action to meet those needs and, with the experience, to formulate realistic general policies for the implementation of the Articles of Agreement.

Technical Assistance

During the year ended April 1964, the Fund substantially increased its capacity to provide technical assistance to member-countries. In response to requests from members, it has continued to make available staff officers to give technical advice on problems within its area of competence. The assignments have lasted from a few weeks to more than a year, and have covered such problems as improvement of statistics, banking legislation, exchange reforms and programmes of monetary stabilisation. In order to meet an emerging need, the Fund has lately established a Central Banking Service to provide advice on problems arising in connection with the establishment of new central banks, and through which experts can

BALANCE SHEET—As at 30th April 1964

(In million $)

Liabilities		Assets	
Capital ..	15,614.8	Gold account	3,134.0
Withdrawing members' subscription ..	50.0	Of which:	
Reserves	234.0	Gold with depositories* ..	2,334.0
Of which:		Investments† ..	800.0
Special reserve ..	117.5	Currencies and securities with depositories ..	11,758.1
General reserve ..	116.5	Of which:	
Provision for potential refunds of stand-by charges	2.5	Currencies	2,670.6
Other liabilities (accruals etc.) ..	1.1	Securities‡ ..	9,025.0
		Withdrawing member's currency ..	62.5
		Subscriptions to capital receivable ..	992.5
		Other assets (receivables, accruals, prepayments and sundry cash	17.6
Total ..	15,902.2	Total ..	15,902.2

* 66.7 million fine ounces at $35 per ounce.
† $18.6 million U.S. Government securities maturing within 12 months, at cost ($800 million) and funds awaiting investment ($9,142.)
‡ Include non-negotiable, non-interest-bearing demand obligations, payable at face value by members in their currencies.

be made available to assist newer central banking institutions in various specialised fields. During the year, the Fund also began to build up a group of experts qualified in the fields of taxation, budgeting and financial control to help countries which would like assistance in dealing with their fiscal problems.

Fund officers have also had valuable short discussions on many specific problems with country officials, both in the field and at headquarters. For its part, the Fund particularly welcomes these exchanges.

During 1963-64, the Fund continued its training programme for middle-rank and junior-rank staff of member-Governments as a form of technical assistance in the field of financial analysis and policy. The Fund has long recognised that its training programme plays an important part in the service to its members and that every effort should be made to strengthen it in the light of emerging requirements. Recently, a broad review of the programme has been undertaken, and several changes have been adopted. The programme will be gradually expanded over a period of years in keeping with the growth of the Fund as a whole. Organisationally, the training activities have been regrouped and have now been committed to a new Fund department, known as the I.M.F. Institute.

Resources

In keeping with its expanded activities, the resources of the Fund have risen markedly. The aggregate subscriptions of members—the subscriptions equal quotas—have more than doubled during the nineteen years the Fund has been functioning; the actual amount of Fund quotas as on 30th April 1964 was $15,615 million. The rise has been due partly to admission of new members and partly to increases in quotas. There are now as many as 102 members as against just 30 when the Fund began functioning. The initial quotas of members were first based "on a volume of trade (and so on prospective needs) related to war-time price levels." The total quotas available were found later to be less adequate to cope with a possible emergency. In 1958, the Executive Directors of the Fund recommended an increase of 50 per cent in the quota of each member, with additional increases for Canada, Japan, West Germany and a number of other countries. As a result of these changes and of new members, the total of quotas has risen from $9,200 million at the end of 1958 to more than $15,615 million today. Since 1958, there has been a further growth in the volume of international transactions. Further, the freedom for movement of capital has broadened owing to the abolition of almost all exchange controls among the developed countries and the opportunities for short-term capital movements have increased, following the frequent changes in the interest rate policies of these countries. It is, therefore, now felt that the existing enhanced (in 1958) quotas might not be sufficient to prevent dangers to the stability of exchange rates arising from volatile flows of capital. The anxiety to avert a possible heavy run on countries' reserves has reinforced the need for raising the supply of resources at the disposal of the Fund.

The Fund has been seized of this problem for quite a few years. At one time, it was thought a solution for it could be found by making special arrangements covering the main trading countries, since it was felt that only they needed such emergency assistance as would take care of the situations arising from movement of short-term capital. Accordingly, the Fund made arrangements, which became effective in October 1962, to borrow (if and when needed) some $6,000 million in the currencies of the ten main trading countries. So far, the Fund has not needed to draw on this reserve; and it is quite conceivable that the fact that these resources are now available will make it unnecessary for the Fund to borrow them.

Even so, this arrangement has not been found to be satisfying to all and the search for finding ways and means of improving international liquidity continues. The view is gaining ground that a further general increase in the Fund's quotas is necessary. This issue will figure prominently at the Fund-Bank meeting at Tokyo next week.

An addition to the Fund's financing service was made in February 1963 when the Fund established its special compensatory financing facility which provides for more liberal terms of assistance to countries faced with temporary commodity export problems that are largely beyond their control. The Fund also agreed to give sympathetic consideration to increases in quotas proposed by commodity exporting countries, so that they might have larger borrowing facilities.

Fiscal Policy

On many occasions in the past, the Fund has emphasised that, while monetary stability is a prerequisite for sustained economic development, it must be accompanied by resolute efforts to increase productivity and capital formation. Reiterating this plea in its latest Annual Report, the I.M.F. observes:

"An orderly development programme should ensure that total investment plans are within the financial resources available and that all possibilities for expanding these resources are fully explored. It has become increasingly evident that, in a number of countries, fiscal difficulties, which give rise to deficits in the public sector, are a substantial element in economic instability. To the extent that the Fund can, by expert analysis and advice, help such countries to deal with their fiscal problems, the principal task of the Fund in the monetary and exchange fields will be eased."

Since it is the fiscal policy that influences greatly the nature and pattern of a country's economic growth, the I.M.F. has done well, indeed, in deciding to set up a new Fiscal Affairs Department, the budget for the fiscal year 1964-65 makes provision for this Department. It is to be hoped that the member-countries will fully make use of the expert analysis and advice tendered by the Department.

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MANCHESTER LETTER

RISE IN COTTON MILLS' PRODUCTIVITY

OUTPUT INCREASES MARKEDLY DESPITE SHARP REDUCTION IN LABOUR FORCE

From Our Special Correspondent

MANCHESTER, 25*th August*

WHEN the production figures for the first half of 1963 were being analysed, the British cotton industry took credit for the fact that, particularly in the spinning section, there had been relatively little fall in output, despite the sharp reduction in the labour force. In the ensuing twelve months, manpower has been further reduced, although by no means as sharply, while production from the mills has not only been maintained but has increased to a significant extent.

This welcome reversal of former trends deserves the widest publicity, as there are still many outside observers who persist in their contention that the trade is backward and lacking in enterprise. Incontrovertible facts and figures of this kind should be used to show what has been done and to illustrate that not only is the spirit willing but practical steps have been taken to modernise plant and improve efficiency.

The following comparative figures covering the past four years speak for themselves and should provide useful ammunition for those who recognise that the trade deserves more bouquets than it has usually received:

TABLE I

	1st half 1964	1st half 1963	1st half 1962	1st half 1961
Cloth (million yds.):				
Cotton	551.10	518.20	566.96	650.53
Man-made	280.90	254.96	262.29	273.35
Mixtures	37.04	36.09	39.05	41.08
Total ..	868.94	809.25	868.29	974.86
Yarn (million lbs.):				
Cotton	210.99	199.51	203.91	241.61
Man-made	53.81	44.12	43.42	50.25
Mixtures	16.67	19.12	19.16	20.01
Waste	52.81	47.82	51.56	51.52
Total	334.28	310.67	318.05	363.39

One of the encouraging aspects of the production totals is that purely cotton goods have regained ground, at least as compared with the past two years, while the man-made fibres have continued to make sustained porgress. Provided there is no sudden curtailment of buying, there seems every reason to anticipate further gains on the productive front, as more efficient machinery is steadily introduced into the mills.

The number of employees on the books of spinning and weaving firms at the end of June this year was 140,950, as against 144,210 twelve months previously and 158,100 in mid-1962. Within the different sections spinning workers are now shown at 51,860, as against 53,500 last year and 58,570 two years ago. In the same period, manpower in weaving has been reduced from 79,750 in 1962 to 71,410 last year and to 70,550 at the end of June 1964. In waste spinning, the labour force over the past twelve months was 270 lower at 6,230, while, in doubling, manpower was 490 down at 12,310.

Changing Cycle?

According to the trade cycle, which is so frequently governed by the availability of supplies in the market, the revival of business in cotton and allied textiles should have come by mid-1962. It was not until twelve months later, however, that the movement really got into its stride and, a year ago, the wheels were beginning to turn at a much faster rate.

TABLE II
(In million yards)

Year	Output	Imports	Total	Exports	Balance for home trade
1954 ..	2,775	335	3,110	812	2,298
1955 ..	2,479	365	2,844	688	2,156
1956 ..	2,314	380	2,694	595	2,099
1957 ..	2,287	490	2,777	567	2,210
1958 ..	2,030	434	2,464	468	1,996
1959 ..	1,927	575	2,502	411	2,091
1960 ..	1,911	786	2,697	383	2,314
1961 ..	1,842	801	2,643	336	2,307
1962 ..	1,813	642	2,255	200	1,965
1963 ..	1,574	700	2,274	303	1,971
First 6 months					
1955 ..	1,350	200	1,550	351	1,199
1956 ..	1,215	201	1,416	301	1,115
1957 ..	1,212	250	1,462	295	1,167
1958 ..	1,105	229	1,334	257	1,077
1959 ..	977	257	1,234	201	1,033
1960 ..	993	382	1,375	201	1,174
1961 ..	975	455	1,430	180	1,250
1962 ..	868	324	1,192	150	1,042
1963 ..	809	361	1,170	153	1,017
1964 ..	969	461	1,330	148	1,182

The statistical background to the fluctuations in activity is generally provided by the rough estimates which can be gained by the simple addition of production and imports and the substraction of exports in any given period. The resultant balance has, in the past, provided a reasonably accurate guide to subsequent events, but, in view of developments which have occurred so far this year, more comprehensive control over the situation may follow in the future.

Meanwhile, the position at the end of the first half of 1964 shows a definite swing towards more supplies being in prospect, as Table II illustrates.

Coupled with the sharp increase in arrivals of foreign goods to the highest level yet recorded in any half-year, there has been a revival in output from the local mills. The volume of cloth produced, in fact, is almost identical to that in 1962. Exports in the meantime have been virtually unchanged as compared with the first half of the last two years, so that the balance has increased substantially. This is in marked contrast to the position twelve months ago, when the cloth available was at the lowest level recorded.

Predictions based solely on statistical evidence are always liable to contradiction, but experience has shown that an upward movement in stocks, as indicated during the past six months, eventually has its repercussions on the general level of trading.

According to the Textile Distributors' Association, total sales during the half-year increased by 6 per cent as compared with the same period in 1963, the major improvement being in the disposal of women's knitted outerwear, blouses and skirts which rose by over 20 per cent. Sales of piecegoods and nets were 13½ per cent up, while household textiles showed little change on the 1963 level of purchasing. Total stocks at the end of June were 6.2 per cent higher than at the same period last year.

General reports from distributing centres have been encouraging leading to the belief that more goods would be needed to satisfy the requirements of customers. Weather conditions this year have certainly been more conducive to better clearances and purchasing power has broadened.

Manufacturing Comparisons

Weavers are to be given the opportunity of joining in the cost comparison schemes which have already been introduced in other sections of the industry. The Productivity Centre of the Cotton Board has been running a pilot plan for weaving firms for some time and its success has encouraged the launching of a comprehensive programme for the whole branch. As in the earlier schemes of this kind, complete secrecy is maintained, so that although reports are provided for those taking part, no firm can recognise its competitors in the table of results. The information provided, however, enables participating firms not only to compare their total costs but to identify the strong and weak points in their respective performance. Meetings are to be held in six centres during the first fortnight in September to explain the system to interested firms. The next results will be drawn up in January and the completed forms from those firms entering the project are required by the end of November.

The party's over! This was a party of minds. Rather than men. There was plenty of food—for thought! The leftovers were, in short, used-up pencils and pads. And blades and clips. The venue: The Research and Development Department of the West Coast Paper Mills Limited.

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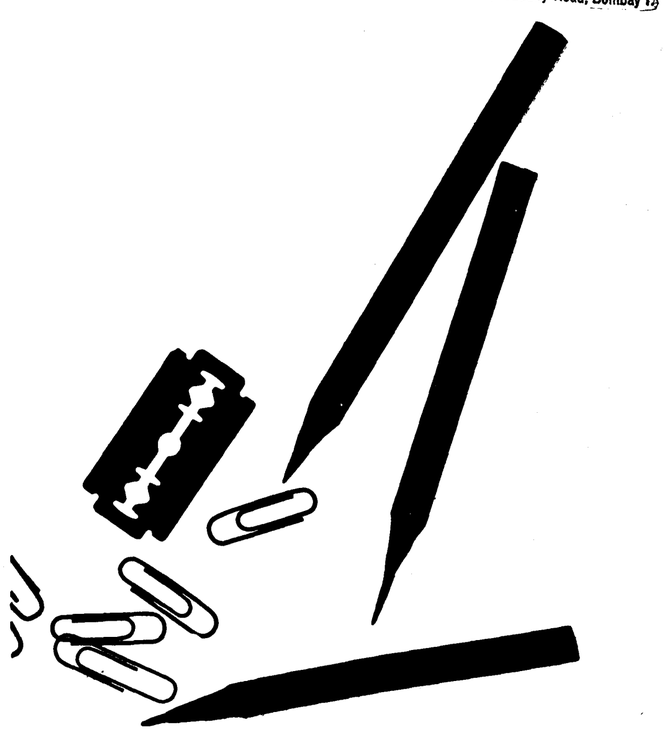

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COAL CONUNDRUM

EXTENSIVE MECHANISATION UNNECESSARY

By D. N. Chakraverty

THE shadow of an impending crisis over the coal industry is apparent. Demand for coal is suffering from a peculiar slump at the moment. In 1962, when production of lower grades did not exceed 10 per cent and that of the medium grades, particularly in West Bengal and Bihar, formed 59 per cent of the total production, all attention was focussed on how a speedy rise in production could be achieved. The position continued even till the beginning of the year 1963. It is, therefore, paradoxical that all attention is now focussed on how to increase the offtake of coal from the piling stock at the colliery pitheads mounting every day for want of adequate demand. The proverbial transport bottleneck, which characterised the railways' ineffectual efforts to come to the aid of the industry, which had persisted for several decades in the past, does not exist today. On the contrary, the position in regard to the railway transport availability has improved so much that wagons are said to be going abegging. The recent decontrol on the distribution of soft coke and non-coking coals of grade II and below, effective from 1st July 1964, was expected to add to the general improvement for the benefit of the economy of the industry, stagnant so far under the force of unfavourable circumstances. And yet coal is not moving as freely and rapidly as the growing pace of industrialisation in the country warrants. The targets of the Plan had been revised and the estimated requirements scaled down from time to time, as the current slump in coal demand is believed to portend a bleak future.

Mechanisation

At such a juncture, if we cry ourselves hoarse, demanding large-scale mechanisation of the coal industry, the situation to the common man will be incomprehensible. Mechanisation's chief aim is to increase production. When coal is suffering from the evils of overproduction, confusion may be worse confounded. Efforts seem to be directed to channelise popular demand for coal to superior grades even for purposes where inferior ones can suffice. The known reserves of the superior grades are admittedly very limited. Any recourse to large-scale mechanisation for the production of these grades would only bring about quicker exhaustion of such reserves. Such innovations will undermine our national economy. Any fear of shortage of supply of energy to hold up the pace of our industrialisation is chimerical, simply because shortage does not exist; what is evident is surplus over demand, leading to a glut in the market against the background of which elaborate boosting of production capacity by costly installations of modern machinery is almost an anathema.

Machinery of the type advocated for implementing the programme of large-scale mechanisation with a view to reaping the benefits of mass production are not manufactured in India at present. Imports of such machinery, therefore, involves heavy expenditure in foreign exchange, besides other important considerations like enormous capital layout. A cursory glance at the progress and state of affairs of the finances in the industry will convince one that the endeavour is more aimed at concentrating the resources in the hands of a few *entrepreneurs* leading ultimately to monopolistic trends in the coal market than anything so grandiose as they seemingly profess. The necessity of decentralisation of the productive capacity in the field of industrial enterprise in the economy of our country is obvious. We cannot afford, in the larger interests of our national economy, to ignore this and other factors in the context of these considerations.

It is an irrefutable fact that our country abounds in manpower and is faced with almost an insuperable problem of unemployment. Increased industrialisation, all-round economic development and national struggle for prosperity are incompatible with large-scale unemployment and underemployment with poverty of the extreme type raging all round. In fact, unemployment withholds economic development, acting as a hurdle at the altar of which all pious thoughts of modernisation of productive methods have to be sacrificed.

In a country's economy, agriculture and mining play a vital role. Our agricultural sector is knee-deep in economic mire. Landless labour, suffering from chronic unemployment, still constitute the biggest single problem for all our economists to solve. Seasonal unemployment of the cultivators and farm labour still cause headache to the policy-makers at the top. Coal industry is set in a semi-rural surrounding. While agriculture provides inadequate scope for full-time gainful employment, no other industry except coal provides means to the unemployed and underemployed farm labour to augment his income for a tolerable living. A study of agro-industrial migration and mobility of labour in this regard will reveal the enormity of the truth.

Geological Conditions

Another consideration which cannot be cast to the winds is the peculiar nature of coal industry, caused by geological conditions. Coal mining is such an operation where cutting of coal by pickaxes is still an operational necessity. Conditions are not rare where considerations of safety also warrant this so-called primitive method. All these vital considerations cannot be summarily dismissed merely because of a craze for overnight modernisation by a coterie of advocates.

Things have to be weighed in the balance of social justice and economic foresight. Production of any commodity can be speeded up by adoption of modern scientific methods in the present nuclear age, but how far such jet-age production will go to the benefit of the society as a whole has also to be seen. Our national Government has not lost sight of this vital aspect of our endeavours for attaining higher economic progress. This is evident from the planned encouragement which the Government affords to the growth of small-scale industries throughout the length and breadth of the country. The products of these small units could be turned out by mass-scale production at no time and yet in the tiny huts and hovels of the craftsmen they are produced at a slow speed on a small scale.

Nobody can gainsay the fact that prices of coal, which is the basic fuel and prime mover of all industrial wheels, should be competitive in a world of scientific advancement where substitutes are likely to appear in various shapes and forms. But, come what may, no substitute can replace King Coal from its rightful place in our national economy during the coming hundred years or more. Admittedly, economic prices are an imperative necessity, but, for achieving this, subsidiary and overhead costs have to be held in restraint.

Cost Aspect

The cost at which coal is won, as compared with any other modern fuel, particularly in relation to the heat value yielded by the former, is certainly not so prohibitive as is endeavoured to be made out by certain quarters by confusing the cost of raising with the cost of coal at the consumption point. The cost of raising will naturally be high in the case of selective mining in defiance of the occurrence of seams of different qualities in a sequence endowed by nature.

This brings us again to the question of super-abundance of inferior qualities of coal in the subterranean reserves in our country—a peculiar feature which cannot be ignored. In plain words, it will be imprudent to lay aside that which is available in plenty and run after that which is rare. The importance that is attached to the role of lower grades of coal in meeting the fuel requirements of the country is borne out by the fact that the then Minister of Steel, Mines, and Heavy Engineering, Mr. C. Subramaniam, in his speech at the Central Fuel Research Institute, as recently as in March 1964, said that the test of "human wisdom lies in utilising what we have" and further added that we would have to devise ways and means of encouraging the use of lower grades of coal. This candid statement of the Union Minister indicates the emergence of a new era of thinking in Government circles, basing the pattern of our consumption of coal on the qualities abounding in our known reserves. An immediate reorientation of our attitude towards the demand for quality coal for every little purpose where coal of common varieties, so plentifully available in the country can, very well do, is a sheer necessity.

Further, we must not lose sight of the great fact that demand for coal for providing

(Continued on page 412)

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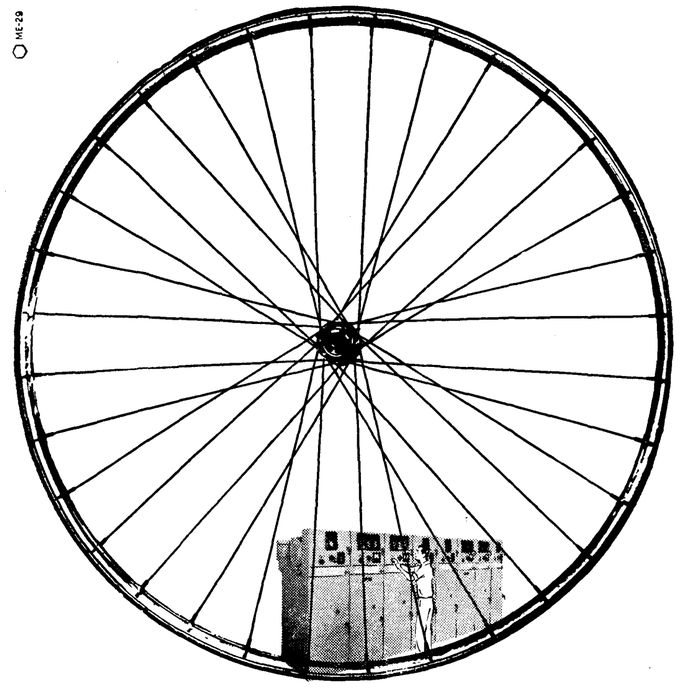

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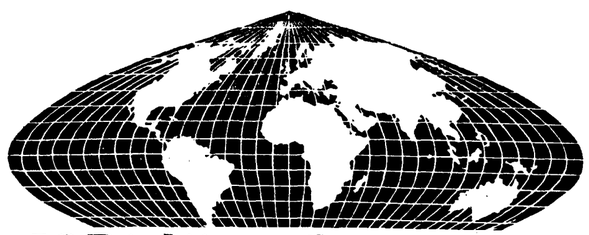
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ADMINISTRATIVE JUSTICE

COURTS VS. TRIBUNALS

By J. B. Monteiro

IN April 1964, the Chief Justice of India publicly declared in the course of two different addresses that the Income-tax Appellate Tribunals should be abolished and their work should be transferred to the High Courts. He made this suggestion first while addressing a conference of members of the Income-tax Tribunals at Bombay, and reiterated the same while inaugurating a symposium on "Accountancy Profession" in New Delhi on 25th April last. He said that in the hierarchy that functioned for the collection of taxes there were three offices before any dispute reached the High Court and it had been their experience that the litigants often got a feeling of dissatisfaction that the question on which they had appealed was not tried by the High Court.

The Chief Justice went on to say: "I am not suggesting that the Income-tax officer and the Appellate or the Income-tax Tribunal do not do their duty properly. You have to realise that in such matters there is such a thing as faith and confidence and I think I would be justified in claiming that fortunately the High Court and the Supreme Court continue to enjoy the highest confidence of the public." Mr. Justice Gajendragadkar argued: "If the tax statutes are going to be more comprehensive, would it not be a better step to depart from the trodden path of leaving the Income-tax Appellate Tribunal to deal with facts and leave this question of law and fact together to be dealt by the High Courts in an appeal directly brought to them?" Thereby one court would be eliminated and the High Courts would have jurisdiction to deal with the complex question of facts.

This statement sparked off a controversy which has not yet stopped raging. While the lawyers have been indulgently concurring with the Chief Justice's views for obvious reasons, the accountancy profession has raised an alarm at the prospect of losing the right of representation in income-tax cases. Organised trade and industry also found it necessary to oppose the proposed move. Very good arguments have been advanced against the suggested change. For instance, it has been argued, with the help of factual data, that the tribunals deal with cases with much more swiftness than courts; the tribunals have to go by evidence which would not meet the tests of legal evidence; there were very few appeals from the tribunal's verdicts and most of them were upheld by the courts; the courts would be deprived of expert knowledge of the accountants, and so on.

However, the controversy still continues in the absence of any denial on the part of the Government about the proposed change. On the contrary, now and then Press reports indicate that the Government is working on the proposed change. It is unfortunate that such an uncertainty should be cultivated by the Government on a matter of such fundamental importance. For, the question is far more important than is generally recognised. It goes far beyond the narrow interests of right of representation and cost of litigation which have been the main factors behind the current debate.

British Experience

The larger question is whether in a modern welfare State the multitudes of disputes that arise between the citizen and administration shall be decided by ordinary courts or administrative tribunals. This question has been conclusively decided in England first by the Donoughmore Committee on Ministries' Powers, thirty-five years ago, and lately by the Franks Committee on Tribunals and Inquiries which said: "We agree with the Donoughmore Committee that tribunals have certain characteristics which often give them advantages over the courts. They are cheapness, accessibility, expedition and expert knowledge of their particular subject. It is no doubt because of these advantages that Parliament, once it has decided that certain decisions ought not to be normal executive and departmental processes, often entrusts them to tribunals rather than to the ordinary courts." Again, the Franks report says: "If all the decisions arising from new legislation were automatically vested in the ordinary courts, the judiciary would by now have been grossly overburdened." The Permanent Secretary to the Lord Chancellor said in his written evidence: "It is plain, I think, that if all disputes now determined by administrative tribunals had to be transferred to the ordinary courts such a transfer would necessarily involve the creation of a large number of additional judges. . . . I believe that it is essential for the administration of justice as a whole that, because the Bench should be of the highest possible quality, any proposal for dilution should be jealously guarded. These are some of the reasons why I believe, with others, that the system of administrative tribunals as it has grown up in this country has positively contributed to the preservation of our ordinary judicial system." We agree with the Permanent Secretary to the Lord Chancellor that any wholesale transfer to the courts of the work of tribunals would be undesirable.

T.T.K. Endorses Tribunal System

In the context of Indian conditions, it is interesting to note that Mr. T. T. Krishnamachari has strongly endorsed the tribunal system in the course of the Feroze Memorial Lecture delivered in New Delhi on 8th September 1962. He said: "The fact, however, remains that in this country the present system of adjudication by the executive in several matters affecting the citizen has the double disadvantage of making the law that gives the executive these powers weak, as the ultimate adjudication is to be by the executive and of superimposing on executive decisions a complex and long-drawn-out legal procedure which, while it creates an uncertain position for the individual affected, makes the administration difficult. A mere proliferation of courts with a dichotomy between facts and law will neither help the speedy collection of taxes nor the speedy administration of justice." He concluded that "the necessities of common law and equity emphasised by Dicey need not stand in the way of our establishing an organisation fair to the citizen and equally fair to the needs of society. The circumstances obtaining in this country needs the creation of tribunals the constitution of which and the disciplinary control over which does not lie in the hands of the executive but is vested in the highest organs of the judiciary. The procedure followed by these tribunals should not be elongated, as it happens in the case of orthodox judicial bodies administrating common law and equity, and some kind of summary procedure, which has to be arrived at with the assistance of lay and expert assessors where a final appeal under Articles 32 and 226 of the Constitution is considerably limited, seems to be called for. The desiderata that are necessary in this connection are that the president of the tribunal must come from out of the cadre of the existing judiciary, that the executive should have no voice in the appointment of the tribunal and that its decisions must have a finality about them."

Notwithstanding the advantages of the tribunal procedure in administrative adjudication, lawyers and judges brought up in the Diceyean tradition of the rule of law have accorded only a grudging acceptance to the *status quo*. Even the Indian Law Commission felt it necessary to talk at length, and in strong terms, about "executive justice" before it endorsed the tribunal system. One of the foremost exponents of the rule of law, Lord Denning, has been very outspoken on this point, when he said, in the course of the debate on the Franks report in the House of Lords, "Tribunals form as valuable and indispensable a part of our judicial system as justices of the peace."

Chief Justice on Tribunal Strategy

Ironical as it might sound, the present Chief Justice himself has outlined a comprehensive strategy for tribunals in the course of an address delivered at the Indian School of Public Administration. After summarising arguments for and against tribunals, he said: "The administrative tribunals cannot, therefore, be regarded as being inconsistent with the doctrine of the rule of law, provided, of course, the tribunals are properly constituted and adjudication by them conform to the healthy requirements of the administration of law." He concluded: "If the administrative tribunals are properly appointed and their procedure conforms to the essential requirements of administration of law, their working may lead to some advantage. The judges appointed may claim special knowledge of technical matters which are brought before them, elaborate procedure may be dispensed with, costs may be minimised, the length of trial may be controlled and speedy and effective justice may be assured."

The case for special tribunals rests on the ground that the ordinary courts are either incompetent to try the cases which come before administrative bodies or, if they did deal with them, could not try them properly. In the first place, the courts are too busy to deal with them. Secondly, the courts are generally not suited to deal with cases involving specialised knowledge with which lawyers, as a rule, have little or no acquaintance. Tribunals, moreover, having an informal procedure and not being burdened by ordinary rules of evidence, can act more quickly and cheaply than the courts which are too slow and costly and have a complicated procedure. While it is often useful to be represented by an advocate, it may not be so necessary, for the procedure of a tribunal will place an applicant more at ease than that of a court will.

These constitute very strong reasons for not entrusting the ordinary courts, with administrative matters and allowing the tribunals to handle them. The proper safeguards against the abuse of tribunal procedure, the question of confidence of the public in the tribunals, ensuring conformity of the rule of law, proper supervision of tribunals and the anachronistic system of departmental appeal call for separate treatment.

Towards an Independent Appeal System

It is generally accepted that tribunals are better equipped than ordinary courts to dispense with administrative justice. But this still leaves the question of strengthening the tribunal system. The question of public confidence is the foremost problems which we have to face in this respect. In this respect, the Law Commission recommended:

(a) The existing jurisdiction of the Supreme Court and the High Courts which enables them to examine to a limited extent the actions of administrative bodies, should be maintained unimpaired.

(b) Decisions should be demarcated into (i) judicial and quasi-judicial and (ii) administrative.

(c) In judicial and quasi-judicial decisions an appeal on facts should be to an independent tribunal presided over by a person qualified to be a judge of the High Court. He may be assisted by a person or persons with administrative or technical knowledge. The tribunal must function with openness, fairness and impartiality as laid down by the Franks Committee.

(d) In the case of judicial or quasi-judicial decisions, an appeal or a revision on question of law should lie to the High Court. Special machinery can, if necessary, be provided to assist the High Court judge.

(e) In the case of administrative decisions, provisions should be made that they should be accompanied by reasons. The reasons will make it possible to test the validity of these decisions by the machinery of appropriate writs.

(f) The tribunals delivering administrative judgments should conform to the principles of natural justice and should act with openness, fairness and impartiality.

To ensure confidence the tribunals should be manned by competent and qualified persons who can claim special knowledge of the problems which are likely to be brought before them. Persons appointed on tribunals should have security of tenure, the appointments should never be made on an *ad hoc* basis, subject to extension or open to abrupt termination at the pleasure of the department. The trial of disputes before the tribunals should be open, fair and impartial. Normally lawyers should be allowed to appear before tribunals, and their conclusions should be recorded with reasons and the same should be publicly announced. Above all, it is necessary to keep in mind the Franks Committee proposition that tribunals are not appendages of the Government but are machinery provided by Parliament for adjudication.

One of the problems which has to be considered in dealing with administrative tribunals is whether there should be an Appellate Tribunal which would be competent to deal with issues of fact and law. In France, there is the Consil d'Etat to take care of this problem. In Britain, the Spense Committee and some administrative lawyers have been long advocating an Administrative Division of the High Court. The Franks Committee, however, recommended a Council on Tribunals which has been functioning for the last five years.

In dealing with this aspect of the matter in our country, Article 136 of the Constitution

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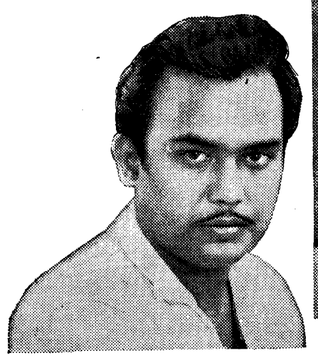

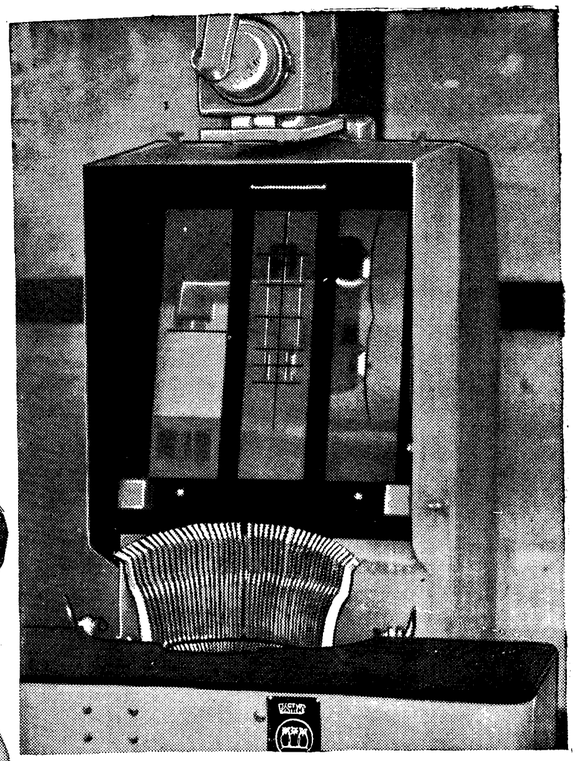

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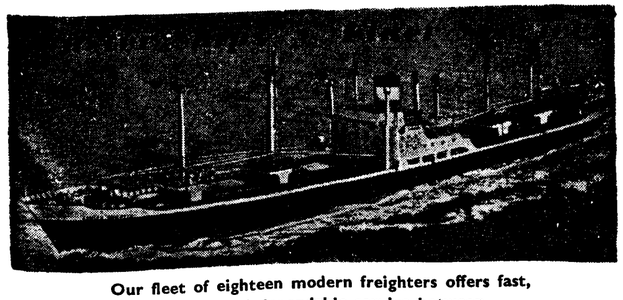

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may afford a solution. The powers conferred on the Supreme Court are so wide that in its discretion the Supreme Court can, in a proper case, correct even errors of fact found in the decisions of the administrative tribunals which are tribunals within the meaning of Article 136. Point of law arising out of the decisions of the tribunals can always be brought before the Supreme Court, and the decision of the Supreme Court in such points of law would naturally be binding on all the administrative tribunals.

The Franks Committee reasoned: "Perhaps the most striking feature of the tribunals is their variety, not only of functions but also of procedure and constitution. It is no doubt right that bodies established to adjudicate on particular classes of case should be specially designed to fulfil their particular functions and should, therefore, vary widely in character. But the wide variations in procedure and constitution which now exist are much more the result of *ad hoc* decisions, political circumstance and historical accident than of the application of general and consistent principles. We think that there should be a standing body, the advice of which would be sought whenever it was proposed to establish a new type of tribunal and which would also keep under review the constitution and procedure of existing tribunals."

The appointment of a special tribunal corresponding to the British Council on Tribunals is bound to solve many of our present problems and restore a semblance of order in the chaos that is our tribunal set-up today. This still leaves unsolved the problem of providing an independent appeal machinery in the place of the present hierarchical appeal system within the department. An appeal within the department has been dubbed as an appeal from Cæsar to Cæsar by an eminent jurist. Yet in many cases we have to be satisfied by such an arrangement. A typical example is provided by the appeal procedure in the Iron and Steel Controller's organisation in respect of allotment of iron and steel.

Complaints Against Discretionary Decisions

Here we deal with situations where there are complaints against discretionary decisions and where the citizen disagrees with the way in which an official has exercised his discretion but has no formal means of challenging it. The citizen's complaint in these cases is not that the official has abused his power but that the decision he has reached is not, in all the circumstances, appropriate. There may be no allegation of bias, negligence or incompetence but merely the charge that the decision is misguided. In essence this type of complaint is a complaint that there is no right of appeal to an independent body which can substitute its own discretionary decision for that of the official who made the original decision. The citizens do not feel confident about the impartiality of the departmental or hierarchical appeal system because the original decision is made on behalf of the department and hence the department is tending to be a judge in its own cause.

This is all the more real when the citizen smells a rat around, which is the common attitude today in respect of licensing of industries, issuing of import licences and letting contracts. Therefore, what is called for under the present circumstances is a comprehensive independent appeal system to which a citizen dissatisfied with any discretionary decision can confidently turn and expect justice in return.

The separation of persons is a more real basis for the avoidance of tyranny and a greater safeguard against maladministration than the separation of powers. That one person should have the right to review the actions of another is a more important principle than that legislative, judicial and executive powers should be in different hands. Our Constitution in practice is based on the better of these two theoretical alternatives. But by "persons" it is sometimes necessary to mean "institutions." If persons merely meant individuals, then a self-protective instinct of solidarity could make the separation less effective.

If, that is to say, we relied simply on a system of hierarchical internal checks whereby individuals within the same institution were put in positions of authority, one above another, there would be considerable danger that the mistakes of the juniors, although corrected by the seniors, might also be concealed from those outside the institution. Clearly the hierarchical system must be adopted in any Governmental or other institution of any size and clearly also covering up inevitably and constantly occurs. But the existence of investigation, criticism and public pronouncement does much to prevent petty and great tyranny and to reveal maladministration.

This, in essence, seems to be the spirit of a recommendation by the Santhanam Committee: "Discretionary powers are exercised by different categories of Government servants all of whom are not endowed with a high sense of dedication and integrity in equal measure. There is scope for harassment, malpractices and corruption in the exercise of discretionary powers. While we recognise that it would not be possible to eliminate completely discretion in the exercise of power, it should be possible to devise a system of administration which would reduce to the minimum, even if there is certain seeming loss of perfection, the need for exercise of personal discretion consistently with efficiency and speedy disposal of public business. Even so, there would be quite a considerable area where exercise of discretion could not be eliminated. It will, therefore, be necessary to devise adequate methods of control over exercise of discretion. In the more advanced countries various methods of such control have been devised. We recommend that this should be studied and a system of control should be devised, keeping in view the needs of the situation, the difficulties that arise on account of the vastness of our country and the basic principles which are enshrined in our Constitution and jurisprudence."

COAL

(*Concluded from page 408*)

energy for the growing tempo of our country's industrialisation, as envisaged under projections of our coming Five-year Plans, will be constantly increasing from year to year, over the next twenty years or more during which period nothing but coal alone will be expected to furnish the basic motive power, making it obligatory on all concerned to ensure increased production of this precious fuel at a pace consistent with the rising demands of a rapidly growing economy. Supplies in this extractive industry cannot be accelerated at will.

The present slump in demand is nothing but a passing phase, and may very well spell doom, if units capable of yielding increased raisings, even without the costly aid of mechanisation, are allowed to be closed under the force of unfavourable circumstances due to lack of foresight and prudence. Mining is such an operation that, if the present temporary slump is allowed to squeeze a single unit of production out of function, it will take years for it to recover and add, howsoever humble a mite it may be, to the total contribution of the industry towards the economic progress of the nation. Callousness, neglect and procrastination in this regard today may cause a calamity tomorrow.

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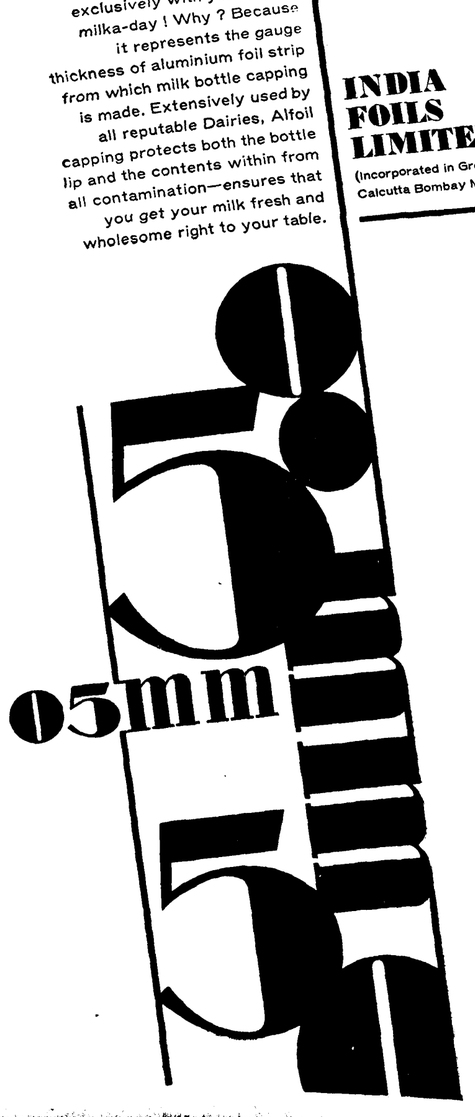

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GROWTH OF NATURAL RUBBER INDUSTRY

THREE CRUCIAL ISSUES NEED URGENT ATTENTION

By V. I. Chacko

HENRY Wikham's mission to Brazil which led to the introduction of rubber to the South East Asian region was actually financed by the Government of India. But, as events were to prove, India's rubber industry which originated with the Brazilian rubber seeds 70 years ago, has expanded the least, as compared with that of other Eastern countries. In the 60 years after rubber began to be grown on a commercial scale, the rubber plantation industry, largely confined to the State of Kerala, has expanded to over 360,000 acres, thus to form the largest single plantation crop in South India. But a little known fact is that most of the expansion took place between 1951 and 1962. The area under rubber in 1951 was 171,191 acres. By 1962 it had increased to 361,142 acres. A remarkable feature of this increase has been that most of it was raised by small growers changing the industry from one of large-scale plantations to that of peasant ownership. Whereas there were only 14,007 owners in 1951, the number had increased to 66,962 by 1962. A distribution of ownership according to size of holdings as compared between 1951 and 1961 would give an indication of the transformation that has taken place:

Classification of Estates According to Size

Size of holdings	1951		1962	
	Units	Acres	Units	Acres
5 acres and below ..	10,757	19,639	57,524	110,098
Above 5 and upto 10 acres ..	1,471	9,794	5,428	40,041
Above 10 and upto 50 acres ..	1,321	25,128	3,410	69,698
Above 50 and upto 100 acres ..	201	13,513	305	22,113
Above 100 acres	257	103,117	295	118,292
Total ..	14,007	171,191	66,962	361,142

Those who are interested in the industry are concerned with three principal questions: (i) What does this distribution of ownership signify in terms of efficiency of operation and the economic viability of the majority of units? (ii) What is the true nature of the confrontation between India's plantation rubber industry and the newly developed synthetic rubber industry? (iii) What are the prospects of manufacturing expansion and the ability of the industry to meet the consequent demand for raw rubber?

A Significant Development

While the plantation rubber industry in India was mostly, according to the orthodox concept of plantations, a large-scale enterprise during the first 50 years of its development, within a matter of less than 15 years the small grower section has practically swamped the large growers who now form a hopeless minority. Most of the rubber plantations in the early days had its origin in corporate initiative. Today, most of the rubber planting is an individual venture on a small scale and taken up by many who maintained a number of other cultivations simultaneously. Their main dependence is not on rubber and their interest in and attention to rubber are proportionate to the prospects of return.

In 1962, the companies engaged in rubber planting was controlling only about 24 per cent of the total acreage under rubber. Because of its organisational features, rubber companies invariably led in the matter of innovations and modern practices and set the pattern for cultural and management practices throughout the industry. But, in the future development of the rubber industry, many of the practices which could be accomplished under a corporate set-up would be impracticable as far as small holdings of producers are concerned. The benefit of large-scale operations has been lost already and that of following higher standards would become diminished as individual producers follow their own convenience and pattern of organisation and operation. To some extent the increasing activities of the Rubber Board and its network of extension service centres might have some influence on the practices of small owners, but it would be difficult to sustain any common standard uniformly over a period of time. The effect of such diversity of practices would be to retard the growth quite considerably on economic lines. There is already sufficient evidence of this unfortunate trend.

The weakest link in the present situation is the small grower, who is not organised and, therefore, not on the lines of communication which would otherwise have linked the small and large growers together in one common effort. Many of the small growers are, in fact, cultivators of other crops and whose dependence on rubber is only as a side line. In the circumstances, the development of small-sized rubber estates would depend very greatly upon the expansion of the Rubber Board's extension staff and their ability to introduce changes in the methods of operations of small growers. But this does not mean that the rubber industry would not record outward sign of progress, that is, a net increase in output. It should be noticed that, while the total acreage has increased by 211 per cent, the total output of rubber has increased only by 80 per cent. A substantial area under rubber is yet to come under bearing and in the next few years much of that will come under tapping, with the result that there will be a sudden increase in the output of raw rubber. But it is a moot question whether, in terms of yield per acre and cost, India's natural rubber will compare favourably with that of the rest of the world.

Land Ceiling Law

There will remain two questions even when full account is taken of the possible area under rubber today. One is that the extent of extension now possible is limited, unless the lands in suitable areas which are distributed by the State under its land ceiling law, are utilised for additional planting by the small holders. The other is an extension by the State on its own account. The third possible line is in encouraging large-scale plantations under corporate ownership in the private sector. Even then, there will ultimately be a limit to the extent that new planting can take place. In other words, the largest expansion in output must now be expected from an improvement in the stand of rubber in the existing fields rather than from any substantial extension. The scope for that is very considerable, since the gap between the yield of an acre of new planted area under high yielding material and the old stand is as high as four to five times. The narrowing of the gap between the leaders and the laggards within the rubber industry would mean an increase in output from the existing area to well over 120,000 tons or four times as much rubber as was produced in 1962.

For the first time in the history of rubber, the world use of synthetic rubber has exceeded the total of natural rubber. This event took place two years ago, in 1962. Within the next ten years it is expected that the share of natural rubber in the world consumption of rubber would fall to about 40 per cent of the total of both types of rubbers. This does not mean that there will be a reduction in the absolute quantity of natural rubber produced or consumed. But what it means is that synthetic rubber would set the pace and the price level and would expand its market faster than natural.

Synthetic Rubber

The plantation rubber industry in India, while busy with quick expansion of its acreage during the 1950s and early 1960s, has found itself suddenly confronted with the emergence of synthetic rubber industry the rated capacity of which is 30,000 tons of S.B.R. per annum. In other words it was possible to set up one single synthetic plant with a capacity equal to what was achieved by the natural rubber industry in 60 years. The full impact of this confrontation has not seeped through the very large body of small producers, because of the remoteness of the manufacturing industry from the producers and the current shortage of raw rubber. The effect of a growing synthetic rubber industry would begin to be felt as soon as its total supply reached the level of demand made by the manufacturing industry. The extent to which synthetic rubber manufacturing will take place is dependent upon the increased demand for raw rubber which the natural rubber industry cannot fully meet and the rise of a petrochemical industry in India.

The growth of the synthetic rubber industry may not cause an immediate calamity on the natural rubber industry, but the message should be clear that it can survive only if it performs better and is able to hold its own in the future preference of manufacturers of rubber goods. The recent linkage of import of natural rubber to a compulsory offtake of synthetic rubber is only a crude exercise of administrative power to compel the manufacturer to take a particular kind of rubber. This will not work for all time. It is to be expected that, if synthetic rubber of satisfactory quality in terms of technological requirements of the manufacturers is produced within the country at cheaper rates and in adequate quantities, it will be very difficult to prevent manufacturers exercising their preference for such rubber to that of natural. It is a clear sign that the future of natural rubber will have to be organised for reasonable competition with the attractions of synthetic rubber. The test for leadership within the industry is whether they can foresee the realities of the '70s and '80s and prepare the community of producers to meet when the challenge comes.

Rubber is only one of the raw materials used in the manufacture of rubber goods. Although raw rubber is an important component, it should be recognised that the health and growth of the manufacturing industry will determine, in a large measure, the future prosperity of the raw rubber producing industry. As it is, the licensing of new rubber manufacturing capacity was undertaken on an expectation of economic growth which has not been matched by actuality so far. To take one major example: the tyre industry, which was licensed to produce 5.14 million tyres and tubes, has not yet reached that capacity and is not likely to by the end of the third Plan period. It has now been found that, even with an output of 2.6 million units, the supply is in excess of actual demand and there is a slump in the tyre market. If this trend continues, much of the prospect of a high offtake by the rubber manufacturing industry would not be realised. It is, therefore, clear that the plantation rubber industry in India cannot take the future for granted either in terms of an expanding demand which will give them the benefit of a continuous shortage of raw rubber or on the ground that the synthetic rubber industry which has just appeared on the scene will be incapable of bringing down its production costs.

Major Overhaul of Attitudes Needed

The plantation rubber industry can hold its own only if it undertakes a major overhaul of its attitudes and policies in keeping with the realities of the next 20 years as we can now foresee it. It will demand a greater and more efficient organisation of producers, progressively higher standard of cultural practices and management of rubber production in the case of thousands of small producers and an overall change in the stand of trees in the fields, so that costs can be brought down by means of a much higher output per acre. It is imperative to realise that better utilisation of the facilities offered by the Rubber Board can be possible only if the growers are properly organised. But the greatest obstacle in the way of development would be lack of resources. The agricultural income-tax on rubber income, the sales tax and other taxes bear upon the industry quite heavily.

In the development of rubber industry, the question of resources has become a matter of great urgency. Taking a representative group of rubber companies, it was found that some Rs. 36 lakhs were added to land and development between 1953 and 1958, whereas, between 1958 and 1962, the amount has fallen to Rs. 15 lakhs. During the years 1954 to 1958, nearly Rs. 11 lakhs were spent on buildings, largely for labour welfare and housing. During the next four years, the industry could spend only less than Rs. 2 lakhs. Addition of machinery and equipment had to be held back to less than Rs. 2 lakhs in ten years, for the purpose of increasing the provision of labour welfare amenities. The total net fixed assets of the companies covered increased from Rs. 1.38 crore in 1953 to Rs. 1.88 crore by 1958 and Rs. 2.11 crores by 1962. The largest increase was in the direction of welfare spending, although the largest item was land and development. In 1950, in spite of the fact that the price of rubber was only Rs. 91 per 100 lbs., the profit per acre was Rs. 130 and the retained profit Rs. 24. By 1962, the total profit had increased to Rs. 229 per acre, but the retained profit had fallen to Rs. 4.40 per acre. The total income between 1951 and 1962 increased from Rs. 464.50 to Rs. 968.02 per acre; but the net profit actually decreased from Rs. 152.89 in 1951 to Rs. 131.92 per acre in 1962.

If the increased prices are wholly neutralised by increased costs, and taxation increases out of step with the rise in profit, the end result cannot but be a diminution of the resources required for making rubber industry attractive to investors. In fact, taxation, labour welfare expenses and cost of production have all combined to make rubber less able to find the resources for future development. Although a subsidy is provided by the Rubber Board for replanting, it does not fully cover the cost of replanting or make good the loss of crop when the fields are felled for replanting. As a result, the grower stands to lose for a number of years if replanting is undertaken. It can only be resorted to by those who have adequate resources. to accept the loss from clearing fields for replanting. This is acting as a disincentive to replanting on a large scale, although there are many producers who now accept the loss in the hope of making good when the new plants come into bearing seven to eight years later. It is clear that, in the struggle with which the rubber industry is faced, the planters require the sympathetic understanding of the State Government in whose territory most of the rubber of today is found in India. Each individual owner should be in a position to improve his resource position and this cannot be done, unless there is a review of the tax burden and the amount that can be left with the producer, so that part of it may be diverted for future growth.

SYNTHETIC RUBBER *Vs.* NATURAL

For the sixth year in succession, the production of synthetic rubber exceeded consumption in 1963. On the other hand, the output of natural rubber lagged behind demand, the gap of 135,000 tons being largely met by rubber released from British and American stockpiles. Reporting this, the Food and Agriculture Organisation has said today that competition between natural and synthetic rubber is expected to become more intense in the coming years; producers of synthetic rubber would be competing among themselves too, in view of increasing supplies of new types of synthetic rubbers.

A note on recent developments in rubber appears in the July-August issue of the F.A.O.'s *Monthly Bulletin of Agricultural Economics and Statistics*, released this week. The article cites statistics compiled by the International Rubber Study Group (which is not an F.A.O. body) which show 1963 production of natural rubber as 2.1 million metric tons and consumption as 2.3 million tons. Production of synthetic rubber was 2.5 million tons (excluding the East European countries and Mainland China) and consumption amounted to 2.4 million tons.

The note states that the synthetic rubber industry is itself "currently in a state of flux" and developments now taking place "would transform the nature of the threat it poses to the natural rubber industry." The recently-evolved synthetic rubbers, known in the trade as polybutadiene and polyisoprene, have qualities "practically identical" to those of natural rubber. This means that natural rubber would face competition for such uses as heavy-duty tyres, where so far it has been the only product used. Secondly, the new types of synthetic rubbers may capture a large share of the market for styrene butadiene rubber, in use mainly for tyre threads for passenger cars. The note observes: "Clearly, a situation is developing where the interests of both natural and synthetic sectors of the (rubber) industry would be best served by a greater measure of co-operation than has existed in the past."

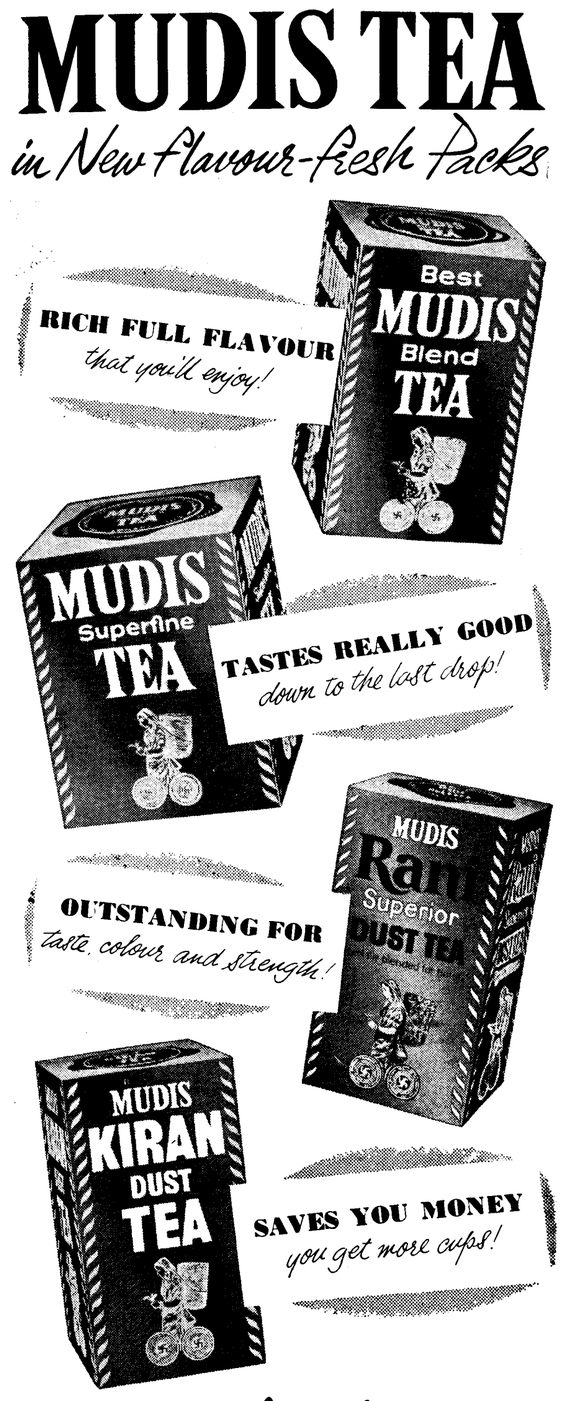
According to the forecast made by the International Rubber Study Group, natural rubber production in 1964 would reach a record figure of 2.2 million metric tons. In addition, 97,000 metric tons of natural rubber would be delivered from Government stockpiles. World consumption of natural rubber in 1964 is estimated at 2.3 million metric tons, as against at least 2.4 million metric tons of synthetic rubber. This, the note points out, implies that natural rubber produced in 1964 would again be disposed of.

COFFEE: PRODUCTION AND EXPORT QUOTA

In our article on outlook for coffee appearing on page 1098 of *Commerce* dated 27th June 1964, we had given some figures relating to coffee production in India and the export quota allotted to this country under the International Coffee Agreement. Apropos this article, the Chief Coffee Marketing Officer of the Coffee Board, in a communication addressed to us a few days ago, indicates what he regards to be the correct position in respect of production estimates and export quota. The estimates of coffee production in the past four seasons as made by the Board are as follows:

	(Tonnes)
1960-61	68,029
1961-62	46,050
1962-63	55,925
1963-64 (latest revised estimate) ...	68,500

The quota allotted to India initially for the international coffee year 1963-64 is not 21,304 tonnes but 21,384 tonnes. This was revised to 22,064.4 tonnes later and a further quantity of 366.7 tonnes was allotted on account of shortfalls of other countries. The total quota for the year was 22,431 tonnes.



INTERNATIONAL LABOUR CONVENTION

GENESIS AND IMPACT OF THE PLANTATIONS CONVENTION

By C. S. Krishnaswami
SECRETARY, ASSOCIATION OF PLANTERS OF THE STATE OF MADRAS

THE I.L.O. had framed Conventions relating to agriculture as early as 1921 and it is an interesting coincidence that the International Labour Conference held that year was attended by the then Secretary of the United Planters' Association of Southern India. It was, however, nearly thirty years later that the I.L.O. turned its attention to plantations as an agro-industry. It took a further seven years for a comprehensive convention to be adopted governing plantation labour.

It was at the Preparatory Asian Regional Conference of the International Organisation held in New Delhi in October-November 1947 a resolution was passed on labour in the tropical countries of Asia employed in plantation agriculture "producing such important commodities as rubber, cinchona, tea, coffee and sugarcane." Taking note of the 'unsatisfactory' conditions of such labour in certain countries, the resolution requested the Governing Body of the I.L.O. to urge the Governments concerned to enact "appropriate legislation for improving the conditions of plantation workers so as to bring them to a satisfactory level, particularly in respect of recruitment, wages, housing, hours of work, workmen's compensation, maternity benefit, freedom of association and social security measures." It also asked for a special study by the International Labour Office of the problems which were peculiar to plantation labour and for the establishment of an industrial committee to consider the special problems of plantation workers in Asian countries.

In implementation of the New Delhi resolution, the Governing Body of the I.L.O., at its 107th Session in December 1948, approved of the setting up of a committee on work in plantations to examine and to report "on the basic questions common to workers on plantations as a whole" and "on the methods for securing within the framework of the I.L.O. consideration of the special problems of plantation workers employed in the different branches." Although the New Delhi resolution was passed with reference to Asia, the scope of the Committee and the enquiry instituted by the International Labour Office as required by that resolution was enlarged to cover all such countries in the world as had important plantation interests or a significant amount of plantation production. On the pattern for I.L.O. Industrial Committees, the Plantation Committee was constituted on a tripartite basis with equal representation (two delegates from each group) of Governments, workers and employers.

Protection of Living Standards

The first report of the office on its enquiry covered all the major aspects of the life and work of plantation workers as detailed in the New Delhi resolution. This report, entitled "Basic problems of Plantation Labour," which contained information furnished by 16 countries spread over Asia, Africa and Latin America, formed the basis for discussion at the first session of the I.L.O. Committee on Work in Plantations, held at Bandung (Indonesia) from 4th to 16th December 1950. The session was attended by fourteen out of the seventeen member-countries. Eleven resolutions were adopted calling for Governmental action through legislation for the protection and welfare of plantation workers.

The second session of the Committee held in Havana in March 1953 discussed the definition of the term "plantation" on which agreement was not reached at Bandung and also considered the two important subjects of regulation of wages on plantations and health and social services. The session was of particular significance, as, at the instance of the Workers' Group, it addressed itself to the question of the relationship between instability of prices of plantation commodities in the world market and the level of employment. The resolution adopted at the session invited the Governing Body to consider the question of assuring fair remuneration and the protection of the living standards of plantation workers through measures which would "obviate so far as possible severe fluctuations in the world commodity market." The resolution also called for the consideration of the possibilities of approaching the United Nations and other international organisations concerned with a view to establishing principles and conditions on which the I.L.O. might participate in the negotiations of agreements regarding basic commodities with a view to safeguarding the interests of the workers in respect of employment and earnings in any discussion of market prices and the possibility of controlling their fluctuations.

The third session, held in October 1955 in Geneva, concerned itself with living and working conditions of plantation workers, the stabilisation of employment and earnings of workers. The fourth session which also met in Geneva in December 1961 devoted itself to the promotion and development of the co-operative movement for plantation workers and the extension of social security with particular reference to sickness, maternity, invalidity and old age, to plantation workers and their families.

A Convention of 92 Articles

The culmination of the efforts of the first three sessions of the Committee was the passing of the Plantations Convention 1958 (No. 110) at the 42nd session of the International Labour Conference held in 1958 by 92 votes to 60 with 12 abstentions. This Convention comprises 92 articles, arranged under 14 parts. The Plantation Recommendation 1958 was also adopted unanimously at the same conference by 164 votes to nil, with no abstentions. The recommendation not only covers the same aspects as are dealt with by the Convention but also contains guide lines regarding vocational training, equal remuneration and welfare facilities. It is not possible here to analyse the various articles of the Convention or the various provisions of the recommendations. Succinctly stated, the Convention and the Recommendation furnish a blueprint for member-countries for framing suitable legislation to protect the wages and other conditions of employment of plantation workers.

India and the Convention

It may appear surprising at first sight that India, which had comprehensively framed protective labour legislation for the benefit of plantation workers, has not found it possible to ratify the Convention. The reason is that, according to the Government of India, the definition of 'plantation' given in the Convention is too broad. The definition as contained in Article 1 reads as follows:

> "For the purpose of this Convention, the term 'Plantation' includes any agricultural undertaking regularly employing hired workers which is situated in the tropical or sub-tropical regions and which is mainly concerned with the cultivation or production for commercial purposes of: coffee, tea, sugarcane, rubber, bananas, cocoa, coconuts, groundnuts, cotton, tobacco, fibres (sisal, jute and hemp), citrus, palm oil, cinchona or pineapple: it does not include family or small-scale holding producing for local consumption, and not regularly employing hired workers. For the purpose of this Article the term 'Plantation' shall ordinarily include services carrying out the primary processing of the product or products of the plantation."

Right from the days of the Bandung Conference, the Government of India emphasised the need to define plantations more precisely, having regard to actual conditions in many countries having a plantation industry. It is pointed out that one drawback of the definition of 'plantation' in Article 1 is that it makes little distinction between the plantation and small holding. Only if the definition is suitably revised, limiting the coverage only to plantations proper or to those undertakings employing a certain minimum number of workers would the convention be realistic in relation to Asian countries. The Asian Advisory Committee of the I.L.O. which met in November 1961 urged that the definition contained in Article 1 should be amended by setting forth appropriate criteria with reference to the size of the undertaking measured by acreage and the number of workers employed and the use of mechanisation.

India has not found it possible to ratify Convention No. 110 only for technical reasons and not because labour standards in the plantation industry in the country lag behind the international standards laid down by I.L.O. On the contrary, the terms and conditions of employment of plantation workers which had evolved over the years through the voluntary action of the employers and had more recently crystallised into statutory obligations served as useful precedents for the I.L.O. Convention and Recommendation. In fact, since the application of the Payment of Wages Act to the plantation workers in 1947, labour in the industry is well protected by a gamut of enactments, the most important of which, of course, is the Plantations Labour Act, 1951. Not only is the payment of wages protected by law but minimum wages are guaranteed by the Minimum Wages Act of 1948. What is more, with the appointment of Wage Boards, the industry has moved on to the fixation of fair wages. In the composition and working of the boards, the principle of joint participation of the representatives of the employers and employees as contained in paragraphs 19 and 20 of the Recommendation on wages as well as the principle of free negotiations as contemplated in Article 24 of the Convention is fulfilled.

Parts II and III of the Convention on Recruitment and Contract of Employment have become irrelevant so far as the plantation industry in South India is concerned, because of the abolition of the *kangany* system and the disappearance of the system of annual settlements of labour. Annual holidays with pay (Part V), weekly rest (Part VI), maternity protection (Part VII) and workmen's compensation (Part VIII) are guaranteed by the provisions of the Plantations Labour Act, 1951, and the Workmen's Compensation Act, 1923.

Collective Bargaining

The Right to organise and Collective Bargaining dealt with under Part IX of the Convention are enjoyed by plantation labour either under statutory provisions or voluntary arrangements. The right of workmen to form trade unions is ensured under the India Trade Unions Act and any unfair labour practice or victimisation by the employer which is calculated to curb that right has been unequivocally condemned by adjudicators acting under the Industrial Disputes Act and by the High Courts and the Supreme Court. The Code of Discipline voluntarily ratified by trade unions and employers' associations in the plantation industry lays special emphasis on collective bargaining and urges the recognition of unions by employers for this purpose. Steps have been taken for the recognition of unions of estate workers in South India. As required by Part IX, there is adequate machinery under the Industrial Disputes Act for the settlement of industrial disputes. Voluntary arbitration is also gaining ground. The Freedom of Association, urged by Part X of the Convention, is guaranteed in India both for employers and workers.

Part XI lays down standards of labour inspection. Plantations in India are closely inspected not only by inspectors of plantations functioning under the Plantations Labour Act but also under the Payment of Wages Act, the Minimum Wages Act, the Employees Provident Funds Act, etc. Where there is a factory on a plantation, there is also inspection under the Factories Act, 1948.

Housing (Part XII) and Medical Care (Part XIII) are statutory obligations under the Plantations Labour Act. Housing standards have been prescribed by the different State Governments in consultation with the Statutory Plantation Labour Housing Advisory Boards. Plantations have an obligation to complete the housing programme by constructing houses for 8 per cent of the resident population every year. Considerable progress has been made in the implementation of the housing programme. As regards medical care, the Act makes it compulsory for estates to maintain hospitals either individually or on a group basis and provide treatment to the worker and his family according to approved standards.

When the Bandung session of the Committee on Work in Plantations was held, many in the industry were sceptical about its value and dismissed its resolutions of no more than academic interest. Only a few realised the potentiality of the Committee for influencing labour legislation affecting plantation labour throughout the world. They were proved right within five years of the Bandung session. Not only was Convention 110 adopted, but international action was set afoot for the stabilisation of commodity prices. The International Coffee Agreement concluded in 1962 is an instance in point. The snowballing of an idea, initiated in the preparatory Asian Regional Conference in 1947, into an I.L.O. Convention of world-wide dimensions in just a decade should serve as an eye-opener to such of those in the plantations industry as are prone to think in isolation which, however splendid, is bound to be ended by the onrushing tide of international thought and action in this diminutive world of the rocket age.

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INDIAN TEA BEYOND THE SEAS

PUBLICITY AND PROPAGANDA MUST BE INTENSIFIED

By M. R. M. Punja

TEA is a humble product of common use and is taken for granted. An Indian proverb runs: "Diminutive as the idol, its glory is great." Likewise, the glory of tea is great and there is in fact a two-volume encyclopædia on the beverage by Ukers. Thinking of tea, one always recalls the Boston Tea party which sparked off the American War of Independence. Perhaps the anglophobia which prompted the colonists to dump the East India Company's tea chests into the sea prejudiced American minds against tea and in favour of coffee. Our efforts are at present concentrated on winning the young Yankee as a votary of the elixir of youth from the two leaves and a bud.

In this article, I propose surveying the contemporary scene—Indian tea in the international market and tea in India's economy.

Of the world acreage of tea of 981,872 hectares in 1962, India's share with 334,093 hectares constitutes 34 per cent. Ceylon's acreage comes next with 24.4 per cent. The other countries come as follows:

	Per cent
Indonesia	8.0
U.S.S.R.	7.2
East Africa	6.7
Japan	5.0
Formosa	3.8
Others	10.9

World production of tea in 1962 was 774 million kilograms, of which India accounted for 44.4 per cent, that is, 344 million kilograms. Ceylon comes next with 212 million kilograms or 27.4 per cent and then Japan with 10 per cent, Indonesia with 6.1 per cent, the African countries of Kenya, Uganda, Tanganyika and Nyasaland with 5.2 per cent between them, and other countries with 6.9 per cent.

World Consumption

The picture of world consumption shows that the British, with their incurable love of a "cuppa," import 235.84 million kgs. (48.8 per cent) followed by U.S.A. with 58.7 million kgs. (12.1 per cent), Australia with 27.53 million kgs. (5.7 per cent) and Egypt with 26.65 million kgs. (5.5 per cent). So far as *per capita* consumption is concerned, again the U.K. leads with 4.4 kgs., followed by Ireland with 3.7 kgs. and New Zealand with 3.1 kgs.

The spectre that always haunts the tea trade is the fear of overproduction and slump in the world market. In that delightful play, "The Tea House of the August Moon," the comical Okinawan interpreter logically concludes, from the absence of locks on all house doors in Okinawa, that honesty is bad business, so far as the locksmiths were concerned. In tea, honest productive effort had more than once proved bad business and restrictions on acreage and exports had to be resorted to. The International Tea Agreement, first entered into in 1933, sought to regulate exports and acreage. The Agreement which was revived in 1938 and in 1948 was finally terminated in 1955. During the Second World War, the Agreement was in abeyance, the U.K. Government undertaking the bulk purchase of tea from India. Bulk purchase ceased in 1951. Since 1951, there have been proposals to revive the International Tea Agreement. The idea has not met with the approval of the producing countries and there is now no restriction on production or exports. Alongside the International Tea Agreement, there was a joint machinery for tea propaganda, namely, the International Tea Market Expansion Board. India terminated its membership of the I.T.M.E.B. in 1952.

No Need for Gloom

The prospects for Indian tea are bound up with the prospects for tea in the world market. In 1960, the F.A.O. predicted a million pound surplus of production over consumption by 1965 and the prediction has been reiterated since. The prediction has been a bone of contention, the trade urging caution and Government exhorting the industry to do its best and not to be discouraged by statistics. The Governmental view rests on the reasoning that the statistical forecast is based on the existing pattern of consumption in the traditional markets and does not reckon with the possibilities in the new markets of Europe, the Middle East, Africa, the Far East, Australia, etc. I personally think that it is better to err on the side of optimism rather than worsen one's position by spreading the gloomy word around. Gloom is not good for business!

India's tea exports looked up in 1963, when we earned the record figure of Rs. 132 crores as foreign exchange as against Rs. 125 crores in 1962. Government are naturally elated and are thinking in terms of increasing the targets for production and export during the fourth Plan period regardless of the fact that we are still trailing appreciably behind the third Plan target of 900 million lbs. and 610 million lbs. (or 408 million kgs. and 277 million kgs.), respectively. Actual performance so far has been only 345 million kgs. and 221 million kgs. in 1963 and 344 million kgs. and 209 million kgs. in 1962.

Prospects

My view is that, target or no target, there is scope for promoting exports of tea and there will be scope, until and unless tea falls out of grace as a beverage. There may not be much scope for expanding consumption in the traditional markets like the U.K., where *per capita* consumption has tended to stagnate around six cups a day or 9.4 lbs. a year for a long time. There is, however, great need to conserve such markets against marauding competitive drinks. Coffee consumption is increasing in the U.K. So is that of soft drinks, beer and so on. The doors of Europe have been thrown open for tea with the abolition of import duty on tea by E.C.M. countries and of export duty by India. Russia has become a regular buyer at our auctions, as her demand cannot be met by her limited tea industry in Georgia. The nascent nations of Africa remain to be tapped. Australia and New Zealand are rich customers to be cajoled. The U.S.A. is to be persuaded to favour tea to a greater extent.

The key to success is, of course, effective publicity and propaganda. The approach and emphasis should differ from country to country. In the traditional markets, the younger generation should be urged to conserve the tradition and not be seduced by new-fangled drinks. One of the questions exercising the minds of the trade is whether tea is considered too cheap or plebian a drink to be favoured by the young sophisticates. Some fear that, in the "trading stamp" war now on in Britain, the image of tea is suffering badly, as standard brands of tea are offered as gifts or sold at slashed prices. The psychology of the consumer, his conceit, his vanity, etc., have all to be reckoned with and pandered to if the market for tea is to be preserved. The Tea Board has opened tea centres in Edinburgh and other places in Britain and are doing a good job in persuading the young that tea is still the beverage to drink.

In the U.S.A. and Canada also, the publicity guns are trained on the young. In Australia and New Zealand, the housewives have to be captivated.

While the technique for publicity is a matter for experts in the field, the question of policy is one that concerns Government and the industry in the growing countries. Should publicity be a co-operative effort of producing countries on behalf of tea as a beverage or should it be uni-national by a producing country to further the marketing of its own tea? Publicity abroad, particularly in a country like the U.S., is an extremely expensive business and chauvinism has necessarily to be tempered by hard-headed economics.

It is indeed a rat-race in the tea markets abroad, principally between Ceylon and India. India's share in the total exports is 39.7 per cent, while Ceylon's is 37.1 per cent. In the U.K., India supplies 48.4 per cent of the total offtake and Ceylon 31.4 per cent. The share of the latter has increased in recent years. In the U.S.A., the percentages are: India 22.39 and Ceylon 39.4. Here, again, Ceylon has increased its share. When India steamed out of the International Tea Market Expansion Board, Ceylon was the residuary legatee of the Board's machinery and reaped the full benefits of it. It is only recently that the Tea Board's own efforts in the U.K. have made a mark. In the U.S.A. and Canada, however, in view of the million-dollar scale of the publicity business, the Tea Board's delegation recommended the continuation of combined attack against the 'admass' through the Tea Councils of the U.S.A. and Canada. Of course, the interests of Indian tea are furthered at every opportunity through available channels. In the New York World Trade Fair, the Tea Board has a stand to propagandise Indian tea. A visit by Tenzing Norkay, the Everest hero, to the Fair was arranged to impress the image of Indian tea on the millions of visitors from all over the world. In Australia and New Zealand, however, uninational effect is undertaken in addition to joint promotional campaign. In Europe, a combined effort is made in West Germany through the German Tea Council, whereas, in the Scandinavian countries, India is making her own efforts.

The goal of all publicity is to create an indelible tea habit and to get tea accepted as a status symbol in the affluent capitalist economies and as a low-priced egalitarian beverage in the socialist countries and in the low-income underdeveloped nations. Indian tea is well placed, as we have accepted democratic socialism as the sheet-anchor of State policy. Our tea is double-barrelled, the democratic brand being accepted in the capitalistic countries and the socialistic brew finding a ready clientele in Eastern Europe, Russia and other socialist nations.

TEA FINANCE COMMITTEE

"In view of our resource problems, it is gratifying to learn that the Central Government has set up a Committee to go into the question of short- and long-term finance for the tea industry. Later on, similar committees may be set up to consider the financial problems of the coffee and rubber industries. We hope that this Committee on which the U.P.A.S.I., is represented will go very fully into all aspects of the burden of taxation that is having a crippling effect on the industry today. Unless this Committee deals with the problems of the ever-increasing taxation, it cannot really find a satisfactory solution to our difficulties. Most of our members are working on large overdrafts, that being the only means of meeting the day-to-day expenses. Any additional loans offered would only mean increasing our obligations to add to our cost under interest, besides having to pay back the principal. What we need is a more reasonable tax structure. If that is conceded, the problem of short- and long-term finance will become easily more tractable."—*Mr J. R. Henshaw, Retiring President of U.P.A.S.I.*

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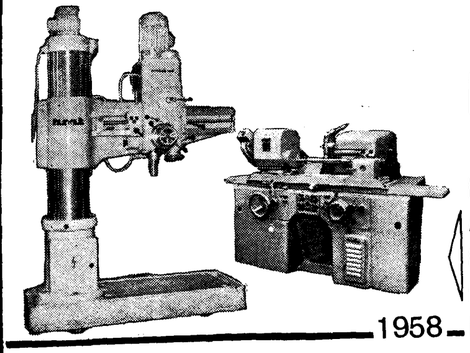
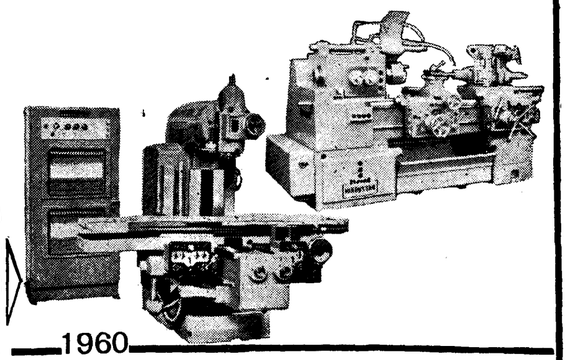
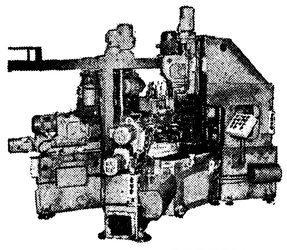


HMT

HIGH POWER AND HIGH PRECISION GENERAL PURPOSE MACHINE TOOLS FOR THE TOOLROOM AND FOR PRODUCTION — 1958



MULTITOOL AND PROGRAMME CONTROLLED SEMI AUTOMATIC MACHINE TOOLS FOR BATCH PRODUCTION — 1960



AUTOMATION BY UNIT HEAD MACHINES FOR MASS PRODUCTION — 1963

prosperity through industry

HMT HINDUSTAN MACHINE TOOLS BANGALORE

PINJORE KALAMASSERY HYDERABAD

COAL AND STEEL INDUSTRIES IN W. EUROPE

UNUTILISED POTENTIALS SUBSTANTIAL

THE European Coal and Steel Community's 1964 survey of investment—past and prospective—in the coal-mining and iron and steel industries covers all but a few very small enterprises in the countries concerned (West Germany, Belgium, Luxembourg, France, Italy and the Netherlands). These enterprises account for less than 0.5 per cent of the Community's total coal production and less than 0.4 per cent of its total crude steel production. The survey is thus most representative of the relevant industries—coal mining, iron-ore mining and iron and steel production in the Community. Some of the trends revealed by the survey are highlighted in this article. The most striking trend is that, although capital expenditure by all Community enterprises in the ten-year period 1954-63 has aggregated 12.6 billion dollar E.M.A. (European Monetary Agreement) units of account, investment in the coal mining industry and in iron ore mines has declined from 48 per cent and three per cent, respectively, of the total investment ($933 million) in 1954 to 18 per cent and two per cent, respectively, of the total ($1,827 million) in 1963, while that in the iron and steel industry has increased from 49 per cent to 80 per cent. This general trend of declining investment in coal and iron ore mines and increasing investment in iron and steel plants may also be noted in the following index:

TABLE I—*Index of Investment*

Sector	Projects completed				Projects planned for 1964
	1954-60 (annual average)	1961	1962	1963	
Coal mining ..	100	91	90	77	79
Iron-ore mines ..	100	132	122	83	73
Iron and steel industry	100	184	202	240	203
All Community industries ..	100	146	155	170	150

The declining rate of investment in coal mining has caused a fall in the extraction potential of hard coal from 258 million tonnes in 1955 to 243 million tonnes in 1963. The actual extraction in the latter year was only 223 million tonnes, as compared with 237 million tonnes in 1952. It is also indicated in the present survey that the industry's aggregate potential in 1967 will be only two million tonnes less than in 1963, despite the numerous pit closures effected since 1959 because of the change in the conditions of competition among the different energy products. If, thus, the coal mining industry's production potential will be contracting only gradually in the coming years, the reason therefor is to be found in the fact that investment so far has been designed to raise productivity in the collieries still in operation. As for iron-ore mining in which, too, investment has declined of late, it is noteworthy that the output of crude ore had increased progressively from 65 million tonnes in 1952 to 96 million tonnes in 1961. Since 1961, however, ore production has begun to decline, the actual figures being 92 million tonnes for 1962 and 80 million tonnes for 1963. This trend has been caused by the closure of some uneconomic mines and the scrapping of several expansion schemes in the face of stiffening competition from overseas ores. But the ore extraction potential, as distinct from actual extraction, continues, and will continue, at a high level. The relevant estimates of potential are 98 million tonnes for 1963 as well as for 1964, 100 million tonnes for 1965, 101 million tonnes for 1966 and 102 million tonnes for 1967.

Iron and Steel Plants

In the Community's iron and steel industry, the expansion made possible by the large-scale investment that has been effected continues at a fair pace. The aggregate investment in this sector has increased from $453 million in 1954 to $1,458 million in 1963 and is expected to be $1,239 million (on projects already in progress or approved) in 1964. An interesting finding of the survey, in this connection, is that the proportion of capital expenditure on the rolling mills and on general services has been steadily increasing, while the proportion of such expenditure on pig-iron and crude-steel production plant has been declining steadily. The proportion of expenditure on pig-iron production plant, incidentally, has fallen from 32 per cent of the total investment in the iron and steel industry in 1958-59 to 17 per cent in 1963; it will be only 14 per cent in 1964. Likewise, the proportion of expenditure on crude-steel production plant has declined from 18 per cent of the total investment in 1956-57 to 12 per cent in 1963; it will be only 13 per cent in 1964. The trends here are that (i) the industry has been investing less and less in basic Bessemer steel-making plant since 1958 and will before long be investing next to nothing, (ii) since 1961, it has also been showing less interest than before in open-hearth plant, (iii) expenditure on electric-furnace plant continues fairly high at about $20 million a year and (iv) the increase in expenditure on oxygen steelworks continues, accounting for about 70 per cent ($120 million) of total investment in the crude-steel sector in 1963.

The production potential for pig-iron in 1963 was 66 million tonnes and it is expected to reach the level of 77 million tonnes in 1967. But actual production of pig-iron in 1963 was only 53 million tonnes, as compared with 35 million tonnes in 1952. The production potential for crude steel in 1963 was 88 million tonnes and it is expected to rise to 103 million tonnes in 1967. But actual production of crude steel in 1963 was only 73 million tonnes, as compared with 42 million tonnes in 1952. Incidentally, Community ratios of actual production to production potential in the case of pig-iron and crude steel, as in the case of hard coal, coke and iron ore, are indicated in the following table:

TABLE II—*Ratios of Production to Potential*

Product	1955	1963
Hard coal	94.9	91.7
Coke	93.2	84.2
Iron ore	95.4	81.9
Pig iron	96.3	81.0
Crude steel	95.8	83.4

It will be seen from the above figures that there are relatively large unutilised potentials in the coal, ore mining and iron and steel industries in the Community. According to the authors of the survey, the sum of the potentials declared by the individual mines and works is bound to be slightly above the maximum production actually achievable in the Community. Unforeseeable incidents or circumstances in the course of any one year, it is said, may make it impossible for some of these enterprises to attain their maximum. Thus, even during the best years, actual production has never exceeded 96 per cent of the sum of the individual production potentials declared. For practical purposes, according to the High Authority, 96 per cent may be considered the highest rate of actual production achievable in the Community overall.

Steel Rolling Sector

It is in the sector of steel rolling that investment in recent years has greatly increased from 33 per cent of total investment in iron and steel industry in 1958-59 to 49 per cent of the total ($1,458 million) in 1963. It is expected to reach 50 per cent in 1964. While modernisation is going ahead actively on the traditional roughing mills, a number of enterprises, principally in Germany, are experimenting with the new continuous casting processes. It is expected that, by 1967, the proportion of finished products rolled in continuous or semi-continuous mills in the Community as a whole will be nearly 60 per cent, as against a mere 49 per cent in 1960 and 56 per cent in 1963. This growing interest in continuous casting in the rolling sector is as remarkable as the increasing accent on oxygen steel making in the crude-steel sector. Thanks to the heavy investments in recent years, the Community iron and steel industry is thus passing through a rapid phase of modernisation.

SPACE TRAVEL BY ORDINARY PASSENGERS?

Space travel by ordinary passengers may well become possible after a decade from now if the Lockheed concept for a rocket plane takes practical shape. This concept has just been outlined by Lockheed-California Company engineers in a study for the U.S. National Aeronautics and Space Administration. It will involve the development of a reusable rocket plane to transport ten passengers on regular schedules between earth and an orbiting space station. The winged rocket will be a two-stage carrier for transporting 'ordinary' passengers to and from earth orbit. The vehicle system development programme, if initiated in 1967, as estimated by the engineers, would become operational by 1975.

In addition to 10 passengers, the rocket plane would have a two-man crew and could haul three tons of cargo. The carrier would take off horizontally from earth via a ground rocket-sled. The first (lower) stage rocket will separate from the passenger (upper) stage and return to its ground base on turbo-jet power, after boosting the vehicle to the high rarefied atmosphere of the earth. The passenger stage would continue its journey to the space station orbiting about 300 m iles from the earth at a speed of 18,000 miles per hour. On its return trip, the vehicle would make an aircraft-type glide landing at its earth base.

The carrier system, it is said, will be designed to approach present airline levels of safety and reliability. It will be used primarily to exchange space station crews, transport scientific teams and ship supplies to the stations. The carrier which will be 168 feet long and 14 feet tall and have a wing span of 95 feet, is estimated to have a life span of upto 500 missions. It will require a major overhaul every 50 flights and a minor overhaul every 10 flights.

The round trip 'fare' to the space station is estimated to cost, under very favourable circumstance, as little as $12,000 (Rs. 57,000) by 1980 and $11,700 after the system has been operating for several years. This cost is in terms of 1964 dollar values.

SUPPLY OF TOOLS FOR BHOPAL ELECTRICALS

The requirements of the State-owned Heavy Electricals Ltd., Bhopal, for standard and special cutting tools (small) have become so large in view of the planned expansion of the factory that their supply poses a challenge to indigenous manufacturers. These requirements are estimated to be of the order of Rs. one lakh to Rs. 1½ lakh per month and are likely to go up further. This was revealed by Mr. R. Subbiah, General Manager, at the concluding session of a conference of leading manufacturers of standard and special cutting tools, held at Bhopal on the 27th and 28th August.

The conference, incidentally, was convened by Heavy Electricals to explore the possibilities of indigenous manufacture of such of the tools as were being imported and to urge on the manufacturers the necessity of continuous supply of tools already being manufactured indigenously. Mr. Subbiah suggested that the manufacturers who were present at the Conference should nominate two or three persons from among them to constitute a committee in the absence of an association for them. He also offered to convene a committee of officials from the management side Both these committees could then discuss problems concerning the distribution of the factory's orders among the manufacturers and the expansion of manufacturing programmes covering special tools.

BRITAIN'S HIGH-TEMPERATURE REACTOR

The high-temperature, gas-cooled reactor, first of its type in the world, built under the O.E.C.D. 'Dragon' project at Winfrith Heath, Dorset, England, started up on 23rd August. The helium-cooled, graphite-moderated reactor has been built as the first step in a programme aimed at producing more economic nuclear power from reactors of this type. For the rest of the year there will be a period of testing and commissioning, with the reactor running at very low power levels. It is expected that the reactor will begin operation at its full power of 20 megawatts (thermal) early in 1965. The reactor contains plant and equipment of new design supplied by contractors in most of the countries concerned. Ceramic fuel elements without metal cladding have been developed during the research and development programme and are now made at Winfrith Heath.

The 'Dragon' project, set up in 1959, is sponsored by the European Nuclear Energy Agency of the Organisation for Economic Co-operation and Development, in which Britain, Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Austria, Denmark, Norway, Sweden and Switzerland are taking part. The agreement under which the reactor was built and is to be operated lasts until 1967, and the total cost will amount to £25 million.

NUCLEAR POWER IN SOVIET UNION

The Soviet Union, like the United States, has an atoms-for-peace programme. The nuclear power stations in that country are expected to achieve an aggregate capacity of about 900,000 kilowatts by the end of this year, according to Mr. A. Petrosyants, Chairman of the State Committee for Atomic Energy of the Soviet Union, who will be representing the U.S.S.R. Government at the third International Conference on the Peaceful Uses of Atomic Energy at Geneva. In the next five or six years big nuclear power stations are to be built, with an aggregate capacity of several million kilowatts.

At present the nuclear power stations in Siberia account for two-thirds of the aforesaid total capacity of 900,000 kilowatts. An atomic power station, with a boiling reactor for 50,000-70,000 kilowatts, will be put into operation near Ulyanovsk shortly. Soviet scientists are now busy studying reactors on fast neutrons. And the Government has also decided to build the world's first big reactor on fast neutrons with a capacity of 300,000-350,000 kilowatts.

The joint American-Israel team of technologists, which was appointed by the Israeli Government two months ago, to survey the possibilities of sea-water desalination on a large scale in Israel, has just arrived at an agreement on some major points in respect of the project. The agreed points are: (i) The project to aim at producing 150 to 200 M.W. of electricity and 100 to 200 m. cubic metres of water per annum; (ii) the power needed to be derived from a nuclear reactor; (iii) the process of simple evaporation to be used; and (iv) commercial operation to start by 1971. It has also been agreed that the unit to be installed should be hundred times bigger than the biggest single unit in operation at present in the U.S.

NEW PRODUCTS AND PROCESSES

Drill Adaptation Cuts Circles

EXTENDED compass arms and a side-cutting drill point makes it possible to use the home electric drill to cut up to 11½ inches diameter circles in wood, plastics or soft metals. A centre hole is first bored and the point of the adjustable compass arm inserted. The other end of the arm carries a bushing in which the sidecutting drill spins. The required diameter is set, the drill makes its own hole and then is swung around the centre point to cut the circle. Silken Compass Cutter Company, Box 242, Oceanside, New York, sells the compass and drill bits.

Compensating Barometer

A mercury barometer which compensates for local variations of temperature and gravity by a mechanical system has been developed by C. F. Casella and Co. London, at the request of the Ministry of Aviation. Whatever the actual temperature and gravity, it gives direct readings of pressure corrected to the stanard conditions of 0 degrees C. and 9.80665 metres per second gravity agreed internationally since 1955.

It also gives readings of altitude above sea level corresponding to these pressures, and can thus be used to calibrate aircraft altimeters. This job can be done quickly anywhere in the world. Without mechanical compensation, each pressure reading would require individual correction, by calculation or from tables, if conditions differed from standard. The correction is applied by three scales representing latitude from 0 to 90 degrees, altitude from 0 to 10,000 feet and temperature from 0 to 50 degrees C. In normal use, only the temperature scale need be adjusted before readings. The other two corrections, together determining gravity, are set when the barometer is first installed and do not need changing until it is moved to another station.

Insulating with Thin Foil

A method of forming thin, high quality heat-insulating layers on components for use in aircraft, submarines and electronics equipment has been patented by Commissariat a l'Energie Atomique, 29 Rue de la Federation, Paris 7e. The parts are wrapped with several alternate layers of "thick" and "thin" aluminium, magnesium or zirconium foil, and then processed at a temperature of 450 degrees Centigrade, and subjected to a 25 kilogrammes per square centimetre pressure in an atmosphere of carbon dioxide. The effect of this is said to oxidise the thin foil and to leave the thick unaffected so that the article is covered in alternate layers of heat insulating metal oxide and mechanically strong metal.

Magnetic Tape Typewriters

Repeating typewriters which produce the same letter or specifications over and over again by use of punched tape may be supplanted by a new model which uses magnetic tape instead. International Business Machines Corp. of 590, Madison Avenue, New York 22, says the magnetic impulses can be erased easily and replaced when a change must be made in the tape. Punched tape must be cut and patched to make a change. The magnetic tape, which receives a recording at regular typing speeds from a special typewriter, can repeat the text at 180 words per minute.

Measuring Tools to Last Long

Gauges, micrometers and other measuring tools which receive hard wear may have their lives prolonged by a Swedish process in which a layer of diamond particles is used to give exceptional wear resistance. The particles are made to adhere to each other and to the surface of the tool by means of a binding metal precipitated electrolytically with the particles. Manufacturing costs are lowered, claims the producer, Karl-Henry Mattsson, of Nora-Strand 11, Dandryd, Sweden, as a cheaper, softer metal is used for the basic tool. The diamond layer is only about 1-10 mm. thick and almost all of it can be recovered when the tool is scrapped.

Tank Corrosion Stopped

Protection for oil fuel tanks against internal corrosion by water, extending their useful life by many times and preventing dangerous leaks, is provided by a liquid corrosion inhibitor called "Protank." This material, according to Sir John Gallway and Partners of U.K., is added to the fuel oil tanks whenever they are refilled, at the rate of one pint per 300 gallons capacity per year. It has no effect on the burning qualities of the oil. Internal corrosion in unprotected storage tanks, particularly domestic oil tanks above ground which are subjected to extremes of temperature, comes generally from condensation collecting at the bottom of the tank and is a form of galvanic corrosion. The action of the chemical has been shown in tests to be particularly valuable after desludging.

Molten Metal Sampler

A pump has been designed to take samples of molten metal in the form of rods which can immediately be submitted to spectrographic analysis. The molten metal is introduced into a silica tube by vacuum created by a piston inside the pump. This tube, calibrated to very close tolerances, is then dropped into a water bath. A metal rod between 10 and 20 cm. in length is obtained which can be used at once after drying and cutting into sections. When sampling pig-iron for instance, no graphite precipitation can be detected, which is very valuable when the carbon content is to be determined spectrographically. The pump requires no special training to operate, and is manufactured by Ste. Jobin et Yvon, 26 rue Berthollet, Arcueil, Seine, France.

Examining the Human Body

A medical instrument which makes possible examinations and treatment within body cavities, hitherto accessible only by surgery, is now undergoing development and testing by the National Council for Research and Development, Jerusalem, and clinical testing at the Hadassah-University Hospital in London. The instrument, developed by the National Council for Research and Development, consists principally of a round "gun" which holds a flexible tube, a water pump for extending the tube, and a heater for adjusting the temperature of the water to body temperature. It uses a method similar to that of turning a stocking inside out, by steadily pushing it through from the inside until the tip comes out. The system of internal folding—which leaves the outside stationary—prevents friction and injury during penetration and recovery. Moreover, the flexible tube, which folds up within itself, is able to adjust itself without difficulty to narrow and twisting passages such as the intestines. Not only will it make possible examination of areas previously accessible only by surgery, but markings on the length of the tube may permit location of haemorrhages. It could also be used to transport a small camera or medication, or for the removal of foreign bodies and specimens.

Electronic Control of Housing Construction

An electronic system for controlling the construction programme in the Soviet capital will be introduced next year. A special electronic computer for this purpose has already been designed and the communication lines, pick-up and despatch equipment are on the drawing boards. The centralised system will unite and co-ordinate the operation of 120 construction units and 60 to 80 supply depots, about one thousand construction sites and over ten thousand trucks. According to estimates of economists, the centralised control of construction and building material industry will reduce construction costs substantially. It is estimated that the benefit from introducing electronic control would be tantamount to building scores of apartment houses at no cost at all.

Welding Machine

An automatic percussive-welding machine for electric lamp lead-in electrodes, said to be capable of producing high quality welds at high production rates, has been developed by Swift Wass Ltd., of England., in collaboration with British Production Engineering Research Institute. The development is claimed to be an appreciable advance on the currently widely used method of automatic gas (oxy-hydrogen) welding, which, the firm points out, has the disadvantages of relatively low output, high operating costs and low weld quality due to hydrogen brittleness. The composite lead-in electrodes normally fitted to incandescent, fluorescent and other discharge lamps are made from three lengths of dissimilar wires joined in series by two welds. The new machine joins the three wires by percussive welding, a form of butt welding using the electric discharge from capacitors.

Rigid Thermoplastic Sheeting

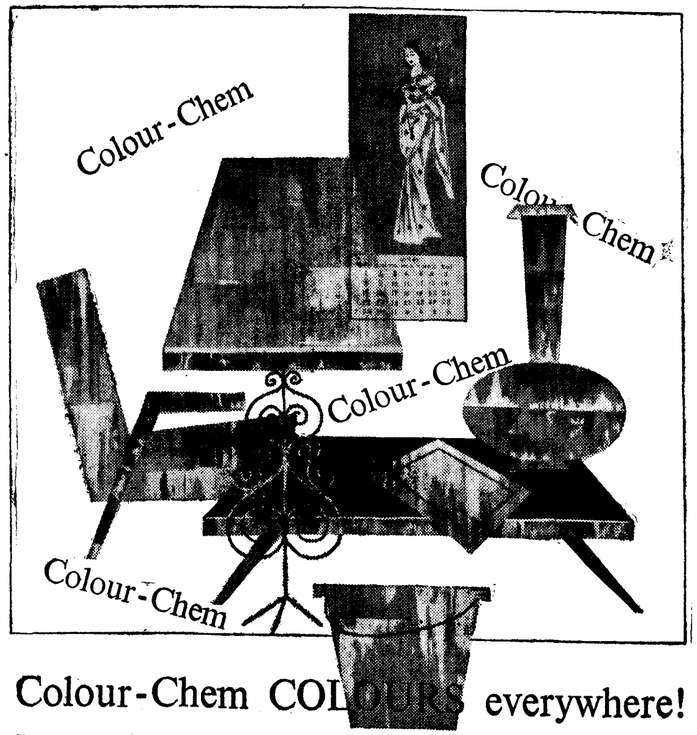
A method of making rigid, reinforced thermoplastic sheeting has been developed in Britain by Turner Bros. Asbestos Co. Ltd. The sheeting is manufactured from a mixture of asbestos and P.V.C. and can be had as a laminate or a single-ply sheet for moulding.

Among the advantages of the new material are stiffness, resistance to heat and chemicals impact strength, dimensional stability—its coefficient of expansion is about the same as steel's—and the fact that it can be drilled, cut or notched without shattering, even at sub-zero temperatures, and will not support combustion.

The firm says that the sheeting makes possible cheaper and lighter structures than have so far been obtainable from thermoplastics. Work is in progress on many combinations of reinforcing fibres and resin systems that are yielding high impact strengths and stiffness.

Wind Power for Cycle Traction

A new invention for utilising the force of the on-coming wind itself as the motive power for driving non-machine operated wheeled vehicles has been patented by R. K. Nijhawan, 37 Model Town, Amritsar. The invention will make it comparatively easier to ply a cycle, rickshaw, cycle rickshaw or wind-powered sailing craft on water against the wind. The device, which is akin to a windmill, lets the wind play on a number of cup-shaped wind vanes fixed around a central vertical shaft, mounted on the vehicles or vessels Under the action of the wind, whatever its direction, the vanes go round and round in a horizontal plane, producing a rotation of the central vertical shaft. The rotation, thus produced, is utilised for providing the motive power for traction on land in the case of land vehicles, or propulsion in the case of vessels on water. The device is so fixed around the axles of the wheels of the land vehicles as to rotate the wheels and move the vehicles in the forward direction only.



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INDIAN DYESTUFF INDUSTRY

FURTHER EXTENSION OF PROTECTION URGED

THE consensus of opinion at the public enquiry on the dyestuff industry, held last week by the Tariff Commission, was in favour of continuation of protection to the industry beyond December 1964. In his speech, the Chairman of the Commission, Mr. M. P. Pai, said that the industry had made spectacular progress during the period that followed the grant of protection in 1954, its production having increased by more than ten times. The present scheme of protection to the industry covers acid azo dyes, direct azo dyes, fast colour salts, rapid fast dyes, rapidogens, solubilised vat dyes and sulphur black. During the last decade, the industry has diversified its production, and manufacture of other groups of dyes, namely, basic dyes, vat dyes, azoic dyes including naphthols fast colour bases whitening agents, organic pigments, pigment emulsion, oil solubles, food colours, reactive and other dyes, has been undertaken. Table A shows the present capacity and production of dyes in the organised and small-scale sectors of the industry. From eight units producing dyes in 1954, the number of units has gone upto 21 in the organised sector and 120 in the small-scale sector.

Capacity and Production

It will be further seen from the Table A that total capacity in the organised and small-scale sectors, both in respect of protected and non-protected dyes, stands at 21,306 tonnes, as compared with 2,022 tonnes in 1954 and 13,625 tonnes in 1962. The capacity in the organised sector has increased to about five times at 9,584 tonnes in 1964 from 2,022 in 1954. The small-scale sector's progress has been remarkable, considering that from a negligible capacity a decade back it has gone upto 3,979 tonnes in 1962 and to 11,722 tonnes in 1964. This large increase of capacity in the small-scale sector is not wholly due to the start of new units, but to the unreliable statistics in respect of small-scale units. It was only after a survey, conducted by the Directorate of Small Industries, that the exact capacity in this sector could be known. The utilisation of capacity, however, has been only to the extent of 60 per cent in the organised sector and 26 per cent in the small-scale sector. Production in the organised sector has improved from 674 tonnes in 1953 to 5,634 tonnes in 1963. The total production was 8,689 tonnes in 1963, as compared with 7,605 tonnes in 1962. In the small sector, the production, which was negligible in 1953, reached 3,055 tonnes in 1963. The *Commission has felt* concerned over the heavy under-utilisation of capacity in the small-scale sector, especially in view of a big spurt in capacity from 3,979 to 11,722 tonnes during the last two years, as noted earlier.

Table A: Present Capacity and Production of Dyestuffs
(In metric tonnes)

Items	Present capacity	Production 1963	Production 1962
Protected Category :			
Azo dyes (direct and acid)	9,665	2,149	2,384
Of which : Organised	1,653	1,097	1,464
Small-scale	8,012	1,049	920
Stabilised azoics (including rapidogens, rapid fast colours and fast colour salts)	2,907	626	590
Of which : Organised	662	152	195
Small-scale	1,945	472	395
Solubilised vat dyes	934	164	122
Of which : Organised	202	113	81
Small-scale	732	51	41
Sulphur black	2,290	1,584	1,258
Of which : Organised	2,290	1,584	1,258
Small-scale	—	—	—
Total	12,496	4,520	4,354
Non-protected Category :			
Basic dyes (including basic azo)	912	302	74
Of which : Organised	387	220	64
Small-scale	525	82	10
Azoic dyes (Naphthols and fast colour bases)	3,136	1,255	1,500
Of which : Organised	2,136	974	1,310
Small-scale	1,000	281	190
Vat dyes	890	486	559
Of which : Organised	740	481	556
Small-scale	250	15	3
Optical whitening agents	1,193	443	263
Of which : Organised	332	274	175
Small-scale	820	169	88
Organic pigments	1,406	893	275
Of which : Organised	906	564	275
Small-scale	500	29	—
Miscellaneous*	1,215	1,026	580
Of which : Organised	277	174	89
Small-scale	938	906	491
Total	8,810	4,169	3,251
Grand Total	21,306	8,689	7,605

Note : The figures of capacity in the organised sector are from Directorate General of Technical Development and figures of capacity and production of small scale are from Development Commissioner, Small Scale Industries.

* Oil solubles, food colours, sulphur dyes other than sulphur black etc.

The rise in production of dyes, it will be seen from Table A has been more pronounced in the *non-protected category* than in the protected group of dyestuffs during the last two years. The production in the protected category has remained almost constant at 4,520 tonnes in 1963, as against 4,354 tonnes in 1962, whereas in the non-protected group of dyestuffs it has gone up from 3,251 tonnes in 1962 to 4,169 tonnes in 1963, a rise of about 29 per cent over the course of one year. In the protected group of dyes, azo dyes and sulphur black account for the major share in output, whereas in the non-protected group, production of naphthols, vat dyes and other miscellaneous dyes has been significant.

Future Expansion

Adverting to the future expansion of the industry, the Chairman of the Commission informed that expansion licences had been granted to existing units for a total capacity of 6,022 tonnes. A further capacity of 602 tonnes was also licensed to four new units in the organised sector of the industry. With a further capacity for 1,266 tonnes licensed to the small-scale sector, the total capacity at the end of the third Plan would be around 29,000 tonnes. But total capacity at this level is considered far in excess of the projected demand for dyestuffs in the country. In 1954, it will be recalled in this connection, the total demand stood at 5,177 tonnes. When the Commission reviewed the position of the industry in 1962, the demand was estimated at 14,000 tonnes for that year and a 10 per cent per annum increase was expected during the next three years. But the actual trend of consumption has belied expectations, in that the apparent consumption of dyes, based on domestic production and imports worked out to only 11,668 tonnes for 1961, 11,276 tonnes for 1962 and 10,629 tonnes for 1963. In the course of discussions at the public inquiry it was revealed that the declining trend in consumption of dyes was because of a shift in demand in favour of better dyes, which were lighter in weight. The manufacturers said that the estimates of demand in respect of better and lighter dyes in tonnes were erroneous and did not reveal a true picture of actual consumption. Incidentally, the future estimated course of consumption of dyestuffs in the country may be seen from Table B. As figures in respect of certain dyes are not available, it is not possible to compare the apparent and estimated total consumption for dyestuffs.

Intermediates

Raw material difficulties, especially the shortages of intermediates, were highlighted during the proceedings of the inquiry. Primary organic chemicals like benzene, toluene, xylene, naphthalene, carbazole, pyridine, etc., constitute important and basic raw materials for the industry. These are distillation products of coal tar which is obtained in the process of carbonisation of coal. In addition to these, a number of inorganic chemicals like caustic soda, caustic potash, soda ash, sulphuric acid, nitric acid, hydrochloric acid, and chloro-sulphonic acid are also required. Some of the finished dyes like vat dyes, naphthols and bases, besides being used in the textile industry are also utilised as raw materials for processed dyes, namely solubilised vat dyes and stabilised azoic colours. Though most of the primary organic and inorganic chemicals except pyridine, carbazole, pyrene, sodium nitrate and caustic potash are available indigenously, very few intermediates are manufactured in the country. Accordingly, a major part of the industry's total requirements of intermediates is imported.

The Commission has laid emphasis on the production of intermediates which play a vital part in the growth of the dyestuff industry. The industry is, at present, faced with the dual problem of high costs of raw materials and non-availability of the required quantity of intermediates. Of about 200 intermediates required in the manufacture of dyes, 14 are major ones which require a production capacity of over 100 tonnes each a year. In their report in 1954, the Commission had recommended a concessional rate of duty of 10 per cent *ad valorem* standard and nil preferential on 17 intermediates which were of vital importance for the development of the dyestuff industry. The list was later enlarged and finally the number of intermediates enjoying concessions on duty increased to 32. The other intermediates are assessed to a duty of 40 per cent *ad valorem* standard and 30 per cent *ad valorem* preferential. Of late, the production of a few intermediates has been stated by the home industry. Though the quality of the indigenous product is satisfactory, it will take some time for the industry to achieve self-sufficiency in the production of intermediates. Incidentally, the Commission has also undertaken to examine the question of grant of protection to two more intermediates, namely, beta amino-authraquinone and benzanthrone. The former is enjoying a concessional rate of duty of 10 per cent *ad valorem* standard and nil preferential while the latter is subject to the standard rate of duty.

Bureaucratic Indifference

The most revealing aspect of the whole discussion over the need for and production of intermediates pertains to the failure of the State undertaking, Hindustan Organic Chemicals Limited, which had planned to start the manufacture of 47 intermediates for the dyestuff industry. The manufacturers have rightly criticised H.O.C.'s failure to put through its project, mainly due to bureaucratic indifference. This is, indeed, deplorable for despite the pressing need for intermediates, over which the country has been spending a lot of foreign exchange, a Government agency has chosen to go slow on its project. As of today, there is only an assurance by the representative of the Directorate-General of Technical Development, who spoke on behalf of H.O.C. that the final programme about the intermediates project would be drawn up forthwith! Considering that, at the time of the inquiry, 'nothing was clear about the project' to the spokesman of H.O.C., it defies one's understanding how a project, which could not proceed a step further from the paper-plan stage during the last one year, would be finalised by the bureaucracy so swiftly.

Table B: Apparent and Estimated Consumption of Dyestuffs
(In metric tonnes)

Item	Apparent consumption in 1963	Estimated consumption in 1964	1965	1966
Protected category :				
Azo dyes (acid and direct)	2,376	2,400	2,500	2,600
Stabilised azoics	627	N.A.	N.A.	N.A.
Stabilised vats	178	N.A.	N.A.	N.A.
Sulphur black	1,602	1,325	1,350	1,375
Total	4,783	3,725	3,850	3,975
Non-protected category :				
Basic dyes	540	425	450	485
Azoics :				
(i) Naphthols	908	1,075	1,100	1,140
(ii) Bases	528	770	800	850
Vat dyes	1,155	1,200	1,250	1,350
Optical whitening agents	443	370	400	450
Organic pigment	N.A.	625	650	700
Pigment emulsions	606	N.A.	N.A.	N.A.
Miscellaneous dyes	1,666	140	150	170
Total	5,846	5,605	4,800	5,145
Grand Total	10,629	8,330	8,650	9,120

Note : Both the Development Council for Organic Chemicals and the Indian Chemical Manufacturers Association put the estimated consumption for 1965-66 at 3,000 metric tonnes.
N.A.—Not available.

Imports

At present the total imports of finished dyes are valued at Rs. 7.5 crores and of intermediates at about Rs. 2.00 crores. According to present import control policy, the imports of coal tar dyes in combination with textile chemicals are linked with various export promotion schemes and there is no provision for any quota for established importers. Under the special export promotion schemes for silk fabrics and woollen textiles, licences are also granted for importing dyes and chemicals on the basis of the f.o.b. value of goods exported and the import entitlements vary in each case. The imports of dyes stood at 3,671 tonnes valued at Rs. 9.50 crores in 1962, 1,940 tonnes valued at Rs. 6.61 crores in 1963 and at 392 tonnes valued at about Rs. 1 crore in the first quarter of the current year. The bulk of imports in the protected category consisted of azo dyes, while the non-protected group, a major portion was accounted for by vat dyes and certain miscellaneous dyes. A member's suggestion that the annual imports of finished dyes should be reduced in favour of buyer imports of intermediates, the relative need for which was greater, has been welcomed by the Commission. As the export trade of the country is being affected by the inadequate supply of sulphur black and some vat dyes, as well as by the high prices being charged by the indigenous producers for certain types, the Commission has rightly expressed concern over this situation.

Emphasising the importance of the dyestuff industry, the Chairman of the Tariff Commission observed in the concluding portion of his speech:

"With the increasing domestic demand for dyes and the slow progress in the sphere of manufacture of intermediates, the dyestuff industry has still a long way to go to achieve self-sufficiency. Since the dyestuff industry occupies a very im-

(Continued on page 436)

GWALIOR RAYON PAYS A LITTLE MORE

PULP PROJECT QUITE A SUCCESS

ALTHOUGH clothed with a dull-looking *Batik*-printed cover, the annual report of the Gwalior Rayon Silk Manufacturing (Weaving) Company Ltd. [Managing Agents: Messrs. Birla Gwalior (Private) Ltd., Nagda] for the year ended 31st March 1964 flatters the holder's pride of owning a share in the Company, because the contents of the report are attractive and pleasing. The gross profit shows a recovery of Rs. 22.79 lakhs to Rs. 432.78 lakhs from the previous year's setback of Rs. 27.87 lakhs and gross sales show a sharp rise from Rs. 13.08 crores to Rs. 15.85 crores. With the depreciation provision having been almost doubled once again—this time from Rs. 83.89 lakhs to Rs. 163.36 lakhs—the net profit has dropped further from Rs. 309.38 lakhs to Rs. 256.52 lakhs.

Notwithstanding this decline, the dividend on the 10-rupee ordinary shares has been raised slightly from 25 per cent to 27.5 per cent per annum. This increase has become possible because the amount transferred to development rebate reserve has been much reduced from Rs. 112.36 lakhs to Rs. 7.98 lakhs, though the total carried to other reserves is quite high at Rs. 166.90 lakhs as compared with Rs. 124.50 lakhs a year before. The ordinary dividend absorbing Rs. 68.75 lakhs (as against Rs. 62.50 lakhs a year before) and the preference dividend taking up Rs. 12.92 lakhs are to be paid out of the general reserve to which an amount equal to the total dividend liability of Rs. 81.67 lakhs has been credited out of the year's profit.

Since the Government's appeal against the Madhya Pradesh High Court's decision accepting the Company's claim for tax exemption for a period of 12 years was decided by the Supreme Court on 28th April 1964, that is, after the close of the year, no provision for taxation has been made in the year's accounts. As readers are aware, the Supreme Court has decided the case against the Company. The tax liability for the past years up to 31st March 1964 is estimated at Rs. 6.71 crores approximately (against Rs. 5.93 crores up to 31st March 1963) and will be appropriated out of general reserve in the current year.

The following table mirrors the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March 1964	1963	1962	1961
Sales (gross)	15,84.61	13,08.08	12,06.82	10,59.56
Other income	51.54	18.61	27.38	20.31
Closing stocks	329.14	127.85	72.15	56.05
Raw materials consumed	958.63	657.24	561.45	476.53
Staff expenses	134.26	93.06	79.58	66.14
Other expenses	311.77	222.09	171.41	158.10
Gross profit	432.78	409.99	437.86	379.38
Provision for—				
Depreciation	163.36	83.89	43.80	41.34
Taxation		1.30	15.15	
Managing Agents' commission	12.90	15.42	18.15	19.42
Net profit	256.52	309.38	360.96	318.62
Provision for electricity duty etc.		4.47	1.50	
Development rebate reserve	7.98	112.36	9.55	7.33
Other reserves	166.90	124.50	310.00	220.00
Dividends—				
6 per cent preferance	12.92	12.92	12.92	12.92
Ordinary	68.75	62.50	62.50	55.25
	(27.5%)	(25%)	(25%)	(22.5%)
Carry forward		0.04	7.41	42.93
Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	47.00	50.00	63.00	55.50	49.00
Low	36.00	39.50	40.50	38.00	24.24

Production of staple fibre increased from 28.78 million kgs. to 29.67 million kgs. and but for an accident due to a fire in August 1963 (the Company's claim in respect of this was settled for Rs. 36 lakhs and the amount has been credited to the year's profit and loss account), it would have been higher still. The Government's decision the year before to allow the Indian Cotton Mills Federation to import 8.44 million kgs. of staple fibre continued to have its adverse effect on the staple fibre market during the year under review. Since the imported stock has still not been cleared by the spinners, the Company has approached the Government with a proposal to export its staple fibre. Another drag on the home market is the excise duty and, though it has been reduced from Rs. 1.33 to Rs. 1.15 per kg. from March this year, it is still very high.

During the year, the Company was successful in producing rayon grade pulp from bamboos at its plant in Kerala, which is the first of its kind in the world and is now entirely being operated by Indian technicians. But shortage of fresh water due to scanty rains in the region and excessive flowering of the bamboo forests restricted rayon grade pulp output to 7,500 tons, though flowered dried bamboos could be used to produce 24,400 tons of paper pulp. The total production of 31,900 tons has resulted in a saving of Rs. 3 crores in foreign exchange, which is about 85 per cent of the project's foreign exchange component. In the current year, rayon grade pulp output is expected to be considerably more and this, together with paper pulp production [illegible] sum of foreign exchange. An import licence for equipment to balance the plant in order to increase its capacity and obtain economy in raw materials and chemicals consumed has been applied for and the foreign exchange involved is expected to be recovered within one year.

The weaving division at Gwalior worked satisfactorily. The fabrics made have become very popular both at home and abroad and the suitings particularly have earned a very wide reputation. Exports, especially to the U.S. and the U.K., continue to be satisfactory. A hundred and fifteen looms have been acquired for expansion of this division.

The import licence applied for three years ago for the project for manufacturing machinery for rayon and ancillary plants is still awaiting the Government's sanction. However, it has been possible with the available equipments and other workshop facilities at Birlagam, Nagda, to manufacture some of the equipment for rayon and other ancillary plants and spare parts for the Company's staple fibre unit as well as to complete successfully one of the orders for the manufacture and supply of one CS2 electric furnace for a well-known rayon manufacturer during the year under review.

It will be recalled that, in the previous year, the Company had taken preliminary steps for manufacturing high tenacity viscose fibre following a patent developed by the Birla College of Science, Commerce and Pharmacy at Pilani for improving properties of viscose rayon yarn or filament and staple fibre. For having sponsored the research work for its evolution, the Company had been granted exclusive rights of the patent in the country. This proposal has now taken concrete shape, in that the application for an industrial licence for establishing a high wet modulus (polynosic) staple fibre plant with 50 tons capacity per day and a PVC staple fibre plant with a capacity of 10 tons per day has been made by the Company. Polynosic fibre has got properties very much like long-staple cotton and its production will, therefore, help further in saving foreign exchange.

The Company's paid-up capital is unchanged at Rs. 400.76 lakhs. Out of this Rs. 250 lakhs are in equity shares of Rs. 10 each and the balance in two series of preference shares. The equity capital is held by a large number of investors. The percentage of those holding 51 to 100 shares has come down from 43 to 39 and that of those holding one to 10 shares has remained unchanged at 8, but the decline in the percentage holdings in the 51-100 group is compensated by the increase in those in the 11-50 group from 15 to 21, while, on the other hand, the ratio of holdings to total shares in the larger groups of 101-1,000 and above 1,000 has dropped from 29 per cent and 5 per cent to 28 per cent and 4 per cent, respectively. The general reserve stands at Rs. 9.93 crores. But since Rs. 6.71 crores will be taken from this for meeting the past years' tax liability and Rs. 81.67 lakhs will be required for meeting the year's dividend liability, the amount in general reserve actually available for shareholders is only Rs. 240 40 lakhs. There are, however, other reserves and, with these, the total backing for the capital amounts to Rs. 527.10 lakhs. The Government loan under subsidised industrial housing scheme has increased during the year from Rs. 6.25 lakhs to Rs. 9.34 lakhs. Current liabilities and provisions (including the year's dividend liability) amount to Rs. 287.95 lakhs, as against which current assets, book debts and investments aggregate Rs. 10.39 crores. The gross block, which expanded during the year from Rs. 14.76 crores to Rs. 15.94 crores, has been written down adequately to Rs. 8.57 crores.

The net yield on the Company's Rs. 10 fully paid ordinary shares at their current market value of Rs. 42.00 *cum-div.* works out to 5.9 per cent per annum.

CHEMBRA PEAK FARES WELL

Impressive are the achievements of the Chembra Peak Estates Limited (Managing Agents: Messrs. Peirce Leslie and Company Ltd., Calicut, Kerala) in the year ended 31st March 1964. There has been a significant improvement in tea production, sales realisation, gross profit, net profit and the dividend declared. Thus, the tea output recorded an increase of 25,000 kgs. over the last year's output at 836,000 kgs. Production of coffee, too, was better, though only slightly. The average price realised per kg. of tea showed an improvement from Rs. 4.07 last year to Rs. 4.55 this year, but it was a shade lower in regard to coffee. From Rs. 7.86 lakhs last year, the gross profit has gone up to Rs. 12.86 lakhs, an increase of about 65 per cent. Similarly, net profit has increased from Rs. 2.90 lakhs a year ago to Rs. 5.61 lakhs, an approximate rise of about 100 per cent. Greater provision has been made for depreciation, as well as for taxation. The shareholders have been rewarded by an increase in dividend from 20 per cent to 25 per cent. This is the first time since 1950 that they have been favoured with a rise in the rate of dividend. At the same time, the Directors have utilised the major portion of the expansion in profit to strengthen the Company's reserves. Thus, they have followed a judicious policy of appropriation.

The following comparative table shows at a glance the working of the Company during the last four years:

(In lakhs of rupees)

	For the year ended 31st March 1964	1963	1962	1961
Sale proceeds of tea	35.05	30.26	31.75	36 38
Sale proceeds of coffee	3.98	3.73	4.78	2.86
Closing stocks	3.68	3.81	3.45	5.77
Estate and other expenditure	30 94	30.11	28 25	28 58
Gross profit	12.86	7.86	9 00	13.21
Managing Agents' commission	0.81	0.51	0 58	0.92
Provision for—				
Depreciation	1.94	1.30	1.26	1.21
Taxation	4.50	3.15	3 56	6.01
Net profit	5.61	2.90	3 60	5.07
Excess provision written back	0.54		0 34	
To reserves	2.87	0.14	0 03	3 23
Dividends	3.50*	2.80	2 80	2 80
	(25%)	(20%)	(20%)	(20%)
Carry forward	0.01	0.22	0 25	0.44
Crop harvested—				
Tea (in '000 kgs.)	851	836	758	824
Coffee (in '000 kgs.)	179	173	207	228
Cost of production—				
Tea per kg. (in Rs.)	2.74	2.70	2.81	2.64
Coffee per kg. (in Rs.)	1.45	1.28	1.13	N.A.
Average price realised—				
Tea per kg. (in Rs.)	4.55	4.07	4.19	4.40
Coffee per point (in Rs.)	2.22	2.80	2.26	1.90
Equity shares' market value (in rupees) :	1964	1963	1962	1961	1960
High	4.78	4.70	3.70	5.55	5.75
Low	4.50	3.50	3.22	3.56	4.15

* Subject to deduction of tax.

Note :—The dividend for 1960-61 was on the enhanced capital of Rs. 14 lakhs following capitalisation of reserves to the tune of Rs. 4,66,700 and issue of bonus shares in the ratio of one for two.

Following the transfer of a good part of the profit for the year under review, the reserves and surplus of the Company have gone up to Rs. 20.97 lakhs, a level which is one and a half times the paid-up capital of Rs. 14 lakhs. The sound financial position of the Company is further borne out by the fact that the value of current assets, namely, Rs. 15.60 lakhs, is more than (nearly Rs. 4 lakhs) that of current liabilities standing at Rs. 10.92 lakhs. The gross block of the Company, shown at Rs. 41.85 lakhs, has been written down to Rs. 28.68 lakhs.

The current market value of Rs. 2 paid-up shares of the Company stands at Rs. 4.78 *cum-div.* On the *ex-div.* basis, the net yield works out to 9.1 per cent per annum.

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METTUR INDUSTRIES

FURTHER SETBACK IN PROFIT AND DIVIDEND

SINCE the relatively favourable year of 1960-61, there has been a continuous downward drift in the fortunes of Mettur Industries Ltd. (Managing Agents: Messrs. W. A. Beardsell and Co., Private Ltd., Madras) for one reason or another, and the shareholders have had to be content with a progressively lower dividend one year after another. The drift had continued during the year ended 31st March 1964 also and the shareholders are getting a dividend of 15 per cent only, as against 20 per cent previously and 30 per cent for 1960-61, all subject to deduction of tax. In view of the difficult conditions still prevailing in the cotton textile industry and the recurring power shortage in the southern region in the summer months, it would be but natural if shareholders were apprehensive of the prospects for the current year, too. They may, nevertheless, derive some satisfaction from the fact that the Company's management is vigorously implementing a programme of plant rehabilitation the benefits of which can be felt in the coming years. The Company has also received permission for installing a limited number of spindles and looms. In the current year itself, an additional two spinning frames and forty-eight looms will go into operation. The demand for the Company's cloth is expanding faster than production.

During the year under report, the gross realisation from the sale of cloth, yarn and waste increased by about 10 per cent to Rs. 185.12 lakhs, but, as the profit-margin (ratio of gross profit to gross scale) was again badly mauled—it dropped by two points to 17.5 per cent—the gross profit declined from Rs. 33.07 lakhs to Rs. 32.43 lakhs. The principal factors which were responsible for this modest setback have been described by the Directors in their report as follows:

" .... increased costs in practically all directions have affected the final position. We have had to pay during the year an additional amount of Rs. 1,27,894 as bonus for the previous year and provide Rs. 1,69,006 as construction under the scheme of obligatory exports. This scheme was abandoned as from the end of December 1963.

"In repair and maintenance to plant and machinery, there is an increase of Rs. 1,47,738. This is accounted for by the rehabilitation of the machinery, particularly in the weaving shed where the looms are progressively being reconditioned as part of a general scheme covering the whole plant.

"Salaries, wages and bonus show an increase of Rs. 2,66,671. This is due to increased dearness allowance and additional staff. There is also an increase in power and fuel of just over Rs. 1,00,000. There was a reduction of approximately Rs. 13,000 in fuel, but electricity charges show an increase of about Rs. 1,20,000, due to the surcharge of 20 per cent introduced from November 1963 which is in addition to the 30 per cent which was imposed in July 1962."

In spite of the decrease in gross profit, the provision for Managing Agents' remuneration has been raised from Rs. 2.50 lakhs to Rs. 2.54 lakhs. But as the transfers to depreciation and taxation accounts are lower—the former by Rs. 0.15 lakh to Rs. 1.83 lakh and the latter by Rs. 0.31 lakh at Rs. 13.20 lakhs—the net profit is fractionally lower at Rs. 14.86 lakhs, as compared with Rs. 15.08 lakhs the year before. From this, Rs. 5.96 lakhs, as against Rs. 5.18 lakhs last year, have been credited to reserves, while the ordinary dividend at the reduced rate of 15 per cent, as against 20 per cent last year, claims Rs. 9 lakhs. There is no carry forward, as against the Rs. 10,434 brought in.

The steady deterioration in the Company's profits over the past four years is clearly shown in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds	185.12	169.90	177.19	175.79
Other income	2.44	3.44	1.71	1.77
Closing stocks	1.70	4.94	1.71	1.40
Materials and stores consumed	82.51	70.77	76.32	78.00
Salaries, wages and benefits	46.32	43.29	43.81	41.18
Other expenses	23.06	20.44	16.33	19.07
Gross profit	32.43	33.07	42.75	47.18
Managing Agents' remuneration	2.54	2.50	3.49	3.59
Provision for—				
Depreciation	1.83	1.98	2.01	2.04
Taxation	13.20	13.51	18.44	13.73
Net profit	14.86	15.08	18.81	27.82
Withdrawal from reserves	..	1.75	..	..
To reserves and provisions	5.96	5.18	6.30	9.85
Dividend	9.00 (15%)	12.00 (20%)	13.50 (22.5%)	18.00 (30%)
Carry forward	..	0.10	0.45	1.53
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	290	342	400	440
Low	278	264	342	367

The Company's own funds as at 31st March 1964 are Rs. 89.40 lakhs, of which Rs. 60 lakhs are in ordinary shares of Rs. 100 each. As against these, the outside finance, comprising current liabilities and provisions, aggregates Rs. 65.58 lakhs. These are more than fully covered on the assets side by the total of current assets, loans and advances of Rs. 127.52 lakhs. Investments, exclusively in Government securities, are carrried in the books at a cost of Rs. 10.59 lakhs, while the net block is Rs. 16.88 lakhs. The gross block as at the date of balance-sheet stands at Rs. 74.64 lakhs, including Rs. 2 lakhs being the cost of assets acquired during the year.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 277.50 *cum-div.* and yield a net annual return of 4.5 per cent on fresh investments.

LYNX MACHINERY DECLARES DIVIDEND

A maiden dividend of 25 paise per share of Rs. 10 each has been declared by the Lynx Machinery Limited. The Company has shown good working results for the year ended 31st March 1964. The turnover stands at Rs. 73.72 lakhs, which is much more than the Rs. 37.95 lakhs during the previous period of 16 months ended 31st March 1963. The gross profit amounts to Rs. 8.17 lakhs. After providing for depreciation, development reserve and taxation to the extent of Rs. 0.87 lakh, Rs. 1.50 lakh and Rs. 0.72 lakh, respectively, the net profit works out to Rs. 5.07 lakhs. The Company has written off the entire loss brought in from previous periods amounting to Rs. 3.20 lakhs. The balance left is Rs. 1.87 lakh, of which a sum of Rs. 0.37 lakh has been carried forward after making provision for the proposed dividend aggregating Rs. 1.50 lakh.

The Company has decided to spread out the incidence of depreciation evenly under the straight line method as stipulated under Section 205(2)(b) of the Indian Companies Act 1956. The depreciation previously provided in excess on this basis amounting to Rs. 2.72 lakhs has been transferred to general reserves.

C.D.F.C. LOAN TO ASHOK LEYLAND

Large expansion schemes are planned at the Ashok Leyland factory at Ennore, near Madras. Helping to bring the schemes to fruition is a Commonwealth Development Finance Company (C.D.F.C.) loan of £450,000 to Ashok Leyland towards the cost of installing plant and machinery for the production of camshafts, timing gears and differentials. Ashok Leyland proposes to produce 5,000 seven-ton commercial vehicles and 1,500 industrial engines a year—a 35 per cent increase over current production. Ninety per cent of the Company's products will be indigenous.

Notice

GANNON DUNKERLEY AND COMPANY LIMITED

Registered Office:
Chartered Bank Building, FORT, BOMBAY

NOTICE

THE 41ST ANNUAL GENERAL MEETING OF the Company will be held at its Registered Office, Chartered Bank Building, Fort, Bombay, on Monday, the 28th September, 1964, at 4.00 p.m., to transact the following business:

1. To receive and adopt the Directors' Report for the year ended 31st March 1964 together with the audited statement of accounts for the period.
2. To declare a dividend.
3. To elect a Director in place of Mr. Niranjan Narottam who retires by rotation but being eligible, offers himself for re-election.
4. To elect a Director in place of Mr. J. Steffens who retires by rotation but being eligible, offers himself for re-election.
5. To appoint Auditors for the financial year ending 31st March 1965.

By Order of the Board,
R. MORARKA,
Governing Director.

Dated: 22nd August, 1964.

N.B.—(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(ii) The Transfer Books of the Company will be closed from the 21st September 1964 to 5th October 1964 both days inclusive.

PHŒNIX FARES BETTER

APPROPRIATION CONSERVATIVE

SOME operational improvements and increase in spindleage as well as in the number of looms worked have helped the Phœnix Mills Ltd. [Managing Agents: Messrs. Radhakrishna Ramnarain (Private) Ltd., Bombay] to produce better results for the year ended 31st March 1964. Sales, which had shrunk in the previous year from Rs. 349.62 lakhs to Rs. 348.27 lakhs, have increased to a new high mark of Rs. 411.45 lakhs and gross profit which had been lower by Rs. 12.62 lakhs in the previous year, has risen smartly by Rs. 21.37 lakhs to Rs. 53.24 lakhs, which is the best level on record. In 1962-63, cloth sales had expanded but the sales of yarn, surgical dressing and waste had declined substantially. That year's profit would have shown a still bigger setback had income from other sources not recorded a big rise from Rs. 27.13 lakhs to Rs. 40.91 lakhs. In contrast, such income during the year under review has dropped by Rs. 6.79 lakhs to Rs. 34.12 lakhs. The bulk of this other income represents dyeing and bleaching charges.

The Directors state that, though costs of the various items like cotton, dyes, etc. and labour have gone up considerably, the year's results have improved and that is due mainly to reduction in some labour costs by the successful introduction of four-loom system, increase in dye-house capacity and additional spindles. The number of looms worked, they add, had also increased by about 130 for both shifts. Moreover, the Company received large Government orders for *khaki* cloth. In the light of these operational improvements and because of further expansion of the spindleage in the near future, the Directors have naturally followed a conservative policy in regard to appropriating the year's profit. Thus, out of the larger net profit of Rs. 17.45 lakhs, as against Rs. 11.82 lakhs for 1962-63, they have carried to reserves Rs. 8.09 lakhs, as against only Rs. 5.72 lakhs last year. The dividend on the 100-rupee shares remains pegged at 20 per cent per annum.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales	411.45	348.27	349.62	314.90
Other income	34.12	40.91	27.13	18.33
Closing stocks	136.89	127.22	118.18	107.63
Raw materials and stores	228.82	199.49	194.04	176.86
Other expenses	173.18	166.86	148.77	119.75
Gross profit	53.24	31.87	44.49	36.22
Managing Agents' remuneration	3.25	1.87	3.10	2.75
Provision for—				
Depreciation	13.54	11.68	8.05	6.78
Taxation	19.00	6.50	16.00	12.00
Net profit	17.45	11.82	17.34	15.09
To reserves	8.09	5.72	7.90	4.31
Dividend	9.60 (20%)	9.60 (20%)	9.60 (20%)	9.60 (20%)
Carry forward	0.11	0.35	3.85	4.01
Equity shares' market value (in rupees):	1964	1963	1962	1961
High	262.00	254.00	302.00	219.00
Low	218.00	193.00	225.00	126.00

Additional machinery aggregating Rs. 13.18 lakhs was installed during the year. Orders have been placed for 29,000 spindles for expansion. New weaving shed to shift 300 automatic looms to the basement in order to make room for the new spindles on the second floor of the factory building is practically ready. There will be an extension to the dye-house. It is in view of this heavy expansion that the Directors have decided to maintain the same dividend as in the previous year.

The paid-up capital (all in equity shares) which is unchanged at Rs. 48 lakhs is backed by Rs. 84.21 lakhs in reserves and surplus. Secured loans of Rs. 149.40 lakhs, unsecured loans of Rs. 43,455 and current liabilities and provisions (including the year's dividend liability) of Rs. 149.13 lakhs together bring the Company's indebtedness to outsiders to Rs. 298.96 lakhs. As against this, current assets, book debts and investments aggregate Rs. 346.64 lakhs. The gross block which has expanded during the year from Rs. 233.63 lakhs to Rs. 245.25 lakhs has been written down by two-thirds its value to Rs. 84.53 lakhs.

Currently quoted at Rs. 254.00 *cum-div.*, the Rs. 100 fully paid ordinary shares offer a net yield of nearly 7 per cent per annum.

THE SIMPLEX MILLS COMPANY LIMITED

CHAIRMAN, MR. S. R. DAMANI, REGARDS SUR-TAX AS TAX ON EFFICIENCY

DISTRIBUTION OF IMPORTED COTTON NEEDS REVISION

THE Fifty-second Annual General Meeting of the Simplex Mills Company Limited was held at Bombay on Thursday 27th August 1964. In his address to shareholders, the Chairman of the Company, Mr. S. R. Damani, stated that the gross profit and turnover of the Company had recorded an all-time high in the post-war period. Referring to the cotton problem, he said that efforts must be made to increase the supply of indigenous cotton and remove the defects in the distribution of imported cotton. Mr. Damani regretted the non-inclusion of textile industry in the list subjected to concessional rates of income-tax and super-tax in the Finance Act 1964, and regarded the new surtax as a tax on efficiency and a disincentive to investors.

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

GENTLEMEN,

While I have great pleasure in welcoming you all to this fifty-second annual general meeting of the Company, I would be failing in my duty if I omit to mention what is uppermost in my mind.

Our beloved Prime Minister Jawaharlal Nehru, expired on the 27th May 1964. It would be befitting the occasion to pay our tribute to the late "Panditji" as he was affectionately called. His services rendered to the nation could not be forgotten and would be written in golden letters. This illustrious statesman whose versatility, intellectual power, unfailing charm, and great understanding were supreme and in whom the East and West had met, was really a remarkable man of our times. With him has ended a glorious chapter, nay an era which would be remembered by posterity and acclaimed by the historians as the "Nehru Era." He attained the stature of an international figure and, through his humanitarian approach to the problems, served the entire world. He was a great believer in planning and, whatever has been achieved, is directly as a result of his interest in the development of the country.

I had the good fortune to come in contact with him. I can confidently say that hardly could there be any personality more towering, dominating and humane than him. The best homage would be to work unitedly for the development and national integrity of the country.

May I request you to stand silently in honour of his memory before I proceed with the normal business for which we have gathered here.

The smooth succession that followed the death of the Prime Minister Nehru was epoch-making and it pronounced to the whole world that our politicians are seasoned and mature. It earned all praise to our leadership and particularly for the present Prime Minister, Shri Lal Bahadur Shastri. In Shashtriji the country has found an able successor whose qualities of head and heart were even valued by Panditji. We are confident that he would guide the destiny of the country so that it fulfils all the aspirations and attains all-round progress and prosperity.

The Directors' report and audited accounts for the period ended 31st March 1964 have been in your hands for quite some time and I shall, with your permission, take them as read.

You will no doubt be pleased to observe that the sales and gross profit are the highest since the post-war period. Sales have risen by 14.2 per cent to Rs. 3.44 crores. whereas the profit has improved from Rs. 41.53 lakhs to Rs. 55.81 lakhs. Cotton consumption in relation to sales went up by 3.5 per cent mainly due to higher cost of cotton. The expenditure on electricity increased by 34 per cent to Rs. 7.87 lakhs. Cost of repairs to plant and machinery as well as building increased by Rs. 2.51 lakhs and during the current year is likely to increase still further. Bonus payment for the years 1957 and 1959 to 1962 amounted to Rs. 10.90 lakhs. The results, therefore, for the year should be considered very satisfactory.

Production

I am, indeed, very pleased to inform you that our new qualities have attained good reputation. Encouraged by this your Company has entered a new field by manufacturing superfine *dhotis* and *saris* produced from the best Egyptian cotton. During the year your Mill was granted a quota to print upto two million yards of cloth per annum. Orders for a suitable printing plant would be placed shortly but the plant would work partially as the sanctioned quota is quite inadequate.

Modernisation

The management continued to devote its attention to modernisation. A sum of Rs. 7.61 lakhs was spent on new machinery. During the current year, machinery of the value of about Rs. 17 lakhs which include 2,496 ring spindles and 2,400 doubling spindles are expected to be received. The registered capacity of ring spindles would thereby be increased to 52,552. The installation of these machinery would enable the mills to manufacture superfine poplins, full voils and terylene blended fabrics.

Cotton

Cotton still remains a problem. The rise in indigeneous production has not been adequate whereas the Government has allowed all mills to install additional spindles. Unless vigorous efforts are made to substantially increase cotton production from the present level of 62 lakh bales to 70 lakh bales as envisaged in the third Five-year Plan, the Government will be required to continue the import of foreign cotton to keep the spindles working. I have repeatedly stressed that the distribution of long-staple imported cotton is most defective and is only beneficial to a few erstwhile actual user mills and I deeply regret to state that proper steps have not yet been taken by the Government to completely plug this continued drain of precious foreign exchange. I fail to understand why the entire import of such cotton is not forthwith linked with exports. This would compel mills manufacturing fine and superfine varieties from foreign cotton to export and thereby earn the quota to import long-staple cotton.

Cloth Production

The production in the mill sector has steadily declined to 4,837 million yards in 1963 as against the planners' estimated annual production of 5,800 million yards by the end of the third Plan. I do not foresee any cloth shortage in the near future; nevertheless, in order to meet the country's requirement and also to continue the drive for increasing our exports, it is essential that cloth production in the mill sector be substantially increased. The Government has allowed mills to increase the installed capacity of spindles and looms by 10 per cent and 7½ per cent respectively. This can only be considered a long-term measure, as it would warrant the availability of necessary finance and also foreign exchange since the indigenous machinery manufacturers being heavily booked are quoting delivery period of upto three years.

Personally, I feel that the proposals for an increase in the shift working hours or staggering of rest intervals should be accepted as either of these would result in immediate increased output.

Exports

The modifications in the export incentive scheme resulted in an increase in the total exports from 512 million yards in 1962 to 534 million yards in 1963. Due to keen competition the value realised was only Rs. 1 crore higher at Rs. 41 crores. Exports would improve substantially if the anomaly of compulsory surrender of a part of the foreign cotton entitlement at a nominal premium to the Indian Cotton Mills' Federation under the export promotion scheme is removed.

The Company's exports are steadily increasing. The performance during the current year is likely to be much better.

Budget

I am sorry that the textile industry being the premier industry that meets the basic requirement of cloth has been bypassed. It should have legitimately been included in the list that is subjected to concessional rates of income-tax and super-tax under the Finance Act 1964. While a special allowance by way of third-shift depreciation at 50 per cent of the normal rates is welcome, an uncertainty about the continuance of development rebate after three years would affect the development of industries. Although the super profits tax has been replaced by a liberal surtax on the companies' profits, nevertheless. I feel that it is a tax on efficiency and would hinder the growth and expansion of the industries, and act as a disincentive even to the investors. I hope the Finance Minister would give due consideration when framing his proposals for the next financial year.

Rising Cost and Price Stamping

The continuous rise in cost and the long overdue and highly justified demand of the industry for a suitable increase in the price of cloth resulted in the Government's decision to control the price of 43 per cent of the production of cloth for civil consumption and the balance of the production is being decontrolled. The details of the scheme of price control have yet to be announced and as such it would be difficult to comment upon at this stage. Whatever formula for price fixation is devised should necessarily aim at leaving a reasonable margin to the manufacturers which shall act as an incentive to increase production.

The cordial relations between the workers and the management resulted in the implementation of the rationalisation schemes. Consequently the average earning of a worker steadily increased from Rs. 1,628 in 1959 to Rs 2,085 in 1963.

Prospects

Future prospects are more dependent on the price stamping policy of the Government. I am, however, happy to inform you that the progress achieved during the last year was further strengthened, and the results for the first four months of the current year are better. The benefits from the installation of additional spindles and new machinery would be further reflected in the performance next year.

The mills' retail cloth shop was inaugurated on the 7th December 1963 by Mr. A. D. Shroff. I am glad that response from the shareholders and public alike was heartening. Two additional sale centres at convenient places have been opened to make available the Company's products to its shareholders.

The members of the staff of the mills and selling agents deserve all praise and appreciation for their hard. sincere and efficient work and I thank them all.

Notices

THE BRADBURY MILLS, LIMITED

State Bank Building, Bank Street, Bombay-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fifty-first Annual General Meeting of the Shareholders of the Bradbury Mills Ltd., will be held on Wednesday the 30th September, 1964 at The Ardeshir Namdar Hall, Cama Oriental Institute, 5th Floor, 136, Apollo Street, Opposite Lion Gate, Fort, Bombay 1, at 4-30 p.m., to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Balance Sheet as at, and the Profit and Loss Account for the year ended, 31st March, 1964.
2. (a) To declare a Dividend on Preference Shares for the year ended 31st March, 1964.

   (b) To declare a Dividend on Ordinary Shares.
3. To elect a director in place of Shri Rustomjee Jeejeebhoy who retires by rotation and who offers himself for re-election.
4. To appoint a director in place of Mr. Lalitkumar M. Khatau who was appointed as an additional Director of the Company on 12th October, 1963 and who ceases to be a Director on the date of this Annual General Meeting under the provisions of Section 260 of the Companies Act 1956 but who is eligible for appointment and in respect of whom the Company has received a notice in writing from some of its members proposing his candidature for the office of Director.
5. To elect a director in place of Shri Radhakrishna R. Ruia who retires by rotation and is eligible for re-election and to consider, and if thought fit, to pass the following Resolution as a Special Resolution, of which Special Notice, as required by Sections 190 and 261 of the Companies Act, 1956, has been received by the Company.

   "RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions of the Companies Act 1956, if any, Shri Radhakrishna Ramnarain Ruia, who retires by rotation from his office as Director of the Company and who is an associate of Messrs. M. Ramnarain Private Ltd., the Managing Agents of the Company, be and he is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation."

   The reasons which make the above Special Resolution necessary are as under:—

   Messrs. M. Ramnarain Private Ltd., the Managing Agents of the Company, are authorised by Articles of Association of the Company and the Managing Agents Agreement to appoint an ex-officio Director to the Board. As Mr. Radhakrishna R. Ruia is a brother of Mr. Madanmohan R. Ruia, a Director and member of Messrs. M. Ramnarain Private Ltd., and is, therefore, an associate of the Managing Agents, his appointment as a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation can only be made by a Special Resolution of the Company in accordance with the provisions of Section 261 of the Companies Act, 1956.
6. To appoint Auditors for the current year and fix their remuneration.
7. To consider, and if thought fit, to pass either with or without modifications, the following resolution as Special Resolution:

   "RESOLVED that in supersession of Resolution No. 9 passed at the Annual General Meeting of the Company held on 10th October, 1963, the Company hereby accords its consent under the provisions of Section 293 (1) (d) of the Companies Act 1956 to the Board of Directors of the Company borrowing from time to time, all such sums of money as they may deem requisite or proper for the purpose of the business of the Company, notwithstanding that the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserve that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs. 2,00,00,000 at any one time."
8. To consider, and if thought fit, to pass either with or without modifications, the following resolution as Special Resolution:

   "RESOLVED that the contracts entered into between the Company and Shamun Private Ltd., an Associate of M. Ramnarain Private Ltd., the Managing Agents of the Company, during the year 1963-64 pursuant to the approval of the Company granted by the Special Resolution passed at the Annual General Meeting of the Company held on 10th October, 1963 and particulars whereof are entered in the Register of Contracts maintained under the provisions of Section 360 of the Companies Act, 1956 be and they are hereby ratified and confirmed."
9. To consider, and if thought fit, to pass either with or without modifications, the following resolution as Special Resolution:

   "RESOLVED that pursuant to the provisions of Section 360 and other applicable provisions (if any) of the Companies Act, 1956 the Company hereby grants its approval with retrospective effect from 1st April, 1963 to an arrangement between the Company and Messrs. Ramnarain Sons Private Ltd., an associate of Messrs. M. Ramnarain Private Ltd., Managing Agents of the Company, whereby Messrs. Ramnarain Sons Private Ltd., have agreed.

   (a) To allow the Company to use and occupy by way of leave and licence for a period of 5 years with restrospective effect from 1st April, 1963 the premises specified below of which Messrs. Ramnarain Sons Private Ltd, are tenants in consideration of a licence fee or compensation of Rs. 1,228/- per month for use and occupation of the said premises and 25 per cent of the electricity bill in respect of the said premises per month.

      (i) Portion of the office premises in State Bank Building Annexe:

      (ii) One Godown at Sewri belonging to N. M. Wadia Charities, Bombay.

   (b) To allow the Company to use the telephone belonging to Messrs. Ramnarain Sons Private Ltd., in their office premises in the State Bank Annexe in consideration of the Company paying monthly to Messrs. Ramnarain Sons Private Ltd., towards cost of telephone calls etc. a sum not exceeding 25 per cent of the telephone bills of Messrs. Ramnarain Sons Private Ltd., for the telephone in the said premises."
10. To consider, and if thought fit, to pass either with or without modifications, the following resolution as Special Resolution:

    "RESOLVED that pursuant to the provisions of Section 360 and other applicable provisions (if any) of the Companies Act 1956 the Company hereby grants its approval with retrospective effect from 1st April, 1963 to an arrangement between the Company and Messrs. M. Ramnarain Private Ltd., the Managing Agents of the Company, whereby Messrs. M. Ramnarain Private Ltd., have agreed to allow the Company to use and occupy by way of leave and licence for a period of 5 years with retrospective effect from 1st April, 1963 a portion of the premises at Great Western Building of which Messrs. M. Ramnarain Private Ltd., are licensees in consideration of the Company paying to Messrs. M. Ramnarain Private Ltd., a compensation of Rs. 750 per month for use and occupation of a portion of the said premises and 50 per cent of the electricity bill in respect of the said premises and to allow the Company to use the telephone belonging to Messrs. M. Ramnarain Private Ltd., in the said premises in Great Western Building in consideration of the Company paying to Messrs. M. Ramnarain Private Ltd., towards costs of telephone calls etc. a sum not exceeding 50 per cent of the telephone bills of Messrs. M. Ramnarain Private Ltd., for the telephone in the said premises."

The relative explanatory statement concerning the above special business, as required by Section 173 of the Companies Act, 1956, is forwarded to the members of the Company.

The Share Transfer Books of the Company will be closed from Thursday the 3rd September, 1964 to Wednesday the 30th September, 1964, both days inclusive.

By Order of the Board,

For M. RAMNARAIN PRIVATE LIMITED,

MADANMOHAN R. RUIA,
Director,
Agents.

BOMBAY, *Dated 20th August,* 1964.

Notes:—(1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(2) Register of Contracts referred to in Special Resolution No. 8 above is open for inspection of the Shareholders at the Registered Office of the Company during office hours.

(3) Dividends, if sanctioned, will be payable at the United Commercial Bank Ltd., Bombay, on and from Monday the 5th October, 1964 to those shareholders whose names stand on the Register on 3rd September, 1964.

(4) Shareholders are requested to notify change in address, if any, to the Company.

ORIENT PAPER MILLS LIMITED

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Shareholders of the ORIENT PAPER MILLS LIMITED will be held at the registered office of the Company at Brajrajnagar in the district of Sambalpur (Orissa) on Wednesday, the 30th September, 1964 at 3.30 p.m. for the following purposes:—

(a) To receive and consider the report of the directors and to adopt the audited accounts of the Company for the year ended 31st March, 1964.

(b) To declare dividends on Preference and Ordinary Shares.

(c) To elect directors in place of Shri J. P. Poddar and Shri R. K. Somany who retire by rotation.

Shri R. K. Somany is an associate of the Managing Agents and has been on the Board of Directors since almost the inception of the Company. It is considered desirable to avail of his valuable advice by retaining him as a director of the Company. The Company has received the requisite special notice from a Shareholder and accordingly the special notice is hereby given to the Shareholders for passing the following special resolution under Section 261 of the Companies Act, 1956 for reappointment of Shri R. K. Somany, as a director of the Company.

"RESOLVED that Shri R. K. Somany, an associate of the Managing Agents, be and is hereby re-elected as a director of the Company."

(d) To appoint Auditors for the current year and to fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification the following resolutions:

AS SPECIAL RESOLUTIONS:

(e) (i) "RESOLVED that the regulations contained in the Draft Articles of Association submitted to the Meeting and for the purpose of identification initialled by the Chairman be and are hereby adopted as the Articles of Association of the Company and shall come into force with immediate effect in substitution for and to the exclusion of the existing Articles of Association thereof."

(e) (ii) "WHEREAS the East Indian Produce Company Ltd., an associate of Messrs. Birla Brothers Private Ltd., the Managing Agents of the Company, maintain an office in London in the United Kingdom and WHEREAS the said Company carry on business *inter alia* of acting as agents in the United Kingdom, the Continent and other countries for purchase and sale of goods including stores, plant and machinery etc. and also have dealings and business connections with parties all over the United Kingdom, the Continent and other countries and their operations are on a very large scale and WHEREAS their expenses of maintaining their office, amount approximately to £1,25,000 per annum and WHEREAS expenses which can be attributed to the work to be done for and on behalf of the Company, would depend on the value of purchases effected through the said Company in relation to their total turnover in each year, and WHEREAS the said East Indian Produce Company Ltd., have been acting as buying agents for and on behalf of the Company in the United Kingdom, the Continent and other countries. NOW it is hereby Resolved that the East Indian Produce Company Ltd., continue to act as buying agents of the Company for purchase of stores, plant and machinery in the United Kingdom, the Continent and other countries for a period of three years with effect from 1st July, 1965 and that they be paid a commission @ 2½ per cent of the invoice price thereof.

Provided that if anything to be done in pursuance of the above arrangement requires the permission of the Central Government or the Reserve Bank of India, as the case may be, the same will be done in accordance with such permission."

(e) (iii) "WHEREAS Messrs. American East India Corporation, an associate of Messrs. Birla Brothers Private Ltd., the Managing Agents of the Company, maintain an office in New York in the United States of America and WHEREAS the said Company carry on business *inter alia* of acting as agents in the United States of America and other countries for purchase and sale of goods including stores, plant and machinery etc. and also have dealings and business connections with parties all over the United States of America and other countries and their operations are on a very large scale and WHEREAS their expenses of maintaining their office amount approximately to $2,00,000 per annum and WHEREAS expenses which can be attributed to the work to be done for and on behalf of the Company, would depend on the value of purchases effected through the said Company in relation to their total turnover in each year, and WHEREAS the said Messrs. American East India Corporation have been acting as buying agents for and on behalf of the Company in the United States of America. NOW it is hereby Resolved that Messrs. American East India Corporation continue to act as buying agents of the Company for purchase of stores, plant and machinery in the United States of America and other countries for a period of three years with effect from 1st July, 1965 and that they be paid a commission @ 2½ per cent of the invoice price thereof.

Provided that if anything to be done in pursuance of the above arrangement requires the permission of the Central Government or the Reserve Bank of India, as the case may be, the same will be done in accordance with such permission."

By Order of the Board,

Per Pro. BIRLA BROTHERS PRIVATE LIMITED,

G. D. MAKHARIA,
Managing Agents.

15, INDIA EXCHANGE PLACE,
CALCUTTA, *the 24th August* 1964.

N.B.—(i) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(ii) The Registers of Members and Share Transfer Books of the Company will remain closed from the 1st September to 15th September, 1964, both days inclusive as already notified.

(iii) The dividends when declared, will be payable to registered shareholders as on the 15th September, 1964 or to their mandatees on or after the 19th October, 1964.

(iv) The Explanatory Statement as required under Section 173 of the Companies Act, 1956 is being forwarded to the members of the Company along with the Notice of the meeting.

GREAVES COTTON AND COMPANY LIMITED

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE Forty-fourth Annual General Meeting of the shareholders of GREAVES COTTON & COMPANY LIMITED, will be held on Monday, the 28th September 1964, at 4.30 p.m. (I.S.T.), at Bombay House Auditorium, 24 Bruce Street, Bombay 1, to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Balance-sheet and Profit and Loss Account for the year ended 31st March 1964.
2. To declare dividends on preference and equity shares.
3. To elect a Director in place of Mr. S. Lall who retires by rotation and, being eligible for re-election under Article 148 of the Articles of Association, offers himself for re-election.
4. To elect a Director in place of Mr. M. F. C. Elliott who retires by rotation and, being eligible for re-election under Article 148 of the Articles of Association, offers himself for re-election.
5. To appoint Auditors to hold office for the period from the conclusion of the meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

   "RESOLVED that the existing Article 69 of the Articles of Association of the Company be amended by adding the following sub-paragraph:

   'The Board of Directors may, however, in their absolute discretion, wholly or partially waive payment of the fees aforesaid, generally or in any particular case or cases, as they may think fit.'"
7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

   "RESOLVED that the authority accorded to Board of Directors of the Company by the Ordinary Resolution passed at the Forty-first Annual General Meeting held on the 27th September 1961 for borrowing upto a maximum of Rupees three crores fifty lacs be and is hereby extended upto a maximum of Rupees five crores and that the said Resolution shall continue to be valid and operative subject to the foregoing modifications."

Notes:

(a) The relative Explanatory Statement as required by Section 173 of the Companies Act, 1956 in regard to the special business under items 6 and 7 set out above has been forwarded to the members of the Company.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

According to Article 118 of the Articles of Association, the instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Registered Office of the Company not later than forty-eight hours before the time for holding the meeting; in default the instrument or proxy shall not be treated as valid.

(c) The Share Transfer Books of the Company will be closed from the 11th day of September 1964 to 25th day of September 1964, both days inclusive.

(d) The dividend when sanctioned at the Annual General Meeting will be payable at National & Grindlays Bank Limited, Lloyds Branch, Bombay, and its branches in India to those members whose names have been registered on the Company's Register on 11th September 1964 and Dividend Warrants will be despatched to them on and after 23rd October 1964.

By Order of the Board of Directors,
N. M. WAGLE,
Managing Director.

Registered Office:
1, FORBES STREET,
BOMBAY 1.
1*st September* 1964.

THE WEST COAST ELECTRIC SUPPLY CORPORATION LIMITED

Registered Office:
20, Second Line Beach, MADRAS 1

NOTICE IS HEREBY GIVEN THAT THE 30th Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at No. 20, Second Line Beach, Madras 1, on Tuesday the 29th September, 1964 at 2 p.m., to consider the Audited Accounts for the year ended 31st March, 1964, declaration of dividend on Equity and Preference Shares, appointment of Directors and Auditors.

The Share Transfer Books will remain closed from 22nd September, 1964 to 29th September, 1964, both days inclusive. Individual notices are being arranged to be sent to the members regarding the above.

CHANDRIE & CO., PRIVATE LTD.,
Managing Agents.

MADRAS 1,
21*st August,* 1964.

THE TITAGHUR PAPER MILLS COMPANY LIMITED

DIVIDENDS FOR THE YEAR ENDED 31st MARCH, 1964

AT A MEETING OF THE DIRECTORS held on Saturday, the 29th August, 1964, the following Dividends were recommended for payment subject to deduction of Tax under Section 194 of the Indian Income-tax Act, 1961.

On First Cumulative Preference Shares at 10.4% p.a.

On Second Cumulative Preference Shares at 5.85% p.a.

On Preferred Ordinary Shares at 13% p.a.

On 'A' and 'B' Ordinary Shares at 2.5% per fully paid up share p.a.

By Order of the Board,
F. W. HEILGERS & CO.
(PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA-1, *the 29th August,* 1964.

THE AMALGAMATED ELECTRICITY COMPANY LIMITED

THE REGISTERS OF MEMBERS AND Transfer Books of the Company will be closed from 21st September to 3rd October 1964, both days inclusive, in connection with dividend payable on and after 21st October 1964.

By the Order of the Board,
FOR THE AMALGAMATED ELECTRICITY COMPANY LTD.,
FOR N. C. JAVERI & Co.,
KIRAN N. JAVERI,
Partner,
Managing Agents.

Registered Office:
17-B, HORNIMAN CIRCLE,
FORT, BOMBAY,
28th August, 1964.

THE DAWN MILLS COMPANY LIMITED

State Bank Building, Bank Street
BOMBAY 1

NOTICE

OTICE IS HEREBY GIVEN THAT THE Fifty-first Annual General Meeting of Dawn Mills Company Ltd., will be held on esday the 29th September 1964, at 4-30 p.m. I.), at the Ardeshir Namdar Hall, Cama ental Institute, Apollo Street, Bombay 1, to nsact the following business :

To receive and adopt the Directors' Report and the Audited Balance Sheet as at 31st March, 1964, and the Audited Profit and Loss Account for the year ended 31st March, 1964.

To declare a dividend.

To elect a Director in place of Mr. Radhakrishna Ramnarain Ruia who retires by rotation and is eligible for re-election, and to consider and if thought fit, to pass the following resolution as a Special resolution in respect of which special notice as required by Sections 190 and 261 of the Companies Act, 1956 has been received by the Company.

"RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Radhakrishna Ramnarain Ruia who retires by rotation as Director of the Company and who is an associate of Ruia Industries Pvt. Ltd., the Managing Agents of the Company, be and is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation."

The reasons which make the above Special Resolution necessary are as under :—

Ruia Industries Pvt. Ltd., the Managing Agents of the Company, are authorised by the Articles of Association of the Company and Managing Agency Agreement to appoint an ex-officio Director to the Board. As Mr. Radhakrishna Ramnarain Ruia is a Director and member of Ruia Industries Pvt. Ltd., and hence an associate of the Managing Agents, his appointment as Director of the Company whose period of office is liable to determination by retirement of Directors by rotation can only be made by a Special Resolution of the Company in accordance with the provisions of Section 261 of the Companies Act, 1956.

To elect a Director in place of Mr. Madanmohan R. Ruia who retires by rotation and is eligible for re-election and to consider and if thought fit, to pass the following resolution as a Special Resolution in respect of which a special notice as required by Sections 190 and 261 of the Companies Act, 1956 has been received by the Company.

"RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Madanmohan R. Ruia who retires by rotation as Director of the Company and who is an associate of Ruia Industries Pvt. Ltd., the Managing Agents of the Company, be and is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation."

The reasons which make the above Special Resolution necessary are as under :—

Ruia Industries Pvt. Ltd., the Managing Agents of the Company, are authorised by the Articles of Association of the Company and Managing Agency Agreement to appoint an ex-officio Director to the Board. As Mr. Madanmohan R. Ruia is an associate of the Managing Agents, his appointment as Director of the Company whose period of office is liable to determination by retirement of Directors by rotation can only be made by a Special Resolution of the Company in accordance with the provisions of Section 261 of the Companies Act, 1956.

To elect Mr. Nirmalkumar Ramniwas Ruia as a Director and to consider and if thought fit, to pass the following resolution as a Special Resolution in respect of which notice under Section 257 and special notice as required by Sections 190 and 261 of the Companies Act, 1956, has been received by the Company.

"RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions if any of the Companies Act, 1956, Mr. Nirmalkumar Ramniwas Ruia, who is an associate of Ruia Industries Pvt. Ltd., the Managing Agents of the Company, be and is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation."

The reasons which make the above Special Resolution necessary are as under :

Ruia Industries Pvt. Ltd., the Managing Agents of the Company, are authorised by the Articles of Association of the Company and the Managing Agency Agreement to appoint an ex-officio Director to the Board. As Mr. Nirmalkumar Ramniwas Ruia is a Director and Member of the Ruia Industries Pvt. Ltd. and hence an associate of the Managing Agents, his appointment as a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation can only be made by a Special Resolution of the Company in accordance with the provisions of Section 261 of the Companies Act, 1956.

6. To appoint Auditors for the current year and to fix their remuneration.

7. To consider and if thought fit, to pass (either with or without modification) the following Resolution as a Special Resolution :

"RESOLVED that the contracts entered into between the Company and Messrs. Vinaya Trading Company Private Limited, an associate of Ruia Industries Pvt. Ltd., the Managing Agents of the Company during the year ended 31st September, 1964, pursuant to the approval of the Company granted by the Special Resolution passed at the Annual General Meeting of the Company held on 26th September 1963 and particulars whereof are entered in the Register of Contracts maintained under the provisions of Section 360 of the Companies Act, 1956 be and they are hereby ratified and confirmed."

8. To consider and if thought fit, to pass either with or without modifications the following resolutions as Special Resolutions :—

"RESOLVED that pursuant to the provisions of Section 360 and other applicable provisions (if any) of the Companies Act, 1956, the Company hereby approves of, confirms and consents with retrospective effect from 1st April 1963 to the continuation of the arrangement between the Company and Messrs. Ramnarain Sons Private Ltd., an associate of Ruia Industries Private Ltd., the Managing Agents of the Company, for letting to the Company on monthly tenancy the following premises belonging to Messrs. Ramnarain Sons, Private Limited.

One Shop in the building situate at Kalbadevi at a monthly rent of Rs. 424.80

with liberty to the Directors of the Company to agree to any additions, reductions and alterations in the area of the premises or terms of tenancy as may be deemed necessary or desirable and as may be agreed to between the Directors and Messrs. Ramnarain Sons, Private Ltd."

9. "RESOLVED that pursuant to the provisions of Section 360 and other applicable provisions (if any) of the Companies Act, 1956, the Company hereby grants its approval with retrospective effect from 1st April, 1963, to an arrangement between the Company and Messrs. Ramnarain Sons, Private Limited an associate of Messrs. Ruia Industries Private Limited, the Managing Agents of the Company, whereby Messrs. Ramnarain Sons, Private Limited have agreed :

(a) to allow the Company to use and occupy by way of leave and licence for a period of 5 years commencing from 1st April, 1963 the premises specified below of which Messrs. Ramnarain Sons, Private Ltd. are tenants in consideration of a licence fee or compensation of Rs. 2,671 for use and occupation of the said premises and 33 per cent of the electricity bill in respect of the said premises per month.

(i) Portion of the office premises in State Bank Building Annexe.

(ii) Two godowns at Sewri of the Bombay Port Trust.

(iii) Portion of premises at Cotton Green Building, Sewri,

with the liberty to the Directors of the Company to agree to any conditions, reductions or alterations in the area of the premises so used or occupied on leave and licence basis or the terms of the licence as may be deemed necessary or desirable and as may be agreed to between the Directors and Messrs. Ramnarain Sons, Private Limited.

(b) to allow the Company to use the telephones belonging to Messrs. Ramnarain Sons, Private Limited in their office premises in the State Bank Annexe and in the premises at Cotton Green Building, Sewri etc. in consideration of the Company paying monthly to Messrs. Ramnarain Sons, Private Limited towards costs of telephones calls a sum not exceeding 33 per cent of the telephone bills of Messrs. Ramnarain Sons, Private Limited for the telephones in the said premises and 25 per cent of the annual rental for the PBA telephone board."

10. To consider and if thought fit to pass the following resolution as an Ordinary Resolution :

"RESOLVED that subject to the approval of Central Government under the provisions of the Companies Act, 1956 the Company hereby reappoints Ruia Industries Pvt. Ltd., as Managing Agents of the Company for a further term of ten years from 16th August, 1965, on the remuneration and upon the terms, provisions and conditions set out in the draft agreement (with such modifications if any as may be agreed to at this meeting) proposed to be entered into between the Company of the one part and Ruia Industries Pvt. Ltd. of the other part (and which draft Agreement is placed before this meeting and for the purpose of identification subscribed by the Chairman thereof) with power to the Directors of the Company, subject to the provisions of the Companies Act, 1956 to vary or alter such of the terms, provisions and conditions of the said draft Agreement before execution as shall not have the effect of increasing the remuneration of the Managing Agents, as may be agreed to between the Central Goverament and the Directors of the Company acting on its behalf."

The relative explanatory statement concerning the above special business under items 3, 4, 5, 7, 8 and 9 as required by Section 173 of the Companies Act, 1956 is annexed hereto.*

The Share Transfer Books of the Company will be closed from Monday, the 7th September, 1964 to Saturday, the 3rd October, 1964, both days inclusive.

By Order of the Board,
For RUIA INDUSTRIES PRIVATE LIMITED,
NIRMALKUMAR RAMNIWAS RUIA,
Director,
Agents.

BOMBAY, 20*th August* 1964.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

2. The Register of Contracts referred to in Special Resolution No. 7 above is open for inspection of the shareholders at the Registered Office of the Company during office hours.

3. Dividend, if sanctioned, will be payable at the State Bank of India on and from Tuesday, the 6th October, 1964 to those shareholders whose names stand on the Register on 7th September 1964.

4. Shareholders are requested to notify change in address, if any, to the Company.

* The annexure to the notice has been sent to the shareholders.

THE IMPERIAL TOBACCO COMPANY OF INDIA LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE Fifty-third Annual General Meeting of The Imperial Tobacco Company of India Limited will be held at VIRGINIA HOUSE, 37 CHOWRINGHEE, CALCUTTA, on Thursday 24th September 1964 at 3.30 p.m. for the transaction of the following business:—

To receive and adopt the Accounts for the year ended 31st March 1964 and the Reports of the Directors and Auditors thereon.

To declare a dividend.

To elect and re-elect Directors.

To appoint Auditors and fix their remuneration.

The share transfer books of the Company will be closed from 5th to 24th September 1964, both days inclusive, and transfers received in order at the Office of the Company's Registrars (Jardine Henderson Limited, 4 Clive Row, Calcutta 1) by 4th September 1964 will be in time to be passed for payment of the dividend, if approved, to the transferees.

The dividend, if approved, will be paid on 30th September 1964 to the Shareholders whose names appear on the Company's Register on 24th September 1964, or to their mandatees.

By Order of the Board,
P. J. RICKETTS
Assistant Secretary

3rd *August* 1964.
VIRGINIA HOUSE,
37 CHOWRINGHEE,
CALCUTTA.

Note: A member entitled to attend and vote at the General Meeting may appoint a proxy who need not be a member, to attend and on a poll to vote on his behalf.

EXPLANATORY STATEMENT

Mr. Patrick Evan John and Mr. Balwant Kumar Nehru, who were appointed Directors on 1st April 1964 to fill casual vacancies on the Board, will retire at the Annual General Meeting. A notice has been received from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the election of Mr. P. E. John and Mr. B. K. Nehru as Directors of the Company.

THE DEHRI-ROHTAS LIGHT RAILWAY COMPANY LIMITED

Registered Office:
DALMIANAGAR (BIHAR)

NOTICE

THE ANNUAL GENERAL MEETING OF the Company will be held on Tuesday, the 9th September, 1964, at 11.30 a.m., at the Registered Office of the Company at Dalmianagar, to transact the following business:—

To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31st March, 1964.

To declare dividend.

To appoint a Director in place of Shri U. S. Bajoria who retires by rotation, but being eligible, offers himself for re-election.

To appoint Auditors for the current year and to fix their remuneration. Messrs. Lovelock and Lewes, retiring Auditors, being eligible, offer themselves for re-appointment.

The Share Transfer Books of the Company will remain closed from 22nd September, 1964 to 29th September, 1964, both days inclusive.

By Order of the Board,
For SAHU JAIN LTD.,
A. K. JAIN,
Director,
Managing Agents.

CALCUTTA,
26th *August*, 1964.

N.B.—A member entitled to attend and vote at the meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of himself and the

HUKUMCHAND JUTE MILLS LIMITED

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE next Annual General Meeting of the Shareholders will be held at the Registered Office of the Company, 9, Brabourne Road, Calcutta, on Tuesday, the 29th September, 1964, at 4.00 p.m., for the following purposes:—

1) To receive and pass the Directors' Report and Audited Accounts for the year ended 31st March, 1964.

2) To declare dividends.

3) To elect Directors in place of those retiring.

4) To appoint Auditors and to fix their remuneration.

5) As special business to consider and if thought fit to pass with or without modification the following:—

As Special Resolutions:—

i) RESOLVED that all the Directors together be entitled to receive by way of remuneration a commission at the rate of 1 per cent of the Net Profits of the Company over and above the sum of Rs. 100 for each Director for each Meeting of the Directors, attended by him.

ii) RESOLVED that the Company do hereby consent to its Managing Agents Messrs. Ramdutt Ramkissendass to carry on its own a similar business as that carried on by the Company whether such business directly or indirectly competes with that of the Company.

Dividends, if declared, will be paid to Registered Shareholders only.

The Share Transfer Register of the Company will be closed from the 19th September, 1964 to 29th September, 1964 both days inclusive.

By Order of the Board,
RAMDUTT RAMKISSENDASS,
Managing Agents.

9, BRABOURNE ROAD,
CALCUTTA-1,
The 27th August, 1964.

A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

Explanatory statements in connection with the special business will be sent to the individual Shareholders.

MYSORE CHEMICAL MANUFACTURES LIMITED

CHIKBANAVAR P.O. (Bangalore Dist.)

NOTICE IS HEREBY GIVEN THAT THE 26th Annual General Meeting of the members of the Company will be held at the Registered Office of the Company at Chikbanavar P.O., Bangalore District, on Wednesday the 30th September 1964, at 10-30 a.m., to consider the Audited Accounts for the year ended 31st March 1964, declaration of dividend on Equity and Preference shares, appointment of Directors and Auditors.

The Share Transfer Books will remain closed from 17th to 30th September 1964, both days inclusive.

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

By Order of the Board,
S. RAMANATHAN,
Managing Director.

BANGALORE,
27*th August* 1964.

The Directors have recommended a Dividend of 15 per cent on Equity Shares and 7.80 per cent on Preference Shares, subject to deduction of tax, payable on and after 1st Octo-

ELLORE ENGINEERING COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE 30th Annual General Meeting of the members of the Company will be held at the Registered Office of the Company on Tuesday the 29th September, 1964 at 1 p.m., to consider the Audited Accounts for the year ended 31st March, 1964, Declaration of Dividend, Appointment of Directors and Auditors. The Share Transfer Books will remain closed from 24th September, 1964 to 29th September, 1964 (both days inclusive). Individual notices are being arranged to be sent to the members regarding the above.

CHANDRIE & CO. (P) LTD.,
Managing Agents.

Registered Office:
20, SECOND LINE BEACH,
MADRAS-1.
27th August, 1964.

THE VELLORE ELECTRIC CORPORATION, LIMITED

NOTICE IS HEREBY GIVEN THAT THE 35th Annual General Meeting of the members of the Company will be held at the Registered Office of the Company on Wednesday the 30th September, 1964 at 3 p.m. to consider the Accounts for the year ended 31st March, 1964, Declaration of Dividend and Appointment of Directors and Auditors. The Share Transfer Books will remain closed from 23rd September, 1964 to 30th September, 1964 both days inclusive. Individual notices are being sent to the members regarding the above.

CHANDRIE & CO. (P) LTD.,
Managing Agents.

Registered Office:
20, SECOND LINE BEACH,
MADRAS-1.
27th August, 1964.

THE VELLORE ELECTRIC CORPORATION, LIMITED

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Members of the Company will be held at the Registered Office at No. 20, Second Line Beach, Madras-1, on Wednesday the 30th September, 1964, at 3-30 p.m., to consider passing a Special Resolution for increase of the Share Capital of the Company, the individual notices of which is being arranged to be sent to the members, along with the explanatory note thereon.

CHANDRIE & CO. (P) LTD.,
Managing Agents.

MARTIN BURN LIMITED

NOTICE

AT A MEETING OF THE BOARD OF Directors held today, the Directors have declared an interim dividend in respect of the year ending 30th September, 1964 of Rupee ONE per share on the Ordinary Share capital of the Company to be paid on or after the 1st day of October, 1964 subject to deduction of tax at the appropriate rates, to the Members who are on the Register for Ordinary Shares on the 30th September, 1964. The Ordinary Share Transfer Books and Register will be closed from the 16th September to the 30th September, 1964 (both days inclusive).

By Order of the Board,
MARTIN BURN LTD.,
L. K. SEN CHOWDHRY,
Secretary.

Registered Office:
12, MISSION ROW,
CALCUTTA-1.

POYSHA INDUSTRIAL COMPANY LTD.

RAW MATERIAL SUPPLIES IRREGULAR AND INADEQUATE

CHAIRMAN, MR. M. R. RUIA, URGES TINPLATE MANUFACTURE ALONG NEW LINES

THAT the Indian tinplate production at present is outmoded was highlighted by Mr. M. R. Ruia, Chairman of the Poysha Industrial Company Limited, in his speech at the Seventh Annual General Meeting of the Company, held at Bombay on Monday, 24th August 1964. He emphasised that, unless some long-range steps were taken to undertake manufacture of thin tinplate and tinplate foil, India would be outclassed in this industry in the not too distant future. Mr. Ruia referred to the hand-to-mouth existence of the can industry because of inadequate and irregular supplies of raw materials. The Company had shown excellent working results during the year 1963-64, the profits having doubled from Rs. 2.11 lakhs a year ago to Rs. 4.26 lakhs in 1963-64.

Following is the text of Mr. Ruia's speech:

I am glad to report that the year 1963-64 has been a satisfactory year in most respects. Even in the existing factory at Bombay, with all its limitations, we have been able to show a distinct improvement in production, by increased efficiency and a certain amount of rationalisation. Our production of containers increased by no less than 18 per cent over last year's, and a substantial proportion of it was open top sanitary cans used mostly in the food preservation industry, the balance being general line cans for various industries like oils, paints, *vanaspati*, confectionery, etc. This performance must be regarded as quite satisfactory in relation to our resources. The very fact that, even after providing, among other things, Rs. 8.58 lakhs for taxation as against Rs. 2.95 lakhs in 1962-63, the profits for 1963-64 amounted to Rs. 4.26 lakhs as against Rs. 2.11 lakhs in the preceding year, is a measure of our striking improvement. The staff reorganisation already initiated has begun to produce results, and I am sure the performance during the current year will be even more satisfactory. I may mention that this will probably be the last year in which we shall function throughout the year in the present factory in Bombay, as we expect to move into the new modern factory near Thana before the end of 1965.

Expansion Programme

We have not been idle regarding our expansion programme. We have now acquired a total area of 33 acres of valuable land for our factory near Thana from the Maharashtra Industrial Development Corporation. Tenders are being invited for the construction of the new factory buildings on the basis of plans and lay-outs prepared by our architects. We hope to begin construction soon after the monsoon, and shall complete it as speedily as possible.

The land for the Cochin factory, comprising about ten acres, has also been bought at Mamala near Ernakulam, and we are now studying the plans for the factory buildings and installation of the plant. The site is a good one, about a mile, as the crow flies, from the new Oil Refinery complex.

The actual site for the new factory at Ghaziabad has also been selected, after personal inspection of the Uttar Pradesh Industrial Estate, and we are now negotiating the detailed terms of the purchase.

I may also mention that the requirements of our Associate, Kaira Can Company, which has been created solely to meet the needs of the Kaira District Co-operative Milk Producers' Union at Anand, have been receiving full attention. As there were difficulties in the procurement of land for this Company through the State Government, our Associate carried on private negotiations and has succeeded in selecting a suitable site (about 10 acres) near Anand. The plans for the factory buildings are also under preparation.

Automatic Printing Plant

As regards the plant, a modern automatic printing plant has already been imported for our Bombay factory and is now awaiting installation at the new factory at Thana. I am also glad to report that we have at last succeeded in getting permission from the Government of India for a second automatic bodymaker line for our Bombay factory, the absence of which has been a bottleneck in production there. The new equipment will enable quick changeovers from one can diameter to another, without appreciable loss of time, and we shall also be in a position to manufacture containers of larger diameters. The Government have also agreed to the importation of all the plant and machinery we had selected for the factories at Cochin and Ghaziabad, and we expect the import licences to be issued shortly.

The Kaira Can Company has already placed orders with American suppliers for the machinery required, and we expect the equipment to reach India some time before the end of this year.

The present year and the next will, therefore, be a very active year for our Company, involving the construction of four new factories for ourselves and our Associate, and the installation of up-to-date plant in each of them. When they start production, we shall get rid of our present strategic disadvantage in having only one important manufacturing centre at Bombay, and having to bear the handicap of long transport and high packing costs to various markets in distant parts of India. We shall, like the major producer of cans in this country, be in the happy position of catering for regional markets from the regional plants.

I mentioned in my last review the new developments regarding receipt of orders for various types of cylinders, etc., from the defence departments. We have made much progress in this respect, and were able to secure substantial orders, a considerable part of which has already been executed.

Our share in the present export drive has continued to expand, and I am glad to report that during 1963-64 about Rs. 20 lakhs worth of goods were exported in our containers. The beginning of the present year has already shown further remarkable progress in this direction, and new export markets have been created.

Raw Materials

I must mention one point in connection with the availability of our present raw material, namely, tinplate. While, on the whole, we had a slightly better, though still not an adequate supply of tinplate for our manufacturing requirements, the disturbing feature has been that arrivals have not been following any regular pattern. We get very large quantities of tinplate in some months, followed by a lean period, including some months with no arrivals at all. This absence of a proper phasing militates against any sensible planning of our whole manufacture throughout the year, and causes our customers considerable inconvenience. I do not know what the Government can do in the present circumstances to help us out of this condition of a relatively hand-to-mouth existence; but any long-range programme by them involving the proper staggering of indigenous production, as well as of imports, would be a real boon to us.

You will be interested to see from the relevant balance sheet and profit and loss account annexed to this report that our wholly-owned subsidiary, Colrige, has also had a successful year. The sales in 1963-64 exceeded Rs. 6 lakhs, and the previous loss has been converted into a sizable profit.

A word regarding our future activities. You will observe from the Directors' report that the capital is going to be increased from Rs. 25 lakhs to Rs. 110 lakhs. We have carried on detailed negotiations with important financing agencies like the Industrial Credit and Investment Corporation of India, Kerala State Industrial Development Corporation, Industrial Finance Corporation, Life Insurance Corporation, the U.P. State Industrial Corporation, and certain banks, for foreign exchange or rupee loans, or underwriting facilities. I am confident that these negotiations will soon fructify and that we shall shortly be fully armed at every point to embark on our scheme of modernisation and expansion, at the end of which we and our Associate will have four modern plants, combining the latest Continental and American techniques, and located at strategic centres, to enable us to cater for the greater part of India, besides contributing our tangible share to Indian exports.

All this has been possible as the result of combined team-work at all levels. Our staff have fully co-operated, and our relations with labour continued to be harmonious. I am happy to convey my thanks to them on your behalf.

Competition

Finally, I feel I should take the opportunity to refer to a topic which will be of paramount importance to the can manufacturing industry in this country within a decade or two. As you are well aware, tinplate has been facing increasing competition from other materials like aluminium, paper, plastics, etc., and has had to adapt itself to meet this competition. The enormous impact of aluminium as a package material on the American beer can manufacture industry first made American tinplate producers seriously think of a modified tinplate to meet this formidable challenge; and "tinplate," otherwise known as "double cold reduced tinplate," was expressly created to meet the challenge. A survey of current tinplate manufacture in the United States reveals that this particular variety of tinplate is now developing very rapidly and that almost all producers, including the "Big Three," have now started large-scale manufacture of this type. Another recent development is tinplate "foil" which has a paper-thin gauge of two-thousandths of an inch.

We, in this country, cannot afford to stand still while all these modifications are going on in the largest tinplate producing country in the world, whose practices and methods are bound to have a controlling effect on tinplate manufacture elsewhere. Many other countries outside America (for instance, the U.K. and Japan) have also taken up the manufacture of thin tinplate and are likely to take up the manufacture of tinplate foil also. All of India's tinplate production at present is hot-dipped, which is already outmoded (less than 3 per cent of the total manufacture of tinplate in the U.S.A. is of this variety today), and I note that a beginning is to be made in Rourkela in the manufacture of electrolytic tinplate. This is good so far as it goes. Unless, however, the Government take a long-range view, and modify the Rourkela programme in the fourth Plan and take steps now for the manufacture of at least a certain percentage of thin tinplate and tinplate foil, I am afraid we will be hopelessly outclassed in the not too distant future. The same consideration applies to the proposed new plant at Bokaro. I would earnestly request the Government to give this matter serious thought and arrange for a progressive increase in the manufacture of these two new varieties which have a great bearing on reducing the cost of tin cans and will enable our industry to face competition from containers made of other materials, not only in India but as regards exports also. An ancillary suggestion I would also make is that during the period in which this manufacture is being started in this country, imports should be allowed of tangible quantities of these two new varieties of tinplate to enable us to try them out on our plants and get ready in time to cope with full-scale production when the need arises. This need, I repeat, will be on us within possibly a decade.

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

TWIN-SPINDLE GRINDING MACHINE

A twin-spindle grinding machine, specially designed for grinding components simultaneously on two faces, which are parallel to each other but at different levels, is being produced by Abwood Machine Tools Ltd., in England. Incorporating two vertical wheel-spindles, each of which can accommodate a grinding wheel up to 5 in. in diameter, the machine makes it unnecessary, as with conventional surface grinders, to repeatedly re-set the wheel height in order to treat first one face of a component and then another. The spindles are adjustable vertically and independently of each other. When grinding two faces at different levels, the difference in level can be maintained as the wheels are dressed as required by two diamond tools at the correct height one above the other. However, if the wheels are to be used at the same height, they are both dressed by one diamond tool which is on a rotary mounting so that it can be moved across both wheels. The mounting is rotated by hydraulic motor. In addition to their vertical adjustment, the grinding spindles can be set individually so that their centres are variable from 5 in. to 7 in. apart. A hand traverse is also provided to aid setting. The machine is arranged for both wet and dry grinding.

NEWS IN BRIEF

THE Life Insurance Corporation has agreed to make available to the State Governments Rs. 12 crores every year for their various housing schemes.

The Union Government has decided to participate in the Ceylon Industrial exhibition at Colombo to be held there early next year.

The Export-Import Advisory Committee is meeting at New Delhi on the 12th and 13th of this month under the presidentship of Mr. Manubhai Shah, Union Minister for Commerce.

A five-member delegation (leader: Mr. K. K. Modi) sponsored by the Plastics and Linoleums Export Promotion Council left on the 3rd inst. to attend the International Fair at Zagreb in Yugoslavia. During its four-week tour abroad, the delegation will explore new markets for plastic products.

An eleven-member Indian industrialists' goodwill delegation, headed by Mr. A. M. M. Murugappa Chettiar, is expected to leave Bombay on the 21st inst. on a one-month tour of African countries. The delegation will visit Nigeria, Ghana, Sudan, Ethiopia, Uganda, Tanganyika, Malawi, Northern Rhodesia and Kenya.

The Committee for Presidential awards for public sector industrial undertakings has decided to award a certificate of honour to the Fertiliser Corporation of India (Nangal Unit) for satisfactory performance during the year 1962-63. It will be recalled that the Sindri unit of the Fertiliser Corporation received a similar award last year.

Cotton textile mills' production in July 1964 is provisionally placed at 82 million kgs. of yarn and 415 million metres of cloth, as against 77 million kgs. of yarn and 385 million metres of cloth produced in the same month last year. The composite mills held during the month an estimated cloth stock of 93,000 metric bales as unsold and 155,000 metric bales as sold but unlifted.

The Monopolies Inquiry Commission proposes to meet the representatives of various chambers of commerce and some members of Parliament in order to collect information on the functioning of the industrial sector. Copies of questionnaire drawn up by the Commission to elicit views on various matters covered by its terms of reference have been sent to economists, industrialists and representative bodies of trade and industry.

The annual requirements of coal mining machinery and equipment in the remaining period of the current Plan and during the fourth Plan period will be assessed by a six-member expert committee formed recently by the Union Ministry of Steel and Mines. The Committee will also, *inter alia*, draw up a programme envisaging manufacture of coal-mining equipment at the mining machinery plant on the basis of demand.

Bombay is the fifth largest city in the world, with a population of 4,422,165, according to the United Nations *Demographic Year Book 1963*. Tokyo continues to be the largest city with a population of 8,613,000, closely followed by New York (7,781,984), Shanghai (6,900,000) and Moscow (6,317,000). These figures, however, refer only to population with the administrative boundaries of each city.

Twelve tonnes of Indian-made electrodes were exported to Thailand for the first time in June this year. Thailand's total demand for electrodes is considerable. This first order for export received from Thailand was the result of visits to that region by senior officials of Indian Oxygen Ltd. The staff of Indian Oxygen's electrode factory took special care in inspecting the material for export and a new method of packaging—that of putting electrodes in cardboard cartons packed inside wooden cases—was evolved in the process.

The Mitsubishi of Japan, which is to extend capital and technical collaboration for the second shipyard at Cochin, has decided not to press its demand for the Indian Government guaranteeing dividend on the investment it proposes to make in the project. The question of equity participation and payment of royalty is stated to have been settled. The Japanese firm's share in the equity will work out to Rs. 1.5 crore. The total investment in the project is estimated at Rs. 9 crores with a foreign exchange component of Rs. 2.5 to Rs. 3 crores.

The Government of Iceland has offered technical and economic assistance to India in developing fish and sea foods industry, according to Dr. Gylfith Gislason, Iceland's Minister of Education and Commerce. The Government of India is to prepare a suitable project report which will be sent to the Iceland Government for examination and decision as to the size of the economic and technical assistance that can be made available. Incidentally, India will send one or two representatives to Iceland for contacting importers of traditional export items of tea, textiles and other consumer goods.

Production of iron ore in India (including Goa) during the month of May 1964, was 1.60 million tonnes. This brings the total output during the period January-May to 8.61 million tonnes which is 5 per cent lower than the corresponding period last year. Orissa was the leading producing State during the month under review with a production of 440,000 tonnes, followed by the Union Territory of Goa (451,000 tonnes), Bihar (280,000 tonnes), Madhya Pradesh (222,000 tonnes) and Mysore (97,000 tonnes). The States of Andhra Pradesh, Maharashtra and Rajasthan jointly contributed the remaining 41,000 tonnes of the all-India output.

Hindustan Salts Ltd. is considering a proposal to set up at Kharagodha a plant for recovering by-products like magnesium chloride and sulphate from bitterns. Presently this work is being done under a special agreement by the Pioneer Magnesia Works; the agreement is to be terminated shortly. Another scheme for the manufacture of salt tablets for saline injections as well as for oral use is to be finalised soon. Meanwhile, the detailed project report submitted by a West German firm for the installation of an integrated washery-*cum*-sodium sulphate recovery plant at Sambhar costing about Rs. 120 lakhs is still in cold storage since credit facilities are not available.

Three Indian factory inspectors, at present studying in Britain under the Colombo Plan, attended a special industrial safety training course held at Wadham College, Oxford, from 30th August to the 4th inst. The course, which is sponsored and run by the Royal Society for the Prevention of Accidents, was also attended by factory inspectors from other countries of the Commonwealth. A similar series of courses has been running in Britain since 1941, at which over 3,000 students, including 350 from 51 oversea countries, have received safety instruction. The course at Oxford was, however, the first one designed specially for oversea officials.

The U.S. Export-Import Bank has authorised a loan of Rs 3 crores ($6,825,000) to the Central Pulp Mills Ltd. of Poona to purchase the U.S. goods and services needed for establishing a bamboo pulp mill at Fort Songad. The initial capacity of the mill will be 24,800 tons per annum to be increased to 33,000 tons in the seventh year of operations. The mill is expected to go into production within two years. The prime contractor for the project is Sandy Hill Corporation, Hudson Falls, New York, which will manufacture some of the required equipment and also act as the purchasing agent for other components. The Poona firm has selected the Sandwell International, Portland, Oregon, as its consultant engineers.

The decision of the Central Government that only aluminium (in place of copper) should be used in the manufacture of cable and wires of sizes upto 1/.044" copper was endorsed by the Standing Committee of the Central Ministry of Industry and Supply for substitution of copper in the electric wire and cable industry at its meeting held at Kundara recently. The Committee opined that, in view of the acute scarcity in foreign exchange and of the increasing requirement of lead required for meeting Plan targets, aluminium sheathing should be employed for power cables in the place of lead sheathing. A period of three years was suggested to accomplish this switch-over. In the programme of switchover to aluminium, the Committee also considered aluminiumising of high tensile steel core wire in the place of zinc galvanising.

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From Abroad

The Governments of Liberia, Guinea, Sierra Leone and the Ivory Coast have agreed to set up a high-level joint commission to study the possibilities of creating a free-trade zone covering the four countries.

The Bulgarian Government has decided to build near Varna a new motor factory with a capacity to produce 53,000 diesel motors per annum A part of the machinery and equipment for the factory will be supplied by the Soviet Union.

Industrial production in West Germany during the first seven months of 1964 was higher by 9 per cent, as compared with the corresponding period last year. The growth rate was 14 per cent in respect of the basic industries, 15 per cent in the building industry and 8 per cent in the capital and consumer industries.

Malaysian Airways, an associate of the British Overseas Airways Corporation, is to buy five Comet 4 jet airliners from the B.O.A.C. at a total cost of about £1 million. The airliners to be delivered next year, will come from the B.O.A.C.'s fleet of 19 Comets which are to be gradually phased out of service to make way for VC-10s and super VC-10s.

Israel's first plant to produce basic lubricants and waxes is now nearing completion and is scheduled to go into production early next year. The installed capacity of the plant is 25,000 tonnes per annum, but actual production during the first year of operations will be 15,000 tonnes. The current market requirements are estimated at 13,000 tonnes.

A new £15-million oil refinery with an initial processing capacity of three million tons a year is to be built in Britain. Work on the refinery, to be built for the Continental Oil (U.K.) Ltd. at Immingham in Lincolnshire, is expected to start next year. The plant is scheduled to operate during the latter half of 1966. Crude oil supplies will be drawn mainly from Continental's Libyan fields.

The International Finance Corporation is joining with leading financial institutions in Spain, France, Germany, Italy, the U.K. and the U.S. in subscribing to a new issue of capital shares of Banco del Desarrollo Economico Espanol, S. A. This company was established in 1963 to supply share and loan capital to private Spanish industry and to assist in broadening the market in Spain for corporate issues.

PERSONAL

MR. R. N. Chettur has been appointed as the Managing Director of the State Bank of India in place of Mr. B. Mukerji.

Mr. M. N. Kaul, who retired recently as Secretary of the Lok Sabha, has assumed charge as Public Trustee under the Companies Act.

Mr. R. Storey Dickson of Kanan Devan Hills Produce Company Ltd., Munnar, has been elected President of the United Planters' Association of South India, Coonoor, for the current year.

Mr. Humayun Kabir, Union Minister for Petroleum and Chemicals, returned to New Delhi on Monday this week after visiting London, Paris, Rome and Bucharest to explore the possibilities of collaboration in setting up petrochemical complexes in India.

Mr. Michael L. Lejeune, Assistant Director of the Department of Operations—Far East of the World Bank and I.D.A., has been appointed Director of Administration of the World Bank, the International Finance Corporation and the International Development Association. He succeeds the late Mr. William F. Howell. He will take up his new post on the 1st of next month.

The Life Insurance Corporation of India has been reconstituted with effect from 1st September 1964. Its members are: Mr. B. K. Kaul (Chairman), Mr. Rai Amarnath Agarwal, Mr. P. D. Chaliha, Mr. C. C. Chokshi, Mr. Y. A. Fazalbhoy, Prof. D. T. Lakdawala, Mr. Bhaskar Mitter, Mr. S. Govindarajulu, Mr. V. K. Narasimhan, Mr. Kedar Pande, Mr. G. V. Puranik, Mr. M. V. Rangachari (Deputy Governor, Reserve Bank of India), Mrs. Raksha Saran, Mr. V. R. Thayamanaswamy and Mr. Sucha Singh Anand.

The U.S. General Electric Company and the Olivetti Typewriter Company of Italy are said to have entered into an agreement under which the Italian firm will transfer its electronic branch to a new company. The General Electric Company will have majority holding in the new company. The exact division of the new company's capital between the two companies is still under negotiation, but it is believed to be something like 60-40 or even 70-30 per cent.

The International Monetary Fund has approved a stand-by arrangement that authorises the Government of Bolivia to draw the equivalent of $12 million in currencies held by the Fund during a twelve-month period beginning 1st September 1964. The arrangement will give support to a financial programme designed to ensure the country's balance of payments equilibrium and bring further progress towards domestic price stability. Bolivia has maintained almost continuous stand-by facilities with the Fund since 1956. Its quota in the Fund is $22.5 million and outstanding drawings are equivalent to $7.8 million.

The Government of Pakistan has decided to organise in March-April 1966 an international exhibition which will mark the completion of the second Five-year Plan and the commencement of the third Plan. The main theme of the exhibition will be "Achievements and prospects." The exhibition provides the forum to the various sectors of national life to make visual presentation to the nation of the progress so far made in the fields of industry, agriculture, education, health, etc. National industry would particularly be able to set forth the success achieved in increasing the production of goods, improvement of quality and design and in enlargement of the scope of manufacturers. It will provide an opportunity to countries interested in the development of Pakistan to demonstrate the contribution they have made and to assess the opportunities for future participation.

Proposals for a credit agreement for enlarging the Mysore Iron and Steel Ltd. into a special steel and alloys plant are now in the final stages of examination. And when an agreement is signed, in the near future, between the Government of India and the Development Bank of the West German Government, the Mysore plant will have an advance credit of DM 60 million (approximately Rs. 7.2 crores) for the import of equipment from Germany. The enlargement project is estimated to cost Rs. 10.75 crores, of which the foreign exchange component will be about Rs. 7 crores. When the project is completed, the production capacity of the plant will be 77,000 tonnes per annum of high speed steel, high alloy steel, free cutting and spring steels and constructional steels. At present, the plant is producing 80,000 tonnes of pig iron from one blast furnace of a capacity of 80 tonnes and from two electric pig iron furnaces each with a capacity of 100 tonnes.

The International Development Association has extended a credit equivalent to $5.25 million to Pakistan for the further improvement of inland water transport of East Pakistan. The credit is for a term of 50 years. Repayment of principal will begin from 15th July 1974 after a 10-year period of grace. Thereafter, 1 per cent of the principal will be repayable annually for 10 years and 3 per cent will be repayable annually for the final 30 years. The credit is free of interest but a service charge of ¾ per cent per annum on the amount withdrawn and outstanding will be made to meet I.D.A.'s administrative costs. The Government of Pakistan will relend the proceeds of the credit to the Province of East Pakistan on I.D.A. terms. The Province will make the proceeds of the credit available to the East Pakistan Inland Water Transport Authority at 3½ per cent interest to be repaid over 25 years, including five years of grace.

TREND OF MARKETS

RESULTS OF STATE LOANS

(From Our Own Correspondent)

BOMBAY, *2nd September*

With the closure of the subscription lists of Rajasthan and Kerala loans on Thursday, 27th August, the borrowing programme of 13 State Governments has been completed. The actual aggregate subscriptions amounted to Rs. 109.14 crores, as against the total of Rs. 100 crores invited. All the loans were either fully subscribed or oversubscribed within the time prescribed. The details of the amounts invited and the amounts actually subscribed are given below:

(In crores of Rs.)

	Amount invited	*Amount subscribed*
Maharashtra	15.00	15.01 (1.07)
Madras	14.00	14.00
Andhra Pradesh	11.00	13.81
Uttar Pradesh	10.00	11.55 (1.02)
Orissa	8.00	9.12
Gujarat	7.00	8.93
Mysore	7.00	7.00
West Bengal	7.00	7.00 (0.48)
Madhya Pradesh	5.00	5.20 (0.21)
Rajasthan	5.00	5.23
Bihar	4.00	4.78
Kerala	4.00	4.39
Assam	3.00	3.12
Total ...	100.00	109.14

Note: The figures in brackets relate to conversion to old loans. The actual amounts of these loans were: Maharashtra Rs. 5.98 crores; Madras Rs. 5.25 crores; Uttar Pradesh Rs. 5.89 crores; West Bengal Rs. 2.00 crores; Madhya Pradesh Rs. 2.03 crores.

It will be seen from the above figures that the response to the State loans was quite good. But it so happened that, immediately after the subscription lists were closed, the majority of loans were quoted well below their issue prices, the discount ranging from one rupee to Re 1.75. The only exceptions were Maharashtra, Gujarat and West Bengal loans which were quoted at the issue price, namely, Rs. 100 in the case of the first two loans and Rs. 99.75 in respect of the third.

The short-term money market continued to rule easy until yesterday when it turned somewhat tight. The earlier easiness was due to easy availability of funds. The call rate for both renewals and fresh money was unchanged at 2 per cent. But yesterday, owing to a sudden spurt in demand for funds, the call rate rose to 2½ per cent, with stray transactions put through at 3 per cent. Today, too, the market was tight; even renewals fetched 3½ per cent. Fresh money, too, was quoted at 3½ per cent with borrowers over. Calcutta reported stringent conditions, the call rate there jumping up again from 3-3½ per cent to 4½-5 per cent.

Despite the firmness of the short-term money market yesterday, the 91-day Government of India Treasury Bills evoked encouraging response. The total amount offered at Rs. 4 crores was double that invited (Rs. 2 crores). The average rate of accepted tenders was unaltered at Rs. 2.400 per cent per annum. The response to Intermediate Treasury Bills, however, was very limited; the amount of Bills actually sold from 24th to 29th August was Rs. 2 crores, as against Rs. 12.90 crores a week before and Rs. 8.56 crores two weeks before.

India's foreign exchange reserves declined by Rs. 2.85 crores to Rs. 95.61 crores during the week ended 28th August 1964. The decline was entirely in balances held abroad which stood at Rs. 10.15 crores, as against Rs. 13.00 crores. The foreign securities held in the Issue Department of the Reserve Bank were unchanged at Rs. 85.46 crores. Deposits of scheduled banks with the Reserve Bank fell by Rs. 30.25 crores to Rs. 91.91 crores apparently because of the subscriptions to the State loans. Loans and advances to scheduled banks were a shade higher at Rs. 2.06 crores. Notes in circulation receded by a further Rs. 33.69 crores to Rs. 2,390.12 crores.

There was a sharp fall of Rs. 17.43 crores to Rs. 1,719.88 crores in the total credit made available by scheduled banks to their clients during the week ended 21st August 1964. Since, at the same time, deposits went up by Rs. 23.58 crores to Rs. 2,689.12 crores, borrowings declined by Rs. 59 lakhs to Rs. 1.78 crore. Investments improved by Rs. 20.23 crores to Rs. 775.11 crores and so also total cash by Rs. 4.74 crores to Rs. 175.38 crores.

Many new State loans, as already stated, were on offer at a discount of a rupee to Re. 1.75 under their issue price, as those who had applied for these loans to oblige the State Governments concerned turned as sellers. Among Central loans, 3 per cent non-terminal fell by a rupee to Rs. 62.50. 4 per cent 1969 dropped 20 P to Rs. 99.35. 3½ per cent 1967 National Plan Bonds eased by 15 P to Rs. 99 and 3 per cent 1966-68 by 5 P to Rs. 98.35.

In the foreign exchange market, the banks' buying and selling rates for U.S. dollars were unchanged at Rs. 477.25 and Rs. 480.75 per $100, respectively. In New York, the pound sterling eased again *vis-a-vis* the dollar, the spot rate declining by 0.130 cent to 278.400-278.420 cents and the three months' forward by 0.120 cent to 277.990-278.010 cents.

BULLION DULL

(From Our Own Correspondent)

BOMBAY, *2nd September*

The bullion market presented a dull appearance during the week under review. Operators were hesitant to enter into fresh commitments either way, in view of the recent official raids to unearth unaccounted money. Demand for both gold and silver was at a low ebb. Over the week, the yellow metal was a shade easy, while the white metal was slightly better.

Silver began the week at Rs. 256.50, same as last week, and moved down due to selling pressure to Rs. 255.50 on Tuesday. But firm advices from other centres helped the metal to recover and close a shade better at Rs. 257 today. The daily average arrivals and offtake of silver were much lower at 22 and 5 bars, respectively.

Fourteen-carat gold opened higher by 25 paise at Rs. 72.75 on some support. Subsequently, however, it fell to Rs. 72 on lack of steady demand and better arrivals. Primary gold, in unofficial trading, was marked down by Rs. 3 to Rs 121 on reports of the Government's determined bid to curb smuggling. Sovereign was dull at Rs. 93.

The international price for gold in the London market was quoted higher at $35.07¾, as against $35.06¾ last week. The sterling price gained further 1¾d. to 251s. 11¾d. Both ready and forward silver remained unchanged at 112d. and 112¼d., respectively, as also silver in New York at 129.3 cents.

The Union Government has permitted the dealers licensed under the Gold Control Rules to maintain their accounts under the old forms till the end of this year. The new forms of accounts must, however, be introduced from 1st January 1965. This decision is a sequel to representations by dealers for an extension of the time limit.

The Punjab Government has ordered an inquiry into the issuance of certificates of goldsmiths affected by the Gold Control Order. It is learnt that a number of other persons unconnected with the trade have managed to secure certificates, loans and other facilities provided for the goldsmiths.

In Kerala, the Government has formed nine pilot societies with a total membership of 500, one in each district, as part of the scheme of rehabilitation of persons affected by the Gold Control Order. These societies will manufacture silver and 14-carat ornaments and other utility articles. Out of an estimated 28,000 displaced goldsmiths in Kerala, 13,500 have applied for licences to continue as professional godsmiths. Nearly 6,300 of them have received the same till last May.

In Gujarat, loans aggregating over Rs. 85 lakhs had been sanctioned to goldsmiths affected in the State by the Gold Control Order upto January this year.

The following table shows the trend of prices during the week under review:

	2-9-64 (closing)	High	Low	26-8-1964 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (996 fine) ..	257.00	257.00	255.50	256.50
GOLD				
Ready (14-carat) ..	72 00	72.75	72.00	72.50
Sovereign ..	93 00*	—	—	93.00*
London—				
Gold ..	251s. 11¾d.	252s.01d.	252s.10½d.	251s.10d.
Silver Ready ..	112d.	—	—	112d.
Silver Forward ..	112¼d.	—	—	112¼d.
New York—				
Silver ..	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

EXPORT DUTY ON BENGAL DESHI ABOLISHED

(From Our Own Correspondent)

BOMBAY, *2nd September*

The much-awaited official announcement abolishing the export duty on the Bengal *Deshi* materialised on 31st August 1964. The announcement was warmly welcomed in the market. This was evident from the instantaneous rise in the price of Bengal *Deshi* for December delivery contract, from Rs. 735 to Rs. 745 per candy, a gain of 10 points over the price ruling before the announcement. The complete removal of export duty on cotton has been regarded as the most appropriate finish to the liberal 1964-65 export policy announced on 22nd August 1964. The export duty of Rs. 25 per bale has been in force since 16th November 1958 but the removal of duty to the extent of 50 per cent on this variety by Pakistan in June last, has been the main factor responsible for its abolition. With its removal now, the Indian short staple cotton should be able to compete effectively in world markets, especially in view of the fact that quality-wise Bengal *Deshi* is superior to the comparable staples grown in Pakistan.

It is however quite possible that sooner or later Pakistan, too, may abolish the remaining export duty of Rs. 10 per bale.

Japan, the chief importer of Bengal *deshi* is understood to be reluctant to opening letters of credit and instead wishes to buy on credit for thirty and sixty days. In a meeting of East India Cotton Association today, it was however, decided that sales of Bengal *deshi* should be effected only against letters of credit. There is a feeling amongst exporters that, in the absence of L/Cs, financial help from banks will not be forthcoming resulting in hardships to shippers of limited means. Some interest, however, has been witnessed in Bengal *deshi* and export business to the extent of 2,000 bales is reported to have been transacted. After going down to Rs. 738, Bengal *deshi* quickly recovered today to Rs. 746 per candy.

In the futures section, distinctly firm conditions prevailed in the earlier part of the week on account of rains in the Punjab and the reported damage to crops and also of unfavourable weather reports from Berar districts. In the latter half of the week, however, the futures developed a sagging tendency owing to selling pressure from up-country operators, besides profit-taking at higher levels. This was the first time after the expiry of the Jarilla August contract that the March contract has shown a downward trend. Its subdued state was also attributed in a certain measure to the after effects of the August contract which, it will be recalled, has left a burden of about Rs. 10-12 lakhs on brokers and has, therefore, crippled their capacity for taking new risks. On the last day of the week, there was a slight recovery mainly on account of a large purchase by a leading bull who, it is estimated, has already accumulated a long position to the tune of 60,000 bales in the distant contract.

The Jarilla March 1965 contract, which closed at Rs. 734.25 last week, opened at Rs. 736 this week and after touching a high of Rs. 736.50 on 28th August 1964, dipped to Rs. 728.25 on the penultimate day of the week before closing a shade higher at Rs. 731. Thus, there has been a net loss of Rs. 3.25 over the week.

In the spot market at Sewri, there were no notable developments. Co2 and L.147 varieties remained in constant demand. Daily turnover was, however, restricted. The following are the latest available rates for certain popular varieties:

Hubli Laxmi Rs. 1,110, Rs. 1,120; Bengal fine Rs. 739, 740, 744 and 745; Kotal L.147 Rs. 1,310 f.o.r. Ahmedabad; Challisgaon Co2 Rs. 1,550; Baramati Laxmi New Rs. 1,565 and Gadag Laxmi Rs. 1,120.

ART SILK YARNS EASIER

(From Our Own Correspondent)

BOMBAY, *2nd September*

The yarn market was devoid of any new development during the week under review. Art silk yarns continued to rule easy, for arrivals were quite heavy, while demand from consuming centres was poor. Weavers were buying their minimum requirements due to low offtake of finished fabrics. Consequently, weak holders were eager to reduce their commitments, with the result that prices drifted downward. Staple fibre yarns were fully steady, thanks to moderate demand from Surat weavers. Cotton yarns ruled quiet.

Futures trading in art silk yarn, which was to commence from the middle of this month, has been postponed to next month, as the current month is considered inauspicious. Actual trading is expected to commence on the *Dasara* day, that is, 15th October next. Meanwhile, trade circles are hoping that the Government would allow forward trading in staple fibre yarns also.

Among art silk yarns, National Rayon 120D eased by 11 P to Rs. 11.57. Bright Century declined by 12 P to Rs. 18.57. National Rayon 150D and South India Viscose 120D were neglected at last week's level of Rs. 10.93 and Rs. 13.46, respectively.

In the staple fibre yarn (2 x 34 French Count) section, City strengthened by 6 P to Rs. 9.61. Pioneer and Vasantas were firm, the former at Rs. 9.35 and the latter at Rs. 9.72. Sriram, however, shed 2 P to Rs. 9.22.

Cotton yarns 34s Madura lost a rupee to Rs. 42. All other counts were dull at last week's level. 50s Minerva provided an exception and went up on special demand by Rs. 7.50 to Rs. 61.50.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	2-9-1964	26-8-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	11 57	11 68
Century 75D	18 57	18 70
S. I. Viscose 120D	13.20	13.20
Staple fibre yarn-34 x 2 *French Count* (per kg.)		
Pioneer	9.35	9.35
Premier	10 03	9.90
City	9.61	9.55
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.00	21.00
17s Modern	22 00	27.00
27s Madura	35 00	35.00
34s Madura	42 00	43.00
52s Pioneer	66 75	69.30
68s Finlay	106.70	106.70

OILSEEDS FIRM

(From Our Own Correspondent)

BOMBAY, *2nd September*

During the week, the castor and linseeds September contracts went off the board, but trading in these had almost been at a standstill for quite some time. The trend had been firm and apparently the commodities were worth prices higher than the ceilings fixed for them. Therefore, though castor September was nominally mentioned at Rs. 181.50, transactions in private continued to be reported at as high as Rs. 184.75. The official rate last heard was Rs. 183 and the contract was unquoted on Wednesday. Linseeds, too, were quoted just below the ceiling of Rs. 45.

It is said that traders have come to an understanding by which the outstanding positions of castor September would be squared up at an agreed rate of Rs. 182. The outstanding position in this contract is believed to be more than 150,000 candies. The understanding seems to have been inspired by the fact that one of the leading bears is finding it difficult to meet his obligations and that the situation is more or less similar to the recent one in cotton. There is, however, a feeling that, while, in this particular case, a settlement is both necessary and desirable, there is no point in extending the facility to all the bears some of whom traded with their eyes wide open and thought that they could book sizable profits by bearing the market. It is argued that it would be unfair to ask bulls to liquidate their holdings at Rs. 183 when there is a ceiling of Rs. 186.50 and against the background of a spot price of Rs. 196.50.

The new crop March contract ruled quietly steady at the close, but, by and large, the trend in castor is distinctly bearish. Operators are reluctant to build up long positions, for, although spot castor prices do not warrant any selling at current levels, sentiment in the market has been currently disturbed by reports that some parcels of castor oil have been held up at the docks in Bombay. It appears that, due to a sectional strike, the holds are not cleaned and as such no oil can be pumped into them. This is said to have put a heavy burden on exporters who have been left with no choice other than to cover. Otherwise, they will have to keep the goods in storage at very heavy cost to themselves.

Further, the trend in castor is inextricably linked to the prices of groundnut oil and groundnuts. Estimates place the new crop at 3.8 million tonnes, as against the 3.2 million tonnes of last year. If the Government permits exports of new crop groundnut oil, the price, which at present is Rs. 1,800 per metric tonne for December against the current spot price of Rs. 2,775, is likely to shoot up by at least Rs. 500, according to knowledgeable circles. If exports continue to be banned, the price may decline to Rs. 1,500. Traders argue that, if new crop groundnut oil were sold at Rs. 1,500 a ton, castor oil should fetch Rs. 1,400, as against the spot price of Rs. 1,750. In that case, the corresponding rate for castor futures would be Rs. 160 per candy, as against Rs. 176 in futures now and Rs. 196.25 for the spot material. The outlook, therefore, depends to a considerable extent on the export policy for groundnut oil. Overseas quotations for castor oil indicate a firm tone with London quoting £123 for commercial oil spot and £127 for B.S.S.

During the last few days extractions have been firm and, following the closure of some of the solvent extraction plants for want of raw materials, the price has gone up to Rs. 421-422 per metric tonne. Distant positions are also tight with October quoted at Rs. 418. New crop November and December have improved by Rs. 10 to Rs. 385, respectively, on covering by shippers. It is reported that, against a link deal with the State Trading Corporation, a leading U.K. and Continental buyer has bought between 60,000 to 70,000 tonnes of groundnut extractions for November-March shipments paying 10s. to 15s. over and above the prices prevailing in the United Kingdom. It is said that, for November shipments, business has been put through at £36-5, at £35-15 for November-December, £35-10 for December, and £35-5 for January-February-March. Demand appears to be unsatisfied as yet, particularly against the link deal.

Linseeds September contract was mentioned at Rs. 44.87, but the new crop March contract was bid at a comfortable discount, the latest rate being Rs. 38.84. Spot linseed continues to be firm at Rs. 48. Cottonseeds September remained mostly untraded, but the January contract, though basically weak at Rs. 97, was slightly steady at the time of writing. The market is awaiting permission for trading in new crop groundnuts. It is likely that no ceilings would be imposed, but there will be stiff margins. This is the reading of the market at present.

The following table shows the closing prices of oilseeds and oils as on 2nd September as compared with those of the two previous weeks:

	2-9-1964	26-8-1964	19-8-1964
Groundnuts	Rs.	Rs.	Rs.
Nizam bold	65 25	64.25	63.00
Rhandesh quality	66 50	64.00	64.50
Oil ex-mill	27.75	26.75	25.00
Oil Rly. Receipt	27.50	26.40	25.00
Castorseed			
September 1964 contract.. ..	183.90	181.50	181.50
March 1965	175.75	177.12	—
Ready Madras	39 25	39.50	39.25
Ready Kanpur	38 25	38.37	38.25
Oil B.S.S.	17 80	18.15	18.00
Oil commercial	17.30	17.55	17.40
Linseed			
September 1964 contract.. ..	44.87	44.84	44.69
March 1965..	38.84	39.16	—
Bold ready	48 00	48 50	47.50
Linseed oil	20.05		20.00
Cottonseed			
September 1964 contract.. ..	90.00	90.00	90.50
January 1965 contract	97.25	96.25	94.75

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

GOOD MEDIUM TEAS DEARER

[*Messrs. Forbes, Ewart & Figgis (Private) Ltd.*]

COCHIN, *25th August*

A total of 535,000 kgs. was offered in tea sale No. 34 held here on Tuesday the 25th inst. Quality was generally about maintained with several Nilgiri invoices still showing a useful standard. The market met with good demand, particularly cleaner fannings. Nilgiri brokens were well supported at around last rates and fannings were again well sought after with prices firm on last. Good mediums encountered competition and were dearer. Mediums and low mediums, although meeting fair demand, were somewhat easier, particularly brokens, which often showed a decline in price by about 20 paise per kg. Clean fannings were again strong feature. Whole leaf grades were sold well and were generally firm. Unorthodox teas were well supported and prices were generally fully firm. There was fair demand for the small selection of tippy teas on offer, but prices were a little irregular.

The quotations (per kg.) were:

	1964 Rs.	1963 Rs.
Low mediums	4.00-4.20	3.95-4.30
Mediums	4.20-4.60	4.20-4.55
Good mediums	4.80-5.30	4.60-5.40
Nilgiri B.O.P.	5.00-6.50	4.90-8.30

The average price realised in sale No. 34 was Rs. 4.45 per kilo, as against Rs. 4.51 a week ago and Rs. 4.52 in the corresponding sale last year.

Colombo: The market elicited strong demand with prices for western types 5 to 15 cents dearer. Uvas were generally dearer except where quality had declined. Mediums were fully firm to dearer, but lowgrowns were somewhat irregular. Liquoring fannings were a strong feature at higher prices.

London: *North Indian and other growths*: In Monday's auction, there was good demand with limited Assams offerings strongly competed for. Dooars were generally irregular and easier, but best Africans were fully firm. All other descriptions were generally easier.

Ceylon and South Indians: In Tuesday's sale, there was strong demand for the Ceylon teas on offer with better descriptions advancing by 1d. to 2d. Other plainer mediums and lower South India types met with selective demand at generally easier rates.

QUALITY TEAS IN LESS DEMAND

(From Our Own Correspondent)

CALCUTTA, *1st September*

With an improvement in arrivals, offerings of less quality teas in auctions met with poor demand. However, quality teas were absorbed readily, and in the past week tea shipments showed an improvement. Demand for space in forward liners to the United Kingdom was good.

Last week's export sale, when leaf on offer aggregated 63,377 packages, was no exception to the above general trend. A strong feature was orthodox Assam B.O.P. teas possessing bright liquors, while the balance of this category eased in an irregular trend. Similarly, the best Assam C.T.C. teas were readily absorbed, but the less quality C.T.C. teas eased by 40 P. Selected Darjeelings were also in good demand at unchanged rates, but the rest of this category eased. Limited demand met whole leaf grades, the more stylish kinds easing visibly. Medium Dooars B.O.P. teas were shown poor attention. Low medium and plain teas were easier in an irregular trend, but the few black leaf fannings were dearer. Legg-cut teas were lower by 20 P. The quotations per kg., inclusive of excise duty were: best Assam C.T.C. B.P. Rs. 5.70 to Rs. 6.20; best Assam C.T.C. B.P. Rs. 6.60 to Rs. 7.50; medium Assam C.T.C. fannings Rs. 5.60 to Rs. 6.10; clean black pekoe Rs. 5.00 to Rs. 5.40; plain fannings Rs. 4.10 to Rs. 4.30; and plain B.P. Rs. 4.10 to Rs. 4.40.

In the internal sale held last week, dusts offerings aggregating 34,606 chests met with a strong general demand, which, however, declined as the sale came to a close. Orthodox teas were readily absorbed. After recording some gains, legg-cut teas eased. Similarly, clean C.T.C. teas after ruling higher, fell later. Fibrous secondary teas showed a marked decline. The quotations per kg., inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.20 to Rs. 6.50; medium Assam C.T.C. dust Rs. 5.40 to Rs. 5.70; legg-cut dust Rs. 4.90 to Rs. 5.30; medium Assam dust Rs. 4.90 to Rs. 5.70; and plain orthodox dust Rs. 4.20 to Rs. 4.40.

The increased world demand for tea has given an impetus to producing countries to expand tea production. The Pakistani tea crop for this year has been estimated at 60 million lbs. and internal consumption at 52 million lbs., thus leaving a balance of 8 million lbs. for carry-over as well as export. The Pakistani acreage is expected to increase by 90,000 in 1965; the country's third Plan has targetted an increase in area by 31.66 per cent to 118.500 acres, according to Brig. Hamid Shah, the Vice-chairman of the Pakistani Tea Board. Kenya has planned for a 25 per cent increase in area to 14,400 acres. It proposes to utilise the loan of $2.8 million granted by the International Development Association, for this purpose.

RAW JUTE RECEDES

(From Our Own Correspondent)

CALCUTTA, *1st September*

The feature of trading in the jute markets during the week under review was the marked fall in the price of raw jute—over the week-end, Assam bottoms had fallen to Rs. 39 a maund from Rs. 47 early in the week—as a result of the stern measures taken by the Jute Commissioner to put down "fatka" and stabilise prices under the advice of the Union Government. Prices were expected to fall further soon, but, considering that prices of most essential commodities have risen, it was felt that, if prices fell to the I.J.M.A. minimum level of Rs. 30 a maund basis Assam bottoms, this would hit the cultivators hard. Accordingly, a proposal to raise the I.J.M.A. floor level by Rs. 5 a maund, that is, to Rs. 35 basis Assam bottoms, was said to have already receiving the attention of authorities. An announcement soon was expected. The Government of India had felt that the recent uptrend in fibre prices was entirely unwarranted, as the existing fibre stocks with mills aggregating 2.8 million bales, coupled with an estimated crop of 7.2 million bales, would more than meet India's domestic needs. In fact, Mr. G. C. L. Joneja, the Jute Commissioner, attributed the rise since July 27th to speculation unleashed by some Pakistan jute traders who had slipped into Calcutta and circulated the rumour of a shortfall in Pakistani raw jute production. The price in Pakistan touched a high of Rs. 56 a maund, but began falling since the last two weeks, the latest quotation being Rs. 40. The rise in Pakistan fibre markets has been also entirely unwarranted, as the expected crop of 5.5 million bales, together with the carryover of 1.1 million bales from last season, is more than sufficient to meet internal requirements as well as export needs. The Pakistan mills are expected to consume not more than 2.2 million bales, and last year's exports from Pakistan amounted to only 3.8 million bales. In view of this actual position, the fall in Pakistan price has been as abrupt and as marked as the rise.

The rapid fall in fibre prices in Calcutta this week followed the order which fixed a deposit for every raw jute transaction that took place in the *fatka* since 27th July; this was followed by the East India Jute and Hessian Exchange collecting as much as Rs. 20 lakhs in deposits. With this measure, the speculative fervour came to a stop, as resources were mopped up in deposits. Initially deposits continued to be paid, but, with the rapid drying away of funds, the buying spree came to a stop and prices dipped.

Now that prices have been stabilised—and, fortunately, prices in Pakistan also have fallen to the same levels as in India—the authorities need not worry about the problem of smuggling. It is alleged that some mills had purchased jute goods with a view to re-selling the same in the hope that prices would continue to move up. Although prices of goods, too, have moved down, many mills have already hailed the suggestion that mills should confine themselves to manufacturing only and should on no account purchase goods. Such hoarding would only upset markets and do harm to the jute industry, since, if prices rise without justification, the tendency among foreign consumers to switchover to bulk handling methods and substitutes would receive an impetus. The East India Jute and Hessian Exchange is likely to ban purchase of goods by mills.

The need to stabilise prices in the jute markets has led to a suggestion for State trading in raw jute. But, this suggestion is considered difficult of acceptance by the Government, for not only the capital involved would touch the colossal figure of Rs. 120 crores, serious administrative problems are also likely to arise. The machinery needed for the purpose will have to be vast, and problems from displacement of existing channels are not easy of solution. As such, the Union Government is exploring ways as to how the raw jute market can be stabilised in present circumstances. The elimination of intermediaries, price control order, and issue of maximum purchase quotas are suggested as possible measures to impart stability to raw jute prices, if the measures already taken fail to produce the desired results. The Jute Commissioner has been exploring the possibilities of the marketing co-operative societies taking over the purchases normally controlled by middlemen. The Commissioner desires to make existing co-operatives more effective by giving them assistance. According to him, stabilisation of the jute market is vital to India and the Government will spare no effort to achieve the purpose. Raw jute arrivals are gradually rising and the quality of this year's fibre has shown a definite improvement. There is every hope that India's crop estimate of 7.2 million bales will be realised, and a buffer stock will again be created later in the year when arrivals reach a climax. The loss to crop as a result of floods during the months of May and June in Bihar, lower Assam and North Bengal is likely to be made good by increased crop in the Daissee districts. This year's retting has also shown an improvement, especially in Tossa districts, as water in tanks and canals is adequate and freer from dirt and mud.

Earlier in the week, in a statement, the Indian Jute Mills Association assured overseas buyers of goods that, although individual mills might have to adjust output, there should be no apprehension of any interruption in supplies. However, with the fall in prices and the effective curb on speculation coupled with the rising trend in arrivals, it was hoped that the mills would continue the enhanced rate of production. Moreover, the stock of goods with mills at the end of July was higher at 135,000 tons, as against 104.000 tons at the end of July last year. This factor should also enable allaying of any apprehension of possible interruption to supplies.

The importance which the Government of India attaches to measures aimed at stabilisation of fibre prices and to consult the industry and trade in regard to these problems, as well as export promotion of goods, is evident from the setting up of two high-powered bodies in this regard, the Jute Textiles Consultative Board and the Jute Export Promotion Advisory Committee. The inaugural meetings of the two bodies will be held here on the 9th inst.

As the week under review progressed and prices in the hedge market tumbled down, sobriety and stability gradually returned to the fibre market, and the ready crop offers were made at much lower rates. Thus, Assam bottoms receded from Rs. 45 to Rs. 40.00, Daisee bottoms from Rs. 47 to Rs. 42, and northern bottoms from Rs. 44 to Rs. 39.00.

With the fall in fibre prices and the reluctance of overseas consumers to support the gains, prices of goods also gave way. Only limited gunny business took place for export and the fact that jute goods in stock with mills at present are much higher than at this time of last year encouraged overseas consumers to restrict their purchases. There was the report that Peking had placed a huge order for gunnies on Pakistan; if this were to prove correct, some of the overseas orders, which would have normally gone to the Pakistani mills, would be diverted here. At the same time there was the news that workers in certain mills in Pakistan continued restive and that about 50,000 workers who had gone on strike as from 15th July and resumed work on 4th August as a result of an *ad hoc* agreement with the jute mills were reportedly demanding a higher basic pay than the industry had offered. As in Calcutta, the New York burlap market also recorded somewhat easier conditions. On Tuesday last,

ready B. twills eased from Rs. 140 to Rs. 138 and hessian 40" 10 oz. from Rs. 50.25 to Rs. 48.90. A feature on Wednesday was the interest shown by Argentina in hessian and some business with Government in B. twills. The trend, despite the easier conditions in fibre, was bullish, as ready goods were in good demand. As a result, ready B. twills gained to Rs. 141.50 and hessian 40" 10 oz. to Rs. 49.85. Conditions on Thursday became erratic with B. twills easing to Rs. 140.25 and hessian 40" 10 oz. to Rs. 49.75. Profit-taking in futures took down ready B. twills to Rs. 137.25 on Friday. In sympathy, hessian 40" 10 oz. declined to Rs. 49.40. Over the week-end, with the quotations at Rs. 136.25 and Rs. 49.00, respectively, prices eased further. At lower rates, there was interest shown by genuine buyers and, yesterday, the Government placed order for 4,000 bales of B. twills for mid-September delivery. B. twills at Rs. 137.00 and hessian 40" 10 oz. at Rs. 49.15 recorded small gains.

KIPS STEADY

(From Our Own Correspondent)

MADRAS, 31*st August*

The kip market ruled steady and export demand centred round fifths selection in cow hides 5/5½ lbs. and 8/8½ lbs. average and light weight cowcalf. Buyers were not willing to pay higher prices; and trading was, therefore, subdued. Arrivals of stocks from the tanneries were of moderate volume and clearance was slow but prices were held steady.

Trading in the skins section was small, as buyers were not willing to pay current levels. Only tanned goat 8/9 lbs. average held steady, as sellers were few due to their well oversold position. Demand for other weights were not marked. Though importers in U.S.A. were keen on heavier averages, their price ideas were low and a small volume of orders were booked for financial reasons. As the prices in the raw centres for goat skins were advancing steadily due to the brisk buying of the exporters who are reported to have sold substantial quantities of raw goat skins for export to Russia, E. I. Tanners have not been able to meet importers ideas about tanned goat skin to the continental markets. As regards sheep skins, prices remained quiet and business was meagre.

FOODGRAINS BULLISH

(From Our Own Correspondent)

HAPUR, 31*st August*

A distinctly bullish trend continued to be in evidence in the foodgrains market and prices touched all-time high levels. Poor arrivals in face of good consumers demand and grim prospects of kharif maize and *juwar* crops because of excessive heavy rains in last few months were the main influencing factors. Paddy crop, however, was progressing under healthy conditions and a bumper crop is in sight.

Wheat prices ruled firm and hardened by Re. 1.50 to Rs. 3.50 per quintal, according to quality, on poor arrivals in face of brisk local as well as east U.P. demand, coupled with reduced sales of imported wheat at the fair price shops. Average quality was quoted between Rs. 80 and Rs. 82.75 and farm produce between Rs. 84.50 and Rs. 86 per quintal. Daily arrivals were estimated around 300 maunds. Firm trend continued in rice market also, where prices improved by Re. 1.34 to Rs. 2.50 per quintal on good east U.P. support in face of tight supply position. Week-end prices were:—Rice *basmati* superior Rs. 104.49 to Rs. 109.85, *sela* Rs. 101.81 to Rs. 104.49, *ramajwayan* Rs. 101.81, *raimunia* Rs. 101.81, *mainpuri* Rs. 100.87 per quintal.

Gram prices were also steadier on good demand against paucity of supplies. Local produce was quoted at Rs 77.50 and the Punjab quality at Rs. 76 per quintal. Both arrivals and stocks were very small. Barley and *bejhar* prices also sought higher levels as stocks of both the grains with trade were reported meagre. Barley was quoted between Rs. 65 and Rs. 67 and *bejhar* between Rs. 65 and Rs. 67.50 per quintal. Small arrivals of new maize were lifted at better prices by consumers and prices ranged between Rs. 65 to Rs. 67.50 per quintal.

"KHANDSARI" DECLINES

(From Our Own Correspondent)

HAPUR, 31*st August*

Sugar remained steady at Rs. 175 to Rs. 180 per bag in private trading, thanks to good festival demand in the face of tight supply position. In retail market, it was quoted at Rs. 1.81 to Rs. 2 per kilogram. In Muzaffarnagar, crystal sugar was in hectic demand for the Hindu festivals in face of restricted supplies as the District's quota has been further reduced by the State Government. Prices, however, drifted lower upto Rs. 2 to Rs. 3 a bag in sympathy with the sharp decline in *khandsari*.

Khandsari came down by Rs. 5 to Rs. 10 per bag in the open market during the week, as outside demand was lacking and traders were anxious sellers. Bulk of the stocks in godowns have been damaged due to excessive rains in July and August. Production of *minja* quality on *galawat* account was being carried out in some areas these days, but inferior quality was quoted lower around Rs. 100 per quintal. *Khandsari* was quoted at Rs. 125 to Rs. 160 per bag, as against the U.P. Government's controlled prices of Rs. 109 to Rs. 131 per bag.

Ready *gur* hardened during the week on good support from the consuming states, mainly Gujarat and Rajasthan. Of the stocks left with the trade, about 3,000 quintals of dry goods were small, and stockists were anxious sellers of the wet quality which was being further damaged due to rains. Cane crop prospects were better, thanks to heavy rains in July and August, and increased cane acreage. In the current year which is soon coming to an end, the sugarcane production in U.P. had increased by 12 per cent in spite of frost. Ready *gur* stocks in the mofussil centres were estimated about 15,000 quintals, which would be exhausted by the time the new produce reached the market in a month's time. Week-end prices (in rupees per 40 kilogram) were:—*pansera* superior 38 to 39, average 37, *kotha* dry 38.50, dry-wet 33 to 34, wet 31, *shakker* 41 to 42.50.

LEAD RISES, ZINC FALLS

(From Our Own Correspondent)

CALCUTTA, 1*st September*

The continued buoyancy in world metal markets—the week under review was, no exception to this general trend—has been so very steady in recent weeks that it has become very difficult to state as to when a much-needed break will herald. The week under review on the London Metal Exchange saw tin and copper at new heights, attributed to visible signs of the acute tightening of existing shortage in the context of the widening demand for principal base metals.

The L.M.E. quotation for spot tin opened at £1,270 a ton and went up to close at £1,300. Demand from the Continent has reportedly increased, and the rise in quotation was preceded by higher advices from Penang. According to reports, the General Services Administration of the U.S.A., which is regularly releasing tin from its surplus stock-piles, is considering to base the release prices on Penang rather than on market trends in London and New York. This has been hailed as a realistic move, as such a change of base would encourage Malaysian producers to raise output. The world consumption of tin having steadily gone up, it is now estimated that the gap between demand and supply, despite increased output—according to the International Tin Council, world mine output of tin-in-concentrates increased to 12,000 tons in April 1964 from 11,900 tons in the previous month —has widened. Until recently, it had been believed that world demand of tin exceeded output by 20,000 tons a year, but the fact that despite U.S. releases, which exceeded this quantity, the shortage persists and the price continues to move forward is significant, and supports the assumption of a further widening of the gap. The quotation in Calcutta was firm at Rs. 3,300 per 100 kgs. and the acute nature of the shortage is demonstrated inasmuch as imports in July 1964 were only 304 tonnes as against 416 tonnes in the same month of last year.

The week under review has been significant for the shift in the base price policy hitherto pursued by the chief world producers of copper. Despite the rapid rise in the L.M.E. quotation since the beginning of this year, the chief producers had stuck to their fixed price of £234 a ton which was raised to £244 a ton in last January, and which has now been further raised to £260 a ton. Fear of substitution to aluminium by copper users had hitherto prevented producers from raising their price, but the alarming nature of the rise in the free market price as depicted on the L.M.E. quotations has evidently led them to revise their policy. The big producers who have raised their price as above include the Copper Mining Co. of the Anglo-American Group, the Rhodesian Selection Trust Group, the Societe General De Minerais of France, the International Nickel Co. of Canada Ltd., and the Noranda Sales Corporation Ltd. of Toronto. As regards India, the shift to aluminium started about two years back, even when the L.M.E. price was in par with the price of producers.

Against the background of fears of interruption to production of copper in Chile and the United States, and the steady increase in consumption in the highly industrialised countries of the world, especially the U.S.A., the U.K., France and Japan, it is not seen how the free market price can be checked without more visible signs of world substitution to aluminium. It is unfortunate that delays have occurred to the setting-up of a 12,000-ton copper smelter at Khetri in Rajasthan in the public sector. The project was included in the second Plan and, in view of the continued uncertainty as to the process to be adopted, the date by which the project will be completed is yet uncertain. Similarly, the proposal to set-up a 20,000-ton zinc smelter in the private sector near the Zawar mines—at present zinc concentrates being obtained from these mines are being exported to Japan for smelting—is being delayed.

On the London Metal Exchange, spot copper wire-bars rose from £374 a ton to £385. Similarly, spot cathodes and fire-refined copper closed higher on balance at £363 and £310, respectively, as against the opening rates of £348 and £295. In Calcutta, utensil copper scrap firmed up to Rs. 685 per 100 kgs. from Rs. 680, lead was unchanged at Rs. 307, but zinc, in line with the world market trend, eased from Rs. 370 per 100 kgs. to Rs. 365. On the L.M.E., spot lead was higher at £108-5/8 a ton, but spot zinc eased to £118 a ton, after hardening to £120 from £111.

MARKET GOSSIP

(Concluded from page 395)

agreements have been concluded between India and Japan. There are, however, certain factors which discourage Japanese steel industry from depending on India for the supply of a large portion of its requirements. The cost of production and the resultant export price is considerably higher in the case of Indian iron ore as compared with that of many other exporting countries. Moreover, production of iron ore in India is not expected to rise according to schedule and sufficient supplies of iron ore may not be available in time for exports. Again, ports in India are not as efficient as its competitors. Japan cannot, therefore, be blamed if it looks to other sources of supply, Australia, though at present only an unimportant exporter of iron ore to Japan, is one of them. At any rate, the Japanese steel industry feels that Australia can gradually be developed into an important and dependable supplier of iron ore at a reasonable price. If long-term agreements are made with Australia for the supply of a substantial quantity of iron ore to Japan, they will surely affect the future export capacity of Indian iron ore. There is, therefore, an urgent need for India for keeping its cost of production down, increasing the raisings at a fast pace and expanding the capacity of its transport system and ports for handling ore exports expeditiously and economically.

Cardamom Exports Increase

That the exports of cardamom are regaining their lost position should be viewed with great satisfaction. Cardamom is an important foreign exchange earner and, despite competition from Ceylon and Guatemala, which have recently stepped into world markets, encouraged by the high prices of Indian cardamom, this country holds a virtual monopoly of the commodity. Cardamom, with its aromatic flavour, finds extensive use as a masticatory stimulant. It is used for chewing with betel leaves in India and Pakistan. In other countries, it is used in liquors and foodstuffs, as well as in the preparation of perfumes and medicines. In Europe, cardamom seeds are powdered and widely used for flavouring cakes, pastries and other delicacies. Grown in Kerala, Mysore and Madras States, this commodity is exported to the United States, Sweden, East and West Germany, Saudi Arabia, Kuwait, U.S.S.R., Pakistan and the United Kingdom. Kerala State accounts for over 50 per cent of the total planted area and supplies a major portion of production.

Exports of cardamom, which stood in terms of value at Rs. 367 lakhs in 1960-61, fell to Rs. 358 lakhs in 1961-62 and further to Rs. 267 lakhs in 1962-63. In the year 1963-64, exports have again risen both in terms of quantity and value. In terms of value, the total exports of cardamom showed an increase of about 19.5 per cent at Rs. 319 lakhs over the previous year. In terms of quantity, however, the increase was moderate from 2,259 metric tonnes in 1962-63 to 2,306 metric tonnes, an increase of about 2.8 per cent. The rising trend has been maintained during the current calendar year. According to statistics released by the Directorate of Cardamom, Bangalore, the first six months of the year have witnessed a record in exports of 1,321 metric tonnes, valued at Rs. 184 lakhs, as compared with the corresponding period of any preceding calendar year. This achievement is, of course, welcome but, in the face of competition in the international market, it is imperative that price and productivity aspects should be given more attention. Of course, certain policies have started bearing fruit already. The procurement operations of the Directorate of Cardamom Development and Marketing, Bangalore, under the price support scheme, have resulted in an increased tempo of exports, stability in markets and better returns to the cultivator. The Government of India's decision to continue the present minimum and maximum export prices for several grades of cardamom throughout the 1964-65 season, beginning 1st September, should also be welcome, as it will ensure a satisfactory pace of growth in exports and production.

Notice

THE JAIPUR UDYOG LIMITED

Registered Office:

SAWAIMADHOPUR (W. RLY.)

NOTICE

THE ANNUAL GENERAL MEETING OF THE Shareholders of The Jaipur Udyog Limited will be held at the Registered Office of the Company at Sawaimadhopur on Wednesday, the 30th September, 1964, at 12 Noon, to transact the following business:

1. To receive and adopt the Directors' Report and the Audited Statements of Accounts for the financial year ended 31st March, 1964.
2. To declare dividends.
3. To elect a Director in place of Shri Chiranjilal Jhunjhunwala, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors for the current year and to fix their remuneration. The retiring Auditors, Messrs. S. D. Joshi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

Share Transfer Books and Members' Registers of the Company will remain closed from Thursday, the 24th September, 1964 to Wednesday, the 30th September, 1964 both days inclusive.

By Order of the Board,
FOR THE JAIPUR UDYOG LIMITED,
FOR SAHU JAIN LIMITED,
A. K. JAIN
Director,
Managing Agents.

CALCUTTA,
31*st August*, 1964.

N.B.—A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 28th August 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		86,00,00,000
National Agricultural Credit (Stabilisation) Fund		9,00,00,000
National Industrial Credit (Long-Term Operations) Fund		10,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		96,21,27,000
(ii) State Governments		19,43,79,000
(b) Banks—		
(i) Scheduled Banks		91,90,99,000
(ii) State Co-operative Banks		2,94,95,000
(iii) Other Banks		6,67,000
(c) Others		160,66,25,000
Bills Payable		46,30,43,000
Other Liabilities		24,22,52,000
	Rupees	631,76,87,000

ASSETS	Rs.	Rs.
Notes		37,67,42,000
Rupee Coin		5,10,000
Small Coin		5,62,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		28,29,50,000
(ii) State Co-operative Banks		12,47,98,000
(iii) Central Land Mortgage Banks		
(b) Investment in Central Land Mortgage Bank Debentures		4,39,95,000
National Agricultural Credit (Stabilisation) Fund		
Loans and Advances to State Co-operative Banks		....
National Industrial Credit (Long-Term Operations) Fund:-		
(a) Loans and Advances to the Development Bank		....
(b) Investment in bonds/debentures issued by the Development Bank		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		152,84,07,000
Balances Held Abroad*		10,14,71,000
Loans and Advances to Governments**		21,93,00,000
Loans and Advances to—		
(i) Scheduled Banks†		2,05,85,000
(ii) State Co-operative Banks‡		141,91,71,000
(iii) Others		2,33,19,000
Investments		101,66,80,000
Other Assets		25,92,17,000
	Rupees	631,76,87,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund.

† Includes Rs. 20,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	37,67,42,000	
Notes in circulation	2390,12,15,000	
Total Notes issued		2427,79,57,000
Total Liabilities		2427,79,57,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	85,45,69,000	
Foreign Securities		203,21,79,000
Total		108,69,55,000
Rupee Coin		
Government of India Rupee Securities		2115,88,23,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2427,79,57,000

EXCHANGE RATES

	2nd Sept., 1964	26th August 1964
London on New York Rs. per Dollar	2.7839- 2.7841	2.7851- 2.7853
London on Berne .. Sw. Fcs.	12.7265 12.0285	12 0330 12 0350
London on Paris .. Fr. Fcs.	13.6415-13.6435	13 6480-13 6500
New York on London Cents per £	278.400-278.420	278.520-278.550
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six Months .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. s.	1-6 1 32	1-6 1/32
Buyers D.D. .. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D.. Rs. to $100	480 75	480.75
Buyers T.T. .. Rs. to $100	477 25	477.25
Canadian Dollar—		
Sellers T.T. D.D. .. Rs. to $100	448.50	448.25
Buyers T.T.	440.50	440.00
French Francs—		
Sellers T.T. D.D... per Rs. 100	101.80	101.80
Buyers T.T	102.80	102.90

State Bank of India

Statement of Affairs for the week ended 28th August 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital:— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up:— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30 00,000
Deposits and Other Accounts		671,96,61,000
Borrowings from other Banking Companies, Agents, etc.		95 65,000
Bills Payable		6,49,58,000
Bills for Collection being Bills receivable as per contra		7,55,50,000
Acceptances, Endorsements and Other Obligations per contra		21,25,82,000
Other Liabilities (including Inter-Office Adjustments)		21,48,14,000
Total .. Rs.		744,63,80,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		22,98,89,000
Balances with other Banks		6,21,69,000
Money at Call and Short Notice		2,33,33,000
INVESTMENTS:—		
Government and other Trustee Securities	Rs. 305,14 00,000	
Other Authorised Investments ..	9,44,30,000	
		314 58,30,000
ADVANCES:—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 320 23,36,000	
Bills Discounted and Purchased..	20,24,03,000	
		340,47,39,000
Bills Receivable being Bills for Collection as per contra		7,55 50,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra ..		21,25,82,000
Premises less Depreciation		2,58,81,000
Furniture and Fixtures less Depreciation ..		1,93,35,000
Other Assets (including Inter-Office Adjustments).		24,93,92,000
Total .. Rs.		744,64,80,000

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	21-8-64	14-8-64	23-8-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks ..	66,12	68,46	51,61
(ii) From others ..	1,125.34	1,128.99	960 53
(b) Borrowings from banks	35.17	33.92	23 24
(c) Others	75,12	77,10	64,61
2. Time liabilities—			
(a Time deposits—			
(i) From banks ..	40.25	38.83	33,88
(ii) From others ..	1,346.96	1,339.48	1,236 75
(b) Borrowings from banks	15.73	15.47	19.88
(c) Others	15.33	12.69	10,73
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,472.30	2,448.48	2,197,28
4. Borrowings from Reserve Bank..	1.78	2,37	37
(a) Against usance bills and/or promissory notes	5	60	—
(b) Others	1.73	1,77	37
Borrowings from State Bank and/or a notified Bank	28.88	24.56	21.96
6. Cash	63.61	65.11	53 24
7. Balances with Reserve Bank ..	111.77	105.52	93,55
8. Cash and balances with Reserve Bank	175.38	170.63	146.79
9. 8 as per cent of 3	7.09	6.97	6.68
10. Balance with other banks in current account	28.01	24.47	20 94
11. Money at call and short notice ..	69.80	63,73	55,18
12. Investments in Government securities	775.11	754 88	746.11
13. 12 as per cent of 3	31.35	30.83	33 96
14. Advances—			
(a) Loans cash credits and overdrafts	1,486.54	1,501.33	1,254.71
(b) Due from banks	9,69	8,51	11.01
15. Inland bills purchased and discounted	165,99	167,47	161,78
16. Foreign bills purchased and discounted	67.35	68.52	50.68
17. Total Bank Credit [14(a)+15+16]	1,719.88	1,737.31	1,477 17
18. 17 as per cent. of 3	69.57	70.95	66,77

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	15th Aug., 1964	8th Aug., 1964	17th Aug., 1963	June 1964	June 1963	Percentage of Increase (+) or Decrease (—) in June 1964 as compared with June 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	165.1	164 6R	137.4	153 5	136.8	+13 9	136.8	136.1
Cereals	192	144.4	143 7R	115 2	132.5	112 1	+18 2	116.3	105 6
Pulses	43	158.5	156 3	107 4	141 8	108 5	+30 7	115.4	105.2
Fruits and Vegetables	23	195.7	195 8R	141 4	179.1	139 3	+28 6	140.6	135.6
Milk and Ghee	84	145.9	145 8	127 7	142 8	130 9	+ 9.1	128.2	124.4R
Edible Oils	47	205.5	204 6R	151 3	186.7	150 9	+23.1	151.1	152.3
Fish, Eggs and Meat	17	171.4	172.1R	150 8	161 5	147 1	+ 9 8	149.8	148.8R
Sugar and Gur	48	207.4	207 4	201 0	194 7	187 9	+ 3 6	188.8	145.0
Others	50	188.0	187 8	183 5	178 2	178 9	— 0.4	179.8	171 8
Liquor and Tobacco	21	126 2	124 2	119 0	115 1	119 2	+ 2 0	119 6	100.9R
Tobacco		125.5	121.4R	116 7	118.7	116 3	+ 2.1	116 8	97.4R
Fuel, Power, Light and Lubricants	30	143 5	143 4	139 0	141 8	139 9	+ 1 4	139.5R	124.4R
Industrial Raw Materials	155	167 6	164 1R	138 4	153 8	138 7	+10 9	139.5	136.5
Fibres	61	148.3	140 1	132 2	134.0	133.6	+ 0 3	133.2	128.8
Oilseeds	60	208.1	207 4R	158 2	188 3	152 6	+23.4	154 1	151.4
Minerals	2	103 7*	103 7*	93.4*	103 7	93 4	+11.0	92 8	93.6
Others	32	132 2*	132 5*R	125 0*	130 2	125 2	+ 4 0	127.3	125 8
Manufactures	290	136.2	134 8	131.0	133 2	130 5	+ 2.1	131 1	128.8R
Intermediate Products	41	150 5	150 2	138 6	146 7	139 0	+ 5.5	138.6	139.5
Finished Products	249	133 8	132 3	128 7	131 0	128 1	+ 1 5	129.7	127..
Textiles	147	131.3	129 4	128 1	127.5	127 2	+ 0.2	127.7	126.1
Cotton	..	135 9*	136 9*	135 1*	135.5	135 3	+ 0.1	135 6	130.7
Jute	..	113.5	106 1	102 5	98 3	101 3	— 3 0	100.2	110.9
Woollen	..	169 2*	169 2*	156 6*	169.7	142.7	+18.9	156.3	140.4
Silk and Rayon	..	137 3*	137 3*	140.7*	139.4	136 9	+ 1 8	139.8	131.8
Metal Products	..	169.0	169 0	163.7	168.6	161.5	+ 4 4	163.1	160.1
Chemicals	12	119 2*	118 8*	117 4*	119 0	117 3	+ 1 4	117.9	115.5
Oil Cakes	20	201.1*	191.1*	190 7	187 4	166 5	+12.6	165.7	160.9
Machinery and Transport Equipment	9	126 8	126 8	123 9	126.9	128 2	+ 8 0	124.2	117 9R
Others	31	127 8	127 8R	128 6	127 4	128 1	— 0.5	128.2	125.8
All Commodities	1,000	155 8	154 4R	138 4	146.8	134.0	+ 9 4	135.3	127.0

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 2nd September 1964.

	Closing quotations 27-8-1964	High	Low	Closing quotations 2-9-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100) ..	143 00	145.00	143.00	145 00
Apollo (2)	1.86	1.90	1 80	1.90
Baroda Rayon (100)..	72 00	77.00	72 00	76 00
Bombay Dyeing (25)..	60.40	61 60	60.40	61.60
Bradbury (50) ..	162 50	—	—	162.50
Central India (100) ..	99 00	107.00	99 50	106 50
Century Mills (100) ..	642.50	644.00	627 00	638 00
Dawn (50)	167.50	167.50	167 00	167.00
Elphinstone (50) ..	100.00	102.00	99.00	102.00
Finlay (100)	305.00	305.00	301.00	305.00
Gokak (100)	181.00	181.00	179.00	180.00
Gold Mohur (100) ..	216 25	—	—	216.25
Gwalior Rayon (10) ..	42.50	43 00	42 00	42.50
Ind. Untd. Defd. (1)..	2.46	2.46	2.40	2.40
Ind. Untd. Ord. (10)..	19.60	19.64	19 48	19.64
Indian Rayon (100) ..	57.00	60.00	58.50	59.00
Indore Malwa (100) ..	211.00	211.00	208.75	210.00
Khatau (100)	188.75	190.00	186.25	188.75
Kohinoor (100)	335.50	339.00	332.00	334.00
Mafatlal (100)	510.00	513.75	512.50	513.75
Modella Woollens (10).	12.00	—	—	12.00
Morarji (100)	267.00	269.00	267.00	268.00
Mysore (50)	38.25	37.00	36.50	37.00
National Rayon (100).	384.50	384.50	371.00	381.00
New Great (100) ..	160.00	—	—	160.00
Phoenix (100)	254.00	257.00	253.00	254.00
Podar Mills (10) ..	11.52	11.52	11.24	11.24
Raymond Woollen (100)	136.50	136.50	136.00	136.50
Sassoon Spg. (10) ..	38.00	—	—	37.75
Shreeniwas (100) ..	258.00	257.00	256.00	257.00
Simplex (50)	135.00	136.00	134.50	135.00
Standard (100)	685.00	687.00	664.00	675.00
Svadeshi (100)	266.50	268.50	265 00	267.00
Swan (100)	268.00	270.00	268.00	270.00
S. I. Viscose (100) ..	121.00	120.50	118.00	120.00
Tata Mills (25)	58.00	59.00	57.00	57.00
Lakshmi-Vishnu (100)	86.00	86.50	85.50	86.50
Western India (250) ..	826.25	852.50	826.25	850.00
BANKS				
Bank of India (50) ..	100.25xd	102.00	100.25	102.00
Do. (New) (50) ..	103.00xd	—	—	103.00
Bank of Baroda (50)..	95.00	97.50	95.00	97.50
Central (25)	49 50xd	50.80	49.50	50 80
Central 'A' (25) ..	52.00	53.50	52.00	53.50
Dena Bank (50)	64.00	65.50	64.00	65.00
Punjab National (10)..	20.60	—	—	20.60
Union Bank (5)	6.28	6.40	6.28	6.32
United Com. (50) ..	71 50	72.00	71.50	72.00
Maharashtra (50) ..	52.50	—	—	53.50
ELECTRIC COS.				
Ahmedabad (100) ..	102.75	103.75	102.50	103.75
Amalgamated (10) ..	9.56	9.72	9.56	9.72
Andhra Valley (1,000).	1,212.50	1,217.50	1,210.00	1,217.50
Bom. Sub. El. (100)..	113 50	114.00	114.00	114.00
Surat (100)	114 00	115.00	114 00	115.00
Tata Hydro (100) ..	126.00	126.00	125.25	126.00
Tata Power (1,000) ..	1,267.50	1,270.00	1,257.50	1,263.75
INSURANCE COS.				
British India (10) ..	13.24	—	—	13.24
Indian Mercantile (50).	61.50	—	—	61.50
New India (15)	45.50	46.00	45.75	45.75
New India 'A' (15) ..	46.75	47.00	46.50	47.00
Vulcan (10)	16.24	16.24	15.76	15.76
STEEL COS.				
Ind. Iron (10)	28.00	28.05	27.45	27.90
Mukand Iron (10) ..	19 20	19 44	19.00	19 24
Tata Steel Ord (75) ..	162.00	162.75	159.50	162 25
SUGAR COS.				
Belapur (50)	226.00	233.00	226.00	233.00
Bhopal (10)	12.76	—	—	12.76
Chandeo (12.50) ..	22 00	—	—	22.00
Maharashtra (50) ..	138.00	144.00	137.50	144 00
Phaltan (50)	113.00	115.00	110.00	113.00
Walchand Ind. (100) ..	156.00	161.00	156.00	161.00
CEMENT COS.				
Associated Cts. (100)	163 75	166 25	163 25	166.00
Digvijay (100)	183.00	184 50	182 00	183 00
Orissa (10)	12.00	12 08	12.00	12.04
DYES & CHEMS.				
Amar-Dye-Chem (100).	161.25	165.00	161.25	165 00
Camphor & Allied (100)	85.50	91.00	88.50	91.00
Citric (100)	69.50	76 00	68 00	76.00
Chemicost (100) ..	105.00	106.00	103.00	103 00
Colour-Chem (100) ..	330.00	332.50	327 50	327 50
Indian Dyestuff (100).	291.25	300.00	281 25	295 00
Polychem (50)	160 06	160 00	156 25	158.75
Synthetics (100) ..	72 00	93.00	71.50	93.00
Tata Chemicals (10)..	19.60	19.68	19.32	19.64
MISCELLANEOUS				
Alcock Ashdown (100).	299.00	305.00	294.00	303 00
Bom. Burmah (25)§ ..	56 20	58.20	56 20	58 20
Do. (New) (20)§ ..	42 25	43.00	42.25	43.00
Br. B. Petrol (1½ sh.)..	3 38	3 44	3 34	3 38
Br. I. Corpn. (5) ..	10.28	10 28	10 28	10.32
Cooper Eng. (100) ..	120.25	122.50	120 00	122.50
Hindustan Lever (10).	32.25	32.25	32 00	32 25
Hindustan Motors (10).	19.24	19.56	19.08	19.12
I. C. & Invest. Corporation (100) ..	93.00

TREND OF SHARES

STEADIER MARKETS

(From Our Own Correspondent)

BOMBAY, 3rd *September*

THE week under review was shorter by a day, the settlement having been fixed for Wednesday as Thursday was a holiday. The end-account trading suggested a firm undertone with sales by marginal bulls being more than well-absorbed. Trading as a whole was characterised by early hesitancy and eagerness to book profits and a tendency to rally towards the latter part due to short-covering and replacement buying. On balance, the list showed variations either way but there was nothing to doubt the basic strength of the market.

In keeping with the market's habit of picking up such factors which suit its current mood, sentiment was swayed alternately by the modifications made by the Government to the recommendations of the Bonus Commission and subsequently by the criticism of them by labour leaders and threats of a possible unrest. Executive action towards unearthing unaccounted money also affected sentiment. Later, confidence was sustained by the favourable response from Pakistan to India's proposals for the avoidance of clashes along the Kashmir cease-fire line. The encouraging tenor of recent corporate reports and sustained institutional support also helped the market to maintain its strength.

Steels presented a mixed pattern and while Indian Iron closed a shade lower at Rs. 27.90, sentiment in Tata Steel was sustained by the hope that the Chairman might be having some more encouraging points to say at Thursday's annual meeting. Therefore the shares though done down to Rs. 159.50 on Saturday improved on short-covering and scattered fresh support to Rs. 162.25 at the close and to Rs. 163 in the kerb on Wednesday. Indian Iron had been beaten to Rs. 27.45 during the week on persistent selling by upcountry operators but rallied substantially to close the week at Rs. 27.90.

The textiles section was rather erratic with small to moderate changes either way. Century and Standard which were leading the current upward move fell behind, both recording moderate losses over the week. Standard was down from Rs. 685 to Rs. 675 while Century closed the week at Rs. 638 against Rs. 642.50 of last week, although it staged a sharp improvement to Rs. 646 in the kerb on Wednesday. But this was due apparently to the *budla* which should be added to the quotation. Apart from the reluctance on the part of bulls to pay higher contango charges, sentiment in Century seemed to be induced to a certain extent by the yet difficult situation which rayon is facing at present. Hesitancy in Standard was due more to the fact that those who had entered the market earlier preferred to cash the available profit. Kohinoor shed its glamour of the last few days but managed to close the week with a minor loss of Re. 1.50 to Rs. 334. Svadeshi was a shade better at Rs. 267, but Bombay Dyeing was distinctly firm at Rs. 61.60 against Rs 60.40 of last week. It appears that the market is waiting for details regarding the textile policy and the so-called multiplier scheme before deciding which way to turn.

Shipping shares came in for sustained inquiry, following the Prime Minister's suggestion for a 3.5-million tonne target during the fourth Plan period. Consequently, Scindia Steam was bid up to Rs. 16.36 and the closing price on Wednesday at Rs. 16.32 was comfortably higher than the last week's closing of Rs. 16.12. Great Eastern Shipping also attracted inquiry, being mentioned at Rs. 14.52 at the close. Among Engineerings, Telco failed to pierce its recent high of Rs. 321.50 but here too it was a case of profit-taking by early entrants. Despite this, the shares closed three points better on balance at Rs. 319, while, in the kerb on Wednesday night, the quotation was Rs. 282 on an ex-dividend ex-right basis. It is likely that the scrip will begin to attract renewed support. Premier Construction failed to maintain its last week's gains and fell back from Rs. 197 to Rs. 192.50, while Voltas closed slightly better at Rs. 273.50, against Rs. 271.50 of last week.

Banks and insurances were dull but electricity shares continued to be active with Tata Power hovering just under its peak level of Rs. 1,270, the latest rate being Rs. 1,263.75 against Rs. 1,267.50 of last week. However, other members of the section like Bombay Suburban and Ahmedabad Electricity gained fractionally to Rs. 114 and Rs. 103.75 respectively. Tyre shares were a little active presumably following the optimistic inference drawn from the balance-sheet of Premier Tyres which improved by Rs. 2.50 to Rs. 82.50 over the week. Ceat Tyres were similarly better at Rs. 92 against Rs. 88.50. In the chemicals section, Tata was fractionally better at Rs. 19.64 and Indian Dyestuff, after touching the Rs. 300 level, reacted to close at Rs. 295.

However, the conspicuous aspect of trading during the week was the demand for cash shares several of whom shot up into the limelight. Synthetics and Chemicals which had long been out of grace, suddenly turned a favourite and, on persistent demand, the quotation spurted from Rs. 71.50 at the beginning of the week to Rs. 93 at the close. It was said that the Company had been able to clear off its accumulated stocks and there was also a rumour of a possible alteration in the managerial set up which might prove helpful to the Company. Lynx Machinery went up to Rs. 7.35 following favourable corporate news while Bajaj Auto was favoured for the same reason. Hindustan Aluminium came in for sustained buying upto Rs. 13.76 following Calcutta advices. Associated Bearings moved up to Rs. 113 on reported inquiries from the Unit Trust which in fact was said to be buying some selected cash scrips. The Life Insurance Corporation was also said to be in the market for several cash scrips but offers are said to be limited at present.

It is good for cash shares to come to the fore, because demand for them is a sure sign that the market is set for a rise. *Budla* rates should be considered moderate for a three-week settlement and the market is placing very great confidence, and rightly too, in the stewardship of Mr. Lal Bahadur Shastri, who, if the situation demands, can take the bull by the horns. His efforts to cut avoidable expenditure, lay down priorities as well as his call for an objective view of the issues that face the country have greatly impressed the market. These will make for a long-term strength of the market and it is apparently these factors that it is taking note of at present. However, it must be remembered that no healthy rise is perpendicular and reactions, as they ought to occur, are good and should be welcomed.

* * * *

Calcutta, at the time of writing, was steadier. Here too corporate news helped sentiment. Jute shares attracted selective support with Ganges, Megna, New Central, Lawrence and Northbrook in the limelight. Birla was steady after moving both ways. J. K. Rayon lost ground in the textiles section, but Bowreah, Cawnpore and Jayashree were better. Among coals, Burrakur and Rewa were quiet but Bengal, Central India and Equitable were better. Inquiries for tea shares were few and far between.

* * * *

Buying in Madras was selective with plantations in fairly good demand. Sugar shares were able to maintain their levels but the trend in textiles was mixed. Bank shares were quiet and, among miscellaneous counters, Mettur was quiet, while stray business was noted in Seshasayee Paper, Enfield, Madras Aluminium and Indian Steel Rolling.

BANKING

(Concluded from page 402)

retaining the money which would in *any case* remain with the banking system.

Bankers are, again, much worried by the competition they face from other deposit gathering institutions, but are hardly prepared to do anything about increasing the present spread between short and long rates to more realistic and attractive levels. There is hardly a difference of one per cent in deposit rates for three months and three years; again, there is hardly a difference of 1½ per cent in the rates for three days and three years. The recent revision in deposit rates has meant a *status quo* in deposit rates below six months, a meagre rise of ½ per cent in the deposits rates between six months and three years, an increase of ½ per cent in the rates beyond three years and of one per cent in the rates beyond seven years, with the result that banks pay 6 per cent per annum only on deposits placed with them for a period beyond seven years. Mr. Bhattacharyya has very well summed up the entire picture in a single sentence, namely, "it is not surprising that the genuine saver tends to turn away from the banks."

Realising full well the inadequacies of the existing structure of rates, some of the banks have, surprisingly enough, turned to misleading advertisements in newspapers which declare in bold letters that "you can earn 6 per cent," and add in extremely small types, "depending upon the term of deposits," but conceal the fact the term has to be beyond seven years. Do the banks really feel that any depositor will leave his money for seven years to earn 6 per cent taxable in the present state of the money and capital markets, particularly when the Unit Trust offers 6 per cent tax-free realisable on demand (at least in theory)? In any case, bankers will do well to scrutinise the wording and display of their advertisements carefully, lest they should be accused of indulging in misleading tactics and invite controls even on their freedom to advertise their business.

The attainment and maintenance of enhanced liquidity requirements by banks is yet another reason which ought to induce the banks to make greater efforts and do some rethinking on rates of interest on deposits. The Governor pointed out that the progress made by some banks in moving up to the higher ratios had not been satisfactory and reiterated that the Reserve Bank attached the highest importance to them. Moreover, as already pointed out, it is not enough merely to meet the requirements of law; it is also necessary to meet the legitimate needs of trade and industry. The real test for the banks would come in the ensuing busy season and the bankers cannot then say that they were not warned in time.

In his speech at the bankers' dinner, the Governor hoisted another red signal which is bound to have far-reaching repercussions. The banks have been displaying commendable initiative in moving away from the traditionally commerce-oriented character of their operations and in financing the expanding needs of industry to an increased extent. They have also enlarged the scope of their term-lending and underwriting functions. The Governor now feels that the banks would do well to hasten slowly in this direction. It is true that, a few years ago, that is, before the advent of Mr. Bhattacharyya, the Reserve Bank did encourage banks to go in for medium-term industrial finance and provided them with a backing in the Refinance Corporation for Industry. Actually the Reserve Bank has been responsible for the banks shedding their fear of even touching term advances. Several of them have established new departments and trained their officers to handle this complicated business. The question, therefore, arises as to why Mr. Bhattacharyya put up this red signal. Answering this natural question, the Governor said:

"There is, however, a point beyond which the banking system cannot go in this matter of provision of long-term finance. It is in appreciation of this position that the two institutions, namely, the Industrial Development Bank and the Unit Trust of India, have been launched. These institutions would not only supplement the role of the banks in the field of long-term finance but will also, I hope, ease their burden to a considerable extent. I have no doubt that banks would extend to these institutions the same responsive co-operation that has characterised their relations with other specialised financial institutions already in the field. To be effective partners in planned progress, banks, no less than any other sector of the economy, would need to search constantly for new ideas and new methods. They have to be more venturesome without sacrificing prudence. In all these matters, they can count on the willing support and encouragement of the Reserve Bank."

Another reason for the Governor giving the aforesaid advice is the fact that banks are nowadays finding it increasingly difficult to meet the rapidly expanding needs of working capital for industry and trade. Further, it was found in the last busy season that the abnormal rise in clean advances to industry was the result of banks meeting the temporary needs of industrial projects which had hoped to raise funds from the market but which could not do so as a result of market condition. It is significant, in this connection, that the Governor has suggested that such industries as are still unable to raise capital should consider the replacement of their bank borrowings by the issue of public debentures and has promised that, in deserving cases, the Unit Trust of India might provide good support.

LONDON LETTER

(Concluded from page 400)

the great majority have nothing to fear, and everything to gain, by letting machine to take over the more routine industrial tasks."

While the introduction of automation may not create serious unemployment problem, there is no doubt that those who are displaced as a result deserve generous treatment from the Government in the shape of "unemployment pay, mobility allowances, redundancy compensation and retraining schemes." For industry the clear guidance is that they must be flexible in their use of labour force. There is a danger of the labour force becoming rigid both as a result of the fall in the rate of growth of population and reduction in the flow of Commonwealth immigrants. This rigidity can be overcome by technological development and economy in the use of manpower. These measures can bear fruit only if the employed labour force becomes adaptable. The successful implementation of these remedial measures can be carried out by the willing co-operation of the trade union. So every effort has to be made to remove suspicion from the minds of trade union leaders.

COMMERCE AND INDUSTRY

(Concluded from page 422)

portant place in the whole organic chemical industry, its proper growth will not only contribute to strengthening the national economy but will also help in the technical progress in the entire field of organic chemical industries. It is, therefore, necessary that for further development, the dyestuff industry should concentrate on enhancement of its productive efficiency and quality control, production of intermediates, technical research for new dyes and co-ordinated growth of the industry. The industry should also see that its products reach consumers readily and at reasonable prices."

As a postscript it may be added that, if the proposed petro-chemical projects in both the public and private sectors come to fruition at an early date, the dyestuff industry would have no difficulty in securing adequate supplies of organic chemicals and intermediates for its manufacturing purposes. Only, for this, the projected petro-chemical complexes should come in for priority development. And that will be good not only for the dyestuff industry but for several other industries as well.

COMMERCE

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

William Blake.

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Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

Contents

	Page
LEADING ARTICLES—	
More Critical Than Expected	437
Perspectives on Nuclear Power ...	438
MARKET GOSSIP	439
THIS WEEK'S SURVEY	442-444
TREND OF SHARES	474
SPECIAL FEATURES—	
London Letter	441
Manchester Letter	449
Business News from Europe	458, 460
Bonus Commission and After	462-463
India and Kennedy Round	463
Attitude Towards and Investment for Savings	470
CHAIRMAN'S SPEECH—	
Mukand Iron and Steel Works Ltd. ...	452
MONEY AND BANKING	446-448
COTTON	450
ENGINEERING	454
NEW PRODUCTS AND PROCESSES	455
COMMERCE AND INDUSTRY	456
COMPANY MATTERS	464-465, 471
TREND OF MARKETS	472-474
MISCELLANEOUS STATISTICAL INFORMATION	475-476
STOCK AND SHARE QUOTATIONS	477-483
WEEK'S STOCK EXCHANGE TREND	484

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MORE CRITICAL THAN EXPECTED

THE annual reports of the Central Board of Directors of the Reserve Bank of India have invariably been more critical in their appreciation of economic trends and developments in the country than any of its other annual publications. We advisedly say "invariably," because, in some years, the reports used to be dull and drab in their commentary. The report for the year ended 30th June 1964 just released is not, it is gratifying to find, one of those exceptions. On the contrary, the comments in this year's report are lively against an objective presentation of facts in a concise and cogent manner. Some might still say that the Board's remarks are not sufficiently critical, but, considering that the independent and autonomous character of the Bank is more a fiction than a fact, they are more candid than any practical-minded person can expect. Besides, the comments have been so worded that the meaning implied in them will be pretty clear to those who have been keeping abreast of developments in the country. Indeed, one clearly sees in the report under review the impress of fresh blood infused into the Board. It may not be well known that the Board now includes several new members who are non-officials, prominent among them being Mr. P. L. Tandon, Mr. N. A. Palkhivala, Mr. Arvind N. Mafatlal, Prof. M. Mujeeb and Mr. K. Srinivasan. It is a good sign that the Board consists of fewer businessmen and more professionals, for the latter can be more independent of the Government and more objective in their views than the former.

The price situation still dominates the topics of the day. The commencement of the monsoon session of Parliament has given the topic a new lease of life. Members of Parliament have been speaking on it from their respective political platforms, with the result that there is a babel of voices. The common man cannot, therefore, be blamed if he feels confused. In this context, the summing up of the causes for the current stresses and strains in the economy in the Reserve Bank's annual report makes sane reading. The first point made in the report is that expenditure in the country on development, defence and refugees has been running high, resulting in a rapid expansion in liquidity in the economy. Money supply, which represents the monetary demand in the economy, expanded by Rs. 477 crores (or by 13.3 per cent) during the fiscal year 1963-64, as against Rs. 310 crores (or 10.2 per cent) during the previous year. The resulting "inflationary pressures have been accentuated by the virtual stagnation in agricultural output." The report has also taken care to add that "the gap between aggregate demand and aggregate supply persists, despite the unprecedented taxation measures contained in the previous year's budget and the corrective measures that were taken since then." This is an admission, albeit indirect, of the fact that the objectives of the present fiscal policy, as has been claimed by its authors, as well as protagonists, namely, to restrain consumption and to stimulate production, have not been realised, at any rate not fully. In fact, in one place the report clearly lists the increases in indirect taxation as one of the factors responsible for the rise in costs and prices. The second point made in the report is that the rise in the prices of food articles (13.3 per cent) and raw materials (11.4 per cent) in the year ended 30th June 1964 was most significant, in contrast to only a modest increase (2.5 per cent) in the prices of manufactured goods. The third point made therein is that the rise in prices has been due "largely to the setback in agricultural production," particularly foodgrains and all commercial crops except cotton, coffee, rubber and tobacco. The report has also not forgotten to add that, in the past three years, there has been a virtual stagnation in foodgrains production around the level of 81 million tonnes, even though rice production in 1963-64 has been larger than in the previous years. Nor has it minimised the fact that some of the measures taken by the Government to bring the situation under control have themselves aggravated the upward trend in prices. Thus, it says:

"The problem of shortage in foodgrains appears to have been aggravated by the restrictions on inter-State movement and the present system of compulsory levy together with the increase in the holding capacity of the big farmers and speculative activity by the trade. The delays in unloading foodgrains at the docks also contributed to the rise in prices. The shortfall in agricultural production relatively to the requirements of the economy in conjunction with the abovementioned factors has created a psychology of scarcity, raising prices beyond the level justified by the basic supply and demand position."

It must be added here that the pronouncements made and measures taken by the Government have been primarily responsible for engendering the psychology of scarcity, thereby aggravating the tendency to hoard by consumers all over the country who outnumber the producers and traders. A significant omission in the Reserve Bank's discussion on the price situation, it may be noted in passing, pertains to the impact of increase in population. Not even a word about the growing baby boom has been mentioned in the report under reference, as if it has not added to the inflationary pressures.

It will be seen from the foregoing account that the basic causes for the rise in prices are other than the cupidity of industrialists and traders compendiously known as businessmen. In this country dominated by the have-nots, the businessmen, however, are a convenient scapegoat for all politicians. They would be blamed and denounced equally strongly, if there were to be a sharp fall in prices. (This tendency, incidentally, is an unfortunate feature of the Indian political scene.) There need, however, be no fear of any sharp fall in prices. Although the Reserve Bank has made no specific attempt to analyse the short-term prospects of price trends, a discerning reader of its annual report will come across enough material to come to the conclusion that the chances of any significant relief to consumers are slender, if not *nil*, and that they should thank their stars if the situation does not deteriorate any further. The modest rise in prices in manufactures noted above has largely been due to repression of inflation through controls on prices of a large number of manufactured goods essential to the economy. Such suppressed inflation has a habit of bursting out sooner or later. The authorities will either have to allow an increase in the prices of these goods or face a slow pace of growth in their production which in turn will aggravate the cycle of scarcity. A stage has now been reached that either course will assert itself in the coming months.

Industrial production in 1963-64 expanded at a faster rate (9.1 per cent) than in the preceding two years (7.9 per cent in 1962-63 and 6.4 per cent in 1961-62), though it was still well below the third Plan's annual target of 11 per cent. It is a moot point whether even this rate of growth would be maintained in the current year, because the foreign exchange position continues to be quite uncomfortable and shortage of certain essential raw materials persists. "Bids for further increases in wages (on top of increases that have already taken place to the extent they are linked to costs of living) by organised labour, if successful, are likely," in the words of the Directors of the Reserve Bank, "to aggravate the problem of industrial costs. A co-ordinated wages and incomes policy geared to productivity remains a vital desideratum." It was only last week that we saw the Government taking a decision on the report

of the Bonus Commission which is not in keeping with this desideratum. The prospects in regard to prices of food and other agricultural commodities are uncertain, as the fate of harvests relating to 1964-65 crop year is still in the hands of Providence. Even if they happen to be a little bigger than in 1963-64, the increases may not be sufficiently large to offset the impact of too many intermediaries—the State Corporation, the co-operative marketing societies and the normal trade channels—wanting to have a share in them. On top of all this lies the intention of the Minister for Food and Agriculture, Mr. C. Subramaniam. He is more keen on stabilising agricultural prices at the current high levels than in bringing them down. It is rather distressing to find that, of late, the politician in him is getting the upper hand over the administrator with a high regard for economic facts.

So far as money supply is concerned, the outlook is by no means encouraging. It is true the Reserve Bank has been on the alert in regulating credit to the private sector, but it has no restraint on its master, the public sector. While appeals for economy in expenditure have been made by both the Finance Minister and the Prime Minister, very little has been done so far in implementing them. The rephasing of the Plan outlays, as suggested by the Prime Minister, is still in the stage of discussion. At this rate, nothing much will have been done in reducing the level of total expenditure before the current fiscal year is out. Consequently, the growth in money supply may once again outstrip the additions to the supply of goods. The Directors of the Reserve Bank have, of course, been less than forthright in discussing the prospects in regard to money supply, but they have cautiously observed that credit controls have their limitations, especially in the environment of overall monetary expansion, which make it possible for operators to resort to non-banking sources of finance. They have, therefore, underlined "the necessity of maintaining harmony between monetary policy and fiscal policy." This is a rather vague statement and so is their elucidation: "It is necessary . . . to ensure that both fiscal and monetary policies act in such a way as not to add to the pressure of aggregate monetary demand and thereby aggravate the imbalance between overall demand and supply." A little plain speaking by the Directors of the Reserve Bank on this issue, instead of indulging in a riddle, would have been desirable and helpful. They could have, for instance, explained how the fiscal policy has not been in harmony with the monetary policy and how it has been aggravating the imbalance between the demand and supply. Are they suggesting that taxation policy has been such as (*a*) to add to the growth of non-banking sources of finance and (*b*) to reduce the availability of internal finance for business corporations in the private sector, thereby forcing them to depend more and more on bank credit and other external sources? If the Reserve Bank's Directors can be blunt enough to point out that the rates of interest on deposits are not adequate enough for attracting more deposits, they could have been equally frank in their observations on fiscal policy too.

Another subject that figures prominently in public discussions these days is the fourth Plan, for which a lot of groundwork has already been done by the Planning Commission. The Directors of the Reserve Bank have made no reference to this next Plan in their report under review. But they have indicated certain general guidelines which can, and ought to be, followed in preparing the fourth Plan also. To summarise them briefly: Stabilisation of prices must be a major objective of policy, in order that defence and development may be secured while strengthening the balance of payments. A sizable expansion in the output of consumer goods, and particularly of agricultural products, is necessary. Frequent changes in the general structure of taxation should be avoided, as they have an unsettling effect on the climate of investment activity. There is need for the most effective mobilisation of genuine savings, a task in which the banking industry has a major part to play. There is also a need for not only monetary, fiscal and physical controls but also a co-ordinated price and incomes policy. A strict scrutiny of Government expenditure from time to time is imperative, with a view to weeding out less essential items. Even if this results in a temporary slowing down of developmental activities in some areas, it may prove beneficial in the long run. The sum and substance of these guide-lines is the well-known thesis that economic development, if it is to be successful and with minimum hardship to the vulnerable sections of the community, should take place in an environment of stability. Some impatient souls in the seats of power have been heard to remark recently that regard for this thesis would only lead to stagnation. This reaction merely goes to show that there are still many in high places who have not yet learnt the lessons of this country's experience in the second and third Plans. It is such people who constitute a danger to the future of this country.

PERSPECTIVES ON NUCLEAR POWER

AS the world's population and industries are growing all the time, so are its energy needs. But the known world reserves of fossil fuels—coal, oil, oil shales, peat and natural gas—amounting to 3,500 billion tons of coal equivalent would, it is said, last only for the next 800 years at the present world consumption rate. They would, however, last hardly for a hundred years, if the entire world were to consume as much energy per head as North America does now. If an accelerated rate of consumption somewhere between the present world rate and the North American rate is assumed for the future, it may be that the fossil fuel reserves will suffice only for the next 500 years—a period not too long in the continuing history of mankind. The question is: what will happen thereafter? Obviously, there will be an energy famine throughout the world, unless, of course, more fossil fuel reserves happen to be located and newer sources of energy come to be exploited in the meanwhile. It is, in this context, that the potentialities of nuclear power as a fairly big source of energy may be rated high. In fact, as the energy content of atomic fuels—uranium and thorium—is 10 to 20 times greater than that of fossil fuels and a ton of natural uranium can be utilised in a reactor until it has yielded 10,000 megawatt-days of energy, it has been estimated that the known world reserves of 1.5 million tons of uranium would represent the equivalent in energy potential of more than 400 billion tons of coal. The nuclear energy potential could be as high as 4,000 billion tons of coal equivalent—more than the world reserves of fossil fuels—if "breeder" reactors were used. Incidentally, in a "breeder" reactor, described as the ultimate in reactors, the energy yield would be as much as 200,000 megawatt-days per ton of uranium fuel which is surrounded by thorium. That much energy yield is rendered possible by the fact that some of the neutrons emerging from the uranium chain reaction convert the surrounding thorium into fissionable material which may itself be then processed into fuel as a substitute for uranium.

In view of these enormous energy potentials of nuclear fuels, it was thought at one time that the expansion of atomic energy programmes in several countries in the 'fifties and the 'sixties would lead to a fall in the cost of atomic power. But this has not taken place so far. According to a U.N. survey on the eve of the Third International Conference on the Peaceful Uses of Atomic Energy, held at Geneva from 31st August to 9th September 1964, three major difficulties have been encountered. First, since there is no immediate shortage of fossil fuels in most nations now operating nuclear power plants, nuclear competition with conventional energy sources has been none too easy. It should be noted here that conventional plants themselves have been improved technologically in recent years and there has been a notable move towards bigger units having lower production costs—as, for instance, in the United States where power plants consuming oil or coal are being built and planned on a routine basis to produce 600,000 to 1,000,000 kilowatts of electricity. Secondly, the cost of conventional fuels, including coal, has gone down due to larger production and economies achieved in transporting them. In the U.K., for instance, due to intensive mechanisation of collieries, closing down of uneconomic mines and other measures of rationalisation, the cost of producing coal today is less than what it used to be eight years ago, notwithstanding the increases in the wages and amenities of workers. Thirdly, high rates of interest are a handicap to nuclear plants which require large capital outlays. And, fourthly, the technological problems involoved in nuclear plants have proved more difficult than were once assumed. Atomic energy programmes have, therefore, been spread over considerably longer periods of time than were scheduled earlier, and the cost of atomic power, too, has not fallen as rapidly as was originally hoped.

But the experience of highly developed countries in this field has demonstrated at least one thing. This is the influence of unit size on the economics of nuclear power. In these countries, reactors of considerably greater power than those of 100,000 to 300,000 kilowatts already in operation are considered to be the most economical. Reactors of 500,000 kilowatts or more are now envisaged in this connection. The continuing expansion of demand for electricity and the development of special applications, such as water purification, seem to be clearing the way for these large units. In fact, such large units are under construction in Britain which has just commissioned a 325,000-kilowatt nuclear power station at Hunterston in Scotland and which, it is claimed, has the biggest nuclear power programme in the world. As that country has produced so far 15 billion units of electricity from nuclear fission—more than twice as much as the rest of the world put together—its experience is particularly relevant in the context of cost considerations. This suggests, according to a member of U.K. Central Electricity Generating Board, that the better performance of the fuel would reduce fuel costs of "Magnox" stations by 25 per cent and could reduce the cost of a unit of electricity by 10 per cent. In his view, the "Magnox" stations, which are still being improved, could eventually reduce generating costs by as much as 25 to 30 per cent.

Likewise, the United States, which has built so far 14 atomic power stations with an aggregate capacity of one million kilowatts and is already producing economically atomic power, albeit in high-cost regions in the north-east and on the west coast, is going in for large-sized units in the interest of cost reduction. It has now six larger units in the private sector, either under construction or consideration for an aggregate capacity of 2.5 million kilowatts. These units are confidently expected to be competitive over their lifetime with conventional electric plants *anywhere* and not merely in regions far away from coalfields. But, at the same time, it has been recognised in the United States that, in spite of the cost reductions possible in present reactor types, the goal of cheap and unlimited atomic electricity is yet far away, for the attainment of this goal would have to await the development of "breeder" reactors of the kind now in the experimental stage in that country and elsewhere. As the first full-fledged breeder station is expected to be in operation in the U.S. itself only after 16 years from now, there is a long way to go before the world can enter the era of cheap and plentiful electricity with the aid of breeder reactors. But it will not, of course, be a "long way," considered from the much longer 500-year or 1,000-year perspective of the world's future energy pattern. Even from the shorter perspective of the next 35 years, the world share of nuclear power will be of no mean order, for, according to India's Dr. H. J. Bhabha, it will be over 1,250 million tons of coal equivalent by A.D. 2000 in the then total world energy consumption of 30,000 million tons of coal equivalent.

The U.S.S.R., too, according to the leader of the Soviet delegation to the Atomic Energy Conference at Geneva, is thinking in terms of building giant atomic power stations in the next five or six years. Already the first 210,000-kilowatt stage of the Novo-Voronezh Atomic Power Plant is on the way to completion, and its second stage will take the capacity to 500,000 kilowatts. His expectation is that, in the next decade, towards the eighties, the aggregate capacity of Soviet atomic power plants will be "a few tens of millions of kilowatts," as compared with 900,000 kilowatts by the end of this year. Like the United States, the Soviet Union, too, attaches great importance to the development of "breeder" reactors which will enable a better utilisation of uranium. Noteworthy, in this connection, is the view of Soviet nuclear scientists that a thousand tons of uranium will be more than sufficient to operate atomic power stations with a combined capacity of 100 million kilowatts during a year. Equally noteworthy is the Soviet research under way in the field of fast-neutron reactors, as also the recent decision to construct the world's first large "BN-350" fast-neutron reactor with a power capacity of 300,0000 to 350,000 kilowatts.

All these developments in some of the advanced countries, it may be contended by some, may not have much relevance to conditions in the under-developed countries on two grounds. One is that these countries are hardly in a position to find the large capital resources required for big-sized nuclear power plants. It is recalled here that the earlier concept of compact and economical nuclear plants in the range of 30,000 to 50,000 kilowatts, suitable for use in less-developed countries, has had to be shelved because a reduction in size is not matched by a reduction in cost. The other ground is that the energy needs of these countries, engaged in industrialisation, are growing so rapidly that they cannot wait for the generation of cheap and plentiful atomic electricity with the aid of "breeder" reactors after, say, 20 years. As the energy needs of the immediate future will be most pressing in these developing countries, they will necessarily have to go in for large-scale power development on conventional lines, that is, through hydel stations and coal or oil-fired thermal stations.

These arguments, however, do not wholly apply to India which, though under-developed, is sufficiently industrialised to be called a semi-industrialised country. Being more advanced than most other under-developed countries—advanced to the point of operating a large atomic energy establishment of its own—this country is certainly in a position to put through a nuclear power programme. This is how Dr. H. J. Bhabha, Chairman of India's Atomic Energy Commission, and Mr. M. Dayal of the Department of Atomic Energy, have projected, in a paper submitted to the latest Atomic Energy Conference at Geneva, the growth of total power capacity for the country, along with the possible share of nuclear power in that aggregate capacity:

India's Long-term Power Needs

(In million kw.)

Year	*Nuclear power*	*Total all-India installed capacity*
1966	Nil	12†
1971	1.18*	24
1976	3.00	38
1981	8 to 10	60
1986	18 to 20	About 90

* 380,000 kw. at Tarapur (Maharashtra), 400,000 kw. at Rana Pratap Sagar (Rajasthan) and 400,000 kw. at Kalpakkam (Madras).

† About 5 million kw. in hydel stations and 7 million kw. in thermal stations.

It will be seen from the above estimates that India is already planning larger-sized nuclear power stations in keeping with the latest trends in the advanced countries. It will also be seen that the nuclear power programme, which will be increasing from Plan to Plan, will not in any way reduce the need for a rapid expansion in conventional power capacity at the same time. If anything, for the country as a whole, the major share of power capacity will still have to come from conventional sources and this will require a big effort in the hydro and thermal fields. The emphatic view of the authors is that, in India, in three widely separated and important regions, which are more than 350 miles from the coalfields, nuclear power is expected to be competitive with thermal power produced by (i) coal transported by rail, (ii) pit-head generation with high voltage transmission, or (iii) oil, even with an assumed interest-rate of 10 per cent. The different cost estimates so meticulously worked out by them in separate tables cannot, however, find space here. But the principal cost findings are brought together below:

Cost of Power in Paise Per kw.h.

Station	*Assumed rate of interest*	
	5 per cent	*10 per cent*
Coal-burning station in Bombay, Gujarat Madras and Delhi-Punjab-Rajasthan regions	3.6 to 4.1	4.4 to 4.8
Transmission of power from pithead thermal station over 350 miles	3.2 to 3.5	4.2 to 4.7
Oil-burning station (excluding duty and taxes) ..	3.2 to 4.0	3.9 to 4.7
Tarapur nuclear power station	3.0	4.4
Candu-type station (Rajasthan)	2.6	4.1

These cost estimates for different localities, it should not be forgotten, pertain only to regions which are far away from the coalfields. That nuclear power will be quite competitive with conventional power in such high-cost regions can be believed in the light of experience in the U.S. where nuclear power is already being produced on an economic and competitive basis in the north-east and west coast regions with their high-cost conventional power generation. Apart from all this economics, the basic factors underlying India's relatively modest atomic power programme are the need for building up experience, creating a technical cadre and producing plutonium to meet future nuclear power needs. When this experience is built up over the next decade, India will be in a better position to take advantage of the expected advances in nuclear power technology in the West. Otherwise, it will be difficult for this country to develop nuclear power in a fairly big way after 1976. In this, as in nuclear research, in general, Dr. Bhabha's far-sighted perspective is most commendable. One hopes that the men in power today will have the vision that Mr. Nehru had in backing Dr. Bhabha's enterprise in the nuclear field.

MARKET GOSSIP

Jute Industry's Biggest Worry

WHATEVER be the future trend and pattern of India's export trade and whatever be the developments elsewhere in the world, there is no doubt that jute goods will continue to be the biggest earner of foreign exchange for the country at least in the next few years. Out of the aggregate export earnings of Rs. 5,100 crores envisaged (tentatively) in the fourth Five-year Plan, jute goods alone are expected to contribute as much as Rs. 900-925 crores, about 18 per cent of the total. But one should not rush to conclude that all is, and will be, well with the Indian jute industry. Indeed, the industry is greatly worried about the severe impact of competition from Pakistan in world markets. It was, therefore, somewhat surprising that Mr. Manubhai Shah, Union Minister for Commerce, while addressing the inaugural meetings of the Jute Textiles Consultative Board and the Jute Goods Export Promotion Council held at Calcutta on Wednesday this week, should have characterised the worries expressed by the industry as springing from its nature of being overcautious. Overcautiousness may not be a commendable virtue, but it is certainly not unwarranted in the case of jute industry. The facts given below speak out clearly:

The jute industry in Pakistan is currently operating at a level of 325,000 tons annually, representing about 25 per cent of India's production, and there exist plans which envisage a further 20 per cent increase in production over the next eighteen months and a much greater increase over the subsequent three or four years. More broadloom units are under erection for increasing the manufacture of jute carpet backing, and there have already been some shipments of this fabric by Pakistan to America and Europe. Again, with growing experience in jute manufacture and the gradual emergence of a skilled labour force, the industry is well placed to switch to hessian production on a large scale if it should so decide. The jute industry in Pakistan enjoys certain distinct advantages: completely modern machinery and equipment, availability of superior quality raw jute at an economic cost, larger yield of raw jute per acre, lower wage rates, and direct export subsidy at a very liberal rate. These helpful factors, it is calculated, give the Pakistan jute mills *vis-a-vis* their Indian counterpart a cost advantage of Rs. 400 per ton in the case of sacking and Rs. 40 per 100 bags in respect of B. twills.

These appear to be hard facts; if there is any jugglery in them, it is for Mr. Manubhai Shah to prove it. India has been continually on the defensive all these years and no amount of export orientation, however desirable this may be, can, as Mr. J. V. Jardine Paterson, Chairman of the Indian Jute Mills Association for 1963, aptly remarked some months ago, alter the hard fact of India's inferior competitive strength.

In the long run, keen competition between India and Pakistan in jute goods markets will, of course, hit hard the interests of both the countries. Mr. Manubhai Shah did well to highlight this important factor very forcefully. He said:

"The prosperity of the jute industries of India and Pakistan lies in the avoidance of undercutting each other or a rate war. India and Pakistan should work together for the prosperity of this basic industry which is their main export earner. I appeal to the Pakistan jute industry and the Government for a co-operative approach in the field of jute exports."

While it is to be hoped that the appeal of Mr. Shah will not fall on deaf ears, one wonders whether an understanding on co-operative approach can actually be reached between the two countries. Given such an understanding, there is no reason why the two countries should not be able to expand jute industry, to raise production of goods and to sell them at fairly remunerative prices in the wide world.

Meanwhile, no effort should be spared to strengthen the competitive position of the Indian jute industry. Appropriately enough, Mr. Manubhai Shah emphasised the need for research and product development, with special stress on the manufacture of speciality goods which will earn more per ton than the conventional items. And reassuring is his statement that the Government would extend to the industry full co-operation for modernisation schemes and that, for improvement of mills, whatever components were needed would be procured. Production of jute goods, however, is only a part of the indusrty's operations. The other, perhaps more important, part relates to marketing. It was, indeed, a wholesome advice that Mr. Manubhai gave when he said: "The industry should ensure that not a single yard of jute cloth leaves the shores of India without testing, so that all exports can reflect a good image of India. With this end in view, the Government has decided to introduce statutory quality control and pre-shipment inspection from 1st January next Proper statistical quality control and inventory control must be maintained. Jute also must be tested to ensure that whatever leaves the shores of the country is 100 per cent tested."

One of the essential prerequisites for the successful production and marketing performance is the strengthening of the jute industry's agricultural base, for raw jute accounts for over half of the production costs. Despite all the loud talk of intensive development, neither the per-acre yield of raw jute nor its quality has shown any significant improvement. The average yield obtained in the 1963-64 season was no more than 2.77 bales (of 400 lbs. each), as against 2.41 bales in 1955-56 end of first Plan) and 2.40 bales in 1951-52. The per-acre yield in Pakistan is well above this figure, the actual average for the 1963-64 season being about 3.52 bales. Mr. Manubhai Shah seems to feel that the per-acre yield must be stepped up to at least 3.8 bales. An appreciable improvement (quantitative and qualitative alike) in productivity can be achieved only if, as Mr. Shah urged, the State Governments concerned provide the farmers with the requisite facilities such as distribution of fertilisers and supply of quality seeds. The record of these Governments in this respect has been poor. Who is to shake the State Governments out of the lethargy and how is one to do that? Mr. Manubhai Shah must address himself to these questions.

Index-linked Savings

Should the savings needed to support public sector development be provided with safeguards against depreciation of value at present available only to savings financing private sector investment in the form of equities? If so, how? These are the questions that are now posed before the Governments of several countries. There is a wide divergence of opinion among economists the world over on the answers to the two posers. This divergence of opinion apart, the findings of the special committee of experts in Sweden which recently reported on the usefulness of index-tied loans are very interesting. In the opinion of this committee, there are *no* convincing arguments for *not* extending the safeguards against depreciation of value which have been in use in certain fields to the credit market. The committee is, of course, aware of the practical difficulties in the way of the wholesale application of the principle, but it points out that an experiment ought to be made forthwith to test the suitability of index-linking in a Swedish context, the experiment being limited initially to savings bonds and loans suitable for investment by institutions. The more important conclusions arrived at by the committee may be summed up thus:

Savings would be encouraged by the availability of purchasing power guarantees for money invested on a fixed interest basis. The economy should profit from the fact that their (guarantees) advent would make it possible to determine interest rates policy independently of inflationary expectations, thereby making official economic management easier and more effective. The incorporation of stable value clauses in the State's contracts with bondholders and other creditors is more likely to serve to strengthen public confidence in the authorities' endeavour to defend monetary stability, rather than to weaken it. And there is certainly no reason why it should be regarded as a surrender to inflation.

The findings of the Swedish committee of experts have elicited some interesting comments from "Lombard" of *The Financial Times* (London). "Lombard" says that, in the great majority of countries, inflationary processes have become such a well-established feature of the economic scene (in spite of oft-repeated official assertions that the fight to restore monetary stability would be prosecuted with the greatest energy) that the authorities do not have to confess to failure to resolve the problem. Viewing the findings against the background in Britain, he observes:

"The point of greatest practical importance now is that it is going to be taken for granted by the public, whatever the authorities may be saying, that inflation will continue to erode the purchasing power of money indefinitely until positive proof is available—that is through the maintenance of monetary stability over a period of several years—that a decisive answer to the problem has been found. After all, it is the case that the inflationary phenomenon has been with us now for a quarter of a century. So it can hardly be surprising if it is coming to be regarded as a permanency.

"It is idle, therefore, for the authorities to go on pretending that stability is just round the corner. Rather should they strive to neutralise the disincentive to saving implicit in the public's belief that a continuance of inflation is inevitable by offering national savers an opportunity to obtain the security for their capital that they would get if official measures to re-establish monetary stability were fully successful. Seeing that the Exchequer is going to be left no worse off that way if inflation persists than it would have been had the Government fulfilled its promises to stabilise this is surely not a lot to ask."

With General Elections so near, it is highly doubtful whether the present Government in Britain will initiate any new economic measure of far-reaching effect, like the one described above. It remains to be seen whether the idea will appeal to the Government that comes into existence after the Elections. If the Labour Party were to win and form the Government, it might give due consideration to the proposal for index-linked savings in its efforts to mobilise resources for public-sector development.

Price-support For Agriculture

Dr. Williard W. Cochrane, an authority on U.S. agricultural price-support schemes and a former Director of Agricultural Economics in the U.S. Department of Agriculture, is presently in India as leader of the production incentive mission, mainly for the purpose of helping the Government to develop a price-support programme designed to provide incentives to the farmer for greater production. In the words of Dr. Cochrane, "the idea is not just to raise the price level of commodities for the cultivator, but also to stabilise price drops at harvest time." Initially, the aim is to determine the desired level of price-support, the price differentials from region to region, the quantum of purchases by the Government, storage requirements

and the cost of such a programme to the Government and, after drawing the outlines of the basic plan, Dr. Cochrane expects to prepare a schedule for American technicians to help the country work out operational details of the programme, if there is agreement between the Indian side and the American side on the basic plan.

As the situation exists, the farmer is not a substantial loser when the production is not sufficient, the reason being that a low production increases the prices of farm produce and the net return to the farmer may remain unchanged. On the other hand, a large production brings down the price substantially and the farmer's earnings may remain more or less unaltered in spite of his putting in larger efforts and investing in better seeds, fertilisers and improved implements. Accordingly, it is argued that there is no incentive for him to produce more. The reason may be the inelasticity of demand for agricultural produce. In these circumstances, there is great need for introducing some measure whereby the farmer can be assured of a reasonable level of price in spite of the rise in production. One can learn a lot in this connection from Britain, where this system is being practised and where the agricultural production has increased at a very fast pace, mainly due to the adoption of this system.

In India, however, agricultural production is very large as compared with that in Britain and the task in India is thus stupendous. From the point of view of size and the magnitude of operations, the U.S. offers a better example and the experience of that country will provide valuable guidance. The Government has, therefore, done well in inviting American experts to offer advice on and suggest the technique of operating price-support schemes. It is, however, obvious that, in order to operate any price-support programme successfully, large-scale purchases will have to be made by the Government and the storage capacity will have to be increased many times. Unless sufficient funds are available for these two purposes, it will be difficult to put the scheme into practice.

It is gratifying to note, in this connection, that these and other related lines of activity are to be undertaken by the proposed Foodgrains Price Stabilisation and Trading Corporation. This Corporation, incidentally, will have a capital of Rs. 100 crores and its main objects are: (1) to ensure fair price to the grower and to make available foodgrains at reasonable prices to the consumer; (2) to encourage production of foodgrains by financing food crops, giving guarantee on behalf of growers and by providing facilities like fertilisers, spray, crop insurance, etc.; (3) to provide proper storage facilities; (4) to organise and finance supermarkets and retail distributions to reduce costs to consumer; and (5) to undertake procurement wherever and whenever necessary. Dr. Cochrane's advice and assistance, it hardly needs to be added, may be particularly availed of in the matter of evolving suitable price, production and other related policies to further the Corporation's objectives.

The formulation of the plan and its implementation are, however, not an easy job, especially as the Indian Government lacks the necessary experience in taking over foodgrains and in storing and distributing them. Dr. Cochrane has himself stressed this point thus: "Organisation of such a programme is difficult even in the U.S. In India, it will be even more difficult, because we will have to reach so many more people and because civil service personnel needed for the programme are short in comparison with the magnitude of the problem." It would, therefore, be too optimistic to assume that the plan would work miracles with Indian agriculture. Nevertheless, it is necessary to make a beginning, however difficult the task may seem to be.

In his informal talk with journalists at New Delhi, Dr. Cochrane also stressed the importance of other factors like more irrigation and fertilisers to increase the agricultural production. In this connection, it is gratifying to know that an American consortium is negotiating with the Government of India for establishing five fertiliser plants in this country which together would have a capacity substantially more than that of all the Indian fertiliser plants now in operation or under construction. It is to be hoped that no ideological considerations by the Government will stand in the way of these initiatives yielding positive results.

Foodgrains Clearance At Ports

In the context of shortage and high prices of foodgrains, it is gratifying to learn from Press reports that there has lately been a distinct improvement in the handling of foodgrains (imported) at Indian ports. A few weeks ago, it will be recalled, acute congestion had developed at the Bombay and Calcutta ports, with the result that large quantities of imported foodgrains (wheat and rice) which were lying at the ports could not be cleared for distribution within the country. The "bunching" of ships at the docks was caused mainly by frequent strikes, "go-slow" tactics of stevedore workers, inadequate port facilities and slow progress of port development schemes. There was virtually an endless queue of vessels on the high seas waiting for a berth to unload their stocks. Thanks, however, to the initiative taken by Mr. C. Subramaniam, Union Minister for Food and Agriculture, a better inter-departmental co-ordination has been achieved, labour-incentive schemes introduced and some other difficulties also reduced greatly. Indeed, it is said that no foodship is at present waiting for a berth at the ports of Calcutta, Madras, Visakhapatnam, Kandla, Bhavnagar and Cochin, and, in Bombay, only one ship was recently waiting for a berth which must have by now been found.

The authorities, according to *The Statesman* of Calcutta, were able to unload about 600,000 tons of foodgrains from vessels in all the ports during the months of July and August. In Bombay port alone, the rate of discharge, which was a bare 102,500 tons in April, was as high as 202,300 tons in July and 245,000 tons in August. The improvement in position, it is said, has given the Government the confidence to handle about 600,000 tons of food imports every month during the period from October to February next. If the rate of handling the grains at the major ports cannot be improved further than this, it is due not so much to deficit berthing and unloading facilities as to inadequate transport and shed capacities in the docks. There are said to be other snags as well. While Bombay, Madras and Kandla have mechanical devices installed to unload foodships, especially tankers, Calcutta still has none. Further, it is considered doubtful if the grain silo under construction in the Calcutta docks will be completed by the end of this year. Even at Madras and Bombay ports, foodgrains have to be bagged and stitched manually before being sent out of the sheds by means of road transport. Consequently, the rate of unloading of ships has to be synchronised with the pace of clearance from the docks. Nearly 10-12 days are taken for unloading at 20,000-ton tanker in Bombay. The average daily clearance of foodgrains thus comes to only 2,000 tons. The shed capacity itself is just 3,000 tons.

Against this background, it is clear that, if the imported foodgrains are to have a salutary effect on the supply and price situation, the Government must seek to overcome the physical limitations of ports, besides making renewed efforts to improve the labour climate. The move of the Government of India to secure mechanical handling equipment for ports from abroad is, therefore, sound. The installation of this equipment, together with the functioning of the watchdog body (this has been set up to keep a continuous track of the problem relating to port traffic) and the services of a few U.S. maritime experts who are arriving in India shortly, will surely go a long way towards ensuring a more effective and speedier clearance of foodships.

INDUSTRIAL PRODUCTION

The general index of industrial production (base: 1956=100) rose by 11 points during January-May 1964 as compared with the corresponding period in 1963. The average index for the period was 170.9, as against 159.9 a year before. In terms of percentage, the rise in industrial production during January-May 1964 was 6.9 over the corresponding period of the previous year.

During the first five months of 1964, several important industries registered substantial increase in production as compared with the same period in 1963. The percentage rise in output was 18 in power transformers, 24 in machine tools, 30 in automobiles, 33 in rail wagons, 23 in sulphuric acid, 26 in caustic soda, 18 in rayon yarn, 23 in bicycles and 18 in electricity.

Notice

LYNX MACHINERY LIMITED

NOTICE

THE THIRD ANNUAL GENERAL MEETING of the Shareholders of LYNX MACHINERY LIMITED, will be held at the Indian Merchants' Chamber Hall, Churchgate, Bombay, on Tuesday, the 29th September 1964, at 4 p.m., to transact the following business:—

1. To consider and adopt the Directors' Report, Audited Balance Sheet and Profit and Loss Account for the year ended 31st March 1964.
2. To declare a Dividend.
3. To appoint a Director in place of Shri C. C. Desai, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

2. Notice is also given that the Register of Members and Transfer Books of the Company will remain closed from 17th September, 1964 to 3rd October, 1964 both days inclusive.

3. The dividend when sanctioned will be made payable on and after the 15th October, 1964 to those shareholders whose names stand on the Register on 3rd October 1964.

By Order of the Board of Directors,
B. L. KUCHERIA,
Secretary.

BOMBAY, 28*th August* 1964.
Registered Office:
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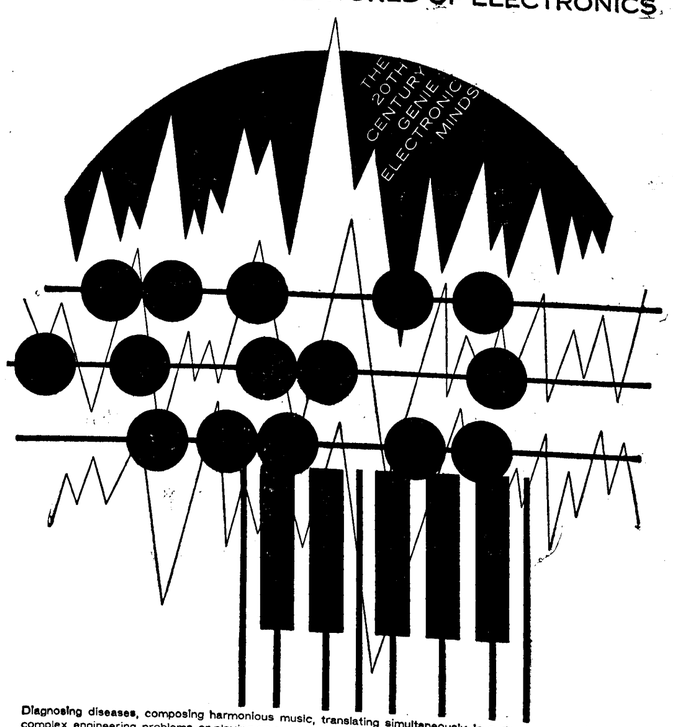

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LONDON LETTER

SHASTRI'S ECONOMIC POLICY

GENERALLY APPRECIATED AS REALISTIC

From Our Own Correspondent

LONDON, 5*th September*

MR. Lal Bahadur Shastri, Prime Minister of India, in an interview to the correspondent of the economic weekly of London, *The Economist*, has given a broad outline of his Government's economic policy. The observations, though brief and general, are significant in that they throw some light on the thinking of the Shastri Government on an important aspect of the nation's economic life. From his remarks it appears that he wants his Government to devote more attention to medium and small-scale industries and also to agriculture without, of course, affecting the heavy industries already started.

The reasons are not far to seek: the country has already reached the limit of its sufferings and any further burden on the people may break the limit and create danger. So emphasis should be placed more on the implementation of the Plan and the realisation of targets already set rather than on big paper schemes. The whole energy of the nation would have to be concentrated on the implementation of the projects already started and then on making a start in key areas where it is necessary and feasible. According to Mr. Shastri, the fourth Plan must try to remove the bottlenecks that may otherwise develop and create more uncertainty. He is also straightforward in pointing out that his Government will not, however, ignore the long-term economic goal of self-sufficiency which was the aim of the late Prime Minister, Mr. Jawaharlal Nehru. Nevertheless, they must make allowance for the new situation that is developing faster. The stresses and strains that have shown up in recent months cannot be ignored altogether.

The Indian economy, according to Mr. Shastri, would have to be geared first, to meet the primary needs of the people—food, clothing, shelter and medicine—and then to pursue other objectives. But he categorically states that this shift of emphasis in economic policy does not mean that he is critical of the past or is willing to reverse the policy which Mr. Nehru had so carefully planned and assiduously pursued. What his Government would like to do is to respond to the compelling needs of the present.

Mr. Shastri's economic policy, as it appears from his interview to *The Economist*, has been welcomed and appreciated here as realistic and timely. According to the weekly itself, such a policy "has come close to expressing what has been on everybody else's lips for months past —less emphasis on big new projects and much more on meeting India's primary needs in food and shelter."

Commenting on another question of the correspondent, Mr. Shastri has expressed the hope that India might continue to get foreign assistance from America, Britain and other friendly countries at least in these difficult days. But he has also added that increasing importance should be given to domestic resources. Regarding private investment, he has categorically pointed out that his Government is not at all opposed to private investment—foreign and domestic—provided investors are willing to fit their investment into the framework of Indian society wedded to socialistic objectives. He has also stated that State vigilance will be there to control monopoly and excessive concentration. His economic policy as a whole and his policy towards foreign investment, in particular, have been described in the *Statist*, a leading London weekly, as "encouraging signs of a new and more realistic attitude to foreign investment in India."

Foreign Investment in India

The role played by international investment in the promotion and advancement of world economic growth has long been recognised as of vital significance. In the last century, foreign capital played a major role in the "take-off" stage of development in the economy of the U.S.A., Russia, Sweden and Canada. Hence, with a view to accelerating the pace of economic development in India, it is necessary that a congenial atmosphere be created through fiscal and monetary policies so that foreign investors can be interested in bringing equity capital and well-established organisations can co-operate in the industrialisation of the country. In this connection, it may be mentioned that an encouraging impression has been created here. The present condition of India has been regarded in business circles here as more conducive to foreign investment than is generally recognised. This has been very lucidly and clearly pointed out by Sir Percival Griffiths in his article in the Commonwealth Supplement of the *Investor's Chronicle*. In his opinion, India is economically and politically quite stable to create confidence in the mind of the intending investor. Maturity and stability of its economy have been demonstrated by its performances in the recent past. The economy has survived three successive shocks within a brief span of about "eighteen months."

The first shock, according to Sir Percival Griffiths, came from the taxation proposal of Mr. Desai in 1963. The second shock was administered by the Planning Commission's mid-term appraisal of the progress of the third Five-year Plan. The appraisal was frank and accurate, but the gloom it spread was unjustified. The third one came with the death of Mr. Nehru. The popular feeling in Britain was that the stability of India depended on Mr. Nehru, but this view was never shared by Sir Percival Griffiths. He expresses the sentiment now pre-

(*Continued on page* 474)

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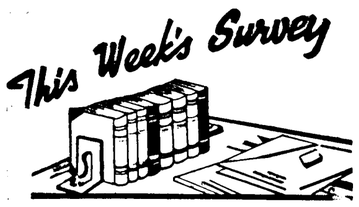

MR. BOWLES ON GOVERNMENT AND BUSINESS

AS an ardent believer in rural and agricultural progress, Mr. Chester Bowles, U.S. Ambassador to India, has made, and continues to make, an effective contribution to the evolution of this country's rural development programmes. And, as a votary of "mixed economy," he has always stood for a substantial but well-run public sector and for a large but enlightened private sector in a developing country like India. If his economic thinking suggests that rural development and industrialisation are complementary to each other, it also emphasises the point that "business needs enlightened liberal government and government needs enlightened private enterprise." It is characteristic of Mr. Bowles that he is as friendly and impartial as he is frank in expressing views and suggestions, and this is evident from his address before the All-India Management Association seminar on "Business and Society" in Calcutta on the 3rd instant. Although his observations have been generally addressed to the developing nations, their relevance to the situation in India is unmistakable. As these views and suggestions are those of a "friendly foreign observer" with an abiding sympathy for this country, they can scarcely be misunderstood either by businessmen or by political leaders and administrators, even if they may not be immediately in a position to act on some of the suggestions.

There is, for instance, nothing to cavil at in Mr. Bowles' four-point approach to "a mutually beneficial relationship between business and society in a democracy on the threshold of rapid economic development." No far-sighted and enlightened businessman will question the general need for accelerated rural development, urged first by Mr. Bowles on the ground that "every step that tends to improve the lot of the rural citizen broadens the market for manufactured goods." But even here not all businessmen may yet specifically recognise that India already has a vast rural market waiting to be tapped by manufacturers of newer products like fertilisers, low-cost building materials, stoves, cheap transistor radios, and so on. The second point made by Mr. Bowles pertains to investments and profits. Here, again, not all businessmen may yet be ready to restrain their natural tendency "to put their money into short-term schemes which produce a quick return." But they would do well to take note of his warning that such unproductive investments as speculation in urban real estate and scarce raw materials would only "give rise to the public mistrust of the business community." And they would also do well to heed his further warning that "the businessman who does not begin to think in terms of long-range investments in solid productive capacity will be missing a major opportunity to expand his operations and his profit."

Addressing himself to the government side, Mr. Bowles has made the relevant point that excessive regulation has the effect of unduly interfering with the free play of the market. His view, in this connection, is quotable for its forthrightness:

"Frequently such regulations are best imposed through fiscal incentives to productive enterprise rather than through administration, for experience indicates that most governments are neither equipped nor sufficiently flexible to handle the multitude of small choices which are the lubricant of any complex modern economy. Governments in new nations must be constantly alert to the danger that their licensing procedures might become cumbersome, that their allocation procedures might simply create costly black markets and that their regulatory legislation might invite evasion, corruption, and a general deterioration of business morality."

Mr. Bowles has finally urged that, while there is a manifest need for public investments in basic industries, such as power, transport, mining and some heavy manufacturing which are beyond the *immediate* capacity of the private sector, there should be no indiscriminate resort to public ownership "as a means of regulating enterprises which can operate effectively with private capital and management." In his view, the national interest would be "far better served by private enterprise operating in an atmosphere of encouragement and responsible regulation and in partnership with a well-run public sector." But, then, such a dynamic partnership between business and government—a partnership that "will reconcile the needs and the promise of industrialisation with the fundamental requirement of social justice in a free society"—will arise only if their mutual fears and suspicions give place to mutual understanding. It is here that Mr. Bowles' pregnant observations would need to be seriously pondered by government and private business:

"Any government of a developing nation that discourages and discredits private initiative will fail in its objective of rapid economic growth. Any private business that ignores the rights of its workers, the interests of its customers, and the responsibility of its government for the national welfare will remain a road block to progress.

"Business needs enlightened liberal government and government needs enlightened private enterprise. Neither can do without the other."

Wiser words have never been said before.

INTERNATIONAL LIQUIDITY

Briefly summed up, the achievements in the sphere of world economy during the last two decades may be described thus: A remarkable expansion of world trade; the convertibility of all major currencies; greatly reduced reliance on restrictions and on bilateralism; considerable, though still insufficient, progress in developing countries; high levels of employment; and avoidance of the extremes of inflation and deflation in most areas of the world. A part of the credit for all these achievements must certainly go to the International Monetary Fund, the I.M.F. for short. Well could the Fund's Managing Director, Mr. Pierre-Paul Schweitzer, claim, while presenting the annual report of the Fund at the annual meeting at Tokyo on Monday this week, that the record of the two decades since the end of the war, although not perfect, cannot be considered unsatisfactory and that the record looked even better, if one recalled the experience of the twenty years after the end of World War I. But there is still a pretty long way to go before the I.M.F. can boast of successfully fulfilling the four objectives for which it was set up, namely, high levels of employment, an adequate rate of economic growth, freedom of trade and payments from restrictions, and reasonable price stability. A mere improvement in international liquidity, on which so much emphasis has lately been laid, will not be of much avail; action in many fields other than that of liquidity will be necessary. Pinpointing this important aspect, the I.M.F. chief observed:

"In the past decade, a large part of the supply of international liquidity arose in the form of liquid claims on the United States, associated with the U.S. balance of payments deficit. It is unlikely that the payments deficit of the United States will contribute to the creation of reserves in the future on the same scale as it has done in recent years, and this would not indeed be desirable. Increased reliance has thus to be placed on other, more deliberate, measures to provide international liquidity as needed. It is obvious that any new developments in this direction raise many economic, technical, and also political problems. They deserve and will receive the most careful study..."

One of the specific suggestions now being actively considered by financial experts pertains to the reform of the present world monetary system. In examining this suggestion, it is necessary to bear in mind two vital factors to which the I.M.F. chief drew particular attention. First, the monetary system "is very much a going concern" and, in the efforts to supplement and improve this system, one must continually be conscious of the need for orderly development. Secondly, where decisions are taken to create and administer liquidity by deliberate international action, it is particularly important that the advantages of the multilateral institutional approach be kept in mind.

In the considered opinion of Mr. Schweitzer, since international liquidity in the form of reserves and access to credit comes into play where a country's world payments are in surplus or in deficit, any consideration of the role of liquidity or its adequacy must pay special attention to the manner in which disequilibria arise and the policies that are to be followed

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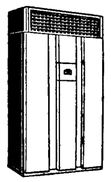

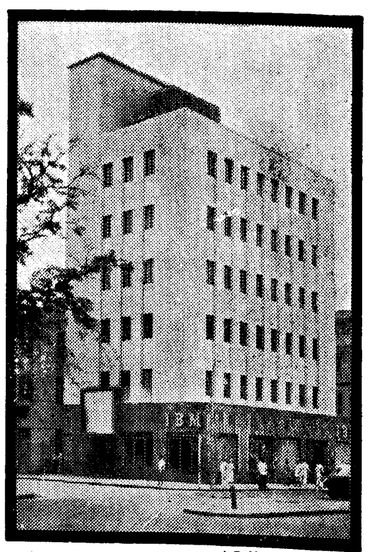

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to eliminate them. He strongly felt that an increase in the quotas of Fund members at an early date is both justified and necessary. Over the longer run, according to him, there may also be a need for action to raise the unconditional liquidity of members. The various ways in which such an increase could be achieved through the mechanism of the Fund have been indicated in the annual report. (For details, *vide* page 258 of *Commerce* dated 15th August 1964.) Alluding to this issue, Mr. Schweitzer said:

"This is not a question for decision at this time. As the Executive Directors have indicated, it would require careful consideration from many points of view before any decision could be reached as to whether it would be appropriate for the Fund to undertake such operations,' and it is their 'intention to give these matters further study in the period ahead.' The Fund staff will also cooperate closely with the Study Group which has been set up by the ten participants in the General Borrowing Arrangements to investigate possible methods of adding to reserves by some form of international action."

Whatever the action taken by the I.M.F. to strengthen the international monetary system, there is no gainsaying the fact that a heavy responsibility is at the same time cast on the member-countries themselves. Mr. Schweitzer did well, indeed, to urge the surplus as well as deficit countries to pay due attention to the external impact of their financial policies. As he pertinently remarked, a co-ordination of monetary policies among the major countries—the need for such co-ordination is generally recognised—would undoubtedly be facilitated, if the responsible authorities were to give more weight to fiscal policies and rely less on monetary policies in regulating domestic demand, "leaving greater freedom for monetary policies to be adapted to changing international situations." Further, the countries in strong payments position which need to restrain overall demand should make every effort to lower any impediments to imports and capital exports. As for the developing countries, the advice which the I.M.F. chief gave at a Press Conference in Tokyo just prior to the opening of the Fund-Bank meetings was this: They should (*a*) strive for economic stability, (*b*) make more domestic capital available through savings, (*c*) create favourable conditions for the inflow of private capital from developed nations. In effect, what Mr. Schweitzer has urged is a reorientation of the economic and fiscal policies followed by the Governments of the developing countries. The plea is certainly timely, wholesome and pertinent and it has particular relevance to some countries—such as Ceylon, Burma, Indonesia and Ghana—where some of the policies taken recently by the Governments have shaken the confidence of foreign investors.

EXCISE ON ART SILK FABRICS

An important judgment relating to exemption of art silk fabrics from payment of excise duty was given by the Supreme Court last week. With this judgment, which upheld the verdict of the Bombay High Court, the position in respect of clause 12A(v) of the Central Excises and Salt Act, 1944 has been made very clear. Accordingly, no excise duty can be levied on art silk fabrics produced by or on behalf of the same person in one or more factories in which less than 25 powerlooms in all are installed.

The Supreme Court's judgment was a sequel to the batch of appeals by the Assistant Collector of Central Excise and Customs at Surat and the Union of India against the decision of the Bombay High Court which had earlier upheld the claims (for exemption) of Mr. J. C. Shah and two other businessmen of Surat. The facts of the case were as follows:

Mr. Shah owned a factory with nine powerlooms and he was also a partner in two other factories (with two annas and eight annas shares, respectively), in which there were 24 looms and 19 looms. He claimed exemption in respect of art silk fabrics produced in his own factory, as well as in respect of the goods obtained by him in the other factories, as the total number of powerlooms was less than 25. The tax authorities, however, rejected the claim on the ground that, since the asessee was a partner in two other factories, the looms installed in those factories should be added to the looms worked in the factory owned by him, in which case his claim inevitably fell outside the exemption granted by the relevant clause. They, therefore, issued a demand notice whereupon the respondent filed a writ petition in the Bombay High Court which was allowed. Similar writ petitions by two other parties affected were also allowed by the High Court and the concerned demand notices were quashed when the High Court found itself in agreement with the contentions of the weavers. The appellants (that is, the tax authorities) then appealed to the Supreme Court.

Rejecting the contention of the authorities, the Supreme Court bench stated that "every partner of a firm is in law the same person as the firm within the meaning of item 12A(v)" referred to above and that the contention of the authorities "is plainly inconsistent with the content of the said item and the object intended to be served by it in granting exemption to cases covered by it." Delivering the judgment, the Chief Justice of the Supreme Court observed that the production of art silk fabrics attributed to the two factories in which the respondent was only a partner could not be said to be production by or on behalf of the same person.

While the judgment of the Supreme Court, as already stated, has made the position clear in respect of exemption granted to art silk fabrics woven in small powerloom factories, it is necessary to mention one important point, namely, the prolonged delay involved in the settlement of disputes over the legal interpretation of tax laws. In the case under reference, the dispute arose as early as in October 1957, but it was not until last week that it could be resolved finally. In other words, the case has dragged on for almost seven years. One wonders whether such delays cannot be reduced.

ROURKELA AND FLAT PRODUCTS

It has been estimated by the National Council of Applied Economic Research in its "Reappraisal of Steel Demand" that the demand (5.7 million tonnes) for "flat" products like plates, sheets, strips, tinplate and skelp will be as much as 42.5 per cent of the aggregate demand (13.6 million tonnes) for rolled mild steel in 1970-71, as compared with 32.5 per cent in 1960-61. This anticipated ratio for the consumption of flat products is somewhat like what prevails now in West Germany, Belgium and Japan. Incidentally, the ever-rising demand for such products reflects the increasing tempo of activity, involving the use of large-diameter steel pipes, in oil and gas industries and power and irrigation sectors, as also of activity in shipbuilding, rolling stock and durable consumer goods industries. In other words, as industrialisation becomes more diversified and sophisticated, the demand for flat products is bound to go up, as projected by the National Council. That more than a fifth of this demand will be met by the public-sector Rourkela Steel Plant after the implementation of its present expansion scheme is, indeed, significant. It is even more significant that, although the yield of flat products is no more than two-thirds of the weight of ingots, as compared with the yield of about four-fifths in the case of non-flat products like structurals, rails, sleepers, bars, rods, wheels, tyres and axles, the expanded Rourkela plant, like the original plant, will be entirely devoted to the manufacture of the dearer and costlier flat products.

But the present expansion scheme, which is expected to be completed in 1966-67, will take Rourkela's capacity to only 1.8 million tonnes in terms of ingot steel or 1.2 million tonnes in terms of flat products. There is, of course, the current proposal to expand the plant's capacity from 1.8 million ingot tonnes to 2.5 million ingot tonnes during the fourth Plan period. The other two public-sector steel plants, namely Bhilai and Durgapur, are, on the other hand, scheduled for further expansion during the next Plan so as to raise their capacities to 3.0 million and 3.2 million ingot tonnes, respectively. A relevant question has been posed non-officially by Dr. G. F. Drath, General Superintendent of the Rourkela Steel Plant, in this connection. This is whether Rourkela's capacity could not be raised to 3.0 or 3.5 million ingot tonnes during the fourth Plan period so as to make it comparable to Bhilai and Durgapur and to the proposed Bokaro plant with its ultimate capacity of 4.0 million tonnes. The question has the added relevance that, unless the Rourkela plant is expanded to the more economic level of 3.0 to 3.5 million tonnes, it will be successfully challenged by Durgapur in the sphere of ingot steel production by the LD process and by Bokaro in the production of both LD ingot steel and flat products. So, if Rourkela (with its small 80-ton open-hearth furnaces and 50-60-ton LD converters), as compared with the 250-500-ton open-hearth furnaces and 150-to LD converters elsewhere) is to hold its own a bigger plan of expansion seems to be called for. This is not merely a question of national prestige but one of economic production of higher grade and better quality steels. It is from this point of view that Dr. Drath has outlined some suggestions for technical modifications and additional installations at Rourkela.

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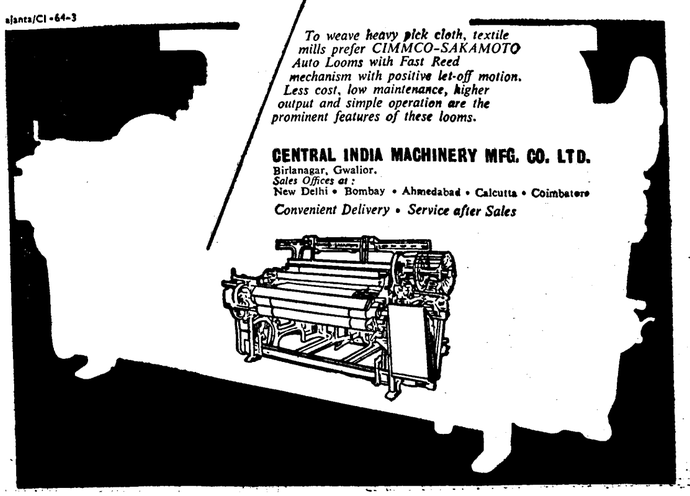


The more important of these suggestions are highlighted below:

(i) A fifth blast furnace should be added. This may be useful for making foundry-grade pig iron, while serving as a stand-by when one of the blast furnaces is blown out for relining purposes.

(ii) Some hot metal mixer cars of 250 to 300 tons capacity should be installed, in order to ensure more efficient and smooth blast furnace operation.

(iii) A pelletising plant with a capacity of 3,000-4,000 tons of pellets per day should be installed.

(iv) To enable quick disposal of the blast furnace slag, a plant for dry granulation of the slag should be installed.

(v) The four blast furnaces should be modernised by adopting the high top-pressure operation, constant humidification of the blast and fuel injection from the furnace tuyeres.

(vi) In the steel melting shop, the open-hearth furnaces should be dismantled and four advanced Kaldo furnaces of 100-ton capacity each should be installed.

(vii) The number of L.D. converters should be increased to six and the capacity of each increased to 60-70 tons from the present 50 tons. Furthermore, two hot metal mixers, each with a capacity of 2,000 to 2,500 tons, three new lime kilns and two new rotary kilns for burning of dolomite would have to be installed.

(viii) On the pit side, a continuous casting equipment with a capacity of 1.5 to 2.0 million tons of continuous cast slabs should be installed.

(ix) The capacity of the oxygen generation plant would have to be increased suitably.

Most of these suggestions, it will be seen, are calculated to ensure further modernisation of the Rourkela plant in the light of latest technical advances and add to iron and steel making capacity. They are also aimed at reducing production costs through saving in consumption of raw materials and higher productivity. Coming as they do from a German technical expert, they probably carry the implication that, if a bigger and bolder scheme of expansion at Rourkela can be decided upon, it may be appreciated and assisted by the Federal Republic of Germany. Now that the fourth Plan's schemes and projects are under discussion and formulation, the planners would do well to pursue Dr. Drath's suggestions, although these are "non-official" for the present. In any case, careful consideration of the question posed by him seems to be necessary in the interest of reaching the fourth Plan target for flat products.

ANOTHER DOSE OF SPURIOUS ELEMENT

The Government of India has decided to set up a special price fluctuation fund to meet the losses of the co-operative societies which they may suffer due to the outright purchases of agricultural produce. The fund will be operated by the State apex co-operative marketing societies. The scheme will be made applicable to 200 co-operative marketing societies during the current fiscal year and to 300 more societies in the next year. It was recommended by the State Ministers of Co-operation who considered the impact of fluctuation in agricultural prices on co-operative marketing in their conferences held in 1961 and 1963.

The contributions to the fund will be from the State apex co-operative marketing society, the selected co-operative marketing societies and the Government. Whereas the State apex co-operative marketing society and the marketing societies selected under the scheme will set apart 10 per cent of their net profits every year for this purpose, the Government will contribute an amount equivalent to two per cent of the outright purchases of agricultural produce made by the selected marketing societies at different levels in the previous year, subject to a maximum limit of Rs. 20,000 for each primary marketing society, Rs. 1,00,000 for regional or apex marketing society, and Rs. 2,50,000 for the national federation.

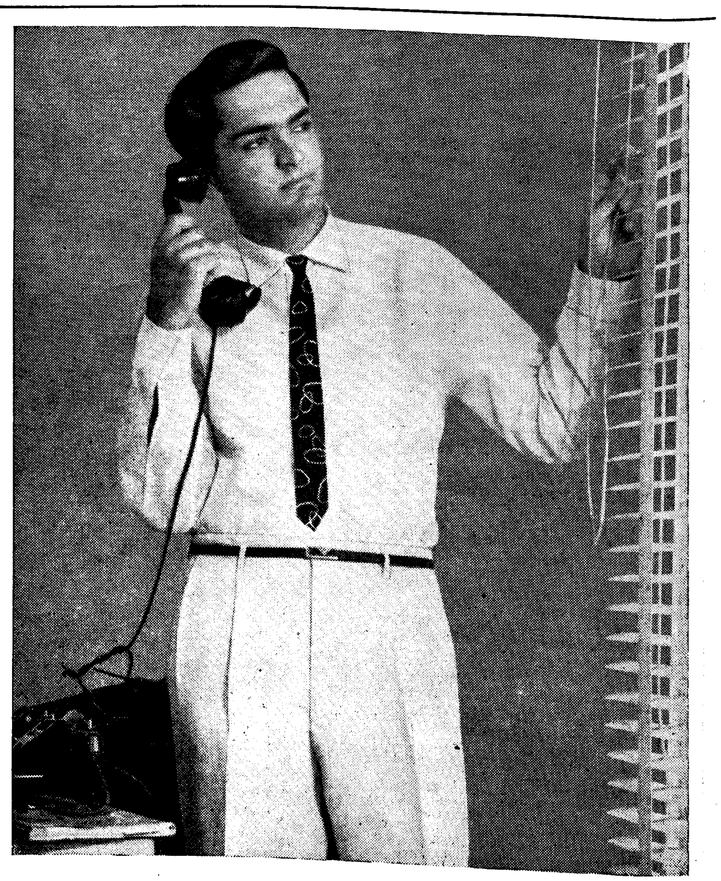
The outright purchases of agricultural produce will be made only from growers who are members of a marketing society or a service society in the area of operation of the marketing society. Each selected marketing society will fix a limit of outright purchases from an individual grower during one year, subject to a maximum of Rs. 750; and, as far as possible, purchases will be made after the produce is properly graded. The purchases made by societies on behalf of the Government and Government-nominated agencies like the State Trading Corporation will not be covered by the scheme. Commodities like sugarcane for which guaranteed prices have been fixed by the Government will also not be covered.

A part of the payment will be made by the apex society immediately after the loss and the balance payment will be made after going through the audited accounts and after the apex society satisfies itself that the loss is not due to any neglect on the part of the society or any reason other than fluctuation in price.

It seems that the food shortage and rising prices in the country have so much unnerved the Government that it has lost all balance of judgement. The present scheme is one of the examples of the failure of the Government to evolve some sound measures to solve the problem. On the face of it, the scheme suggests that the co-operative societies will be responsible for meeting a substantial portion of their loss by their own resources. But, as has been revealed by the Reserve Bank, a large number of the co-operative societies are running at a loss and many others are not able to make any noticeable profit. Thus, the clause implying contribution of 10 per cent of the profits of the co-operative societies to the fund will, for all practical purposes, remain only on paper and the entire burden will be borne by the exchequer.

The grading of the produce will present one of the most formidable problems. The scheme is silent whether the society will make purchases in the growers' village or in the marketing centres. In case the purchases are made in the village, it will be almost impossible to provide proper grading facilities in all the villages covered by the scheme. If the purchases are made in the market centres, the very idea of co-operative operations is lost, as the grower will have to go in that case through almost all the formalities and difficulties which he faces now in selling his crop. Even otherwise, as the total purchases from a grower in any particular year are not allowed to exceed Rs. 750, which may be the value of not one commodity but a number of items grown by him, the grading of a large number of very small lots will create its own problems even in the markets. Thus, the clause "as far as possible, purchases would be made after the produce is properly graded" will also remain in cold storage. Further, who is there to check the co-operator and see that he does not pocket something for himself by artificially inflating the losses? This type of corruption is alleged to be already widespread in many of the marketing societies, especially those pertaining to handloom weavers. The scheme also does not give any information about the customers to whom the marketing society will sell the produce. In the absence of any check on these dealings, there is every likelihood that this will be the second stage where the co-operator will get his share of profit by collusion with the buyers.

The Government has recently appointed a committee to weed out the spurious co-operative societies. It has been recognised that private profit on the part of co-operators is the main motive encouraging the entry of spurious elements in the co-operative movement. Whereas the need is to curb this motive, the Government is injecting into the society another dose of it. Honesty will be the first casualty and efficiency the second and the result will be a substantial increase in the number of corrupt societies.



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WORLD BANK AND ITS AFFILIATES

CREDITS PROVIDED LARGER—TERMS LIBERALISED

THE International Bank for Reconstruction and Development (I.B.R.D. or World Bank, for short) has completed in June this year, eighteen years of its successful and useful operations and has entered the nineteenth year of working. Born at a time full of destitution left by the most destructive war in history, it has contributed much during these eighteen years to the striking economic progress that has taken place in most parts of the world, with the rising hope that its assistance to the pursuits of development and peace will continue undiminished in the coming years. Started with only member-Governments' capital to lend, the Bank now depends on private sources for a large portion of the funds needed for giving loans. Even of the capital provided by member-Governments, it was only the contribution of the U.S. Government and loans provided by the U.S. banks and other financial institutions that were readily available for the use of the Bank. Today, the Bank is able to use the capital subscribed by many of its member-countries, and has been borrowing funds from investors throughout the developed countries of the free world. First regarded only as a source of loans, today the Bank is also often looked to by its members as a source of advice on many different aspects of economic development. In the beginning the Bank was preoccupied with the emergency of reconstruction in the war-torn countries in Europe, but it was soon relieved of this task by the introduction of Marshall Plan. It could, therefore, quickly take up its task of providing long-term assistance to the economic development of its member-countries, particularly in the underdeveloped regions. Accordingly, over three-fourths of total loans and credits have been made available for the growth of the economies in the developing countries of Africa, Asia, Middle East and Central and South America.

Active and Introspective Year

The year 1963-64 was a very active year for the World Bank and its affiliated institutions, namely, the International Development Association (I.D.A.) and the International Finance Corporation (I.F.C.). For the second year in the history of the Bank, economic development commitments by all these three lenders exceeded thousand million dollars in loans, credits and investments. Of this total, the World Bank's loans at $810 million and investments by I.F.C. at $21 million were almost equal to the highest figures recorded in their history, while I.D.A. created a new record in its assistance, with development credits amounting to $283 million. The past year was also an introspective year for the institutions. In order to achieve the aims of tackling the problems of economic development more effectively, the Bank and its affiliates thought of broadening and diversifying their roles, by providing finance in increasingly flexible ways, furnishing technical and planning assistance to member-countries, building up local institutions to mobilise and channel capital for productive purposes and forming international consultative groups to co-ordinate the provision of external aid. In these ways the Bank and its affiliates have improved the effectiveness of their activities.

The Bank has decided to lay special stress on the development of agriculture and industries in the developing countries and to make large efforts in the field of education in these countries. It is being felt that as agriculture is the chief economic activity in the developing countries, a faster growth in this field is the basic requirement for their economic development. Experience in the past decade has shown that, unless more attention is paid to this sector, the increase in output may hardly be sufficient to take care of even the growth of population in these countries. As against a slow pace of growth in agricultural production in most of the developing countries, there has been a rapid growth in industrial production and additional encouragement in this field may result in highly beneficial results. But the growth of agriculture and industrial development alike depends in a large measure on the availability of educated, managerial and technical personnel and an increase in their availability is one of the important prerequisites for economic growth. Accordingly, the Bank has decided to provide a larger measure of stimulation and guidance in the fields of education, agriculture, and industry. It worked out co-operation agreements during the year with the United Nations Food and Agriculture Organisation (F.A.O.) and the United Nations Educational, Scientific and Cultural Organisation (U.N.E.S.C.O.) to help Governments of the member-countries in identifying and preparing projects for financing by the Bank or I.D.A. and to help in their appraisal.

Articles to be Amended

In order to provide greater impetus to industrial growth, it is proposed to amend the Articles of Agreement of the Bank and the I.F.C. to make it possible for the Bank to lend money to the Corporation for re-lending to private industry in the developing countries. Whereas the Bank itself is not authorised to lend directly to private companies except with a guarantee by the host Government, which private entrepreneurs often hesitate to seek or accept and Governments are often reluctant to grant, the Corporation does not seek any such guarantee. Specifically, the proposal is to empower I.F.C. to borrow from the Bank not more than four times its capital and surplus; currently, these aggregate $119.21 million. Four times this amount will mean additional resources of about $480 million or a total of nearly $600 million. As again t this, the I.F.C.'s total commitments so far are $111 million. Thus, if the proposal is approved at the current annual meeting at Tokyo, the I.F.C. have access to substantial additional resources for increasing its present activities and to make loans to private industrial enterprises with no equity features in appropriate cases.

The Bank has also decided to advance industrial credits of unconventional types, as, for instance, loans for maintenance imports. One such credit was made during the year by I.D.A. to India. This was not tied to a particular project; instead it was offered to a group of manufacturers in capital goods industries to make fuller use of their already existing capacity by importing components and materials which would not have been possible otherwise due to scarcity of foreign exchange. Further, the Bank has liberalised repayment terms to some extent in certain cases. One such liberalisation was the extension of the grace period, the period before the borrower must start amortisation payments; Liberia got this benefit. Another was the lengthening of the period of repayment; a loan to Columbia this year permitted repayment over a period of 35 years, as against a maximum of 25 years hitherto.

All this, however, does not mean that there has been change in the basic directions of the activities of the Bank or I.D.A. Their primary concern will continue to be the basic projects, especially those related to transportation and electric power, which require huge amounts of capital and have a more widespread and lasting effect on the economy. As will be seen from Table A, of the total Bank loans and I.D.A. credits amounting to $8,532 million by the end of June 1964, transportation accounted for 34 per cent and the generation and distribution of electric power 32 per cent. In other words, two-thirds of the total loans sanctioned were for these two activities. Industry was the next in importance with 15 per cent, and agriculture fourth with 8 per cent. The share of education projects was, however, negligible with less than one per cent. But it is expected that, during the coming years, there will be an improvement in the share of industries and that for agriculture and education projects will rise to a more respectable digit. In fact, in the year 1963-64 itself, the I.D.A. had provided three loans for education, as against only one till then.

Besides purposewise, Table A also gives a regionwise picture of the operations of the Bank and I.D.A. It will be seen that Asia and the Middle East have been by far the largest beneficiaries, accounting for 38 per cent of the total of Bank loans and I.D.A. credit. The other regions in the order of importance are: Western Hemisphere 24 per cent, Europe 20 per cent, Africa 12 per cent and Australasia 6 per cent. The reason for the largest allocation to Asia and Middle East is the awareness on the part of the World Bank authorities of the greatest poverty and the highest pressure of population in this region.

Table A: *I.B.R.D. Loans and I.D.A. Credits*
Cumulative Total on 30th June, 1964.
(Millions of U.S. dollars)

Purpose	Total	Africa	Asia & Middle East	Australasia	Europe	Western Hemisphere
Grand total	*8,532.5*	*1,036.0*	*3,235.2*	*458.0*	*1,725.6*	*2,077.7*
Electric power	2,767.8	312.1	624.0	161.8	533.3	1,136.6
Generation and distribution	2,767.8	312.1	624.0	161.8	533.3	1,136.6
Transportation	2,897.8	463.9	1,434.7	140 1	171.4	687.6
Rail roads	1,241.3	274.2	717.0	37.3	37.4	175.5
Roads	1,159.1	106.4	450.5	50.9	68.0	483.3
Shipping	12.0	..	..	..	12.0	..
Ports and waterways	349.4	33.3	232.6	7.8	46.9	28.7
Airlines and airports	56.9	..	5.6	44.1	7.2	..
Pipe lines	79.0	50.0	29.0	..	..	..
Telecommunications	88.2	4.4	42.0	..	0.2	41.6
Agriculture, forestry and fishing	681.4	65.4	282.5	103.4	107.8	122.3
Farm mechanisation	120.7	..	..	89.4	2.0	29.3
Irrigation and flood control	458.3	48.0	258.6	6.0	93.3	52.4
Land clearance, farm improvement, etc.	45.8	17.1	15.1	6.0	2.2	5.5
Crop processing and storage	6.4	0.3	..	..	4.2	1.8
Livestock improvement	34.2	..	1.0	..	..	33.2
Forestry and fishing	16.0	..	7.8	..	6.2	..
Industry	1,306.2	140.5	704.1	2.0	322.2	86.6
Iron and steel	380.1	..	314.0	52.7	22.7	30.0
Paper and pulp	138.6	..	4.2	13.4	113.4	20.0
Fertiliser and other chemicals	82.0	..	25.0	1.1	56.7	..
Other industries	219.0	20.5	101.7	0.3	58.8	14.3
Mining	203.5	101.0	54.5	23.8	11.9	21.8
Development finance companies	282.9	19.0	204.7	14.2	58.7	0.5
Water supply	66.8	..	59.9	..	3.9	3.0
Education projects	22.6	9.6	13.0	..	..	..
General development	205.0	40.0	75.0	..	90.0	..
Post-war reconstruction	496.8	..	..	..	496.8	..

was partly due to the liquid position of the Bank and a decline of over $27 million in its funded debt. The total of these debts as at the end of June last is $2,491.84 million, of which no less than $1,884.64 million is due to investors in the U.S. Then come the investors in West Germany, their share in the obligations of the Bank being $275 million, followed by Switzerland $182.12 million, the U.K. $48.85 million, the Netherlands $38.27 million, Canada $28.97 million, Italy $24 million and Belgium $10 million.

A sum of $33 million which was earned by the Bank as loans commission, exclusive of the incomes mentioned above, was transferred to Special Reserve, increasing that to $288 million. Out of the total net income of $97 million, $47 million was transferred to Supplemental Reserve, raising it to $605 million. Thus, the total reserve improved by $80 million to $893 million. It is proposed to transfer the balance of $50 million of the net income to I.D.A. as a grant and thereby strengthen the resources position of this institution.

The membership of the Bank and the capital subscription continued to rise rapidly. During the year, seventeen new countries joined the Bank, bringing the total membership to 102. Both because of the rise in membership and the increase in subscriptions of some members, the subscribed capital increased from $20,730 million in 1962-63 to $21,186 million.

It may thus be seen that the Bank improved its financial strength considerably during the year. In view of this improvement the Bank took certain decisions and initiated some steps to make new and sometimes easier types of loans, relaxing the terms and conditions of loans and paving the way for increased operations by its two affiliates which can offer assistance on easier terms than the Bank itself. It has been found that in the case of many borrowing countries the debt service has risen much faster than the increase in export earnings, mainly due to the heavy concentration of maturities in short period. In view of these difficulties the Bank has become receptive to requests for loans with a longer period of repayments and extended grace period. The annual commitment charge of ¾ per cent on the undisbursed part of Bank loans has been reduced to ¾ per cent with effect from the start of the current fiscal year, and the reduction will apply to existing as well as new loans. It may be noted that the undisbursed portion liable for the commitment charge is presently over $1,500 million and the reduction in the rate of this charge will provide considerable help to the borrowing countries. In order to free more of Bank's income for its general operations. It has been decided that, with minor exceptions, all the income from loan charges will be considered as part of the regular income and the heretofore policy of treating a portion of loan charges, equivalent to one per cent per annum of the disbursed and outstanding loans held by the Bank, as loans commission and its automatic allocation to Special Reserve is no longer necessary. Similarly, it has also been decided to stop the automatic allocation of Bank's net income to the Supplemental Reserve Against Losses on Loans and Guarantees, as the finanical position of the Bank has become strong enough. In future the allocations to reserves, if any, will be decided whenever such use of income is considered necessary.

International Development Association

The chief aim of I.D.A. is to provide long-term credit at low cost and on easy repayment to the developing countries. Generally speaking, the terms of its credits are: No principal repayments are to be made for the first ten years; thereafter one per cent per annum is repayable in the next ten years and three per cent per annum in the final thirty years. The credits are free of interest but a service charge of ¾ per cent per annum is payable on the amounts withdrawn and outstanding in order to meet the administrative costs of the I.D.A. During the year 1963-64, new I.D.A. credits amounted to $283 million—as compared with $260 million in the previous year—bringing the cumulative commitments to $778 million. The disbursements were higher by $68 million at $124 million, bringing the cumulative total to $193 million. Of the total commitments of $778 million, the main beneficiaries have been India and Pakistan, getting allocations of $390 million and $179 million respectively. All the other twenty beneficiaries got allocations of less than $30 million each. The seventeen countries which became members of the World Bank during the year also became members of I.D.A. and the total initial subscription of all members rose to $987 million, as against $969 million at the end of 1962-63. The capital of I.D.A. is contributed mainly by the developed countries.

It was proposed by the Executive Directors in 1963 that the resources of the I.D.A. might be increased by $750 million by way of contributions from seventeen Governments of developed countries, fifteen of which were already members, and Belgium and Luxembourg had indicated their intention of joining. The amount also included the initial subscription of $8.6 million from these two countries. It was proposed that no country's agreement to contribute would become binding until twelve countries with prospective contributions, of at least $600 million had notified their consent to provide the proposed amount. This condition was met on 29th June 1964 and came as a great relief, as, by that time, the I.D.A. had committed almost all of the $782 million of resources available with it. With the commitment of $5 million from Sweden over and above its participation in general replenishment, the decision of Kuwait to make a replenishment contribution of $3 million, the carry forward of uncommitted funds of $4 million and the $50 million likely to become available in the form of grant from the World Bank, as already referred to, the I.D.A. will have over $800 million for new commitments in the period subsequent to the 30th June 1964. This will, however, not be adequate in order to meet the large demand for soft loans, especially as the repayments will be negligible for a considerably long period. There is as such great need for further augmenting the resources of I.D.A.

International Finance Corporation

The I.F.C., which was established in July 1965 as an affiliated institute to the World Bank, has completed eight years of its working. The purpose of the Corporation is to further economic development in the less-developed member-countries by investing—without Government guarantee—in productive private enterprises, both in the form of subscription to equity share capital and loans. The Corporation's commitments during the year amounted to $21 million, of which $12 million was in the form of subscription to share capital and $9 million in loans. The cumulative total of commitments at the end of the year amounted to $111 million. The major beneficiaries, in order of importance, each getting more than $5 million upto the close of the year, have been Brazil, Argentina, Columbia, India, Mexico, Peru, Chile and Pakistan. The disbursements in 1963-64 amounted to $15.6 million, bringing the cumulative total to $76.5 million.

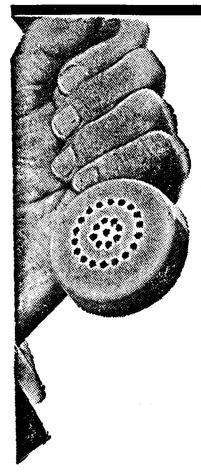
Five countries joined the I.F.C. during the year, raising its membership to 78 and subscriptions to $99 million. The financial position of the Corporation and the funds available for operational activities are shown in Table B.

Table B: *Funds Available*
(Million $)

Items	1962-63		1963-64	
	During year	Cumulative	During year	Cumulative
Capital	1.7	98.2	0.8	99.0
Net earnings	3.2	16.1	2.9	18.9
Profits on sales of investments	0.4	0.9	0.4	1.3
Repayments on investments	2.9	3.7	2.3	6.0
Sale of investments	6.7	16.9	5.5	22.4
Acquisition by others of securities covered by underwriting commitments	2.8	2.9	4.5	7.4
Total funds available	17.7	138.6	16.4	155.0
Net commitments made (after cancellations)	17.2	82.8	20.3	103.1
Balance available	0.5	55.8	—3.9	51.9

It will be seen from the said table that the increase in the availability of funds during the year has not been sufficient to meet the commitments and there was a net decline of $3.9 million in the balance available for operations. There is thus an urgent need for providing additional funds to the Corporation, especially because the value of the service rendered by the Corporation is being increasingly appreciated in the developing countries where the private sector has an expanding role. It is in this context the proposal to amend the charter of the World Bank referred to at the outset has to be seen.

Although lending of money continues to be the main activity of the World Bank, there are many other activities which play an important



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part in the economic development of the member-countries. The Bank, for instance, helps the countries to formulate development programmes by sending general survey missions to make an inventory of economic resources, to analyse the needs and problems and sketch the general lines of development. In order to help remedy the lack of project planning in a good number of small developing countries, the Bank is taking and intensifying measures to assist its members in the preparation of projects. The Bank maintains an Economic Development Institute which helps improve the quality of projects in developing countries. The Institute also publishes from time to time literature on economic development. In co-operation with the Indian Institute of Management, Calcutta, the Institute has arranged for a course in project evaluation in India. The Bank is currently working on a proposal to establish a centre for the conciliation or arbitration of investment disputes arising between foreign investors and Governments. When the proposal materialises, it will create an element of mutual confidence which will contribute to a healthier investment climate and a larger flow of international private capital. Thus, the activities of the World Bank in the growth of developing countries are varied and, over the years, it has become perhaps the most important international organ to help to initiate and implement the development projects in the less developed countries of the world.

India and the World Bank

India has been the topmost beneficiary of the loans and credits, as well as of advice, provided by the World Bank and its affiliates and many of the existing large projects in the country came into existence only because of this aid. The Bank's first loan in Asia was made to India in 1949, and since then, of the total commitments made by the Bank upto June 1964, as much as 11 per cent forms the share of this country. In the case of I.F.C., India accounts for only ten per cent of the total commitments, but in the case of I.D.A. the figure is as high as over 50 per cent. It is because of the importance which the World Bank attaches to the development of this country that the Bank maintains a Resident Representative in New Delhi. It was chiefly due to the initiative of the Bank that the Consortium on Aid to India was established, which meets every year under the Chairmanship of the World Bank to consider the problems and needs for finance for the development of the country. During 1963-64, two meetings of the Consortium were held in which aid amounting to $2,070 million was pledged to the country—the share of World Bank and I.D.A. being $490 million. The I.D.A. sanctioned a loan of $90 million during the year—almost one-third of the total commitments in the year—for the import of components and materials. The I.F.C. also made commitments amounting to $6 million—equivalent to 30 per cent of its total commitments for the year—to help three Indian private companies (Lakshmi Machine Works, Mahindra Ugine Steel, and Fort Gloster Industries) by way of share capital and loans. The World Bank has thus become a highly valuable institution for this country both to give direct help and to secure aid from other countries.

JAPANESE CREDIT TO INDIA

The Export-Import Bank of Japan, together with private Japanese banks, will make available to the Government of India a credit of 21.6 billion yen for India's third Plan under an agreement signed recently between the Governments of the two countries. The credit will be used for further financing of Gorakhpur fertiliser factory, Gujarat State fertiliser factory and Durgapur alloy and tool steel plant and other projects, as well as for financing maintenance imports. Out of the total credit, 14.4 billion yen ($40 million) will be repayable in 15 years, including a grace period of five years, the remaining 7.2 billion yen ($20 million) being payable in 18 years, including a grace period of five years. The procedures for utilisation of the credit will be similar to those followed in the previous yen credits.

CO-OPERATIVE CREDIT FOR AGRICULTURAL PURPOSES

There has been a substantial increase in loans disbursed by co-operatives for agricultural purposes. Short-term and medium-term agricultural credit disbursed by co-operatives in 1962-63 amounted to Rs. 252 crores, as against Rs. 50 crores in 1955-56. Co-operatives in the States of Maharashtra, Uttar Pradesh, Gujarat, Andhra Pradesh, Madras and Punjab accounted for 70 per cent of the Rs. 252 crores. Short-term and medium-term credit disbursed by co-operatives in 1963-64 is estimated at about Rs. 290 crores. This is likely to go up to about Rs. 400 crores in 1965-66. According to a recent survey, co-operatives met 22 per cent of the total borrowings of cultivating families. At the end of 1962-63, credit and service co-operatives had covered, according to this survey, 81 per cent of villages. Of the 69 million rural households, about 25 millions had been covered by primary credit, service and multi-purpose societies.

As regards long-term credit, loans outstanding at the end of 1962-63 amounted to Rs. 68 crores, as against Rs 13 crores at the end of 1955-56. There has been a rise in the percentage of overdues over the last three years. They increased to 26 per cent in 1962-63, as against 20 per cent in 1960-61.

Considerable stress has been laid in the past on linking credit with marketing and with production programmes. Greater attention is now being paid, says the survey, to the strengthening of co-operative marketing societies. A scheme for building up a Price Fluctuation Fund for marketing societies has also been finalised with the object of assisting selected societies to go in for outright purchases of agricultural produce. In order to further strengthen the co-operative credit structure, particularly in areas of intensive cultivation, a detailed action programme is being implemented by State Governments for augmenting deposits, increasing share capital, further liberalising loaning policies, etc., so as to increase the flow of credit for agricultural production.

JAPANESE FOREIGN CURRENCY RESERVE FUND SYSTEM

The Japanese Ministry of Finance has recently announced the revision of its foreign currency reserve system by which the induction of short-term foreign money by Japanese exchange banks can be checked appropriately, as occasion demands and the conducting of sound foreign exchange business by banks can be ensured. At the same time, the revision aims at stabilising the flow of short-term foreign capital and maintaining the nation's international financial stature by improving the liquidity of foreign currency reserve assets held by banks in this country.

Under the revised system, which is reinforced as from 1st August 1964, the Japanese authorised foreign exchange banks are required to hold 25 per cent uniformly as based on the monthly average registered in July, of their short-term foreign currency obligations (including foreign currency deposits such as Euro-dollars, call money, clean loans received from foreign banks, and non-resident free yen accounts) as the minimum reserves in the form of liquid foreign currency asstes; for instance, cash, deposit money, call loans and foreign government securities. And for any amount exceeding the average balance, the banks are required to hold 35 per cent of the surplus in foreign government securities which have not been offered as mortgage.

I.F.C. COMMITMENT IN ARGENTINA

The International Finance Corporation has agreed to assist La Papelera Argentina, S.A., one of the largest paper producers in Argentina in financing the completion of a $24 million programme for modernising and improving the Company's paper plant, and expanding its annual capacity from 55,000 to 75,000 tons. The I.F.C. will lend $2.5 million and will receive the right to subscribe to 2.8 million common "Class B" shares of the Company. Other financing for the last phase of the project has been provided by the shareholders, who have subscribed $4.3 million, and by retained earnings amounting to $1 million. About $16 million had previously been provided for the expansion programme by the shareholders, from retained earnings, and from borrowings.

This is the I.F.C.'s fourth investment in Argentina, and will raise the Corporation's total commitments, in Argentine enterprises to $10.7 million.

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MANCHESTER LETTER

U.K.-SINGAPORE TEXTILE ISSUE
GLOBAL IMPORT QUOTA SYSTEM FAVOURED

From Our Special Correspondent

MANCHESTER, *1st September*

THE line taken by the authorities in Singapore in banning the entry of certain British products and introducing strict licensing on others in retaliation for the restrictions placed on arrivals of cloth and garments into Britain is undoubtedly being closely watched in many other countries. So far, from Lancashire's viewpoint, there has been a gratifying response from sources which have not always recognised the justification of the case presented by the local industry for safeguards against the type of unrestricted competition which has steadily grown in the past decade. At long last, it seems that the substantial proportion of foreign goods entering the home market has been noted and appreciated.

Informed comment has, indeed, been outspoken in condemning the unilateral action adopted in Malaysia. The fact that Commonwealth ties are involved does not make a solution any easier, but the prospect of a showdown is certainly welcomed in Lancashire after so many years of apparent indecision in high quarters.

Threats Become Reality

Tactics such as those now being used in the Far East have frequently been threatened in the past, chiefly by negotiators in Hong Kong, whose position is somewhat less tenable as being a Crown Colony. In any case, it would be surprising if the British Government allowed itself to be browbeaten on such an issue, despite the importance of trade with a developing area within the Commonwealth.

Nevertheless, the facts have been clearly stated in numerous documents ever since the sudden change in policy when the so-called "ring fence" was erected as a means of stopping further inroads being made by foreign competitors whether within the Commonwealth or not. In the first place, the long-term cotton agreement, negotiated under the auspices of G.A.T.T., laid it down categorically that Britain alone among the traditional cotton textile manufacturing areas deserved special consideration in assessing the increasing volume of trade which should be available for the developing countries.

After further extensive prodding, the Government accepted Lancashire's strongly held view that the policy of taking action to restrict imports after their arrival was unrealistic, as it opened the door for every pioneering textile nation to establish a foothold within Britain's home market. On this particular point, the current crisis has flared up. In spite of repeated warnings, many of the newly emergent countries still seem to presume that their fledgling textile mills should be given scope to progress through the disposal of surplus exports to Britain.

Control by Licence

What they have failed to recognise is that the latest regulations give authority to the Government to place a ban on business before actual shipments are made. The licensing procedure now in operation enables the flow of forward orders to be kept under control; once it reaches a point where the Board of Trade and the Cotton Board consider subsequent arrivals will constitute a disruptive threat to home producers, an immediate standstill can be introduced merely by refusing to license further contracts.

The question of retaliation by economic pressures is always surrounded by emotional and often illogical patterns. So many overlapping factors arise in the present circumstances that it is difficult to judge the issue without prejudice. The position of the three major Commonwealth suppliers—India, Pakistan and Hong Kong—has a definite bearing on the way in which the present dispute is handled. At the same time, other areas will, in due course, wish to state their claim for consideration, a fair enough request is couched in reasonable terms.

Global Quota

All of which justifies the plan only lately submitted to the Government by the Cotton Board for the introduction of a global quota for the developing countries with whom no existing bilateral agreement has been drawn up. In its document on imports submitted to the Board of Trade, the Cotton Board offered as a negotiating concession a 25 per cent share of any increase in U.K. consumption of cotton manufactured goods being offered to exporters for division among countries covered by bilateral agreements and those subject to the global quota.

Complicating the immediate issue with Malaysia, however, is the usual absence of detail about the origin of the cloths and garments now the subject of import licensing. It has been alleged that a major proportion of the supplies are in fact emanating from Hong Kong, in the shape of either grey and finished cloth or made-up clothing. It is believed that only a handful of weaving firms are based on Singapore itself.

The licensing authorities must be vigilant in guarding against such methods of dispatching goods in a round-about way. Often enough they have a difficult task to perform in securing adequate information about the origins of particular goods, but powers recently taken enable a tighter grip to be maintained on the entry of suspect materials.

Peak Arrivals Exceeded

For the fourth month in succession, arrivals of cotton goods exceeded 70 million yards in July, bringing the aggregate imports to the highest level yet recorded. In the first seven months of 1964, the shipments from abroad amounted to 487,602,000 yards, as against the previous peak of 476,826,000 yards in the comparable period of 1961.

Unless some radical change in the situation occurs during the rest of the year, imports may well approach a volume of 850 million yards—over 100 million yards more than has ever been taken from abroad before. The cost of these purchases so far has been fractionally less than in 1961, but still involves expenditure of £40 million.

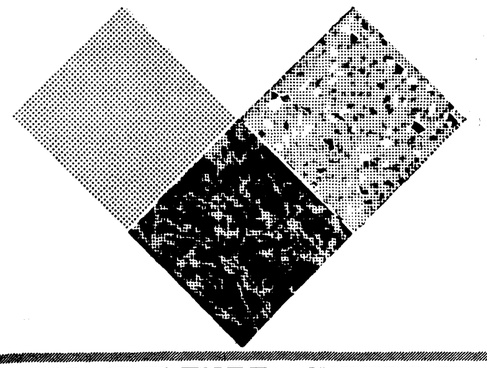
Mostly Grey Cloth

The major proportion of the larger imports has been in grey cloth, which accounted for 387,649,000 yards to the end of July, as against 290,041,000 yards in the same period last year. Of this extra 100 million yards or so, India has supplied an additional 60 million yards, with 164,305,000 yards, as against 102,703,000 yards.

Smaller quantities were shipped from Pakistan and Hong Kong at 35,964,000 yards (39,616,000 yards) and 44,272,000 yards (53,868,000 yards), respectively. China's share has increased from 23,013,000 yards to 34,377,000 yards and the undesignated foreign countries from 13,860,000 yards to 40,327,000 yards.

Supplies of finished cotton cloth imported during the seven months increased from 88,688,000 yards to 99,953,000 yards. The only big variation in the sources from which these goods were obtained was the marked rise in purchases from India, which more than doubled on the 1963 level from 7,550,000 yards to 16,476,000 yards. On the other hand, shipments from Hong Kong were nearly 4 million yards lower at 14,438,000 yards.

As a footnote to the import danger, it should be observed that arrivals of man-made fibre goods are steadily increasing too. Supplies of yarn from abroad this year have aggregated 15,872,000 lbs., as against 8,595,000 lbs., while purchases of cloth have risen from 34,627,000 yards to 53,115,000 yards.



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FREE WORLD COTTON SUPPLY POSITION

PRODUCTION PROSPECTS PROMISING

IT looks as though the free world cotton supply position in the current (1964-65) season, which began on the 1st of last month, will be quite comfortable. Although the total estimated production of 36.8 million bales (of 478 lbs. net each) is slightly lower than that harvested in the previous season (1963-64), namely, 37.1 million bales, the actual available supply is expected to be larger: 59.0 million bales, as against 57.8 million bales. The anticipated improvement in cotton supply position is attributed to the marked increase in opening stocks which as on 1st August 1964 amounted to 22.2 million bales, as against 20.7 million bales on the corresponding date last year and 17.2 million bales two years ago. This, in brief, is the overall cotton supply position as lately assessed by the International Cotton Advisory Committee, Washington. A detailed analysis of the production prospects made by the Committee reveals a decline of half a million bales from the last season's level in the U.S. crop and a fall in output in certain other countries, notably Spain, Greece and Pakistan. But these declines will be made good to a considerable extent by rise in output in the rest of the world, so much so that the total production, as already stated, will be only slightly lower.

United States

In the U.S.A., there is the possibility of a better balance between supply and demand, as the official estimates in that country anticipate a substantial increase in total disappearance during 1964-65. A large increase in domestic consumption is predicted and it is expected that this will more than offset any anticipated decline in exports and places total disappearance on par with the current crop forecasts. If these

Free World Cotton Situation
(In million bales of 478 lbs. each)

	1964-65	1963-64	1962-63
Stocks, 1st August	22.2	20.7	17.2
Of which :			
United States	12.4	11.2	7.8
Other net exporters ..	3.3	3.7	3.9
Elsewhere	6.5	5.8	5.5
Production	36.8	37.1	36.8
Of which :			
United States	14.8	15.3	14.9
Elsewhere	22.0	21.8	21.9
Total supply ..	59.0	57.8	54.0

estimates prove correct, there will be little or no change in stocks in the U.S. at the end of the current season, though the carryover will continue at a relatively high level. The total area planted to cotton this year is estimated at 14.7 million acres. The cotton legislation passed in April last had very little effect on the area planted. With per-acre yield of 506 pounds, the production is estimated at 14.8 million bales which shows a decrease of 3.5 per cent from the actual output of 15.2 million bales in 1963-64. The crop is reported to have made good progress in most areas, but heavy July rains have caused some damage in Georgia and Alabama and insect population is increasing there. Some areas of Mississippi river delta have continued dry and plants are small, but well fruited and insects are well under control. The severe drought in North-west Texas and South Oklahoma has materially limited plant growth and fruiting of dryland cotton. In Central Texas, too, drought has reduced the prospects of good yields. The crop in the west, however, has made good progress during June and July last and larger yields are indicated. In California, a new record yield is expected. The carryover stock of cotton in the U.S. as on 1st August 1964 is put at 12.4 million bales which together with the production of 14.8 million bales, gives a total supply (during the 1964-65 season) of 27.2 million bales, the highest level since 1956-57. Disappearance during the current season is estimated by the U.S. Department of Agriculture at 14.8 million bales.

Mexico

Cotton production in Mexico is expected to exceed last season's level. The latest estimate is 2.2 million bales, as compared with 2.1 million bales in 1963-64. But this is still short of the crop of 2.4 million bales raised in 1962-63. Shifting to other crops due to shortage of irrigation water in Matamoros has been cited as a reason for the decline in production in that region. In the Delicias area also, similar conditions prevail and shifting to other crops is reported. This decline in acreage has, however, been more than offset by significant increases in acreage in Laguna, Sinaloa and Altamira. The total acreage estimated at 1.9 million acres, is slightly larger than in the previous season. Some improvement in total production is also anticipated as a result of the shift of considerable acreage to higher yielding varieties. Similarly, in Central America, cotton acreage continues to expand, though the rate of increase during the current season is expected to be more moderate than in recent years. In El Salvador, there has been an increase of 2.5 per cent in acreage. In Guatemala, new lands continue to be brought under cotton cultivation, though the increase in the current season is relatively less than during other recent years. In Nicaragua, the reported success of mechanical harvesting may provide the basis for a continued sizable expansion during the current season.

West Asia

The estimates prepared by the United Arab Republic Ministry of Agriculture place the total area under cotton in the 1964-65 season at 1.7 million acres, one per cent less than in 1963-64; it is the smallest acreage since 1954-55. Though the acreage of extra-long staples is slightly less than in the previous season, production is expected to increase because of the shift from the lower yielding Karnak variety to the higher yielding Menoufi variety. There has also been an increase in the acreage planted to Giza 45 and Giza 47, but the area planted to Deudera declined. The crop to date is progressing well and pest attacks have been well controlled with little plant damage reported. In the other Middle Eastern countries, there are indications that cotton acreage during the 1964-65 season is expected to recover to about 1962-63 level which had witnessed a setback because of adverse weather. In Turkey, late spring rains at planting time were favourable and it is estimated that about 1.65 million acres have been planted, an increase of five per cent over the last season when heavy rains and flood hampered normal planting. In the Aegean area, some shifting to the higher yielding cotton 100A variety has been in evidence. Shortage of water, however, may not allow production to increase in proportion to the larger acreage. In Syria, there is a three per cent increase in acreage over the 1963-64 level. The crop is developing well and, with sufficient water supplies and adequate insect control, yields could exceed last year's favourable level. Present indications are for a crop of 740,000 bales this season, as compared with 705,000 bales last year. In Iran, the production prospects have been marred due to drought in northern districts. According to trade reports, the 1964-65 crop may be well below last season's 530,000 bales, the shortfall being about 20 per cent.

India and Pakistan

As for India, if favourable conditions continue to prevail, there is, according to the Committee, reasonable ground for anticipating a crop roughly equal to the last season's record of 5,215,000 bales (of 478 lbs. net each). The area planted to cotton in this country is expected to be about in line with the last season, namely, 20 million acres and intensive cultivation methods are being encouraged to improve average yield.

Tentative estimates of acreage plant to cotton in Pakistan are about the same as in 1963-64, namely, 3.7 million acres. Production prospects in the N.T. variety zone have been affected by heavy rains which, it is said, have damaged 40 per cent of the crop in that region. As a result, production of the N.T. variety is expected to be lower than last year's production by 20 per cent. In other zones, the damage has been negligible and the overall crop is reported to be progressing satisfactorily at present. It, however, does not appear that yield per acre will reach last season's record level and total production will probably be slightly less than the 1.9 million bales produced last season.

Africa

African countries are showing indications of an increase in cotton production in the current season. The United Republic of Tanganyika and Zanzibar has issued increased quantities of planting seed to farmers which indicate an increase in cotton area of about 5 to 10 per cent, as cotton has become a cash crop there. While it is too early to determine yield potential accurately, the lack of rain in the lake areas since the beginning of May last has had a damaging effect. On balance, production will probably increase less than planted acreage, though a new record outturn may be forthcoming. In Uganda, the weather during June last was ideal for cotton planting in most of the zones. The demand for cotton seed was good and planting progressed in all areas. The preliminary estimates of planted area at the end of the month indicate that planting was about 50 per cent ahead of last season at that time. Planting was especially well advanced in the eastern region and crop prospects are reported to be good there. In Sudan, the acreage potential has been reached for the time being and the Gezira Board's draft budget for 1964-65 indicates that no significant change is expected in acreage from last year. There are variations

Cotton Yield Per Acre
(In pounds)

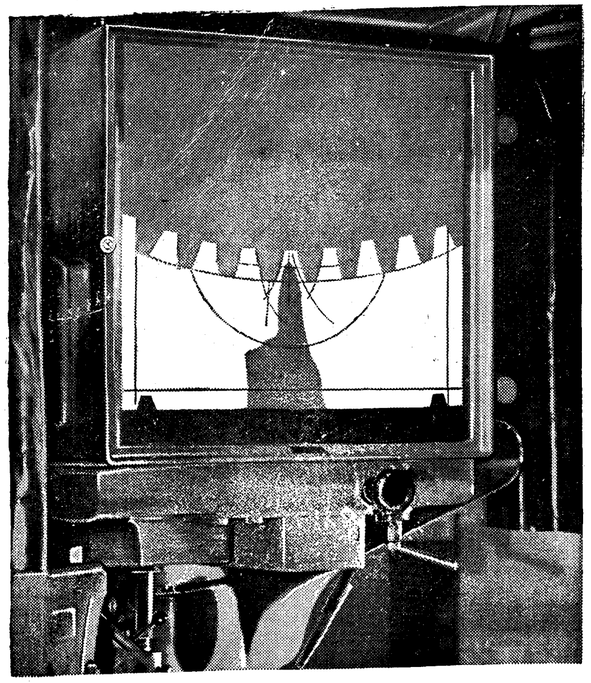
	1963-64	1962-63
Central America	634	681
U.A.R.	576	586
Mexico	517	560
United States	516	457
Syria	467	441
Peru	447	447
Columbia	403	398
Turkey	365	308
Greece	360	388
Spain	328	282
Iran	253	203
Pakistan	253	237
Sudan	209	320
Brazil	175	196
Argentina	159	229
India	127	124
Uganda	76	80
Others	131	137
Average ..	277	274
U.S.S.R.	585	555
Mainland China	239	249
Eastern Europe	239	273
Average ..	360	361
World Average ..	295	291

between average yield and production from year to year in that country. In the previous season, though there was a small change in acreage, the production fell by 35 per cent below the previous year. If insect damage is less severe this season, there is likely to be a sizable increase in production in the Sudan over last year's level of 480,000 bales.

Latin America

Not much improvement is anticipated by the Committee in the production of cotton in the Latin American countries. In north Brazil, the new crop has made favourable progress and harvesting is underway in the Sertao and Serido areas. Heavy rains have delayed the start of harvesting in the Mata region but apparently have not damaged the crops. Tentative trade estimates indicate a crop of about one million bales this season, a slight increase over the 1963-64 crop. Information concerning production plans in south Brazil will not be available until late in the season. In Argentina, the planting usually begins in September and October. If weather conditions are favourable, the planted acreage could well increase by 5 to 10 per cent over last season's level of 1.4 million acres. Normal weather would be favourable to an improvement in yield and would further contribute to a somewhat larger crop this season. In Peru, the enforcement of a Government decree increasing the acreage that must be planted to food crops is likely to cause a slight decline in cotton acreage during the 1964-65 season. The current estimate of cotton acreage is around 600,000 acres, a decrease of about five per cent from last season.

It may be added here that the anticipated increase in production during the current season will be more as a result of increased yield per acre than because of acreage expansion. Table B shows the trend of yield per acre in the cotton producing areas during the last two seasons. Though in some areas, such as Mexico, Central America and the U.A.R., yield per acre has declined, the average yield per acre in the free world has gone up from 274 lbs. in 1962-63 to 277 lbs. in 1963-64. And, despite a decrease in the yield per acre in the communist world by one pound from 361 lbs. in 1962-63 to 360 lbs. in 1963-64, the average world yield per acre shows an improvement of 4 pounds from 291 lbs. in 1962-63 to 295 lbs. in 1963-64.



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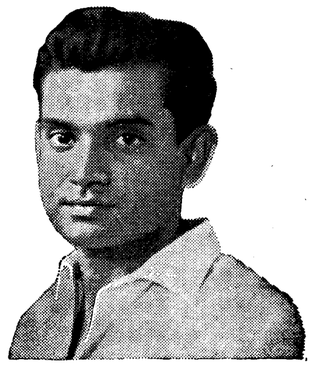

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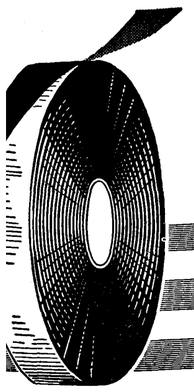

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CHAIRMAN, MR. KAMALNAYAN BAJAJ, URGES ADEQUATE SUPPLIES OF BILLETS

THE Annual General Meeting of the Mukand Iron and Steel Works Limited will be held in Bombay on the 26th inst. The Chairman of the Company, Mr. Kamalnayan Bajaj, in his statement to the shareholders points out that, while the available capacity in the re-rolling industry remains idle, it will be a national waste to allow the main producers to increase their capacity for similar products. In his opinion, adequate supplies of billets to the re-rollers will enable them not only to utilise fully their present capacities but also to develop additional capacities which they are in a position to do with much less investment. He has urged the Government to encourage the re-rollers to install large-scale billet-making plants. Referring to decontrol in March 1964, he says that there is a misapprehension in the public mind about an increase in prices. In fact, according to him, despite increase in costs, prices are comparable with those of identical products of the two main producers.

Following is the text of Mr. Bajaj's statement:

Since independence there has been a tremendous upsurge in all fields of national activity. Our beloved Prime Minister, Pandit Jawaharlal Nehru, was the inspiring and guiding force behind it.

Gandhiji lifted us from despondency, taught us to be upright and fearless, and led us to freedom, while Panditji was the architect of new India. He strove with dynamic energy and vision to build a prosperous country with the ideals of secular state and parliamentary democracy. His sobriety in international affairs and zeal for peace in the world and welfare of humanity attained for us a status and prestige in the comity of nations.

He has left us a great legacy, which casts on us a tremendous responsibility. Let history not judge that we proved unworthy of the heritage. May God give us wisdom and strength to fulfil it.

There was criticism and even genuine concern abroad that Panditji's consistent refusal to name a successor might lead to a war of succession, confusion and chaos. But his faith in his people was immense and he believed that they would do the right thing after him. This confidence was fully justified when the country unanimously chose Shri Lal Bahadur Shastri as his successor within a week. During these few months Shastriji has demonstrated the qualities of an eminent leader. We are happy with him. Let us lighten his burden by giving him our fullest co-operation. We wish him good health and long life in the service of the country.

Food Shortage and Remedial Measures

The immediate problem before the country is the grave situation created by shortages and spiralling prices, especially of foodgrains. Shastriji has rightly pointed out that an agitational approach will not help to solve the problem; on the contrary, it may lead to further complications. It is incumbent on us to seek a solution of our problems by mutual co-operation and understanding. The tendency to make political capital out of the people's sufferings is to be highly deplored and should be severely dealt with.

The Government has already taken a series of short-term measures which may yield results. But the disease is chronic and requires radical cure. The traditional approach, instead of bringing relief, has aggravated the problem. We must re-examine the whole issue with a fresh mind and find a new approach.

Artificial zonal controls, maldistribution, psychological fear of shortages, distrust of normal channels of distribution, curtailment of bank credit which has resulted in bringing out unaccounted money for hoarding, inflationary pressures, increase in direct and indirect taxes, gold control, ceilings on land holdings, rumours regarding demonetisation, and strikes and go-slow by dock workers and other essential services are among the main causes which have led to abnormal increase in prices.

Confidence should be created in the people that the Government is alive to their problems and is taking appropriate measures. There is no shortage of foodgrains to the extent it is commonly believed. The shortages are mainly felt in the ports and bigger towns. If ports are taken care of by freely supplying imported grains at controlled prices which should be fixed slightly lower than the prices prevailing in the interior, the pressures on interior areas will automatically be relieved. There will then be no need for zonal controls. If the prices gradually go down, cultivators will also start unloading their stocks.

Co-operation of normal trade channels should be enlisted and their services utilised for distribution as far as possible. The Government, employers and cultivators should pay part of the wages of their employees in foodgrains.

While holding of stocks for legitimate trade is a service to the people and should be encouraged by giving proper facilities, hoarding and profiteering are anti-social and should be put down with a firm hand.

A long-term solution rests on our capacity substantially to increase production in both agriculture and industry. The Government should reappraise its policies so as to ensure balanced development on all fronts and take measures to implement them.

Fourth Plan Targets

A mid-term appraisal of the third Plan has revealed a serious gap between the targets and achievements. It is heartening that the Planning Commission has recognised that while formulating the fourth Plan it is desirable to divide the projects into two specific categories consisting of core projects comprising basic industries and agriculture which will be fully implemented from available resources and non-core projects which are to be implemented depending upon availability of further funds. A somewhat similar suggestion was made in my address to the shareholders at the twenty-second annual general meeting in September 1960.

Retardation in Industrial Tempo

Fears were expressed when the Finance Minister announced his taxation proposals in the last Central budget that capital formation and industrial development would be retarded to a large extent. Certain marginal benefits were given later on, but on the whole there has been a setback in industrial tempo. Unless constructive and positive fiscal policies are framed, there is not likely to be any substantial improvement in the situation.

Unit Trust and Development Bank

Two important institutions set up by the Government are to be commended. The Unit Trust of India is designed to be an effective medium for transferring the savings of small and middle income groups to the corporate sector, at the same time ensuring reasonable return with minimum risk to the investors. The Industrial Development Bank of India will serve as an apex institution for co-ordinating the financing of industries through the existing agencies and also providing long-term finance for development. The assurance by Shri P. C. Bhattacharyya, Chairman of the Bank and Governor of the Reserve Bank of India, that no deserving industrial enterprise, which has a priority in the plans, would suffer for want of financial resources is very welcome.

Steel in the Fourth Plan

The country has been suffering from a chronic shortage of steel. It was feared that the situation would be further aggravated by the failure of negotiations with the U.S.A. for setting up the Bokaro plant. The determination of our Government to go ahead with the project has made it possible to get assistance from the U.S.S.R. The misunderstanding of the Western countries has also been largely cleared and we can expect help from them for two more plants in the public sector as well as for increasing the capacity of the two main producers in the private sector.

It has been repeatedly brought to the notice of the Government that while available capacity in the re-rolling industry remains idle it would be a national waste to allow the main producers to increase their capacity for similar products. It is to be hoped that while formulating the steel expansion projects in the fourth Plan due consideration will be given for the allocation of adequate supplies of billets to the re-rollers, not only to utilise fully their present installed capacities but also to develop additional capacities which they are in a position to do with much less investment. The Government should also encourage the re-rollers to install large-scale billet making plants.

Decontrol

There has been a misapprehension in the public mind that consequent on decontrol from March 1964 many items of steel have become scarce and there is a spurt in prices. As far as the re-rolling industry is concerned, the Steel Re-rolling Mills' Association periodically announces the selling prices of its members. In spite of the increase in costs of production, the selling prices have remained comparable with the prices at which identical products of the main producers are sold, although the Government's billet pricing and freight policies place the re-rollers at a considerable disadvantage.

Increase in Costs

Ever since the prices of scrap were decontrolled in August 1962, there has been a continuous upward movement in prices. Increases in excise duty on steel castings and D.A. to the employees have resulted in further increase in costs.

Expansion Programmes

The Company's expansion programmes both at Kurla and Kalwe are well under way. It is hoped that the Kalwe project will go into production by July 1965. The machine building and structurals project at Kurla is being implemented. In the steel foundry we expect to reach the target of 10,000 tonnes during the current year.

Exports

Our exports during the year were about Rs. 7.5 lakhs. Efforts for export promotion are being intensified.

Deferred Shares

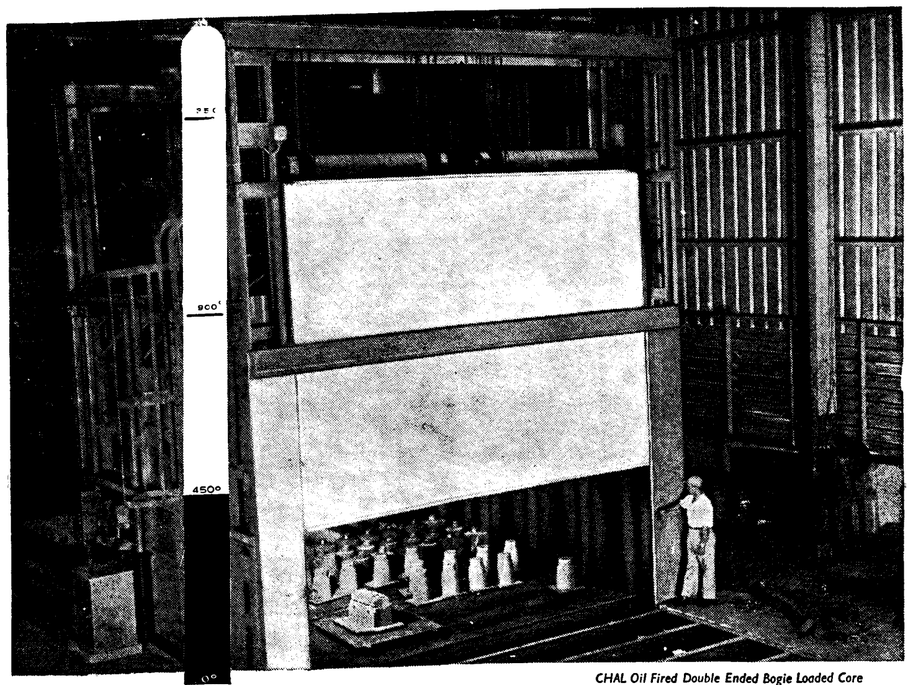
On representations made by the Company and the Federation of Indian Chambers of Commerce and Industry, the Central Government has amended the Income-tax Act with regard to tax liability on the notional capital gains deemed to arise on conversion of deferred into ordinary shares. However, the wording of the amendment still leaves some room for doubt. We are seeking expert opinion and further representation will be made to the Government, if necessary, to clarify the position.

Subsidiary

The progress of our subsidiary, The Batala Engineering Company Ltd., has been satisfactory. The Ballabhgarh project and expansion schemes at Batala are being implemented. With a view to broaden the capital base, 73,636 ordinary (equity) shares of Rs. 10 each are being offered to the public.

Conclusion

I thank the workers, staff and management for their efforts in achieving the progress which the Company has made so far. I am confident that with their co-operation the Company will continue to grow in the years to come.



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EXPANSION OF ALUMINIUM INDUSTRY

CONTINUANCE OF PROTECTION UNDER CONSIDERATION

THE aluminium industry in India may be broadly divided into two sectors—one covering the manufacture of unwrought virgin metal and the other covering semi-manufactures. In the first sector, there are now three large-scale units—Indian Aluminium Company, Aluminium Corporation of India and Hindustan Aluminium Corporation—with an aggregate installed capacity of 53,800 tonnes in terms of ingots, as compared with a total capacity of 17,800 tonnes in 1960 when only the first two units were in operation. Production, too, has gone up, more or less in correspondence with the increase in capacity, from 18,247 tonnes in 1960 to 55,223 tonnes in 1963. In the other sector of semi-manufactures, there are now 11 organised units (including the two primary producers, namely, Indian Aluminium Company and Aluminium Corporation of India). Their aggregate installed capacity, however, has increased from 19,000 tonnes in 1960 to only 26,200 tonnes in 1963, while their production of sheets and circles has risen from 15,788 tonnes to 21,350 tonnes during the period. As for aluminium foils and container sheets which belong to the second sector, the only unit which is engaged in their manufacture is India Foils Ltd. (formerly known as Venesta Foils Ltd.) which, as of now, has an installed capacity of 3,000 tonnes in its foil-making plant and 1,200 tonnes in its container sheet plant. The production of foils in this unit was 2,426 tonnes in 1960 and 2,420 tonnes in 1963, while the output of container sheets increased from 657 tonnes in the former year to 881 tonnes in the latter.

Both sectors of the industry are expected to expand further in the next two years, for licences have been granted for an additional capacity of 60,000 tonnes for ingots besides the expansion projects under way, 22,860 tonnes for rolled products and 4,200 tonnes for foils. According to the 1963-64 Annual Report of the Union Department of Mines and Metals, the production capacity for virgin metal will go up greatly when the expansion projects, as well as new projects, are completed. It is expected, in this connection, that the 10,000-tonne capacity smelter of Madras Aluminium Company at Mettur and the expansion programme of the Alwaye smelter of Indian Aluminium Company by 5,000 tonnes will be completed in 1964-65. The capacity expansion of Hindustan Aluminium Corporation's smelter at Renukoot from the present 1,000 tonnes to 60,000 tonnes is, however, likely to be completed only in 1966. As for entirely new projects which have been licensed, it is said that steps are being taken to expedite them. These projects, incidentally, if they fructify with foreign collaboration, will be located at Koyna (Maharashtra), Sharavathy (Mysore) and Korba (Madhya Pradesh).

As of now, demand for aluminium is far in excess of domestic production for, according to the different estimates just submitted to the Tariff Commission which is inquiring into the question of continuance of protection to the aluminium industry, it ranges from 70,000 tonnes to 110,000 tonnes for 1964, as will be seen from the accompanying table (Table I). In the recent past too, incidentally, the demand has been in excess of domestic production. It will be recalled, in this connection, that the Tariff Commission had estimated in its 1960 Report that the demand for aluminium would go up from the then 45,000 tonnes to 74,000 tonnes in 1963. But the apparent consumption of aluminium on the basis of domestic production and imports turned out to be about 73,000 tonnes in 1962 itself and 81,000 tonnes in 1963. This level of consumption in recent years, involving substantial imports of electrical grade aluminium in particular, has meant a foreign exchange drain of Rs. 6.7 crores in 1963, as compared with Rs. 10.4 crores in 1962, Rs. 7.8 crores in 1961 and Rs. 7.0 crores in 1960.

Table I also gives the different demand estimates for the next three years, namely, 1965, 1966 and 1967. The bulk of the estimated demand is for the manufacture of aluminium conductors (namely, A.C.S.R./A.A.C. and others) by the electrical industry. It will be seen from Table II that this accounts for up to 50 per cent of the entire demand. The rest of the demand is from other consuming industries like utensil-making, transportation, building and construction, food and farming, canning and packaging, defence and ordnance, etc. All these estimates have just been discussed by the Tariff Commission in its public inquiry opened by Mr. M. P. Pai, Chairman of the Commission, on the 2nd instant at Bombay. The Commission will, of course, be evolving a suitable basis for assessing the current and future demand for aluminium in the light of its present discussions. But, pending its assessment, it may be noted that, if the estimated demand by 1967 itself ranges from 145,000 tonnes to about 200,000 tonnes, the demand by 1971 is bound to be much greater. It is, therefore, realistic that the Working Group on Non-ferrous Metals has recently recommended a capacity target of 260,000 tonnes and a production target of 240,000 tonnes per annum by the end of the fourth Plan.

TABLE I—*Demand Projections*
(In thousand tonnes)

Estimated by	1964	1965	1966	1967
Director-General of Technical Development	98	110	125	145
Indian Aluminium Company	105	119	142	170
Hindustan Aluminium Company ..	111	138	168	202
Aluminium Corporation of India ..	110	125	145	175
Indian Non-ferrous Metals Manufacturers' Association (Calcutta) ..	102	123	149	181
All-India Non-ferrous Metal Industries Association (Bombay)	70	80	100	120

TABLE II—*Demand from Electrical Industries*
(In thousand tonnes)

Estimated by	1964	1965	1966	1967
D.G.T.D.	50	55	62	70
Indian Aluminium Company	47	52	62	75
Hindustan Aluminium Corporation ..	50	60	70	80
Aluminium Corporation of India ..	49	55	65	85
Indian Non-ferrous Metals Manufacturers' Association ..	50	59	70	82
All-India Non-ferrous Metal Industries Association	40	46	60	74

There can thus be no doubt that the aluminium industry will have to expand in a big way, if the foreign exchange drain is not to increase further in the years to come. As the industry is still in the stage of development, it has rightly advanced the plea for continuance of protection beyond 31st December 1964. Although the industry has been enjoying protection for over 15 years now, it has a long way to go before it can stabilise itself thoroughly. Incidentally, the protective duty prevailing now is 35 per cent *ad valorem;* it covers aluminium in any crude form like ingots, slabs, billets and bars and aluminium manufactures like plates, sheets, circles, strips and foils. There is also in force a concessional duty of 20 per cent *ad valorem* standard, and 10 per cent *ad valorem* preferential, on imports of alumina (which is an intermediate-stage raw material extracted from bauxite ore and then used in the manufacture of aluminium ingots). The industry's plea for continuance of protection beyond December this year has the added justification that its costs of production are higher than in the competing foreign countries—higher because of the high costs of electric power, raw materials, etc.

The industry has also other disadvantages. The high incidence of railway freight is one of them. Another is the relatively small size of the existing plants and the consequent denial to the country of the economies of scale. Since the burden of protection has to be borne by the public, the Tariff Commission must go into the question of Government's policy pertaining to the licensing of new units and expansion of existing capacities. It is this policy, one is told, that is chiefly responsible for bringing into existence plants of uneconomic size and for restricting their growth into large-scale units. The Commission would do well to examine the validity of this contention and make its recommendations without importing ideological considerations. As the State Governments are pursuing the policy of reserving all mineral rights to themselves, the prospecting plans of aluminium manufacturers are not having smooth sailing. This is yet another difficulty facing the industry. The continuing need for alumina imports, in view of the time lag involved in the commissioning of smelter capacity and alumina plants is yet another disadvantage which, it is said, cannot be avoided in the near future. If the industry is to expand on a massive scale in the face of these and other disadvantages, it can do so only with the help of continued protection.

WORLD SHIPPING SITUATION

The world shipping situation during the year 1963 has just been reviewed in a report by the Maritime Transport Committee of the O.E.C.D. (Organisation for Economic Co-operation and Development. The report analyses supply and demand in shipping services during the year, reviews the situation of the freight market and deals with various developments in maritime transport. The tramp freight market improved in 1963, according to the report, both for dry cargo and for oil. The demand for cargo was accelerated further due partly to the economic requirements of Japan and partly to the failure of wheat crops in mainland China and the Soviet Union. It naturally resulted in movement of large quantities of grain from North America, Australia and other grain producing countries. A remarkable increase in demand for oil was also noted, and this trend is expected to continue.

The world merchant fleet continued to expand and at mid-1963 stood at about 146 million g.r.t., representing an increase of four per cent over the fleet in mid-1962. The increase was shared evenly between dry cargo tonnage (which represents two-thirds of world fleet) and tanker tonnage. The year was also notable for the continued increase in sizes and speeds in both categories of tonnage and for further developments in new techniques in shipping, often involving automation. On the side of nuclear propulsion for merchant ships, the report points out, there were considerable activities, particularly in West Germany, Norway, Sweden, Japan, the U.K. and the U.S.

The report notes with some dismay that modernisation of ports has not kept pace with the tremendous progress in shipbuilding and propulsion techniques and that in many trades the cost of unloading cargo in ports is rising. The report, therefore, has emphasised the need and advantages of investment in port development and draws attention to the small capital expenditure involved in comparison with the results.

The Government of Japan, according to the *Weekly Review* of the Bank of Tokyo, has recently taken steps to strengthen the Japanese shipping industry by merging the shipping companies and their subordinate companies, numbering 95, into six groups. It is said that this merger will enable Japan to strengthen the country's international competitiveness and to cope with the encroachment of foreign shipping. Incidentally, the Japanese tonnage at the end of fiscal 1963 aggregated 7,432,000 g.r.t., representing an increase of 6.4 per cent, or 446,000 g.r.t., over the previous year. The rate of transportation of Japan's export goods by Japanese ships declined to 49.6 per cent during the year under review from 52.4 per cent in 1962, whereas that for import goods scaled up to touch 49.6 per cent in 1963 from 45.6 per cent in the previous year.

CANADIAN WIND TUNNEL FOR INDIA

An aeronautical research wind-tunnel designed and manufactured in Canada has been sold to India, according to the Canadian Minister of Trade and Commerce. The Export Credits Insurance Corporation (of Canada) will accordingly lend $4.2 million to the Government of India to finance the purchase of Canadian equipment and services for the installation of a four feet square trisonic wind-tunnel in the National Aeronautical Laboratory at Bangalore. The tunnel will provide all the primary aerodynamic performance requirements for model testing and will be available to the Government and commercial research agencies.

The E.C.I.C. loan agreement was negotiated under the special credits committed to India by Canada under the Aid India Consortium. Including the credit under this agreement, the special credits for India have reached a total of $60.5 million. The present loan which carries 6 per cent interest is repayable in 23 semi-annual instalments after a four-year grace period.

A six-member team of Japanese experts in the field of petro-chemicals is arriving in New Delhi this week, on a three-week visit to India. The visit is being jointly sponsored by the Japan Consulting Institute, the Indian Investment Centre and the Indian Refineries Ltd. The members of the team are drawn from leading producers of petro-chemicals in Japan.

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New Isotope Makes Brighter Dials

LICENSING of a new radio-active isotope for use on watch and clock dials and aircraft instruments is expected to give a brighter light source for less money. The Atomic Energy Commission, Washington 25, D.C., has just licensed the use of promethium 147 as a source of energy to activate phosphors on hands and numerals. It costs only about 1.6 cents per dial, compared to 5 cents for the tritium used previously, and gives greater brightness to the phosphors.

Plotting the Depths

A device for periodically checking the changing profile of the sea bed in harbours, estuaries and coasts, so local authorities can confirm that depths remain adequate for boats and safe enough for bathers, has been designed by the Port and Harbour Technics Research Institute, Ministry of Transport, Yokosuka, Japan. The device consists of a robust but compact cylinder which is fired from the shore like a rocket. A rope and electric cable connects it to the shore and, as it is pulled back, a sensitive pressure head responds to the varying depths and transmits signals which are continuously recorded as a graph.

Glass Washing Machine

A glass washing and drying machine that produces a cold, dry, sanitised glass, polished to sparkling brilliance with cold water in a few seconds is manufactured by The Moreton Engineering Co. Ltd. in England. An average operator, it is claimed, can wash over 700 glasses an hour, thus supporting the manufacturer's description of the machine as "the fastest glasswashing and drying machine in the world." The secret of the rapid cleansing is to be found in the six specially-designed rubber squeegees which automatically conform to the various shapes and sizes of the drinking glasses.

Lightproof Fabric

A cotton fabric backed with aluminium and hypalon synthetic rubber achieves a very high degree of resistance to light, and has been finding applications as curtaining material for drapes and roller blinds in hospitals and schools. The hypalon coating also makes it impervious to oxidising chemicals and the curtains do not require lining. The base material introduced by the Progress Mercantile Co. of London, is a dyed cotton fabric in a wide range of plain colours. Two grades are produced, one with a single layer of dyed cotton and the other with cotton on both sides of the synthetic rubber layer. Its trade name is 'Columbus.'

Gas Scrubber

A simple, but effective gas scrubber is marketed by Airfilco of 49, London Wall, EC.2. Usually made up of one or more trays, it will operate at a pressure drop as low as 2 inches water gauge. In this form, it will absorb dusts and many noxious gases, while cooling gases by direct contact. A feature is that the unit can be converted to a high velocity venturi scrubber simply by replacing the lowest tray with an agglomerator. It will permit submicron particles to be removed from the gas and collected. Separation of the solids from the gas is effected by the intense scrubbing action of the inclined baffle trays which are submerged in a layer of water.

New Organic Reagents Developed

Analysis of the intermediate product of lead and zinc production has been speeded up nearly fourfold by an organic reagent called sulpharsazen, synthetised recently by Prof. Alexei Lukin of Moscow. The new preparation is also widely employed by geologists for a simplified hydrochemical analysis of underground waters as a guide to lead deposits. The scientist has developed 12 new organic reagents over the past decade. These enable analytical chemists to determine quickly and simply the concentration of various substances even if a few ions of these are present in solution. The new reagents are especially important for work with radio-active isotopes, scattered and toxic elements.

Super Insulation

A novel insulating material for use at very low temperatures used in cryogenics is now to be used by Cryosystems, 40, Broadway, London, S.W.1. This is a result of an agreement with the National Research Corporation of Cambridge, Massachusetts, U.S., and the insulation is called NRC2. This material combines the known reflecting and non-radiating properties of polished metal with the resistive insulation of polyester film and vacuum. Several very thin layers of the film are metalised and crinkled. The result is packed in a vacuum enclosure. NRC2 has a higher mechanical strength, more resilience and greater insulating value per pound weight than any comparable insulant. Uses are found in storage containers for liquid gases, spacecraft, transfer systems and superconducting devices.

Printing Without Pressure

Dry, powdered ink and an adaptation of the silk screen process are combined in an electrostatic printing system for which ink is supplied by the Sun Chemical Corporation, of 730, Third Avenue, New York 17. The Corporation says the system does away with the need for heavy pressures and close adjustments necessary in ordinary printing. As many colours as desired can be used. The design or letters to be printed are prepared on a metal screen, with the non-printing areas masked. The dry ink is then spread on the front of the screen and the paper backed by a plate with a negative charge, passed behind it. The ink takes a charge from the screen and is attracted by the backing plate. However, the paper intercepts the ink particles and they are deposited on it. The ink can then be fixed by infra-red heat or spraying with solvent and drying. The one requirement is that the paper or other material being printed shall not interfere with the electrical field.

High Efficiency Sealing Ring

An engineer-designed oil seal, marketed in Britain by Headland Engineering Developments of Melon Road, London, S.E.15, is claimed to be a new approach to the difficult problem of sealing bearings on rotating shafts. Called the V-ring, it is designed to seal axially, in contact with a surface at right angles to the shaft. The inventors say it is probably the only seal that can stand up to significant misalignment and eccentricity, even in the case of a pendular shaft movement. The seal is thus ideal for use with spherical bearings. If required to provide a seal against gas, fluids or other non-lubricants, the seal is filled with grease in the cavity between its lip and the sealing surface. Where bearings are subjected to splashes, flushing etc., the seal functions effectively since its lip throws off fluids by centrifugal force as soon as they touch it.

Automatic De-stopping Machine

Wherever bottles which are closed by means of internal screw stoppers are returned for re-use, the problem of removing the stoppers or caps has always been an expensive and time-consuming operation. The "Bratby" automatic conveyorised de-stopping machine manufactured by Bratby & Hinchcliffe Ltd. in England, is designed to perform this task prior to bottles being fed to the washing machine. Each bottle is rotated by a vertical belt, the stopper being rotated in the opposite direction at the same time and subsequently discharged into a chute.

Apparatus for Food Packaging

The Audio Electron of Amsterdam (Holland) is marketing a small, attractively designed electric apparatus for household use, whereby all kinds of food can be packaged air-tight, moisture-free, hygienically and compactly. Foods which are difficult to keep can be packaged efficiently by this apparatus and stored in the refrigerator, thereby enabling the refrigerator space to be better utilised. If a freezer is available, even whole meals can be packaged and frozen.

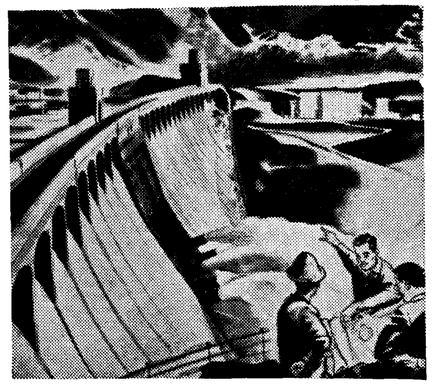
The apparatus consists of a box-shaped lower section and a lid hinged on to it. A seal-strip is attached to the front of the lower section. In the apparaus is a roll of double-walled foil, which is pulled outwards over the seal-strip. When the lid is depressed firmly, the seal-strip is heated and a buzzing tone becomes audible, from which the time can be determined. The sealing time varies from 1 to 4 seconds, according to the thickness of the material to be sealed. After sealing, the plastic must be allowed to cool for at least 2 seconds. Then another seal can be made. The apparatus is automatically switched off by releasing the lid. The standard model is designed for 220 volts. The watt consumption is very minimal.

Commercial Laser Welding System

The Korad Corporation, a subsidiary of the Union Carbide Corporation of New York, has manufactured a commercial laser welder. Known as Model K-15W, the laser welder delivers 5 to 15 joules of energy in pulses adjustable between 1 and 4 millisecond duration, at the rate of upto 1,200 pulses per hour. The first to be offered commercially as a standard equipment, the laser welder has produced high-quality spot welds in joining fine wires (0.015 to 0.30 in.) and in welding fine wires to foil. The new welder is expected to be widely used in the electronic manufacturing industry which normally scraps a good number of parts because of joining faults or failures.

The laser welder has three basic components: the control cabinet, a cooling supply cabinet and the laser welding head. The control unit requires a 240-volt, single-phase, 30-amp a.c. power input. It houses a power supply, lamp trigger unit, reprate control, remote control switch assembly, cable panel, and a large capacitor bank. The cooling supply system consists of a water chiller and a circulating pump that supplies deionized cooling water to the laser head. The laser welder head contains a ruby crystal rod, xenon flash lamp, and reflector. This unit is thermally insulated to prevent condensation on the reflecting surfaces of the ruby laser crystal, and is water-cooled to dissipate the heat generated by laser operation.

DEVELOPMENTS IN THE EAST



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RATIONALISATION OF TARIFF STRUCTURE

SPECIAL COMMITTEE STARTS WORK

ALTHOUGH the Government of India announced the appointment of the Tariff Revision Committee nearly six months ago, on 17th March to be precise, it was only on Thursday the 3rd inst. that the Committee held its first meeting. This delay was, perhaps, due to the preoccupations of Mr. Manubhai Shah, Union Minister for Commerce, with other matters and his consequent inability formally to inaugurate the meeting of the Committee. One wonders whether the Committee could not have begun its work much earlier without waiting for such formal ceremony. The terms of reference of the Committee had been clearly defined at the time of appointment, and there was no valid cause for the delay of six months which could certainly have been utilised at least for completing the spadework pertaining to its work. In view of this delay, the report of the Committee, it is said, will not be ready before August or September next year, whereas the Government had stated while announcing the appointment of the Committee that the report would be available within a year, that is, in March-April 1964. Incidentally, the strength of the Committee has been raised from 15 members to 19.

The terms of reference of the Committee are quite comprehensive. The Committee has been asked to examine the present structure of the Indian Customs Tariff (Import and Export) Schedule, with reference to the composition of products and pattern of import-export trade. In the light of this examination and bearing in mind the developments in and the changed pattern of trade that have taken place during the last few years, the Committee will have to recommend either of two alternatives, namely, whether to base the import tariff schedule on the Brussels tariff nomenclature or other national nomenclature or whether the country should adopt a separate import tariff schedule after necessary improvement. The Committee has also been asked to advice the Government regarding the lines on which the customs and tariff schedule should be revised, with particular reference to the need for (a) the creation of additional tariff items for articles of recent development and of commercial importance, (b) revision of the classification of machinery, iron and steel and textiles in the context of the changed pattern of trade, and (c) provision for the assessment of parts of articles; to recommend suitable amendments to the classification and nomenclature of the export tariff schedule; to review the substantive provisions of the Indian Tariff Act, 1934 and the Tariff (Amendment) Act, 1949, as well as other relevant legislations and to recommend modifications or amendments required in respect of them; and to make such other recommendations as may seem germane to the objective of the enquiry.

The Committee is not required to go into the question of the rates of duty applicable in respect of individual products or different classes of products. And it will not be concerned with the level of duty applicable under customs tariff.

Members

Considering that the task entrusted to the Committee is of great importance, it is only natural that the Government should have chosen as members persons who have specialised knowledge. The Committee is presided over by Mr. S. Subramanian of the Indian Statistical Service and consists of representatives of the Central Departments of Revenue, Technical Development, Iron and Steel, Industry, Mines and Metals, and Petroleum and Chemicals, officers from the Tariff Commission and C.C.I.'s Office, and representatives of F.I.C.C.I., A.M.I.O., Indian Importers Association and All-India Exporters' Chamber. The member-Secretary is Mr. S. Venkatesan of the Indian Revenue Service.

The appointment of the Tariff Revision Committee was a sequel to the plea for rationalising the customs tariff structure put forward by several official committees and commissions, including the Import and Export Policy Committee headed by Dr. A. Ramaswami Mudaliar. Such rationalisation, as Mr. Manubhai Shah stated while inaugurating the first meeting of the Committee, is a matter of considerable importance at a time when India is going all out to achieve expansion of international trade and elimination of barriers to trade. The basic structure of the present tariff schedule, it will be recalled, was adopted way back in 1934, following the League of Nations Draft Customs Nomenclature. So many changes have taken place since then not only in India but also abroad that the structure has now become inadequate and out of date. India's accession to the G.A.T.T., for instance, resulted in a number of commitments and the creation of new tariff items to provide for them. Further, the balance of payments difficulties and the introduction of import controls have changed the pattern of the country's imports and greatly reduced the importance of many tariff items. Again, the industrial progress after independence has led to a change in the pattern of imports in favour of machinery, components and raw materials and against finished articles. More and more goods have become liable to central excise duty and, consequently, to countervailing import duty. More recently, new classifications and nomenclature of production have been evolved to suit the changed pattern of world trade. One of them is the Brussels Nomenclature prepared by the European Customs Union Study Group in 1955 which claimed to have taken into account the common features of the tariff nomenclatures of the 17 European countries, as well as the latest technological and commercial developments.

How, against the aforesaid changes, the Indian tariff schedule has become inadequate and out of date will be evident from the instance cited by Mr. Manubhai Shah. Out of the total import revenue of about Rs. 320 crores annually at present, Rs. 38 crores, representing 12 per cent, come from a single miscellaneous item out of the 563 items in the tariff, namely, "all other articles not otherwise specified," which cover a mass of miscellaneous articles. On the other hand, there are sections of the tariff, such as those relating to iron and steel and textiles, which abound in sub-divisions that have now ceased to have significance.

Need for Revision

Emphasising the need for revision of tariff, Mr. Manubhai Shah said:

"India is no longer an exporter of only raw materials and semi-finished products, the international trade in which is not generally faced with much serious tariff barriers or other formidable obstacles. But, as India's exports expand and as her economy gets industrialised and, therefore, diversified, an increasing proportion of the exports will consist of manufactured goods. Fresh markets have, therefore, to be developed for many of these lines and it is very important that tariff and other barriers to those exports should be reduced as far as possible. On the international plane, a revision of Indian tariff is called for so as to make it an effective instrument for trade negotiations. On the national level, modernisation of the tariff is equally important. In 1963-64, the customs authorities dealt with approximately five lakhs foreign bills of entry and made as many individual assessments. If the number of the passengers who have to pay duty is added, the number of assessments will become much larger. Each of these assessments involves the application of at least one item of the tariff, often many more. Many of the consignments are of machinery or raw material or other articles vitally necessary for the country's internal needs or export manufactures. Delays in the clearance of such goods, for whatever reason, can obviously cause serious damage to the country's economy. In this situation, India cannot afford to have customs tariff that is out of date or unduly complicated or leads to frequent disputes between the customs administration and the trade. Hence the importance of the revision of the tariff."

These considerations apart, as India has greatly transformed and, indeed, almost revolutionised, as Mr. Manubhai Shah said, its concepts of foreign trade, exports and imports, it has also to modernise the tariff nomenclature, structure classification and contents in order to bring them in line with the emerging trends and developments in national economy and to bring them on par with the rest of the modern world usage. It is true that the Indian Tariff has undergone quite extensive amendments, but these amendments cannot take the place of the comprehensive revision that is necessary. It is to undertake such a revision that the Government has appointed the Tariff Revision Committee.

Difficulties have been experienced by industry and trade in the clearance of goods through the customs on account of the difference in the Import Trade Control and the Indian Customs Tariff classification. Such difficulties arise particularly in the case of items which are not specially classified in the I.T.C. and/or the I.C.T. schedule, the more so because the two authorities interpret the classification of stores from their respective standpoints, namely, the import control angle and the revenue angle. There are also instances of disputes, harassment, malpractices and abuses. All these should be reduced greatly, if not avoided altogether. It is, therefore, imperative that a customs tariff, like all legal enactments, must be precise, so that difficulties may not arise in interpretation and application, or, if they arise, they can be satisfactorily settled. This is a vital point which the Tariff Revision Committee wil have to bear in mind. It is also imperative that a customs tariff should be simple and easily understandable, without at the same time giving room for loopholes.

E.C.C.G. ISSUES TWO NEW GUARANTEES

Sometime ago, the Export Credit and Guarantee Corporation (E.C.G.C.) had introduced a packing credit policy. This guarantee renders it possible for the exporter to receive from his bank pre-shipment finance for the purpose of purchasing, processing and packing goods destined for the export market, somewhat above the line of bank's rating of his financial capacity. Experience showed that the arrangement had worked satisfactorily. Last year, exporters were able to obtain from banks as much as Rs. 4 crores on the strength of this guarantee; and in the first six months of the current year, the Corporation has already bypassed this figure. In view of the increasing popularity of this guarantee and its utility to exporters and banks—and the satisfactory experience in this behalf—the E.C.G.C. decided to increase its idemnity to banks from 50 to 66⅔ per cent and reduce the waiting period in respect of claims from six months to four months

While the packing credit policy has come to be regarded as a good security for the banks against risks involved in giving pre-shipment advances, it was felt by the banks that, if a similar instrument could be devised to cover their post-shipment advances, it would help them liberalise their lending policy. Accordingly, two new guarantees have been introduced by the Corporation: (i) Post-shipment export credit guarantee and (ii) export finance guarantee.

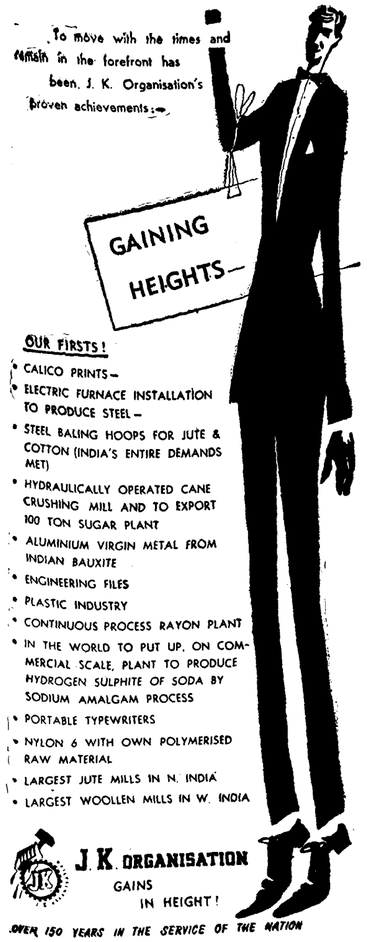
The post-shipment export credit guarantee will be issued to banks to protect them against any loss which may arise from purchase, discount or negotiation of an export bill. Normally, it will be a condition of the guarantee that it will be issued only in respect of such exporters as obtain a shipment-contracts policy. The guarantee will cover any loss sustained by a bank or financing institution due to the protracted default or insolvency of the exporter; and the Corporation's indemnity to the banks will be of the order of 66⅔ per cent of the loss incurred. In view of this guarantee, the banks would be in a position to discount bills which they may ordinarily accept only for collection. As the banks would be protected by the E.C.G.C. shipments/contracts policies, the risks involved would be relatively small. Therefore, the premium charged to would be small —namely, 5 paise per month per Rs. 100.

As a variant of the post-shipment export credit guarantee, the E.C.G.C. has introduced the export finance guarantee, with a view to finding for the exporter post-shipment finance in line with what he can get on the basis of the domestic value of his goods. This guarantee enables the bank to offer, on a selective basis, discounting facilities to exporters upto 125 per cent of the shipping documents; and the bank advance (i.e. 25 per cent of the f.o.b. value of the export bills) will be guaranteed by E.C.G.C.; and its indemnity to the banks will be to the extent of 75 per cent of the loss incurred in the event of the loanee's insolvency or default. To start with, the guarantee will apply only in respect of such exports as come within the purview of the export promotion schemes; but other items are not excluded and would be considered on merits. The premium rate for this guarantee will be the same as for the packing credit guarantee, viz., 10 paise per Rs. 100 for the first and second months and 8 paise for the third and each subsequent month. In the event of a claim, the amount due to banks in respect of the aforesaid guarantees would be reimbursed after four months of the due date of payment.

THIRD MAHARASHTRA COMMERCIAL AND INDUSTRIAL CONFERENCE

The Maharashtra Economic Development Council, an affiliate of the Maharashtra Chamber of Commerce, undertakes, from time to time, a study of the economic problems of the State, with a view to promoting the growth of trade, commerce and industry. The Council now proposes to hold the third Maharashtra Commercial and Industrial Conference in Poona on the 25th and 26th of next month. Mr. Naval H. Tata, an eminent industrialist, will preside over the deliberations which will be inaugurated by Mr. V. P. Naik, the Chief Minister of Maharashtra. Mr. Shantanurao L. Kirloskar, the President of the Maharashtra Economic Development Council who gave this information to the Pressmen this week, expects the Conference to discuss certain topics of economic importance for the State. Prominent among them will be the problems of agro industries, industrial finance and the development of backward regions. It will also deliberate on the economic development of Goa, though the latter is not part of Maharashtra.

It may be recalled that the first two conferences, arranged by the Council, were held in Bombay in 1956 and 1960; the first was presided over by Prof. D R. Gadgil and the second by Dr. C. D. Deshmukh. Many of their recommendations were well received by the authorities and several improvements have been brought about in the Government's policy for, and attitude towards, industrialisation of the State.



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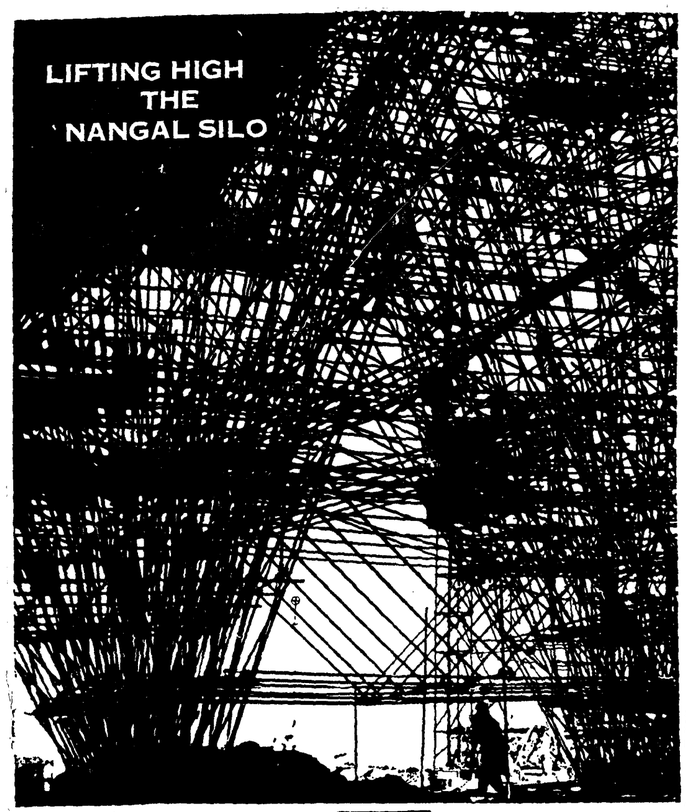

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BUSINESS NEWS FROM EUROPE

FRANCE PONDERS CREDITS FOR RUSSIA

IS THERE A STERLING LEAK?—COTTON INDUSTRY GETTING TOGETHER

From Our Special Correspondent

IN an effort to get more trade with Russia, and probably other East European countries, France is believed to be willing to waive the usual Western five-year limit on credits. If she does, she is likely to provoke great opposition from her European competitors.

It has been accepted for some years that advanced countries should not offer better credit terms than five years and most countries have kept to this agreement, even though the principal sufferers have been the underdeveloped countries. One French bank has admitted that it has signed a credit agreement with Russia well over five years, though not as long as the 12 years that had been thought. At least two or three other French banks are also thought to be negotiating longer credits.

For France there are at stake orders worth £136 million and it is thought that the French Government will hardly be likely to pass over such an important market. For the rest of the industrial nations the question is whether to follow France and break the rule or whether to stick to it and risk losing valuable markets. West Germany and Britain are particularly concerned. Britain has potentially important Commonwealth markets crying out for longer-term loans than five years. Germany has always had a major share of trade with the East and any French moves to get part of it, especially in this way, would lead to a worsening of the political links between Paris and Bonn, which are already under strain in the post-Adenauer period.

Gentlemen's Rules Being Broken?

The sudden fall in the dollar premium market this summer has led Britain's financial authorities to the conclusion that there must be a "leak" in the dollar pool. A sum of up to one million has been mentioned. Although convertibility is a lot easier now than before 1958, British residents are still circumscribed in the ways they can acquire foreign currency for investment abroad. The major source open to them is the pool of money which has been built up by Britons selling foreign securities and transferring the proceeds into a special account.

Demand always exceeds supply in the pool and a premium has to be paid to get foreign currencies. In relatively stable times in Britain, or when there is inflation or economic uncertainty abroad, the premium is low—around seven to nine per cent. But when conditions are good abroad, especially on Wall Street, the premium rises, perhaps to 14 per cent. It has been as high as 22 per cent and the Bank of England is believed to be prepared to let it go up to 30 per cent before intervening.

When Wall Street is booming and there is the dual uncertainty of a looming general election and poor (and puzzling) trade figures in Britain, the dollar premium would normally have been expected to go up. In fact, over the summer, it has slipped down from around 14 per cent to 9.5 per cent, though it has climbed back above 10 per cent last week.

This fall indicates that investors found conditions suitable for keeping their money in Britain. In view of the coming election this cannot be so. Consequently, there must have been extraneous forces working on the premium; the authorities' fears are that there has been a dollar leak.

Leaks are a very serious problem for Britain and the last one to be discovered, the Kuwait gap of 1957, is thought to have cost Britain millions before it was plugged. Such leaks are all the more important because Britain is the banker for the Sterling Area, and an outflow could prejudice balances deposited in London by overseas members of the Commonwealth. Nor are the gold and currency reserves adequate for the amount of trade they have to finance. At the moment they are some way under £1,000 million, possibly half the amount really needed, and an appreciable outflow could lead to a sudden run on sterling.

Implicit Support of a Bank?

The present hole in the rules is believed to have been driven by traders working through Hong Kong. By its very nature this market is both volatile and surrounded by an air of intrigue. What has annoyed the authorities is the fact that to bend the rules, as these dealers are thought to have done, needs the implicit support of a British bank. There is little direct control over the commercial banks by the Bank of England, the latter preferring to operate by time-hallowed "gentlemen's rules." When they fail, the shock is all the more severe to the mandarins of the City of London.

If the flow of non-resident securities into the dollar pool does not dry up, then it is thought that there may be legal proceedings against the offenders. The Sterling Area as well as the offenders would take a knock if this happened, so it may be that the recent upswing in the premium indicates that the bending of the rules has stopped—for the present.

Part of the upswing, however, must be due, it is thought, to the persistent strain on sterling over the past few months which has forced the official sterling-dollar rate to its lowest point for three years—below 2.78½ dollars—and within range of the point where the Bank of England will have to come in with official support.

So far the authorities have refrained from acting, believing that, basically, sterling is strong enough to fight off the pressure on it without official support. The point would appear to be approaching when the Bank will have to intervene whether it wants to or not. Continual pessimism over Britain's balance of payments figures is making this support seem almost inevitable.

Making Cotton More Competitive

In an effort to beat the competition from cheap imported products, the European cotton textile industry is making serious efforts to integrate. But the existence of two trading blocks, the European Economic Community and the European Free Trade Association, is obstructing this attempt. The one major producer not entering wholeheartedly into this spirit of unity is Britain. Partly this is because the British textile industry is now recovering from the bad patch it fell into after the war when there was a great deal of obsolescent machinery and many inefficient firms. Partly, also, it is because the British industry does not seek the same sort of outlets as the rest of her partners in E.F.T.A.

The rest of the E.F.T.A. countries have largely common problems. They have small textile industries which are basically geared to the European industry. To be left out of Europe is a serious disadvantage for them. For there to be more unity between E.E.C. and E.F.T.A., two conditions would have to be fulfilled. First, E.F.T.A. and E.E.C. tariff rates would have to be harmonised. Second, a common policy towards third countries would have to be adopted.

Britain would play her part in the second of these objectives. But she may not be such an active participant in the former, since she is by far the largest consumer as well as producer and her markets are largely in the United States and the Commonwealth, whereas Europe caters largely to Europe itself. Even so, both the conditions are feasible and, if they could be brought about, the industry would be in a far stronger position. Textile tariffs in E.F.T.A. countries, with a few exceptions, do not differ all that much from the common external tariff of the Six.

As to a co-ordinated foreign trade policy, the Western European textile industries already receive special treatment under the General Agreement on Tariffs and Trade's long-term arrangement on international trade in cotton textiles. If such a policy can be reached on cotton textiles, it should surely not be impossible to reach some sort of agreement on all textiles, especially as cotton dominates the textile market with about two-thirds of total production.

If the European industry cannot agree on steps to make itself more efficient, it will suffer severely as the developing nations, build up their own textile industries. This threat is all the more serious, because countries like India, Pakistan, Japan and Hong Kong are concentrating on cotton goods. Because of their wage and cost structures, they can easily undercut the European industry.

Rayon and other man-made fibres play a far smaller role in the Asian textile industries, because they are less commercial, at the moment. This gives Europe a breathing space in which to consolidate the fibre industry before, inevitably, Asia catches up. Europe is not throwing away this advantage. New types of fibre are continually being perfected and introduced onto the market in commercial quantities. And new uses are also continually being found for these new products. For instance, vehicle tyres are increasingly being made with a proportion of new fibres.

In order to stimulate the introduction of new fibres and to bring their cost down, tariffs could be reduced on imported machinery. This has been suggested as a field where the Kennedy Round negotiators could achieve worthwhile results.

If the duty were lowered, there would be a better chance of the industrialised countries meeting the low-cost competition of the Asians. This is no overnight cure for the industry and could hardly have much effect for at least two or three years.

In the meantime, unless some positive action is taken, Europe will find itself being continually outsold in world markets as the Asians take a stranglehold on vital new markets.

Where have all the British Exports Gone?

What has happened to Britain's exports this year? At a time when they were expected to have done well, according to the Chancellor of the Exchequer, Mr. Reginald Maudling, they have disappointed. The monthly deficit on visible trade is now worse than during the bad year of 1960. Exports from all industrial countries rose by 18 per cent in the first quarter of this year but British exports increased by only eight per cent. And those sectors that were expected to do best, manufactured goods, have lagged. Such increases as there have been have come from relatively minor sections like live animals, food, clothing and minerals.

Among industries which have fallen badly behind in the first quarter are paper machinery, which dropped by 56 per cent compared with the same quarter of last year, aero engines, 26 per cent down, cycles, 26 per cent, ships, 18 per cent, and power machinery, 11 per cent. Groups which have also fallen, but less severely, are the vital electrical machinery, down three per cent, and electrical appliances, seven per cent, together with aluminium, eight per cent, plastics machinery, two per cent, and tractors, one per cent.

Woollen goods, other machinery, aircraft, switchgear and telecommunications have increased exports, but less than average. The Federation of British Industries is puzzled at the export performance, because reports from its members claim production, order books and exports all to be going well. Yet the official statistics show that production has been stagnant all the year, and exports rising only slowly. The view is mounting that British firms are not keeping an eye on production costs and that Britain is pricing herself out of important markets. The failure of British exports is the more serious because Germany, Japan and the United States have all done well this year.

South Africa Eyes New Markets

South Africa is seeking closer economic ties with the rest of the world. Although its economy is at present booming, the Government is trying to safeguard it, because most of the present boom has been self-generated. In particular, South Africa is trying to establish stronger links in Europe with France, with which trade has gone up by half in the past two years. She is also turning her attention to the Far East and in a bid to channel more goods through the important Hong Kong market is to hold a trade fair there at the end of next month. Trade with Britain, one of her staples, has risen considerably in the first half of this year. Exports went up 11 per cent and imports some 10 per cent.

Behind these moves is thought to be acceptance of the fact that the present scale of the boom cannot continue for ever. The year to the end of June was one of the best in the country's history; there was an eight per cent rise in gross national product (in real terms), internal stability and a steady balance of payments.

But most of the slack in the economy has now been taken up and further progress could

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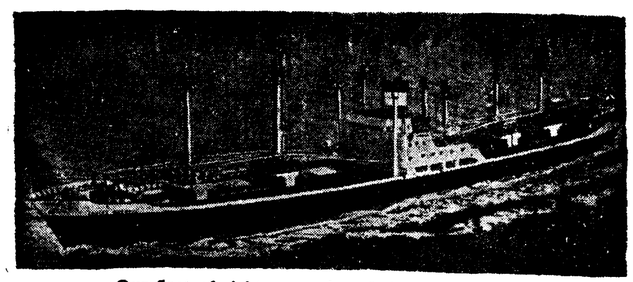

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force up prices, unless imports increase—and these can only be allowed to increase if there are more exports.

Signs of tightness are already becoming apparent. There is a shortage of skilled labour and, in the long run, there is a need to find a substitute for gold as a major export commodity. There is also a need to keep the increase in private consumption in check, especially as nearly all the excess capacity has been taken up.

Spanish Economy Finds New Strength

Spain's economy is now stronger than it has ever been, in spite of some fundamental weaknesses in the heavy-industry sector. Most of the progress has been made since 1961. Spain lagged well behind the rest of Europe till 1959, when the peseta was devalued. It took two years to get over the currency change but since then the economy has come on in leaps and bounds.

The reserves now total 1,200 million dollars, as compared with some 40 million dollars in the late fifties, half of which is in gold. And in the first half of this year foreign earnings showed a bigger rise than payments. In that period, income rose 45.5 per cent, as compared with the first half of 1963, and payments went up 33.3 per cent. Earnings reached £538 million and payments £504 million and there were big increases in exports to Latin America, up (+212 per cent), Asia (+184 per cent), and Europe and Africa (both +56 per cent). Among individual countries, Italy took 124 per cent more Spanish goods and France 91 per cent, and there were good rises with Sweden, Germany, Liberia, Libya, South Africa, Japan, Columbia and Peru.

Citrus fruits are losing some of their importance because of the fall in orange prices. Quantity has remained fairly stable by comparison with olive oil, which has gone up 7.8 times. Vegetables and dried fruits among the established exports have been rising fast and in the new lines furniture, shoes and leather goods have all done well.

A development plan aims at increasing investment by £2,000 million by 1967 and raising the standard of living (the average wage is £140 a year). It is intended to create one million new jobs, increase industrial output by 40 per cent, improve 6,000 miles of roads, build three-quarters of a million new houses and double the number of tractors. By 1967, tourist income (from 17 million visitors: 11 million expected this year) is expected to be more than that from all visible exports.

Russian Wheat Recovery

Russia will probably not be buying wheat this year from the West. But most of the rest of the Soviet bloc will not be in so self-sufficient a position, according to reports received here. Harvests have been big enough to meet current domestic needs in Russia, but whether they will ever be sufficient to justify Mr. Khrushchev's claim that the country will "never again" have to go shopping in the West is still open to doubt.

Russia's own harvest is likely to hit 130 million tons this year, 30 million tons up on last year. Bulgaria is not in such a happy position. Preliminary figures reveal that many areas in that country will not reach their targets so that the 2.3-million-ton output, itself below the 2.6 million tons necessary, is going to leave Bulgaria with a big deficit to be met from the West.

An early-summer drought, followed by rains in August, have led to caution in Czechoslovakia over harvest results. The crop should be enough for present needs, but not enough to build up stocks. So the five-year contract with Canada last year is likely to be needed again. In the Balkans, a prolonged dry spell has affected output in Rumania, Yugoslavia, Bulgaria and Hungary. Even so, Hungary's crop is expected to be better than last year and may just enable that country to do without Western imports.

Rumania is fairly happily placed—last year she exported wheat to Russia—and should not have to resort to imports. But Poland, where only 13 per cent of farming is State-run, will probably have to buy abroad to provide pig food. Winter grains are expected to be good, though the total Polish harvest might fall below last year's.

Topical Briefs

Mineral oil products have been booming in *West Germany* this year, as more refineries have come into service. Total output in the first half of the year came to 27.4 million tons, about five million more than in the same period of last year. Production for sale was up 4.8 million tons to 25.1 million tons. As the new refining centres, mostly in the south and south-west, are some way from the Ruhr, fuel oil of all grades has shown relatively higher growth rates than the output of petrol and diesel fuel. The latest refinery to come into service is one at Mannheim owned jointly by the Wintershall concern and Marathon Oil, an American firm. There is still some uncertainty around the Ingolstadt refinery being built for the Italian E.N.I. concern. Building work on the pipeline across the Alps from Genoa has been held up in case leakages into Lake Constance, which it borders for part of the way, should occur.

Exports of *Portugal* are making inroads into some American markets where they have never had any success before. One example is sisal twine which jumped to the top of Metropolitan Portugal's dollar earnings, last year with goods worth £3.4 million, a gain of over half. Table wines have been another good export earner and, in the next two or three years, it is thought that they should bound ahead. Rather surprisingly, port has been merely holding its own. In raw materials, unmanufactured wool made big strides forward as did burlap and hardboard used as a veneer. In consumer goods, copper household ware, willow baskets and bags have all done well. In spite of the good results from these previously unconsidered fields, Portuguese exports in general to the United States have remained virtually unchanged. This is because some of the major exports, such as textiles, canned fish and mineral ores have slipped back.

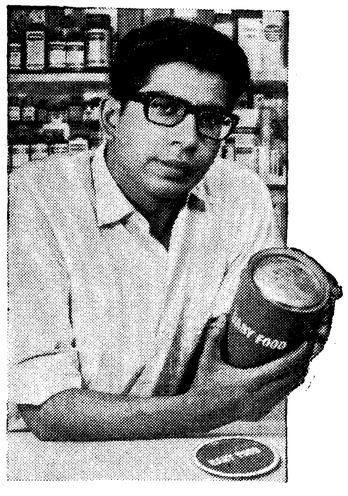
The Government of *France* has reorganised the marketing of *vin ordinaire*. Strict quality rules for wines benefitting from price support have been introduced to bring some sort of order to this market. Up to now support has been given on a quantitative base, a certain amount (85 per cent this year) qualifying irrespective of quality. This policy is thought to be responsible for the growing disaffection for ordinary table wines in France. Under the new system, wine which fails to reach a quality test will not be allowed on to the market; it will have to be sold to distilleries or wine-gum makers. The rest will be subsidised. One of the difficulties of such a test is that it will have to be based on chemical criteria since the Ministry of Agriculture lacks a staff of wine tasters. Alcohol content will then become the principal criterion, which is arousing some opposition.

Finland's economy has staged a recovery during the first half of this year. The growth of exports, the expansion of industrial production and the absence of the expected decline in housebuilding have largely accounted for the comeback, but it is too soon to know whether the recovery is permanently based. The usual growth indicators must be treated with caution since the same period of 1963 was affected by strikes, which shows the first half of this year in a better light. In January-May, exports went up by 23 per cent in value and industrial production by eight per cent, well above the forecasts for the whole of the year—seven per cent and eight per cent respectively. Consumer demand, prices and wages are all tending to rise, which could force Finnish goods out of world markets.

NUCLEAR POWER FOR GERMANY

The largest atomic power station in West Germany is at present being constructed by Siemens-Schuckertwerke at Obrigheim on the Neckar for a consortium of German power supply undertakings. The plant—the largest of its kind in Europe—will have a pressurised-water reactor and will supply 282 MW. at the generator terminals, corresponding approximately to the load demand of a city with a population of 600,000. The pressurised-water reactor will be operated with slightly enriched uranium. The coolant and moderator will be normal water. This atomic power station will, for the first time, place Europe on the threshold of economic power generation by atomic energy.

Farmers in Belgium have told the Government that they are dissatisfied with efforts being made to protect them against excessive imports of French wheat. The farmers say these imports, coming on top of an anticipated surplus of home-produced grain, are depressing prices in the Belgian market.



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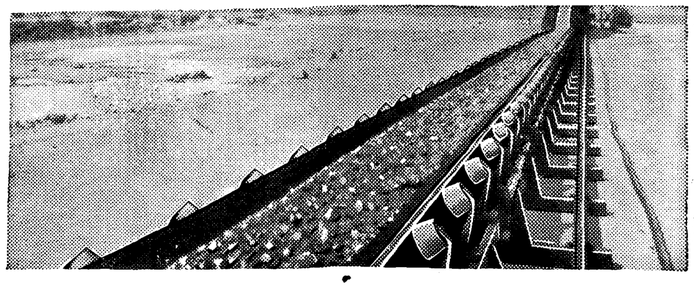

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BONUS COMMISSION AND AFTER

LABOUR LEADERS DISSATISFIED

By K. M. Chanana

THE concept of bonus has been a constant *bone of contention* on the Indian industrial relations front for quite some time. Since independence, considerable attention has been paid to this problem by the Government of India. In May 1948, the Government appointed a Committee on Profit-sharing, one of whose functions was to lay down principles for determining labour's share of the surplus profits, in a sliding scale normally varying with production. The recommendations of the Committee could not be of much assistance, as these raised questions of policy and principles, which could more appropriately be considered by the Legislature.

Actually, in the absence of clear-cut instructions on the subject from the Government side, the matter was largely left in the hands of Tribunals, while the Supreme Court judgments in various cases also helped build up an impressive case law on this vexed problem. Regarding the principles governing the payment of bonus adopted by the Tribunals, there had been considerable degree of unanimity since the enunciation of the formula by the Labour Appellate Tribunal in 1950—in the dispute between the Bombay Millowners' Association and Rashtriya Mill Mazdoor Sangh. This formula broadly set the pattern throughout the country. On the question of determining the 'available surplus' for distribution as bonus, which is the crux of all bonus disputes, the formula laid down by the Labour Appellate Tribunal in its Full Bench award of August 1957—subsequently upheld by the Supreme Court—in connection with the bonus dispute in Bombay textile mills, continued to serve as a guide.

Concept of Profit-bonus

But the concept of profit-bonus seemed to have become a constant source of controversy. Both employers as well as employees were not happy with it. Labour became dissatisfied with the Full Bench Formula of the L.A.T. In the second meeting of the 18th session of the Standing Labour Committee, the employers' representatives suggested that bonus, which was an uncertain element in wage-cost, should be altogether done away with. It was agreed that the question was one of evolving some suitable norms, so that the uncertainty associated with it was minimised. It was, therefore, agreed that the whole question should be examined by a Bonus Commission, to be set up for the purpose, with suitable terms of reference. This demand was also boosted by the Supreme Court judgment in 1959, in the case of the *A.C.C.* vs. *Workers*, that the legislature cannot abdicate its responsibility for legislation on the subject, if it feels that the claims for social and economic justice made by labour should be redefined on clearer basis. "It may also be possible," said the Supreme Court, "to have the question comprehensively considered by a high-powered commission which may be asked to examine the pros and cons of the problem in all its aspects by taking evidence from all the industries and all bodies of workmen."

Broad Features

So the Bonus Commission was set up. Apart from its usual terms of reference—laying down precise principles for determining the 'available surplus' for distribution as bonus, the Commission was to specify as to how far its recommendations were to be made applicable to workmen in public-sector undertakings. The broad features of the Bonus Commission recommendations were as follows:

The 'available surplus' from out of which bonus will be paid should be arrived at after deducting from the gross profits the following prior charges:

(i) Depreciation as admissible under the *Income Tax Act*;

(ii) Income-tax and super-tax;

(iii) return (*a*) at actual rate payable on preference share capital; (*b*) at 7 per cent on equity capital; and (*c*) at 4 per cent on reserves and surplus.

Sixty per cent of this 'available surplus', subject to a *minimum* equivalent of 4 per cent of the annual basic wages *and* dearness allowance or Rs. 40 whichever is higher; and a maximum equivalent of 20 per cent of annual basic wages and dearness allowance, should be distributed as bonus. The payment should be in cash.

Where the amount allocable as bonus exceeds the maximum of 20 per cent of the earnings, then the excess upto a further limit of 20 per cent is to be carried forward to be 'set on' in the succeeding years, upto a period of next four years. Similarly, where there is no 'available surplus' or the amount of 'available surplus' allocable as bonus is a sum less than 4 per cent of the annual earnings, then the whole of the quantum of 4 per cent or the amount necessary to make up 4 per cent as the case may be, should be carried forward and 'set off' in the succeeding years, upto a period of four years.

The formula will apply to those public sector undertakings which are not departmentally run and which compete with the establishments in the private sector. For this purpose, if not less than 20 per cent of the gross aggregate of the sales turnover of a public-sector undertaking consists of sales of services or products which compete with the sales of services or products by units in the private sector, that undertaking will be deemed to be competitive with the private sector.

Exemptions

Where in particular undertakings, employers and units have adopted or may adopt in future, annual bonus linked with production or productivity in substitution of bonus based on profits, the Commission's formula will not apply. Similarly, where industry-wise agreements already exist, the parties are at liberty to renew the agreements with such modifications, if any, as may be agreed to by them.

The formula will not apply to new concerns until they have recouped all early losses, including all arrears of normal depreciation admissible under the Income Tax Act, subject to a time-limit of six years.

The Commission finally recommended that its proposals should apply to all bonus matters relating to the accounting year ending on any day in the calendar year 1962, other than those cases in which settlements have been reached or decisions given.

The report of the Bonus Commission was unanimous, except for a minute of dissent from a member representing the private-sector employers, who differed from the main recommendations of the Commission on some matters of detail. According to him, in calculating the 'available surplus', besides the above-mentioned three charges allowed by the Commission, two other charges should also be deducted, namely, super profits tax and suitable rehabilitation allowance. Moreover, the rate of return on capital as a prior charge should not be less than 8.5 per cent for paid-up capital and 6 per cent on reserves. He had suggested further that, in case of certain industries like jute, plantations, coal and other mines, the limits of minimum and maximum should be fixed at 2 per cent and 10 per cent of the annual earnings, as against limits of 4 per cent and 20 per cent in case of other industries.

There can be no doubt that the recommendations of the Commission mark a milestone on the road to this important subject. Here the salient features of the recommendations may be recapitulated. First, the Commission construed the concept of bonus as "sharing by the workers in the prosperity of the concern in which they are employed." It may be noted that the word used is "prosperity" and not profit, which has become outmoded. Secondly, the rate of return on equity capital, namely, seven per cent allowed as prior charges for determining 'available surplus' is more than the usual 6 per cent allowed under A.L.T. Full Bench formula. Thirdly, for the first time, norms were recommended for distribution of bonus in public-sector undertakings. Departmental-run undertakings like Railways, Post and Telegraph, etc, are to be completely exempt from its recommendations, while in the case of other public-sector undertakings, which are not departmentally run and which compete, as per Commission's formula with private sector undertakings in their sale of products/services, these recommendations are to be equally applicable. Fourthly, and perhaps the most important, the principle of minimum bonus has been enunciated in clear terms. In other words, all units, including losing units, are compulsorily required to distribute a minimum bonus. This part of the Commission's recommendations was bitterly opposed by the employer's representatives, just as its inclusion in the Report was hailed by labour leaders.

Because of the very controversial nature of its recommendations, the Government of India did not announce its decision on the Commission's report quickly. As public-sector undertakings were involved and as not all of them were very sympathetic to the Commission's recommendations on the subject, a lengthy process of consultation and deliberation was gone into. Meanwhile, the patience of labour leaders was being exhausted and there were repeated demands that the Government should announce its decision on the report without any further delay. The Government's decision on the report was made known on 27th August 1964, accepting all the major recommendations of the Commission, subject to certain modifications relating to prior charges on gross profits for calculating 'available surplus' for distribution as bonus. The modifications introduced by the Government are:

(1) In computing the 'available surplus,' *all* direct taxes for the time being in force will be deducted as prior charges. Tax concession given to industry to provide resources for development —as, for instance, development rebate—will also be accepted as prior charges. (Steps are to be taken to ensure by law that the amounts involved in such concessions are used for the purposes for which they are given.)

(2) The rate of return on capital to be allowed as prior charge deductible before calculating 'available surplus' should be:

(i) The actual rate payable on preference share capital;

(ii) 8 per cent taxable, on paid-up equity capital—7.5 per cent in the case of banks;

(iii) 6 per cent on reserves—5 per cent in the case of banks.

(3) The Government considered it desirable that, beyond a certain limit, bonus should be paid in the form of securities or investment, instead of wholly in cash as recommended by the Commission. (This matter is to be further discussed and decided by negotiations with the parties concerned, including labour organisations, and, if necessary, by tri-partite discussions.)

The Government has also agreed that the Commission's formula will be applicable also to public-sector undertakings which compete with private sector.

Since the Commission recommended that its proposals should take effect from the accounting year 1962, the Government has also announced its decision *vis-a-vis* retrospective effect of the award. According to its decision, in those cases where any retrospection has been settled through any agreement or by a decision having been given, the matter ends there. In other cases, where a dispute is raised or is pending, it will be related to the accounting year ending on any day in the calendar year 1962. In all other cases, it will be related to the calendar year 1963.

Existing agreements between managements and their employees providing for a larger amount of bonus will not be disturbed, but, whenever a dispute arises, the Commission's formula will prevail.

Suitable legislation is to be introduced to give effect to the proposals which have been accepted by the Government.

Significance of Modification

The significance of the Government's modification of the Commission's formula may now be briefly commented upon. It will be seen that, in determining the 'available surplus', the Government's decision is more attractive, from the employer's standpoint, than the Commission's original recommendation on the subject. Not only *all* direct taxes have been made a prior charge on capital; but the rate of return allowed has been increased from 7 per cent to 8 per cent on equity capital, and from 4 per cent to 6 per cent on reserves. (This almost follows the suggestions made in the minute of dissent to the Commission, referred to above, from the member representing the private sector employers.) Of course, rehabilitation allowance has been disallowed. This concession to the private sector will not be easily conceded by labour leaders, who are bound to make much capital out of it. But there can be no doubt that, in granting these concessions, the Government's aim is to help employers plough back a part of the profits so vitally needed for the development and expansion of industry. It must be noted that, while aiming for economic and social justice for workers, the Government has also to ensure the continued prosperity of the industry. In other words, it has to see that, in order to have the golden egg, the goose that lays it is not killed by the desire of its beneficiaries to have more. It is no doubt a difficult task and the very fact that the Government

(*Continued on next page*)

INDIA AND KENNEDY ROUND

SIGNIFICANT BENEFITS POSSIBLE IF PRODUCTION AND PRODUCTIVITY IMPROVE

By A Special Correspondent

THE Kennedy round of tariff negotiations to be resumed shortly is of considerable significance to developing countries especially to India. Apart from effecting a 50 per cent cut in the customs tariffs of the U.S.A., U.K. and E.E.C. countries on a large number of products on a package basis, attempts will also be made for the first time to eliminate non-tariff barriers which hinder international trade. Such barriers include import quotas, import restrictions, mixing regulations, tariff valuation procedures, anti-dumping rules, internal taxes and so on.

India's export trade in recent years has shown a remarkable buoyancy. Although favourable international factors like the high price of sugar and the keen demand for oilcakes helped us to increase our earnings of foreign exchange in the last fiscal year, it must be admitted that the various measures adopted to promote exports have also been very useful. And, if the advanced countries show a more sympathetic attitude by the removal or reduction of import restrictions, India's exports could be stepped up more significantly.

Jute Goods

For example, high tariffs and quotas stand in the way of increasing the export of our jute goods which, in 1963-64, were the largest single earner of foreign exchange, accounting for Rs. 157 crores out of the total exports of Rs. 796 crores. In Argentina, for example, the tariff on all jute goods amounts to 60 per cent *ad valorem*, while in Canada it varies from 15 per cent for jute bags to 25 per cent on jute yarn. Japan's tariff works out to 20 per cent *ad valorem* on jute yarn, 25 per cent on jute cloth and 22 yen per bag on new jute sacks.

The following comments of the Srivastava Committee on tariffs and quota restrictions are worth recalling:

"The Committee views with concern India's inability to obtain reductions in protective duties, especially in the U.S.A., Japan and Argentina and Canada. The recent modifications in the U.S. import duties have meant only marginal reductions. A more significant reduction would assist speciality jute goods, especially those which are bleached and dyed to compete on more equal terms with paper in the field of consumer size packaging; it would also assist the growth of processed jute fabrics, including mixed fabrics of jute with other textiles, to develop a bigger market for furnishings. The Argentina import duty is the highest in the world; and in the last two years of high jute prices, has meant the loss of Argentina markets to packing materials produced in Brazil from Kenaf. In Japan, where there has been a progressive abandonment of packing materials made from rice-straw, the relative uneconomic domestic production of jute manufactures is being protected by a 25 per cent import duty."

The E.C.M. countries have set apart meagre quotas for Indian jute goods. In 1963, France granted a quota of only 1,000 tons for Indian jute goods. West Germany has no quota restriction on jute goods imported for re-export but those imported for domestic consumption are regulated by quotas. The quota assigned to India in the last year was 12.50 million DM. Italy restricts the import of jute goods by tariffs varying from 15 per cent to 22 per cent *ad valorem* along with a turnover tax of 2.5 per cent. Belgium has not officially laid down quotas for jute goods but the Belgium Jute Manufacturers' Association generally does not import them for internal consumption.

So far as the U.K. is concerned, the import of jute goods is restricted by means of the system of mark-up price. The operation of Jute Control in practice has restricted the import of jute goods into the U.K. Its effect, as the Srivastava Committee says, has been to maintain a 20 per cent import duty on common hessian, upto 40 per cent on certain constructions and to exclude completely wide hessians and other specialities, although sacking has enjoyed duty-free entry.

Cotton Textiles

As regards cotton textiles, their import into many countries is rigidly controlled. In the U.K., for instance, the import of Indian cotton textiles has been restricted to a maximum of 195 million square yards exclusive of handloom textiles. This restriction applies only to Indian textiles imported for home consumption, and not for re-export. The U.S. has restricted imports of Indian cotton textiles to an aggregate of 37 million square yards, which quota is to continue up to 30th September, 1966.

The quota allotted by France to Indian textiles for 1963 was 1,355 tons of which 950 tons were for grey cloth, 330 tons for cloth other than grey and the rest for other varieties. West Germany also had fixed a quota of 8 million DM for import of Indian textiles during 1963. Jute goods and cotton textiles are among the large earners of foreign exchange for India and it is obvious that, if the advanced countries agree to relax the restrictions, it might help to increase our exports.

Exception List

The U.K., the U.S. and E.C.M. countries have agreed to reduce upto 50 per cent their existing tariff on all industrial products except in those items where their own industries are likely to be affected by this cut. It is reported that each country has prepared an Exception List containing a list of items on which duties will not be cut. The details of such lists are not known. How far will India be able to benefit from the cuts will depend largely on the type of these exception lists.

So far as the U.K. and the Commonwealth countries are concerned, it is in the interest of India to see that the Exception List is made as large as possible. Most Indian goods at present enter the U.K. duty-free and if she agrees to cut the duties by 50 per cent, the preference enjoyed by India will be reduced or eliminated. This means that Indian goods in the U.K market may become more vulnerable to competition from non-Commonwealth countries like China, Russia, Hong Kong, Spain and so on. But in respect of countries other than the U.K. and the Commonwealth, it will be in India's interest to see that the Exception List contains as few items as possible.

Although at present India's exports consist largely of traditional goods, we have been steadily increasing the exports of non-traditional items. In the last fiscal year, for instance, India exported to the U.K. sewing machines valued at Rs. 1,92,000, electric fans at Rs. 3,74,000, iron and steel Rs. 6,70,000, sports goods Rs. 1,26,000 and cinematographic films Rs. 23 lakhs. To the U.S., we exported in 1963-64 non-traditional items like sewing machines worth Rs. 2 lakhs, footwear Rs. 27 lakhs, art works over Rs. one crore and iron and steel Rs. 1.7 crore. The value of such exports at present is comparatively small, but, over a period of years, their export is likely to increase appreciably.

An important aspect of the Kennedy round is that the developing countries will not be called upon to reciprocate in the matter of tariff cuts. This is as it should be. In fact, if the developing countries are able to grow at a fast rate, it will greatly benefit the advanced countries themselves by providing a stable market for their manufactured goods. India, for example, has been one of the best customers of the U.K. for her manufactured goods like machinery, transport equipment, iron and steel and other goods. It is significant to note that export of iron and steel from the U.K. to India recorded a big increase in January-May 1964 by 48.9 per cent to £5.9 million, as compared with the corresponding period of the preceding year. India was the second largest market for U.K. iron and steel, accounting for 6.7 per cent of the total value of these exports from the U.K. The U.S. and Canada stood first and third, respectively, as markets for iron and steel in the first five months of 1964.

Other Devices

Besides quotas and tariffs, there are other devices by which the advanced countries try to shut out imports. One such device is the customs valuation procedure under which the valuation of imported goods for assessment to duty is made on the selling price of the articles concerned within the importing country. In the U.S., for instance, this procedure is followed in certain cases as a result of which the customs duty collected works out to three or four times the rate shown in the tariff. Another device is to enforce sanitary regulations in such a rigid manner as to exclude imports of commodities like fresh or canned fruits and fruit products, pharmaceuticals and leather goods. Mixing regulations are yet another device to restrict imports. In some countries of Europe, for instance, importers of vegetable oils are obliged to buy a certain quantity of olive oil produced indigenously in order to entitle them to obtain the import licence. The levy of high internal duties, canalising import through monopoly concerns and manipulation of anti-dumping regulations —these are some of the other methods resorted to for curbing imports. The Kennedy round will rightly probe into these aspects also.

Even if India derives considerable benefit from the Kennedy round in the form of reduction of tariffs and removal of other restrictions, success in our export promotion can be achieved in a big way only when we set our own house in order. It is not adequately realised that responsibility for export promotion rests not on the Commerce Ministry alone but on all other economic ministries as well. More than anything else, what India needs at present is a continuous increase in production both in agriculture and industry, so that, apart from meeting the domestic demands, sufficient surplus becomes available for export. But agricultural production has been stagnating for the last few years and official policy still lays more emphasis on controls and regulations than on measures to increase output. Industrial expansion is not taking place in a dynamic way because of the depressed conditions of the capital market caused mainly by excessive taxation. The labour policy of the Government is also not calculated to increase production and bring down costs. It is clear, then, that, if India is really serious about export promotion, the various aspects of economic policy need careful reconsideration.

BONUS COMMISSION AND AFTER

(*Concluded from previous page*)

took so much time for coming to a final decision on the Commission's report attests to its difficulty.

The initial response to the Government's decision, from the labour leader's side has been, on the whole, unfavourable. It has been termed "reactionary and retrograde", "a serious blunder", and worse than even the Full Bench formula of A.L.T., to improve which the whole Bonus Commission was set up. Warnings have been issued already that labour will not take the Government's decision lying down and serious labour unrest has been predicted, especially in capital-intensive industries like coal, steel, electricity, heavy machinery, etc., to undo this injustice done to labour. According to another labour leader, after the Government's modification of the Commission's formula, "the 60 per cent of the available surplus meant for bonus distribution under the Commission's original formula would, in effect, become about 40 per cent."

As compared to labour's rather sharp reaction, the criticism from the employers' side to the Government's decision has been rather mild. The main line of the employers' reaction has been that, since the Government seemed to have accepted the principle of compulsory distribution of bonus even by losing concerns, it would be a misnomer to call it profit-bonus, as it almost amounts to a straight increase in wages. The disallowance of rehabilitation allowance as a prior charge will, it is said, seriously affect the modernisation and expansion of industrial units.

It is, of course, too early to forecast the lines the employers' and employees' organisations will take, in the long run, on the Government's modification of the Commission's formula, as its decision has only been just announced. But all indications seem to point to a hardening of labour leaders' attitude on the subject in the coming weeks, as they feel that they have been let down by the Government's decision. If this diagnosis is correct, then one may expect an increase in labour unrest in the near future. That, indeed, would be unfortunate in the present context of rising prices and inflationary spiral. But, when full details of the revised scheme are worked out, it will be seen that the initial fears of labour leaders were ill-founded. It has been truly said that in the field of employer-employee relations, an 'ideal' solution to a problem is one that leaves both the sides slightly dissatisfied with the decision.

"ALIND" SHOWS ALL-ROUND PROGRESS

DIVIDEND CUT RESTORED ON LARGER CAPITAL

A FULL recovery in results from the setback suffered in 1962-63 has been made by Aluminium Industries Ltd. [Managing Agents: Messrs. Seshasayee Brothers (Travancore) (Private) Ltd., Alwaye] during the year ended 31st March 1964. The proceeds of sales and service, which had receded from Rs. 617.57 lakhs to Rs. 573.89 lakhs in the previous year, have improved to Rs. 622.42 lakhs in the year under review. In spite of the lower turnover in 1962-63, gross profit for that year had increased by Rs. 16.69 lakhs to Rs. 73.80 lakhs. It is but natural that the higher turnover during the year under review should have pushed up the gross profit further to Rs. 83.87 lakhs. But the increase over the year amounting to Rs. 10.07 lakhs does not compare favourably with the increase recorded in the previous year, because other expenses, which had been higher by roughly Rs. 8 lakhs in 1962-63, have gone up by as much as Rs. 13.84 lakhs to Rs. 119.93 lakhs during 1963-64. Net profit, on the other hand, shows an expansion of Rs. 13.96 lakhs to Rs. 29.86 lakhs against a contraction of Rs. 7.27 lakhs to Rs. 15.90 lakhs in the previous year. The bulk of this expansion, reflects the scaling down of the tax provision from the previous year's pretty high figure of Rs. 39.50 lakhs (as against the 1961-62 figure of Rs. 18.20 lakhs) to Rs. 30 lakhs following an increase in the amount credited to development rebate reserve from only Rs. 69,250 to as much as Rs. 4.91 lakhs and also in the depreciation charge from Rs. 14.87 lakhs to Rs. 20.24 lakhs.

Including other transfers, the total amount carried to reserves is Rs. 6.91 lakhs, as against Rs. 3.69 lakhs a year before. Although this aggregate figure shows an increase over the year, as a portion of the available net profit it is lower, being roughly one-fourth as compared with about one-third in the previous year. The bulk of the profit (Rs. 22.72 lakhs to be precise) has been utilised towards restoring fully the previous year's three-point cut in the dividend rate of 18 per cent per annum and that, too, on the capital increased to Rs. 134.93 lakhs following the issue of 350,000 equity shares of Rs. 10 each at a premium of Rs. 3.50 per share.

The following comparative table gives a clear idea of the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales and service charges	622.42	573.89	617.57	435.73
Other income	1.59	0.69	0.99	..
Closing stocks	118.72	117.41	86.52	145.88
Materials and stores consumed	421.52	425.58	408.48	385.91
Other expenses	119.93	106.09	94.16	72.41
Gross profit	83.87	73.80	57.11	48.64
Managing Agents' commission	3.77	3.53	2.78	2.96
Provision for—				
Depreciation	20.24	14.87	12.96	10.98
Taxation	30.00	39.50	18.20	16.41
Net profit	29.86	15.90	23.17	18.29
To reserves	6.91	3.69	4.91	..
Dividend	22.72 (18%)	15.00 (15%)	18.00 (18%)	16.80 (18%)
Carry forward	0.70	0.48	3.27	3.00

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	22.75	23.30	25.10	24.80	29.20
Low	18.12	16.50	23.20	21.87	C.R. 21.70

What explains the marked recovery in sales during the year is the considerable diversification in the production of covered aluminium conductor to cater to the varying pattern of demand. Besides, the market conditions for the Company's products continued to be favourable. It may be noted in this context that the stocks at close show only a marginal increase from Rs. 117.41 lakhs to Rs. 118.72 lakhs, though production of both bare conductor and covered aluminium conductor had risen substantially.

The expansion of the covered aluminium conductor plant at Kundara and the construction of a new factory at Hyderabad (inaugurated by the Chief Minister of Andhra Pradesh on 29th January 1964) were completed during the year. The construction of the plant for manufacturing low voltage aluminium underground cable at Kundara is nearing completion. This unit is expected to be in production after two months. The import licence and foreign exchange for the expansion of the aluminium rod rolling mill at Kundara have been secured. Work connected with this expansion is now on hand. It is expected that the expansion work will be completed in the third quarter of 1965. The bare conductor manufacturing facilities at Kundara and Hirakud are also being enhanced through the installation of suitable balancing equipment.

In spite of the increase in paid-up capital, the "own" funds amounting to Rs. 213.57 lakhs (Rs. 134.93 lakhs in capital and Rs. 78.64 lakhs in reserves and surplus) are less than half of the total of outside finance of Rs. 568.38 lakhs comprising Rs. 45 lakhs in debentures, Rs. 284.42 lakhs in bank loans and Rs. 238.96 lakhs in current liabilities and provisions. The short-term indebtedness of Rs. 523.38 lakhs, comprising bank loans and current liabilities and provisions, is fully covered by current assets, book debts and investments aggregating Rs. 614.95 lakhs. The gross block, inclusive of construction works in progress and land development expenses, is carried in books at a cost of Rs. 281.53 lakhs (Rs. 239 lakhs a year before) and has been written down to a net block of Rs. 167.01 lakhs.

Currently quoted at Rs. 22.75 *cum-div.*, the Rs. 10 fully paid ordinary shares of the Company offer a net yield of 6.9 per cent.

MACHINERY MANUFACTURERS CORPORATION

With manufacturing operations continuing to be satisfactory both as regards production and despatches of the major products, namely, carding engines, the Machinery Manufacturing Corporation Ltd. (Managing Agents: Messrs. Mahindra and Mahindra Ltd., Bombay) has registered further improvement in its turnover and gross profit. Gross realisation from sale of products has risen by almost 20 per cent from Rs. 197.61 lakhs to Rs. 235.78 lakhs and the gross profit is correspondingly higher at Rs. 71.02 lakhs as compared with Rs. 59.16 lakhs for the year before. A more than proportionate part of this rise in gross profit has, however, been neutralised by the increase in all essential provisions. The remuneration payable to Managing Agents has taken up Rs. 4.34 lakhs as against Rs. 3.73 lakhs. Similarly, the provisions for depreciation and taxation are higher, the former at Rs. 13.34 lakhs as against Rs. 10.27 lakhs and the latter at Rs. 31 lakhs as against Rs. 17 lakhs. As a result, the net profit shows a decline of Rs. 5.82 lakhs to Rs. 22.34 lakhs. The credits to reserves have therefore declined in sympathy from Rs. 22.71 lakhs to Rs. 15.62 lakhs. The dividend on ordinary shares is unchanged at 15 per cent per annum.

The Company's progress during the past four years is clearly brought out in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales	235.78	197.61	144.65	112.78
Other income	29.50	17.31	13.69	19.04
Closing stocks of finished goods	10.14	25.15	11.35	8.89
Consumption of materials and stores	95.39	98.53	61.58	49.80
Other expenses	83.66	71.03	59.85	46.74
Gross profit	71.02	59.16	39.87	34.41
Managing Agents' remuneration	4.34	3.73	2.32	1.32
Provision for—				
Depreciation	13.34	10.27	9.61	8.95
Taxation	31.00	17.00	..	..
Net profit	22.34	28.16	27.94	24.14
To reserves and provisions	15.62	22.71	19.00	2.21
Dividends—				
Preference	2.19	2.19	4.37	..
Ordinary	4.52 (15%)	4.52 (15%)	3.15 (12.5%)	..
Carry forward	0.03	0.02	1.28	0.22

Although the capital reconstruction effected during 1960-61 and the steady improvement in the Company's working since that year have undoubtedly strengthened its financial position, a continuation of this trend for at least a couple of years appears necessary if the financial structure is to be put on an absolutely solid ground. As at 31st March 1964, the Company's own funds aggregated Rs. 119.24 lakhs, comprising Rs. 38.96 lakhs in two classes of preference shares, Rs. 30.75 lakhs in ordinary shares of Rs. 10 each and Rs. 49.53 lakhs in reserve and surplus. Finances from outside totalled Rs. 202.51 lakhs, made up of Rs. 78.62 lakhs secured loan and Rs. 123.89 lakhs current liabilities and provisions. Fortunately, these are fully covered by current assets, investments and loans and advances aggregating Rs. 204.09 lakhs. Gross block stands at Rs. 206.51 lakhs and has been written down to Rs. 110.95 lakhs. Capital work-in-progress as at the date of the balance sheet is valued at Rs. 6.70 lakhs.

As regards the prospects for the current year, the upward trend in production and despatches is reported to have maintained during the first three months. While the order book position remains satisfactory, the Directors report a slowing down in the rate of intake new orders as also a perceptible trend in cancellation of existing orders.

Following a careful study of new developments in carding technology in Europe and America, the Company has entered into an agreement with Carding Specialists (Halifax) Ltd., U.K., for the production of a high production device. Collaboration for the manufacture of drawing frames has also been arranged with Whitin International Ltd., U.S.A. These two manufacturing proposals are under consideration by the Government of India.

The Rs. 10 paid shares of the Company are currently being quoted at Rs. 22.76 at which price, the yield works out to a little over five per cent (net) per annum.

MYSORE PAPER'S RESULTS

EXPANSION PROJECT NEARING COMPLETION

THANKS to the continued increase in costs of raw materials, chemicals and labour and the Government's inflexible pricing policy, the profit-margin of the Mysore Paper Mills Ltd. (Chairman: Mr. M. D. Shivananjappa, Bangalore) has registered a further decline during the year ended 31st March 1964. Following an eight per cent rise in the production of paper, the turnover of the Company has expanded by Rs. 7.32 lakhs to Rs. 130.31 lakhs but the gross profit has slipped by Rs. 2.30 lakhs to a new low level of Rs. 15.69 lakhs. The ratio of gross profit to sales (profit-margin), therefore, works out to 12 per cent, as against 14.6 per cent for the preceding year and 16.3 per cent for the year 1961-62. There has been a slight reduction in the provision for depreciation from Rs. 6.04 lakhs to Rs. 5.76 lakhs, but taxation has taken up only Rs. 0.79 lakh as against Rs. six lakhs for the previous year. The reason for the sharp reduction in the provision for taxation is that the Company has no assessable income for the year on account of the development rebate allowance amounting to Rs. 28.68 lakhs on plant and machinery erected, installed and taken into service. The small provision made in the accounts merely represents the possible liability for tax on the amount distributed as dividend. The resulting net profit is, therefore, technically higher at Rs. 9.14 lakhs as against Rs. 5.95 lakhs for 1962-63. Supplementing this surplus with Rs. 1.23 lakh written back from the dividend equalisation reserve and the amount brought forward, the Directors have proposed the payment of a dividend of nine per cent (as against 12 per cent last year) on the old and new shares alike—on the latter proportionately to the period in which the paid-up capital was effective. These claim Rs. 10.50 lakhs and leave a small carry forward of Rs. 1,662 as against Rs. 15,216 brought in. The amount of Rs. 21.51 lakhs compulsorily to be credited to the development rebate reserve under the Income-tax Act is being transferred from the general reserve without affecting the profits of the year.

The steady erosion in the profit-margin of the Company during the past four years is well brought out by the following comparative figures:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds	130.31	122.99	119.80	123.22
Other income	5.62	3.80	3.78	1.94
Closing stocks	4.48	2.52	3.06	4.07
Materials and stores consumed	57.54	47.34	45.26	53.70
Staff expenses	30.83	28.87	25.44	24.89
Other expenses	33.83	32.05	31.88	28.25
Gross profit	15.69	17.99	19.40	21.03
Provisions for—				
Depreciation	5.76	6.04	6.68	6.69
Taxation	0.79	6.00	6.00	6.50
Net profit	9.14	5.95	6.72	7.84
Provisions written back and transfers	1.23	0.80	0.64	0.50
To reserves	..	0.23	1.88	4.75
Dividend	10.50 (9%)	6.75 (12%)	5.47 (15%)	3.76 (15%)
Carry forward	0.02	0.15	0.38	0.37

Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	12.62	14.30	15.12	26.75
Low	12.40	12.60	13.50	C.R. 12.95 X.R.

The foreign currency loan of Rs. 70 lakhs sanctioned by the Commonwealth Development Finance Company Ltd., London, was drawn in full. A sum of Rs. 61.97 lakhs against a sanctioned loan of Rs. 70 lakhs was also drawn from the Industrial Credit and Investment Corporation of India and a sum of Rs. 55 lakhs against a sanctioned loan of Rs. 60 lakhs from the Industrial Finance Corporation of India in rupee currency up to 31st March 1964. The expenditure on developmental work till the end of March 1964 amounted to Rs. 278 lakhs, as against Rs. 150 lakhs as at the end of the previous year. The coal-fired, as well as the oil-fired, boilers, modern stock makers, the paper machine transformers and switchboards were all fully erected, installed and taken to service during the year. Steam, water and air supply lines were also provided to the completed unit. Erection of the caustic soda recovery unit is making good progress. There has been some delay in the supply of digesters and other essential parts of the pulp plant ordered indigenously but these have now been despatched and

(*Continued on next page*)

KESORAM INDUSTRIES' RESULTS QUITE ENCOURAGING

SHAREHOLDERS GET HIGHER DIVIDEND

A SUBSTANTIAL improvement in sales and gross profit and a bigger dividend for the equity shareholders characterise the working results of Kesoram Industries and Cotton Mills Ltd. (Managing Agents: Messrs. Birla Brothers Private Ltd., Calcutta) for the year ended 31st March 1964. Maintaining its upward trend, the turnover has advanced further by Rs. 136.33 lakhs to Rs. 15.77 crores and, since other income and closing stocks are also substantially higher, the gross profit at Rs. 257.51 lakhs shows a handsome gain of Rs. 59.21 lakhs or 30 per cent, over the preceding year's figure of Rs. 198.30 lakhs. Notwithstanding the further increase in other expenses—not necessarily related to production—the ratio of the gross profit to sales, that is, the profit-margin, thus works out to 16.2 per cent and shows a rise of 2.4 points over the previous year. Unfortunately, the position has changed at the level of net profit, due to increases in all essential provisions, in general, and in that for taxation, in particular. The provision for Managing Agents' commission is larger by Rs. 3.41 lakhs at Rs. 11.80 lakhs, that for depreciation by Rs. 12.79 lakhs at Rs. 95.28 lakhs and that for taxation by almost Rs. 45 lakhs at Rs. 53.28 lakhs. The resultant net profit is actually a shade lower at Rs. 97.15 lakhs as compared with Rs. 99.12 lakhs for the year before. Although no less than Rs. 57.43 lakhs out of this have been credited to reserves and Rs. 9.84 lakhs earmarked as before for payment of preference dividend, the Directors have still found it possible to raise the ordinary dividend, for the second year in succession, by two points to 15 per cent per annum. This claims Rs. 30 lakhs, as against Rs. 26 lakhs previously, and leaves Rs. 14,501 as a carry forward, as against Rs. 26,969 brought in. It is further interesting to note that a part of the dividend will be exempt from taxation, being covered under sections 85 and 101 (2) of the Income-tax Act and that an application has been made to the Income-tax Department for determining the exact quantum which will be tax-free.

The working results of the Company for the year under review and those for the three years preceding it are set forth in the following table:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds	15,77.05	14,40.72	11,60.89	10,17.84
Other income	32.55	14.33	14.37	24.88
Closing stocks	125.36	115.54	125.40	81.15
Raw materials and stores consumed	642.38	615.70	525.25	451.76
Excise duty	269.08	235.48	166.22	114.77
Other expenses	450.45	395.71	348.02	306.74
Gross profit	257.51	198.30	180.03	183.74
Managing Agents' commission	11.80	8.39	9.70	8.92
Provision for—				
Depreciation	95.28	82.49	69.43	71.51
Taxation	53.28	8.30	36.16	6.67
Net profit	97.15	99.12	64.74	96.64
Withdrawal from reserves	..	1.92	11.37	2.03
To reserves	57.43	65.37	44.29	65.84
Dividends—				
Preference	9.84	9.84	9.84	11.86
Ordinary	30.00 (15%)	26.00 (13%)	24.00 (12%)	19.20 (12%)
Carry forward	0.15	0.27	0.43	2.45

Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	30.00	28.87	35.00	38.25
Low	23.75	18.75	21.50	24.62

The Company's "own" resources as at the date of the balance sheet, that is, 31st March 1964, stand at Rs. 776.74 lakhs comprising Rs. 119.84 lakhs in two classes of preference shares of Rs. 100 each, Rs. 200.08 lakhs in ordinary shares of Rs. 10 each and Rs. 455.82 lakhs in reserves excluding Rs. 39.84 lakhs earmarked for the payment of dividends for the year under report. The book value per ordinary share of Rs. 10 each thus works out to Rs. 32.80, as against the present market price of Rs. 27.81. The outside finance at Rs. 773.87 lakhs very nearly equals the own funds and is made up of borrowings Rs. 499.81 lakhs and current liabilities and provisions Rs. 274.06 lakhs, including the dividend proposed for the year. On the assets side the net block is Rs. 839.80 lakhs and has been obtained by reducing the gross block of Rs. 1,298.53 lakhs (including Rs. 44.97 lakhs in capital work-in-progress) by Rs. 458.73 lakhs being the accumulated amount of depreciation to date. Investments, mostly in shares of companies in the same group, are shown at a book value of Rs. 56.87 lakhs, while current assets and loans and advances amount to Rs. 652.95 lakhs.

The modernisation of the Company's textile unit proceeded during the year as planned. A sum of Rs. 11.23 lakhs was spent by adding a number of modern processing machines, replacing a few conventional sizing machines by one high speed sizing machine and replacing plain looms by 96 automatic ones. Under the general Government permission, the Company has undertaken an expansion of the installed capacity to the extent of 7½ per cent in respect of the spindleage and 10 per cent in respect of the loomage by establishing a separate unit. Owing to insufficiency of space at the existing factory area, necessary application has been made for permission to set up the new unit at Budge Budge.

Despite sharp increases in excise duty and electricity rates, heavy export promotion losses, frequent work stoppages due to power shortages and a 13-day long strike during March 1964, the Company's rayon plants made satisfactory progress due to improvement in production techniques, higher efficiency and reduction in wastage. The transparent paper plant also showed "slightly" better results than previously. Although nominal reduction in excise duty has been given under the last budget, this section is still finding it difficult to compete with similar products manufactured by other processes enjoying a lower excise burden. The moisture proofing, printing and bag-making plants which were under erection during the year have recently started production, and sales of the transparent paper section as a whole are expected to increase after those plants attain full rated production. Installation of a second casting plant has been taken in hand and the plant may be put into operation during the current year. The construction work of the factory to manufacture spun pipes and fittings is going on satisfactorily.

As for the current year the Directors state that, in the light of the satisfactory working of the various units, the shareholders can look forward to a reasonably bright future.

The Rs. 10 fully paid ordinary shares of the Company are currently available at Rs. 28.00 and fetch a net return of about 4.3 per cent.

(*Concluded from previous page*)

are expected to be received at the factory site very soon.

During the year under review, the 10-lakh "new" equity shares of the face value of Rs. 10 each became fully paid and this has pushed up the issued share capital from Rs. 72.95 lakhs to Rs. 121.86 lakhs. This is supplemented by Rs. 61.02 lakhs in reserves and surplus. As stated earlier, the Company fully availed of the loans sanctioned to it by the various financial institutions and total borrowings therefore aggregate Rs. 203.92 lakhs including Rs. 3.10 lakhs as interest and commitment charges accrued on secured loans. Besides these, current liabilities and provisions total Rs. 59.33 lakhs, so that the total of outside finance works out to Rs. 263.25 lakhs as against "own" funds of Rs. 182.88 lakhs. Although this situation is somewhat abnormal things can be expected to improve once the benefits of the expansion of the factory begin to accrue. Inclusive of the additions of Rs. 165.68 lakhs during the year, the gross block stands raised at Rs. 335.63 lakhs and, on deduction of Rs. 127.77 lakhs as depreciation earned to date, a net block of Rs. 207.86 lakhs emerges. Current loans and advances total Rs. 115.79 lakhs, while development expenditure not adjusted to capital accounts is shown in the balance sheet at Rs. 122.48 lakhs.

The Rs. 10 paid ordinary shares of the Company are currently available at Rs. 12.50 *cum-div.* and on an *ex-div.* basis, fetch a net annual return of 6.1 per cent.

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Notices

THE DALHOUSIE JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE DALHOUSIE JUTE COMPANY LIMITED will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta-1, on Wednesday, the 30th day of September, 1964, at 10 a.m. for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1964, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4(*a*). To appoint a Director in the place of Khan Bahadur D. E. Avari, M.B.E., who retires by rotation, and, being 70 years of age, is not eligible for re-election unless his appointment is approved by a resolution of the Company in general meeting, specifically declaring that the age limit shall not apply to him; and in this connection to consider and, if thought fit, to pass the following resolution, of which special notice has been received by the Company:

"THAT Khan Bahadur D. E. Avari, who retires from the Board by rotation, be and is hereby reappointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation, and, he having attained the age of 70 years, it is specifically declared that the age limit prescribed by Section 280 of the Companies Act, 1956, shall not apply to him."

4(*b*). To appoint Mr. M. R. Das, a Director, who vacates office at this meeting, and in this connection to consider and, if thought fit, to pass the following resolution of which prescribed notice has been received by the Company, the candidate having filed with the Company his consent to act as a Director if appointed:

"THAT Mr. M. R. Das be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation."

The Share Transfer Registers of the Company will be closed from the 16th to 30th September, 1964, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, 29*th August*, 1964.

Notes:—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after the 10th October, 1964, to those shareholders so entitled whose names appear in the Company's books on the 30th September, 1964, or to their mandatees. No application for Dividend Warrants will be necessary.

(*c*) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business set out above are being sent to the Shareholders.

THE AUCKLAND JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE AUCKLAND JUTE COMPANY LIMITED will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta-1, on Wednesday, the 30th day of September, 1964, at 10.10 a.m. for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1964, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4(*a*). To appoint Mr. M. R. Das, a Director, who vacates office at this meeting, and in this connection to consider and, if thought fit, to pass the following resolution, of which prescribed notice has been received by the Company, the candidate having filed with the Company his consent to act as a Director if appointed:

"THAT Mr. M. R. Das be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation."

4(*b*). To appoint Mr. R. G. Edwards, a Director, who retires at this meeting, and in this connection to consider and, if thought fit, to pass the following resolution of which prescribed notice has been received by the Company, the candidate having filed with the Company his consent to act as a Director if appointed:

"THAT Mr. R. G. Edwards be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation."

4(*c*). To appoint Khan Bahadur D. E. Avari, who has attained the age of 70 years and is not eligible for appointment unless approved by a resolution of the Company in general meeting specifically declaring that the age limit shall not apply to him; and in this connection to consider and, if thought fit, to pass the following resolution, of which special notice as required by Section 190 and 281 of the Companies Act, 1956, has been received by the Company from a shareholder:

"THAT Khan Bahadur D. E. Avari be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement of directors by rotation, and, he having attained the age of 70 years, it is specifically declared that the age limit prescribed by Section 280 of the Companies Act, 1956, shall not apply to him."

The Share Transfer Registers of the Company will be closed from the 16th to 30th September, 1964, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA-1, 29*th August*, 1964.

Notes:—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after the 10th October, 1964, to those shareholders so entitled whose names appear in the Company's books on the 30th September, 1964, or to their mandatees. No application for Dividend Warrants will be necessary.

(*c*) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business set out above are being sent to the Shareholders.

UNION JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of UNION JUTE COMPANY LIMITED will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta-1, on Wednesday, the 30th day of September, 1964, at 10.20 a.m., for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1964, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To appoint a Director in the place of Sir Asoka K. Roy, who retires by rotation, and, being 78 years of age, is not eligible for re-election unless his appointment is approved by a resolution of the Company in general meeting, specifically declaring that the age limit shall not apply to him; and in this connection to consider and, if thought fit, to pass the following resolution, of which special notice has been received by the Company:

"THAT Sir Asoka K. Roy, who retires from the Board by rotation, be and is hereby reappointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation, and he having attained the age of 78 years, it is specifically declared that the age limit prescribed by Section 280 of the Companies Act, 1956, shall not apply to him."

The Share Transfer Registers of the Company will be closed from the 16th to the 30th September, 1964, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, 29*th August*, 1964.

Notes:—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after the 10th October, 1964, to those Shareholders so entitled whose names appear in the Company's books on the 30th September, 1964, or to their Mandatees. No application for Dividend Warrants will be necessary.

(*c*) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business set out above are being sent to the Shareholders.

THE STANDARD JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE STANDARD JUTE COMPANY LIMITED will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta-1, on Wednesday, the 30th September, 1964, at 10.30 a.m., for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1964, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

3. To appoint Mr. D. N. Kapur, a Director, who retires at this meeting, and in this connection to consider and, if thought fit, to pass the following resolution of which prescribed notice has been received by the Company, the candidate having filed with the Company his consent to act as a Director if appointed:

"THAT Mr. D. N. Kapur be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation."

The Share Transfer Registers of the Company will be closed from the 16th to the 30th September, 1964, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, 29*th August*, 1964.

Notes:—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business set out above are being sent to the Shareholders.

THE NORTHBROOK JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE NORTHBROOK JUTE COMPANY LIMITED will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta-1, on Wednesday, the 30th day of September, 1964, at 10.50 a.m., for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1964, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. (*a*) To appoint Mr. Romen Mookerjee, a Director, who vacates office at this meeting, and in this connection to consider and, if thought fit, to pass the following resolution of which prescribed notice has been received by the Company, the candidate having filed with the Company his consent to act as a Director if appointed.

"THAT Mr. Romen Mookerjee be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation."

4. (*b*) To appoint Mr. R. G. Edwards, a Director, who retires at this meeting, and in this connection to consider, and, if thought fit, to pass the following resolution of which prescribed notice has been received by the Company, the candidate having filed with the Company his consent to act as a Director if appointed:

"THAT Mr. R. G. Edwards be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation."

The Share Transfer Registers of the Company will be closed from the 16th to 30th September, 1964, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, 29*th August*, 1964.

Notes:—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after the 10th October, 1964, to those Shareholders so entitled whose names appear in the Company's books on the 30th September, 1964, or to their mandatees. No application for Dividend Warrants will be necessary.

(*c*) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business set out above are being sent to the Shareholders.

THE LANSDOWNE JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of the LANSDOWNE JUTE COMPANY LIMITED will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta-1, on Wednesday the 30th day of September, 1964 at 11.00 a.m., for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1964, the Balance Sheet as at that date and the Auditors' Reports thereon.
2. To appoint a Director in the place of a retiring Director.
3. To declare Dividends recommended by the Directors.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Registers of the Company will be closed from the 16th to the 30th September, 1964, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA-1, 29*th August*, 1964.

Notes:—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after the 10th October, 1964, to those Shareholders so entitled whose names appear in the Company's books on the 30th September, 1964, or to their mandatees. No application for Dividend Warrants will be necessary.

THE LAWRENCE JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE LAWRENCE JUTE COMPANY LIMITED will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta-1, on Wednesday the 30th day of September, 1964 at 11.10 a.m., for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1964, the Balance Sheet as at that date and the Auditors' Reports thereon.
2. To appoint a Director in the place of a retiring Director.
3. To declare Dividends recommended by the Directors.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Registers of the Company will be closed from the 16th to the 30th September, 1964, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA-1, 29*th August*, 1964.

Notes:—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after the 10th October, 1964, to those Shareholders so entitled whose names appear in the Company's books on the 30th September, 1964, or to their mandatees. No application for Dividend Warrants will be necessary.

UNION JUTE COMPANY LIMITED

NOTICE

AT A MEETING OF DIRECTORS HELD ON 29th August, 1964 the following Dividends were recommended for the year ended 31st March, 1964 subject to deduction of tax—

On Cumulative Preference Shares at Rs. 9.10 per cent per annum.

On Ordinary Shares at Rs. 10.00 per Share.

The Dividends will be paid on or after 10th October, 1964 to those Shareholders (or their mandatees) whose names appear in the Company's Books on 30th September, 1964.

The Share Transfer Registers of the Company will be closed from 16th September, 1964 to 30th September, 1964, both days inclusive.

By Order of the Board,
BIRD & COMPANY (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA-1.
29th August, 1964.

THE AUCKLAND JUTE COMPANY LIMITED

NOTICE

AT A MEETING OF DIRECTORS HELD ON 29th August, 1964 the following Dividends were recommended for the year ended 31st March, 1964 subject to deduction of tax—

On Cumulative Preference Shares at Rs. 7.15 per cent per annum.

On Redeemable Cumulative Preference Shares at Rs. 5.85 per cent per annum.

On Ordinary Shares at Rs. 12.50 per share.

The Dividends will be paid on or after 10th October, 1964 to those Shareholders (or their mandatees) whose names appear in the Company's Books on 30th September, 1964.

The Share Transfer Registers of the Company will be closed from 16th September, 1964 to 30th September, 1964, both days inclusive.

By Order of the Board,
BIRD & COMPANY (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA-1.
29th August, 1964.

THE NORTHBROOK JUTE COMPANY LIMITED

NOTICE

AT A MEETING OF DIRECTORS HELD ON 29th August, 1964 the following Dividends were recommended for the year ended 31st March, 1964 subject to deduction of tax—

On Cumulative Preference Shares at Rs. 7.15 per cent per annum.

On Ordinary Shares at Rs. 2.50 per Share.

The Dividends will be paid on or after 10th October, 1964 to those Shareholders (or their mandatees) whose names appear in the Company's Books on 30th September, 1964.

The Share Transfer Registers of the Company will be closed from 16th September, 1964 to 30th September, 1964, both days inclusive.

By Order of the Board,
BIRD & COMPANY (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA-1.
29th August, 1964.

THE DALHOUSIE JUTE COMPANY LIMITED

NOTICE

AT A MEETING OF DIRECTORS HELD ON 29th August, 1964 the following Dividends were recommended for the year ended 31st March, 1964, subject to deduction of tax—

On Cumulative Preference Shares at Rs. 9.10 per cent per annum.

On Ordinary Shares at Rs. 7.50 per Share.

The Dividends will be paid on or after 10th October, 1964 to those Shareholders (or their mandatees) whose names appear in the Company's Books on 30th September, 1964.

The Share Transfer Registers of the Company will be closed from 16th September, 1964 to 30th September, 1964, both days inclusive.

By Order of the Board,
BIRD & COMPANY (PRIVATE) LIMITED,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA-1.
29th August, 1964.

THE LANSDOWNE JUTE COMPANY LIMITED

NOTICE

AT A MEETING OF DIRECTORS HELD ON 29th August, 1964 the following Final Dividends were recommended for the year ended 31st March, 1964 subject to deduction of tax—

On Cumulative Preference Shares at Rs. 9.10 per cent per annum.

On Ordinary Shares at Rs. 12.50 per share.

The Dividends will be paid on or after 10th October, 1964 to those Shareholders (or their mandatees) whose names appear in the Company's Books on 30th September, 1964.

The Share Transfer Registers of the Company will be closed from the 16th September, 1964 to 30th September, 1964, both days inclusive.

By Order of the Board,

BIRD & COMPANY (PRIVATE) LIMITED,

Secretaries & Treasurers.

Registered Office:

CHARTERED BANK BUILDINGS,
CALCUTTA-1.

29th August, 1964.

THE LAWRENCE JUTE COMPANY LIMITED

NOTICE

AT A MEETING OF DIRECTORS HELD ON 29th August, 1964 the following Dividends were recommended for the year ended 31st March, 1964 subject to deduction of tax—

On Cumulative 'A' Preference Shares at Rs. 9.10 per cent per annum.

On Cumulative 'B' Preference Shares at Rs. 7.15 per cent per annum.

On Ordinary Shares at Rs. 10.00 per share.

The Dividends will be paid on or after 10th October, 1964 to those Shareholders (or their mandatees) whose names appear in the Company's Books on 30th September, 1964.

The Share Transfer Registers of the Company will be closed from 16th September, 1964 to 30th September, 1964, both days inclusive.

By Order of the Board,

BIRD & COMPANY (PRIVATE) LIMITED,

Secretaries & Treasurers.

Registered Office:

CHARTERED BANK BUILDINGS,
CALCUTTA-1.

29th August, 1964.

THE KINNISON JUTE MILLS COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE KINNISON JUTE MILLS COMPANY LIMITED will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta-1, on Wednesday, the 30th day of September, 1964, at 10.40 a.m., for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1964, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. (*a*) To appoint Mr. Romen Mookerjee, a Director, who vacates office at this meeting, and in this connection to consider and, if thought fit, to pass the following resolution of which prescribed notice has been received by the Company, the candidate having filed with the Company his consent to act as a Director if appointed:

"THAT Mr. Romen Mookerjee be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation."

4 (*b*) To appoint Mr. R. G. Edwards, a Director, who retires at this meeting, and in this connection to consider and, if thought fit, to pass the following resolution of which prescribed notice has been received by the Company, the candidate having filed with the Company his consent to act as a Director if appointed.

"THAT Mr. R. G. Edwards be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation."

The Share Transfer Registers of the Company will be closed from the 16th to the 30th September, 1964, both days inclusive.

By Order of the Board,

F. W. HEILGERS & CO. (PRIVATE) LIMITED,

Managing Agents.

Registered Office:

CHARTERED BANK BUILDINGS,
CALCUTTA, *29th August*, 1964.

Notes:—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after the 28th October, 1964, to those Shareholders so entitled whose names appear in the Company's books on the 30th September, 1964, or to their Mandatees. No application for Dividend Warrants will be necessary.

(*c*) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business set out above are being sent to the Shareholders.

THE KINNISON JUTE MILLS COMPANY LIMITED

NOTICE

AT A MEETING OF DIRECTORS HELD ON 29th August, 1964 the following Dividends were recommended for the year ended 31st March, 1964 subject to deduction of tax—

On Cumulative Preference Shares at Rs. 9.10 per cent per annum.

On Ordinary Shares at Rs. 5.00 per share.

The Dividends will be paid on or after 10th October, 1964 to those Shareholders (or their mandatees) whose names appear in the Company's Books on 30th September, 1964.

The Share Transfer Registers of the Company will be closed from 16th September, 1964 to 30th September, 1964, both days inclusive.

By Order of the Board,

F. W. HEILGERS & COMPANY (PRIVATE) LIMITED,

Managing Agents.

Registered Office:

CHARTERED BANK BUILDINGS,
CALCUTTA-1.

29th August, 1964.

SRI KRISHNARAJENDRA MILLS LIMITED, MYSORE

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Forty-fourth ANNUAL GENERAL MEETING of the Shareholders of Sri Krishnarajendra Mills Ltd., will be held at the Registered Office of the Company, Bangalore Road, Mysore, on Wednesday, the 30th September 1964, at 3-30 p.m., to transact the following business:—

1. To receive and if thought fit to adopt the Directors' Report and the Profit and Loss Account for the year ended 31st March 1964, and the Balance Sheet as on that date, together with the Auditors' Report.
2. To elect Directors:—

(i) To appoint a Director in place of Sri N.K. Kejriwal, who retires under Article 117 of the Articles of Association of the Company and being eligible offers himself for re-appointment.

(ii) To appoint a Director in place of Sri H. K. Kejriwal, who retires under Article 117 of the Articles of Association of the Company and being eligible offers himself for re-appointment, and

(iii) To appoint a Director in place of Sri I. K. Kejriwal, who retires under Article 117 of the Articles of Association of the Company and being eligible offers himself for re-appointment.

Explanatory Statement under Section 173 of the Companies Act 1956, has been separately sent to Shareholders.

3. To appoint Auditors for the Company to hold office from the conclusion of this Annual General Meeting to the close of the next Annual General Meeting and to fix their remuneration.
4. To consider and if thought fit, to pass the following resolution as Special resolution, with or without modification:—

"RESOLVED that the Article No. 41 of the Articles of Association of the Company be deleted and that the following Article numbered as Article No. 41 be substituted therein.

Article 41:—The Company shall not charge any fee in respect of transfer or transmission of any shares lodged with the Company for registration."

Explanatory statement concerning this Special Resolution as required by Section 173 of the Companies Act, 1956, has been separately sent to Shareholders.

By Order of the Board of Directors,

H. N. PALLEGAR,

Managing Director.

MYSORE,
25th August, 1964.

(1) Any member entitled to attend and vote may appoint a proxy to attend and vote instead of himself. The proxy need not be a member.

(2) The Share Transfer Books of the Company will be closed from 23rd September 1964 to 30th September 1964, both days inclusive.

(3) The changes if any in the address of shareholders should be notified to the Company immediately.

ROHTAS INDUSTRIES LIMITED

Registered Office:
Dalmianagar (Bihar)

NOTICE

THE THIRTY-FIRST ANNUAL GENERAL Meeting of the Shareholders of Rohtas Industries Ltd. will be held at the Registered Office of the Company at Dalmianagar on Wednesday, the 30th September, 1964, at 11 a.m., to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31st March, 1964.
2. To declare Dividends.
3. To elect a Director in place of Shri Nand Lall Poddar, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and fix their remuneration. The retiring Auditors, Messrs. K. N. Gutgutia & Co., Chartered Accountants, are eligible for re-appointment.

Share Transfer Books and Members' Register of the Company will remain closed from 24th September, 1964 to 30th September, 1964, both days inclusive.

By Order of the Board.

FOR SAHU JAIN LTD.,
A. K. JAIN,
Director.
Managing Agents.

CALCUTTA,
5th September, 1964.

N.B.—A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member.

RESERVE BANK OF INDIA

APPLICATIONS ARE INVITED FOR THE following posts in the undernoted departments of the Reserve Bank of India:—

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

(i) Deputy Directors—Rs. 850-60-1150.

(ii) Research Officers—Rs. 430-430-55-815-EB-55-925-60-1045.

(iii) Junior Officers Grade II, in the Legal Department—Rs. 375-20-535-25-560-EB-25-660-30-720.

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

In addition to pay the selected candidates in all categories mentioned above will be eligible to draw local pay, (at centres where it is admissible), house allowance and dearness allowance at the rates prescribed by the Bank from time to time.

(B) **QUALIFICATIONS:**

(i) *Deputy Directors, Economic Department*: Applicants should possess first or high second class Master's degree in Economics of an Indian or foreign University or a Doctorate degree in Economics of an Indian or foreign University. They must have experience of research work for at least five years in one or more of the following subjects: (*a*) Monetary Economics, (*b*) Banking Theory and Practice, (*c*) International Trade and Finance, (*d*) Agricultural Economics, and (*e*) Planning and Development.

(ii) *Research Officers, Economic Department*: Applicants should possess first or high second class Master's degree in Economics or Commerce of an Indian or foreign University or a Doctorate degree in Economics of an Indian or foreign University, and a period of research work in one or more of the following subjects: (*a*) Monetary Economics, (*b*) Banking Theory and Practice, (*c*) International Trade and Finance, (*d*) Agricultural Economics and (*e*) Planning and Development. Applicants are expected to be proficient in economic analysis. A period of practical banking training will be an additional qualification in respect of applicants with specialisation in (*a*), (*b*), and (*c*) above and experience of agricultural surveys in respect of (*d*) above.

(iii) *Junior Officers Grade II, Legal Department*: Applicants should be Advocates or Solicitors and should possess in addition to high academic qualifications in Law, practical experience of work in an Advocate's or Solicitor's office or have practised independently, for at least 3 years. Preference will be given to candidates having M.L. or LL.M. or other equivalent qualifications and special knowledge of Banking and Company Law.

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

(C) **AGE LIMITS AS ON 1st SEPTEMBER 1964:**

(i) *Deputy Directors*: Candidates should be between 30 and 40 years of age but the age limit may be relaxed in the case of candidates possessing exceptional qualifications.

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

(iii) *Junior Officers Grade II*: Between 21 and 27 years. The maximum age limit is relaxable but not beyond 32 years in the case of:—

(*a*) candidates possessing special qualifications and experience of value to the Bank; and

(*b*) candidates belonging to the Scheduled Castes or Scheduled Tribes.

2. Candidates who wish to apply for more than one category of posts must submit separate applications accompanied by separate application fees and should clearly indicate the post and the department for which they have applied.

3. Applicants for the above posts must remit with their applications a fee of Rs. 7.50 for each post by cheque or bank draft on a *scheduled bank* payable at Bombay or by Postal Order. *The application fee is in no case refundable.* In the case of candidates belonging to Scheduled Castes/Tribes the fee will be reduced to one-fourth.

4. Applications in the candidate's own handwriting in the prescribed forms obtainable from the Reserve Bank's offices at Bombay, Calcutta, Kanpur, New Delhi, Nagpur, Madras, Bangalore, Hyderabad, Trivandrum, Lucknow, Patna and Jaipur accompanied by copies (originals should *not* be sent) of certificates regarding age and educational qualifications, statements of marks secured in the graduate and post-graduate degree examinations and copies of two testimonials should be forwarded to the Secretary, Central Recruitment Board, Reserve Bank of India, Central Office, Post Box No. 406, Bombay-1, so as to reach him on or before the 3rd October 1964.

5. Candidates already in service will be required to produce a proper discharge certificate from their employers in the event of their being selected at the time of their appointment in the Bank's service.

6. Candidates belonging to Scheduled Castes/Scheduled Tribes should mention this fact prominently in their applications and also enclose a copy of the certificate to that effect from competent authority.

7. Candidates must be prepared to serve in any office of the bank in India or group of departments to which they are posted and to undertake tours when required.

8. Selected candidates will have to appear for interview/s before the Selection Board at any of the Bank's offices.

9. Appointments will be subject to candidates being found medically fit for service in the Bank by the Bank's Medical Officer.

10. If any candidate desires to have his application acknowledged, he should send it by "Registered Post—Acknowledgement Due." Apart from those who may be specially called, interviews will not be granted to candidates nor will the Bank enter into correspondence with them.

11. Canvassing in any form will be regarded as disqualification.

THE EAST INDIAN COAL COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE one hundred and twelfth annual general meeting of the members of the above-named Company will be held at the head office of the Company No. 4, Clive Row, Calcutta-1, on Friday, the 23rd day of October, 1964, at 11-30 a.m. for the following purposes:—

(1) To receive and consider the Audited Accounts for the year ended 30th April, 1964, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.

(2) To declare a dividend.

(3) To appoint a Director in place of one retiring.

(4) To fix the Auditors' remuneration.

NOTICE is also given that the Share Transfer Books of the Company will be closed from 9th October to 23rd October 1964, both days inclusive.

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

By Order of the Board,

JARDINE HENDERSON LIMITED,

C. EVANS,
Secretary,
Secretaries.

4 CLIVE ROW,
CALCUTTA-1.
28th August, 1964.

Note: The dividend, if approved, will be payable on and after 30th October, 1964 to those members whose names are registered in the books of the Company on 23rd October, 1964.

THE TITAGHUR PAPER MILLS COMPANY LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of The Titaghur Paper Mills Company Limited will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta-1, on Wednesday, the 30th day of September, 1964, at 3.30 p.m., for the following purposes:

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1964, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Auditors and fix their remuneration.
4. (*a*) To appoint a Director in place of a retiring Director.

SPECIAL BUSINESS

4. (*b*) To appoint Mr. N. Dandekar, a Director, who retires at this meeting, and in this connection to consider and, if thought fit, to pass the following resolution of which prescribed notice has been received by the Company, the candidate having filed with the Company his consent to act as a Director, if appointed.

"That Mr. N. Dandekar be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation."

The Share Transfer Registers of the Company will be closed from the 14th to 30th September, 1964, both days inclusive.

By Order of the Board,

F. W. HEILGERS & CO. (PRIVATE) LIMITED,

Managing Agents.

Registered Office:

CHARTERED BANK BUILDINGS,
CALCUTTA-1.
29th August, 1964.

Notes:—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after the 28th October, 1964 to those shareholders so entitled whose names appear in the Company's books on the 30th September, 1964, or to their mandatees. No application for Dividend Warrants will be necessary.

The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is being sent to the Members.

RANE (MADRAS) LIMITED

Registered Office:

47, VELACHERI ROAD, MADRAS-32

NOTICE IS HEREBY GIVEN THAT THE 28th Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at No. 47, Velacheri Road, Madras-32, on Monday the 28th September, 1964, at 4 p.m., to consider the Audited Accounts for the year ended 31st March, 1964, declaration of dividends on Equity and Preference Shares, appointment of Directors and Auditors.

The Share Transfer Books will remain closed from 22nd September 1964 to 6th October 1964, both days inclusive. Individual notices are being arranged to be sent to the members regarding the above.

IYER & COMPANY PRIVATE LTD.,
Managing Agents.

MADRAS-32
25th August, 1964.

ATTITUDE TOWARDS, AND INDUCEMENT FOR, SAVINGS

SOME INTERESTING FINDINGS

THERE is a strong urge for saving in the urban areas in all classes of people irrespective of education and income, though, in actual practice, only 36 per cent of the households, most of them in the higher-income groups, are able to do so. The savings largely depend on the present financial position and the prospects for future betterment. Households experiencing a continuous improvement in their earnings generally save a higher proportion of income than the groups experiencing no change or deterioration. The most important motives for savings are protection against emergencies, provision for old age and children's education. The outlets for savings are investments in business, bank accounts, houses, real estates, small savings, currency in case of less educated, and securities among high-income groups.

These are the main conclusions derived by a sample survey of urban households conducted by the National Council of Applied Economic Research in 1960 to find out the attitudes and motives of people towards savings in the country. The findings are contained in a monograph, *Attitudes towards and Motivations for Savings* (Price: Rs. 10.50, Pages: 156) published recently by the Council. Although the coverage of the study is limited to urban areas (excluding Delhi) only and the sample of 4,650 households is not adequately large for a study of attitudes and motives based on interview method, as there may be a large element of error on the part of the respondents in understanding the questions put by the investigators, it is nevertheless a very useful effort in the sense that it gives information on a subject on which dependable data and information are scarce.

Monetary and Financial Status

As the saving capacity depends largely on the present and prospective monetary position, the households were asked about the change in their monetary and financial status and how the development plans contributed to it. It was found that, as compared with 1958-59, whereas 13 per cent of the families were monetarily better of in 1959-60, 64 per cent experienced no change and the position of 23 per cent actually deteriorated. The proportion of households having a rise in income was the highest for the managerial and administrative class and other white-collar workers, professionals and technicians. The proportion of households having a decline in income was the highest for traders, followed by farmers and professional workers. It will thus be seen that, by and large, whereas the wage and salary earners earned more, the self-employed did not fare well. As regards the expected change in income in 1960-61, whereas about one-fifth of the households could not predict the future, more than half expected no change, about 21 per cent expected a rise in income and only 6 per cent a decline. However, as stated in the monograph, perhaps the Indian respondents are reluctant to admit that they were getting larger income or they were likely to do so in the following year, and the proportion of those getting higher incomes might have been substantially higher than that recorded in the survey.

Inflation, Taxation and Corruption

What is even more important is that many of even those households which recorded a higher income or whose income remained unchanged, reported that they were worse off than they were in the previous year. The following table shows the proportions of households which reported changes in income and financial positions as compared with the previous year:

Position	*Change in income*	*Change in financial position*
Better off	13.1	10.6
About the same	63.8	50.4
Worse off	22.4	38.6
Not available	0.7	0.4
All classes	100.0	100.0

A large percentage of households, in whose case the financial position deteriorated even though the income did not deteriorate, complained of rising prices. Most of these people were the salary earners whose income did not rise to the extent of the rise in prices. Complaints about rising prices was not so frequent in the self-employed people who might have been able to compensate for this factor by increasing their rates of merchandise or service. Asked about the effects of the Five-year Plans on their economic betterment, it is surprising to know that only 9 per cent of the households felt that they benefited by planning, mainly because of the creation of new jobs. Most of the others complained of stagnation or deterioration due to inflation, higher taxes, corruption and nepotism.

Generally speaking, those whose incomes do not record any appreciation are more in need of savings. As against it, the survey found that the households experiencing continuous increase in income saved a higher proportion of their income than those having constant income. The reason may be found in the betterment of capacity of such people to save. The cost of living has been continuously rising and there is also a temptation among the urban people to have a better standard of living. Thus, the people whose incomes do not rise substantially find their saving capacity reduced year after year.

Attitudes Towards Investments

Asked about the attitudes towards various kinds of investments, the replies suggested that profitability and security were the most important motives, though liquidity was also mentioned by some. Thirty-one per cent of the households, mainly businessmen and managerial people, preferred to invest in business, 22 per cent in housing, real property and agricultural land, 13 per cent in bank deposits, 8 per cent in small savings like National Savings Certificates, less than 2 per cent in gold and jewellery and about one per cent in securities. Eight per cent of the households preferred spending the savings on education, marriage and durables and 17 per cent preferred holding in other ways, mainly currency. It may thus be seen that gold and jewellery did not seem to have any charm for the urban people even before the enactment of the Gold Control Order. Apart from business investments, housing and bank deposits are the popular ways of investment in urban areas. However, a substantial portion of the people, mainly uneducated or at the lower level of education, prefer to keep cash. The reason may be the difficulties which they may face in fulfilling the formalities of opening and operating a bank account. There is thus a need not only for popularising banking among these people but also to make the banking procedures simple and easily comprehensible.

Small Savings

Since National Savings Certificates are being used by the Government to mobilise the savings of the people, it may be worth noting that their performance has not been upto expectations and they do not play a very important role in the economy of the country. The main reason, according to the N.C.A.E.R.'s survey, is that as many as 70 per cent of the heads of families are not even aware of the existence of such a thing as National Savings Certificates and many more are familiar only with the name but unable to give correct details about them. Only 12 per cent of the people were able to give correct details about these certificates. Even among educated people (matriculates and above) almost half were not fully familiar and the percentage for uneducated was as high as 99. The survey, it is surprising to learn from the study under review, found the position to be almost similar to that in the case of familiarity with Five-year Plans. More than 50 per cent of the heads of households even in urban areas, we are told, had not even heard about these Plans and another one-fifth had only heard the name but did not know anything about them. Even in the case of educated people, about half of the matriculates and intermediates and one-third of the graduates and post-graduates could not give any details about these plans to support their knowledge about them. If this is the situation in the urban areas, which can boast of a larger percentage of literate and comparatively better informed people, the situation in the villages can easily be imagined. It is a sad commentary on the working of the Ministry of Information and Broadcasting and the Planning Commission that, in spite of their vociferous proclamations, Plan Publicity Weeks, Study Teams and the like, the achievements have been as poor as has been discovered by the investigators of the N.C.A.E.R.

Government Publicity

A study team on Five-year Plan publicity, appointed in April 1963 to assess the impact of Plan publicity conducted through the different media of mass communication and to suggest means for a more efficient and effective utilisation of the media, has just submitted its report to the Minister for Information and Broadcasting. The Committee is believed to have laid great stress on extending the benefits of mass media to the rural people. But it must not be forgotten that even in urban areas very little results have been achieved so far. The Committee has laid stress on close co-ordination not only between the various publicity organisations of the Central and State Governments, but also among the various organisations of the different Ministries at the Centre. The lack of such co-ordination seems to be mainly responsible for the failure of Government publicity. It is high time the Government stopped its policy of creating watertight compartments in administration which results in duplication of effort many times, more money being spent and poor achievements.

To revert to the study of the N.C.A.E.R. under review. As already stated, the accuracy of the results is subject to many limitations. Yet it gives a fairly good idea about the attitudes and motives for savings in the country. The importance of such studies in a planned economy cannot be exaggerated, as it is only by such studies that successful efforts can be made to improve the rate and collection of savings. It is, therefore, unfortunate that not much attention has been paid so far to this aspect and not much material is available in the country on this topic. The difficulties and shortcomings that will have be overcome in studies of this nature have been outlined by Dr. P. S. Lokanathan in the preface to the monograph under review. To quote him: "Lack of education on the part of respondents may complicate the collection of qualitative and attitudinal data which are readily available in Western countries. In addition, there are inherent sampling errors to which any sample survey data are subject. The N.C.A.E.R.'s experience is that, with the exception of certain questions on financial assets, survey data can be highly useful for studying the savings behaviour of the population and for learning something about their views on different types of savings. Nevertheless, it should be stressed that, in view of the rather low educational level of a majority of households even in urban India, one might doubt whether all the households correctly understood the implications of the various qualitative questions posed in the schedule on financial matters and other attitudes." These are the basic difficulties involved in any sample survey where interview method has to be used. All the same, enquiries of this nature must be pursued vigorously and continuously with appropriate improvements in the technique based on experience, for that is the only way to gather knowledge on this important aspect of our economy. The Council, therefore, deserves appreciation for giving the lead in this direction. Only, it is to be hoped that it will publish the monographs concerned with a minimum of delay and arrange for their prompt circulation to the Press.

Notice

THE VELLORE ELECTRIC CORPORATION, LIMITED

Registered Office:
MADRAS

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Members of the Company will be held at the Registered Office of the Company, at No. 20, Second Line Beach, Madras-1, on Wednesday the 30th September 1964 at 3.30 p.m., for purposes of considering and passing a Resolution for increasing the share capital of the Company the details whereof is being sent to the members individually.

FOR CHANDRIE & CO. PRIVATE LTD.,

S. VENKATARAMAN,
Director,
Managing Agents.

MADRAS.
3rd September, 1964.

SYNOPSES OF COMPANY REPORTS

Pullangode Rubber and Produce Co., Ltd.

(*Managing Agents*: Messrs. Aspinwall & Co., Ltd., Fort Cochin, Kerala.)

Twenty-first Annual General Meeting—21st September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales—rubber and pepper	11,54	10,06
Closing stock of rubber and pepper	45	91
Gross profit	5,40	5,73
To Managing Agents' commission	49	51
Transfer to depreciation	47	52
,, ,, provision for taxation	2,07	2,07
Net profit	2,38	2,83
Balance forward	7	32
Appropriations:		
Transfer to general reserve	75	50
To tax adjustment relating to previous years	13	64
Proposed dividends (taxable) Preference	9	9
	(6.131%) 1,32	(6.131%) 1,65
,, ,, ,, Ordinary	(8%) 16	(10%) 7
Carry forward		
Market value of ordinary shares (in rupees):	1964*	1963
High	3.21	2.75
Low	2.75	1.73

* Upto 21st August 1964.

Extracts from the Directors' report: **Crop and Costs**: A record crop of 3,84,000 kgs. was harvested during the year. Expenditure and average sale prices for the last four years are compared below:—

	Crop Kgs.	*Estate expenditure Paise per kg.*	*Average sale price P.ise per kg.*
1960-61	3,13,433	224.58	344.77
1961-62	2,67,165	230.34	327.65
1962-63	3,54,000	174.21	309.26
1963-64	3,84,000	187.71	311.69

It is estimated that a crop of 3,25,000 kgs. of rubber will be collected for 1964-65.

Replanting: During the year 60.70 hectares have been completed and the work of replanting a further 60.70 hectares during the year 1964-65 is progressing well.

New Planting: During the year under review, 28.89 hectares were completed and the preliminary works are progressing in respect of 20.23 hectares new planting area during 1964-65.

Teak: It will be seen from the details of the property given above that an area of 104.30 hectares has been earmarked for teak planting and the work is progressing.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	*Assets*	Rs.
Capital*	18,00,000	Gross block	26,14,686
Reserves and surplus	5,91,847	—Depreciation	4,65,915
Other liabilities	5,12,729	Net block	21,48,771
		Current assets	2,29,931
		Investments	3,59,521
		Cash	1,66,353
	Rs. 29,04,576		Rs. 29,04,576

* Paid-up capital consists of 15,000—6 per cent. tax-free cumulative preference shares of Rs. 10 each and 8,25,000—ordinary shares of Re. 1 each.

Mysore Stoneware Pipes and Potteries Ltd.

(*Managing Agents*: The Mysore Industrial Development Co., Bangalore.)

Twenty-seventh Annual General Meeting—16th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales of stoneware, pipes, refractories, etc.	15,51	12,27
Closing stock	1,14	1,72
Gross profit	3,10	1,62
To Managing Agents' remuneration	22	18
Transfer to depreciation	81	77
,, ,, provision for taxation	1,20	25
Net profit	87	42
Transfer from reserve for contingencies and provision for bonus	Nil	52
Excess provision written back	Nil	5
Unclaimed credit balances written back	1	Nil
Credit balance brought forward	(a)	2
Appropriations:		
To contribution to National Defence fund	Nil	5
Transfer to development rebate reserve	4	9
,, ,, provision for bad and doubtful debts	8	5
Transfer to Employees retiring gratuity	Nil	7
Proposed dividend (taxable) equity	75 (12½%)	75 (12½%)
Carry forward	(b)	(a)

(a) Only Rs. 190. (b) Only Rs. 720.

Extracts from the Directors' report: Coal supply improved considerably during the year. Therefore, there were no hold ups in production, though under the system of distribution adopted by the State Government coal was very costly. The production of pipes and sales during the year are the highest in the history of the Company. The Company is continuing to use furnace oil in place of coal and the trials are still inconclusive. If there are no increases in the price of oil, it is likely that the use of oil will prove more beneficial than coal.

Despite the competition in the market for *Stoneware Pipes* and *Firebricks*, the demand for *Pipes* is brisk, and the Company has large indents on hand and is booked for a few months in advance.

As shareholders are aware, the building constructions etc. for the expansion in the output of *Stoneware Pipes* were completed nearly 18 months ago and the Directors are happy to say, the kilns and plant are maintained in very good repair. The management and labour utilising the good offices of the Chairman Sri A. Samba Murthy, have settled all the demands outstanding till the end of 1963, which needed an immediate cash payment of Rs. 1.2 lakhs. It is hoped the labour will avail of the incentive production bonus scheme, rise to the occasion, utilise the increased capacity of the plant and earn more by increased production. By these means the prospects of the Company will be better in the years to come, and the products in demand by the public, will be met promptly by the Company.

The experiments for making white *glazed sanitaryware* in the pilot plant are being continued.

It is now about 25 years since the Company started production and marketing its products. To commemmorate the occasion of the Silver Jubilee, the Directors recommend that a sum of Rs. 60,000 (Sixty Thousand) be capitalised and one bonus share for every ten shares be issued to the members.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	*Assets*	Rs.
Capital*	6,00,000	Gross block	17,89,155
Reserves and surplus	5,99,954	—Depreciation	10,18,397
Other liabilities	7,84,682	Net block	7,70,758
		Block in progress, etc.	7,653
		Current assets	11,73,395
		Investments	2,895
		Cash	23,066
		Miscellaneous expenditure	6,869
	Rs. 19,84,636		Rs. 19,84,636

* Paid-up capital consists of 60,000 equity shares of Rs. 10 each.

Indian Steel Rolling Mills Ltd.

(*Managing Agents*: The India Co. (Private) Ltd., Madras.)

Thirtieth Annual General Meeting—Held on 10th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales	1,88,96	2,16,78
Closing stock	15,68	8,95
Gross profit	14,62	13,94
To Managing Agents' remuneration	58	38
Transfer to depreciation	3,02	2,81
To technical assistance remuneration	1,00	1,00
,, contribution to National Defence fund	Nil	10
Transfer to provision for taxation	4,26	5,20
Net profit	5,81	4,65
Transfer from repairs and renewals reserve	1,55	Nil
Excess provision for taxation written back	(a)	61
Other excess provisions written back	Nil	1
Appropriations:		
Transfer to development rebate reserve	1,50	43
,, ,, general reserve	1,03	Nil
To annulment of forfeiture of dividends	(b)	Nil
Proposed dividends (taxable) Preference	36 (7.15%)	36 (7.15%)
,, ,, ,, Ordinary	4,39 (9%)	4,39 (9%)
Carry forward	27	19
Market value of equity shares (in rupees):	1964*	1963
High	10.12	11.37
Low	9.70	9.90

(a) Only a sum of Rs. 278.48. (b) Only Rs. 131.25.
* Upto 21st August 1964.

Extracts from the Directors' report: The working results for the year under report have been satisfactory in spite of the closure of the Mills for over 20 days on account of power cut, heavy rain and cyclone. This stoppage resulted in considerable loss of production which accounts for the lower turnover. It has however been possible to maintain the profits at last year's level in spite of the lower turnover on account of better performance in the Wire Plant.

It will be observed from the above that the Company has had to provide a sum of Rs. 1,50,000 as development rebate reserve on the new assets commissioned during the year as against a sum of Rs. 43,000 claimed last year. Shareholders may be aware that for the Company to claim full tax relief an amount equal to 75 per cent of the development rebate has to be set aside in the accounts. This has been done and this reserve will be very useful for the development of the Company in future years.

Modernisation and Expansion: In the report last year, the Directors referred to the commissioning of the New Re-heating Furnace by the then Minister for Steel and Heavy Industries, Hon'ble Sri C. Subramaniam. The Furnace is now in full operation and is yielding good results. It is expected that during the current year production will substantially increase as a result of the operation of this new Furnace.

Modernisation and Improvements to the existing 10" and 14" Mills have been taken up and the replacement equipments ordered are being received. It is expected that the new 16" Mill for roughing down larger size ingots will go into commission during the current financial year. All other auxiliary equipments such as *Motor Rollers, Repeaters* etc. have all been received and will be put into commission in due course.

Continuous Wire Rod Mill: The Directors mentioned in their last report that the I.C.I.C.I. had agreed to advance the necessary Foreign Exchange and the Rupee finance required for the Project. The Heads of Agreement, the Mortgage Deed and all the other formalities have been completed in connection with this loan of Rs. 25 lakhs. Shareholders will be glad to hear that the Licences for importing the Continuous Wire Rod Mill was received from the Government of India in September 1963 and orders have been placed for the machinery. The Mill is expected to be delivered before June 1965. Arrangements are now being made for clearing the area and preparing the foundations etc. With the installation of the Continuous Wire Rod Mill, it will be possible for the Mills to produce 6 mm. rounds in larger quantities which will be of very great help to the Company in diversifying their production. There are very few Mills in the country producing such light section rods at present. The Continuous Wire Rod Mill will also be able to produce both coir and cotton baling hoops which are not produced by any other mill in this region and for which there is a great demand.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	*Assets*	Rs.
Capital*	53,82,682	Gross block	53,00,314
Reserves and surplus	4,91,325	—Depreciation	26,97,142
Other liabilities	76,88,599	Net block	26,03,172
		Block-in-progress	1,42,003
		Current assets	1,03,38,307
		Investments	11,890
		Miscellaneous expenditure	28,147
	Rs. 1,35,62,616		Rs. 1,35,62,616

* Paid-up capital consists of 49,995—5½ per cent cumulative preference shares of Rs. 10 each and 4,88,851—Ordinary shares of Rs. 10 each. Amount paid-up on shares forfeited is Rs. 4,151.81.

Midland Rubber and Produce Co., Ltd.

(Managing Ogents: Messrs. A. V. Thomas & Co. Ltd., Alleppey, Kerala.)

Twenty-seventh Annual General Meeting—17th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales of tea, rubber and minor produce	52,01	42,63
Closing stock	3,10	4,15
Gross profit	11,71	4,38
To Managing Agents' remuneration	72	50
Transfer to depreciation	1,04	90
,, ,, provision for taxation	4,50	90
Net profit	5,45	2,08
Transfer from dividend equalisation fund	Nil	3,05
Balance brought forward	1	5
Appropriations:		
Transfer to development rebate reserve	16	2
,, ,, bad and doubtful debts reserve	11	Nil
Proposed dividends (taxable) Preference	1,10	1,10
,, ,, ,, Equity	(6.4%) 4,05 (10%)	(6.4%) 4,05 (10%)
Carry forward	3	1
Market value of equity shares (in rupees):	1964*	1963
High	11.60	11.50
Low	10.90	10.18

* High and low upto 21st August 1964.

Extracts from the Directors' report:

Crops:	1963-64		1962-63	
Estate.	*Estimate. Kg.*	*Crop secured Kg.*	*Estimate. Kg.*	*Crop secured Kg.*
Tea:				
Arnakal	7,15,000	8,16,800	7,50,000	6,73,700
Rubber:				
Perinaad	2,80,000	3,21,548	2,86,000	2,94,886
Sittar	1,25,000	1,22,100	1,08,000	1,17,650
Total	4,05,000	4,43,648	3,94,000	4,12,536

Tea: The production on the estate has come up to expectation and during the year under report, the Company has been able to secure 1,01,800 kg. over the estimate. The ex-estate cost of production has come down to Rs. 3.21 per kg. compared to Rs. 3.87 per kg. last year. The average sale price realised during the year was Rs. 4.52 per kg. against Rs. 4.33 per kg. during the previous year.

Rubber: Here again the production has been satisfactory considering the replantation programme which has been implemented. The ex-estate cost of production has been Rs. 2.07 per kg. against Rs. 2.18 per kg. during the previous year, while the average sale price was Rs. 3.18 per kg. against Rs. 3.19 per kg. last year.

Estimates for the year 1964-65 are as follows:—8,00,000 kg. of tea at Rs. 2.90 per kg. and 4,20,000 kg. of rubber at Rs. 2.37 per kg.

Capital expenditure is estimated at Rs. 5,14,251.

General: All the estates of the Company are reported to be in good condition. Additional machinery is proposed to be installed in the Arnakal Factory, taking advantage of the loan facilities offered by the Tea Board under its hire purchase scheme for machinery.

The South West monsoon has not been favourable, resulting in a loss of crop during the first quarter of the current year 1964-65. It is however hoped that this will not seriously affect the overall production. Replantation of old rubber areas is being carried on in accordance with a phased programme.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	*Assets*	Rs.
Capital*	57,70,000	Gross block	81,95,894
Reserves and surplus	17,28,641	—Depreciation	14,55,340
Other liabilities	14,47,194	Net block	67,40,554
		Block in progress	7,047
		Current assets	11,09,214
		Investments	1,97,045
		Cash	8,91,975
	Rs. 89,45,835		Rs. 89,45,835

* Paid-up capital consists of 4,05,000 equity shares of Rs. 10 each and 1,72,000—6 per cent cumulative preference shares of Rs. 10 each. Of the above shares, 1,35,000 equity shares are allotted as fully paid-up by way of Bonus shares by capitalisation of Rs. 8,45,500 from share premium account together with Rs. 5,06,500 from general reserve.

TREND OF MARKETS

MONEY TIGHT

(From Our Own Correspondent)

BOMBAY, *8th September*

Tight conditions prevailed in the short-term money market during the week under review. The supply of funds available, though it was quite large, was insufficient to meet the pressure of demand, with the result that borrowers had to look around for accommodation. Interest rates, as a consequence, tended to rise again. The inter-bank call rate for renewals jumped up from 3½ per cent to 4½ per cent and fresh money from 3½ to 4½ per cent, with stray transactions put through at 4 per cent. Calcutta, however, reported a slightly better trend, the call rate receding from 4¼-5 per cent to 3¾-4½ per cent.

Although the conditions in the money market were tight, there was good response to the 91-day Government of India Treasury Bills tenders for which opened today (Tuesday). The total amount offered (Rs. 4 crores) was twice the sum invited and also accepted. The average rate of accepted tenders was unchanged at Rs. 2.400 per cent per annum. But the Intermediate Treasury Bills evoked limited response, the amount of Bills actually sold from the 2nd to 5th inst. being just Rs. 1.29 crore, as against Rs. 2 crores a week before and Rs. 12.9 crores two weeks before.

An improvement of Rs. 2.19 crores to Rs. 97.80 crores in India's foreign exchange reserves occurred during the week ended 4th September. The improvement was accounted for entirely by balances held abroad which rose from Rs. 10.15 crores to Rs. 12.34 crores. The foreign securities held in the Issue Department of the Reserve Bank were unaltered at Rs. 85.46 crores. Deposits of scheduled banks with the Reserve Bank were higher by Rs. 3.25 crores at Rs. 95.16 crores. At the same time, the loans and advances obtained by them went up by Rs. 3.17 crores to Rs. 5.23 crores. Notes in circulation increased by Rs. 17.37 crores to Rs. 2,407.49 crores.

The statement of affairs of scheduled banks for the week ended 28th August discloses a small rise of Rs. 2.48 crores to Rs. 1,722.30 crores in credit to customers, an improvement of Rs. 8.62 crores to Rs. 2,677.74 crores in deposits, and an increase of Rs. 14 lakhs to Rs. 1.91 crore in borrowings from the Reserve Bank. During the same week, investments fell by Rs. 28.57 crores to Rs. 775.11 crores, as also total cash by Rs. 17.34 crores to Rs. 158.04 crores.

The Gilt-edged market ruled quiet. Business put through was restricted and values moved narrowly.

The Industrial Finance Corporation of India has decided in consultation with the Central Government and the Reserve Bank of India, to augment its resources by the issue of bonds for Rs. 6 crores. These bonds are fully guaranteed by the Central Government in regard to repayment of principal and payment of interest and are approved securities under the Indian Trusts Act, the Insurance Act and the Banking Companies Act. They will have a maturity of 12 years and carry interest at 4½ per cent. The issue price will be Rs. 99.25 for Rs. 100 Bonds. The subscription list will open on the 15th inst. and will close on the 21st inst. or earlier as soon as the issue is fully subscribed. The Bonds are eligble securities for the purpose of advances to scheduled banks by the Reserve Bank of India under Section 17(4)(a) of the Reserve Bank of India Act and are also included in the list of approved securities of the State Bank of India. Arrangements will be made for the listing of the bonds with Bombay, Calcutta and Madras Stock Exchanges.

In the foreign exchange market, the Banks' buying rate for U.S. dollars improved by 25 paise to Rs. 477.50 per $100, while their selling rate was unchanged at Rs. 480.75. In New York, the pound sterling eased further *vis-a-vis* the dollar, the spot rate declining by 0.030 cent to 278.370-278.400 cents and the three months forward by 0.50 cent to 277.940-277.970 cents.

BULLION WEAK

(From Our Own Correspondent)

BOMBAY, *8th September*

The bullion market ruled distinctly bearish with a sharp fall in both gold and silver during the week under review. The steep decline in gold followed increased arrivals of contraband metal and reluctance of stockists to absorb the same. The fall in silver was due to lower offtake and better arrivals. Dealers, however, felt that the downward trend was only temporary, as with the demand for bullion picking up with the onset of the festival season, prices would rise again.

Silver began the week at Rs. 257, same as last week, and, after moving upto Rs. 258 on enquiries from upcountry centres, fell to Rs. 255.50 today. The weekly average arrivals and offtake of the metal were around 23 and 6 bars, respectively.

Fourteen carat receded from Rs. 72 to Rs. 67, because of higher offerings and lack of demand. Primary gold, in unofficial trading, touched a new low of Rs. 113, as against Rs. 121 a week before due mainly to increased arrivals of the hoarded metal. In sympathy, sovereign was quoted at Rs. 91, as against Rs. 93 last week.

The international price for gold in the London market was slightly lower at $35.07¼, as against $35.07¾ last week. The sterling price was steady at 251s. 11¾d. Both ready and forward silver remained unchanged at 112d. and 112⅛d., respectively, as also silver in New York at 129.3 cents.

About 20,000 goldsmiths, according to *Akil Bharatiya Swarnakar Sangh* would demonstrate before Parliament on the 17th inst., when the Gold Control Bill 1963 comes up for discussion. A mass petition signed by thousands is expected to be presented to the Speaker by the *Sangh*. The major demands of the goldsmiths are that their trade should be recognised as a cottage industry and that the Government should import freely gold from abroad and enrol their *Sangh* as a member of the All India Handicrafts Board.

The following table shows the trend of prices during the week under review:

	8-9-1964 (closing)	High	Low	2-9-64 (closing)
SILVER				
Ready (996 fine) ..	Rs. 255.50	Rs. 258.00	Rs. 255.50	Rs. 257.00
GOLD				
Ready (14-carat) ..	67.00	72.00	67.00	72.00
Sovereign	91.00*	—	—	93.00*
London—				
Gold	251s.11¾d.	252s.0d.	251s.11¾d.	251s. 11¾d.
Silver Ready ..	112d.	—	—	112d.
Silver Forward ..	112⅛d.	—	—	112⅛d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

YARNS DULL

(From Our Own Correspondent)

BOMBAY, *8th September*

Trading in the yarn market was a dull and drab affair during the week under review. Demand from consuming centres was at a low ebb. The trend was easy in all sections. Art silk yarns drifted downward, for while supplies were larger, buyers were reserved. In sympathy with art silk yarns and following poor enquiry from Surat consumers, staple fibre yarns also drifted donwward. In the cotton yarn section, finer counts were particularly easy on reports of heavy accumulation of stocks.

The Federation of Powerloom Association of Maharashtra in a memorandum submitted to the Textile Commissioner has pointed out that the new order enforcing the quota system for supply of yarn on sized beams and weft perns has resulted in a further curtailment of supply and abnormal rise in prices. As the prices of cotton yarn on sized beams and weft perns are not controlled, according to the Association, it is very easy for mills to demand higher prices. The Association has warned that, since most powerloom units depend on Bombay mills for supply of yarns on sized beams any curtailment in quota will result in the closure of some units and cut in production in many units. The Madras State Handloom Industry and Trade Association has blamed the textile mills for non-availability of good quality yarns for handlooms. The present system of voluntary price and distribution of yarns, it says, will not work to the satisfaction of weavers. The Association has urged the Government of India either to implement the scheme properly or to scrap it altogether.

Exports of rayon and synthetic fabrics during the month of August aggregated 4.65 million metres valued at Rs. 48.9 lakhs, as against 3.48 million metres valued at Rs. 35.2 lakhs in the previous month. Singapore bought 1.03 million metres of fabrics worth Rs. 10.3 lakhs and Hong Kong 1.13 million metres worth Rs. 12.2 lakhs.

Among art silk yarns, National Rayon 150D and 120D eased by 2 P each, to Rs. 10.91 and Rs. 11.55, respectively. South India Viscose 120D shed 7 P to Rs. 13.13. Bright Century 100D and 75D were neglected at Rs. 13.46 and Rs. 18.57, respectively.

In the staple fibre yarn (2 x 34 French count) section, Kohinoor lost 6 P to Rs. 9.57. City shed a like amount to Rs. 9.55. Sitalaxmi receded by 17 P to Rs. 9.55. Vasanta fell by 50 P to Rs. 9.22. Sriram, however, put on 6 P to Rs. 9.28 on special support.

Cotton 50s Raja Laxmi declined by 50 P to Rs. 51.75. 68s Minerva was quoted lower by Rs. 2 at Rs. 85 and Citys by 50 P at Rs. 79.50. All other counts were dull at last week's levels. 68s Modern, however, proved to be an exception and went up by Rs. 2 on special demand.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	8-9-1964	2-9-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	11.55	11.57
Century 75D	18.57	18.57
S. I. Viscose 120D	13.13	13.20
Staple fibre yarn-84 ×2 *French Count* (per kg.)		
Kohinoor	9.97	10.03
Premier	9.90	10.03
City	9.55	9.61
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.00	21.00
17s Modern	25.62	25.62
27s Madura	35.00	35.00
34s Madura	42.00	42.00
52s Pioneer	68.75	68.75
68s Finlay	106.70	106.70

G'NUTS TOUCH A NEW HIGH

(From Our Own Correspondent)

BOMBAY, *8th September*

Groundnuts and groundnut oil touched new high levels during the week under review on persistent demand, acute shortage of stocks and lack of offerings. Spot groundnut oil shot up to Rs. 2,925 per tonne. The October, November and December positions were mentioned at Rs. 2,275, Rs. 2,000 and Rs. 1,875, respectively. Similar was the trend in seeds. Against a spot price of Rs. 68 per 5o kg. for Khandesh quality. The new crop 15th October position was bid at Rs. 56, November at Rs. 48 and December at Rs. 47. Current firmness indicated that the market was carrying on a hand-to-mouth basis. With the approach of the festival season, demand from crushers tended to increase. Small quantities of new crop groundnuts (about a thousand bags) were said to have arrived in the market and they were sold at Rs. 60, but, in the light of the later spurt in prices, this price had lost its meaning. The outlook for the market depends not only on the tempo of new crop arrivals but also on the Gujarat Government's policy in regard to exports from the State. At one time, it was thought that the Government might release groundnuts and oil for export, but, so far, there have been no concrete indications.

Castor September ended its career smoothly with the outstanding positions, put at 150,000 tonnes, being squared up by mutual agreement at Rs. 183. It may be pointed out that the contract was so firm that it went unquoted for a long time, as no business was possible within the limits of the ceiling. There were fears that some kind of payments crisis might develop, but the market was spared of this ugly possibility, thanks to the good offices of the President of the Association. The Board of the Oilseeds Exchange proposes to amend its by-laws with a very to obviating any difficulties in the future. The March contract was mentioned at Rs. 175.62, but the undertone seemed to be steady. The volume of trading was rather small. In the spot section, castor Madras small was mentioned at Rs. 39.25 and Kanpur bold at Rs. 38.25. The firmness was in sympathy with groundnuts. Exporters of castor oil are worried that goods should be held up for want of staff to clean the holds but once the strike is called off shipments should resume to the relief of everybody concerned.

Linseeds maintained a steady tone, having rallied to Rs. 38.62, but the rally was mostly in sympathy with groundnuts. Spot linseed was also firm at Rs. 48.50 and oil was quoted at Rs. 20.10.

Cottonseeds January was better at Rs. 98.75, as against the last week's rate of Rs. 97.75.

The trade is eagerly looking forward to the meeting of the Export Advisory Council. In fact, the Council would be starting its deliberations just as these words appear in print and the anxiety on the part of the trade about the outcome is not difficult to understand against the background of the ban from the country of the exports of edible oils and a similar ban on the exports of groundnuts, oil and cakes from the State of Gujarat. The feeling in trade circles is that the time has now come to lift the ban, as overseas markets are extremely promising. Further, crop prospects are also satisfactory and, if the weather continues to oblige, we should be harvesting a record crop which is put by reliable trade sources at 3.8 million tons of groundnut kernels. It would not only be premature but unwise to talk at present in terms of quantity, though reliable sources think that it should be possible to sell in the overseas markets a minimum of 100,000 tonnes of groundnut oil to the sterling area countries, in addition to 50,000 tonnes to the East European bloc. These sources say that exports can be effected even without incentives. Currently, overseas prices are favourable. As against last year's price of £92 to £94, groundnut oil now fetches £115 to £122. It is rather unfortunate that, in the domestic market, groundnut oil has shot up to unprecedented levels, but it is satisfactory to note at the same time that distant deliveries show a bearish tendency. There is also an argument that the Government had better withdraw the incentives and let prices find their own levels here and sell abroad on their own merits. The case of groundnut oil is strengthened further by reports that prospects for the olive crop in Spain, Italy, Greece and Turkey are not very bright and that, consequently, the demand for groundnut oil would be boosted. Russia is expected to be in the market in a big way and Burma should be buying too, although reports that some time ago this country bartered our oil with China has left a bad impression here. Prospects for castor oil, too, are rated high.

Groundnut extractions are steadier on the whole, with spot material at Rs. 426, October at Rs. 422, November at Rs. 390 and December at Rs. 384. Spot expellers are mentioned at Rs. 507.

Notice

THE BANKURA DAMOODAR RIVER RAILWAY COMPANY LIMITED

Registered Office:

"McLeod House" 3, Netaji Subhas Road, CALCUTTA-1

THE BOARD OF DIRECTORS HAS DECIDED to recommend at the forthcoming Annual General Meeting of the shareholders of the Company to be held on the 30th September, 1964, the payment of a dividend of Rs. 1.61 paise per share for the year ended 31st March, 1964, subject to deduction of tax.

Notice is hereby given that the Register of Members of the Company will be closed from 20th September to 30th September 1964, both days inclusive.

By Order of the Board,

McLEOD & Co. LTD.,

C. HOCKLEY,

Director,

Secretaries & Treasurers.

2nd September, 1964.

October at Rs. 485, November at Rs. 435 and December at Rs. 428. Very little business is passing through, but the market is sustained by the fact that it has not much to offer. The U.K. is the only customer and is credited with having bought about 3,000 tonnes during the week. The East European countries are practically away from the market. They had bought substantial quantities earlier and further purchases have necessarily to await the renewal of barter agreements. U.K. advices are £38-10 for September, £38 for October, £36-7-6 for November and £35-12-6 for December. The market there has declined by 2s. 6d. to 5s. during the last few days. An interesting suggestion has been made by the trade for solving the raw material problem of solvent extraction plants. The Government may arrange for an import of 500,000 tonnes of soyabeans from the U.S. under P.L. 480 for the next four years and allot it to plants in Bombay, Saurashtra, Calcutta, Madras and Vishakapatnam.

The Government of India is arranging to import about 75,000 tonnes of sayabean oil from the United States under P.L. 480 for use in the *vanaspathi* industry to stabilise the prices of *vanaspathi* oil. This information was given in the Rajya Sabha on Monday this week by the Union Minister for Food and Agriculture, Mr. C. Subramaniam.

The following table shows the closing prices of oilseeds and oils as on 8th September as compared with those of the two previous weeks:

	8-9-1964	2-9-1964	26-8-1964
	Rs.	Rs.	Rs.
Groundnuts			
Vizam bold	67.50	65.25	64.25
Khandesh quality	69.00	66.50	66.00
Oil ex-mill	29.10	27.75	26.75
Oil Bly. Receipt	28.80	27.50	26.40
Castorseed			
September 1964 contract.. ..	183.00	183.90	181.50
March 1965	175.62	175.75	177.12
Ready Madras	39.25	39.25	39.50
Ready Kanpur	38.12	38.25	38.37
Oil S.S.S.	17.90	17.80	18.15
Oil commercial	17.25	17.30	17.55
Linseed			
September 1964 contract.. ..	44.04	44.87	44.84
March 1965..	38.62	38.84	39.16
Sold ready	48.25	48.00	48.50
Linseed oil	20.25	20.05	
Cottonseed			
September 1964 contract.. ..	91.50	90.00	90.00
January 1965 contract	98.75	97.25	96.25

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

GOOD EXPORT ORDERS FOR KIPS

(From Our Own Correspondent)

MADRAS, *7th September*

There was not much change in the kip market. The trend was steady to firm. Importers were not willing to pay increased prices and export trading was small with emphasis on fifths selection in cowhides and fourths in cowcalf. Locally, arrivals of light weights from tanneries met with fair clearance.

In the tanned skins section, demand for 8/9 lbs. goat skins and 5½/6 lbs. lower grades was brisk. Heavier averages were not in demand. There were good enquiries for fifths selection of middle class light weight sheep skins and a moderate volume of business for export was placed with the Continent. There was patchy call for prime and semi-prime sheep at unchanged levels. The Paris Leather Show takes place this week and the trade here expects good orders for tanned skins this month, in view of the presence of several E.I. tanners from Madras in Paris at present.

The raw goat centres ruled very firm.

In the last London Tanned Skins Public Sales, clearance of stocks was very poor, and no quotations were available.

Shipments during August 1964 were: 1,389 tanned cowhides, 132 cowcalf, 5 buffhides, 148 buffcalf, 236 goat and 136 sheep skins to the U.K.; 580 goat skins, 274 sheep skins and 816 cases of chrome and pickled goat skins to the Continent; 2 cowcalf, 20 buffhides, 5 buffcalf and 250 goat skins to the U.S.; 38 goat and 329 sheep skins to Japan.

COTTON FUTURES LISTLESS

(From Our Own Correspondent)

BOMBAY, *9th September*

Listless conditions prevailed in the cotton futures market during the week under review. The recovery witnessed towards the close of the last week could not be sustained. During the first three sessions of the week, there was some selling pressure by the Gujarat, Punjab, Delhi and Agra operators, influenced by fair weather reports from the Punjab. Stock market operators, too, turned their attention to cotton as sellers. On Saturday, the 5th inst., prices fell rather sharply. On Monday the 7th, however, a smart recovery was noticed in the futures section because of reported damage to crops in Akola and Amravati and consequent bear-covering and support from local bulls. But, on the last day of the week, the futures contract was again slightly subdued.

The Jarilla March 1965 contract which closed last week at Rs. 731 per candy, opened Re. 1.50 lower at Rs. 729.50 and dipped to Rs 726.50 on Saturday the 5th. After recovering to Rs. 733 on Monday, the contract closed a shade lower at Rs 730.75 on Tuesday, thus losing 25 paise over the week. There was no trading on Wednesday on account of *Ganesh Chaturthi*.

The Sewri spot market remained closed throughout the week, first on account of a Jain festival and afterwards due to labour strike.

In the new season, the total supply of cotton is expected to be around 96 lakh bales while the consumption by mills is not likely to go beyond 68 lakh bales. Some reports from the Punjab, however, indicate that the crop may suffer on account of untimely rains. This may push up prices of Bengal *Deshi* on which, it will be recalled, export duty of Rs. 25 per bale was abolished by the Government last week. The earlier expectations regarding better exports, on parity with Pakistan, may not, therefore, materialise. Despite all this, however, transactions to the tune of 5,000 bales have been reported with Japan, the main importer of this variety, though it is feared that the business is not going to be easy. As was expected, as an offshoot of official announcement abolishing export duty on Bengal *Deshi*, prices of this variety registered a decline in Pakistan. Favourable weather conditions are reported from other areas producing this variety of cotton.

COLOURY MEDIUM TEAS EASIER

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *3rd September*

In dust tea sale No. 35 held here today, a total of 276,000 kgs. was on offer. The market elicited good general demand. Plainer mediums were barely steady and sometimes easier, while others evoked good support and were sold at easier. There was strong demand for highgrowns which were dearer. Clean black grainy descriptions were the strongest feature of the sale and realised useful prices. Best C.T.Cs were about steady, but others were irregular, sometimes selling at dearer rates.

The average price realised in dust tea sale No. 35 was Rs. 4.45 per kilo, as against Rs. 4.51 a week ago and Rs. 4.52 in the corresponding sale last year.

As we go to press Messrs. Forbes, Ewarts and Figgis (Private) Ltd. wire:

"Sale No. 36: 595,000 kgs. offered. Good demand. Plain and low medium brokens barely steady. Fannings fully firm. Good mediums dearer. Highgrowns stronger. *C.T.Cs. irregularly firm.*"

STRONG DEMAND FOR TEA

(From Our Own Correspondent)

CALCUTTA, *8th September*

Strong demand was a feature during export as well as internal sales held last week. Fresh arrivals of tea showed a steady increase. But for the interruption caused to shipping as a result of congestion and of incoming ships awaiting at the Sandheads, larger shipments of tea should have taken place this week. Bore tide restrictions, coupled with increased absenteeism among senior personnel at the port, contributed to the congestion. Tea accounted for a good portion of the forward space offering.

Note was taken of the increased support which quality teas received in London auctions held last week. This did not cause any surprise here, as U.K. tea stocks during the week ended 28th August aggregated only 107 million lbs., showing a decline of 3 million lbs. as compared with the previous week. Good liquoring new season's Assam teas met with keen attention in Mincing Lane last week, and prices gained.

Leaf on offer in the export sale held here last week amounted to 60,082 packages, which met with particularly strong demand. Bright Assam orthodox teas were a strong feature, but the rest of this category eased in an irregular trend. Fannings and O.Fs were in good demand and the lots having bright liquors were particularly favoured by buyers. Although legg-cut teas generally eased, a few selected lines hardened. The best C.T.C. teas met with good support at reduced prices, but prices for selected lines were unchanged. Medium C.T.Cs elicited more demand, and the broken teas were firm. Prices of the cleaner fannings gained on competition. Liquoring fibrous C.T.Cs were readily absorbed, while the rest of the C.T.Cs eased by 10 to 20 P. Whole leaf grades were fully absorbed at lower rates. The quotations per 1 kg. inclusive of excise duty were: Best Assam C.T.C. fannings Rs. 6.60 to Rs. 7.20; best Assam C.T.C. B.P. Rs. 6.60 to Rs. 7.00; medium Assam C.T.C fannings Rs. 5.80 to Rs. 6.30; clean plain pekoe Rs. 5.00 to Rs. 5.40; medium Assam C.T.C. B.P. Rs. 5.80 to Rs. 6.30; plain fannings Rs. 4.30 to Rs. 4.60; and plain B.P. Rs. 4.10 to Rs. 4.40.

Dusts on offer aggregating 33,076 packages in the last week's internal sale also met with strong demand. Medium C.T.Cs attracted firm support, prices for good C.T.Cs being maintained. Plain orthodox teas were steady, while the brightest Assams eased. Legg-cut teas were firm. The quotations per 1 kg. inclusive of excise duty were: Good Assam C.T.C. dust Rs. 6.20 to Rs. 6.50; medium Assam C.T.C. dust Rs. 5.40 to Rs. 5.70; legg-cut dust Rs. 4.90 to Rs. 5.30; medium Assam dust Rs. 4.90 to Rs. 5.60; and plain orthodox dust Rs. 4.20 to Rs. 4.50.

JUTE GOODS EXPORTS TO U.K.

(From Our Own Correspondent)

CALCUTTA, *8th September*

Although mills continued to accord only restrained support and were not prepared to buy raw jute at current prices, fibre prices remained unchanged at Rs. 40 to Rs. 43 a maund during the week under review. This was due to limited quantity on offer and disinclination of sellers to discount quoted rates. In the goods market, at one time during the week, prices fell sharply, but, since at lower levels buying in ready fabrics was brisk, prices rose as the week came to a close. In the Pakistan markets, fibre prices, which had declined to Rs. 40-45 a week ago from this season's peak level of Rs. 50-55, fell further this week to Rs. 35-40. This was the result of increased arrivals into the Narayanganj market, estimated at about 25,000 maunds a day, although a deterioration in condition was in evidence. A factor which is accelerating the declining trend in Pakistan markets is the disinclination of millowners to purchase fibre, in view of the uncertainty arising from labour troubles in mills. Shippers are also disinclined to buy unless prices move down further. This situation continuing, it is expected that, very soon, Pakistan prices would come down to about Rs. 30 a maund.

In India, it should be noted that the continuance of the higher prices for goods despite firm action to bring down fibre prices is acting as an encouragement for fibre prices to move up again. The extent of the fall in the quality of the Pakistan fibre is now believed to be greater than earlier apprehended. Fresh arrivals into the Narayanganj market are in wet condition, and it is reported that the higher grades are a worse buy than the inferior ones. Jute growers in Pakistan are being asked by middlemen not to sell at the present low rates, but the absence of good demand for reasons already stated has led to increased arrivals. Purchases in Pakistan by India are also likely to be slowed down, since, by the middle of last month, they had aggregated about 92,000 bales of long jute and cuttings, as against 93,000 bales in the whole of last season.

The revised arrangements in regard to import of jute goods into the United Kingdom, as announced by the U.K. Trade Minister, Mr. Edward Heath, a few days ago are aimed at reducing imports of the items which form a good percentage of the Dundee industry, and to free from Jute Control such items the production of which by the Dundee industry is small. Accordingly, goods which are of the greatest long-term interest to Dundee and which now represent a substantial portion of the cloth production in the U.K. will be subject to a fixed *mark-up of 45 per cent.* In other words, the earlier plan to lower the mark-up of these goods has now been given up. It is also stated that a further range of goods will be subject to a mark-up, including both fixed and variable elements; this will be 45 per cent for the first year, but the variable rate will be reduced every year. At the same time, it has been announced that the imports from India and Pakistan in respect of a range of cloth forming a substantial portion of British imports but representing only a limited percentage of Dundee's production will be returned to private trade. These arrangements—the full details of the range of goods involved in each category are now being eagerly awaited by the trade here—will be reviewed in 1967, and have been decided upon, it is stated, to provide a stable basis on which the Dundee industry can plan its future.

As already stated, fibre prices remained un-

Notices

THE AHMADPUR KATWA RAILWAY COMPANY LIMITED

Registered Office:

"McLeod House" 3, Netaji Subhas Road, CALCUTTA-1

THE BOARD OF DIRECTORS HAS DECIDED to recommend at the forthcoming Annual General Meeting of the shareholders of the Company to be held on the 30th September, 1964, the payment of a dividend of Rs. 1.61 paise per share for the year ended 31st March, 1964, subject to deduction of tax.

Notice is hereby given that the Register of Members of the Company will be closed from 20th September 1964 to 30th September 1964, both days inclusive.

By Order of the Board,

McLEOD & Co. LTD.,

C. HOCKLEY,

Director,

Secretaries & Treasurers.

2nd September, 1964.

THE BURDWAN CUTWA RAILWAY COMPANY LIMITED

Registered Office:

"McLeod House" 3, Netaji Subhas Road, CALCUTTA-1

THE BOARD OF DIRECTORS HAS DECIDED to recommend at the forthcoming Annual General Meeting of the shareholders of the Company to be held on the 30th September, 1964, the payment of a dividend of Rs. 1.61 paise per share for the year ended 31st March, 1964, subject to deduction of tax.

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McLEOD & Co. LTD.,

C. HOCKLEY,

Director,

Secretaries & Treasurers.

2nd September, 1964.

Rs. 43 a maund; Assam bottoms Rs. 41; and northern bottoms Rs. 40. Since prices in mofussil markets tended to harden, sellers here were not inclined to discount rates, despite the absence of any large buying by mills. Further, the maintenance of higher prices for goods also encouraged holders.

Steady conditions were in evidence in goods. Prices rose as a result of increased support at lower levels. Encouragement was derived from higher advices from the New York burlap market, where 40" 10 oz. hessian rose from 12.25 cents a yard to 12.35 cents, and the 7½ oz. construction from 9.25 cents a yard to 9.20 cents. On Tuesday last, the feature was Government business involving about 6,000 bales of B. twills against September-October deliveries. Scattered business was also done with overseas countries. That explained the rise in ready B. twills from Rs. 137 to Rs. 137.75 and ready hessian 40" 10 oz. from Rs. 49.15 to Rs. 49.50. On Wednesday, there were wide fluctuations in the hedge market, as a result of which closing levels in ready goods with B. twills at Rs. 137.75 and hessian 40" 10 oz. at Rs. 49.55 were almost the same as on the previous day. At this stage, the hedge market was affected by selling pressure, and the decline in prices of ready goods attracted some business. This was on Thursday when ready B. twills eased to Rs. 137.00 and hessian 40" 10 oz. to Rs. 49.35. At these levels, good business was done and, at this, prices on Friday began to rise to push up ready B. twills to Rs. 139.75 and hessian 40" 10 oz. to Rs. 50. Over the week-end, prices continued to rise to reach Rs. 141.00 and Rs. 50.15, respectively. Prices continued to rise yesterday to reach Rs. 142.50 and Rs. 50.50, respectively.

In an attempt to limit purchases of fibre by mills in accordance with availability, the Jute Commissioner, Mr. G. C. L. Joneja, has fixed the maximum permissible quota for each mill in West Bengal for the current week, that is, from 7th September. Total purchases of mills, he has ordered, should not exceed 100,000 bales for this week. This measure has become necessary, since, although as a result of the series of steps taken by the Jute Commissioner including heavy marginal deposits for each transaction on raw jute in the forward market—total collections in this regard were in the order of Rs. 1 crore—prices began to recede a couple of weeks ago, increased purchases resulted in the checking of the downtrend. Arrivals are also showing a steady increase.

REACTION IN METALS

(From Our Own Correspondent)

CALCUTTA, *8th September*

While on the London Metal Exchange the week under review took both copper and tin to new highs a small reaction set in earlier in the Calcutta metal market, since consumers would appear to have reached the line of resistance. Such reaction was, however, short-lived.

Despite substitution of copper by aluminium—the National Metallurgical Laboratory is also contributing to this process by suggesting aluminium-based alloys for coins instead of copper and nickel. Meanwhile, the Government of India is shortly expected to issue a new 3-paise coin made of aluminium-magnesium compound—the demand in India for copper is expected to rise by the end of the fourth plan by 123 per cent, that is, to 250,000 tonnes from 138,000 tonnes at the end of the current plan period. It has also been reported that the Ministry of Steel and Mines has decided to set up a 30,000-tonne zinc smelter with Polish collaboration at a cost of Rs. 12 crores, and that the proposal to set up two more smelters based on imported concentrates, is being examined. There is also a proposal to step up ore output from the Zawar zinc mines to 50,000 tonnes from 18,000 tonnes as at present.

On the London Metal Exchange, spot copper wire-bars opened at £374 a ton and steadily rose to £398, the highest level reached so far. Spot cathodes touched £370 and spot-fire-refined copper £325, after opening at £354 and £310, respectively. Demand on London from Europe was heavy. Although demand for copper scrap in Calcutta was heavy, buyers were not prepared to follow the higher prices. This led to the fall in the price of utensil copper scrap from Rs. 680 per 100 kgs. to Rs 675, but soon the loss was made up. It is estimated that, by the end of this year, world copper output would have caught up with the increased level of demand, and a break in the high price is expected then. Had it not been for the loss of production in Chile and the United States, the change would have come still earlier. The fact that the price of aluminium is also rising—the current price is above £200 a ton—is a factor which is likely to slow down the pace of world substitution. According to the U.S. Copper Institute, free world output of refined copper in July was higher at 183,486 tons, as against 179,736 tons in the previous month; however, U.S. output of refined copper in the month was lower at 144,348 tons, as against 155,443 tons in June and 156,753 tons in May.

In London, spot tin rose to a new high of £1,385 a ton, as against £1,348 early in the week. The rising trend in Penang, indications of increased offtake by the U.S.S.R. and the deepening of the Indonesian-Malaysian discord were the factors that the world markets could not ignore. Against the background of the need to raise world output of tin, the decision by Australia to step-up tin output by 100 per cent is welcome. Australia at present produces about 4,600 tons a year and imports about 1,800 tons from Malaysia to meet the internal deficit. In Calcutta, the price eased from Rs 3,300 per 100 kgs. to Rs 3,200, but soon recovered. Spot lead in London rose from £107 a ton to £109¾ and sopt zinc from £115 to £118¾. In Calcutta, virgin lead on good demand rose from Rs. 307 per 100 kgs. to Rs 313, while zinc at Rs. 356 per 100 kgs. gained by a few points.

TREND OF SHARES

PROFIT-TAKING BY BULLS

(From Our Own Correspondent)

BOMBAY, *10th September*

IT was again a very short week—the Stock Exchange having been in session only for two days—Saturday and Tuesday. It is rather difficult to assess a market's performance in a holiday week or to talk in terms of trends on the basis of a two-day trading. Nevertheless, the behaviour of the market during the two days of official working and the limited but often significant turn in kerb deals indicated that the market was finding it hard to maintain its present high levels. The tendency was for bull operators to cash available gains and wait for more attractive levels to re-enter the market, but bear operators were not ready to sell short in a big way. The market had made a long upward journey during the past many weeks and it was time for it to pause for a while. It is possible that the market has chosen to pause, in other words the reaction which was due and necessary has set in. Although it is rather difficult to say with any measure of certainty whether this reaction is going to stay put, the fact that the tendency on the part of the market is more to sag than to recover shows that a further rise is unlikely for the time being.

Technical considerations apart, the trend of the market was adversely affected by reports such as continued patrolling by the Chinese in the Sikkim and Bhutan regions as well by possible measures by the Government to secure a larger measure of control over stock exchanges. However, reports that Mr. Jayaprakash Narain was trying hard at a workable solution to the Indo-Pakistan problem did help a mild rally, but just when the market was wondering whether J.P. could really achieve anything tangible, came the fall of the Shankar Cabinet in Kerala and the implied setback to the prestige of the ruling party as a whole.

Closing prices indicated generally all-round losses. Tata Steel, for example, eased from Rs. 162.25 to Rs. 160 and Indian Iron from Rs. 27.90 to Rs. 27.50. Wednesday's kerb level of Rs. 27/10 for Indian Iron was far below its recent support level of Rs. 27.45. The support level for Tata Steel is Rs. 158. In Thursday's kerb the rates were Rs 27.05 and Rs. 158.50 respectively.

Mill shares were generally weak, with Bombay Dyeing down from Rs. 61.60 to Rs. 61.10 and Century from Rs. 638 to Rs. 631.50. It was a pity that the rise in the interim dividend of Century—from 12 per cent to 14 per cent gross and the highest interim declared so far—fell flat on the market. Perhaps this was an instance in point of the right news coming at a wrong time, or may be it was a case of selling on good news. The shares had gained as many as 40 points during the last three weeks. Against its 6th August low of Rs. 609, they had touched a high of Rs. 648 on 27th August. The market's reaction could not be available on Friday, being a holiday, but in kerb dealings the shares were quoted at Rs. 644, although on Saturday they reacted sharply to Rs. 628 before rallying to Rs. 631.50 on Tuesday. In kerb dealings on Wednesday they were weak again, at around Rs. 624. The rate in kerb on Thursday was Rs. 625. Among others in this section, Standard eased from its last week's closing level of Rs. 675 to Rs. 648 in Saturdays' session, incidentally piercing its recent support level of Rs. 654. The rate was Rs. 657 on Wednesday in the kerb. Swadeshi, comparatively less active, during the week closed with a small on-balance loss at Rs. 265.

National Rayon came in for hard hitting and was among the worst sufferers during the week. Against last week's closing level of Rs. 381, the shares had moved further up by another point in the kerb but eased to Rs. 361 on Wednesday, of course in kerb. The decline continued to be induced by the difficulties of the yarn industries and the uncertainty regarding the expected cut in the excise duty. Among others in the rayon section, Gwalior Rayon was slightly shaded at Rs. 42 while Indian Rayon was unchanged at Rs. 59. So was Baroda Rayon at Rs. 76 but South India Viscose was one point down to Rs. 119. Chemical shares were well held and it was remarkable for Indian Dyestuff to have gained more than seven points at Rs. 302.50 in a weak market. Tata Chemicals were fairly steady but interest in these two shares were apparently sustained by anticipations of good corporate news. Sugar shares maintained a better tone with Maharashtra up by two points at Rs. 146, Phaltan up by one point at Rs. 114 and Walchandnagar fractionally better at Rs. 161.50. Belapur, however, was quiet at Rs. 231.

Tyre shares were dull but steady, while papers were weak, with Sirpur at Rs. 12.20 against Rs. 12.60 and West Coast at Rs. 171.50 against Rs. 173.50. Shippings were divergent. Scindia was steady at Rs. 16.44 against Rs. 16.32 but Great Eastern was easy at Rs. 14.12, against Rs. 14.52 a week ago. Motor shares were moderately active. Telco was mentioned at Rs. 274 x.d., x.r. on Thursday but, with all the factors out and discounted, public interest in these shares was limited. Premier Auto was shaded at Rs. 107.50, while Bajaj Auto in the cash section was done at Rs. 119. Hindustan Motor was done down to Rs. 18.32 on Thursday on Calcutta selling. Electricity shares were erratic and while the Tata group companies like Power and Andhra Valley were fractionally better, Surat in the Killick group was down by 5 points to Rs. 110 but Ahmedabad in the same group was steady at Rs. 104. Cements were weak with A.C.C. at Rs. 164.25 and Digvijay at Rs. 182.50 against Rs. 166 and Rs. 183 respectively.

In keeping with the trend in forward scrips activity in cash shares had considerably thinned down, though selected shares like Mahindra and Mahindra (Rs. 17.24), Sankey Wheels (Rs. 12.80), Borosil (Rs. 12.40) came in for keen inquiry. Bajaj Auto had been mentioned earlier and Chemical and Fibre was also in demand.

LONDON LETTER

(Concluded from page 441)

vailing here that "would-be investors can reasonably assume that for the foreseeable future there is plenty of scope for private industrialists within the limits laid down in the Industrial Policy Resolution." He ends his article with the note that "if one believes in enterprise, India has many attraction to offer."

This feeling has been further strengthened by the recent ministerial visit of Mr. Humayun Kabir, Minister of Petroleum and Chemicals in the Shastri Cabinet, to London. This is because Mr. Kabir, unlike his predecessor, has acknowledged the plain fact that "petrochemical plants become obsolete so fast that a high level of profitability is essential for the industry." This view has been appreciated in the *Statist* as realistic.

Daniel Plan

Foreign aids, loans and investments will go a long way towards solving the foreign exchange requirements of India but too much reliance cannot be placed on loans and aids from the long-term point of view. So increasing attention would have to be given to foreign exchange earnings to meet the unfavourable balance-of-payments position. In this connection, it is interesting to note the scheme of Mr. P. A. Daniel, Managing Director of a small-scale chemical manufacturing concern of Essex, England, which is gaining currency here. The scheme has shown how small-scale industries can help in this field. He is of the opinion that his scheme will help India to solve its foreign exchange problem within a period of five years. He wants to try his scheme first between India and Britain and then to extend it to the whole of the Commonwealth. In brief, his scheme is that the participating countries will build up a central organisation in their respective countries with export offices abroad. These offices will be used as show-windows where commodities will be exhibited and consumers will be able to place their orders through these offices. The central organisation will get orders through these offices from abroad and send commodities to them for sale. The organisation will get the supply of required commodities from the industries (small-scale and medium) at home on competitive basis and also supply their required import needs through hire-purchase system. Thus the small-scale industries will receive encouragement to increase production and thus help to meet the needs of foreign currencies in their respective countries. When the complexities of international trade are undertaken by such an organisation the industries will have no hesitation to participate in international trade. The scheme may receive the attention of the Government here after the General Election. The Government of India will do well to give some thought to the scheme in the meantime.

Notice

THE KATAKHAL LALA BAZAR RAILWAY COMPANY LIMITED

Registered Office:

"McLeod House" 3, Netaji Subhas Road, CALCUTTA-1

THE BOARD OF DIRECTORS HAS DECIDED to recommend at the forthcoming Annual General Meeting of the shareholders of the Company to be held on the 30th September, 1964, the payment of a dividend of Rs. 2.10 paise per share for the year ended 31st March, 1964, subject to deduction of tax.

Notice is hereby given that the Register of Members of the Company will be closed from 20th September to 30th September 1964, both days inclusive.

By Order of the Board,

McLEOD & Co. LTD.,

C. HOCKLEY,
Director,
Secretaries & Treasurers.

2nd September, 1964.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 4th Sept., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		86,00,00,000
National Agricultural Credit (Stabilisation) Fund		9,00,00,000
National Industrial Credit (Long-Term Operations) Fund		10,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		134,65,03,000
(ii) State Governments		15,66,93,000
(b) Banks—		
(i) Scheduled Banks		95,15,73,000
(ii) State Co-operative Banks		2,60,62,000
(iii) Other Banks		6,51,000
(c) Others		143,87,24,000
Bills Payable		45,97,66,000
Other Liabilities		25,43,75,000
	Rupees	653,36,87,000

ASSETS	Rs.	Rs.
Notes		17,99,55,000
Rupee Coin		4,72,000
Small Coin		6,23,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		28,29,51,000
(ii) State Co-operative Banks		12,42,33,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		4,39,95,000
National Agricultural Credit (Stabilisation) Fund		
Loans and Advances to State Co-operative Banks.		....
National Industrial Credit (Long-Term Operations) Fund:-		
(a) Loans and Advances to the Development Bank		....
(b) Investment in bonds/debentures issued by the Development Bank		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		195,07,88,000
Balances Held Abroad*		12,34,13,000
Loans and Advances to Governments**		18,23,67,000
Loans and Advances to—		
(i) Scheduled Banks†		5,22,80,000
(ii) State Co-operative Banks†		153,46,72,000
(iii) Others		2,50,78,000
Investments		177,34,12,000
Other Assets		26,00,38,000
	Rupees	653,36,87,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 2,09,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	17,99,55,000	
Notes in circulation	2407,49,13,000	
Total Notes issued		2425,48,68,000
Total Liabilities		2425,48,68,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	85,45,69,000	
Foreign Securities		
Total		203,21,79,000
Rupee Coin		106,38,66,000
Government of India Rupee Securities		2115,93,23,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2425,48,68,000

State Bank of Pakistan

Statement of Affairs for the week ended 28th August 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	2,00,00,000
Reserve Fund	7,75,00,000
Rural Credit Fund	3,50,00,000
Deposits—	
(a) Central Government	9,44,40,000
(b) Provincial Governments	8,02,80,000
(c) Banks	88,17,82,000
(d) Others	88,86,29,000
Bills Payable	63,29,000
Other Liabilities	11,99,58,000
Rupees	170,89,18,000

ASSETS	Rs.	Rs.
Notes		13,14,54,000
Rupee Coin		23,000
Subsidiary Coin		52,000
Bills Purchased and Discounted :—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		39,70,000
Balances held outside Pakistan*		23,48,12,000
Loans and Advances to Governments		1,00,00,000
Provincial Governments' Debtor Balances		2,80,12,000
Other Loans and Advances		71,14,00,000
Investments		47,62,45,000
Other Assets		1,29,50,000
Rupees		170,89,18,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	13,14,54,000	
Notes in circulation	439,45,79,000	
Total Notes issued		452,60,33,000
Total Liabilities	....	452,60,33,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion		
Foreign Securities	74,58,33,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	5,18,19,000	
Government of Pakistan Securities	298,76,41,000	
Internal Bills of exchange and other commercial paper	....	
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		209,94,60,000
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
Total Assets		5,90,06,000
		452,60,33,000

State Bank of India

Statement of Affairs for the week ended 4th Sept., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		658,89,90,000
Borrowings from Other Banking Companies, Agents, etc.		77,65,000
Bills Payable		7,66,91,000
Bills for Collection being Bills receivable as per contra		6,86,98,000
Acceptances, Endorsements and Other Obligations per contra		21,33,21,000
Other Liabilities (including Inter-Office Adjustments)		27,63,33,000
Total Rs.		738,10,48,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		19,94,34,000
Balances with other Banks		6,25,40,000
Money at Call and Short Notice		2,40,00,000
INVESTMENTS :—		
Government and other Trustee Securities Rs. 297,14,42,000		
Other Authorised Investments 9,44,28,000		
		306,58,70,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc. Rs. 328,66,74,000		
Bills Discounted and Purchased 19,67,18,000		
		348,33,92,000
Bills Receivable being Bills for Collection as per contra		6,86,98,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		21,33,21,000
Premises less Depreciation		2,34,96,000
Furniture and Fixtures less Depreciation		1,91,46,000
Other Assets (including Inter-Office Adjustments)		27,11,49,000
Total Rs.		738,10,48,000

EXCHANGE RATES

	8th Sept., 1964	2nd Sept., 1964
London on New York 6 per Dollar	2 7838- 2 7841	2 7839- 2 7841
London on Berne Sw. Fcs	12 1200 12 0310	12 0205 12 0285
London on Paris Fr. Fcs	13.6400-13.6420	13 6415 13 6435
New York on London Cents per £	278.370-278.400	278.400-278.420
Pound Sterling—		
Sellers T.T. D.D. Spot	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	1-5 15/16	1-5 15/16
Buyers T.T.	1-6 1/32	1-6 1/32
Buyers D.D.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. Rs. to $100	480.75	480.75
Buyers T.T. Rs. to $100	477.50	477.25
Canadian Dollars—		
Sellers T.T. D.D. Rs. to $100	448.50	448.50
Buyers T.T.	440.50	440.50
French Francs—		
Sellers T.T. D.D. per Rs. 100	101 80	101.80
Buyers T.T	102.80	102.80
Swiss Francs—		
Sellers T.T. D.D.	89.70	89.70
Buyers T.T.	90.70	90.70
Deutsche Marks—		
Sellers T.T. D.D.	82.60	82.60
Buyers T.T.	83.50	83.50
Italian Lire—		
Sellers T.T. D.D.	12,960	12,960
Buyers T.T.	13,135	13,135
Swedish Kroner—		
Sellers T.T. D.D.	106.70	106.70
Buyers T.T.	107.80	107.80
Belgian Francs—		
Sellers T.T. D.D.	1,030	1,030
Buyers T.T.	1,046	1,040
Dutch Guilders—		
Sellers T.T. D.D.	74 90	75.00
Buyers T.T.	75.80	75.00
Hongkong Dollars—		
Sellers T.T. D.D.	119.60	119 60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D.	148.90	148.90
Buyers T.T.	150.30	150.30
Danish Kroner—		
Sellers T.T. D.D.	144 00	144.10
Buyers T.T.	145.40	145.40

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	28-8-64	21-8-64	30-8-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	63 88	66.12	48.33
(ii) From others	1,130 60	1,125 34	957.60
(b) Borrowings from banks	32 35	35.17	21 36
(c) Others	76.95	75.12	67.51
2. Time liabilities—			
(a Time deposits—			
(i) From banks	36.72	40.25	34 92
(ii) From others	1,357.17	1,346.96	1,242 99
(b) Borrowings from banks	17.06	15.73	21.97
(c) Others	12.43	15.33	9.44
3. Aggregate deposits (1) (a) (ii)+ 2 (a) (ii)]	2,487 77	2,472.30	2,260.59
4. Borrowings from Reserve Bank	1,91	1.78	81
(a) Against usance bills and/or promissory notes	20	5	—
(b) Others	1,71	1.73	81
5. Borrowings from State Bank and/or a notified Bank	32 02	28.88	23.58
6. Cash	64 25	63.61	50 61
7. Balances with Reserve Bank	93.79	111.77	87.25
8. Cash and balances with Reserve Bank	158 04	175.38	137.76
(i) State Governments	6 35	7.09	6 26
9. 8 as per cent of 3			
10. Balance with other banks in current account	22 72	28.01	19.66
11. Money at call and short notice	66 38	69.80	54.94
12. Investments in Government securities	803 68	775.11	759 67
13. 12 as per cent of 3	32 31	31.35	34 52
14. Advances—			
(a) Loans cash credits and overdrafts	1,490.17	1,486 54	1,247.85
(b) Due from banks	12 16	9.69	13 13
15. Inland bills purchased and discounted	162.35	165.99	160.15
16. Foreign bills purchased and discounted	69 78	67.35	51 69
17. Total Bank Credit [14(c)+15+16]	1,722 20	1,719 88	1,459 70
18. 17 as per cent. of 8	69.23	69 57	66 33

INDEX NUMBERS OF SECURITY PRICES

(1952-53=100)

Group and Sub-Group	Week ended			
	29th Aug. 1964P	22nd Aug. 1964P	1st Aug. 1964	31st Aug. 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99 8	99 8	99 9	99.2
2. Government of India	99.6	99 5	99.6	98 9
3. State Governments	102.2	102 2	102.1	101 6
4. Municipal, Port Trust, etc.	98.9	98 9	98.9	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.2	98.2	98.1	97.8
PREFERENCE SHARES—ALL INDIA.				
6 Total	82.2	82.1	81.2	82.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	168.4	168.9	163.9	161.8
8. *Agriculture and Allied Activities : Total**	140.8	140 2	140 5	142 4
9. Tea Plantations	127 5	127 1	128 0	131.7
10. Coffee Plantations	163.4	161 4	161 4	147.3
11. Rubber Plantations	188 2	188 9	183 1	167 1
12. *Mining and Quarrying: Total**	138 3	138 2	138 3	140 7
13. Coal	96 0	94.7	93 9	103 7
14. Other Mining	169 1	168.0	160 8	163.8
15. *Processing and Manufacturing : Total*	182 1	180.5	176 8	173.7
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	179 1	177.6	174 5	175 8
17. Sugar	129 4	127 3	126 9	122 6
18. Cotton Textiles	162 6	161 1	159 5	162 6
19. Jute Textiles	87 5	86 6	84 1	97 9
20. Silk and Woollen	895.4	886.8	846 9	821.2
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	203 7	202 0	194 8	193 7
22. Iron and Steel	175 8	174 3	164 7	149 9
23. Transport Equipment	320 3	319 8	310 7	316 8
24. Electrical Machinery	166 7	167.7	162.1	148 7
25. Machinery other than Transport and Electrical	227 5	224 3	221 5	215 7
26 Basic Industrial Chemicals	188 0	185.8	186 4	173.6
27 *Processing and Mfg. (Others) : Total**	150 8	149.4	149 2	149 0
28. Cement	142 0	140.5	138 9	140 3
29. Paper	195 2	191 8	193 7	187 9
30. *Other Industries : Total**	112 7	110.7	108 5	106 5
31. Electricity Generation and Supply	96 2	93 2	90 9	86.7
32. Trading	111 3	100.9	109.6	110 1
33. Shipping and Other Transport	99 5	97 9	96 8	88 3
34. Construction	297	293.7	294 1	263 6
35. *Financial : Total*	189 0	188 6	189 6	185 7
36. Banks	213 1	212 4	211 9	204 5
37. Insurance	151 4	150.1	154 1	159 8
38 Investment Trusts	78 0	78.4	77 9	83.5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	181 3	179.1	174 0	167 7
40. Calcutta	152 1	151 3	150 0	151 8
41. Madras	172 3	171.1	170 7	170 6
42. Delhi	231.2	231.6	223 6	210 5

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils P—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	22nd Aug., 1964	15th Aug., 1964	24th Aug., 1963	June 1964	June 1963	Percentage of Increase (+) or Decrease (—) in June 1964 as compared with June 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	165 2	165.1	139 2	153 5	134 8	+13 9	136.8	128.
Cereals	192	144 5	144.4	115 2	132 5	112 1	+18.2	116.3	105.
Pulses	43	161 1	158 5	107 1	141 8	108 5	+30 7	115.4	105.
Fruits and Vegetables	23	193 6	195 6R	143 6	179 1	139 3	+28 6	140.6	135.
Milk and Ghee	84	146 3	145.3R	128 6	142 8	130 9	+ 9 1	129.2	124.
Edible Oils	47	205 7	205 5	154 9	185 7	150 9	+23 1	151.1	152.
Fish, Eggs and Meat	17	174 4R	174 4R	153 1	161 5	147 1	+ 9 8	149.8	148
Sugar and Gur	48	205 8	207 4	214 7	194 7	187 6	+ 3 6	188 8	145.
Others	50	186 9	188 0	182 3	178 2	173 9	+ 2 4	179 3	171.
Liquor and Tobacco	21	129 3	129 3R	118 3	121 6	119 2	+ 2 0	119 6	100.
Tobacco	..	126 5R	126 5R	118 4	118 7	116 3	+ 2 1	116 8	97.
Fuel, Power, Light and Lubricants	30	143 5	143 5	139 0	141 8	139 9	+ 1 4	139.5R	124.
Industrial Raw Materials	155	169 2	167 5R	139 2	153 8	138 7	+10 9	139 5	136
Fibres	61	151 6	148 0R	132.4	134 0	133.6	+ 0 3	133 2	128
Oilseeds	60	209 1	208.1	153 2	188 3	152 6	+23 4	154 1	151
Minerals	2	103 7*	103 7*	91 5	103 7	98 4	+11 0	99 8	93
Others	32	131.8*	132 3*	125 3*	130 2	125 2	+ 4 0	127.3	135
Manufactures	290	138.2	138 2	130.9	133 2	130 5	+ 2 1	131 1	128
Intermediate Products	41	151 0	150 5	138 7	139 0	138 7	+ 0 5	138 4	129
Finished Products	249	133 8	133 8	129 6	131 0	129 1	+ 1 5	129.7	127
Textiles	147	131 3	131 3	127 7	127 5	127 2	+ 0.2	127.7	126
Cotton	..	136 1*	135 9*	135 3*	135 3	135 6	— 0.1	135.6	130
Jute	..	118 7	118.5	100 9	98 3	101 3	— 3 0	100 2	110
Woollen	..	169 2*	169 2*	156 6*	169.7	142.7	+18 9	155 3	140
Silk and Rayon	..	138.6*	137 8*	140 1*	139.4	136 9	+ 1 8	139.8	131
Metal Products	12	169.0	169.0	168.7	168.6	161.5	+ 4 4	163 1	160
Chemicals	20	119 6*	118 2*	117.4*	119 0	117.8	+ 1 4	117.9	115
Oil Cakes	9	197 2*	201 7	164 4	187 4	166.5	+12.6	166.7	160
Machinery and Transport Equipment	81	127 1	127 1R	123 9	126 9	122 2	+ 3 0	124.2	117.
Others	30	127.8	127 8	128 6	127 4	128 1	— 0.5	128.2	125
All Commodities	1,000	160 9	160.7R	136.3	149.8	136.6	+ 9 6	138.3	132

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1964					
16th June	2.00	2.34	2.00	3.000	99.250
17th to 20th June*	13.32	—	13.32	—	99.266
23rd June	2.00	4.27	2.00	2.995	99.253
24th to 27th June*	7.60	—	7.60	—	99.266
29th June	2.00	2.50	2.00	2.994	99.266
1st to 4th July*	6.70	—	6.70	—	99.266
7th July	2.00	4.50	2.00	2.500	99.375
21st July	2.00	7.58	2.00	2.400	99.400
22nd to 25th July*	19.06	—	19.06	—	99.416
28th July	2.00	4.05	2.00	2.399	99.416
29th July to 1st Aug.*	5.28	—	5.28	—	99.416
4th August*	2.00	4.25	2.00	2.393	99.415
5th to 8th August*	3.53	—	3.53	—	99.416
11th August	2.00	2.00	2.00	2.400	99.400
12th to 14th August*	8.56	—	8.56	—	99.416
18th August	2.00	4.00	2.00	2.400	99.400
19th to 22nd August*	12.90	—	12.70	—	99.416
24th to 29th Aug.*	2.00	—	2.00	—	99.416
1st September	2.00	4.00	2.00	2.400	99.400
2nd to 5th Sept.*	1.29	—	1.29	—	99.416
8th September	2.00	4.00	2.00	2.400	99.400
Total amount outstanding	102.24	—	102.24	—	—

* Intermediate Treasury Bills sold.

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1960	1,594,000	1,555,000	1,237,000
Do. 31st March, 1961	1,586,000	1,622,000	1,263,000
Do. 31st March, 1962	1,645,000	1,643,000	1,318,000
Do. 31st March, 1963	1,764,000	1,799,000	1,413,000
Do. 31st March, 1964	1,809,000	1,892,000	1,507,000
July 1963	159,700	158,700	127,000
August ,,	155,000	161,400	127,600
January 1964	164,400	171,300	133,100
February ,,	118,600	139,000	109,100
March ,,	131,600	152,900	128,400
April ,,	128,300	142,800	115,000
May ,,	139,000	149,600	122,000
June ,,	152,700	158,400	120,100
July ,,	162,500	161,800	130,000
August ,,	154,400	160,000	130,800
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	725,054
Do. 31st March, 1962	1,187,397	934,498	736,970
Do. 31st March, 1963	1,291,825	1,002,039	795,120
Do. 31st March, 1964	1,238,442	1,026,786	809,804
July 1963	113,540	83,553	74,124
August ,,	115,300	90,129	70,900
January 1964	109,243	87,771	63,185
February ,,	103,411	80,243	66,435
March ,,	113,069	89,760	78,934
April ,,	111,269	82,319	62,656
May ,,	108,073	81,394	61,337
June ,,	99,003	79,845	52,274
July ,,	74,440	67,295	63,222
August ,,	91,003	70,333	53,526

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	5	4.5
Belgium	2nd July, 1964	4.25	4.75
Bolivia	June, 1963	6	6.9
Burma	,, 1962	3	4
Canada	11th Aug., 1963	3.5	4
Ceylon	13th Aug., 1964	4.50	5
Chile	Jan., 1963	14.62	14.21
Denmark	10th June 1964	5.50	6.50
Ecuador	June, 1960		5
El Salvador	June, 1961	5.5	6
Finland	April, 1962	8	7
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1963	6	5.50
India	3rd Jan., 1963	4	4.50
Indonesia	Aug., 1963	3	9
Ireland	31st Jan., 1964	3.98	3.94
Italy	7th June, 1958	4	3.50
Japan	18th Mar., 1964	5.84	6.57
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
	4th June, 1964	4.50	4
Netherlands	24th Mar., 1961	6	7
New Zealand	14th Feb., 1955	2.50	3.50
Norway	14th Jan., 1959	3	4
Pakistan	Nov., 1959	6	9.50
Peru	9th Jan., 1962	3	6
Philippines	12th Jan., 1944	2	2
Portugal	27th Nov., 1962	4	3.50
South Africa	1961	5.75	6
Spain	31st Jan., 1964	4	4.5
Sweden	3rd July, 1964	2	2.50
Switzerland	Nov., 1959	7	5
Thailand	May, 1961	9	7.5
Turkey	27th F b., 1962	4	5
United Kingdom	May, 1962	3	6
U.A.R.	1st July, 1936	3	4
U.S.S.R.	16th July, 1963	4	3.50
U.S.A.	5th May, 1961	3.50	3
West Germany			

INDUSTRIAL PRODUCTION

Industries		1960	1961	1962	1963	Jan., 1964	Feb., 1964	March, 1964	April, 1964
Major Industries—									
Coal	million metric tons	52.62	56.10	61.55	66.01	5.78	5.31	5.62	5.48
Steel Ingots—crude	thousand metric tons	3,242	4,027	5,090	5,966	531	468	492	..
Yarn	million kgs.	788	862	860	893	81	73	82	80
Cloth	million metres	4,616	4,604	4,480	4,423	392	349	400	391
Cement	thousand metric tons	7,835	8,245	8,587	9,355	790	807	864	807
Jute	thousand metric tons	1,085	971	1,183	1,236	99	113	104	102
Paper and paper boards	thousand quintals	3,475	3,641	3,876	4,626	411	385	427	410
Matches*	million boxes	4,830	5,624	4,095	4,128	343	303	350	..
Sugar	thousand metric tons	2,591	2,841	2,786	2,316	611	546	386	135
Engineering and Electrical Industries—									
Machine tools	Value in lakhs of Rs.	669	852	1,182	1,800	193	187	203	..
Electric lamps	millions	41.39	46.99	58.55	70.36	6.24	5.81	6.12	..
Dry cells	millions	207.4	213.6	240.0	276.0	18.8	22.0	22.1	..
Power transformers	thousand K.V.A.	1,116	1,754	2,357	2,638	317	224	259	..
Electric Motors	thousand H.P.	657	827	983	1,183	88	94	103	..
Electric fans	Nos.	991,200	1,074,000	1,134,000	1,142,400	80,000	92,700	102,700	..
Radio receivers	Nos.	266,700	326,340	348,000	418,800	27,600	32,300	38,500	..
Storage batteries	Nos.	510,000	520,800	564,000	636,000	63,700	58,100	68,700	..
Diesel engines—Vehicular	Nos.	9,708	9,316	7,620	8,832	850	823	792	749
Diesel engines—Stationary	Nos.	44,196	44,196	42,492	55,492	5,143	4,362	4,176	..
Chemical Industries—									
Salt	million metric tons	3.43	3.48	3.86	4.54	0.13	0.33	0.57	14,724
Caustic soda	metric tons	99,144	119,344	120,420	152,280	15,303	14,151	15,353	..
Soda ash	metric tons	145,284	176,639	222,660	263,964	23,878	22,843	26,788	24,808
Chlorine liquid	metric tons	31,656	33,912	36,972	44,292	4,416	3,546	3,948	4,025
Bleaching powder	metric tons	5,928	7,128	6,828	6,972	622	508	633	676
Bichromates	metric tons	5,472	6,732	7,045	6,923	684	567	663	550
Sulphuric acid	metric tons	359,400	413,520	468,300	567,936	52,655	50,424	55,584	..
Superphosphate	metric tons	322,464	370,836	445,224	582,024	50,264	49,329	52,503	..
Non-ferrous Metals—									
Aluminium	metric tons	18,467	18,381	35,404	53,886	4,880	4,402	4,693	..
Antimony	metric tons	809	618	661	909	70	76	73	60
Copper (Virgin metal)	metric tons	8,992	8,742	9,781	9,593	429	703	900	..
Lead (virgin metal)	metric tons	3,778	3,664	2,849	3,537	395	301	307	247
Gold	kilograms	4,992	4,872	5,076	4,206	361	350	..	..
Miscellaneous (Minor) Industries—									
Sewing Machines	Nos.	297,288	307,404	343,824	338,280	8,054	8,759	9,317	..
Bicycles	Nos.	1,050,096	1,040,592	1,115,916	1,183,920	114,430	114,955	116,987	..
Automobiles	Nos.	51,060	54,312	57,816	52,260	5,339	5,141	6,932	4,714
Plywood—Tea chests	thousand sq. metres	9,120	9,108	9,132	9,925	975	633	657	..
Plywood—Commercial	thousand sq. metres	6,024	6,564	7,356	9,636	859	841	820	..
‡Woollen {Worsted Fabrics / Manufactures / Worsted Yarn}	thousand kgs.	13,980	13,200	18,288	20,412	1,180	1,438	959	982
	thousand kgs.	12,588	14,760	18,072	22,752	1,859	1,721	1,830	1,819
Alcohol—Industrial	million litres	76.57	92.84	110.82	136.43	19.70	11.90	14.98	..
Alcohol—Power Absolute	million litres	49.33	53.77	50.22	27.62	0.07	0.06	0.12	..
Railway Wagons	Nos.	7,476	10,536	13,932	18,960	2,041	2,123	2,186	..
General Index—(Base 1956=100 Revised) Crude		129.9	138.5	149.6	163.3	176.8	167.9	175.0	..

* Matches—Boxes of 60 sticks each upto February, 1961 and of 50 sticks thereafter.
‡ Includes figures for Jammu and Kashmir.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS
[1949=100]

	All-India	Bombay*	Ahmedabad†	Sholapur‡	Kanpur †	Nagpur	Calcutta †	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur†	Jabalpur	Bangalore†
1960 Average	124	420	108	367	100	126	100	148	130	107	108	100	100	100
1961 ,,	126	431	102	382	102	131	101	146	127	113	106	101	111	105
1962 ,,	130	444	104	381	105	133	107	150	130	115	112	105	131	108
April 1963	131	437	106	367	106	132	112	149	132	116	112	109	138	109
May ,,	132	440	106	368	107	133	112	150	132	117	111	108	138	110
June ,,	134	446	107	376	109	138	112	150	133	117	110	109	134	112
July ,,	135	448	108	381	110	143	112	151	133	121	111	109	135	112
August ,,	135	449	108	374	110	144	113	151	134	124	109	109	141	112
September ,,	137	454	109	377	112	146	116	152	136	124	109	109	143	112
October ,,	138	458	109	371	112	146	119	151	136	124	112	109	143	113
November ,,	138	454	110	378	112	147	116	153	138	124	112	109	143	114
December ,,	140	483‡	111	379	115	147	116	157	140	125	115	110	145	114
January 1964	140	485‡	111	388	115	150	111	157	140	125	115	108	152	118
February ,,	142	489‡	115	417	122	159	111	157	145	126	113	108	158	117
March ,,	143	496‡	116	417	124	156	115	158	145	124	119	112	159	117
April ,,	144	497‡	117	422	125	157	117	159	145	124	119	112	159	117
May ,,	147	490‡	..	449	..	162	..	163	144	126	121	..	157	118
June ,,	150	511	..	463	..	..	..	..	..	130	119	..	159	..

* Jan. 1934=100. § Jan. 1928=100. †Base: 1960=100. ‡ The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES
(Base: 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Leaves	Raw Cotton	Raw Jute	Groundnut	Spices and Condiments	Coal	Jute manufactures	Cotton manufactures	Iron & Steel Manufactures
1956-57	97	88	122	123	71	165	104	96	100	90	111	126	111	97	116	95	116	131
1960-61	103	90	123	130	87	206	118	127	176	111	127	210	146	138	141	131	128	147
1961-62	105	91	112	132	85	198	117	125	116	96	122	176	146	128	141	131	128	146
1962-63	111	90	130	124	89	175	122	121	153	94	113	147	140	156	151	131	128	146
1963-64	125	99	116	103	102	196	133	133	149	218	112	119	148	144	158	161	100	136
May 1963	121	88	110	122	88	..	133	136	149	218	112	119	148	144	158	161	100	136
June ,,	124	88	113	124	91	..	133	136	149	218	112	119	148	158	161	103	135	161
January 1964	129	115	123	130	113	195	133	145	205	116	120	149	144	139	156	161	101	135
February ,,	121	121	130	144	120	193	130	147	183	116	120	149	144	139	156	161	100	136
March ,,	122	121	134	146	123	180	138	145	189	112	120	150	143	153	164	166	99	136
April ,,	125	116	137	149	116	..	144	145	184	112	122	151	155	164	166	99	137	167
May ,,	131	113	140	151	109	..	147	148	204	109	123	140	164	165	166	99	137	169
June ,,	136	112	166	167	125	198	150	153	219	109	122	146	183	164	167	98	136	170

RAILWAY TRAFFIC—WAGON LOADINGS
(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,757	1,591	837	122	52	16	116	15	128	401	86	317	32	79
1961-62	9,870	1,706	803	115	40	14	128	12	130	390	51	366	34	76
1962-63	10,607	1,824	782	125	43	14	150	16	143	385	54	433	32	65
1963-64	11,354	2,080	913	126	41	13	143	12	124	413	67	433	32	65
May 1963	1,849	345	157	20	10	3	16	2	27	67	9	75	2	10
June ,,	2,717	509	236	35	13	3	23	3	39	98	14	113	3	14
July ,,	3,646	687	311	44	15	4	25	4	50	98	14	113	3	20
Aug., ,,	4,561	866	377	52	16	5	35	5	61	163	24	196	11	24
Sept., ,,	5,461	1,040	446	59	18	7	46	5	71	195	29	237	16	26
Oct., ,,	6,406	1,225	516	69	19	8	70	6	78	230	33	280	21	34
Nov., ,,	7,354	1,401	593	81	21	9	91	7	85	265	38	323	26	39
Dec., ,,	8,355	1,578	676	97	25	9	101	9	93	304	42	366	28	46
Jan., 1964	9,386	1,747	754	110	31	10	123	10	103	338	48	409	30	51
Feb., ,,	10,335	1,910	833	122	36	12	134	11	112	368	53	449	30	57
Mar., ,,	11,354	2,080	913	136	41	13	143	12	124	413	57	493	30	65
April ,,	959	168	80	13	4	1	8	2	9	35	5	39	—	10
May ,,	1,896	330	161	23	8	2	15	2	22	68	9	78	2	12

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorperate revision in respect of earlier months. *Source*:—Ministry of Railways.

SMALL SAVINGS
(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates	Post Office Savings Bank Deposits	10-Year National Plan Certificates D	Post Office Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G	Total
	Outstandings	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Outstandings	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings
1960-61	1,26	2,46	81,35	286,74	236,88	313,20	18,84	—42,01	1,70	93	38,80	16,14	37,34	69	3,38	338,06	785,00
1961-62	89	1,88	65,47	347,96	250,50	348,75	17,01	—42,46	3,96	1,91	27,50	16,79	53,35	49	3,63	350,94	875,21
1962-63	62	1,39	48,16	367,55	244,85	355,40	16,91	—42,65	7,57	3,50	20,38	7,32	60,70	50	3,83	364,21	945,32
1963-64	42	95	32,78	346,16	249,54	380,15	15,96	—42,75	12,61	6,18	14,47	..	60,08	41	3,90	388,59	1,063,92
June 1963	57	1,26	43,80	360,64	18,84	350,84	16,61	—42,69	8,84	4,00	18,03	..	60,57	2	3,82	29,06	960,74
Aug. ,,	54	1,15	40,93	356,62	18,33	357,03	16,41	—42,72	9,76	4,45	17,64	..	60,44	4	3,83	28,79	931,83
Sept. ,,	53	1,11	39,62	354,83	18,21	356,71	16,15	—42,71	10,20	4,69	17,13	..	60,43	3	3,83	29,19	991,62
Oct. ,,	50	1,06	38,14	352,70	19,84	361,00	16,06	—42,74	10,64	4,93	16,67	..	60,39	4	3,84	30,33	1,000,09
Nov. ,,	47	1,03	36,79	351,14	18,73	363,50	15,97	—42,74	11,05	5,18	16,23	..	60,31	5	3,86	29,88	1,009,17
Dec. ,,	46	1,00	35,45	349,58	19,61	365,56	16,09	—42,75	11,50	5,42	15,89	..	60,27	3	3,86	29,80	1,017,86
Jan. 1964	46	1,00	35,44	349,24	20,35	367,11	16,08	—42,75	11,86	5,64	15,50	..	60,22	4	3,87	31,99	1,030,09
Feb. ,,	44	1,00	34,35	347,79	20,66	368,37	16,04	—42,74	12,18	5,87	14,87	..	60,14	4	3,88	31,66	1,038,47
Mar. ,,	42	95	32,78	346,16	33,44	380,15	15,96	—42,75	12,61	6,18	14,47	..	60,08	5	3,90	52,63	1,063,92
April ,,	40	87	29,62	344,79	22,75	381,75	15,91	—42,78	12,61	6,39	14,13	..	60,02	5	3,92	35,16	1,071,86
May ,,	39	87	29,62	343,65	20,12	377,44	15,54	—42,78	13,17	6,61	13,80	..	59,97	2	3,91	31,57	1,075,48
June ,,											13,39	..	59,91	4	3,92			

Note:—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings amount to Rs. 20.22 crores. Fifteen-year Cumulative Time Deposits commenced from June 1962—the outstandings at the end of May, 1964 amount to Rs. 72 lakhs. Twelve-year National Defence Savings Certificates commenced from 15th November 1962 and the outstandings at the end of May, 1964 amount to Rs. 5.75 lakhs. Twelve-year Ten-year Defence Deposit Certificates were issued from 10th November 1962 — the outstandings at the end of May, 1964 amount to Rs. 175.60 crores. Five-year Premium Prize Bonds were issued from 1st January 1963 and outstandings at the end of Dec., 1963 amount to Rs. 36.13 crores. Five-year A new series of Premium Prize Bonds, 1964 was issued since 1st January 1964. The outstandings at the end of May, 1964 was Rs. 7.24 crores including outstandings of the previous series.

INDEX OF INDUSTRIAL PRODUCTION
(1956=100)

	January to May (Average) 1962	1963	1964	Percentage Change 1963	1964
*General Index**	147.8	159.9	170.9	+ 8.2	+ 6.9
Mining and Quarrying	129.3	140.9	173.1	+ 9.0	+ 22.9
Food Mfrg.	132.2	110.6	124.1	—16.3	+12.2
Textile:	113.6	119.0	125.7	+ 5.3	+ 5.6
Cotton Textile	109.4	113.8	119.3	+ 4.0	+ 4.8
Yarn	122.2	122.4	131.3	+ 0.2	+ 7.4
Cloth (mill)	89.1	88.2	92.1	— 1.0	+ 4.4
Jute Textile	108.0	116.4	119.3	+ 7.8	+ 2.5
Rubber products	167.5	182.9	195.2	+ 9.2	+ 6.7
Paper & paper boards	188.9	213.6	237.6	+13.1	+11.2
Chemical and chemical products	176.4	208.8	201.6	+18.4	— 2.0
Basic Metal	209.4	259.1	258.0	+23.7	— 0.4
Iron and steel basic Industries	222.4	269.7	268.3	+21.3	— 0.5
Aluminium	220.6	387.3	388.1	+75.6	+ 0.5
Metal Products	177.4	188.3	213.7	+ 6.1	+13.5
Machinery other than electrical	288.7	345.4	383.3	+19.6	+11.0
Electrical Machinery, etc.	206.9	238.4	257.0	+15.2	+ 7.8
Transport equipment	145.3	146.4	189.5	+ 0.8	+29.4
Electricity	217.5	246.5	289.5	+13.3	+17.4

* Seasonally adjusted.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES
(Base: 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Leaves	Raw Cotton	Raw Jute	Groundnut	Spices and Condiments	Coal	Jute manufactures	Cotton manufactures	Iron & Steel Manufactures
1956-57	97	88	122	123	71	165	104	96	100	90	111	126	111	97	116	95	116	131
1960-61	103	90	123	130	87	206	118	127	176	111	127	210	146	138	141	131	128	147
1961-62	105	91	112	132	85	198	117	125	116	96	122	176	146	128	141	131	128	146
1962-63	111	90	130	124	89	175	122	121	153	94	113	147	140	156	151	131	128	146
1963-64	125	99	116	103	102	196	133	133	149	218	112	119	148	144	158	161	100	136
May 1963	121	88	110	122	88	..	133	136	149	218	112	119	148	144	158	161	100	136
June ,,	124	88	113	124	91	..	133	136	149	218	112	119	148	158	161	103	135	161
January 1964	129	115	123	130	113	195	133	145	205	116	120	149	144	139	156	161	101	135
February ,,	121	121	130	144	120	193	130	147	183	116	120	149	144	139	156	161	100	136
March ,,	122	121	134	146	123	180	138	145	189	112	120	150	143	153	164	166	99	136
April ,,	125	116	137	149	116	..	144	145	184	112	122	151	155	164	166	99	137	167
May ,,	131	113	140	151	109	..	147	148	204	109	123	140	164	165	166	99	137	169
June ,,	136	112	166	167	125	198	150	153	219	109	122	146	183	164	167	98	136	170

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I—Interim Dividend. C.R.—Cum. Right. X.R.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : ' A ' shares and ' B ' shares—these are indicated by the same letters ' A ' and ' B ' under the columns ' Paid-up Ordinary Capital ' and ' Paid-up ' per share.

Accounts :— Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed Spindles	Number Installed Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Shares 1961	1962	1963	1964	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
25,00,000	21,95,033	57,13,635	34,05,359	21,367	Maganlal Bhagwandas & Co.	45,180	..	Ambika Silk Mills Co., Ltd.	275.00	100	20.00	20.00	15.00*		12	Y.
88,79,480	17,16,185	1,48,55,248	50,80,009	—17,31,884	Rajputana Text. (Agencies) Prt. Ltd.	54,468	902	Apollo Mills	1.80	2	Nil	Nil	Nil		12	Y.
4,50,96,000	4,24,31,018	13 87,13,614	7,68,55,693	48,236	Narottamjee Wadia & Sons (Prt.) Ltd.	1,96,796	3,736	Bombay Dyeing & Mfg.	61.10	25	3.50	3.50	3.50		12	Y.
10,00,000	37,72,090	1,02,31,521	72,10,013	24,411	M. Ramnarain Private Ltd.	44,784	800	Bradbury Mills	162.50	50	12.50	5.00	15.00	15.00	3	Y.P.
2

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
6,00,000	74,80,980	1,77,88,358	77,19,665	8,246	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	9.15	10	0.25	0.25	1.20		3	Y.P.T.
6,00,000	21,01,100	85,62,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	245.00	100	15.00	42.50			12	Y.P.T.
30,00,000	26,04,850	1,72,09,661	1,14,76,789	1,05,589	McLeod & Co., Ltd.	1,564	Alliance	119.00	100	Nil	10.00	12.50		5	Y.P.
59,04,900	1,15,30,000	3,75,48,584	2,33,71,259	55,893	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	197.00	100	7.50	10.00	12.50		5	Y.P.
46,90,800	32,04,394	1,69,46,077	1,00,08,540	1,752	Bird & Co. Private Ltd. ..	810	Auckland	131.00	100	12.00	Nil	15.00	12.00	3	Y.P.T.
20,00,000	40,35,530	1,58,43,088	98,46,388	29,368	Birla Brothers Private Ltd. ..	959	Bally	241.00	100	25.00	25.00	25.00		3	Y.P.
5,75,000	4,87,367	£1 486,277	£1 075,854	£1,341	Jardine Henderson Ltd.	1,889	Barnagore	230.00	£5	10 sh.	10 sh.	£2		3	Y.P.
45,00,000	27,17,701	76,46,179	45,59,589	1,36,234	Soorajmull Nagarmull	600	Bengal	7.00	10	0.50	0.50			6	Y.P.T.
1,59,56,210	2,88,65,994	9,06,98,597	4,20,72,427	46,410	Birla Brothers Private Ltd. ..	1,373	Birla	36.50	10	1.50	1.50	1.50		3	Y.P.
36,00,000	20,48,440	1,25,69,733	79,60,997	35,907	Andrew Yule & Co., Ltd. ..	991	Budge-Budge	180.00	100	Nil	12.00	20.00		10	Y.P.
7,47,380	83,200	49,78,434	37,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	8.12	10	Nil				10	Y.P.
18,00,000	80,27,728	1,19,06,838	65,06,929	7,332	M.	616	Caledonian	140.00	100	5.00	15.00	15.00		12	Y.P.
29,58,200	1,01,10,201	1,95,45,693	1,19,34,120	20,231	James Finlay & Co., Ltd. ..	600	Champdany	21.75	10	0.50	Nil	4.00		3	Y.
38,58,750	77,75,319	1,47,45,586	77,38,580	1,10,207	Andrew Yule & Co., Ltd. ..	1,131	Cheviot	20.75	10	0.50	2.50	2.50		11	Y.P.
20,15,000	36,54,850	1,38,59,292	87,51,922	—4,10,550	McLeod & Co., Ltd.	500	Chitavalsah	8.06	10	Nil	0.50	Nil		7	Y.P.T.
24,00,000	8,04,609	81,44,880	69,78,978	—15,44,521	M.	969	Clive	8.00	10	Nil	Nil			3	Y.P.
31,49,200	21,35,995	1,33,24,108	82,26,550	3,316	Bird & Co. Private Ltd. ..	766	Dalhousie	125.00	100	1.00	Nil	25.00		3	Y.P.T.
56,00,000	74,36,442	1,88,80,591	76,70,106	23,475	Andrew Yule & Co., Ltd. ..	779	Delta	141.00	100	Nil	12.00	16.00		11	Y.P.
15,00,000	42,21,700	1,21,66,987	86,25,776	84,695	McLeod & Co., Ltd.	500	Empire	14.12	10	0.75	1.25	1.50		7	Y.P.T.
63,00,000	1,28,58,695	4,12,02,867	2,35,01,408	4,532	Fort Gloster Industries Ltd.	1,884	Fort Gloster Industries Ltd.	172.00	100	0.30	0.30	0.30		6	Y.P.T.
31,49,625	32 04'500	1,42,22,521	93 72,524	6,051	Bangur Bros. Ltd.	1,014	Fort William	22.25	10	2.25	1.00	2.00		3	Y.T.
84,32 100	77,96,303	3,00,05,500	1,61,98,875	16.267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	14.37	10	1.00	1.50	2.00		3	Y.P.
48,20,000	46,54,205	2,19,63,231	88,71,916	9,681	M.	607	General Ind. Society Ltd.	15.00	10	1.00	1.50	2.00		3	Y.T.
48,00,000	82,53,423	3,55,59,185	2,27,64,891	41,505	Macneill & Barry Ltd. ..	1,394	Gourepore	22.00	10	2.50	2.00	1.40		12	Y.P.
40,00,000	1,06,35,742	1,86,44,677	1,01,39,206	4,954	Bangur Bros., Ltd.	1,078	Hastings	126.00	100	6.00	6.00	6.00	2.00	3	Y.P.
16,80,000	44,86,659	99,76,527	67,56,179	4,284	M.	720	Hooghly	14.44	10	2.00	0.75	1.00		3	Y.P.
65,62,500	51,91,579	2,33,65,028	1,70,88,188	....	Jardine Henderson Ltd. ..	1,940	Howrah	16.31	10	2.00	0.75	1.00		3	Y.P.T.
52,50,000	1,26,22,000	3,46,75,240	2,10,75,240	5,088	Ramdutt Ramkissendas ..	2,272	Hukumchand	19.50	10	2.50	2.00	1.00	1.25	3	Y.P.T.
9,00,000	16,80,490	81,78,663	10,92,544	17,781	T. Stanes & Co., Ltd. ..	457	India	15.50	12.50	1.50	2.00	2.00		3	Y.
1,25,000	12,500	2,16,682	22,950	2,921	M.	216	Ichapur	15.50	12.50	1.50				3	Y.
12,50,000	12,05,697	84,15,317	5,52,996	22,571	Srinivas Agencies	1,056	Kamarhatty	156.00	Nil	Nil	20.00	20.00		12	Y.P.T.
15,75,000	17,65,954	84,08,581	5,94,855	22,756	Parkins Private Ltd.	491H	'B' 100	156.00	Nil	20.00	20.00				
2,20,000	8,97,345	10,82,130	1,53,687	28,985	A. V. George & Co., Ltd. ..	503	'B' 100	127.00	Nil	15.00	15.00			12	Y.P.T.
31,93,280	21,26,250	59,80,505	22,94,476	22,127	T. Stanes & Co., Ltd. ..	736H	Kankinarrah	127.00	Nil	15.00	15.00				
47,25,000	21 33,76	93,19,413	15,06,787	81,380	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Kelvin	140.00	100	15.00	5.00	20.00		3	Y.P.
							Khardah	17.75	10	0.50	1.25	1.25		3	Y.P.
							Khinison	119.00	100	7.00	Nil	10.00		3	Y.P.T.
							Lansdowne	93 00	100	Nil	Nil	Nil		3	Y.P.
							Lawrence	107.00	100	15.00	10.00	10.00		3	Y.P.
							Megna	12.87	10	1.25				3	Y.
							Naihati	80.00	100	Nil	Nil	Nil		3	Y.P.T.
							Naskarpara	4.50	10					3	Y.P.
							National	19.50	10	Nil	1.00			10	Y.T.
							Nellimarla Jute	8.25	10	0.60	1.50	0.50		10	Y.P.
							New Central	11.00	10	0.50	1.50	1.50		7	Y.P.T.
							Northbrook	25.37	10	3.00	2.00	3.50		3	Y.P.T.
							Nuddea	11.25	10	0.60	0.50	1.00	1.00	3	Y.
							Presidency	4.44	5	0.30	0.50	0.50		7	Y.
							Rameshwara	7.75	10	Nil	Nil	Nil		3	Y.
							Reliance	7.51	10	Nil	Nil	Nil		3	Y.P.
							Samnaggur	9.50N	£1	Nil	10%†	15%		10	Y.P.T.
							Shree Ambica	30.00	10	0.60	Nil	0.90		12	Y.P.
							Soorah	18.31	10	2.50	2.50			3	Y.P.
							Titaghur	9.50N	£1	Nil	15%†	10%		12	Y.P.
							Union	143.00	100	6.00	Nil	20.00		3	Y.P.T.
							Victoria	9.50N	£1	Nil	10%†	10%		12	Y.P.
							Waverley	7.87	1	0.30	0.60	0.50		5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
10 93,900	5 60,324	18,08,952	4,15,754	46,095	Young India Agencies Private Ltd...	1,665	Balancor Tea and Rubber	11.32	10	1.20	1.20				
24,00,000	25,11,425	1,49,41,145	25,55,960	64,776	Kothari & Sons (Agn.) Pvt. Ltd.	1,870H	Bhramakund Estates & Ind.	2.30	2	0.20	0.20	0.20		3	Y.P.
5,50,000	5,11,080	19,95 967	4,35 544	9,168	K. Anantaraman, Esq. (Mg. Director)	848	Chandramalai Estates Ltd.	2.45	2	0.20	0.12	Nil		6	Y.
14,00,000	20,95,127	41,85,733	13,18,052	1,553	Peirce, Leslie & Co., Ltd.	693H	Chembra Peak Estates	5.25	2	0.20	0.12	0.12		6	Y.P.
5,66,730	13,90,424	24,87,766	3,02,076	....	Matheson Bosanquet & Co. Pvt. Ltd.	169H	Coonoor Tea	4.85	2	0.40	0.40	0.40	0.50	3	Y.
4,80,000	5,08,204	16,62,155	3,17,071	17,303	M. Lazrus, Esq. (Chairman)	671	Durg Tea	4.85	2	0.40	0.30	0.30		9	Y.P.
3,40,000	2,60,017	14,11,057	4,65,057	3,328	C. Balchand, Esq. (Chairman)	144H	Devashola (Nilgiri) Tea	30.65	10	2.00	1.50	1.50		12	Y.P.T.
6,74,650	3,83,749	13,44,758	3,14,298	28,158	Young India Agencies Private Ltd...	1,177	Devon Tea	11.00	10	1.50	1.50	1.50		12	Y.
7,50,000	9,10,000	19,54,450	13,495	19,221	K. N. Krishna Iyer (Mg. Director)	198	Emerald Valley Estates	6.50	5	Nil	0.80	1.00		3	Y.
25,00,000	22,41,971	61,08,359	15,14,788	34,749	Parkins Private Ltd.	607H	Halleyburia	12.66	10	1.25	1.10	1.25		12	Y.P.
9,00,000	9,85,470	16,98,743	4,93,218	29,726	Peirce, Leslie & Co., Ltd. ..	190H	Kalasa Tea	4.25cd	2	1.50	0.30	1.50		12	Y.P.
17,17,074	18,42,010	87,08,125	8,78,922	28,817	Peirce, Leslie & Co., Ltd. ..	546H	Kodagani Tea	5.00	2	0.50	0.30	0.30		3	Y.T.
6,90,000	3,13,000	13,98,084	1,58,424	1,857	Ipe Oommen & Co. Pvt. Ltd.	936	Kurchermala Plant Ltd.	5.07	2	0.50	0.50	0.50		3	Y.T.
5,00,000	2,00,580	11,18,479	1,35,037	49,466	Matheson Bosanquet & Co., Ltd.	109H	Lucky Valley	10.00	10	0.40	Nil	Nil		3	Y.P.T.
3,50,000	20,000	3,59,375	33,038	4,009	Vasanta & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	11.75	10	1.00	1.00	1.00		7	Y.P.
3,00,000	6,18,117	15,08,173	3,99,591	—3,503	Espen Thomas, Esq. (Mg. Director)	560	Mannalay	1.85	2	0.10	0.10	0.10		12	Y.
36,00,000	24,19,434	84,10,841	17,28,590	20,278	A. V. Thomas & Co. (India) Ltd.	825H	Neelamalai	34 60	25	3.50	2.00	Nil		3	Y.
12,00,000	10,09,000	32,29,949	6,97,916	9,982	A. V. Thomas & Co., Ltd. ..	738H	Nellampathy	4.75	5	0.375	0.375	0.375		6	Y.P.
14,06,250	10,19,464	41,56,443	8,55,850	28,207	A. V. George & Co., Ltd. ..	1,672	Nilgiri Tea	4.55	2	0.30	0.30	0.30		6	Y.P.T.
23,10,000	11,02,621	39,48,336	15,15,045	28,437	Harrison & Crosfield Ltd. ..	841	Nonsuch Tea	9.00cd	10	1.00	1.00	0.30		6	Y.P.
14,88,960	17,22,983	84,54,296	7,51,987	46,177	P. S. M. Molyneux, Esq. (Chairman)	227H	Parkside	21.87	10	2.00	2.00	2.00	0.75	3	Y.
9,00,000	6,34,281	7,96,354	79,157	4,27,181	S. Sivasankarakrishna Aiyar, Esq.	771	Peermadae Plantations Ltd.	25.25	10	2.00	2.75	2.50		6	Y.
17,00,000	13,87,519	48,20,401	20,82,969	46,160	Aspinwall & Co. (Travancore) Ltd.	634H	Peermade	21.25cd	10	2.00	2.50	2.00		6	Y.
57,94,880	20,68,711	1,23,79,158	46,17,784	58,308	Peirce, Leslie & Co., Ltd.	1,506H	Periakaramalai	20.62	10	2.50	2.00	1.75		2	Y.
13,50,000	2,96,500	12,02,040	1,74 015	3,959	A. V. Thomas & Co. (India) Ltd.	882	Rheveroy Estates Ltd.	5.50cd	2	0.40	0.25	0.30		12	Y.P.
9,00,000	15,80,490	81,78,663	10,92,544	17,781	T. Stanes & Co., Ltd. ..	457H	Sanos Amalgamated	2.07	2	0.15	0.125	0.125		3	Y.
1,25,000	12,500	2,16,682	22,950	2,921	M.	216	Swinton Estates	18.75	10	1.00	1.50	1.50		6	Y.
12,50,000	12,05,697	84,15,317	5,52,996	22,571	Srinivas Agencies	1,056	Talayar Tea	2.88	2	0.12	Nil	Nil		6	Y.T.
15,75,000	17,65,954	84,08,581	5,94,855	22,756	Parkins Private Ltd.	491H	Twyford	1.90cd	2	0.20	0.20	0.20		3	Y.
2,20,000	8,97,345	10,82,130	1,53,687	28,985	A. V. George & Co., Ltd. ..	503	Udayagiri Rubber Co., Ltd.	8.85	10	0.60	0.60	0.75		6	Y.P.
31,93,280	21,26,250	59,80,505	22,94,476	22,127	T. Stanes & Co., Ltd. ..	736H	United Nilgiri	15.50	10	Nil	Nil	Nil		12	Y.P.
47,25,000	21 33,76	93,19,413	15,06,787	81,380	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Waterfall	2.33	2	0.20	0.20	0.25		3	Y.
												0.20		6	Y.P.
RUBBER AND OTHERS															
6,00,000	5,52,425	17,66,245	5,03,082	20,544	Ramani & Co. Pvt. Ltd.	999	Alageswar Estates Ltd. ..	2.67	2	0.30	0.20	0.20		3	.
6,75,000	2,85,527	21,05,698	4,40,782	1,608	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.								
2,50,000	2,69,092	12,98,883	2,52,129	56,241	A. V. George & Co., Ltd. ..	629	Anandam Rubber Co., Ltd. ..	10.01	10	1.00	1.00	0.50		3	Y.P.T.
12,07,888	2,28,040	22,69,626	3,45,487	34,775	Associated Planters Private Ltd. ..	1,343	Anaparai Estates Ltd. ..	14.25	10	1.80	1.50	1.50		3	Y.P.
4,32,000	4,75,000	12,07,785	1,42,997	1,081	Young India Agencies Pvt. Ltd.	1,041	Badra Coffee Estates Ltd.	3.10	2	0.30	0.20	0.20		12	Y.P.
4,00,000	80 000	....	7,45,317	1,56,774	A. V. Thomas & Co. (Mysore)	288H	Balabadutin Coffee & Produce	2.90	2	0.30	0.30	0.30		6	Y.P.
2,00,000	2,05,000	4,73,718	88,297	1,481	Planting Agencies (Private) Ltd. ..	151H	Balmadies Plantations ..	5.00	5	0.40	0.30	0.20		6	Y.P.
26,91,279	19,45,895	60,09,790	13,97,512	8,702	Peirce, Leslie & Co., Ltd. ..	2,630H	Cochin Malabar	1.85	2	0.10	Nil	0.10		6	Y.P.
32,50,000	33,62,169	67,74,920	18,29,356	890	M. A. Sreenivasan, Esq. (Chairman)	2,793	Coffee Lands and Industries ..	6.51cd	5	0.60	0.60	0.36		6	Y.P.
71,55,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman)	8,545	Consolidated Coffee	16.75	10	1.20	0.90	0.96	0.36	6	Y.P.
6,00,000	5,09,735	15,58,047	1,41,758	5,915	Associated Planters Private Ltd.	1,410	Cottanad Plantations	23.50	10	2.00	1.50	2.00		6	Y.P.
4,08,560	2,50,000	4,02,630	1,35,017	40,856	Peirce, Leslie & Co., Ltd.	246H	Cowcoody Estates (Coffee)	3.30cd	10	1.00	0.625	1.00		3	Y.P.
18,00,000	15,20,000	40,99,988	9,82,810	40,041	A. V. Thomas & Co., Ltd. ..	622H	Highland Produce	4.68	2	0.50	0.40	0.35		6	Y.P.
11,85,700	11,77,705	31,99,915	5,11,190	35,378	A. V. George & Co., Ltd. ..	1,537	Kallar Rubber Co., Ltd. ..	14.75	10	1.50	1.50	1.50		6	Y.P.
12,00,000	8,19,342	22,75,750	4,65,958	5,164	A. V. Thomas & Co., Ltd. ..	888H	Kalpetta Estates	6.46cd	2	0.60	0.60	0.60		12	Y.
4,80,000	2,40,000	9,93,252	2,50,252	25,055	Peirce, Leslie & Co., Ltd.	273H	Kumeroor Estates Ltd. ..	13.20	10	1.25	1.25	1.125	0.60	4	Y.
13,50,000	6,58,333	28,24,900	5,02,946	8,669	K. T. Thomas' Kathanar, Esq.	2,147	Malankara Rubber	3.78	2	0.35	0.30	0.28		4	Y.
3,25,000	2,50,000	8,72,757	96,834	3,643	Associated Planters Pvt. Ltd.	906	Mercara Rubbers Ltd.	17.17cd	10	1.60*	1.40	1.40		10	Y.
40,50,000	17,25,165	....	31,05,894	3,476	A. V. Thomas & Co., Ltd. ..	885H	Midland Rubber	7.85	5	1.00	0.75	0.625		3	Y.
3,35,000	4,12,607	17,54,491	3,54,874	1,18,608	A. V. George & Co., Ltd. ..	1,331	Nenmeny Rubber	11.35	10	1.25	1.25	1.00	1.00	6	Y.P.
2,00,000	5,03,618	11,04,287	66,555	3,002	Associated Planters Private Ltd.	846	Nilambur Rubber Co.	22.55cd	10	1.50	1.50			3	Y.P.
6,50,000	5,06,464	12,86,228	1,35,772	17,987	Peirce, Leslie & Co., Ltd. ..	298H	Oscor Estates Ltd.	11.85	10	1.50	1.00	1.25		12	Y.P.T.
19,45,880	54,54,133	69,64,648	24,42 425	2,616	Peirce, Leslie & Co., Ltd. ..	1,812H	Pachalam Valley Estates ..	2.65	2	0.30	0.20	0.30		12	Y.P.
16,50,000	5,75,528	26,14,686	4,65,915	16,319	Aspinwall & Co., Ltd.	981H	Pullangode Rubber	3.20	2	0.24	0.20	0.20		3	Y.
13,50,000	13,58,959	53,99,894	5,55,425	20,850	A. V. Thomas & Co., Ltd. ..	1,216H	Rajagiri Rubber	3.03cd	2	0.12	0.15	0.25		3	Y.P.T.
2,00,000	1,64,968	4,06,853	60,946	47,531	Associated Planters Private Ltd.	422	Rajendra Coffee	22.35	10	2.00	2.00	0.20	0.16	10	Y.P.
12,00,000	78,907	20,87,248	2,88,330	—1,48,848	Patco Agencies	470H	Sangameshwar Coffee Estates.	13.00cd	5	1.25	1.00	2.125		6	Y.P.
5,50,170	3,23,000	10,11,493	2,15,317	6,933	Peirce, Leslie & Co., Ltd. ..	202H	Savamalai Estates Ltd. ..	1.80	2	0.12	Nil	1.25		3	Y.P.
6,25,000	2,74,153	14,90,789	65,133	7,695	A. V. George & Co., Ltd. ..	816	Thamarapally Rubber	5.10	2	0.32	Nil	Nil		3	Y.P.
9,15,800	10,75,840	16,61,781	2,84,898	7,989	Peirce, Leslie & Co., Ltd. ..	1,312	Thirumbadi Rubber Co., Ltd.	15.25	10	1.50	0.30	0.35		11	Y.
6,00,000	6,15,616	18,78,050	1,92,991	1,840	Espen Thomas, Esq. (Mg. Director)	1,241	Travancore Rubber	1.80	2	0.10	1.60			12	Y.T.
41,00,000	12,68,584	80,05,306	18,31,604	32,283	Aspinwall & Co. (Travancore) Ltd.	2,109H	Travancore Rubber & Tea ..	1.75	1	0.12	0.10	0.10		12	Y.P.
90,00,000	1,91,000	33,48,101	9,09,484	228	P. T. Thomas, Esq. (Mg. Director)	3,157	Tropical Plantations Co. ..	10.25	10	1.00	1.00			12	Y.
3,80,010	5,47,051	10,84,166	54,782	9,228	S. Padmanabh Aiyaar, Esq. (Chairman)	1,118	Valkundam Rubber Co., Ltd.	19.65	25					12	Y.P.
6,00,000	7,18,624	19,97,467	2,09,728	8,001	P. I. Joseph, Esq. (Chairman)	1,333	Vellimalai Rubber & Co. ..	35.50cd	10	3.00				12	Y.
12,00,000	12,40,982	16,57,152	2,54,138	26,874	Peirce, Leslie & Co., Ltd. ..	417H	Wartyhully Estates Ltd. ..	5.12cd	5	0.50	0.25	0.35	0.35	12	Y.P.
6,56 000	97,309	13,65,464	1,02,251	28,313	M.	893	Woodland Estates	2.54	2	0.30	0.20	0.24		3	Y.
								6.90cd	10	1.00				3	Y.P.T.

V—Includes 60 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1960 are shown as taxable.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	16,37,403	27,43,433	11,03,330	....	McLeod & Co., Ltd.	368H	Amluckie	16.00	10	Nil	1.00	0.75		12	Y.P.
2,78,000	17 237	16,81,576	7,19,307	449	M.	456	Ananda (Assam) Tea ..	27.00	10	3.00	3.00	2.50		12	Y.
7,03,250	8,53,082	21,13,838	8,29,101	3,367	Gillanders Arbuthnot & Co., Ltd.	82 1	Ananda Bag	33.25	10	3.00	3.25	2.00	1.25	12	Y.
5,50,000	15,34,741	29,19,154	12,97,900	2,926	McLeod & Co., Ltd.	243H	Baghmari	11.25	10	Nil	1.50	0.75		12	Y.
7,65,000	10,58,955	29,78,824	10,59,045	36,156	Andrew Yule & Co., Ltd. ..	267H	Bateli	28.12	10	4.00	4.50	3.00	2.50	12	Y.
4,95,900	8,13,912	22,03,321	12,55,654	19,244	National Tea Corporation ..	629	Betjan	14.37	10	1.30	1.30	2.00	0.75	12	Y.
6,40,000	12,30,747	21,99,738	9,54,032	7,512	Williamson Magor & Co., Ltd.	1,412H	Bishnauth	13.12	10	1.50	1.50	1.30		12	Y.
33,00,000	18,42,000	81,85,555	42,06,004	22,421	Octavius Steel & Co., Ltd. ..	194H	Bokakhat	10.06	10	1.50	1.50	1.50		12	Y.P.
7,00,000	5,03,003	16,37,466	4,69,270	6,849	McLeod & Co., Ltd.	226H	Bormah Jan Tea ..	10.69	10	1.50	1.00	0.75	0.75	6	Y.
7,50,000	11,90,375	19,37,572	5,57,329	14,236	J. P. Hannay, Esq. (Chairman)	1,147H	Brooke Bond	40.00	10	1.50	2.00			12	Y.
35,00,000	15,66,180	1,09,88,137	40,74,483	7,816	McLeod & Co., Ltd.	137H	Dejoo Valley	131.00	100	Nil	10.00	15.00	12.50	12	Y.
1,20,000	9,31,522	14,59,647	5,39 819	3,613	Jardine Henderson Ltd. ..	558H	Dessai & Parbutiia ..	20.37	10	1.25	1.00	0.80		12	Y.P.
8,40,000	10,10,142	36,62,645	23,12,677	....	James Warren & Co., Ltd. ..	726H	Dhelakhat	10.00	10	2.00	1.50	1.00	1.00	12	Y.P.
17,58,440	15,56,855	39,38,614	11,99,830	7,859	S. L. Dhanuka, Esq. (Chairman)	562H	Dhunseri	27.87	10	4.00	4.00	3.00		12	Y.P.
7,00,000	8,86,030	31,38,249	10,79,248	14,234	McLeod & Co., Ltd.	205H	Dibrugarh	23.12	10	2.50	2.00	2.50	3.00	12	Y.P.
4,50,000	16,36,695	23,94,330	6,85,611	22

MISCELLANEOUS COMPANIES—*Continued*

CERAMIC; MINING AND QUARRYING

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
36,00,000	12,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	5.94	10	0.60	0.50			3	Y.
18,50,000	6,38,242	23,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kot Ltd	22.00	10	2.00	2.00			9	Y.
68,23,544	30,84,112	1,94,48,115	96,49,200	2,065	Bharat Ram Bhagat & Co.	Bengal Potteries	4.19	2½	0.30	0.30	0.275		12	Y.
40,00,000	28,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	17.75	10	3.00	1.00	1.25		3	Y.
14,17,800	26,18,589	53,55,181	22,68,904	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	192.50	100	15.00	15.00	18.00		9	Y.P.
30,00,000	25,80,686	1,43,38,850	66,29,712	56,950	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd.	110.50	100	11.00	9.00	7.00		12	Y.P.
22,056,950	£2,304,999	£4,477,588	£2,577,638	£455	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.44	Sh. 2	27%	18%	12%		12	Y.
£15,00,000	29,37,096	49,30,247	14,36,451	1,570	Bird & Co. Private Ltd.	Karanpura Development	9.12	10	1.50	0.90	0.90		12	Y.
99,99,500	9,00,000	1,59,23,191	51,63,152	29,674	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd.	66.50	100	Nil	Nil	0.30		12	Y.P.
20,00,000	60,46,599	1,76,57,945	95,66,008	24,239	Bird & Co. Private Ltd.	Kumardhubi Fireclays and Silica Works	18.45	10	1.80	1.80	1.50		12	Y.P.R.
1,78,79,255	10,90,896	1,22,39,515	76,13,904	3,25,965	Sir Indra Singh, Kt. (Chairman)	Metal Corporation of India Ltd.	5.75	10	Nil	Nil			3	Y.P.
6,80,000	5,99,224	17,69,155	10,18,397	721	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	11.57cdN	10	1.20	1.50	1.25	1.25	3	Y.
20,00,000	67,67,431	80,62,201	34,56,786	28,801	Bird & Co. Private Ltd.	Orissa Minerals	20.00	10	2.80	2.00			6	Y.
12,18,650	22,84,051	1,05,25,903	57,38,031	43,395	A. V. Gharpure, Esq. (Chairman)	Parshuram Pottery Works Co., Ltd.	59.00	25	5.36	5.36	5.75		7	Y.P.
4,38,840	37,51,142	99,40,647	51,84,720	—28 63,858	Killick Industries Ltd.	Shivrajpur Syndicate	16.00	10	Nil	Nil	Nil		11	Y.
7,29,730	13,90,910	37,08,644	14,23,752	5,375	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	27.00	10	2.75	3.50	2.00		12	Y.
								7.50	1.375	1.75	1.50			

CHEMICAL

22,56,175	.....	1,79,449	12,076	—26,646	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers	71.00	100	Nil				3	Y.P.
1,44,50,000	91,50,574	3,54,14,220	1,39,51,186	16,265	Keynma Services	Alembic Chemical Works Co.	163.00	100	14.00	12.00	12.00		12	Y.P.
3,10,00,000	2,26,33,273	8,39,01,420	2,46,58,284	5,671	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	29.59	10	1.50	1.50	1.50		9	P.Y.
1,10,23,200	80,12,547	2,29,02,580	73,73,157	6,813	Amrital & Co. Private Ltd.	Amar Dye-Chem. Ltd.	158.75	100	9.00	9.00	8.00		12	Y.P.
29,84,000	47,67,886	2,21,76,216	99,62,362	....	Kasturbai Lalbhai & Co.	Anil Starch Products Ltd.	447.50	100	30.00*	25.00*	25.00*		12	Y.P.
3,24,16,200	1,83,84,680	7,54,09,808	2,06,13,757	19,425	Lalbhai Sons & Co.	Atul Products Ltd.	300.50	100	12.00	12.00	12.00		12	Y.S.
50,00,000	.....	35,050	910	....	F. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	58.00	100	Nil				6	Y.
1,25,45,900	67,58,823	1,59,19,707	81,89,070	5,728	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	102.00	100	10.00	10.00	10.00		6	Y.
1,25,00,000	1,44,62,999	1,71,93,875	43,76,317	16,332	Ramniwas B. Rula, Esq. (Chairman)	Colour-Chem Ltd.	327.50	100	30.00	30.00	12.00	16.00	3	Y.P.
14,86,344	4,34,918	17,40,490	9,02,099	12,818	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd.	32.00	25	3.00	3.00			12	Y.
41,88,250	58,16,953	1,64,19,639	87,13,284	9,897	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	123.00	50	8.00	8.00	8.00	10.00	12	Y.
1,07,50,000	1,67,55,420	7,10,60,072	2,65,98,147	76,110	Sahu Bros. (Saurashtra) Private Ltd.	Dhrangadhra Chemicals	126.50	100	15.00	6.00	8.00		3	Y.P.
6,98,97,740	61,43,460	10,44,89,467	4,07,36,979	3,85,109	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	5.00	10	0.60	0.60	0.60		3	Y.P.
1,86,76,000	71,67,780	2,54,75,973	26,44,827	9,006	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd.	302.50	100	Nil		1.25	1.50	3	Y.P.
12,00,000	6,54,411	28,94,858	15,61,602	19,974	Jal H. Mehta, Esq. (Chairman)	Kemp & Co.	263.75	200	25.00	7.00	7.00		3	Y.
1,60,98,120	42,10,801	2,86,96,278	1,23,06,874	12,185	Seshasayee Brothers Private Ltd.	Mettur Chemicals	15.05cd	10	1.25	20.00			3	Y.P.
24,81,220	13,92,685	55,25,511	47,52,455	3,322	T. Shanmuna, Esq. (Chairman)	Mysore Chemical and Fertilisers	7.87	10	1.25	1.375*	1.25	1.25	3	Y.P.T.
10,00,000	5,35,915	18,65,245	7,61,774	4,765	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemicals Mfg.	18.70	10	1.00	0.50	Nil		3	Y.
55,00,000	95,40,776	3,62,71,451	86,37,503	6,016	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	157.50	50	7.50	2.00	1.50		3	Y.P.
49,84,750	8,470	60,41,412	40,438	52,903	Emcete & Sons Private Ltd.	Premier Fertilisers Ltd.	6.25	10	0.75	0.75	0.75	7.50	12	Y.
22,50,000	17,68,293	65,52,467	27,96,505	11,012	Bangur Brothers Ltd.	Phosphate Co., Ltd.	174.00	100	Nil	Nil	Nil		12	Y.
20,00,000	17,67,251	31,86,795	15,60,805	19,167	D. M. Jaffray, Esq. (Chairman)	Smith Stanistreet & Co.	18.69	10	25.00	17.50	15.00		6	Y.
4,98,14,470	24,35,950	3,18,78,704	17,05,817	—9,88,858	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	86.00	5	1.25	1.35	1.125		6	Y.P.
3,02,33,815	1,09,52,567	9,01,05,274	3,04,93,567	2,823	Tata Industries Private Ltd.	Tata Chemicals	19.52	10	Nil	Nil	Nil		6	Y.
25,00,000	5,89,750	29,88,714	12,05,389	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd.	19.20cd	10	0.65	0.65	1.00		6	Y.P.T.
31,19,000	.....	8,98,892	1,492	—6,78,888	Mr. M. J. Vaidya (Chairman)	Travancore Electro-Chemical Ind.	68.00	100	Nil	2.25	2.00		3	Y.P.
14,99,375	2,62,500	25,88,794	3,46,383	—4,12,501	Mr. N. S. Iyengar (Chairman)	Uhramarine & Pigments Ltd.	110.00	100	Nil	Nil	Nil		12	Y.

ELECTRIC (BOMBAY)

9,74,78,895	1,85,12,801	18,97,78,999	5,60,50,102	264	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	104 00	100	7.00	8.00	8.00		3	Y.P.
1,04,11,020	68,12,174	3,66,91,895	1,03,99,754	27,080	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	9.32	10	0.90	0.90	0.90	0.90	3	Y.P.
3,02,77,000	1,28,89,917	12,35,61,084	3,04,61,313	26,154	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,220.00	1,000	80.00*	80.00*	90.00		3	Y.P.T.
1,75,00,000	1,21,07,262	6,11,22,126	1,25,80,588	3,870	Killick Industries Ltd.	Bombay Suburban Electric Supply	114.00	100	8.00	8.50	9.00		3	Y.P.
7,67,650	1,08,987	13,17,295	5,70,205	1,884	Nalapntana Textiles (Agencies) Ltd.	Broach Electric Supply Developmen	6.48	10	0.72	0.60	0.90		3	Y.
48,89,000	12,56,818	1,57,72,704	61,59,509	3,547	Rajputana Textiles (Agencies) Ltd.	Poona Electric Supply	14.00	100	8.25	8.25	8.00		3	Y.P.T.
70,00,000	52,32,482	2,04,57,383	73,49,175	18,482	Killick Industries Ltd.	Surat Electricity	110.00xd	100	8.25	8.25	8.00		3	Y.P.
2,49,00,000	1,39,56,841	9,29,94,314	2,25,22,926	27,884	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	125.50	100	8.00*	8.00	8.50	9.00	3	Y.P.
5,15,50,000	3,61,11,841	20,88,47,928	4,39,65,310	29,986	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,267.50	1,000	80.00*	80.00*	90.00		3	Y.P.

West Bengal and Other Centres

19,99,000	51,52,883	1,70,15,387	51,54,641	13,612	Martin Burn Ltd.	Agra Electric Supply Co. Ltd.	130.00	100	11.00	11.00	11.00		3	Y.T.
8,00,000	16,30,275	61,00,244	25,60,451	1,852	Martin Burn Ltd.	Bareilly Electric Supply	12.00	10	1.10	1.10	1.10		3	Y.T.
17,00,000	54,27,530	1,66,67,025	60,88,135	5,523	Martin Burn Ltd.	Benares Electric Light & Power Co.	12.50	10	1.10	1.10	1.10		3	Y.T.
54,362,646	£10,818,240	£37,582,951	£15,201,226	£100,524	Sir William Lamond (Chairman)	Calcutta Electric Supply	15.06	10	1.10	1.10	1.10		3	Y.T.
4,60,000	7,65,075	27,72,295	11,56,441	48,968	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	12.06	10	1.00	7½%			3	Y.T.
43,20,000	48,62,031	120,25,542	44,51,688	45,007	Andrew Yule & Co., Ltd.	Dhanbad Power Supply	86.00	100	1.00				3	Y.P.
5,24,640	1,48,267	42,35,379	17,60,526	47,123	Moonna Lall & Sons	Jhanal Electric Supply	5.40N	10	10.00	10.00	10.00	10.00	3	Y.P.
22,40,700	20,85,246	1,16,29,613	48,58,577	5,286	Martin Burn Ltd.	Jubbulpore Electric Supply	12.31	10	Nil	0.70			3	Y.T.
35,07,350	40,44,800	1,41,84,880	56,05,279	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.50	10	1.00	1.00	1.10		3	Y.T.
9,10,000	2,56,304	15,86,883	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	10.50	10	1.00				3	Y.T.
16,80,000	18,03,885	80,81,327	48,11,630	3,975	Bird & Co. Private Ltd.	Sijuah (Jherriah) Elec. Supply Co.	6.62	10	0.625				3	Y.T.
70,00,000	42,62,550	3,03,60,259	98,07,429	12,430	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	11.64xd	10	0.90	0.90			3	Y.T.
5,60,000	12,25,998	35,93,657	15,13,985	1,935	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	12.37	10	0.90	1.00	1.05	1.10	3	Y.T.S.
56,00,000	80,13,213	3,76,23,916	1,76,34,564	9,812	Martin Burn Ltd.	U. P. Electric Supply Co.	177.00	100	11.00	1.35	1.35		3	Y.T.
3,00,000	12 88,606	54,12,090	15,52,321	4,16,760	Chandric & Co. Private Ltd.	Vellore Electric Corporation	15.62cd	10	1.429	11.00	11.00		3	Y.T.

ENGINEERING (Bombay)

26,06,160	62,90,673	1,13,59,686	66,52,489	26,123	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	302.00	100	22.50	19.00			12	Y.
10,99,950	7,77,224	25,48,735	12,13,956	641	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	90 50	50	9.00*	9.00*	9.00		12	Y.
90,45,000	54,17,266	2,14,22,410	86,99,566	153	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	123.00	100	15.00	7.00	8.00		12	Y.
1,20,00,000	1,91,715	97,33,033	37,37,228	—12,767	M.	Hindustan Electric Co., Ltd.	106.00	100	13.00	13.00	14.00		12	Y.
50,00,000	1,28,73 184	2,72,67,477	1,56,47,099	146	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	162.50	100	13.00	Nil	Nil		4	Y.P.
15,00,000	4,61,618	9,54,586	1,82,481	38,604	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	47.00	50	5.00	5.00	3.00		6	Y.P.
56,00,000	20,64,247	1,12,98,186	37,56,506	18,589	Adnem Services	Jyoti Ltd.	136.25	100	13.00	14.00	14.00		6	Y.P.T.
14,40,250	14,87,882	45,97,096	18,63,607	4,511	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	12.00	10	12.00	9.00	10.00		12	Y.
67,61,445	1,42,50,068	2,19,41,464	85,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	13.12	10	2.50	2.50	2.50		12	Y.
61,84,940	71,08,895	1,87,70,079	67,59,801	578	Kirloskar Associates	Kirloskar Electric Co., Ltd.	39.50	25	2.50	2.50	1.20		9	Y.
14,40,250	79,27,886	1,78,05,369	69,39,529	23,096	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	12.25	10	1.10	1.10	1.00		6	Y.
27,58,550	20,54,388	50,71,378	16,74,703	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	26.00	10	1.50	1.50	1.20		6	Y.
38,19,770	5,14,084	1,34,12,444	50,13,120	1,69,270	Prem Kumar Gupta, Esq.(Mg.Director)	Lakshmiratan Eng.	170.00	100	12.50	12.50	10.00		3	Y.P.
1,65,00,000	1,12,23,304	2,34,04,270	77,19,557	15,974	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	6.24	10	Nil	Nil	Nil		9	Y.P.
57,29,880	.....	25,48,815	4,85,219	—8,20,078	B. L. Kucheria, Esq. (Secretary)	Lynx Machinery	22.68	10	1.50	1.40	1.40	1.50	3	Y.P.
30,12,160	49,49,061	2,06,51,285	95,55,916	3,337	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	7.00	10	Nil	Nil	Nil		3	Y.
1,97,98,145	1,14,00,083	2,29,64,781	89,96,801	15,767	Keshub Mahindra, Esq. (Chairman)	Mahindra & Mahindra Ltd.	22.76	10	Nil	1.25	1.50	1.50	3	Y.
88,00,000	1,29,812	53,73,065	28,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd.	17.12	10	1.50*	1.25	1.25		3	Y.P.
11,00,000	4,48,987	49,41,793	30,54,773	729	P. Jhunjhunwala, Esq. (Mg. Director)	McKenzies	115.00	100	Nil	Nil			10	Y.P.
1,09,01,007	1,06,62,412	2,31,72,285	97,21,770	....	Jeewan Ltd.	Mukand Iron & Steel	137.50	100	12.00	Nil	14.00		3	Y.P.
D. 1,24,830							18.80	10	1.20	1.20	1.20	1.20	7	Y.P.
50,00,000														
7,50,000	58,34,203	1,33,49,872	35,50,104	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	156.25	100	12.00	12.00	12.00	12.00	3	Y.P.
15,55,400	11,96,582	39,01,901	14,35,875	3,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	126.00	75	6.00	6.00	10.00		3	Y.
62,44,050	33,16,029	1,55,97,206	46,25,649	15,598	Y. V. Patel, Esq. (Mg. Director)	New Standard Engineering	100.00	50	6.50	6.50	5.00		3	Y.
33,99,970	1,38,20,545	11,58,575	3,47,855	455	Walchand & Co. Private Ltd.	Premier Construction	142.00	100	9.00	9.00			3	Y.
78,67,725	46,64,730	1,28,39,480	60,80,553	5,588	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	190.75	80	10.00	9.00	9.00	10.00	3	Y.P.
W.55,70,501	44,97,04,718	2,00,37,64,330	1,00,22,56,016	2,44,126	Tata Industries Private Ltd.	Tata Iron and Steel	90.00	100	13.00	8.00	14.00		3	Y.P.
9,86,26,823	5,58,56,882	39,19,96,452	18,01,54,678	80,375	Tata Industries Private Ltd.	Tata Locomotive	160.00	75 Old	10.50*	8.00	6.00		3	Y.P.
37,22,280	13,83,192	65,71,263	19,00,582	11,654	T. Manekial & Co.	T. Manekial Mfg. Co.	276.00xrxd	100	14.50	14.50*	11.00	12.00	3	Y.P.
41,56,750	38,95,021	1,19,50,575	11,98,441	1,176	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	580.00	100	14.00	14.00	14.00	14.50	3	Y.P.
2,55,00,000	3,28,57,187	1,79,11,762	48,75,033		J. D. Choksi, Esq. (Chairman)	J. D. Choksi & Co.	25.00	10	2.25	2.25	2.25		3	Y.
69,96,943	49,94,169	1,30,88,393	12,92,240	4,991	M.	Zenith Steel Pipes Ltd.	276.50	50	14.00	14.00	14.00		3	Y.
							15.48	10	Nil	Nil	0.60		4	Y.

West Bengal and Other Centres

6,00,000	7,26,561	48,61,413	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	21.25	10	Nil	1.00			12	Y.T.
50,00,000	56,58,221	1,22,65,591	62,98,550	2,258	Tantia Brothers Pvt. Ltd.	Bhartia Electric Steel	15.00	10	1.00	1.00	1.50		12	Y.
40,00,000	12,24,788	52,01,611	18,86,998	21,482	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	12.94	10	1.00	1.00	1.20		12	Y.
1,00,00,000	1,40,23,453	2,23,33,310	1,82,74,056	....	T. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	33.25	10	1.00	1.00	1.00		12	Y.
12,00,000	58,62,080	1,56,65,242	85,25,828	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	49.00N	10	2.50	1.40	2.00		12	Y.
10,86,670	7,04,841	39,97,580	14,08,635	22,996	Homee Wilson & Co. Ltd.	Britannia Building and Iron	8.62	10	1.00	0.90	3.00		12	Y.
1,00,00,000	82,95,765	1,98,53,660	50,90,275	5,115	McLeod & Co., Ltd.	Britannia Engineering	15.15	10	Nil	3.00			12	Y.
22,50,000	23,97,576	44,64,472	22,91,671	....	Balmer Lawrie & Co., Ltd.	Dr. I. Blechic Construction	20.12	10	1.00	1.00			12	Y.
1,00,00,000	2,29,82,387	7,65,66,696	4,17 99,966	....	Martin Burn Ltd.	Burn & Co.	280.00	100	20.00	1.50	1.50		12	Y.
1,00,00,000	22,70,328	81,19,077	24,19,384	1,57,572	R. N. Bhotika, Esq. (Secretary)	Calcutta Steel Co., Ltd.	28.50	100	22.50	22.50	1.50		12	Y.
1,00,00,000	45,99,184	2,48,13,414	99,12,322	32,961	R. L. Malhaaria, Esq.	Central India Machinery Mfg. Co., Ltd.	13.94	5	1.50	1.50	1.25	15.00	4	Y.
30,00,000	35,00,000	1,74,24,651	51,07,264	6,868	M.	Indian Iron & Steel Ltd.	14.00	10	1.50	1.50	1.25	1.50	3	Y.
80,93,490	28,26,008	1,26,09,918	30,29,918	21,899	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	11.37	10	Nil	Nil	0.75		3	Y.
1,00,18,450	77,16,558	2,44,45,066	86,44,256	15,200	Harperhad & Co. Private Ltd.	Escort Ltd.	18.75	10	1.00	1.00	1.00		3	Y.
6,32,18,740	5,12,05,807	10,11,66,706	3,82,48,700	....	N. K. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	17.12	10	1.00	1.00	1.00		10	Y.
17,50,000	11,04,000	62,95,094	44,08,320	3,227	Martin Burn Ltd.	Hooghly Docking	24.00	10	1.50	1.10	Nil		12	Y.
12,44,62,990	41,06,47,560	86,61,86,359	28,54,54,800	....	Martin Burn Ltd.	Indian Iron and Steel	77.00	50	1.40	1.40	1.20		12	Y.
77,97,000	1,25,90,911	1,82,99,529	94,86,216	....	Martin Burn Ltd.	Indian Standard Wagon	37.50	10	Nil	1.40	1.20		12	Y.
98,58,160	8,28,86,672	4,86,80,100	1,02,97,757	6,022	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products	37.62	10	1.50	1.00	1.00	1.70*	3	Y.
25,550							81.50	10	2.25	2.25	2.00*	2.00	3	Y.
48,78,550	4,68,050	58,00,314	26,97,142	27,385	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	11.37	10	1.00	1.00	1.00		3	Y.
1,51,57,197	1,86,61,958	5,12,70,807	2,20,47,904	4,996	Madan Mohan Lal Shri Ram & Co.Pvt.Ltd.	Jay Engineering Works Ltd.	9.90cd	10	0.24	0.25	0.30		3	Y.
40,00,000	48,79,000	97,98,020	30,88,807	2,169	J. K. Industries Private Ltd.	J. K. Steel Ltd.	18.56	10	1.25	1.00	0.80	0.90	3	Y.
2,66,66,000	1,06,14,250	5,87,97,456	1,90,97,854	64,815	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	17.37	10	1.00	1.00	1.00		3	Y.
27,54,880	65,08,046	1,16,97,149	56,44,607	3,146	Bird & Co. Private Ltd.	Kumardhubi Engineering Works	11.12	10	1.00	1.00	1.00		3	Y.
16,50,000	1,09,591	18,65,529	14,91,446	—15,06,413	Marshalls (Direction) Private Ltd.	Marshall Sons & Co. (India) Ltd.	5.55	5	0.25	0.25	1.00		10	Y.
40,00,000	12,56,898	1,54,02,194	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd.	2.87	2	Nil	0.45	0.50		11	Y.
6,00,000	20,52,802	32,19,320	22,45,052	19,804	The British India Corpn. Ltd.	Saran Engineering Co.	6.31	10	Nil	Nil			3	Y.
66,05,790	9,55,000	75,87,455	14,63,810	58,514	Mr. N. Ranganadhan (Mg. Director)	Southern Structurals	8.69	10	Nil	Nil			3	Y.
1,50,00,000	1,25,61,066	3,74,98,913	2,02,91,642	54,805	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	10.28	10	0.40	0.40	0.40		3	Y.
99,44,225	30,10,964	1,09,97,815	40,20,919	3,132	Balasundaram & Co.	Textool Co. Ltd.	26.65	10	1.00	1.00	0.90		3	Y.
14,49,425	.....	4,88,089	25,840	—2,84,332	B. A. Harper, Esq. (Mg. Director)	Waltman Incandescent India Ltd.	154.00	100	15.00	1.25	1.50		12	Y.
							11.31	10		15.00	12.00		4	Y.

* Includes bonus. 'C'—Sh Increased Capital. M—Managed by Board of Directors. X.R.—Ex. Right.

N.B.—All dividends paid since 31st March 1956 are shown as taxable.

MISCELLANEOUS COMPANIES—*Continued*

INSURANCE (X)

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
12,50,000	69,03,607	2,06,89,131	87,91,455‡‡	25,429	N. M. Cole, Esq.	Consord of India	9.25	5	1.00	1.00	1.00		12	Y.
10,00,000	11,46,196	28,45,030		66,290	M.	Devkaran Nanjee Insurance	23.50	10	2.625	2.625	2.625		12	Y.
24,00,000	1,19,24,652	1,83,12,997	80,66,314‡‡	21,084	H. V. R. Iengar, Esq. (Chairman)	Hercules Insurance	51.50	50	6.00	7.50	8.00		12	Y.
21,15,300	66,08,377	1,18,54,062	78,91,042‡‡	37,539	K. M. D. Thackersey, Esq. (Chairman)	Indian Mercantile Insurance	32.76	20	3.00	3.00	3.00		12	Y.
30,00,000	98,14,623	2,51,55,538	1,06,14,360‡‡	20,414	M. G. Mody, Esq. (General Manag r (I).	New

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
98,75,000	2 46,84,621	7,27,46,445	1,37,72,801	11,965	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd...	12.94	10	1.20	1.20	0.50		3	Y.P.T.
1,34,03,488	77,93,680	2,60,01,535	1,14,51,103	69,958	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	23.00cd	10	0.90	1.50	1.50	1.80	3	Y.
7,48,700 } 12,85,175 }	2,72,000	16,65,492	2,19,926	1,442	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	{ 9.85 7.15	10 7.50	.. 0.50	1.00 0.50	0.50 0.375		} 4	Y.
30,00,000	44,23,928	46,09,374	29,12,654	2,17,051	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	2.81	10	2.80	2.80	0.50		3	Y.
4,97,14,990	81,08,000	5,99,72,026	1,61,25,818	53,899	A. E. L. Collins, Esq. (Mg. Director)..	Ashok Leyland Ltd.	6.80	5	0.30	2.80	2.80		3	Y.
30,00,000	43,10,024	50,67,241	27,77,690	18,162	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co. Ltd.	26.37	10	2.00*	2.00*	0.85		3	Y.
3,18,00,000	98,34,917	1,31,10,564	77,02,281	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A.	25.37	10	2.00	2.00*	2.00		12	Y.
20,00,000	44 17,208	77,53,757	34,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	10.37N	10	1.50	1.50	1.50		8	Y.P.T.
80,01,400	1,26,93,254	97,20,051	46,35,240	.....	C. G. Montgomery, Esq. (Chairman)..	Balmer Lawrie & Co., Ltd.	233.00	100	1.00	1.00	..		6	Y.
12,00,000	31,52,123	39,22,354	35,10,354	.....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	33.87	10	25.00	25.00	22.50		12	Y.
20,00,000	9,62,972	57,82,724§§	.....	1,064	Lovelock & Lewis	Birds Investment Ltd.	33.87	10	2.50	2.50	3.00		12	Y.
66,95,530	1,00,95,705	2,16,07,495	89,93,468	745	K. Julian Scott, Esq. (Mg. Director)..	Britannia Biscuits	8.75	10	1.00	1.00	0.80		9	Y.P.
2,25,00,000	2,59,81,762	3,30,37,927	2,59,48,445	23,545	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	36.87	10	3.00*	2.50	2.10	2.10	3	Y.P.T.
80,00,000	49,02,950	52,35,651	29,71,082	2,226	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	10.81	5	0.25	0.45	0.75		12	Y.P.
1,38,80,000	14,77,612	1,77,96,192§§	.....	2,75,442	Andrew Yule & Co., Ltd.	Clive Row Investments	23.19	10	1.25	1.00	1.50		12	Y.
5,96,650	7,50,000	40,86,667	30,84,660	28,239	K. L. Mital, Esq. (Secretary) ..	Delhi Flour Mills Co. Ltd.	8.44	10	0.75	0.75	0.80		12	Y.
4,80,00,000	6,23,00,650	12,21,08,895	5,75,17,151	.....	M. L. Bexon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	15.00N	10	1.00	0.70	..		10	Y.P.T.
90,00,000	1,27,45,500	39,14,313	14,46,854	2,42,095	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	33.00	10	2.00	1.50	1.75		12	Y.P.T.
56,72,320	2,23,56,496	2,44,33,402	53,53,071	46,051	N. N. Mohan Esq. (Mg. Director) ..	Dyer Meakin Breweries	135.00	100	14.00	14.00	..		12	Y.
76,89,000	65,11,801	1,78,16,455§§	.....	1,51,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	23.19	5	1.50	0.90	0.90		3	Y.
95,58,202	1,93,822	26,02,244	8,43,057	4,08,444	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	102.00	100	14.00	12.00	10.00		12	Y.P.
48,35,000	9,17,059	1,27,35,885	61,42,015	5,749	Satish Chandra, Esq. (Chairman) ..	Enfield India Ltd.	10.30	10	Nil	Nil	Nil		8	Y.P.
40,12,888	89,64,090	1,15,37,705	59,85,716	2,02,302	S. Sankaran, Esq. (Mg. Director) ..	Gaekwad Flour Mills Co., Ltd.	10.30	10	0.40	0.40	0.75		12	Y.P.
14,00,000	10,92,000	44,75,416	22,85,812	46,128	Satya Narain Gupta, Esq. (Chairman).	Ganges Rope Co., Ltd.	11.00	10	1.50	1.50	..		12	Y.P.
80,00,000	..	4,75,255	21,691	—8,80,640	Macneill & Barry Ltd.	National Rubber Mfrs. Ltd.	260.00	100	20.00	15.00	..		12	Y.
65,00,000	58,42,190	34,60,723	20,88,588	15,471	J. W. Esson, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	6.65	7.50	Nil	Nil	Nil		6	Y.
40,00,000	85,10,500	88,90,747	56,46,453	2,446	D. S. Barton, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	14.87	10	1.10	1.10	1.10		3	Y.P.
2,00,15,000	1,84,68,733	3,68,93,878	37,76,535	51,86,310	R. E. O. Carey, Esq. (Mg. Director)	Goodyear India Ltd.	22.00	10	4.00	8.00	2.00		12	Y.P.
8,09,49,550	3,80,11,174	15,66,69,234	6,34,19,901	13,299	Birla Brothers Private Ltd.	Hindustan Motors	23.37	10	Nil	..	..		12	Y.
1,80,00,000	57,26,612	3,18,45,042	72,54,008	—12,90,811	Talukdar Law & Co. Private Ltd. ..	Hindustan Pilkington Glass	17.91	10	1.20	1.25	1.15	1.15	3	Y.
39,91,300	1,02,500	1,07,03,504	18,85,994	— 5,10,975	H. L. Somany, Esq. (Chairman) ..	Hindustan Twyfords Ltd.	14.44	10	1.20	Nil	Nil	Nil	10	Y.
15,16,00,000	11,33,31,191	8,38,63,775	4,44,17,194	80,168	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	15.81	10	Nil	Nil	Nil	0.65	3	Y.P.
6,00,44,450	5,02,72,274	6 31,36,092	12,67,08,063	4,12,610	H. V. R. Iengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	8.75	10	0.80	0.80	0.80		3	Y.
2,48,55,450	3,38,26,675	3,46,31,931	1,88,64,278	21,521	J. V. J. Paterson, Esq. (Chairman) ..	Indian Cable Co., Ltd.	32.37	10	1.50	1.75	1.75		12	Y.P.T.
1,00,00,000	1,61,33,886	9,06,12,544	3,91,56,221	35,587	Amiya Kumar Sen, Esq. (Mg. Director	Indian Oxygen Ltd.	84.62	10	2.25	2.25	2.25		3	Y.T.
29,98,376	1,89,625	60,13,958	28,12,852	66,066	M.	Indian Plastics Ltd.	26.50	10	1.20	1.20	1.20		3	Y.P.
8,27,970	12 42,783	22,18,109	13,35,190	53,791	M.	Indian Rubber Manufacturers	7.75	10	Nil	Nil	Nil		9	Y.P.
74,98,900	5,31,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Woolcombers of India Ltd.	21.87	10	3.00	3.60	..		3	Y.P.
2,00,00,000	97,10,720	58,40,429	19,24,182	.....	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	11.37	10	Nil	Nil	..		12	Y.
18,00,000	13,00,000	16,79,359	1,52,572	64,044	J. K. Agents Private Ltd.	Jay Engineering Works Ltd.	74.00	10	7.00	6.00	7.00		3	Y.P.
1,40,20,888	29,23,514	2,73,13,972	18,67,683	1,01,639	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	9.12	10	1.00	..	..		3	Y.P.
1,47,12,250	1,36,23,646	94,70,888	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	26.94	10	0.80	0.45	0.82		9	Y.
16,00,000	14,99,568	29,93,908	5,30,650	.....	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	22.22	10	2.75	2.50	2.50		9	Y.
47,12,000	90,33,866	84,12,628	15,66,033	2,34,727	M.	McLeod & Co.	217.00	10	1.25	0.60	..		12	Y.
3,22,00,000	2,96,70,151	5,27,62,316	1,88,41,107	2,480	M. K. Vellodi, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	217.00	100	15.00	18.00	..		12	Y.P.
84,88,000	22,90,164	82,88,801	11,11,306	3,826	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electric Industries Ltd. ..	31.50	10	2.50	2.50	1.90	1.80	3	Y.
6,58,256	10,53,965	15,65,796	46,55,184	1,217	Mr. M. Subramanyam (Chairman) ..	Mysore Lamp Works	166.00cd	100	7.00	20.00	12.00		3	Y.
10,00,000	5,45,007	25,01,104	14,36,682	14,104	I. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	20.00	10	2.50	3.70*	0.80		3	Y.P.
1,35,00,000	1,27,32,234	1,84,18,092	72,46,676	21,708	Associated Ind. Dev. Co. (Pvt.) Ltd..	National Insulated Cable Co.	11.56cd	10	Nil	1.00	1.00	1.10	3	Y.
80,00,000	86,90,800	56,25,226	23,56,376	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd..	National Pipes & Tube Co., Ltd. ..	26.69	10	2.50	2.50	1.80		3	Y.
40,00,000	89,77,485	81,98,266	44,68,902	85,955	Associated Ind. Dev. Co. (Pvt.) Ltd..	National Rolling & Steel Ropes ..	28.69	10	2.00	2.00	2.00		9	Y.P.
80,00,000	21,55,713	1,30,14,650	62,00,886	55,629	K. N. Mookerjee, Esq. (Mg. Director.)	National Rubber Manufacturers Ltd...	22.12	10	1.50	1.50	..		6	Y.
79,97,000	1,20,45,008	1,76,39,100	1,01,47,234	2,26,488	R. N. Elias & Co. Private Ltd... ..	National Tobacco Co.	10.81	10	0.65	0.80	1.00		12	Y.
28,82,100	17,27,391	64,55,515§§	.....	46,960	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	12.06	10	0.70	0.70	0.80		12	Y.P.T.
20,00,000	10,04,500	19,06,562	10,15,929	2,708	Parry & Co., Ltd.	Parrys Confectionery Ltd.	63.00	75	6.50	6.00	..		12	Y.
2,50,00,000	1,13,85,066	2,58,55,971	1,25,99,971	43,000	W.A.C.H. Bosschaart, Esq. (Chairman)	Phillips India Ltd.	27.50	10	1.20	0.28	0.16		3	Y.
1,56,25,000	9,45,700	2,36,97,801	89,71,134	—47,66,822	Duncan Brothers & Co., Ltd.	Phillips Carbon Co.	13.62	5	Nil	1.50	1.50		3	Y.
12,25,500	7,44,984	30,08,133	7,95,031	4,309	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	9.15cd	5	Nil	Nil	Nil		3	Y.P.
41,56,400	43,63,715	75,97,564	27,98,850	2,987	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd. ..	20.87cd	5	0.70	0.75	0.75		3	Y.P.
2,25,00,000	41,45,070	1,66,51,275	65,85,070	5,962	Badridas Goenka, Esq. (Chairman) ..	Radio India Ltd.	6.50	10	1.50	1.50	1.80		3	Y.
5,00,00,000	3,35,90,000	15,86,08,576	7,92,70,768	4,805	Sahu Jain Ltd.	Rohtas Industries	125.00	100	8.50	8.50	10.00		3	Y.P.
1,25,00,000	86,99,991	3,28,44,422	1,37,12,414	4,301	K. D. Gangull, Esq. (Secretary) ..	Ren-Raleigh Ltd.	11.00	10	1.00	0.80	0.90		9	Y.P.T.
71,60,0000	..	1,02,02,408	9,21,237	—14,10,918	Seshasayee Brothers Pvt. Ltd. ..	Seshasayee Industries	18.69	10	0.80	0.80	Nil		9	Y.
75,00,000	69,54,952	1,66,99,597	70,28,936	3,55,748	C. M. A. Bathurst, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	7.00	10	Nil	Nil	..		12	Y.
40,00,000	1,10,03,806	1,65,53,654	89,35,199	4,37,429	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	14.62	10	1.50	0.75	1.25		12	Y.P.
47,00,000	82,00,000	2,09,15,605	83,50,721	14,252	Standard Motor Co. (India) Pvt. Ltd..	Standard Motor Products	21.87	10	1.80	1.80	1.80		6	Y.P.
9,99,810	59,875	19,24,738	10,28,291	1,292	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	10.15	10	0.80	0.80	..		12	Y.P.
11,56,800	19,10,841	16,95,997	8,53,687	53,666	J. H. Wilkes, Esq. (Gen. Manager) ..	T. Stanes & Co. Ltd.	5.03	10	0.70	0.65	0.65		12	Y.
3,50,00,000	2,14,79,630	5,65,84,026	1,69,15,726	50,610	Sir A. Ramaswami Mudaliar (Chairman	Tube Investments of India Ltd.	30.25cd	10	1.50	3.25	3.25		3	Y.
8,58,950	7,01,942	72,26,373	46,26,373	89,276	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd.	185.00	100	10.00	10.00	10.00		3	Y.
2,80,00,000	3,80,54,275	7,77,15,892	2,63,25,232	1,93,008	J. R. Galloway, Esq. (Chairman) ..	Union Carbide India Ltd.	9.44	10	Nil	Nil	10.00		7	Y.
50,00,000	91,28,520	70,39,890	27,47,493	.....	Vittal Mallya, Esq. (Chairman) ..	United Breweries	38.19	10	1.80	1.25	1.50		12	Y.T.
6,00,000	8,41,748	9,59,493	6,77,689	8,262	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	33.00	10	2.00	2.50	0.60		3	Y.
31,46,200	43,08,662	1,21,03,805	64,16,526	16,013	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd... ..	217.00cd	100	12.0r	14.00	15.00	16.00	3	Y.P.
TRANSPORT														
20,00,000	23,73,552	70,97,762	20,00,732	54,555	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	108.00	100	7.50	10.00	10.00		10	Y.P.
1,00,00,000	1,00,25,552	3,75,69,710	1,67,58,127	—68,12,170	Dinshaw (Private) Ltd.	Bharat Line	4.50	10	Nil	Nil	0.50		12	Y.
60,00,000 } 30,00,000 }	2,71,64,446	10,84,29,602	3,49,39,642	1,28 987	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	{ 14.52 13.36	10 10	0.78 0.39	1.00 0.50	Nil Nil		} 6	Y.P.
66,55,580	41,794,360	£4,312,991	£2,342,183	—£84,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. .	84.00	£10	Nil	Nil	Nil		12	Y.P.
2,47,50,000	1,65,24,538	23,32,64,932	9,16,76,188	....	Lionel Edwards (Private) Ltd. ..	India Steamship Co.	6.50	10	Nil	Nil	Nil		12	Y.P.
11,28,19,293	11,58 24,547	36,88,60,105	12,46,17,005	2,82,649	D. N. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	16.44	10	Nil	Nil	Nil	Nil	3	Y.
3,40,800 } P.O. 3,10,200 }	80,76,582	18,79,885	11,06,250	21,687	E. B. Alyer, Esq. (Manager)	Walford Transport Ltd.	{ 3.06 2.94	O. 1 P.O. 1	0.30 0.20	0.60 0.20	1.00 0.27		} 6	Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
25,50,000	49,27,800	1,49,32,049	90,70,765	89,096	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	21.19	10	1.25	1.50	1.50	2.00	3	Y.
12,00,000	15,08,880	42,54,256	37,43,316	.....	Jardine Henderson Ltd.	Barraree Coke	21.00	10	Nil	1.50	..		3	Y.
4,49,850	1,52,388	11,57,089	6,92,088	5,292	Kalyanji Mavji & Co	Bengal-Bhatdee	9.48	10	Nil	1.50	1.50	2.00	3	Y.
1,20,00,000	2,86,23,178	9,41,09,762	5,68,34,133	1,03,409	Andrew Yule & Co., Ltd.	Bengal Coal	262.00	100	21.00	19.00	16.00		12	Y.P.T.
2,25,000	5,45,585	24,66,885	21,01,144	16,129	M.	Bengal-Nagpur	22.00N	10	2.60				10	Y.P.T.
4,00,000	64,950	1,27,37,959	69,90,595	—3,95,581	Sahu Jain Ltd.	Bharat Collieries	2.66	10	Nil	Nil	..		12	Y.P.T.
7,15,000	8,31,772	59,01,884	37,66,466	—6,87,301	M.	Bhulanbarares	10.00N	10	Nil	..	..		12	Y.P.
7,50,000	29,11,605	56,15,904	32,39,262	6,032	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	18.25	10	1.50	1.50	1.50		12	Y.P.
90 92,480	94,32,421	4,74,28,820	2 50 88,877	90,788	Bird & Co. Private Ltd.	Burrakur	17.06	10	1.30	1.30	1.30		12	Y.P.
49,97,780	10,46,028	91,51,487	86,62,095	20,778	Hindustan Investment Corpn. Ltd. ..	Central India	9.50	10	1.00	1.00	0.90	1.00	6	Y.
8,00,000	12,99,400	84,18,457	35,46,265	—1,26,641	Jain Industries	Central Kurkend	3.44	10	..	..	..		3	Y.
16,00,000	..	61,00,941	36,95,941	—5,39,084	M.	Dhori Main	8.95	10	..	..	..		12	Y.
82,40,000	£561,055	£979,072	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	27.62	£1	2.00	2.75	..		12	Y.
29,85,760	1,22,22,090	5,29 46,901	3 93,26,117	1,57,517	Macneill & Barry Ltd.	Equitable	21.50	10	2.00	1.00	1.00		4	Y.P.T.
15,00,000	..	27,42,800	9,83,923	—5,84,265	Hatter's Agency Ltd.	Ghusick and Musila	13.87	10	Nil	Nil	..		12	Y.
12,00,000	2,41,433	45,20,017	30,34,265	706	Killick Industries Ltd.	Hingir-Rampur	41.00	50	Nil	Nil	..		3	Y.P.
3,00,000	..	26,07,213	20,64,191	—3,65,025	M.	Hurriladih	5.44N	10	Nil	Nil	..		6	Y.
20,00,000	17,65,800	57,00,243	19,62,364	1,071	Bird & Co. Private Ltd.	Karanpura Collieries	13.00cd	10	1.00	1.00	1.00	1.20	12	Y.P.
14,90,460	20,19,553	70,21,254	40,47,670	22,813	Andrew Yule & Co., Ltd.	Katras Jharriah	28.12	10	4.00	2.50	3.00		2	Y.
9,00,000	10,27,762	29,57,644	23,77,712	57,591	B. V. Low & Co. (Private) Ltd. ..	Lakurka	15.00	10	..	..	..		3	Y.
7,48,240	56,490	13,90,484	10,51,223	74,711	Tantia Brothers Private Ltd.	Nazira	4.69	10	Nil	Nil	..		4	Y.
21,97,210	46,16,139	2,10,81,103	1,23,85,029	15,709	Andrew Yule & Co., Ltd.	New Beerbhoom	17.00	10	1.00	1.20	1.00		12	Y.P.
10,00,000	5,90,206	12,37,188	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Maubhoom	11.12	10	0.90	1.20	1.00		10	Y.P.
1 15,000 } 1,57,000 }	4,31,409	17,65,275	10,59,556	15,045	M.	North West	{ 19.00N 17.50N	10 7.50	2.00 1.50	.. ..	.. ..		} 3	Y.
7,50 000	12,52,534	1,94,347	22,85,005(k)	.....	P. Prashad, Esq. (Chairman	Ondal	27.50	10	1.20	1.20	..		12	Y.
3,84 000	1,52,212	37,86,226	14,17,160	589	Deepchand Kisheniall	Parasea	13.50	10	0.75	0.75	0.50		12	Y.P.T.
25,75,'80	24,59,125	87,88,226	54,38,263	54,253	Shaw Wallace & Co., Ltd.	Pench Valley	14.00	10	0.125	..	..		12	Y.P.
41,99,120	40,85 000	1,62,75,221	1,12,46,598	35,781	M.	Ranegunge	17.44	10	1.00	1.00	..		3	Y.
13,50,000	32 96 490	89,33,834	47,23,819	8,453	Shaw Wallace & Co., Ltd.	Rewa	13.06	10	1.70	1.70	1.70		3	Y.
37,50,000	45,20,336	1,20,44,712	48,96,957	3,053	M.	Samla Collieries	21.62	10	2.00	1.00	1.50		12	Y.
40,00,000	16,17,485	1,10,28,290	24,54,119	1,672	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries	7.81	10	1.00	0.75	0.75		12	Y.
2,80,000	14,49 316	36,11,289	22,95,222	16,284	Andrew Yule & Co., Ltd.	Seebpore	104.00	100	14.00	10.00	10.00		12	Y.P.
12,84,000	6,35,222	35,740	18,68,748(k)	382	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	84.75	7	3.00	2 50	2.00		12	Y.P.
3,00,00,000	1,42,11,727	1,02,02,408	9,21,237	—14,10,918	Seshasayee Brothers Pvt. Ltd. ..	Singareni	4.06	10	0.85	0.25	0.30		12	Y.
17,50,000	11,77,056	57,60,323	25,84,592	3,001	Bird & Co. Private Ltd.	South Karanpura	9.75	10	0.75	..	0.75		3	Y.
8,00,000	16,18,989	1,53,707	25,10,145(k)	4,723	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	6.56	10	Nil	Nil	0.75		3	Y.
3,50,000	3,01,032	23,77,775	17,78,536	56,403	B. M. Varma, Esq. (Mg. Director) ..	Union	9.62	10	1.00	1.00	0.25		3	Y.
49,98,000	6,09,055	1,05,82,162	42,25,012	1,19,162	Hindustan Investment Corpn. Ltd. ..	Western Bengal	10.25N	10	0.75	1.00	1.00		12	Y.
7,00,000	....	60,62,759	34,56,424	—6,23,711	M.	West Jamoria	9.56	10	0.75	0.90	..		12	Y.
							3.60	10	Nil				12	Y.

B.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments. §§Investment at cost.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X.B.—Ex-Bonus. *Includes bonus.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	94.00	100
BREWERIES AND SUGAR						
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April ..	60.00	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.50	Mar. Sept.	72.00	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb. Aug.	113.00	100
Deccan Sugar & Abkhar 'A' T.F.C...	7,00,000	1920	7.00	July Apr.	4.28	5
East India Distilleries C.	£200,000	1897	5.00	Jan. July	17.83	£1
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec. ..	60.00	100
Do. (Non-redeem)	5,00,000	1940	10.00

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
67,50,000	1,33,55,000	4,67,639	Allahabad Bank	248.00	100	18.00‡	15.00	15.00		12	Y.P.
1,01,800	30,58,220	4,794	Andhra Bank	103.00	100	8.00	8.00	8.00		6,12	H.
40,78,300				85.75	85	6.80	6.80	6.80			
2,90,00,000	2,44,93,760	2,96,970	Bank of Baroda	98.00	50	8.50	8.00	9.00		12	Y.
3,55,00,000	4,86,00,000	4,19,848	Bank of India	104.00	50	10.00	10.00	9.00	4.00‡	6,12	R.L.Y.
A. 50,00,000				103.00	50'A'	10.00	10.00	9.00	4.00‡		
60,30,030	35,90,200	47,625	Bank of Maharashtra	52.50	50	4.50	4.50	4.50		12	Y.
86,00,000	1,00,78,033	.....	Canara Bank Ltd.	81.00	50	7.50	7.50	7.50		12	Y.P.
25,00,000	27,00,000	9,000	Canara Banking Corporation Ltd. ..	68.80	50	7.50	7.50	6.00		12	Y.P.
'A' 5,99,880				143.50	100'A'	20.00‡	20.00	20.00			
'B' 41,42,120	75,20,000	17,041	Syndicate Bank Ltd.	19.00	10'B'	2.00‡	2.00	2.00		12	Y.P.
'C' 2,00,000				1.57	1'C'	0.20‡	0.20	0.20			
2,63,01,800				52.50	25	5.00	5.00	5.00	2.40‡	12	R.L.Y.
'A' 52,50,000	5,20,41,606	91,510	Central Bank of India Ltd.	54.00	25	5.00	5.00	5.00	2.40‡		
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co. ..	65.50	50	5.50	5.50	6.00		12	Y.
3,00,00,000	2,40,00,000	70,60,104	Habib Bank Ltd. P.	20.00N	5	20%	20%	20%		12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank ..	10.62	50	Nil	Nil	Nil		12	Y.
50,00,000	2,50,000	18,103	Hindustan Mercantile Bank ..	10.50	50	Nil	Nil	Nil		12	Y.
85,46,215	92,91,884	1,61,942	Indian Bank	151.00xd	100	15.00	14.00‡	15.00‡		12	R.L.Y.
99,71,575	93,82,535	1,01,350	Indian Overseas Bank Ltd. ..	147.00	100	14.00	12.00	14.00		12	Y.
2,00,00,000	2,87,10,000	2,27,073	Punjab National Bank	20.60	10	2.00	2.00	2.00		12	Y.
5,62,50,000	9,30,00,000	35,50,831	State Bank of India	405.00	100	28.00	28.00	28.00		12	Y.
1,00,00,000	75,00,000	1,57,743	Union Bank of India	6.40	5	0.57	0.57	0.57		12	Y.
2,79,56,812	3,20,00,000	75,942	United Commercial Bank	73.00	50	6.00	6.00	6.00		12	Y.
2,68,71,987	1,00,80,000	4,15,815	United Bank of India.. ..	7.81	10	0.60	0.60	0.75		12	R.L.Y.
PRINCIPAL EXCHANGE BANKS (Dividend per cent.)											
£6,600,000	£7,525,000	£510,433	Chartered Bank	£2-13-0	£1	15†	15†	15†		12	Y.
H.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£21‡	H.K. $25	sh. 15*	sh. 16*	sh. 16*		12	Y.
£5,708,000	£5,250,000	£316,941	National and Grindlays Bank Ltd..	£1-10-6	sh. 15	14†‡	16†‡	16†‡		12	H.Y.

‡ Includes bonus. P—Figures in Pak rupees. Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June ..	Carew & Co.	1936	98.50	1st June 1970
2,45,000	6½	1st March and 13th September..	Carew & Co. (2nd mortgage)	1941	95.00N	28th February .. 1970
25,00,000	4½	1st May and 1st November..	Walchandnagar Industries	1944	99.50	1st November .. 1969-64
75,00,000	6	1st July and 1st January ..	Walchandnagar Industries	1960	98.50	21st June 1972
COAL						
30,00,000	6	30th April and 31st October ..	Bharat Collieries	1944	90.00N	31st October .. 1964
60,00,000	6½	1st May and 1st November ..	Bengal Coal Co., Ltd.	1961	98.00	31st October .. 1975
20,00,000	4½	30th June and 31st December ..	Burrakur Coal Co.	1947	90.00	30th June .. 1967 (a)
40,88,000	5½	1st July and 1st January ..	Equitable Coal Co.	1953	97.00	14th December .. 1964 (a)†
COTTON						
60,00,000	5½	1st January and 1st July ..	Ahmedabad Advance	1956	89.00	13th December .. 1966-71‡
4,00,000	6	15th May and 15th November..	Bengal-Nagpur	1897	90.00N	15th November .. 1966 (a)
63,98,000	5†	1st April and 1st October ..	Buckingham and Carnatic	1952	100.00	1st March .. .. 1972 (a)
40,02,331	6½	1st April and 1st October ..	Gokak Mills	1957	93.00	1st April 1967-72
18,00,000	6½	2nd January and 2nd July ..	Minerva Mills	1959	..	1st July 1967-78
34,72,000	6½	1st January and 1st July ..	Shree Nivas	1958	99.00	31st December .. 1970
29,51,000	6½	1st April and 1st October ..	Simplex	1959	97.00	15th October .. 1969-74
30,00,000	5½	1st April and 1st October ..	Lakshmi-Vishnu	1955	94.50	1st June† 1966-70
80,00,000	5½	1st June]	Tata Mills	1961	88.50	1st June 1966-71
ELECTRICS						
10,00,000	4½	31st March and 30th September..	Agra Electric Supply Co., Ltd. ..	1950	97.00N	31st March .. 1965 (a)
00,00,000	5½	15th June and 15th December ..	Ahmedabad Electric Co., Ltd. ..	1950	98.00	15th June 1965-70
28,00,000	5½	1st April and 1st October ..	Andhra Valley Power Supply Co..	1940	94.00	1st April 1970-75
12,50,000	4½	30th June and 31st December ..	Benares Electric Light and Power Co., Ltd.	1949	97.00N	31st December .. 1964 (a)
13,787,574	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	89.50	1st January .. 1970 (a)
10,80,000	6	1st January and 1st July ..	Sijua (Jheriah) Electric Supply Co., Ltd. ..	1951	91.00N	30th June .. .. 1976 (a)
1,50,000	6T	3rd April and 3rd October ..	South Madras Electric Supply ..	1940	95.50	30th September .. 1953-68
67,75,000	5	1st March and 1st September ..	Tata Power	1940	98.00	1st July 1970
50,00,000	4½	1st January and 1st July ..	Tata Power	1949	83.50	1st July 1965-70
ENGINEERING						
5,00,000	6½	30th June and 31st December ..	Britannia Engineering	1945	94.00N	31st December .. 1969
50,00,000	6	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	98.50	1st January .. 1971
29,18,000	7	15th September and 15th March.	Indian Hume Pipe (Bearer)	1957	100.00	15th September .. 1977 (a)
10,00,000	4	31st May and 30th November ..	Kumardhubi Engineering Works Ltd.	1946	90.00N	31st May 1971
50,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	97.20	30th September .. 1960-65
JUTE						
12,00,000		1st October and 1st April ..	Agarpara	1939	91.50	31st March .. 1969
6,00,000		30th June and 31st December ..	Alexandra	1939	91.50N	30th June .. 1969
15,00,000		31st December and 30th June ..	Auckland Jute Co., Ltd.	1946	97.00N	31st December .. 1964
10,59,000	5	30th June and 31st December ..	Chitavalsah Jute Mills	1951	93.00N	30th June 1966
18,78,000	5½	31st March and 30th September.	Dalhousie Jute Co.	1954	95.00	31st March .. .. 1969 (a)
5,86,000	5	15th January and 15th July ..	Empire	1951	92.00N	15th July .. .. 1966 (a)
55,00,000	5½	31st March and 30th September.	Fort Gloster Industries Ltd. ..	1962	98.00	30th September .. 1966
20,40,000	5½	31st March and 30th September.	Howrah Mills Co., Ltd.	1955	93.50	31st March 1970
25,00,000	5	30th June and 31st December ..	Khinnison Jute Mills Co., Ltd. ..	1949	97.00N	31st December .. 1964†(a)
25,00,000	5½	30th June and 31st December ..	Naihati	1952	92.00	31st March .. .. 1967 (a)
25,00,000	5½	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd. ..	1939	92.00N	14th May 1974
5,00,000	6½	30th June and 31st December ..	Northbrook Jute Co., Ltd.	1945	97.00	31st December .. 1964
20,00,000	4	31st March and 30th September..	Reliance Jute Mills Co., Ltd. ..	1950	94.00N	5th September .. 1966†(a)
25,00,000	5	30th June and 31st December ..	Union	1937	95.50N	31st March 1967
12,00,000	5½					
RAILWAYS, STEAMSHIP AND TRAMWAYS						
£321,697	4½	1st January and 1st July ..	Calcutta Tramways	1900	₹666.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£139,051	5	1st April and 1st October ..		1938	£74.00N	
6,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway ..	1945	85.00 N	1st October .. 1974
£200,000	4½	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway	1905	£64N	31st December .. 1974
						Any time on six months' notice (a)
PLANTING						
4,54000	7T	1st April and 1st October] ..	Sangameshwar Coffee	..	₹100.00	1st April 1960-61
MISCELLANEOUS						
45,00,000	5	2nd January and 2nd July ..	Aluminium Industries	1961	100.75	2nd July 1966-71
9,00,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd.	1948	97.00 N	31st December .. 1965
6,00,00,000	5½	1st March and 1st September ..	Burmah-Shell	1954	98.75	1st September .. 1965-69(a)§
2,00,00,000	5½	1st April and 1st October ..	Calter Oil Refining (India) Ltd.	1955	98.50	1st October .. 1970
1,00,00,000	6½	31st March and 30th September.	Dalmia Cement (Bharat) Ltd. ..	1946	86.00	30th September .. 1970
2,04,55,000	6½	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd. ..	1950	99.00	1st January .. 1973 (a)†
97,80,000	5½	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	94.50N	30th June .. 1969 (a)‡
3,00,00,000	6½	1st January and 1st July ..	Indian Aluminium Co., Ltd. ..	1959	96.50	1st January .. 1975
27,75,000	5T	2nd January and 2nd July ..	Mettur Chemical Industries ..	1949	84.00	30th September .. 1964
99,70,000	4	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes)..	1947	410.00 (per note)	31st December .. 1972 (a)
74,75,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	78.00	1st April 1971
56,91,000	6½	30th June and 31st December ..	National Rayon	1955	99.50	30th June 1965-70
10,00,00,000	6½T	15th May and 15th November..	Oil India	..	99.75	15th November .. 1968-77
20	6½	1st January and 1st July ..	Premier Automobiles	1958	125.50	31st March 1968-73
1,00,00,000	6	30th June and 31st December ..	Rohtas Industries Ltd.	1946	96.00	31st December .. 1969
10,00,000	5½	January and July ..	Shree Gopal Paper Mills Ltd. ..	1944	98.00N	15th July 1966
80,00,000	5½	1st May and 1st November ..	Tata Chemicals Ltd.	1953	95.25	1st April .. .. 1964-68 (a)‡‡
5,81,000	5	31st January and 31st July ..	Tata Oil Mills Co. Ltd.	1945	95.00	31st July 1970-75
50,00,000	6	1st April and 1st October ..		1959	96.00	30th September .. 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-3 per cent after 13 years. § Any debenture outstanding on 1-4-1969 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-9-1964. ‡‡ Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1968 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961. T.—Taxable. T.F.—Tax-free. N.—Nominal.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 8th September 1964.

	Closing quotations 2-9-1964	High	Low	Closing quotations 8-9-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	145.00	—	—	145.00
Apollo (2)	1.90	1.84	1.78	1.80
Baroda Rayon (100)	79.00	77.00	75.00	76.00
Bombay Dyeing (25)	61.60	61.50	60.80	61.10
Bradbury (50)	162.50	—	—	162.50
Central India (100)	106.50	106.00	102.50	103.00
Century Mills (100)	638.00	640.00	628.00	631.50
Dawn (50)	167.00	167.00	166.50	166.50
Elphinstone (50)	102.00	—	—	101.00
Finlay (100)	305.00	306.00	305.00	306.00
Gokak (100)	180.00	—	—	180.00
Gold Mohur (100)	216.25	—	—	216.25
Gwalior Rayon (10)	42.50	42.50	42.00	42.00
Ind. Untd. Defd. (1)	2.40	2.40	2.36	2.38
Ind. Untd. Ord. (10)	19.64	—	—	19.24
Indian Rayon (100)	59.00	60.50	59.00	59.00
Indore Malwa (100)	210.00	—	—	210.00
Khatau (100)	188.75	190.00	188.75	190.00
Kohinoor (100)	334.00	334.00	330.50	331.50
Madhal (100)	513.75	—	—	513.75
Modella Woollens (10)	12.00	12.12	12.00	12.00
Morarji (100)	268.00	268.00	263.00	263.00
Mysore (50)	37.00	—	—	37.00
National Rayon (100)	381.00	376.00	368.00	369.00
New Great (100)	160.00	—	—	160.00
Phoenix (100)	254.00	255.00	254.00	255.00
Pedar Mills (10)	11.24	—	—	11.44
Raymond Woollen (100)	136.50	—	—	135.00
Samoon Spg. (10)	37.75	—	—	37.75
Shrenuj (100)	257.00	—	—	257.00
Simplex (50)	135.00cd	135.00cd	127.50xd	128.00xd
Standard (100)	675.00	665.00	648.00	657.00
Svadeshi (100)	267.00	266.00	265.00	265.00
Swan (100)	270.00	277.50	270.00	277.50
S. I. Viscose (100)	120.00	120.00	119.00	119.00
Tata Mills (25)	57.00cr	52.00xR	50.50xR	51.50xR
Lakshmi-Vishnu (100)	86.50	—	—	86.50
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	102.00	104.00	102.50	104.00
Do. (New) (50)	103.00	—	—	103.00
Bank of Baroda (50)	97.50	98.00	97.00	98.00
Central (25)	50.50	52.30	51.00	52.50
Central 'A' (25)	53.50	54.00	53.50	54.00
Dena Bank (50)	65.00	65.50	65.00	65.50
Punjab National (10)	20.60	—	—	20.60
Union Bank (5)	6.32	6.40	6.32	6.40
United Com. (50)	72.00	73.00	72.00	73.00
Maharashtra (50)	52.50	—	—	52.50
ELECTRIC COS.				
Ahmedabad (100)	103.75	104.00	103.50	104.00
Amalgamated (10)	9.75	—	—	9.75
Andhra Valley (1,000)	1,217.50	1,222.50	1,215.00	1,220.00
Bom. Sub. El. (100)	114.00	114.00	113.75	114.00
Surat (100)	115.00cd	115.00cd	110.00xd	110.00xd
Tata Hydro (100)	126.00	126.00	125.00	125.50
Tata Power (1,000)	1,268.75	1,267.50	1,260.00	1,267.50
INSURANCE COS.				
British India (10)	13.24	13.52	13.24	13.52
Indian Mercantile (50)	61.50	62.30	61.50	61.50
New India (15)	45.75	46.00	45.25	45.50
New India 'A' (15)	47.00	47.00	46.75	46.75
Vulcan (10)	15.76	16.12	15.76	16.12
STEEL COS.				
Ind. Iron (10)	27.90	—	—	27.50
Mukand Iron (10)	19.24	27.55	27.25	27.50
Tata Steel Ord. (75)	162.25	19.04	18.80	18.80
		161.00	159.50	160.00
SUGAR COS.				
Belapur (50)	233.00	—	—	231.00
Bhopal (10)	234.00	234.00	231.00	231.00
Chandeo (12.50)	21.76	—	—	12.76
Maharashtra (50)	144.00	22.00	21.76	22.00
Phaltan (50)	118.00	146.00	143.00	146.00
Walchand Ind. (100)	161.00	114.00	112.00	114.00
		161.50	159.50	161.50
CEMENT COS.				
Associated Cts. (100)	166.00	165.25	164.00	164.25
Digvijay (100)	183.00	182.50	182.00	182.50
Orissa (10)	12.04	12.04	11.72	11.72
DYES & CHEMS.				
Amar-Dye-Chem (100)	165.00	165.00	158.75	158.75
Camphor & Allied (100)	91.00	91.00	90.20	90.20
Citrle (100)	76.00	74.00	72.00	72.00
Chemicos (100)	103.00	103.00	101.50	101.50
Colour-Chem (100)	327.00	328.75	327.50	328.75
Indian Dyestuff (100)	295.00	306.25	282.50	302.50
Polychem (50)	158.75	158.75	155.00	167.50
Synthetics (100)	93.00	93.00	85.00	85.00
Tata Chemicals (10)	19.64	19.60	19.36	19.52
MISCELLANEOUS				
Alcock Ashdown (100)	303.00	308.00	295.00	302.00
Bom. Burmah (25)§	58.20	57.70	57.00	57.20
Do. (New) (25)§	43.00	43.00	42.75	42.75
Br. B. Petrol (1½ sh.)	3.38	3.32	3.28	3.30
Br. I. Corpn. (5)	10.32	10.32	10.32	10.60
Cooper Eng. (100)	122.50	123.00	122.00	123.00
Hindustan Lever (10)	32.25	—	—	31.50
Hindustan Motors (10)	19.12	18.76	18.56	18.72
I. C. & Invest. Corporation (100)	98.00	—	—	98.00
Indian-Copper (2 sh.)	3.68cd	3.50xd	3.44xd	3.44‡
Kilicks (100)	100.50	—	—	100.50
Larsen & Toubro (10)	23.00	22.84	22.60	22.68
Mahindra & Mahindra (10)	17.00	17.24	17.00	17.12
Asian Cables (100)	68.00	68.50	66.50	66.50
Permanent Magnets (100)	117.50	118.75	112.50	117.50
Phillips Carbon (10)	13.60	—	—	13.60
Pre. Automobiles (100)	108.00	107.50	106.50	107.50
Premier Con. (50)	192.50	191.00	189.50	190.75
Scindia (20)	16.32	16.44	16.04	16.44
G. E. Shipping (10)	14.52	14.52	14.24	14.52
N. Standard Eng. (100)	142.00	142.00	131.00	131.00
T. Yanakiai (100)	530.00	—	—	530.00
Shivgur (100)	16.60	—	—	16.00
Sirpur Paper (10)	12.60	16.52	16.00	16.20
Tata Locomotive (100)	818.50crcd	12.32	12.12	12.20
Tata Oil (25)	65.50CR	818.50crcd	273.50xrxd	276.00xr
Voltas (100)	278.50	51.50xR	50.00xR	50.50
W. I. Match (100)	247.00	276.50	271.00	276.50
W. Coast Paper (100)	173.50	247.00	243.25	244.25
Zenith Steel (10)	15.76	171.50	171.00	171.50
		15.60	15.48	15.48

GOVERNMENT SECURITIES	2-9-1964 Rs.	Gross Yield Earlier Redemption	Later Redemption	8-9-1964 Rs.
2½% 1975	68.00	—	4.58	68.25
3 % 1966-68	98.45	8.80	8.45	98.30
2½% 1970-75 1st Dev.	90.30	4.88	4.70	90.20
2½% 1972 Cov. Loan	68.60	—	4.71*	68.70
3½% 1965 N. P. Bonds	100.15	—	3.50	100.00
3½% 1967 N. P. Bonds	99.65	—	3.70	99.70
3½% 1974	96.75	—	4.15	96.75
3½% 1977 N. P. Bonds	100.05	—	3.79	99.90
3½% 1969 Loan	99.10	—	3.96	97.90
3½% 1988	99.00	—	3.77	99.00
3½% 1966 N. P. Bonds	99.90	—	3.76	99.90
4 % 1972 Loan	98.75	—	4.18	98.75
4 % 1978 Loan	98.75	—	4.18	98.85
4 % 1979 Loan	98.00	—	4.16	98.00
3½% 1966 Bonds	100.10	—	4.18	100.00
4 % 1980 Loan	98.00	—	3.50	98.00
4 % 1981 Loan	98.00	—	4.17	98.00
4½% 1985 Loan	98.00	—	4.16	98.00
6½% 1977 G. Bonds	100.15	—	4.49	100.10
4½% 1972 N. D. Bonds	100.10	—	4.64	118.00
4½% 1986 Loan	100.10	—	4.24	100.10
4½% 1989 Loan	100.00	—	4.48	100.10
		—	4.75	100.00

* Current Income. xd—Ex-dividend. xr—Ex-Right.
cr—Cum-Right. cd—Cum-dividend.
§ B. Burmah—Shares of Rs. 122 have been sub-divided into shares of Rs. 25 each. ‡ Feb-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

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

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INDUSTRIAL RELATIONS

THE Government's labour policy came in for strong, sharp and sarcastic criticism at the hands of Mr. Naval H. Tata, in his presidential address at the thirty-first annual general meeting of the Employers' Federation of India held at Bombay on the 10th inst. He was justified in doing so, for the Government's attitude to the militant sections of trade union movement in the country has been weak, vascillating, excessively tolerant and incongruous, with the result that well-behaved and responsible trade unions have been at a disadvantage. Further, the Government has been indulging for long in double standards of social justice, a stringent one for the private sector and another for the public sector which is not so stringent. Whatever may be the other merits of public sector, the industrial relations and the degree of social justice in that sector have not been commendable enough to earn for it the title of being a "model employer." In the past one year or so, there have been more labour disturbances in the public sector than in the private sector, as witness the hunger strike in the L.I.C., the rumblings in Rourkela, the disturbances in the Indian Airlines Corporation, the happenings in Heavy Electricals in Bhopal, the showdowns at Sindri, the problems of Pimpri and hold-ups in Bombay and Marmagoa Ports.

The charge of Mr. Naval Tata against the Government is that it is not prepared to practise what it preaches to the private sector and to give its workers those benefits that are thrust on employers in the private sector either through legislation or pressure or persuasion, ignoring the cost thereof to the community which it is that ultimately has to bear the bulk of the total wages to workers. There are wide disparities between the wages and dearness allowance paid by Governments to their employees and those paid by employers in the private sector. While the dearness allowance of a large section of workers in the latter sector is linked to cost of living index, the workers in Government establishments "are languishing on fixed D.A., unrelated to fluctuating cost of living." Mr. Naval Tata warned the Government that, if it persists in such double standards of social justice, employers cannot be blamed if they "feel doubtful about the sincerity of Government." This is rather a far-fetched conclusion, especially in the context of his glowing tributes to Mr. Gulzarilal Nanda, the erstwhile Union Labour Minister.

Rather than doubt the sincerity of Government, this journal would make two points on this issue. The Government is unable to practise what it preaches to the private sector, probably because of inexperience in handling workers, especially industrial, as employers. Most of the industrial units in the public sector are new and are being established in a hurry. It has been admitted by the Union Finance Minister that the public sector undertakings are suffering from a serious shortage of the right type of managerial personnel. In contrast to this, the private sector units have had long experience in working industrial laws, rules and other social security legislation. The other point, which Mr. Naval Tata, too, made, is that the Union Labour Ministry, as opposed to employing Ministries, has not yet learned the lessons of prescribing standards and laws which are out of tune with the requirements of rapid expansion in economic growth. One is conscious of the fact that, in a democratic society under a climate of rising expectations, it is not easy to ensure contentment among workers, especially when they are strongly organised as the industrial workers are and the purchasing power of the rupee keeps on falling year after year. But the Government, as well as the Party in power, has to bear in mind that industrial workers and employees of commercial undertakings constitute only a small section of the community and that there is a limit to which they can be favoured over the rest of the community. The country is, therefore, badly in need of a well conceived wage policy.

The failure of public sector enterprises and Government departments to shine as "model employers" provides a good opportunity for employers in the private sector to establish, to the satisfaction of their employees, in particular, and the public, in general, that, as employers, they are better than the Government and that the growing incursions of the State sector in almost every field of activity is not in the interest of working class as a whole. This calls for a new dynamic approach from the employers towards their employees and from the employers' associations to the live problem of industrial relations. They have to strive hard to dispel the impression among the working class that employers in the private sector are hostile to its welfare and to cultivate a feeling of friendship with workers. Somehow, ways and means must be found to end the perpetual conflict between capital and labour, as active co-operation and understanding between the two are absolutely essential for the survival of private enterprise in this country and for the progress of economic development in an atmosphere of stability. The task is difficult but not impossible, provided three conditions are fulfilled: (i) The employers must anticipate the problems of workers and try to find solutions for them without waiting for workers to agitate. This requires close co-operation between employers and workers, with the former taking the latter into confidence as far as possible. (ii) The Government should not try to drive a wedge between workers and employers, in order to make any political capital. On the contrary, the Government should actively foster friendship between the two by not decrying employers as capitalists and exploiters. There have been instances when Ministers in charge of Labour, at both the Central and State levels, have behaved not as dispassionate mediators but as agitators championing the cause of workers. (iii) Trade unions should be trade unions and not political bodies. Those in charge of such unions must place the interests of workers above those of their political ambitions and objectives. Further, the demands which they make on behalf of workers must not be to the detriment of consumers, or the economy as a whole.

The time is ripe for bringing about a better understanding between capital and labour. The employers in this country are no longer that unenlightened they used to be, say, before Independence. They have changed a lot for the better, partly under the pressure of social legislation initiated by the Government and partly as a result of the growing realisation that a contented worker gives higher production and, therefore, costs less than a disgruntled worker. The employers are neither ruthless nor unyielding, as is alleged by a section of trade union leaders. As for workers, they are no longer that illiterate, weak and defenceless they were years ago. They are now well organised and their minimum needs are protected by legislation. The time has come when further benefits for workers are linked to performance and productivity. There is, therefore, force in Mr. Naval Tata's contention that "there is no evidence of a dynamic approach in the thinking of the Government in the handling of its labour policy insofar as it affects the economy of the country and the growth of industry, so vital to create more employment." If inflation is to be kept under control, the Government must firmly resist the temptation to appease labour by conceding its extravagant demands.

The first thing the Government has to do is to stop lending sympathy and support to the actions and demands of irresponsible sections of trade unions. In its anxiety to shelter workers and to ensure industrial peace, it has not taken care to see that growth of trade unionism proceeds on healthy lines. Recently, it has gone to the extent of asking employers to deal with "unrecognised" unions, even in establishments where recognised unions are functioning well. This aspect was strikingly brought out by Mr. Naval Tata in his speech, as will be seen from the following extract:

> "Whilst in the name of 'guided democracy' Government have not hesitated to control industries and gear them to a socialistic approach to suit national ideologies, the workers, in the name of freedom of association, have been left free to choose even trade unions whose ideologies are in conflict with the political ideologies of the State. Whilst the desirable elements have enjoyed the patronage of the ruling party, they have been simultaneously exposed to the mischief and intrigues of the undesirable sections of trade unions in the name of democracy. With no built-in deterrents in our labour laws, the irresponsible elements enjoy the status of respectability, despite their anti-social and anti-national attitude. How can a responsible form of trade union movement emerge out of a system, where the law-abiding trade union is on par with the law-breaker and where the reward of an illegal strike is the grant of wage increase by a tribunal appointed by Government, where shouting, picketing and indiscipline are rewarded by hearing at the high levels of Government full of sympathy, and efforts to bring the Government to a standstill are considered a legitimate form of lodging a protest by trade unions for an alleged industrial dispute based on a grievance beyond the control of an employer ?"

If employers are to make a dynamic approach on the lines suggested by us and succeed, trade unions should be purged of le

should at least refrain from countenancing illegal strikes, giving recognition to trade unions the leaders of which are guilty of breaking the law, and winking at indiscipline among workers. "A distinction must be made in our labour laws," as was rightly stressed by Mr. Naval Tata, "between a genuine industrial strike arising out of an industrial dispute and a political strike intended to further political ends." This is necessary, because there have been several instances of gross abuse of trade union rights. The Industrial Truce Resolution, to which all the trade unions and employers gave their solemn support under the stress of Emergency caused by the Chinese two years ago, is virtually dead now, though the Emergency continues. It has been flagrantly violated by trade unions in their rivalry with one another and for political purposes. These acts have been condoned by the Government, while it has not hesitated to pull up the employers even for minor lapses. Such a partisan attitude on the part of the Government is not in its own interest, for, ultimately, tolerance of indiscipline results in economic waste and political instability.

LABOUR PLAN FOR "NEW BRITAIN"

THE forthcoming general election in the United Kingdom, like the presidential election in the United States, may have some surprise in store, although public opinion polls presently reveal a substantial Labour lead over Conservative in the former country and a much bigger Democratic lead over Republican in the latter. If, however, the pollsters' findings happen to be confirmed by election results in either country, it will signify the ascendancy of liberal-socialist forces in Britain and of liberal-conservative forces in the United States. The economic consequences of possible Labour rule for five years may thus be more far-reaching than those of continued Democratic rule in the other English-speaking democracy. This is not just a guess, for the Labour Party's election manifesto itself has proposed a comprehensive economic policy involving several structural changes. As the Party has been out of power for over a decade now, its manifesto has a natural ring of purpose and determination and cannot, therefore, be lightly dismissed as a "paper plan" forming part of the election-year ritual.

What is visualised in the Labour manifesto, launched with fanfare by Mr. Harold Wilson on the 11th instant, is a "New Britain." Even after allowing for some exaggeration in this portrayal, it is seen that the kind of development (or, is it readjustment?) envisaged for the British economy in an era of rapidly advancing technology and automation has undoubtedly some novel features. These, in short, pertain to (i) "a deliberate and massive effort to modernise the economy," in general, and industries, in particular, (ii) a faster rate of industrial expansion, (iii) the allocation of a sufficient part of the new wealth created to urgent and now neglected human needs like housing and to increased social security benefits, (iv) the imperative need for a revolution in the education system which could ensure the education of all citizens in the responsibilities of this scientific age, and (v) the problems of leisure in the age of automation. The series of measures contemplated, in this connection, would involve national planning on a scale and to a degree far beyond the "indicative planning" which the Conservative Party has come to espouse in recent years. Logically, therefore, the manifesto has pledged at the outset that "Labour will set up a Ministry of Economic Affairs with the duty of formulating, with both sides of industry, a national economic plan" and that "this Ministry will frame the broad strategy for increasing investment, expanding exports and replacing non-essential imports." As specific programmes involving larger public expenditure and greater public regulation have been outlined for industries, regions, foreign trade, transport, housing, education, health, leisure and social security, the kind of national planning that is likely to take shape under a Labour regime is bound to be more far-reaching and comprehensive than under a Conservative regime.

The programmes for industries, for instance, suggest that Labour continues to have faith in the nationalisation of steel industry and in an expanding public sector. Its pledge that "private monopoly in steel will be replaced by public ownership and control" represents more than a prestige stand at the present time, for the recent adverse judgment of the Restrictive Practices Court on the Heavy Steel Associations' price agreement has imparted a certain piquancy to it. But its other pledge that "the water supply industry, most of which is already owned by the community, will be reorganised under full public ownership" is not quite so alarming. When, however, the manifesto says that "the public sector will make a vital contribution to the national plan" and that the existing nationalised industries, besides being asked to undertake major expansion programmes, will be encouraged, with the removal of the present restrictions placed upon them, to diversify and move into new fields (such as exports by railway workshops and coal machinery manufacture by the National Coal Board), one may well wonder whether the "vital" role envisaged for the public sector in Britain does not resemble the "strategic" or "dominant" role visualised for the public sector in India. This accent on the public sector, taken along with two related proposals pertaining to industry-wise planning and subsidies for industries in the private sector, may be deemed disquieting for the reason that they would involve greater State control and regulation. One of these proposals, incidentally, is that, "within the national plan, each industry will know both what is expected of it (in terms of exports, investment, production and employment) and what help it can expect from the Government." And the other is that "a Labour Government will apply tests of the national interest before agreeing to subsidies for private manufacturing industries and will insist on a voice in the control, and a share in the profits, where public funds are involved."

There is, however, much to be said for the imaginative Labour idea of injecting modern technology more rapidly into industries. The manifesto has proposed, in this connection, that new advance should be directly stimulated by using research and development contracts which have hitherto been largely confined to military projects, and that a Ministry for Technology be set up to guide and stimulate advanced technology and new processes. Where, however, new industries, based on such research and development, are to be established, Labour has stated its preference for wholly public enterprise or for public enterprise in partnership with private industry. In sum, Labour's plan for industry has these principal ingredients—namely, no take-over by the State of any major private manufacturing industry except the iron and steel industry, expansion and diversification of the existing nationalised industries, industry-wise planning and regulation of the private sector, control of take-over bids and mergers, and public enterprise or public-cum-private enterprise in new industries developed by research and advanced technology. As Britain is a highly industrialised country, these programmes for industries are certainly the most significant ones in the Labour platform.

Some other planks in this platform are also significant, in that they are directly or indirectly related to industrial expansion. The idea of intensive regional planning is one of them. Its objectives are to control the location of new factories, to induce firms to move to areas where industry is declining, to establish new public enterprises where these prove necessary, to solve the problems of slum clearance and overcrowding and to develop new industrial towns. These tasks are to be carried out by regional planning boards under the general guidance of the proposed Ministry of Economic Affairs. The transport plank envisages "a national plan for transport covering the national networks of road, rail and canal communications, properly co-ordinated with air, coastal shipping and port services." The new regional planning authorities are also expected to draw up transport plans for their own areas. There is also the pledge that "British road services will be given all necessary powers to extend their fleet of road vehicles and to develop a first-rate national freight service."

As for housing, Labour has made no extravagant promise by way of "an election auction on housing figures," for it has recognised that the crucial factor governing the new houses that can be built—and, for that matter, the schools, hospitals, factories, offices and roads that can be completed—is the output of construction and building supply industries. Nevertheless, it has outlined a fairly detailed programme for the housing sector. A novel element in this programme is that, in order to end the competitive scramble for building land, a Crown Land Commission is to be established for buying land on which building or rebuilding is to take place. The Commission will not pay the inflated market price for land but only "a price based on its existing use value *plus* an amount sufficient to cover any contingent losses by the owner." It is expected that, as a result of such public acquisition, building land can be made available at cheaper prices. Under this system, the land will remain in public ownership, but the new owner-occupied houses built upon it will remain the absolute property of the owners. The other proposals envisage a policy of lower interest rates for housing, assistance to owner-occupiers by providing 100 per cent mortgages, a new programme of modernisation of old houses, accelerated slum clearance, increased State building of new houses both for rent and for sale, and use of new techniques of industrialised building. On the whole, Labour's plan for housing—a highly controversial issue in Britain—seems to be realistic.

On social services like education, health and recreation and on social security, Labour's stand has its own distinctive features. It is, in the main, a stand for drastic reforms in the major social services, so as to ensure further expansion of educational facilities at all levels in terms of "a phased and costed plan," to restore as rapidly as possible a completely free health service and implement a revised hospital plan, to end the present parsimony in the supply of public funds for outdoor recreation and to encourage and support independent film makers for both cinema and television. In regard to social security, Labour's pledge is to reconstruct the entire system so as to increase its benefits which are said to have fallen below the minimum levels of human need. One proposal here is to raise the existing National Insurance benefits and thereafter link them to average earnings. Another is to graft on a new wage-related scheme covering retirement, sickness and unemployment to the existing flat rate *National Insurance* scheme. These and other proposals relating to social services and social security, according to the Labour manifesto, can fructify only by stages "as economic expansion increases the national wealth." This, again, is a realistic—and refreshingly candid—approach on the part of Labour. It is also significant, in this context, that Labour has recognised that, if the Welfare State is to benefit one and all, the planned growth of incomes should be broadly related to the annual growth of production. But two unanswered questions are how growth with price stability could be ensured in the context of large-scale public expenditure and how that expenditure would be met.

As the United Kingdom continues to rely heavily on foreign trade, it is but natural that the Labour Party has paid great attention to it. The first objective of the party is to close the trade gap. For this it has proposed several short-term measures, such as use of the tax system to encourage industries and firms to export more, provision of better terms of credit, assistance to small exporters on a group basis and encouragement to British industry to supply those manufactures which swell the import bill in time of expansion. For the long-term, however, Labour has outlined no detailed plan, because, according to it, "a satisfactory trade balance will depend upon maintaining a steady and vigorous programme of long-term expansion." But, from the point of view of developing countries, in general, and Commonwealth countries, in particular, it is gratifying to find that the Labour manifesto has spelt out several measures for mutually beneficial trade expansion.

A new drive for exports through a Commonwealth Exports Council, building a firmer base for expanding trade through long-term contracts and commodity agreements providing guaranteed markets for Commonwealth primary produce, gearing development and capital investment programmes to Commonwealth needs and promotion of wider educational, scientific and technical contacts with Commonwealth countries—these are some of the proposals covering Commonwealth trade and relations. Above all, Labour has clearly expressed its readiness to discuss proposals for expanding the trade of developing nations, to increase the share of national income devoted to aid programmes not only by loans and grants but also by mobilising unused industrial capacity in Britain to meet overseas needs, to revive the concept of a World Food Board for the disposal of agricultural surpluses and to create a Ministry of Overseas Development for discharging Britain's responsibility for Commonwealth development and for multilateral assistance through the United Nations and its specialised agencies. In the related spheres of trade and aid, the Labour Party's programme is thus progressive, imaginative and forward-looking and will no doubt be greatly appreciated in developing countries like India even as is the almost identical stand of the U.S. Democratic Party on this vital question of the Development Decade.

MARKET GOSSIP

Liquidity Ratio Of Banks

WEDNESDAY, 16th September 1964, is a landmark in the history of commercial banks in this country, for on that day the new liquidity ratio under the Banking Companies (Amendment) Act of 1962 came into force. It will be recalled that, according to this legislation, the banks have to maintain a minimum overall liquidity ratio of 28 per cent, as against 20 per cent hitherto. This higher ratio became operative on 16th September this year, because the amended Act gave a time-limit of two years from the date of its coming into existence (that is, 16th September 1962, the day on which it received the assent of the President of India) for banks to prepare themselves for meeting this condition. Efforts were made by some banks to get this period extended, but the Governor of the Reserve Bank did not encourage this plea and had firmly told them long ago that no concession would be shown to them in this regard. It is not, therefore, incorrect to claim that, even months ago, banks must have reconciled themselves to the prospect of maintaining a higher liquidity ratio from this week onwards.

The main reason for the amendment insisting on a higher liquidity ratio was a decline by 10 points in the liquidity ratio of scheduled banks (excluding the State Bank) during the past decade —from 43 per cent in 1950 to 33 per cent in 1960 —and a rise in the advances-deposits ratio from 49 per cent to 70 per cent. In view of the expected further rise in advances in the subsequent years and in order to ensure the soundness of banks, the Reserve Bank thought it necessary to raise the liquidity ratio. The failure of the Palai Central Bank, which caused a widespread criticism of the Reserve Bank's capacity to safeguard the interests of depositors, was also an important cause for taking this decision.

The amendment has split up the overall liquidity ratio into statutory reserve balances, equivalent to 3 per cent of the total of time and demand liabilities in India, and liquid assets namely, cash or till money, gold, excess over statutory reserves, balances with the State Bank and with notified banks and unencumbered approved securities (mainly Government securities) equivalent to 25 per cent of these liabilities. This splitting was found necessary to enable the Reserve Bank to impose additional reserve requirements, if need be, at some future date, without giving any room for the scheduled banks to shift the impact by reducing investments in Government securities. It may be mentioned here that the Reserve Bank has the power to increase the cash reserves of scheduled banks upto 15 per cent. This means that the overall liquidity ratio can be pushed up to a high level of 40 per cent. In this manner, the Reserve Bank can restrict the credit creating capacity of all commercial banks.

As scheduled banks submit their consolidated weekly statement of affairs as of Fridays only, it will not be possible for us to know what exactly was their position in regard to liquid assets on 16th September. The latest figures available pertain to the position as of 4th September 1964. They show that the scheduled banks' cash balances stood at about 6 per cent of the liabilities and other liquid assets at about 32 per cent, giving a total liquidity ratio of 38 per cent. Currently, the banks are passing through the traditional slack season and the observance of higher liquidity ratio should cause no real difficulty. The testing time for them will be in the next (1964-65) busy season (November to May).

It may be noted here that, in the peak of last busy season, the liquidity ratio touched a low of 34 per cent, an uncomfortably low level in the context of the enhanced minimum ratio, for banks have always to keep a safety margin of 5 to 8 per cent for meeting unforeseen contingencies. It must not be forgotten, in this connection, that the above mentioned figures are for all scheduled banks, including the State Bank of India, the liquidity of which was as high as 48 per cent as on 4th September 1964; even at the height of the busy season it was over 40 per cent. If the State Bank of India is excluded, it is seen that the liquidity ratio of other scheduled banks touched a low 30 per cent (split up into 7 per cent cash and 23 per cent investments) in the last busy season. If this trend continues, it may become extremely difficult for many scheduled banks to maintain the minimum requirement of 28 per cent in the busy season that is ahead. The banks must, therefore, redouble their efforts at increasing their deposit resources and restrict such advances as are not meant for genuine productive purposes. Since there are limitations to what could be done in these directions in the next few months, it looks as though there would be a strong credit squeeze in the coming busy season, with money becoming pretty tight. Circumstances are likely to force the hands of bankers to raise their rates of interest not only on advances but also on deposits.

Annuity Deposit Scheme

It has taken full six months for the Union Finance Ministry to frame the Annuity Deposit Scheme. The introduction of the Scheme was first announced in the Finance Minister's budget speech on 29th February, but it was only last week that the *Gazette* notification containing the details of the Scheme was issued. This delay apart, it is a matter for some satisfaction that the Scheme published now is clear and precise with no ambiguities whatever. The taxpayers should, therefore, be in a position to assess the extent to which the payment of annuity deposits will actually affect them.

Under the Scheme, all individual assessees who are resident in India (excepting foreign nationals, registered firms, co-operative societies and companies) and whose total yearly income exceeds Rs. 15,000 are required to make annuity deposits, the amount of deposits being calculated at the rates mentioned below:

Income range (Rs.)	*Rate of deposit* (Per cent)
15,001-20,000	5
20,001-40,000	7½
40,001-70,000	10
Above 70,000	12½

The calculation is subject to marginal adjustments as specified in the second schedule to the Finance Act 1964. In calculating the amount of deposits, no account is to be taken of certain types of income such as capital gains, receipt of salary for a past year that was in arrears and share of income in an unregistered firm which is liable to make an annuity deposit in respect of its income. In the case of authors, playwrights, artists, musicians and actors, who are permitted to make at their option an annuity deposit upto 25 per cent of the amount of their adjusted total income, such additional annuity deposit will be allowed to be made only in respect of the income derived from carrying on a profession such as those described above and not in respect of income from any other source.

The first assessment year for which annuity deposits are to be made is 1964-65. But salary income earned during the accounting year 1963-64 (that is, assessment year 1964-65) is not subject to A.D.S., as it has already borne C.D.S. But on the salary income earned in the current financial year (1964-65) annuity deposits will have to be made. Advance annuity deposits are also to be made in the current financial year in respect of the income other than salaried income assessable for the assessment year 1965-66. The procedure for making deposits is outlined below:

For the current assessment year, deposits may be made on the basis of an assessment of income-tax made by the assessee himself or by the Income-tax Officer. Where a self-assessment has been made, the annuity deposit is required to be made within 30 days of an assessee's filing his income-tax return. However, assessees who have already filed their returns of income or file them by the end of September 1964, can make their annuity deposits by 31st October 1964. In cases where the assessment is made by the Income-tax Officer, he will also determine the amount of annuity deposit due and call upon the assessee to make the deposit. In regard to deposits to be made in advance for the assessment year 1965-66, the Income-tax Officer will issue a notice of demand. He will also lay down the number of instalments in which the deposit could be made and the dates on which they should be made. However, individuals who have not been assessed to income-tax so far and who expect their assessable income to exceed Rs. 15,000 should themselves make an estimate of their annuity deposit liability. They should inform the Income-tax Officer accordingly before 1st March 1965 and also make the deposit by that date. Assessees may make their annuity deposits even before they are formally called upon to do so by the Income-tax Officer.

Deposits can be made in instalments. When the deposit money is tendered (at all offices of the Reserve Bank and branches of the State Bank of India and its subsidiaries), an interim receipt will be given which would, after a given period, be exchanged for annuity deposit certificates. These certificates will be issued in denominations of Rs. 10, Rs. 100 and Rs. 1,000. Beginning from one year after the date on which the deposit is made, the depositor will receive an annuity of Re. 1.25 for every Rs. 10. The rate of interest works out to a little over 4¼ per cent. Payment of annuities will be spread over ten years.

An attractive feature of the Annuity Deposit Scheme is that, in computing the taxable income of a depositor, the amount of deposit at the rates mentioned earlier will be allowed as a deduction. But, when the deposits are returned in instalments, both the principal and the interest rate will be added to the total income of the assessee and subjected to tax. So, over a period, the assessee gets no benefit by way of relief in taxation. On the contrary, most of them may be net losers, as we shall presently show. The rate of interest payable on deposits is niggardly, being a bare 4¼ per cent. The Government ought to have raised the rate of interest, or, in the alternative, at least exempted annuities from income-tax, as was the case in regard to Compulsory Deposits, so that some of the disadvantages of the Annuity Deposit Scheme could have been offset.

Two disadvantages are worth mentioning. In the first place, in the case of young assessees whose incomes will normally rise in coming years, the repayments will add to their total income and if, as a result, the slab goes up, the incidence of taxation will be higher. The same result will follow, if the rates of taxation go up in coming years. Secondly, to the extent the purchasing power of money goes down—this is bound to happen—the value of annuities received by depositors will naturally be much less than it is at the time the deposits are made. The Annuity Deposit Scheme does not provide for any cover against such depreciation in value. Indeed, the very basis and spirit behind the scheme—a compulsory scheme at that—are opposed to the principle of equity and justice. It must be noted here that an assessee who is subject to the Annuity Deposit Scheme has no choice but to pay the deposit and the Government can collect it in the same way it does arrears of taxes. What is more, failure to pay the annuity deposits in time will attract a penalty which may be as high as 50 per cent of the deposit.

Salaried employees in particular would do well to remember that, unlike in the case of C.D.S., employers are not bound to deduct the annuity deposits from their salaries. It is unlikely that any of them will take the trouble of collecting the deposits and accounting them to the tax-collecting authorities. Accordingly, those who fall under the mischief of the Scheme must take care to save regularly a sufficient amount to meet this "deposit" liability when it falls due. Any of them who are not given to the habit of self-restraint on their purse must think of a foolproof method that will protect them against financial embarrassment at the end of the fiscal year and save them from the risk of having to pay a heavy penalty. The best thing would be to open a recurring deposit account with their banks and credit to it sufficient amount as soon as they receive their salary every month. All those who have not earmarked a part of their income in the last six months will have to think of saving a lot more in the next six months to cover the backlog of instalments.

Fund-Bank Meetings

There were no exciting developments in the annual meetings of the International Monetary Fund and the World Bank at Tokyo last week. There were some differences among the major powers in their approach to the problem of international liquidity. France, supported by West Germany, the Netherlands and Belgium, to some extent, favoured new arrangements to replace the existing ones. It was of the view that, instead of (*a*) increasing the resources of the Fund, (*b*) continuing the present arrangements under the Paris Club, and (*c*) relying only on the U.S. dollar and pound sterling to play the role of key currencies, a composite reserve unit backed by all the leading currencies in agreed proportions, should be evolved. But even the spokesmen of France admitted that there could be no sudden break from the present system which he described as a haphazard working of the gold exchange standard. To do so, he recognised, might result in a shrinkage, instead of an increase, in international liquidity. What France wanted was a gradual substitution of the present gold exchange standard by "some complementary means of increasing national reserves," especially as the supply of gold was unlikely to increase automatically in line with the world's needs. Moreover, the French plan was rather vague and full of loose ends.

Stated in simple language, the French contention is that, as both dollar and sterling have become soft, with their economies frequently getting unbalanced and becoming inflationary, accumulation of surpluses of the creditor countries in Europe in these currencies is not in their interest. And they have no choice now but to do so, for to insist on settlement of their trade surplus in gold would lead, sooner or later, to a break up of the Western Union.

France and its supporters were, however, in a minority. The system advocated by it, being more rigid than the existing ones, failed to evoke the appreciation of underdeveloped countries, including India, Britain and the U.S., as was only to be expected, opposed the French ideas and tried to show that its assumptions were not well-founded in fact. It was argued on their behalf that there was no sign of a world-wide inflation and that the Continental creditors could easily spend their foreign exchange surpluses by exporting capital freely and importing more from the rest of the world. In this stand of theirs, they had the support of Italy, an important E.C.M. country.

On the question as to who should control the international credit mechanism, France is of the view that any new form of liquidity should be exercised by the Bank for International Settlements or the Paris Club (also called Group of Ten) rather than by the I.M.F. Apparently, France and its Continental partners want to exercise greater control over the international credit mechanism, since their stake as creditor countries today has greatly increased; they had practically very little when the I.M.F. was established about twenty years ago. In this respect, too, they are in a minority, with the developing nations supporting the U.S. and Britain, both of which are for strengthening the hands of the I.M.F.

India's Finance Minister, Mr. T. T. Krishnamachari, unequivocally supported the Fund. He said:

"The Fund's activities and policies have been adapted progressively to the emerging needs of the members and I have no doubt that the Fund has to be a focal agency and point of action in respect of whatever decisions we reach for securing adequate international liquidity and strengthening the world's payments system."

He added that he happily supported the idea of an increase in the Fund's quotas and that the Executive Directors should proceed to formulate more precise recommendations on the subject. The only qualification he made was that developing countries should not be called upon to make an outright payment of the gold tranche (of the increase in quotas) in full to the Fund, as their gold reserves were inadequate, having regard to their developmental needs of foreign exchange. There seems to be a large measure of sympathy for this view, especially in the U.S. and Britain. These two countries themselves are said to be feeling that, if the share of gold—namely, 25 per cent— in the quota is retained as in the past, it would bear heavily on them.

The final outcome of the discussions was that there should be a 25 per cent increase in quotas and borrowing rights of the Fund. But there are yet several points to be settled. As already stated, there is the question of payment in gold. Whether the increase should be made in one jump or in several stages is another. A third one pertains to the selective increases in the quotas of certain countries (as, for instance, West Germany and

(Continued on page 528)

U.S. DOLLAR IS NOT OUT OF THE WOOD

By Questor

LONDON, 11*th September*

I NOTICE that Mr. Dillon has taken the meetings in Tokyo as another opportunity for impressing on European bankers and politicians that they should open up their capital markets more generously to foreign issues. In particular, he has urged that a larger proportion than in the past of the new capital which the World Bank will soon be needing should be raised outside the United States. His concern is readily understandable, since the U.S. balance of payments deficit is narrowing less rapidly than was generally hoped for earlier in the year and it is the capital side of the account which causes most anxiety.

The current account looks reasonably healthy at present. It is true that the Administration is apparently finding it difficult to reduce its expenditures abroad and that a flare-up in South East Asia could greatly increase its military outlays. True, too, that Americans seem to have taken holidays abroad in much larger numbers this year and to have spent more individually on them. But exports rose by 15 per cent in the first seven months of this year, as against a rise of only 8 per cent in imports, and Britain, for one, is finding it much more difficult to expand its sales in the U.S. than in other markets.

It seems permissible to connect this striking improvement in visible trade with the relative stability of unit costs of production over the past few years and to conclude that—barring such accidents as the snowballing of the Chrysler settlement—there has been a permanent change for the better in the competitive position of the U.S.

It is possible, unfortunately, that this has been matched by other changes of a semi-permanent nature on the capital side. In the first place, the interest equalisation tax—which is at present intended, in any case, to last only until the end of next year—already appears to be losing some of its bite. Both the relatively low payments deficit in the first quarter (annual rate of $800 million) and the relatively high deficit in the second (annual rate of nearly $3 billion) seem to have been a result of this tax to some extent. In the first quarter, new capital issues by foreigners almost dried up and U.S. investors were selling foreign stocks quite heavily on balance. In the second quarter, however, the volume of new issues more than doubled and the selling of foreign stocks slackened noticeably. Although the European capital markets have been more active in the past few months, there is no doubt that old borrowers will return to New York as soon as the tax disincentive is removed.

Also, the outflow of short-term capital appears to have grown, despite the fact that confidence in the stability of the dollar has been restored and that speculative influences are trifling at the moment. It is U.S. domestic capital rather than short-term foreign funds, in fact, which is causing most of the trouble. International interest arbitrage is growing and the Euro-dollar market, in particular, seems to be attracting U.S. investors more and more; while U.S. short-term rates remain relatively low, this attraction is more likely to continue increasing than to diminish.

At the same time, U.S. banks are lending to foreigners on a rising scale. It may be, as has been alleged, that a part of this rise is a direct counterpart to the temporary stop in foreign capital issues. But, on a longer-term point of view, there is no doubt that U.S. banks, many of which have been establishing new branches abroad, are fighting hard for foreign lending business. This, too, is a trend which is unlikely to reverse itself.

After the disappointing figures for the second quarter, the Administration is hoping for a payments deficit for 1964 of around $2 billion—a considerable improvement on the $3¼ billion deficit of 1963, no doubt, but still a considerable deficit. Confidence in the dollar is much greater than it was, thanks to the vigorous steps taken by Mr. Roosa to slow down the fall in the gold reserve: so far this year, in fact, despite the deficit, it has actually risen on balance.

But I think that it would be a great mistake to suppose that there is now no urgency about the problem, even though a U.S. deficit certainly helps, so long as it can be successfully financed, to keep world liquidity rising at the rate needed to oil the wheels of international trade. Once it appears that the Administration, while refusing to raise the price of gold or even to free the whole of the gold reserve for international use, is actually unable to eliminate its deficit, speculation against the dollar could easily begin all over again.

And this time, now that U.S. investors are getting into the habit of depositing money abroad, it could be on a scale much more difficult to handle. While the deficit persists, moreover, it will remain impossible for the U.S. to give a bold lead against France in the discussions about international monetary reform.

What therefore should be done? Action should be considered urgently on all the three different fronts open. First, inside the framework of wider policy, further steps should be taken to cut down Government expenditure abroad. Second, for all the satisfactory size of the trade surplus, the effort to increase exports and cut imports (including imports of services) must be continued. And third—I suggest this with great diffidence—the Administration should study the possibility of extending the precedent created by the interest equalisation tax and taking direct as well as indirect action to influence the pattern of capital movements.

* * * *

I.D.B. — A MODEL FOR COPYING?

A few weeks ago, at a meeting of Western European Union, the British Foreign Secretary offered to make a contribution of $20 million to the work of the Inter-American Development Bank (I.D.B.). The first slice of $8 million is now being made available in the form of an issue of 20-year bonds on the London market. The operation has served to draw non-American attention to a bank which is little known, can easily be dubbed unnecessary, but which could form a useful model for a number of other institutions.

I.D.B. is relatively new among the international financial institutions. The idea of a bank to finance development in Latin America was first put forward nearly a century ago but was quietly forgotten when Argentina defaulted on debt payments in 1890 and so precipitated the Baring crisis. It was revived again after the last war, but dismissed by the U.S. Administration on the grounds that it could only duplicate the work of other institutions. It was finally launched, with the growth of U.S. interest in Latin American social and economic development, only in 1960.

Its shareholders are the Governments of the U.S. and nineteen Latin American countries; the U.S. is responsible for 43 per cent of its capital, Brazil, Argentina and Mexico together for another 35 per cent. Its original authorised capital was $813 million, of which rather more than half was left uncalled as a backing for its obligations.

Recently, however, this capital has been increased by $1,300 million, $1,000 million of it to be subscribed by existing members, the other $300 million by any new members, notably Canada. On top of this, and of money raised by bond issues, the Bank operates two special funds which provide soft loans for purposes like cheap housing, a Social Progress Trust Fund of $525 million supplied by the U.S. and a Fund for Special Operations of $220 million. It is now proposed to merge these two funds and to increase them by $900 million during 1965-67.

On ordinary account, the I.D.B. has so far authorised 89 loans, aggregating $414 million; on its two special accounts, it has authorised another 120 loans, aggregating $513 million. It is clear, therefore, that it has no difficulty in getting rid of its money. The fact that the Governments of Latin America pressed at the World Bank meeting in Tokyo for more soft loans from this source does raise the question whether the I.D.B. is duplicating, as the U.S. once feared it would, the work of the World Bank. If duplication means attracting more capital for Latin American development than would otherwise have been forthcoming, the answer to this question is fortunately yes. If it means undertaking work which the World Bank—or the U.S. Administration, the main source of its funds—could perfectly well have carried out for itself, the answer is no.

The I.D.B. has been able to carry out a special job in two different ways. From the point of view of raising funds, it has been able to increase the total by making use of the spare resources of the Latin American members themselves and by interesting and obtaining the participation of commercial banks.

From the point of view of investing them, it has been able in several cases to co-ordinate large infra-structure projects financed by the World Bank and to encourage economic integration in Latin America by putting it high on the list of criteria by which loan applications are judged. The Latin American members feel, to a much greater extent than with a larger body, that their common interests are being treated with understanding, that they themselves are contributing to the finance of development, and that the money is being put to the best possible use.

The success of the I.D.B. makes one wonder whether there is scope for establishing other regional development banks along similar lines—regional economic groupings, after all, are emerging in Africa and the Middle East as well as in Latin America. Again, the developing members of the British Commonwealth have recently shown themselves eager to equip it with new institutions, and a development bank is one obvious possibility. It would be extremely similar in form to the I.D.B., since its membership would include one fully-developed, several semi-developed and a large handful of only partly-developed members. It would be in line with tendencies which are already emerging in the Commonwealth — notably economic and technical assistance provided by members to one another and not only by Britain to the rest, and a joint demand for greater assistance on an international scale.

There are, however, two great differences. In the first place, there is no movement in the Commonwealth, as there is in Latin America, towards economic integration; in fact, the reverse is true. In the second place, Britain is in no position to provide the Commonwealth with as large a proportion of the outside development capital it needs as the U.S. is able to offer Latin America. Neither of these differences, however, need prevent a Commonwealth Development Bank from attracting public and private capital from outside and from investing it in projects with which private investment alone is unfitted to cope.

Food worth $77,000 will be provided to assist in the settlement of agricultural workers displaced by mechanisation of a sugar estate in Jamaica under a scheme, known as the Hayes Complece Farmstead, drawn by the F.A.O.'s World Food Programme. It is part of a co-ordinated Government programme in this area which aims to improve social conditions aggravated by mechanisation. An agreement to this effect was signed in Kingston recently. The total cost of the assistance given by the programme is more than $90,000, including transport, insurance and supervision. The scheme, which has already begun, includes work on water supplies, land settlement, housing and social welfare activities. Surveys of the area have been carried out, roads built and some houses constructed. Food is to be distributed weekly to each family for eighteen months to supplement food available locally. In all, 220 tons of food consisting of wheat flour and maize, dried and canned fish, canned meat, dried skimmed milk, cheese, butter and butter oil will be shipped to the Programme.

Notice

THE TATA MILLS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Register of Debentureholders of the Tata Mills Limited will be closed from Monday, the 28th September to Thursday, the 1st October 1964, both days inclusive, in connection with the convening of a meeting of Debentureholders to consider certain modifications in the Debenture Trust Deed dated the 24th April, 1951.

By Order of the Board of Directors,

TATA INDUSTRIES PRIVATE LTD.,
Managing Agents,

N. H. TATA,
Director.

Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET,
FORT,
BOMBAY 1.
BOMBAY, *September 17th, 1964.*

An aerial view of L&T's Powai Works

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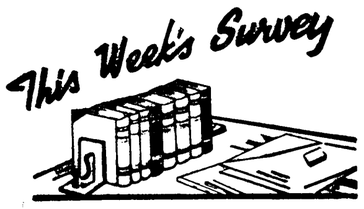
IN SERVICE LIES SUCCESS



CEMENT INDUSTRY

THE gap between demand for cement and its availability, according to an official estimate, has been widening rapidly in recent years. It has increased from 0.97 million tonnes in 1961-62 to 1.19 million tonnes in 1962-63 and to 2.33 million tonnes in 1963-64. As the aggregate production of 9.42 million tonnes in the private and public sectors together in 1963-64 has represented as much as 95 per cent of installed capacity, further scope for maximising output through fuller utilisation of capacity seems to be rather limited. But even this limited scope, if exploited, may well mean an additional production of 0.5 million tonnes on the basis of a possible hundred per cent capacity utilisation. It is from this point of view that the continuance, just announced, of the price incentive scheme for cement should be welcomed. The incentive formula, in this connection, envisages an extra price to cement producers, ranging from Rs. 2.50 per tonne to Rs. 5.50 per tonne in respect of production in 1964 *in excess of* the best annual production during the three years ended 1962. This extra price, which will not affect the consumer price, is meant to compensate the producers for the additional expenditure that they may have to incur in maximising production with the existing capacity. Although it has been urged by some leading cement producers that the price incentive should be linked with the *average* of the preceding three year's production, the Government has kept intact the basic features of last year's scheme presumably because it (the scheme) has led to a higher level of capacity utilisation.

The incentive scheme is thus good so far as it goes. It is, however, of no relevance to the growth of capacity, as distinct from production. That, even according to the Government's estimate, the third Plan's cement capacity target of 15.2 million tonnes per annum would be achieved only by the end of the first year (1966-67) of the fourth Plan may be noted in this connection. But this official expectation may not be fulfilled, if the industry's estimate is to be believed. Incidentally, the latter estimate is that aggregate installed capacity by the end of 1965-66 would come to no more than 11.5 million tonnes, if no energetic steps are taken to accelerate capacity growth in the current year, as also in the next. There is unfortunately no indication that such steps are under way. On the contrary, the Union Ministry of Industry and Supply seems to be more concerned currently with the fourth Plan target for cement and with the proposal for constituting a Cement Corporation in the public sector (*vide* Minister Dasappa's review at the Informal Consultative Committee of Parliament on the 14th instant). As the proposed capacity target of 25 million tonnes for the fourth Plan and the Cement Corporation proposal are interrelated and relevant only to the next Plan, the inference must be that the Government expects that the expansion schemes of existing cement companies and the licensed new units would fructify without any setback in the next two years. There seems to be no warrant for complacency on this score.

Be that as it may, one would be justified in asking whether the unrealistically high target of 25 million tonnes for capacity under the fourth Plan, as compared with the likely third Plan achievement of 11.5 million tonnes, is not intended to buttress the case for establishing a number of units in the public sector which, at present, has only two units—one in Mysore and the other in Uttar Pradesh. There is no need to wait for an answer, for Minister Dasappa himself has just said that the task of building up additional capacity of the order envisaged for the fourth Plan might not be achieved by the private sector alone and that, therefore, the proposed Cement Corporation would have an important role to play in helping to reach the target by setting up units of its own. But he has also added that the Corporation will have some role to play in enabling the establishment of private-sector units through some ancillary and supporting activities. The Corporation's operations in the matter of surveying, prospecting and proving limestone deposits in the country would also be of some help to the private cement companies.

Where, thus, the Corporation has the laudable objective of assisting the private sector in important ways, it may be prudent to entrust that sector itself with the responsibility for creating additional capacity through expansion of existing units and establishment of new units. But that will call for the reduction of fourth Plan target (25 million tonnes) to a realistic level in the light of performance in the second and third Plan periods, though from the point of view of the country's requirements of cement it is not an over-ambitious target. If the third Plan is going to increase capacity by less than 50 per cent, as compared with the actual capacity installed by the end of the second Plan, there is no reason to believe that the rate of growth could be more than doubled during the fourth Plan period. But there is also no reason to believe that the Government has learnt from the erstwhile experience of high cement targets and big shortfalls in achievement and that it would abandon the idea of establishing more cement units in the public sector as part of the activities of the proposed Cement Corporation of India.

TRADE IN FERROUS SCRAP

The trade in India's ferrous scrap, both for domestic use and for export, seems to have increased in recent years, thanks partly to the increased production of iron and steel. It is noteworthy that, though exports of only such varieties of scrap as are not consumed in the country have been permitted so far, such exports have increased from about Rs. 2.0 crores is 1962-63 to Rs. 4.9 crores in 1963-64 and to an annual rate of Rs. 5.0 crores in the first quarter of 1964-65. The internal market for scrap has also been booming, for the removal, in the course of last year, of distribution control on varieties of scrap other than usable defectives, re-rollable scrap and ingot mould scrap, has resulted in a somewhat higher level of prices. But these prosperous trends in both external and internal trade may or may not be lasting, considering that ferrous scrap has always been sensitive to quantitative and qualitative uncertainties, price fluctuations and transport difficulties. These handicaps do not seem to have been eliminated even after the implementation of some of the reommendations made by the Scrap Committee two years ago on export quotas and allotments for domestic use. The need for a sound and comprehensive policy in respect of scrap has, therefore, been felt all along. But it is only now that something like a coherent policy has begun to take shape, thanks to the constitution of a separate corporation for dealing with all aspects of scrap trade.

This corporation is a public limited company, registered in Calcutta last week with an authorised capital of Rs. two crores and an issued capital of Rs. 30 lakhs. Called the *Metals Scrap Trade Corporation*, it is a joint enterprise in which the Government-owned Minerals and Metals Trading Corporation, the ferrous scrap collecting and exporting interests and the domestic users of scrap (melting furnace owners) hold equal shares. The Corporation, which is expected to have an annual turnover of Rs. 10 crores, will undertake, through a countrywide network of agencies and by the provision of equipment facilities, the collection and processing of ferrous scrap so as to cater to both domestic furnace owners and export markets. The presence of the Minerals and Metals Trading Corporation as one of the three partners in this new Corporation is calculated to ensure the continued attention of the Government to the problems of the other two sectors. That private trade and private foundry industry will be equal partners with a public-sector agency is, incidentally, a salutary and significant development from the standpoint of understanding and collaboration between the public and private sectors.

The constitution of the Corporation certainly marks a welcome development for more reasons than one. In the first place, the proposed canalising of all ferrous scrap exports through the Corporation is most desirable from the point of view of ending the uncertainties which have always resulted from disorganised efforts and unhealthy trade practices. Moreover, the Corporation will be in a better position than individual exporters to negotiate long-term contracts with overseas parties for the export of scrap at favourable international prices. That similar long-term contracts for the export of iron ore to Japan, for instance, have been successfully negotiated by the State Trading Corporation may be recalled in this connection. The participation of the private sector in the Corporation will be of great help to its management, in that the know-how of trade will be readily available and the risk of missing the business or incurring avoidable losses can be considerably minimised. It, however, remains to be seen how far these advantages will be realised in actual practice. Of course, the objective of the new Corporation, unlike that of the S.T.C. in the matter of ore exports, must be to export scrap only after fully satisfying the domestic needs therefor. In other words, export of ferrous scrap should not have a higher priority than its domestic use in the production of steel castings and re-rolled materials.

It is in this context of more profitable and essential domestic use that some of the objectives of the new Corporation are particularly relevant. As indigenous foundries have a lot of capacity unutilised for lack of pig iron and steel, their raw material requirements would have to be met by better and more systematic collection of scrap for melting. Here the problem is not only one of collection but of processing. It is only an organised agency that can intensify scrap collection on a large scale from diverse sources all over the country. While it will be relatively easy to collect from engineering factories considerable quantities of scrap resulting from processes like punching, shearing and machining, the effort to collect disused capital scrap (discarded iron and steel articles, vehicles, rails, wornout machinery, etc.) is bound to be more taxing. But, then, this has to be done in an organised manner. When this is done by an organisation like the Metals Scrap Trade Corportion with its equipment facilities for processing the scrap in various forms like skull cracking, baling, briquetting and detinning, it will be even more of an advantage to trade and industry.

EXPORT-IMPORT TRADE

The urgency of the need for augmenting exports was stressed forcefully by Mr. Manubhai Shah, Union Minister for Commerce, while inaugurating the two-day session of the Export-Import Advisory Council held at New Delhi on the 12th and 13th inst. It was of the utmost importance, Mr. Shah said, that *all our plans and policies* (italics ours) were geared to the task of increasing the foreign exchange earnings *in every possible way* (italics ours). The industry and trade, he went on to say, must step up efforts to make available more and more goods for selling abroad; they must extend their maximum co-operation and all their patriotism in winning this battle for exports.

No one need ask as to why the increase in exports is so urgent, for it is only such an increase that will provide the country with the necessary external purchasing power for financing the large-scale import requirements in the next few years. An idea of the magnitude of the problem of financing imports can be had from the data furnished by Mr. Shah. Taking into account the maintenance requirements of industrial capacity in existence at the end of the current Plan and the likely additions to it during the fourth Plan period, the maintenance imports in the fourth Plan are expected to be of the order of Rs. 5,100-5,300 crores. In addition to these, requirements of development imports may range between Rs. 1,800 crores and Rs. 2,500 crores, depending on the dates on which the machinery projects would come to fruition, so that the supply of indigenous machinery and equipment coming out of these projects would help reduce the burden of machinery and equipment imports for the developmental programme. The total foreign exchange needs will thus vary between Rs. 6,900 crores and Rs. 7,800 crores.

There may, of course, be some scope for import reduction through import rationalisation and/or substitution of a few items of imports by the use of materials indigenously available. Mr. Shah himself urged intensification of efforts in this direction. And it is also possible that India will get large-scale foreign exchange assistance in the form of long-term credits and other means of financing imports of capital goods from friendly countries. Even so, it must be admitted that a considerable part of the import requirements will have to be financed from out of export earnings. Bearing all this in mind, the Planning Commission has fixed the aggregate fourth Plan export target at Rs. 5,100 crores, or an average annual earning of Rs. 1,020 crores, as compared with the average of Rs. 760 crores in the third Plan. In other words, the country will have to earn

Rs. 260 crores more per annum by way of exports. Even if this target were hit, the country would be faced with a gap in terms of foreign exchange for which suitable solutions should be found in due course. Emphasing this aspect Mr. Manubhai observed:

"The basic weakness of our balance of payments persists. In relation to our ever-increasing import requirements and our debt-servicing obligations, our earnings of foreign exchange by way of exports of goods and other sources, such as shipping and insurance, remain too inadequate. We have also to reckon with somewhat larger imports of foodgrains in the current year. It is, therefore, very necessary to maintain the maximum restraint on imports—consisting, of course, with the needs of essential production in the country—and to maximise exports of as many products as the nation can activise in the export push."

The increased export effort appeal of Mr. Shah is no doubt most timely, but mere appeals will not mean anything, unless they are followed up by concrete action to create conditions congenial for launching a more vigorous export drive. The need for such conditions was impressively highlighted by several members who participated in the discussions that followed the formal inauguration of the Export-Import Advisory Council's meeting. Emerging from the discussions are the following few suggestions:

Efforts should be concentrated on developing exports of finished and semi-finished products in preference to raw materials. Long-term policies should be evolved and the Government should not change them from time to time. The industry and trade must be enabled to investigate and explore foreign markets without difficulty and export industries must be given priority in getting raw materials and capital equipment.

Rates of customs duties must be reduced so as to help bring down costs in both consumer and capital goods industries.

The cargo handling facilities at the Calcutta port, the capacity of which has been strained by increased food imports, must be improved.

Industries which are required to raise exports must be allowed to expand their home market augmenting that production capacity.

There should be a definite orientation in our investment patterns in both industrial and agricultural sectors with a view to stepping up exports.

There should be an industrial truce with labour for five years so that industry could concentrate on exports.

Railway freight rates on items exported abroad must be lowered.

The Government should move in the matter of the dual contract rate system that is being imposed on Indian exporters by the Conference shipping lines and it should not allow the exporter to be burdened further with higher costs.

Closer liaison must be ensured between the country's export houses and the trade missions abroad.

Winding up the discussions, Mr. Manubhai Shah held out the assurance that the various suggestions put forward at the meeting would be sympathetically considered by the Government. Welcome, indeed, is his announcement that the export strategy might be recast to emphasise increase in the unit value earnings of exports and not merely increase in quantum. As a result of the revised strategy, he said, even the present quantum of exports could yield higher exchange earnings. Welcome also are his five other assurances. First, the Government will continue to do its utmost to meet the essential needs of industry in respect of capital goods, raw materials, components and spares. As a measure of long-term policy, emphasis will continue to be laid on export-oriented and defence industries. The plant and machinery needed for modernisation of textile industries, particularly cotton textiles and jute, will continue to be provided. Machinery, fertilisers and other requirements of agricultural sector and different industries would be made available in an adequate measure. Secondly, import priorities in future will be accorded to items in accordance with the extent to which they may lead to an improvement in exports. Thirdly, the Reserve Bank will be more liberal in allotting foreign exchange to businessmen to visit markets abroad for promoting sales of their goods or for initiating new ventures. Fourthly, the limit for clubbing small value licences will be raised from the present Rs. 5,000 to Rs. 10,000. And, fifthly, the Government will appoint a study team to locate the causes of delay in the disposal of applications for import licences and streamline the procedures. (Indeed, this Committee has already been appointed, with Mr. H. C. Mathur as the leader and some officials and non-officials as members.)

These assurances, together with the Rs. 10-crore import-export stabilisation fund (set up by the Central Government), which will make available on a revolving basis to manufacturers-exporters credits for importing necessary items, will doubtless strengthen the drive to boost the exports. The ultimate success on the export front will, however, depend partly on the improvement in the competitive capacity (quality-wise and price-wise) of Indian goods and partly on the willingness of the highly developed countries to import from India on a much larger scale than they do at present.

PUBLICITY FOR PLANS

Publicity for India's Five-year Plans is done mainly by the Ministry of Information and Broadcasting through its two constituents, namely, the Directorate of Field Publicity and the Song and Drama Division. The work of the Directorate of Field Publicity relates to organising meetings and discussion groups and the showing of films. Guidance notes and talking points on Government's price policy, employment position, small savings, potentialities of small industries, co-operative sector, family planning, programmes and progress of the Plans, etc. are also made available to the Directors of Information of the State Governments and the non-official organisations for reference and use. The activities of Song and Drama Division relate to the organisation of dramas and other media like Kavi Sammelans, Mushairas, Music Concerts and Song performances. The Division also releases pamphlets of national songs and poems.

It was felt for long that the achievements of these institutions have not been adequate to meet the desired extent of publicity for the Plans and that there was need to widen the impact and improve the efficiency of the measures. Keeping this factor in view, the Government of India appointed a Study Team on Five-year Plan Publicity in April 1963 under the chairmanship of Mr. Amar Nath Vidyalankar, M.P., to study the impact on the public of the Plan publicity programmes and to suggest measures to improve them. The Study Team submitted its report to the Government on 29th August 1964. The Committee's recommendations have been made in the light of its basic findings described below:

"Publicity at present," to quote the Committee, "is largely directed to urban-based educated classes, with disproportionate emphasis on English-educated sections; rural population, the major clients, have not yet received a square deal. While in urban areas the publicity effort needs point, direction and purpose, it needs to be more broad-based and extensively and imaginatively presented in rural areas. Whereas the 'printed word' publicity is the most effective means of addressing the educated sections in urban areas, it is a comparatively wasteful effort in rural areas for which radio, film, exhibitions and song and drama performances are the most suitable media."

The Study Team found that the performances of the Directorate of Field Publicity and Song and Drama Division have been neither adequately impressive nor fully purposive. Most of their activities are limited to the urban areas and, because of the shortage of field units, the coverage even in urban areas is very thin. Although there has been a sizable expansion of the media of mass communication, it has not been commensurate with the size and magnitude of the requirements. Moreover, there is very little of coordination between the publicity programmes of not only the Central and State Governments but even of the various Ministries at the Centre. The impact on people of the existing publicity programmes has, therefore, been tenuous, vague and diffused in content, with no section of the community having been touched in a forceful manner. The general public has come to view the publicity functionaries as propaganda boys of the Government, as their programmes are too much obsessed with ministerial pronouncements and conference proceedings.

In order to remedy the haphazard execution and lopsided approach of Plan publicity, the Study Team has made some important recommendations, involving changes at the organisational and administrative levels. Thus, it has recommended that the High-powered Committee for Direction and Co-ordination should be expanded and meet more frequently. To assist the Committee, a Central Publicity Planning Group may be set up, with a Director-General of Plan Publicity as its chief technical executive, and may include the Director of Song and Drama Division. The Director-General may have under his control and supervision a Directorate of Communications Research and a Directorate of Plan Publicity Evaluation and Intelligence. There should be a similar set-up at the State level, with each State having a Regional Director of Plan Publicity.

As regards the conception and execution of the programmes, the Team has recommended that there should be an increase in the duration of rural programmes of All India Radio, the number of community sets, the Radio Rural Forums, the Industrial Listening Forums and the Women's Listening Clubs, and organised listening should be started in schools and colleges. A field unit should be provided for every five blocks with mobile vans to organise more film shows (documentaries and newsreels) in rural areas, and their commercial exhibition should be extended to more urban areas. In view of the importance of the role of song and drama among the illiterate people, a local theatrical group for every fifteen blocks has been recommended. In order to ensure effective display publicity, the Team has recommended the utilisation of the services of private advertising agencies in an advisory capacity. As regards publicity through the Press, the Committee has recommended that the Press Information Bureau should organise unconducted tours for correspondents of metropolitan papers, as well as provide photo-*cum*-feature service, fortnightly digest of development news and background and reference services; and that *Yojana* should be published in all the regional languages and its free distribution should be made more liberal.

A perusal of the Study Team's summarised version of the report and recommendations suggests that, within the comparatively short period at its disposal, it has been able to go into most of the details of Plan publicity as it exists, and has put forward a number of commendable and practical measures to make the impact of publicity felt over a wider number of the people. Although the recommendations involve a great expansion of the field units, requiring substantial increase in expenditure, it may partly be met by the savings suggested by the Team at a number of places. For example, it has been recommended that the indiscriminate distribution of English publication is not fruitful and should, therefore, be discontinued below the district level. Similarly, the distribution of pamphlets and other printed material in rural areas should be discontinued. It has been further suggested that publicity material should be mailed directly to responsible officials such as Panchayat Secretary or school teacher, as it has been found that the material does not reach the proper targets below the Block headquarters. One recommendation of the Committee which deserves to be ignored is that the Government should start, through *zilla parishads*, small newspapers dedicated to local needs. It is no function of the Government in a democratic society to start newspapers. If it does, such newspapers will soon become victims of party politics and strengthen the factional spirit that is already rampant in the rural areas following the introduction of *Panchayati Raj*.

CASHEW KERNEL AND SHELL OIL EXPORTS

Exports of cashew kernels and cashew shell oil, two of the most important foreign exchange earners, have touched a new high. Cashew kernels worth over Rs. 9.8 crores were exported in the four months ended July 1964, as compared with Rs. 7.4 crores' worth in the corresponding period of 1963, representing an increase of over Rs. 2.4 crores. In terms of quantity, there was a rise of 1,629 tonnes in April-July 1964 over the exports in the same period of 1963 which aggregated 18,225 tonnes. The export of cashew kernels in July amounted over 5,820 tonnes valued at Rs. 1.4 crores, which is a record for foreign exchange earnings by cashew exports for any month. The exports in July 1963 realised Rs. 2.48 crores. The main buyers were the United States, U.S.S.R., East Germany, U.K., Australia and Canada.

Cashew shell oil exports also registered a record increase. Export earnings from cashew shell oil in the four months ended July 1964 was double that of the value of exports in the same period last year. The actual exports being 2,950 tonnes worth Rs. 35 lakhs, as against 4,644 tonnes valued at Rs. 70 lakhs. The main importers of cashewnut shell liquid were the United States, United Kingdom and Japan.

The Seventeenth All-India Plastics Manufacturers' Conference, organised by the All-India Plastics Manufacturers' Association will be held at Bombay on the 29th and 30th inst. Mr. Ashok Mehta, Deputy Chairman, Planning Commission has kindly consented to inaugurate the Conference which will be presided over by Mr. Radhakrishna R. Ruia. The Conference will discuss important subjects which are vital to the growth of the plastics industry in India, including the Plan targets for plastics during the fourth Five-year Plan. A symposium on plastics will be held on the 30th inst. at which eminent persons in the field of plastics will read technical papers. A film-show on plastics will also be held for the benefit of the delegates on the 29th evening.

AMERICAN LETTER

FORTHCOMING PRESIDENTIAL ELECTIONS

MANY REPUBLICANS IN BUSINESS DECIDE TO SUPPORT JOHNSON AND HUMPHREY

By N. Pattabhi Raman

NEW YORK, *12th September*

"HE'S terrific!" exclaimed Henry Ford II, Chairman of the Ford Motor Company, commenting some three months ago on President Johnson. At that time, Bary Goldwater was aspiring to be the Republican Party's presidential candidate, but he had not yet captured its leadership. In other words, Ford's enthusiasm for Johnson was based on the latter's own capabilities and performance rather than on a comparison of the Democratic and Republican candidates.

Ford's backing of Johnson held significance not only because he was a prominent Republican who had decided to cross the party line, but also because he reflected a considerable degree of business confidence in the Administration of Lyndon Baines Johnson. The late President Kennedy was an intellectual and a critic of the society for its disregard of unmet social needs. Furthermore, he attracted business hostility by his fierce attack in 1962 on the steel industry's attempt to raise prices in disregard of the public interest. While he sought later to close the emotional gap that followed, he never fully succeeded. But Johnson has succeeded where Kennedy failed. A middle-of-the-roader, he has vigorously pursued the legislative goals of his predecessor, but his personality, his way of doing things and his earnest attempts to woo the business community have earned for him the image of a man with whom one can do business. His much publicised measures to put a restraint on Government spending also have helped to divorce him from the usual Republican conception of a Democratic president as a profligate with the people's money.

National Independent Committee

Now that Senator Goldwater has been chosen the standard-bearer of the Republican Party, many influential businessmen, including Republicans of long standing, are translating their liking for Johnson into political support for him. An event of major significance occurred recently when 45 key business and financial leaders organised a National Independent Committee for President Johnson and Senator Humphrey. More than 30 of these are Republicans. The Committee consists of such names familiar to Indian readers as Robert B. Anderson, who was Secretary of the Treasury in the Eisenhower Administration; Eugene R. Black, a former President of the World Bank; John T. Connor, President of Merck & Co.; Henry Ford II; and Edgar F. Kaiser, Chairman of Kaiser Aluminium and Chemical Corporation.

The purpose of this Committee is to express the collective confidence of its members in the national leadership of President Johnson and Senator Hubert Humphrey, Mr. Johnson's running mate, and to enlist the active support of American business and financial leaders for their election in November. Explaining this in a statement, the members of the Committee said: "It is this Committee's purpose to indicate that it is the conservative course in our national life to follow a man who is a leader and who is leading well." The slap on Mr. Goldwater's face was clearly intended. Despite Mr. Goldwater's claim to represent Conservative America, many influential businessmen feel that he is a vehicle for extremism and irresponsibility.

Over the years, the stereotype of the Democratic Party has been that of a party closely identified with labour, while the Republican Party has been called the party of business. The growing business support for the re-election of President Johnson is blurring this stereotype of the Democratic Party. It is also helping Mr. Johnson's own aspirations to be the nation's unifier and the President of "all the people."

All this is not to say that businessmen are swinging to Johnson en masse. In fact, Goldwater too has the support of powerful businessmen such as George Champion, Chairman of the Chase Manhattan Bank, Ralph Cordiner, a former Chairman of the General Electric Company, and George Humphrey, a former Secretary of the Treasury and General Motors head. Also, how the rest of the business legion will vote in November is unknown. But it is noteworthy that so many of the top brass of the business world, usually supporters of the Republican Party, have come out openly for a Democratic President.

Senator Humphrey

The selection of Senator Hubert Humphrey as the Democratic candidate for Vice-President enabled those Republican businessmen who have crossed the party line to do so with less reluctance. Humphrey is a liberal who early earned the reputation of being a radical. He has been the champion of many progressive causes and a highly articulate one at that. While this type of man would normally be anathema to the U.S. business community, Humphrey has balanced his image by mellowing with experience and emerging as a responsible legislative leader. Today, his liberal convictions are as strong as they ever were, but he has also learned to be pragmatic. He has sought, and to a degree succeeded, in presenting himself to the business community as "a reasonable man." In recent weeks, he has met with several business groups who apparently like his defence of "reasonable profits" and freedom of initiative.

As for labour, the A.F.L.-C.I.O., the national confederation of trade unions in the U.S., has officially endorsed the Johnson-Humphrey team. Johnson is not organised labour's "beloved fidel." In fact, the trade unions vehemently opposed him when he fought with John F. Kennedy for Democratic nomination in 1960 and also when Kennedy chose him to be his running mate. His interim tenure at the White House has won him respect among labour leaders, but he is still not their hero. However, the trade unions are going all out for his victory in November, because, ironically, the Goldwater candidacy and the reactionary, "Goldwatered" platform of the Republican Party have left them no "choice." Despite the presence of Republicans in the supreme councils of the trade union movement, the labour leaders are unanimous in their belief that Goldwater, if elected the President of the United States, would seek to destroy the unions. To them, Goldwater is "the enemy."

If the trade union leaders were less than fully enthusiastic for Johnson until recently, in their case, too, the transition in their attitude was helped considerably by the choice of Senator Humphrey for the No. 2 spot on the Democratic team. In fact, the trade unions exerted considerable pressure for Humphrey's nomination.

The practice of the A.F.L.-C.I.O. officially endorsing a political candidate needs to be explained. Unlike in India, where the I.N.T.U.C., the A.I.T.U.C. and other trade union confederations are securely, though informally, tied to the apron strings of parent political organisations like the Congress Party, the Communist Party or the ever-changing party of the socialists, in the United States trade unions are "free." The A.F.L.-C.I.O. is not permanently committed to the Republican or the Democratic Party. On the other hand, it studies the voting records and the stated positions of various candidates on issues affecting labour and, on the basis of these "score-cards," rates each candidate as to his eligibility for the political support of labour. Thus, it endorses the candidate whose record makes it believe that he will be responsive to labour's needs and opposes the candidate who scores badly in its eyes. By labour's viewpoint, Goldwater had voted "wrong" on all listed roll-call votes in the Senate in the last six years, and his running mate, William E. Miller, had done only a trifle better in the House of Representatives.

Official endorsement by the A.F.L.-C.I.O. does not mean that its members will vote for the candidate of its choice. As in India, the worker exercises his franchise in the privacy of the voting booth and his trade union has no way of compelling him to vote one way or another. The union can seek to influence him, but it cannot force him to follow an official line. Recognition of this is to be found in the educational activities of the A.F.L.-C.I.O's Committee on Political Education (C.O.P.E.). This year, C.O.P.E. is doubling its efforts to educate trade union members and others on the election issues. Reflecting the concern about the possible adverse effects of the so-called "White backlash" on the election of the Johnson-Humphrey team, C.O.P.E. is paying particular attention to explaining what the Civil Rights Act of 1964 will and will not do. It is seeking to offset fears among white workers that the Civil Rights Act, an accomplishment of the Kennedy-Johnson Administration and a magnificent monument to the legislative skills of Senator Hubert Humphrey, will lead to the transfer of jobs from whites to Negroes or force the integration of neighbourhoods and thus contribute to possible decline in real estate values.

In the 1960 election, trade union support was influential in Kennedy's victory. In this year's crucial elections, labour would like to be no less influential.

PENSION FOR AUTO WORKERS

The United Auto Workers Union and Chrysler Corporation of the U.S. have agreed on the terms of a new contract calling for retirement benefits of up to $400 a month, early retirement, and improved working conditions for the Automobile manufacturing concern's employees. The precedent-setting contract is expected to set the pattern for subsequent negotiations with General Motors, Ford and American Motors, other giants in the industry. The major accomplishment of the contract relates to the basic pension rate, which is to be increased from $2.80 a month to $4.25 a month for each year of service, up to 30 years. In addition to this $127.50, a supplemental benefits fund made up of company and worker money in undetermined ratio would give the worker enough to raise the pension to a maximum of $400 a month, exclusive of social security until he reached the age of 65. At that time, he would receive only the $127.50 plus what was due to him under social security. The programme was set up to encourage workers to leave the plant at the age of sixty. A worker can also retire at the age of sixty-five and get up to 70 per cent of basic pay in retirement benefits. The union estimated the average retirement benefits for a worker at age sixty with 30 years' service would be $381 a month in 1965.

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FINANCING OF SMALL-SCALE INDUSTRIES

SOME THOUGHTS ON GUARANTEE SCHEME

THE principles, practices and problems governing bank credit for the small-scale industries have been widely discussed during the last year: the institutional agencies which are interested in increasing the availability of bank finance to this sector range from the Central Small-Scale Industries Board and National and State Small Industries Corporations at one end to the industrial and urban co-operatives, on the other, with commercial banks and specialised financing institutions coming in between. Above all, the Reserve Bank has been making special efforts, over the years, to stimulate the flow of bank credit to the small-scale industrial sector in a variety of ways.

At the outset, it must be realised, if the problem is to be presented and analysed from an appropriate angle and in a proper perspective, that, while paucity of institutional credit may be a major impediment to the development of small-scale industries in India, it is not the *only* important problem: lack of modern techniques of production and organisation, lack of knowledge about the latest advances in machinery, absence of modern methods of marketing and shortage of trained personnel are all as important as the shortage of block or working capital resources. The problem is both that of organisation and incentives: the small-scale industries must be organised in such a manner that they could work efficiently in a competitive world, and their working, accounting and the security that they could offer, must be such as will provide incentives to the lending institutions to extend adequate and appropriate finance and credit to them.

History

The small-scale industries are neither new nor unique to India: their beginnings are very old and some of them were in fact obtaining bank finance even before the problem of finance for them came into prominence. But the small-scale industries had their first spurt of growth during the Second World War —the emphasis then was on quantity, not quality or cost. In the post-war years, with increasing shortages in the supplies and rising costs of raw materials, and with stiffer competition in marketing of sub-standard goods, considerable attention was paid to their problems and difficulties. Two Ford Foundation teams studied their problems and difficulties, one in 1954 and another in 1963 and spot-lighted attention on the need to deal with them in an integrated way from the earliest stages of establishment (land, plant and machinery) to the stage of marketing, including all the intermediate stages of finance, organisation, technique, research and incentives. In a way, it was only during the second Five-year Plan that small-scale industries came to be regarded as a major source of supply for many items. The second Plan also witnessed the beginnings of a positive and definite process of institutionalising finance for this sector. An idea of the degree of growth and the extent of achievements could be had from the fact that a total of Rs. 67 crores of long-term and short-term accommodation was received by the small-scale sector from the various organised financial agencies during the second Five-year Plan period as under:

Assistance to Small-scale Sector during Second Plan

	(Rs. crores)
Loans under the State Aid to Industries Act	12.91
State Financial Corporations	4.12
National Small Industrial Corporation ...	4.24
Industrial Estates	10.97
Industrial and Urban Co-operatives ...	0.92
Commercial Banks other than the State Bank of India	23.63
State Bank of India	10.13
	66.92
	(i.e. 67 crores)

At the end of the second Five-year Plan, 36,400 small registered factories has 38 per cent of registered factory employment, 17 per cent of the fixed capital assets of all registered factories, and produced 33 per cent of the gross output of all registered factories. There is hardly any doubt that there has been further growth since then, because employment provided by them has gone up from 1.3 million to over 3 million during the period.

The Economic Department of the Reserve Bank of India has been conducting half-yearly surveys of scheduled bank advances to small-scale industries and co-operative institutions. The latest available information relates to the *fifth survey for the period January-June 1963*. It will not surprise those who are familiar with the state of banking statistics in India that results of two subsequent surveys due on *December 1963 and June 1964 are not yet available*.

According to the fifth survey, half-yearly average of advances of scheduled banks to small-scale industries at the end of June 1963 was *Rs. 42.40 crores, as against Rs. 19.50* crores at the end of June 1960, Rs. 26.46 crores at the end of June 1961 and Rs. 34.10 crores at the end of June 1962. If outstandings at the end of June are *taken into account, the figures are slightly* higher—Rs. 20.73 crores in 1960, Rs. 27.14 crores in 1961, Rs. 34.59 crores in 1962, and Rs. 42.47 crores in June 1963.

Advances to small-scale industries formed 4.6 per cent of total bank advances to all industries at the end of June 1963, as against 3.9 per cent at the end of June 1961. The latest industrywise classification of these advances is available for December 1962. Light engineering and transport equipment industries were leading with 23 per cent share in total advances to small-*scale sector: textiles came next with 15 per cent* share, followed by metal products, pipes, tubes, etc. at 11 per cent. Chemicals, dyes and paints, *rice mills and other foods, vegetable oil crush*ing and refining, and electrical goods and radio sets, etc., were all about 6 per cent each. The residual 27 per cent was shared amongst leather goods, paper products, plastics, saw mills and others.

Objective of the Surveys

The main purpose of these surveys is to *determine the additional* borrowing quota available to the scheduled banks from the Reserve Bank of India at the Bank rate, on the basis of their lending to the small-scale industries: in the process, however, the Reserve Bank must be coming in possession of a considerable amount of additional information which are quite relevant for assessing the growth of bank assistance to small-scale industries. None of this information is, however, published regularly and systematically except in a very *casual* manner. One does not know, for example, anything more than the fact that the number of accounts of small-scale units rose from 11,900 at the end of June 1961 to 18,900 at the end of June 1963 and that the average amount of advance per account actually declined from Rs. 22,770 to Rs. 22,450 during the same period.

Confusion Over State Bank's Share

As regards the State Bank's share in the total advances to small-scale industries, considerable confusion prevails. In the *Report on Trend and Progress of Banking in India, 1962*, one finds that, out of the total *outstanding* advances of scheduled banks to small-scale industries at the end of June 1962 amounting to Rs. 34.59 crores, the State Bank of India and its subsidiaries together accounted for Rs. 17.64 crores or 51 per cent of the total. The same *Report* for the year 1963, however, shows that, at the end of June 1963, the State Bank and its subsidiaries accounted for Rs. 10.2 crores or about one-fourth of the outstanding advances totalling Rs. 42.5 crores. Obviously, one of the two figures is wrong. The *Report of the Central Board of Directors of the State Bank of India for the year 1963* gives a clearer picture when it says that, at the end of December 1963, the total assistance *sanctioned* by the State Bank to small industries under various heads aggregated Rs. 19.6 crores and the amount *outstanding* totalled Rs. 8.55 crores. The mystery of June 1962 figures above, however, still remains unresolved.

Further confusion is created by the manner in which the various Reserve Bank publications give statistics of bank assistance to small-scale industries. The *Report on Currency and Finance* for the year 1963-64 as well as the Report of *Central Board of Directors of the Reserve Bank of India* both give an impression to the layman that a large bulk of bank assistance to small-scale industries is provided by the State Bank of India and that very little is being done by the other commercial banks. The latest Directors' Report, for example, points out that out of the total outstanding loans aggregating Rs. 18.76 crores under the Gurantee Scheme of the Government and the Reserve Bank of India, the share of the State Bank of India alone was Rs. 11.08 crores: it does not, however, make any mention of the *total outstanding* loans both *within* the Guarantee Scheme and *without* it, and of the share of the State Bank of India and the commercial banks in that total which alone is a meaningful representation of the real measure of bank finance to this sector.

The Guarantee Scheme itself requires to be considered afresh. It was introduced in 1960 as a result of the recommendations of the Hyderabad Seminar on Financing of Small-scale Industries. The purpose was to enlarge bank lending to small-scale industries by enabling banks to share the risks involved with the Guarantee Organisation, which is the Reserve Bank of India. The Scheme, which began as an experimental measure, covering 22 approved districts, is now on a permanent footing, and applicable throughout the country. The institutions eligible for guarantee include State Bank of India and its subsidiaries, majority of scheduled banks, State co-operative banks and State Financial Corporations, including the Madras Industrial and Investment Corporation. The Scheme provides for sharing of losses between the lending institutions and the Guarantee Organisation, subject to the condition that the maximum amount recoverable in any one case will not exceed Rs. one lakh. The scheme has been modified from time to time, in order to liberalise its terms to enable the lending institutions to utilise the guarantees.

Progress Considerable

The Guarantee Scheme has made considerable progress. Since its inception in July 1960 up to the end of March 1964, the Guarantee Organisation received 9,800 applications for guarantee in respect of credit limits aggregating Rs. 40 crores, as against about 5,000 applications for Rs. 20 crores received up to the end of March 1963. Total applications accepted and their amounts were 8,600 for Rs. 33 crores upto the end of March 1964, as against 4,500 applications for Rs. 17 crores up to the end of March 1963. During 1963-64, the Guarantee Organisation has almost doubled its turnover.

Yet it is a curious paradox that only the State Bank of India has made the most frequent and the largest use of the Scheme: it is also rather strange that the guarantees have been invoked in respect of 14 advances only, the total sum paid in four years amounting to no more than a lakh of rupees.

Something to Think About

The fact that banks other than the State Bank and its subsidiaries make very little use of the Guarantee Scheme and rely upon their *own* judgment and evaluation of risks, means that they either do not consider the Guarantee Scheme useful or regard the formalities too cumbersome. The extremely small proportion of losses probably means that banks are too conservative in their lending and the Guarantee Scheme has not enabled them to *liberalise* their *eligibility* or *security* standards for lending. But the real factor behind the banks' reluctance to make use of the Scheme may lie in the fact that the Reserve Bank of India itself acts as the Guarantee Organisation. Banks prefer to act in a conservative manner and show success rather than liberal losses to their own credit supervisory and regulatory agency. If the Guarantee Organisation could be an independent *insurance* and *guarantee* institution (like the Export Risks Insurance Corporation or the Export Credit and Guarantee Corporation), banks could possibly be more liberal in approaching it for an insurance cover. It is high time that this aspect of the working of the Guarantee Scheme is examined by the Government and Reserve Bank.

The crux of the problem is not merely to increase the *quantity* of bank credit to small-scale industries, but also to cultivate a new *attitude* towards banks lending to this sector. In this, the otherwise informative Reserve Bank Reports are completely lacking in details. It is not known how far the Guarantee Organisation or the Reserve Bank has offered guidance to the banks in assessing the creditworthiness in a new way—not merely with reference to the security, means, equity, interest, safety, and profitability, but also in the context of future prospects based upon the financial viability, technical soundness and managerial ability of small industrial units. Nor is it known to what extent the banks themselves have given thought and attention to these problems. It is here that the State Bank of India has a special responsibility: more than any other bank, for it is the State Bank of India which has experimented with the problems of liberalising credit standards and techniques in lending to the small-scale sector. It would benefit both the banking system and the small-scale industries if the lessons of this experience are shared by it with the other banks and the public.

EXTERNAL ASSISTANCE FOR INDIA

PACE OF UTILISATION IMPROVES SLIGHTLY

THERE has recently been a slight improvement in the position regarding the utilisation of external assistance obtained by India from the countries abroad. The rate of utilisation—that is, the proportion of aid actually utilised to the total available for use—in the third year (1963-64) of the third Plan was higher at 25.0 per cent, as against 21.8 per cent in 1962-63 and 22.0 per cent in 1961-62. Welcome though this improvement is, the pace of aid utilisation cannot be considered quite satisfactory, as witness the huge amount of over Rs. 1,212 crores lying undisbursed at the end of March 1964; the amount is equivalent to almost two-fifths of the authorisations aggregating Rs. 3,274 crores (exclusive of P.L. 480 and P.L. 665 assistance amounting to Rs. 1,193 crores, as well as third country currency assistance) since India began obtaining aid for economic development. It may be true that, since a substantial part of loans granted by countries consists of tied loans—that is, loans given towards the implementation of specific projects—the projects naturally take time to execute. But there is no gainsaying the fact that the difference between authorisation and utilisation of aid is also attributable largely to the official red-tape and cumbersome procedural delays. Inasmuch as the slow rate of utilising foreign assistance affects industrial progress at this crucial stage of development, the Government of India has lately initiated several steps to speed up utilisation in the light of the important recommendations made by the special committee on foreign aid (Chairman: Dr. V. K. R. V. Rao). The impact of these steps on the pace of utilisation of foreign aid remains to be seen.

Much valuable data relating to aid received by India from different countries and institutions are given in the Seventh Annual Report (1963) in the series *External Assistance* published by the Union Ministry of Finance. These

AID FOR THIRD PLAN
(In crores of rupees)

	Loans*	Grants*†	P.L. 480/665 aid and third country currency assistance (gross)	Total assistance
Amount undisbursed as at the end of the second Plan ..	675.1	29.4	597.8	1,302.3
Amount authorised during the third Plan	1,443.4	45.9	48.2	1,537.5
1961-62	411.2	20.6	..	431.8
1962-63	591.8	15.6	43.3	650.7
1963-64	440.4	9.7	4.9	455.0
Estimated utilisation during the third Plan ..	935.9	45.8	398.7	1,380.4
1961-62	230.1	21.0	37.8	288.9
1962-63	310.7	14.9	125.8	451.4
1963-64	395.1	9.9	185.1	590.1
Amount undisbursed as at the end of March 1964	1,182.6	29.6	247.3	1,459.5

* Excludes loans and grants out of P.L. 480 Title I and P.L. 665 funds. † Excludes grants under P.L. 480 Titles II and III.

data, together with the data furnished in a special study by the Reserve Bank Economic Department's Division of International Finance—the findings of the study are published in a special note appearing in the August issue of the Reserve Bank's *Monthly Bulletin*—provide a clear picture of the scale of assistance authorised by the Governments of the friendly countries and institutions abroad, the amount utilised, and the aid remaining unutilised when the fourth year of the third Plan commenced on 1st April 1964.

Authorisation and Actual Use

India, it will be recalled, relied mainly on its own resources for financing development during the first Plan. External assistance authorised was no more than Rs. 377 crores, of which only Rs. 197 crores were actually utilised, leaving a spill-over of Rs. 180 crores. As the tempo of development gathered momentum during the second Plan period, the country's foreign exchange reserves fell from Rs. 902 crores to about Rs. 304 crores. External assistance authorised in that period amounted to Rs. 1,401 crores and, with the carryover of Rs. 180 crores from the first Plan, a sum of Rs. 1,581 crores was available for utilisation during the second Plan period. But actual utilisation was just Rs. 890 crores, so that the balance remaining unused when the third Plan began (on 1st April 1961) was Rs. 691 crores. Including the Rs. 1,495 crores authorised in the first three years of the third Plan, the total available amount of aid comes to Rs. 2,186 crores, against which the sum actually utilised was Rs. 974 crores, with the result that the undisbursed amount at the end of the third year (March 1964) of the third Plan was as high as Rs. 1,212 crores. About Rs. 147 crores are estimated to have been authorised during the first quarter of the current year (1964-65).

The total aid authorisations up to the end of March 1964, as already stated, amount to Rs. 3,274 crores (exclusive of P.L. 480-665 assistance and third country currency assistance). The bulk of this assistance is accounted for by loans, the actual share of which comes to Rs. 2,959 crores. There are loans repayable in foreign currencies, some repayable by export of goods and yet others repayable in rupees. Surplus agricultural commodities are made available by the U.S. under P.L. 480 Programme on payment of their cost in rupees, the funds so created being utilised by the U.S. Government for giving loans and grants to the Government of India for financing approved developmental projects. Both Australia and Canada have also assisted India in the supply of foodgrains. In addition to the assistance in commodities, machinery and equipment necessary for the growth of various industries and infrastructure, India has been receiving technical assistance on a substantial scale from a number of countries.

The major portion of the aggregate foreign aid authorisation is for industrial development; the actual share devoted to this purpose (up to the end of March 1964) was Rs. 1,705 crores, representing 59 per cent of the total (Rs. 2,913 crores). The next biggest recipient of aid is "transport and communications" which has received Rs. 420 crores (14 per cent of the total), the share of railways alone being about Rs. 304 crores. The aid authorisations for projects covering steel and steel products amount to Rs. 381 crores (13 per cent of the total) and those for power projects aggregate Rs. 258 crores (9 per cent of the total). Agricultural development has secured an authorisation of Rs. 30 crores (just one per cent of the total). Assistance for iron ore project and wheat loans account for Rs. 13 crores (0.5 per cent) and Rs. 106 crores (3.5 per cent), respectively.

Interest Charges

The rates of interest charged on loans made available by Communist countries are generally lower than those on loans granted by countries in the free world, but the terms of repayment are rather stiffer, in that most of them are repayable in twelve years with very little grace period for the commencement of instalments. In the case of loans from the free world, the period of repayment is much longer, stretching up to 40 years in a good number of cases. In the case of loans from Russia and East European countries, the repayments are, of course, usually in rupees, but, unlike in the case of loans from the U.S., for instance, they can be repatriated immediately they fall due by purchases of goods and shipping them out of the country. In effect, therefore, they are as good as hard loans. The Czechoslovakian, Polish, Rumanian and Russian credits bear interest at the rate of 2½ per cent per annum. The rate of interest (in per cent) generally charged on loans obtained from some other countries are: Yugoslavia: 3; W. Germany: 3-6½; Denmark: 5; Austria and Britain: 5½-6; Sweden: 5¾; Japan 5¾-6; Canada, Italy and Netherlands: 6; France: 6-6.9/10. In the case of the U.S. loans, the rates of interest vary widely: ¾ per cent on A.I.D. loans (the borrowers in India are, of course, liable to pay a special charge ranging from 2⅛ to 5 per cent to the Government of India); 3½ to 5½ per cent on D.L.F. loans; 5½ to 5⅞ per cent on Eximp Bank loans; and 2½ per cent on wheat loan (of June 1951).

Position in 1963-64

The total aid authorised (including P.L. 480-665 assistance and third currency assistance) during the year 1963-64 was considerably smaller than in the previous year, being Rs. 455 crores, as against Rs. 651 crores. The fall was accounted for by all the sub-groups, loans declining by Rs. 151 crores to Rs. 440 crores, grants by Rs. 6 crores to Rs. 10 crores, and P.L. 480 assistance by Rs. 38 crores to Rs. 5 crores. Except for assistance from Switzerland and Denmark, together amounting to Rs. 4 crores, the entire loan assistance authorised during 1963-64 was extended by the members of the Aid-India Consortium. In this connection, it may be noted that, for the year 1963-64, Consortium members had promised assistance of Rs. 501 crores, raising the total assistance promised for the first three years of the third Plan to Rs. 1,627 crores. Of this assistance, a total of Rs. 1,429 crores was authorised as at the end of 1963-64. Aid yet to be authorised (Rs. 198 crores) comprised mainly assistance expected from the World Bank—I.D.A. (Rs. 105 crores) and the U.S.A. (Rs. 76 crores).

Taking into account an undisbursed amount of Rs. 1,594 crores as at the end of March 1963 and Rs. 455 crores authorised during 1963-64, total aid available for utilisation during the year amounted to Rs. 2,049 crores, consisting of loans of Rs. 1,578 crores (77 per cent), grants of Rs. 40 crores (2 per cent) and P.L. 480 assistance of Rs. 432 crores (21 per cent).

Utilisation of external assistance amounted to Rs. 590 crores during 1963-64, as compared with Rs. 451 crores in 1962-63, leaving a balance of Rs. 1,459 crores for use in the subsequent period. The appreciable rise of about 31 per cent in the rate of utilisation during 1963-64 reflected, according to the *Reserve Bank of India Bulletin*, mainly the larger availability of non-project assistance and also the advanced stage of execution reached by many projects receiving aid. Thus, the utilisation of loan assistance increased from Rs. 311 crores in 1962-63 to Rs. 395 crores during 1963-64 (or by 27 per cent). Utilisation of assistance under P.L. 480 Programme was also accelerated, in order to tide over the domestic food shortage. Imports under this Programme during 1963-64, at Rs. 185 crores, were sizably larger (by Rs. 59 crores or 48 per cent) than those in the preceding year.

FOREIGN ASSISTANCE FOR INDIA
(In crores of rupees)

Source	Authorisations upto 31-3-1956	Authorisations upto the end of second Plan	Balance of unutilised aid as on 1-4-1961	Authorisation from 1-4-1961 to 31-3-1964	Total available for utilisation during first three years of third Plan	Estimated utilisation from 1-4-1961 to 31-3-1964	Balance available as on 31-3-1964	Total authorisation from inception to 31-3-1964
U.S.A.	208.47	574.19	209.75	619.19	828.86	447.06	381.80	1,193.80
U.S.S.R.	64.71	384.96	308.96	..	308.96	104.26	204.70	384.96
U.K.	0.39	123.47	1.16	167.36	168.52	87.62	80.90	290.83
Canada	32.34	105.15	9.44	39.86	49.30	22.00	27.30	145.01
Australia	11.08	13.28	0.64	1.78	2.37	0.67	1.70	15.01
New Zealand	1.72	3.43	0.20	0.22	0.42	0.22	0.20	3.65
W. Germany	..	141.37	15.68	220.59	236.27	124.77	111.50	361.96
Japan	..	27.16	10.80	78.62	89.42	29.72	59.70	105.78
Czechoslovakia	..	23.10	23.10	0.40	23.50	1.20	22.30	23.50
Yugoslavia	..	19.05	19.05	..	19.05	0.35	18.70	19.05
Norway	0.66	2.53	..	1.62	1.62	1.32	0.30	4.15
Poland	..	14.30	14.30	15.50	29.80	2.50	27.30	29.80
Switzerland	..	6.60	6.60	8.68	15.28	1.78	13.50	15.28
Italy	..	..	..	47.01	47.01	2.41	44.60	47.61
France	..	..	..	38.10	38.10	..	38.10	38.10
Austria	..	..	..	4.18	4.18	1.18	3.00	4.18
Netherlands	..	..	..	13.20	13.20	..	13.20	13.20
Denmark	..	..	..	1.00	1.00	..	1.00	1.00
Belgium	..	..	..	9.56	9.56	..	9.56	9.56
World Bank]	57.70	319.82	68.21	83.59	146.80	84.40	62.40	403.41
	(25.70)	(104.80)	(16.72)	(49.78)	(66.50)	(19.90)	(46.60)	(154.58)
Ford Foundation	5.61	16.07	4.59	1.16	5.55	1.75	3.80	17.23
U.N. Special Fund	..	4.01	4.01	0.95*	*N.A.*	*N.A.*	*N.A.*	6.61†
I.D.A.	..	..	..	142.82	142.82	52.42	90.40	142.82
Total‡ ..	377.68	1,778.49	691.29	1,495.23	2,186.52	974.32	1,212.20	3,273.72
Of which:								
Loans	..	1,515.06	658.68	1,443.47	2,102.15	919.55	1,182.60	2,958.53
Grants	..	263.43	32.61	51.76	84.37	54.77	29.60	315.19
P.L. 665 Assistance]	..	31.87	..	..	..	..	..	31.87
P.L. 480 Assistance]	..	1,113.00	597.80	48.24	646.74	398.44	247.30	1,161.24

Note :—This statement excludes suppliers' credit other than those forming part of Consortium Aids, Rockefeller Foundation, Assistance under Titles II and III of P.L. 480, technical assistance in the form of experts, trainees, etc., and Aoc grants, in the form of equipment and supplies where the value is not known, and third country currency assistance from the U.S.

* Up to end-March 1963 only.
† Up to end-December 1963 only. *N.A.*—Not available.
‡ The figures do not tally with the cumulative totals for individual countries, since the table has been compiled from two sources, namely, the Finance Ministry's Annual Report on External Assistance (1963) and the article appearing in the August issue of the Reserve Bank of India's *Monthly Bulletin*.
Figures in brackets indicate the share of private sector.

U.S., The Largest Aid-giver

No other country has given so much aid for the economic development of India and on such liberal terms as the U.S. Out of the aggregate aid authorisations (including P.L. 480-665 assistance) amounting to Rs. 4,467 crores as of March 1964, the share of the U.S. alone comes to over Rs. 2,386 crores, representing more than half of the total. Assistance has been received under various programmes in the form of materials and equipment given either as outright grants or as long-term loans, as well as in the form of the services of technicians and the training abroad of Indian nationals. In addition, India has received donations in the form of relief shipments of agricultural commodities under Titles II and III of P.L. 480 valued at Rs. 4 crores and Rs. 85.73 crores, respectively. Further, third country currencies valued at Rs. 2.78 crores

PURPOSE-WISE BREAK-UP
(In crores of rupees)

	Authorisation upto March 1964	Utilisation upto March 1964	Amount undisbursed as at the end of March 1964
Power	258.5	108.5	150.0
Transport and Communications	419.5	331.8	87.7
or which: Railways	303.8	272.8	31.5
Ports ..	39.1	18.1	21.0
Airways, Road and Communications ..	76.6	41.4	35.2
Iron Or roject	12.6	9.2	3.4
Steel and steel projects ..	381.1	301.2	79.9
Other industrial development ..	1,705.4	860.1	845.3
Agricultural development ..	30.3	14.0	16.3
Wheat loans	106.0	106.0	..
Total	2,913.4	1,730.8	1,182.6

were made available for the import of fertilisers and tube-well equipment against payment in rupees, out of which no loans or grants are contemplated. Against the total loan assistance of Rs. 1,523 crores, loans amounting to Rs. 873 crores (that is more than half) are repayable in rupees. The balance of Rs. 650 crores is repayable in dollars and includes A.I.D. loans amounting to Rs. 398 crores which carry a nominal credit fee of ¾ per cent and are repayable over a period of 40 years with a grace period of 10 years.

Soviet Russia, West Germany, the U.K., Canada and Japan are the other countries which have made available to India large-scale financial and technical assistance. The actual total aid authorisations made by these countries upto the end of March 1964 are Rs. 385 crores, Rs. 362 crores, Rs. 291 crores, Rs. 145 crores and Rs. 106 crores, respectively.

Among international agencies, the World Bank alone has granted India loans amounting to over Rs. 403 crores (as of March 1964): Rs. 248.83 crores to the public sector and Rs. 154.58 crores to the private sector. The World Bank's affiliate, the International Development Association, too, has extended aid on a liberal scale—a total of Rs. 142.82 crores. The U.N. Special Fund has given assistance worth Rs. 6.61 crores (up to the end of December 1963). Aid has also been obtained under the U.N. expanded programme of technical assistance from the W.H.O., U.N. Children's Fund, I.L.O., U.N.E.S.C.O. and other agencies. Among the private philanthropic organisations, the U.S. Ford Foundation alone has given aid amounting to no less than Rs. 17.23 crores and the Rockefeller Foundation has made available grants aggregating Rs. 7.20 crores (up to the end of March 1963) to private bodies and individuals. The total from these two private trusts comes to about Rs. 24.50 crores, equal to about seven per cent of the total of loans given by Russia.

Need for Further Assistance

The foregoing account signifies the measure of co-operation forthcoming from friendly countries and international institutions. Such co-operation, as the Finance Ministry's report says, has been a great encouragement in the initiation and maintenance of a cumulative process of economic growth. Emphasising the need for further sizable external assistance, the report observes:

"Rapid economic progress cannot be envisaged without a substantial increase in the outlays on steel, other metals, fuels, fertilisers, machinery in general, and the attendant requirements of transport, power and the like. The development of these resources, however, would itself require a substantial amount of imports in the initial stages, so that, in a sense, the availability of external assistance of a sizable nature over the interim period becomes the key to a more viable payment position in the long run."

While the continued inflow of large-scale external assistance is important, one should not overlook the heavy burden involved in servicing foreign loans. Besides the repayment of principal, interest charges run to several crores of rupees every year. The total amount actually paid by the Government of India by way of interest alone on its external debt was over Rs. 55 crores during the second Plan period, Rs. 34 crores in 1961-62, Rs. 47 crores in 1962-63, Rs. 59 crores (revised) in 1963-64 and Rs. 77 crores (budget) in 1964-65. Then there are the maturing instalments of the principal. Pointed attention to the onerous external debt servicing problems was drawn by Mr. T. T. Krishnamachari, Union Minister for Finance, in his speech at the Fund-Bank meeting held at Tokyo last week. He was certainly speaking on behalf of all developing countries when he appealed for steps to lighten the burden on past loans. These steps alone, however, may not be of much avail nor will the continued foreign assistance on more liberal terms be of any significant use, unless the developing countries accord increased opportunities to step up their exports (raw materials, semi-manufactures and manufactured goods) to the markets of the developed nations.

W. GERMAN CREDIT FOR INDIA

The Governments of West Germany and India signed an agreement for credits amounting to Rs. 45.24 crores (DM 360 million) for the fourth year of India's third Plan at New Delhi on Tuesday this week. The agreement follows West Germany's pledge of aid at the last meeting of the Aid-India Consortium. Of the total aid amount, a sum of Rs. 32.14 crores (DM 270 million) will be treated as governmental economic assistance and the balance of Rs. 13.10 crores (DM 110 million) as guarantee for suppliers' credits. The sum of Rs. 32.14 crores includes Rs. 10.71 crores for refinancing liabilities of the Rourkela steel plant, Rs. 6.55 crores as commodity aid for the purchase of goods and services in Germany, Rs. 4.76 crores for further financing of certain German aided development projects nearing completion, Rs. 7.14 crores for spending on new development projects, and Rs. 2.98 crores for the I.C.I.C.I., the Industrial Finance Corporation of India and the National Small Industries Corporation for granting loans to medium and small undertakings. The amount of Rs. 13.10 crores, which is in the nature of a suppliers' credit, will be utilised in two parts—Rs. 9.76 crores for the purchase of new ships which has already been agreed to and the balance of Rs. 3.34 crores is intended for the purchase of other goods and services.

The loan of DM 90 million (Rs. 10.71 crores is repayable in 16 years at 5.5 per cent interest. The other loans aggregating DM 180 million (Rs. 21.43 crores) are for a period of 25 years, including a grace period of 7 years, and bear an interest rate of 3 per cent. The terms of the suppliers' credit will be settled between the buyers and sellers in both private and public sectors.

West Germany has so far agreed to extend credits amounting to Rs. 405.90 crores (DM 3,409.56 million) towards assistance for India's development programme. Out of this, a sum of Rs. 140.06 crores (DM 1,176.6 million) was made available during the second Plan period and the balance of Rs. 265.83 crores (DM 2,223.3 million) for the first four years of the third Plan.

India has been importing from West Germany equipment for various industries, namely, automobile, chemicals, engineering, power, steel, etc. Among the important projects undertaken with German assistance are the Rourkela Steel Project, Rourkela Fertiliser Plant, Neyveli Briquetting and Carbonisation Plant, Neyveli Fertiliser Project, Durgapur Power Station (5th Unit), expansion of the Mysore Iron and Steel Works and its conversion into an alloy and special steel plant, new Government electric factory, Mysore, expansion of the Kalinga Pig Iron Plant, Kargali Coal Washery Extension, and the T.E.L.Co.

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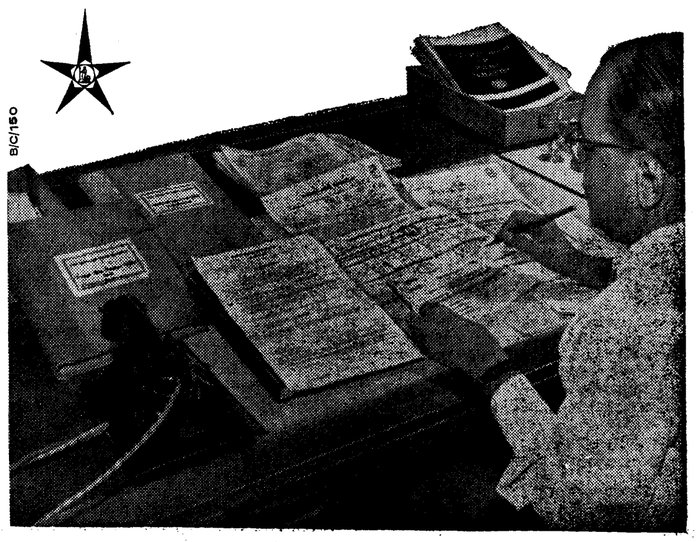


BANKING AND MONETARY STATISTICS

SUPPLEMENT PRESENTS REVISED AND UP-TO-DATE DATA

THE two volumes of *Supplement to Banking and Monetary Statistics of India*, published recently by the Reserve Bank of India, do more than supplement the earlier comprehensive volume on *Banking and Monetary Statistics of India* published a decade ago. The earlier volume gave at one place and on a uniform basis all available financial statistics from the earliest available period up to 1951, in order to serve as a standard source of reference both for bank officers and for research scholars. The supplement volumes not only bring the data up-to-date up to 1961, but also contain new sections on bank debits, balance of payments and financial corporations; they further incorporate several refinements in various statistical series, of which particularly noteworthy are the revised series on money supply and money rates.

Part I of the *Supplement* presents data relating to financial institutions like banks, co-operative societies, financial corporations, insurance companies and, of course, the Reserve Bank of India. Part II covers various aspects of financial statistics, namely, bank debits, and cheque clearances, currency and remittances, money rates and security markets, public finance and public debt and balance of payments.

Financial Institutions

The section on *all banks* presents the number and deposits of (i) all commercial banks classified into State Bank of India, Indian Scheduled Banks, Foreign Banks and four subgroups of non-Scheduled Banks, (ii) of co-operative societies classified into State Co-operative Banks, District Central Co-operative Banks, and primary societies subdivided into Agricultural Credit Societies and Non-agricultural Credit Societies, and (iii) of Post Office Savings Banks. Although the dates of closing the accounts are different for different classes of banks—the commercial banks close their year in December, co-operative societies in June and the postal savings banks in March—the figures and trends are broadly comparable; while the number of commercial banks came down from 499 to 292 between 1950 and 1961, their deposits rose from Rs. 998 crores to Rs. 2,125 crores; both the number and amount of deposits of co-operative societies have increased—the former has doubled from over 112,000 to over 224,000, and the latter have more than trebled from Rs. 72 crores to over Rs. 203 crores; the postal savings banks have also increased from less than 9,900 in 1950 to more than 17,200 in 1961, with their deposits rising from Rs. 186 crores to Rs. 467 crores.

The section on *commercial banks* gives detailed statistics relating to all commercial banks by class of banks as indicated above. Annual and monthly averages of weekly figures of principal items of assets and liabilities of the State Bank of India, Indian Scheduled Banks, Foreign Banks and all scheduled banks as well as all commercial banks are separately given. The *Supplement* points out the various minor differences and changes in the classification of these statistics: wherever the scope and coverage of individual items have undergone any change, it has been explained at the appropriate places. Such changes, however, despite the explanations, make the data uncomparable. For example, *cash in hand* was cash in hand prior to 1950, but includes cash with the Imperial or the State Bank and the Reserve Bank since then: similarly, *current deposits* exclude contingency accounts at one time, but include them at other. The most important change was in the definitions of net time and demand liabilities in 1960 as a result of amendments to the Reserve Bank of India Act: prior figures were all inclusive of inter-bank liabilities, later figures were net of inter-bank dues. These refinements in definitions are sometimes useful in formulating policies, but, unless they are carried backwards over a period of time, the lack of comparability will affect judgment.

Two tables classify the more important items of the assets and liabilities of banks of different sizes as indicated by their (i) paid-up capital and reserves and (ii) deposits.

Note: *Supplement to Banking and Monetary Statistics of India. Parts One and Two. Published by Reserve Bank of India. Price: Rs. 10.50 for each part.*

The classification of banks according to the former is made into five categories, with owned funds ranging from *below* Rs. 50,000 to Rs. 50 *lakhs and above*: deposit-wise classification is into eight categories, with deposits below Rs. 5 lakhs at one end and above Rs. 20 crores at the other. In some ways, these classified magnitudes give a more realistic picture of the banking mechanism of India and provide a better guide to policy-makers as well as practitioners. Similarly, the three frequency distributions of banks classified according to the ratio of reserves to paid-up capital of advances to deposits and of investments to deposits are truly revealing. It is generally recognised, for example, that the advances deposits ratio of the scheduled banks is high, but the distribution of banks shows that the number of scheduled banks having the ratio above 71 per cent has come down from 32 in 1950 to 23 in 1961, and that of banks below 71 per cent has remained constant at 59. The number of scheduled banks having reserves equal to more than 50 per cent of their paid-up capital having increased from 28 to 46 during the same period, and those having less than 50 per cent have come down from 45 to 20.

The *number* of banks in these frequency distributions however, gives only an incomplete picture of the banking system, for with the wide range of difference in size of banks, the size is more important than number.

The results of the various Reserve Bank's surveys of advances (both by purpose and security), investments (both by nature and maturity) and deposits (by ownership) have been summed up at one place in order to facilitate their comparative study. Income, expenditure and allocations from profits for all classes of commercial banks are presented in the form of a comparative table for all years from 1950 to 1961. The data on capital, reserves and deposits involved in banks which have gone into liquidation have been given for the first time in a new table. Between 1950-61, in all 514 banks have gone into voluntary or compulsory liquidation or have otherwise ceased to function and the total paid-up capital and deposits involved amounted to Rs. 12.92 crores and Rs. 54.91 crores, respectively, in the case of 391 banks in respect of which information is available. Looking at the year-to-year figures, it is noticed that, while the number of liquidations has gone down over the years, the number of banks which have ceased to exist, presumably as a result of mergers and amalgamations has been going up.

Branch Network

The data on branch network shows that, while the number of scheduled banks has fallen from 91 to 82, their offices have gone up from 2,890 to 4,487 between 1950-61. In the case of the non-scheduled banks, however, the trends are downward in both cases—the banks having fallen from 514 to 210 and branches from 1567 to 624. This reflects a strengthening of the banking system through amalgamations and/or extinction.

The most glaring inadequacy of the statistical data of commercial banks is that no effort has been made to present the statistics of deposits and investments of the State Bank of India and of the scheduled banks exclusive of the misleading P.L. 480 and P.L. 665 funds. It is known, since 1962, that this fortuitous accrual of deposits to the State Bank of India ever since 1956, has distorted the real trends in bank deposits and investments and it is high time that full disclosure is made of the disturbing effects and movements of P.L. funds. Some stray and inadequate efforts have been made in Reserve Bank *Bulletins* to present the scheduled bank deposits in proper perspective, but nothing has yet been done to regularise the investment statistics and to reveal the real growth of the State Bank of India independent of P.L. assistance.

The section on *co-operative societies* presents data on different co-operative societies, particularly with reference to their number and membership, principal assets and liabilities, turnover and profits. For credit societies, classification of overdues according to period and of loan according to security are also given. Between 1951 and 1961, the member of co-operative societies increased from 181,000 to 332,000, the membership of primary societies rose from 13.70 million to 34.24 million and the working capital of co-operative societies jumped up from Rs. 276 crores to Rs. 1,312 crores. Loans advanced by primary societies rose from Rs. 86 crores to Rs. 380 crores, and their overdues from Rs. 10 crores to Rs. 59 crores. Elaborate details of the working of State and Central Co-operative Banks, Grain Banks, Land Mortgage Banks, etc. are given, largely based on the R.B.I. annual publication *Statistical Statements relating to the Co-operative Movement in India.*

Financial Corporations

A new section on *financial corporations* presents data regarding the industrial financing agencies in India. The data given is most comprehensive in the case of the Industrial Finance Corporation of India, and the least elaborate in the case of Refinance Corporation for Industry Limited—both of which have now been absorbed by the Industrial Development Bank of India.

Analysis of loans approved for various types of industries by the Industrial Finance Corporation of India is given annually for all years from 1949-61; it could prove more useful if a progressive total is also given at the end of 1961. Further, it is not clear why similar data for the State Financial Corporations and the Industrial Credit and Investment Corporation of India are not given. Assets and liabilities are given for all the specialised financing agencies, but details of investments and operations are given only in the case of the I.F.C. and the S.F.Cs: no doubt the former does give a comprehensive picture of the institutions concerned, but the extent and quality of contribution made by them towards industrial financing and economic development could be judged only from data relating to operations and investments of those institutions.

The data presented in the section on *Reserve Bank of India* relates to the various functions performed by the Bank, namely, the issue of notes, loans and advances granted to Governments, other loans and advances including those to the scheduled banks and the State Co-operative banks, the reserves of the scheduled banks and the State Co-operative banks, etc. A comprehensive picture of the role of the Reserve Bank and of the structure and mechanism of co-operative credit is also given. Data on profit and loss accounts of the Reserve Bank have also been given, showing the surplus payable by the Bank to the Government—it rose from Rs. 9.91 crores in 1950 to Rs. 42.50 crores in 1961.

The data on *insurance companies* are largely drawn from the *Indian Insurance Year Books*. Since the business of life insurance—entire business of Indian insurers and provident societies, and Indian business of foreign insurers, with the only exception of postal life insurance —vested in the Life Insurance Corporation of India since 1956, the insurance statistics from 1950 to 1955 are presented in the old pro forma as given in the *Banking and Monetary Statistics of India*, while new tables are prepared in respect of the business of L.I.C. since 1956. Details of general insurance business are given, but they do not include the business of subsidiaries of L.I.C. doing general insurance business. One result of these peculiar arrangements is that the performance of Life Insurance Corporation cannot be placed in comparison with that of the insurers who preceded it: whether this is by deliberate design or a mere coincidence, this writer cannot say.

Financial Statistics

The data on cheque clearances show that both the number and amount of cheque clearances doubled between 1950-51 and 1960-61 from 26 lakhs to 55 lakhs and from Rs. 6,638 crores to Rs. 12,551 crores, respectively. The data relating to debits to deposit accounts with the scheduled banks, however, supply a more accurate and direct measure of deposit turnover than the data on cheque clearances. The data on bank debits are presented for the first time and go back up to 1937. Various changes in the scope of bank debits data have been made over the years, but they unmistakably show the improvement in the rate of turnover of current deposits from the low of 20 per cent in 1943 and 1944 to the maximum of 46 per cent in 1956 and 44 per cent in 1961. The rate of turnover of cash credits and overdrafts and the overall rate of turnover have remained more or less stable over the last four to six years. Since an overwhelming proportion of Government accounts are held at the Reserve Bank of India, data on debits to Government account are also given. The rate of turnover on Government deposits has gone up from 5 per cent in 1946 to 185 per cent in 1961.

The most important series amongst the statistics of currency, its circulation, absorption, imports, exports, etc., is the revised series on money supply. The main change in the revision of the data on money supply is the change from *net demand liabilities* to *net demand deposits*. It must be said to the credit of the Reserve Bank that the revised series on money supply has been carried backwards upto 1950 in order to provide comparable data for the Plan periods. The money supply with the public has continuously risen from Rs. 1,890 crores (Rs. 1,306 crores currency *plus* Rs. 584 crores deposits) in 1950 to Rs. 2,869 crores (Rs. 2,098 crores currency *plus* Rs. 771 crores deposits) in 1961.

Money and Capital Markets

The section on *money rates and security markets* draws a broad statistical outline of the performance of the money and the capital markets. It is for the first time in recent years that statistics of interest rates according to types and for different categories of institutions, prices and yields of different types of scrips according to their class are presented together. Uniform data on money rates were available only from May 1960 but, with a view to obtaining comparable data for periods prior to 1960, a comprehensive survey of money rates was conducted. Weighted annual and monthly average rates for the State Bank of India and selected major scheduled banks are presented separately covering every description of deposits. Bank rate and advances rates of the Reserve Bank of India and the *hundi*, advance and call rates of the State Bank of India are presented along with the unofficial *bazaar* bill rates. Extensive details of and trends in the yield on Government securities are also furnished. The number and paid-up capital of joint-stock companies and the yield on industrial securities are also included.

The section on *public finance* presents data on the receipts and expenditure and public debt of Central and State Governments; the original tables have been considerably recast and rearranged, so as to increase their scope and coverage, consequent on the structural, organisational and statutory changes as a result of planning, reorganisation of States, reformulation of taxation and fiscal policies and recommendations of Finance Commissions. The information collected in this section is very important, for it includes new tables on Plan outlays and on financial resources of the Plans, and gives the maturity pattern of Government securities, net absorption of Government securities by the *public*, ownership distribution of Government securities, etc., in addition to the debt and budgetary position of the Governments. Even if the data for 1951-61 are not comparable with those of the previous years as a result of various changes, it is immaterial, for one has at least a comprehensive and comparable picture for the Plan period.

Public Finance

Total revenue and capital receipts of Central Government rose from Rs. 406 crores and Rs. 104 crores, respectively, in 1950-51 to Rs. 877 crores and Rs. 1,127 crores in 1960-61. Even apart from the fourfold increase in the grand total of receipts from Rs. 510 crores to over Rs. 2,000 crores, the most significant aspect of growth is the tremendous increase in capital receipts which have far outpaced revenue receipts. Nevertheless, the total overall deficit over the decade amounted to Rs. 1,325 crores—roughly equivalent to the amount of deficit financing as measured by the net increase in Treasury Bills. The cash balance of the Government also came down from Rs. 150 crores to Rs. 45 crores during this period. To this must be added the position of the State Governments, the revenue and capital receipts of which went up from Rs. 368 crores and Rs. 128 crores to Rs. 987 crores and Rs. 580 crores, respectively, over the decade. The total outstanding public debt of the Central and State Governments (including foreign debt) rose from Rs. 2,614 crores to Rs. 7,039 crores between 1950-51 and 1960-61. Notable among the foreign debt is the spectacular increase in dollar loans as compared with sterling loans.

Another distinguishing feature of the debt position of the Central Government was that the total interest-bearing obligations at the end of 1961 at Rs. 6,281 crores were very inadequately covered by interest yielding assets totalling Rs. 5,090 crores, leaving an uncovered gap of over Rs. 1,100 crores. The total of outstanding small savings show a sharp increase from Rs. 126 crores to Rs. 786 crores during this period.

The maturity pattern of the Government of India rupee loans has undergone a significant change. Undated loans and loans maturing over ten years have remained stationary or increased only slightly. The largest increase from Rs. 319 crores to Rs. 867 crores is shown by loans maturing within five years, followed by loans maturing between five and ten years which rose from Rs. 343 crores to Rs. 756 crores.

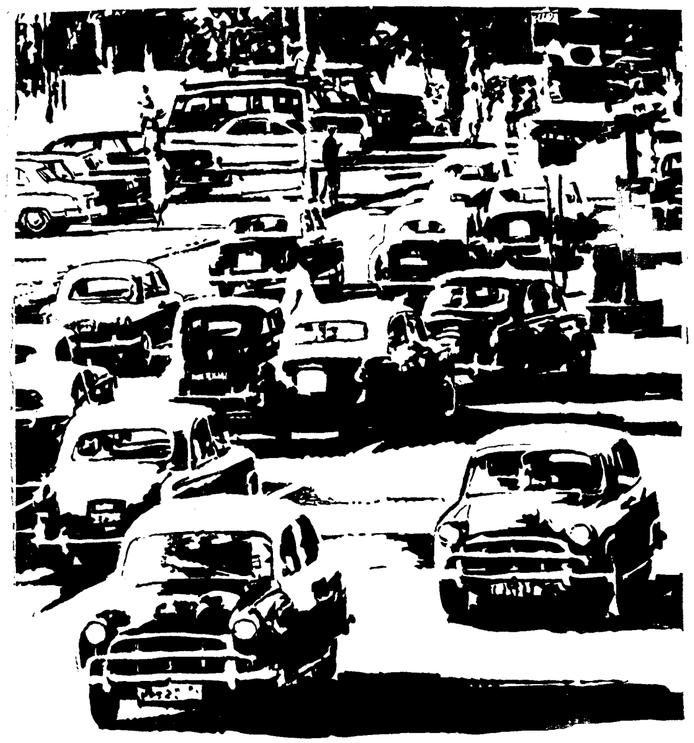
The ownership distribution of Government securities shows that the largest single holder was the Reserve Bank of India (Rs. 707 crores) whose holding together with that of the Governments themselves amounted to Rs. 975 crores. Next came the commercial and co-operative banks with a holding of over Rs. 600 crores. The net absorption of Central and State Government securities by the public over the first two Plans amounted to Rs. 748 crores.

The year-wise distribution of outlays in Five-year Plans spread over major heads of development shows progressive increases from Rs. 260 crores in the first year of the first Plan to no less than Rs. 1,118 crores in the last year of the second Plan.

The section on *balance of payments* is a new feature of the *Supplement* and covers various aspects of India's balance of payments on current, as well as capital, account. The regional tables show the distribution of balance with the sterling area, dollar area, O.E.E.C. countries, rest of the non-sterling area as well as international institutions. The Index Numbers of Imports and Exports show the quantum as well as the (declared) values of articles imported or exported and provide a valuable guide to the changing terms of India's international trade.

U.K. LOANS FOR INDIA

Seven loan agreements covering a total of £14.5 million, being a part of the £30-million aid programme for India in 1964-65 pledged by Britain at the Aid India Consortium meeting held at Washington on 26th May this year, were signed at New Delhi on the 9th inst. All the loans are made under Section 3 of the Export Guarantee Act of 1949 and have a maturity of 25 years, including a seven-year grace period on repayment of principal and a waiver of interest during the first seven years. The loans will benefit India's oil, heavy electrical, coal-mining and power-generating industries. They will also assist certain Indian private sector industries at present running below full capacity for lack of foreign exchange to purchase vitally needed maintenance and spares items. The balance of the £30-million aid programme for 1964-65 is being given mainly in the form of general purpose loans (one for £10 million has already been signed), from which the Government of India may, among other purposes, allocate funds for down payments on cargo ships to be built in British dockyards. The £30-million programme is additional to aid already announced for the Durgapur Steelworks.



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MONTHLY ECONOMIC REVIEW OF U.K.

ORDERLINESS AND MODERATION IN EXCHANGE MARKETS

PRESSURE ON STERLING TACTFULLY HANDLED

By W. T. C. King
EDITOR OF "THE BANKER"

LONDON, *3rd September* 1964

THROUGH the peak period of Britain's summer holiday season—an unusually fine one this year—some interesting contrasts have emerged in the financial markets. Business confidence has been running high and the prices of equity shares on the Stock Exchange have been strong at a time when sterling has been under some pressure in the foreign exchange markets and when a number of commentators have been drawing attention to the problems of Britain's external balance of payments.

On the Stock Exchange, the general trend of ordinary shares prices has been upwards since early June. As I noted in my review a couple of months ago, the industrial ordinary share index of the *Financial Times*, after dropping back from its post-Budget high point of 352.5 to only 334.6, rose strongly during June, reaching 353.8 by early July. By the middle of that month, it had reached almost 360, and then in mid-August it at last succeeded in surpassing the all-time peak (of 365.7) attained in May 1961, on the eve of the big break on Wall Street. In the meantime, it had been down to only 252.8, in May 1962; and even last February it was no higher than 322.

Now, at the beginning of September, a renewed rise has established yet another record figure, 367. (The latest—as on 11th September—the index is 365.2.—ED.) The major part of the advance from the low point of 1962 is, of course, a reflection of the re-expansion of Britain's economy after the pause and mild recession of 1961-62, as the reflationary measures of 1962 and 1963 began to take effect. But, in the past month or so, the most significant determinant of stock market behaviour appears to have been political rather than economic. Investors seem to have been swayed chiefly by the ebb and flow of electoral forecasts, and especially by the several public opinion polls, as the time for Britain's general election draws near. It is interesting, nonetheless, that investment opinion has so readily shrugged off the uncertainties that have been debated on the economic front. These have several times provoked reactions in share prices, but, on each occasion, the uptrend has reasserted itself before long.

Pressure on Sterling

The focal point for the discussion of these uncertainties has been the behaviour of sterling, which has been trending downwards for the past three months. In terms of the U.S. dollar, the spot quotation dipped at one time last month to $2.78-13/32, the lowest point recorded for seven years, though at the moment of writing it is quoted slightly higher than this. During the spring, the rate stood at above its parity of $2.80, and did not dip below it until end-May. There are, however, technical reasons for the extent of the decline in recent months. It would be quite wrong to conclude that the pressure Britain has lately experienced on its external payments must have been of a magnitude comparable to that encountered when the spot dollar rate was last allowed to approach as closely to its lower dealing limit as it has recently done. Indeed, the sophisticated view of the exchange markets at the moment is that, if there is a puzzle to be solved, it is not why sterling has been under some pressure, but why that pressure has not been very much larger than the available statistics demonstrate.

The most direct measure of the pressure experienced in the foreign exchange market is the net movement in the central reserves of gold and convertible foreign currencies. These were trending upwards until the end of May, at which time they were standing at £986,000,000, as compared with £949,000,000 at the end of last year. They then started to decline, but only at a moderate rate—by £20,000,000 in June and £10,000,000 in July and now, in the latest month, by £33,000,000, to £923,000,000. But no less than £14,000,000 of the August outflow and £3,000,000 of that for June were attributable to special factors, to repayments of inter-governmental indebtedness. Excluding these transactions, therefore, the "true" decline over the three months amounted to £46,000,000, and was scarcely larger in August, when public discussion of the balance-of-payments problem reached its peak, than it had been in June.

Four Kinds of Strain

When all factors are considered, this is a much smaller rate of decline than might have been expected. Britain's external payments account has lately been exposed to at least four distinct kinds of actual or potential strain. The balance of payments on "identified" current transactions, as I reported here recently, swung into deficit in the first quarter of this year, and has certainly remained in deficit since. Secondly, the rate of net outgoings on long-term capital account increased very sharply early this year by comparison with the average rate of recent years (in the calendar year 1961 there had actually been, quite exceptionally, a net inflow of long-term funds). Thirdly, the late summer and early autumn are traditionally the period of seasonal strain, when heavy payments have to be made for imports of primary produce and tourist spending is at its peak. In recent years, these seasonal factors are thought to have been considerably less potent than they used to be, but they are certainly still of some significance, and at times they can also be reinforced by psychological factors, which may build on the expectation of seasonal strain. Fourthly, in recent months there has been the ever-present possibility that the uncertainties inherent in the impending general election might become a material factor in market sentiment.

It will be seen that there is a wide disparity between the pressures that might have been experienced in these various ways and the actual strain that has been borne by the gold and exchange reserves. During the three months in which those reserves have been falling, the "true' decline, as has been shown, was at an annual rate of some £180,000,000; yet this figure is only a little larger than the overall deficit—including the net outgo on long-term capital account as well as the identified deficit for the first quarter of this year alone. And it may be contrasted with the most actively discussed of recent unofficial forecasts: the National Institute of Economic and Social Research conjectured in August that, for the full year 1964, the overall deficit, similarly defined, might reach £500,000,000 with the current-account portion at possibly £300,000,000.

No Support Sought

The fact that the central reserves have been so little affected by the surrounding pressures does not mean that they have been cushioned, as has happened at times in recent years, by official drawings on available international credit facilities. In reply to a question in Parliament at end-July, the Chancellor of the Exchequer stated plainly that there had been no recourse to the facilities available with the group of central banks under the so-called Basle Arrangements. Moreover the whole of the $500,000,000 that can be drawn under the mutual "swap" arrangements with the United States remained available for use in case of need. Similarly, there had been no draft on the facilities available at the International Monetary Fund (I.M.F.). Any such drawings are, of course, always made public forthwith. Britain's facilities at the I.M.F. have, moreover, just been buttressed by the renewal for a further 12 months of the $1,000 million "stand-by" drawing right.

Sterling Balances

There seems no doubt that the major explanation of the relative immunity of the gold reserves from the pressures experienced on current and on long-term capital account is that, up to the middle of the year at least, Britain continued to enjoy a large net inflow of short-term funds. Britain's next external sterling liabilities have been rising steeply for five successive quarters. The latest statistics in the quarterly official series show that, in the second quarter of this year, the aggregate of these externally-owned sterling balances rose by no less than £83,000,000 to £3,822 million—by far the largest total since the present series of figures started at end-1962. This followed a rise of £52,000,000 in the first quarter of this year and one of £104,000,000 in the fourth quarter of 1963 and it brings the total net inflow since March 1963 up to £385,000,000 (in the preceding quarter, however, the first covered by the series, there had been a net outflow of nearly £100,000,000). By far the greater part of the inflow, especially in the current year, has come from countries in the oversea Sterling Area, and is notably a reflection of the strength of their earnings from the sale of primary produce. Over the past 18 months, the Sterling Area balances have increased by £288,000,000, to £2,580 million. Of this increase, £53,000,000 occurred in the first quarter of this year, and £70,000,000 in the latest quarter (a slightly smaller rise, however, than in the second quarter of 1963).

Balances of Non-sterling Countries

This important slice of the accretion of funds in London must be attributed rather to the international trading experience of the countries of the oversea Sterling Area than to factors that are or might be within the reach of influence from financial policy in London. This is not true, however, of the balances of non-sterling countries. In the aggregate, these balances rose by £17,000,000 in the second quarter of this year, to £621,000,000, after remaining unchanged in the first quarter. In both these periods, however, the balances of Western European countries were running down—by £13,000,000 in the first quarter and £17,000,000 in the second—a movement that was almost certainly dominated by local considerations, by the stringency experienced in most European money markets and by the fact that local money rates were being levered up as the means of countering inflationary tendencies. This outflow was fully offset, however, by the net inflow of funds from North America—to the extent of £8,000,000 in the first quarter and £28,000,000 in the second—doubtless in response to the higher level of short-term money rates maintained in London.

Spot and Forward

An important characteristic of conditions in the exchange market when sterling first started to weaken is that the depreciation of the spot rate was accompanied by a narrowing of the discount quoted for forward sterling (and in some instances by a swing of the discount into an actual premium). This had the effect of reducing the cost of covering the exchange risk when funds were transferred from the United States to London, so that, in spite of the rising tendency of the New York Treasury Bill rate, there still was a net advantage to be gained by switching to London even after provision had been made for repurchasing the dollars forward.

Significant Contrast

These figures of sterling liabilities, and this experience in the exchange market, make it clear that the pressures Britain was bound to encounter this year on current and long-term capital account have not been augmented—as on comparable occasions in the past they often had been—by any considerable speculative movements, in spite of the addition of electoral uncertainties to economic ones. This favourable contrast with earlier experience can be attributed mainly to two circumstances. The first of these is the new determination of central banks, since the strains on the international exchange markets in 1961, to co-operate in resisting speculative attacks on currencies, and the general knowledge now that massive resources are at their disposal for this purpose. The second circumstance arises from the particular tactics adopted by the British authorities on this occasion in the face of pressure. Formerly, before this array of co-operative strength was available to deter speculation, there was always the risk that, if the exchange rate was allowed to give way perceptibly in the face of pressure, that might in itself be seen as a reason for renewed sales, creating a danger of cumulative strain. On this occasion, with that risk no longer present, the authorities could with impunity allow the rate to fall back towards its lower limit—taking the strain, as the phrase goes, "on the rate rather than on the reserves." They have thus lowered the rate to the point at which a bear speculator could no longer expect to make any profit on a short sale—unless he was actually reckoning on a fall to below the lower dealing limit of the official spread. And this time, happily, the market has not had to contend with any such extravagant rumour-mongering as that.

This year's experience of orderliness and moderation in the exchange markets is, indeed, a remarkable tribute to the value and success of the new arrangements of the central banks and to the improved techniques of market management they have made possible.

MANCHESTER LETTER

FRESH TEXTILE IMPORT QUOTAS

INDIA, TOO, WILL BENEFIT

From Our Special Correspondent

MANCHESTER, *8th September*

FOR some time it has been evident that the three major Commonwealth exporting countries have been dissatisfied with part of the arrangements in the voluntary system of controlling imports of cotton goods into Britain. The ceiling quantities involved have not been disputed so much as the question of supplementary quotas based on the shortfall of shipments and the state of order lists in Lancashire.

Negotiations to effect some compromise have been taking place in conditions of some secrecy as the outcome cannot be calculated to create any enthusiasm among either British textile traders or suppliers in other countries. During the course of the present pacts, which are due to expire at the end of next year, no supplementary quotas have been issued, although a backlog of available quotas has built up for use by importers when order books in Lancashire exceeded the basic 20-week level.

The system itself was a complicated structure, involving aspects of trading in both exporting and importing countries which were subject to argument. In its place, special "once-for-all" quotas have been established, which will be added to the current ceilings already operating on a fixed basis in the case of each of the three countries concerned.

A Keen Disappointment

The new arrangements provide that Hong Kong, India and Pakistan may send an additional total of 9 million yards of cotton textiles to the United Kingdom beyond the current quota during the remainder of 1964. Next year, an extra quota of 12 million yards will be permitted entry during each half of 1965.

These supplementary imports will be made available to the countries involved in the same ratio as the basic quotas, so that India will again receive the lion's share. So far this year, shipments of grey cloth from India have already reached a total of 164 million yards, as against 44 million yards from Hong Kong and 36 million yards from Pakistan.

While the revised scheme is certainly simpler than the original plan, its disclosure at this particular moment, when it appeared that tighter control was being exercised on imports generally, can only be described as a disappointment to local traders. Not only are arrivals from abroad running at record levels, but the provision of additional quotas offers scope for foreign exporters to improve their position at the expense of Lancashire firms in the event of future demand diminishing.

Indian Visit

Mr. N. K. Bhatt, Assistant General Secretary of the Indian Trades Union Congress, who is on a visit to the North-West as part of a tour of Britain, said in Manchester that world-wide co-operation between trade unions was most important. "We can learn from each other by discussing such things as wages and social benefits between ourselves," he said, after talks with the largest Lancashire cotton union, the Weavers' Amalgamation. "The way the Lancashire cotton unions have grown and developed into strong organisations with full bargaining power is a source of inspiration to us," he added.

Cotton Board Travel Scholarships

To encourage young textile designers to seek inspiration abroad, the Cotton Board is offering a number of travel scholarships this year. Up to £2,000 are available for awards and, to qualify, designers must have spent at least five years working either in the British industry or as free-lance designers serving the industry. Winners of previous Cotton Board scholarships have been to Australia, United States, Mexico, the Far East, Scandinavia and Europe.

The Cotton Board said that a very great contribution to the effective marketing of the industry's products could be made by designers who had been given the opportunity to travel extensively and so bring to their work freshness, originality and a much greater awareness of market requirements.

British man-made fibre factories are turning out record amounts of yarn. In the first seven months of the year, production reached 473,670,000 lbs.—an increase of over 63,000,000 lbs. on the same period last year. Releasing the figures, the British Man-made Fibres Federation said:

"A persistent demand for most types of yarn and staple has continued through the summer months on both home and export account. The man-made fibre producers have continued to be hard put to meet the demands on their capacity."

Getting the Message Through

When the authorities in Malaysia withdrew their ban on the importation of other British goods pending further negotiations on the purely textile argument, the news was greeted with relief. Moreover, some of the observations made in newspaper columns which once castigated Lancashire for undue protectionism showed eventual recognition of the facts.

According to the leading British financial daily, the restrictions proposed by Singapore were an undisguised attempt to force the pace of negotiations between Britain and Malaysia and to obtain for Singapore's infant but rapidly growing industry a larger share of the British market for cotton goods. A trade war of this kind, it continued, between one Commonwealth country and another would have been an unhappy precedent.

On general terms, cotton traders would agree with such sentiments, but they have their own battles to fight and, as has frequently been stated in the past, to engage in such combat with the equivalent of one arm tied behind one's back is scarcely an equal struggle. Unprejudiced observers have now come round to the opinion that other Commonwealth suppliers may be tempted to experiment with the tactics used by Singapore, but views are changing and other industries faced with similar problems recognise the problem.

To quote the leader on the subject in *The Financial Times*:

"There is undoubtedly a strong case for admitting larger imports of the simpler manufactures into industrialised countries, but there is also a limit to what any one industrialised country can reasonably be expected to do alone. Britain's relatively liberal policy has already attracted large supplies of cheap cotton textiles from abroad; these now account for over 30 per cent of total domestic supplies, against the 6 or 7 per cent permitted in the United States and the Six."

Lancashire textile traders have been plugging these figures for many months. The article in question continued:

"Instead of fighting with one another for a larger share of the British market, Commonwealth manufacturers would be well advised to combine forces and bring pressure on other industrialised countries to follow the British lead."

New Trading Pattern

Changing economic patterns arising from the adjustments in trading relationships between developing countries and the older manufacturing areas, whether within the Commonwealth or not, are leading to big revisions in many spheres. It is clear that Britain and other members of the Commonwealth will continue to trade extensively with one another for many years to come, but as *The Financial Times* continues, their needs are no longer so nicely complementary and the importance of tariff preferences is steadily decreasing.

Such views fit into the picture already presented to the Board of Trade by the Cotton Board in its programme for dealing with the import arrangements to follow the current pacts with Hong Kong, India and Pakistan, due to expire at the end of next year. A slow process of reorientation not only of machinery and methods but also of ideas is taking place. Coupled with the highly important structural changes which are being carried out through mergers and a closer production-marketing link the prospect of a more stable industry is in sight.

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Subscriptions will be received in cash or by cheques at the branches of the Reserve Bank of India at Bombay, Calcutta, Madras, New Delhi, Nagpur and Bangalore from Tuesday, the 15th September, 1964 but the list will be closed without notice as soon as the total subscriptions amount to Rs. 6 crores and in any case not later than the close of business on Monday, the 21st September, 1964. The Corporation reserves the right to retain subscriptions received upto 10% in excess of the sum of Rs. 6 crores.

Copies of the prospectus and application forms can be had from the offices of the Reserve Bank of India as also from the Head Office of the Corporation at Reserve Bank Building, 6, Parliament Street, New Delhi and its Branches at Liberty Building, 8, Marine Lines, Bombay-1, 23, Rajendranath Mukherjee Road, Calcutta-1 and Keshav Bagh, 38, Whites Road, Royapettah, Madras-14.

Arrangements will be made for listing of these Bonds at the Bombay, Calcutta and Madras Stock Exchanges.

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NEW DELHI,
Dated: 24th August, 1964.

A. BAKSHI,
Chairman.

DA—43(203)/64

EXPORT TRADE IN COTTON TEXTILES

MR. NEVILLE WADIA REVIEWS RECENT TRENDS

IN the context of the continuing drop in international cotton textile trade, it is, indeed, gratifying to find that the declining trend in India's exports of cotton fabrics has been arrested. Actually, the trend of exports has been distinctly upward. The shipments of mill piecegoods are now running at an annual rate of over 550 million metres, as against the 488 million metres exported in 1963 and 468 million metres in 1962. The actual exports during the first half of the current calendar year aggregated 275.8 million metres, as compared with 250.3 million metres in the corresponding period of 1963, representing a rise of about 10.2 per cent. The foreign exchange earnings from textiles have gone up from Rs. 39.96 crores in 1962 to Rs. 41.02 crores in 1963. During the first half of 1964, the earnings amounted to Rs. 27.50 crores, as compared with Rs. 20.20 crores in the first half of 1963, an increase of 36 per cent. The improvement in export performance has been due largely to increased offtake by the European markets, particularly the U.K., France, West Germany, Belgium and the U.S.S.R. It would have been better still but for the keen competition from a number of countries, particularly Hong Kong, Pakistan, Taiwan, Communist China, Spain and East European countries. Despite such competition, it is notable that the average export price of mill cloth has shown a marked improvement. During the month of May, the average price realised per yard of cloth was 91 paise, as against 77 paise and 79 paise during the whole of 1963 and 1962, respectively. In the first few months of 1963, it will be recalled, the price realisation was very low, partly because of the operation of the compulsory export obligatory scheme; it was only in the later months of last year that an improvement occurred.

No Cause for Complacency

The upward trend of cotton mill cloth exports and the rise in export price realisation, significant though they are, should not, however, engender any sense of complacency, for there is still a long way to go before Indian textiles can successfully weather the growing competition in world trade. The force of this contention will be evident from a perusal of the speech which Mr. Neville N. Wadia, Chairman of the Cotton Textiles Export Promotion Council, delivered at the tenth annual general meeting of the Council held at Bombay on the 11th inst. Mr. Wadia said that, though exports upto July 1964 had been heartening, bookings for delivery had not been upto expectations lately, due to difficulties of getting supplies for export from mills. The impending introduction of the scheme requiring the mills to produce 43 per cent of their output in popular varieties for local consumption has created, according to

VARIETY-WISE EXPORTS
(In million metres)

Processing sorts	January-June		Whole of	
	1964	1963	1963	1962
Grey, unbleached	161.8	147.1	275.4	276.0
White, bleached	46.1	43.9	80.4	81.0
Printed	29.7	19.6	41.4	30.7
Dyed	29.8	29.1	61.6	50.5
Woven coloured	8.4	10.6	29.3	20.8
Total ..	275.8	250.3	488.1	468.0

him, a situation where most mills prefer to wait and watch the impact of the scheme when implemented. Stating that export bookings had been affected in the meantime, Mr. Wadia feared that the free sales of 57 per cent in the local market might prove more attractive than selling for export. The fear is not at all exaggerated. The prices of some export varieties, it is stated, have already shot up by nearly 30 per cent and overseas buyers are not prepared to buy at such high prices. Whenever the home market offers more attractive prices, production is naturally diverted to domestic consumption, with the result that the supplies available to exports are affected.

Prospects

Speaking about prospects for exports, Mr. Wadia emphasised that the outlook for improving exports lay largely in Europe and the U.S.A. But he drew pointed attention to the apathy that developing countries like India were meeting at the hands of the industrialised countries. Here is what he said :

"... the implementation of the long-term International Agreement on cotton textiles ... has belied our hope for increasing our access to developed countries. The cardinal principle of the agreement, namely, that it is designed to facilitate economic expansion and promote the development of less developed countries possessing the necessary resources, such as raw materials and technical skills, by providing bigger opportunities for increasing their exchange earnings from the sale in the world markets of products which they can efficiently manufacture, needs to be implemented in the same zeal and in the very spirit in which the long-term Agreement was drawn. The principal architects of this Agreement have a duty to perform and a lead to give to the rest of the developed world progressively to open their doors to the textiles of less developed countries. Instead, what we see is the fullest advantage being taken of the 'disruption clause' of the Agreement for an outright negation of the spirit of the long-term Agreement by the U.S.A. Last year, four major categories of imports from India were restrained to a total figure of 30 million square yards. In February of this year, when a high-powered delegation from India negotiated with U.S. authorities, restraints were further extended to cover six categories and 25 new categories were stipulated for consultation, if and when necessary after specified levels are reached. This leaves no chance whatsoever for a reasonable expansion of our trade, with due regard to our competitive capacity in limited fields of production.

"Canada, a Commonwealth country and an important signatory of the long-term Agreement, followed suit and it was alleged that we were disrupting her industry. In February of this year, the Canadian National Revenue notified that imports from India have to bear a profit margin of 7 per cent over our costs. As a result, our bookings have been seriously affected and the chances of our taking a larger share of this market have become remote. Curiously enough, imports from Taiwan, China and other East European countries flood the Canadian market at prices 20 to 30 per cent lower than our prices. The sanctity of U.S. restraints or Canadian restrictions are far from understandable."

This is certainly an admirable summing up of the whole position. Mr. Wadia did well to reiterate, in this connection, his plea to Western countries to reserve a share of about 10 to 20 per cent of their internal consumption to be imported from the less developed countries. Assuring that he would pursue this point again at the forthcoming session of the International Federation of Cotton and Allied Textile Industries at Zurich, he declared: "A positive approach to the subject is imperative, if the less developed countries are to generate their economies and if the Western nations really mean to implement the long-term Agreement in the right spirit."

Britain's Attitude

Mr. Wadia was very critical of Britain's attitude towards India's exports of cotton textiles. He observed:

"Last September, we held prolonged negotiations with the Cotton Board in the U.K. on the subject of categorisation of grey and finished goods and a ceiling on finished goods. The discussions were cordial. We agreed to study the pattern of our exports under eight limited categories of grey goods, largely based on widths. We argued for a higher quota in finished goods in keeping with our changing pattern of trade and increasing exchange realisation. Agreement could not be reached on the ceiling for finished goods. A mutual understanding was reached that the question will be considered afresh in 1964 after we had time to marshall more facts. In December 1963, a surprise decision was taken at Government level to limit exports to the U.K. of finished goods to 25 million square yards in 1964. Considering the increasing trend in our exports of finished goods to the U.K. in 1963 and 1964, this decision came as a nasty shock. The limit agreed to is unrealistic and it would be unfair to allow the ceiling to be continued at 25 million square yards for 1965. In the forthcoming talks with the Cotton Board, we must take up this question *de novo* and arrive at a fair and equitable solution in keeping with Hong Kong's quota for finished goods which is out of all proportion to her manufacturing potential."

Since this journal has expressed its views on the quota regulation on more than one occasion, comment on the above remarks are superfluous. Suffice it to say that Mr. Wadia must be congratulated on his forthright remarks.

Export Promotion Programmes

A lucid account of the export promotion work in the field of cotton textile exports was given by Mr. Wadia. His review reveals that Weseur Associates, a consortium of manufacturers and exporters, has been set up to organise our trade with Western Europe on a sound and selective basis and to diversify export in a wider range of fabrics. With a fuller measure of co-operation from the industry and trade, the Consortium bids fair to expand our exports to West Europe considerably in the coming years. A first-hand appraisal of the marketing potentialities in Eastern Europe was made last July by a Sales Team, led by the Director-General of the Council. Spot sales were effected in a number of qualities in the U.S.S.R. and business negotiations discussed in Hungary and Yugoslavia. Texprocil,

DESTINATION-WISE EXPORTS
(In million metres)

Destination	January-June		Whole of	
	1964	1963	1963	1962
United Kingdom	120.7	65.5	143.0	123.3
Aden	4.9	8.3	15.2	16.9
Burma	2.0	8.5	15.1	5.7
Ceylon	20.2	6.3	16.9	12.7
Kenya, Tanganyika and Zanzibar	13.1	23.2	41.7	40.0
Sudan	10.8	19.1	33.3	60.2
Australia	11.1	13.1	25.9	26.6
Saudi Arabia	3.6	5.1	10.1	9.2
Indonesia	2.3	0.2	1.2	7.5
Canada	8.0	9.4	18.0	19.9
Afghanistan	13.3	9.1	19.9	19.9
U.S.A.	5.4	23.2	29.9	24.4
Other Countries	60.4	69.0	122.9	101.7
Total ..	275.8	250.3	488.1	468.0

1 metre = 1.0936 yard.

in collaboration with the Indian Cotton Mills' Federation, participated in a big way in the Indian exhibition at Moscow. The Textile section was greatly appreciated and the Russian public took keen interest in Indian textiles. The sales team coincided its visit with the inauguration of the exhibition in Moscow and booked good business. Likewise, special efforts were made by Texprocil to promote exports to some traditional markets like Burma and Ceylon. A cloth committee and a yarn committee were set up for scrutinising bids against Burma tenders. A team was also sent to Burma to assist in the negotiation of business. The result was that India could book sizable business in that market. Similarly, a buying mission from Ceylon came here early this year and a fairly large business was transacted.

A vigorous campaign of market surveys was launched last year in the U.S., Australia, New Zealand, South-East Asia and West Africa. The Director-General personally carried out the surveys in the U.S., Australia and New Zealand. The findings were studied by the regional committees and continuing efforts are made to increase our exports in India's traditional, as well as new, qualities. The five regional committees set up with the object of constantly reviewing the export performance and recommending suitable measures for promoting exports to the respective regions, did excellent work. Many of their recommendations were accepted. The conciliation machinery of Texprocil has also been doing good work in the settlement of trade disputes, but, as its decisions lacked legal sanctions, the Council has decided to set up a full-fledged arbitration machinery as well. It is hoped that good use will be made of this new facility by the members and their clients. A significant improvement in the Standard Contract has been made with the introduction of a penalty clause for late delivery by mills.

Mr. Wadia very rightly pointed out that, in stepping up exports, the trade should concentrate on earning a higher price per yard by selling better quality goods. At the same time, it is needless to add—Mr. Wadia himself stressed the point—that there is the imperative need for steadily increasing the overall volume to reach the target of 800 million yards set for the third Plan.

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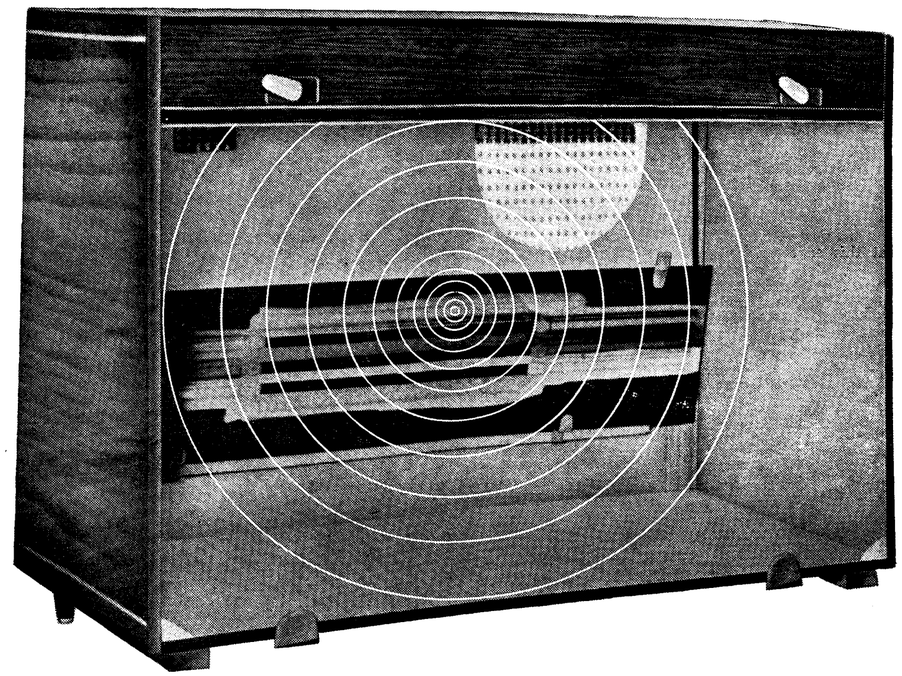

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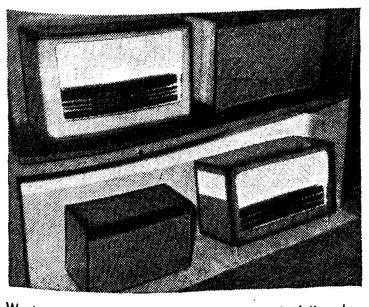

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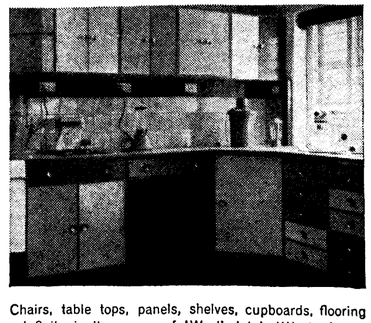

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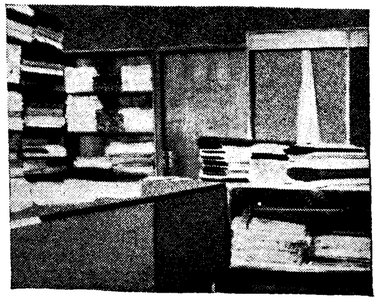

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OUTLOOK FOR SUGAR IN NEXT SEASON

MILLOWNERS WANT PARTIAL DECONTROL

IN exactly six weeks from now—on 1st November, to be precise—the current sugar season will end and the new season (1964-65) will begin. It would be premature, nay rash, to make any definite forecast about the level of white sugar production in the new season, whatever be the official reckoning now. When the current season began, it will be recalled, Ministers at the Centre and other officials in charge of sugar were very optimistic about the successful fulfilment of the 3.3-million-tons production target fixed for the season. But actual output has turned out to be no more than 2.6 million tons, representing a shortfall of as much as 21 per cent. There are, however, three encouraging factors that point to the possibility of a better production performance during 1964-65. One is the expansion in the aggregate cane-crushing capacity of the industry. Secondly, the sugarcane crop is expected to be larger than in 1963-64. And, finally, sugar mills may be accorded some fresh incentives to boost output in the light of the recommendations on the price and distribution system that the Sen Commission may put forward. That this expectation is quite justified is borne out by the following reply (daily press version) which Mr. C. Subramaniam, Union Minister for Food and Agriculture, gave to a question raised in the Rajya Sabha on Monday the 7th inst:

"A new sugar policy, including ex-factory prices, for the next crushing season will be announced before the end of the month. The Tariff Commission's formula for price fixing has become rather out-of-date. This is the reason why the Sen Commission has been appointed to consider the changed circumstances and to make recommendations after considering the total picture. In fixing the ex-mill prices of sugar, different profit margins for different factories have been provided, because the cost structure of each factory varies according to its capital structure. In Maharashtra and South, several factories have been set up in recent years, and their capital costs are much higher than those which had been set up earlier. It would, therefore, be unfair to provide the same margin of profit for all factories."

Cane Supplies

Fixation of ex-factory prices of sugar at a realistic level is, of course, to be widely welcomed. But the question is whether this step alone will be adequate. For the level of sugar production will depend on how long and how intensively the sugar mills will be able to work their cane-crushing plants. The working of these plants, in turn, will be influenced entirely by the availability of regular and adequate cane supplies. While the total cane yield may be larger, as is expected, it is very doubtful if, even with a larger yield, the sugar mills will be able to secure the requisite supplies of cane. The prices of *gur* and *khandsari* continue to rule pretty high and indications are that this trend will persist in the coming season too. Indeed, the prices of *gur* are well above those of white sugar. In the State of Maharashtra, for instance, *gur* is currently quoted at about Rs. 185 per quintal, whereas the controlled average price of white crystal sugar is only Rs. 116 per quintal, or a difference of Rs. 69. The difference will actually be much wider—over Rs. 100 per quintal—if the various taxes amounting to about Rs. 33 per quintal are excluded from the sugar price; *gur*, incidentally, is not subjected to the levy of any tax.

Diversion to "Gur" Production

When such is the position, it is but natural that sugar millowners should be deeply concerned about the keen competition offered by *gur* producers to obtain cane supplies. Presiding over the tenth annual general meeting of the West U.P. branch of the Indian Sugar Mills Association at Lucknow last week, Mr. M. L. Mody, the retiring Chairman of the Association, made a pointed reference to the large-scale diversion of cane for the manufacture of *gur* and *khandsari* in Uttar Pradesh. Because of the high prices of these sugar substitutes, their producers, he said, offered a highly attractive price for cane. The problem of cane diversion is acute in the State of Maharashtra, too. Addressing a Press Conference in Bombay on Monday this week, Mr. Gordhandas Jadavji Ruparel, President of the Deccan Sugar Factories Association, observed:

"The cultivators in *gur*-making areas have already started installing *kolhus*. The prices of *gur* are already ruling very high and, so long as there is no uniform policy of control on all the major uses of cane, diversion of cane to manufacture of *gur* due to its high prices is inevitable. Moreover, the *bagaitdars* or the companies who have so far been supplying their cane to the joint-stock sugar factories have, in certain cases, started manufacturing *gur* out of their cane. This will also have an adverse effect on the sugar production of the next year."

Position in Maharashtra

If the problem of cane diversion is not tackled energetically, sugar production in India will not register any notable increase during the next season. In Maharashtra, the production is expected to be just around the level of the current season, namely, 540,000 tons, whereas the industry has adequate capacity to produce no less than 700,000 tons. The output of the joint-stock sugar mills—they number 13 out of the total 32 factories—in particular, it is feared, may even be less than the 204,000 tons produced in 1963-644 (to which level it has declined from 243,000 tons in 1962-63), if steps are not taken to check undue diversion of cane away from mills and if adequate supplies of foodgrains are not made available to workers on the cane farms. In view of inter-district and inter-taluk restrictions on foodgrains, the sugar mills in Maharashtra are faced with the additional problem of supplying grains to workers. This problem, if it is not solved early by the authorities, may compel several mills to delay their crushing operations.

One of the specific proposals suggested to ensure adequate cane supplies to sugar mills pertains to partial decontrol of sugar. The proposal has been stoutly supported by both Mr. Mody and Mr. Ruparel. How the implementation of this proposal can check an undue diversion of cane supplies to *gur-khandsari* production has been well brought out by Mr. Ruparel. He says:

"I suggest that some quantities of sugar be reserved by the Government for basic domestic consumption and that a partial percentage of sugar production of the forthcoming season allowed with effect from the commencement of the next season. Such a measure would make available to the consumer at least some quantity of sugar at a reasonable price and higher realisation of free sale will thus enable the industry to meet the competition of cane from *gur*. Sugar would hence be available easily in the free market and this would effectively help to bring down the price of *gur*. If such sugar comes in the free market from all the sugar factories, the mentality of the public in hoarding sugar will be entirely changed and the sufficient quantity of sugar would thus be available in the free market to the public in general."

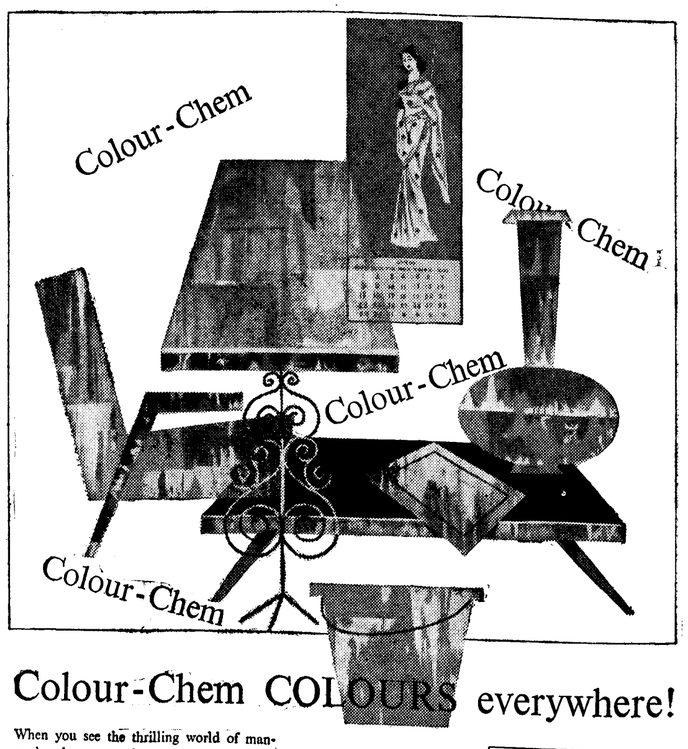
Doubts no doubt arise as to whether, in view of the decline that would follow in *gur-khandsari* production if the aforesaid remedy were followed, prices of these commodities will not rise further, instead of declining. Even so, the plea for partial decontrol, as we have stated on an earlier occasion, seems to be a practicable one and is worth a trial. It is necessary to add here that, if the Government accepts the plea for partial decontrol, the sugar mills should not try to exploit the consumer by unduly inflating the prices of sugar for "free" sale.

SUGAR PRODUCTION AND STOCKS

The total sugar production in the month of July 1964 amounted to about 9,000 tonnes, as against 5,000 tonnes produced in the same month last season. The total production during the season up to the end of July 1964 aggregated 2.51 million tonnes, as against 2.10 million tonnes in the corresponding period last year.

The offtake from factories during July (including 4,340 tonnes for export) was 198,000 tonnes, as compared with 240,000 tonnes including 46,000 tonnes for export) a year before. Total despatches during the first nine months of the 1963-64 season were 1.97 million tonnes (including 242,480 tonnes for export), as against 2.35 million tonnes (including 470,000 tonnes for export) in the same period last season.

The total closing stock of sugar with factories as on 31st July 1964 was 690,000 tonnes, as against 731,000 tonnes on the corresponding date last year.



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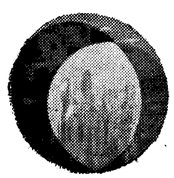

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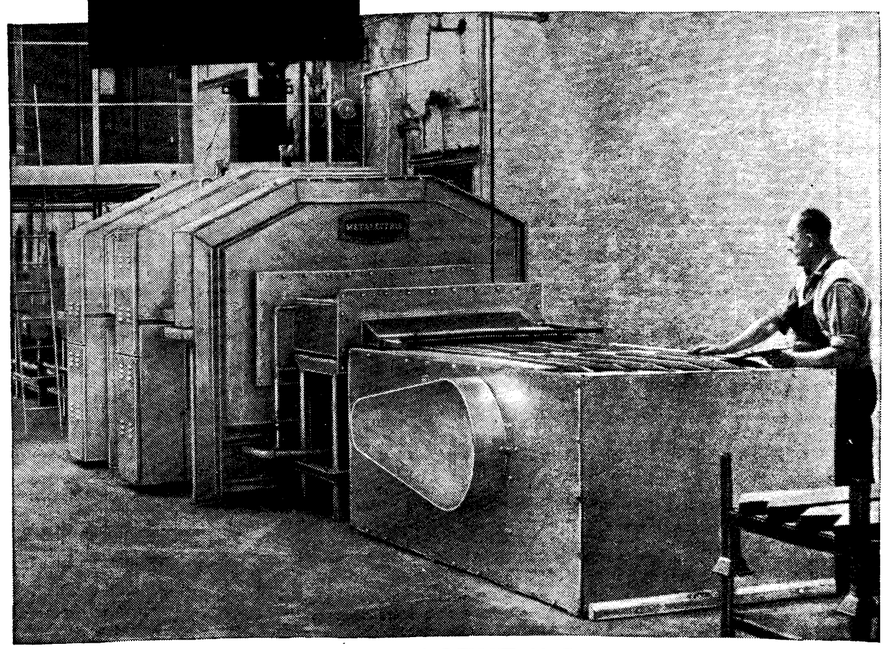

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SHAREHOLDERS' RELATIONS WITH MANAGEMENT

NEED FOR HUMAN APPROACH

By F. R. Ginwalla

THERE appears to be a strange and distressing unawareness among corporate managements of the need to stimulate the process of encouraging the shareholders to know about the affairs of the company in the profits of which they have undoubtedly a right to participate. The approach is not yet very refined or very elegant. The methods employed to stimulate it are at fault and in need of a fresh approach. There must be a maximum use of the methods to keep the shareholders informed. The effort should not be confined to more attractively produced sets of annual reports and accounts or to the sporadic visits of shareholders to the works.

There is little comfort in reflecting that an attempt is being made by some forward-thinking managements to produce their annual reports and accounts in an attractive manner, providing the maximum permissible amount of information in an easy and a really intelligent form. The hard fact, however, remains that most of the managements do not appear to take any active interest in the process of encouraging their shareholders to have an adequate understanding of the company's affairs. Their fears of trade rivalry and premature disclosure are largely exaggerated.

It must be well recognised that the very complexibilities of modern enterprise carried on in the corporate form undoubtedly imply an obligation on the management to communicate the essential facts about the company's working in a relatively simple form to the shareholders who have a stake in it and to all those to whom they are ultimately accountable.

In fact, a deeper analysis would show that the indispensable conditions of success in company management are two: the maximum permissible disclosure of information to the shareholders, and the cultivation of good shareholder relations. Such discipline of entrepreneurship is as important to an entrepreneur as the theory of composition is to the music composer or theory of strategy to the military leader.

Closer Links

There must be a realistic recognition of the ideal of cultivating good shareholder relations. Unless the management builds up more goodwill among the shareholders, the shortage of funds already being felt will grow more acute and the task of broadening investment interest and disseminating the ownership of shares among the general public as widely as possible will become more difficult. Closer relationship between managements and shareholders can be cultivated and personal interest in the working of the company can be created among the shareholders if information regarding finance, production, output, sales, labour relations, expansion programmes, export drive, and the problems of the industry in which the company is engaged were released to the shareholders from time to time. The shareholders must feel that they are being consulted. They need reassurances.

Company directors must remember that they are under an obligation to the shareholders who have voted them to the board. Bad relationship with the shareholders may well affect the ultimate survival of the company. They ought to know that, when the essentials of their job are forgotten or ignored, they loose their very usefulness to the community.

In the U.S.A., publication of detailed periodical reports is obligatory on the companies listed on the stock exchange. In other countries like the U.K., managements consider it their privilege to keep their shareholders posted with the latest developments. The issuing of progress reports through quarterly or half-yearly appraisals of the actual performance is unquestionably a symptom of a healthy tone of business. It seems that some of the company managements in this country look for excuses for keeping the shareholders uninformed. They have no cogent reasons. They fritter away their opportunities to attain the ideal described above, and only they know the reasons why. An element of compulsion, therefore, appears to be necessary and even desirable to keep the shareholders informed. It is well known that investors have an appetite for positive facts from which they can draw their conclusions. It is obvious that a compulsive legislation would not only provide a sound basis for making investment decisions but would also help evaluating investment results.

Many of the problems which confront the shareholders today are due to the inadequacy or effectiveness of measures to protect their equity from the risks of organisations that lack the discipline of entrepreneurship. Those who have assiduously examined the Indian Company Law cannot conceal their sense of disappointment at its several provisions which, though apparently stringent, do not provide for adequate means of information to the shareholders.

It is a common experience of shareholders that some chairmen hesitate to speak out at company meetings on issues touching the present or future prospects of the company. They shrug off questions as being either unintelligent or irrelevant or by telling them that everything is going just fine. The shareholders emerge from such meetings uncertain of everything except that they have wasted their time.

Illegal

It is unfortunate that at company meetings more attention is paid to tactics than to business principles. There are instances where the shareholders are even rudely interrupted when they are on their feet asking for information on the company's affairs. This is contrary to business ethics; in fact, it is illegal. The Government on its part must do everything within its power to ensure that the shareholders are not put in an awkward and humiliating situation whilst requesting information which the company has not made known to them.

It is, however, important to appreciate the true position of the shareholders *vis-a-vis* the company directors. The shareholders have no interest in the property of a company. There is nothing in the Indian law to warrant the assumption that the shareholders who buy shares, buy any interest in the property of the company. They have a right to participate in the profits, if and when the directors decide to divide them. The company is a juristic person and is distinct from the shareholders. The directors are not the delegates of the shareholders. They are rather their representatives in much the same way as the members of Parliament representing their constituencies are. If the directors were in fact delegates and not representatives, it would imply that they forgo whatever powers of independent judgment they might have, in order to fall in line with the wishes or demands of the shareholders. The shareholders have no power to compel directors to do anything which they honestly believe would conflict with the company's interests. The powers which are in the hands of the shareholders do not extend to interference with the management of the company or questions of company policy. These are matters for the directors to decide. Nevertheless, when appointing the directors, the shareholders trust them to act fairly. If the directors understand that their actions are directed to protect the interests of the general body of shareholders, they would rarely go wrong.

All profits ultimately belong to the shareholders, but their disposal is plainly the responsibility of the directors who collectively carry on the business for the company.

Subject to what has been stated above, the shareholders have an unrestricted right to obtain information affecting the profits. The profits are the guiding force of managerial efficiency. The shareholders are, therefore, entitled to correct and true appraisal of stewardship of the management.

One is aware that the Company Law requires that certain agreements must receive the approval of the general body of shareholders. But sometimes, attempts are made to by-pass the provisions of law relating to the disclosure of facts or the public policy enunciated by the State. The questionable clauses which cannot be incorporated in an agreement for placing before the general body are recorded in a separate document, the existence of which is unknown to the shareholders who have a right of inspection and approval, or the Government who has wide powers to interfere any vary the terms of contracts which are opposed to law or public policy. It might be argued that sometimes it is possible by private negotiations to arrive at an agreement which is more satisfactory from the industrial point of view of both the parties than the one concluded in public. It is hard to accept this argument which evidently pushes the basic objectives of the country to the background and lets them fade away.

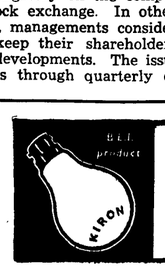
Disclosure of Directors' Interest

The importance of the disclosure of directors' interest in contracts or arrangements to be approved at board meetings is well recognised. All such contracts or arrangements covered by Section 297 (Board's sanction to be required for certain contracts in which particular directors are interested) are required to be shown in the Register of Contracts which is open to the shareholders for inspection. The true purpose of this register has not yet been appreciated by some company managements whose philosophy and objectives are avowedly different from those underlying the Companies Act. An examination of the registers of contracts of some companies selected at random would reveal that they provide very little information to the shareholders.

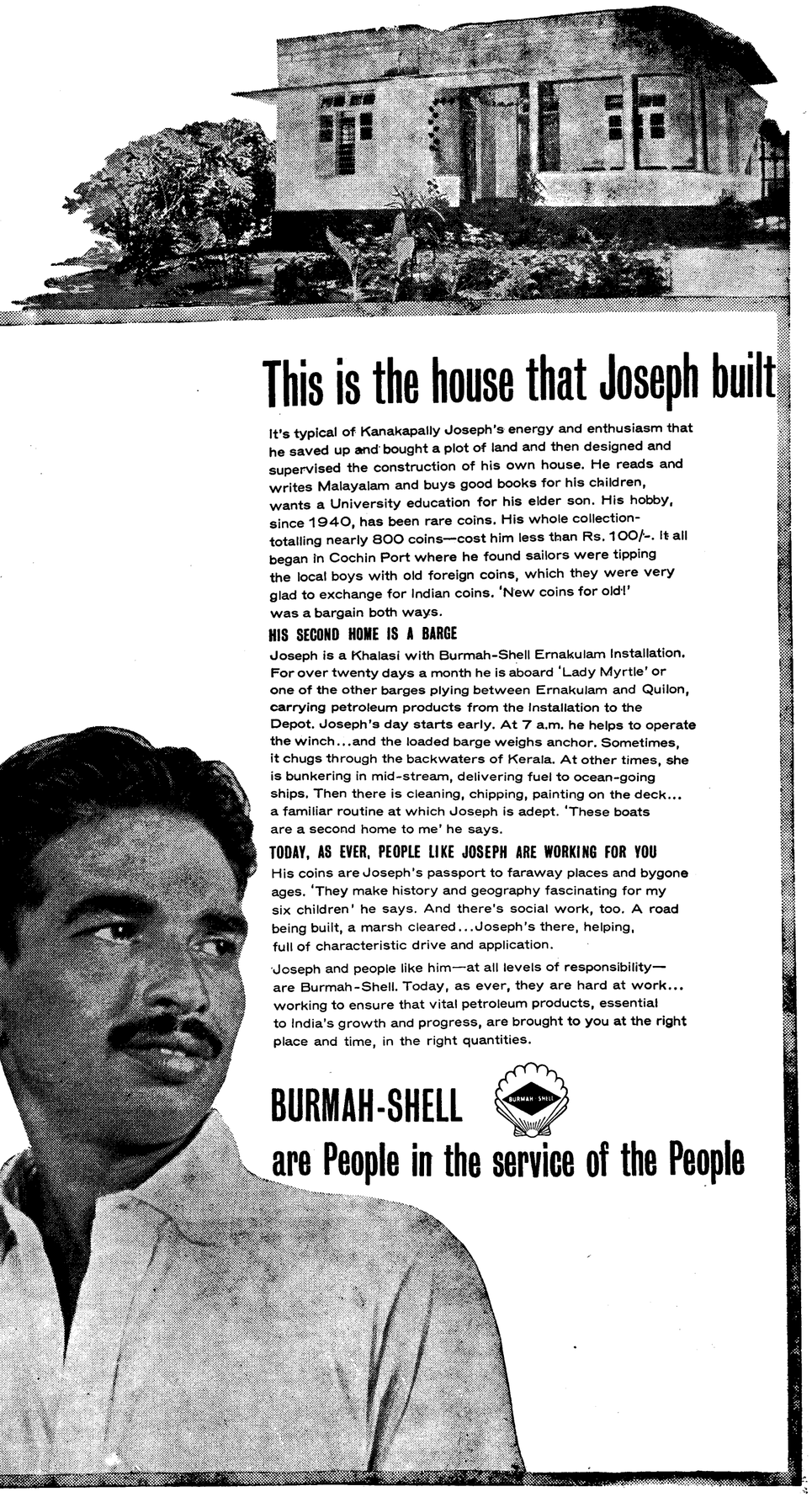
It is common knowledge that, in some companies, the directors or the managing directors have their seats on the board as the nominees of those who assume virtually vital control of the company by reason of their large shareholding. Such a tendency is more noticeable in companies where Government has allowed majority participation of foreign capital. The directors or the managing directors of such companies are discouraged from advancing their own ideas or expressing their independent opinion because of their fear of jeopardising both their place on the board and their employment. They are mere ciphers and cannot be expected to represent the interest of the shareholders as a whole. In effect, the right of the shareholders to have their whiphand over the directors' appointments is defeated. This is precisely one of the reasons that has dampened the shareholders' enthusiasm in this country.

Chapter VI-B of the Companies Act recites the powers of the Government to prevent oppression or mismanagement. Under Section 409, the Government has power to prevent a change in the board of directors that would affect the interests of the company prejudicially, if such a change could be attributed to changes in the shareholdings in the company. The complaint to the Government could be made by the managing director or any other director, the managing agent, secretaries and treasurers or the manager. The section, unfortunately, does not visualise the situation that might arise in the circumstances just mentioned above.

The need for a human approach to the shareholders' problems and the effort to dispel their pessimism and infuse confidence in them hardly requires underlining.



Agents:
THE ORIENTAL MERCANTILE CO., LTD.
CALCUTTA • BOMBAY • KANPUR • DELHI • MADRAS



This is the house that Joseph built

It's typical of Kanakapally Joseph's energy and enthusiasm that he saved up and bought a plot of land and then designed and supervised the construction of his own house. He reads and writes Malayalam and buys good books for his children, wants a University education for his elder son. His hobby, since 1940, has been rare coins. His whole collection-totalling nearly 800 coins—cost him less than Rs. 100/-. It all began in Cochin Port where he found sailors were tipping the local boys with old foreign coins, which they were very glad to exchange for Indian coins. 'New coins for old!' was a bargain both ways.

HIS SECOND HOME IS A BARGE

Joseph is a Khalasi with Burmah-Shell Ernakulam Installation. For over twenty days a month he is aboard 'Lady Myrtle' or one of the other barges plying between Ernakulam and Quilon, carrying petroleum products from the Installation to the Depot. Joseph's day starts early. At 7 a.m. he helps to operate the winch...and the loaded barge weighs anchor. Sometimes, it chugs through the backwaters of Kerala. At other times, she is bunkering in mid-stream, delivering fuel to ocean-going ships. Then there is cleaning, chipping, painting on the deck... a familiar routine at which Joseph is adept. 'These boats are a second home to me' he says.

TODAY, AS EVER, PEOPLE LIKE JOSEPH ARE WORKING FOR YOU

His coins are Joseph's passport to faraway places and bygone ages. 'They make history and geography fascinating for my six children' he says. And there's social work, too. A road being built, a marsh cleared...Joseph's there, helping, full of characteristic drive and application.

Joseph and people like him—at all levels of responsibility—are Burmah-Shell. Today, as ever, they are hard at work... working to ensure that vital petroleum products, essential to India's growth and progress, are brought to you at the right place and time, in the right quantities.

BURMAH-SHELL

are People in the service of the People

WORLD POPULATION AND AVAILABLE RESOURCES

AN OVERALL SURVEY OF PRINCIPAL DATA

THE available area for human habitation in the world is limited—only 135.7 million square kilometres or 84.32 million square miles—but the world population has been relentlessly rising in the past two decades, with the underdeveloped countries sharing a good proportion of the rise in numbers. The world population of 3,135 million in mid-1962 shows a 25 per cent increase over the mid-1950 level. In fact, since 1958, the rise has been at the rate of more than two per cent per annum, so that it has not been far behind the population growth of India. Of all the continents, Asia (excluding the U.S.S.R.), which accounts for 20.3 per cent of the world area, has about 56.3 per cent of the world's total population. At the other extreme, Oceania (Australia and others) has the smallest population of less than one per cent, though its share in the area is 5.4 per cent. Contrary to public notions of Asia being the most densely populated continent, the United Nations Statistical *Yearbook for 1963*, which includes a comprehensive statistical coverage of all aspects of economic activity in the world, reveals that its density is only 64 persons per every square kilometre. At the same time. Europe, with an area of 4.9 million square kilometres, has the highest density of 88 per square kilometre as against the world average of 23. Even South Central Asia, the area having the highest density in the Continent, has only 114 persons for every square kilometre as against Central Europe's 139. Both the Soviet Union and the United States, having a area of 22.4 and 21.5 million square kilometres respectively, have the same density of 10 persons for every square kilometre. Oceania (with an area of 8.5 million square kilometres), which includes Hawaii a State of the U.S.A., has the lowest density of 2 persons for every square kilometre. These interesting demographic trends are presented in Table I accompanying this article. The said table gives a comparison in population growth rates for two periods 1958 to 1962 and 1960 to 1962, in order to show how the growth in the more recent years compares with that in a little distant years. It will be seen that in most regions there has been a progressive increase in the growth rate with the passage of time. It is this secular increase in the demographic pattern of the world that poses a serious problem for the future.

The rate of growth in population during the period 1960-62 was very high in the regions of Central America (2.9 per cent per annum) and South-East Asia (2.7 per cent). The growth rates in the U.S. and Soviet Russia were almost identical (1.6 and 1.7 per cent respectively), with the former showing a nominal decline of 0.1 per cent in its growth rate if the four-year period 1958-62 is taken into account. Oceania, which has, as already noted, the lowest density per square kilometre, has maintained a high growth rate of 2.2 per cent per annum since 1958, while Southern Europe, having a high density of 88, has the lowest growth rate of numbers, namely, 0.8 per cent.

Agriculture

An analysis of the data on food for the teeming millions in the world, given in the *Statistical Yearbook*, shows that farmers all over the world (excluding mainland China for which figures are not available) produced more wheat, corn, barley and rice in 1962 than in the previous year. The total wheat crop in 1962 was 262 million metric tons, 5 million tons more than the bumper crop of 1958 and 25.5 million tons above the 1961 level. Nearly one half of this total was accounted for by the five largest wheat-producing countries—the Soviet Union (70.6 million), the U.S.A. (30 million), Canada (15 million, France (14 million) and India (12 million). No figures are available for China since 1960, but it may be noted that, in the three years 1956 to 1958, wheat production in China has moved up from 24 to 29 million metric tons.

An interesting feature disclosed by the U.N. *Statistical Yearbook* is that the U.S.S.R., the largest producer of wheat in the world, which had a lead of only 1.69 million metric tons over the U.S. in 1948-52, has increased its output tremendously in the decade ended 1962, from 32.75 million metric tons of 70.60 million metric tons, the corresponding figures for the U.S. being 31.06 million metric tons and 29.70 million metric tons. In other words, Russian wheat production in 1962 was more than twice that of the U.S. Despite this tremendous lead, Russia found it necessary to import large quantities of wheat from the U.S., Canada and others, when its crops failed in one year.

Other Food Crops

As regards other food crops, the U.S. produced 43 per cent of the world maize (corn) crop of 216 million metric tons in 1962. At the same time, the share of India, a predominantly agricultural country, was only 21 per cent of the total maize production. World (excluding China) rice output was 245.5 million metric tons in terms of paddy in 1962 showing a nominal rise of 3 million metric tons over the previous year. If China, the rice output of which used to be 80 to 85 million metric tons before 1960, is excluded, India was the largest producer with 48 million metric tons (paddy), followed by Japan (16.3 million), Pakistan (14.9 million) and Indonesia (13.4 million).

World production of barley in 1962 was almost 100 million metric tons, and stood 69 per cent above the 1948-52 level and 16 per cent above 1961. The U.S.S.R. was the largest producer of this grain in 1961, with 19.5 million metric tons. This was followed b the yUnited States (9.4 million), France (6 million) and the United Kingdom (5.9 million).

World production of oats in 1962 was 50.8 million metric tons. This was slightly lower than in the previous year and 18 per cent lower than the average for the period 1948-52. The fall in production between 1948 and 1962 was mainly due to the fall in the United States, which in 1962 produced 15 million metric tons, 29.5 per cent of world production. Canada produced 7.6 million metric tons. The next largest producer was the U.S.S.R. (5.6 million).

In 1962, the world produced about 264 million metric tons of potatoes, 7 per cent more than the average of the years 1948-52, but 6 per cent less than in 1961. The U.S.S.R. was the largest producer with 68.8 million metric tons. This production, which was 26 per cent of world production, was 18 per cent less than production in 1961 and over 22 per cent less than the annual average for the period 1948-52. Poland came second with 37.8 million metric tons of potatoes in 1962. Next in order were the Federal Republic of Germany (25 million), France and East Germany (13 million each) and the United States (12 million).

For 1962, the world production of all milk—from cows, goats, buffaloes and sheep—was estimated at 333 million metric tons, as against 348 million tons in the previous year and an average of 260 million metric tons in the period 1948-52. Of the 1962 total, cow's milk accounted for 91 per cent. Of this the United States produced 57.1 million metric tons. The total production of milk in the U.S.S.R. in 1962 was 63.9 million metric tons (19 per cent of total milk production). Other countries with large production in 1962 were: France (24.2 million), Federal Republic of Germany (20.3 million), United Kingdom (13 million) and Poland (12.9 million).

World meat production in 1962 was 65.2 million metric tons, nearly four per cent higher than the production in the previous year. While the United States was the largest meat producing country, with 13 million metric tons, Canada was at the other extreme with a meagre output of 1.1 million metric tons. The total fish catch for the world was a record high of 44.7 million metric tons, with Japan accounting for over 15 per cent. Almost all the developed countries recorded impressive gains in the fish catch in 1962, as compared to 1948.

Livestock

The data on livestock disclose a varying trend. While there has been an increase in the number of cattle, pigs and sheep in the four-year period 1958-62, that of horses showed a fall and mules and donkeys remained stable. Out of the world total of 939 million cattle in 1960-61, India had the largest number of 176 million. The United States and the U.S.S.R. came next with 97 and 75 million respectively. Australia accounted for 16 per cent of the world total of sheep. The number of mules and donkeys has been more or less constant during 1958 to 1962, but that of horses steadily decreased throughout the world between 1958-62 by nearly 15 per cent.

The output of cash crops such as raw cotton, tobacco, coffee and tea all over the world went up appreciably. In fact, the raw cotton output in 1962 at 11.7 million metric tons was a record which surpassed by 54 per cent the average yield during 1948-52. The share of America, the largest cotton producer, in the world total was nearly 30 per cent. Even India is estimated to have produced about 95 per cent more than the annual average production in 1948-52. Production of coffee in 1962 rose by nearly 72 per cent of the average 1948-52 output. The rise in tobacco output was about 37 per cent as compared with 1948-52 average and that in tea was 51 per cent.

This all-round increase in world agricultural situation was chiefly due to the increased use of fertilisers. Consumption of all commercial fertilisers in 1962-63—phosphatic, nitrogenous and potash—was 32.3 million metric tons, an increase of eight per cent over the total used in the previous year. As compared with the position in 1955-56 world consumption of fertilisers in 1962-63 was higher by no less than 52 per cent. Europe and America produced and consumed about 70-75 per cent of the world supplies of fertilisers. Even in Asia, there was a marked rise in fertiliser consumption. India's consumption of nitrogenous fertilisers was nearly 310,000 metric tons in 1961-62 as compared with a mere 63,000 metric tons in 1948-52.

Industrial Sector

A mine of interesting information is contained in the U.N. *Statistical Yearbook* on industrial production also. World production of basic raw materials, such as coal, iron ore and crude petroleum, in 1962, improved to some extent over the previous year. Coal production increased by 35 per cent between 1954 and 1962 and by 2 per cent as compared with 1961. The United States, U.S.S.R., United Kingdom and the Federal Republic of Germany together accounted for nearly 56 per cent of the world output of coal in 1962. Similarly, output of crude petroleum was eight per cent higher in 1962 as compared with 1961. The rise was more than 82 per cent between 1954 and 1962. The world production of iron ore (excluding Communist China) increased by nearly three per cent between 1961 and 1962. Soviet Union led the other developed countries in iron ore output, with 74.3 million metric tons. Crude steel output in 1962 also rose by two per cent to 361 million metric tons, mainly due to the rise in production in the Soviet Union to 76 million metric tons. But the United States remained as the largest producer of steel with 89 million metric tons. The Federal Republic of Germany, Japan, the United Kingdom and France, with production of 33 million, 28 million, 21 million and 17 million, respectively, showed a fall in their output by ½ to 1½ per cent as compared with 1961. Taking the countries of the European Economic Community (E.E.C.) as a unit, one finds that their production fell by ½ million metric tons or 0.7 per cent between 1961 and 1962. The total production of these countries in 1962 was 3½ million metric tons less than U.S.S.R. production, 82 per cent of the United States production and 3½ times the United Kingdom production.

At the same time, world textile industries used less raw cotton and raw wool than in the preceding year, probably owing to the phenomenal expansion in the use of man-made textile materials of cellulosic and non-cellulosic origin. Industrial consumption of raw cotton during the year was 9.9 million metric tons, which was five per cent less than the peak consumption witnessed in 1959-60. In 1962, industrial consumption of raw wool was 1.4 million metric tons, slightly less than in 1961. At the same time, production of man-made textile fibres and cellulosic fibres went up very rapidly. Rayon and acetate filaments rose by nearly 2.5 times during the fourteen years 1948-62. The United States was ahead of all the countries, accounting for some one-fifth of the total output in 1962. In the case of non-cellulosic fibres like nylon, orlon and other synthetics, the U.S. share was even greater, about 41 per cent.

Uneven Growth

Although there has been an all-round growth in industrialisation, the development has not been even. The persisting wide gap between the industrialised and less developed countries is best illustrated by the *per capita* consumption of certain vital commodities. Steel and electric energy are two of the key indicators used to depict the industrial development of nations. The Table II compiled from the data contained in the U.N. *Statistical Yearbook* clearly brings out this picture.

For purposes of convenience, only a few selected countries belonging to the two groups have been included. But the table contains enough data to bring out the great leeway that remains to be made up by the underdeveloped countries.

While Sweden leads the Western nations in *per capita* consumption of steel with 530 kilogrammes, Indonesia in Asia stands lowest among the backward countries with 2.5 kgs. In the case of energy, the United States with 8,263 kgs. (in terms of coal) stands high in the list. A country with the lowest *per capita* consumption of power is Nigeria with no more than 45 kgs. of coal equivalent. India is far behind even Turkey, another underdeveloped country in regard to both steel and energy consumption.

The 1963 *Statistical Yearbook* provides data on world and regional energy production, trade and consumption, classified by main sources—coal and lignite, crude petroleum, natural gas and hydro-electricity. All the figures are expressed as the equivalent number of metric tons of coal. In the eight-year period 1954-62, total world production of energy in terms of tons of coal equivalent increased from 3,025 million metric tons to 4,646 million or over one-and-one-half times. In 1962, the production of coal and lignite was 132 per cent of the 1954 level; crude petroleum 172 per cent, natural gas two times, and hydro-electricity nearly 1.8 times.

The proportions of the various forms of energy to total energy in 1962 and 1954 were as follows (1954 percentage in parentheses):

Coal and lignite 47 (55), crude petroleum 35 (31), natural gas 16 (12) and hydro-electricity 2 (2).

These figures show the shift from coal and lignite to crude petroleum and natural gas.

Figures of consumption have risen from 1,126 kilogrammes *per capita* in 1954 to 1,465 in 1962, averaged over the whole world. The rise in *per capita* consumption between 1954 and 1962 is only 30 per cent compared with a rise in production of 54 per cent between the years, because of the increase in population.

North America produced in 1962 one-third of all the world's energy, as against 40 per cent in 1954. In 1962, only 26 per cent of all energy was derived from coal. In Western Europe 87 per cent of all energy comes from coal. Total production from all sources in 1962 amounted to 573 million metric tons of coal equivalent, and *per capita* consumption was 2,747 kilogrammes. In some of the less industrialised regions of Africa and the Middle East, there is a marked upward trend in both the production and consumption of energy. In the Middle East, where practically all of the energy comes from petroleum, the output has increased 2.3 times between 1954 and 1962, and *per capita* consumption has risen from 200 kilogrammes in 1954 to 317 kilogrammes in 1962.

Countries with centrally planned economies produced 1,484 million metric tons of energy in 1962, 2.1 times more than in 1954. The share of coal in energy production between 1954 and 1962 declined from 84 per cent to 73 per cent. *Per capita* consumption of energy between these years increased by 74 per cent and totalled 1,352 kilogrammes in 1962.

Electric Energy

The data for almost 170 countries shows the growth in the production of electric energy. In 1962, the world production of electricity generated is estimated at 2,655 million kilowatt hours, 8 per cent more than in 1961 and 3.3 times as much as in 1948. The increase in electricity production was reflected in all countries, but to varying degrees. The percentage increase in Africa was 5 per cent; in North and South America, Asia and Oceania 7 per cent, and in Europe 8 per cent. Production in the United States increased in 1962 by 7 per cent and in the U.S.S.R. by 13 per cent. Of the 1962 total, North America accounted for 41 per cent (the United States, 35.5 per cent), Europe 30 per cent, the U.S.S.R. 14 per cent, Asia 10 per cent and South America 2 per cent. The principal producing countries in 1962 were the United States (943 thousand million kilowatt hours), U.S.S.R. (369 thousand million kilowatt hours), United Kingdom (160 thousand million kilowatt hours), Japan (140 thousand million kw.h.), Federal Republic of Germany (135 thousand million kw.h.), Canada (117 thousand million kw.h.) and France (83 thousand million kw.h.).

Transport

The development achieved by the advanced nations can well be visualised by comparing the progress attained by them in the field of transport. While railway freight traffic in the world as a whole expanded rapidly and reached a peak of 3,398 thousand million net ton kilometres in 1962, nearly four per cent higher than in 1961, the Soviet Union and Eastern Europe accounted for a half of this traffic. North America came next with a share of 29 per cent. Rail travel was more resorted to in Japan and the U.S.S.R. than in any other country in 1962, with 206,760 million and 189,300 million passenger kilometres, respectively. The number of motor vehicles in the world also showed a rise with North America possessing 65 per cent of the world's passenger cars and 53 per cent of the commercial vehicles. Europe (excluding the U.S.S.R. and Eastern Europe) accounted for 26 per cent of passenger cars and about 24 per cent of commercial vehicles. Oceania possessed the next largest number of passenger cars, followed by Asia (excluding mainland China, North Korea and North Viet Nam), Africa and South America, while the next largest number of commercial vehicles were in Asia (excluding mainland China, North Korea and North Viet Nam), followed by South America, Oceania and Africa.

The world merchant shipping fleet continued to expand in 1962, when the total tonnage of steamships and motorships had risen to 146 million gross registered tons, 4 per cent higher than in 1962, and nearly 24 per cent higher than in 1958.

Civil aviation continued its growth: in 1962, 3,240 million kilometres were flown by all of the world's airlines (domestic and international). This was an increase of 4 per cent over the previous year and nearly 28 per cent since 1956. Passenger-kilometres flown added up to 130,000 million as compared with 117,000 million in the previous year and 71,000 million in 1956. More mail went by air in 1962 than in any previous year—800 million mail-ton kilometres in 1962, 11 per cent more than in 1961 and twice as much as in 1956. These figures exclude mainland China, the U.S.S.R. and other countries which were not members of the International Civil Aviation Organisation.

World Trade

The data on world trade in the U.N. *Statistical Yearbook* for 1963 shows that exports (in terms of value) reached a record level in 1962 at $U.S.140,900 million, which is 5½ per cent higher than in 1961 and six times greater than the 1938 figure. Of the total world exports, the share of manufactured goods continued to grow during the post-war years, amounting to 56.4 per cent in 1962 (48.8 per cent in 1955), while that for food and raw materials declined to 32 per cent in 1962 (38.4 per cent in 1955). Among the manufactures, machinery and transport equipment showed a spectacular growth from a value of $16,900 million in 1955 to $33,100 million in 1962. They accounted for 41.8 per cent of the total exports of manufactures in 1962.

Many of the developed countries have emerged as important suppliers of food and raw materials to the regions in Eastern Europe and Asia. Communist China and other less developed areas in Eastern Europe have been steadily losing their ground as exporters of agricultural and other raw materials (34.9 per cent in 1962 as against 40.9 per cent in 1955). Although the developed countries have maintained their "dominant position" in the field of imports, the Eastern European countries, particularly the Soviet Union, are fast increasing their share. The Table III shows some of the highlights of world trade by commodity groups and regions.

It can be seen from the table that the advanced nations have increased their exports of machinery and other manufactured goods as well as food and raw materials to a great extent over the years 1955-62. Eastern Europe and other communist countries have at the same time increased their imports of foodgrains and raw materials from $3.5 billion to $5.1 billion.

The *Yearbook* figures also indicate that world (excluding mainland China, North Korea, North Viet Nam and Mongolia) industrial production was 7.4 per cent higher in 1962 than in the preceding year. The corresponding increase for 1961 was 5.3 per cent and the annual average rate of increase in industrial production during the period covered by the series (1950-62) was 6.8 per cent. Between 1950-62, world industrial production more than doubled (up 118 per cent). For the first time, the *Yearbook* contains figures on industrial output in the U.S.S.R. and the countries of Eastern Europe, showing that their production in 1962 was 3¾ times as great as in 1950. In the other countries of Europe, industrial output increased by 98 per cent over the period. Comparable increases for other regions were 140 per cent for the European Economic Community, 59 per cent for Canada and the United States, and 95 per cent for Latin America. The countries of Asia, paced by the economic recovery and growth of Japan, surpassed all other regions

(Continued on page 516)

Note: The U.N. publication *Statistical Yearbook* for 1963, referred to in this article, is a highly valuable publication, priced at $11.50 cloth bound or $9.00 paper bound. In 714 pages of tables and text, in both English and French, the volume presents authoritative international statistics on demographic economic, financial, social and cultural subjects.

Table I—*World Area, Density, Estimated Population and Rate of Growth of Population for 1930-62*

Continent and region	Estimates of mid-year population (million)						Annual rate of increase		Area in thousand square kilometres	Density 1962
	1930	1940	1950	1958	1960	1962	1958-62 per cent	1960-62 per cent		
World Total	**2,015**	**2,249**	**2,509**	**2,893**	**3,010**	**3,135**	**2.0**	**2.1**	**135,773**	**23**
Africa	**157**	**176**	**207**	**245**	**257**	**269**	**2.3**	**2.6**	**30,234**	**9**
Northern Africa	53	61	71	84	88	92	2.3	2.3	10,327	9
Tropical and South Africa	104	115	136	161	169	177	2.3	2.5	19,907	9
America	**244**	**277**	**329**	**394**	**412**	**430**	**2.3**	**2.2**	**42,042**	**10**
N. America	135	146	167	193	200	206	1.7	1.6	21,499	10
Middle America	34	41	51	64	67	71	2.9	2.9	2,750	26
South America	75	90	111	137	145	153	2.8	2.7	17,793	9
Asia	**1,072**	**1,212**	**1,384**	**1,611**	**1,684**	**1,764**	**2.3**	**2.3**	**27,596**	**64**
S. W. Asia	47	53	60	73	76	80	2.3	2.3	6,346	13
S. Central Asia	362	410	471	537	560	586	2.2	2.6	5,134	114
S. E. Asia	128	155	174	207	218	230	2.6	2.3	4,489	51
E. Asia	535	594	679	794	794	830	2.7	2.3	11,725	74
Europe	**358**	**381**	**395**	**420**	**426**	**434**	**0.9**	**0.9**	**4,852**	**88**
N. and W. Europe	122	128	133	140	142	145	0.9	1.0	2,250	64
Central Europe	120	127	128	136	138	141	0.9	0.9	1,015	139
S. Europe	114	126	134	144	146	148	0.8	0.8	1,587	93
Oceania	**10.4**	**11.3**	**13.0**	**15.8**	**16.5**	**17.2**	**2.2**	**2.2**	**8,549**	**20**
U.S.S.R.	**176**	**192**	**181**	**207**	**214**	**221**	**1.7**	**1.7**	**22,402**	**10**

Table II: Per Capita *Consumption of Steel and Electric Energy in Developed and Underdeveloped Countries in 1962*

	Steel (kilograms)	Energy (kilograms*)
Developed Countries:		
Sweden	530	3,755
Czechoslovakia	513	5,417
United States	488	8,263
W. Germany	488	3,384
Canada	345	6,015
U.S.S.R.	334	3,046
Australia	334	4,070
United Kingdom	332	4,948
France	318	2,591
Japan	242	1,388
Italy	238	1,410
Underdeveloped countries:		
Argentina	72.0	1,194
Mexico	51.0	916
Brazil	38.0	367
China (Taiwan)	29.0	568
China (Mainland)	20.0	..
Turkey	19.0	281
India	14.0	161
Philippines	13.0	169
United Arab Republic	13.0	284
Thailand	11.0	77
Pakistan	6.6	75
Nigeria	4.6	45
Congo	4.5	160
Indonesia	2.5	117

* In terms of coal equivalent.

Table III: *World Trade in Terms of Value*

(In thousand million U.S. dollars)

Exports/Imports	Year	Commodities			
		Food and raw materials	Fuels	Machinery etc.	Other manufactures
Exports from:					
Developed Areas	1955	17.7	3.3	14.7	28.2
	1962	24.5	3.8	28.6	36.1
Underdeveloped Areas	1955	14.7	5.9	0.1	2.9
	1962	15.7	8.8	0.3	3.9
Eastern Europe* and Red China	1955	3.5	1.1	2.1	2.5
	1962	4.8	1.9	4.2	6.2
Imports into:					
Developed Areas	1955	26.8	6.2	8.2	17.5
	1962	32.7	9.8	18.6	29.4
Underdeveloped Area	1955	5.4	2.7	5.4	8.3
	1962	6.9	3.1	8.6	10.4
Eastern Europe* and Red China	1955	3.5	0.8	2.2	2.4
	1962	5.1	1.3	4.3	5.8

* Includes U.S.S.R.

THE INDIA CEMENTS LIMITED

CHAIRMAN, MR. P. SURYANARAYANA'S SPEECH

REALISTIC CEMENT PRICE POLICY URGED

A STRONG plea for a realistic cement price policy was put forward by Mr. P. Suryanarayana, Chairman of the India Cements Limited, in his speech at the Eighteenth Annual General Meeting of the Company held at Madras on Monday, 7th September 1964. Cement prices, he said, should be fixed at such a level as would ensure at least a net return of 10 per cent to shareholders, for, otherwise, there seemed to be little hope of the country achieving the phenomenal expansion in production capacity so much desired by the Government. Stating that cement was a vital construction material, he warned that an overall shortage of this commodity would definitely slow down all construction activity.

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

GENTLEMEN AND FRIENDS,

On behalf of the management and on my own behalf, I extend to you all a cordial welcome to the eighteenth annual general meeting of your Company and place before you the annual accounts of the Company for the year ended the 31st March 1964, the Directors' report and the Auditors' report thereon.

Mr. Nehru

Since we last met, as you are all aware, the nation has suffered an irreparable and grievous loss in the very sad and sudden demise of our revered leader and beloved Prime Minister, Pandit Jawaharlal Nehru. Jawaharlal Nehru was not only a valiant fighter for our freedom under the leadership of Mahatma Gandhi, but also the principal architect of post-independent India. To Panditji, we owe a lot and in particular to the concept of planned development of this country. As Chairman of the Planning Commission during his full tenure of Prime Ministership, he was the author and originator of the three Five-year Plans, under which this country has made phenomenal progress in the social, economic and industrial development. May I request you all to observe two minutes' silence in honour of the great departed leader?

(The members observed two minutes' silence in memory of the late Prime Minister, Pandit Jawaharlal Nehru, all standing.)

It is no doubt a source of great relief to all of us in this country and to people elsewhere that after the death of Pandit Jawaharlal Nehru, Mr. Lal Bahadur Shastri has been unanimously and immediately elected to succeed the departed Prime Minister and it has been proved beyond doubt that we have an organised and disciplined democracy, that we can rise to the occasion in cases of emergency and we can set aside all petty differences. It is now certain that we can look forward with confidence to another era of peaceful, orderly and stable Government, which is a prerequisite for planned development.

Printed copies of the statement of accounts have been circulated to all the members and with your kind permission, I will take them as read.

Wages and Costs

The year under review brings us to the close of the third year of the third Five-year Plan, and perhaps this has been the most anxious period for both the planners and the people. On the one hand, the effect of spiralling prices on almost every commodity and, particularly that of food and other essential articles, keeps staring at one, while on the other hand, the lack of higher production both on the agricultural and industrial sectors, which is the need of the hour, is indeed perturbing the minds of the planners, the Government and the industrialists. The word "inflation" seems to be on everybody's mind and as far as I am able to see, none of the measures taken by Government so far appears to have curbed the tendency of rising prices. A developing country like ours, which is attempting to make the quickest progress, within the shortest time possible, has to contend with the basic fact of fewer resources available than what is required, to achieve the desired object. As long as the tendency persists to spend more money than the production costs of goods and services available at a particular time, so long will the inflationary trend, as is being witnessed now, continue. With the cost of living rising rapidly the demand for more and more wages cannot be avoided. Large wage increase, in turn, further raises the cost and inevitably leads to further upward rise in prices. In turn, this phenomena tends to make people lose faith in their money because they find past savings disappearing quickly. Unless very effective measures are taken immediately and put into action the inevitable consequences of the present trend is bound to lead to the most disastrous consequences. I trust both the Government and the people will present a united front to combat this situation.

New Plants

Coming to our own affairs, I am glad to inform you that there has been an all-round improvement in the affairs of the Company. The production at the Company's Talaiyuthu factory has been almost to rated capacity. The first unit of the Plant at Sankari went into commercial production during February 1964 and has been working satisfactorily since then. The Company will have the benefit of a full year's working of the Sankari Plant for the current year and an increase of 33⅓ per cent over its present production is expected for the year ended 31st March 1965. Work on the second stage of the Sankari Plant is well under way and every effort is being made to commission that plant by the latter half of 1965. As I have already reported to you on a previous occasion, your Company will be producing nearly a million tonnes of cement on the completion of the second stage at the Sankari Plant.

During the year under review, we have produced 528,554 tonnes of cement as against 419,149 tonnes of cement in the previous year. The statement of accounts has been in your hands for some time now and you would have noted the profit before the deduction of depreciation and the Managing Agents' commission has increased by Rs. 25,40,097 in comparison with the previous year. This is no doubt due to higher production and the consequent larger sales of cement. The production of clinker, cement and sales were higher at 534,349 tonnes, 528,554 tonnes and 526,777 tonnes, respectively.

Increasing Costs

There has again been a steady increase in the cost of production during the year on account of the increase in price of coal, freight rates and surcharge on electricity. As you know, these increases in the cost are beyond our control and naturally lower the profits of your Company. In spite of this, the Company has been able to show better working results during the year. Our appeals to the Government for adequate increases in the retention price has not met with full success. Between 1st November 1961 and 31st March 1964, the cost of production has gone up by Rs. 5.92 per tonne, while the price increases sanctioned by the Government during the same period has been only Rs. 3.75 per tonne. Even this *ad hoc* adjustment has not been given retrospective effect resulting in further losses to the industry. The recent increase of Re. 1.25 per tonne announced by the Government is applicable only from 1st July 1964, while the impact of the increased cost has been there even prior to the last increase granted during June 1963.

Planned Targets

In this connection, I would like to mention a point which has to be taken serious note of, if the cement industry is to progress and contribute its share to the country's planned and developing economy. Cement is a vital construction material required in every phase of the nation-building activity and an overall shortage of this commodity is certain to slow down all construction activity. The target of 13 million tons set up for the second Plan has still to be achieved at the end of the third year of the third Plan. It is rather surprising in this context to hear that the Government are envisaging a production target of 23 million tonnes during the fourth Plan. The reasons for the shortage in the estimated Plan targets are not far to seek. The cement industry is highly capital-intensive and there is very little scope for any ploughback of profits at the current level of return allowed by Government on the existing price structure. Unless the Government realise this and fix prices at more realistic levels to ensure at least a net return of 10 per cent to the shareholders, there seems to be little hope of our achieving the phenomenal expansion in production capacity so much desired by the Government.

Dividend

Some members have indicated their disappointment at the reduction in the dividend rate this year in spite of increased profits made during the period. You will appreciate that the entire profits came out of the existing unit at Talaiyuthu from which the expansion cost in the shape of development rebate on the new unit at Sankaridrug has to be met. A sizable appropriation towards the statutory development rebate reserve was required to be provided on the new unit at Salem. This has naturally reduced the profits which would otherwise have been available for distribution. It might perhaps be argued that a portion of the past reserves could have been utilised for payment of higher dividend than 6 per cent. But in view of the fact that the second unit at Salem is well under way, it was considered prudent to conserve the existing resources so that the overall financial position of the Company is strengthened to meet any future contingencies.

The reserves of your Company have gone up to just over Rs. one crore, as on the date of the balance sheet for the year ended 31st March 1964.

I am sure many members would have realised by now that with the completion of the expansion scheme, the future working of the Company will considerably improve.

I am glad to inform you that our educational institutions have had another satisfactory year of working and the results of the Sankar Institute of Polytechnic are highly encouraging. A new hostel has been constructed for the Sankar Institute of Polytechnic.

The relations with labour at the factory and the staff at the head office and also at the factories continue to be cordial as usual. I take this opportunity, once again, both on my behalf and on your behalf to tender our thanks to all the employees of the Company for their unstinted co-operation and hard work during the year. The Company looks forward to their continued services and co-operation in the years ahead.

I thank you all gentlemen, for giving me a patient hearing.

N.B.—*This does not purport to be a report of the proceedings.*

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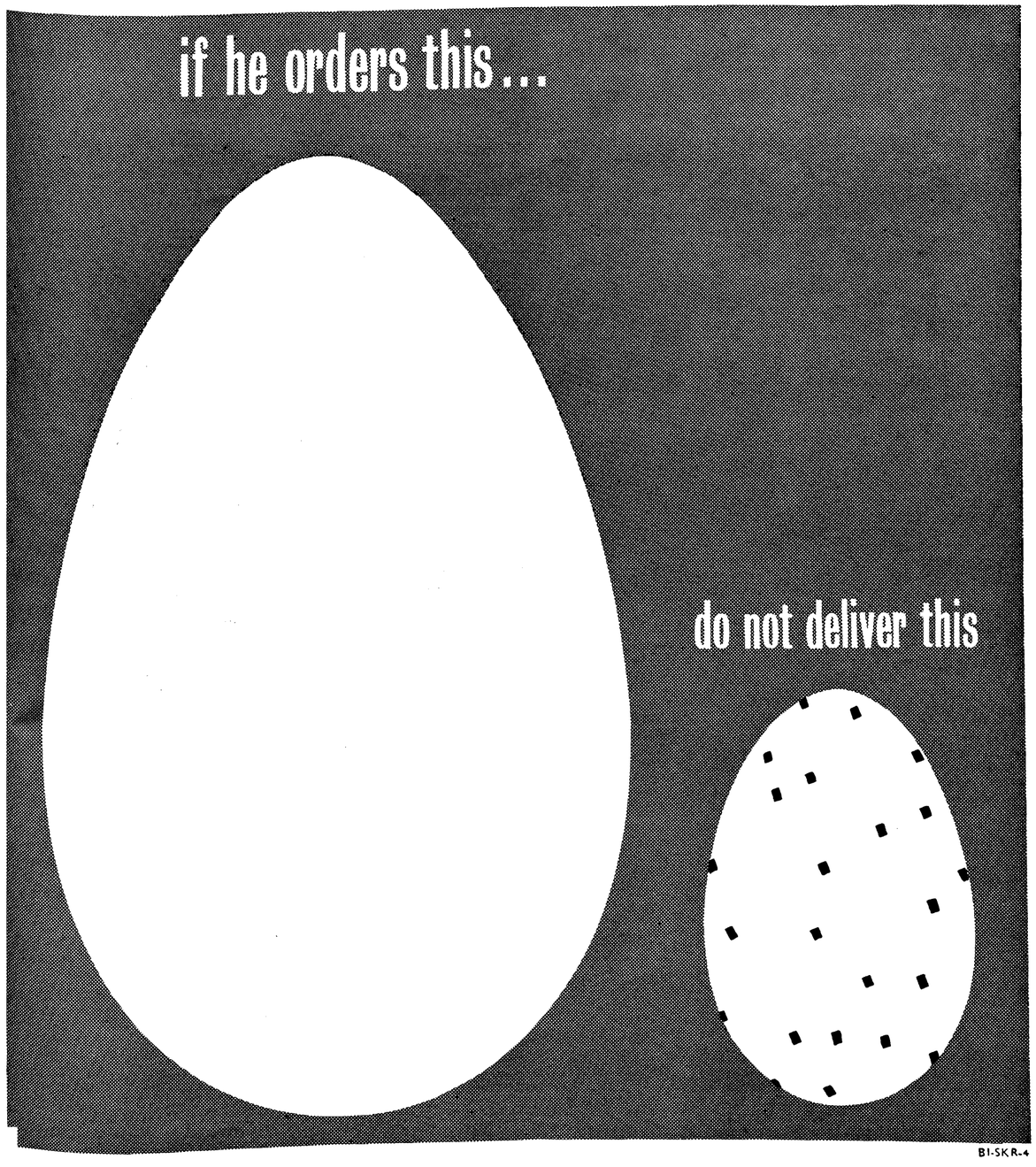

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DEVELOPMENT OF RAJASTHAN STATE

SEVERAL INCENTIVES REQUIRED FOR INDUSTRIES

By S. R. Damani

IT was indeed gratifying that the Rajasthan Chamber of Commerce and Industry had recently arranged a symposium on the industrial development of Rajasthan. The occasion acquired an added importance with the presence of Mr. M. C. Sukhadia, Chief Minister of Rajasthan, and other Ministers, namely Mr. M. D. Mathur and Mr. Harish Chandra, who have much to do with changing the image of underdeveloped Rajasthan to that of a "developed State."

In April 1961, it will be recalled, a businessmen's convention was held at Jaipur and it was very beneficial in its own way. It actually made the beginning in a dialogue between Government and industry. The recent symposium was in fact a continuation of the same approach. It is needless to emphasise that such meetings and discussions between the industrialists and businessmen, on the one hand, and the Government representatives on the other, would go a long way towards removing the various practical difficulties, bottlenecks and impediments and help in achieving the commonly accepted goal of industrialising Rajasthan expeditiously by quickening developmental efforts. Such conventions or symposia, where the Government representatives are also present should be held by rotation in Calcutta, Bombay, Madras, Delhi, Jaipur, or at such other important cities considered advisable. This would provide a forum to appraise or reappraise the state of development achieved and focus the attention of industrialists and entrepreneurs on the potentialities, and the spheres where their co-operation is required. The Rajasthan Chamber of Commerce and Industry should consider this suggestion for action.

Development Potentialities

It is a recognised and established fact that, when Rajasthan was formed in 1949, it was very backward. It did not see political stability till November 1954 and, as a result, no proper concentration could be made on developmental activities in Rajasthan. It goes to the credit of Mr. M. L. Sukhadia, who has provided a stable Government to the State of Rajasthan since November 1954 when he took up the reins of Chief Ministership, that political stability has been achieved and, with it, energies have been diverted to developmental activities under the second and third Plans. Thanks to the common objectives of industrialists, entrepreneurs and Government, the whole face of Rajasthan is bound to be changed in the near future. This State has sufficient potentialities for development in the industrial, agricultural and mineral sectors and these have been established by surveys undertaken and completed so far. It is now left to the present generation to make the best use of such potentialities.

Surely Rajasthanis have contributed greatly to the industrial development of the country. The call to them to help their own State by putting it on the industrial map of India is legitimate and meaningful. It is left to them to change the image from backwardness to progress and development. However, the call is not only confined to Rajasthanis but to all industrialists and entrepreneurs who can come to Rajasthan and start industries. Of course, before any industrialist or entrepreneur can promote any industry, he has to consider the various difficulties and problems connected with land, labour, capital, availability of raw material and power, means of communication and transportation, distance between production centre and markets, Government policy, and so on.

The Government has no doubt devised rules for extending help in the matter of land and supplies of power to industries. But the means of communication and transportation poses a big problem, for all the cities are not connected with one another on the broad-gauge railway section. Kota and Sawai Madhapur are progressively developing, and there is great concentration of industries at Kota which may become the Kanpur of Rajasthan. Recourse to various other modes of transportation and transhipment for import of raw material or export of finished products becomes not only costly but cumbersome. However, industrialists will have to put up with it. This situation can be rendered less depressing if the Government devotes greater attention to the development of road transport.

In large-scale enterprise, capital plays a vital role. The performance of Rajasthan Financial Corporation is, no doubt, noteworthy, for it has financed 119 varied industries with an aggregate amount of Rs. 2.89 crores. But in regard to long-term finance for large-scale industries, the Government of Rajasthan should persuade the Industrial Finance Corporation of India to be liberal in sanctioning loans to the industries that are being established in Rajasthan—a State which is sufficiently backward and needs encouragement. It should also persuade the Corporation to reduce the rate of interest by one per cent. Such a measure would provide a good incentive to industrialists and entrepreneurs. If a tax holiday attraction is also provided to industrialists installing industries in Rajasthan, it would prove advantageous.

Cotton

A few words about cotton which is the basic raw material for textile industry. Besides other areas where quantitative and qualitative production of cotton could be improved, the northern part of Rajasthan, where irrigation facilities from canals will be available, could be developed for production of the best variety of cotton, namely, Egyptian and Sudanese cotton. Presently, the cotton produced in Rajasthan is short-staple which is used for coarse counts. If long-staple cotton is grown, it would enable the textile mills to manufacture finer qualities and thus to cater to the demands of the State. The Rajasthan State, in that case, would meet its own demand for long-staple cotton, and any excess production could be exported to other States. Cotton imports would be cut to that extent and reliance on import of long-staple cotton reduced, and the country will be able to conserve precious foreign exchange. In areas other than the Ganganagar Belt to which I have just now referred, we could have recourse to the idea of "model farm" for improvement in the qualitative and quantitative aspects of cotton production.

The Rajasthan Government has no doubt offered incentives in the form of: (1) concessions on sales tax on raw material used by the industries, (2) exemption of octroi on imported machinery for setting up new industries and expansion and renovation of industries, and (3) use of power for industrial purposes. It would, however, be quite encouraging if sales tax and octroi on use of raw material consumed in the industry are abolished. It would reduce the cost of production of the industry relatively and make its competitive position strong *vis-a-vis* units in other States which possess other advantages. This is a suggestion for action and the loss in sales tax and octroi would definitely be compensated by the increased share from income-tax collections which would further improve with the growth of industries.

What is disturbing to an entrepreneur is the delay at various stages when recourse has to be made to the Government for various purposes. In this connection, it will be useful to recall a case where the Chief Minister of a State gave prompt directions to the secretaries of different departments in the presence of the entrepreneurs themselves. What I mean is that such expeditious way of handling things at governmental level would inspire the entrepreneurs and speed up the pace of industrial development.

Agriculture as an Industry

At the same time, agriculture, which is a premier industry, cannot be given secondary importance. It would prove advantageous if agriculture is tagged on to industry in some way, so that each could take care of the other. Presently agricultural operations in Rajasthan are chiefly confined to manual labour. If Government takes an active interest, a scheme could be devised whereby industrialists and entrepreneurs could be invited to take an active interest in agriculture as an industry. It would thus pave the way for improvements in agricultural production, quantitatively and qualitatively, through improved means.

In our country, unfortunately, hardly any entrepreneur has taken to agriculture as an industry and invested, say, Rs. 20 to Rs. 25 lakhs therein as in any other industry. There are valid reasons for keeping aloof, but the Government could do something to devise a method whereby industrialists and entrepreneurs might feel interested in taking up agriculture as an industry and improve production through intensive or extensive cultivation and possible mechanisation. It is hoped that the Government would look into this idea.

Conclusion

In conclusion, it is suggested here than in the present circumstances, when developmental activities are to be accelerated in Rajasthan and when the Rajasthan Chamber of Commerce and Industry and the State Government are unanimous on putting Rajasthan on the industrial map of India, there should be a permanent office over here in Bombay, as also in Calcutta, to be headed by a R.A.S. officer who is fully equipped with the procedure of processing applications for establishment of industries in Rajasthan and who is posted with all possible information about the State of Rajasthan. Such an arrangement would establish liaison between the industrialists and the Rajasthan Government, and much of the time which is now wasted through correspondence could be saved and proper, authentic and correct guidance given to intending entrepreneurs. It is then and then only that industrialists and entrepreneurs could take a more active interest in the establishment of industries in Rajasthan.

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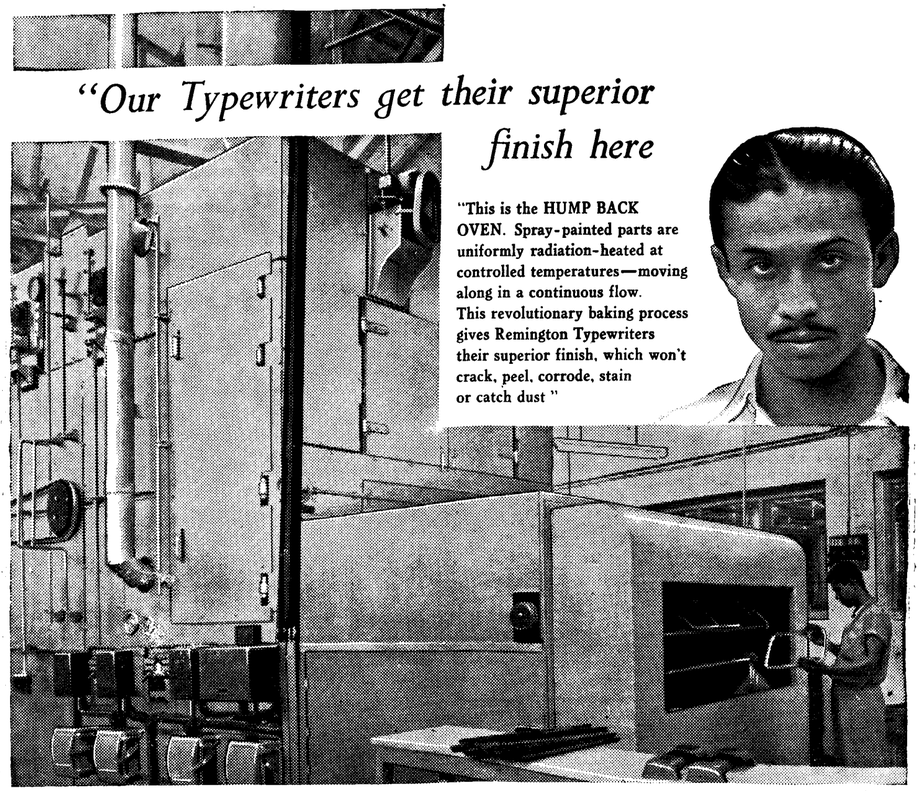

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NEW SUSPENSION BRIDGE IN SCOTLAND

NOVEL FEATURES IN DESIGN AND CONSTRUCTION

THE development of National Highways in India involves, among others, the construction of dozens of road bridges, mostly over rivers. As many as 20 major bridges have been completed in the first three years of the current Plan as part of the National Highways programme. There are also several other road bridges which are under construction now. Some of these are not over rivers but over creeks (sea inlets) like the Thana and Bassein creeks in the Bombay area. It may be that these creek bridges will present difficult engineering problems in the course of construction—problems not dissimilar to those faced and solved at Queensferry (Scotland) where a road bridge across the Firth of Forth has just been completed and opened to traffic. The Forth Bridge, incidentally, is a marvel in structural engineering. It is mainly a suspension bridge, the suspended structure being nearly 6,000 feet long. But it has also extensions on either side into the approach viaducts and roads. The details about this bridge (according to a Supplement to *The Financial Times*, London, dated 4th September 1964) may be of interest to engineers and administrators who have to get bridges constructed over creeks, firths (estuaries) or river ports like the one on the Hooghly at Calcutta. And the details may be all the more interesting to them, if some of the new road bridges under construction or contemplation in India happen to be "suspension" bridges. Incidentally, the main elements of a suspension bridge are (i) towers built upon foundations, (ii) main cables fastened at their extremities to anchorages sufficiently massive to resist the pull exerted upon them by the cables, and (iii) a stiffening truss, slung at intervals from the main cables by steel wire ropes, which carries a grid of beams above which are the roadway and footpath decks.

Economy Considerations

A lot of fresh thinking, it is said, has gone into the designing of the new Forth Bridge which is the first long-span suspension bridge to be completed outside the United States and the fourth longest in the world. Such reappraisal of traditional structural features of a suspension bridge with its towers, cables, anchorages and a stiff, suspended deck has been done from the point of view of economy. The most striking result of fresh thinking is to be seen in the design of the towers in the Forth Bridge. For reasons of economy, these have been made as slender as possible, consistent with adequate stability during erection. The tower legs are made of welded high tensile steel box sections, each 47 feet long, with their ends machined square, to butt together. The diagonal bracing members are also hollow sections, completely sealed with a smooth exterior. The entire tower design is stated to be representative of the latest developments in welded steelwork design and fabrication. The relatively light weight of the towers in the Forth Bridge, as compared with riveted mild steel towers of conventional design, is particularly noteworthy, for the cumulative effect of the three contributory factors—choice of width, use of high tensile steel, and welding, each producing a saving of 20 to 30 per cent—is a weight less than half that of the conventional type.

Another novel feature of the Forth Bridge, adopted for reasons of economy, is the use of a light steel plate deck on the main span. On the half-inch steel plate has been laid mastic asphalt for a thickness of 1½ inches in the roadways section of the bridge. The cycle track and footway tracks are of thinner plating, surfaced with ¼ inch of rubber-bitumen. The stiffened steel plate decking has been laid on the bridge in panels eight feet wide, 60 feet long, and welded in place. It has been calculated that this steel deck, though in itself more expensive than concrete, has led to considerable overall economy by the saving in the weight of cable, for, on a span of 3,300 feet, each ton of deadweight requires half a ton of cable wire to support it.

The form of cable anchorage is yet another novel feature of the Forth Bridge. There are four separate anchorages, one for each end of each cable, each consisting of a massive block of concrete placed in a tunnel driven down into the rock at an angle of 30 degrees to the horizontal. Each strand shoe is connected by two high tensile steel bolts to a massive steel slab on the face of the anchorage, and the slab is secured to the concrete block by means of wire strands laid in steel tubes running the full length of the block and prestressed from the lower end. In this way the anchorages have been prestressed by forces considerably greater than the maximum pull from the cable, so that there is no possibility of the slabs moving away from the concrete.

Other New Features

Some other novel features of the Forth Bridge are equally notable. The attachment of the cable bands is one of them. The bands here are circular cast steel bands, one inch thick, cast in two halves and gripped on to the cables by steel bolts. The type of bolt used here is one developed for similar situations where a high degree of tightening is required with no risk of breakage. The bolts are reduced in diameter over the centre part of their length, so that they are capable of considerable stretch—several inches—before they break. By the use of a special nut and washer, they could be tightened to a stress per sq. inch about twice as high as that normally used, thus providing an increase safety margin against relaxation and possible slip of the band. Secondly, the twin sockets for the two loops of suspender rope, which are of unequal length, also represent a new feature. This is claimed to be the neatest arrangement for the attachment to the top chord member of the stiffening truss, where two vertical bolts hold each socket in place. Thirdly, a further innovation is the use of hollow steel box members, completely sealed wherever practicable. This construction has been adopted for the chords of the stiffening trusses and other members of the deck structure. The truss chord members, two feet square and 60 feet long, are sealed by welded diaphragms near their ends, so that the inferior surfaces require no painting. This form of construction thus reduces greatly the area of steel exposed to the weather. And, lastly, care has been taken to ensure that all parts that require painting are readily accessible and the initial protective treatment is the best that can be devised. All the steelwork has been grit-blasted and sprayed with metallic zinc before the application of priming and finishing coats of paint.

Why the Suspension Type?

The reason for choosing a suspension type of bridge is simply because it is the only one practicable for spans over 2,000 feet, according to the Resident Engineer of the Forth Bridge. He points out that the greatest load that any bridge has to carry, except for those of very short span, is its own weight. On a large span bridge, the traffic load is almost insignificant in relation to the weight of the bridge. In the case of the Forth Bridge, for instance, the stiffening truss and the suspended deck weigh about 16,000 tons, but the heaviest load permitted on the roads at present is no more than 250 tons.

About 100 firms were involved in the building of the Forth Bridge. Some of them supplied only miscellaneous tools, ropes and slings, and so on. But some others made much bigger contributions—fabricating more than 22,000 tons of structural steel, making 30,000 miles of steel wire and building approach roads and viaducts. It took only six years and £18 million (about Rs. 24 crores) to build this massive and marvellous bridge.

But managing and maintaining such a gigantic bridge efficiently are no less important than constructing it economically, for the traffic flow in this new highway link is expected to be in the region of five million vehicles a year in the early period of its life. Tolls are to be collected by seven booths covering the eight traffic lanes. Initially, two of these booths are to be fully automatic. For the first year of bridge operation, the charge has been fixed at 2s. 6d. for one journey for all classes of vehicles. In the manually controlled booths, the system of toll payment is this: as the vehicle approaches the toll booth, a red light shows, the driver stops and presents to the collector the required fare. The collector presses a button receipting the fare, and, in two seconds, a green light comes on, allowing the vehicle to proceed. In the case of automatic booths, the driver drops a half-crown into a basket arrangement, the coin is receipted and the green light comes on. If the automatic toll system proves successful, the number of automatic booths will be increased gradually as operators and travellers become familiar with the system.

NIMBUS WEATHER SATELLITE

The United States has just crossed yet another milestone in space exploration by launching Nimbus I weather satellite into orbit. The orbiting of this 830-pound weather-watcher is a further step towards the U.S. programme to develop an advanced meteorological satellite system.

The Nimbus satellite, which resembles a big 'awkward' bird, orbits around the earth 14 times a day, with its sharp television eyes examining the weather situation below. It has a flat bottom, skeletal frame, tapered head, and stiff ceramic wings. It employs a stabilisation system which keeps its cameras pointed at earth all the time. It has also a system by which infra-red (heat radiation) sensors automatically switch on, as the daylight cameras switch off, to get pictures of night-time cloud cover.

The satellite has two daylight camera systems one of which is named Automatic Pictures Transmission (A.P.T.) which was successfully tested on the eighth Tiros satellite last December. The A.P.T. system makes it possible for meteorologists of any nation to obtain photographs of the cloud cover over their own part of earth quickly and cheaply. This is done through the simple ground stations that command the satellites to transmit the pictures. The national A.P.T. stations for the first Nimbus flight include: Colaba Observatory, Bombay, and similar observatories in France, Canada, England, Hong Kong, West Germany, Denmark, Australia, Indonesia, Brazil, Switzerland and Republic of Argentina.

The other daylight photography system is an array of three cameras called 'Advanced Vidicon Camera System (A.V.C.S.). The pictures from this system (96 of them can be made during each orbit) are considerably more detailed than those from the other systems. The pictures taken from this system can be transmitted or stored on magnetic tapes and transmitted later to stations situated in Alaska and North Carolina in the U.S. The pictures thus taken are immediately relayed to the Goddard Space Flight Centre and the U.S. Weather Bureau's National Weather Satellite Centre, both in Maryland, where photographic negatives are produced within one minute after receipt of the pictures. Thus Nimbus' pictures, cloud temperature readings and other weather data are being provided to the world meteorological community for the purpose of advancing man's understanding of weather and aiding in weather forecasting.

EASTERN METALS REVIEW

The 1964 Mid-year Number of *The Eastern Metals Review* (edited by Mr. M. Vinayak, published from 38, Strand Road, Calcutta 1, and priced Rs. 5) discusses the various aspects of the mining industry, in general, and the non-ferrous metal industries, in particular, by bringing together a number of authoritative articles on the subject by experts. An editorial on the non-ferrous metals in the fourth Plan urges the planners not to set a too ambitious target for the industry as a good part of the capacity envisaged in the third Plan will spill over into the fourth. It adds that "the overall economic conditions in the country and the resources that can be deployed in implementing new projects without adding to the current inflationary pressures will have to be scrupulously studied." Mr. Manubhai Shah, Union Minister of Commerce, in an article on the export prospects for the manufactures of non-ferrous metals, narrates the steps taken by the Government to stimulate them. This special number also contains a comprehensive statistical survey of the metal industry, giving, among others, a country-wise breakdown of India's imports of non-ferrous metals in the first half of this year.

LD STEEL-MAKING PROCESS

The LD (oxygen-blast) steel-making process was introduced by a growing number of steel mills throughout the world during 1963. In the past year, 13 new LD steel mills were put into operation, boosting world steel production by about 30 per cent. At the outset of 1964, 63 LD steel mills with a combined annual capacity of about 48 million tons were operating. Another 65 LD steel plants with an annual productive capacity of nearly 60 million tons were under construction or in the planning stage in 1963. With the majority of these construction projects due to be completed by the end of 1965, LD steel-making capacity throughout the world is then expected to reach about 100 million tons annually. LD steel mills would then account for about a quarter the world's total crude steel capacity.

NEW PRODUCTS AND PROCESSES

New Synthetic Aviation Oil

A NEW high performance synthetic oil to meet the growing demands of new engines has been produced by Esso Research Limited, Abingdon, United Kingdom, the originators of the first synthetic aviation lubricant for use in gas turbines in 1949. Esso Extra Turbo Oil 274, the new product which will be available for international use, has superior properties in high temperature operation, giving aviation engine designers freedom to raise engine operating temperatures and to increase engine thrust. The new oil gives superior cleanliness at bearing temperatures 50°C. above those previously used. Flight trials of the new lubricant with British European Airways and British United Airways together with laboratory and engine tests carried out by Rolls Royce, Bristol Siddeley and the British Ministry of Aviation have thoroughly evaluated the new product. The new oil has ample load carrying ability, producing less deposit formations and is free from limitation due to corrosion of engine and airframe materials. It further improves performance and reduces operating costs.

Highly Versatile Rotary Press

A multi-purpose rotary press designed by a British firm of printing engineers for large quantity output will produce book sections, magazine sections, or folded business forms and brochures in a range of sizes which, it is claimed, have never previously been possible from one machine. It can be used for either letterpress or dry offset printing. The machine incorporates a number of innovations, including an entirely new type of adjustable jaw and tuck folder, the flexibility of which permits an exhaustive range of cross folds. This folder has introduced a non-orin bed linen into the marmum use of paper. Pin collecting cylinders, a traditional feature of cross folders, are not used, and there are, therefore, no holed page edges to be trimmed.

Non-iron Bed Linen

After numerous experiments, an Austrian firm has introduced a non-iron bed linen into the market which can be cleaned in any washing machine without requiring any special washing powder. It is non-shrinkable and has resistance to wear and tear. The non-iron sheet is a specially dense and fine threaded sheet-fabric from 100 per cent cotton which is very wear-resisting with little weight and volume. This fabric is manufactured according to a method where the cellulose molecules of the cotton are chemically interlaced by the introduction of bifunctional groups. This refinement differs completely from the so-called synthetic resin equipment and achieves altogether new effects. By the use of first grade basic materials, a high initial strength is obtained. Besides, tests have shown that the new non-iron sheets lose none of their strength after being cooked and washed twenty times in a washing machine, whereas normal linen goods lose 10 to 20 per cent of the quality after such a treatment. The handling of the new non-iron sheets is very simple. After the washing it can be wrung by hand or machine, the only important thing is that the washing is hung onto a well-stretched washing line. The linen becomes even smoother when drying. It should thus be put together straight after it is taken from the washing line so that creases are avoided which could be the case if it is pressed into a washing basket.

High Temperature Casting Alloy

A new casting alloy to meet the growing demand for improved high-temperature materials for aircraft gas turbines has been developed by International Nickel. Known as M22VC, it is a nickel-base alloy melted and cast under vacuum, which possesses outstanding rupture strength at temperatures in excess of 1,000°C. M22VC is now in an advanced stage of development and, although not yet in commercial production, it shows considerable promise and is being considered for turbine rotor blading and other high-temperature components. M22VC is basically a nickel-chromium alloy strengthened by additions of tungsten, molybdenum, aluminium and tantalum. It offers appreciable advantages over existing cast and wrought materials in terms of specific strength at high temperatures. Good castability with freedom from dispersed micro-porosity is exhibited by the alloy.

Semi-automatic Labeller

For manufacturers who want a fast labelling machine, but not one so fast and so expensive as a fully-automatic installation, Purdy Machinery Company Ltd., 41/2 Prescot Street, London, E. 1, has developed a semi-automatic labeller that has a speed of about 60 a minute. There are two versions of it—one for edge gumming only, the other for all-over gumming. Labels up to 5½ in. in height can be applied to round, oval or flat surfaces. A container is released to the labelling head each time a pedal is pressed. The rest is automatic. Their agents in India are W. H. Brady and Company Ltd., Brady House, 12/14 Veer Nariman Road, Bombay-1.

Tough Rubber Generating Plant

The Sperry Gyroscope Company Ltd., Brentford, London, has built the first industrial scale plant for continuously producing polyurethane elastomers—synthetic rubbers with extreme toughness and wear resistance. Besides making continuous production possible, the equipment is capable of producing various blends of the raw materials, controlled and mixed with accuracy, so that various qualities, such as hardness, can be "tailor made" for the job the material is to do.

Makes Clothes Look Better

Simplification of tailoring operations is one of the main claims made for the Solidot range of fusible interlinings which are now being produced by Staflex International, Staflex House, Bainbridge Street, London, W.C. 1. The interlinings are claimed to be particularly suitable for use in the manufacture of clothing made from lightweight cloths and to lead to a better "drape and handle" of the finished product. Puckering is much less likely to occur. The materials used for the interlinings consist of a cotton or canvas "carrier" cloth with adherent particles of resin. The method of applying the resin has not been disclosed in detail, but it is understood to be similar to the screen printing process. Fusing of these interlinings to the parent cloth must be done with the aid of an electrically heated press of the type normally used in the clothing industry.

Quick Metallic Coating

Vapourised metal film can be quickly and cheaply deposited on the ceramic tubes and rods used in the electrical industry in a system reported by Leybold-Anlangen A.G. Neigasse 23, Zug, Switzerland. It consists of putting the rods loosely into a wire mesh tumbler drum lined with synthetic resin and rotating the drum at about 90 r.p.m. above the source of the metal vapour. The rods move freely in the drum and are uniformly coated without being damaged. The company states that corrosion-resistant films can be applied to nuts and bolts in the same way.

Hydrogen Assay in Aluminium

The research laboratories of the British Aluminium Company, Norfolk House, St. James's Square, London. S.W.1, have developed an apparatus to determine the hydrogen content of aluminium and its alloys. All aluminium contains small quantities of hydrogen and if present in excess the gas can be harmful. In castings, the gas can form bubbles during solidfication and cause porosity and in wrought products, it can exert a disruptive pressure, opening up defects in the metal.. To carry out a determination, a sample of aluminium is heated to 500-600 degrees at which temperature the hydrogen it contains will readily diffuse out. The gas is pumped to a collection system for measurement and analysis. The quantity of hydrogen to be measured is very small and the main preoccupation in designing the apparatus and the operating technique has been to avoid error from spurious gas evolved from the apparatus or produced by reaction between water vapour and the hot sample.

High-speed Marking Machine

Lectroetch (Great Britain), of Spur Road, Feltham, Middlesex, has introduced a fully automatic electrochemical marker which is capable of marking up to 1,250 parts per hour. It automatically ejects parts after marking, and is designed for use in production lines where hand equipment is inadequate to deal with the quantities involved. Special units have already been used, for marking such components as small turbine blades, ball bearing races, twist drills and other small tools.

Screen Printing Flat Objects

A pneumatically-operated, fully automatic machine for screen printing flat objects at up to 2,000 strokes of the press an hour has been introduced by Gayler and Hall Ltd., 130 King Street, London, W.6. The maximum print area is 6 in. by 6 in. However, several small objects can be printed simultaneously—for example, ten ball-point pens giving a production rate of 15,000 an hour.

Cement Resists Chemical Attack

A new type of special-purpose cement with exceptional strength, adhesion and resistance to chemical attack has been developed by a British firm for on-site use. It is based on polyester resins used in conjunction with a specially prepared cement. It can be mixed with water on site. The cement has been specifically developed for such applications as industrial flooring as well as for road and airfield patching where it should prove an economic proposition. The firm plans to carry out a comprehensive development programme during the next two years.

Automatic Gear Box Production Machine

The Engineering Works at Strakonice in Czechoslovakia, has produced the "LSD 4" automatic production line for the manufacture of gear boxes for the new Skoda 1,000 MB passenger car which is being produced in a new motor-car factory at Mlada Boleslav. The production line is over 20 metres long, 7 metres wide, and does the work of 40 all-purpose machines. Only two workers are required for its operation. The production line has 17 positions and performs 26 operations including drilling, reaming, machining, threading, etc.

Reversing Direct-flow Turbines

Experimental research in the world has lately concentrated on the development of *Deriaz*, *Kaplan*, and *Francis* hydraulic reversing turbines. In the research institute of CKD Blansko, National Corporation, Czechoslovakia, the three types of reversing turbines have been developed. A reversing direct-flow *Kaplan* turbine has been installed in a project under construction under a head of 14 metres with a capacity (rate of flow) of 6 cu. metres per sec., turbine operation speed of 500 r.p.m., pumping operation speed of 750 r.p.m., runner diameter of 1,000 mm., and rating of 716 kilowatts. The unit has been designed as a monoblock in full accord with its size. The shape of the hydraulic profile ensures a high efficiency at both turbine and pumping operation.

Timber Preservative

A preservative which reduces the distortion of raw timber caused by damp is being produced by a British firm. It resists attack by fungi and insects and also strongly repels water while still allowing the timber to "breathe" as if untreated. Used as a pre-treatment of external joinery, before, or instead of, the application of a primer, it reduces the dimensional changes caused by the fluctuations in moisture content.. After treatment, joints remain tight and wooden door and window frames do not twist, split, crack, swell or shrink to the same degree as untreated timber. Used instead of varnish, the clear fluid permits the natural colour of the wood to show through. The water-repellent skin which is formed preserves the colour for several years. Re-treatment includes a pigment to restore natural colour.

New Signal Generator

A new signal generator, providing a high quality amplitude modulated output from 10 kc/s to 72 mc/s, is being produced by a British firm. It is believed to be among the first of its type to use semi-conductors throughout instead of valves. It is compact and can be used on a bench or in a rack. It can operate either from mains electricity supply or from a 24 volt battery, with simple switch adjustment. Each of the eight bands in the frequency range has its own permeability tuned oscillator and output stage. Carrier frequency can be checked against built-in crystal controlled sources at intervals of 10 kc/s. 100 kc/s or 1 mc/s, and can also be verified at points plus or minus 1 kc/s from these frequencies. At carrier frequencies of 100 kc/s and above, an incremental tuning control can be used to vary carrier frequency by very small amounts, giving high discrimination and tuning efficiency on an effective scale length of 4 km.

Pollution-free Chemical Production

A process of completely eliminating the atmospheric pollution that often accompanies the production of insecticides, fungicides, refrigerants, plastics and other chlorinated materials has been jointly developed by the Hooker Chemical Corporation and the Union Carbide Corporation's Carbon Products Division in the U.S.A. The successful disposal of 20 million pounds of liquid residues last year has been due to the development of a continuous process involving a self-sustaining reaction that decomposes waste by a high temperature reaction with air and steam. According to the Union Carbide Corporation which markets the disposal system, the gases from the reactor are first scrubbed with water and then the exhaust is left free of pollution.

Electronic Checking of Propeller Blade's Pitch

Variable-pitch ejectable propellers, which provide a stand-by electrical or hydraulic power supply in an emergency on VC 10 and Trident aircraft, are being tested by an ingenious technique, using a stroboscope in conjunction with a closed-circuit television system. Checking the pitch of these propeller blades at speeds from 6,000 to 9,000 r.p.m. is undertaken in strengthened, soundproof test-cells.

Using the new technique developed by E.M.I. Electronics etc. of England, a stroboscope "freezes" the propeller as it rotates on the test rig at a known speed. The light from the stroboscope is reflected along the line of sight of the camera by a polished stainless steel sheet with a central hole through which the camera looks. A camera views the blade in its plane of rotation and a picture of the blade root is clearly seen on the television receiver outside the test-cell. The blade root has a scale marked on it which lines up with a fixed pointer on the hub, and from this arrangement fine blade angle can be assessed within an accuracy of ±1 degrees. In this way, engineers can check whether, under flight conditions, the blade will rotate at the correct speed.

IDEAS IN BRIEF

One-step descaling and phosphate coating of metal components, instead of conventional multi-step systems, is possible by a new process developed by S. Klinghoffer, 39 Kund-manngasse, Vienna 3, Austria.

A new material has been developed in Poland composed of cellulose waste, mineral flours, dyes and viscous substances for use in building work. It is called "fluid wallpaper," and is produced by Institute of Building Technique, Warsaw, Poland.

A decorative strip material for clothing and shoes has been patented which involves fine filaments of PVC and pieces of glass, artificial gems or beads. It has been patented by D. Swarovski, Glasschleiferei, Wattens, Tyrol, Austria.

A method has been developed of forming thin, high-quality heat-insulating layers on components for use in aircraft, submarines and electronics equipment by Commissariat a l'Energie Atomique, 29 rue de la Federation, Paris 7, France.

Complex welded honeycomb structures between sheets of smooth metal—suitable for one-piece heat-exchangers and domestic radiators—can be simply produced by a new method invented by Vereinigte Deutsche Metallwerke, Amder Sandelmuhle, Frankfurt, West Germany.

New type grinding wheels are claimed to have longer life, greater hardness and better thermal conductivity. They are produced by Metallgesellschaft, 14 Reuterweg, Frankfurt, West Germany.

PLANS FOR EXPANDING I.A.C.'S SERVICES

SOME REFLECTIONS ON MR. PARAKH'S IDEAS

By Our Aviation Correspondent

IN a land of great distances and some 450 million people, an adequate and modern transport system ranks as one of the greatest single necessities. Air transport obviously remains—and is likely so to remain for some time—outside the reach of the vast majority. India is not singular in that regard. The expansion of India's existing air services, nevertheless, is a duty which Indian Airlines, as a monopoly carrier, has to discharge. In a most interesting article, published in a recent issue of *Indian and Asian Skyways*, Mr. J. S. Parakh, the Corporation's General Manager, outlines his plans for expansion.

As at present organised, I.A.C's services cater, he writes, "solely for the well-to-do, the business class, officials, and the tourist." There are, he goes on to say, "at least two or three million middle-class travellers waiting to convert their present modes of travel and to take to the air." Mr. Parakh is probably right. Opinions, however, may legitimately vary as to where it is that these millions desire to travel and at what price they can be diverted from surface transport to air travel. Let us hear Mr. Parakh's views on these points.

"We inherited," he says, "some very obvious routes in 1946-47. We still tinker with the same, making changes here and there, and in this the eighteenth year of post-war civil aviation, we are still following the same old basic pattern. . . . This can continue, and will have to continue to meet the demand of the type of traffic which has stabilised. What is needed now is to concentrate on a 'spoke pattern' of operation. It is this pattern which is going to be the biggest attraction for the common man and increase the passengers from a million to three million in an expansion scheme of the Janata type."

"Spoke Pattern"

The "spoke pattern" he envisages are services radiating from five or six major cities—Bombay, Calcutta, Delhi, Madras, Bangalore, and Hyderabad—linking important mofussil centres of population with their respective metropolitan cities. He cites, as an example, services to link Kanpur and Amritsar with Delhi. The former service to operate twice daily, the latter once daily. Both services would be operated by one aircraft which would thus achieve a daily utilisation of about nine hours. Services from other major cities would be operated on similar lines. In this manner, Mr. Parakh proposes to serve some 40 mofussil towns of importance—or, on average, six 'spoke' services from each of the major cities.

It is an interesting concept. Operationally, of course, the plan has much to commend it. Aircraft would be based on major airports, thus, presumably, facilitating maintenance, eliminating night-stops, and economising in crews. As demonstrated by the example given, satisfactory utilisation would be achieved. Where, if anywhere, doubts arise, it is on the question of the kind of demand which would be generated. Services of this nature have been tried in the past with very indifferent success. Assuming, however, that the plan is well conceived, its success must depend on two factors—convenience and price.

Convenience

So far as travel is concerned, convenience is a highly competitive factor. Unless, of course, the means of transport in question is the sole and only means of travel, its comparative convenience can be measured by its ease of access, the frequency of operation, and the saving of time involved. Now, almost everywhere, the drawback of very short haul air services—and those contemplated would be of this nature—is the quite disproportionate overall time of journeys *vis-a-vis* the actual time of flight. Formalities, and road journeys to and from airports, are, of course, responsible.

Mr. Parakh proposes to make these 'spoke' services of an austerity nature. There are to be no hostesses, no catering, and—though this is not clear—possibly, no reservations and no surface transport. Although, in the mofussil, airports could—and should—be close to the towns they serve, those at Bombay, Calcutta, Madras, and most other major cities, are not. A lack of free surface transport might detract very materially from the convenience of these services—and, incidentally, add considerably to the price.

Finally, the time factor. To create demand, the proposed air services will have to show a substantial saving of time over alternative means of transport. Convenience, we have to remember, is a competitive factor.

At What Price?

We come now to the second requirement for success—that of price. Mr. Parakh tells us that the fares on these services will be some 25 per cent less than the general level of fares prevailing today. These fares, then, will be approximately the same as those of first-class rail. It is a substantial reduction—but whether substantial enough remains to be seen. Be that as it may, at this level of fare, using Fokker Friendship or Avro 748 aircraft, the break-even load factor, it seems, would be in the neighbourhood of 80-85 per cent. In other words, out of the 45 seats offered, it would be necessary to fill 35 to make services self-supporting.

The question, then, is whether, at fares comparable to first-class rail, the demand would be sufficient to reach this rather ambitious target? A possible way to find out, perhaps, is to study the statistics of first-class rail traffic between the various terminals of the proposed air services. Without some such study, one is groping in the dark. One hazards the guess, nevertheless, that, for some years at least, air traffic would fall very far short of the target. One is inclined to the view that aircraft smaller than the Friendship or 748 might provide a better answer.

It is, of course, generally true that the smaller the aircraft, the higher the ton-mile or seat-mile cost of operation. In other words, if the Avro 748 requires a load factor of 80 per cent, a smaller aircraft might require a load factor of 90 per cent to break even. On the other hand, the hourly cost of operation would be less and failure to reach the required load factor would, consequently, be less costly. Moreover, the number of passengers needed to fill 90 per cent of the seats would be less. So much, of course, is obvious.

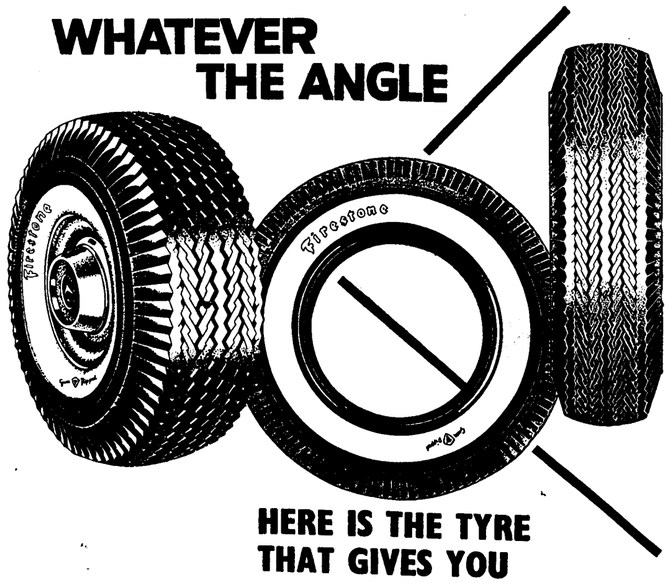
Type of Aircraft

And, on the subject of alternative aircraft, there is perhaps, an even more important issue to be considered. There is the question of airports. Some, at least, of the contemplated services will require the construction of airports, or, where these already exist, their enlargement to accommodate such aircraft as the 748. This will entail a costly building programme, which, if traffic fails to come up to expectations, will be money largely wasted.

Would it not, in the circumstances, be wise to study the possibilities of using STOL or VSTOL aircraft. Such aircraft would require much shorter runways and this might sensibly reduce the cost of the airport building programme. There are many STOL aircraft now available, some small and unsophisticated, others—such as the Breguet 941—larger and more costly. We can hardly doubt that VTOL or VSTOL aircraft will operate most of the very short haul routes of the future. Some three or four years from now, when I.A.C. comes to launch its expansion programme, the choice of aircraft will, doubtless, be wider. But now, perhaps, before the new airport construction is undertaken, might be the time to study the possibilities. As Mr. Parakh is well aware, the art of airline management is to foresee, rather than to wait upon, events.

It has been estimated that industrial workers in Germany are putting in 8.1 per cent fewer hours for 146 per cent more pay than in 1950. The average gross weekly wage in 1963 was DM. 172 (Rs. 206.50), as compared with DM. 70 (Rs. 84) in 1950. The average paid hours last year were 45.4 per week, as compared with 49.4 in 1950.

WHATEVER THE ANGLE



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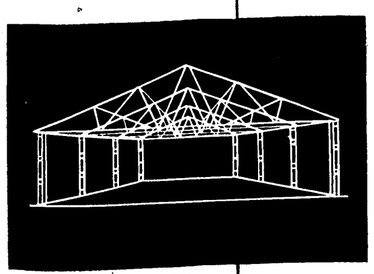

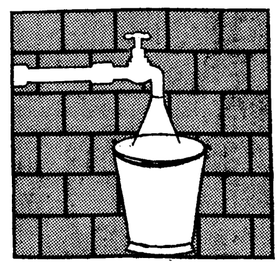

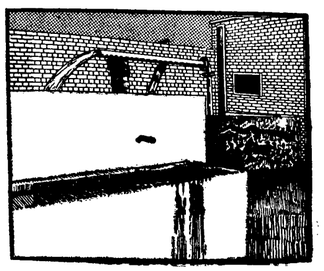

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PIPES FOR PROGRESS

EXPORTS OF INDIAN GOODS TO U.S.A.

SOME LATEST TRENDS

By A Special Correspondent

A NOTABLE feature of India's foreign trade in 1963-64 was the increase of about Rs. 15 crores in our total exports to the U.S.A., as compared with the preceding year. This increase by itself cannot be considered substantial but then it should be remembered that in 1962-63, our exports had actually declined to Rs. 113.81 crores from Rs. 115.06 crores in 1961-62. The rise to Rs. 128.32 crores in 1963-64 was, therefore, encouraging.

The commodities, the export of which increased significantly, were sugar from Rs. 3.90 crores in 1962-63 to Rs. 10.34 crores in 1963-64, wool and animal hair from Rs. 33 lakhs to Rs. 1.33 crore, coffee from nearly Rs. 15 lakhs to Rs. 83 lakhs, raw cotton from Rs. 45 lakhs to Rs. 61 lakhs, cotton waste from Rs. 60 lakhs to Rs. 94 lakhs, natural gums from Rs. 1.32 crore to Rs. 2.01 crores, leather from Rs. 1.74 crore to Rs. 2.26 crores.

As regards jute goods, the trend in exports was as follows:

(Value in thousands of rupees)

	1962-63	1963-64
Jute twist and yarn	3,71	7,60
Hessian cloth	54,99,34	59,81,64
Sacking cloth	56,39	54,55
Webbings of jute	43,26	32,42
Jute hagging for raw cotton	4,68,23	4,66,21
Hessian bags	9,77	15,25
Sacking bags	5,53	3,51

It is seen that there was a substantial increase in the export of hessian bags and hessian cloth while there was a decline in sacking cloth, webbings of jute and sacking bags.

Other important commodities, the export of which to the U.S. declined in 1963-64 as compared with the previous year, were manganese ore from Rs. 2.08 crores to Rs. 98 lakhs, lac from Rs. 1.31 crore to Rs. 98 lakhs, essential oils from Rs. 71 lakhs to Rs. 31 lakhs, mica from Rs. 2.34 crores to Rs. 1.81 crore, grey sheetings from Rs. 1.11 crore to Rs. 4.83 lakhs; black pepper from Rs. 2 crores to Rs. 70 lakhs and tea from Rs. 6.32 crores to Rs. 5.75 crores.

Although our total exports to the U.S. were higher in 1963-64, our share in that country's imports continued to be negligible, being less than 2 per cent. The actual position in the first quarter of 1964 was as follows:

(In thousands of dollars)

	U.S. imports	Imports from India	Imports from India as percentage o total
January 1964	1,473,255	22,405	1.52
February 1964	1,322,260	18,221	1.38
March 1964	1,567,306	23,573	1.50

Another significant fact is the lack of progress in regard to the diversification in our exports to the U.S. No doubt, a variety of our engineering products is being exported to that country, but, apart from a few items like household sewing machines, cast iron pipes and fittings, the others are not important in terms of quantity or value. And even in household sewing machines, our export in 1963-64 received a setback—the number exported being 3,485 against 8.803 in the previous year. Footwear was another non-traditional item the export of which went up from Rs. 21 lakhs in 1961-62 to Rs. 34 lakhs in 1962-63 but dropped to Rs. 27 lakhs in 1963-64.

The prospects for our exports to the U.S., however, appear to be encouraging, in view of the remarkable buoyancy of the U.S. economy. The programme of tax reduction has given a strong stimulus to economic growth. The gross national product is now expected to reach $630 billion by the end of the current year. Other indicators of a fast growth are provided by the expenditure on new plant and equipment, higher trend in industrial production, bigger personal incomes, larger employment and boom in building activity.

The seasonally adjusted rate of expenditure on new plant and equipment for 1964 is placed at $44 billion, as against $39 billion in 1963, a rise of 12 per cent. The index of industrial production in June this year (1957-59=100) rose to 130.3 from 124.7 in June 1963, a rise of 5 per cent. The personal disposable income with the people is expected to reach an annual rate of $500 billion by the end of this year. The total civilian employment in June 1964 rose to 71.9 million from 70.3 million in June 1963, while new housing construction expenditure in June was $65 billion against $62 billion in June 1963.

Commenting on the prospects for imports in the U.S. in the current year, India's Consul General in New York says:

"Imports [illegible]

seasonally adjusted annual rate of $17,953 million, showing an increase of about 8 per cent over the $16.591 million annual rate for the corresponding period of 1963. The annual rate attained by imports in January-May 1964 is significant, in that it was in line with the earlier forecasts for the year. The U.S. economy bears all the encouraging signs of prospects for continued growth or at least sustained level of imports through the rest of the year. This is borne out by the predictions relating to various economic indicators."

According to U.S. statistics, the trend in the import of selected Indian goods into the U.S. in the first quarter of 1964 was as follows:

U.S. Imports from India

(In thousands of U.S. dollars)

Article	February 1964	March 1964	Total Jan.-March
Meat and meat preparations	43	23	126
Fish and fish preparations	549	766	1,697
Fruit and vegetables	1,641	2,073	6,193
Coffee, tea, cocoa, spices, etc.	1,676	2,050	5,623
Hides, skins, fur skins	678	370	1,531
Oilseeds, oil, nuts and kernels	65	Nil	85
Fibres and waste, textile	1,095	1,004	3,151
Fertilisers and minerals, crude	257	382	917
Ores and scrap, metallic	498	378	1,234
Animal and vegetable material, crude	1,224	1,087	3,772
Leather and articles and dry fur skin	363	347	1,049
Yarn, fabrics and articles, textiles	9,215	13,860	35,556
Mineral manufactures, non-metal	404	633	1,319
Manufactures of metal	68	74	216
Plumbing, etc., fixtures and fittings	3	7	18
Furniture	13	3	18
Clothing	39	36	115
Footwear	50	165	285
Total including other articles	18,221	23,573	64,199

Although the demand for Indian goods in the U.S. may continue to show an upward trend in the coming months, we have to take note of the growing competition to some of our traditional items. For instance, in black pepper, a major item of our export, competition from Indonesia is increasing. In the first quarter of 1963, India supplied 3.9 million lbs. of black pepper to the U.S. against 5.9 million lbs. by Indonesia. But, in the first quarter of 1964, India's share had fallen to 2.0 million lbs., as compared with Indonesia's 6.4 million lbs., as shown below:

U.S. Imports of Black Pepper

(Figures in thousands)

	India		Indonesia	
	Lbs.	$	Lbs.	$
January	179	50	1,368	388
February	470	136	3,095	893
March	1,391	402	1,994	548
Total	2,040	588	6,457	1,739

In the import of castor oil, which amounted to about 19 million lbs. in the first quarter of 1964, India had no share at all because Indian prices were about 2 cents per lb. higher than the level prevailing in New York. The major suppliers were Brazil, West Germany and Japan.

In manganese ore, some new suppliers have appeared on the scene. For example, in January-April 1964, Gabon and Ivory Coast supplied 42,038 short tons and 22,588 short tons, respectively, whereas their share was nil in the corresponding period of 1963. At the same time, many countries were able to increase their share substantially. Thus, import from British Guiana went up from 53,275 short tons in the first four months of 1963 to 60.833 short tons in the similar period of 1964, Morocco from 9.930 short tons to 16,985 short tons and Republic of South Africa from 72,063 short tons to 91.230 short tons. India's share, however, declined sharply from 103,134 short tons to 26.168 short tons.

The import of Indian mica, including block, muscovite and splittings, in the first quarter of 1964 totalled 1,313,932 lbs. valued at $754,688, against 1,588,505 lbs. valued at $1,009,754 in the first quarter of 1963. It will be seen that the earnings were much lower in the current year, although there was no appreciable reduction in quantity. This was due to the fact that splittings formed the bulk of imports from India, accounting for 1,174,304 lbs. valued at $509,102. India's competitors in mica are Brazil and Argentina.

Imports of shellac from India in the first quarter of 1964 amounted to 3,200,492 lbs. valued at $648,055, as against 3,376,090 lbs. worth $840.989 in the similar period of 1963. The lower imports were due to the fall in demand. The U.S. total imports in the first quarter of 1964 were only 5,658,260 lbs. against 11,117,278 lbs. in the first quarter of 1963. The decline in the import from Thailand, our main competitor, was even more severe, from 7,509,895 lbs. to 2.190,188 lbs.

In spite of competition from other countries [illegible]

be stepped up by making more persistent efforts and by giving greater attention to regular and timely supplies, proper quality and competitive prices. Not only traditional but other goods have also good scope. For instance, the export of handicrafts has shown an increase in recent years. Handicrafts include many items like carpets, druggets and floor coverings, ceramics, toys and dolls, embroidered work, coir products, jewellery, metalware and so on. In these and in various other products, good scope exists for increasing our exports if only serious attempts are made to exploit this vast market.

INDIGENOUS HYDROFLUORIC ACID PLANT

Anhydrous hydrofluoric acid is a colourless, fuming and corresive liquid which is used for glass etching, enamel striping, steel pickling and metal cleaning. It is also used in the manufacture of sodium, fluoride, synthetic cryolite, other organic fluorides and organic fluorine compounds. At present, the entire requirements of this country for hydrofluoric acid and fluorine compounds are met by imports. The actual imports (annual) are about 75 tonnes of technical grade hydrofluoric acid and two tonnes of analytical reagent and chemically pure grade acids, besides several hundred tonnes of fluoride. Despite tremendous fluorspar reserves in the country, the benefaction of fluorspar has not yet been explored well enough to produce the acid grade fluorspar. The establishment at Thana (Maharashtra), of a pilot plant with a capacity to produce 500 lbs. of hydrofluoric acid, sodium fluoride sodium bifluoride, potassium fluoride, ammonium bifluoride and several other fluorides per day by the National Fluorine Corporation is, therefore, a pioneering venture, the daily capacity is expected to be raised to one tonne by the first quarter of 1965. The factory, it is claimed, has been designed, fabricated and installed without any foreign collaboration whatsoever. Plans are afoot to set up a good research laboratory for developing fluoride manufacture. It is proposed to set up another plant capable of producing 5 to 10 tonnes of fluorides and fluorine compounds per day.

WORLD TRADE IN APPLES

Despite an all-time record output of 15.8 million tons of apples in 1963-64, world trade in apples remained unchanged as in 1962-63 at 1.4 million tons though it was a little less than 1.8 million tons in 1961-62. The season was "particularly difficult" for exporters, mainly because Western Europe—the main market for apples—harvested a large crop, contrary to the rhythm of alternating good and bad years evident since 1954-55. According to a note in the latest *Monthly Bulletin of Agricultural Economics and Statistics*, published by the F.A.O., Rome, almost every country in the northern hemisphere, barring the United States, had a bigger harvest in 1963-64 than in the previous year.

The exports of apples in 1963-64 were below the record shipments in 1959-60 and 1961-62, due to a sharp fall in Argentina's shipments. The Federal Republic of Germany was the biggest importer of apples, taking more than 280,000 tons, followed by Britain with 112,000 tons and other West European nations with less than 30,000 tons each.

WORLD POPULATION

(*Concluded from page* 507)

in rate of growth, with industrial output multiplying four times between 1950-62.

According to the percentage distribution of value added, Canada and the United States accounted for 35.8 per cent of the world total of value added in the mining, manufacturing, gas and electricity industries in 1958; the U.S.S.R. and countries of Eastern Europe for 27.2 per cent; the other European countries for 26.5 per cent, with the European Economic Community accounting for 14.2 per cent of the world total and the European Free Trade Area for 10.1 per cent. Africa, Latin America, Asia (excluding mainland China) and Oceania combined accounted for 10.5 per cent of the global total. The industrialised countries were responsible for 92.2 per cent of the value added in industry in 1958 and the less industrialised for the remaining 7.8 per cent. Of industrial production in Asia, Japan accounted for 60 per cent and India for 18 per cent.

According to the U.N. *Yearbook*, total governmental expenditures during 1962-63 in most of the developed countries continued to rise, chiefly due to the increased defence outlays. Expenditures on education, public health and other services also increased in many nations. In many countries of Asia and the Far East, total expenditures increased at a faster rate than revenue, resulting in substantial deficits in their budgets. Along with higher defence outlays in many of these countries, the development expenditures were also maintained at a high level. Tax revenue also kept pace with the uptrend in expenditures, with direct taxes being relatively important among the total tax receipts. In certain developed countries, as, for example, Sweden, there was a substantial increase in the yield from excise duties and other indirect taxes, while the revenue from income-

HINDUSTAN MOTORS FARES WELL DESPITE HANDICAPS

LARGE A.I.D. LOAN FOR NEW PLANS

IN spite of frequent interruptions in the working of the plant due to non-availability of requisite licences for raw materials and components in time leading to stoppage of car production from July to September 1963, the Hindustan Motors Ltd. [Managing Agents: Messrs. Birla Bros. (Private) Ltd., Calcutta] has reported satisfactory results for the year ended 31st March 1964. The turnover has increased from Rs. 29.29 crores to Rs. 32.56 crores due partly to higher production in the heavy engineering division and partly on account of increase in the levy of taxes, as witness the substantially higher burden of customs, excise, port charges and sales tax amounting to Rs. 682.95 lakhs, as against Rs. 550.49 lakhs a year before.

Gross profit has, however, dropped slightly from Rs. 436.41 lakhs to Rs. 410.43 lakhs, because of the continuous rise in production costs and controlled selling prices. In contrast, net profit, which had receded in the previous year from Rs. 158.32 lakhs to Rs. 126.04 lakhs, has recovered to Rs. 146.97 lakhs, the improvement being due to a lower tax provision of Rs. 143 lakhs as compared with Rs. 222.50 lakhs in the previous year, which had been higher by Rs. 70.50 lakhs as compared with the provision for 1961-62 due mainly to the imposition of S.P.T. No doubt, the withdrawal of S.P.T. has gone a long way towards reducing the tax provision for the year under review, though it is not known what, if any, is the surtax liability. But this apart, the provision is lower also because the gross profit itself is lower and also because the amount credited to development rebate reserve is much more at Rs. 30 lakhs as compared with only Rs. 9.75 lakhs a year before. The general reserve has got again Rs. 25 lakhs.

The increase in net profit has thus been utilised to augment the reserves, while the dividend on the ten-rupee ordinary shares has been maintained at 11.5 per cent per annum and is to be paid out of dividend reserve to which an amount equal to the dividend liability of Rs. 93.09 lakhs has been carried from out of the year's profit.

The percentage distribution of the year's income, with the previous year's comparative figures given in brackets, is shown as: Materials and services 59.5 (60.5), salaries, wages and other benefits to employees 7.25 (6.75), Union, State and local taxes 25.25 (26), depreciation and development rebate 4.12 (2.75), dividend 2.09 (3.25) and working capital 0.75 (0.75).

The Company's progress in the past four years is compared in the table below:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds	32,56.48	29,29.34	24,90.41	30,45.40
Other income	28.01	31.96	17.29	10.55
Stocks of finished goods and goods under process	134.33	119.55	96.98	110.05
Materials, stores and spares consumed	18,40.77	16,68.59	13,73.43	18,77.06
Customs, excise, port charges and sales tax	682.95	550.49	459.79	631.16
Staff expenses	236.05	199.46	158.40	152.91
Other expenses	130.19	130.28	104.77	83.37
Gross profit	410.43	436.41	398.24	363.91
Provision for—				
Depreciation	106.25	71.50	73.00	63.07
Taxation	143.00	222.50	152.00	113.50
Managing Agents' remuneration	14.21	16.37	14.92	20.75
Net profit	146.97	126.04	158.32	166.59
Excess provisions written back	1.92	1.46	2.87	5.62
Development rebate reserve	30.00	9.75	11.50	36.00
To other reserves	25.00	25.00	50.00	50.00
Dividends—				
Preference	0.70	0.85	2.20	27.65
Ordinary	93.09	93.13	98.99	59.54
	(11.5%)	(11.5%)	(12.5%)	(12%)
Carry forward	0.13	0.03	1.26	2.76
Equity shares' market value (in rupees):	1964	1963	1962	1961
High	20.20	20.86	21.48	23.68	23.64
Low	17.16	15.28	15.00	17.68	14.32

The indigenous content of *Ambassador* cars and *Bedford* trucks will reach 90 per cent after imported machinery is installed during the current year. Demand for cars has increased considerably and manufacturers have represented to the Government for more foreign exchange in order to raise production. It is again shortage of foreign exchange that has come in the way of the Company's ability to maintain supply of spare parts to customers. However, a $23 million loan from the Agency for International Development, U.S., to import equipment for manufacturing *Bedford* engines and also for increasing the truck capacity to 15,000 a year has been sanctioned. Another loan of $2.95 million (the two make a total of $25.95 million) to cover the import of equipment required for manufacturing shovels in the heavy engineering division has also been sanctioned by the A.I.D. This division has made satisfactory progress and has booked orders for cranes with delivery periods extending to 1½ years. Import of some of the capital goods required for expanding crane production has been sanctioned by the Government and the import of the balance of equipment is to be allowed on the Company's securing necessary foreign exchange loan. A steel foundry shop under erection will make the Company self-sufficient in steel castings required for making earth-moving equipments. The Government has approved the proposal for manufacturing certain types of machine tools and the Company is looking for a suitable foreign collaboration.

Following the conversion of a further 1,833 out of 9,966 outstanding Rs. 100 fully paid 8.57 per cent preference shares into ten-rupee ordinary shares, the paid-up ordinary share capital has gone up to Rs. 809.50 lakhs and the preference share capital has correspondingly declined to Rs. 8.13 lakhs. The forfeited share account is shown at Rs. 1.97 lakh. Reserves and surplus, excluding Rs. 93.09 lakhs from dividend reserve for meeting the year's equity dividend liability for the year, amount to Rs. 287.15 lakhs. Current liabilities and provisions, including the year's equity dividend liability, amount to Rs. 689.57 lakhs and borrowings, including Rs. 277.37 lakhs from the A.I.D., are shown at Rs. 285.04 lakhs. The total short-term indebtedness thus works out to Rs. 697.24 lakhs, as against which current assets, book debts and investments aggregate Rs. 11.49 crores. The gross block, which has expanded considerably during the year from Rs. 10.71 crores to Rs. 15.67 crores, has been written down to Rs. 9.32 crores.

The net yield on the Company's Rs. 10 fully paid ordinary shares at their current market value of Rs. 18.40 *cum-div.*, works out to 5.2 per cent per annum.

(*Concluded from next column*)

432 days in the year out of which 300 days were in Indian ports alone. Rain and inclement weather resulted in further delay of 76 days while lightning strikes and labour troubles of various kinds were responsible for a further delay of 25 days. The slow arrival of cargoes to some of the ports necessitated holding up of the ships which were ready to sail and this contributed a delay of 54 days. Thus, through avoidable causes except for rain and inclement weather, the days lost by the Company, apart from normal holidays, were over 500. The fleet as a whole, therefore, spent in the liner trade 3,379 days in port and 2,301 days at sea; and, in the coastal trade, they spent 993 days in port and 282 days at sea. Nearly 60 per cent of the operating time in the liner trade and 75 per cent of the time in coastal trade was thus spent in ports. Such egregious delays lead to a tremendous loss of earning power of capital invested in ships.

In spite of the rough weather encountered by it during the past four years, the financial position of the Company is quite strong. The share capital continues to stand at Rs. 272.50 lakhs in equity shares of Rs. 10 each and is supported by reserves and surplus aggregating Rs. 165.25 lakhs. Borrowings at Rs. 1,151.76 lakhs are no doubt very heavy but the major portion of these—Rs. 1,151.74 lakhs to be exact—represents the loan taken from the Government of India for the acquisition of ships and is therefore properly reflected on the assets side in the net value of the fleet which as at the date of the balance sheet is Rs. 1,415.89 lakhs. Current and other miscellaneous liabilities and provisions are placed at Rs. 184.71 lakhs but are covered nearly two times by current assets, loans and advances, investments (chiefly in Government securities) and other miscellaneous assets amounting in all to Rs. 358.32 lakhs. During the year, the Company sold the smallest number of its 19 vessel fleet at a price slightly higher than its book value and this has brought the block account down from Rs. 23.80 crores to Rs. 23.33 crores. The depreciation accumulated on this block, as at 31st March 1964, is Rs. 9.17 crores.

Then ten-rupee ordinary shares are still quoted at a substantial discount, the price at the time of writing being Rs. 6.81.

INDIA STEAMSHIP TURNS THE CORNER

SHOCKING DELAYS IN PORTS

SPEAKING to the shareholders a year ago at the annual general meeting of the India Steamship Company Ltd. [Managing Agents: Messrs. Lionel Edwards (Private) Ltd., Calcutta], the Company's Chairman, Dr. A. Ramaswami Mudaliar, had characterised shipping "as an unpredictable industry," subject to influences some of which were outside the control of the management of shipping companies. Nevertheless, he had expressed the hope "that we have come to the end of deficit balance sheets." As the Company's annual report for the year ended 31st March 1964 reveals, this expectation has been fulfilled. For, as against the staggering loss of over Rs. 30 lakhs suffered during 1962-63, the Company has earned a modest net profit and, even though the ordinary dividend has again been skipped, with the unfavourable trend in trading results definitely arrested, the chances of the dividend being resumed in the very near future have immeasurably brightened.

The pursuance of the policy of rationalisation of sailings, initiated in the earlier years, and a close watch on expenditure under all heads have again paid the Company handsome dividends. Although the number of liner voyages completed during the year has declined by five to 43—those in the coastal service have, however, risen from 16 to 25—freight earnings have improved by Rs. 27.82 lakhs to Rs. 828.04 lakhs and, since expenses also have generally been lower, the gross profit has risen by about 50 per cent from Rs. 90.93 lakhs to Rs. 138.21 lakhs. No provision has again been found necessary for the Managing Agents' commission but that for depreciation has been stepped up to Rs. 128.64 lakhs from 120.96 lakhs. The net result is a profit of Rs. 9.57 lakhs as against a loss of Rs. 30.03 lakhs for the year before. Out of this, Rs. 1.62 lakh has been utilised for paying the dividend on the small preference capital for the year under review and the balance has been transferred to reserves.

The working results of the Company for the past four years are presented synoptically in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Freight earned	828.04	800.22	897.27	868.00
Other income	6.56	6.23	5.51	40.61
Port expenses	261.35	278.86	331.48	337.27
Charter hire				13.91
Staff expenses	101.14	96.49	100.94	95.21
Othrn expenses	333.90	340.17	397.73	379.59
Gross profit	138.21	90.93	72.63	77.65
Managing Agents' commission			0.50	0.50
Provision for—				
Depreciation	128.64	120.96	127.55	118.20
Taxation			0.53	3.04
Net profit or loss	+9.57	—30.03	—55.95	—44.09
Transfer from reserves			31.65	57.57	45.73
Dividends—				
Preference	1.62	1.62	1.62	1.62
Ordinary				
Carry forward				
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	7.31	8.44	8.34	9.62
Low	5.94	5.44	6.25	7.12

There was a phenomenon increase during the year under review in the operating expenses, port charges, stevedoring rates and costs rose further owing to the intransigence of the river Hooghly, the slow performance of dock workers, particularly in Calcutta, and acute congestion in the various ports served by the Company's fleet. The expenses in connection with special survey and drydocking of ships also went up, as the Company was compelled to carry out these in Indian ports, particularly in Calcutta, where, owing to inadequate facilities, attention paid to ships takes longer than in the U.K. or Continental ports. The adverse effect of these factors were, however, countered, to a large extent, by the policy of rationalisation followed by the management and the close watch on expenditure. Another equally important favourable factor was the 10 per cent increase in west-bound rate of freight made effective from 24th October 1963. Although its effect was reflected in the working results only to a limited extent, as it covered barely one-fourth of the working period, its contribution to obtaining a positive balance in trading result was substantial.

In his statement accompanying the annual report, Dr. A. Ramaswami Mudaliar, Chairman of the Company, explains at length the various difficulties faced by Indian shipping companies, in particular, and lays stress on the delays in Indian ports and the number of days lost by Indian shipping companies. It is unfortunate, he says, that, in spite of the repeated statements by the Chairmen of Indian shipping companies about the handicaps that they were seized with, little has been achieved in solving these problems or mitigating the hardships and handicaps that faced Indian shipping. During the year under review, for example, owing to berth delays, the Company lost

(*Continued in previous column*)

MUKAND IRON EARNS MORE

DIVIDEND MAINTAINED

BILLET supplies have again proved a great limitation on the operations of Mukand Iron and Steel Works Ltd. (Managing Agents: Messrs. Jeewan Ltd., Bombay). Against the 75 per cent allotment of the entitlement in the year 1962-63, the supplies shrank to 67.5 per cent during the year ended 31st August 1964, aggregating 53,989 tonnes, 6,852 tonnes less than the receipts a year before. The resultant setback in production of rolled products is reflected in a 15 per cent decline in their sales. Total sale proceeds have been lower at Rs. 614.54 lakhs as compared with Rs. 646.45 lakhs a year before. But this is the gross turnover and after excluding the excise duty amounting to Rs. 1.05 lakh, as against Rs. 16.30 lakhs in the previous year, net sales show a modest setback of Rs. 16.66 lakhs to Rs. 613.49 lakhs. Apart from the lower burden of excise duty following the shift in the levy from bars and rods to billets during the year, the setback in sales has been further narrowed down by the rise in production of steel castings from 7,624 tonnes to 9,564 tonnes (against the target of 9,000 tonnes) leading to an increase of Rs. 25 lakhs in their sales. Actually, sales of steel castings did not keep pace with their production because a large quantity of the centre buffer coupler casting could not be despatched for want of one of its fittings purchased from outside. It is largely because of this that stocks of finished goods at the close of the year have more than doubled from Rs. 25.44 lakhs to Rs. 57.18 lakhs.

Sales of steel castings have not only prevented a big drop in turnover but have also contributed a great deal to the spurt in gross profit from Rs. 76.20 lakhs to Rs. 100.21 lakhs. The profit has been substantially higher, in spite of scrap prices spiralling up from the pre-decontrol levels of Rs. 98 for melting scrap and Rs. 25 for turning scrap per tonne to Rs. 185 and Rs. 115, respectively. The resultant increase in the cost of scrap during the year under review was Rs. six lakhs. Further, we are told, that, though the Company is virtually free from all controls, its products have to be sold at prices in line with those of the principal manufacturers. Out of a net profit amounting to Rs. 32.30 lakhs (as against Rs. 25.34 lakhs a year before), the Directors have carried to reserves Rs. 15.25 lakhs (as against Rs. 19.55 lakhs) and maintained the ordinary dividend at 12 per cent per annum not only on 906,439½ Rs. 10 fully paid shares but also on 918,306 Rs. 2 partly paid shares, which were issued in February 1963 but which became eligible for dividend only from the year under review.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds	614.54	646.45	473.03	637.45
Other income	6.52	7.56	2.80	1.92
Stock of finished goods	57.18	25.44	19.66	27.95
Materials, stores and power and fuel consumed	396.20	418.21	284.29	407.32
Staff expenses	116.25	107.39	81.53	75.80
Other expenses	42.14	61.08	31.43	33.93
Gross profit	100.21	76.20	66.99	68.64
Provision for—				
Depreciation	21.46	15.25	11.52	9.74
Taxation	38.50	29.75	25.00	25.00
Managing Agents' commission	7.95	5.86	5.55	5.72
Net profit	32.30	25.34	24.92	28.18
Adjustments and write-backs	0.70	9.21	0.53	0.67
Provision for gratuity	..	..	1.50	6.50
Development rebate reserve	2.55	4.25	4.00	1.70
To other reserves	12.70	15.30	7.55	10.29
Dividends—				
5 per cent preference	..	..	..	0.46
Ordinary	13.08 (12%)	10.88 (12%)	9.06 (12%)	7.23 (12%)
Deferred	4.67 (374.8%)	3.74 (299.4%)	3.32 (267.0%)	2.72 (217.5%)
Carry forward	..	..	..	..

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	19.60	21.76	29.50	33.50	28.50
Low	16.75	16.24	18.76	23.12	17.00
		x.r.	x.r.		

Note.—Entire issued preference capital of Rs. 10 lakhs was redeemed on 31st March 1961.

The percentage distribution of income during the year, with the comparative figures pertaining to the previous year given in brackets, works out: Raw materials 43(48), staff expenses 18(17), stores 13(11), power and fuel 4(3), other operating expenses 8(8), depreciation 3(2), taxes 6(5) and reserves 5(3).

As noted earlier, the cost of scrap consumed during the year was higher by Rs. 6 lakhs. Provisional payment of a 7 per cent increase in D.A.—it is subject to future adjustments in case of a revision by the Industrial Court on the Millowners' Association's application in this behalf—following the Maharashtra Government's acceptance of some of the Lakdawala Committee's recommendations has inflated the Company's wage bill by Rs. 4 lakhs. Under the Finance Act, 1964, *all* steel castings (irrespective of weight) are dutiable at Rs. 50 per tonne, against only two-tonne castings before which attracted excise duty at the rate of 5 per cent *ad valorem*. The incidence of the duty in the case of the Company will now go up from Rs. 50,000 to Rs. 5 lakhs.

These are some of the new factors which will indirectly tell on the Company's operations during the current year. Billet supplies, a factor of direct consequence, are expected to be made available to re-rollers at a fixed price, since billets are not among the decontrolled items. But the Directors are silent on the point of actual allotment. The expansion of steel foundry is, however, well under way and an import licence for Rs. 35.75 lakhs is on hand. The current year's production target has been fixed at 10,000 tonnes. The Company has also received licences for the machine building and structural activity and it will soon sign an agreement with the Hindustan Electric Company Ltd. for the fabrication of mechanical and structural parts of furnaces to the designs of their Swiss principals, Messrs. Brown, Boveri and Company Ltd. All major items of equipment to be imported against a licence of Rs. 1.60 crore for the wire rod project are expected to arrive shortly. Exports of rolled bars last year amounted to Rs. 7.35 lakhs and are expected to improve during the current year.

The Company's share capital of Rs. 110.27 lakhs, including Rs. 1.25 lakh in 10-rupee deferred shares, is backed by Rs. 106.63 lakhs (excluding from general reserve Rs. 17.75 lakhs required for the year's dividend liability) in reserves and surplus. Out of secured loans of Rs. 126.68 lakhs (Rs. 30.95 lakhs a year before), Rs. 106.44 lakhs (Rs. 21.50 lakhs) represent bank borrowings and the balance long-term institutional loans. These bank borrowings, current liabilities (including the year's dividend liability) and provisions bring the total short-term indebtedness to Rs. 193.89 lakhs which is covered by current assets, book debts and investments aggregating Rs. 249.27 lakhs. The gross block of Rs. 231.72 lakhs (Rs. 199.99 lakhs a year before) has been written down to a net value of Rs. 134.51 lakhs. Capital works in progress in connection with the wire rod project are valued separately at Rs. 47.26 lakhs.

The Rs. 10 fully paid ordinary shares of the Company offer a net yield of 5.4 per cent per annum at their current market value of Rs. 18.72 *cum-div.*

The Renusagar Power Company Limited, a new public company registered at Renukoot in the Mirzapur District of Uttar Pradesh, has obtained official consent to issue capital of Rs. 350 lakhs in equity shares of Rs. 100 each. The whole of this will be subscribed by the Hindustan Aluminium Corporation Limited for cash at par. The money will be utilised for financing the setting up of a captive power plant capable of producing 125 MW.

GREAVES COTTON'S PROFIT BETTER

RESERVES STRENGTHENED

THE results of Greaves Cotton and Company Ltd. (Managing Director: Mr. N. M. Wagle, Bombay) for the year ended 31st March 1964 are quite impressive. The turnover of the Company, which had reached Rs. 784.42 lakhs in 1962-63, has gone up to Rs. 1,092.84 lakhs, recording an increase of about 40 per cent. The trading profit (excluding income from investments and remuneration from managed companies) alone has jumped up from Rs. 41.69 lakhs for 1962-63 to Rs. 50.19 lakhs, an improvement of 20.3 per cent. But, to some extent, this rise has been offset by a fall in investment income from Rs. 11.38 lakhs to Rs. 7.62 lakhs. Accordingly, the gross profit has risen by only a little over ten per cent, from Rs. 57.59 lakhs for 1962-63 to Rs. 63.64 lakhs for the year under review. The net profit before tax but after depreciation has also risen by almost the same percentage from Rs. 54.53 lakhs to Rs. 60.48 lakhs, as the provision for depreciation is only a shade higher at Rs. 3.16 lakhs. The dividend on ordinary shares has been maintained unchanged at 12 per cent per annum for the third year in succession. It takes up Rs. 16.20 lakhs and the dividend on preference shares requires Rs. 3.57 lakhs. The total amount payable by way of dividends is thus equal to a little less than one-third of the profit before taxation.

The manner in which this profit (before tax) has been appropriated is rather clumsy and may cause misleading impressions on those who do not know the intricacies of corporate accounting. In fact, the method followed by them provides a distorted picture of the reserves and surplus, as well as of current liabilities and provisions included in the balance sheet. After some minor adjustments, the entire pre-tax profit, together with the undistributed surplus, giving a total of Rs. 61.25 lakhs, has been transferred to general reserve. Then one is told that both the dividends and the liability for taxation will be met out of the reserves as and when they fall due. This arrangement may serve the ends of law, but it does unduly inflate the size of the reserves and understates the extent of liabilities. The Company, however, may have the satisfaction that it is not alone in following this practice and quite a few others also are indulging in it.

The tax liability—the Company does not attract any surtax in the year under review—is estimated at Rs. 28.47 lakhs, as against Rs. 23 lakhs last year. If this liability is adjusted against the profit, it is seen that the amount of profit conserved this year is Rs. 12.24 lakhs, the corresponding figure for the previous year being Rs. 11.76 lakhs. It will thus be seen that the benefit of improvement in profit for the shareholders in the form of dividend and additions to reserves has not been much.

The Company's progress in the past four years in terms of financial results is presented in the following table. While studying the table, readers must, however, bear in mind the qualifications made by us in the preceding paragraphs.

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales	1,092.84	784.42	752.34	661.11
Other income	47.19	44.84	35.11	34.08
Stocks of finished goods and in process	254.45	252.24	211.12	148.15
Materials and stores consumed	984.22	693.83	691.54	576.67
Staff expenses	67.47	55.92	47.95	42.62
Other expenses	71.88	63.04	55.79	40.56
Gross profit	63.64	57.59	55.14	52.25
Provision for—				
Depreciation	3.16	3.06	2.28	1.62
Taxation*	..	..	22.25	20.25
Net profit	60.48†	54.53†	30.61	30.38
Withdrawals from reserves and surpluses	0.23	1.35	..	0.82
To reserves and provisions	61.45	55.80	10.87	16.25
Dividends—				
Preference	..	..	..	..
Ordinary	3.57‡ 16.20‡ (12%)	3.57§ 16.20§ (12%)	3.57 16.20 (12%)	3.57 17.55 (13%)
Carry forward	0.11	0.21	0.13	0.17

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	175.00	180.00	219.00	180.00	135.00
Low	161.25	155.00	181.00	132.00	96.00

* Estimated liability Rs. 28.47 lakhs for 1963-64 and Rs. 23 lakhs for 1962-63.
† Before provision for taxation.
‡ Dividends for 1964 will be paid out of the general reserve.
§ For 1963, the dividends were paid out of dividend reserve.

A noteworthy feature of the Company's activities is that the sale of products manufactured in India is making a growing contribution to the turnover. Trading during the current financial year continues to show progress and, subject to any unforeseen developments, a further expansion in the Company's turnover can be

(Continued in previous column)

(Concluded from next column)

expected. But the profitability will depend upon the incidence of taxation and the trend of prices and costs, neither of which has yet attained a measure of stability in this country. One may, nevertheless, expect the level of profit to edge forward, as not all the increase in turnover is likely to be offset by higher costs and taxes.

The Company is essentially a trading and holding company. The manufacturing activities are carried out through a number of subsidiaries. Its own (net) block is only Rs. 23.63 lakhs, but its investments in subsidiaries, other companies, etc., are of the order of Rs. 212.77 lakhs. Its current assets, loans and advances amount to Rs. 556.88 lakhs, as against which it has liabilities in the form of loans and other working capital, as well as provisions, aggregating Rs. 510.63 lakhs. The paid-up capital of Rs. 185 lakhs (Rs. 50 lakhs in preference shares) is supported by reserves and surplus of Rs. 98.16 lakhs (approximate), after taking into account the liabilities in respect of dividend and taxation for 1963-64.

The Rs. 100 fully paid ordinary shares are currently quoted at Rs. 173.75, at which rate they offer a net yield of about 6 per cent per annum.

INDIAN CABLE'S ALL-ROUND PROGRESS BENEFITS SHAREHOLDERS

EXPANSION SCHEMES IN OPERATION THIS YEAR

NOTHING makes more sense to shareholders than a higher dividend. Their Company's impressive progress reports and expansion plans fail to carry much weight, when they find that the results do not come up to their legitimate expectations of a higher return on their capital. Shareholders of the Indian Cable Company Ltd. (Chairman: Mr. J. V. Jardine Patterson, Calcutta) also had such unsatisfying experience in the recent past, though they could hardly hold the Directors responsible for keeping the dividend unchanged at 22½ per cent per annum during the four years ended March 1963. Judged thus, the results of the Indian Cable for the year ended 31st March 1964 are fully satisfying. For the Directors have capped the Company's all-round progress during the year with an increase of 2.5 per cent to 25 per cent in the rate of dividend on the 10-rupee ordinary shares. What is more, they have held out promise of better prospects, since they state that all the expansion schemes which were under progress in the past few years are expected to go into operation during the current year.

Sales for the year under review amounted to Rs. 11.98 crores as compared with Rs. 10.48 crores in the previous year, showing an increase of about Rs. 1.50 crore or 14.3 per cent. Gross profit has gone up considerably from Rs. 175.86 lakhs to Rs. 211.26 lakhs. In spite of this big rise in profit, the tax provision has increased by only Rs. 10.40 lakhs to Rs. 103.40 lakhs. The tax incidence on the profit is actually lower at 54.5 per cent, as compared with 59.3 per cent a year before, due partly to the lower tax rate applicable to key industries and partly to the surtax burden amounting to Rs. 14.75 lakhs, as against the Rs. 16 lakhs payable in the previous year by way of S.P.T. Nevertheless, the incidence of taxation is still pretty high. The tax provision for the year allows for a relief of Rs. 6.34 lakhs in respect of development rebate and the amount credited to the reserve for this is much higher at Rs. 4.76 lakhs as compared with only Rs. 45,000 in the previous year. It is because of the lower incidence of tax for the year that net profit shows a greater improvement than the gross profit from Rs. 63.85 lakhs to Rs. 86.47 lakhs. The total for distribution, after making adustments, is, however, much lower at Rs. 97.04 lakhs, as compared with Rs. 143.56 lakhs, because the previous year's surplus brought in only Rs. 21,521, as against Rs. 50.15 lakhs in 1962-63, and the amount of excess provisions written back is Rs. 10.34 lakhs, as against Rs. 29.56 lakhs. It is because of the lower distributable surplus that the total amount of Rs. 34.78 lakhs carried to reserves is less than half of the previous year's figure of Rs. 87 lakhs. The dividend absorbs Rs. 62.16 lakhs, as against Rs. 53.05 lakhs a year before.

The following table mirrors the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales	11,98.40	10,48.46	10,04.42	948.20
Internal consumption of goods	0.53	0.58	15.68	12.69
Other income	6.22	7.49	5.26	5.71
Stock of finished goods	81.73	80.76	75.27	76.13
Materials, finished goods and stores consumed	611.05	572.38	616.54	600.38
Excise duty	58.62	53.06	1.12	..
Other expenses	319.18	289.14	249.00	221.67
Gross profit	211.26	175.86	157.84	169.80
Provisin for—				
Depreciation	21.39	19.01	16.86	17.37
Taxation	103.40	93.00	69.50	67.00
Net profit	86.47	63.85	71.48	85.43
Provisions no longer required	10.34	29.56	9.09	2.03
To reserves	34.78	87.00	21.90	28.43
Dividends—				
Preference	..	..	..	..
Ordinary	62.16 (25%)	53.05 (22.5%)	53.05 (22.5%)	53.05 (22.5%)
Carry forward	0.10	0.22	50.16	48.73

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	39.12	34.50	39.69	38.25	34.44
Low	33.00	30.00	34.19	31.25	29.12

* No preference capital since 1962-63, as such has been integrated with equity capital.

The Company's construction activity during the year continued at a high level. Of the major jobs, the construction work at the 250 MW. Dhuvaran Power Station in Gujarat and the Bhandara Explosives factory for the Defence Department were in an advanced stage of progress. The Company also completed during the year the cabling work at the New Cossipore power station in Calcutta and a number of other assignments in U.P., Maharashtra and M.P. Large orders for cabling in important power stations and in factory extensions have been booked. According to the Chairman, the development and expansion schemes could not be worked on as speedily as anticipated, because of the delay in local deliveries of structurals and equipments caused by all-round defence priorities arising from the Emergency. The expansion schemes for thermoplastic and paper insulated cables and for winding wires and strips are expected to go into production during the current year and their working will be determined by the availability of raw materials.

The Company's financial position is pretty sound. The paid-up capital of Rs. 248.65 lakhs is backed by reserves and surplus aggregating Rs. 370.14 lakhs. Borrowings, which have increased during the year from Rs. 91.80 lakhs to Rs. 148.75 lakhs, are all long-term institutional loans. Current liabilities and provisions amount to Rs. 481.99 lakhs and are well exceeded by current assets, book debts and investments aggregating Rs. 844.77 lakhs. The gross block is carried in the books at Rs. 402.36 lakhs (Rs. 348.32 lakhs a year before) and has been written down to a net value of Rs. 193.63 lakhs, with capital work-in-progress shown separately at Rs. 83.43 lakhs.

Currently quoted at Rs. 36.00 *cum-div.*, the Rs. 10 fully paid ordinary shares of the Company offer a net yield of 6 per cent per annum.

IMPERIAL TOBACCO

The results of the Imperial Tobacco Company of India Ltd. (Chairman: Mr. F. A. Collett, Calcutta) for the year ended 31st March 1964 confirm the fears expressed by the Chairman a year ago that the steep increase in the excise duties imposed by the 1963 Finance Act represented a substantially increased burden on the industry and that, with the trade undoubtedly likely to suffer, profits could not but be expected to show a "marked" decrease. Maintaining the upward trend, the turnover has, of course, risen from Rs. 50.03 crores to Rs. 55.43 crores, but most of this improvement of Rs. 5.40 crores merely represents the increase in customs and excise duties which have aggregately advanced from Rs. 21.64 crores to Rs. 26.30 crores. Further, there has been a sharp decrease in the value of closing stocks of cigarettes and tobacco from Rs. 362.44 lakhs to Rs. 292.88 lakhs; consequently, the gross profit has slumped to Rs. 345.79 lakhs from the previous year's all-time high level of Rs. 507.47 lakhs. Naturally, the essential provisions for depreciation and taxation get less, the former by Rs. 5.27 lakhs at Rs. 42.88 lakhs and the latter by as much as Rs. 76.09 lakhs at Rs. 189.97 lakhs. Even so, the net profit is as low as Rs. 112.94 lakhs, as against Rs. 193.26 lakhs for the year before. After adding to this Rs. 3.29 lakhs brought in and Rs. 2.50 lakhs withdrawn from reserves, the Directors have credited Rs. 19.40 lakhs as against Rs. 93.24 lakhs last year to the reserves. Since the balance available is inadequate to accommodate a distribution to the shareholders even at the previous year's reduced level, the dividend has been cut further by 1½ points to 6.5 per cent, subject to deduction of tax. This claims Rs. 98.54 lakhs (as against Rs. 121.28 lakhs last year), leaving a much reduced carry forward of Rs. 0.80 lakh as compared with Rs. 3.29 lakhs brought in.

The vicissitudes in the fortunes of the Company during the past four years are well reflected in the following comparative figures:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds	55,43.07	50,02.52	45,90.59	42,17.62
Other Income	38.28	38.53	41.97	62.85
Stock of cigarettes and tobacco	292.88	362.44	275.88	250.98
Raw materials consumed	16,50.69	15,69.09	14,37.70	13,02.78
Customs and excise duties	26,30.03	21,63.90	20,17.17	18,08.67
Other expenses	885.28	893.11	819.83	778.68
Gross profit	345.79	507.47	382.70	411.85
Provision for—				
Depreciation	42.88	48.15	46.76	44.05
Taxation	189.97	266.06	177.16	171.19
Net profit	112.94	193.26	158.78	196.61
Withdrawal from reserves	2.50	..	..	1.45
To reserves	19.40	93.24	24.74	59.44
Dividends	98.54 (6.5%)	121.28 (8%)	136.44 (9%)	136.44 (9%)
Carry forward	0.80	3.29	24.56	26.96

Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	10.06	11.25	13.37	13.19
Low	8.75	9.94	10.75	10.80

There has been no change in the Company's paid-up share capital during the year under review. It continues to stand at Rs. 15.16 crores, split into ordinary shares of Rs. 10 each. As against these, reserves, including the reserve for benefits for retiring staff (Rs. 6.3 lakhs) aggregate Rs. 11.35 crores, so that 'own' funds total Rs. 26.51 crores. With the full payment of the unsecured loan availed from banks, borrowings are nil, while current liabilities and provisions amount to Rs. 416.89 lakhs as against Rs. 532.15 lakhs. Inclusive of additions worth Rs. 58.94 lakhs (of this Rs. 9.60 lakhs represents cost of buildings and machinery under construction and in transit), the block account has risen in value to Rs. 12.95 crores and deduction from it of Rs. 4.44 crores by way of depreciation provided to-date, yields a net bolck of Rs. 8.51 crores, of which Rs. 4.90 crores (equal to more than half) are intangible assets, representing goodwill and trade marks, assets which do not contribute anything to the earning power of the Company. Investments are shown in the balance-sheet at book value of Rs. 14.52 lakhs and current assets, inclusive of loans and advances, at Rs. 22.02 crores.

The Rs. 10 paid ordinary shares of the Company are currently quoted at a discount, Rs. 8.75 *cum-div.*, and fetch a net annual return of 6.3 per cent. Even at this level, there are hardly any buyers for this scrip.

CAMPHOR AND ALLIED PRODUCTS LTD.

Thanks to the valuable technical guidance received from its collaborators, E.I. Du Pont De Nemours and Company of the U.S. and the American Hydrotherm Overseas Corporation, the Camphor and Allied Products Ltd. has been able to go into production within three years of its inception in 1961. This new Company has already produced about 100 tons of synthetic camphor from turpentine. The maximum daily output of 3,092 kilos of camphor in the last month and a half has been substantially above the installed capacity of the plant. The total sales of the firm's various products, according to its Chairman, Mr. C. C. Desai, who gave this information at the third annual general meeting of the Company held last week, were Rs. 30 lakhs till this September and they are expected to increase to Rs. 80 lakhs by the end of 1964. As the products are readily marketed, the Company, which has suffered a loss of Rs. 92,146 in its working upto the end of 1963, has every chance of bettering its financial performance during this year. The Company has negotiated with the Nepal and Assam Governments for permission to tap pine trees for oleo-resin gum in order to ensure a regular supply of the necessary raw material. Further, the Company has plans for setting up turpentine distilleries in Nepal and of establishing a small company for this purpose with the participation of influential local parties.

All this does not mean that the Company has no problems and difficulties. There has been a rise in the prices of turpentine and the State-owned I.T.R. factory has raised its price to Rs. 1.18 P per litre. The Company has made suitable representation in this regard to the U.P. Government for fixing a reasonable price. The Directors are hopeful of a satisfactory outcome.

The Company is actively engaged in developing the manufacture of ancillary products. Residual turpentine, which is mainly Carenes, is now being marketed as Grade I and Grade II turpentine. The market has been explored for the other by-products, namely: Turpene B, D, G and H, and sale of these have already started. Steps have also been taken to export some of the distilled turpentine. Actually, the first shipment of 10 tons will leave during this month.

ARBOR ACRES FARM INDIA

The Arbor Acres Farm India Limited entered the capital market on the 14th inst., with a small public issue of Rs. 3.06 lakhs in equity shares of Rs. 10 each. First incorporated as a private company in 1961, it was converted into a public company in January 1963. It has an authorised capital of Rs. 25 lakhs and a subscribed and paid-up capital of Rs. 9.44 lakhs. Shares of the value of Rs. 6.26 lakhs have been taken up by two American collaborators, namely, Arbor Acres Farm Inc. U.S.A. and International Basic Economy Corporation of U.SA., in equal proportions. The Company's total capital outlay is estimated at Rs. 34 lakhs which is proposed to be met by share capital (Rs. 12.50 lakhs), loans from A.I.D. (Rs. 12.50 lakhs) and bank borrowings (Rs. 9 lakhs). The Managing Director of the Company, Mr. S. B. Saran, told pressmen in Bombay on the 12th inst. that the Company's turnover was expected to be about Rs. 30 lakhs in 1964-65 and expand to Rs. 60 lakhs in 1965-66. He hoped that the Company would be able to pay a handsome dividend for 1965-66 as it would not have any tax liability till April 1967.

Arbor Acres Farm is the first company of its kind to secure sanction from the Central Government for entering poultry industry on a larye scale. Poultry raisinp has a tremendous potential in the country. The demand for chicken meat is estimated to be more than ten million chickens per year in Calcutta and Bombay alone. Then, there is the vast market for eggs. Bombay alone, it is said, consumes some 500,000 eggs per day. The Company has been established for developing the poultry industry by starting breeding farms in different parts of the country and running them on sound, scientific lines. The Company will raise both meat-type and egg-type breeding chickens. The first farm has already been set up at Talegaon near Poona. There are about 50,000 birds in the Company's farm and the number is expected to double within a year. Some 400,0000 chicks have already been sent to various parts of the country. The Company has also obtained orders from Hong Kong, Ceylon, Pakistan and Indonesia. Transport element forms the major component of the cost, because, in view of the perishability of the commodity, all supplies have to be sent by air. The Company is equipped with most modern and scientific techniques for detection and control of poultry disease, which is the major peril facing the industry in this country.

UNITED ELECTRICAL INDUSTRIES

The United Electrical Industries of Quilon (Kerala) has begun manufacturing A.C. motor control gears. The plant was formally inaugurated recently. The manufacture of these motor gears has been undertaken under a licence agreement with the Mysore Electrical Industries of Bangalore.

SYNOPSES OF COMPANY REPORTS

Ratnakar Shipping Co., Ltd.

(*Managing Agents*: Birla Gwalior Private Ltd., Calcutta.)

Fourth Annual General Meeting—30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Income from freight and charter hire	76,79	70,99
Other income	2,28	67
Gross profit	23,58	11,80
To Managing Agents' remuneration	95	20
Transfer to depreciation	13,97	10,12
Net profit	8,66	1,48
Appropriations:		
Transfer to development rebate reserve	7,00	1,47
,, general reserve	1,50	Nil
To dividends	Nil	Nil
Carry forward	18	2

Extracts from the Directors' report: During the year under review, the Company acquired two second-hand vessels and they have been renamed m.v. "Ratna Chandralekha" and m.v. "Ratna Manjushree" respectively. The vessels were partly on time charter and were partly operated by the Company on the coastal and the overseas trades.

The company has placed an order with a Japanese Shipyard for building a Tanker of about 53,000 d.wt. which will be delivered during the first half of 1966. All necessary sanctions for construction of the tanker have been obtained from the Government of India. This tanker is being built against a firm Charter Party with Messrs. Shell International Marine Ltd., London, for a period of 12 years. With the successful conclusion of the tanker deal, the Company now proposes to pursue actively other schemes for expansion of their fleet.

The fleet of the Company as on 31st March 1964, was insured for £18,44,375 in respect of hull and machinery, freight and disbursements against both marine and war risks.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	43,10,000	Gross block	2,21,57,304
Reserves and surplus	10,67,529	—Depreciation	30,05,090
Other liabilities	2,62,55,480		
		Net block	1,91,51,214
		Current assets	48,91,892
		Incomplete voyage a/c.	58,295
		Cash	74,97,707
		Miscellaneous expenditure	33,901
	Rs. 3,16,33,009		Rs. 3,16,33,009

* Paid-up capital consists of 3,56,000 equity shares of Rs. 10 each fully paid up in cash and 1,50,000 equity shares of Rs. 10 each of which Rs. 5 paid up in cash. Out of the above 5,00,000 shares are held by Sutlej Cotton Mills Ltd.—Holding Company.]

Fort Gloster Industries Ltd.

(*Managing Agents*: Messrs. Kettlewell Bullen & Co., Ltd., Calcutta.)

Annual General Meeting—29th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales	7,93,27	8,35,90
Closing stock	2,73,25	2,60,96
Gross profit	30,30	1,16,80
To Managing Agents' remuneration	3,96	6,34
Transfer to depreciation	31,09	22,46
,, provision for taxation	16,50	51,60
Net profit	28,75	36,40
Transferred from dividend reserve	2	Nil
Appropriations:		
Transfer to development rebate reserve	6,12	4,40
,, ,, debenture sinking fund	1,75	1,75
,, ,, general reserve	7,25	16,00
,, ,, dividend reserve	Nil	14,35
Proposed dividends (taxable) preference	1,73	1,73*
,, ,, ordinary	9,45	12,60
	(15%)	(20%)
,, ,, ,, new ordinary	2,36	Nil
	(7½%)	Nil
Carry forward	16	5
Market value of ordinary shares (in rupees):	1964†	1963
High	295.00	412.00
Low	234.00	295.00
		N.R.

* Dividends paid out of the dividend reserve.
† Upto 11th September 1964.

Extracts from the Directors' report: The working results for the year under review were affected by a strike in the Cable Factory which lasted three and a half months and also by a downward trend in jute goods prices.

During the year under review, the jute industry worked to its maximum capacity. The mills of the Company also worked to their maximum capacity.

The industry's production maintained a steady uptrend with 12.36 lakh tonnes for 1963 which is a record production in the history of the Indian Jute Industry. The significant feature of the demand pattern of jute goods is the growing internal consumption which rose to 3,33,000 tonnes during 1963 compared with 2,70,900 tonnes in 1960. The rise in the internal demand is expected to continue in view of the large increase planned both in agricultural and industrial production. According to estimates of Srivastava Committee it may reach the level of 6,00,000 tonnes by the end of the fourth Plan.

During the year the Company incurred capital expenditure of Rs. 51.56 lakhs which includes the cost of installation of *Carpet Backing Cloth* looms and modernisation as well as replacement of machinery in the spinning section.

Cable Division: The substitution of copper by aluminium was introduced in many of the sizes of cables. Further substitution for the remaining sizes, excepting flexibles, will be effected in due course.

As reported last year, the scheme for expansion has now been finalised. Orders for machinery have been placed in consultation with the Company's Technical Collaborators Messrs. British Insulated Callenders' Cables Ltd., London, and it is expected that the P.V.C. section of the expanded plant will come into production by the middle of 1965. In terms of the application made to Government for its second stage expansion, the Company has received a Letter of Intent to facilitate negotiations with its technical collaborators and financial institutions.

Finance: During the year, arrangements to finance the expansion activities of the Company were made with financial institutions. For the purpose of the Cable Factory's expansion, International Finance Corporation of Washington, U.S.A. has agreed to give the Company a loan of $812,000 (equivalent to Rs. 38.55 lakhs) of which $58,000 being the first instalment, was received by the Company in July 1964. The Directors are grateful to I.F.C. for the loan and it is hoped that its association with the Company will result in even better prospects for the Company.

The Directors also grateful to Industrial Credit and Investment Corporation of India, Bombay, for having agreed to provide the Company with a loan of $788,000 (equivalent to Rs. 37.50 lakhs) and a rupee loan of Rs. 22 lakhs. Out of the rupee loan, Rs. 5 lakhs has been received after the close of the year.

A mid-term loan of Rs. 50 lakhs was also arranged with the Bank of Baroda Limited under the Refinance Scheme of the Refinance Corporation for Industry Ltd.; for financing the Broad Loom Project and the further modernisation of the Company's jute mills.

The Company, during the year under review issued to the shareholders 31,500 New Ordinary Shares of Rs. 100 each at a premium of Rs. 90 per share which were fully subscribed, 50 per cent amount of which has been paid-up and the balance will be called up as and when required.

In terms of the agreement for the loan abovementioned, the Company has agreed to make available for subscription by International Finance Corporation of 10,000 New Ordinary Shares of the Company of the par value of Rs. 100 each at the price of Rs. 190 per share. The shares will, however, not be entitled to dividends if any, declared by the Company for the fiscal years ending on 31st March 1964 and 31st March 1965.

Accounts in brief as at 31st March 1964 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	99,75,000	Gross block†	4,64,48,321
5½% debentures	7,37,507	—Depreciation	2,65,86,760
Reserves and surplus	1,38,77,060		
Other liabilities	4,04,07,688	Net block	1,98,61,561
		Block in progress†	18,60,307
		Current assets	4,24,16,409
		Investments	2,23,764
		Cash	6,29,912
		Miscellaneous expenditure	5,302
	Rs. 6,49,97,255		Rs. 6,49,97,255

* Paid-up capital consists of 14,000—7 per cent. cumulative first preference shares of Rs. 100 each; 7,000—5 per cent. cumulative second preference shares of Rs. 100 each; 63,000 ordinary shares of Rs. 100 each and 31,500 ordinary shares of Rs. 100 each—Rs. 50 per share called up. Of the above 7,000—5 per cent. cumulative second preference shares and 7,000 ordinary shares are allotted as fully paid up by way of bonus shares by capitalisation of reserves.
† Includes jute and cable divisions.

Auckland Jute Co., Ltd.

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

Annual General Meeting—30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales of gunny, yarn and jute	4,19,78	3,41,46
Closing stock	1,00,97	94,61
Gross profit	62,62	50,83
To Managing Agents' remuneration	3,99	3,20
Transfer to depreciation	12,78	8,55
,, ,, provision for taxation	34,78	21,21
,, ,, provision for W. Bengal sale tax for previous year	21	Nil
Net profit	10,86	17,87
Refund of tax and provisions written back	34	24
Credit adjustments relating to past years	5	Nil
Appropriations:		
Transfer to statutory development rebate reserve	2,91	3,02
,, ,, machinery replacement reserve	Nil	1,00
,, ,, general reserve	1,75	1,45
Proposed dividends (taxable) preference	1,59	1,59
,, ,, ordinary	5,00	5,00
	(12½%)	(15%)
Carry forward	2	2
Market value of ordinary shares (in rupees):	1964*	1963
High	132.00	156.00
Low	122.00	138.00

* Upto 4th September 1964.

Extracts from the Directors' report: *Taxation*: The attention of the shareholders is drawn to the incidence of taxation in the Company's accounts. The proportion of direct taxation including Surtax is 77 per cent of the profit of the year under review.

General Report: The Company's mill worked to its maximum capacity throughout the period under review. The Working Time Agreement of the Indian Jute Mills Association was abolished with effect from 1st February 1964.

The Carpet Backing Looms in the mill worked treble shift until 29th February 1964. Thereafter, it was found necessary to reduce one shift on the 168" R.S. looms, due to lack of orders. The 210" R.S. looms, however, continued to run on three shifts.

The following items of machinery were installed during the year and are working satisfactorily: 1—Screw Gill 2nd Drawing Frame; 2—4½" Spinning Frames and 5—Cop Winding Machines.

As a further step towards the completion of the modernisation programme, orders have been placed for the undernoted machinery for which import licences have been received: 1—Hopper Feed; 2—Full Circular Finisher Cards; 1—Screw Gill 2nd Drawing Frame; 2—High Speed Prebeaming Machines and 8—Onemack Looms. Orders have also been placed locally for 7—4½" Slip Draft Spinning Frames; 7—Cop Winding Machine; 3—High Speed Roll Winding Machines and 2—Roll UP Machines.

Minimum purchase quotas continued to be issued by the Jute Commissioner throughout last season and as a result, the mill has had to carry very heavy stocks of raw jute. This has put a great strain on the finances of the Company and has resulted in heavy bank charges and insurance premia.

The Jute Buffer Stock Association continues to operate satisfactorily and a regular turnover of stocks has been effected.

Although production in the jute industry has been at its highest peak during the year under review, the bulk of this extra production has been taken up by increased world demand. It is, however, extremely doubtful whether with the steadily increasing production in Pakistan, the present rate of production in India can be maintained without seriously affecting the parity between raw jute and finished goods.

Prospects for the current year are far from satisfactory. Reports from Jute growing areas have been favourable and it is expected that the current crop will be of the same size as the previous year's crop. The Pakistan crop is, however, reported to be smaller, and if production continues at the present rate, the carry over at the end of the current season will be substantially lower. The increased cost of production has also assisted in eliminating the margin of profit on simultaneous buying of jute and selling of manufactured goods, and the results for the current year are likely to be unsatisfactory.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	65,00,000	Gross block	1,92,46,048
4% debentures	15,00,000	—Depreciation	1,12,42,168
Reserves and surplus	36,38,434		
Other liabilities	1,66,28,607	Net block	80,03,880
		Block in progress	5,55,548
		Current assets	1,92,77,193
		Investments	4,14,378
		Cash	16,056
	Rs. 2,82,67,041		Rs. 2,82,67,041

* Paid-up capital consists of 10,000—5½ per cent. cumulative preference shares of Rs. 100 each; 15,000—4½ per cent. redeemable cumulative preference shares of Rs. 100 each and 40,000 ordinary shares of Rs. 100 each. Of the above 20,000 ordinary shares have been allotted as fully paid up by way of bonus shares by capitalisation of capital and general reserve.

Dhrangadhra Chemical Works Ltd.

[*Managing Agents*: Sahu Brothers (Saurashtra) Private Ltd., Dhrangadhra, Gujarat State.]

Twenty-sixth Annual General Meeting—26th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sale of products	4,03,90	4,34,48
Closing stock	18,55	19,08
Gross profit	15,27	6,44
To Managing Agents' commission	1,35,77	92,29
,, expenses relating to previous year	3,93	1,98
Transfer to provision for depreciation	15	12
Transfer to provision for depreciation on tools and equipments	54,19	34,31
Net profit	43	40
Balance brought forward	77,41	55,49
Tax refund	1,75	5,78
Transfer from reserve for doubtful debts	3	75
Appropriations:	Nil	12
Transfer to development rebate reserve	40,00*	1,08
,, ,, general reserve	23,00	46,00
Proposed dividends (taxable) preference	4,68	4,68
	(7.8%)	(7.8%)
,, ,, ,, ordinary	10,75	8,60
	(10%)	(8%)
Carry forward	76	1,75
Market value of ordinary shares (in rupees):	1964†	1963
High	130.00	125.00
Low	110.00	85.00

* On the additions of plant and machinery relating to the year ended 31st March 1960.
† High and low upto 2nd September 1964.

Extracts from the Directors' report: *Operations*: *Caustic Soda Unit at Sahupuram*: The extended plant of the Caustic Soda Unit was put into operation in August 1963 and the production was gradually stepped up. However, during the months of August, September and October 1963, owing to breakdowns in the Rectifier Transformers as well as the filtration of all the Rectifier Transformers, production had to be stepped down.

Nevertheless, the production of caustic soda during the year under review increased by 27.7 per cent over that of the previous year. The increase would have been more, had the production not suffered from the breakdown and trippings as also from frequent power restrictions and shut-offs imposed by the Madras State Electricity Board during the year.

Salt Works at Sahupuram: The working of the Company's Salt Works was on a better footing during the year under report. A good quantity of brine was made available to the lessees and they produced about 26,000 tonnes of salt as against 10,500 tonnes in 1962-63. The entire quantity was purchased by the Company.

Soda Ash Unit at Dhrangadhra: The production of soda ash during the year was slightly higher than the level of 43,000 tonnes reached last year.

Soda Bicarb: The production of soda bicarb increased by 25 per cent over that of the previous year. The Company has recently started manufacturing B.P. quality soda bicarb in addition to the commercial grade which is being produced by the Company.

Future Outlook: The future outlook of the Company appears to be good in view of the growing demand for the Company's products and regulated imports from abroad. The

ference for the quality of the Company's products is on the increase.

Liquid Chlorine Plant: The implementation of the scheme to set up the Liquid Chlorine Plant made further progress during the year. The Company has furnished the guarantee to the Government of India to the extent of the C.I.F. value of the plant and machinery and a letter of credit under the Yen credit from Japan has been opened. The delivery of the plant and machinery covers a period of 10 to 16 months.

Poly Vinyl Chloride: The Plastic Resins and Chemicals Limited being the Company sponsored by this Company for the projects of P.V.C. and Calcium Carbide, have informed that in view of the changed conditions and circumstances and more so looking to the capital market condition, it is not feasible to proceed with the said projects and they have given up the same.

New Scheme Contemplated: The Company is now contemplating certain schemes for utilising Chlorine and will be approaching the Government as and when it takes concrete shape.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,67,50,000	Gross block	7,10,60,072
Reserves & surplus	1,68,31,530	—Depreciation	2,65,98,147
Other liabilities	3,49,55,008		
		Net block	4,44,61,925
		Block in progress	92,87,807
		Current assets	2,13,33,810
		Investments	98,825
		Cash	3,54,171
	Rs. 6,85,36,538		Rs. 6,85,36,538

* Paid-up capital consists of 1,07,500 Ordinary shares of Rs. 100 each and 80,000—7.8 per cent taxable cumulative redeemable preference shares of Rs. 100 each.

Dalhousie Jute Co., Ltd.

[*Secretaries and Treasurers*: Messrs. Bird & Co. (Private) Ltd., Calcutta.]

Annual General Meeting—30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales of gunny, yarn and jute	4,27,21	3,28,69
Closing stock	90,98	88,73
Gross profit	27,09	30,58
To Secretaries' and Treasurers' remuneration	1,30	1,70
Transfer to depreciation	9,01	6,10
,, provision for taxation	10,09	5,08
Net profit	6,69	17,70
Transfer from general reserve	90	Nil
Refund of tax and provisions written back	4	35
Credit adjustments relating to past years	9	4
Appropriations:		
Transfer to statutory development rebate reserve	2,92	4,03
,, ,, general reserve	Nil	2,85
,, ,, debenture redemption reserve	1,00	1,00
Proposed dividends (taxable) preference	1,37	1,68
,, ,, ordinary	2,36	7,87
	(7½%)	(25%)
Carry forward	10	3
Market value f ordinary shares (in rupees):	1964*	1963
High	135.00	166.00
Low	114.00	124.00

* Upto 4th September 1964.

Extracts from the Directors' report: *Taxation*.—The attention of the shareholders is drawn to the incidence of taxation in the Company's accounts. The proportion of direct taxation is 60 per cent of the profit of the year under review. The high tax incidence will curb much of the programme of expansion and development which had been envisaged.

The undernoted items of machinery were installed during the year and are working satisfactorily: 2—Roll Formers; 2—2nd Drawing Frames; 1—4½" Slip Draft Spinning Frame; 1—Cone Winder and 3—Cop Machines.

As a further step towards the completion of the modernisation programme, orders have been placed for the undernoted items of machinery. Delivery is expected shortly. 2—Full Circular Finisher Cards; 1—2nd. Drawing Frame; 1—3rd. Drawing Frame and 12—4½" Slip Draft Spinning Frames.

Converter Division.—This section has been working satisfactorily throughout the year. Business in laminated goods has, however, become highly competitive as the installed capacity is in excess of indigenous demand. An acute shortage of polythene and polythene film has also hampered sales.

The polythene extruder/laminator has been fully occupied in executing export orders for extrusion coated hessian bags. Some difficulty has been experienced in obtaining drawback on excise and customs duty paid in respect of export orders. As a result, a considerable amount of money is now blocked and efforts are being made to obtain a release as early as possible.

In order to reduce the congestion in the area presently occupied by Converter Division, a new godown with an area of 20,000 sq. ft. is under construction and is expected to be ready by the end of September this year.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	46,49,200	Gross block	1,53,87,280
5½% debentures	16,83,000	—Depreciation	91,28,003
Reserves and surplus	24,47,624		
Other liabilities	1,85,34,390	Net block	62,59,277
		Block in progress	1,95,543
		Current assets	2,04,34,337
		Investments	4,09,361
		Cash	15,696
	Rs. 2,73,14,214		Rs. 2,73,14,214

* Paid-up capital consists of 15,000—7 per cent. cumulative preference shares of Rs. 100 each and 31,492 ordinary shares of Rs. 100 each. Of the above shares, 16,492 ordinary shares have been allotted as fully paid up by way of capitalisation of reserve.

Kinnison Jute Mills Co., Ltd.

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

Annual General Meeting—30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales of gunny, yarn and jute	4,85,86	4,69,96
Closing stock	1,27,23	1,38,84
Sale of loom hours	2,58	78
Gross profit	44,33	55,20
To Managing Agents' remuneration	2,89	2,25
Transfer to depreciation	11,94	9,01
,, provision for taxation	26,65*	12,12
Net profit	2,85	31,90
Transfer from taxation contingencies reserve	5,79	Nil
Excess provisions written back	Nil	41
Credit adjustments relating to past years	49	2
Appropriations:		
To adjustment of loss brought forward	Nil	21,89
Transfer to statutory development rebate reserve	1,11	2,94
,, ,, general reserve	3,64	Nil
Proposed dividends (taxable) preference	1,37	1,37
,, ,, ordinary	3,00	6,01
	(5%)	(10%)
Carry forward	13	13
Market value of ordinary shares (in rupees):	1964†	1963
High	132.00	204.00
Low	111.00	129.00

* This includes surtax of Rs. 1,53,000.
† Upto 4th September 1964.

Extracts from the Directors' report: *Taxation*—The attention of the shareholders is drawn to the incidence of taxation in the Company's accounts. The proportion of direct taxation including Surtax is 89 per cent of the profit of the year under review. The high tax incidence will curb much of the programme of expansion and development which had been envisaged.

The carpet backing looms in the Company's mill worked treble shift until 29th February, 1964. Thereafter, it was found necessary to reduce one shift on the 168" R.S. looms due to lack of orders The 210" R.S. looms, however, continued to run on three shifts. The supply of carpet backing cloth is now substantially in excess of demand and conditions are not likely to improve during the current year.

The undernoted items of machinery were installed during the year are working satisfactorily: 3—2nd drawing frames; 1—finisher drawing frame; 7—modern cop winding machines; 10—roll formers and 1—high speed roll winder.

As a further step towards completion of the modernisation programme, orders have been placed for the undernoted machinery: 2—full circular cuttings finisher cards; 2—full circular finisher cards; 1—automatic jute hopper feed; 6—conversion sets for 2nd drawing frames; 10—conversion sets for finisher drawings; 1—90" high speed prebeamer with floor creel and 1—high speed automatic sizing machine.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	74,88,650	Gross block	2,37,45,098
5% debentures	25,00,000	—Depreciation	1,62,09,834
Reserves and surplus	48,00,604		
Other liabilities	1,88,93,401	Net block	75,35,264
		Block in progress	1,76,219
		Current assets	2,35,79,677
		Investments	23,66,841
		Cash	24,654
	Rs. 3,36,82,655		Rs. 3,36,82,655

* Paid-up capital consists of 15,000—7 per cent cumulative preference shares of Rs. 100 each; 48,000 ordinary shares of Rs. 100 each and 12,098 ordinary shares of Rs. 100 each allotted to shareholders of the Standard Jute Co., Ltd., as per High Court order dated 3rd March 1959—out of which 211½ ordinary shares amounting to Rs. 21,150 were not taken up by the holders of the Standard Jute Co. at the close of the year.

Note: Of the above shares 10,000 and 23,000 Ordinary shares have been allotted as fully paid-up by way of Bonus shares by way of capitalisation of capital reserve and general reserve respectively.

Amalgamated Electricity Co., Ltd.

(*Managing Agents*: Messrs. N. C. Javeri & Co., Bombay.)

Twenty-ninth Annual General Meeting—30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sale of energy	1,66,47	1,33,58
Income from hire of meters and other apparatus	5,50	4,93
Gross profit	37,77	35,99
To Managing Agents' remuneration	4,36	4,23
Transfer to depreciation	12,62	11,34
,, provision for taxation	5,78	5,82
Net profit	15,01	14,60
Tax refund	2	Nil
Transfer from tariffs and dividend control reserve	Nil	14
Managing Agents' remuneration recorded	Nil	19
Appropriations:		
To arrears of depreciation	6	7
To adjustment of loss—Khandesh Extractions Department	2,42	3,59
To expenditure written off	25	27
,, contribution to National Defence Fund	5	23
,, income-tax for 1949-50/1950-51	40	Nil
Transfer to dividend reserve	10,00	17,59
,, ,, other reserves	2,41	3,06
Proposed dividends (taxable) ordinary	9%*	9%*
,, ,, ,, preference	7.15%*	7.15%*
	6.5%*	6.5%*
Carry forward	27	80
Market value of equity shares (in rupees):	1964†	1963
High	9.72	10.38
Low	8.84	9.40

* Dividend payments out of dividend reserve.
† Upto 2nd September 1964.

Extracts from the Directors' report: The following table indicates the position of working since April 1961:

Year	Units generated and purchased	Total load in K.W.	Consumers
1961-62	8,28,00,971	42,657	82,594
1962-63	8,97,98,012	46,824	86,877
1963-64	10,02,74,753	50,205	90,532

Jalgaon undertaking of the Company has made reduction in rate for bulk supply to Bhusawal undertaking of the Company. Government of Maharashtra imposed at the time of extending the period of permission to Jalgaon undertaking to supply energy to Bhusawal undertaking, a condition to take Government approval for any change in the rates. Under the provisions of the Electricity (Supply) Act, 1948 it is the inherent right of the Company to reduce rates. The Government is, however, being approached for confirming the Company's action.

The erection of two sets out of the three of 1,800 B.H.P. each is nearing completion at Belgaum and Malegaon and the sets are likely to be tried and put into commission by the end of August or September 1964. The 600 B.H.P. set ordered for Bulsar Station has been diverted to Belgaum and put into commission by the end of July 1964. Two sets at Dohad and one at Belgaum each of 384 B.H.P., which were under erection as per last year's report have also been erected and put into commission. The import licence received for 700 B.H.P. set was got amended for 900 B.H.P. set. The same has been put into regular service in August 1964 at Jalgaon.

The 11 kv. supply lines of about five miles have been laid in Ajmer and the Rajasthan State Electricity Board has commenced supply of electricity at Ajmer to the extent of 3,200 kw.

The Solvent Extraction Plant though started in January 1963 worked under several adjustments till today due to number of defects and incomplete machinery. It has been all the time practically on trial run.

Accounts in brief as at 31st March 1964 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	1,48,58,320	Gross block†	3,66,91,595
Reserves and surplus	80,80,999	—Depreciation	1,03,99,754
Other liabilities	1,71,14,929		
		Net block	2,62,91,841
		Block in progress†	18,93,573
		Current assets	1,02,95,703
		Investments	4,73,137
		Cash	5,87,279
		Miscellaneous expenditure	5,12,715
	Rs. 4,00,54,248		Rs. 4,00,54,248

* Paid-up capital consists of 10,41,192 equity shares of Rs. 10 each; 24,150—5½ per cent tax-free cumulative preference shares of Rs. 100 each and 20,314—5 per cent tax-free cumulative preference shares of Rs. 100 each. Out of the above the share capital allotted to Khandesh Extractions Department amounts to Rs. 12,75,000.
† Including figures for Khandesh Extractions Department.

Orient Paper Mills Ltd.

(*Managing Agents*: Messrs. Birla Brothers Private Ltd., Calcutta.)

Annual General Meeting—30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales of finished goods (gross)	11,31,83	11,16,19
Sales of raw materials and miscellaneous items	3,52	2,48
Closing stock	1,24,08	1,09,69
Gross profit	1,82,51	2,13,05
To Managing Agents' remuneration	8,52	12,51
Transfer to depreciation	50,40	60,45
,, provision for taxation	47,00	Nil
Net profit	76,59	1,40,09
Appropriations:		
Transfer to deferred taxation reserve	Nil	70,00
,, ,, development rebate reserve	75	2,50
,, ,, reserve for contingencies	Nil	3,00
,, ,, general reserve	25,00	15,00
,, ,, dividend reserve	Nil	50,51
Proposed dividends (taxable) preference	12,73	12,73*
,, ,, ordinary	38,17	38,17*
	(20%)	(20%)
Carry forward	87	93
Market value of ordinary shares (in rupees):	1964†	1963
High	40.00	40.70
Low	32.80	30.50

* Dividends paid out of the dividend reserve.
† High and low upto 11th September 1964.

Extracts from the Directors' report: Production during the year under review was a little less than last year. The cost of production recorded further rise due mainly to increase in the cost of chemicals, salary and wages, power and fuel, repairs etc. and higher incidence of interest. The increased cost in the absence of increase in the price of paper and boards, had to be absorbed by the company. However, it has been possible to maintain satisfactory financial results only due to better working efficiency of the Mills.

The Amlai Paper Mills Project, has made satisfactory progress. Most of the machinery and equipment from U.S.A. have arrived at the site and erection of the plant and machinery is progressing well. Despite delay in delivery of the indigenous machinery and equipment, the Amlai Mills are expected to go into production before the end of the current financial year.

Accounts in brief as at 31st March 1964 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	3,70,88,500	Gross block	11,43,48,322
Reserves and surplus	5,09,79,455	—Depreciation	5,38,45,400
Other liabilities	13,64,90,148		
		Net block	6,05,02,922
		Block in progress	10,71,14,756
		Expenditure during the period of construction	21,32,322
		Current assets	5,07,14,566
		Investments	18,60,877
		Share application money	75,000
		Cash	21,57,660
	Rs. 22,45,58,103		Rs. 22,45,58,103

* Paid-up capital consists of 1,20,000—7.86 per cent. cumulative redeemable preference shares of Rs. 100 each; 60,000—5.50 per cent cumulative redeemable preference shares of Rs. 100 each and 19,08,725 ordinary shares of Rs. 10 each. Of the above shares, 12,58,500 ordinary shares of Rs. 10 each, have been allotted as fully paid up by way of bonus shares by capitalisation of reserves other than capital reserve.

MUKAND IRON AND STEEL WORKS LTD.: ANNUAL MEETING

The Annual General Meeting of the Mukand Iron and Steel Works Limited will be held on the 28th of this month and not on the 26th, as was inadvertently mentioned on page 452 of *Commerce*

NEWS IN BRIEF

IT is proposed to set up *Panchayati Raj* finance corporations at Central and State levels for the purpose of advancing loans to institutions connected with *Panchayati Raj*.

The International General Electric Company of the U.S. has been asked by the Government of India to prepare a feasibility study and preliminary proposal for establishing a new heavy electrical plant.

The total contributions to the National Defence Fund, so far aggregate Rs. 57.95 crores. Of this amount, a sum of Rs. 33 crores has so far been authorised for the purchase of defence equipment and for the welfare of defence personnel.

A company in the public sector with American collaboration is expected to be floated for the development of fisheries, according to Mr. C. Subramaniam, Union Food and Agriculture Minister. Negotiations are said to be at a final stage now.

Workers who are getting higher quantum of bonus under bilateral agreements than what they are entitled to under the Bonus Commission's award will be given statutory protection, under a proposed Bill to be introduced in the Lok Sabha shortly.

The existing trade pact between India and East Germany has been extended for a further period of three years, that is upto 1967. In order to expand the volume of trade between the two countries, more attention will be paid to trade in non-traditional items.

Donations to the Jawaharlal Nehru Memorial Fund will qualify for rebate of income-tax under a Bill introduced in the Lok Sabha. The Bill, which seeks to amend the Direct Taxes Act, does not fix any limit in respect of donations to the fund. Any amount donated will, therefore, qualify for rebate.

The Life Insurance Corporation of India has decided to reintroduce joint-life endowment assurance policies covering both husband and wife provided the latter also has an earned income. This type of policy, it will be recalled, was discontinued in October 1960, owing to several abuses found in the working of the scheme.

The alloy and steel plant at Durgapur when it achieves its full capacity by 1966, will save foreign exchange worth Rs. 10 crores, according to Dr. G. P. Chatterjee, General Manager. The plant is being installed in collaboration with ten foreign companies, Japan being the main supplier. Already 2,000 tonnes of equipment have reached the plant site.

A ten-member Indian delegation of officials and industrialists, led by Mr. D. S. Joshi, Secretary, Union Ministry of Commerce, left Bombay for Nairobi on the 13th inst. The delegation will explore the possibilities of setting up sugar factories in Uganda in collaboration with the Government of Uganda. There are already two sugar factories and the Government is anxious to establish four more.

A big project in the public sector to manufacture 30,000 big tractors and one lakh power tillers annually will be launched in the near future, according to Mr. C. Subramaniam, Union Food and Agriculture Minister. The Punjab's claim to have the project located in that State will be considered, since the State has shown satisfactory development in agriculture production.

The emoluments of the employees of the State-own Heavy Electricals Ltd. of Bhopal have been raised with retrospective effect from 1st July 1962 to the same level as those of corresponding employees elsewhere receiving the Union Government's scales of pay and dearness allowance. An agreement to this effect has been reached between the I.N.T.C.-controlled Employees' Union and the management.

The U.K. Board of Trade has granted India an additional export quota of 4.16 million sq. yards of cotton textiles for the remaining months of the current calendar year. India's share constitutes 46 per cent of the total allotment of nine million sq. yards for three countries, namely, India, Pakistan and Hong Kong. Pakistan and Hong Kong are given 10 per cent and 44 per cent, respectively. The new quotas replace the original supplementary quotas for the export of cotton textiles to the U.K.

The Damodar Valley Corporation's fourth Plan power pogramme drawn up at an estimated cost of Rs. 86 crores, envisages the setting up of six generating units each with 156 MW. capacity and two hydel-generating units of 60 MW. capacity. The D.V.C. will have to meet, according to the estimate, a power demand of about 1,500 MW. by the end of the fourth Plan. At the end of the current Plan period, its installed capacity is expected to be of the order of 925 MW.

The Central Advisory Committee for Agricultural Labour, set up by the Planning Commission (Chairman: Mr. Shriman Narayan) has recommended the formation of labour co-operatives in rural areas. A detailed scheme is likely to be drawn up shortly for the guidance of State Governments. Further, the Committee urged the State Governments to utilise labour co-operatives to the maximum possible extent in the execution of various building and construction projects undertaken by them.

The State Trading Corporation of India proposes to enter into an agreement with the Japanese Textile Machinery Manufacturers' Association for the purchase of textile machinery. This step has been made possible through a Japanese Government loan. Under the agreement, the S.T.C. will buy blow-room machinery, draw and speed frames, automatic looms, calenders, worsted ring frames, spinning preparatory machines, automatic and semi-automatic looms and various other machinery required by the textile industry.

In order to earn a foreign exchange of Rs. 100 crores by the end of the fourth Plan, shipments of iron-ore will be raised to 25 million tons per year under a special export programme now being finalised. This was disclosed by Mr. Govind Narain, Chairman of the Minerals and Metals Trading Corporation at Delhi recently. A broad development project for the purpose has been approved by the Union Government and a Committee has been constituted to co-ordinate all efforts in the different fields.

The total number of persons employed in the public and private sector in Greater Bombay during the first quarter of 1964 was higher at 957,000, recording an increase of 1.3 per cent over the previous quarter. This is the finding of the Regional Employment Exchange, Bombay. The number of persons employed in the private sector was 579,000 constituting 60.5 per cent of the total. The share of the public sector was 378,000 (39.5 per cent of the total. More than half of the total employment is in the manufacturing industries, the highest (29 per cent) being in the textile industry, followed by manufacture of basic metals and their products.

The Monoplies Inquiry Commission has extended the date for the submission of views on the issues under its considerations from 15th July to the end of October next. The Commission's terms of reference are very wide and include a study of the restrictive practices prevailing in various trades and businesses. Accordingly, organisations representing the interests of traders, retail dealers or consumers who might be adversely affected by agreements or arrangements of a restrictive nature among those engaged in production or distribution, are specially invited to bring to the notice of the Commission their experience as well as their views in this regard.

A programme has been finalised by the Union Ministry of Steel and Mines for installing three additional aluminium plants and expanding the two existing units raising their installed capacity by 135,000 tonnes. It is proposed to raise the total capacity by the end of the fourth Plan to 300,000 tonnes, as against the expected internal demand of 260,000 lakh tonnes. The three new units proposed include Koyna Aluminium Corporation, Maharashtra (25,000 tonnes), Mysore aluminium project (30,000 tonnes) and the Korba project, Madhya Pradesh (30,000 tonnes) and the units at Alwaye, Kerala (10,000 tonnes) and the Hindustan Aluminium Corporation, Rihand, U.P. (40,000 tonnes) are to be expanded. Incidentally, the Indian Bureau of Mines has proposed for ten investigations to map out bauxite-bearing areas during the fourth Plan.

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From Abroad

The Government of Turkey has renounced the Turkish-Greek Trade and Payments Agreements signed in November 1953.

The total number of persons at work in West German industries increased from 20.4 million in 1950 to 26.9 million in 1963, while the number of farmers decreased by 247,000 to 1.3 million.

Soviet Russia has just signed a £30-million contract to buy a fibre plant from a British firm. The new factory will be built by the Poly-spinners Limited of Britain at Krasnoyarsk in Siberia. It will produce 50,000 tons of polyester fibre a year.

Turkey's first synthetic yarn factory, owned and operated by an all-Turkish Company (Sentetik Iplik Fabriaklari S.A.), has just begun production. Output is shortly expected to reach the rate capacity of 700 tons annually. At present, 15, 20, 40 and 60 denier nylon 6 yarns are being manufactured.

The year 1963 proved to be a good one for some hundred airliners which are members of the International Air Transport Association. The total traffic on regular services of member companies increase by 12.2 per cent to touch a high of 16.99 million ton kilometres in 1963. The airlines carried 135 million passengers, an increase of 13 million over 1962.

Britain is to make a further contribution of $700,000 (£250,000) to the World Food Programme, in addition to the $5 million (£1,785,000) originally pledged by it. This makes Britain the third-largest contributor to the three-year pilot programme which has been drawn up jointly by the United Nations and the Food and Agriculture Organisation to help developing countries.

In a bid to provide fresh capital to industry during the present economic crises, the Government of Italy proposes to set up common funds and investment trusts as private corporations for handling small savings. Strict limits will be set on the stocks that may be bought by the common funds. There will be a ceiling on the quota investible in a single corporation.

Under a plan drawn up by the Soviet authorities, "bird factories" will turn out 15,400 million eggs per annum and 811,000 tons of chicken meat by the year 1970. Various bodies have been instructed to work out plans for the cheaper production of installations, such as broiler-house, for the "bird factories" making use of domestic expertise and foreign experience.

PERSONAL

DR. S. Radhakrishnan, President of India, left New Delhi for the Soviet Union on the 11th inst., on a State visit.

Mr. L. M. Nadkarni, Chairman of the Marmagao Port Trust, has been appointed Chairman of the Bombay Port Trust

Air Marshal Arjan Singh, Chief of Air Staff, has been appointed a member of the Board of Air-India and the Indian Airlines Corporation.

Mr. T. T. Krishnamachari, Union Finance Minister, returned to New Delhi from Tokyo after attending the annual sessions of the International Monetary Fund and the World Bank.

Mr. M. N. Gogate, Member of the Maharashtra Chamber of Commerce, has been nominated to serve on the reconstituted National Railway Users' Consultative Council for the next two years.

Mr. Rana K. D. N. Singh, Finance Secretary, Government of Assam, has been appointed Chief Secretary to the Government of Goa, Daman and Diu. He is expected to assume charge of his new office next month.

Mr. Govind H. Seth, Senior Deputy Director-General of Shipping, has taken over charge as the Managing Director of the Shipping Corporation of India *vice* Mr. C. P. Srivastava who has now become a Joint Secretary in the Prime Minister's Secretariat.

Mr. S. V. Gupte, Additional Solicitor-General, has been appointed Solicitor-General of India in place of the late Mr. H. N. Sanyal. Mr. Niren De, a lawyer from Calcutta and a part-time member of the Law Commission, has been appointed Additional Solicitor-General.

Mr. Naval H. Tata has been re-elected President of the Employers' Federation of India for the current year. Mr. H. K. S. Lindsay, Dr. K. S. Basu, Mr. S. Anantharam and Mr. J. K. Srivastava have been elected Vice-Presidents of the Committees of Eastern, Western, Southern and Northern regions, respectively.

A "continuous brewing" plant at a cost of $10 million has been installed at Texas, in the U.S. by the Canadian Breweries, the World's largest beer producer. Continuous brewing, it is claimed, eliminates the "batch" process, and it can be more easily expanded to cope with increased demand with the result that the need to tie up capital in idle equipment is reduced. It is also claimed that this new process is so fully automated as to permit improved quality control of beer.

The U.S. Export-Import Bank has agreed to lend Japan about $140 million, of which $60.4 million will be made available at once for the purchase of 14 U.S. passenger jets. The remaining amount will be made available as loans to two electric power firms and a steel company. The loans are repayable in seven years. The Export-Import Bank loans granted to Japan so far comes $1,100 million, of which $3.36 million are outstanding at present.

Overseas aviation concern took a record £21.4 million worth of equipment from British electronics firms last year. The British electronics industry produced equipment during the year 1963 valued at £200 million of which £56.9 million worth was taken by the aviation industry. Biggest sales in overseas market were of ground radar and navigational aids, totalling £12.2 million. Equipment supplied for aircraft with overseas operators was worth £1.5 million. Sales of ground radio-communication equipment for use outside Britain aggregate £6.4 million with another £749,000 spent on airborne communication equipment.

A new scheme designed to provide a complete hospital planning and equipment service—from the construction of the buildings down to the linen service in the wards—has been announced by a group of four British companies. The new group—Associated British Hospital Equipment Ltd. has been formed to meet the growing demand from countries all over the world for a comprehensive service. The need is increasing particularly in Asia, the Middle East, Africa, and South America. From the outset, the new consortium will be able to arrange the construction of hospital buildings and provide a consulting service based on the wide experience of its member-firms. Other medical and scientific companies are expected to join the group in the near future.

Electricity has replaced the paraffin lamp in almost every home in Bulgaria. At the end of the last year, the electric network took in 4,700 towns and villages, that is 96 per cent of the population of Bulgaria. Electricity has not yet reached some of the smaller hamlets scattered about in the remote mountain districts of the country and consisting only of a few houses. In two or three year's time, however, they will also join the grid. The standard of living will be further improved in the near future. According to the targets set in the current 20-year long-term plan, at the end of the 1970-80 decade, there will be 150 radio sets per 100 families, 97 TV sets, 96 vacuum cleaners, and 10 refrigerators. In 1980, the output of electric power will reach 5,700 kw.h. per head of the population, as against 42 kw.h. in 1939 and the 1,100 of this year. The electric power produced will be sufficient to meet the increased need of all the people both in the towns and villages. In 1944, out of over 5,000 towns and villages only 491 had been connected with the main electric grid.

TREND OF MARKETS

MONEY COMFORTABLE

(From Our Own Correspondent)

BOMBAY, 16*th September*

There was a distinct improvement in the tone of the short-term money market during the week under review. Demand for credit was no doubt quite heavy, but borrowers found no difficulty whatever in obtaining their requirements. For the supply of funds was plentiful, thanks to the return flow of money from mofussil centres. Consequently, inter-bank call rate drifted downward. The actual rate for renewals receded from 4½ to 2½ per cent and that for fresh money from 4½ to 3 per cent; yesterday (Tuesday the 15th inst.), the rates were lower still at 2 per cent and 2½ per cent, respectively. Conditions at Calcutta were also comfortable. Both renewals and fresh business took place at 1½-1¾ per cent, as against 3¾-4½ per cent a week before.

The easy trend of money is reflected in the persistently encouraging response to the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 15th inst. The total amount (Rs. 3.04 crores) offered, though less than that (Rs. 4 crores) offered last week, was fifty per cent more than the sum (Rs. 2 crores) invited and also accepted. The average rate of accepted tenders was lower at Rs. 2.386 per cent, as against Rs. 2.400 per cent. The Intermediate Treasury Bills, too, elicited good support, the Bills sold from the 9th to 12th inst. aggregating Rs. 2.45 crores, as against Rs. 1.29 crore a week before and Rs. 2.00 crores two weeks before.

Despite comfortable conditions in the money market, it is somewhat curious that notes in circulation registered a further rise of Rs. 13.68 crores to Rs. 2,407.49 crores during the week ended 11th September 1964. Deposits of scheduled banks with the Reserve Bank, however, increased by Rs. 3.74 crores to Rs. 98.90 crores, while loans and advances obtained by them receded by Rs. 3.19 crores to Rs. 2.04 crores. India's foreign exchange reserves declined by Rs. 1.28 crore to Rs. 96.52 crores, the whole of the decline being accounted for by balances held abroad which fell from Rs. 12.34 crores to Rs. 11.06 crores. The foreign securities held in the Issue Department of the Reserve Bank were unaltered at Rs. 85.46 crores.

The total credit made available by scheduled banks to their clients went up by Rs. 13.49 crores to Rs. 1,735.79 crores during the week ended 4th September 1964. At the same time, their deposits receded by Rs. 20.98 crores to Rs. 2,656.76 crores. Even so, borrowings from the Reserve Bank rose by just Rs. 2.91 crores to Rs. 4.83 crores. Investments declined by Rs. 12.31 crores to Rs. 791.17 crores and total cash by Rs. 3.88 crores to Rs. 154.16 crores.

Activity in the Gilt-edged market was very much restricted, with values of Central and State loans remaining more or less unchanged at last week's levels. The response to 4½ per cent Industrial Finance Corporation Bonds 1976 was quite good, the list being closed on the very day of opening, that is, Tuesday the 15th inst. The actual subscription amounted to Rs. 7 crores, as against Rs. 6 crores invited. Subscribers for amounts upto and including Rs. 10,000 will receive full allotment. Other subscribers will receive allotment at about 94 per cent subject to a minimum allotment of Rs. 10,000.

In the foreign exchange market, the banks' selling rate for U.S. dollars improved by 25 P to Rs. 481 per $100, while their buying rate was unchanged at Rs. 477.50. In New York, the pound sterling weakened further *vis-a-vis* the dollar; the spot rate eased by 0.060 cent to 278.310-278.340 cents and the three months' forward by 0.050 cent to 277.790-277.820 cents.

SELECT COMMITTEE ON GOLD CONTROL BILL

(From Our Own Correspondent)

BOMBAY, 16*th September*

The bullion market continued to rule distinctly easy during the earlier sessions of the week under review, but staged a mild recovery on Monday last, and the recovery persisted yesterday and today. The earlier easiness was due to slack demand and increased arrivals. The two metals, however, picked up strength on Monday following firm upcountry demand. Consequently, prices staged a rise. The upward trend gathered momentum in the subsequent two sessions on reports of large-scale seizure of contraband gold (34,000 tolas) in Bombay. The recovery was in marked evidence in silver. Not only was the earlier loss completely made up, but the closing rate today was a shade higher. Gold, however, failed to recover the loss, so that it was quoted today lower than a week ago.

Silver began the week slightly lower at Rs. 255 and declined swiftly to Rs. 252 on increased arrivals and failure of stockists to absorb the same. It, however, recovered subsequently and closed at Rs. 256 today. The weekly average arrivals and offtake of the metal were around 22 and 8 bars, respectively.

Fourteen-carat gold receded from Rs. 67 to Rs. 64.50 before finishing at Rs. 66.50. Primary gold, in unofficial trading, touched a low of Rs. 106 in the earlier sessions, as against Rs. 113 a week before because of further arrivals of the hoarded metal. However, it rose to Rs. 109. Sovereign was quoted at Rs. 90½-91.

The international price for gold in the London market was higher at $35.08¾, as against $35.07¾ last week. The sterling price moved up from 251s. 11¾d. to 252s. 1¾d. Both ready and forward silver remained unchanged at 112d. and 112¼d., respectively, as also silver in New York at 129.3 cents.

The Joint Select Committee on the Gold Control Bill 1963 has recommended certain changes in the Bill in its report presented to Parliament on Friday this week. One of the changes exempts individuals having gold ornaments not exceeding Rs. 25,000 and families having jewellery not exceeding Rs. 50,000 from declaring their valuables to the Government. Any family consisting of a husband, wife and one or more minor children, or any two or more of them are also exempted from declaring its ornaments under clause 16 of the Bill, if the total weight of gold other than ornaments owned by such a family does not exceed 100 grammes. Another change suggested by the Committee empowers the Government to impose restrictions on the purity and weight of gold in ornaments manufactured out of gold ornaments other than those received as offerings by religious institutions. Yet another change empowers the Gold Control Administrator to cancel the licence of a dealer or refiner if he is found guilty of any smuggling offence. The Administrator can also exempt certain cases from the requirement of stamping of primary gold.

The Select Committee's recommendations have disappointed traders in the market. Despite assurances that ornaments would not be brought under the purview of Gold Control, the Select Committee, it is regretted, has suggested the inclusion of these ornaments above a certain limit. Some confusion seems to prevail over the exemption of holdings for families not exceeding 100 grammes. Previously, every individual was allowed to hold 50 grammes which meant that a family could easily hold without declaration more than 100 grammes. The total for a whole family is now fixed at 100 grammes. Further, the plea of the Select Committee for empowering the Administrator to impose restrictions on the purity and weight of gold ornaments remanufactured from old ones has made traders suspicious of the Government's intention to make changes in gold purity. They feel that it would have been better if the Committee had recommended measures to check smuggling and urged removal of quality control on purity of gold ornaments.

The President of the All-India Goldsmiths' Association has described some of the changes proposed by the Select Committee on the Gold Control Bill as a "clog on the fundamental right of the individual." The restrictions on the preparation of gold ornaments above 14-carat, he says, will only cause more hardships to the goldsmiths.

The rehabilitation of goldsmiths, which posed certain difficulties in the early stages, has now been tackled to a large extent, according to official sources. Of the estimated 300,000 goldsmiths affected by the Gold Control Order, more than 30,000, it is said, have been given loans aggregating nearly Rs. 3 crores to start new trades like merchandise in grocery and cloth. Ten thousand goldsmiths, especially skilled personnel, have been provided employment in factories like the H.M.T. and the I.I.T. of Bangalore. About 3,000 goldsmiths have been absorbed in ordnance factories after some training. Nearly 220,000 goldsmiths have taken licences to work as self-employed goldsmiths. The enforcement staff has been instructed not to harass the self-employed goldsmiths but to concentrate on dealers who with greater resources might attempt to evade the law. The number of dealers in gold ornaments has also come down from 27,000 to 22,000 after the Gold Control Order, and now only 12,000 have renewed their licences. The rest have taken to other forms of business. Similarly, the number of refineries has declined from 600 to 100.

The following table shows the trend of prices during the week under review:

	16-9-64 (closing)	High	Low	8-9-64 (closing)
SILVER				
Ready (996 fine) ..	Rs. 256.00	Rs. 256.00	Rs. 252.00	Rs. 255.50
GOLD				
Ready (14-carat) ..	66.50	66.50	64.50	67.00
Sovereign ..	91.00*	—	—	91.00*
London—				
Gold ..	252s.1¾d.	252s.¾d.	252s.0¼d.	251s.11¾d.
Silver Ready ..	112¼d.	—	—	112¼d.
Silver Forward ..	112¼d.	—	—	112¼d.
New York—				
Silver ..	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

RECORD COTTON CROP PROSPECTS

(From Our Own Correspondent)

BOMBAY, 16*th September*

Following reports of satisfactory weather conditions in almost all the cotton producing tracts of the country, a record cotton crop is envisaged for the third successive season, namely, 1964-65. Besides the bounty of nature, cultivators' interest in the crop has also been sustained due to an extension of package plan to cotton cultivation and the continued stress on price incentive in the cotton policy for the 1964-65 season. The area under cotton cultivation is reported to have increased by about seven per cent. Intensive cultivation has been undertaken in Gujarat, the Punjab and Maharashtra with greater emphasis on higher yields per acre. There has also been an improvement in the supply of fertilisers and pesticides by the State agricultural departments. In the Punjab, however, some damage to *deshi* and staple varieties has been reported due to untimely rains that have flooded fields in Moga, Kaithal and Tarantaran districts.

Trading in the futures section truly reflected the current indications about the crop, as the prices remained subdued throughout the week. The Jarilla March 1965 contract ruled distinctly weak. Though it opened the week 75 paise higher at Rs. 731.50, it continued to drift downwards, so much so that today it touched a low of Rs. 726.75. It may be noted that the current contract had started its career on 30th July 1964 at Rs. 727 per candy. Towards the close, the rate spurted to Rs. 728.25, thus losing a net of Rs. 2.50 over the week.

After a break of about ten days, the spot market at Sewri resumed business on the 11th inst. Good activity was reported as the mills showed keen interest in Laxmi, 197/3, Surti, Digvijay and Jayadhar varieties. Prices, however, ruled easy. The following are the latest available quotations in respect of certain popular varieties.

Annigeri Laxmi Rs. 1,115, Bengal Fine Rs. 733 K, Bijapur New Rs. 1,040 K, Manavdar Kalyan Rs. 1,001, Navapura Rs. 1,141, Chopda Rs. 1,015-1,025, Rajpipla Rs. 1,125, Bardali Red Rs. 1,190 and Patiala Rs. 710 K.

There has been a new development regarding the transfer of quotas to exporting mills. Hitherto, it was obligatory for the exporting firms to import cotton in their own names. The Indian Cotton Mills' Federation, it will be recalled, had been pleading for the transfer of quota letters issued to these firms to mills. It is reported that the Textile Commissioner has agreed to such transfers.

Export demand for Bengal *deshi* variety has not been encouraging, despite the abolition of export duty. The prices in the meantime have gone down from Rs. 737 to Rs. 733 for the December delivery contract. To some extent, this state of affairs is attributed to the cheapness of Pakistan *deshi* cotton which is stated to be lower by Rs. 40 per candy than the Indian variety. Japan, the main importer, is said to have taken up 10,000 bales so far. It is withholding further purchases in expectation of a further fall in prices.

GOOD MEDIUM TEAS FIRM

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 10*th September*

A total of 595,000 kgs. was offered in tea sale No. 36 held here on Tuesday the 8th inst. Some bright liquoring Nilgiris were on offer, but quality was generally barely maintained. The market encountered good general demand for liquoring teas, the account being on fannings. Nilgiri brokens were fully firm to dearer, while their fannings were sold at irregularly higher rates. Good medium and medium brokens were keenly sought after and prices advanced by up to 20 paise. Their fannings were the strongest feature of the sale and prices were sometimes up to 50 paise dearer. Low medium brokens of poor appearance were sold at a discount, but the cleaner types and all fannings in this category can be quoted firm. Black leaf teas continued in strong demand and were sold well. Unorthodox types were irregular, but generally strong and dearer. The better whole leaf grades, particularly liquoring orange pekoes, were dearer, but others were frequently easier.

The quotations (per kg.) were:

	1964 Rs.	1963 Rs.
Low mediums	4.00-4.20	4.00-4.40
Mediums	4.20-4.80	4.40-4.90
Good mediums	4.85-5.35	5.00-5.40
Nilgiri B.O.P.	5.25-7.00	5.00-8.20

The average price realised in sale No. 36 was Rs. 4.57 per kilo, as against Rs. 4.45 a week ago and Rs. 4.54 in the corresponding sale last year.

In dust sale No. 36 held here today, 232,000 kgs. were offered. The market met with good general demand. Highgrowns were sold well but at irregular rates. All medium descriptions of good appearance and free from fibre were sold readily at rates above last. However, the more fibrous varieties generally declined in price. Clean black grainy types were the strongest feature of the sale and were sold at higher levels. Residuals elicited only fair demand at lower rates. Teas of unorthodox manufacture were sold well at generally firm prices.

The average price realised in dust sale No. 36 was Rs. 4.43 per kilo, as against Rs. 4.41 a week ago and Rs. 4.17 in the corresponding sale last year.

Colombo: There was good general demand with the market opening at dearer rates for all descriptions.

London: North Indian and other growths: There was strong demand and all descriptions were generally dearer, particularly best Assams.

Ceylon and South Indians: In Tuesday's sale, demand was selective and all varieties came to a lower market with the exception of useful teas which were about firm.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale No.* 37: 624,000 kgs. offered. Strong demand. Plain and low mediums about steady. Mediums irregular, sometimes dearer. Good mediums fully firm to dearer. Highgrowns closely following quality. All fannings stronger. Unorthodox firm."

ART SILK YARNS RISE

(From Our Own Correspondent)

BOMBAY, 16*th September*

The yarn market was devoid of any fresh development during the week under review. Art silk yarns ruled easy in the earlier sessions but staged a recovery later in the week, following a fall in arrivals from upcountry centres, stockists resistance to sell at reduced rates, and fears of non-delivery of yarn in Bombay for three weeks had induced some dealers to corner available supplies. Staple fibre yarns were sluggish owing to slack demand from Surat weavers. Cotton yarns ruled generally dull with limited turnover and narrow movement in prices.

Forward trading in staple fibre yarn is expected to be resumed on *Dasara* day, that is, 15th October. The bye-laws of the Association have already been amended as suggested by the Forward Markets Commission. The formal approval of the members is to be got at a meeting to be convened.

shortly. The bye-laws as amended, it is stated, make it possible for more members to participate in forward trading. A large number of cards are lying unsold with the Association and the F.M.C. is understood to have suggested to sell the same at Rs. 750 a piece.

Among art silk yarns, National Rayon 150D picked up 2 P to Rs. 10.93 and 120D strengthened by 13 P to Rs. 11.68. Bright Century C moved up by 15 P to Rs. 10.47. Bright Sir Silk 150 hardened by Re. 1.25 to Rs. 23.65. Bright Century 100D and 75D were fully maintained at Rs. 13.46, and Rs. 18.57, respectively. South India Viscose, however, eased by 6 P to Rs. 13.07.

In the staple fibre yarn (2 x 34 French Count) section, Kohinoor shed 7 P to Rs. 9.90. Vasanta lost a like amount to Rs. 9.15. City was a shade lower at Rs. 9.46. Sriram declined by 13 P to Rs. 9.15.

Cotton yarns of all counts, as already stated were quoted at levels prevailing a week ago. 34s Madura, however, was an exception in that they put on a rupee to Rs. 43. 68s Minerva also, gained a like amount to Rs. 86.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	16-9-1964	8-9-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	11.68	11.55
Century 75D	18.57	18.57
S. I. Viscose 120D	13.07	13.13
Staple fibre yarn-34 ×2 French Count (per kg.)		
Kohinoor	9.90	9.97
Premier	9.90	9.90
City	9.46	9.55
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.00	21.00
17s Modern	28.50	25.62
27s Madura	—	35.00
34s Madura	43.00	42.00
52s Pioneer	68.75	68.75
68s Finlay	106.70	106.70

BAN ON FORWARD TRADING IN GROUNDNUTS AND OIL REMOVED

(From Our Own Correspondent)

BOMBAY, 16*th September*

Groundnuts and groundnut oil rose to unprecedented levels during the week under review. Oils touched Rs. 3,300 per tonne the rise over the week being Rs. 500. Throughout the week, there was a virtual scramble for groundnut oil, but sellers were few and far between. The volume of business put through at this high level was not larger than 15 to 20 tonnes. This was due not because there were no buyers but because sellers were holding off to their meagre stocks in anticipation of yet higher prices. This was on Tuesday; in the evening, prices did decline to around Rs. 3,000 per tonne. Even then, the quotation was Rs. 500 above that prevailing before the imposition of the ban on exports of seeds and oil by the Gujarat Government and Rs. 1,000 above that of a year ago. The rise in spot prices induced a similar upward move in distant positions, with October at Rs. 2,550, as compared with Rs. 2,025 a month ago. November at Rs. 2,025, as against Rs. 1,925 and December at Rs. 1,950, as against Rs. 1,735. There was a small volume of business in the distant positions.

It was only natural that seeds should have kept pace with the rise in oil prices. The market maintained an extremely firm tone on Tuesday. Business was done in Madras quality at as high as Rs. 79 and Karad was quoted at Rs. 75.50 and Kanpur Bold at Rs. 75. On Wednesday, deals in Latur seeds were reported at as high as Rs. 83. Madras quality was mentioned at Rs. 80 and Khandesh also at Rs. 80. Distant positions were proportionately lower. There was a tendency for prices of oils to remain quiet, but this was due mainly to technical considerations. Oil ready was mentioned on Wednesday at Rs. 31.50-32. Marketmen feel despaired of any decline worth the name in prices, for, as against the City's daily needs of 600 to 700 tonnes of oil, hardly about 90 tonnes are said to be arriving. Stocks of seeds are also reported to be absolutely meagre, although some new crop seeds have been coming from Khandesh in Maharashtra, as well as from the producing centres of Madras and Mysore. The *vanaspati* industry is apparently feeling the pinch of it and it seems to be drawing on its stocks. There is no knowing how long the present trend is going to last. At any rate, it is difficult to foresee any improvement in situation until new crop arrivals gather momentum which will not be earlier than the middle of next month.

Traders blame the Government for the present demoralised state of the market where the price pattern has lost both its meaning and perspective. The fetish of export ban seems to have been carried to such an extent in Gujarat that district officers are said to be banning the movement of goods from out of their respective areas. The general feeling now is that the Centre should step in and exert its influence on the State Governments which have banned movement of seeds, oils and foodgrain items and make them reverse their present policy. Such a move, it is felt, might help achieve a better balance of prices all over the country.

Another interesting point is the reversal of the price pattern as between groundnut and coconut oils. It may be pointed out that coconut oil has been fetching higher prices than groundnut oil, but, with the latter having shot up to Rs. 3,300, the former has been pushed far behind. The price of coconut oil is around Rs. 1,450. The firmness in linseeds and linseed oil is in keeping with the trend in groundnuts and oil here. It is also due partly to the continued top level of mustard oil in West Bengal. During the week, linseeds March closed at Rs. 39.66, while the spot rate was around Rs. 51. Oil was quoted at Rs. 21.20.

The decision of the Government of India to remove the ban on forward trading in new crop groundnut and groundnut oil has been welcomed as timely. The removal of the ban was, in fact, expected to be announced any moment as a logical consequence to the permission already granted for forward trading in castor, linseeds and castorseeds. It will yet take some more days for actual trading to start, as rules have to be formulated in the light of restrictions and safeguards which the Forward Markets Commission might choose to impose. The market, however, hopes that everything would be done soon enough to enable trading to start next week. The question may come up for discussion at the meeting of the Board of the Oilseeds Exchange to be held tomorrow (Thursday the 17th inst.). The general belief is that the system of ceilings might be given up and margins introduced in their place. With the crop in the new season placed at 3.8 million tonnes and considering the facilities for hedging allowed, it is likely that the market may take a healthy turn.

While the removal of the ban on seeds and oil has gladdened the trade, the lack of any mention of groundnut expeller cakes has caused great disappointment. It may be recalled that, in 1963-64, India exported about 800,000 tonnes of extractions earning Rs. 30.5 crores by way of foreign exchange. In the calendar year 1964, exports are expected to touch a million tonnes and trade estimates for 1965 are around 1.4 million tonnes. The pattern of trading in groundnut extractions have changed with the appearance on the scene of East European countries which buy in bulk to the tune of 5,000 to 10,000 tonnes at a time. It is, therefore, reasonable that manufacturers and exporters should have hedging facilities, and the feeling in the market is that the Government will appreciate this need sooner or later and allow forward deals in these too. Otherwise, the danger, it is feared, is that those who deal in these will be forced to take recourse to unauthorised trading.

Currently, the extractions market is firm with spot material at an all-time high of Rs. 440. Distant positions are easier with October at Rs. 435, early November at Rs. 410, December at Rs. 400 and Jan.-Feb.-March at Rs. 390. Overseas advices are also firm with September at £39-10, October at £39-5, November at £37-15, December at £36-10 and Jan.-Feb.-March at £35-10. Stocks in Bombay are very meagre. East European countries are presently out of the market.

Coming to the forward market, castor September went untraded during the week and the reason was obvious. So was the case with the linseeds and cottonseeds maturing contracts. There were no tenders in them either. This was only natural, in view of the much higher levels in the spot section. Spot linseeds were quoted on Wednesday at Rs. 51.25 and the March contract closed the week at Rs. 39.66. Castor March closed on a subdued note at Rs. 177.37 and sentiment was induced by reports that a steamer which left the other day failed to take around 6,000 tonnes of castor oil. Tenders in cottonseeds aggregated 100 tonnes (until the time of writing). Spot castor Madras small was mentioned at Rs. 40, as against the last week's rate of Rs. 39.50. Bihar Bold was mentioned at Rs 39, as against Rs 38.50. Oil commercial was done at Rs. 17.50, as against Rs. 17.40.

The following table shows the closing prices of oilseeds and oils as on 16th September as compared with those of the two previous weeks:

	16-9-1964	8-9-1964	2-9-1964
Groundnuts	Rs.	Rs.	Rs.
Nizam bold	75.50	67.50	65.25
Khandesh quality	78.00	69.00	66.50
Oil ex-mill	32.00	29.10	27.75
Oil Rly. Receipt	31.00	28.80	27.50
Castorseed			
September 1964 contract	183.00	183.00	183.90
March 1965	177.37	175.62	176.75
Ready Madras	40.00	39.25	39.25
Ready Kanpur	39.00	38.12	38.25
Oil B.S.S.	18.25	17.90	17.80
Oil commercial	17.50	17.25	17.30
Linseed			
September 1964 contract	44.94	44.94	44.87
March 1965	39.66	38.62	38.84
Bold ready	51.00	48.25	48.00
Linseed oil	21.20	20.25	20.05
Cottonseed			
September 1964 contract	91.50	91.50	90.00
January 1965 contract	102.00	98.75	97.25

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

TEA ARRIVALS INCREASE

(From Our Own Correspondent)

CALCUTTA, 15*th September*

Increased arrivals and the rising trend in output in the chief producing countries including India, explain the lack of liveliness in export auctions being held in Calcutta. In the export auctions held last week, although generally conditions were steadier, demand was selective. However, last week's sales for internal consumption witnessed an increase in demand. Bore tides on the Hooghly led to congestion of ships at the Sandheads, and tea claimed a good portion of all available prompt space in the week.

With expectations of a record world crop in this year—so far in this year output in the major producing countries has aggregated 745 million lbs., showing a rise of 24 million lbs. as compared to the corresponding period in the last year—prices obtained in auctions have been lower than last year. Tea output in North East India up to 15th August aggregated 274 million lbs., representing a rise of 52.5 million lbs. Naturally, overseas buyers prefer to go slow. Unless internal buying increases much faster than at present, difficulties in the disposal of the entire crop are apprehended. Although in recent years, world output has been increasing, no glut in supplies has occurred since the increase was more or less equal to the increase in consumption.

The U.S. Department of Agriculture, in a critical analysis of the situation, poses the question: Can the large 1964 harvest (over 2,300 lbs., as estimated) and future bumper crops be easily marketed or will stocks pile up? The Department apprehends the long-time threat of an oversupply. It also considers the production of low-to-medium quality teas another major problem. Considering the fact that prices in Calcutta auctions held so far in this season, have not even reached last year's level (but prices in several other world commodities and manufactures have moved higher) the Department's fear of oversupply is not altogether an underestimate of the situation. The U.N. Food and Agricultural Organisation had years ago already hinted at the possibility of a glut in tea by 1965.

Leaf on offer during the export auction held in the last week aggregated 65,965 packages. Demand was good but less general than in recent sales. Plain orthodox teas were unchanged, but fannings rose in a steadier trend. Medium orthodox teas eased, and the good Assam orthodox B.O.P. teas attracted less attention and dipped to lower levels. The O.F. teas met with good attention, the lots having bright liquors selling well. Good Assam B.P. teas and P.F. teas hardened. Legg-cut teas were firm. Competition raised prices of clean medium C.T.C. teas and the very few best kinds in good C.T.C. teas sold well. Plain C.T.C. teas met with competition and realised firm prices. The fibrous C.T.C. fannings also gained. Tippy teas gave way. Whole leaf grades also followed an easier trend, but the cheapest kinds sold well. Darjeelings met with a fair demand with buyers following quality. The quotations (in rupees) per kg., inclusive of excise duty were: good Assam C.T.C. fannings 6.80 to 7.20, good Assam C.T.C. B.P. 6.80 to 7.00, medium C.T.C. B.P. 6.00 to 6.20, medium C.T.C. fannings 5.90 to 6.10, plain C.T.C. B.P. 5.20 to 5.40, plain orthodox B.P. 4.10 to 4.30, clean plain pekoe 5.20 to 5.40, plain C.T.C. fannings 4.90 to 5.10, and plain orthodox fannings 4.30 to 4.60.

A strong and general demand met dusts offered in the internal auctions held in the last week, aggregating 35,333 packages. Plain orthodox teas were fully steady, with the brighter Assams being in the forefront. The plainer kinds were, however, only firm. C.T.C. teas were absorbed readily, with the medium lots realising higher prices. The quotations (in rupees) per kg., inclusive of excise duty were: good Assam C.T.C. dust 6.20 to 6.50, medium Assam C.T.C. dust 5.40 to 5.70, legg-cut dust 4.90 to 5.40, plain orthodox dust 4.20 to 4.60, and medium Assam dust 4.90 to 5.60.

A good general demand met yesterday's export offerings aggregating 71,858 chests, but prices recorded a mixed pattern. Good C.T.C. teas were somewhat irregular, selected lines realising higher prices. Clean fannings having good liquors advanced. Medium C.T.C. teas were about firm but irregular. Plain orthodox teas were in good form with exportable fannings being pushed up to higher rates. However, on declining support, good Assam orthodox brokens eased. The better liquoring Doars and medium Assams also eased. Darjeelings, though in good demand, realised only lower prices. Whole leaf grades were also generally easy but the plainer sorts were taken at higher rates. The quotations (in rupees) per kg., inclusive of excise duty, were: good Assam C.T.C. fannings 6.80 to 7.30, good Assam C.T.C. B.P. 6.60 to 7.10, clean plain pekoe 5.30 to 5.50, medium C.T.C. fannings 5.80 to 6.40, clean orthodox B.P. 4.10 to 4.30, medium C.T.C. B.P. 5.80 to 6.40, plain C.T.C. B.P. 5.10 to 5.50, plain C.T.C. fannings 4.90 to 5.10, and plain orthodox fannings 4.40 to 4.70.

RAW JUTE DECLINES

(From Our Own Correspondent)

CALCUTTA, 15*th September*

As a result of increased arrivals and the new system of ceiling on fibre purchases by mills, raw jute gave way during the week under review, the actual fall in price being Rs. 2 to Rs. 2.50 a maund. Goods, however, maintained the week's earlier levels, the spurt during mid-week proving temporary. Increased arrivals have been aided by the inclination among cultivators to sell, as well as by the improvement in transport following bright sunshine in the last ten days or so, thus drying away the accumulated rain water from feeder roads. Now that the sowing of the next paddy crop is complete, cultivators are paying more attention to selling their produce. Moreover, cash requirement in connection with the forthcoming *Poojas*—the biggest festival of the year in this part of the country—are also forcing the not-so-well-placed among the cultivators to seek buyers. Unless fibre prices fall to more reasonable levels, it is stated on behalf of mills that they would continue to suffer loss of simultaneous business in fibre as well as goods.

In view of increased arrivals, sellers exhibited keenness to locate buyers, and Assam bottoms fell from Rs. 42.00 to Rs. 40 a maund, daissee bottom from Rs. 43.50 to Rs. 41, and northern bottoms from Rs. 41 to Rs. 39. Prices are likely to fall further but it is by no means expected that they would touch last year's levels. This is because prices of essential commodities have risen; also the crop is not expected to turn out to be as big as last year's. If fibre prices are stabilised at around Rs. 35 a maund, that level would be considered fair. Fibre prices in Pakistan continued to fall this week, and buyers were reported selective inasmuch as, with the receding of flood waters offers have increased. Considering that, contrary to earlier expectations, arrivals of raw jute in India in July 1964 aggregated 326,000 bales, as against only 203,000 bales in July 1963, the fibre supply position in this year may be satisfactory. Arrivals in July 1964 were, of course, so high because they included releases from old crop holdings, in Pakistan, the crop is expected to be much lower than last year. According to the latest issue of the *Jute Bulletin* published by the Indian Central Jute Committee, world requirements of jute,

excluding Brazil and Communist China, are placed at 15 million bales, including about 8 million bales for Indian mills and about 2 million bales for the Pakistan mills. The crop in India is expected to aggregate 7.2 million bales and that in Pakistan about 5.5 million bales.

On Tuesday last, prices of goods gained as, according to figures released on that day, goods in stock with mills as at the end of August had fallen to 152,100 tonnes from 135,800 tonnes in the previous month. The largest fall of 3,700 tonnes was in sacking at 49,700 tonnes, as against 53,400 tonnes. Hessian was lower by 300 tonnes at 45,700 tonnes and miscellaneous goods by 600 tonnes at 13,400 tonnes. However, carpet backing cloth at 23,300 tonnes showed a rise of 900 tonnes. Following the release of these details, ready B. twills gained from Rs. 142.50 to Rs. 144 and in sympathy hessian 40" 10 oz. was unchanged at Rs. 50.50. Although at these levels, genuine interest was lacking, ready B. twills rose to Rs. 144.50, with hessian continuing unchanged at Rs. 50.50, in view of some interest in the hedge market. At these levels, selling pressure developed and that explained the recession of the rates to Rs. 142.65 and Rs. 50.05 on Thursday. On Friday, hessian 40" 10 oz. was unchanged, but B. twills slipped further to Rs. 142.25. Over the week-end, however, B. twills improved to Rs. 142.50 and hessian 40" 10 oz. to Rs. 50.00. Despite Government interest, B. twills during yesterday eased to Rs. 142.10 but hessian 40" 10 oz. was better at Rs. 50.25.

PEPPER IRREGULAR

(Messrs. Parekh and Co.)

BOMBAY, 15*th September*

Malabar black pepper during the week ruled irregular without showing any definite trend, as there was tussel between the bulls and the bears in local as well as in Cochin market. Reports of the deterioration in the political situation in Malaysia fail to enthuse New York dealers. Spot at New York, on the contrary, was marked down from $0.35 to $0.34. This had its bad effect on Malabar garbled which once went down to Rs. 344 before improving to Rs. 348.

The movements on the futures at both Bombay and Cochin were two sided. *Bhadrapad* in Bombay, after going down to Rs. 358, rallied to Rs. 368 under pressure of buying by bulls. *Asho* improved to Rs. 373. October delivery at Cochin, after receding to Rs. 358, improved to Rs. 366 in the wake of the report that about 200 tons of Malabar were purchased by one of the East European countries, Singapore was steady at $(M)115. New York remained quiet, as grinders remained out of the market; they were fairly covered and had no faith in the future selling policy of Indonesia. The future is uncertain. Ready Malabar was quoted at Rs. 180 per 50 kilos.

KIPS EASY

(From Our Own Correspondent)

MADRAS, 14*th September*

Arrivals of tanned cow hides into the Madras market was on the usual scale and clearance was good, except in the inferior fifths selection, for which demand was not yet in evidence both for export and internal markets. Export enquiries were brisk for light weight cowhides, but buyers declined to pay a penny more and trading was difficult. Importers did not seem interested in E.I. tanned buffcalf, in view of the very low prices which are offered by other countries.

There were several enquiries for tanned skins from France and a few orders have been booked, at increased prices; and further business is under negotiation. Locally prices rule firm, in the tanned as well as in the raw markets. Light weight and medium goat skins, middle class sheep skin fifths and inferior fifths selections and suede selections have been in the lime light. Heavy weight goat skins have been a drug on the market, but is expected to move once sellers become weak holders.

The following were the prices per lb. ruling in the local market for unassorted parcels:—Tanned cowhides 8/8½ lbs. average Rs. 2.00 to Rs. 2.06, tanned buffhides 12/13 Re. 1.80 to Re. 1.85 and tanned calfhides 1½/2 Rs. 2.50 to Rs. 2.62.

METALS FIRM

(From Our Own Correspondent)

CALCUTTA, 15*th September*

The world metal markets continued to rule buoyant during the week under review. On the London Metal Exchange, spot tin opened at £1,395 a ton and rose to £1,410 and spot copper wire bars at £410, also touched a new peak. However, the quotations closed lower than the above levels, that is, at £1,403 and £393, respectively. It has now become difficult to predict as to when the present boom would reach its height; however, it is expected that, since the rise has been rapid, the fall also, as and when it develops firmly, wou'd be rapid. In the Calcutta market, too, prices advanced. The prospect of a rise in industrial costs should cause a considerable amount of thinking by all concerned especially when the extent and degree of inflation have been much severer than apprehended by the planners.

Against this background, the suggestion made by the Magnet Wires and Cables Manufacturers' Association of Bombay for the creation of a buffer stock in non-ferrous metals is timely and interesting. This, it is stated, will mitigate the difficulties caused to consumers as a result of the delay in issue of import licences and also in arranging supplies from abroad. The Association points out that, if only a buffer stock of 1,500 tons of scalped copper wire bars is created and stored at different points in [illegible] same can be made to consumers who should be asked to replace the buffer stocks as soon as they get licences and the imports take place.

With limited supplies, the price of utensil copper scrap was maintained firm at Rs 680.00 per 100 kgs. Tin was also firm at Rs. 3,300 per 100 kgs. The world price is moving up as a result of the apprehension of demand outstripping supply. The labour situation in Bolivia is causing anxiety, and the Malaysia-Indonesia discord is no near a peaceful solution. Free world mine production of tin in concentrates totalled only 12,000 tons in May last as against 12,200 tons in the previous month. While Nigeria, Thailand and Bolivia suffered a shortfall, Malaysia recorded a slightly higher output. In the same month, free world smelter production of primary tin fell to 12,500 tons from 13,200 tons in April 1964. Lower production was reported from Malaysia, Belgium and Nigeria, while the U.K. recorded a small increase.

Spot zinc on the L.M.E. rose from £115¾ a ton to £123, and lead from £107¼ to £109¾. Higher levels were maintained in Calcutta.

"GUR" RISES AGAIN

(From Our Own Correspondent)

HAPUR, 14*th September*

Crystal sugar in the open market drifted lower because of subdued trend in *khandsari*. Supplies were further restricted for commercial establishments by 10 per cent, as the balance of their quota was replaced by *khandsari*. Fall in prices was also due to the increase in the monthly quota per unit from ¾ kgs. to one kg. Despite full control over distribution sugar in the open market was quoted at Rs. 170 to Rs. 175 per quintal, as against the controlled prices of Rs 131 to Rs. 136.

Khandsari tended to decline on selling pressure from stockists, because the stocks in godowns have been damaged due to heavy rains. Traders were worried that out of the heavy stocks frozen by the State Government, only a small portion have been released so far by the authorities. Though the local demand for *desi khandsari* against the released stocks was negligible, its purchases on behalf of the Punjab against permits was reported to be brisk. Permits for export to east U.P. were also received during the week, but still the quality of huge stocks left was said to be fast deteriorating due to rains. New *khandsari* production would commence some time in November. In the open market, *khandsari* is quoted at Rs. 125 to Rs. 155 per quintal according to quality as against the controlled rates of Rs. 109 to Rs. 126.

Ready *gur* sought further higher levels, as the stocks of dry variety were poor, and demand from the consuming areas of South was brisk. *Shakker* was firm on support from the Punjab and Rajasthan. Local stocks were around 1,000 quintals and total stocks in the neighbouring mofussil markets were estimated around 10.000 quintals. Two to three weeks are still left for the commencement of new *gur* production and, by that time, the entire stocks are expected to move out. With a bumper cane crop, increased acreage, no restriction on production from bullock driven *kolhus* and prevailing high prices of the commodity, *gur* production is expected to go up in the coming season. Week-end prices (in rupees per 40 kilogram) were *gur pansera* dry 42.50, dry-wet 35 to 36, wet 30 to 31 *shakker* 42 to 42.50.

FOODGRAINS TOUCH NEW HIGH LEVELS

(From Our Own Correspondent)

HAPUR, 14*th September*

Bullish trend continued in foodgrain prices and prices touched new high levels. Poor arrivals, in face of brisk local and east U.P. buying enquiry and restricted supplies through fair price shops, were main influencing factors. Harvesting of maize is on these days, and arrivals of new crop grain have begun in small quantity. If weather turns sunny, arrivals are expected to increase. While paddy and *munji* (rice) crop would be bumper, thanks to heavy rains during last two months, other *kharif* crops of maize and *juwar* have been adversely affected, due to waterlogging over wide areas.

Wheat prices advanced further by Re. 1.50 to Rs. 2.50 per quintal, according to quality, during the week on small arrivals, coupled with restricted supplies through fair price shops and good demand from local consumers and east U.P. traders. The commodity touched an all-time high level of Rs. 91.50 per quintal for average quality, and Rs. 93.75 per quintal for farm produce. Prices at fair price shops, however, were much lower at Rs. 43 per quintal. Arrivals were small and local stocks ran down to 1.000 quintals. Rice prices also touched an all-time high level and recorded gains of Re. 1.50 to Rs. 4.50 per quintal, because of tight supply position against good buying support. Week-end prices were: Rice *basmati* superior Rs. 122.50 to Rs. 125, *sela* Rs. 118.50 to Rs. 121.50, *mainpuri* Rs. 108.50, *ramajwayan* Rs. 110.50, *raimunia* Rs. 110.50 and *gadda* Rs. 108.50 per quintal.

Gram prices also ruled firm and prices advanced by Re. 1.50 to Rs. 2 per quintal on good east U.P. support and poor stocks. Prices ranged between Rs. 81.50 and Rs. 83 per quintal, according to quality. Among other coarse grains, after an early decline, maize prices improved on small arrivals and prices were quoted between Rs. 67.50 and Rs. 68.75 per quintal. Arrivals, however, were 2,000 maunds, mostly from east U.P. Barley and *bejhar* prices drifted lower on poor buying support and prices were ranged between Rs. 70 and Rs. 71.50 and between Rs. 67.50 and Rs. 70 per quintal, respectively. *Juwar* and *guwar* prices were almost stationary and trading was limited. Oats and *methi* prices, however, stayed steady due to [illegible]

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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 11th Sept., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	86,00,00,000
National Agricultural Credit (Stabilisation) Fund	9,00,00,000
National Industrial Credit (Long-Term Operations) Fund	10,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	87,31,70,000
(ii) State Governments	26,86,92,000
(b) Banks—	
(i) Scheduled Banks	98,90,18,000
(ii) State Co-operative Banks	2,72,21,000
(iii) Other Banks	3,71,000
(c) Others	138,86,33,000
Bills Payable	41,15,47,000
Other Liabilities	24,01,16,000
Rupees	609,87,74,000

ASSETS	Rs.
Notes	28,90,11,000
Rupee Coin	3,51,000
Small Coin	6,63,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,29,51,000
(ii) State Co-operative Banks	12,23,72,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,39,95,000
National Agricultural Credit (Stabilisation) Fund	....
Loans and Advances to State Co-operative Banks.	
National Industrial Credit (Long-Term Operations) Fund:-	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	206,53,62,000
Balances Held Abroad*	11,05,63,000
Loans and Advances to Governments**	15,88,00,000
Loans and Advances to—	
(i) Scheduled Banks†	2,03,60,000
(ii) State Co-operative Banks‡	148,20,74,000
(iii) Others	2,44,38,000
Investments	123,66,14,000
Other Assets	28,17,20,000
Rupees	609,87,74,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund.

† Includes Rs. 50,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	28,90,11,000	
Notes in circulation	2421,16,63,000	
Total Notes issued		2450,06,74,000
Total Liabilities		2450,06,74,000

ASSETS	Rs.	Rs
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	85,45,69,000	
Total		203,21,79,000
Rupee Coin		105,91,72,000
Government of India Rupee Securities		2140,93,23,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2450,06,74,000

State Bank of Pakistan

Statement of Affairs for the week ended 4th Sept. 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	2,00,00,000
Reserve Fund	7,75,00,000
Rural Credit Fund	3,50,00,000
Deposits :—	
(a) Central Government	13,41 67,000
(b) Provincial Governments	11,88,56,000
(c) Banks	37,49,04,000
(d) Others	87,02,98,000
Bills Payable	10,42,67,000
Other Liabilities	12,16,68,000
Rupees	176,34,35,000

ASSETS	Rs.
Notes	4,60,55,000
Rupee Coin	18,000
Subsidiary Coin	51,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	1,20,02,000
Balances held outside Pakistan*	28,57,15,000
Loans and Advances to Governments	1,00,00,000
Provincial Governments' Debtor Balances	4,90,61,000
Other Loans and Advances	82,02,37,000
Investments	47,57,45,000
Other Assets	11,36,51,000
Rupees	176,34,35,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	4,60,55,000	
Notes in circulation	447,42,77,000	
Total Notes issued		452,03,32,000
Total Liabilities		452,03,32,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion		
Foreign Securities	74,58,33,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	4,61,18,000	142,75,67,000
Government of Pakistan Securities	208,76,41,000	
Internal bills of exchange and other commercial paper	....	303,37,59,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,03,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
Total Assets		5,90,06,000
		452,03,32,000

State Bank of India

Statement of Affairs for the week ended 11th Sept., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
Capital :— Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Banking Companies, Agents, etc.		656,20,81,000
Bills Payable		1,20,65,000
Bills for Collection being Bills receivable as per contra		5,65,22,000
Acceptances, Endorsements and Other Obligations per contra		6,66,39,000
Other Liabilities (including Inter-Office Adjustments)		21,96,96,000
Total .. Rs.		18,22,34,000
		724,84,87,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		28,42,33,000
Balances with other Banks		4,40,64,000
Money at Call and Short Notice		2,66,66,000
INVESTMENTS :—		
Government and other Trustee Securities Rs.	266,11,35,000	
Other Authorised Investments	9,44,26,000	
		275 55,61,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc. Rs.	322,28,14,000	
Bills Discounted and Purchased	19,98,04,000	
		342,26,18,000
Bills Receivable being Bills for Collection as per contra		6,66,39,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		21,96,96,000
Premises less Depreciation		2,56,31,000
Furniture and Fixtures less Depreciation		1,96,17,000
Other Assets (including Inter-Office Adjustments)		38,57,62,000
Total .. Rs.		724,84,87,000

EXCHANGE RATES

	16th Sept., 1964	8th Sept., 1964
London on New York 8. per Dollar	2.7629– 2.7833	2.7838– 2.7841
London on Berne .. Sw. Fcs.	12.0230–12.0250	12.0290–12.0310
London on Paris .. Fr. Fcs.	13.6390–13.6410	13.6400–13.6420
New York on London Cents per £	278.310–278.340	278.370–278.400
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1–5 31/32	1–5 31/32
Sellers T.T. D.D. upto six months .. .. s.	1–5 15/16	1–5 15/16
Buyers T.T. .. .. s.	1–6 1/32	1–6 1/32
Buyers D.D. .. .. s.	1–6 1/16	1–6 1/16
U.S. Dollar—		
Sellers T.T. D.D.. Rs. to $100	481.00	480.75
Buyers T.T. .. Rs. to $100	477.50	477.50
Canadian Dollar—		
Sellers T.T. D.D. .. Rs. to $100	449.50	448.50
Buyers T.T.	441.50	440.50
French Francs—		
Sellers T.T. D.D.. per Rs. 100	101.80	101.80
Buyers T.T	102.80	102.80
Swiss Francs—		
Sellers T.T. D.D... „	89.70	89.70
Buyers T.T. .. „	90.70	90.70
Deutsche Marks—		
Sellers T.T. D.D... „	82.50	82.60
Buyers T.T. .. „	83.40	83.50
Italian Lire—		
Sellers T.T. D.D... „	1,029	1,030
Buyers T.T. .. „	1,045	1,046
Dutch Guilders—		
Sellers T.T. D.D... „	74.90	74.90
Buyers T.T. .. „	75.70	75.80
Hongkong Dollars—		
Sellers T.T. D.D... „	119.60	119.60
Buyers T.T. .. „	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D... „	148.90	148.90
Buyers T.T. .. „	150.30	150.30
Danish Kroner—		
Sellers T.T. D.D... „	143.90	144.00
Buyers T.T. .. „	145.30	145.40

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	4-9-64	28-8-64	6-9-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	60,01	63,88	55,76
(ii) From others	1,24,63	1,130,60	956,61
(b) Borrowings from banks	20,08	32,35	26,58
(c) Others	72,08	76,95	62,43
2. Time liabilities—			
(a Time deposits—			
(i) From banks	38,19	36,72	35,65
(ii) From others	1,348,93	1,357,17	1,230,89
(b) Borrowings from banks	17,00	17,06	24,27
(c) Others	12,92	12,43	9,88
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,473,55	2,487,77	2,187,50
4. Borrowings from Reserve Bank	4,83	1,91	3,03
(a) Against usance bills and/or promissory notes	2,41	20	1,35
(b) Others	2,42	1,71	1,68
5. Borrowings from State Bank and/or a notified Bank	30,86	32,02	22,06
6. Cash	62,89	64,25	53,20
7. Balances with Reserve Bank	91,27	93,79	87,90
8. Cash and balances with Reserve Bank	154,16	158,04	141,09
9. S as per cent of $	6.23	6.35	6.45
10. Balance with other banks in current account	21,39	22,72	22,60
11. Money at call and short notice	62,31	66,38	50,43
12. Investments in Government securities	791,17	803 68	740,80
18. 12 as per cent of $	31.99	32.31	33.86
14. Advances—			
(a) Loans cash credits and overdrafts	1,501,19	1,490,17	1,257,83
(b) Due from banks	11,41	12,16	12,86
15. Inland bills purchased and discounted	163,62	162,35	163,30
16. Foreign bills purchased and discounted	70,98	69,78	53,52
17. Total Bank Credit [14(a)+15+16]	1,735,79	1,722,30	1,474 64
18. 17 as per cent. of $	70.17	69.23	67.41

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended			
	5th Sept. 1964	29th Aug. 1964	8th Aug. 1964	7th Sept., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99 8	99.8	99.9	99.3
2. Government of India	99.5	99.5	99.6	99.0
3. State Governments	102.2	102.2	102.2	101.6
4. Municipal, Port Trust, etc.,	98.9	98.9	98.9	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98 3	98.2	98 2	97.5
PREFERENCE SHARES—ALL INDIA.				
6. Tota	82.3	82.2	81.6	82.2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	168.6	168.4	164.5	163.3
8. *Agriculture and Allied Activities : Total**	141.1	140.6	140.5	143.4
9. Tea Plantations	127.4	127.5	128 0	132.1
10. Coffee Plantations	163.7	163.4	160.7	149.5
11. Rubber Plantations	184.1	183.2	182.0	168.6
12. *Mining and Quarrying: Total**	138.3	139 3	134.0	141.8
13. Coal	97.1	96.0	94.0	106.8
14. Other Mining	166.6	169.1	161.4	165.8
15. *Processing and Manufacturing : Total*	182.1	182.1	177.3	175.5
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total**	179.3	179.1	175.4	177.6
17. Sugar	130.6	129.4	126.7	122.9
18. Cotton Textiles	163.0	162.6	159.7	163.6
19. Jute Textiles	87.6	87.5	84.4	99.3
20. Silk and Woollen	885.9	895.4	865.8	837.1
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	203.9	203 7	195.7	186.8
22. Iron and Steel	174.7	175.8	165.5	152.8
23. Transport Equipment	318.6	320.3	311.4	324.5
24. Electrical Machinery	165.1	166.7	165.0	149.4
25. Machinery other than Transport and Electrical	229.0	227.5	221.8	217.5
26 Basic Industrial Chemicals	190.4	188.0	186.2	177.8
27 *Processing and Mfg. (Others): Total**	150.2	150.8	149.1	143.8
28. Cement	142.2	142.0	139.0	139.0
29. Paper	193.1	195.2	192.6	189.7
30. *Other Industries : Total**	113.2	112 7	110.3	106.9
31. Electricity Generation and Supply	96.5	96.2	92.1	86.9
32. Trading	111.6	111.3	109.5	112.1
33. Shipping and Other Transport	100.8	99.5	97.4	87.9
34. Construction	294.8	297.4	296.5	265.7
35. *Financial: Total*	192.5	180.0	189.3	186.2
36. Banks	216.0	218.1	212.3	205.1
37. Insurance	152.5	151.1	152.2	159.7
38. Investment Trusts	78.2	78.0	78.1	84.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	181.4	181.3	175.4	169.2
40. Calcutta	162.8	162.1	150.1	153.4
41. Madras	173.1	172.8	170.5	170.2
42. Delhi	228.9	231.2	223.5	213.2

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.
P—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	29th Aug., 1964	22nd Aug. 1964	31st Aug., 1963	July 1964	July 1963	Percentage of Increase (+) or Decrease (—) in July 1964 as compared with July 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	166.1	165.1R	139.3	159.3	137.9	+15.5	126.8	126.1
Cereals	125	145.0	144.5	116.1	137.3	115.0	+19.4	116.3	115.6
Pulses	43	163.6	161.1	108.4	147.6	109.7	+34.5	115.4	105.2
Fruits and Vegetables	23	186.5	193.6	141.5	167.0	141.8	+32.3	140.6	135.6
Milk and Ghee	84	148.6	146.4R	128.4	150.8	132.1	+14.2	128.4	124.4R
Edible Oils	47	207.7	205.7	154.7	199.0	151.6	+31.3	151.1	152.5
Fish, Eggs and Meat	17	175.6	173.1R	158.7	173.1	148.5	—16.6	149.8	149.4R
Sugar and Gur	48	206.7	205.8	212.9	191.2	193.8	+ 1.3	185.5	145.0
Liquor and Tobacco	21	130.0	130.9	181.9	183.1	188.2	— 2.7	179.3	171.5
Tobacco	..	127.6	126.8	115.2	120.8	115.9	+ 4.0	119.6	100.9R
Fuel, Power, Light and Lubricants	30	143.5	143.5	139.0	143.0	138.7	+ 4.3	116.8	124.4R
Industrial Raw Materials	155	170.8	169.2	141.7	158.7	138.5	+14.6	139.5	136.8
Fibres	61	155.1	151.6	133.6	135.2	130.2	+ 3.8	133.2	122.8
Oilseeds	60	209.9	209.1	160.4	199.9	155.7	+28.4	154.1	151.4
Minerals	2	103.7*	103.7*	91.5*	103.7	93.4	+11.0	92.8	93.6
Others	32	181.7*	181.8*	125.4*	129.7	125.2	+ 3.6	127.3	122.5
Manufactures	280	136.7	136.2	131 0	133.7	130.6	+ 2.4	131.1	126.4R
Intermediate Products	41	150.2	150.8R	139.8	148.1	140.1	+ 5.7	139.6	139.5
Finished Products	249	134.5	133.8	129.6	131.3	129.1	+ 1.7	129.7	127.1
Textiles	147	132.8	131.8	127.6	127.7	126.5	+ 0.9	127.7	126.1
Cotton	..	136.3*	136.1*	135.5*	135.4	135.2	+ 0.1	135.6	130.7
Jute	..	119.0	113.7	99.8	99.8	97.9	+ 1.9	100.2	110.9
Woollen	..	169.2*	169.2*	150.6*	169.2	156.6	+ 8.0	155.8	140.4
Silk and Rayon	..	136.3*	136.5*	140.1*	138.0	136.3	+ 2.0	139.8	131.8
Metal Products	12	169.0	169.0	163.7	169.0	163.0	+ 3.7	163.1	160.1
Chemicals	20	120.0*	119.6*	117.4	116.8	117.2	+ 1.1	117.9	115.5
Oil Cakes	9	192.9*	197.2	164.8	191.1	169.8	+12.5	165.7	160.9
Machinery and Transport Equipment	31	127.1	127.1	123.8	126.9	123.9	+ 2.4	124.2	117.9R
Others	30	127.8	127.8	123.6	127.7	123.4	— 0.5	123.2	123.2

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

PRODUCTION IN SELECTED INDUSTRIES

Industries	Months Covered	Unit	Production during the period indicated 1962	1963	1964	Percentage change 1963	1964
Diesel Engines (Stationary)	Jan-May	'000 Nos.	16.8	22.8	26.1	+ 35.7	+14.5
Power Transformers	,,	'000 k.v.c.	1039	1112	1310	+ 7.0	+17.8
Power Driven Pumps	,,	'000 Nos.	53.9	61.1	65.0	+ 13.4	+ 6.4
Electric Motors	,,	'000 h.p.	391	491	479	+ 25.6	— 2.4
Machine tools	,,	Rs. Million	42.0	64.4	80.1	+ 53.3	+24.4
Automobiles	Jan.-June	'000 Nos.	29.7	24.9	32.5	— 16.2	+30.5
(i) Commercial vehicles	,,	,, ,,	13.7	13.6	16.1	— 0.8	+18.4
(ii) Cars, etc.	,,	,, ,,	16.0	11.3	16.4	— 29.4	+45.1
Railway wagons	Jan.-May	,, ,,	5.3	7.8	10.4	+ 47.2	+33.3
Coal	Jan.-June	Million Tonnes	30.0	34.0	32.6	+ 13.3	— 4.1
Finished steel	Jan.-Apr.	'000 Tonnes	1.18	1.42	1.44	+ 22.4	+ 1.4
Aluminium	Jan.-May	,, ,,	9.4	22.1	23.1	+135.1	+ 4.5
Cement	,,	Million ,,	4.2	4.7	4.8	+ 11.9	+ 2.1
Sulphuric Acid	Jan.-June	'000 ,,	216	265	325	+ 22.7	+22.6
Soda Ash	,,	,, ,,	106	132	138	+ 24.5	+ 4.5
Caustic Soda	,,	,, ,,	60	70	88	+ 16.7	+25.7
Ammonium Sulphate	,,	,, ,,	207	222	209	+ 7.2	— 5.9
Superphosphate	,,	,, ,,	190	265	313	+ 39.5	+18.1
Rayon yarn	Jan.-June	'000 Tonnes	28.6	31.6	37.4	+ 10.5	+18.4
Petroleum Products	,,	Million Tonnes	3.0	3.7	4.2	+ 23.3	+13.5
Jute Textiles	Jan.-July	'000 Tonnes	679	722	743	+ 6.3	+ 2.9
Cotton yarn	,,	Million Kgs.	501	506	544	+ 1.0	+ 7.5
Paper & Paper boards	Jan.-June	'000 Tonnes	189	217	243	+ 14.8	+12.0
Electricity	Jan.-July	Billion Kwh.	8.71	9.87	11.62	+ 13.3	+17.7
Cotton Cloth (Mill)	Jan.-July	Million Metres	2685	2588	2677	— 3.6	+ 3.4
Cotton cloth (Decentralised Sector)	Jan.-May	,, ,,	1020	1164	1223	+ 14.1	+ 5.1
Sewing machines	,,	'000 Nos.	144	146	39	+ 1.4	—73.3
Electric lamps	,,	,, ,,	22.6	29.4	30.2	+ 30.1	+ 2.7
Electric fans	,,	'000 Nos.	495	543	366	+ 9.7	—32.6
Radio Receivers	,,	,, ,,	169	199	209	+ 17.8	+ 5.0
Bicycles	Jan.-June	,, ,,	484	476	585	— 1.7	+22.9
Tea	Jan.-May	Million Kgs.	60	60	58	No Change	— 3.3
Coffee	,,	'000 Tonnes	39	45	51	+ 15.4	+13.3
Vanaspati	Jan.-June	,, ,,	191	196	209	+ 2.6	+ 6.6
Soap	Jan.-May	,, ,,	63	67	72	+ 6.3	+ 7.5

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949=100]

	All-India	Bombay*	Ahmedabad†	Sholapur§	Kanpur †	Nagpur	Calcutta †	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur†	Jabalpur	Bangalore†
1959 Average	124	429	109	357	100	186	100	186	128	107	108	100	100	100
1961 ,,	126	451	102	382	101	191	102	187	127	113	106	101	111	105
1962 ,,	130	442	104	381	105	133	107	150	130	115	112	105	131	108
April 1963	130	442	106	367	106	132	112	151	132	115	112	109	132	109
May ,,	131	437	106	366	107	133	112	150	132	117	111	108	132	110
June ,,	132	440	106	358	107	133	112	150	132	117	110	109	134	112
July ,,	134	446	107	376	109	138	112	151	132	121	110	110	136	113
August ,,	135	445	108	381	110	143	112	151	134	124	110	109	141	113
September ,,	136	449	108	374	110	144	113	152	136	124	109	109	143	113
October ,,	137	454	109	377	112	146	116	153	136	122	112	109	143	114
November ,,	137	458	109	371	112	146	119	151	138	124	112	109	143	114
December ,,	138	456	110	378	112	147	116	153	138	124	113	110	145	115
January 1964	140	488‡	111	379	115	147	116	157	140	125	115	108	152	118
February ,,	140	485‡	111	388	115	150	111	157	140	125	115	108	158	117
March ,,	142	480‡	115	417	122	159	111	157	145	126	118	108	158	117
April ,,	143	496‡	116	417	124	156	115	158	145	126	119	112	159	117
May ,,	144	497‡	117	422	125	157	117	159	146	124	121	..	157	118
June ,,	147	499‡	..	449	..	162	..	163	144	126	121	..	158	..
July ,,	150	511	..	463	..	167	..	169	145	130	119	..	160	..

* Jan. 1934=100. § Jan. 1928=100. †Base: 1960=100. ‡ The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base: 1952-53=100)

Average of months / Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Raw Cotton	Raw Jute	Groundnut	Spices and Condiments	Coal	Jute manufactures	Cotton manufactures	Iron & Steel Manufactures
1960-61	108	90	122	130	87	208	118	127	136	111	112	210	146	138	141	121	122	147
1961-62	105	91	112	132	85	198	117	126	116	96	113	147	140	156	151	111	131	160
1962-63	111	90	110	124	89	175	122	121	153	94	113	147	140	156	151	111	131	160
1963-64	125	99	116	132	100	196	133	139	218	112	119	148	144	158	161	100	136	163
July 1963	127	91	113	131	91	211	140	136	228	111	118	141	146	161	161	98	135	163
January 1964	120	112	123	139	113	195	128	145	205	116	120	149	139	156	161	100	136	163
February ,,	120	121	120	144	120	193	130	145	198	116	122	150	147	160	161	100	136	163
March ,,	121	121	130	144	120	180	130	139	189	112	120	151	153	164	166	99	137	167
April ,,	122	121	134	146	123	..	132	144	145	184	112	122	151	165	162	166	99	137	169
May ,,	125	116	137	149	120	..	147	148	204	109	123	149	164	165	166	99	136	170
June ,,	131	116	149	161	120	..	158	153	219	116	122	146	153	164	167	98	136	170
July ,,	136	112	166	167	125	198	150	153	219	116	123	148	196	165	167	100	135	170
	140	116	178	173	132	194	161	153	214	117	123	148	196	165	167	100	135	170

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,757	1,591	887	152	52	16	116	15	128	491	86	317	85	79
1961-62	9,870	1,706	808	115	46	14	128	12	130	390	51	366	84	76
1962-63	10,607	1,854	792	125	43	14	150	15	143	385	54	433	82	75
1963-64	11,354	2,080	913	136	41	13	143	12	124	413	57	493	80	65
June ,,	2,717	509	236	35	13	3	21	3	39	98	14	113	3	14
July ,,	2,717	509	236	35	13	3	21	3	39	98	14	113	3	14
Aug., ,,	3,646	687	311	44	15	4	25	4	50	139	19	155	7	30
Sept., ,,	4,561	866	377	52	16	5	35	5	61	195	29	237	16	29
,, ,,	5,461	1,040	446	59	18	7	42	6	71	195	29	237	16	29
Jan., 1964	9,366	1,747	754	110	31	10	123	10	103	338	48	409	29	51
Feb., ,,	10,335	1,910	833	122	36	12	134	11	113	375	53	449	30	57
Mar., ,,	11,354	2,080	913	136	41	13	143	12	124	413	57	493	30	65
April ,,	959	168	80	13	4	1	8	2	9	35	5	39	..	7
May ,,	1,896	330	161	23	8	2	15	2	19	68	9	78	2	13
June ,,	2,800	489	237	33	11	2	19	3	32	101	14	117	3	19

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source*:—Ministry of Railways.

SMALL SAVINGS

(In lakhs of rupees)

| Year/Month | National Savings Certificates 5-Year A Out-standings | National Savings Certificates 7-Year B Out-standings | National Savings Certificates 12-Year B Out-standings | 12-Year National Defence Savings Certificates Out-standings | Post Office Savings Bank Deposits Receipts | Post Office Savings Bank Deposits Out-standings | 10-Year National Plan Certificates D Out-standings | Post Office Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E | Cumulative Time Deposits 5-Year J Out-standings | Cumulative Time Deposits 10-Year J Out-standings | 10-Year Treasury Savings Deposit Certificates 3½% F Out-standings | 10-Year Treasury Savings Deposit Certificates 3½% F Rece

MARKET GOSSIP

(*Concluded from page 487*)

Japan), in addition to the proposed overall increase of 25 per cent. Even the quota of India will have to be reconsidered under these selective increases, if it is not to loose its position on the Executive Board of Directors. Finally, there is the question whether the supplementary lending resources of the Paris Club also need to be increased. All these questions, together with the control of international credit mechanism, may not easily lend themselves to a quick solution, in view of the differences between the French camp on the Continent and the Anglo-American camp. In any case, nothing tangible is likely to take place, until the elections are over in the U.S. and the U.K. and the new Governments in these countries settle down to their work in right earnest.

At the meetings of the World Bank and its affiliates, the proposal to enlarge the funds of I.D.A. by transferring $50 million from the World Bank's reserves as an outright grant and to amend the Bank's charter in order to permit it to lend to the International Finance Corporation up to a maximum of four times the latter's capital and reserves (that is, up to $480 million) was endorsed without much ado. Accordingly, the I.D.A. and the I.F.C. are now assured of a significant increase in their resources. This is a heartening development for the underdeveloped countries.

Relief To Direct Taxpayers

The latest move of the Union Finance Ministry to remove some of the hardships caused to direct taxpayers under the Income-tax Act 1961, the Estate Duty Act 1953 and the Expenditure Tax Act 1957 and to provide some relief to assessees in certain cases is commendable. They do not in any way reduce the burden of taxation, but may give relief in procedural difficulties and unintended odd effects of the existing tax laws. The three Acts are being amended through the Direct Taxes (Amendment) Bill, which was introduced in the Lok Sabha on Thursday last week. The more important effects of the amendments proposed in respect of each of the three Acts are summed up below:

Income-tax Act: Three welcome concessions are proposed. They are: (1) When a company goes into liquidation consequent on its compulsory acquisition by the Government or any corporation owned or controlled by the Government, the distribution made by the liquidator (of the company) to the shareholders will not be chargeable to tax as dividend to the extent that such distribution is attributable to the accumulated profits of the company relating to any period prior to the three successive previous years immediately preceding the previous year in which the undertaking is acquired. (2) any special house rent allowance (not exceeding Rs. 300 per month) specifically granted to an assessee by his employer will be excluded from his total income. (3) A charitable institution or fund which receives a dividend on its holdings of equity shares in a company will be entitled to a credit in its assessment for a proportionate amount of the super-tax payable by the company in respect of the dividend on equity capital declared or distributed by it during the previous year for the assessment year 1964-65 or any later year.

Estate Duty Act: Two important changes are proposed. One, when the "accountable" person transfers any property comprised in the estate of the deceased and utilises the proceeds for paying estate duty, a deduction will be allowed from the estate duty of a proportionate amount of the tax which becomes chargeable under the Income-tax Act on the capital gains arising from such a transfer. Two, the Central Government can accept at an agreed price the assets comprised in an estate passing on the death of the deceased towards payment of estate duty, if the "accountable person so offers. Any balance (of the price) left after satisfying the amounts due under the Estate Duty Act will be adjusted against the amounts due under the other direct taxes acts from the deceased, his estate and the "accountable" person beneficially entitled to the asset in question. This provision is in accordance with the practice followed in many countries and discourage the tendency among tax collectors of placing an excessively high value on properties the value of which cannot be easily ascertained. Their object in doing so is to collect a larger amount by way of estate duty. Another outcome of this amendment could be the avoidance of depression on stock exchanges which might occur if large investments of the deceased assessee in shares and securities were to be sold in the market in order to pay estate duty. In such cases, the Government could take over the assets and dispose them of gradually, as and when market conditions are favourable.

Expenditure Tax Act: An assessee will be exempted from expenditure tax on the expenditure incurred by him on making a gift which is specifically exempted from gift tax under sub-section (1) of Section 5 of the Gift Tax Act 1958.

All these concessions are to be welcomed. And there need be no objection to the proposed inclusion of a new section in the Income-tax Act which prohibits registration of any property (other than agricultural land) valued at more than Rs. 50,000 without producing a tax clearance certificates from the Income-tax Officer concerned. This provision applies only to documents which are required to be registered under the provisions of clause (*a*) to clause (*e*) of sub-section (1) of Section 17 of the Indian Registration Act of 1908. Since the Act does not cover the shares, stocks and debentures of joint-stock companies which are exempted from compulsory registration under the Act, the transfer of these securities does not come within the purview of the proposed new section. The Government has apparently been prompted by the need to check evasion of tax or under-payment of tax by some parties who try to exchange properties for cash without the knowledge of tax authorities. True, the delay involved in obtaining income-tax clearance certificates may hinder private property transactions in some cases. But, on this score alone, it would be wrong to oppose the proposal itself, since there is large-scale tax evasion in the country. Delays, however, must be avoided. The Finance Ministry will do well to include in the Bill a specific provision which makes it obligatory on the part of Income-tax Officers to issue tax clearance certificates within a definite period after he receives the applications from parties wishing to transfer their properties.

The Food Debate

The Food Debate in Parliament ended unceremoniously, as was expected. With the Opposition parties having no unity of purpose, ideology and programme and speaking in divergent voices, the only common point that emerged out of the debate was a recognition by all that there was a food problem in the country which required to be solved on a war basis. But if this was the only thing to be achieved, where was the need for a debate? No Government spokesman or member of the ruling party had ever said that there was no serious food problem. With some Opposition members speaking for total nationalisation of trade in foodgrains and others denying the utility of it and the spokesmen of the Government and ruling party reiterating the measures already announced to meet the food problem, hardly anything useful or new emerged and the debate turned out to be a mere jugglery with words. But that is an inherent luxury of democracy. The Opposition is bound to make political capital out of the difficulties confronting the country and there is no meaning in anyone saying that one should not play politics with food.

Be that as it may, some of the speakers did bring out a few points which need to be considered. Mr. M. R. Masani, for instance, pointed out that, whereas he had no objection to the Government intervening in foodgrains trade through the Foodgrains Trading Corporation, it was most unfair that this Corporation should enjoy monopolistic rights in rail transport facilities. Mr. A. C. Guha (a Congress member) was critical of the Governments failure to persuade the surplus States to share their stocks with deficit States and urged a more or less uniform price for foodgrains throughout the country like that of steel. He accused the surplus States in the country of profiteering at the cost of deficit States. Dr. R. M. Lohia, who spoke in his usual manner quoting his own statistics of foodgrains consumption in the country, accused the "socialists, whether of the Congress or of the Communist Party" of following the forms of socialism such as State trading and banks' nationalisation and neglecting the true substance of the problem. He said that increased agricultural production was the crying need of the day and in this respect he was prepared to give lower precedence even to distributive justice.

All these are relevant points. The ultimate solution of the food problem is the rise in production and, as Dr. Lohia pointed out, to talk of bank nationalisation and give undue importance to State trading is to neglect the true substance of the problem. The point raised by Mr. Guha on food zones was also correct. Whereas the Government talks so much about the unity of the country, it has helped the States to create unnatural economic boundaries and the word "export" has come to be used commonly for movement of foodgrains from one State to another. If this attitude persists, the day is not far off when Maharashtra, or Bengal or Kerala or some other States may divert a part of their land to foodgrains at the expense of other crops for which the land is best suited. The result would be uneconomic utilisation of agricultural land, the supply of which is by no means so plentiful as to permit wasteful cultivation.

One, however, must not overstress the uniformity aspect, as was done by Mr. Guha. At no time prices of foodgrains or any other food article have been uniformly the same all over the country. Nor can they ever be, for, in areas where there is surplus production, prices are bound to be lower than in those that are in deficit. Again, prices are bound to vary between rural and urban areas even in one State. The comparison made by Mr. Guha with steel prices is most inept and the system adopted for ensuring uniform steel prices is clearly unworkable in regard to foodgrains. But what needs to be corrected and is unjustifiable is the glaring disparity in prices prevailing in surplus and deficit States. Such disparity in some cases is more than 100 per cent and has been possible because of the zonal system.

Mr. Subramaniam, who replied to the debate on the last day, mainly recited the points made by him from time to time. He, however, indicated that a decision on rice zones would be taken in October-November and on wheat zones in February-March. He informed the House that arrangements were being made for *ad hoc* purchases of rice in the coming *kharif* season until 1st January 1965 when the proposed Foodgrains Trading Corporation would come into being. He also said that, though there was no proposal to introduce full-scale State trading to capture the entire marketable surplus, the Corporation would purchase considerable quantities of foodgrains, so that it could influence the prices. His assessment of the prospects was that, with the arrival of *kharif* crop, the situation was bound to ease. He was of the view that the current crop had not suffered much from the floods from which many parts of North India and North East India have suffered this year.

A smooth solution of the food problem is, however, rendered difficult by the lack of agreement between the Centre and the States and between State and State on food allocations, the food policy and its implementation. Obviously, the Centre is not able to persuade all the State Governments to fall in line with its approach to the food problem.

TREND OF SHARES

EQUITIES EASY AGAIN

(From Our Own Correspondent)

BOMBAY, 17*th September*

BARRING intermittent rallies due more to short-covering than any fresh speculative support, shares tended to drift downwards during the week under review. Despite Thursday's moderate rally, the list showed generally small to moderate losses on balance. Sentiment was induced mainly by factors like the unseating of the Shankar Ministry in Kerala and its blow to the prestige of the ruling party as well as the no-confidence motion against the Union Ministry. It was not that the market was unaware of the party position in Parliament to doubt the outcome of the motion but yet operators preferred to be cautious and were awaiting the reply by the Finance Minister to the criticisms of the Government's economic and fiscal policies. There was also a feeling that the Finance Minister might not come forth with any measures for tax relief and this caused no small disappointment to a market which was even talking in terms of a supplementary budget and possible relief to the private sector. Apart from these factors, the continued reports of violations on our border from the Pakistani side and periodic threats from labour induced a tendency of caution among bull operators.

Steel shares presented a mixed front. Indian Iron which had been done down to Rs. 26.75 on Saturday, following heavy selling by Calcutta interests, rallied on short-covering to close the week a shade better at Rs. 29, while Tata Steel was fractionally easier at Rs. 158.75. Mukand Iron was distinctly weak at Rs. 18.44, against Rs. 18.76 in the previous week. Interest in steel shares will more or less be of a professional nature for some time to come, as most of the factors regarding the respective companies have become known and discounted. It is likely that the general investment public will not come into this field until some fresh developments present themseves.

For want of fresh developments again, cotton mill shares were comparatively less active during the week with the tendency for prices to sag. Standard lost nine points during the week to close at Rs. 641, but the week's low was Rs. 638, touched on Wednesday. Kohinoor also staged a small rally on Thursday, but yet it was down by two points on the previous week with the final quotation at Rs. 329. Svadeshi was unchanged at Rs. 265, but Century, which had been done down to Rs. 624 on Saturday, moved up to Rs. 628.50 which was one point above the closing level of the previous week. Bombay Dyeing was better at Rs. 60.90.

Price movements in National Rayon were not wide and, after being marked down to Rs. 362, the shares staged a mild rally and closed the week unchanged at Rs. 365. It seemed that operators have had their time with National Rayon and would rather leave it alone for a while. Moreover, there have been no new developments, the expected cut in excise duty and relief to the industry being an old story which did not come off. The other members in the group more than followed their leader, in that they closed the week with small losses—Indian Rayon was down from Rs. 59 to Rs. 57.50, Baroda Rayon from Rs. 76 to Rs. 72 and South India Viscose from Rs. 117.50 to Rs. 116.50.

A notable feature of trading during the week under review was the hectic activity in Indian Dyestuff. In initial dealings on Tuesday, the shares were bid up to a new high of Rs. 312, following the extremely encouraging picture drawn by the Company's Chairman, Mr. Arvind Mafatlal, at the annual meeting. That the Company had turned the corner with the likelihood of sales touching Rs. 3.5 crores in the current year and going up to Rs. 6 crores in 1965-66 were excellent as corporate factors but one did not know what happened for the shares to decline sharply to Rs. 300.50 in the same session. Perhaps it was a case of profit-taking. The rate at the end of the week was Rs. 296, showing a net loss of Rs. 7.75 over the week. Dhrangadhra, among other chemical shares, was slightly better—from Rs. 128 of the previous week to Rs. 130.50 in the week under review. The spurt of a few weeks ago to Rs. 93 in Synthetics and Chemicals went unsustained, the scrip having fallen further by four points during the week under review to Rs. 80. Tata Chemicals were slightly easier at Rs. 19.48.

Prices of sugar shares indicated a divergent trend, but, by and large, the undertone was weak. Belapur lost four points to close the week at Rs. 227. Maharashtra eased from Rs. 143 to Rs. 141. Phaltan and Walchand closed on a steady note at Rs. 113.50 and Rs. 161.50, respectively. Cements were easy, with A.C.C. down by four points to Rs. 160.75, but Digvijay managed to hold its previous week's level. Among engineerings, Telco and Voltas were quiet at Rs. 272.50 and Rs. 271.50, against Rs. 276 and Rs. 272 respectively a week ago. Larsen and Toubro failed to respond to the Chairman's hint at the possibility of a bonus issue and closed on a subdued note at Rs. 22.76. Scindia was rather unlucky, in that, after touching a new high level in the recent upward move at Rs. 16.60, it eased slightly to close the week at Rs. 16.40 as against Rs. 16.52.

Activity in cash shares was comparatively less during the week under review but this should not come as a surprise, for the cash section usually tends to be in the background whenever the forward section is in a mood to ease. However, fairly good business was put through in selected scrips such as Sandvik at Rs. 174, S.L.M. at Rs. 156, Gammon India at Rs. 14.40 and Associated Bearings at Rs. 105, the last named having declined by five points during the week. A feature was Anil Hardboard which were bid up from Rs. 165 to Rs. 180. Among automobiles, Hindustan Motors was quiet. So was Premier Auto at Rs. 107. Bajaj Auto, however, maintained a steady tone at Rs. [illegible]

COMMERCE

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

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APPROACH TO FOURTH PLAN

THE leftists and communists in this country have been playing a clever game in recent months. They have been organising *hartals*, strikes, processions, meetings and picketing of Government offices as a protest against scarcity and sharp rise in the prices of necessities of life. At the same time, they have been accusing Mr. Lal Bahadur Shastri, in particular, and his Cabinet colleagues, in general, of deviation from the late Mr. Nehru's approach to, and policies on, planning, conveniently ignoring that his approach and policies themselves have been responsible, to a considerable extent, for the present economic difficulties and that, if the country were to pursue them further blindly, it would jeopardise both political and economic stability. The no-confidence motion moved in Parliament last week, even though its defeat was certain, was part of this new strategy of exploiting, to the maximum extent possible, the current economic difficulties and the people's devotion to the memory of Mr. Nehru for their political advantage. Even the leftists in the Congress Party (as, for instance, Mr. K. D. Malaviya and Mr. Krishna Menon) have not been free from this tempting opportunism.

In a democratic society, it is the privilege of Opposition to try to improve its public image at the expense of the ruling party. But it would be a great pity, if Mr. Shastri were to allow himself to be hustled into the Opposition trap and depart from the realistic stand he took shortly after he became the Prime Minister in regard to economic planning. Of course, Mr. Shastri has boldly asserted his right as the chief of the Government to modify the strategy of planning within the broad framework of the Congress Party's policy, if such modification was found necessary following changes in circumstances. This much is implied in his assertion that his "independent thinking" was in accordance with democratic concept, that there was complete freedom and opportunity for re-thinking old policies and formulating new ones, and that history was full of instances where a leader did not always find it possible to do exactly the same things which his predecessor did. Surely, Nehruism was different from Gandhism. And so was Stalinism as compared with Leninism. To give a latest instance. President Johnson's economic policies have not been exactly the same as those of his illustrious predecessor, the late Mr. John F. Kennedy. And yet none can say he has sacrificed the principles of his party.

It, however, remains to be seen to what extent the criticisms made in the debates in Parliament during the past ten days have influenced Mr. Shastri's thinking on the strategy of planning and the priorities to be accorded in the fourth Plan. He hardly dwelt on this subject in his marathon reply to the debate on the no-confidence motion. He might have thought that, since Mr. T. T. Krishnamachari had extensively covered economic trends and planning while intervening in the debate, it was unnecessary for him to deal with them. But the overall impression that one gets from Mr. Krishnamachari's observations is that there would be no significant departure from the emphasis placed on heavy industries *vis-a-vis* agriculture, consumer goods and consumer durables. The crux of his whole approach was that the present deterioration in the price situation was only a temporary phase and that, in preparing the fourth Plan, one should not allow one's vision to be blurred by passing difficulties. Look ahead; aim high; be ambitious; have self-confidence; be an optimist—all this exhortation may be inspiring, but it falls flat when confronted by the cold facts of the situation. It is a gross underestimation to say, as Mr. Krishnamachari does, that the present economic imbalance is of a temporary nature. On the contrary, it is the outcome of not merely stagnation in the production of foodgrains but also some chronic deficiencies in the economy. It would, therefore, be unwise to impose on the country another Five-year Plan involving a capital outlay twice as large as that envisaged in the current Plan. One must also not forget in this connection the onerous defence burden the country has to carry.

Analogies are no good substitutes for arguments. Nevertheless, they serve the useful purpose of lending force to an argument. The Indian economy today is suffering from overheat. It is in the position of a person who is running high temperature. The temperature has to be brought down, before he can be given nourishing food. He has to be placed on liquid diet till then and given a period of rest before being asked to do heavy work. The Government is aware of both the malady and the remedy, but does not have the political courage to act on right lines. Instead, it is resorting to a programme of rigid controls on consumers, trade and industry. These are only palliatives and their efficacy is minimised by the lack of willing co-operation from the public. It would be a grave mistake to superimpose a massive fourth Plan on an economy that is being propped up by controls and at a time when people are groaning under the weight of high cost of living and heavy burden of taxation.

This is not a plea for slowing down the pace of economic growth. On the contrary, it is a plea for a higher rate of growth based on stability and confidence among the people. It is quite possible that food production may show a progressive increase in the coming years. One must, however, proceed not on the assumption of possibilities but on sound measures which will positively yield increases in agricultural production. Mr. Krishnamachari may be right in contending that investments in heavy industries need not stand in the way of developing agriculture, that it is incorrect to say that enough resources have not been set apart for agriculture, and that development of agriculture itself needs the establishment of some heavy industries such as steel, cement, fertilisers and pesticides. At the same time, he has to concede that, notwithstanding the attention and resources devoted to agriculture all these years, production of agricultural commodities, particularly of foodgrains, oilseeds and subsidiary foods, has been lagging far behind requirements. Further, ever since the beginning of the second Plan, prices have been going up substantially year after year and the Government has been helpless. There is nothing in its policies to warrant the hope that, in the next 12 months, it will succeed in neutralising at least the major part, if not the whole, of the 15 per cent rise in prices that has taken place in the past one year. In the name of incentives to farmers, higher prices for agricultural commodities may be perpetuated and large sums of money will be expended by way of subsidies on food supplied through fair-price shops. More wages are to be paid to workers without necessarily resulting in an increase in productivity. Thus, more and more money is being poured into the economy, while the supply of goods is not increasing correspondingly. In these circumstances, how is one to feel confident that the economy can safely stand massive expenditures of the order now contemplated for the fourth Plan period?

In a way, both Mr. Lal Bahadur Shastri and Mr. Krishnamachari are conscious of the difficulties that lie ahead and this gives room to the hope that, when the Government comes down to brass tacks of the fourth Plan, the present shortcomings in the economy will be borne in mind. In a reply to a question in the Lok Sabha on Monday this week, as to whether he had suggested postponement of the execution of heavy industrial projects, Mr. Shastri said that (*a*) plans for new projects which were of national importance such as Bokaro steel would not be slowed down, and (*b*) it would be better to concentrate attention on projects already under implementation but lagging behind schedule, in order to quicken their completion, before taking up new projects. This is undoubtedly a sensible approach. Similar instances can be found, if one carefully reads the speech of Mr. Krishnamachari. In one place, for instance, he said:

"... to a much larger degree than in agriculture, the shortage of foreign exchange has been an inhibitive factor in the growth of industrial production. From this point of view, efforts have to be made in the following directions:

1. Complete the programmes in hand and secure as much output from each of them as possible.
2. Utilise idle capacity by augmenting supplies of required components and materials to existing units and giving preference to priority and essential industries, wherever the availabilities fall short of overall needs.
3. To give preference to expansion of existing units over establishment of new units wherever conditions justify; as this would help to secure additions to capacity with minimum investment.
4. In working out *inter se* priority between schemes of equal importance, to give preference to fast maturing schemes over those which are likely to have longer gestation periods.
5. Similarly, in the case of industries which offer export possibilities or import substitution, they would get preference over others not similarly placed."

If the same pragmatism that is apparent in the foregoing extract is displayed in regard to other aspects of the fourth Plan also, as, for instance, low-cost large-scale production of consumer goods *versus* decentralised production which is subsidised in some form or other, and if the attention paid to agriculture is more productive than has been the case so far, the desired rate of economic growth, namely, 5 to 6 per cent per annum, can be attained with a much lower level of capital outlay than the one now talked about.

Contents

	PAGE
LEADING ARTICLES—	
Approach to Fourth Plan	529
Mills *versus* Powerlooms	529
The Tory Manifesto	530
MARKET GOSSIP	531
THIS WEEK'S SURVEY	534-535
TREND OF SHARES	567
SPECIAL FEATURES—	
Delhi Letter	532
U.P. Letter	536
Manchester Letter	542
Business News from Europe ...	550-551
Against State Trading in Food ...	552
Oil Pricing in Perspective	554-555
MONEY AND BANKING	538
TEXTILES	540-541
COTTON	544
ENGINEERING	546
NEW PRODUCTS AND PROCESSES	547
COMMERCE AND INDUSTRY	556
LABOUR	557
COMPANY MATTERS	558-561
NEWS IN BRIEF AND PERSONAL	563
TREND OF MARKETS	564-566
MISCELLANEOUS STATISTICAL INFORMATION	568
STOCK AND SHARE QUOTATIONS	569-576
WEEK'S STOCK EXCHANGE TREND	576

MILLS *Versus* POWERLOOMS

IT looks as though the Powerloom Enquiry Committee (Chairman: Mr. Asoka Mehta) had decided on its recommendations even at its first meeting (held on 4th and 5th February 1963) shortly after it was constituted by the Government of India on 8th January 1963. How else is one to explain the utter disregard shown by the Committee to the sound advice on the future set-up of the cotton textile industry given by many who have an intimate knowledge of the industry in the course of both written re-

presentations and oral evidence? The Committee is so heavily biased towards the decentralised sector (the handlooms and the powerlooms) that it has completely overlooked the economics of the mill sector. The Committee wants the reservation of the entire additional cloth production (amounting to about 2,500 million yards) during the fourth Plan period for the decentralised sector, by freezing the mills' weaving capacity at the existing level, after taking into account the additions already agreed to. Not only that. The Committee also wants a freeze on the mill output of *dhotis* and *saris* at the 1963 level and the exclusive reservation of all coloured *saris* production for the handlooms. What is worse, it has urged further restrictions on processing capacity in mills and favoured certain measures which would virtually impose a ceiling on their spindleage too. These recommendations are, to say the least, deplorable and, if implemented, will (1) deny the consumers the freedom of choice and the opportunity of getting good quality cloth at an economic cost, (2) endanger the exports of cotton textiles, and (3) ensure a closed market for the existing textile mills which is the surest way of allowing them to become inefficient, irresponsible and unenterprising. It is, indeed, surprising that a prominent millowner of India, Mr. G. K. Devarajulu Naidu, who, incidentally, is the Deputy Chairman of the Indian Cotton Mills' Federation, should have associated himself with the other members of the Committee on the issue of curbs on mill sector.

The reasons adduced by the Committee in support of its recommendations are unconvincing. Let us see what these reasons are. The Committee points out, for instance, that the dominant position occupied by the mill industry for the supply of cloth to consumers in the country has not always helped in *stabilising* (italics ours) cloth prices. Who is it that is to be blamed for this state of affairs? It may be that some mills here and there have off and on put up prices to levels unrelated to their production costs. But it would be uncharitable to give a bad name to the industry as a whole and hang it. If the industry had not been saddled with too many restrictions by the Government on expansion, modernisation, rehabilitation, production and marketing (in some periods), it would have been in a much stronger position than it is today to make available for domestic consumption plentiful supplies of cloth at economic prices and to compete effectively in world textile markets. It is thus the powers-that-be who are responsible for the lack of stability in the textile markets.

In suggesting further curbs on the mill sector, the Asoka Mehta Committee forgets that such curbs, which, in effect, mean a sheltered market for the mill industry, may induce a number of units to indulge in malpractices, with the result that the interests of consumers will be at stake. If the Committee thinks, as, indeed, it does, that "the entry of the decentralised sector in a big way in the supply of cloth should serve to exert a healthy influence to the advantage of the consumers," it is sadly mistaken. Whatever be the official measures of support and encouragement, the powerlooms will not be able to serve the interests of consumers as efficiently as the mills. The cloth produced by powerlooms is less durable and more costly than that produced by the mills. The Committee itself admits that, with the growing preference of consumers for better quality processed and finished cloth, the marketability of cloth depends to a large extent not only on the fineness of the texture but also on its finish brought about by the different methods of processing—dyeing, printing, sanforizing, etc. Further, powerlooms' contribution to the Treasury can by no means be as significant as that of the mills. In any case, by no stretch of imagination can they be as efficient a producer of cloth as the mills. In fact, the Committee itself has admitted that the overall production and marketing disability suffered by the powerlooms *vis-a-vis* the mills is of the order of 18 per cent. It must be much more if what the millowners say is nearer the truth.

In saying all this, we are not holding any brief for the mill industry; we are really concerned with consumers and the need for building up a strong and sound economy without which political independence will become a sham. The continuously rising trend of population, the increasing purchasing power in the hands of people and the exigency of earning maximum foreign exchange through exports are bound to exert a considerable upward pressure in the demand for cloth in the coming years. The Asoka Mehta Committee fervently hopes that the entire additional demand for cloth can be fully met by the decentralised sector. As experience in the past ten years has shown, this is a vain hope. If the Government accepts this finding and gives effect to the suggestions made by the Committee, we can safely predict now that there will be a virtual cloth famine in the country towards the close of the fourth Plan period, that is, during the year 1970 and early 1971.

The powerloom sector does have a positive and definite role to play in future. But its development should not be fostered at the cost of the more efficient mill sector. Indeed, there will be no need for doing so, since there will be enough market for both the mills and the powerlooms in the years to come. In any case, it will be clearly wrong to compel consumers to buy more and more of cloth produced in the decentralised sector and less and less of cloth woven in the mills. Why should the consumers be denied the freedom to buy the cloth of their choice (consumers' sovereignty, as economists describe it) when the country is blessed with the necessary raw materials, skilled labour, and experienced entrepreneurs? What an irony that, while this country is sending out teams to help the Africans and other Asians to install modern mills with up-to-date equipment (we are not against this move), the people of this country should be asked to be content with cloth produced on looms which are certainly out of date!

While saying that the large-sized composite mills, equipped with modern spindles, automatic looms and other up-to-date machinery, are capable of meeting a significantly large part of the expanding demand for cloth (for both domestic consumption and export) at an economic cost, we are not oblivious of the fact that the decentralised sector also will continue to play a significant role as the supplier of piece-goods, *provided it is placed on a sound and viable footing.* The proviso here is very important. The productivity of the handloom industry is very poor and so the earnings of those who are dependent on it for their living are extremely low. Indeed, the handloom industry continues to be a sweated industry. If the lot of weavers is to be improved, it is imperative that as many handlooms as possible are converted into powerlooms. On this aspect, we shall say the Asoka Mehta Committee has been more forthright than even the Kanungo Committee in 1954 and its recommendations deserve to be welcomed. Unless, as a matter of policy, the Government embarks on a large-scale scheme of giving the handloom weavers a more efficient instrument of production to improve their lot, the Committee observes, the efforts and moneys spent from the exchequer for the different measures of amelioration of the condition of weavers would largely be set at naught.

A systematically phased programme for conversion of handlooms into powerlooms, it will be recalled, was first evolved by the Kanungo Committee and the scheme was included in the second Plan. But the implementation of the scheme was haphazard and, in 1961, the scheme itself was abandoned following the coming into existence of a large number of unauthorised powerlooms in contravention of the restrictions placed over the acquisition or installation of powerlooms. The Asoka Mehta Committee has done well to urge the revival of the scheme with larger financial assistance for meeting outlays on installation and working capital requirements. If this and other recommendations of the Committee are vigorously implemented, there is no reason why the transformation of handlooms into powerlooms will not take place "effectively and in a meaningful and satisfying manner." Care must, however, be taken to see that the assistance rendered by the State and other organisations is used properly. It is necessary to stress this point because there are reports of several instances where the money obtained by weavers has been utilised for purposes other than the creation of improved production facilities. There are also instances of assistance having been given to fictitious weavers.

The speedy implementation of the conversion scheme as envisaged by the Asoka Mehta Committee, together with the Committee's suggestions covering the pattern of growth, processing facilities and excise duty (details are given elsewhere in this issue), will make the powerlooms a viable sector of the cotton textile industry. The powerloom industry, which enjoys certain distinct advantages over both the mills and the handlooms, can certainly be made to stand on its own feet, without being a heavy burden on the mill sector or the public exchequer as the handloom sector has continued to be.

THE TORY MANIFESTO

THE British Conservative Party, in its stentorian manifesto for the General Election scheduled to be held in about three weeks from now, has extensively stolen the Opposition thunder—even to the point of appropriating the title of Labour leader Harold Wilson's book, *Prosperity with a Purpose*. The Conservative manifesto has held out the promise of "a planned increase of production, a planned expansion of exports, a planned application of science to industry and a planned new deal in social security" and, in so doing, has sought to distinguish its concept of *planning* from Labour's ideas thereon. This may not be a case of 'distinction without a difference,' for, while acknowledging that "all human activity involves planning," the manifesto proceeds to ask the black-or-white question whether national planning is to be done "by compulsion or by consent." The Conservative answer is that the kind of centralised and directed planning visualised by Labour would be "incompatible with the opportunities and responsibilities of a free society," that "a democratic country as mature as ours must be self-disciplined and not State-controlled, law-abiding without being regulation-ridden co-operative but not coerced," and that the National Economic Development Council created by the Conservative Government "gives reality to the democratic concept of planning by partnership." The implication here seems to be that the Labour concept of planning is somehow "undemocratic," and this may strike one as a pretty serious charge against a party of democratic traditions in "a democratic country as mature as Britain."

Be that as it may, the immediately relevant point is that the Conservative manifesto offers Britain a sophisticated liberal-conservative choice, based on a dynamic concept of "property-owning democracy" and involving a planned and measured extension of the Welfare State programme. What lends substance to the Conservative concept of "property-owning democracy" is easily told. In the first place, there is the priority proposed to be given to a policy for economic growth at "a steady four per cent per year." There is also the promise of measures to stimulate industrial competition and prevent earnings from outpacing productivity, so as to exert a downward trend on prices and thereby ensure "sustained growth without inflation." Further, the manifesto pledges continuation of fiscal, financial and other incentives for modernisation of British industry through innovation and automation and adds significantly that a system of free competitive enterprise alone is best suited to provide that flexibility and that response to new ideas and requirements in a rapidly changing world of industrial technology. The proposal to complete the denationalisation of steel is of a piece with the Conservative faith in competitive private enterprise.

It is the Conservative Pary's intention to stimulate the forces of competition, which make for efficiency and bring down prices, in private industry and trade. Noteworthy, in this connection, is the specific pledge to strengthen the Monopolies Commission, speed up its work and enlarge the Government's powers to implement its recommendations, as also to deal effectively with any merger or take-over bid likely to lead to harmful monopoly conditions. A related promise is to reform the Companies Act further for giving added protection to investors in the light of modern developments. New incentives for securing a still higher volume of savings (both corporate and individual), further encouragement to the present efforts for widening the field of share ownership, active steps to increase home ownership which now covers 44 per cent of families, large-scale building of new roads to provide for the increase in private motoring which prosperity brings, continuation of the Farm Improvement Scheme and the Small Farmers Scheme for modernisation of farming—all these lend further substance to the Conservative concept of "property-owning democracy." It may be noted, in passing, that many of the liberal reforms, proposed in the manifesto to impart dynamism to "property-owning democracy," would not have been canvassed by the Conservative Party but for the challenging impact of Labour's radical ideas and the misuse of freedom by a section of business community during the last thirteen years of Conservative rule.

The Conservative commitment to the Welfare State programme has, however, never been in doubt. It is, therefore, not surprising that the manifesto has spelt out several measures for using the growth of wealth to expand opportunities for the young through education or training, to safeguard and expand employment, to increase insurance benefits during the period of unemployment, to provide more generously for the old and the sick and the handicapped under the social security arrangements, to implement a hospital plan for enabling "every man, woman and child in the country" to have the best medical treatment, and to increase the facilities for rest and recreation. All these measures are doubtless calculated to enhance the security and well-being of the individual and, thereby his dignity, even as the proposed measures for strengthening "property-owning democracy" are designed to give greater reality to the concept of individual liberty. The Conservative manifesto is thus logical, in its own way, in claiming that its plans and programmes are in pursuance of the consistent Conservative policy of upholding "the British way of life, centred upon the dignity and liberty of the individual," and of creating "a social and economic climate in which men and women can develop their personalities and talents to their country's benefit as well as their own."

While the Labour manifesto, too, has promised greater and fuller security for the individual and recognised the need for ensuring that the growth of Government activity does not infringe the liberties of the subject, it has, in its own logical way, characterised Conservative goals as smacking of "dreary commercialism and personal selfishness." On the plane of individual and social morality, Conservative goals have been assailed by Labour on the ground that "the morality of money and property is a dead and deadening morality" and that, in its place, there is need to "reassert the value of service above private profit and private gain." Which type of morality, Conservative or Labour, is preferable will, of course, be decided shortly by the British electorate. For us, in India, this moral controversy does not have the same meaning as it has in Britain, for an average Indian, lacking the kind of individual economic security and well-being that an average Briton has, may well wonder whether the inter-related and complementary democratic ideals of liberty, equality and fraternity are not poorer to that extent in this country.

On regional planning, the Conservative manifesto seems to be no less sound than that of Labour. The goals of the Conservative programme, in this connection, are expansion of employment prospects, optimum use of national resources and even spread of prosperity throughout the United Kingdom. This programme, it is said, combines the provision of better communications, up-to-date social services and improved amenities with generous inducements to build new factories, install modern equipment and provide fresh jobs where they are most required.

On the subject of balance-of-payments, the manifesto concedes that the commitment to an annual growth rate of four per cent would involve a high level of imports and, therefore, necessitate a high level of exports, too. From the long-term point of view, what the Conservative manifesto says here is no different from that of Labour, for both are agreed on the need for steady long-term economic expansion. But, from the short-term point of view, the Conservative manifesto is rather complacent, in that its readiness to draw on reserves till exports balance with imports and its reliance on the new arrangements with the I.M.F., the European banks and the United States to strengthen the defences of sterling against speculative attack may not be of much avail. For, in the absence of a steady four per cent rate of growth so far, Britain's balance-of-payment deficit is currently running at an annual rate of £350 million, as against the gold and dollar reserve of £925 million, and, if this trend continues in the short-term, the consequent pressure on sterling may put a brake on the Conservative goal of growth at four per cent. If the Conservative *laissez faire* approach to Britain's foreign trade is not to fail completely, freer and wider world trade and an improved world monetary system to sustain it must become realities. That way both Britain and the developing countries, especially those of the Commonwealth, will equally benefit. But that prospect is not too near to enable the developing countries to manage with the present, or a lower, level of British aid. Of course, the Conservative manifesto states that, "as the British economy expands, so the level of aid will progressively rise." But, in this as in everything else, much will depend upon the Conservative Party's ability (?) to accelerate domestic economic growth and sustain it at the rate envisaged, if it is returned to power. The question mark here will apply equally to Labour in the event of its possible victory at the hustings.

MARKET GOSSIP

Company Law Changes

THE Companies Act Amendment Bill introduced in the Lok Sabha on Monday the 21st inst., has not so far caused any great excitement in the corporate sector. This is not surprising, because, in the first place, many of the changes are of minor importance and, secondly, they had been widely anticipated before. The Union Finance Minister had stated on more than one occasion in the past that the Government would amend the Companies Act in the light of the recommendations made by the Daphtary-Sastri Committee based on the findings of the Vivian Bose Commission. Moreover, the enlightened sections of the business community recognise the need for eliminating some of the malpractices indulged in by a section of the corporate sector.

No one can take any exception to the change proposed in the Bill which makes it an offence to apply for shares in the name of fictitious persons or to allot shares to such persons. Clause 8 of the Bill says: "Any person who makes an application for acquiring or subscribing for any shares therein or otherwise induces a company to allot or register transfer of shares therein to him or any other person in a fictitious name shall be punishable for a term of imprisonment which might extend to five years." Beneficial holdings above five per cent should be disclosed, so that the names of real holders of such shares, as distinct from those of the nominees by whom such shares are ostensibly held, are known. Similarly, no exception can be taken to the restrictions designed to curb the abuse inherent in the system of blank transfer, as, for instance, evasion of tax and cornering of shares quietly with a view to obtaining the controlling interest in a company. The restrictions proposed are: 1. Every instrument of transfer shall be in the prescribed form, bearing the date of issue stamped by the prescribed authority. 2. The said instrument is required to be delivered to the company within six months from the date of issue in the case of listed shares and within two months in the case of others. The time given for registering the transfers is sufficiently long as not to interfere with the forward trading in shares and healthy speculative activity.

The other more important changes proposed in the amending Bill are:

(*a*) All moneys received from applicants for shares must be kept deposited in a scheduled bank until the certificate to commence business is obtained or, where such a certificate has already been obtained, until the entire amount of the minimum subscription is received by the company. (*b*) The definition of the term "officer" will be widened to include any person in accordance with whose instructions the board or any of the directors of a company is accustomed to act (this change, it is said, will curb the tendency of appointing dummy directors on boards to implement policies of a dubious nature. (*c*) The promoters and directors of the company must ensure that the share capital reflects cash or other valuable assets and is not supported by mere book adjustments. (*d*) Inter-company loans will rank on a par with inter-company investments and will be subject to the same restrictions as the latter. (*e*) Companies will be prohibited from commencing any business not included in its objects without obtaining the prior approval of shareholders by a special resolution. (*f*) The Government will be empowered to issue necessary directions for conducting cost audit of companies engaged in manufacturing and mining activities. (*g*) No underwriting commission will be allowed on shares or debentures which are not offered to the public and a copy of the underwriting contract will have to be filed with the Registrar of Companies. (*h*) A company brought under voluntary liquidation should not be dissolved until the official liquidator has scrutinised its books and papers and made a report to the court that its affairs have not been conducted in a manner prejudicial to the interests of its members or to the public interest.

Few will question the intention of the Government to check fraudulent transactions in the private sector and use of questionable means to make personal gains at the expense of the investing public. It is, however, necessary to emphasise that care must be taken to ensure that the legitimate field of a company's enterprise and initiative is not unduly restricted or hampered.

Foodgrains Trading Corporation

Seven years have passed since the Central Government's Foodgrains Enquiry Committee, popularly known as the Asoka Mehta Committee, recommended the establishment of a Foodgrains Stabilisation Organisation, with an initial capital of Rs. 100 crores, for undertaking buffer stock operations so as to stabilise the prices of foodgrains. It was visualised by the Committee that, "whenever prices tend to fall, even if such a fall is not general but is confined to a particular locality, this Organisation should step in and start purchasing at reasonable prices" and that, "similarly, when prices tend to raise, this Organisation should sell at reasonable prices." The Committee explained further that the proposed Organisation should fix limits of prices at which it would buy or sell, within the range of prices to be fixed for its operations by the Government on the advice of a Price Stabilisation Board. The Organisation, if it began its operations with sufficient stocks at its disposal and sufficient funds to invest, was expected to become a dominant trader in the economy and thus be able to control a substantial proportion of the wholesale trade within three or four years in pursuance of a policy of "progressive and planned socialisation of the wholesale trade in foodgrains." As if to clinch the whole thing, the Committee finally emphasised that, "until there is social control over the wholesale trade, we shall not be in a position to bring about stabilisation of foodgrain prices." It would thus appear that the Asoka Mehta Committee had thought of the Foodgrains Stabilisation Organisation not as an end in itself but as a means to another end, namely, socialisation of wholesale trade.

This is the background against which the Government's current proposal to set up a Foodgrains Price Stabilisation and Trading Corporation, with a capital of Rs. 100 crores, should be viewed. The immediate question that arises is whether this proposal, ostensibly in pursuance of the Asoka Mehta Committee's recommendation, is meant to achieve the ultimate objective of "socialised wholesale trade." Of course, this objective has not been specifically included in the reported objects of the Corporation. These, incidentally, are:

(1) Ensuring fair price to the grower and making available foodgrains at reasonable prices to the consumer.

(2) Encouraging production of foodgrains by financing crops by giving guarantee on behalf of growers and by providing facilities like fertilisers, sprays and crop insurance.

(3) Conducting and encouraging research in increasing yields, prevention of losses by insects, pests, etc.

(4) Carrying on research on farm management in order to increase the efficiency of the grain growers.

(5) Encouraging mechanisation and application of modern science and technology to foodgrain production.

(6) Encouraging subsidiary foods, such as poultry, fruits, vegetables, fish and meat and taking steps to increase their production and consumption.

(7) Providing proper storage facilities.

(8) Organising and financing super markets and retail distribution to reduce costs to consumers.

(9) Encouraging and undertaking all kinds of food industries, including packing, preserving and processing.

(10) Taking positive steps to ensure balanced consumption of foodgrains.

(11) Running Corporation's own transport.

(12) Undertaking procurement, wherever and whenever necessary.

It will be seen from the above list of objects that only (1), (7), (8), (11) and (12) are directly relevant to trading and pricing. The other objects point to possible activities on a wide front ranging from agricultural production to food industries. Apart from the question whether it would be prudent and practical to entrust the Corporation with these additional responsibilities which could be better discharged by existing institutions, there is the consideration that, if the Corporation is to function effectively as a price stabilisation organisation, it cannot, in fairness, go beyond buffer stock operations and limited trading. It may be that, since there is no specific mention of possible socialisation of the entire wholesale trade, the Corporation's trading and stabilisation operations will only be of a limited character. In fact, it is stated, the Corporation, which is likely to begin functioning, under a separate statute, in January 1965, will operate initially for the purchase of rice only in the southern States, progressively step up its purchasing operations in other areas, eventually handle imported foodgrains and assume responsibility for providing adequate supplies to fair-price shops. But, unfortunately, the Union Food Minister has recently hinted at the possibility of the proposed Corporation ultimately taking over the entire foodgrains trade in certain circumstances. And he has also just told the panel of experts in agricultural administration that the Corporation will have the power to requisition foodgrains from the wholesalers. The Federation of Foodgrain Dealers' Association is, therefore, understandably perturbed over the ultimate goals of the Corporation. Whether these goals involve complete socialisation of the wholesale trade in accordance with the Asoka Mehta Committee's ideas should be clarified, so that all concerned—wholesale trade, public, press and Parliament—may have a clear picture of the Corporation's character before they support or oppose its constitution.

Raising Jute Yield

India's jute industry is predominantly an export industry, in that nearly three-fourths of its total output is sold abroad. Of the 1.33 million metric tons of jute goods produced during the financial year 1963-64, actual shipments amounted to 913,000 tons. Indeed, the industry surpassed the third Plan export target (900,000 tons) in the third year of the Plan itself; the actual output in 1963-64 also exceeded the target of 1.3 million tons fixed to be achieved by 1965-66. Creditable though the export performance is, it should not, it must be emphasised again and again, engender any sense of complacency. For competition from the Pakistan jute industry, which enjoys several distinct advantages, especially direct export subsidy and higher yield per acre, is tending to be keener and keener. At the same time, there is the growing competition from alternative packaging materials. Bulk handling methods, too, are becoming popular.

Judged against this background and in the context of the continuously rising domestic demand for jute goods—the total demand is expected to be around 400,000 tons by the end of 1965-66—

DELHI LETTER

TAKE-OFF INTO SUPERSONICS

ECONOMIC TIES WITH ASIAN AND AFRICAN COUNTRIES BEING STRENGTHENED

From Our Special Correspondent

NEW DELHI, 22*nd September*

THE Soviet promise to assist India in building the controversial Bokaro steel plant undeniably was the biggest foreign aid coup in the twilight of the Nehru era; and Indian Defence Minister Y. B. Chavan's successful negotiations for Soviet aid to strengthen the Army, the Air Force and the navy no doubt are a diplomatic stroke strengthening the hands of the Shastri regime. In May last, Mr. Chavan was able to persuade the American Administration to underwrite the bold Indian concept of a five-year defence programme launched in April 1964. Now the Russians have also agreed to come in in force to bolster the Indian defences against China. The American and British assurances of defence assistance are circumscribed by repercussions on Pakistan and the pressures to solve the Kashmir dispute between India and Pakistan. But, in the case of Soviet aid, the concept of military assistance is less inhibited. The Soviet Union is on the side of India in the dispute with both Pakistan and Communist China.

For the first time, the Defence Minister has unfolded the details of the five-year defence plan; since this defence plan has been discussed freely with the Americans, the British and the Russians, there was no purpose to be served by not taking the Indian Parliament and public into confidence. The discussions on Bokaro and the negotiations on air defence hardware have several parallels. In both instances, Delhi first turned to Washington; the Indian Government looked to Moscow only after it had been turned away at the portals of the U.S. Government. Both in Bokaro and in the projects to build supersonic aircraft, the technical problems also have been similar. Mr. Chavan has all but admitted that one reason for the delay in the M.I.G. projects has been the inadequate Indian reading of the technical capacity at home.

Agreement with Russia

The agreement now negotiated with the Russians provides the supplementary details to the agreement in principle made with the Russians in August 1962, when Mr. V. K. Krishna Menon was the Indian Defence Minister. It is now clear that the manufacture of M.I.G. completely with indigenous skill and materials will come at a much later stage than originally envisaged by some Indian experts. First, the Russians will supply M.I.G.-21 fighters for three squadrons. The Defence Minister did not specify the total number of M.I.G. planes which the Russians will supply, but the Indian Air Force fighter squadrons now normally have twelve planes *plus* four in reserve. This makes a total of forty-eight M.I.G. fighters for three squadrons. The Russians have already supplied six and another six are being delivered under an earlier agreement. Two M.I.G. planes were lost in an accident and the Russians have promised to replace these. Thus, the Russian supplies under the new agreement will cover thirty-eight M.I.Gs. for operational duty *plus* six for training. The Defence Minister also did not specify the price at which the M.I.Gs. are being bought and one reliable unofficial estimate is that each M.I.G will cost Rs 50 lakhs, *plus* extra for spare parts. The Air Force will also receive twenty MI-4 helicopters. Sixty M.I.G. planes are to be built in India, using sub-assemblies and equipment wholly supplied by Russia.

The Minister for Defence Production, Mr. A. M. Thomas, makes it clear that the detailed agreement which speeds the M.I.G. projects will not in any way affect the Defence Ministry's programme to go ahead with the programme to develop the Marut Hindustan Fighter 24 into a plane capable of Match II performance. The search for a suitable engine will go on. Rolls Royce is said to have developed an engine which can be married into the HF-24. M.I.G. missiles may also be adapted for the HF-24.

Apart from political considerations, American expert opinion seems to hold on to the view that, in the present state of economic and technical development, India will not be in a position to undertake two supersonic schemes side by side. Mr. Chavan has endeavoured to explain how the non-aligned stance of the Indian Government has enabled him *woo* and *win* over both Washington and Moscow. However, the final plunge into the M.I.G. deal may have repercussions in the U.S. Congress. American financial commitments have been specifically disclosed; Mr. Chavan mentions only the current fiscal year partly because of the American elections but the total is expected to be a minimum U.S.$50 million grants *plus* U.S.$60 million credits for defence purchases each year for five years. Mr. Chavan did not specify the actual amount involved in the arms deal with the Soviet Union, but other sources place it at between Rs. 70 and 75 crores. About seventy light tanks which are to be supplied for the army may cost about Rs. 5,00,000 each.

It is understood that Mr. Chavan has been able to negotiate better terms than, for instance, the Indonesians have been able to obtain. The period of repayment is said to be ten years and the rate of interest as low as two per cent. The repayment is to be made in rupees, or in other words through increased Soviet purchases of Indian goods.

It is relevant to calculate the total repayment commitments as a result of the economic and military assistance from the Soviet Union. Economic assistance so far firmly offered by the Soviet Union adds up to nearly Rs. 385 crores. There have been six credits: Bhilai steel project credit of 2nd February, 1955, for Rs. 64.74 crores; credit for industrial projects of 9th November, 1957, for Rs. 59.3 crores; credit for drug projects of 29th May, 1959, for Rs. 9.52 crores; first credit for third Plan projects of 12th September, 1959, for Rs. 178.58 crores; the Barauni oil refinery credit of 28th September, 1959, for Rs. 11.91 crores; the second credit for third Plan projects of 21st February, 1961, for Rs. 59.53 crores. From these loans the value of contracts placed by the end of 1963 was more than Rs. 272 crores; the actual amounts drawn until the end of last year as a result of deliveries of equipment and provision of technical services were around Rs. 194 crores.

The aid from Russia for the first one-and-a-half million tonne stage of the Bokaro steel plant will be specified after the detailed technical discussions now under way. It is, however, estimated by non-Russian steel experts that foreign aid for the Bokaro plant will not be less than Rs. 150 crores. When Mr. Anastas Mikoyan halted in Delhi in June soon after Mr. Nehru's death, Indian Ministers hoped that he would agree to Russians announcing in advance the amounts of Soviet aid that would be available for the fourth Plan period, 1966-71. While the third Plan was being prepared, the Russians announced their first credit offers nearly one and a half years before the Plan was scheduled to start. But this time the Russians have frankly told the Indian Government that the aid offers for the fourth Plan will be made only about the time the next Plan begins.

On the basis of offers already firmly made, including help for Bokaro construction, the total Soviet commitments are more than Rs. 630 crores, if one were to take Rs. 20 to 25 crores as the amount of earlier military assistance, made before the current M.I.G. and helicopter supplies deal negotiated by Mr. Chavan. The credit for the drugs plant was to be repaid in seven years; other economic development credits are to be repaid in 12 years and carry two and a half per cent annual interest. The totol repayment commitments will be an annual Rs. 60 crores within the next few years. This repayment has to be by the creation of a trade surplus with the Soviet Union. Russia's capacity to buy India's traditional goods like jute and textile goods, cashewnuts or footwear, is limited. The Russians are not known to have been enthusiastic over some Indian machinery they have examined.

Indian exports to the Soviet Union were worth Rs. 32 crores in 1961-62 and more than Rs. 52 crores in 1963-64. On calendar year accounting, Indian exports were around Rs. 50 crores last year. Plans are to increase the total trading between India and the Soviet Union to about Rs. 170 crores this year from around Rs. 100 crores last calendar year. This would mean raising the exports to over Rs. 80 crores. In the first half of this year Indian exports to the Soviet Union rose to Rs. 33 crores, from about Rs. 20 crores in the comparable period of last year. Imports during January-June 1964 were about Rs. 32 crores, about Rs. 5 crores increase from the level in the first half of last year. A much more spectacular effort in increasing exports to the Soviet Union will, therefore, have to be made, if the loan repayment commitments are to be met during the years in the end of this decade.

African Safari

Prime Minister Lal Bahadur Shastri's first 'real' foreign trip will be to Cairo where he will be a State guest for a few days preceding the conference on non-aligned Powers. India and the United Arab Republic under President Nasser have many things in common—a slightly higher degree of industrial development than their neighbours and a common attitude to territorial aggression as a result of both countries being victims of neighbouring countries' militant attitudes. An agreement signed in Delhi this week lays down the basis for technical co-operation between the two countries for industrial ventures. Simultaneously, there is to be an attempt to increase rapidly the trade between the two countries. In the financial year 1963-64, the two-way trade between India and the U.A.R. was worth about Rs. 25 crores; this year an attempt is to be made to increase the value of trade to Rs. 45 crores.

Although the Indian Government has been a major participant in the schemes of co-operation under the Colombo Plan—the biggest donor from within the region—and has also been providing a large variety of educational facilities for African and Asian students, many of these endeavours have been decentralised among various Ministries and organisations. Mr. Swaran Singh wants to bring these efforts under central direction. (Some time ago, this correspondent wandered without success through various departments in the Secretariat trying to make an integrated assessment of India's technical assistance to various African countries.) The first few weeks in office as External Affairs Minister have been utilised by Mr. Swaran Singh in getting to know the leaders of neighbouring countries face to face. He went out of his way to give a certificate of merit to the Ne Win regime in Burma and he has initiated economic co-operation ideas in relation to Afghanistan. In Nepal, it is more a question of re-emphasising what India has been doing to improve the economic fortunes of the Himalayan kingdom.

A delegation led by Mr. D. S. Joshi, Secretary in the Commerce Ministry, has already initialed an agreement with Uganda which will pave the way for the establishment of four sugar mills with Indian assistance. The overall investment, according to the Government of India, will be between Rs. 15 and 20 crores and the initial investment between Rs. 10 and 12 crores. India hopes to supply a considerable portion of the equipment needed for these Uganda mills.

An industrialists' delegation led by Mr. A. M. M. Murugappa Chettiar is visiting Ethiopia, Ghana, Kenya, Malawi, Nigeria, Northern Rhodesia, the Sudan, Tanganyika and Uganda. Apart from efforts to expand trade with these countries, the delegation is exploring possibilities of collaboration for factories in textiles, sugar, cement, solvent extraction, toilet requisites, soap, engineering goods and fertilisers and other chemicals. Birla Brothers want to expand their textile mill in Ethiopia. Malhotra and Sons of Calcutta are setting up a razor blades factory in Ethiopia. McKenzies Ltd. of Bombay are planning a glass and paint factory in Ethiopia. In Kenya, Rachoddas Goculdas of Bombay have been granted a licence for a textile mill. Morarji Brothers of Bombay and Jay Engineering of Calcutta are engaged in planning a fertiliser unit and a sewing machine factory, respectively. Atlas Cycles are interested in establishing a plant in Uganda. The Nigerian Government has permitted the establishment of a composite industrial unit to make a variety of light engineering goods and the Indian and Nigerian partners have floated a company to promote this project. Jute and textile mills in Northern Nigeria are also under consideration with Indian investment and technical collaboration. In Kuala Lumpur, the Finance Minister, Mr. T. T. Krishnamachari, recently initiated discussions for economic collaboration between Malaysia and India. A delegation from Malaysia will soon come to this country to explore avenues of technical and industrial cooperation. It will thus be noted that the Shastri regime is taking active steps for winning the friendship of all the neighbouring countries, wherever possible.

MARKET GOSSIP

(*Concluded from previous page*)

the industry will have to gear itself to the task of maintaining output at as high a level as possible. The level of output will, however, depend on the availability of adequate supplies of quality jute at a reasonable price. Increase in raw jute production must be achieved largely through intensive development, the scope for which is pretty vast. Despite all the efforts of the Governments (Central and State) during the last fourteen years to step up productivity, the average per acre yield of jute and mesta has remained at about 2.5 bales, as against the average of 3.5 bales obtained in Pakistan and 4.0 bales in Thailand. Unless the average yield is raised to at least 3.5 bales per acre, it would be very difficult for the jute industry, as the Indian Jute Mills Association (I.J.M.A.) rightly points out in the course of a statement issued to the Press this week, to face growing competition in foreign markets and it would be equally difficult for jute cultivators to enjoy a rising standard of living.

It is, therefore, gratifying to find that the jute development work undertaken by the Indian Jute Mills Association since 1961 has progressed very well. Instead of diffusing its energy over wide areas on small plots, the Association has taken up large compact jute growing areas ranging from 150 to 300 acres and given guidance to all cultivators on these blocks to adopt intensive methods of jute and mesta growing. The cultivators are also provided with implements, improved seed, and plant protection chemicals and equipment. Further, they are encouraged by means of a subsidy to apply nitrogenous fertilisers. The quality seed for improving the crop is sold though the Association's seed multiplication and distribution organisation.

Starting with only nine intensive development blocks in W. Bengal, the scheme now covers seventeen blocks in operation. Lately, it has been extended to the other jute growing States too, that is, Bihar, Assam, Uttar Pradesh, Orissa and Andhra Pradesh. In the Nadia district of W. Bengal, the average yield of the block exceeded five bales per acre last year, as against the average yield of three bales for the whole district. A similar yield is expected this year in spite of adverse weather conditions. In the Murshidabad block, where the soil is said to be comparatively poor, yields amount to about 3.97 - 4.60 bales per acre, as against the district's average of only 2.75 bales. After demonstrating intensive cultivation, the Barmauki block in the Purnea district of Bihar has improved its average yield to 3.69 bales per acre. The Balajan and Nowgong blocks in Goalpara and Nowgong districts in Assam have also recorded higher yields. Even in Andhra, where the intensive method of cultivation was put into operation only last year (1963), the average yield per acre has gone up by 0.7 bale as compared with the average for the State.

Apart from increasing the acreage yield, the method of approach adopted by the Association has aroused the interest of cultivators in the 'yield' problem and each intensive cultivation block, it is claimed, has become an organic unit for further expansion with the initiative generated by the cultivators themselves. The cultivators of some of the blocks, we are told, are now forming their own Jute Development Committees for propagating the gospel of intensive cultivation amongst their neighbours. All these efforts are certainly laudable and it is to be hoped that they will be continued with renewed enthusiasm. Given such enthusiasm, there is no doubt that the country will be able to produce by 1970-71 the entire quantity of raw jute (8.0 million bales) and mesta (2.0 million bales) required to fulfil the proposed production target of 1.7 million tons for the fourth Plan.

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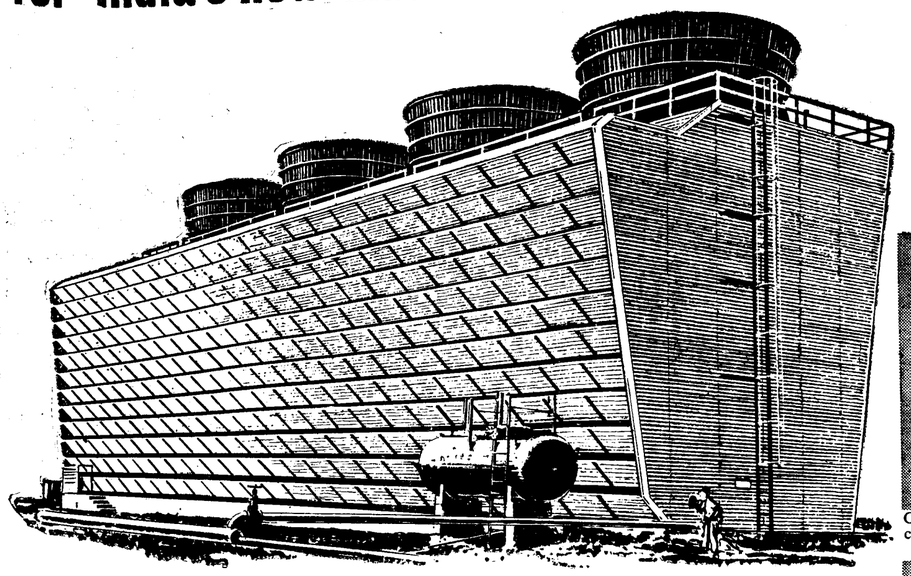
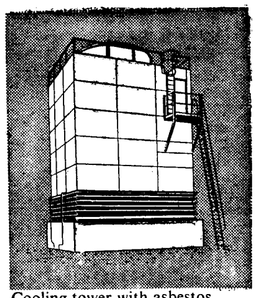
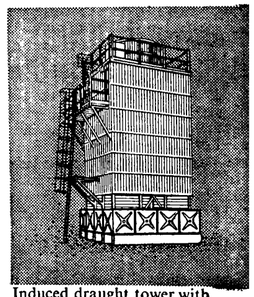


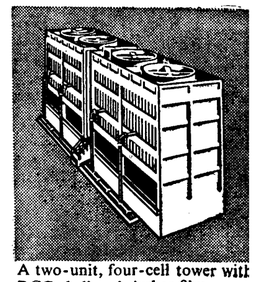
Induced draught crossflow cooling tower of timber and asbestos cement construction



Cooling tower with asbestos cement shell



Induced draught tower with timber shell



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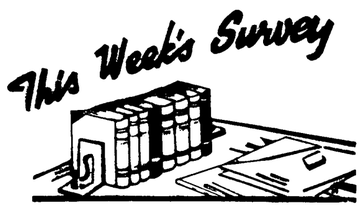


TEXTILE MACHINERY

INDIA'S textile machinery manufacturing industry has been enjoying protection for several years now in respect of major items like spinning ring frames, spindles, spinning rings, fluted rollers, plain looms and automatic looms. Thanks to this protection and the growth of demand, the industry has more than doubled, for instance, its production of spinning ring frames and looms since 1955. The output of all items of textile machinery has come to Rs. 20 crores in terms of value, as of 1963-64, and is expected to be of the order of Rs. 27 crores in the last year of the current plan. Impressive as this growth is, it should not be forgotten that the country continues to import a lot of textile machinery, especially automatic looms, for modernisation and expansion purposes. This import bill, incidentally, is to the tune of Rs. 25 crores, as of 1963-64. Broadly, therefore the aggregate intake of machinery by the textile industry (covering cotton, jute, silk, rayon and woollen mills) presently works out to an annual rate of about Rs. 45 crores (Rs. 20 crores of domestic production *plus* Rs. 25 crores of imports).

From that level to an officially estimated average *annual* requirement (or intake) of Rs. 70 crores' worth of machinery (for not only rehabilitation and modernisation but also for expansion) during the fourth Plan period does not seem to be a big jump. But it is rather disappointing to learn from the inaugural speech of Mr. T. N. Singh, Union Minister for Heavy Engineering, at the first meeting of the Development Council for Textile Machinery, held at New Delhi on the 19th instant, that indigenous industry is expected to manufacture only Rs. 55 crores' worth of textile machinery per annum, on an average, during the next Plan period. In other words, self-reliance in this field will not be achieved for another six or seven years, if no energetic and timely steps are taken by Government and industry alike to diversify further the output of textile machinery so as to cover all such items as are being imported at present. Happily, in this connection, the Union Minister himself has recognised the need for establishing the manufacture of presently imported items like draw frames, speed frames, warping machinery and winding machinery. And he has also admitted that the existing capacity for textile machinery production is not being fully utilised principally because of the shortage of raw materials (pig iron, alloy, steel, etc.) and credit facilities. His twin assurance to manufacturers that the question of adequate supply of quality pig iron would be promptly taken up with the steel authorities and that the question of financial assistance would be pursued with credit agencies like the I.C.I.C.I. and other development institutions should be welcome to industry for what it is worth.

If this assurance is implemented by the Government in due course (we have our own doubts, because almost all the plans for increasing the production of pig iron included in the third Plan have failed to materialise and no alternative means of remedying the shortage of pig iron are in sight) and if, at the same time, the textile machinery manufacturers and the textile mill owners can evolve a joint machinery for consultation and assistance, there will be no difficulty in diversifying further the machinery manufacturing programmes. For its part, the industry would also do well to pursue its scheme for setting up an institute for research in designs for textile machinery. Now that the Government itself has offered assistance in setting up a central research and development organisation which could keep in touch with the latest technology in the field of textile machinery, the industry should lose no time in evolving an improved version of its scheme in the light of the Ministry's ideas. There can be no doubt that, when a design research and development organisation begins to function, it will go a long way towards the manufacture of advanced and up-to-date types of machinery which will be increasingly required for the modernisation and expansion programmes of textile industry in the years to come. But that is not all, for the ready availability of such machinery items would also enable aspiring and enterprising Indian industrialists, to establish textile mills in some of the developing countries of Asia and Africa.

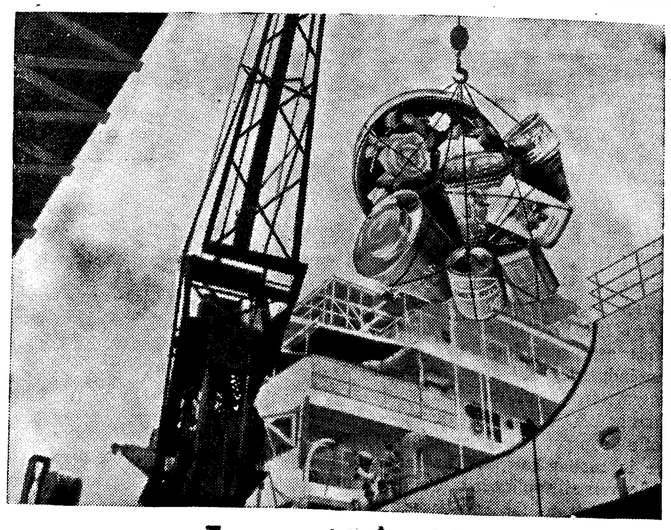
F.I.C.C.I.'S MEMORANDUM TO FINANCE COMMISSION

The memoranda submitted by trade associations and chambers of commerce to Finance Commissions are generally lengthy containing their views on the various issues referred to the Commissions and, in support of these views, copious statistical data are furnished. But the memorandum which the Federation of Indian Chambers of Commerce and Industry (F.I.C.C.I.) has presented to the fourth Finance Commission (Chairman: Dr. P. V. Rajamannar) is not so. Actually, the memorandum is brief to a degree. In the memorandum, the Federation has neither critically examined the present arrangements governing devolution of financial resources between the Centre and the States nor put forward any concrete measures for improvement. It confines itself only to certain broad features of Central-State financial relationship. One wonders whether the Federation, an apex body representing a considerable part of the business community, would and should not have enunciated, at least in broad terms, the principles underlying any rational scheme of financial devolution between the Centre and the States. By way of a general statement, however, the Federation urges that national resources "have to be assessed as a whole and allocated in an equitable manner on a functional basis." Elucidating its point of view, it says:

> "This is not to say that the autonomy of the States should be curtailed but certainly implies a co-ordinated and co-operative approach necessary for the successful implementation of the Plan. While assessing the resources and the needs, certain aspects, such as taxable capacity of different States, level of administrative efficiency and social services, and effective utilisation of funds, have to be looked into."

An important point stressed by the Federation is that the taxable capacity of States must be assessed and an appraisal made of the resources "they should be able to raise." The Federation has evidently in mind the fact that some State Governments have not cared to put in adequate effort to mobilise resources for development simply because they are sure of getting assistance from the Centre whenever their finances are in the red. No wonder there is a wide difference in the performance of different States in regard to tax effort.

The inadequate tax effort apart, there are some States which have not utilised the funds made available to them effectively. The Federation has done well to pinpoint this aspect quite forcefully. To quote it: "In the perspective of planning and our efforts to conserve resources for the best possible use, it has to be ensured that the savings of the country, which are mobilised through greater taxation and borrowing, are not dissipated over uses that do not add to the productive capacity or are outside the Plan priorities." The validity of this emphasis held good equally to both the Centre and the States. It is just as well to recall here that, during the second Plan period alone, an estimated sum of over Rs. 1,600 crores raised specifically for Plan purposes by the Central and State Governments was absorbed by non-Plan projects. No one will deny the possibility of unforeseen development necessitating diversion of resources away from Plan projects to uses outside the Plan. But within limits, utmost economy, as the Federation has stressed, must be exercised to see that the expenditures fulfil the essential targets laid down in the Plan. In this connection, the Federation has rightly emphasised that "optimum allocation of resources ensures, at the same time, that the investment financed from borrowings generates the necessary income for the repayment of loans." What the Federation means here is that, if the Finance Commission were to allocate resources to the States on the basis of their performance so far and their ability to implement plans, the outcome in terms of economic growth would be more satisfying than otherwise.



In quest of gold

More and more Indian manufacturers are today earning valuable foreign exchange by selling their products abroad. Exports of cashew nuts, fish, vanaspati, toiletries and other consumer goods in Metal Box packages alone earned over Rs 8 crores last year. That's a lot of foreign exchange, and for the nation it's as good as gold.

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The Federation has urged the Finance Commission to take a broader view of the responsibilities of the Centre and the States in regard to implementation of some of the projects, so that there may be optimum utilisation of the available resources in the country. We believe that it is this particular point which is emphasised in the following para culled from its memorandum to the Commission:

> "Much more important than the division of resources is the manner in which the resources are utilised. It will be necessary that the Finance Commission or other authorities like the Planning Commission should work out a method by which it will be ensured that the finances of the States will be rationally allocated without, at the same time, involving too much rigidity which may delay the implementation of schemes, or reduce the autonomy of the States. To a certain extent, some of the schemes like irrigation and electricity can be taken over by the Centre and operated like other public sector industrial undertakings. How far this arrangement will improve the overall utilisation of resources cannot be determined on a priori basis. The Finance Commission has to address itself to these questions, apart from the limited aspects of the distribution of finances between the Centre and the States. For it appears from past experience that prudent expenditure, both by the Centre and the States, would be of greater importance than any sophisticated arrangements for the distribution of financial resources."

Another important point made by the Federation is that the Finance Commission should specify the limit beyond which the State Governments should not levy sales tax on articles subjected to the levy of Central excise duty that is shared with the State. The levy of excise and the further levy of sales tax at a high rate by States have certainly made the cumulative effect very burdensome with adverse consequences on production and export. A specific suggestion made by the Federation in this connection pertains to the amalgamation of States' sales tax with Central excise. Such amalgamation, it is true, will ensure smooth inter-State movement of goods and reduce greatly the scope for tax evasion, since excise duty is collected at the production end, while sales tax comes into operation in the course of actual sales. But the State Governments are unlikely to agree to this arrangement, for they are jealous of their autonomy. Further, the application of this system to some of the goods (such as textiles, sugar and tobacco) has not led to contentment among States, because the revenue derived under it is less flexible than the revenue through sales tax. Appreciating this contention of the States, the Federation believes that, "if the Finance Commission can devise a system of distribution of excise *plus* such additional excise as may be levied in lieu of sales tax, which would ensure to the States an increasing sources of income, the States would be willing to consider an extension of the scheme of amalgamation." But, if this method is not to prove too onerous on consumers, it would be necessary to ensure that the rates of additional excise duty in lieu of sales tax are not fixed at levels higher than the total of excise duty and sales tax.

AGRICULTURAL REFINANCE CORPORATION

The Agricultural Refinance Corporation, which was established on 1st July 1963 for the purpose of augmenting the available medium-term and long-term resources for financing the schemes of agricultural development, completed its first year of operations on 30th June 1964. It is meant for providing financial facilities for (*a*) reclamation and preparation of land, so that facilities for irrigation, in particular, are fully utilised; (*b*) development of special crops such as arecanut, coconut, cashewnut, cardamom, coffee, tea, etc., (*c*) development of mechanised farming, use of electricity through tube-wells, pump-sets, etc. and (*d*) development of animal husbandry, dairy farming, pisciculture (including co-operative fisheries) and poultry farming. The Corporation is mainly a refinancing agency and all the State co-operative banks, central land mortgage banks and scheduled banks, which are shareholders of the Corporation, are eligible for financial assistance. Under special circumstances, finance is also made available to the other co-operative societies. The period of loan is limited to 15 years, but in exceptional cases, it may be extended to 20 years. Interest on loans is charged at 5½ per cent per annum. Under the Agricultural Refinance Corporation Act, the repayment of principal and payment of interest have to be fully guaranteed by the Government, though there is also a provision to dispense with this guarantee if other security is made available to the satisfaction of the Corporation. In order to ensure that the State Governments take a demonstrable interest in all such schemes, the Corporation insists on a 25 per cent State contribution (relaxable in appropriate cases) to the special development debentures that may be floated by the Central land mortgage banks for financing special development schemes.

During the first year of its working, the Corporation approved of four schemes of agricultural development—three in Andhra Pradesh and one in Orissa—involving a total outlay of Rs. 6.37 crores. All the three schemes in Andhra Pradesh relate to reclamation and development of land covering an area of 196,000 acres as per following details:

(In lakhs of rupees)

Name	*Area*	*Total capital outlay*	*Corporation's share*	*State Government's share*
	Acres			
K. C. Canal Scheme ..	50,000	165.00	148.50	16.50
Kaddam Project Scheme.	25,000	75.00	67.50	7.50
Nagarjunasagar Project Scheme]	121,000	365.50	328.95	36.55

The one scheme in Orissa which has received the Corporation's sanction aims at developing coconut plantations over an area of 2,000 acres. The estimated capital outlay is Rs. 32.00 lakhs, of which the Corporation's share is Rs. 28.80 lakhs. In all the four cases, the funds are being provided through the respective State Co-operative Central Land Mortgage Banks.

It will be noted that the Corporation will be extending loans aggregating Rs. 5.74 crores, equivalent to a sum of 90 per cent of the total outlay in each of the schemes and the remaining 10 per cent will be contributed by the State Governments. This means that the provision of 25 per cent of the State contribution has been drastically relaxed in all the four cases and the exception seems to have become a rule. In addition to these four schemes, some other schemes are under various stages of examination, the important among them being a land development and reclamation scheme in Madras State covering 240,000 acres involving an outlay of Rs. 10.80 crores and three in Maharashtra with a total outlay of Rs. 11.17 crores, made up of Rs. 9.66 crores for a soil conservation scheme Rs. 68 lakhs for a levelling and bunding scheme and Rs. 87 lakhs for a lift irrigation scheme The Corporation has made no disbursements so far and of its funds amounting to Rs. 10.28 crores, Rs. 8.19 crores are invested in Central Government securities and Rs. 2.00 crores are kept as fixed deposits with banks.

Due to certain difficulties felt by the plantation industry in availing of the facilities offered by the Corporation it has been decided to liberalise the terms and conditions of financing Thus, the Corporation has relaxed its insistence on Government guarantee; it has extended the coverage to include all schemes of a composite nature covering almost all the long-term requirements of plantation industry including those for housing; it is prepared to provide refinance facilities for the discharge of old debts incurred for development purposes; and it is also agreeable to the borrower shifting his bank if found inevitable. All these concessions have been brought to the notice of scheduled banks and a conference of interested scheduled banks may be held in the near future to discuss the problem of finance for tea, coffee, rubber, cardamom, etc., plantations. Further, in view of the difficulties felt by the small planters (their number is pretty large in rubber plantations in particular) to get refinance through scheduled banks, the Corporation proposes to examine whether the organisation of a separate land mortgage banks exclusively for planters would solve their difficulties. This will be part of the

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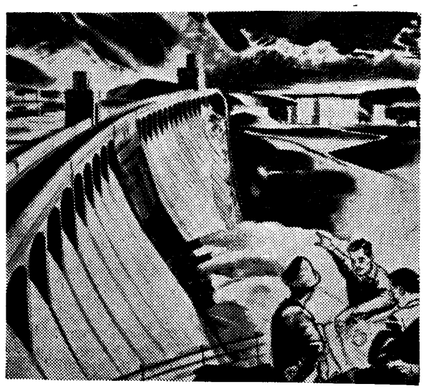
DEVELOPMENTS IN THE EAST



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U.P. LETTER

AMBITIOUS FOURTH PLAN FOR U.P.

FOODGRAINS SCARCITY CONTINUES

From Our Special Correspondent

LUCKNOW, *22nd September*

ACCORDING to the blueprint of U.P.'s fourth Five-year Plan, prepared on the basis of the recommendations of the various working groups, it would be necessary to make a total investment of Rs. 10,800 crores in U.P. in the fourth and fifth Plans—of which Rs. 5,770 crores will have to be invested in the fourth Plan if U.P.'s *per capita* income is to be raised from Rs. 468 at the beginning of the Plan to Rs. 597 at the end of it—in order to achieve an average annual rate of growth of 7 per cent. But the resources, in terms of both money and materials, available to U.P. would not permit the investment of such a huge sum in the course of the next two Plans. In view of this, it has been suggested that the total outlay in the next two Plans may be reduced to Rs. 7,000 crores out of which Rs. 2,200 crores might be invested in the fourth Plan and the balance of Rs. 4,800 crores in the fifth Plan.

But even this level of investment is excessive and the State Government would not be able to find the necessary resources, in spite of the Central Government's assistance, to achieve this level of investment in the public and private sectors taken together. Apart from the availability of resources, the question is of actually implementing the necessary schemes. The experience of the first three Plans shows that, in U.P., the actual utilisation of the allotted investment in both the sectors has been rather poor. Then there is the question of inflationary consequences of such a huge rate of investment. It is a noble desire to increase the *per capita* income of U.P. to the level of the national *per capita* income and to achieve the same rate of growth which is being planned for the country as a whole, but planning, in order to be effective, must be realistic.

Outlay

On the basis of a total investment of Rs. 2,200 crores, the State's Draft Fourth Plan provides for an outlay of Rs. 1,400 crores in the public sector, as compared with a planned outlay of nearly Rs. 500 crores in the third Plan. It is difficult to see how the U.P. Government would find the necessary resources for such an ambitious fourth Plan. It is wishful thinking that the Centre would provide 80 to 85 per cent of the total outlay proposed in U.P.'s fourth Plan. It would have served a better purpose, if the U.P. Government had drawn up a more realistic fourth Plan.

A satisfactory feature of the U.P.'s Draft Fourth Plan is that proper attention has been devoted to the primary sector of the economy consisting of agricultural production, irrigation, flood control, co-operatives, community development and *panchayats*. In the Draft Fourth Plan, power, industries and roads account for 42 per cent, and agriculture and irrigation for 36½ per cent of the total outlay as against the corresponding shares of 32 per cent and 29 per cent, respectively, in the third Plan. Although social services have not been neglected, they account for a proportionately small percentage of the total outlay than in the past. The tentative totals earmarked for the different sectors in the Draft Plan are Rs. 125 crores for agriculture, Rs. 380 crores for irrigation and flood control, Rs. 450 crores for power, Rs. 55 crores for industries, Rs. 75 crores for communications, and Rs. 247 crores for social services.

Food Situation

The food situation in U.P. continues to be difficult and the prices of foodgrains continue to rise in spite of all the efforts which the Government appear to be making. The recent floods in the eastern districts and water logging in the western districts of U.P. have made the situation worse. The U.P. Government has been relying on the monthly Central quota of 1.05 lakh tonnes of imported wheat for feeding the ration shops. But, in recent weeks, the supply of wheat from the Centre has slackened. The Chief Minister, Mrs. Sucheta Kripalani, has expressed great anxiety on the reported desire of the Central Government to slash U.P.'s quota by some 25,000 tonnes per month, as that would make the situation worse. In fact, the U.P. Government had demanded a monthly quota of 2 lakh tonnes of imported wheat and any reduction in the present quota, which is already inadequate, would make the situation worse.

The anti-hoarding order which the U.P. Government had enforced under the D.I.R. on 4th August 1964 did not produce the desired result of bringing down foodgrain prices. The administration did not make as vigorous efforts as were needed to unearth the hoarded stocks of foodgrains. It has now been decided to strengthen the civil supplies administration in the districts, especially in the five *Kaval* towns of Kanpur, Allahabad, Varanasi, Agra and Lucknow, and to improve the working of the fair-price shops.

Fair Price Shops

The Genda Singh Committee, which was appointed by the U.P. Government to enquire into the working of fair-price shops, has recommended in its interim report a radical reorganisation of the district supply offices and issue godowns and the appointment of senior civil servants as district supply officers. The existing civil supplies staff in the districts, in the opinion of the Committee, is inadequate and low paid and the profit-margin of 3.62 per cent allowed for fair-price shops is not remunerative enough and should be increased. The Committee has stressed the fact that a stricter supervision in the issue of ration cards would reduce the pressure on fair-price shops—in Kanpur, for example, a stricter supervision has actually resulted in the weeding out of some 5 lakh units which works out at nearly 25 per cent of the total number of units registered with the fair-price shops!

The U.P. Government has accepted the recommendations of the Genda Singh Committee and persons belonging to the U.P. Civil Service have been posted as town rationing officers in the *Kaval* towns. A stricter supervision is now maintained on fair-price shops. The U.P. Government has also amended the U.P. Sales Tax Act of 1948 and the system of a single-point purchase tax at the first point of purchase has been adopted in the case of foodgrains and *gur*, as against the system of sales tax at all points of sales which was followed in the past. The object of this change is to reduce the incidence of sales tax on foodgrains and *gur* with a view to helping in reducing their prices. But all these efforts have not yet produced any noticeable effect on food prices in U.P.

The Government now seems to be waiting for the *kharif* crop of coarse foodgrains to come to the market next month to ease the supply position of foodgrains. In the past, the shortage of foodgrains in the State was created, partly because the U.P. Government agreed to export coarse foodgrains, especially maize, from U.P. The Chief Minister recently announced that, in future, U.P. would not export coarse foodgrains to the other States.

Sugar Industry

The sugar industry in U.P. has not been working satisfactorily, due partly to the old and worn-out machinery in most of the units and partly to the servere competition which the *gur* and *khandsari* units have offered it. Inaugurating the annual general meeting of the Indian Sugar Mills Association (West U.P. branch) at Lucknow, the Chief Minister, Mrs. Sucheta Kripalani, urged the U.P. industry to replace worn-out and outmoded plant by new and up-to-date machinery and to start the next crushing season early, so that, in 1964-65, U.P. might be able to produce 13 to 14 lakh tonnes of sugar. But the modernisation of plant and machinery by the U.P. sugar industry involves a huge financial outlay and the availability of some foreign exchange and, unless these difficulties are solved, it might not be possible to replace the old and worn-out plant in the U.P. sugar factories.

There is more hope for the U.P. sugar industry if the suggestion of Mr. M. L. Modi, President of the Association's West U.P. branch, is accepted, that the policy of selective control on sugar should be reintroduced, under which a certain proportion of factory production might be reserved for distribution at controlled prices and the balance should be allowed to be sold in the free market. This would enable the sugar factories to meet the competition of *gur* and *khandsari* units and to effectively increase the output of factory sugar in U.P.

The Chief Minister, Mrs. Sucheta Kripalani, told the Small-scale and Cottage Industries Board at Lucknow that the production in this sector in U.P. has increased by 9 per cent, as against the all-India average of 5 per cent. These industries made a special effort in supplying defence requirements to the extent of Rs. 6.35 crores in 1963-64, as against only Rs. 3.02 crores in the preceding year. In the first three months of the current financial year orders worth Rs. 2 crores have already been secured. An important fact emphasised by the Chief Minister was that the State invested nearly Rs. 2.9 crores in 300 new units in this sector in 1963-64. The main difficulty of the industries is the inadequate allotment of foreign exchange and scarcity of raw materials, both local and imported. Although the quota of stainless steel has been increased from 17 to 107 tons and that of pig iron from 14,000 to 33,000 tons, the small-scale and cottage industries continue to suffer because of the scarcity of raw materials. The step-motherly treatment which U.P. has received from the Centre in the matter of allotment of raw materials, according to the Chief Minister, is due to a feeling that U.P. is industrially backward and does not merit higher allotment. It should, however, also be emphasised that the machinery, technique and designs used by these industries are in most cases outmoded and need to be improved, if these industries are to stand on their own feet.

Silk Filature

A remarkable event this month was the setting up at Premnagar, near Dehra Dun, of the first co-operative silk filature unit at a cost of Rs. 2 lakhs. When this unit goes into production, it would process nearly one lakh lbs. of univoltine cocoons per annum for production of high-grade silk, which is at present being imported from Japan.

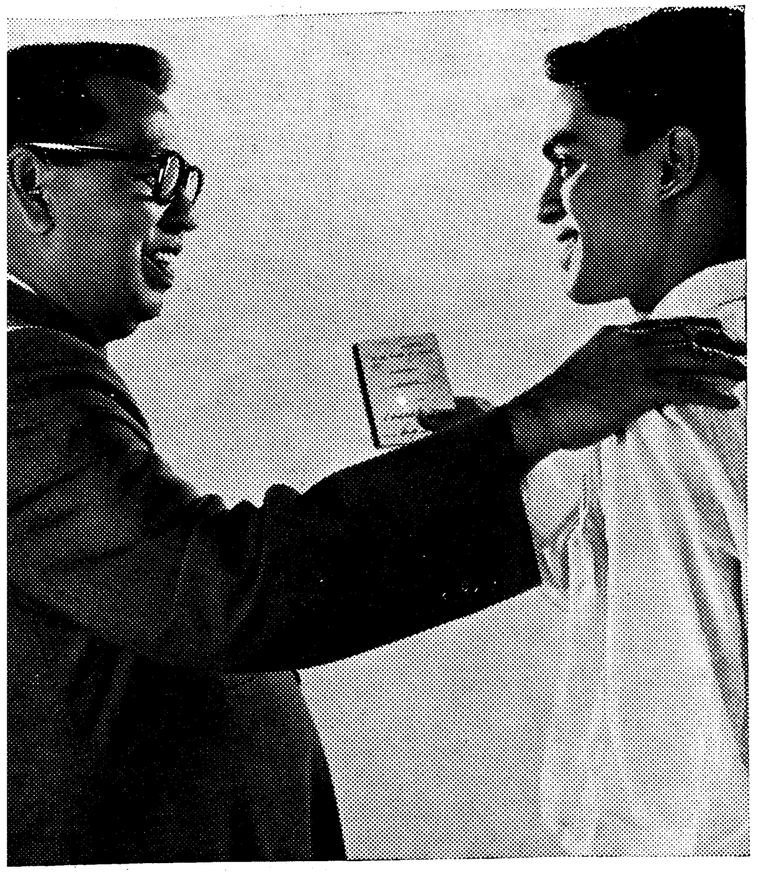
SURVEY

(Concluded from previous page)

Corporation's contemplated study of small plantations and their problems, with special emphasis on determining the appropriate agency for meeting their financial needs.

It would not be fair to the Corporation's management to comment on its performance on the basis of its first year of working. A perusal of the Directors' report and the observations of the Chairman, Mr. M. R. Bhide, suggests that the management has been active in preparing the ground for its work. A lot of touring of the country has been done to find out the problems and difficulties of agriculturists and to establish contacts. Meanwhile, it is distressing to learn from the speech of Mr. Bhide at the first annual general meeting of the Corporation, held in Bombay on Monday, 21st September 1964, that the response from the State Governments has been poor in sending worthwhile schemes for availing of the refinance facilities from the Corporation. Considering the vast potentialities for the development of agriculture and in view of the need for increased agricultural production, Mr. Bhide opined, "it is a pity that we could approve only four schemes during the first year." He emphasised that "while our officers can give the State Governments a general idea of the functions and working of the Corporation and help them in the preparation of sound schemes, the initiative in this regard has largely to come from the State Governments themselves." The Corporation has, therefore, asked the State Governments to prepare schemes for agricultural development and has suggested that Special Committees, consisting of the representatives of various concerned departments of the State Governments and the financial institutions eligible for assistance from the Corporation, may be constituted for this purpose.

The State Governments have been known for their slackness in organising and implementing agricultural development programmes drawn up by all-India agencies. The Planning Commission and the Central Government have complained about this factor a number of times. There is thus nothing new in what Mr. Bhide has stated. As a former experienced officer of Government, he has intimate knowledge of State Administrations. Probably, he also knows the ways and means of shaking them out of their lethargy.



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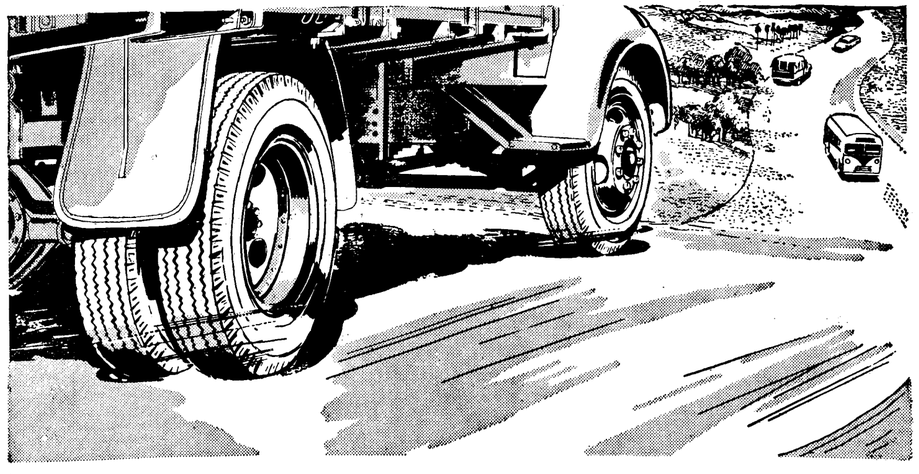

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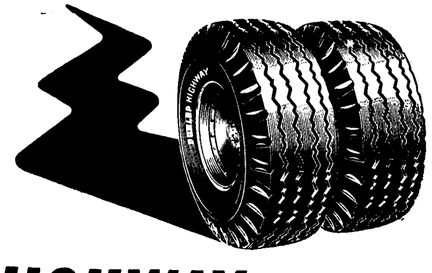

DUNLOP HIGHWAY

FOR HIGHEST MILEAGE ON LONG HEAVY HAULS

EARNINGS AND EXPENSES OF BANKS

CONSOLIDATED PICTURE OF LAST YEAR

THE *Statistical Tables Relating to Banks in India* for the year 1963 (Price: Rs. 15) presents banking statistics relating to assets and liabilities as well as earnings and expenses of commercial banks compiled from special returns based on the balance sheets and profit and loss accounts of banks. Since the information on assets and liabilities of the banks is available from the other publications of the Reserve Bank of India long before the *Statistical Tables* are published, the main interest now centres on the earnings and expenses of the commercial banks.

The *Statistical Tables* give information on bank profits and performance in two forms. Table 3 (ii) on pages 12-13 entitled "Income, Expenditure and Distribution of Profit of several classes of Commercial Banks," is compiled from the profit and loss accounts of the concerned banks and presents the consolidated totals, of profit and loss accounts, as they are published, without any processing whatsoever. The scheduled banks are classified into four categories, namely, the State Bank of India, its Subsidiaries, other Indian Scheduled Banks and Foreign Banks: non-Scheduled Banks are classified into three groups on the basis of their paid-up capital and reserves. Data are usually given for the two latest years.

The data in this table are not strictly comparable. Banks follow three different methods in the treatment of tax provisions in their profit and loss accounts. Some banks treat provision for taxation as an appropriation of the balance of profit, while others charge the tax provision to their profit and loss accounts. Most of the important banks, however, disclose their income after making a provision for taxation in the same manner as "provisions for bad and doubtful debts and other usual and necessary provisions," an arrangement permitted by the Banking Companies Act. These differences in the treatment of tax provisions amongst banks renders the various profit and loss accounts incomparable, with the result that their consolidated totals do not reflect the real position. The picture of total income or of net profits or of the provision for taxation that we get from this table is far from correct. Some idea of the extent to which it is wide of the mark can be had from the fact that provision for taxation by all scheduled banks is shown at Rs. 55 lakhs for 1962 and Rs. 42 lakhs for 1963, whereas the actual provisions for these years have been Rs. 14.63 crores and Rs. 15.70 crores, respectively. It must, however, be said to the credit of the Reserve Bank that it has made the necessary qualification about the incomparability of figures in this table in the introduction to the publication under review. But one wonders what useful purpose a table like this serves.

Tables 8(i) and 8(ii) on pages 22, 23 and 24 which show the total earnings, expenses and allocations of banks on a more realistic basis are compiled from a special return submitted by the banks. Necessary adjustments have been made in these tables, so that they show total earnings, as well as net profits *before* providing for taxation and bonus, uniformly in all cases. It is, therefore, these tables that matter most.

Total current operating earnings of scheduled banks as a whole, according to these tables, amounted to Rs. 159.07 crores, consisting of Rs. 133.99 crores of the Indian scheduled banks and Rs. 25.08 crores of the foreign scheduled banks. This represents an improvement over 1962 of 11.4 per cent from Rs. 120.24 crores in the case of Indian scheduled banks and of over 15 per cent from Rs. 21.76 crores in the case of foreign scheduled banks. In addition to the current operating earnings, the banks' earnings include gains from revaluation or sale of assets—the total earnings of scheduled banks from this source in 1963 amounted to Rs. 1.25 crore, as against a mere Rs. 20 lakhs in the previous year.

The additional income was neutralised to a great extent by additional expenses. The expenses by way of interest, commission and brokerage on deposits, borrowings and other accounts rose from Rs. 55.87 crores in 1962 to Rs. 61.86 crores in 1963. This represents a rise of 13 per cent in the case of Indian scheduled banks and 17 per cent in the case of foreign banks.

The interest charges constitute 39 per cent of the total operating earnings of Indian and foreign scheduled banks alike. There is, however, a significant difference in the composition of the interest expenses in each case. The bulk of the expenses in the case of Indian scheduled banks represent the cost of interest on deposits and only a minor portion represents the cost of interest on borrowings. In the case of foreign scheduled banks, cost of borrowings constitutes almost one-third of their total interest expenses, the other two-thirds being the cost of deposits. This difference explains the fact that foreign exchange banks are much more active in the inter-bank call money market: it also explains the relatively greater eagerness of foreign exchange banks to bring down the rate of interest on the call money deposits. The other Indian banks, particularly some of the bigger banks and the bulk of the smaller banks, who play only a minor role in the call money market are understandably reluctant to give any competitive advantage in the cost of deposits or borrowings to the exchange banks. There is, however, no doubt that the question of call rates will have to be reconsidered again by the bankers, since the Governor and the Central Board of the Reserve Bank have thrown their weight in favour of the lower call deposit rates.

Another important factor regarding the structure of interest rates in 1963 is the fact that banks raised the rates of interest earned on advances but held down the cost of deposits: this widening of interest differential was a major factor in the improvement of bank earnings in that year. It is seen from the *Statistical Tables* that, at the end of December 1963, 33 per cent of deposits were at a rate of interest below 3 per cent and 27 per cent of deposits at zero interest, as against 36 per cent and 19 per cent, respectively a year before. Similarly, 88 per cent of advances at the end of December 1963 were at the rates of interest above 6 per cent, as against only 54 per cent of advances above 6 per cent at the end of December 1962. With the partial readjustments in interest rates with effect from August last, and with further modifications in the offing, the margin between the rates of interest paid and earned by the banks is bound to be lower in future, unless advances rates are also pushed up, as has been done by some.

The establishment expenses of the scheduled banks rose from Rs. 42.64 crores in 1962 to Rs. 48.89 crores in 1963 and constituted 32 per cent of the total operating earnings in the case of Indian scheduled banks (as against 31 per cent in the previous year), and 25 per cent in the case of foreign scheduled banks (as against 26 per cent in the previous year).

The total expenses went up sharply from Rs. 114 crores to Rs. 130 crores—a rise of 13.4 per cent over the previous year. The net profits before taxes and before bonus, however, improved only slightly, from Rs. 24.93 crores to Rs. 25.91 crores in the case of Indian scheduled banks and from Rs. 4.75 crores to Rs. 5.92 crores in the case of foreign banks, Together with the amounts withdrawn from published reserves (Rs. 10 lakhs for Indian scheduled banks and Rs. 40,000 for foreign banks) and the amounts brought forward, the total amount available for distribution was Rs. 25.91 crores and Rs. 5.92 crores, respectively.

The provision for taxes on profits rose from Rs. 11.82 crores to Rs. 12.31 crores in the case of Indian scheduled banks and from Rs. 2.80 crores to Rs. 3.39 crores in the case of foreign banks—a total rise of Rs. 1.07 crores. But, in terms of percentage of profit, the provision for taxes came down from 50.5 to 49.7 in the case of Indian scheduled banks and from 59.0 to 57.3 in the case of foreign banks. At first sight, this decline in the ratio of taxes to profits appears rather strange, for the banks had to provide for super profits tax liability on their profits for both the years—1962 as well as 1963—in addition to the usual corporation tax liability for 1963, in their accounts for 1963. On further thoughts, however, it appears that the banks' performance in the year has not been as prosperous as it appears to be at first sight. In addition to about Rs. 11 lakhs drawn from the *published* reserves during 1963, banks must have drawn substantially upon their secret reserves, in order to maintain their dividends and to meet the super profits tax liability.

Among the other allocations of profits, transfers to published reserves by the Indian scheduled banks amounted to Rs. 3.22 crores in 1963, as against Rs. 3.14 crores in the previous year, their ratio to profit declining slightly from 13.4 per cent to 13 per cent. Dividend payments rose fractionally from Rs. 4.89 crores to Rs. 4.90 crores, though their ratio to profit fell from 20.9 per cent to 19.8 per cent. It may be recalled here that dividends for 1963 were paid on a higher capital of Rs. 41.08 crores, as against Rs. 37.97 crores at the end of the previous year. Bonus payments to staff rose both relatively as well as absolutely: they increased from Rs. 3.31 crores to Rs. 3.83 crores in the case of Indian scheduled banks and from Rs. 43 lakhs to Rs. 66 lakhs in the case of foreign scheduled banks. The improvement in this pay-out as a ratio of profit was from 14.1 to 15.4 per cent for the former group and from 9.1 to 11.1 per cent for the latter group.

What are the prospects for bank profits for the current year? Very little quantitative information is available, but there are straws in the wind which give enough indications: the cost of banks' deposits is bound to be higher in 1964 since the bankers will have to concede the efficacy of higher interest rates; so will be the case in regard to establishment expenses, in view of the additional *ad hoc* benefits granted to bank employees. Although some of the banks have raised their advances rates, most banks have maintained their lending rates at the last year's levels. The pressure of the revised liquidity requirements now effective will actually be felt only in the first few months of 1965 when the busy season gathers momentum, but the size and pattern of banks' gilt-edged portfolios have actually been undergoing a chnage and the banks have already begun to reduce their commitments and discourage the borrowers. All these factors cannot but tell upon the profits of banks, for 1964.

Position at a Glance

(In crores of rupees)

	Scheduled Banks		
	Indian	Foreign	Total
EARNINGS			
Total current operating earnings	133.99	25.08	159.07
Gains on revaluation or sale of assets	1.06	0.19	1.25
Total earnings	135.05	25.27	160.32
EXPENSES*			
Interest, commission, brokerage, etc.	52.17 (39%)	9.69 (39%)	61.86
Establishment expenses	42.70 (32%)	6.19 (25%)	48.89
Other working expenses	12.64 (10%)	3.27 (13%)	15.91
Taxes, etc. in the nature of operating expenses (municipal and local rates, fees, etc.)	1.08	0.07	1.15
Total current operating expenses	108.59	19.22	127.81
Depreciation and losses on sale of assets	1.69	0.13	1.82
Total expenses	110.28	19.35	129.63
Balance of profit	24.77 (19%)	5.92 (24%)	30.69
Amount brought forward	1.04	0.23	1.27
Withdrawn from reserves	0.10	0.01	0.11
Amount available for disposal	25.91	6.16	32.07
ALLOCATIONS†			
Provision for taxes on profits	12.31 (50%)	3.39 (57%)	15.70
To reserves	3.22 (13%)	..	3.22
Dividends, etc.	4.90 (20%)	..	4.90
Bonus to staff	3.83 (15%)	0.66 (11%)	4.49
Special purposes, gratuity reserves and carried forward	1.65	2.11	3.76

* Figures in brackets are percentages to operating earnings.
† Figures in brackets are percentages to balance of profit.

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—Lal Bahadur Shastri
Prime Minister

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FUTURE OF COTTON TEXTILE INDUSTRY

ASOKA MEHTA COMMITTEE ADVOCATES FREEZING OF MILL SECTOR

THE eagerly awaited and long overdue report of the Powerloom Enquiry Committee (Chairman: Mr. Asoka Mehta) was presented to Parliament on Thursday the 17th inst., that is, more than three months after it was submitted (in the first week of June). Presenting the report, Mr. Manubhai Shah, Union Minister for Commerce, merely said that the report was under Government's consideration. The Committee, it will be recalled, was appointed in January 1963, with a special request to complete its findings within six months. But, in view of the complicated nature of enquiry and the absence of data which, according to Mr. Mehta, "had to be specially collected in order to arrive at meaningful conclusions," the Committee had to seek extension of time on three occasions. It signed the report on 24th May and sent it to the Government on 5th June. The Committee consisted of, besides the Chairman, Mr. A. R. Bhat (President of the Federation of Associations of Small Industries of India), Mr. G. K. Devarajulu Naidu (Southern India Millowners Association), Nawab Aizaz Rasool (Vice-President, U.P. Industrial Co-operative Association), Dr. D. K. Malhotra (Joint Secretary, Planning Commission), Mr. M. Somappa (President, All-India Handloom Fabrics Marketing Co-operative Society) and Mr. K. R. Aravamuthan of the Textile Commissioner's Office (Member-Secretary).

Excepting for a note of dissent on the economics of working of the cotton powerloom sector by Mr. Bhat, the Committee's report is a unanimous one. The objection raised by Mr. Bhat in his note of dissent is fundamental, relating as it does to the methodology and the calculation of the disability suffered by cotton powerlooms *vis-a-vis* the composite mills. The observations of Mr. Bhat do not, however, affect the main recommendations of the Committee.

Role of Powerlooms

The Committee is positive and definite about the future role of powerlooms. The key paragraph in its report reads thus:

"We have recommended that the entire increased requirement of cloth of the country should be allocated to the decentralised sector and, for this, have given a phased programme of installation of powerlooms in the handloom sector totalling 110,000 powerlooms during the next seven-year period. These powerlooms will have to be installed both in the cotton and art silk weaving sectors. . . . Our commendation for earmarking almost the entire additional requirement of cloth in the remaining two years of the current plan and in the fourth Plan to the powerlooms to be installed in the handloom sector has been conceived as a programme for the welfare of the handloom weavers. The fear of technological unemployment amongst the existing handloom weavers being caused by the introduction of powerlooms is not real, since the powerlooms will be installed in the handloom sector for production of the additional requirements of cloth for the country. The emphasis in the developmental schemes for the handloom industry has so far been largely governed by the overall limitation that handloom should continue to be handloom. We have, however, now come to a stage where, unless, as a matter of policy, Government would embark on a large-scale scheme of giving the handloom weavers a more efficient instrument of production to improve their lot, the efforts and moneys spent from the Exchequer for the different measures of amelioration of the condition of the weavers would largely be set at nought."

Curbs on Mill Sector

In the opinion of the Committee, the entry of the decentralised sector in a big way in the supply of cloth during the fourth Plan period will serve to exert a healthy influence to the advantage of consumers. This, it is said, is in addition to the many gains, social and economic, such as diffusion of entrepreneurship and mobilisation of capital in dispersed areas flowing from the decentralisation of industrial activity. The Committee has urged that the additional production (or requirement) for the fourth Plan period should be exclusively in the decentralised sector; the additional production amounts to about 2,450-2,550 million yards, being the difference between the estimated output of 8,500-8,600 million yards in 1965-66 and the fourth Plan target (tentative) of 11,050 million yards (excluding *khadi* cloth). With a view to ensuring such exclusive reservation of additional production to the decentralised sector, the Committee has suggested the following curbs on the mill sector:

1. No further expansion of the mills' weaving capacity, other than the capacity already agreed to, must be allowed.

2. Production of *dhotis* and *saris* by the mil sector may be pegged at 1963 level. The actual packings of *dhotis* and *saris* in that year, it may be noted here, aggregated a little over 331 million metres and 318 million metres, respectively.

3. The production of all coloured *saris* should be reserved exclusively for the handlooms.

4. The processing capacity in mills must in future be allowed to be expanded purely on the basis of the mill sector's own requirements; further, in a period of three years, on a phased programme, the present permission to mills to process outside cloth may be discontinued.

5. Since the Committee has recommended the freezing of mills' weaving capacity and stressed the fact that the handlooms and powerlooms should be able to draw their requirements of yarn from the common pool of co-operative spinning mills, there will virtually be a ceiling on the spinning capacity of the mills in the non-co-operative sector too.

Interests of Consumers

Anticipating a question whether the allocation of a large share of production to the decentralised sector, which is suffering from certain inherent handicaps and consequently higher production costs, would be in the interests of consumers, the Committee observes:

"The various recommendations we have made in this respect should be taken together in assessing the impact on the consumers. The setting up of a large number of dispersed spinning mills supplying yarn of the required quality to the nearby clusters of powerlooms and facilities for preparatory weaving and processing of powerloom cloth, together with the improvements in marketing, should have the effect of reducing cost of production and distribution for the powerlooms and improving their competitive ability *vis-a-vis* the mills. We consider that, as an equal partner in the supply of cloth with textile mills, the market prices could be better stabilised, as the powerlooms would be able to put into the market cloth of comparable qualities. It may be relevant to mention, in this connection, that the dominant position occupied by the textile mill sector for the supply of cloth to the consumers in the country has not always helped in stabilising the cloth prices. A study of the behaviour of cotton textile prices since 1948 would reveal that there had been periodical spurts in cloth prices not wholly related to the cost of production and this situation had called for remedial measures from time to time like controls and excise adjustments to mop up profits. The entry of the decentralised sector in a big way in the supply of cloth should, therefore, serve to exert a healthy influence, to the advantage of the consumers."

Conversion Scheme

The Asoka Mehta Committee has reviewed in some detail the progress made in the implementation of the scheme for converting handlooms into powerlooms included in the second Plan, following the findings of the Kanungo Committee in 1955. It is seen therefrom that the scheme has not met with full success. The Government of India had decided to allow the installation of 35,000 powerlooms in the handloom sector during the second Plan, but not more than 13,470 powerlooms were sanctioned. Even out of the sanctioned looms, only 8,885 looms had been actually installed by the end of the second Plan and firm commitments made in respect of 2,243 looms. The poor progress is attributed not to the lack of enthusiasm on the part of weavers but to four other important factors:

(i) Insufficient financial assistance provided for working capital;

(ii) the condition imposed for implementing the scheme in handloom co-operatives in rural areas with population less than 30,000 which, in some cases, did not encourage the scheme;

(iii) absence of simultaneous arrangements for providing pre-weaving facilities, winding, warping, sizing, etc., for supply of yarn in sized beams as also post-weaving finishing arrangements; and

(iv) absence of arrangements to ensure that, in the allocation of looms in the co-operatives, the benefits arising therefrom did really get distributed among all the members of the co-operatives.

The Committee points out that the abrupt discontinuance of the scheme in 1961 was apparently not the appropriate solution of the problem created by the large number of powerlooms which had otherwise come up in the country. Urging the revival of the scheme, the Committee says that 10,000 powerlooms should be introduced in the co-operative sector of the handloom industry during the remaining period of the third Plan. The installation of these looms should be with Government assistance at the rate of Rs. 6,000 per loom and Rs. 2,700 for working capital, making a total of Rs. 8,700 for each loom. The total cost of erecting powerlooms, including that of buildings, is placed by the Committee at Rs. 10,000 per loom.

The Committee generally agrees with the pattern of assistance adopted for converting handlooms into powerlooms under the old scheme, but it suggests that conditions for installation of looms be modified in terms of the recommendations made by it and that the quantum of working capital provided be suitably raised. The Committee has also advocated an increase in the amount of working capital provided to looms already installed under the conversion scheme. In order to make sure that this transformation of handlooms and powerlooms takes place effectively and in a meaningful and satisfying manner, the Committee wants the All-India Handloom Board to be made responsible for implementing the scheme, as well as for ensuring that the handlooms and powerlooms maintain and improve their production. It also recommends that the Board be made a statutory body and provided with the required funds.

It is estimated by the Committee that, in order to meet the increased requirements of cloth during the fourth Plan period, an additional 60,000 powerlooms will have to be installed in the cotton sector and 40,000 looms in the man-made fibre sector. The allocation of these additional 100,000 powerlooms, according to the Committee, should be made on the basis of the number of handlooms registered in different States. The estimated total requirements of powerlooms for new installation and replacement every year till the end of the fourth Plan are put at about 32,000. The Committee has stressed the need for drawing up a phased programme for augmenting production of powerlooms; there should be no restrictions on the manufacture of these looms.

Financing

While the Committee has not worked out the total capital outlay that would be required for implementing its plan for expansion of powerloom sector on the aforesaid lines, it has provided an approximate idea of the cost of replacing and rehabilitating the existing powerlooms. The total investment (at current prices) in the cotton powerloom sector is estimated at about Rs. 18 crores. The capital cost (at current prices) of replacing 70,000 powerlooms spread over the next ten to 12 years is expected to involve an investment of Rs. 21 crores for looms only and a similar amount will be needed for ancillary, preparatory and processing facilities or a total of Rs. 42 crores. The aggregate outlay thus comes to Rs. 62 crores over ten or twelve years. The question naturally arises as to how this much of money could be raised. The relevant finding of the Asoka Mehta Committee is as follows:

"Our enquiries have revealed that almost the entire capital for the purchase of looms has been found by the loom owners themselves and in many cases by selling jewellery, mortgaging property, etc. In a number of cases, the more prosperous handloom weavers have been able to find finance from their own resources. In the case of *benami* ownership, intermediaries and even textile mills are reported to have financed the setting up of looms. For obtaining finance for working capital generally, the powerloom weavers are found to be virtually in the grip of cloth merchants and moneylenders. We would lay considerable emphasis on the importance of adequate working finance for the proper functioning of the powerloom industry in the country. In the light of the important role which the decentralised sector will have to assume in supplying the clothing needs of the country in future, all efforts should be made to ensure that the powerlooms obtain necessary finance at fair rates of interest. The State Finance Corporation, Government loans under the State Aid to Industries Act and commercial banks, particularly the State Bank of India, may have to step in in a big way to fill the gap. The resources of these financing institutions may have to be adequately augmented in order to make them take up these responsibilities."

Pattern of Growth

The pattern of growth for the powerloom industry as suggested by the Committee envisages clusters of about 300 powerlooms each not under one roof but in small units within convenient distance of each other, established in and around small towns. The Committee is inclined to feel that the scope for setting up powerlooms in rural areas with a view to providing rural employment and improving the economic conditions of rural population is at present rather limited. A unit of four powerlooms is considered as a fair average-sized unit to be worked by a weavers' family. The construction of industrial estates of the type now being established in the country for powerloom weavers is regarded as unsuitable. Instead, common weaving sheds, it is said, would be preferable.

The findings of the Committee concerning the art silk, ribbon manufacturing and woollen powerlooms may be summed up thus:

Art silk: There is no need for a vertical development in the rayon industry and the rayon spinners need not be allowed to install looms. The export incentive schemes have served to give an increasing stimulus to the production and export of art silk fabrics. The standardisation of the different varieties of art silk fabrics should serve to create confidence in the consumers about quality and durability.

Ribbon Manufacturing: The powerlooms should be allowed free expansion subject to the condition that no conversion of these ribbon looms to cloth looms takes place. These ribbon and tape looms will be registered by the Textile Commissioner.

Woollen: The existing controls on powerlooms should be continued.

Yarn Supplies

Inasmuch as the production performance of the decentralised sector of the cotton textile industry depends on yarn supplies, the Committee has examined this question carefully. According to it, of the present supply of yarn to the internal market of about 316 million kgs. per year, almost 45 per cent is supplied by composite mills and 55 per cent by spinning mills in the country. The assumption that 90 per cent of the total yarn availability as representing the consumption by the handlooms and powerlooms taken together, would still hold good. On the existing conditions, the pattern of yarn consumption has been revised in round figures to 68 per cent by handlooms, 22 per cent by powerlooms and 10 per cent by hosiery, rope making, etc. The average count of yarn spun by spinning mills was 27.5 in 1959 and this is reported to have gone up to 29.4 in 1962, while, in the case of composite mills, the corresponding increase during the same period is reported to be from 24.3 to 25.1. The Committee considers that both these sectors (handlooms and powerlooms) should draw their yarn supplies from a common pool. A compartmentalisation would unduly restrict flexibility in supplies and manufacture. In the future set-up, the replacement of handlooms by powerlooms will assume considerable importance and it would not be proper, therefore, to earmark spinning mills exclusively for either the handlooms or the powerlooms. The Committee recommends that, irrespective of any other regulations, there should be a strict control exercised on the quality of yarn made available by the textile mill industry for handlooms and powerlooms and suitable quality standards fixed for warp and weft yarn with appropriate price for each. It is apparent that, under the existing level of availability of yarn, the unauthorised powerlooms which have come up in recent years cannot work to their full capacity.

Pointed attention has been drawn by the Committee to the importance of enabling the powerloom owners to market their cloth direct, so as to derive the full benefit arising from the sale of processed cloth. The Committee favours the establishment of processing factories at different centres, preferably on co-operative lines, though it does not rule out provision of facilities by private entrepreneurs. The present difinition of "independent processor," it is said, adversely affects those powerloom units which have their own processing equipment, as excise duty is charged at full rates as for composite mills for fabrics processed by them. This has led to the closure of some powerlooms working in these units. It is recommended that this should be remedied and these factories treated as independent processors. On the same analogy, it is also recommended that independent sizing factories which have been given the concession of paying 80 per cent of the surcharge on sizing of yarn as applicable to mills may be allowed the concession, even if they work powerlooms and/or have other yarn processing operations.

Excise Duty

The Committee has criticised the present system of charging excise duty at different rates for different sizes of powerloom units and the concessions allowed for small units. These, according to it, constitute a major factor in causing unhealthy and undesirable distortion in the structure of the powerloom sector. The structure of excise duty as recommended by the Committee is as follows:

1. The existing exemption for powerloom establishments of four looms and below, as also the levy on the larger powerloom establishments, whether at compounded rates or otherwise, may be discontinued and the incidence shifted as a higher duty at the two key points—yarn and processing—where excise surveillance will be more effective.

2. Yarn in *hank form* upto and including 40s counts (Nf 34) should bear no duty. This exemption is intended to assist the handloom weavers. Handlooms are already enjoying this concession. Yarn of and above 40s supplied in *hank form* should continue to enjoy concessional rates as at present. Cone yarn and yarn in all forms other than 'hanks' of all counts should be subjected to excise levy.

3. A higher rate of duty on yarn delivered on sized beams, whether sized by the composite mills or independent sizing factories, may be levied. This may be in the form of a surcharge over the duty on cone yarn. It should be easy and necessary to bring mechanised sizing factories under excise control.

4. The existing system of charging processing duty on powerloom and handloom cloth may be continued. The rates may be increased, suitably taking into account (*a*) the complete abolition of excise duty either on compounded rates or on other basis for the powerloom establishments; and (b) the need for rationalising the excise rates so that different types of processing might bear different rates of duty, the rates themselves being higher for more sophisticated processing.

5. With the above changes, the excise pattern on grey mill-made cloth may be revised to provide for (i) an increase in the excise duty on yarn to equate with the increased levy on yarn, which goes to the decentralised sector, (ii) a suitable reduction in the basic duty on grey cloth, the additional excise duty in lieu of sales tax being continued, and (iii) increase in the excise duty on different types of processing to provide for progressively increased rates for more refined processes after taking into account the reduction in the basic duty for grey cloth.

6. The excise duty on processing by the independent processors may also be correspondingly increased for the different types of processing with due provision for exempting an initial quantity and for charging reduced rates of excise for powerlooms and handlooms.

The problem of unauthorised powerlooms has also been examined by the Committee. There are said to be about 12,000 unauthorised cotton powerlooms and 3,000 non-cotton powerlooms. The Committee has suggested the shifting of the incidence of taxation from cloth to yarn and processing as a measure to discourage unauthorised growth. It has also suggested a registration scheme under which powerlooms may formally be registered on payment of a fee. Compulsory registration is not favoured.

A brief reference to the powerloom industry as it is today and as has been found by the Committee may now be made here. There are in all about 82,000 cotton powerlooms and 60,000 art silk powerlooms, the number of persons employed ranging from 164,000 to 210,000 in the former (1½-shift working) and 140,000 to 180,000 in the latter (1¾-shift working). The numbers include owners and men employed on preparatory equipment, etc., but exclude persons employed in the processing of powerloom cloth, distribution and marketing.

The total production capacity of the existing cotton powerlooms on the basis of two-shift working is assessed at about 1,600 million yards.

It is reported that there are nearly 2.2 million commercial handlooms in the country. The average production per loom per day is barely three yards, assuming that all the looms are active. If this production can be doubled, as is claimed by some, the total output by the 2.2 million handlooms can reach the figure of over 4,000 million yards. The current annual rate of output is, however, estimated at 1,000-1,100 million yards of powerloom cloth and 2,050-2,150 million yards of handloom cloth.

The powerloom establishments fall under four broad classifications: owner-operated units (mostly single looms), units operated by both owners and hired labour, units operated wholly by hired labour and units rented out on monthly payment basis. The earning of a powerloom weaver-owner or a paid weaver is Rs. 100 per month or above in several of the principal centres accounting for about two-thirds of the total number of looms. In other centres, the monthly earnings vary from Rs. 50 to Rs. 90. The weighted average earning for all the powerlooms for which data have been collected comes to Rs. 86.50 per loom per month and the gross return to the owner is estimated at Rs. 75 per loom per month.

The overall wage element in the cost of production is assumed to be around 50 per cent. The element of power and fuel in the total cost of production in the powerlooms is more or less the same as in the mills. The repair cost in powerlooms is much less than in the textile mills. There is not much of a difference between the mills and the powerlooms in regard to depreciation. The expenditure on sundry expenses and overheads in the powerloom establishments is almost 400 to 500 per cent of that in mills. The interest charges incurred by the powerloom establishments are heavy which is one of the factors for the high incidence of overheads in the powerloom sector. Taking together the elements of cost excluding "wages" in the "manufacturing charges" according to the above cost data, the net handicap suffered by the powerlooms *vis-a-vis* the mills is about 25 per cent. On an overall basis, as compared with mills, the powerlooms suffer a handicap of 25 per cent in the "yarn cost," 25 per cent in the "manufacturing charges" excluding "wages" and an advantage of 50 per cent in "wages." The net handicap suffered by the powerlooms at the production end will be 8 per cent *vis-a-vis* the mills. The marketing disability for powerloom cloth, including the consumers' bias, is assumed at about 10 to 12 per cent. As a rough guide, the overall handicap suffered by the powerlooms is placed at about 18 per cent *vis-a-vis* the mills.

These figures, incidentally, give a picture quite different from the one given by the mill sector which has for long complained of severe competition from the powerloom sector. It is for the representatives of the mill sector to prove that the data furnished in the Asoka Mehta Committee's report are wrong.

PRODUCTION PERFORMANCE

(Yarn in million kgs. and cloth in million metres)

	1964*	1963	1960	1956	1950
Yarn	936	892	788	758	533
Cloth	7,464	7,299	6,629	6,516	4,262
Of which:					
Mills	4,524	4,423	4,616	4,853	3,351
% share to total	60.8	60.6	69.6	74.4	78.6
Handlooms-powerlooms†	2,940	2,876	2,013	1,663	911
% share to total	39.2	39.4	30.4	25.6	21.4

* Estimated on the basis of the actual output in the first five months of the year.

† Powerlooms account for about one-third of the total output in the decentralised sector.

SET-UP OF COTTON TEXTILE INDUSTRY

States	Powerlooms		Cotton handlooms	Mill sector		
	Cotton	Non-cotton		Number of mills	Spindles (In millions)	Looms
Maharashtra	51,198	22,806	159,036	92	4.2	80,000
Gujarat	8,789	16,822	46,385	105	3.0	57,100
Madhya Pradesh	4,319	705	58,771	19	0.5	12,500
West Bengal	3,989	901	154,686	35	0.7	10,000
Madras	3,975	4,010	516,086	145	3.4	8,200
Mysore	3,053	6,913	102,355	119	0.5	5,200
Uttar Pradesh	2,090	1,331	261,791	28	0.8	18,400
Punjab	1,501	8,553	57,225	10	0.2	2,100
Delhi	1,377	253	846	4	0.2	4,900
Andhra Pradesh	765	647	501,446	16	0.2	1,200
Kerala	550	206	108,410	15	0.2	1,000
Orissa	375	6	111,904	3	0.07	900
Bihar	196	143	139,447	3	0.04	800
Pondicherry	165	..	3,338	3	0.09	2,800
Rajasthan	110	37	41,069	15	0.8	2,800
Assam	..	..	523,393	2	0.02	..
Jammu and Kashmir	..	18	..	..	..	..
Total	82,452*	63,351†	2,786,188	614	14.42	202,400

* Includes 11,750 unauthorised powerlooms.

† Includes 2,799 unauthorised powerlooms.

INAUGURAL MEETING OF TEXTILES COMMITTEE

The inaugural meeting of the Textiles Committee, a body corporate established by the Government of India for implementing measures to ensure quality control of textiles and textile machinery produced in India and for the conduct of technological and economic research, was at Bombay on the 16th inst. The Chairman of the committee, Mr. R. G. Saraiya, presided. Welcoming the members, Mr. Saraiya gave a brief account of the working of the Cotton Textiles Fund Committee which has now been replaced by this Committee. He also drew attention to the enlarged scope of the functions of the Textiles Committee under the Textiles Committee Act, 1963 and stated that, in order to augment its resources, the Committee might have to levy a small fee for inspection.

The Committee then discussed the budget proposals and considered schemes for inspection of indigenous textile machinery and mixed fabrics. It also formed the various Standing Committees and *ad hoc* committees and decided to hold its next meeting in Bombay on 6th October when Mr. Manubhai Shah, Union Minister for Commerce, is expected to be present.

TEXTILE MACHINERY — A CORRECTION

Commerce carried an article entitled "Textile Machinery Industry" in its issue of 22nd August 1964 (*vide* page 312). The article contains a statement showing the annual requirements of textile machinery during the third and fourth Plan periods. The value of such equipment given at the end of the table has been incorrectly shown. The value of the machinery required for rehabilitation and modernisation alone during the third Plan period is expected to exceed Rs. 200 crores. The estimate of total investment in fixed assets, including buildings, in the fourth Plan period is Rs. 225 crores.

MANCHESTER LETTER

TEXTILE PRICES TEND TO RISE

MR. HEATH ON COTTON INDUSTRY'S PROBLEMS

From Our Special Correspondent

MANCHESTER, *15th September*

FOR promises and pledges and sympathetic understanding of problems there is no time quite like a General Election period. But, in fact, it would be less than fair to Mr. Edward Heath to suggest that he was on a political platform when he spoke to a luncheon meeting of the Manchester Chamber of Commerce. Nevertheless, the Secretary of State for Industry, Trade and Regional Development made a number of points of special significance to the cotton industry.

Mr. Heath pledged the Government's determination to do its utmost to secure a further period of stability for the industry, gave an assurance that the Government was now working out what form of special protection should be adopted, and reiterated that, in the controversial field of imports from low-cost countries, we can "rightly call on others to do more."

"Cotton must have a fair deal and I am determined to ensure this," declared Mr. Heath. Describing the Cotton Board's document *The Case for a viable U.K Cotton Industry* as helpful and constructive, he said it was recognised that the industry was facing a special problem of readjustment to the modern world. A further period of stability would give it the opportunity of continuing the process of modernisation, of bringing about a better industrial structure, improved product design, increased machine utilisation, new production techniques and new selling methods. But in saying this, the fact had to be faced that whatever the Government did would involve some difficulties in relation to Britain's international commitments.

A Fundamental Problem

This, of course, is the dilemma and has been right from the start of the import problem. While other nations can pay lip-service—and little more—to the cause of the developing nations this country and the cotton industry, in particular, has had to bear the heat and burden of the day. In spite of everything that Lancashire has done to try to make this clear, it is a fundamental problem that many of the industry's detractors cannot or will not see.

It was hopeful to find Mr. Heath naming the Cotton Board as the first of the 24 authorities with which his North-West Study Group has so far had consultations. The North-West survey, he said was one of the most ambitious projects so far undertaken. Among the questions being examined was that of the scope for creating new growth points in the region, why there was economic expansion in some parts of the North-West and decline in others, and what would be the total bill for removing unsightliness and clearing dereliction in the region (more important than many people realise, perhaps, if the region is going to hold on to its workers and halt the migration of population).

On the broad industrial outlook for the region, Mr. Heath was optimistic. "I think we can say that the North-West has reached the point where it is poised for a fresh period of expansion," he told his audience. "This advance can be achieved provided that industry is ready to adopt new techniques and new equipment, to abandon restrictive practices and to give full rein to imaginative and constructive management."

Running the New Giants

Following the current vogue for strengthening control and administration in the regions, Courtaulds Ltd. is setting up a Northern Board with an administrative office and secretariat in Manchester. The development is clearly allied to the group's successful bids worth £37 million for the Lancashire Cotton Corporation and Fine Spinners and Doublers. Members of the new board include Col. J. B. Whitehead of L.C.C. and Mr. W. T. Winterbottom of Fine Spinners and Doublers.

Hardening prices for many goods have been a feature of 1964 and textile products have been no exception to the general rule. The figures issued by the Board of Trade showing the general trend of price movements are based on the index number ruling in 1954 taken at 100.

For some time the cost of average cotton cloths, which make up the portfolio of fabric constructions provided by the industry to the Board of Trade, has been running at 5 per cent below the level of ten years back, but a steady rise has taken place throughout the first half of the current year. As the table below shows, May marked the month when values were identical with a decade ago; subsequently, the upward movement has continued:

	Cotton cloth		Rayon cloth	
	1964	1963	1964	1963
January	96.7	95.5	111.9	111.7
February	97.4	95.5	112.2	111.3
March	98.3	95.3	112.9	111.2
April	99.2	95.1	113.8	111.1
May	100.0	95.0	113.9	111.1
June	100.4	95.0	114.4	110.9
July	101.4	95.0	114.4	110.6
August	..	94.9	..	110.8
September ..	..	94.9	..	110.8
October	..	95.0	..	110.7
November ..	..	95.9	..	111.4
December ..	..	96.4	..	111.8
Annual averages—				
1962	96.8		112.8	
1963	95.3		111.1	

Although the trend of prices for standard rayon cloths has followed much the same pattern as cotton fabrics, the actual percentage increase has not been as large. The low point in each case was reached about a year ago and, whereas cotton materials have moved up in price by nearly seven points, goods in the man-made fibre range have advanced slightly less than four points.

In contrast, however, the rise in the index for cotton yarn in the twelve months to July 1964 has been from 89.0 to 95.2, while spun rayon yarn has hardened from 96.8 to 105.0. In the case of hosiery and other knitted goods, the increase has been far less marked, being from 96.6 to 98.6. In made-up clothing, only a small rise is shown from 109.8 to 111.8. The average raw cotton price increase during the year has been 1.3 from 71.3 to 72.6.

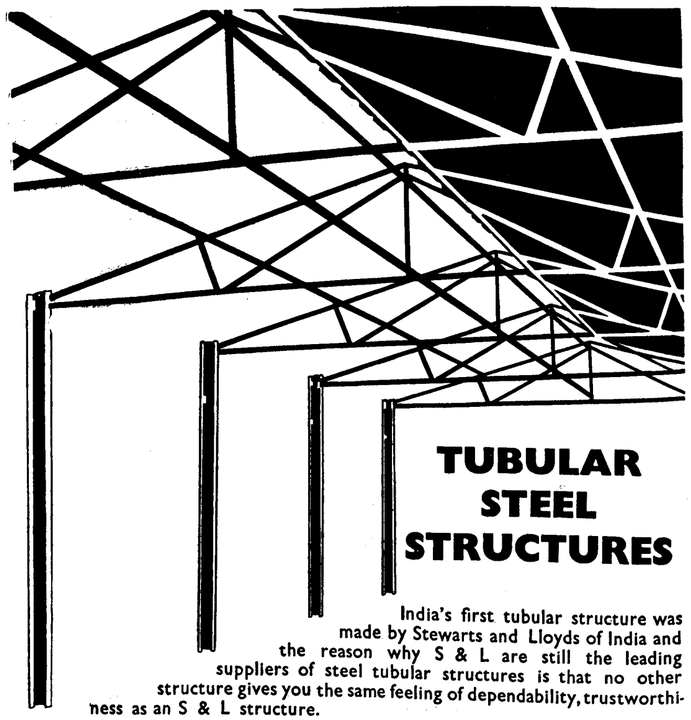
In view of the many different overhead charges which have to be faced by producers, notably the "package deal" wage advance, together with shorter hours and longer holidays over the next three years, there seems to be little likelihood of any reduction in values. Despite the imponderables which have arisen as a result of the events of the past month or two, customers can scarcely be blamed for continuing to purchase further ahead, as more favourable opportunities of buying goods on a price basis cannot be anticipated.

Progress in Pakistan

In contrast to the much bigger shipments of both grey and finished cotton cloth to this country from India so far this year, the quantity of fabric taken from Pakistan has shown a slight reduction. At the end of seven months, arrivals amounted to 36 million square yards of grey cloth, as against 40 million square yards in the same period of 1963.

Yet the progress of Pakistan's cotton textile industry since the partition in 1947 has been remarkable. At the outset, the country contained only 17 mills, whereas, by 1962, the number had increased to over 200. This, of course, was in line with the industrialisation of Pakistan on a wide scale, but cotton textiles, as always, provide a strong magnet to those searching for ways to sustain the economy of a developing nation.

Very substantial progress was made during the 1950's, by which time the number of spindles installed had reached nearly 2,000,000 and about 30,000 looms were running. Of the total industrial labour force in the country, 34 per cent was employed by the cotton textile industry. Rather smaller targets have been set for development in the five years ending in 1965, by which time the aim is for 2,500,000 spindles and 40,000 looms to be working.



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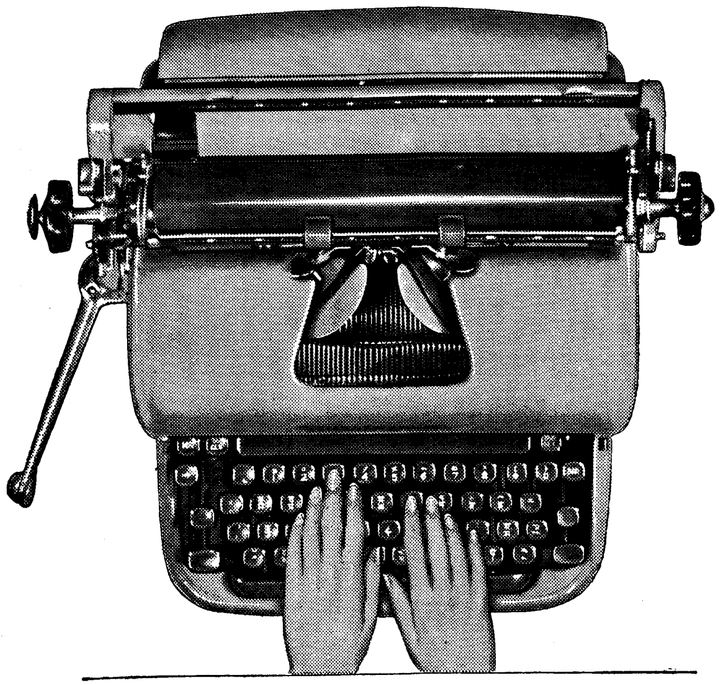

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COTTON SITUATION IN INDIA

NEED FOR RAISING PRODUCTIVITY STRESSED

WITH growing population and rising purchasing power in the hands of the people as a result of development plans, the demand for cotton piecegoods is bound to expand continuously in the next few years. There is also the need for augmenting the much-needed foreign exchange through larger exports of cotton textiles, which constitute the third largest earner of foreign exchange for the country. Appropriately enough, the Planning Commission's working group for cotton textiles has fixed (tentatively) the fourth Plan production target for cotton piecegoods (including *khadi* cloth) at a fairly high level : 11,200 million yards, as against the current annual rate of output of about 8,300 million yards. The additional quantity of cloth that will have to be produced (annually) between now and the end of the fourth Plan (1970-71) will thus be as much as 2,900 million yards. The successful achievement of the fourth Plan target will depend on the supply position in respect of raw cotton. It is estimated that, by the end of the fourth Plan, the country will require anywhere between 8.5 and 9.0 million bales (of 392 lbs. net each) of raw cotton. The third Plan target, it will be recalled, is fixed at 7.0 million bales and the actual production in the 1963-64 season is estimated at 6.15 million bales. The gap that is to be covered between the actual output in 1963-64 and the fourth Plan target will thus be around 2.35-2.85 million bales. The task of obtaining this much additional output is by no means easy. Indeed, there is no exaggeration whatever in the note of warning struck by Mr. A. D. Pandit, President of the Indian Central Cotton Committee, in his speech at the 90th half-yearly meeting of the Committee held at Bombay on the 19th inst., that, unless a " big effort " was made to get over the " critical obstacle " in the next two or three years, the country would be in " serious difficulties." And quite wholesome was his plea that the country must abandon its continued dependence on P.L. 480 cotton supplies as early as possible and that all efforts must be concentrated on augmenting domestic production.

Productivity and Research

Mr. Pandit did admit that the crop estimated for the current (1964-65) season would be another record one, but he cautioned by saying that one could not be absolutely certain about the crop, even if one was going to harvest it tomorrow. A larger cotton crop, Mr. Pandit said, would ensure adequate supplies to mills and enable cultivators to clear their produce at remunerative prices. Mr. Pandit pointed out that it was only through increased production at home that the country could bring about a substantial improvement in the supplies of cotton. Such an increase will be possible only if earnest measures are taken to augment productivity of cotton lands, for the country can ill-afford any further diversion of areas from other crops. It is, therefore, natural that, in the ensuing years of planning, both research workers and administrators have a big job to perform. In this connection, Mr. Pandit severely criticised the way in which research studies are being conducted in India and said :

" Research is not some magic word. If you indulge in incantation throughout the year with your research, you cannot grow large crops. Today's miracles can only be performed by very hard work. It has been stated that science enjoys a great prestige in all developing countries, but the prestige it carries is more in the form of lip service rather than hard work. Many of the observers, particularly in the F.A.O., have remarked that, although there is a considerable body of generalised scientific knowledge in agriculture available in the developing countries, that knowledge is not particularised for specific micro-climatic or micro-ecological conditions . . . our research is not problem-oriented. We know for a fact that our yields are very low. In cotton . . . our average yield is about one-fourth that of other cotton growing countries, and yet we do not know precisely what are the limiting factors. It is often said that only about 15 per cent of our area is irrigated and, therefore, our yields are low. But then there are countries like Sudan and Uganda, which grow a lot of their cotton under unirrigated conditions. Why are they able to get 400 lbs. of lint per acre and we get 60 or 70 lbs. on our unirrigated lands? These matters require investigation. It is possible that there may be certain fundamental factors, either in our soils or in the timing of our rainfall or in the distribution of rainfall which prevent us from getting same responses to nutrients as are obtained in other countries. But we should then definitely know these, and yet our scientists have not been able to find an answer to many of these problems."

Seasonal Factors

Despite the fact that the cotton crop has been showing improvement during the last three years in respect of yields, it cannot be said that the improvement has been due to the application of science and technology to cotton. Alluding to this aspect, Mr. Pandit remarked:

" I would grant that you have evolved varieties, the plant breeders have done a good job, we have replaced *desi* and short-staple cottons by medium and long-staple cottons, but, as far as yields are concerned, I am not able to say that the somewhat improved performance of the last three years have been due to something that either the agronomists or the extension workers have done. We have to thank only the good seasons for the good performance. Take the last year 1963-64. Compared to the previous year, the total increase has been only of the order of 1.5 lakh bales in the total production of the order of 54 lakh bales. Well, a two per cent rise can easily be accounted for by seasonal factors. We know that seasonal factors can exercise a much greater influence than of the order of two or three per cent, and here we have a large acreage under unirrigated cottons. The agronomists and soil scientists here have to join hands to prove that it is possible to get something of the order of 200 or 300 lbs. lint per acre under those conditions. If application of fertilisers is not possible because of inadequate water resources, we must find how we can conserve moisture in the soil. If it is not possible to take successive crops of cotton in a particular soil on account of lack of moisture, we must find a rotation crop which will make it possible to take a crop of 200 to 300 lbs. per acre, so as to restore the moisture conditions and the fertility of the soil. But I would urge again that our scientists should direct their attention to the specific problems, instead of adopting the classical attitude of research for the sake of research."

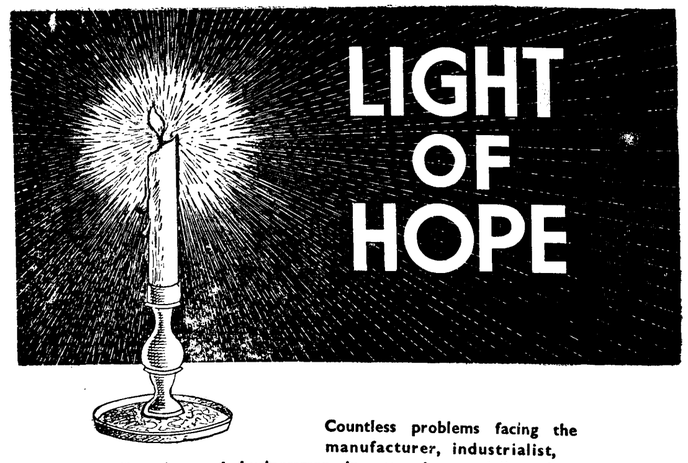
Marketing

Closely connected with the problem of raising production of cotton is that of marketing. In the absence of a good and effective distribution of crops, supply to mills becomes irregular and inadequate. As Mr. Pandit stated, marketing of cotton in this country cannot be regarded as satisfactory at present. Regulated markets, according to him, are still very scarce. Some States have not effectively implemented the Agricultural Products Markets Act. Recalling that marketing of cotton during the 1963-64 season was comparatively free from complaints, he said that, given goodwill on both sides, there was definite scope for evolving a satisfactory marketing system. It may be mentioned in this connection that the inclusion of AK. 277 and AK. 235 in the price schedule for the 1964-65 season, has provided encouragement to growers and substantial production is reported in Vidarbha. The authorities have also increased the differentials of some varieties in order to encourage the cultivator to grow these varieties in the respective areas.

Referring to prices of cotton, Mr. Pandit said that, though the raising of prices of cotton provided a solution, it was only a short-term measure. Indeed, he warned that such a course would recoil on the farmer himself in the long run. Mr. Pandit emphasised, and rightly so, that, besides ensuring remunerative prices to cultivators, it was necessary to provide physical facilities for cotton marketing. To quote him:

" The conveniences to the cultivator like a place of stay, proper arrangements for parking his carts, keeping his produce etc. are almost absent from every market. There is not enough space to clear the daily arrivals which results in the cultivators having to spend two or three days in the most unsatisfactory conditions and at very high cost and I wish the market committees were more active in providing the necessary facilities, both to the buyer and seller alike. There is a lot to be done in this respect and the Cotton Committee has unfortunately not paid much attention to this aspect. But we are always afraid of stepping on the toes of the State Governments and we do not like to take a thing which should properly be handled by them. I think, if we do provide better facilities for marketing—I am not talking about the price level now but just the physical facilities—so that the produce from the villages can be cleared within the least time and sold without any unreasonable deductions, we would have given more satisfaction to the farmer even at the present price levels."

The Central Cotton Committee President has certainly done well in pinpointing the urgency for adopting measures for ensuring higher productivity of cotton lands and providing proper marketing facilities. If these were efficiently implemented, the need for raising cotton prices, which are already sufficiently high, could be avoided. Since cotton accounts for a substantial part of the production costs of spinners and weavers, care must be taken to see that its price is kept at a reasonable level.



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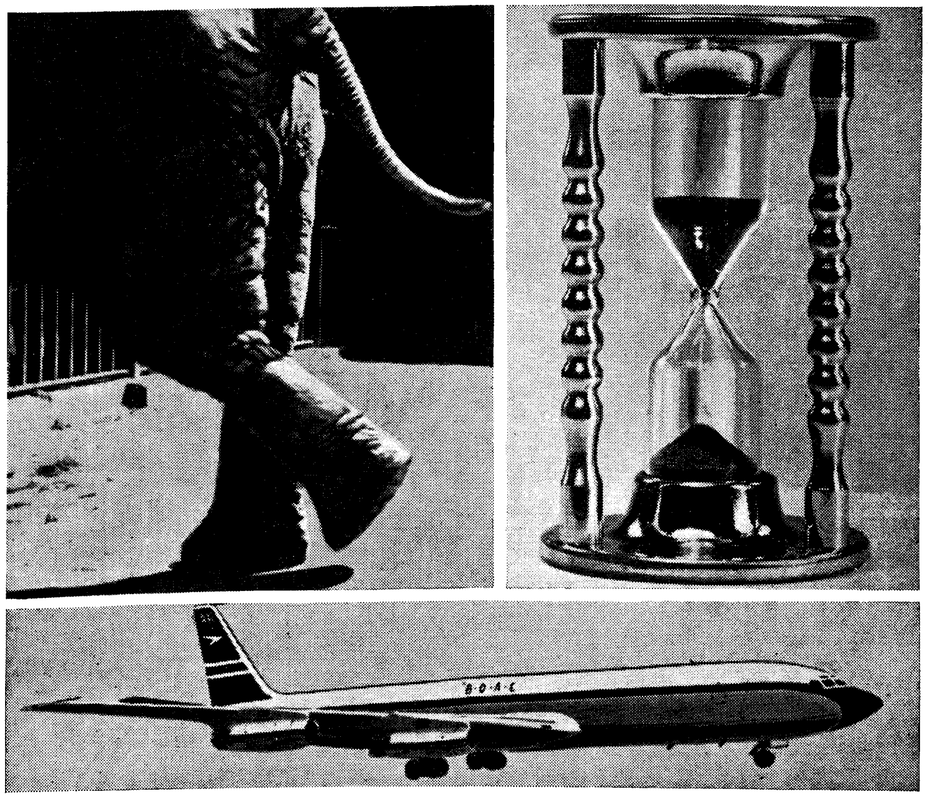

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BOMBAY CITY'S TRAFFIC PROBLEMS

SHORT-TERM AND LONG-TERM SOLUTIONS DISCUSSED

THE population of Greater Bombay has increased from 1.7 million in 1941 to 4.5 million at present and is expected to be about 7.0 million by 1975. The number of vehicles, too, on the City's roads has increased from 38,000 in 1955 to over 110.000 now and is bound to increase enormously over the next decade. While the increase in population has aggravated the problem of transporting commuters to and from places of work, the steep increase in the number of vehicles has led to the problem of traffic congestion. These twin problems call for expert study and public discussion, so that the City's planners and administrators may be in a better position to evolve realistic solution for them. The Bombay Electric Supply and Transport Undertaking (B.E.S.T.) has, therefore, done well to organise a seminar with a view to focussing attention on specific problems of transport in, and development of, the City. The seminar, inaugurated by Mr. S. K. Patil, Union Minister for Railways, at Bombay on the 19th instant, has discussed five papers pertaining to the City's traffic and development problems.

The most important of these papers is the one entitled "Bridging the Gap," by Mr. G. A. Sharma, General Manager, B.E.S.&T. Undertaking. Mr. Sharma has highlighted, at the outset, the fact that Bombay, with its population of 4.5 million, has a total fleet strength of only about 1,300 buses for carrying about two million passengers daily, as compared with about 1.5 million passengers carried daily by the suburban railway system. London, on the other hand, with its population of 8.5 million, has 7,000 buses for carrying about seven million passengers per day. Glasgow, which has practically the same population as Bombay, has about 1,400 buses for carrying about 1.1 million passengers per day. A Bombay bus, it is said, carries, on an average, as many as 2,000 passengers per day, as compared with about 1,000 passengers carried by a London or Glasgow bus. There is thus a case for increasing the number of buses in Bombay. In fact, the B.E.S.&T. Undertaking has plans to increase its fleet to 2,000 buses during the next ten years. But, then, the proposed addition of 700 buses (2,000 *minus* 1,300) is intended to carry an additional 1.5 million passengers per day as the City's population increases to 7.0 million over the next ten years. The acute peak-hour traffic problem will not, therefore, be solved by the addition to the total fleet strength.

Peak-hour Traffic

It is seen from Mr. Sharma's paper that this peak-hour traffic problem, caused by the concentration of inward and outward traffic for about four hours in the morning and about four hours in the evening, is being partially tackled by about 300 buses which are operated only during those restricted hours but which are not deployed during the rest of the day in view of slack traffic. As the peak-hour services are not in a position to earn even the "fixed" charges of about Rs. 100 per day per bus and the Undertaking has to bear the loss (80 paise per bus km.) on account of the "variable" charges of such services, the financial impact of additional uneconomic peak-hour services on the B.E.S.&T. Undertaking's operations will be evident. If additional peak-hour services are thus ruled out, there seems to be be no alternative to the staggering of working hours in the City's commercial, industrial and administrative offices. In this connection, the B.E.S.&T. Undertaking has requested certain offices—Government and private—to advance their opening and closing hours to the extent of half-an-hour so as to broad-base the highly concentrated evening peak. This measure, it is hoped, will enable the Undertaking to carry more passengers without proportionately augmenting the fleet.

The General Manager of the Undertaking has pointed out that additional peak-hour services are also out of question for the simple reason that the average cost of operation of a bus now is Rs. 95,000 per year and its average earning only about Rs. 85,000. The Undertaking incurred a loss of about Rs. 40 lakhs last year. The loss is expected to be of the order of Rs. 100 lakhs in the current year. In his considered view, certain economy and efficiency measures (such as operation of additional 'limited' stop services along heavily loaded routes, rationalisation of stops, rearrangement of bus services on a medium-distance pattern, operation of non-stop personalised services, increase in carrying capacity by increasing the number of standees, increase in operational ratio, etc.) may yield about Rs. 40 lakhs, while the remaining Rs. 60 lakhs of the gap will have to come by increasing the fares. The fact that the total traffic carried from 8.00 to 20.00 hours is 83 per cent and during the remaining nine operational hours just 17 per cent strengthens the case for the kind of two-pronged remedy outlined by the General Manager. That bus fares in Bombay could be conveniently increased is implicit in the point made in another paper, that by the Chief Engineer (Transport) of the B.E.S.&T. Undertaking. The relevant point is that all other nationalised bus transport undertakings in India are levying a fare of 5 paise per passenger-mile, as compared with only 3.5 paise per passenger-mile charged by the B.E.S.&T. Undertaking.

A Novel Proposal

One novel and highly commendable proposal of the Undertaking pertains to the operation of non-stop personalised services. This is how Mr. Sharma has described the nature and significance of the proposal:

"It is proposed to operate non-stop buses from the suburbs to Fort area during the peak hours. On such personalised buses, a flat fare of 75 paise will be charged for a single trip. Monthly passes will also be issued at the rate of Rs. 35 per month. The personalised services will, it is hoped, be mostly patronised by car owners and will, thus, reduce the congestion of vehicles on the roads. One bus load can remove car parking congestion to a length of 900 metres. The first articulated trailer bus which will be delivered shortly will be operated on the personalised service from Santacruz/Khar to Flora Fountain. My personal opinion is that as an inducement to travel by public transport we must think in terms of offering first class streamlined bus service to the motorist, who, in which case, will not bring his car to the city every day. It is time that we divided road passenger transport operation into two classes, namely, large capacity buses with maximum standees at comparatively low fares for the average citizens and more comfortable streamlined luxury coaches for the benefit of the private car owners to replace the high cost service rendered by taxis. This measure alone will take away the congestion on the roads and permit unrestricted freedom of running conditions for public transport buses. These measures will bring in further benefits by way of faster travel to the passengers at large."

The Deputy Commissioner of Police (Traffic), Mr. M. S. Kasbekar. has discussed. in his paper, the long-term traffic problems of Bombay City from a new angle. In his view, structural changes in economic and housing conditions. together with considerable increases in motor vehicles traffic, have produced fundamental changes in the main traffic components. The resulting traffic problems can no longer be resolved by means of road building, traffic organisation and traffic control alone. They can be resolved only by town renovation and traffic reorganisation. To achieve these tasks, town planning and traffic planning should be co-ordinated. The general building plan must, therefore, be supplemented by a general traffic plan.

Master Plan Criticised

The Municipal Master Plan of December 1963, according to Mr. Charles Correa (Architect), is disappointing, for it is not designed to give Bombay City a structural pattern that will endure beyond the immediate plan. In his paper, Mr. Correa has pointed out that the Master Plan accepts the present situation of high population concentration in the south and of north-south traffic, visualises an even more enormous flow of traffic north-south every day, and, to meet this flow of traffic, proposes a system of highways and tunnels. This problem and the proposed solution (involving an overall cost of Rs. 500 crores) can both be avoided, if the City's traffic is reoriented, to the maximum extent possible, on an east-west axis. Mr. Correa has recalled, in this connection, that one of the panel reports of 1959 had suggested a Kurla-Karjat highway with a bridge accross Thana Creek. A project for constructing this bridge is no doubt already under way. If, however, a serious start is to be made in diverting traffic from the north-south to an east-west direction, his suggestion is that the highway bridge should be designed as a major artery with the clear objective of opening up the mainland on the east of the creek for early development. This Kurla-Karjat project link, he has urged, should be taken as the starting point of an alternative plan so as to bring about a new pattern in the expansion of Bombay. Mr. Correa's suggestion is very interesting. Its far-reaching implications would need to be studied further.

Underground Railway *vs.* Monorail

The paper by Mr. P. G. Patankar, Engineer-in-charge (Way and Works), B.E.S.&T. Undertaking, has discussed the economics of possible underground railway network for Bombay. The suggested network of about 32 km., connecting Victoria Terminus and Churchgate with Mahim and Sion, may cost about Rs. 64 crores. This, according to him, is the principal answer to the City's traffic problem and Mr. S. K. Patil, too, has strongly supported the idea on the ground that the City "cannot do without it." Mr. Patankar himself has argued as follows:

"The underground railway is the principal answer to the City's traffic problem and at least the survey for the scheme should be sanctioned immediately. . . .Construction of the underground railway will not endanger the existing buildings or any other structures. However, apart from the high cost of the railway, let it be clearly understood that, in addition to the innumerable difficulties in constructing the underground railway through the heart of a busy and congested City, there will be substantial temporary inconveniences to many of our citizens."

In view of the expensive and difficult character of this underground railway project, it may be prudent for the Railway Ministry not to be hustled into accepting it. All other alternatives for relieving traffic congestion in the City should be carefully examined before a decision is taken on the underground railway project. The alternative possibility of constructing a "monorail" system (above the roadways) should also be thoroughly examined to see whether its construction would be easier, simpler and cheaper. It may be necessary, in this connection, to send a couple of experts to Tokyo (Japan), where a monorail system has already begun to operate on a part of its stretch in the heart of the City, to study its economics and operation from the point of view of its applicability to Bombay.

USE OF RADIOISOTOPES IN WATER SURVEYS

An important survey on the use of radioisotopes in discovering sources of underground water, its quality and the quantity available was given by four British scientists at the recent "Atoms-for-peace" Conference in Geneva. The survey is a curtain-raiser for the International Hydrological Year, which will be observed in 1965 under the auspices of U.N.E.S.C.O.

The four scientists, who are working with the International Atomic Energy Agency, said that radioisotope techniques in water surveys were relatively new and offered advantages that no other method could match. At the same time, the most careful control was exercised by health physicists in any application of these techniques. The isotopes most frequently used, they continued, were Iodine 137 and bromide 82. They were injected at certain intervals by probes which released measured amounts of the isotope. By this method, direction as well as the speed of underground water could be determined.

Radioisotopes could also make easier one of the hardest problems in assessing water resources —measuring the flow of rivers. The stage has now been reached, according to the scientists, when isotopes could provide useful information to the hydrologist.

HUNTERSTON NUCLEAR POWER STATION

The world's biggest nuclear power station, at Hunterston, Scotland—which produces enough electricity to supply a city of half-a-million people—is to be made even bigger. The station, originally designed to produce 300 megawatts of electricity, has reached an output of 323 mw. since beginning operation in July of this year. It is now proposed to install an additional turbo-generator with a nominal capacity of 60 mw.

An official of the station said last week that studies since the two reactors of the station came into operation had shown that there was plenty of power left unharnessed to drive the extra generator. There might even be sufficient power in reserve to step up production with yet another generator in the future.

150-TON HOVERCRAFT PLANNED IN U.K.

Plans for a 150-ton Hovercraft designed to carry 24 cars and 200 passengers at 80 m.p.h. were announced in London last week. It is said that the craft could be adapted to carry 600 passengers. To be known as the VA-4, it will be 133 ft. long and 71 ft. wide, and will be powered by three Bristol Siddeley Proteus engines of 3,400 h.p. each. It will be able to cruise for 3½ hours at a time. A flexible skirt system will enable the craft to operate at 50 m.p.h. over 6 ft.-high waves. The new craft could be in operation in two years' time, according to the spokesman of the manufacturers, Vickers-Armstrongs.

NEW PRODUCTS AND PROCESSES

Storing Oil in Water

A BOTTOM-LESS tank for storing oil afloat in water has been developed by Malmö Flygindustri, a subsidiary of Sweden's large rubber manufacturers, Trelleborgs Gummifabrik. Known as the Seatank method, it is said to eliminate explosion risks and reduce fire hazards and to be applicable wherever the water depth is large enough in harbour basins, lakes and water-filled rock chambers. The tank is built of glass-fibre reinforced polyester plastics and has a specially designed roof which keeps the tank afloat. Since the tank always remains filled, either with oil or water, no evaporation or formation of gases takes place. Another advantage is that the tank needs no conventional cleaning as solid impurities in the oil separate by their own weight and drop through the open tank to the sea bottom. The unit is further easy to camouflage and to move to another site and is claimed to be comparatively cheap. The palyester structure is corrosion-proof and has high resistance to all commonly used fuels. Each tank can be provided with a separate pump on top of the roof which makes it an individually operating unit and dispenses with the need for land-based pumps. Since there is virtually no back-pressure in the tank, it can be filled very quickly, thus reducing tanker discharging time. A special device warns of overfilling, while another prevents water from entering the pumping system in the final stages of emptying the tank.

The manufacturers claim that there is no risk of fish or other marine animals entering the fuel from below. When used in Northern climes, the tank can be combined with a perforated compressed-air hose placed on the sea bottom. The air bubbles rising to the surface keep moving warm bottom water upwards which prevents the formation of solid ice. The low interior static pressure on the tank walls has made it possible to make the walls comparatively thin. Even so, they withstand very heavy explosions in the immediate proximity. When the tank is filled with liquid, shock waves pass right through the tank without causing damage.

Music Typewriter

A typewriter for reproducing musical notation is to be manufactured by The Imperial Typewriter Company of Leicester, England. The machine operates vertically as well as horizontally. The vertical movement covers the 22 elevations required for musical notation over three octaves. The movement is achieved by a bank of keys which move the type face up or down to the desired level, while the paper remains static. This feature also makes the transposition of music from one key to another a matter of copy-typing instead of calculation. The musical symbols have been broken down into basic parts which are produced on 46 keys. By combination and superimposition of the parts the whole range of symbols is covered.

Industrial Bubble Gum

Containers, pipes and so on that hold or convey gasses—air, oxygen, town gas, ammonia, and many others—tend to develop leaks, however slight. Now industrial (anti-corrosion) Services, 138, High Street, Waltham Cross, Herts, England, has produced a very simple leak-detecting material, a sort of industrial bubble gum. It is called Leaktest AC2. This is a slow-drying, slightly viscous, water-soluable, non-corrosive liquid, which can be painted over a gas container or pipe, welded seam, connections and anything else to be tested. The material is free from oil or grease, harmless to the skin, and can be used on hot surfaces. The material shows a bubble for a very small leak or a foam of bubbles where the leak is more or the pressure is higher.

Metal Bonder

A U.S. General Electric product (inquiries to International General Electric Company, of New York, 296, High Holborn, London, W.C.1) called RTV-60 is now being used as a bonder of metals. It is a liquid silicone rubber catalysed into a solid at room temperature. It was used for sealing the U.S. Mercury capsule. The solid adhesive will withstand high temperatures and its immediate use is for bonding load plates to the metal skins of high-speed aircraft, including those travelling at 1,500 m.p.h. Already, it has undergone 200,000 load cycles at 50 lbs. per square inch in fatigue testing of advanced aircraft. Temperatures up to 500 degrees F. have been used.

Photo-Electric Control Unit

Designed for ease of installation and maintenance, a photo-electric transistor control unit introduced by an English firm has a plug-in relay "drive circuit" and a plug-in control relay. It is an exact and reliable means of controlling any function when a light beam directed at a photo-electric receiver is made, interrupted, or varied in intensity. It is also available in versions for use with resistance level, inductive proximity, capacitance proximity and temperature sensing probes, and as a delay and interval timer.

Self-cleaning Filtration Plant

A filtration plant capable of dealing with 300,000 gallons of raw water an hour, automatically cleans its own filters. It never needs to be stopped for cleaning. In continuous operation, 24 hours a day, seven days a week, only the motor and gears will need periodic servicing. It is developed by B. Thornton Ltd. of Yorkshire, England. The plant uses as its working principle the pressure drop between filtered and raw water. Filtered water is used to clean the filters by backflushing, taking two to three per cent of the total flow. The washing water, which is automatically and independently discharged, removes up to three per cent of insoluables and a wide variety of sediments and impurities. The removal of sludges and deposits is continous and completely automatic. The plant is installed directly in the pressure pumping line and occupies little floor space in relation to its filtering capacity. It is available in various capacities from about 4,000 gallons an hour upwards.

Quickly Made Steel Casings

A machine that makes it possible to produce all sides of a washing machine or refrigerator casing from steel coil at the rate of one every ten seconds is now undergoing tests at Redman Tools, Worcester, preparatory to being installed by the Frigidaire Division of General Motors, at a factory in London. The coil, said to be the first of its kind, is punched, notched and pierced in the flat to accommodate hinges, doors and other fixtures. Subsequent operations, including automatic seam welding, provide the finished shape to the casing.

Portable Circular Saw

A portable, petrol-driven circular saw which will cut steel, wood, stone and brick, is being introduced by the Homelite division of the Lambretta-Trojan Group of Surrey. The saw weights 21 pounds and when cutting plywood, wall-board or non-ferrous metals an 8½ inch blade, which gives a 2¼ inch deep cut, is used. For cutting steel and stone, the saw is fitted with abrasive wheels.

Metric Range of Torque Wrenches

A range of metric dial-reading torque wrenches and recording instruments comprising 14 models and covering a torque range from 5 kg. cm. to 600 kg. m. has been introduced by Precise Torque Ltd., Ascot Drive, Derby, England. The wrenches, which both apply and register the load, cover the lower limits of the range from 5 kg. cm. to 80 kg. m., while three purely recording instruments, used between the loading device and the work, measure torque up to 150 kg. m., 300 kg. m. and 600 kg. m. The recorders claim to be among the most accurate in the world, may be set to give "live" indications while the load is being applied—the pointer returning to zero immediately the load is removed—or "record" indications in which case the pointer remains at the position of maximum torque until released by a re-set button.

Vapour-deposited Plastic

Vapour-deposited plastic is being tried in America to coat the inside of tins for food, although the system can also be used to put a plastic surface on any small metal part. As developed by Radiation Reseach Corporation, of Westbury, New York, the system introduces the part into a monomer gas, such as styrene vapour. The gas is ionized and the ions attracted to the charged metal part. Here they settle and cure into a plastic coating which can be as thin as .000.000,4 or as thick as .002 in. When used to line tins, the gas is pumped into the inside and there ironized. The coating is said to be uniform and to have a higher softening temperature than plastics applied by roller coating.

Brittle-necked Ampoules

Ampoules with brittle necks that snap off easily for instant use by doctors, veterinary surgeons and chemists are manufactured by R. Anrep, 29, Rue Carnot, Suresnes, Seine, France. When the ampoule is made, its neck is rubbed by the spinning edge of an aluminium disc to produce frictional heat and a chemical interchange between glass and aluminium that leads to the formation of a brittle area localised at a groove. The degree of interchange is controlled by the speed of the disc and excessive brittleness is cured by subsequent annealing.

Analysing Fluoride

Automation for determining fluoride in water supplies at the rate of 40 tests per hour is announced by Technicon Instruments Company, of Hanworth Lane, Chertsey, Surrey, England. The new system for automatic fluoride analysis also permits continuous monitoring of fluoride additives to municipal drinking water supplies. Industry can employ the new development on site automatically to detect and control fluoride in process streams, plant wastes, waste waters, etc. The method is based on an inverse colorimetric reaction. Fluoride cocentration is directy proportional to the degree of decolorisation of the lake formed with zirconium and 'SPADNS.' The sampe merged with the SPADNS-zirconium lake, is segmented by air and mixed. The resultant stream is passed into a time-delay coil and then into the colorimeter where the decrease in absorbance is measured in a 15 mm.. flow cell at 605 millimicrons.

Fresnel Lenses

A range of fresnel-type lenses available in a variety of optical plastics has been announced by the U.K. Optical Bausch and Lomb, of Bittacy Hill, Mill Hill, London, N.W.7. The number of rings per inch may be as high as 100 for lenses of certain sizes and these may be designed to give varying degrees of correction depending on the use. They can be used to replace optical projection condensers, magnifying viewing screens, corrector plates, signal lamp glasses, etc. Advantages claimed by the new lenses are low weight and bulk, impact resistance and lower cost than the glass equivalent in any quantity.

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THE BANK OF INDIA LTD.

T. D. KANSARA, General Manager

THE INDIA STEAMSHIP COMPANY LIMITED

CHAIRMAN, DR. RAMASWAMI MUDALIAR, ANALYSES PROBLEMS OF INDIAN SHIPPING

DELAY IN PORTS AFFECTS PROFITABILITY

THE Annual General Meeting of the India Steamship Company Limited was held at Calcutta on Thursday, 24th September 1964. Addressing the shareholders, the Chairman of the Company, Dr. A. Ramaswami Mudaliar, stated that one of the reasons for the losses incurred by shipping companies was excessive delay in ports in loading and unloading cargo. He urged the shippers and the Government to take a realistic attitude towards the question of increases in freight rates as the shipping industry was also faced with the problems of rising costs of operation. Dr. Mudaliar added that the cumulative effect of these hardships and handicaps was a reduction in the profitability of the industry. If the industry were to make a reasonable profit, the Chairman stated, either the freight rates should be fairly increased or the amenities and conveniences at Indian ports greatly improved.

The following is the full text of Dr. Ramaswami Mudaliar's speech:

GENTLEMEN,

The audited accounts and Directors' report for the period ending March 1964 have been in your possession for some time and with your permission I shall take them as read.

At the outset I would like to refer the great loss that the nation has sustained in the passing away of Prime Minister Mr. Jawaharlal Nehru in May of this year. For over 16 years since the attainment of Independence by India, Mr. Nehru guided the destinies of the nation and steered the country clear through many dangers and pitfalls, both external and internal. His outstanding contribution to the nation has been the great impetus that he gave to the industrial and social development of the country. His broad vision, great insight and deep appreciation of modern advances in science and technology enabled him to guide the industrial progress of the country. More that that, his vision of a society broadbased on social justice and affording equal opportunities for all citizens, led to his determination to prevent the nation from falling back into archaic and superstitious ways of thought and life and saved the country at a time when the tendency was to enshrine all the past as glorious, irrespective of merits and demerits of the traditions we inherited. Whatever reservations some may have regarding Mr. Jawaharlal Nehru's stewardship of the nation, none can gainsay the invaluable worth and value of the two distinctive assets which he has left to the nation. I trust that no corroding influences will destroy these precious assets.

Mr. Shastri

For some time, it was a hackneyed question in India and elsewhere: "After Nehru, Who?" Some believed with faith in Providence that "the hour will find the man." It is a matter of supreme thanksgiving that the nation, in its saddest and most critical hour, was destined to find in Mr. Lal Bahadur Shastri the right person to be Prime Minister and leader of the nation. I can testify from my own experience how the unanimous choice of Mr. Lal Bahadur Shastri was received with great relief and with equal admiration by the many nations of the world as it was received by the Indian public. Mr. Lal Bahadur Shastri, without being personally known to many abroad, had somehow impressed his character and integrity, his modesty and sense of fair dealing as much on the people abroad as on his own countrymen. His leadership of the nation and the guidance that he will give to the country in the solution of its many perplexing problems, both internal and external, will be safe, prudent and practical. We join with others of our countrymen in wishing him all success in the great task and willingly offer our full co-operation in the work that lies ahead.

We, who are connected with Indian shipping, have reason particularly to welcome his Prime Ministership as he has been the architect of modern Indian shipping development. It was during his Ministership of the Transport Department that Indian shipping got a special impetus for expansion, development and courageous progress. His sympathy and understanding of the needs of Indian shipping, both in the public and private sectors, was responsible for the turn that Indian shipping took in its expansionist activities since 1954. I feel certain that his beneficent influence will be felt by Indian shipping.

Freight Rates

In my speech at the last meeting, I indicated that it was inevitable that the freight rates from East to West would be increased and that it was generally recognised both by shippers and Government that this increase was justified in the circumstances in which shipping lines were working on the India-UK.-Continent route. I had stated that the Conference had increased the rate by 12½ per cent while the Indian lines had pressed for an increase of only 10 per cent. The percentage proposed by the Conference was justified on the ground that, with the many exceptions that were made, with reference to commodities which were called sensitive and could bear only a lower percentage of increase, the effective rate would only be a total increase of 10 per cent. The increase proposed was not approved by the Maritime Freight Commission and by the shippers, and the Indian lines, at a later meeting of the Conference, induced their colleagues to accept the lower figure of 10 per cent. This increase was effective from 1st October 1963 so that, as the Directors' report points out, the effect of this increase was felt only for three months of the year under review through the completed voyages that took place after 1st October.

The year resulted in a net profit of a little over Rs. 9 lakhs after setting aside Rs. 128 lakhs for depreciation and after deducting all other charges. As you are aware, the result of the working of the Company last year showed a loss of nearly Rs. 30 lakhs. I trust that the continued loss over the last few years has been definitely arrested and that a period of profit-making has begun. Even so, I cannot feel happy or satisfied any more than the shareholders, of the small profit that has been made this year.

It is unfortunate that, in spite of repeated statements of the chairmen of Indian shipping companies about the handicaps that they are seized with, there has been little achieved in solving these problems or mitigating the hardships and handicaps that face shipping, and particularly Indian shipping. The delays in Indian ports have been referred to more than once and it has been pointed out how Indian shipping loses by the number of days it is held up unnecessarily at loading and unloading ports in India. Except for one or two ports, delays have continued to the same extent in the major ports of Calcutta and Bombay. Owing to berthing delays your shipping Company lost 432 days in the year out of which 300 days were in Indian ports alone; rain and inclement weather has resulted in a further delay of 76 days. These artificial and natural handicaps have been aggravated by lightning strikes and labour troubles of various kinds which resulted in a further delay of 25 days. The slow arrival of cargoes to some of the ports, necessitating the holding up of ships which were ready to sail, has contributed a further delay of 54 days. Thus, through avoidable causes except for rain and inclement weather, the days lost by your shipping Company apart from the normal holidays was over 500 days. It must be admitted with appreciation that there was considerable improvement over the situation last year only at the port of Madras. The piece-rate system, which has not been accepted so far as Calcutta port is concerned, has further added to the delay in the turnround of ships. The rate of discharge or loading is only a third of what it is in the port of Bombay where the piece-rate system prevails. When it is realised that more than half the trade of India moves through the port of Calcutta and that it serves a vast hinterland, the importance of energetic action being taken in Calcutta at various levels for remedying this acute state of affairs becomes obvious. Plans are no doubt under way for execution of long-range solutions of these difficulties; but the immediate present is of more concern to all shipping lines and particularly the Indian shipping lines.

Port Delays

To the delays in ports in India has been added in recent months similar delays encountered in some of the Western ports owing to labour strikes and even go-slow tactics. The delays in Western ports though comparatively shorter, are of considerable significance because the harbour and port charges and other incidentals of ships' delays in Western ports are very much higher than similar charges in Eastern ports. It is under these conditions which prevailed during the year that the earning capacity of shipping lines in the U.K.-Continent-India trade has to be judged.

There are certain extraneous factors which are having an increased impact on the consideration of freight rates and on normal profits, particularly for Indian shipping lines. The problem of earning foreign exchange and the consequential question of balance of payments has necessarily loomed large in recent times. India particularly, and the less-developed nations are seeking to meet their requirements of foreign exchange for imported plant and machinery and raw materials for their industrial development and must, therefore, to a reasonable extent, concentrate on increasing their exports to various markets of the world. There have been many incentives considered in this connection for promoting exports. While I agree with this policy, I must reiterate that some shippers at least are taking advantage of the anxiety of the Government to increase exports and are constantly clamouring for a decrease in freight rates and objecting to even small increases. Shipping is as much an industry as any other industry and, while land-based industries can cope with increasing cost of production due to a rise in labour cost or raw materials by an increase in the prices of the articles they produce, it is considered by some that shipping, in spite of the fact that all these increases affect them equally, could not adjust its freight rates suitably. It is essential that a more realistic attitude towards shipping should be taken by both shippers and ultimately by Governments and I feel certain that better results, even from the point of view of foreign exchange, will accrue from this altered attitude towards shipping lines.

The facilities that are available at ports in India are so poor in other directions also that they form a severe handicap to Indian shipping lines. It has been a matter of great concern that the dry-docking and repair facilities in Indian ports leave very much to be desired. If, with this factor, Indian shipping lines are compelled to do the dry-docking and shipping repairs only at Indian ports as is often the case, not merely the resulting cost, but even more the resulting delay in carrying out this work, seriously affects the earning of these companies. During the year under review, your ships had to spend on an average 15 days for facilities for dry-docking and special survey. If this was done in a foreign port to which the ship had to go for discharge or loading, the average number of days would have been about 5. The cumulative effect of all the factors I have referred to above makes it difficult for Indian shipping, whether coastal or overseas, to make a reasonable profit unless one of two things occurs: either the freight rates are fairly increased or the amenities and conveniences at Indian ports are radically improved.

I feel that the time has come when the Committee in charge of national harbours is reconstituted with defined aims and objectives consistent with the needs of the times and their recommendations are not only seriously considered but given prompt effect to, so that, apart from long-term suggestions, immediate improvement may be made in the directions mentioned above.

I have referred to this long catalogue of grievances and deficiencies merely to explain the financial position of the Company. I feel confident, as I said, that we have turned the corner and that a more favourable balance-sheet may be presented in the succeeding years. But shipping companies must be assured of fair conditions of working in Indian waters and in overseas ports. When I find as a result of the year's working in the liner trade that your ships spent 3,379 days in port and 2,301 days at sea and that on the coastal trade they spent 993 days in ports and 282 days at sea, that is, nearly 60 per cent in port in the liner trade and 77 per cent in the coastal trade, I must confess that there is something radically wrong in the manner in which Indian shipping companies generally were obliged to work. The loss is as much to the nation as to individual shipping companies.

Expansion of Shipping

The need to expand Indian shipping is obvious and it is in this direction that some additional earning of foreign exchange may be expected. But the immediate increase in foreign exchange earnings of Indian shipping lines can well be brought about—and comparatively easily—with altered conditions in Indian ports. I have advocated the expansion of Indian shipping but always with the basic idea that they will really increase the cargo carried to and from India. There is need for more tramp shipping, for tankers and for bulk carriers of appropriate size, and if attention could be concentrated by new entrepreneurs or even by established shipping companies on these kinds of ships, it will help the country as much as it will be of help to them. It will be disastrous if shipping companies which have an ambition to enter the liner trade cut into the existing trades of Indian shipping companies on routes in which they have established themselves after great difficulty and considerable initial loss. They will only be dividing the income which the Indian shipping lines are now earning to the detriment of both themselves and of old-established lines. Given proper guidance by the Ministry of Transport in increasing the tonnage of Indian shipping and in fair and proper utilisation of such tonnage, there is every reason to believe that Indian shipping can expand on healthy lines.

Thanks

Our thanks are due to the Minister of Shipping for his continued help and guidance and to the officers of the Ministry, the Secretary, the Director-General of Shipping and his deputies and assistants, who have always given useful advice and timely help.

Tribute

I should like, on behalf of the Board and myself, to convey our sincere appreciation of the work of the officers and staff, both afloat and ashore. Theirs has been devoted service in the interests of the Company. I should also like to express my thanks to the shippers, brokers and forwarding agents for their firm support and for the confidence they have reposed in us and in the quality of our service.

N.B.—*This does not purport to be a record of the proceedings of the Annual General Meeting.*

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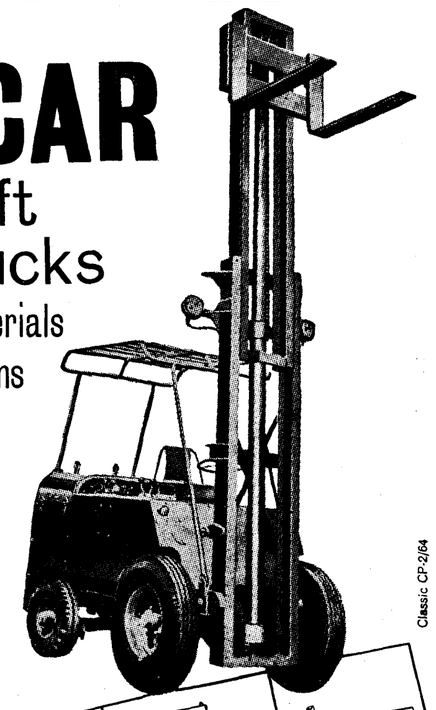

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BUSINESS NEWS FROM EUROPE

BRITAIN GIVES FEWER HOLIDAYS THAN CONTINENTAL COUNTRIES

E.E.C.'S GROWTH RATE SLOWS DOWN

From Our Special Correspondent

THE worker with the most holidays in Europe lives in Italy. On top of a month's annual holiday, he enjoys 15 separate public holidays during the year. Some executives do even better and it is not exceptional for them to have up to two months off.

No other country approaches this record, though some individual companies provide their workers with very good holidays. West Germany, Denmark, Belgium, Norway and Holland all treat their workers well and France and Spain are not far behind. Two of the largest industrial countries are among the worst. The Soviet Union has only five public holidays and Britain has only six.

The number of separate days off is closely related to the Roman Catholic calendar and, after Spain (18) and Italy (15), comes France (11). West Germany, which has a large Roman Catholic population, also has 11, as does Finland.

Annual holidays vary very much within a country. In West Germany, for instance, manual workers have to be given at least 15 working days after being six months with a firm. Over the age of 35, they get 18 days; youths under 21 get 24 working days. For established staff 24 to 28 days is not uncommon.

France, too, is well up the scale in the number of annual days' holiday given, though this is because many firms offer well over the union or legal minimum. The legal minimum is a fortnight, but the Renault agreement last year, by which all the employees got a month from the giant car firm, has persuaded many other firms to follow its example. The Italians, on top of their month's holiday, also get 13, and in some cases, 14 months' pay a year, as do the West Germans. France also pays a holiday bonus of approximately a week's pay to everyone.

Poland has a good record in Eastern Europe with at least 24 working days holiday for manual workers and frequently a month for the rest. Sweden also gives a month. At the other end of the scale, the Portuguese are the worst off with a mere four days' annual holiday.

In Switzerland, there is no set minimum, each canton legislating for itself. In some, the minimum is as low as a week, but the more common appears to be three weeks. The same is true of Spain. A week is the legal minimum, though

Number of Public Holidays

Spain	18
Italy	15
Germany	11
France	11
Finland	11
Norway	10
Denmark	10
Belgium	10
Holland	8½
Britain	6
Russia	5

most workers appear to get around three weeks and some white-collar employees get a month. This distinction between manual and white-collar workers is seen almost everywhere. Manual workers seem invariably to get fewer annual holidays.

The Dutch have made at least 17 working days a general rule, and there are another two days which can be taken at any time in the year. And in Norway a recent Act provides for the extension of the holiday period from 18 to 24 days.

These figures would appear to show that the British worker is at a decided disadvantage, as compared with his counterpart on the European Continent. There has recently been a move in Britain to increase the number of public holidays and some unions are pressing for longer annual holidays. Again, it is the white-collar workers which have led the way and some groups have managed to get a month's holiday. But these are the exception and the fortnight introduced after the war is still the general rule.

Can Europe Keep up the Pace?

Economists are beginning to cast doubts on the ability of the Common Market to maintain the rate of economic growth that it sustained during the later fifties. They point out that the rate has tailed off considerably since 1960 and that the figure for 1963, the last full year available for comparison, is even lower. During the period 1954-60, the European Economic Community grew by 5.6 per cent a year, with Germany and Italy above average, Holland and France slightly below and Belgium less than half the average. (Britain, by comparison, grew by 2.6 per cent.)

Since then, the rate has slowed down to five per cent (while the British rate has grown to three per cent), with only Italy doing better than average and Germany sliding right back to 4.6 per cent, as compared with 7.5 per cent in the earlier period. For 1963, the rate of growth is down to 4.3 per cent, this time with Italy and France above average and the Netherlands equal to it. Britain had by then increased her rate of growth to 3.6 per cent, but still lower than the lowest Common Market rate, Germany's 3.9 per cent.

These figures conceal considerable divergences. The German growth rate fell by a third between 1960 and 1963 and there was also a drop in the Dutch rate of increase. However, the Belgian economy grew substantially, while the French and Italian rates of growth maintained the same pace. Recently, however, there have been signs that the German rate of growth has been picking up again. The same is true of France, where a moderate slowing in the early sixties has been followed by a gathering of speed.

The Dutch pattern is roughly the same as the other two but Italy, partly because of the big leeway that had to be made up on the rest of the Common Market, continued its rate of increase further into the sixties and has only recently shown a marked falling-away in growth.

It is difficult to know from this experience, especially when productivity of labour is taken into account, just which way the Common Market will go in the next five or ten years. The sharp rise in productivity, especially in Germany, Belgium and France between the start of 1963 and the first quarter of 1964 (even allowing for the relatively low start point because of the bad winter) is encouraging; it amounted to seven to eight per cent in all. But it is difficult to know, especially where Germany is concerned, if the rise is a true one or has been the consequence of short-run influences, such as the better use of plant and machinery and an increase in female labour.

Another bull point, however, is the steady level of investment in Belgium and Germany which has come at the same time as there has been an increased willingness to save a larger proportion of personal incomes. On the other side of the medal, big queries surround the performance of Italy. The Italian economy is undergoing a fairly severe buffeting and the present political set-up is not considered in some quarters to be one inspiring confidence in finding solutions to the crisis.

Nor is it clearly evident that the inflationary tendencies in the rest of the Common Market are being tackled with sufficient resolution to reduce their impact and keep economies on a stable footing. There is an increasing danger that these countries will be forced to use monetary mechanisms, with their consequent effect in holding back capital formation and prejudicing future growth.

K.'s Visit Seen Mutual Russo-German Triumph

The announcement that Mr. Khrushchev is to pay an official visit to West Germany is a major diplomatic triumph for both Russia and Germany. The Soviet leader has been angling for this visit for a long time, and behind his determination is believed to be a wish to extend trade with Germany. German industrial goods, given attractive credit facilities, could help Russia enormously.

For West Germany, the visit marks the rehabilitation of the country in the eyes of the rest of the world. She has recently been courted, as the *entente* with France has come under increasing strain, by Britain and America as well as Russia. On top of the visit of the Soviet leader, there is to be one from Britain's Queen next spring.

The question of credit facilities for West German goods will undoubtedly be given top priority by the Russians. The Germans, while wanting the trade that credits for longer than the normal five years would bring, would also want some political concessions from the Russians, probably over Berlin or East Germany. Russia, it is thought, may play hard on this point, because opinion in Germany is already moving towards liberalising trade facilities with her. It has managed to get longer credits from Britain, France and Italy, and Germany would not want to see her three competitors get all of this important trade.

Russia may also be hoping that better terms and conditions for the rest of the Eastern bloc will come from the visit. She herself is not the only Communist country that wants to trade more with West Germany, and it could be that she hopes to pave the way for a big boost in trade generally across the Iron Curtain.

Has Italy Acted Strongly Enough?

Serious doubts are being expressed in Italy over whether new measures to set the economy on its feet will work. The main criticism is that the Government has not gone far enough, and, where it has acted, it has only acted in a half-hearted way. One of the major measures was an increase in turnover tax (from 3.3 per cent to four per cent) on all goods, except foodstuffs, petrol, fertilisers, pesticides, agricultural machinery, seeds and credit operations. Another major measure was the transfer of some welfare charges paid by industry on wages to the State.

The main criticism of the former is that it will only add to the cost of living at a time when it is essential to keep it in check. Since wages are pegged to the index, it implies that they will rise soon, in spite of the fact that foods have been excluded from the increased tax.

The turnover tax is a "cascade" tax which has to be paid every time a product changes hands, even in the course of its manufacture. Its increase is expected to bring in another £138 million a year.

However, it is thought that exports will benefit from the measure in two ways; at first there should be a reduction in labour costs and

Number of Annual Holiday Days

Italy	1 month
Poland	24 days to 1 month
Sweden	1 month
Norway	24 days
Germany	15 to 24days
Switzerland	7 to 21 days
Belgium	10 to 21 days
Holland	19 days
Denmark	18 days
Greece	7 to 14 days
Britain	Fortnight
France	,,
Russia	,,
Portugal	4 days

at the same time the tax refund paid on exports will be increased.

A serious omission, though, is considered to be that a wages standstill has not been faced. Here the Italian economy is thought to be weakest and, unless wages can be brought under control, all other measures could be undermined.

Israel Shows the Aid Flag

In spite of the fact that she has no large financial resources at her command, Israel is now steadily providing more technical and financial aid for the emerging countries of Africa. The stage has even been reached where many countries now consider the employment or secondment of Israeli technicians to be an essential part of their development.

These excursions by Israel began after Suez and have included participation with Ghana in a shipping line, with Liberia and Nigeria in construction companies, hotel building in Tanganyika and farming in many countries.

Israel has managed to develop this special position in Africa because of her own unique position. Except by the Arab States she is not considered to be a "colonial" power, seeking to exploit the Africans.

Israel is also much sought after because she has had to face, and has overcome, most of the problems which confront the new nations. She has had to create an economy from minimal organisation while all the time threatened by an outside force.

Equally important is the character of the Israeli technicians who have gone into black Africa. Although white men they have sought no privileges or preferential treatment (unlike some envoys, from both East and West) and have been content with the same conditions as the people they have been training. This has increased the admiration for Israel enormously.

Israel obviously is not pursuing such a policy out of complete disinterest. She clearly hopes to create a climate of opinion among the Africans which could go some way to easing the burden on her from Egyptian threats—and to providing useful markets for her own exports.

France Has a Better Year So Far

The French economy has been "satisfactory" so far this year. This verdict, by the Organisation for Economic Co-operation and Development, comes after a year in which there was a definite economic slow-down in France. This year, however, the economy has picked up again. Output has continued to expand, the rise in prices has remained within manageable bounds and exports have recovered well.

The signs are, however, that rougher weather is ahead. Private productive investment has stopped growing and is considered unlikely to revive spontaneously in the near future. Uncertainties over the future course of demand are augmented by difficulties in raising finance due to pressure on costs combined with the freezing of prices. And the net effect of the public finances on the economy is more restrictive than last year. The problem for the future is to keep labour and productive level of capacities fully occupied and there has been a fall in order books and the demand for industrial consumer goods in particular has been faltering.

Turkey to Develop Dairy Industry

Turkey is to develop a modern dairy industry under its current five-year economic plan. It has relatively large supplies available of home-produced milk, normally providing just under 300 lbs. per head annually, as compared with about 330 lbs. in Britain. But quality is indifferent and there has so far been little attempt to develop dairying as a source of protein foods.

Except on a few model farms run by the State, animal husbandry and feeding are poor and milk comes largely from multi-purpose animals. Only about half is produced from cows, the rest coming from goats and buffaloes which are primarily bred as draught animals. The relatively few special dairy cows in Turkey are mainly the result of cross-breeding native strains with Swiss Browns in the past five or six years. A large proportion of the livestock in Anatolia is fed by migration to summer mountain pastures in the east, often involving drives of many miles. This affects both meat and milk quality adversely.

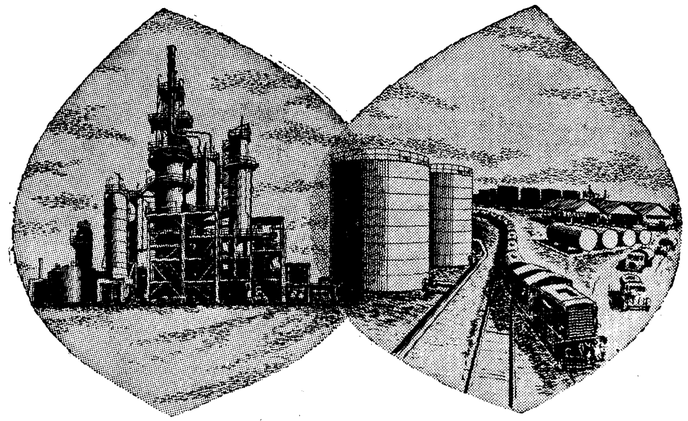
Dairy plants hardly exist in Turkey, except near the two or three largest cities and on a few State farms. Although yoghurt—the traditional fermented milk drink—is produced in villages on a large scale, cheese production is small and the tiny butter output is of poor quality. Now, along with efforts to improve animal husbandry, the Government is to build a major plant in Istanbul for milk processing and the production of butter, cheese, ice-cream and yoghurt; and another at Kars, the main milk producing centre, for powdered milk, bulk butter and cheese. Both plants are to be financed partly by an initial credit of £540,000 from the Swiss Government. Switzerland will also establish a cheese-making school at Kars, provide managers for the new enterprises and train Turkish dairy technicians, partly in Switzerland itself.

Topical Briefs

Oil consumption was higher in ***Britain*** in the first quarter of the year than a year ago. In the quarter, there was a five per cent rise in consumption, which pushed the figure for all products up to 16.43 million tons. Another million tons went to bunkers for ships engaged in foreign trade. The greatest proportionate rise was recorded by bitumen, which sold twice as much as in 1963. But this is not a "true" increase, since the first quarter of 1963 was badly hit by the severe winter when hardly any road-work was carried out. Consumption of petrol went up by almost a fifth and, with the number of cars on the road going to double soon, this part of the industry should increase output all the time. Not all oil products rose. Burning oil fell by 26.9 per cent, mainly because the product is especially susceptible to temperature changes. There has also been a rise in demand for oil for central heating, reflecting the increase in this form of heating in private households.

Spain is worried that a big rise in wages could lead to inflation and affect the Development Plan. In the past five years, hourly wage rates have gone up by 13.1 per cent and brought about a situation bordering on inflation, according to the Commissioner of Spain's Economic Development Plan. In the first five months of this year, industrial production has gone up by 11.7 per cent, as compared with the same quarter of last year, a figure well above the 8.5 per cent set as a target by the Plan. And, in the first half of the year, exports have gone up by almost half—43.4 per cent to be precise.

Austria's economy has grown at twice the rate in the first half of this year as in 1963. Industrial production is rising at an annual rate of eight per cent, double the figure for last year. According to a report from the Institute for Economic Research, demand in most sectors has continued to expand and the brisk inflow of new orders, as well as the upward revision of industry's investment plans, has given a stronger-than-expected push to the basic and capital goods industries. And, for the first time since the present boom started in the spring of last year, the output of capital goods in the May-June period rose faster than that of consumer goods.



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AGAINST STATE TRADING IN FOOD

SOME REVEALING DISCLOSURES IN W. BENGAL

By A Special Correspondent

"Mustard oil produced in West Bengal jails is being sold to consumers at Rs. 2.80 per kg., as against the ruling market rate of Rs. 2.50. Considering that the prisoners do not get the normal wage for their work and that jails, unlike oil mills in the private sector do not work on commercial principles and with the object of earning profit, we do not find any justification for the very high rate in which jail products are sold in the market as compared with the rate charged by the privately-owned mills. This is one more instance of the private sector being wrongly accused of profiteering and the public sector being more expensive."

THESE are extracts from the minute of dissent appended to the report of the Price Enquiry Committee of West Bengal, which was released a few days ago. The Committee was set up in June 1962 to enquire into the rise in the prices of essential commodities in West Bengal and to recommend specific measures for holding the price line. Dr. Bhabatosh Dutta, an eminent economist and a member of the fourth Finance Commission, was the Chairman of the Committee. It consisted of 11 members of whom five represented the State Government and six were from trade and industry. Two members, Mr. S. R. Biswas and Mr. J. C. Das Gupta, have submitted a minute of dissent.

Broadly speaking, it may be said that, while the majority of the Committee have favoured greater State intervention to regulate prices, the two members who have dissented have strongly opposed State control.

Main Recommendations

The main recommendations of the Committee are summarised below:

(i) All movements of rice and paddy from West Bengal should be banned.

(ii) Orissa's surplus rice and paddy (3 lakh tons) should come into the hands of the West Bengal Government.

(iii) For the present, the Central Government should arrange for another 4 lakh tons of rice reaching West Bengal Government's hands in a normal year.

(iv) The West Bengal Government should receive 10 lakh tons of wheat from Central supplies annually. On account of the population increase, imports of rice, and if that is not possible, of wheat may have to be increased by 1 lakh tons annually, if normal rice production rises by 10.6 per cent per year as in the ten years ending 1961-62.

(v) The West Bengal Government should take over all the rice mills in this State and buy up the marketable surplus of paddy in the State.

(vi) Other processors of paddy like husking machines with boiling arrangements and "chira" mills should obtain their paddy from Government and should not be allowed to purchase paddy from the cultivators.

(vii) The West Bengal Government should distribute all the wheat and wheat products under modified rationing, barring flour to be exported outside the State or released to bakeries, etc., under strict system of control, if necessary.

(viii) The West Bengal Government should distribute internally procured stocks (8 lakh tons) as well as imported rice through a system of modified rationing in all urban areas as well as among non-cultivating and other deficit families in rural areas, the scale being 12 ozs. per adult per day, with 4 ozs. extra for heavy manual workers and 8 ozs. per day per child on the basis of 50 per cent rice and 50 per cent wheat/wheat products generally. A scale of 12 ozs. of cereals per adult per day was considered to be the maximum desirable in the days of statutory rationing.

The Committee has recommended an extension of the licensing of producers, importers, wholesalers and, if possible, retailers also. The Committee believes that comprehensive licensing will be able to provide the Government with full information about the market structure. The licensed producers or dealers will be asked to supply data regarding incomings, outgoings and stocks at specified intervals and such information, it is stated, will prove immensely valuable to Government in arriving at policy decision.

Although the Committee was called upon to probe into the prices of cereals, pulses, fish, mustard oil and cloth, it has concentrated on the problem of rice, because the stabilisation of rice prices by itself will be a restraining factor on the upward pressure on other prices. The Committee recognises that holding the price line is essentially the task of the Government of India, since it has to be tackled from the point of view of fiscal and monetary policies. But, at the same time, the State Governments also can play an important role by helping to increase the supply of commodities and by ensuring that the available supplies are equitably distributed.

The Committee lays considerable stress on the need for increasing production and for improving the transport facilities. It has also recommended the creation of a "small but high-powered" Price Advisory Board to be attached to the Chief Minister's Secretariat. This Board will be assisted by a number of sub-committees for important commodities or groups of commodities. These sub-committees will be composed of three classes of members—representatives of producers and dealers, senior Government officials and representatives of consumers. The Board will be consulted by the Government about prices and it may also offer advice on its own initiative.

Disagreement with Main Suggestions

Mr. Biswas and Mr. Das Gupta have expressed their disagreement with the main recommendation relating to State trading. They say that State trading should be resorted to only on "very strong grounds." It would be justified, provided the rice mills and traders had taken an undue advantage of the situation brought out by the maladjustment between demand and supply. But no such development has taken place in West Bengal during the last ten years.

"It is difficult to understand," they say, "why a long-term programme should be suggested only on the basis of the experience of a particular year when the rise in prices took place due to certain extraordinary circumstances." The year 1963 was a bad one for the *Aman* crop in West Bengal, the yield of which was 39.1 lakh tons, against 43 tons in 1962 and over 48 lakh tons in 1961.

Other factors that led to the abnormal increase in prices were the gradual non-functioning of the Eastern Zone and the comparatively slow and irregular release of stocks by the Central Government through the modified ration shops. They also quote with approval the following arguments advanced by the Asoka Mehta Committee, which are as valid today as in 1957:

(a) "Full control, in the sense of complete rationing and procurement of the kind that we had before 1953, will involve a large increase in Government's commitments for maintaining supplies to the rationed population.

(b) Large-scale procurement through a rigid system, whatever may have been its merits in an emergency, will be strongly resented by farmers, if introduced as a regular feature in a developing economy, and may have adverse effects on the production as well as marketed surplus of foodgrains. If the production and marketed surplus of foodgrains go down as a result of such procurement, the difficulties facing the country will increase rather than decrease before long.

(c) In any system of rationing, leakages tend to increase in course of time. Not only does the number of ghost cards tend to increase, but foodgrains also tend to be smuggled into rationed areas and sold in the black market even under the strictest regime of food controls.

(d) Rural areas being left out, urban areas will have assured supply of foodgrains at low prices, while the non-farm population in rural areas will have to face accentuated shortages and high prices.

(e) This system is also likely to prove very costly.

(f) An extensive system of procurement and rationing would have a justification if it succeeded in preventing the rise in prices that might otherwise occur. This implies depressing the cultivator's return for the sake of the urban consumer. On this score alone, the system may be found to be widely unacceptable."

There are also certain administrative and financial problems. There are over 38,500 villages in West Bengal. If all the mills are taken over and private trading is prohibited, the Government will have to procure paddy amounting to over 12 lakh tons direct from surplus growers. The scheme will involve bulk handling of rice of about 15 lakh tons, besides the 10 lakh tons of wheat at present handled by the Government. The responsibility for feeding 207 lakh people in urban and rural areas through modified ration shops will also prove too costly.

There is, indeed, considerable force in these arguments against State trading, but it is doubtful if the Government will pay heed to them. If industrial and commercial enterprises of the Government do not work well, the people may be affected only to some extent. But, if State trading in food fails or does not work satisfactorily, then millions of people will be directly and intimately affected. State trading, moreover, is also likely to divert attention from the task of growing more food.

Backwardness of W. Bengal

In this context, it is relevant to refer to the observations made by the National Council of Applied Economic Research. In a techno-economic survey issued recently, it was pointed out that, although the yield rates of the major crops were generally higher in West Bengal than in India as a whole, these rates did not compare favourably with those in many other States. Thus, in 1957-58, the rice yield in W. Bengal was 870 lbs. per acre, as against 1,252 lbs. in Madras, 1,110 lbs. in Mysore, and 1,114 lbs. in Andhra. Its jute yield was 964 lbs. per acre, as against 1,254 lbs. in Assam. Its sugarcane yield was 3,283 lbs. per acre, against 5,104 lbs. in Andhra, 6,294 lbs. in Madras, 6,338 lbs. in Bombay and 5,406 lbs. in Mysore. The yields of minor crops like oilseeds, *jawar* and tobacco were below the national average. The N.C.A.E.R.'s survey further revealed that the irrigation system of the State was not adequate for intensive crop production. Rice, together with minor food crops, accounts for 98 per cent of the total irrigated area and sugarcane for 0.9 per cent. But only 23 per cent of the total area under paddy and 45 per cent under sugarcane are irrigated. In 1956, only 1.1 million acres or 10 per cent of the total area of paddy were under improved seeds. As regards fertilisers, the survey observed that the *per capita* availability was only 1.3 lb. of nitrogen, as against the minimum requirement of 30 lbs. About improved agricultural practices the survey said: "The existing agricultural practices in the State need to be considerably improved. Such practices as timely sowing, adequate inter-cultural operation, adequate application of local manures or green manuring, plant protection measures, etc., are expected to raise the yield by about 50 per cent. The farmers could be induced to take to the Japanese method of paddy cultivation which has proved to be more productive. If these methods

(*Continued on page* 555)

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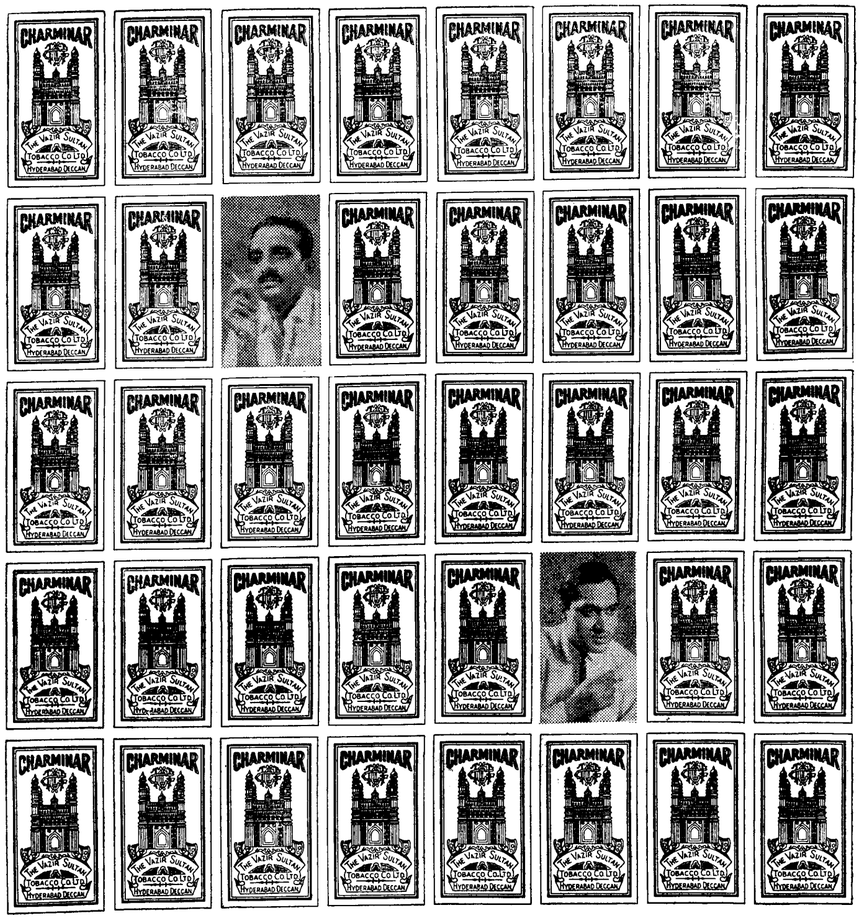

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OIL PRICING IN PERSPECTIVE

SOME LIGHT ON A MUCH MISUNDERSTOOD SUBJECT

THE subject of oil pricing is one in which misunderstandings abound and familiar questions frequently recur. Those best qualified to answer the questions are the men engaged in the day-to-day conduct of the oil business. But they do not always have the time or the inclination. It is thus fortunate that one authority in this field, Mr. H. Gripaios, should have agreed to present a paper on international oil prices to this year's meeting of the British Association for the Advancement of Science. This paper * provides lucid answers to some of the recurring questions.

The Oil Market

Why is there no oil exchange in the sense that there are exchanges for other internationally traded commodities? In the first place; says Mr. Gripaios, 70 to 75 per cent of the industry is vertically integrated, and, where this is true, crude oil does not have to be bought and sold on a commodity exchange. Secondly, the non-integrated companies tend to enter into fairly long-term arrangements for the acquisition or disposal of supplies.

In view of the great variety of crudes produced and the wide differences between countries in the pattern of demand for petroleum products, many of the transactions between producers and refiners are unique in certain respects—e.g., in type of crude, quantity involved, duration of supply, point of delivery, payment terms, the buy-back of refined products surplus to local requirements, and so on. In many cases, indeed, a "tailored" crude is supplied. Thus, there are not enough transactions on comparable terms to permit the establishment and effective functioning of an oil exchange.

This does not mean that buyers and sellers are unable to sound the market. There is no difficulty in an age of rapid communication in keeping buyers and sellers fully informed, so that the industry can function on an international scale. And few could doubt to-day that it operates under highly competitive conditions. While the eight largest groups of oil companies market some 65 per cent of the oil consumed in the international sector of the industry, a great many companies handle the remaining 35 per cent.

However, the twin factors of vertical integration and long-term contracts for crude place the main emphasis of day-to-day competition at or near the points of final consumption. As with other commodities, there is a two-way influence between the prices paid by the ultimate consumer (exclusive of taxes) and the prices ruling at earlier stages of the industry. For example, final selling prices influence and are influenced by ex-refinery prices for products, these in turn influence and are influenced by delivered prices of crude—which will be affected, in turn, by f.o.b. prices in the producing areas. It is to be expected that at each stage there will be a margin sufficient to provide the ocean-transport, refining and marketing sectors with an appropriate profit.

* * * *

One popular misconception is that world market prices for oil are related to U.S. prices and costs—as in fact they were when the United States was the predominant source of supply. Once the supply situation moved into surplus, competitive pressures resulted in international oil prices falling to levels more closely related to the lower costs ruling in areas outside the U.S.A.

A variation of this misconception is that European selling prices are related to Caribbean product postings, which are geared to the high cost of Venezulean crudes, although the European market is supplied mainly with low-cost Middle East crudes. In fact, the growth of refinery capacity in consuming areas such as Europe has resulted in local product prices being influenced by the competitive prices of crude oil—e.g. from the Middle East—and the local refining and marketing conditions. Caribbean product postings no longer have much significance in Europe except in those countries that import appreciable quantities from across the Atlantic: in such cases Caribbean postings plus freight costs set the ceiling for local products prices.

Trading Between Affiliates

What bearing does all this have on the transfer prices applied to transactions between affiliated companies? Surely these can be fixed on an arbitrary basis? Not so, said the speaker. It must be remembered that most of these transactions involve an international frontier and that, for tax purposes, the Governments concerned take steps to ensure that the prices charged are commercially acceptable. Double taxation agreements reinforce the process. Where these exist, the "as if independent" or "arm's length" test is usually applied, thus compelling the affiliates of international groups to conduct their affairs in a fully defensible manner.

It does not, of course, follow from this that transactions between affiliates will take place at the lowest price prevailing in the market. Nor should they, asserted Mr. Gripaios. If a buyer of crude enjoys absolute security of supply as well as flexibility in regard to quantity; if he has the option to be supplied with an alternative material; if he has the right to sell back products for which he cannot find an outlet—then he must pay a price that takes account of these privileges. And this is generally the relationship existing between affiliates.

There is a second compelling reason why such transfer prices tend not to be at the lowest levels ruling in the market. This is that the whole of the potential surplus of crude oil production—at present perhaps 20 per cent in excess of current requirements—must seek outlets among the relatively few uncommitted r finers, which possess only about 7 per cent the free world's refinery capacity. "Extreme low prices, unrepresentative of the market as whole, are bound to result when almost fo tons of crude oil address themselves to each t of uncommitted refiner's outlet." These e tremely low prices are thus the direct resu of the existence of contractual arrangemen covering the bulk of the trade; for, if the latt did not exist, the ratio between uncommitte supplies and outlets would be something lik 6 : 5 (120 : 100), instead of the present 4 : 1.

Sometimes exceptionally low prices ma be due to a producer finding himself in t position of having to make sales in order fulfil concession commitments, but of being u able to find a refiner whose needs match t specification of the proffered crude. In suc cases, the seller may have to quote a substa tial discount in order to clinch the dea Though there is no sound reason for applyin these special prices to other transactions, Go ernments of consuming countries and refine already committed would be less than huma if they did not cast a wistful eye at these lo priced deals. This applies particularly to co suming countries with balance of payment problems.

Meeting Outside Competition

What prices then do apply to integrate transactions? The key consideration is that i tegrated companies must meet competition they find it—which means supplying refinin and marketing affiliates at prices which enabl them to operate at a reasonable profit. Allow ing for geographical differences, prices in di ferent countries or localities tend to equivalent levels to the extent that competitive pressures are the same.

In other words, the availability of crude oil supplies, and the activities of the many companies operating in the industry, result in competitive pressure, which in turn influences oil selling prices in consuming areas. The affiliates of integrated groups have to meet this competition, which means that they need to obtain their supplies at prices that are reasonably related to final selling prices.

The normal working of economic forces may, of course, be interfered with by Governments, which are always in a position to influence the environment in which oil companies operate. By affecting the competitive pressures, which in turn influence price levels, Government interference may enhance or diminish the attractiveness of individual markets. But, according to the speaker, companies operating on an international scale will not be interested in continuing to supply a country at prices that are not reasonably in line with those obtainable elsewhere.

As regards the general level of oil prices, there has been a decline on the world market since the Suez emergency. This decline, coupled with the maintenance of posted prices for crude above the level of market realisations, has bitten into oil company profits. Hence the weighted average return on average net assets of the seven leading international oil companies was no more than 11.6 per cent last year, which compares with a return of 11.5 per cent in the same year for 2,000 leading companies in 40 different manufacturing industries in the U.S.A.

This rate of return, argues the speaker, is rather close to the minimum required to generate or attract capital to the oil industry to sustain the anticipated rate of growth. Each gallon of daily sales needs to be backed on average by more than £40 of capital investment; and the O.E.C.D. Special Committee for Oil recently estimated the capital needs of the international sector of the oil industry during the next decade at more than £26,500 million ($74,000 million), a figure roughly equivalent to the entire national income of the United Kingdom last year.

Bearing in mind the paradoxical fact that oil companies are unlikely to attract outside investors if they are not earning enough to generate their own development capital, it looks as though profit-margins cannot be squeezed much further without jeopardising future expansion. The implication is that further price reductions are unlikely, except in circumstances where there is still scope for cutting costs by improvements in efficiency.—*By Special arrangement with Petroleum Press Service.*

* "International Oil Prices." A lecture by Mr. H. Gripaios, of Shell International Petroleum, to the Economics Section of the British Association for the Advancement of Science, Southampton, 31st August 1964.

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AGAINST STATE TRADING IN FOOD

(*Concluded from page* 552)

become popular, it would be possible to improve the yields by at least 10 per cent, which, for foodgrains alone, would mean an additional production of 450,000 tons a year."

It will be clear thus that the State Government has vast work to do for improving agriculture; and it seems unwise that it should think of undertaking trading on a large scale, with all its costly complications.

Apart from rice, fish is a food item of great importance to West Bengal. But the State Government appears to have done little to increase its production. The minute of dissent of the Price Enquiry Committee refers to the negligence and inactivity of the Government Department to mobilise the water resources of the State to step up production of fish. It says that "while funds have been continuously lapsing during the entire period of Five-year Plans, the Department has not done much to resuscitate the derelict rivers, tanks, ponds and other sources of supply."

An interesting revelation made in the report deserves mention. About ten years ago, Mr. Van der Heyden, an expert in fishery from F.A.O., made some recommendations for increasing the production of fish in West Bengal. But till now his report has not even been published and no action taken thereon. The minute of dissent says: "It was with great difficulty that we could obtain from a reluctant Department of Fisheries a copy of this report. We were informed that the report was a confidential document, though, on a perusal thereof, we have not been able to find out the reason for keeping it secret."

All this seems to show that the task of increasing food production has yet to acquire that sense of urgency and seriousness that it ought to have not only in West Bengal but in many other States as well.

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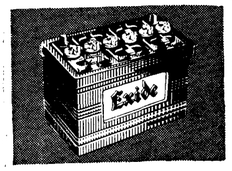

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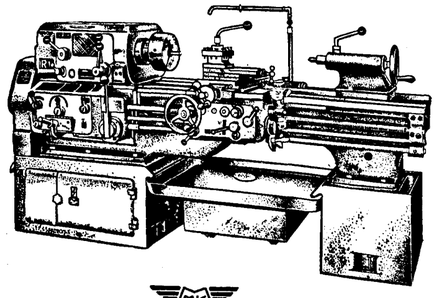

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WORLD OILCAKE PRODUCTION AND TRADE

INDIA BECOMES SECOND LARGEST EXPORTER

A STEADY upward trend is seen in the world production of important vegetable oilseeds such as groundnuts (unshelled), cottonseed, linseed and castorseed during the years 1961-62 to 1963-64. The output of groundnuts which was 11.4 million and 11.7 million tons (including that of China) in 1961-62 and 1962-63, is unofficially estimated at 12.0 million tons (excluding that of China) for 1963-64. Production of cottonseed (inclusive of China), which was 16.08 million and 16.9 million tons in 1961-62 and 1962-63, respectively, is unofficially placed at 17.2 million tons for 1963-64. Similarly, the world production of linseed and castorseed which was 600,000 tons and 3.05 million tons, respectively, in 1962 was better at 700,000 tons and 3.4 million tons in 1963. The somewhat larger output of these seeds is reflected in the world production of oilcake, which has maintained a continuously rising trend from 1957. In fact, the world oilcake production (excluding that of China, the Soviet Union and most Eastern European nations for which reliable data are not available) in 1963 was a record of 27.4 million tons, thanks principally to the increased output in the major producing countries like the United States and India. The latest issue (September 1964) of the *Tropical Products Quarterly*, published by the Intelligence Branch of the Commonwealth Economic Committee, London, which contains a comprehensive analysis of the world oilcake production and trade, shows that oilcake output rose from 19.8 million tons in 1957 to no less than 27.4 million tons in 1963, *vide* Table I accompanying this article.

The expansion in the output of all types of oilcakes in 1963 as compared with 1962 was smaller at 5 per cent, as against 8 per cent in 1962. Soya meal cake accounted for the bulk—about two-thirds—of the total expansion in the production of oilcake in 1963. While groundnut and cottonseed cakes were only marginally larger, rapeseed cake production was lower and that of linseed cake remained practically unchanged.

A country-wise analysis of the production of oilcake and meal shows that the United States leads the rest of the countries, with an output of 12.8 million tons in 1963 (about 47 per cent of the world's output). Nearly one-third of its output is made up of soya meal cake (four million tons). India comes next among the leading oilcake producing countries, with an estimated total of 2.8 million tons in 1963. Its production was also larger, thanks to an improvement in the output of groundnut and sesame. Taking the oilseed producing Commonwealth countries as a whole (such as India, Pakistan, Canada, Uganda, Ceylon, Malaya and Nigeria) one finds that production of oilcake was slightly better at 4.20 million tons in 1963 as compared with 4.05 million tons in 1962. In countries outside the Commonwealth also, it rose from 16.4 million tons to 17.05 million tons. In the major oilseed importing countries in Western Europe, however, the growth was only nominal, from 4.19 million tons in 1962 to 4.27 million tons in 1963. This was in contrast to 1962, when output rose sharply by over 14 per cent. Another major oilseed importing country, namely, Japan, expanded its oilcake output by one-fifth to a record of 1.52 million tons in 1963. Soya meal accounted for nearly 59 per cent of Japan's total.

The world's six major oilseed producing countries, namely, the United States, India, Argentina, Egypt, Pakistan and Canada, together accounted for some 18.4 million tons of oilcake in 1963 or 66.7 per cent of the total world output. Of these, only Argentina experienced a slight fall from 1.1 million tons in 1962 to 1.09 million tons in 1963, owing to lower output of linseed. Among the oilseed importing countries, Japan, as stated earlier, increased its output of oilcake in 1963 by 250,000 tons to 1.52 million tons in 1963. Britain's output went up only nominally by 5,000 tons to 636,000 tons, the increase in soya meal production being nearly offset by smaller outturn of copra and palm kernel cake. In the two leading E.E.C. countries, France and West Germany, output showed a slight fall, from 535,000 tons and 1,131,000 tons in 1962 to 513,000 tons and 1,122,000 tons respectively in 1963. This was due to a decline in the production of soya meal and groundnut cake. In Algeria, oilcake output remained unchanged at 50,000 tons in 1963. While in Taiwan China there was a marked rise in oilcake output from 63,000 tons in 1962 to 90,000 tons in 1963, Israel showed only a small rise from 163,000 tons to 171,000 tons.

Table III: *Exports of Oilcake and Cake Equivalent of Oilseed Exports from the Major Oilseed Producing Countries*

(In 000 tons)

	1957	1960	1962	1963
Groundnut	1,082	1,433	2,070	2,180
Soyabean	3,190	4,826	5,034	5,636
Cottonseed	693	939	1,118	1,212
Rapeseed	133	137	209	199
Sunflower	483	654	653	460
Sesame	80	120	128	125
Copra	859	783	744	801
Palm kernel	420	427	379	385
Linseed	829	901	914	869
Others*	84	155	262	258
Total	7,853	10,375	11,511	12,125
Of which :				
Cake	2,677	4,022	5,322	5,623
Seed (in terms of cake)	5,166	6,353	6,189	6,502

* Exports of oilcake mainly unspecified by type.

Oilseed cakes are used mainly as cattle-feed in most parts of the world. In Western Europe, the demand for cakes remained somewhat restricted owing to (*a*) the high level of prices, which in turn was due to the rise in the prices of vegetable oils themselves, (*b*) a fall in prices of certain livestock products, (*c*) a slight decline in the number of livestock themselves, and (*d*) an improvement in the supplies of farm fodder from 1963 crops. Nevertheless, world oilcake exports (in terms of quantity) touched a record of 5.6 million tons in 1963. Only, the increase, which was of the order of 6 per cent, was very much lower than the 25 per cent rise registered in the previous year from 4.27 million tons to 5.32 million tons. Exports of oilseeds in terms of cake were also larger, being a record of an estimated 6.5 million tons in 1963, but here also the increase was of a smaller magnitude than that in the previous year (from 5.6 million tons to 6.19 million tons). The proportion of total exports from the oilseed producing countries moving as oilcake was 46 per cent, the same as in the previous year. Among the oilseed producers, the principal cake exporters are the U.S., India, Canada, Brazil, the Philippines and Sudan. All of them were able to step up their exports in 1963, but Argentina and Soviet Russia exported somewhat smaller quantities. Owing to a decline in the supplies from Argentina, India became the world's second largest exporter of oilcake in the past year. The exports of oilcake and seeds in terms of cakes from the principal oilseed producing countries are highlighted in Table III.

It will be noted that after slumping from 10.37 million tons to 9.87 million tons in 1961, world exports of oilcakes (in the form of both cake and seeds in cake equivalent) had picked up in 1962 and maintained the upward trend in the following year. It will be further noted that exports of all types of oilcake and cake equivalent of oilseeds, save those of rapeseed, sunflower, sesame and linseed, went up during 1963. Exports of soya bean cake (in the aggregate) increased considerably from 5.03 million tons in 1962 to 5.6 million tons in 1963, chiefly due to the phenomenal increase in output in countries like the U.S. The rise in the exports of other types of cakes such as groundnuts and cottonseed, however, was only small. The rather sharp fall in the exports of sunflower and linseed cake is attributed to the lower output in their principal growing countries, namely, Soviet Union and Argentina.

As in the case of production, so also in the case of exports the United States held the lead, with its exports reaching a record of 1.4 million tons in 1963, an increase of more than 25 per cent over the previous year's level and more than 100 per cent over the 1961 level. Indeed, the high level of American shipments in the last two years was the outstanding feature of world trade. The U.S. provided in 1963, 25 per cent of total supplies from the oilseed producing countries, as compared to 22 per cent in 1962. Its main shipments consisted of soya meal (about 1.3 million tons in 1963), to Western Europe, Canada, Italy and Spain. Argentina, which had been the world's second largest exporter since 1959 and the first before that year, yielded place to India, as a result of a fall in its shipments from a little over million tons to 872,000 tons. India won the second rank by narrow margin, its exports being 895,000 tons, as against 716,000 tons in 1962 and 493,000 tons in 1961. Commenting on India's performance as an exporter of oilcakes, the *Tropical Products Quarterly* says:

"The rise in Indian exports in recent years has been remarkable; compared with 1957, supplies have risen more than tenfold. The increase has been principally in the form of defatted groundnut meal, as a result of the use of more solvent extraction plant. Exports of groundnut meal have in fact been encouraged by various incentives at the expense of groundnut cake, because of the greater efficiency of oil extraction by solvent methods; total exports of groundnut cake and meal alone in 1963 were 765,000 tons. The more extensive processing of cottonseed in recent years has resulted in an increasing export trade in cotton cake; shipments in 1963 reached 69,000 tons, as compared with 26,000 tons in 1962. The United Kingdom took 392,000 tons of total exports in 1963, and Eastern Europe 312,000 tons in 1962."

It will thus be seen that the U.K. was the principal customer of India for its oilcake. This country must, therefore, do its best to sustain this market.

The shipments from Brazil, Canada, Philippines, Sudan and Burma were also at a higher level in 1963, as compared with the previous year. While Brazil exported a good deal of groundnut, soya and cotton cakes and Canada soya meal, Philippines sent out increased quantities of copra cake following an improvement in copra processing facilities. Canada exported the bulk of its soya to the United Kingdom in 1963 as it is duty-free, and imported soya meal from the United States for its own consumption. A fuller picture of exports of oilcake and meal from the principal exporting countries can be had from Table II published on the previous page.

An interesting point that needs to be noted is the emergence of Brazil also as an important exporter of oilcake. There has been a phenomenal growth in its exports. From a mere 1,000 tons in 1957, they have increased by more than 200 times to reach 230,000 tons in 1963. This has been possible because of the increase in production during the period, from 320,000 tons to over 700,000 tons in 1963. In contrast is the picture provided by Soviet Russia. After rising sharply from 190,000 tons in 1957 to 566,000 tons in 1959, its shipments had fallen to just 220,000 tons. This reduction may be due partly to fall in production and partly to a rise in domestic consumption.

Imports

The pattern of oilcake imports in 1963 was considerably different from that of 1962. Bringing out this change, the *Tropical Products Quarterly* observes:

"In 1962, the increase in entries of oil cake was most marked among the larger importers; in 1963, purchases by the smaller importers showed the greater rise, Italy and Spain being the most outstanding examples."

In Britain, the world's largest importer of oilcakes, imports fell to a low ebb of 1.10 million tons in 1963, the lowest since 1958. West Germany took its place, having imported 1.27 million tons in 1963. Britain's imports consisted of all items of oilcakes, actual quantities of the major items being: groundnut 560,000 tons, soya bean 210,000 tons, cottonseed 170,000 tons, sunflower 60,000 tons and linseed 200,000 tons. Its main suppliers were: India 405,000 tons, Canada 220,000 tons, Burma 150,000 tons, Argentina 67,000 tons and Nigeria 65,000 tons. With West German and Italian imports higher and little change in the purchases of Netherlands and France, the total imports by the E.E.C. countries in 1963 were more by 3 per cent. Record imports were made by the Scandinavian countries, Yugoslavia and Switzerland. Spain increased its intake of oilcake from a mere 2,000 tons in 1957 to 190,000 tons in the year under review. Eastern European countries such as Hungary, Czechoslovakia and Bulgaria also appear to have expanded their imports.

Outside Europe, which happens to be the chief market for oilcakes, there are relatively few importers. In the past year, Canada imported, as already noted, some soya meal and the U.S., for instance, purchased less of soya meal and cotton cake. Even Malaya which usually imports copra cake from Indonesia, took less. Japan, which is also a relatively small importer of less than 100,000 tons, took only 64,000 tons, though this was more than twice the quantity of oilcake it took in the previous year.

Table I: *World Production of Oilcake and Meal in Certain Selected Oilseed Producing and Importing Countries*

(In 000 tons)

Countries	1957	1958	1959	1960	1961	1962	1963(a)
Oilseed producing countries :							
Australia (b)	26	21	22	28	32	23	27
Canada	354	365	395	405	385	421	441
Ceylon (c) (d)	56	51	66	58	81	84	75
Fiji (c)	11	9	5	8	11	7	8
India (f)	2,610	2,512	2,945	2,730	2,779 (d)	2,910 (d)	2,992 (d)
Malaya (States of) (c)	61	51	44	46	53	54	45
Nigeria (e)	43	59	62	54	76	89	87
Pakistan (d)	371	351	394	366	375	386	442
Uganda (e)	56	67	75	83	67	37	62
Argentina (d)	840	1,050	950	1,000	890	1,150	1,090
Dominican Republic (e)	12	17	20	17	18	11	15
Egypt (g)	453	529	594	585	613	450 (d)	605 (d)
Indonesia (f)	176	134	139	161	131	100 (d)	120 (d)
Mexico (d)	130	153	155	88	122	128	186
Peru (e)	36	37	27	34	34	29	28
United States	9,418	10,026	11,180	11,029	11,234	12,443	12,840
Oilseed importing countries :							
United Kingdom	610	547	641	647	572	631	636
France	478	490	439	523	486	535	513
W. Germany	614	694	904	993	945	1,131	1,122
Italy	264	251	291	409	459	554	626
Algeria (e)	17	16	24	31	45	50 (d)	50 (d)
Israel	78	106	131	129	155	163	171
Japan (h)	824	956	1,107	1,233	1,265	1,263	1,522
Taiwan China	65	71	70	85	81	63	90 (d)
World Total Output	19,842	21,089	23,382	23,624	24,085	26,187	27,380

(*a*) Provisional. (*b*) Year commencing from 1st July. (*c*) Copra cake only. (*d*) Estimated. (*e*) Exports. (*f*) Incomplete. (*g*) Decorticated cottonseed. (*h*) Includes soyabean for human consumption.

Note.—Export figures are used in some countries where domestic consumption is very little.

Table II: *Exports of Oilcake and Meal from Certain Selected Exporting Countries*

(In 000 tons)

Country	1957	1960	1962	1963
Oilseed producing countries :	2,677	4,022	5,322	5,623
India	234	184	206	227
Nigeria	78	454	716	895
Pakistan	43	54	89	97
Uganda	53	47	52	(60)
Argentina	56	83	37	62
Brazil	627	764	1,002	873
Burma	1	128	158	235
Congo (Leopoldville)	70	166	263	(260)
Indonesia	88	76	51	41
Mexico	124	106	73	(80)
Philippines	41	59	95	(100)
Senegal	100	77	146	169
Soviet Union	135	161	161	142
Sudan	190	489	343	229
Syria	45	63	114	139
Turkey	33	51	88	98
United States	97	131	160	155
Other countries :*	370	634	1,145	1,482
United Kingdom	659	828	969	927
France	5	31	48	50
W. Germany	97	90	48	71
Italy	255	242	220	237
Netherlands	33	86	106	77
Algeria	144	211	249	226
Denmark	17	31	(50)	(50)
Japan	44	98	127	125
	5	18	15	13
Total of all countries	3,356	4,850	6,291	6,550

* Exports from these countries are derived from the processing of imported oilseeds.

U.N. CONFERENCE ON PETROCHEMICALS

Thirty-two developing countries have been invited to nominate participants for the first United Nations inter-regional conference on the development of petrochemical industries in developing countries. Organised by the United Nations, in cooperation with the Government of Iran, the Conference will be held at Teheran from 16th to 30th November 1964. About 65 participants from developing countries will be selected to discuss, with experts from the petrochemical industries in developed countries, technical, economic and other aspects of the establishment and operation of petrochemical plants in developing areas. About 100 petrochemical experts will be invited to make a contribution in the form of papers or lectures. Also attending the Conference will be representatives of interested specialised agencies, such as the United Nations Educational, Scientific and Cultural Organisation, the International Labour Organisation and the International Bank for Reconstruction and Development, and representatives of the four United Nations regional economic commissions (for Africa, Asia and the Far East, Europe and Latin America). Thus, the total attendance will be close to 200. Field trips to petrochemical plants and refineries in Iran will be included in the programme of the Conference. The Conference is being convened in response to a recommendation of the United Nations Committee for Industrial Development, as part of the work programme in the field of industrialisation, and the project was approved by the Economic and Social Council in 1963.

CONSUMERS PRICE INDEX FOR BOMBAY

LAKDAWALA COMMITTEE SUGGESTS FURTHER CHANGES

THE Expert Committee on the Consumers Price Index Numbers for Industrial Workers, Bombay (commonly known as the Lakdawala Committee after the name of its Chairman, Professor D. T. Lakdawala) has recently submitted its second report to the Government of Maharashtra. This report is noteworthy for the clarification and reconsideration of some points contained in the Committee's first report, submitted on 7th January 1964. It has recommended certain procedural changes in compilation of the consumers price index. While releasing the report to the Press on the 17th instant, the Labour Minister of Maharashtra, Mr. N. M. Tidke, promised to ascertain the views of labour and employers' organisations regarding the proposed changes before taking final decisions thereon.

The consumers price index for Bombay is based on the results of the family budget enquiry conducted in 1932-33. The weighting pattern, based on this enquiry, was kept unchanged for over thirty years. On the recommendation of the Conference of Central and State Statisticians held in 1953, the Government of India conducted in 1958-59 fresh family budget enquiries on a uniform basis in important industrial centres in India, including Bombay. The new index numbers based on these enquiries are being worked out by the Labour Bureau of the Central Government.

The question of replacing the existing series, it will be recalled, was also engaging the attention of the State Government at the same time and, in December 1958, the Government appointed a Committee, under the chairmanship of Professor Lakdawala, to examine "whether the expenditure pattern of the working class in Bombay City has undergone such a change as to necessitate the introduction of a fresh interim series of consumers price index in place of the existing series and, if so, to advise how the interim series should be correlated with the existing series." The Committee was also asked to examine "whether, if a fresh series is not to be introduced, any *ad hoc* changes should be made in respect of the various items of expenditure contained in the existing series of the weights attached to them." The Committee, which submitted its report in July 1959, recommended that, in view of the significant change in the expenditure pattern of working class in Bombay City, it would be advisable to introduce a fresh interim series of consumers price index numbers (based on the rapid family budget enquiry) in place of the existing series based on the 1932-33 enquiry. The Committee did not, therefore, consider the question of any *ad hoc* changes to be made in the existing series. The Government, however, took no action on these recommendations and the series continued to be worked out on the old basis.

First Report's Findings

In June 1963, however, labour organisations made representations to the Government, pointing out the various defects in the existing series. They argued that, before the new series, based on the 1958-59 family budget enquiry was introduced, the defects in the existing series should be removed first and the new series should be linked only with the revised current series. As a result, in August 1963, the Government appointed the Expert Committee on the Consumers Price Index Numbers for Industrial Workers, again under the chairmanship of Dr. Lakdawala, to examine the necessity for readjustment in the existing consumers price index series for the City of Bombay, and if so, to suggest what readjustment should be made; and to consider the method of linking of the proposed series with the existing series, readjusted if necessary. The Committee, which submitted its report to the Government of Maharashtra on 7th January 1964, ruled out any revision of the existing series for periods prior to 1960. It also did not consider it appropriate to take into account the changes in consumption pattern of a few items as that would have disturbed the weights of other items. Thus, as far as possible, the Committee stuck to the fixed basket up to 1960. After considering the various viewpoints, the Committee decided that the existing series required readjustment in respect of price indices of ghee, ready-made tea, house rent and clothing group. After making the necessary corrections in these items, it revised the average general index for 1960, which was originally 420, upwards to 449. As regards linking, the Committee recommended that the new series should be linked to the current revised series at 1960 only by a simple ratio linking, and that the linking factor should be 449. The State Government implemented the recommendation of the Committee relating to the readjustment of the current consumer price index series. But, in view of the unanimous stand of employers and employees, that the introduction of new series and linking it with the current series from 1960 should be undertaken only after full details regarding the 1958-59 family budget surveys were made available to them, the Government deferred, for the time being, action in this matter.

As sufficient data relating to some points raised by employers and employees were not available for 1960, the Committee could not consider them. These points, relating to (*a*) the proportion of consumption of Government and other rice, (*b*) the change in the mode of purchases of food articles by the workmen, (*c*) retail prices of cloth items, and (*d*) unit of quantity utilised by the Committee in readjusting the current index figure of ghee, were referred back to the Committee for consideration. The second report, submitted by the Committee on 14th August, 1964, deals with these four points.

Before drawing up this second report, the Committee invited the organisations of employers and employees to submit their views. Whereas all the five labour organisations, which were invited, submitted their views in writing or orally, of the eight employers' organisations invited for this purpose, three organisations did not take any part in the enquiry. Such an attitude on the part of the employers' organisations has unfortunately created the impression (right or wrong) that their case is weak. The views of employees and employers organisations and the recommendations of the Committee on the four issues, are summarised in the following paragraphs:

Proportion of Government Rice

The employers organisations pointed out that the ratio of 1 : 3 laid down by the Asoka Mehta Committee in 1958 and adopted by the Government Labour Office for collecting the prices of Government-supplied rice and free market rice was not correct. The Millowners' Association submitted data, showing that during 1962 and 1963 this ratio was 2:3. The Association also pointed out that, according to the 1958-59 family budget survey, the working class did not consume 'Patni' at all and, in fact, it was not available in the market, and that it was a variety of rice and as such should not be considered separately and that its weight should be amalgamated or distributed with the weights of other cereals. On the other hand, labour organisations based their argument mainly on the "fixed basket" theory and pleaded that a variety of private rice had already been fixed for the price collection and it was also available in the market. Since the primary purpose of constructing a series of consumers price index number was to measure the effect of changes over time in the expenses incurred for maintaining an unchanged consumption level, no weightage, they continued, should be attached to Government rice. The Committee, however, felt that rice could not be covered by the "fixed basket" theory as there were other factors involved in measuring the consumer price index for this commodity. As the Committee has observed, "it is true that, once the variety of commodity for price collection is fixed, there should be generally no tampering with it, and it should only be changed when it is no longer available. In this particular case, however, the 1933-34 variety of rice, Burma rice, is no longer available and has been already substituted. It is not clear to us that the substituted variety is closer to the original variety than some varieties of Government rice. Government's entering into the rice trade is a matter of policy. Under the circumstances, it would be wrong if we fail to attach due importance to Government rice as revealed by 1963 offtake prices."

After examining the available data and arguments, the Committee has recommended that the item 'rice' should be treated as one commodity and its weight should be divided between the Government rice and free market rice in the proportion of actual consumption, to

(*Continued on page 567*)

BIG CUT IN TITAGHUR PAPER'S DIVIDEND

MAIN HANDICAPS ARE COST-PRICE SQUEEZE AND DELAY IN MODERNISATION

FOR shareholders of the Titaghur Paper Mills Company Ltd. [Managing Agents: Messrs. F. W. Heilgers and Company (Private) Ltd., Calcutta] the prospects are certainly not rosy. During the year ended 31st March 1964, their Company has no doubt earned a higher gross profit of Rs. 61.08 lakhs, as compared with Rs. 34.82 lakhs in the previous year out of net sales (that is, excluding excise duty paid) which have increased from Rs. 874.41 lakhs to Rs. 959.05 lakhs and realised, for the first time in three years, a net profit, which is a fairly decent amount of Rs. 13.65 lakhs, as against net losses of Rs. 1.34 lakh and Rs. 11.38 lakhs in the previous two years. But the return to equity shareholders, who had faithfully taken up the new issue offered at the ratio of one-for-three at a premium of Rs. 5 per share (of Rs. 10 fully paid) soon after they received one bonus share for two shares on 1st April 1962, is a mere 2.5 per cent per annum, as against 10 per cent for the previous two years and 20 per cent per annum for the year 1960-61. What is more, as in the previous two years, both the preference and equity dividends are to be paid from reserves, though, at the same time, the Directors have been able to carry to reserves the entire net profit, as against nothing in the preceding three years, so that there has been a net addition to them this year.

On top of getting a meagre return after putting in more funds, the shareholders are told that the Company's modernisation and expansion programme, for which these funds are being utilised, and on which depends largely the Company's return to a position of producing satisfactory financial results, is unlikely to bear fruit until the year 1965-66. According to Mr. D. C. B. Pilkington, Chairman of the Company, delays in the delivery of plant and equipment have impeded the expected progress in implementation of this programme. It is this slow progress, combined with accentuation of the cost-price squeeze under which the paper industry has been groaning since 1960, that has affected the Company's results for the year under review. It must be noted here that, whereas costs have shot up by Rs. 270 per tonne since 1960, selling prices have been allowed to be raised only once by Rs. 60 per tonne.

The Company's progress in the past four years is compared in the table below:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales, less excise duty paid	959.05	874.41	857.43	825.53
Other income	7.70	3.99	2.80	3.52
Stock of finished goods	10.31	21.67	22.86	24.11
Materials and stores consumed	384.07	361.32	390.03	314.27
Staff expenses	193.37	174.02	160.98	153.99
Excise duty paid	215.13	172.63	164.33	126.91
Other expenses	316.88	307.05	284.46	272.27
Gross profit	61.08	34.82	23.51	106.08
Managing Agents' commission	0.50	0.50	0.50	4.35
Provision for—				
Depreciation	46.82	35.55	34.31	57.75
Taxation	0.11	0.11	0.08	20.06
Net profit (+) or loss (—)	+13.65	—1.34	—11.38	+23.92
Withdrawals from reserves and provisions	9.00	14.75	24.34	..
Transfer to reserves and other funds	13.04	..	..	..
Dividends—				
Preference and preferred	2.65	2.65	2.65	3.26
Ordinary	7.00 (2.5%)	11.20 (10%)	11.20 (10%)	22.41 (20%)
Carry forward	0.61	0.15	0.59	1.48
Equity shares' market value (in rupees):	**1964**	**1963**	**1962**	**1961**	**1960**
High	16.75	20.75	44.56	42.44	47.06
Low	11.81	15.12	20.75 X.R.	35.69	38.25

Production during the year under review had increased by 4 per cent, the aggregate being 57,822 tonnes, as against 55,425 tonnes a year before. But, as in the previous year, only No. I Mill has contributed to the Company's profit. The No. 2 Mill has shown some improvement, but the No. 3 Mill has continued to run at a loss. New machines for improving quality of the paper produced have been installed in all the three mills. Additional machines will raise No. 1 Mill's capacity to 100 tonnes a day by 1965. It is possible to achieve an average production of around 70 tonnes per day in No. 2 Mill and, with the new machines expected to be installed in the next two years, the capacity will rise further. The No. 3 Mill has a capacity of 40-45 tonnes per day but this rate cannot be reached until ancillary equipment is installed. These increases in production capacity are part of the modernisation programme designed to reduce costs and improve quality of the paper. Since the close of the year, economies in expenditure of roughly Rs. 8 lakhs have been effected. But it is pertinent to note that the reversal by the Supreme Court of the lower Court's award in the issue of profit-sharing bonus to the labour has cost the Company Rs. 11.30 lakhs during the year under review. Further, if the uncompensated increase in costs during the past four years had not occurred, the profit for the year under review would have been higher. Successful completion of the modernisation programme at an early date is thus of vital significance for the Company.

In this connection, readers' attention is invited to the following extract from the Chairman's latest annual statement to shareholders:

"The paper industry is one in which major technological advances have occurred in recent years, resulting in substantially lower costs of production as regards chemicals, labour and in many other directions. Modern mills in this country with an economic daily output can still make reasonable profits, despite the steady increase in costs. Although the Company's total output is large by this country's standards, it is derived from three mills, only one of which has a truly economic output while much of the plant and machinery is not of the latest design.

"The Directors are well aware of this situation and, for this reason, in late 1962, embarked on a modernisation and expansion programme, designed to increase production at all three mills, while, at the same time, reducing costs and improving quality. The main frustration of this year has been that, to-date, virtually no benefit has been derived from this programme. In line with Government's policy, virtually all orders have had to be placed with indigenous manufacturers of paper mill machinery. Deliveries quoted are between 14 and 18 months to which has to be added, around four months for planning, going out to tender, and placing orders *plus* three to four months for erection and commissioning. In most cases, manufacturers are behind schedule in making actual delivery, usually due to circumstances outside their control. The net outcome is that it takes up to three years to derive any benefit from a planned programme of expansion and modernisation and it will not be until 1965 that the Company sees any real results from the scheme now in progress. In the meantime, interest charges have increased, following advance payments to manufacturers."

The Company's paid-up share capital of Rs. 310.80 lakhs, including Rs. 30.87 lakhs in preference and preferred shares, is backed by Rs. 319.56 lakhs in reserves and surplus. The excess of current assets, book debts and investments aggregating Rs. 600.50 lakhs over the total of short-term indebtedness of Rs. 368.66 lakhs comprising borrowings of Rs. 70.65 lakhs (excluding 5.5 per cent 1966-70 debentures of Rs. 100 lakhs) and current liabilities and provisions shown at Rs. 298.01 lakhs works out to Rs. 231.84 lakhs. The gross block carried in the books at Rs. 10.71 crores, as against Rs. 10.24 crores a year before, has been written down to a net value of Rs. 4.68 crores and, including capital work-in-progress, is shown at Rs. 4.99 crores.

The net yield on the Rs. 10 fully paid ordinary shares of the Company at their current market value of Rs. 12.37 *cum-div.* works out to 1.6 per cent per annum.

VOLTAS'S NEW VENTURE

A new factory for the manufacture of electrical switchgear and controlgear is being set up at Thana by Tata-Merlin and Gerin Limited, a new company which has been promoted by Voltas Limited jointly with the well-known firm of Etablissements Merlin and Gerin of Grenoble, France, and Tata Sons Private Limited. The factory will manufacture under Merlin Gerin's licence various types of switchgear and allied power distribution equipment, including the Solenarc high tension air-break circuit breakers, isolators upto 380 kV, Interrupters, current and potential transformers, switchboards and control panels and a complete range of LT air-break circuit breakers. The manufacture of relays and measuring instruments is also planned. Production is expected to start at the end of 1965.

Tata-Merlin and Gerin Limited has an authorised capital of Rs. 2.5 crores. In the first stage, its issued capital will be Rs. 70 lakhs, of which about 45 per cent will be issued to the public. The balance will be taken up by the three promoters, Merlin Gerin capitalising a part of the fees and royalties payable to them.

The Company's foreign collaborators, Messrs. Merlin and Gerin S.A. of Grenoble, France, are one of the leading manufacturers of electrical equipment in Europe. They have over 40 years' experience in the manufacture of switchgear, power and instrument transformers, prefabricated switchboards and special equipment for mines, ships and railways.

Although switchgear and controlgear are already under progressive manufacture in India, the output of these items is far below the present demand and the country has been importing switchgear and allied equipment worth about Rs. 11 crores a year.

DAWN MILLS' DIVIDEND WELL COVERED

HOSIERY LINE THE MAIN PROP

DUE chiefly to the further advancement in the realisation from the sale of hosiery from Rs. 39.47 lakhs to Rs. 50.91 lakhs—though not unassisted by a marginal improvement in sales of yarn and waste—the Dawn Mills Company Ltd. (Managing Agents: Messrs. Ruia Industries Pvt. Ltd., Bombay) has been able to report fairly satisfactory working results for the year ended 31st March 1964. There is an increase in the combined turnover of yarn, hosiery and waste of about 10 per cent, from Rs. 228.02 lakhs to Rs. 247.87 lakhs, while both other income and closing stocks are usefully higher than those a year ago. As a result, the gross profit has gone up from Rs. 31.11 lakhs to Rs. 38.07 lakhs. Cost of raw materials and stores consumed and other expenses have continued to rise rather disproportionately—the former from Rs. 107.12 lakhs to Rs. 127 lakhs and the latter by as much as Rs. 18.05 lakhs to Rs. 95.05 lakhs.

The major portion of the increase in the gross profit has, however, been absorbed by the rise in essential provisions. Thus, the provision for Managing Agents' commission has gone up from Rs. 2.39 lakhs to Rs. 2.81 lakhs, that for depreciation from Rs. 4.59 lakhs to Rs. 7.65 lakhs and for taxation from Rs. 14.50 lakhs to Rs. 17.99 lakhs. The net profit at Rs. 11.62 lakhs is, of course, higher but only by a mere Rs. 2 lakhs. Out of this profit, the Directors have credited Rs. 3.22 lakhs, as against Rs. 4.89 lakhs last year, to reserves and have maintained the dividend, for the fourth year in succession, at Rs. 15 per share of Rs. 50 each, or 30 per cent per annum, subject to deduction of tax. The apparent drop in the plough-back is due to the fact that the amount brought forward in 1962-63 from the preceding year (1961-62) was Rs. 3.68 lakhs as against only Rs. 2,149 brought in in 1963-64. The dividend claims Rs. 8.40 lakhs as before and is well covered by the net profit for the year under review.

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

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales	247.87	228.02	201.19	190.48
Other income	4.44	1.51	0.97	0.88
Closing stocks	40.59	32.78	47.08	39.80
Raw materials and stores consumed	127.00	107.12	99.94	94.86
Other expenses	95.05	77.00	69.68	65.16
Gross profit	38.07	31.11	40.32	31.29
Managing Agents' remuneration	2.81	2.39	3.09	2.57
Provision for—				
Depreciation	7.65	4.59	4.39	4.74
Taxation	17.99	14.50	17.00	11.50
Net profit	11.62	9.63	15.84	12.48
To reserves	3.22	4.89	5.88	1.16
Dividend	8.40 (30%)	8.40 (30%)	8.40 (30%)	8.40 (30%)
Carry forward	0.02	0.02	3.68	2.07
Market price of ordinary shares (in rupees):	**1964**	**1963**	**1962**	**1961**
High	171	161	182	155
Low	149	124	150	111

During the year under report, the Company expended Rs. 9.50 lakhs in acquiring new assets and, of these, more than half, or Rs. 4.90 lakhs to be exact, was spent on additions to plant and machinery. These included automatic socks machines, interlock and knitting machines, hank dyeing machines, roller grinding machines and other electrical accessories. Extension of the bleach house which was in progress at the time of the last annual general meeting was also completed during the year. As a result, the block account as at 31st March last has risen to Rs. 130.56 lakhs. On this, the total amount of depreciation earned and provided for to date is Rs. 85.06 lakhs, so that the net block works out to Rs. 45.50 lakhs or about a third of its original value. Of the Company's investment of Rs. 4.60 lakhs at book value, investments worth Rs. 3.59 lakhs are in quoted scrips and these have a market value of as much as Rs. 11.98 lakhs. Current assets, loans and advances together amount to Rs. 171.59 lakhs. On the liabilities side, the Company's own funds stand improved at Rs. 71.53 lakhs, of which Rs. 28 lakhs are in ordinary shares of Rs. 50 each fully paid-up, and the balance, that is Rs. 43.53 lakhs, in reserves and surplus. As against this, outside finance is Rs. 150.16 lakhs, including Rs. 8.40 lakhs for the proposed dividend. It will thus be noted that the Company's financial position is quite sound.

The Rs. 50 fully paid ordinary shares of the Company are currently quoted at Rs. 165.50 *cum-div.* and offer a net yield of 7.8 per cent per annum.

BRADBURY STILL STRUGGLING

PROFIT INADEQUATE

THE Bradbury Mills Ltd. (Managing Agents: Messrs. M. Ramnarain Private Ltd., Bombay) has reported disappointing results for the year ended 31st March 1964. The turnover has increased by Rs. 12.25 lakhs to Rs. 236.19 lakhs, but the gross profit is practically the same, in fact, a little lower, at Rs. 12.76 lakhs, as against Rs. 12.94 lakhs for the preceding year. The ratio of gross profit to sales (profit-margin) which has always been uncommonly low and which had dropped by four points to 5.8 per cent in 1962-63, has, therefore, lost further ground and stands reduced at 5.4 per cent. After meeting essential provisions, the profit is so low that, for the second year in succession, the Company has had to withdraw from the reserves to maintain the dividend on equity capital. Although this deterioration is disappointing, it was not altogether unexpected. For, at the last annual general meeting itself, the Chairman, Mr. Ramniwas R. Ruia, had stated that the working results for the year under review till then were more or less the same as those for 1962-63 and that the mills' working continued to be affected by the lack of bleaching and dyeing facilities. This has now been confirmed by the Directors who state:

"Owing to rising costs of manufacture and no corresponding increase in realisation, the working has not shown better results. Moreover, the Company has at present no processing plant of its own and has, therefore, to get its processing work done by outside agencies. During the year under report, there have been heavy increases in the processing charges which the Company has had to pay, ranging between 60 and 75 per cent for yarn and 125 and 150 per cent for cloth. The Company has, therefore, to sell more of grey and unbleached varieties of cloth. This has also adversely affected the margin of profit. The Company expects to have its own modern processing plant by March or April 1965. Till the processing plant is received and erected, the Company will have to continue to depend for its processing on outside agencies."

Although, in consonance with the decrease in gross profit, the provisions for the Managing Agents' commission and taxation have declined —the former from Rs. 0.82 lakh to Rs. 0.73 lakh and the latter from Rs. 3.75 lakhs to Rs. 3.50 lakhs—that for depreciation is actually higher by Rs. 0.76 lakh at Rs. 5.34 lakhs. The resultant net profit is, therefore, a shade lower at Rs. 3.19 lakhs, as against Rs. 3.89 lakhs for 1962-63. The ordinary dividend, once again, remains unchanged at Rs. 15 per share or 30 per cent subject to deduction of tax.

The following comparative table clearly brings out the steady decline in the Company's earning potential, particularly during the past three years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds	236.19	223.94	212.95	196.15
Other income	8.09	9.96	3.36	2.67
Closing stocks	67.30	68.15	62.93	52.09
Raw material and stores consumed	115.69	113.70	107.78	91.58
Other expenses	114.98	112.47	98.66	89.93
Gross profit	12.76	12.94	20.71	17.31
Managing Agents' remuneration	0.73	0.82	1.48	1.21
Provision for—				
Depreciation	5.34	4.58	4.72	4.51
Taxation	3.50	3.75	4.50	5.00
Net profit	3.19	3.89	10.01	6.59
Withdrawal from reserves	1.94	..	..	..
To reserves	0.66	1.08	4.96	1.70
Dividends—				
Preference	1.47	1.47	1.47	1.65
Ordinary	3.00 (30%)	3.00 (30%)	3.00 (30%)	2.50 (25%)
Carry forward	0.24	0.21	1.96	1.36
Market price of ordinary shares (in rupees):	**1964**	**1963**	**1962**	**1961**
High	168	158	215	155
Low	145	140	155	114

There has been no change during the year under review in the paid-up share capital of the Company which stands at Rs. 24.85 lakhs, with Rs. 14.75 lakhs in preference shares of Rs. 50 each and the balance in ordinary shares of a like face value. This is supported by reserves aggregating Rs. 38.17 lakhs, excluding the amount required for dividend disbursement. Although there has been some reduction in borrowings, secured and unsecured loans still continue to be as heavy as Rs. 82.37 lakhs, besides current liabilities and provisions standing at Rs. 40.83 lakhs. On the assets side, the net block is shown at Rs. 30.72 lakhs; this has been arrived at by reducing the gross block of Rs. 102.82 lakhs by the accumulated amount of depreciation of Rs. 72.10 lakhs. Current assets, investments and loans and advances at Rs. 155.52 lakhs more than adequately cover the liabilities.

The Rs. 50 fully paid ordinary shares of the Company are currently available at Rs. 162 *cum-div.* and offer a net yield of about eight per cent per annum.

ALUCOIN'S RESULTS ENCOURAGING

DIVIDEND ENHANCED

THERE has been an all round improvement in the working of the Aluminium Corporation of India Limited (Managing Agents: Messrs. J. K. Industries Private Limited, Calcutta) during the year ended 31st March 1964. The net sale proceeds (that is, net of excise duty paid) have recorded an increase of 46 per cent, from Rs. 213.67 lakhs last year to Rs. 311.47 lakhs in 1964. Gross profit has gone up from Rs. 47.81 lakhs for 1963-64 to Rs. 62.91 lakhs for the year under review, an increase of about 24 per cent. The profit-margin (ratio of gross profit to sales), which had suffered a decline from 26 per cent in 1961-62 to 22.4 per cent in 1962-63, has, however, declined further to 20.2 per cent, apparently because costs rose further, while the selling prices for ingots declined due to a slackness in the demand for them caused by inadequate fabrication facilities in the country. The provision for depreciation has claimed Rs. 23.70 lakhs which is about one and half times the amount set apart last year, namely, Rs. 16.20 lakhs. No provision for taxation has been made, presumably because none is due on account of availability of development rebate and other concessions. The net profit is, therefore, technically Rs. 38.12 lakhs, up by about Rs. 8 lakhs over 1962-63. The dividend has been stepped up from 5 per cent to 9 per cent, but it is still below the 12 per cent per annum paid for the years preceding 1962-63, albeit on a somewhat smaller capital.

The following table gives a comparative picture of the Company's progress during the last four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds (net)	311.47	213.67	117.53	119.08
Other income	1.95	1.90	2.36	3.00
Closing stocks of finished products	10.04	20.51	19.85	16.72
Excise duty	33.68	20.15	11.10	12.08
Raw materials and stores consumed	115.84	62.05	25.14	31.89
Other expenses	125.12	106.37	67.50	65.19
Gross profit	62.91	47.81	30.38	33.80
Managing Agents' commission	1.09	1.03	1.70	2.06
Provision for—				
Depreciation	23.70	16.20	7.35	4.76
Taxation	..	..	11.50	13.00
Net profit	38.12*	30.58*	9.83	13.98
Withdrawals from past provisions	0.27	..	2.46	11.50
Provisiln for taxation in respect of past years	1.27	2.27	..	..
To reserves	25.71	21.84	1.86	14.07
Dividends—				
Preference	2.86†	2.86	3.06	3.06
Ordinary	8.44† (9%)	4.69 (5%)	7.50 (12%)	7.50 (12%)
Carry forward	0.22	0.12	1.20	1.33
Market price of ordinary shares (in rupees):	**1964**	**1963**	**1962**	**1961**	**1960**
High	13.50	18.00	19.87	21.25	17.87
Low	11.19	12.00	15.12	16.87	11.75

* Without provision for taxation.
† Subject to deduction of income-tax.

It will be observed that the directors have utilised only a small portion of the profit for payment of dividend (both preference and ordinary) and that great bulk of the profit has been conserved. Of the sum of Rs. 25.71 lakhs added to reserves, the share of development rebate reserve is Rs. 12.71 lakhs, the balance of Rs. 13 lakhs being the addition to general reserve. This is only as it should be, for the Company's own resources (paid-up capital at Rs. 157.19 lakhs plus reserves at Rs. 243.79 lakhs, of which the bulk, that is, Rs. 173.82 lakhs, is capital reserves not available for distribution to shareholders) are small in relation to its net block account at Rs. 778.41 lakhs (gross block: Rs. 939.83 lakhs). The total liabilities are heavy at Rs. 541.32 lakhs, of which Rs. 199.95 lakhs represent secured loans. As against these, the current assets are no more than Rs. 162.81 lakhs. In other words, the major portion of the expansion of the Company's production capacity has been financed by borrowed funds.

The Directors have, therefore, decided to reduce the borrowings at least to some extent by raising the paid-up capital. Accordingly, they will soon issue additional capital of the order of Rs. 42.81 lakhs, of which Rs. 25 lakhs will be in cumulative redeemable preference shares of Rs. 100 each, carrying dividend at 9.3 per cent free of company's tax, but subject to deduction of tax at source at the prevailing rates. The balance of Rs. 17.81 lakhs will be in ordinary shares of Rs. 10 each at par. Both will be offered to the existing ordinary shareholders in the first instance in the proportion of one preference for 47 ordinary and one ordinary for 7 ordinary. There should be no difficulty in remunerating the capital increased thus, for the Company's expansion programme, making its plant an integrated one, has been completed. The new additions to alumina plant, which have trebled its capacity, were commissioned in April 1964 and are in full production. The new melting shop facilities and extrusion plant commissioned during the year has practically attained full production. The cable plant for manufacture of A.C.S.R. and A.A.C. (Conductors) and new rolling mills have also been commissioned. The foil plant is still under completion and is expected to be started shortly.

The Chairman of the Company is optimistic about the future.

The Rs. 10 ordinary shares of the Company are quoted at present at Rs. 12.50 *cum-div.* and give a net yield of 5.7 per cent per annum.

HIGHER SELLING PRICES HELP N.I.C.CO.

DIVIDEND RAISED SLIGHTLY

THE results of the National Insulated Cable Company of India Ltd. [Managing Agents: Messrs. Associated Industrial Development Co. (Private) Ltd., Calcutta] for the year ended 31st March 1964 compare favourably with those for the previous year. Sales show a notable rise of more than Rs. 49 lakhs from Rs. 401.09 lakhs to Rs. 450.26 lakhs, as against the increase of Rs. 10 lakhs from Rs. 390.61 lakhs to Rs. 401.09 lakhs in the previous year. Gross profit has staged a sharp recovery of Rs. 40.80 lakhs to Rs. 117.45 lakhs, thus reversing the downward trend noticed in the preceding two years. The improvement in net profit is, of course, comparatively small, being Rs. 15.23 lakhs to Rs. 39.23 lakhs, but this is because of heavier tax liability; the actual tax provision has shot up from Rs. 38.90 lakhs to Rs. 61.25 lakhs. The net profit is sufficient, even after transferring a big sum of Rs. 10.37 lakhs to reserves, as against Rs. 1.75 lakh a year before, to permit restoration of a part of the seven-point cut imposed last year in the dividend rate on the 10-rupee ordinary shares in the previous year; the rate of dividend proposed for 1963-64 is 20 per cent per annum, as against the 18 per cent distributed in 1962-63.

An increase in the selling prices of the Company's products since 1st October 1963 and concentration on the production of more remunerative types of cables are the principal factors explaining the year's much improved results. Selling prices were raised because the cost of raw materials increased substantially. At the same time, however, the Company obtained the benefit of the old stocks of raw materials purchased earlier at lower prices. Besides, the fabrication work done for other parties has also helped the Company in securing better trading position. But the Directors have warned that, although the year's results are encouraging, the higher cost of raw materials will be reflected in the working of the current and subsequent years and it might be difficult to maintain the last year's higher profit ratio.

The following comparative table gives an idea of the progress made by the Company during the last four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds	450.26	401.09	390.61	467.52
Other income	10.98	4.13	4.20	1.97
Stock of finished goods	48.53	45.22	45.88	41.33
Materials and stores consumed	201.05	210.00	230.75	304.19
Other expenses	146.18	117.91	90.75	84.28
Gross profit	117.45	76.65	72.86	96.41
Managing Agents' commission	6.73	4.93	5.01	7.05
Provision for—				
Depreciation	10.24	8.82	7.20	6.42
Taxation	61.25	38.90	38.15	36.50
Net profit	39.23	24.00	32.50	46.44
Short provisions for previous years (net)	—1.67	+0.53	—0.54	..
To reserves	10.37	1.75	8.23	24.30
Dividend	27.00 (20%)	24.30 (18%)	22.50 (25%)	22.50 (25%)
Carry forward	0.40	0.22	1.74	0.51
Equity shares' market value (in rupees):	**1964**	**1963**	**1962**	**1961**	**1960**
High	26.87	25.87	49.23	39.12	39.50
Low	21.75	21.75	22.50	28.75	25.62

The Company's paid-up share capital, unchanged at Rs. 135 lakhs, is backed by Rs. 131.84 lakhs in reserves and surplus. Borrowings of Rs. 112.57 lakhs comprise Rs. 10 lakhs in 6 per cent debentures and Rs. 102.57 lakhs in bank loans. These bank loans and current liabilities and provisions bring the total short-term indebtedness to Rs. 277.73 lakhs, as against which current assets, book debts and investments aggregate Rs. 469.41 lakhs. The gross block of Rs. 168.75 lakhs (Rs. 164.18 lakhs a year before) has been written down to Rs. 85.15 lakhs.

Currently quoted at Rs. 25.50 *cum-div.*, the Rs. 10 fully paid ordinary shares of the Company offer a net yield of 6.6 per cent per annum.

SYNOPSES OF COMPANY REPORTS

Mysore Chemical Manufactures, Ltd.

(Chairman and Managing Director: Mr. S. Ramanathan, Bangalore.)

Twenty-sixth Annual General Meeting—30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sale of finished goods	37,78	27,05
Sale of other chemicals purchased	69	Nil
Sale of fertilisers	2,98	5.79
Closing stock of finished goods	3,43	12,38
Gross profit	4,81	3,38
Transfer to depreciation	51	58
,, ,, provision for taxation	2,50	1,40
Net profit	1,80	1,38
Balance brought forward	5	1,07
Transfer from dividend equalisation reserve	Nil	2,00
Appropriations:		
Transfer to reserve for bad and doubtful debts	15	Nil
,, ,, development rebate reserve	Nil	2
,, ,, dividend reserve	1,66	4,40
Proposed dividends (taxable) preference	0.16*	0.16*
	(7.8%)	(7.8%)
,, ,, ,, equity	1,50*	1,50*
	(15%)	(15%)
Carry forward	5	5
Market value of equity shares (in rupees):	1964†	1963
High	16.70	18.28
Low	16.70	16.70

* Dividends—payment out of the dividend reserve.
† Upto 18th September 1964.

Extracts from the Directors' report: There was good demand for the Company's products during the year under report and the entire production of *Copper Sulphate* was sold out. The total sales have considerably improved to Rs. 41,45,584 as against Rs. 32,95,355 in the previous year. The margin of profit was low owing to increased cost of production.

The factory at Belagula producing *Sulphate of Alumina* and *Alum* has not contributed to the profits this year also.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,00,000	Gross block	13,72,190
Reserves and surplus	7,21,025	—Depreciation	8,00,475
Other liabilities	15,45,549		
		Net block	5,71,715
		Current assets	26,19,019
		Investments	2,51,289
		Cash	24,551
	Rs. 34,66,574		Rs. 34,66,574

* Paid-up capital consists of 20,000—6 per cent. tax-free cumulative preference shares of Rs. 10 each and 1,00,000 equity shares of Rs. 10 each. Of the above, 20,000 equity shares are allotted as fully paid-up bonus shares by capitalisation of reserve.

Lynx Machinery Ltd.

(Chairman: Mr. C. C. Desai, Bombay.)

Third Annual General Meeting—29th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales	72,57	37,05
Closing stock	25,18	16,49
Gross profit (+) or loss (—)	+8,24	—1,64*
Transfer to depreciation	88	4,38
,, ,, provision for taxation	80	Nil
Net profit (+) or loss (—)	+6,56	—1,64
Appropriations:		
To adjustment of loss brought forward	3,20	Nil
Transfer to development rebate reserve	1,50	Nil
Proposed dividend (taxable) equity	1,50	Nil
	(2½%)	(Nil)
Carry forward	36	—3,20†
Market value of equity shares (in rupees):	1964‡	1963
High	7.36	6.36
Low	4.00	4.24

* Loss after providing for depreciation.
† Including the loss of Rs. 1,55,990 brought forward from 1962 accounts.
‡ Upto 20th September 1964.

Extracts from the Directors' report: It has been decided to spread out the incidence of depreciation evenly under the straightline method as is stipulated under Section 205(2)(b) of the Companies Act, 1956. Depreciation previously provided in excess on this basis amounting to Rs. 2,72,494 has been written back and transferred to general reserve.

Production during the year was affected due to labour strike lasting nearly 1½ months. The same had its impact on the working results which otherwise would have been still more encouraging. The Directors are glad that it has been possible for them to recommend payment of maiden dividend. Development rebate reserve as required under the Income-tax Act has been provided fully including for the previous years.

During the report year, the Company has made considerable headway with the manufacture of cranes. The standardisations effected should ensure economic production and larger turnover.

The Lister engines since produced have been found satisfactory with the tests carried at the Company's factory. The same are now being put in the market. An industrial licence for the manufacture of industrial and marine diesel engines has also been recently received from the Government and the various aspects of this project are under necessary examination.

The working of the Company's building machinery division has been satisfactory. Despite increasing competition, the Company has been able to expand its sales of concrete mixers and concrete vibrators. The quality of your product is well received. The Agency turnover has also been satisfactory contributing to profit.

The Company has been successful in negotiating with a State Government for supply and installation of an iron ore handling plant for a value of approximately Rs. 293 lakhs in conjunction with a foreign company.

With the Calcutta Port Authorities completing their work on the land allotted to this Company at Taratalla Road, the construction of the new factory has commenced. It is unfortunate that there was delay in availability of suitable land to the Company for reasons beyond its control. It is, however, expected that with the new factory coming into operation in due course the activities of the Company will considerably expand.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	57,47,755	Gross block	26,17,042
Reserves and surplus	4,58,069	—Depreciation	2,43,392
Other liabilities	53,38,455		
		Net block	23,73,650
		Block in progress	1,01,419
		Current assets	64,88,965
		Investments	25,520
		Cash	20,42,673
		Miscellaneous expenditure	5,12,052
	Rs. 1,15,44,279		Rs. 1,15,44,279

* Paid-up capital consists of 6,00,000 equity shares of Rs. 10 each. Calls in arrears amount to Rs. 2,52,245.

Rohtas Industries Ltd.

(Managing Agents: Messrs. Sahu Jain Ltd., Calcutta.)

Thirty-first Annual General Meeting—30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales (excluding sales tax)	18,89,80	18,46,45
Closing stock	2,86,73	2,45,01
Gross profit	1,58,59	1,91,35
To Managing Agents' remuneration	4,93	7,35
Transfer to provision for depreciation	76,72	61,93
Net profit	76,94*	1,22,07
Transfer from general reserve (No. 1)	9,20	Nil
Appropriations:		
Transfer to development rebate reserve	5,95	6,60
,, ,, general reserve (No. 1)	Nil	12,59
,, ,, contingencies reserve	33,50	56,00
,, ,, dividend reserve	46,72	51,92
Proposed dividends (taxable) preference	6,72†	6,72†
,, ,, ordinary	40,00†	45,20†
	(8%)	(9%)
Carry forward	2	4
Market value of ordinary shares (in rupees):	1964‡	1963
High	13.06	14.44
Low	10.31	10.25

* Subject to taxation estimated at Rs. 33.50 lakhs.
† Dividend—Payment out of the dividend reserve.
‡ High and low upto 11th September 1964.

Extracts from the Directors' report: Consequent upon the re-introduction of triple shift depreciation allowance, the provision for depreciation has increased from Rs. 61,92,948 in the previous year to Rs. 76,72,187 in the year under review.

Except for a small decline in the production of paper and boards, the general level of production was maintained during the year.

	Production		
	1961-62	1962-63	1963-64
Paper and boards (tonnes)	46,565	52,243	49,919
Cement (tonnes)	2,67,885	3,19,656	3,17,991
Clinker (tonnes)	2,85,860	2,91,347	2,88,524
Asbestos cement (tonnes)	17,770	19,092	19,546
Sugar (season) (quintal)	11,611	5,713	5,600
Vanaspati (tonnes)	9,795	11,270	11,321
Caustic soda (tonnes)	5,575	5,643	5,991

The fall in the year's profit is mainly due to an increase in depreciation provision, settlement of raw sugar claim, increase in the cost of power and fuel and general rise in the cost of production without increase in selling prices.

Paper and Boards: With prices pegged still at the old unremunerative level and the Government not taking any action during the last two years, the profits in the paper industry have tended to shrink and this Company could be no exception. Coal prices including railway freight registered a rise by 8.5 per cent during the last 18 months. The cost of main raw materials also has continued to increase and the Bihar Government is still charging exorbitantly high royalty rates for bamboos. The incidence of rising costs has been partly absorbed by improved efficiency and continued efforts to improve and modernise the plant and machinery.

A satin white plant to improve the quality of coating and an additional coating plant both fabricated in this Company's workshop have been installed during the year under report. Equipments to increase bleaching capacity have been installed and production of unbleached pulp has been eliminated. The I.C.I.C.I. has sanctioned a loan of Rs. 15 lakhs in foreign exchange for modernisation of the Soda Recovery Plant towards increasing both its capacity and efficiency. The application for import licence is pending with the Government for sanction.

Vulcanised Fibre: The vulcanised fibre plant continued to operate below capacity due to the inadequacy of imported base paper. Although exchange is not being allowed for import of base paper, finished vulcanised fibre sheets are being imported at considerably higher expenditure of foreign exchange.

Cement: The price was increased by Re. 1.25 per tonne only as late as July 1964. This increase has not been given retrospective effect to cover the increased cost of production that had already taken place. The industry through the Cement Manufacturers' Association continues to press its case for increase in the retention price of cement to compensate the rises in costs due to governmental actions.

Asbestos Cement: There has been a small increase in production of asbestos cement products. The unit has got sufficient capacity to increase production and there is also considerable pent up demand for the product. If imported asbestos fibre is available regularly and adequately, production could be further pushed up to meet the needs of the consumers.

Sugar: Although there was a 32 per cent increase in the production of sugar in Bihar over that of the previous year, the position of sugar industry in South Bihar is otherwise as it has registered a decline of 30 per cent in 1963-64 over the previous season. At the Company's plant the production remained the same as last year. Due to uneconomic price of sugar fixed for South Bihar factories, this Company's factory, in common with others in the region, has been suffering heavy losses. The average duration of all the factories in South Bihar region was only 37 days and the average recovery 9.65 per cent. The Union Government revised price of sugar from Rs. 122 to Rs. 134 per quintal with effect from 22nd May 1964 as against the fair ex-factory price of Rs. 146.12 calculated by I.S.M.A. based on Tariff Commission Schedule. But by the time the revision of prices came, major portion of the sugar production had already been despatched at the previous lower prices.

The cane availability in the area is expected to be higher by 50 per cent. If the diversion of cane to *Gur* is effectively checked, the production of the Company's sugar factory can be increased by even more than 50 per cent.

Vanaspati: The *Vanaspati* prices were under regulation by the Government throughout the year. Due to severe competition, the industry sold *Vanaspati* at prices lower than the fair prices allowed by the Government.

Due to failure of Mustard-Rape crop, the edible oil supply has become scarce. Groundnut oil is not available in the eastern region and the Company's factory has to depend on other States for its requirements. Movement restrictions have been imposed by U.P. and Gujarat Governments and the Company's factory will have to close down till the arrival of new crop in November.

In view of scarcity of groundnut oil, the Government have decided to import one lakh tonnes of soyabean oil from the U.S.A. under P.L. 480 for manufacture of *Vanaspati*.

Accounts in brief as on 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	6,04,77,070	Gross block	16,37,20,662
Reserves and surplus	3,62,98,130	—Depreciation	8,69,12,679
Other liabilities	7,13,91,571		
		Net block	7,68,08,083
		Machinery in stock or transit	94,953
		Current assets	7,94,89,240
		Investments	1,11,06,286
		Cash	6,68,259
	Rs. 16,81,66,771		Rs. 16,81,66,771

* Paid-up capital consists of 20,000—7 to 9 per cent. tax-free cumulative preference shares of Rs. 100 each; 85,047—4½ per cent tax-free 'B' cumulative preference shares of Rs. 100 each and 50,00,000 ordinary shares of Rs. 10 each. Of the above, 5,28,000 ordinary shares are allotted as fully paid-up bonus shares by capitalisation of Rs. 16,20,209 from share premium account and Rs. 36,59,791 from general reserve.

Lansdowne Jute Co., Ltd.

[*Secretaries & Treasurers*: Messrs. Bird & Co. (Private) Ltd., Calcutta.]

Annual General Meeting—30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales of gunny, yarn and jute	62,48	1,32,42
Closing stock	1,29	Nil
Sale of loom hours	8,04	4,66
Miscellaneous sales	7,84	5,48
To Secretaries' and Treasurers' remuneration	15,78	16,99
Transfer to depreciation	70	45
,, ,, provision for taxation	3,97	3,03
Net profit	Nil	63
Refund of tax	11,11	12,88
Credit adjustment relating to past years	1	6
Appropriations:	Nil	2
To adjustment of loss brought forward	Nil	6,84
Transfer to statutory development rebate reserve	1,34	Nil
,, ,, general reserve	2,50	Nil
,, ,, stores stock reserve	Nil	1,30
Proposed dividends (taxable) preference	4,10*	4,77†
,, ,, ordinary	3,06	Nil
	(12½%)	(Nil)
Carry forward	7	5
Market value of ordinary shares (in rupees):	1964	1963
High	103.00	120.00
Low	91.00	86.50

* For the years ended 31st March 1962, 1963 and 1964.
† For the years ended 31st March 1958, 1959, 1960 and 1961.

Extracts from the Directors' report: With the termination of the Indian Jute Mills Association's Working Time Agreement with effect from the 1st February 1964, suitable modifications have been made in the working arrangements whereby the Company's looms are being operated at the Dalhousie Jute Mills. There is now a total of 294 looms being worked on double shift on this Company's account by the Dalhousie Jute Company Ltd.

The foundry section of the Company is operating successfully and has made a valuable contribution to the Company's profits. This section is handling the castings requirement of the Group Mills as well as those of certain other industrial undertakings in the same organisation. The quality of the castings produced is very satisfactory and several outside firms have approached the Company for supplies. In view of this, it is proposed to increase the capacity of the foundry to 200 tons per month.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	39,48,000	Gross block	1,01,22,105
Reserves and surplus	5,20,307	—Depreciation	73,34,909
Other liabilities	23,64,449		
		Net block	27,37,196
		Block in progress	34,504
		Current assets	27,47,645
		Investments	3,74,184
		Cash	9,39,227
	Rs. 68,32,756		Rs. 68,32,756

* Paid-up capital consists of 15,000—7 per cent cumulative preference shares of Rs. 100 each and 24,480 ordinary shares of Rs. 100 each. Of the above 4,080 ordinary shares have been allotted as fully paid up by way of bonus shares by way of capitalisation of general reserve.

Estrela Batteries Ltd.

(Managing Agents: Messrs. Choonilal Manilal Private Ltd., Bombay.)

Twenty-fifth Annual General Meeting—28th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales (gross)	1,62,35	1,51,20
Closing stock	15,63	16,46
Other income	2,46	3,05
Gross profit	23,43	26,03
To Managing Agents' commission	2,03	2,21
Transfer to depreciation	1,85	2,11
,, ,, provision for taxation	12,10*	14,18†
Net profit	7,45	7,53
Appropriations:		
Transfer to development rebate reserve	10	11
,, ,, general reserve	3,35	4,75
,, ,, staff and workers' gratuity fund	1,00	Nil
Proposed dividends (taxable) preference	71	71
,, ,, ordinary	2,09	1,65
	(12%)‡	(11%)§
,, ,, new ordinary	18	Nil
	(12%)‡	Nil
Carry forward	13	12
Market value of ordinary shares (in rupees):	1964‖	1963
High	75.50	71.00
Low	67.50	53.00

* Includes surtax.
† Includes super profits tax.
‡ This includes silver jubilee bonus of 2 per cent.
§ This is inclusive of a bonus of 1 per cent.
‖ Upto 11th September 1964.

Extracts from the Directors' report: During the year, three technicians, who were sent to France for 3 months' training, have returned with rich experience. The Directors are hopeful that future mechanisation and expansion programme which the Company has embarked upon, will have now smooth sailing.

The negotiations for getting the foreign exchange loan to enable the Company to import machineries for the expansion of the plant capacity by 25 million cells have materialised and the I.C.I.C.I. has undertaken to loan Rs. 9.44 lakhs approximately to the Company in foreign currency. Necessary steps are now being taken to place the orders for these capital equipments. But in view of the late deliveries indicated by the suppliers, it is expected that these machineries will not be commissioned before this financial year ends.

With a view to develop dry batteries of flat type of construction, the Company had applied for increasing the plant capacity. After detailed and laborious discussion, Government has now sanctioned by granting industrial licence to manufacture 35 million cells of this type of batteries, thus the full capacity of the factory, when this expansion project is completed, will be 100 million cells.

Accounts in brief as at 31st March 1964 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	28,91,580	Gross block	46,26,827
Reserves and surplus	18,28,347	—Depreciation	28,54,752
Other liabilities	37,83,863		
		Net block	17,72,075
		Current assets	62,10,298
		Investments	2,04,859
		Cash	3,16,558
	Rs. 85,03,790		Rs. 85,03,790

* Paid-up capital consists of 34,825 ordinary (equity) shares of Rs. 50 each; 15,000 ordinary (equity) shares of Rs. 50 each—partly paid up at Rs. 10 per share and 19,947—7.14 per cent. taxable cumulative redeemable first preference shares of Rs. 50 each. The amount paid up on shares forfeited is:—Rs. 1,490 on ordinary shares and Rs. 1,490 on preference shares.

Jaipur Udyog Ltd.

(Managing Agents: Messrs. Sahu Jain Ltd., Calcutta.)

Annual General Meeting—30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Cement sales	9,57,17	8,82,85
Closing stock	6,83	35,88
Gross profit	1,29,02	1,38,10
To Managing Agents' commission	5,41	7,23
Transfer to depreciation	54,89	43,65
Net profit	68,72	87,12
Appropriations:		
Transfer to development rebate reserve	2,90	2,25
,, ,, provision for taxation	*	
,, ,, contingency reserve	15,60	Nil
,, ,, general reserve	25,00	62,36
,, ,, dividend reserve	27,25	27,25
Proposed dividends (taxable) preference	2,25†	2,25†
,, ,, ordinary	25,00†	25,00†
	(10%)	(10%)
Carry forward	17	20
Market value of ordinary shares (in rupees):	1964‡	1963
High	12.56	12.62
Low	10.50	10.25

* No specific provision has been made in the accounts for taxation. The same would be met out of contingency reserve.
† Payment of dividends out of the dividend reserve.
‡ High and low upto 11th September 1964.

Extracts from the Directors' report: Production and despatches have been as under:

	Production		
	Clinker Tonnes	Cement Tonnes	Despatches Tonnes
1961-62	6,69,675	7,42,298	7,34,189
1962-63	8,23,238	8,20,778	8,20,778
1963-64	8,28,900	8,40,368	8,40,368

The production of clinker could not be maintained at last year's level because of the Government not granting necessary import licences for components and spare parts essential for maintenance. Unsatisfactory supply of power from Chambal Hydel Project also affected production.

The cement price has been increased by Re. 1.25 per tonne only from July 1964. The increase has not been given restrospective effect to cover the increases in the cost of production that had already taken place. The industry through the Cement Manufacturers' Association continues to press its case for increase in the retention price of cement to compensate the rises in costs due to governmental actions.

The packaging charges fixed by the Government continue to be inadequate to cover the actual expenses incurred in packing cement. There has been considerable loss on account of the unrealistic computation of packing charges.

A traxcavator, two Diamond Core Drills, one Wagon Drill, an Air compressor, etc., have been received and are expected to add to the mechanisation of the Quarries. Installation of Limestone Breaker at the Quarries with Screening Plant is nearing completion. Further steps are also being taken towards mechanisation of the Quarries.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	3,25,00,000	Gross block	9,04,06,214
Reserves and surplus	2,27,58,911	—Depreciation	3,72,13,701
Other liabilities	2,32,07,664		
		Net block	5,31,92,513
		Current assets	2,17,12,132
		Investments	25,52,307
		Cash	10,09,623
	Rs. 7,84,66,575		Rs. 7,84,66,575

* Paid-up capital consists of 75,000—3 per cent taxable cumulative preference shares of Rs. 100 each and 25,00,000 ordinary shares of Rs. 10 each.

Ashoka Cement Ltd.

(Chairman: Mr. A. K. Jain, Calcutta.)

Registered Office: Dalmianagar (Bihar).

Annual General Meeting—30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales (gross)	2,11,19	2,06,60
Closing stock	11,09	8,71
Gross profit	19,45	16,81
Transfer to depreciation	13,30	10,20
Net profit	6,15	4,98
Receipts relating to previous year	Nil	2
Provision written back	Nil	1,12
Appropriations:		
Transfer to development rebate reserve	54	1,96
,, ,, general reserve	1,00	Nil
,, ,, dividend reserve	Nil	4,20
Proposed dividend (taxable) equity	4,20	4,20*
	(7%)	(7%)
Carry forward	52	11
Market value of equity shares (in rupees):	1964†	1963
High	7.25	7.87
Low	6.37	6.81

* Dividend for 1963 was paid out of the dividend reserve.
† High and low upto 11th September 1964.

Extracts from the Directors' report: Consequent upon the re-introduction of tripple shift depreciation allowance, the provision for depreciation has increased from Rs. 10,19,632 in the previous year to Rs. 13,29,707 in the year under review.

Production and despatches have been as under:—

	Production		
	Clinker Tonnes	Cement Tonnes	Despatches Tonnes
1961-62	1,33,695	1,38,597	1,37,504
1962-63	1,62,036	1,74,851	1,75,504
1963-64	1,59,963	1,67,036	1,66,218

As in the previous years, frequent D.V.C. trippings have continued to hamper production. The Bihar State Electricity Board and the D.V.C. authorities have not yet been able to improve the power position. The production was also affected by the labour strike for 7 days in September 1963. Even after the strike was called off, it took some time to attain normal level of production.

The working results during the year have improved despite increases in costs mainly due to better working of the Foundry Division of the Company.

As mentioned in the last report, the Government had increased the retention price of cement by Rs. 2.75 per tonne from 1st June 1963, which was totally inadequate in view of the heavy rise in costs under various heads. The cost of production has been continuously on the increase even thereafter consequent upon governmental actions. No corresponding increase in the retention price of cement was, however, given during the financial year. The price was increased by Re. 1.25 per tonne only, as late as July 1964. This increase has not been given retrospective effect to cover the increased cost of production that had already taken place. The industry through the Cement Manufacturers' Association continues to press its case for increase in the retention price of cement to compensate the rises in costs under various heads.

The Raw Mill that is under installation at a cost of Rs. 23 lakhs would augment the slurry grinding capacity of the Company.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	59,00,843	Gross block	2,04,26,686
Reserves and surplus	14,91,628	—Depreciation	56,03,746
Other liabilities	1,63,91,031		
		Net block	1,48,22,940
		Machinery-in-stock	5,79,101
		Current assets	82,57,031
		Investments	12,100
		Cash	2,03,140
	Rs. 2,38,74,402		Rs. 2,38,74,402

* Paid-up capital consists of 6,00,000 equity shares of Rs. 10 each. Calls unpaid amount to Rs. 9,157.

Sir Isaac Newton held that gravity is a force, whereas Einstein regarded it as a property of space, which he believed was curved. But they had one thing in common. Both the Law of Gravitation and the Theory of Relativity were put down on papers for the consumption of knowledge-hungry world.

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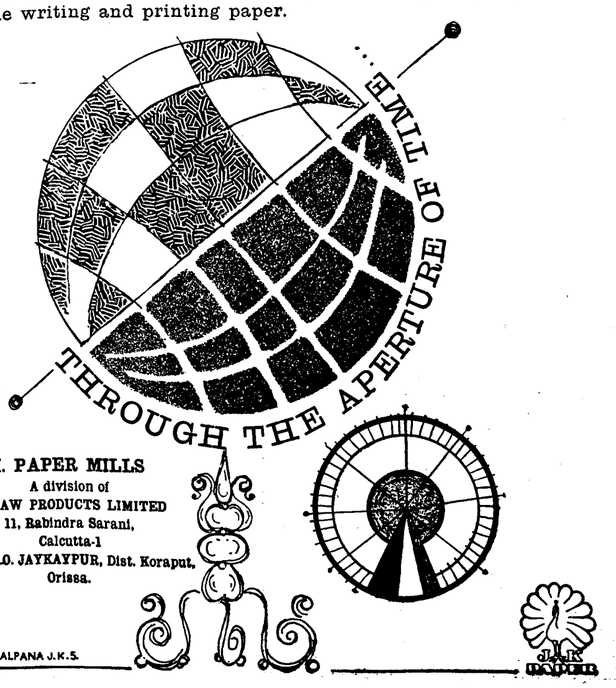

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THE RAGHUVANSHI MILLS LIMITED

CHAIRMAN, MR. RAVINDRA MAGANLAL'S SPEECH

FREQUENT CHANGES IN TAXATION DEPLORED

SPEAKING at the Thirty-fifth Annual General Meeting of the Raghuvanshi Mills Limited. held at Bombay on Monday, 21st September 1964, Mr. Ravindra Maganlal, Chairman of the Company, severely criticised the frequent changes in tax structure and the consequent unsettling effects on investors. He wanted a declaration from the Government to the effect that the changes in future would not worsen the situation any more. Such a declaration, in his opinion, would act as a catalyst of the climate of investment. Referring to exports he emphasised that the time had come when stress should be on quality rather than quantity. Alluding to the Central Government's decision on the Bonus Commission's recommendations, he observed that, although the Commission had failed to distinguish the industries and regions for the purpose of bonus, its findings deserved a fair trial by both the industry and the labour.

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

GENTLEMEN,

I have great pleasure in extending to you a very cordial welcome to this thirty-fifth annual general meeting of your Company. I thank you all for attending the same.

Nehru's Death

The guiding star that ruled the destiny of the nation for one and a half decade is now no more since May 27, 1964. The light that he kindled and the posts that he illuminated will, however, guide the nation for years to come. The nation, nay, the world at large, has become poorer with the passing away of the saintly statesman like Jawaharlal Nehru. Gandhiji got us the freedom, but it was Nehru who consolidated it. We owe him a debt which we can rarely repay. Let his soul have eternal peace!

Shastri's Stewardship

Though our beloved Prime Minister did not name his successor, his faith in people and democracy was never misplaced. The country has well demonstrated this in unanimously electing Mr. Lal Bahadur Shastri as the new guardian and custodian of the country. It is too early for us to assess the achievements of the new regime; yet, the start by it is really praiseworthy. We all wish him success in his leadership.

Accounts

The Directors' report and the audited accounts for the year 1963-64 have been in your hands for quite some time and I believe I have your permission to take them as read. You will observe from the accounts that our sales have gone up by about Rs. 18 lakhs; the profit has risen by Rs. 8 lakhs, that is, in terms of percentages, the sales have gone up by 8 per cent with a remarkable rise of 30 per cent in the profits. Talking in terms of ratios, compared to last year, our gross profit to sales ratio percentage has gone up from 12.35 to 14.44. This is indeed an encouraging state of affairs, particularly in view of the fact that there is an avalanche of inflation all round and the consequent upward sloping cost curve of all inputs.

The profit has gone up during the year under review, yet, there is an apparent paradox of smaller available surplus. It is because of the fact that the provision made for the national exchequer has to be stepped up from Rs. 10.75 lakhs to Rs. 15.36 lakhs, that is, taxation claims 68 per cent of the net profits of the Company.

Additional Spindles

In my last speech I had announced the receipt of the industrial licence for installation of 6,788 spindles. Since then the industry has been granted general permission to raise their installed capacity by 10 per cent. This will lead our installed capacity to 44,000 spindles. Orders have already been placed to reach this installed capacity, and I hope to pronounce still better results in the years to come when all these spindles are installed.

Cotton Supplies

The supply position of indigenous cotton has been quite satisfactory throughout the year. The consumption of domestic varieties has also gone up from 45 to 54 lakh bales. The cotton prices have moved between the floor and ceiling except in case of Digvijay. Though the current crop expectations are 62 lakh bales, there is no reason to be complacent in the matter. Our yield per acre is the lowest in the world and the quality that is grown demands much of improvement. With regard to foreign cotton, import and consequent supplies still remain a formidable problem. It is gratifying to note that the Indian Cotton Mills' Federation is aware of this aspect and is attempting to do its utmost. Yet, it must be admitted that our yearly cotton import bill of Rs. 60 crores on the import of finer varieties of cotton cannot be stopped unless we accelerate the research programme in indigenously producing long-staple cotton.

Price Line and Inflation

Occasional bouts of inflation are not new to us since we had some form of inflation or the other since 1939, but the current inflationary trend which started from the beginning of the current year has remained unabated. Prices have been rising continuously at the rate of 18 per cent, something unusual and alarming that has happened in the last quarter century. This has consequently been reflected in the cost of living indices.

It is true that the prices of foodstuffs and eatables have gone up disproportionately compared with manufactured articles, but the inevitable will surely follow in case of manufactured articles also since the cost of all inputs and labour have gone up. One of the reasons of the rising inflationary trends is that though our gross national product has gone up by 9.6 per cent, the money supply has increased by 28.5 per cent. This steadily widening gap between the two is essentially a prime mover of inflationary prices. The vicious circle of price-wage chase will never end unless a purposive and positive price policy is evolved.

Bonus Commission

The Central Government's decision on the Bonus Commission's recommendations is remarkably practicable and purposive, signifying a balanced cut through. Though there has been good deal of compromise, it is regrettable the basic incongruencies are not yet remedied. The Bonus Commission itself has defined bonus as a share of the employee in the prosperity of the concern he serves. But the burden of minimum bonus inflicted on the marginal and loss making concerns will indeed be a contradiction in terms. The Bonus Commission has failed to distinguish the industries and regions for the purposes of bonus. Yet, it really deserves a fair trial by the industries as well as the labour.

Exports

Time and again stress has been laid on exports. The increasing import bill has got to be matched with the export earnings. In the presence of unsurmountable handicaps experienced by the domestic exporter, the fourth Plan export target of Rs. 5,100 crores will need the introduction of the export elements in all the fourth Plan targets. A portion of the projected fourth Plan targets will have to be specifically reserved by fiscal and other means to achieve the targeted exports during the fourth Plan.

Our emphasis so far on the export front has been of a quantitative nature. Now is, however, the time to consider the qualitative aspects of the export items and have larger per unit realisations. It is heartening to note that vigorous export drives are being carried out by the Government, and it is granting appropriate relief on export sales and profits. The establishment of Import-Export Stabilisation Fund is a step in right earnest and direction.

Taxation

We have by now learnt to live with the heavy incidence of taxation. Fulfilment of planned objectives undoubtedly calls for sacrifices from all and we have to bear the burden with a smiling face. What is disturbing, however, is the frequent changes in tax structures and the consequent unsettling effects on the investors. These well justified apprehensions have polluted the investment climate. We need not go too far away in searching this situation as the stock exchanges of the country very well reflect this atmosphere. Let there be a declaration from the ruling Government that the changes in future on this front will not worsen the situation any more. This will act as a catalyst of the climate of investment.

Powerloom Sector

The handloom and the powerloom now proposed to be treated as one sector will perhaps be the largest single small-scale industry in the world and ought to be encouraged in the interest

(*Continued on page 567*)

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NEWS IN BRIEF

THE gross arrears of income-tax as on 31st March 1964 amounted to Rs. 290 crores, the total effective arrears being Rs. 170 crores.

The project capital outlay on the manufacture of petrochemical intermediates during the fourth Plan period is estimated at Rs. 300 crores.

A proposal to set up a heavy water plant with a capacity of 200 tonnes per annum is under the active consideration of the Union Government. The proposed plant will help sustain the nuclear power programme envisaged for the coming year.

The draft outline of the fourth Plan is expected to be published by March-April 1965. Members of Parliament have already met in five groups to consider the programmes in various sectors relating to the fourth Plan.

The coal production pattern is being adjusted to demand in order to prevent the existing imbalance partly due to an unforeseen increase in the output of lower grades, according to Mr. Sanjiva Reddy, Union Minister for Steel and Mines.

The expansion of the Bhilai steel plant from one million tons to 2.5 million tons (ingot steel) is scheduled to be completed by the end of the third Plan at an estimated cost of Rs. 177 crores, including a foreign exchange component of Rs. 68 crores.

The Mysore Iron and Steel Works Corporation (Bhadravati) has decided to pay a bonus of three months' wages to all its 10,000 workers. The total bonus payment is estimated at Rs. 20 lakhs, representing two-sevenths of the aggregate profit of Rs. 70 lakhs earned last year.

A new coin in the denomination of three-paise will be issued early next month. The metal composition of the new coin is aluminium with 3.5 to 4 per cent magnesium. This alloy is being introduced for the first time in the country. It will be hexagonal in shape with rounded corners and weighs 1.25 grams.

The change-over to metric system in all spheres is estimated to have cost the Union and State Governments, industries, trade and the public as much as Rs. 12 crores, according to a survey conducted by the Directorate of Weights and Measures. A large part (about Rs. 3 crores) of the expenditure has been on the replacement of weights and measures.

Ninety Central Acts, enacted between 1954 and 1961, are sought to be repealed, mostly in their entirety, under a Bill just introduced in the Rajya Sabha. The Bill also provides for amendments to 17 existing enactments. The Bill is a periodical measure by which Acts which have ceased to be in force, or have become obsolete or unnecessary are repeated.

The Indian Chemical Manufacturers Association has instituted two awards for the best industrial units in the chemical industry. The Sir P. C. Ray award will be presented to the "best industrial unit developed by indigenous endeavour in the chemical industry" and the I.C.M.A. award for "outstanding example of forward development of technology in the chemical industry for the first time in India." Industrial units in both the public and private sectors are eligible for the awards.

Exports of both unmanufactured and manufactured tobacco from India increased appreciably during the first quarter of the current financial year. The actual exports of unmanufactured tobacco aggregated over Rs. 10 crores (24.4 million kg.), representing increase of about Rs. 1.8 crore over the corresponding period of 1963. The exports of manufactured tobacco in the same period were higher at over Rs. 4.4 crores as against Rs. 1.6 crore, a year before.

A Bill seeking to effect compulsory amalgamation of small and uneconomic collieries in the country is expected to be introduced in the Budget session of Parliament. A draft Bill is already under the scrutiny of the Law Ministry. Compulsory amalgamation has been found necessary because of the failure of the voluntary amalgamation scheme. The Colliery Voluntary Amalgamation Committee had received only 298 proposals by the end of last month, of which 50 had been approved for amalgamation.

A magnesium plant with an annual production capacity of 250 tonnes will be put up shortly at Jamshedpur by the National Metallurgical Laboratory in collaboration with the Central Design and Engineering Unit of the Council of Scientific and Industrial Research. The plant, which is likely to cost Rs. 50 lakhs, is expected to go into production in about two years' time. It will meet the country's total requirement of magnesium needed for the manufacture of alloys and strategic material for defence purposes.

The Bhilai Steel Plant has been working at full rated capacity and the Durgapur Steel Plant has more or less reached this stage, according to the Union Minister of Steel and Mines. However, the Rourkela steel plant is lagging behind slightly but is expected to reach full rated capacity soon. Incidentally, there is some surplus staff in the public sector steel plants. The position is being reviewed with a view to determining the exact extent of overstaffing.

The steel prices announced by the Joint Plant Committee is applicable only to supplies made by the main producers direct. This was disclosed by Mr. Sanjiva Reddy, in the Lok Sabha last week. To these base prices, some extras for size and quality as well as sales tax have to be added. In the case of supplies received through stockists, the stockists' remuneration had to be added and in the case of re-roller products, the freight element also had to be added. The prices ruling in the market would therefore be generally somewhat higher than the J.P.C. prices. On the whole, the supply position of the decontrolled categories continued to be easy and prices are not appreciably higher and, therefore, the aim of decontrol has not failed.

• • • •

From Abroad

Production of flue-cured tobacco in the main producing countries outside China is expected to show a small decline this year despite the record output of 310-320 million lbs. in southern and north-western Rhodesia. The decline will be accounted for by North America.

The total production of coarsegrains in the U.S. during 1964 is estiated at 139 million tons, 17 million tons less than the actual output in 1963. The sorghum crop is expected to be lower by 15 per cent, maize by 11 per cent, oats by 9 per cent and barley by 3 per cent.

Industrial production in the U.S. touched a new record during the month of August 1964, the Federal Reserve Board's index (1957-59=100) for that month standing at as high as 133.5, as against 132.7 in July and 125.4 in August 1963. The high level of production was due to the usual recovery in steel production, increase in car assemblies and enhanced output of household goods.

A new alloy called Incramet 800 has been developed by the International Copper Research Association. By using this new alloy for moulds, glass products, it is claimed, will have finer surface finishes with more exact limits and the rate of products will itself be faster. It has a potential world market as a glass mould material for about 100,000 tons a year.

Industrial production in Britain rose slightly in July. The index (1958=100) for all industries, on a seasonally adjusted basis, is provisionally estimated at 127, one point higher than the June figure. The rise follows a pause in the first half of 1964, during which there was no change in the general level of production.

The Governmment of Ceylon has published details of its programme for the "Ceylonisation" of trade designed eventually to place the whole of the country's import business in the hands of Government agencies or Ceylon nationals. The programme will be implemented with effect from the beginning of next year. The "effective capital" of private trading companies operating in Ceylon will have to be cent per cent Ceylonese-owned, if the companies are not to suffer any discrimination. In addition, rules of employment will be made stringent. The regulation affecting public companies include a provision stipulating that 51 per cent of share capital must be held by Ceylonese nationals and the shares must be quoted on the Colombo Stock Exchange. A majority of the company directors must be Ceylonese and no director of a "Ceylonese" trading company will be permitted to retain interests in any national company engaged in export or import trade. Measures will also be taken to reserve trade in individual commodities for the proposed State Trading Organisation and other Government agencies.

PERSONAL

MR. W. H. Armstrong has been elected Chairman of the Mundakayam Planters' Association for the year 1964-65.

Mr. Pierre Paul Schweitzer, Managing Director of the International Monetary Fund, is arriving in Bombay, on the 28th inst.

Mr. R. S. Bhatt, Chairman of the Unit Trust of India, has been nominated by the Central Government as a member of the Governing Body of the Indian Investment Centre.

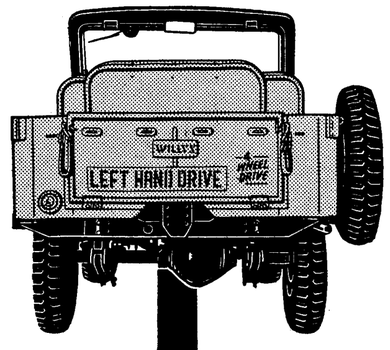
Mr. R. L. Tuli, General Manager of the Punjab National Bank Ltd. and the President of the Institute of Office Management, left last week on a trip to Europe, the U.K., the U.S.A. and Japan.

Mr. Keshub Mahindra and Mr. M. A. Chidambaram have been elected President and Vice-President, respectively, of the Association of the Indian Automobiles Manufacturers for the current year.

Mr. Harold Leslie Manning, a British cotton expert, arrived in New Delhi on the 18th inst. from London to advise the Union Ministry of Food and Agriculture on the research and development aspects of long-staple cotton cultivation.

Mr. K. B. Somanna has been appointed Managing Director of the Consolidated Coffee Estates (1943) Ltd., *vice* Mr. K. Narayanaswamy, I.A.S., whose services have been recalled by the Mysore Government.

Mr. G. K. Devrajulu, Managing Director of the South India Viscose Ltd., is the Chairman of the newly reconstituted Development Council for art silk industry. Mr. D. H. Vora, Deputy Director in the office of the Textile Commissioner, will act as the Secretary to the Council.



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TREND OF MARKETS

MONEY DISTINCTLY EASY

(From Our Own Correspondent)

BOMBAY, 23rd *September*

The short-term money market ruled distinctly easy during the week under review. The supply position of money was very comfortable and whatever demand that emerged was met fully. Indeed, there was a sizable surplus of funds. The inter-bank call rate, as a consequence, continued to drift downward. The actual rate for both renewals and fresh money today was as low as one per cent, whereas, on Wednesday last week, the former was quoted at 2 per cent and the latter fetched 2½ per cent. Calcutta also reported easy conditions, the call rate there declining from 1½-1¾ per cent to 1-1½ per cent.

Thanks to the comfortable money situation, Intermediate Treasury Bills elicited renewed support. The Bills actually sold from the 16th to 19th inst. aggregated Rs. 7.98 crores, as against Rs. 2.45 crores a week before and Rs. 1.29 crore two weeks before. The response to the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 22nd inst., however, was limited, though the total amount offered (Rs. 2.10 crores) was higher than that (Rs. 2 crores) invited and accepted. The average rate of accepted tenders was slightly higher at Rs. 2.399 per cent, as against Rs. 2.386 per cent.

The easy money trend is reflected in (*a*) the decline of Rs. 31.55 crores to Rs. 2,389.82 crores in notes in circulation, (*b*) a fall of Rs. 1.11 crore to Rs. 92.95 lakhs in loans and advances granted by the Reserve Bank to scheduled banks, and (*c*) an increase of Rs. 7.60 crores to Rs. 106.50 lakhs in the deposits of these banks with the Reserve Bank during the week ended 18th September. In the same week, the foreign exchange reserves of India improved by Rs. 2.35 crores to Rs. 98.87 crores, the improvement being entirely in balances held abroad which rose from Rs. 11.06 crores to Rs. 13.41 crores. The foreign securities held in the Issue Department of the Reserve Bank continued unchanged at Rs. 85.46 crores.

There was a fall of Rs. 4.08 crores to Rs. 1,731.71 crores in the total credit made available by scheduled banks to their clients during the week ended 11th September. Since this fall was accompanied by an increase of Rs. 3.33 crores to Rs. 2,660.09 crores in deposits, borrowings from the Reserve Bank receded by Rs. 2.88 crores to Rs. 1.95 crore, those against usance bills alone declining by Rs. 2.21 crores to Rs. 20 lakhs. Investments fell by Rs. 29.17 crores to Rs. 761.99 crores, while total cash rose by Rs. 6.82 crores to Rs. 160.98 crores.

The Gilt-edged market ruled subdued for lack of fresh support. Among Central loans, 3¾ per cent 1974 encountered selling and declined by 40 paise to Rs. 96.35. 3 per cent 1986 eased by 20 paise to Rs. 63.50, 4 per cent 1973 by 10 paise to Rs. 98.70 and 4 per cent 1972 by 5 paise to Rs. 98.75. State loans were all unchanged at last week's levels excepting the 4¾ per cent 1976 Andhra Pradesh and Orissa loans both of which eased by 25 paise to Rs. 97.25.

The market has taken note of reports suggesting the flotation of a Rs. 6-crore loan by the Bombay Municipal Corporation. The proposed loan, it is said, will be issued at par and bear interest at 4¾ per cent. It will be repayable in 1976. The market has also taken note of the Andhra Pradesh State Electricity Board's move to float a loan of Rs. 4 crores, carrying 5 per cent interest and redeemable at par twelve years later. The list for this issue is due to open on the 19th of next month. The proceeds of the loan will be utilised to meet a part of the Board's Rs. 17-crore capital programme for the current year.

In the foreign exchange market, the banks' buying and selling rates for U.S. dollars remained unchanged at Rs. 477.50 and Rs. 481 per $100, respectively. In New York, the pound sterling firmed up a little *vis-a-vis* the dollar; the spot rate and the three months' forward improved by 0.030 cent each to 278.340 - 278.370 cents and 277.820 - 277.850 cents, respectively.

SILVER EASY, GOLD FIRM

(From Our Own Correspondent)

BOMBAY, 23rd *September*

While silver was easy owing to poor demand and better arrivals, gold ruled distinctly firm during the week under review. The firmness of gold was due to limited arrivals and strong up-country demand in view of the nearness of *Dassara* and *Diwali* festivals. The reports of continued acquisition of hoarded gold by the Government and the renewed bid of authorities to check smuggling also imparted strength. The buying support that ensued lifted up prices of gold. Indeed, the prices prevailing today were the highest for some weeks now. Traders expected that prices would pick up still further in the next few weeks.

Fourteen-carat gold began the week a rupee higher at Rs. 67.50 and spurted to Rs. 71.25 today. Pure gold, in unofficial trading, forged ahead from Rs. 109 to Rs. 124-125. Sovereign was quoted higher at Rs. 93, as against Rs. 91.

Silver was quite firm early in the week, the quotation advancing from Rs. 256 to Rs. 257.50. It, however, declined swiftly on increased arrivals to Rs. 254 on the 22nd inst. But for some scattered support today, the closing rate would have been lower than Rs. 255.50. The weekly average arrivals and offtake of the metal were 23 and 7 bars, respectively.

The international price for gold in the London market was higher at $35.09, as against $35.08¾ last week. The sterling price rose by ¼*d.* to 252*s.* 1¼*d.* Ready and forward silver gained ¼*d.* each to 112¼*d.* and 112⅝*d.*, respectively. Silver in New York, however, continued unchanged at 129.3 cents.

Since the introduction of the Gold Control Order a marked fall has resulted in the export of gold jewellery. It is 30 per cent in the case of jewellery, and 50 per cent in stone-studded ornaments. Even the number of exporters, according to the Association of Registered Manufacturers and Exporters of Gold Jewellery, has come down 35 to a mere four. Some of the factors accounting for this decline are the high cost of making, inadequate equipment and the insistence of constant supervision by Government officials. The export trade turnover, which was Rs. 1 crore prior to the Gold Control Order, is now only a few lakhs of rupees. The traditional buyers of India's ornaments are countries in West Asia. It is now hard to regain the markets as European manufacturers, especially Italy and Germany are dumping comparatively cheap ornaments.

While the exporters point out the Gold Control Order as the cause for the fall in exports, the authorities assert that the exporters did not take advantage of the schemes sponsored by the Department of International Trade to boost export of jewellery.

The Government of Maharashtra has permitted goldsmiths to utilise the loans given to them upto Rs. 1,000 each, under the State Aid to Industries Rules, as their share capital towards the industrial co-operative society. However, the membership of such society should be limited to goldsmiths affected by the Gold Control Order and goldsmiths who are members of the society should work in the society as workers.

The following table shows the trend of prices during the week under review:

	23-9-64 (closing)	High	Low	16-9-64 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (996 fine) ..	255.50	257.50	254.00	256.00
GOLD				
Ready (14-carat) ..	71 25	71.25	67.50	66.50
Sovereign ..	93.00*	—	—	91.00*
London—				
Gold	252*s.*1½*d.*	252*s.*2½*d.*	252*s.*1½*d.*	252*s.*1½*d.*
Silver Ready ..	112½*d.*	—	—	112*d.*
Silver Forward ..	112⅝*d.*	—	—	112¼*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

COTTON QUIETLY STEADY

(From Our Own Correspondent)

BOMBAY, 23rd *September*

Quietly steady conditions prevailed in the futures section of the cotton market on account of favourable weather reports from all the cotton growing areas. Price fluctuations were narrow and the turnover less than moderate. After ruling distinctly quiet during the earlier sessions of the week, futures staged a recovery on Monday, the 21st instant, following sustained short-covering, influenced by excessive rains and apprehensions about possible damage to crops in Berar, Khandesh and Saurashtra. But the recovery could not be maintained because of selling at higher levels, induced by reports that the overall crop position continued to be satisfactory.

The Jarilla March 1965 contract, which closed last week at Rs. 728.25 per candy (of 784 lbs.), opened the week lower by 25 paise at Rs. 728 and, after touching a low of Rs. 725.75 on the opening day itself (Thursday, the 18th inst.) recovered to Rs. 729.75 on Monday but finished the week at Rs. 728.25, without any loss or gain over the week.

Moderate activity was reported during the week in the spot market at Sewri. Some leading mills have been evincing interest in new crop Digvijay, Khandesh and Berar cotton. Ready lots of Laxmi, Co2 and 197/3 were in good demand from needy mills. The following are the latest available quotations in respect of certain popular varieties:

Akola Rs. 910, Bhagalkot Laxmi Rs. 1,020, Digvijay New Rs. 1,220, Ganganagar Rs. 790, Hubli Laxmi Rs. 1,040, Nagar Co2 Rs. 1,150, Rajpipla Rs. 1,110 and Viranagar Rs. 900.

In the foreign section, there were reports that the Uganda Lint Marketing Board had suspended the auctions till 6th October 1964. It is understood that the Uganda cotton crop will now turn to be around 400,000 bales, as against 475,000 bales estimated earlier. Incidentally, it may be mentioned here that Dr. H. L. Manning of Uganda is on a visit to this country to advise the Indian Government on the development aspects of cultivating long-staple cotton. Dr. Manning's visit to this country has been arranged under the Colombo Plan.

As regards Bengal *deshi* variety, there has been a slight improvement in the demand for export. Sales have picked up with registrations standing at 45 000 bales as of 22nd September. The current rate for the December delivery contract is at Rs. 737, a gain of four points over the week.

Provisional data pertaining to exports of raw cotton in the whole of 1963-64 season are now available. They show that exports were smaller at 266.709 bales (of 180 kgs. net) as against 335.612 bales in the 1962-63 season. Japan's share in the total is a little over 200.000 bales. The Continent took some 29.000 bales, the U.S. 18,500 bales and Hong Kong 10,000 bales.

An important event of the week was the 90th half-yearly meeting of the Indian Central Cotton Committee to which a detailed reference is made elsewhere in this issue. It may, however, be added that the Agricultural Extension Sub-Committee of I.C.C.C. has given its approval to the release of five new improved cotton strains, namely, AK 235, AK 277 and Y.1 in Maharashtra, ISC 67 in Gujarat and 14/2 in Mysore. The farmers in Gujarat had, it will be recalled, sought the intervention of the East India Cotton Association last season to persuade the mills, through the Textile Commissioner, to lift ISC 67 cotton, which is a long-staple variety with a staple length of 1-3/32" and above. At present it is priced at about Rs. 1,600 per candy, as against the comparable African cotton available at not less than Rs. 1,800 per candy. It is felt that there is no justification in mills' reluctance to make use of this cotton in the place of foreign growths on which foreign exchange has to be spent. There are reports in the market that the Textile Commissioner is likely to advise the mills in this regard.

KIPS QUIET

(From Our Own Correspondent)

MADRAS, 21*st September*

There was no appreciable change in the kip market and importers were not willing to pay increased prices. Demand for cowhides inferior grades was negligible. There were a few enquiries for new season buffcalf from U.K. and light weight cowcalf skins, and cowhides.

It has been reported that a fair volume of business in tanned goat and sheep skins was booked during the Paris Leather Fair, at reduced prices. The local market is steady for the present. There were enquiries for suede selections for export to the Italian ports, at increased prices. Demand for tanned goat 5½/6 lbs. and 8/9 lbs. and for middle class sheep lower selections from importers on the Continent was insistent. Prices in the raw centres ruled steady.

The next German tanned skins public auctions will take place on the 28th inst. when 206,800 goat skins and 28,700 sheep skins will be available for sale. The next London auctions will take place on 19th October 1964. Consignors have not been happy over the results of these periodical auctions this year and, it is high time that the E.I. tanners regulate their mode of buying raw stocks to feed their factories.

ART SILK YARNS DECLINE

(From Our Own Correspondent)

BOMBAY, 23rd *September*

Distinctly easy conditions prevailed in the yarn market during the week under review. The upward trend of art silk yarns witnessed last week proved short-lived, as prices started declining again this week, thanks to comfortable supply position following large-scale sales by spinners. Traders were inclined to discount any possibility of an immediate recovery in prices. Actually, they expected the downward trend of prices to persist at least in the next few weeks. It was reported that heavy stocks were lying unsold with mills. One mill was said to be offering 150 deniers at Rs. 10.36 per kg. (f.o.r. rate including a sale tax of 20 paise), as against the currently ruling rate of Rs. 10.87. In spite of such an attractive offer, traders were not very much enthusiastic to buy. In sympathy with art silk yarns and due to poor demand from Surat weavers, staple fibre yarns ruled distinctly easy. Cotton yarns were dull with minor price fluctuations.

Among art silk yarns, National Rayon 150D shed 6 P to Rs. 10.87. 120D declined by 13 P to Rs. 11.55. South India Viscose 120D lost 16 P to Rs. 12.91. Bright century 75D receded from Rs. 18.57 last week to Rs. 18.15 today.

In the staple fibre yarn (2 x 34 French count) section, Kohinoor dropped 7 P to Rs. 9.83. City eased by 11 P to Rs. 9.35. Premier lost 6 P to Rs. 9.22. Sitalaxmi was a shade lower at Rs. 9.53. Vasanta decreased by 9 P to Rs. 9.06 and Premier by 11 P to Rs. 9.79.

Activity in the cotton yarn section was considerably restricted. 34s Vasanta fell by 75 P to Rs. 37.75. 68s Minerva declined by 50 P to Rs. 85.50. Others were neglected at last week's levels.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	23-9-1964	16-9-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	11 55	11.68
Century 75D	18 15	18.57
S. I. Viscose 120D	12.91	13.07
Staple fibre yarn-34 x 2 French Count (per kg.)		
Kohinoor	9.83	9.90
Premier	9.79	9.90
City	9.35	9.46
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.00	21.00
17s Modern	28 50	28.50
22s Madura	32 00	32.00
34s Madura	43 00	43 00
52s Pioneer	68 75	68 75
68s Finlay	106.70	106.70

SPURT IN LINSEED

(From Our Own Correspondent)

BOMBAY, 23rd *September*

There seems to be no point in discussing the trends in oils and oilseeds in terms of prices which have lost both their meaning and perspective, thanks to the shortsighted policy of the Gujarat and Uttar Pradesh Governments in banning exports of oils and oilseeds from their States. It is difficult to say how far the imposition of export ban on foodgrains and other commodities is guided by political or retaliatory considerations, but the net result of these has been the same

artificial rigging up of prices at the receiving end. So far as oilseeds and oils are concerned, Maharashtra depends for them on Gujarat—Saurashtra to be precise—for a major portion of its requirements, but, with the ban in force, the main supply base is cut off. Naturally, prices in Bombay are ruling at record high levels.

Linseed stole the limelight during the week under review, the spot material touching a record high of Rs. 52.50 today. Linseed oil also touched a new high of Rs. 22.10. In futures, the March contract advanced from Rs. 39.66 to Rs. 40.31. The city had virtually no stocks of oil and what little was there had been held by a few dealers who were keeping it in anticipation of yet higher prices. Perhaps they will achieve their objective in view of the fact that no more oil can come from Uttar Pradesh, the main source of supply. In Bombay, linseed oil is used mainly by the paint industry and, under the present scarcity conditions, it should not be difficult for dealers who are lucky to possess stocks to dictate their own terms. Normally linseed oil, which commands little export business, should not fetch these prices, but, then, there is just no oil. Moreover, the other members of the oil group are shooting up.

The story of groundnuts and groundnut oil is sufficiently well known to warrant any repetition. Groundnut oil ex-mill was quoted in Bombay at Rs. 32.75. Although it was slightly down on the record level of Rs. 33 touched last week, the level was still pretty high. The trend in distant positions was also getting firm, with October mentioned at the time of writing around Rs. 24.75, November at Rs. 20.10 and December at Rs. 19.50. Among seeds, Spot Madras was done at Rs 78, Upper Madras at Rs. 77.25, Latur at Rs. 76 and Sangli at Rs. 75. Traders were reluctant to quote prices for distant positions, as, in view of the uncertain situation, they did not have the courage to commit themselves for the future. Stocks of groundnut oil in the city were said to be virtually nil. The State Government was making arrangements to sell groundnut oil to consumers through fair price shops in Bombay at a reasonable price, but how far this will offer a long-term solution to the problem of scarcity is a question difficult to answer.

Market men say that arrivals of new crop from areas other than Gujarat like Khandesh from within Maharashtra and Davangere in Mysore should help in checking the prices from going up. It is said that the new crop has begun to move in these areas and that it might take a fortnight for its effect to be felt. However, the volume of these arrivals may not be such as to effect a reversal in the trend. The market has not given up hope of the Gujarat Government removing the ban on new crop movements. It is said that farmers there are reluctant to harvest the crop due to price uncertainties. There are also reports that oil is finding its way underground over there, as the price fixed by the State Government is considered very much low in relation to the price it might probably fetch were the market an open one.

It was thought that the commencement of forward deals in groundnuts new crop might help the market find more reasonable levels, but hopes have been shattered on account of the inability of the Forward Markets Commission and the Oilseeds Exchange to find a common ground with regard to terms and conditions. It is said that a meeting of the representatives of the two organisations held during the week under review ended without arriving at an agreement. Reports indicate that the gap between them is rather wide and, therefore, difficult of being bridged unless one of the parties is prepared to compromise on details. The main hitch is said to be regarding margins. It appears that the Association was prepared for margins at a level of Rs. 275, but the Government insisted that they should be imposed at Rs. 250. Further, the F.M.C. is understood to have suggested that the rate of margin should be 20 per cent during non-delivery period and 50 per cent during delivery period. The trade did not seem to like this either.

The anxiety of the Government to keep prices within reasonable limits is appreciated, but knowledgeable circles feel that the level of Rs. 250 is rather too low and that the contract would be unworkable, as the spot rate is around Rs. 375 to Rs. 400 per 50 kg. The level of margins and spot prices, they insist, should bear some reasonable relationship to each other. The experience is still fresh in market's memory. Both castor and linseeds September contracts went untraded for a long time due to unrealistic ceilings. It now appears that the question of new crop trading has been put into cold storage for the time being. And trading in futures cannot start unless the Gujarat Government removes the ban.

Castorseeds and cottonseeds were both firm with castor March quoted at Rs. 178.75 and cottonseeds January at Rs. 102.75. The trend in these was induced more by the conditions in groundnuts rather than by any intrinsic merit in themselves. Market men were saying that there was absolutely no justification for the high prices of cottonseeds, particularly in view of the satisfactory weather reports from cotton growing tracts and the good crop of cotton that is likely to be harvested during the current season.

Groundnut extractions were dull. With most of the solvent extraction plants closed or in the process of closing down, there could not be much of an activity in this section. Supplies were short and demand, too, was small. Hence the market tended to be easy. Extractions September was quoted at Rs. 436, October at Rs. 431, November at Rs. 405 and December at Rs. 392. Expellers were also quiet. Ready expellers were mentioned at Rs. 500, October at Rs. 485, November at Rs. 430 and December at Rs. 425. The United Kingdom was the only customer in the market, but demand was limited. Advices from there were easy with September-October at £39, November at £37-2-6 and December £36-2-6.

Communist countries were out of the field and market sources thought that it would take some more time for demand to revive. The undertone was quiet.

The following table shows the closing prices of oilseeds and oils as on 23rd September as compared with those of the two previous weeks:

	23-9-1964	16-9-1964	8-9-1964
Groundnuts	Rs.	Rs	Rs.
Nisam bold	75.50	75.50	67.50
Khandesh quality	77.50	78.00	69.00
Oil ex-mill	32.75	32.00	29.10
Oil Rly. Receipt	30.50	31.00	28.80
Castorseed			
September 1964 contract.. ..	188.00	183.00	183.00
March 1965	178.75	177.37	175.62
Ready Madras	39.37	40.00	39.25
Ready Kanpur	38.37	39.00	38.12
Oil B.S.S.	18.30	18.25	17.90
Oil commercial	17.45	17.50	17.25
Linseed			
September 1964 contract.. ..	44.97	44.94	44.94
March 1965..	40.31	39.66	38.62
Bold ready	52.50	51.00	48.25
Linseed oil	22.00	21.20	20.25
Cottonseed			
September 1964 contract.. ..	91.50	91.50	91.50
January 1965 contract	102.75	102.00	98.75

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

SUGAR STEADY

(From Our Own Correspondent)

HAPUR, 21*st September*

Steadier trend was witnessed in crystal sugar during the week under review, as sugar supplies to bulk consumers were further curtailed and prices improved to Rs. 175-177 a quintal in the market. At the fair price shops, the commodity was available at Rs. 136. The new sugar policy for the season which is to commence on 1st November is expected to be announced shortly. Thanks to a bumper cane crop and overall increase in acreage upto 7.5 per cent, it is hoped that sugar production in the coming season would be 33 lakh tons as against the total production this season of 26 lakh tons.

Desi khandsari continued to be firm during the week under review, as bulk quantities were being lifted against permits received from the consuming States of the Punjab and also east U.P. prices improved by Rs. 5 a quintal in unofficial dealings to Rs. 130-160. Trading circles were urging the State Government to lift the controls on *khandsari* movements, so that the remaining stocks which were reported to be heavy may be wiped off by the time the new production commences sometime in November. *Khandsari* stocks in the Muzaffarnagar market were around 70,000 quintals.

Ready *gur* was steady in the local market on buying support from the consuming States such as Gujarat. Dry stocks with trade have been exhausted and the little dry-wet and wet stocks were being readily lifted even at higher prices. Traders were of the opinion that due to the prevailing high prices of the commodity with dearth of stocks, the new *gur* production season would start shortly by the end of this month. They were perturbed on the news that Government was again thinking in terms of banning *gur* trade, and a new policy would be announced shortly. Week-end quotations (in rupees per 40 kilogram) were: *pansera* dry nominally quoted at 42, dry-wet 34 to 35, wet 30 to 31 and *shakker* 42 to 45.

Gur and *shakker* recorded sharp gains during the week in the Muzaffarnagar market on brisk enquiries from the Punjab coupled with acute paucity of dry stocks. Prices in all sections improved and were quoted in the week-end at (in rupees per 40 kilogram):—*chaku* dry 47-48, wet 37-40, *laddoo* 42-45 and *khurpapar* upto 48. *Shakker* touched a new high upto Rs. 50 per 40 kilogram.

FOODGRAINS ADVANCE

(From Our Own Correspondent)

HAPUR, 21*st September*

Bullish trend continued unabated in foodgrain prices and prices have touched all time new high level. Paucity of stocks meagre arrivals and brisk local and east U.P. purchases were main influencing factors. Ration shops were faced with deficit food supplies and even one kg. a unit per week is not available. The U.P. Government opines that Union Government is not supplying adequate imported grains to feed ration shops. The U.P. Government has now decided to build a buffer stock of *kharif* and *rabi* crops to the tune of at least eight lakh tons and for this purpose a compulsory levy would be imposed for both the crops.

Wheat prices advanced by Rs. 5 to Rs. 7 per quintal, according to quality, during the week to touch a new peak on east U.P. buying support and purchases by local consumers. The average quality was quoted between Rs. 95 to Rs. 97.50 and farm produce between Rs. 97.50 to Rs. 101.50 per quintal, while the corresponding prices last year were much lower at Rs. 44.21 to Rs. 48.75 and in 1962, Rs. 39.85 to Rs. 44.22 per quintal. Arrivals were very poor and stocks were meagre. Rice prices shot up by Rs. 2.50 to Rs. 6 per quintal,

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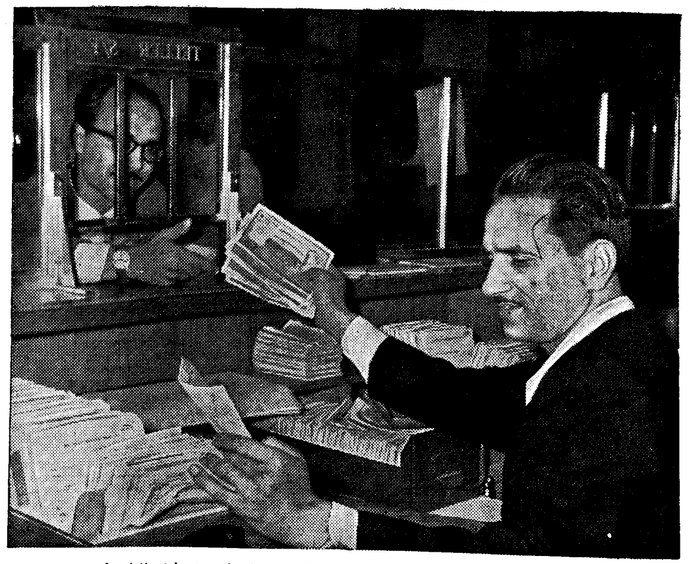

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according to quality, because of tight supply position due to poor stocks. The condition of the standing paddy crop was reported to be good and market was anticipating a bumper rice output this year. Week-end prices here were: Rice *basmati* superior Rs. 129.50 to Rs. 132, *sela* Rs. 125 to Rs. 128, *mainpuri* Rs. 109.85, *ramajwayan* Rs. 112.50, *raimunia* Rs. 112.50 to Rs. 115 and *gadda* Rs. 109.85 per quintal.

Gram prices rose sharply by Rs. 10 per quintal, because of good demand and paucity of stocks. The commodity was quoted at Rs. 90 to Rs. 95 per quintal as against Rs. 40.50 in the corresponding period last year, and Rs. 43.21 in 1962. New maize moved up by Rs. 4 per quintal as arrivals were still poor and prices ranged between Rs. 70 to Rs. 71.80 on brisk consumers support. Barley and *bejhar* were quoted higher in sympathy with other grains. Stocks were also reported poor. Barley was quoted at Rs. 77.50 to Rs. 80 and *bejhar* between Rs. 78 to Rs. 80 per quintal. The prices of *juwar* and *guwar* were steady while other coarse grains prices were steadier as stocks were negligible. Week-end prices were:—*Juwar* Rs. 63 to Rs. 65, *guwar* Rs. 63 to Rs. 64, *bajra* Rs. 68 to Rs. 71, *methi* Rs. 65 to Rs. 67.50, and oats Rs. 75 per quintal.

The pulses market indicated a mixed trend, while peas and *arhar* recorded good gains. *Urd* and *moong* drifted lower on increased arrivals. Peas advanced sharply by Rs. 7.50 to Rs. 10 because of tight supply position and was quoted between Rs. 82.50 to Rs. 87.50 per quintal as against Rs. 37.50 per quintal in the corresponding period last year, and Rs. 31.96 per quintal in 1962. Peas *dal* prices also improved to Rs. 82.50 per quintal. *Arhar* and its *dal* prices also ruled firm due to meagre stocks in face of good buying support and prices of *arhar* now ranged between Rs. 84 and Rs. 87.50 per quintal. *Urd* and *moong* prices, however, drifted lower under pressure of arrivals from outside. *Masoor* prices, however, were steadier and other *dal* prices also ruled firm. Week-end prices were:—*Arhar dal* Rs. 108 to Rs. 115, *urd* Rs. 58.94 to Rs. 66.98, *urd dal* Rs. 85.74, *moong* Rs. 101.81 to Rs. 107.17, *moong dal* Rs. 115 to Rs. 117.50, *masoor* Rs. 80.38 to Rs. 85.75, *masoor dal* Rs. 96.45 and gram *dal* Rs. 99.13 per quintal.

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PROSPECTS FOR WORLD WHEAT PRODUCTION

The present outlook for 1964 world wheat production indicates a record or near-record harvest. Production, in Northern Hemisphere countries promises to be the largest on record. Although it is too early for a reliable measure of Southern Hemisphere harvests, which will not be underway until November, conditions to date have been mainly favourable in the principal producing countries.

If, as now seems likely, the prior wheat record of 8.7 billion bushels (a bushel=80 lbs.) in 1962 is exceeded, the largest factor in the increase will be the gain in North America; production is up in each of the three principal producers of the area. The total for Western Europe, though large, is estimated to be moderately below the record achieved there in 1962. The Soviet Union may also be below its 1962 figure. Indicated differences in other continents are of minor significance.

A near-record outturn in *North America* this year does not mean larger surpluses for export. Following the heavy export movement from the United States and Canada during 1963-64, supplies are somewhat smaller in both countries for the current marketing season. U.S. supplies for 1964-65 are estimated at 2,190 million bushels, 148 million below supplies a year earlier, despite a production increase of 147 million bushels. Canada's supply is lower because of reductions from the high 1963 level in both production and carryover. Mexico reports a record outturn and plans to export about 18 million bushels.

World import demand is expected to be well below the high 1963-64 level, with larger production over most of Western Europe and in Japan playing a part, as well as reduced needs expected to follow better harvests in the Soviet Union and Mainland China.

Present estimates indicate that *Western Europe's* total production this year may be second only to the 1962 record. Good crops are reported everywhere, except on the Iberian Peninsula; there, production is somewhat smaller than last year in both Spain and Portugal.

A slightly smaller crop than last year is expected in *Eastern Europe*, mainly because of a reduction in Yugoslavia. Early season forecasts of a record crop in that country were not realised as a heat wave in late June, followed by heavy rains, delayed harvesting and lowered conditions of the crop.

The outlook is for an average crop in the *Soviet Union*, following the poor outturn of 1963. The area for harvest is estimated larger than last year and yield prospects for spring wheat in the "New Lands" area are much better.

Yields were disastrously low in this area last year, because of prolonged drought. Moisture supplies have been unusually good this year, but a late start this spring makes the crop vulnerable if the growing season should be cut short.

Conditions in *Asia* vary widely, with better conditions than last year in some parts offset by poorer conditions in others. The crop in Turkey is reported smaller than in 1963 while other Near East countries report better crops. Japan's production approaches average after last year's failure. Conditions appear generally better in Mainland China, in contrast with reduced outturns in India and Pakistan.

Total production in *Africa* is expected to be less than last year mainly because of a sharp reduction in Algeria from last year's bumper crop. Some reduction is also reported for Tunisia, but larger harvests in Egypt and Morocco more than offset that decrease.

The outlook for the growing wheat crop in Southern Hemisphere countries is generally promising. Seeding took place under favourable conditions in most parts and increased acreage is reported in Argentina and Australia, the largest wheat producers. Growing conditions up to November will govern final outturns.

TEA DUSTS LACK SUPPORT

(From Our Own Correspondent)

CALCUTTA, 22*nd September*

Although tea offerings, which are larger this year in view of the increased crop, continue to be absorbed, prices are yet below last year's levels. This has been so because buyers are assured of regular supplies, and the increased nature of offerings week after week is an index of the good supply position this year. The decline in U.K.'s stocks of tea shows that overseas support can only increase in the weeks ahead. Including the figure for the last month, North Indian output so far this year amounts to 148.59 million kgs. showing a rise of 11.15 million kgs. as compared with the corresponding period of last year. Last month, output was only 101 million lbs., as against 105.2 million lbs. in August 1963. Such being the productive performance in the best month of the year, it is now doubted if this year's output would touch the 1961's peak level.

Dusts on offer during last week's internal sales aggregated 34,538 packages. The good general demand in evidence at the opening petered out as the sale progressed and losses were recorded. Thus bright liquoring Assam orthodox teas eased towards the close by up to 30 paise. Plain orthodox teas eased, but the recession was only slight. Legg-cut teas were in good form. Medium C.T.Cs dropped by more than 20 paise, with the selected lines being firm at quoted rates. Good C.T.Cs were readily absorbed at firm rates. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.20 to Rs. 6.50, medium Assam C.T.C. dust Rs. 5.30 to Rs. 5.60, legg-cut dust Rs. 5.00 to Rs. 5.40, medium Assam dust Rs. 4.90 to Rs. 5.50, and plain orthodox dust Rs. 4.20 to Rs. 4.60.

RAW JUTE RECEDES

(From Our Own Correspondent)

CALCUTTA, 22*nd September*

Following the very satisfactory increase in arrivals and firm expectations of the crop conforming to earlier estimate, fibre prices dropped further during the week under review. The decline was about Rs. 2.50 a maund. On the other hand, jute goods were maintained at the higher levels, the earlier fall in heavy goods proving only temporary. The capacity of Pakistan mills, it is stated, has been fully covered with overseas orders up to March next, and as such more export orders on Indian mills are anticipated in the coming few months. It is also encouraging to note that the Indian delegation to the current session of the U.N.'s Food and Agricultural Organisation at Rome would seek the Organisation's assistance so that India, Pakistan and Thailand could come to an understanding and thus avoid competition detrimental to the interests of the jute industry generally. The trade here, noting this proposal with enthusiasm, feels that a conference between the representatives of the jute industry in India and Pakistan would be very much appropriate in order that each other's problems could be better understood. Attempts should also be made to remove the apprehension in Pakistan that, without resorting to competition of the kind now being offered by Pakistan mills in overseas markets, Pakistan would not be able to market all its output at reasonable prices. The removal of this apprehension should enable the Pakistan mills to desist from offering unfair competition, which is harmful as far as the long-term interests of the jute industry is concerned.

It is also a good development that domestic offtake of heavy goods has been rising gradually in recent months. Sacking despatched by mills for internal consumption in August aggregated as much as 26,200 tonnes, which represented an increase of 6,900 tonnes as compared with the previous month and of 7,800 tonnes as compared with August 1963. Hessian at 4,700 tonnes showed a rise of 600 tonnes, while all other constructions at 3,400 tonnes suffered a loss of 400 tonnes. In the result, the total of all constructions despatched for consumption within the country at 34,300 tonnes showed a rise of 7,100 tonnes. On the other hand, despatches for export abroad in August 1964 at 80,600 tonnes showed the insignificant decline of 100 tonnes. While sacking and carpet backing cloth increased from 19,000 tonnes and 7,000 tonnes to 22,700 tonnes and 7,100 tonnes, respectively, hessian and miscellaneous goods fell from 44,700 tonnes and 10,000 tonnes to 42,800 tonnes and 8,000 tonnes, respectively. The overall increase in despatches in August thus amounted to 7,000 tonnes, despite the fall of 6,200 tonnes to 111,500 tonnes in output in the same month. Output of hessian fell by 2,100 tonnes to 47,000 tonnes, of sacking by 1,300 tonnes to 45,100 tonnes, of carpet backing cloth by 100 tonnes to 8,100 tonnes, and of miscellaneous constructions by 2,700 tonnes to 11,300 tonnes. The increase in demand, coupled with the fall in production, was a factor which imparted liveliness to jute goods during the week.

The news of increase in burlap consumption in the United States during August 1964 was also a factor that helped sentiment. At 81 million yards, the increase as compared with the previous month was 17.4 million yards. In August 1963, consumption was only 69.5 million yards. U.S. burlap stocks at the end of August 1964 declined to 281 million yards from 300.1 million yards in the previous month. The total U.S. consumption this year was 580.9 million yards, as against 601.6 million yards in the same period last year, the monthly average being 72.61 million yards and 75.2 million yards, respectively. It is to be hoped that the U.S.A. continues to consume more and more hessian and that the shortfall of the earlier months is made good. It is also encouraging to note that, this week in the New York Burlap market, conditions became steadier, with the 40" 7½ oz. hessian gaining from 9.25 cents a yard to 9.40 cents and the 10 oz. hessian from 12.35 cents a yard to 12.40 cents.

Now that fibre prices have fallen very satisfactorily as a result of the series of steps taken by the Jute Commissioner, including the issue of maximum weekly purchase quotas on mills, an early announcement raising the minimum purchase prices by at least Rs. 5 a maund is looked forward. During this week, arrivals averaged about 125,000 maunds a day and the need for cash among cultivators for the forthcoming *Poojas* should lead to further increase in the quantity offered. During the week, Assam bottoms eased from Rs. 39.00 a maund to Rs. 37.50, daissee bottoms from Rs. 40.50 to Rs. 38.50, and northern bottoms from Rs. 38.50 to Rs. 36.50. For the current week ending on the 25th, the Jute Commissioner has a maximum quota of 150,000 bales. The increase in the quantity as compared with previous two weeks in accord with the extent of daily arrivals.

On Tuesday last, the news of increased consumption of burlap in the U.S.A. and the fall in output in mills in India last month checked the downtrend in ready goods originating from selling pressure in the hedge market. Thus, despite the fall to Rs. 141.75 and Rs. 50.15 from Rs. 142.10 and Rs. 50.25, both ready B. twills and hessian 40" 10 oz. were firm. At this stage, a buying spree developed in the futures market, to take up ready B. twills and hessian 40" 10 oz. to Rs. 114.15 and Rs. 50.20 on Wednesday. Bulls availed this opportunity to book profits on Thursday, and this took down B. twills to Rs. 142.50 and hessian 40" 10 oz. to Rs. 50. Government interest in B. twills was a feature on Friday and this pushed up ready B. twills to Rs. 143.25 with hessian 40" 10 oz. remaining unchanged at Rs. 50. Over the week-end, some business was done and this led to raise the prices to Rs. 143.75 and Rs. 50.10 respectively. There was good covering business in ready goods yesterday, and B. twills, though unchanged at Rs. 143.75, were firm. Hessian 40" 10 oz. was, however, fractionally lower at Rs. 49.80.

METALS FIRM

(From Our Own Correspondent)

CALCUTTA, 22*nd September*

While resistance on the part of buyers checked the uptrend for some time in the local metal market during the week under review, the quotations on the London Metal Exchange, the New York Commodity Exchange and the Far Eastern metal markets continued to advance. In London, spot copper wire-bars rose to quote as high as £445 a ton, as against £398 early in the week. The 3-months' quotation moved up from £356 to £388. Spot cathodes and spot fire-refined metal closed higher on balance at £430 and £345, respectively, as against the opening rates of £385 and £325.

The uptrend was attributed to bear-covering. The fact that prices are rising every week is causing concern. Since the beginning of this year, production of copper in several mines in the world has increased, but the steady rise in prices gives the impression that the rise in consumption has far outstripped the rise in supply. The question as to how long the prices would continue to rise is difficult to be answered, but it appears that only clearer indications of a fall in demand on substitution would bring down prices to a reasonable level. The quotation for utensil copper scrap eased from Rs. 675 per 100 kgs. to Rs. 670.

Even if world shortage of metals eased, the possibility of any improvement in India depends upon the country's ability to raise exports to the same level of imports. With the need for more and more capital goods, it is difficult to expect that India's imports could be financed from export earnings alone. In this context, there is a strong case for India to quicken the pace of the shift to aluminium from copper in as many uses as possible, and it is interesting to note that Mr. Himachand K. Shah, in his address from the chair to the annual meeting of the All-India Non-ferrous Metal Industries Association in Bombay, urged the provision of all facilities to brass utensil makers to change to aluminium. Note has also been taken by the trade here of the earnest plea made by Mr. Shah to restore the recent cut in the import entitlement on exports. He stated that exports of non-ferrous metals products at present earned for the country foreign exchange to the tune of Rs. 2.40 crores, which could be raised, he thought, by incentives and the provision of more raw materials.

On the L.M.E., spot tin opened at £1,400 a ton and steadily rose to £1,452½. The low level of warehouse stocks, coupled with the rise in Penang markets, pushed up sentiment. Increased Indonesian-Malaysian bitterness and the discussions in the Security Council were also factors that aided the steady uptrend. In Calcutta, tin was unchanged but firm at Rs. 3,300 per 100 kgs. Lead and zinc were also firm at Rs. 312 and Rs. 365, respectively. Spot lead on the L.M.E. gained to £115 from £110½, while spot zinc eased from £124½ to £122½. The fall in zinc should be attributed to the anxiety of producers to make zinc available to users at a reasonable price, in view of the apprehension of substitution.

Measured in terms of the number of automobiles produced per thousand population, West Germany ranks first (44 units per 1,000 persons), followed by the U.S. (40) and France (32). The U.S. accounts for the biggest share in the total world production, the actual share being 46.3 per cent followed by West Germany (14.6 per cent), Britain (9.7 per cent), France (9.2 per cent) and Italy (6.7 per cent).

LABOUR

(Concluded from page 557)

be determined every six months. For the current period, the ratio of 1 : 1 has been recommended. For the compilation of rice index, the Committee has recommended that the year ended May 1964 should be taken as the base period for determining the base price and initial weights, and the index so arrived at should be linked to the current index by the usual procedure—the linking factor being 7.43. For the purpose of price collection, all the varieties of Government supplied rice and two varieties of free market rice have been recommended.

The Millowners' Association represented that the employers were running a large number of grain-shops on no-profit-no-loss basis for selling fifteen major articles of consumption in different varieties at reasonable prices, which were sometimes lower than the current market prices. The prices were fixed once a month by the Association itself and all the mills were required to adhere to these prices during the month. The Association submitted that, if due weightage was given to these factory grain-shops in the index series, it had "no objection to stock in these shops all the articles of consumption which figure in the index series and go to the extent of considering the sale of these articles at subsidised rates." The employees' organisations, however, argued that most of the factories were not having any grain-shops and, even in the case of those which were having, only a very small percentage of workers of these factories were taking advantage of these shops as these shops were not selling all the items of consumption and were situated at considerable distances from the workers' houses. It was, therefore, stressed that these shops were not eligible for being considered for the purpose of price collection.

On the basis of the figures supplied by the Millowners' Association, the Committee has estimated that only six per cent of the factory workers took advantage of the employers' shops. Moreover, the rice sales of these shops have already been covered as they sell only Government rice covered under the recommendations above. Thus the Committee's finding is that the impact of these shops was not substantial. It has, therefore, opined that, unless a much larger number of employees make their purchases from mill grain-shops, there is no reason to depart from the practice followed now.

Although a number of varieties of cloth had gone out of production, their prices continued to be repeated for more than a decade. In its report submitted on 7th January 1964, the Committee pointed out that, "while such price repetitions might be legitimate for a short period, their peristence for over a decade is indefensible. The procedure followed had the effect of pegging cloth group prices at a lower level. ... There is no doubt that, if the chosen cloth varieties in *dhotis, saris* and shirting had continued to be available, they would have shown some price rise." After considering the various points, the Committee recommended in its last report that the total cloth price index in the current consumers price index number should be replaced by the all-India wholesale price index number of cotton manufactures.

This method was, however, not acceptable to employers' and employees' organisations which wanted that equivalent varieties should be selected and substituted in place of the old varieties. But the lists of substitutes supplied by them were so much at variance with each other that it was difficult to come to an agreed decision. The Committee also found it difficult to fix any substitutes which would satisfy the conditions of being popular and continuously available for some time. Under these limitations, the Committee felt that the only way out was to fix broad varieties for different items in the clothing group and to collect prices of all the sub-varieties within each variety. The advantages of this method are that the chances of an accidental or deliberate distortion would be greatly reduced as it would be based on the whole price range of the variety rather than one fixed sub-variety, and the problem of substitution, which crops up when one specified variety goes out of market, will not arise. However, it is a hitherto untried method and the Committee has recommended that, before it is put into practice, the Commissioner of Labour should study its details and implications. In the meantime, the Committee has recommended that there is no alternative but to continue the method suggested in its earlier report.

Since December 1951, Dalda had been substituted for ghee in the consumer price index number, on the plea that ghee prices could not be collected as 'pure' ghee became difficult to identify. The Committee, however, did not consider this procedure proper and sustainable and, in its last report, recommended the reversal of the substitution. However, in calculating the ghee price index, through oversight, the Committee compared the price per pound in 1950 to that per seer in 1960. The Committee, which was asked to clarify the position, has now admitted this mistake and rectified it, bringing down the food group index for 1960 by five points.

All these are technical points, the Committee was highly competent to consider them. There can thus be no argument about its decisions. Moreover, as hinted by Mr. N. M. Tidke, Labour Minister, its recommendations are not likely to make any substantial change in the consumers price index number. Still, it would have been proper if the Committee had included one mill grain-shop in the 24 shops from where prices are presently collected. As these mill shops cater to six per cent of the workers, such an inclusion would have been quite appropriate and it would have also been very easy to collect the prices from these shops. It is not being suggested that such an inclusion would have led to any substantial change in the consumers price index. But it would have certainly made the index more fully scientific and impartial and encouraged the employers to start more such shops and increase the supply of articles of consumption in the already established shops.

It may be in order to point out here that a statistical organisation is useful only when it supplies correct information with the minimum possible time lag. It is now more than a decade since the Conference of Central and State Statisticians held in October 1953, recommended fresh family budget enquiries in the country. Five years were spent in implementing that recommendation. Now, for the past five years the Labour Bureau of the Government of India has been working out the new index series. Though the responsibility for this delay does not lie entirely with the Government statisticians who are hindered at every stage by administrative red-tape in matters like sanctioning the necessary funds for such enquiries, one cannot help remarking that it should have been possible to finalise the matter in a much shorter period than the ten years actually taken for the entire operation.

THE RAGHUVANSHI MILLS LIMITED

(Concluded from page 562)

of cloth consumers and because of its decentralised character. In my last year's speech, I had stated how the textile industry of India should be shaped, namely, spinning as a basic industry, composite mills, and decentralised weaving sector. Any proposal which ensures prosperity and progress to all sectors of this industry without in any way harming the interest of any of them, both from short-term and long-term view, ought to be accepted without any hesitation. I have no doubt that the Asoka Mehta report on the Powerloom Enquiry Committee which very well serves this end will be adopted by the Government.

Before I conclude, I would like to thank all my colleagues on the Board who rendered unflinching co-operation throughout this year.

I am happy to say that your Company could receive unsparing co-operation from the members of technical and administrative staff throughout the year. On the labour front we had a peaceful working. It is the endeavour of the management to create in every employee a sense of pride in being a part of our organisation. I take this opportunity of thanking them all on your behalf.

Gentlemen, now I propose that the report of the Directors and balance-sheet together with the profit and loss account for the year ended 31st March 1964 as audited and certified by the Company's Auditors be and is hereby approved and adopted.

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

(Concluded from next column)

25 per cent. Gammon India declared 12 per cent and the shares at Rs. 14.62 offer a yield of around 8.25 per cent on fresh investment. However, it is difficult for the cash section to maintain its position at a time when speculatives happen to be weak. Other shares which were active during the week were: Bajaj Auto at Rs. 120 (as against Rs. 119), Citric at Rs. 69 (as against Rs. 68), Sandvik at Rs. 175, Associated Bearings at Rs. 104, Borosil at Rs. 12.40 and Lynx at Rs. 6.60. Synthetics and Chemicals declined by four points to Rs. 76 but these shares seemed to lack strength.

TREND OF SHARES

BULL LIQUIDATION

(From Our Own Correspondent)

BOMBAY, 24*th September*

IT was a very bad week for Dalal Street for equities were persistently hammered down by nervous bull liquidation and selective bear pressure. The undertone at the close was extremely weak and the list showed generally sizable losses on balance. The tendency for the volume of business to decline at lower levels in the early part of the week had led to the belief that there was yet nothing to panic about, but trading today did show that the turnover was fairly good at declines.

The decline was more pronounced in some of the market leaders like Tata Steel, Indian Iron, Century, Standard, Telco and National Rayon and it was but natural that, having been in the forefront during the upward move, they should have led the decline. Tata Steel fell from Rs. 158.75 to Rs. 157 and Indian Iron closed lower at Rs. 26.55, as against Rs 27. Telco eased from Rs. 272.50 to Rs. 267. Century lost more than 13 points at Rs. 615, Standard was down from Rs. 641 to Rs. 633, and National Rayon lost nine points at the week's closing level of Rs. 356. Hindustan Motors and Scindia were among those which came in for severe hammering. Dyestuff lost as many as seven points to be quoted at Rs. 289. A.C.C. were among the few exceptions which in an otherwise weak market not only maintained a firm tone but closed the week with a moderate rise.

Factorwise, sentiment was induced by the Finance Minister's policy statement which indicated that the Government would go ahead with its defence and development plans. The statement came as a big damper on the market which, rightly or wrongly, was expecting a significant departure from the present fiscal and economic policies helpful to it. Further, the market was disappointed by the restrictions regarding blank transfers. The likelihood of a further tightening of control over the corporate sector through necessary changes in the Companies Act, too, acted as a deterrent to fresh speculative buying. Developments in Kashmir also caused considerable uneasiness. The last but not the least, the arrest of some leading members of the foodgrain trade and the feeling of frustration it left behind in Vadgadi had its effect on the share market. The cumulative result of these was nervousness and a setback in both prices and morale.

More important than the quantum of the decline was the way in which the support levels of many a pivotal scrip were damaged by the decline during the week under review. The comparable levels were the highs touched on 4th August when Tata Ordinary was at Rs. 156.75, but the lowest (touched today) for the week was Rs. 156.50. Similarly, Century tumbled to a low of Rs. 614, as against the 4th August high of Rs. 622, Standard to Rs. 624 from Rs. 644, Hindustan Motors to Rs 17.84 from Rs. 18.32 and National Rayon to Rs. 354.50 from Rs. 372.50. How far below the levels are from the 22nd September peaks is evident from the fact that Tata Ordinaries had touched Rs. 162.25 on that day, Century Rs. 640.50, Standard Rs. 682, National Rayon Rs. 383 and Hindustan Motors Rs. 19.28. The decline from the 22nd September levels has been steep and almost non-stop and, coupled with the piercing of known support levels of 7th July and 4th August. It gives rise to the feeling that the secondary reaction was having its full play. And if the market were to pierce the next support levels, then the major uptrend of the market might itself come in for trouble.

Steels were distinctly weak. With all factors discounted and nothing worthwhile coming up in the near future, public interest in these shares should naturally be limited and this explained the tendency on the part of speculators to liquidate their holdings. Calcutta interests were more eager to get rid of their long positions in Indian Iron. The situation in textiles continues to be uncertain. Both domestic and export sales are dull and the Government is yet to announce its price policy for cloth. There was some flutter in Bombay Dyeing, following rumours of a change in management, but, despite the Chairman's denial of anything like that, the shares suffered a sizable setback—from Rs. 60.90 to Rs. 59.60. Conditions in the man-made fibres were anything but encouraging to rayon interests and it was rather too much to expect one to support these shares in the face of reports that spinners were eager to enter into new contracts for yarn at a discount on the current market rates. Baroda Rayon eased from Rs. 72 to Rs. 68.50 and South India Viscose was shaded at Rs. 116. Indian Rayon, however, maintained a steadier tone at Rs. 58, but they had declined enough earlier. Tyre shares were weak and the optimistic account of the Chairman of Premier Tyres at the annual meeting was evidently lost on the market which was set for a decline and the shares closed a shade easier. Ceat suffered even more. Other members of the group also weakened. Paper shares were unwanted, with Sirpur declining from Rs. 12.08 to Rs. 11.92, but it is difficult to foresee any support worth the name for papers so long as the market continues to be in its present state when distributors have to forego part of their commission to get rid of stocks.

Electricity shares continued to maintain a steady tone and this was something to note in a weak market. Investment support to these shares was sustained by hopes of a likely rise in the permissible return. Among shippings, Scindia was down from Rs. 16.40 to Rs. 15.92. Sugars were generally weak with Belapur losing four points to Rs. 223 and Maharashtra two points to Rs. 139. Phaltan and Walchandnagar suffered fractional losses. Cash shares were generally sluggish although a few of them came out with good corporate results. T. Manekial raised the dividend to

(Continued in previous column)

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 18th Sept., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	86,00,00 000
National Agricultural Credit (Stabilisation) Fund	9,00,00,000
National Industrial Credit (Long Term Operations) Fund	10,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	60,68,26,000
(ii) State Governments	13,67,77,000
(b) Banks—	
(i) Scheduled Banks	106 50 09,000
(ii) State Co-operative Banks	2,33,25,000
(iii) Other Banks	3,41,000
(c) Others	138,27,73,000
Bills Payable	42,19,51,000
Other Liabilities	25,93,11,000
Rupees	579,57,13,000

ASSETS	Rs.
Notes	17,29,62,000
Rupee Coin	4,29,000
Small Coin	7,32,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,29,52,000
(ii) State Co-operative Banks	12,09,44,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,39,95,000
National Agricultural Credit (Stabilisation) Fund	....
Loans and Advances to State Co-operative Banks.	
National Industrial Credit (Long Term Operations) Fund:-	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	204,80,18,000
Balances Held Abroad*	13,40,67,000
Loans and Advances to Governments**	18,34,89,000
Loans and Advances to—	
(i) Scheduled Banks†	92,95,000
(ii) State Co-operative Banks†	146,90,47,000
(iii) Others	2,49,88,000
Investments	104,22,33,000
Other Assets	26,25,62,000
Rupees	579,57,13,000

* Includes Cash and Short-term Securities

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 20,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	17,29,62,000	
Notes in circulation	2389,81,19,000	
Total Notes issued		2407,10,81,000
Total Liabilities		2407,10,81,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	....	
Foreign Securities	85,45,89,000	
Total		203,21,79,000
Rupee Coin		107,95,78,000
Government of India Rupee Securities		2095,93,24,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2407,10,81,000

State Bank of Pakistan

Statement of Affairs for the week ended 11th Sept. 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	7,75,00,000
Rural Credit Fund	3,50,00,000
Deposits :—	
(a) Central Government	5,65 63,000
(b) Provincial Governments	12,45,68,000
(c) Banks	39,36,01,000
(d) Others	92,48,62,000
Bills Payable	9,62,000
Other Liabilities	11,61,96,000
Rupees	175,92,52,000

ASSETS	Rs.
Notes	9,52,68,000
Rupee Coin	20,000
Subsidiary Coin	56,000
Bills Purchased and Discounted .—	
(a) Internal	2,63,01,000
(b) External	22,02,24,000
(c) Government Treasury Bills	2,71,00,000
Loans and Advances to Governments	....
Provincial Governments' Debtor Balances	....
Other Loans and Advances	84,91,63,000
Investments	42 57,45,000
Other Assets	11,53,75,000
Rupees	175,92,52,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	9,52,68,000	
Notes in circulation	447,39,20,000	
Total Notes issued		456,91,88,000
Total Liabilities	....	456,91,88,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion	....	
Foreign Securities	74,58,33,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	142,75,67,000
B. Rupee Coin	4,49,74,000	
Government of Pakistan Securities	303,76,41,000	
Internal bills of exchange and other commercial paper	....	308,26,15,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets		456,91,88,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued 8.38% per cent.

State Bank of India

Statement of Affairs for the week ended 18th Sept., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		665,95,75,000
Bills Payable		1,22 65,000
Bills for Collection being Bills receivable as per contra		9,11,17,000
Acceptances, Endorsements and Other Obligations per contra		6,84,17,000
Other Liabilities (including Inter-Office Adjustments)		22,24,21,000
Total .. Rs.		18,67,04,000
		738,97,49,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		28,88,27,000
Balances with other Banks		3,85,25,000
Money at Call and Short Notice		3,53,33,000
INVESTMENTS :—		
Government and other Trustee Securities	Rs. 287,16 17,000	
Other Authorised Investments	9,44,24,000	
		296,60,41,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 313,09,95,000	
Bills Discounted and Purchased	19,30,46,000	
		332,40,41,000
Bills Receivable being Bills for Collection as per contra	167,88	163,62 6,84,17,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		22,24,21,000
Premises less Depreciation		2,57,52,000
Furniture and Fixtures less Depreciation		1,96,16,000
Other Assets (including Inter-Office Adjustments)		40,32,76,000
Total .. Rs.		738,97,49,000

EXCHANGE RATES

	23rd Sept., 1964	16th Sept., 1964
London on New York	2.7834– 2.7836	2.7829– 2.7832
London on Berne .. Sw. Fcs	12.0190–12.0210	12.0230–12.0250
London on Paris .. Fr. Fcs	13.6450–13.6470	13.6390–13.6410
New York on London Cents per £	278.340–278.370	278.310–278.340
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1–5 31/32	1–5 31/32
Sellers T.T. D.D. upto six months .. s.	1–5 15/16	1–5 15/16
Buyers T.T. .. s.	1–6 1/32	1–6 1/32
Buyers D.D. .. s.	1–6 1/16	1–6 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	481.00	481.00
Buyers T.T. .. Rs. to $100	477.50	477.50
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	449.50	449.50
Buyers T.T. ..	441.50	441.50
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	101.80	101.80
Buyers T.T	102.90	102.80
Swiss Francs—		
Sellers T.T. D.D. ..	89.70	89.70
Buyers T.T. ..	90.60	90.70
Deutsche Marks—		
Sellers T.T. D.D. ..	82.50	82.50
Buyers T.T. ..	83.40	83.40
Italian Lire—		
Sellers T.T. D.D. ..	12,955	12,955
Buyers T.T. ..	13,130	13,130
Swedish Kroner—		
Sellers T.T. D.D. ..	106.70	106.60
Buyers T.T. ..	107.70	107.70
Belgian Francs—		
Sellers T.T. D.D. ..	1,029	1,029
Buyers T.T. ..	1,045	1,045
Dutch Guilders—		
Sellers T.T. D.D. ..	74.80	74.90
Buyers T.T. ..	75.70	75.70
Hongkong Dollars—		
Sellers T.T. D.D. ..	119.60	119.60
Buyers T.T. ..	120.60	120.60
Norwegian Krones—		
Sellers T.T. D.D. ..	148.90	148.90
Buyers T.T. ..	150.80	150.80
Danish Kroner—		
Sellers T.T. D.D. ..	143 90	143.90
Buyers T.T. ..	145.20	145.30

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	11-9-64	4-9-64	13-9-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	61,03	60,01	52,59
(ii) From others	1,122,71	1,124,63	947,28
(b) Borrowings from banks	26,89	29,08	23,23
(c) Others	69,93	72,08	61,10
2. Time liabilities—			
(a Time deposits—			
(i) From banks	37,56	38,19	35,56
(ii) From others	1,356,16	1,348,93	1,244,81
(b) Borrowings from banks	16,96	17,00	24,60
(c) Others	12,70	12,92	9,92
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,478,87	2,473,55	2,192,10
4. Borrowings from Reserve Bank	1,95	4,83	1,02
(a) Against usance bills and/or promissory notes	20	2,41	55
(b) Others	1,75	2,42	47
5. Borrowings from State Bank and/or a notified Bank	33,17	30,86	22,87
6. Cash	64,03	62,89	52,29
7. Balances with Reserve Bank	96,95	91,27	88,88
8. Cash and balances with Reserve Bank	160,98	154,16	141,12
9. S as per cent of 3	6.49	6.23	6.44
10. Balance with other banks in current account	20,20	21,39	20,49
11. Money at call and short notice	64,10	62,31	50,92
12. Investments in Government securities	762,09	791,17	751,52
13. 12 as per cent of 2	30.74	31.99	34.28
14. Advances—			
(a) Loans cash credits and overdrafts	1,493,87	1,501,19	1,243,45
(b) Due from banks	12,71	11,41	15,46
15. Inland bills purchased and discounted	167,88	163,62	163,33
16. Foreign bills purchased and discounted	69,96	70,98	53,46
17. Total Bank Credit [14(a)+15+16]	1,731,71	1,735,79	1,460,25
18. 17 as per cent of 3	69.86	70.17	66.61

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended			
	12th Sept. 1964P	5th Sept. 1964	15th Aug. 1964	14th Sept., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99 9	99.8	99.9	99.5
2. Government of India	99.6	99 5	99.6	99.2
3. State Governments	102.2	102.2	102.2	101.7
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	99.1
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98 3	98.3	98.2	97.6
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.4	82.3	81.8	82.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	167.7	168.6	165.0	164 2
8. *Agriculture and Allied Activities : Total**	140.8	141.1	140.3	145.6
9. Tea Plantations	126.9	127.4	127.5	134.1
10. Coffee Plantations	163.8	163.7	161 7	154.8
11. Rubber Plantations	186.1	184.1	182.1	169.5
12. *Mining and Quarrying: Total**	135.5	138.3	134.2	142.1
13. Coal	97.0	97.1	94.1	107.2
14. Other Mining	161.9	166.6	161.7	166.1
15. *Processing and Manufacturing : Total*	181.1	182.1	178.0	176.7
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†*	178.9	179.3	176.0	178.7
17. Sugar	131.6	130.6	126.3	123.7
18. Cotton Textiles	162.7	163.0	159.9	163.5
19. Jute Textiles	87.3	85.6	100.7	96.4
20. Silk and Woollen	870.1	885.9	868.6	856.8
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	202.1	203.9	196.9	187.9
22. Iron and Steel	171.7	174.7	165.3	155.5
23. Transport Equipment	313.7	318.6	313.8	322.1
24. Electrical Machinery	165.4	165.1	166.1	150.2
25. Machinery other than Transport and Electrical	228.3	229.0	221.8	220.1
26 Basic Industrial Chemicals	191.5	190.4	184.7	180.7
27 *Processing and Mfg. (Others): Total**	148.6	150.2	149.1	149.4
28. Cement	140.0	142.2	139.5	138.4
29. Paper	190.4	193.1	191.3	191.8
30. *Other Industries : Total**	113 2	113.2	110.6	108.7
31. Electricity Generation and Supply	96.6	96.5	92.7	87.0
32. Trading	110.2	111.6	109.5	111.7
33. Shipping and Other Transport	101.7	100.8	87.7	87.9
34. Construction	290.4	294.8	295.8	264.7
35. *Financial: Total*	192 0	192.5	189.2	186.4
36. Banks	215.4	216.3	213.4	205.3
37. Insurance	153.3	152.5	150.1	159.3
38 Investment Trusts	78.2	78.2	78.2	85.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	180.2	181.4	176.1	169.7
40. Calcutta	152.2	152.8	150.4	154.4
41. Madras	173.1	173.1	170.4	171.4
42. Delhi	224.4	228.9	225.1	218.0

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

P—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	29th Aug., 1964	22nd Aug. 1964	31st Aug., 1963	July 1964	July 1963	Percentage of Increase (+) or Decrease (—) in July 1964 as compared with July 1963	Financial Year Averages	
								1963-64	1962-63
Food Articles	504	166.1	165.1R	139.3	159.3	137.9	+15.5	136.8	138.1
Cereals	192	145.9	144.5	116.1	137.3	115.0	+19.4	116.3	116.6
Pulses	43	163.6	161.1	108.4	147.6	109.7	+34.5	115.4	106.5
Fruits and Vegetables	28	186.5	193.6	141.5	187.0	141.3	+32.3	140.6	135.5
Milk and Ghee	84	148.6	146.4R	128.4	150.8	132.1	+14.2	128.2	124.4R
Edible Oils	47	207.6	206.7	154.7	199.0	151.6	+31.3	151.1	152.2
Fish, Eggs and Meat	17	175.6	173.1R	153.7	173.1	148.5	—16.6	149.8	148.2R
Sugar and Gur	48	206.7	205.8	212.9	191.2	193.8	+ 1.3	188.8	145.0
Others	60	185.4	186.9	181.9	183.1	188.2	— 2.7	179.3	177.5
Liquor and Tobacco	21	130.0	129 3	118 1	123.2	118.8	+ 4.0	118.6	109 92
Tobacco	..	127.6	126.8	115.2	120 8	115.9	+ 4.3	116.8	97.4R
Fuel, Power, Light and Lubricants	30	143.5	143.5	139.0	143.0	138.7	+ 3.1	130.8R	124.4R
Industrial Raw Materials	155	170.8	169.3	141.7	168.7	138.5	+14.8	139.5	136.9
Fibres	61	155.1	151.6	133.6	135.2	130.2	+ 8.8	132.4	122.5
Oilseeds	60	209.9	209.1	160.4	199.0	155.7	+28.4	154.1	152.6
Minerals	2	103.7*	103.7*	91.5*	103.7	93.4	+11.0	92.8	93.6
Others	32	131.7*	131.8*	125.4*	129.7	125.2	+ 3.6	127.3	125.5
Manufactures	290	138.7	136 2	131 0	133.7	130.6	+ 2.4	131.7	128.8R
Intermediate Products	41	150.2	150.8R	139.8	148.1	140.1	+ 5.7	139.6	139.5
Finished Products	249	134.5	133.8	129 6	131.3	128.1	+ 1.7	129.7	127.1
Textiles	147	132.8	131.8	127.6	127.7	126.5	+ 0.9	127.7	125.1
Cotton	..	136.8*	136.1*	135.5*	135.4	135.2	+ 0.1	135.6	130.7
Jute	..	110.0	113.7	99.8	99.8	97.9	+ 1.9	100.2	110.9
Woollen	..	169.2*	169.2*	150.6*	169.2	150.6	+ 8.0	155.3	140.4
Silk and Rayon	..	136.8*	136.5*	140.1*	139.0	136.3	+ 2.0	139.8	131.8
Metal Products	12	169.0	169.0	168.7	169.0	168.0	+ 3.7	163.1	160.1
Chemicals	20	120.0*	119 6*	117.4	118.5	117.2	+ 1.1	117.9	115.1
Oil Cakes	9	192.9*	197.2	164.8	191.1	169.8	+12.5	167.9	160.9
Machinery and Transport Equipment	81	127.1	127.1	123.9	126.9	123.9	+ 2.4	124.2	117.9R
Others	30	127.8	127.8	128.6	127.7	128.4	— 0.5	128.2	126.5
All Commodities	1,000	156.9	156.0	136.8	150.5	135.5	+11.1	135.3	127.9

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. C.R.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :— Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed		Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Shares				Accounts Closed	References
						Spindles	Looms				1961	1962	1963	1964		
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
35,00,000	21,95,033	57,13,635	34,05,359	21,357	Maganlal Bhagwandas & Co.	45,180	..	Ambika Silk Mills Co., Ltd.	275.00	100	20.00	20.00	15.00*		12	Y.
58,79,450	17,16,185	1,48,55,248	50,60,009	—17,31,884	Kalputana Tetx. (Agencies) Prt. Ltd.	56,468	902	Apollo Mills	1.84	2	*Nil*	*Nil*	*Nil*		12	Y.
1,50,98,000	4,24,81,018	13 37,18,614	7,88,55,893	48,236	Nowrosjee Wadia & Sons (Prt.) Ltd.	1,96,796	3,736	Bombay Dyeing & Mfg.	59.90	25	3.50	3.50	3.50		12	Y.
10,00,000	37,72,990	1,03,31,524	72,10,018	24,411	M. Ramnarain Private Ltd.	44,784	880	Bradbury Mills	169.50	50	12.50	5.00	15.00	15.00	3	Y.P.
3,54,90,900	5,00,47,465	19,19,05,500	8,36,29,130	....	Gowalior Xchangir & Co. Prt. Ltd.	31,460	672	Century Spg. & Mfg.	616.00	100	30.00	30.00	30.00		12	Y.P.
20,00,000	53,80,444	1,42,43,896	96,80,380	5,342	Bula Industries Ltd.	43 950	..	Coorla Spg. & Wvg.	170.50	100	11.00	11.00	11.00		3	Y.
28,00,000	49,37,043	1,31,38,021	77,41,056	2,149	Purannal Bubna Sons	47,544	928	Dawn Mills	163.50	50	15.00	15.00	15.00		3	Y.
24,00,000	16,37,278	1,61,62,117	91,09,291	—22,32,468	N. K. Jalan, Esq. (Director-in-charge)	52,340	915	Edward Textiles	310.00	200	15.00	12.00	12.00		12	Y.P.
30,00,000	48,97,280	2,53,01,916	1,17,41,069	12,247	James Finlay & Co., Ltd.	63,212	780	Elphinstone Spg. & Wvg.	98.00	50	11.00	9.00	9.00		12	Y.
50,00,000	99 33,000	2,97,92,188	1,53,97,580	65,492	James Finlay & Co., Ltd.	60,212	1,020	Finlay Mills	302.00	100	23.00	23.00	23.00		12	Y.
50,00,000	80,43,677	1,59,10,972	92,99,367	22,627	James Finlay & Co., Ltd.	50,620	1,129	Gold Mohur Mills Ltd.	212.50	100	21.00	19.50	19.50		12	Y.
24,00,000	1,44,27,115	2,97,45,803	1,83,93,855	20,440	K. M. D. Thackersey, Esq. (Chairman)	51,632	1,129	Hindoostan Spg. & Wvg. Mills	940.00	250	125.00	64.00	64.00	70.00	3	Y.P.
3,00,00,000	71,99 100	5,78,94,999	4,29,77,339	$ 99,937	M. D. Bhat, Esq. (Chairman)	2,43,784	6,357	India United Mills	8.36	2	0.1125	0.1125	0.1125		12	Y.
50,00,000									31.00	10	0.3725	0.2525				
24,00,000	1,02,67,299	2,14,93,720	1,53,08,903	9,350	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	250.00	100	62.50	64.00	64.00		3	Y.P.
1,19,70,000	85,33,639	4,53,31,993	3,23,17,168	13,249	Khatau Makanji & Co. (Prt.) Ltd.	1,05,400	1,495	Khatau Makanji Spg. & Wvg.	175.00	100	16.00	16.00	8.00		6	Y.P.
1,65,33,000	1,23,17,972	5,38,33,342	3,52,16,156	9,095	Killick Industries Ltd.	1,20,504	1,848	Kohinoor Mills	170.50	100	18.00	18.00	21.00		12	Y.
31,49,437	10,20,000	85,66,121	7,26,945	2,416	C. G. Desai, Esq. (Chairman)	2,504	..	Modella Woollens	13.25	10	0.24	0.40	0.60		6	Y.P.
1,05,33,430	46,55,273	1,87,38,334	92,57,236	4,623	N. Sirur & Co. Private Ltd.	49,200	644	Modern Mills	39.00	50	6.00	6.00	3.00		10	Y.
51,75,000	78,75,301	5,26,40,749	2,92,23,391	....	Piramal Sons Private Ltd.	1,24,376	2,752	Morarjee Goculdas Spg. & Wvg.	281.00	100	24.00	24.00	20.00		6	Y.P.
3,41,12,100	2,46,75,150	26,11,21,838	9,47,31,723	5,794	Chinai & Co. Private Ltd.	....	....	National Rayon Corporation	350.00	100	22.00	16.00	16.00		12	Y.P.T.
24,00,000	12,59,737	91,36,187	48,70,078	2,44,926	H. V. Gandhi, Esq. (Chairman)	45,944	455	New City of Bombay Mfg.	150.00	100	*Nil*	*Nil*	*Nil*		12	Y.
184,84,500	14,52,369	2,12,73,392	1,07,37,301	—16,37,419	Tunsidas Kanoria, Esq. (Chairman)	49,608	962	New Great Spg. & Wvg.	160.00	100	12.00	18.00	*Nil*		12	Y.P.
48,00,000	14,03,934	2,45,34,905	1,60,71,434	10,661	Radakrishna Ramnaran Private Ltd.	72,844	1,220	Phoenix Mills	252.00	100	20.00	20.00	20.00	20.00	3	Y.
55,00,000	84,09,934	2,45,34,905	1,60,71,434	3,646	Podar Sons Private Ltd.	35,360	930	Podar Mills	111.62	10	1.20*	1.20*	1.20*		12	Y.P.
75,00,000	54,83,094	1,43,88,992	62,32,565	5,645	Raymond Woollen Mills Ltd.	....	....	Raymond Woollen Mills Ltd.	136.00	100	12.00	12.00	12.00		12	Y.
10,00,000	66,54,325	2,38,00,636	1,14,52,107	14,825	J. K. (Bombay) Private Ltd.	....	....	Sassoon & Alliance Silk Mills	10.40	100	*Nil*	*Nil*			9	Y.
30,60,000	3,73,223	39,43,332	24,33,338	44,090	R. A. Podar, Esq. (Chairman)	96,488	2,125	Sassoon Spg. & Wvg.	37.75	10	1.00	1.00	2.00		12	Y.
1,00,00,000	1,53,43,697	4,52,87,113	2,01,24,768	673	M. G. Investment Corpn. Private Ltd.	54,484	1,592	Shree Niwas Cotton Mills	252.00	100	20.00	14.00	16.00	15.00	3	Y.P.
1,00,00,000	95,34,473	3,19,34,543	1,40,19,240	43,276	Marwar Textiles (Agency) Prt. Ltd.	50,056	914	Simplex Mills	125.50xd	50	*Nil*	11.00	8.00	9.00	3	Y.T.
1,53,45,000	36,60,775	2,35,99,232	1,05,56,734	9,858	S. B. Damani, Esq. (Chairman)	1,13,116	2,706	Standard Mills	631.00	100	25.00	20.00	20.00		12	Y.P.
1,00,00,000	2,81,53,787	5,97,84,133	3,25,76,290	9,965	Mafatlal Gagalbhai & Sons	263.50	100	Swadeshi Mills	267.50	100	19.00	17.00	19.00		12	Y.P.
1,00,00,000	1,36,03,475	4,40,65,391	2,56,07,243	11,562	Tata Industries Private Ltd.	37,702	550	Swan Mills	278.75	100	21.50	21.50	21.50		12	Y.
60,45,000	69,97,345	2,55 96,305	1,56,48,403	14,843	James Finlay & Co., Ltd.	40,323	1,765	Tata Mills	49.70	25	5.50	5.00	4.50		12	Y.T.
45,57,875	1,04,72,188	3,73,33,212	1,56,56,536	5,545	Tata Industries Private Ltd.	50,964	942	Victoria Mills Ltd.	265.00	100	25.00	18.00	18.00		12	Y.T.
32,00,000	54,99,237	1,58,45,522	94,10,510	6,486	Mangaldas Mohta & Co. Private Ltd.	34,504	1,352	Western India Spg. & Mfg.	850.00	250	125.00	88.00	64.00		12	Y.P.
24,00,000	1,02,88,220	2,25,79,413	1,52,34,226	15,048	M.											
AHMEDABAD																
80,00,000	82,90,984	2,65,50,128	1,20,60,530	7,385	Tata Industries Private Ltd.	51,976	1,016	Ahmedabad Advance Mills	146.00	100	12.00	11.00	10.00		12	Y.P.
33,93,500	1,34,15,559	1,75,55,659	1,11,69,343	53,759	Kuttiesing Sons & Co.	43,768	955	Aruna Mills	435.00	100	35.00	24.00	30.00		12	Y.P.
1,00,00,000	2,91,97,309	5,39,29,144	2,61,77,137	1,588	Narottam Lalbhai & Co.	81,092	1,412	Arvind Mills	571.00	100	45.00	30.00	30.00		12	Y.P.
34,65,000	46,71,343	1,59,06,645	1,03,66,433	25,439	Mangaldas & Brother (Prt.) Ltd	25,908	908	Aryodaya Ginning & Mfg.	250.00	200	30.00	30.00*			3	Y.P.
39,89,500	1,46,37,481	3,73,79,038	1,12,34,580	3,190	Lalbhai Dalpatbhai & Co.	41,388	2,608	Asoka Mills	495.00	100	35.00	24.00	15.00		12	Y.P.

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
60,00,000	76,63,500	1,85,69,182	86,97,417	30,951	B. N. Elias & Co. Private Ltd.	879	Agarpara	9.56	10	0.25	0.25	1.20	1.00	3	Y.P.T.
6,00,000	21,61,100	85,62,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	245.00	100	15.00	42.50			12	Y.P.
30,00,000	26,04,850	1,72,09,661	1,14,76,789	65,589	McLeod & Co., Ltd.	1,264	Alliance	114.00	100	Nil	10.00	12.50		3	Y.
59,04,900	1,15,30,000	3,75,48,584	2,33,71,259	55,892	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	190.00	100	7.50	10.00	12.00	12.00	3	Y.P.T.
40,00,000	36,36,908	1,92,46,048	1,12,42,168	1,526	Bird & Co. Private Ltd.	810	Auckland	131.00	100	12.00	Nil	15.00	12.50	3	Y.P.
20,00,000	40,32,669	2,08,31,514	1,08,77,173	24,424	Birla Brothers Private Ltd.	959	Bally	239.00	100	25.00	25.00	25.00	20.00	3	Y.P.
£775,000	£975,387	£1,486,277	£1 076,884	£1,341	Jardine Henderson Ltd.	1,889	Barnagore	226.00	£5	10 sh.	10 sh.	£2		6	Y.P.T.
45,00,000	27,17,701	76,46,179	45,59,089	1,86,284	Soorajmull Nagarmull	600	Bengal	8.75	10	0.50	0.50			3	Y.P.
1,59,56,210	3,88,65,994	9,96,98,597	4,20,72,427	46,410	Birla Brothers Private Ltd.	1,373	Birla	36.19	10	1.50	1.50	1.50		3	Y.P.
35,00,000	20,48,440	1,25,69,733	79,60,997	35,907	Andrew Yule & Co., Ltd.	991	Budge-Budge	129.00	100	Nil	12.00	20.00		10	Y.P.
7,47,380	88,200	49,78,484	37,06,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	7.00	10	Nil				12	Y.
18,00,000	30,27,728	1,19,96,838	65,06,929	7,332	M.	616	Caledonian	132.00	100	5.00	15.00	15.00		3	Y.
29,58,200	1,01,10,201	1,95,45,693	1,19,34,120	30,231	James Finlay & Co., Ltd.	600	Champdany	21.81	10	0.50	0.50	4.00	3.50	3	Y.P.
38,58,750	77,75,319	1,47,45,586	77,38,580	1,10,207	Andrew Yule & Co., Ltd.	1,131	Cheviot	20.75	10	0.50	2.50	2.50		11	Y.P.T.
30,15,000	36,54,850	1,38,59,292	87,51,922	—4,10,559	McLeod & Co., Ltd.	500	Chitavalsah	8.06	10	Nil	0.50	Nil		7	Y.P.
24,00,000	8,04,609	81,44,890	60,78,978	—15 44 521	M.	969	Clive	8.00	10	Nil	Nil			3	Y.P.T.
31,49,200	24,37,694	1,53,87,280	91,28,003	9,930	Bird & Co. Private Ltd.	766	Dalhousie	125.00	100	1.00	Nil	25.00	7.50	11	Y.P.
56,00,000	74,35,442	1,88,80,591	76,70,106	23,475	Andrew Yule & Co., Ltd.	779	Delta	142.00	100	Nil	12.00	16.00		7	Y.P.T.
15,00,000	42,21 700	1,21,66,987	86,25,776	84,696	McLeod & Co., Ltd.	500	Empire	13.69	10	0.75	1.25	1.50		3	Y.P.T.
78,75,000	1,58,61,438	4,64,48,321	2,65 86,060	15,622	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	267.00	100, Old	10.00	12.50	20.00	15.00	3	Y.P.T.
41,99,250	34,93,490	2,43,52,916	1,08,42,031	4,080	Bangur Bros. Ltd.	1,014	Fort William	22.00	10	2.25	1.00	2.00	1.50		
84,32 100	77,96,303	3,00,05,500	1,61,98,876	16,267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	14.69	10	1.00	1.50	2.00		3	Y.P.
43,20,000	46,54,205	2,19,63,231	88,71,916	9,681	M.	607	General Ind. Society Ltd.	14.87	10	1.00	1.50	1.40		3	Y.T.
45,00,000	82,58,423	3,55,59,185	2,27,64,891	41,505	Macneill & Barry Ltd.	1,204	Gourepore	22.25xd	10	2.50	2.00	2.00	2.00	3	Y.P.
40,00,000	1,22,75 042	2,51,18,503	1,17,58,171	2,274	Bangur Bros., Ltd.	1,078	Hastings	126.00	100	6.00	6.00	6.00	6.00	3	Y.P.
16,80,000	44,86,659	99,76,527	67,56,170	4,294	M.	720	Hoogbly	14.50	10	2.00	0.75	1.00		3	Y.P.T.
65,62,500	51,91,579	2,33 65,028	1,70,88,188	....	Jardine Henderson Ltd.	1,940	Howrah	16.06	10	1.00	1.00	1.00	1.25	3	Y.P.
42,50,000	91,20,555	1,54,38,631	1,05,15,727	2,904	Ramdutt Ramkissendass	1,272	Hukumchand	19.50	7.50	2.15	2.00	2.00	2.00	3	Y.
87,50,000	26,63,995	1,86,83,015	1,09,04,160	76,164	M.	790	India	15.44	12.50	1.50					
24,00,000	36,84,700	2,08 46,168	1,60,07,458	....	Jardine Henderson Ltd.	1,797	Kamarhatty	156.00	100	Nil	20.00	20.00		12	Y.P.T.
B* 12,00,000								156.00	'B' 100	Nil	20.00	20.00			
30,00,000	16,53,808	1,79,25,475	1,35,47,483	....	Jardine Henderson Ltd.	1,527	Kankanrrah	124.00	100	Nil	15.00	15.00		12	Y.P.T.
B* 24,00,000								124.00	'B' 100	Nil	15.00	15.00			
28,00,000	72,61,800	2,51 06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	708	Kelvin	143.00	100	15.00	5.00	20.00		5	Y.P.
44,00,000	49,74,720	2,72,25,876	1,67,13,773	41,261	Anderson Wright Ltd.	1,530	Khardah	17.00	10	0.50	1.25	1.25	1.25	3	Y.P.T.
59,88,650	47,87,477	2,37,45 098	1,62,09 834	13,127	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	120.00	100	7.00	Nil	10.00	5.00	3	Y.P.
24,48,000	1,30 000	1,00,10,272	70,67,675	4,687	Bird & Co. Private Ltd.	931	Lansdowne	111.00	100	Nil	Nil	Nil		3	Y.
28,00,000	14,76,475	65,31,585	47,10,904	7,256	Bird & Co. Private Ltd.	840	Lawrence	109.00	100	15.00	10.00	10.00	10.00	3	Y.
81,55,200	44,65 037	2,89,27,106	1 66,72,214	84,805	M.	1,294	Megna	12.62	10	1.25				3	Y.P.T.
29,98 900	41 42,655	2,01,69,391	1,28,29,338	32,760	Bhagat Agencies Ltd.	315	Naihati	82.00	100	Nil	Nil	Nil	Nil	3	Y.T.
20,00,000	11,82,460	36,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	6.60N	10					10	Y.P.
35,00,000	73 10 449	2,01,18,868	1,34,47,374	9,807	M.	852	National	19.50	10	Nil	1.00			3	Y.P.T.
36,25,000	36,29,172	80,96,895	46,01,106	35,280	McLeod & Co., Ltd.	316	Nellimarla Jute	8.81	10	0.60	1.50	0.50		7	Y.P.T.
2,56 50,000	3 31,09,122	11,08 78,237	2 72,02,888	13,602	Sahu Jain Ltd.	1,765	New Central	10.69	10	1.50	Nil	1.50		3	Y.P.T.
16,79,880	59,81,792	1,53 76,718	97,86,771	7,005	Bird & Co. Private Ltd.	567	Northbrook	25.37	10	3.00	2.00	3.50	2.50	3	Y.
66,79,500	61,30,745	1,68,98,900	75,34,356	20,062	Macneill & Barry Ltd.	1,092	Nuddea	10.81	10	0.60	0.50	1.00	1.00	3	Y.
25,00,000	18,65,554	1,08,88,905	84,46,448	17,103	McLeod & Co., Ltd.	400	Presidency	4.37	5	0.30	0.50	0.50		3	Y.
20,00,000	5,27,128	68,13,305	24,70,569	85,500	Hindustan Investment Corpn. Ltd.	306	Rameshwara	7.75	10	Nil	Nil	Nil		3	Y.P.T.
49,50,000	6,81,790	1,25,23,241	69,85,423	8,85,502	M.	423	Reliance	7.12	10	Nil	Nil	Nil	Nil	10	Y.T.
£600,000	£1,029,127	£1,602,126	£796,090	£2,892	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	Nil	10%†	18%		3	Y.P.
$0,00,000	23,52,584	1,57,85,313	1,08,08,079	8,777	Bagaria More & Co., Ltd.	911	Shree Ambica	30.00	10	0.60	Nil	0.90		12	Y.T.
14,00,000	17,16,854	77,43,803	55,72,848	£6,425	Hindustan Investment Corpn. Ltd.	401	Soorah	19.19	10	2.50	2.50			12	Y.P.
£600,000	£693,155	£1,631,120	£843,019	£3,525	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	Nil	18%†	10%		3	Y.P.T.
£5,98,500	45,04,220	1 28,84,609	71,69 711	2,671	Bird & Co. Private Ltd.	1,825	Union	143.00	100	6.00	Nil	20.00	10.00	3	Y.P.
£400,000	£495,502	£1,872,172	£711,724	£1,961	Thomas Duff & Co. (India) Pvt. Ltd.	1,231	Victoria	9.50N	£1	Nil	10%†	10%		12	Y.P.
2,50,000	9,70,000	81,07,250	46,86,488	$7,655	McLeod & Co., Ltd.	447	Waverley	8.25	1	0.30	0.60	0.30		3	

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
10,98,990	5 60,324	18,08,952	4,15,754	46,095	Young India Agencies Private Ltd.	1,665	Balancor Tea and Rubber	11.20xd	10	1.20	1.20			3	Y.P.
24,00,000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agn.) Pvt. Ltd.	1,970‡	Blue Mountain Estates & Ind.	2.35	2	0.20	0.20	0.20		6	Y.P.
5,50,000	5,11,080	19,00,007	4,35,544	9,166	K. Anantaraman, Esq. (Mg. Director)	846	Chandramalai Estates Ltd.	2.45	2	0.25	0.12	Nil		6	Y.
14,00,000	20,95,127	41,85,733	13,18,052	1,553	Peirce, Leslie & Co., Ltd.	698H	Chembra Peak Estates	4.90xd	2	0.40	0.40	0.40	0.50	3	
5,66,730	13,90,424	24,87,766	3,02,266		Matheson Bosanquet & Co. Pvt. Ltd.	159H	Coonoor Tea	17.40cd	10	1.50	1.75	1.75		3	
4,80,000	5,03,204	16,62,155	3,17,071	17,808	M. L. Goenka, Esq. (Chairman)	671	Georg Tea	4.86	2	0.40	0.50	0.30	0.30	10	Y.
3,40,000	2,50,017	14,01,087	4,65,057	3,328	C. Balchand, Esq. (Chairman)	144H	Devashola (Nilgiri) Tea	30.65	10	2.00	1.50	1.50	1.50	12	Y.
6,74,850	3,88,749	18,44,758	3,14,292	25 158	Young India Agencies Private Ltd.	1,177	Devon Tea	11.00	10	1.20	1.20	1.00		3	Y.
7,50,000	6,10,000	5,94,450	13,465	19,221	N. N. Krishna Iyer (Mg. Director)	198	Emerald Valley Estates	6.75xd	5	Nil	0.30	1.00		3	Y.P.
25,00,000	22,41,977	61,03,359	15,14,788	1,86,284	Parkina Private Ltd.	607H	Balleyburia	12.50	10	1.25	1.10	1.25		12	Y.
9,00,000	8,49,355	17,68,383	12,13,844	2,190	Peirce, Leslie & Co., Ltd.	193H	Kalasa Tea	4.25cd	2	0.50	0.30	0.30	0.30	3	
17,17,076	13,42,010	37,08,125	8,78,882	28,817	Peirce, Leslie & Co., Ltd.	556H	Kil Kotagiri Tea	5.00	2	0.60	0.50	0.40		10	
6,90,000	2,95,380	14,76,033	1,80,774	240	Ipe Oommen & Co. Pvt. Ltd.	936	Kurchermala Plant Ltd.	5.07	10	0.40	Nil	Nil	0.50	3	
5,00,000	2,50,560	11,18,479	1,35,087	49,466	Matheson Bosanquet & Co., Ltd.	109H	Lucky Valley	11.75	10	1.00	1.00	1.00		12	
3,50,000	20,000	3,59,379	33,028	4,609	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	1.85	2	0.10	0.10	0.10		3	
3,00,000	6,13,117	15,08,178	3,09,591	—5,503	Eagey Thomas, Esq. (Mg. Director)	560	Mazamiay	34.00	25	2.50	2.00	Nil		3	
36,00,000	24,19,434	84,77,884	17,28,590	40,273	A. V. Thomas & Co. (India) Ltd.	825H	Neelamalai	4.60	5	0.375	0.375	0.375		6	
12,00,000	10,09,000	32,29,949	6,97,916	9,932	A. V. Thomas & Co., Ltd.	788H	Nellampathy	4.60	2	0.80	0.80	0.80		6	
14,06,250	10,19,464	41,66,449	8,85,850	28,207	A. V. George & Co., Ltd.	1,632	Nilgiri Tea	9.20xd	10	1.00	1.00	0.50	0.75	3	
28,10,000	11,02,621	39,46,356	16,15,046	28,487	Harrison & Crosfield Ltd.	841	Nonsuch Tea	21.87	10	2.00	2.00	2.50		6	
14,85,950	17,22,983	34,54,296	7,51,937	46,177	P. S. M. Molyneux, Esq. (Chairman)	227H	Parkside	25.50	10	2.25	2.75	2.50		6	
5,00,000	6,84,231	7,96,354	79,137	4,27,181	S. Sivaramakrishna Aiyar, Esq.	771	Peninsular Plantations Ltd.	21.25cd	10	2.00	2.00	2.00		2	
17,00,000	13,87,519	48,20,401	20,82,959	46,160	Anginwall & Co. (Travancore) Ltd.	634H	Peermade	20.62	10	2.50	2.00	1.75		12	
27,54,580	33,98,413	1,30,04,036	50,86,620	919	A. V. Thomas & Co. (India) Ltd.	1,506H	Periakaramalai	3.55cd	2	0.40	0.25	0.80	0.27	3	
13,50,000	2,96,500	12,02,040	1,74,015	3,959	T. Stanes & Co., Ltd.	852	Sheverov Estates Ltd.	2.07	2	0.15	0.125	0.125		3	
9,00,000	15,30,496	31,78,668	10,92,544	17,781	M.	467H	Stanes Amalgamated	13.75	10	1.00	1.50	1.20		6	
1,25,000	12,500	2,18,632	22,950	2,921	Srinivas Agencies	216	Swinton Estates	2.68	2	0.12	Nil	Nil		3	
12,50,000	11,56,555	34,20,763	6,09,208	45	Parkina Private Ltd.	1,056	Talayar Tea	1.88cd	2	0.20	0.20	0.20	0.10	3	
15,75,000	17,65,955	34,08,581	5,94,685	23,756	A. V. George & Co., Ltd.	491H	Tevyford	9.00	10	0.60	0.50	0.75		12	
2,20,000	8,97,946	10,82,130	1,55,637	25,955	T. Stanes & Co., Ltd.	508	Udayagiri Rubber Co., Ltd.	15.50	10	Nil	Nil	Nil		12	
21,93,280	21,28,250	59,80,505	22,94,476	22,127	Kothari Mehta & Co. Pvt. Ltd.	736H	United Nilgiri	23.10cd	10	2.20	2.00	1.25		3	
47,25,000	21 32,76	92,19,418	15,06,75	81,380		1,127H	Waterfall	2.33	2	0.20	0.20	0.20		6	
RUBBER AND OTHERS															
6,00,000	6,52,425	18,17,977	5,30,510	12,585	M. A. M. Muthuraman Chettiar, Esq. (Mg. Director)	993	Alageswar Estates Ltd.	2.67	2	0.30	0.20	0.20	0.20	3	
6 75,000	2,85,527	21,05,698	4,40,782	1,603	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	0.50		3	
2,50,000	2,69,092	12,08,883	2,52,126	56,241	A. V. George & Co., Ltd.	629	Anandam Rubber Co., Ltd.	14.25	10	1.80	1.50	1.50		12	
12,07,888	2,28,040	22,69 626	3,45,437	24,775	Associated Planters Private Ltd.	1,343	Anaparai Estates Ltd.	3.10	2	0.30	0.20	0.30		6	
4,25,000	4,75,000	12,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd.	1,041	Badra Coffee Estates Ltd.	2.90	2	0.30	0.15	0.20		6	
4,00,000	86,000	7,46,317	1,55,774	2,787	A. V. Thomas & Co. (Mysore)	288H	Baluchundie Coffee & Produce	5.00	5	0.40	0.30	0.30		6	
3,00,000	2,25,000	4,59,296	90,721	9,761	Planting Agencies (Private) Ltd.	151H	Balmadies Plantations	1.56cd	2	0.10	Nil	0.10	0.20	3	
26,91,279	19,45,895	60,09,790	13,97,512	8,792	Peirce, Leslie & Co., Ltd.	2,530H	Cochin Malabar	6.22xd	3	0.60	0.60	0.60	0.36	6	
22,50,000	23,02,169	57,74,020	18,29,855	890	M. A. Sreenivasan, Esq. (Chairman)	2,792	Coffee Lands and Industries	16.62	10	1.20	0.90	0.90		6	
71,55,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman)	2,345	Consolidated Coffee	22.76	10	2.00	1.50	2.00		3	
6,00,000	5,09,785	15,58,047	1,41,758	5,918	Associated Planters Private Ltd.	1,410	Cottanad Plantations	9.30cd	10	1.00	0.625	1.00		6	
4,05,560	2,80,000	4,02,630	1,35,017	40,856	Peirce, Leslie & Co., Ltd.	246H	Cowcoody Estates (Coffee)	4.75	2	0.50	0.40	0.35		6	
18,00,000	15,20,000	39,99,988	9,82,819	40,041	A. V. George & Co., Ltd.	622H	Highland Produces	14.75	10	1.50	1.50	1.50		12	
11,85,700	11,77,705	31,99,915	5,11,190	35,373	A. V. George & Co., Ltd.	1,537	Kallas Rubber Co., Ltd.	6.46cd	2	0.00	0.60	0.50	0.60	4	
12,00,000	9,72,669	26,05,14	5,19,390	18,355	A. V. Thomas & Co., Ltd.	888H	Kalpetta Estates	13.25cd	10	1.25	1.25	1.125	1.25	4	
6,00,000	2,40,000	9,93,124	2,60,252	26,056	Peirce, Leslie & Co., Ltd.	273H	Kumergode Estates Ltd.	4.80	2	0.35	0.30	0.28		10	
13,50,000	9,14,031	25,10,108	5,31,748	19,417	K. T. Thomas Kathanar, Esq.	956H	Malanlara Rubber	17.00cd	10	1.60*	1.40	1.40	1.60	6	
3,25,000	2,50,000	5,72,737	96,634	3,643	Associated Planters Pvt. Ltd.	906	Mercara Rubbers Ltd.	7.85	5	1.00	0.75	0.625		6	
40,50,000	17,25,165	81,05,894	14,55,340	3,476	A. V. Thomas & Co., Ltd.	886H	Midland Rubber	11.86cd	10	1.25	1.25	1.00	1.00	3	
3,25,000	4,12,607	16,54,491	3,54,374	13,606	A. V. George & Co., Ltd.	1,581	Neeroy Rubber	22.55cd	10	1.50	1.50			12	
2,00,000	5,03,616	11,04,287	66,555	3,902	Associated Planters Private Ltd.	846	Nilambur Rubber Co.	11.65	10	1.50	1.00	1.25		3	
6,60,000	5,06,464	12,89,223	1,89,772	17,987	Peirce, Leslie & Co., Ltd.	293H	Oasoor Estates Ltd.	2.62xd	2	0.30	0.20	0.30		6	
19,45,980	34,54,713	69,64,441	24,42,425	2,616	Peirce, Leslie & Co., Ltd.	1,812H	Pachelorpey Valley Estates	8.37	2	0.24	0.12	0.25		10	
16,50,000	5,75,528	26,14,686	4,66,915	16,319	Aspinwall & Co., Ltd.	981H	Pullangode Rubber	3.68cd	2	0.12	0.15	0.20	0.16	6	
13,50,000	13,58,959	53,99,894	5,55,425	20,850	A. V. Thomas & Co., Ltd.	1,216H	Rajagiri Rubber	22.10	10	2.00	2.00	2.125		3	
2,00,000	2,14,063	4,29,216	67,402	47,267	Associated Planters Private Ltd.	423	Rajendra Coffee Ltd.	13.00cd	15	1.25	1.00	1.25	1.25	3	
2,00,000	3,00,000	21,03,948	2,79,616	4,494	Patco Agencies	470H	Sangameshwar Coffee Estates	1.80	2	0.12	Nil	Nil	Nil	3	
5,50,170	3,28,000	10,11,493	2,15,317	6,988	Peirce, Leslie & Co., Ltd.	202H	Savamalai Estates Ltd.	5.10	2	0.32	0.30			11	
6,25,000	2,74,153	14,90,789	66,133	7,695	A. V. George & Co., Ltd.	816	Thamarapally Rubber	15.25	10	1.80	1.60	0.35		12	
9,15,300	10,75,840	16,61,781	2,34,898	7,989	Peirce, Leslie & Co., Ltd.	1,312	Thirumbadi Rubber Co., Ltd.	1.75	1	0.12	0.10	0.10		12	
6,00,000	6,15,616	18,78,050	1,92,991	1,840	Espen Thomas, Esq. (Mg. Director)	1,341	Travancore Rubber	11.00	10	1.20				12	
41,00,000	12,63,584	90,98,305	18,31,504	32,288	Aspinwall & Co. (Travancore) Ltd.	2,109H	Travancore Rubber & Tea	8.68	10	1.00	1.00			12	
90,00,000	1,91,000	33,48,191	9,09,464	228	P. T. Thomas, Esq. (Mg. Director)	3,157	Tropical Plantations Co.	19.65	25					12	
2,50,010	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyzar, Esq. (Chairman)	1,118	Valkundam Rubber Co., Ltd.	34.30xd	10	3.00				12	
6,00,000	7,18,624	19,97,467	2,09,728	8,001	P. I. Joseph, Esq. (Chairman)	1,333	Velimalai Rubber & Co.	5.12cd	5	0.50	0.25	0.35	0.35	3	
12,00,000	12,40,982	16,57,152	2,24,153	36,874	Peirce, Leslie & Co., Ltd.	417H	Wartyhully Estates Ltd.	2.50	2	0.20	0.20	0.24		3	
5,96 900	97,309	13,65,464	1,02,251	23,313	M.	806	Woodland Estates	5.90cd	10	1.00				3	

V—Includes 60 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1960 are shown as taxable.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	16,37,403	27,45,433	11,03,330	....	McLeod & Co., Ltd.	368H	Amluckie	16.12	10	Nil	1.00	0.75		12	Y.P.
2,78,000	17,237	16,81,576	7,19,307	449	M.	456	Ananda (Assam) Tea	87.75	10	3.00	3.00	2.50		12	Y.
7,03,250	8,53,082	21,13,838	8,26,101	3,367	Gillanders Arbuthnot & Co., Ltd.	521	Ananda Bag	30.25	10	3.00	3.25	2.00	1.25	12	Y.
5,50,000	15,34,741	29,19,154	12,97,900	2,926	McLeod & Co., Ltd.	242H	Badjnaat	11.12	10	Nil	1.50	0.75		12	Y.
7,65,000	15,34,741	29,78,824	10,59,045	35,152	Andrew Yule & Co., Ltd.	164H	Basmatia	18.00	10	3.50	2.50'C'	2.00	0.75	12	Y.
4,95,900	8,13,952	22,03,321	12,55,654	19 244	National Tea Corporation	287H	Batell	17.00	5	1.50	1.50	1.50	1.50	12	Y.
5,40,000	12,30,747	21,99,738	9,54,032	7,512	Gillanders Arbuthnot & Co., Ltd.	629	Bejoy	29.00	10	4.00	4.50	3.00	2.50	12	Y.
33,00,000	18,42,000	81,85,555	42,06,004	22,421	Williamson Magor & Co., Ltd.	1,412E	Bishnauth	14.25	10	1.30	1.30	2.00	0.75	12	Y.
6,00,000	5,03,003	16,37,466	4,09,270	6,649	Octavius Steel & Co., Ltd.	194H	Bokakhat	13.12	10	Nil	1.30	1.30		12	Y.
7,50,000	11,90,375	19,37,572	5,57,329	14,236	McLeod & Co., Ltd.	220H	Bormah Jan Tea	10.37	10	1.50	1.50	1.50		12	Y.P.
35,00,000	15,66,180	1,09,68,137	40,74,482	7,816	J. P. Hannay, Esq. (Chairman)	1,147H	Brooke Bond	10.25	10	1.50	1.00	0.75	0.75	6	Y.
6,00,000	9,31,522	14,59,647	4,59,301	3,813	McLeod & Co., Ltd.	137H	Dejoo Valley	40.00	10	1.50	2.00			12	Y.
8,40,000	10,10,142	36,02,645	23,12,677	....	Jardine Henderson Ltd.	558H	Dessai & Parbuttia	170.00	100	Nil	10.00	15.00	12.50	12	Y.
17,53,440	17,58,078	39,98,614	11,99,830	7,869	James Warren & Co., Ltd.	729H	Dhelakhat	20.37	10	1.25	1.00	0.80		12	Y.P.
7,00,000	8,86,030	31,38,249	10,79,248	14,234	S. L. Dhanuka, Esq. (Chairman)	562H	Dhunseri	10.00	10	2.00	1.50	1.00	1.00	12	Y.P.
4,50,000	16,36,995	23,94,330	6,86,611	22,945	McLeod & Co., Ltd.	205H	Dibrugarh	27.50	10	4.00	4.00	3.00		12

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation Rs	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
					CERAMIC; MINING AND QUARRYING									
30,00,000	12,111	97,05,406	22,62,316	2,915	United Provinces Commercial Cor. Ltd..	Assam Sillimanite Ltd.	6.25	10	0.60	2.50			3	Y.
12,50,000	6,38,242	22,23,856	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (K ed Ltd	22.00	10	2.00	2.00			9	Y.
55,12,544	20,24,128	1,96,48,115	96,49,200	2,055	Bharat Ram Bhagat & Co.	Bengal Potteries	4.37	25	0.30	0.30	0.275		12	Y.
40,00,000	28,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.. ..	Bisra Stone Lime Co.	18.37	10	3.00	1.00	1.25		3	Y.
14,17,800	28,18,589	53,55,181	22,68,904	2,321	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd. ..	192.50	100	15.00	15.00	18.00		9	Y.
90,00,000	25,89,686	1,43,88,859	56,29,712	56,950	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	105.00	100	11.00	9.00	7.00		12	Y.
28,054,950	£2,304,999	£4,477,588	£2,577,688	£465	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.34	Sh. 2	27%	18%	12%		12	
F.5,00,000									1.50	0.90	0.90			Y.
O.15,00,000	29,37,096	49,30,247	14,36,451	1,570	Bird & Co. Private Ltd.. ..	Karanpura Development	9.12	10	0.50	0.30	0.30		12	
99,99,500	9,00,000	1,59,23,191	51,63,152	29,674	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd.	68 00	100	*Nil*	*Nil*	*Nil*		12	
80,00,000	40,45,589	1,78,57,045	95,66,008	24,239	Bird & Co. Private Ltd.. ..	Kumardhubi Fireclay and Silica Works.	18.45	10	1.80	1.80	1.50		12	Y.P.
1,78,79,255	19,90,896	1,22,39,515	76,19,904	$.25,965	Sir Indra Singh & Co. (Chairman)	Metal Corporation of India Ltd. ..	6.25	10	*Nil*	*Nil*			3	Y.
6,00,000	5,99,234	17,89,155	10,18,397	721	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries ..	11.67cdN	10	1.20	1.50	1.25	1.25	3	Y.
30,00,000	67,87,451	80,62,201	34,58,786	$8,901	Bird & Co. Private Ltd.. ..	Orissa Minerals	20.00	10	2.80	2.00			6	Y.
19,18,650	22,54,061	1,05,32,908	57,38,031	43,295	A. Y. Gharpure, Esq. (Chairman)	Parashuram Pottery Works Co., Ltd. ..	59.00	25	5.36	5.36	3.75		7	Y.
21,00,000	37,51,142	99,40,647	51,84,720	—23 63,858	Killick Industries Ltd.	Shivrajpur Syndicate	17.24	10	*Nil*	*Nil*	*Nil*		11	Y.
4,86,840							27.00	10	2.75	2.50	2.00		12	
7,36,730	13,90,910	37,08,644	14,23,752	5,375	S. N. Beri, Esq. (Secretary) ..	Sutna Stone & Lime Co. Ltd.	..	7.50	1.375	1.75	1.50			
					CHEMICAL									
22,56,175	....	1,79,449	18,076	—26,645	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers	71.50	100	*Nil*				12	Y.P.
1,44,50,000	91,50,574	3,54,14,220	1,39,51,126	16,265	Rayuma Services	Alembic Chemical Works Co.	162.50	100	14.00	12.00	12.00		12	
3,10,00,000	2,26,33,273	3,39,01,420	2,46,53,284	5,671	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	29.12	10	1.50	1.50	1.50		9	Y.P.
1,10,23,200	80,12,547	2,29,02,580	73,73,157	6,813	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	155.00	100	9.00	9.00	8.00		12	Y.P.
1,00,00,000	47,07,886	2,21,77,561	99,62,862	....	Kasturbai Lalbhai & Co.	Anil Starch Products Ltd.	427.50	100	30.00*	25.00*	25.00*		12	Y.P.
3,24,16,200	1,83,84,680	7,64,09,308	2,06,13,787	1,425	Lalbhai Sons & Co.	Atul Products Ltd.	299.00	100	12.00	12.00	12.00		12	Y.P.
50,00,000	....	35,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)								6	Y.
1,25,45,900	67,58,822	1,89,19,707	81,89,070	5,726	Dr. B. N. Ghose (Managing Director) ..	Barium Chemical Ltd.	56.00	100	..	*Nil*			6	Y.
1,25,00,000	1,44,62,999	1,71,93,875	43,75,317	16,332	Ramniwas E. Rula, Esq. (Chairman) ..	Bengal Chemical and Phar.	102.00	100	10.00	10.00			12	Y.
14,56,544	4,84,918	17,40,490	9,02,099	13,818	Nadkarni & Co.	Colour-Chem Ltd.	320.00	100	8.00	12.00	12.00	16.00	12	Y.
41,41,250	58,16,053	1,54,19,630	57,13,284	9,897	Dharamsi Morarji & Co.	Chemo-Pharma Laboratories Ltd. ..	32.25	25	3.00	3.00			3	Y.
1,07,50,000	1,67,55,420	7,10,50,072	2,65,96,147	76,110	Sahu Bros. (Saunkhira) Private Ltd.	Dharangadhra Chemicals	131.00	100	6.00	6.00	8.00	10.00	3	Y.
6,08,97,740	61,48,460	10,44,89,497	4,07,36,479	$.36,109	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	5.15	10	0.00	*Nil*			3	Y.
1,96,75,000	71,67,780	3,24,75,978	86,44,827	3,006	Mafatlal Gagalbhai & Sons ..	Indian Dyestuffs Industries Ltd. ..	288.00	100	6.00	7.00	7.00		3	Y.
12,50,000	6,54,411	25,84,558	15,61,102	19,974	Jai B. Mehta, Esq. (Chairman) ..	Kemp & Co.	263.75	200	25.00	20.00			12	Y.P.
1,69,98,120	42,10,801	2,86,96,278	1,23,05,874	12,185	Seshasayee Brothers Private Ltd.	Mettur Chemicals	11.50	10	1.25	1.75*	1.25	1.25	3	Y.
24,81,220	13,02,685	80,25,511	47,52,455	3,822	T. Shamanna, Esq. (Chairman) ..	Mysore Chemical and Fertilisers ..	7.87	10	1.00	0.50	*Nil*		3	Y.
10,00,000	5,35,915	15,66,246	7,61,774	4,755	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemicals Mfg.	16.70cd	10	2.00	2.00	1.50		3	Y.
55,00,000	95,40,776	3,62,71,451	86,37,503	6,016	Ramdas Kilachand, Esq. (Chairman) ..	Polychem Ltd.	165.50	50	7.50	7.50	7.50	7.50	12	Y.
49,84,750	8,470	69,41,412	40,438	52,803	Emcete & Sons Private Ltd. ..	Premier Fertilisers Ltd.	6.25	10	*Nil*	*Nil*	*Nil*		12	
22,50,000	17,62,298	85,52,467	27,96,505	11,012	Bangur Brothers Ltd.	Phosphate Co., Ltd.	176.00	100	25.00	17.50	15.00		6	Y.
20,00,000	17,57,251	31,86,795	18,50,805	19,157	D. M. Jaffray, Esq. (Chairman) ..	Smith Stanistreet & Co.	18.69	5	1.25	1.25	1.125		6	Y.
4,96,54,470	24,38,960	3,18,78,704	17,05,817	—9,88,858	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	76.50	100	*Nil*	*Nil*	*Nil*		6	Y.P.
3,02,35,815	1,09,52,567	9,01,95,274	3,04,95,867	3,923	Tata Industries Private Ltd. ..	Tata Chemicals	19.12	10	0.65	0.65	1.00		6	Y.P.
25,00,000	5,59,750	29,38,714	12,05,389	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd. ..	18.75xd	10	2.00	2.25	2.00		12	
31,16,000	....	8,93,892	1,403	—6,73,286	Mr. M. J. Vaidya (Chairman)	Travancore Electro-Chemical Ind. ..	59.50	100	*Nil*	*Nil*			12	
14,99,875	2,52,500	28,88,794	3,46,383	—4,12,501	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	110.00	100	*Nil*	*Nil*	*Nil*		12	
					ELECTRIC (BOMBAY)									
8,74,78,895	1,85,12,601	18,97,78,999	5,00,50,102	364	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	106 00	100	7.00	8.00	8.00		3	Y.P.
1,04,11,920	68812,174	3,66,91,595	1,08,99,754	27,089	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.00	10	0.90	0.90	0.90	0.90	3	Y.P.
3,02,77,000	1,23,89,917	12,25,51,084	3,04,61,313	$4,184	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,230.00	1,000	80.00*	80.00*	90.00		3	Y.P.
1,75,00,000	1,21,07,283	5,11,22,120	1,25,80,588	$.2,270	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	116.00	100	8.50	8.50	9.00		3	Y.
7,97,020	1,08,967	16 97,265	8,70,206	1,536	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development..	6.48	10	0.72	0.60	0.50		3	Y.
46,89,000	12,56,812	1,57,72,704	61,59,509	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	200.00	100	8.25	8.25	8.00		3	Y.
72,50,000	52,35,432	2,04,57,393	73,49,175	18,482	Killick Industries Ltd.	Surat Electricity	118.00	100	8.00	8.00	8.50	9.00	3	Y.P.
2,40,00,000	1,39,56,841	9,29,64,314	2,23,28,926	37 536	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Agencies Pvt. Ltd.	127.25	100	8.00*	8.00*	9.00		3	Y.P.
5,18,36,000	3,61,11,341	20,38,47,938	4,39,66,310	39,988		Tata Power Co.	1,275.00	1,000	80.00*	80.00*	90.00		3	
					West Bengal and Other Centres									
10,99,500	51,52,883	1,70,15,387	51,84,841	13,612	Martin Burn Ltd.)	Agra Electric Supply Co. Ltd.	133.00	100	11.00	11.00	11.00		3	Y.
3,00,000	16,30,276	62,04,883	28,40,512	1,852	Martin Burn Ltd.	Bareilly Electric Supply	11.44	10	1.10	1.10	1.10		3	Y.
1,77,00,000	54,27,280	1,66,67,776	56,23,523	16,523	Martin Burn Ltd.	Benares Electric Ltg. & Power Co. ..	18.25	10	1.10	1.10	1.10		3	Y.
44,262,646	£10,815,240	£37,582,951	£15,201,226	£100,524	Sir William Lamond (Chairman)	Calcutta Electric Supply	15.44	10	74%	74%			3	Y.
5,60,090	7,55,075	37,78,204	11,86,451	42,968	Octavius Steel & Co., Ltd. ..	Cuttack Electric Supply	14.62xd	10	1.00				3	Y.
43,20,000	43,52,031	120,25,542	44,51,688	45,007	Andrew Yule & Co., Ltd. ..	Dishergarh Power Supply	100.00	100	10.00	10.00	10.00	10.00	3	Y.
5,34,540	1,48,267	42,20,379	17,60,526	47,138	Moonna Lall & Sons	Jhansi Electric Supply	5.40N	10	*Nil*	0.70			3	Y.
22,49,700	29,85,246	1,16,29,613	48,58,877	3,286	Martin Burn Ltd.	Jubbulpore Electric Supply	11.00	10	1.00	1.00	1.10		3	Y.
85,07,350	40,44,800	1,41,84,880	58,06,270	75,737	Octavius Steel & Co. Ltd. ..	Patna Electric Supply	10.25	10	1.00				3	Y.
9,10,000	2,56,304	15,86,883	5,29,467	5,242	Octavius Steel & Co. Ltd. ..	Shahjahanpur Electric Supply	6.81	10	0.625	0.75			3	Y.
14,30,000	16,08,885	80,81,327	48,11,680	3,975	Bird & Co. Private Ltd.. ..	Sijuah (Jherriah) Elec. Supply Co. ..	9.50N	10	0.90	0.90			3	Y.
70,80,000	42,62,539	2,90,50,953	98,07,489	12,430	Seshasayee Bros. Private Ltd. ..	South Madras Electric Supply Corpn..	11.75	10	0.90	1.00	1.05	1.10	3	Y.
5,10,000	12,25,966	35,09,657	15,13,165	1,085	Martin Burn Ltd.	Upper Somma Valley Elec. Supply ..	25.50	10	1.35	1.35	1.35		3	Y.
55,00,000	80,18,213	3,76,23,916	1,75,84,564	9,312	Martin Burn Ltd.	U. P. Electric Supply Co.	192.00	100	11.00	11.00	11.00		3	
3,00,000	12 88,606	54,12,090	15,22,821	4,16,790	Chandrie[& Co. Private Ltd. ..	Vellore Electric Corporation	15.62cd	10	1.429	1.429			3	
					ENGINEERING (Bombay)									
81,96,100	68 99,676	1,13,50,856	66,88,499	26,128	Turner Morrison & Co. Ltd.]	Alcock Ashdown & Co., Ltd.	295.00	100	22.50	19.00			12	
10,99,950	7,77,224	25,48,736	12,18,956	641	W. H. Brady & Co., Ltd.	Brady Engineering Ltd.	91.00	80	9.00*	9.00*	9.00		12	
99,40,000	54,17,295	2,14,27,410	86,99,556	152	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	118.50	100	12.00	7.00	8.00		6	
1,20,00,000	1,51,427	97,28,681	28,47,228	—12,767	M.	Hindustan Electric Co., Ltd.	110.00	100	8.00	*Nil*	*Nil*		6	
60,00,000	1,28,78,184	2,72,87,477	1,56,47,099	144	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	161.50	100	13.00	14.00	14.00		6	
15,00,000	4,61,618	9,84,586	3,82,481	$3,004	T. V. Baddeley, Esq. (Chairman)	Jessop & Co. Ltd.	47.00	50	5.00	5.00	5.00		6	
50,00,000	20,04,247	1,12,98,186	37,66,506	16,689	Adnem Services	Jyoti Ltd..	135.50	100	12.00	9.00	10.00		12	
44,96,250	14,17,502	85,37,034	43,89,307	4,511	Kamani Bros. Private Ltd.	Kamani Engineering Corporation ..	13.04	10	0.90	0.95	1.20		9	
67,61,445	1,42,50,088	2,19,17,464	88,99,617	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	40.06	25	2.50	2.50	2.50		7	
61,54,540	71,09,895	1,57,20,070	67,59,501	578	Kirloskar Associates	Kirloskar Electric Co., Ltd.	19.25	10	1.10	1.50	1.00		6	
60,00,000	79,27,836	1,76,05,965	63,99,529	28,996	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	25.00	10	1.60	1.60	1.20		6	
27,58,350	20,54,388	80,71,373	16,74,703	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd. ..	170.00	100	12.50	12.50	10.00		3	
38,19,770	5,14,084	1,34,12,444	50,13,120	1,69,270	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	..	10	*Nil*	*Nil*	*Nil*		9	
1,65,00,000	1,12,23,304	2,34,04,270	77,19,557	15,974	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	6.00	10	*Nil*	*Nil*	*Nil*		3	
57,29,880	....	25,48,815	4,35,219	—8,20,078	B. L. Kucheria, Esq. (Secretary)	Lynx Machinery	22.68	10	1.20	1.40	1.40	1.50	3	
30,12,160	49,49,061	2,06,51,285	95,55,916	3,337	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	6.62	10	*Nil*	..	*Nil*		3	
1,97,98,145	1,14,00,088	2,29,64,781	89,96,801	15,767	Keshub Mahindra, Esq. (Chairman) ..	Mahindra & Mahindra Ltd.	22.76	10	*Nil*	1.25	1.25	1.50	3	
30,00,000	1,29,812	58,73,065	33,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd. ..	17.24	10	1.50*	1.25	1.25		3	
11,00,000	4,48,987	49,41,793	30,54,778	729	P. Jhunjhunwala, Esq.(Mg. Director)..	McKenzies	115.00	100	*Nil*	*Nil*			2	
1,09,01,007							185.00	100	12.00	14.00	14.00		7	
D. 1,24,880	1,06,62,412	2,31,72,285	97,21,770	....	Jeewan Ltd.	Mukand Iron & Steel	18.28	10	1.20	1.20	1.20	1.20	3	
50,00,000	58,34,208	1,88,49,872	85,50,104	2,975	Kirloskar Industries Ltd.	Mysore Kirloskar Ltd.	156.25	100	12.00	12.00	10.00			
7,50,000							126.00	75	6.00	6.00	5.00		3	
16,85,400	11,96,582	39,61,901	14,85,875	8,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd	100.00	50	6.50	6.00			3	
62,44,050	23,16,221	1,55,97,206	46,25,649	15,598	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	129.50	100	9.00	9.00	9.00	10.00	3	
38,99,970	1,38,39,545	11,68,575	8,47,855	455	Walchand & Co. Private Ltd.	Premiers Construction	187.50	30	10.00	9.00	14.00		12	
78,67,725	40,54,780	1,28,89,490	60,80,553	5,683	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	85.50	100	8.00	8.00	6.00		6	
37,55,70,601	44,97,94,718	2,06,37,64,586	1,00,22,56,616	2,44,126	Tata Industries Private Ltd. ..	Tata Iron and Steel	157.00	75 Old	12.50*	14.00*	12.00		3	
9,98,26,823	5,58,56,832	39,19,96,452	18,01,54,678	30,275	Tata Industries Private Ltd. ..	Tata Locomotive.	268.75	100	14.50	14.50	14.50	14.50	3	
27,22,780	15,85,187	65,71,263	19,03,582	11,654	T. Mandelkar & Co.	T. Mandelkar Mfg. Co.	545.00	100	27.00	27.00	6.00		6	
41,66,980	28,97,021	19,70,675	11,89,441	1,176	M. N. Dalal, Esq. (Chairman) ..	Tractors (India) Ltd.	24.76	10	2.25	2.25	2.50		6	
2,55,00,000	3,28,57,137	1,79,11,762	48,75,408	....	J. D. Choksi, Esq. (Chairman) ..	Voltas Ltd.	267.75	60	14.00	14.00	14.00		6	
60,96,948	49,94,169	1,30,88,393	12,42,840	4,991	M.	Zenith Steel Pipes Ltd.	15.12	10	*Nil*	*Nil*	0.60		4	
					West Bengal and Other Centres									
9,00,000	7,95,851	42,61,413	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	18.00	10	*Nil*	1.00			12	
50,00,000	56,58,221	1,22,66,591	82,93,550	2,263	Tantia Brothers Pvt. Ltd.	Bharitia Electric Steel	15.06	10	1.00	1.25	1.50		12	
40,00,000	12,24,786	54,37,111	18,39,098	21,432	G. D. Birla, Esq. (Mg. Director) ..	Birla Metal Works Ltd.	18.37	10	1.00	1.00	1.20		12	
1,00,00,000	1,40,28,433	2,28,23,810	1,82,74,056	....	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	32.75	10	1.00	1.00	1.20		12	
12,00,000	58,62,090	1,56,65,242	85,25,828	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	62.50N	10	3.00	3.00	3.00		12	
19,35,870	7,04,581	19,07,580	14,08,615	$2,096	Thomas Wilson & Co., Ltd.	Burnpur Building and Iron	3.00	10	*Nil*				3	
1,00,00,000	52,95,735	1 98,55,098	75,90,275	8,115	McLeod & Co., Ltd.	Britannia Engineering	31.00	10	1.00	1.00			3	
25,00,000	23,97,576	44,64,472	22,91,671	....	Balmer Lawrie & Co., Ltd.	Burn & Co.	27.75	10	2.00	1.50	1.50		3	
168,00,000	2,29,82,307	7,65,66,696	4,17 99,966	....	Martin Burn Ltd.	Calcutta Steel Co., Ltd.	282.00	100	28.50	28.50	25.00	15.00	4	
1,00,00,000	22,70,823	81,14,077	24,19,384	1,57,572	R. N. Bhotika, Esq. (Secretary) ..	Central India Machinery Mfg. Co., Ltd.	13.69	10	1.50	1.50	1.25	1.50	3	
1,00,00,000	42,09,184	2,42,19,814	59,12,202	32,961	R. L. Makharia, Esq.	Dalmia Iron & Steel Ltd.	14.00	10	*Nil*	*Nil*	0.75		3	
80,00,000	35,00,000	1,74,24,661	51,07,264	6,868	M.	Elec. Const. & Equipment Co.	11.25	10	1.00	1.00	1.00		9	
40,93,400	28,36,085	1,20,39,915	30,29,918	21,399	Birla Brothers Private Ltd.	Escort Ltd.	18.87	10	1.00	1.00	1.00		12	
1,00,18,469	77,93,558	2,44,44,696	36,44,226	15,200	Harnarshad & Co. Private Ltd.	Guest, Keen, Williams Ltd.	17.25	10	1.00	1.00	1.00		12	
6,32,18,740	5,12,05,807	10,11,66,706	3,83,48,700	....	N. R. Pillai, Esq. (Chairman)	Hooghly Docking	23.50	10	1.40	1.40	*Nil*		12	
17,50,000	11,04,000	62,95,094	44,08,320	3,237	Martin Burn Ltd.	Indian Iron and Steel	30.00	10	1.40	1.40	1.20		12	
12,44,03,990	41,05,47,562	86,61,56,369	28,54,34,800	....	Martin Burn Ltd.	Indian Standard Wagon	25.46	50	*Nil*	6.25	5.00		12	
77,97,000	1,25,90,911	1,52,59,529	94,86,216	....	Martin Burn Ltd.		37.50	10	1.00	1.00	1.50	1.70*	3	
96,58,160	3,28,88,672	4,56,80,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	13.69	10	1.50	1.50	2.25	2.00*	3	
25,580							31.75	0.10	2.40	2.30	1.80			
48,78,580	4,63,950	53,00,314	26,97,142	27,385	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd. ..	14.12	0.1	0.24	0.22	0.80		3	
1,51,87,197	1,85,61,958	5,12,70,807	2,30,47,904	4,896	Madan Mohan Lal Shri Ram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	9.45	10	1.25	1.00	0.90	0.90	3	
40,00,000	65,79,000	1,05,76,620	30,88,807	2,169	J. K. Industries Private Ltd.	J. K. Steel Ltd.	19.00	10	1.715	1.50	1.00		3	
2,06,99,000	3,00,16,258	5,57,97,464	1,90,97,854	64,915	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	18.12	10	2.00	1.50	1.50		10	
27,54,500	65,08,046	1,15,97,140	56,44,607	3,146	Bird & Co. Private Ltd..	Kumardhubi Engineering Works ..	28.69	10	0.858	0.85	0.60		3	
10,50,000	1,09,591	18,65,889	14,91,446	—18,08,413	Marshalls (Direction) Private Ltd. ..	Marshall Sons & Co. (India) Ltd. ..	5.69	3	0.35	0.45			6	
68,96,000	12,58,898	1,54,25,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd. ..	3.40	2	*Nil*	*Nil*			6	
6,00,000	20,52,302	32,10,320	22,45,052	18,304	The British India Corpn. Ltd.	Saran Engineering Co.	6.37	10	*Nil*	*Nil*			6	
66,05,790	9,55,000	75,87,465	14,63,310	58,514	Mr. N. Ranganadhan (Mg. Director) ..	Southern Structurals	8.69	4	0.40	0.50	0.40		3	
1,50,00,000	1,25,61,066	$.74,96,913	2,92,01,642	54,305	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd. ..	10.28	10	*Nil*	0.60	0.90		12	
59,44,225	80,10,966	1,09,67,915	40,30,919	3,132	Balasundaram & Co.	Textool Co. Ltd.	26.45	10	1.00	1.25	1.50		3	
14,49,425		4,88,086	25,840	—2,84,282	B. A. Harper, Esq. (Mg. Director) ..	Wellman Incandescent India Ltd. ..	156.00	100	15.00	15.00	12.00		3	
							11.00	10	..	..	*Nil*			

*Includes bonus. 'C'—On Increased Capital. M—Managed by Board of Directors. X.R.—Ex. Right.

N B.—All dividends paid since 31st March 1950 are shown as taxable

MISCELLANEOUS COMPANIES—*Continued*

| Paid-up Ordinary Capital Rs. | Reserves Rs. | Gross Block Rs. | Depreciation Rs. | Carried Forward Rs. | Managing Agents, Secretaries, Managing Director or Secretary | Company | Latest available Quotation Rs. | Paid-up per Share Rs. | Dividend per Share 1961 Rs. nP | 1962 Rs. nP | 1963 Rs. nP | 1964

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Remarks
UNCLASSIFIED (Other Centres)														
1,17,18,750	2,43,57,285	9,39,83,544	1,61,42,462	22,287	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd...	12.62	10	1.20	1.20	0.50	9.00	3	Y.P.T.
1,34,03,488	77,93,689	2,60,01,535	1,14,51,193	69,958	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	23.25	10	0.90	1.80	1.50	1.80	3	Y.
7,94,700	2,72,000	16,65,492	2,19,226	1,442	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator,Co., Ltd., ..	9.81	10	..	1.00	0.50		4	Y.
12,65,175							7.15	7.50	..	0.50	0.375			
80,00,000	44,23,928	46,09,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	25.00	10	2.81	2.80	2.80		8	Y.
4,97,14,990	81,08,000	5,99,72,026	1,61,26,618	53,309	A. E. L. Collins, Esq. (Mg. Director)..	Ashok Leyland Ltd.	7.00	5	0.30	0.40	0.35		9	Y.
1,18,00,000	96,84,917	1,31,10,554	77,02,281	7,978	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	26.37	10	2.00*	2.00*	2.00		12	Y.
20,00,000	44,17,508	77,53,757	34,43,881	1,66,533	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A.	24.62	10	1.50	1.50	1.50		6	Y.
80,01,400	1,26,98,254	97,20,051	46,35,240	....	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	10.37N	10	1.00	1.00			6	Y.P.T.
12,00,000	31,52,123	39,22,354	25,10,254	....	C. G. Montgomery, Esq. (Chairman)..	Balmer Lawrie & Co., Ltd.	239.00	100	25.00	25.00	22.50		12	Y.
20,00,000	9,62,972	67,82,724§§	....	1,064	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	33.87	10	2.50	2.50	3.00		12	Y.
68,95,530	1,00,95,705	2,16,01,495	....	1,064	Lovelock & Lewis	Birds Investment Ltd.	8.75	10	1.00	1.00	0.80		9	Y.
3,25,00,000	2,59,81,762	3,30,37,927	89,93,468	745	K. Julian Scott, Esq. (Mg. Director)..	Britannia Biscuits	36.62xdn	10	3.00*	2.50	2.10	2.10	3	Y.P.T.
80,00,000	49,02,950	52,35,651	2,59,48,445	23,545	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	10.81	5	0.35	0.45	0.75		12	Y.P.
1,28,80,000	14,77,612	1,77,96,192§§	29,91,722	2,226	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	24.37	10	1.25	1.00	1.50		12	Y.
5,96,650	7,50,000	40,86,867	....	2,75,442	Andrew Yule & Co., Ltd.	Clive Row Investment	8.44	10	0.75	0.75	0.80		12	Y.
4,50,00,000	6,29,00,650	12,21,08,895	5,75,17,151	20,239	K. L. Mittal, Esq. (Secretary) ..	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	0.70			12	Y.P.T.
1,05,00,000	1,25,47,000	19,76,062	9,48,831	22,124	M. L. Bexon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	32.31	10	2.00	1.50	1.75		12	Y.P.
56,72,320	2,23,56,496	2,44,33,402	53,53,071	46,651	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	137.00	100	14.00	14.00	12.00		12	Y.
76,89,000	65,11,801	1,78,16,453§§	....	51,252	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries..	25.69	5	1.50	0.90	0.90		3	Y.
1,59,40,160	4,04,572	33,15,170	5,63,856	31,294	Bird & Co. Private Ltd.	Eastern Investment Ltd.	102.00	100	14.00	12.00	10.00		12	Y.
65,53,000	9,17,059	1,27,25,885	41,42,015	5,749	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	8.15	10	Nil	Nil	Nil	Nil.	3	Y.
40,12,888	89,64,090	1,15,37,705	59,95,716	2,62,362	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.38	10	0.40	0.40	0.75		12	Y.
14,00,000	10,92,000	44,75,416	23,85,812	46,128	Satya Narain Gupta, Esq. (Chairman)..	Ganesh Flour Mills Co., Ltd.	11.00	12.50	1.60				9	Y.
80,00,000	....	44,75,416	....	—3,80,640	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	26.00	100	20.00	15.00	Nil		12	Y.
65,00,000	55,42,190	34,60,723	20,85,588	19,471	National Rubber Mfrs. Ltd.	Inchek Tyres Ltd.	6.66	7.50	Nil	Nil	Nil		6	Y.
40,00,000	85,10,800	88,90,747	56,46,453	2,446	J. W. Esson, Esq. (Chairman)	Gillanders Arbuthnot & Co., Ltd. ..	14.87	10	1.10	1.10	1.10		3	Y.
2,00,15,000	1,54,59,733	3,68,93,878	87,75,535	51,86,310	D. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	22.00	10	4.00	3.00	2.00		12	Y.
5,09,40,550	3,80,11,174	15,66,69,214	6,34,19,991	13,299	R. E. O. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	23.62	10	Nil	1.00	1.00		12	Y.
1,80,00,000	57,25,612	3,18,54,042	72,54,008	2,446	Bipin Brothers Private Ltd.	Hindustan Motors	17.16	10	1.20	1.25	1.15	1.15	3	Y.
39,91,300	1,02,500	1,07,03,504	18,85,994	—12,90,511	Talukdar Law & Co. Private Ltd. ..	Hindustan Pilkington Glass	14.50	10	1.20	Nil	Nil	Nil	3	Y.P.
15,16,00,000	11,33,81,191	8,38,63,775	4,44,17,194	—5,10,975	H. L. Somany, Esq. (Chairman)	Hindustan Twyfords Ltd.	16.06	10	Nil	Nil	Nil	Nil	3	Y.
6,00,44,460	3,02,52,274	18,67,60,592	5,31,36,592	80,158	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	8.81	10	0.90	0.90	0.80	0.65	12	Y.P.T.
2,48,05,450	3,70,04,031	4,02,36,360	2,08,73,154	4,12,610	H. V. R. Iengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	32.00	10	1.50	1.75	1.75		12	Y.P.
8,44,00,000	1,61,33,866	9,06,12,544	3,91,56,221	9,799	J. V. J. Paterson, Esq. (Chairman) ..	Indian Cable Co., Ltd.	35.56	10	2.25	2.25	2.25	2.50	3	Y.
29,58,374	1,89,225	60,18,368	28,12,632	25,587	Amiya Kumar Sen, Esq. (Mg. Director	Indian Oxygen Ltd.	24.75	10	1.50	1.20	1.20		3	Y.
8,27,970	12 42,783	22,18,109	13,35,190	55,066	M.	Indian Plastics Ltd.	7.50	10	Nil	Nil	Nil		3	Y.
74,98,900	5,81,500	1,01,04,128	15,16,862	53,791	M.	Indian Rubber Manufacturers	21.87	10	5.00	3.60			3	Y.
2,00,00,000	1,06,37,759	57,22,627	21,50,250	19,207	Duncan Brothers & Co., Ltd.	Woolcombers of India Ltd.	11.50	10	Nil	Nil	Nil		3	Y.
55,00,000	13,00,000	18,79,359	1,62,873	64,044	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	75.00	10	7.00	6.00	7.00	7.00	3	Y.
1,40,20,838	29,23,514	2,73,13,972	18,67,683	1,01,639	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	9.10	10	1.00				3	Y.
1,47,12,250	1,38,23,546	94,70,688	25 41,490	1,289	Young India Agencies Pvt. Ltd.	Madras Rubber Factory Ltd.	10.05	10	0.60	0.45	0.32		9	Y.
16,00,000	17,64,897	33,65,043	6,79 411	....	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	27.25	10	2.75	2.50	2.50		9	Y.
47,12,000	90,33,868	34,12,624	15,66,083	2,34,727	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	22.22	10	1.25	0.60	0.75		12	Y.
8,22,00,000	2,96,70,151	5,27,52,316	1,88,41,107	2,480	M.	McLeod & Co.	217.00	100	15.00	18.00			12	Y.
35,12,200	27,76,836	41,53,649	14,39,068	2,720	M. K. Vellodi, Esq. (Secretary)	Metal Box Co. of India Ltd.	31.50	10	2.50	2.50	1.90	1.80	3	Y.
5,56,250	10,55,955	15,65,798	46,55,184	1,217	N. G. Ayyangar, Esq. (Mg Director ,)	Mysore Electric Industries Ltd. ..	166.00cd	100	20.00	20.00	12.00	12.00	3	Y.
10,00,000	5,45,007	25,01,104	14,36,682	14,104	Mr. M. Subramanyam (Chairman)	Mysore Lamp Works	80.00cd	10	2.50	3.70*	0.80		3	Y.
1,35,00,000	1,31,43,467	1,68,75,434	83,56,993	40,361	I. P. Mallappa, Esq. (Chairman)	Mysore Tobacco	11.50cd	10	Nil	1.00	1.00	1.10	3	Y.
80,00,000	25,90,300	56,25,228	22,56,378	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	26.37	10	2.50	2.50	1.80	2.00	3	Y.
40,00,000	39,77,485	81,98,266	44,68,902	25,956	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Pipes & Tubes Co., Ltd. ..	28.25	10	2.00	2.00	2.00		9	Y.
80,00,000	21,55,713	1,30,14,550	62,00,885	58,629	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Rolling & Steel Ropes	23 31	10	1.50	1.50			6	Y.
79,97,000	1,30,46,098	1,76,39,830	1,01,47,234	5,26,438	K. N. Blookerjee, Esq. (Mg. Director.)	National Rubber Manufacturers Ltd..	11 00	10	0.65	0.80	1.00		12	Y.
23,32,100	17,27,991	64,55,515§§	Ramdutt Ramkhemdas	40,960	B. N. Elias & Co. Private Ltd... ..	National Tobacco Co.	11.75	10	0.70	0.70	0.80		12	Y.
20,00,000	10,04,500	19,06,562	10,15,929	2,705	New India Investment Corpn. Ltd. ..	Parry Confectionery Ltd.	63.00	75	6.50	5.00			12	Y.
2,20,00,000	1,13,85,086	2,56,53,739	1,25,86,071	45,000	Parry & Co., Ltd.	Phillips India Ltd.	3.00cd	1	0.20	0.26	0.16		3	Y.
1,66,25,000	9,45,700	2,36,67,801	39,71,134	—47,66,862	W. A.C.H. Boschsart, Esq. (Chairman)	Phillips Carbon	27.50	10	1.20	1.20	1.50		12	Y.
12,25,600	10,24,312	46,31,719	10,92,98	4,668	Duncan Brothers & Co., Ltd.	Rare Madras Ltd.	13.25	5	Nil	Nil	Nil		3	Y.
51,04,260	47,08,357	1,31,00,115	38,04,201	2,804	Iyer & Co. Private Ltd.	Radio & Electricals Mfg. Co., Ltd. ..	9.15cd	5	0.70	0.75	0.75	0.875	3	Y.
2,25,00,000	41,45,070	1,66,31,275	62,82,070	5,982	T. Shamanna, Esq. (Chairman)	Radlis India Ltd.	87.87cd	10	1.80	1.80	1.80	1.50	3	Y.
5,00,00,000	3 16,24,548	16,37,20,662	8,69,12,570	1,697	Badridas Goenka, Esq. (Chairman) ..	Rohm and Haas (India) Ltd.	125.00	100	8.50	10.00			3	Y.
1,35,00,000	86,99,991	2,28,44,422	1,37,12,414	4,301	Sahu Jain Ltd.	Rolls-Royce Industries	10.87	10	1.00	0.80	0.90	0.80	3	Y.
¥1,60,00,000	....	1,02,05,408	9,21,237	—14,10,918	K. D. Ganguli, Esq. (Secretary)	Ruia Iron & Steel Ltd.	18 69	10	0.80	0.80	Nil		9	Y.
75,00,000	69,54,952	1,86,09,587	70,28,936	3,55,748	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	7.00	10	Nil	Nil			3	Y.
40,00,000	1,10,03,806	1,65,58,654	89,38,199	4,87,429	C. M. A. Bathurst, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	14.94	10	1.50	0.75	1.25		12	Y.
47,00,000	32,00,000	2,09,13,405	63,50,721	14,232	C. W. Stephenson, Esq.	Sanmer & Co., Ltd.	21.50	10	1.80	1.80	1.80		6	Y.
9,99,110	59,875	19,24,738	10,38,291	1,292	Standard Motor Co. (India) Pvt. Ltd..	Standard Motor Products	10.15	10	0.70	0.60			3	Y.
11,56,300	19,10,341	16,95,097	8,53,987	58,666	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	5.03	10	0.70	0.65	0.65		12	Y.
2,50,00,000	2,14,79,630	5,65,64,026	1,69,15,726	50,510	J. H. Wilkes, Esq. (Gen. Manager) ..	Triveni Sugar & Co. Ltd.	80.15cd	10	1.50	3.25	3.85		3	Y.
8,58,950	7,01,942	79,26,373	46,26,378	89,275	Sir A. Ramaswami Mudaliar (Chairman	Tube Investments of India Ltd.	188.00	100	10.00	10.00	10.00		3	Y.
2,80,00,000	3,80,64,276	7,71,15,892	2,63,32,782	1,94,008	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	9.91	10	Nil	Nil	1.00		3	Y.
80,00,000	72,96,098	73,35,585	27,08,709	....	J. R. Galloway, Esq. (Chairman)	Union Carbide India Ltd.	32.37	10	1.80	1.25	1.50		12	Y.
3,00,000	8,41,748	9,59,498	6,77,689	8,262	Vittal Mallya, Esq. (Chairman)	United Breweries	33.00	10	6.00	2.50	0.60	0.90	3	Y.
$1,46,200	43,08,662	1,21,08,805	64,16,526	16,013	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	34.62	10	1.00	0.75	2.00		11	Y.
					A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd... ..	201.00xd	100	12.0'	14.00	15.00	16.00	3	
TRANSPORT														
$0,80,000	$3,73 858	70,97,782	30,60,723	$ 54,588	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	106.00	100	7.50	10.00	10.00		10	
1,00,00,000	75,25,652	3,76,69,710	1,67,53,127	—68,12,170	Dinshaw (Private) Ltd.	Bharat Line	4.20	10	Nil	Nil	0.50		12	
60,00,000														
$0,66,000	2,71,64,446	10,34,29,502	3,49,39,642	1,28 987	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	14.24	10	0.78	1.00	Nil		6	
							84.50	£10	Nil	Nil	Nil			
£6,55,880	£1,194,360	£4,312,991	£2,342,183	—£84,854	Kilburn & Co. Private Ltd.	Indis General Navigation & Rly. Co.	7.09	10	Nil	Nil	Nil	Nil	12	
2,47,50,000	1,55,24,588	23,32,64,932	9,16,76,188	....	Lionel Edwards (Private) Ltd.	India Steamship Co.	16.04	20	0.60	0.60	1.00		6	
11,28,19,293	11,58 24,647	26,88,60,105	12,45,17,005	2,82,649	D. N. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	3.06	O. 1	0.30	0.30	0.27		12	
O. 8,40,800	80,76,582	18,79,885	11,06,250	21,687	R. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	2.94	P.O. 1	0.20	0.30	0.27		12	
P.O. 2,10,200														

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Remarks
25,50,000	59,90,550	1,71,97,033	1,03,91,592	16,512	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	21.31	10	1.25	1.50	1.75	1.75	3	
12,00,000	15,08,889	42,54,256	27,43,315	....	Jardine Henderson Ltd.	Barraree Coke	20 75	10	Nil	1.50	1.50	2.00	3	
4,49,350	1,52,288	11,72,096	6,92,033	3,292	Kalyanji Mavji & Co	Bengal-Bhatdee	3.00	10	Nil				3	
1,20,00,000	2,88,23,178	9,41,09,782	5,58,34,133	1,03,409	Andrew Yule & Co., Ltd.	Bengal Coal	255.00	100	21.00	19.00	16.00		12	
2,25,000	5,45,835	24,86,330	21,80,114	16,129	M.	Bengal-Nagpur	22.00N	10	2.60				12	
4,00,000	84,950	1,27,37,959	89,90,595	—3,95,581	Sahu Jain Ltd.	Bharat Collieries	2.50N	10	Nil	Nil			12	
7,15,000	8,31,775	59,01,584	37,69,468	—5,87,301	M.	Bhuleshwar	10.00N	10					6	
7,50 000	29,11,605	55,15,184	32,39,252	6,037	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	18.25	10	1.50	1.50	1.50		12	
90 92,480	94,32,421	4,74,28,820	2,50 88,877	90,768	Bird & Co. Private Ltd.	Burrakur	17.06	10	1.50	1.50	1.50		12	
49,97,780	10,46,028	91,51,457	36,62,005	20,778	Hindustan Investment Corpn. Ltd. ..	Central India	9.44	10	1.20	1.20	1.20		6	
8,00,000	12,99,400	54,18,457	35,46,265	—1,28,641	Jain Industries	Central Kurkend	3.50N	10	1.00	1.00	0.90	1.00	3	
16,00,000	....	61,90,801	36,92,941	—5,39,084	M.	Dhemo Main	3.75	10	Nil				12	
62,40,000	£561,055	£978,070	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	28.25	£1	2.00	2.75			12	
29,63,760	1,22,22,000	5,29 46,901	3,03,26,117	1,57,517	Macneill & Barry Ltd.	Equitable	21.06	10	1.00	1.00	1.00		12	
15,00,000	40,000	27,42,664	9,88,623	—5,84,265	Bhatter's Agency Ltd.	Ghusick and Musila	13.00N	10	1.00				12	
12,00,000	2,41,433	46,20,015	30,84,266	796	Kilick Industries Ltd.	Hingir-Rampur	187.00	100	14.00	12.00			12	
3,00,000	....	26,07,213	20,64,195	—3,65,025	M.	Hurdiladih	5.44N	10	Nil	Nil			6	
20,00,000	17,65,600	57,00,243	19,62,364	1,071	Bird & Co. Private Ltd.	Karanpura Collieries	13.75	10	1.00	1.00	1.00		12	
14,90,460	20,19,553	70,21,354	46,47,670	22,818	Andrew Yule & Co., Ltd.	Katras Jherriah	28.12	10	1.00	1.00	1.00	1.20	3	
9,00,000	10,27,763	29,57,644	23,77,712	57,691	H. V. Low & Co. (Private) Ltd.	Lakurka	17.00N	10	4.00	2.50	3.00		1	
7,48 240	56,490	13,90,484	10,51,223	74,711	Tantia Brothers Private Ltd.	Nazki	4.69	10	Nil	Nil			3	
31,97,210	46,16,139	2,10,81,103	1,23,85,029	16,709	Andrew Yule & Co., Ltd.	New Beerbhoom	17.25	10	1.00	1.00	1.00		12	
10,00,000	8,90,206	12,37,188	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Maubhoom	11.00	10	0.90	1.20	1.00		10	
1 15,000							18 25N	10	2.00				3	
1,57,000	4,31,409	17,65,275	10,59,556	15,045	M.	North West	17.00N	7.50	1.50					
7,50 000	12,52,534	1,94,347	22,85,006(k)	....	P. Prashad, Esq. (Chairman	Ondal	11.00N	10	0.75	0.75	0.50		12	
3 34 000	1,52,212	37,86,226	14,17,160	589	Everyhand Kheberlall	Parasea	12.00N	10	1.50				12	
15,78,000	30,64,325	1,00,54,255	62,14,336	7,234	Shaw Wallace & Co., Ltd.	Pench Valley	16.75	10	1.00	1.00	1.25	0.75	3	
41,97 070	40,05,000	1,92 61,106	1,25,63,200	15,753	S. K. Mukerjee, Esq. (Secretary) ..	Raneegunge	13.00	10	1.00	1.70	1.70	1.40	3	
13,50,000	22 96 490	89,33,534	47,23,819	8,453	Shaw Wallace & Co., Ltd.	Rewa	21.62	10	2.00	1.00	1.50		12	
37,50 000	45,20,336	1,20,44,712	48,96,957	3,953	M.	Samla Collieries	7.50	10	1.00	0.75	1.50		12	
40,00,000	16,17,485	1,10,28,290	24,54,119	1,672	S. D. Sethia & Co. Private Ltd.	Selected Satgram Collieries	109.00	100	14.00	10.00	0.75		12	
2,80,000	14,49,316	36,11,289	22,95,222	16,284	Andrew Yule & Co., Ltd.	Seebpore	29.50N	7	3.00	10.00	10.00		12	
12,84,000	6,35,222	35,740	18,68,748(k)	382	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	3.87	10	0.35	2.50	2.00		12	
8,00,00,000	1,42,11,727	11,90,70,501	5,00,12,313	18,638	M. P. Pai, Esq. (Chairman)	Singareni	9.78	10	0.85	0.75	0.30		3	
17,50,000	11,77,056	57,60,323	25,84,592	3,001	Bird & Co. Private Ltd.	South Karanpura	6.06	10	Nil	Nil	0.75		3	
3,00,000	10,18,959	1,53,707	25,19,145(k)	4,723	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	9.62xd	10	Nil	Nil	0.25		3	
3,50,000	3,01,032	23,77,775	17,78,505	38,408	B. M. Varma, Esq. (Mg. Director) ..	Union	188.00	100	10.00	1.00	1.00		12	
49,98,000	11 08,150	1,30,51,450	50,25,036	90,850	Hindustan Investment Corpn. Ltd. ..	Western Bengal	10.28N	10	Nil				12	
7,00,000	....	60,62,759	34,56,424	—6,23,711	M.	West Jamuria	9.84	10	0.75	0.90	0.90	1.00	3	
							3.50N	10	Nil				12	

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments. *Includes bonus.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 80 lakhs only. X.B.—Ex-Bonus. §§Investment at cost.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.	Remarks
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	94.00	100	
BREWERIES AND SUGAR							
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N	100	
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April ..	60.00	100	
Carew & Co. T.F.R.C.	8,00,000	1875	6.50	Mar. Sept.	73.50	100	
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb. Aug.	113.00	100	
Deccan Sugar & Abkhar 'A' T.F.C...	7,00,000	1920	7.00	July Apr.	4.28	5	
East India Distilleries C.	£200,000	1897	9.00	Jan. July	17.85	£1	
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec. ..	60.00	100	
Do. .. .. (Non-redeem) ..	5,00,000	1940	7.00	Dec. ..	60.00	100	
Parisappore Co. C.	6,00,000	1922	10.00	Oct. ..	13.50	10	
Ramnuggar Cane T.F.C.	4,00,

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
67,50,000	1,35,55,000	4,67,639	Allahabad Bank	249.00	100	18.00‡	15.00	15.00		12	Y.P.
1,01,600	30,58,220	4,794	Andhra Bank	103.00	100	8.00	8.00	8.00		6,12	H.
40,78,200				85.75	85	6.80	6.80	6.80			
2,00,00,000	2,44,98,760	2,96,970	Bank of Baroda	98.30	50	8.50	8.00	9.00		12	Y.
2,25,00,000	4,86,00,000	4,19,848	Bank of India	102.50	50	10.00	10.00	9.00	4.00‡	6,12	R.L.Y.
A. 50,00,000				106.25	50'A'	10.00	10.00	9.00	4.00‡		
60,30,030	35,90,200	47,625	Bank of Maharashtra	52.50	50	4.50	4.50	4.50		12	Y.
55,00,000	1,00,78,633	....	Canara Bank Ltd.	81.00	50	7.50	7.50	7.50		12	Y.P.
25,00,000	27,00,000	9,000	Canara Banking Corporation Ltd. ..	68.80	50	7.50	7.50	6.00		12	Y.P.
'A' 5,99 880				143.50	100'A'	20.00‡	20.00	20.00			
'B' 41,42,120	75,20,000	17,041	Syndicate Bank Ltd.	19.25	10'B'	2.00‡	2.00	2.00		12	Y.P.
'C' 2,00,000				1.57	1'C'	0.20‡	0.20	0.20			
2,63,01,800	5,20,41,606	91,510	Central Bank of India Ltd.	52.50	25	5.00	5.00	5.00	2.40‡	12	R.L.Y.
'A' 82,50,000				54.00	25	5.00	5.00	5.00	2.40‡		
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co.	65.00	50	5.50	5.50	6.00		12	Y.
2,00,00,000	2,40,00,000	70,50,104	Habib Bank Ltd. P.	20.95N	5	20%	20%	20%		12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank ..	10.25	50	*Nil*	*Nil*	*Nil*		12	Y.
50,00,000	2,50,000	18,193	Hindustan Mercantile Bank ..	10.50	50	*Nil*	*Nil*	*Nil*		12	Y.
88,46,215	92,91,884	1,61,942	Indian Bank	151.00	100	15.00	14.00‡	15.00‡		12	R.L.Y.
99,71,575	98,62,535	1,01,850	Indian Overseas Bank Ltd.	148.00	100	14.00	12.00	14.00		12	Y.
2,00,00,000	2,87,10,000	2,27,073	Punjab National Bank	20.00	10	2.00	2.00	2.00		12	Y.
5,62,50,000	9,30,00,000	85,50,831	State Bank of India	405.00	100	28.00	28.00	28.00		12	Y.
1,00,00,000	75,00,000	1,57,743	Union Bank of India	5.48	5	0.67	0.67	0.67		12	Y.
2,79,66,812	3,20,00,000	75,942	United Commercial Bank	73.00	50	6.00	6.00	6.00		12	Y.
2,68,71,987	1,00,30,000	4,15,815	United Bank of India	7.94	10	0.60	0.60	0.75		12	R.L.Y.

PRINCIPAL EXCHANGE BANKS

(Dividend per cent.)

£6,600,000	£7,525,000	£510,488	Chartered Bank	£2-11-0	£1	15†	15†	15†		12	Y.
H.K.$79,046,125	£15,000,000	£146,288	Hongkong and Shanghai Banking Corporation	£22‡	H.K. $25	sh. 15*	sh. 16*	sh. 16*		12	Y.
£5,708,000	£5,250,000	£316,941	National and Grindlays Bank Ltd. ..	£1-10-9	sh. 15	14†‡	16†‡	16 †‡		12	H.Y.

‡ Includes bonus. P—Figures in Pak rupees. Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June	Carew & Co.	1928	98.50	1st June 1970
2,46,000	6½	1st March and 18th September	Carew & Co. (2nd mortgage)	1941	95.00N	28th February .. 1970
26,00,000	4½	1st May and 1st November	Walchandnagar Industries	1944	99.50	1st November .. 1959-64
15,00,000	6	1st July and 1st January	Walchandnagar Industries	1960	98.50	21st June 1972
COAL						
30,00,000	6	20th April and 21st October	Bharat Collieries	1944	90.00N	21st October .. 1964
60,00,000	6½	1st May and 1st November	Bengal Coal Co., Ltd.	1961	98.00	31st October .. 1975
20,00,000	4½	30th June and 31st December	Burrakur Coal Co.	1947	90.00	30th June .. 1967 (a)
40,56,000	5½	1st July and 1st January	Equitable Coal Co.	1958	97.00	14th December .. 1964 (a)‡
COTTON						
90,00,000	5½	1st January and 1st July	Ahmedabad Advance	1956	89.00	12th December .. 1966-71‡
4,00,000	6	10th May and 10th November	Bengal-Nagpur	1897	90.00N	15th November .. 1966 (a)
52,92,000	5T	1st April and 1st October	Buckingham and Carnatic	1932	100.00	1st March .. 1972 (a)
40,02,281	6½	1st April and 1st October	Gokak Mills	1957	93.00	1st April .. 1972-73
18,00,000	6½	2nd January and 2nd July	Minerva Mills	1959	....	1st July .. 1967-76
24,22,000	6½	1st January and 1st July	Shree Nivas	1958	99.00	31st December .. 1970
29,51,000	6½	1st April and 1st October	Simplex	1959	97.00	15th October .. 1969-74
20,00,000	6½	1st April and 1st October	Lakshmi-Vishnu	1955	94.50	1st June 1966-70
80,00,000	5½	1st June	Tata Mills	1961	88.50	1st June 1966-71
ELECTRICS						
10,00,000	4½	31st March and 30th September	Agra Electric Supply Co., Ltd.	1950	97.00N	31st March .. 1965 (a)
3,00,00,000	5½	15th June and 15th December	Ahmedabad Electric Co., Ltd.	1960	98.00	15th June .. 1965-70‡
95,25,000	5½	1st April and 1st October	Andhra Valley Power Supply Co.	1960	94.00	1st April .. 1970-75
12,00,000	4½	30th June and 31st December	Benaras Electric Light and Power Co., Ltd.	1949	97.00N	31st December .. 1964 (a)
22,787,674	5	1st January and 1st July	Calcutta Electric Supply Corporation Ltd.	1950	89.50	1st January .. 1970 (a)
10,50,000	5	1st January and 1st July	Sirsa (Cherian) Electric Supply Co., Ltd.	1951	91.00N	30th June .. 1976 (a)
1,00,000	5T	3rd April and 3rd October	South Madras Electric Supply	1940	93.50	30th September .. 1953-68
47,78,000	5	1st March and 1st September	Tata Power	1940	93.00	1st July 1970
2,50,00,000	4½	1st January and 1st July	Tata Power	1949	83.50	1st July 1965-70
ENGINEERING						
5,00,000	6½	30th June and 31st December	Britannia Engineering	1945	94.00N	31st December .. 1969
1,50,00,000	6	1st January and 1st July	Guest, Keen, Williams Ltd.	1958‡	98.50	1st January .. 1971
29,18,000	7	15th September and 15th March	Indian Hume Pipe (Bearer)	1961	101.00	15th September .. 1977 (a)‡
10,00,000	4	31st May and 30th November	Kumardhubi Engineering Works Ltd	1946*	90.00N	31st May .. 1971
3,00,00,000	5	1st April and 1st October	Tata Locomotive	1956	97.20	30th September .. 1960-65
JUTE						
12,00,000*		1st October and 1st April	Agarpara	1939	91.50	31st March .. 1969
6,00,000		30th June and 31st December	Alexandra	1939	91.50N	30th June .. 1969
15,00,000		31st December and 30th June	Auckland Jute Co., Ltd.	1945	97.00N	31st December .. 1964
10,99,000	5	30th June and 31st December	Chhatwalah Jute Mills	1961	93.00N	30th June .. 1966
18,75,000	5½	31st March and 30th September	Dalhousie Jute Co.	1954	95.00	31st March .. 1969‡(a)
5,86,000	5	15th January and 15th July	Empire	1951	92.00N	15th July .. 1966 (a)
25,00,000	5½	31st March and 30th September	Fort Gloster Industries Ltd. ..	1952	98.00	30th September .. 1966
20,40,000	5½	31st March and 30th September	Howrah Mills Co., Ltd.	1955	93.50	31st March .. 1970
25,00,000	5	30th June and 31st December	Kinnison Jute Mills Co., Ltd. ..	1949	97.00N	31st December .. 1964 (a)
50,00,000	5½	30th June and 31st December	Nalhati	1952	92.00	31st March .. 1967 (a)
5,00,000	6½	14th November and 14th May	Nellimarla Jute Mills Co., Ltd.	1939	92.00N	14th May .. 1964
20,00,000	4	30th June and 31st December	Northbrook Jute Co., Ltd.	1945	97.00	31st December .. 1964
15,00,000	5	31st March and 30th September	Reliance Jute Mills Co., Ltd. ..	1950	94.00N	5th September .. 1968‡(a)‖
12,00,000	5½	30th June and 31st December	Union	1957	95.50N	31st March‖ .. 1967
[RAILWAYS]; STEAMSHIP AND TRAMWAYS						
£321,467	4½	1st January and 1st July	Calcutta Tramways	1900	£66.00N	At [105% at any time on 6 months' notice or at par or every seventh year thereafter 1st October .. 1974
£139,051	5	1st April and 1st October		1938	£74.00N	
6,50,000	6	30th June and 31st December	Katakhal-Lalabazar Railway	1945	85.00N	31st December .. 1974
£200,000	4½	30th June and 31st December	Shahdara-Delhi-Saharanpur Railway ..	1905	£64N	Any time on six months' notice (a)
PLANTING						
4,54,000	7T	1st April and 1st October	Sangameshwar Coffee	..	100.00	1st April 1960-61
MISCELLANEOUS						
45,00,000	6	2nd January and 2nd July	Aluminium Industries	1961	100.75	2nd July 1966-71
9,96,000	5	1st January and 1st July	Aluminium Corporation of India Ltd.	1948	97.00 N	31st December .. 1965
6,00,00,000	5½	1st March and 1st September	Burmah-Shell	1954	98 75	1st September .. 1970
2,00,00,000	5½	1st April and 1st October	Caltex Oil Refining (India) Ltd.	1955	98.50	1st October .. 1970
1,00,00,000	6	31st March and 30th September	Dalmia Cement (Bharat) Ltd.	1946	96.00	30th September .. 1970
2,04,55,000	6½	1st January and 1st July	Dunlop Rubber Co. (India) Ltd. ..	1950	99.00	1st January .. 1970
97,80,000	5½	1st January and 1st July	Indian Cable Co., Ltd.	1954	94.50N	30th June .. 1969 (a)‡
2,00,00,000	6½	1st January and 1st July	Indian Aluminium Co., Ltd. ..	1958	96.50	1st January .. 1975
27,75,000	5T	2nd January and 2nd July	Mettur Chemical Industries	1949	84.00	30th September .. 1964
39,70,000	4	30th June and 31st December	McLeod & Co., Ltd. (Convertible Notes)	1947	410.00 (per note)	31st December .. 1972 (a)
74,75,000	5	1st April and 1st October	Macneill and Barry Ltd.	1951	78.00	1st April 1971
25,31,000	6½	30th June and 31st December	National Rayon	1955	99.50	30th June 1965-70
20,00,00,000	6‡T	15th May and 15th November	Oil India	....	99.75	15th November .. 1968-77
20	6½	1st January and 1st July	Premier Automobiles	1958	125.00	31st March .. 1968-73
1,00,00,000	6	30th June and 31st December	Rohtas Industries Ltd.	1946	96.00	31st December .. 1969
10,00,000	5½	January and July	Shree Gopal Paper Mills Ltd. ..	1944	95.00N	15th July 1966
80,00,000	5½	1st May and 1st November	Esso	1958	95.25	1st April .. .. 1964-68 (a)‡‡
5,31,000	5	31st January and 31st July	Tata Chemicals Ltd.	1945	96.00	31st July 1970-75
50,00,000	6	1st April and 1st October	Tata Oil Mills Co. Ltd.	1959	96.00	30th September .. 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 18 years. § Any debenture outstanding on 1-6-1969 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1st May 1968 on six months' notice. † Option to repay at par on six months' notice onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1968 on six months' notice.
T.—Taxable. T.F.—Tax-free. N.—Nominal.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 24th September 1964.

	Closing quotations 17-9-1964	High	Low	Closing quotations 24-9-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Abm. Adv. (100)	145.00	—	—	144.00
Apollo (2)	1.56	1.94	1.80	1.84
Baroda Rayon (100)	72.00	72.00	68.00	68.50
Bombay Dyeing (25)	60.90	60.80	59.80	59.66
Bradbury (50)	162.50	—	—	162.50
Central India (100)	100.00	100.00	97.00	97.00
Century Mills (100)	626.50	628.00	614.00	615.00
Dawn (50)	167.00	167.00	163.50	163.50
Elphinstone (50)	101.00	101.00	97.00	97.00
Finlay (100)	301.00	305.00	302.00	302.00
Gokak (100)	178.00	178.50	176.00	176.00
Gold Mohur (100)	221.25	—	—	221.25
Gwalior Rayon (10)	41.50cd	42.00cd	39.25xd	39.25xd
Ind. Unit. Defd. (1)	2.38	2.38	2.34	2.36
Ind. Unit. Ord. (10)	18.96	19.60	19.12	19.60
Indian Rayon (100)	57.50	58.00	57.50	58.00
Indore Malwa (100)	210.00	210.00	209.50	210.00
Khatau (100)	187.50	183.75	170.00	177.50
Kohinoor (100)	329.00	330.00	324.50	325.00
Mafatlal (100)	513.75	513.75	512.50	512.50
Modella Woollens (10)	12.12	12.24	12.12	12.24
Morarji (100)	263.00	263.00	259.00	260.00
Mysore (50)	37.00	37.00	36.00	36.25
National Rayon (100)	365.00	367.00	354.50	356.00
New Great (100)	160.00	—	—	160.00
Phoenix (100)	254.50	254.00	250.00	250.00
Pedar Mills (10)	11.64	11.52	11.24	11.52
Raymond Woollen (100)	137.50	137.50	134.50	135.00
Saraswat Spg. (10)	38.00	38.00	37.50	37.75
Shreeniwas (100)	254.00	254.00	251.00	252.00
Simplex (50)	125.00	125.50	124.50	125.50
Standard (100)	641.00	642.00	624.00	633.00
Svadeshi (100)	265.00	265.00	261.00	261.50
Swan (100)	273.75	273.75	270.00	270.00
S. I. Viscose (100)	116.50	117.00	115.00	116.00
Tata Mills (25)	50.75	51.00	49.50	49.50
Lakshmi-Vishnu (100)	85.00	85.00	82.00	82.00
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	104.00	104.00	102.00	102.00
Do. (New) (50)	106.50	106.50	106.25	106.25
Bank of Baroda (50)	98.00	98.50	97.70	98.00
Central (25)	52.30	52.50	52.00	52.50
Central 'A' (25)	54.00	54.00	53.00	53.50
Dena Bank (50)	65.00	65.00	64.50	65.00
Punjab National (10)	20.60	20.60	20.00	20.00
Union Bank (5)	6.48	6.56	6.44	6.52
United Com. (50)	73.30	73.30	73.00	73.00
Maharashtra (50)	52.50	—	—	52.50
ELECTRIC COS.				
Ahmedabad (100)	105.50	106.00	105.00	106.00
Amalgamated (10)	9.88	10.00	9.96	10.00
Andhra Valley (1,000)	1,220.00	1,232.50	1,220.20	1,230.00
Bom. Edn. El. (100)	115.50	116.00	115.25	115.50
Surat (100)	112.00	112.00	111.50	111.50
Tata Hydro (100)	127.00	127.25	126.00	127.25
Tata Power (1,000)	1,282.50	1,282.50	1,272.50	1,276.25
INSURANCE COS.				
British India (10)	13.36	13.64	13.52	13.60
India Mercantile (50)	63.30	—	—	63.30
New India (25)	45.75	45.75	45.50	45.75
New India 'A' (15)	47.00	47.25	46.75	47.00
Vulcan (10)	16.12	—	—	16.12
STEEL COS.				
Ind. Iron (10)	27.00	27.05	26.45	26.55
Mukand Iron (10)	18.44	18.52	18.16	18.16
Tata Steel Ord. (75)	158.75	159.00	156.50	157.00
SUGAR COS.				
Belapur (50)	227.00	227.00	222.00	223.00
Bhopal (10)	12.76	—	—	12.76
Changdeo (12.50)	22.00	22.76	22.00	22.75
Maharashtra (50)	141.00	141.00	138.50	139.00
Phaltan (50)	113.50	113.50	111.50	112.50
Walchand Ind. (100)	161.50	161.50	160.00	161.25
CEMENT COS.				
Associated Cts. (100)	160.75	163.25	160.75	161.75
Digvijay (100)	182.50	183.00	181.50	182.00
Orissa (10)	11.44	11.52	11.24	11.52
DYES & CHEMS.				
Amar-Dye-Chem (100)	157.50	157.50	154.50	155.00
Camphor & Allied (100)	96.50	96.50	94.00	96.00
Citric (100)	68.00	69.00	68.00	69.00
Chemicoat (100)	98.00	99.00	97.00	99.00
Colour-Chem. (100)	322.50	325.00	318.75	322.50
Indian Dyestuff (100)	296.00	297.00	286.00	289.00
Polychem (50)	168.00	168.75	165.50	167.00
Synthetics (100)	80.00	80.00	75.00	76.00
Tata Chemicals (10)	19.48	19.48	18.96	19.12
MISCELLANEOUS				
Alcock Ashdown (100)	300.00	299.00	294.00	294.00
Bom. Burmah (25)	56.30	56.70	55.80	55.90
Do. (New) (25)	43.00	43.00	42.25	42.50
Br. B. Petrol (1 sh.)	8.32	8.32	8.16	8.20
Br. I. Corpn. (5)	10.60	11.00	10.88	11.00
Cooper Eng. (100)	124.50	124.50	117.00	117.00
Hindustan Lever (10)	31.00	31.00	30.25	30.60
Hindustan Motors (10)	18.28	18.28	17.84	17.84
I. C. & Invest. Corporation (100)	93.00	95.50	95.00	95.50
Indian-Copper (2 sh.)	3.38	3.42	3.32	3.36
Kilnicks (100)	101.50	101.50	101.00	101.00
Larsen & Toubro (100)	22.76	22.92	22.56	22.64
Mahindra & Mahindra (10)	17.24	17.32	17.12	17.24
Asian Cables (100)	68.00	68.00	66.50	66.50
Permanent Magnets (100)	105.00	105.00	99.00	102.00
Phillips Carbon (10)	13.64	13.76	13.48	13.68
Pre. Automobiles (100)	107.00	107.00	104.00	104.50
Premier Cop. (50)	190.00	190.50	186.00	187.00
Scindia (20)	16.40	16.44	16.24	16.32
G. E. Shipping (10)	14.44	14.44	13.76	13.80
N. Standard Eng. (100)	131.00	131.00	128.00	128.00
T. Yenakilal (100)	540.00	550.00	530.00	537.00
Shivrajpur (10)	16.24	17.72	16.48	17.00
Sirpur Paper (10)	12.08	12.12	11.80	11.92
Tata Locomotive (100)	272.50	273.50	266.25	267.00
Tata Oil (25)	50.75	51.00	49.20	49.50
Voltas (100)	271.50	271.50	267.50	267.50
W. I. Match (100)	244.50	244.50	244.00	244.50
W. Coast Paper (100)	172.50	172.50	170.50	171.00
Zenith Steel (10)	15.44	15.44	15.00	15.00

GOVERNMENT SECURITIES	17-9-1964 Rs.	Gross Yield Earlier Redemption	Later Redemption	24-9-1964 Rs.
2½% 1976	88.25	—	4.58	88.25
3% 1966-68	98.35	3.85	3.45	98.35
3% 1970-75 1st Dev.	90.20	4.95	4.12	90.15
3% 1968 Con. Loan	65.70	—	4.72*	65.85
3½% 1965 N. P. Bonds	100.00	—	3.50	100.00
3½% 1967 N. P. Bonds	99.80	—	3.58	99.80
3½% 1974	96.75	—	4.20	96.85
3½% 1967 N. P. Bonds	99.90	—	3.79	99.90
3½% 1968 Loan	97.95	—	3.95	97.95
3½% 1968	99.00	—	3.77	99.00
3½% 1968 N. P. Bonds	99.95	—	3.70	99.95
4% 1972 Loan	98.80	—	4.18	98.70
4% 1977 Loan	98.70	—	4.17	98.80
4% 1979 Loan	98.00	—	4.16	100.00
3½% 1960 Bonds	100.00	—	3.50	98.05
4% 1978 Loan	98.05	—	4.17	98.00
4% 1981 Loan	98.00	—	4.16	100.15
4% 1966 Loan	100.15	—	4.49	100.10
4% 1977 G. Bonds	118.10	—	4.64	100.10
4½% 1978 N. D. Bonds	100.10	—	4.94	100.00
4½% 1986 Loan	100.25	—	4.48	100.00
4½% 1989 Loan	100.00	—	4.75	

* Current Income. xd—Ex-dividend. xr—Ex-Right.
c.r.—Cum-Rights. cd—Cum-dividend.
‖ B. Burmah—Shares of Rs. 125 have been sub-divided into shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each taking into account the Bonus element of Rs. 22.

COMMERCE

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

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DEAR MONEY AND CREDIT SQUEEZE

THE emphasis on credit restraint set well before the Emergency and in evidence throughout the period since then, except for a Bank Rate weapon in India had long been carried a step further by the Reserve Bank's announcement late in the evening of 25th September 1964 of a higher Bank Rate and a modified mechanism of credit control, which would result in tighter money and dearer interest rates in the coming months. These measures, along with the directives on the revision and reordering of interest rates on bank deposits, are designed to bring about greater realism in the entire structure of interest rates in the organised banking sector.

The five per cent Bank Rate which came into effect on 26th September 1964 is the highest so far in India since the formation of the Reserve Bank in April 1935. With the Reserve Bank's concern on the price situation, expressed repeatedly in a series of its recent reports, and with its preference for realistic fiscal and monetary policies as well as for an orderly structure of interest rate, the rise in Bank Rate was not unexpected, though its timing was a surprise to the capital market. As in the past, the increase in Bank Rate has only been by one-half of one per cent. This is not surprising, for the authorities in this country have never believed in wielding this monetary weapon aggressively. Circumstances today certainly warrant a much higher Bank Rate than the five per cent in force now. But, in this respect, the Reserve Bank's action has always been belated and half-hearted.

The previous half per cent rise in January 1963 in the Bank Rate to 4½ per cent was officially described as a measure intended to bring it in line with the prevailing pattern of interest rates in the money and capital markets, a pattern set in 1960 by the differential lending rates for central bank borrowing. This time, too, the rise in the Bank Rate could be regarded as only an adjustment to the existing pattern of rates, because the effective rate of borrowing by the Central Government on its long-term loans had gone up earlier from 4.50 to 4.75 per cent and the average rate of central banking credit to scheduled banks in the last busy season was a little over 5½ per cent. The explanation given by the Reserve Bank for putting up the Bank Rate is, however, its "growing concern with regard to the current price situation." At best, its present action is only symbolic of its concern, because a 15 per cent rise in prices over the year reflects a serious imbalance between the growth of money incomes and that of real resources and output.

Even apart from this gap between aggregate supply and aggregate demand, a contraction of Rs. 130 crores in bank credit between 24th April and 18th September 1964 in the current slack season has clearly been inadequate, particularly in relation to the unprecedented expansion of Rs. 377 crores in credit that had taken place in the preceding busy season. In view of the revised liquidity requirements coming on top of the already high credit level (as witness the 69 per cent credit ratio even in mid-September), the resources position of banks is much less comfortable this year than it was this time last year with a credit ratio of 66 per cent. The current series of measures, headed by the increase in Bank Rate, are, therefore, intended to put up the red signal to banks. This signal means that, rather than relying upon resources traditionally provided by the Reserve Bank, they should try to meet the genuine credit requirements of their customers within the framework of a policy of restraint and that they should intensify their efforts at mobilising the savings of the people.

The reluctance to make effective use of the Bank Rate weapon in India had long been justified on the ground that the money market was neither organised enough nor sensitive enough to respond to the changes in interest rates. It used to be further argued that the rates of interest on bank deposits and advances were not linked to the Bank Rate. All this, however, was only a lame excuse, for the real reason was partly the desire to keep down the cost of borrowing by the Government and partly the socialist ideology under which it was considered undesirable to pay higher rates of interest on the savings of the public. Increases in the Bank Rate were effected only as a last resort and under acute pressure of circumstances. It may be recalled here that the Rate remained at three per cent right from November 1935, when it was lowered from 3½ per cent, up to November 1951, that is, throughout the war, post-war and early post-independence years. It was stepped up by half per cent to 3½ per cent in the beginning of the First Plan and later from 3½ per cent to 4 per cent in May 1957, that is, early in the second year of the second Plan. The era of planning thus saw a gradual shift from cheap money to dear money and, on each occasion, the intention behind raising the Bank Rate was to strengthen the credit restraints, necessitated by the strains and stresses in the economy due either to world forces or to development expenditures. As already mentioned, the rise in the Bank Rate in January 1963 was in a class by itself, but the latest rise is a continuation of the earlier trend. It is the mounting inflationary pressures that have again forced the hands of the Reserve Bank, whose Governor was till recently opposed to any rise in the Bank Rate.

It must, however, be said to the credit of the monetary authorities (these include the Union Finance Ministry also) that the increase in Bank Rate this time is not merely a reflection of the renewed faith in the value of sound monetary management: it also represents a lead to the commercial bankers to reconsider their interest rate policies and problems. It may be noted here that the banks have failed to take serious notice of the Reserve Bank Governor's advice a month ago that the pattern of interest rates on deposits under the Inter-Bank Agreement was unrealistic and that it did not provide sufficient incentive to attract more deposits into the banking system. The higher Bank Rate is further intended to induce economy in the use of credit and to provide incentive to save rather than to spend. Contrary to common belief, the higher Bank Rate would have a perceptible impact on borrowers who are outside the banking sector also, for the effect of dear money on them is more prompt and telling than that of cheap money. This would be more so, as the rise in the Bank Rate is being followed by restrictions on the ability of banks to create credit, with a clear emphasis upon credit for only genuine and productive purposes as against speculative and hoarding purposes.

The differential rates of interest payable by scheduled banks on their borrowings from the Reserve Bank of India based upon quotas fixed with reference to the statutory reserves of the scheduled banks, first introduced in 1960, have now been abandoned after four years of experimentation, involving no less than eight changes. The erstwhile scheme consisted of (i) a basic quota for borrowings equivalent to 100 per cent of the average statutory reserves of banks (except during the short interlude of liberalisation between 30th October 1963 and 12th March 1964, when it was 150 per cent), which could be availed of at rates of interest varying between the Bank Rate (lower limit) and 6 per cent (upper limit) and (ii) a special quota (in addition to the basic quota) borrowings under which attracted a penal rate of 6.5 per cent; it was in the nature of a discretionary quota allowed only after a review of the merits of individual cases. Further, within the basic quota, additional borrowings were permitted at Bank Rate against the banks (*a*) lendings to small-scale industries and co-operatives. (*b*) holdings of eligible usance export bills drawn in Indian rupees, and (*c*) lendings to collieries guaranteed under the Guaranteed Scheme. Till March 1963, these additional borrowings at Bank Rate were allowed by effecting a corresponding reduction in the quota at 6 per cent, but, thereafter, the additional quotas on these special lendings were really an addition to the basic quota, thus providing an incentive to the banks to take greater interest in the development of the specified fields.

This scheme, which came to be known as a system of *quotas* and slab rates, had its limitations and failed to impose any effective control on the extent of scheduled bank borrowings which touched an all-time peak of Rs. 107 crores in March 1964. Moreover, a major change in the system of liquidity has also taken place. In view of this, the Reserve Bank has discontinued the system of quotas for the scheduled bank borrowings from it and introduced a new one this week. According to it, a new kind of differential interest rates has been put into operation. The cost of borrowing from the Reserve Bank will now rise progressively, depending upon the level of credit extended by banks in relation to their own resources. The Reserve Bank desires to operate the restraint by increasing the cost of central bank accommodation without enforcing any formal ceiling on the amounts that can be borrowed. But it has fixed a ceiling at 9 per cent per annum on the rate of interest that can be charged for bank advances by the larger Ind

foreign banks. In effect, therefore, the Bank has indirectly put a practical limit on the maximum cost which the banks will be prepared to pay on their borrowings from the Reserve Bank. There is, however, no ceiling on the lending rates of the smaller scheduled banks having deposits less than Rs. 50 crores.

The amounts which the banks will be allowed to borrow from the Reserve Bank at various rates of interest under the new scheme are related to what is called their "net liquidity position." The net liquidity position as now defined means the "total of a bank's cash, balances with the Reserve Bank and other notified banks (including the State Bank of India), and balances in current accounts with other banks, and investments only in Government securities, *less* its total borrowings from the Reserve Bank and the State Bank, as a proportion of its aggregate demand and time liabilities," as reported every Friday under Section 42 of the Reserve Bank of India Act. This net liquidity is different from the definition of liquidity adopted for the purpose of the statutory requirements of "liquidity ratio" under the Banking Companies Act, according to which the liquid assets consist of cash, balances with the Reserve Bank, State Bank and other notified banks and unencumbered approved securities. But, as the borrowings from the Reserve Bank and/or the State Bank have to be excluded for arriving at the net liquidity position, the ratio of net liquidity to aggregate liabilities will fall more rapidly in the busy season than the statutory liquidity ratio, for a good part of the borrowings is usually against usance bills.

A bank will be allowed to borrow unlimited amounts from the Reserve Bank at Bank Rate, that is, at 5 per cent per annum, as long as the net liquidity position as explained above is at or above 28 per cent. But for every one percentage point fall in this position, the rate of interest to be charged on the *entire* amount of that bank's borrowings will go up by half per cent. It will be noticed that one of the fundamental differences in this new scheme of differential interest rates, as compared with the old scheme, is the abolition of the *slab* system: under the old arrangement, a quota of the amount that can be borrowed at each slab of interest rates was fixed, and the mere fact that a bank borrowed some amounts at a higher rate did not affect the cost of its borrowings under the preceding slab or slabs. Under the new system now, every decline in net liquidity position beyond one per cent will push up the rate of interest not only on the further borrowings, but also on the amounts already borrowed earlier at a lower rate. All this would mean that the limit beyond which it would not be profitable for banks to borrow from the Reserve Bank would be reached much sooner and that, although in theory, there is no limit imposed on the availability of central bank accommodation, there will always be a ceiling in practice.

As a further measure of tightening the central bank accommodation, the schemes for additional special quotas at Bank Rate in respect of advances to the small-scale and the co-operative sectors and to the coal industry will be discontinued. The only concession that now remains pertains to borrowings from the central bank under the Rupee Export Bill scheme against a bank's holdings of rupee export bills, provided that the rate charged by the borrowing bank to its customers is not more than 1½ per cent above the Bank Rate.

The Reserve Bank has repeatedly been emphasising the need to increase the pace of deposits mobilisation: its gentle hints on an appropriate and scientific interest rates structure were, however, not heeded by the bankers and they are now faced with a Reserve Bank directive fixing rates of interest for very short-term periods upto three months, in addition to a specific indication of its mind regarding the base from which rates of interest for deposits beyond three months should be calculated. Under the pattern in vogue hitherto, banks have been paying as much as 3 per cent on three days' notice money and only four per cent for 365 days' money. When the Bhabha Committee of the Indian Banks' Association considered revision and rationalisation of interest rates, it suggested a rate of 2½ per cent on three days' notice money for a minimum period of 15 days, with the option to raise the rate up to 3 per cent in the busy season. This was not acceptable to the majority of bankers. Even the milder proposal of the Exchange bankers to raise the period of notice to seven days as it existed before the Reserve Bank's directive on interest rates in 1960 was not acceptable to the bankers. The Reserve Bank has now directed that interest on deposits up to 14 days shall be on the same basis as on current accounts, that is, *nil*. For 15 days' to 45 days' deposits, the maximum interest rate prescribed is 1.25 per cent per annum. For deposits repayable between 46 and 90 days, the rate prescribed is 2.50 per cent per annum, in place of the existing rates of 3½ per cent for deposits falling due between one month and two months and 3½ per cent between two and three months. The contention of the Reserve Bank of India that banks were paying too much for money in this category which would in any case have remained with the banking system is supported both by logic and facts, which even the banks would have noticed, if their deliberations had not been influenced by inter-bank jealousies and politics.

It is clear that the new credit control mechanism and the directives on interest rates payable on short-term deposits, together with the withdrawal of the general permission given to banks to bring short-term funds from abroad, imply that the banks must make serious efforts to increase their deposits from the public. The Reserve Bank cannot now be accused of saying vague and general things in platitudinous terms: for it has unambiguously indicated that, in its opinion, the structure of interest rates for term deposits should be based on a minimum rate of 4 per cent per annum for deposits of 91 days, with adequate spreads for deposits of longer terms. Here is an opportunity again for the bankers to pick up the gentle but firm hint from the Reserve Bank, but, if they fail to do so, they will not then be able to blame it for the consequences of their failure.

FIGHT AGAINST CORRUPTION

It was the widespread public belief that there was "something rotten in the State of Denmark"—that corruption was prevalent in an acute form, particularly in the political, administrative and business sectors of the country—that touched the sensitive soul of Mr. Gulzarilal Nanda, Union Home Minister, to the quick and led him to give a solemn undertaking to the nation just ten months ago. The Minister's public pledge, given on 30th November 1963, was to the effect that he would give up his high office if, within a period of two years from that date, he failed "to produce a striking impression and to make a substantial difference in regard to the prevalence of corruption" in the Central sphere in which he acted. In giving this pledge, Mr. Nanda had also been influenced to some extent by the "disturbing" findings of the Committee on Prevention of Corruption, headed by Mr. K. Santhanam. The Home Minister thus seemed to have taken, at that time, an extremely grave view of the "corruption" situation. But he has since adopted a sober and more balanced view, as will be evident from the pointed remarks he made in his broadcast talk of 7th May last:

> "Our people are prone to exaggeration of their own faults. Very often the picture of corruption is overdrawn. There are many Government servants whose careers are free from any taint of corruption, applying even the strictest test. It is also true that not every businessman has recourse to dishonest ways. And it is demoralising for the nation that, because of the lapses of a few, sweeping statements should be made about persons in political life generally."

Still the ministerial pledge is too solemn to be forgotten, and Mr. Nanda has done well to try to redeem it in part by taking a series of steps. He has, to begin with, set up a Central Vigilance Commission in pursuance of a recommendation made by the Santhanam Committee. The Commission's principal function is to ensure that complaints of corruption or lack of integrity on the part of public servants are attended to promptly and effectively and that the offenders are brought to book without fear or favour. Much is rightly expected of this Commission, for its independent character is calculated to make it a powerful force for the eradication of corruption in the public services. But, whether this expectation will materialise within a year or two is doubtful, for, by its very nature, the process of eradication of corruption is bound to be a tedious and protracted one.

Another step taken by the Home Minister in recent months is the constitution of a Department of Administrative Reforms. This Department is expected, in due course, to help cut down avoidable delays in all branches of administration. The idea here is that a reformed administration, which can function with greater speed and efficiency, especially in matters pertaining to permits and licences, contracts and payments, grants and loans, and so on, would be less susceptible to corruption. Here, again, no spectacular results can be expected within a short period, for the innumerable administrative divisions and departments which have a "vested interest" in the maintenance of controls and regulations will not be easily persuaded to divest themselves of even the less important or superfluous powers of direction and regulation. However, it will be interesting to watch whether and how the reforms, if any, proposed by this Department for speeding up administrative procedures in all other Government departments are going to be implemented by the latter.

The Sanyukta Sadachar Samiti, sponsored by Mr. Nanda in May last, as "a purely non-official and non-political body," represents another significant step, in that it is intended to bring to the notice of the vigilance machinery of the Government "reliable" information about "the techniques, ways and locations chosen for corrupt dealings." The direct sources of the Vigilance Department and the material gathered by the Samiti, according to Mr. Nanda, should together ensure coverage of almost the entire field of corruption. This voluntary organisation, which has been unfairly criticised by some because of its association with Mr. Nanda's name, is yet to make its impact on the situation, both in terms of assistance to the Government for eradicating corruption and of development of moral and social sanctions for counteracting corrupt tendencies and dishonest dealings.

All these steps are doubtless in the right direction. But their preventive aspects are of relatively long-term significance. It is the punitive aspect of the anti-corruption drive that is most crucial from the relatively short-term point of view, for deterrent punishment for offences involving corruption is bound to reduce the future incidence of such offences. Considered from this point of view, some of the stringent provisions of the Anti-Corruption Laws (Amendment) Bill, introduced in the Lok Sabha last week, would seem to be necessary. For instance, there is the provision for making the possession, by a public servant, of disproportionate assets — disproportionate to his known emoluments—"a substantive offence" unless, of course, he can validly explain their origin or acquisition. The provision relating to inspection of bankers' books in cases of suspected concealment of assets is equally stringent. The purpose here is to give more powers to the police officer (of the rank of a Superintendent of Police), investigating a case of suspected corruption, to inspect any bankers' books insofar as they relate to the accounts of the person suspected to have committed the offence, or any other person suspected to be holding money on behalf of such person. Another related provision authorises possible attachment of money or other property believed to have been obtained by the commission of offences under Section 5 of the Prevention of Corruption Act, 1947. The redefinition of "public servant" so as to cover certain additional categories of persons, such as persons performing adjudicatory functions under any law, liquidators, receivers and commissioners, is another noteworthy feature of the Bill.

The bribe-giver, too, will come in for stern treatment, for the relevant provision in the Bill makes "habitually corrupting public servants" a criminal offence. Another salutary provision is intended to safeguard the interests and reputation of honest public servants who may be maliciously defamed by disappointed applicants for contracts or licences. In such cases, "defamation by spoken words" is to be treated as an offence and public prosecution against the offender can be launched even without obtaining the consent of the "public servant" who has been defamed. It would thus appear that the Bill is designed as much to bring to book the corrupt officials and thereby deter others from possible corruption as to protect the honest and innocent officials against defamation or unsubstantiated allegations and to deal more sternly and effectively with the insidious breed of bribe-givers. But the Bill, which is intended to eradicate administrative corruption in pursuance of the recommendations of the Santhanam Committee, is incomplete, in that the political master of the public servant is yet to be dealt with. It is when Mr. Nanda comes to deal with the corrupt politician's role in administrative corruption that he will know what he is up against and where he stands.

MARKET GOSSIP

More On Bank Rate

THE Bank Rate has been raised from 4½ per cent to 5 per cent. The system of providing central bank credit to member-banks has been so modified that both the volume and cost of such credit would be adversely affected. In view of the prevailing low level of liquid assets with the majority of banks excluding the State Bank of India and its subsidiaries, their ability to borrow from the Reserve Bank in the coming busy season will be far less than in the last busy season. The average cost of such borrowings also will be more. The banks must, therefore, necessarily charge more on their loans and advances. Indeed, they must have already raised their minimum lending rate from 6½ per cent to 7 per cent.

What does this mean? It means that every user of bank credit must work harder and more efficiently, cut down waste, give up overstocking of raw materials, and sell his finished goods as quickly as possible. It does not mean that he should pass on the increase in his interest charges to consumers. Again, he should cut down his borrowings to the maximum extent possible and increase his own resources by building up reserves and raising additional capital, preferably equity capital.

The Reserve Bank has undoubtedly done the right thing in pushing up the Bank Rate and the cost of bank credit. But, if this policy is to yield satisfactory results, the fiscal policy of the Government must also undergo a change. Otherwise mere adjustments in monetary policy will be self-defeating.

What are the lines on which the fiscal policy should be changed? In the first place, the incidence of taxation should be reduced, in order to encourage more savings and their investment in equities. Without this reform, the corporate sector cannot minimise its dependence on bank credit. In the second place, expenditure by the public sector must be drastically curtailed. This should not be impossible, if the Central and State Governments have the necessary will power and realise that, unless they do so, economic difficulties confronting the country will multiply fast and the value of money will go down further. At present, one regrets to find that the public sector is only paying lip sympathy to economy in expenditure and no serious attempts are being made to prune the expenditure drastically. And, thirdly, the Government should expedite its efforts at securing full production from all its industrial and other commercial undertakings.

There are also two directions in which the Government should move. One is a tightening of the wage policy. It must display sufficient political courage in evolving and enforcing a policy which relates the worker's remuneration to his production performance. The other is to enhance the reward for small savings, in keeping with the increase in interest rates.

The last mentioned suggestion will also serve the purpose of inducing banks to pay appropriate rates of interest on term deposits. The Inter-bank Agreement on deposit rates has not been sufficiently flexible and operated with imagination. The banks have been using it more as an instrument to protect their costs than as one meant for attracting more deposits. One thing which this Agreement has definitely done is generation of wrong ideas about the role of interest rates. Even today there are bankers—and some of them are holding high places as representatives of the banking system as a whole—who feel that time deposits with banks are not savings and that it is a sheer waste to increase the rates of interest on deposits. The Reserve Bank has already realised that it is useless to wait for banks to amend the Inter-bank Agreement realistically.

On 31st August last, the Governor of the Reserve Bank told bankers in all seriousness that the changes made by them in deposit rates were inadequate and unscientific. He was right, for, after a mountain of labour lasting over several months, all that was produced was a mouse. What is more, none of the bankers cared and the Committee of the Indian Banks' Association had literally kept quiet on the Governor's advice, as if it was of no consequence. In fact, shortly after his address at the Bankers' Dinner, almost all the top bankers went abroad and there was hardly anyone in the country to take the lead.

The Reserve Bank, which has already scientifically fixed the rates of interest on deposits for short periods up to 90 days, should take the initiative and determine the rates of interest for other term deposits also, if the Committee of the Indian Banks' Association fails to do so within a month. It must be borne in mind, in this connection, that, by reducing the rates of interest on call deposits and very short-term deposits, the Reserve Bank has actually saved a lot on interest charges for the banks, while, at the same time, it has helped them to charge more on advances. It would surely not be in consonance with the objectives of the latest changes in monetary policy, if the banks take too long to make up their minds about utilising a part of this gain for attracting more time deposits.

There are two ways in which the Reserve Bank can act, if the banks fail to realise their responsibility. One is to give a directive to all banks as it has done now in the case of very short-term deposits. The other is to ask the State Bank of India and its subsidiaries to take the lead by stepping up the rates of interest on deposits on 91 days and over. As the State Bank of India is not a signatory to the Inter-bank Agreement, it is free to act independently of this Agreement.

The right rates of interest on term deposits would, in our opinion, be 4½ per cent for six months, 5 per cent for one year, 5½ per cent for two years and 6 per cent for three years. It is unnecessary for banks to quote for a period in excess of three years. These rates would, in the long run, turn out to be cheaper for the banks and help reduce their dependence on the costly and irksome central bank credit.

An impression has been sought to be created by some that the new scheme for providing central bank credit has been so designed as to be more favourable to the State Bank of India and its subsidiaries than to the commercial banks in the private sector. This is not a correct interpretation. There is very little of P.L. 480 investments with the State Bank now. Accordingly, the higher liquidity of that Bank is the outcome of devoting a relatively lower proportion of its resources to loans, advances, overdrafts and cash credits and bills purchased and discounted. This is true of its subsidiaries also. The banks in the private sector, however, have been devoting a larger proportion of the resources to providing credit for trade and industry and a relatively smaller proportion to investments in Government securities. Generally speaking, the ratio of liquid assets to deposit liabilities is higher by 10 to 11 per cent in the case of the State Bank of India than the comparable figure of its confreres in the private sector. Surely, one cannot have the cake and eat it too.

There seems to be a doubt among some banks whether the rates of interest prescribed by the Reserve Bank for call money and very short-term deposits are applicable to the inter-bank borrowings as well. This doubt is unwarranted, because inter-bank call money is on an entirely different footing from the deposits taken from the public. The purpose and spirit behind the directives on interest rates is to encourage deposit mobilisation from the public. It is, therefore, absurd to think that the inter-bank call money is covered by these directives.

There is, however, another doubt which is quite warranted. This relates to the investments of banks in Government securities for purpose of calculating the net liquidity ratio. In its *communique*, the Reserve Bank has used the words "investments in Government securities." The question is whether these include approved securities also. Some say that they do not, as the wording is quite clear and not capable of any other interpretation. The issue, we understand, has already been taken up with the Reserve Bank and a clarification is awaited. Meanwhile, it is unnecessary to add that, if approved securities are not included for the purpose of calculating the net liquidity position, the room for borrowings from the Reserve Bank at Bank Rate will be narrower than otherwise, because investments in approved securities constitute a substantial amount in the banks' portfolio of Gilt-edged securities as a whole. Surely, there is no reason why approved securities also should not be included for this purpose, as they are all securities with the interest and principal guaranteed by either the State Governments or the Central Government. Any attempt to differentiate between the two would be a case of splitting hairs and deal a severe blow to the borrowing capacity of Local authorities, electricity boards and other State-owned institutions.

The increase in Bank Rate has not had any pronounced effect on either equities or Gilt-edged securities. As there was a substantial short position in shares on the eve of the Reserve Bank's announcement, the event came as a Godsend for the bears to book their profits conveniently; hence the quick recovery after the initial setback and subsequent steadiness of equities. As for the Gilt-edged, it is not a free market, since it is propped up by statutory compulsions on institutional investors and provident funds in regard to the disposition of their funds.

One final point. Usually, changes in the Bank Rate are effected in the evening of Wednesdays. This time the change was made on a Friday evening. It is a statutory obligation on the Reserve Bank to announce the Bank Rate on the notice board by 5 p.m. every Wednesday. Although the present change in the Bank Rate is the fifth one since the Bank was established, this is the first change to be effected on a day other than the traditional Wednesday.

State Bank Acts

Since writing the above, the State Bank of India has issued an announcement enhancing its deposit rates with effect from 1st October. While following the Reserve Bank's directive in regard to very short-term deposits, the State Bank, which was hitherto observing the schedule of rates under the Inter-bank Agreement, has decided to pay 4 per cent for 91-day deposits as suggested by the Reserve Bank and 4½ per cent for six months and above, 5 per cent for 12 months and over, 5¼ per cent for 24 months and over, 5½ per cent for three years to five years and 6 per cent for five years and over. Under the Inter-bank Agreement, six months deposits get only 3½ per cent, one-year deposits only 4¼ per cent, two-year deposits 4½ per cent, three-year deposits 4¾ per cent, followed by a ¼ per cent more for the addition of a year to the usance of deposits, subject to a maximum of 6 per cent for deposits of seven years and over. Now that the State Bank of India has acted promptly, the other banks will have to follow suit, if they are not to lose their deposits to the public sector banks.

Sweating For Nothing

That there is confused thinking in official circles about the cotton textile situation is clearly borne out by the statement on mill cloth production and price control which Mr. Manubhai Shah, Union Minister for Commerce, made in the Lok Sabha on Monday this week. In one breath Mr. Shah admitted that "there is *sufficient* quantity of cloth in the market, the pipeline in the wholesale and retail trade is *quite full*, and the stocks with mills are *adequate*" (all italics ours). In another he said that the Government had decided on the scheme of partial control "with a view to ensuring an adequate supply of good cloth of popular varieties at reasonable prices for common mass consumption." If, as Mr. Shah says, the supply position of cloth is comfortable, one would ask: Why then controls, even partial? Indeed, the present state of supply of and demand for cloth seems to be propitious for complete decontrol. Actually, there is at present a completely "free" market in cloth. Cloth is available in plenty everywhere, and no one hears any complaint from consumers about either non-availability of cloth or difficulty in obtaining supplies in required quantities. The Government could have allowed the present position to continue for some more time and, in the meantime, permitted mills to expand their weaving capacity through installation of automatic looms. No one need argue elaborately to prove that, if attention is concentrated on increased production, distribution will take care of itself. Anyway, ignoring all this, the Government has firmly decided on a scheme of partial control on mill cloth, obviously because a section of politicians has been shouting from house-tops that mills are exploiting consumers. In the past one year, prices of cloth have doubtless gone up, but the increase has only been modest as compared with the other articles of consumption.

Now that the Government has made up its mind to "protect" the interests of consumers, we wish it success in its new experiment. It is only to be hoped that the scheme will be implemented properly, so that the following three purposes which Mr. Shah mentioned in his statement will be served:

One, adequate supply of good cloth of popular varieties at reasonable prices is ensured for common mass consumption.

Two, there will be a reduction of about five to eight per cent in the prices of most of the controlled categories, as compared with the prices prevailing under the industry's voluntary price scheme; only in a few old varieties of controlled categories, the prices of which continue at pre-1961 level and which constitute less than five per cent of the controlled cloth, the new prices are expected to rise by 7 to 8 per cent.

Three, the controlled varieties of cloth will be produced "in more than adequate quantities to meet the requirements of all."

The scheme of partial control announced now differs from that recommended by the Cotton Textile Consultative Board in three important respects. In the first place, the percentage share of the total mill cloth production (excluding sales for exports and defence requirements) coming under production and price control with effect from 15th October is fixed higher at 45, as against 40 per cent suggested by the Board. Secondly, the scheme will cover only four categories of mill-made piecegoods, namely, *dhotis*, *saris*, longcloth and shirting (drill may be included later), whereas the scheme recommended by the Board covered a cross-section of the entire production. Thirdly, a special incentive has been given to the mills to produce more for export and defence. Thus, for every 10 per cent (of total production) of sales made by any mill for export and defence, credit will be given at the rate of 2 per cent which can be sold in the free market. No such incentive had been envisaged by the Board. All these changes appear to have been for the better.

The prices of the controlled varieties of cloth will be fixed on the basis of formulæ prescribed by the Government for working out the cost of cotton, the conversion charges for spinning and weaving, and the processing charges for bleaching, dyeing, printing, mercerising, etc. The prices so determined will be stamped on the pieces of cloth as ex-mill prices. The retail prices, the excise duty, the category and the description of cloth, as well as the tex-mark of the mill, will also be stamped separately. In calculating the retail price, a margin of 18 per cent over the ex-mill price (excluding excise duty) will be allowed. In addition, the controlled categories will bear the words "controlled cloth." All these details will be printed in red colour. No mill will be allowed to produce the controlled varieties in the non-controlled sector. Nor will any mill be permitted to print the words *dhotis*, *saris*, longcloth and shirting on any non-controlled varieties.

All mills have been asked to begin producing and price stamping from 7th October onwards and complete the switch-over by 15th October after which date all controlled varieties will have to be produced and price-stamped as per control orders. But the Government has still not made available to the mills the multipliers for fixing prices of controlled varieties. It is, therefore, doubtful whether the mills will be able to complete the switch-over by 15th October. This will be much more so, if the multipliers turn out to be complicated, as is feared by the industry. Indeed, it looks as though the hope of Mr. Manubhai Shah that "controlled cloth will become available in the market in appreciable quantities early in November" (that is, Diwali days) will not materialise.

Be that as it may, in order to ensure the effective implementation of the control scheme, the Government of India proposes to set up a Textile Control Advisory Committee (with Mr. V. P. Naik, Chief Minister of Maharashtra, as Chairman) and a Central Consumers Vigilance Com-

(*Continued on page 620*)

DELHI LETTER

SHASTRI BEATS A RETREAT?

EXPERT EXERCISES ON FOURTH PLAN SIZE

From Our Special Correspondent

NEW DELHI, *29th September*

THE Prime Minister, Mr. Lal Bahadur Shastri, appears to have beaten a retreat from his efforts to curtail the size of the fourth Five-year Plan outlay. This conclusion emerges from the detailed discussions among members of the Planning Commission and the Ministers in the Union Cabinet in the past three or four days. Yesterday, the Union Cabinet deferred giving its final assessment of the desired size of the fourth Plan and sent back various memoranda to Yojana Bhavan for redrafting and presentation to another Cabinet meeting after Mr. Shastri returns from Cairo on 12th October. At the end of next month, the Central-Cabinet-approved papers on the fourth Plan will be presented to the delayed meeting of the National Development Council.

According to one source, the Prime Minister is reported to have been worried over the increasing tempo of the controversy over the fourth Plan—too much of it for his comfort, particularly because of his lack of grip over the details of planned development programmes. The Prime Minister's initial pronouncements on planned development, no doubt, were basically political in that he tried to think aloud on what the layman wanted and what to do to alleviate the frustration and discontentment among the people. In closed meetings, the Prime Minister often finds it difficult to follow the technicalities—whether they involve fertilisers or the many varieties of cloth—he himself is used to wearing a simple *dhoti* and *kurta* all his adult life. In his career as Union Minister, Mr. Shastri scored in his political position as Home Minister and did not make much impact in the other Ministries which had to deal with technical questions. One expert reduced Mr. Shastri's plan concepts to an absurd equation: reduce investment but at the same time maintain a quick growth rate—the reduction in outlay being dictated by the fact of inflation getting out of administrative control. The Prime Minister will certainly pursue his well-intentioned aim of going in for projects which will yield quick results and at the same time he, as well as the planners, is convinced that great scope exists for saving through better project implementation. But the Prime Minister and his advisers could not come up with specific suggestions on where and how the big cuts in investment can be made. Meanwhile, the process of formulating the fourth Plan was getting delayed. At a certain stage, the Prime Minister must have decided to put a stop to the drift. Mr. Shastri may also have realised that the momentum of planned development and the increasing expectations generated by Plan promises added up to certain inescapable minima in outlay. When faced with the details of sectoral development, Yojana Bhavan appears to have convinced the Prime Minister that heavy cutbacks in investment were not possible, unless the Prime Minister was willing to go for a lower growth rate in the fourth Plan than is politically feasible to project (*vide* Delhi Letter on page 396 of *Commerce* dated 5th September).

T.T.K.'s Upper Hand

Union Ministers are agreed on a minimum five per cent annual rate of growth in agriculture and 12 per cent growth in industrial production as the minimum aspirations for the next Plan period. Whether it is Rs. 21,000 crores, or Rs. 22,500 crores or Rs. 24,000 crores that is to be fixed as the outlay target, investments in agriculture and industry are to be maintained at a high level. The figure most popular this week with the planners for agricultural investment in the fourth Plan is around Rs. 3,400 crores, of which more than Rs. 2,700 crores are sought to be in the public sector. For industry, the total allocation is mentioned at between Rs. 5,700 crores and Rs. 6,200 crores against an original proposal of Rs. 7,000 crores. The allocation for private sector industries may not be more than Rs. 2,000 crores. The three sets of possible fourth Plan outlay now being studied are all in excess of the estimates of resources of a maximum Rs. 20,000 crores.

Mr. Krishnamachari is again in a commanding position, with the Prime Minister being described as almost an on-looker because of his weak grasp of fiscal and technical details of the problems of development. In Parliament, Mr. Shastri has been shy of discussing economics—leaving it to Mr. Krishnamachari. According to one report, the Finance Minister has been responsible for restraining the Prime Minister from pressing forward with an approach which may have resulted in a reversal of the modern attitudes to planning and development built up in the past few years. It was only in the preparation of the second Plan that a concerted approach to planning emerged. The third Plan performance shows that the experts at Yojana Bhavan did not take into sufficient account the resources position. Or, to put it the other way, the politicians were not willing to squeeze the people harder to raise the resources which may be necessary to fulfil the third Plan targets. The biggest problem, however, will be in foreign exchange resources. During the fourth Plan, as Mr. Krishnamachari has repeatedly stated, foreign exchange may be harder to come by if the targets are too ambitious. One interpretation of the change of mood in the Union Cabinet over the next Plan size is that the recent conversations with the Russians have shown that there is more hope now for greater flow of Soviet financial and technical assistance for heavy projects during the fourth Plan. All the same, the bulk of foreign assistance has to come as a result of World Bank persuasions of the participants in the aid-India consortium meetings.

Secretarial Confusion

In several high places in the Union administration, problems have emerged as a result of simultaneous changes of the Ministers in charge and senior Secretaries. The Indian Civil Service is credited by its members with having the capacity to switch from one job to another and, of course, it is true that the changes do not affect the salary or other facilities for the civil service men. In the Food and Agriculture Ministry, the change of Minister and change of Secretary took place in quick succession, with the result that there were two novices learning the business at Krishi Bhavan. In the Petroleum and Chemicals Ministry, the exit of Mr. Malaviya was also followed by big changes in the senior officials in charge, with the result that some of the expertise gathered in dealing with complicated international oil problems were lost, to the disadvantage of the Government.

In the Planning Commission, too, administrative changes have affected the relations between the Cabinet and Yojana Bhavan. It will soon be a year since Mr. Asoka Mehta joined the Planning Commission as Deputy Chairman. Mr. G. L. Nanda was the first Deputy Chairman of the Commission and returned to the post after Mr. V. T. Krishnamachari had a long innings on the job. Mr. V. T. Krishnamachari brought much administrative cohesion to the work at Yojana Bhavan. Mr. Nanda's appointment to the Home Ministry in August last year was followed by the posting of a junior Minister, Mr. Bhagat, to be in charge of Planning and by Mr. Mehta's take-over of the Deputy Chairmanship. Mr. Mehta started with declarations on the need to reform the working of the Planning Commission and he has done much public relations work in defending some planning concepts, but Mr. Mehta's ideas on Yojana Bhavan shake-up as well as Mr. Shastri's ideas on the subject are still hanging in the air. While Mr. Nehru, Mr. Shastri and Mr. Mehta all talked of ending some of the "executive functions" of the Planning Commission no one seems to have located these extra activities which should be ended. There has been talk that the Planning Commission should refrain from a detailed examination of individual projects from States or Ministries but only frame the general outline. If this is done, the Centre may have to create another mechanism to regulate the Plan activities of the States. While the National Development Council acts as the top Plan policy group, in the federal set-up there will continue to be need for a co-ordination executive. Mr. Krishnamachari's advocacy has been for more Central projects which will automatically lead to co-ordination at the Central Ministerial level.

India and the United Arab Republic on 28th September signed an agreement for collaboration to develop supersonic aircraft capable of flying at twice the speed of sound. The project is to marry the HF-24 aircraft (Marut—designed at Bangalore with the help of German designers employed by the Indian Defence Ministry) with an engine which has been developed in Cairo, also with the help of Germans. The U.A.R. engine may take another two years to be developed for Match II performance. An Anglo-American team which visited the Hindustan Aircraft factory earlier this year had recommended the adaptation of a Rolls Royce engine for the HF-24 to make it capable of Match II performance. This suggestion is now being pushed to the background and the biggest effort will be to produce the HF 24 Match II version with U.A.R. collaboration. One reason for the apathy towards the Rolls Royce engine seems to be the high cost of development and adaptation, placed at more than Rs. 5 crores. The deal is not just Afro-Asian politics.

Under the five-year defence programme, Mr. Chavan is initiating steps to reorganise and speed the ordnance production programme also. The American offer of help for ordnance factories came immediately after the Chinese attack in October 1962 and it is only nearly two years later that the first plant under that offer has gone into production. Mr. Chavan will formally inaugurate the plant on 15th October. The book value of the factory is said to be about Rs. 2 crores, because the factory was 'moth-balled' after the last war by the Americans who went in for more modern arms factories. The new ordnance plant will be capable of meeting most of the immediate needs in ammunition for the automatic and semi-automatic weapons being made near Calcutta, where production has been increased. Although it is two years since the ammunition plant was offered by the Americans, the Indian Defence Ministry makes a valid point that, once work on the plant erection began and the equipment started arriving, only eight months were needed to build the factory and bring it on production. Five other ordnance plants are among projects which the Defence Ministry wants to pursue soon.

The Governments of India and the United Arab Republic have exchanged letters providing for economic, industrial and technical collaboration. Agreement has been reached on the scope existing for collaboration in the setting up of industrial projects and undertaking construction of highways, bridges, transport and communication systems. Agreement has also been reached on the trade plan between the two countries for the years 1965-66 and 1966-67. Under this plan, a total trade turnover of about Rs. 45 crores—Rs. 22.50 crores each way—is envisaged for the current year.

Notices

MARTIN BURN LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of Members and Share Transfer Books for Preference Shares in the Company will remain closed from the 7th October to 9th October 1964, both days inclusive, for the purpose of payment of Preference Dividend for the half-year ending 30th September, 1964, on or after the 9th October, 1964, to those Preference Shareholders whose names appear on the Company's Register of Members on the 9th October, 1964, or to their mandatees.

By Order of the Board,
L. K. SEN CHOWDHRY,
Secretary.

Registered Office:
12, MISSION ROW,
CALCUTTA 1.
24th September, 1964.

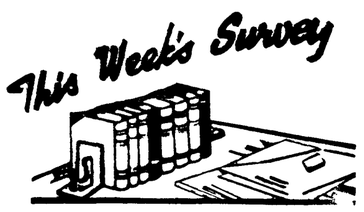
DALMIA CEMENT (BHARAT) LIMITED

Registered Office:
DALMIAPURAM (Madras State)

A GENERAL MEETING OF THE SHAREholders of the Company will be held at Dalmiapuram, the Registered Office of the Company, on 30th October, 1964, at 11 a.m. Notices of the Meeting setting out the Agenda and Explanatory Statement on the special business to be transacted thereat have been sent to the shareholders by post.

By Order of the Board,
S. C. AGGARWAL,
Secretary

Dated: *24th September*, 1964.



FOOD ADULTERATION

ANY trader or hotelier who indulges in adulteration of food for the sake of some immediate gain may be either giving the consumer less than his money's worth or even endangering his health. A strictly enforceable measure to protect the consumer against that harmful and deceitful practice of anti-social elements in hotel and distributive trades and to mete out deterrent punishment to the latter has always been thought of as an absolute necessity in the conditions of rampant food adulteration in this country. But, unfortunately, the Prevention of Food Adulteration Act, 1954 has not succeeded in eliminating or drastically curbing this malpractice. In fact, this has become an even more widespread menace in the present conditions of food scarcity. It is in this context that the Prevention of Food Adulteration (Amendment) Bill, 1963, on which a Joint Committee of Parliament has just reported, may be welcomed as a useful measure —useful from the point of view of plugging loopholes in the original Act and of strengthening the inspection and enforcement machinery.

The amending Bill is noteworthy for the improvements made in some of the provisions of the original Act and for the insertion of some new clauses therein. One of the objects, as laid down in the original Act, is to prevent food adulteration "with a view to preventing the outbreak or spread of infectious diseases." This limited object becomes a wider object in the amending Bill, thanks to the substitution of the words within inverted commas by the new words "in the interest of public health." An improved clause provides for the appointment of "public analysts" by the Central Government or a State Government to bring it in line with the appointment of "food inspectors" by either Government. The proviso here is that no person who has any financial interest in the manufacture, import or sale of any article of food shall be appointed to be a "public analyst" or a "food inspector." The food inspector, incidentally, will be deemed to be a "public servant" within the meaning of Section 21 of the Indian Penal Code. A new clause makes it obligatory on the part of manufacturers, distributors and dealers of articles of food to give a warranty, in writing, about the nature and quality of the articles sold to the vendors. Every vendor will also be required, where necessary, to disclose to the food inspector the name, address and other particulars of the person from whom he purchased the article of food.

As for punishments for offences under the Act, the amending Bill provides uniformly for a minimum sentence of imprisonment for not less than six months and of fine of not less than one thousand rupees, and a maximum sentence of imprisonment for a term of six years, for all offences. The more important offences possible —some of a technical nature and some others of a serious kind—are listed below:

1. Importing into India or manufacturing for sale, or storing, selling or distributing any article of food which is adulterated or misbranded, or the sale of which is prohibited by the Food (Health) authority in the interest of public health.

2. Preventing a food inspector from taking a sample as authorised by the Act.

3. Possession, by a manufacturer of an article of food, any material which may be employed for the purposee of adulteration.

4. Giving the vendor a false warranty in writing of any article of food sold to him.

5. Tampering of any article of food kept in the safe custody of a person under sub-section (4) of Section 10 of the Act and adulterating it with poisonous or other injurious ingredient and selling it.

The Joint Committee has also proposed an entirely new clause to plug a certain loophole in the original Act. This clause is intended to have a check at all levels, so that, during the trial of an offence against the vendor of an article of food, the manufacturer, distributor or dealer of such article could also be impleaded. The idea here is that, if the court is satisfied on the evidence adduced before it that the manufacturer, distributor or dealer is also involved in the vendor's offence, the court may proceed against that manufacturer, distributor or dealer. Another salutary provision is to the effect that, if any person convicted of an offence under the Act commits a like offence afterwards, the court shall also have the power to order the cancellation of the licence, if any, granted to him under the Act.

All these are doubtless stringent provisions for enforcing the law and preventing food adulteration. But the provision for appointment of "public analysts" and "food inspectors" by Central and State Governments, involving as it does dual responsibility, may cause some confusion in the field of enforcement. As, however, the power to appoint food inspectors is now in the Concurrent List and the Centre cannot, therefore, take over the entire responsibility for dealing with the problem of food adulteration without amending the Constitution, there should be perfect Centre-State co-ordination and co-operation in this field so as to neutralise the confusion, if any, of dual responsibility. In the ultimate analysis, whether the enforcement is done by the Central Government or the State Government or by both together, it is as much a question of integrity and incorruptibility on the part of public analysts and food inspectors as of vigilant public opinion. If the consuming public and the enforcement machinery act in unison, it should not be too difficult to weed out the "black sheep" from the ranks of dealers and vendors of articles of food.

PLASTICS INDUSTRY

The plastics industry in India can legitimately feel proud of its achievements in recent years. The total production of plastics raw materials, which was no more than 700 tons in 1955, jumped up to 12,745 tons in 1961 and further to 25,000 tons in 1963. Such a striking expansion of output has resulted in a considerable saving of foreign exchange that would otherwise have been spent on imports. The actual imports have declined from Rs. 7.77 crores in 1961-62 to Rs. 6.48 crores in 1962-63 and Rs. 4.71 crores in 1963-64. What is more, the industry is also earning quite a bit of foreign exchange through exports. In 1963-64, the industry exported Rs. 2.64 crores worth of plastics goods (as against a bare Rs. 83 lakhs in 1961-62) and is confident of achieving a target of Rs. 5 crores by 1965-66.

The appreciable rise in the production of plastics raw materials has followed the notable expansion in installed capacity, though the progress has been far behind that envisaged in the third Plan document. The total capacity (annual) that has actually been created so far amounts to nearly 33,000 tons, as against the third Plan target of 74,000 tons fixed to be achieved by 1965-66. In other words, the gap remaining to be covered between now and end-March 1966 is as wide as 41,000 tons. Provided sufficient encouragement and assistance are forthcoming from the Central and State Governments, it may not be difficult, according to Mr. Shantilal I. Parekh, Vice-President of the All-India Plastics Manufacturers' Association, to achieve the target within the stipulated period. The exact nature of assistance the industry needs was spelt out clearly by Mr. Kantikumar R. Podar in his welcome speech at the seventeenth All-India Plastics Manufacturers' Conference held at Bombay on Tuesday this week. Four specific suggestions were put forward by him. One, the Government should arrange to supply adequate quantities of alcohol for the production of polyethylene. Two, a flexible policy must be adopted in so far as imports of the latest types of plastics machinery are concerned. Three, the excise duty on the entire range of plastics must be reduced from the present exorbitant rate of 24 per cent to a reasonable level. And, finally, the drastic restrictions imposed by the Bombay Municipal Corporation on the manufacture, trading and storage of plastics should be relaxed suitably.

The plea of the plastics industry for sufficient encouragement is unexceptionable. The industry is endeavouring its best to meet the rising domestic demand for plastics goods and also to export abroad. The estimated domestic requirements in 1970-71 are put at about 275,000 tons. On this basis and bearing in mind the need for an adequate export surplus, the Plastics Panel of the Planning Commission is believed to have suggested a capacity target of 400,000 tons during the fourth Plan period. The successful achievement of this target is, however, possible only if, as Mr. Podar rightly stated, the petrochemical industry is developed in the country, for it is only petrochemicals that can regularly offer the raw materials required by the industry in adequate quantity of the right quality and at an economic price. Experience has shown that the supply of industrial alcohol produced from molasses is irregular and vary expensive, besides being in short supply almost invariably. Almost all industries based on industrial alcohol are working below their rated capacity.

It is not the quantum of output alone that is important; equally important is the quality of the plastics goods. Although the quality is generally good, there is still vast room for further improvemeent. Mr. Radhakrishna R. Ruia, who presided over the Conference, did well, therefore, to urge the need for a well-equipped and well-staffed research institute for this rapidly developing industry. The provision of adequate facilities for the training of technicians was also an urgent necessity. Proper research work and training of technicians, together with modernisation of productive equipment and a concerted drive to augment productivity, as Mr. Ruia aptly said, will go a long way towards attaining the twin-goal of better quality and lower costs.

NATIONAL PRODUCTIVITY COUNCIL

The conference of the National Productivity Council Foreign Programme Participants and Productivity Institutions, held in Bombay on 28th and 29th September 1964, served to highlight the importance of the excellent work being done by the N.P.C. The main idea behind the establishment of N.P.C. was "to stimulate productivity consciousness in the country and to provide services with a view to maximising the utilisation of available resources of men, machines, materials and power; to wage war against waste; to help secure for the people of the country a better and higher standard of living." With this end in view, the N.P.C. collects and makes available information about procedures and techniques of productivity and organises and conducts training programmes in this subject. It has also organised an Advisory Service to facilitate the introduction of productivity techniques in industries and, in order to assist the industries to adopt techniques of better management and operational efficiency, it has decided to offer a Productivity Survey and Implementation Service. In view of the importance of agriculture in the national economy and very poor agricultural productivity in the country, the N.P.C. is now considering the various aspects of securing an improvement in the productivity of this sector. The importance of agriculture to the economy of the country is obvious to all. As a source of a variety of raw materials and food, greater efficiency in agricultural production means a significant improvement in the health and strength of the economy. But there are at least sixty million farmers, if not more, in this country. Will it be possible for the Productivity Council to reach even a fraction of them? Would it not be better for the Council to concentrate its energies on industry where there remains still a lot to be done in spreading productivity consciousness? These are questions on which the Council would do well to reflect before venturing into the problems of productivity in agriculture.

Among the various other activities, the N.P.C. offers foreign fellowships and sends abroad study groups to equip the individuals concerned with the productivity know-how in foreign countries. The purpose of sending these people abroad, as described in the brochure distributed at the Conference, is that they may not only use the knowledge gained abroad for their own self-development and that of their organisations, but may also impart this knowledge to others through participation in the various activities of N.P.C., the Local Productivity Councils (there are at present 46 such organisations in the country) and other institutions and associations concerned with productivity. Whereas attempts have been made to ensure fulfilment of these objectives, some difficulties have been experienced in implementing this programme. These figured in this week's Conference. Lack of adequate finance is the most important hindrance in the achievement of the aims of productivity councils in India. As pointed out by Mr. M. N. Unni Nayar, Regional Director of the N.P.C., it is comparatively more easy to get grants for the construction of buildings than for staff and staff training. Dr. P. S. Lokanathan, Chairman of the N.P.C. also referred to this point and said that the threatened cut down of the U.S.A.I.D. programmes might have adverse effects on the activities of the N.P.C.

Some important suggestions were made at the Conference to expand the activities of the Council and to make them more effective. Dr. Lokanathan pointed out that the reason for the low productivity in India was the tendency of the people to be content with superficial education and training. The aim should be to reach the depth of knowledge and understanding. In this connection he stressed that, though the productivity techniques were important as tools, the emphasis should be on productivity education, for a clear understanding of the subject would enable the adaptability of the tools to the changing times. Another point made by him was that, as the problems varied from industry to industry, each industry should have a productivity council and each industrial unit a productivity cell. Alluding to the utilisation of the know-how gained by the participants in N.P.C.-sponsored training programmes abroad, Dr. Lokanathan pointed out that, as in many cases the participants were not the top people in industries, they were not in a position to implement the new ideas gained by them. This is a very important point, for the ideas gathered by them go waste, since they do not invariably succeed in carrying the top managements with them for implementing them. If this waste is to be avoided, the outlook of top managements should undergo a change. They should give the participants in productivity studies sufficient encouragement and freedom to put their knowledge to work. Mr. N. K. Bhojwani, Executive Director of the Council, pointed out that there was need for the transfer of knowledge from one industry to another and added that the economic opportunities in the country were so wide that this parting of secrets would do no harm to any industry. In view of the very low productivity in the country in almost every field of economic activity, the need for strengthening the productivity movement cannot be exaggerated. Whereas much will depend on the availability of funds from the quantitative point of view, a lot can be achieved qualitatively, if the various institutions and industries co-operate with the Council and among themselves.

DISPERSAL OF INDUSTRIES IN MAHARASHTRA

The excessive concentration of industries in the Bombay-Poona region has been engaging the Maharashtra Government's attention for some time now. In this region, Bombay City and its suburbs, in particular, continue to attract entrepreneurs because of their locational advantages, thus adding to the existing congestion, transport bottlenecks and unhindered expansion of slums. This premier industrial city, incidentally, accounts for about 60 per cent of the total employment and about 40 to 50 per cent of the total industrial production of the State. Besides the fact that the city's population has doubled during the last 15 years or so, its ill-planned industrial concentration has, in fact, brought about a decline in the living standards of that population.

In order to bring about decentralisation and an even distribution of industries all over the State, the Government of Maharashtra, it will be recalled, set up in 1962 the Maharashtra Industrial Development Corporation. This body develops industrial plots by providing facilities for water supply, roads, electric power and drainage and also helps in providing other amenities such as technical training facilities, medical facilities, warehouses, banks and police stations, as and when required. During the last two years, the Corporation has done commendable work and has taken up for development 17 industrial areas all over the State. But it has been found from actual experience that, despite all the efforts made and the amenities provided, the response from industrialists for starting new industries in the underdeveloped areas of the State has not been quite encouraging. There are reports that entrepreneurs are willing to pay very exorbitant land prices in order to remain in the already crowded suburbs of Bombay City. This has led to the further problem of soaring land values which, in turn, has created an acute housing problem. The reasons for this tendency are not far to seek. The amenities and facilities available in Bombay City and suburbs, as well as in the Poona region, far outweigh the cheapness of land and other help offered by the State Government for establishing industries in the underdeveloped regions.

It is against this background that the announcement last week by the Maharashtra State Minister of Industry, Mr. S. G. Barve, regarding a package of incentives offered to the prospective industrialists willing to establish industries beyond the Bombay-Thana complex and Poona-Pimpri-Chinchwad region, should be viewed. Speaking to pressmen, the Minister declared, *inter alia*, that with a view to giving an impetus to the spread of industries in the undeveloped areas of the State and also to reduce the concentration of industries in the Bombay-Poona areas, it was considered necessary that some direct incentives should be offered to new industries. The proposed new incentives are:

1. Applications for industrial licences will be supported by the State Government.

2. Government will give 75 per cent towards the cost of preparation of a feasibility study done through an approved agency.

3. Government may favourably consider guaranteeing loans to be raised by new industries.

4. The State Electricity Board will offer a rebate on the electricity tariffs for all new industries.

5. Government will give a cash refund of the sales tax paid by the industry on raw materials purchased by it, as also on finished products.

6. Government will provide services of skilled personnel to new industries by working a second shift in local technical high schools and in the shape of free use of equipment and provision for establishment expenses.

7. Raw materials, capital equipment and building material imported within the limits of local authorities by industries will be exempted from the payment of octroi duty.

8. In order to ensure regular and prompt supplies of building materials like cement, iron and steel for the expeditious completion of construction programme, the Government will create a revolving fund of such materials.

9. Industries, which have to pay 25 per cent of the cost of housing under the industrial housing scheme, will be subsidised to the extent of 10 per cent of their share to be paid to the Housing Board.

10. To help new industries in marketing their products, the Government will reserve for them 33 per cent of the Government purchases through the Central Stores Purchasing Organisation at the lowest price tendered in open tender.

11. The industries which lift water from public water sources will be exempted from the payment of royalties thereon, if they are required to pay the same.

12. Industries will be exempted from the payment of non-agricultural assessment on the land allotted to or taken up by them.

These incentives, it should be noted, are over and above the present scheme of Government participation in joint ventures. The incentives offered will remain in force for a period of 13 years from the date of licensing or registration, as the case may be, except in the case of electricity tariff where the incentive will be for eight years.

These incentives, it should be noted, are Maharashtra Government is no doubt praiseworthy. But, while these may be sufficient to attract entrepreneurs to new areas in the State, there is the doubt whether these entrepreneurs would be able to attract technicians and skilled workmen to such areas in the absence of assured facilities for their housing, medical care and community life and for the education of their children. Such incentives for technicians may be as necessary as the proposed incentives for intending entrepreneurs.

carrier differential
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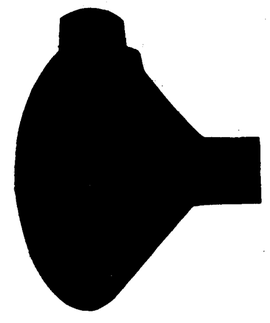

MUKAND IS
STEEL

HOW INDIAN STATES FARE IN INDUSTRIAL PRODUCTION

NEED FOR MORE PROMPT PUBLICATION OF DATA

By A Special Correspondent

THERE has been in recent years a commendable improvement in the publication of statistical information relating to industrial production in India; and credit for this should go largely to the Central Statistical Organisation. Production figures are now available more promptly than before. The coverage also is now much wider.

Apart from traditional industries, production statistics of many new industries are now issued. These industries include beer and ale, fibre board, argon gas, nitrous oxide, sodium aluminate, potassium permanganate, nickel sulphate, acetic anhydride, acetone, ethyl acetate, yeast, hydroquinone, sodium hydrosulphite, sodium thiosulphate, P.V.C. resins, synthetic stones, art silk fabrics, penicillin, vitamin A, mopeds, clinical thermometers, water meters and zip fasteners.

The publication of monthly production figures State-wise was started towards the end of 1958. In the beginning, only ten industries were covered. Subsequently, this coverage was extended from time to time and, at present, it includes 74 industries, the important among them being salt, cotton textiles, sugar, steel, coal, iron ore, tea, wheat flour, cigarettes, paper and paper boards, sulphuric acid, superphosphates, ammonium sulphate, soap, copper sheets, machine tools (graded), fans, radio receivers, rubber footwear, razor blades, steel castings, diesel engines, sewing machines, automobiles and railway wagons.

Many Useful Purposes

The publication of State-wise figures serves many useful purposes. In the first place, it helps to have a clear picture about the industrial development of India from the regional angle. Facts about the location of major industries like coal, steel, cotton textiles, etc., are well known, but the relevant data about the new industries are not. Not many, for instance, are aware that the largest number of radio receivers and portable room air conditioners are made in Maharashtra or that West Bengal is the biggest producer of crockery. Secondly, State-wise figures help to locate readily the areas where production shows a downward trend, so that appropriate remedial measures can be adopted. A brief analysis of the trend in the production of some important industries State-wise is given in the following paragraphs.

Coal production in India increased from 62 million metric tons in 1962 to nearly 67 million metric tons in 1963. Most States recorded an increase in production, the notable exception being Assam where there was a fall from 795,507 metric tons in 1962 to 763,450 metric tons.

The production of sugar in India declined from 2,705,932 metric tons in 1961-62 to 2,159,744 metric tons in 1962-63. The fall was mainly in Uttar Pradesh from 1,201,850 metric tons to 852,182 metric tons and in Bihar from 355,732 metric tons to 171,744 metric tons. But in some States, sugar production actually increased. Maharashtra, for instance, produced 534,153 metric tons in 1962-63 against 497,112 metric tons in the previous year and Madhya Pradesh 34,436 metric tons against 30,688 metric tons.

Cloth production in the country as a whole fell from 4,560 million metres in 1962 to 4,423 million metres in 1963. The decline occurred mostly in the major producing areas like Maharashtra, Gujarat, Uttar Pradesh and Madhya Pradesh. In Maharashtra, the output dropped from 1,658 million metres to 1,602 million metres, in Gujarat from 1,318 million metres to 1,293 million metres, in Uttar Pradesh from 331 million metres to 297 million metres, and in Madhya Pradesh from 387 million metres to 372 million metres in 1963. But in many other States, cloth production was higher in 1963 as compared with the previous year. In Delhi, for instance, production improved from 151 million metres in 1962 to 158 million metres in 1963, in Orissa from 35 million metres to 39 million metres, in the Punjab from 65 million metres to 68 million metres, and in Rajasthan from 53 million metres to 56 million metres.

The production of paper and paper board in the country rose sharply from 387,637 metric tons in 1962 to 464,614 metric tons in 1963. This increase was shared by all States. In West Bengal, the output went up from 94,563 metric tons to 98,205 metric tons, in Uttar Pradesh from 25,039 metric tons to 29,402 metric tons, in Orissa from 73,272 metric tons to 91,349 metric tons, in the Punjab from 37,725 metric tons to 40,571 metric tons, in Maharashtra from 24,354 metric tons to 28,536 metric tons, in Andhra Pradesh from 24,922 metric tons to 37,624 metric tons, in Mysore from 38,551 metric tons to 47,920 metric tons and in other States (including Bihar, Madhya Pradesh, Gujarat and Kerala) from 69,211 metric tons to 91,007 metric tons.

As regards cement, most States recorded a higher production in 1963 as compared with the previous year. In Andhra, the increase was from 799,726 metric tons to 944,691 metric tons, in Bihar from 1,503,951 metric tons to 1,563,086 metric tons, in Gujarat from 1,099,080 metric tons to 1,225,328 metric tons and in Madras from 1,271,404 metric tons to 1,281,192 metric tons. Other States like Madhya Pradesh, Uttar Pradesh, Punjab and Rajasthan also produced more. But, in Orissa, there was a decline from 380,376 metric tons to 353,291 metric tons and in Kerala from 54,655 metric tons to 52,410 metric tons. The total cement production in the country was 9,354,803 metric tons against 8,586,323 metric tons in 1962.

The paint industry is concentrated in Maharashtra and West Bengal. India's total production of paints, enamels and varnishes was 69,218 metric tons in 1963 against 64,833 metric tons in 1962. In Maharashtra, the production rose from 26,953 metric tons in 1962 to 30,711 metric tons in the next year, but, in West Bengal, there was only a negligible increase from 32,728 metric tons to 32,733 metric tons. In Madras, the increase was from 2,104 metric tons to 2,240 metric tons in 1963.

Engineering

Engineering industries are concentrated mainly in West Bengal and Maharashtra; and the statistics show that these two States account for the bulk of the production. In 1963, India produced 1,143,172 electric fans, of which the share of West Bengal was 990,504 and of Maharashtra 147,097. The Punjab produced 2,915 and all the other States together 2,656. For sewing machines only the production in West Bengal is indicated separately and that of all other States is shown together. In 1963, production of sewing machines in the country was 337,295 of which West Bengal's share was 265,804 and that of other States 71,491. In diesel engines (stationary type), Maharashtra dominates, accounting for 43,517 out of the total production of 55,644. West Bengal's share was only 712 and that of Uttar Pradesh 543. Gujarat, Madras and Punjab produced 3,375, 3,983 and 3,514 respectively.

In the production of railway wagons, West Bengal leads, its share in 1963 being 14,371 out of the total production of 18,958. Maharashtra produced, 1,481 wagons and other States 3,106. As regards automobiles, while Maharashtra produced 19,365 in 1963 and Madras 6,072, the other States together accounted for 26,860.

The production of complete bicycles in India rose from 1,115,910 in 1962 to 1,183,529 in 1963. West Bengal was the only State where there was a fall in production from 245,661 to 228,556. In other States, the output was higher. In the Punjab the increase was from 365,250 to 448,328, in Uttar Pradesh from 30,900 to 31,945 and in other States, including Maharashtra, Bihar, Madras and Assam, from 427,236 to 474,700.

Broad Lessons

This brief analysis leads to certain broad conclusions. In the first place, there is need to accelerate the industrialisation of the comparatively less developed States like Assam, Orissa, Andhra Pradesh, Kerala and Rajasthan.

Second, State-wise statistics should be given for a much larger number of industries than at present.

Third, production figures should be issued more promptly. For 1964, for instance, State-wise statistics are available, at the time of writing, only upto February and only in a few cases.

Fourth, while publishing statistics, a brief explanation may be given where there is a steep fall in production, giving the reason therefor. Sometimes the output declines due to labour trouble, shortage of raw material, want of demand or other causes. The annual report of the Union Ministry gives the explanation for the shortfall in production in important industries but it does not make any regional analysis. It will be more helpful if the reasons for the decline in production are analysed periodically, say, once in three months, so that there will be a better understanding of the trends in industrial production and progress.

TECHNICAL EDUCATION

The past decade has witnessed a large expansion in the field of technical education in India. A stage has now been reached when the institutions should be consolidated and standards improved. With this end in view, the Central Working Group on Technical Education, appointed by the Union Government, has recommended various steps to be taken. These include, *inter alia*, (1) the concentration of a major part of the resources and efforts in the fourth plan on the training of teachers, improvement of courses, supply of equipment and institutional materials, post-graduate courses; (2) the setting up of four regional institutes for the training of teachers for polytechnics and the expansion of teachers training programme for engineering colleges; (3) the awarding of merit-cum-means scholarships to at least 25 per cent students; (4) revising the standards and contents of diploma courses in engineering and technology so as to reorient the courses towards industry; and (5) the setting up of a Central Organisation for research into various aspects of technical education.

Meanwhile, the team of Soviet experts, which visited India recently under the auspices of the U.N.E.S.C.O. to study the existing system of science education in the country, has also submitted its report. The team has precisely defined the aims and objectives of science education, including mathematics at the school stage, and made the following recommendations:

Improvement of syllabi, incorporating modern developments; introduction of general science teaching upto class V and separate disciplines like biology, physics and chemistry from class IV onwards instead of from class IX as at present; special arrangements for talented pupils; development and production of prototypes of science equipments; teacher training through correspondence and in-service training centres; a concentrated research programme in science education and increase in the enrolment of pupils in the science classes.

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CULTURE BUT NOT CASH FOR L. AMERICA

By Questor

LONDON, *26th September*

GENERAL de Gaulle's spectacular tour of Latin America—it was preceded by a visit to Mexico last April—is primarily intended as a demonstration that France is a major power with world-wide interests ranging from the Americas to South-east Asia. It will probably have some political effect. The General is a colourful, almost heroic figure. His readiness to stand up to the U.S. will command considerable sympathy in Latin America; and there is undoubtedly a strong feeling of cultural affinity between Latin America and France.

But those who are trying to pull that Continent up by its own bootstraps are more interested in cash than in culture, and the amount which France can afford to contribute is tiny by U.S. standards. A few export credits, a certain amount of technical assistance may well earn a disproportionate amount of goodwill, but, in economic terms, they are a drop in the ocean.

Matters would be different, of course, if the General were in the position he would like to occupy, that of being able to speak for Europe as a whole. A united Europe would certainly be able to make an important economic as well as political impression on the situation in Latin America. But one reason for the General's excursion may well be the fact that his attempt to unite Europe under French leadership as a counterweight to the U.S. is making very little headway.

The Latin Americans have themselves formed a free trade area, in circumstances much less favourable than those which exist in Europe, and are already running up against the inevitable conflict between the good of the whole and the national self-interest of individual members. General de Gaulle would be able to explain to them, if he chose, how this same conflict is playing havoc with the development of the European Economic Community.

The men who decided, immediately after the last war, to inaugurate a new period in European history by working towards union, were quite clear in their minds that their ultimate goal was full political union: economic union, to be encouraged in the first place by the establishment of a customs union, was only a first step in that direction.

The customs union, thanks to a period of rapid economic growth, has developed extremely well, and internal tariffs between the Six will be, by the end of this year, down to only 30 per cent—perhaps even to 20 per cent—of their original size. There has also been a good deal of progress in promoting the free movement of labour, and to a smaller extent of capital, from one member to another.

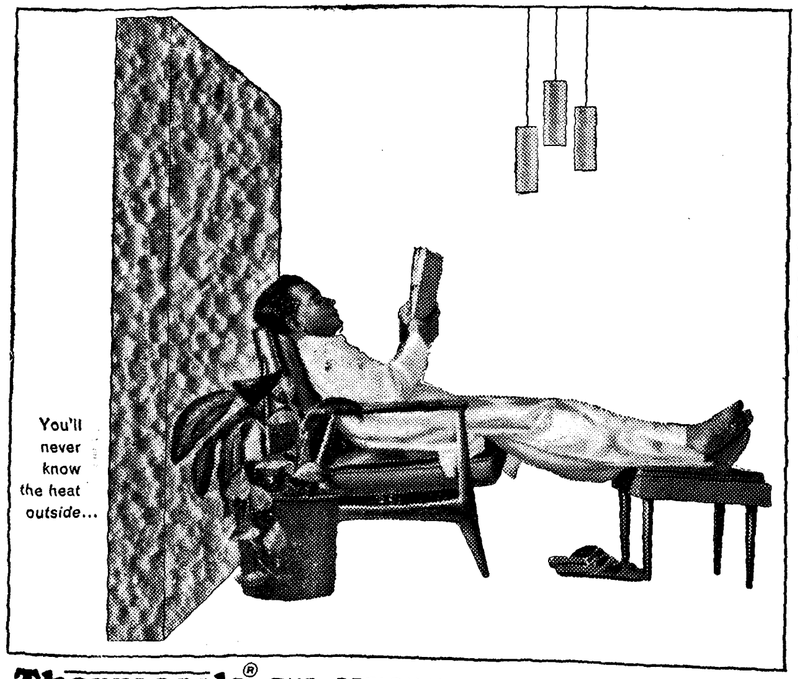
But this progress has helped the Community as a whole without really hurting any individual member of it. Now that the decisions which hurt are coming up, progress is becoming a good deal slower. There is a head-on conflict, for example, between Germany and France on the question of a common price for cereals. Germany is a high-cost producer interested in placating its peasant proprietors and importing cheaply from North America, while France is ambitious to become the supplier of wheat to the whole Community. There is another conflict—exacerbated by some recent British deals—about the question of trade on long-term credit with Russia, which Germany regards as a key diplomatic bargaining counter.

The European Commission is having very little success in its attempts to bang agreement out of member-Governments and is hopefully waiting for 1966 when decisions will no longer have to be reached unanimously but by by a majority. Given the present atmosphere, however, it is unlikely that, even in 1966, a majority would attempt to impose an unwelcome decision on a matter of importance: the minority might simply refuse to obey the rules. The fact is that the Six have been gradually losing their original impulse towards union, and there is no doubt that one reason for this is the highly nationalistic policies of General de Gaulle. He has made no secret of the fact that he has no interest in pooling sovereignty and his concern with the European Community is mainly that it should serve French advantage.

The rest, under this pressure, are gradually realising that idealism may be out-of-date. Germany, under Dr. Erhard, is refusing to honour the spirit of the alliance struck between General de Gaulle and Dr. Adenauer; Italy, in a financial emergency went to the U.S. and Britain for help; Holland and Belgium, the strongest theoretical advocates of European unity, are now very worried indeed.

The General put good Europeans on the spot at the beginning of the year by proposing that a step should now be made towards political union. The Dutch and the Belgians want this in theory and realise that some dramatic step is needed to prevent the Community's momentum towards union from disappearing. But they have always held that, if there is not to be a formal federation—which is quite out of the question at present—they can risk exposing themselves to French and German pressures in a loose political union only if Britain is also a member. The trouble is that de Gaulle's France will never agree to Britain joining and that Britain's Labour Party, which has an even chance of winning the approaching election, is not at present interested in the idea of European union.

If a compromise can be found, it will probably be on the lines of informal consultation between ministers of the Six about foreign policy and defence but with no agreement signed for three years—a long enough breathing space perhaps, for the position to become clearer than it is at present. There is no doubt at the moment that the General is breaking up one pattern of European union without succeeding in imposing his own pattern on his neighbours. He has none but discouraging lessons in economics to teach the planners of Latin America.



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CHANGING PATTERN OF CORPORATE FINANCING

PRESENT SOCIALIST BRAND HINDERS RAPID GROWTH

By George Carvelho

ONE of the paradoxes of the Indian economic situation is that, although everyone agrees that the depressed state of the capital market is a serious drag on economic growth and that something should be done to improve the investment climate, no effective action to this end has yet been taken. What is more, the tax changes introduced in the last Budget, which were intended to transform the investment outlook and revive the stock market, have misfired. This has given rise to wild charges that big operators are deliberately keeping share prices down by manipulation, with a view to extracting further fiscal concessions. In the meantime, the market continues to flounder in the depths of depression, response to new issues is poor and, as Mr. G. L. Mehta put it, underwriters find themselves playing the part of undertakers, performing the obsequies and providing a resting place for issues that have flopped.

At the root of this impasse lies a divergence of opinion as to the organisational pattern of industrial finance appropriate to a developing economy such as this. So far as can be deduced from his pronouncements as well as from his tax measures, the Finance Minister has very definite views on this matter. The new pattern which he visualises involves a radical transformation of the whole institutional framework of corporate finance.

The starting point of this line of thought is that the average investor in the shares of companies needs to be protected from stock market speculators who are in a position to rig prices to suit their own interests and also from unscrupulous company managements. He dismisses as untenable the claim of the stock exchange to be a barometer of the economic situation. Rampant speculation makes it, he would no doubt say, a distorting mirror rather than one that gives a true reflection. Moreover, the average shareholder is too ignorant 'and apathetic to keep a vigilant watch over the affairs of the companies whose shares he holds, with the result that his interests go by default. Moreover, the shareholders' desire for high dividends and substantial capital appreciation are tainted by capitalist greed and should not be encouraged in a regime of democratic socialism. Yet the needs of economic development require private saving on the widest possible scale and the channelling of such savings into productive investment, both in the public and private sectors.

New Pattern

Thus, the ideal of a shareholders' democracy, in the sense in which it is gaining strength in Western Europe and America, would be regarded as inappropriate to Indian conditions. The new pattern which the Finance Minister would like to develop, instead, has the advantage of simplicity and also that it does not involve any radical change in the institutional and organisational structure. Companies and shareholders would remain, so would stock exchanges, but these would be only the outer facade; behind them the inspiration and directing force of the whole system would be socialist and not capitalist.

The essence of the new pattern is that the State should replace the private investor as the major source of corporate capital. Industrial financing institutions including the new Industrial Development Bank, would stand ready to provide loans as well as equity through direct subscription and underwriting. The debt equity ratio will readily be relaxed, if this is necessary to accommodate increased borrowing from these institutions. Already the Life Insurance Corporation holds some Rs. 125 crores of capital, spread over about a thousand companies and the scale of its investment operations will keep on rising through the continuous accrual of new investible funds. To this is now added the Unit Trust of India, which could, in course of time, become another important instrument of State control over the corporate sector.

Under the new pattern, resources that would have formed private saving are to be diverted to the State by a system of personal direct taxation without parallel in other parts of the world. This is supplemented by a resort to compulsory saving currently in the form of annuity deposits. To the argument that all this leaves the private investor with little or no saving capacity, specially in a time of rapidly rising prices, the Finance Minister remains unmoved, for, as he sees it, this amounts simply to replacing private by public saving and investment, a change which every good socialist will welcome.

Growing State Control

Such private saving as remains in spite of all this, he would like to see flow into the Unit Trust of India and the Life Insurance Corporation. These have, from his point of view, the advantage that though the savings in question remain in private ownership, their disposal or the power to direct them into investment fields and the exercise of the voting rights in the case of equity investments would vest in the State. The same desire to concentrate equity control (as distinct from ownership) in the State is discernible in the move to convert Government loans to companies into equity capital and to vest in a Government-appointed public trustee the voting rights of shares held by charitable trusts.

The result will be that, apart from the enormous powers over companies assumed by the Government under the Companies Act and other enactments and the continuous increase of such powers through frequent amendments of these Acts, the Government will have a more direct control over the working of companies through its control over their equity capital and as a substantial creditor of the company. To the extent that such powers will enable the Government to keep a vigilant watch over the working of companies, they will perhaps serve to safeguard the interests of the remaining shareholders. It is significant that the Chairman of the Life Insurance Corporation recently described that body as the best friend of shareholders. But there is more to it than that. The role which the ordinary small shareholder is to be allotted in the new pattern of corporate finance is such as to take away much of the attraction of equity ownership.

Fixed Income

A socialist Government may, perhaps, reconcile itself to the existence of joint-stock companies and shareholders and even to a stock market, but it would certainly frown on anything savouring of high dividends and would strongly disapprove of hopes of substantial capital appreciation. Looked at from this angle, the apparent contradictions in the tax changes introduced in the last Finance Act disappear and the whole approach becomes coherent and intelligible. Personal income, wealth, inheritance, gifts, capital gains and expenditure are heavily taxed, almost to the point of expropriation, in the name of reducing economic inequality. At the same time, companies are to be given tax concessions and incentives and provided with all the financial resources they desire. But the profits that result thereby are to be mostly retained and ploughed back. Dividends are penalised through a tax, bonus issues are taxed both in the company making the issue and in the hands of shareholders. Unit holders in the Unit Trust may expect a return of 6 per cent on their original investment but should not be encouraged to hope for capital growth. The equity holder in a socialist society is to be reduced to the level of a *rentier*, the recepient of a fixed interest in income and no more.

With shareholders put in their proper place, there can be no objection to giving companies all the incentives needed for growth. Rates of company taxation can be lowered for priority industries, inter-corporate dividends can be exempted from super tax, a comparatively mild sur tax can replace the super profits tax and even third-shift depreciation can be allowed for income-tax assessment.

This then is the new pattern. Its great merit in the eyes of its supporters would be that it is essentially socialist in inspiration and yet it involves the minimum disturbance of the institutional framework of a free enterprise system. No nationalisation of industries is called for, with all the conflicts of ideas that such proposals would arouse, no legislation or the complexities of assessing and paying compensation for take-over of privately owned assets. It has the advantage of continuity. Yet it means replacement of a system that is essentially of the nature of private enterprise by one that is basically socialist in character.

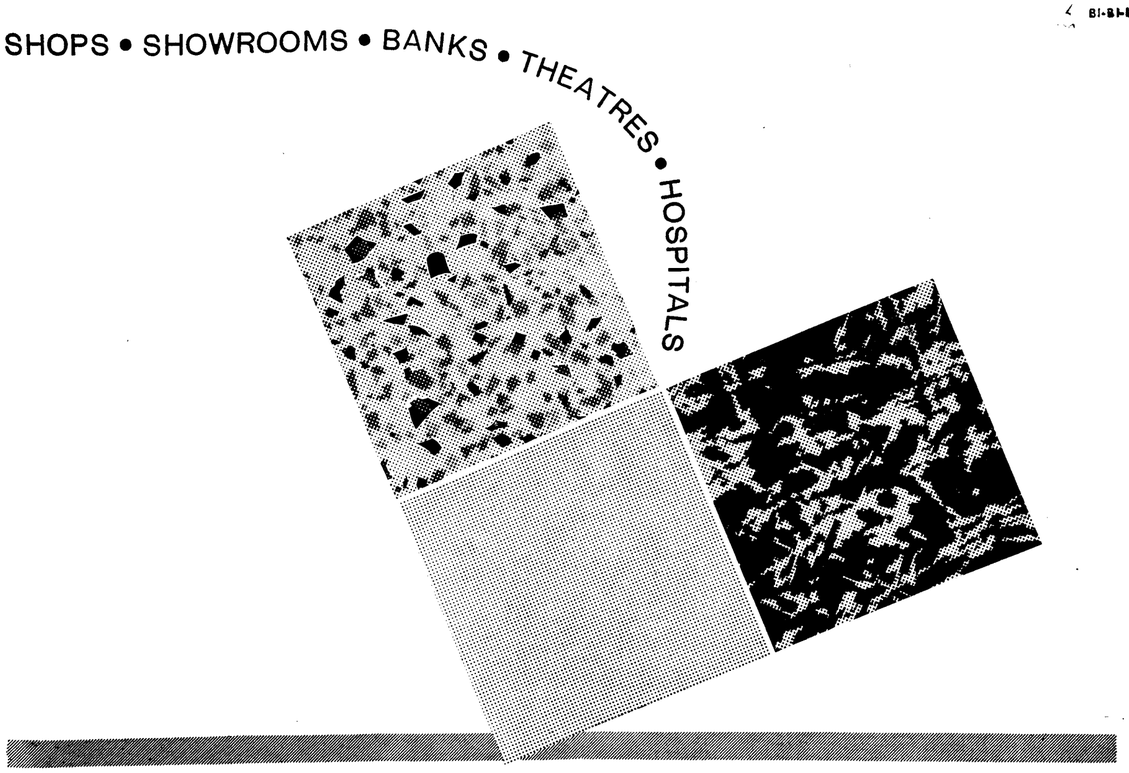
It is going on to half a year since the new pattern took on its present clearly discernible shape. But somehow, it has not produced the wonderful results expected of it. The stock market is still depressed, except for some speculative spurts based on hopes of a shift in policy favourable to private enterprise. The new issues amrket is lifeless and those rash enough to approach the capital market must make sure that the issues are underwritten and that underwriters are prepared to take up what they underwrite. Foreign investors are distinctly cool towards the new pattern and would certainly prefer a real and active market for new issues. Industrial growth is slackening at a time when the need for it is greatest.

It would have been surprising if things had worked out differently. It is incongruous to conceive of a system of joint-stock companies, shareholders, a stock market and a new issues market without a strong, active and vigorous foundation of private saving and investment. It is not possible to replace these vital elements of free enterprise by public saving and investment and hope to build an active, expanding corporate sector thereon. There are no doubt many forms and degrees of a mixed economy but this is not one of them—at least not one that can lift an underdeveloped country to a high stage of development and prosperity.

The reasons are not far to seek. The working of a private corporate sector—even if it is only a shadow of such a system—is dependent on adequate incentives. The greatest weakness of the new pattern is that, like all socialist-inspired ideas—it does not recognise and provide for the necessary incentives. Company promoters and entrepreneurs will hardly be enthusiastic about a system that would strip them of effective control over the enterprises they pioneer and reduce them to the level of salaried managers of State enterprises. The investors on their part, see little charm in the prospect of becoming virtual fixed-interest receivers even when their company makes handsome profits, while left to go without any returns when the companies go through bad spells. They are not enamoured of the prospect of being permitted to call the corporate cake their own and watch it grow but only on condition that they make no attempt to claim a bigger slice of it for themselves. The greatest advantage of equity investment in an inflation-ridden society is that it safeguards its owner against the depreciation in the value of money. But this advantage of serving as a hedge against inflation is denied them under the new dispensation.

Refreshing Trends

Even in the few months that it has existed, there is plenty of evidence that the new pattern does not work and that it cannot deliver the goods. There is reason to hope that in the new set-up of the post-Nehru era, these matters along with others, will be subjected to a searching reappraisal, that impracticable ideologically inspired policies will be discarded and that commonsense and realism will again come into their own. There are pointers to show that this is not a vain hope. Mr. Lal Bahadur Shastri's moderation and freedom from doctrinaire prejudices have already brought about a shift in strategy for the Fourth Plan from long-term to quick yielding projects. There is talk of a moratorium on land reforms, so that the cultivators may be induced to go ahead with plans for increasing output without being haunted by uncertainty about the future of his title to his land. The Planning Commission is likely to be reduced to its proper place as an advisory body, instead of almost a parallel Government. There are reports that private enterprise will be entrusted with greater responsibilities and that its knowledge and experience will be drawn upon through consultation in the formulation of policies. It is even said that current thinking favours restricting the public sector to providing the economic infrastructure leaving the rest of the field to private enterprise. The idea that controls are not an end in themselves, but an evil necessity to be adopted only in the last resort, seems to be gaining favour. It would be in line with this new and refreshing trend of thought if the idea of securing industrial development through a socialist brand of corporate organisation, in which private saving and investment could be dispensed with, were consigned to the scrapheap where it rightfully belongs.—*By courtesy of: "Share Market Report" of Messrs. G. M. Pyne, Calcutta.*



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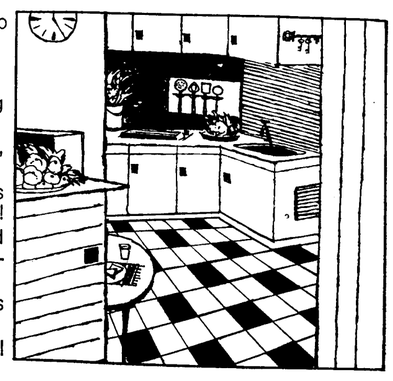

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INTERNATIONAL LIQUIDITY—ITS IMPORTANCE TO DEVELOPING ECONOMIES

By Pierre-Paul Schweitzer

MANAGING DIRECTOR, INTERNATIONAL MONETARY FUND

[The relevance and significance of international liquidity to developing economies and the importance of its availability to them were impressively highlighted by Mr. Pierre-Paul Schweitzer, Managing Director of the International Monetary Fund, in the course of a stimulating lecture delivered by him under the auspices of the School of Economics, University of Bombay, on Tuesday, 29th September. Mr. Schweitzer made the very pertinent point that any international monetary system based on free exchange systems and stable exchange rates was liable to prove inadequate, if certain complementary conditions were not present. In particular, he laid emphasis on three such conditions: adequate flow of long-term international investment to developing countries, greater non-project assistance, and avoidance of excessive export financing by developed countries. He also urged the developing countries to strive for promoting exports, to create favourable climate for foreign private investment, to ensure monetary stability and to avoid persistent inflation. In view of the importance of the subject, the full text of Mr. Schweitzer's speech is published here.—ED.]

OVER the past year or more, the subject of international liquidity has been a major preoccupation of all those concerned with international, financial and monetary matters, and it is, therefore, a matter to which the Fund has devoted an important part of its work. As you are all aware, the manner in which international liquidity is provided under the present international payments mechanism has been intensively debated in recent years and a number of plans have been put forward for reform of this mechanism.

A year ago, on the occasion of the 1963 conference of the Board of Governors of the Fund, it was agreed that the Fund should intensify its studies of this question; at the same time, ten major industrial countries who are the participants in the Fund's General Arrangements to Borrow, also announced that they would undertake a thorough examination of the outlook for the functioning of the international monetary system and the probable future needs for liquidity. These two studies were published last August. That of the Fund was contained in two carefully prepared chapters in its Annual Report. The Study of the Ten took the form of a paper setting out the conclusions reached after long deliberations between senior officials of Treasuries and Central Banks of the ten countries which was issued with a brief covering statement.

There was no great difference of view as to the direction in which steps to strengthen the international monetary mechanism should be taken in the near future, but I intend to comment today on the Fund report. I would like to review some of the basic considerations, which we in the Fund bore in mind in writing our report, and discuss briefly implications of the decisions taken at the recent meeting of the Board of Governors in Tokyo. In doing so I shall try and frame my remarks so as to concentrate particularly on international liquidity as it affects the position of the developing countries.

The Fund clearly recognises that the whole problem of international liquidity is of great importance to the developing countries and also that the position of these countries is of relevance to its discussion. The interests and problems of these countries have to be given due weight in the liquidity discussions for the further reason that they hold in their reserves over $10 billion of foreign currencies mainly in the major reserve currencies, the dollar and sterling, and their continued confidence in these currencies is vital to a smooth functioning of the present international monetary system.

Access to the Fund

Although in the aggregate the reserves of developing countries are a considerable amount, many individual developing countries held relatively small amounts of international liquidity. This, incidentally, makes their potential access to the Fund and its maintenance as an integral part of the international monetary mechanism, of crucial importance to them. The developing countries have need of short-term liquidity just as the developed countries do, although sometimes these needs may not appear particularly dramatic in comparison with the importance of their longer term problems. Furthermore, expansion of their export markets is one of their most urgent needs and an adequate supply of international liquidity is necessary to maintain the level of world economic activity, which would permit such an expansion. In this matter, as in others, the Fund strives to take full account of the interests of all its member-countries at whatever level of development they may be.

The adequacy or otherwise of international liquidity is an important determinant of the levels of world trade and economic activity. International liquidity should not, of course, be regarded as a sort of money which finances international trade which is financed by normal trade and banking credits granted in national currencies. But, consisting as it does of resources which Governments hold or which are available to them to finance payments deficits, it has important implications for countries' domestic financial policies.

Burden of Adjustment

In many cases of difficulty, including those caused by short-term capital outflow, much of the burden of adjustment can properly be allowed to fall on their gold and foreign exchange reserves, i.e., on their immediately available supplies of international liquidity. But, in other cases, it may be that stringent policy measures, both internal and external, may have to be taken. In some cases, this second course of action may be forced unnecessarily on authorities who find that, due to an inadequate supply of or inadequate access to international liquidity, they do not have the leeway to permit the reserves to take the strain. Measures unduly restrictive of economic activity may thus have to be adopted. Of course, in other cases, effective policy measures are essential. This excessive availability of liquidity is also to be avoided as it reduces the discipline of the payments position and encourages postponement of necessary corrective action.

Our recent studies have led us to the conclusion that international liquidity is at the present time adequate. World trade has continued to grow at a remarkable rate. The payments position of industrialised countries as a group does not give cause for alarm and, indeed, there has recently been considerable progress toward equilibrium in the payments relations between them. There are pockets of fairly serious unemployment in some parts of the industrial world but excess demand for labour elsewhere. This generally satisfactory picture is not perhaps entirely descriptive of the position of the developing countries, although recently, as a group, their trade and payments position has also improved markedly. But, of course, no one would maintain that the problems which the developing economies face can be solved merely by the provision of additional liquidity.

While the present level of international liquidity is adequate, the rate of increase of reserves over the next ten years or so appears likely to fall short of requirements. The growth of international trade may possibly slacken from the almost 6 per cent rate of the past decade, but it certainly should not be less than 4 per cent per annum. Also, it would not be safe to assume that there would be any reduction in the magnitude of payments disequilibria relative to the volume of trade.

Supply Side

So much for the demand for international liquidity. On the supply side, reserves are unlikely to grow much more rapidly than 2.5 per cent, especially since their generation through increased holdings of dollars as a result of U.S. payments deficits is likely to slow down. When this is set against the fairly conservative estimate of a 4 per cent increase in world trade, it is not difficult to see why the Fund believes that it is necessary to continue and possibly to broaden international action directed toward creating international liquidity.

It seems to us that the task of ensuring an adequate supply of liquidity does not require any drastic overhaul of the present arrangements which are based primarily on the use of gold and reserve currencies, supplemented by drawing rights on the Fund. The smooth working of these arrangements has not been without its problems and difficulties, but, on the whole, in the last twenty years they have served the world well. Also, I believe, the dangers which arise from crises of confidence in the system can be exaggerated; the reserve currencies are generally recognised to be basically strong and the leading industrial countries have shown great willingness to co-operate in order to overcome severe speculative pressures and have done so most effectively on several occasions in recent years.

Multilateral Action

But, I would not, of course, claim that all is perfect with the international monetary system as it exists at present. We must constantly work toward a more effective functioning of that system to the benefit of all countries. But, I may perhaps be forgiven for stating that I believe that, in any action which may be taken to strengthen the international monetary system, the main emphasis should be placed on multilateral action through the Fund. The Fund has played an important role in the provision of international liquidity in the form of credit facilities and its importance to the developing countries in this respect has been particularly great. Our studies have led us to believe that if the necessity should arise for supplementing the world's supply of international liquidity in the form of reserves the Fund could, if members so desired, adapt its policies and practices to make an important contribution towards meeting this need.

The Fund has become an increasingly important source of liquidity for the developing countries because the constant pressure of their demand for imports has induced them to draw down their own foreign exchange reserves during the past decade or so. During the period 1953-63, gross official reserves of the developing countries as a group have remained more or less unchanged. However, if the oil producing countries are left out of consideration, the reserves of the other developing countries taken together show a marked fall over the decade. Even within this group, of course, there are countries which have in fact, markedly increased their reserves, but the majority of them have been obliged to run down their reserves quite substantially.

At a time when pressures for rapid economic development are intense, it has been considered unnecessarily expensive to hold foreign exchange reserves above a certain minimum and every effort has been made to economise on them. Up to a point, such a policy cannot be considered inappropriate, but it is important for each country to maintain sufficient reserves to meet temporary swings in its balance of payments without unduly upsetting its import programmes or disturbing confidence. The amount required varies from one country to another and from one time to another. In some cases, the pressure of development needs has led countries to reduce their reserves below such minimum levels, but it is important that this state of affairs is not allowed to persist. Notwithstanding the availability of a second line of reserves in the form of Fund resources, countries are well advised to maintain their own reserves at adequate levels.

In the Fund, the ability of each country to obtain assistance is generally limited to 125 per cent of its quota. The quotas themselves are determined with reference to the volume and variability of a country's foreign trade, its foreign exchange reserve holdings and a number of other criteria. The availability of tranches of this total amount is subject to certain policies which have been evolved by the Fund over a period of years. For drawings in the gold tranche—that is, in very broad terms amounts drawn which correspond to the amount of gold the member has contributed to the Fund—the member enjoys the overwhelming benefit of any doubt, which means that drawings are virtually automatic. The procedures for drawings within the gold tranche have recently been further simplified to clarify and emphasise the *de facto* automaticity of such drawings and thus further to encourage countries to consider their gold tranche positions in the Fund as part of their reserves. Beyond the gold tranche, drawings of up to an additional 25 per cent of quota are granted on liberal terms so long as the country is shown to be making a reasonable effort to solve its payments problems. Drawings beyond this limit, however, require more substantial justification and are granted on the basis of a sound programme of action aimed at establishing or maintaining the stability of the currency at a realistic exchange rate.

Extensive Use of Facilities

Over the years the developing countries have made extensive use of the facilities of the Fund. They have quotas totalling about 4.3 billion in addition to their own reserves of about $12 billion. While these quotas are about 27 per cent of total quotas, the drawings of these countries, since the beginning of Fund operations in March 1947 up to June 1964, were $2.8 billion, or about 37 per cent of total drawings from the Fund. They have also made extensive use of the Fund's stand-by arrangements; practically half their drawings since 1952, when these arrangements were introduced, have been under stand-by arrangements. Of the total drawings outstanding at the end of June 1964, amounting to $1.8 billion, about 70 per cent had been granted to the developing countries.

The Fund has always considered the financing of balance of payments deficits arising from short-term fluctuations in primary product exports to be one of its basic functions and such financing had been possible under its ordinary tranche policies. Recently, however, the Fund has been providing special facilities for such financing. Up to an amount normally equivalent to 25 per cent of quota, assistance may be provided apart from the ordinary tranche policies in cases where the Fund is satisfied that a shortfall in export receipts is of a short-term character and is largely attributable to circumstances beyond the control of the member. It is understood, in these countries that the member will co-operate with the Fund, in an effort to find, where required, appropriate solutions for its payments difficulties.

The utilisation of these special arrangements thus far has been limited; only two requests have been received, and the total assistance amounted to about $80 million. The relatively minor recourse to this facility is attributable chiefly to the favourable turn in commodity prices during the past year and a half. In 1963, export earnings of the developing countries increased by some $2.5 billion, and most countries in this group shared in this gain. This was reflected in a swing in the basic payments balance of these countries from a deficit of $650 million in 1962 to a surplus of $850 million in 1963. The improved level of commodity prices has generally been maintained in 1964.

Additional Resources

I hope that what I have said of the financial assistance available and provided to the developing countries through the Fund, indicates the importance to these countries of a strong and active Fund, adequately equipped to carry out its role in a changing world. To be so equipped, the Fund requires particularly to be assured of adequate resources to meet the legitimate needs of all its members. Should additional resources be required, the most permanent way of securing such an increase is by increasing Fund quotas. Those who framed the Articles of Agreement recognised the possible needs for augmentation of Fund resources as the world economy developed by providing for periodic review of the adequacy of Fund quotas. This periodic review is due to come round again next year. Since the last general increase in quotas took place in 1959, world income and trade have continued to grow and the volatility of capital has increased. Also, countries, particularly developing countries, have sometimes found that the amount of assistance available to them within their Fund quotas at the time of stabilisation programmes, was inadequate and that supplementary assistance from elsewhere was often not easy to arrange. In view of these considerations, and following the liquidity studies of the past year, the Fund's Governors, in their meeting in Tokyo, have instructed the Executive Board to study the question of increasing quotas in the Fund and to submit an appropriate proposal [illegible]

(Continued on page 617)

Indo-Swedish Arithmagic!

FACIT ASIA'S factory in Madras will be formally inaugurated on October 3 by His Excellency KLAS BOOK, Swedish Ambassador to India. Sri R VENKATARAMAN, Minister for Industries, Government of Madras, will preside. Sri M BHAKTAVATSALAM, Chief Minister Madras State, will participate.

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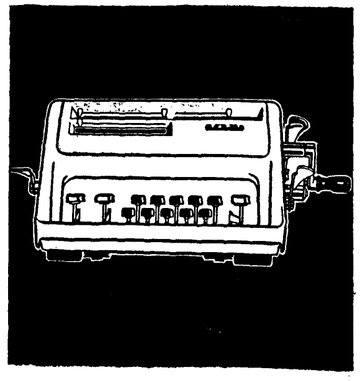

WHO IS FACIT ASIA LTD.?

FACIT ASIA LTD. has been formed by AB Atvidabergs Industrier, the world-renowned Swedish makers of calculators and office equipment, in technical and financial collaboration with Indian interests. The factory in Madras is the first Facit factory to be set up in South-east Asia.

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IBT-FA-2048

AGRICULTURAL RESEARCH IN U.S.

SIGNIFICANT CONTRIBUTION MADE TO FARMER'S EFFICIENCY

By Dr. Byron T. Shah

ADMINISTRATOR, U.S. AGRICULTURAL RESEARCH SERVICE

ONE of the first persons to pass on the findings of agricultural research in the United States to people from other lands was indeed a true American. When European settlers started farming in the New England colonies, the Indian, Squanto, advised them to place two fish in each hill of corn planted on newly cleared forest land. Since that time, experimentation has improved the Indians' contribution of corn and its culture to make this grain a great world crop. Many of these research achievements, such as high-yielding and pest-resistant hybrid corn, were developed through co-operative efforts of the U.S. Department of Agriculture (U.S.D.A.) and the States. Such co-operation has also produced hybrid sorghums to improve another crop widely used for feed and food. In areas of the world where hybrids can be adapted, these highly productive sorghums can contribute greatly to the welfare of hungry people.

The agricultural system that improved these and other grains is extending its *research*, as well as its research *results*, to many countries, on every continent. It is able to do this through the co-operation of other nations and because of its own past achievements.

Land Grant Colleges

Science and agricultural education work together in a unique way in the U.S. They grew up together. The same year that the U.S.D.A. was established, more than 100 years ago, the national Government donated public lands to each State and territory to provide colleges for the benefit of agriculture and mechanic arts. Many of these "land-grant" colleges have developed into great universities of the liberal arts as well—topflight institutions in all fields of knowledge.

As these colleges were established, it soon became apparent that *new* knowledge—as well as old—was needed for the training of agricultural students and the scientists of the future. The State experiment stations were, therefore, established, in connection with the land-grant institutions, to develop new knowledge, prove its practicality, and demonstrate its usefulness.

Later, the Co-operative Extension Service was established to carry the findings of federal and State research to American farms and farmers. County agricultural and home demonstration agents work closely with present and future farmers and homemakers. Both research and extension help urban and suburban consumers, as well as rural people, to make the best use of our land and its products.

No other nation has anything quite like our co-operative system of research. Public support comes from both the Federal Government and the States. Federal funds—which account for a little more than half the total —go to both U.S.D.A. and the States through a complex system of appropriations, contracts, and grants.

Together, the research of U.S.D.A. and the States deals with problems of county, State, regional, national, and international significance. U.S.D.A. research is usually concerned with broad regional or national matters; the State experiment stations are primarily interested in needs within the State, and are responsible only to their State or commonwealth authorities.

The State stations and U.S.D.A. work closely together. We co-operate formally on about three quarters of our farm research, and informally on most of the rest. The States own the facilities at two-thirds of the 222 locations where scientists of U.S.D.A.'s Agricultural Research Service (A.R.S.) work in the United States, Puerto Rico, and the Virgin Islands. A large number of State scientists work in A.R.S. laboratories, and we hope to continue to increase the number of A.R.S. scientists working in the laboratories of the State experiment stations.

In addition to State and Federal research, there is much privately supported research in agriculture, such as that done by related industries and by trade and farm organisations. Industry has become a major force in agricultural research in the last few decades—because of the machinery, chemicals, and biologicals that industry supplies to agriculture, and because of the raw materials that agriculture provides to industry.

I am convinced that our co-operative, publicly supported system of science and education—plus the more recent contributions of privately supported research—is largely responsible for the outstanding progress of agriculture in this country.

A U.S. farmer is so efficient he feeds himself and 28 other persons at home and abroad. In comparison, one farmer in Russia today feeds six persons. Food costs the U.S. consumer less than one-fifth of his income; in other countries of the world, it is common for food to require one-third, a half, or even more of a family's income.

Research has improved breeds of livestock and crop varieties to make them more productive. It has improved technology and mechanisation to take much of the back-breaking labour out of farming. It has shown us how to protect and improve our forests and the fertility of our soils, and to conserve and use water more efficiently. Research has developed improved methods of handling, distributing, and marketing farm products. As a result, consumers are better served and producers maintain wider and more permanent markets.

Benefits to Human Health

Out of agricultural research have also come many benefits to human health, such as vastly improved nutrition, the discovery of vitamins, numerous life-saving antibiotics, and the conquest of many insect-borne diseases—malaria, yellow fever, typhus, typhoid, dysentery, encephalitis and cholera.

The co-operation of other countries, of private foundations, and of international organisations has helped us to make many of these advances possible. Research and regulatory programmes are often conducted outside the United States through the courtesy of other Governments.

For example, A.R.S. carries on cotton breeding and seed increase in Mexico, where the climate gives us an extra crop a year. We co-operate widely with other American countries in mutual protection against the spread of several agricultural diseases and pests. From headquarters in Paris and Rome, A.R.S. entomologists—insect explorers—search the far corners of the world for insects that attack and destroy harmful insects and weeds.

Our plant explorers have been roaming the world for 75 years in search of plant materials to improve U.S. crops and bring in new ones. Shortly before 1900, U.S.D.A. began an exchange of plant materials with other countries. At first, the flow of material was almost entirely toward the United States. But in more recent years the balance has shifted, and plant material moves out from us at about the same rate it comes into this country. We are co-operating with more than 30 countries on five continents in testing cereal grains for disease resistance.

U,S. agriculture profits from research in many *other* parts of the world and those regions profit from *ours*. With our broad range of geography, climates, and soils, we have problems similar to those in many other countries.

Co-operation with Other Nations

In the past ten years, A.R.S. has amplified its co-operation with other countries. A great extension of agricultural research has been made possible under the Agricultural Trade and Development Act of 1954, more commonly known as Public Law 480.

Since 1958, we have been able to contract for about 500 research projects in 27 countries, on every continent. These projects include research on farm production, human nutrition, utilisation of agricultural products, forestry, marketing and economics. The research is financed by U.S. funds received from foreign countries—in their own currency and expended within their own boundaries—in payment for American agricultural commodities we grow in abundance.

All P.L. 480 research must benefit U.S. agricultural producers and processors as well as those of participating countries. It must supplement or complement activities now in progress in U.S.D.A.

Such research is helping to put a vast reservoir of scientific manpower in the free world to its most effective use. It has attracted scientists of very fine calibre, among them three Nobel prize winners.

The stress is on fundamental studies, an area in which foreign scientists have made some of their most noteworthy contributions. Although no one can ever predict the outcome of such explorations, we know from experience that they are the source of the great scientific developments that help agriculture move ahead.

An example is the basic studies of forage plants made by Dr. A. I. Virtanen, a Nobel prize winner, and other Finnish scientists. They found many plants of the mustard family that contain a thiocyanate ion that blocks uptake of iodine by the thyroid in animals feeding on the plants. However, through experiments with humans, they proved definitely that cows on a mustard-family diet do not pass along enough iodine-blocking ions in milk to cause goiter in man.

Applied research is generally limited to work that cannot be done effectively in the United States or that would pose an unnecessary hazard to our agriculture or forestry if done here. For example, P.L. 480 research in Spain has developed a rapid diagnostic test for African swine fever, a devastating disease that has spread from Africa to Europe and thus poses a serious threat to other countries. This research supplements U.S.D.A. investigations of African swine fever and other exotic diseases of livestock that have been carried on in Africa for a number of years.

The U.S. Agency for International Development (A.I.D.) contracts with U.S.D.A. to carry out agricultural programmes of technical assistance in other countries. Last year U.S.D.A. helped to train 3,800 agricultural leaders and specialists from 120 countries, including all new African nations. Of these, A.R.S. planned and arranged the travel and study for about 600 A.I.D. participants and about 800 other foreign visitors.

During the past eight years, nearly 21,000 persons from abroad have received training in U.S.D.A. These foreign agricultural leaders were sponsored mainly by A.I.D. but U.S.D.A. and the land-grant college systems played the major roles in their training.

Salinity in Soils

At Riverside, California, A.R.S. conducts a course for foreign specialists in the sciences and skills of controlling salinity in soils. Salt is a problem in irrigated agriculture in most of the arid and semi-arid parts of the world. Other trainees may attend an A.R.S. school in New York for training in the plant quarantine methods that guard crops against pests and diseases.

A.R.S. also sends specialists to consult on specific agricultural problems in other countries, and conducts several other A.I.D. projects. For example, A.R.S. scientists are directing co-operative research in Africa to learn how to combat the tsetse fly, which carries devastating sleeping sickness to man and animals. It has been said that tsetse fly control would open up enough rich land to help ease the world's food problems for many years.

As increasing populations demand more efficient production of food and fibre throughout the world, we believe that international co-operation in agricultural research will inevitably grow. Its potential for good seems limited only by our capacity to work together for man's future benefit.

The E.E.C. Commission has proposed modifications in the Community levy system on eggs and poultry in order to prevent protective measures against low-priced imports from communist countries affecting Western suppliers as well. The Commission now proposes to create a special offer price for State trading countries, so that, in future, protective measures can be taken against their exports alone without being applied to the produce of free market countries too. Under the existing system, a supplementary levy is applied to all imports when the offer price falls below the community sluice gate price.

MANCHESTER LETTER

MANPOWER SHORTAGE IN COTTON MILLS

EFFORTS TO TRAIN FOREIGN LABOUR

From Our Special Correspondent

MANCHESTER, 22*nd September*

A GLANCE at the "situations vacant" column of Lancashire evening newspaper this week revealed very nearly three columns of advertisements for workers wanted by mills in just one spinning and weaving town. It provided as good an example as any of the industry's continuing problem of matching manpower availability to current trade and production needs.

In times of better trade, no less than in periods of recession, the peculiar fluctuations of the cotton textile industry still remain one of its major handicaps. It is in just such situations as the present that some justifiable sympathy can be felt for the millowner who, heavily involved in re-equipment, is tempted to take the narrow view that industrial diversification in Lancashire has reached the point when manpower-wises, the full benefits of capital expenditure on modernisation in cotton are failing to be achieved, if not actually jeopardised, by a shortage of workers. Measured by the Ministry of Labour's records, cotton's unsatisfied manpower needs are very nearly the top of the list for all north-west industries at the present time.

More Foreign Labour

This week a group that has been in the forefront of spending on re-equipment has announced that, because of labour shortages, it has had to take steps to train foreign workers. Mr. S. M. Ross, Chairman of the Lancashire and Yorkshire Tulketh Group, reporting on a successful year, tells shareholders that yarn production in the group's Lancashire division showed an increase of 18½ per cent over the previous year. Since the end of the financial year (31st March), output had shown a further increase of 16 per cent. "But for the acute shortage of labour, especially for the night shift, a similar or greater increase in production would still be possible," he comments.

Today, the group's order book is more than double that of last year at this time. Discussing the recent series of major takeovers in Lancashire, Mr. Ross hints that similar changes may be on the way in the Yorkshire wool textile industry, in which Lancashire and Yorkshire Tulketh also has a considerable stake. The question of expanding through further acquisitions is under active consideration with the group's financial advisers.

Unemployment Reduced

The quickening rate of activity in the mills since the later months of 1963 has been reflected in the returns issued by the Ministry of Labour. The number of unemployed in the industry has steadily decreased until at the half-year it stood at little more than 2,000.

Recent developments have suggested that more stability may follow the attempts to control the relationship between output and demand. If this can be achieved, one of the major drawbacks facing the industry in recruiting labour will have been conquered. To substantiate the arguments so often raised against textile employment as a regular means of livelihood, it is only necessary to look back for little more than a decade, in which the fluctuations in the unemployment returns have been exceedingly marked.

In the first post-war recession, when the total manpower in spinning, weaving and finishing had been built up after the concentration scheme, unemployment peak of 79,300 was reached in May 1952. In the same month, an additional 72,600 workers were temporarily stopped. The labour force was then sharply depleted, but, by the end of 1953, only 18 months later, the unemployment total had shrunk to a mere 1,500.

Ten years ago, in mid-1954, the jobless total was only 1,620, while, in 1956, the figure ranged between 2,000 and 5,000 out of a regional unemployment total of some 35,000. Less prosperous times followed and, by 1958, as many as 22,600 cotton textile workers were unemployed out of 87,800 without work in the region. In the following year, although the total remained at over 20,000 in the early months, a better rate of activity brought unemployment back to only 4,000 out of 70,000 at the year-end.

Despite the scrapping scheme in 1960, the peak jobless figure that year was 8,000 and a drop to 3,000 ensued. Disappointing business in 1962 kept the unemployment total at between 8,000 and 10,000 operatives out of the regional average of 80,000.

Since demand began to broaden nearly twelve months ago, the anticipated stiffening of prices for most goods has followed the increased call for supplies and the trend of yarn and cloth quotations has been upwards. In the early months of the year, some producers were slow to take advantage of the firmer conditions ruling and even now there is little sign of values getting out of hand as has sometimes happened in the past when order books were extremely well filled.

Greater stability in quotation should follow the recent integration moves in the industry and so avoid the sharp fluctuations which have complicated former trading relationships. Recent advances in selling rates for yarn, as illustrated in the table at the end appear reasonable in the circumstances.

A significant aspect of the above figures is the very substantial change which has taken place in the past two or three months in New York spot rates which are now over 2 cents per lb. lower than in July. The adjustment following the changes in legislation affecting subsidy payments to farmers is being gradually affected, but no corresponding revision in values in Liverpool has taken place. The latter, in fact, have been virtually static for two months or more.

In the case of combed Egyptian type yarns, a similar rise in values has taken place to the average carded count shown in the table. Since the beginning of the year, selling rates have increased by about 6d. per lb. A much larger increase, however, has been recorded in prices for twofold descriptions, the advances ranging from 10½d. per lb. to as much as 20d. per lb. since January.

While price is always an important factor in negotiating fresh business, the current situation in the market has underlined the delivery situation as supplies have often been difficult to obtain in time to fit in with users' requirements. Now that the holiday season is virtually over, the general level of output should rise accordingly and the benefits of modernisation and more efficient working will be self-evident.

Trend of Cotton and Yarn Prices

(In *d.* per lb.)

	Raw cotton			Yarn			
				American			Egyptian
	New York Spot (In cents)	Liverpool American One-inch	Spot Sudan Lambert 6	16s Cop Twist	36s Ring Beams	42s Cop Weft	60s Cop Twist
1964							
January 2	35.20	23.40	30.35	40.90	56.00	53.00	78.00
,, 16	35.30	23.25	30.35	40.90	56.00	53.00	78.00
February 3	35.30	23.25	30.35	40.90	56.00	53.00	78.00
,, 18	35.35	23.75	30.65	40.90	56.00	54.00	78.00
March 2	35.40	23.75	30.65	40.90	56.00	54.00	78.00
,, 16	35.40	23.75	30.65	40.90	57.50	54.55	78.50
April 1	35.45	23.75	33.00	40.90	57.50	54.55	78.50
,, 15	35.45	23.75	35.00	40.90	57.75	54.85	82.00
May 1	35.40	23.75	36.25	40.90	57.75	54.85	82.00
,, 15	35.40	23.75	36.25	40.90	57.75	54.85	82.00
June 1	35.40	23.50	34.25	41.20	59.25	55.85	84.00
,, 15	34.40	24.50	34.50	41.20	59.25	55.86	84.00
July 1	35.25	23.50	34.50	41.40	59.30	56.40	84.00
,, 15	34.80	23.50	34.50	41.40	59.30	56.40	84.00
August 4	33.65	23.00	34.50	41.40	59.30	56.40	84.00
,, 17	33.25	23.00	34.50	41.40	59.30	56.40	84.00
September 1	32.85	23.00	34.50	41.91	60.11	57.32	84.00

FIVE PER CENT

MAHARASHTRA STATE ELECTRICITY BOARD DEBENTURES, 1976

FOR Rs. 450 LAKHS

(Issued by the Maharashtra State Electricity Board)

(Payment of Interest and Repayment of Principal guaranteed by the Government of Maharashtra)

Issue Price: Rs. 100 per cent

REDEEMABLE AT PAR ON 6th OCTOBER, 1976

The Debentures will be Trustee Securities under the Indian Trusts Act and also approved Securities for the purposes of the Insurance Act and the Banking Companies Act. The Debentures will be treated on par with Government Securities for the purpose of advances under Section 17 (4) (a) of the Reserve Bank of India Act, 1934

Subscriptions will be received in cash or cheques from 6th October 1964 but the list will be closed without notice as soon as the total subscriptions amount approximately to Rs. 450 lakhs and in any case not later than the close of business on 10th October 1964.

Applications will be received at (*a*) the office of the Financial Adviser and Chief Accounts Officer, Maharashtra State Electricity Board, Mercantile Bank Building, Fort, Bombay-1 (*b*) the offices of the Superintending Engineers, Maharashtra State Electricity Board at Nagpur, Aurangabad, Vishrambaug (District Sangli) and Chalisgaon (District Jalgaon) and (*c*) the office of the Deputy Chief Engineer, Maharashtra State Electricity Board at Poona.

Copies of the Debenture Prospectus announcing the terms of issue and the application forms are available at the receiving offices mentioned above and at all Divisional offices of the Maharashtra State Electricity Board in the State of Maharashtra.

STABILISING PRICES OF RAW JUTE

BUFFER STOCK SCHEME PLAYS VITAL ROLE

INASMUCH as raw jute is the vital raw material in the manufacture of jute goods and accounts for well over half of the industry's production costs, it is obvious that frequent fluctuations in its prices seriously affect all plans pertaining to production and export. This aspect is to be specially borne in mind in the context of the growing competition in world jute markets that the industry has to face in the coming years. Violent fluctuations in prices are not infrequent in India. A look at the accompanying table will show how the prices of raw jute have fluctuated in the Calcutta market over the past one year. There have been periodical sharp increases and marked declines in prices. Assam bottoms, which was quoted at Rs. 81.72 per quintal towards the close of June, went up to Rs. 92.43 at the end of July and further to Rs. 107.17 a month later since when there has been a fall, the latest available quotation being Rs. 99.13. Such fluctuations must be avoided and there is every need to stabilise prices at a reasonable level. Stability, it is needless to add, is as much in the interest of the industry as in that of the jute grower himself.

The Government of India is seized of this problem and has taken steps to stabilise prices. The industry is lending wholehearted co-operation to the Government in this task. In fact, the industry itself has been operating for some time a buffer stock scheme on a voluntary basis. All these steps, according to Mr. G. C. L. Joneja, Jute Commissioner, who recently attended the meeting of the F.A.O. Study Group on jute, kenaf and allied fibres held at Rome came in for praise by many of the F.A.O. member-countries at the meeting.

Reasons for Instability

The deliberations of the Rome meeting of the Study Group revealed that two major factors are responsible for the instability of raw jute prices. They are: (1) pronounced seasonal fluctuations in the level of stocks and prices, since Pakistan and India harvest their crops from June to September while mill consumption is spread evenly over the year; and (2) over the short period, the demand for jute fibres does not increase or decrease as a result of a fall or rise in the price. This, in turn, is explained by the fact that raw jute represents

Raw Jute Prices
(In rupees per quintal)

Variety	Latest available	A month ago	Three months ago	A year ago
Assam Bottoms ...	99.13	107.17	81.72	80.38
Northern Bottoms ...	97.79	104.49	79.04	79.04
Bihar ...	93.77	93.77	66.98	62.96
Selected Daisee ...	104.49	112.53	88.41	88.41

only a "minor cost element to the final user" and that jute cannot be replaced immediately by substitutes for specific uses. The Group stressed that the competitive position of jute would be considerably strengthened if price stability for jute goods were ensured. It was also necessary to investigate the impact of tariff and non-tariff measures on the market for jute goods. The group also examined the means of improving the collection of statistics on jute production and consumption. It stressed the need for more reliable and timely official forecasts. It also initiated further work on improving and standardising grading, and on ways of expanding the consumption of jute goods.

The Study Group constituted a working party on stabilisation of the market for jute. The working party, which consists of members representing Belgium, France, W. Germany, India, Italy, Pakistan, Poland, Spain, Thailand and the United Kingdom, has been asked to undertake a "critical study of the practicability of the different solutions, national and international" for the stabilisation of jute prices and supplies in the world markets. After analysing the various elements of instability, it would report to the next meeting of the Study Group in about a year's time. The working party is expected to meet at Dacca in East Pakistan by the end of January 1965. It would also invite representatives of the Association of European Jute Industries, The European Economic Community and United Nations agencies to participate in the deliberations.

One of the specific proposals that will surely come for consideration before the working party relates to the creation of an international buffer stock with a view of imparting a measure of stability to raw jute prices. But the implementation of this proposal seems to bristle with serious difficulties. Mr. R. H. Morrison, President of the Jute Buffer Stock Association (J.B.S.A.), in his speech at the annual general meeting of the Association held at Calcutta on Friday, 25th September, pointed out, for instance, that this proposal was not something which could be worked out in a short space of time, as there were many formidable difficulties to be overcome. Indeed, in his opinion, it might well prove impracticable. Nevertheless, he stated that it was encouraging to observe the interest the jute industry in India had stimulated by its efforts in the buffer stock mechanism. To quote him: "Whereas our buffer stock scheme in India was originally introduced as a price support measure, to ensure that the cultivators obtained a fair return, it is becoming increasingly recognised that an equally important objective is price stabilisation in the world jute economy generally. Buffer stock operations will undoubtedly play a major part in any schemes devised to bring about such stability."

Role of Buffer Stock

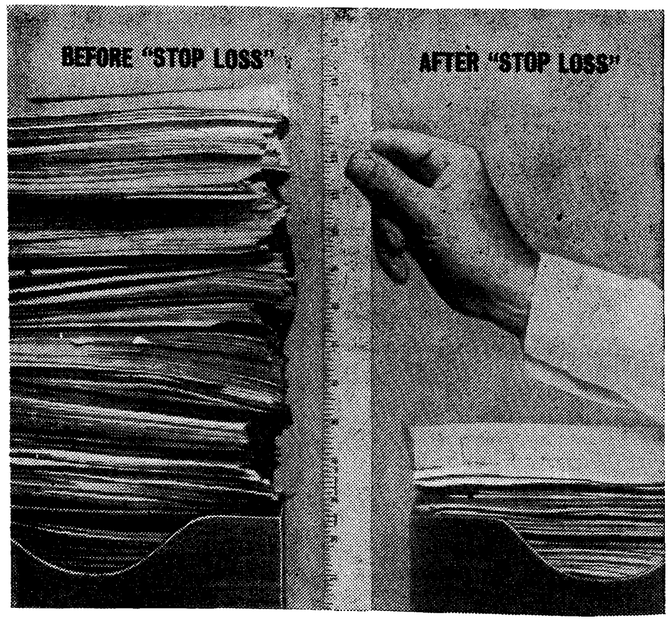
Reviewing the operations of the jute buffer stock scheme in India, Mr. Morrison gave the following details:

The total volume of transactions during the year under review amounted to Rs. 12 crores. In addition to the 625,000 bales of jute mentioned at the last annual general meeting of the Association, there was a further purchase allocation of 250,000 bales, bringing the total to 875,000 bales (of 4.86 maunds each), including a proportion of Pakistan cuttings.

A satisfactory procedure for turning over buffer stock jute was evolved in October 1963, and the target was to achieve a turnover of 50 per cent of the total stocks by December of that year. While the turnover achieved up to March 1964 was reasonably satisfactory, the old crop jute had not yet been entirely replaced by that time due to practical difficulties—the main one being shortage of storage accommodation. Arrangements have since been made to release the whole of the buffer stock jute to the mills, with an extension of the date for its replacement. This step, which was taken after consultation with the Jute Commissioner, was considered prudent, in view of the abnormal rise in jute prices caused by reports of short crops in Pakistan and India in the current season. It is satisfactory to note that this unwarranted price rise has now been checked, and there is now a reverse trend towards more realistic levels.

The buffer stock release has certainly played a significant part in stabilising prices after the recent unwarranted price rise. The effect would have been even more pronounced, if only the Association's stock holding had been bigger. There is, as Mr. Morrison rightly remarked, the need for building up a really substantial buffer stock, perhaps something of the order of three months' consumption.

The Industrial Development Bank will, in future, consider the applications of cotton and jute mills for rehabilitation loans. The Union Commerce Ministry has asked the Indian Cotton Mills' Federation and the Indian Jute Mills' Association to finalise the procedural details regarding the loans with the Bank. The applications were hitherto processed by the Industrial Finance Corporation.



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TRADE UNION LEGISLATION IN BRITAIN

NEED FOR AMENDMENT FELT BY LABOUR LEADERS

AMENDMENT to trade union legislation is one of the most important topics being discussed by labour leaders in Britain today. According to them, under the present law, any threat to strike is exposed to legal action against the trade union or union members, and there is, as such, an urgent need for amending the law. Though this reform movement started during the early part of this year, it gained momentum in recent months due to the impending elections in the country. What led to this sudden realisation by the trade unions, particularly the Trade Union Congress (T.U.C.) which represents about eight million workers out of the total trade union membership of approximately ten million ?

Case and the Judgment

In January this year, the House of Lords delivered its judgment in a case affecting the rights and privileges of trade unions. The plaintiff was Mr. Douglas Rookes, a draughtsman in the B.O.A.C. from 1951 to 1956, and a full-fledged member of the Draughtsmen's and Allied Technicians' Association (D.A.T.A.). In 1955, he quarrelled with the Association on some point and resigned from it. The Association, subsequently, passed a resolution threatening the B.O.A.C. that, if Mr. Rookes is not removed from service, a withdrawal of labour would take place. As a consequence, the B.O.A.C. suspended Mr. Rookes in January 1956 and dismissed him after two months. In 1957, Mr. Rookes filed a case for damages against Mr. Alfred Barnard, then branch Chairman of D.A.T.A., and its two other office-bearers. As a sequel to the judgment of the House of Lords, he succeeded in getting an award of £7,500 as damages.

The proceedings of the case and the judgment were based mainly on two factors. One of these was an agreement signed between both sides of the draughtsmen's panel of the N.J.C. in 1949, according to which the employer and employees undertook that no lockout or strike would take place. The second factor was the provisions of Section 3 of the Trade Disputes Act 1906, according to which " an act done by a person in contemplation or furtherance of a trade dispute shall not be actionable on the ground only that it induces some other person to break a contract of employment or that it is an interference with the trade, business or employment of some other person, or with the right of some other person to dispose of his capital or his labour, as he wills." Keeping these factors in view, the House of Lords decided in favour of Mr. Rookes on the ground that the defendants conspired and acted on the conspiracy to intimidate B.O.A.C. by threatening it with a strike in breach of contracts of employment and both the conspiracy to intimidate and the intimidation itself were civil wrongs. They decided that the provisions of Section 3 of the Trade Disputes Act 1906 could not protect the defendants in view of their conspiracy and intimidation.

Views of T.U.C.

The precise effects and implications of the judgment are not very clear, and different labour leaders and experts have interpreted it differently. Even all the leaders of the T.U.C. are not of one view regarding the implications. However, the consensus of opinion in the T.U.C. is that the judgment has made it amply clear that the trade unions have no right to make threats of strike. The T.U.C. fears that the result of this judgment will be an encouragement of unofficial strikes without warning, as this action cannot be accused of threat or intimidation. It has suggested to the Government that Section 3 of the Trade Disputes Act 1906 may be amended by adding a few words, so that it may protect the rights of the workers, and may be read as follows :

" An act done by a person in contemplation or furtherance of a trade dispute shall not be actionable on the ground only that it induces some other person to break a contract of employment *or that it constitutes, or contributes to, intimidation by a threat to commit (or to procure) a breach of any contract* or that it is an interference with the trade, business or employment of some other person, or with the right of some other person to dispose of his capital or his labour, as he wills."

The trade union legislation in Britain is based on the Trade Disputes Act 1906. As the Act is about 60 years old, it is now opportune to examine the legislation, customs and practices relating to the various aspects of the trade union movement, so that, if found necessary, suitable amendments may be made to the Act. In view of this consideration, the Government had earlier proposed to conduct a full-fledged enquiry into the working of the trade union legislation. The General Council of the T.U.C. is, however, reluctant to co-operate with the Government in the proposed enquiry, unless Section 3 of the Trade Disputes Act 1906 is suitably amended to remove the effects of the judgment of the House of Lords. Mr. George Woodcock, General Secretary of the T.U.C., has argued that there is an immediate necessity for such a step, as, according to him, the judgment has created a realisation on the part of employers of the powers they possess to act against the trade unions and they might make full use of these powers in employer-employee disputes.

Labour Minister's Views

Mr. Joseph Godber, Minister of Labour, however, feels that the T.U.C. is unnecessarily taking an extra-serious view about the issue and the judgment is actually not so damaging as the T.U.C. thinks. The Minister admits that the trade unions must have the right to strike and to give notice (which, according to the T.U.C. may be considered as threat by the judiciary and declared illegal) and, *if necessary*, he is prepared to amend the legislation to this effect. But he feels that the precise effects of the judgment are not clear and, unless the implications are properly assessed and it becomes definitely clear that the judgment takes away the right to give the threat of strike, it will not be feasible to amend the Act. In this connection, he has pointed out that, as emphasised by Lord Denning, the Rookes *vs.* Barnard case was a very special case because of the " very unusual contract between employer and employees that no lockout or strike would take place " and he recalled in the House of Lords the opinion of Lord Upjohn that the judgment " certainly did not decide that a trade union official would be unprotected by Section 3 of the 1906 Act when negotiating with an employer and threatening him with a strike." He has requested the T.U.C. to co-operate in the proposed comprehensive enquiry regarding the trade union legislation, which could be started even before the General Elections to meet the T.U.C. demand for early action. In his view, the body constituted to conduct the enquiry may be asked to make a beginning with assessing the implications of the Rookes *vs.* Barnard judgment, so that, if necessary, the Act may be amended immediately after the enquiry into the judgment, without waiting for the outcome of the full enquiry report.

The Minister of Labour has further argued that the employers have always been in a position to sue the employees who go on strike in breach of contract, but that they generally refrain from taking this action because such action damages the relations of employers and employees which generally results in greater harm to the employers than the employees. Moreover, there is nothing on record to show that since January this year, when the judgment was declared, the employers had tried to impede the trade union activities because of the judgment. This argument should be considered in the light of the *Bulletin* of the British Employees Confederation, dated 3rd September 1964. Commenting on the Rookes *vs.* Barnard case, the *Bulletin* says : " In any event employers are, and are likely to remain, reluctant to take industrial disputes to law, believing that litigation is not the best way of persuading people to work willingly together." Mr. Godber therefore feels that there is no need to amend the Act in haste without going into the details.

Effects of General Elections

It seems that the coming elections next month have created a great hurdle in considering the Rookes *vs.* Barnard case in its proper perspective. Out of the eight million workers represented by the T.U.C., about five and a half million are card-holding members of the Labour Party and contribute about 90 per cent of its funds. A very large percentage of the Labour Party's parliamentary candidates are also drawn from the labour leaders. Mr. Harold Wilson cannot afford to lose the support of these people and he has assured the labour leaders that the Labour Government, after coming to power, will immediately make the necessary amendment in the Trade Disputes Act 1906. On the other hand, the Conservative Government has also decided to make trade union law an important election issue and the T.U.C. leaders feel that, if they take a non-co-operative attitude towards the proposed comprehensive enquiry, it may have a damaging effect on the trade union image and the cause of the Labour Party may suffer. It is because of this reason that the General Council of the T.U.C. decided on 4th September to postpone the decision regarding their co-operation until after the General Elections. Mr. Woodcock, General Secretary of the T.U.C., has given a hint that the Council would welcome a comprehensive enquiry into the trade union legislation, provided the Government adopts the " right attitudes." According to him, one of these " right attitudes " would be to pass an immediate (may be temporary) amendment to the Trade Disputes Act to protect the union officials from civil action for threatening strikes.

Employer-Employee Relations in Britain

Though the right of strike and the connected threat to strike cannot be taken away from the trade unions, in view of the comparatively cordial employer-employee relations in Britain, there does not seem to be any urgent need for amending the Trade Disputes Act without ascertaining the implications of the House of Lords' judgment. As pointed out in *Britain*—1963 Edition, an official handbook prepared by the Central Office of Information, London:

" The structure of labour relations in Britain is established mainly on a voluntary basis and rests on the organisation of employers and workers into employers' associations and trade unions. These organisations discuss and negotiate terms and conditions of employment and other matters affecting the workpeople at their work. In some industries these negotiations are conducted simply by *ad hoc* meetings, which are held when necessary ; in others, voluntary joint machinery has been established on a permanent basis. Normally these arrangements for collective bargaining suffice to settle all questions which are raised, but provision is often made for matters not so settled, to be referred for settlement to independent arbitration. . . . Many employers in Great Britain are members of employers' associations which are wholly or partly concerned with labour questions. The primary aims of such employers' associations are to help to establish suitable terms and conditions of employment, including a sound wage structure and proper standards of safety, health and welfare ; to promote good relations with employees and the efficient use of manpower ; and to provide means of settling any disputes which may arise. . . . Altogether there are some 1,500 employers' associations dealing with labour matters and about 80 of them are national federations."

The Handbook makes it clear that strikes and employer-employee disputes are not common features in Britain and, generally, the arrangements for negotiations and conciliations of disputes are effective in making resort to direct action unnecessary. As such, there does not seem to be any need for hurrying through a possible amendment. It is quite possible that, on examining thoroughly the implications of the judgment, it may be found that it does not affect the rights of trade unions in the matter of strike or the threat to strike.

Though the right to strike or the threat to strike cannot be taken away, there is another point which, though equally important, has not come to the surface. The point is whether a trade union can force an employee to become its member, and, if he does not agree, whether it can demand his dismissal from service. Trade unionism is a voluntary movement and trade unions cannot possibly be given the right to force workers into membership at the threat of dismissal from service. The action of B.O.A.C. in dismissing Mr. Rookes is thus against labour ethics. It may be that this point, too, will be considered by any enquiry committee which may go into the working of trade union legislation in Britain.

HOUSEWIVES IN SWEDEN'S LABOUR RESERVE

The increase in labour force in Sweden during the period 1950-60—about 200,000—was primarily made up by married women. About one-third of the married women with small children are now employed outside the home. During the 1960's and 1970's, it is expected that there will be no significant increase in male labour. Though there may be some immigration from the other European countries, in view of the present boom on the Continent a major influx can hardly be foreseen. Dr. Annika Baude, a representative of the Industrial Council for Social and Economic Studies, writing in a recent issue of *The Employer*—an organ of the Swedish Employers' Federation—has estimated that over half a million able-bodied married Swedish women, with no children under seven years of age, stay at home and, if they could be induced to go to work, they would make up the entire labour reserve upto 1970. Investigations have also revealed that some 10,000 women desire to go back to work, but are hesitant because of the lack of baby-sitting facilities. It is expected that the current expansion of day nurseries and play-schools will influence the situation favourably.

A committee, with Mr. M. S. Thacker, member of Planning Commission, as Chairman has been set up by the Union Ministry of Works and Housing to examine the proposals for setting up pre-fabricated housing plants, especially in Delhi and Bhila iin the public sector. The Committee will also assess the effective demand for traditional and pre-fabricated houses in the country. It has been asked to submit its report by the end of December next.

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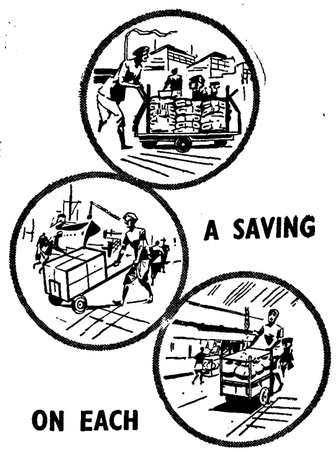

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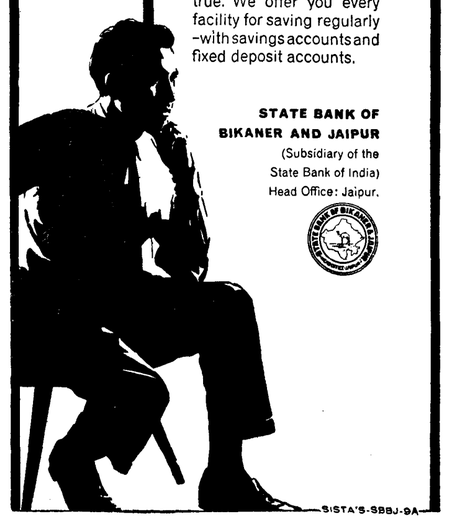

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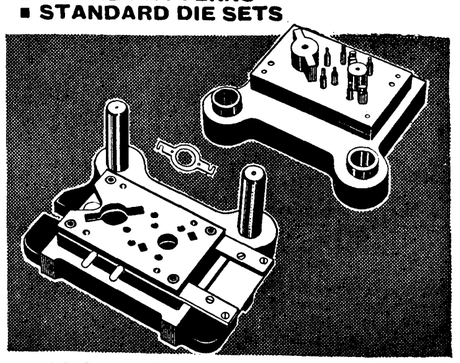

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KERALA STATE INDUSTRIAL DEVELOPMENT CORP. LTD.

CHAIRMAN, MR. K. R. K. MENON, REVIEWS PROGRESS

DEMAND FOR ASSISTANCE FALLS DUE TO DWINDLING INDUSTRIAL LICENCES

ALTHOUGH there was no lack of funds, there was a fall in the number of applications for assistance received by the Kerala State Industrial Development Corporation Limited during the year ended 31st March 1964. This was disclosed by Mr. K. R. K. Menon, Chairman of the Corporation, in the course of his speech at the Third Annual General Meeting of the Corporation held on Monday, the 28th September 1964. This unsatisfactory feature, he said, must be attributed to the rapidly dwindling number of industrial licences which had been granted for units in Kerala. He pleaded for preferential treatment for the State by the Central Government in this matter. He also stressed that achievement of a modicum of political stability and labour-employer stability was an important prerequisite for attracting venture capital into the State. The Chairman added that the Corporation was engaged in active negotiations with certain foreign companies for technical collaboration.

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

GENTLEMEN,

I have great pleasure in placing before you the accounts of the Kerala State Industrial Development Corporation Ltd. for the year ending 31st March 1964 and the report of the Board of Directors of the Corporation on the working of the Corporation during that period. With your permission I shall take the report as read.

The Urgent Problem

It is only less than twelve months since we held our previous annual general meeting, but, during this short period, two events have occurred which have caused us all much sorrow and concern. Firstly, we in Kerala, along with the whole nation, were plunged into grief by the sudden demise of our late beloved Prime Minister, Mr. Jawaharlal Nehru, who, by his dynamic leadership and far-sighted policies had striven assiduously to set our country well on the path towards the goal of a properly integrated social and political unit. And, secondly, less than four months after this national calamity overtook us, we have had a major incident in our own State where the mounting political tension of some months' duration, culminated recently in the termination of the cabinet form of government and its substitution by President's rule. The untimely passing away of our late Prime Minister has, I believe, served as a grim—and none too early—reminder to the entire nation that we cannot afford to rest on our oars and enjoy the luxury of living snugly in the protective shade of a great leader's umbrella for ever. The passing away of our Government's Cabinet of Ministers will, I hope, bring us Keralites—from the lowliest to the highest among us—to the realisation of the fact that sheer political immaturity of the kind that we have witnessed for some time past in our State in all its naked ugliness must inevitably result, sooner than later, in the sacrifice of the economic progress of the State. In my speech last year I had referred to the feeling of uneasiness and insecurity which even the then political instability in our State had engendered in the minds of outsiders, and the baneful consequences that this had entailed so far as our industrial development was concerned. I sincerely hope and trust that, whatever may be the form of Government we have, our Government will pay due attention to the urgent and immediate problem of industrial development on the massive scale and rapid pace that the dire economic plight of our people today undoubtedly calls for.

The Corporation's work in the year covered by the report placed before you has, on the whole, been rewarding, and financially successful, as the report and accounts placed before you will show. Our gross income rose from Rs. 2.55 lakhs of the previous year to Rs. 6.25 lakhs in the year under report. This has enabled us not only to write off the entire amount of our preliminary expenses, but also to provide for a reserve for depreciation on our investments, and another special reserve for general purposes, amounting to a total of Rs. 1,33,000, and also to carry forward a sum of Rs. 90,369 to the following year. Our issued capital on 31st March 1964 stood at Rs. 1.95 crore, as against Rs. one crore on 31st March 1963.

Number of Applications

While we had no lack of funds during the year under report wherewith to finance the industrial schemes approved by us, I regret to say that there was a slight fall in the total number of applications received for assistance from us. Ordinarily, there should have been an appreciable increase in this number rather than a fall, even though slight. I must attribute this unsatisfactory feature to the rapidly dwindling number of industrial licences which have been granted for units in this State. This is a matter which I have repeatedly stressed as deserving the urgent attention of both the Central and the State Governments, as nothing less than some kind of special and preferential treatment for us at the hands of the Central Government will help solve this problem satisfactorily. I regret to say there is no sign yet that a solution on these lines will be forthcoming. All that I can do on this occasion, therefore, is to re-stress this point with all emphasis, and to request the Kerala Government to take up the matter with the Centre as one of immediate urgency brooking no further delay.

While we must wait patiently for necessary action in this regard being taken by the two Governments, there is a good deal that can also be done by all of us in the way of paving the way for attracting industrial capital and entrepreneurship into our State. The first and foremost is the achievement of a modicum of political stability; this I have already mentioned, and needs no further expatiation. Secondly, we would do well to try and achieve a greater measure of stability in the labour-employer relations in the industrial units already established in our State. We have, in our State, special facilities for developing the sagacity and maturity of judgment that this calls for, in view of the general education and literacy prevalent here; we could profit greatly by capitalising on this. A third thing that our State Government can—and must—do is to take immediate steps to ensure a plentiful and regular supply of electric power for industrial users. We must take note of the hard fact that *cheap* electricity alone will just not suffice; a *regular* supply is even more vitally important.

Fourth Plan

Last, but not least, in drawing up and presenting to the Central Government our State Government's suggestions for the fourth five-year Plan our Government must keep prominently in mind the primary need for trying to reduce by the maximum possible extent the growing pressure of population on our meagre land resources, and diverting it to industrial enterprise, be it in the public sector or in the private sector.

The question of raising additional financial resources for the Corporation will soon have to engage our serious attention, and I hope that we shall find adequate ways and means of solving this problem. We are at the moment engaged in active negotiations with certain foreign companies for securing their technical collaboration in several worthwhile schemes, all of which, I hope, it will be found possible to implement in due course with the assistance of Indian industrialist parties, who will be willing to take over the management. I must, in this connection, make special mention of the assistance and co-operation we have received from the concerned officials of the U.S. Agency for International Development organisation in New Delhi in regard to industrial schemes in which we have sought American technical and financial collaboration. While expressing my sincere gratitude to the A.I.D. for their invaluable assistance and advice, I should also like to add that a team of experts from that organisation has recently completed an on-the-spot study of Kerala's economic—and particularly industrial—needs and potentialities, following the discussions which took place between the U.S. Ambassador, Mr. Chester Bowles, and our then Chief Minister. I am keeping in close touch with the A.I.D. officials in this matter, and I have hopes that appreciable results in the form of substantial aid to Kerala will follow from this in due course.

Thanks

In conclusion, I should like to express, on behalf of the entire Board of Directors, our heartfelt thanks to all the industrial entrepreneurs, Indian as well as foreign, who have helped us, in the course of the year under review, with their co-operation and assistance, often in the face of heavy odds. Our grateful thanks are also due to the Kerala Government for the assistance and co-operation we have received from them, and in particular to the former Industries Minister of Kerala, Mr. K. A. Damodara Menon, whose warm and enthusiastic support of our Corporation's activities had always been a source of inspiration and strength to us all.

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

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THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SHORTAGES OF POWER AND WATER SUPPLY AFFECT SALES

CHAIRMAN, MR. T. A. JOSEPH'S SPEECH AT ANNUAL MEETING

CONTINUED cuts in power supply and a possibility of a severe shortage of water in the Periyar river, after the completion of Idikki power project, are the two major problems confronting The Fertilisers and Chemicals Travancore Limited, according to Mr. T. A. Joseph, Chairman of the Company, who spoke at the Twentieth Annual General Meeting of the Company, held at Alwaye (Kerala) on Tuesday, 29th September 1964. Mr. Joseph pointed out that, due to the drastic power cut during the year under review, sales had suffered to the extent of Rs. 2.5 crores. He resented the Government of Kerala's decision to treat raw naphtha as a petroleum product and impose a sales tax at 15 per cent. This decision, in his opinion, would seriously upset the economics of the Company's production. Referring to the collaboration programmes, the Chairman stated that these were progressing well and disclosed that, though the third stage of expansion was scheduled to be completed in 1965-66, most of the plants would be ready for commissioning by the end of the current year.

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

GENTLEMEN,

I am glad to welcome you to this the twentieth annual general meeting of the Company and to present to you the accounts of the Company and the report of the Directors for the year ended 31st March 1964.

As in the previous year, inadequate power supply was the Company's major problem during the year under review. There was a drastic power cut in the first three months of the year. Again power cut was resumed in February 1964 and continued till the end of June. During the periods of power cut there were several occasions when the position became so critical that there was no alternative but to close down the entire plant as it would have otherwise constituted a grave risk to continue to operate it under marginally safety conditions. The total loss in the sale value of production on account of power cut amounted to over Rs. 2.5 crores during the year. Consequently the Company's results have not been as good as one could have expected. In spite of this position, it is gratifying to note that the Company has been able to break even and to make a small profit of about Rs. 12 lakhs, after meeting charges on account of depreciation. This has been possible only due to the unstinted efforts of the executives and the workers and I would like to take this opportunity to record our appreciation of their efforts.

Power Supply

Power supply continues to be our major problem. A solution to this has to be found as early as possible if the Company should work on a satisfactory basis. There are several major hydro-electric projects under various stages of progress in Kerala State now. I am not aware if any of them will be commissioned this year. Even with all the hydro-electric projects coming into operation we will continue to be at the mercy of nature unless adequate insurance against its vagaries is provided in the shape of a reasonably large thermal power station. Your Company has been making representations to the Government of Kerala since 1960 for the installation of such a station. I am glad to say that our request has at last been taken up during this year and I gather that the Government have decided to put up a thermal station with a minimum capacity of 100,000 kw. at Cochin. I do hope that the work on that project will be taken up expeditiously.

In the light of what I have stated so far, you will appreciate that the Company has not been able to declare a dividend this year. The current year also has started with a drastic power cut that lasted for three months resulting in a loss of production amounting to a sale value of approximately Rs. 1 crore.

The third stage of expansion is well under way. Although scheduled to be completed in 1965-66, it is expected that most of the plants will be ready for commissioning by the end of this year. But we will be requiring another 20,000 kw. of power for operating the plants when the expansion is completed. We are hoping that the Kerala State Electricity Board will be able to give us this power; but if they do not, the Company will not be able to take any benefit from the expanded capacity till the required power is made available.

Another factor that has been causing us concern is the possibility of a severe shortage of water in the Periyar river when the Idikki power project is completed. The Idikki project is designed to generate 800 to 1,000 mw. of power. It is based on the waters that flow into the Periyar now. When the project is completed, all that water will be diverted to the Moovattupuzha river as the power house will be located on one of its tributaries. Such a situation can have dangerous consequences as the Ernakulam-Alwaye industrial belt is bound to suffer during the summer months on that account. Your Company has represented this matter both to the Government of Kerala and to the Government of India. We had suggested that the Government revise the plans for Idikki in such a manner as to provide at least a part of the water to flow back into the Periyar. If the water in the Periyar turns saline near the industrial area, factories like ours may have to be closed down for about three to four months in the year. I understand that the seriousness of this situation has been realised by the Government and that they are considering this proposal along with certain other alternatives.

Raw Naphtha

As most of you must be aware, raw naphtha is the feedstock used in your Company's oil gasification plant for production of hydrogen, which is one of the constituents of ammonia. As this is a very important raw material in the manufacture of chemical fertilisers, the Government of India were pleased to exempt it from the excise duty payable on it to the extent of 95 per cent. This position is recognised in States like Madras and Maharashtra where fertilisers are being made out of raw naphtha. In Kerala, the situation however is different. Originally raw naphtha was charged sales tax at 3 per cent. Recently, the Government of Kerala seems to have decided to treat it as a petroleum product and charge sales tax at 15 per cent. This will seriously upset the economics of production of your Company. A representation has, therefore, been made to the Government of Kerala to reconsider the matter and restore the original position. Raw naphtha is the raw material for most petrochemical industries. In Kerala, fertiliser industries can be developed only on the basis of raw naphtha being used as a raw material. If this raw material is charged this high rate of sales tax like a finished product, it will cripple the fertiliser industry in Kerala. I hope the Government will realise the gravity of the situation and revise the sales tax on raw naphtha.

Last year, I had informed you of the directions received from the Government of India that your Company should plan, design and construct three more major fertiliser plants in South India during the fourth Plan period. Your Company has since then been advised by the Government of the location of two of these plants. One of them is proposed to be built at Madras and the other at Cochin, as near to the refineries as possible. The project reports for these projects have been prepared by the Company and submitted to the Government of India for approval and further directions.

Foreign Collaboration

I had mentioned to you last year of the Company's intention to promote a fabrication shop in collaboration with the Davy-Ashmore group of the U.K. for the manufacture of specialised items of equipment required for the fertiliser and chemical industries. I am glad to say that a formal agreement has been drawn up between your Company and Messrs. Davy and United Engineering Company of the U.K., one of the units of the Davy-Ashmore group, for the establishment of such a workshop. As soon as the Government of India's approval to the agreement is obtained, further steps will be taken to organise the new company.

Your Company has also been able to secure the consent of Messrs. Power-Gas Corporation of the U.K., a member of the Davy-Ashmore group and a well-known engineering and contracting organisation in the field of chemical engineering, to collaborate with your Company for setting up an engineering and contracting organisation. The heads of agreement drawn up in this regard are being submitted to the Government of India for their approval. Further steps will be taken on receipt of Government approval.

Most of you must be aware of the steps taken by your Company to promote the use of fertilisers in South India. These measures have been appreciated by the State Governments as well as the Centre. The fertiliser festival, a new concept introduced by your Company in the field of fertiliser promotion, has now been accepted as one of the best means of propagating fertiliser use. The Madras Government, for example, has started organising fertiliser festivals on their own initiative and with the co-operation of suppliers.

The distribution network has also expanded considerably during the year under review. Today, your Company has 53 central depots and about 1,900 authorised agents in Kerala State alone. In Madras, Mysore and Andhra Pradesh, your Company has been spreading its distribution system at a rapid pace. Recognising the efficiency of the methods followed by your Company in fertiliser distribution, the Government of Madras have invited your Company to assist them in the distribution of nitrogenous fertilisers, sales of which were so far confined to co-operatives. Your Company has gladly accepted the invitation and will be starting distribution of nitrogenous fertilisers in Madras State within a few days.

Your Company's agronomists continued to render useful services to the farmers of South India. The nature of services included the maintenance of demonstration plots, supervision of manuring operations, supervision of application of pesticides and speedy analysis of soil samples.

Labour Relations

Employee-employer relations continued to be cordial during the year under review. But in July this year, a new situation has developed. A member of our managerial cadre has been elected as the president of the union. The union has been insisting on our recognising him as the president of the union. It is most embarrassing for any management to recognise one of its own members as an office-bearer of the union, especially so when he has been the Assistant Personnel Manager of the Company and has conducted negotiations on behalf of the management with the union. It will be difficult to find such an instance anywhere else in trade union history. Along with this, the union had also raised an issue relating to the grant of bonus for the year 1963-64. Bonus payment is governed by the long-term agreement between the union and the management. Any difference of opinion relating to any of the clauses of the agreement has to be referred to the Labour Commissioner for arbitration, according to the agreement. The issues were therefore referred to the Labour Commissioner in terms of the agreement for arbitration.

As the union has refused to accept arbitration, the Government of Kerala has referred the issue relating to bonus for adjudication. In regard to the other point, namely, the anomalous position of a manager holding an office in the union, the union has been conducting an agitation for over a month now. A strike notice was given on the 21st August. The union has been extending this notice on the dates of expiry. So far no strike has taken place. The management believes that for the efficient running of an industrial unit a healthy and strong trade union is necessary, but at the same time no management can afford to compromise on fundamental principles. The question now posed by the union has very grave implications and, if conceded, shall strike at the very roots of management and trade union relationship. The management have therefore advised the union that so long as their president continues to be a member of the managerial cadre of the Company they will find it difficult to hold any discussions with him. I do hope that the union will appreciate the difficulty of the management and take a realistic view of matters.

I now move that the Directors' report and the audited statement of accounts for the financial year 1963-64 be adopted.

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

INDUSTRIAL FINANCE CORPORATION OF INDIA

TERMS AND CONDITIONS OF LENDING LIBERALISED

CHAIRMAN, MR. A. BAKSI, ON CORPORATION'S ACTIVITIES

THE hope that, with the formation of the Industrial Development Bank and the consequential changes in the I.F.C. Act, the Industrial Finance Corporation of India would be in a position to play a more fruitful role in the industrial development of the country was expressed by Mr. A. Baksi, Chairman of the Corporation, at the Sixteenth Annual General Meeting of the Corporation held at New Delhi on Tuesday, 29th September 1964. Co-ordination between sister institutions, Mr. Baksi stated, would grow in depth and the lacunæ in the requirements of industry be filled in more easily. Very large projects which the Corporation could not handle alone, he added, would be assured of comprehensive attention by a consortium of financial institutions.

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

GENTLEMEN,

I have great pleasure in welcoming you to this annual general meeting of the shareholders of the Corporation. We have assembled here only four months after the demise of Prime Minister Jawaharlal Nehru. It is fitting that we should begin by paying our respectful homage to his memory.

Accounts

Printed copies of the sixteenth annual report of the Board of Directors and the accounts of the Corporation are already in your hands and I shall, with your permission, take them as read. During the year ended the 30th June 1964, the Corporation sanctioned a total financial assistance of Rs. 38.27 crores made up of rupee and foreign currency loans of Rs. 25.12 crores, underwritings of Rs. 5.41 crores and guarantees of deferred payments and foreign loans of Rs. 7.74 crores. The quantum of assistance disbursed or made available during the year was Rs. 21.88 crores out of which the cash outgoings amounted to Rs. 17.99 crores. To meet the immediate needs of our borrower concerns, we disbursed during the year interim loans amounting to Rs. 3.42 crores.

The gross income for the year was Rs. 507.28 lakhs. Deducting interest of Rs. 262.04 lakhs on borrowings, and other expenses including establishment of Rs. 18.18 lakhs, the gross profit subject to provision for taxation is Rs. 227.06 lakhs. After setting apart a sum of Rs. 101.62 lakhs towards taxation, the net profit for the year comes to Rs 125.44 lakhs. These results, I hope you will agree, are satisfactory. As for appropriations out of the profits, a total sum of Rs. 106.19 lakhs has been transferred to reserves which now total Rs. 409.19 lakhs as against a paid-up capital of Rs. 7 crores on the 30th June 1964. The balance profit of Rs. 19.25 lakhs is being distributed as dividend.

Financial Assistance

The gross financial assistance sanctioned by the Corporation during the last 16 years upto the 30th June 1964 aggregated Rs. 240.97 crores. The net figure for this period, after taking into account cancellations and withdrawals of Rs. 44.19 crores, totalled Rs. 196.78 crores, made up of rupee loans of Rs. 134.29 crores, foreign currency loans of Rs. 16.89 crores, underwritings and direct subscription to capital of Rs. 14.13 crores and guarantees of Rs. 31.47 crores. Out of the net assistance sanctioned of Rs. 196.78 crores, about Rs. 137.16 crores (70 per cent) was for new projects and Rs. 59.62 crores (30 per cent) for existing concerns for expansion, modernisation, and diversification. As against the net assistance sanctioned of Rs. 196.78 crores, Rs. 124.45 crores had been disbursed or made available upto the 30th June 1964. Assistance outstanding on that date, after providing for repayments, aggregated Rs. 94.02 crores. Cash disbursements upto the 30th June 1964 in respect of loans sanctioned and shares and debentures subscribed to, or taken up by the Corporation as a part of its underwriting commitments, amount to a total of Rs. 105.78 crores. These have been financed to the extent of Rs. 26.87 crores (25 per cent) out of repayment of loans, Rs. 28.24 crores (27 per cent) by borrowings from the market, Rs. 35.60 crores (34 per cent) by borrowings from the Central Government, Rs. 3.98 crores (4 per cent) from foreign credits and the balance of Rs. 11.09 crores (10 per cent) from the paid-up capital and reserves.

Projects assisted during the year under review numbered 75, covering a variety of industries such as textiles (20), metal products (15), electrical and other machinery (14), glass (7), basic industrial chemicals (5), paper (4), and iron and steel (3). The total number of projects assisted by the Corporation since the beginning upto the 30th June 1964 was 334, out of which 224 are new undertakings. The total cost of the 334 projects, for which we sanctioned assistance of Rs. 196.78 crores, is estimated at Rs. 558.00 crores. The last figure is significant because an institution like ours is often judged by the extent to which the projects financed by it are able to mobilise resources from other quarters.

Contribution to Industrial Development

The Corporation's contribution to industrial development in terms of production is also significant. For example, in the paper industry the additional capacity created as a result of our assistance is 1,58,000 tonnes per annum as against the total installed capacity of 5,49,000 tonnes per annum. In basic industrial chemicals, the additional capacity set up is 61,800 tonnes of caustic soda, 2,83,000 tonnes of sulphuric acid and 23,100 tonnes of soda ash per annum. In the cement industry, the additional capacity created is 19,20,000 tonnes and in the refractory industry 2,09,000 tonnes per annum. In sugar, the additional cane-crushing capacity amounts to 67,000 tonnes of sugarcane per day. In cotton textiles, the additional capacity installed is 6,44,000 spindles.

Underwriting Activities

The Corporation has progressively increased its underwriting activities. During the year, we sanctioned 40 applications for a total amount of Rs. 5.41 crores comprising equity shares of Rs. 3.86 crores and preference shares of Rs. 1.55 crores. In a number of cases, underwriting facilities were sanctioned in addition to loans and other forms of assistance. Upto the 30th June 1964, the Corporation had sanctioned underwriting facilities in 77 cases for a net aggregate amount of about Rs. 12.31 crores made up of equity shares of about Rs. 6.02 crores, preference shares of about Rs. 3.86 crores and debentures of Rs. 2.43 crores. During this period, 52 issues involving an aggregate commitment of over Rs. 9.48 crores were placed in the market and shares and debentures of Rs. 7.55 crores devolved on the Corporation as a result of these operations. The main reason for this was the unsatisfactory condition of the capital market in the last two years.

While rupee loans constitute the bulk of our operations, sub-loans in foreign currency have been on the increase. Loans sanctioned during the year under the lines of foreign credit available with us amounted to Rs. 8.04 crores as against Rs. 3.04 crores in the previous year. The net amount of foreign currency loans sanctioned upto the 30th June 1964 totalled Rs. 16.89 crores. Out of the two loans of $30 million from the Agency for International Development (A.I.D.) of the United States of America, the Corporation had committed itself to a total of $23.78 million (Rs. 11.32 crores). We have repaid to the A.I.D. three half-yearly instalments of principal amounting to $150,000 (Rs. 7,14,000) upto the 30th June 1964. Two lines of credit aggregating DM 40 million from the Kreditanstalt Fur Wiederaufbau, Frankfurt, have been fully committed and the demand for DM loans continues unabated. The utilisation of the credit of 50 million francs from the Banque Francaise du Commerce Exterieur (B.F.C.E.), Paris, has unfortunately been slow. We have so far sanctioned four sub-loans aggregating 8.59 million francs out of this credit.

The industry-wise pattern of our assistance has been changing. For some years till 1962, the sugar industry was at the top of the list of our beneficiaries. In 1963, sugar made way for non-ferrous metals. During the year under review, metal prodoucts headed the list with 18.7 per cent of the total assistance, followed by textiles (16.7 per cent) and basic chemicals (15.1 per cent).

As regards the State-wise distribution of our assistance, Maharashtra topped the list in the year under review with Rs. 15.8 per cent, closely followed by Andhra Pradesh with 14.5 per cent and Madras with 12.5 per cent. A sizable proportion of our assistance was claimed by the less-developed areas by the industrialisation of which, as you are aware, the Corporation is keen to assist.

The net financial assistance sanctioned upto 30th June 1964 to industrial co-operatives amounted to Rs. 37.86 crores representing about 19 per cent of our total net financial commitment. This covered 51 sugar co-operatives, three co-operative spinning mills and one unit for extraction of vegetable oil.

A review of our loan accounts has shown that no additional provision is necessary towards the reserve for bad and doubtful debts, the balance in which now stands at Rs. 14.47 lakhs. The existing provision relates to three old accounts, action in regard to which is already being taken.

Credit Record

The credit record and the financial position of our borrowers, including industrial co-operatives, continues on the whole to be satisfactory. The percentage of default in respect of instalments of principal and interest as on the 30th June 1964 was negligible, being 0.88 per cent and 0.66 per cent respectively. Many of the concerns assisted by us have earned sizable profits and 21 concerns have, during the year, declared dividends of 12 per cent or more. The Corporation received during the year a sum of Rs. 77.15 lakhs from borrower concerns on account of premature repayments of principal. The total amount received on account of premature repayments of principal upto the 30th June 1964 was nearly Rs. 7 crores which included a sum of Rs. 1.12 crores from sugar co-operatives. We welcome such premature repayments and do not charge any premium on them.

Among events of interest to us during the year, the establishment of the Unit Trust of India was a major one. We welcome this step taken for the mobilisation of the savings of the public for industrial development.

Mr. Mobert Michel Titus of the Agricultural and Industrial Credit Corporation of Liberia visited the Corporation during the year to study our procedures and working. Dr. G. Varade Gowda, a senior official of Mysore Government and two officials from the Indian Overseas Bank Ltd. and the Punjab National Bank Ltd. were also with us. The General Manager of the Corporation participated in the Second Regional Conference of Development Banks in Asia held at Tehran in October 1963. During the year, one of our senior officers was deputed to the Economic Development Institute of the I.B.R.D., Washington, for a special course in the appraisal of industrial projects. He also studied the organisation and procedures of the International Finance Corporation in Washington and the Commonwealth Development Finance Company Ltd. in London. We thank these institutions for the valuable facilities given.

Our relations with the various chambers of commerce in the country and with our borrower concerns continue to be cordial. We appreciate the constructive suggestions made by them from time to time. Our cordial thanks are due to the U.S.A. Agency for International Development (A.I.D.), the Kreditanstalt Fur Wiederaufbau and the Banque Francaise du Commerce Exterieur for the consideration they have shown us. Their assistance has added to the capacity of the Corporation to serve the development of industries in the country.

Changes in Board

Mr. K. P. Mathrani, I.C.S., who held with distinction the chairmanship of the Corporation from the 1st July 1961, relinquished his office on the 16th May 1964 on appointment as Secretary to the Government of India in the Ministry of Rehabilitation. On behalf of the Board of Directors I would like to express our high appreciation of the valuable services rendered by him to the Corporation. During the year, Messrs. C. C. Desai, M.Ct. Muthiah and V. P. Varde retired from the Board. Their active participation in the affairs of the Corporation was of great value and I thank them on behalf of my colleagues on the Board. I also take this opportunity on behalf of the Board to convey our thanks to the members of the Advisory Committees for the able and objective assistance they gave to the Corporation throughout the year. I would also like to thank the non-officials nominated by us on the boards of our borrower concerns for the interest they have taken in their work.

Industrial Development Bank

Considering the time which elapses between the end of our financial year and the annual general meeting it will not be out of place for me to refer to a few recent developments without which the picture before you would be left incomplete. The most notable of these has been the setting up of the Industrial Development Bank of India on the 1st July 1964. The provisions of the I.D.B.I. Act have been commented upon in the newspapers and journals and the charter of the new body and the role it is expected to play have already received wide notice. Without dilating on these matters, I may usefully draw your attention to certain important amendments which the I.D.B.I. Act, 1964 has made to the Industrial Finance Corporation Act, 1948 with effect from the 1st August 1964. The shares held in the Corporation by the Reserve Bank of India and the Central Government have been transferred at par value to the Industrial Development Bank, and the latter has acquired additional shares so as to bring its total holdings up to 50 per cent of the paid-up capital of the Corporation which now stands at Rs. 834.60 lakhs. Certain changes have been made in the provisions relating to the composition of the Board of Directors and the arrangements for the audit of the Corporation. The power of giving policy directives to the Corporation has passed from the Central Government to the I.D.B. The limit of loan assistance by the Corporation to a single industrial concern has been increased. It has been made possible for the Corporation who have access to financial assistance from the I.D.B. in certain specified ways.

I expect that the formation of the I.D.B. and the consequential changes in the I.F.C. Act will enable the Corporation to play a more fruitful role in industrial development. Already, we have done some joint financing with other bodies. Now, co-ordination between sister institutions in the field will grow in depth, lacunæ in the requirements of industry will be filled in more easily, and very large projects, which the Corporation could not handle alone, will be assured of comprehensive attention by a consortium of financial institutions. The recent amendments to the I.F.C. Act tend to reduce considerably the Corporation's dependence on the Central Government. It is now incumbent on the Corporation to raise funds for its operations to the maximum extent practicable through its own endeavours assisted, of course, by the provision which remains intact in the law that its bonds will be fully guaranteed by the Central Government. As our requirement of outside funds during the current year will be quite substantial, we entered the market a few days ago with bonds of Rs. 6 crores at 4½ per cent per annum at an issue price of Rs. 99.25 per cent with 12 years maturity. The issue was handsomely oversubscribed within a few hours. We thank our shareholders and other investors for the support they gave us. This was our seventh bond issue, the total raisings by this means from the market upto now being over Rs. 39 crores.

Conditions of Loan Assistance

It is our duty in the Corporation to review from time to time our own procedures to see if we can relax any of the conditions on which we render assistance to industrial concerns. A recent review has enabled us to take three or four decisions which may be of interest to you and the industrial circles. As you are aware, it has been one of the standard conditions of our loans that borrower companies shall not declare equity dividend at a rate higher than 8 per cent per annum without the prior approval of the Corporation. In view of the prevailing yields on equity and preference shares and the conditions in the capital market, we have decided to raise the limit of equity dividend from 8 per cent to 10 per cent per annum.

Loanee concerns so far had to seek the prior approval of the Corporation to the disposal of any item of assets mortgaged to it. It has now been decided to permit assisted concerns to sell or write off specified items of assets of a minor nature within prescribed limits, where they find it necessary to do so, without the prior approval of the Corporation. It has also been decided that the restriction on the disposal and pledge of shareholdings should not apply to all directors or members of the managing agency but should be confined to those who have a real stake in the assisted concern. The Corporation has already decided to liberalise the condition about personal guarantee of directors and/or managing agents in suitable cases. We have also decided that our right to appoint nominee directors on the boards of assisted concerns should be exercised more selectively in future. I trust that these relaxations in the standard terms and conditions will be welcomed by our clients. It will be my endeavour to maintain a flexible attitude in these matters and make, from time to time, such variations as experience may show to be useful so long as these are in accord with the basic principles of sound financing.

Thoughts for the furture are a natural concomitant of a review of the past. The Corporation has lived through sixteen years of change, has met with new challenges from time to time and has tried to evolve suitable responses. Now, with the progress of sister institutions set up at the all-India and the State levels and with the growth in the demand for long and medium-term financing of industry, we shall face new tasks which will need imaginative handling. It is essential that we take stock of the changes in the situation and adapt ourselves increasingly to a versatile approach.

Further Credit

For this purpose, we shall need a great deal more of foreign credit than has yet come to us. Negotiations for fresh lines of credit have been under way with the Kreditanstalt and the A.I.D. We have just had news that a further line of DM15 million has been allotted to us. I hope that from the A.I.D., too, we shall get further credit. We must, nevertheless, look for more assistance from institutions abroad to make good our deficiency, particularly in the line of convertible currency. Our record will show that we, as a single institution, have been associated with investment of over Rs. 550 crores in the private sector of industry since 1948. While not oblivious to considerations of profit, we have consistently laboured to give help where help is needed most and not where it can be most easily given. We have tried and shall try harder in future to ensure that the foreign lines of credit that we have and that we get are utilised to the best and promptest advantage of industry, and that no procedural obstacles stand in the way. As for our rupee resources, we have to do our best to add to them by revolving our investment portfolio at every suitable opportunity. In August this year, we added Rs. 1 crore to our funds by sale of certain debentures.

We have to see that while industrial concerns receiving or seeking our assistance are not subjected to excessive rigours or fruitless inquiries, projects are prepared with circumspection and probity, with full attention to technical, financial and managerial details and are implemented promptly and with vigour. A sensitive balance has to be struck by the Corporation all the time between generosity and prudence. An excess of the latter will retard development; an excess of the former may use up valuable resources without bringing an economic dividend. This balance is now particularly necessary when the Corporation has taken a long stride into the field of underwriting. If industry is to flourish, underwriting must go on. At the same time, if the Corporation, which borrows money at 5 per cent interest and is not, basically, an investor in securities on the stock exchanges, has to subscribe in a large measure to new shares, its underwriting has to be wise. In this context, I feel that the staff of the Corporation for technical and financial scrutiny of projects and for advice to entrepreneurs needs strengthening. I am giving my best attention to this matter.

The tasks before the Corporation are not easy. But I am confident that we shall fulfil them and pass on to more difficult ones. To my colleagues on the Board, I wish to express my sincere thanks for their valuable co-operation and wise counsel And to conclude, I record with pleasure the appreciation and thanks of the Board of Directors and my own to the General Manager, and other officers and the entire staff for yet another year of devoted work.

FROM HERE TO UNCERTAINTY?

A SCRAP OF PAPER! But it has served its purpose. A new word was learnt. Or, phrase. Or, problem. Or, visual idea. Also the future is bright for this child—but not for that scrap of paper! From here it goes to uncertainty. But till here, there was no uncertainty, because it was born at Dandeli.

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THE JAY ENGINEERING WORKS LIMITED

INTRINSIC STRENGTH UNIMPAIRED BY STRIKE

LALA CHARAT RAM SAYS INVESTMENT MUST BE RETURN-ORIENTED

SOME striking observations on the economic problems currently confronting the country were made by Lala Charat Ram, Chairman of the Jay Engineering Works Ltd., while addressing the shareholders of the Company at their Twenty-seventh Annual General Meeting held at Calcutta, on Friday, 25th September 1964. The topics covered by him included the tribulations of industrial workers caused by pseudo trade unions having political overtones, the failure to achieve adequate increase in the production of agricultural commodities, misconception of the role of profit among politicians and the disturbing impact of continuing rise in production costs on the standard of living of the people.

The following is the full text of Lala Charat Ram's speech:

FRIENDS,

I have great pleasure in welcoming you to the twenty-seventh annual general meeting of the Company.

We should begin our proceedings today, by paying our homage to the memory of Jawaharlalji Nehru. I can hardly add to all what has been said, and what all of us indeed must feel, about this great personality. Mahatma Gandhiji secured us freedom from foreign bondage and was truly the father of the nation; Panditji attempted to bring freedom from material want in the lives of the people. Few peoples are so lucky as to have as their leader, a man of such deep humanism and scholarliness. May I request you to pay homage to Panditji's memory by standing up silently for a while.

We are lucky that a person of Lal Bahadur Shastriji's calibre has succeeded Pandit Nehru as our new Prime Minister. Shastriji is known as a man of sagacity and independence. The pragmatism and the determination with which Shastriji has set about his task is indeed gratifying. In the difficult situation that he has inherited, he has shown firmness of purpose and a sense of realism that augurs well for the future.

Strike and the Aftermath

The annual report of the Company for the year ended March 1964 has been with you for some time. The profit for the year bears the mark of a part of the period of the strike in the Calcutta factories of the Company from 17th December 1963 to the end of May 1964. However, your directors have decided that, as the decline in profits has been due to an abnormal occurrence, the Company should draw upon its reserves to pay a dividend on equity shares, although a lower one at 8 per cent. This is considered equitable, having regard to the overall responsibilities of the Company. I am hopeful that in the course of the year, the Company will be able to replenish its reserves, while compensating the investors adequately.

I should, to begin with, make a reference to the most unfortunate strike which the Company had to face determinedly. A broad analysis of the causes may help to prevent a recurrence of such unfortunate events. The strike affected not only the Company's profits, but also the country's export earnings. It caused enormous loss, running to over a crore of rupees, to the workmen in terms of loss of wages, bonus etc.; the Government lost large amounts of excise duty and direct and indirect taxes; and the community lost much needed supplies. The strike certainly did not win any rewards for the workmen. The demands, which were the ostensible cause of the strike, had already been reviewed by the West Bengal Government and some of them had been referred to the Industrial Tribunal for adjudication. The same position obtains after the strike. On the other hand, the tempo of production achieved over many years was broken, and production-based earnings of workers have been maintaining a low level; there is no work for a large number of workers; and, as violent activity must feed on its own perpetrators, scores of workers, including many basically good, honest men have had to be charged for indulging in violence and intimidation. This picture of desolution and disruption, in an undertaking which has been known for its very high remuneration levels and progressive personnel policy, is certainly most unfortunate. I must repeat what I said last year here, that political and agitational considerations must give way to the paramountcy of the needs of working men and the industry, if labour leadership is to be meaningful and constructive in the economy of the nation. During the year there has been much evidence in the country, apart from our own strike, to show that there is more pre-occupation on the part of a section of our labour leadership with political and other extraneous considerations, than with the ultimate good of the working people, and the industry. It is clear that labour leadership needs to have a fresh outlook in the matter of labour relations, if the working class and the economy of the nation are to be spared the tribulations brought about by pseudo trade unionism having political overtones, I consider the workmen of Jay Engineering Works capable of making a dynamic shift in this matter, as they have shown dynamism in the past on so many other occasions.

Production Only Solution for Economic Ills

Of the several factors in the economic situation, making for what is now recognised as an economic crisis, the foremost pertain to food production and prices. Responsible people in all walks of life have their own analysis of the situation. I am not a defender of any anti-social businessmen, but if a disease is not rightly diagnosed, the cure may be hard to come by There may or may not be some hoarding of foodgrains and other agricultural produce, at the primary level of the producer, or at the secondary level of the distributor; a part of this hoarding must however be distinguished from normal stocking, for unlike green vegetables which are bought for day-to-day consumption, foodgrains are harvested two to three times in a year and stocked for consumption in the coming months. Furthermore, any hoarding could at worse take place only till the arrival of the next crop. I am sure that our Government is not interested now in finding temporary scapegoats, but in a continuing long-term solution of the problem. The fact is that for over a decade now, the price curve of foodgrains has been steadily going up, in spite of shiploads of American bounty food increasing in number year after year. Some economists even fear that at this rate, some day America might be itself short, to meet the widening gap of our demand and supply position. The answer in my view is to be found in inadequate production, and the inadequacy seems to grow year after year. With some hesitation I would like to suggest that the Government might have a second look on some of the so-called socialist objectives, which have become so sacrosanct, at least so far as agriculture is concerned. There is no question that we have to increase our yields from land, and a great many of our policies may satisfy ideology in some quarters not responsible for results, but may not give the much needed food that the people of this country need. Socialism, democratic or otherwise, or communism, or even capitalism may remain a paper satisfaction for the people, if they fail to make for more production, and availability of goods.

Another problem of our country is expensive and unproductive investment. Unless capital investment is done with stringent economy, and unless the overall economic return on total investment exceeds the economic cost of the investment, the economy of the country is bound to be under continuing severe strain. It is a matter of satisfaction that the Prime Minister has already instituted studies for determining the extent to which our economy can bear the load of gigantic long-term investments. I have no doubt that this will result in a review of national priorities with a view to upgrading projects which will yield goods and services in a relatively short time, thus countering inflationary forces and facilitating further investments from earned surpluses.

Is Earning Profit A Social Crime?

The other kind of unproductivity arises from confusion about the character and nature of profits. There seems in some lobbies in our country a view, that it is a crime to make profits; I submit that, on the other hand, it should be considered an economic crime to make losses. The idea that business profits are good for the economy is difficult for many to accept. What the critics of profit say on the surface is, that business aims not at helping people, but at making profits through people. Their instinct tells them that one man's profit is another man's loss, and so they conclude that profit means exploitation. Now the relationship between business profits and economic growth is basically very simple. Profit determines investment, for you obviously cannot invest from losses, and investment is essential to growth. Thus declining profits must mean a serious drop in investment, and therefore a slower growth for the economy; per contra, higher profits would mean higher investment and faster growth. It is no accident that business profits, business investment, and unemployment are the three economic indicators that have remained at recession levels during the current economic down-swing.

The matter of rising costs of manufacture is certainly one of alarm. The "cost-price" squeeze situation about which I referred last year, has worsened for industry in general and for engineering industry in the metropolitan Calcutta region in particular. Management has the primary responsibility for controlling costs by seeking more efficient ways of making and marketing products. But many of the costs of doing business today in our country lie wholly or partially beyond the control of management. To cite only one and latest example, the runaway price situation has led to increases in rates of dearness allowance payments to our workers in the last three months, which would mean increases in costs for your Company to the extent of about Rs. 10 lakhs per year. If manufacturing costs continue to mount up, they must sooner or later be reflected in increase in selling prices. If the goal of our society is to provide the basic necessities of life at prices which the people can afford, we seem to be somehow awfully off the track in achieving it. To me there appears to be some confusion between ends and means.

Satisfactory Trend of Production

Before closing, I should say that our current operations are maintaining a satisfactory trend, considering the aftermath of the strike. Given sustained hard work by the workers without being diverted by self-seeking men, there should be increased earnings and bonuses for the workmen, increased profits for the investor, increased exports for the country and increased supplies for the domestic market. Our shareholders and others concerned with us can feel reassured that the intrinsic strength of the Company remains unimpaired by the strike. The principal asset of any undertaking is its men, and I feel proud to say that the strike has given ample proof of the worth of our management personnel, as well as our rank and file and operating personnel.

Our relationship with our work-force remains good in spite of the fact that most of them had to make common cause with aggressive elements due to compulsive forces that bear upon the working class. To the leadership of our Company's labour, and to the workmen themselves, I take this opportunity of making a personal appeal. Strike against production can never, never be in the interest of either the labour group or the country at large. Management has responsibilities to the consumer, the labour and the investor alike. Let us all work in the coming years to make Jay Engineering the lowest cost factory in India, for that is the only way to also making it the highest profit factory, from which increased investments and payments to labour can come.

All of you are aware that our old and close colleague Shri T. R. Gupta, left the Company during the year to take up the chairmanship of the mammoth public sector undertaking, the Heavy Engineering Corporation Ltd. We are sorry to lose him, but take pride in this singular recognition. Personally to me it has been a great loss, but he remains basically a part of us and we seek his advice in any difficult situation constantly. I am sure you yill join me in wishing him a successful career in his new challenging job.

Shri B. S. Agarwal, along with the officers of the Company, supported by the staff and workers, deserve more than our usual thanks for the manner in which they conducted the affairs of the Company in an eventful year.

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

ALUMINIUM CORPORATION OF INDIA LIMITED

MR. LAKSHMIPAT SINGHANIA'S ADDRESS AT THE ANNUAL MEETING

MOVE FOR STATE-OWNED ALUMINIUM PLANTS SUPPORTED

PRESIDING over the Twenty-sixth Annual General Meeting of the Aluminium Corporation of India Ltd., held at Calcutta on Monday, 21st September 1964, Mr. Lakshmipat Singhania, a Director of the Company, critically examined some of the Government's policies, including the labour policy. He said that the present trend of appeasing industrial labour in the country was very disquieting. He supported the move for establishing aluminium plants in the public sector. He thought that it would be in the interest of the private sector, because it was only then that the Government would realise the real difficulties of this industry as it did in case of steel plants.

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

GENTLEMEN,

It is my pleasure to welcome you again to the twenty-sixth annual general meeting of the Corporation. Your Corporation is entering into a new era of development after toiling hard for quarter of a century for establishment of this highly technical industry in this country entirely by local talents and entrepreneurship, which involves competing with big giant companies all over the world having very large resources at their disposal for technical and development research and supported by their national Governments. In India, thinking on the establishment of new industries has been varying from time to time. On political platforms, it has always been emphasised that development of national industries was very important, but, in practice, support to those who pioneer basic industries has not been encouraging and preference is being given on other considerations. These types of industries, in a country like India, can only be developed with the continued support of the national Government and the nation taking a long-range view. The basic factor for development of an industry of this nature is the power rate which is even more important than the physical raw material for the industry, that is, bauxite. Until and unless power is made available for this industry at uniform rate and a rate suited to this industry as is being done all over the world, our problems are not going to be solved. In the normal course, the entrepreneur should be free to establish an industry at a site most suited to the industry. But, in view of the great scrutiny in licensing, if I may say so, the economic factors play the least part as against other factors like regional planning and those not connected with the economies of the industry. The new trend of the State to increase the revenue by tapping sources easily available to them irrespective of its effect on the nation as a whole is very disheartening. I have in mind impositions like excise duty on still undeveloped industries, electricity duty on power, or control on other facilities, including mineral rights such as bauxite, from the point of view of individual States only without any consideration of the national interests.

Economic Size of Plants

Often arguments as to the size of the plant are being advanced and a minimum economic size is being determined and considered. In my opinion, this will depend on the circumstances from time to time. In every country when development of industry takes place, the size increases from small to big in due course and even today if the list of aluminium plants existing in the world is looked into, it will be found that plants in the range of 5,000 tons also exist economically. Therefore, in view of the existing circumstances, construction of new plants of minimum size only is not always a prudent decision to be taken by the Government in countries like India. Probably, after some time when our economy has developed, the present minimum size, to us also, will become rather small. Further, in India today, there is talk about concentration of economic power and monopolies. And, if this trend of thinking prevails, it will not be possible for Indian entrepreneurs even to match the Indian capital requirements even if foreign exchange component is available. Further restrictions are being put by limiting semi-fabrication facilities to producers of basic metals in the country thus making the plants uneconomical. It is a known fact that in a highly capital-intensive industry, as is the case with aluminium metal or even steel, the cost of the plant upto the metal stage is much costlier per ton of installed capacity than the semi-fabrication plants like rolling mills etc. I cannot, therefore, understand the Government's insistence specially in case of aluminium industry that the main producers should be allocated restricted amount of semi-fabrication capacity as low as 50 per cent of their ingot capacity. This means that the intensive capital expenditure has to be incurred by the main producers with a very low return and, the advantage of higher return for semi-fabrication should be thrown open to small fabricators whose investments are comparatively very little. I may cite the example of steel industry in which most of the re-rollers exist on scrap and very small availability of billets. All the basic producers of steel plant have their own semi-fabrication facilities to a much larger extent almost about 85 per cent of their steel making capacity.

Demand for Aluminium

The thinking for demand of aluminium metal in the country seems to be changing every day as more metal is being produced and utilised. The consumption rate is keeping ahead of the metal production and this trend, in my opinion, will continue for some years.

In my speeches in the previous years, I had emphasised that the estimated consumption of aluminium metal in the country can be in the region of 150,000 tons by the end of the third Five-year Plan, as against earlier thinking of 87,000 tons and later change to 115,000 tons. I am happy to state that the considered opinion now is that, by 1966, the demand for aluminium metal will, in fact, be 150,000 tons. With present rate of industrial development, the consumption of aluminium metal in all forms should reach about 300,000 tons by 1970. I am sure that this metal is going to play a very important role in Indian economy and it is all the more important for the Government to help this industry to develop at a faster rate.

State-owned Plants

By various announcements from time to time it is learnt that the Government has been blocking certain available sites for putting up State-owned aluminium plants. Actually, it would be in the interest of the private sector, if Government were to put up State-owned aluminium plants, as, only then, they would realise the real difficulties of this industry, as has been in the case of State-owned steel plants. There are a number of other items which are more important and which the Government should handle as compared to putting up these industries which can be developed otherwise. The present economic progress is more or less stagnant. The rapid growth of economy is more important than anything else in the country today. In the recent meeting of the World Bank, it was rightly emphasised that all unyielding State investments must be curtailed and only yielding investments by the Governments should be encouraged. I only hope this policy will be rigidly followed by our Government, too. The country is suffering, because of fixed political ideas and considerations. For instance, the risk capital in India has never been recognised as really risk capital. Instead of having incentives for real risk capital, the risk capital is penalised. There are instances like your own Company where the shareholders did not get dividend for 18 years. In all new industries of basic nature, the shareholders will have to wait for certain number of years for dividends and thus those industries should be considered as national institutions rather than owned by any individual. From this point of view, there should be much more incentive to the risk capital and such capital must be allowed to be nursed properly.

The trend of appeasing the industrial labour followed in the country is very disquieting. There should be equal status for the industry and labour. Both are joining hands to generate economy in the country. The total industrial employment is hardly 2 per cent of the population. At the cost of the remaining 440 million, why is this category only being promoted to create a new class for all types of special amenities such as high wages, provident fund, dearness allowance, bonus, State insurance and so on. The recent decision of the Government in connection with the Bonus Commission is rather unique. The Bonus Commission was set up for formulating uniform norms for payment of bonus. The latest decision of the Government has increased the complications further which means that both existing uncertain complicated methods of calculation and the Bonus Commission's formula as accepted by the Government have to be applied and whichever be in favour of the labour has to be adopted. The Union Labour Minister's recent statement reveals that further burden of Rs. 18 crores minimum will be added to the consumers, notwithstanding spiral of high prices prevalent at the moment. It is to be realised that the extra burden falls on the remaining population of the country. It will be the happiest day for the country when every one can enjoy the benefits of the generation of the economy.

Corporation's Affairs

I am happy to mention that your Corporation's expansion programmes have been more or less completed. The Corporation can claim to have one of the unique integrated plants where right from the coal raising, power generation, alumina production, smelting of aluminium metal rolled products like sheets and circles, extruded products, A.A.C. and A.C.S.R. conductors and foils are produced in one compound in addition to its own bauxite mining. It is necessary for this size of plant to be integrated for its very existence as without combining all these economies, a plant of this size with many odds like very high power rates and increasing coal prices, will be difficult to exist. The only way to maintain economies of this plant in competition with other bigger plants in India would be on the economies of the semi-fabricated products. I have pleasure in informing you that we are working up with the Government of India for further expansion of the present plant. It is hoped that, in due course, licence will be available to your Company.

All the expansion schemes, which have just been completed, will show full results probably in coming years. For the time being, I have only to refer you to the balance sheet as at 31st March 1964, which has been circulated to all of you. We have achieved satisfactory results by increasing our sales by 48 per cent and reaching a new high figure of Rs. 345.15 lakhs and also our profit has reached a new figure, although the present profit is far below in view of the capital invested. The gross block works out to about Rs. 939.84 lakhs plus working capital and the earning of Rs. 63.38 lakhs as gross without providing for depreciation is rather low earning.

This year the Corporation has further expanded its capital by issuing preference shares of Rs. 25 lakhs and ordinary shares of Rs. 17.81 lakhs. After this fresh issue, the paid-up capital of the Corporation will be Rs. 2 crores and I hope the Corporation will be able to service this capital from its new earnings to the satisfaction of the shareholders.

As I have said earlier, these plants are more of national institutions dedicated to the creation and distribution of wealth for the national economy and are to be viewed in this perspective.

Gentlemen, I must congratulate all our workers, officers and the Managing Agents for their untiring zeal with which they have worked to bring this plant to the present status and I am thankful to the shareholders for supporting this Company on all occasions and also to our esteemed customers for their **continued patronage.**

MACHINERY MANUFACTURERS CORPORATION LIMITED

CHAIRMAN, MR. ALOKE KUMAR MITRA'S SPEECH

STRESS IS ON PRODUCTION OF HIGH QUALITY MACHINERY

ADDRESSING the shareholders of the Machinery Manufacturers Corporation Limited at their Eighteenth Annual General Meeting, held at Bombay on Wednesday, 23rd September 1964, the Chairman of the Company, Mr. Aloke Kumar Mitra, observed that the Company was making constant efforts to ensure that all machinery produced was of the highest quality possible and referred in this connection to the series of technical collaboration agreements concluded with well-known foreign manufacturers. He outlined the difficulties involved in selling machinery to textile mills due to lack of funds with them.

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

It is a pleasure and privilege for me to have the opportunity of welcoming you for the first time as Chairman of your Company. Before I proceed further, I must express our deep sense of loss at the passing away of Pandit Jawaharlal Nehru who was Prime Minister since independence and who guided our destiny.

The year, on the activity of which I am about to report, has been tinged with sorrow. Mr. K. C. Mahindra, our late Chairman, passed away in October 1963. Although he took over chairmanship from the late Sir Purshotamdas Thakurdas in 1956, he along with his brother, the late Mr. J. C. Mahindra, was the architect and pioneer of this Company which was the first public venture of Mahindra and Mahindra as Managing Agents. It had a strong foundation in the clear objective of serving the textile industry, the largest in this country, with quality capital goods of the latest design. From its birth, Mr. K. C. Mahindra devoted himself tirelessly to its progress and growth. Those were the days of struggle caused by customer resistance to indigenous manufactured products. But he never wavered in his belief that a quality product must eventually win. He had full confidence in the ability of your engineers to manufacture a quality product and he insisted that this must take priority over everything else. It was his inspiration that has today enabled your Company to earn high reputation as manufacturers of quality products. Two-thirds of the textile industry's requirement of carding engines is met by your Company and there is wide acknowledgement that MMC cards are fully comparable with similar products manufactured abroad. Simultaneously, he had planned to convert gradually the Company's plant from a single-product to a multi-product unit with diversification as its objective. It was his policy decision and direction that is bearing fruit today, and we are on our way to fulfil some of his aims. All this could not have been achieved, as he told you last year, without your confidence and patience. His greatest regret was that the shareholders had to suffer a dilution of their equity and had to wait a long time for their maiden dividend. He had at least the satisfaction of presiding at the last two shareholders' meetings when dividend was declared, and to see that the market price of the equity was more than its original value. One cannot but wish that he was with us today to tell you the story himself of the Company's continued progress and future development programmes. He is missed by all and his faith and complete confidence will continue to be our guiding principle.

Collaboration

In order to facilitate a most needed modernisation and expansion of the textile industry, it has been our constant endeavour to build the best design and quality of machines. Our late Chairman had mentioned to you last year that our Development Section had kept pace with the latest research in carding technology. Following a careful study of all these developments we have entered into a technical collaboration agreement with Carding Specialists Company Ltd., Halifax, for manufacture of their Crosrol-Varga high production conversion units which when applied to conventional cards will increase production two to fourfold. Crosrol-Varga high production units can be applied to old as well as new cards. An MMC card fitted with Crosrol-Varga device costs much less than other high production cards, some of which are presently being imported. I am pleased to inform you that we have received Government's approval to this collaboration and our engineers are presently in U.K. finalising the detailed programme for the manufacture of the product. We expect to commence manufacture of the Crosrol-Varga device by the end of next year.

Simultaneously, we have also entered into a technical collaboration with Whitin Machine Works, U.S.A., for the manufacture of their reputed high speed draw frames. Many of these machines imported and installed in various mills have given excellent results, and we are confident that when we manufacture Whitin draw frames they will meet the mills' requirements satisfactorily. The proposal for manufacture is still awaiting Government's approval but we have been assured of a favourable decision at an early date.

Speed Frame

The speed frame designed by our engineers incorporates such latest developments as are efficient and necessary. It incorporates features such as ball bearing to spindles and bobbins, telescopic spline shaft bobbin drive, large package suitable for Indian mills and over 500 anti-friction bearings for smooth operation at high speed. Simplicity in design and quality in manufacture have been the main objectives. The speed frame is now undergoing extensive trials under mill conditions. Once our engineers are convinced that the machine undergoing trial is working to the full satisfaction of the mill-owners, batch production of the speed frames will commence. Due to lack of certain types of machine tools yet to be installed the production of speed frames during the current year will be very limited.

I am pleased to inform you that the diesel engines which have been manufactured by your Company have earned a high reputation and our order book is very satisfactory. Here again, production, owing to lack of space and other facilities, and also inevitable teething trouble in locating certain indigenous sources of supply, has been restricted.

Carding Engines

The order book for carding engines remains full and the current production and despatch of cards continue to maintain an upward trend, but it would be unwise to be too complacent. It is true that the textile industry has an ambitious modernisation and expansion plan, but it is equally true that lack of funds, both foreign and rupee, has hampered implementation of the plan. It is widely known that the delay in the finalisation of the Japanese yen credit has upset plans for several new units which in turn has had its effect on the offtake of textile machinery in India. Speaking of carding engines, requests for postponement in respect of firm orders—often a last minute exercise—cannot but be regarded as an indication of the situation. Knowledgeable quarters have assured us that this is a brief and passing phase, and we would like to think that it is so, but we cannot help having reservations about future offtake.

There is another factor which impinges on our order book. Lack of rupee funds is driving the mills to purchase against deferred payment. We as manufacturers of textile machinery can only go so far in this matter. Even bankers have their limits, and we are called upon to go from bank to bank trying to arrange credit terms for customers. Whatever we have been able to arrange with our bankers appears to be inadequate, and we are, therefore, sometimes compelled not to accept orders under these terms and conditions. It is my plea that the mills must induce Government to re-examine their financial requirements because it is well beyond our scope to make credit arrangements which would meet the increasing demand for deferred credit. Your Company itelf in respect of its expansion programme needs further finance, and it cannot possibly be expected to arrange for this type of deferred payment facilities.

Yet another factor is in respect of technological developments which encouraged some of the mills to defer delivery of their cards hoping that they would be able to obtain the latest type of machinery. As I have mentioned before, your Company will be able to supply these high production cards with Crosrol-Varga and we have assured millowners that, as and when Crosrol-Varga units are available, they can be fitted to conventional cards for converting them into high production ones.

The Directors' report together with the statement of accounts which has already been circulated will show that the operation during the year under review has been satisfactory. Sales improved by Rs. 50 lakhs to just over Rs. 2.50 crores. High taxation provision—because of our having to pay for the first time full taxation on our profit—has, however, reduced the profit after tax. The process of rehabilitation of plant and equipment and increasing the capacity of the factory continue at a steady pace. For example, during the last three years Rs. 50 lakhs have been utilised on this account. What is of greater significance and interest is that the entire amount has been raised from self-generated funds and at the same time the indebtedness to I.F.C. has been reduced, the figure is now standing at Rs. 18 lakhs from the original figure of Rs. 59 lakhs. The Government loan of Rs. 5 lakhs which was given to the Company to complete its foundry project, and which was most timely, has since been repaid. The new expansion programme about which I have spoken to you and which will undoubtedly increase the future profitability of your Company, will require additional funds and your Directors are giving careful thought to it and will soon report to you their proposal for raising such funds.

Labour Relations

I should like now to draw your attention to some recent recommendations by Government which have a bearing on labour relations, and therefore, to industrial growth generally. I understand that there is a move by the Government to legislate that employers will be required to pay a portion of the wages in kind. The details are yet to be worked out but from the broad outline of the scheme it is discernible that employers will be required to provide the workers with cereals and certain other basic necessities by establishing fair-price shops. While the object behind this move is commendable, employers will be in an embarrassing predicament if the Government cannot make available to them sufficient quantity and the right quality of cereals and other basic needs for distribution to the workers. I would urge the authorities concerned to take these factors into consideration and take proper safeguards while finalising the scheme.

I must also make reference to the Bonus Commission's report. In making the amendments regarding the inclusion of all taxes in prior charges, the Government has acknowledged the obvious, the obvious being that tax reliefs intended for specific purposes relating to industrial growth cannot be frittered away in wages. Be that as it may, I cannot help thinking that unless bonus is related to productivity, the workers can never derive its full benefit. By fixing the minimum of 4 per cent, the Bonus Commission has indirectly given a proportionate wage award leaving the question of bonus as confounded as ever before.

It is my plea that Government should, once again, give very careful thought to the whole subject and should tackle the problem of wages separately through a wage board and tribunals and that bonus should be viewed exclusively as an adjunct of production and, therefore, directly related to productivity. Without such an approach neither will workers derive the maximum benefit nor will industry secure the appropriate advantage for incentive payments. Half-hearted measures will only aggravate the problem. If, however, legislation is under way to implement the amended Bonus Commission's recommendation, I would urge that the Act be viewed as a stop-gap measure until eventually bonus is related to productivity which I repeat is the only appropriate way of dealing with this issue to the mutual benefit of industry and industrial workers.

I am sure you will like to join me in thanking the staff and workers who have worked loyally and diligently for the satisfactory working of the Company during the year.

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

THE IMPERIAL TOBACCO COMPANY OF INDIA LIMITED

Speech by the Chairman, Mr. F. A. Collett, at the Fifty-third Annual General Meeting of the Company on 24th September 1964

Ladies and Gentlemen,

The year under review saw two changes on your Board necessitated by the departure from India of Mr. C. N. Kirkus and Mr. H. C. Reeve on retirement. Mr. Kirkus had served the Company for 28 years and Mr. Reeve for 31 years and so had well earned their retirement, and with them go our best wishes.

In their places Mr. Patrick Evan John and Mr. Balwant Kumar Nehru were appointed to the Board on 1st April. Mr. John joined the Company in 1938 on the accounting side, and Mr. Nehru in 1950 on the engineering side. They bring with them a wealth of experience and drive which is already apparent in our deliberations.

Turning to the Accounts I am afraid that, as I foreshadowed in my speech a year ago, the Company has come through a difficult year.

The reduction in profit from the high figure of 1962-63 is almost entirely due to two main causes, indirect and direct taxation; indirect taxation in the form of excise adversely affecting our Company's gross trading profits, and direct taxation reducing the net profits available for distribution.

As a result of the 1963 budget, when not only were the basic rates of excise raised, but an additional 20% special Emergency excise imposed, your Board decided to absorb a large part of the extra taxation on some of the lower priced brands as it was considered probable that had we not done so the higher prices would have put these brands at prices which many consumers would have been unable to pay.

Despite the disappointing financial results of the year under review your Directors are still of the opinion that that decision was a right one because even despite it, cigarette consumption during the year showed a reduction for the first time for many years: and had prices been still further increased this reduction would have been even more marked. I should perhaps point out that the value of our sales as shown in the Profit and Loss Account shows an increase of some Rs. 5 crores but this figure is largely offset by additional excise paid and does not therefore represent an increased volume of sales. Nevertheless it does mean that this extra money was paid out for your Company's products.

This overall reduction in volume is a clear indication of the fact that we have, anyhow for the time being, reached a point at which many consumers, particularly those in the lower income groups can no longer afford to smoke cigarettes. This must of course soon be reflected in Government revenue: and it is my opinion that if the revenue from the cigarette industry is to maintain its buoyancy, this is most likely of achievement by a reduction of excise, particularly in the lower categories and the removal of the special Emergency excise.

I now come to the incidence of direct taxation because the excise to which I have already referred only accounts for part of our reduction in profits, another large part of which is accounted for by retroactive corporate taxation for which we could not possibly have budgeted.

In the last three budgets there have not only been changes in excise rates: but our liability to direct taxation has been increased by retroactive new impositions and increases in rates. The 1962 budget increased the rate of corporate taxation from 45% to 50% at a cost of Rs. 18 lakhs; the 1963 budget introduced Super Profits Tax at a cost of Rs. 20 lakhs, and there is an unfortunate possibility that the 1964 budget may raise, perhaps unintentionally, our rate of corporation tax to 60% at a cost of Rs. 31 lakhs. I say "perhaps unintentionally" because there are varying interpretations of the provisions of the Finance Act 1964 relating to Super Tax on companies. In view of this uncertainty we have thought it wise to provide for the higher rate of 60% in our Accounts.

In the case of a change in excise duty which is primarily a tax on the consumer the difference becomes effective from the date of imposition, and your Directors are free to decide how much of the change should be passed on to the consumer, and on this decision is the Company's forward pricing policy fixed. In the case of direct taxation being imposed or increased retroactively in the last trading month of the year, forward planning becomes, to put it mildly, difficult.

These very frequent changes in two major forms of taxation, particularly in a trade where on average 50% of the sale value of our product is represented by excise, are bound to lead to erratic results: and if we cannot have a reduction in taxation, then at least a period of stability is overdue.

Your Directors have in previous years considered it advisable to appropriate part of the profits earned to Reserves in order to retain in the business funds needed to replace fixed assets and stocks at current price levels and to finance expansion. Having reviewed the whole situation they have decided to recommend to you that this year no such appropriations should be made and that reserves previously made should be drawn upon in order to cover taxes retrospectively levied for the previous year. It will then be possible to pay a final dividend of 2½%, making a total of 6½% for the year, which I now recommend.

Now to turn to the more cheerful side of the picture.

A more healthy aspect of the current situation is the more intense competition between the manufacturers but your Company is maintaining a satisfactory position and I have no doubt at all will continue to give a good account of itself.

Competition has a stimulating effect on your Company's management, and the results of our various training programmes which we have carried out continuously for several years are now standing us in good stead in overhauling old, and evolving new techniques on all sides of the business.

The year 1963 marked the Diamond Jubilee of our famous SCISSORS brand and we celebrated this by giving it a modern dress which, judging by the reception it has received, has been warmly appreciated by its loyal followers. I mention this particular item because in fact it is probably not untrue to say that this rejuvenation is symbolic of the many changes that we have made, and shall continue to make to keep abreast, and indeed ahead, of today's trading conditions.

In addition, and with an eye to the future, we have been concentrating on the increasing filter tipped trade where we now have the two leading brands in WILLS NAVY CUT Filter and SIMLA which have recently been followed by SAVOY Mentholated for those who like this variation.

Perhaps I should not leave this subject without a lament for the passing away of the round 50s tin, which has been a feature of the market for so long and which has now become a casualty of the Emergency. The Government can undoubtedly put the tinplate, which is in short supply, to a more vital use: and we hope that our public will be satisfied with our various alternative packings.

Generally your Company's products have been able to give a good account of themselves against increasing competition and despite increased prices: but in the few exceptions where this has not been the case you may rest assured that the most vigorous action has been and still will be taken.

In the export field we have exhibited in a number of trade fairs, have sent a representative to various European countries and received assistance from our British associates: and we have also made numerous quotations at competitive f.o.b. prices: but all on the whole with disappointing results. The vast majority of countries now have their own cigarette industries which are equally well protected against imports as is the Indian domestic market. There is a limited market in Rupee payment countries, which seems better handled on a Government to Government basis; and it has been arranged to investigate such an arrangement.

A side of our business which is not perhaps as well known as it might be is the Printing side. We have two printing factories, one in Monghyr and another at Tiruvottiyur near Madras. These were originally set up to supply our own requirements for packaging materials: and they still do this. However Tiruvottiyur, which does some of the most high class offset printing in the country, has of recent years been taking on a certain amount of outside work which we are hoping to develop still further.

I have already referred to the changed outlook of management to meet today's trading conditions and I should now like to say something of our Labour relations, and our relationship with the many trade Unions who represent the workers and clerical staff employed here in Head Office and in our branches throughout the country, in which sphere we consider that our record is good.

The changes in trading conditions to which I have referred necessarily involve changes in working conditions, and these have been under discussion with many of the Unions during the year. Earlier this year we arranged a conference between Management and the leaders of the Unions at which it was agreed, with the unfortunate exception of a small minority of branches, to set up a Committee composed of four members each from Management and the Unions to review working conditions in Head Office and all the branches represented with a view to rendering recommendations to the Board at the end of this year: and it was further agreed to call a moratorium on demands, apart from local adjustments, during this period.

This Committee has already had several meetings in different parts of the country and I have been struck not so much by the constructive work that they are undoubtedly doing, but by the atmosphere of mutual trust in which they are doing it. On the Committee at least there appears to be an understanding on both sides that the interests of Management and Labour in the prosperity of the Company are the same: and if this is really accepted, and although there will certainly be some bargaining on the way, I think that the fact that these matters are being discussed in a free atmosphere and under no form of duress on either side is a major step forward.

Finally it is usual at this meeting for the Chairman to attempt to give you some indication of our future prospects. I have already said a great deal about the difficulty of doing this. However as regards trading prospects in the long run I am still of the opinion that only the fringe of the eventual cigarette consumption potential has been touched: but that the rate of the increase depends entirely upon two factors, the rate at which the standard of living in the country increases and the rates of excise duty imposed. At present I believe these latter rates to have run ahead of the economic development to an extent that they are not able to be absorbed.

In the short term I believe your Company is well equipped to face the present competitive situation and in the absence of further retroactive taxation I would expect improved results during the current year but that these are not likely to be spectacular. As a result of these improved prospects it is possible to revert to our previous rate of interim dividend and the first interim for the current year of 2½% has already been notified to you. What we are eventually able to pay for the year will naturally depend on the final results we achieve.

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

OIL AND PETROCHEMICAL INDUSTRIES IN JAPAN

MASSIVE GROWTH IN RECENT YEARS

By V. S. Swaminathan, M.A., M.Sc. (Lond.)

A JAPANESE team of experts in petrochemical industry reached India on 10th September on a three-week tour. It was led by Mr. Y. Yagi of the Sumitone Chemical Industries and examined the feasibility of setting up naphtha cracking plants near the refineries for the production of consumer goods like plastics, synthetic rubber, synthetic fibre, etc. It is, therefore, of interest to review here the post-war progress made by the Japanese economy, the growth of petroleum industry including petrochemicals and shipbuildings and prospects for Indo-Japanese collaboration.

The entry of Japan into the O.E.C.D. last April is a measure of her status as an industrial nation. This will have the effect of exposing parts of her protected economy to the sharp winds of international competition. Liberalisation of trade had already been accepted by Japan as a member of I.M.F. and gradually put into practice. By 1st September 1963, 92.2 per cent of the country's trade had been freed from restrictions. Now membership of O.E.C.D. commits Japan to liberalising invisible items including maritime transportation in the very near future. It had been agreed that she would liberalise the market for charter contracts on coal and ore carriers after one year and on oil tankers in two years.

Sixth Largest G.N.P.

Notwithstanding the galloping inflation lasting from August 1945 to March 1949 and the recession in 1954, 1957 and 1961, Japan's economy has been booming since the end of the Second World War. Japan now has the sixth largest G.N.P. in the world (G.N.P. per head in 1962 was $554) and ranks fifth as exporter of manufactured goods. What is remarkable about her G.N.P. is the extremely high proportion absorbed by fixed investment, i.e., 34.7 per cent in 1962, against the average of 19.4 per cent for other O.E.C.D. countries.

Japan is wedded to what may be called "indicated," not mandatory, planning, dominated as she is by private enterprise with only a very few industries nationalised. The country's economy functions according to the dictates of the market and price mechanism. The plan suggests certain output targets which are decided upon after exhaustive discussions with representatives of the more important

Table I: *Japan's Output of Petroleum Products*
(kilolitres)

	1962	1963	% Increase
Gasoline:			
Aviation	82,590	88,810	7.5
Motor	7,802,640	9,069,190	16.2
Industrial	121,420	121,860	0.4
Total gasoline	8,006,650	9,279,860	15.9
Naphtha	2,324,510	3,283,170	41.2
Jet fuel	540,150	683,560	26.5
Kerosine	2,955,300	3,930,480	33.3
Gas Oil	3,540,420	4,509,390	27.4
Fuel Oil—			
A	1,714,350	1,896,050	10.6
B	5,199,600	5,526,850	6.3
C	17,010,410	24,298,250	42.8
Total fuel oil	23,924,450	31,721,150	32.6
Lubricants	599,180	597,020	—0.3
Total*	44,010,280	56,633,610	28.7
II. Japan's Refinery Throughput (kilolitres)			
Imported crude oil	43,215,690	56,233,520	30.1
Domestic crude oil	782,820	827,120	4.9
Total	43,998,510	57,054,640	29.7

Source: M.I.T.I.
* Including asphalt, L.P.G.

private firms. The most significant aspect of Japan's economy is the role of the bank in financing the growth of investment. Nearly 60 per cent of external finance is obtained as loans from banks and other financial institutions. The rate of private savings in Japan which normally takes the form of bank deposits is relatively high. In 1959, the unspent personal income was as high as 17.8 per cent, against 7 per cent in the U.S. and 5 per cent in the U.K.

Here, in brief, are the factors contributing to the economic resurgence and general prosperity of Japan: substantial reserves of underemployed labour, especially in farming, have enabled industry to add to its strength and helped keep the increase of wages well below the rise of productivity. An adequate rate of savings has been achieved. The banking system has acted as an efficient collector and distributor of savings and followed an expansionary policy of credit creation. Hence most big firms were able to find the outside finance which they required. From 1950 to 1962, the share of productive investment in the G.N.P. rose from less than 15 per cent to more than 30 per cent. Lastly, the country's outlay on defence is just one per cent of the G.N.P.

Turning to trade, Japan's expansion of exports in the last five years was at 13.5 per cent a year in value and 12 per cent in real terms. The country's exports consist essentially of manufactured products, the traditionally important items such as textiles and non-metallic manufactures having become less and less important. Exports comprise chemical products, metal goods and machinery which in 1963 accounted for half the total. There has recently been a remoulding of Japan's industrial structure in the light of increased competition from less developed countries. Also, Europe and North America between them now take 46 per cent of Japan's total exports against only 34 per cent in 1953-55.

Energy

This economic boom in Japan has stimulated a demand for all forms of energy, and meant an unparalled rise in petroleum consumption. According to a forecast by the Japanese Economic Deliberative Council, a total capital investment of 6,300 billion yen (equivalent to $17.5 billion) will be required to ensure that the country's rapidly growing energy needs are

Table II: *Japan's Sources of Energy Supply*
(In million metric tons of coal equivalent)

	Average 1956-58	Forecasts 1970	Forecasts 1980	Percentage Increase 1980/1956-58
Coal and lignite production	45.8	48.9	48.9	7
Imports of coal	5.3	22.5	31.9	502
Crude oil production	0.5	1.4	1.4	180
Imports of crude oil	21.0	92.2	173.3	725
Imports of oil products	3.3	14.3	26.9	715
Total oil as actual tons of oil (a)	16.6	72.0	134.0	708
Natural gas	0.4	1.6	2.5	525
Water power	34.0	52.5	63.0	85
Wood charcoal	6.1	5.1	4.6	—25
Total energy (b)	116.4	288.5	352.6	203
Oil as percentage of total energy	21.3	45.3	57.2	—

Source: Economic Planning Agency of Japan.
(a) Conversion from tons of coal equivalent by using factor 1 ton of oil = 1.5 tons of coal.
(b) Excluding refinery fuel and loss.

met during the period upto 1970. Of this sum, 960 billion yen are for oil and natural gas (130 billion for crude petroleum and natural gas production and 830 billion for the other sectors of the industry). The indicated investment per ton of new annual capacity is nearly 15,000 yen (say $32), inclusive of replacement of existing facilities.

The earlier forecasts of the Economic Planning Agency (E.P.A.) for 1970 (in terms of coal equivalent) were: coal 71.4 million tons, oil 107.9 million tons, natural gas 1.6 million tons and hydro-electric power 52.5 million tons making a total of 238.5 million tons (*vide* Table). The later data by the Japanese Economic Deliberative Council in respect of oil at nearly 89 million metric tons of actual oil, are higher by 20 million tons of actual oil than the E.P.A. forecasts. At this higher rate, petroleum would account for an estimated 50 per cent of the country's energy supply by 1970. If the forecast is realised, Japan's total imports in 1970 will be around 1.7 million barrels a day (b/d) of actual oil or fourfold the 1959 figure of 441,000 b/d. This is based on the assumption of an average *annual* rise in G.N.P. by 7.2 per cent to 26,000 billion yen, and an increase of population from 93 million in 1959 to 102 million by 1970.

Some of the problems facing the oil industry of Japan are peculiar to it. There is the demand for protection from the ailing coal industry. Domestic producers of crude oil and Japanese firms producing oil in the Persian Gulf and with ties in North Sumatra desire to have guaranteed outlets in Japan by the compulsory offtake of refineries in the country. The rising imports of oil from Russia are causing concern in certain quarters. Finally, except for the three large independent importers, refiners and marketers, namely, Idemitsu, Maruzen and Daikyo, together accounting for 30 per cent of the country's total refining capacity, the processing sector of the industry in Japan is linked with various international oil companies with whom there are contractual obligations regarding crude oil supplies.

Persian Gulf Oil

Japan's domestic crude oil production is negligible in relation to consumption. It rose from 666,000 metric tons in 1961 to 761,000 tons the following year and 800,000 tons in 1963. The most successful Japanese-sponsored foreign oil venture has been carried out by Arabian Oil, specially formed for the purpose by over 60 varied firms with interests in electricity, town gas, steel, shipping, shipbuilding, chemicals, insurance and other fields. With its permanent production and shipping facilities completed in the Persian Gulf late in 1962 this Company's output could be stepped up to 31,800 kilolitre (Kl) a day (200,000 b/d), or not far short of a quarter of Japan's inland demand.

The country's domestic demand for oil in 1961 increased by almost a quarter to 36.5 million Kl or 230 million barrels and was expected to rise by 17 per cent in 1962 to 42.7 million Kl or 268 million barrels, and then go up at more or less the same annual rate

Table III: *Japan: Inland Demand for Petroleum Products*
(1,000 kilolitres)

	Years ending March 1960	1961	1962	% Increase 1962-61
Gasoline	5,860	6,863	8,000	16.6
Petrochemical feedstock	794	1,365	2,184	60.0
Jet fuel	192	242	310	28.1
Kerosine and gas oil	4,041	5,051	6,030	19.4
Fuel oils	18,571	22,229	26,370	18.3
Total	29,458	35,820	42,894	19.7

to reach 77.9 million Kl, or 486 million barrels by 1966. Two main products—gasoline and fuel oils—will then account for about 18 per cent and 6 per cent, respectively, of total demand. Japan's imports of crude oil rose by 32.5 per cent in 1963 to 57.33 million Kl, the Middle East contributing 88.7 per cent and South-East Asia (mainly Indonesia) 10 per cent. The share of Japanese-owned Khafji crude oil from the Neutral Zone in the Persian Gulf rose to 12.3 per cent from 7 per cent in 1962. Although subject to the foreign exchange allocation system, oil imports in recent years have shown a very big rise. Outlay on such imports in 1961 was second only to machinery in value and accounted for 16 per cent of Japan's import bill as against 8 per cent the year before. By 1970, oil imports are reckoned to reach 1.8 million b/d or 19 per cent of the value of total imports.

Natural Gas

A factor of increasing importance is production of natural gas whose output rose in 1961 to over 1,000 million cubic metres. The main increase came from the Higashi, Nugata, Kuliki and Mitsuki fields, all on the West coast. The Nugata-Tokyo gas line was completed late in 1962. Production of gas went up to nearly 1,600 million cubic metres for the year ending March 1963 and is expected to reach 2,500 million cubic metres by 1965. Recent discoveries have encouraged the Ministry of Trade and Industry to undertake a systematic survey of the Kanto plains at an outlay of 100 million yen in 1962-63. Also it is proposed to increase the annual subsidy for natural gas prospecting to 50 million yen in the same year.

Under the stimulus of an extraordinarily rapid increase in demand, nearly 15 million tons of refining capacity was completed in the course of one year, namely, 1961, bringing the total available capacity to close on 50 million tons at the beginning of 1962. Nine further refineries came on stream in 1962 and the remaining three of 10 million tons capacity are due for completion before the end of 1964. Japan Arabian Oil Company is entering refining business as a partner in a newly formed oil company, namely Fuji Oil. The latter is a joint undertaking of two large industrial concerns, Sumitomo Chemical and Tokyo Electric Power. The plant, with an initial capacity of 75,000 b/d, and costing 26,000 million yen, is scheduled for completion towads the end of 1965.

L.P.G.

Demand for liquid petroleum gas (L.P.G.) in Japan has gone up by leaps and bounds. From 113,000 metric tons in 1957 it shot up to 986,000 tons in 1962. The two leading importers of L.P.G. are Bridgestone and Nippon Oil. They have contracted for four 14,000-ton cargoes to be delivered

in the autumn of 1964. For April-September this year, demand for L.P.G. is placed at 859,000 tons to be met by domestic production of 725,000 tons and imports of 160,000 tons, while 26,000 tons will be added to stocks. Japan has four refrigerated L.P.G. tankers each able to make eight voyages a year from the Persian Gulf and they are fully employed. The 22,000-ton d.w. *Paul Endacott* was chartered for four voyages from the Persian Gulf to Japan and the first 14,000-ton cargo reached Japan last July.

The largest L.P.G. tanker in the world, the *Bridgestone Maru*, was built by Mitsubishi Nippon Heavy Industries for Bridgestone L.P.G. company, a subsidiary of Bridgestone Tyre Company of Tokyo. On her maiden voyage she carried from Kuwait to Kawasaki 195,000 barrels (16,600 tons) of refrigerated propane and butane. The vessel is equipped for carrying L.P.G. at atmosphoric pressure in insulated tanks under refrigeration down to —42°C. She will make eight return voyages a year from Japan to Kuwait with L.P.G. bought by Bridgestone from British Petroleum under a long-term contract concluded in 1960.

Petrochemicals

In a short span of time, Japan has made a successful bid to join the ranks of the world's leading producers of petrochemicals. Her activity in this field falls into two divisions—that based on natural gas and that on petroleum gases and refinery fractions. The first division had its start in 1952 and was well advanced before the second came into being five years later. The industry using natural gas produces methanol, ammonia, ammonium sulphate urea and several complex fertilisers.

In April 1957, the Shimotsu refinery of Maruzen Oil Company started producing solvents like secondary butanol and methyl ethyl ketone from refinery gases. This was the first step in a five-year petrochemical development programme which resulted in an investment of $228 million by thirteen companies in fourteen plants. Japan's sales of petrochemicals rose sharply from $4.2 million in 1957 to $220 million in 1960. In the latter year, nearly two dozen companies, about half of them newcomers, applied for permission to build petrochemical facilities or to enlarge existing units.

Plans under way indicate that plant investment in a second five-year programme may well exceed $300 million. The country's annual production of polyethylene plastic is to go up from 70,000 to 140,000 metric tons. Plans for setting up its first polypropylene plant envisage an initial capacity of 55,000 tons a year. The overall capacities of styrene monomer and polystyrene facilities are being stepped up from 15,000 and 25,000 tons to 40,000 tons and 60,000 tons, respectively. Other products whose manufacture or expansion is planned include alkyl benzene detergents, tetraethyl lead (TEL), acetylene, ethyl and butyl alcohols, synthetic general purpose and speciality rubbers, ethylene derivatives, aromatics, acids and solvents of various kinds.

Approval was accorded for the establishment of two new petrochemical plants with foreign technical collaboration in 1962. Under the technical directions of Union Oil of California, Idemitsu erected a plant at Tokuyama to process 400,000 tons of naphtha a year. This unit was commissioned towards the end of 1963. Mitsubishi built the other plant at Mizushima to process 250,000 tons a year of naphtha with the technical co-operation of Stone and Webster Corporation of U.S.A. This plant was completed in October 1963. Fuji Oil has plans to develop a petrochemical complex, with Sumitomo Chemical playing a leading role.

Japanese producers of petrochemicals enjoy tax exemptions in various forms, as well as special facilities for quick depreciation and the acquisition of funds and long-term loans from the Development Bank. Most of the major industrial units in this sector are linked one way or another with American and European interests. The Japanese Government continues to allow foreign companies to participate financially and to accord active technical co-operation in the building up of the country's petrochemical industry. Its growth means increased savings in foreign exchange outlay on imports of highly priced chemical products. Already in 1960 such savings were computed equivalent to nearly $100 million.

Shipbuilding

Japan has also forged ahead as a builder of giant tankers, and her shipbuilders continue to enjoy prosperity. In the fiscal year ending March 1962, they had orders for 71 ships totalling 1,856,000 gross tons worth $375 million. Between April and August last year, shipbuilding orders totalled 1,980,000 gross tons worth $400 million. The U.S.S.R. has placed orders with Japanese shipyards for 320,000 tons, consisting mainly of tankers and bulk carriers. The Transportation Ministry plans to build one million tons of new tankers under the State-financed shipbuilding programme during the year beginning from 1st April 1965. This Ministry has decided on a basic plan for a 16-knot highly-automated 65,000-ton tanker designed to be operated by a crew of no more than 19 men. What is claimed to be the world's first fully automated cargo handling system for oil tankers has been completed and successfully tested by Ishikawajima-Harima Heavy Industries in co-operation with Toshiba Electric Company of Tokyo. A Japanese shipping company recently placed orders for two mammoth tankers, each of 152,000 tons dw. with Ishikawajima-Harima for delivery in 1966 and 1967, respectively. Much of the success of the Japanese shipbuilders is due to the low prices they quote. The building cost per dw.t. of tankers has come down from $209 in 1957 to $123 in 1961 and $114 in 1962. The Japanese shipbuilders are pressing forward with rationalisation and modernisation of operations to cut construction costs.

From what has been stated so far, Japan's capacity and ability for technical and financial collaboration with India in the establishment of such basic industries as shipbuilding, heavy electrical equipment and fertilisers are evident. There is every reason to hope that Indo-Japanese collaboration in the economic and technical fields will grow in the coming years.

NEW PUBLICATIONS

Agricultural Planning in India. By Dr. S. C. Jain, Statistician, Directorate of Economics and Statistics, Madhya Pradesh, Bhopal. Published by Metropolitan Book Company Private Limited, 1, Netaji Subhash Marg, Delhi-6. Pages : 125. Price : Rs. 8.50.

THE need for sound agricultural planning in an underdeveloped country like India cannot be exaggerated. Its importance has become all the greater during the last few years which have witnessed relative stagnation in agricultural production, resulting in an acute food problem during the current year. Viewed against this background, first edition of the above-mentioned book, published this year, is certainly a useful and timely addition to the available literature on agricultural planning. The author has examined in detail the objects, importance and problems of agricultural planning and the techniques of agricultural planning adopted in India. In his view, the methodology of agricultural planning, based on individual approaches to the millions of small farmers, has succeeded only in making marginal increases in agricultural production. He has made out a strong case for the mechanisation of agriculture in the following words:

"Experience has shown that the best and the most effective way to boost farm production is to create possibilities for complete mechanisation of agriculture.... If all the basic components of new agricultural revolution or complete mechanisation are made available to Indian agriculture, crop productivity would rise to double or treble within a period of a year or two."

The author admits that there are the problems of surplus farm labour and huge investment. But he stresses that, as productivity will improve, agriculture can provide huge resources for industrialisation and transformation of other sectors which, in their turn, would absorb the surplus manpower subsisting on agriculture and provide equipment and material for use on the farms.

"Income-tax." By Kanga and Palkhivala. Fifth Edition. Published by Messrs. N. M. Tripathi (Private) Ltd., Princess Street, Bombay-2. Price : Rs. 70, Volumes I and II. Pages : 1,123 Vol. I and 808 Vol. II.

The joint authors of this famous book need no introduction. Its fifth edition coincides with the completion of sixty years in the Bar by Mr. J. B. Kanga. The Indian Income-tax law was introduced in the year 1922 when Mr. Kanga was at the height of his practice. The case law on the subject discloses the assistance he rendered in illuminating the dark nooks and misty corners of that law. What he did in those years is now being done by Mr. N. A. Palkhivala. His guidance is sought not only by income-tax payers but also by foreign investors from many countries. The United Nations tax series in respect of the Indian law was written by this eminent lawyer and author.

The fifth edition incorporates all the amendments to the Indian Income-tax Act, 1961 upto 1963. Even while the book was being re-edited by the authors, the Government was thinking of amending the Act for the fifth time. Now, once again, new changes are being introduced. No textbook on tax laws in this country can remain up-to-date for more than one financial year in view of the speed with which the law is being amended.

Volume I of the book under review contains the important part of the book, that is, the commentary on the subject. Volume II contains the old 1922 Act, the new Act, comparative tables between the old and the new, rules, notifications, the Finance Acts, double taxation relief treaties, rules of Income-tax Appellate Tribunal, etc. The commentary in Volume I is quite exhaustive. The case law on the subject has been brought up-to-date covering almost 1963. The various provisions, especially the definition section, Sections 4, 5 and 6, the chapters dealing with heads of income, special provisions relating to avoidance of tax, super-tax, determination of tax in special cases and liability in special cases, have been explained with admirable clarity and completeness.

However, it would have been nice and convenient if some of the sections had been explained then and there, instead of in the commentary under another section. For instance, there is no immediate commentary in respect of Section 2(18), for the reader is asked to refer to Sections 104 to 108 of the Act. Again, some of the sections have just been summarised. For instance, Section 10(6)(vi) has been generally commented upon, but there is no guidance on Section 10(6)(vi)(c) of the Act. Probably, it is because no concrete issue has arisen that it has not been explained. To a certain extent the draftsman of the Statute would have to be blamed, for he has failed to explain the problem which he hopes to meet. How the tax gatherers would apply such a provision to the particular facts of a case is to be seen. The normal principle in case of doubt is that benefit should be given to the taxpayer.

There is something else which the authors and the publisher should consider. The 1961 Act has been further amended by the Finance Act of 1964 and is being amended by the Bill that is being introduced in Parliament. These require elucidation. A supplement to the book at a reasonable price is, therefore, called for.

India To-morrow—Pattern of Indo-German Future. By J. M. Hunck. Published by Verlag Handelsblatt GMBH. Dusseldorf. Pages: 308. Price not mentioned.

This is a compilation of the various developments that have taken place during the last 17 years of independence in India, with particular reference to Indo-German co-operation and business ventures. The study provides an interesting analysis of the economic structure of the country and has much to say about economic policy. "Economic policy," the author says, "has become so complex that its practical implementation, starting from next to scratch in the young industrial country, can only be in gradual stages. The economic momentum is lacking; above all, experience is lacking, and what is so frequently overlooked, the time needed for the development process is lacking. Often it has been pointed out that it is the people who need a new profile. This mentality has to be formed and fashioned to meet the challenge of industrialisation. And all this takes time. In India, where the economy has barely had time to strike root, an arms industry has to be built up as well. The problem is essentially one of time; and it takes time to learn how to master the problem of time."

In the field of Indo-German co-operation, there is no doubt that Rourkela, Germany's major contribution to India's iron and steel industry, had a difficult birth. And, in its early infancy, the "industrial giant" gave many a headache to the German and Indian official agencies, contractors, suppliers and engineers. But having got over its teething troubles, the weakling developed into a strapping youth, as the author has put it. However, lessons should be learnt from the nursing period; not only because it was costly, but on account of the experience it offered.

Indo-German co-operation at Rourkela will, of course, continue throughout the second and third phases of plant construction, involving the erection and operation of numerous auxiliary installations, besides the iron and steel works extensions proper. But it would be a pity if the joint effort were then to be concluded. According to the author, there are many possibilities in the neighbourhood which, if correctly exploited, could turn the district into a prosperous industrial region providing employment and well-being for the masses.

The pattern of Indo-German co-operation in future, as in the recent past in both the public and private sectors, has been projected by the author against the background of India's economic future. Mr. Hunck's painstaking study will be found useful by the Governments and private industrial sectors of both India and the Federal Republic of Germany, while evolving suitable policies for continued industrial and commercial co-operation between the two countries.

Wool and Woollen. Editor and Publisher : Mr. T. V. E Chandran, 3/49, East Sion, Bombay 22. Price : Rs. 2.5 per copy. Annual Subscription : Rs. 24.

This monthly journal, the first issue of which has just been brought out, is exclusively devoted to the woollen industry. The September 1964 issue contains several informative articles on different aspects of the wool trade and industry, such as research for the development of woollen fibres colour of woollen fabrics and fabric production cost. In his message, Mr. Manubhai Shah, Union Minister of Commerce, has said that the journal has a useful role to play on behalf of both the grower and the exporter of wool. The journal is printed on glazed art paper and neatly presented

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The issue dated 1st September 1964, of *People's Raj*—a fortnightly publication of the Maharashtra Government's Publicity Department contains, among others, an interesting article on agricultural development by Mr. C. Subramaniam Union Minister for Food and Agriculture. By including an account of the recent "Nehru's Vision and Our Goal" photographic exhibition in the city and President Dr. Radhakrishnan's speech at the meeting of the Nehru Memorial Fund, the issue seeks to recollect the late leader's lofty ideals

THE GROWTH POTENTIAL OF HINDUSTAN MACHINE TOOLS

FIVE MORE NEW FACTORIES PLANNED

THE need for stepping up manufacture of the machines that help manufacturing other machines and goods in the industrially developing economy of India cannot be overemphasised. It is thus heartening to know that the output of graded machine tools came to the aggregate value of Rs. 15.6 crores in 1963, as compared with Rs. 10.7 crores in 1962 (about 51 per cent of it in the public sector and 49 per cent in the private sector). But imports, too, had to be maintained at a high level (Rs. 28.2 crores) during that year. In the first half of the current year (1964), indigenous production and imports have been to the tune of Rs. 9.6 crores and Rs. 17.9 crores, respectively. The demand for machine tools is also going up all the time—it is expected to be of the order of Rs. 100 crores per annum by the end of the fourth Plan—but domestic production in both the public and private sectors is still not equal to the level of imports.

Considered against this background, the objective of the Hindustan Machine Tools Ltd. in the public sector to meet approximately 50 per cent of the estimated annual demand for Rs. 100 crores worth of machine tools by the end of the fourth Plan would seen to be very commendable. This, it hopes to do by establishing five more new factories during the fourth Plan period, thereby raising the combined output of all its ten factories to Rs. 50 crores. That the capital of Rs. 20 crores to be invested in the proposed five factories would be met entirely from the internal resources of the Company speaks eloquently for the operational efficiency and profit-making capacity of this premier public-sector undertaking. There

Progress at a Glance
(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales and self-consumption	1,069.4	755.4	494.9	356.8
Stock of finished goods	43.2	33.6	39.7	31.7
Other income	19.3	12.2	37.2	35.4
Raw materials and stores consumed	459.4	289.5	207.1	180.9
Staff expenses	204.7	147.4	111.9	78.8
Interest on Government loans	20.7	12.3	8.5	7.7
Other expenses	74.5	44.7	35.1	20.9
Gross profit	403.8	294.4	192.5	119.8
Provision for—				
Depreciation	102.8	78.6	65.0	45.7
Taxation	58.0	45.0	2.5	0.7
Net profit	245.0	170.8	127.5	73.4
Development and commissioning expenditure written off	17.1	7.8	4.4	..
Licences rights written off	6.1	..	5.7	17.5
Development rebate reserve	37.0	10.4	22.6	1.9
General reserve	70.0	90.0	40.0	..
Dividend	74.6 (10%)	62.3 (10%)	53.1 (10%)	53.1 (10%)
Carry forward	3.8	3.2	3.1	1.4
Production (No. of machines)	2,000	2,000	1,251	1,002
Orders booked (No. of machines)	2,270	2,137	1,380	980
Despatches (No. of machines)	1,982	1,673	1,240	1,007
Watches assembled	1,21,602	51,562	14,439	..
Watches sold	1,19,035	36,059	10,738	..

Note :—The dividend is tax-free.

can be no doubt that the Company is poised for such dynamic progress, for its working during the year ended 31st March 1964 is itself an index of its growth potential.

It will be seen from the accompanying table that the production of machine tools has been maintained at the full capacity of 2,000 machines per annum in H.M.T.'s two factories at Bangalore. The orders booked, which rose from 1,380 machines in 1961-62 to 2,137 machines in 1962-63, rose further to 2,270 machines in the year under review. The despatch of machines which recorded a 34 per cent increase last year, registered a further rise of 18 per cent from 1,673 machines in 1962-63 to 1,982 machines in 1963-64. Similarly, the output of watches, too, has gone up tremendously. From a mere 14,439 watches assembled in 1961-62, production reached the level of 121,602 watches, with an indigenous content of 60 per cent during the latest year. The sale of watches has likewise shown a big increase during the last three years since the inception of the watch factory. From a mere 10,738 watches sold in 1961-62, the figure reached 36,059 in 1962-63 and 119,035 in the year under review.

The gross profit of the Company increased by about 33 per cent from Rs. 294 lakhs last year to about Rs. 404 lakhs in 1963-64. The net profit recorded an increase of about 50 per cent from Rs. 171 lakhs to Rs. 245 lakhs. Provision for depreciation was raised from Rs. 79 lakhs to Rs. 103 lakhs. For taxation, too, the provision was increased from Rs. 45 lakhs to Rs. 56 lakhs. Out of the profits which accrued to the Company, a sum of Rs. 70 lakhs was transferred to the general reserve which now stands at Rs. 200 lakhs. A sum of Rs. 37 lakhs was provided for development rebate reserve during the year, as against Rs. 10.4 lakhs in 1962-63. An additional reserve for depreciation (Rs. 40 lakhs) to meet the higher replacement cost in future of H.M.T.—I has also been created. Despite the declaration of a 10 per cent dividend for the fourth successive year, the Company has been able to retain 60 per cent of its profit in business. The carry forward has been constant around Rs. 3 lakhs for the last three years.

During the year 1963-64, the Company received from the Government Rs. 350 lakhs as loans, thus bringing the total Government investment in the Company to Rs. 1,434 lakhs, out of which Rs. 800 lakhs are in the form of share capital and the rest in the form of loans. Over the last eight years of its working, the Company has ploughed back into expansion Rs. 597 lakhs, representing the retained profits, depreciation and other reserves. The capital expenditure by the Company has increased from Rs. 1,062 lakhs at the end of the previous year to Rs. 1,745 lakhs on 31st March 1964, an increase of more than 70 per cent. This has been so because of the progress of work at the third H.M.T. factory, the one at Pinjore, and the start of work on the construction of H.M.T.—IV at Kalamassery in Kerala and of H.M.T.—V at Hyderabad in Andhra Pradesh. The gross block of the Company, which stood at Rs 917 lakhs at the end of 1962-63, has expanded to Rs. 1,467 lakhs, recording an increase of about 50 per cent. This has been written down at Rs. 1,196 lakhs.

Decentralisation of H.M.T.'s management was one of the major developments during the year under review. This was necessitated by the rapid expansion of the Company from one machine tools factory in 1956, employing 1,300 persons, to six factories with a total strength of over 15,000 employees located in different States. Each General Manager was given full powers to manage the unit under his control, subject to overall administrative control by the Managing Director. This decentralisation is expected to improve the operational efficiency of the Company and to promote healthy rivalry between the units.

The Company hopes that its factory at Pinjore will produce machines of "milliong" family and that the first batch of "all-electric" million machines will be despatched from the factory by the middle of the current financial year. The Kalamassery plant is scheduled to commence production of "turning" machines before the end of this year. The Hyderabad factory is expected to begin production of "special purpose" machines and other "metal-forming" and "gear-cutting" machines by the end of 1965. The Company hopes to maintain the rate of "one new factory every year" in the future. This means that five additional H.M.T. factories will be established—one in each of the five years of the fourth Plan period.

I.C.T.'S NEW COMPUTERS

The International Computers and Tabulators Ltd., London, has just launched a new compatible series of computers, called the I.C.T. 1900 Series. This new series will be exhibited at the "Business Efficiency Exhibition," scheduled to commence at London from the 6th of this month. Deliveries of this series are expected to begin within a year. In all, seven Central Processors will be available in the new series.

A noteworthy feature of the series is that any alteration can be made easily and speedily. There are two features of major technical importance, called 'Executive' and 'Standard Interface.' Every Central processor of the 1900 computer is supplied with an 'Executive' programme. 'Executive' performs the following functions automatically.

It controls the interpretation and execution of commands received from the operator; provides him with information on any incidents encountered during the running of programmes, and reports on the status of peripheral devices. All communications between the operator and the computer are via a console typewriter; the peripheral units of the 1900 series are designed for autonomous operation. Executive initiates and controls the transfer of data between the central processor and the peripheral units, checking that such transfers have been completed successfully. By virtue of their autonomous operation a high degree of simultaneity can be obtained. In addition, it enables the more powerful central processors of the series (that is, 1904 and above) to handle multiple programmes concurrently; it allocates peripheral devices and information storage capacity to the programmes as they are loaded onto the machine, and ensures that they do not interfere with one another; controls the switching from programme to programme so that waiting time on the processor and peripherals is reduced to a minimum.

The second device, that is, the 'Standard Interface,' is a process (in the series) by which any peripheral device can be coupled in any central processor. The principle involved in this is that in order to achieve interchangeability between peripheral units of different types, it is necessary to standardise the format in which data and control signals are transmitted between the central processor and the various peripheral units. In the series, the basic unit of data selected for this purpose is the 6-bit character. In turn, this means that every peripheral device has to be provided with facilities for assembling and handling data in this format, and electronic control unit needed for this task is located in the peripheral itself, and not in the central processor as has been done in the conventional types. Some control units are designed to control the operation of several like devices The cable connecting a peripheral unit to the standard interface can be of any length upto 100 ft. Auxiliary equipment can therefore be positioned as free standing units anywhere within this radius of the central processor.

There are, as already stated, seven 1900 series central processors. All these operate with a word identical length (24 bits) and all obey instructions of identical format. Hence these units are fully compatible.

Another novel feature of this series is that programmes can be written in any one of the variety of languages. Various procedures for specifying the input and output of data and magnetic tape sorting operations are also incorporated. Last, but not the least, whether science or business-oriented, large or small, the user of this new computer system has complete freedom of choice to build at a minimum cost, a system that will meet his own specific data-processing requirements.

In India, the I.C.T. 1900 Series will be marketed through International Computers and Tabulators (India) Ltd., Liberty Building, New Marine Lines, Bombay-1.

WORLD ATOMIC ENERGY CONFERENCE

To put it in a nutshell the theme of the valedictory address by Mr. Vasili S. Emelynov (of Soviet Union), President of the third International Conference on the Peaceful Uses of Atomic Energy which concluded at Geneva recently was that "every atom split and every atom fused shall serve the cause of peace alone." The Conference, which opened at Geneva on 31st August 1964 in a friendly atmosphere, was attended by over 2,800 participants.

The voluminous literature, read at the Conference on the peaceful uses of atoms, discloses that, in many countries and regions of the world, atomic power stations are already able to produce electricity at prices either equal to or lower than those of energy produced in coal-burning plants. At present, 500 reactors of various types and capacities are already operating, and more than one type of reactor for industrial use has been designed and tried out. What is more, high hopes have been nurtured that, within the next decade and a half, atomic energy would become the cheapest source of power available.

The problems of desalination of water was also discussed at some length at the Conference. Its solution, according to the President, was not only of great economic, scientific and technological importance, but even opened up fresh clues for the peaceful use of atomic energy.

The concluding session was followed up by a public lecture by way of "summation" delivered by Mr. Glenn T. Seaborg of the U.S. He expressed confidence that "by the turn of the century, more than half of the world's electricity will be generated by nuclear energy." He made the following points:

The world's installed nuclear capacity has grown from five megawatts in 1955 to almost 5,000 megawatts today. Future capacity is expected to reach 25,000 mw. in 1970 and more than 150,000 mw. in 1980. Costs of nuclear power are being brought down through reduced fuel costs and more efficient reactor operation; there is widespread agreement that the world must develop successful advanced converter reactors and near-breeders to use nuclear fuel more efficiently. Breeder reactors (which make more fuel than they consume) are showing good progress. Many nations, including West Germany, the Soviet Union, U.K. and U.S. are planning large prototype fast reactors for production of power; fluid fuels such as molten salt, molten plutonium and water slutties are being studied. Economic re-cycling of bred fuels (plutonium and uranium-233) is within sight; the nuclear safety record remains excellent; waste management systems are safe and economical; progress in direct conversion of nuclear energy to electricity (without the use of turbines) is opening new vistas; conference papers indicated encouraging progress towards the economic use of nuclear power for production of fresh water from salt water and the degree of international co-operation in atomic energy development is surely unusual and perhaps unique, in world history.

NEW PRODUCTS AND PROCESSES

Collapsible Bicycle

THE Eska National Corporation at Cheb, Czechoslovakia, manufactures collapsible bicycles weighing 16.5 kg. The set consists of four parts, namely, front part, handlebars, rear wheel with complete drive and saddle assembly. The whole set can be carried in a 90×75 cm suitcase. Its assembly takes 3 to 5 minutes.

New Insulation Material

The Research Institute of Synthetic Resins and Varnishes at Pardubice, Czechoslovakia, has developed a new thermally insulating material called 'Porofen.' It is a light formaldehyde filling material which resists water, fire and frost. It will withstand temperatures of up to 120° C. It can be easily sawn by means of a saw into slabs and shaped blocks.

Paper from Sugarcane Waste

It is reported from Stockholm that a method of producing paper from bagasse (sugarcane waste) has been developed by Karlstads Mekaniska Werkstad (K.M.W.) which makes paper and pulp machinery. The process is said to have passed the laboratory stage and the first series of production tests with 80 tons of imported bagasse are to begin shortly. It is suggested the paper-making equipment will be available on the market in the not-too-distant future.

Safety Covers for Transmission Shafts

To meet the accidents frequently caused by exposed transmission shafts on tractors and other motorised vehicles, the big Swedish rubber company, Trelleborgs Gummifabrics, AB, has developed a tubular safety cover. Made of natural rubber and of a rotating type, it has been tested on a number of different machines. The Trelleborg protective tubing for power take-off machines operates well and can be stopped by hand even at maximum revolutions and even if stepped on will stop.

Glass Fibre Ladder

A glass fibre ladder, which combines exceptional structural strength with low weight, is being produced by a British firm. It will not twist or warp and is resistant to corrosive chemicals. The finish is permanent, requiring no preservative treatment. It can, in fact, be totally immersed in water for long periods without deterioration. With no metal parts and the ends finished with rubber, it offers complete protection against accidental contact with live lines, making it particularly suitable for use where an electrical hazard exists.

Welding Process

Nippon Kokan, major Japanese steel producer and one of the country's four leading shipbuilders, has announced a new non-shielded arc welding method, for which it claims low cost and ease of welding, combined with high quality and corrosion-proof welds. The heart of the method is understood to be a new type of steel welding electrode which makes it unnecessary to use a shielding gas or flux. The system is applicable to all types of steel for many purposes, both in automatic and semi-automatic plant. The composition of the electrode has not been disclosed.

Automatic Tube-cutting Feeder

An automatic feeder, developed in Britain by Brookes Ltd., Oldbury, Birmingham, when linked to a cutting-off machine, makes the cutting off metal tube a fully automated process. Several feeder/cutter assemblies can be looked after by one man, since all that is required is that the magazines of the feeders should be kept filled with tube. A new tube is drawn from the magazine before cutting on the previous tube is completed. This allows the new tube to follow immediately behind the previous tube, so that feeding is continuous and no time is lost.

Soldering Hot Gas

Jets of hydrogen heated to 700 degrees F. are being used in the U.S. in place of soldering irons for making connections to printed or micro-electric circuits. Sperry Gyroscope Company, of Great Neck, New York, U.S., which developed the system, says the jets leave the joint clear for inspection by the operator during soldering and eliminate the danger that a soldering iron may carry decomposed flux from one joint to another. The jets, in banks of four, are said to solder 80 to 100 joints per minute at each nozzle Solder is placed on the joint automatically before heating.

Error-free Telex Messages

Posts and Telegraphs organisations throughout the world are now evincing great interest in a new AEI-developed equipment to detect errors in Telex transmissions. The Telex network detection equipment, which will reduce to negligible proportions errors introduced in the transmission circuit, has been developed by AEI in conjunction with the British Post Office (B.P.O.). The new error detection equipment is designed for use on both-way Telex and private telegraph circuits operating at speeds of 50 bauds. Housed in a metal case and designed to stand on the table normally supplied with standard telegraph machines, so that the control switches are within easy reach of the operator, the equipment is fully transistorised and very simple to operate.

Non-slip Tape

For coating steel and wooden rolls and drums a Dutch company has developed a non-slip PVC tape that increases friction between rolls and drums to five times its original level. The non-slip binding consists of a cotton backing and a PVC top layer. Its total thickness is about 1.7 mm (0.07"). The firm supplies both rough and smooth tapes and tapes with a bubbled profile in standard widths of 50 and 70 mm. (2" and 2.8"). In addition to the standard tape, oil- and grease-resistant tape is also supplied and, for large quantities, non-slip tape in special colours. The tape is glued onto the drums with a special glue. PVC non-slip tape is used, amongst other things, on the driving drums of conveyor systems, in the textile trade for cladding cloth and yarn beams and for wrapping the reels of winch dyeing machines and, generally, in all applications where roll and drum jackets with high co-efficients of friction are required.

Vibration-free Record Player

Record players and transcription motors developed in Britain for hi-fi enthusiasts and studio use are claimed to be greatly superior in terms of fidelity and freedom from vibration to anything comparable. The British firm of Garrard Engineering Ltd., of Wiltshire, exhibited the new turntables at the London Radio and Television Show recently.

The transcription player, Model 401, is driven by a four-pole induction motor totally enclosed in a heavy cast iron casing to provide full magnetic screening and mechanical stability. To eliminate vibration, the rotor assembly is dynamically balanced to an extremely high degree of accuracy and the turntable which weighs 6 lb., is of die-cast aluminium. The whole assembly is mounted on a cast aluminium top plate. There are three controls and plays at three nominal speeds, 33⅓, 45 and 78 r.p.m. Stroboscopic markings are gear-cut on the rim of the turntable, and the user is able to set the turntable speed to a very high degree of accuracy using an improved eddy current brake. The speed variation is plus or minus 4 per cent.

Rubber Vibrating Screen

A new natural rubber vibrating screen for dewatering sand, coal or any other mined or quarried material is being produced by Wilkinson Rubber Linatex Limited, Camberley, Surrey, England. It is designed for use in an integrated dewatering system where a pre-thickening unit, the linatex separator, first reduces the water or other fluid content from 80 per cent by weight to 25-30 per cent. The screen then further dewaters the material to leave only a small fluid content, which depends upon the nature of the material. Where the specific gravity of the material is high—such as in coarse sand—the figures for moisture content will be low. Where the specific gravity of the material is low—as in coal or graphite—the figures for moisture content will be higher. The screen uses strips of linatex abrasion-resistant rubber instead of the usual wedge or woven wire. This is a specially processed form of natural rubber—95 per cent pure latex, made entirely without heat or mastication. Tests have shown that this tough, gristle-like rubber will last at least three or four times longer than conventional materials and that its screen apertures will not be enlarged so that solids are lost.

NEW IDEAS IN BRIEF

Vapourised metal film can be cheaply deposited, it is reported, on the ceramic tubes and rods used in the electrical industry by a new system developed by Leybold-Anlangen, Neigasse 23, Zug, Switzerland.

Economic recovery of zinc from the dust of iron-making furnaces by a cheap method involving the re-circulation of chemicals is claimed in a method developed by Centre Nationale de Recherches Metallurgiques, 47 rue Montoyer, Brussels, Belgium.

A production-line technique for strengthening wood veneers with plastics, so that they can be deformed without cracking and will fit neatly round corners, has been introduced by Mikroholz, 48 Maybachufer, Berlin-Neukolin, West Germany.

A way of burying insulated pipes and still allowing them freedom to expand when they carry hot fluids, without the use of sliding bearings, has been patented by Hydrobit, 63 Cecilienalle, Dusseldorf, West Germany.

A French car firm has patented a fixture for car doors which allows them to stay open in any given position. It is developed by Renault, 8 avenue Emile Zola, Billancourt (Seine), France.

An inexpensive but long-lasting, anti-corrosive resin emulsion that can be applied quickly to steel bars and rods so that they will not corrode when stacked out in the open has been patented by H. Brunel, 9 rue du General Niox, Paris 16, France.

A way of cutting down on smoking, by drawing less smoke at each puff has been developed by a French firm, Soc. Job Anciens Ets., 13 rue Emile Zola, Perpignan, France, which has produced a cigarette paper that allows smokers to do this.

An emulsion that is claimed to give tanned leather outstanding water-resistant properties while keeping it soft and supple and dry to the touch has been formulated by Farbenfabriken Bayer, Leverkusen-Bayerwerk, Germany.

Air curtain apparatus for the extremely large doorways of factories and workshops has been devised by Bahco, Klara Norra Kyrkogata 31, Stockholm, Sweden.

march together
work together

"*Let people in different parts of the country, however strong their feelings might be on particular issues, never forget that they are Indians first, and that all differences must be resolved within the unalterable framework of one nation and one country. Let us make every endeavour to foster this feeling of oneness and to carry forward the work of national integration.*"

—Lal Bahadur Shastri
Prime Minister

Our way is straight and clear—to build a strong India with freedom and prosperity for all.

Let us march together, work together as one nation, imbued with courage and determination, goodwill and tolerance.

JAI HIND

PRESERVE UNITY, PROTECT FREEDOM

DA 64/57

INDUSTRIAL SPECTRUM OF INDIA

CONTRIBUTION MADE TO NATIONAL INCOME QUITE SIGNIFICANT

ALTHOUGH the annual survey of industries (provisional results) for the calendar year 1962, published recently by the Central Statistical Organisation, relates to a period that is nearly two years old, the findings of the survey are of much useful value. For the findings, besides meeting the urgent requirements of research organisations, enable the public to have a clear idea of the vital role played by the industrial sector in the economic set-up of the country. The industrial sector covered in the survey comprehends all those factories registered under the Indian Factories Act 1948 which employ 50 or more workers with the aid of power or 100 or more workers without the aid of power. Such factories are said to account for almost 87 per cent of the total productive capital of all factories in all the 63 industry groups, 82 per cent of employment and gross output, and 84 per cent of value added by manufacture (see the footnote below Table A for definition of value added by manufacture). The remaining factories, namely, those employing 10 to 49 workers with the aid of power or 20 to 99 workers without the aid of power are covered on the basis of probability sample. The value added by manufacture is especially important, in that it indicates the significant contribution which the manufacturing industries (as a whole and also each industry) make to the national income of the country. Taking the total national income in 1962 at about Rs. 15,000 crores (at current prices), the combined share of the industries covered in the survey comes to as much as 7.2 per cent, the aggregate value actually added by manufacture being Rs. 1,074 crores.

The findings of the survey may be taken to represent the entire industrial sector, for they are based on the returns received from 9,314 factories out of the 9,733 registered in 1962, the coverage being as high as 96 per cent. The figures for 1962, it may be noted here, are not strictly comparable with those for 1961 in certain cases, because of one or more of the reasons mentioned

Table A: *Position at a Glance*

	1962	1961	Percentage increase over 1961
Factories registered (No.)	9,733	9,161	6.24
Factories reporting (No.)	9,314	8,930	4.30
Productive capital	3,078	2,374	29.65
Employment (thousands)	3,215	3,050	5.41
Salaries, wages and benefits (Rs. crores)	574	536	7.69
Ex-factory value of output (Rs. crores)	3,966	3,693	7.39
Value at factory of input including depreciation (Rs. crores)	2,892	2,716	6.48
Value added by manufactured* (Rs. crores)	1,074	987	8.10

* This represents that part of the value of the product which is created in the factory and is computed by deducting from the gross ex-factory value of output, the gross value of input comprising cost of materials, fuels, etc., amount paid for work done by other concerns, industrial and non-industrial services purchased, and depreciation.

in the survey: change in classification of factories, non-receipt of a major unit's return-card, transfer of units not conforming to employment criteria to sample sector, cards of one group appearing in the other, and non-inclusion of certain cards owing to late receipt. As of 1962, the 9,314 reporting factories together accounted for a productive capital of Rs. 3,078 crores, employed 3.2 million persons, paid Rs. 574 crores by way of salaries, wages and imputed value of benefits in kind, and produced Rs. 3,966 crores (ex-factory) worth of goods out of an input (including depreciation) of Rs. 2,892 crores. A broad comparison of 1962 with 1961 as given in Table A shows that, while the aggregate productive capital employed has gone up by 29.6 per cent, the ex-factory value of output has risen by only 7.4 per cent. There has, of course, been a relatively greater increase in the value added by manufacture, the actual increase being 8.1 per cent.

Among the industry groups, the textile industry (spinning, weaving and finishing) occupies the pride of place. This industry, while it covered not more than 11.3 per cent of the reporting units in 1962 and the share of which in the total productive capital was only 15.7 per cent, accounted for over one-third—34.2 per cent to be precise—of the aggregate employment, more than one-fourth (25.8 per cent) of the value of output, and nearly three-tenths (29.3 per cent) of the total value added by manufacture. An approximately similar position obtained in the preceding years in so far as this particular group is concerned. The 1,056 textile companies that submitted returns in 1962 together had a productive capital of Rs. 483 crores, employed 1.1 million persons and produced Rs. 1,024 crores worth of goods, of which the value added by manufacture was Rs. 318 crores. The second largest industry from the point of view of production is that engaged in the manufacture of food preparations, with a gross ex-factory output value of Rs. 376 crores in 1962. Next in importance comes the iron and steel industry, with its total production amounting to about Rs. 363 crores. The fourth biggest industry is the chemical industry, with a total production of Rs. 319 crores, of which the share of the basic industrial chemical sector (as of 1962) is Rs. 131 crores and that of the miscellaneous chemical sector is Rs. 188 crores. Then follows the sugar and *gur* industries, together accounting for an output of Rs. 216 crores. The other industries with the gross output (ex-factory value) exceeding Rs. 100 crores are machinery except electrical, electrical machinery, grain mills and railroad equipment, the actual gross output being Rs. 134 crores, Rs. 23 crores, Rs. 108 crores and Rs. 104 crores, respectively. The details of all these industries and a few more other important industries are furnished in Table B at the end of the page.

The value added by manufacture, as already stated, is a measure of the contribution of manufacturing industries as a whole to the national income. Taking this as an index, the order of importance of fifteen of the more important industry groups for the year 1962 is as follows:

(In crores of Rs.)

1. Spinning, weaving and finishing of textiles 318; 2. Iron and steel industries 83; 3. Miscellaneous chemical products 60; 4. Miscellaneous food preparations 56; 5. Machines except electrical 47; 6. Sugar and gur 43; 7. Railroad equipment 40; 8. Basic industrial chemicals 38; 9. Electrical machinery, etc. 36; 10. Printing, publishing, etc. 30; 11. Rubber products 28; 12. Motor vehicles manufacture 27; 13. Electric light and power 25; and 14. Metal products except machinery and transport equipment 24.

NOTE :—*More or less the same industry groups had their importance by way of larger contribution to the total value added by manufacture during the year* 1961 *also.*

From the point of view of employment, the biggest industry is, as already noted, the textile industry, the number of persons employed in 1962 being over a million, 1.1 million, to be precise. The second biggest industry is iron and steel with a total employment of 269,503 persons, followed by miscellaneous food and railroad equipment with a total of 208,544 and 162,113 persons employed, respectively. The machinery (except electric) industry employed (as of 1962) 130,791 persons and the sugar and *gur* industries about 126,292 persons. The other big "employers" are tobacco manufactures, other textiles, electrical machinery, printing, publishing, etc., miscellaneous chemicals, metal products (except machinery and transport equipment), electric light and power, repairs of motor vehicles, and paper and paper products.

The most highly industrialised States in the country are Maharashtra, West Bengal, Gujarat, Madras, Bihar and Uttar Pradesh. These six States together account (as of 1962) for 67 per cent of the large-scale factories reporting data, 66 per cent of the productive capital employed, 73 per cent of employment, 78 per cent of the value of output and 81 per cent of the value added by manufacture; the position in 1961 was almost similar. Table C gives summary details of industries located in each State. It will be seen from this table that Maharashtra is the most highly industrialised State. The 2,021 reporting factories (out of the 2,073 registered units in 1962) in this State had a total paid-up productive capital of Rs. 623 crores, which represented more than one-fifth (22 per cent) of the aggregate productive capital of all the 9,314 reporting factories, and employed 670,200 persons out of the all-India total of 3.22 million. In other words, out of every five persons employed in industries in India, one is employed in the industries situated in Maharashtra alone. This State accounts for as much as one-fourth of the aggregate ex-factory value of output, its actual

Table C: *State-wise Distribution*

	Factories registered (Nos.)	Factories reporting (Nos.)	Productive capital (Rs. crores)	Persons employed (000's)	Gross output ex-factory value (Rs. crores)	Value added by manufacture (Rs. crores)
Maharashtra	2,073	2,021	623	670	990	307
Gujarat	987	960	223	302	330	92
Andhra Pradesh	499	468	94	142	130	27
Assam	470	390	68	55	72	19
Bihar	304	293	289	185	309	84
Kerala	538	530	56	137	90	25
Madhya Pradesh	414	404	313	179	141	20
Madras	871	833	196	237	315	88
Mysore	390	382	103	122	122	42
Orissa	108	90	252	61	73	7
Punjab	429	410	86	83	131	26
Rajasthan	159	145	35	47	45	12
Uttar Pradesh	664	634	165	253	280	62
West Bengal	1,545	1,495	536	692	847	241
Jammu & Kashmir	50	42	5	6	4	1
Delhi	183	174	30	45	68	16
Himachal Pradesh	16	12	2	2	2	0.2
Tripura	11	11	0.2	1	0.4	0.1
Pondicherry	22	20	4	3	3	1

share in 1962 being Rs. 990 crores. The combined contribution made by the industries of Maharashtra to the total national income of India during the year 1962 was Rs. 307 crores (the value added by manufacture), 29 per cent of the total for the industry sector. The second rank is held by West Bengal with accounts for about 18 per cent of the total productive capital employed by all industries covered in the 1962 survey, 21.53 per cent of employment, 21.36 per cent of ex-factory value of output and 22.48 per cent of the value added by manufacture. The four other most highly industrialised States in their order of precedence are Gujarat, Madras, Bihar and Uttar Pradesh. The industrially backward States are Assam, Orissa, Rajasthan, and Jammu and Kashmir. In between the highly advanced and the backward States come Andhra Pradesh, Punjab, Madhya Pradesh, Kerala and Mysore.

The total exports from India during the month of July 1964 aggregated Rs. 67 crores, that is Rs. 3 crores higher than in the corresponding month last year, while imports amounted to Rs. 91 crores, as compared with Rs. 70 crores. The trade deficit narrowed down by Rs. 24 crores. During the first four months of the current financial year, the total exports at Rs. 271 crores are higher by Rs. 27 crores, while imports at Rs. 3.69 crores are lower by Rs. 53 crores.

Table B: *More Important Industries—Details*

Industries	Number of factories: Registered		Number of factories: Reporting		No. of persons employed (000's)		Productive capital (Rs. crores)		Gross output ex-factory value (Rs. crores)		Value added by manufacture (Rs. crores)	
	1962	1961	1962	1961	1962	1961	1962	1961	1962	1961	1962	1961
Grain mills	464	490	456	486	42	34	15	15	108	107	7	6
Bakery products	21	23	20	23	5	6	4	4	10	9	3	3
Sugar and *gur*	234	234	232	226	126	128	135	140	216	233	43	47
Miscellaneous food	1,251	1,235	1,163	1,242	209	219	142	159	376	386	56	57
Tobacco manufactures	341	398	325	394	96	106	30	30	92	99	19	20
Spinning, weaving, etc.	1,099	1,047	1,056	1,027	1,100	1,140	483	425	1,024	991	318	305
Textiles (n.e.c.)	1,013	1,097	1,001	1,084	94	99	22	19	63	58	9	7
Paper and paper products	107	84	104	84	51	46	69	67	71	68	24	19
Printing and publishing	357	341	345	331	86	80	46	39	72	60	30	26
Rubber products	81	79	78	78	35	34	48	29	87	75	28	27
Basic industrial chemicals	126	132	124	130	50	56	198	182	131	125	38	38
Miscellaneous chemicals	317	275	315	271	73	63	101	80	188	145	60	47
Petroleum refineries	7	7	5	7	2	5	57	76	41	52	16	18
Products of petrol and coal	14	12	10	8	4	4	17	9	14	9	1	1
Structural clay products	282	287	279	284	47	47	18	19	18	19	8	9
Cement (hydraulic)	34	33	33	32	28	29	64	63	71	64	18	15
Non-metallic mineral products (n.e.c.)	190	213	186	208	27	27	18	15	25	25	8	9
Iron and steel	404	378	388	361	270	172	675	283	363	275	83	72
Non-ferrous metals	68	61	66	57	21	16	69	51	55	47	19	13
Metal products except machinery and transport equipment	396	339	379	332	70	61	55	48	97	82	24	21
Machinery except electrical	563	427	552	421	131	109	116	80	134	104	47	38
Electrical machinery	267	261	250	255	91	81	108	80	123	118	36	37
Shipbuilding and repairing	41	39	40	38	17	24	14	13	16	18	7	6
Rail-road equipment	118	122	109	115	162	157	81	74	104	118	40	39
Motor vehicles—manufacture	57	70	55	68	42	53	51	66	98	136	27	28
,, ,, repairs	321	277	308	264	53	39	30	17	40	21	13	7
Motor cycles and bicycles	59	51	56	50	15	16	16	14	23	23	5	6
Aircraft	8	8	7	8	6	5	22	18	9	6	4	5
Manufacturing industries (n.e.c.)	199	175	192	170	31	22	19	10	31	19	10	5
Electric light and power	470	126	359	116	60	38	231	197	76	32	25	27
Glass and glass products	155	131	150	124	43	35	18	12	22	17	6	6
Paints and varnishes	23	25	23	25	5	6	5	7	14	14	4	3
Other industries	656	634	637	616	113	101	81	56	144	107	38	25
Total—all industries	9,733	9,161	9,314	8,930	3,215	3,050	3,078	2,374	3,966	3,693	1,074	987

Note: All figures have been rounded off to the nearest decimals. n.e.c.—not elsewhere covered.

THE MYSORE PAPER MILLS LIMITED

CHAIRMAN, MR. M. D. SHIVANANJAPPA, URGES REVISION OF PAPER PRICES

TWENTY-NINTH ANNUAL GENERAL MEETING

A STRONG plea for revising the prices of paper was put forward once again by Mr. M. D. Shivananjappa, I.A.S., Chairman and Managing Director of the Mysore Paper Mills Limited, in the course of his speech at the Twenty-ninth Annual General Meeting of the Company held in Bangalore on Wednesday, 30th September 1964. He said that the ceiling on prices was a cause for the declining profits of the Company, in spite of an increase in turnover. The grant of an increase in price of Rs. 60 per tonne in 1962, in his opinion, was too inadequate to cover the rise in cost to the extent of Rs. 270 per tonne. He did hold out the assurance that increase in production would be maintained by operational efficiency of the Company, but pointed out that how far it would be reflected in accounts would depend on the official attitude regarding prices. Referring to the expansion schemes, the Chairman disclosed that the full range of equipment received from the foreign and indigenous firms had been installed and passed into service during the year under review.

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

LADIES AND GENTLEMEN,

As you are all aware, we are meeting under a shadow of depression due to the sad demise of Pandit Jawaharlal Nehru, our first and illustrious Prime Minister. India and the world have mourned the irreparable loss. May I request you kindly to stand up in silence for a minute and pay homage to the memory of the departed soul.

I have great pleasure in extending to you a cordial welcome to the twenty-ninth annual general meeting of the shareholders of the Company and place before you the report of the Directors and audited balance sheet for the year ended 31st March 1964. These have been circulated already and with your permission I shall take them as read and would proceed to review the salient features of the year's operations.

I am happy to report that your mills have produced 8,922 tonnes of paper which exceeds last year's production by 643 tonnes and the rated capacity by 922 tonnes. Sales during the year amount to Rs. 1,30,30,769, exceeding the turnover of the previous year by Rs. 7,32,009. Curiously enough, production and profits are running in opposite directions and profits are declining year by year. Decline in profits is largely due to the fact that production costs have increased and show no signs of decline, whereas there is a ceiling on the prices of paper. The present satisfactory working results are due mainly to increased production and operational efficiency.

Ceiling on Prices

It should be recalled that the Government of India, on the recommendations of the Tariff Commission, fixed prices in 1960 which were disappointing. On the repeated representations of the industry, the Government of India granted an increase of Rs. 60 per tonne in 1962, as against an increase in cost by Rs. 270 per tonne. It could be seen that this slight increase did not meet the demand of the situation. The representatives of the industry have been making repeated requests and appeals to the Government of India and have also presented their case supported by facts and figures. I take this opportunity again to repeat my appeal to the Government of India immediately to take steps to issue revised price lists, lest the incentive for expansion of production in the country should disappear altogether.

Turning to the balance sheet, I have to state that depreciation on fixed assets calculated in accordance with the rates allowed for normal depreciation and extra shift allowance as per Income-tax Act amounting to Rs. 5,76,201 has been provided. No provision is required for taxation as the Company has no assessable income for the year on account of development rebate allowance. However, provision has been made towards tax on dividends as per the Finance Act 1964 amounting to Rs. 78,750.

Your Directors have carefully considered the question of dividend. In this context, I should bring to your notice that dividend was declared and paid on Rs. 25 lakhs (old capital) and proportionate dividend on Rs. 25 lakhs (new capital) absorbing Rs. 5,46,500 for the year ended 31st March 1962, and Rs. 6,75,000 for the year ended 31st March 1963 on old capital of Rs. 25 lakhs and new capital of Rs. 50 lakhs for the proportionate period, though the new plant had not gone into production. Having regard to the increased production and turnover, your Directors felt it reasonable and fair to recommend declaration of dividend at 9 per cent subject to tax or at the rate of 90 paise (taxable) per share on the old capital absorbing Rs. 2,25,000 and at the same rate on the new paid-up capital also for the proportionate period absorbing about Rs. 8,25,000 for the year ended 31st March 1964, the total being Rs. 10,50,000. It should be noted that though there is a small cut in the rate of dividend, yet it is paid on an enlarged capital which has not begun to earn.

I am happy to inform you that the Industrial Finance Corporation of India have communicated their approval to our declaration of 9 per cent dividend subject to tax in terms of the agreement for which I am grateful to them.

Future Prospects

I have no doubt that in the light of what I have said, you will not be slow to appreciate and approve the proposals. In regard to the future, I can certainly assure you that increased production and high operational efficiency would be maintained but, how far these factors reflect in accounts, mainly depends on the attitude and action of the Government of India regarding revision of prices of paper. I should content myself by reiterating the hope that the Government of India would afford the industry the much needed relief speedily and assuring the shareholders that every endeavour would be made to improve the position.

I am very happy to inform you that the labour-management relations continue to be cordial. Your Directors have been pleased to sanction a bonus of three months' salary or wages and one more month's salary or wages as ex-gratia for having co-operated with the management in increasing productivity and the same has been disbursed to all our employees.

Scheme of Expansion

I am glad to inform you that the implementation of the scheme of expansion has made very satisfactory progress during the year under review.

Before going into details, I have pleasure to inform you that the new paper machine was serviced during the early part of March 1964 and the complimentary pads in your hands have been made on the fine paper turned out of the new machine. The expenditure on development work till the end of March 1964 amounted to Rs. 278 lakhs, inclusive of Rs. 150 lakhs incurred last year.

The foreign currency loan of Rs. 70 lakhs sanctioned by the Commonwealth Development Finance Company Ltd., London, has been drawn in full, a sum of Rs. 61.97 lakhs against a sanctioned loan of Rs. 70 lakhs has been drawn from the Industrial Credit and Investment Corporation of India, Ltd., Bombay, and a sum of Rs. 55 lakhs against a sanctioned loan of Rs. 60 lakhs from the Industrial Finance Corporation of India, Delhi, in rupee currency upto 31st March 1964 has also been drawn.

Imported Equipment

I am glad to state that the full range of equipments, namely, paper machine, stock and chemical preparation plant and other paper machine parts for which orders had been placed with Messrs. Escher Wyss of Ravensburg, Germany, and Messrs. Millspaugh of Sheffield, England, and boiler and steam distribution equipment from Messrs. Babcock and Wilcox have been received, installed and taken to service during the year. The duplex super cutter from Messrs. Masson Scott is received and erected. The erection of black liquor recovery unit ordered with Messrs. Babcock and Wilcox is almost completed.

Messrs. J. M. Voiths of Germany, in execution of the contract for supply of bamboo pulp plant, have despatched the entire machinery which has also been received at site. But there was considerable delay in receiving the three digesters and other indigenous equipments ordered in the country. However, I am glad to say that these three digesters ordered have now been received at site and all the other machinery equipment is also received and erection work is going on in full swing and will be completed by end of November 1964.

The new paper machine and other equipments now installed would help increase production during the current year by the use of imported and indigenous pulps.

Higher Production

It is a matter of special gratification to all of us that while high level of production and efficiency was maintained during the year, the scheme of expansion is also speedily and successfully being implemented.

Your Directors have contributed a sum of Rs. 1,001 to the Swami Vivekananda Centenary celebrations.

On behalf of the Company, I should express by grateful thanks to the authorities of the Commonwealth Development Finance Company Ltd., London, the Industrial Credit and Investment Corporation of India Ltd., Bombay, and the Industrial Finance Corporation of India, Delhi, State Bank of Mysore, State Bank of India, and the Canara Banking Corporation Ltd., for their support and valued assistance in the implementation of the development plans.

I would also like to express on behalf of the Directors and shareholders our gratefu thanks to the Central and State Government for their abiding interest in the progress of the Company.

I am grateful to my colleagues on the Board for their wholehearted support and valuable guidance.

I wish to express on behalf of the Director and my own, our warm appreciation of th willing and efficient co-operation of all ou employees.

Ladies and gentlemen, with these observations, I now move that the Directors' report an audited balance sheet and profit and loss account for the year ended 31st March 1964 b approved and adopted.

N.B.—This does not purport to be a repo of the proceedings of the shareholders' meetin a copy of which shall be sent to the shareholde separately.

Notice

ESSO STANDARD REFINING COMPANY OF INDIA LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of the Company's 5¼ per cent Debentures 1964-68 will be closed for transfers from 22nd October, 1964 to 31st October, 1964, both days inclusive.

N. RAMANAND RAO,
Secretary & Treasurer,
State Bank of India,
Agents for the Esso Standard Refining Co. of India Limited, for the management of the Debentures.

STATE BANK OF INDIA,
MUNICIPAL LOANS SECTION,
APOLLO STREET,
FORT, BOMBAY 1.

AHMEDABAD ELECTRICITY FARES WELL

REVISION OF TARIFFS DISPUTED

AN upward revision of its energy rates has helped the Ahmedabad Electricity Company Ltd. (Managing Agents: Messrs. Killick Industries Ltd., Bombay) to produce quite satisfactory results for the year ended 31st March 1964. Proceeds of sale of energy after deducting discount have gone up sizably from Rs. 695 lakhs to Rs. 812.42 lakhs and gross profits shows a substantial improvement from Rs. 177.63 lakhs to Rs. 218.69 lakhs. But because of the increase in gross profit the tax provision has nearly doubled from Rs. 23.83 lakhs to Rs. 44 lakhs and with depreciation claiming roughly Rs. 10 lakhs more at Rs. 71.28 lakhs, the net profit shows only a limited improvement from Rs. 83.54 lakhs to Rs. 94.11 lakhs and is, in fact, lower as compared with Rs. 99.99 lakhs obtained in 1961-62. It has, however, been supplemented with Rs. 12.27 lakhs written back from previous years' appropriation and, as a result, the Directors have been able to carry to reserves as much as Rs. 23.87 lakhs, as against Rs. 9.47 lakhs a year before, and still maintain the dividend on the 100-rupee shares at 8 per cent per annum, including the 3 per cent interim paid already.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale of energy, less discount	812.42	695.00	600.32	542.55
Other income	16.34	14.50	12.48	11.80
Consumption of coal and fuel	436.04	374.78	323.12	188.42
Staff expenses	46.95	48.25	43.59	42.04
Other expenses	127.08	108.84	80.33	78.46
Gross profit	218.69	177.63	165.76	145.23
Provision for—				
Depreciation	71.28	61.92	51.41	49.68
Taxation	44.00	23.83	5.07	
Managing Agents' remuneration	9.30	8.34	9.29	8.46
Net profit	94.11	83.54	99.99	87.09
Transfer from reserves and provisions	12.27	..	1.36	..
Capital expenses written off	2.77	1.07	1.06	1.07
Provision for gratuity	4.14	3.01	3.66	5.06
To reserves	23.87	9.47	26.64	19.73
Dividend	69.98 (8%)	69.98 (8%)	69.98 (8%)	61.23 (7%)
Carry forward	..	0.01	..	..

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	106.00	98.00	96.80	97.20	93.35
Low	94.00	87.20	88.00	83.50	78.20

The revision of tariffs has been disputed by the Gujarat Electricity Board. In March 1964, the Board issued a "show cause" notice on the Company. The latter thereafter referred the disputes raised by the Board to the Central Electricity Authority for arbitration as provided for in the Electricity (Supply) Act, 1948 and the Authority accepted the reference. Notwithstanding this, the Board constituted a Rating Committee to examine the Company's charges to its consumers and to make recommendations to the State Government in that behalf. The Company filed a writ petition in the Gujarat High Court against the order of the Board appointing the Rating Committee and the High Court has since issued an interim injunction restraining the Committee from functioning till the hearing and final disposal of the writ petition. In terms of the Injunction Order the arbitration will not be proceeded with till the final hearing and disposal of the writ petition.

Sale of energy, in terms of kilowatt hours, increased during the year by 10.41 per cent from 859,035,720 to 948,446,166, as against by 8.74 per cent from 790,004,664 to 859,035,720 in the previous year. As a result of commissioning of the second 30 MW. set, load restrictions in the form of evening recess staggering were removed in July 1963 and additional loads released at the same time. This set has increased the Sabarmati power station's generating capacity to 217,500 kw. The station peak during the year increased by 26,000 kw. (or 15.56 per cent) to 193,200 kw. The North Gujarat Grid recorded a demand of 46,650 kw., that is, an increase of 8,000 kw.

During the year, 52.47 km. of H.T. mains and 36.77 km. of L.T. mains were laid. In the reorganisation of II kV. ring mains, 58.63 km. of cables were recovered. Thirty-six sub-stations were erected and commissioned, including four for general purposes, 22 for rural electrification, six for industrial purposes and four for municipal drainage pumping stations and tube-wells.

In order to help meet the capital cost of the second 30 MW. unit and other normal expansion, the Company issued 20,000 7 per cent debentures of Rs. 1,000 each at par. These new debentures and the existing Rs. 300 lakhs 5.25 per cent ones are redeemable at par on 14th June, 1970, with the Company having an option to redeem them between 1965 and 1969. Secured loans of Rs. 213.51 lakhs comprise bank borrowings of Rs. 27 lakhs, A.I.D. loan of Rs. 178.15 lakhs and debenture issue application money of Rs. 8.36 lakhs. Taking bank loans of Rs. 27 lakhs and current liabilities and provisions of Rs. 254.52 lakhs, it is seen that the total short-term indebtedness works out to Rs. 281.52 lakhs, as against which current assets, book debts and investments aggregate Rs. 348.40 lakhs. The paid-up capital of Rs. 874.78 lakhs is supplemented with Rs. 232.67 lakhs in reserves and surplus. The gross block, which has expanded during the year from Rs. 21.36 crores to Rs. 23.07 crores, has been written down to Rs. 16.74 crores and, including capital work-in-progress of Rs. 20.73 lakhs, the net block stands at Rs. 16.95 crores.

Currently quoted at Rs. 106 *cum-div.*, the Rs. 100 fully paid ordinary shares of the Company offer a net yield of 6.4 per cent per annum.

GANNON DUNKERLEY AND CO.

The working results of Gannon Dunkerley and Co. Ltd. (Chairman: Mr. M. R. Morarka, Bombay) for the year ended 31st March 1964 are not so impressive as those for the previous year. Indeed, while the turnover of the Company has increased by as much as Rs. 82.29 lakhs to Rs. 376.12 lakhs, gross profit has risen only marginally by Rs. 2.05 lakhs to Rs. 20.33 lakhs. The profit-margin has thus receded from 6.2 per cent to 5.4 per cent. The decline in profit-margin has been due to the sharp rise of Rs. 87.20 lakhs in operating costs and other expenses. The effect of higher expenses would have been reduced greatly but for the reduction in import licences for steel required by the Company's cylinder factory, as a result of which it was not possible to attain optimum production. If the profit margin has not declined more steeply, it is because of the notable improvement in the Company's construction activities, the income from engineering contracts rising to Rs. 274.37 lakhs from Rs. 212.74 lakhs in 1962-63.

Out of the gross profit of Rs. 20.33 lakhs, the Directors have provided Rs. 2.59 lakhs (Rs. 2.62 lakhs in 1962-63) for depreciation. Provision for taxation is substantially higher at Rs. 10 lakhs (including Rs. 70,000 for sur-tax), as against Rs. 7 lakhs. Thanks to heavier tax liability, the net profit has fallen from Rs. 8.16 lakhs to Rs. 6.93 lakhs. The Directors have transferred only Rs. 2.20 lakhs to reserves, as against Rs. 4.00 lakhs in the preceding year. A sum of Rs. 4.50 lakhs has been earmarked for the dividend reserve. The equity dividend has been maintained at 12½ per cent to which level it was raised last year from 10 per cent distributed in respect of the years 1960-61 and 1961-62.

The Company's progress during the past four years is brought out in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales	376.12	293.83	267.57	259.26
Other income	12.48	15.40	12.15	9.02
Closing stocks	108.53	85.24	71.82	78.99
Expenses	391.56	304.36	259.03	271.40
Gross profit	20.33	18.28	13.52	13.31
Provision for—				
Depreciation	2.59	2.62	2.62	2.88
Taxation	10.00	7.00	4.40	3.60
Net profit	6.93	8.16	6.50	6.83
Withdrawals from reserves and provisions	0.32	0.37	0.67	5.13
Transfer to dividend reserve	4.50	..	..	..
Transfer to other reserves	2.20	4.00	3.29	8.13
Dividend	4.50	4.50	3.60	3.60
	(12½%)	(12½%)	(10%)	(10%)
Carry forward	0.05	0.02	0.10	0.08

Two of the three Company's subsidiaries, that is, Gannon Dunkerley (Orissa) Ltd. and Gannon Norton Metal & Diamond Dies Ltd. have maintained steady progress. The latter company is expected to commence production of Diamond dies before the end of the next financial year. Large orders have been booked for tungsten carbide dies and arrangements for procurement of raw materials have been improved. The third subsidiary, Gannon Electrolytics Ltd., has not reported any improvement. The problems of marketing and satisfactory and elaborate tests of quality coupled with the dislocation of the technical management continue to face the Company. The Directors of that Company are now applying their minds afresh to the project as a whole.

The paid-up capital of the Company as at the end of March 1964 remains unchanged at Rs. 36 lakhs, made up of 36,000 equity shares of Rs. 100 each. This is supplemented by reserves and surplus amounting to Rs. 30.53 lakhs. Thus the total of the Company's own funds comes to Rs. 66.53 lakhs. The gross block is Rs. 50.68 lakhs (Rs. 49.37 lakhs a year before) which has been written down to Rs. 29.95 lakhs. Current assets, loans and advances are shown at Rs. 164.95 lakhs and investments at Rs. 8.51 lakhs. They together exceed the total indebtedness (including borrowings of Rs. 22.11 lakhs) of the Company by Rs. 33.54 lakhs.

EAST ANGLIA PLASTICS

In spite of some improvement in its results, the East Anglia Plastics (India) Ltd. has not been able to pay a dividend for the eighth year ended 31st March 1964. An increase in production from 111 tons to 600 tons is reflected in higher sales of Rs. 57.76 lakhs as compared with Rs. 7.69 lakhs in the previous year. Gross profit has improved from Rs. 1.19 lakh to Rs. 8.71 lakhs and, after depreciation, it amounts to Rs. 6.50 lakhs. This net figure has been utilised to write off accumulated loss of Rs. 4.08 lakhs, to transfer Rs. 10,750 to development rebate reserve and Rs. 2 lakhs to general reserve, and to carry forward the balance of Rs. 31,292 as the surplus, against a debit balance of Rs. 1.22 lakh a year before. Raw materials consumed during the year have cost Rs. 28.58 lakhs, staff expenses Rs. 5.14 lakhs and other expenses Rs. 19.78 lakhs. With a paid-up capital of Rs. 159.49 lakh (Rs. 96.53 lakhs in the previous year) and reserves and surplus amounting to Rs. 4.36 lakhs, the Company has a gross block carried in books at Rs. 33.15 lakhs (Rs. 26.02 lakhs a year before) and written down to a net value of Rs. 27.51 lakhs. The cellulose acetate flakes and plasticisers projects-in-progress are shown separately at Rs. 27.38 lakhs.

The year under review has proved significant in one way, in that the accumulated loss has been liquidated fully. The Directors' report shows a promise of better prospects for the current year. An actual user licence for raw materials received for the first time towards the end of 1963 should reflect itself in better results during the current year through an increase in the activities of the Company. Current year's production is likely to equal the installed capacity. An import licence for capital goods for expansion of the compounding plant has been issued by the Government. The plasticisers project is well under way and steps are being taken to increase the capacity in order to meet the Company's raw material requirements for its P.V.C. operations. The foundation-stone of the cellulose acetate flakes factory at Visakhapatnam was laid by Mr. Lal Bahadur Shastri in January this year. The installation of the pulp unit, perhaps during the current year, will make the beginning of a complex and integrated chemical and plastic industry over a long-range perspective.

The increasing activities at Visakhapatnam and at Dum Dum, where the plasticisers project is sited, will accelerate the Company's capital expenditure in the next few years. An equity issue, already sanctioned, is being deferred, while a preference share issue is under way. New possibilities for further backward integration and diversification are under study, and the Government has been approached for an industrial licence to install an industrial alcohol distillation plant at Visakhapatnam to ensure a steady supply of ethyl alcohol—the most important raw material for the integrated cellulose industry.

DAVANGERE COTTON MILLS

The downward trend in the turnover and profits of the Davangere Cotton Mills Limited (Managing Agents: Messrs. Hanumanthappa and Son, Davangere, Mysore) noted in 1962-63 was arrested during the year ended 31st March 1964. The total turnover of the Company for the year shows a rise of Rs. 26.08 lakhs to Rs. 198.31 lakhs, in contrast to the fall of about Rs. 5 lakhs to Rs. 172.23 lakhs in the previous year. In keeping with the handsome improvement in turnover, the gross profit, which had gone down from Rs. 34.85 lakhs in 1961-62 to Rs. 31.04 lakhs in 1962-63, has risen by about 10.5 per cent or Rs. 4.44 lakhs to Rs. 35.48 lakhs. In view, however, of the increase in essential provisions for depreciation is higher by Rs. 3.47 lakhs at Rs. 12.21 lakhs), Managing Agents' commission rose by Rs. 10,000 to Rs. 2.31 lakhs and taxation by Rs. 13,000 to Rs. 11.70 lakhs), the net profit shows a rise of only Rs. 74,000 to Rs. 9.26 lakhs. In order to maintain dividend at 12 per cent on the enhanced equity share capital after meeting the liability on preference shares, the Directors have reduced the transfer of reserve from Rs. 5.10 lakhs to Rs. 2.95 lakhs.

The progress made by the Company in the past four years is shown in the following table:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales	198.31	172.23	177.18	167.85
Other income	4.48	2.78	2.56	1.68
Closing stocks of cotton yarn and waste	14.79	15.89	8.04	9.87
Raw materials and stores consumed	124.52	113.88	105.28	98.60
Other expenses	41.69	37.94	38.37	33.33
Gross profit	35.48	31.04	34.85	36.93
Managing Agents' commission	2.31	2.21	2.64	2.91
Provision for—				
Depreciation	12.21	8.74	7.90	10.78
Taxation	11.70	11.57	11.50	12.50
Net profit	9.26	8.52	12.27	10.74
To reserves	2.95	5.10	8.60	5.60
Dividends—				
Ordinary	5.20 (12%)	3.62 (12%)	3.60 (12%)	5.06 (12% + 25%)
Preference				
Carry forward	1.04	0.09	0.23	0.15

Market price for ordinary shares (in rupees):	1964	1963	1962	1961	1960
High	132.50	132.50	128.00	128.00	155.00
Low	132.50	132.50	128.00	128.00	140.00

Note: All dividends are subject to deduction of tax.

Last year, it will be recalled, the Company issued 15,000 equity shares of Rs. 100 each at a premium of Rs. 25 per share and 18,000 (9.5 per cent) redeemable cumulative preference shares of Rs. 100 each. This issue has raised the subscribed share capital of the Company from Rs. 34.51 lakhs to Rs. 62.98 lakhs, as at 31st March 1964. This is supported by reserves and surplus amounting to Rs. 54.76 lakhs. Current liabilities and secured loans aggregate Rs. 102.21 lakhs, against which there are current assets and investments amounting to Rs. 130.24 lakhs. The financial position of the Company is thus sound. The gross block of the Company, valued at Rs. 186.49 lakhs, has been written down to Rs. 89.71 lakhs.

The Gadag unit of the Company went into production on 4th May 1964 and it is expected that the full installed capacity of 12,000 spindles will be worked before the end of January 1965. In order to make this an economic unit of 25,000 spindles the Company is adding 13,000 more spindles; it has already obtained the official permission for expansion. The Company has also received permission for the installation of 3,065 spindles and 52 automatic looms for Davangere. Further, it has been allowed to produce two million yards of printed cloth per annum. Orders for machinery have already been finalised. The Company has received an additional loan of Rs. 14.54 lakhs in German currency from the Industrial Finance Corporation to meet the cost of imported German and Swiss machinery. This is in addition to the loan of Rs. 70 lakhs and a deferred payment guarantee of Rs. 52.96 lakhs obtained last year.

The Rs. 100 fully paid up shares of the Company are currently quoted at Rs. 132.50 *cum-div.* On an *ex-div* basis, they fetch a net yield of about 6.8 per cent per annum.

KIRLOSKAR PNEUMATIC'S RESULTS EXCELLENT

DIVIDEND CUT RESTORED

THE Kirloskar Pneumatic Company Ltd. (Chairman: Mr. S. L. Kirloskar, Poona) has reported a major break-through in sales and profits during the year ended 31st March 1964. The turnover, which has been rising since 1960-61 (the first year of full and regular production) at an average rate of about 20 per cent annually, has now spurted by as much as 72 per cent from Rs. 167.52 lakhs to Rs. 288.14 lakhs. The gross profit, which had increased from Rs. 20.81 lakhs to just Rs. 27.91 over the preceding three years, has spurted to Rs. 49.34 lakhs in 1963-64. This improvement, it is heartening to note, has been brought about by improved activity not in any one product line but almost the entire range of the Company's products. The profit-margin (ratio of gross profit to sales), too, has risen in the process from 16.7 per cent to 17.1 per cent—thanks to higher production—notwithstanding an expansion of some Rs. 30 lakhs in other expenses.

The higher gross profit has brought in its wake larger essential provisions from Rs. 17.18 lakhs to Rs. 35.42 lakhs in the aggregate. Itemwise, the actual increase is Rs. 1.80 lakh (to Rs. 4.15 lakhs) in the provision for Managing Agents' commission, Rs. 3.17 lakhs (to Rs. 7.77 lakhs) for depreciation and Rs. 13.27 lakhs (to Rs. 23.50 lakhs) for taxation. More than three-fourths of the gross profit have thus been neutralised by these prior charges. Even so, the net profit is higher by Rs. 3.19 lakhs at Rs. 13.72 lakhs. Out of this, a sum of Rs. 7.75 lakhs, as against Rs. 7.93 lakhs in the previous year, has been transferred to reserves and a further small sum of Rs. 15,000, as against Rs. 80,000, has been set aside to meet the preference dividend liability. The ordinary dividend has been restored to the level of 12.5 per cent, subject, to deduction of tax, and, because of the conversion of 9,107 out of the 10,000 preference shares into ordinary shares, the total amount claimed by the dividend is Rs. 3.88 lakhs, as against Rs. 2.13 lakhs a year before.

The sustained upward trend in the turnover and profits of the Company during the past four years is well brought out by the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales	288.14	167.52	142.19	120.81
Other income	2.07	2.62	1.31	1.10
Closing stocks of finished goods and on consignments	3.52	2.21	14.60	0.11
Raw materials and stores consumed	170.12	86.64	97.40	78.23
Other expenses	72.06	43.20	38.07	22.17
Gross profit	49.34	27.91	22.52	20.81
Managing Agents' remuneration	4.15	2.35	1.80	1.77
Provision for—				
Depreciation	7.77	4.60	5.38	4.19
Taxation	23.50	10.23	8.14	7.01
Net profit	13.92	10.73	7.20	8.84
From reserves and provisions	..	0.17	0.02	..
To reserves	7.75	7.93	4.29	2.37
Dividends—				
Preference	0.15	0.80	0.89	2.26
Ordinary	3.88 (12.5%)	2.13 (10%)	1.93 (12.5%)	1.65 (12.5%)
Carry forward	0.32	0.19	0.15	0.06

Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	198.75	267.50	350.00	395.00
Low	170.00	267.50	276.25	195.00

As stated above, 9,042 preference shares of Rs. 100 each out of a total of 10,000 shares were converted into ordinary shares during the year. While this conversion has lowered the preference shares capital from Rs. 4.79 lakhs to Rs. 96,000, the ordinary share capital has increased correspondingly from Rs. 30.21 lakhs to Rs. 34.04 lakhs, with the result that the total paid-up share capital remains unchanged at Rs. 35 lakhs. This is supported by Rs. 31.29 lakhs in reserves and surplus. The total "own" funds thus come to Rs. 66.29 lakhs. As against these, borrowings aggregate Rs. 59.73 lakhs, in addition to current liabilities and provisions of Rs. 94.71 lakhs, and the total outside interest is Rs. 154.44 lakhs. Fortunately this is fully covered by the total of current assets, loans and advances which as at the date of the balance sheet, that is 31st March 1964, stands at Rs. 177.25 lakhs. The net assets are valued at Rs. 43.38 lakhs, as against a block account of Rs. 64.29 lakhs, including Rs. 13.58 lakhs as the cost of additions during the year.

Two reciprocating stationary compressors, a single stage machine of 800 cfm output and a two-stage machine of 1,000 cfm output, being the largest sizes made in India, were put on the market during the year. Considerable progress was also made in the development of semi-sealed air conditioning compressors to the design of the Westinghouse Electric International Company of the U.S. and the product has since been introduced in the market. Besides this, the Company has commenced manufacturing 600 cfm portable rotary compressors driven by Indian-built Cummins diesel engines which happen to be the largest machines of their class to be built in this country so far. Continuing its quest for fresher avenues of diversifying its business activity, the Company has signed a licence and technical assistance agreement with the Westinghouse Brake and Signal Company Ltd. of the U.K. for the manufacture in India of air brake compressors suitable for the railways. Similarly, a licence has been received for the manufacture of power transmission equipment (torque converters) and a licence and technical assistance agreement for manufacture of these in India is being finalised with the Twin Disc Clutch Company Ltd. of America.

The Rs. 100 paid-up shares of the Company are currently quoted at Rs. 170 *cum.-div.* and fetch on an *ex-div.* price a net annual return of over 6.2 per cent on fresh investment.

MYSORE ELECTRICAL'S PROFIT RISES

Thanks to its policy of integrated expansion, overall planning for production and careful adjustments in all directions, the Mysore Electrical Industries Ltd. (Chairman: Mr. R. D. Char, Bangalore) has been able to report an all-round improvement in production operations, sales and profits for the year ended 31st March 1964. The realisation from sale of products has risen by about 41.6 per cent, from Rs. 147.21 lakhs to Rs. 208.44 lakhs and the gross profit at Rs. 40.72 lakhs shows a gain of Rs. 17.08 lakhs over the previous year. This improvement is all the more heartening, because raw material supplies have been again the limiting factor which governed the expansion in output. In particular, supplies of steel sheets and plates, as also copper which constitutes an important raw material, have been very unsatisfactory as regards both quality and quantity.

In consonance with the increased gross profit, the remuneration payable to Managing Directors has advanced from Rs. 1.05 lakh to Rs. 1.87 lakh. Taxation also has gone up from Rs. 9.55 lakhs to Rs. 20.65 lakhs. The provision for depreciation, too, has risen, albeit slightly, from Rs. 2.55 lakhs to Rs. 3.28 lakhs. Even so, the resultant net profit at Rs. 14.92 lakhs shows a handsome increase of Rs. 4.43 lakhs. After transferring Rs. 10.84 lakhs out of this to reserves and provisions, the Directors propose to maintain the dividend at 12 per cent, subject to deduction of tax, which claims as before Rs. 4.20 lakhs.

The following comparative table presents synoptically the working results of the Company for the past four years:

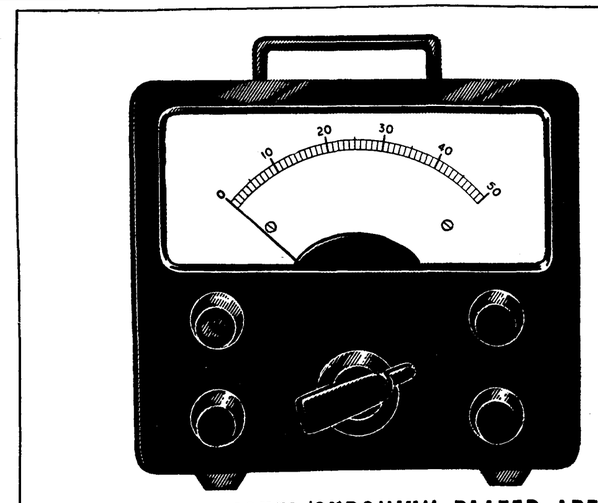
(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales and services	208.44	147.21	102.74	77.73
Closing stocks of finished goods	6.08	4.13	2.97	3.46
Raw materials and stores consumed	129.17	95.25	64.43	49.86
Other expenses	40.50	29.48	21.75	17.91
Gross profit	40.72	23.64	16.07	12.15
Managing Director's remuneration	1.87	1.05	0.74	0.57
Provision for—				
Depreciation	3.28	2.55	1.17	1.13
Taxation	20.65	9.55	6.91	4.91
Net profit	14.92	10.49	7.25	5.54
Withdrawal from reserves and provisions	0.12	0.11	..	..
To reserves and provisions	10.84	6.39	3.75	2.40
Dividend	4.20 (12%)	3.50 (12%)	3.50 (20%)	3.16 (20%)
Carry forward	0.03	0.03	0.02	0.02

There has been a nominal increase in the paid-up share capital of the Company during the year from Rs. 34.93 lakhs to Rs. 35.12 lakhs, all in equity shares of Rs. 100 each, but the reserve position has improved from Rs. 18.70 lakhs to Rs. 27.77 lakhs. Although borrowings have registered a sharp decline of Rs. 11.29 lakhs to Rs. 26.58 lakhs, current liabilities and provisions have risen from Rs. 36.21 lakhs (including Rs. 4.20 lakhs for dividend) to Rs. 58.67 lakhs. And so the outside interest amounts to Rs. 85.25 lakhs, as against the own funds of Rs. 62.89 lakhs. On the assets side, the gross block, following the additions of Rs. 8.67 lakhs during the year, stands raised to Rs. 41.54 lakhs and, on deducting therefrom Rs. 14.39 lakhs as accumulated depreciation yields a net block of Rs. 27.15 lakhs.

As regards the outlook for the current year, the Directors inform that the order books of the Company are in a very healthy state not only covering the remaining of the current year but also overflowing to the next year, in spite of the increased rate of production.

The Rs. 100 paid ordinary shares of the Company are currently priced at Rs. 166 *cum-div.* On an *ex-div.* price, the net yield works out to 6.1 per cent per annum.



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SYNOPSES OF COMPANY REPORTS

Hindusthan Twyfords Ltd.

(*Chairman*: Mr. H. L. Somany, Calcutta.)

Fourth Annual General Meeting—Held on 17th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales	45,98	3,89
Closing stock	4,49	36
Gross profit (+) or loss (—)	+19,96	—12,14*
To Secretaries and Treasurers' remuneration	32	15
Transfer to depreciation	12,23	6,41
Net profit (+) or loss (—)	+ 7,41	—12,14
Excess provision for depreciation written back	2	Nil
Appropriations:		
To adjustment of loss brought forward	11,51	Nil
Transfer to development rebate reserve	1,02	Nil
To income-tax paid for 1960-61	Nil	1,03
To dividends	Nil	Nil
Carry forward (debit balance)	—5,11	—11,61†
Market value of equity shares (in rupees):	1964‡	1963
High	14.06	15.81
Low	11.75	13.25

*Loss after providing for depreciation and Secretaries and Treasurers' remuneration.
† Loss after adjusting with the previous year's credit balance brought forward of Rs. 1,66,274.
‡ High and low upto 21st August 1964.

Extracts from the Directors' report: *Production Operations*: In December 1963 the big tunnel kiln came into production on a slow cycle. The total production during the year was 1,720 tons against the rated capacity of 5,400 tons. The manufacture of first class quality sanitaryware requires specially trained labour to mould and finish the products. The Company's trained and skilled labour are a credit to its foreign technicians who have done a superb job. This has enabled the Company to market its products whose quality and finish conform to International Standards.

This Company is the first in India to produce *Vitreous China Sanitaryware*. Recently, the Indian Standards Institution has laid down specifications and tests for *Vitreous China Sanitaryware* and the Company has applied for a licence to stamp its products with its mark.

Sales: The extraordinary slow progress in new housing has resulted in the offtake being very disappointing. In the Company's products, there is a well-established buyers' market. With the increased production of cement, the demand for sanitaryware is likely to increase but during the current year the plant will only run at approximately half-speed.

Selling Prices: In these days of rising prices this Company is one of the very few which has slashed its prices by approximately 25 per cent, thus passing on the benefit of mass production to consumers.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	59,88,500	Gross block	1,07,03,504
Development rebate reserve	1,02,500	—Depreciation	19,85,994
Other liabilities	61,07,707	Net block	89,17,510
		Block-in-transit	26,427
		Current assets	25,56,719
		Investments	3,000
		Cash	32,826
		Miscellaneous expenditure	2,46,250
		P.L. % deficit	5,10,975
	Rs. 1,21,93,707		Rs. 1,21,93,707

* Paid-up capital consists of 4,00,000 equity shares of Rs. 10 each and 20,000—7 per cent tax-free cumulative redeemable preference shares of Rs. 100 each. Amount paid-up on shares forfeited is Rs. 11,200.

Chemicoat Ltd.

(*Chairman*: Mr. A. N. Kilachand, Bombay.)

Third Annual General Meeting—Held on 25th September 1964.

Extracts from the Directors' report for the year ended 31st March 1964: The profit and loss account shows a loss of Rs. 6,63,758 after providing for depreciation of Rs. 2,71,779 and transferring a sum of Rs. 1,88,051 to the Expenditure during Construction Account. With the previous year's loss of Rs. 46,259 the total loss to be carried forward is Rs. 7,10,313.

Progress and Production: After initial trials starting on 15th July 1963, several difficulties were encountered for the continuous operation of the plant and as such the Company was unable to achieve target production. The quality of Indian paper delivered to the Company was found to be much inferior to that anticipated and as such required installation of certain additional equipment.

A De-humidification Plant has been ordered by the Directors and when it is commissioned the Company hopes to have a sizable volume of production of metalised paper. With the assistance of the technical personnel of the Company's collaborators it has been possible to overcome most of the problems encountered to ensure reaching the rated capacity of production.

During this period of technical adjustments, the Company has been able to develop independently the manufacture of *Stamping Foils* the demand for which has been met from imports so far. The Directors have requested the Government to register the Company as manufacturers of *Stamping Foil*. The market for this item is substantial and with the necessary assistance from Government, the Company hopes to meet the entire Indian demand for this product.

Finance: In addition to the term loan of Rs. 5 lakhs shown in the accounts, the Company arranged for a further term loan of Rs. 3 lakhs from the Company's Bankers against security of fixed assets of the Company by way of second mortgage ranking *pari passu* with the first mortgage created in favour of the Industrial Credit and Investment Corporation of India Limited and against personal guarantee of one of the Directors of the Company. This loan is now fully drawn.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	19,91,125	Gross block	31,84,682
Secured loans	13,27,641	—Depreciation	2,71,779
Unsecured loans	5,08,764		
Other liabilities	4,29,249	Net block	29,12,903
		Current assets	5,05,360
		Investments	2,000
		Cash	8,064
		Miscellaneous expenditure	1,18,139
		P.L. a/c deficit	7,10,313
	Rs. 42,56,779		Rs. 42,56,779

* Paid-up capital consists of 20,000 equity shares of Rs. 100 each. Calls unpaid amount to Rs. 8,875.

Rane (Madras) Ltd.

(*Managing Agents*: Messrs. Iyer & Co., Private Ltd., Madras.)

Twenty-eighth Annual General Meeting—Held on 28th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales (less returns and allowances)	78,59	92,34
Closing stock	34,36	27,21
Gross profit	12,43	9,57
To Managing Agents' remuneration	89	74
Transfer to depreciation	3,33	2,11
,, ,, provision for taxation	3,00	2,75
Net profit	5,21	3,97
Balance brought forward	8	6
Appropriations:		
Transfer to development rebate reserve	1,29	55
,, ,, general reserve	1,50	1,25
Proposed dividends (taxable) preference	31	31
,, ,, ,, equity	2,14 (17½%)	1,84 (15%)
Carry forward	6	8
Market value of equity shares (in rupees):	1964*	1963
High	9.15	8.90
Low	8.55	7.00

* High and low upto 11th September 1964.

Extracts from the Directors' report: The shareholders are well aware that this Company has switched over to production of *Clutch Discs* and *Steering Linkage System*. These products have been well received in the market. To keep pace with the demand of *Tie Rod Ends*, the managing agents have taken up on hand proposals for expansion and the Directors feel that it is an imperative step the Company should take. The Government of India have sanctioned the Expansion Scheme and the managing agents have estimated the expansion to cost Rs. 20 lakhs. This is proposed to be met by raising share capital and long-term loan.

The Company had applied for an Industrial Licence for the manufacture of *Molded Brake Linings* which has a very good potential. Financial and technical collaboration has been arranged. The Board of Directors contemplate the formation of a separate Company, for this purpose with this Company taking a financial interest and offering the balance of the Indian Capital to the existing shareholders.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	15,90,750	Gross block	46,31,719
Reserves and surplus	10,28,980	—Depreciation	10,92,898
Other liabilities	71,86,712	Net block	35,38,821
		Block in progress	1,72,964
		Current assets	52,97,606
		Investments	3,50,125
		Cash	4,46,926
	Rs. 98,06,442		Rs. 98,06,442

* Paid-up capital consists of 35,000 'A' class 7 per cent. tax-free cumulative preference shares of Rs. 5 each; 38,030—6 per cent. tax-free cumulative preference shares of Rs. 5 each and 2,45,120 equity shares of Rs. 5 each. Of the above shares, 68,940 equity shares are allotted as fully paid up by way of bonus shares by capitalisation of reserve.

United Breweries Ltd.

(*Chairman*: Mr. Vittal Mallya, Bangalore.)

Forty-ninth Annual General Meeting—Held on 30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales less returns and discount	71,36	60,21
Closing stock	3,65	3,85
Income from trade investments (gross)	3,90	2,87
Other income	1,78	4,79
Gross profit	40,19	37,15
Transfer to depreciation	2,71	2,93
,, ,, provision for taxation	23,30	18,00
Net profit	14,18	16,22
Excess tax provision written back	Nil	56
Balance brought forward	Nil	11,20
Appropriations:		
Transfer to general reserve	9,43	24,94
,, ,, development rebate reserve	25	4
,, ,, dividend reserve	Nil	3,00
Proposed dividend (taxable)	4,50 (9%)	3,00* (6%)
Carry forward	Nil	Nil
Market value of equity shares (in rupees):	1964†	1963
High	33.00	37.50
Low	33.00	33.25

* Dividends for 1963 were paid out of the dividend reserve.
† Upto 22nd September 1964.

Extracts from the Directors' report: During the year the Subscribed Capital was increased to Rs. 5,000,000 with the allotment of 250,000 equity shares of Rs. 10 each as bonus shares.

Operations: In spite of severe competition sales of bottled beer rose by 19.5 per cent as compared with the previous year. The total turnover and profit are the highest so far achieved. Although costs increased appreciably, selling prices remained unchanged.

The dispute with the Mysore State Excise authorities regarding their demand amounting to Rs. 12,48,497 as excise duty on beer despatched outside the State between 1st July, 1959 and 31st July, 1961, has not been settled.

The proposal for the issue of bonus shares of the nominal value of Rs. 25,00,000 is being kept in abeyance in view of the recently introduced principle of taxing such issues in the hands of shareholders. However, the Directors have recommended a proportionately higher dividend for the year.

Subsidiary Companies:

Cardboard Industries Limited: The Company holds 60 per cent of the capital of this subsidiary. The Company is engaged in the procurement and supply of cardboard cartons and partitions to McDowell & Company Limited and intends to set up a factory in due course to manufacture these items.

Carew & Company Limited: The Company holds 53.94 per cent of the equity capital of this subsidiary. The Company owns a sugar factory at Rosa with a crushing capacity of approximately 750 tons of cane per day, a distillery at Rosa with a capacity of approximately 450,000 bulk gallons of alcohol per annum, a distillery at Asansol with a capacity of approximately 750,000 bulk gallons of alcohol per annum, a sugar factory at Darsana, East Pakistan, with a crushing capacity of approximately 1,000 tons of cane per day and a distillery at Darsana, with a capacity of approximately 750,000 bulk gallons of alcohol per annum.

Darlco Cannings Limited: The Company holds 50.99 per cent of the equity capital of this subsidiary. The Company owns a fruit processing factory at Trichur and is the largest canner of pineapple products in India. Kissan Products Limited act as Technical Advisers to the Company. The Company's factory is being expanded in order to take care of the increasing demand for its products.

High Range Breweries Limited: The Company holds the entire issued share capital of this subsidiary, which has not commenced trading as yet.

McDowell & Company Limited: The Company holds 53.94 per cent of the equity capital of this subsidiary. Although the difficulties in securing regular supplies of molasses continue, the Company's business is developing very satisfactorily.

Mysore Wine Products Limited: The Company holds the entire issued share capital of this subsidiary, which had not commenced trading during the year under review. Recently the Company undertook the procurement and supply of grapes to McDowell & Company Limited.

Phipson & Company Limited: The Company holds 74.55 per cent of the capital of this subsidiary, 100 shares having been acquired very recently. Liquor sales have increased substantially, the turnover for the first seven months of the current year being almost equal to the turnover in 1963, and the prospects may be considered to be very satisfactory.

Phipson & Company (Pakistan) Limited: This is a subsidiary of Phipson & Company Limited, who hold 66.68 per cent of its capital. The Company continues to make good progress yielding satisfactory returns.

Prospects for the current year: In spite of increasing competition, during the first two months of the current year sales increased by 11.8 per cent as compared to the corresponding period of the previous year. While this trend would have been maintained based on the orders in hand, despatches dropped heavily from June as the Mysore State Excise authorities insisted on collecting the full rate of excise duty prevailing in Mysore State on beer despatched outside the State. Such despatches had, therefore, to be suspended and were resumed only on 12th August, 1964, after the Government of Mysore issued an order, the effect of which is obscure. The matter is being pursued with the Government.

The Company, as well as the several companies in which it has a substantial interest, continues to make very good progress. The Company can look forward to the future with confidence.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	50,00,000	Gross block	73,35,585
Reserves and surplus	72,96,098	—Depreciation	27,08,709
Other liabilities	62,77,328	Net block	46,26,876
		Current assets	39,20,307
		Investments	1,00,99,432
		Cash	16,811
	Rs. 1,85,73,426		Rs. 1,85,73,426

* Paid-up capital consists of 5,00,000 equity shares of Rs. 10 each. Of the above, 56,680 equity shares are allotted as paid up to the extent of Rs. 7.50 per share without payment being received in cash and 2,50,000 equity shares are allotted as fully paid up by way of bonus shares through capitalisation of reserves.

Ellore Engineering Co., Ltd.

(*Chairman*: Mr. K. L. Narasimha Rao, Madras.)

Registered Office: 20, Second Line Beach, Madras 1.

Thirtieth Annual General Meeting—Held on 29th September 1964.

Extracts from the Directors' report for the year ended 31st March 1964: The name of the Company was changed from The Ellore Electric Supply Corporation Ltd., to its present name Ellore Engineering Company Ltd., and this change became effective from 24th February 1964.

In the year under review the Forging Factory was built, machinery was installed and trial run was commenced from 15th March 1964. The factory would have worked even earlier but for the delay in the supply of permanent high tension power by the State Electricity Board. Fortunately, the temporary power given earlier, i.e. in November 1963, enabled the Company in testing the machines and training workers, which made possible the working of the factory from 15th March 1964. The factory started working second shift from 10th May, 1964.

The second set of *Hammer, Trimming Press* and the *Furnace* are being installed and will go into operation by end of September, 1964.

Though the profit and loss account shows a loss of Rs. 1,14,123, the actual loss incurred is only Rs. 16,404 as the balance of the amount viz., 97,719 represents the amount set aside for development rebate. As the factory commenced production only by about 15th of March, 1964, no depreciation is provided for on buildings, plant and machinery and electrical installation. But development rebate has to be provided for even if the factory works for a day. Hence the provision for development rebate.

Dividend: The Directors recommend a transfer of Rs. 1,44,123 to the profit and loss appropriation account from the surplus on acquisition account to set-off the loss of Rs. 1,14,123 and to recommend for payment of 10 per cent dividend subject to taxes, which will absorb Rs. 30,000.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	3,00,000	Gross block	11,03,614
Reserves and surplus.	97,719	—Depreciation	8,814
Acquisition a/c†	6,51,895		
Other liabilities	7,09,480	Net block	10,94,800
		Current assets	5,75,389
		Investments	7,980
		Cash	7,355
		Miscellaneous expenditure	73,570
	Rs. 17,59,094		Rs. 17,59,094

* Paid-up capital consists of 30,000 equity shares of Rs. 10 each.
† This represents the surplus realised on acquisition of the Ellore Electrical Undertaking by the Government of Andhra Pradesh.

Radio and Electricals Manufacturing Co., Ltd.

(*Chairman*: Mr. T. Shamanna, Bangalore.)

Eighteenth Annual General Meeting—Held on 29th September 1964.

Working results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales	1,68,35	1,62,96
Closing stock	1,19,65	63,59
Gross profit	37,93	41,31
Transfer to depreciation	10,74	3,84
,, ,, provision for taxation	11,76	22,96
Net profit	15,43	14,51
Excess provisions written back	2,01	3,94
Refunds of income-tax and sales-tax	12	Nil
Transfer frm dividend equalisation reserve	Nil	3,00
Balance brought forward	3	42
Appropriations:		
To donations	*	1,01
Transfer to development rebate reserve	7,45	3,58
,, ,, general reserve	2,50	6,75
,, ,, dividend reserve	7,61	10,50
Proposed dividends (taxable)	6,67† (15%)	7,43† (18%)
Carry forward	3	3
Market value of equity shares (in rupees):	1964‡	1963
High	21.12	21.37
Low	20.87	18.94

* Only a sum of Rs. 100.
† Dividends = Payment out of the dividend reserve.
‡ Upto 22nd September 1964.

Extracts from the Directors' report: During the year, machinery and equipment of the value of Rs. 39,66,928 acquired in connection with the implementation of some of the expansion schemes undertaken by the Company were installed. This includes a sum of Rs. 5,51,496 representing interest due to be paid to the Japanese suppliers for the balance period of about seven years on the cost of machinery obtained on ten-year-period deferred payment terms which has been capitalised. Machinery and equipment have also been re-classified during the year to claim the benefit of full depreciation allowable under the Income-tax Act. Depreciation on these machinery and equipment and other fixed assets increased from Rs. 3,84,333 in the previous year to Rs. 10,74,334.

In connection with the implementation of the various expansion schemes undertaken by the Company, additional loans had to be raised on which interest increased from Rs. 2,36,341 in the previous year to Rs. 4,98,527.

With a view to overcome shortage of power without which the Capacitor Project could not have been implemented, diesel generating sets purchased for the purpose, as mentioned in the previous report, had to be operated which resulted in the increase in the cost of electricity.

Increased expenditure had to be incurred for Workmen and Staff Welfare Expenses, arising out of the truce agreement towards supply of uniforms, shift allowance, etc. The subsidy to canteen and transport also increased.

Competition: Severe competition has developed for some of the products manufactured by the Company. The Directors are keeping a close watch on the market trend and are considering further diversification of production, by taking up new lines of production.

Export: Export has now assumed crucial importance in the economy of this country and Industry has to fall in line with the policy of Government. Successful implementation of some of the expansion schemes undertaken by the Company depends a great deal on the building up, as rapidly as possible, of its exports. The Government of India have issued a Capital Goods Import Licence for the Water Meter Project subject to payment to the suppliers out of a portion of the export earnings. There is the further stipulation that a percentage of production of Water Meters should be exported. In respect of new collaboration agreements for other products also similar instructions are being received.

Expansion Scheme: During the year under review, a beginning was made in the manufacture of *polyphase electricity meters* and paper and electrolytic condensers and these products are now put on the market. Special mention may be made of the development and manufacture on a commercial scale of *Electric Massagers* and *Time Recorders/Hour Meters* without the assistance of the knowhow from outside sources. Import licence for the equipment required for the manufacture of *Loudspeakers* has since been received and production on a commercial scale would commence in about a year's time. Being unable to obtain the import licence for the wire drawing equipment, indigenous equipment has been purchased and is being installed as an additional [illegible]

Bally Jute Co., Ltd.

(*Secretaries & Treasurers*: Messrs. Birla Brothers Private Ltd., Calcutta.)

Annual General Meeting—Held on 28th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales (including export sales)—gross	2,70,09	2,71,46
Closing stock of finished goods	21,23	16,33
Gross profit	27,46	40,35
To Secretaries' and Treasurers' remuneration	1,13	2,16
Transfer to depreciation	10,48	6,39
,, ,, provision for taxation	4,00	19,70
Net profit	11,80	12,10
Balance brought forward	39	60
Transfer from general reserve	1,00	Nil
Appropriations:		
Transfer to development rebate reserve	6,95	81
,, ,, general reserve	Nil	4,50
Proposed dividends (taxable) preference	2,00 (10%)	2,00 (10%)
,, ,, ,, ordinary	4,00 (20%)	5,00 (25%)
Carry forward	24	39
Market value of ordinary shares (in rupees):	1964*	1963
High	250.00	233.00
Low	234.00	235.00

* Upto 21st September 1964.

Kuljian Corporation (India) Private Ltd.

Travelling beyond the field of thermal power generation in India, where giant power plants bear witness to its technological finesse, Kuljian has long since become active in the field of steel and metallurgy. Already technical consultants for the Mahindra-Ugine Alloy Steel Plant in collaboration with Cetig of France and for a number of steel casting foundries in the public and private sectors in several States, Kuljian offers all or any of the following consultancy services to the iron and steel industry with the same confidence as it has been displaying in the field of power generation for the last 15 years.

■ MINING AND BENEFICIATION OF ORES AND FUELS ■ INTEGRATED STEEL PLANTS ■ EXTRACTIVE METALLURGY ■ ELECTRIC SMELTING OF IRON AND FERRO ALLOYS ■ BLAST-FURNACE IRON PLANTS ■ NON-FERROUS METALLURGICAL PLANTS ■ FOUNDRIES AND MACHINE SHOPS.

AN INDO-AMERICAN JOINT ENTERPRISE

The Kuljian Corporation (India) Private Ltd.

ENGINEERS . CONSTRUCTORS

Extracts from the Directors' report: *General*: The working results of the year show a setback in profits, as compared with the position in the previous year. This has been mainly due to the recession in prices of jute goods during the year, whereas the prices of raw jute has been maintained at the minimum operational level of Rs. 30 per maund, as fixed by the Government of India. Throughout the year, the jute industry worked at maximum capacity, and the large volume of production, coupled with stiff competition in overseas markets, has led to accumulation of finished goods. The industry's stock of gunnies, which stood at 91,000 tonnes on 1st April, 1963, increased to 1,25,200 tonnes by 31st March, 1964 and it has further risen to over 1,28,000 tonnes by 30th June, 1964.

Mention was made, in the Directors' previous year's report, of the programme for installation of *Broad Looms*, and they are pleased to report that the Company installed 50 *Broad Looms* during the year and started production of *Carpet Backing*. It is proposed to increase the number of such looms to 75 in the current year, provided the market demand justifies it.

For the financing of the Company's expansion programme, the Directors had to depend on large borrowings from the Secretaries & Treasurers and others. As the present paid-up capital of the Company does not bear a correct relation to the activities and assets of the Company, the Directors propose to offer ordinary capital of Rs. 20 lakhs at par as right shares, to the existing shareholders, on the basis of one new share for each old share held.

Further growth and diversification is one of the management's primary objectives. They have been taking steps in these directions.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	40,00,000	Gross block	2,08,31,514
Reserves and surplus	46,56,493	—Depreciation	1,08,77,173
Other liabilities	1,41,44,555	Net block	99,54,341
		Block in progress	2,56,022
		Current assets	1,19,26,207
		Investments	5,93,791
		Cash	70,687
	Rs. 2,28,01,048		Rs. 2,28,01,048

* Paid-up capital consists of 20,000—10 per cent. cumulative preference shares of Rs. 100 each and 20,000 ordinary shares of Rs. 100 each.

NEWS IN BRIEF

THE free trade zone in Kandla is expected to be inaugurated on the 14th November next by Mr. Mohanlal Sukhadia, Chief Minister of Rajasthan.

The ammonia plant in the fertiliser factory at Trombay, near Bombay, is expected to start trial operations in November next, followed by the urea plant in about six weeks' time. The expenditure incurred up to 31st July 1964 was Rs. 27.93 crores.

The various aspects of fertiliser production and distribution will be critically examined by a committee which has been set up by the Government of India. The Chairman of the Committee is Mr. Shivram, Chief Secretary to the Government of Orissa.

The Punjab Government has been given a loan of Rs. 1.75 crore by the Central Government for financing the Beas project during the current financial year. Including this, the total loan assistance made available by the Centre to the project comes to Rs. 24.87 crores.

A uranium mill with a capacity of 1,000 tonnes of ore per day and with provision for future expansion is being set up at Jaduguda near Jamshedpur at an estimated cost of about Rs. 4.29 crores. It has been designed and is being built entirely by Indian scientists and engineers.

The Government of India has decided to permit the setting up of a woollen spinning mill with 800 spindles in Goa. A Government Press note issued in this connection says that import of raw materials will not be permitted and that indigenous machinery must be utilised as far as possible.

The Neyveli Lignite Corporation raised during 1963-64, as much as 1.2 million tonnes lignite and the target for 1964-65 is placed at two million tonnes. The total amount spent during 1963-64 by the Corporation was Rs. 26.69 crores. There is no proposal to raise the authorised capital of the Corporation.

The Indian railways are planning to manufacture two-coach diesel rail car units at the Integral Coach Factory at Perambur. This unit will consist of two metre-gauge third class cars, having a total carrying capacity of 166 passengers and will be provided with amenities like electric lights, fans and lavatories with wash basins and mirrors.

The total revenue receipts realised from items on which duties and taxes are levied and collected by the Central Government aggregated Rs. 441.62 crores, during the first four months of the financial year 1964-65, as compared with Rs. 408.13 crores collected in the corresponding period last year.

The Governments of India and the United Arab Republic signed on Monday this week an agreement for mutual collaboration in producing supersonic Mach—2 combat aircrafts. Under the agreement, the two countries will exchange technical missions at an early date for further study and consultations.

Licences for starting new sugar factories will be granted only from the early part of the fourth Plan, according to Mr. C. Subramaniam, Union Minister for Food and Agriculture. As against the target of granting licences covering a total of 35.6 lakh tons during the third Plan, only 1.5 lakh tons remained to be covered.

Under trade agreement signed on Monday this week at Bombay between the Governments of Soviet Union and Maharashtra, the Soviet Union will provide six tractors of 300 h.p. and 12 dumps of 25 tons capacity together costing about Rs. 40 lakhs for the construction of an earthern dam under the Mula project. Repayment will be in rupees.

A low temperature carbonisation plant with a capacity of 45 tonnes of coal input per day is proposed to be erected at Kothagudam in Andhra by the Singareni Collieries Company Ltd. during the fourth Plan period. The project report is under preparation. A final decision will be taken after the report is ready and the economics of the project has been worked out.

The committee appointed by the Union Ministry of Petroleum and Chemicals to examine the feasibility of setting up petrochemical industries in Assam has observed that the the proposal will not be economically viable from the point of view of production cost. Even if the entire quantity of natural gas are to be made available for fractionalisation, it is stated, the cost will be more.

The Indian Airlines Corporation and Air Ceylon have tentatively agreed on the collaboration in their India-Ceylon airlines services. At present, both the airlines operate only between Madras and Colombo. In future there are likely to be direct Bombay-Colombo flights. The two airlines will collaborate on the basis of equal frequency rights. They are also understood to have reached an understanding on pooling of revenue and mutual handling of aircraft. An Air Ceylon delegation has been invited to India to finalise the agreement.

The Union Government proposes to revise the series of commodities for the compilation of index number of wholesale prices in the country, according to Mr. B. Misra, Deputy Minister of Industry and Supply. The new series will have 1961-62 as base and cover about 128 commodities and 775 quotations, as against 122 commodities and 555 quotations (of the present series with 1952-53 as base). The weightage assigned to various commodities will be on the basis of value marketed during the base year. Grouping of commodities is also being modified and these will be seven groups instead of five as at present. The new series is proposed to be published by the end of this year.

The production of the field cables at the Ordnance Cable Factory in Chandigarh had more than doubled during the first year of its existence. The factory, it will be recalled, started work in September 1963, by manufacturing 17 miles of field cables per day. At present, it is producing about 40 miles of cables daily, saving over Rs. 2 lakhs per month in foreign exchange. The factory has been set up on a 40-acre site by the Ministry of Defence in collaboration with Messrs. Sumitomo Electric Industries Ltd., Osaka, Japan. The project had cost Rs. 59 lakhs, including Rs. 25 lakhs in foreign exchange. It was formally opened by the Defence Minister, Mr. Y. B. Chavan, in February this year.

The first of the new ordnance factories included in the defence Plan has gone into production and its formal inauguration will take place on 15th of this month. The factory has been set up at Varangaon in Maharashtra with assistance from the U.S. It will be inaugurated by the Union Defence Minister. Situated at 35,000-acre site, the Rs. 20-crore factory is manufacturing 7.62 mm ammunition required for the semi-automatic Ishapore rifle and other arms. The factory has gone into production in the record time of eight months, the first sod of earth having been broken in January this year. The factory has been set up under the overall control of the Directory-General, Ordnance Factories. The installation of the plant has been done entirely by Indian engineeers.

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From Abroad

Japan is seeking a $200-million increase in its $500 million International Monetary Fund quota.

The Government of Canada has imposed a limit to non-resident shareholdings to 25 per cent of issued shares of Canada's banks, life insurance companies, trust companies and loan companies.

An agreement on arrangements governing exports of Hong Kong made cotton textiles to the U.S. during the third year of the long-term arrangement has been reached between the Governments of the two countries.

An agreement covering the joint production of 160 Rolls-Royce powered Transall military transport aircraft by Nord Aviation and Messier of France and two German firms has been signed between France and West Germany.

The Italian Senate has defeated a Government measure to increase the turnover tax from 3.3 to 4 per cent by secret ballot. The increase had been sought by the Government as a measure to overcome Italy's economic difficulties.

The number of collective farms in Poland at the end of June 1964 was 1,326, recording a drop of 41 since the beginning of the year. Collective farms now occupy less than one per cent of Poland's farmland, whereas State farms occupy 12 per cent and the rest of the land consists of small private farms.

Britain's first 100,000 d.wt. oil tanker, now being built for the British Petroleum by the Vickers-Armstrong at Barrow-in-Furners, will be launched early next year. The tanker will enter the water with all its machinery installed, making it one of the heaviest ships ever to be launched in Britain.

President Johnson has signed a Bill which envisages the setting up of a commission to study the project for linking sea level canal with the Atlantic and Pacific oceans. This study will cost $5 million in the current fiscal year. The commission while selecting the site, will consider the enormous technical problems and complex political, military and economic considerations.

PERSONAL

MR. K. C. Kuruvilla has been appointed General Manager of State Bank of Travancore Trivandrum.

Mr. K. Srinivasan, Deputy Secretary, Union Ministry of Transport, has been appointed Senior Deputy Director-General of Shipping.

Mr. Harbans Singh, General Manager of the Northern Railway, has been appointed a Member of the Railway Board.

Mr. Leonard A. Berry, a U.N. Press Officer has been appointed Director of the U.N. Information Service in New Delhi.

Mr. Tanubhai D. Desai has been elected the President of the Bombay Shareholders' Association for 1964-65. Mr. D. Maganlal and Mr. Gordhandas Bhagwandas have been elected Vice Presidents.

Mr. Gunnar Ericsson, Managing Director of the Swedish Facit Group and Chairman of the Swedish Metal Working Industries has arrived in India, in connection with the inauguration of Facit Asia Ltd.'s new factory at Madras.

Mr. D. S. Joshi, Secretary to the Union Ministry of Commerce, has left for New York to attend the meeting of the Special Conciliation Committee set up by the U.N. Conference on Trade and Development held at Geneva recently.

Mr. Akbar Hydari, who has been an Executive Director of the Western India Match Company Ltd. since 1951, has been elected Chairman of the Company by the Board of Directors, in succession to Mr. Chunilal V. Mehta who has held the chair for the last 25 years.

The Bank of Japan has accepted the Japanese Finance Ministry's plans to stabilise the stock market. The measures agreed to include substantial increase in the amount of funds available to Kyodo Shoken (Joint Securities Company buying and holding stocks, and postponement of all plans for new capital issues by business concerns for an indefinite period after February 196

The motor industry in West Germany produced 1.71 million cars and estate cars during the first eight months of 1964, recording an increase of 9.5 per cent, as compared with correspondin period of 1963. Output of commercial vehicle increased by 5.7 per cent to 173,844. Exports recorded an increase of 14.2 per cent to 954,19 vehicles.

Imports of coffee and coffee preparations int the U.K. require import licences with effect fro the 1st inst. according to the British Ministry Agriculture. Imports from the members of the International Coffee Agreement will require a certificate of origin or re-export. No quantitative limitation has been placed on entries into Britain of coffee consignments from member-countries of the Agreement.

West German families are now able to spend double, triple and in some cases even more than fivefold on non-necessities than they could a decade or so ago. Latest figures indicate that the corrected or price-adjusted spending of a statistically average family of four in a middle income group more than doubled from 1950 to 1963. Consumption of beverages and tobacco was tripled. Acquisition of household goods went up by 304 per cent. Other increases: for clothing, by 142 per cent; cultural activities and entertainment by 144 per cent, dry-cleaning, toilet articles and other expenditure under the personal care category, 149 per cent. The biggest increase in family consumption was a rise of 539 per cent in expenditures on transportation usually representing ownership and maintenance of an automobile.

Jewels *Antiques*

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APPOINTED

VALUERS OF JEWELLERY

UNDER THE ESTATE DUTY ACT

TO

THE GOVERNMENT OF INDIA

TREND OF MARKETS

BANK RATE RAISED

(From Our Own Correspondent)

BOMBAY, *29th September*

A rise in Bank rate from 4½ to 5 per cent with effect from 26th September; replacement of the quota system for bank borrowings from the Reserve Bank by a system which envisages a progressive increase in the cost of such borrowings; imposition of a ceiling of 9 per cent on the lending rate of banks; and fixation of maximum interest that banks can pay on very short-term deposits (deposits upto 14 days; rates being paid on current accounts as on 25th September; 15-45 days: 1½ per cent; 46-90 days: 2½ per cent)—these are the notable developments of the week under review in so far as the short-term money market is concerned. But the developments have had no significant effect on the market so far. The inter-bank call rate for both renewals and fresh money has risen by just ¼ per cent to 1½ per cent with lenders over. Funds are available in plenty and borrowers are finding no difficulty whatever in obtaining their requirements. The Calcutta market, however, is ruling very tight, thanks to large withdrawals and upward pressure of demand. The call rate there has gone up from 1-1½ per cent to 3-3½ per cent.

Thanks to comfortable conditions in the money market, the 91-day Government of India Treasury Bills, tenders for which opened today (Tuesday, 29th September), elicited very good support. The total amount offered (Rs. 4 crores) was double that invited and also accepted. The average rate of accepted tenders was slightly higher at Rs. 2.400 per cent, as against Rs. 2.399. The Intermediate Treasury Bills, too, elicited good support. The Bill actually sold from the 23rd to 26th September aggregated Rs. 13.35 crores, as against Rs. 7.98 crores a week before and Rs. 2.45 crores two weeks before.

There was a further fall of Rs. 15.58 crores to Rs. 1,716.13 crores in the total credit made available by scheduled banks to their clients during the week ended 18th September. At the same time, there was an additional accretion of Rs. 22.32 crores to the deposits of banks. Consequently, borrowings from the Reserve Bank were negligible, being less than a crore of rupees, a fall of Rs. 1.07 crore over the week. Investments improved by Rs. 34.12 crores to Rs. 796.22 crores, while total cash declined by Rs. 2.69 crores to Rs. 158.29 crores.

Despite the increase in Bank rate, the Gilt-edged market has not suffered any setback, excepting one or two Central loans and a few 4½ per cent 1976 State loans. 3 per cent 1986 Conversion loan has declined by 35 P to Rs. 63.15. 3½ per cent 1967 has lost 5 P to Rs. 99.90. 4½ per cent 1976 Bihar, Orissa, Kerala, Rajasthan and Assam loans have declined from Rs. 97.75 to Rs. 97.25, Madras has declined from Rs. 97.50 to Rs. 97.25 and Andhra Pradesh from Rs. 97.25 to Rs. 97.

In the foreign exchange market, the banks' buying and selling rates to U.S. dollars remain unchanged at Rs. 477.50 and Rs. 481 per $100, respectively. In New York, the pound sterling has eased a little *vis-a-vis* the dollar, the spot rate declining by 0.030 cent to 278-310-278.340 cents. The three months' forward has also eased by a like amount to 277.790-277.820 cents.

GOLD WEAK, SILVER FIRM

(From Our Own Correspondent)

BOMBAY, *29th September*

Gold ruled distinctly bearish during the week under review, while silver was firm practically throughout. The bearish trend in gold was due to reports of large arrivals in the wake of subdued demand. The rise in Bank rate also acted as a damper. Consequently, prices suffered a setback. Silver, however, advanced, thanks to lower arrivals and poor stocks, though, later in the week, it declined due to profit-taking at higher levels. The decline, however, was not appreciable. In fact, today's closing rate for the metal was higher than a week ago.

Fourteen-carat gold began the week at Rs. 71.25, same as last week, and declined steadily to Rs. 69. Pure gold also, in private trading, fell from Rs. 124 to Rs. 119 on poor inquiries. In sympathy, sovereign was quoted lower at Rs. 92, as against Rs. 93.

Silver rose smartly to Rs. 258.00 early in the week on upcountry demand. Subsequently it declined to Rs. 256, before closing a shade better at Rs. 256.50. The weekly average arrivals and offtake of the metal were 19 and 8 bars, respectively, as against 23 and 7 bars last week.

The Central Government has decided to issue permits and authorisations for ayurvedic, unani and *siddha* medical practitioners for manufacturing medicines out of gold. The permits are to be given for each quarter upto a maximum of 50 grammes to such practitioners who are unable to furnish figures of consumption prior to the Gold Control Order.

With a view to seeking relaxation in Gold Control Rules, some representatives of the All-India *Sarafa* Association have gone to New Delhi to apprise the Union Government, as well as the special committee appointed by the Congress Parliamentary Party under Mr. A. P. Jain, of the need to review the operations of the Gold Control Rules because of the hardships faced by the goldsmiths, bullion merchants and jewellers.

The international price for gold in the London market was slightly higher at $35.09½, as against $35.09. The sterling price rose by 1d. to 252s. 2½d. While ready silver was unchanged at 112½d., forward silver gained by ½d. to 112¾d. Silver in New York continued to remain unchanged at 129.3 cents.

In order to meet the increasing demand for silver in the space programme and in civil industry, the U.S. Government is taking steps to expand domestic supplies. While domestic consumption has been on an average 106 million troy ozs. a year over the past five years, the internal production has averaged only 34 million ozs. a year. The U.S., the second largest silver producing country in the world (after Mexico), has been relying on imports from Canada, Mexico and Peru to fill the gap between internal output and consumption. Imports, however, is not regarded as a permanent solution, for the free world has been a deficit supply area for the last five years. The authorities have, therefore, reopened several mines in Colorado area such as Camp Bird mines and Hidden Treasure properties. Because of increased mining activity, the output according to Mr. Steward Udall, Secretary of Interior, is expected to rise to 37 million ozs. this year. As a sort of inducement to new private silver exploration ventures, the maximum Federal financial assistance has been increased from 50 to 75 per cent.

The following table shows the trend of prices during the week under review:

	22-9-64 (closing)	High	Low	23-9-64 (closing)
	Rs.	Rs.	Rs.	Rs.
SILVER				
Ready (998 fine) ..	256.50	258.00	255.50	255.50
GOLD				
Ready (14-carat) ..	69.00	71.25	69.00	71.25
Sovereign ..	92.00*	—	—	93.00*
London—				
Gold ..	252s. 2½d.	252s. 2½d.	252s. 2d.	252s. 1½d.
Silver Ready ..	112¾d.	—	—	112¾d.
Silver Forward ..	112¾d.	—	—	112¾d.
New York—				
Silver ..	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

COTTON FUTURES STEADY

(From Our Own Correspondent)

BOMBAY, *29th September*

Reports of inclement weather in certain cotton growing tracts, followed by sustained short-covering, imparted a firm trend to the cotton futures in the earlier sessions of the week under review. For a while, there was a slight setback as a result of a half per cent rise in the Bank Rate on the 26th instant, but this was quickly got over by further short-covering due to reports of continued heavy rains in the Punjab, Uttar Pradesh and Himachal Pradesh, as also in some parts of the Madhya Pradesh. Thus the market ruled distinctly firm throughout the week. Towards the close, however, much of the gain made during the week was lost owing to profit-taking at higher levels.

The Jarilla March 1965 contract which had closed at Rs. 728.25 last week opened the week Re. 1.50 higher at Rs. 729.75 and, after oscillating between Rs. 732 to Rs. 734 during the major part of the week, declined to Rs. 728.50 today before closing a little higher at Rs. 729. Thus, the net gain over the week was just 75 paise. The trend of the market at the time of writing is steady.

In the spot market at Sewri, spinners continued to evince interest in ready lots of Digvijay, Surti, L.147 and Kalyan at declining prices. The prices of old crop cotton in particular are being marked down substantially. The following are the latest available quotations in respect of certain popular varieties:

Akola L.147 Rs. 1,125, Bengal fine Rs. 737-738 December, Hubli Jaydhar Rs. 1,025, Navapura Rs. 1,137, Shirpur 27/32" Rs. 1,025, Vijaynagar Rs. 735K, Viramgaon Rs. 915, Baramati Co2 Rs. 1,460 new, Akluj Co2 new Rs. 1,490.

Bengal *deshi* of December delivery has been staying firm around Rs. 737-738, though actual sales for exports were not large. Moderate interest from Japan continued to be evinced during the week. There have also been enquiries from the U.K., the Continent and the U.S. Sales registered for export so far are 46,000 bales as against 45,000 bales a week ago.

According to the latest available statistics, mill consumption of domestic cotton upto the end of July 1964 was at a much higher level than the corresponding period of the 1962-63 season. The total consumption of indigenous cotton during the first eleven months of 1963-64 was to the tune of Rs. 50.03 lakh bales (of 392 lbs. each) and of foreign cotton to the extent of Rs. 5.55 lakh bales. It will be interesting to note in this connection that the expected consumption of foreign cotton during the whole of 1963-64 is not likely to be more than Rs. 6 lakh bales which is less by Rs. 2.73 lakh bales than the previous season's total.

As was expected by the trade, the Textile Commissioner has decided that any purchases of the cotton variety ISC-67 irrespective of the year of growth but certified as such in accordance with the provisions of the Textile Commissioner's price notifications each season, will also be included in the quantity of such compulsory purchases, in addition to the purchase of Combodia 'A' and/or 'B' cottons. It will be recalled, in this connection, that during 1964-65 season, the mills which had used Combodia 'A' and/or 'B' cottons in the three previous cotton years are compulsorily required to purchase these cottons to the extent of 7½ per cent of their total consumption of Indian cotton in the season 1963-64.

KIPS ARRIVALS MODERATE

(From Our Own Correspondent)

MADRAS, *28th September*

Arrivals of stocks from the tanneries were of moderate volume and offtake by shippers was good. Prices were steady. Export enquiries were for lower selections in cowhides 5/5½ and 8/8½ lbs., and for cowcalf heavier weights and for buffcalf 2/2½ lbs. Buyers were not willing to increase their limits to meet the higher prices ruling in raw hides market in Northern India. As business in kips has been selective, tanners are finding it difficult to find an outlet for the excesses at economic prices.

Prices of tanned goat skins were steady and there was demand for lower grades in all average weights from the Continent and U.S.A., which has been welcomed by the tanners, as such items have been sticky for some time. It has been reported that during the Paris Leather Show, visiting importers were claiming that E.I. tanners prices were too high compared to those quoted by shippers in other countries, and the volume of trade will suffer if prices are not competitive. Equiries for prime and semi-prime sheep skins were fair sized and the market was firm. Middle class sheep lower grades were also in good demand at unchanged prices.

It is hoped that the tanners will offer competitive prices and enlarge their export trade, in view of the export incentives available.

G'NUT NEW CROP CONTRACT

(From Our Own Correspondent)

BOMBAY, *29th September*

After maintaining a remarkably firm tone for a long time, groundnuts staged a sharp setback during the week under review. Quality Ready, which was ruling around Rs. 78 on Friday, declined to Rs. 67 on Monday, though it rallied slightly to Rs. 68 at the time of writing. The trend in the distant positions was also easy. Oil climbed down from Rs. 32.25 on Friday to Rs. 28.50 on Monday, but, on Tuesday, it staged a mild rally to Rs. 28.72, the October and November positions being mentioned at Rs. 23.65 and Rs. 19.80, respectively. Sentiment in groundnuts was apparently induced by arrivals of new crop, which were said to be gaining momentum as well as by the belief that Gujarat would sooner or later remove the ban on exports of groundnuts, oil and cake from the State. The tendency in Castor however, was firm. The March contract spurted from Rs. 178.78 to Rs. 184.37 before finishing at Rs. 183.25 today. Linseeds maintained a firm tone, the March contract closing the week at Rs. 40.44, as against Rs. 40.31 a week before. Spot linseeds however, were extremely firm at Rs. 52.25 as against the previous week's close of Rs. 52.50 which was a record high level. Oil was also firm.

Doubts regarding the prospects of an early start of trading in new crop groundnuts and groundnut oil have been set at rest with the green signal having been given by the Forward Markets Commission. Trading in Bombay will start on 7th October. The terms and conditions of the contract are not to the liking of the trade, as the level of Rs. 100 per 100 kg. at which margins will come into force is considered too low. The trade would have been happy with a level of Rs. 110. The Commission has laid down that a special margin at the rate of Rs. 20 per 100 kg. for groundnuts and Rs. 4 per 10 kg. for groundnut oil be paid on long positions whenever the price of the contract rules above Rs. 100 per 100 kg. for groundnuts and Rs. 20 per 10 kg. for groundnut oil . Free limits have been provided for both members and non-members. The Government has done well in exempting from margin long positions against actual export commitments on production of the necessary documents. There is a limit on the open position of a member or non-member at 5,000 tonnes of seeds and 2,000 tonnes of oil. There is also a weekly fluctuation limit of Rs. 2.40 per quintal for groundnuts and 55p per 10 kg. in oil. All non-member clients with open positions exceeding 300 tonnes in seeds and 120 tonnes of oil should register themselves with the Exchange.

By the time these lines appear in print, the castor, linseeds and cottonseeds September contracts will have officially terminated. They would go off the board on Wednesday. In fact few noticed, or cared for, their existence for quite some time before they went off the board. They were virtually untraded for many days. This was due to the imbalance between the spot rates and the ceilings for the contracts which were so low that no trading was possible. Castor September opened for trading on 21st May at Rs. 175 and touched its lowest of Rs. 174.25 on 27th May. Subsequently, prices rose almost uninterruptedly and touched Rs. 181.50 on 23rd June. The rising trend was viewed with misgivings by the Forward Markets Commission, particularly because the outstanding long position was said to be as high as 150,000 tonnes. The Commission was understood to have prevailed upon the Association to do something to check a further rise in prices presumably in tune with the Government's determination to hold the price line. It was then stipulated that no business could be done above the Rs. 181.50 level which became the ceiling. Bull operators were disappointed and argued that factors favoured a firm market and that they were not to blame if they went long. The Board of the Exchange, however, assured them that the question would be taken up for consideration if the market were to decline below Rs. 177.

However, the market did not decline. The official rate flattened itself to Rs. 181.50, but, in private transactions, it was standing at as high as Rs. 185. The plight of bulls gave rise to apprehensions of a payments crisis. These fears were aggravated by the crisis which was brewing in the cotton market following the inability of a member to meet his obligations. Bulls in castor were quick to sense the situation and agreed to square up their outstanding positions at Rs. 183. No tenders were issued.

Knowledgeable sources argue that ceilings had no sense in a commodity like castor; they are becoming difficult to obtain. The crop, according to Government sources, was 120,000 tonnes in 1964 but the trade thought that it was around 140,000 tonnes. Domestic offtake of castor oil has been

rising in view of the increasing industrial tempo and is currently put at 50,000 tonnes. Exports of oil until 10th September from Bombay aggregated 22,000 tonnes (55,000 tonnes in terms of castor beans). It is said that about 13,000 tonnes of oil are awaiting shipment against commitments for September, October and November and this means another 33,000 tonnes of castor beans. It is, therefore, apparent that current stocks, estimated at 6,000 tonnes of castor beans, cannot meet the requirements until the new crop moves into the market. So far, domestic and export demand has been to the tune of 138,000 tonnes and the new crop is still five months to come. These factors explain the tendency for the continued firmness of castor.

The story about linseeds and cottonseeds was similar to that of castor. The linseeds September contract was pegged at Rs. 45, but the spot rate was invariably higher than this. Very little business passed through in futures which used to be fluctuating in a narrow range just under the ceiling. Market men take a bullish view of linseeds as things stand today and it is said that, for a very long time, operators in Uttar Pradesh, Delhi and Punjab have been bullish and this when the crop was satisfactory. This year the output of rapeseed is estimated at 700,000 tonnes, as against 1.3 million tonnes in 1963. Cotton seeds should have been ruling so firm, in view of the satisfactory cotton crop, but, then, the trend here was induced by the firmness of groundnuts. Moreover, the increasing use of cottonseed oil for edible purposes has strengthened its position.

The following table shows the closing prices of oilseeds and oils as on 29th September as compared with those of the two previous weeks:

	29-9-1964	23-9-1964	16-9-1964
Groundnuts	Rs.	Rs.	Rs.
Nisam bold	66.00	75.50	75.50
Khandesh quality	68.00	77.50	78.00
Oil ex-mill	29.00	32.75	32.00
Oil Bly. Receipt	27.50	30.50	31.00
Castorseed			
September 1964 contract	183.00	183.00	183.00
March 1965	183.25	178.75	177.37
Ready Madras	40.75	39.37	40.00
Ready Kanpur	40.00	38.37	39.00
Oil B.S.S.	18.80	18.30	18.25
Oil commercial	17.80	17.45	17.50
Linseed			
September 1964 contract	44.97	44.97	44.94
March 1965	40.44	40.31	39.66
Bold ready	52.25	52.50	51.00
Linseed oil	22.00	22.00	21.20
Cottonseed			
September 1964 contract	91.50	91.50	91.50
January 1965 contract	102.25	102.75	102.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

YARNS EASY AGAIN

(From Our Own Correspondent)

BOMBAY, *29th September*

The yarn market continued to rule easy during the week under review, thanks to plentiful supplies and limited demand. Art silk yarns encountered selling induced by rumours of a possible reduction in excise duty. A leading manufacturer was reported to have sold large quantity at low rates and another spinner had offered to sell at a discount. Staple fibre yarns were easy due to poor demand from Surat consumers. Turnover was limited. Cotton yarns continued to be dull with small price fluctuations.

The issue pertaining to the supply of indigenous rayon yarn against allocation cards issued under the export promotion scheme was discussed at a joint meeting of the representatives of rayon yarn manufacturers, Textile Commissioner and the Silk and Rayon Textile Export Promotion Council held in the City on Friday this week. In the light of the discussion, the following decisions were taken:

In respect of allocation cards which have been issued upto 25th September 1964 and in respect of which contracts/allotment letters have already been despatched by the rayon yarn manufacturers and firm commitments have already been entered into and all formalities completed by the allottees, the rayon yarn manufacturers will complete the deliveries against such cards latest by 17th October. The allottees are advised to contact the concerned rayon yarn manufacturers for the supply. In respect of allocation cards already issued, but against which the contracts/allotment letters have not been despatched, the rayon yarn manufacturers will despatch the same latest by the 5th inst. The allottees, on receipt of the contracts/allotment letters are required to enter into firm commitments and complete the formalities of the spinners on or before 24th October 1964. The delivery of yarn should be completed by the rayon yarn manufacturers latest by 21st November next. The yarn supplied will only be in 1st quality and on cones to the powerloom sector; the supply of yarn to the handloom sector will be as far as possible in hanks or alternatively in cakes. The spinners who are at present manufacturing 100 denier viscose rayon yarn should supply 20 per cent of the allocation in terms of 100 denier, if the allottee so desires. Other deniers may be supplied as per mutual agreement between the spinners and the allottee as hithertofore. Supply of 150 denier yarn, however, shall not be more than 50 per cent of the total allotment unless otherwise mutually agreed upon between the rayon yarn manufacturers and the allottees. The yarn manufacturers will accommodate denier-wise requirements of the allottees as far as possible. The yarn shall be supplied at the prices stated in the trade Notice No. EPB/AS/107 dated the 30th June 1964 issued by the Office of the Textile Commissioner. If any allottee, on receipt of the contract/allotment letter fails to enter into firm commitment within the period specified as above, or fails to pay in full and take delivery of the yarn within the period specified as above, as the case may be, his quota will automatically lapse and under no circumstances reallocated.

Among art silk yarns, National Rayon 150D fell by 71P to Rs. 10.87. 120D dropped 55P to Rs. 11. South India Viscose lost 13P to Rs 12.78 and Bright Century 75D shed an equal amount to Rs. 18.02.

In the staple fibre yarn (2×34 French Count) section, Kohinoor eased by 6P to Rs. 9.77. Sitalaxmi declined by 7P to Rs. 9.46, Premier by 15P to Rs. 9.64 and Sriram by 9P to Rs. 9.06. Vasanta was dull at Rs. 9.06. City, however, gained 15P to Rs. 9.48 on special support.

Cotton yarns 17s Modern receded by Rs. 2 to Rs. 26. 68s Minerva and Finlay declined, the former by a rupee to Rs. 84.50 and the latter by 50P to Rs. 105. Others were neglected at last week's levels.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	29-9-1964	23-9-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	11.00	11.55
Century 75D	18.02	18.15
S.I. Viscose 120D	12.78	12.91
Staple fibre yarn-34 ×2 French Count (per kg.)		
Kohinoor	9.77	9.88
Premier	9.64	9.79
City	9.48	9.35
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.00	21.00
17s Modern	26.00	28.50
22s Madura	32.00	32.00
34s Madura	43.00	43.00
52s Pioneer	68.75	68.75
68s Finlay	105.00	106.70

STALEMATE IN PEPPER

(Messrs. Parekh and Co.)

BOMBAY, *29th September*

Stalemate conditions prevailed in Malabar black pepper during the week, as the bears and the professionals preferred to stand on fence pending a clearer picture of the intention of bulls as to tenders against their heavy commitments in October at Cochin. The bulls are reported to have taken delivery of the tender of about 637½ tons against the purchases of *Bhadrapad* in Bombay thus making shortage of contracts in *Asho*. It is possible that they may take delivery of all the tenders against their purchase for October in Cochin. If so, the position of floating stock of garbled pepper will become tight, pending the new arrivals which is not likely to be before early December. The future of the market, therefore, hinges upon the demand from the U.S.A. and on East European countries from now onward.

Arrivals of Lampong ex-August shipment to New York are expected to be heavy. As such, chances for buying enquiries for Malabar from that source are remote, spot in New York having failed to move up despite present seasonal months. Grinders are sidelining, supply position being more than satisfactory.

Singapore is reported down to $M112½, there being sizable arrivals of white and black pepper from Sarawak.

It seems that no panicky view is taken by the trade in the U.S.A., as well as elsewhere, in spite of various disturbing newspaper reports regarding the political situation in the South East Asia. Ready garbled at Cochin is quoted at Rs. 346½, and October delivery at Rs. 357 and December at Rs. 337. *Asho* in Bombay is quoted at Rs. 358 while *Posh* at Rs. 347. Ready is normally quoted at Rs. 180 per 50 kilos.

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The Forward Markets Commission has permitted the Alleppey Oil Millers' and Merchants Association to commence forward trading in black pepper at Alleppey in Kerala. Actual trading is expected to commence very shortly. The by-laws of the Association are being ammended. The annual arrivals of black pepper into the Alleppey market are estimated at 15,000 tonnes out of the country's total production of about 30,000 tonnes. About 9,000 tonnes of pepper are exported from Alleppey every year.

SUGAR STEADY, GUR SUBDUED

(From Our Own Correspondent)

HAPUR, *28th September*

Crystal sugar stayed steady during the week at Rs. 175 to Rs. 177 a quintal in the open market, due to restricted supply position. Total sugar production in the current season upto 31st August was 25.15 lakh tons, as against 21.10 lakh tons in the corresponding period of last year. Taking in view the bumper cane crop expected in the coming season, which would commence on 1st November, the Union Government has fixed the sugar production target at 35 lakh tons. New crushing season would start here in west U.P. on 2nd November and in east U.P. on 8th November, while some of the factories are likely to start crushing much earlier in the last week of October. Traders and producers were anxiously waiting the announcement of sugar policy for the new season.

Desi khandsari was subdued during the week due to slack offtake in face of heavy arrivals. Stockists were anxious sellers. *Dana minja* quality, however, recorded a strident advance following the removal of restrictions on inter-State movement. The *khandsari* stocks, freezed by the State Government, were now being released, partly for local sales and also for exports against permits. New *khandsari* production would start by the end of November. *Desi khandsari* in the open market was quoted at Rs. 125 to Rs. 160 and *Boora* at Rs. 145 to Rs. 157.50 a quintal.

Ready *gur* was subdued during the week although the stocks in the market were small, especially of wet quality, and new production season, which would have started by now, has again been delayed by 10 days due to unprecedented heavy rains during the week. There was reported to be a bumper cane crop, but it was gathered that, in order to divert cane supplies to sugar factories, the Government was again thinking of some price control on *gur*. *Shakker* is still much in demand and week-end prices (in Rs. per 40 kilogrammes) were:—*pansera* dry-wet Rs. 37.50, wet Rs. 28 to Rs. 30, *shakker* Rs. 40 to Rs. 42.

In the Muzaffarnagar market, while *chaku*, *laddoo* and *khurpapar* varieties of *gur* drifted lower on lack of buying interest, *rusket* variety *gur* and *shakker* firmed up. Small new *khurpapar* variety was lifted at Rs. 45 per 40 kilograms. *Gur chaku* old was quoted at Rs. 46 to Rs. 47. *Rusket khurpa* was firm at Rs. 12 to Rs. 15 and *shakkar* at Rs. 40 to Rs. 50 per 40 kilogrammes.

FOODGRAINS ADVANCE FURTHER

(From Our Own Correspondent)

HAPUR, *28th September*

Firm trend was witnessed in foodgrain prices during the past week. Poor arrivals and brisk consumers demand, as quantity supplied through ration shops was further reduced to 4 kilogrammes per unit each month, were the main influencing factors. The U.P. Government's order, banning inter-district movement of maize, *bajra* and *jawar*, in these grains. Unprecedented heavy rains, again during the week, has resulted in waterlogging and flooding the rural areas and *rabi* sowings are likely to be delayed. Rice crop prospects, however, were excellent and as harvesting is done these days, new grains would reach the markets shortly.

Wheat prices advanced earlier by Rs. 2.50 to Rs. 5 per quintal, according to quality. Later, however, demand turned slack and the prices eased a little. Average wheat was quoted at Rs. 96.25 to Rs. 97.50 in the week-end and farm produce between Rs. 98.50 to Rs. 101 per quintal. Earlier, the farm variety had touched Rs. 104.50 per quintal. Arrivals and stocks both were meagre. Supply position of wheat continued to be tight both in open market and at fair price shops. Rice prices continued to rule firm and prices rose further by Rs. 2.50 to Rs. 6.50 per quintal, according to quality, but at the week-end, prices eased slightly due to new crop arrivals. Marketmen were of the opinion that rice prices would suffer a marked fall in the near future due to the hopes of a bumper crop this year. Week-end prices were:—Rice *basmati* superior Rs. 133 to Rs. 135; *sela* Rs. 129 to Rs. 132; *mainpuri* Rs. 112.50; *ramajwayan* Rs. 115; *rakmunia* Rs. 115; new Rs. 109.85 and *gadda* Rs. 112.50 per quintal.

Gram prices were steadier and prices advanced by Rs. 4 per quintal to touch an all time high level of Rs. 95 to Rs. 97.50 per quintal, because of the ban on its export from the Punjab. Stocks here were negligible. New maize arrivals were heavy at around 1,500 to 2,000 maunds daily and prices consequently eased further by Rs. 4.50 per quintal at Rs. 65 to Rs. 67.50 per quintal. Arrivals were mostly from east U.P. Barley and *bejhar* prices ruled steady in early part of the week but advanced later due to poor stocks and good buying support. Barley was quoted at Rs. 83.50 to Rs. 85 and *bejhar* between Rs. 82.50 to Rs. 85 per quintal. *Jawar* and *guwar* prices were also steadier and prices ranged between Rs. 63 to Rs. 65 and Rs. 62 to Rs. 64 per quintal, respectively. Other coarse grains prices also ruled firm.

Among pulses, peas prices rose further on good demand from the south and East U.P. and continued local demand for seed purposes. Prices advanced sharply upto Rs. 5 per quintal to be quoted between Rs. 86 to Rs. 87.50 for *dara* quality and between Rs. 88 to Rs. 90 per quintal for farm quality. *Arhar* and its *dal* prices were steadier as stocks were negligible.

BANKING

(Concluded from page 588)

them at an early date. This work will be intensively pursued in the coming months. Besides a general quota increase for all members, special increases may have to be considered for those countries, developed or less developed, whose quotas appear to be out of line in the light of their recent economic evolution.

While any increase in quotas would enlarge the drawing facilities of members, they will also be faced with the immediate burden of paying for a part of such an increase in gold. Increases in quotas are normally paid 25 per cent in gold and the rest in the national currency of the member. The gold holding of the Fund is important in ensuring that there is adequate liquidity to meet members' requests even when its available holdings of currencies are low. This gold obligation may constitute a burden both on countries with low reserves and on reserve currency centres which may be asked to provide through conversion part of the gold subscribed to the Fund by other countries. The Fund will, therefore, look closely into this problem in the course of its studies of the general question of quotas to see if there are ways in which it could alleviate these difficulties.

Some Possible Ways

If the evolving economic situation seemed to require an increase in the supply of international reserves, there are various possible ways in which the Fund could contribute to such an increase. Let me mention some examples of ideas that could be considered. It would be possible, by allowing members to draw a part of the credit tranches in the same virtually automatic manner as the gold tranche, to increase the supply of this almost unconditional liquidity. A greater use of the power which the Fund possesses to waive the limit on drawings of 125 per cent of a member's quota could increase the supply of conditional liquidity—that is, liquidity available subject to meeting the Fund's conditions as to policy. A more far-reaching innovation would be for the Fund to make investments in member countries so as to create liquidity at its own initiative. I want to emphasise that all these are, at the present stage, merely illustrative of the range of possibilities. Whether it will be advisable at any time to adopt some of them will depend not only on a careful consideration of the many complex issues involved, including the availability to the Fund of adequate resources needed for the purpose, and also on the relative availability of liquidity outside the Fund.

I should like now to illustrate the type of considerations involved by discussing briefly two of the proposals for changes in Fund policies that have been put forward recently by spokesmen of the developing countries. One urges the introduction of greater flexibility in the time limit for repayments. It should be recognised that from the standpoint of the Fund, it is important that there be some reasonable limit on the period for which Fund drawings can be allowed to remain outstanding if the revolving character of its resources is to be preserved. This limit is five years. Any limit materially longer than that goes to the very heart of the Fund's functions and raises the question whether the financing involved is *bona fide* balance of payments financing rather than long-term development financing. While any extension of the repayment period would increase the leeway available to countries to some extent, it might also weaken any incentive to take corrective actions to reverse adverse swings in the payments position especially where they have arisen out of factors within their control.

The second set of suggestions I should like to discuss relates to the Fund's arrangements for financing fluctuations in the proceeds of primary exports. These suggestions, made particularly at the United Nations Conference on Trade and Development held in Geneva earlier this year, are concerned with the relation of these facilities to the tranche structure, the method of computing shortfalls, and the magnitude and duration of assistance. These matters will all be studied, particularly in the light of further experience of which, as I have said, there has been very little so far. At the same time, it should be noted that the amount of assistance available under the present facility will be augmented by the increase in quotas which is likely to take place in the near future. Of course, arrangements to deal with short-term financing needs do not meet the long-term needs arising from adverse trends in primary products, but this field is outside the Fund's jurisdiction as set out in its charter.

My observations thus far have been confined to discussing the relevance and the significance of international liquidity to developing economies and the importance of its availability to them. However, any international monetary system based on free exchange systems and stable exchange rates is liable to prove inadequate if certain complementary conditions are not present. Of these, I should like to comment here on three which are of special relevance in the context of economic development.

The first is the provision of an adequate flow of long-term international investment, private and official, to the developing countries. If such investment does not help meet the large long-term capital needs of these countries, the liquid funds available to them are liable to be used for long-term purposes in one way or another. Since the War, many of the developed countries have shown a profound interest in the satisfactory progress of the developing economies and have provided large amounts of real resources to them in the form of loans and grants. For this, they should be commended, for these transfers are a real burden on their people. Nevertheless, I think it will be generally agreed that there is scope, not to mention need, to do more in this field, both quantitatively and by adapting the forms of aid to meet changing requirements.

Considerable adaptation has, of course, already been made. When the debt servicing capacity of several borrowing countries seemed to be approaching its limits, the soft loan was developed and is now growing in importance. The urgent need for greater non-project assistance is being increasingly recognised as unfortunate examples come to light of industrial plants set up in the developing countries being operated considerably below optimum capacity because of a lack of foreign exchange to buy raw materials and replacement parts. I am aware that many problems are involved in these matters but hope that further progress can soon be made. Furthermore, it is important to avoid excessively competitive export financing by exporters in the developed countries. These often take the form of liberal extensions of short and medium-term credits which have sometimes led to a disproportionate accumulation of short-term indebtedness by the developing countries. This situation has given rise to many difficulties and has become an important problem in many countries and the Fund is exploring possible ways of assisting in co-operative action to solve it.

But nobody, least of all the developing countries themselves, wishes to see an indefinite continuation of aid programmes. The second of the three conditions I have referred to above is, therefore, a sustained rise in those countries own foreign exchange earnings. Here again the developed countries have a responsibility to remove the impediments in their commercial policies to imports from the developing countries. In several lines of light manufactures those countries can often compete successfully with established industries in the developed countries; the latter would generally gain by transferring their resources to other industries in which they can be more effectively used and it would be in the long run interests of the world economy if such a realignment of the pattern of specialisation were to take place. However, the major burden of policies to increase exchange earnings must be on the developing countries themselves and their development programmes must put greater stress on promoting exports and also on establishing the conditions of stability and confidence that will attract foreign private investment and discourage capital flight.

The variety of specific measures available for this purpose are well-known, but from the Fund's experience in a number of countries, I should like to emphasise the crucial importance of monetary stability in this context. This is, in fact, the last of my three conditions. Persistent inflation will make it impossible for a country to achieve and maintain international economic viability. What is more, under such conditions, no amount of international liquidity provided to it will be found adequate. The importance of monetary stability in the development process is, of course, even broader; by itself, it will not bring about development but without it, development will be mal-distributed.

In all that I have said, I have only touched in general terms on the Fund's role *vis-a-vis* the developing countries. Our activities, of course, impinge on only one sector of the problems of the developing countries—problems which are immense and which will require many years of dedicated work and effort both in the developing countries themselves and in the world economic community as a whole. But, I believe the Fund has, nonetheless, an important role to play. We have always regarded the problems of the developing countries as very much our concern and we will continue to pay careful heed to their situation as a crucial element of the world economic and monetary scene over which it is our responsibility to stand watch. I believe that within its specific responsibility and sphere of activity, the Fund has been of great assistance to developing countries and I hope and trust that in the years to come it will be even more so.

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they are not prepared to accept from them progressively increased imports of manufactures.

Thirdly, there is devaluation, which would be a swindle on friends in the sterling area who have stood steadfastly in recent months and have banked the bulk of their surpluses in sterling in London. But there may be a case for greater flexibility in exchange rate.

The last measure pertains to the increase in the productivity of labour which is comparatively low. There are reasons for this (low productivity): insufficient installation of the most sophisticated machinery; reluctance to use such machinery if it were installed; poor communications between management and labour; the old enemy of social stratification and some element of nepotism which is happily dwindling; and, above all, a defensive attitude on the part of organised labour. The major faults can be eradicated by better management training, all careers open to talent. better technical education, etc. All these should figure among the highest items in the list of policy priorities of any British Government. But the attainment of these objectives will take a long time. A programme based on these will not arrest drift into deficit.

But Mr. Maudling has never been frightened of temporary deficits which could be met by the use of reserves and credits. According to him, the present situation is nothing like so threatening as that which existed at the time of the General Election in 1951.

LONDON LETTER

ECONOMIC "BLOCKAGE" PUZZLES CABINET

(From Our Own Correspondent)

LONDON, *26th September*

THE Cabinet, which met perhaps for the last time before the General Election, surveyed the economic situation, among other items. It came to the conclusion that no special or emergency remedial measure was necessary to cure the present unfavourable balance of payments position. This decision reflects the attitude of the Chancellor of the Exchequer, Mr. Reginald Maudling, on the crisis.

The shock to the economy came from the National Institute's prophecy that Britain would incur a payment deficit of some £500 million in 1964 and that the deficit for 1965 would not be less than £300 million. The seemingly gloomy forecast by the National Institute was confirmed by the July trade figures with their revelation of a "gross" gap of £87 million and a corrected merchandise deficit of £39 million. The Board of Trade returns suggest that the current balance of payments is running at an appreciable deficit but not of the magnitude of £500 million. This figure, of course, includes the net outflow of long-term capital. On this basis, the current deficit for 1964 would be of the order of £125 million and the net export of capital about £375 million. The capital outflow is regarded as one of the consequences of Britain's exclusion from the Common Market. Another result of exclusion has been to keep down the inflow of foreign capital, some of which had previously been coming to Britain on the assumption that this country would provide an effective jumping-off ground from which to serve the European Market. But the large outflow of long-term capital is no cause for concern. Investments are being made by those who hope that they will yield adequate returns both for them and for the country that these will definitely improve the balance of payments position.

The export figures of 1964 are really disappointing. But there are some reasons for the contradiction between these figures and the reports from industry about full export-order-books. This is mainly because there is a substantial amount of orders for the long-term capital goods in the pipeline. But the Government is frankly puzzled by the length of time it takes for industry to produce the finished goods for sale. Ministers have been informed that the industrial production in the first seven months of this year was 9.5 per cent higher than in the comparable period of last year. Some of this output has gone to new construction but not to export. This blockage in the economy has been described by Mr. Maudling as "constipation."

The Government hopes that this blockage will be cleared soon. But it does not know precisely when such a happy event will take place. If it is long delayed, the measures likely to be taken by the Government would be, first, mobilisation of Britain's foreign reserves and borrowing powers and, secondly, use of import control. These are short-term measures to give quick result. But there are other measures such as increase in the productivity of labour and, lastly, devaluation of the pound.

As for the mobilisation of Britain's foreign reserves and borrowing powers, the right time is now to go to the I.M.F. and to the Central Banks of Western Europe and North America before speculation becomes serious. This should be done by making large drawings and borrowings, subject to no commitment other than that of repaying the money when it is due.

The second is the import control. The Cabinet has not yet been asked to consider the use of import controls, although the Board of Trade is now studying the best means of applying them. Mr. Maudling has objection to import controls not on doctrinal grounds but on grounds of practical policy. He points out that their use would be justifiable and permissible under international agreements, if and when the balance of payment difficulties are really so severe that they cannot be dealt with in a better way. His practical objections to import controls are: (1) Britain cannot expect to export machinery and consumer goods unless she is also prepared to import from them; (2) controls may deny the British manufacturers some of the best and most modern machinery; (3) by protecting her industry, she will lose a stimulus to greater efficiency; and (4) her help to developing countries will be frustrated if

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 25th Sept., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	86,00,00,000
National Agricultural Credit (Stabilisation) Fund	9,00,00,000
National Industrial Credit (Long Term Operations) Fund	10,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	61,32,85,000
(ii) State Governments	15,08,08,000
(b) Banks—	
(i) Scheduled Banks	100,70,77,000
(ii) State Co-operative Banks	2,59,83,000
(iii) Other Banks	3,84,000
(c) Others	137,23,27,000
Bills Payable	46,37,79,000
Other Liabilities	28,81,61,000
Rupees	582,18,64,000

ASSETS	Rs.
Notes	36,28,01,000
Rupee Coin	3,59,000
Small Coin	7,75,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,24,34,000
(ii) State Co-operative Banks	12,01,82,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,39,95,000
National Agricultural Credit (Stabilisation) Fund	....
Loans and Advances to State Co-operative Banks.	
National Industrial Credit (Long Term Operations) Fund:-	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	209,88,14,000
Balances Held Abroad*	12,17,20,000
Loans and Advances to Governments**	25,86,86,000
Loans and Advances to—	
(i) Scheduled Banks†	88,25,000
(ii) State Co-operative Banks†	145,36,43,000
(iii) Others	2,58,13,000
Investments	76,34,54,000
Other Assets	26,13,33,000
Rupees	582,18,64,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 20,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	36,28,01,000	
Notes in circulation	2363,25,53,000	
Total Notes issued		2399,53,54,000
Total Liabilities		2399,53,54,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	85,46,09,000	
Total		203,21,78,000
Rupee Coin		110,18,26,000
Government of India Rupee Securities		
Internal Bills of Exchange and other commercial paper		2086,13,49,000
Total Assets		2399,53,54,000

State Bank of Pakistan

Statement of Affairs for the week ended 11th Sept. 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	7,75,00,000
Rural Credit Fund	3,50,00,000
Deposits :—	
(a) Central Government	5,65,63,000
(b) Provincial Governments	12,45,68,000
(c) Banks	39,36,01,000
(d) Others	92,48,62,000
Bills Payable	9,62,000
Other Liabilities	11,61,96,000
Rupees	175,92,52,000

ASSETS	Rs.
Notes	9,52,68,000
Subsidiary Coin	20,000
Bills Purchased and Discounted :—	56,000
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	2,63,01,000
Balances held outside Pakistan*	22,02,24,000
Loans and Advances to Governments	2,71,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	84,91,63,000
Investments	42,57,45,000
Other Assets	11,63,75,000
Rupees	175,92,52,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	9,52,68,000	
Notes in circulation	447,39,20,000	
Total Notes issued		456,91,88,000
Total Liabilities		456,91,88,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion		
Foreign Securities	74,58,33,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	142,75,67,000
B. Rupee Coin	4,49,74,000	
Government of Pakistan Securities	303,76,41,000	
Internal bills of exchange and other commercial paper	....	308,26,15,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,61,000	5,90,06,000
Total Assets		456,91,88,000

State Bank of India

Statement of Affairs for the week ended 18th Sept., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		665,95,75,000
Bills Payable		1,22,65,000
Bills for Collection being Bills receivable as per contra		9,11,17,000
Acceptances, Endorsements and Other Obligations per contra		6,84,17,000
Other Liabilities (including Inter-Office Adjustments)		22,24,21,000
Total .. Rs.		738,97,49,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		28,83,27,000
Balances with other Banks		3,86,35,000
Money at Call and Short Notice		3,63,33,000
INVESTMENTS :—		
Government and other Trustee Securities	Rs. 287,16,17,000	
Other Authorised Investments	9,44,24,000	
		296,60,41,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 313,09,95,000	
Bills Discounted and Purchased	19,30,46,000	
		332,40,41,000
Bills Receivable being Bills for Collection as per contra		6,84,17,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		22,24,21,000
Premises less Depreciation		2,37,52,000
Furniture and Fixtures less Depreciation		1,96,16,000
Other Assets (including Inter-Office Adjustments).		40,32,76,000
Total .. Rs.		738,97,49,000

EXCHANGE RATES

	23rd Sept. 1964	16th Sept., 1964
London on New York, per Dollar	2.7834– 2.7836	2.7829– 2.7832
London on Berne .. Sw. Fcs.	12 0190–12 0210	12.0230–12.0250
London on Paris .. Fr. Fcs.	13.6450–13.6470	13.6390–13.6410
New York on London Cents per £	278.340–278.370	278.310–278.340
Pound Sterling—		
Sellers T.T. D.D. Spot .. £.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. £.	1-5 15/16	1-5 15/16
Buyers T.T. .. £.	1-6 1/32	1-6 1/32
Buyers D.D. .. £.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D.. Rs. to $100	481.00	481.00
Buyers T.T. .. Rs. to $100	477.50	477.50
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	449.50	449.50
Buyers T.T. ..	441.50	441.50
French Francs—		
Sellers T.T. D.D.. per Rs. 100	101.80	101.80
Buyers T.T ..	102.90	102.80
Swiss Francs—		
Sellers T.T. D.D... "	89.70	89.70
Buyers T.T. .. "	90.60	90.70
Deutsche Marks—		
Sellers T.T. D.D... "	82.50	82.50
Buyers T.T. .. "	83.40	83.40
Italian Lire—		
Sellers T.T. D.D... "	12,955	12,955
Buyers T.T. .. "	13,130	13,130
Swedish Kroner—		
Sellers T.T. D.D... "	106.70	106.60
Buyers T.T. .. "	107.70	107.70
Belgian Francs—		
Sellers T.T. D.D... "	1,029	1,029
Buyers T.T. .. "	1,045	1,045
Dutch Guilders—		
Sellers T.T. D.D... "	74.80	74.90
Buyers T.T. .. "	75.70	75.70
Hongkong Dollars—		
Sellers T.T. D.D... "	119.60	119.60
Buyers T.T. .. "	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D... "	148.90	148.90
Buyers T.T. .. "	150.80	150.80
Danish Kroner—		
Sellers T.T. D.D... "	143.90	143.90
Buyers T.T. .. "	145.20	145.80

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	18-9-64	11-9-64	20-9-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	58,15	61,03	51,24
(ii) From others	1,126,83	1,122,71	967,31
(b) Borrowings from banks	27,70	26,89	23,14
(c) Others	73,93	69,93	64,56
2. Time liabilities—			
(a Time deposits—			
(i) From banks	38,50	37,56	35,98
(ii) From others	1,372,15	1,356,16	1,242,05
(b) Borrowings from banks	20,37	16,96	25,80
(c) Others	12,84	12,70	9,48
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,498,99	2,478,87	2,209,36
4. Borrowings from Reserve Bank	88	1,95	1,45
(a) Against usance bills and/or promissory notes	21	20	—
(b) Others	67	1,75	1,45
5. Borrowings from State Bank and/or a notified Bank	32,74	33,17	20,66
6. Cash	63,61	64,03	50,95
7. Balances with Reserve Bank	94,68	96,95	83,58
8. Cash and balances with Reserve Bank	158,29	160,98	134,54
9. 8 as per cent of 3	6,33	6,49	6,09
10. Balance with other banks in current account	21,67	20,20	21,09
11. Money at call and short notice	67,98	64,10	56,65
12. Investments in Government securities	706,22	762,00	772,79
13. 12 as per cent of 3	31,86	30,74	34,98
14. Advances—			
(a) Loans, cash credits and overdrafts	1,479,44	1,493,87	1,233,04
(b) Due from banks	13,05	12,71	14,24
15. Inland bills purchased and discounted	67,98	67,88	164,85
16. Foreign bills purchased and discounted	68,78	69,96	52,31
17. Total Bank Credit [14(a)+15+16]	1,716,13	1,731,71	1,450,21
18. 17 as per cent of 3	68,67	69,26	65,64

INDEX NUMBERS OF SECURITY PRICES

(1952-53—100)

Group and Sub-Group	Week ended			
	19th Sept. 1964P	12th Sept. 1964	22nd Aug. 1964	21st Sept. 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99 8	99.9	99.8	99.5
2. Government of India	99.5	99.6	99.5	99 2
3. State Governments	102.1	102.2	102.2	101 8
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	99.1
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.2	98.3	98.2	97.6
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.5	82.4	82.1	82.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	167.5	167.7	166.9	164.5
8. *Agriculture and Allied Activities : Total*	139.6	140 6	140.2	149 1
9. Tea Plantations	125 8	126.9	127.1	137 6
10. Coffee Plantations	164 7	163.3	163 4	157 9
11. Rubber Plantations	184.3	185 1	182 3	172 0
12. *Mining and Quarrying: Total*	135 2	135 5	138 2	142 1
13. Coal	96.7	97.0	94.7	107 1
14. Other Mining	161.7	161.9	168.0	166.1
15. *Processing and Manufacturing : Total*	180.8	181.1	180.5	176.9
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	178.6	178.9	177 6	179.7
17. Sugar	131 9	131 6	127.3	124.9
18. Cotton Textiles	161.9	162.7	161.1	163 9
19. Jute Textiles	86.8	87 3	86.6	101.6
20. Silk and Woollen	867.8	870.1	886.8	864.3
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total*	201.9	202.1	202 0	188 9
22. Iron and Steel	171 0	171.7	174.3	148.7
23. Transport Equipment	312.4	313.7	310.9	327.7
24. Electrical Machinery	168.1	165.4	167.7	151.8
25. Machinery other than Transport and Electrical	228.5	228 3	224.3	223.3
26 Basic Industrial Chemicals	191.6	191.5	185.8	180.0
27 *Processing and Mfg. (Others) : Total*	148.1	148 6	149 4	149.8
28. Cement	140.6	140.9	140.5	138.7
29. Paper	189.4	190 4	191.8	192 8
30. *Other Industries : Total*	113.7	113.3	110.7	105.7
31. Electricity Generation and Supply	96.9	96.6	93 3	85.6
32. Trading	111.6	110 2	109 9	111.4
33. Shipping and Other Transport	101.6	101 6	97.9	87.5
34. Construction	293.8	293 7	293.7	254 5
35. *Financial : Total*	192.5	192 0	192.3	185 9
36. Banks	215.6	215 4	212.4	204 6
37. Insurance	164.9	153 3	150.1	159 2
38 Investment Trusts	78.4	78.2	78.4	86.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	179.7	180.2	179.1	160.1
40. Calcutta	152.4	152 3	151.5	155.1
41. Madras	173.3	173.1	171.1	172.0
42. Delhi	223.6	224.4	231.6	214.9

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils. P—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	5th Sept. 1964	29th Aug. 1964	7th Sept. 1963	July 1964	July 1963	Percentage of Increase (+) or Decrease (—) in July 1964 as compared with July 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	166.6	166.0R	139.8	158.3	137.9	+15.5	136.8	126.1
Cereals	102	146.0	145.9	116.5	137.3	115.0	+19.4	116.3	105.6
Pulses	43	167.4	163.6	109.6	147.6	109.7	+34.5	115.4	105.2
Fruits and Vegetables	23	150.4	146.4R	144.1	187.0	141.3	+32.3	140.6	126.6
Milk and Ghee	84	145.3	148.6	127.5	150.8	132.1	+14.2	128.2	124.4R
Edible Oils	47	208.6	207 6	154.6	199.0	151.6	+31.3	151.1	152.3
Fish, Eggs and Meat	17	179.2	174.0R	163.7	173 1	148.5	+16.6	149.0	145.0R
Sugar and Gur	48	209.6	206.7	216.5	191.2	193.8	+ 1.3	188.8	145.0
Others	50	185.7	185.5R	181.8	183.1	188.2	— 2.7	170.8	171.8
Liquor and Tobacco	21	130.0	130 0	118.3	123.6	118.8	+ 4.0	118.8	100.9R
Tobacco		127.6	127 6	115.3	120.8	115.9	+ 4.3	116.8	97.4R
Fuel, Power, Light and Lubricants	36	143.4	143 5	139.0	143.0	138.7	+ 3.1	139.5R	124.4R
Industrial Raw Materials	155	168 2	170.8	142.2	158.7	138.5	+14.6	139.5	138.5
Fibres	61	151.6	156.0R	134.1	135.2	130.2	+ 3.8	123.5	122.8
Oilseeds	60	206.0	209.9	161.4	199.9	155.7	+28.4	154.1	151.4
Others	2	103.7*	103.7*	91.5*	108.7	98.4	+11.0	92.8	93.8
Manufacture	32	133.0*	131.7*	125 0*	129.7	125.2	+ 4.6	127.3	125.3
Intermediate Products	290	136.5	136.7	131 2	133.7	130.6	+ 2.4	131.1	128.6R
Finished Products	41	150.4	150.2	140.0	148.1	140.1	+ 5.7	139.8	139.5
Textiles	248	134.2	134.5	129 8	131.3	129.1	+ 1.7	129.7	127.7
Cotton	147	132.2	132.8	123.0	127.7	126.5	+ 0.9	127.7	126.1
Jute	..	136.8*	136 8*	135.4*	135.4	135.2	+ 0.1	135.6	130.7
Woollen	..	116.7	119.0	101 3	99.8	97.9	+ 1.9	100.2	110.9
Silk and Rayon	..	169.2*	169.2*	156.6*	169.2	156.6	+ 8.0	155.2	140.4
Metal Products	12	136.8*	136 8*	141.1*	139.0	136.3	+ 2.0	129.5	131.8
Chemicals	20	169.0	169.0	168.7	169.0	163.0	+ 3.7	163.1	160.1
Oil Cakes	9	120.0*	120.0*	117.4*	118.5	117.2	+ 1.1	117.9	115.5
Machinery and Transport Equipment	81	194.7	192 0*	185.5	191.1	169.8	+12.5	165.7	160.9
Others	30	127.1	127.1	128.9	128.9	126.9	+ 2.4	124.2	117.9R
	30	127.8	127.8	128.6	127.7	128.4	— 0.5	128.2	128.3

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Three months ended June		April to March* (Twelve months)	
	1964	1963	1963-64	1962-63
Exports	203,39	179,13	762,89§	678,15
Re-exports	64	1,02	3,96	7,34
Total Exports	204,03	180,15	766,85	685,49
Imports	272,40	276,00	1,143,60‡	1,131,48
Overall Balance of Trade	—68,37	—95,85	—376,75	—445,99
Exports—Items:				
Tea	11,55	13,39	123,19	128,82
Coffee	5,42	2,59	8,30	7,01
Sugar	13,45	12,76	26,87	17,93
Jute yarns and manufactures	45,35	41,45	157,43	156,17
Cotton yarns and manufactures	17,96	12,36	56,28	52,13
Cotton, raw and waste	4,15	4,99	16,84	17,04
Petroleum products	2,42	2,03	5,47	3,68
Vegetable oils	2,81	5,70	19,75	13,10
Fruits and vegetables	8,82	6,93	29,69	26,66
Tobacco—Raw	10,02	8,26	21,01	17,99
Mica	1,75	2,27	9,20	10,36
Wool and other animal hair	2,71	83	7,43	6,60
Gums, resins and lac	2,23	1,94	8,03	7,23
Spices	3,67	2,88	15,82	13,78
Leather & leather manufactures	7,34	6,71	26,38	22,62
Hides and skins, raw	2,18	2,77	10,11	10,99
Oilseed kernels	6,81	4,92	21,41	19,36
Pepper (black)	1,09	1,41	5,89	6,57
Manganese ore	3,09	1,68	8,26	7,38
Iron and steel scrap	1,24	91	4,91	1,95
Iron ore and concentrates	9,14	8,47	36,38	19,33
Sewing machines	5	7	24	44
Electric fans	20	23	52	90
Groundnut oil	1,15	3,43	13,47	7,83
Castor oil	93	1,91	4,80	4,29
Defatted groundnut meal	7,78	7,72	30,47	26,52
Country-wise Exports—				
Australia	4,61	4,37	17,59	18,54
Burma	1,30	94	6,31	5,01
Canada	3,68	5,08	21,17	22,19
Ceylon	4,09	3,83	19 15	13 56
Czechoslovakia	4,78	4,19	16,16	11,14
France	3,35	2,70	8,88	10,50
East Germany	3,34	2,39	10,08	8,48
West Germany	5,04	4,32	18,60	15,17
Italy	3,33	2,91	11,16	9,48
Indonesia	87	25	2,41	4,05
Japan	19,40	15,63	58,65	33,37
Kuwait	1,08	1,12	4,07	3,91
Federation of Malaya	2,42	3,02	12,75	6,65
New Zealand	1,55	1,89	7 26	6,25
Netherlands	2,11	2,03	10,40	8,88
Nigeria	1,59	69	3,78	6,15
Pakistan	2,29	1,69	7,17	9,38
Singapore	2,53	3,25	71,30	9,37
Sudan	76	1,09	7,84	8,90
U.A.R.	2,53	2,02	12,57	13,01
United Kingdom	34,68	30,05	160,71	162,24
U.S.A.	38,73	34,59	128 32	113,81
U.S.S.R.	19,90	11,43	52,10	87,99
Imports—Items :				
Machinery†	97,52	90,56	360,61	315,33
Iron and Steel	25,52	21,70	89,54	89,01
Copper	7,85	6,14	26,66	25,28
Aluminium	1,82	1,84	6,37	10,53
Zinc	2,36	2,30	9,06	9,02
Tin	2,09	1,37	5,49	5,11
Lead	1,08	70	3,35	5,69
Nickel	31	24	1,78	1,49
Chemicals drugs and medicines	22,81	26,68	88,40	100,52
Electrical goods and apparatus	23,97	21,98	83,48	64,78
Vehicles (excluding aircraft, ships and boats)	10,71	16,07	45,38	54,61
Aircraft	4,31	4,95	11,79	15,66
Ships and boats	1,77	85	3,68	1,78
Cotton, raw and waste	10,34	10,02	48,99	58,92
Fruits and vegetables	6,56	4,58	16,59	16,65
Paper, pasteboard, etc.	2,72	3,26	11,86	13,64
Paper and colours	2,54	2,84	8,04	12,15
Spices	14	31	77	1,77
Rice	3,99	11,72	20,40	27,01
Wheat and spelt	11,89	23,88	102,86	113,09
Country-wise Imports—				
Australia	3,52	3,97	17,22	24,28
Burma	3,28	5,39	8,99	9,09
Canada	4,23	7,20	24,16	15 87
Ceylon	1,20	97	6,01	8,18
Czechoslovakia	4,80	4,27	17,34	19,71
France	3,42	2,62	13 86	14,20
East Germany	1,74	2,09	9,74	7,82
West Germany	25,61	22,63	88,67	98,66
Italy	4,20	4,51	16,18	22,21
Japan	17,79	17,27	62,63	64,86
Iran	7,50	15,93	47,06	45,88
Federation of Malaya	2,55	3,61	12,09	10,71
New Zealand	26	73	1,32	1,83
Netherlands	3,63	3,93	10,44	13,32
Norway	1,03	96	3,00	1,78
Pakistan	1,73	2 48	9,36	16,65
Singapore	1,40	1,45	5,31	8,11
Sudan	2,49	1,37	8,52	17,11
Sweden	2,20	3,07	11,37	8,55
Switzerland	2,70	3,51	12 07	10,42
U.A.R.	3,69	3,20	15 26	9 77
United Kingdom	44,14	46,04	184,50	185,56
U.S.A.	78,96	101 73	390,24	346,84
U.S.S.R.	15,31	21,01	63,99	58,64

* Revised figures.

† Including electric goods.

‡ Excludes imports by land from Nepal valued at Rs. 5.39 crores for the whole of 1963-64.

§ Excludes overland exports to Nepal valued at Rs. 11.57 crores for the whole of 1963-64 and postal exports of pearls, precious stones etc. valued at Rs. 15.69 crores for the whole of 1963-64.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	5	4.5
Belgium	2nd July, 1964	4.25	4.75
Bolivia	June, 1963	6	6.9
Burma	1962	3	4
Canada	1962	3.5	4
Ceylon	11th Aug., 1963	2.50	4
Chile	13th Aug., 1963	14.62	14.21
Denmark	10th June 1964	5.50	6.50
Ecuador	1960	5	6
El Salvador	June, 1961	5.5	6
Finland	April, 1962	8	7
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1963	6	5.50
India	25th Sept., 1964	4.50	5
Indonesia	Aug., 1963	3	9
Ireland	31st Jan., 1964	3.98	3.94
Italy	7th June 1963	4	3.50
Japan	18th Mar., 1964	5.84	6.57
Malaya	28th July, 1961	6	7
Mexico	4th June, 1964	4	4.50
Netherlands	4th June, 1964	4	4.50
New Zealand	24th Mar., 1961	6	5
Norway	14th Jan., 1955	3.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	3	2
South Africa	27th Nov., 1962	4	3.50
Spain	1961	5.75	5
Sweden	31st Jan., 1964	4	4.5
Switzerland	3rd July, 1964	2	2.50
Thailand	Nov., 1959	7	8
Turkey	May, 1961	6	7.5
United Kingdom	27th Feb., 1964	4	5
U.A.R.	May, 1962	3	5
U.S.S.R.	1st July, 1936	2	4
U.S.A.	16th July, 1963	3	3.50
West Germany	5th May, 1961	3.50	3

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 30th September 1964.

	Closing quotations 24-9-1964	High	Low	Closing quotations 30-9-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Abm. Adv. (100)	144.00	144.00	143.50	144.00
Apollo (2)	1.48	1.82	1.76	1.76
Baroda Rayon (100)	68 50	72.00	69.50	72 00
Bombay Dyeing (25)	59 60	60.20	59.50	60 00
Bradbury (50)	162.50	—	—	162 50
Central India (100)	97.00	104.00	98 00	102.50
Century Mills (100)	615 00	625.50	612 50	622 50
Dawn (50)	163.50	164.50	162 00	163 00
Elphinstone (50)	97.00	99.00	97 00	99 00
Finlay (100)	302.00	304.00	303.00	304.00
Gokak (100)	176.00	179.00	176.00	178.50
Gold Mohur (100)	221 25	—	—	221 25
Gwalior Rayon (10)	39 25xd	39.75	39 25	39.50
Ind. Unit. Deld. (1)	2 36	2.38	2.34	2.38
Ind. Unit. Ord. (10)	19 60	19.60	18.76	19.36
Indian Rayon (100)	58.00	59.00	57.00	59.00
Indore Malwa (100)	210.00	211.00	209.00	210.00
Khatau (100)	177 50	180 00	177.50	180.00
Kohinoor (100)	325 00	328.25	324.00	326.50
Mafatlal (100)	512.50	516.25	512.50	516.25
Modella Woollens (10)	12.24	—	—	12.24
Morarji (100)	260.00	264.00	258.00	264.00
Mysore (50)	36.25	37.00	35.00	35.00
National Rayon (100)	350.00	366.00	353 00	362.00
New Great (100)	160.00	—	—	160.00
Phoenix (100)	250.00xd	252.00xd	235.00xd	235.00xd
Podar Mills (10)	11.52	11.48	11.20	11.40
Raymond Woollen (100)	135.00	—	—	136.00
Sassoon Spg. (10)	37.75	—	—	37.75
Shree Dhuvesiwas (100)	252.00	255.00	252.00	254.00
Simplex (50)	125.50	—	—	125.50
Standard (100)	633.00	645.00	626.00	637.00
Svadeshi (100)	261.50	266.25	262.50	265.50
Swan (100)	270.00	—	—	270.00
B. T. Vlacose (100)	116.00	117.00	115.00	116.00
Tata Mills (25)	49.50	51.00	49 00	50.50
Lakshmi Vilas (100)	82.00	83.00	82.00	83.00
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	102 00	102.50	101.50	102.00
Do. (New) (50)	106 25	106.25	106.00	106.00
Bank of Baroda (50)	98 00	98.50	98 00	98.50
Central (25)

MARKET GOSSIP

(*Concluded from page 579*)

mittee (headed by Mr. S. V. Ramaswamy, Union Deputy Minister for Commerce). The State Governments have been requested to constitute local consumer vigilance committees to look after the consumers' interests in all municipal towns having a population of 25,000 and above.

After carefully perusing the statement of Mr. Manubhai Shah, one wonders whether such a complicated scheme of partial control on mill cloth as the one now envisaged will be of much avail in so far as the consumers are concerned. Apart from the difficulties involved in implementing a statutory scheme of this nature—Mr. Shah himself has admitted it—the scheme has one defect. Several mills may, besides inflating the prices of uncontrolled varieties, down-grade the quality of controlled varieties. The tendency to downgrade quality will be prevalent especially among mills which find it really difficult to make the necessary adjustments in production schedules should they find that the bulk of their production comes under controlled categories, giving little scope for making reasonable profits. Why should they, after all, care for the quality of the controlled varieties so long as they can sell such varieties at the stamped prices?

In conclusion, it may be said that the scheme of partial control will cover only a part of the total consumer demand for cloth. The mill production of cloth is currently running at an annual rate of approximately 5,000 million yards, out of which is to be deducted about 800 million yards sold for export and defence. The balance left is 4,200 million yards and 45 per cent of that comes to 2,000 million yards, or a bare four yards per head of population. This quantity represents an insignificant part of the total cloth consumption in the country if account is taken of the entire cloth produced (mill, handloom, powerloom, *khadi*, rayon, other synthetic, woollen and silk fabrics). Viewed thus, the official view that the scheme of partial control will benefit a large section of consumers is, indeed, a tall claim. This is a clear case of sweating for nothing.

Costs In Engineering Industry

The value of engineering goods exported from India in 1957 was only Rs. 4.4 crores. But, in 1963, the country's engineering exports (covering capital, producer and consumer goods) came to as much as Rs. 13.5 crores. Still these exports constituted hardly three per cent of the estimated total output (about Rs. 500 crores) of engineering goods last year. As the overseas demand for these goods has been growing for some years now, the engineering industry and the relevant export promotion council have agreed on the laudable objective of exporting, in the coming years, at least eight to ten per cent of the output of engineering goods so as to earn Rs. 40 to 50 crores of foreign exchange per year. But what chances are there of this target being achieved? These, to say the least, cannot be rate too highly, considering that there are several impediments in the way.

The most serious of these impediments is the persistent shortage of raw materials like pig-iron and steel—a shortage which is generally responsible for under-utilisation of capacity and, consequently, for high-cost production in the engineering industry. That this situation is being aggravated by further cost increases in the industry is the central point made in Chairman Lala Charat Ram's address at the Twenty-seventh Annual General Meeting of the Jay Engineering Works Ltd., held at Calcutta last week. As he has put it succinctly: "Management has the primary responsibility for controlling costs by seeking more efficient ways of making and marketing products. But many of the costs of doing business today in our country lie wholly or partially beyond the control of management." It is in this context that Lala Charat Ram has referred to the alarming "cost-price squeeze" and the higher incidence of labour costs, for instance.

In the particular case of Jay Engineering Works, there has been in operation in recent months the additional factor of labour unrest which has affected not only the Company's profits but also the country's export earnings. Lala Charat Ram, in this connection, has sought to drive home the twin lesson that management has responsibilities to the consumer, the labour and the investor alike and that it is only low-cost production that can produce the higher profits from which increased investments and payments to labour can come. That is not all, for it is only low-cost production that can ensure increased earnings for the country in the highly competitive field of engineering exports. This goal of low-cost production, however, seems to be as distant as ever in industry, generally, and in engineering industry, particularly.

Fertiliser Programmes

The Prime Minister, Mr. Shastri, at a recent discussion, is reported to have expressed the view that a major drive for compost manure ought to go a long way in helping agricultural production; there are still many in this country who share the primitive view that chemical fertilisers damage Mother Earth. Whatever may have been the Prime Minister's personal reservations about the chemical fertiliser programme, having decided that agriculture is a sector which needs modernisation and a concerted drive had to be launched, the Ministry concerned is processing the financial implications of a huge fertiliser manufacturing programme.

The third Plan projection of capacity in the fertiliser industry is nowhere near achievement. In the second Plan, the fertiliser sector had been reserved for development by the public sector. It was when Mr. Shastri was Commerce and Industry Minister that, in response to demand from industrialists, a decision was taken to set apart some part of the fertiliser industry development for the private sector. But the biggest setbacks have been in the private sector in fertilisers. Firms which were given licences for fertiliser plants in Tuticorin, Mangalore and Durgapur told the Government that they could not go ahead with the projects. These, according to Government sources, accounted for 220,000 tons total production capacity. In the public sector, too, the erection of fertiliser plants has lagged behind schedule and, according to the Government, the shortfall will mean that fertiliser production in 1965-66 will be only half of the targets set in the third Plan. Three-fourths of the shortfall are due to failures in the private sector. The present capacity of fertiliser plants in the country is about 386,000 tonnes in terms of nitrogen or a little over a third of the third Plan target.

Mr. Humayun Kabir, Minister for Petroleum and Chemicals, says that he wants to increase the capacity to 2.25 million tonnes by the end of the fourth Plan in 1971. In other words, this means increasing the capacity more than sixfold in less than seven years. By 1966, Mr. Kabir hopes fertiliser plant capacity will go up to 600,000 tonnes and production to 400,000 tonnes.

At the same time, Mr. Kabir says he will do everything possible to encourage private sector firms in entering into collaboration agreements and in securing foreign exchange. In a way, Mr. Kabir's statement, made to members of Parliament, is a departure from the tentative fourth Plan proposals in which only about 15 per cent of the projected total of Rs. 450 crores investment in fertilisers was to be set apart for the private sector.

The planners and the Chemicals Ministry are thinking in terms of a capacity of 2.25 million tonnes, but a report by the U.S. A.I.D. mission recently projected the 1971 Indian demand for fertilisers at 4.7 million tonnes. Closely following the A.I.D. experts' report, there have been discussions between American firms' representatives and the Indian Government officials. The American consortium team, which was in Delhi in the middle of September, included General Lucius Clay and Mr. Stephen D. Betchel, Chairman of the Betchel Corporation, which has signed an agreement with the Indian Government for establishing factories to manufacture equipment for chemical plants. It was the report of a committee headed by General Clay which last year sealed the fate of the late Mr. Kennedy's recommendation that the U.S. Government help India build the Bokaro steel plant. During his Delhi visit, General Clay, however, endorsed the idea of U.S. assistance to sponsor the establishment of fertiliser factories in the Indian public sector. General Clay does not also insist on Americans having a majority shareholding in the enterprise which will build five fertiliser plants with a total capacity of around a million tonnes of fertiliser. Preliminary estimates of investment on these plants is Rs. 250 crores. The consortium and the Indian Government hope to complete the negotiations by March next.

Industrial Finance Corporation

The Industrial Finance Corporation of India—I.F.C. for short—continues to forge ahead, though there was a slight setback in its operations during the year ended June 1964. The total financial assistance sanctioned by the Corporation in 1963-64 was Rs. 38.27 crores, as against Rs. 40.14 crores in the previous year, and the amount actually disbursed was Rs. 21.88 crores, as against Rs. 22.43 crores; the number of concerns securing assistance was 90, that in 1962-63 being 94. The bulk of the assistance rendered by the Corporation, as in previous years, was accounted for by rupee and foreign currency loans, aggregating Rs. 25.12 crores (Rs. 22.61 crores in 1962-63). The balance of Rs. 13.13 crores comprised Rs. 5.41 crores (Rs. 3.37 crores) as underwritings, Rs. 2.72 crores (Rs. 3.35 crores) as guarantees for deferred payments and Rs. 5.02 crores (Rs. 8.99 crores) as guarantees for foreign loans. Out of the total assistance, Rs. 27.76 crores were sanctioned for new units and Rs. 10.51 crores for the expansion, renovation and modernisation of existing units. Public limited companies received Rs. 37.16 crores and co-operative societies Rs. 1.11 crore.

Including the assistance approved during 1963-64, the aggregate financial assistance sanctioned up to the close of June 1964 comes to Rs. 196.78 crores (made up of Rs. 151.18 crores in rupee and foreign currency loans, Rs. 14.13 crores of underwritings and direct subscription to capital, and Rs. 31.47 crores as guarantees), the amount actually disbursed or made available being Rs. 124.45 crores. The total number of projects assisted by the Corporation so far is 334 (including 75 assisted in 1963-64), of which 224 are new undertakings. Industrywise sugar, non-ferrous metals, metal products, textiles and basic chemicals have been the most important beneficiaries. The pattern, however, is changing. The sugar industry, which was on top of the list in 1961-62, gave its place to non-ferrous metals in 1962-63 and, in 1963-64, metal products held the first place. Statewise, the share of Madras moved down from as high as 29.4 per cent of the total assistance in 1962-63 to 12.5 per cent in 1963-64. Although the share of Maharashtra also declined from 17.3 per cent to 15.8 per cent, this State topped the list in 1963-64 even with this reduced share. There was a widespread dispersal of the assistance during the year under review and a considerable portion was claimed by the less developed areas for their industrialisation.

It is encouraging to hear from Mr. A. Baksi, Chairman of the Corporation, who addressed the annual general meeting held at New Delhi on Tuesday, 29th September, that the credit record and financial position of borrowers continues to be satisfactory; the default in payment as on 30th June 1964 was negligible, being a little less than one per cent in the case of instalments of principal and 0.66 per cent in that of interest. As a matter of fact, during the year under review, the Corporation received from borrowers premature repayments of principal amounting to Rs. 77 lakhs; the cumulative total of such payments upto the end of June 1964 stood at about Rs. 7.00 crores.

Reflecting the large-scale operations, the gross income of the Corporation for the year under review, amounting to Rs. 5.07 crores, shows a handsome rise of Rs. 1.12 crore as compared with 1962-63. After deducting the interest of Rs. 2.62 crores on borrowings and other expenses of Rs. 18 lakhs, the gross profit before tax comes to Rs. 2.27 crores, as against Rs. 1.8 crore for the previous year. Of this, a sum of Rs. 1.02 crore has been set aside for taxation and so the net profit for the year amounts to Rs. 1.25 crore, as against Rs. 83 lakhs for 1962-63. Of the net profit, a sum of Rs. 1.06 crore has been transferred to reserves, bringing the total to Rs. 4.09 crores. The balance of Rs. 19 lakhs (same as in 1962-63) is to be distributed as dividend on paid-up capital.

Since the close of the year (June 1964), some important steps have been taken by the Government affecting the working of the I.F.C. The Industrial Development Bank of India (I.D.B.), established on 1st July 1964, has now acquired the shares held by the Reserve Bank of India and the Central Government, as well as some additional shares. Its total holding is now equivalent to 50 per cent of the paid-up capital of the Corporation amounting to Rs. 8.35 crores. With this transfer of shares, the power of giving policy directives has also passed from the Central Government to the I.D.B. The Corporation can now depend on the I.D.B. for financial assistance in certain cases. Meanwhile, it has been decided to raise the limit of loan assistance by the Corporation to any industrial concern from Rs. 1 crore to Rs. 2 crores. With these developments, it will now be possible for the Corporation to finance very large projects both with its own resources and also in co-operation with the other financial institutions.

The recent amendment to the I.F.C. Act has empowered the Corporation to raise funds for its operations through its own efforts, though its bonds will be fully guaranteed by the Government. The Corporation recently raised a Rs. 6-crore loan from the market which was "handsomely oversubscribed within a few hours."

In view of some difficulties felt by borrowers, the Corporation has made certain notable relaxations in its lending terms and conditions. The borrowing companies, which were not allowed to declare an equity dividend higher than 8 per cent without the approval of the Corporation, can now declare a dividend upto 10 per cent. Further, the borrowers who were not allowed to dispose of any item of assets mortgaged to them, without the Corporation's consent, have been permitted to do so in the case of specified items of a minor nature. Again, the Corporation has relaxed its restriction on the disposal and pledge of shareholdings by all directors or members of the managing agency, so that it will apply only to those persons who have a real stake in the borrowing concern. And, lastly, the Corporation will now use its authority regarding the appointment of directors of the assisted concern in very selective cases only.

With enlarged resources and with its ripe experience of several years, the Corporation is today in a strong position to meet the rising credit demand for industrial development in the country. Thanks to the relaxation in its terms and conditions, borrowers will find it easier to make use of the financial assistance offered by the Corporation. The borrowers must feel gratified at the assurance of the Chairman that the Corporation is not contemplating any increase in its lending rate of 7½ per cent (with a rebate of ½ per cent for punctual payment of instalments of principal and interest) consequent on the rise in Bank Rate from 4½ to 5 per cent. Since, however, a considerable part of the borrowings required by industries is accounted for by foreign exchange, there will be the need for a substantially larger amount of foreign credit, mainly in U.S. dollars and German DM. The success of the I.F.C. in the coming years will thus be determined to a large extent on its ability to raise foreign exchange resources not only from foreign Governments but also from institutions abroad.

NETHERLANDS TRADING SOCIETY

The Nederlandsche * Handel-Maatschappiji, N.V. (Netherlands Trading Society), a leading bank established in the Netherlands in 1824, says that its name will be changed into ALGEMENE BANK NEDERLAND N.V. (General Bank of the Netherlands) with effect from 3rd October, 1964. This change in the Bank's name follows the merger of De Twentsche Bank N.V., another leading bank in the Netherlands, with it. The total resources of the merged institution will be in excess of Rs. 670 crores, with capital and reserves alone amounting to Rs. 40 crores.

The General Bank of Netherlands will have nearly 400 branches in the Netherlands. Outside the Netherlands, it will have 22 of its own branches, besides 13 of the affiliated and allied banks.

In India, the Netherlands Bank has been operating since 1920, with two branches, one in Calcutta and another in Bombay. These will continue their operations under the new name of the combined venture.

BOMBAY BURMAH'S TEA CROP

The tea crop of the Bombay Burmah Trading Corporation during the quarter ended August 1964 was lower at 734,238 kg. (made tea), as compared with the 828,630 kg. harvested in the same period last year. The shortfall is attributed mainly to poor weather conditions in the Mud group of estates. The latest indications, however, point to some improvement in the near future.

COMMERCE

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

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Commerce
A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

Contents

	PAGE
LEADING ARTICLES—	
World Heading for Famine?	621
The Export Task	622
MARKET GOSSIP	623
THIS WEEK'S SURVEY	626-627
TREND OF SHARES	671
SPECIAL FEATURES—	
Delhi Letter	624
Thoughts on Home Expenditure ...	624
American Letter	628
Issues Before Forthcoming I.A.T.A. Conference	629
Manchester Letter	633
Trend in U.S. Energy Pattern ...	640
Business News From Europe	642-643
Special Environment and Business—I	644
CHAIRMEN'S SPEECHES—	
The Mettur Chemical & Industrial Corporation Ltd.	646
Aluminium Industries Ltd.	647
East Anglia Plastics (India) Ltd. ...	648
National Newsprint and Paper Mills Ltd.	649
Kirloskar Oil Engines Ltd.	650
Mysore Tobacco Co. Ltd.	651
Tractors and Bulldozers Limited ...	657
MONEY AND BANKING	630-631
TEXTILES	632
COTTON	634
JUTE	636
ENGINEERING	638
NEW PRODUCTS AND PROCESSES	639
COMMERCE AND INDUSTRY	652
COMPANY MATTERS	654-656
TREND OF MARKETS	659-662
MISCELLANEOUS STATISTICAL INFORMATION	663-664
STOCK AND SHARE QUOTATIONS	665-672
WEEK'S STOCK EXCHANGE TREND	672

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WORLD HEADING FOR FAMINE?

IT was only during the 'fifties that food production throughout the world had made striking progress, climaxed by bumper crops in most countries in 1958. But since then, production gains have been few and far between, while the world's population has grown at the accelerated rate of 2.1 per cent a year. At the same time, some sixty countries in the world, many of them in the less-developed category, now have steel plants, as compared with half that number before World War II. But it is precisely in several of these underdeveloped countries that food production has tended to lag behind population growth in recent years. One ironic result of this heavy-industry bias in economic development programmes, according to the latest *Monthly Economic Letter* of the First National City Bank of New York, is that, while food shortages plague many countries today, the world is simultaneously faced with a surplus (!) of steel-making capacity. If these disturbing trends pertaining to food production, population growth and hectic heavy industrialisation continue over the next decade, it may be that the grim prediction made last month by Dr. Raymond Ewell, Vice-President of the State University of New York, will come true partially or wholly. This prediction is no other than that, by the early 'seventies, India, Pakistan and China would be afflicted with serious famines which would spread to most other countries of Asia, Africa and Latin America by 1980.

Incidentally, one advantage of a pessimistic and frightening forecast of that kind is that it make shake many national Governments out of their complacency and impel them to adopt energetic measures—both corrective and positive—for maximising food production and thereby warding off possible famines. That such an encouraging possibility cannot be entirely ruled out may be inferred from the review of national agricultural policies and development plans in *The State of Food and Agriculture 1964*, just published by the Food and Agriculture Organisation of the United Nations. It is, in a way, gratifying to find that these policies and plans of the developing countries in particular are aimed at achieving substantial annual increases in agricultural production—ranging from 3.3 per cent to 8.0 per cent in Latin American countries, from 2.7 per cent to 13.2 per cent in countries of the Far East, from 2.6 per cent to 5.8 per cent in countries of the Near East and from 3.0 per cent to 7.5 per cent in African countries. If the planned shares of agriculture in public investment—ranging from 11 per cent to 19 per cent in 21 countries and from 20 per cent to 30 per cent in 23 countries—materialise, the targeted annual increases in production may well be achieved. But all this cannot, of course, be taken for granted, considering that financial difficulties, caused in part by inflationary tendencies, continue to affect the fortunes of agricultural plans which have been under implementation in most developing countries for some years now. The Director-General of the F.A.O., Mr. B. R. Sen, has, therefore, done well to bring out the gravity of the world agricultural problem and plead for greater international assistance to step up agricultural expansion:

"The achievement of the objectives of the current United Nations Development Decade, which calls for an annual rate of economic growth of five per cent, would take us a long stride toward this goal. However, progress so far is generally less than was hoped. A five per cent rate of overall growth entails an only slightly less rapid expansion in the agricultural sector. F.A.O.'s latest indices of agricultural production confirm that, in contrast to earlier increases in *per capita* production, for five years now world agricultural production has done no more than keep up with the annual population growth of about two per cent. There has been little or no margin for the improvements in nutrition and general levels of living that are so badly needed. What causes special concern is that, in many of the developing countries where the need is greatest, the expansion of food and agricultural production has been even slower than the disappointing world average.

"How to step up agricultural expansion in these countries and apply to their generally primitive agricultures the fruits of modern science and technology (is the question).... In this task, the assistance, both technical and financial, of the more advanced countries is urgently required. Agriculture has often in the past received less than its due share of financial resources and one of the most encouraging developments in the recent food and agricultural situation has, therefore, been the decision of the International Bank for Reconstruction and Development to devote a greater share of its resources to projects in the agricultural sector. This has already given rise to the establishment, earlier this year, of a new co-operative programme between F.A.O. and the International Bank designed to identify and help to elaborate a much larger number of agricultural projects for Bank financing."

But the F.A.O. has always recognised, and continues to recognise, that foreign aid alone will not do the trick. More important than aid is the foreign exchange that the developing countries can earn from their exports which consist predominantly of agricultural products. As the earnings from such agricultural exports have been increasing only very slowly for many years now, especially in terms of their purchasing power for industrial products, they have failed to provide the developing countries with sufficient resources for a satisfactory rate of economic development. But it is heartening to find from the F.A.O.'s preliminary estimates that, for agricultural products as a whole, world prices averaged eight per cent more in 1963 than in 1962. Whether this upswing in agricultural prices actually reflects lasting changes in the world market in favour of agricultural exports is, however, in doubt. For most commodities, according to Mr. Sen, there is little to suggest that there has been any change in the basic long-term factors that largely determine the growth of demand in the main importing countries. Incidentally, one of these factors, limiting the growth of agricultural trade, is the development of synthetic substitutes for agricultural products, especially for those used as industrial raw materials. It is in this context that the F.A.O.'s exhaustive treatment of "synthetics and their effects on

agricultural trade" in a special chapter in its present report will be read with great interest.

Even if competition from synthetics increases in the years to come, there can be no doubt that the "overall" market for agricultural raw materials will increase *pari passu* with the growth of population. In fact, the F.A.O. report itself considers the prospects for the growth of this "overall" market, with the possible exception of soap-making materials, to be favourable. The developing countries can, therefore, look forward to exporting more agricultural raw materials, if they can expand their production to a level at which, after meeting the additional domestic consumption requirements due to growth of population, more substantial surpluses would be available for export. The *if* here is a big one, for the F.A.O.'s regional indices of agricultural production show that, in the world's predominantly underdeveloped regions (Latin America, Far East, Near East and Africa), production has not appreciably increased in 1963-64, as compared with 1962-63. The relevant figures are given below:

Indices: Average 1952-53 to 1956-57=100

	1962-63	1963-64
All Agricultural Products:		
Latin America	126	126
Far East (excluding Mainland China)	124	126
Near East	131	134
Africa	120	122
Food Products Only:		
Latin America	122	124
Far East (excluding Mainland China)	124	126
Near East	129	132
Africa	117	118

The gains in production in the developing regions were less than in North America and Oceania. In the world (excluding Mainland China) as a whole, agricultural production rose by only one to two per cent in 1963-64, as compared with the previous year. It is even more disquieting that for six years now *per capita* world production has remained virtually stationary. The relevant indices in 1963-64 are 106 for all agricultural products and 106 for food products only, whereas, in 1958-59, the former stood at 105 and the latter at 106. The regional indices of *per capita* production in the underdeveloped regions reflect a slightly worse position. It is here that the trend of declining foodgrain stocks in the principal exporting countries (United States, Canada, Argentina and Australia)—from 56 million tonnes in 1961 to 39 million tonnes in 1964 in the case of wheat and from 82 million tonnes to 64 million tonnes in the case of coarse grains—will be noted with some anxiety in several developing countries where P.L. 480 and commercial imports of food have subserved general economic development and restrained, to some extent, inflationary trends. But the immediate future will still not be as gloomy as the relatively distant period of 1970-80 when the widespread famines predicted by Dr. Raymond Ewell, may visit the developing regions of the world unless, of course, the agricultural trends of the immediate past happen to be reversed for the better in the next five or six years.

THE EXPORT TASK

LIKE several other developing countries, India, too, is faced with the twin problem of financing large-scale imports and servicing heavy external debt. Never before was this problem so formidable as it is today and it will be still more formidable in the next few years. The aggregate annual maintenance and development import requirements, which are currently running at a rate of about Rs. 1,100 crores, are expected to be no less than Rs. 1,500 crores in the coming six or seven years. Added to these will be the external repayment obligations (payment of instalments of loans and interest charges) amounting to anywhere between Rs. 100 and Rs. 200 crores every year. India may, of course, continue to get sizable foreign assistance at more liberal terms from the friendly countries abroad. And there may also be a larger inflow of private foreign capital for investment in India. But there is no denying the fact that a considerable part of the import requirements will have to be financed from out of export earnings. Viewed thus, the aggregate export target of Rs. 5,100 crores which the Planning Commission has fixed for the fourth Plan cannot be considered ambitious, though the target represents a rise of as much as Rs. 1,300 crores as compared with the anticipated total exports of about Rs. 3,800 crores during the current Plan period. In other words, the target means an increase of Rs. 260 crores in the annual level of exports over the five-year period.

The above figures impressively highlight the magnitude of the export task involved. Before indicating how the country can address itself to this task, it is necessary to take a quick look at the recent trends in export trade. Initiating the discussions at the fourteenth meeting of the Board of Trade at New Delhi on 15th August last, Mr. Manubhai Shah, Union Minister for Commerce, it will be recalled, had expressed jubilation over the rise of more than Rs. 20 crores in export earnings during the first quarter of 1964-65 (that is, April-June 1964) as compared with the corresponding period of last year and struck a note of confidence to the effect that the overall exports during the whole of 1964-65 "would continue to show satisfactory results." Things since then, however, have gone wrong, as witness the slackness in exports in recent months. The data furnished at the fifteenth meeting of the Board of Trade held at Bombay on Monday this week reveal that the total exports during July 1964 rose by a bare Rs. 3 crores (as compared with July 1963) and, in August, they remained almost stationary at Rs. 67 crores (same as in August 1963). Actually there was a setback to exports during these months, if account is taken of the spurt in prices in the past twelve months.

What is the recent sluggishness in exports due to? The Board of Trade, it is a pity, did not care to go into this question deeply and to spell out in clear-cut terms the measures that should be taken to correct the trend. All that it did was to echo what has been repeatedly stressed by many, including this journal. The Board pointed out, for instance, that lack of adequate export surpluses in critical commodities, such as vegetable oils and sugar, and the general inflationary pressures in the economy had been hampering exports. Who did not know about these handicaps? Further, the Board of Trade stated, as if no one knew it, that it was essential that utmost vigilance was exercised and corrective action taken with reference to the impact of rising prices on the export sector. Instead of suggesting a definite course of action to tackle the problem, the Board indulged in platitudes. The general problem of prices, it said, needs to be more vigorously tackled by the Government; this aspect was considered to be "the most important." And all trade organisations, including export promotion councils, commodity boards and individual trading houses, were urged to put forward their best efforts to overcome the handicaps to exports and step up exports so as to achieve an increase of at least Rs. 5 crores every month over the corresponding level of the previous year.

Mere exhortations to the business community to make increased export efforts will simply mean nothing, if they are not followed up by concrete action to create conditions congenial for launching a more vigorous export trade. The responsibility for such action rests as much on the State Governments as on the Centre. It is, therefore, just as well that the Union Ministry of Commerce has initiated action to hold a series of meetings with the State Chief Ministers in order to enlist the full support, co-operation and participation of State Governments in the vital task of export promotion.

With regard to long-term export problems, the Board of Trade made some general and vague observations. Here are a few of them:

1. Though appropriate institutional arrangements for promoting exports had been greatly strengthened during the last two years, what is now required is a purposive and determined implementation of these policies in the different sectors of the economy to stimulate exports to the desired extent and, to this end, the procedures under these policies must be further streamlined.

2. There is the need to ensure continuity and stability in our export promotion schemes and policies. The export promotion assistance schemes should be allowed to operate unchanged over the next seven years till the end of the fourth Plan in order to enable the industries to plan their export programme on a long-term basis.

3. Difficulties in the matter of release of foreign exchange for business visits abroad continue to be felt by the trade. Allocations of foreign exchange for such visits yield a manyfold return in the shape of export earnings and early study should be undertaken with a view to rationalising and liberalising the allocation of foreign exchange for these and allied purposes at an early date. (A committee with representatives of the Ministries of Finance and Commerce, the Reserve Bank of India, and a few representatives of the Board and export organisations was formed to formulate concrete proposals and procedures; the Committee has been asked to submit its report before the next meeting of the Board convened for 7th December next.)

4. With the formulation of the fourth Plan targets, steps should be taken for establishing an export sector in each industry or group of industries. The Export Sector Committee should now intensify its studies industry-wise.

5. It is necessary to enunciate a code of trading as between manufacturers and exporters which will ensure that supplies for export are forthcoming in time. At present, exporters are not receiving adequate co-operation and assistance from manufacturing industries.

6. As for exports of basic chemicals, soaps and pharmaceuticals, the question of setting up manufacturing units producing principally for export should be examined.

7. There should be an intensification of export promotion measures in their application to trade with Africa, and the problem of arranging for specially assisted shipping services to all important ports in this Continent should be immediately tackled by the shipping interests. The Government should give special assistance for this. All Export Promotion Councils and the All-India Exporters' Chamber must prepare a list of principal Indian exporters to different countries in the African region and call their meeting this month, study their difficulties, give special facilities and fix definite export targets for 1964-65 and 1965-66 for all the main commodities sold to these countries. Exports of green tea, black tea, jute goods, textiles, garments, engineering goods, plastics and chemicals should be specially promoted to African countries.

All these measures will no doubt strengthen the drive to boost exports. But the ultimate success on the export front will depend to a considerable extent on the improvement in the competitive capacity of Indian goods, quantitatively, qualitatively and price-wise. Such an improvement can be ensured only if the official policies are so readjusted as to secure economies of scale in production and marketing. The export industries must be given priority in getting raw materials and capital equipment. Rates of customs duties must be reduced so as to bring down costs in both consumer and capital goods industries. There should be an industrial truce with labour for a fairly long period, so that industry can concentrate on exports.

There are some industries which have great export potential but which are unable to utilise their capacities fully. The biggest impediment lying in the way of maximum capacity utilisation is shortage of industrial raw materials, spares and other accessories. The impediment must be removed forthwith. It is, after all, only the optimum utilisation of capacity that will ensure adequate export surpluses. If such surpluses are created, there will be no need for any restraint on domestic consumption which, it must be emphasised, has serious limitations, besides having unpleasant consequences

MARKET GOSSIP

Deposit Rates: Other Banks Follow Suit

BY a clever combination of the use of its statutory powers through legal directives and moral suasion through firmer rather than gentler hints, the Reserve Bank, as was mentioned in our last issue (*vide* pages 577, 578 and 579), has at last assumed the final responsibility for laying down the structure and pattern of deposit interest rates. On 25th September last, the Reserve Bank issued a directive fixing the *maximum* rates of interest that could be paid on term deposits or notice money for the very short term of three months or less. This was considered necessary because the bankers were paying much more for money which would in any case have remained with them. For deposits beyond three months, the Bank indicated in unequivocal terms the *minimum* rate for 91 days on the basis of which a structure of longer-term rates was to be erected, leaving the banks free to lay down the maximum rates for appropriate periods under their Inter-Bank Agreement.

In spite of such a clear lead from the Reserve Bank, the bankers seemed somewhat reluctant to act forthwith and tried to postpone the final decision until their top leaders returned from abroad or at least until they knew the mind of the State Bank of India. The State Bank, however, was quick to appreciate the situation and raised its effective rates immediately, presumably under confidential instructions from the Reserve Bank or the Government. Faced with this situation, the other banks had no alternative but to follow suit. On the very day the State Bank's decision to enhance deposit rates appeared in the Press—that is, on Thursday the 1st inst.—the Executive Committee administering the Inter-Bank Agreement on deposits met and decided to revise upwards the maximum rates of interest on deposits with immediate effect. The revised rates are identical with those of the State Bank excepting for their maximum rate which is fixed at 6.25 per cent per annum for deposits of seven years and over but less than nine years and at 6.50 per cent for deposits of nine years and over, as against the 6 per cent offered by the State Bank of India for five years and over. This difference is, however, academic, since banks hardly get deposits beyond five years, if ever. The revised schedule of deposit rates under the Inter-Bank Agreement is as under:

Period of deposit	*Rate of interest (Per cent per annum)*
Up to 14 days	Nil
15—45 days	1.25
46—90 days	2.50
91 days *and over but less than* 6 months	4.00
6 months 1 year	4.50
1 year 2 years	5.00
2 years 3 ,,	5.25
3 5 ,,	5.50
5 ,, 7 ,,	6.00
7 ,, 9 ,,	6.25
9 years and over	6.50

The revised rates beyond 91 days are higher by 1 per cent than the rates prevailing before 17th August 1964 at all stages except that the rise upto one year varies between ¼ per cent and ½ per cent and the rise beyond seven years ranges from 1¼ per cent to 1½ per cent.

The bankers must have considered the possibility of offering slightly higher rates than those offered by the State Bank, at least between three months and one year, but they seem to have been deterred by three considerations: one, the deposit rates of the State Bank have remained on a par with the Inter-Bank Agreement rates for about a year and a half without diversion of deposits to the State Bank; two, public sector deposits would in any case go to the State Bank under the Finance Ministry's directive; and, three, if the State Bank were to retaliate by wiping out any differential, bankers would again be paying more than was necessary!

The new deposit rates of banks, like those of the State Bank of India, are also effective from 1st October, though the decision to raise the rates was taken after the close of business on the 1st inst., presumably because they had no intention of allowing the State Bank to get the benefit of higher rates even for a day. This is a clear indication that the bankers do recognise the responsiveness and sensitivity of deposits to interest rates in spite of their declared professions otherwise.

One final word. The Reserve Bank has at last cleared the bankers' doubts regarding the inter-bank call money. Since the inter-bank call money is in the nature of borrowings and not deposits, it is beyond the scope of the Reserve Bank directive.

Inflation And Fiscal Policy

It was, indeed, a timely warning that Mr. Pierre-Paul Schweitzer, Managing Director of the International Monetary Fund (I.M.F.), uttered when he said, in his address at the Indian Institute of Public Administration at New Delhi on Monday this week, that excessive deficit financing was harmful to the country's economy. Contrary to general belief, Mr. Schweitzer said that, since deficiency of demand was not holding back investment in most underdeveloped countries, the argument that the pace of economic development could be spurred by the incentive provided by inflation to investment was not valid. He refuted the argument that inflation promotes savings, as it redistributes the income in favour of the rich whose propensity to save and invest is relatively high; for, in his opinion, though in the short run it may do so, in the long run, it [illegible] maintain its favourable effects on savings, because the fixed income groups would lose interest in saving as soon as it becomes clear to them that the prices would continue to rise. Elucidating his point of view, he is reported to have observed:

"Even whatever savings are generated in the economy are liable to be diverted to unproductive uses such as real estate, speculation, excessively large inventory and gold hoardings, and savings in the form of assets will be discouraged. Moreover, the foreign investors are generally reluctant to invest in a country with inflation and the available evidence shows that private foreign investment has increased most in countries with a stable currency. Even mild inflation cannot be looked upon with any complacency, for it is difficult to tell at what stage the trot of a mild inflation will be transformed into a strong inflationary gallop."

Mr. Schweitzer did admit that a limited amount of deficit financing by the public sector could normally be absorbed in a growing economy without generating inflationary pressures, but made it clear that the art of monetary management lay in carefully balancing monetary expansion with the capacity of the economy to expand output.

Another timely warning given by Mr. Schweitzer was in respect of controls. Without mincing words, he said: "If the Governments try to insulate living costs or the general level of production costs by resorting to controls over prices of strategic goods, such action will only serve to increase the consumption of such goods and discourage their production. The result will be that exportable supplies will be absorbed by domestic demand and imports will increase. Though monetary policy may be able to stabilise the money to some extent, in the long run, this policy alone cannot be substituted for a general policy worked out by proper co-ordination between budgetary and credit authorities." He, therefore, emphasised the need for a sound budgetary policy to maintain a reasonable degree of overall balance between expenditures and non-inflationary financial resources.

The I.M.F. chief spoke appreciatively of the valiant tax efforts of India over the past several years, but felt that the proportion of total national income taken away by taxation was still relatively low and that there was great scope for increasing taxation; the political difficulties in the way of fully achieving the tax potentials could be overcome by making it clear to the people that development involved sacrifice of present consumption for the future. If, as Mr. Schweitzer has suggested, additional taxation is resorted to an anti-inflationary weapon, few will have any objection. But, in the context of the conditions obtaining in India, it is somewhat difficult to agree with his contention that "there is great scope for increasing taxation in the country." One of the factors responsible for the current inflationary trends in the Indian economy is taxation. The high level of taxation has contributed largely to cost inflation, as the series of indirect taxes levied by the Central and State Governments, even on necessities of life, have added to the prices of goods. Actually, what is urgently required to accelerate the tempo of economic activity is not additional taxation but reduction of taxation. The I.M.F. chief was, however perfectly right when he said that, in the light of the current pressure on the general economic situation, which had been accentuated by additional defence expenditure and the slow growth of agricultural output, there was the need for continued monetary vigilance, so that the present inflationary tendencies would not frustrate speedy planned development.

Continuing Coal Problems

The third Plan's coal production target, which was originally fixed at 97 million tonnes, subsequently raised to 105 million tonnes and later reduced by stages to 88 million tonnes, now stands at about 80 million tonnes. But even this drastically reduced target, it is said, is not likely to be achieved. According to the latest estimate by the Union Ministry of Steel and Mines, the aggregate demand for coal in 1965-66 may only be about 75 million tonnes and the actual production may not exceed 76 million tonnes in that year, as compared with about 65 million tonnes in 1963-64. The fact that the number of working collieries has come down from 858 in January 1963 to 808 in January 1964 is indeed disquieting in this connection. This sluggish trend in coal production, even in relation to the reduced final (?) target, is not the only disquieting problem facing the coal industry. There are two other continuing problems, namely, (i) lack of an economic structure of coal prices and (ii) surplus of low and medium-grade coals and distress sale of such coals below cost. These and several other problems have just been discussed in two presidential speeches at Calcutta—one by Mr. Darab C. Driver at the 19th annual meeting of the Coal Consumers' Association and the other by Mr. S. N. Mullick at the 40th annual meeting of the Geological, Mining and Metallurgical Society of India.

Both the speeches are noteworthy for their critical approach to the Government's policies governing the coal industry. Mr. Driver's general criticism is that the remedies adopted by the Government or suggested by study groups are only in the nature of half-measures, while Mr. Mullick has referred generally to "faulty planning" in regard to coal. The very fact that coal production has lagged far behind the originally scheduled annual targets under the third Plan proves that things have gone wrong in this and other related sectors. If planning in regard to coal is not to go wrong again, it would be necessary to adopt reliable norms for estimating consumption and production potentials under the fourth Plan. It is only when fairly reliable estimates are made that a *realistic and attainable* target for the fourth Plan can be evolved. The italicised words in the foregoing sentence are of crucial importance, for, otherwise, there would come about distortions in investment and production patterns as in the third Plan period. The planners should, therefore, take serious note of the criticisms made by persons connected with the coal industry.

Some particular lines of criticism in the speeches of Mr. Driver and Mr. Mullick also call for mention here. Mr. Driver thinks, for instance, that amalgamation of small low-grade collieries would add to the surplus of unsaleable coal. Mr. Mullick, too, is of the same opinion, as will be seen from the following extract from his speech:

"Judging by the yardstick laid down by the Amalgamation Committee that a colliery with an area of 100 acres and having a production potential of 7,000 tonnes a month is an economic unit, it will be found on analysis that most of the collieries which produce the bulk of higher grade coals, down to Grade I, have an installed capacity for producing more than 7,000 tonnes a month, which means, these collieries would ever remain outside the scope of amalgamation. Only producers of lower grades of coal and ungradeable coal which are now being produced in excess of the country's current requirements would, however, come within the ambit of the scheme of amalgamation as recommended by the Committee.

"Considering the recent overproduction of coal in the country and the reduction of the (tentative) coal production target for the fourth Plan from 180 to 136 million tonnes, amalgamation of collieries producing lower grade coal would defeat the very objective of the scheme."

But Mr Driver is not against amalgamation of small "coking coal collieries." In fact, he positively favours their amalgamation in suitable areas with possible Government subsidy. Mr. Mullick, on the other hand, has taken the extreme—and rather unrealistic—stand that "the question of amalgamation of collieries does not arise at all," for, if very small collieries, numbering 4,343 and producing 100 to 800 tons of coal per month each, can exist side by side with very big ones in a highly industrialised country like the United States, there is no reason, according to him, why things should be different in an underdeveloped country like India. Considering that colliery amalgamation is proceeding at snail's pace now, the kind of opposition voiced against it is bound to delay it further.

Steel Exports And Imports

The Government of India is actively considering measures to promote the exports of iron and steel from this country. It may strike one as a little odd that, while the country is short of iron and steel, and imports to the tune of about a million tonnes have to be effected every year, the Government is displaying interest in steel exports. But there is really nothing odd in this, for it should be possible to export some categories of finished steel, especially to other developing countries, whenever domestic supplies of such categories happen to be relatively abundant. It will be recalled, in this connection, that, in the calendar year 1963, some 20,000 tonnes of finished steel were exported.

Of course, the original expectations of planners that the country would be able to export iron and steel in the third Plan period in sufficient quantities and at good prices have been belied. In the meantime, almost every steel producing country has increased its production considerably, many new countries have started production in recent years and the international market has thus become very competitive. It is, therefore, an uphill job now to export steel. So the Government is considering a proposal to form a Steel Exporters' Association to push up exports in pursuance of an earlier decision, fixing the target of exports for 1964-65 at 100,000 tonnes, as against the actual exports of 33,000 tonnes in fiscal year 1963-64. It may be that, if private trade is also associated with the proposed Association, this target will be achieved. The plea advanced by Mr. B. R. Khandelwal, in his presidential speech at the annual general meeting of the Steel Importers' Association of India, held at Calcutta the other day, that the Government should give adequate representation to the Steel Importers' Association in the proposed Steel Exporters' Association, is quite reasonable.

It is reported that the Government has decided that hereafter all imports of iron and steel and their handling would be entrusted to the Minerals and Metals Trading Corporation Limited (M.M.T.C.) in the public sector. This total elimination of the private sector will disrupt the already existing and well-organised trade channels. It may be in order to point out here that steel is a technical and complex item involving hundreds of categories, each category having numerous sizes and sections. The trade in this item is not so simple as in the case of many other commodities and the trader is required to have a specialised knowledge of the subject. There are, thus, no adequate and convincing reasons for transferring steel imports from private trade to the M.M.T.C. It will be even more appropriate and necessary to utilise the knowledge and experience of private traders in promoting the exports of this commodity. Many of the members of the Steel Importers' Association have been exporting some iron and steel goods continuously. They have now established trade contacts with importers in world markets and are very well acquainted with the world practices of steel trade. Under these circumstances, it would be comparatively easier to achieve the target of steel exports, if the Steel Importers' Association of India is more actively associated with the Government's promotional efforts. Incidentally, it is good that steps have been taken to broad-base the Steel Importers' Association of India and to drop the word 'Importers' from its name, so that it may be called "Steel Association of India."

DELHI LETTER

THE STINK FROM RANCHI

FIRE MAY HELP PURIFYING RITES

From Our Special Correspondent

NEW DELHI, *6th October*

ACCORDING to Hindu tradition, fire is a great purifier and the fire in the Heavy Engineering Corporation set-up in Ranchi on 29th January and the inquiry into the events leading up to the disaster may have a purifying effect on the operators in Ranchi. As the site of the head office of Hindustan Steel Limited and the location of the vast complexes to make heavy engineering equipment, Ranchi is among the more important industrial centres and the report of Mr. B. Mukerji, a former judge, into the fire is a case study of the shabby wranglings in public-sector undertakings. The 103-page report, laid before Parliament last week-end, was basically to deal with the fire but sabotage and arson come out only as incidental consequences of deep-seated defects in the organisation of the Heavy Engineering Corporation. In effect, the report is a forceful and eloquent condemnation of the public-sector satraps.

The management, in particular the Chairman (says the ex-judge's report) "completely failed to organise the administration on sound administrative principles with the result that there was schism and inefficiency in practically every important sphere of the administration; he was obviously not an administrator. There was complete lack of appreciation all round of the necessity of a fair and yet a firm deal with labour and also with the subordinate staff. Adequate steps were not taken to maintain discipline." It is natural that since the Chairman, Mr. Nagaraja Rao, and Mr. Sandilya, Director of Finance, were unable to co-operate and exhibit a sense of discipline there could be no question of other people lower in the ladder being amenable to discipline. If Mr. Sandilya persistently defied his superior, the Chairman, and both encouraged groups ganging up on the side of one or the other wrestling at the top level, it was futile to expect the Corporation to work as a team. The inquiry report makes the judgment that the Chairman was not an administrator. The Government has not said whether it plans to take any action against the two senior cantankerous officials who were responsible for the sorry state of affairs at Ranchi. The former H.E.C. Chairman has returned to the post of adviser to the Planning Commission, a job at which he worked earlier. (He had in Yojana Bhavan gained a reputation as a planner.) The other senior official involved in the mess is posted to a public-sector undertaking in the South. It is for members of Parliament to take up the question of punishment of truant officials who misbehave while in charge of industrial undertakings. The administrative serviceman passes on the technical responsibility to the Minister in charge but there must be a new procedure which will ensure that the inefficient, the mischievous and the dangerous elements in the higher service echelons do not go unpunished because of firm contracts of permanent service the Government has assured them. Anyway, the tradition of permanency of Government service was evolved during the times when the Government was engaged purely in governing; now the Government is also a businessman and should deal with the delinquents in a businesslike fashion. Government spokesmen often condemn even legitimate labour agitation as anti-national and the higher officials seek greater power to curb labour in public-sector undertakings, but at some level or other these public-sector officials want to place themselves as a privileged caste whose mistakes should go unpunished.

When the Estimates Committee criticised the administration of the Heavy Engineering Corporation some time ago, a defence against the criticism was that the M.Ps did not have the capacity to interpret technical problems and that some of the comments were uninformed. But, in judging the omissions and commissions of the two senior officials involved in the Ranchi scandal, there is no need for specialised knowledge of technical details.

Labour Laws

In the days when the Communists were mainly responsible for industrial unrest, Congress politicians had acquired the habit of branding them as anti-national trade union men. Now the fashion is sometimes to fix the blame on the pro-Chinese faction among the Communists who are anti-national. When it comes to unions affiliated to the Indian National Trade Union Congress, it is not easy for the Congress bigwigs to condemn them as anti-national (the term national is in their trade mark itself!) But the Mukerji report emphasises a point that is already well known to those who have studied recent trends in labour unrest—that these unions are parochial and provincial in their attitude and more often than not they have the support of some Congress Party factions in the various States where the big industrial units are located.

Mr. Mukerji has unfortunately supported proposals popular with some Ministers and officials at the Centre that what is wanted is a new set of labour laws. And the demand, also supported by the ex-judge, is for the new set of special laws for the Central Government undertakings. To consider that the public-sector undertakings are national and the others not necessarily so is to add new sophistications to the concept of mixed economy by which Nehru's successors swear. There is a wide variety of labour laws on the statute book which have not yet been administered properly. If the Central aim is to make these new laws so that the public-sector administrators can circumvent State administrators, there can be no end to attempts at short cuts to avoid problems which arise because of non-cooperation from the States—whether in agriculture or in industry. The conflict between the Centre and the States in dealing with labour crises in public-sector plants is not new. Even the location of some plants has been due to pressure of some State politicians. When Mr. Ganapathy was in charge of Rourkela, there were tense periods during which the anti-South-Indian stir was at its height. The anti-Bengali feeling is a routine attitude in the oil installations in Assam. Even in Bombay, one of the quips about the I.O.C. is to call it the "South Indian Oil Company." To condemn the Bihar State Governments "stepmotherly attitude" to the H.E.C. as due to provincial antagonism may be an oversimplification. In Rourkela, this correspondent had found that there was validity in the State Government's complaint against some former general managers on their dubious role in dealing with labour. It is almost an accepted practice that public-sector general managers encourage I.N.T.U.C. unions in preference to unions organised by others. When the rivalry was between the I.N.T.U.C. and the Communists it was a simpler problem. But at present the problem is often one between several unions, all of which may claim to be I.N.T.U.C.-flavoured.

The Mukerji report says: "Public-sector undertakings, though commercial in their appearance, are in essence national in their content. I am of the opinion that labour-management relationship in such undertakings need a different approach and outlook and these relationships should not be patterned within the framework of the existing laws. It is difficult to imagine that the National Government, sponsoring a national undertaking which is to subserve national needs, would resort to exploitation." Not many outside the Central Government set-up will be able to agree with these premises. The Central Government's undertakings do not add up to a *Ram Rajya* concept. The public-sector administrators' day-to-day treatment of subordinates in industrial undertakings smacks of the old *burrasaheb's* attitude to the *chaprasi*. To accept the thesis that it is only the Government (and sub-therorising that it is only the Central Government) which represents national interests is the beginning of the acceptance of totalitarian attitudes. Natural interests are not synomymous with interests pursued in public-sector undertakings by the numerous Nagaraja Raos and Sandilyas.

Talks On Steel

The Bokaro steel plant, which was originally to contribute one million tonne steel ingot capacity by the end of the current Five-year Plan in 1966, will now be further delayed and construction work can probably be started only in 1966. The original search for American Government aid for the fourth public-sector steel plant contributed to the initial delay of two years or more and there was a gap of eight months before the rejection of the Kennedy proposal for assistance and the announcement on 1st May of the Soviet offer to underwrite the Bokaro project's first stage. In the five months until the end of September the discussions between the Russians and the Indians were disturbed by some hard feelings among some sections of Indian opinion—officials and non-official experts—about the role Indian technicians should be assigned in designing and implementing the Bokaro project. Dastur and Company had prepared what was described by the Indian firm's admirers as a thorough project report on the Bokaro scheme. But the Russians never made any promise of accepting the Dastur report as the basis for the project they would help build.

As the discussions with the Russians dealt with greater detail, the position of Dastur and Company has become worse. The Russians now have made it clear that it will not be enough to polish up the Dastur report but it will be necessary to "rewrite" it—or rather make an almost new project report for the Bokaro plant. This was inevitable partly because the Dastur report was based largely on American equipment. The Russians also want to introduce some sophisticated methods they have experimented with back home in the recent past. According to the Steel Minister Mr. Sanjeeva Reddy, the Russian may be able to present their final project report by July 1965. The concept of having a first stage of one and a million tonnes of ingot is also likely to undergo a change. The Russian report is now expected to envisage a first stage of two million tonnes ingot. Also, as in the Dastur report, the Soviet report will have to plan for some facilities at the plant site for the further expansion of the Bokaro plant to four and six million tonnes ingot capacity. Some of these facilities may have to be laid even in the first stage. (See also Delhi Letters in *Commerce* dated 29th August 1964 and 9th May 1964.)

The Finance Minister, Mr. T. T. Krishnamachari, who headed the Steel Ministry when it was first formed while the first public-sector ventures in steel were being launched, was an early sponsor of Dastur and Company. But in recent years the biggest patron of Dastur and Company was Mr. C. Subramaniam when he was in the Steel Ministry, and the hostility between Mr. Krishnamachari and the consultants' firm is public knowledge. As a member of the Indian team to visit China to study the Chinese steel industry, Mr.

(Continued on page 671)

THOUGHTS ON HOME EXPENDITURE

By Questor

LONDON, *2nd October*

I WAS interested the other day to see the report of a speech which Senator Goldwater had just delivered in Dallas. "There is no surer way," he said, "to condemn this nation to the status of a second-rate power, incapable of exerting influence in the world at large, than to fritter away taxable capacity in do-gooder schemes that waste our substance."

Senator Goldwater was talking about wasteful Government expenditure at home: discussion is gradually beginning to centre in Britain on wasteful expenditure abroad. We are running a large payments deficit at present. A deficit was expected for 1964 since imports always rise sharply at the beginning of an upswing in business. The half-year deficit was swollen by special factors and amounted to nearly $1 billion; the deficit for the year as a whole is generally expected to reach $1.5-1.8 billion — small by American standards, but extremely large by ours. The Government is claiming, not unnaturally since we are in the middle of an election campaign, that this was all anticipated, that we can draw on our reserves and lines of international credit until exports begin rising strongly enough to bridge the gap, and that no special measures are called for. Other people are wondering whether borrowing alone will be enough. Deflation is uncalled for, since the economy is not obviously overstretched. Export incentives are forbidden by G.A.T.T.; import controls, in the form allowed by G.A.T.T., are cumbrous and slow-acting and would in any case protect industry which plainly needs more competition; the promised anti-trust legislation will take a long time to produce its full beneficial effect. What, then, is to be done about the immediate deficit if exports fail to rise as quickly and as sharply as the Government hopes? Whether or not Britain is incapable of exerting influence, nobody is going to accumulate sterling involuntarily for so long or on so large a scale as they have been forced to accumulate dollars.

The half-year analysis of Britain's balance of foreign payments does, however, suggest one possibility. The Government is a generous spender of foreign exchange—$625 million on current account in the first half of 1964, and another $135 million on capital account in the form of loans of one kind and another. If that expenditure had not taken place—and if one ignores a quite exceptional outlay by Royal Dutch-Shell of $170 million to acquire a half-share in the Montecatini petrochemicals business—Britain's foreign payments would not have been in exceptionally large deficit but almost in balance. If economies are to be made quickly, this seems the obvious area for investigation.

People have been talking about cuts in Government foreign expenditure for some time past, particularly on occasions when the balance of payments is strained. When one looks at the figures, however, it is clear that there has been more talking than doing: on current account, for example, the Government's net outgoings rose by two-thirds between 1959 and 1963 and have risen sharply further this year. Without these 1959-63 expenditures, it can be calculated, Britain's gold reserve would be four times as large as it is at present; we would have been able to take a more forceful line in the debate about international monetary reform, and our own economic growth would not have been stunted by recurrent exchange crises and calls for domestic retrenchment.

What does the money go on? Some—rather less than 10 per cent—goes on diplomatic and administrative services. A quarter goes on economic and other grants. The rest goes on military expenditure, the bulk of it on maintaining a string of British bases around the globe and carrying out police action in former colonies—like Tanganyika, Cyprus and Malaya—for which we still feel a responsibility. Our deficit, like America's is partly due to a sense of political obligation. But when even the U.S. is being forced to trim its overseas expenditure to suit its ability, Britain must follow. The attempt to negotiate with Germany an arrangement for offsetting the foreign exchange burden of keeping British troops there has not been altogether successful, and there is little reason to suppose that negotiations with Aden or Hong Kong could produce better results. There will be strong pressure on the next Government, whatever its colour, to concentrate its military expenditure at home and to abandon exercises which strain Britain's balance of foreign payments.

WORLD BANK MISSION TO BRAZIL

The World Bank has sent a mission to Brazil, at the request of the Government, to review and appraise current economic conditions and future prospects, and study the Government's economic development programme and policies. The mission is headed by Mr. Barend A. de Vires, Economic Adviser of the Bank's Department of Operations, Western Hemisphere. It consists of twenty members from nine different member countries of the Bank and includes economists and advisers on agriculture, industry, transport, tele-communications, electric power and education. The United Nations Food and Agriculture Organisation and the U.N.E.S.C.O. are co-operating with the Bank in this mission by providing advisers in agriculture and education. Of the twenty mission members, twelve are from the Bank's staff.

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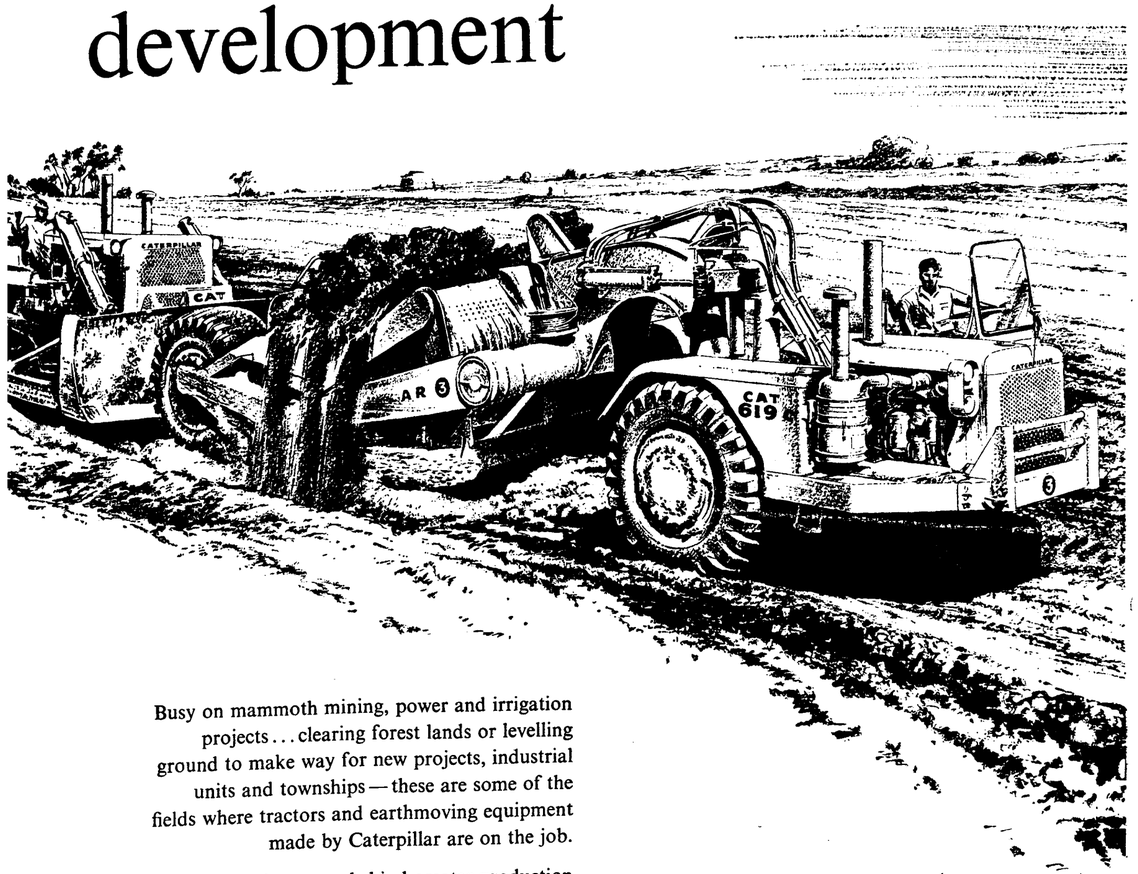

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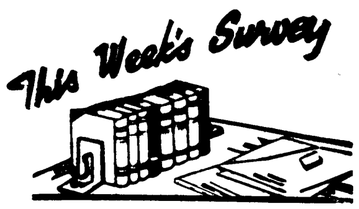

MANPOWER PLANNING

THE Seminar on Employment Information and Manpower Utilisation, held under the joint auspices of the Employers' Federation of India, Bombay, and the All-India Organisation of Industrial Employers at New Delhi early this week, has highlighted the contradictory situation where, on the one hand, there is a large number of unemployed people and, on the other, there is a shortage of personnel of the right type—technical and managerial—who are in great demand in industries and other enterprises and Government Departments. Hence the appropriateness of the subjects discussed at the Seminar, namely, manpower planning in industry, forecasts of demand and supply of technical manpower for the fourth Plan, and increasing the utility of the Employment Information Programme of the Directorate-General of Employment and Training. These interrelated subjects have come in for expert treatment in the context of the need for better integration of manpower planning with planning for various sectors.

Such integrated manpower planning has not been much in evidence so far. Mr. D. Sanjivayya, Union Minister for Labour and Employment, has, therefore, pinpointed this anomaly in his inaugural speech at the Seminar.

"In all our Plans, we are constantly thinking in terms of resources. We also talk in terms of physical and financial plans; but experience has shown that we worry much more about the financial aspects. Then come material inputs. And the manpower and organisational abilities have been made to play a somewhat subordinate role.... We do not sufficiently realise that the accumulation of high-level manpower should proceed at a rate faster than the national income. In a recent publication, two American professors, who have made an exhaustive study of this subject in about 40 countries of the world—mostly developing countries—have established that the rate of growth in high-level manpower should be about double the rate of growth of national income. In countries like ours, where we have been emphasising development through machine building, the rate of increase should be even higher. But what is established by the American professors, should be the minimum we should aim at."

The accent here is rightly on the training of technical manpower, for such manpower is *crucial* to development in several other sectors and thereby to the creation of wider employment opportunities. There are already 12 million unemployed and there will be 23 million newcomers in the labour market over the fourth Plan period. If the supply of trained personnel is not sufficient, it is bound to have an adverse effect on the country's development capacity and retard efforts in the creation of new non-technical jobs. Hence the need for gearing manpower planning to the goals of development and fuller employment.

But, if manpower planning is to be successful, there should be considerable improvement —in size and accuracy alike—of labour and employment statistics. The estimates available presently are largely guesswork based at best on semi-scientific methods. There is thus a compelling need to undertake continuous and scientific studies of the size and distribution of labour force and the volume of present productive employment and that likely to be available in future. The Directorate-General of Employment and Training, which started the Employment Market Information Survey about nine years back, collects the information regarding employment in public and private sectors, with special emphasis on the creation of new jobs and the categories of personnel in short supply. Mr. Sanjivayya and Dr. V. K. R. V. Rao, member of the Planning Commission, have both asked the employers for prompt rendering of the information on a fuller and more adequate basis, so that quicker analysis may be possible and the data made more scientific and meaningful to serve as a firm base for manpower planning. Dr. Rao has also stressed the need for creating a cell in each of the public and private sector undertakings to make forecasts of the requirements of additional personnel, and appealed to the employers to lend their support for the successful implementation of the training programmes. It may be useful to quote, in this connection, from the speech of Mr. Naval H. Tata, President of the Employers' Federation of India, at the Seminar:

"In a controlled economy, employers in the private sector are not unfettered to give a free play to their imagination in an endeavour to evolve radical plans for creating faster employment potential at their risk and responsibility by accelerating the tempo of industrial expansion. Under the existing conditions, it is impossible to forecast the degree of possible expansion of employment in one's own establishment."

Though regulatory measures are to some extent unavoidable in a planned economy, still it may be good to avoid controls, as far as possible, in the interests of manpower planning and economic development. As regards the training of technical personnel, there is, of course, a great need for adding to the already existing training facilities. But it must also be stressed that, unless the glamour for white collar clerical and administrative jobs is eliminated, optimum utilisation of these facilities may not be possible. It is, therefore, of particular importance that a certain vocational bias be imparted to the educational programmes in this country. The Union Education Commission that has just begun to function, may be expected to recommend suitable measures in this regard.

LAND ACQUISITION

No State Government has authority to acquire land for housing schemes under an amending Act in derogation of powers of the former Act. This, in essence, is the verdict of the Supreme Court, the highest dispenser of justice in India. On Monday the 5th instant, the Supreme Court declared as void two important State Acts, namely, the Land Acquisition (Bombay Amendment) Act of 1948 and the Land Acquisition (Madras Amendment) Act of 1961.

In giving its judgment on the Bombay Act, the Supreme Court no doubt shared the opinion of the High Court that the expression "compensation" in Section 299 of the Government of India Act 1935 should be given a meaning more restricted than that given by the Supreme Court (in earlier decisions) to the said expression in Article 31(2) of the Constitution. It, however, struck down the amending Act as void on the ground that "the legislature made it in contravention of the express provisions of Section 299 of the Government of India Act, 1935. It was a still-born law." Since the amending Act was void from its inception, the Court held, Article 31A of the Constitution could not save it.

The Supreme Court's judgment on the Madras Act is with reference to the dispute between the parties whose lands had been acquired under the Act and the Madras Government. The appellants had contended that the Government had no power to acquire land for housing schemes under the amending Act in derogation of the powers of the former Act and that the acquisition, though it purported to be for a housing scheme, was really intended for selling the lands acquired and raising revenue for the State. It was, therefore, "colourable exercise" of the State's powers. Opposing this contention, the counsel for the State argued that the Government, in its discretion, had the power to acquire land for housing purposes under any one of the three Acts, namely, the Housing Board Act, the Town Planning Act and the amending Act. Delivering the judgment, the Supreme Court upheld the viewpoint of the appellants. Its observations (Press version) are as follows:

"The amending Act in its comprehensive phraseology takes in acquisition for any housing scheme, whether for slum clearance or for creating modern suburbs or for any other public purpose. The provisions of the amending Act are not confined to any agrarian reform and, therefore, do not attract Article 31A of the Constitution. If the compensation is illusory or if the principles prescribed are irrelevant to the value of the property at or about the time of its acquisition, it can be said that the legislature committed a fraud on power and, therefore, the law is bad. If the acquisition pertains to the adequacy of compensation, it is not justiciable; if the compensation is fixed, or the principles evolved for fixing it disclose that the legislature made the law a fraud of powers, the question is within the jurisdiction of the Court. We, therefore, hold that discrimination is writ large on the amending Act and it cannot be sustained on the principles of reasonable classification."

Here are two pieces of wise judgment given by the Supreme Court which provide much food for thought. The State Governments will do well to ponder over them and take a fresh look at the issue pertaining to land acquisition. No one will question any Government's right to acquire lands for *legitimate* public purposes (we have specially italicised the word "legitimate,") provided (*a*) such acquisition does not infringe the property rights vested in individuals by the Constitution and (*b*) the Governments pay due compensation (based on market value as distinct from original value) to the owners of lands so acquired.

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PUNJAB AND DELHI CHAMBER ON MONOPOLIES

The latest addition to the list of memoranda submitted to the Monopolies Commission on its terms of reference is the memorandum of the Punjab and Delhi Chamber of Commerce. At the outset the memorandum points out that the concepts of monopoly, restrictive trade practices and concentration of economic power have sprouted from economies where Governments adopted *laissez faire*. In India, however, a social and democratic structure was adopted and from the beginning itself restrictions were put against possible concentration of wealth and economic power. In the opinion of the Chamber, the Commission would have to examine the existence of monopoly conditions, if at all, in the case of essential commodities only because the study of non-essential goods would not only be futile but would also give rise to confused thinking. As the size of Indian industrial units is very small, as compared with their counterparts in the industrially developed countries of the world (the biggest company in India does not figure among the first 450 companies of the world) and as no single producer of any commodity in this country controls so great a part of production or sales as to affect the price of that commodity, the Chamber concludes that there do not exist any monopolies, concentration of economic power and restrictive practices.

The Chamber has urged the Commission to recognise the fact that a minimum size of operation is necessary in almost all fields of production for achieving maximum efficiency and for reducing the unit cost of production and also to strike a balance between undue concentration of productive capacity or distribution rights in a few hands and the bare minimum size of operation required for an economic and viable unit. The people of this country would be better served by production and supply of cheaper goods even though such production is arranged by a few people rather than by spreading out the productive capacity over a large number of uneconomic or constantly marginal-size units and paying more for the finished products. Referring to the role the private sector has played in the planned progress of the country, the Chamber says that this sector has received valuable and effective assistance from foreign collaborations and that Indian entrepreneurs should continue to offer industrial opportunities to the foreign collaborators. It is essential, therefore, that the efficient business houses which have already achieved considerable success in attracting foreign capital to the country, should not be disturbed either in their collaboration programmes or scale of operations.

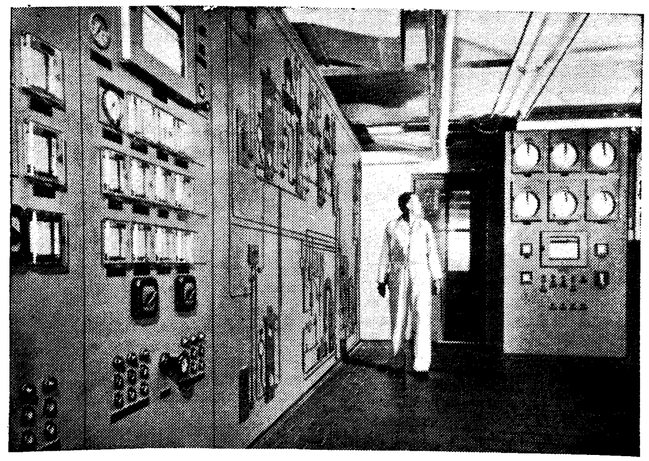
Another point that emerges from the Chamber's memorandum is that already there are several regulations which check the growth of monopolistic conditions. The Government, it is well known, has acquired vast and far-reaching power of control for regulating the economy. The controls imposed under these powers have, however, placed undue fetters on reasonable and justifiable expansion. The Chamber has, therefore, suggested to the Commission that, in any steps the Commission might recommend, further control of industrial activity should be avoided. The Chamber here presumes that the Commission would come to the conclusion that there are no monopolies in this country and suggests that it should thereafter clarify the position in clear terms so as to remove all suspicion in the public mind about the so-called monopolies. The Chamber has given, in this connection, a concrete suggestion to the effect that the Commission should consider the setting up of a permanent machinery which could take care of individual enquiries from time to time. Such an agency, however, should restrict its work to analysis and examination of the situation without acquiring executive powers to exercise control over economic activity. The findings of this agency should be processed by the appropriate authorities from time to time. The Chamber has done well to go a step further and suggest that, even though the terms of reference of the Commission have specifically excluded the public undertakings, the proposed machinery should not differentiate between private-sector and public-sector monopolies, as the objective is to curb and regulate undesirable tendencies which flow from monopolies irrespective of where they exist.

BENAMI LIFE INSURANCE POLICIES

Representatives of sixty Life Insurance Agents' Associations from all over India, who met at Bombay from 30th September to 3rd October 1964 in a Convention, decided to federate their associations as an all-India body for effective representation of their interests. The Convention, which formed this body (Life Insurance Agents' Federation of India), has also approved a charter of demands for presentation to the Life Insurance Corporation. The most important of these demands relate to the abolition of *benami* agencies.

The practice of *benami* agencies, incidentally, dates back to the days when life insurance was handled by private companies. It will be recalled that Mr. Asoka Mehta, while speaking in the Lok Sabha during the debate on nationalisation of life insurance in 1956, gave an indication of the extent of this undesirable practice. He said then: "Forty per cent of the licences of insurance agents are not renewed, and if an enquiry had been made—I do not know why an enquiry of this kind was not made—it would have been found that 80 per cent of those who have licences were also *benami*. As the Finance Minister pointed out, we are experts in *benami* transactions. It is interesting to find that, out of 119,000 licences issued in 1954, as many as 38,409 or 32.2 per cent were issued to women. I did not know that our women had begun to occupy 32.2 per cent of our professional life. This only shows to what extent it is *benami*. I do not know who are the men hiding behind the skirts. I wish an enquiry had been made before nationalisation. We would have perhaps discovered some of the persons occupying positions in official life who have been hiding behind the skirts." The Estimates Committee 1960-61, which also considered the prevalence of *benami* agencies, suggested in its report that the L.I.C. should take effective steps to eliminate *benami* agents. There is nothing to suggest that the number of such agents has gone down since. If anything, it might well have increased considerably. As the persons occupying positions in official life, "who have been hiding behind the skirts," virtually extort insurance business from otherwise unwilling parties, many of the relevant policies lapse after some time. It is indeed revealing that the lapse ratio has risen from 5.1 per cent in 1958 to 8.1 per cent in 1962-63. Thus, a large amount of money and labour is wasted every year. It would be even more revealing to find out, if possible, the proportion of lapsed policies under *benami* agencies.

As pointed out in the presidential address to the Convention, life insurance is a difficult commodity to sell because it is so intangible. There is, therefore, great need for the right type of people to sell it. In advanced countries like the U.S.A. and West Germany, for instance, agents occupy an important place in insurance business. Unless the life insurance agents in this country are tranformed into an enlightened and dynamic force, it will be difficult to achieve a faster rate of growth in life insurance business. The Convention has, therefore, rightly urged the appointment of screening committees to weed out *benami* agents and to select the right type of people as agents who may be given proper incentives and also intensive training in insurance business. Though the Insurance Act of 1938 contemplated a qualifying test before granting an agency licence, the provision has remained a dead letter. It is high time the Government and the L.I.C. took effective steps in this direction, in the interests not only of genuine and hard-working agents but of the Life Insurance Corporation itself.



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AMERICAN LETTER

FOREIGN PRIVATE CAPITAL IN DEVELOPING COUNTRIES

BENEFITS AND COSTS DISCUSSED

By N. Pattabhi Raman

NEW YORK, 3rd October

"WHEN empires cannot enter by the front door, they try by the side and back doors." So said V. K. Krishna Menon recently, articulating his opposition to the Indian Government's efforts to stimulate a larger and more rapid inflow of foreign private investments. This statement was reported in the *New York Times* here. And last week, William E. Knox, Chairman of the Westinghouse Electric International Company and President of the Far East-America Council of Commerce and Industry, cited it in a speech in which he called for the effective demolition of "psychological barriers on both sides" so that "partnership" between the U.S. and the nations of Asia might thrive.

Knox criticised the tendency of the boards of many American corporations, not as fully conversant with overseas business developments as officers of their international departments or divisions, to equate "socialism" with totalitarianism and thus be frightened by *the* "socialism" of many less-developed countries regardless of its specific meaning and content. But he also rejected as unfounded *today* the apprehension felt in the newly emergent countries that foreign capitalism is a forerunner of imperialism. "Does the history of American enterprise abroad justify such a charge?" he asked.

Basically Right

Knox, one must admit, is basically right. Particularly, a big country like India, with a Government that has stood its ground through many years of stresses and strains, need not have any fear of being "annexed" by overseas trading and capital interests. One suspects that all this talk of being swamped by empire-building foreign business interests is due *less* to an understandable hangover from the age of colonialism than to an *idee fixee* rooted in Marxism and a self-serving political interest.

It will be foolish for a person to shut himself in completely, closing all the windows and doors, because the draught from outside might give a cold or worse. He may not catch pneumonia, but he could die of suffocation!

All this is not to deny the need for policy to be based on a careful examination of the advantages as well as the costs of importing private capital. On the contrary, the purpose of this introduction is to invite the readers' attention to an excellent discussion of the subject. The discussion is to be found in a recent book, *Leading Issues in Development Economics*, a selection of writings on development problems, edited with commentary by Gerald M. Meier, Professor of International Economics at the Stanford University in California. (Published by Oxford University Press, New York, 1964).

In a note on "The Contribution of Private Foreign Capital," Professor Meier correctly states that "the essence of the case for encouraging an inflow of capital is that the increase in real income resulting from the act of investment is greater than the resultant increase in the income of the investor." In other words, from the host nation's point of view, the investment is justified "if the value added to output by the foreign capital is greater than the amount appropriated by the investor, [if] the social returns exceed private returns."

Benefits of Foreign Investment

Foreign investments provide capital and foreign exchange, which are generally in short supply in the less-developed countries. Analysing the confribution of foreign investments in greater detail, Professor Meier lists the following additional benefits as likely to accrue to the host country:

1. *An increase in real wages.* Foreign investments in a less developed, dualistic economy may help to transfer labour from the rural areas marked by unemployment, underemployment and low real wages to the industrial sector where wages are higher. "The international flow of capital can thus be interpreted as an alternative to labour migration from the poor country: when outlets for the emigration of labour are restricted, the substitution of domestic migration of labour into the advanced sector becomes the most feasible solution." By assisting the transfer of resources into areas of more productive employment, foreign investments contribute to the process of integrated development.

2. *Benefit to domestic consumers.* This may result when foreign investments lead either to cost reduction by helping to raise productivity, or to better quality through product improvement and innovation.

3. *Higher tax revenues.* In many countries, Governments earn substantial revenues from taxes on the profits and royalties accruing to foreign investors. Such revenues create a basis for social benefit, even if the entire increase in productivity of enterprises in which foreign investors have interest accrues to them as profits.

4. *Benefit from external economies.* Direct foreign investments bring with them managerial ability, administrative organisation, technological knowledge, technical personnel, and innovations in products and production techniques. The supply of these crucial non-capital factors is indeed inadequate in the less-developed countries. The "demonstration effect" must be considered. "New techniques accompany the inflow of private capital, and by the example they set, foreign firms promote the diffusion of technological advance in the economy. This benefit is highly important in a developing country, for while domestic enterprises might not be adept in the practice of innovating, they may make up for this deficiency by imitating the advanced techniques that are being demonstrated by foreign firms. In addition, foreign investment may lead to the training of labour in new skills, and the knowledge gained by these workers can be transmitted to other members of the labour force, or these workers might be employed later by local firms."

(I would add a qualification to this statement, for even *imitation* requires initiative. If a domestic investor enters into a joint venture with a foreign firm only to cash in on its reputation and skill and makes no effort to acquire the managerial and technical know-how coming from abroad, this benefit would be minimal.)

5. *Stimulus to domestic investment.* This stimulus is provided not only because the participation of reputable foreign corporations in a local enterprise usually strengthens the capital market, but also because it helps to create new markets and other conditions which facilitate more investment. It might help break bottlenecks, and thus reduce costs, raise profits and stimulate expansion. If other industries use the product of the foreign investor's enterprise, the product's lower price would benefit them. This "ripple effect" might help stimulate demand too. For instance, foreign investment in the automobile industry can generate or increase profits in the steel and other industries that are its suppliers, in industries that produce complementary products, and in industries that produce goods bought by the factor-owners who now have higher real incomes. "A whole series of domestic investments may thus be linked to the foreign investment."

Costs to Host Country

Professor Meier also discusses the costs of foreign investment to the host country. The likely costs are:

1. *Costs of facilities.* The host Government may have to spend a part of its revenues in establishing special facilities or offering subsidies, etc., in order to attract foreign investments. "These have a cost in absorbing governmental resources that could be used elsewhere." These costs may be worthwhile, but they could be "considerable" if the host country, in competing for global capital with other capital importing countries, resorts to "over-encouraging."

2. *Effects on terms of trade.* "Foreign investments might also affect the recipient country's commodity terms of trade through structural changes associated with the pattern of development that results from the capital inflow. ... It is unlikely, however, that private foreign investment would cause any substantial deterioration in the terms of trade."

3. *Pressure on balance of payments.* This can arise when a net outflow of capital necessitates a reallocation of resources through controls, external and internal, or leads to currency depreciation. Such measures of adjustment have adverse effects which must be set down as the indirect costs of foreign investment, in addition to the direct costs denoted by foreign payments. "To avoid, or at least minimise, these indirect costs, the role of private foreign investment must be related to the debt servicing capacity of the host country."

The point that Professor Meier makes is that, within the context of a development programme and with a careful appraisal of the benefits and costs of foreign investment, policies may be devised to secure a greater contribution from the inflow of foreign private capital. Criticism of foreign capital could thus be more useful and relevant if it is directed at developng such policies.

Private foreign investment is only one of the topics covered in "Leading Issues in Development Economics." Other topics of interest and importance include: (1) Rostow's analysis of the stages of growth; (2) problems of capital accumulation; (3) impact of inflation on development; (4) the relative emphasis to be given to agriculture and industrialisation in the process of development; (5) the influence of international trade on development; and (6) techniques of development planning. The selections reflect different and sometimes opposite viewpoints. Professor Meier himself ties the various pieces together with his commentary. His "Note" on foreign private investment is but a splendid example. This is a book that can be heartily recommended.

ANNOUNCEMENT

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ISSUES BEFORE I.A.T.A. CONFERENCE

NEED FOR WIDER CHOICE IN AIR TRANSPORT

By Our Aviation Correspondent

EVERY year, at this season, the International Air Transport Association (I.A.T.A.) stages, in one national capital or another, its annual general meeting and its annual conference on fares and rates. These are important aeronautical occasions which seldom pass, moreover, without a hitch or crisis of one sort or another in the Association's affairs. This year, for instance, at Bogota, certain controversial proposals by the Executive Committee set the meeting by the ears. Last year, inability to reach agreement on North Atlantic fares caused quite a crisis—and this year's conference at Athens may be equally as difficult.

Why, it may be asked, all the embranglement? The principal reason, probably, is the size of the Association itself and the fact that national Governments are involved in its decisions. I.A.T.A. member airlines now number in excess of ninety under no less than 72 national flags. They vary widely, moreover, in their resources, their equipment, and, of even greater significance, perhaps, in their objectives. There are large private enterprise carriers, such as Pan American and T.W.A., large State corporations such as B.O.A.C. and Air France, and smaller, though important airlines, such as Air India, Swissair, El Al and Finnair.

In all these cases, and, indeed, in a majority of cases, whatever special national interests may be involved, the principal objective is to operate air transport for profit. On the other hand, there are a number of small carriers whose sole *raison d'etre*, it seems, is the promotion of national prestige. Some of these are so tied to national apron-strings that they even endeavour to bring politics to I.A.T.A. meetings. In such a mixed assembly, it would be strange indeed were no conflict of interests to arise. To add to I.A.T.A.'s difficulties, all decisions concerning fares and rates have to be unanimous. It is a wonder, perhaps, that agreement is reached at all.

Now, while, over the years, more and more airlines have ranked themselves under the I.A.T.A. banner, the number of carriers outside the Association has also been growing. By and large, these latter carriers stake their existence on their ability to offer transportation at cheaper rates than those of I.A.T.A. Some of them, incidentally, are subsidiaries of I.A.T.A. member airlines. B.O.A.C., for instance, has a number of such subsidiaries. In their particular case, of course, competition with I.A.T.A. is strictly controlled and limited. The remainder, however, fend for themselves in a hard and competitive world. The operation of Atlantic charters is where they probably hit I.A.T.A. the hardest.

Group Fares

It is to combat this kind of competition that many of I.A.T.A. special fares and rates are devised. 'Group' fares is one such stratagem. These are special fares which enable I.A.T.A. airlines to carry a 'group' of passengers at rates more or less comparable to those of non-I.A.T.A. charter operators. The rules, however, are strict. The 'group' has to be composed entirely of *bona fide* members of a club or some similar organisation—and *bona fide*, in this context, is taken to mean membership of at least six months' standing. Travel associations, incidentally, are barred.

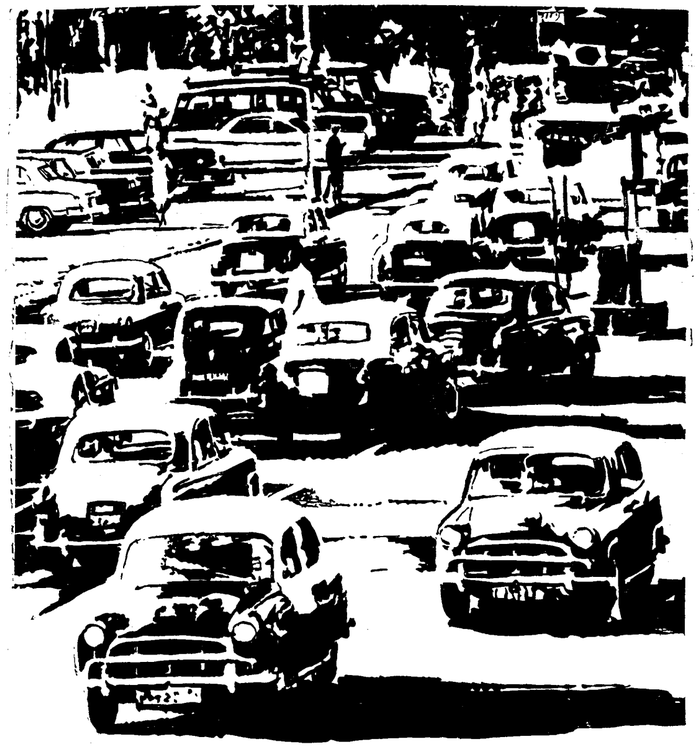
So much for the rules. In practice, no doubt, these, consciously or unconsciously, are sometimes evaded. A rather interesting case of this nature arose quite recently. B.O.A.C made a 'group' booking for 86 passengers, members of a British club called the Midland Dahlia Society. The Society failed to make up the requisite number and advertised a seat in a newspaper—a proceeding which the rules do not permit. The advertisement was seen, and answered, by a secret committee of eight foreign airlines in the U.K. whose collective objective it is to see that I.A.T.A. rules are not infringed. Subsequently—but at a very late hour—B.O.A.C. were informed that a non-member of the Dahlia Society had been booked on the flight. They had then to cancel the charter or risk a fine of £8,000. They cancelled the charter to the great inconvenience of 85 genuine members of the Dahlia Society.

One mentions this incident because it clearly demonstrates the lengths to which I.A.T.A. will go—and, possibly, has to go—to enforce agreed fares, rates and practices, on its own members. Indeed, apart from the snooping of one airline on another, the Association, one understands, employs quite a number of detectives whose duty it is to uncover any evasion of I.A.T.A. rules by members or travel agents. Otherwise, it seems, there might be large-scale undermining of agreed fares and rates. From whatever angle you view it, this is rather a curious state of affairs and one has sometimes to wonder why the Association does not simply split apart at the seams!

In the dim, dark, distant past, long before man inhabited this planet, enormous creatures roamed the swamps and forests. Such a one was the dinosaur, a fierce, four-legged beast of immense proportions. Formidable though it was, however, it failed to survive. Preyed upon by equally fierce but smaller and more active creatures, the species became extinct. Is this, one sometimes wonders, an object lesson for I.A.T.A.? Has the Association, with the handicap which its own voting system imposes upon it, become unwieldy and vulnerable?

If non-I.A.T.A. carriers can undercut I.A.T.A. rates and, in the process, not only survive but thrive, is it unreasonable to suggest that, in some instances at least, I.A.T.A. fares are unnecessarily high? One is well aware of the argument—always trotted out when this question is mooted—that the scheduled carrier is bound to operate at a higher cost. There is something in that, of course—but not nearly so much as the scheduled carriers would have us suppose. The fact is, one suggests, that the more efficient I.A.T.A. airlines could operate—and, in many cases, would like to operate—at reduced fares. Last year's fares and rates conference at Salzburg clearly established that fact. The principal reason that I.A.T.A. fares remain at a comparatively high level is, one suggests, that these have to be tuned to the ability, the equipment, and the objectives, of less efficient members.

The public is uninterested in whether an airline is, or is not, an I.A.T.A. member—the great majority have never heard of I.A.T.A., anyway. The public, however, is interested in safe, reasonably comfortable travel at the lowest possible price. Eventually, as air transport becomes a more normal part of the transport spectrum and less the spoilt and pampered child of national Governments, the law of supply and demand is bound to make itself felt. The public will want a wider choice and, *ipso facto*, a greater degree of price competition than exists today. I.A.T.A., one suggests, will have to move with the times—or, like the dinosaur, because extinct.



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BRANCH EXPANSION BY BANKS

POLICIES AND PROGRAMMES

THE number of scheduled bank offices increased by 399 to 5,032 during the calendar year 1963, representing an all-time record growth, surpassing the previous best of 340 offices attained in 1959. This acceleration in the pace of branch expansion was the result of the opening of a larger number (347) of new offices and the taking over of a substantial number (68) of offices of non-scheduled banks on amalgamations, mergers, etc.; only 16 offices were closed. During the first half of 1964, again, 220 new offices were opened or taken over, while 30 offices were closed, with the result that total number of scheduled bank offices at the end of June 1964 was 5,222, which, together with the 448 offices of non-scheduled banks, gives a grand total of 5,670 offices of commercial banks.

Since 1954, commercial banks (that is the scheduled and non-scheduled banks) have together opened almost 2,550 new offices upto the end of June 1964, or an average of about 240 offices per year. The time, effort and expense involved in conceiving, exploring, planning and opening new branches at the rate of 20 per month over a period of one decade is not correctly reflected in the net increase of 1,649 offices, for against the continuing progress of scheduled banks must be set the 903 offices closed by non-scheduled banks. The fall in the number of non-scheduled bank offices, on the one hand, represents the desire of the Reserve Bank of India to strengthen the banking system by eliminating unsound units and to regulate the branch network in such a manner as to assist the sound development of the banking system, and reflects, on the other, the inability of the small, uneconomic local banks to face the future with confidence and hope. In fact, the steady fall in the number and offices of non-scheduled banks over the period has been the result of the Reserve Bank's refusal to issue licences for voluntary or compulsory liquidations, conversions into non-banking companies, a large number of amalgamations, take-overs, and mergers with the larger or medium-sized scheduled banks. Even some of the smaller scheduled banks have been able to strengthen their resources position and extend the geographical coverage of their branch network by taking over a number of local non-scheduled banks.

Banking Companies Act

The Reserve Bank's interest in branch expansion policies of commercial banks is as old as the Bank itself. Proposals for obtaining the power to regulate the opening and closing of bank branches through a system of licensing were first made by the Bank in 1940, but, in view of the abnormal conditions created by the war, no action was taken by the Government. A comprehensive legislation on banking had, again, to wait till 1949, on account of changing political structure and differences of opinion between the bankers and the Reserve Bank, the Reserve Bank and the Government, and among the authorities themselves. In the meantime, however, under the impetus of war and post-war boom, the branch expansion programmes of banks displayed several undesirable characteristics, such as undue concentration of banking offices in the larger cities and towns, a mushroom expansion by several small banks involving capitalised expenditure on premises, furniture and furnishing beyond their capacity and resources, and payment of high rates of interest on deposits in order to snatch them away from other banks. In 1946, therefore, the Banking Companies (Restriction of Branches) Act was passed, ahead of the main banking law, with which its provisions were later merged.

The main objects of the licensing regulations have been to ensure continuance and growth only of sound banking companies and to discourage indiscriminate flotations and expansion. Economic changes over the decade have been many and varied, but the object of branch licensing policy continues to be to regulate the opening of new offices of banks in such a manner as to assist the sound development of the banking system and at the same time to enable it to meet the growing requirements of the economy.

Under the Banking Companies Act, the Reserve Bank was required to satisfy itself on several matters before granting permission to open a branch. The most important consideration was, of course, to determine whether *public interest* would be served by opening such a branch. Public interest is no doubt a very elusive and indeterminate concept, but it could be reduced to exact specifications as far as branch expansion was concerned. With the inside knowledge of the working of banks, it would be quite easy for the Reserve Bank whether the number of branches at a particular centre was fully able to tap the deposit potential of that place and whether the banking facilities already existing were adequate. The existing economic, industrial or agricultural development and future potential were also required to be surveyed in order to determine the prospects of earning a profit through banking business in particular area. Prospects of profit and public interest conflict with each other to a certain extent, but both concepts have to be given broad and liberal interpretations. Prospects of profits do not mean immediate prospects, for it may be quite possible that the existence of a bank may itself encourage the development of the area and make the prospects brighter over a quinquennium or so, thus making the public interest identical with prospects of profits.

These two are the general considerations applicable to any bank that wants to open a branch. There are three other specific aspects of a branch expansion proposal relating to a particular bank into which the Reserve Bank must go. They are (*a*) the financial condition and history of the bank, (b) the general character and ability of its management, and (c) the adequacy of its capital structure.

There has been some criticism of the failure of the Reserve Bank to enforce the letter and to observe the spirit of these provisions. The Reserve Bank's assessments of public interest and prospects of profit have been uncertain and casual; the link between the capital funds and the territorial range of operations of a bank is of a minimal character; and no one knows the manner in which the history and management of bank's were appraised. By its own admission, the Reserve Bank found, at the end of a decade of the administration of the Banking Companies Act, that there were 1,400 unbanked towns, that there was duplication of banking facilities in heavily concentrated urban areas, and that their capital funds were inadequate in relation to the vast increase in the resources of banks as a result of branch expansion.

The Bank interpreted its functions strictly as regulatory, and did not take any initiative in suggesting or forcing a bank to open a branch at a particular place. All that it did was to say yes to a proposal or to decline it. And then, all of a sudden, it woke up to the realisation that, while the *pace* of branch expansion since 1954 was generally satisfying, there had not been enough penetration into rural and semi-urban areas where there might be as large a deposit potential as there was the need for credit.

Banks' Difficulties

The banks have their own difficulties in opening new branches: the time, labour and expense involved in exploring and planning new branches is only the beginning of the process. Premises have to be acquired and whatever is available at a heavy cost may not be suitable from the point of location or security. Staff has to be recruited and trained or transferred to new offices. The Bank Awards and the Shops and Establishment Acts limit the discretion of banks in the matter of staff and business hours. When the number of branches at distant and remote places increase, complicated problems of accounting techniques and branch control and supervision have to be solved. Above all, when a branch is to be opened in an hitherto unbanked area, the question of remittance facilities for fresh and soiled notes becomes a major factor. Use of post office or a cash remittance may be costly and risky. Moreover, post office services or police guards may not always be available. It is for this reason that we find branches of State Bank of India precede those of other banks at most of the unbanked places.

The establishment of a branch is followed by the arduous process of gathering deposits and cultivating business. Normally deposits are the easier to come, but the bank which collects deposits and remits funds to the head office lays itself open to the charge that it is draining away rural savings to urban areas. Business takes time to come by and, in the meantime, establishment and interest costs are to be incurred. No statistics of year-to-year progress of new branches in gathering deposits and cultivating business are available, but, if they were, they would have thrown interesting light on the problems facing bankers in their branch expansion programmes. It takes normally not less than four years before a branch would earn enough to pay its own way, although regional and personal variations may be important in this.

In spite of all these difficulties, the pace of branch expansion has been gathering momentum since 1954. By 1956, the Reserve Bank was following a liberal branch licensing policy as will be evident from the fact that 782 licences were issued during 1957 and 1958 for opening new branches, as against an equal number of licences issued during the preceding six years, from 1951 to 1956. The number of unbanked towns came down from 1,400 in 1960 to a little over 1,000 at the end of March 1962, and must now be around 700, if not less. It is a reflection on our banking statistics that, even in the second half of 1964, the Reserve Bank has the statistics only of March 1962!

Not much should be made of these 700 odd towns lacking in banking facilities, for, if the banks were reluctant to open branches in smaller places, they would not have opened branches at 750 odd smaller centres and places which are so small as cannot be designated as towns; in all 5,495 branches of commercial banks at the end of 1963 covered 1,860 centres, of which 1,954 branches were situated in 1,336 centres with a population of less than 25,000. There were only 524 centres with a population of more than 25,000, and they had 3,541 branches. Larger centres are bound to have a larger number of bank branches depending upon business that is available, and that does not detract from the merits of covering as many as 1,336 rural and semi-urban centres. It may be added here, to complete the records, that 2,360 cooperative banks cover 1,864 places, of which 1,432 smaller centres had 1,542 branches and 432 larger towns had 818 branches.

Distribution of Branches

The commercial and cooperative banks together cover about 2,732 centres, of which 2,206 had a population below 25,000 and 526 above that figure. The table below gives the distribution of branches of various categories of banks in places with population above and below 25,000 as at the end of 1963:

	Places with Population		
	Above 25,000	Below 25,000	Total
Number of places			
State Bank of India	526	2,206	2,732
Other Indian Scheduled Banks	538	531	1,069
Foreign Scheduled Banks	2,696	1,153	3,849
	84	2	86
Total Scheduled Banks	3,318	1,686	5,004
Non-scheduled Banks	223	268	491
Co-operative Banks	818	1,542	2,360
Grand Total ..	4,359	3,496	7,855

The month of July 1962 marked a turning point in the branch licensing policy of the Reserve Bank of India. For the first time, it requested the banks to formulate a stage-by-stage programme of branch expansion over a period of three years ending July 1965. In drawing up the programme, the banks were expected to take into consideration the need for expansion in areas which were not having any banking facilities or which were underbanked. After considering the programmes, the Bank has issued licences (up to June 1964) for opening 373 new offices, including 147 for unbanked centres. Further, the Bank has indicated its approval for proposals to open 213 more offices, of which 81 will be at unbanked centres. In order that the earning capacity and overall financial position of each bank may not be adversely affected, each bank has been encouraged to implement a coordinated programme of expansion, embracing areas devoid of banking facilities and suburban areas of urban centres, in addition to towns and cities of commercial and industrial importance.

At the end of June 1964, the total number of offices of the State Bank of India and its subsidiaries stood at 1,686. The total number of offices of all scheduled banks stood at 5,222 on the same data, representing an increase of 416 branches over the year July 1963-June 1964. There is no doubt that banks are displaying a new dynamism in the matter of branch expansion and, by the time the present phase of expansion ends in mid-1965, significant changes will have occurred in the pattern of branch network in the country.

MAHARASHTRA STATE COOPERATIVE BANK'S PROGRESS

PROBLEM OF OVERDUES HIGHLIGHTED

DURING the year ended 30th June 1964, the Maharashtra State Cooperative Bank Limited showed an all-round improvement in its working. There was a rise in branches, deposits, advances, income and many other items. Four new branches were opened during the year, raising the total number to fifteen. The deposits of the Bank, which had increased by Rs. 4.65 crores during 1962-63, increased further by Rs. 5.17 crores to a total of Rs. 35.30 crores at the end of 1963-64. The rise was mainly in fixed deposits which increased by over Rs. 4 crores to Rs. 16 crores and formed 45 per cent of the total deposits, as against 40 per cent last year. Whereas the share of (*a*) current deposits and contingencies, and (*b*) saving deposits remained unchanged at 30 per cent and 6 per cent, respectively, that of call deposits receded from 23 per cent to 18 per cent, that is from Rs. 6.90 crores to Rs. 6.37 crores. The contributions of individuals and cooperative institutions to the total deposits remained unaltered in the ratio of 1:2.

The Bank augmented its reserves further by increasing the borrowings by Rs. 3.34 crores to Rs. 27 crores. Whereas the borrowings from the Reserve Bank of India were up by Rs. 3.91 crores to Rs. 25.42 crores, those from other borrowers declined by Rs. 57 lakhs to Rs. 1.59 crore. The total working capital of the Bank increased from Rs. 65.63 crores to Rs. 75.26 crores—a rise of Rs. 9.63 crores.

Advances and Investment

The advances of the Bank which had declined in 1962-63 by about Rs. 2.40 crores, increased in 1963-64 by Rs. 1.40 crore to Rs. 44.33 crores. Except for Rs. 7 lakhs advanced to individuals, the rest of the advances was cooperative institutions. However, whereas the share of the central financing agencies rose steadily from 59 per cent of the total advances in 1961-62 to 62 per cent in 1962-63 and 64 per cent in 1963-64, that of cooperative societies declined from 41 per cent in 1961-62 to 38 per cent in 1962-63 and 36 per cent in 1963-64. The cooperative sugar factories are the most important borrowers in this category. The amount outstanding on their account as of 30th June last, was Rs. 8.19 crores as against Rs. 7.08 crores a year before. Cash credits, short-term loans and intermediate term loans are the major categories of advances made by the Bank and together these items account for 98 per cent of total advances. Cash credits, which remained at almost the same level as in the previous year, accounted for Rs. 11.64 crores or 26 per cent of the total advances. About three-fourths of the cash credits were clean credits and the remaining one-fourth against hypothecation or pledge of goods. Short-term advances, which increased during the year by Rs. 2 crores to Rs. 27 crores, accounted for 61 per cent of the total advances. Almost the entire amount in this category was advanced for seasonal agricultural operations and marketing of crops.

The investments in Government and Trustee securities also increased from Rs. 8.65 crores at the close of 1962-63 to Rs. 10.31 crores at the close of the year under review.

Income for the Year

The total earnings of the Bank (almost entirely in the form of interest and discount) amounted to Rs. 2.19 crores, as against Rs. 1.95 crore in the previous year. The ratio of expenses to the total earnings remained unchanged at 83 per cent (interest paid on deposits, borrowings, etc. 66 per cent and other expenses 17 per cent). The net profit for the year under review works out to Rs. 38.30 lakhs, being better than that for 1962-63 by Rs. 5.08 lakhs or 15.3 per cent. Although the income increased during the year, the extent of increase was rather inadequate, considering that the working capital was better by nearly Rs. 10 crores as at the close of the year. This was apparently the result of excessive liquidity. As may be noticed from the figures in the previous paragraphs, whereas the working capital increased by Rs. 9.63 crores, advances and investments, put together, increased by only Rs. 3.06 crores. The balance of Rs. 6.57 crores was mainly accounted for by cash and bank balances which rose by Rs. 6.33 crores to Rs. 15.22 crores, a figure which is equivalent to as high as 43 per cent of the total deposits.

Addressing the fifty-third annual general meeting of the Bank held on Saturday, the 26th September 1964, Dr. D. R. Gadgil, Chairman of the Bank, referred to certain weaknesses in the cooperative system. One of these relates to the alarming proportion of overdues to the total outstanding advances of the Central Cooperative Banks. In the case of short-term advances for agricultural purposes, given to the cooperative societies by the Central Cooperative Banks in Maharashtra, the ratio of overdues to outstanding advances increased from 26.3 per cent in 1961-62 to 28.9 per cent in 1962-63. In 1963-64, the percentage came down to 19.1, but the decline was due to "the coercive methods adopted in recovering the dues." If this is the position in Maharashtra, the leading State in cooperative movement, the position in other States may well be imagined. The comparable figures for the Central Cooperative Banks in different States, which are available for 1961-62, show that, of the total outstanding loans of these institutions, the overdues which were 18 per cent in the case of Maharashtra, were as high as 85 per cent in Assam, 42 per cent in Bihar, 38 per cent in Rajasthan, 35 per cent in Jammu and Kashmir, 27 per cent in West Bengal, 24 per cent in Mysore and 21 per cent in Madhya Pradesh, and 16 per cent for India as a whole.

The reason for these overdues, as pointed out by Dr. Gadgil, is the failure of crop in certain areas every year. The remedy, suggested by him, is the conversion of overdues into medium-term loans, for which, he suggests, the creation of a special fund to serve as a cushion for calamities. It may be pointed out, in this connection, that, though the failure of crop is a common feature, the damage is nowhere as high as the overdues seem to suggest. The real reason is to be found in the attitude of the borrowers who treat loans from cooperatives more as a grant than as a debt to be repaid. Unless the cooperative institutions work strictly on business principles, it will be difficult to change this attitude.

Dr. Gadgil drew attention to another weakness in the system of cooperative finance. To quote him: "The big land holders and the farmers growing money crops get the benefit of the crop loan on a larger scale than the small agriculturists growing food crops and having non-irrigated lands, who account for only a very small part of the loans. The conclusion is inevitable that the crop loan system is not much favourable to the poor farmers." This defect strikes at the very roots of cooperative finance in this country. But it must also be kept in view that advances to small agriculturists will inevitably result in raising the proportion of overdues.

Cooperative Marketing

Another point referred to by Dr. Gadgil pertains to cooperative marketing. "As a rule every member of the cooperative society," according to Dr. Gadgil, "is conditionally bound to sell his goods through cooperative agency. For a number of reasons, this condition is not strictly adhered to. Unless the efficiency of the Cooperative Sale-Purchase Institutions is improved, the implementation of this condition is neither advisable nor possible. From this point of view, the progress of cooperative credit and the development and efficiency of cooperative marketing are interdependent and inter-linked with each other. If cooperative marketing is to spread to a wider area, the Government's support is essential. This year's experience has, once again, underlined the significance of price stabilisation and the control over distribution and prices of the food all the year round." Though there can be no two arguments about the desirability of encouraging the Cooperative Sale-Purchase Institutions, they will not be able to make much headway if they always look to the Government for the necessary support. Such continued reliance on the support of the State is a clear commentary on the lack of people's confidence in the cooperatives.

EDUCATION THROUGH EXHIBITION

Canara Bank believes that one of the important services that a Bank should render is to spread the banking habit in urban as well as rural areas.

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RAYON AND SYNTHETIC TEXTILES

SCOPE FOR EXPANSION QUITE VAST

WHATEVER the pattern of development in the textile economy of India in future, there is no doubt that rayon and synthetic textiles will have to meet a large part of the domestic clothing requirements and earn sizable amounts of foreign exchange through exports. The past few years have witnessed a notable expansion in the demand for these textiles. In keeping with this expansion, production has risen quite appreciably. The actual output of art silk and staple fibre fabrics is currently maintained at an annual rate of about 800 million metres, as against the 434 million metres produced in 1956; production in 1952 was no more than 191 million metres. Besides meeting domestic demand, the art silk industry is also earning for the country precious foreign exchange. During the financial year 1963-64, India exported Rs. 10.88 crores worth of rayon and synthetic fabrics (88.5 million metres). The rise in the production of fabrics has followed a substantial increase in yarn production as will be seen from the accompanying table. The production and export performance of the industry would have been more encouraging but for some of the pressing problems confronting the industry and the trade. What these problems are was impressively highlighted by Mr. D. N. Shroff in the course of three speeches delivered by him last week while presiding over the annual meetings of the Silk and Art Silk Mills' Association (S.A.S.M.A.), the Silk and Art Silk Mills' Research Association (S.A.S.M.I.R.A.) and the Silk and Rayon Textiles Export Promotion Council; Mr. Shroff is the President of all the three bodies.

Tax Burden

Addressing the S.A.S.M.A. meeting, Mr. Shroff made a pointed reference to the heavy burden of taxation on the art silk industry and reiterated his plea for the complete withdrawal of excise duty on fabrics at the processed stage. In support of the plea, he said:

"This would result in administrative economies and convenience to the Government, inasmuch as the duty has to be collected from only about a dozen spinners, as against from a couple of hundred weaving and processing units. From the point of view of the industry, it would relieve the industry from procedural hardships without any loss of revenue to the Government. This will also prevent evasion of tax by abuse of concessions given for hand-processed fabrics."

If, however, the Government is unable to concede the plea, it can at least reduce the duty drastically, since there is already a heavy excise duty on yarn.

The need to produce fabrics according to consumer preferences, especially overseas buyers' preferences, was emphasised by Mr. Shroff. It was in this connection that he stressed the importance of rehabilitation and modernisation. The Working Group on art silk industry set up by the National Industrial Development Corporation some years ago had observed:

"Replacement of the existing old machinery is essential, as majority of the plain calico looms falls short of the requirement of weaving man-made fibres and filament yarn, a process which presents problems not generally encountered with in the weaving of cotton or wool. Filament fibres, being smooth, require special surface covering, added tension in the loom, correct spacing of picks, etc. Besides, each type of man-made fibre presents its own weaving problems, as some fibres are very strong, while others very weak, especially when wet. Some fibres are abrasive and cut grooves into the surface they come in contact; some stretch extensively, whereas others have little or no stretch; some have high elastic recovery, while others have little. These are some of the peculiar characteristics not possessed by any natural fibres."

The Working Group had estimated the rehabilitation outlay at Rs. 15 crores, covering only a total of 45,000 looms, whereas the number of looms in place is over 67,000. The Study Group appointed by the Central Government to assess the machinery requirements of the industry in the fourth Plan period has now estimated the total outlay at Rs. 66.51 crores, taking into account the increased use of knitted fabrics. Even the Asoka Mehta Committee has stressed the need for rehabilitation spread over a ten-year period and estimated the outlay at Rs. 40 crores. Recalling all this, Mr. Shroff rightly said that it was not sufficient merely to make estimates; something concrete needed to be done. The Government, through the Textile Commissioner's Office, should, according to him, make available foreign credits to the industry for the import of machinery, especially yen credits from Japan, for the industry is already familiar with Japanese machinery.

Recognising the importance of man-made fibres, the Planning Commission is reported to have fixed fairly high targets for the fourth Plan: 190 million kg. of viscose and acetate rayons and 90 million kg. of synthetic fibres to be achieved by 1970-71. Mr. Shroff considers the targets as "quite appreciable." Indeed, he is afraid that most of the projects will remain on paper and that capital outlay will go up. Here is what he said at the meeting of the S.A.S.M.I.R.A.:

"The unfortunate aspect is that, though the Government has belatedly recognised the importance of synthetic fibres, it is hesitant, rather reluctant, in providing adequate assistance for their development. All these projects are expected to be started either with foreign collaboration or by long-term payments and, secondly, even the raw materials required for their manufacture will have to be imported by earning foreign exchange by way of exporting man-made fibre fabrics. These conditions are too strict and rigid for the projects to materialise in short time. It is a quite well-known fact that our country is in short supply of cotton and, for some time to come, we shall have to import long-staple cotton. The increased manufacture of man-made fibres should, therefore, serve to supplement our requirements of the long-staple cotton. Just as the art silk weaving units were set up in the country by importing art silk yarn in the beginning, which ultimately led to the setting up of rayon spinning plants, similarly, plants for the manufacture of synthetic fibres should be set up by importing raw material required for their manufacture. The fibre plants will slowly receive the raw material from our petrochemical industry. It is only through such practical approach we can fulfil our Plan targets within the specified time. Otherwise, I am afraid most of the projects will remain on paper, and the cost of capital outlay will go up."

Progress At A Glance

	1964*	1963	1956	1951
Fabrics (million metres)	800.4	651.6	435.6	300.0
Of which:				
Art Silk	796.8	648.0	429.6	286.8
Staple fibre	3.6	3.6	6.0	13.2
Yarn (million kg.)				
Art Silk yarn	37.9	33.2	9.0	2.5
Of which:				
Viscose	35.9	31.2	7.6	2.5
Acetate	2.0	2.0	1.4	0.4‡
Staple fibre yarn	30.3	29.4	19.0	10.9
Synthetic yarn (Nylon)	1.1	0.7	0.2†	—
Staple fibre	36.6	32.1	7.9	2.5‡
Exports of art silk fabrics:				
Quantity (million metres)	75.0§	80.8	2.0	7.2
Value (Rs. crores)	8.0	9.4	0.6	1.1

* Projected on the basis of actual output in the early months of the year.
† Production commenced in 1962.
‡ Production commenced in 1954.
§ Estimated on the basis of actual shipments during the first half of 1964.

The development of the rayon and synthetic textile industry in the coming years will be shaped in no small measure by the pace of progress maintained in research and technology. The S.A.S.M.I.R.A. has been doing much useful work in this regard. Well could Mr. Shroff claim that the Association had achieved remarkable progress. The S.A.S.M.I.R.A. has not only concluded some important research and technological work and helped the cause of Defence but also expanded its technical education, technical service and testing activities during the last year. It recently concluded the investigation work into the quality of indigenous viscose and acetate rayon filament yarn and, as a result, it was found, there was no uniform basis adopted for grading yarn by indigenous yarn manufacturers. In this context, Mr. Shroff observed that the weaving units were reluctant to use such poor quality yarn and steps should be taken by the spinners to improve the quality. He further said that even the techno-economic survey of the art silk weaving industry recently conducted by the S.A.S.M.I.R.A. has also shown that one of the factors confronting the introduction of automatic looms had been the poor quality of yarn. This survey, which was of art silk weaving industry in Bombay, had also shown several other important trends in the industry, he added. It is interesting to note that the strong demand for shirting made out of synthetic fibres has imparted dynamic spurt to the production of this sort. According to the survey, shirting may assume leading position in total art silk production by relegating satin into the background.

The art silk industry, as already stated, is earning for the country quite a bit of foreign exchange. The year 1963-64 witnessed a notable rise in exports of rayon and synthetic fabrics as compared with the previous year, the actual exports amounting to Rs. 10.58 crores (88.5 million metres), as against Rs. 8.46 crores (77.8 million metres). This amount is well above the export target of Rs. 8 crores fixed for the year. The achievement, as Mr. Shroff said in his speech at the meeting of the Silk and Rayon Textiles Export Promotion Council, is creditable, considering the restrictive trade policies adopted in certain countries and unsettled political conditions in some other countries. Since the beginning of the current financial year (1964-65), however, the export activity has slackened. The quantity actually shipped in the first half of the year (April-September) was 30.3 million metres valued at Rs. 3.33 crores, as against 3.34 million metres valued at Rs. 3.31 crores in the corresponding period last year. As against the export target of Rs. 12 crores fixed for 1964-65, the actual shipments are currently maintained at an annual rate of Rs. 6 crores. The slackness in exports has been attributed by Mr. Shroff primarily to the following three factors.

1. On account of indiscriminate linking of imported art silk yarn as an item of incentive against exports of a number of items for which it is not even a raw material, the art silk yarn market is in a state of instability, with the future remaining uncertain. Consequently, manufacturers and exporters are not finding it safe to enter into any export commitments.

2. Another factor having adverse effect on the export trade is the requirement that spinners who are under an export obligation should earn foreign exchange to import their raw material by exporting rayon and synthetic fabrics. Thus, there are two schemes, with differential compensating benefits, operating with regard to the export of the same item. The items exported, the overseas markets, and the buyers being the same for both the spinners and the rayon manufacturers, the former who are granted incentive on a different basis, and which is comparatively higher, offer competition to the latter. The undermining effect of the preferential benefits given to spinners and the violent fluctuations in the yarn prices which render the element of compensation in the incentive uncertain have in fact set at naught the Council's effort to work with the reduced incentive at 70 per cent.

3. The Schedule of International Prices in the case of certain qualities, trade in which can be built up in a large measure, acts as a discouraging factor, since the price fixed under it is inadequate. The imbalance between the prices attracted by different qualities creates tendencies to export such items which give the maximum incentive benefit even when those items have no established demand in world markets. Such tendencies are unhealthy, as the items are traded for the price and not for the demand and have an overall damaging effect on the goodwill that is built up for the product as well as the trade.

Not only should the declining trend of exports of rayon and synthetic fabrics be arrested, but every effort must be made to raise exports. Urging a new approach to the incentive scheme, Mr. Shroff said:

"The approach should be such as is directed to procure adequate raw material for maintaining and expanding the present supply position whenever required, as well as to allow adequate compensation out of the incentive for the loss incurred in an export transaction. The production of art silk yarn is being expanded as well as diversified in regard to types and quality and, as such, imported yarn may not continue to provide the required incentive and will gradually lose its compensatory element in it, as I have said it many a time. The need for the shift in our approach, therefore, has been never as urgent as it is today."

There is, of course, some force in the observations of Mr. Shroff, but, it must be emphasised that incentives constitute at best only palliatives. The real, effective solution lies in maximum production of quality goods at an economic cost. The rayon and synthetic textile industry will do well to urge the Government to create conditions favourable to such production, instead of repeatedly pleading for export incentives.

EXCISE DUTY ON RUGS PRODUCED FROM TANNERY WOOL

The producers of coarse woollen rugs from tannery wool especially in Bangalore are perturbed over the Government of India's inordinate delay in raising the excise duty exemption limit from the low level of Rs. 12 per blanket. The exemption limit, it will be recalled, was fixed before the state of Emergency was declared in October 1962. Since then, the cost of producing coarse woollen blankets has risen considerably. The price of tannery wool alone has gone up from Re. 1.25 per lb. before the Emergency to Rs. 2 at present. As about five lbs. of tannery wool are required to manufacture one coarse blanket, the incidence of raw material cost has turned out to be pretty heavy. What is worse, labour charges, cost of fuel and power, and the prices of various other stores consumed by mills have all increased and continue to increase. Consequently, the producers of coarse woollen blankets are incurring heavy losses. They will, therefore, be forced to curtail production. Such a step will necessarily lead to retrenchment of labour, besides reducing supplies to consumers, the majority of whom are workers employed in tea and coffee estates. This extreme course could be avoided if the Government were to concede the plea of producers for raising the excise duty exemption limit for coarse woollen rugs manufactured out of tannery wool to at least Rs. 20 per blanket.

MANCHESTER LETTER

OUTLOOK FOR MILL INDUSTRY GOOD

MAXIMUM UTILISATION OF CAPACITY

From Our Special Correspondent

MANCHESTER, 29*th September*

ONLY a handful of mill towns have still to take their final week-end holidays of the year and none of the major centres are involved, so that, for nearly three months, the industry will be hard at work turning out as many goods as possible to meet the demand which has accumulated during the summer. In the past the moment has often been a critical one for producers and managements and the prospect of an autumn buying movement have been closely analysed.

While much consideration has been given to the present circumstances of the trade as a whole, the steady stream of demand, which has come forward since the early months of the year, has provided a very satisfactory background on which the spindles and looms have kept going to the maximum of their capacity, subject only to labour gaps. Despite some forebodings that distributors may restrain their purchases after their extensive operations, it is possible to take a fairly optimistic view of the immediate prospects. Very few concerns express any anxiety about their ability to keep machinery fully engaged to the year-end at least.

Minor extensions to the structural changes which will make 1963-64 go down in history in the trade's annals have lately taken place, but it would be unwise to predict that the movement is anywhere near at its end. Negotiations are nearly always in progress, many of which fail to achieve their final objectives.

A New Link-up

Rumours, however, have lately been circulating about an important project which will have the effect of linking substantial weaving capacity to distributing organisations of some magnitude. Such ambitious plans follow almost inevitably on the major upheavals which have seen substantial quantities of spinning machinery absorbed by the man-made fibre producers and should without doubt strengthen the structure of the trade as a whole.

It has been widely accepted for many years that the links between the different sections have been far too loose for efficiency. Rationalisation of spinning, first through the redundancy programme and, perhaps more effectively, through the forthcoming changes which must be anticipated following the recent mergers, has already been set in motion. An equivalent arrangement through the grouping of moderate-sized weaving units and their closer collaboration with the merchanting community is an obvious and necessary next step.

Among the aims of all the instigators of the new regime, which is being slowly evolved in textiles, is the laudable objective of eliminating the past dismal record of alternating waves of depression and overabundant prosperity, in which the accent has more frequently been on the lower swing of the pendulum. Not even those directly concerned with these developments anticipate that all the fluctuations can be completely exorcised, but tighter integration between all forms of output and marketing is an essential element in any scheme which is proposed for the future benefit of all.

By co-operative action, overlapping inessentials can often be avoided, so that a movement towards the dovetailing of weaving capacity with merchanting "know-how" has much to command it. As the new group expands by the introduction of more looms, it should create not only manufacturing power, but a ready source of supply for distributors to obtain goods without the extensive waits for delivery which have always handicapped the industry in times of keen demand. The present instance is an example of order books stretching too far ahead, involving frustration for those customers who are anxiously pressing for deliveries and who are in turn being urged to provide supplies against outstanding contracts.

International Talks

Consideration of the textile industry's future on world-wide scale can only be given on a very broad basis when the number of countries involved is as large as those attending the forthcoming annual meeting of the International Federation of Cotton and Allied Textile Industries. The conference at Zurich next week has before it a series of discussions on the evolution of productive capacity and current problems affecting world trade in textile goods.

While membership of the Federation represents more than two-thirds of the total world productive capacity, its major support has come from the traditional manufacturing areas in Western Europe. Developments in the past decade have tended to transform the overall picture, with the newly emerging countries taking a much larger slice of the available trade, bringing conflicting arguments over the future pattern of the disposal of surplus supplies for export.

The main item on the agenda of the meeting, according to the preliminary text, is a detailed study of the structure of the cotton and allied textile industries in the member countries of the Federation. The organisation's statistical services have always been of great value to observers of the textile scene throughout the world; any information which can be obtained about the progress and prospects of individual nations will be of benefit in assessing the outlook.

Big Bank Advances

Borrowings from the banks continue to provide a useful barometer to the state of industry generally and to individual trades in particular. For the first time the August returns, issued by the British Bankers' Association, topped the £5,000-million mark, as indebtedness at that time amounted to £5,120,386,000 a rise of over £200 million in three months and nearly £550 million more than in August 1963.

Not only is the grand total larger than ever before but the advances made to the cotton industry have also reached a new peak at £28,584,000. This still represents only very minute proportion of the whole, being 0.6 per cent of the aggregate borrowings, but the actual figure involved is £2 million more than in May and £3 million higher than in August last year.

In view of the changes which have occurred in the structure of the textile industry in recent months it would be interesting to know on what basis in the analysis firms are scheduled as being members of the "cotton" sector, as the other allied trades shown are wool and "other textiles." Borrowings by firms in the wool trade decreased by £4,500,000 to £82,691,000 during the quarter ending in August, but this compares with a total of only £65,525,000 twelve months previously.

In the case of "other textiles," the bigger borrowings from the banks have continued. From a total of £94,850,000 in August 1963, indebtedness rose to £104,225,000 in May this year and to £115,289,000 in August, the latest figure being 2.2 per cent of the total advances made.

Training Programme

Further courses aimed at improving the efficiency of management in textiles are being offered by the Productivity Centre of the Cotton Board, whose activities have enabled the department to establish a secure niche for itself in the forward-looking sectors of the industry. During the next few weeks, supervisors will have the opportunity of studying modern management practice, catering not only for established foremen but also for young assistants in the management team. The programme, claimed to be one of the most thorough of its kind in the country, extends over a wide range of industrial organisation and the provision of modern techniques of management practice.

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COTTON UNDER THE FIVE-YEAR PLANS

PRODUCTIVITY MUST BE RAISED

IMMEDIATELY after partition, it may be recalled, India was faced with the pressing problem of ensuring supplies of cotton to the textile industry. The fertile lands of the Punjab and Sind which were growing the best cotton of undivided India went to Pakistan. India was left with just one-fifth of the total irrigated area under cotton and about two-fifths of the cotton crop, of which nearly 45 per cent comprised long and medium-staple varieties, were lost to India. The 409 textile mills, out of the total of 423 in existence in undivided India, experienced a serious shortage of cotton. The shortage led to sustained efforts to raise production of cotton. Thanks to these efforts, the total area under cotton went up from 10.65 million acres in 1947-48 to 14.54 million acres in 1950-51, that is, just before the era of planning began in India, and output increased from 2.18 million bales (of 392 lbs. each) to 2.97 million bales. It will thus be seen that while the area recorded an increase by as much as 4 million acres, actual output rose by only 790,000 bales. Actually the yield per acre declined from 80 lbs. to 78 lbs.

In the first Five-year Plan, special stress was, therefore, laid on the need to bring about an increase in cotton production as much as possible through intensive cultivation. Earlier, in 1949, the Indian Central Cotton Committee had studied the situation and recommended to the Government that, in the short run, all efforts should be made to augmenting the production of cotton, especially of staple length up to 1". It was considered necessary that the annual production must be stepped up from 3 million bales to at least 4 million bales—while, in the long run, emphasis was laid on the achievement of total self-sufficiency and a fair surplus for exports. For the implementation of the short-run policies, cotton was assigned a priority equal to food crops. The year 1950-51 witnessed the inauguration of the Cotton Extension Scheme in the major cotton growing States. The scheme aimed not only at increasing the area but also adopting intensive cultivation methods for which various incentives were provided to growers. The cotton production target for the first Five-year Plan was fixed at 4.2 million bales. The target was achieved a year ahead of the Plan, that is, in 1954-55, when a cotton crop of over 4.22 million bales was harvested. Although production fell short in the last year of the Plan (1955-56) due mainly to seasonal factors, the net rise in the production over the five-year period was to the extent of about a million bales, recording an increase of 35 per cent. Since, however, the increase in output followed largely the rise in area from 14.54 million acres in 1950-51 to 20.0 million acres in 1955-56, the yield per acre showed a negligible increase from 78 lbs. in 1950-51 to 79 lbs. in 1955-56, a rise of 1.3 per cent.

Production Trend

	Area (in thousand acres)	Production (in thousand bales)*	Per Acre Yield (in lbs.)
1947-48	10,655	2,188	80
1950-51	14,536	2,971	78
1955-56	19,978	4,001	79
Net position (1955-56 over 1950-51)	(+)80.6%	(+)35.0%	(+)1.3%
1960-61	18,871	5,390	112
Net position (1960-61 over 1955-56)	(—)5.5%	(+)34.7%	(+)41.8%
1963-64	19,200	6,150	122
Net position (1963-64 over 1960-61)	(+)1.8%	(+)14.1%	(+)8.9%

* One bale consists of 392 lbs.

Encouraged by the results during the first Plan period, a high target of 6.5 million bales was fixed in the second Plan to be achieved by 1960-61. Owing to the unfavourable seasons of 1957-58 and 1959-60, the original target was considered rather high and it was revised downward to 5.4 million bales. The actual production in 1960-61 was 5.39 million bales, the highest on record after the partition. The second Plan period as a whole was exceptionally good for cotton production. Despite a fall of about 5.5 per cent in the total area from 20.0 million acres in 1955-56 to 18.9 million acres in 1960-61, production rose significantly (by 35 per cent), due to the marked increase in the yield per acre from 79 lbs. in 1955-56 to 112 lbs. in 1960-61, an increase of 41.8 per cent.

In the third Plan, the Planning Commission fixed a production target of 7.0 million bales for cotton to be achieved by 1965-66, that is, an additional output of 1.61 million bales. The first year of the third Plan witnessed a sharp setback to production, the crop actually harvested in 1961-62 being no more than 4.52 million bales. The production, however, went up to 5.31 million bales in 1962-63 and further to 6.15 million bales in 1963-64. The estimated crop in 1964-65 is placed slightly higher than the previous season's crop.

Commendable though the progress in cotton production has been during the last fifteen years, the average per acre yield in India is well below that obtaining elsewhere: 122 bales, as against 524 bales in the U.S., 549 bales in Russia, 573 bales in Egypt and 304 bales in Pakistan. Yields can be improved quite significantly if cotton is set on scientific footing with all emphasis on productivity. This aspect is to be borne in mind especially because of the fact that, to the extent yields are raised, large areas of land can be released for other crops. Data relating to average yields per acre in the different States reveal that, with the exception of Gujarat and Uttar Pradesh, all the other important cotton growing States have recorded increases ranging from 5 to 23 per cent during the second Plan and in the first three years of the third Plan. Intensive cultivation and better crop methods in these areas can bring about appreciable increases in per-acre yields. The comparatively low yield in India is attributed chiefly to the adoption of sub-standard crop husbandry methods which, in turn, is due to small average holdings and limited economic resources of the majority of farmers, which do not permit any large-scale initial investment. Further, about 87 per cent of the crop is grown under rainfed conditions so that the success of the production effort is greatly dependent on Dame Nature. In about one-third of the total area under cotton, the rainfall is both uncertain and scanty, with the result that the yield per acre in those areas is extremely low. Even in areas where the rainfall is moderate and more or less assured, the success of the crop depends not only on the total precipitation but also on the evenness of distribution. One of the possible methods of achieving high yields is through the increase in the area under irrigated cotton. There has, of course, been a rise in the total irrigated area under cotton—1.14 million acres in 1950-51 to 2.43 million acres in 1960-61—but the rise has not been appreciable.

Whatever improvement in productivity that has taken place in the last few years must be attributed in no small measure to the efforts of the Indian Central Cotton Committee. The improvement would have been more notable if only Agricultural Departments of State Governments had played their part with zeal and energy. Be that as it may be, with a view to securing adequate data to advise growers on the definite agronomic schedules for maximising yields on different tracts, it is now sponsoring model agronomic schemes in a few important States like the Punjab, Madras, Maharashtra, Gujarat, Mysore, Madhya Pradesh, Rajasthan and Uttar Pradesh. Efforts are also being made by the Committee to bring about a genetic improvement of the yield potential of strains through breeding schemes. Further, increased attention is being devoted to the problem concerning infestation of pests and diseases. Plant protection measures had not been sufficiently developed in this country until recently. With the expansion of area under American cottons which are relatively more susceptible to pest attack than *deshi* varieties, there is naturally the imperative need for adopting those measures greatly on as wide an area as possible. It may be noted, in this connection, that more land has been brought under better quality cottons in recent years; the actual area has risen from 7.24 million acres in 1950-51 to more than 14.95 million acres. In keeping with the expansion in area, the production of long-staple and superior long-staple cotton has gone up from a mere 700,000 bales in 1950-51 to 2.2 million bales in 1962-63.

Varieties of Cotton Grown

	1962-63	1960-61	1955-56	1950-51
Total *Area* (Thousand acres)	19,200	18,871	19,978	14,436
Area under Improved varieties	N.A.	14,954	13,568	7,244
Area under Irrigation	N.A.	2,433	1,810	1,148
Total *Production* (Thousand bales)*	5,312	5,390	4,001	2,971
Of which:				
Short-staple	854	768	662	839
Medium-staple	2,220	2,180	1,762	1,448
Long-staple	2,238	2,068	1,272	637
Superior Long-staple		374	305	47

* One bale consists of 392 lbs. *N.A.*—Not available.

That renewed effort must be made to augment the productivity of cotton lands was strongly urged at the 90th meeting of the Indian Central Cotton Committee. The visit of Dr. M. L. Manning, a former Director of the Central Cotton Research Station at Namulonge in Uganda, under the Empire Cotton Growing Corporation, London, must be welcomed. Dr. Manning has come to this country under the Colombo Plan to advise the Indian Government on the measures to be undertaken for research and development aspects of cultivation of long-staple cotton in both irrigated and rainfed areas. The recent release for general cultivation of five new improved cotton strains, namely, I.S.C.67 in Gujarat, A.K.235, A.K.277 and Y-1 in Maharashtra and 14/2 in Mysore must also be viewed with satisfaction. But the cotton production programme can be successfully implemented only if, as the Committee rightly pointed out, the growers are enlightened enough to appreciate the economic methods of production and imbibe in them the new agricultural practices followed in the different regions.

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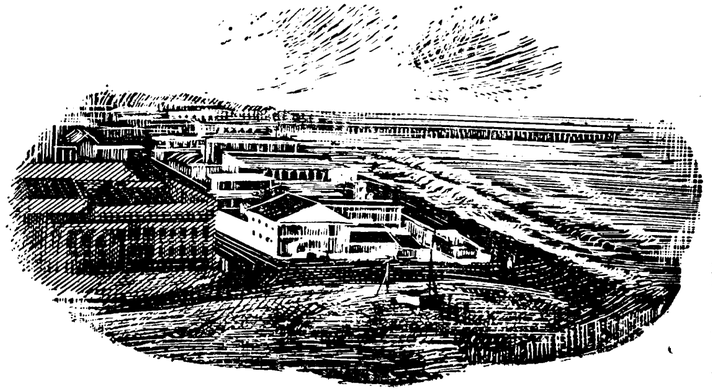

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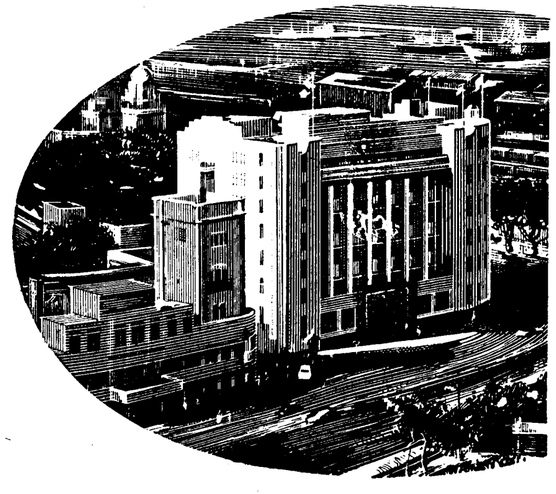

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COMPETITION FROM PAKISTAN SEVERE

THE Indian jute industry is facing tough competition not so much from paper and other packaging materials or bulk handling methods as from its counterpart in Pakistan. Indeed, the industry fears—the fear is not exaggerated—that competition from Pakistan will be keener and keener, especially in sacking goods, in the years to come. How the competition offered by Pakistan has already severely affected India was impressively brought out by Dr. B. P. Kedia, the retiring President of the Gunny Trade Association, in the course of his speech at the thirty-ninth annual meeting of the Association held at Calcutta last week. A look at the data furnished by Dr. Kedia—these are given in the accompanying tables—will show that between 1957-58 and 1963-64, India's sacking production and exports have fallen by 8 per cent and 24 per cent, respectively, while those of Pakistan have risen by 26 and 29 per cent.

India's exports to almost all the principal markets (Australia, the U.K., and the African, South American and Far Eastern countries) have fallen appreciably since 1957-58. At the same time, Pakistan's exports to these regions have increased considerably from 16 to 40 per cent. Australia and South American countries, which met practically their entire sacking requirements through imports from India in 1957-58, purchased only 41 and 64 per cent of their needs from this country in 1963-64. The share of Indian goods in the total purchases of sacking made by African countries, too, has declined from 70 per cent in 1957-58 to 44 per cent in 1963-64.

Suggestions

In order to counteract this growing competition from Pakistan, Dr. Kedia suggested the adoption of definite long-term measures for reducing manufacturing costs and improving the quality of products. He also called upon the industry and the Government to devote increasing attention to research on the development of new uses of jute for diversification of production, broadening of export promotion work, market studies, public relations and advertising. As regards the qualitative aspect of jute goods exports, he felt that the proposed legislation for quality control and pre-shipment inspection of goods meant for exports would create confidence in the minds of foreign customers and make positive contribution towards promoting exports. He hoped that the Indian Standards Institution, the task of which is to lay definite standards for goods, would prepare the standards for jute goods in consultation with the industry. The standards so formulated, he stressed, should, while being fair to foreign buyers, not, at the same time, cause undue hardships to producers. Congratulating the Indian Jute Mills Association for setting up within a short time the I.J.M.A.Q.I.C. organisation for independent inspection of goods produced by mills at Calcutta, Dr. Kedia stated that such measures would help shippers and traders, as they would not have to face the displeasure of their buyers and other difficulties arising from the export of sub-standard goods.

It is, however, somewhat difficult to support Dr. Kedia's plea for fiscal support from the Government to counteract the advantage enjoyed by the Pakistan industry in the form of bonus voucher scheme, in addition to the natural advantage of better and cheaper jute. For the grant of direct export subsidy or such other incentives by the Government is no solution to the problem. A direct export subsidy, apart from contravening the provisions of the G.A.T.T., may prompt Pakistan to raise its rate of subsidy. In any case, the adoption of measures and counter-measures is not desirable in the interests of both the countries.

Be that as it may, Dr. Kedia rightly urged the need for ensuring to jute mills steady and adequate supplies of raw jute at a reasonable price. A reasonably fair and stable price for raw jute is in the interest as much of growers as in that of the mills. As Dr. Kedia pointed out, wide and irksome fluctuations in prices are strongly resented by customers and shake violently the confidence created in their minds by the sustained efforts of the industry and the Government; if the prices of jute goods continue to be subjected to such fluctuations, there can be no planning and even the large-scale propaganda and publicity work done by the industry and the Government in the overseas markets at huge costs will go in vain.

India and Pakistan Compared (Sacking Only)
(In thousand tons)

Year (July-June)	Production		Exports	
	India	Pakistan	India	Pakistan
1959-60	530.7	178.9	343.9	133.2
1960-61	524.3	170.0	308.2	128.9
1961-62	500.3	186.4	279.3	153.8
1962-63	523.3	203.9	267.9	155.31
1963-64	487.8	226.0	260.5	171.8

Destination-wise Exports (Sacking Only)
(In thousand tons)

	1963-64		1957-58	
	Exports From		Exports from	
	India	Pakistan	India	Pakistan
African countries	54.3 (44.8)	67.1 (55.2)	17.6 (70.2)	45.6 (29.8)
Australia	33.3 (41.8)	46.3 (58.2)	69.5 (100.0)	.. ..
S. American countries	40.2 (64.8)	25.0 (35.2)	77.9 (95.2)	3.9 (4.8)
Far Eastern countries	37.4 (62.7)	22.2 (37.3)	67.4 (84.8)	12.1 (15.2)
U.K.	8.3 (72.8)	3.1 (27.2)	13.0 (83.8)	2.6 (16.2)
Total of all Countries	260.5 (60.3)	171.8 (39.7)	386.6 (84.0)	73.8 (16.0)

Note: Figures in brackets indicate the percentage share.

PLEA FOR RAW JUTE EXPORTS

While no official estimate of the current season's (1964-65) raw jute crop are available as yet, private sources expect the total production to be of the order of 7.7 million bales, as against 6.5 million bales in the previous season. In spite of lower production, it is in the interest of the country to export a normal quantity of the crop to other countries, so that contacts with export markets could be maintained. This view was expressed by Mr. C. L. Baid, the retiring Chairman of the Calcutta Baled Jute Association, when he addressed the Association's annual meeting held at Calcutta last week. In support of his plea, Mr. Baid observed:

"Price stabilisation for raw jute can, of course, be achieved by permitting exports of substantial quantities when a bumper crop is produced. It is, I think, well known in the trade that exports limited to East European and Communist countries cannot serve the interest of our country as inequitable terms are dictated by the buyers and purchases are confined to sealed samples for quality. The basis of quality should be essentially the 'standard grades' and not sealed samples of these grades, as is the practice at present. Provision for arbitration should be retained in the contract and disputes regarding either quality or contractual matters should be settled by arbitration in India with the Tribunals of Arbitration attached to the Chambers of Commerce. As you are aware, sales of raw jute under the London Jute Association Contract, which is a fair contract for all, is not possible due to the insistence of our few buyers that Indian jute should be at par value with jute of Pakistan origin. The answer to all these difficulties is, of course, that sales should be allowed to other markets, as it would then be possible to arrive at fair and reasonable terms with the buyers."

Reviewing the situation in the jute market, Mr. Baid said that the trend was much better, though he felt that the growers would not be able to get a price for their crop commensurate with either its high cost of production or the recent increases in the cost of living. In his opinion, ways and means must be found to raise the production of raw jute and improve its quality.

PHILIPPINES MAKING BAGS FROM ABACA WASTES

The Republic of Philippines has commenced the manufacture of bags and sacks made from abaca wastes to replace jute bags, some 100 million of which are imported every year. The first factory at Muntinglupa in Rizal Province, with a capacity of six million sacks a year, went into production recently. The Philippine Government is encouraging the establishment of more such plants and inviting foreign investment for the purpose. The new industry will not only save the Philippines a large amount of foreign exchange but also be a source of strength to the country's abaca economy.

Raw jute production in Pakistan during the 1964-65 season is estimated at 6 million bales from a lower acreage. Informed sources view the prospects of the current season as bright considering the success achieved by the Jute Corporation last season when 108 centres of the Corporation purchased about 3.7 million maunds. Growers are said to be holding very little stock. It is expected that the Corporation will be able to increase its quantity of exports from 410,000 bales last season to a sizable figure, following the removal of the minimum price restrictions on export.

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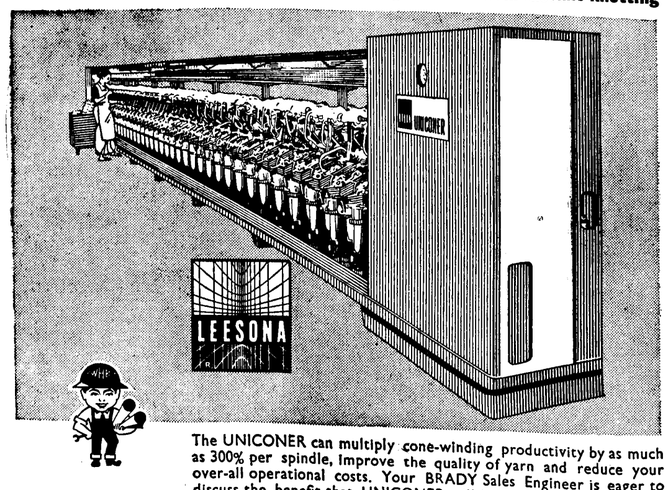

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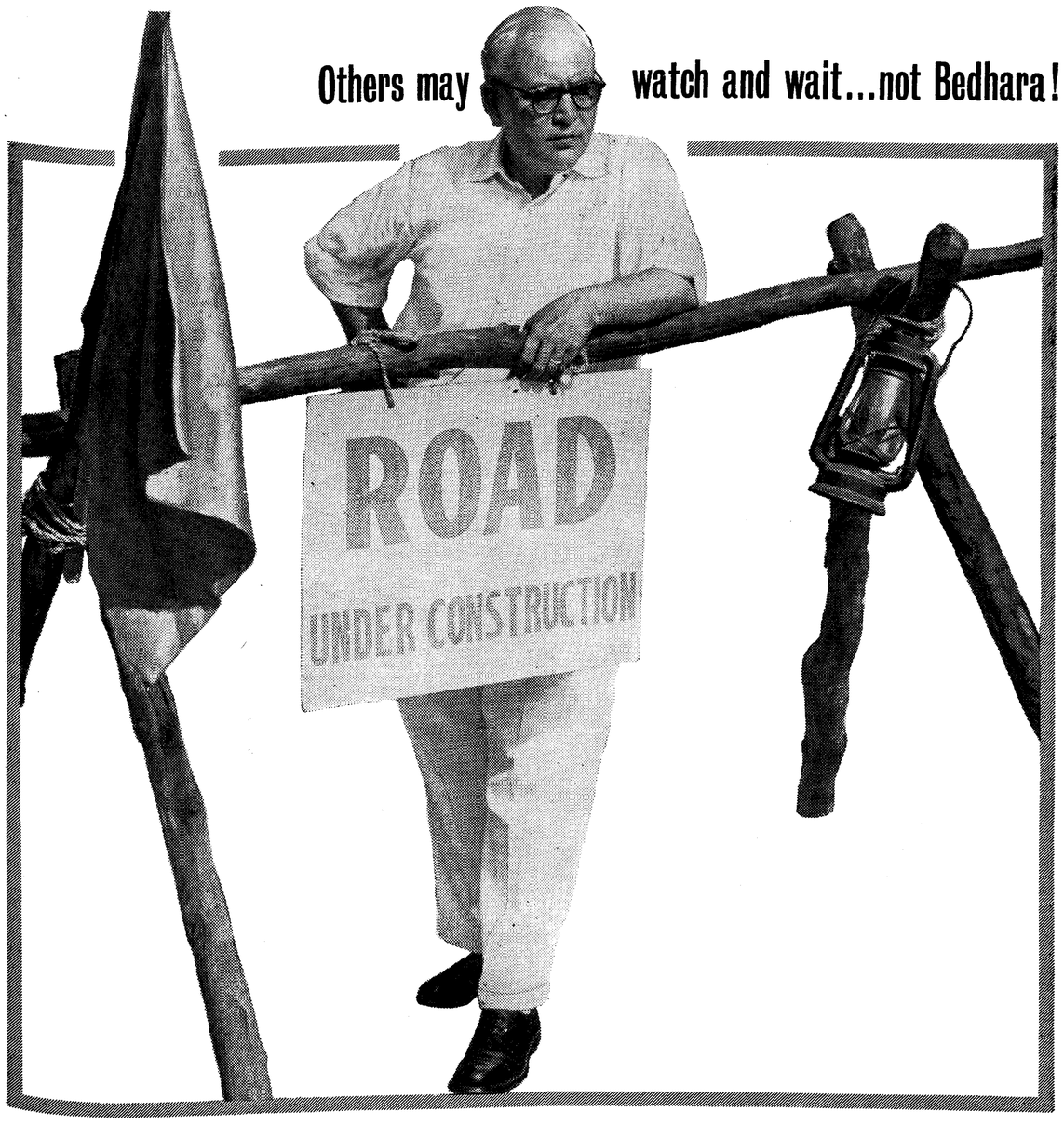

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ENGINEERING INDUSTRY IN HOWRAH

FINDINGS OF RESERVE BANK SURVEY

IN the industrial complex of Howrah, adjoining Calcutta, are to be found hundreds of engineering units. These are of varying sizes—ranging from the big concerns employing more than a thousand men to the very small ones employing one or two men. As many as 1,168 units, excluding the purely trading concerns and numerous small smithies, are engaged in production in a relatively small area of a little over ten sq. miles. Taken as a whole, in 1960, 707 of these 1,168 manufacturing units employed less than ten persons each; 198, 10 to 19 persons each; 163, 20 to 49 persons each; 80, 50 to 200 persons each; and 20, over 200 persons each. Another idea of the size of the units can be had from the classification according to the value of plant and machinery. Thus, of the 868 units for which this information is available, 355 units had less than Rs. 10,000 worth of plant and machinery each, 446 units between Rs. 10,000 and Rs. 1,00,000 each and 67 more than Rs. 1,00,000 each. It would thus appear that medium-sized and small-sized units are predominant in Howrah's engineering industry. Incidentally, it is these medium and small units that were surveyed intensively by the Jadavpur University in 1960-61 under the auspices of the Reserve Bank of India. The relevant survey report has just been published (*Survey of Small Engineering Units*, published by the Reserve Bank of India, Bombay, and priced Rs. 10).

The first part of the survey covers 200 medium-sized units (each employing 20 or more workers). These units have been classified according to the value of plant and machinery and size of employment, as in the accompanying table (Table I). At the time of investigation, 56 of these units were proprietorship concerns, 78 partnership firms, 64 private limited companies and only two public limited companies. The survey has examined the flows of different types of raw materials into these engineering units and of their products to the market. The major buyers from the 200 units are the big engineering concerns in the neighbouring areas of 24-Parganas, including Calcutta. Important "direct" buyers from the comparatively small units are found amongst themselves. Further, according to the findings of the survey, pig and scraps flow from the raw materials market to foundries which then pass on their products within Howrah to manufacturers of railway components, machines and machine parts. Mild steel bars, gunmetal, etc. flow from the raw materials market to manufacturers of machines and machine parts, structurals, and makers of railway components, etc. The manufacturers of machines often pass on some finished, or even unfinished, materials to manufacturers of machine parts and get them back with minor processing done to them. The same happens between job shops and makers of railway components, structurals and manufacturers of machine parts or machines. It is this interlocking of production processes which largely accounts for the strength of the Howrah engineering industry, and is the reason why so many new entrants are eager to establish their shops in the overcrowded municipality. Practically every firm can be assured of not remaining idle for want of work. The big units are themselves in a way ancillaries to the neighbouring large concerns in Calcutta, and have, as satellites, the smaller ones round them. A group of a few small units usually gathers around one or two of the bigger ones amongst the 200 units covered. The pull is at times the natural pull of acquaintance over many years. Often it is provided by the advancing of money to the small by the big.

Table I—*Classification of 200 Units*

Value of plant and machinery (Rs. '000)	Size of employment					
	Less than 20	20-49	50-200	201-500	Above 500	Total
Less than 10	6	6	1	—	—	13
10-25	12	26	14	—	—	52
25-50	24	29	11	—	—	64
50-100	5	20	12	2	—	39
100-200	3	5	12	1	—	21
200-500	1	2	3	1	1	8
Over 500	—	—	2	1	—	3
Total	51	88	55	5	1	200

The machines used in the engineering units are generally old. For the units in all the 14 groups of industries (namely, machine manufacturing, machine parts, job work, nuts, bolts and rivets, railway components, foundry, electrical goods, pipes and tubes, sheet metal processing, non-ferrous products, structurals, wire products, re-rolling mills and scientific apparatus), a total number of 3,100 machines has been listed. Of these machines, about 2,000 are over 15 years old and more than 1,000 are over 30 years old. If one takes 15 years to be the normal life of a machine, only the ghosts of them are present for the majority of them. Hence the survey's finding that this age distribution discloses an appallingly large number of very old machines which should not be there at all by any rational estimate of the possible life of machines. Another finding of the study has brought out the replacement cost of major machines at Indian and foreign prices. The accompanying table (Table II) estimates, in this connection, the current replacement cost of machines in the 200 medium-sized units.

The machines which at the original cost as depreciated up-to-date amount to Rs. 1.23 crore will require Rs. 4.62 crores to be replaced at Indian prices and Rs. 8.15 crores at foreign prices. It will be nearer Rs. 8 crores than Rs. 5 crores even for Indian machines in view of the current scarcity of the machines in the market and the high prices at which they sell; they are seldom available at prices declared by producers, especially for quick delivery.

The survey has estimated the gross value of output of the 200 units at Rs. 6.18 crores (*vide* Table III). Their fixed capital and current assets have been estimated at Rs. 2.3 crores and Rs. 3.5 crores, respectively. As many as 154 units have plans for expansion. The requirement of finance, as stated by 150 of these units, aggregates Rs. 2.2 crores for fixed capital (in part replacement) and Rs. 41 lakhs for working capital. Their primary demand seems to be for long-term loans for buying machines, amounting to over Rs. 2 crores for the 150 units. The largest demands are from manufacturers of machines and structurals, the two together accounting for over one-half of the total demand. The total demand for working capital, as stated by the units, is for Rs. 41 lakhs. Here again the structurals and machine manufacturing units' demands amount to Rs. 14.3 lakhs, though here demand is somewhat more evenly distributed among the industries. The other units showing a fairly high requirement for working capital are the manufacturers of railway components, nuts and bolts and scientific apparatus. In the last case the requirements for working capital exceed those for fixed capital. The periods for which these loans are required are comparatively long in view of the large needs for fixed capital. It is seen to be from 10 to 15 years for the majority, a few ask for even longer-term loans, for 18 to 20 years. The rate of interest offered varies for the majority from 3 to 5 per cent, though some ask for cheaper short-term loans. The maximum rate offered for long-term loans is 9 per cent.

Table II—*Replacement Cost of Major Machines*
(Rs. '000)

Machine	Replacement cost at	
	Indian price	Foreign price
Lathe	67,41	1,26,01
Capstan Lathe	45,20	79,10
Shaper	14,55	30,15
Drill	20,12	42,58
Radial drill	17,10	30,40
Planer	13,80	25,40
Milling	13,20	26,40
Sawing	2,58	4,30
Grinding	9,96	16,60
Forging	34,00	64,75
Welding set	16,00	32,00
Pressing	37,00	64,75
Shearing and punching	27,25	43,60
Motors	53,33	1,58,20
Others	90,40	71,10
Total	4,61,70	8,15,34

The second part of the survey covers 396 small-sized units (each employing less than 20 workers). As many as 277 of these units are proprietorship concerns, 102 partnership firms and only 17 private limited companies. The total capital employed by all the units is Rs. 84 lakhs. The fixed capital comes to only Rs. 1,500 per small unit. There are in all 1,646 machines in the 396 units. More than 1,100 out of these 1,646 machines are less than five years old, out of which again one-half is less than three years old. This age distribution is in sharp contrast to the picture of the aging of machines employed by the medium units, more than one-half of which was found to exceed widely the normal expectation of life of 15 years. The comparative newness of the machines for the small units is not surprising in view of the young age of the firms, three-fourths of which were found to be established only in 'fifties, and more than one-half in the second Plan period.

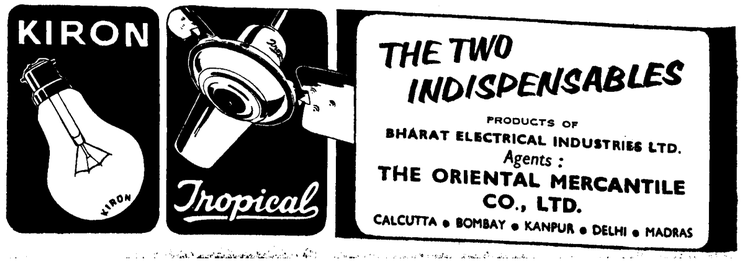
Table III—*Gross Value of Output of 200 Units*

Industry	No. of firms	Total output (Rs. '000)
Machine mfg.	23	41,24
Machine parts	27	63,98
Job work	21	16,39
Nuts, bolts, rivets	13	39,06
Railway components	25	1,20,86
Foundry	44	1,52,75
Electrical goods	5	14,52
Pipes and tubes	5	13,30
Sheet metal processing	11	75,21
Non-ferrous products	3	12,26
Structurals	10	46,31
Wire products	6	12,16
Re-rolling mills	4	6,30
Scientific apparatus	3	4,12
Total	200	6,18,46

The total annual output of the 396 small units during the survey year was estimated at Rs. 1.15 crore and the value of work done by them for others was Rs. 40 lakhs. As many as 350 small units have expansion plans for which they require cash loans to the tune of Rs. 54 lakhs.

An outstanding feature of the engineering industry (covering both medium and small units) in Howrah is the close interdependence among units, exhibited in the practice of farming out of orders to neighbours. This seems to explain why, despite congested surroundings, new units are constantly springing up there. The survey has revealed that, being basically small units, few of them have any internal organisation for production, purchase, sales accounts, etc. and their factory layout is often unscientific. Unlike the medium units, the machines used in the smaller units also are largely new. A rather disturbing feature that has been noticed is that most of the units with relatively new machines are working below capacity. The data collected on borrowings indicate that, even in an industry like engineering with adequate growth prospects, financial assistance provided by credit institutions is meagre by almost any standards. On the whole, the survey clearly suggests that, with adequate financial and technical assistance, a large number of these units could become viable and contribute effectively to the industrial potential of the region.

The survey, it is noteworthy, has broken new ground in the enumeration of the capital goods with the units according to their type, specification and age. This has made possible an estimation of their cost of replacement, as referred to earlier. It has also revealed certain interesting data regarding capital intensity and labour productivity which seem relevant for policy formulation. As a comprehensive inquiry into the financial, technical, institutional and other aspects of small engineering units in Howrah and on the inter-connections between them, the survey has yielded a wealth of information useful for assessing the nature and magnitude of the problems of small-scale industrial units, in general, and engineering units, in particular.



NEW PRODUCTS AND PROCESSES

Wool Fixing Process

A CLOTHING factory at Hamar, Norway, will shortly begin to market 100 per cent woollen garments which have been treated so that they retain pleats and creases forever, even after washing. The Perma Pli process, claimed to be superior to any other method, has been developed and patented by NTFI—the Norwegian Textile Research Institute, Oslo—with financial assistance from the International Wool Secretariat. Unlike the widely used chemical methods, the NTFI developed process employs only moist heat to achieve permanent fixing of wool. Fabrics and pressed garments are heated in a 130°C pressure chamber featuring controlled moisture. This prevents evaporation of natural fibre moisture. After such treatment, pleats and creases become stabilised to water. They can temporarily be removed with a flat-iron, but come back as good as new when submerged in water.

Automatic Crane Alarm

An automatic warning device which can be fitted to a crane, or similar equipment, to warn the operator that the jib is near a power line is being produced by a British firm. The alarm is installed inside the cab and the proximity detector is mounted on the jib. The alarm can be set manually to operate with the jib at any required distance from the power line. A fail-sale circuit causes a bright indicator lamp to flash if, for any reason, the system is not functioning correctly. The system will operate from mains supply or from any battery voltage down to 6 volts. Installation is simple and can be carried out on site without specialist knowledge.

Portable Oxygen Meter

Electronic Instruments Company of Richmond, Surrey, England, in association with the Freshwater Biological Research Association and the Water Pollution Laboratory, has designed a portable, rugged and reliable biological oxygen meter for the direct measurement of oxygen in solution. It is based on a sensitive, stable electrode system with a cathode small in size, but having a large active surface. Oxygen reduced at the cathode produces a current proportional to the partial pressure of dissolved oxygen, the value of which can be read off directly from the meter. The electrode, designed for total immersion, can be dismantled and reassembled without affecting its calibration. The instrument is equally suitable for use in field tests and in the laboratory.

"Rubber" Stamps Ink Themselves

A porous plastics material impregnated with a special ink makes a "rubber" stamp which will give over 25,000 impressions without the use of an inkpad, claims S. C. Johnson and Son, Racine, Wisconsin. Ink contained in the pores of the plastics material is forced to the surface, and on to the paper by pressure on the stamp. Called the Perma-Stamp, it is cylindrical in shape and can be fitted to the end of a pencil so that it is always at hand.

Heat-proof Plastic Goggles

An effective eye protection when welding and grinding is given by plastic protecting goggles manufactured in various models by an Austrian firm. These nylon goggles are an excellent protection against harmful rays when welding, scattered light, blinding, etc. and are able to stand 140°C. (283°F.), have little weight, a modern shape and fit well. They are also fitted with collapsible side-flaps, causing indirect ventilation which prevent moisture covering the glasses. The side flaps can be taken off or put on according to the use by a mere pressure of the finger, and the strap can easily be adjusted to every head. This goggle is also available with splinterproof glass which is an effective protection against grinding particles, sparks, hot and sharp chips, metal or wood splinters.

Locomotive with Laminate Body

In the Skoda Works in Czechoslovakia, a new electric locomotive has been manufactured. It is a prototype of a six-axle electric locomotive with laminate body. It is intended for a railway line fed by 25,000 VA.C. The engine can develop a power of 6,500 h.p. giving the locomotive a speed of 160 km/hour.

Potentiometer Recorder

One of the latest developments of an Austrian measuring instrument producing firm, Messrs. C. P. Goerz, Electro-AG. of Vienna, is a potentiometer recorder which, thanks to its great adaptability to the various jobs of measuring and recording electrical and non-electrical dimensions, is a valuable aid in all branches of physical, chemical, metallurgical and biological-medical research. The instrument is turned out in a flat design and can be used in a vertical or horizontal position. It distinguishes itself by the simple operating, is always ready for use and requires no attendance due to the semi-conductors in the amplifier and a breakdown diode as reference power supply. The new recorder has 11 measuring ranges from 2 mv to 20 mv; moreover in every position of the measuring range selector every intermediate value from approximately 40 to 100 per cent of the selected range can be engaged as measuring range terminal value. In this case, the readings can commence without converting into percentage of voltage values co-ordinated by the dial. The measuring accuracy is 0.5 per cent. The registration is carried out by ink alternatively on a continuous run-down strip or on a single sheet according to DIN A 4. The feeding of the paper is carried out by a synchronous induction motor over a 6-gear transmission, whereby feeding speeds of 30-120-66 mm. per hour and 30-120-600 mm. per minute may be chosen.

Mobile Crushing Plant

A mobile crushing plant, capable of reducing 24-inch lumps of quarried stone to sizes of 1½ ins. and below, in a single crushing unit, has been introduced by Aveling-Barford Ltd., Lincolnshire, England. Designed specifically for quarry work, particularly for roadstone and similar products having a low silica content, the plant has been developed to meet the needs of contractors who require high outputs and an accurately sized product. All the crushing is done in an impact breaker which will give product sizes from 8 in. to 1½ in., by simple adjustment of the breaker plate.

Monorail for Gold Mine

A diesel-powered monorail mines haulage system is being tested underground in the Loraine gold mines in Orange Free State, South Africa. Designed by Wright Anderson (S.A.) in collaboration with mining engineers of the Anglo-Vaal Group, the prototype system consists of a Perkins diesel-engined locomotive, a train of tubs, overhead track fabricated from 10 inches by 8 inches rolled steel joists, and several sets of points. Advantages claimed for the system over conventional railborn systems include an increased drawbar pull of about 6,800 lbs. (compared with 2,600 lbs. for conventional five-ton locomotives of the same power), and the ability to negotiate 25-foot radius bends in either the horizontal or vertical planes. A special feature of the tubs designed for the system is their ability to negotiate very small radius bends in the horizontal plane. In the case of the prototype train, 3½-ton payload tubs have negotiated bends of just over 2-foot radius.

Continuous Carbon Yarn Production

A continuous process for producing strong, uniform carbon yarns for aerospace and industrial uses has been developed by Union Carbide Corporation of New York. According to the nuclear and aerospace marketing manager, these refractory yarns approach the strength-to-weight ratio of general purpose glass yarns and filaments at room temperature. When heated, national carbon yarns retain or increase strength up to 5,000°F. (2,760°C.) and higher, the sublimation temperature being approximately 6,600°F. (3,650°C.). Uniformity of strength and other properties and compatibility with resins assure reliability in reinforced plastics used as aerospace materials. They can be used to make filament wound structures, either by the wet lay-up or pre-preg techniques, and they can be woven, knitted, braided or made into bonded fabrics. The leading industrial use is expected to be in the fabrication of electric resistance heating elements. The new process is adaptable to the production of yarns ranging from 50 to 10,000.000 ohms per foot (30.5 cm.), but initial production will be confined to the 90 to 300 ohms per foot (30.5 cm.) range. Applications include deicing devices, radiant heaters, and heating pads.

Bactericidal Fabric

Bactericidal fabrics based on linen and cotton have been developed by Professor Zakhar Rogovin in his synthetic-fibre laboratory at the Moscow Textile Institute. The bactericidal agent is "fused" with the cellulose molecule. Experiments have also been done in the "fusing" of styptic agents (to stop bleeding) and fungicides to the cellulose molecules. The uses of such fabrics are many—bactericidal ones in hospitals, for filters for river-water, gauze to stop bleeding, anti-bacterial fabrics in the making of antibiotics, and in the preparation of fruit juices by straining without the need of pasteurisation. Pilot production of the fabrics starts next year in Moscow.

Multi-purpose Greases

The Indian scientists working on Esso's grease research projects in Bombay have succeeded in developing multi-purpose greases for the first time in this country. This development will enable Esso to meet the rapidly increasing demand of the Indian industry for these greases and cut down imports. The saving in foreign exchange every year is expected to be of the order of Rs. 50 lakhs. The grease manufacturing programme of Esso India began in 1937 at the Company's plants at Bombay and Calcutta. The need to develop a wider range of greases spurred the Company to set up a Grease Research and Development Section in 1947 and a large-scale development programme was launched to meet the rising demand. As a result, the Company now locally produces 95 per cent of the various types of greases required by the country's industries and plans are under way to achieve complete self-sufficiency. The highlights of the grease manufacturing programme of Esso India include the development of new products to international standards to meet the exacting demands of new industrial plant and machinery in India, improvement of product quality and performance, maximum utilisation of indigenous raw materials and packages and assistance to indigenous fabricators for designing new equipment. Esso India's Grease Research and Development experts have also helped to set up grease plants in other developing countries in Asia.

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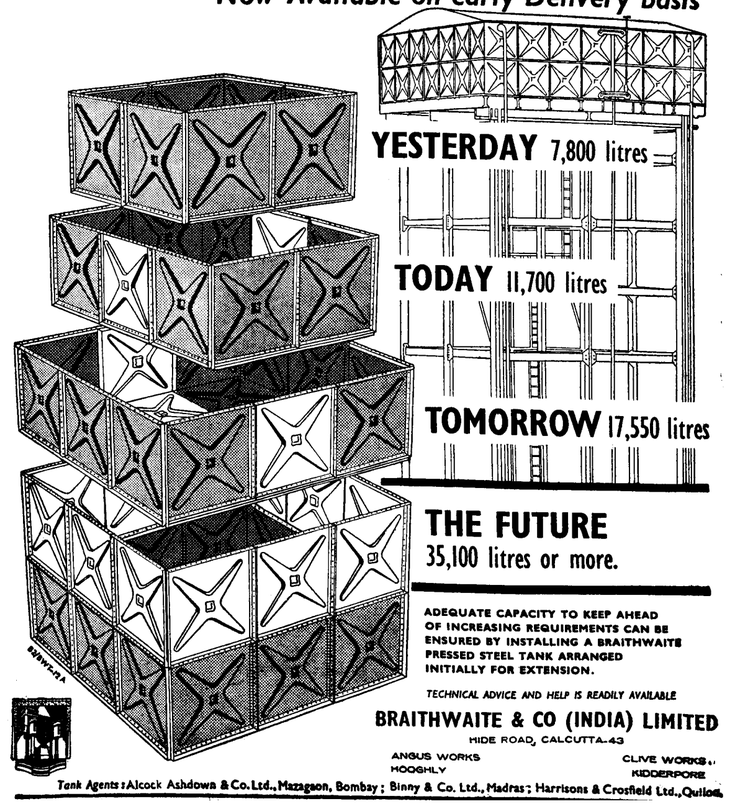

TRENDS IN U.S. ENERGY PATTERN

NUCLEAR POWER AND OIL FROM SHALE

By John M. Kelly
ASSISTANT SECRETARY, U.S. DEPARTMENMENT OF THE INTERIOR

IN a scant one hundred years, the U.S. economy and the economies of much of the rest of the world have made great strides forward—from the primitive energy pattern dominated by wood to the development of the coal industry at the advent of the industrial revolution in the United States, then to oil, now with increased velocity to natural gas and, in the near future, to atomic energy. A significant factor to note in this intensive competition of energy sources is that the cycles of single fuel dominance appear to be getting shorter. Technical development—and with it, economic change—seems to be compacted into ever more brief time spans. Wood was the principal source of energy for thousands of years; coal for less than one hundred years; petroleum for less than fifty; and there is reason to believe that the new giant—natural gas—will have a similarly fore-shortened period as the energy leader due to the onrush of nuclear energy.

But we cannot deceive ourselves that nuclear energy, if it takes the prime position, will be without challengers as well. As yet, man has only tinkered with the possibilities of solar energy, but greater efforts are in the offng. Consider, also the promise of the fuel cell, and the researchers who propose to tap the heat of the earth itself. Throughout the world different, unconventional, sources of energy are under study.

Complex Energy Industry

Our American economy is built largely on technology and the economic interpretation thereof. Because of this fact, we should look forward to an increasingly complex and sophisticated energy industry. The fantastic investment that has marked the petroleum and natural gas industries, as contrasted with the more modest financial requirements of forestry or coal mining, give support to this conclusion. I venture to predict that we will see an acceleration of the financial and technical complexity of our energy source industries over the years ahead. It is an imperative demand that will be met.

In petroleum, for example, for a number of years it has not been sufficient simply to distil crude and accept the molecular combination which nature first provided. Deep cracking, reforming processes and coking are becoming the rule of the day; which is to say, that the process of making saleable products from crude is becoming sophisticated at an accelerating rate. We have only to note the decline in residual fuel oil yields in U.S. refineries to find substantiation of this basic trend. In 1944, nearly 28 per cent of our refinery yield was in resid. By 1954 this figure had dropped to 16 per cent. And today resid is approximately eight per cent of the total product yield.

The massive financial and technical investment in the development of atomic energy is yet more proof of the direction of things to come. We are on the threshold of further major advances in the technology of dealing with the uranium atom, and only a short distance away from the additional massive investment which inevitably will be applied to the taming of the hydrogen atom as a useful energy resource. The lesson for all of us in these developments is that the combination of sophisticated technology, substantial investment, and prudent application of economics can offset the advantages of less complex naturally-occurring energy resources.

Advent of Shale Oil

We are on the verge of a significant development which further reinforces this line of thinking. Oil, which for millions of years has been locked in the shales of the Colorado Plateau, soon will be liberated by the combined thrust of economics and technology, providing a new and perhaps revolutionary source of liquid fuel which may be in direct competition with the petroleum industry. For the immediate future, we can speculate on the basis of the rather limited data available as to the trends that may characterise shale oil development.

Today, known processes apparently are capable of producing shale oil in competition with domestic crude within a limited marketing area. Take note that, even before construction of a single commercial plant, relatively modest research expenditures—as such items are measured—have been able to offset the natural advantage of deposits in which petroleum is present in its liquid state. Probably the first shale oil plant will be close to the economic margin. The investment therein will be exposed to the hazard of minor changes in the crude oil price structure. I will predict, however, that from the competitive standpoint the second or third commercial establishment for the production of oil from shale—the next generation of technology, in other words—will be an entirely different proposition and will be able to compete on equal terms with conventional petroleum.

Nuclear Sources

Let me turn aside at this point and remind you of the progress in the past ten years in the production of energy from nuclear sources. The first generation reactors apparently are capable of producing electric power at approximately 57 mills per kilowatt hour. The second generation plants have reduced this charge to something on the order of eight to ten mills. And now, the proposed Oyster Creek project of the Jersey Central Company, a late third generation reactor, seemingly will be capable of producing power at four or five mills per kilowatt hour. Thus, in one decade, through the rigorous application of economics to technology, the cost of producing energy from the atom has been reduced by a factor of more than 10, making energy from this source among the lowest in cost now available.

While a similar tenfold reduction in cost is not to be expected in oil shale, it not unreasonable to assume that the energy history of the next decade, so far as oil from shale is concerned, also will show progress as startling as that registered in atomic energy. In fact, it would be most surprising if it did not.

U.S. OIL IMPORTS

About 85 per cent of all oils imported into the U.S. in the first half of this year entered under licence, the remainder being imported from Canada and Mexico overland exempt from import controls. The volume of licensed imports was about 72,000 b/d (barrels daily) greater than in the same period last year and over 200,000 b/d more than the second half of 1963. Overland imports from Canada were about 32,000 b/d above those in the first half of last year and 37,000 b/d more than in the second half. Imports from Mexico were about the same, around 30,000 b/d.

A breakdown of imports according to source shows that three overseas areas supplied over 82 per cent of the total. The Caribbean was easily the leading supplier with 64 per cent of the total. Canada and the Middle East following far behind. The leading countries of origin were: Venezuela 1,020,000 b/d; Canada 299,000 b/d, Netherlands W.I. 290,000 b/d, Saudi Arabia 90,000 b/d, Trinidad 78,000 b/d. Residual fuel oil accounted for 587,000 b/d of the imports from Venezuela and neighbouring N.W.I. No residuals were included in the exempt overland imports.

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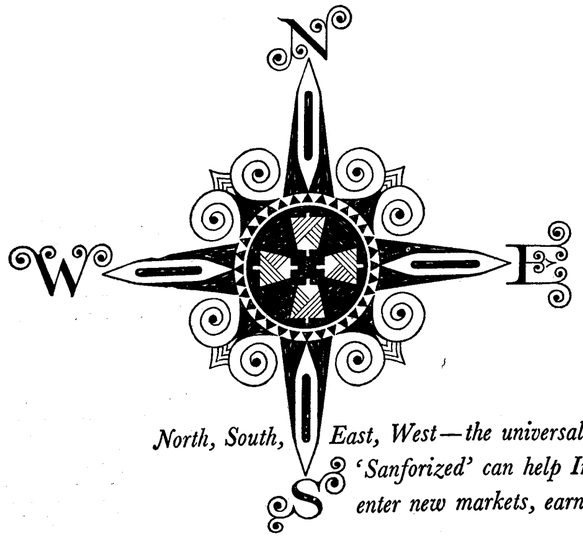

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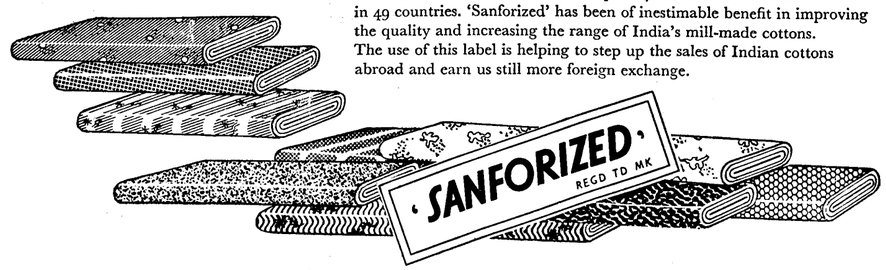

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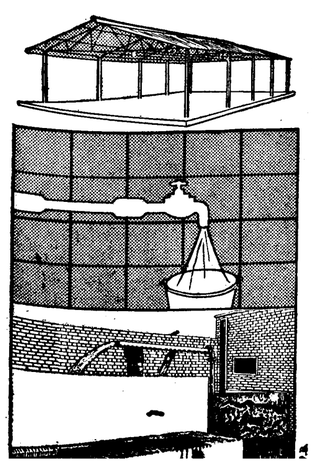

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BUSINESS NEWS FROM EUROPE

INDUSTRIAL RE-TRAINING IN EUROPE

SOVIET BLOC'S CAMPAIGN FOR EXPORT CREDITS FROM THE WEST

A SEVERE shortage of manpower and the onrush of automation threaten to overwhelm European plans to step up industrial job re-training, it was stated in London last week. The danger was said to come mainly from the fact that plans to intensify training for the unskilled and re-training for older or redundant workers were still largely being discussed rather than put into action. This gloomy view was put forward at a 19-nation seminar on "Job Redesign and Occupational Training for Older Workers," organised by the Organisation for Economic Co-operation and Development (O.E.C.D.). It emerged strongly from the conference that, in general, trade unions, management and Governments in most European countries had done relatively little to upgrade workers' qualifications to cope with redundancy threats from mechanisation or age.

But a new stringency in the British and West European labour markets now underlines the seriousness of these problems. Skilled labour, especially in the building and construction trades, mining and certain service industries, is particularly short. In most cases expanding industry has had to satisfy its needs from an influx of largely unskilled workers from agriculture or from abroad. Immigrant labour, however, is dwindling as a ready source of manpower. Italy's south-to-north job trek is starting to run down; France's Algerian labour supply has been largely absorbed. In Denmark, Sweden, Switzerland and the Netherlands, where virtually full employment exists, foreign workers are at a premium.

West Germany—which recently failed to hold onto homesick Turkish workers—is casting as far afield as South Africa and Chile for more manpower. Belgium, Luxembourg, and Austria have also helped to use up the reserves of immigrant labour from Italy, Spain, Greece, Turkey and Portugal, the chief suppliers. Another curb to the usefulness of such manpower sources is a growing trend for foreign workers to return home as wages and working conditions improve in their native countries. Some Continental countries are trying to increase the entry of older people and women into the labour market, and France, Italy, and the Netherlands have cut military service to release young men for employment. West Germany, with some 680,000 unfilled jobs at end-August and employing about 980,000 foreign workers, has set up three training centres for Spanish labour in the refrigeration, electronics and plastics industries. Britain, not a notable labour importer but benefiting from the recent influx of West Indian, Pakistani, and Indian workers, this year enacted an Industrial Training Act to accelerate apprenticeship training. It particularly lacks skilled and technically trained manpower and by last month had 334,209 unfilled job vacancies.

Manpower Situation

Britain this summer, however, began charting its future labour needs with a first report from the Ministry of Labour's new manpower research unit. The report predicts that the nation's manpower situation will become more critical in the next decade at present or better rates of economic growth. Re-training is still a new concept in Britain and Europe. Official projects to carry it out are virtually unheard of, but some private firms, especially manufacturers of automated plant, have trained some otherwise redundant workers to operate personnel-saving machinery.

Leader in the field so far is the United States, where technological unemployment had in the six years to 1962 cut production workers in manufacturing industry by 1 million, or 7½ per cent. American agricultural labourers have long been declining at the rate of 200,000 per year, and mining has lost a fifth of its labour force since 1957. United States Government concern for re-training is intense because of the severe effects of unemployment on certain occupation groups, the racial tension factor (22 per cent of the unemployed are non-whites), high youth unemployment through early school-leaving, and the problems of the handicapped who make up 12 per cent of unemployed. To this can be added the effects of automation. These include such illustrative cases as two men producing 1,000 transistor radios a day in place of 200 men previously, three men daily making 220 steel rods in place of 30 men, and the cutting of the Chicago stockyards' work force from 25,000 to 4,000.

Direct selling, despite recent setbacks in Britain, seems likely to become an important feature of merchandising in continental Western Europe. Britain's direct sellers are now reassessing their position after the failure of the big Rolls Razor and, more recently, Duomatic washing machine firms this year. But some think conditions in Europe are now ripe for a big expansion of this type of marketing where the manufacturer sells direct to consumers, cutting out retail shops.

European retail developments traditionally lag some years behind comparable British ones, which in turn normally follow American. But the Continent is in the midst of an exceptional spending spree on consumer durables, a situation which in itself suggests that big changes in European marketing techniques may be in the offing. Among these changes, the introduction and expansion of direct selling seems likely to be helped by three main factors:

(1) Lessons learnt in Britain, where lack of a sufficiently broad range of products made such firms as Rolls Razor and Vactric—both virtually dependent on single products and sensitive to changes in demand—would probably help European direct sellers. Vactric, a vacuum cleaner manufacturer turned direct seller, was the first of the spectacular failures in the field.

(2) Many of the components and machines sold by Rolls and Duomatic were in any case made in Europe. Imperial, still continuing in direct selling in Britain, imports its washing machines from Italy.

(3) The relatively slow progress in Europe of cut-price selling, of which the direct variety is a part, indicates that Europe is wide open.

On the other hand, the past ten years do emphasise that Europe is relatively slow to accept new ideas in retailing. In France, for instance, supermarkets still only account for 2.5 per cent of total food sales. Despite this slow growth Europe does follow British-American developments in retailing, even if it takes its time about it. From small beginnings already made in some countries for commodities such as books, European direct sellers could branch out into more ambitious consumer durables. Adding weight to this have been a number of hints from Britain's direct sellers that moves into Europe were on the way. Before the Rolls Razor failure, the firm's founder and managing director, Mr. John Bloom, said he had big ambitions for European developments.

An invasion by British direct-selling organisations in Europe world reflect changing consumer patterns there. Already Britain's biggest multiple tailors, Montague Burton, have started opening shops in France and British mail-order (often itself a kind of direct selling) is making its first inroads on the Continent. Apart from appliances, direct selling has been solidly established in Britain for many years. Specialist books, such as encyclopædias, are widely sold in this way as are brushes, cosmetics and insurance.

Direct selling in Europe may also be helped by the fact that farmers, because of their discontent with the prices paid them by wholesalers, have often set up their own sales outlets. This could encourage similar developments in other spheres of retailing. Experience in Britain, however, has shown that direct selling, because of huge advertising overheads, can be an expensive type of distribution. This points to the need for a really flexible approach and often only a large firm can achieve this.

East Europe and Export Credits

Longer and more liberal credits are the aim of a quiet campaign of persuasion which East European countries, led by Russia and East Germany, are mounting against their West European trade partners. East European diplomats in western capitals point out that most West European countries have lately increasingly paid lip service to the notion of *detente* through more trade. They add that several—France, Italy and Britain—must export more to combat inflation or other economic difficulties. Soviet bloc countries (whose trade and payments position with the West has recently been supported by huge gold sales) insist the time has come for the West to translate this into action with better credit facilities.

East European Governments are now waiting intently for the outcome of two events with an important bearing on the East-West credit situation. One is the Soviet mission to Paris this month to negotiate a new Franco-Russian trade pact; the other, a crucial annual meeting in the winter of the Berne Union. The Union has until now set guidelines for the West limiting export credits for Communist countries to five years.

The breakthrough, so far as Communist countries are concerned, came last month with Britain's decision to guarantee a 15-year loan for the Russian purchase of a man-made fibre plant. A Council of Ministers meeting in Brussels a week later left in doubt the posture some Common Market countries will adopt. But all the signs are of a growing feeling among the Six that commercial considerations now dictate the need for some let-up on the Berne rules.

France, in trade deficit with Russia for the first time in years, hinted last month that she, too, might consider breaking out of the Berne ring for specific Franco-Soviet deals. Like Italy (not a Berne Union member and long active in trade with Russia), France considers that the Communist issue stands on commercial, not political, grounds. But she has been reluctant to break away for fear of a European credit race. Belgium, also anxious to promote trade exchanges with the Soviet bloc, is another country believed to favour breaking the Berne guidelines if world trade competition justifies it.

E.F.T.A.: More Trade Inside the Family

Trade between the seven member-countries of the European Free Trade Association (E.F.T.A.) is now increasing faster than their trade with the Common Market. Until lately Britain, the biggest E.F.T.A. country, had increased trade with the Common Market rapidly, and three others, Austria, Switzerland and, in some sectors, Denmark, had relied heavily on their trade links with the Six. Much of the change is attributed to the growing difficulty of surmounting Common Market tariff barriers, and to the adverse competitive effect on E.F.T.A. goods of internal tariff cuts between the Six.

During the first six months of the year Switzerland achieved a 23 per cent increase in her trade with other E.F.T.A. members compared with a six per cent rise in exchange with the Common Market. Similarly Britain recorded a 15½ per cent rise in trade with E.F.T.A. countries in the same period, against a 7½ per cent increase with the E.E.C.

Last year inter-E.F.T.A. trade rose by 11 per cent to a total of £1,900 million. E.F.T.A's trade with the Common Market increased at exactly the same rate, 11 per cent. But judging by five-year figures, this was the turning point of a period in which E.F.T.A. trade with the Six consistently grew faster than that among the Seven themselves. Internal trade accounted for 22.8 per cent of the total E.F.T.A. exports in 1963 compared with 19.8 per cent in 1959.

In the first half of 1964 total Common Market exports were 25 per cent higher than in the same period of 1963. Imports from the rest of the world rose even more, by close to 30 per cent. In the first half-year total E.F.T.A. exports went up by only 17 per cent and imports by 25 per cent. It is this generally faster growth of the Common Market's world trade which continues to attract several E.F.T.A. countries to the idea of E.E.C. membership or association.

South African Growth Slowing

South Africa's economy, booming for some 2½ years, seems to be entering a period of slower growth. Reserves have been falling moderately since the end of 1963, after increasing since early 1962. By the third week of August this year they were at £242.1 million, which has about £15 million down from last December. Difficulty has been widespread deficiencies of skilled workers and management as well as general labour shortages in building, iron and steel, and the engineering and motor industries. These bottlenecks have slowed total output expansion to an annual rate of around 6 per cent and, together with recent agricultural setbacks, have exerted some upward pressure on prices.

But there has been no general demand inflation and pressure has been eased by a slowing of the increase in private consumption and the easing of import controls. Nevertheless, a Johannesburg business leader said that South Africa's past economic achievements had largely been confined to a quarter of the total population. An average annual growth rate of 8 per cent in real terms—nearly double the average rate of the past two decades—would be required to give equal employment opportunities for all in the year 2000, he said. He added that Government policy on the use of non-European skills clashed with the practical requirements of continued economic development.

Meanwhile, however, official opinion in the world's leading gold producing country continues to be optimistic. In a recent statement in Pretoria, Dr. Gerard Rissik, Governor of the Reserve Bank of South Africa, said that the past three years had been a period of growing prosperity. Gross National Product had increased rapidly and substantially and, although the tempo had lately slowed, growth was still at a "very satisfactory and more sustainable rate," he said. But he did warn against the danger of excess credit for non-essential consumption and urged restraint in public borrowing and in lending by financial institutions.

Progress Report on West Germany

The West German Government, which must soon gird itself for next year's Federal election campaign, seems likely to have the state of the economy as the strongest plank in its platform. The last two years have been strewn with ominous portents—mainly from outside prophets—of slow-down, recession and, more recently the danger of inflation, either home-grown or by infection from other Common Market countries. In the event, it seems improbable that the economy could be on more even keel.

Despite union pressures, successfully contained, price increases since the summer of 1963 have been among the smallest in the Six and virtually confined to food. Germany's consequent ability to restrain export price increases is at the heart of the strength of her international position. Imports, though well up, have lately been checked by a decline in Government purchases of military material.

A large export surplus, producing a heavy increase of reserves, could have had a baleful effect on foreign exchange markets. But luckily for all concerned, the trade surplus has been largely offset by an outflow of funds. And there are signs that the anti-inflation drive elsewhere in the Common Market is now helping to moderate Germany's export performance.

Cost of Living: The index of living-costs (1958=100), which stood at 113 at the end of the last quarter of 1963, reached only 115 by April and stabilised there through most of the summer. Behind this is the exceptional stability of wholesale prices for manufactured goods, which rose only one point (in March 1964) between the middle of last year and July of this year.

Trade and Payments: Export prices, despite some slight fluctuation, were by June, the latest month reported, 1 per cent lower than a year earlier. In consequence, the rise in export revenue in the first seven months of 1964, of nearly 13 per cent to some 37,000 million Deutschemarks (£3,400 million), was almost entirely accounted for by higher volume. By August the export surplus for the year reached about 4,400 million Deutschemarks (£400 million). But this failed to cause a runaway of the reserves, which remained stable close to 7,800 million dollars for most of the first seven months.

Topical Briefs

The *Common Market* Commission has, for the second time this year, proposed a compromise on the accelerated programme of tariff cuts some member-countries urged. The compromise, announced after the article *E.F.T.A.: More Trade in the Family* above was prepared, involves a 15 per cent cut in intra-Market tariffs on 1st January 1965. This will be in place of the 20 per cent several countries wanted and the 10 per cent reduction the E.E.C. was in any case due to make. The remaining 25 per cent intra-Market duties will be removed in two stages; 15 per cent on 1st January 1966 and 10 per cent on 1st January 1967, when the E.E.C. will become a full customs union.

West Germany has the slowest rate of increase in the cost of living of the Common Market countries. Official figures from Brussels for the first six months of the year show that West Germany had a 2.7 per cent rise in the cost of living compared with the corresponding period of 1963. In the same period Italy, with acute inflationary problems, had a 5.2 per cent cost of living increase, the biggest rise of any Common Market country. Holland had a 4.4 and France a 4.1 per cent rise in the six-month period. The cost of living also rose strongly in Belgium, up by 3.8 per cent in the first half-year

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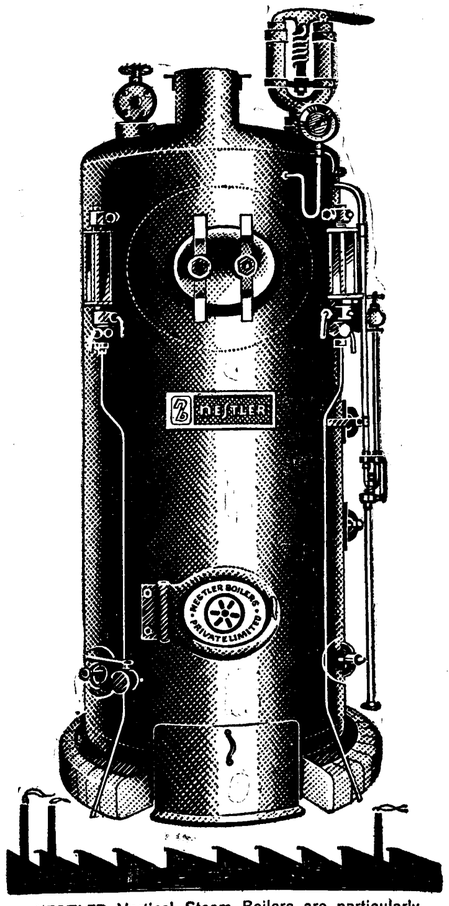

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SOCIAL ENVIRONMENT AND BUSINESS—I

WELCOME CHANGE IN PHILOSOPHY GOVERNING CORPORATE BEHAVIOUR

By D. L. Mazumdar, I.C.S. (Retd.)

[*The need for equating the business community's requirements for growth and continuity with the social and economic values of the community in general poses a challenging problem. There is realisation of the urgency and magnitude of this problem among some businessmen of this country, but it is yet to permeate the rank and file. The steps taken in India to bring about a general rapport between business and society were described by Mr. D. L. Mazumdar (the former Secretary of the Department of Company Law Administration and now the Director of India International Centre, New Delhi), in an address at Calcutta early last month under the auspices of the All-India Management Association. He did this against the broad background of the changes that have taken place in the philosophy of business in the Western democracies. We have adapted this address of Mr. Mazumdar into an article to be published in two instalments. We have omitted some parts of the address, as a fuller account of these parts are covered in a series of three articles by the author published in our issues dated 15th, 22nd and 29th February 1964, under the title "The Modern Company and Rule of Law." The subject covered by Mr. Mazumdar is of great importance to the business community, for the private sector's prospects will inevitably be influenced by the image created among the public.*—ED.]

I HAVE assumed for the purpose of this article, that business means the most representative form of business, namely, the modern joint-stock company. The characteristics of this form of business are that it deals with a sizable manufacturing and marketing complex; its shareholding is widely diffused and transcends the limits of the family; and the responsibility for top management and therefore of control over its affairs is left in the hands of a few, who belong to a managerial class, as distinct from the wider shareholding class the members of which jointly own the equity of the Company. A later development in the structure and functioning of the modern joint-stock company, which has, however, yet to make its headway in this country, is the gradual induction of a professionally trained element in this managerial class. This element, which now functions in this country primarily at the management and not the control level, may progressively succeed in making its influence felt on the day-to-day control of business—but it looks as though it would have to bide its time yet awhile. This latest development in management practice has sometimes been described as the 'managerial' revolution—although it is hardly a revolution in the ordinary sense of the word, not being any fundamental, structural or behavioural upheaval, erupting abruptly. Instead, it has been essentially a gradual transformation of the traditional scene spread over many years, like, say, the so-called Industrial Revolution in the Western countries, which was brought about in course of many decades. Perhaps a more apposite description of the new phenomenon would be to call it by its latest fancied name, which is 'Managerial' Capitalism.

I would not say more on these semantic issues, except to observe that any study of the problems of business management or of the inter-relations between business and society, in the Indian context, is rendered specially difficult by the continuing fluid and transitory state of business management, which is currently in many different and uneven stages of growth even in the large-scale sector of organised business in the country. I shall assume here that the dominant trends in business management are at present represented by the traditional managerial class of an earlier generation, and to a lesser but increasing extent by the modern joint-stock companies managed by professionally trained managers.

What is Society?

Likewise, to talk of society *simpliciter* in the context of the present discussion may not be particularly rewarding. Indeed, I shall interpret 'society,' in the present context, as that combination and alignment of social forces and societal processes whether embodied in institutions or not or written into their mechanics or not—which provide some direction to our economic and social policies, however imprecise this may be, and thereby influence the organisation and working of joint-stock enterprises. The relevant institutions in the Indian context are mostly laws and those legislative and administrative bodies which are charged with the responsibility for the administration of these laws.

Non-statist voluntary agencies like the institutions in the City of London or in Wall Street, for example, exercising a significant impact on the structure and functioning of joint-stock enterprises have yet to establish themselves in the country. The non-institutional forces consist of the many formal declarations of the aims and objectives of our economic and social policy, the most important of which are embodied in the Directive Principles of State Policy in our Constitution. They constitute a large and dominating part of the social *milieu* in this country, in which large-scale business, as indeed all other major human activities, must necessarily be carried on. In this respect, developing countries like ours differ materially from the older and more developed countries, which have already achieved a workable measure of national agreement as to the ultimate aims of their social and economic policy, and are, therefore, ideologically more stabilised than ours. This difference between the two economies emphasises the importance of establishing a working *rapport* between business practices, values and motivations, on the one hand, and the evolving social and economic values of a community still a long way on the march towards its goal of economic and social development, on the other. This is a crucial issue which confronts business managers in this country whether they belong to the traditional managerial class or the more modern tribe of professionally trained managers.

Need Recognised

I think it will be correct to say that the need for this *rapport* is now generally and broadly recognised both by the enlightened leaders of the business community and the constructive leaders of opinion outside business. And yet this was not so till a few years ago. I shall recall a dialogue between the late Prime Minister, Pandit Jawaharlal Nehru and Mr. G. D. Birla at the annual session of the Federation of the Indian Chambers of Commerce and Industry a few years after Independence, I believe shortly before Avadi. In the full plenitude of his physical and intellectual powers at that time, the late Prime Minister made a vigorous speech deploring the lack of an adequate social perspective on the part of businessmen in this country and urging them, in the long-term interest alike of business and of the society in which they lived and worked, not to shut their eyes to the wider horizon, even when they carried on their day-to-day activities in the market place. Mr. G. D. Birla, rising to thank the Prime Minister for his presence at the annual function of the Federation, acknowledged the need for bearing in mind the social objectives, but argued that businessmen were like other professional experts, and compared them to dentists, if I remember aright, who, according to him, while not forgetful of the human anatomy, naturally concentrated on a particular part of it while they were engaged in their craft. The tenor of Mr. Birla's argument seemed to suggest, at least inferentially, if my recollection is correct, that businessmen could perhaps best serve the community by concentrating on their vocation, that is, the 'business' part of the social anatomy!

This was, as I have already said, shortly before the Avadi session of the Congress. About ten years later, on the occasion of the centenary celebrations of Birla Brothers, speaking before a gathering of all the Chambers of Commerce and Industry in Calcutta early in 1962, Mr. Birla observed that "business in India was no longer a close preserve of a few persons. Capitalism was becoming more broadbased, and the time had come when, he thought, businessmen should think of creating a managerial class in the country to sustain the growth of business." He went on to add that, "in the U.S. and Britain, big business had become the property of the nation" and prophesied that this would be so even in this country after some time. "The business community should not, therefore, be afraid of slogans of socialism; instead social justice should be the main foundation of business activities," and it was the task of businessmen, he concluded, "to give a push to socialism by creating more wealth."

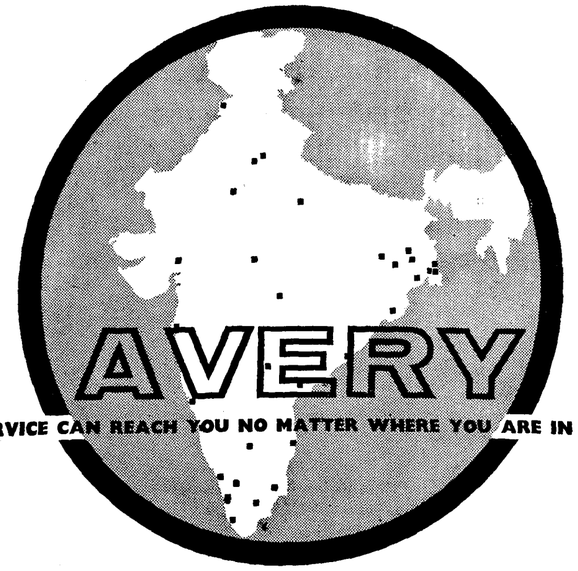
It is not necessary in this context to go into the circumstances which brought about this very welcome change in the tone of the aforesaid dialogue. The new formulation of economic and social policies at Avadi and the far reaching changes in administrative policy relating to the corporate sector which were heralded by the passing of the Companies Act of 1956 would seem, in retrospect, to have been the two most powerful factors in the establishment, in theory at any rate, of this general *rapport* between business and society.

This quantitative recognition of the need for understanding and adjustment between business, on the one hand, and the accepted social and economic values of the community on the other, did not, however, lead in practice to any very widespread change in the traditional methods and practices of individual businessmen or business houses. Over a large sector of organised trade and industry, old-world views and attitudes regarding the rights and obligations of managers, shareholders, creditors and employees continued to persist. Thus, for example, it was still seriously argued by many leaders of business that the management was accountable only to the shareholders and that if the latter had agreed to or acquiesced in or refrained from adversely commenting on any decisions of the management, that would constitute sufficient sanction for the actions of the former. Laws and institutions which provide for the approval by Government or any other duly constituted external authority of business decisions, in the social interest, were resented as undue interference with the legitimate rights of business. During the last three or four years I have argued on many different occasions that the traditional concept of managerial accountability only to a largely mythical shareholding democracy is based on an erroneous view of the legal theory of the corporation in Anglo-American jurisprudence; and there is nothing in the historical growth and evolution of the modern corporation to support this concept. In other words, there is nothing in the history of the development of the corporate form of enterprise in the past, or in its legal foundation which can sustain the claims made either on behalf of the management or of the shareholders in the manner indicated. The truth is that this view of the corporation is essentially a relic of the *laissez faire* philosophy of the early nineteenth century, which fashioned and moulded the early Company Laws in the fifties and sixties of the nineteenth century in England; and, since our Company Laws in this country were based on the English model, this philosophy influenced also the thinking of several generations of company managers, company lawyers and company accountants.

Failure of "Laissez Faire"

It is not necessary to explain here the reasons for the gradual decline and fall of the *laissez faire* philosophy, notwithstanding the hard core of truth about the fundamental importance of the individual in any society which it contained. It provided a simple set of general rules regarding property, contract and honesty, in business dealings. In these rules, the widest latitude for individual freedom of choice was permitted and a minimal amount of conscious governmental direction was required. The incentives to individuals in their various economic roles were designed to be powerful enough to produce a dynamic and progressive economy; and competition was expected to provide a powerful check on unbridled self-interest. In practice, however, many conflicts arose between individual and social interests. Some of these conflicts developed because of the inability or failure of people to accept and to act upto their moral responsibilities, which the system of *laissez fair* required as a condition precedent for the establishment of accord between individual and social interests. Examples were tendencies of businessmen towards deceptive behaviour—especially of the more sophisticated and manipulative varieties associated with merchandising or high finance; failure of businessmen to provide for the protection of life, limb and health of workers; the frequent failure of competition and the lack of restraint in imperfectly competitive situations; and frequent failure to recognise the human rights of workers. The earliest tendencies towards social and governmental control of business in the earlier years of the nineteenth century in the Western countries arose from these failures of *laissez faire*. Society was forced to insist upon higher standards of honesty, protection of persons, restraint of monopoly and

(*Continued on page 662*)



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THE METTUR CHEMICAL AND INDUSTRIAL CORP. LIMITED

Production Of Chemicals Maintained At Peak Levels

Dr. P. S. Lokanathan Reviews Activities

ADDRESSING the Twenty-seventh Annual General Meeting of the Company held at Mettur Dam R. S. on 22nd September 1964, Dr. P. S. Lokanathan, Chairman, said:

I have great pleasure in welcoming you to this, the twenty-seventh annual general meeting of your Company.

At the outset I wish to refer to the great tragedy that has befallen our country in the passing away of our beloved Prime Minister Shri Jawaharlal Nehru. The man who made India what she is today is no more and though some time has elapsed since his death, still we are not able to reconcile ourselves to this loss; it will be no exaggeration to say that the void caused by his death can never be filled. I count it as a great privilege that I had the fortune of personally knowing him from pre-independence days when I served as a member of one of the Committees appointed by him as Chairman of the Planning Committee of the Congress—through all the years as Executive Secretary of U.N. Economic Commission in which Shri Nehru took a great and continuous interest, and as Chairman of the National Productivity Council, and as the Director-General of the National Council of Applied Economic Research. Shri Nehru's keen interest in science and his driving enthusiasm for the advancement of his countrymen made him follow the work of the National Productivity Council as well as that of the National Council with very great personal interest. Both the organisations benefited a great deal from his support and encouragement. Though he is no more, he would have wished nothing better than that every one of us dedicating ourselves with all the energy at our command should strive to improve upon the performance of our allotted tasks so that the country will reach economic independence.

In our own immediate sphere, we suffered another great loss in the sudden passing away of Shri V. Swamy Iyengar on February 4, 1964. Shri Swamy Iyengar was a Director of this Company for more than eighteen years and his charming presence will be very badly missed by me and my colleagues on the Board.

Turning now to the affairs of our Company during 1963-64, the total sales went up to over Rs. 2.65 crores as against Rs. 2 crores in the previous year. We reached a new high of nearly 12,700 tonnes in caustic soda production, and I am glad to inform you that production of all chemicals was higher in the year under review as compared to the production in any previous year.

Control on the prices of caustic soda, liquid chlorine, bleaching powder and hydrochloric acid was removed by the Government of India in December 1963. This enabled us to revise our prices suitably in common with other alkali manufacturers in the country so that we could cover our increased production costs.

I had mentioned in my last year's speech that a scheme of technical collaboration with a leading chemical manufacturer in the U.S.A. had been finalised for the manufacture of organic chemicals and submitted to the Government of India for their approval. However, due to certain reasons beyond our control, this collaboration arrangement could not be implemented. Therefore, Shri R. V. Ramani, ex-officio Director, once again visited the U.S. this year and we have now concluded a satisfactory arrangement with another very well known organic chemical manufacturer in the U.S.A. for technical assistance for the manufacture of the new organic chemicals, i.e. methyl chloride, methylene dichloride, chloroform, carbon tetrachloride and pentachlorophenol. I now confidently expect production of these new items to start by the end of next year or early in 1966.

Shri R. V. Ramani, during his recent visit to the U.S.A. and Europe, has also finalised the orders for the further cells and other auxiliaries required for the manufacture of rayon grade caustic soda in the No. II plant. The orders have been so placed that we get the maximum advantage out of the limited foreign exchange available to us for expansion. Construction work on the new plant is proceeding at a very fast pace and we can hope to start commissioning the caustic soda plant by the end of the financial year and bring it to full production shortly thereafter.

Thanks to our having sustained a satisfactory and increased rate of production, the net profits have shown a rise of about Rs. 10.67 lakhs over the previous year which has enabled us to maintain the usual dividend of 12½ per cent on equity shares though the paid-up capital of the Company has increased from Rs. 1,60,00,000 to Rs. 2,50,00,000. I am sure shareholders will appreciate this fact and join me in congratulating the Managing Agents on this excellent achievement.

You would also have noted with pleasure from our Directors' report for this year that the machinery for production of a further 20-tonne capacity or caustic soda in the existing factory premises was successfully commissioned in March 1964. I am glad to state that this extra capacity is in full production since August 1964.

During the fag end of the year under review, under the Finance Act 1964, Central excise duties on carbon-dioxide gas, liquid chlorine and hydrochloric acid—three of the products manufactured by us—were abolished. Carbon-dioxide was being produced only for self-consumption while the other items were sold well as used for self-consumption. There has been a slight increase in the Central excise duty on soaps.

Super profits tax has been replaced by a surtax on company profits at 40 per cent on the residue of profits after tax and after deduction of 10 per cent on the capital base which includes capital, reserves and long-term borrowings. Thanks to the enlarged capital base and increased limit of 10 per cent allowed as profit, our Company will however not be called upon to pay surtax for the year ended 31st March 1964.

Some basic industries will get a rebate of 10 per cent in corporation tax and 20 per cent in surtax, but our industry is not one of them. Public companies will have to pay dividend tax at 7.5 per cent on the amount distributed as dividend on capital other than preference shares. I feel that this is an unnecessary burden on the companies and looks more like a penalty on the better managed and efficient companies. I hope the Government will be pleased to abolish this unwelcome tax at least next year.

While on the subject of development rebate, I wish to refer to the uncertainty currently prevailing regarding availability of this benefit after 1st April 1966. I hope that Government will continue this rebate, as its withdrawal will affect adversely a highly capital-intensive industry such as ours and also there will be no incentive for the industries to plough back the profits into reserves, which is an absolute necessity for future expansion.

The Hon'ble Finance Minister, in his closing speech on the Budget, announced that by an amendment of the income-tax rules the concession of additional depreciation for the working of the third shift of plant and machinery will be allowed with effect from the assessment year 1964-65. We derive some benefit by this concession.

At the risk of repeating myself, I wish to touch on the unsatisfactory power situation in our part of the country. Some years ago I had made a reference about this and since then it has almost been an annual refrain in my speech. In spite of the commissioning of the thermal units at Neyveli, the power shortage persists. I had stated that unless an atomic power plant was established shortly, we would not be able to see the end of these annual power cuts. From a recent news item, I see that the Government of Madras is indeed seized with the urgency of the situation and has obtained the approval of the Central Government for the construction of two large thermal power stations in our State as soon as possible. This is most welcome.

I would like to make reference to the recommendations of the Swaminathan Committee on the Industries Development procedures. The Committee had some important suggestions to speed up licensing procedures and I am glad to find that the Government has accepted almost all the recommendations.

The speed with which the Swaminathan Committee has submitted both the interim and final reports and the manner in which the Government has accepted the recommendations provided a gratifying instance of a new awareness and earnestness to ensure quick action and I hope the same expedition will be observed in the implementation of the decisions. The simplified procedures will, I hope, go a long way towards helping the establishment of new industrial units, expansion of the existing ones and fuller utilisation of industrial capacity. The efficacy of the techniques devised by the Committee for the speedy disposal of applications for industrial licences can be known only after they have been tried for some time. The Committee is fully aware of this and its suggestion that, after a year of its working, its scheme should be carefully examined by a similar committee, is a valuable one; for, such a study will provide an opportunity for prompt adjustment that may be necessary in the light of experience and the then prevailing circumstances.

While on the subject of industrial licensing, I have to comment in brief on the progress made by the caustic soda industry as a whole. As has been revealed in the mid-term appraisal of the third Plan, the rate of growth of the industry has not been at the pace required by the targets fixed. As a matter of fact, the gap between the target and actual performance has been growing steadily since the second Plan. The reasons for this are many and not the least of which has been the paucity of foreign exchange. It is, therefore, necessary, while framing targets for the fourth Plan, to take a much more realistic view of the capability to perform and set less ambitious targets—targets which are realistic and capable of implementation according to schedule.

The Tariff Commission has recently held an enquiry in June 1964 with regard to the continuance of protection to the caustic soda and bleaching powder industries. Their recommendations are awaited with interest.

I think the shareholders will agree that the affairs of the Company have been fairly consolidated so as to show tangible results. Although the Company has during the year under review as well as in recent years shown excellent results, there are many important tasks ahead of us. The future will certainly throw up new problems in the spheres of finance, management, industrial relations, productivity, cost control and sales. However, with the sound inherent strength of your Company, I am confident that we shall be able to evolve rational solutions leading to greater stability and progress.

I would like to touch briefly on the recent report of the Bonus Commission and the decision of the Government thereon. As a firm believer in the necessity to sustain high production in all fields of industry, and in incentives to attain such production, I feel that as a general principle, it is much more desirable to have bonus correlated to production rather than having profit sharing bonuses. In any event the introduction of a minimum bonus changes the entire concept of bonus as such, and gives it more the character of a deferred wage. There are some recommendations in the majority report with which our Company cannot be in agreement. I trust that, at least, at the time of introducing legislation to implement their decision, Government will give full considera tion to the weighty arguments contained in the minority report. If bonus legislation can ensure better industrial relations, we of course should welcome it. As far as your Company is concerned, we have already been paying bonus slightly in excess of the maximum visualised in the Bonus Commission's report but we are anxious that the scheme as finally approved in Parliament should be fair an equitable and help in maintaining peace and promoting goodwill in industry.

On behalf of the Board of Directors and o my own behalf, I wish to express our warm appreciation of the cordial management-labou relations and the devoted services of all rank of staff and labour, as well as the Managin Agents of the Company.

N.B.—*This does not purport to be a repor of the proceedings of the Annual Gener Meeting.*

CHAIRMAN'S STATEMENT

Alind's Eighteenth Annual General Meeting

MR. S. NARAYANASWAMY REVIEWS ACTIVITIES

Addressing the Eighteenth Annual General Meeting of the Aluminium Industries Limited held at the Registered Office, Kundara on 28th September 1964, Mr. S. Narayanaswamy, Chairman said:

At the outset, let me perform the solemn and melancholy duty of expressing our sorrow on the passing away of our esteemed Prime Minister, Pandit Jawaharlal Nehru. It is not given to every country to have in unchallenged leadership of affairs, a person of his moral and cultural stature, for a cycle of seventeen years —particularly in the wake of discarding the fetters of foreign rule, which was accompanied by the pains of partition. It was good to have had a statesman of his calibre, with an unshakable distaste for wrong doing, in administrative captaincy of India. This exalted the country's image before the world. The sorrow caused by his passing is mitigated in some measure, by one whom he loved, esteemed and trusted becoming his successor. Mr Lal Bahadur Shastri's unanimous choice as Prime Minister of India has been well received and been acclaimed by the world as sagacious and sound. Let me wish Mr Shastri a purposeful and long term of office.

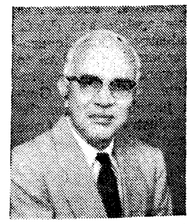
The year 1963-64 has been for ALIND a period of fulfilment and consolidation, no less of expansion and preparation for greater expansion. From the point of view of distribution, it has been the year of restoration of dividend to what may be called its classical level, this having been rendered possible by the abolition of the Super Profit Tax—which is of course not saying much for its twin successors—the Surtax and Dividend Tax. It was not necessary to substitute a retrograde tax by other imposts that tend to render the reliefs somewhat unsubstantial in content. In particular, the Dividend Tax is infelicitous in concept—in so far as it implies that distribution of any dividend on risk capital is among things that Government disapprove, which is far from being Government's intention.

Taxes imposed in post-independence years have proved that the psychological damage done by tax levies has a sinister way of outliving the financial damage done to corporations as to individuals. The long term victim of such damage is the New Issue Market, which Government are so anxious to see revived.

SOLIDAL PLANT

The company's "Solidal" plant for the manufacture of low voltage underground cables has just been erected and will go on stream next month. Members of our Engineering staff that went to Europe to receive training in operating and field-laying of these cables are back in Kundara. The problem of acquainting the Indian consuming market with the properties and high keeping qualities of this comparatively unfamiliar type of underground cable, is being actively tackled. "Solidal" will take ALIND quite a distance on the highway to comprehensive cable production.

Our production of welding cables—the first attempted with Aluminium metal in India—has been well received by consuming markets and the indications are that we shall be considerably augmenting our production of these. Production of microgauge aluminium wire required for stranding in the manufacture of cables has opened up a new field of possibilities in the manufacture of welding and trailing cables.



Your company has received Central Government's approval for substantial expansion of bare conductor capacity at Kundara and Hirakud. Items of balancing equipment are required to be imported to put this expansion through and the required foreign exchange is being secured in part by a loan from the I.C.I.C.I. Licences for the erection of a second rod rolling mill have been received and orders have been placed with the suppliers. This is expected to go into production in the third quarter of 1965.

The company has been in correspondence with Japanese friends with a view to establishing a plant for the manufacture of cable making machines. This has now reached an advanced stage and the Board is actively considering the details of terms of collaboration offered by a reputed Japanese firm for establishing the manufacture of a diversified range of cable making machines. This is but a logical step from cable making in which this company has been engaged for 14 years now. At the appropriate time, your Board will be making a supplementary share issue to finance this project.

The company having set up a tradition of drawing on its current resources for sundry capital programmes, has frequently experienced ways and means discomforts. These are aggravated by the added needs of working funds, generated by the very expansions so put through. The Board has been wrestling with this problem from time to time but beyond a stage it is unwise to subject the company to stresses and strains, stemming from undercapitalisation, which has the direct result of swelling our bank obligations. I may assure you that the Board has this matter under constant review. Consistent with the large draft made on the company's profits by current levels of corporate taxation, we are straining every nerve to plough back funds into the company.

While it is not my purpose to repeat what has been stated in the Annual Report, I think you will be glad to know that the orders for bare conductors currently on our books are of a magnitude as to keep both our bare conductor units occupied for well over two years.

EXPORTS

The company has contributed its modest mite towards export promotion—and has during the first four months of the current financial year exported about Rs. 2.75 lakhs, with orders pending execution being Rs. 11.4 lakhs. We exported Rs. 1.11 lakhs worth cables in 1963-64. We are continually exploring external markets—the African Continent, East European countries, Middle and Far Eastern countries, with our Sales Manager Mr. Peer Mohammed, keeping in personal touch with these developing markets.

In the manufacture of covered conductors, we have been using P.V.C. When we commence production of "Solidal," we shall be using P.V.C. as the principal insulating and sheathing material. Import of P.V.C. has been banned as indigenous production of P.V.C. has been on for some time. However, the price of P.V.C. manufactured in India is somewhat on the high side and tends to push up the end price of our P.V.C. cables of all descriptions, in such a manner as to impair our competitive capacity. Particularly, when Indian rubber production is rather meagre in comparison with the mounting demands made on it, it becomes important to make alternative insulation material for cables available on reasonable terms to the cable industry. It is time Government paid attention to this important aspect of making processing material available to this vital engineering-cum-public utility industry.

HIGH CARBON STEEL

Your company depends on external sources for high carbon steel to operate its high tensile steel wire plant. Supply of this has been uncertain and fitful. The somewhat erratic supply position has compelled us to keep our steel plant idle on two occasions recently. After all, prompt erection of transmission lines for electricity supply depends on the bare conductor industry making cables available according to schedule. Capricious or poorly regulated licensing of high carbon steel can hold up these supplies through shortage of reinforcing wire. We, therefore, appeal to Government to ensure regular licensing of special steel rods until domestic producers commence manufacture of such steel.

ALUMINIUM METAL

Which brings me on to the larger question of aluminium metal. It is some time since the Government of India announced their policy decision that the cable industry in the country should switch over from copper to aluminium, on the ground that we have very little copper production in India and that having regard to our known bauxite reserves and the increasing output of aluminium metal in the country, it would be safer to depend on aluminium. The copper-using cable industries have accordingly been putting through a phased programme of switchover to aluminium cables. Meantime, the statistical position as to the demand for aluminium and supply of the metal from the limited number of reduction units functioning in the country, is far from reassuring. It is true some units are shortly increasing their production and some more units have been licensed. But having regard to the highly capital-intensive character of the industry, blue prints may take time to be translated into production units and it is prudent to expect that they will not be able to add to available metal for at least four years. Meantime, the metal consuming engineering units are fast multiplying. The technical position of aluminium metal availability renders it necessary for Government to license liberal import of the metal for at least the next five years—if we are not to confront shortage and consequent under-utilisation of industrial units, which the country can presently ill afford.

CORDIAL EMPLOYEE RELATIONS

Our relations with labour have been quite cordial. Workers in three out of four manufacturing units are covered by Long Term Agreements that provide for orderly collective bargaining, prompt disposal of grievances, a fair wage system and reasonable working conditions. These agreements further provide for "payment by results" in the matter of incentive bonuses evolved with the help of work study teams. The last of the Kundara Agreements was signed on 1st June 1963. The agreements have in the past secured undisturbed plant operations and a pronounced productivity consciousness among the works as is reflected in output.

The company has been endeavouring to build up a sound framework of Supervisory and Managerial personnel through intensive training and affording of opportunities to the executives to prove their mettle. Apart from domestic facilities provided, we have availed of opportunities to send our men to Management Institutes, the Administrative Staff College, Hyderabad and the National Productivity Council Courses. Under the NPC and allied training programmes, we sent four of our executives abroad for training in Management. The company believes that investment in human material is of vital importance to the future of industry and managerial skills are a basic need of modern organisation.

I would like to conclude my observations with placing on record the Board's deep appreciation of the splendid work done by Messrs Seshasaye Brothers (Travancore) Private Ltd., and in particular, by its Managing Director Mr B. V. D. Menon, and their sustained endeavour to expand and broadbase the company's activities. The fine work done by the General Manager, by the Managerial and Supervisory personnel and by all ranks of workers and staff has been in good measure responsible for the year's results and the Board wishes to convey to them their grateful thanks.

I now move for adoption the company's Report and Accounts for 1963-64. In doing so, I shall be glad to answer any question concerning these.

This does not purport to be a record of the proceedings of the Annual General Meeting

EAST ANGLIA PLASTICS (INDIA) LIMITED

CHAIRMAN, MR. D. N. MITRA, ON PROBLEMS OF CELLULOSE ACETATE INDUSTRY

PROPER INTEGRATION OF OPERATIONS IMPERATIVE

SPEAKING at the Eighth Annual General Meeting of the East Anglia Plastics (India) Limited held at Calcutta on Wednesday, 30th September 1964, Mr. D. N. Mitra, Chairman of the Company, declared that, since the economics of the acetate industry were generally based on a pattern of intricate integration, lack of proper integration of operations often forced some producers to discontinue production. He emphasised that this industry should be integrated backwardly if it was to assure itself of adequate supplies of raw materials at economic prices. Reviewing the affairs of the Company, the Chairman said that the development plan for the Company had been based on a long-term projection. He disclosed that the compounding unit of the Company at Dum Dum was "in the swing of volume production," that the plasticizer plant would soon go on stream and that all groundwork for the cellulose acetate flakes project had been completed.

The following is the full text of Mr. D. N. Mitra's speech:

FRIENDS,

I have much pleasure in extending to you all a warm welcome to this general meeting of the Company. Before this review is presented, it is my duty to refer to the calamity that has befallen us at the death of Jawaharlal Nehru. It is also my duty to express our grief at this great national loss and to preface our proceedings with a tribute to his memory by dedicating our endeavour to the fulfilment of his vision of a modernised industrial India. Objective thinking is our inheritance from the great leader, who is no more. But his ideals, I am sure, will always inspire us and help develop a conviction about the great future of India. To do so we must fully comprehend that industrialisation is basic to the very life of our country. Without such conviction the creative possibilities of large-scale industries cannot be fully realised to achieve economic freedom.

Significant Performance

On this occasion, I propose only to highlight some aspects of our acetate industry which is yet to reach its full growth in our country. This apart, I would like to talk generally on the industrial climate as it is obtaining today in India. So far as the affairs of the Company are concerned, I would request you to refer to the audited statement of accounts and the Directors' report which together give a fair indication of the achievement of our Company over the past years. The performance of your Company during the year under review, in particular, is very significant —being the first year of fruitful endeavour by which the Company has produced some positive results and a token profit. This year is also significant because now we have come to a turning point, wherefrom the growth of our Company will be accelerated. This achievement, however, is to be studied in the context of what remains to be achieved in the years to come. In the annual report there is a brief note titled "The World of Cellulose Acetate." This defines the framework of the canvas of our acetate project. We have just made a beginning in this field. We are yet to go a long way to reach our goal.

Our compounding unit at Dum Dum is now in the swing of volume production. The plasticizer project will soon go into stream. All the groundwork for the cellulose acetate flakes project has also been completed. In planning our schemes we have adopted a pragmatic approach, and in programming the cellulose acetate project we have worked out the detailed data on inputs and investment costs. The elaboration of the development plans has been, in general, started with a long-term projection. For operational purposes, it has been necessary to link aggregative planning to that of the individual phases of our project. In our study, major emphasis has been placed on the analysis of the differential of the fixed investment and other major input requirements in the industry between a developed country and a developing country. The course of our activities has been charted out on an aggregative projection which is fundamental for proper development of cellulose acetate industry.

Looking back, I would recall—and you are perhaps aware—that our original scheme was only to compound cellulose acetate and P.V.C. resins for the plastics industry. Our Government, in sanctioning the scheme, advised us to integrate our project backwardly with the production of cellulose acetate flakes. The Government was very much justified because the modern cellulose acetate industry is one of the most completely integrated industries in the world today.

If you examine the pattern of cellulose acetate industry all over the world, you will find that only very big corporations are now dominating this field. In all advanced countries, mainly the leaders of chemical or man-made fibre industries are engaged in the production of cellulose acetate.

The economics of acetate industry are generally based on a pattern of intricate integration. Lack of proper integration often has forced some producers to discontinue production. A very large and reputed chemical company in an advanced country, once an important producer of cellulose acetate flakes, had to shut down their acetate plant as it was not properly integrated for the manufacture of end-products. To make the cellulose acetate industry very stable, there is no doubt that it has to be properly linked up with end-products industries, such as plastics, yarn, film etc. In a developing country like India, the question of integration of a cellulose acetate industry is far more involved. To be absolutely sure of supply of raw materials from indigenous sources and to be independent of imports, this industry has also to be integrated backwardly to ensure the availability of the raw materials at an economic price.

Local Conditions

The pattern of integration in acetate industry varies in the advanced countries according to local conditions. Besides having major forward integration for manufacture of end-products and auxiliary integration for marketing, most of them also have facilities of chemical conversion plants. Many of them produce all the basic and intermediate raw materials and chemicals like acetic acid, chemical cotton, acetic anhydride and have facilities for recovery of acetic acid; some producers however buy cellulose pulp and acetic acid and only produce cellulose acetate by linking with the production of acetic anhydride and recovery of dilute acid. We also know of cases where even recovery of acetic acid is not undertaken by the acetate producer because they not only buy acetic acid but have also the advantage of returning to the seller the dilute acid for recovery.

But in a developing economy where the chemical industry is still in its infancy, it is to be expected that such facilities will not be available. It is, therefore, incumbent upon your Company to integrate the acetate project not only to the limits upto which your Company has obtained licences, namely, production of acetic acid, acetic anhydride, etc. but also for producing pulp and other chemicals; and it would also be desirable to go a further step, backwardly, to set up a distillery for regular supply of alcohol and to integrate, forwardly, with a yarn spinning plant.

In this context, I would also like to refer to the status of the acetate industry in a developing country like South America where we find that the producer of acetates has even gone as far backward as to undertake sugarcane cultivation in order to ensure supplies of alcohol by crushing of cane and subsequent fermentation. Some internationally-known firms have also diversified in the field of forestry development and timber extraction to produce pulp in the process of integration. Such complexity is inherent for a stable cellulose acetate industry in its larger perspective.

I am glad to report that your Company has made a study of the economics of this industry and the development plan has been based, accordingly, on a long-term projection. This being a resource-tied industry, your Company has studied the various problems relating to the availability of raw materials required for the project. It has also taken into consideration the prospects of the development of petrochemical industry during the next decade which might provide a ready source of acetaldehyde, etc., which, in turn, will ensure economic production of acetic acid.

I feel proud to report that your Company is the pioneer in the field of acetate plastics in India and therefore enjoys a happy position. We are now successfully marketing cellulose acetate compounds to meet the requirements of the plastic end-products industry. Now that we have planned for a wide range of products involved in our integrated project, your Company will be in a position to take up such production progressively and develop the sidelines of trading for a substaining growth in course of time. Our activities however have to be related to the general industrial programme of our country. We should bear in mind that the Indian economy has undergone a major transformation since independence and we are at the beginning of a new era—one in which big industries can fulfil their promises of benefit.

Emotional Prejudices

I would like to observe here that while the country is preparing for a large-scale development, forces are at work to put obstacles to our way of thinking. Despite the fact that big industrial development is an immediate need to generate rapid economic growth, ome of us, perhaps a large section of the Indian people, have a deep-rooted fear out of prejudices and emotional repugnance to it. We shall have to surmount this contradiction. This is not a small job. In the present industrial scene in India, suspicion and emotional prejudices have inevitably created a degree of cynical distrust in all business and downgrading of a businessman's function in society. A time has come for scrutinising what is good for the society and what is not. The feeling resulting from our prejudices brings in a host of untoward consequences in its wake and such feeling will act as a dead load upon our economy —it will slow down the social and economic progress. It will develop a negative attitude which will ultimately refuse to accord honest recognition to the actual benefit of big corporate business.

The Other Reason

The other reason for the negative feeling is the assumption that small-unit business should be the norm. This brings emotional consideration in determining the Government policies towards large industry. To live in the world of big productive machines side by side with handlooming and basket-weaving, is perhaps responsible for the two schools of thought. It would be unfortunate for us if our industrial policies develop any contradiction in the process of planning. In a developing country like ours, both the streams of economic growth—large and small—have come to stay in our "mixed economy." I am not opposed to small industries. In fact, I am all for small and cottage industries. In India ours is not a case for supporting one or the other—the two should be interdependent and interrelated in such a way as to continually add to the wealth of the country as well as to lead to equitable distribution of wealth.

I can appreciate the emotional feeling leading to the negative attitude on the part of certain section of Indians which is probably due to the possible concentration of economic power. But to avoid such concentration it would not be prudent to throttle the economic growth.

Our economic system calls for re-examination of our thinking as well as of the policy of industrialisation. Big industry is inevitable in a big country like ours which is big in every respect—population, external relations as well as natural resources. We should be con-

(*Continued on page 662*)

NATIONAL NEWSPRINT AND PAPER MILLS LTD.

CHAIRMAN, DR. RAMASWAMI MUDALIAR'S SPEECH

QUALITY OF PRODUCTS IMPROVES APPRECIABLY

THE Seventeenth Annual General Meeting of the National Newsprint and Paper Mills Limited was held at Nepanagar on Wednesday, 30th September 1964. In the absence of Dr. Ramaswami Mudaliar, Chairman of the Company, the speech prepared by him was read out by Dr. A. Seetharamiah, a Director of the Company, who presided over the meeting. In his speech Dr. Ramaswami Mudaliar said that it was for the first time the Company had achieved the target and the quality of production had shown an appreciable improvement. The year under review, according to him, was the first year after sixteen long years that it had been possible to propose a dividend of six per cent. Referring to expansion plans, he observed that, consequent on the decision to raise the capacity of the Mills from 30,000 to 75,000 tonnes, supply of raw materials had been assured by the Government of Madhya Pradesh. He added that negotiations for expansion of existing units were in progress and orders for new paper machine had already been placed.

The following is the full text of Dr. Ramaswami Mudaliar's speech:

I extend to you a cordial welcome to the seventeenth annual general meeting of the shareholders of the National Newsprint and Paper Mills Limited. The Directors' report, the balance sheet and the audited accounts for the year ended 31st March 1964, have been in your hands for some time and with your permission I shall take them as read.

I must once more apologise for my inability to be present in person, largely due to reasons of a personal nature which I have stated at the last meeting.

National Loss

Since our last meeting, the nation has sustained an irreparable loss in the demise of our great Prime Minister, Mr. Jawaharlal Nehru. Prime Minister Nehru took a personal interest in the progress of the Newsprint Mill. I would like to recall to you his visit to Nepanagar on the 26th April 1956 when he formally opened the Mill and inaugurated its production. We shareholders, officers and staff of this Mill at every level mourn his loss with our fellow citizens throughout India.

Production and Quality

It must be gratifying to you, as it is to me, that for the first time the production for the year under review, in your Mill, reached its rated installed capacity, the production being 30,078 tonnes as against the rated capacity of 30,000 tonnes. This is the first year that the target has been reached. During the year, the quality of the production has also shown appreciable improvement—the shade of the paper is not so yellowish as it used to be. The main reason for this improvement in shade is due to the use of salai when it is still fresh as the mechanical component of newsprint. Added to this the bleaching of chemical pulp has also been improved by resorting to multi-stage bleaching.

Financial Results

As you would have seen from the Directors' report, your Company made a gross profit of nearly Rs. 71 lakhs, after setting aside the amount required for depreciation and development rebate reserve. A provision for income-tax of Rs. 20 lakhs has been made out of this gross profit. Taking into account the balance at the end of last year of about Rs. 25 lakhs, the total amount available for distribution under various headings is Rs. 76 lakhs. Your Directors after setting aside Rs. 30 lakhs to be transferred to the general reserve and Rs. 10 lakhs to the tax reserve, are proposing to pay a dividend of 6 per cent subject to tax for the year ended 31st March 1964, to the shareholders. This is the first year after sixteen long years that it has been found possible to propose a payment of a dividend to the shareholders.

The Government of India directed last year that the Company should change the method of calculating depreciation from the written down value to the straight line method, in accordance with Section 205 (2)(b) of the Indian Companies Act. The directive was received too late to be given effect to last year, but the depreciation this year has been calculated by the straight line method. It is a matter of regret that during the previous years account was not taken of the extra shift allowance and a provision of over Rs. 22 lakhs should have been made for this extra depreciation which was not done.

In my speech last year I referred to the vicissitudes through which the Company had to pass, the various pitfalls at the earlier stages and the determined effort made by successive Directors of the Board to make the first newsprint factory in India a success, financially as well as in its product. I am happy that at long last, in its seventeenth year, we have been able to announce that the target in production has been reached, the quality of paper is steadily improving and that the shareholders. particularly the private sector of the shareholders' corporation, which has shown exemplary patience, is at last getting some of its due back for its investment.

While I am happy to announce that the dividend, subject to your approval, will be paid to the shareholders, I regret all the more, that I have not been able personally to be present on this happy and, may I add, auspicious occasion.

Caustic Chlorine Plant

I referred last year to the caustic soda chlorine plant which was under construction. I am glad to report that the installation of the plant has been completed and it is hoped that production from the plant will be available for utilisation in the last quarter of this year.

Expansion

It has been decided in consultation with the two Governments who are the largest shareholders, to expand, the factory so as to raise its capacity from 30,000 to 75,000 tonnes. This proposal which has been under consideration by your Board for some time, has received the approval of the two Governments, and I trust it will have the approval of all shareholders. An industrial licence for this substantial expansion has been granted by the Government of India. The project report which has been prepared fairly in detail for this expansion, involves an additional investment of about Rs. 8 crores and the project has been approved by the Government. It is hoped that most of the money required for this expansion will be found from the earnings of your Company, but I trust not to the detriment of the interest of the shareholders.

In regard to expanding the capacity of the plant, the main question which the Directors had to seriously consider over a fairly long period, was the availability of raw material. We should thank the Government of India for setting up a Committee to examine this question. The Committee composed of experts, has confirmed that there is ample salai for operating the factory at its expanded level for at least a period of over twenty years. The Committee has also recommended and the Government of Madhya Pradesh has accepted the recommendation. that to maintain and sustain supply of raw material for the factory, it will undertake the plantation of eucalyptus, which has proved to be an even better substitute than salai for the mechanical component of newsprint. So far as the supply of bamboo is concerned, we have had confirmation from the Government of Madhya Pradesh that the factory's full requirement will be met. Negotiations are also in progress to acquire some areas of bamboo and salai from the State of Maharashtra and I trust that these will end in fruitful results.

Negotiations are in progress for the semi-chemical pulping plant, the expansion of the existing chemical pulping plant and the chemical recovery plant and water works, and it is expected that they will shortly be finalised for these purposes.

Orders for the new paper machine, including stock preparation and finishing equipment, have been placed with Messrs. Wartsila of Finland and the Managing Director will shortly be proceeding to Europe to finalise the details of the contract as well as to get a first-hand knowledge of the latest technique of manufacturing newsprint.

Labour

On 11th November 1963, a Truce Agreement was signed with the Nepamills Employees Union. The Agreement is for a period of three years. The relations between the workers and the management are quite cordial.

Thanks

I must express my sincere thanks to my colleagues on the Board of Directors, representatives of the Government of India and of the Madhya Pradesh Government, who have taken considerable interest in the working of the Mill and have constantly helped me both at Board meetings and apart from Board meetings, by their advice, suggestions and in other ways. The private shareholders' representative, naturally took an equal interest in the working of the Company and I am sure it will be some consolation to him that at long last he is able to announce to his colleagues, that it has been possible to provide for the payment of a dividend. To the managerial staff, the Managing Director, Mr. Kothari and to Mr. Singhania, I am indebted for their advice on the technical side and on the commercial side respectively. The Managing Director has carried a great load during the year, both for carrying out the work of the Mill and for finding time to prepare plans for expansion and other matters. I should acknowledge also the help that has been given by all the officers at every level, which has resulted in the progress of the Company to the extent realised today. To the workers in particular, I must express my appreciation of their co-operation and their responsive attitude throughout difficult negotiations. I trust that the happy relations to which I have already referred will continue to make this, the first newsprint mill in this country, an example of co-operation at all levels.

Notice

BRIDGE AND ROOF COMPANY (INDIA) LIMITED

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Members of the above-named Company will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on Thursday, the 29th day of October, 1964, at noon, to consider and if thought fit, to pass the following resolution:—

(*To be proposed as a Special Resolution*)

"That the Regulations contained in the printed document submitted to this meeting and for the purpose of identification subscribed by the Chairman thereof, be and are hereby approved and adopted as the Articles of Association of the Company with effect from the first day of November, One thousand nine hundred and sixty-four, in substitution for and to the exclusion of all existing Articles of Association."

BALMER LAWRIE & CO., LTD.,
D. MANSON,
Managing Director,
Secretaries.

CALCUTTA, 1st *October*, 1964.

Notes:—(1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

(2) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

KIRLOSKAR OIL ENGINES LIMITED

IMPEDIMENTS TO HIGHER OUTPUT MUST BE REMOVED

CHAIRMAN, MR. S. L. KIRLOSKAR'S PLEA

A STRONG plea for removing the impediments lying in the way of increasing production of oil engines was put forward by Mr. S. L. Kirloskar, Chairman of Kirloskar Oil Engines Ltd., in his speech at the Eighteenth Annual General Meeting of the Company held at Poona on Saturday, 26th September 1964. In particular, Mr. Kirloskar drew attention to the poor quality of coke, pig iron and steel. In spite of repeated representations to the Government, he said, there was little improvement in the situation.

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

LADIES AND GENTLEMEN,

I have pleasure in welcoming you to this meeting. Before I proceed to review the working results of the Company for the last year, I wish, in a mood of reverence, to render our humble homage to the late Prime Minister, Pandit Jawaharlal Nehru. With his passing away, an epoch in the history of India has come to a close. He was one of the greatest personalities of our generation. As a statesman of outstanding, capacity, he has contributed more than any other person to the cause of human freedom. His domestic policy was based on the grand tripod of democracy, socialism and secular state. His role as a nation-builder has won for him the admiration of all. In fact, he was the maker of modern India. He was an apostle of world peace and a firm believer in the concept of one world community. A brilliant writer with unusual sensitivity of mind and refined feelings, he always championed the cause of the weak and the frustrated with profound sympathy. The absence of his dynamic personality has left a void in both Indian and international politics. He will ever be remembered and his services to humanity will ever be cherished in the hearts of men for all time to come.

The report of your Directors and the audited accounts of the Company for the year 1963-64 have been sent to you in advance, and I am sure, you must have gone through the same with interest. I shall, therefore, take them as read.

I am glad to mention that the Company has been able to maintain its steady progress in all directions, in production, in sales and in its development programmes. The figures for the year reveal a profit of Rs. 81,88,996 (as against a profit of Rs. 89,85,375 during the previous year) after providing for depreciation, remuneration of managing agents and the amount set apart for paying bonus to employees as per agreement. Adding to this the balance of the previous year, the total comes to Rs. 82,17,992. In their report, your Directors have made their recommendations, as to how this amount is to be allocated under various heads.

Progress

Last year the provision we had to make in our balance sheet for taxation was considerably high. So, we had to prune our dividend from the previous 16 per cent to 12 per cent on equity shares. However, this year, the provision for taxation is much lower which leaves better margin for providing funds for our expansion programmes and also for paying a higher dividend. We have always recognised the right of shareholders for a legitimate return on their investment in the capital of the Company and it has always been our first concern to make provision for this, keeping in mind the long-range interest of the shareholders. So, this year, your Directors have favoured returning to our normal dividend of 16 per cent on equity shares. I am sure, you will welcome your Directors' recommendations in this behalf.

You will have noticed from the accounts of the Company that it has maintained its rate of progress and has shown increased production and sales. Inspite of higher sales, the net profit for the year is lower than that during the previous year. Naturally, you would be interested in knowing the reason for this.

It is a well-known fact that there has been an all-round increase in the prices of raw materials, labour cost and all other factors which go to make up the cost of production of our engines. No corresponding increase, however, was made in the prices of our engines, for the last four years. Further, the increased proportion in the export of our engines, during the year under review, has also contributed to a reduction in our profits.

Need to Expand Exports

Here, one is likely to wonder, if export trade does not bring in as much profit as inland sales, why should we at all export our products; the reason is not far to seek. Firstly, the economy of the country is facing an acute shortage of foreign exchange and the Government is making a valiant effort to promote export with a view to earn more foreign exchange. Therefore, it behoves every industry in the country to help the Government to earn more and more foreign exchange. The prosperity of the country lies in this. Secondly, when industrial concerns are manufacturing products on a large scale, to depend entirely upon the inland market for the sale of that product, would be a most unwise policy. Fluctuations in internal market conditions may easily upset manufacturing programme, thereby putting the whole organisation out of gear. Therefore, development of an export market for a reasonable percentage of the production of that concern would stabilise the overall demand and facilitate smooth running of manufacturing programmes of industrial concerns. Thirdly, if an industry earns foreign exchange, it will have a claim on the Government for foreign exchange required by it for its expansion schemes, for importing capital goods and other material not indigenously available. Therefore, it can be seen that in the larger interest of industries, it is always a desirable policy for an industrial concern to develop a foreign market for a reasonable portion of its products. Your Company has been benefited considerably due to the last two reasons. The working result for the year has been good and it has more than fulfilled the forecast I had made during the last year.

The demand for our engines and bi-metal bearings continues to be good and we are fully aware of the fact that unless our production keeps pace with the increasing internal and external demand, we will be losing a portion of our market in favour of our competitors.

One of the greatest impediments in our way of increasing production is the poor quality of coke, pig iron and steel that are now being supplied to industries. Inspite of our repeated representations to the Government, we see little improvement in the situation. This affects both the cost, quality and quantity of indigenous production. The Government who are both producer and controller of these commodities would do well to find ways and means of improving the quality of these basic materials which at present are seriously handicapping production.

Regarding developments, we are planning to increase our present production of engines, having in view the internal and external demand for engines.

The production of bi-metal bearings and bushes is also progressing as per schedule. I had reported last year that the Government could not release sufficient foreign exchange for the import of strips from foreign suppliers for making these bearings and bushes. We have, therefore, decided to install our own bi-metal strip plant, which would make us independent of foreign supplies of the bi-metal strips. In this connection, I may report to you, that during the year under review, we have started manufacturing and supplying thin walled bearings and bushes to various new automobile and industrial stationary type of engines, and more and more manufacturers have already started using our bearings and bushes as original equipment.

Our export trade is expanding rapidly and during the year under review several new foreign markets have been opened up. I had reported to you last year that we were feeling the necessity of opening our own branch offices in some of the potential foreign markets. We are studying the situation in various countries before we ultimately decide the countries where to start our own branch offices.

For a foreign distributor, who makes an all-out effort to push the sale of any product, his knowledge about the organisation behind the product he is trying to sell, is an essential factor. The confidence he can inspire in his clients for the products he is trying to sell them depends upon his own confidence in the organisation behind this product. So, to give our foreign distributors an idea of our organisation and the industrial development that has taken place in our country during recent years, we had invited our overseas distributors from more than 28 countries, to attend the Kirloskar Distributors' Seminar, which was held in Poona in February 1964. These foreign distributors were taken to various other Kirloskar factories at Kirloskarvadi, Harihar, Bangalore and were also shown other industries in Bombay, Poona, Delhi, Calcutta Bangalore etc. They were greatly impressed by the industrial progress India has made, in such a short period. The picture they actually saw, belied the image of India they were till then carrying in their minds. This has already started showing its results in increased orders we are receiving for our engines from foreign markets and also increased requests for agencies from distributors from various countries where we are not represented yet.

The Government has set a target to increase the export of engineering goods considerably by the end of the fourth Five-year Plan. This target though vitally important to our economy, looks a bit ambitious. It cannot be said that it would not be possible to achieve this. However, the success of our efforts to attain this would depend upon the extent to which the Government is prepared to go for creating a favourable climate for its achievement. The recent pronouncement of the Hon. Minister for Commerce in this matter is heartening and if conditions for industries are made favourable, the Government can expect the engineering industries to rise to the occasion and achieve the target laid down for the export of engineering goods in the fourth Five-year Plan.

New Activities

Poona is fast growing into an industrial city with more than 50 industrial concerns around it. The city is now humming with industrial activity. So, the necessity for a modern Western-style hotel, with sufficient accommodation, is keenly felt. Hence, some of the leading industrial concerns in Poona have joined hands as promoters and have registered a company by the name "The Poona Industrial Hotel Limited" which will establish a Western-style hotel in Poona. Your Company has got several foreign collaborations. In this connection, representatives of these companies, foreign technicians and also a number of persons from all parts of the country with whom the Company has transactions, come to Poona and we have been finding it very difficult to find suitable accommodation for them. The hotel that is going to be started affords certain concessions and facilities to industrial concerns which are subscribing to its capital. So, investment in the capital of this proposed hotel would confer considerable advantages on the Company. Your Directors, therefore, have recommended that your Company should invest a sum not exceeding Rs. 2 lakhs in this new hotel. A resolution in this behalf is placed before you for approval.

Shivaji Works Ltd., a subsidiary of the Company, too has had a good year. It has increased its production and sales and has been able to declare a good dividend. It had expanded its foundry with a view to increase production and this has resulted in higher production and greater profit.

Judging from the conditions prevailing now, I can say that we can look forward to better results for the current year. The expansion programmes we had taken in hand and which are now on regular production line, would be able to give us more profit. So, the prospects for the coming year look to be bright.

The success we have been able to achieve during the year under review has been possible, thanks to the enthusiasm and loyalty of the staff and the able administration of the management. Permit me to congratulate them on your behalf.

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

THE MYSORE TOBACCO COMPANY LIMITED

CHAIRMAN, MR. I. P. MALLAPPA'S SPEECH

SURPLUS PRODUCTION HAS CREATED MARKETING PROBLEMS

ADDRESSING the shareholders of the Mysore Tobacco Company Limited at the Twenty-seventh Annual General Meeting of the Company held at Bangalore on Thursday, 24th September 1964, Mr. I. P. Mallappa, Chairman of the Company, said that surplus production of tobacco through increased acreage and also lack of required quality had created problems in regard to its marketing. The excess of output in the wake of rising production the world over, was likely to increase competition in the world trade still further. He believed that serious consideration was being given to the question of restricting cultivation of tobacco only on suitable soils with a view to avoiding further surplus. Alluding to the affairs of his own Company, the Chairman stated that the Company had bought during the year under review an increased quantity of tobacco from private growers who were finding it most advantageous to deliver their product to the Company due to the better service the Company was providing to them.

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

LADIES AND GENTLEMEN,

Before commencing the business of today, I would like to refer to the sad demise of our late Prime Minister, Pandit Jawaharlal Nehru, on 27th May 1964. It is hardly necessary for me to say that his death has created a void in the national and political life of India. He was a great leader, was a great champion of world peace and was one of the greatest sons of India. On behalf of the Board of Directors of the Company and all those who are associated with it, I take this opportunity to express our feelings of profound sorrow at the passing away of Pandit Jawaharlal Nehru who guided the destiny of our country in a matter worthy of emulation during the past seventeen years. We will be showing our deep gratitude for all the good he did for us and honouring his memory if we only tried to follow the lead he has given us and practise the ideals for which he stood and worked.

Sales

The Directors' report and the audited accounts for the year ended 31st March 1964 have been in your hands for sometime and with your permission I take them as read. From a perusal of the accounts, you will have noticed that the sales during this year touched a new record figure of Rs. 49,84,898 which has been the highest since the inception of the Company. I am sure you will be anxious to know why, in spite of this, the profits are less. Firstly, the quality of the crop secured was not the same as that of last year and the production of top grades of tobacco was very much less. Secondly, the Company negotiated successfully an agreement with its employees which necessitated revision of the pay structure of all the employees with retrospective effect and which has increased our cost on establishment. The Company's handling sheds and barns required extensive repairs and the expenditure incurred have been substantial. The operation costs have also slightly increased due to the raise in cost of fuel and other materials required for curing. Expenses in respect of other operations have however been well under control.

Tobacco Curers

A significant feature of this year's business is the increased quantity of tobacco purchased from private curers. Since 1956 we had lost a substantial share of this sector. In the beginning we had encouraged the production of tobacco in this sector by supplying materials and providing financial and technical help but due to increased competition in the purchase of tobacco grown in Mysore, we did not receive all the quantity we had hoped to secure. But your Company has persistently attempted to improve its relationship with the growers by providing better service. The growers have realised the many technical improvements brought about by the Company's staff for improving the quality of their tobacco. As a result of these services rendered, I am glad to report, that tobacco curers are finding it most advantageous to deliver their tobacco to your Company. Encouragement is being given to tobacco growers for taking up flue-curing in new places. Many progressive farmers have taken up during this year the flue-curing of tobacco and I am confident that with new enterprising tobacco growers in this field, this sector is well strengthened to produce more tobacco.

The prospects of the present season have not been satisfactory due to continuous drought during the planting time and subsequent heavy showers which have damaged the standing crop. The unusual heavy rains in Mysore and Gowribidnur areas have caused considerable damage to the tobacco crop and also damage to Company's property. But the quality of the small crop that is there now shows promise of satisfactory results.

Acreage

During this year, there was an increase in acreage under tobacco in India but due to unfavourable weather conditions, the quality required by the traditional buyers was not obtained. The surplus of tobacco through increased acreage and also lack of required quality has created problems in regard to the marketing of the surplus tobacco. The production in other tobacco producing countries of the world has also gone up and this is expected to increase the competition in export trade still further. I believe serious consideration is being given for restricting the cultivation of tobacco only on suitable soils with a view to avoid its further surplus.

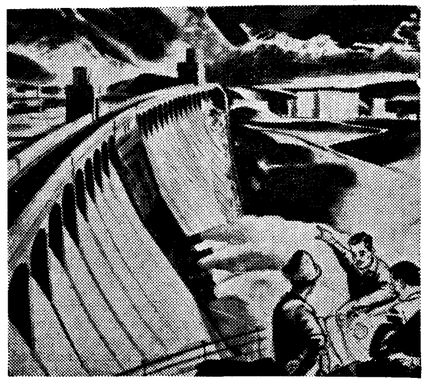
We are grateful to our esteemed buyers, Messrs. The Imperial Tobacco Company of India Ltd., for their interest in our tobacco and the assistance rendered in various ways by them to your Company. Messrs. The Indian Leaf Tobacco Development Company are guiding us on proper lines in regard to the development of tobacco and we are very grateful to them.

I am glad to report that the management entered into an agreement with the employees of the Company in regard to their pay scales and other service conditions. This agreement will be in force for a period of four years from 1st April 1963. I am also glad to report that the employees and workers of the Company have worked wholeheartedly and rendered loyal and efficient service for furthering the interests of your Company.

I wish to acknowledge with grateful thanks the valuable advice, guidance and co-operation which I have received from my distinguished colleagues on the Board. I wish to thank once again the Government of Mysore for the generous assistance and encouragement given to your Company.

I now move that the Directors' report and the audited accounts for the year ended 31st March 1964 with the Auditors' report thereon be adopted.

DEVELOPMENTS IN THE EAST



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EXPORTS OF ENGINEERING GOODS

SHORTAGE OF RAW MATERIALS HINDERS PRODUCTION

ALTHOUGH in terms of value the contribution of engineering goods to India's export earnings is comparatively small, it is gratifying to find that they have made some impact on the export markets round the world. Out of the country's total exports valued at Rs. 767 crores in 1963-64, engineering goods accounted for about Rs. 14 crores, as against a mere Rs. 4 crores in 1957-58. The engineering exports, incidentally, consist of capital goods like machine tools, sugar mill machinery and textile mill machinery, producer goods like electric motors, transformers, switch gears, telephones, pumps, diesel engines, structural fabrications and agricultural implements; consumer goods consisting of buckets, steel trunks, builders' hardware, aluminium utensils, domestic household appliances, lamps, hurricane lanterns, sewing machines, cycles, electric refrigerators, air-conditioners and water coolers, electric fans, A.C.S.R. conductors, X-ray electro-medical equipment and hospital equipment.

Pattern of Demand

It is noteworthy, in this connection, that a recent survey of the exports of engineering goods, carried out by the World Trade Department of the Indian Chamber of Commerce, Calcutta, gives a detailed analysis of the pattern of demand for Indian engineering goods in the markets abroad. It will be seen from Table I that the exports of almost all types of engineering goods—capital, producer and consumer—have registered a remarkable increase during the last four years. They have, in fact, made much leeway in the international markets during the first three years of the current Plan, despite competition from developed countries of the world. For instance, the value of steel tubes and fittings exports increased from Rs. 15.5 lakhs in 1960-61 to Rs. 35.2 lakhs in 1963-64, the quantity having more than doubled from about two million tonnes in 1960-61 to 4.4 million tonnes in 1963-64. Exports of cast iron pipes and fittings have gone up from 2.8 million tonnes in 1960-61 to 6.4 million tonnes in 1963-64, the value having more than doubled

Table I—*Exports of Certain Engineering Goods*
(Value in '000 rupees)

Item	1960-61		1963-64	
	Quantity	Value	Quantity	Value
Steel tubes and fittings (tonnes)	1,987	1,547	4,386	3,519
Pipes and fittings, cast iron (tonnes)	2,778	1,696	6,376	3,454
Finished structural parts of iron or steel (tonnes)	42	123	12,679	6,041
Nails, bolts, nuts, washers etc. (tonnes)	1,028	2,211	1,706	2,427
Handtools etc.	..	809	..	1,086
Household utensils of iron and steel (tonnes)	1,836	2,825	2,113	6,778
Household utensils of aluminium (tonnes)	27	223	633	4,013
Household utensils of base metals, other than iron and steel and aluminium (tonnes)	387	2,495	126	1,320
Safety razor blades (Million Nos.)	75	887	222	2,704
Hardware of metals (tonnes)	462	1,845	578	2,561
Metal containers (tonnes)	423	1,225	864	2,363
Diesel engines (No.)	1,861	2,630	4,036	5,748
Sewing machines, household ('000 nos.)	22	2,192	29	2,302
Textile machinery and accessories	..	1,813	..	4,402
Tea machinery (tonnes)	86	666	224	2,259
Electric batteries (tonnes)	273	722	712	2,265
Electric fans ('000 Nos.)	90	8,103	67	5,214
Bodies, chassis etc. for motor vehicles (tonnes)	137	720	306	3,414
Bicycles ('000 Nos.)	3	423	30	2,404
Parts of aircraft	..	4,561	..	3,547
Metal furniture and fixtures (tonnes)	489	1,203	681	1,846
Iron, steel trunks ('000 Nos.)	204	2,458	225	2,419
Gramophone records ('000 Nos.)	606	1,313	723	1,654

from Rs. 17.0 lakhs to Rs. 34.5 lakhs during the period. Exports of finished structural parts of iron and steel have increased in a big way from a mere 42 tonnes in 1960-61 to 12.7 million tonnes in 1963-64; in terms of value they have registered a sixtyfold increase from Rs. 1.2 lakh in 1960-61 to Rs. 60.43 lakhs in 1963-64. Similarly, exports of diesel engines have increased from Rs. 26.3 lakhs to Rs. 57.5 lakhs, tea machinery from Rs. 6.7 lakhs to Rs. 22.7 lakhs, and textile machinery and accessories from Rs. 18.1 lakhs to Rs. 44.0 lakhs during the said period. The increase in the exports of consumer goods like utensils, fans, blades, bicycles, etc. has also been appreciable. It will also be seen from Table I that exports of household utensils of iron and steel have increased from Rs. 18.4 lakhs in 1960-61 to Rs. 67.8 lakhs in 1963-64, utensils of aluminium from Rs. 2.2 lakhs to Rs. 40.1 lakhs and razor blades from Rs. 8.9 lakhs to Rs. 27.0 lakhs. However, the exports of sewing machines, which stood at Rs. 22 lakhs in 1960-61 and at Rs. 44 lakhs in 1962-63, fell to Rs. 24 lakhs due to a labour strike at the main exporting unit. But bicycles have shown a big increase from Rs. 4 lakhs in 1960-61 to Rs. 24 lakhs in 1963-64.

Main Markets

Markets for Indian engineering goods are widespread throughout the world. South-East Asia absorbs 41.5 per cent of these engineering goods, West Asia 22.0 per cent, Africa 17.9 per cent, West Europe 13.5 per cent, North and Central America 2.8 per cent and Australia and New Zealand 0.6 per cent. It is significant that engineering goods from this country find markets not only in the developing nations of Asia and Africa but also in the industrially advanced countries. To the latter countries, incidentally, are exported engineering items like sewing machines, cast iron pipes, manhole covers, automobile parts, machine tools, component parts of machinery and builders' hardware. Table II gives, in this connection, a countrywise break-up of engineering exports. It will be seen from this table that, during the period 1960-64, this country has nearly trebled its exports to the U.S.A. from Rs. 10.29 lakhs to Rs. 31.94 lakhs and achieved an increase of about one-and-a-half times in its exports to the U.K. from Rs. 28.8 lakhs to Rs. 42.0 lakhs. The French market has been lost to a great extent, but some advance has been made in the Netherlands and West Germany. The export of household sewing machines to these countries deserves particular mention. In 1963-64, India exported 3,485 sewing machines to the U.S.A., 3,099 to the U.K. and 4,922 to West Germany. Of course, India's sewing machines are popular in other countries too. The most important market for them is Afghanistan whose offtake in 1963-64 amounted to Rs. 4.1 lakhs. The other importers are Ceylon, accounting for Rs. 3.5 lakhs U.A.R. for Rs. 2.1 lakhs, Federation of Malaya for Rs. 1.2 lakh and Kuwait for Rs. 0.9 lakh.

East Pakistan

One of the important markets for Indian engineering goods is East Pakistan. Its offtake in 1963-64, consisting of about 150 items, was valued at about Rs. 75 lakhs. The major items are jute textile machinery (Rs. 4.4 lakhs), bobbins for jute machinery (Rs. 4.0 lakhs), refractory bricks (Rs. 1.5 lakh), cast iron pipes and fittings (Rs. 3 lakhs) and umbrella ribs (Rs. 3.3 lakhs). This part of Pakistan also imports from this country parts of machinery of sizable value in order to maintain the machinery already imported. Next in importance is Kuwait whose total imports of engineering goods from this country were to the tune of Rs. 61 lakhs in 1963-64. The other chief customers for India's engineering goods are Ceylon, accounting for Rs. 60 lakhs, Singapore Rs. 57 lakhs, South Vietnam for Rs. 55 lakhs, Iran for Rs. 48 lakhs, Aden for Rs. 45 lakhs and Kenya and the U.K. for Rs. 42 lakhs each, in that year.

This commoditywise and countrywise analysis of the exports of Indian engineering goods brings out the fact that there is vast scope for these non-traditional items of exports. It is, indeed, gratifying, in this connection, that demand continues to rise for Indian engineering goods abroad. The developing countries of West Asia and South-East Asia are now engaged in a programme of intensive industrial development and their requirements of machinery of various types, building equipment and other kinds of goods are expanding in a big way. The scope for establishing joint ventures is also stated to be bright. It will be recalled further that the findings of the Indian economic-*cum*-commercial delegation which explored the possibilities of trade between India and South America also corroborated these expectations. A member of the delegation, Mr. P. V. Mehta, particularly, emphasised this aspect, while speaking to pressmen in Bombay last month. The analysis of the Indian Chamber of Commerce, Calcutta, is also commendable in that it has brought out the scope for further expansion of engineering exports to different regions of the world.

Developed Countries

Industrially developed countries of Europe and the U.S.A. offer opportunities for further exports of Indian engineering goods. The U.S.A., for example, requires about two million dollars worth of iron and steel castings per year. Thanks to the rise in labour costs and the rapid scientific and technological developments, that country, it is said, would find it more economical to attain supplies of all types of engineering goods from the developing nations. Furthermore, the impact of inflation on the countries of West Europe has pushed up their costs of manufacture and affected their competitive capacity. This helps the developing countries to compete with them. Possibilities of marketing Indian engineering goods are also to be found in East Europe, Australia and New Zealand. But the survey of the Indian Chamber of Commerce has rightly pointed out that, only if domestic production is increased substantially, it would be possible to exploit export possibilities more fully. The production of engineering goods in India at present is valued at about Rs. 500 crores per year. About three per cent of it is exported. The engineering industry aims at exporting at least 10 per cent of its output so that it could earn Rs. 40-50 crores of foreign exchange per year for the country. The Government of India, incidentally, provides certain facilities to engineering industries to overcome the difficulties

Table II—*Exports of Engineering Goods to Principal Countries*
(Value in '000 rupees)

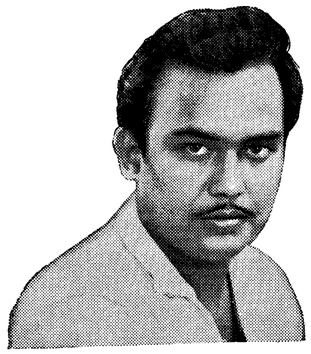
Country	1960-61	1963-64
United Kingdom	2,884	4,201
France	3,027	88
West Germany	170	771
Netherlands	13	109
Canada	115	148
United States	1,029	3,194
Aden	1,642	4,506
Afghanistan	1,704	1,342
Bahrein Islands	565	3,614
Cyprus	154	109
Ethiopia	271	1,270
Ghana	344	416
Iran	1,554	4,758
Iraq	2,438	2,933
Jordan	94	198
Kenya	2,807	4,211
Kuwait	2,087	6,109
Lebanon	86	152
Mauritius	228	581
Muscat and Oman	134	272
Nigeria	583	1,477
East Pakistan	4,258	7,504
West Pakistan	1,820	1,309
Qatar and Trucial Oman	1,740	1,503
Saudi Arabia	562	3,052
Sudan	390	1,274
Tanganyika	478	1,302
United Arab Republic	4,839	2,156
Australia	292	531
Burma	3,720	2,473
Cambodia	128	2,118
Ceylon	6,338	6,040
Federation of Malaya	1,932	2,351
Hongkong	209	530
Indonesia	521	296
Nepal	108	289
New Zealand	51	359
Singapore	2,935	5,731
Thailand	1,112	1,174
South Viet Nam	96	5,489

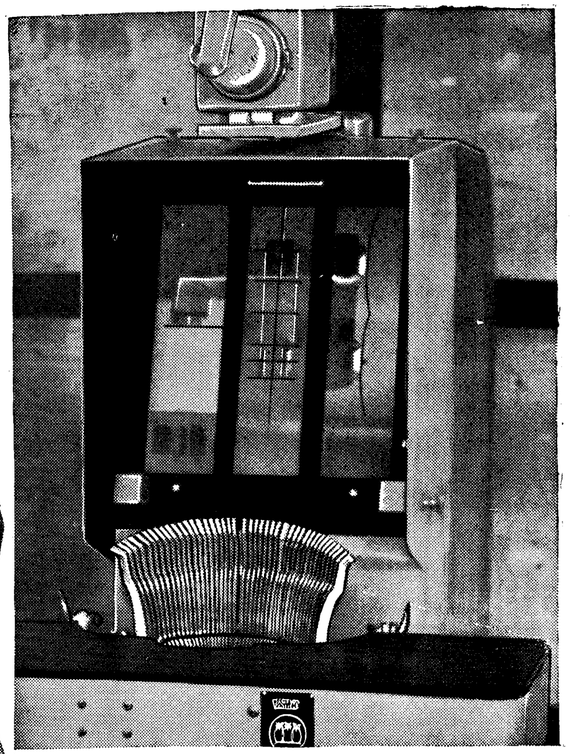
encountered in increasing their production and exports. The facilities include concessions regarding import of raw materials and equipment, replenishment of iron and steel, refund of Central Excise and Customs duty, concession of railway freight and reduction in refinance rate. But these concessions, according to the survey of the Indian Chamber of Commerce, are inadequate. The authors of the survey have the following to say in this connection:

"In spite of these facilities, however, the export of engineering goods has not been picking up as fast as it should, mainly because production is not increasing owing to serious shortage of raw materials. Production in many industries is very much below installed capacity. The availability of raw materials for engineering industries continues to be extremely difficult, particularly in respect of vital items like steel and pig iron, on account of the shortage of foreign exchange and inadequate local production. The mid-term appraisal of the third Plan issued by the Planning Commission has pointed out that against the target of 6.8 million tonnes of finished steel, the output in 1965-66 will be only about 5.8 million tonnes. The delays in the expansion of three steel plants in the public sector and in the establishment of the Bokaro steel plant are mainly responsible for this shortfall. It is stated that the targetted production of 6.8 million tonnes of steel will be available only by the third year of the fourth five-year Plan. So far as pig iron for sale is concerned, the output in 1964-65 is expected to be only 1.23 million tonnes against the target of 1.65 million tonnes and the demand for 2 million tonnes by 1965-66. The availability of alloy steels and special steels will also continue to be difficult until the middle of the fourth five-year Plan. The Engineering Association of India recently made a study of the imbalance in the supply and demand for steel materials in India between 1957-58 and 1962-63, and it observed that the total demand had not been met in any year for more than 30 per cent.

The Indian entrepreneur is also unable to undertake extensive foreign tours to explore the possibilities for marketing Indian engineering goods. The Chamber's survey, therefore, urges the Government to assist exporters by sanctioning them adequate foreign exchange to undertake business tours abroad.

"I check every type of the Typewriter on this machine





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F.A.C.T. CURSED WITH POWER CUT

OPERATIONS, HOWEVER, YIELD A NET PROFIT

THE Fertilisers and Chemicals, Travancore Ltd., F.A.C.T. for short, seems cursed with power cut. The year ended 31st March 1964, too, has not been free from this adverse factor, as there was a drastic cut in power supply for three months resulting in a loss of production worth Rs. 1 crore in sales value. Even the success of the expansion plan, the third stage of which is well under way and is expected to be completed in 1965-66, precariously hinges on the availability of power. The Company's Chairman, Mr. T. A. Joseph, told the shareholders at their annual general meeting at Alwaye on 29th September last that, "even with all the hydro-electric projects coming into operation, we will continue to be at the mercy of nature unless adequate insurance against its vagaries is provided in the shape of a reasonably large thermal power station." There is a distant ray of hope, however, in that, after four years of consideration, the Government of Kerala has accepted the Company's suggestion to have a minimum 100,000 kw. thermal power station put up at Cochin. Ironically enough, the Company has represented to the Union and State Governments against the Iddiki project, designed to generate 800 to 1,000 MW of power. But its objection stems from a possible severe shortage of water in the Periyar river, as the project is based on the waters that flow into the Periyar now. The authorities are said to be considering some other alternatives.

The total loss in the sale value of production on account of power cut has amounted to over Rs. 250 lakhs during the year and, consequently, the results have not been as good as expected. All the same, because of some improvement in certain items of production, sales have increased from Rs. 479.92 lakhs to Rs. 530.48 lakhs, with the stock of finished products at close rising from Rs. 50.28 lakhs to Rs. 82.10 lakhs. Gross profit, which had dropped by more than two-thirds from Rs. 99.20 lakhs to Rs. 30.72 lakhs in the previous year, has recovered to Rs. 72.35 lakhs during the year under review. Thanks to this recovery, the Company has been able to close the year with a net profit of Rs. 16.01 lakhs, as against a debit balance of Rs. 33.16 lakhs in the previous year. With the Rs. 3.85 lakhs brought in, the surplus for distribution has increased to Rs. 19.86 lakhs, all of which has been carried to reserves and provisions, while the dividend has been passed over for the second year in succession.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March 1964	15 months ended 31st March 1963	For the year ended 31st December 1961	1960
Sale of products	530.48	479.92	411.49	308.83
Other income	19.23	14.66	12.89	11.07
Stock of finished goods	82.10	50.28	51.84	12.96
Materials, operating supplies and stores consumed	242.04	204.89	177.33	117.70
Excise duty	17.10	10.19		
Other expenses	250.04	247.22	196.73	122.89
Gross profit	72.35	30.72	99.20	80.37
Managing Agents' remuneration			0.95	2.42
Provision for—				
Depreciation	56.34	63.88	38.76	25.10
Taxation			1.50	
Net profit (+) or loss (—)	+16.01	—33.16	57.99	53.85
Withdrawals from reserves		5.50		
To provisions	3.50	2.50	2.00	2.00
To reserves	16.86		27.75	23.55
Ordinary dividend			20.76 (6%)	20.76 (6%)
Carry forward		3.85	33.01	26.15
Equity shares' market value (In rupees):	1964	1963	1962	1961
High	6.10	7.55	8.40	11.35
Low	5.00	6.00	6.85	8.50

Provided sufficient power is available and there is no scarcity of water, the prospects are bright. Though the third stage of the expansion programme is scheduled to be completed in 1965-66, it is expected that most of the plants will be ready for commissioning by the end of the current year. A formal agreement has been drawn up between the Company and Messrs. Davy and United Engineering Company of the U.K., one of the units of the Davy-Ashmore Group, for establishing a fabrication shop. Another Davy-Ashmore unit, the Power-Gas Corporation, has consented to collaborate in the setting up of an engineering and contracting organisation. The Company has been advised by the Government on the location of two of the three more major fertiliser plants which it is expected to plan, design and construct during the fourth Plan period. Of direct consequence to the economics of production is the increase in sales tax on raw naphtha, used as a raw material for manufacturing fertilisers, from 3 per cent to 15 per cent by terming it as a petroleum product.

The Company's paid-up capital of Rs. 695.98 lakhs, all in 10-rupee equity shares, is backed by reserves and surplus amounting to Rs. 78.33 lakhs. Borrowings make a pretty high figure of Rs. 10.12 crores, but, out of this, only Rs. 1.99 crore are of a short-term nature, while Rs. 2.60 crores are from the I.F.C.I. and Rs. 5.63 crores are due to the Central and State Governments. The short-term loans, current liabilities and provisions make a total of Rs. 388.66 lakhs, as against which current assets, book debts and investments aggregate Rs. 584.87 lakhs. The gross block of Rs. 9.59 crores (Rs. 10.45 crores a year before) has been written down to a net value of Rs. 5.97 crores. Development projects are shown separately at Rs. 7.93 crores.

MYSORE TOBACCO CO., LTD.

Although the sales of the Mysore Tobacco Company, Ltd. (Chairman: Mr. I. P. Mallappa, Bangalore) during the year ended 31st March 1964 have touched a record level of Rs. 49.85 lakhs, representing an increase of Rs. 10.25 lakhs over the previous year, the gross profit shows a decline of Rs. 1.31 lakh to Rs. 4.47 lakhs. The decline in profit has been due to an increase of Rs. 11.21 lakhs in raw materials purchased and consumed during the year and rise of Rs. 4.30 lakhs to Rs. 19.08 lakhs in expenses of operation and administration. Consequently, the profit-margin (that is, the ratio of gross profits to total sales) has gone down from 14.6 per cent in 1962-63 to 8.9 per cent in 1963-64. After providing Rs. 1.08 lakh (Rs. 84,000 in the previous year) for depreciation and Rs. 1.76 lakh (Rs. 2.42 lakhs for taxation, the net profit comes to Rs. 1.63 lakh, as against Rs. 2.78 lakhs for the previous year. In spite of the lower net profit, the Directors have raised the rate of ordinary dividend to 11 per cent for the year under review from 10 per cent distributed in 1962-63. They have set apart only Rs. 40,000 to reserves while in the previous year the allocation was Rs. 2.59 lakhs (including Rs. 1 lakh for dividend reserve). The dividend absorption comes to Rs. 1.10 lakh, as against the Rs. one lakh paid out of the dividend reserve in the previous year. A sum of Rs. 14,104 has been carried forward, as against the Rs. 1,401 brought in.

The Company gathered during the year under review 8,966,884 kgs. of green leaf from a planted area of 4,609 acres, as against 6,844,477 kgs. obtained from 3,970 acres in the preceding year. Cured leaf acquired was 706,491 kgs. (354,579 kgs. in 1962-63). Exports of the Company's tobacco aggregated 152,264 kgs. the value realised being Rs. 3.16 lakhs. The quantity exported and value realised in the previous year were 161,870 kgs. and Rs. 2.54 lakhs, respectively.

Since there are many limitations to increase the cured leaf from the existing barns of the Company, the Directors are exploring the possibilities of encouraging the plantings of other varieties of tobacco which do not require barns. The progress made in this direction is said to be encouraging. The Directors hope to take advantage of this situation and have already taken necessary steps to impart the technical knowledge to the cultivators in new areas like Harihar, Davangere and T. Narsipur.

The paid-up capital of the Company as at 31st March 1964 is unchanged at Rs. 10 lakhs, all in equity shares of Rs. 10 each. This is supplemented by reserves and surplus amounting to Rs. 5.59 lakhs. The gross block, which has expanded during the year from Rs. 22.77 lakhs to Rs. 25.01 lakhs, has been written down to Rs. 10.64 lakhs. Including bank loans of Rs. 5.32 lakhs and current liabilities and provisions of Rs. 7.76 lakhs, the total indebtedness of the Company Works out to Rs. 13.08 lakhs, as against which current assets, book debts and investments aggregate Rs. 18.03 lakhs.

The Rs. 10 fully paid equity shares of the Company are currently quoted at Rs. 11.90 *cum-div.* On *ex-div.* basis, they give a net yield of 7.4 per cent per annum.

SYNDICATE BANK LTD.

The assets and liabilities of the Kotagiri Bank Ltd., Kotagiri (Nilgiri District) have been taken over by the Syndicate Bank Ltd. with effect from 7th October 1964. This is the seventeenth bank that has merged with the Syndicate Bank Ltd. With this merger, the Syndicate Bank Ltd. has added one more branch to its list in Madras State at Kotagiri (Nilgiri District), raising the total number of branches in that State to 20. The Syndicate Bank Ltd. has also opened a new branch at Basava Kalyan in Bidar District. This place was hitherto an unbanked area. Including this branch, the Syndicate Bank has now a total of 194 branches.

KHATAU MILL SELLS AND EARNS LESS

BUT DIVIDEND MAINTAINED

BOTH sales and gross profit of the Khatau Makanji Spinning and Weaving Company Ltd. (Managing Agents: Messrs. Khatau Makanji and Company (Private) Ltd., Bombay) have recorded a setback during the year ended 30th June 1964. The decline in sales realisation is rather steep, exceeding Rs. 100 lakhs, from Rs. 648.50 lakhs to Rs. 542.89 lakhs, in contrast to an improvement of more than Rs. 65 lakhs from Rs. 583.31 lakhs to Rs. 648.50 lakhs in 1962-63. Gross profit, up by Rs. 19.71 lakhs in the previous year, has dropped by Rs. 2.28 lakhs to Rs. 91.45 lakhs during the year under review. Compared to sales, profit has recorded a limited decline, because of an all-round reduction in costs.

Net profit, on the other hand, has recovered to Rs. 29.34 lakhs from Rs. 20.89 lakhs to which level it had receded in the previous year from Rs. 27.49 lakhs in 1961-62. This recovery has been caused essentially by a considerably lower tax provision of Rs. 24.60 lakhs, as against Rs. 45.95 lakhs, due to (i) the lower gross profit, (ii) a substantial increase in the depreciation provision from Rs. 19.51 lakhs to Rs. 31.59 lakhs and (iii) a larger transfer of Rs. 4.42 lakhs to development rebate reserve (as against Rs. 2.84 lakhs in the previous year). The entire increase in net profit has gone to boost reserves by Rs. 18.29 lakhs, as against by Rs. 9.84 lakhs, while the dividend on the 100-rupee ordinary shares has been maintained at 8 per cent per annum to which level it was reduced in the previous year from 16 per cent for 1961-62.

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sales realisation	542.89	648.50	583.31	524.22
Other income	23.23	3.85	3.58	2.51
Stock of finished goods	99.17	78.00	75.70	68.82
Materials, stores, chemicals, etc., consumed	249.18	308.28	288.91	261.81
Staff expenses	178.57	182.47	168.24	160.48
Other expenses	68.09	70.17	62.59	53.48
Gross profit	91.45	93.73	74.02	49.01
Managing Agents' commission	5.92	7.38	5.63	3.20
Provision for—				
Depreciation	31.59	19.51	17.40	16.78
Taxation	24.60	45.95	23.50	13.00
Net profit	29.34	20.89	27.49	16.03
Transfer to reserves	18.29	9.84	17.00	4.30
Dividends—				
Preference	1.56	1.56	1.56	1.56
Ordinary	9.68 (8%)	9.68 (8%)	9.68 (16%)	9.68 (16%)
Carry forward	0.05	0.13	0.34	0.98
Equity shares' market value (In rupees):	1964	1963	1962	1961
High	211.25	475.00	528.75	635.00
Low	170.00	192.50	350.00	405.00

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In order to carry out essential and urgent repairs to the building housing the spinning department, 15,000 spindles had to be stopped for three months during the year. The Company would be installing 8,898 additional spindles, bringing the total to 127,539, under the Government's permission to mills to increase their spindleage by 7.5 per cent and loomage by 10 per cent. New machinery of the value of Rs. 26.18 lakhs was received during the year. This leaves pending orders for about Rs. 117 lakhs of machinery to be received over a period of years for replacement and renovation.

It is proposed to acquire the entire share capital of Messrs. Fashion Prints (P) Ltd. at par so as to make it a subsidiary of the Company. This Company is engaged mainly in processing activities similar to those of the Khatau Mill and the Board feels that its acquisition will be to the latter's advantage.

Out of a paid-up share capital of Rs. 149.64 lakhs, Rs. 29.92 lakhs are in 4 per cent, tax-free, cumulative preference shares of Rs. 100 each and the rest is in 100-rupee equity shares. Reserves and surplus, excluding Rs. 11.13 lakhs from the general reserve required for the year's dividend liability, amount to Rs. 72.54 lakhs. Borrowings of Rs. 196.93 lakhs and current liabilities and provisions, including the year's dividend liability, amounting to Rs. 166.92 lakhs, bring the total indebtedness to outsiders to Rs. 363.85 lakhs, as against which current assets, book debts and investments aggregate Rs. 431.20 lakhs. The gross block of Rs. 506.53 lakhs (Rs. 458.82 lakhs a year before) has been written down to a net value of Rs. 154.84 lakhs.

Currently quoted at Rs. 176.00 *cum-div.*, the Rs. 100 fully paid ordinary shares of the Company offer a net yield of 3.2 per cent per annum.

ILLEGAL LABOUR STRIKE AFFECTS JAY ENGINEERING'S RESULTS

PROFIT FALLS—DIVIDEND CUT AGAIN

AN illegal strike causing cessation of production for 87 working days, or about 30 per cent of the total available working time during the year ended 31st March 1964, has most unfortunately cried a temporary halt to the steady upward trend in the sales of the Jay Engineering Works Ltd. (Managing Agents: Messrs. Madan Mohan Lall Shri Ram, Delhi-6), with a further decline in gross profit. The turnover has slipped back from Rs. 13.44 crores to Rs. 10.42 crores and, although other income has more than doubled, the gross profit has declined by Rs. 21.10 lakhs to Rs. 56.12 lakhs. Fortunately, the profit-margin (ratio of gross profit to sale proceeds), which has never been too high, has decreased only marginally from 5.8 per cent to 5.4 per cent. This is probably because the loss due to strike, as the Directors point out, has been in terms of direct loss of profits and in fixed cost during the strike period. This will be apparent from the fact other expenses, which are mostly of a fixed nature, have declined by about 25 per cent from Rs. 460.07 lakhs to Rs. 322.31 lakhs.

The decrease in profit has naturally resulted in lower provisions for the Managing Agents' remuneration and taxation: Rs. 1.68 lakh and Rs. 8.60 lakhs, respectively, as against Rs. 3.46 lakhs and Rs. 15.20 lakhs. Although the provision for depreciation is raised only from Rs. 32.51 lakhs to Rs. 35.20 lakhs, the resulting net profit is markedly lower at Rs. 10.64 lakhs, as against Rs. 26.05 lakhs. Out of this, a sum of Rs. 3.00 lakhs, as against Rs. 5.90 lakhs, has been credited to the statutory development rebate reserve and a further amount of Rs. 5.00 lakhs has been set aside as before for the payment of preference dividend in respect of the year. Since the decline in profits has been due to abnormal occurrence, the Directors have thought it fit to draw upon the Company's reserves to pay a dividend. Accordingly Rs. 9.50 lakhs have been withdrawn from reserves and a dividend of eight per cent. as against 10 per cent has been proposed.

The working results of the Company for the past four years are presented synoptically in the following comparative table.

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale proceeds	1041.62	1344.40	1165.55	1085.90
Other income	68.07	30.12	10.23	6.42
Closing stock of finished goods	179.46	210.66	185.45	150.49
Raw materials and stores consumed	368.95	508.64	411.46	411.13
Excise duty	48.81	63.71	50.95	47.76
Staff expenses	282.30	290.09	302.07	289.57
Other expenses	322.31	460.07	351.48	293.94
Gross profit	56.12	77.22	94.82	91.85
Managing Agents' remuneration	1.68	3.46	4.56	4.94
Provision for—				
Depreciation	35.20	32.51	31.47	29.36
Taxation	8.60	15.20	26.00	22.85
Net profit	10.64	26.05	32.79	34.70
Withdrawl from reserves	9.50			
To reserves	3.00	5.90	5.00	11.26
Dividend—				
Preference	5.00	5.00	5.00	5.00
Ordinary	12.15 (8%)	15.19 (10%)	22.77 (15%)	18.43 (17.15 %)
Carry forward	0.04	0.05	0.09	0.07
Market price of ordinary shares (in rupees).	1964	1963	1962	1961
High	20.00	26.37	30.87	32.56
Low	16.94	19.62	24.00	21.25

In his statement to shareholders (*vide* page 600 of *Commerce* dated 3rd October 1964) the Chairman, Lala Charat Ram, observes that the strike has affected not only the Company's profits but also the country's export earnings. Besides, it has caused enormous loss running into crores of rupees to the workmen in terms of loss of wages, bonus, etc., and the Government has lost larger amount of excise duty—the duty paid during the year has dropped from Rs. 63.71 lakhs to Rs. 48.81 lakhs—and other direct and indirect taxes. The loss to the community has been the shortage of much needed supplies. The strike, however, has not won any rewards for the workmen. The demands have been reviewed by the West Bengal Government and some of them have been referred to adjudication. The same position, therefore, obtains after the strike so far as workers are concerned. On the other hand, the tempo of production achieved over many years has been broken and production-based earnings of workmen have been maintaining a low level. Fortunately the situation is showing unmistakable sign of improvement.

There has been no change in the Company's paid-up share capital which currently stands at Rs. 201.88 lakhs, comprising Rs. 50 lakhs in preference shares of Rs. 100 each and Rs. 151.88 lakhs in ordinary shares of Rs. 10 each both fully paid. The reserves, however, stand lower at Rs. 130.66 lakhs, as against Rs. 137.17 lakhs a year ago. The outside interest also shows a marked decline from Rs. 824.45 lakhs to Rs. 626.26 lakhs in the aggregate. This is because borrowings have decreased by Rs. 122.30 lakhs to Rs. 424.46 lakhs, while current liabilities and provisions are lower at Rs. 201.80 lakhs and Rs. 277.69 lakhs, respectively. With the inclusion of new assets worth Rs. 28.59 lakhs during the year, the block account now stands at Rs. 541.30 lakhs and has been written down to Rs. 277.46 lakhs through the depreciation account. There is only a nominal change in the book value of investments from Rs. 5.13 lakhs to Rs. 5.18 lakhs, but current assets and loans and advances have decreased sizably from Rs. 872.83 lakhs to Rs. 676.16 lakhs.

The Rs. 10 paid ordinary shares of the Company are currently quoted at Rs. 18.25 *ex-div.* The net return on fresh investment works out to 3.5 per cent per annum.

FERTILISER CORPORATION OF INDIA

The operating results of the Fertiliser Corporation of India for the year ended 31st March 1964 are satisfactory. Thanks to the retrospective revision of retention prices of fertilisers and record production of the Nangal Unit, the Corporation has earned a gross profit of Rs. 9.29 crores. After providing Rs. 4.95 crores for depreciation and paying Rs. 63.71 lakhs as interest on Central Government loans, the net profit comes to Rs. 3.70 crores, an increase of Rs. 2.25 crores over that for the previous year. The whole of the net profit, together with the Rs. 15.31 lakhs brought in from the previous year, has been transferred to reserves for financing the capital outlay on the Corporation's projects under construction.

The internal resources of the Corporation, arising from the revenue surpluses of its production units and the sum allocated for depreciation reserve during the year, amounts to Rs. 8.74 crores, bringing the total up to 31st March 1964 to Rs. 47.97 crores.

The Corporation's two operating units at Sindri and Nangal together produced 746,596 metric tonnes of fertilisers in 1963-64 as against 688,791 metric tonnes in 1962-63. Production of calcium ammonium nitrate amounted to 374,162 tonnes, which exceeded the target of 370,000 tonnes; it was equivalent to over 97 per cent of the rated capacity. The production of ammonium sulphate from the Sindri unit was 307,107 tonnes. The production of double salt and urea was 47,211 tonnes and 18,116 tonnes, respectively.

The implementation of the projects under construction is said to be progressing well. The Trombay fertiliser project will be the third and the next operating unit to be commissioned. The estimated cost of the project is put at Rs. 33.50 crores. As much as 90,000 tonnes of nitrogen and 45,000 tonnes of phosphate per year in the form of urea and nitrophosphate will be produced. The trial run of the ammonia plant is expected to commence in November 1964 and that of the nitrophosphate plant in February 1965. Meanwhile, the Corporation has decided to enlarge the scope of the Trombay project and will set up a 100-tonne-per-day methanol plant which is estimated to cost Rs. 4 crores. The methanol plant is likely to be commissioned in October next year. The estimated cost of the Namrup project is about Rs. 18 crores. This project is designed to produce 45,000 tonnes of nitrogen in the form of 55,000 tonnes of urea and 100,000 tonnes of ammonium sulphate. It will be commissioned by the end of 1966 or early in 1967. The Gorakhpur plant estimated to cost Rs. 26 crores is expected to go into production early in 1967 and envisages the production of 80,000 tonnes of nitrogen per year in the form of urea. The Korba plant in Madhya Pradesh will be based on gasification of local coals in the immediate vicinity of the project and will be designed to produce 100,000 tonnes of nitrogen in the form of urea. The total capital outlay on this project will be about Rs. 31 crores. The Corporation has recently been asked by the Government of India to take up the work of one more fertiliser project at Durgapur in West Bengal.

share in nation's growing industrial prosperity

When you buy Units of the Unit Trust of India, you acquire an interest in various types of securities of over 150 industrial enterprises, that is, in the entire portfolio of investments of the Trust. The aim of the Trust is to spread out the investments to minimise risk.

Also Units give a steady income. The dividend to Unit holders will be based on the average income of a well-balanced portfolio consisting of Government securities, industrial debentures, preference shares and equities.

Other Important Advantages

Liquidity of Investment

Investment in Units is liquid because the Unit Trust is ready to sell and buy back its Units at prices determined and announced by it every day. Unit holders can also borrow against Units from banks.

Tax Concessions

The income earned by the Trust is exempt from taxes and income upto Rs. 1,000/- distributed by the Trust to individual Unit holders is excluded in computing their total income for purposes of income-tax.

Each Unit is of the face value of Rs. 10. You can buy ten or a multiple of ten Units. Units are sold at prices determined daily by the Trust on the basis of the current value of its investments and other elements as provided in Clause 8 of the Unit Scheme, 1964. Units can be sold back to the Trust from November 15, 1964 at prices announced daily. A Unit holder can always transfer Units in favour of a bank for purposes of borrowing.

Application forms and details of the Unit Scheme, 1964 are available at any branch of the leading scheduled banks throughout the country. In case of any difficulty, call at or write to the Unit Trust of India direct.

Unit Trust of India

Amar Building, Pherozeshah Mehta Road, Bombay-1.

SYNOPSES OF COMPANY REPORTS

Tata Hydro-Electric Power Supply Co., Ltd.

(*Managing Agents*: Tata Hydro-Electric Agencies Ltd., Bombay.)

Fifty-fifth Annual General Meeting—28th October 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Revenue from power supply	3,46,18	2,30,89
Other income	12,57	11,94
Gross profit	1,46,20	83,30
To Managing Agents' remuneration	8,96	5,55
Transfer to depreciation	24,93	18,54
,, ,, provision for taxation ..	43,44	22,79
Net profit	68,87	36,42
Credit adjustments written back	22	Nil
Balance brought forward	8	27
Appropriations:		
Transfer to dividend reserve	19,93	17,60
,, ,, Statutory and other accounts	38,83	3,03
To adjustment in respect of previous years ..	Nil	66
To interim dividends (taxable) Preference ..	3,12	3,12
,, ,, ,, ,, Ordinary ..	7,20	7,20
	(3%)	(3%)
Proposed final dividends (taxable) Preference ..	3,13	3,13
,, ,, ,, ,, Ordinary ..	16,80§	14,40§
	(7%)	(6%)*
Total ordinary dividend per cent	[10%]	[9%]
Carry forward	9	8
Market value of ordinary shares (in rupees) ..	1964†	1963
High	128.75	111.00
Low	108.00	100.00

§ Final dividends—payment out of the dividend reserve.
* Includes Bonus of Re. 1.00 per share or 1 per cent.
† High and Low upto 30th September 1964.

Extracts from the Directors' report: *Operation*: The table below gives particulars of generation, purchase and sales for the year under report and for the four previous years:—

	(In million K.W.H.) Generation		Total Purchase	
Year	*Hydro*	*Thermal*	*Koyna*	*Total sales*
1959-60	1418	720	57*	1939
1960-61	1344	1028	65*	2161
1961-62	1510	1157	52*	2448
1962-63	1370	1035	563	2743
1963-64	1369	851	1198	3210

* Figures relate to Railways.

Of the 1198 million units purchased from Koyna this year, 123.7 million units were sold to the Railways against 23 million units last year. Total sales, excluding supplies to Railways, represent an increase of 13 per cent over the previous year.

Tariffs: The Tata Electric Companies' Tariffs to consumers were revised during the year with effect from 1st May 1963. The revision became necessary because of the change in the Bank Rate from 4 to 4½ per cent (in January 1963), the levy of sales-tax by the Maharashtra Government and a substantial increase in energy purchased from Koyna at a price higher than the incremental cost of production at the Companies' thermal Station. In terms of the Trombay License, the Companies are required to purchase Koyna hydro energy in preference to their thermal generation. The tariffs were also rationalised and simplified; only three categories of tariffs now cover all our sales against the previous seven classes.

Fourth Thermal Unit: On the Project for the installation of a fourth 125 MW. thermal unit, civil works like foundations, turbogenerator pedestal, boiler mat, chimney etc. have been completed. Main equipment received is being installed. The unit is expected to be commissioned by about June 1965.

Accounts in brief as at 31st March 1964 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital* ..	3,29,28,000	Gross block ..	10,07,67,517
7% Debentures ..	1,00,00,000	—Depreciation ..	2,61,06,997
Reserves and surplus ..	2,05,04,360	Net block	7,46,60,520
Other liabilities ..	4,94,09,440	Block in progress ..	1,48,02,271
		Current assets, etc.	1,38,20,800
		Investments ..	54,97,601
		Cash	22,00,887
		Miscellaneous expenditure ..	18,89,631
Rs.	11,29,31,800	Rs.	11,29,31,800

* Paid-up capital consists of 89,280—7 per cent cumulative preference shares of Rs. 100 each and 2,40,000 ordinary shares of Rs. 100 each.

Tata Power Co., Ltd.

(*Managing Agents*: Tata Hydro-Electric Agencies Ltd., Bombay.)

Forty-fifth Annual General Meeting—27th October 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Revenue from power supply	5,00,01	5,56,46
Other income	9,93	8,74
Gross profit	2,98,00	1,91,63
To Managing Agents' remuneration	17,75	7,97
Transfer to depreciation	53,66	53,31
,, ,, provision for taxation ..	90,59	50,48
Net profit	1,36,00	79,87
Balance brought forward	2	30
Credit adjustments written back	77	Nil
Appropriations:		
Transfer to dividend reserve	39,36	34,20
Transfer to statutory and other accounts ..	78,65	26,99
To adjustments for past years	Nil	24
To interim dividends (taxable) Preference ..	3,26	3,26
,, ,, ,, Ordinary ..	15,46	15,46
	(3%)	(3%)
Proposed final dividends (taxable) Preference	3,26§	3,26§
,, ,, ,, ,, Ordinary .	36,08§	30,02§
	(7%)	(6%)*
Total Ordinary dividend per cent	[10%]	[9%]
Carry forward	6	2
Market value of ordinary shares (in rupees) ..	1964†	1963
High	1,330.00	1,142.50
Low	1,078.75	1,015

§ Final dividends—payment out of the dividend reserve.
* Includes a bonus of Rs. 10.00 per share or 1 per cent.
† Upto 30th September 1964.

Extracts from the Directors' report: *Receiving Stations*: The new 60 MVA transformers are under erection at a Receiving Station. One 25 MVA Condenser and new 22 KV switchgear in replacement of old equipment of inadequate capacity are on order.

Plans have been made to augment at Receiving Stations their transformer capacity to meet the growing demand; the necessary equipment has been ordered.

A new Receiving Station is under construction and two more have been planned, for which orders for the necessary transformers have been placed.

Transmission: For meeting the increased load requirements, the transmission capacity has been raised on various sectors by the installation of new double circuit 22 KV lines.

Accounts in brief as at 31st March 1964 are as under:—

LIABILITIES]	Rs.	ASSETS	Rs.
Capital* ..	6,02,33,000	Gross block ..	21,70,65,962
Reserves and surplus ..	5,09,27,196	—Depreciation ..	5,40,06,347
Other liabilities ..	15,45,63,870	Net block	16,30,59,615
		Block in progress ..	5,67,25,856
		Current assets, etc.	3,58,69,135
		Investments ..	68,43,333
		Cash	5,01,879
		Miscellaneous expenditure ..	27,24,248
Rs.	26,57,24,066	Rs.	26,57,24,066

* Paid-up capital consists of 8,697—7½ per cent cumulative preference shares of Rs. 1,000 each and 51,536 ordinary shares of Rs. 1,000 each.

Andhra Valley Power Supply Co., Ltd.

(*Managing Agents*: Tata Hydro-Electric Agencies Ltd., Bombay.)

Forty-eighth Annual General Meeting—28th October 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Revenue from power supply	4,57,18	3,16,46
Other income	5,75	5,09
Gross profit	1,43,33	90,04
To Managing Agents' remuneration	8,91	1,19
Transfer to depreciation	31,47	31,88
,, ,, provision for taxation ..	31,98	8,42
Net profit	71,27	48,55
Balance brought forward	4	36
Credit adjustments written back	46	Nil
Appropriations:		
Transfer to dividend reserve	22,03	19,90
,, ,, statutory and other accounts ..	37,96	18,04
To interim dividends (taxable) Preference.	1,73	1,73
,, ,, ,, ,, Ordinary	9,08	9,08
	(3%)	(3%)
Proposed final dividends (taxable) Preference.	1,73§	1,73§
,, ,, ,, ,, ..	21,19§	18,17§
	(7%)	(6%)*
Total ordinary dividend per cent	[19%]	[9%]
Carry forward	6	4
Market value of ordinary shares (in rupees) ..	1964†	1963
High	1,270.00	1,075.00
Low	1,030.00	973.75

§ Final dividends—payment out of the dividend reserve.
* Includes bonus of Rs. 10 per share or 1 per cent.
† High and low upto 30th September 1964.

Extracts from the Directors' report: *Generating Stations*: Installation of a 7.5 MVA. transformer at the Tata Hydro Company's Power House for supply into 6.6 KV. distribution system was completed. 22 KV. distribution network to meet the rapid industrial load growth in the area is planned; orders for two 30 MVA. 22 KV. transformers will be placed shortly. 22 KV. switchgears are on order. Design for modernisation of the control and excitation system has been completed and orders for the equipment have been placed.

Orders for new excitation system to replace the old exciters at the Andhra Valley Company's Power House have been placed.

At the Tata Power Company's Power House, the under-rated 110 KV. indoor type circuit breakers controlling the power transformers were replaced by outdoor type circuit breakers of higher rupturing capacity.

Khopoli-Poona Lines and Receiving Station: With the acquisition of the Poona Electric Supply Company's undertaking, the State Electricity Board took over the business of distribution of power in Poona City and of supplying power in bulk to industries etc. in the surrounding areas. Consequently, after negotiations with the State Government, it has been decided to hand over the lines and the Receiving Station equipment to the MSEB at a mutually acceptable price of Rs. 41 lakhs. The Poona area will now be eliminated from the Companies' Licenses.

Accounts in brief as at 31st March 1964 are as under:—

LIABILITIES.	Rs.	ASSETS	Rs.
Capital* ..	3,52,11,000	Gross block ..	12,80,95,376
5½% Debentures ..	93,28,000	—Depreciation ..	3,62,30,226
Reserves and surplus ..	1,99,39,149	Net block	9,18,65,150
Other liabilities ..	7,00,18,359	Block in progress ..	2,11,13,657
		Current assets, etc.	1,28,09,127
		Investments ..	35,83,073
		Cash	42,11,606
		Miscellaneous expenditure ..	14,13,895
Rs.	13,49,96,508	Rs.	13,49,96,508

* Paid-up capital consists of 4,034—7 per cent cumulative preference shares of Rs. 1,000 each and 30,277 ordinary shares of Rs. 1,000 each.

Oriental Power Cables Ltd.

(*Chairman*: Mr. Karamshi J. Somalya, Bombay.)

Registered Office and Works: P. O. Cablenagar, Stn. Alnia, Dist. Kota (Rajasthan).

Third Annual General Meeting—31st October 1964.

Extracts from the Directors' report for the year ended 31st May 1964:

After transferring the amount of Rs. 13,01,277 to Expenditure during construction account and after making the provision for taxation of Rs. 22,000 the Company has incurred a loss of Rs. 59,650. This, together with the loss of Rs. 32,185 brought forward from the previous year, results in a total loss of Rs. 91,835, which is carried forward to the next year.

Progress: The construction of the factory buildings and erection of plant and machineries both imported as well as indigenous were completed in the month of May, 1964 except the erection of Medium Type Laying-up machine, which was erected in the month of July, 1964 because the special type of wagon for transportation of this machine from Bombay docks to the Company's Factory, was not readily available.

The Company has commenced the trial runs under the guidance and supervision of the Japanese technicians deputed by the collaborators. Training to the employees was also imparted side by side. The cables of various sizes manufactured by the Company during trial are found satisfactory. With the modern machines and with the help of the technical know-how of Messrs. Sumitomo Electric Industries Limited, Japan the Company manufacture *Paper Insulated Power Cables* mass impregnated non-draining (or, with normal compound), *Lead or Lead Alloy Sheathed Steel tape or Steel wire* armoured of all sizes and types both for industry and mines. The Company's laboratory is equipped with specialised equipments for the testing of raw materials and finished products. This plant will be the first to manufacture *Paper Insulated Power Cables over* 11 KV in India and can offer 22 KV and 33 KV screened or S.L. Type cables.

The Company has obtained from the Government of India Letter of Intent for increasing the present production capacity of *Paper Insulated Power Cables* from 960 Km. to 1,600 Km. per year. It has also obtained the Letter of Intent from the Government of India for the manufacture of *PVC Cables* of 640 Km. per year.

Accounts in brief as at 31st May 1964 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital* ..	99,86,312	Gross block ..	1,30,77,376
Other liabilities ..	1,44,00,289	—Depreciation ..	1,35,197
		Net block	1,29,42,179
		Block in progress ..	41,29,858
		Expenditure during construction	19,34,507
		Current assets ..	46,94,562
		Cash	1,40,260
		Miscellaneous expenditure ..	4,53,400
		P. L. % Deficit ..	91,835
Rs.	2,43,86,601	Rs.	2,43,86,601

* Paid-up capital consists of 75,000 Equity shares of Rs. 100 each and 30,000—9½ per cent cumulative redeemable preference shares of Rs. 100 each. Allotment and call money in arrears amount to Rs. 5,13,688.

Hukumchand Jute Mills Ltd.

(*Managing Agents*: Ramdutt Ramkissendas, Calcutta.)

Annual General Meeting—Held on 29th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales of finished goods, jute, stores and scrap ..	6,62,88	6,46,53
Closing stock	2,29,11	1,98,79
Gross profit	77,97	1,05,42
To Managing Agents' remuneration	4,67	6,10
Transfer to depreciation	15,60	11,43
Net profit	57,70*	87,89
Refunds	†Nil	19
Credit items relating to previous year	6	50
Balance brought forward	5	57
Appropriations:		
To taxation in respect of previous years ..	Nil	2,73
To items relating to previous years	50	27
Transfer to contingencies reserve	35,00	57,00
,, ,, development rebate reserve ..	3,43	3,06
,, ,, general reserve	18,85	26,05
Proposed dividends (taxable) preference ..	9 1/2%†	9 1/2%†
,, ,, equity ..	26½%†	26½%†
Carry forward	3	5
Market value of equity shares (in rupees):	1964‡	1963
High	21.00	26.12
Low	19.25	17.00

* Net profit subject to provision for taxation, estimated at Rs. 33 lakhs.
† Dividends—payable from general reserve.
‡ High and low upto 18th September 1964.

Extracts from the Directors' report: No specific provision has been made for taxation which will be appropriated from the contingencies reserve when the liability is determined.

A total of 52 *Broad Looms* have so far been installed and are working satisfactorily. Demand for *Carpet Backing Cloth* in U.S.A. has slackened and there has been a steep fall in prices. Of late there has been some revival of demand.

Prospects for the current year are not promising. Prices of raw jute have increased disproportionately and trading results have been adversely affected. Production costs have risen due to increase in the cost of power, stores, materials and wages.

Construction of factory buildings and staff quarters for the Company's Caustic Soda Project at Amlai is proceeding in full swing and barring unforeseen circumstances they are expected to be ready before the year is out. Shipments of machineries have started arriving at site and erection work is being taken in hand. The plant is expected to be commissioned during early 1965.

Accounts in brief as at 31st March 1964 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital* ..	92,50,000	Gross block ..	3,76,04,948
Reserves and surplus.	1,08,92,959	—Depreciation ..	2,25,96,035
Other liabilities ..	2,61,97,215	Net block	1,50,08,913
		Current assets ..	2,80,92,217
		Investments	14,33,512
		Cash	9,05,532
	Rs. 4,63,40,174		Rs. 4,63,40,174

* Paid-up capital consists of 40,000—7 per cent. cumulative preference shares of Rs. 100 each and 7,00,000 equity shares of Rs. 7.50 each. Of the above shares 3,00,000 equity shares were allotted as fully paid up by way of bonus shares out of general reserve.

TRACTORS AND BULLDOZERS LIMITED

EXPANSION OF CAPACITY—MULTI-SHIFT WORKING

CHAIRMAN, MR. PASHABHAI PATEL'S SPEECH

THE following is the text of the speech delivered by Mr. Pashabhai Patel, Chairman, at the Eighteenth Annual General Meeting of the Company held at Baroda on 30th September 1964:

GENTLEMEN,

We are meeting under the shadow of a great tragedy and equally grave crisis. Our beloved leader, Pandit Jawaharlal Nehru, is with us no more. And our tears mingle with a frightening sense of crisis at the threat of famine and food shortage which is facing us today.

While mourning our loss, I cannot help recalling a day in September 1947 when Panditji paid a visit to our factory and breaking a coconut on the first tractor built by us, which was also the first tractor to be built, in India, said "I am proud to associate my name with this new and important industry of our country."

We manufactured six tractors almost overnight and began to dream dreams. Unfortunately, due to the many controls, restrictions and other bottlenecks which were beyond our power to clear, the project went into cold storage.

This year is noteworthy for another important event. A few days back the citizens of this town celebrated the birth centenary of Mr. Khaserao Jadhav, who, I might say, was the originator of the power farming idea in India. Mr. Khaserao Jadhav, who spent his life dreaming of improvements in Indian agriculture, brought from Germany two tractors way back in 1920. These were the first tractors to come to India and Mr. Khaserao Jadhav spent many hours, days and months dreaming of revolutionising Indian agriculture by introducing power farming in this country.

His story was very convincing. Agriculture in India was carried out with the help of animal power. Farming was a strictly seasonal operation. The total rainfall of the year comes in three months and after the crop is ripe and cut, when the land should be ploughed up, the soil is already hard like cement. Ploughing this land in April and May would put new fertility into the soil but this was not possible with animal power. The farmer had to wait until the coming of the first rains in June and July, when he would have to hurry up, plough the land and plant his crop almost overnight.

Importance of Tractor

The tractor could plough the land easily after the harvest and before the rains, in the dry summer months. These two tractors which Mr. Jadhav brought from Germany were the first tractors to come to India. Mr. Khaserao Jadhav and I spent many months experimenting with them on the Model Farm at Baroda.

From this beginning your Company has developed into its present complex completing the full circle. Starting with that early beginning in Baroda, we imported and introduced many makes of tractors into all parts of India and with the coming of Indian freedom, the demand for tractors rose into high brackets. Later on, under the leadership of our dear departed Prime Minister the Government decided to encourage the manufacture of these tractors in India and your Company is today justly proud of being in the forefront of this industry.

Our business of importing, selling and servicing tractors, ploughs, bulldozers and other farming and earthmoving machinery went on growing and we went on taking an increasing part in India's developing economy so far as cultivation of land was concerned. The Central Tractor Organisation and the various reclamation, irrigation and construction projects were all glad to receive our co-operation in an increasing degree as they went along and we can take pride in having been able to play a not unimportant part in the development of our country.

Foreign Collaboration

In June 1960, we negotiated a collaboration agreement with Motokov, the Foreign Trade Corporation of Czechoslovakia for the manufacture of their 50 horse power ZETOR Diesel Tractors which had already proved very popular in Indian agriculture. On filing this collaboration agreement with the Government of India, we were given a licence to manufacture 1,000 of these tractors per year at Baroda. Government also made available to us all the connected licences for the import of components, raw materials, machine tools, etc. Our progress between June 1960 and today is something which we can look back upon with satisfaction. In the short span of four years, we obtained 48 acres of very centrally situated land near the city of Baroda and constructed a very modern and up-to-date factory covering approximately 2,50,000 sq. ft. of floor space, and obtained many pieces of the latest production machinery and started manufacturing tractors with the help of a team of Czechoslovak experts obtained from Motokov's factory. The choice of location was very fortunate indeed. In the developing economy of Baroda, this land which is bounded on one side by the main railway line from Bombay to Ahmedabad and Delhi and by the Bombay-Ahmedabad highway on the other side, has appreciated in value so rapidly that today its price can be safely assessed at more than 20 times, what we paid for it. Land for which we paid less than two lakhs of rupees in 1961 is valued at more than forty-five lakhs of rupees today. The land was filled, levelled and factory buildings were erected and production started without any loss of time.

Actually production of the tractors started in February 1963. Between then and today we have already manufactured more than 700 tractors. So satisfactory was our progress considered by the Government of India, that they increased our licensed capacity from 1,000 to 2,000 units per year, permitting us to manufacture 1,000 50-H.P. and 1,000 30-H.P. tractors on a single-shift basis. They have now informed us that we can raise the production to 2,000 50-H.P. and 2,000 30-H.P. tractors per year working on multi-shift basis.

Imports

Recently, when it was decided that the country required more tractors and the other licensed units were not coming up satisfactorily and in time, Government sanctioned the import of 2,000 complete tractors. A licence for 882 CKD units has already been received by us and another licence for 1,118 CKD packs is on the way. In other words, over and above what we produce in our factory this year, we are able to import 2,000 complete tractors, which will be assembled in our factory and delivered to the farmers of India before 31st of March 1965.

The Czech collaborators are sending an additional team of engineers to supervise this operation and it is expected that 2,000 tractors will be assembled by the end of our financial year on 31st March 1965. This should prove a very satisfactory and profitable operation by itself, independently of our other manufacturing programmes.

Before we received our industrial licence in 1960, three other firms were already licensed between 1952 and 1960 to manufacture tractors. Judging from the size of factories constructed, capital equipment installed and production and sales achieved, we have reason to be happy with our progress in the short span of four years.

In other words, ladies and gentlemen, if I say that we have acquired the first place in this industry and business in the short span of four years, it is merely a submission of fact and no boast.

Bombay Unit

In the same relation, I would like to say that with construction of a very large and up-to-date manufacturing unit, we set up in Baroda, we decided to part with our Bombay Unit, which our friends Larsen & Toubro Ltd., took over and are going to continue a very important activity of manufacturing track parts for track type tractors. We understand that Larsen & Toubro Ltd., have converted it into a joint venture with the great Caterpillar Tractor Company of America and your Company continues to act as consultants to this new venture for which we are under contract to receive an annual fee of Rs. 2,00,000.00 for the next eight years.

And appropriately with all these new developments, the banking and financial arrangements are now in the good hands of the State Bank of India who have agreed to go along with us in our hopes and ambitions to a great length.

While saying all this, I should be open to the charge of ingratitude if I did not mention here very particularly the part played by Motokov and its Chief Executives who have helped us all down the line by giving us technical assistance in kind and quantity required by us and other assistance in a very very generous measure. They have not hesitated to help us by large and long-standing credits and many other forms of assistance too numerous to mention here. As you know, we are enjoying credit facilities from Motokov, which are considered very good in the present day of foreign business.

Here again, I should not fail to mention the good help generously given to us by the Hongkong and Shanghai Banking Corporation during the last 15 years during which time we created an all-time record of importing and supplying heavy agricultural and earthmoving machinery for all the development projects of our Government and our country. We could not have carried it out but for the long hand of assistance extended to us by this Corporation.

About the part played by our Government in Delhi in our development, I would like to particularly mention here that in a country where it was considered ridiculous to think of manufacturing anything at all if we are meeting here today and talking about the manufacture of a highly developed piece of equipment like the Diesel Tractor, this would have been impossible without the generous part played by the Directorate General of Technical Development and the Department of Heavy Engineering in the Ministry of Industry and Supply and by the encouragement which this industry receives from the Ministry of Agriculture.

Future

And now ladies and gentlemen, to come to the future in front of us. With all these breath-taking developments, it has become necessary to have increasingly large amounts of money invested in the project. Your Directors have already obtained the consent of the Government of India to go into the market for an additional capital of Rs. 50 lakhs. This is the principal reason why your Company has now been converted into a public company from a private concern. I am sure, some of you must be wondering why this operation which has been growing so profitably all along is now being offered to the public. The reason is simple. With the developing project, increasing demands are imposed upon the finances of the firm and a point has been reached where it became absolutely necessary that if we want to take full advantage of the situation, we must have additional capital and appropriately with this your Company has thought fit to invite outside talent also on the Board of Directors and we have been rather fortunate in being able to secure the services of eminent leaders of business and industry on our Board. With our present set-up both in the way of prospective future and the kind of Board we have, investment in our Company should be safe and attractive for anybody who is looking for a good and reasonably sure return on his investment.

Before concluding, I wish to acknowledge the sincere, diligent and hard work put in by the officers and other members of the Company which has largely contributed to such outstanding results of the year in spite of the many difficulties. I must also record here the very sincere efforts of the Czechoslovak technicians in assisting us in organising this new industry on the sound footing right from the beginning and sparing no pains in training our young Indian engineers in the modern methods of production.

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

AID FROM SWEDEN

An agreement covering financial development co-operation between Sweden and India was signed at Stockholm last week. The agreement envisages Swedish assistance amounting to Rs. 3.2 crores (36 million Swedish *Kronor*). Of this amount, Rs. 1.08 crore (12 million *Kronor*) will be extended as grants in kind and Rs. 2.16 crores (24 million *Kronor*) as development credit. The purposes for which grants will be made include purchase of 8,000 tons of text book paper for primary education in India, deliveries of forestry tools in connection with a U.N. project for the training of logging instructors at different sites in India and an economic and technical study of the grain storage problems in certain Indian States. The development credit of Rs. 2.16 crores (24 million *Kronor*) has been extended on favourable terms, the period of amortisation is twenty years, the first five years being a grace period, and the rate of interest is 2 per cent. Half the amount will be utilised for import of equipment for fifteen dairies, the balance to be used for purchases of electric switchgear and control equipment, transformers etc. for seven electric power schemes and various other Indo-Swedish joint ventures.

Notices

INDUSTRIAL DEVELOPMENT BANK OF INDIA

APPLICATIONS ARE INVITED FOR THE following posts in the Industrial Development Bank of India :—

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

(i) Deputy Managers: Rs. 850-60-1,150.

(ii) Officers Grade I: Rs. 430-430-55-815-E.B.-55-925-60-1,045.

(iii) Officers Grade II: Rs. 375-20-535-25-560-E.B.-25-660-30-720.

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

In addition to pay, the selected candidates in all categories mentioned above will be eligible to draw local pay, house allowance, dearness allowance and other allowances at rates prescribed by the Bank from time to time. The present rates for local pay and other allowances are :

(i) Local pay at 10% of pay.

(ii) House rent allowance at 15% of pay with a minimum of Rs. 60 and a maximum of Rs. 300.

(iii) Dearness allowance:

(*a*) *Deputy Managers :* Rs. 125, provided the pay plus dearness allowance does not exceed Rs. 1,250 per mensem.

(*b*) *Officers Grade I :* 20% of pay upto pay of Rs. 500 and thereafter at 16-2/3% with a maximum of Rs. 125, with marginal adjustments where necessary.

(*c*) *Officers Grade II :* 20% of pay with a maximum of Rs. 100.

(iv) An *ad hoc* allowance of 10% of pay with a maximum of Rs. 100 per month payable upto 31-3-65.

(B) **QUALIFICATIONS:**

(i) **Deputy Managers and Officers Grade I:**

Applicants should have high academic qualifications—preferably a first class Master's degree or a Doctorate with proficiency in one or more of the following subjects—or should be members of the Institute of Chartered Accountants of India :

(*a*) Investment
(*b*) Banking
(*c*) Accountancy
(*d*) Cost Accounts
(*e*) Company Taxation
(*f*) Company Law and Management
(*g*) Corporate Finance
(*h*) Industrial Economics
(*i*) Techno-economic Surveys
(*j*) Statistics and Econometrics
(*k*) Marketing Economics
(*l*) Economic Planning

For posts of Deputy Manager preference will be given to applicants who have had practical experience and/or have done research work in the above fields and who have worked in banks or institutions financing industrial units or in industrial units in a responsible position for at least 5 years.

(ii) **Officers Grade II:**

Applicants should have a good academic record, preferably a first class Master's degree in Economics or Commerce or Statistics ; weightage will be given to specialisation in subjects like Banking, Industrial Economics, Industrial Finance, Accountancy, Company Taxation, Company Law and Management.

(C) **AGE LIMITS AS ON 1st NOVEMBER 1964:**

(i) *Deputy Managers :* Candidates should be between 30 and 40 years of age but the age limit may be relaxed in the case of candidates possessing exceptional qualifications.

(ii) *Officers Grade I :* Candidates should not ordinarily be over 35 years of age but the age limit may be relaxed in the case of candidates with exceptional qualifications.

(iii) *Officers Grade II :* Between 21 and 27 years. The maximum age limit is relaxable but not beyond 32 years in the case of :—

(*a*) candidates possessing special qualifications

(*b*) candidates belonging to the Scheduled Castes or Scheduled Tribes.

2. Candidates who wish to apply for more than one category of posts must submit separate applications accompanied by separate application fees and should clearly indicate the post and the department for which they have applied.

3. Applicants for the above posts must remit with their applications a fee of Rs. 7.50 for each post by cheque or bank draft on a *Scheduled Bank* payable at Bombay or by Postal Order. *The application fee is in no case refundable.* In the case of candidates belonging to Scheduled Castes/Tribes, the fee will be Rs. 2 for application for each post.

4. Applications in the candidate's own handwriting in the prescribed forms obtainable from the Industrial Development Bank's Office at Bombay, accompanied by copies (originals should *not* be sent) of certificates regarding age and educational qualifications, statements of marks secured in the graduate and post-graduate degree examinations and copies of two testimonials should be forwarded to the General Manager, Industrial Development Bank of India, Post Bag No. 10042, Bombay-1, so as to reach him on or before the 14th November 1964. Requests for supply of forms through post should be accompanied by a self-addressed and stamped envelope of size 9″ × 4″.

5. Candidates already in service will be required to produce a proper discharge certificate from their employers at the time of their appointment in the Bank's service.

6. Candidates belonging to Scheduled Castes/Scheduled Tribes should mention this fact prominently in their applications and also enclose a copy of the certificate to that effect from competent authority.

7. Appointments will be subject to candidates being found medically fit for service in the Bank by the Bank's Medical Officer.

8. If any candidate desires to have his application acknowledged, he should send it by "Registered Post—Acknowledgement Due." Apart from those who may be specially called, interviews will not be granted to candidates nor will the Bank enter into correspondence with them.

9. Candidates called for interview will be reimbursed single return railway/bus fares by the shortest route from their place of residence to Bombay, applicants for posts of Officers Grade II being paid II Class fares and those for higher posts, I Class fares.

10. Canvassing in any form will be regarded as disqualification.

THE INDIAN IRON AND STEEL COMPANY, LIMITED

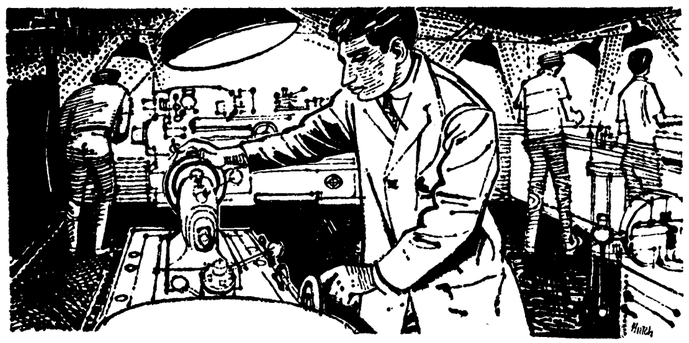
NOTICE IS HEREBY GIVEN THAT THE Register of Members and Share Transfer Books for Preference Shares in the Company will remain closed from the 23rd October to the 27th October, 1964 both days inclusive, for the purpose of payment of Preference Dividend for the half-year ended 30th September, 1964, on or after the 1st November, 1964, to those Preference Shareholders whose names appear on the Company's Register of Members on the 27th October, 1964, or to their mandatees.

By Order of the Board,

MARTIN BURN LTD.,

F. G. LIVERSEDGE,
Managing Director,
Managing Agents.

Registered Office:
12, MISSION ROW,
CALCUTTA-1.
3rd October, 1964.



In Factories, Hospitals, Schools, Public places...

PUT AN END TO THE DANGERS OF

SUDDEN DARKNESS

In factories sudden darkness can cause injury and damage to machinery. Emergency lighting is the obvious safeguard—and that's where Keepalite comes into its own. Keepalite is an automatic emergency lighting system employing lead-acid storage batteries which are automatically triggered into operation by the actual mains failure. Modern methods of control and 'trickle' charging mean that Keepalite equipment has outstandingly long life and requires minimum of maintenance. That's why architects everywhere specify Keepalite as sure inexpensive protection for factories, hospitals, schools, banks and public places.

KEEPALITE

AUTOMATIC EMERGENCY LIGHTING EQUIPMENT
—a product of Associated Battery Makers (Eastern) Limited.
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(ESC-49 (R))

TREND OF MARKETS

BULLION ERRATIC

(From Our Own Correspondent)

BOMBAY, *7th October*

Both gold and silver moved erratic during the week under review. Following heavy arrivals, prices fell sharply early in the week. In the subsequent sessions, however, there was a recovery induced by strong demand from upcountry centres, especially Calcutta.

Fourteen-carat gold began the week markedly lower at Rs. 67.50, as against the previous close of Rs. 69, and declined Rs. 67 on Saturday. After fluctuating between this level and Rs. 68.50, it finished at Rs. 69.75. Pure gold, in private trading, swiftly declined from Rs. 119 to Rs. 112 on fears of Government action against hoarded metal and poor inquiries. But it picked up strength later and closed at Rs. 116 today. Sovereign was listless throughout at Rs. 92.

In sympathy with gold, silver also began the week on a subdued tone at Rs. 255.50 and came down to Rs. 255 on lack of interest on the part of buyers. It, however, gathered strength on upcountry purchases and rose to Rs. 256. The weekly average arrivals and offtake of silver were 26 and 9 bars, respectively.

The international price for gold in the London market was higher at $35.10½, as against $35.09½ last week due to speculative buying in the uncertain phase ahead of the elections in both the U.K. and the U.S. The sterling price rose by 1½d. to 252s. 3½d. Both ready and forward silver was unchanged at 112½d. and 112½d., respectively, as also silver in New York at 129.3 cents.

The regional office of the Gold Control Administrator in Bombay is to issue permits for the October-December 1964 quarter, for the purchase of gold by industrial consumers falling in the approved categories on the same basis as the July-September 1964 quarter. Applications should reach the office not later than 31st October 1964.

The Hutti Gold Mines Company Ltd., a State undertaking, has fixed the sale price of gold at Rs. 120 per ten grams for the October-December 1964 quarter. The gold will be sold through the branches of the State Bank of India. The traders, however, are surprised at the high price fixed by the Government especially when the market price is downward. Moreover, the Government's intension is to bring down smuggling. They ask if anyone would buy at this price level.

The following table shows the trend of prices during the week under review:

	7-10-64 (closing)	High	Low	29-9-64 (closing)
SILVER				
Ready (996 fine) ..	Rs. 256.00	Rs. 256.00	Rs. 255.00	Rs. 256.50
GOLD				
Ready (14-carat) ..	69.75	69.75	67.00	69.00
Sovereign ..	92.00*	—	—	92.00*
London—				
Gold ..	252s. 3½d.	252s. 4½d.	252s. 3d.	252s. 2½d.
Silver Ready ..	112½d.	—	—	112½d.
Silver Forward ..	112½d.	—	—	112½d.
New York—				
Silver ..	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

DEPOSIT RATES RAISED

(From Our Own Correspondent)

BOMBAY, *7th October*

Following the Reserve Bank's directive in regard to rates of interest on very short-term deposits, the State Bank of India announced on Wednesday, 30th September, the upward revision in deposit rates with effect from the 1st of this month (for details, please see page 579 of the last week's issue of *Commerce*). Within twenty-four hours after this announcement, the other scheduled banks, too, raised their interest rates on deposits, the actual increase ranging from ¼ per cent to ½ per cent. The revised and the old rates are given below:

Period of deposit			Rate of interest (%) Revised	Old
Up to 14 days			Nil	3
15-45 days			1½	*
46-90 days			2½	*
Of *and over*	*But less than*			
91 days	6 months	...	4	3½
6 months	1 year	...	4½	4
1 year	2 years	...	5	4½
2 years	3 ,,	...	5½	4½
3 ,,	4 ,,	...	5½	4½
4 ,,	5 ,,	...	5½	5
5 ,,	6 ,,	...	6	5½
6 ,,	7 ,,	...	6	5½
7 ,,	9 ,,	...	6½	6
9 years and over		...	6½	6

* Hitherto deposits upto 90 days carried interest ranging from 3 per cent to 3.50 per cent, 4 to 30 days—3 per cent, 31 to 60 days—3.25 per cent, and 61 to 90 days—3.50 per cent.

The above standard rates are applicable to banks in category I with deposits of over Rs. 50 crores. In respect of medium banks (Category II) with deposits of over Rs. 25 crores and upto and including Rs. 50 crores, they have, as before, been allowed to offer 0.125 per cent more than the standard rates and small banks (Category III) with deposits of more than Rs. 10 crores and upto and including Rs. 25 crores will pay 0.25 per cent more than the standard rates.

The short-term money market ruled somewhat tight during the week under review. There was increased pressure of demand for credit, while the supply of funds was less. Consequently, inter-bank call rate tendered to move up. Fresh money fetched 2¼ per cent and renewals were reported at 1¾ per cent. Last week, both were quoted at 1¼ per cent with lenders over.

The 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 6th inst., evoked poor response. The total amount offered was no more than Rs. 2 crores which was just equivalent to the amount invited and also accepted. The average rate of accepted tenders was higher at Rs. 2.500 per cent, as against Rs. 2.400 per cent. The Intermediate Treasury Bills, too, attracted reduced support. The Bills actually sold from 30th September to 3rd October aggregated Rs. 5.75 crores, as compared with Rs. 13.35 crores a week before and Rs. 7.98 crores two weeks before.

The foreign exchange reserves of India fell by Rs. 1.82 crore to Rs. 97.63 crores during the week ended 2nd October 1964. The whole of the decline was in balances held abroad which receded from Rs. 12.17 crores to Rs. 10.35 crores. The foreign securities held in the Issue Department of the Reserve Bank remained unchanged at Rs. 85.46 crores. There was an increase of Rs. 7.62 crores to Rs. 2,370.28 crores in notes in circulation. Loans and advances made by the Reserve Bank to scheduled banks decreased by Rs. 23 lakhs to Rs. 60 lakhs, while the deposits of these banks with the Reserve Bank rose by Rs. 2.59 crores to Rs. 103.30 crores.

There was a further fall of Rs. 11.43 crores to Rs. 1,704.70 crores in the total credit made available by scheduled banks to their clients during the week ended 25th September 1964. Simultaneously, the deposits of banks went up by Rs. 21.42 crores to Rs. 2,703.83 crores. Borrowings from the Reserve Bank were, therefore, negligible, being less than a crore of rupees. Investments improved by Rs. 18.68 crores to Rs. 814.90 crores, so also total cash by Rs. 6.20 crores to Rs. 164.49 crores.

The Gilt-edged market has taken note of the proposed issue of 5 per cent Rs. 100 Gujarat Electricity Bonds for Rs. 250 lakhs. The Bonds, to be issued at par, will open for subscription tomorrow, that is, the 8th inst. The Bonds are redeemable at par on 10th October 1976. The list of the Rs. 100 Mysore State Electricity Board loan 1976 for Rs. 200 lakhs opened today, the issue price being Rs. 99.50. The Gilt-edged market put on a subdued appearance, following lack of fresh support.

In the foreign exchange market, the banks' selling rate for U.S. dollars was unchanged at Rs. 481 per $100. The buying rate also remained unchanged at Rs. 477.50. In New York, the pound sterling ruled irregular *vis-a-vis* the dollar. Thus, the spot rate declined by 0.020 cent to Rs. 278.290-278.310 cents, while the three months' forward put on 0.010 cent to 227.800-277.820 cents.

COTTON FUTURES FIRM AT CLOSE

(From Our Own Correspondent)

BOMBAY, *7th October*

The cotton futures market began the week on a firm note but developed a sagging tendency immediately thereafter, due to continued favourable weather reports which led to stray bull liquidation. Prices, as a consequence, registered a decline. Even reports of unfavourable rains in Akola and Berar areas failed to have any effect. With the emergence of more sellers, the market turned distinctly easy on the penultimate day of the week, that is, yesterday. Today, however, the market staged a recovery on account of short-covering at lower levels. But the recovery was not marked enough to make up for the earlier losses, so that the closing rates were lower than those prevailing on Tuesday last week.

The Jarilla March 1965 contract moved down from Rs. 729 to touch a low of Rs. 721.50 on Tuesday the 6th instant. The contract advanced to Rs. 726.25 before closing a shade lower at Rs. 726. The net loss over the week was Rs. 3.

In the Sewri spot market, spinners showed interest in new crop varieties. In old crop, sporadic interest continued to be shown by needly mills. The volume of business, however, was small. The following are the latest available quotations in respect of certain important varieties :

Akola Rs. 1,125, Bengal fine Rs. 732 Dec., Davangere Rs. 975, Dabhoi Co 2 Rs. 1,170, Hubli Laxmi Rs. 1,155, Hubli Jaydhar Rs. 1,025, Jagadia Rs. 1,075, Khamgaon 27/32″ New Rs. 1,015, Malegaon CO 2 New Rs. 1,700, Manavdar Kala Rs. 841, Nagar Co 2 New Rs. 1,690, Pratapnagar New Rs. 1,111, Raichur Laxmi Rs. 1,020, Raver Rs. 1,091 and Saurashtra Co 2 Rs. 1.350.

The foreign section witnessed moderate activity. Bengal *deshi* (December delivery) fell from Rs. 738 to Rs. 732 following selling pressure induced by encouraging reports about the season's new. Bengal *deshi* crop. The export registrations till the 3rd instant were 53,400 bales.

Among imported cottons, East African cotton met with sustained demand from spinners. Sudan and Pima cottons also attracted good attention following the imposition of ban on

their latest interest is in plastics and paper

"What are Metal Box doing with plastics and paper?" people wonder.

Why, making packages, of course! Blow-moulded plastic containers for chemicals and toiletries, laminated pouches for dehydrated vegetables and other foods, strip packs for pharmaceuticals, polyethylene bags for garments, foods and chemicals...and precision made paper cartons for a wide range of products.

It's news to many that almost 25% of all Metal Box sales comes from non-tinplate products.

This branching out in new directions is *not* new with Metal Box...in fact, Metal Box started working with plastics a decade ago. But this process has been accelerated by the shortage in tinplate, which many people think is about the only material Metal Box can turn into a package. Small wonder—with a name like Metal Box.

Actually MB Research set out several years ago to develop substitute packaging materials. And so, today, Metal Box are busy in the exciting world of plastics, paper and foil—materials which have already proved to be *right* for a wide variety of products. And, with every day, the range continues to grow.

So that, in time to come, flexible and paper packages could well make 'Metal Box' an even bigger misnomer.

METAL BOX
protective packaging

further sales of Egyptian cotton to India by the Cotton Commission of Alexandria (U.A.R.).

The current season's cotton crop is said to be progressing quite satisfactorily. According to the latest reports, the Western and Central parts of India have had beneficial rains, though the showers have meant a little damage to the 197/3 and Laxmi varieties. The Punjab experienced heavy rains during the last few days, but no damage to crop has been reported and the *deshi* arrivals are estimated at 2,000 bales per day. Both Goarani and Jarilla crops are maturing rapidly. But it is stated that, for better crops, clear spell should continue for some more time.

CASTORSEED SUPPLIES SCARCE

(From Our Own Correspondent)

BOMBAY, *7th October*

Trading in the new crop January 1965 groundnuts and groundnut oil commenced in Bombay on Tuesday the 6th inst. Groundnuts opened at Rs. 94.60 per 100 kg. and, after a fractional setback to Rs. 94.55, moved up to Rs. 95.75 before closing at Rs. 95.70. Price movements in oil were narrow and the January contract was mentioned at Rs. 18.50. It is not possible to discuss the outlook for a contract which runs for a period of five months on the basis of the opening day's trading, but the general feeling is that, although the groundnut contract is firm at the moment, the long-term outlook is bearish. At present, sentiment is induced mainly by the shortage of spot material, but the current year's crop is estimated at 40 lakh tonnes. A section of the market, however, thinks that the crop should not be more than 36 to 38 lakh tonnes, but, by and large, the feeling is that the crop should touch the 40 lakh-tonne level. Further, the chances of the Government revising its export policy are rather remote and the ban is likely to continue at least until such time as a clear picture of the mustard crop becomes available. The case of HPS groundnut kernels also seems doubtful. Their exports may not be allowed. In these circumstances, shippers, who normally hedge their positions by purchases in forward deals will not be in a position to support the market. Above all these factors, there will be the pressure of new crop arrivals which will begin to be felt in the course of the next fortnight.

Pressure of new crop groundnuts did make itself felt and prices of groundnut oil had declined to Rs. 28.50 on 28th September, but later the market shot up to Rs. 33 and, in unofficial dealings, the quotation was mentioned at Rs. 33.50 to Rs. 34. The spurt was induced by the recent heavy rains in Andhra. Oil was quoted at Rs. 31.25, whole October at Rs. 24.30, November at Rs. 20.25, December at Rs. 19.20 and January at Rs. 19.30. In groundnuts, ready Khandesh was done at Rs. 71, 15th October at Rs. 65, whole October at Rs. 56.50, 15th November at Rs. 53, full November at Rs. 50.50. December-January at Rs. 49. Karad bold December-January was mentioned at Rs. 48 and Kanpur bold was quoted at Rs. 47.50. The firm tendency was due mainly to paucity of ready stocks.

Groundnut extractions have been dull and current business is confined to the United Kingdom which is quoting £38-7-6 for October, £37-5 for November, £36 for December, £35-5 for January-February-March. The market in Bombay has been rather easy with spot material at Rs. 415, November at Rs. 388-Rs. 390, December at Rs. 380 and January at Rs. 375. There have been more sellers than buyers. It is said that not more than 25,000 tonnes of extractions have been committed for November-December shipments. Further, solvent extraction plants would be going into production in the course of the next few days.

Castor has been extremely firm and here, too, sentiment is induced by paucity of stocks. It is said that current supplies are not sufficient to take care of the needs of the market until the arrival of the new crop. It is also said that castor oil, which had been held up in the docks for quite some time, has now been cleared. The March contract touched Rs. 185.62 on Wednesday, though it reacted to close at Rs. 185.12. The trend in linseeds is more or less guided by the generally firm conditions in the market and the March contract is mentioned at Rs. 40.56. Cottonseeds are well held with the January contract at Rs. 102.50.

The latest directive from the Government of India prohibiting the use of solvent extracted oils in the manufacture of vanaspati has created a feeling of surprise as well as disappointment in industry circles. An exception has been made in the case of soyabean oil which is to be imported from the United States under P.L. 480. This can be used upto 20 per cent of the oil base processed for the purpose. The decision regarding soyabean oil is said to have been taken as a special case and will hold good until further notice. The order affects vanaspati as well as solvent extraction industries by depriving the former of a cheaper raw material and the latter of a good market for its product. About 75 per cent of the solvent extracted oil is used by the vanaspati industry and the balance of 25 per cent by the soap industry. With the requirements of the soap industry in the matter of its raw materials well taken care of, it is very likely that soap manufacturers will be in a position to dictate their own terms to solvent extraction oil manufacturers. It may further be pointed out that the economy of the solvent extraction industry is based upon the assumption that the oil would be taken up by the vanaspati industry and it is on these hopes that the industry developed by leaps and bounds during the last five years. It is said that, in 1963, about 70,000 tonnes of oil were manufactured in India by the solvent extraction process. In the current year, about 84,000 tonnes are expected to be produced, while, in the next year, the output is estimated at around a lakh of tonnes. Exports of extractions, a byproduct of the industry, have been well maintained earning a considerable sum of foreign exchange and any measures which might contribute to a decline in solvent oil production will mean a corresponding fall in the output of extractions and loss of foreign exchange. It is possible that the Government of India has taken the decision on health grounds. This is understandable, but, at the same time, the use of soyabean oil, essentially a solvent extracted oil, has been permitted. However, trade and industry circles hope that the Government will withdraw the order.

The following table shows the closing prices of oilseeds and oils as on 7th October as compared with those of the two previous weeks:

	7-10-1964	29-9-1964	23-9-1964
	Rs.	Rs.	Rs.
Groundnuts			
January 1965 contract	95.70	..	..
Oil January 1965	18.50	..	..
Nisam bold	N.T.	66.00	75.50
Khandesh quality	136.00	68.00	77.50
Oil ex-mill	31.00	29.00	32.75
Oil Rly. Receipt	30.00	27.50	30.50
Castorseed			
March 1965	185.12	183.25	178.75
Bold ready Madras	84.00	40.75	39.37
Ready Kanpur	82.00	40.00	38.37
Oil B.S.S.	19.20	18.80	18.30
Oil commercial	18.30	17.80	17.45
Linseed			
March 1965..	40.56	40.44	40.31
Bold ready	103.00	52.25	52.50
Linseed oil	21.50	22.00	22.00
Cottonseed			
January 1965 contract	102.50	102.25	102.75

N.B.—The quotation for groundnuts January 1965 contract is for 100 kg. The rates for spot qrgoundnuts and castor for the week ending 7th October are for 100 kg. while so far they had been quoted per 50 kg. Castor and cottonseeds futures are quoted per 250 kg. while linseeds futures are quoted per 50 kg. Groundnut Oil January 1965 and all spot oils are quoted per 10 kg.

NILGIRI TEAS EASY

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *30th September*

A total of 746,000 kgs. was offered in tea sale No. 39 held here on Wednesday, the 30th instant. Nilgiri quality was generally slightly inferior, but from other districts it was well maintained. There was strong general demand. The larger selection of Nilgiris on offer were in good demand, but prices eased slightly with quality. Good mediums and mediums were sold well at fully firm to dearer rates. Low mediums elicited fair support, but prices were rather irregular. Whole leaf grades were sold irregularly. C.T.Cs. were in good demand and prices were fully firm to dearer.

The quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.00-4.60	4.00-4.50
Mediums	4.60-5.00	4.50-5.00
Good mediums	5.00-5.60	5.10-5.70
Nilgiri B.O.P.	5.25-7.40	5.20-8.60

The average price realised in sale No. 39 was Rs. 4.74 per kilo, as against Rs. 4.68 a week ago and Rs. 4.74 in the corresponding sale last year.

In dust sale No. 38 held today, 313,000 kgs. were offered. There was strong demand. Highgrowns were sold well at dearer rates. Good mediums and mediums were well supported and were generally fully firm. Low mediums were a little irregular, but generally steady. Black leaf types again were a strong feature and were often dearer. Unorthodox types encountered good support and were sold at rates higher than last. Residuals, however, were easier.

The average price realised in dust sale No. 38 was Rs. 4.42 a kilo, as against Rs. 4.39 a kilo and Rs. 4.39 in the corresponding sale last year.

Colombo : A total of 57,46,991 lbs. was offered this week. Highgrown and medium brokens declined by 30 to 50 cents per lb. with the greener uvas registering a drop of 40 to 70 cents. Low-grown were irregular, but generally, about steady. Fannings grades were relatively stronger than B.O.Ps, although all descriptions followed the declining trend of the market.

London: North Indian and other growths: In Monday's sale, there was strong demand at dearer rates with best Assams selling at an advance of up to 6*d.* per lb.

Ceylon and South Indians: In Tuesday's sale, there was strong demand and the best teas were appreciably dearer. Plain description advanced by 2*d.* per lb.

TEAS FIRM

(From Our Own Correspondent)

CALCUTTA, *6th October*

Good demand enlivened activity during last week's internal sale, when dusts on offer aggregated 33,504 chests. Good C.T.C. teas were fully firm, but plain and medium C.T.C. teas eased in an irregular trend. Plain orthodox teas were unchanged at around last levels but were firm. Assam teas were a little irregular. Legg-cut teas were in good demand. The quotations per kg., inclusive of excise duty, were: good Assam C.T.C. dust Rs. 6.20 to Rs. 6.50, medium Assam C.T.C. dust Rs. 5.30 to Rs. 5.50, legg-cut dust Rs. 5.00 to Rs. 5.30, plain C.T.C. dust Rs. 4.90 to Rs. 5.20, medium Assam C.T.C. dust Rs. 4.90 to Rs. 5.40, and plain orthodox dust Rs. 4.20 to Rs. 4.60.

As the current tea season has entered the heaviest cropping months of the year, and arrivals have accordingly increased, the demand for tea space continues to be heavy and is not being fully met. With the improvement in the dock situation, the waiting time for ships at the Sandheads has accordingly been reduced. In October and November vessels to the U.K., tea has already secured a considerable portion of space.

Delays in the dock restricted the quantity of north Indian offerings in the auctions held in London last week. Prices in London in recent weeks have been higher and teas offered have been of good quality. In fact, they formed the best that north India can offer. It is doubted if the present level of prices in London can be maintained as offerings from now would be mostly rain teas. For the same reason, it is believed that the peak level of prices in Calcutta auctions for this season is also over. The average price of leaf tea in the auctions held so far has been only Rs. 5.84 per kg. as against Rs. 5.93 in the corresponding period of 1962-63. The fact that even in the case of quality teas prices have failed to reach last year's level is significant, and this is attributed to the rising world output and consumers' disinclination to build up large stocks.

News of interest to the tea industry this week has been the announcement by the West Bengal Chief Minister, Mr. P. C. Sen, that in an attempt to increase tea exports, suitable land for growing tea would not be resumed under the provisions of the Estates Acquisition Act. Land already resumed is also likely to be returned for tea. The Chief Minister was speaking at a conference in Calcutta which was attended by the Union Deputy Minister of Commerce and Industries and representatives of different chambers of commerce. He also agreed to consider the suggestion to treat investments on expansion of tea acreage from revenue account in order that these expenditures may derive benefit in the scope of the agricultural income-tax.

SPURT IN RAW JUTE

(From Our Own Correspondent)

CALCUTTA, *6th October*

The shorter week under review, in the jute markets, commenced with the setting of easier conditions, emanating from profit-taking in goods and from increased arrivals in fibre coupled with the better inclination on the part of cultivators to transform their holdings into cash. However, as the week progressed, keen activity developed in the hedge market and this led to substantial gains in ready goods. This was followed by a gain of nearly Rs. 2 per maund in fibre prices. The hardening trend in the New York burlap market in the week was noted with enthusiasm, since this indicated that the U.S. consumer was now better inclined to cover against immediate requirements. The report that some mills had to resort to readjustment of production in the last month on the basis of their fibre stocks pushed up sentiment for a time, but it was soon known that such adjustment was purely temporary and that the same did not imply a shortfall in output. Further, in view of the heavy stocks of goods with mills, it was realised that even a shortfall in output would not matter. The Indian Jute Mills Association has now proposed to have a check on purchases of fibre by mills. The Association will do this by collecting weekly production figures from mills and co-relating them to weekly purchases of fibre. This would go to ensure that no mill purchased more than its weekly quota as issued by the Jute Commissioner, and that, at no time, there would be a squeeze. This week's rise in fibre prices has emphasised the need for continued vigilance in the matter of fibre prices.

On behalf of mills, it has been pointed out that a hectic rise in prices was prevented last month only because of the timely release of the buffer stocks. Speaking at the annual meeting of the Jute Buffer Stock Association, the Association's Chairman, Mr. R. H. Morrison, said that experience had brought to the forefront the need for building a substantial buffer stock equivalent to about three months' requirements of mills.

The trade would urge the need for joint Indo-Pakistan campaigns in an attempt to increase world consumption of jute goods. If co-operation in this sphere can be enlisted, there is the hope that India may be able to urge Pakistan to desist from unfair competition in jute goods. A meeting between I.J.M.A. and the P.J.M.A. is suggested as an opening ground.

Although the implementation of the maximum purchase quotas was very satisfactory, fibre prices gained during the week under review. The uptrend was mainly due to the rising trend in goods. Arrivals from upcountry increased, as cultivators are now more eager to sell than previously. The Indian Jute Mills Association denied over the week-end that it had instructed its member mills to cut production by 10 per cent as from this month. This report attracted attention in the fibre market. Ordinarily any plan, real or rumoured, designed to cut production should be able to bring down fibre prices, but in the setting of the issue of maximum quotas and of the belief that requirements of mills exceeded arrivals, the rumours of the proposed cut-back of output helped to boost fibre prices. Assam bottoms hardened from Rs. 37.00 to Rs. 39.00 a maund, *daissee* bottoms from Rs. 39.00 to Rs. 40.00, and *northern* bottoms from Rs. 36.50 to Rs. 38.00. In view of the possibility that cultivators are likely to hold back supplies in anticipation of higher prices, the Jute Commissioner would continue to issue weekly maximum purchase quotas on mills.

The gain in prices of goods in this week followed keen activity in the hedge market. The news that some mills had had to adjust production in the last month gave rise to apprehensions of a possible squeeze in ready goods. However, that these fears lacked basis became clear inasmuch as mills possessed heavy stocks of goods. On Tuesday last, as a result of profit-taking, ready B. twills eased from Rs. 147.25 to Rs. 146.00, and ready hessian 40″ 10 oz. from Rs. 49.80 to Rs. 49.35. At these levels, there was good covering demand, as a result of which B. twills rose to Rs. 149.50 and hessian 40″ 10 oz. to Rs. 49.90 on Wednesday. Keen activity followed in the hedge market, where on Thursday, Nov. B. twills rose from Rs. 143.50 to Rs. 144.30, and Nov. hessian 40″ 10 oz. from Rs. 50.34 to Rs. 51.14. On Thursday last, this was followed by ready B. twills gaining to Rs. 152.25 and hessian 40″ 10 oz. to Rs. 51.25. Friday remained closed, and but for profit-taking, prices would have risen further over the week-end, when B. twills closed firm at Rs. 152.75 and hessian 40″ 10 oz. at Rs. 51.25.

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METALS STEADY

(From Our Own Correspondent)

CALCUTTA, *6th October*

While steadiness continued to prevail in the metal market during the week under review, advices from the London Metal Exchange showed a small but welcome decline in quotations of copper, tin and zinc. Lead in London, however, continued to advance. Although the fall in prices on the L.M.E. is a good sign, and it is to be hoped that this tendency would continue, the trend would have to be watched closely for two or three weeks before concluding that the price-boom-phase has come to an end. As far as India is concerned, a fall in world market quotations should lead to the restoration of the cut in the quantum of imports, which will be automatic inasmuch as licences relate to value and not to quantity. It was only recently that the Union Commerce Minister, Mr. Manubhai Shah, held out no hope of liberalisation of imports. However, he was hopeful of efforts to meet the increasing needs of defence, export-oriented, and basic industries. He also said that the Government would endeavour to provide larger imports to the small-scale industries.

Spot tin on the L.M.E. opened at £1,530-£1,540 a ton, and gradually eased to £1,480-£1,490. The fall in the Penang level and the absence of good buying on Continental account, despite a good number of inquiries, initiated the decline. It has been good news that Indonesia has taken a series of steps to raise tin output. By 1970, Indonesia is likely to become the second big producer of tin. In 1963, production in Indonesia of tin-in-concentrates was only 12,947 tons, but since then output has been raised. If the present progress is maintained, it is hoped that this year s output would total around 18,000 tons. Indonesia proposes to develop mines through Dutch assistance. The increased production would be exported to countries in Europe, the U.S.A., West Germany, Netherlands and France. The price of tin in Calcutta was unchanged at Rs. 3,300 per 100 kgs.

This week's fall in copper quotation on the L.M.E., albeit for a while only, had not come as a surprise. In recent months, the price had increased continuously from one high to another. The rising trend in copper has, in no small measure, contributed to accentuate the inflationary conditions the world over, and producers had at once expressed the apprehension of possible moves of substitution by consumers. Spot copper wire-bars on the L.M.E. opened at £465-£475 and dropped to £460-£470, but by the week-end, again rose to £470-£475. Spot cathodes and fire-refined copper opened at £420-£425 and £355-£360 and closed higher at £422½-£427½ and £370-£380. In Calcutta utensil copper scrap eased from Rs. 670 per 100 kgs. to Rs. 655, while lead hardened from Rs. 312 to Rs. 313 and electrolytic zinc from Rs. 361 to Rs. 364 per 100 kgs. Spot zinc in London eased from £122-£123 to £118-£119, while spot lead gained from £116-£116½ to £118½-£119.

GOOD DEMAND FOR " GUR "

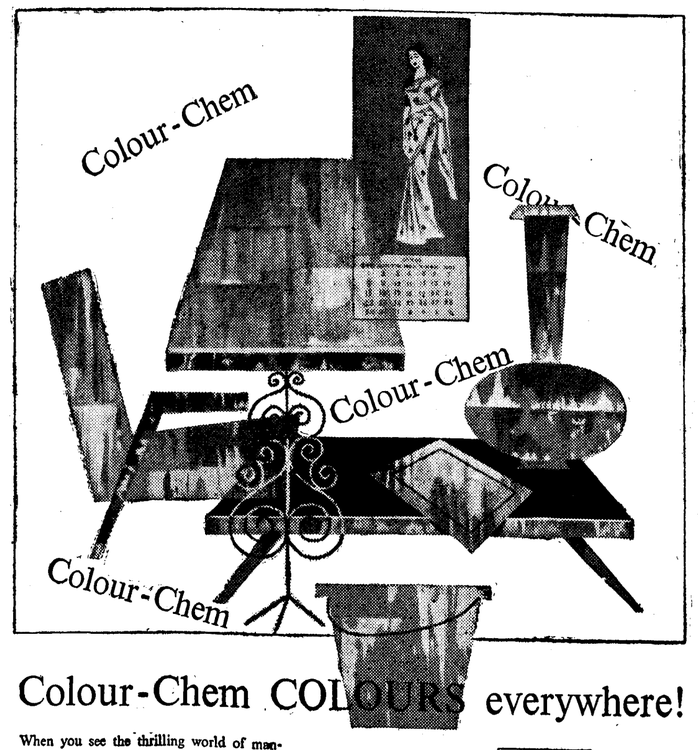
(From Our Own Correspondent)

HAPUR, *5th October*

Sugar ruled firm during the week as supplies were restricted in face of good festive demand, and were quoted in the open market at a premium of around Rs. 40 a quintal over the controlled prices of Rs. 175 to Rs. 177. New sugar policy for the coming season has not yet been announced. Crushing for the new season would start in a few factories in eastern U.P. from the third week of this month and in western U.P. from early next month. With a bumper cane crop in sight, sugar production is likely to increase, but most of it would depend on how much cane is diverted to *gur* and *khandsari* manufacture.

Khandsari was subdued during the week because of slack demand in face of increased arrivals. Demand was slack due to the non-receipt of fresh permits from the Punjab and the supplies came from the producing ends of east U.P. Stockists were anxious sellers as new season was fast approaching. The U.P. State Government had assured the traders that the entire freezed stocks would be cleared by the end of September, but only a small quantity was as yet lifted. *Khandsari boora* improved slightly. The week-end prices in the open market were:—*Deshi khandsari* Rs. 125 to Rs. 155, *boora* Rs. 150 to Rs. 160 per quintal.

Arrivals of new *gur* have commenced in small quantity at an average of 50 maunds daily.



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Thanks to the sunny weather, the arrivals were being lifted briskly by consumers at higher prices up to Rs. 44 per 40 kilograms. Wet quality stuff left in small quantity mixed with molasses is also being reprocessed and quoted upto Rs. 37 per 40 kilograms. The fresh arrivals would soon increase due to prevailing high prices of the commodity. In the Muzaffarnagar market, prices of old *gur* and *shakker* ran down appreciably on weak demand following persistent rumours of likely enforcement of price control. *New produce* in small quantity was being quoted higher. *Dana minja* improved on renewed buying, following the removal of restrictions on its loading.

TRADING IN KIPS SELECTIVE

(From Our Own Correspondent)

MADRAS, *5th October*

Kip trading has been selective with foreign ports. There were good enquiries for lower selections in cowhides light weights, for cowcalf light weights and for buffcalf all averages. Prices ruled firm for calf skins, as the availability of stocks was small. Inland demand for kips was, however, poor.

Tanned skins prices ruled firm. There was good call for goat skins in lower selections in all average weights from one port or another, which has been a welcome change for the tanners. Prices of sheep skins remained steady. Enquiries for middle class sheep skins fifths and inferior fifths were persistent, but buyers were not willing to increase their limits. There was selective demand for suede types.

In the last German public sales, only 20 per cent of the goat skins were sold, which consisted of 8/9 and 11/12 lbs. average, and the prices secured were 6d. below current selling prices. The quantity of sheep skins sold was poor.

The following were the prices per lb. ruling in the Madras market last week for unassorted lots:—

Tanned cowhides 8/8½ lbs. average Rs. 2.00 to 2.06; tanned buff hides 12/13 lbs. average Rs. 1.62 to 1.69; tanned buff calf 1½/2 lbs. average Rs. 2.44 to 2.56.

SOCIAL ENVIRONMENT AND BUSINESS—I

(Concluded from page 644)

other restrictive practices, and treatment of workers as human beings.

The decline of *laissez faire* was not, however, due to these moral failures alone. It was due also to the great changes in the technical conditions of production and distribution that took place at the end of the nineteenth century. These included—

(*a*) the growth and complexity of large-scale enterprise;

(*b*) increasing concentration of economic power over such enterprises;

(*c*) business fluctuations with recurrent periods of unemployment;

(*d*) the growth of technological unemployment;

(*e*) growing disparity in the distribution of income;

(*f*) increasing inequality in the distribution of economic opportunities;

(*g*) wasteful exploitation of natural resources largely as a consequence of unrestricted competition;

(*h*) the growth of combative as distinct from constructive competition, leading to frequent disregard of the social values that might be derived from such activities; and

(*i*) grossly conspicuous consumption which was opposed to social interests, and needs.

The efforts of all progressive societies and of forward-looking groups in such societies, especially in the Western countries, to deal with these problems during the last three-quarters of a century or so, led—for better or for worse—to the gradual but steady decline of *laissez faire* both in theory and practice and to the rapid increase in social control over economic life. In some countries, this development of social control has culminated in outright socialism of one form or another. In other countries, e.g., the U.S.A., in the U.K. and in our own country, it has led to the present-day blend of free enterprise and social control, which is variously described as *modern capitalism*, *welfare capitalism* or *mixed economy*. In the Western countries or in countries like ours which favour a mixed economy, we have, in our treatment of and in our attitude towards the joint-stock enterprises, in a sense, come back to the pre-*laissez faire* philosophy which governed the relations between the joint-stock companies and the society or the State. In other words, the dominant philosophy governing corporate behaviour and corporate motivations in the modern world is much closer to the integrative social view of the corporation during the earlier period of its historical development than to the outmoded *laissez faire* view of the mid-nineteenth century.

(To be concluded)

EAST ANGLIA PLASTICS (INDIA) LTD.

(Concluded from page 648)

scious of the kind of industrial society that our illustrious leaders have planned for India. This calls for an understanding of its fundamental characteristics. We need an enterprising kind of society, an increasingly productive society, an efficient and active society, a realistic and stable society, a forward-looking society that should always be agreed to conserve its resources—a society in which all our institutions, public and private, big and small, are responsible to the interest and the will of the people.

Rational Planning

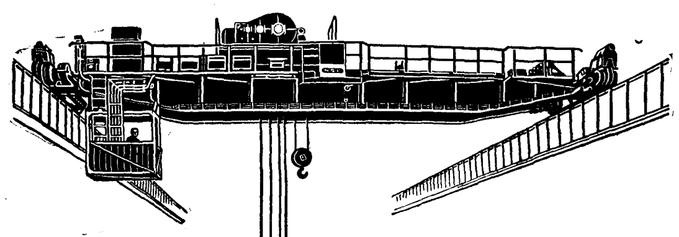
All this thought leads to the conclusion that a rational planning is very significant for the creation of right economic climate in which proper industrial development might flourish. A change in our feeling is therefore fundamental and should be the prime concern of every one of us. We need a comprehensive industrial policy, a more cogent public investment policy that could act as a stimulus to private enterprise—and such policies that could help speedier implementation of the various projects and remove the negative climate that prevails today in the industrial and economic scene of our country.

Before I conclude, I would like to point out that in India the chemical industry has just begun. And the vast industries, based on petroleum, are yet to come. To accelerate its growth, emphasis must be given on research and development. It is true that the Government now pay increasing attention to scientific research but to me it appears that Government alone cannot take these responsibilities. *Scientific investigation should not remain within* the four walls of laboratories run by the Government or a few individuals. We shall have to translate the technical achievements and discoveries into industrial realities to speed up the development of chemical industries. Significant research and development require large resources and often a long period of waiting during which no result can be forthcoming. To develop a chemical process, a pilot plant may cost enormous money, may take years to build and even then the results may prove unsatisfactory. It is, therefore, necessary for every enterprise engaged in chemical industry to sing substantial sums of money required to develop basic process and chemical engineering research. Our Government should come forward and take up the responsibility of introducing such policies and incentives as would encourage large-scale and widespread research activities. If proper facilities for such basic research are not developed in our country, there will be a continuous drag on our industrial growth. If we depend only on foreign assistance in these areas, we may not ever base our industries on up-to-date technologies and would always remain behind other industrially-advanced countries. Such research activities call for a practical approach. Your Company, within its own resources, has realised the need for the development of advanced technology and has, therefore, taken up some research and development work relating to the various phases of our cellulose acetate project.

Finally, I would like to address on your behalf and on my own, our thanks to the staff and all the employees who have worked in the interest of the Company during the year. The success of the Company's current operation and in the preparatory work in respect of the bigger project is a tribute to the enthusiasm on the part of the Company's personnel.

Thank you.

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



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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 2nd Oct., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	85,00,00,000
National Agricultural Credit (Stabilisation) Fund	9,00,00,000
National Industrial Credit (Long Term Operations) Fund	10,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	75,92,35,000
(ii) State Governments	14,78,17,000
(b) Banks—	
(i) Scheduled Banks	103,30,15,000
(ii) State Co-operative Banks	2,52,62,000
(iii) Other Banks	4,67,000
(c) Others	136,42,36,000
Bills Payable	44,09,95,000
Other Liabilities	29,03,40,000
Rupees	596,04,67,000

ASSETS	Rs.
Notes	28,78,69,000
Rupee Coin	7,33,000
Small Coin	8,18,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,24,33,000
(ii) State Co-operative Banks	12,01,19,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,39,95,000
National Agricultural Credit (Stabilisation) Fund	....
Loans and Advances to State Co-operative Banks.	
National Industrial Credit (Long Term Operations) Fund:-	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	217,42,50,000
Balances Held Abroad*	10,35,45,000
Loans and Advances to Governments**	85,22,08,000
Loans and Advances to—	
(i) Scheduled Banks†	60,05,000
(ii) State Co-operative Banks†	151,70,64,000
(iii) Others	2,59,89,000
Investments	77,68,58,000
Other Assets	26,76,87,000
Rupees	596,04,67,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. Nil advanced to scheduled banks against usance bills under Section 17(4)(*c*) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	28,78,69,000	
Notes in circulation	2870,27,95,000	
Total Notes issued		2899,06,64,000
Total Liabilities		2899,06,64,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	85,45,59,000	
Foreign Securities		
Total		203,21,79,000
Rupee Coin		100,51,87,000
Government of India Rupee Securities		2086,32,98,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2899,06,64,000

State Bank of Pakistan

Statement of Affairs for the week ended 25th Sept. 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	7,75,00,000
Rural Credit Fund	3,50,00,000
Deposits :—	
(a) Central Government	17,32,77,000
(b) Provincial Governments	14,39,89,000
(c) Banks	89,02,74,000
(d) Others	91,60,93,000
Bills Payable	9,18,000
Other Liabilities	13,24,17,000
Rupees	189,94,68,000

ASSETS	Rs.
Notes	13,32,25,000
Rupee Coin	22,000
Subsidiary Coin	57,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	2,69,01,000
Balances held outside Pakistan*	21,30,20,000
Loans and Advances to Governments	5,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	98,46,22,000
Investments	47,91,45,000
Other Assets	11,25,76,000
Rupees	189,94,68,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	13 32,25,000	
Notes in circulation	439,02,40,000	
Total Notes issued		452,34,65,000
Total Liabilities		452,34,65,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion		
Foreign Securities	74,58,33,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	142,75,67,000
B. Rupee Coin	4,92,51,000	
Government of Pakistan Securities	298,76,41,000	
Internal bills of exchange and other commercial paper	....	303,68,92,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,68,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,81,000	5,90,06,000
Total Assets		452,34,65,000

Ratio of gold coin and bullion, other foreign and approved

State Bank of India

Statement of Affairs for the week ended 2nd Oct., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,80,00,000
Deposits and Other Accounts		666,23,26,000
Borrowings from Other Banking Companies, Agents, etc.		1,14 05,000
Bills Payable		11,00,49,000
Bills for Collection being Bills receivable as per contra		6,49,31,000
Acceptances, Endorsements and Other Obligations per contra		22,89,09,000
Other Liabilities (including Inter-Office Adjustments)		20,66,37,000
Total Rs.		743,05,07,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		25,34,17,000
Balances with other Banks		3,84,54,000
Money at Call and Short Notice		4,60,00,000
INVESTMENTS :—		
Government and other Trustee Securities Rs.	300 60 23,000	
Other Authorised Investments	8,93,23,000	309 58,55,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc. Rs.	311,45,07,000	
Bills Discounted and Purchased	17,98,85,000	329,43,92,000
Bills Receivable being Bills for Collection as per contra		6,49,31,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		22,89 09,000
Premises less Depreciation		2,36 86,000
Furniture and Fixtures less Depreciation		1,98,66,000
Other Assets (including Inter-Office Adjustments)		36,79,97,000
Total Rs.		743,05,07,000

EXCHANGE RATES

	7th Oct., 1964	29th Sept., 1964
London on New York Rs. per Dollar	2.7828– 2.7830	2.7831– 2.7833
London on Berne .. Sw. Fcs.	12.0160–12.0180	12.0140–12.0160
London on Paris .. Fr. Fcs.	13.6350–13.6370	13.6430–13.6450
New York on London Cents per £	278.290–278.310	278.310–278.340
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1–5 31/32	1–5 31/32
Sellers T.T. D.D. upto six months .. .. s.	1–5 15/16	1–5 15/16
Buyers T.T. .. .. s.	1–6 1/32	1–6 1/32
Buyers D.D. .. .. s.	1–6 1/16	1–6 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	481.00	481.00
Buyers T.T. .. Rs. to $100	477.50	477.50
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	449.50	449.50
Buyers T.T.	441.50	441.50
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	101.70	101.80
Buyers T.T	102.80	102.80
Swiss Francs—		
Sellers T.T. D.D.	89.60	89.70
Buyers T.T.	90.60	90.60
Deutsche Marks—		
Sellers T.T. D.D.	82.50	82.50
Buyers T.T.	83.40	83.40
Italian Lire—		
Sellers T.T. D.D.	12,955	12,955
Buyers T.T.	13,130	13,130
Swedish Kroner—		
Sellers T.T. D.D.	107.10	107.00
Buyers T.T.	108.20	108.10
Belgian Francs—		
Sellers T.T. D.D.	1,028	1,028
Buyers T.T.	1,044	1,045
Dutch Guilders—		
Sellers T.T. D.D.	74.80	74.90
Buyers T.T.	75.70	75.80
Hongkong Dollars—		
Sellers T.T. D.D.	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D.	148.80	148.80
Buyers T.T.	150.20	150.20
Danish Kroner—		
Sellers T.T. D.D.	143.90	143.90
Buyers T.T.	145.20	145.20

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	25-9-64	18-9-64	27-9-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	58,06	58,15	52,74
(ii) From others	1,135,77	1,126,53	967,72
(b) Borrowings from banks	31,10	27,70	24,55
(c) Others	74,93	73,93	63,35
2. Time liabilities—			
(a Time deposits—			
(i) From banks	39,64	38,50	37,18
(ii) From others	1,379,99	1,372,15	1,244,24
(b) Borrowings from banks	19,65	20,37	23,62
(c) Others	12,44	12,84	9,18
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,518,76	2,498,99	2,211,96
4. Borrowings from Reserve Bank	90	88	1,38
(a) Against usance bills and/or promissory notes	20	21	10
(b) Others	70	67	1,78
5. Borrowings from State Bank and/or a notified Bank	39,93	32,74	23,18
6. Cash	61,09	63,61	50,96
7. Balances with Reserve Bank	103,39	94,68	81,60
8. Cash and balances with Reserve Bank	164,49	158,29	132,46
9. 8 as per cent of 3	6.53	6.33	5.99
10. Balance with other banks in current account	22,02	21,67	22,50
11. Money at call and short notice	72,35	67,98	59,31
12. Investments in Government securities	814,90	796,22	730,34
13. 12 as per cent of 3	32.35	31.86	33.28
14. Advances—			
(a) Loans cash credits and overdrafts	1,460,75	1,479,44	1,232,65
(b) Due from banks	13,57	13,05	13,39
15. Inland bills purchased and discounted	175,52	167,91	165,77
16. Foreign bills purchased and discounted	68,44	68,78	50,64
17. Total Bank Credit [14(a)+15+16]	1,704,71	1,716,13	1,452 06
18. 17 as per cent, of 3	67.69	68.67	65.65

INDEX NUMBERS OF SECURITY PRICES

(1952-53—100)

Group and Sub-Group	Week ended			
	26th Sept. 1964P	19th Sept. 1964P	29th Aug. 1964	28th Sept. 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99 3	99 3	99.3	99.6
2. Government of India	99.5	99.5	99.5	99.2
3. State Governments	102.1	102.1	102.2	102.0
4. Municipal, Port Trust, etc.	99.0	98.9	98.9	99.1
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.3	98.2	98.2	97.6
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.8	82.5	82.2	82.2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	166.6	167.5	168.4	167.1
8. *Agriculture and Allied Activities : Total**	139 9	139.6	140 6	151.6
9. Tea Plantations	125.6	125.8	127.5	140.3
10. Coffee Plantations	172.0	164.7	163 4	161.2
11. Rubber Plantations	184 6	184.3	188 2	172.8
12. *Mining and Quarrying: Total**	134 6	135.8	138 3	148.7
13. Coal	96 1	96.7	98 0	107.4
14. Other Mining	160.8	161.7	169.1	173.6
15. *Processing and Manufacturing : Total*	179 3	180.8	182.1	180.2
16. *Processing and Mfg. (Food-stuffs, Textiles, etc.): Total*†*	177 1	178.6	179 1	183.0
17. Sugar	131.4	131.9	129 4	125.0
18. Cotton Textiles	160.9	161.9	162 6	167.0
19. Jute Textiles	86 9	86.8	87.5	101.9
20. Silk and Woollen	845.8	867.8	895.4	897.9
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	200.5	201.9	203 7	191.1
22. Iron and Steel	168.2	171 0	175 8	152.1
23. Transport Equipment	308.1	312.4	320 3	338.7
24. Electrical Machinery	166.8	168.1	166.7	158.4
25. Machinery other than Transport and Electrical	230.6	228.5	227.5	229.7
26 Basic Industrial Chemicals	191.3	191.6	188.0	183.4
27 *Processing and Mfg. (Others) : Total**	146.9	148.1	150 8	151.7
28. Cement	139 2	140.6	142 0	140.6
29. Paper	188.1	189.4	195 2	194.2
30. *Other Industries (Total)**	113 9	113.7	112.7	106.9
31. Electricity Generation and Supply	97.4	96.9	96 2	85.1
32. Trading	113 4	111.6	111 3	111.4
33. Shipping and Other Transport	101.1	101.6	99 5	88 5
34. Construction	291.1	293.8	297 4	262.5
35. *Financial : Total*	183.0	182.5	180 9	185.7
36. Banks	216 2	216.6	218.1	203 4
37. Insurance	155.1	154.9	151 4	159.9
38 Investment Trusts	78.6	78.4	78.0	85.8
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	177.5	179.7	181.3	173.4
40. Calcutta	152.4	152.4	152.1	154.6
41. Madras	173.7	173.3	172 3	172.7
42. Delhi	221.5	223.6	231.2	218.4

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.
P—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	19th Sept. 1964	12th Sept. 1964	21st Sept. 1963	July 1964	July 1963	Percentage of Increase (+) or Decrease (–) in July 1964 as compared with July 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	171.5	168 3	139.0	158.3	137.9	+15.5	138.8	136.1
Cereals	192	152.0	149.0	117.6	137.8	115.0	+19.4	116.8	106.6
Pulses	43	182.3	171.6	111.2	147.0	109.7	+34.5	115.4	105.1
Fruits and Vegetables	23	188.4	182 9R	111 6	187.4	141.3	+32.7	140.6	125.7
Milk and Ghee	84	148.9	148 8	126.2	150.8	132.1	+14.2	128.2	124.4
Edible Oils	47	218.1	215 0	164.2	199.0	151.6	+31.3	151.1	152.3
Fish, Eggs and Meat	17	175.4	175 0	150.5	173 1	154.5	—10.6	140.8	146.6
Sugar and Gur	48	214.0	212 0	220.4	191.2	193.8	— 1.3	186.8	166.0
Others	50	182.0	184 8R	182.7	188.1	188.2	— 2.7	179.3	171.8
Liquor and Tobacco	21	131.1	131 1	118.7	122.6	118.8	+ 4.6	119.6	700.9
Tobacco	..	128.8	128 8	115.8	120.8	115.9	+ 4.5	116.8	97.4
Fuel, Power, Light and Lubricants	39	143 7	143.7	139.2	143.0	138.7	+ 3.1	139.5R	138.4R
Industrial Raw Materials	155	171 9	169 9R	140.1	158.7	136.5	+16.3	139.5	136.5
Fibres	61	147.7	151 3R	132 0	155.2	135.2	+ 2.8	132.2	128.4
Oilseeds	60	218.2	209.9R	160 0	199.0	156.7	+26.4	154.1	151.4
Minerals	2	103.7*	103.7*	91 5	103.7	98.4	+11.0	98.8	98.4
Others	32	135.6*	134.3*	151 3	129.7	152.3	— 2.6	127.3	125.8
Manufactures	290	137.3	137.6	131 1	133.7	130.8	+ 2.4	131.1	130.8R
Intermediate Products	41	151.2	150.4	135 3	148.1	140.1	+ 5.7	139.6	139.1
Finished Products	249	128.0	128.8	129 5	131.3	129.1	+ 1.7	129.7	127.7
Textiles	147	133.1	133.0	128.0	127.7	126.5	+ 0.9	127.7	126.1
Cotton	..	166.6*	166 5*	135.9	135.4	135 2	+ 0.1	134.6	130.7
Jute	..	119.7	119.7	101 8	99.8	97.9	+ 1.9	100.2	110.9
Woollen	..	160.2*	160.2*	166.6*	169.2	156.6	+ 8.0	155.8	140.4
Silk and Rayon	..	136.8*	136.8*	137 5*	139.0	136.5	+ 2.0	139.8	151.8
Metal Products	12	160.0	160.0	163.7	160.0	163.0	— 3.7	163.1	160.1
Chemicals	20	120.4*	120.4*	117.0*	118.5	117.2	+ 1.1	117.9	115.5
Oil Cakes	9	199.8	197.7*	166.6	191.1	166.9	+14.5	166.7	200.9
Machinery and Transport Equipment	31	127.1	127.1	122.9	122.9	122.9	— 0.0	122.2	117.9R
Others	80	127.9	127.8	126.6	122.7	122.4	+ 0.2	124.8	122.2
All Items weighted	1,000	160.9	160.9	134 5	146 5	132 5		134.1	132.2

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

AGRICULTURAL PRODUCTION

Crop	Fore-cast	Area (in thousand Hectares) 1962-63	Area 1961-62	Production (in thousand metric tons) 1962-63	Production 1961-62
Cereals—					
Rice	final	35,474†	34,934‡	36,489†	31,914‡
Wheat	final	13,458	13,520	11,132	12,039
Jowar	final	18,174†	18,021‡	9,227†	9,621‡
Bajra	final	10,810†	10,800‡	3,736†	3,892‡
Barley	final	3,034	3,315	2,474	3,152
Maize	final	4,546†	4,607‡	4,527†	4,578‡
Ragi	final	2,364†	2,316‡	1,852†	1,891‡
Small millets	final	4,683	4,768	1,841	1,970
Total cereals	final	91,332	91,574	67,100	69,405
Pulses—					
Gram	final	9,194	9,544	5,727	5,827
Tur	final	2,363	2,351	1,539	1,339
Other Kharif pulses§	final	6,317	6,304	1,737	1,657
Rabi pulses††	final	5,371	5,486	2,647	2,828
Total pulses	final	23,245	23,685	11,650	11,631
Total foodgrains	final	114,577	115,259	78,750	81,036
Oilseeds—					
Groundnut	final	6,804†	6,864‡	5,291†	4,821‡
Castorseed	final	449†	438‡	101†	101‡
Sesamum	final	2,424	2,245	453	379
Rape and Mustard	final	3,128	3,140	1,300	1,337
Linseed	final	1,883	1,964	427	456
Total oilseeds	final	14,519	14,214	6,876	6,958
Fibres—					
Cotton*	final	7,973	7,719	5,247	4,457
Jute A.	final	382‡	351‡	5,357‡	5,449‡
Mesta A.	final	385†	379†	1,819†	1,697‡
Sannhemp (*a*)	final	316	333	78	78
Other crops —					
Potato	final	415	370	3,131	2,550
Sugarcane%	final	2,291	2,423	9,371	10,144
Ginger (Dry)	final	18	17	17	17
Pepper (Black)	final	102†	102‡	24†	26‡
Chillies (Dry)	final	623	614	389	376
Tobacco	final	430	421	367	349

Source : Ministry of Food and Agriculture. § Excluding Tur.
* In terms of cotton lint and in thousand 350 bales of 180 Kgs. each.
†† Excluding Gram and Tur. A.—In bales of 180 Kgs.
(*a*) Relates to fibre crop only. % Yield in terms of *gur*.
† Refers to 1963-64. ‡ Refers to 1962-63.

INDIAN JUTE GOODS STATISTICS

(In thousand metric tons)

	August 1964	August 1963	Jan. to Aug. 1964	Jan. to Aug. 1963
Production—Total	**111.5**	**106.5**	**854.9**	**828.0**
Of which :				
Hessian	47.0	45.7	360.5	350.7
Sackings	45.1	42.7	332.7	338.5
Carpet backing	8.1	8.4	62.7	55.0
Others	11.3	9.7	99.0	83.8
Despatches—Total	**114.9**	**106.0**	**830.0**	**802.4**
Of which :				
For exports	80.6	82.0	594.2	584.4
Hessian	42.8	41.7	319.5	310.8
Sacking	22.7	26.6	158.4	168.0
Carpet backing	7.1	5.6	55.5	47.2
Others	8.0	8.1	60.8	58.4
For internal consumption	34.3	24.0	235.8	218.0
Hessian	4.7	3.2	35.9	31.9
Sacking	26.2	18.4	171.3	163.8
Others	3.4	2.4	28.6	22.3
Closing stocks—Total	**132.1**	**103.7**	**132.1**	**103.7**
Of which :				
Hessian	45.7	33.7	45.7	33.7
Sacking	49.7	50.0	49.7	50.0
Carpet backing	23.3	11.0	23.3	11.0
Others	13.4	9.0	13.4	9.0

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1960	1,594,000	1,555,000	1,237,000
Do. 31st March, 1961	1,586,000	1,622,000	1,283,000
Do. 31st March, 1962	1,646,000	1,648,000	1,318,000
Do. 31st March, 1963	1,764,000	1,799,000	1,413,000
Do. 31st March, 1964	1,800,000	1,892,000	1,507,000
September 1963	140,000	144,100	119,400
January 1964	164,400	171,300	133,100
February ,,	118,600	139,000	109,100
March ,,	131,600	152,900	128,000
April ,,	128,300	142,800	115,000
May ,,	130,000	149,600	122,000
June ,,	152,700	158,400	120,100
July ,,	162,500	161,800	130,000
August ,,	154,400	160,000	130,800
September ,,	157,600	161,700	126,100
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	722,034
Do. 31st March, 1962	1,187,397	934,498	736,970
Do. 31st March, 1963	1,291,825	1,002,039	795 120
Do. 31st March, 1964	1,228,442	1,026,756	805,804
September 1963	102,648	81,947	63,191
January 1964	109,243	87,771	63,185
February ,,	103,411	80,243	66 435
March ,,	113,060	89,766	78,624
April ,,	111,269	85,314	62,656
May ,,	108,073	81,394	61,337
June ,,	99,003	79,845	52,274
July ,,	74,440	67,295	63 222
August ,,	91,003	70,333	53,526
September ,,	104,733	77,244	54,671

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1964					
21st July	2.00	7.58	2.00	2.400	99.400
22nd to 25th July*	19.06	—	19.06	—	99.416
28th July	2.00	4.05	2.00	2.399	99.416
29th July to 1st Aug.*	5.28	—	5.28	—	99.416
4th August*	2.00	4.25	2.00	2.393	99.416
5th to 8th August*	3.53	—	3.53	—	99.416
11th August	2.00	2.00	2.00	2.400	99.400
12th to 14th August*	8.56	—	8.56	—	99.400
18th August	2.00	4.00	2.00	2.400	99.400
19th to 22nd August*	12.90	—	12.70	—	99.400
24th to 29th Aug.*	2.00	—	2.00	—	99.416
1st September	2.00	4.00	2.00	2.400	99.400
2nd to 5th Sept.*	1.29	—	1.29	—	99.416
8th September	2.00	4.00	2.00	2.400	99.400
9th to 12th Sept.*	2.45	—	2.45	—	99.416
15th September	2.00	3.04	2.00	2.386	99.405
16th to 19th Sept.	7.98	—	7.98	—	99.416
22nd September	2.00	2.10	2.00	2.399	99.405
23rd to 26th Sept.	13.35	—	13.35	—	99.416
29th September	2.00	4.00	2.00	2.400	99.400
30th Sept. to 3rd Oct.	5.75	—	5.75	—	99.416
6th October	2.00	2.00	2.00	2.500	99.375
Total amount outstanding	104.15	—	104.15	—	—

PLANTATION COMPANIES : TREND OF FINANCIAL RESULTS

(Lakhs of Rupees)

	Tea (147) 1960-61	Tea 1961-62	Tea 1962-63	Coffee (15) 1960-61	Coffee 1961-62	Coffee 1962-63	Rubber (21) 1960-61	Rubber 1961-62	Rubber 1962-63
Income :									
1. Sales	34,82	36,58	39,23	2,58	2,05	2,35	2,29	2,26	2,29
2. Other Income	35	50	44	9	6	10	4	6	6
3. Closing stock of finished goods and work-in-progress	11,90	10,64	11,85	4	3	8	28	21	29
4. **TOTAL**	**47,06**	**47,71**	**51,52**	**2,71**	**2,15**	**2,53**	**2,60**	**2,53**	**2,64**
Expenditure and Appropriations :									
5. Opening stock of finished goods and work-in-progress	10,69	11,89	10,65	2	4	3	32	28	21
6. Raw materials consumed } 7. Other manufacturing expenses }	5,90*	6,28*	7,60*	75*	61*	63*	33*	50*	60*
8. Salaries, wages and bonus	12,57	12,52	13,51	86	74	78	70	70	75
9. Employees' welfare expenses	1,84	1,84	1,76	7	7	9	5	6	4
10. Provident fund	73	73	77	4	4	3	4	4	4
11. Bad debts	—	—	—	1	—	—	6	1	1
12. Excise duty and cess	44	49	1,34	—	—	21	24	21	26
13. Other expenses	6,46	6,92	7,43	31	22	21	24	21	5
14. Depreciation provision	1,32	1,38	1,50	9	9	9	5	5	5
15. Gross profits	7,12	5,66	6,91	56	33	66	80	67	64
16. Interest	34	39	50	4	4	4	2	2	2
17. Managing agents' remuneration	61	58	59	2	2	2	6	5	5
18. Profits before tax	6,17	4,68	5,82	50	28	60	72	60	58
19. *Less* Tax provision	2,87	2,42	2,57	13	12	32	36	34	29
20. Profits after tax	3,30	2,26	2,24	37	16	27	35	26	29
(*a*) Dividends	2,65	2,18	1,99	28	20	23	26	25	4
(*b*) Profits retained	65	7	26	9	—4	4	9	1	
21. **TOTAL**	**47,06**	**47,71**	**51,52**	**2,71**	**2,15**	**2,53**	**2,60**	**2,53**	**2,64**

Note :—Item (4) excludes (i) transfers from reserves outstanding at the end of the previous year, (ii) amounts carried forward at the end of the previous year, and (iii) non-recurring income like profit on sale of investments, fixed assets, etc.; and insurance claims; (9) includes gratuity, etc.; (17) includes amounts paid as percentage of profits, office allowances, commission on purchases/sales, etc.; include remuneration to Secretaries and Treasurers; (20b) comprises transfers to reserves and profit/loss carried to balance-sheet; (21) excludes (i) non-recurring expenses like loss on sale of investments, fixed assets, etc.. and (ii) expenditure incurred in respect of previous years. * Cultivation expenses.

Figures in brackets denote number of companies.

Courtesy: *Reserve Bank of India Bulletin.*

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1949=100)

	All-India	Bombay*	Ahmedabad†	Sholapur§	Kanpur†	Nagpur	Calcutta†	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur†	Jabalpur	Bangalore†
1960 Average	124	458	109	357	100	136	100	146	139	107	108	100	109	100
1961	126	451	102	352	101	131	101	146	127	113	106	101	111	105
1962	130	444	104	381	105	133	107	159	130	115	112	103	131	108
June 1963	134	446	107	376	109	138	112	150	152	117	110	109	134	112
July ,,	135	446	108	381	110	143	112	151	153	121	111	110	135	112
August ,,	136	449	108	374	110	144	113	151	134	124	109	109	141	112
September ,,	137	454	109	377	112	146	116	152	124	109	109	109	143	113
October ,,	138	455	109	371	112	145	119	151	136	122	112	109	143	114
November ,,	138	454	110	378	112	147	116	153	138	124	112	109	143	114
December ,,	140	483‡	111	379	115	147	116	157	140	125	113	110	145	115
January 1964	140	485‡	111	388	115	150	111	157	145	126	113	108	152	118
February ,,	142	489‡	115	417	122	159	111	157	145	126	113	108	158	117
March ,,	143	496‡	116	417	124	156	115	158	145	124	119	112	159	117
April ,,	144	497‡	117	422	125	157	117	159	146	124	121	114	157	118
May ,,	147	499‡	118	449	123	162	118	163	144	126	121	115P	158	121
June ,,	150	511‡	119	463	125	167	116	169	145	130	119	119P	159	124
July ,,	154	526‡	..	..	..	..	..	..	..	137	126	..	161	..
August ,,	..	529‡	..	..	..	..	..	..	..	..	..	..	..	..

* Jan. 1934=100. § Jan. 1928=100. †Base: 1960=100. ‡ The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base : 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Raw Cotton	Raw Jute	Ground-nut	Spices and condiments	Coal	Jute manufactures	Cotton manufactures	Iron & Steel Manufactures	Iron & Steel Manufactures
1960-61	108	90	122	130	87	206	118	127	136	111	112	216	146	128	141	131	122	147	
1961-62	105	91	112	132	85	198	117	125	116	96	109	178	155	146	142	129	126	148	
1962-63	111	90	130	132	100	196	133	139	218	112	119	148	144	158	161	111	131	160	
1963-64	125	99	116	132	100	196	133	139	218	112	119	148	144	158	161	111	131	163	
July 1963	127	91	113	131	91	211	140	136	228	111	118	141	146	161	161	98	135	163	
January 1964	120	112	123	139	113	195	128	145	205	116	120	149	139	156	161	100	136	163	
February ,,	121	121	130	144	120	193	130	145	198	116	122	150	147	160	161	100	136	163	
March ,,	122	121	134	146	123	180	138	145	189	112	120	151	153	164	166	99	137	167	
April ,,	125	116	137	146	116	..	144	145	184	112	120	151	155	162	166	99	137	169	
May ,,	131	119	149	161	120	..	147	148	204	109	123	146	164	165	169	99	136	170	
June ,,	136	112	166	167	125	198	159	153	219	115	123	146	183	164	167	98	135	170	
July ,,	140	116	178	173	132	194	161	153	214	117	123	148	196	165	167	100	135	170	

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,757	1,591	887	152	52	16	116	15	126	401	56	317	32	79
1961-62	9,979	1,705	803	115	40	14	158	12	130	399	51	366	34	76
1962-63	10,807	1,824	792	125	43	14	150	15	143	435	54	433	38	75
1963-64	11,354	2,080	913	136	41	13	143	12	124	413	57	493	30	65
June 1963	2,717	509	236	35	13	3	21	3	39	98	14	113	2	14
July ,,	3,646	687	311	44	15	4	25	4	50	130	19	155	7	20
Aug., ,,	4,561	866	377	52	16	5	35	5	61	163	24	196	11	24
Sept., ,,	5,461	1,040	446	59	18	7	50	5	71	195	29	237	16	29
Jan., 1964	9,366	1,747	754	110	31	10	123	10	103	338	48	409	29	51
Feb., ,,	10,335	1,910	833	122	36	12	134	11	112	375	52	449	30	57
Mar., ,,	11,354	2,080	913	136	41	13	143	12	124	413	57	493	30	65
April ,,	959	168	80	13	4	1	8	2	9	35	5	39	—	7
May ,,	1,896	330	161	23	8	2	15	2	22	68	9	78	2	13
June ,,	2,800	489	237	33	11	2	10	3	32	101	14	117	3	19

Note.—The figures relate to Government Railways. Figures include Bread and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source* :—Ministry of Railways.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A Out-standings	7-Year B Out-standings	12-Year B Out-standings	12-Year National Plan Savings Certificates Out-standings	Post Office Savings Bank Deposits Receipts	Post Office Savings Bank Deposits Out-standings	10-Year National Plan Certificates D Out-standings	Post Office Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J Out-standings	Cumulative Time Deposits 10-Year J Out-standings	10-Year Treasury Savings Deposit Certificates 3½% F Receipts	10-Year Treasury Savings Deposit Certificates 3½% F Out-standings	10-Year Treasury Savings Deposit Certificates 4% C Receipts	10-Year Treasury Savings Deposit Certificates 4% C Out-standings	15-Year Annuity Certificates G Receipts	15-Year Annuity Certificates G Out-standings	Total Receipts	Total Out-standings
1960-61	1,26	2,46	81,35	286,74	236,88	313 20	18,84	—42,01	1,70	93	88,80	16,14	37,34	69	3,88	338,06	788,02	
1961-62	89	1,88	65,47	347,96	250,50	348,76	17,91	—42,45	3,96	1,91	27,50	16,79	58,35	49	3,63	350,94	943,32	
1962-63	62	1,39	48,16	367,55	244,95	355,40	16,91	—42,65	7,57	3,50	20,38	7,32	60,70	50	3,33	364,21	1,065,07	
1963-64	40	90	31,31	344,59	254,34	384,81	15,97	—42,75	12,64	6,17	14,47	..	60,08	41	3,90	393,40	1,065,07	
Aug. 1963	54	1,15	40,98	356,62	18,33	357,03	16,41	—42,72	9,76	4,45	17,64	..	60,44	4	3,88	28,79	981,82	
Sept. ,,	53	1,11	39,62	354,83	18,21	359,71	16,15	—42,71	10,20	4,60	17,15	..	60,43	3	3,83	29,19	981,82	
Oct. ,,	50	1,06	38,14	352,70	19,84	361,90	16,06	—42,74	10,64	4,93	16,67	..	60,39	4	3,84	30,33	1,000,05	
Nov. ,,	47	1,03	36,79	351,14	18,73	363,50	15,97	—42,74	11,05	5,18	16,23	..	60,31	5	3,86	29,88	1,000,17	
Dec. ,,	46	1,00	35,45	349,60	19,61	365,16	16,00	—42,75	11,56	5,42	15,80	..	60,27	3	3,86	29,80	1,017,85	
Jan. 1964	46	1,00	35,44	349,24	20,35	367,11	16,08	—42,75	11,85	5,55	15,50	..	60,22	4	3,87	31,99	1,080,08	
Feb. ,,	44	1,00	34,35	347,79	20,66	368,37	16,04	—42,74	12,18	5,90	14,87	..	60,14	4	3,88	31,66	1,088,47	
Mar. ,,	42	90	31,31	344,59	28,24	384,81	15,97	—42,75	12,64	6,17	14,47	..	60,08	5	3,90	57,44	1,078,01	
April ,,	40	87	29,59	343,19	22,75	385,78	15,87	—42,78	12,89	6,13	14,13	..	60,05	5	3,92	35,16	1,076,56	
May ,,	39	82	28,15	342,08	20,12	382,10	15,55	—42,78	13,20	6,60	13,80	..	59,97	2	3,91	31,67	1,084,26	
June ,,	37	78	26,80	341,75	23,06	381,61	15,34	—42,77	12,54	6,85	13,39	..	59,91	4	3,92	34,38	1,084,26	
July ,,	..	..	..	..	..	..	..	..	..	..	12,92	..	59,82	2	3,91	..	..	

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities : repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1955. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Including Defence Savings Banks Deposits upto 1954-55. F—No sales from June 1, 1957. G—15 series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1962. K.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings amount to Rs. 20.25 crores. Fifteen-year Cumulative Time Deposits commenced from June 1962—the outstandings at the end of June, 1964 amount to Rs. 79 lakhs. Twelve-year National Defence Savings Certificates commenced from 15th November 1962 and the outstandings at the end of June, 1964 amount to Rs. 188.08 crores. Ten-year Defence Deposit Certificates were issued from 10th November 1962 — the outstandings at the end of July, 1964 amount to Rs. 37.89 crores. Five-year Premium Prize Bonds were issued from 1st January 1963 and outstandings at the end of Dec., 1963 amount to Rs. 5.76 lakhs.

A new series of Premium Prize Bonds, 1964 was issued since 1st January 1964. The outstandings at the end of June, 1964 are Rs. 5.46 crores.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I—Interim Dividend. C.R.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number Installed Spindles	Number Installed Looms	Mill	Latest available Quotation Rs.	Paid-up Per Share Rs.	Dividend Per Ordinary Shares 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
BOMBAY CITY AND ISLAND																
25,00,000	21,96,033	57,13,635	34,05,359	21,367	Maganlal Bhagwandas & Co.	45,180	..	Ambika Silk Mills Co., Ltd.	275.00	100	20.00	20.00	15.00*		12	Y.
58,79,480	17,15,185	1,45,55,248	50,80,099	—17,31,384	Rajputana Text. (Agencies) Pvt. Ltd.	1,96,796	3,736	Apollo Mills	59.70	25	3.50	3.50	3.50		12	Y.
2,50,98,000	4,24,81,018	13 37,18,614	7,68,55,693	48,236	Nowrojee Wadia & Sons (Pvt.) Ltd.	44,784	880	Bradbury Mills	162.50	50	12.50	5.00	15.00	15.00	3	Y.P.
10,00,000	37,72,690	1,02,81,524	72,10,018	24,411	M. Ramnarain Private Ltd. ..	1,26,752	2,702	Century Spg. & Mfg. ..	310.00	100	30.00	30.00	30.00		12	Y.P.
2,54,90,900	5,00,47,485	19,19,39,501	8,36,29,130	..	Birla Gwalior Private Ltd. ..	31,460	672	Cooria Spg. & Wvg. ..	173.00	100	11.00	11.00	11.00		3	Y.
25,00,000	53,60,441	1,42,43,896	96,80,330	5,342	Cowasjee Jehangir & Co. Pvt. Ltd. ..	43 960	..	Bata Industries Ltd.	310.00	200	18.00	12.00	12.00		12	Y.P.
28,00,000	49,27,043	1,21,38,021	77,41,058	9,149	Birla Brothers Private Ltd. ..	47,444	928	Edward Textiles	310.00	100	15.00	15.00	15.00		12	Y.P.
34,00,000	16,37,278	1,61,62,117	91,09,291	—22,82,468	Puranmal Bubna Sons	52,340	915	Elphinstone Spg. & Wvg. ..	97.00	50	11.00	9.00	9.00		12	Y.
30,00,000	48,97,220	3,53,01,916	1,17,41,069	12,247	N. K. Jalan, Esq. (Director-in-charge)	63,212	780	Finlay Mills	301.00	100	23.00	23.00	23.00		12	Y.
50,00,000	99 32,000	2,67,92,163	1,52,97,560	68,492	James Finlay & Co., Ltd. ..	60,212	1,020	Gold Mohur Mills Ltd. ..	221.25	100	21.50	19.50	19.50		12	Y.
50,00,000	80,43,677	1,59,10,972	92,99,367	33,627	James Finlay & Co., Ltd. ..	50,320	1,129	Hindoostan Spg. & Wvg. Mills ..	1,000.00	250	125.00	64.00	64.00	70.00	3	Y.P.
24,00,000	1,44,37,115	2,97,45,603	1,83,93,355	20,440	K. M. D. Thackersey, Esq. (Chairman)			India United Mills[..	19.32	0100.	1.40	1.10			12	Y.
2,00,00,000						2,43,784	6,357		2.36	01D.	0.3725	0.2525				
D. 50,00,000	71,99,100	5,78,94,999	4,39,77,899	$ 99,937	M. D. Bhat, Esq. (Chairman) ..			Indian Mfg.	900.00	250	92.50	64.00			3	Y.P.
24,00,000	1,09,87,399	2,14,93,720	1,58,98,908	9,350	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Khatau Makanji Spg. & Wvg. ..	176.25	100	16.00	16.00	8.00		6	Y.P.
1,19,70,000	65,33,620	4,58,81,693	3,20,17,168	13,249	Khatau Makanji & Co. (Pvt.) Ltd. ..	1,05,400	1,848	Kohinoor Mills	321.50	100	18.00	18.00	21.00		12	Y.
1,00,00,000	1,22,17,072	5,26,28,342	3,53,16,158	9,095	Killick Industries Ltd.	1,20,504	..	Modella Woollens	12.12	10	..	..	0.40		12	Y.
51,49,437	10,20,000	88,66,131	4,62,3	5,416	C. C. Desai, Esq. (Chairman) ..	4	..	Modern Mills	38.00	50	6.00	6.00	3.00		10	Y.
1,08,39,430	48,53,273	1,97,38,324	92,57,236	4,623	N. Sirur & Co. Private Ltd. ..	1,24,376	2,752	Morarjee Goculdas Spg. & Wvg. ..	280.00	100	24.00	24.00	20.00		6	Y.P.
51,75,000	78,75,201	5,36,40,749	2,82,36,291	..	Piramal Sons Private Ltd. ..	..	..	National Rayon Corporation ..	355.00	100	22.00	16.00	16.00		12	Y.P.P.
3,41,12,100	2,46,77,150	20,31,21,833	9,47,31,722	5,794	Nimal & Co. Private Ltd.	45,944	455	New City of Bombay Mfg. ..	150.00	100	*Nil*	*Nil*	*Nil*		12	Y.
24,00,000	12,59,737	91,26,187	48,70,078	2,44,926	H. V. Gandhi, Esq. (Chairman) ..	49,608	962	New Great Spg. & Wvg. ..	160.00	100	12.00	18.00	*

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
00,000	76,63,500	1,85,69,182	86,97,417	30,951	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	9.37	10	0.25	0.25	1.20	1.00	3	Y.F.T.
00,000	21,61,100	85,62,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	258.00	100	15.00	42.50	....		12	Y.F.T.
00,000	26,04,850	1,72,09,661	1,14,76,789	,05,589	McLeod & Co., Ltd.	1,264	Alliance	108.00	100	Nil	10.00	12.50		5	Y.F.
04,900	1,15,30,000	3,75,48,584	2,33,71,259	55,893	Duncan Brothers & Co., Ltd. ..	2,361	Anglo-India	189.00xd	100	7.50	10.00	12.00	12.00	3	Y.F.T.
00,000	36,36,008	1,92,45,048	1,12,42,168	1,526	Bird & Co. Private Ltd. ..	810	Auckland	132.00	100	12.00	Nil	15.00	12.50	3	Y.F.
00,000	46,32,069	2,08,31,514	1,08,77,173	24 424	Birla Brothers Private Ltd. ..	959	Bally	118.00xRxd	100	25.00	25.00	25.00	20.00	3	Y.F.
75,000	£975,267	£1 486,277	£1 076,854	£1,341	Jardine Henderson Ltd. ..	1,889	Barnagore	227.00	£5	10 sh.	10 sh.	£2		3	Y.F.T.
00,000	57,17,701	76,46,179	45,59,589	1,36,234	Sooraimull Nagarmull ..	600	Bengal	6.75	10	0.50	0.50			3	Y.F.
58,210	3,38,65,994	9,96,98,597	4,20,75,427	46 410	Birla Brothers Private Ltd. ..	1,373	Birla	35.69	10	1.50	1.50	1.50		3	Y.F.
00,000	20,48,440	1,25,69,733	79,60,997	35,907	Andrew Yule & Co., Ltd. ..	991	Budge-Budge	130.00	100	Nil	12.00	20.00		10	Y.F.
67,380	82,200	49,78,424	27,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg. ..	7.00	10	Nil				12	Y.F.
00,000	30,27,728	1,19,96,838	65,06,929	7,332	M.	616	Caledonian	140.00	100	5.00	15.00	15.00		3	Y.
58,200	1,01,10,201	1,95,45,693	1,19,34,120	30,231	James Finlay & Co., Ltd. ..	600	Champdany	21.75	10	0.50	0.50	4.00	3.50	3	Y.F.
58,750	77,75,319	1,47,45,586	77,38,580	1,10,207	Andrew Yule & Co., Ltd. ..	1,131	Cheviot	20.62	10	0.50	2.50	2.50		11	Y.F.T.
15,000	36,54,850	1,38,59,292	87,51,922	—4,10,550	McLeod & Co., Ltd.	500	Chitavalsah	8.00	10	Nil	0.50	Nil		7	Y.F.
00,000	8,04,609	81 44,890	69,78,978	—15 44 521	M.	969	Clive	7.50	10	Nil	Nil			3	Y.F.T.
49,200	24,37,694	1,53,87,280	91,28,003	9,930	Bird & Co. Private Ltd. ..	766	Dalhousie	120.00	100	1.00	Nil	25.00	7.50	3	Y.F.
00,000	74,35,442	1,88,86,591	76,70,106	23,475	Andrew Yule & Co., Ltd. ..	770	Delta	141.00	100	Nil	12.50	16.00		11	Y.F.T.
00,000	42,21 700	1,21,66,987	86,25,776	84,666	McLeod & Co., Ltd.	600	Empire	13.81	10	0.75	1.25	1.50		7	Y.F.T.
75,000	1,58,61,438	4,64 48,321	2,65 86 760	15,622	Kettlewell Bullen & Co., Ltd. ..	1,884	Fort Gloster Industries Ltd. ..	253.00xd	100 Old	10.00	12.50	20.00	15.00	3	Y.F.T.
99,250	34,93,490	2,43,52,916	1,08,42,031	4,080	Bangur Bros. Ltd.	1,014	Fort William	20.67xd	10	2.25	1.00	2.00	1.50	3	
32 100	77,96,303	3,00,05,500	1,61,98,875	16 267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	13.12xd	10	1.00	1.50	2.00		3	Y.F.
50,000	46,54,205	2,19,63,281	88,71,916	9,681	M.	607	General Ind. Society Ltd. ..	15.00	10	1.00	1.50	1.40		12	Y.T.
00,000	82,53,423	3,55,59,185	2,27,64,891	41,505	Macneill & Barry Ltd.	1,394	Gouripore	21.75xd	10	2.50	2.00	2.00	2.00	3	Y.F.
00,000	1,22,75,042	2,19,80,303	1,17 68 171	2,274	Bangur Bros., Ltd.	1,078	Hastings	120.00xd	100	6.00	6.00	6.00	6.00	3	Y.F.
80,000	44,86,659	99,76,527	67,56,170	4,294	M.	720	Hooghly	14.50	10	2.00	0.75	1.00		3	Y.F.T.
62,500	51,91,579	2,33 66,028	1,70,88,188	....	Jardine Henderson Ltd. ..	1,940	Howrah	16.00	10	1.00	Nil	1.00	1.25	3	Y.F.
50,000	91,26,055	3,64,80,303	2 25,96,256	2,904	Ramdutt Ramkissendass ..	2,272	Hukumchand	17.50xd	7.50	2.15	2.00	2.00	2.00	3	Y.
30,000	26,63,965	1,86,83,015	1,09,04,160	76,164	M.	790	India	15.50	12.50	1.50				3	
00,000	36,84,700	2.08 46,168	1,60,07,458	....	Jardine Henderson Ltd. ..	1,797	Kamarhatty	157.00	100	Nil	20.00	20.00		12	Y.F.T.
20,000								157.00	'B' 100	Nil	20.00	20.00			
00,000	16,53,308	1,79,25,475	1,35.47,488	....	Jardine Henderson Ltd. ..	1,527	Kankinarrah	126.00	'B' 100	Nil	15.00	15.00		12	Y.F.T.
00,000	72,61,800	2,51 06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	126.00	100	15.00	5.00	20.00		5	Y.F.
00,000	49,74,475	2,72,25,276	1,67,13,173	41,251	Anderson Wright Ltd.	1,530	Khardah	17.75	10	0.50	1.25	1.25	1.25	3	Y.F.T.
88,050	47,87,477	2,37,45 098	1,62,09 834	13,127	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	121.00	100	7.00	Nil	10.00	5.00	3	Y.F.
48,000	1,30 000	1,00,10,272	70,67,675	4 687	Bird & Co. Private Ltd. ..	931	Lansdowne	108.00	100	Nil	Nil	Nil		3	Y.F.
00,000	47,10,944	65,31,565	37,56,104	7,256	Bird & Co. Private Ltd. ..	840	Lawrence	15.00	10.00	10.00	10.00	10.00		3	Y.F.
65,200	44,95 037	2,88,24,106	1 66,72,214	84,805	M.	1,294	Megna	12.19	10	1.25				3	Y.F.T.
98,900	41,42,655	2,01,69,391	1,28,29,338	32,760	Bhagat Agencies Ltd.	815	Naihati	85.00	100	Nil	Nil	Nil	Nil	10	Y.F.T.
00,000	11,82,460	36,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	6.00N	10					10	Y.T.
00,000	73,10,444	2,01,15,988	58,47,374	9,507	M.	852	National	19.50	10	Nil	1.00			10	Y.F.
25,000	36,29,172	80,96,895	46,01,106	85,230	McLeod & Co., Ltd.	816	Nellimarla Jute	8.81	10	0.50	1.50	0.50		7	Y.F.T.
50,000	3,31,09,122	11,98,78,237	2 72,02,888	13,602	Sahu Jain Ltd.	1,765	New Central	10.62	10	1.50	Nil	1.50		12	Y.F.T.
79,880	59,61,792	1,58 76,718	87,86,771	7,905	Bird & Co. Private Ltd. ..	567	Northbrook	25.25	10	3.00	2.00	3.50	2.50	3	Y.F.
79,500	61,30,745	1,68,98,900	75,34,356	20,062	Macneill & Barry Ltd.	1,092	Nuddea	10.60	10	0.50	0.50	1.00	1.00	3	Y.
00,000	13,65,554	1,08,88,905	84,46,448	17,102	McLeod & Co., Ltd.	400	Presidency	4.31xd	5	0.30	0.50	0.50		7	Y.F
00,000	5,27,128	68,13,305	24,70,573	25,500	Hindustan Investment Corpn. Ltd.	305	Rameshwara	7.75	10	Nil	Nil	Nil		3	Y.F.
50,000	6,91,790	1,23,23,241	69,85,423	8,85,502	M.	423	Reliance	6.87	10	Nil	Nil	Nil	Nil	10	Y.F.T.
00,000	£1,029,127	£1,602,126	£706,090	£2,892	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnagar	9.50N	£1	Nil	10%†	15%		12	Y.F.
00,000	28,52,584	1,57,85,313	1,08,08,079	8,777	Bagaria More & Co., Ltd. ..	911	Shree Ambica	27.00	10	0.60	Nil	0.90		3	Y.F.
00,000	17,16,864	77,43,303	55,72,946	26,426	Hindustan Investment Corpn. Ltd.	401	Soorah	19.25	10	2.50	2.50			12	Y.F.
00,000	£693,155	£1,681,120	£843,019	£3,525	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	Nil	18%†	10%		12	Y.F.
96,000	45,04,220	1,28,84,609	71,69 711	2,671	Bird & Co. Private Ltd. ..	1,326	Union	130.00	100	6.00	Nil	20.00	10.00	3	Y.F.T.
00,000	£495,602	£1,372,172	£711,722	£1,951	Thomas Duff & Co. (India) Pvt. Ltd.	1,531	Victoria	9.50N	£1	Nil	10%†	10%		12	Y.F.
80,000	9,70,000	81,07,250	46,38,438	£7,655	McLeod & Co., Ltd.	447	Waverley	7.87	1	0.30	0.60	0.80		5	Y.F.

SOUTH INDIAN PLANTING COMPANIES

aid-up dinary apital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
00,000	5 60,324	18,08,952	4,15,754	46,095	Young India Agencies Private Ltd...	1,665	Balanoor Tea and Rubber ..	11.20	10	1.20	1.20			3	Y.F.
00,000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agn.) Pvt. Ltd. ..	1,370H	Blue Mountain-Estates & Ind..	2.38	2	0.20	0.20	0.20		6	Y.
5,50,000	6,11,080	19,95,150	4,85,544	9,164	K. Kanagaratnam, Esq. (Mg. Director)	546	Chandmalai Estates Ltd. ..	2.40	2	0.20	0.12	Nil		6	Y.
4,00,000	20,95,127	41,85,733	13,18,052	1,553	Peirce, Leslie & Co., Ltd. ..	603H	Chembra Peak Estates ..	4.95	2	0.40	0.40	0.40	0.50	3	Y.
5,66,730	12,90,424	24,87,766	3,02,266	....	Matheson Bosanquet & Co. Pvt. Ltd..	169H	Coonoor Tea	17.40xd	10	1.50	1.75	1.75		6	Y.F.
4,80,000	5,08,204	16,62,155	3,17,071	17,938	M. L. Oomka, Esq. (Chairman) ..	671	Dong Tea	4.85	2	0.40	0.50	0.50		10	Y.F.
5,40,000	2,80,017	14,11,067	4,05,067	3,328	C. Balchand, Esq. (Chairman) ..	144H	Devashola (Nilgiri) Tea ..	30 65	10	2.00	1.50	1.50		3	Y.
6,74,650	3,83,749	13,44,758	3,14,298	28 158	Young India Agencies Private Ltd..	1,177	Devon Tea	12.35	10	1.20	1.20	1.00		3	Y.F.
7,50,000	6,10,000	5,94,450	13,465	19,221	K. N. Krishna Iyer (Mg. Director) ..	108	Emerald Valley Estates ..	7.35xd	5	Nil	0.80	1.00		3	
15,00,000	25,41,971	60,13,035	15,14,788	84,749	Parkside Estate	607H	Halleybuna	12.25	10	1.25	1.10	1.25		12	Y.F.
9,00,000	8,49,355	17,08,388	12,18,844	2,190	Peirce, Leslie & Co., Ltd. ..	103H	Kalasa Tea	4.25xd	2	0.50	0.30	0.30	0.30	3	Y.F.
17,17,076	13,42,010	37,08,125	8,78,882	28,817	Peirce, Leslie & Co., Ltd. ..	556H	Kil Kotagiri Tea	5.00	2	0.50	0.50	0.40		10	Y.F.
6,00,000	3,95,380	14,76,033	1,80,774	240	Ipe Consultancy Co. Pvt. Ltd. ..	936	Kurcheerman Plant Ltd. ..	5.07xd	10	0.40	Nil	0.60	0.50	3	Y.
5,00,000	2,00,560	11,18,479	1,35,087	49,466	Matheson Bosanquet & Co., Ltd. ..	109H	Lucky Valley	11.75	10	1.00	1.00	1.00		12	Y.
3,50,000	20,000	3,59,379	33,028	4,609	Vasantha & Co. (Trichy) Pvt. Ltd. ..	255	Manar Estates Ltd.	1.85	2	0.10	0.10	0.10		3	Y.
3,00,000	4,13,117	15,08,178	3,99,251	—3,508	M. Mitanchand & Co. (Mg. Director)..	560	Mitanchand	34.60	25	3.50	2.00	Nil		3	Y.F.
56,00,000	24,19,484	84,10,841	17,28,590	20,278	A. V. Thomas & Co. (India) Ltd. ..	825H	Neelamalai	4.80	5	0.375	0.375	0.375		6	Y.F.
12,00,000	10,09,000	32,20,949	6,97,916	9,982	A. V. Thomas & Co., Ltd. ..	788H	Neilampathy	4.80	2	0.30	0.30	0.30		6	Y.F.T.
14,06,250	10,19,464	41,66,449	8,85,850	28,207	A. V. George & Co., Ltd. ..	1,022	Nilgiri Tea	8.60xd	10	1.00	1.00	0.50	0.75	3	Y.F.
32,10,000	11,07,261	39,48,338	15,15,045	38,457	Harrison & Crosfield Ltd.	841	Nonemch Tea	21.87	10	2.00	2.00	2.00		6	Y.F.
14,58,960	17,22,982	34,54,296	7,51,987	46,177	P. S. M. Molyneux, Esq. (Chairman).	227H	Parkside	25.20	10	2.25	2.75	2.50		6	Y.
6,00,000	6,84,281	7,96,354	79,187	4,27,181	S. Sivaramakrishna Aiyar, Esq. ..	771	Peninsular Plantations Ltd. ..	21.25xd	10	2.00	2.00	2.00		2	Y.
17,00,000	13,87,519	49,20,401	20,82,069	46,160	Aspinwall & Co. (Travancore) Ltd.	684H	Peermade	20.62xd	10	2.50	2.00	1.75		12	Y.F.
57,94,880	33,08,413	1,80,04,636	50,86,620	919	Peirce, Leslie & Co., Ltd.	1,506H	Periakaramalai	5.58xd	2	0.40	0.25	0.80	0.27	3	Y.F.
18,50,000	2,96,500	12,02,040	1,74,015	2,959	A. V. Thomas & Co. (India) Ltd. ..	882	Sheveroy Estates Ltd.	2.08	2	0.15	0.125	0.125		6	Y.
9,00,000	15,30,496	31,78,663	10,92,544	17,781	T. Stanes & Co., Ltd.	467H	Stanes Amalgamated	18.75	10	1.00	1.50	1.20		6	Y.T.
1,25,000	12,500	2,18,032	22,950	2,921	M.	216	Swinton Estates	2.68	2	0.20	Nil	Nil		3	Y.
12,50,000	11,56,555	34,26,763	6,09,208	45	Srinivas Agencies	1,056	Talayar Tea	1.75xd	2	0.20	0.20	0.20	0.10	3	Y.F.
18,75,000	17,65,955	34,08,581	5,94,686	23,766	Parkina Private Ltd.	491H	Twyford	9.00	10	0.60	0.50	0.75		12	Y.
3,20,000	3,97,344	10,82,180	1,53,657	25,965	A. V. George & Co., Ltd. ..	503	Udayagiri Rubber Co., Ltd. ..	15 50	10	Nil	Nil	Nil		12	Y.
21,93,280	21,26,250	59,80,505	22,94,476	22,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	22.22xd	10	2.50	2.50	2.25		3	Y.
47,35,000	21 83,76	83,19,413	15,06,787	81,380	Kothari Mohta & Co. Pvt. Ltd. ..	1,127H	Waterfall	2.35	2	0.20	0.20	0.20		6	Y.F.

TEA COMPANIES

0,98,980	5 60,324	18,08,952	4,15,754	46,095	Young India Agencies Private Ltd...	1,665	Balanoor Tea and Rubber ..	11.20	10	1.20	1.20			3	Y.F.
4,00,000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agn.) Pvt. Ltd. ..	1,370H	Blue Mountain-Estates & Ind..	2.38	2	0.20	0.20	0.20		6	Y.
5,50,000	6,11,080	19,95,150	4,85,544	9,164	K. Kanagaratnam, Esq. (Mg. Director)	546	Chandmalai Estates Ltd. ..	2.40	2	0.20	0.12	Nil		6	Y.
4,00,000	20,95,127	41,85,733	13,18,052	1,553	Peirce, Leslie & Co., Ltd. ..	603H	Chembra Peak Estates ..	4.95	2	0.40	0.40	0.40	0.50	3	Y.
5,66,730	12,90,424	24,87,766	3,02,266	....	Matheson Bosanquet & Co. Pvt. Ltd..	169H	Coonoor Tea	17.40xd	10	1.50	1.75	1.75		6	Y.F.
4,80,000	5,08,204	16,62,155	3,17,071	17,938	M. L. Oomka, Esq. (Chairman) ..	671	Dong Tea	4.85	2	0.40	0.50	0.50		10	Y.F.
5,40,000	2,80,017	14,11,067	4,05,067	3,328	C. Balchand, Esq. (Chairman) ..	144H	Devashola (Nilgiri) Tea ..	30 65	10	2.00	1.50	1.50		3	Y.
6,74,650	3,83,749	13,44,758	3,14,298	28 158	Young India Agencies Private Ltd..	1,177	Devon Tea	12.35	10	1.20	1.20	1.00		3	Y.F.
7,50,000	6,10,000	5,94,450	13,465	19,221	K. N. Krishna Iyer (Mg. Director) ..	108	Emerald Valley Estates ..	7.35xd	5	Nil	0.80	1.00		3	
15,00,000	25,41,971	60,13,035	15,14,788	84,749	Parkside Estate	607H	Halleybuna	12.25	10	1.25	1.10	1.25		12	Y.F.
9,00,000	8,49,355	17,08,388	12,18,844	2,190	Peirce, Leslie & Co., Ltd. ..	103H	Kalasa Tea	4.25xd	2	0.50	0.30	0.30	0.30	3	Y.F.
17,17,076	13,42,010	37,08,125	8,78,882	28,817	Peirce, Leslie & Co., Ltd. ..	556H	Kil Kotagiri Tea	5.00	2	0.50	0.50	0.40		10	Y.F.
6,00,000	3,95,380	14,76,033	1,80,774	240	Ipe Consultancy Co. Pvt. Ltd. ..	936	Kurcheerman Plant Ltd. ..	5.07xd	10	0.40	Nil	0.60	0.50	3	Y.
5,00,000	2,00,560	11,18,479	1,35,087	49,466	Matheson Bosanquet & Co., Ltd. ..	109H	Lucky Valley	11.75	10	1.00	1.00	1.00		12	Y.
3,50,000	20,000	3,59,379	33,028	4,609	Vasantha & Co. (Trichy) Pvt. Ltd. ..	255	Manar Estates Ltd.	1.85	2	0.10	0.10	0.10		3	Y.
3,00,000	4,13,117	15,08,178	3,99,251	—3,508	M. Mitanchand & Co. (Mg. Director)..	560	Mitanchand	34.60	25	3.50	2.00	Nil		3	Y.F.
56,00,000	24,19,484	84,10,841	17,28,590	20,278	A. V. Thomas & Co. (India) Ltd. ..	825H	Neelamalai	4.80	5	0.375	0.375	0.375		6	Y.F.
12,00,000	10,09,000	32,20,949	6,97,916	9,982	A. V. Thomas & Co., Ltd. ..	788H	Neilampathy	4.80	2	0.30	0.30	0.30		6	Y.F.T.
14,06,250	10,19,464	41,66,449	8,85,850	28,207	A. V. George & Co., Ltd. ..	1,022	Nilgiri Tea	8.60xd	10	1.00	1.00	0.50	0.75	3	Y.F.
32,10,000	11,07,261	39,48,338	15,15,045	38,457	Harrison & Crosfield Ltd.	841	Nonemch Tea	21.87	10	2.00	2.00	2.00		6	Y.F.
14,58,960	17,22,982	34,54,296	7,51,987	46,177	P. S. M. Molyneux, Esq. (Chairman).	227H	Parkside	25.20	10	2.25	2.75	2.50		6	Y.
6,00,000	6,84,281	7,96,354	79,187	4,27,181	S. Sivaramakrishna Aiyar, Esq. ..	771	Peninsular Plantations Ltd. ..	21.25xd	10	2.00	2.00	2.00		2	Y.
17,00,000	13,87,519	49,20,401	20,82,069	46,160	Aspinwall & Co. (Travancore) Ltd.	684H	Peermade	20.62xd	10	2.50	2.00	1.75		12	Y.F.
57,94,880	33,08,413	1,80,04,636	50,86,620	919	Peirce, Leslie & Co., Ltd.	1,506H	Periakaramalai	5.58xd	2	0.40	0.25	0.80	0.27	3	Y.F.
18,50,000	2,96,500	12,02,040	1,74,015	2,959	A. V. Thomas & Co. (India) Ltd. ..	882	Sheveroy Estates Ltd.	2.08	2	0.15	0.125	0.125		6	Y.
9,00,000	15,30,496	31,78,663	10,92,544	17,781	T. Stanes & Co., Ltd.	467H	Stanes Amalgamated	18.75	10	1.00	1.50	1.20		6	Y.T.
1,25,000	12,500	2,18,032	22,950	2,921	M.	216	Swinton Estates	2.68	2	0.20	Nil	Nil		3	Y.
12,50,000	11,56,555	34,26,763	6,09,208	45	Srinivas Agencies	1,056	Talayar Tea	1.75xd	2	0.20	0.20	0.20	0.10	3	Y.F.
18,75,000	17,65,955	34,08,581	5,94,686	23,766	Parkina Private Ltd.	491H	Twyford	9.00	10	0.60	0.50	0.75		12	Y.
3,20,000	3,97,344	10,82,180	1,53,657	25,965	A. V. George & Co., Ltd. ..	503	Udayagiri Rubber Co., Ltd. ..	15 50	10	Nil	Nil	Nil		12	Y.
21,93,280	21,26,250	59,80,505	22,94,476	22,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	22.22xd	10	2.50	2.50	2.25		3	Y.
47,35,000	21 83,76	83,19,413	15,06,787	81,380	Kothari Mohta & Co. Pvt. Ltd. ..	1,127H	Waterfall	2.35	2	0.20	0.20	0.20		6	Y.F.

RUBBER AND OTHERS

0,00,000	6,52,425	18,17,977	5,80,510	12,585	M. A. M. Muthuraman Chettiar, Esq. (Mg. Director)	993	Alageswar Estates Ltd. ..	2.84xd	2	0.30	0.20	0.20	0.20		Y
6,75,000	2,85,527	21,05,698	4,40,782	1,693	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	9.21xd	10	1.00	1.00	0.50		3	Y.F.T.
2,50,000	2,69,092	12,98,883	2,52,129	56,241	A. V. George & Co., Ltd.	629	Anandam Rubber Co., Ltd. ..	14.25	10	1.80	1.50	1.50		12	Y.T.
12,07,888	2,28,040	22,69,626	3,45,437	34,775	Associated Planters Private Ltd. ..	1,843	Anaparai Estates Ltd.	3.10	2	0.30	0.30	0.30		6	Y.T.
4,55,000	4,75,000	12,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd. ..	1,041	Badra Coffee Estates Ltd. ..	2.90xd	2	0.30	0.15	0.20		6	Y.F.
4,00,000	86 000	7,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore) ..	233H	Babahoodin Coffee & Produces..	5.00	5	0.40	0.30	0.30		6	Y.F.
3,00,000	2,25,000	4,59,296	90,721	9,781	Planting Agencies (Private) Ltd. ..	151H	Balmadies Plantations ..	1.69xd	2	0.10	Nil	0.10	0.20	3	Y.F.
26,91,279	19,46,895	60,09,790	13,97,512	8,792	Peirce, Leslie & Co., Ltd. ..	2,530H	Cochin Malabar	6.22	3	0.60	0.60	0.60	0.36	3	Y.F.
32,50,000	23,52,189	57,74,980	18,29,855	880	M. A. Sreenivasan, Esq. (Chairman)..	2,793	Coffee Lands and Industries ..	16.62	10	1.20	0.90	0.90		6	Y.F.
71,55,000	78,42,189	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman)..	5,245	Consolidated Coffee	28.78	10	2.00	1.50	2.00		6	Y.F.
6,00,000	5,09,735	15 58,047	1,41,758	5,915	Associated Planters Private Ltd. ..	1,410	Cottanad Plantations	10.30xd	10	1.00	0.625	1.00		3	Y.F.
4,98,540	2,50,000	4,02,630	1,35,017	40,856	Peirce, Leslie & Co., Ltd.	246H	Cowcoody Estates (Coffee) ..	4.75	2	0.50	0.40	0.35		6	Y.
18,00,000	15,20,000	40,99,988	9,88,819	40,044	A. V. Thomas & Co., Ltd.	623H	Highland Produce	14.75	10	1.50

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
24,00,000	13,111	67,05,606	23,68,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	5.94	10	0.60	0.50			3	Y.
12,50,000	6,88,242	22,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kot Ltd.	22.00	10	3.00	2.00			9	Y.
55,25,546	30,24,128	1,94,48,116	96,49,200	2,065	Bharat Ram Bhagat & Co.	Bengal Potteries	4.37	24	0.30	0.30	0.275		12	Y.
40,00,000	28,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	17.62	10	3.00	1.00	1.25		3	Y.
14,17,800	25 18,589	53,55,181	22,68,904	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	102.50	100	15.00	15.00	18.00		12	Y.P.
30,00,000	25,89,686	1,43,85,859	56,29,712	56,950	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd.	104.00	100	11.00	9.00	7.00		12	Y.
22,95,950	£2,804,999	£4,477,588	£2,577,638	£465	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.32	Sh. 2	27%	18%	12%		12	Y.
7,50,000	29,37,096	49,30,247	14,36,451	1,570	Bird & Co. Private Ltd.	Karanpura Development	9.00	10	1.50	0.90	0.90		12	Y.
0,15,00,000	9,00,000	1,59,23,191	51,63,152	29,674	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd.	69 00	100	*Nil*	*Nil*	*Nil*		12	Y.P.
24,00,000	40,46,599	1,78,57,945	95,66,068	24,239	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	18.45	10	1.80	1.80	1.50		12	Y.P.T.
1,78,79,255	19,90,896	1,22,39,515	76,13,994	3,25,965	Sir Indra Singh, Kt. (Chairman)	Metal Corporation of India Ltd.	6.25	10	*Nil*	*Nil*			3	Y.
6,00,000	5,99,234	17,89,155	10,18,397	721	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	11.57xdN	10	1.20	1.50	1.25	1.25	6	Y.
30,00,000	67,67,457	80,62,201	24,56,756	35,801	Bird & Co. Private Ltd.	Orissa Minerals	20.00	10	2.80	2.00			7	Y.P.
12,18,650	22,84,051	1,05,25,903	57,38,031	43,395	A. V. Gharpure, Esq. (Chairman)	Parshuram Pottery Works Co., Ltd.	59.00	25	5.36	5.36	3.75		7	Y.
21,00,000	37,51,142	99,40,647	51,84,720	—23 63,858	Killick Industries Ltd.	Shrivarjpur Syndicate	17.00	10	*Nil*	*Nil*	*Nil*		11	Y.
4,84,840 } 7,26,730 }	13,90,910	37,08,644	14,23,752	5 375	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	27.00	10	7.50	1.375	1.75	1.50	12	
CHEMICAL														
22,50,175	....	1,79,449	13,076	—26,645	Agri-Chem Engineers,	Adarsh Chemicals & Fertilisers	71.50	100	*Nil*				12	Y.P.
1,44,00,000	91,50,574	3,54,47,203	1,39,51,136	10,255	Rayuma Services	Alembic Chemical Works Co.	163.75	100	14.00	12.00	12.00		12	Y.P.
3,10,00,000	2,26,33,273	8,39,30,247	2,46,58,284	5,671	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	28.94	10	1.50	1.50	1.50		9	Y.
1,10,23,200	80,12,547	2,29,02,580	73,73,157	6,813	Amrital & Co. Private Ltd.	Amar Dye-Chem. Ltd.	163.75	100	9.00	9.00	8.00		12	Y.P.
20,24,000	47,67,886	2,21,76,216	90,62,362	....	Kasturbai Lalbhai & Co.	Anil Starch Products Ltd.	410.00	100	20.00^{e}	25.00^{e}	25.00^{e}		12	Y.T.
3,24,16,200	1,85,84,480	7,54,09,808	2,06,13,757	19,425	Lalbhai Sons & Co.	Atul Products Ltd.	296.50	100	12.00	12.00	12.00		12	Y.
50,00,000	....	55,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	56.00	100	....	*Nil*			6	Y.
1,25,45,900	67 58 822	1,59,19,707	51,89,070	5,728	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	102.00	100	10.00	10.00			3	Y.
1,25,00,000	1,44,62,999	1,71,63,875	43,76,317	16,332	Ramniwas R. Ruia, Esq. (Chairman)	Colour Chem. Ltd.	310.00	100	12.00	12.00	12.00	16.00	12	Y.
14,50,344	4,84,312	17,40,490	9,07,009	13,818	Bhadarai & Co.	Chemo-Pharma Laboratories Ltd.	32.25	25	3.00	3.00			12	Y.
41,58,250	58,19,953	1,64,19,539	87 13,284	9,897	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	116.25	50	8.00	8.00	8.00	10.00	12	Y.P.
98,99,978	1,38,89,545	11,88,575	5,47,855	455	Bhagwati & Co. Private Ltd.	Dhanyodhra Chemicals	124.00	100	10.00	9.00	14.00		12	Y.P.
75,67,725	46,84,780	1,83,29,420	60,50,053	5,883	Bhagat & Sons Private Ltd.	F. A. C. T.	0.50	10	*Nil*	*Nil*	*Nil*		3	Y.P.
36,55,70,601	44,97,94,718	2,05,37,84,586	1,00,22,56,616	2,44,126	Tata Industries Private Ltd.	Indian Dyestuffs Industries Ltd.	296.50xr	100	6.00	7.00	7.00		3	Y.P.
9,26 26,823	5,56,56,832	39,19,96,452	18,01,54,678	80,276	Tata Industries Private Ltd.	Kemp & Co.	263.75	200	25.00	20.00			3	Y.P.T.
17,22,250	18,85,192	45,71,583	19,06,922	11,564	T. Maneklal & Co.	Metlur Chemicals	1.25	1	1.375*	1.25	1.25		3	Y.
41,66,980	38,97,021	19,70,675	11,38,441	1,176	M. N. Dalal, Esq. (Chairman)	Mysore Chemical and Fertilisers	7.95	10	1.00	0.50	*Nil*		3	Y.
2,55,00,000	3,28,57,127	1,79,11,762	48,76,403	....	J. D. Chokai, Esq. (Chairman)	Mysore Chemicals Mfg.	15 50xd	10	2.00	2.00	1.50	1.50	3	Y.
69,95,943	49,94,169	1,80,88,893	12,92,940	4,991	M.	Polychem Ltd.	109.50xr	50	7.50	7.50	7.50	7.50	3	Y.
						Premier Fertilisers Ltd.	6.25	10	*Nil*	*Nil*	*Nil*		12	Y.
						Phosphate Co., Ltd.	176.00	100	25.00	17.50	15.00		6	Y.
						Smith Stanistreet & Co.	13.69	5	1.25	1.25	1.125		6	Y.P.
						Synthetics & Chemicals Ltd.	80.00	100	*Nil*	*Nil*	*Nil*		6	Y.
						Tata Chemicals	19.40	10	0.65	0.65	1.00		3	Y.P.
						Travancore Chemical Mfg. Co. Ltd.	19.50	10	2.00	2.25	2.00		3	Y.P.
						Travancore Electro-Chemical Ind.	67.00	100	*Nil*	*Nil*	*Nil*		12	Y.
						Ultramarine & Pigments Ltd.	114.00	100	*Nil*	*Nil*	*Nil*		12	Y.
ELECTRIC (BOMBAY)														
9,74,78,895	1,86,12,661	18,97,78,999	5,80,50,102	864	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	107.00	100	7.00	8.00	8.00		3	Y.T.
2,04,11,920	68,12,174	3,06,91,595	1,03,99,754	27,039	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	10 00	10	0.90	0.90	0.90	0.90	3	Y.T.
3,92,77,900	1,76,40,699	12,80,99,376	3,62 30,226	6,370	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,268 75	1,000	80.00*	80.00*	90.00	100 00	3	Y.
1,75,00,000	1,21,07,363	5,11,22,126	1,25,80,588	2,370	Killick Industries Ltd.	Bombay Suburban Electric Supply	116.50	100	8.50	8.50	9.00		3	Y.T.
7,97,810	5,03,367	16 97,265	8,72,036	1,586	Rajaputana Textiles (Agencies) Ltd.	Broach Electric Supply Development	6.48	10	0.72	0.60	0.50		3	Y.T.
40,00,000	12,56,813	1,57,72,704	61,59,509	3,547	Rajaputana Textiles (Agencies) Ltd.	Poona Electric Supply	200.00	100	8.25	8.25	8.00		3	Y.T.
70,00,000	52,32,432	2,04,57,383	78,49,175	18,482	Killick Industries Ltd.	Surat Electricity	112.50	100	8.00	8.00	8.00	9.00	3	Y.P.T.
2,40,00,000	1,85,02,778	10,02,77,517	2,61,00,977	9,102	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	130.50	100	8.00*	8.00*	9.00	10.00	3	Y.P.T.
4,15,80,000	4,09,87,795	21,70,65,962	5,40,06,347	5,744	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,325.00	1,000	80.00*	80.00*	90.00	100.00	3	Y.P.T.
West Bengal and Other Centres														
19,99,500	51,52,883	1,70,15,387	51,84,841	13,612	Martin Burn Ltd.	Agra Electric Supply Co. Ltd.	130.00	100	11.00	11.00	11.00		3	Y.T.
3,00,000	16,80,275	62,04,833	28,40,512	1,852	Martin Burn Ltd.	Bareilly Electricity Supply	11.44	10	1.10	1.10	1.10		3	Y.P.
17,00,000	54,27,580	1,66,67,025	60,88,135	5,523	Martin Burn Ltd.	Benares Electric Light & Power Co.	18.25	10	1.10	1.10	1.10		3	Y.
54,52,546	£102,115,240	£37,52,72,126	£15,20,22,126	£100,524	Sir William Lamond (Chairman)	Calcutta Electric Supply	15.56	10	7½	7½			3	Y.T.
8,00,000	7,55,075	37,78,204	11,86,481	48,962	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	15.00	10	1.00				3	Y.T.
43,20,000	43,62,031	120,25,542	44,51,688	45,007	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	86.00	100	10.00	10.00	10.00	10.00	3	Y.T.
5,24,840	1,48,267	43,89,379	17,80,524	47,183	Meconna Lall & Sons	Jhansi Electric Supply	5.40N	10	*Nil*	0.75			3	Y.P.
22,49,700	29,55,246	1,16,29,613	45,58,877	3,286	Martin Burn Ltd.	Jubbulpore Electric Supply	11 00	10	1.00	1.00	1.10		3	Y.
25,07,880	40,44,800	1,41,84,880	58,06,270	75,727	Octavius Steel & Co. Ltd.	Patna Electric Supply	10 37	10	1.00				3	Y.T.
9,10,000	2,56,304	15,86,888	6,29,467	5,542	Octavius Steel & Co. Ltd.	Shahjahanpur Electric Supply	6.62	10	0.625				3	Y.P.
16,50,000	16,08,885	80,81,827	48,11,630	3,975	Bird & Co. Private Ltd.	Sijuah (Jherriah) Elec. Supply Co.	9.50N	10	0.90	0.90			3	Y.
70,00,000	42,52,539	2,90,80,953	98,07,489	12,480	Seshasayee Bros. Private Ltd.	South Bihar Electric Supply Corpn.	11.75	10	1.00	1.00	1.05	1.10	3	Y.T.
5,00,000	12,25,998	38,98,657	15,13,985	1,995	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	25 37	10	1.35	1.35	1.35		3	Y.P.
55,00,000	30,13,213	2,76,53,916	1,75,34,564	3,312	Martin Burn Ltd.	U. P. Electric Supply Co.	210.50xd	100	11.00	11.00	11.00		3	Y.
8,00,000	13 88,866	54,12,090	15,22,321	4,16,700	Chandric & Co. Private Ltd.	Vellore Electric Corporation	14.42xd	10	1.429	1.429			3	Y.
ENGINEERING (Bombay)														
51,96,100	66 99,678	1,13,59,285	26,22,499	26,128	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	292 00	100	22.50	19.00	19.00		12	Y.
10,00,000	7,77,224	25,48,785	12,13,956	641	W. H. Brady & Co., Ltd.	Brady Engineering Co. Ltd.	87.00	80	9.00*	9.00*	9.00		6	Y.
90,40,000	54,17,285	2,15,72,410	96,36,554	183	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	114.00	100	13.00	7.00	8.00		6	Y.
1,20,00,000	1,51,427	97,23,681	28,47,228	—12,767	M.	Hindustan Electric Co., Ltd.	109.00	100	4.00	*Nil*	*Nil*		4	Y.
60 00,000	1,28,73 164	2,72,67,477	1,56,47,999	T. V. Baddeley, Esq. (Chairman)		Indian Hume Pipe Co., Ltd.	161.50	100	13.00	14.00	14.00		6	Y.
15,00,000	4,61,618	19,44,588	11,82,481	38,664	Adnem Services	Jost's Engineering	47.00	50	5.00	5.00	5.00		3	Y.
50,00,000	20,64,247	1,12,98,186	37,66,506	18,639	Kamani Bros. Private Ltd.	Jyoti Ltd.	135.50	100	12.00	9.00	10.00		12	Y.
44,86 250	14,17,502	85,37,034	43,89,387	4,511	Kirloskar Bros. Ltd.	Kamani Engineering Corporation	13.00	10	0.90	0.95	1.20		9	Y.
67,61,445	1,42,50,068	2,19,61,664	58,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	42.50	25	2.50	2.50	2.50		6	Y.
61,52,940	71,09,895	1,87,20,078	67,59,501	578	Kirloskar Associates	Kirloskar Electric Co., Ltd.	19.25	10	1.10	1.20	1.00		6	Y.
60,30,000	79,27,886	1,76,05,965	68,99,529	28,996	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	24 52	10	1.60	1.60	1.20		3	Y.P.
27,58,350	20,54,388	80,71,373	16,74,703	18,511	Kirloskar Industries	Madras Aluminium Co., Ltd.	175.00	100	12.50	12.50	10.00		6	Y.
38,19,770	5,14,084	1,34,12,444	50,18,120	1,69,270	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	6.00	10	*Nil*	*Nil*	*Nil*		9	Y.P.
1,05,00,000	1,12,23,304	2,34,04,270	77,19,557	15,974	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	21.68	10	1.80	1.40	1.40	1.50	3	Y.
57,29,880	....	28,48,815	4,35,319	—8,39,076	B. L. Kucheria, Esq. (Secretary)	Lynx Machinery	6.52	10	*Nil*	....	*Nil*		3	Y.P.
30,12,160	49,49,061	2,06,51,285	95,55,916	3,337	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	*Nil*	1.25	1.50	1.50	3	Y.P.
1,97,98,145	1,14,00,088	2,29,64,781	89,96,801	16,767	Keshub Mahindra, Esq. (Chairman)	Mahindra & Mahindra Ltd.	17.08	10	1.50*	1.25	1.25		10	Y.P.
30,00,000	1,29,812	53,78,065	23,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd.	115.00	100	*Nil*	*Nil*			7	Y.P.
11,00,000	4,48,987	49,41,793	30,54,773	729	P. Jhunjhunwala, Esq. (Mg. Director).	McKennies Ltd.	137.50	100	12.00	14.00	14.00		7	Y.P.
1,09,01,007					Jeewan Ltd.	Mukand Iron & Steel	18.08	10	1.30	1.20	1.20	1.20	3	Y.
D. 1,34,880	1,06,62,412	2,31,72,285	97,21,770	....										
50,00,000	58,34,208	1,83,49,872	85,50,104	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	165.00	100	12.00	12.00	10.00		6	Y.
1,50,000							161.25	100	6.00	6.00	8.00		3	Y.
18,35,400	11,96,582	39,61,901	14,35,875	3,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd	100.00	50	6.50	6.50			12	Y.
62,44,050	23,16,221	1,55,97,206	46,25,649	15,596	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	130 00	100	9.00	9.00	9.00	10.00	3	Y.
98,99,978	1,38,89,545	11,88,575	5,47,855	455	Walchand & Co. Private Ltd.	Premier Construction	188 50	50	10.00	9.00	14.00		12	Y.P.
75,67,725	46,84,780	1,83,29,420	60,50,053	5,883	Bhagat & Sons Private Ltd.	Structural Engineering Works	90 00	100	10.00	8.00	6.00		6	Y.
36,55,70,601	44,97,94,718	2,05,37,84,586	1,00,22,56,616	2,44,126	Tata Industries Private Ltd.	Tata Iron and Steel	147 50xd	75 Old	10.36*	10.36*	11.00	12.00	3	Y.P.
9,26 26,823	5,56,56,832	39,19,96,452	18,01,54,678	80,276	Tata Industries Private Ltd.	Tata Locomotive	266 75	100	14.00	12.50	14.00	14.50	3	Y.P.T.
17,22,250	18,85,192	45,71,583	19,06,922	11,564	T. Maneklal & Co.	T. Manekial Mfg. Co.	522.50	100	27.00	27.00	27.00		6	Y.
41,66,980	38,97,021	19,70,675	11,38,441	1,176	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	25.00	10	2.25	2.25	2.25		6	Y.
2,55,00,000	3,28,57,127	1,79,11,762	48,76,403	....	J. D. Chokai, Esq. (Chairman)	Voltas Ltd.	267.50	100	14.00	14.00	14.00		3	Y.
69,95,943	49,94,169	1,80,88,893	12,92,940	4,991	M.	Zenith Steel Pipes Ltd.	15.00	10	*Nil*	*Nil*	0.00		4	
West Bengal and Other Centres														
6,00,000	7,36,861	42,61,418	24,99,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	15.00	10	*Nil*	1.00			12	Y.T.
50,00,000	55,58,721	1,22,05,591	52,98,550	2,283	Tata Industries Pvt. Ltd.	Bhartia Electric Steel	15.00	10	1.00	1.25	1.50		12	Y.
20,00,000	12,24,786	54,01,611	18,36,998	21,482	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	18.25	10	1.00	1.00	1.20		12	Y.
1,00,00,000	1,40,28,433	2,28,28,910	1,82,74,056	....	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	32.25	10	2.50	1.40	2.00		12	Y.
12,00,000	58 62,090	1,56,56,242	85,25,828	Balmer Lawrie & Co., Ltd.		Bridge & Roof Co. (India) Ltd.	62.50N	10	3.00	3.00	3.00		12	Y.
10,38,478	7,04,841	18,97,530	14,08,535	22,906	Hoare Wilson & Co., Ltd.	Britannia Building and Iron	3.00	10	*Nil*				3	Y.P.
1,80,00,000	82,95,785	1,98,55,098	75,90,275	5,115	McLeod & Co., Ltd.	Britannia Engineering	9 87	10	1.00	1.00	1.50		12	Y.
25,00,000	23,97,676	44,64,472	22,91,071	....	Balmer Lawrie & Co., Ltd.	Bt. I. P. Electric Construction	29.12	10	1.00	1.50	1.50		12	Y.
165,00,000	3,29,35,397	7,65,05,996	4,17,99,966	Martin Burn Ltd.		Burn & Co.	279 00	100	25.00	12.50	20.00	15.00	3	Y.T.
1,00,00,000	22,70,823	81,14,077	24,19,384	1,57,572	R. N. Bhotika, Esq. (Secretary)	Calcutta Steel Co. Ltd.	13 81	10	1.50	1.50	1.25	1.50	3	Y.
1,00,00,000	42,09,184	2,42,19,314	59,12,202	32,961	R. L. Makharia, Esq.	Central India Machinery Mfg. Co., Ltd.	13 24	10	*Nil*	*Nil*	0.75		3	Y.
80,00,000	35,00,000	1,74,77,661	61,07,564	6,855	M.	Dalmia Iron & Steel Ltd.	11 25	10	1.00	1.00	1.00		10	Y.
60,38,400	28,26,008	1,26,09,918	30,29,918	21,399	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	13 75	10	1.00	1.00	1.00		12	Y.
1,00,18,469	77,93,558	2,44,44,696	36,44,226	15,200	Harparshad & Co. Private Ltd.	Escort Ltd.	17.25	10	1.50	1.10	*Nil*		12	Y.
6,82,18,740	5,12,05,807	10,11,66,706	3,88,48,700	N. R. Pillai, Esq. (Chairman)		Guest, Keen, Williams Ltd.	23 62	10	1.40	1.40	1.20		12	Y.
17,50,000	14,79,000	44,79,694	24,09,320	5,287	Martin Burn Ltd.	Hooghly Docking	77 00	50	*Nil*	6.25	5.00		12	Y.P.
12,44,08,990	41,05,47,562	86,61,86 869	28,54,34,800	Martin Burn Ltd.		Indian Iron and Steel	25 22	10	1.60	1.00	1.50	1.70*	3	Y.
77,97,000	1,25,90,911	1,52,59,529	94,86,216	Martin Burn Ltd.		Indian Standard Wagon	36 94	10	2.85	2.85	2.00*	2.00	3	Y.
99,55,160 } 26,580 }	2,28,85,672	4,56,30,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products	31.75 14 12	0.10 0.1	2.40 0.74	2.40 0.23	2.50 0.80		3	Y.
48,78,588	4,63,950	53,00,314	26,97,142	27,285	C. R. Ramaswamy Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	9.50xd	10	1.25	1.00	0.90	0.90	3	Y.T.
1,81,87,500	1,30,62,181	5,39,84,632	2,05,87,444	4,084	Madan Mohan Lal Shri Ram Pt. Ltd.	Jay Engineering Works, Ltd.	18.25xd	10	1.715	1.00	1.00	0.80	3	Y.
40,00,000	25,79,000	97,96,520	30,88,807	2,169	J. K. Industries Private Ltd.	J. K. Steel Ltd.	18 00	10	2.00	1.00	1.50		6	Y.
2,05 99,000	3,00,16,258	5,57,97,464	1,90,97,854	64,915	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	23 94	10	0.858	0.858	1.00		10	Y.
27,54,300	65,08,046	1,15,97,149	56,44,507	8,146	Bird & Co. Private Ltd.	Kumardhubi Engineering Works	5 59	3	0.35	0.45	0.50		6	Y.
19,50,000	1,09,591	18,65,889	14,91,446	—18,08,418	Marabella (Direction) Private Ltd.	Marshall Sons & Co. (India) Ltd.	3 44	2	*Nil*	*Nil*			6	Y.
60,00,000	19,58,396	1,54,02,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd.	6.19xd	10	*Nil*	*Nil*			3	Y.
6,00,000	20,52,302	32,10,830	22,45,052	18,304	The British India Corpn. Ltd.	Saran Engineering Co.	8 69	4	0.40	0.50	0.40		3	Y.
66,05,790	9,55,000	75,57,465	14,63,310	58,514	Mr. N. Banganadhan (Mg. Director)	Southern Structurals	10.28	10	*Nil*	0.50	0.90		12	Y.P.
1,50,00,000	1,25,51,056	5,74,96,913	2,02,91,542	54,805	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	26.15	10	1.00	1.25	1.50		12	Y.
10,44,225	30,10,956	1,09,67,915	40,30,919	8,132	Balasundaram & Co.	Textool Co. Ltd.	154 00cd	100	15.00	15.00	12.00		4	
14,49,425		4,88,089	25,840	—2,84,787	F. A. Harper, Esq. (Mg. Director)	Welsman Incandescent India Ltd.	11 81	10	..	..	*Nil*		3	

* Includes bonus.

N.B.—All dividends paid since 31st March 1950 are shown as taxable.

'C'—On increased Capital. M—Managed by Board of Directors. X.R.—Ex. Right.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
INSURANCE (X)														
12,50,000	69,03,607	2,06,89,131	87,91,455‡‡	25,429	N. M. Cole, Esq.	Consord of India	9.75	5	1.00	1.00	1.00		12	W.
10,00,000	11,65,196	28,43,030	....	66,290	M.	Davkaran Nanjee Insurance	30.00	50	2.00				12	Y.
24,00,000	1,19,24,652	1,83,12,697	80,66,314‡‡	21,084	H. V. R. Iengar, Esq. (Chairman)	Hercules Insurance	23.50	10	3.625	2.625	2.625		12	Y.
21,15,200	58,08,377	1,18,54,062	78,91,042‡‡	37,539	M. D. Thackersey, Esq. (Chairman)	Indian Mercantile Insurance	63.30	50	6.00	7.50	8.00		12	Y.
20,00,000	98,14,622	2,51,55,538	1,06,14,360‡‡	20,414	M. G. Mody, Esq. (General Manager)	New Great Insurance	24.75	20	2.00	3.00	3.00		12	Y.
1,06,81,590							44.75	15	5.70*	5.70*	5.70*			W.
64,08,960	11,00,50,549	22,52,21,141	11,70,96 966‡‡	....	B. K. Shah, Esq. (Mg. Director)	New India Assurance Co., Ltd.	46.50	15 New	5.70*	5.70*	5.70*		12	W.
22,00,000	1,44,05,006	3,63,51,076	1,42,15,775	....	K. P. Modi, Esq. (Gen. Manager)	Ruby General Insurance Co., Ltd.	12.19	5	1.05*	1.25	1.25		12	Y.
5,75,000	77,35,770	1,33,43,824	55,77,312‡	....	D. Fordwood, Esq. (Secretary)	Trijon Insurance	127.00	25	12.50	12.50	12.50		12	Y.
15,32,070	43,11,862	1,11,53,150	76,85,601‡	....	V. C. Setalvad, Esq. (Gen. Manager)	Vulcan Insurance Co., Ltd.	16.12	10	2.00	2.00	2.00		12	Y.
OIL														
£231,250	£191,392	£519,077‡	....	£2 761	T. Dwarkadas, Esq. (Chairman)	British Burma Petroleum Co.	3.18	Sh. 1½	10%	8%	*Nil*		3	W.
1,00,00,000

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1961	1962	1963	1964	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
1,17,18,750	2,43,57,285	9,39,83,544	1,61,42,462	22,287	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd. ..	11.50	10	1.20	1.20	0.50	0.90	3	Y.P.T.
1,84,93,483	77,93,689	2,60,01,535	1,14,51,193	69,958	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	23.25xd	10	0.90	1.80	1.50	1.80	3	Y.
7,94,700							10.00	10	....	1.00	0.50		4	Y.
12,65,175	2,72,000	16,65,492	2,19,926	1,442	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	7.15	7.50	....	0.50	0.375			Y.
30,00,000	44,23,928	46,09,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	25.00	10	2.81	2.80	2.80		8	Y.
4,97,14,990	81,08,000	5,99,72,026	1,61,25,618	53,309	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	6.90	5	0.30	0.40	0.35		9	Y.
30,00,000	43,10,024	50,67,241	27,77,690	18,162	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	25.25	10	2.00*	2.00*	2.00		12	Y.
1,18,00,000	98,34,917	1,31,10,564	77,02,281	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A.	24.68	10	1.50	1.50	1.50		8	Y.P.T.
20,00,000	44,17,286	77,53,757	54,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	10.37N	10	1.00	1.00			6	Y.
80,01,400	1,26,93,254	97,20,051	46,35,240	....	C. G. Montgomery, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	236.00	100	25.00	25.00	22.50		12	Y.
12,00,000	31,52,123	39,22,354	35,10,354	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	33.87	10	2.50	2.50	3.00		12	Y.P.
20,00,000	9,62,972	67,32,724§§	....	1,064	Lovelock & Lewis	Birds Investment Ltd.	8.75	10	1.00	1.00	0.80		9	Y.P.T.
68,95,530	1,00,95,705	2,16,07,474	89,03,468	745	K. Julius Scott, Esq. (Mg. Director) ..	Britannia Biscuits	36.62	10	3.00*	2.50	2.10	2.10	3	Y.P.
8,25,00,000	2,59,81,762	3,30,37,927	2,59,48,445	23,545	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	11.12	5	0.35	0.45	0.75		12	Y.
50,00,000	49,02,950	52,33,651	29,71,082	2,226	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	24.25	10	1.25	1.00	1.50		12	Y.
1,88,80,000	14,77,612	1,77,96,102§§	....	2,75,442	Andrew Yule & Co., Ltd.	Clive Row Investment	8.44	10	0.75	0.75	0.80		12	Y.P.T.
5,06,650	7,50,000	40,86,667	30,84,660	28,239	K. L. Mittal, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	0.70			10	Y.P.T.
4,50,00,000	6,23,00,650	12,21,08,895	5,75,17,151	....	M. L. Bexon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	32.00	10	2.00	1.50	1.75		12	Y.P.
1,08,00,000	1,26,67,000	19,76,062	9,48,831	22,124	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	137.00	100	14.00	14.00	12.00		3	Y.
56,72,320	2,23,26,495	2,44,33,402	53,53,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	26.12	5	1.50	0.90	0.90		3	Y.
76,89,000	65,11,801	1,78,16,453§§	....	1,51,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	102.00	100	14.00	12.00	10.00		12	Y.
1,59,49,160	4,04,572	33,15,170	5,63,856	31,294	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	8.25	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
48,33,000	9,17,059	1,27,35,885	41,42,015	5,749	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.30	10	0.40	0.40	0.75		12	Y.P.
40,12,888	39,64,090	1,15,37,705	59,85,716	2,62,362	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd.	11.00	12.50	1.60				9	Y.
14,00,000	10,92,000	44,75,416	23,85,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	100.00	100	20.00	15.00			12	Y.P.
90,00,000		4,73,255	21,691	—3,80,6409	National Rubber Mfrs. Ltd.	Ibek Tyres Ltd.	6.69	7.50	*Nil*	*Nil*	*Nil*		6	Y.P.
65,00,000	58,42,190	34,60,723	20,82,583	15,471	J. W. Basson, Esq. (Chairman)	Gillanders Arbuthnot & Co., Ltd. ..	13.31	10	1.10	1.10	1.10		3	Y.P.
40,00,000	35,10,500	38,90,747	56,46,453	2,446	D. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	22.00	10	4.00	8.00	2.00		12	Y.
2,00,15,000	1,54,59,733	3,66,93,878	37,75,535	51,86,310	R. E. O. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	23.50	10	*Nil*				12	Y.P.
5,00,49,550	3,80,11,174	15,66,61,191	6,34,19,091	13,299	Birla Brothers Private Ltd.	Hindustan Motors Ltd.	16.87	10	1.20	1.25	1.15	1.15	3	Y.
1,80,00,000	57,26,612	3,18,45,042	72,54,008	—12,90,311	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	14.50	10	1.20	*Nil*	*Nil*		10	Y.P.
39,91,300	1,02,500	1,07,03,504	18,85,994	—5,10,975	H. L. Somany, Esq. (Chairman)	Hindustan Twyfords Ltd.	15.50	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
15,16,00,000	11,33,81,191	8,38,63,775	4,44,17,194	80,158	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	28.28	10	0.90	0.90	0.80	0.65	3	Y.P.T.
6,00,44,460	5,02,72,274	4,29,46,901	3,02,36,117	1,57,517	H. V. R. Iengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	31.81	10	1.50	1.75	1.75		12	Y.T.
2,48,85,450	3,70,04,031	4,02,36,360	2,08,73,154	9,790	J. V. J. Paterson, Esq. (Chairman) ..	Indian Cable Co., Ltd.	35.31	10	2.25	2.25	2.25	2.50	3	Y.T.
8,64,03,000	1,61,33,886	9,06,12,544	3,91,56,221	35,587	Amiya Kumar Sen, Esq. (Mg. Director)	Indian Oxygen Ltd.	24.50	10	1.50	1.20	1.20		3	Y.P.
29,33,375	1,99,825	60,19,768	28,12,632	66,066	M.	Indian Plastics Ltd.	9.19	10	*Nil*	*Nil*	*Nil*		3	Y.P.
8,27,970	12,42,783	22,18,109	13,35,190	53,791	M.	Indian Rubber Manufacturers	22.00	10	3.00	3.60			3	Y.
74,98,900	5,31,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Woolcombers of India Ltd.	11.31	10	*Nil*	*Nil*			12	Y.P.
2,00,00,000	1,00,37,759	57,22,627	21,50,250	....	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	67.00xd	10	7.00	6.00	7.00	7.00	3	Y.P.
15,00,000	13,00,000	18,79,959	1,52,872	64,044	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	9.19	10	1.00				3	Y.
1,40,20,838	29,23,514	2,73,13,972	18,67,688	1,01,639	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	10.00	10	0.60	0.45	0.32		9	Y.
1,47,12,250	1,38,23,546	94,70,688	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	26.44	10	2.75	2.50	2.50		12	Y.
15,00,000	17,64,807	33,85,043	6,79,411	....	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	22.22	10	1.25	0.60	0.75		12	Y.P.
47,12,000	90,33,868	34,12,628	15,66,033	2,84,727	M.	McLeod & Co.	217.00	100	15.00	18.00			12	Y.P.T.
8,22,00,000	2,96,70,151	5,27,52,316	1,88,41,107	2,480	M. K. Vellodi, Esq. (Chairman)	Metal Box Co. of India Ltd.	70.50	10	2.50	2.50	1.90	1.80	3	Y.
85,12,200	27,76,836	41,53,649	14,39,068	2,720	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electric Industries Ltd. ..	166.00xd	100	20.00	20.00	12.00	12.00	3	Y.
6,56,250	10,53,965	15,65,798	46,55,184	1,217	Mr. M. Subramanyam (Chairman)	Mysore Lamp Works	30.00xd	10	2.50	3.70*	0.80		3	Y.
10,00,000	5,45,007	25,01,104	14,36,682	14,104	I. P. Mallappa, Esq. (Chairman)	Mysore Tobacco	11.90xd	10	*Nil*	1.00	1.00	1.10	3	Y.T.
1,35,00,000	1,31,43,467	1,65,75,434	83,59,903	40,361	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	25.50	10	2.00	2.50	1.80	2.00	3	Y.T.
30,00,000	86,90,300	56,25,223	32,56,376	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Pipes & Tubes Co., Ltd. ..	28.25	10	2.00	2.00	2.00		9	Y.P.
40,00,000	39,77,485	81,98,266	44,68,902	35,985	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Rolling & Steel Ropes ..	24.37	10	1.50	1.50			6	Y.P.
50,00,000	21,55,713	1,30,14,550	62,00,855	58,829	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd. ..	11.00	10	0.65	0.80	1.00		12	Y.
79,97,000	1,30,46,998	1,76,39,893	1,01,47,284	3,26,438	B. N. Elias & Co. Private Ltd.	National Tobacco Co.	11.75	10	0.70	0.70	0.80		12	Y.P.
23,32,100	17,27,391	64,55,515§§	....	46,960	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	68.00	75	6.50	5.00			12	Y.
20,00,000	10,04,500	19,06,662	10,15,929	2,705	Parry & Co., Ltd.	Parsons Confectionery Ltd.	2.93xd	1	0.30	0.26	0.16		3	Y.
2,20,00,000	1,13,26,066	2,65,53,739	1,25,58,971	43,000	Mr. H. Bosschaart, Esq. (Chairman) ..	Phillips India Ltd.	27.62	10	1.20	1.30	1.50		12	Y.
1,56,25,000	9,45,700	2,36,97,801	39,71,184	—47,66,862	Duncan Brothers & Co., Ltd.	Phillips Carbon	13.56	5	*Nil*	*Nil*	*Nil*		3	Y.P.
12,25,600	10,24,312	46,31,719	19,92,898	4,668	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	9.15cd	5	0.70	0.75	0.75	0.875	3	Y.
51,04,260	47,08,357	1,31,00,175	38,04,201	2,894	T. V. Sundram Iyengar & Sons (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	20.37xd	10	1.80	1.80	1.80	1.50	3	Y.P.
2,25,00,000	41,45,070	1,66,51,275	62,82,070	5,962	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	128.00	100	8.50	8.50	10.00		3	Y.P.
5,00,00,000	3,16,24,548	16,37,20,662	8,69,12,579	1,697	Sahu Jain Ltd.	Rohtas Industries	10.31	10	1.00	0.80	0.90	0.80	3	Y.P.
1,35,00,000	86,99,991	3,28,44,422	1,37,12,414	4,301	K. N. Ganguli, Esq. (Secretary)	Sen-Raleigh Ltd.	13.00	10	0.80	0.80	*Nil*		9	Y.P.
71,60,000	....	1,02,02,408	9,21,237	—14,10,918	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	7.00	10	*Nil*	*Nil*			12	Y.P.
75,00,000	69,54,952	1,66,99,597	70,28,936	3,55,748	C. M. A. Bathurst, Esq. (Chairman) ..	ShawWallace & Co., Ltd.	15.37	10	1.50	0.75	1.25		12	Y.P.
40,00,000	1,10,03,806	1,65,53,654	89,38,199	4,87,420	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	21.50	10	1.80	1.80	1.80		6	Y.P.
47,00,000	32,00,000	2,09,13,405	63,50,721	14,232	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	10.15	10	0.70	0.60			12	Y.
9,99,310	59,875	19,24,738	10,28,291	1,292	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	5.03	10	0.70	0.65	0.65		12	Y.
11,56,300	10,10,341	16,95,997	8,53,687	63,666	J. H. Wilkes, Esq. (Gen. Manager) ..	T. Stanes & Co., Ltd.	28.53xd	10	1.50	3.25	3.35		3	Y.
2,50,00,000	2,14,79,630	5,65,64,026	1,69,15,726	50,510	Sir A. Ramaswami Mudaliar (Chairman)	The Investments of India Ltd.	185.00	100	9.00	10.00	10.00		7	Y.P.
3,58,950	7,01,942	79,26,373	46,26,373	89,275	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	9.62	10	*Nil*	*Nil*	1.00		9	Y.
2,80,00,000	3,80,54,275	7,77,15,892	2,63,25,232	1,93,008	J. R. Galloway, Esq. (Chairman) ..	Union Carbide India Ltd.	32.75	10	1.80	1.25	1.50		12	Y.
50,00,000	72,96,098	73,35,585	27,08,709	....	Vittal Mallya, Esq. (Chairman)	United Breweries	24.50xd	10	6.00	2.50	0.60	0.90	3	Y.
5,00,000	8,41,748	8,17,689	1,58,498	8,262	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	34.62	10	1.50	0.75	2.00		11	Y.P.
81,46,200	43,08,662	1,21,03,305	64,16,526	15,013	A. K. Kaderkutty, Esq. (Mg. Director)	Western India Plywoods Ltd.	200.00	100	12.00	14.00	15.00	6.00	3	Y.P.
TRANSPORT														
20,00,000	33,78,558	70,97,782	30,60,733	54,558	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	105.50	100	7.50	10.00	10.00		10	Y.P.
1,00,00,000	75,25,652	3,76,69,710	1,67,53,127	—63,12,170	Dinshaw (Private) Ltd.	Bharat Line	4.48	10	*Nil*	*Nil*	0.50		12	Y.
60,00,000					A. H. Bhiwandiwalla & Co. (Bombay)		12.08	10	0.78	1.00	*Nil*			Y.T.
80,06,000	2,71,64,446	10,84,29,602	3,49,39,642	1,28,987	Private Ltd.	Great Eastern Shipping Co.	13.92	10	0.39	0.50	*Nil*		6	
£6,55,580	£1,194,360	£4,312,091	£2,342,183	—£84,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co...	36.25	£10	*Nil*	*Nil*			12	Y.P.
2,47,50,000	1,65,24,538	23,32,64,932	9,16,76,188	....	Lionel Edwards (Private) Ltd.	India Steamship Co.	6.97	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
11,28,19,293	11,58,24,547	36,88,60,105	12,45,17,005	2,82,649	D. N. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	15.62	20	0.60	0.60	1.00		6	Y.
O. 8,40,800							3.06	O. 1	0.30	0.30	0.27			
P.O. 2,10,200	30,76,582	18,79,885	11,06,250	21,687	R. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	2.94	P.O. 1	0.20	0.20	0.27		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1961	1962	1963	1964	Accounts Closed	References
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	59,90,550	1,71,97,033	1,03,91,592	16,612	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	20.19	10	1.25	1.50	1.75	1.75	3	Y.
12,00,000	15,08,889	42,54,256	37,43,315	....	Jardine Henderson Ltd.	Barraree Coke	20.75	10	*Nil*	1.50	1.50	2.00	12	Y.P.
4,49,350	1,52,388	11,57,089	6,92,033	5,392	Kalyanji Mavji & Co.	Bengal-Bhatdee	3.00	10					12	Y.P.
1,20,00,000	2,58,23,173	9,41,09,765	5,68,34,133	1,03,409	Andrew Yule & Co., Ltd.	Bengal Coal	255.00	100	21.00	19.00	16.00		10	Y.P.
2,25,000	5,45,835	24,86,320	21,80,114	16,120	M.	Bengal-Nagpur	22.00N	10	2.60				12	Y.P.
4,00,000	64,950	1,27,37,959	69,90,595	—3,95,581	Sahu Jain Ltd.	Bharat Collieries	2.65	10	*Nil*	*Nil*			6	Y.
7,15,000	8,31,772	59,01,884	37,69,468	—6,87,301	M.	Bhulanbararee	10.00N	10					12	Y.
7,50,000	29,11,605	55,15,184	32,39,252	6,037	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	18.25	10	1.50	1.50	1.50		12	Y.P.
90,92,480	94,82,421	4,74,28,820	2,50,88,877	90,768	Bird & Co. Private Ltd.	Burrakur	17.06	10	1.30	1.30	1.30		6	Y.
49,97,750	10,46,028	91,51,487	36,62,995	20,778	Hindustan Investment Corpn. Ltd. ..	Central India	8.56	10	1.00	1.00	0.90	1.00	3	Y.P.
8,00,000	12,99,400	54,18,457	35,46,385	—1,25,841	Jain Industries	Central Kurkend	3.50N	10					12	Y.
16,00,000	....	61,90,801	36,92,941	—5,39,084	M.	Dhemo Main	3.95	10	*Nil*				12	Y.P.
£2,40,000	£561,055	£979,072	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	27.62	£1	2.00	2.75			4	Y.
20,63,760	1,22,22,090	4,29,46,901	3,02,36,117	1,57,517	Macneill & Barry Ltd.	Equitable	21.50	10	1.00	1.00	1.00		12	Y.
15,00,000	40,000	27,42,664	9,88,623	—5,84,265	Bhatter's Agency Ltd.	Ghusick and Muslia	13.00N	10	*Nil*	*Nil*			3	Y.
12,00,000	2,41,433	45,20,017	30,34,265	796	Killick Industries Ltd.	Hingir-Rampur	46.50	50	*Nil*	*Nil*			6	Y.P.
3,00,000		28,07,213	20,64,191	—3,65,025	M.	Hurriladih	5.44N	10					12	Y.P.
20,00,000	17,65,600	57,00,243	19,62,364	1,971	Bird & Co. Private Ltd.	Karanpura Collieries	18.44	10	1.00	1.00	1.00	1.20	2	Y.
14,90,460	20,19,553	70,21,364	46,47,670	22,818	Andrew Yule & Co., Ltd.	Katras Jherriah	28.37	10	4.00	2.50	3.00		1	Y.
9,00,000	10,27,762	23,57,644	23,77,712	57,591	H. V. Low & Co. (Private) Ltd. ..	Lakurka	17.00N	10					4	Y.
7,48,240	66,490	13,90,484	10,51,223	74,711	Tantia Brothers Private Ltd.	Nazira	4.69	10	*Nil*	*Nil*			12	Y.
31,97,210	46,16,139	2,10,81,103	1,23,85,029	15,709	Andrew Yule & Co., Ltd.	New Beerbhoom	16.50	10	1.00	1.20	1.00		10	Y.
10,00,000	3,90,206	12,37,188	3,80,199	51,280	Octavius Steel & Co., Ltd.	New Manbhoom	11.00	10	0.90				3	Y.
1,15,000	4,31,409	17,65,275	10,59,556	15,045	M.	North West	19.75	10	2.00				3	Y.
1,57,000							17.00N	7.50	1.50					
7,50,000	12,52,534	1,94,847	22,85,005(k)	....	P. Prashad, Esq. (Chairman)	Ondal	11.00N	10	0.75	0.75	0.50		12	Y.
8,34,...	1,52,212	87,86,226	14,17,160	589	Deepchand Kisheniall	Parasea	12.00N	10	0.125				12	Y.
15,75,000	30,64,625	1,00,54,255	62,14,386	7,284	Shaw Wallace & Co., Ltd.	Pench Valley	17.44	10	1.00	1.00	1.25	0.75	3	Y.
41,97,070	40,05,000	1,92,61,106	1,25,63,200	15,758§	S. K. Mukerjee, Esq. (Secretary) ..	Raneegunge	13.00	10	1.70	1.70	1.70	1.40	3	Y.
13,50,000	32,96,490	69,33,334	42,23,819	8,458	Shaw Wallace & Co., Ltd.	Rewa	21.87	10	2.00	1.00	1.50		12	Y.
37,50,000	45,20,336	1,20,44,712	48,96,967	3,958	M.	Samla Collieries	7.81	10	1.00	0.75	0.75		12	Y.
40,00,000	16,17,485	1,10,28,290	24,54,119	1,672	S. D. Sethia & Co. Private Ltd.	Selected Satgram Collieries	109.00	100	14.00	10.00	10.00		12	Y.
2,80,000	14,49,316	36,11,289	22,95,222	16,284	Andrew Yule & Co., Ltd.	Seebpore	29.50N	7	3.00	2.50	2.00		12	Y.
12,84,000	6,35,222	35,740	18,88,748(k)	382	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	3.87	10	0.35	0.25	0.30		3	Y.
3,00,00,000	1,42,11,727	11,90,70,501	5,00,12,313	18,633	M. P. Pai, Esq. (Chairman)	Singareni	9.75	10	0.75		0.75		3	Y.
17,50,000	11,77,056	57,60,323	25,84,592	3,001	Bird & Co. Private Ltd.	South Karanpara	6.35	10	*Nil*	*Nil*	0.25		3	Y.
6,00,000	16,18,969	1,58,707	25,19,145(k)	4,723	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	9.62xd	10	1.00	1.00	1.00		12	Y.
3,50,000	3,01,032	23,77,775	17,78,595	36,403	B. M. Varma, Esq. (Mg. Director) ..	Union	10.25N	10	*Nil*				12	Y.
49,98,000	11,08,150	1,30,51,456	50,25,936	90,850	Hindustan Investment Corpn. Ltd. ..	Western Bengal	9.44	10	0.75	0.90	0.90	1.00	3	Y.
7,00,000	....	66,62,759	34,56,424	—6,23,711	M.	West Jamuria	3.60	10	*Nil*				12	Y.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 P for the year ended 31st March 1955 and 37 P for the year ended 31st March 1956. *Includes bonus.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments. §§Investment at cost.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X.B.—Ex-Bonus.

TREND OF SHARES

PERSISTENT BULL LIQUIDATION

(From Our Own Correspondent)

BOMBAY, *8th October*

OVER the week, industrials on the Bombay Stock Exchange suffered heavy all-round losses on persistent bull liquidation and absolute lack of follow-up support. Bears took the opportunity to effect short sales in selected counters. The undertone at the close was distinctly weak. Among the leading counters, Tata Steel was down from Rs. 148.50 to Rs. 146, Indian Iron from Rs. 25.15 to Rs. 24.88, Bombay Dyeing from Rs. 60.20 to Rs. 59.20, Century from Rs. 620.50 to Rs. 605, Standard from Rs. 637 to Rs. 610, Kohinoor from Rs. 326 to Rs. 320 and Svadeshi from Rs. 264 to Rs. 262. The decline in the other counters was equally sharp, with Telco receding from Rs. 270 to Rs. 260.50, National Rayon from Rs. 361 to Rs. 347.50, Dyestuff from Rs. 300 to

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
67,50,000	1,33,55,000	4,67,630	Allahabad Bank	249.00	100	18.00‡	15.00	15.00		12	Y.P.
1,01,600	30,58,220	4,794	Andhra Bank	103.00	100	8.00	8.00	8.00		6, 12	H.
40,78,800				85.75	85	6.80	6.80	6.80			
2,00,00,000	2,44,93,760	2,96,970	Bank of Baroda	98.50	50	8.50	8.00	9.00		12	Y.
3,55,00,000	4,86,00,000	4,19,848	Bank of India	102.00	50	10.00	10.00	9.00	4.00‡	6, 12	R.L.Y.
A. 80,00,000				107.00	50'A'	10.00	10.00	9.00	4.00‡		
60,80,080	35,90,200	47,625	Bank of Maharashtra	52.50	50	4.50	4.50	4.50		12	Y.
86,00,000	1,00,78,033	....	Canara Bank Ltd.	81.00	50	7.50	7.50	7.50		12	Y.P.
25,00,000	27,00,000	9,000	Canara Banking Corporation Ltd. ..	68.50	50	7.50	7.50	6.00		12	Y.P.
'A' 5,99 880				143.50	100'A'	20.00‡	20.00	20.00			
'B' 41,42,120	75,20,000	17,041	Syndicate Bank Ltd.	19.25	10'B'	2.00‡	2.00	2.00		12	Y.P.
'C'. 5,00,000				1.57	1'C'	0.20‡	0.20	0.20			
2,63,01,800	5,20,41,606	91,510	Central Bank of India Ltd.	52.20	25	5.00	5.00	5.00	2.40‡	12	R.L.Y.
'A' 82,50,000				53.00	25	5.00	5.00	5.00	2.40‡		
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co. ..	65.00	50	5.50	5.50	6.00		12	Y.
2,00,00,000	2,40,00,000	70,60,104	Habib Bank Ltd. P.	20.95N	5	20%	20%	20%		12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank ..	10.25	50	Nil	Nil	Nil		12	Y.
50,00,000	2,50,000	18,103	Hindustan Mercantile Bank	10.50	50	Nil	Nil	Nil		12	Y.
88,46,215	92,91,884	1,01,942	Indian Bank	151.00	100	15.00	14.00‡	15.00‡		12	R.L.Y.
99,71,575	93,62,535	1,01,850	Indian Overseas Bank Ltd.	149.50	100	14.00	12.00	14.00		12	Y.
2,00,00,000	2,87,10,000	2,27,073	Punjab National Bank	20.24	10	2.00	2.00	2.00		12	Y.
5,62,50,000	9,30,00,000	82,50,831	State Bank of India	402.75	100	28.00	23.00	28.00		12	Y.
1,00,00,000	76,00,000	1,57,743	Union Bank of India	6.56	5	0.57	0.57	0.57		12	Y.
2,79,66,812	3,20,00,000	75,942	United Commercial Bank	73.00	50	6.00	6.00	6.00		12	Y.
2,68,71,987	1,00,80,000	4,15,815	United Bank of India	8.12	10	0.60	0.60	0.75		12	R.L.Y.

PRINCIPAL EXCHANGE BANKS (Dividend per cent.)

£6,600,000	£7,525,000	£510,433	Chartered Bank	£2-9-0	£1	15†	15†	15†	12	Y.
H.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£22‡	H.K. $25	sh. 15*	sh. 16*	sh. 16*	12	Y.
£5,708,000	£5,250,000	£316,941	National and Grindlays Bank Ltd. ..	£1-11-9	sh. 15	14†‡	16†‡	16† ‡	12	H.Y.

‡ Includes bonus. P—Figures in Pak rupees. Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June ..	Carew & Co.	1938	98.50	1st June 1970
2,46,000	6½	1st March and 13th September ..	Carew & Co. (2nd mortgage)	1941	95.00N	28th February .. 1970
25,00,000	4½	1st May and 1st November ..	Walchandnagar Industries	1944	99.50	1st November .. 1959-64
15,00,000	6	1st July and 1st January ..	Walchandnagar Industries	1960	98.50	21st June 1972
COAL						
30,00,000	6	30th April and 31st October ..	Bharat Collieries	1944	(UP) 90.00N	31st October .. 1964
60,00,000	6½	1st May and 1st November ..	Bengal Coal Co., Ltd.	1961	(UP) 98.00	31st October .. 1975
20,00,000	4½	30th June and 31st December ..	Burrakur Coal Co.	1947	90.00	30th June .. 1967 (a)
46,86,000	5½	1st July and 1st January ..	Equitable Coal Co.	1953	97.00	14th December .. 1968 (a)†
COTTON						
80,00,000	5½	1st January and 1st July ..	Ahmedabad Advance	1956	89.00	15th December .. 1966-71‡
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1897	90.00N	15th November .. 1966 (a)
65,23,000	5T	1st April and 1st October ..	Buckingham and Carnatic	1952	100.00	1st March .. 1972 (a)
40,02,831	6½	1st April and 1st October ..	Gokak Mills	1957	93.00	1st April 1967-72
15,00,000	6½	2nd January and 2nd July ..	Minerva Mills	1959	..	1st July 1967-76
$4,22,000	6½	1st January and 1st July ..	Shree Nivas	1958	99.00	31st December .. 1970
$9,51,000	6½	1st April and 1st October ..	Simplex	1959	97.00	15th October, .. 1969-74
80,00,000	5½	1st April and 1st October ..	Lakshmi-Vishnu	1958	94.50	1st June 1966-70
30,00,000	5½	1st June	Tata Mills	1961	98.50	1st June 1966-71
ELECTRICS						
10,00,000	4½	31st March and 30th September ..	Agra Electric Supply Co., Ltd. ..	1950	97.00N	31st March .. 1965 (a)
2,00,00,000	5½	15th June and 15th December ..	Ahmedabad Electric Co., Ltd. ..	1960	98.00	15th June .. 1965-70
98,28,000	5½	1st April and 1st October ..	Andhra Valley Power Supply Co. ..	1940	94.00	1st April 1970-75
12,00,000	6	31st March and 30th September ..	Benares Electric Light and Power Co., Ltd.	1949	97.00N	31st December .. 1964 (a)
42,787,574	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	89.50	1st January .. 1970 (a)
10,80,000	5	1st January and 1st July ..	Sijua (Dherlah) Electric Supply Co., Ltd.	1951	91.00N	30th June .. 1976 (a)
1,00,000	5T	3rd April and 3rd October ..	South Madras Electric Supply	1940	93.50	30th September .. 1953-68
67,73,000	5	1st March and 1st September ..	Tata Power	1940	93.00	1st July 1970
2,50,00,000	4½	1st January and 1st July ..	Tata Power	1949	93.50	1st July 1965-70
ENGINEERING						
5,00,000	5½	30th June and 31st December ..	Britannia Engineering	1945	94.00N	31st December .. 1969
1,50,00,000	6	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	98.50	1st January .. 1971
29,18,000	7	15th September and 15th March.	Indian Hume Pipe (Bearer)	1957	101.00	15th September .. 1977 (a)
10,00,000	4	31st May and 30th November ..	Kumarshubil Engineering Works Ltd	1946	90.00N	31st May .. 1951
3,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	97.20	30th September .. 1960-65
JUTE						
12,00,000		1st October and 1st April ..	Agarpara	1939	91.50"	31st March .. 1969
6,00,000		30th June and 31st December ..	Alexandra	1939	91.50N	30th June .. 1969
15,00,000		31st December and 30th June ..	Auckland Jute Co., Ltd.	1945	97.00N	31st December .. 1964
10,59,000	5	30th June and 31st December ..	Chitavalah Jute Mills	1951	93.00N	30th June .. 1966
18,75,000	5½	31st March and 30th September ..	Dalhousie Jute Co.	1954	95.00	31st March .. 1969 (a)
5,86,000	5	15th January and 15th July ..	Empire	1951	92.00N	15th July .. .. 1966 (a)
25,00,000	5½	31st March and 30th September..	Fort Gloster Industries Ltd.	1952	98.00	30th September .. 1966
20,40,000	5½	31st March and 30th September..	Howrah Mills Co., Ltd.	1952	93.50	31st March .. 1970
25,00,000	5	30th June and 31st December ..	Kinnison Jute Mills Co., Ltd. ..	1949	97.00N	31st December .. 1964 (a)
25,00,000	5½	30th June and 31st December ..	Naihati	1952	92.00	31st March .. 1967 (a)
5,00,000	6½	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd.	1939	92.00N	14th May .. 1974
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co., Ltd.	1945	97.00	31st December .. 1964
25,00,000	5	31st March and 30th September..	Reliance Jute Mills Co., Ltd. ..	1950	94.00N	5th September .. 1965 (a)
12,00,000	5½	30th June an 31st December ..	Union	1937	95.50N	31st March' .. 1967
RAILWAYS; STEAMSHIP AND TRAMWAYS						
£321,697	4½	1st January and 1st July ..	[illegible]	1900	£66.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£139,051	5	1st April and 1st October ..	Calcutta Tramways	1933	£74.00N	1st October .. 1974
5,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway ..	1945	85.00N	31st December .. 1974
£200,000	4½	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway	1905	£64N	Any time on six months' notice (a)
PLANTING						
4,64'000	7T	1st April and 31st October ..	Sangameshwar Coffee	1936	100.00	1st April 1960-61
MISCELLANEOUS						
45,00,000	5	2nd January and 2nd July ..	Aluminum Industries	1961	100.75	2nd July 1966-71
9,96,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd. ..	1948	97.00 N	31st December .. 1966
8,00,00,000	5½	1st March and 1st September ..	Burmah-Shell	1954	93 75	1st September .. 1966-69(a)§
2,00,00,000	5½	1st April and 1st October ..	Caltex Oil Refining (India) Ltd. ..	1955	93.50	1st October .. 1970
1,00,00,000	6½	31st March and 30th September..	Dalmia Cement (Bharat) Ltd.	1946	96.00	30th September .. 1970
2,04,55,000	6½	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd. ..	1960	99.00	1st January .. 1973 (a)†
97,80,000	5½	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	94.50N	30th June .. 1969 (a)‡
3,00,00,000	6½	1st January and 1st July ..	Indian Aluminium Co., Ltd.	1959	96.50	1st January .. 1975
27,75,000	5T	2nd January and 2nd July ..	Mettur Chemical Industries	1949	84.00	30th September .. 1968
39,70,000	4	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes) ..	1947	410.00 (per note)	31st December .. 1972 (a)
74,75,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	78.00	1st April 1971
55,91,000	6½	30th June and 31st December ..	National Rayon	1955	99.50	30th June .. 1966-70
30,00,00,000	6T	15th May and 15th November..	Oil India		99.75	15th November .. 1968-77
20	6½	15 January and 1st July ..	Premier Automobiles	1958	125.50	15th March .. 1968-73
1,00,00,000	6	30th June and 31st December..	Rohtas Industries Ltd.	1946	96.00	31st December .. 1969
10,00,000	5½	January and July ..	Shree Gopal Paper Mills Ltd. ..	1944	95.00N	15th July 1966
80,00,000	5½	1st May and 1st November ..	Esso	1953	95.25	1st April .. .. 1964-68 (a)‡‡
5,31,000	5	31st January and 31st July ..	Tata Chemicals Ltd.	1945	95.00	31st July 1970-75
50,00,000	6	1st April and 1st October ..	Tata Oil Mills Co. Ltd.	1959	96.00	30th September .. 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 13 years. § Any debenture outstanding on 1-6-1969 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-9-1964. ‡‡ Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1963 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961. T.—Taxable. T.F.—Tax-free. N.—Nominal.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 8th October 1964.

	Closing quotations 30-9-1964	High	Low	Closing quotations 8-10-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100) ..	144.00	144.00	143.75	144.00
Apollo (2)	1.76	1.78	1.74	1.74
Baroda Rayon (100) ..	72.00	72.00	67.00	67.00
Bombay Dyeing (25) ..	60.00	60.80	59.20	59.20
Bradbury (50) ..	162.50	—	—	162.50
Central India (100) ..	102.50	107.50	102.00	102.00
Century Mills (100) ..	622.50	622.50	604.00	605.00
Dawn (50)	163.00	164.00	161.00	161.00
Elphinstone (50) ..	99.00	99.00	97.00	97.00
Finlay (100)	304.00	306.50	300.00	300.00
Gokak (100)	178.50	178.50	176.00	176.00
Gold Mohur (100) ..	221.25	—	—	221.25
Gwalior Rayon (10) ..	39.50	—	—	39.50
Ind. Untd. Defd. (1) ..	2.38	2.38	2.34	2.34
Ind. Untd. Ord. (10) ..	19.36	19.32	19.24	19.32
Indian Rayon (100) ..	59.00	62.00	58.00	58.00
Indore Malwa (100) ..	210.00	—	—	210.00
Khatau (100)	180.00	180.00	175.00	175.00
Kohinoor (100)	326.50	328.50	319.00	320.00
Mafatlal (100)	516.25	526.25	516.25	526.25
Modella Woollens (10) ..	12.24	12.36	12.24	12.36
Morarji (100)	264.00	264.00	260.00	260.00
Mysore (50)	35.00	36.00	35.00	35.50
National Rayon (100) ..	362.00	363.50	347.50	347.50
New Great (100) ..	160.00	—	—	160.00
Phoenix (100)	235.00xd	236.00	228.00	231.50
Podar Mills (10) ..	11.40	11.40	11.12	11.20
Raymond Woollen (100) ..	136.00	136.00	134.50	135.00
Sassoon Spg. (10) ..	37.75	—	—	37.75
Shreeniwas (100) ..	254.00	254.00	250.00	250.00
Simplex (50)	125.50	—	—	125.50
Standard (100) ..	637.00	640.00	610.00	610.00
Svadeshi (100) ..	265.50	264.50	261.00	262.00
Swan (100)	270.00	276.25	270.00	275.00
S. I. Viscose (100) ..	116.00	116.00	113.00	113.00
Tata Mills (25) ..	50.50	51.20	49.50	49.50
Lakshmi-Vishnu (100) ..	83.00	83.00	82.00	83.00
Western India (250) ..	850.00	—	—	850.00
BANKS				
Bank of India (50) ..	102.00	102.00	101.00	101.00
Do. (New) (50) ..	106.00	107.00	106.00	107.00
Bank of Baroda (50) ..	98.50	—	—	98.50
Central (25)	52.50	52.50	52.00	52.50
Central 'A' (25) ..	53.50	53.50	53.00	53.00
Dena Bank (50) ..	65.00	65.50	65.00	65.00
Punjab National (10) ..	19.76	20.24	19.76	20.24
Union Bank (5) ..	6.52	6.60	6.48	6.56
United Com. (50) ..	73.00	73.00	72.70	73.00
Maharashtra (50) ..	52.00	52.50	52.00	52.50
ELECTRIC COS.				
Ahmedabaq (100) ..	106.75	107.25	106.50	106.50
Amalgamated (10) ..	10.00	—	—	10.00
Andhra Valley (1,000)	1,270.00	1,270.00	1,268.75	1,268.75
Bom. Sub. El. (100) ..	115.00	117.00	116.00	116.50
Surat (100)	131.50	133.50	132.00	132.50
Tata Hydro (100) ..	128.75	132.50	130.00	130.50
Tata Power (1,000) ..	1,330.00	1,337.50	1,325.00	1,325.00
INSURANCE COS.				
British India (10) ..	13.60	13.60	13.40	13.40
Indian Mercantile (50)	63.20	66.00	63.20	66.00
New India (15) ..	45.00	45.25	44.50	44.50
New India 'A' (15) ..	46.75	46.50	46.00	46.00
Vulcan (10)	16.12	—	—	16.12
STEEL COS.				
Ind. Iron (10) ..	25.12xd	25.30	24.88	24.88
Mukand Iron (10) ..	18.40	18.36	17.84	17.84
Tata Steel Ord. (75) ..	148.75xd	148.75	146.00	146.00
SUGAR COS.				
Belapur (50)	227.00	227.00	225.50	225.50
Bhopal (10)	12.76	12.76	12.44	12.52
Champdee (12.50) ..	22.76	—	—	22.76
Maharashtra (50) ..	140.00	141.50	138.50	138.50
Phaltan (50)	113.50	114.50	113.00	114.00
Walchand Ind. (100) ..	161.50	162.00	161.00	162.00
CEMENT COS.				
Associated Cts. (100) ..	162.25	162.75	161.00	161.25
Digvijay (100)	183.00	182.50	181.00	182.50
Orissa (10)	11.40	11.44	11.32	11.32
DYES & CHEMS.				
Amar-Dye-Chem (100) ..	157.50	156.50	153.75	153.75
Camphor & Allied (100)	91.50	—	—	92.00
Citric (100)	70.00	70.50	69.00	70.00
Chemicoat (100)	102.50	102.50	100.00	100.00
Colour-Chem (100) ..	322.50	321.25	300.00	300.00
Indian Dyestuff (100) ..	302.00xr	303.00	290.00	290.50
Polychem (50)	110.00xrxd	110.50	107.00	107.00
Synthetics (100) ..	85.50	87.00	79.00	79.00
Tata Chemicals (10) ..	19.60	19.60	19.16	19.16
MISCELLANEOUS				
Alcock Ashdown (100) ..	296.00	295.00	290.00	290.00
Bom. Burmah (25)§ ..	56.30	57.20	55.90	55.90
Do. (New) (20)§ ..	42.50	42.75	42.00	42.50
Br. B. Petrol (1½ sh.) ..	3.28	3.26	3.12	3.14
Br. I. Corpn. (5) ..	11.12	11.16	11.00	11.16
Cooper Engg. (100) ..	116.00	116.00	113.00	113.00
Hindustan Lever (10) ..	30.50	30.75	30.50	30.50
Hindustan Motors (10) ..	17.80	17.96	17.44	17.44
I. C. & Invest. Corporation (100) ..	95.50	96.00	95.50	96.00
Indian-Copper (2 sh.) ..	3.40	3.40	3.30	3.32
Killick (100)	100.50	100.50	100.00	100.50
Larsen & Toubro (10) ..	21.92xd	21.92	21.48	21.52
Mahindra & Mahindra (10) ..	17.20	17.20	17.00	17.08
Asian Cables (100) ..	66.00	66.50	66.00	66.50
Permanent Magnets (100) ..	102.00	105.00	102.00	104.00
Philips Carbon (10) ..	13.24	13.24	13.00	13.00
Pre. Automobiles (100)	107.00	107.00	102.50	102.50
Premier Con. (50) ..	191.00	190.00	186.50	186.50
Scindia (20)	16.08	16.36	15.84	15.84
G. E. Shipping (10) ..	13.92	13.92	11.88	11.88
N. Standard Eng. (100)	130.00	130.00	129.50	129.50
T. Mamekial (100) ..	525.50	522.50	502.50	502.50
Shivrajpur (10) ..	17.00	17.24	16.76	16.76
Sirpur Paper (10) ..	12.00	12.00	11.60	11.60
Tata Locomotive (100)	270.00	270.50	260.50	260.50
Tata Oil (25)	51.00	51.20	50.00	50.00
Voltas (100)	269.50	270.00	262.50	263.00
W. I. Match (100) ..	243.50	243.50	240.00	240.00
W. Coast Paper (100) ..	171.50	172.00	168.00	168.00
Zenith Steel (10) ..	15.00	15.24	14.76	14.76

GOVERNMENT SECURITIES	30-9-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	8-10-1964 Rs.
2½% 1975	83.00	—	4.61	83.00
3 % 1966-68	98.35	3.85	3.45	98.35
3 % 1970-75 1st Dev.	90.05	4.94	4.12	90.25
3 % 1966 Com. Loan ..	63.10	—	4.75*	63.10
3½% 1965 N. P. Bonds.	100.00	—	3.50	100.00
3½% 1967 N. P. Bonds.	99.80	—	3.58	99.80
3½% 1974	96.60	—	4.17	96.60
3½% 1967 N. P. Bonds.	99.90	—	3.79	99.00
3½% 1969 Loan ..	98.00	—	3.95	98.00
3½% 1968	99.00	—	3.77	99.00
3½% 1968 N. P. Bonds.	99.90	—	3.76	99.00
4 % 1972 Loan ..	98.80	—	4.18	98 80
4 % 1973 Loan ..	98.70	—	4.17	98.70
4 % 1979 Loan ..	98.00	—	4.18	98.00
3½% 1966 Bonds ..	100.00	—	3.50	100.00
4 % 1980 Loan ..	98.05	—	4.17	98.05
4 % 1981 Loan ..	98.00	—	4.16	98.00
4½% 1985 Loan ..	100.15	—	4.49	100.15
6½% 1977 G. Bonds.	118.10	—	4.78	118.10
4½% 1972 N. D. Bonds	100.10	—	4.24	100.10
4½% 1986 Loan ..	100.25	—	4.48	100.25
4½% 1989 Loan ..	100.05	—	4.75	100.00

* Current Income. xd—Ex-dividend. x.r.—Ex-Right.
c.r.—Cum-Right. cd—Cum-dividend.
§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

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

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REORIENTATION OF EDUCATION

IT is, indeed, surprising that the Central Advisory Board of Education should have put forward a series of far-reaching recommendations at its thirty-first session held at Bangalore early this week. It is surprising because the recommendations would tantamount to prejudging the findings of the Education Commission, headed by Dr. D. S. Kothari. The Education Commission, as readers are aware, has been entrusted with the task of evolving a national pattern of education and enunciating the general principles and policies for the development of education *at all stages and in all its aspects.* Although the Commission has been asked to submit its final report before the end of March 1966, it is expected to submit from time to time interim reports where immediate implementation of certain programmes is considered necessary. Mr. M. C. Chagla, Union Minister for Education—it was Mr. Chagla who appointed the Commission—himself stated, while inaugurating the Commission at New Delhi on the 2nd instant, that he was most anxious that the Commission should give interim reports from time to time, so that the Government could immediately take action on its recommendations. Why, then, has the Central Advisory Board of Education ventured to suggest several changes in the meantime? What it should have done was to pose the issues for the consideration of the Commission, instead of itself taking firm decisions. For it is quite possible that some of the recommendations of the Board, which may be given effect to by the Government, may not find favour with the Commission, in which case both the Government and the Commission will find themselves in an embarrassing position.

Take, for instance, the Board's recommendation that the private sector should be barred from entering professional education. All professional colleges, including technical and medical, it is urged, must be started *only* by the Government in future. This is certainly an unrealistic and unreasonable plea. There are, of course, several cases of corrupt practices like the levy of capitation fees and the extortion of donations, not to speak of the low standard of education imparted by many private institutions. But such practices can easily be eradicated through the vigorous enforcement of regulations by the Central and State Education Departments. Merely because a particular system suffers from certain defects, it would be wrong to condemn it entirely and plead for its abolition. A look at the history of education in India and other countries will reveal that educational institutions sponsored and run by philanthropic bodies, charitable and educational trusts, and other private organisations are playing a significant role. But for these institutions, the progress in the field of education would not have been so appreciable, especially in the past few years. One, therefore, wonders whether all this good work should be set at naught and the springs of philanthropy and private endeavour choked.

Let the Governments, by all means, set up more and more colleges and technical institutes. And let them also take whatever steps they deem necessary to put an end to any unethical move to start professional institutions with the object of making profits and commercialising education. But it would be unwise to curb the useful activity of private institutions by vesting monopoly power in the State to establish professional colleges and institutes. Such monopoly power is bound to have one very disquieting effect, namely, misuse of authority. Attention may be drawn, in this context, to the reported decision of the Maharashtra Government requiring all entrants to engineering colleges and technical institutes in the State to execute bonds to serve the Government for a minimum period of two years after receiving their degrees or diplomas; any graduate engineer or diploma holder, wishing to free himself from the bond, would be required to pay Rs. 3,000 and Rs. 2,400, respectively, to the State Government. This decision is, to say the least, authoritarian and unjustified. The decision, besides restricting the freedom of students to accept employment of their choice, will deprive many private-sector companies of the opportunity to select the right persons at the right time. It is common knowledge that several companies have their own special schemes of training engineers and other technical personnel to occupy senior positions. The selection of candidates for such schemes is usually made from the ranks of young men fresh from a college or a technical institute for the simple reason that the social commitments of older persons are too high to be satisfied with the stipends paid during the period of training. Viewed thus, the reported decision of the Maharashtra Government to insist on bonds, as referred to above, will seriously affect both the companies and the students.

To revert to the deliberations of the Central Advisory Education Board's meeting. The Board has done well to urge legislation at the State level to ban any person from imparting education unless he is recognised by the State authority. All the State Governments, it is said, have agreed to introduce such legislation, and, on its part, the Centre has undertaken to send them a model legislation for the purpose. A sensible suggestion made by the Board is that legislative action should be taken to prevent unrecognised educational institutions from conducting examinations or awarding diplomas and certificates. Only two alternatives are open: the existing institutions should either be regularised by improvement in their educational standards or be closed down. Standards of education must always be kept as high as possible, and there can never be any compromise on this issue. The other sensible suggestions made by the Board include introduction of teaching of science in primary schools; a scheme to start *vigyan mandirs* in all the States with a view to enabling students to grow in an atmosphere of science and adults to take interest in science; diversification of courses even at the elementary stage in order to prevent pressure on universities and colleges; facilities for higher training; grant of scholarships to students securing top ranks in universities for pursuing further studies in any university of their choice; obligation on the part of professional colleges in each State to take in a certain percentage of students belonging to other States; production of low-priced textbooks; appointment of a central body for planning and implementing literacy programme; special measures for the education of girls; establishment of 1,000 model primary schools by the end of the fourth Plan; and setting up of centrally-sponsored secondary schools which would be as good as some of the best public schools, with emphasis on talent and with provision of scholarships to poor students.

The special importance attached to science teaching and higher education is only as it should be. The impact of science and technology has been so tremendous all over the world that, if education in India is not science-based, the country will not be able to catch up with the technological and scientific revolution that is taking place in other countries. The vital role played by science in the life of man was vividly described by Dr. Kothari in his speech delivered at the inauguration of the Education Commission. He said:

"It needs no reminding that the new thing in the modern world is science, or rather its cultivation on an intense scale, and its permeation into almost every aspect of our lives. The present world is science-based, even science (not scientist) dominated; and in this there could conceivably be no going back unless civilisation itself suffered a complete collapse, because of man's folly or inability to deal in a *human way*—that is, in the true interests of mankind as a whole—with the forces of almost cosmic dimensions that nuclear energy has placed in man's hands. The characteristic of science-based world is that it is no longer a place of slow and gradual change. On the contrary, the pace of change and innovation is almost terrific and these changes affect not only our material environment but also our cultural and social and, in the end, spiritual values as well. The *doubling period* of science is of the order of 10 years or so. . . . Science has given a new status and a new significance to work and, in this respect, the age of science differs from the classical civilisation. . . ."

These are, indeed, pregnant observations and they show how urgent it is to reorient education so as to make it science-based. Appropriately enough, three scientists of the Council of Scientific and Industrial Research, in the course of a special paper prepared by them, have urged the need for intensified scientific and technological research. If the country is to make a significant advance, investment in such research (

missions and polytechnics to 290 with 45,000 admissions. Significant though this progress has been, much yet remains to be done before the country can cope with the expanding requirements of trained manpower in the coming years. This calls for an integrated and statistical approach to the problem of technical education and training. The Central Working Group on Technical Education has certainly struck a note of realism when it says that, because of the large expansion that had already taken place in the field of technical education in the past 10-12 years, a stage has been reached when our institutions should be consolidated and standards improved. For this purpose, a major part of our resources and efforts should be concentrated during the fourth Plan on the training of teachers, improvement of courses, supply of equipment and instructional materials, post-graduate courses and research, and production of textbooks and standard works.

Whether in the field of scientific and technological research or in that of technical education or, indeed, in the entire sphere of education (elementary, secondary, higher and technical), there is the most pressing need for a uniform national policy. Virtually chaotic conditions exist at present in the education sphere, in view of the whimsical and short-sighted policies pursued by the Governments of different States. The recent shift in universities towards adopting regional languages as the medium of instruction is deplorable in the extreme and, if this shift is not reversed, there would be linguistic chaos in the not too distant future. The Kothari Commission would be rendering a distinct service if it lays down a national education policy that would not merely provide for a unifying language (English is most suitable in this connection) for all universities but also ensure uniformity in curricula in secondary and higher education. One of the necessary measures for evolving a national policy of education is to have an All-India Educational Service. Although this measure has been engaging the attention of the Government of India ever since Independence, it has not so far been given effect to because of the lack of adequate co-operation from the State Governments. It is, however, gratifying to learn now that all States, except Maharashtra, have agreed to the formation of such a Service. Maharashtra's refusal is ununderstandable. It is to be hoped that wiser counsels will prevail and that Maharashtra, too, will give its consent to the formation of an All-India Educational Service.

A thorough reorientation of education in both content and extent suited to the needs and aspirations of modern society will necessarily involve large-scale expenditure. When more and more are knocking at the gates of schools, to borrow the phrase of Mr. Chagla, and when there are not enough school buildings, teachers and textbooks, it is amazing on the part of some to suggest a reduction in expenditure on education. Barring Pakistan and Indonesia, India, we are told, is the only country to spend very little on education; even some of the African countries are spending more. Whatever be the justification for economy drives, education should never be a casualty. No improvement is likely to yield greater returns than investment in human resources, of which the most important component is education. Verily, any amount spent on education is the best investment that a country can make.

PLANNING COMMISSION

THE Planning Commission, whose establishment early in 1950 had been vainly opposed by Dr. John Mathai, the then Central Finance Minister, on the ground that it might develop into a "parallel Cabinet," is here to stay, having taken the country through three successive Five-year Plans. Whether, in the process, it has become a "parallel government," thereby bearing out the correctness of Dr. Mathai's stand which led to his resignation in May 1950, is, however, not wholly clear. Of course, the late Dr. Mathai's fears have been echoed, not without some reason, by several eminent bodies and persons in the light of the Commission's working. The Estimates Committee of Parliament and the Swatantra Party, for instance, have in different ways, voiced the same fears. The former Comptroller and Auditor-General of India, Mr. A. K. Chanda, has taken the view that the Commission has metamorphosed into a kind of "super-Cabinet," encroaching on the legitimate functions of several administrative Ministries. The present Union Finance Minister, Mr. T. T. Krishnamachari, has also urged that the Commission should soon "shed its present skin", thereby implying that this advisory and planning body should be divested of the executive authority which did not rightly belong to it at the time of its formation but which it has nevertheless arrogated to itself, in some measure, over the years.

It was only the late Prime Minister, Mr. Nehru, the father of the Commission, who did not say in so many words that his child had become another centre of administrative power. But even he had this to say about the Commission some ten months before his demise: "A closed body of people, who think and advise Government, has grown into a huge organisation, with all the departments of Government almost duplicated there and each one sending papers to the other. The administrative Ministries, too, have been referring matters of detail to the Commission." And thereby hangs a tale. It is this tale that is told in a timely treatise, just published by the Indian Institute of Public Administration, New Delhi (*The Planning Commission—A Descriptive Account*—by Dr. H. K. Paranjape). This study, the first in a series of studies of much wider scope and deeper content, purports to provide bare facts about the Commission, for, as the Director of the Institute has put it, "there has hardly been any recent development in the sphere of governmental organisation in India, comparable, in its practical importance and general significance, to the growth of the Planning Commission." But this particular study does not seek to evaluate the working of the Commission or to pronounce any judgment on its functioning. It is nevertheless broadly clear from the descriptive account of the Commission's organisation that what was originally conceived as a technical and advisory body, "free from the burden of day-to-day administration but in constant touch with the Government at the highest policy level," has grown into a mammoth machinery with its tentacles all round.

So big is that machinery at present that its own annual budget of expenditure is as much as Rs. 67 lakhs (1964-65), as compared with a mere Rs. 8.6 lakhs in 1950-51. This expenditure of Rs. 67 lakhs is exclusive of what is spent on the Programme Evaluation Organisation (Rs. 21 lakhs), the Research Programmes Committee (Rs. 13 lakhs) and the Committee on Plan Projects (Rs. 9 lakhs). The present staff strength of the Commission proper is nearly 1,100, as compared with about 250 in 1951-52, while the P.E.O. and the C.O.P.P. have together a 600-man staff now. This huge increase in staff strength, incidentally, has not been in accordance with the late Prime Minister's wishes. Mr. Nehru, it will be recalled, had urged at the outset that the Commission "should go slow about the engagement of staff" and that the emphasis "should be mainly on recruiting enthusiastic young men from outside the Service, especially for research posts." But what has actually happened is that. besides having such researchers (good, bad or indifferent), the Commission has duplicated the staff hierarchy of administrative Ministries with their secretaries, joint secretaries, deputy secretaries, under-secretaries, superintendents, upper division and lower division clerks, etc. Set against the fact that there are as many as 30 divisions, units and branches with their 50 secretaries, advisers, chiefs and directors, it is no wonder that staff proliferation has come about at all levels in accordance with Parkinson's Law. But one may also wonder whether so many cooks are not spoiling the broth of planning.

The Commission's composition, too, with its ever-changing pattern, has conformed neither to the ideas of the Advisory Planning Board (1946) nor to the initial ideas of Mr, Nehru himself. The Advisory Planning Board, it will be recalled, had recommended that "no Minister should be a Member of the Planning Commmission and that it should be, as far as possible, a non-political body, whose members will not fluctuate with changes in political fortunes." It had also suggested two alternative compositions —one involving a five-member body (with a person of standing and experience in public affairs as Chairman, two non-officials having knowledge and experience of industry, agriculture or labour, a Government official having knowledge and experience of finance and general administration and a person eminent in the field of science and technology) and the other involving a smaller and more compact three-member body (with a person of standing and experience in public affairs as Chairman, a non-official with knowledge and experience of industry and a Government official, preferably with some experience of finance). Although the Advisory Planning Board's approach was not fully adopted, at least all the Members were working full time for the Commission at the beginning and the Prime Minister, as Chairman, constituted the only link with the Cabinet. But, what is the position now? There are as many Minister-Members as there are full-time Members in the Commission, the total membership varying, from time to time, from 10 to 12. This pattern, as it has evolved over the years, is sought to be justified on the ground that, "in the Indian context, planning must have the closest connection with the administration, if it is not to risk becoming a mere academic exercise." Whether the presence of so many Minister-Members in the Commission has had the effect of making that body a virtual department of the Government is a relevant question. Or, whether its full-time Members, by virtue of their full-time work and expertise, have been able to influence or dominate the Minister-Members and thereby exercise some authority over the Government itself is an equally pertinent question, albeit in the converse. These questions will perhaps be answered in the Institute's future study on the actual working of the Commission.

Pending such a study, it should be possible to infer broadly whether or not the Planning Commission has developed, or sought to develop, as a "parallel government" or as a "super-government." It would be eminently useful, in this context, to highlight the more relevant "factual" observations in Dr. Paranjape's study:

1. By its charter, the Commission has to bear responsibility for formulating a National Plan and for recommending the policies and programmes required for its implementation. At the same time, it is purely an advisory body and, for ensuring that its proposals are accepted and carried out, it has to depend on the close co-operation, collaboration and goodwill of the Union Government and the State Governments.

2. On the other hand, because of the position that the Plans have come to occupy in the economic and administrative life of the country, the Union Ministries and the State Governments have also come increasingly to depend on the Commission for support and advice. Because of the importance that has come to be attached to the advice of the Commission in matters relating to economic policy and development, a convention has grown up that important proposals relating to the economic field should be referred to the Commission for advice. Because of various factors . . . the State Governments have come to rely increasingly on the Union Government for financing their development plans and the recommendations of the Commission carry considerable weight in the Union Government's decisions about such assistance.

3. The Commission also has a special role to play *vis-a-vis* the Ministries at the Centre. The Ministries are the main executive agencies for many of the development programmes. They are headed by powerful political personalities and have more technical expertise, administrative competence and traditional authority in their respective fields than the Commission has. The Commission has to find ways of working with them, at the same time advising and guiding them to work along lines that might not always appeal to them. And it has to do this without any definite and formal authority over them.

4. The Commission has acted, to some extent, as a constructive but informal mediator regarding development problems that involve inter-State or Union-State differences. It has evolved organisational devices and working processes whose object is to ensure that the different operating agencies are in various ways involved in the planning process. Because of its composition, especially the fact that the Prime Minister and some other senior Ministers have been its members, and also because of the approach, the expertise and the working methods developed by it, the Commission has acquired prestige and has built up for itself a position of influence in the machinery of State. Not having any formal executive authority of its own has, therefore, not proved to be a handicap in the functioning of the Commission in regard to formulation of Plans. The implementation of Plans naturally rests with the executive organs of Government, both at the Centre and in the States, and the Commission does not seem to have always been able to ensure that these operate in a way which would lead to successful and effective implementation.

The broad inference from these observations may be that the Planning Commission, though lacking formal executive powers, has somehow come to be deeply involved in administrative affairs, thereby assuming some authority over the Union and State Governments in a stealthy or informal manner. If that is a valid (?) inference, it would strengthen the hands of those who seek to confine the Planning Commission's role to planning in its technical sense, to helping the Union Finance Ministry in co-ordinating the State Plans and to advising it in the allocation of resources, and, what is more, to reinforce that Ministry's prerogative pertaining to co-ordination of economic policies.

MARKET GOSSIP

Another Foreign Exchange Control

ONE more control on foreign exchange is being introduced. Thus, with effect from the 1st of next month, all inflows of short-term banking funds into India and their flow outside the country will be brought under the control of the Reserve Bank of India. In accordance with the decision taken by the Reserve Bank, no authorised dealer in foreign exchange will be permitted to obtain loans and overdrafts exceeding Rs. 20 lakhs from branches and correspondents, whether in or outside the sterling area, without the prior approval of the Reserve Bank. At present, it may be noted, the authorised dealers are allowed to grant freely short-term loans and overdrafts to branches and correspondents in sterling area in the course of their normal exchange business. The limit of Rs. 20 lakhs will apply to the total amount outstanding on account of all the branches/offices in India of an authorised dealer with all his branches/correspondents outside India. In this connection, the Reserve Bank has issued the following two directives:

1. If the above limit is exceeded on account of unexpected drawings under letters of credit, etc., the position should be squared within three days, failing which specific approval must be obtained from the Reserve Bank for the excess limit in terms of the procedure laid down for the purpose.

2. If any authorised dealer in foreign exchange wishes to have a higher limit than Rs. 20 lakhs and/or if he has already obtained loans and/or overdrafts from his branches and correspondents in excess of this limit, he should make an application to the Reserve Bank giving particulars about the amount and purpose of the limit, the period for which the limit is required, and the rate of interest to be paid on the loans and overdrafts. The application has to be made even if the Reserve Bank has previously agreed to a higher limit.

All applications for higher limits, it is said, will be considered on merits. Ordinarily, permission will be given for receipt of loans and overdrafts though only on a term basis for a period not less than thirty days. The rate of interest payable on such outstandings will be determined in each case.

The Reserve Bank's move to regulate short-term banking funds from abroad has apparently been prompted by two considerations. In the first place, such a regulation will make the credit control measures, announced on 25th September last, more effective. Secondly, the regulation will also avoid any strain on the balance of payments position through a sudden outflow of funds caused by comparatively higher interest rates abroad.

Gold Control Rules Valid

The uncertainty regarding the validity and constitutionality of the Gold Control Rules, promulgated by the Government of India on 9th January 1963, has now been removed by the Bombay High Court. Dismissing a writ petition (on Friday last week) filed by some traders challenging the validity of the Rules, the Court held that the object of the Gold Control Rules was to check smuggling and reduce the demand for gold in the country, thereby conserving foreign exchange for defence and development needs. This object, Mr. Justice Tambe declared, was capable of being related to the defence of the country and to the maintenance of supplies essential to the life of the community. Section 44, according to him, does not act as a fetter on the rule-making power of the Government under Section 3 of the Defence of India Act, as those provisions relate to administrative or executive Acts and not to delegated legislation, and it is not necessary to decide whether Section 44 is mandatory or merely directory in effect, as urged on behalf of the respondents. Mr. Justice Naik, who gave a separate judgment while concurring with Mr. Justice Tambe, opined that clause 33 of Section 3(2) of the Defence of India Act explicitly enabled the Union Government to make rules regarding "controlling the possession, use or disposal of, or dealing in, coin, bullion, bank notes, currency notes, securities or foreign exchange."

The petitioners, it will be recalled, had contended that the action of the Union Government in issuing the Gold Control Rules under the Defence of India Act was to circumvent the constitutional protection granted under Articles 14 and 19 of the Constitution. As it was done with the *mala fide* object and intention of rendering the Gold Control Rules immune from challenge and to take undue advantage of the Emergency, they had stated, a fraud had been committed upon the Constitution. Further, it was argued that the Rules prevented people of the Jain faith from carrying out their religious customs, as it prohibited their offering of pure gold to the deity and thereby violated their fundamental rights. The petitioners had also contended that the Rules were *ultra vires* Section 3(1) of the Defence of India Act.

Whatever the legal interpretation of the Bombay High Court, Gold Control does not seem to have still met with success. Almost every day one reads in newspapers reports of seizures of smuggled gold. An official estimate places the total quantity of contraband gold seized by the customs and excise authorities during the first seven months of the current calendar year at 942 kgs. valued at Rs. 50 lakhs at the international price. Further, the surreptitious presentation of 22-carat gold ornaments on important social occasions like marriages continues even now. Several goldsmiths are reportedly engaged in manufacturing ornaments of more than 14-carat pureness in the houses of consumers as well as in their own homes. It is not surprising, therefore, that prices of pure gold continue to rule high. Pure gold, in unofficial dealings, is currently quoted in the Bombay market at Rs. 115 per 10 grams (0.85 tola), which is well above the international price of Rs. 53.12 and the rate of Rs. 105 prevailing before the promulgation of Gold Control Rules. The purpose for which these Rules were framed can be served well only if (*a*) the Rules are enforced effectively by strengthening the administrative machinery, (*b*) the watch against smugglers is redoubled, and (*c*) the Government launches a country-wide campaign against purchases of gold ornaments and restores the confidence of investors in equities.

Statutory Prices For Foodgrains

The Government of India announced this week the maximum and minimum producers' prices for rice (paddy) and all other foodgrains. The maximum ex-mill, wholesale and retail prices have been announced only in the case of rice (milled). In the case of other foodgrains, these prices will be announced at harvest time early next year. The price structure, incidentally, is more or less the same as recommended by the Jha Committee. The prices announced are only for standard varieties, effective at the specified centres. The State Governments have been authorised to determine the prices for other varieties and at other centres, keeping in view the prices fixed by the Union Government. Mr. C. Subramaniam, Union Food and Agriculture Minister, while announcing these prices at a press conference in New Delhi on the 13th instant, said that the prices had been fixed only on an *ad hoc* basis in the light of prevailing conditions, as it would require a more detailed technical assessment to take a long-term decision. This latter task would be assigned to the Agricultural Price Commission which is to be set up in January next year to recommend the long-range price pattern.

The maximum prices of paddy and rice, as fixed by the Government for different States, are as follows:

(Rupees per quintal)

State	Paddy	Rice: ex-mill bagged	Rice: wholesale	Rice: retail
Andhra	39.00	64.33	69.03	71.00
Bihar	36.00	59.67	66.13	68.00
Gujarat	40.00	64.10	69.56	72.00
Kerala	41.00	66.68	71.76	75.00
M. P.	35.00	56.70	62.95	65.00
Madras	39.50	64.45	67.72	71.00
Maharashtra ..	41.00	65.50	71.06	73.00
Mysore	37.50	62.25	67.75	71.00
Orissa	35.00	59.50	73.20	67.00
Punjab	36.00	60.00	65.00	68.00
Rajasthan ..	36.00	60.00	65.00	68.00
U.P.	36.00	60.00	65.00	68.00
W Bengal ..	38.50	64.30	67.80	70.00

In the case of Maharashtra, the price for paddy is the same as declared earlier by the State Government. It is, however, likely to be revised downward in consultation with the State Government. The prices are inclusive of all taxes payable upto the previous stage. The maximum prices for paddy are higher by one rupee per quintal than the producers' support prices at which the Government will be prepared to purchase all paddy offered at the assembling points.

The producers' prices fixed for other foodgrains for the 1964-65 season are as follows:

Wheat: Rs. 45.50 for Red variety, Rs. 49.50 for Common White variety and Rs. 53.50 for Superior variety.

Gram: Rs. 40.00 to Rs. 40.50.

Jowar: Rs. 38.00 to Rs. 38.50 for Yellow variety, with suitable margins for Red and White varieties.

Bajra: Rs. 40.00 to Rs. 40.50 f.a.q.

Maize: Rs. 36.00 to Rs. 36.50 f.a.q.

For gram and coarse grains, the actual prices will be announced by the State Governments within the ranges mentioned above.

Regarding the enforcement of these prices, the Food and Agriculture Minister said that the Government would be prepared to purchase all the foodgrains offered to it at the minimum statutory prices, so that, whenever there was a declining tendency, the cultivator could sell his produce to the Government at these prices instead of selling to the trader at prices lower than these minima. As against this, when prices show a tendency to rise above the maximum statutory level, "the Government will not hesitate to requisition the stocks."

The producers' prices, as fixed by the Government, are higher by about 30 per cent, as compared with the erstwhile procurement prices and by roughly Rs. 4 per quintal, as compared with the average post-harvest prices during the past three seasons. These prices will thus be more remunerative to the producers. As regards consumers' prices, these have been fixed more or less at the existing level, and a margin of 4 to 7 per cent (including transport charges) has been allowed to the retailers. The reduction has been mainly in the wholesalers' prices and, according to the Government's estimates, the wholesale price index for foodgrains would go down from 146 to anywhere between 125 and 130. This reduction will be due to the drastic cut in wholesaler's margin to 1.5 to 2 per cent (including transport charges). Mr. Subramaniam has claimed that these prices allow "reasonable costs and margins for the intermediaries." In other words, the increase in producers' prices, according to the Minister's claim, has been effected not at the expense of consumers but at the expense of foodgrain dealers. Whether the trade has been consulted about the margins and whether it has agreed to them informally or otherwise are not known at the time of going to press.

Wages-in-kind Scheme To Be Dropped?

The labour laws that are binding on the private sector should apply equally to public-sector undertakings. There can be no two opinions on this issue. But the views expressed from time to time by the employing Ministries of the Central Government on the various labour regulations or welfare measures proposed by the Union Ministry of Labour seem to suggest that they want a privileged position in this matter. A recent example was the stand taken by these Ministries on the recommendations of the Bonus Commission. They suggested, in this connection, that the public-sector undertakings should be governed by a different set of rules regarding payment of bonus. More recently, they were reported to have suggested to the Labour Ministry that some changes should be made in the rules regarding the settlement of labour disputes. The suggestion here was that, if conciliation were to fail in any employer-employee dispute in the public sector, the Labour Ministry should consult the employing Ministries before taking any further steps to settle the dispute; this was a plea for departure from the existing system.

Presently, these Ministries are reported to have objected to the proposal for paying, in kind, a part of the wages to workers. It will be recalled that the scheme, worked out by the Indian Labour Conference at Bangalore a few months back, envisaged the opening of fair-price shops in all the industrial establishments in the public and private sectors employing more than 300 people. Under that scheme, whereas rice, wheat and sugar were to be supplied by the Government at controlled prices, pulses, vegetable oils and textiles were to be purchased by the employers at wholesale prices and supplied to the workers at these very prices. It was further envisaged that the cost of distribution should be borne by the employers. The total working capital outlay on the transactions, involving payments in kind upto 50 per cent of the wages, was estimated at Rs. 225 crores in a year. This scheme, it is reported, is not likely to be implemented in the immediate future, thanks to the attitude of the employing Ministries.

Incidentally, it is not meant to convey here that the scheme is desirable in itself and would do good to the economy. Its implications have already been discussed in a recent issue of *Commerce* dated 15th August 1964 (*vide* page 251). The huge outlay of Rs. 225 crores that will be involved in the possible implementation of the scheme can better be invested in new industries and other productive fields. The consequent increase in production will definitely help in restraining inflation much more effectively than the implementation of the scheme. Moreover, the scheme, if implemented, is bound to be viewed as discriminatory in its coverage even within the private sector and will, therefore, breed discontent among those who are not covered. It would be prudent to abandon this proposal in view of its manifest drawbacks and disadvantages.

Revision Of Patent Law

It is well known that "patents" granted under the appropriate statute to inventors and pioneers guarantee the inviolability of their inventions, be they new products or new processes, and protect them for a reasonable period of time against imitation and piracy by others. The "reasonable period" here is normally 15-16 years—a period considered absolutely necessary all over the world for enabling the inventor to recoup, partly or wholly, from his own commercial exploitation of the particular invention or from the royalty income therefor, the development expenditure he had incurred thereon. Incidentally, this is also the guaranteed period for patent protection under the Indian Patents and Designs Act which, in the wisdom and foresight of its original framers, was designed to stimulate industrial research and industrialisation of the country. That the 16-year "term of patent" under this Act is now proposed to be reduced to a seven-year term is indeed disquieting. It is disquieting for more reasons than one.

There can be no gainsaying that an industrialising country like India needs, *more than ever*, a strong patent system to encourage inventions, to provide the financial basis and incentive for substantial research, to disseminate technology and know-how widely, to permit development of inventions into marketable products and generally to stimulate the growth of industries and the national economy. The italicised words (more than ever) in the foregoing sentence are significant, because with industrialisation becoming increasingly diversified and sophisticated, the range of new products and processes required is widening all the time. A strong patent system is particularly necessary for a developing nation like India for obtaining foreign technology and know-how to provide the foundation for indigenous research and development, for interesting foreign technology and research in solving local problems, for encouraging and retaining substantial foreign capital, and for facilitating the flow, where necessary, of patented products from other countries.

That these manifest advantages of the patent system would be brought to nought by the proposed amendment of the Indian Patents and Designs Act is the emphatic opinion of the Indian Chemical Manufacturers' Association which has just submitted a memorandum to the Government of India on the subject. The Association has advanced a strong plea for improving the existing law so as to prevent its being

TREND OF SHARES

DOWNWARD DRIFT

(From Our Own Correspondent)

BOMBAY, 14*th October*

DURING most of the week, Dalal Street tended to drift downwards on tired bull liquidation and virtual lack of follow-up support. Today, however, the market staged a late rally in selected scrips and the list showed small variations either way. The pattern at the close of the week may be termed a mixed one on the basis of prices, but there was no doubt that the market lacked inherent strength. The absence of inquiries at higher levels suggested that the general public had no interest in following up the rise.

Steel shares were well held with Indian Iron in the lead, improving from Rs. 24.88 to Rs. 25.15. Tata Ordinary followed with a rise of one rupee to Rs. 147. Indian Iron was well supported by Calcutta operators, but, by and large, interest in steel shares will continue to be of a professional nature until some time to come or at any rate until new factors emerge. The market at present is influenced mainly by the cotton mill shares which were generally subdued. Bombay Dyeing declined from Rs. 59.20 to Rs. 58.10, but the sharp decline in these scrips was understandable. Century was a shade lower at Rs. 604.50 and Kohinoor lost four points to be quoted at Rs. 316. Standard managed to gain a few points to close the week at Rs. 613, but Svadeshi was quiet at Rs. 261. Sentiment in mill shares was induced by the Government's policy about cloth prices and the market now feels that the industry has virtually lost its hold on the price of the commodity it produces. The price of cloth in the controlled sector is to be fixed in future in relation to the price of cotton at a given time, but market men argue that there are many items, besides cotton, which go into the cost sheet of cloth. The fear, therefore, is that controls will ultimately tend to hit the profit-margin of the industry. Reports from the export side are none too encouraging. In these circumstances, support to mill shares will necessarily be reserved.

Activity in the other sections was rather thin during the week. In the rayon section, National Rayon maintained a steady tone at Rs. 347.50, thanks to a late rally today. Factorwise, nothing very much had happened to induce fresh support, but the rally was due mainly to strong professional support. The long-awaited cut in excise duty on rayon is yet to come and one wonders whether it would ever come. Among other rayons, Indian Rayon were better at Rs. 60.50, as against Rs. 58.50 and Baroda Rayon improved from Rs. 67 to Rs. 68.50. South India Viscose was unchanged at Rs. 113. Sugar shares made a mixed pattern. While Belapur eased by two points to Rs. 223.50, Maharashtra was better at Rs. 140, as against Rs. 138. There were no developments as such in sugar to induce the shares one way or the other and they rose or fell on investors' whims and fancies.

Among Chemicals, Tata maintained a steady tone at Rs. 19.16, but, during the week, the shares lost considerable ground as the dividend at Re. 1.40 gross, which works out to a net figure of Re. 1.28 which is much higher than the last year's figure of 70 paise net, fell short of market expectations. The working results of the Company appears to be satisfactory, but good news as such may not always cheer the market when it has been expecting better results. Indian Dyestuff was fractionally easier at Rs. 289 and, with all the known factors discounted, these shares are likely to remain dull for some time. Synthetics, which has been declining consistently, was down again by six points to Rs. 76. Rubber tyre shares were dull and it looked as though they had been left alone. Premier was steady at Rs. 79.50. The performance of these shares, in fact of rubber shares as a whole, should be watched.

The increase in the dividend announced today by the Scindia Steam Navigation Company was well received by the market and the shares promptly reacted to the news by a rise in the quotation to Rs. 16.04. In fact, the shares had been done down earlier on heavy liquidation owing to fears that the dividend might be lower than expectations. The lowest touched on Monday was Rs. 15.68. The Company is said to have fared well, but figures were not available. Last year, dividend had absorbed Rs. 56.32 lakhs and, obviously, it will take up about Rs. 16 lakhs more this year. The net dividend works out to one rupee, as against 70 paise last year, and yields a little more than 6 per cent. Great Eastern Shipping was better at Rs. 12.12, as against Rs. 11.88.

Electricity shares were dull and quiet with Tata Power at Rs. 1.287.50 and Ahmedabad Electricity at Rs. 105.00 (as against Rs. 106.50). Banks and insurances were virtually neglected. The cash section was also dull and transactions were few and far between. It is difficult for the cash section to maintain its tempo at a time when futures lie low. Moreover, with the continued rise in the prices of foodgrains and other articles of daily necessity, investors are able to conserve little cash to buy shares. Some of the shares mentioned more than others were Associated Bearings which were down from Rs. 102.50 to Rs. 102 and Sandvik which declined from Rs. 175 to Rs. 170. S.L.M., however, were up from Rs. 146 to Rs. 151.

Knowledgeable circles do not attach much significance to the show of steadiness during the week on the part of some of the leading counters, for, according to them, some recovery was and is still due and necessary, in view of the continued decline over the past five weeks. As pointed out last week the comparable levels are those of 24th July and, barring one or two scrips, others are still comfortably above these levels. It is, therefore, possible that the market may stage a rally, but factors seem extremely unhelpful to support the market. No incentives have been forthcoming from the Finance Minister and none is likely to come until the next budget, if at all any is coming. And the budget is still a long way off. Further, bulls have burnt their fingers badly right from 22nd September and, crippled of their financial resources, they just do not have the courage to make fresh commitments. In fact, they have just got out of the market which has now to find fresh bulls. It is on the cards that investors, too, would wait until such time as the market gives some clear indication of an upward move. Thus, circumstances are anything but favourable for a rise, although one should presume that the primary uptrend is still intact so long as the year's lows are not violated. These levels are still too far down.

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The Calcutta Stock Exchange remained closed for Puja and activity in Madras was rather restricted. Here, too, the market was in a holiday mood and activity was confined to textile shares. Banks, sugars and electrics were generally neglected. Selected plantings came in for support and both Neelamalai and Nelliampathy were better. Mettur Chemicals and Tube Investments attracted some inquiry, but FACTS, in the miscellaneous section, declined to Rs. 5.10. Among bank shares, Indian was in demand at Rs. 154. Bangalore Woollen, among textiles, was in good demand at Rs 265 and Buckingham was favoured around Rs. 276.

MARKET GOSSIP

(Concluded from previous page)

practice. Its suggestions are to the effect that (i) patents should be granted only for a process and not for the product manufactured by such process, (ii) the life of a patent grant should be restricted to ten years only and not 16 years and (iii) there should be compulsory licensing of the patent promptly and automatically, in those cases where the patentee may not take sufficient and concrete steps for working the invention locally, within four years from the date of the patent grant, and the quantum of royalty to be paid for the purpose should be fixed by Government in those cases where the parties may fail to reach an agreement. While the Association has advanced this general plea applicable to all fields of industry, it has done well to make a special plea on behalf of the pharmaceutical industry in view of the fear that patents in respect of pharmaceuticals might even be discontinued. The Association's arguments, in this connection, are quoted below:

"It is a well-known fact that the drugs industry in India has rapidly progressed during the last decade in collaboration with foreign entrepreneurs and by establishment of subsidiaries of some internationally well-known firms in India. The benefit of their intensive research and the huge investment made thereon have been made available to us by a short-cut through the patent system in our country. Establishment of research organisations equipped with all the modern facilities is a costly proposal for any single unit, particularly in our country where the unit size of a plant is much smaller and financial resources meagre, as compared to its counterparts in the highly developed countries. As such, it will be necessary to borrow the technical know-how for some time to come and it is only a guarantee of protection and security that will attract foreign investment to our country.

"To the extent that research and development is discouraged and the technical progress of the drug industry is slowed down, with the abolition of patent protection, effect will also be felt not only in the domestic markets but also on its exports to other countries. The Government is relying upon the industry to achieve a major expansion in its export earnings in the coming years. Without access to new discoveries or developments of any significance, Indian exports must suffer a setback. Also it has to be remembered that the sale of products produced by copying patented processes will be restricted by overseas inventors where their inventions are protected by valid patents in other countries."

The present indications, however, seem to be that, instead of abrogating patents relating to drugs and food products, the Government wants to reduce the "term of patent" to seven years and to provide for compulsory licensing at a fixed maximum royalty of two per cent. This proposal amounts to substantial weakening of patent protection for drugs, inasmuch as the effective period of such protection woud then be no more than two-three years. This will be so, because there is a time-lag of four or five years between the date of application for grant of patent and the introduction of the product in the market. The time-lag here is on account of extensive pharmacological, toxicological and dosage studies, clinical trials, further trials and studies required by the Drugs Controller before he grants a licence to manufacture, import of equipment, and other formalities. In view of these factors, the pharmaceutical industry is against any reduction in the present 16-year period of protection for patents. As for compulsory licensing, the industry's stand is that a ceiling should be placed on royalty. The pharmaceutical industry's expectations and the I.C.M.A.'s pleas are thus substantially identical. For its part, the Government would do well to finalise its proposals in a manner that would be conducive to the encouragement of research and inventions in this vital field.

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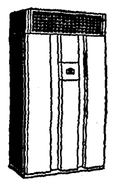

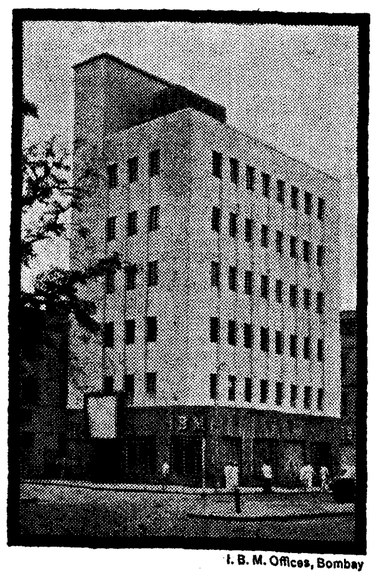

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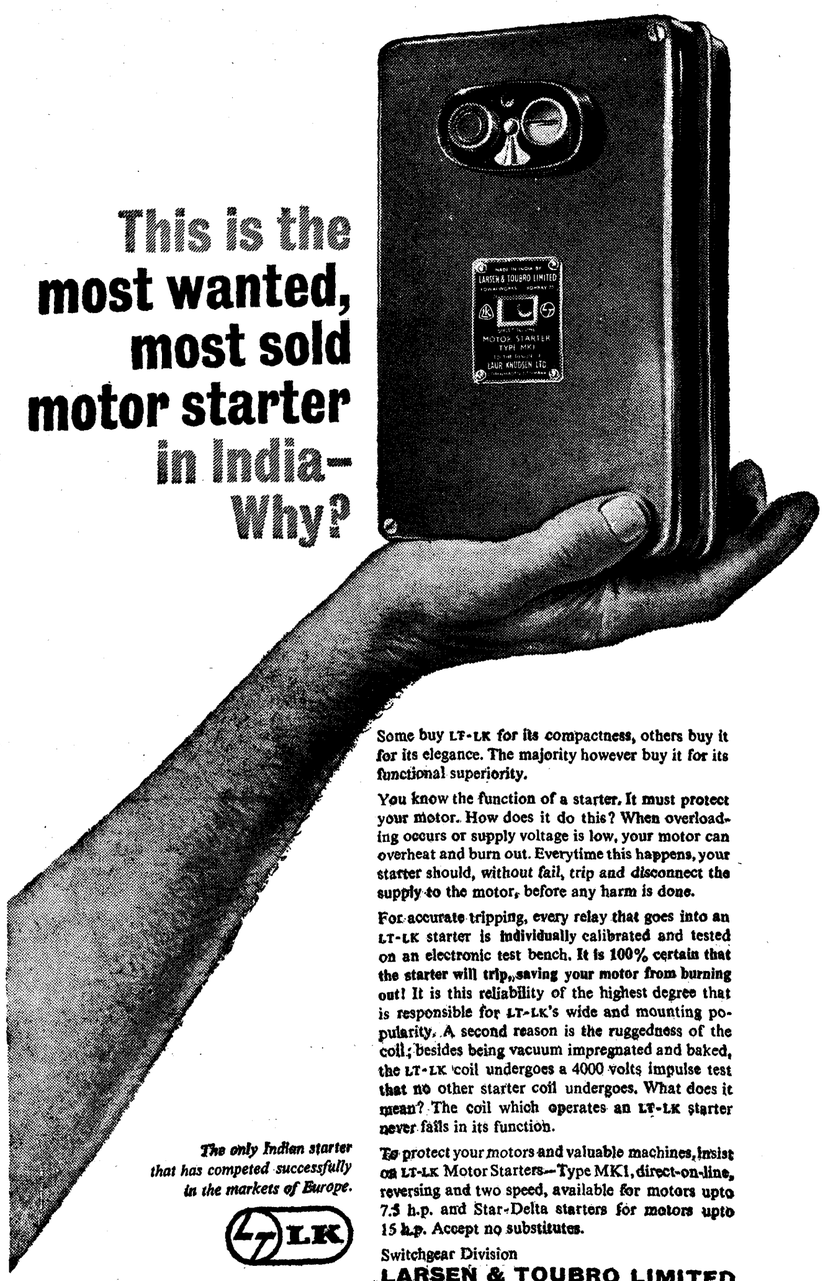

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CLOTH PRICES

WIDE confusion prevails in cotton textile circles over the pattern of prices that are to be fixed for the controlled varieties of mill cloth. The confusion is because of the highly complicated nature of the schedule of realisation multipliers for the cloth packed by mills after the 14th of this month. Although there are only four controlled varieties (*dhotis, saris,* longcloth and shirting), which account for 45 per cent of the total mill cloth production, the schedule fixes realisation multipliers for innumerable categories of the controlled cloth. The number of categories in the case of *dhotis* and *saris* alone is 76, divided equally between the two. Provision is made for calculating the prices of grey cloth with adjustments provided for the use of superior and foreign cotton, as well as for the various processes such as bleaching, mercerising, dyeing, printing, sanforising, oiling, backfilling and finishing. Further, stipulations have been laid down for adjustments to be made to the multipliers for variations in counts. Allowances have been made for combing, dobbies, jacquards, drop boxes, charges for use of doubled yarn in the border of *dhotis* and *saris.* Extra allowances for mulls and voiles and charges for the use of artificial silk yarn, too, have been indicated. Again, while fixing the processing charges, the schedule lays down basic minimum specifications of each process which is required to be fulfilled if the charges are to be admitted. The fabrication specification and definitions are to be notified by statutory orders passed by the Textile Commissioner. So far as *dhotis* and *saris* are concerned, the particulars include the counts of warp and weft, reed and picks and the width of the cloth.

The foregoing details bring out the highly complicated nature of the schedule of realisation multipliers for controlled cloth. It will, therefore, take quite a bit of time for all the mills to familiarise themselves with the various intricacies and complete the switch-over. Viewed thus, the fear expressed by some that there will be a considerable shortage of supplies of controlled varieties during the forthcoming *Diwali* days is not exaggerated.

When no one could have had time to calculate the prices of the controlled varieties as per the schedule of realisation multipliers, it is somewhat strange that certain interested sections are carrying on a propaganda to the effect that the schedule is highly beneficial to the mills. Mill circles concede that the multipliers are on the whole not unreasonable, but they point out that, in some respects, the multipliers do not fully reflect the increases that have occurred in the prices of the different elements of production costs. Indeed, the prices that will be fixed under the multipliers, according to these circles, will generally be lower than the prices which were stamped under the Voluntary Price Regulation Scheme, the coarse and medium grey varieties being the worst sufferers. The Indian Cotton Mills' Federation feels that there is a strong case for an upward revision of multipliers for grey and medium cloth. The Government of India may not agree with this view, but there is certainly no substance in the contention of some parties that, as a result of the multipliers, the prices of the controlled varieties will be not only not reduced but actually be raised from the existing levels. It is a pity that the Government of India, swayed by this contention, has just effected a downward revision in the realisation multipliers in respect of nine out of the thirteen groups mentioned in the schedule of prices released on the 1st inst. If it is supposed that the consumers will gain as a result of the downward revision, the supposed gain, as the Federation has clearly warned, would be illusory, inasmuch as the resultant uneconomic prices would lead to a sizable drop in the output and availability of cloth. This, surely, is not the object of the scheme of partial textile control.

INDUSTRIAL COSTS

The relatively high prices of Indian industrial goods continue to cause anxiety from the point of view of not only domestic consumption but also export promotion. This anxiety is widely shared by the public, the Government and the industry itself. In giving expression to it, Mr. H. C. Dasappa, Union Minister for Industry and Supply, who addressed the 37th Anniversary Celebrations of the Maharashtra Chamber of Commerce at Bombay on the 10th instant, has, however, sought to put industry in the dock for a situation for which it has not been wholly responsible. He said:

> "The Indian public has, in the last fifteen years, accepted without much demur the sacrifices imposed on it in the form of higher prices in order to develop Indian industry. But, unless the industry, in turn, is able to prove that these sacrifices have been worthwhile in the sense of rapid development of industry with a consequent reduction in costs and improvement in quality, I fear, it cannot continue to claim the goodwill of the ordinary consumer."

Although this is a partial assessment, there can be no disputing the point that the goodwill of domestic consumers is important. But then, the goodwill of foreign consumers of Indian goods is no less important, for, unless Indian industries can compete in world markets, too, they will never be able to achieve a sound stable footing. It is in this context that some pertinent questions cry out for answers. These are: (i) What are the factors responsible for the high costs of production and how can they be eliminated? (ii) What are the new factors, the introduction of which can bring down costs, and how far is their introduction possible? (iii) What is the Government doing and what can it do in the matter?

One of the important factors contributing to a rise in costs, it is well known, is the ever-increasing incidence of excise duties and other indirect taxes. In a developing country like India, where there is almost an unlimited demand for industrial products, the indirect taxes cannot have disinflationary effects. They will simply increase the prices of (i) intermediate goods and raw materials and thereby add to the manufacturing costs of finished goods and (ii) consumer goods and thereby increase living costs and thus wage costs in industry. There is thus hardly a case for increasing excise duties to fight inflation; if anything, there is a case for judicious reduction of such duties as add to manufacturing costs. But it must be emphasised, at the same time, that there is considerable scope for cost consciousness and cost reduction in manufacturing processes.

Mr. Dasappa, in his address, highlighted the importance of incentives and the part they could play in a competitive market. He said: "The incentive for reducing costs in a normal market economy comes from the fact that there is keen competition and, unless the producer is able to cut his costs, he will not survive. Unfortunately, in a developing economy wherein a vast market is being opened up behind the protective walls of restricted imports, the normal incentives to cut costs do not operate to the same extent." As the country is faced with an acute shortage of foreign exchange, it is not possible to abolish import restrictions. Nationalisation is also not a solution to the problem, because it will simply create a monopoly in the public sector and crush even the already prevalent competition between the various producers. There are thus only two ways of providing incentives. Firstly, production may be increased so that a greater element of competition may be generated in the market. Secondly, fiscal incentives may be provided by way of income-tax reliefs and the like so that the entrepreneurs may feel that he is getting some special benefits because of his investments and efforts to bring down costs.

What facilities, one may ask in this connection, has the Government provided for increasing production? Mr. Dasappa referred to the activities of several financial institutions catering to the capital requirements of industries and to the increasing supply of power, transport and technically skilled personnel, and added: "In terms of facilities, the Indian industrialist has more of them than he ever had before." It may be in order to point out here that in a planned economy such phrases as "more than ever before" or "creation of new records" are not unique in themselves. For, if it is really a growing economy, new records should automatically be established every year of the Plan period and every month of the year. If they are not, then it is not a growing economy and all the planned efforts and investments may be taken to have been wasted. So, there is nothing remarkable about enhancing the facilities. What is important is to consider whether this increase has been commensurate with the desired and planned growth of the industrial sector; and here even Mr. Dasappa will perhaps agree that the facilities have not increased to the required extent. For instance, it is an uphill task to get a licence for establishing a new industry. Even if one gets the licence, it is still more difficult to get an assured supply of raw materials and/or semi-manufactures—both indigenous and imported. What to talk of the new capacity, while a substantial portion of even the already established capacity goes waste because of the shortage of these supplies? The fiscal and industrial policies of the Government are also so uncertain and unstable that a flourishing concern today runs the risk of becoming a losing enterprise tomorrow.

As regards fiscal incentives, especially for modernisation, though Mr. Dasappa ridiculed the suggestion made by Mr. Lalchand Hirachand, President of the Chamber, it cannot be contradicted that, for a reduction in cost of production, comprehensive research in the techniques of production and modernisation of plant and equipment are necessary. All this will involve costly experiments and considerable new investments which may or may not show any immediate results. There is, therefore, a large element of risk here. The entrepreneur can be encouraged to take that risk only when he is assured of a fair and equitable return through fiscal incentives and other adjustments.

PIG IRON FOR FOUNDRIES

For several years now, the two thousand units of the foundry industry, with their aggregate capacity of 2.5 million tonnes of castings, have been working very much below capacity because of an acute shortage of pig iron—the basic raw material of a basic engineering industry. It has been estimated, in this connection, that, as against the current annual demand of 2.5 million tonnes of pig iron and its available supplies of 1.2 million tonnes, the foundries engaged in the manufacture of commercial castings are getting pig iron allotments to the tune of only about 500,000 tonnes—just sufficient for utilising a fifth of the aggregate foundry capacity. The balance of available pig iron is earmarked for specific purposes in the railway, defence and other sectors. As far as the commercial foundries are concerned, the immediate outlook for pig iron supplies will, of course, be a shade better, thanks to the import of 150,000 tonnes from the U.S.S.R. But the difficulty about this imported pig iron, according to Mr. K. Prosad, President of the Indian Foundry Association, who addressed the thirteenth annual meeting of the Association at Calcutta last week, is that it will be available to the foundries only at a high landed cost—higher than the existing controlled price of the indigenous product.

The supply situation in respect of pig iron can also be improved in the short-term, if the Government can take some special steps. The integrated steel plants, for instance, can be persuaded to make available some more foundry-grade pig iron than they do at present. Secondly, considering that the foundry industry has been able to increase its exports of castings from year to year (from Rs. 12 lakhs in 1959 to Rs. 38 lakhs in 1963 and Rs. 33 lakhs in the first seven months of 1964) and that frequent foreign enquiries not only from Asian and African countries but also from advanced European countries and the U.S.A. are being received by the major foundries, it would be worthwhile for the Government to augment further the supplies of pig iron. It may be noted, incidentally, that manufacturers of iron and steel products exported from India are now entitled to supplies of iron and steel up to 133⅓ per cent of the quantity of these materials actually used by them in the exported products. This proportion can be increased suitably in the interests of domestic production and export promotion alike. Besides improving the pig iron supply position in such ways, the Government should also provide a reasonable return to the industry by making suitable allowances for idle capacity suffered as a result of shortage in the availability of raw materials when it (the Government) assesses the rates payable for the castings purchased for public-sector purposes. At the same time, the Government should take steps to improve the quality and grade of pig iron supplied by integrated steel plants.

From the long-term point of view, more positive and imaginative steps are called for. As the demand for pig iron is expected to be of the order of four million tonnes by the end of the fourth Plan, both the public and private sectors would have to establish additional capacities for foundry-grade pig iron. As far as the private sector is concerned, it would be necessary to permit the licensees concerned to establish pig iron plants of upto 500,000 tonnes capacity for facilitating economies of scale, better profitability and support from the capital market. Within the foundry industry itself, there would seem to be no need for creating further capacity for castings in view of the large unutilised capacity that is already there. If anything, there is great need for mechanisation of the foundries, only a few of which are now mechanised. Such mechanisation (or modernisation) would have the effect of augmenting capacity, besides improving the quality of castings and bringing down their costs. Mr. Prosad's presidential address at the Foundry Association is notable for this mechanisation plea, as also for the suggestion that a research institute should be created to help the industry solve new problems arising from the present trend of manufacture of heavy and intricate castings.

WOOLLEN INDUSTRY

The woollen industry has a sizable idle capacity at present. This is, indeed, as disquieting as it is surprising, considering that the additional defence requirements in the wake of Chinese aggression and the increased civilian demand have led to greater production in recent years. The latest estimates indicate that 74 per cent of weaving capacity and 60 per cent of spinning capacity in the worsted sector and 40 per cent in the shoddy sector remain unutilised. This state of affairs in the industry is mainly due to the acute shortage of raw materials. If fuller utilisation of capacity is to be achieved in the interests of the industry and the consumer alike, it would be necessary to increase the foreign exchange allocations for the import of wool tops and shoddy wool. It has been estimated, in this connection, that, in order to maintain its two-shift activity, the industry would require about Rs. 18-20 crores worth of imported raw materials in a year. In any case, the foreign exchange required for achieving even the revised lower target of 22 million yards for the final year of third Plan will be Rs. 16 crores.

Viewed against this background, the stand just taken by the Indian Woollen Mills' Federation and its Chairman, Mr. R. K. Birla, on the foreign exchange question seems to be quite justified. The Federation, incidentally, has conveyed to the Government of India its apprehensions about the serious consequences of an acute raw material shortage that will be felt by the industry under the import ceiling of Rs. 5 crores fixed for the current year (October 1964 to September 1965). That the present foreign exchange allocation is utterly unrealistic and in complete disregard of the actual needs of the industry should be apparent from the fact that the average ceiling since the stoppage of Open General Licence System for import of raw materials in 1957-58 has been to the tune of Rs. 11 crores—an amount supplemented by earnings (Rs. 3 to 4 crores) from exports.

The installed capacity of the industry is 38 million lbs. of yarn (28 million lbs. in the worsted sector and 10 million lbs. in the shoddy sector). But the import ceiling of Rs. 5 crores (out of which Rs. 1 crore is for the shoddy sector) will enable the industry to produce only 17 million lbs. of wool. After adding the quantity of Indian wool that may be available, there will be a shortfall of 60 per cent in raw material supply. And that will inevitably lead to retrenchment and lay-off of workers. That is not all, for woollen exports, too, are bound to go down in the wake of lagging production and reduction of incentives. By all accounts, therefore, the outlook for woollen production and exports will be distinctly gloomy unless, of course, the situation happens to be brightened by timely official remedies.

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MONTHLY ECONOMIC REVIEW OF U.K.

AIMS OF POLICY AND ACHIEVEMENTS

FLATNESS OF PRODUCTION AND EXPORTS SURPRISING

By W. T. C. King

EDITOR, "THE BANKER"

LONDON, *5th October*

ON the eve of Britain's General Election, which is timed for 15th October, the influences uppermost in London financial markets are not unnaturally political ones: but it cannot be long before economic issues come to the fore again as determinants of stock market behaviour.

In the meantime, it happens that the condition and trend of Britain's economy are more than usually hard to assess with any real assurance. This is not for any political reason: or, rather, it is quite apart from any political reason. For some time past, the available economic indicators have seemed to be in some degree in conflict, and much will depend on which of several possible interpretations of the evidence proves to be the more correct. At present, accordingly, the scope for legitimate differences in judgment is abnormally wide, both in assessing the recent performance and current state of the domestic economy and the future trend of the balance of payments.

To explain what lies in the balance it is necessary first to recall the salient aims and expectations of recent economic policy. In 1962 and 1963, the basic aim was to get the economy expanding more rapidly again after the phase of disinflationary pause and consolidation in 1961. In 1962-63, a series of reflationary measures—ranging from easier money, rising public expenditures, tax reliefs and efforts to promote industrial investment—were introduced with the object of absorbing underemployed resources of plant and labour as rapidly as could safely be done without risk of generating new inflationary strains. The aim, moreover, was not merely to take up the considerable existing "slack" in productive capacity but also to set the economy on a course of long-range expansion at a higher average rate than had been attained in the past: the target fixed for the purposes of the planning under the auspices of the newly-formed National Economic Development Council ("Neddy") was an average annual rate of growth of four per cent for the period 1961-66.

By the beginning of this year, it appeared that the initial aim of absorbing most of the "slack" in productive capacity was on the point of being achieved—in the sense that the additional demand injected into the economy by the several reflationary devices had generated a momentum that would complete the process during the course of 1964. There seemed a risk, indeed, that the pressure of demand might go too far.

The aim of policy in 1964, accordingly, was to damp down the rate of growth of demand to accord with what was thought (or hoped) to be the long-term trend rate of growth of output—the long-range target rate of four per cent rather than the spurt of up to six per cent that was feasible when expansion could come not merely from the rate at which productive capacity itself was growing but from the more complete utilisation of existing capacity.

Bank Rate

This damping down was sought chiefly by the raising of the Bank Rate from 4 to 5 per cent at end-February, and by the imposition of roughly £100,000,000 of additional taxation (on alcoholic drinks and tobacco) in the Budget of last April. This degree of restraint, it was thought, would enable the economy to continue expanding, though at a more moderate rate, without risk of new inflationary strain—provided that there was no undue rise in personal incomes to exert pressure on costs in the future.

On the external side, it was reckoned from the outset that the process of reflation, and of lifting the economy, if possible, to a higher long-term rate of growth, would put strain, probably considerable strain, on the balance of payments. As output expanded, stocks of materials and fuel and components would sooner or later have to be built up more rapidly, and then at least held at the higher levels: work-in-progress and stocks of finished goods would likewise expand: and additional demands would be made upon capital goods industries and upon imports of capital goods as industry stepped up its fixed investment.

Each of these tendencies, and not merely the particular portion directed towards imports, would tend to put pressure on Britain's external balance on current account. But if these domestic capital formation processes were necessary for developing a faster sustainable long-term rate of growth, they could not be regarded as basically weakening the balance of payments: on the contrary, it is axiomatic that if faster growth is to be sustainable, it must generate a substantially increased export potential, and from that increased potential the inroads made into the current balance would be made good.

In other words, on these assumptions the strains put upon the balance of payments by the gearing-up for faster growth could be reckoned as strictly temporary, if not actually automatically self-reversing. It was, therefore, justifiable to meet them by drawing upon reserves or external credit facilities without accompanying these drafts by measures of domestic disinflation, which in the past have sought generally to reduce the external deficit by reducing the pace of domestic expansion.

Precisely the same line of reasoning, moreover, could be applied to any outflow of mobile international short-term capital that might be touched off by the observed strain on the current account—or, for that matter, by any other influence except a fundamental weakening of the domestic economy. So long as the condition of the economy remained basically sound, any such outflow of funds could equally be treated as a temporary, and probably a self-correcting, influence, so that it was likewise justifiable to meet it largely or mainly by drafts on reserves or credit facilities rather than by so-called "corrective" measures that would recoil on the pace of domestic expansion.

An approach on these lines did seem to be, indeed, a condition precedent to the hoped-for acceleration of growth. If the Government was not prepared for an initial phase of external strain, and willing to countenance a presumably temporary loss of reserves, or if external credit facilities were not made available without some understanding that disinflationary "correctives" would be applied, then any effort to promote a faster growth would have been bound to have been checked before long, whatever the fundamental chances of its ultimate success.

Recent Economic Performance

This, then, is the blueprint of intention and expectation against which Britain's recent economic performance needs to be viewed. Because of the statistical uncertainty at many points, the difficulty at present is to decide how far that performance has or has not, conformed to the blueprint. On one basic fact there can be little doubt: after its rapid expansion in 1963, when reflation really got under way, the economy this year has unquestionably slowed down.

There is, however, considerable doubt about its new rate of expansion. To judge, indeed, by the official index of industrial production, one would have to conclude that the process virtually ceased early this year—some months before the restraints applied by the Budget. The index of industrial output as a whole, seasonally adjusted, rose from a monthly average of 115 (1958=100) in the last quarter of 1962 to 124 in the last quarter of 1963; in January of this year it rose to 127, but has remained at that level up to the latest month (July) for which figures are available (the indices for January-June have, recently, been revised from a provisional estimate of 126). This unaccustomed stability is, however, in some conflict with the evidence of certain other economic indicators, including figures from particular industries, the general impressions of businessmen, and the trend of the unemployment figures.

The total of adult persons unemployed was falling much more than seasonally throughout the first half of this year—by an average of nearly 10,000 a month in the second quarter of the year. Only in July and August was there any upturn, and then only a very small one, in the seasonally-smoothed figure; and then in September it turned even more sharply downwards. The true rate of fall then was 10,600; and the total of all workers unemployed was down to 341,600, equivalent to 1.5 per cent of the labour force. This ratio compared with 2.1 per cent at the corresponding date in both 1963 and 1962, but it was only fractionally above the low point reached in September 1961, near the crest of the previous business cycle.

During the current year, the true rate of fall in adult unemployment has totalled not far short of 90,000, and in the regions of strongest demands for labour, the ratio has dropped to only 0.8 per cent. Although the trend of output is by no means the only determinant of the course of registered unemployment, this marked tightening of conditions in the labour market hardly squares with the impression of output stability conveyed by the industrial production index, especially as the tightening has occurred during a period in which it was generally assumed that there would be a significant increment of productivity. It is hard to believe, in short, that aggregate output has not been continuing to rise perceptibly, though certainly more slowly than it did last year.

The other major uncertainty concerns the trend of exports. These had been expected to expand strongly, and since this year has been one of high activity in most world markets, there seemed no reason why these expectations should not be fulfilled, especially as there was ground for believing that in the recent past the trend of Britain's industrial costs, relative to that of its principal competitors, had generally been favourable. But in fact the recorded exports, seasonally adjusted, showed only a moderate further rise in the first quarter of the year, rising to a monthly average of £356,000,000, as compared with £350,000,000 in the fourth quarter of 1963, and £328,000,000 in the first quarter of that year, and, since the spring, the trend has seemed to be no better than flat, and probably slightly sagging. In the latest three

(*Continued on page 706*)

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"CAP IN HAND" FOR CREDIT?

By Questor

LONDON, *9th October*

THE balance of payments deficit is playing a bigger part in the British election campaign than most people would have thought likely. Both the main parties were proposing a considerable expansion in Government spending on things like roads, schools and hospitals and the question arose, which party was better able to achieve the faster rate of economic growth needed to finance the spending.

The Labour Party has, therefore, made great play with the size of the payments deficit shown up in the half-year figures. It claimed that the Conservative Government had tried to conceal the facts from the electorate by borrowing short, and argued that we should soon be forced either to impose premature restrictions on economic growth at home or to go begging cap in hand for overseas credits.

Labour's point seemed to be borne out when the gold reserve figures for September were published. These showed a relatively small drop of $45 million in the reserve but they were accompanied by a statement that the Basle arrangements for providing short-term credits between central banks had been reactivated—quite understandably, in view of the speculative capital movements which are likely to occur at election time—and that Britain had drawn on these, and on the mutual swap facility of $500 million with the U.S., to an undisclosed extent during September.

Labour immediately argued that the true facts of the country's economic position and the hollowness of Conservative election promises were at last coming to light. Conservatives fought back by quoting the U.S. example and arguing that there was no shame either in running a temporary payments deficit or in drawing on international credit to finance it. It was all good, rousing political stuff.

What most riled the Conservatives in the Labour attack by all appearances was the suggestion that we were applying for foreign credit "cap in hand"—a phrase which Mr. Wilson had used once before to describe the attitude of his political opponents during the negotiations for entry into the European Common Market.

Certainly the phrase is not applicable to the present drawing (which probably amounts, in any case, to only about $150 million). The essence of the Basle arrangements and of Mr. Roosa's network of swaps is that they should provide short-term international credit in an emergency both quickly and automatically. But it does, I think, raise several questions about the different forms of international credit available at present which deserve serious consideration. With short-term loans between industrialised countries, as with longer-term loans to developing countries, awkward issues of national sovereignty can easily arise.

All but a minority of loans are bound to carry conditions of one kind or another. Even when these conditions appear to be entirely financial, of the sort which any prudent banker must impose, difficulties may be involved. For many years, for example, a considerable number of developing countries have argued that the International Monetary Fund is predisposed towards deflation and that the financial conditions it imposes on the grant of credit are politically impracticable in their own domestic conditions.

Again, in the case of the recent Italian payments crisis, the other members of the European Community were ready to provide credit only if the Italian Government imposed economic restrictions of a severity which would almost certainly have precipitated serious political trouble, leading to a straight confrontation between the extreme right-wing and the Communists.

Whenever it is Governments rather than central banks or international institutions which provide the credit, economic conditions tend to shade rapidly off into political conditions. So far as loans to developing countries are concerned, this constitutes the case for providing as much aid as possible on a multilateral rather than a bilateral basis. Bilateral lending tends always to be in a shape which benefits the giver more than the receiver. So far as credits between industrialised countries go, it constitutes the case for making adequate resources available to bodies like the International Monetary Fund rather than relying on bilateral arrangements or giving a small group dominated by creditor Governments—as in the Group of Ten—a large say in the setting of conditions.

If Britain has to go to the Fund on a large scale, she may be passed on as a first test case to the Group of Ten, and it is not inconceivable that France may then attempt to survey and regulate British economic policy in a manner which no Government would be willing to tolerate. And if, instead, Britain leans on the U.S.? There have been reports in British newspapers recently, reliable or not, that the U.S. Administration would attempt to make any credits conditional on British adhesion to the mixed-manned nuclear force, about which the Conservatives are unenthusiastic and to which Labour is definitely opposed.

This sort of financial blackmail will always linger on to some extent while sovereign Governments remain. But it is a bad thing, since it overlooks the fact that we all have a common interest in the viability of the international monetary system and in attaining a faster rate of world economic growth; and the more lending resources which can be made available to non-political international bodies the better.

The U.S. and Britain could both help to change the climate of opinion and make the taking of short-term credit a respectable formality if they were to cease regarding the Fund as a lender of last resort. Instead of waiting to draw heavily when things go badly wrong, I suggest, Britain should draw month by month on the Fund in the period ahead to offset the regular, relatively small drops in the gold reserve which our deficit is likely to cause.

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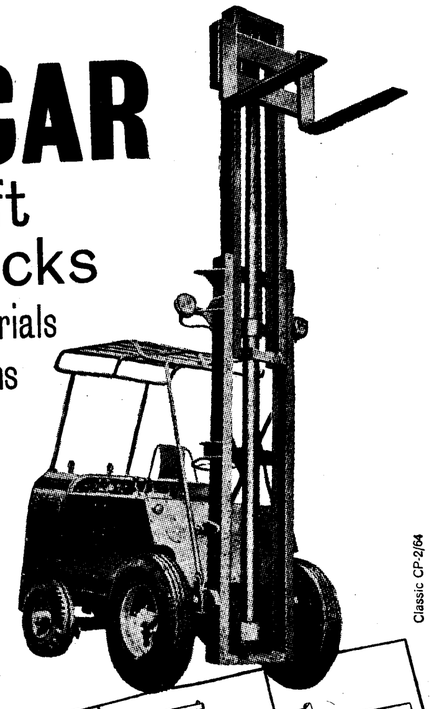

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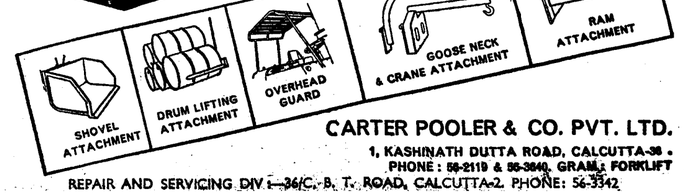

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FOREIGN TRADE OF DEVELOPING COUNTRIES

PRACTICAL U.N. MACHINERY WANTED

By Harlan Cleveland

U.S. Assistant Secretary of State for International Organisation Affairs

THE United Nations has created the political environment within which those who give and those who take, those who lend and those who borrow, those who advise and those who use or reject the advice, can come together in dignity and equality to promote that social progress and those better standards of life in larger freedom which are the promise of the Charter of the United Nations.

An improvement required in the United Nations' capacity "to promote social progress and better standards of life in larger freedom," is the need to institutionalise the United Nations' concern with international trade in relation to development.

The U.N. Conference on Trade and Development (U.N.C.T.A.D.) has recommended a big Conference on this subject at least once every three years, a 55-member Trade and Development Board meeting twice a year, and a Secretary-General and staff serving the new institutions within the U.N. Secretariat.

The aim of this machinery is to provide a forum for a deep and continuing analysis of obstacles to the expansion of trade of the developing countries—obstacles that may lie in the policies of industrialised countries or in the practices of the developing countries themselves.

This will require a new and important dialogue—mainly between developed and developing countries—about their respective national policies, such as trade and investment policies, which may affect the rate and character of development.

We are glad to see this machinery invented, and think it is wise to build it, as the U.N. Trade Conference proposed to build it, as an integral part of the United Nations.

Outcome of U.N.C.T.A.D.

The U.N. Conference on Trade and Development is so fresh in our minds that it may be useful to reflect for a moment on its outcome—and its future. The nations already in an advanced stage of industrialisation do, of course, account for most of world trade. It is a simple fact of economic life that the more highly industrialised nations have a greater capacity to buy and sell and therefore to develop a high level of mutually beneficial trade among themselves.

It is also a plain fact of history that the dominant natural impulse to stimulate trade where it already was profitable has had an effect on the production pattern of all trading countries. This has quite understandably influenced many developing countries to concentrate their production in relatively few export products. This may have tended to discourage structural changes in these economies—more diversification of their production—which in the long run would be to their advantage.

We not only wish for an increase in the foreign trade of developing countries but would particularly hope that in its expansion sound ways and means can be found to stimulate a wider range of their exports in the interest of more effectively balanced economic development. There are many reasons why we would welcome a healthy rise in trade between the industrialised and the developing countries.

First, we are committed morally and politically—and as a matter of plain commonsense—to contribute our full share in the global war against poverty in working partnership with those prepared to do as much themselves.

Second, we have committed vast resources, during nearly two decades of sustained support, for economic and social development around the world. This burden will be upon us, in one form or another, for as long as the problem of poverty exists on a major scale in this world. We carry it with good will as a necessary contribution to international peace.

Third, in addition to aid, trade is one of the most important factors in the process of growth. The sooner a developing country can earn its own way in a competitive world, the better it is for everybody.

Under the circumstances, then, if my Government were to follow any other course than one designed to reduce the barriers to the trade of the developing countries, and to promote the diversification of their economies, we would be guilty of the idiocy of giving with one hand and taking away with the other.

Purpose of U.N. Machinery

This is why my Government looks forward to the establishment of practical U.N. machinery in the field of international trade. Let us now examine what this "machinery" is supposed to produce as an end-product. We like the Secretary-General's definition, in his address to this Council on 16th July. He called on all of us to think of the United Nations as "an instrument for reconciling differences of opinions and not only as a framework in which they can manifest themselves." "Differences of opinions" about what? The rub is here. For when you consider trade in relation to development, you are talking about matters which cut deep into the domestic politics of every country on earth.

In the developing countries, the obstacles to development and to the growth of national trade are certainly in essence "internal affairs." Land reform is often the key to agricultural development; tax systems and budget controls are keys to development. The Government's policies about investment, the Government's attitudes toward private enterprice, the Government's willingness to build development institutions and put them in charge of well-trained technicians rather than political favourites—all these are essentially "domestic" decisions.

In a curiously similar way, obstacles to more imports and better export markets for the developing countries, which appear to them as "external" matters, are regarded as "internal affairs" in the industrialised countries. In several important elections in our history, the tariff issue was the main bone of contention between our two political parties. Aid policy is also a sensitive "internal" problem in every developed country.

The U.N.C.T.A.D. machinery will presumably be designed to promote a dialogue between the developing and the industrialised countries. But the content of that dialogue is not, for the most part, *international actions*—it is, rather, each country's *national policies*. The effectiveness of the new machinery will be measured by whether the dialogue it organises does, in fact, result in our modifying each others' national policies. If we tell you that you must get one with tax reform in your own country because we think you should, you are likely to resent the suggestion and not do anything about the revenue system. Only if we can persuade you that tax reform is in the interest of your own economic growth will we have any effect on your national policy.

In just the same way, if you tell us that our tariffs are too high, we are not likely to make any change just because you think we should. Only if you can persuade us that change will serve the national interests of our country—which is served, of course, by expanding world trade and the development of the less developed areas of the world—is your argument likely to have any effect on our national policies.

Nor will it help if large majorities pass resolutions recommending changes in the commercial policies of nations not part of the majority. The problem here was perceptively stated at the U.N.C.T.A.D. Conference by the delegate from a developing country. "It is an obvious fact," he said, "that on the basis of simple majority, the developing nations can out-vote the developed nations at any time. Yet, what will it avail this Conference to reach decisions by simple majority if the defeated minority includes the very countries from whom concessions are expected?"

There is, I believe, a real danger that the coinage of the United Nations will be debased by premature votes on one-sided propositions. A better approach would be a dialogue in which we settle down to the task of achieving a reasonable consensus about just what we all need to do to raise the levels of trade of the developing countries as a contribution to their economic growth and their social progress.

We will not do this by voting, but by striking bargains in which both the developing and the developed countries agree to try to change their own national policies for mutual benefit. So let us join in applying our impatience to the problem of development, rather than to each other. International co-operation for development will not work if it is conceived as a battleground, and set up as an adversary proceeding, a game of "I win—you loose" between "haves" and have-nots."

We can dare hope that a world too long torn by dissension—and paralysed by sterile confrontation—may be entering a period of healing and fruitful co-operation. But these hopes must be cautiously conditioned: they depend upon the dominance in world affairs of a will to co-operate, to work together, and to approach our tasks with a reasonable capacity to take account of each other's problems and viewpoints.

N.B.: Excerpts from Mr. Cleveland's address before the United Nations Economic and Social

WORLD BREADGRAIN CROP

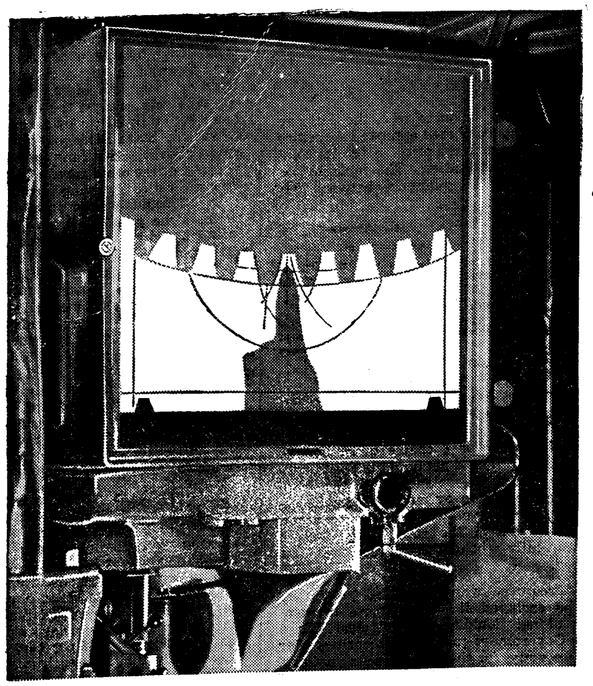
Breadgrain production for 1964 promises to set a new record, on the basis of preliminary information available to the U.S. Foreign Agricultural Service. Northern hemisphere harvests are nearing completion, and there is little doubt that total production will be at a new high. Principal producing countries of the Southern hemisphere have a favourable outlook and expect good outturns if growing conditions continue favourable through November. World production of wheat and rye together is forecast at 303 million short tons. This has been approached only once; in 1958, it was almost that large. The high level of the current forecast is due to the prospective record harvest of wheat. As currently placed at 8,985 million bushels, this would exceed the previous record in 1962 by 250 million bushels. Rye production continues at the reduced level of 1.2 billion bushels, 17 per cent below the 1955-59 average.

Present forecasts are tentative and subject to change as revised estimates become available for Northern hemisphere countries and as crops develop in the later harvesting Southern hemisphere. Thus, growing conditions through late November will determine yields in Argentina and Australia, the largest producers of that hemisphere. The outlook is for much reduced wheat import requirements in a number of countries that were quite active in the market during 1963-64. Foremost is the Soviet Union where crop failures made large imports imperative, and about 380 million bushels were imported during 1963-64. A normal outturn this year is expected to curtail imports to a relatively small amount shipped from the west coast of Canada to areas that present transportation problems for home grown wheat. At the same time, exports are also expected to be well below average. Mainland China was another large importer outside usual trade patterns. Imports came to about 205 million bushels during 1963-64. The crop outturn there this year is reported to be larger, but imports will probably continue, though at a reduced rate.

GRAIN STOCKS OF MAIN EXPORTING COUNTRIES

Total grain stocks in the four leading exporting countries (the U.S., Canada, Argentina and Australia) on 1st July 1964 were about 2 per cent above the mid-1963 level, according to preliminary estimates of the U.S. Foreign Agricultural Service. Despite the slight increase, stocks were still considerably below the high level of 1959-62. The increase over 1963 is principally in corn; wheat stocks are the smallest since 1953. An estimated total of 139 million short tons of wheat, rye, barley, oats and corn for the current season is 3 million above stocks on 1st July 1963. Principal changes are in corn and wheat; an increase of 7.7 million short tons of corn is largely offset by a reduction of 6.7 million tons of wheat. Moderate increases were estimated for barley, oats, and rye. An 11 per cent increase in the U.S. corn stocks is the main factor, accounting for 85 per cent of the increase in corn. The United States also accounts for most of the decline in wheat stocks. In addition to the five grains considered above, 1st July stocks of sorghum grain add another 20 million tons to the U.S. total grain stocks. Argentina is the only other producer of any significance and, even with recent expansion there, production is still less than 10 per cent of the U.S. production. Current grain supplies continue to offer large surpluses for export. Import requirements for the current season, however, are expected to be somewhat smaller than the large 1963-64 imports.

A regional breakdown of 1st July stocks shows the U.S. total of 101 million short tons of the five grains accounting for 73 per cent of the total for the four countries. This is the smallest volume since 1959, and is 29 million tons less than the record 1961 stocks. Wheat stocks are down by 295 million bushels from the 1963 level, offsetting an increase of 230 million bushels of corn. Stocks of oats are up by 41 million bushels, while barley and rye stocks are moderately smaller than a



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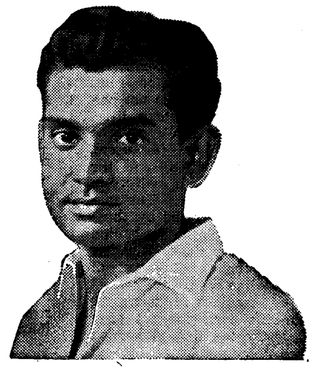

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the composition of reserves would more or less take care of itself. An excessive holding of gold would be costly since gold earns no interest. And so far as *aggregate reserves* are concerned, excessive holdings also become costly, since in this case the country in question would fail to achieve the consumption and investment standards which a rational employment of its surplus holdings could provide. Moreover, if a country should choose persistently to accumulate surpluses, it would soon discover that such surpluses create problems of monetary management in its domestic economy. The West German experience in this matter is well known.

For all these reasons, I see no need to impose uniform gold ratios upon all participating countries once the fiduciary component has been made in effect "as good as gold" by means of the exchange guarantee.

Bernstein's new international reserve units would be based on a pool of currencies contributed by his group of eleven advanced industrial countries—the Group-of-Ten plus Switzerland. He suggests that 3.5 billion new reserve units be issued the I.M.F. serving as Trustee) to be allocated to the participating countries according to their quota contribution. Periodically additional quota contributions would be made if and when required to supply adequate international liquidity. Finally payments between countries would be made at the ratio of, say, two-thirds gold and one-third reserve units. This would become the standard composite unit for international payments. In the transition period, the ratio might, however, have to be as high as 9:1. This would be changed step by step until finally the desired ratio was reached. Over the still longer run, the desired ratio might need to be further reduced in order to supply adequate international liquidity.

The Group-of-Ten

Since Bernstein's plan introduces a new international reserve unit based on the combined currencies of leading industrial countries, it obviously is somewhat closer to an international reserve system than the Posthuma plan. Yet it stops short of being a full-fledged international central bank. The plan is indeed solidly built on strong currencies. This is a step in the right direction. The General Arrangements to Borrow (the so-called Paris Club Agreement) pointed the way to a significant new development. The really vital thing about this agreement was not the $6-billion potential resources made available to the Fund by the Group-of-Ten industrial countries. The important thing to note is the fact that it cut away from the window-dressing hocus-pocus of a hundred or so currency quota contributions, the vast majority of which would never be drawn upon.

The problem of foreign aid to the developing countries is one thing, and the problem of a workable international monetary system is quite another thing. A solid and secure system of international reserves must be erected upon the foundation of unimpeachable Government securities precisely as the Federal Reserve Credit in the United States is based on gilt-edged U.S. Government securities. An international currency cannot be based upon non-marketable loans and investments. (It is this issue which has raised the most serious criticism of Professor Triffin's full-scale plan. In reply to this criticism he has stated that he is content to limit the investments of his reorganised I.M.F. to securities of the World Bank and other "hard-loan" agencies, and to the obligations of strong currency countries. See his statement in Seymour Harris' *The Dollar in Crisis*.)

An International Reserve System

Let the Group-of-Ten set up a Governing Board composed of the Managing Director of the I.M.F. as Chairman and a Board of Directors representing the ten leading industrial countries. Assign to this Governing Board the responsibility of administering a new Division in the I.M.F. which we may call the International Reserve System (I.R.S.) corresponding to the Federal Reserve System in the U.S. Let this Governing Board invite all countries holding foreign exchange to deposit their holdings with the I.R.S. in exchange for International dollars. We have a U.S. dollar and a Canadian dollar; why not an international dollar?

There need be no compulsion, though it might conceivably be advantageous to obtain agreement, that any member of the Group-of-Ten would refrain from adding to its gold stock as long as its gold ratio exceeded 60 per cent. Such a ruling could help to promote acceptance of the new international dollar.

Some considerable part of current dollar holdings would no doubt be retained as working balances. Indeed, an exchange guaranteed dollar might well be regarded as on a par with an international dollar.

Any conversion of existing dollar holdings would, of course, not add at all to the existing volume of international reserves. That would be a matter for the future. And it is here that the new International Reserve System would come into its own. The Governing Board should be empowered to purchase and sell in the open market the Government securities of any of the Group-of-Ten countries, but only with the consent of the monetary authorities of the country in question. The Governing Board, in cooperation with the constituent member-countries, would have the responsibility of controlling the volume of international liquidity.

The Governing Board would not be the sole creator of fiduciary reserves. Any one of the Group-of-Ten countries might, through trading or borrowing, acquire international reserves in the form of exchange guaranteed foreign currencies. The ten participating countries might, however, prefer to obtain their reserves by borrowing directly from the International Reserve System. At all events, the I.R.S. would be the "lender of last resort," and so in the final analysis would be able to exercise a large measure of control over the aggregate volume of international reserves.

Instead of detailed regulations, I should prefer to place full responsibility on the Governing Board of the International Reserve System. This would avoid having to expand international reserves by large discrete jumps such as Bernstein's $3.5-billion quota contributions. Instead, this would be subject to day-by-day management in just the same manner that the quantity of Federal Reserve credit is controlled by the Federal Reserve System in the United States. Moreover, I see no good reason why participating countries shall not have complete freedom with respect to such matters as the composition of their holdings of gold, international dollars or foreign currencies carrying an exchange guarantee.

External Disciplines

Conventional objections are invariably raised to any proposal designed to end once and for all the fears of speculative gold drains and devaluation risks. It is said that, once this goal is achieved, no country would have any incentive to balance its accounts with the outside world. No country would care to contribute its share of responsibility for the promotion of international equilibrium.

The requirements of international equilibrium will remain with us as long as there are separate sovereign nations with more or less diverging economic policies which create problems for themselves and problems for their neighbour countries. Price stability and full employment problems, both with respect to monetary and fiscal management, are intensified by payments surpluses or deficits. These will continue to plague us (though less disruptive than now) even after we get rid of fears of gold drains and devaluation losses. They will have to be faced along with the multitude of disturbing developments which monetary and fiscal authorities are compelled to contend with—cyclical swings, wage-price disturbances, technological shifts, natural disasters, etc.

Once a dependable fiduciary component has been incorporated into the gold-exchange standard and an International Reserve System has been set up to provide adequate liquidity, the equilibrating processes of adjustment could reasonably be expected to produce viable equilibrium without upsetting the "natural" structure of world trade as determined by the human and material resources of the different countries. "Rough" measures, designed to end imbalances quickly, would no longer need to be employed. Thank Heaven we do not have balance-of-payments statistics for each State in the American Union! If we did, what would not our hard-headed disciplinarians be urging, to the detriment of a rational allocation of our productive resources?

The Continental European countries have been asking the U.S. to "put its house in order," but from current newspaper accounts one learns that they are already alarmed at the prospect that their surpluses (the counterpart of U.S. deficits) might disappear. A *drastic* shift in U.S. merchandise trade is not likely to promote world equilibrium and I do not know of anyone who seriously thinks that this could in fact prove to be the way out.

The U.S. trade balances is not the root of the trouble. Rather the disequilibrium in the U.S. international payments should be sought in the capital account. If this could be brought into balance, the U.S. deficits would disappear. (Equally it could be argued that, if U.S. foreign aid loans and grants and U.S. military expenditures abroad could be cut in half, the deficits would vanish. This statement, in view of the feed-back effect, is, of course, an oversimplification.)

Direct investments abroad have been running during the last four years at around $1.6 billion per year. Portfolio investments have grown in this period from $0.9 billion to $1.9 billion. Offsetting this, foreign capital investment in the U.S. averaged $0.66 billion. Taken together these items approximate the U.S. 1960-63 deficits.

"One of the silliest aspects of the international financial scene at the moment," said the London *Financial Times* in its July 1963 issue, "is that the continental countries with far larger external reserves than they know what to do with, are regularly going to the New York capital market for funds to finance their development activities." European capital markets need to be broadened and developed. The interest equilisation tax is a step in the right direction.

Higher growth rates and full employment in the United States would help to cut down capital outflows and stimulate inflows. And the European countries could help both themselves and the United States if they would pursue a low interest rate policy accompanied, if necessary to contain inflationary pressure, by a stiff fiscal policy.

In the exchange-market where private transactions in goods and services are made in response to market forces and profit opportunities, the United States, with a surplus of $6.4 billion in 1958-62 and $6.9 billion in 1963, is obviously highly competitive. U.S. wholesale prices stood at 100.3 in December 1963, compared with 100.4 in 1958. No European country can match this record. The G.N.P. price deflator for the U.S. increased by 2.5 per cent per year from 1950 to 1960, while the average for the Common Market countries, including Switzerland, was 3.9 per cent. The dollar fortunately is not overvalued in the market-place. Should devaluation ever become necessary, it would need to be engineered by international agreement like the famous Tripartite Agreement of 1936 when the U.S. and the U.K. welcomed the French devaluation and announced beforehand that they would take no countermeasures.

Role Of Gold

Under an International Reserve System operating with an exchange guarantee, countries would no longer need to hold large stocks of gold in their reserves. The problem of equitable distribution of gold would no longer be a matter of concern. All countries would be free to hold their reserves in any form: (1) gold, (2) international dollars, and (3) currency of any of the Group-of-Ten countries. All the participating countries would agree to maintain the value of their currency within fixed buying and selling points around parity. Perhaps these points should be widened to permit greater flexibility and thereby ease the long-run adjustment process. Parity would be expressed in gold or in an international dollar defined in terms of the U.S. dollar of "weight and fineness in effect on 1st July 1944" as in the Bretton Woods charter. The International Reserve System would accept deposits and give international dollars in exchange. And these dollars would in turn be redeemable in gold.

Whether the International Reserve System would finally absorb all the world's monetary gold or not is a question that no one can answer. Nor is it important. It is indeed likely that if all the gold should be so concentrated some two-thirds of the I.R.S. assets would first consist of gold, an unearning asset. This would compel the I.R.S. to pay a lower rate of interest to its depositors. But these depositors would in turn be freed from the burden of carrying gold as part of their international reserves. As world trade expands and more international reserves are needed, the I.R.S. would increase its holdings of the Government securities of the participating countries relative to its holdings of gold.

AUGMENTING COTTON YIELDS

I.C.M.F.'S PROJECT INAUGURATED

TUESDAY of this week was quite a notable one in the history of the cotton textile industry in India. For it was on this day that the Cotton Extension Scheme of the Indian Cotton Mills' Federation—I.C.M.F., for short—was inaugurated at Tudialur near Coimbatore by Mr. M. Bhaktavatsalam, Chief Minister of Madras. The Federation has certainly done well in following the lead given by the Indian Jute Mills Association, which, it will be recalled, undertook the jute development work in 1961. In deciding to make its own contribution towards cotton development work, the industry has evidently been prompted by the consideration that the prosperity of the industry, after all, depends to a considerable extent on the conditions obtaining in the primary sector, that is, cotton growing.

The move of the Federation to take up cotton development work is certainly laudable. In spite of all the emphasis laid on higher production of cotton, especially of superior qualities, a wide gap continues to exist between actual output and requirements, necessitating large-scale imports, as is evident from the following figures:

(In million bales of 392 lbs.)

	Production	Consumption	Deficit	Imports
First Plan (annual average) ..	3.70	4.53	—0.83	0.76
Second Plan (annual average) ..	4.60	5.12	—0.52	0.71
Third Plan—				
1961-62	4.50	5.69	—1.19	0.87
1962-63	5.37	5.67	—0.30	0.85
1963-64	5.49	6.00	—0.51	0.72

It will be seen from the above figures that, since the rise in cotton production has not kept pace with the increase in requirements, the country continues to depend greatly on imports from abroad. The value of imports is about Rs. 50-60 crores a year. The drain on foreign exchange for cotton imports will persist in the coming years unless, along with the expansion of the cotton textile industry, earnest efforts are made to step up cotton production. India has the largest acreage under cotton, namely, 19.7 million acres. There is not much scope for increasing the area under this crop, since the equally pressing claims of foodgrains cannot be ignored. The planners have decided that the domestic production of cotton should rise to 7 million bales per annum by the end of the current Plan. This is not an overambitious goal, because the acreage available for cotton is considerable. All that is necessary is to increase the yield per acre. It is 1.15 lbs. in India, as compared with 543 lbs. obtained in the U.S.S.R., 457 lbs. in the U.S.A., 463 lbs. in the Sudan, 586 lbs. in the U.A.R. and 228 lbs. in Pakistan.

Considerable Scope

Apart from the low level of productivity, the acre yields in the country, as Mr. Radhakrishna R. Ruia said on the occasion of the inauguration of the Cotton Extension Centre near Coimbatore, fluctuate from year to year depending upon the vagaries of the monsoon. The crop in 85 per cent of the cotton area is rain-fed. Irrigation facilities are certainly being made available to an increasing extent. The area under irrigated cotton was 1.5 million acres in 1953-54; it was 2.8 million acres in 1962-63, representing 14.3 per cent of the entire area under this crop. Irrigation facilities are, however, mostly confined to canal and well-irrigated lands in the Punjab (Rajasthan, Gujarat, Maharashtra, Mysore and Madras where the acre yields are higher than in the rain-fed regions. Even so, according to Mr. Ruia, the scope for higher yields even in the irrigated areas is considerable. How it is possible to raise bigger crops is best illustrated by the excellent results secured by the Regional Research Centres in their demonstration plots at Sirsa in the Punjab and at Coimbatore in Madras.

The Indian Cotton Mills' Federation decided a few months ago to make its own contribution towards increasing the production of cotton in the country. Towards this end, it appointed a sub-committee, with Mr. Ruia as Chairman, to make proposals for fulfilling this aim. The Sub-Committee emphasised the need for bringing home to the agriculturists the importance and value of modern farm practices. The Committee recommended a Cotton Extension Project to be implemented by the Federation. It was this project which was inaugurated

The Federation's project envisages demonstration on units of 1,000 acres at five centres of the maximum acre yields that could be achieved by implementing the package measures such as use of improved seed, application of an adequate dose of fertilisers and undertaking prophylactic plant protection measures against pests. The Federation has sanctioned Rs. 5 lakh to Rs. one lakh per centre. A Chief Executive Cotton Officer has been appointed to organise and implement the scheme. He will also advise the cultivator about their various problem. A nucleus staff, consisting of a Regional Cotton Officer, two fieldmen and two belders or muccadams, is being appointed at each centre to be in charge of the unit. The services of local co-operative organisations will be utilised for issuing loans in kind, seed, fertilisers and plant protection chemicals to farmers. The Federation staff would follow up the issue of the loan to see that the seed is sown, fertiliser applied at the appropriate time and the plant protection chemicals utilised in spraying the crop.

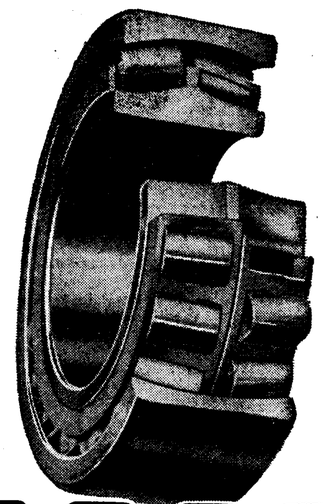
The necessary plant protection equipment is purchased for each centre and it will be utilised for undertaking a mass plant protection campaign in the entire area to serve as an effective demonstration on the need for doing simultaneous spraying or dusting by all growers in any locality. Clean methods of picking would be insisted upon and encouraged. The grading of *kapas* will be done and assistance rendered in ginning and marketing. The recovered loan amount would be retained at the centre for utilisation in the following season, either in the same centres or for other centres. The loan granted would be interest-free. An information bureau will be opened to enlighten the growers on the improved methods of cotton cultivation and enhancing cotton yields. Other necessary leaflets and literature will be distributed to educate the farmers. Propaganda will also be done to enlighten the farmers on modern methods of farming by which their income per acre can increase and so also the yield per acre.

Practical Demonstration

The Indian cultivator is shrewd and hard-working. Mr. Ruia was right when he declared that it would be more profitable to give him practical demonstration. To quote him: "The State and Central Governments have drawn up plans and programmes under the cotton development schemes with the object of helping the farmer to adopt modern methods of farming. Various facilities and incentives are being given to him towards this end but due to procedural and other difficulties, the gains have not been equal to the expectations. The farmer has not been able to take full advantage of these schemes. My Federation feels that it can make a useful contribution to the 'Grow more cotton' campaign through its scheme." Proceeding, Mr. Ruia said:

"If the various schemes that have been introduced to help the farmer succeed in full, I have no doubt that a tremendous fillip will be given to our national economy. I, therefore, make an earnest appeal to the farmers assembled here to take full advantage of the facilities afforded to them and to ensure the success of our demonstration project. I would also like them to make the best use of our Centre which will serve as a liaison between them and the Government Departments. It will bring to the notice of the authorities whatever difficulties and hardships they may encounter in their attempts to adopt modern farm practices."

Since agriculture is the mainstay of national economy and cotton is an integral part of it, it is just as well that the cotton mill industry has decided fully to participate in the general drive towards the goal of self-sufficiency in this important raw material. But its participation will only be of a limited nature. It is the Indian Central Cotton Committee and the Agricultural Departments of State Governments that should intensify their efforts in the direction of achieving a level of cotton production that will not only meet the expanding domestic demand but also leave a sizable surplus for export.



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NET LIQUIDITY POSITION OF BANKS

IMPLICATIONS OF THE R. B. I.'S NEW CREDIT SYSTEM EXAMINED

ALTHOUGH the exact implications in terms of the volume of credit limits available at various rates of interest under the new system of central bank accommodation to scheduled banks, linking the cost of such accommodation to their net liquidity position, are not yet clear, the mechanism of, and the rationale behind, the new system have emerged clearly as a result of several clarifications issued by the Reserve Bank of India during the three weeks following the initial announcement which had stunned the bankers and the monetary commentators alike. It is an indication of the hasty and casual manner in which these important changes were made in the borrowing facilities available to banks. At least three clarifications were required to make the system fully and accurately intelligible. One wonders whether the important changes in the credit control mechanism could not have been made after a full and extensive consideration of all the implications of change in order that no room was left for uncertainty or doubt.

Even now, while each bank may have been able to assess the extent to which borrowing facilities will be available to it at various rates of interest under the new system, it is not possible how, to what extent and in which direction the banking system as a whole will be exactly affected. The banks are, as usual, reluctant to disclose their position, and the Reserve Bank never discusses these matters in public in terms of exact quantities. The prevailing confusion is amply illustrated by three facts: one, the Reserve Bank's intention behind these measures was to increase the cost, rather than directly restrict the availability of Reserve Bank accommodation within the framework of a policy of credit and monetary restraint; two, a banking correspondent of a financial weekly has estimated that borrowing limits for all the scheduled banks at the old Bank Rate of 4½ per cent under the old system of borrowing were Rs. 38 crores, whereas the limit under the revised system at the higher Bank Rate of 5 per cent comes to Rs. 272 crores—more than seven times the old one for a mere ½ per cent rise in the cost; and, third, another monetary commentator in a financial daily feels that the screw has been tightened so much that the Reserve Bank would be forced to relax as the busy season approaches its peak.

There are at least two reasons for the prevailing confusion. First, in the present state of published banking statistics, it is impossible to work out the exact difference between the new concept of *net liquidity position* and the statutory *liquidity ratio;* the amounts of investments in "approved securities" are not known separately from Government securities, and the borrowings from State Bank of India are not available separately from the borrowings from notified banks. Secondly, even if the net liquidity position of the entire banking system can be estimated with reasonable accuracy from the published weekly statement of scheduled banks' position, there are vast differences among the positions of the State Bank of India, its subsidiaries, major, medium-sized, and smaller Indian scheduled banks, and the foreign banks—differcenes which are compensated and adjusted in the overall estimate for the entire banking system, thus giving a rather misleading overall picture.

What is Net Liquidity?

The *net liquidity position* of a scheduled bank has been defined as the ratio of (A) the total of a bank's (i) cash, (ii) balances with the Reserve Bank of India, and other notified banks and balances in current accounts with their banks including the State Bank of India, and (iii) investments in Government securities (excluding other "approved securities," guaranteed by the Governments), presumably at their book value, *less* its total borrowings from the Reserve Bank of India and the State Bank of India, to (B) the aggregate demand and time liabilities as defined for purposes of the weekly return under Section 42(2) of the Reserve Bank of India Act. The net liquidity position as defined above is distinct from the liquidity ratio defined in terms of Section 24 of the Banking Companies Act. The *liquidity ratio* of a scheduled bank consists of the ratio of (A) cash, statutory balances with the Reserve Bank, gold or unencumbered approved securities valued at current market price to (B) its total demand and time liabilities. The table below shows at a glance the difference between the two:

Net liquidity position	*Liquidity ratio*
1. Cash—till money.	1. Cash—till money.
2. Balances in current account with R.B.I., S.B.I., notified banks and other banks.	2. Balance with the Reserve Bank of India under Section 42 of the R.B.I. Act.
3. Government securities (whether encumbered or not, except guaranteed securities) valued at book value.	3. Unencumbered approved securities (i.e., both the Government and Government guaranteed securities) valued at current market price.
4. Borrowing from the R.B.I. and the S.B.I.	4. Gold.
5. Demand and time liabilities.	5. Demand and time liabilities.
The ratio of (1+2+3 *less* 4) to 5.	The ratio of (1+2+3+4) to 5.

The table calls for a couple of comments. The original definition of net liquidity position inadvertently omited the balances with the S.B.I. which were brought in by means of a clarification. That, of course, was a drafting error, but it surely shows the careless manner in which carefully thought out measures are introduced.

The reasons why approved securities should be excluded for the purpose of computation of net liquidity are not clear. In a way, the Government guaranteed securities offer a better security, for they carry two signatures. Moreover, the banks are important holders of these Government guaranteed securities—their holdings are estimated to be of the order of Rs. 80 crores. Probably, the inclusion of these security holdings for arriving at the net liquidity position would have made the new borrowing limits much more liberal than the Reserve Bank would care to allow.

Unencumbered Securities

The Reserve Bank's letter mentions investments in Government securities without any specific reference to the unencumbered securities only as in the case of the statutory liquidity ratio. The intention, therefore, is to include all investments in Government securities, whether they are encumbered or not. Since there is no mention of the manner in which these securities are to be valued, banks would be justified in taking their book values. In the calculation of the statutory liquidity ratio, there is a specific reference to valuation at a price not exceeding the current market value.

Let us now compare the net liquidity position with the liquidity ratio of a bank. Since "balances with banks" cover a wider definition under the net liquidity position, it is likely to be higher by Rs. 22 crores on this account. Investments will more or less be equal under both the heads, because, if the net liquidity position excludes approved securities, this exclusion is partly compensated by the inclusion of encumbered Government securities. Moreover, the market value of Government securities for the ratio purposes is likely to be lower than the book value for the position purposes. Yet again, the exclusion of encumbered securities from the ratio is compensated partly by the higher market value of approved securities. Though the exact position cannot be ascertained with ease, it is a fair guess that the item of investments (item No. 3 in the above table) is likely to be even under both the calculations. If at all, it may give a slightly lower figure for the calculation of net liquidity position. The item of borrowings from the Reserve Bank and the State Bank—Rs. 32 crores on the last Friday of September—will not only compensate for the higher value of 'balances' for calculating the net liquidity position, but always make the net position lower than the statutory ratio. This gap will widen as the borrowings increase with the progress of the busy season.

The net liquidity position thus arrived at will determine the rate of interest which will apply to the *entire* amount borrowed from the R.B.I. If the position is at or above 28 per cent, the Reserve Bank will charge interest on the borrowings from it at the Bank Rate, that is, 5 per cent. For every one full percentage point fall in this position, the rate to be charged will rise by ½ per cent, not only on the additional borrowings thereafter but also on the past borrowings already made at 5 per cent.

There is one merit in this new system of liquidity, a merit in which the older tier system of borrowing quotas and slab rates was totally lacking. Under the former system, any bank could borrow at different rates amounts fixed in relation to its cash reserves with the Reserve Bank of India. This, however, did not take into account the extent to which each bank had utilised its own resources. Whether it was the State Bank and its subsidiaries with credit-deposit ratios ranging between 50 and 60 per cent or the other scheduled banks with credit deposit ratios varying from 70 to 90 per cent, all could borrow from the Reserve Bank in the same proportion. What the new system of net liquidity position does is to link the cost of borrowings of a bank to the use of its own resources. A bank like the State Bank of India, which maintains between 40 and 50 per cent of liquidity at all times and whose advances position is never overextended, will find that it has a borrowing quota of over Rs. 130 crores at Bank Rate (5 per cent), but a bank like the overextended position of the Bank of India may find that it cannot afford to borrow at all from the Reserve Bank of India. The link with net liquidity thus provides a guarantee of *equity* by allowing larger facilities to those who deserve them and by discouraging others who have already used up their resources.

On the basis of the weekly statement of scheduled banks for the week ended 25th September 1964, it appears that the net liquidity position of scheduled banks as a whole is around 39 per cent and that banks are in a position to borrow about Rs. 279 crores from the Reserve Bank of India at 5 per cent. If the net liquidity position of the State Bank of India and other banks is calculated separately, we may find that it is 47 per cent and 35 per cent, respectively, and that each may be able to borrow about Rs. 128 crores at the Bank Rate. Further they can borrow additional Rs. 7 crores and Rs. 18 crores for each increase of ½ per cent in the borrowing rate. Thus at 6½ per cent, the State Bank may be able to get Rs. 149 crores and the other banks Rs. 182 crores. If these other banks could be broken up into various groups, we may get still more interesting and eye-opening results. We may, of course, be able to utilise 1963 statistical tables to calculate December 1963 position, but that position which would be far more liberal, in to calculate December 1963 position, but that would be completely irrelevant to the present view of the high liquidity ratio that banks have been able to build up during the current slack season.

Far More Liberal

It is necessary to ask whether the Reserve Bank has done any arithmetical calculations on the revised borrowing facilities and whether the bankers have done the same before representing against their harsher provisions like abolition of special additional Bank Rate quota for their lending to cooperative and small-scale sectors, or the exclusion of approved securities for computation of net liquidity position. The obvious answer is no, for, otherwise, the Reserve Bank would have had no illusions regarding whether the present phase of its dear money is more liberal than even the so-called short-lived liberal credit policy of October 1963-March 1964 and the bankers would not have made the representation that they actually made, a representation which has very curtly been dismissed. Enquiry at few banks does confirm that their borrowing quotas at 5 per cent, 5½ per cent and 6 per cent are far more liberal than under the older system, even though they may cost them a little more, in view of the abolition of slabs and charging of flat rate of entire borrowings.

Before concluding, we have a suggestion to make. The Reserve Bank has already asked the banks to furnish a footnote at the end of their weekly statements under Section 42(2) of the Reserve Bank Act indicating their net liquidity position. It is further hoped that the footnote will be *published* for general information. But it is also necessary to go a little further and indicate in the statement a few additional sub-groups, so that the net liquidity position as well as liquidity ratio of each group of banks may be quite apparent. Moreover, rather than consolidating all scheduled banks in a single statement, it would be much more informative and useful for making as well as evaluating policy decisions if the weekly statement is published under at least five heads namely, the S.B.I., its Subsidiaries, big five banks, medium-sized ten banks, and the rest of the small banks.

THE GOLD EXCHANGE STANDARD AND INTERNATIONAL LIQUIDITY

OUTLINE OF A NEW SCHEME

By Prof. Alvin H. Hansen

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[Many proposals have been submitted in recent years with a view to improving the international monetary system and increasing international liquidity. One of the central questions in these recommended reforms has involved the improvement of the quality of the fiduciary component of the gold exchange standard. This is attested by the fact that all the proposals include some form of exchange rate guarantee. In this article, appearing in the latest issue (1964:3) of the Skandinaviska Banken Quarterly Review, *Stockholm, the author discusses the proposals that have recently attracted the greatest attention, at the same time, outlining another method of solving the problem.—Ed.]*

TO label the current international monetary standard, a gold-exchange standard, is a bit misleading. The gold ratio for the Common Market countries plus Switzerland, the U.K. and the U.S. is 83 per cent. For the "rest" of the non-communist world it is 29 per cent. It would be more accurate to say that the former group of countries operate on a gold standard, while the latter operate on a foreign exchange standard. And increasingly so. West Germany, Italy, Switzerland, Belgium and the Netherlands added $3.6 billion to their gold stocks from 1958 to 1963, while they actually reduced their combined holdings of foreign exchange. France increased her gold holdings in this period by $2 billion but also increased her foreign exchange by $1.1 billion.

Clearly the fiduciary component of the gold exchange standard is regarded as seriously inferior. The gold exchange standard is a limping standard. Relatively speaking, gold is becoming increasingly scarce. One can observe in recent years a scramble for gold. The fiduciary component runs the risk of devaluation. Fear abounds. Yet if reasonably effective international monetary co-operation could be achieved fear would vanish. In the monetary sphere the famous statement by President Franklin Roosevelt is particularly true: "We have nothing to fear except fear itself."

The Fiduciary Component

The fiduciary component is suspect. That this is at the centre of the issues that confront us in our current international monetary problems is attested by the fact that every proposal for reform (whether a "modest first step" or an extensive overhauling) contains some element of an exchange guarantee. To this there is not, I believe, a single exception. In one way or another, the principle of exchange guarantee is spreading. The assets of the International Monetary Fund are protected, under the Bretton Woods charter, by a gold-value guarantee. The recent "Roosa Paper," so-called, is denominated in the currency of the creditor country. And the widely different proposals that have been made—Maudling, Zolotas, Franks, Bernstein, Posthuma, Triffin—all include an exchange guarantee in some form. The trimmings are different, but the heart of the whole matter is the exchange guarantee. No fundamental improvement of the international monetary system is possible without attacking the problem of improving the quality of the fiduciary component of the gold exchange standard.

Of course, if everyone would unfailingly play the gold exchange game and agree never to hold a higher gold ratio than the overall world average, all would be well. But no reform proposal, if I am not mistaken, has been content to rest the case there. Everyone, as a part of his plan, has called for an exchange guarantee either directly by the deficit country (bonds denominated in the creditor's currency) or indirectly via the automatic gold-value guarantee embodied in the I.M.F. charter.

Gold Ratios

Some plans (Posthuma and Bernstein) attempt to restrain the appetite of the gold-hungry countries by imposing gold ratios, taking care, however, to impose very modest restraints during the period of transition. But the matter is not left there. Professor Posthuma puts it very bluntly as follows: "Central banks cannot be expected to hold considerable amounts of foreign currency without being quite sure that these holdings will never devaluate in terms of either gold or their own currency." Referring to the medium-term U.S. bonds denominated in the currency of the holder, he in that such a guarantee should apply reciprocally to any conventional holdings of foreign currencies in the possession of central banks." Similarly, Dr. Bernstein (in his *Quarterly Review* article, Model, Roland & Co., Fourth quarter, 1963), speaking of his new Pool of Currencies and his Reserve Units, says: "As in all other cases, the currencies held by the Fund would be guaranteed against exchange depreciation."

Professor Posthuma is doubtless realistic when he says that central banks will not agree to limit their gold holdings unless the foreign exchange alternative carries an exchange guarantee. The ever-rising accumulation of gold stocks by the surplus countries during the last six years testifies to that fact.

If the exchange guarantee were applied all around, this would mean that *every* country whose currency was employed as foreign exchange would have to give a guarantee to all foreign holders of its currency either in terms of gold or else in terms of the currency of the creditor country. ("It will be readily apparent that not only the claims on the United States but also the claims of the United States on other countries would have to be similarly secured against the exchange risk."—Lecture by Professor S. Posthuma on "The International Monetary System," Kiel University, 19th July 1963.) This is exactly what Professor Posthuma aims at. As compensation for renouncing the right to convert all holdings of foreign exchange into gold, the creditor countries must have an exchange guarantee. "No country whose currency forms part of the reserves of other countries can therefore expect that it will be released from its conversion obligations without giving a guarantee that it will not alter the exchange rate of its currency." In Bernstein's plan, on the other hand, as I understand it, the gold-value guarantee would apply only to the new Reserve Units which would automatically enjoy the I.M.F. exchange protection. Other forms of foreign exchange (dollars, sterling, marks, etc.) would, as now, carry no exchange guarantee unless specially provided for, as in the case of the Roosa Paper.

A Gold-value Guarantee

Since about $16 billion of the $24 billion of current official holdings of foreign exchange consist of dollars, the bulk of the burden of an all-round exchange guarantee such as Posthuma suggests would fall upon the United States. Two hurdles have been erected, especially by American bankers, against a U.S. guarantee. It is said that the cost would be too great. This objection will not stand up under careful scrutiny. The U.S. still holds some $16 billion in gold. Official holdings of dollars are currently about $16 billion. Accordingly, the gold profit from any dollar devaluation would just cover the cost of indemnifying official foreign holders. Some $9 billion are held by private foreign holders. Let us suppose that half of this amount, in anticipation of devaluation, were transferred to central banks—a fairly extreme assumption in view of the need for working balances. Even so large a devaluation as 20 per cent would then cost the U.S. less than one billion dollars. To ensure against the dumping of private holdings, the guarantee could be limited to the official holdings of each country on the day the plan was announced.

The second objection is that no one would have any confidence in such a guarantee. If we mean business, however, this can quite well be taken care of. Let the U.S deposit with the I.M.F. a non-interest bearing U.S. security, but cashable in full on the day of devaluation, the purpose being to guarantee that the gold-profit would all be used to indemnify foreign official any claims against the U.S. should by prior agreement be made subject to adjudication by the World Court.

The Supreme Court Gold Clause case of 1934 is often cited. But this decision applied specifically to U.S. residents who, of course, could claim no damages. Moreover, this case should not be confused with a *specific pledge* by the U.S. Government to indemnify *foreign governments* in the event of devaluation. At all events, I believe no one has dared to suggest that the United States cannot be depended upon to live up to its obligations under the Bretton Woods Agreement Act, which was enacted by the Congress itself. To question the gold-value guarantee of the Fund is, as Professor Zolotas has said, "to question the credit worthiness of the international community as a whole."

Problem of Liquidity

An exchange guarantee by all countries whose currency forms part of the reserves of other countries (Posthuma) would end a deficit country's fear of gold drains and creditor country's fear of devaluation. So far so good, but this would not of itself solve the problem of adequate international liquidity.

In addition to key currency deficits, enlargement of I.M.F. quotas and the like, there are at least three possible ways to increase the quantity of international reserves:

1. A rigid control of gold ratios, which ratios would be adjusted from time to time so as to permit sufficient expansion of the fiduciary component to provide adequate international liquidity.

2. Establish a new international credit creating institution—an international central bank, controlled by a Governing Board.

3. Return to a full gold standard but increase from time to time the price of gold sufficiently to provide adequate international liquidity.

The plans that currently appear to command the greatest attention are, I believe, the Posthuma and Bernstein proposals and, for this reason, I shall concern myself mainly with them. Both plans involve the first of the three methods outlined above.

There are important similarities and differences between them. Both aim to control the amount of international liquidity by fixing the ratio of gold to the fiduciary component. Given the world's supply of monetary gold, Bernstein would estimate the need for aggregate reserves and would then create enough Reserve Units to satisfy the demand. Having determined the aggregate need and the available monetary gold, the gold ratio is automatically established. Professor Posthuma begins at the other end of the equation. He first seeks to establish the appropriate gold ratio—the ratio which is deemed necessary to produce the right amount of liquidity. (Initially the standard ratio would be 60:40. This ratio is derived from the fact that the fiduciary part of the total reserves of the European O.E.C.D. countries (excluding Switzerland) plus Japan amounted in 1962 to about 40 per cent of total gross reserves. It should be noted, however, that for the Common Market countries plus Switzerland the aggregate fiduciary ratio was only 30 per cent.) He then expects the participating countries, acting under the terms of an international agreement, to acquire the foreign exchange needed to achieve the desired gold ratio. The foreign exchange could be acquired either by means of market-oriented trade or capital account surpluses or by deliberate borrowing for this purpose.

Under Posthuma's plan, the composition of the international reserves of the participating countries would be adjusted so as to yield eventually a uniform gold ratio. Until the United States had built up its holdings of European currencies to the desired standard ratio, the U.S. deficits should, he says, be covered in gold and dollars in the proportion of 60:40. (Actually from 1958 to 1962, only 50 per cent of U.S. global deficits were paid in gold.) Through a process of adjustment (explained in his Annex) the standard uniform 60:40 ratio would gradually be achieved. (In the case of U.S. surpluses, European deficit countries would be allowed to pay 100 per cent in their own currencies until the U.S. has accumulated enough foreign exchange so that its gold—foreign exchange ratio will have reached the standard 60 : 40 proportion.) Once the standard ratio is achieved all around, all deficit countries would pay in (*a*) gold, (*b*) foreign currencies, and (*c*) their own currencies in the proportion 40:40:40.

the composition of reserves would more or less take care of itself. An excessive holding of gold would be costly since gold earns no interest. And so far as *aggregate reserves* are concerned, excessive holdings also become costly, since in this case the country in question would fail to achieve the consumption and investment standards which a rational employment of its surplus holdings could provide. Moreover, if a country should choose persistently to accumulate surpluses, it would soon discover that such surpluses create problems of monetary management in its domestic economy. The West German experience in this matter is well known.

For all these reasons, I see no need to impose uniform gold ratios upon all participating countries once the fiduciary component has been made in effect "as good as gold" by means of the exchange guarantee.

Bernstein's new international reserve units would be based on a pool of currencies contributed by his group of eleven advanced industrial countries—the Group-of-Ten plus Switzerland. He suggests that $3.5 billion new reserve units be issued (the I.M.F. serving as Trustee) to be allocated to the participating countries according to their quota contribution. Periodically additional quota contributions would be made if and when required to supply adequate international liquidity. Finally payments between countries would be made at the ratio of, say, two-thirds gold and one-third reserve units. This would become the standard composite unit for international payments. In the transition period, the ratio might, however, have to be as high as 9:1. This would be changed step by step until finally the desired ratio was reached. Over the still longer run, the desired ratio might need to be further reduced in order to supply adequate international liquidity.

The Group-of-Ten

Since Bernstein's plan introduces a new international reserve unit based on the combined currencies of leading industrial countries, it obviously is somewhat closer to an international reserve system than the Posthuma plan. Yet it stops short of being a full-fledged international central bank. The plan is indeed solidly built on strong currencies. This is a step in the right direction. The General Arrangements to Borrow (the so-called Paris Club Agreement) pointed the way to a significant new development. The really vital thing about this agreement was not the $6-billion potential resources made available to the Fund by the Group-of-Ten industrial countries. The important thing to note is the fact that it cut away from the window-dressing hocus-pocus of a hundred or so currency quota contributions, the vast majority of which would never be drawn upon.

The problem of foreign aid to the developing countries is one thing, and the problem of a workable international monetary system is quite another thing. A solid and secure system of international reserves must be erected upon the foundation of unimpeachable Government securities precisely as the Federal Reserve Credit in the United States is based on gilt-edged U.S. Government securities. An international currency cannot be based upon non-marketable loans and investments. (It is this issue which has raised the most serious criticism of Professor Triffin's full-scale plan. In reply to this criticism he has stated that he is content to limit the investments of his reorganised I.M.F. to securities of the World Bank and other "hard-loan" agencies, and to the obligations of strong currency countries. See his statement in Seymour Harris' *The Dollar in Crisis.*)

An International Reserve System

Let the Group-of-Ten set up a Governing Board composed of the Managing Director of the I.M.F. as Chairman and a Board of Directors representing the ten leading industrial countries. Assign to this Governing Board the responsibility of administering a new Divsion in the I.M.F. which we may call the International Reserve System (I.R.S.) corresponding to the Federal Reserve System in the U.S. Let this Governing Board invite all countries holding foreign exchange to deposit their holdings with the I.R.S. in exchange for International dollars. We have a U.S. dollar and a Canadian dollar; why not an international dollar?

There need be no compulsion, though it might conceivably be advantageous to obtain agreement, that any member of the Group-of-Ten would refrain from adding to its gold stock as long as its gold ratio exceeded 60 per cent. Such a ruling could help to promote acceptance of the new international dollar.

Some considerable part of current dollar holdings would no doubt be retained as working balances. Indeed, an exchange guaranteed dollar might well be regarded as on a par with an international dollar.

Any conversion of existing dollar holdings would, of course, not add at all to the existing volume of international reserves. That would be a matter for the future. And it is here that the new International Reserve System would come into its own. The Governing Board should be empowered to purchase and sell in the open market the Government scurities of any of the Group-of-Ten countries, but only with the consent of the monetary authorities of the country in question. The Governing Board, in cooperation with the constituent member-countries, would have the responsibility of controlling the volume of international liquidity.

The Governing Board would not be the sole creator of fiduciary reserves. Any one of the Group-of-Ten countries might, through trading or borrowing, acquire international reserves in the form of exchange guaranteed foreign currencies. The ten participating countries might, however, prefer to obtain their reserves by borrowing directly from the International Reserve System. At all events, the I.R.S. would be the "lender of last resort," and so in the final analysis would be able to exercise a large measure of control over the aggregate volume of international reserves.

Instead of detailed regulations, I should prefer to place full responsibility on the Governing Board of the International Reserve System. This would avoid having to expand international reserves by large discrete jumps such as Bernstein's $3.5-billion quota contributions. Instead, this would be subject to day-by-day management in just the same manner that the quantity of Federal Reserve credit is controlled by the Federal Reserve System in the United States. Moreover, I see no good reason why participating countries shall not have complete freedom with respect to such matters as the composition of their holdings of gold, international dollars or foreign currencies carrying an exchange guarantee.

External Disciplines

Conventional objections are invariably raised to any proposal designed to end once and for all the fears of speculative gold drains and devaluation risks. It is said that, once this goal is achieved, no country would have any incentive to balance its accounts with the outside world. No country would care to contribute its share of responsibility for the promotion of international equilibrium.

The requirements of international equilibrium will remain with us as long as there are separate sovereign nations with more or less diverging economic policies which create problems for themselves and problems for their neighbour countries. Price stability and full employment problems, both with respect to monetary and fiscal management, are intensified by payments surpluses or deficits. These will continue to plague us (though less disruptive than now) even after we get rid of fears of gold drains and devaluation losses. They will have to be faced along with the multitude of disturbing developments which monetary and fiscal authorities are compelled to contend with—cyclical swings, wage-price disturbances, technological shifts, natural disasters, etc.

Once a dependable fiduciary component has been incorporated into the gold-exchange standard and an International Reserve System has been set up to provide adequate liquidity, the equilibrating processes of adjustment could reasonably be expected to produce viable equilibrium without upsetting the "natural" structure of world trade as determined by the human and material resources of the different countries. "Rough" measures, designed to end imbalances quickly, would no longer need to be employed. Thank Heaven we do not have balance-of-payments statistics for each State in the American Union! If we did, what would not our hard-headed disciplinarians be urging, to the detriment of a rational allocation of our productive resources?

The Continental European countries have been asking the U.S. to "put its house in order," but from current newspaper accounts one learns that they are already alarmed at the prospect that their surpluses (the counterpart of U.S. deficits) might disappear. A *drastic* shift in U.S. merchandise trade is not likely to promote world equilibrium and I do not know of anyone who seriously thinks that this could in fact prove to be the way out.

The U.S. trade balances is not the root of the trouble. Rather the disequilibrium in the U.S. international payments should be sought in the capital account. If this could be brought into balance, the U.S. deficits would disappear. (Equally it could be argued that, if U.S. foreign aid loans and grants and U.S. military expenditures abroad could be cut in half, the deficits would vanish. This statement, in view of the feed-back effect, is, of course, an oversimplification.)

Direct investments abroad have been running during the last four years at around $1.6 billion per year. Portfolio investments have grown in this period from $0.9 billion to $1.9 billion. Offsetting this, foreign capital investment in the U.S. averaged $0.66 billion. Taken together these items approximate the U.S. 1960-63 deficits.

"One of the silliest aspects of the international financial scene at the moment," said the London *Financial Times* in its July 1963 issue, "is that the continental countries with far larger external reserves than they know what to do with, are regularly going to the New York capital market for funds to finance their development activities." European capital markets need to be broadened and developed. The interest equilisation tax is a step in the right direction.

Higher growth rates and full employment in the United States would help to cut down capital outflows and stimulate inflows. And the European countries could help both themselves and the United States if they would pursue a low interest rate policy accompanied, if necessary to contain inflationary pressure, by a stiff fiscal policy.

In the exchange-market where private transactions in goods and services are made in response to market forces and profit opportunities, the United States, with a surplus of $6.4 billion in 1958-62 and $6.9 billion in 1963, is obviously highly competitive. U.S. wholesale prices stood at 100.3 in December 1963, compared with 100.4 in 1958. No European country can match this record. The G.N.P. price deflator for the U.S. increased by 2.5 per cent per year from 1950 to 1960, while the average for the Common Market countries, including Switzerland, was 3.2 per cent. The dollar fortunately is not overvalued in the market-place. Should devaluation ever become necessary, it would need to be engineered by international agreement like the famous Tripartite Agreement of 1936 when the U.S. and the U.K. welcomed the French devaluation and announced beforehand that they would take no countermeasures.

Role Of Gold

Under an International Reserve System operating with an exchange guarantee, countries would no longer need to hold large stocks of gold in their reserves. The problem of an equitable distribution of gold would no longer be a matter of concern. All countries would be free to hold their reserves in any form: (1) gold, (2) international dollars, and (3) the currency of any of the Group-of-Ten countries. All the participating countries would agree to maintain the value of their currency within fixed buying and selling points around par. Perhaps these points should be widened to permit greater flexibility and thereby ease the long-run adjustment process. Parity would be expressed in gold or in an international dollar defined in terms of the U.S. dollar of the "weight and fineness in effect on 1st July 1944" as in the Bretton Woods charter. The International Reserve System would accept deposits and give international dollars in exchange. And these dollars would in turn be redeemable in gold.

Whether the International Reserve System would finally absorb all the world's monetary gold or not is a question that no one can answer. Nor is it important. It is indeed true that if all the gold should be so concentrated, some two-thirds of the I.R.S. assets would at first consist of gold, an unearning asset. This would compel the I.R.S. to pay a lower rate of interest to its depositors. But these depositors would in turn be freed from the cost of carrying gold as part of their international reserves. As world trade expands and more international reserves are needed, the I.R.S would increase its holdings of the Government securities of the participating countries relative to its holdings of gold.

AUGMENTING COTTON YIELDS

I.C.M.F.'S PROJECT INAUGURATED

TUESDAY of this week was quite a notable one in the history of the cotton textile industry in India. For it was on this day that the Cotton Extension Scheme of the Indian Cotton Mills' Federation—I.C.M.F., for short—was inaugurated at Tudialur near Coimbatore by Mr. M. Bhaktavatsalam, Chief Minister of Madras. The Federation has certainly done well in following the lead given by the Indian Jute Mills Association, which, it will be recalled, undertook the jute development work in 1961. In deciding to make its own contribution towards cotton development work, the industry has evidently been prompted by the consideration that the prosperity of the industry, after all, depends to a considerable extent on the conditions obtaining in the primary sector, that is, cotton growing.

The move of the Federation to take up cotton development work is certainly laudable. In spite of all the emphasis laid on higher production of cotton, especially of superior qualities, a wide gap continues to exist between actual output and requirements, necessitating large-scale imports, as is evident from the following figures:

(In million bales of 392 lbs.)

	Production	Consumption	Deficit	Imports
First Plan (annual average) ..	3.70	4.53	—0.83	0.76
Second Plan (annual average) ..	4.60	5.12	—0.52	0.71
Third Plan—				
1961-62	4.50	5.69	—1.19	0.87
1962-63	5.37	5.67	—0.30	0.85
1963-64	5.49	6.00	—0.51	0.72

It will be seen from the above figures that, since the rise in cotton production has not kept pace with the increase in requirements, the country continues to depend greatly on imports from abroad. The value of imports is about Rs. 50-60 crores a year. The drain on foreign exchange for cotton imports will persist in the coming years unless, along with the expansion of the cotton textile industry, earnest efforts are made to step up cotton production. India has the largest acreage under cotton, namely, 19.7 million acres. There is not much scope for increasing the area under this crop, since the equally pressing claims of foodgrains cannot be ignored. The planners have decided that the domestic production of cotton should rise to 7 million bales per annum by the end of the current Plan. This is not an overambitious goal, because the acreage available for cotton is considerable. All that is necessary is to increase the yield per acre. It is 1.15 lbs. in India, as compared with 543 lbs. obtained in the U.S.S.R., 457 lbs. in the U.S.A., 463 lbs. in the Sudan, 586 lbs. in the U.A.R. and 228 lbs. in Pakistan.

Considerable Scope

Apart from the low level of productivity, the acre yields in the country, as Mr. Radhakrishna R. Ruia said on the occasion of the inauguration of the Cotton Extension Centre near Coimbatore, fluctuate from year to year depending upon the vagaries of the monsoon. The crop in 85 per cent of the cotton area is rain-fed. Irrigation facilities are certainly being made available to an increasing extent. The area under irrigated cotton was 1.5 million acres in 1953-54; it was 2.8 million acres in 1962-63, representing 14.3 per cent of the entire area under this crop. Irrigation facilities are, however, mostly confined to canal and well-irrigated lands in the Punjab (Rajasthan, Gujarat, Maharashtra, Mysore and Madras where the acre yields are higher than in the rain-fed regions. Even so, according to Mr. Ruia, the scope for higher yields even in the irrigated areas is considerable. How it is possible to raise bigger crops is best illustrated by the excellent results secured by the Regional Research Centres in their demonstration plots at Sirsa in the Punjab and at Coimbatore in Madras.

The Indian Cotton Mills' Federation decided a few months ago to make its own contribution towards increasing the production of cotton in the country. Towards this end, it appointed a sub-committee, with Mr. Ruia as Chairman, to make proposals for fulfilling this aim. The Sub-Committee emphasised the need for bringing home to the agriculturists the importance and value of modern farm practices. The Committee recommended a Cotton Extension Project to be implemented by the Federation. It was this project which was inaugurated on Tuesday this week.

The Federation's project envisages demonstration on units of 1,000 acres at five centres of the maximum acre yields that could be achieved by implementing the package measures such as use of improved seed, application of an adequate dose of fertilisers and undertaking prophylactic plant protection measures against pests. The Federation has sanctioned Rs. 5 lakh to Rs. one lakh per centre. A Chief Executive Cotton Officer has been appointed to organise and implement the scheme. He will also advise the cultivator about their various problem. A nucleus staff, consisting of a Regional Cotton Officer, two fieldmen and two belders or muccadams, is being appointed at each centre to be in charge of the unit. The services of local co-operative organisations will be utilised for issuing loans in kind, seed, fertilisers and plant protection chemicals to farmers. The Federation staff would follow up the issue of the loan to see that the seed is sown, fertiliser applied at the appropriate time and the plant protection chemicals utilised in spraying the crop.

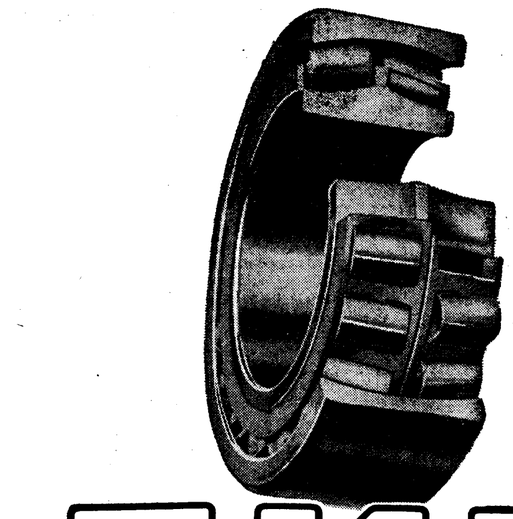
The necessary plant protection equipment is purchased for each centre and it will be utilised for undertaking a mass plant protection campaign in the entire area to serve as an effective demonstration on the need for doing simultaneous spraying or dusting by all growers in any locality. Clean methods of picking would be insisted upon and encouraged. The grading of *kapas* will be done and assistance rendered in ginning and marketing. The recovered loan amount would be retained at the centre for utilisation in the following season, either in the same centres or for other centres. The loan granted would be interest-free. An information bureau will be opened to enlighten the growers on the improved methods of cotton cultivation and enhancing cotton yields. Other necessary leaflets and literature will be distributed to educate the farmers. Propaganda will also be done to enlighten the farmers on modern methods of farming by which their income per acre can increase and so also the yield per acre.

Practical Demonstration

The Indian cultivator is shrewd and hard-working. Mr. Ruia was right when he declared that it would be more profitable to give him practical demonstration. To quote him: "The State and Central Governments have drawn up plans and programmes under the cotton development schemes with the object of helping the farmer to adopt modern methods of farming. Various facilities and incentives are being given to him towards this end but due to procedural and other difficulties, the gains have not been equal to the expectations. The farmer has not been able to take full advantage of these schemes. My Federation feels that it can make a useful contribution to the 'Grow more cotton' campaign through its scheme." Proceeding, Mr. Ruia said:

"If the various schemes that have been introduced to help the farmer succeed in full, I have no doubt that a tremendous fillip will be given to our national economy. I, therefore, make an earnest appeal to the farmers assembled here to take full advantage of the facilities afforded to them and to ensure the success of our demonstration project. I would also like them to make the best use of our Centre which will serve as a liaison between them and the Government Departments. It will bring to the notice of the authorities whatever difficulties and hardships they may encounter in their attempts to adopt modern farm practices."

Since agriculture is the mainstay of national economy and cotton is an integral part of it, it is just as well that the cotton mill industry has decided fully to participate in the general drive towards the goal of self-sufficiency in this important raw material. But its participation will only be of a limited nature. It is the Indian Central Cotton Committee and the Agricultural Departments of State Governments that should intensify their efforts in the direction of achieving a level of cotton production that will not only meet the expanding domestic demand but also leave a sizable surplus for export.



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ART SILK WEAVING INDUSTRY IN INDIA

TECHNO-ECONOMIC SURVEY HIGHLIGHTS NEED FOR RATIONALISATION

THE art silk industry in India has entered a rather crucial phase of its career, thanks to the diversification of end-products with the advent of new fibres. So marked has this diversification become of late that the opportunities of substitution of one product by another have expanded considerably. It is the availability of multiple products made out of different yarns that has imparted intensity to the prevailing competition among art silk mills. *Saris*, for instance, are now made of viscose yarn, polyamide, twinkle, polyester, acrylics, etc. and there exists a wide choice of selection. There is also a steady encroachment in the field of art silk goods by the fabrics woven out of blended yarn, namely, cotton and polyester in the case of suitings and shirtings and polyester and woollen in the case of suitings. Viewed thus, there is no exageration whatever in the finding of the techno-economic survey of the art silk weaving industry, conducted by the Silk and Art Silk Mills Research Association (S.A.S.M.I.R.A.), Bombay, that the industry is facing a challenging task of keeping the hold over the market. Indeed, the stage has now been reached when the industry, as the authors of the survey (Messrs. V. P. Chitale, G. K. Kusumgar and J. G. Parikh) rightly pointed out, has to come out of traditionalism and conservatism so closely associated with its parent silk industry; it must be receptive to new and changing ideas, and adapt a dynamic approach. It is imperative that the industry must be organised on a scientific footing through speedy rehabilitation of worn-out machinery, modernisation of equipment and rationalisation of production processes. And the future growth of the art silk industry hinges on the production or performance of man-made fibre industry.

The aforesaid survey was undertaken by the Association in March 1964 with the object of collecting and interpreting the basic data relating to the various aspects of the art silk industry. The coverage of the survey was limited as only twenty mills in Bombay City from four groups classified according to size were selected for intensive examination. In view of the highly restricted coverage—in fact, the smaller units having less than 50 looms were under-represented—the survey cannot, as the authors themselves say, legitimately claim the wider representation of the entire industry. Even so, it can be said that the picture emerging from the survey is fairly true of the organised sector of the industry.

Growth

In order to appreciate the problems and prospects of the art silk weaving industry, it is necessary to review its growth during the last few years. The industry, though it originated in the 'thirties, made its debut in India rather late and its real growth commenced only after the era of planning began in 1951. The higher availability of indigenous yarn has gone a long way towards relieving the weaving industry of acute shortages due to restricted yarn imports which are currently pegged to about 17 million kgs. a year. The domestic production of yarn is at present meeting two-thirds of the total needs of the weaving industry; it is expected that, in the near future, the production of synthetic fibre yarn will gain prominence when the local base of the raw materials for it materialises with the emergence of the fully integrated petrochemical industry. Following the rise in the indigenous production of yarn and the incentive offered by the Export Promotion schemes, the art silk industry has made rapid strides. The number of powerlooms engaged in the manufacture of art silk fabrics has increased from 25,800 in 1951 to over 67,000 at present.

In spite of the marked increase in the number of art silk looms and, consequently, rise in production of cloth, the industry has yet to be organised on scientific and productive basis. This aspect has been impressively highlighted by the findings of the survey. The relevant extract from the report reads thus:

> It is hard fact that this industry is lagging far behind in productivity when compared with its counterpart in other countries. The post-war trend towards automation and rationalisation has greatly accelerated the productivity of the textile industry in the leading production countries of the world. For instance, in six countries of the European Economic Community, though the number of working looms showed a decline of 50 per cent during the period 1936-62, output per loom per year registered a remarkable rise of 300 per cent. It must be realised that not only longer machine hours are responsible for this production but also greater use of automatic looms, better quality of yarn, increasing machine speed, scientific study of workloads and greater rationalisation of production. The proportion of automatic looms (to the total loomage) is of a high order, more than two-thirds of the total. The U.S.A., Japan and Hong Kong have also attained peak level of automation in weaving sectors. The output per loom per year amounts to 24,428 yards in the E.E.C. region, as against India's estimated production of 6,750 yards. This indicates the magnitude of the task that confronts man-made textile industry to improve its productivity in future."

Productivity

Productivity in the art silk weaving industry can be improved greatly by removing the imbalance between weaving and processing capacities and adopting other methods of rationalisation. It is well known that almost the entire production of art silk fabrics is sold in processed condition. Barring the bigger sized units having their own processing facilities, a lare number of small units have necessarily to depend on outside processing establishments for processing their cloth. Invariably the middlemen come in at this stage to buy the grey cloth from the powerlooms and sell it after getting it processed outside. This arrangement usually depresses the prices of the cloth in grey condition. A rough estimate indicates that 50 per cent of powerloom cloth is processed by the bigger sized powerloom factories which take the processing of outside cloth also and the remaining 50 per cent is processed by independent processors. It appears that the weaving units are prevented from installing processing plants because of low loomage.

Rationalisation

The importance of rationalisation is all the greater in the case of the art silk weaving industry which, according to the findings of the S.A.S.M.I.R.A. survey, is labour-intensive in nature. The manpower employed in the industry can be utilised to the maximum extent through rational allocation of work and automation, which is the latest trend in manufacturing industries. Weavers constitute the major component of labour force in the industry. The functions performed by them are of vital importance for maintaining the quantity and quality of production. Wages are based on piece-rate system. Total wages that weavers earn are also dependent on the number of looms allotted to them. Only by proper workload studies—such studies are not being undertaken by way of the units surveyed—the maximum number of looms can be allotted to one weaver on a scientific basis. It is gratifying to find from the S.A.S.M.I.R.A. survey that, of late, the industry has realised the significance of technical personnel in supervisory capacity. Loom supervisors are entrusted with the job of maintaining the overall efficiency of the weaving shed. The survey, however, discloses a lack of job evaluation at his level because of the wide range of variations in the number of looms assigned to him. Next in importance comes the weaving master who heads the technical department and is solely responsible for all technical matters. He also assumes managerial functions for production planning and control and promotion of healthy labour situation. This is a decision-making responsible post demanding unusual talents. The remuneration, therefore, naturally becomes a strong bait in order to attract the right type of personnel. The capacity of units, however, to offer high remunerations is conditioned by the size of the unit. Therefore, the small units, due to their financial handicaps, find it difficult to employ supervisory personnel. A possible solution to this problem lies in the amalgamation of mills which are too small into economically viable units.

Rehabilitation

No less important is the need for rehabilitation. The findings of the S.A.S.M.I.R.A. survey reveal the existence of old silk looms and cotton converted silk looms. Most of the looms are said to be old and obsolete. Though the survey does not find lack of enthusiasm for new ideas and innovations, none of the selected units for study has any concrete scheme for renovation and replacement of worn-out looms. Because of the durability and versatility of textile machinery, an attitude of indifference towards modernisation and rationalisation has developed. This is certainly disquieting. The schemes of modernisation and rationalisation, it is necessary to stress here, must be seen in the larger perspective of the entire man-made fibre industry. There is, of course, force in the contention that the quality of art silk fabrics depends in no small measure on the quality of yarn supplied to it. But the authors of the survey, it is somewhat regrettable, have made certain observations which have no direct bearing on the study undertaken by them.

Cost Structure

An analysis of the cost structure of the art silk weaving industry reveals that costs of materials used account for 57 per cent (average) of the total cost, wages and salaries for 16 per cent, and power and fuel for 2.21 per cent. The high cost of materials underlines the need for greater control over the element of cost through economy in use. The steady supply of synthetic yarns at reasonable prices, according to the authors of the survey, is the only remedial measure to keep the material cost within reasonable margin in the long run.

An interesting conclusion arrived at in the survey is that standardisation in the art silk weaving industry is an improbable phenomenon, in view of the fancy character of its end-products. Owing to the fashions of consumers, there is naturally a considerable variations in the items of production. A sort-wise analysis made by the survey shows that satin has retained its traditional hold and that the majority of units are producing this variety. The commonly used material for satin is viscose rayon, acetate polymaride, twinkle and sparking. The other sorts produced are taffeta, crepe and half crepe, georgette, velvet, *sari*, shirting and suiting. Of late, strong demand for shirting made out of synthetic fibres has imparted dynamic spurt to the production of this variety. In fact, large-scale units are planning shirting-based production programme in a big way. It is expected that shirting may assume a leading position in total art silk production by relegating satin into the background. For *saris* the synthetic yarn has gained ascendancy over cellulose ones as a basic raw material.

WORLD COTTON MEET IN ZURICH

The International Federation of Cotton and Allied Textile Industries (I.F.C.A.T.I.) held its annual meeting at the Kongresshaus in Zurich from the 5th to 10th instant, at the invitation of the Swiss Spinners' Doublers' and Weavers' Association. I.F.C.A.T.I. is the leading international trade association for the cotton and man-made fibre processing industries, with members in Western Europe, the United Arab Republic, Japan, the United States of America, India and Africa, representing more than two -thirds of world total productive capacity. This was the first meeting of I.F.C.A.T.I. to be held in Switzerland since the recent removal of headquarters from Manchester to Zurich.

More than 120 delegates from all over the world attended the meeting. The meeting opened with addresses by Mr. Otto Honegger (Switzerland), President of the host Association, Ambassador Dr. E. Stopper of the Federal Ministry of Economy and Mr. Alfredo Sedo (Spain), the President of I.F.C.A.T.I. The main item on the agenda was a detailed study of the structure of the cotton and allied textile industries in the Federation's member-countries. The evolution of productive capacity and current problems regarding world trade in textile goods were also considered. Three sub-committees discussed matters pertaining to raw cotton production and marketing and man-made fibre supplies. The Committee of management also considered the applications for membership received from the Cotton Institute of Canada and the Cotton and Man-made Fibres Federation of Australia. The meetings, which had a strictly working character and was held behind closed doors, was highlighted by a number of social functions and excursions, including a reception to be given to the delegates by the Mayor of the city of Zurich, Stadtpraesident Dr. E. Landolt.

COTTON TEXTILE EXPORTS TO U.S.

The Cotton Textiles Export Promotion Council has invited applications from established exporters and others for the allotment of residual quantity for the export of cotton textiles under the I.C.T.A. Category 026 (duck) for shipment to the U.S.A. upto 31st March 1965; the applications are to reach the Council before 2nd November 1964. If the total quantity covered by the applications received up-to the prescribed date is more than the balance to be distributed, allocations will be made price-wise. For this purpose, the applicants have been asked to state clearly the minimum guaranteed f.o.b. price per square yard below which he will not export and the minimum quantity below which he will not accept the allocation. In that case, the quota certificates and the corresponding export licences issued to successful candidates will have the condition prescribed in regard to the minimum guaranteed price and the exporter will not be allowed to export below the guaranteed price. The allottees shall execute a performance guarantee which shall be either in the form of "a bank guarantee" or accompanied by cash deposit at the rate of 5 paise per square yard of the quantity allotted. Allottees shall produce irrevocable letter of credit from, and the contract with the U.S.A. buyers for the full amount to cover the value of the quantity allotted.

MANCHESTER LETTER

NEW TRENDS IN TEXTILE INDUSTRY

TWO MORE FIRMS TO POOL THEIR INTERESTS

From Our Special Correspondent

MANCHESTER, *6th October*

TO investors and indeed to the general public, financial deals have now become so magnified that, unless a price tag of several million pounds can be put on any transaction, it tends to be tucked away almost out of sight on the city pages of the newspapers. Those with knowledge of particular trades, however, can make their own assessments of the importance of new links which are achieved either by direct takeovers or through the acquisition of a substantial shareholding in individual companies. Sometimes, in this way, relatively small developments can lead to much more comprehensive changes in policy in the future.

The widely rumoured arrangement between the Directors of John Grey Ltd. and Mr. Henry Pfeffer of Broome and Wellington Ltd., which has now been confirmed, was a case in point. The initial outlay of £60,000 by Mr. Pfeffer, acting purely in a private capacity sows the seed for an expansion of interests which may well prove another major enterprise in a year which has been full of incident for those dealing with textiles and originating new trends and outlooks. Behind the bald announcement that a 40 per cent. shareholding in John Grey has been acquired lies the intention to create a wide chain of weaving capacity, linked with marketing experience which has already proved itself.

Streamlining the Looms

The ability of the Broome and Wellington organisation to dispose of foreign cloth in the midst of an area noted for its own productive skills has caused many hard words to be said in the past. It now remains to be seen whether this faculty for distributing goods can be adapted to Lancashire's own needs.

In this connection, the sponsors of the new group, bearing in mind that they include one of Lancashire's leading spokesmen and trade representatives, are under no illusions as to the task ahead of them. Experience in other sections has shown clearly that standardisation provides invariable benefits and, as the project widens in scope, it is hoped to streamline weaving in the same way as some units have been effectively reorganised in the spinning branch.

One particular aspect of former trading in cloth is regarded with great disfavour by those supporting the new grouping. This is the system of arranging contracts far ahead, so that, on completion, the goods may well be surplus to requirements causing the ardent flow of demand which has been the bane of Lancashire for generations. By concentrating on achieving a steady supply of standard fabrics without involving too many specialities, it is hoped to maintain an extensive stock system which will be at the disposal of customers at all times.

Reasonable Margins

Among the aims of those concerned in this venture is the provision of reasonable margins for suppliers, merchants and their customers. Price-cutting is another of the drawbacks which has caused much confusion in Lancashire for many years and, although the temptation to sell has often proved too strong in times of difficult trading, adequate finance to enable stocks to be deliberately held for the benefit of customers should be available in the case of the proposed grouping.

Already, it is believed, other firms have shown interest in joining the project which from a nucleus of rather less than 2,000 looms may well grow to five times its initial size. Achieving some form of integration in weaving sustained by enterprising distributing facilities has been a goal which would have saved Lancashire firms a great deal of trouble if it had been effectively carried out in the past.

Slight Export Gains

August is scarcely the month in which to expect any major variation in overseas trade returns, but textile shippers can gain a crumb of comfort from the fact that more cotton cloth was exported than in any month since May 1963. Meanwhile, imports of comparable goods were lower than in July, though they were distinctly larger than in August last

Dealing for a change with exports first, the position at the end of eight months of 1964 was that cotton fabrics shipped abroad had aggregated 140,367,000 square yards, as against 151,380,000 square yards in the same period of 1963, while trade in man-made fibre cloth had improved further from 52,006,000 square yards to 60,512,000 square yards. The combined totals, therefore, were little more than 3 million yards smaller than in the eight-month period of 1963.

On the yarn side, the aggregate totals were both higher than last year. In the eight months, cotton yarn and thread shipments amounted to 14,563,000 lbs., as against 14,265,000 lbs. Man-made fibre yarns continued their very satisfactory progress, exports being 63,345,000 lbs., as against 54,015,000 lbs.

Imports

Importation of foreign supplies, however, continues apace. Arrivals of cotton fabrics in August were 64,036,000 square yards, a reduction of over 8 million yards on the previous month, but nearly 15 million yards more than in August 1963. In the eight months, supplies reaching British ports aggregated 551,667,000 square yards, as against 428,011,000 square yards last year and 539,904,000 square yards in 1961, the previous peak period.

The total cost so far this year of imports of cotton yarn and manufactured goods has risen from £40,388,000 to £54,817,000. Grey cloth continues to provide the bulk of this business, the quantity absorbed being 440,973,000 square yards as against 329,174,000 square yards. Finished fabrics comprised 110,694,000 square yards, as against 98,837,000 square yards in the first eight months of last year.

Supplies from India

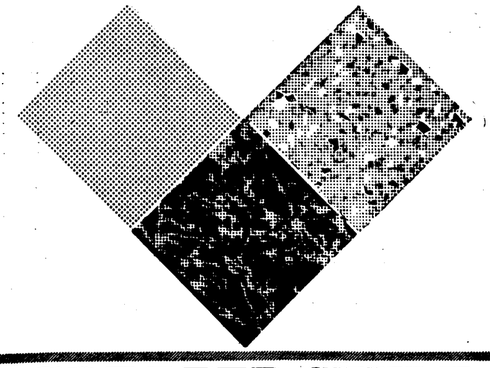
India continues to be by far the largest supplier, having sent 182,122,000 yards of grey cloth, as against 117,175,000 yards, while finished materials from the same source have increased from 9,176,000 yards to 17,903,000 yards. Other countries from which bigger quantities of grey cloth have been taken are Canada, the Irish Republic and China, but both Pakistan and Hong Kong shipments are running at somewhat below last year's levels.

The quantity of cotton yarn and thread imported has increased by 4 million lbs. so far this year at 28,435,000 lbs., of which a substantial proportion is in twofold yarns.

A 50 per cent rise in the volume of man-made fibre cloth entering this country has so far taken place this year. Purchases from abroad have already reached 61,089,000 square yards, as against 40,140,000 square yards in the first eight months of 1963.

Orders and Deliveries

The Board of Trade, in its monthly survey of orders in the textile and clothing industries, always covers itself against any speculative assessment of the situation by observers by a guarded commentary, which brooks no reckless interpretation of its figures. "Sharp month-to-month changes in the rate at which orders are received should not by themselves be taken to imply similar sharp changes in production," it points out. "They may, for example, lead to changes in the length of order books or the level of stocks." Nevertheless, the tables, which cover the wool, hosiery and other knitted goods, made-up clothing and the spinning, weaving and merchant converting sections of the cotton and man-made fibre industries, show that orders on hand at the end of July were 20 per cent higher than the basic period of April 1959.



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THE OTHER CHINESE INVASION—I

PEKING'S ECONOMIC OFFENSIVE IN ASIA

By K. Krishna Moorthy

[This is the first instalment of a series of articles on Communist China's aid offers to and trade with communist and non-communist countries in Asia, Africa, Latin America and Europe.—ED.]

COMMUNIST China's expansionist adventures fall into three broad categories—the military aggression as directly evident in the attack on India and the sponsorship of sister communists who are aggressive in Laos and Vietnam; secondly, the political warfare carried on through mass media like radio broadcasting and the printed word and through the use of friendly politicians who abound in the uncommitted countries; and thirdly, through the shrewd use of aid and trade.

The object here is to examine briefly the extent and nature of Chinese communist aid and trade in the past decade. Apart from the Himalayan border hostilities in which the Chinese exercise of military strength gave Peking a triumphant stance before the uncommitted nations of Asia and Africa, China has been trying to isolate India through an organised economic offensive to combat which the Indian administrators perhaps have been as unprepared as during the bad days of 1962.

With Pakistan's willingness to accept Chinese Assistance to the tune of U.S. $60 million, announced after the visit to Peking of Pakistan's Commerce Minister in July 1964, all of India's immediate neighbours are becoming recipients of Chinese communist assistance. The largest amount of Chinese aid has gone to North Korea on whose side China fought against the United Nations. The Chinese wrote off the Korean war debts. Total Chinese offers to North Korea are around Rs. 210 crores. The second biggest recipient has been North Vietnam and some of the largest injections of Chinese aid came at the height of the Vietminh war against the French. For human appeal, China has added the education of one of the sons of Cambodia's Prince Norodom Sihanouk in Peking.

Non-military assistance received by Communist China from the Soviet Union is said to amount to Rs. 400 crores and, according to my calculations based on announcements by the Chinese or by the recipient countries, the total assistance that China has offered to various countries is approaching Rs. 800 crores, or double the non-military aid China is supposed to have received from the U.S.S.R. for her development. Recipients of Chinese aid number nine in Asia—Burma, Cambodia, Ceylon, Indonesia, Nepal, North Korea, Mongolia, North Vietnam and Pakistan—nine in Africa—Alegria, Congo, Kenya, Guinea, Ghana, Mali, Somalia, the United Arab Republic and Tanganyika-Zanzibar—two in Europe—Albania and Hungary—and one in Latin America—Cuba. Of the total offers of around Rs. 780 crores of aid, about Rs. 517 crores have been offered to communist countries and a little over Rs. 260 crores to non-communist countries. Regionwise, the aid offers are Rs. 552 crores to Asian countries, Rs. 96 crores to African countries, Rs. 28 crores to Latin America and Rs. 102 crores to European countries. In Europe the bulk of the Chinese aid offer is to Albania, China's ally in the ideological dispute with the Soviet union.

The Communist Chinese conduct vigorous propaganda against the Soviet Union and India while they make aid offers. India has been offered a total of Rs. 5,000 crores foreign assistance during the years since its development plans were launched, but her aid offers to less-developed countries have been negligible. Advertising their

TABLE I: China's Aid Offers

Country	Amount (Rs. crores)	Country	Amount (Rs. crores)
Asia	551.7	Kenya	6.5
Of which:		Guinea	12.0
Burma	42.0	Ghana	9.5
Cambodia	16.0	Mali	9.5
Ceylon	22.5	Somalia	11.0
Indonesia	27.0	U.A.R.	2.8
Nepal	20.7	Tanganyika-Zanzibar	19.0
North Korea	210.0		
Mongolia	55.0	*Latin America* (Cuba)	28.5
North Vietnam	150.0		
Pakistan	28.5	*Europe*	102.0
Africa	95.7	Of which:	
		Albania	74.0
of which:		Hungary	28.0
Algeria	24.0		
Congo	1.4	Grand Total	777.9

generosity, the Chinese say that they have been assisting less-developed countries although the only foreign aider who helped China has closed the tap. China also tells Asian and African countries to go ahead with independent and self-reliant economic development. In China's interpretation, the Soviet Union also is a White Western nation which is capable of treating coloured nations shabbily. Some of this propaganda has found echoes in Burma, Cambodia and Indonesia. The Soviet Union, in turn, accuses China of making empty promises which she cannot fulfil. The delay between Chinese aid promises and deliveries is tremendous. In Burma not much progress has been made with projects promised early in 1961. Four-year-old promises to Indonesia have not been fulfilled. Of seven projects promised in Guinea, work has begun on only one project. In Nepal, China has admitted her inability to pursue some projects which were promised.

Outer Mongolia, one of China's sister communist nations, recently disowned her kinship and declared her intention of keeping the Chinese at bay. Earlier this year, Mongolia booted out all Chinese technicians and others who have been working in Outer Mongolia largely because Mongolia has plunged herself on the side of the Soviet Union in the ideological dispute splitting the communist world. Between 24th April and 8th July more than six thousand Chinese were sent out of Mongolia. At one time there were as many as 12,000 Chinese working on projects in Mongolia. Under-populated Mongolia also has fears about Chinese expansionism and claims for territory in neighbouring countries.

Chinese aid to Mongolia went in three instalments U.S. $40 million announced in 1956, U.S. $25 million announced in 1958 and U.S. $50 million announced in 1960. The biggest industrial project with Chinese aid was a woollen textile mill at Ulan Bator, with a capacity of more than a million yards of cloth and blankets a year. The mill is said to have used Soviet designs and British machinery. In May 1960, Chinese Foreign Minister Chen-yi told the Mongolians: "This factory is much more beautiful than the Chinese woollen textile mill in Shanghai and its equipment is more up-to-date. The machines in the Shanghai woollen textile mill are old. Yours is a new factory and a better one."

When the Chinese technicians were being kicked out early this year, the Chinese Ambassador in Ulan Bator, said: Chinese workers "have been enthusiastic in putting forward rationalisation proposals, technical innovations and in practising economy in the use of raw materials. They have taken an active part in voluntary labour and other useful work. They have cultivated a profound friendship between the two people. This friendship, built up and developed while living together, has its basis in proletarianism and internationalism. It is, therefore, everlasting and cannot be undermined by any force on earth."

The Mongolians obviously were not keen to develop the Chinese brand of friendship. In April this year there were clashes between Mongols and Chinese in Ulan Bator. In May, the Mongolian Government asked the Chinese Embassy to stop distributing propaganda pamphlets. Mongols accused the Chinese of "slandering Khrushchev so as to glorify the personality of Mao Tse-tung." Some time before the Mon-

TABLE II: China's Aid to Communist Countries

Country	Amount (Rs. crores)
Total aid offers	777.9
Aid to Communist States	517.0
Of which:	
North Korea	210.0
Mongolia	55.0
North Vietnam	150.0
Albania	74.0
Hungary	28.0
Aid to non-Communist States	260.9

gols booted out the Chinese, U Tsedenbal, the first man of Mongolia, kicked out of office L Tsend who was the No. 2 or No. 3 in the regime. Tsend belonged to the anti-Russian group. Incidentally, Outer Mongolia is a member of Comecon which is essentially an economic alliance among the Eastern European communist countries.

Following the Korean war, China wrote off Korean war debts amounting to about Rs. 95 crores. New credits were offered in 1958 and 1960. These were for the construction of a power station, a textile mill, two paper mills and industries like rubber tyres and radio communications equipment. Assistance to North Vietnam includes U.S.$205 million made in 1955 and more than U.S.$100 million offered in 1959. The projects covered by Chinese assistance in Vietnam are railway lines, a cement factory, a motor car repair plant, a tyre vulcanisation plant, a paper mill, a chrome mine, two sugar refineries, a cigarette factory, a knitwear unit, a power plant, a radio station, rice mills, a match factory, a petroleum depot, a printing works, a ceramics plant and a typewriter factory.

Adventure in Ceylon

In relation to non-communist countries in Asia, China opened with an extremely successful trade move in Ceylon in 1952 when she promised to buy rubber at rates higher than world market rates. Both politically and economically China's trade relations with Ceylon are highly significant. To quote A. Doak Barnett from his book, *Communist Economic Strategy: The Rise of Mainland China*: "The 1952 rice-rubber agreement between China and Ceylon was a case in which Communist China stepped in and simultaneously helped to solve a small nation's problem of marketing a major export product, helped to undermine the restrictions on trade with China (rubber was an embargoed item) complicated the relations of that country with the United States, and assured itself access to much-needed supplies of rubber. In 1952, Ceylon was having difficulties in marketing its rubber at prices which it hoped to obtain. China in this situation offered to buy at prices above those prevailing on the world market."

In exchange for the rubber, Ceylon got the rice she badly needed. Two five-year agreements for the purchase of rubber and the supply of rice are over and the third is in operation. Later, in 1958 China also offered grants to Ceylon which would help her with rubber replanting schemes. Chinese aid is claimed to be stringless but in practice the Chinese Government has guaranteed the increased sales of Chinese textiles, incidentally to the disadvantage of Indian textile exports.

Grants and loans to Ceylon from China form the biggest aid promises to Ceylon by any country since 1956, according to the Ceylonese Government which said last year that of Rs. 381 million offered by all countries until the middle of 1963, Rs. 175 million of offers came from China. Another Rs. 50 million loan has been offered and China recently waived the interest on loans and extended the period for use of the grants and loans. Almost all the railway passenger coaches and freight wagons imported by Ceylon in 1963 came from China. China has promised to supply more rolling stock, textiles, powerlooms and sizing plants and materials for a conference hall to be built as a memorial to the late Mr. S. W. R. D. Bandaranaike, the Prime Minister who was assassinated.

Textile equipment promised by China to Ceylon includes 2,400 powerlooms and eight sizing plants to produce 36 million yards of cloth a year. China has prepared the designs for a Rs. 53-million textile plant for the Ceylon National Textile Corporation. The spinning and weaving machinery at this factory is to be capable of producing three million lbs. of yarn and ten million yards of cloth a year *plus* finishing capacity for 30 million yards.

Ceylon's total rubber exports were valued at Rs. 257 million in 1963; rubber exports to China

TABLE III: China's Trade with Ceylon and Burma

(In crores of rupees)

Year	Ceylon		Burma	
	Imports from China	Exports to China	Imports from China	Exports to China
1958	15.2	7.8	7.9	1.4
1959	15.0	7.8	11.8	3.7
1960	13.2	12.1	11.8	2.7
1961	3.5	8.8	9.8	17.8
1962	4.1	13.3	13.6	9.0
1963	13.8	10.1	N.A.	N.A.

in 1963 accounted for Rs. 85 million. Fifteen per cent of the total coconut oil exports were also to China. Out of about Rs. 45 million worth of imports of cotton piecegoods in 1963, Rs. 17 million worth were from China.

A significant fact in the development of Sino-Ceylonese relations is that the first ventures together were launched when a rightist United National Party Government was in office in Ceylon. The leftist Governments of Mr. and Mrs. Bandaranaike only took the Ceylon-China relations further on their course. It is not that the exports from Ceylon to China and the Ceylonese imports from China show a steady increase; there are year-to-year vagaries. An important point is that China was able to increase her rice purchases from Burma and supply some of this rice to Ceylon which is traditionally short of foodgrains. The rice-rubber deal with Ceylon helped China in a three-party trade adventure in which China was also able to increase her trade with Burma, another uncommitted Asian nation which has been establishing close economic and commercial ties with China.

No. 1 Friend

Chinese aid gestures to non-communist Asian countries followed the Bandung conference where India was among those who helped China achieve respectability in the international arena. The first Chinese aid recipient in the non-communist group was Cambodia in 1956. The second Asian neutral to accept Chinese aid was Nepal, to whom also the first aid promise was made in 1956. Mr. Nehru had also introduced Nasser to the Afro-Asian fold at Bandung; when Nasser was reeling under the Anglo-French-Israeli attack, Chou En-lai presented some fraternal assistance to Nasser.

Was the choice of Nepal and Cambodia as the early recipients of Chinese aid accidental? Or, was there a well-conceived strategy in the moves? Among all the Indo-China States which attained independence as a result of the Geneva agreements, Cambodia has been under the greatest Indian cultural influence. Nepal's freedom from Ranas' rule came about as a result of extensive Indian help but by the middle fifties there had been pronounced manifestations of discontent in Nepal against Indian policies which were interpreted as an attempt at dominating the Himalayan kingdom. The middle fifties were certainly an opportune time for the Chinese to try to get under the skin of the Indians in Kathmandu. But, of course, in view of the Hindi-Chini *bhai bhai* situation of those days, the Indian Government also welcomed the Chinese economic assistance moves in Nepal.

Among Asian non-communist leaders the one most proud of his association with the Peking set is Cambodia's mercurial head of State, Prince Norodom Sihanouk. The Prince has made it a habit to go out of his way to praise China's contribution to Cambodia's economic development. China is hailed as Cambodia's No. 1 friend although the Prince has time and again mentioned that Chinese domination of the Indo-China peninsula would mean the end of the royal Cambodian regime. China's aid promises to Cambodia have totalled Rs. 16 crores, *plus* some military assistance promised and supplied in recent months. Textile, paper and plywood factories are among those which have come up in Cambodia with Chinese help. Cambodians are proud of cotton textile mills which Chinese erected for them. A cement factory is being constructed and a steel fabricating unit has been promised. Cambodia has a strong community of Chinese origin and the Chinese technicians, under the aid agreements, live among the workers. The Chinese gave the Cambodians steel and textile products which they sold to raise the counterpart local currency funds for the projects. When the Prince asked the Americans to get out, his major grouse was not that the Americans were not aiding him but that they were aiding his neighbours Thailand and Vietnam more. American aid was poured into fundamental infrastructural programmes including education, but not into industrial establishments. The Americans also picked up the bills for the maintenance of the small Cambodian army. Cambodia, with her numerous matriarchial traditions, is a feminine State pliable to wooings. Cambodia has assiduously cultivated the cult of the courtesan; she will not have dealings with her close neighbours who are her enemies but waits for the warrior from the north. Cambodia, indeed, is China's willing mistress and recently, of course, Cambodia has also, welcomed the wooings of her former overlord, France.

Road to Khatmandu

The Chinese made their entry into Nepal with an offer of Rs. 6 crores in 1956 when Mr. Tanka Prasad Acharya was Prime Minister. This aid included the unloading of Rs. two crores of Indian currency to stabilise the Nepali rupee. Rs. four crores of this aid offer were still unspent in March 1960 when Mr. B. P. Koirala visited Peking to initial the boundary pact. Closely following the boundary agreement, the Chinese offered another Rs. 10 crores, making the total aid available then to Rs. 14 crores, including the balance unutilised from the 1956 aid offer. This agreement was to remain in force for three years from the date of signature of the new aid protocol on 5th September 1961. The projects in this protocol included a cement factory with an annual

TABLE IV: Trade of Ceylon and Burma with China

(In crores of rupees)

	1963	1962	1961	1960
Ceylon's Imports:				
Rice	7.7	1.3	1.2	11.0
Cotton textiles	1.7	0.6	1.3	0.7
Rail coaches	1.1	} 0.4	..	..
Rail wagons	1.1		..	..
Cement	0.3	0.1	..	..
Sugar	0.9	0.4	..	..
Ceylon's Exports:				
Rubber	8.5	11.6	6.0	12.0
Coconut oil	1.5	1.5	1.4	..
Burmese Imports:				
Textiles	N.A.	9.3	7.2	7.9
Animal and vegetable oils	N.A.	Negl.	Negl.	1.1
Paper, board	N.A.	0.4	0.3	0.4
Base metal manufactures	N.A.	0.9	0.4	0.8
Non-metal	N.A.	0.7	0.8	0.2
Burmese Exports:				
Rice	N.A.	8.4	16.8	0.4
Raw rubber	N.A.	..	0.7	2.4

N.A.—Not available. Negl.—Negligible.

capacity of 50,000 tons, a paper factory with a daily output capacity of 20 tons and a small tannery and shoe factory. The three projects were supposed to be completed by 1966 and because Nepal said she would be unable to raise local matching resources for the local costs, China was reported to have agreed to finance the local currency costs also. It was not made clear whether the commodities to generate the local currency were to be included in the Rs. 16 crores assistance offered or were to be in addition. In September-October 1961, King Mahendra, who had taken over the administration of Nepal, visited Peking and signed the boundary treaty. The King was shown a map of a road which the Chinese suggested to link Khatmandu with Lhasa. The King accepted the Chinese offer of £3.5 million for the construction of the seventy-mile road within Nepalese territory to form part of the link with the Tibetan capital. The effect of this agreement and the work which has been done on the road is that next year there will be a comfortable route streching from Lhasa to the Indian border. Eight years ago India had built the Tribhuvan Rajpath to connect Khatmandu with the Indian border. This increases China's military threat across the Himalayas but King Mahendra once scoffed at Indian and other criticism of the project by saying that communism does not travel by automobile. He forgot that military tanks are also automobiles! There has also been talk of Chinese aid for an airport.

In the 1960 agreement with Nepal the Chinese advertised the point that "Chinese experts would have a standard of living not exceeding that of personnel of the same level in the kingdom of Nepal." In the January 1961 agreement with Burma also a similar clause was introduced. This pattern provides some ammunition for anti-Soviet propaganda because Russian experts expect to maintain a high standard of living during their sojourn in the hot climes of Asian countries. The Burmese newspaper *Guardian* wrote: "Inequality in the standard of living of the experts from the aiding country and those in the service of the aid-receiving country is one of the causes which has rendered the smooth implementation of the aid programmes difficult. Experts often feel superior because of their higher cost of living, while the home officials often resent the superiority on this ground which is fully realised by the Chinese Government." The other side of the picture is simply that even the low standard of living in developing Asian countries is perhaps higher than the conditions under which Chinese live under the communist regime.

In Nepal the grand promises have recoiled on China because she has had to admit lack of technical capacity to implement the cement and paper projects. On 27th April 1964, China and Nepal signed what they called a supplement to the 1961 agreements. The new agreement specified that the cement and paper projects were being abandoned and, instead, China would build a 170-kilometre section of the east-west highway, a brick and tile factory and some foodgrain warehouses. Compared to China's promises, India has scored by implementing a variety of projects in Nepal. India's total aid offers to Nepal already are Rs. 40 crores, of which about half the amount has been spent on projects which have come up.

The goings on between Rangoon and Peking are far too numerous to list chronologically in a brief account. The Chinese Prime Minister and the Chinese Foreign Minister have dropped into Rangoon on several transit halts. Chinese aid to Burma dates back from 1958 when the Chinese partly for the establishment of textile mills. About 30 Chinese technicians helped in the erection of a mill. On the site of this mill, at Thamaing, near Rangoon, there already was a mill which was equipped with Japanese and American machinery. It was after Burma signed the border agreement with China that Chou En-lai and a large group descended on Rangoon in January 1961.

The editorial comment in the daily newspaper, *Guardian*, dated 8th January 1961, makes interesting reading. First, the paper's shareholders included some officers high up in the Burmese Army which was later to take over the Government in a *coup* in March 1962. The editor of the paper was at that time friendly to the army although he was later chased underground after the army took over. The comment also exhibits some of the illusions about China's progress in agriculture held by the Burmese. The *Guardian* comment was: "China has made rapid strides in its industrialisation plan by energetic use of its material and human resources, improvisation and the Soviet Union's help. But it is readily seen that by far the greatest stride it has made is in the realm of agriculture. China's ability to export rice in competition with its South-East Asian neighbours testifies to this fact. Therefore, economic and technical assistance from China to be accepted by Burma should be Chinese agricultural machinery and Chinese technical skills in agriculture. If any industrial assistance is to be accepted it should be done on the basis of a study of two considerations. The first consideration is whether China has itself perfected production of industrial machinery and industrial training in a particular field of industry. For instance, there is no doubt that China's technological skill in textile machinery and production is of the best standard and Chinese technical assistance and addition of Chinese machinery at the Government spinning and weaving factory have served to improve the operation of the enterprise which was formerly disparaged as a white elephant. Secondly, assistance should be sought for the establishment of industries for which raw materials are available in abundance within the country. Manufacture of pulp and paper out of bamboo grown in Burma is an obvious choice for new industry and the fact that we have to import newsprint shows that China excels in this particular industry."

The Chinese part of the textile mill has later suffered for want of adequate supplies of spare parts. This strengthens the contention of an East European diplomat who told this writer that some of the machinery supplied by China to the Burmese textile mill was actually made in East Europe. China no longer has East European sources to support her aid programme in the more sophisticated industrial fields and this naturally accounts also for her inability to go through with the paper and cement factories promised in Nepal.

A look at the international situation in January 1961 and later events shows that the Chinese communists were then on the point of embarking on two major adventures. The Chinese and the Russians had already begun to get on each other's nerves and Peking had decided to break itself free from the Moscow line. Peking was later to launch the biggest direct military campaign since the Korean war. This time the strike would be against India.

The Burma operation of Chou and company was to soften the Burmese sentiments before the intensification of the conflict with India. The Burmese were sensible boys; they had negotiated a settlement with Peking on the border. And here comes the Chinese gesture, Rs. 40 crores of economic and technical aid and a long-term trade agreement. The loan was to be repaid in ten annual instalments after 1971 and there would be no interest. The leftist newspaper *Vanguard*, close to the Government, commented that the new Chinese loan differed from Western aid which was given only to strengthen the private sector and thus gain profit. "In the case of loans from capitalist countries the aim is to export essential commodities from their countries to Burma, whereas in the case of this loan from China the aim is to establish industries within Burma for the production of its own essential commodities," the *Vanguard* said.

The range of projects envisaged with Chinese financial and technical aid was wide: three hydro-electric plants; two bridges on the frontier area; a textile and weaving mill; two plywood factories; two sugar mills; assistance to expand the existing State steel mill; a diesel engine plant; a machine tool plant; and 265-mile highway in Kachin State. There were twelve other projects which were to receive Chinese technical assistance. They were a ceramic factory; marble and cement plants; food canning factory; leather and footwear factory; fruit canning and essence preparation; sericulture improvement; poultry farming and animal husbandry; fruit plantation; tea cultivation; irrigation and dam construction; training of Burmese labour and technicians; introduction of new fruit trees into Burma.

Burmese Impatience

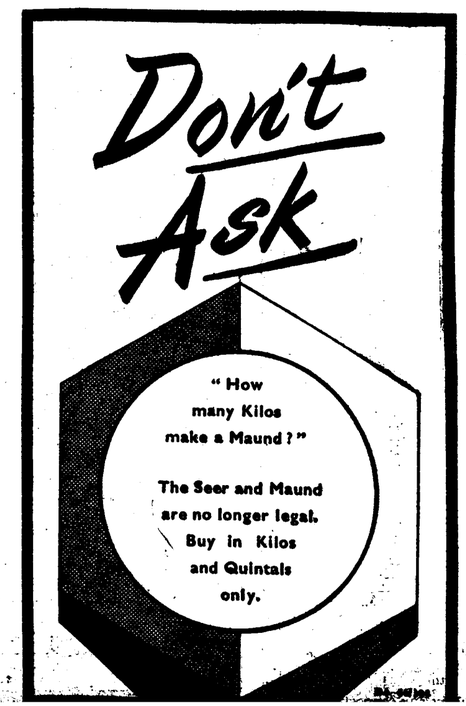
Although the Chinese say that these projects were all planned for being taken up over the decade of the sixties, there has been some impatience on the part of the Burmese over the delay in starting with the projects. The Chinese and Burmese have now agreed to start work quickly on a sugar mill, a textile spinning and weaving mill, a plywood factory, a motor car tyre factory and a paper factory.

In 1962, Chinese sales to Burma reached the record level of Rs. 136 million; the peak in Burmese sales to China was Rs. 178 million worth of goods in 1961 including Rs. 167.5 million worth of rice.

China supplied commodities like rice and cloth to Indonesia and sanctioned credit arrangements for deferred payments. China's aid offers were accepted ceremoniously by President Sukarno but implementation is far away. President Sukarno vocally supports numerous Peking policies and *vice versa* but he is one of the few non-committed leaders who did not get wobbly knees when Peking kicked up a rumpus over the Indonesian treatment of the Chinese community. Sukarno would like Chinese machinery and equipment but does not relish the import of too many Chinese technicians into his islands. China backs Indonesia's confrontation policy against Malaysia but at the same time engages herself in brisk trading with Malaysia, selling consumer goods like textiles and engineering goods. Malaysia's Tunku Abdul Rahman does not recognise Peking diplomatically but encourages trading.

Pakistan's recent acceptance of aid from China is a novel development because Pakistan continues to be a member of military alliances whose primary purpose is to stop the expansion of communist influence in Asia. Pakistan International Airline's Boeing services into China, which began in May with once-a-week trips, have become popular. There are two services a week from September.

(To be concluded)



SOCIAL ENVIRONMENT AND BUSINESS—II

COMPANY LAW'S SOCIAL PURPOSE

By D. L. Mazumdar, I.C.S. (Retd.)

FAR-REACHING changes in the character of the modern joint-stock companies have brought them to the centre of our economic life in the present and have made these companies the concern not only of the management and the shareholders but also of the rest of the community. In other words, as I have argued on many different platforms during the last five or six years, the modern joint-stock companies or corporations, as they are called in some parts of the world, are no longer mere legal or business devices of concern only to shareholders and the management; their needs and requirements and their impact on society have grown to such dimensions that they have become properly the subject of interest and concern also to the society as a whole.

It follows that the structure and behaviour pattern of joint stock companies must be fitted into the structure and behaviour pattern of the wider community to which they belong, and the attitudes and values of the business community must be reconciled with the economic and social values of the dynamic and progressive society. Throughout great areas of life, intelligent and farsighted self-interest is or can be made to be consistent with the social interest; so must it be with business in relation to society. This indeed is one of the great tasks of economic and social engineering in the modern world, and specially in countries like ours, where the compulsions of our economic and social development require that such engineering has to be urgently planned and cannot be left to time-processes to evolve. The purpose of such engineering should be to develop economic and social arrangements under which individual self-interest and the social interest can become to the maximum possible extent, mutually compatible.

Community Relations—American Example

It is not my intention to attempt to sketch the outlines of an integrated and comprehensive economic and social model in the corporate sector which may be expected to reduce the area of tensions and conflicts and to bring about a workable measure of *rapport* as between the internal partners of a business unit and the outsiders in the wider community, who may be affected, in small or large measure, by decision-making authorities in joint-stock enterprises, although they may not be the working partners, namely, the workers, the consumers, the neighbourhood groups and the wider community. The principal elements of a corporate model appropriate to the circumstances of the present can be worked out by the enlightened leaders of the business community themselves from a close study of the best business methods and practices obtaining in the advanced countries of the West to which we usually refer in current discussions on this and connected matters, whenever it suits as to do so. The type of business practices which I have in mind is illustrated by the following extracts from a well-known British thinker on this subject, who is himself a leading executive of an international company:

"In Britain, industry has on the whole tended to shrug off its community responsibilities, on the ground that this is no affair of the company, and this attitude of difference is still common. In North America, the social climate is different. To a degree not yet understood in Britain, North American businessmen look upon work as an opportunity for public service. They seek to win public approval as something of value not only to themselves but also their company. The successful management of a large American company includes close attention to the company's relations with the community. General Motors have a casebook of steps taken by their local plants to improve relations with the local community. General Electric have, since 1953, had a plant-community relations programme describing how the company tries to be 'a good neighbour and active corporate citizen.' Marshall Field have a director in charge of civic affairs. Johnson and Johnson put good community relations even before the interest of shareholders in their official statement of company aims. Such activity by American management is not accidental. Nor is it due to altruism, although altruism may not be wholly absent. It is the result of an imaginative appreciation on the part of the best American management of the psychological connections between good community relations and high productivity, resulting from the collective assessment of the Company's personality in the minds of the workers."

And again—

"There is a disbelief in motives other than the pay-packet in British management circles, which finds it convenient to deny any connection between prise. It is the attitude of the so-called 'tough' businessman, who seeks to over-simplify human motives in order not to have to deal with the natural complexity of human purposes. To such people the researches of Prof. Mayo at Harvard and of Prof. Bakke at Yale are still relevant. In the Hawthorne experiment, Mayo found that the worker's output was related to the quest for human significance. At Yale Prof. Bakke concluded, after prolonged investigation, that workers desire not so much more money as to play a socially respected and admired role to win a degree of economic security customary among one's associates, and in all these to experience satisfying and predictable relations with the members of the groups with which one is most intimately associated."

Researches in human relations and motivations in business have proceeded further afield since George Goyder made the above observations, and it is only fair to add that much as happened in advanced management circles in Britain during the last few years to show British Management in a much more favourable light than these extracts would seem to suggest. Equally, a few leading business houses in our own country have taken a pioneering interest in this branch of business relations, although the social philosophy underlying these studies and researches and their business and social implications have yet to secure the requisite recognition and acceptance.

There are specific provisions in the Indian Companies Act of 1956 which deal with certain fundamental aspects of our social and economic policy. It is in these provisions that one discovers the first faint recognition, at the juridical level, of the fundamental economic fact that the modern joint-stock company is not merely a legal and economic device for the production and marketing of goods and services, but is essentially a sociological institution, embodying a system of non-governmental power, and exercising a significant measure of authority and influence based on it. If this power is not to be used irresponsibly, it must be related to the legitimate purposes of the community in furtherance of its accepted economic and social importance. It is, therefore, essential that the use of such power should be subject to some measure of social control and should conform to a new concept of justice and responsibility in corporate management, capable of being judicially tested according to the canons of a new rule of law applicable to the corporate field.

There are two ways in which, within the structure of the new Companies Act, this attempt at a basic reconciliation of the needs and requirements of business with its social obligations in terms of the accepted social economic values of the community can be made. One way is to subject decision-making in critical areas of the working of the joint-stock companies to the approval of a duly constituted authority, which, in the circumstances of this country, must, for practical reasons, be an accredited organ of the State or a competent independent authority clothed with the powers of the State. The other way is to recast the traditional structure of joint-stock companies completely and to build into it the necessary checks and balances for the exercise of decision-making powers, much in the same way as in the Constitution of our body politic, appropriate checks and balances have been provided for the exercise of governmental authority. The framers of the Companies Act of 1956 preferred to rely largely on the first of these alternatives. That accounts for the fact that, in many sections of the Companies Act of 1956, decision-making in several vital areas of corporate management has been subjected to the approval of the Central Government. The other alternative would have involved a complete break with the traditional structure of the joint-stock company in the English Companies Act, which our own Company Laws have always used as a model. While it is possible that the second alternative approach might have considerably circumscribed the area of discretionary powers now vested in the Central Government, it is a moot point whether, in actual practice, this arrangement would have been an improvement on the present pattern of regulation embodied in the Companies Act.

It is not surprising that the social significance of the distinctive features of the new Companies Act, to which I have just referred, was heavily masked by the overgrowth of its other stereotyped features, which somehow attracted company accountants and the guardians of our conventional wisdom in these matters in the law courts. The need for rewriting our Company Law in the light of the far-reaching social developments of the present age is bound to be recognised before long; but such rewriting would involve such a fundamental reconstruction of the traditional pattern of our Company Law that I do not see that the time for this near revolutionary constructive effort has yet arrived. A great deal of new thinking on the fundamentals of a comprehensive socially-oriented Company Law would be needed in the highest juristic, administrative and business circles before any such attempt can be taken in hand.

In a recent address before the Mysore University entitled the "Modern Corporation and the Rule of Law," I ventured to express some personal views as to the principal directions in which our present Company Law needed changes in order to bring it into line with the social requirements and urges of the future. Whether it will be given to us to have the wisdom and foresight to refashion our existing institutions and the laws which regulate them, so as to enable us to contain within their framework the explosive forces of social change and to guide them along constructive lines is a query which must necessarily be left to the future. But it behoves all of us who would like to believe in the primacy of reason and who may be privileged to have the shaping of our institutions in our hands to bear in mind the classic observation of John Stuart Mill—no idealistic iconoclast but a liberal reformer steeped in the traditional lore of *laissez faire*—"When society requires to be rebuilt, there is no use in attempting to rebuild it on the old plan."

New Image

What are the prospects which the future holds for the type of *rapport* between business and society with which I foreshadowed in the beginning of this paper? Personally I believe that the conventional debate over free enterprise and social control in which we engaged somewhat fiercely a few years ago and the echoes of which still somehow seem to linger on, is largely outmoded and has little relevance to the needs of the present. As I view the corporate scene in the perspective of the future, it is the willing acceptance by all concerned of the new image of the joint-stock company as a sociological institution, with a dynamics of its own and exercising a system of power which must be harnessed to the needs of society, alone that can resolve the internal and external tensions to which our present-day joint-stock enterprises are inevitably subject. The strains on our corporate system begotten of a chronic posture of confrontation with social needs and social urges cannot be effectively eased by any other means. Further, it is my belief that it is only this acceptance which again will enable the business community to find meaning and significance in many of the detailed provisions of the Company Law.

It is no wonder that, viewing the corporate form, primarily as a device for carrying on trade and industry, businessmen are apt to look upon these provisions of the law as most frustrating irritants. And yet the truth is that it is only through the legal provisions of the type that the corporate system of the present can be appropriately shaped, moulded and brought into harmony with the social environment, and businessmen can establish accord with the social forces around them while they are engaged in promoting their own business interests.

Lastly, I feel confident that the recognition of this new image of the joint-stock company by the business community will add new dimensions to the existing inadequate and somewhat perfunctory interrelations between the accredited organs of trade and industry, on the one hand, and the agencies of the State, on the other—thereby helping the former to make a much deeper and more effective impact on the formulation and execution of our national policies. When corporate methods and practices are impregnated with the basic values underlying the country's accepted social and economic policies, the seeming conflict between business and social interests will largely disappear and business in the new society will come into its own. The management of business, and particularly the professional managers, who can be expected to have no vested interest in ideas and attitudes inherited from the past and to have no commitments except to the promotion of business and social interests, have a much larger part to play than other sections of the community in bringing about such a lasting *rapprochement* between business and the social environment.

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LONG-TERM WORLD OIL DEMAND

GROWTH NOT LIKELY TO BE STUNTED BY NEWER ENERGY SOURCES

FROM The Hague, Geneva and Lausanne during the past month have come reminders that the international oil industry operates in a highly competitive world. In these cities fuel and power experts from many countries gathered together for the Ninth International Gas Conference, the Third U.N. Conference on the Peaceful Uses of Atomic Energy and the sectional meeting of the World Power Conference.

These meetings have given birth to a mass of papers, some of which provide material for later study in this issue. Together they prompt the immediate reflection that commercial energy has never been so abundant and the choice offered to the consumer never so varied. Does the initial impression of superabundance in an intensely competitive world need to be modified when one lifts one's eyes to the more distant horizon?

Competitive Aspects

The competitive aspect of the relationship between oil and other forms of energy is self-evident. Excluding the important automotive sector of the market where oil enjoys a near-monopoly, there is a growing interchangeability between the different forms of energy. Solid and liquid fuels, gas and electricity are in direct competition in many manufacturing industries and in the households of the West. Though coal has been largely ousted as a fuel for railway locomotives, there is still an active choice between diesel and electric traction. Electricity, in turn, may be derived from water power, from coal or oil-fired thermal power stations, or from nuclear reactors. And town gas, traditionally the product of coal carbonisation, may now be obtained from natural gas or a variety of petroleum products as well.

The oil man studying the past month's crop of learned papers may feel that the main threat to his business is from natural gas, which, as was pointed out by Professor G. A. Brender à Brandis in The Hague, is still a very new industry. In the U.S.A., where indigenous sources abound, the dynamic growth of natural gas production has been one of the factors responsible for the relative stagnation of oil demand in recent years. Natural gas now accounts for some 30 per cent of total energy consumption in the United States, against 40 per cent for oil and nearly 25 per cent for coal.

In Western Europe it is as yet hardly a serious competitor—it covers a mere 2 to 3 per cent of energy requirements, against 35 per cent for oil—but its importance is steadily gaining ground. France's major natural gas field at Lacq and the smaller Italian and Austrian fields are now fully developed, but the prodigious resources of Slochteren in the Netherlands and of Hassi R'Mel in the Algerian Sahara, not to mention the more modest discoveries in Germany, have as yet been scarcely tapped. The full exploitation of the major new fields, and of any hitherto undiscovered resources that may underlie the stormy waters of the North Sea, will introduce significant changes into the energy economy of Western Europe.

The extent to which the oil business is affected by the development of natural gas resources varies greatly from place to place. In France, Italy and Austria almost all the gas is in the hands of state companies, the expansion of which must be to some extent at the expense of privately owned oil companies. In the Netherlands and (in the main) in Germany, on the other hand, it is the privately owned oil companies which control the natural gas. In such cases, a switch of demand from oil to gas may merely mean a transfer of income from one pocket to another. As regards the North Sea, it is impossible to predict whether any of the groups concerned in the search—established oil companies or their various rivals—will be successful in finding and developing commercial supplies of gas.

Regardless of ownership, natural gas competes with oil only in certain sectors of the energy market. It does not, for example, show any present signs of displacing gasoline, kerosine or gas oil in the field of aviation and motor fuels. It rivals fuel oil in many industrial applications and to a lesser extent competes with middle distillates for space heating. Thus the growth of natural gas consumption will generally bring about a shift in the pattern of demand for petroleum products, tending, so far as Western Europe is concerned, to retard the post-war trend towards the heavy end of the barrel. Since the heavy end is the least profitable end, this means that the growth of natural gas consumption is likely to hit the oil man where it hurts least. In some cases, indeed, the wider use of gas may give welcome relief from the pressure of demand for black oils.

Atomic Energy

What of that glamorous parvenu, nuclear power: can this be regarded as seriously threatening the growth of world oil demand? Despite the vast expenditure on nuclear research on both sides of the Atlantic, despite the enthusiasm of atomic scientists as displayed at Geneva last month, several large question marks overhang this subject. There are, for example, doubts in many minds about the feasibility of disposing of increasing quantities of radioactive waste without serious risk to human (and animal) life, and about the adequacy of the world's uranium resources in the event of a steep increase in demand.

There are also unanswered questions about the economics of nuclear power. If this new industry could hold out the prospect of supplying really cheap power in abundance it might have to be taken seriously by suppliers of liquid fuels. So far, however, costs at nuclear stations in developed countries where coal and oil are freely available have not been brought down to the level of the most efficient thermal power stations. It would, of course, be foolish to deny the possibility of some unforeseen technical breakthrough that would drastically cut these costs. For the moment, however, it is low-grade coal rather than oil fuels that seems to be most vulnerable to the competition of nuclear power in the industrialised countries of the West.

In underdeveloped countries which have no coal or oil resources of their own, atomic energy may, it is true, be more competitive with oil. But such countries at present constitute a relatively small market for petroleum products: they account for little more than one-eighth of free world oil consumption. Moreover, in the developing areas of the world, if not elsewhere, the relationship between the various fuels has its complementary as well as its competitive aspect.

Complementary Aspects

In this connection it must be borne in mind that the world's population is at present expanding more rapidly than ever before, and most rapidly in the less advanced countries. In these areas the rate of growth has reached the remarkable figure of 22 per cent in a decade, whereas in the developed areas the maximum rate attained is 13 per cent in a decade. Every year more than 60 million souls are added to the teeming millions of the world—a figure half as large again as it was ten years ago. Thus the total population of the globe, which has approximately doubled since 1910, is expected to double again by the end of this century, to reach a total of well over 6,000 million. These startling figures are of obvious relevance to any consideration of world energy requirements.

Where population growth is rapid, consumption of energy in one form may, by nourishing an improvement in the standard of living, lead to an increased demand for energy in another form. For example, the mechanisation of agriculture, which depends upon an increased consumption of motor fuels and lubricants, may step up the demand for gas and electricity in the home. Again, the introduction of relatively cheap nuclear power into a developing area may speed the process of industrialisation and so boost the demand for liquid fuels and lubricants. The oil man is familiar enough with the thought that general prosperity is good for the oil business. And if prosperity can be brought to the poorer parts of the world by the provision of cheap energy, in whatever form, the oil trade may expect to benefit.

Concentrating on the day-to-day conduct of his business, the oil executive is conscious of the pressure of competition, not only from other firms in the same business, but from solid fuels, gas and electricity as well. He sees life in terms of a struggle by his company to maintain its share in the world energy market. He may, however, find encouragement in last month's message from The Hague, Geneva and Lausanne. The demand for energy is not static. The boost that is constantly being administered by the expansion of population and the relentless drive for higher living standards far outweighs the effect of improved efficiency in use.

The cause of material progress will be best served if consumers are allowed freedom of choice in the matter of energy supplies. They will then use the fuel that will best satisfy their needs at minimum cost. Wherever their choice falls, the higher energy consumption will tend to raise the general standard of living. And in the long run any improvement in living standards will help to increase the demand for other fuels as well.—(By Special Arrangement with the *Petroleum Press Service*.)

TEN THOUSANDTH JEEP OF MAHINDRAS

The 10,000th jeep manufactured by Mahindra and Mahindra Ltd. during the current year was driven out of the plant by Mr. Keshub Mahindra, Chairman of the Company, at a ceremony held at its factory premises on Friday last. This marked the achievement of the annual production target of 10,000 jeeps more than a year in advance. It will be recalled here that the target of 10,000 units had been originally envisaged to be attained only by the end of 1965. Thanks to the co-operation received from the ancillary suppliers and to the efficiency in many departments of the Company itself, this target was fulfilled earlier. Incidentally, as many as 50,000 jeeps have been turned out by the Company to date.

The present indigenous content of a jeep in terms of value is over 80 per cent (of which the contribution of the ancillary industry alone works out to approximately 30 per cent). The remaining 20 per cent, which is the equivalent of about Rs. 1,500 to Rs. 1,600, constitutes the foreign exchange component of the jeep.

In view of the fact that the annual target of production has been fulfilled, the Company is presently examining its future manufacturing programmes in line with the estimates for the fourth Plan. Proposals in this connection have already been submitted to the Central Government.

The ex-factory price of the Mahindra jeep in Bombay is Rs. 15,300, inclusive of excise duty (25 per cent), but exclusive of the 10 per cent sales tax.

ALWEG MONORAIL IN WEST GERMANY

There may be several novel ways of tackling the ever-increasing traffic problems of big cities like Bombay and Calcutta, but, by and large, the least expensive solution would be the introduction of a monorail system. Indeed, the greatest merit of the system lies in its inexpensive construction and easy operation. Both Japan and West Germany, incidentally, have shown the way in this connection.

The Alweg Monorail, for instance, is expected to be put in operation soon in the industrial metropolis of Essen, Ruhr district, West Germany. The train will travel 12 feet above a busy throughfare at a speed of 50 m.p.h. Its carrying capacity will be 100 passengers and platform stops will be located every 800 yards.

This system, designed by Krupp engineers, was first demonstrated to the public in 1957 on a test stretch in Cologne. Further, Alweg monorails have been put to use in Walt Disney Land in Los Angeles and at the World Fair in Seattle, U.S. A monorail system has also been recently inaugurated in Tokyo; it connects Haneda airport with Tokyo's downtown area and has a stretch of 10 miles, the longest so far. The monorail's great advantages are: it can handle a great number of passengers without obstructing automotive and pedestrian traffic; it travels at a high speed while offering the greatest possible degree of safety and, what is more, it is most inexpensive to construct and to operate.

NEW NON-FERROUS METAL PROJECTS

The Central Government is actively considering the setting up of a zinc smelter in the country. Actually, talks are in progress between the Government and a delegation of Polish experts who are currently in this country. The smelter, which will be based mainly on imported concentrates, will have a capacity of 30,000 tonnes, and tentative estimates place its capital cost at around Rs. 12 crores. The delegation, before returning to Poland, will finalise and submit the feasibility report and time schedule for completing the details project report and setting up of the smelter.

In addition to this zinc smelter, the Government is also considering the development of the Zowar zinc deposits in Rajasthan by increasing the production capacity from the present 18,000 tonnes of metal per year to 50,000 tonnes a year. A committee is studying this aspect and will report its findings shortly. It is said that the fourth Plan will provide as much as Rs. 35 crores for the purpose of setting up two more zinc smelters. Incidentally, it may be noted that the demand for zinc at the end of the fourth Plan is expected to be 225,000 tonnes, as compared with 136,000 tonnes at the end of the third Plan.

Currently discussions are also proceeding between the Union Government and a delegation of Hungarian experts on the setting up of an integrated aluminium project at Korba in Madhya Pradesh. The project will have a capacity to produce 120,000 tonnes of aluminium and 36,000 tonnes of aluminium metal per annum, supported by facilities to manufacture aluminium semis. Hungary is expected to provide technical and financial assistance for the project upto the alumina stage. The experts will prepare a detailed preliminary report which will form the basis for an agreement between the two Governments.

NEW PRODUCTS AND PROCESSES

Stainless Steel Beams

A LIGHTWEIGHT stainless steel beam, designed for use in bridge construction, has been developed by International Nickel. Although not yet ready for commercial production, experiments are claimed to have shown that it has great potential for building bridges, particularly those with spans of 50 to 120 feet.

Automatic Lighting Control

An automatic lighting control with a two-minute time delay has been installed by Photronic Controls of Leatherhead, Surrey, England. The time delay is stated to be suitable for street lights, porch lights, advertising signs and children's night lights, and will automatically switch the light on and off according to the intensity of the daylight.

Stroboscope at Low Cost

A stroboscope providing flash rates of 100-15,000 per minute and based on transistorised circuitry is being marketed by Electronic Applications, of Endeavour House, North Circular Road, London. The flash is provided by a xenon tube and is read directly from a calibrated scale to an accuracy of better than plus/minus 3 per cent. It is controlled by a potentiometer through a transistorised generator whose pulse rate is linearly proportional to potentiometer movement.

Three ranges of flashing rates are available to match speeds in many types of mechanical devices and 'freeze' them by synchronising with revolving or reciprocating parts. For instance, the movement of valve rockers can be examined in detail and vibration in other equipment located very quickly. The "Flash-Tac" as it has been called, is mains operated and measures 10 inches by 8 inches by 7 inches and weighs 7½ lbs.

Titanium Carbide Used in Tools

Titanium carbide, cemented by tool steel, is said to increase the life of a punch from 7,500 to 275,000 pieces at a cost only twice that of good steel. The titanium carbide is produced by the Sintercast Division of Chromalloy Corporation, 120, Broadway, New York 5. The steel bonded carbide can be turned, milled, sawed, drilled or tapped with standard tools in its annealed condition. Heat treating done with conventional equipment and without serious dimensional changes, is said to give the carbide a wear resistance 30 times greater than that of tool steel.

Magnifying Television Microscope

A new instrument that employs the electron microscope and television can magnify objects two million times their normal size. The instrument, demonstrated recently by the Radio Corporation of America (R.C.A.) at Camden, New Jersey, increased the capability of the ordinary electron microscope 10 times. It has 2,000 times the magnifying power of the best light (optical) microscope. The instrument is a refinement of the first television-electron microscope, developed in the U.S. by Westinghouse Corporation a year ago which has a magnifying power of one million.

The R.C.A. instrument, however, is less powerful than another device that works on a different principle. It is called the field ion emission microscope and permits scientists to see individual atoms, the basic building blocks of all matter. The R.C.A. instrument can resolve only clusters of atoms (molecules). A field ion emission microscope in use since 1962 at Columbia University achieves direct magnifications of two million, and this image can be optically enlarged 10 times over. The R.C.A. instrument is significant because most U.S. laboratories use electron microscopes, which may be adapted with a television attachment.

Protecting Turbine Blades

Brown Boveri and Co., of Baden, Switzerland, has patented a way of adequately protecting turbine blades from chemical attack and oxidation at high temperatures. The technique is also suitable for other components. The blades are coverded with an electrodeposited layer of iron and this is then covered with chromium. In use, the two become alloyed together to provide the dual protection required.

Laser Beam for Surgery

The laser beam—the high intensity light which constitutes one of the most important scientific discoveries in recent times—is shortly to be used for surgical applications in Sweden. A team of researchers of the Research Institute of the Swedish National Defence (F.O.A.) has after three years of experiments succeeded in taming the laser for practical use. One of the applications of the "new light" is for an instrument used in ophtamological surgery, a so-called photocoagulator by means of which it is possible to "weld" a loose retina to the eye. After a long series of successful operations of this type performed on animals, the Sahlgrenska Hospital in Gothenburg will adopt this method for operations on human beings for the first time. The laser beam might also be used in dental surgery. Experiments have shown that only the caries-stricken parts of a tooth are "burnt away" by the concentrated beam, whereas all sound parts of the tooth are left unaffected.

Vacuum Metallising Plant

A vacuum metallising plant, designed to put a reflective film of aluminium on the interior surfaces of electric light bulbs, has been developed by a British firm. The manufacturers claim that this is the first time that plant applying the metallising technique to this particular operation has been available commercially. It uses no vacuum chamber. The plant, which is semi-automatic, treats eight lamps every 75 second cycle, and is said to have a faster output than the conventional method of treating the inside surfaces of bulbs with silver nitrate. It can also be adapted to treat other articles, including sealed headlight reflectors, front and rear lamp automobile bezels, radio and automobile trimming fixtures and other metal, glass or plastics products which have to be metallised on one surface only.

Stitching Sheet Steel

High-carbon steel wire, stiff enough to be punched through sheet metal to stitch it together, is available from the Prentiss Wire Division, H.K. Porter Co., Porter Building, Pittsburgh 19, Pennsylvania, U.S.A. In one demonstration, five sheets of 0.02 inch steel were stitched together without pre-punching holes. The company says this is twice as fast as other methods of fastening steel of the weights used in motor car bodies. It also claims that stitching has an advantage over spot welding in that it does not require pre-cleaning, painted surfaces are not damaged by heat, and the joint can be inspected visually.

Setting Type by Computer

Setting type with the aid of a computer is the latest and most revolutionary development in the printing world. An organisation which will offer this service to newspapers, and to periodical and book publishing houses is now being set up in London. It will be the first of its kind in Europe.

Use of the computer eliminates two of the main tasks in type-setting—"justifying" and hyphenating. This means the accurate spacing of words in a column and logical breaks in words at the end of lines. With the new system, a typesetter simply produces a punched tape on a machine like an electric typewriter. This tape then goes into the computer which produces another, adjusted and hyphenated to the required column widths. The risk of error is one in five million. Human errors in the making of the original tape can be corrected at computer speeds. The final tape from the computer can be used in a number of ways with conventional printing techniques.

Water Softner

A simple new water softening process producing the equivalent of three times the water at only 40 per cent the cost of conventional processes has been perfected by the Hamerakeh Company, Israel. It has already found wide commercial application in Israel as well as abroad, and has earned the company a number of significant know-how exchanges with "giants" in this field abroad, including Prosim of France.

The Company licensed a number of firms in Europe to manufacture workshop-sized versions of the patented apparatus, of which hundreds have already been installed in Kupat Holim pharmacies, hospitals and in many workshops and garages.

High-speed Painting

Automatic Equipment, Daleside Road, Nottingham, England, has introduced an automatic sprayer for high-speed repetition painting of mixed batches of articles. The unit will paint, stove and cool a variety of electrical instruments, automobile accessories, toys, fancy goods and similar items. Only one unskilled operator is required for loading and unloading the components, and it is stated that tests have shown that during a normal 40-hour, five-day week, the machine is capable of painting 50,000 components.

Small Welding Outfits

Small, lightweight welding outfits which have been designed for both industrial users and do-it-yourself enthusiasts have been put on the market by Esab, Box 850, Göteborg, Sweden. They are intended for the welding of light metals mainly and are contained in polythene carrying cases. Each kit weighs 44 lbs. and measures 9½ by 11 by 15 inches.

Automatic Programming Unit

A new guillotine, being produced by William Guessland Ltd., Cheshire, England, has provision for automatic programming, which is available as an optional extra. The guillotine designed for the paper industry, is of rigid, heavy-duty construction, able to absorb all vibrations and stresses set up during cutting. The all-mechanical cutting action ensures clean, accurate cutting over a maximum capacity of 42½ in. by 42½ in. by 5 in. pile height at 40 cuts a minute. An automatic programming unit providing semi- and fully-automatic control is offered optionally. It employs magnetic tape, storing up to 24 programmes of which any two adjacent programmes can be linked. It is push-button set and the unit incorporates a programme correction device and provision for programme checking without cutting.

New Dragon Reactor

The new "Dragon" reactor, at the Winfirth Nuclear centre (G.B.) in Switzerland, has just been commissioned. The machine for loading and unloading the fuel, which is an important part of the plant, was made in Geneva and assembled at Winfirth by S.E.C.A. Ltd., a firm formed for the job by two big Swiss engineering concerns, Secheron Ltd. and Charmilles Ltd. The machine was subjected to very severe tests, both in the works during preliminary assembly and at the time of the final assembly in the reactor chamber. The quality of the workmanship and the running tests carried out at high pressures and temperatures, corresponding to the operating conditions of the reactor, are entirely satisfactory.

Brake Tester for Lorries

Users of heavy commercial vehicles are being offered brake testing equipment by Triangle Products, Manchester Road, Hyde Cheshire, England. The equipment can be used to test a vehicle's total braking efficiency as well as the effectiveness of each individual wheel brake. It is stated that it takes only few minutes to carry out a comprehensive brake test of the heaviest type of four, six or eight-wheeler with trailing axles or third differential. Each pair of wheels is progressively driven on two pairs of steel rollers which are rotated by two 5 h.p. motors. The wheel try to prevent rotation of the rollers and the amount of tractive effort they produce at the tyre is recorded. By reference to a chart, it is then possible to determine true braking efficiency, the efficiency of each wheel brake and the stopping distance at varying speeds on a normal road surface.

Versatile Silicon Rubber

A silicon rubber produced by VEB Chemiewerk Nünchritz in East Germany remains temperature-resistant within the range of —100° to +250° Centigrade. It is distinguished by high electric insulating properties, physiological harmlessness and adhesive properties. It is ageing-resistant towards air, light and ozone and is chiefly employed in electrical engineering and medicine. Electrical conductor material sprayed with silicon rubber remains flexibile at high and low temperatures; electric disruptions do not produce conductive carbon. Glass-silk fabric covered with silicon rubber represents a high-quality flexible insulating material. Silicon rubber restrains the coagulation of blood and can be hot sterilized. It has been used successfully with blood transfusions, implantations and in dental surgery. Silicon rubber lends itself as an ideal packing and sealing material in the chemical industry, general and aircraft engineering, refrigeration and in gas chromatography.

NEW IDEAS IN BRIEF

Paper is made from bagasse—sugarcane waste—by a new process developed in Sweden by Karlstads Mekaniska Werkstad (K.M.W.), Stockholm, Sweden.

A dash of aluminium powder in wet cement mix is claimed in Norway to produce a non-shrink concrete with more reliable compressive strength. It is being developed by S. Jystad, 12 Trakka, Slemdal, Norway.

A substance called expanded clay is the sole ingredient of new light-weight building blocks which can be either moulded or extruded (squeezed out like toothpaste) to the desired shape in a process patented by Veit Dennert KG., Baustoffbetreibe, Schlusselfeld/Oberfranken, Bayern, West Germany.

The intense light beam from lasers can be used to cut complex repeat patterns in paper in a system developed by Jagenberg-Werke AG., 107 Himmelgeisterstrasse, Dusseldorf, West Germany. Gallium metal, a valuable constituent of transistors and semi-conductors, is now being recovered from the electrolytic refining of aluminium in West Germany and by a new economic distillation process from its crude ore in France. This is being produced by Siemens Schuckertwerke AG., 50 Werner von Siemensstrasse, Erlangen, West Germany.

An electric night-storage heater, designed to be run on cheap off-peak power, has a water filling instead of the usual heavy and bulky fire bricks made by Brush Electrical Engineering Co., 43 Berkeley Square, London, W.1, England.

A West German manufacturer claims its removable plastic radiator grilles for cars are easy to clean and much cheaper than conventional metal ones. The grille mesh can be made fine enough to stop small insects getting in, but does not reduce engine cooling. It is made by Vereinigte Glanzstoff Fabriken AG., Glanzstoff Haus, Wuppertal Elberfeld, West Germany.

The flow of molten metal in a foundry can be stabilised by means of a simple electrical device. Suspended above the surface of the metal is an electrode, which is in circuit with electrically operated feed valves. The device is developed by Gebr. Bohler AG., 12 Elisabethstrasse, Vienna I, Austria.

Notice

THE WEST COAST ELECTRIC SUPPLY CORPORATION LIMITED

Registered Office: MADRAS

NOTICE IS HEREBY GIVEN THAT AN Extra-Ordinary General Meeting of the Members of the Company will be held on Saturday the 31st October 1964 at 11 a.m. at the Registered Office of the Company at No. 20, Second Line Beach, Madras-1, for passing Resolutions under Section 293(1) (c) of the Companies Act, 1956 and for declaring dividend on Equity share capital. Individual notices concerning the above have been posted to the Members of the Company.

FOR CHANDRIE & Co., PRIVATE LTD.,
S. VENKATARAMAN,
Director,
Managing Agents.

MADRAS, *30th September* 1964.

TRADE UNIONS' RIGHT TO THREATEN STRIKES

MORE ON ROOKES VS. BARNARD JUDGMENT

THE issue currently being discussed in trade union circles in Britain is whether it would be proper for the unions to have the legal right to intimidate an employer into doing something which damages or injures a third party. It may be recalled that in the *Rookes* vs. *Barnard* case (discussed in the issue of *Commerce* dated 3rd October 1964, page 594) the union concerned had threatened the employer that, if Mr. Rookes was not removed from service, a withdrawal of labour would take place. The House of Lords, which gave its judgment in this case in January this year, had decided that, in spite of the agreement between the union and the employer that no strike or lockout would take place, the union officials conspired and acted on the conspiracy to intimidate the employer by threatening it with a strike in breach of contracts of employment, and that both the conspiracy to intimidate and the intimidation itself were civil wrongs; that the provisions of Section 3 of the Trade Disputes Act 1906—namely, "an act done by a person in contemplation or furtherance of a trade dispute shall not be actionable on the ground only that it induces some other person to break a contract of employment or that it is an interference with the trade, business or employment of some other person, or with the right of some other person to dispose of his capital or his labour, as he wills"—could not protect the union officials in view of their conspiracy and intimidation. The officials of the Trade Union Congress (T.U.C.), who interpreted this judgment as a negation of the right to make threats of strike, had demanded that the Act might be amended to restore the right to threaten and might be read as follows:

"An act done by a person in contemplation or furtherance of a trade dispute shall not be actionable on the ground only that it induces some other person to break a contract of employment *or that it constitutes, or contributes to intimidation by a threat to commit (or to procure) a breach of any contract* or that it is an interference with the trade, business or employment of some other person, or with the right of some other person to dispose of his capital or his labour, as he wills."

T-U.C. Counsel's Views

However, the legal experts who have been looking into the implications of the judgment have now started feeling that the judgment is not so damaging as the T.U.C. feels. Even the T.U.C.'s legal counsel has made it quite clear that, except in three very special circumstances, in all the other instances—including those relating to claims for higher wages or better working conditions, which form by far the largest category of industrial disputes—there does not seem to be any ground for legal action against the union officials in case of a threat of strike. According to the counsel, for taking any action against the threatener by alleging him as intimidator, it is necessary to prove that the alleged intimidator intended to cause loss or injury to the employer. Regarding the applicability of this reasoning in case of threats of strike unless the employer increases the wages, the counsel said: "Here it is doubtful if any action for intimidation will lie, even if the employer does yield to the threat. In the first place, it might be difficult to show that the threatener intended to cause injury to the employer. The threatener might say that he thought the employer could raise his prices, so as to recover the amount of the increase in wages and anticipated that that was what the employer would do. Secondly, the employer might have difficulty in showing that he had suffered loss as a result of increasing the wages. If he had raised his prices, he might have recovered the amount of the increase. If he had not raised his prices, he would have to show that he had acted reasonably in not doing so." The employer has thus no legal force to take action in such cases.

The three circumstances, where the intimidation and the resultant loss or injury may be proved, were related as follows:

"A strike is threatened unless the employer discharges a non-unionist. This is what happened in *Rookes* vs. *Barnard* case. There is no doubt here that the threatener intends to cause injury to the man. If the employer yields to the threat and discharges the man, the man can sue the threatener for intimidation." Secondly, "a strike is threatened unless the employer ceases supplying *X*, with whom the threatener's union has a dispute. There is no doubt here that the threatener intends to cause injury to *X*. If the employer yields to the threat and ceases supplying *X*, *X* can sue the threatener and recover damages, the measure of which would be *X*'s loss resulting from the cessation of supplies from the employer," and, lastly, "a stike is threatened unless the employer takes certain work away from the members of union *A* and gives it to members of the threatener's union, that is, a demarcation dispute. There is no doubt here that the threatener intends to cause injury to the members of union *A* who are doing the work."

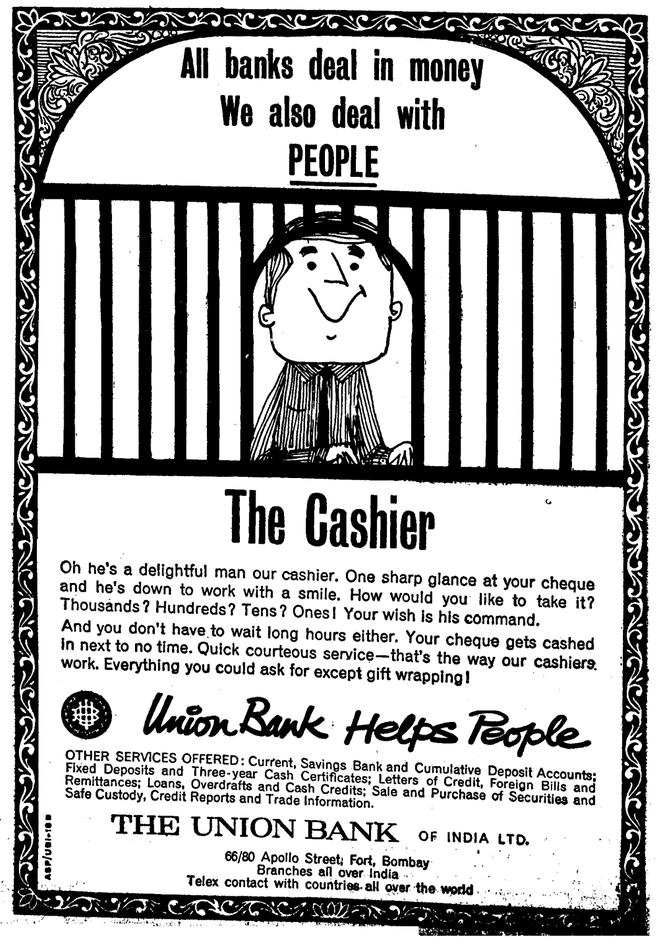
It must be pointed out that even before the *Rookes* vs. *Barnard* judgment, the strikes in many such cases led to successful legal actions against the trade unions. The only difference which the judgment made was that, in addition to such strikes, it declared the threats of such strikes also actionable. When the strike in a particular case is illegal, the declaring of the threat of such strike illegal does not make much difference. Thus, there is hardly anything to be restored. Hence the view that the amendment in the Trade Disputes Act 1906, as desired by the T.U.C., is not so simple as Mr. George Woodcock, General Secretary, suggests, but involves the giving of legal protection to trade unions to intimidate the non-unionist workers or other third parties—a sort of legal blessing to the trade union officials who may threaten that, if a particular employee is not sacked, as was done in the *Rookes* vs. *Barnard* case, or if trade dealings with a particular party are not stopped, the workers would go on strike.

In spite of the comparatively cordial relations between employers and employees in Britain, the proportion of disputes relating to union matters, which was only about 3 per cent of the total disputes in 1953, increased fast during the next two years, reaching approximately 50 per cent in 1955. There was a further rising tendency in this percentage during the next eight years and, in 1963, it was as high as 53. Whereas the disputes relating to improvement in wages and betterment of working conditions may be comparatively justified on economic and hygienic grounds, those relating to union matters are simply waste of time and money and a rise in such disputes displays an unhealthy trend in the economy. If the Trade Disputes Act 1906 is amended, as desired by the T.U.C., and the trade unions are given the legal protection to coerce the non-unionists, the percentage of disputes regarding union matters will rise still further and will definitely harm the economy of Britain.

WORKERS' EDUCATION IN INDIA

In an industrialising country like India—and for that matter in any country embarking on industrial development—the importance of workers' education is self-evident, as it is only through such education that the quality of labour-power and labour leadership can be improved, labour-management relations strengthened and an era of industrial peace and prosperity ushered in. However, education is fundamentally a slow process and workers' education, being in its early stages in this country, cannot be expected to work miracles in a short period.

But it is nevertheless heartening to know that, during the last few years, considerable progress has been made in the country in this regard. There are at present 24 regional and 30 sub-regional centres for workers' education and, by the end of the current financial year, another five or six centres are likely to be established. This, according to Mr. D. Sanjivayya, Union Minister for Labour and Employment, who inaugurated the annual meeting of the Central Board of Workers' Education at New Delhi on the 9th instant, will mean the achievement of the third Plan target one year in advance, and, with the opening of some more centres in the next financial year, the target will be considerably over-achieved. So far nearly 5,000 worker-teachers and 150,000 workers have been trained by the Board. In 1963-64, 65,000 workers were trained and, in the light of this progress, the target of 7,500 worker-teachers and 250,000 to 300,000 workers by the end of the third Plan period seems to be within easy reach.



INDO-AFRICAN TRADE NEEDS EXPANSION

VAST SCOPE FOR ENGINEERING EXPORTS

AFRICA covers nearly a fourth of the world's land area, but its 240 million people represent just eight per cent of world population. It is one of the most trade-dependent areas of the world. With an annual output of $21,000 million, it exports goods worth $4,800 million and imports goods worth $6,400 million. The exports and imports of Africa, expressed as proportions of the overall output, amount to 23 per cent and 30 per cent, respectively. As compared with Britain, which is also a highly trade-dependent area (percentages of exports and imports to total output being 18 and 22, respectively), Africa's share is much higher. Such heavy trade dependence is in part a result of the relatively small sizes of the Continent's 50 and odd countries which can hardly be self-sufficient. But it is mainly a reflection of the economic evolution taking place in these countries.

Africa's exports consist chiefly of primary products and imports of manufactures. The important feature of its present structure of output and trade is that they are entirely complementary or non-competitive in character. But, with the industrialisation of Africa, the existing international division of labour, under which it exchanges primary goods for manufactured items, will undergo a major change. Even now, considerable progress in the direction of changing the structure of imports has been made in Africa. The share of consumer goods has fallen over the last ten years (1950-60) from two-thirds of total imports to one-half and that of intermediate goods and machinery and equipment has correspondingly risen. From a mere three per cent in 1950, imports of machinery and equipment have increased to 12 per cent in 1960—a clear indication of significant expansion in the level and content of investment in industries. The heavy import dependence of Africa is a double-edged advantage. It indicates a large potential for import substitution and, at the same time, provides by way of foreign exchange the very resources for carrying it out. Africa, with its *per capita* imports amounting to $29, has thus an enormous potential for economic growth based on imported capital goods. The African countries have great scope for improving their trade relations with the developing countries of Asia.

Present Trade with Africa

At a time when India's export trade among its traditional partners is confronted with stagnation owing to the competition offered by different countries, there is every need to explore new markets in the resurgent countries of Africa. The Board of Trade in the Union Ministry of Commerce has, therefore, done well in preparing a Paper on the subject of improving India's trade relations with the African countries. The comprehensive Paper, which was discussed at the 15th meeting of the Board of Trade held in Bombay last week, analyses India's present export trade with the principal countries in Africa and outlines the measures that could be taken to improve them. India's exports to Africa, incidentally, have been roughly Rs. 50 crores, which amounts to 7 to 8 per cent of the country's total exports. It corresponds, in other words, to India's trade with the E.E.C. countries. Confined to about ten countries in the Continent, this trade has grown over a period of time without any conscious effort on India's part to promote it. As Table I will show, in recent years, the balance of trade has been slowly turning in this country's favour. The trade deficit, which was Rs. eight crores in 1961-62, has narrowed down to Rs. four crores in 1963-64.

The bulk of India's exports to Africa goes to the English-speaking countries in that Continent. Nearly 68-70 per cent of these exports is purchased by nine of the 50 and odd countries in Africa, as will be seen from Table II. Egypt and Sudan alone account for more than 50 per cent of India's exports to Africa. Though there were falls in exports to the main African countries to the tune of Rs. 6.5 crores during 1963-64, as compared with 1962-63, the total decline in exports to the Continent as a whole in that year was only Rs. 3.9 crores. In the first financial quarter (April-June) of 1964-65, India's exports to Africa has increased by Rs. 1.1 crore over the corresponding period of 1963-64.

Analysing the principal commodities exported from India, the Paper indicates that three items—tea, jute manufactures and cotton manufactures—account for 65 to 72 per cent of the country's exports to Africa. The decline in the level of these exports—from Rs. 4.3 crores in 1961-62 to Rs. 3.0 crores in 1963-64—has been in tune with the fall in the exports of all commodities. However, in the four months of this fiscal year (April-July 1964-65) there has been a slight improvement in the position as exports of tea, jute goods and cotton textiles have gone up by Rs. 0.21 crore over the corresponding period in 1963-64. This trend is brought out in Table III.

Tea exports have gone up from Rs. 1.0 crore in 1960-61 to Rs. 1.3 crore in 1963-64 in spite of the growing competition from Ceylon, China, and East African countries. Egypt, Sudan and Tunisia share among them practically 100 per cent of India's exports to Africa. This should not, however, lull us into complacency, for some of the East African countries like Kenya, are fast coming up as suppliers of tea to the world market. Further, India is losing its market in the smaller territories of Africa, such as Ghana and Rhodesia and Nyasaland, to other countries, particularly Ceylon. In addition, mainland China has a virtual monopoly for supplying green tea to the ex-French territories, namely, Senegal, Ivory Coast, Upper Volta and Morocco. Algeria, another big consumer of green tea, meets its requirements by importing nearly six million lbs. from Japan and Formosa. There is, however, wide scope for India to enter these large markets. In its Paper, the Board of Trade has rightly called for concerted efforts in the direction of promoting India's tea exports in these areas.

Cotton Manufactures

Cotton manufactures, another important item of India's export trade, has been characterised by a sharp fall in the total level of exports—from Rs. 1.3 crore in 1960-61 to Rs. 0.7 crore in 1963-64. Even in the four months of this fiscal year (1964-65), there has been a decline in the exports. It has been more pronounced in cotton piecegoods exported to Sudan, Ethiopia and Kenya in 1963-64. With a number of countries in Africa setting up their own mills, India's exports of grey variety of cotton goods have also begun to shrink. Besides, a change in the tastes of the people from grey to white, bleached and superfine piecegoods is also responsible for the reduction in India's exports of this traditional variety of textiles. Grey cloth, it is said, has no future in the African market. The proportion of cotton grey cloth imports into African countries like Kenya to that of synthetic fibres and other processed cloths has changed considerably. As it is a dying trade, India has to explore every means of supplying processed and finished cloth to these countries in order to improve its trade prospects with them.

As if to reinforce the plea for increasing the exports of synthetic fibres and other textiles to the African countries, the Board of Trade, in its Paper, has indicated the bright chances of expanding India's trade in this category of textiles. Exports of synthetic goods to Nigeria, Sudan, Ethiopia, Kenya, Uganda, Rhodesia, and Nyasaland have increased from Rs. 2 crores in 1962-63 to Rs. 2.45 crores in 1963-64. In 1960, the percentage of home production of cotton textiles—cotton, wool, rayon and synthetics—in the African countries came to only 40, the share of rayon and synthetic fibres being nine and four respectively. Country-wise, the United Arab Republic (U.A.R.) is perhaps the only country meeting all its textile requirements. Thus the general situation, save for U.A.R., is one of overall dependence on imports, less in cotton but almost completely in rayon and synthetics.

Jute Goods

Owing to the severe competition from Pakistan, exports of sacking goods from India declined from 63 per cent in 1960-61 to 46 per cent in 1963-64. Pakistan, which has increased its share from 37 per cent to 54 per cent in the corresponding period, has now virtually reduced the Indian industry to a situation whereby the latter only supplies such portion of the demand as Pakistan cannot fulfil. Another reason for the decline in India's exports is the gradual growth of the jute industry in Africa. However, as the delegation of the Calcutta Jute Fabrics Shippers Association has reported after a visit to the African countries, an improvement in the quality, weight and colour of India's jute bags and granting of deferred payment facilities to the importers will go a long way towards meeting the Pakistan challenge in the field of jute goods exports. Owing to the high prices of raw materials, the reported expansion plans of jute industry in the African countries will be slow and the demand for imported jute goods is not likely to decrease in the near future.

Spices, another important item of India's exports, contribute nearly a crore of rupees to the country's earnings. Though India has not lost much market in the last two years, it is still not very widespread in Africa. This field deserves special attention and efforts to promote exports in this direction are called for. Export of footwear to countries like Nigeria and Ghana is also rising. As the market for footwear is steadily growing, the Paper calls for a team of exporters and manufacturers to visit the African countries.

A new item in which considerable scope exists in the Continent is that of engineering goods, especially light engineering goods. Exports of these goods have shown a tendency to increase in an otherwise declining market. As against the export of light engineering goods worth Rs. 1.46 crore in 1961, India's exports amounted to Rs. 2.4 crores in 1963. While to many countries like Ethiopia, Federation of Rhodesia and Nyasaland, Ghana, Kenya, Liberia, Nigeria, Somaliland, Sudan, Tunisia, Uganda and Zanzibar there have been substantial increases in engineering exports, in respect of countries like Egypt, Tanganyika, French West Africa, Morocco and Mozambique these exports have slightly decreased. Hence, concerted efforts would have to be made to improve India's markets in these areas. Small-scale industries, too, offer good scope for development in many of the African countries as the necessary capital could be raised (upto Rs. 5 lakhs for each unit) from within the areas, and the industries started on assembly and partial manufacturing basis. The Board of Trade, in its Paper, has, therefore, suggested a delegation to visit the different countries and explore the possibilities for setting up small-scale industries with Government assistance, if necessary.

Exports of Capital Goods

Along with the steps to promote exports of consumer goods, the Paper has drawn attention to the prospects for exports of capital goods and to the possibilities of increasing shipping transport to many of the African countries. As India is not capable of competing with the Western countries in the matter of credit arrangements, it is felt that this country should take steps to allow exports of capital goods like machinery and equipment for the purpose of equity investment. Already some Indian industrialists have planned a few joint ventures in Ethiopia, Kenya, Uganda, Libya, Nigeria, Liberia and Sierra Leone. The industries to be set up in

(Continued on page 702)

Table I—India's Trade with South Africa
(In crores of rupees)

	Imports	Exports	Balance
1964-65 (April-June 1964) ..	16	10	(—) 6
1963-64 (April-June 1963) ..	11	9	(—) 2
1963-64	51	47	(—) 4
1962-63	56	50	(—) 6
1961-62	64	56	(—) 8

(—) Indicates unfavourable balance of trade.

Table II—India's exports to principal African countries
(In lakhs of rupees)

	1964-65 *	1963-64 *	1963-64	1962-63	1961-62
Egypt	253	203	1,257	1,310	1,292
Ethiopia	44	35	170	199	274
Ghana	8	63	147	144	266
Kenya	134	132	503	563	549
Federation of Rhodesia and Nyasaland	47	47	166	227	291
Nigeria	153	89	378	617	705
Tanganyika	75	69	347	285	284
Sudan	77	109	784	902	1,080
Morocco	4	1	59	109	142
Total	795	728	3,711	4,356	4,833
Total including others	1,029	917	4,633	5,019	4,833

* April-June.

Table III—Principal items of exports
(In lakhs of rupees)

	Tea	Jute manufactures	Cotton manufactures	Total	Total including other items
1964-65 .. (Upto July 1964)	92	499	289	880	N.A.
1963-64 .. (Upto July 1963)	248	288	328	859	N.A.
1963-64	1,303	1,020	748	3,076	4,633
1962-63	1,120	1,534	932	3,586	5,019
1961-62	1,181	1,045	1,182	4,309	5,633
1960-61	1,027	1,276	1,347	3,650	4,901

N.A.—Not available.

EAST INDIAN COAL SUFFERS A SETBACK

DIVIDEND CUT, BUT RESERVES STRENGTHENED

THE year 1963 was one of general recession for the coal industry as a whole. This fact is fully corroborated by the sharp setback suffered by the East Indian Coal Company Ltd. (Managing Agents and Secretaries: Messrs. Jardine Henderson Ltd., Calcutta) during the year ended 30th April 1964. Following its usual practice, the Company has not disclosed in its latest annual report the turnover figure, but the total earnings, after deducting colliery and Calcutta expenditure, have declined to £368,319 from £499,933 the year before. Consequent on the decline in earnings and rise in other expenses, there has been a sharp drop in gross profit from £433,576 to £310,824. As things would have it, the provision for depreciation, too, has advanced by £14,133 to £85,533, so much so the profit subject to taxation is as low as £225,291, as against £372,176 a year ago. Thanks, however, to the substantial reduction of £133,296 to £64,329 in the provision for taxation, the resulting net profit is £160,962, as compared with £174,551. On adding to this the £33,699 withdrawn from reserves, a sum of £194,661 becomes available for distribution. Out of this, the Directors have provided £3,171 (£21,600) for taxation in respect of prior years and have also credited £133,890 (as against £72,833) to reserves. Of this latter sum, only £57,994 (£52,818) have been transferred to the statutory development rebate reserve, while a comparatively larger amount of £75,896 (£20,013) has gone to the credit of general reserves. The balance after these prior appropriations has been utilised in proposing a reduced ordinary dividend of Rs. 2 per share, as against Rs. 2.75 per share.

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

(In pounds sterling)

	For the year ended 30th April			
	1964	1963	1962	1961
Profits after deducting colliery and Calcutta expenditure	368,319	499,933	376,033	206,843
Other income	6,562	6,280	5,681	7,496
Cesses	24,230	23,177	13,387	13,388
Other expenses	39,827	39,410	17,029	12,380
Gross profit	310,824	443,576	347,398	188,571
Provision for—				
Depreciation	85,533	71,400	58,836	27,219
Taxation	64,329	197,625	116,250	39,000
Net profit	160,962	174,551	172,212	122,352
Withdrawal from reserves	33,699	18,225	23,125	4,625
Share and debenture issue expenses	..	25,377	..	..
Taxation for prior years	3,171	21,600	..	..
To reserves	133,890	72,833	155,823	81,763
Dividend	57,600 (15%)	79,200 (20.6%)	40,500 (20.6%)	36,000 (15%)
Carry forward	..	..	6,234	16,220
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	29.25	50.00	30.25	36.00
Low	27.62	29.00	25.62	32.06

There is no change in the paid-up share capital of the Company which as at 30th April 1964 stands at £384,000 in ordinary shares of £1 each. The reserves, on the other hand, have moved up from £702,761 to £792,188, inclusive of £133,600 in the share premium account. Borrowings, of which £375,000 are in 6½ per cent debenture-stock, amount to £614,693, while current liabilities, minority interest and provisions aggregate £894,555. During the year, the Company acquired new assets worth £292,929, spent £188,975 on fixed assets in course of installation at the date of the balance sheet. Including these amounts and goodwill valued at £32,890, the block account stands at £2,073,229. On deducting therefrom £681,244 as the depreciation earned to date, a net block of £1,391,985 is obtained.

The raisings of coal during the year amounted to 1,429,796 tonnes, as against 1,545,662 tonnes previously, but despatches slumped from 1,553,440 tonnes to 1,378,546 tonnes due to the substantial decrease in the offtake by steel plants which failed to utilise their budgeted coal requirements. The result was an accumulation of stocks at pit-heads which seriously hampered output and greatly added to the cost of production. The Company's representations to have these surplus stocks delivered to other priority consumers were of no avail. This accumulation of stocks at pit-heads had also a deleterious effect on the reorganisation and development of the collieries which was expected to be substantially completed during the year under review.

Since 1959 when pit No. 3 at Kendwadih was sealed off under instructions from the Mines Department on account of fire, there have been several abortive attempts to reopen the area, but, on each such occasion, on signs that heating was becoming active, the main seals had again to be closed. During the year under review, however, the area was successfully reopened. As regards the Company's subsidiary, the development of which was held up on account of delays in receipt of imported equipment, it is now progressing satisfactorily. But this is a long-term project and it will be some time before the benefits of development will become apparent. During the year, serious labour unrest resulted in a substantial reduction in raisings and, as a consequence, the year's working showed a small loss.

The current quotation for the £1 ordinary shares of the Company is Rs. 28.25 *cum-div.* On an *ex-div.* basis, the net annual return on fresh investment works out to over six per cent.

ASSAM HARDBOARDS LTD.

The hardboard manufacturing project of Assam Hardboards Ltd. has made considerable progress. This was disclosed by Mr. Govindnarain Somani, Chairman of the Company, while addressing the fourth annual general meeting of the Company held at Ambari in Gauhati recently. The construction of the factory, and staff and labour housing, according to him, have already been completed and shipment of machinery from abroad cleared at Calcutta. Plant erection is in full swing and, barring unforeseen circumstances, the erection work is expected to be completed before the end of 1964 and production will commence thereafter. The capital cost of the project is said to have gone up owing to factors beyond the control of management. The Industrial Finance Corporation of India has stipulated additional conditions in respect of the rupee loan which the Company has sought from it against a bank guarantee. Condition is laid down, for instance, that the amount advanced to the Company can be withdrawn only with the approval of the I.F.C. Further, the I.F.C. has made it clear that it will not grant any more loans in future. Alluding to these conditions, Mr. Somani stated that the very purpose of financing institutions engaged in providing long-term finance to industries, would be defeated, if the institutions ask the borrowers not to approach them for any additional assistance notwithstanding the fact that all loans are sanctioned against due security and after proper scrutiny. He remarked that it would be better if the I.F.C. and similar financing institutions deferred the collection of interest on loans in the case of new industrial undertakings, at least during the period of construction.

(Concluded from next column)

the current year, but they could not be started till about the middle of the current year was over, because of labour resistance. Again, the new waste spinning plant and the Barber-Colman machinery would be brought into commission only towards the end of the year.

Under the programme of rebuilding and renovating existing plain looms, 72 looms were rebuilt during the year, bringing the total of reconditioned plain looms to 82. A further 75 looms is being replaced by automatic looms and the total loomage is being increased to about 700, of which 288 are automatic.

During the year, the Company issued 14.869 new equity shares of Rs. 50 each as bonus shares in the proportion of one new share for every eight shares held. As a result, its authorised share capital has risen from Rs. 66.68 lakhs to Rs. 74.38 lakhs, with a backing of Rs. 34.71 lakhs in reserves. Total own funds, therefore, aggregate Rs. 109.08 lakhs, against which outside interest amounts to Rs. 210.20 lakhs.

On the asset side, the gross block of Rs. 109.82 lakhs has been written down to Rs. 118.04 lakhs through the depreciation account. Investments are carried in the book at a cost of Rs. 30.96 lakhs, while current assets, loans and advances and miscellaneous expenses aggregate Rs. 170.28 lakhs.

As regards the prospects for the current year, the Directors state in their annual review that, as from the commencement of the current year, the Company has been restored to a moderate rate of profitability as a result of working some of the new machinery and better operating efficiency in general. With effect from 15th October 1964, the new uniform system of statutory control is also expected to come into effect on popular varieties representing 45 per cent for the civil consumption of cloth. This, coupled with decontrol on other varieties, will, the Directors hope, raise the profits of the Company to reasonable levels more consistent with the capital structure and productive capacity.

MYSORE SPINNING INCURS LOSS

OUTLOOK, HOWEVER, ENCOURAGING

THE Mysore Spinning and Manufacturing Company Ltd. (Managing Agents: Messrs. N. Sirur and Co., Private Ltd., Bombay) has suffered a further—and a more severe—setback in its profits during the year ended 29th February 1964. Under the favourable impact of increased prices for coarse and lower medium counts yarn, the turnover has no doubt advanced by Rs. 29.72 lakhs to Rs. 211.99 lakhs and other income by Rs. 11.09 lakhs to Rs. 32.59 lakhs. The closing stocks are also higher at Rs. 85.02 lakhs, as against Rs. 68.86 lakhs. But the gross profit has slumped from the previous year's high level of Rs. 73.29 lakhs to Rs. 51,000 only. This amount is just Rs. 6,000 more than the Rs. 45,000 provided for the Managing Agents' remuneration (same as in the previous year). Since the provision for depreciation is higher at Rs. 8.72 lakhs, as against Rs. 6.11 lakhs, the Company has rounded off the year with a net loss of Rs. 8.66 lakhs, as against the net profit of Rs. 2.04 lakhs earned in the previous year. As there has been no assessable income for the year, no provision for taxation has been made as previously. In order to absorb the net loss and to pay dividend for the year on 4.5 per cent cumulative preference shares, the Directors have withdrawn a sum of Rs. 8.41 lakhs from reserves, besides writing back Rs. 20,000 from provisions no longer required. On the available balance, inclusive of the amount brought in, the Directors have proposed the payment of Rs. 34,000 as preference dividend for the year under review. The dividend on equity shares has once again been passed over.

The steady deterioration in the Company's profit-margin (ratio of gross profit to sales) since 1962 is clearly brought out by the following comparative figures:

(In lakhs of rupees)

	For the year ended February			
	1964	1963	1962	1961
Sale proceeds	211.99	182.27	195.81	168.12
Other income	32.59	21.50	5.56	4.79
Closing stocks	85.02	68.86	44.00	48.99
Cotton, spares, power, etc., consumed	175.01	146.74	120.87	113.08
Other expenses	85.22	73.29	66.88	59.72
Gross profit	0.51	73.29	66.88	59.72
Managing Agents' remuneration	0.45	0.45	0.67	0.45
Provision for—				
Depreciation	8.72	6.11	6.40	6.04
Taxation	..	..	0.88	..
Net profit or loss	—8.66	2.04	5.73	5.49
Excess provisions written back	0.20	4.18	..	0.40
Withdrawal from reserves	8.41	..	2.50	6.23
Items relating to prior years	..	2.40	0.50	2.49
To reserves and provisions	..	3.09	2.53	2.25
Dividends—				
Preference	0.34	0.34	0.34	0.34
Ordinary	..	..	4.87 (12%)	4.86 (14%)
Carry forward	..	0.39	..	..
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	45.00	55.00	71.00	75.00
Low	36.00	43.00	54.00	59.00

The reasons for the decline in profit-margin were many and varied. Although the impact of the voluntary price control scheme became intolerable during the year under review, the Company continued to adhere to it inspite of considerably increased costs of production and raw materials. True, the prices of coarse and medium varieties of yarn were raised, but the increased prices were not commensurate with the much higher price paid for the cottons used. However, since lower medium yarn appeared less losing than the higher medium yarn, the loom programme was rearranged to take up a larger quantity of higher medium yarn. Moreover, some spindles were engaged in the production of staple fibre blends and, due to these factors, the turnover of yarn showed a rise. In the absence of this, the decline in profits would have been even more serious.

The major setback suffered by the mills was in the weaving department. Increased production of higher medium cloth did not yield the desired results, because prices higher than anticipated had to be paid for the required cottons. Further, in order to improve the realisation on exports, the Company changed the pattern of export production from ordinary coarse and medium sheeting to towels and furnishing fabrics. These changes led to considerable dislocation in the smooth working of the weaving shed and the realisation from the sale of cloth decreased.

Out of the 144 automatic looms purchased in the preceding year, 120 were under erection during the year. In normal circumstances, they should have commenced working early in

(Continued in previous column)

SHIPPING CORPORATION SAILS AHEAD

INCREASE IN FLEET, CARGO AND EARNINGS

WITH a further expansion of its fleet from 27 to 29 ships and of tonnage from 201,966 G.R.T. to 236,586 G.R.T., the Shipping Corporation of India Ltd. (Chairman: Mr. R. L. Gupta, Bombay) has sailed ahead during its fourth year ended 31st March 1964, carrying a cargo of 1,327,076 G.R.T., as against 1,189,274 G.R.T. in the previous year, and realising operating earnings of Rs. 13 crores, as against Rs. 10.43 crores, and a gross profit of Rs. 331.39 lakhs, as against Rs. 300.29 lakhs. The year's gross earnings are 25 per cent more than those in 1962-63. Gross profit has shown a 10 per cent improvement over the year, even though operating costs increased the world over and staff expenses went up substantially during the year and in spite of the Corporation's continuing to operate some services which are recognised to be not so remunerative, such as the cargo service to Japan and Australia and the passenger services to East Africa and Singapore. But with the essential provisions claiming more, the improvement in net profit is of the order of only Rs. 5.20 lakhs to Rs. 139.75 lakhs. With the Rs. 83.10 lakhs written back from reserves and provisions, the disposable surplus is, however, much larger, and the Directors have thus been able to carry a big chunk of Rs. 213 lakhs (Rs. 135.19 lakhs a year before) to reserves. The surplus, after allowing for adjustments, is Rs. 3.64 lakhs, as against Rs. 22,359 in the previous year.

The progress achieved by the Corporation since it came into being following the merger of the Eastern Shipping Corporation and the Western Shipping Corporation is brought out in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Operating earnings	13,00.32	10,43.23	788.53	566.94
Other income	33.80	22.42	24.86	40.34
Operating expenses	915.50	697.39	513.38	385.88
Management and other expenses	59.04	41.77	31.51	25.96
Interest on loans	24.75	26.20	26.37	38.61
Gross profit	331.39	300.29	242.13	156.83
Provision for—				
Depreciation	178.94	155.74	126.67	107.39
Taxation	12.70	10.00	8.25	1.60
Net profit	139.75	134.55	107.21	47.84
Credits relating to prior years	0.15	3.35	..	..
Withdrawals from reserves and provisions	83.10	..	60.80	52.48
Debits relating to prior years	6.58	2.49	2.39	0.11
To reserves and provisions	213.00	135.19	165.62	100.21
Carry forward	3.64	0.22	..	..
Cargo carried (registered tons)	13,27,076	11,89,274	8,69,784	8,17,619
Number of round voyages	97	80½	65	57
Number of voyage days	10,290	8,984	6,187	4,470

Mr. R. L. Gupta, Chairman of the Corporation, referred to some of the more important developments concerning the Corporation's trading activities during the year in the course of his speech at the shareholders' annual general meeting at Bombay on 28th September last. Mr. Gupta said that the Corporation had firmly established itself in the competitive U.S.A. trade, which it entered in May 1963. It now operates a monthly service between India and the East Coast of the U.S.A. and its five modern fast cargo liners on this trade also call at ports in the Gulf of Mexico. The Chairman, in his speech, stated that the Corporation had fully participated in the notable increase in the trade between India, the U.S.S.R., Rumania, Bulgaria and Poland. The Corporation looks forward to participating in the India-U.A.R. service, which is expected to be inaugurated next year. Since April 1964, one motor tanker of the Corporation (m.t. *Desh Bandhu*—34,294 dw.t.) is engaged in transporting crude oil products from the Persian Gulf to the Visakhapatnam refinery under charter to Caltex (India) Ltd. This tanker has heralded the Corporation's entry in the overseas tanker trade and its share is expected to increase after the 45,250-dw.t. super-tanker, due to be delivered in August 1965, is placed on worldwide trading under charter to Messrs. B. P. Tankers Ltd.

The Directors think that the prospects of the Corporation handling increasing volume of cargoes and achieving higher earnings in the coming years are bright. The tonnage market continues to be favourable also for the construction of new vessels. There are increasing prospects of deferred payment terms being offered by foreign shipyards for construction of vessels for Indian shipowners. The facilities available within the country for shipbuilding as well as ship-repairing are also expected to be substantially augmented during the coming

As a public sector concern, the Corporation has never been in want of capital funds, and its balance sheet, as at 31st March 1964, therefore, presents a really formidable financial position. The paid-up capital, unchanged at Rs. 23.45 crores, is all in equity shares of Rs. 100 each, and is backed by reserves and surplus amounting to Rs. 4.99 crores. Secured and unsecured loans make a total of Rs. 6.25 crores, as against Rs. 4 crores a year before. Dues to shipbuilders, current liabilities and provisions, income earned on unfinished voyages and security and general average deposits altogether amount to Rs. 5.19 crores, as against Rs. 2.71 crores a year before. With the acquisition of two new ships during the year, the gross block has expanded from Rs. 29.82 crores to Rs. 34.96 crores and, on deducting Rs. 7.97 crores as the depreciation earned to date, the net block works out to Rs. 26.99 crores. Besides the net block, payments on account of ships under construction and fittings on leasehold office premises total Rs. 3.09 crores, so that the total net block amounts to Rs. 29.49 crores. Investments in Government securities are carried in books at a cost of Rs. 62.39 lakhs, while current assets, loans and advances and sundry assets and miscellaneous expenditure aggregate Rs. 9.76 crores.

TRACTORS AND BULLDOZERS BECOMES A PUBLIC UNIT

During its eighteenth year ended 31st March 1964, Tractors and Bulldozers Ltd. (proposed Managing Agents: Messrs. Pashabhai Patel & Co., Baroda) has converted itself into a public company and obtained permission of the Controller of Capital Issues to make a public issue of Rs. 50 lakhs in 100-rupee equity shares. It has also strengthened its Board of Directors. These are pointers to the Company's growing progress and bright prospects.

It was in June 1960 that the Company negotiated a collaboration agreement with Motokov, the Foreign Trade Corporation of Czechoslovakia, for manufacturing their 50 h.p. *Zetor* diesel tractors. Actual production started in February 1963. Since then 700 tractors have been made. Impressed with the progress, the Government doubled the licence to 2,000 units per annum for making equal number of 50 h.p. and 30 h.p. tractors on a single-shift basis. Lately, the Company has been allowed to go up to 2,000 units in either case. Over and above what it produces, it has been allowed to import 2,000 complete tractors, which will be assembled by the end of 1964-65. With its present set-up, according to its Chairman, Mr. Pashabhai Patel, investment in the Company should be safe and attractive for anybody who is looking for a good and reasonably sure return on his investment.

The year ended 31st March 1964 has seen a slight setback in sales from Rs. 118.03 lakhs to Rs. 110.30 lakhs. Profit on sale of spare parts, etc., is also lower at Rs. 5.34 lakhs, as compared with Rs. 8.30 lakhs a year before. Even income from other sources has dropped from Rs. 15.13 lakhs to Rs. 4.01 lakhs. But thanks to a limited purchase of trading goods, tractors, ploughs, etc., amounting to Rs. 17.36 lakhs, as against Rs. 56.52 lakhs in the previous year, and a drop in other expenses from Rs. 23.28 lakhs to Rs. 21.37 lakhs, gross profit has edged forward from Rs. 13.05 lakhs to Rs. 14.54 lakhs, though the cost of materials, stores, etc., consumed has increased from Rs. 45.49 lakhs to Rs. 69.60 lakhs and staff expenses have gone up from Rs. 13.09 lakhs to Rs. 16.85 lakhs. After allowing Rs. 4.28 lakhs for depreciation (as against Rs. 4.53 lakhs in the previous year) and Rs. 4.30 lakhs for taxation (as against Rs. 2.75 lakhs), there is left a net profit of Rs. 5.96 lakhs which compares favourably with the Rs. 5.77 lakhs obtained in the previous year.

Notice

DALMIA CEMENT (BHARAT) LIMITED

Registered Office:

DALMIAPURAM (Madras State)

THE GENERAL MEETING OF THE SHAREholders of the Company called to be held on 30th October 1964 is cancelled and instead the general meeting of the shareholders of the Company will be held at Dalmiapuram, the Registered Office of the Company, on 20th November, 1964, at 11.00 a.m. Notices of the Meeting setting out the Agenda and Explanatory Statement on the special business to be transacted thereat have been sent to the shareholders by post.

By Order of the Board,

S. C. AGGARWAL,

Secretary.

Dated: 9th *October* 1964.

It is supplemented with Rs. 1.76 lakh drawn from reserves and provisions. After transferring Rs. 3.38 lakhs (Rs. 1.44 lakh in the previous year) to reserves, the Directors have proposed a dividend of Rs. 24 per share, which is to be paid out of dividend reserves, to which Rs. 3.55 lakhs have been carried from the year's profit. It is estimated that half the dividend will be free of tax.

The Company's authorised capital is Rs. 100 lakhs, all in equity shares of Rs. 100 each. Out of this, Rs. 20 lakhs has been issued and paid up. It is backed by reserves and surplus amounting to Rs. 18.59 lakhs, excluding Rs. 4.80 lakhs from dividend reserves for meeting the year's dividend liability. As against these "own" funds (capital and reserves) of Rs. 38.59 lakhs, borrowings total Rs. 92.35 lakhs and current liabilities and provisions (including the year's dividend liability) Rs. 95.20 lakhs. On the assets, current assets, book debts and investments aggregate Rs. 170.12 lakhs, falling short of the total indebtedness to outsiders by Rs. 17.43 lakhs. The gross block, which has expanded during the year from Rs. 62.03 lakhs to Rs. 74.45 lakhs, has been written down to Rs. 56.02 lakhs.

FRESH CAPITAL ISSUES

Six companies have been authorised to raise fresh capital exceeding Rs. 5.82 crores. Three of them are issuing bonus shares, two are issuing equities and another debentures. One company involves foreign collaboration. The consent of the Controller of Capital Issues is valid for 12 months in all cases. The following are the details:

Ahmedabad Advance Mills Ltd. is to issue capital of Rs. 95 lakhs, consisting of (*a*) Rs. 70 lakhs in 7,000—5½ per cent mortgage debentures of Rs. 1,000 each for cash at par; (*b*) Rs. 10 lakhs in ordinary shares of Rs. 100 each to be issued as bonus shares in the ratio of one share for every five shares held on capitalisation of the share premium account; and (*c*) Rs. 15 lakhs in ordinary shares of Rs. 100 each for cash at par to the existing shareholders in the ratio of one share for every four shares held. The capital from the debentures and rights cash issue will be utilised for modernisation and renovation of the mills engaged in the production of cloth.

Hindustan Ferodo Limited (Bombay) is to issue capital of Rs. 2,68,01,330 in equity shares of Rs. 10 each. Of this capital, Rs. 145.00 lakhs will be issued to Asbestos, Magnesia and Friction Materials Ltd. for taking over their existing assets and Rs. 53,33,330 to their parent company of Turner and Newall Ltd., U.K., for cash at par. The rest of the capital of Rs. 69.68 lakhs will be offered to the Indian public by prospectus at a premium of Rs. 17 per share. The money will be utilised for expansion and manufacture of new articles.

Indian Copper Corporation Limited will be issuing capital of Rs. 125 lakhs in 12,500—7 per cent registered debentures of Rs. 1,000 each for cash at par. The debentures will be issued to the Indian public by prospectus. The money will be utilised for financing the expansion of mine ore production and the setting up of a sulphuric acid plant.

Modi Spinning and Weaving Mills Company Limited is to issue further capital of Rs. 86,50,820 in equity shares of Rs. 10 each as rights shares for cash at par. The capital will be utilised for financing the installation of 25,000 spindles for the manufacture of sewing thread, hosiery, etc.

Grindwell Abrasives Limited will be issuing Rs. 6 lakhs bonus capital in shares of Rs. 100 each to be allotted to existing shareholders.

Ghaziabad Engineering Company (Pvt.) Limited engaged in the manufacture of harrows and trailers and household electrical implements, will be issuing bonus shares of the value of Rs. 1.75 lakh on capitalisation of reserves.

FACIT ASIA LTD.

The Rs. 30-lakh factory of the Facit Asia Ltd. at Perungudi near Madras, which is claimed to be India's first business machines factory, was declared open on 3rd October 1964 by the Swedish Ambassador in India. The factory has been established in technical collaboration with Sweden's Facit Group (one of the world's largest manufacturers of typewriters, calculators and adding machines). To start with, the factory will produce 1,200 calculators and an equal number of adding machines per annum. The sanctioned annual capacity is 5,200 calculators and 5,200 adding machines. The Swedish company's immediate plans in India, according to Mr. Gunnar Ericsson, Managing Director of the Company, are to help the Facit Asia Ltd., in reaching the production target in scheduled time and to provide further technical and financial assistance for expanding the Halda typewriter factory of the Rayala Corporation. The Facit Asia Ltd. hopes to export on a large scale to several eastern countries.

RAMON AND DEMM LTD.

Ramon and Demm Ltd., a new company incorporated for the manufacture of automobile gears, will be entering the capital market in November/December this year with a public issue of Rs. 22.05 lakhs, all in equity shares of Rs. 10 each. The Company is putting up its factory at Thana (near Bombay) in collaboration with the Officine Meccaniche Fratelli Doldi and Matteucci of Milano in Italy, a well-known producer of "DEMM" automobile gears and Messrs. Montex Ltd. of London. Besides supplying technical know-how, the collaborators will also participate in the equity capital of the Company through the supply of machine tools and equipment worth Rs. 15 lakhs. The licensed capacity of the new project will be 2,000 tons of finished automobile gears. The Company is expected to commence production by the middle of 1966 and utilise its full capacity by 1968.

SYNOPSES OF COMPANY REPORTS

Wellman Incandescent India Ltd.

(*Secretary*: Mr. S. K. Basu.)

Second Annual General Meeting: 29th October 1964.

Extracts from the Directors' report: The first and final call of the equity shares was made on 27th January 1964 and as at 31st March 1964, all the call monies with the exception of Rs. 2,46,000 were received by the Company. Subsequently, further unpaid call money has been received and on the date of this report only Rs. 22,000 remains outstanding.

The working of the Company for the year resulted in a loss of Rs. 6,02,189, and the directors recommend that the same, together with the loss of the previous year (Rs. 3,84,231), be carried forward. Depreciation has been provided to the extent of Rs. 82,928 (as against Rs. 25,340 in 1962-63). No provision has been made for development rebate.

The sales value of contracts delivered during the year was somewhat lower than had been expected due to facts over which the Company had no control. There was considerable delay in the issue of import licences for components to be built into the furnaces on order. There was also delay in the supply of bulk power by the West Bengal State Electricity Board, although 50 kva supply was given to the Company in 1963. Bulk import licences have since been received in respect of orders due for execution during the current year. It is expected that sales and operating results for the current year will be more satisfactory. Inspite of the bulk power supply not being available, production at the works and at our sub-contractors' works is making considerable headway. Deliveries of furnaces are being made every month to clients in different parts of India. Erection of low temperature ovens is going on at heavy electricals India Ltd., Bhopal, and Chittaranjan Locomotive Works, Chittaranjan. Erection of one bogie hearth furnace and one plate heating furnace is proceeding satisfactorily at Structural Engineering Works, Bombay. Erection will soon start in other places. The Company has received orders from the Alloy Steels Project of Hindustan Steel Ltd., Durgapur, valued at approximately Rs. 1 crore which was obtained against international competition. It has also received the Indian portion of the orders for steelmaking plant expansion, coke oven machines and 150 ton laddle crane for 1.6 million tons expansion of Durgapur Steel Plant, the main contractors thereof being our collaborators, The Wellman Smith Owen Engineering Corporation Ltd. The total value of these contracts is about Rs. 80 lakhs. The products of the Company have been very well received by both private and public sectors and hope to receive further substantial orders in the near future.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	22,54,000	Gross block	8,71,915
Reserves and surplus..	Nil	—Depreciation ..	1,08,389
Other liabilities ..	38,16,425		
		Net asset	7,63,526
		Current assets ..	33,23,242
		Cash	6,26,652
		Miscellaneous expenditure ..	13,56,955
	Rs. 60,70,425		Rs. 60,70,425

* Paid-up capital consists of 2,50,000 equity shares of Rs. 10 each fully paid up, *minus* calls not paid amounting to Rs. 2,46,000. Of this, 39,885 equity shares of Rs. 10 each are allotted as fully paid up pursuant to a contract without payments being received in cash.

Bombay Suburban Electric Supply Ltd.

(*Managing Agents*: Messrs. Killick Industries Ltd., Bombay.)

Thirty-fifth Annual General Meeting—30th October 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Gross earnings from sale of energy (less discount)	2,58,32	1,99,55
Other income	13,05	6,95
Gross profit	71,40	63,23
To Managing Agents' commission	2,95	2,44
Transfer to depreciation	18,71	16,72
,, ,, provision for taxation	14,11	12,87
Net profit	35,62	31,20
Balance brought forward	24	3
Transfer from reserves	3,19	Nil
Appropriations:		
To expenses, etc., written off	55	12
Transfer to dividend reserve	9,74	9,63
,, ,, other reserves	21,03	14,00
To ad-interim dividend paid—equity ..	6,12 (3¾%)	6,12 (3¾%)
Proposed final dividend (taxable) equity ..	9,74* (5¾%)	9,63* (5¾%)
Total equity dividend per cent ..	[9%]	[9%]
Carry forward	10	26
Market value of equity shares (in rupees):	1964†	1963
High	117.00	107.50
Low	101.00	97.00

* Final dividend—payment out of the dividend reserve.
† Upto 8th October 1964.

Extracts from the Directors' report: Finance: In connection with the Company's development programme during the next five years (1964-69) covering the establishment of 4 additional 22/11 kV Receiving Stations at Malad, Bandra, Chembur and Vikhroli it is proposed to issue in the first instance Rs. 75 lakhs of Debentures to finance the scheme.

Convertible Debentures: In terms of the debenture trust deed dated 28th June, 1963, 10,509 convertible debentures were converted into equity shares upto 31st March, 1964.

New Connections: 16,995 new consumers were connected to the Mains, bringing the total number to 141,915 which represents an increase of 13.60 per cent over the previous year.

The number of units purchased from the bulk suppliers rose by 23.32 per cent. The following table indicates, in terms of units sold, the progress in the sales of energy since the year 1961-62.

Year	Kilowatt-hours sold: Public lighting and general purposes	Power purposes	Total	Percentage increase on previous year
1961-62 ..	69,508,978	104,723,470	174,232,448	20.30
1962-63 ..	80,984,387	124,925,640	205,913,027	18.16
1963-64 ..	91,366,592	160,157,724	251,524,316	22.15

The sale of energy for lights and fans and general purposes increased by 12.82 per cent and for motive power by 28.20 per cent.

System Peak: The maximum load on the Company's system was 58,090 kWs as against 48,580 kWs during the previous year, an increase of 19.58 per cent.

Distribution: The Company's transmission and distribution systems were maintained in good order, and continued to give trouble free service. At the close of the year there were 420 kilometres of high tension and 555 kilometres of low tension mains on the Company's system.

Development: During the year 33 new sub-stations were added (making a total of 329) and the transformer capacity of 21 existing sub-stations was augmented.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,85,50,900	Gross block ..	6,78,25,389
7% 'B' class debentures	76,99,100	—Depreciation ..	1,61,14,163
Reserves and surplus..	2,00,39,629	Net block ..	5,12,11,226
Other liabilities ..	2,95,43,009	Block in progress ..	32,43,199
		Current assets ..	1,53,97,312
		Investments	20,20,789
		Cash	33,04,185
		Miscellaneous expenditure ..	6,55,956
	Rs. 7,58,32,638		Rs. 7,58,32,638

* Paid-up capital consists of 1,75,000 equity shares of Rs. 100 each (of this 4,990 shares are allotted as fully paid-up bonus shares by transferring Rs. 1,70,020 from premium on shares and Rs. 3,28,980 from general reserve) and 10,509 equity shares of Rs. 100 each fully paid converted from 7 per cent 'B' class convertible debenture loan.

Sitalakshmi Mills Ltd.

(*Managing Agents*: Messrs. C. Ramachary & Co., Madurai.)

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales of yarn and waste	75,66	58,33
Closing stock	6,63	7,60
Gross profit	11,80	8,54
To Managing Agents' remuneration ..	45	45
Transfer to depreciation	4,44	3,36
,, ,, provision for taxation	3,67	1,20
Net profit	3,02	3,50
Appropriations:		
To arrears of bonus	12	2
,, donations	61	39
Transfer to development rebate reserve ..	1	90
Proposed dividends (taxable) preference ..	10	10
,, ,, ,, equity ..	2,19 (25%)	2,19 (25%)
Carry forward	*	†

* Only Rs. 904. † Only Rs. 385.

Extracts from the Directors' Report: With the close of last year the "Tax Holiday" enjoyed by the shareholders has come to an end. Consequently the dividend declared this year has to be subject to deduction of tax at 20 per cent.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,00,000	Gross block	43,75,734
Reserves and surplus..	18,21,904	—Depreciation ..	19,46,040
Other liabilities ..	24,28,879	Net block	24,29,694
		Current assets ..	15,90,652
		Investments	12,02,500
		Cash	27,937
	Rs. 52,50,783		Rs. 52,50,783

* Paid-up capital consists of 2,500—6 per cent. cumulative preference shares of Rs. 50 each and 17,500 equity shares of Rs. 50 each.

Kusum Engineering Co., Ltd.

(*Managing Agents*: H. P. Bose & Brothers (Private) Ltd., Calcutta.)

Registered Office: 25, Swallow Lane, Calcutta-1.

Twenty-first Annual General Meeting—Held on 29th September 1964.

Extracts from the Directors' report for the year ended 31st March 1964: Operation: During the year, sales amounted to Rs. 20,22,398, an increase of Rs. 3,23,946 only over that of the previous year. The Company's turnover is increasing every year with good strides. Manufacturing cost also increased by Rs. 2,96,832. This increase was mainly due to the fact of increased cost of material and labour. Material consumption increased by Rs. 1,40,000 and labour cost increased by nearly Rs. 1,00,000. Power consumption cost also increased by Rs. 27,000.

Profits: The gross profit this year amounted to Rs. 5,31,220 as against Rs. 4,16,022 in the previous year. It increased by 1¼ per cent. The low percentage of increase in the gross profit may be attributed to the rise in production cost.

The net profit for the year is Rs. 55,145 in spite of the increase in gross profit. Increased charge for depreciation was the cause of such decrease. The total amount provided for depreciation was Rs. 1,42,200, the increase being to the extent of Rs. 56,579 over the previous year. The previous year's balance in the profit and loss appropriation account was Rs. 28,778. This added with the amount of Rs. 22,500 being the excess provision for income-tax, reverted and profit for the year, makes the appropriation amount to be Rs. 1,06,423 from which has to be deducted Rs. 40,908 for income-tax for the year 1961-62 and 1962-63 as per assessments. From the balance Rs. 65,514 available, the Directors propose 7 per cent dividend on equity shares, subject to taxation which will amount to Rs. 30,327 and Rs. 3,033 being 10 per cent income-tax on dividend payable by the Company. Thus a total dividend of Rs. 33,359 is proposed to be declared. The Directors propose to carry Rs. 25,000 to general reserve in order to strengthen the financial position of the Company.

Developments: There has been considerable expansion in the productive capacity. Further developments had been made in the Company's Cast Iron Foundry by setting one big *Cupola Furnace* with much larger capacity. Several new machines have been installed in the machinery production department. These developments were carried out during the year at a cost of Rs. 1,91,287. Expansion of buildings and sheds had also been made. One office building is under construction for accommodation of factory office. The total cost of development in this head was Rs. 59,633. The total amount of Rs. 2,94,491 was spent by the Company during the year in carrying out all round developments including the above.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	4,33,240	Gross block	22,37,127
Reserves and surplus..	3,58,520	—Depreciation ..	7,82,123
Other liabilities ..	16,98,441	Net block	14,55,004
		Current assets ..	10,19,634
		Investments	5,150
		Cash	5,413
	Rs. 24,85,201		Rs. 24,85,201

* Paid-up capital consists of 53,505 equity shares of Rs. 10 each fully called up; 305 equity shares of Rs. 10 each—Rs. 7.50 per share called up and 650 equity shares of Rs. 10 each—Rs. 5 per share called up. Calls in arrears amount to Rs. 1,07,347.50.

Hind Cycles Ltd.

(*Secretaries and Treasurers*: Messrs. Birla Brothers Ltd., Bombay,)

Twenty-fourth Annual General Meeting—Held on 29th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales (gross)	2,29,92	1,85,74
Closing stock	44,32	19,31
Gross profit	6,95	7,87
Transfer to depreciation	6,28	6,21
Net profit	67	1,66
Refund of tax and provisions written back ..	25	25
Appropriations:		
Total available balance	92	1,91
Transfer to development rebate reserve ..	25	94
To taxation for previous year	5	Nil
To adjustment of loss brought forward ..	62	97
Loss carried forward	—6,42	—7,06
Market value of ordinary shares (in rupees):	1964*	1963
High	85.00	90.00
Low	70.00	70.00

* Upto 8th October 1964.

Extracts from the Directors' report: The production for the year 1963-64 has been 1,59,965 cycles as against 1,28,086 cycles in the previous year and 1,11,670 cycles in the year before. The Directors regret that due to insufficiency of the profits, no dividend either to the preference or to the ordinary shareholders can be declared and the amount of Rs. 11,45,145 on account of depreciation for the years 1958-59 and 1961-62 and dividend to the preference shareholders for the years 1961-62, 1962-63 and the year under review totally amounting to Rs. 7,12,635 could not be provided for. As such, so far as the production is concerned, it will be found that there is steady improvement in the working of the Company, but the financial result of the year in spite of increase in production has not shown any improvement compared to the last year. This is mainly due to the increase in the prices of raw material and stores such as steel tubes, wires, tyres and tubes, etc. and the increase in the dearness allowance paid to the workers. On the other hand, the Government has frozen the price of biocycles on the basis of the price prevailing in the month of July 1963.

The production of chains during the year 1963-64 was 4,42,940 as against 2,70,030 in the year 1962-63. The wage cost per cycle continues to be extremely high and as stated in the last report, unless the wage cost per cycle is brought down, it will be difficult to work the factory economically. The Company exported more than fifteen thousand cycles during the year 1963-64. The Company received orders for manufacture of fuses from the Director General of Supplies and Disposals, the manufacture of which is now being started.

From 1st April, 1964, this Company has been appointed as selling agents of Central India Machinery Mfg. Co., Ltd., for the territory of Greater Bombay for the sale of their looms including *Sakomoto Automatic Looms* and spare parts, etc. The Company has applied for the approval of the Central Government and the same is awaited.

This Company has also agreed to allow Central India Machinery Mfg. Co., Ltd., the use and occupation of 8,000 sq. ft. in their compound, on leave and licence basis with effect from 1st April, 1964.

There has been some further procedural delay in the matter of the merger of the Company with Messrs. Gwalior Rayon Silk Mfg. (Wvg.) Co., Ltd. Meanwhile, the Directors have been able to negotiate lease of the Company's undertaking to Messrs. Central India Machinery Mfg. Co., Ltd., which the Directors consider more beneficial to the Company. As such, the Directors have decided to postpone the merger scheme *sine-die* and have convened an Extraordinary General Meeting of the Company for approving the lease agreement on 7th September, 1964.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	63,57,065	Gross block	1,39,85,840
Reserves and surplus..	9,09,588	—Depreciation ..	55,55,243
Other liabilities ..	1,58,52,624	Net profit	51,00,466
		Current assets ..	1,79,15,088
		Investments	4,000
		Cash	99,110
	Rs. 2,31,19,277		Rs. 2,31,19,277

* Paid-up capital consists of 5,000—5 per cent redeemable cumulative preference shares of Rs. 100 each; 7,000—5½ per cent redeemable cumulative preference shares of Rs. 100 each; 1,926—5½ per cent redeemable cumulative preference shares of Rs. 25 each; 20,000—8.57 per cent redeemable cumulative preference shares of Rs. 100 each and 31,070 ordinary shares of Rs. 100 each. Amount paid up on shares forfeited is Rs. 13,915.

Sutlej Cotton Mills Ltd.

(*Managing Agents*: Messrs. Birla Brothers Private Ltd.)

Thirtieth Annual General Meeting—26th October 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales (excluding excise duty and sales tax) ..	3,22,08	2,03,64
Closing stock	55,34	78,80
Income from investments	14,91	17,57
Gross profit	34,67	27,66
To Managing Agents' remuneration	1,01	1,88
Transfer to depreciation	18,58	8,65
,, ,, provision for taxation	7,00	Nil
Net profit	8,08	17,13
Transferred from provision for taxation ..	17,00	2,20
Appropriations:		
Transfer to development rebate reserve ..	12,00	6,54
,, ,, dividend reserve	Nil	12,86
Proposed dividends (taxable) ordinary ..	12,86 (8.57%)	12,86* (8.57%)
Carry forward	45	23
Market value of ordinary shares (in rupees):	1964†	1963
High	96.00	100.00
Low	70.00	83.00

* Dividend for 1963 was paid out of the dividend reserve.
† Upto 1st October 1964.

Extracts from the Directors' report: The Rajasthan Textile Mills started production during the year under review. Full production, however, could not be achieved due to non-availability of sufficient skilled labour. Necessary steps have been taken to train the local labour and the position has now improved. The production during the year also suffered due to frequent power failure and shutdowns. Representations have been made to the Rajasthan Government to ensure that regular power supply is available. The working of the mills in the current year is expected to improve. Steps have been taken to add further spindles which will bring the total strength of spindles to 20,352.

Though the working results of the Company's textile mill in Pakistan showed some improvement, the same were adversely affected due to depression in the prices of cotton textiles. On the other hand, increase in the prices of materials, stores and other production costs continued. There was some reduction in the excise duty as a result of a change in the basis of its levy but the same had mostly to be passed on to the consumers.

Export of cloth by the Company's mills in Pakistan on per loom shift basis was the highest of any textile mill in Pakistan. The mill exported over 12 million yards of cloth during the year. During the current year also exports are being maintained.

The Directors regret that since the last report also there has been no remittance of profits from Pakistan.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	15,00,000	Gross block	2,77,33,517
Reserves and surplus.	4,25,46,570	—Depreciation ..	1,27,84,682
Other liabilities ..	2,67,49,159	Net block	1,49,98,835
		Current assets ..	3,20,61,458
		Investments	2,17,39,524
		Cash	19,95,602
	Rs. 7,07,95,729		Rs. 7,07,95,729

* Paid-up capital consists of 1,50,000 ordinary shares of Rs. 10 each.

Kalpetta Estates Ltd.

(*Managing Agents*: Messrs. A. V. Thomas & Co., Ltd., Alleppey.)

Twenty-eight Annual General Meeting—Held on 8th October 1964.

Working Results:

	For the year ended 30th April (In thousand rupees)	
	1964	1963
Sales of tea, rubber, coffee, cardamom, etc. ..	20,99	16,59
Closing stock	1,74	2,40
Gross profit	6,40	4,43
To Managing Agents' remuneration	58	38
Transfer to depreciation	53	49
,, ,, provision for taxation	2,65	1,75
Net profit	2,64	1,81
Balance brought forward	5	2
Appropriations:		
Transfer to dividend equalisation reserve ..	95	30
,, ,, rubber replanting reserve ..	Nil	10
,, ,, general reserve	7	Nil
,, ,, development rebate reserve ..	4	3
Proposed dividend (taxable) equity ..	1,50 (12½%)	1,35 (11¼%)
Carry forward	15	5
Market value of equity shares (in rupees):	1964*	1963
High	13.25	12.00
Low	11.50	10.00

* Upto 22nd September 1964.

Extracts from the Directors' report:

Crop	1963-64: Production Actual	Cost per kg. Actual	1962-63: Production Actual	Cost per kg. Actual
	Kg.	Rs. P.	Kg.	Rs. P.
Tea ..	1,73,850	2 93	1,80,858	2 89
Rubber ..	2,52,400	2 28	2,18,091	1 99
Cardamom ..	27,940	5 08	12,523	8 63
	Tea		Rubber	Cardamom
Prices realised	per kg.		per kg.	per kg.
1963-64 ..	Rs. 4.47		Rs. 3.15	Rs. 15.09
1962-63 ..	,, 4.07		,, 3.18	,, 14.64

Estimates for 1964-65 are as follows: Tea 1,70,000 kg. to cost Rs. 2.97 per kg., Rubber 2,40,000 kg. to cost Rs. 2.38 per kg. and Cardamom 24,000 kg. to cost Rs. 6.78 per kg.

The production so far during the year 1964-65 in respect of tea and rubber and the prices secured are normal. Cardamom picking is yet to be started.

General: The properties of the Company have been regularly visited and are maintained in good condition. A further area of about 97 acres has been newly planted with rubber during 1964-65. Application has been made to Tea Board for a loan under its hire-purchase scheme for purchase of machinery.

Jenmam rights in respect of a portion of about 310 acres on Chulika Estate held under lease previously have been purchased by the Company during the year. Negotiations for the purchase of the remaining portion of the Jenmam rights in respect of Chulika which had been referred to in the last report is still pending.

The Crepe Rubber Factory on Poonoor Estate was destroyed by fire on the 17th August 1964. The factory, machinery and stock of goods in the factory are fully insured and a claim has been lodged with the Insurance Company for the loss sustained. The insurance covers consequential loss (loss of profits) also.

Accounts in brief as at 30th April 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,00,000	Gross block	26,05,145
Reserves and surplus..	9,86,024	—Depreciation ..	5,19,390
Other liabilities ..	8,55,916	Net block	20,85,755
		Current assets ..	5,71,003
		Investments	26,361
		Cash	3,58,821
	Rs. 30,41,940		Rs. 30,41,940

* Paid-up capital consists of 1,20,000 equity shares of Rs. 10 each. Of the above shares 40,000 equity shares of Rs. 10 each are allotted as fully paid up by way of bonus shares by capitalising share premium account.

Kalasa Tea and Produce Co., Ltd.

(*Managing Agents*: Messrs. Peirce Leslie & Co., Ltd., Mangalore.)

Thirty-ninth Annual General Meeting—Held on 30th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Tea sales	13,02	11,89
Closing stock	1,98	2,72
Gross profit	5,21	5,03
To Managing Agents' remuneration	35	33
Transfer to depreciation	63	66
,, ,, provision for taxation	2,02	1,96
Net profit	2,21	2,08
Balance brought forward	30	68
Excess tax provision written back	11	Nil
Appropriations:		
To taxes relating to previous years	Nil	34
Transfer to development rebate reserve ..	75	2
,, ,, general reserve	50	75
,, ,, special reserve	Nil	Nil
To interim dividend (taxable) equity ..	68 (7½%)	68 (7½%)
Proposed final dividend (taxable) equity ..	67 (7½%)	67 (7½%)
Total equity dividend per cent.	[15%]	[15%]
Carry forward	2	30
Market value of equity shares (in rupees):	1964†	1963
High	4.25	4.35
Low	4.08	3.30

† Upto 22nd September 1964.

Extracts from the Directors' report: Crops and Costs—These are given in the following table with corresponding figures for the previous two years:

Year	Crop (Kgm.)	Estate expenditure cents per kgm.	All-in-cost cents per kgm.	Average sale price cents per kgm.
1961-62 ..	2,63,227	273	354	463
1962-63 ..	3,14,942	248	344	464
1963-64 ..	3,12,464	250	350	480

Debenture Stock.—The fourth lot of Debenture Stock of Rs. 30,000 was redeemed on 31st December 1963 the due date for the annual redemption. The balance stock of Rs. 75,000 then outstanding was repaid, after giving due notice to the Debentureholders, on 15th January 1964.

Capital Expenditure:—A sum of Rs. 86,743 was spent on capital account.

Factory Developments:—The first phase could not be completed during the year. However it is hoped that the balance of the I phase and the II phase will be completed during the current year.

The estimates of crop and costs and estimated capital expenditure for the current year are as follows:—

Crop (Kgs.)	Estate expenditure cents per kgm.	All-in-cost cents per kgm.
2,90,000	316	387

Due to continued drought that prevailed in the district during April-May there has been a shortfall in crop to the extent of 25,940 kgs. It is doubtful whether this shortfall will be fully recovered before the end of the year.

Capital expenditure is estimated at Rs. 2,26,079.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	9,00,000	Gross block	17,68,883
Reserves and surplus..	8,51,645	—Depreciation ..	5,54,539
Other liabilities ..	5,26,751	Net block	12,13,844
		Block in progress ..	40,969
		Current assets ..	4,39,572
		Investments	2,01,696
		Cash	3,82,215
	Rs. 22,78,296		Rs. 22,78,296

* Paid-up capital consists of 4,50,000 equity shares of Rs. 2 each. Of the above, 2,70,000 equity shares have been allotted as fully paid up by way of bonus shares through capitalisation of reserves.

Exports are vital to India and the export drive is on. To succeed, the goods exported must attract the foreign buyer through their pleasing finish...and what better finish can there be than NICKEL-CHROMIUM plating? You will find it on all the popular brands in world markets...the secret to their popularity.

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NICKEL INFORMATION BUREAU PRIVATE LIMITED

Notices

INDUSTRIAL DEVELOPMENT BANK OF INDIA

APPLICATIONS ARE INVITED FOR THE following posts in the Industrial Development Bank of India :—

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

(i) Deputy Managers: Rs. 850-60-1,150.

(ii) Officers Grade I: Rs. 430-430-55-815-E.B.-55-925-60-1,045.

(iii) Officers Grade II: Rs. 375-20-535-25-560-E.B.-25-660-30-720.

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

In addition to pay, the selected candidates in all categories mentioned above will be eligible to draw local pay, house allowance, dearness allowance and other allowances at rates prescribed by the Bank from time to time. The present rates for local pay and other allowances are :

(i) Local pay at 10% of pay.

(ii) House rent allowance at 15% of pay with a minimum of Rs. 60 and a maximum of Rs. 300.

(iii) Dearness allowance:

(*a*) *Deputy Managers :* Rs. 125, provided the pay plus dearness allowance does not exceed Rs. 1,250 per mensem.

(*b*) *Officers Grade I :* 20% of pay upto pay of Rs. 500 and thereafter at 16-2/3% with a maximum of Rs. 125, with marginal adjustments where necessary.

(*c*) *Officers Grade II :* 20% of pay with a maximum of Rs. 100.

(iv) An *ad hoc* allowance of 10% of pay with a maximum of Rs. 100 per month payable upto 31-3-65.

(B) **QUALIFICATIONS:**

(i) **Deputy Managers and Officers Grade I:**

Applicants should have high academic qualifications—preferably a first class Master's degree or a Doctorate with proficiency in one or more of the following subjects—or should be members of the Institute of Chartered Accountants of India :

(*a*) Investment
(*b*) Banking
(*c*) Accountancy
(*d*) Cost Accounts
(*e*) Company Taxation
(*f*) Company Law and Management
(*g*) Corporate Finance
(*h*) Industrial Economics
(*i*) Techno-economic Surveys
(*j*) Statistics and Econometrics
(*k*) Marketing Economics
(*l*) Economic Planning

For posts of Deputy Manager preference will be given to applicants who have had practical experience and/or have done research work in the above fields and who have worked in banks or institutions financing industrial units or in industrial units in a responsible position for at least 5 years.

(ii) **Officers Grade II:**

Applicants should have a good academic record, preferably a first class Master's degree in Economics or Commerce or Statistics ; weightage will be given to specialisation in subjects like Banking, Industrial Economics, Industrial Finance, Accountancy, Company Taxation, Company Law and Management.

(C) **AGE LIMITS AS ON 1st NOVEMBER 1964:**

(i) *Deputy Managers :* Candidates should be between 30 and 40 years of age but the age limit may be relaxed in the case of candidates possessing exceptional qualifications.

(ii) *Officers Grade I :* Candidates should not ordinarily be over 35 years of age but the age limit may be relaxed in the case of candidates with exceptional qualifications.

(iii) *Officers Grade II :* Between 21 and 27 years. The maximum age limit is relaxable but not beyond 32 years in the case of :—

(*a*) candidates possessing special qualifications

(*b*) candidates belonging to the Scheduled Castes or Scheduled Tribes.

2. Candidates who wish to apply for more than one category of posts must submit separate applications accompanied by separate application fees and should clearly indicate the post and the department for which they have applied.

3. Applicants for the above posts must remit with their applications a fee of Rs. 7.50 for each post by cheque or bank draft on a *Scheduled Bank* payable at Bombay or by Postal Order. *The application fee is in no case refundable.* In the case of candidates belonging to Scheduled Castes/Tribes, the fee will be Rs. 2 for application for each post.

4. Applications in the candidate's own handwriting in the prescribed forms obtainable from the Industrial Development Bank's Office at Bombay, accompanied by copies (originals should *not* be sent) of certificates regarding age and educational qualifications, statements of marks secured in the graduate and post-graduate degree examinations and copies of two testimonials should be forwarded to the General Manager, Industrial Development Bank of India, Post Bag No. 10042, Bombay-1, so as to reach him on or before the 14th November 1964. Requests for supply of forms through post should be accompanied by a self-addressed and stamped envelope of size 9" × 4".

5. Candidates already in service will be required to produce a proper discharge certificate from their employers at the time of their appointment in the Bank's service.

6. Candidates belonging to Scheduled Castes/Scheduled Tribes should mention this fact prominently in their applications and also enclose a copy of the certificate to that effect from competent authority.

7. Appointments will be subject to candidates being found medically fit for service in the Bank by the Bank's Medical Officer.

8. If any candidate desires to have his application acknowledged, he should send it by "Registered Post—Acknowledgement Due." Apart from those who may be specially called, interviews will not be granted to candidates nor will the Bank enter into correspondence with them.

9. Candidates called for interview will be reimbursed single return railway/bus fares by the shortest route from their place of residence to Bombay, applicants for posts of Officers Grade II being paid II Class fares and those for higher posts, I Class fares.

10. Canvassing in any form will be regarded as disqualification.

THE MYSORE SPINNING AND MANUFACTURING COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Seventy-first Annual General Meeting of the Company will be held at the Registered Office of the Company, Temple Bar Building, 70, Forbes Street, Fort, Bombay, on Friday, the 30th October, 1964 at 4.00 p.m. to transact the following business:

1. To receive and adopt the Directors' Report and the Audited Statements of Accounts for the year ended 29th February, 1964.
2. To declare a dividend on Preference Shares.
3. To elect Directors.
4. To appoint Auditors for the current year and to fix their remuneration.

By Order of the Board,
N. SIRUR & COMPANY PRIVATE LTD.,
Managing Agents,
N. D. SIRUR,
Managing Director.

BOMBAY: *17th September,* 1964.

Notes:—(1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(2) Pursuant to the provisions of Article 84 of the Company's Articles of Association, the holders of Preference Shares of the Company have no right to be present or to vote, either in person or by proxy, in respect of their holdings of such Preference Shares at the above Annual General Meeting.

(3) The Transfer Books of the Company will remain closed from 1st October, 1964 to 14th October, 1964 both days inclusive.

(4) The dividend on Preference Shares when declared will be made payable at the State Bank of India, Bombay, on and after 6th November, 1964, to those Shareholders whose names stand on the Register of Members on the 14th October, 1964. The Dividend Warrants will be made collectable at par at all Branches and Sub-Offices of the State Bank of India, in India.

(5) The Registrar of Companies, Maharashtra, has, pursuant to the provisions of second proviso to Section 166 (1) of the Companies Act 1956 (as amended), granted to the Company two months' extension of time upto 31st October, 1964 for holding the Annual General Meeting.

(6) Detailed Notice is being posted to the Shareholders individually.

COMMERCE AND INDUSTRY

(*Concluded from page* 697)

these areas include, among others, a glass factory, a paint factory, textile mills, fertiliser unit, sewing machine unit, bicycle plant, air conditioning plant, automobile plant and asbestos cement plant. There are also great possibilities for the small industrial units to manufacture items such as pencils, small bulbs, chalk etc.

The African countries are in a position to exchange many basic mineral and agricultural items with India for the capital goods. India could profitably import minerals, such as rock phosphate, raw cotton, metal and metallic ores (copper, lead, asbestos etc.), agricultural items (palm oil, olive oil, cocoa, cashewnut) and hides and skins from the African countries and thereby provide an opportunity for these countries to import more Indian goods. As part of promoting trade with countries, such as Morocco, Tunisia, Nigeria, Zanzibar, Ethiopia, Ghana, Mozambique and others, it is suggested that India could enter into bilateral trade agreements with them. At present, India has trade agreements with only Morocco, U.A.R. and Tunisia. Other suggested steps to promote trade include visit of delegations, participation in exhibitions organised in these countries, opening of export promotion council offices abroad and commercial representations. Much work has been done in this direction, but much more is called for.

Shipping Facilities

Lack of shipping facilities is a serious hurdle in promoting trade with Africa. The only regular services operating with East and West Africa are some foreign lines. Some of the shipping companies (B.I.S.N.) not only fail to meet India's requirements but also do not carry certain types of Indian cargo. No direct lines exist with Mauritius or Madagascar; goods have to be transhipped at Djibouti and Mombasa. Transhipment is thus a common feature in India's trade with many countries in Africa. In order to overcome these difficulties, it is suggested that a new Indo-African service round the Continent should be started. Starting from Bombay it could touch Djibouti (Somalia), Mombasa, Dar-es-Salaam (Tanganyika), Tamatave (Madagascar), Mauritius, Matadi (Congo), Doula (Cameroons), Lagos, Free Town (Sierra Leone), Dakar (Senegal), Casablanca (Morocco), Algiers (Algeria), Tunis (Tunisia), Port Said (U.A.R.) and Port Sudan (Sudan). Such a line could facilitate the industrialisation of these areas. The Paper has emphasised that it would be worthwhile for the Government to examine this matter and help in promoting India's trade with the African countries.

U.S. FOOD ASSISTANCE TO INDIA

As agreement for the supply of four million tons of wheat, 300,000 tons of rice and 75,000 tons of soyabean oil under the U.S. Food for Peace Programme was signed recently at New Delhi. Two other agreements were also signed. One agreement provides for a loan to the Government of India for economic development projects, the bulk of the rupees resulting from the sale of the commodities provided under the U.S. Public Law 480. The loan is repayable within 40 years at interest rate of ¾ per cent. Under a similar agreement, a sum of Rs. 16.6 crores accruing under an earlier 1962 P.L.480 sales agreement will be given as a loan to the Government of India.

NEWS IN BRIEF

THE Central Wage Board for the iron and steel industry is expected to submit its report some time in December next.

The various schemes for the development of animal husbandry included in the third Plan have been fully implemented, according to the finding of a survey by the Indian Council of Agriculture Research.

The Exports Advisory Committee for handicrafts has approved a target of Rs. 41 crores for handicrafts export by the end of the fourth Plan. The actual exports in 1965-66 are estimated at Rs. 32.5 crores.

A scheme for the economic and efficient production and distribution of consumer gas in Bombay City will be prepared by a team of French technicians for the Bombay Municipal Corporation. The team is expected to arrive shortly.

The Central Sales Tax Act will come into effect in the Union territory of Goa, Diu and Daman on the 1st of next month. Under this Act, every dealer in these areas will be liable to pay tax on all sales effected by him in the coarse of inter-State trade of commerce.

The Central Government has given the letter of guarantee to the DM 7-million loan which West Germany has agreed to make available to the Mysore Iron and Steel Works at Bhadravati, to convert the steelworks into a factory producing wholly special steel. About 22 varieties of special steel are to be produced and the final capacity would be 70,000 tons annually.

A Committee, headed by Mr. A. C. Mitra, Consulting Engineer, Uttar Pradesh, has been constituted by the Union Government to suggest a comprehensive plan for the control of floods in the rich deltaic areas of the Godavari, Krishna and Guntur district of Andhra Pradesh. The Committee will also recommend measures for lowering the flood level of Killeru lake improving the drainage system in the area and preventing floods inundation.

The Joint Board of Mining Engineering Education and Training has set up a committee with the Director of the Manpower Directorate to make a realistic assessment of the demand for mining engineers in the remaining years of the current Plan, as well as in the Fourth Plan period. It will suggest measures for striking a balance between demand for and the supply of mining engineers.

A survey of all the existing primary cooperative societies in the country is proposed to be conducted in order to find out their potentiality for development. A decision to this effect was taken at the Conference of Registrars of Cooperative Societies held recently at New Delhi. The Conference suggested that the moribund and inactive societies should be liquidated, that the potentially viable societies be strengthened and that weak societies be amalgamated.

An agreement for the avoidance of double taxation between India and France has just been concluded at Paris between the Governments of the two countries. One of the provisions in the agreement provides for the grant of a credit for the tax paid in the other country, as also for the tax spared in India for developing its industry. Corporations will be taxed only in the country of their incorporation.

The Union Government has decided to establish two institutes in the country, one in the South with Soviet collaboration and the other in the North with American collaboration, to impart specialised training to the personnel required for large thermal power plants. It has been tentatively proposed to run a six-monthly theoretical instructions course illustrated by suitable models for imparting training to a batch of 32 students at a time. The theoretical course is intended to be followed by field training for six months on a power plant under construction and six months in the operation and maintenance of large size power plants already installed in the country.

* * * *

From Abroad

The Government of Indonesia has so far taken over 104 British and 27 Dutch plantations, most of them being rubber estates.

A nuclear energy power plant to be operated jointly by France and Spain using natural uranium for fuel will be set up at Catalonia in Spain.

Malaysia will have uniform banking legislation by the end of the year, according to Mr. Tan Sieu Sin, the Finance Minister. A Bill is to be introduced in Parliament next month. The law will put all banks under the single authority of the Central Bank of Malaysia.

The Soviet Union has developed folding plastic tanks which can be fitted into specially-built dry cargo ships for transport of oil. After discharge, the tanks can be removed and rolled mechanically, leaving the holds ready for any other cargo without being cleaned.

Canada has repaid a further $50 million out of the $300-million loan obtained from the International Monetary Fund, the outstanding debt is now put at $57.2 million. The loan of $300 million was made in 1962 when Canada was facing a foreign exchange crisis.

Pan American Airways carried the largest tonnage on a flight from San Francisco to transpacific points. The Boeing 707-321C carried 94,644 lbs., including machinery, machine parts, chemicals, military impedimenta, and automobile and tractor parts. The previous record for an all-cargo jet aircraft was 92,375 lbs. carried by a Douglas DC8F from Chicago to the Far East.

Pakistan is expecting a record crop of 60 million lbs. of tea in the coming year, according to the Tea Board of Pakistan. The increase is attributed to the extension of the area under cultivation which is expected to be around 90,000 acres next year. Under the third Plan (1965-70), the area will increase by 28,500 acres to a total of 118,500 acres. Actual production of tea in 1963-64 was 55 million lbs.

New and stricter foreign exchange regulations are proposed to be introduced in Argentina shortly. One of the regulations lays down that approval from the Central Bank must be obtained for all foreign exchange purchases not covered by specific exemptions. Exemptions apply to goods imported under a documentary letter of credit and to "habitual transactions."

The International Finance Corporation is making its first investment amounting to $2.5 million in Ethiopia. In conjunction with Japanese interests, it is helping to finance a major expansion and modernisation programme by the Cotton Company of Ethiopia S.C. I.F.C. is making an equity investment by subscribing to Eth.$2.5 million (equivalent to $1 million) worth of shares of the company and is providing a loan of $1.5 million. The remainder of the capital requirements amounting to $2.9 million being provided by the Export-Import Bank of Japan and two major Japanese companies, Fuji Spinning Company Ltd. and Marubeni-Iida Company Ltd. The two firms last year jointly acquired a substantial interest in the Cotton Company of Ethiopia. The I.F.C. investment in Ethiopia brings to six the number of African countries in whose development it is taking part.

PERSONAL

MR. S. K. Nargundkar, General Manager of the Singareni Collieries, has assumed charge as the Managing Director of the Company.

Mr. Kantikumar R. Podar, a Director of the Podar group of concerns, has been elected President of the All-India Plastics Manufacturers' Association for the year 1964-65.

Mr. Irving S. Friedman, Director since 1950 of the Exchange Restrictions Department of the International Monetary Fund, has been appointed Economic Adviser to Mr. George D. Woods, President of the World Bank.

Mr. Edward L. Robinson, Chief of the Cambodian service of the Voice of America, has assumed charge as Information Officer at the U.S. Information Service at Bombay, succeeding Mr. William J. Miller.

Mr. P. N. Nayer, Director of Weights and Measures, Union Ministry of Commerce, left on the 7th inst. to take over as Chairman of a Committee which has been set up by the East African Common Services Organisation to examine the feasibility of adopting the metric system.

Mr. R. E. Marsh, Head of the Asian Department of the Federation of British Industries, is now in India on a five-week tour of the country. Mr. Marsh is interested in examining the possibility of spreading any further Kipping Aid to industries which at present do not qualify for this aid.

Mr. Donald Rhind, Adviser on Agricultural Research to Britain's Department of Technical Co-operation, who is on a nine-week tour of Asian countries, arrived in New Delhi on Wednesday this week. Mr. Rhind will spend nearly a month in northern India. He will have talks with agriculturists at universities and research institutes in Delhi, Rudrapur (U.P.), Jodhpur, Allahabad, Patna, Calcutta and Cuttack.

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KERALA GOVERNMENT-OWNED INDUSTRIES
FOR PRODUCTS OF PROVEN QUALITY

TREND OF MARKETS

MONEY DEARER

(From Our Own Correspondent)

BOMBAY, 13*th October*

The short-term money market continued to rule tight during the week under review. Demand for credit was quite heavy. No doubt the supply of funds available was large and the borrowers did not find it difficult to obtain their requirements. But they had to pay slightly higher rates of interest. The inter-bank call rate for renewals moved up further from 1¾ to 2½ per cent. Fresh money fetched 2½ per cent, as against 2¼ per cent a week ago.

There was no sale of Treasury Bills under the usual tender system during the week ended 9th October. However, sales of Intermediate Treasury Bills, which were on sale from the 7th to 10th inst., amounted to Rs. 1.74 crore, as against Rs. 5.75 crores a week before and Rs. 13.35 crores two weeks before.

The total credit made available by scheduled banks to their clients rose by Rs. 9.48 crores to Rs. 1,714.18 crores during the week ended 2nd October 1964. At the same time, their deposits declined by Rs. 6.76 crores to Rs. 2,697.07 crores. Even so, borrowings from the Reserve Bank were negligible, being no more than Rs. 65.05 lakhs, a drop of Rs. 24.90 lakhs. Investments increased by Rs. 15.63 crores to Rs. 830.53 crores, while total cash receded by Rs. 8.64 crores to Rs. 155.84 crores.

The Gilt-edged market depicted an easy trend, thanks to poor buying support. Among Central loans, 4 per cent 1969 encountered selling and dropped 15 paise to Rs. 99.35. 4½ per cent 1973 shed 5 paise to Rs. 100. Among State loans, 4 per cent 1967 Maharashtra and 4½ per cent 1976 West Bengal fell by 35 paise each to Rs. 99.30 and Rs. 99.40, respectively. 4 per cent 1969 Gujarat declined by 15 paise to Rs. 98.40. 4½ per cent 1974 Madras eased by a like amount to Rs. 98.35. 4 per cent West Bengal lost 5 paise to Rs. 98.75.

In the foreign exchange market, the banks' buying and selling rate for dollars were unaltered at Rs. 477.50 and Rs. 481 per $100, respectively. In New York, the pound sterling was irregular *vis-a-vis* the dollar. The spot rate went up by 0.040 cent to 278.320-278.370 cents, but the three months' forward eased by 0.010 cents to 277.790-277.820 cents.

RECOVERY IN BULLION

(From Our Own Correspondent)

BOMBAY, 13*th October*

The bullion market ruled distinctly easy in the earlier sessions of the week under review owing to poor inquiries from local dealers. The market, however, picked up strength yesterday (Monday), following fall in arrivals and scattered support at lower levels. Consequently, prices staged a recovery. The recovery gathered momentum today. Over the week, gold was lower, while silver was a shade better. With the inflationary pressures still strong and the busy season in the offing, traders were inclined to feel that the prices would be steady around these rates for a few weeks.

Fourteen-carat gold began the week at Rs. 69, as against the previous close of Rs. 69.75, and moved down to Rs. 67. However, it improved to finish at Rs. 67.25 today. Pure gold, in private trading, declined from Rs. 116 to Rs. 111.50, before closing at Rs. 113 on reports of seizure of contraband gold worth Rs. 5 lakhs. In sympathy, sovereign was quoted lower at Rs. 91.

Silver receded from Rs. 256 to Rs. 254 on Saturday in the wake of increased arrivals. Subsequently, it moved up on upcountry purchases and closed better at Rs. 256.50. The weekly average arrivals and offtake of silver were 28 and 9 bars, respectively.

The international price for gold in the London market was slightly lower at $35.10½, as against $35.10¾ last week. The sterling price shed ¾d. to 252s. 2¾d. But forward silver was higher on speculative demand at 113d. Ready silver remained unchanged at 112½d. as also silver in New York at 129.3 cents.

The Bombay High Court upheld last week the constitutional validity of the Gold Control Rules while rejecting a writ petition filed by some traders.

The following table shows the trend of prices during the week under review:

	13-10-64 (closing)	High	Low	7-10-64 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (996 fine) ..	256.50	256.50	254.00	256.00
GOLD				
Ready (14-carat) ..	67.25	69.00	67.00	69.75
Sovereign	91.00*	—	—	92.00*
London—				
Gold ..	252s. 2¼d.	252s. 3¼d.	252s. 2¼d.	252s. 3¼d.
Silver Ready ..	112¼d.	—	—	112¼d.
Silver Forward ..	113d.	—	—	112¾d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

COTTON FUTURES RISE

(From Our Own Correspondent)

BOMBAY, 13*th October*

Despite reports of favourable weather in almost all the cotton producing tracts, cotton futures registered a rise during the week under review. The rise followed sustained bull support induced by rumours that India will not be indenting for the balance of P.L. 480 cotton from the United States in the immediate future. Better spot advices also imparted strength to the futures. After declining slightly today on account of profit-realising at higher levels, cotton futures rallied again towards the close on reports about damage to crops in the Punjab because of certain crop disease and inclement weather in Berar and Khandesh areas.

The Jarilla March 1965 contract opened the week higher by 50 paise at Rs. 726.50 and after an initial decline to Rs. 725.25 on the first day itself, that is, the 8th inst., went up to Rs. 731.50 on Monday, the 12th inst. It drifted down to Rs. 728.25 on the last day before closing higher at Rs. 729.

In the spot market at Sewri, mill enquiry for both old and new cotton crop was reported. Interest was evinced in old crop Digvijay, Co2, L.147 at lower levels. Stray business in new crop Kalyan and Digvijay was also reported, but the mills in general were not prepared to enter into sizable commitments, in view of the prevailing uncertainty about the multipliers for fixing the prices of the controlled varieties of mill cloth. Following are the latest available quotations of certain popuar varieties:

Amaravati Rs. 1,161, Bijapur Rs. 1,000, Bengal Fine Rs. 742 (December delivery), Hubli Jaydhar Rs. 1,027, Hubli Laxmi Rs. 1,100, Jagadia Rs. 1,071, Kopargaon Co.2 Rs. 1,310, Navapura Rs. 1,137 and Mudhol Jaydhar Rs. 1,030.

In the foreign section, Bengal *deshi* registered a rise from Rs. 732 to Rs. 742 due mainly to the damage to crops in the Punjab. The latest indications put the export sales registrations at 55,386 bales as against 53,400 bales last week. It is reported that, in spite of the abolition of export duty on this variety a few days ago, it is not eliciting large overseas enquiries.

As regards imports, the mill demand is concentrated chiefly on East African varieties. In the absence of Egyptian cotton, Sudan cotton is attracting attention. After the recent auction at Kampala when the prices of African cottons registered increases, mills have turned their interest to the current crop, prices of which are said to be lower.

The current season cotton crop is reported to be progressing quite satisfactorily in general. Accumulation of stocks, it will be remembered, has been posing a problem to cotton growers in certain areas. The cotton growers and cooperative societies in Gujarat are understood to have pressed the Textile Commissioner to release a special export quota so as to resolve the problem of accumulated stocks. But the market is doubtful whether, even after the Government allows such an export quota, the difficulties of growers will be obviated, because more depends on the response from overseas buyers. The experience of Bengal *Deshi* has sufficiently shown, it is said, that overseas demand is not very encouraging. Pakistan cotton presents a touch competition to this country, as its cotton is cheaper than the Indian cotton by over Rs. 100 per candy.

KIPS STEADY

(From Our Own Correspondent)

MADRAS, 10*th October*

Kip market remained steady to firm, as prices in the raw centres were hardened due to purchases by the chrome tanners at high prices. Export demand was selective, with emphasis on lower grades of cowhides in light weights, run and fourths selections in cowcalf and run in buffcalf; but the importers were not willing to follow the prices quoted by the shippers; with the result that shipment trading was difficult and the volume sold was not large.

There was not much change in the tempo of trading in goat skins section. There was good demand for light weight goat skins, especially for lower selections and 11/12 lbs. average, and prices hardened slightly. Sellers of 8/9 lbs. were reserved, despite the fact that slightly increased prices were obtainable. There were steady inquiries for middle class sheep skins 6/7 lbs. all selections from the Continent. Prime class ruled steady, without much business passing; and semi-prime sheep was weak.

Shipments during September were as follows:—3,401 tanned cowhides, 274 cowcalf, 20 buffhides, 341 buffcalf, 650 goat skins and 515 sheep skins to U.K.; 825 goat skins, 290 sheep skins and 1,284 pickled and chrome goat skins to the Continent; 1 cowcalf, 10 buffhides, 5 buffcalf, 436 goat skins and 75 cases pickled and chrome goat skins to U.S.A.; and 6 goat skins and 192 sheep skins to Japan.

FORWARD TRADING IN STAPLE FIBRE YARN

(From Our Own Correspondent)

BOMBAY, 13*th October*

By the time this report appears in print, forward trading in staple fibre yarn will have commenced under the auspices of the Bombay Yarn Merchants Association and Exchange Ltd. It will be inaugurated at 10 a.m. on Friday, the 16th inst., by the Governor of Maharashtra Forward contracts in staple fibre yarn for 17 Nf and 2/34 Nf for both January and March 1965 deliveries will be resumed simultaneously. The terms and conditions of the contracts are as follows: Goods of 100 per cent viscose staple fibre yarn manufactured by the mills of India of standard count, standard test, double cross reeled, double hanks bright and bleached and in original packing will be tenderable; in the contract of 17 Nf staple fibre yarn the goods with a minimum C.S.P. (count strength product) of 800 (French) or 1,600 (English) with 5 per cent variation with count between 16·50 Nf to 18 Nf will be tenderable; similarly, in contract of 2/34 Nf staple fibre yarn, the goods with a minimum C.S.P. of 850 (French) or 1,700 (English) with 5 per cent variation with count between 2/33 Nf to 2/36 Nf will be tenderable.

A trading member will have to pay an initial deposit of Rs. 2,500 against which 100 bales will be allowed free without any margin. Over 100 bales a margin of Rs. 50 per bale will have to be paid. The limit for weekly fluctuations has been fixed at Rs. 20. The unit of trading would be of 5 bales of 100 kgs. each and the unit for price quotation at the exchange will be of 100 kgs.

Those who want to tender the goods in delivery will have to obtain a Certificate about the tenderability of the goods from the Survey Certificate Committee at least three days prior to the tender and a provision has also been made for making an appeal against the Certificate issued by the Survey Certificate Committee either to the Victoria Jubilee Technical Institute or Silk and Art Silk Mills Research Association.

Art silk yarns ruled distinctly easy during the week under review, following persistent selling pressure from stockists. Increased arrivals of low-priced goods following large deliveries by spinners also acted as a damper. In sympathy with art silk yarns and on slack offtake from Surat traders staple fibre yarns also ruled easy. Except for some limited fluctuations in selected counts cotton yarns ruled dull.

Among art silk yarns, National Rayon 150D fell by 18 paise to Rs. 9.90. 120D came down by 33 paise to Rs. 10.45. Bright century 75D shed 2 paise to Rs. 18.02.

Staple fibre yarn (2 x 34 French Count) Vasanta lost 4 paise to Rs. 8.98. Sitalaxmi eased by 7 paise to Rs. 9.42. Sriram declined by 8 paise to Rs. 8.98. Century and Kohinoor were neglected at Rs. 9.61 and Rs. 9.81, respectively.

In the cotton yarn section, 8s Podar receded by 50 paise to Rs. 20.75. 17s Modern dropped Re. 1.50 to Rs. 27. 68s Finlay decreased by a rupee to Rs. 105.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	13-10-1964	7-10-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	10·45	10.78
Century 75D	18·02	18.04
S.I. Viscose 120D	12·65	12.65
Staple fibre yarn-34 x 2 *French Count* (per kg.)		
Kohinoor	9·81	9.81
Premier	9·55	9.55
City	—	9.39
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	20·75	21.00
17s Modern	26·00	26.00
22s Madura	32·00	32.00
34s Madura	43·00	43.00
52s Pioneer	68·75	68.75
68s Finlay	105·00	106.00

OILSEEDS MOVE DOWN

(From Our Own Correspondent)

BOMBAY, 13*th October*

There were no fresh developments during the week under review which could influence the oilseeds market in any definite direction. Price movements in groundnuts January were narrow, but this was natural, in view of the fact that the weekly rise has been limited to Rs. 2.40 on the starting rate of the week. However, the contract did react sharply to news early in the week that the Union Government has suggested to the Gujarat Government to withdraw its ban on exports from the State groundnuts and groundnut oil. The news had induced a reaction in the futures contract, but reports came later that the Chief Minister of Gujarat had denied the possibility of any removal of the ban until December. The reports helped the market to look up and, in fact, the market was very firm in initial dealings on Tuesday, although the contract reacted subsequently due to profit-taking. The January contract, which had touched Rs. 97 during the week, closed lower at Rs. 95.75 today. Arrivals during the week consisted mostly of seeds from Karnatak. Spot goods of Karnatak variety was mentioned at the close on Tuesday at Rs. 66. October delivery was very firm, at Rs. 59 and November at Rs. 51. Oils maintained a steady tone, with ready at Rs. 29.50, October at Rs. 24.85 November at Rs. 19.90/20.30 and December at Rs. 19.10. It was said that arrivals from Karnatak would take another week or ten days to gain full momentum.

Groundnut extractions maintained an easy tone with ready goods done at Rs. 415-Rs. 417 per tonne, 15th November position at Rs. 406-Rs. 407, whole November at Rs. 400. The rate in Saurashtra was reported to be Rs. 395 for whole November and Rs. 385 for December. Expellers were also quiet, the spot rate being Rs. 473 and November Rs. 435. The export section was rather dull; the United Kingdom was the only country being in the market. Communist countries which had been buying on a fairly large scale during the past many months are currently out of the market. Latest U.K. advices were: £36-7-6 for December shipments and £35/15 for January-March shipments. The outlook for groundnut extractions is easy, as with the export section being dull and solvent extractions plants going into production, the supply is likely to exceed demand.

Sentiment in castorseeds early in the week was induced by reports that Russia had bought about 5,000 tonnes of oil from Brazil and, although the market staged a sharp rally later, the tendency towards the close was easy, mainly in sympathy with the trend in groundnuts. Spot rates indicated a quiet tone. Linseeds and oilseeds were dull, the business put through being restricted.

The following table shows the closing prices of oilseeds and oils as on 13th October as compared with those of the two previous weeks:

	13-10-1964	7-10-1964	29-9-1964
Groundnuts	Rs.	Rs.	Rs.
January 1965 contract	95.75	95.70	..
Oil January 1965	19.20	18.50	..
Misam bold	N.T.	N.T.	66.00
Khandesh quality	133.00	136.00	68.00
Oil ex-mill	28.75	31.00	29.00
Oil Ry. Receipt	27.75	30.00	27.50
Castorseed			
March 1965	184.37	185.12	183.25
Ready Madras	83.00	84.00	40.75
Ready Kanpur	80.50	82.00	40.00
Oil S.S.S.	18.85	19.20	18.80
Oil commercial	17.85	18.30	17.80
Linseed			
March 1965..	40.44	40.56	40.44
Bold ready	102.50	103.00	52.25
Linseed oil	21.50	21.50	22.00
Cottonseed			
January 1965 contract	101.25	102.50	102.25

N.B.—The quotation for groundnuts January 1965 contract is for 100 kg. The rates for spot groundnut and castor for the week ending 7th & 14th Oct., are for 100 kg. while so far they had been quoted per 80 kg. Castor and cottonseeds futures are quoted per 250 kg. while linseeds futures are quoted per 50 kg. Groundnut Oil January 1965 and all spot oils are quoted per 10 kg.

TIPPY TEAS STRONG

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 9*th October*

A total of 744,000 kgs. was offered in tea sale No. 40 held here on the 8th instant. Nilgiri quality was again inferior, but from other districts an improvement was generally seen. Demand was good, but less active than seen last week. Best highgrowns were sold readily, but lesser types were more difficult to sell, and prices eased following quality. Good medium and medium brokens were well supported and prices showed considerable advances, but fannings in this category were irregular. Low mediums opened on an easier note, but strengthened as the sale progressed. Whole leaf grades came to an irregular market. There was good enquiry for C.T.C. brokens which were dearer but their fannings shed several paise. Tippy teas were strongly competed for, at dearer rates.

The quotations (per kg.) were:

	1964
Low mediums ...	[illegible]-4.60
Mediums ...	[illegible]-5.20
Good mediums ...	[illegible].20-5.70
Nilgiri B.O.P. ...	5.20.-8.00

The average price realised in sale No. 40 was Rs. 4.87 per kilo, as against Rs. 4.74 a week ago and Rs. 4.71 in the corresponding sale last year.

In dust sale No. 39 held today, 310,000 kgs. were offered. The market opened to good general demand which continued throughout the sale. Medium categories were well supported and prices for these were firm with buyers showing more interest for cleaner types. There was useful demand for highgrowns at lower rates than last. Clean black grainy descriptions met less demand than of late and were easier by 20 to 30 paise. Stalky and poorer kinds sold at irregular rates and were mostly easier. Unorthodox descriptions came to a firm market.

The average price realised in dust sale No. 39 was Rs. 4.37 a kilo, as against Rs. 4.42 a week ago and Rs. 4.46 in the corresponding sale last year.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"Sale No. 41: 730,000 kgs. offered. Strong demand. Low mediums and mediums irregularly 10 P to 15 P. Good medium stronger. Highgrowns slightly easier. Unorthodox steady."

TEAS WELL SUPPORTED

(From Our Own Correspondent)

CALCUTTA, 12*th October*

In the export sale of last week, leaf offerings aggregated 68,513 packages, which met with a good general demand. Competition was in evidence in C.T.C. teas, the selected bright liquorings of which was appreciated in value. Plain C.T.C. teas met with firm support, with B.P. teas being much in the forefront as compared to their corresponding fannings. Assam orthodox teas recorded a small recession, with the B.P. teas meeting with good support. Fannings were quiet. Other orthodox teas were firm with Dooars B.O.P. teas realising slightly higher rates. Fannings of this category were, however, lower. Whole leaf grades were shown keen attention by bidders. Darjeelings, following quality, were firm. The quotations per kg. inclusive of excise duty were: good Assam C.T.C. fannings Rs. 6.60 to Rs. 7.00, good Assam C.T.C. B.P. Rs 6.60 to Rs. 6.90, medium C.T.C. fannings Rs. 5.70 to Rs. 6.30, clean plain pekoe Rs. 5.20 to Rs. 5.50, plain C.T.C. B.P. Rs. 5.10 to Rs. 5.40, medium C.T.C. B.P. Rs. 5.70 to Rs. 6.30, plain C.T.C. fannings Rs. 4.80 to Rs. 5.10, plain orthodox fannings Rs. 4.20 to Rs. 4.40, and plain orthodox B.P. Rs. 4.10 to Rs. 4.30.

Prices in last week's internal sale eased following a decline in demand. Dusts on offer totalled 34,547 packages. Plain orthodox teas were irregular. Medium Assam teas eased by 30 p. Leggcut teas also suffered a loss. Excepting the smaller lines, which met with better support, all other C.T.C. teas receded. The quotations per kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.10 to Rs. 6.40, medium C.T.C. dust Rs. 5.20 to Rs. 5.90, plain C.T.C. dust Rs. 4.90 to Rs. 5.10, legg-cut dust Rs. 4.90 to Rs. 5.20, medium Assam dust Rs. 4.80 to Rs. 5.20, and plain orthodox dust Rs. 4.20 to Rs. 4.60.

Tax reduction and loans on easier terms are considered essential if the tea industry is to be enabled for expansion so as to fulfil the increased production targets. This conclusion has been reached by the Tea Finance Committee in its meeting held here last week.

If a steady expansion to tea acreage is to be realised, investments should be made more attractive by enabling the industry to improve return on equity capital. This can be done only by tax relief, as this will also permit the industry to plough back an increased proportion of profits to development and expansion. The Tea Finance Committee has found that in addition to tax relief, banks and agencies such as the Agricultural Finance Corporation should be able to provide loans on easier terms. That special assistance to the tea industry is required becomes evident inasmuch as it has been estimated that a sum of Rs. 38.4 crores is required to bring an additional area of 24,000 acres under tea cultivation on the basis of Rs. 4,000 per acre. Wherever there is not much scope for expansion such as in South Indian gardens, the Committee feels intensive cultivation should be resorted to by increased usage of fertilisers. The Committee is scheduled to meet again in the next month, when its recommendations will take final shape.

JUTE GOODS IN KEEN DEMAND

(From Our Own Correspondent)

CALCUTTA, 12*th October*

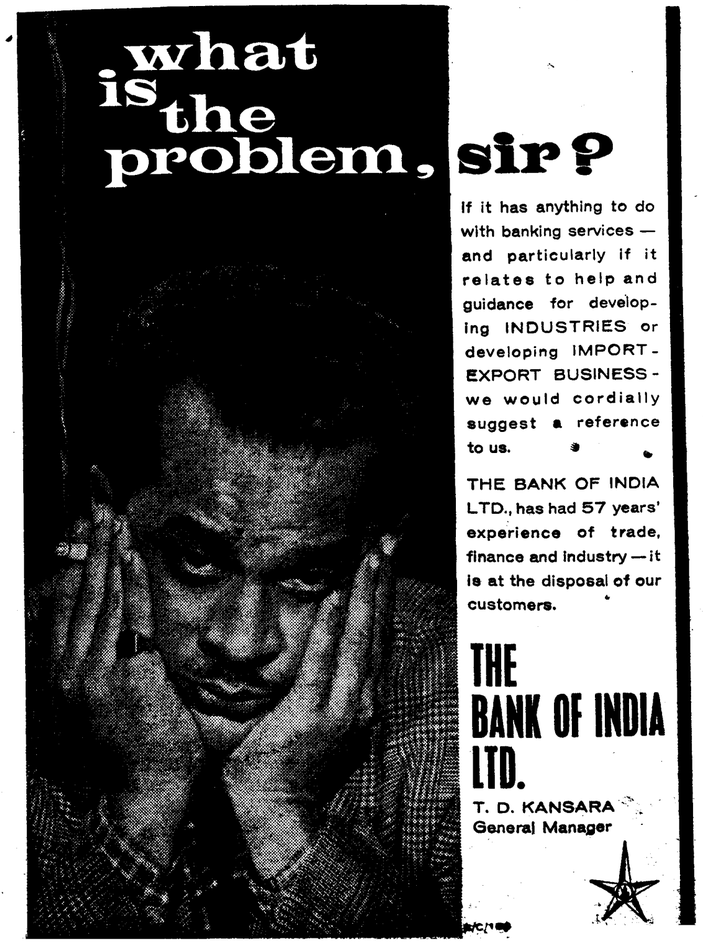
The news of a sizable decline in stock of goods with mills, followed by good offtake by overseas countries, led to substantial gains in the prices of goods during the week under review. At the same time, fibre prices eased by Re. 1 to 50 paise per maund, as a result of increased arrivals and the keenness exhibited by sellers to rivals and the keenness expectations that the U.S. buyers. There were expectations that the U.S. buyers would soon show interest for larger quantities of hessian, since inventories had sharply fallen and burlap consumption has picked up. In the New York burlap market, 7½ oz. hessian increased from 9.50 cents a yard to 9.55 cents, and the 10 oz. hessian, from 12.50 cents a yard to 12.55 cents. As regards heavy goods, now that Pakistani mills are not able to accept any more orders from overseas countries, interest in Calcutta sacking was very much lively this week. Australia placed an order for 15,000 bales of woolpacks and cornsacks. Egyptian orders placed by that country's trade mission amounted to more than 45,000 bales. Sudan also took a good quantity of miscellaneous constructions. The U.S.S.R. showed interest in both near and ready delivery goods. At the same time, the Government of India continued to show interest in B. twills.

The interest in the goods market was followed by the reports of a sizable fall in stocks of goods with mills as at the end of the last month. At 126,300 tonnes, the stock of all constructions fell by 6,100 tonnes. While sacking and miscellaneous goods at 43,700 and 11,000 tonnes, respectively, declined by 6,200 and 2,500 tonnes, hessian and carpet backing cloth rose by 1,900 and 700 tonnes to 47,600 and 24,000 tonnes, respectively. That the sizable decline in the stock of heavy goods followed good demand for this construction from overseas countries went to confirm the belief that Pakistani mills are fully booked.

The East India Jute and Hessian Exchange Association has proposed amending the by-laws relating to trading on transferable specific delivery contracts in raw jute and jute goods. The first amendment proposes defining the "margin" as being the amount of money payable as a deposit by a member or non-member if his net open position at the end of a working day in respect of his outstanding transactions in T.S.D. contracts in raw jute and/or jute goods is in excess of the free limits. The second amendment makes a new by-law which authorises a member to demand from a non-member client any margin money concerning outstanding contracts which the former has to deposit with the Exchange. If the non-member fails to meet the demand within a stipulated time, the concerned member becomes free to square up his outstanding contracts with the non-member on the trading day following the expiry of the time limit at the then prevailing rate. The third amendment also makes a new by-law to stipulate that no member shall trade in raw jute and jute goods either on his own account or on account of any other member with a person who is not registered with the Association except in accordance with the procedure laid down by the Association's Board with the prior approval of the Forward Markets Commission. The Association has now invited suggestions on these proposed amendments.

As a result of increased arrivals and sellers' anxiety to lessen their holdings, fibre prices fell slightly during the week under review. Assam bottoms were quoted at Rs. 38.00, northern bottoms at Rs. 37.00, and daisee bottoms Rs. 38.50 per maund as against Rs. 38.50, Rs. 37.50, and Rs. 39.50 per maund earlier in the week.

Jute goods rose in the week as a result of the improved statistical position and the keen interest shown by overseas buyers. On Tuesday last, prices recorded an erratic movement. At one time, there was the rumour that second-hand bags would be used to pack foodgrains, and this led to heavy loading in the hedge market. As a result, ready B. twills at Rs. 148.50 were quiet, and in sympathy, ready hessian 40" 10 oz. was also



quiet at Rs. 49.85. However, on Wednesday, the hedge market became active, and this coupled with covering demand helped ready B. twills to recover to Rs. 150.40 and ready hessian 40" 10 oz. to Rs. 50.40. This was followed by the announcement of the improvement in the statistical position of goods, and soon B. twills spurted to Rs. 152.50. In sympathy, hessian 40" 10 oz. was firmer at Rs. 50.40. This was on Thursday last, and was followed by interest shown in B. twills on behalf of the Government of India and expectations of keener interest in hessian by U.S. buyers. However, the volume of business being inadequate, B. twills eased to Rs. 151.90 and hessian 40" 10 oz. to Rs. 50.35 on Friday. Over the week-end, there was keen speculative interest shown, and as a result ready B. twills and hessian 40" 10 oz. rose to quote the week's highs at Rs. 154.25 and Rs. 51.30 respectively. The market was closed today for the *Pooja* holidays.

FOODGRAINS EASY

(From Our Own Correspondent)

HAPUR, 12*th October*

Prices of all foodgrains turned easy, thanks to increased arrivals of new *kharif* crops of rice and maize in the maket. Consumers demand has shifted from wheat to new grains and prices of wheat eased in absence of buying urge. Due to ban on inter-district movement of *kharif* grains in U.P. prices of some cereals in many district ran down steeply. The U.P. Government consequently entered the grain trade to build up a buffer stock of 2 lakh tons of coarsegrains. The Government would buy paddy grade .III at Rs. 35 *juwar* yellow at Rs. 38.50, *bajra* at Rs. 40.50 and maize at Rs. 36.50 per quintal. Thanks to good sunny weather and westerly winds, preparation of land for *rabi* sowings were in full swing and it was understood that even in most of the waterlogged areas, timely *rabi* sowings would not be possible.

Consumer demand from wheat was diverted to new maize and rice and prices randown by Rs. 5 to Rs. 6.50 per quintal, according to quality. Wheat average quality was quoted between Rs. 92.50 to Rs. 94 and farm produce between Rs. 95 to Rs. 97 per quintal, as against Rs. 47 per quintal for controlled price. Stocks of wheat, however, were poor. Subdued trend was also witnessed in rice market due to heavy arrivals of new crop and prices declined sharply by Rs. 10 to Rs. 12.50 per quintal, according to quality. Week-end prices were: Rice *basmati* superior Rs. 121 to Rs. 123, *sela* 119 to Rs. 120.50, *mainpuri* Rs. 108.77, *ramajwayan* Rs. 104.49, raw Rs. 93.77 to Rs. 96.45, *raimunia* Rs. 103.77 and *gadda* Rs. 93.77 to Rs. 99.13 per quintal.

Gram prices also drifted lower on poor buying support. Prices moved down by Rs. 5 per quintal and were quoted at Rs. 92.50 for local produce and Rs. 90 per qunital for the Punjab quality. New maize prices declined sharply by Rs. 10 to Rs. 12.50 per quintal and ranged between Rs. 57.50 to Rs. 60 per quintal.

CRYSTAL SUGAR SCARCE

(From Our Own Correspondent)

HAPUR, 12*th October*

Crystal sugar in the open market remained steady during the week on restricted supplies in the face of good festival demand. The week-end prices were Rs. 180 to Rs. 182 a quintal. The Centre's new sugar policy is keenly awaited. The U.P. Government has decided to lift restrictions on power crushers, which manufacture *gur* and *khandsari*, in two of the sugar zones in the State. Restrictions would continue in Meerut zone as the cane crop there is not upto expectations due to water logging in west U.P. Sugar mills in the State would begin crushing in early November, and is expected to manufacture more than 14 lakh tons of sugar this year, as against 11 lakh tons last year.

Desi khandsari suffered further losses during the week due to non-receipt of permits against the frozen stocks. Stockists were anxious sellers following the refusal of the State Government to lift the ban on export of *khandsari* to other States. Production of *khandsari* would start in early December. Prices in the open market were:—yellow quality Rs. 110 to Rs. 120 and white creamish quality at Rs. 125 to Rs. 152.50 a quintal.

Arrivals of new *gur* here as well as in mofussil markets were rising, thanks to sunny weather and prevailing high prices of the commodity. The quality offered, however, was poor but, the entire arrivals at an average of 600 maunds daily were being readily lifted to consuming areas of the South. Prices advanced to be quoted upto Rs. 43 per 40 kilogram for best quality, while inferior stuff was quoted from Rs. 26 to Rs. 35 per 40 kilogram.

COPPER SCRAP SUPPLIES TIGHT

(From Our Own Correspondent)

CALCUTTA, 12*th October*

Higher advices from overseas markets led to firmer conditions in the metal market during the week under review. On the London Metal Exchange, although copper gave way, other metals advanced.

Spot tin in London opened at £1,510 and advanced to as high a rate as £1,565. It is now doubted as to whether the price would return to the level prior to the present boom, which started several months ago. This unwelcome inference is drawn inasmuch as the gap between consumption and output is widening. This has naturally led to the habit of building up of stocks among large consumers in several countries. The situation is prevented from developing into an acute crisis by releases from the U.S. stockpiles. The only hope, therefore, of a return to the earlier price level lies either on increased production or on increased releases by the United States. The rapid increase in price, it is reported, is attracting investment in marginal mines in Malaysia. However, it would be some time before production could be substantially increased. Malaysia produced about 60,000 tons in 1963. That this year's output in that country is unlikely to increase is indicated inasmuch as production in the first seven months of this year aggregated only 34,500 tons as against 35,100 tons in the corresponding period of last year. The world shortage is accentuated by the rapid increase in industrial production in several countries, and the reported pronounced tendency in the U.S.S.R. to build-up stocks of tin. In Calcutta, tin was unchanged, but firm at Rs. 3,300 per 100 kgs.

Copper scrap continued to be in tight supply position in Calcutta. The price of utensil copper scrap was firm at Rs. 660 per 100 kgs. L.M.E. quotations for copper could not be maintained at higher levels due to profit-taking. Spot copper wire-bars eased from £5475-476 to £457-460. Spot cathodes from £430-435 to £425-435, and spot fire-refined copper from £400-410 to £375-380 but over the week-end rose to £472-474, £430-432½ and £390-400 respectively. Spot zins at £119-119½ was slightly higher compared with the earlier level of £118¾-119, while spot lead eased from £119½-119¾ to £119-1/8-119½. In Calcutta, zinc rose from Rs. 365 to Rs. 373, and lead was maintained at Rs. 312 per 100 kgs.

MONTHLY ECONOMIC REVIEW OF U.K.

(Concluded from page 680)

months, June-August, the average was £349,000,000, compared with £360,000,000 in the previous three.

The flatness of Britain's exports as shown by the global figures, like the flatness of industrial production as shown by the index, has equally come as a surprise to many leading industrialists and exporters. Important industrial enterprises have reported a continuing growth of the volume of their output directed towards exports and, possibly more significant still, the official statistics of new orders in a number of vital industries—notably the engineering and heavy electrical industries and machine tools—have shown a further growth in the input of new export orders.

The hopeful assessment of the present condition of Britain's economy argues that, for special reason, the recent showing of neither the output index nor the export returns can be treated as fairly indicative. The most actively expanding sectors of industry recently, it is argued, have been the capital goods industries, where the output cycle is a lengthy one, where work in progress may show itself in the index of production only after a considerable time-lag, and where the reflection in export returns may occur only after a still longer lag.

This interpretation is at least not inconsistent with other salient observed facts about the economy, notably the comparative sluggishness of consumer outlays, and especially public spending in the shops. There is certainly no sign that a consumer boom is seriously pre-empting masses of goods that might otherwise have gone for export.

On the other hand, it is far from clear whether the expansion that has occurred in imports can be attributed mainly to the expected capital-outlay strains associated with the rising trend of output. Imports rose sharply at the beginning of the year, to a monthly average of £453,000,000 in the first quarter, as compared with £423,000,000 in the final quarter of 1963, and £375, 000,000 in the first quarter of that year. In recent months, there seems to have been a renewed rise, after an interval of stability. The average for June-August was £461,000,000.

Chiefly in consequence of the deterioration in visible trade, the quarterly estimates of the balance of payments as a whole showed a further widening of the deficit on current account in the second quarter of this year. The gap then reached £113,000,000, or substantially more than the largest quarterly deficit recorded in 1960, the last year in which the account went significantly into the red.

The deterioration in Britain's overall "monetary" position—measured by the movement in reserves and new short-term liabilities—was, however, substantially less than these estimates implied : the balance of monetary movements was adverse to the extent of £256,000,000 (£165,000,000 in the second quarter). The difference between the two sets of figures represents a balancing item comprising unidentified receipts—whether in the form of unidentified net current earnings or net borrowings.

Up to the middle of the year, as I showed in my last letter, the deficit on Britain's payments were mainly being financed by the net accumulation of short-term balances in London, but since then, as expected, the pressure has been reflected to some extent in the movement of the reserves of gold and foreign exchange.

Likewise as expected, the British authorities arranged in September new "Basle-type" short-term credit facilities by arrangements with oversea central banks, and some use was made of these and other facilities to offset foreign exchange market pressures, mainly around the middle of the month. The recourse to these facilities during the uncertainties on the eve of the election was consistent, it will be seen, with the principles of policy defined earlier in the year. The big question that has to be answered in the coming months is whether these strains will indeed prove to be non-recurring, and eventually self-reversing. And that, as has been indicated, is a question that cannot be fairly answered from the indices yet available.

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Firestone

NEW DELUXE CHAMPION TYRE

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 9th Oct., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		86,00,00,000
National Agricultural Credit (Stabilisation) Fund		9,00,00,000
National Industrial Credit (Long Term Operations) Fund		10,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		51,24,81,000
(ii) State Governments		13,19,81,000
(b) Banks—		
(i) Scheduled Banks		96,77,75,000
(ii) State Co-operative Banks		2,52,49,000
(iii) Other Banks		1,58,000
(c) Others		136,13,19,000
Bills Payable		41,01,46,000
Other Liabilities		30,46,58,000
	Rupees	561,37,17,000

ASSETS	Rs.	Rs.
Notes		10,00,51,000
Rupee Coin		4,97,000
Small Coin		8,58,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments	28,23,64,000	
(ii) State Co-operative Banks	11,97,89,000	
(iii) Central Land Mortgage Banks	....	
(b) Investment in Central Land Mortgage Bank Debentures	4,41,53,000	
National Agricultural Credit (Stabilisation) Fund	....	
Loans and Advances to State Co-operative Banks		
National Industrial Credit (Long Term Operations) Fund:-		
(a) Loans and Advances to the Development Bank	....	
(b) Investment in bonds/debentures issued by the Development Bank	....	
Bills Purchased and Discounted—		
(a) Internal	....	
(b) External	....	
(c) Government Treasury Bills	169,25,43,000	
Balances Held Abroad*	8,84,27,000	
Loans and Advances to Governments**	37,33,57,000	
Loans and Advances to—		
(i) Scheduled Banks†	1,95,00,000	
(ii) State Co-operative Banks†	152,31,53,000	
(iii) Others	2,35,58,000	
Investments	107,53,41,000	
Other Assets	26,50,36,000	
Rupees	561,37,17,000	

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 50,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	10,00,51,000	
Notes in circulation	2435,35,75,000	
Total Notes issued		2445,36,26,000
Total Liabilities		2445,36,26,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	85,45,59,000	
Foreign Securities		
Total		203,21,79,000
Rupee Coin		105,84,73,000
Government of India Rupee Securities		2136,29,74,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2445,36,26,000

State Bank of Pakistan

Statement of Affairs for the week ended 2nd Oct., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	7,75,00,000
Rural Credit Fund	3,50,00,000
Deposits :—	
(a) Central Government	17,11,50,000
(b) Provincial Governments	15,00,98,000
(c) Banks	88,61,94,000
(d) Others	91,20,79,000
Bills Payable	11,10,000
Other Liabilities	12,40,40,000
Rupees	188,71,71,000

ASSETS	Rs.	Rs.
Notes		8,09,65,000
Rupee Coin		25,000
Subsidiary Coin		68,000
Bills Purchased and Discounted :—		
(a) Internal	....	
(b) External	3,62,52,000	
(c) Government Treasury Bills	19,99,17,000	
Balances held outside Pakistan*	....	
Loans and Advances to Governments		
Provincial Governments' Debtor Balances	96,96,99,000	
Other Loans and Advances	48,51,60,000	
Investments	11,48,90,000	
Other Assets	78	
Rupees	188,71,71,000	

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	8,09,65,000	
Notes in circulation	443,81,73,000	
Total Notes issued		451,91,38,000
Total Liabilities	....	451,91,38,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion		
Foreign Securities	74,58,33,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	4,49,24,000	
Government of Pakistan Securities	298,76,41,000	
Internal bills of exchange and other commercial paper	....	
		143,75,67,000
		303,25,65,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		451,91,38,000

State Bank of India

Statement of Affairs for the week ended 9th Oct., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		669,28,93,000
Borrowings from Other Banking Companies, Agents, etc.		1,11,05,000
Bills Payable		8,58,24,000
Bills for Collection being Bills receivable as per contra		6,28,12,000
Acceptances, Endorsements and Other Obligations per contra		20,78,02,000
Other Liabilities (including Inter-Office Adjustments)		21,31,62,000
Total .. Rs.		742,28,48,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		24,80,59,000
Balances with other Banks		4,16,47,000
Money at Call and Short Notice		5,13,33,000
INVESTMENTS :—		
Government and other Trustee Securities	Rs. 294,61,18,000	
Other Authorised Investments	8,98,23,000	
		303,59,41,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 310,26,24,000	
Bills Discounted and Purchased	17,31,56,000	
		327,57,80,000
Bills Receivable being Bills for Collection as per contra		6,28,12,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		20,78,02,000
Premises less Depreciation		2,88,13,000
Furniture and Fixtures less Depreciation		1,93,80,000
Other Assets (including Inter-Office Adjustments)		45,57,81,000
Total .. Rs.		742,28,48,000

EXCHANGE RATES

		13th Oct., 1964	7th Oct., 1964
London on New York	6 per Dollar	2.7834 - 2.7836	2.7828 - 2.7830
London on Berne	Sw. Fcs.	12.0130–12.0150	12.0160–12.0180
London on Paris	Fr. Fcs.	13.6880–13.6400	13.6850–13.6370
New York on London Cents per £		278.320–278.350	278.290–278.310
Pound Sterling—			
Sellers T.T. D.D. Spot	d.	1–5 31/32	1–5 31/32
Sellers T.T. D.D. upto six months	d.	1–5 15/16	1–5 15/16
Buyers T.T.	d.	1–6 1/32	1–6 1/32
Buyers D.D.	d.	1–6 1/16	1–6 1/16
U.S. Dollar—			
Sellers T.T. D.D.	Rs. to $100	480.75	481.00
Buyers T.T.	Rs. to $100	477.50	477.50
Canadian Dollars—			
Sellers T.T. D.D.	Rs. to $100	449.50	449.50
Buyers T.T.	"	441.50	441.50
French Francs—			
Sellers T.T. D.D.	per Rs. 100	101.80	101.70
Buyers T.T.	"	102.80	102.80
Swiss Francs—			
Sellers T.T. D.D.	"	89.70	89.60
Buyers T.T.	"	90.60	90.60
Deutsche Marks—			
Sellers T.T. D.D.	"	82.50	82.50
Buyers T.T.	"	83.40	83.40
Italian Lire—			
Sellers T.T. D.D.	"	12,955	12,955
Buyers T.T.	"	13,130	13,130
Swedish Kroner—			
Sellers T.T. D.D.	"	107.20	107.10
Buyers T.T.	"	108.30	108.20
Belgian Francs—			
Sellers T.T. D.D.	"	1,028	1,028
Buyers T.T.	"	1,044	1,044
Dutch Guilders—			
Sellers T.T. D.D.	"	74.70	74.80
Buyers T.T.	"	75.60	75.70
Hongkong Dollars—			
Sellers T.T. D.D.	"	119.60	119.60
Buyers T.T.	"	120.60	120.60
Norwegian Kroner—			
Sellers T.T. D.D.	"	148.80	148.80
Buyers T.T.	"	150.20	150.20
Danish Kroner—			
Sellers T.T. D.D.	"	144.00	143.90
Buyers T.T.	"	145.20	145.20
Straits Dollars—			
Sellers T.T. D.D.	"	64.00	64.00
Buyers T.T.	"	64.00	64.60

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	2-10-64	25-9-64	4-10-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	54,38	58,06	51,41
(ii) From others	1,150,18	1,138,77	967,88
(b) Borrowings from banks	29,01	31,10	27,41
(c) Others	74,59	74,93	62,36
2. Time liabilities—			
(a Time deposits—			
(i) From banks	37,56	39,64	35,12
(ii) From others	1,367,46	1,379,99	1,245,04
(b) Borrowings from banks	20,67	19,65	23,23
(c) Others	12,90	12,44	9,90
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,517,64	2,518,76	2,212,87
4. Borrowings from Reserve Bank	65	90	3,14
(a) Against usance bills and/or promissory notes	1	20	7
(b) Others	64	70	3,07
5. Borrowings from State Bank and/or a notified Bank	36,54	39,93	22,19
6. Cash	58,36	61,09	55,85
7. Balances with Reserve Bank	96,98	103,39	79,64
8. Cash and balances with Reserve Bank	155,84	164,49	135,49
9. % as per cent of $	6.19	6.53	6.12
10. Balance with other banks in current account	21,48	22,02	21,22
11. Money at call and short notice	69,62	72,35	60,21
12. Investments in Government securities	830,53	814,90	785,16
13. 12 as per cent of $	32.99	32.35	35.48
14. Advances—			
(a) Loans cash credits and overdrafts	1,462,83	1,460,75	1,238,12
(b) Due from banks	14,43	13,57	13,95
15. Inland bills purchased and discounted	180,13	175,52	172,25
16. Foreign bills purchased and discounted	71,22	68,44	53,25
17. Total Bank Credit [14(a)+15+16]	1,714,18	1,704,71	1,463,62
18. 17 as per cent. of $	68.09	67.69	66.14

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended			
	3rd Oct. 1964P	26th Sept. 1964P	5th Sept. 1964	5th Oct. 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.7	99.8	99.8	99.7
2. Government of India	99.4	99.5	99.5	99.4
3. State Governments	102.1	102.1	102.2	102.0
4. Municipal, Port Trust, etc.	99.0	99.0	98.9	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.5	98.3	98.3	97.6
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.4	82.8	82.3	82.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	165.7	166.6	168.6	169.3
8. *Agriculture and Allied Activities : Total**	139.8	139.8	141.1	152.6
9. Tea Plantations	125.3	125.6	127.4	141.3
10. Coffee Plantations	172.5	172.0	163.7	161.4
11. Rubber Plantations	185.6	184.6	184.1	173.4
12. *Mining and Quarrying: Total**	134.9	134.9	138.3	150.2
13. Coal	95.9	96.1	97.1	107.0
14. Other Mining	161.6	161.5	166.6	179.5
15. *Processing and Manufacturing : Total*	178.0	179.3	182.1	183.1
16. *Processing and Mfg. (Food-stuffs, Textiles, etc.) : Total*†*	177.0	177.1	179.3	185.8
17. Sugar	132.4	131.4	130.6	126.8
18. Cotton Textiles	160.7	160.9	168.0	169.6
19. Jute Textiles	86.4	86.9	87.6	102.1
20. Silk and Woollen	844.4	845.8	885.9	917.2
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	196.7	200.5	203.9	193.7
22. Iron and Steel	161.6	168.2	174.7	154.2
23. Transport Equipment	306.7	308.1	318.6	336.0
24. Electrical Machinery	163.7	166.8	165.1	161.9
25. Machinery other than Transport and Electrical	231.0	230.6	229.0	235.1
26 Basic Industrial Chemicals	139.7	191.3	190.4	188.7
27 *Processing and Mfg. (Others) : Total**	148.4	148.9	150.2	155.8
28. Cement	138.8	139.2	142.2	144.9
29. Paper	187.4	188.1	193.1	198.3
30. *Other Industries : Total**	114.3	113.9	113.2	105.8
31. Electricity Generation and Supply	98.7	97.4	96.5	84.4
32. Trading	112.0	113.4	111.6	113.5
33. Shipping and Other Transport	101.1	101.1	100.8	90.8
34. Construction	292.2	291.1	294.8	267.6
35. *Financial : Total*	192.5	193.9	192.5	188.9
36. Banks	215.8	216.2	216.3	203.7
37. Insurance	154.1	155.1	152.5	162.7
38. Investment Trusts	78.2	78.2	78.2	86.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	175.9	177.5	181.4	177.0
40. Calcutta	152.1	152.4	152.8	157.7
41. Madras	173.1	173.7	178.1	172.6
42. Delhi	221.5	222.2	228.9	221.2

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.
P—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	26th Sept. 1964	19th Sept. 1964	28th Sept. 1963	July 1964	July 1963	Percentage of Increase (+) or Decrease (—) in July 1964 as compared with July 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	172.4	171.8R	138.7	159.3	137.9	+15.6	136.8	128.1
Cereals	192	162.7	162.0	117.9	137.8	115.0	+19.4	116.8	106.6
Pulses	43	188.3	183.8R	112.2	147.6	109.7	+34.5	115.4	106.8
Fruits and Vegetables	23	182.1	188.4	172.4	167.0	141.8	+17.8	140.6	135.4
Milk and Ghee	84	149.2	148.9	125.7	150.8	132.1	+14.2	128.2	124.4R
Edible Oils	47	228.2	218.1	153.1	199.0	151.6	+31.3	151.1	152.8
Fish, Eggs and Meat	17	170.5	179.4R	148.5	178.1	148.5	+19.9	149.8	146.2R
Sugar and Gur	48	213.7	214.0	217.4	181.2	188.8	+ 1.3	188.8	145.0
Others	50	180.5	182.1R	182.9	183.1	188.2	— 2.7	179.8	171.8
Liquor and Tobacco	21	131.1	131.1	118.7	123.8	116.8	+ 4.9	119.5	109.9R
Tobacco	..	135.8	135.8	120.8	115.5	110.8	+ 4.3	118.5	97.4R
Fuel, Power, Light and Lubricants	30	143.5	143.4R	139.1	143.0	138.7	+ 3.1	139.6R	136.4R
Industrial Raw Materials	155	170.8	171.9	140.1	158.7	138.5	+14.6	139.5	136.5
Fibres	61	142.5	147.7	120.6	135.2	130.2	+ 3.8	132.5	128.8
Oilseeds	60	220.8	218.2	161.3	199.0	154.1	+29.4	154.1	151.4
Minerals	2	108.7*	108.7*	91.5*	103.7	93.4	+11.0	92.8	93.6
Others	32	135.0*	135.6*	121.6*	129.7	125.2	+ 3.6	127.3	125.8
Manufactures	290	137.2	137.3	131.1	133.7	130.8	+ 2.2	131.1	130.6R
Intermediate Products	41	151.8	151.2	139.2	148.1	140.1	+ 5.7	139.6	139.5
Finished Products	249	134.8	135.0	129.8	131.3	129.1	+ 1.7	129.7	127.1
Textiles	147	132.8	133.1	128.0	127.7	126.5	+ 0.9	127.7	126.1
Cotton	..	136.7*	136.6*	135.8	135.4	135.3	+ 0.1	135.6	136.7
Jute	..	118.3	119.7	102.0	99.8	97.9	+ 1.9	100.2	116.8
Woollen	..	169.2*	169.2*	156.6*	169.2	156.6	+ 8.0	155.3	149.4
Silk and Rayon	..	136.3*	136.3*	136.3*	136.3	136.3	+ 2.0	139.8	131.8
Metal Products	12	169.0	169.0	163.7	169.5	163.7	+ 3.7	163.1	160.1
Chemicals	20	120.5*	120.4*	116.8*	116.5	117.2	+ 1.1	127.9	122.1
Oil Cakes	9	198.7*	199.8	164.0	191.1	169.8	+12.5	165.7	169.4
Machinery and Transport Equipment	31	127.1	127.1	125.2	125.9	125.9	+ 2.4	125.2	117.4
Others	30	127.8	127.8	128.6	127.7	128.4	— 0.5	128.2	117.4
All Commodities	1,000	153.8	153.8R	138.1	148.3	138.4	+11.7	138.1	131.6

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Cotton Receipts (Total Indian)	Week ended 3rd October 1964	37,454*
	Corresponding week, 1963	5,714*
	1st Sept. to 31st Aug., 1963-64	1,544,471*
	Corresponding period, 1962-63	1,789,758*
Exports by Rail	From 1st Sept. to 31st Aug., 1963-64	43,282
Exports by Road (Estimated)	Do. Do.	75,000
Exports by Sea	Do. Do.	..
Mill Consumption (Estimated)	1st Sept. to 31st Aug., 1963-64	1,383,224
	Corresponding period, 1962-63	1,308,520A
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 31st Aug., 1964	410,115
	Corresponding date ,1963	501,814A
Consumption of Cotton—		
Indian	May, 1964	431,543
Foreign		46,488
Indian	Nine months ended May 1964	4,099,506
Foreign		461,075
Indian	Same period, 1963	3,500,220
Foreign		723,651
Stocks (Mills and Elsewhere)—		
Indian	As on 31st May, 1964	1,954,620
Foreign		254,889
Indian	As on 31st May, 1963	1,844,594
Foreign		190,226

Indian Mills cotton consumption from 1st Sept. to 31st May (In Bales of 180 Kilograms)	1963-64	1962-63
Indian	4,099,506	3,500,220
Pakistan	5,648	105,903
American (including Peruvians)	212,256	288,467
Egyptian	114,437	90,104
Sudan	92,980	169,726
East African	31,232	50,167
Others	4,513	10,284
Total	4,560,581	4,223,871

Exports by Sea to Foreign Countries (a) (In bales of 180 kilograms)	From 1st to 26th Sept., 1964	From 1st to 26th Sept., 1963	From 1st September to 31st Aug., 1963-64	From 1st September to 31st Aug., 1962-63
U. K.	50	100	5,143	4,237
Continent	1,095	167	23,129	26,911
Hong Kong	350	694	4,691	8,150
Japan	12,452	7,498	166,959	230,807
U.S.A.	100	50	18,404	13,780
Other countries	—	—	2,378	1,467
Total—all foreign countries	14,047	8,509	225,704A	285,352

		(Bales of 392 lbs.)
Cotton Pressed in India† (In running bales)	1st to 18th Sept., 1964	17,785
	Corresponding period 1963	29,003
	1st Sept. to 31st Aug., 1963-64	4,801,156
	Corresponding period, 1962-63	4,365,733
Karachi (Pakistan) Receipts	1st Sept. to 31st Aug., 1963-64	1,529,545
	Corresponding period, 1962-63	1,408,149
Exports	1st Sept. to 31st Aug., 1963-64	1,285,454
	Corresponding period, 1962-63	1,132,619

† Incomplete. * By Rail Sea and Road A—Actual figures —Not received. (a) Includes Zoda cotton and yellow pickings.

GOVERNMENT SECURITIES

TERMINABLE LOANS

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
2½ % Fg. Loan	1948	110,11,75,000	1966-68	93.85
2½ % Dev. Loan	1945	115,05,82,000	1970-75	90.50
2½% Loan	1946	14,77,45,000	1976	83.00
2½% 4N.P. Bonds (Sixth Series)	1955	153,67,92,000	1965	100.00
2½% 5N. P. Bonds	1956	197,40,92,000	1967	99.75
2½% Loan	1956	86,68,58,000	1974	96.25
2½% N. P. Bonds (4th Series)	1957	56,99,80,000	1967	99.90
4 % Loan	1957	154,70,22,000	1972	96.75
2½% Loan	1958	79,00,00,000	1966	99.00
2½% Loan N.P.B.	1958	156,54,22,000	1968	98.90
4 % Loan	1958	94,51,44,000	1973	98.70
2½% Loan	1959	190,85,42,000	1966	97.95
4 % Loan	1959	91,06,89,000	1979	98.00
4 % Loan	1960	98,05,17,000	1980	98.00
2½% Bonds	1960	82,65,41,000	1966	100.00
4 % Loan	1961	65,96,55,000	1981	98.25
4½% Loan	1962	114,98,37,000	1985	100.10
6½% Gold Bonds	1962	5,30,15,900	1977	118.05
4½% Loan N.D.B.	1962	18,96,47,000	1972	100.10
4 % Loan	1963	82,12,16,000	1969	99.35
4½% Loan	1963	53,06,32,000	1986	100.10
4 % Loan	1963	108,86,71,000	1978	100.00
4 % Loan	1964	71,73,00,000	1970	99.00
4½ % Loan	1964	69,74,00,000	1989	100.00

LOANS TERMINABLE AT OPTION OF GOVT.

3 % Loan	1896-97	8,98,38,000	'M'	62 50
3 % Loan	1946	248,91,08,000	'K'	63.05

STATE LOANS

4 % Andhra	1955	5,00,16,000	1st Sept. 1967	99.40
4 % Andhra	1956	6,56,15,000	3rd Sept. 1968	99.00
4½ % Andhra	1958	5,48,92,000	15th July 1970	99.00
4 % Andhra	1959	4,67,75,000	29th Aug. 1971	98.00
4 % Andhra	1960	9,85,35,000	29th Aug. 1972	98.40
4½ % Andhra	1961	11,01,81,000	Sept. 1972	98.25
4½ % Andhra	1963	10,00,56,000	Aug. 1974	98.50
4½ % Andhra	1964	13,81,00,000	24th Aug. 1976	98.80
4 % Maharastra	1955	9,41,35,000	1st Sept. 1967	98.50
4 % Maharastra	1956	7,70,11,000	3rd Sept. 1970	98.50
4½% Maharastra	1957	6,47,37,000	1st Sept. 1969	99.50
4½% Maharastra	1958	6,48,62,000	15th July 1970	99.50
4½% Maharastra	1958	4,81,45,000	15th July 1971	99.25
4 % Maharastra	1959	5,15,14,000	29th Aug. 1971	98.10
4 % Maharastra	1960	10,98,87,000	29th Aug. 1972	98.70
4½% Maharastra	1961	10,77,35,000	Sept. 1972	99.15
4½% Maharastra	1962	13,64,97,000	Aug. 1974	99.35
4½% Maharastra	1964	15,01,10,000	24th Aug. 1976	99.75
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	99.20
4 % Bihar	1956	2,18,41,000	3rd Sept. 1968	98.80
4 % Bihar	1958	2,76,71,000	15th Oct. 1970	98.00
4½% Bihar	1959	3,33,22,000	29thAug. 1971	97.75
4 % Bihar	1960	3,22,48,000	29thAug. 1969	98.50
4 % Bihar	1961	3,28,40,000	Sept. 1972	97.50
4½% Bihar	1962	4,71,50,000	Aug. 1974	98.50
4½% Bihar	1964	4,78,00,000	24th Aug. 1976	
4 % Gujarat	1960	8,32,74,000	29th Aug. 1969	98.40
4½% Gujarat	1961	9,97,47,000	Sept. 1972	98.90
4½% Gujarat	1962	9,97,47,000	Aug. 1974	99.50
4½% Gujarat	1964	8,94,00,000	24th Aug. 1976	96.70
Kerala (New)	1936-37	1,95,06,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	99.50
4 % Hyderabad	1956	2,18,02,900	3rd Sept. 1968	98.80
4 % Madras	1954	19,47,17,000	1st Sept. 1967	99.25
4 % Madras	1956	13,88,56,000	3rd Sept. 1968	98.75
4 % Madras	1958	5,85,57,900	15th July 1970	99.00
4 % Madras	1959	8,72,75,900	29th Aug. 1971	98.10
4½% Madras	1960	12,20,72,000	29th Aug. 1972	98.50
4½% Madras	1961	10,44,90,000	Sept. 1972	98.25
4½% Madras	1963	13,34,99,000	Aug. 1974	99.35
4½% Madras	1964	14,29,00,000	24th Aug. 1976	97.00
4 % Mysore	1955	3,54,94,000	1st Sept. 1967	99.40
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	99.00
4½% Mysore	1957	3,54,36,000	15th Sept. 1969	98.25
4 % Mysore	1958	5,81,62,000	15th July 1970	98.40
4 % Mysore	1959	5,43,46,000	29th Aug. 1971	98.00
4½% Mysore	1960	4,77,75,000	29th Aug. 1969	98.70
4½% Mysore	1961	5,54,19,000	Sept. 1972	98.25
4½% Mysore	1962	6,59,08,000	Aug. 1974	98.50
4½% Mysore	1964	7,01,00,000	24th Aug. 1976	97.25
4 % M.P.	1955	1,69,12,000	1st Sept. 1967	99.20
4 % M.P.	1956	1,68,42,000	3rd Sept. 1968	98.80
4 % M.P.	1958	2,21,35,000	15th July 1970	98.00
4 % M.P.	1959	5,26,55,000	19th Aug. 1971	97.75
4 % M.P.	1960	5,16,80,000	29th Aug. 1969	98.50
4 % M.P.	1961	5,04,45,000	Sept. 1972	97.50
4 % M.P.	1962	5,06,29,000	Aug. 1974	98.50
4 % M.P.	1964	5,20,00,000	24th Aug. 1976	96.70
4 % Saurashtra	1955	2,45,39,000	1st Sept. 1967	99.40
4 % Saurashtra	1956	2,62,56,000	3rd Sept. 1968	98.75
4 % Saurashtra	1958	2,22,08,000	3rd Sept. 1970	98.50
4 % Kerala	1958	3,27,43,000	15th July 1970	98.00
4 % Kerala	1959	4,47,08,000	19th Aug. 1971	97.25
4 % Kerala	1960	4,09,41,000	29th Aug. 1969	98.00
4½% Kerala	1961	4,10,08,000	Sept. 1972	97.50
4½% Kerala	1962	4,21,15,000	Aug. 1974	98.50
4½% Kerala	1964	4,39,00,000	25th Aug. 1976	96.70
4½% U.P.Z.A.	1952	42,80,19,000		42.00‡
4 % U.P.	1936	1,54,80,000	15th Sept. 1961-66	94.00
4 % U.P.	1955	8,94,65,000	1st Sept. 1967	99.20
4 % U.P.	1956	8,19,58,000	3rd Sept. 1968	99.00

PORT TRUST LOANS

BOMBAY

Amount	Interest per cent	Year of Issue	Repayable	Market quotation	Rs.
Rs.					
36,50,000	4	1904	1964		
35,00,000	4	1905	1965		
15,00,000	4	1906	1967		97.57
44,00,000	4	1907	1968		N
75,00,000	4	1908	1969	96.00	
40,00,000	4	1909	1970		
56,00,000	4	1910	1971		
75,00,000	4	1911	1972		
1,10,00,000	4	1912	1973		97.50
80,00,000	4	1913	1974	91.00	N
88,25,000	4	1914	1975	91.00	98.00N
55,00,000	4	1915*	1975		
24,58,000	3½	1935*	1975		
15,00,000	3½	1936*	1966	D	
10,00,000	3½	1938*	1968		
7,00,000	3½	1941	1971		

CALCUTTA

Rs.				Rs.
90,24,500	4	1914	1974	98.25
76,80,700	4	1915	1975	98.25
1,50,00,000C	3	1921	1981	82.00
65,02,200C	6††	1921	1981	144.00N
50,00,000	4½	1921	1981	98.00
60,00,000	3½	1935	1965	90.00
25,00,000	3	1938	1968-68	98.00
50,00,000	3	1945	1995	72.00
50,00,000	3	1945	1976	83.75
50,00,000	3	1946	1976	83.50
50,00,000	3	1946	2006	72.00
50,00,000	3	1947	1977	78.50
50,00,000	3	1948	1978	83.00
50,00,000C	3	1950	1980	81.00
50,00,000	3	1951	1981	80.50
50,00,000	4	1955	1988	97.50
90,00,000	4	1956	1985	97.25
77,00,000	4	1956	1986	97.25
78,00,000	4	1956	1986	97.50
1,24,00,000C	4½	1957	1987	99.50
1,30,00,000C	4½	1958	1988	99.00
1,00,00,000	4	1959	1989	99.00
50,00,000	4½	1959	1989	99.00
1,00,00,000	4	1960	1970	98.50
1,00,00,000	4	1960	1970	98.50
1,50,00,000	4½	1961	1971	98.75
50,00,000	4½	1963	1973	100.00
1,00,00,000	5	1963	1993	100.00

STERLING LOANS

£892,600	5	1923	1953-88	£71
£901,000	5	1924	1954-84	£72

MADRAS

Rs.				Rs.
24,01,669	3½	1947	1977	
8,69,957†	3	1947	1977	A
5,90,517†	3	1949	1979	
45,90,000†	4½	1954	1984	

IMPR. TRUST LOANS

BOMBAY

Amount Sanctioned	Interest per cent	Year of Issue	Repayable	Market quotation	Rs.
Rs.					
60,00,000	4	1903	1963		
50,00,000	4	1904	1964		
30,00,000	4	1905	1965		
20,00,000	4	1906	1966		
15,00,000	4	1907	1967		
80,00,000	4	1908	1968		
25,00,000	4	1912	1972		
15,00,000	4	1913	1973		
50,00,000	4	1914	1974		
25,00,000	4	1916	1976		
64,00,000	4	1925	1955-80		
25,00,000	4	1927	1961-70		
10,00,000	3½	1936	1956		

STERLING LOANS

£566,600	4	1909	1969	£95.50
£333,000	4	1910	1970	£95.50N

CALCUTTA

Rs.				Rs.
50,00,000	4	1935	1964	99.25
35,00,000	3½	1935	1965	96.00
30,00,000	3	1936	1966	92.50
20,00,000	3	1938	1963-68	92.00
1,02,00,000	4	1956	1968	98.50
75,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75

MUNICIPAL LOANS

BOMBAY

Rs.				Rs.
8,25,00,000	3½	1947	1977	82.00
2,18,14,500	3½	1949	1979	82.00
4,00,00,000	3½	1950	1965	98.10
2,00,57,318	3½	1951	1966	98.00
86,87,000†	4	1954	1966	99.00
2,50,00,000	4	1956	1967	98.00
1,57,50,000	4	1956	1968	98.00
2,09,10,500	4½	1957	1969	98.80
4,40,00,000	4½	1958	1970	98.75
5,30,00,000	4	1959	1971	97.00
2,50,00,000	4½	1961	1972	98.50
2,50,00,000	4½	1961	1978	98.50
5,15,00,000	4½	1962	1974	99.75

CALCUTTA

Rs.				Rs.
35,91,000	3½	1935	1965	96.00
60,00,000	3	1936	1966	98.00
47,50,000	3	1938	1968	92.50
21,10,000	3½	1942	1972	92.00
66,88,000	3½	1951	1966	96.50
72,50,000	4½	1954	1979	100.00
2,22,72,000	4	1955	1985	97.25N
73,86,000	4½	1958	1968	100.50
1,67,32,000	4½	1958	1970	101.00N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1958	7,65,59,000	15th July 1970	99.15
4 % U.P.	1959	5,70,81,000	19th Aug. 1971	98.10
4 % U.P.	1960	7,79,21,000	29th Aug. 1969	98.70
4½% U.P.	1961	6,83,89,000	Sept. 1972	98.50
4½% U.P.	1962	9,84,05,000	Aug. 1974	98.50
4½% U.P.	1964	11,79,00,000	24th Aug. 1976	97.00
4 % Rajasthan	1956	3,14,10,000	3rd Sept. 1968	99.10
4½% Rajasthan	1958	2,70,88,000	15th July 1970	98.00
4 % Rajasthan	1959	5,84,19,000	19th Aug. 1971	97.50
4 % Rajasthan	1960	5,09,25,000	29th Aug. 1969	98.35
4½% Rajasthan	1961	5,49,48,000	Sept. 1972	97.50
4½% Rajasthan	1962	4,94,48,000	Aug. 1974	98.50
4½% Rajasthan	1964	5,28,60,000	24th Aug. 1976	96.70
4 % Orissa	1956	3,56,34,000	3rd Sept. 1968	98.80
4 % Orissa	1958	3,28,60,000	15th July 1970	98.00
4 % Orissa	1959	5,85,58,000	19th Aug. 1971	97.75
4½% Orissa	1960	4,40,85,000	29th Aug. 1969	98.50
4½% Orissa	1961	5,88,74,000	Sept. 1972	98.25
4½% Orissa	1962	7,66,10,000	Aug. 1974	98.50
4½% Orissa	1964	9,18,00,000	24th Aug. 1976	96.70
4 % M. Bharati*	1956	11,26,000	1st Aug. 1968	98.80
4 % W. Bengal	1955	7,58,72,000	1st Sept. 1967	99.40
4 % W. Bengal	1956	7,11,40,000	3rd Sept. 1968	98.75
4 % W. Bengal	1958	5,10,50,000	15th July 1970	99.00
4 % W. Bengal	1959	7,69,69,000	19th Aug. 1971	98.00
4 % W. Bengal	1960	7,06,82,000	29th Aug. 1969	98.70
4½% W. Bengal	1961	7,30,71,000	Sept. 1972	98.25
4½% W. Bengal	1962	7,08,29,000	Aug. 1974	98.50
4½% W. Bengal	1964	7,00,00,000	24th Aug. 1976	96.70
4½% Assam	1959	2,76,40,000	19th Aug. 1971	97.50
4½% Assam	1962	3,01,80,000	Aug. 1974	98.50
4½% Assam	1964	3,12,00,000	24th Aug. 1976	96.70
4 % Punjab	1962	2,18,87,000	19th Aug. 1971	97.50
4½% Punjab	1961	3,13,03,000	Sept. 1972	97.50
4½% Punjab	1921	3,64,88,000	Aug. 1974	98.50

ABBREVIATIONS. N—Nominal. (f) Income-tax free. * Loans held entirely by the Trustees. † Bombay State Transport.
—Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. D—Domestic Loan not marketable.
Rate of Interest reduced from 6 to 5 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 6½ to 4 per cent with effect from 1st April 1968.
Interest free for first 12 years. †—Interest free for first 7 years. Z—Ex Twelve Instalments but inclusive of accrued interest.
—At the option of the Government after three months' notice. K—On September 1966 or later at the option of the Government after three months' notice.
—Liability taken over by Madhya Pradesh. ● Total amount invested in Gold Bonds up to 15th February 1965.

WEEK'S STOCK EXCHANGE TRENDS

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 14th October 1964.

	Closing quotations 8-10-1964	High	Low	Closing quotations 14-10-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Abm. Adv. (100)	144.00	145.50	143.00	145.50
Apollo (2)	1.74	—	—	1.75
Baroda Rayon (100)	67.00	69.00	67.00	68.50
Bombay Dyeing (25)	59.20cd	59.20cd	58.00xd	58.12
Bradbury (50)	162.50	—	—	[illegible]
Central India (100)	102.00	103.00	101.00	[illegible]
Century Mills (100)	605.00	611.50	600.00	604.50
Dawn (50)	161.00cd	161.00cd	148.00xd	148.00xd
Elphinstone (50)	97.00	96.00	95.50	95.50
Finlay (100)	300.00	306.00	300.00	304.00
Gokak (100)	176.00	—	—	176.00
Gold Mohur (100)	221.25	—	—	221.25
Gwalior Rayon (10)	39.50	38.00	37.50	37.50
Ind. Untd. Defd. (1)	2.34	2.34	2.34	2.35
Ind. Untd. Ord. (10)	19.32	19.60	19.40	19.60
Indian Rayon (100)	58.00	60.50	58.00	60.00
Indore Malwa (100)	210.00	211.00	207.50	211.00
Khatau (100)	175.00	175.00	172.50	175.00
Kohinoor (100)	320.00cd	323.00cd	313.50xd	316.00xd
Mafatlal (100)	526.25	—	—	525.00
Modella Woollens (10)	12.36	12.48	12.36	12.48
Morarji (100)	260.00	261.00	260.00	261.00
Mysore (50)	35.50	36.00	35.50	36.00
National Rayon (100)	347.50	351.50	342.00	347.00
New Great (100)	160.00	—	—	160.00
Phoenix (100)	231.50	232.00	229.00	229.00
Pedar Mills (10)	11.20	—	—	11.13
Raymond Woollen (100)	135.00	—	—	135.00
Sassoon Spg. (10)	37.75	—	—	37.75
Shreeniwas (100)	250.00	250.00	242.00	242.00
Simplex (50)	125.50	—	—	125.50
Standard (100)	610.00	625.00	605.00	615.00
Svadeshi (100)	262.00	263.50	259.50	261.00
Swan (100)	275.00	276.00	272.00	272.00
S. I. Viscose (100)	118.00	113.50	112.00	113.00
Tata Mills (25)	49.50	49.70	49.00	49.00
Lakshmi-Vishnu (100)	88.00	—	—	90.00
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	101.00	101.00	99.50	100.00
Do. (New) (50)	107.00	—	—	107.00
Bank of Baroda (50)	98.50	99.00	98.50	98.00
Central (25)	52.50	52.50	52.20	52.50
Central 'A' (25)	53.00	53.50	53.00	53.50
Dena Bank (50)	65.00	65.30	64.70	65.00
Punjab National (10)	20.24	20.24	20.12	20.12
Union Bank (5)	6.56	6.56	6.52	6.52
United Com. (50)	78.00	78.00	75.70	78.00
Maharashtra (50)	52.50	58.00	52.50	58.00
ELECTRIC COS.				
Ahmedabad (100)	106.50	105.75	104.25	105.00
Amalgamated (10)	10.00	—	—	10.40
Andhra Valley (1,000)	1,268.75	1,268.75	1,250.00	1,250.00
Bom. Sub. El. (100)	116.50	117.50	116.50	117.00
Surat (100)	112.50	113.00	112.50	113.00
Tata Hydro (100)	180.50	181.00	180.00	180.00
Tata Power (1,000)	1,825.00	1,810.00	1,285.00	1,287.50
INSURANCE COS.				
British India (10)	13.40	—	—	13.40
Indian Mercantile (50)	66.00	—	—	66.00
New India (15)	44.50	44.25	43.50	44.00
New Sind. 'A' (15)	46.00	46.50	45.00	46.00
Vulcan (10)	16.12	16.24	16.12	16.24
STEEL COS.				
Ind. Iron (10)	24.88	25.20	24.88	25.15
Mukand Iron (10)	17.84cd	17.96cd	16.88xd	16.88
Tata Steel Ord. (75)	146.00	147.50	145.50	147.00
SUGAR COS.				
Belapur (50)	225.50	226.00	223.50	223.50
Bhopal (10)	12.52	12.72	12.52	12.75
Champdani (12.50)	22.76	—	—	22.76
Maharashtra (50)	138.50	140.00	138.50	140.00
Phaltan (50)	114.00	113.50	112.00	113.00
Walchand Ind. (100)	162.00	161.50	161.00	161.50
CEMENT COS.				
Associated Cts. (100)	161.25	164.50	161.25	164.25
Digvijay (100)	182.50	181.00	179.00	180.00
Orissa (10)	11.32	11.48	11.16	11.30
DYES & CHEMS.				
Amar-Dye-Chem (100)	153.75	153.75	152.50	150.00
Camphor & Allied (100)	93.00	—	—	92.00
Chemicrat (100)	70.00	72.50	70.00	72.50
Colour-Chem. (100)	100.00	—	—	100.00
Indian Dyestuff (100)	311.00	311.25	300.00	307.50
Polychem (100)	290.50cd	306.00cd	283.00xd	289.00
Synthetics (100)	107.00	107.00	103.00	103.00
Tata Chemicals (10)	79.00	79.50	76.00	76.00
MISCELLANEOUS	19.16	19.68	18.96	19.16
Alcock Ashdown (100)	290.00	292.00	288.00	289.00
Bom. Burmah (25)	55.90	57.00	56.00	56.40
Do. (New) (25)	42.50	42.25	41.50	42.00
Br. B. Petrol (1½ sh.)	3.14	3.12	3.04	3.08
Br. I. Corpn. (5)	11.76	—	—	11.00
Cooper Eng. (100)	113.00	113.00	111.50	112.00
Hindustan Lever (10)	80.50	80.50	80.00	80.00
Hindustan Motors (10)	17.44	17.60	17.36	17.56
I. C. & Invest. Corporation (100)	96.00	97.00	96.00	97.00
Indian-Copper (2 sh.)	3.32	3.42	3.30	3.40
Kilburn (100)	100.00	—	—	100.00
Larsen & Toubro (10)	21.52	21.64	21.32	21.40
Mahindra & Mahindra (10)	17.08	17.12	17.00	17.06
Mukand Cables (100)	66.50	67.00	66.00	67.00
Permanent Magnets (100)	104.00	104.00	100.00	100.00
Phillips Carbon (10)	13.00	13.00	12.60	12.60
Premier Automobiles (100)	102.50	104.25	102.00	102.75
Scindia (20)	185.50	186.00	185.00	187.00
S. E. Shipping (10)	16.18	16.18	15.56	15.75
N. Standard Eng. (100)	11.88	12.08	11.92	12.12
T. Manaklal (100)	128.50	—	—	129.50
Travelspur (10)	503.50	—	—	502.50
Sirpur Paper (10)	16.76	17.00	16.52	16.76
Tata Locomotive (100)	11.60	11.60	11.48	11.60
Tata Oil (25)	260.50	262.50	256.50	259.50
Voltas (50)	50.00	50.50	49.00	49.50
W. I. Match (100)	268.00	265.75	263.50	264.50
W. Coast Paper (100)	240.00	240.00	239.50	239.50
Zenith Steel (10)	168.00	171.00	166.00	171.00
	14.76	14.88	14.60	14.76

GOVERNMENT SECURITIES	8-10-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	14-10-1964 Rs.
2½% 1976	83.00	—	4.61	83.00
2½ % 1966-68	98.35	3.85	4.45	98.35
2½ % 1970-75 1st Dev.	90.25	4.90	4.12	90.25
2½% 4N. P. Bonds	83.10	—	4.76*	83.00
2½% 5N. P. Bonds	100.00	—	4.17	100.25
2½% 1974	99.80	—	3.58	99.80
2½% 6N. P. Bonds	96.00	—	4.17	96.00
2½% 1965 Loan	99.90	—	3.79	99.90
2½% 1966	98.00	—	3.95	98.00
2½% 7N. P. Bonds	99.90	—	3.77	99.00
4 % 1972 Loan	98.80	—	3.76	98.80
4 % 1973 Loan	98.75	—	4.18	98.75
4 % 1975 Loan	98.00	—	4.17	98.00
2½% 1968 Loan	98.00	—	4.18	98.00
4 % 1980 Loan	100.00	—	4.50	100.00
4 % 1981 Loan	98.05	—	4.17	98.05
4½% 1983 Loan	98.00	—	4.16	98.00
6 % 1977 G. Bonds	100.15	—	4.49	100.15
6½% 1972 N. D. Bonds	118.10	—	4.66	117.75
4½% 1982 Loan	100.10	—	4.24	100.10
4½% 1969 Loan	100.25	—	4.48	100.25
	100.00	—	4.75	100.00

* Current Income. c.d.—Cum-Dividend. x.d.—Ex-dividend. x.r.—Ex-Right.

with all this were his attempts to introduce some "heretic" innovations on capitalistic lines. One plan aimed at "incentives," involving (i) a limited, factory-by-factory profit system leading to bonuses as incentives and, consequently, (ii) a far-reaching decentralisation of economic management and controls. Further incentives to collective farmers for boosting agricultural production were not also ruled out.

It would appear that this bid made by Mr. Khrushchev to downgrade heavy industry in a possible long-term plan based on a new consumer-oriented philosophy and to introduce capitalistic methods of "profitability accounting" had caused grave disquiet to the orthodox, pro-heavy industry economists, the munitions-conscious military and the powerful technocrats and managerial-minded men. If it is these elements, with their heavy representation in the Soviet Communist Party's Central Committee, that have forced Mr. Khrushchev to resign, there can be nothing surprising about it. But even they cannot possibly ignore the popularity of Mr. Khrushchev and his consumer-oriented economic policies, the growing complexity of the Soviet economy, the need for imparting dynamism to its agriculture and the increasingly sophisticated demands of the Soviet people. How the new leaders will reconcile the vested interests of the military, technocratic, managerial and bureaucratic classes with the complex pressures of the Soviet economy and demands of the Soviet masses is anybody's guess. As of now, the only thing that is clear is that an era—in several respects a glorious era, with its sputniks and luniks, manned space flights, etc.—has ended in Moscow to the dismay of the Soviet people and the world alike. As Mr. Edward Crankshaw has lamented: "The colour has gone from the Russian scene: when will it come back? The first true politician in the history of Russia, Tsarist or Leninist, has vanished without leaving a ripple on the surface. When shall we get another?" It is difficult for one not to share Mr. Crankshaw's grief over the exit of a heretic (among Communists) whose dynamic impact was not confined to the Russian scene. This country, too, regrets the political oblivion of Mr. Khrushchev who, as our New Delhi correspondent evaluates elsewhere in this issue, had played no mean role in promoting healthy Indo-Soviet relations.

EXTERNAL AID FOR INDIA

ALTHOUGH the Union Cabinet has approved a firm outlay of Rs. 21,500 crores for the fourth Five-year Plan—it will be raised by a further Rs. 1,000 crores if additional resources become available during the first two years—the figure cannot be considered a final one. For the outlay would have to be endorsed by that supreme policy-making body in planning, the National Development Council (N.D.C.), which is due to meet at New Delhi on the 27th and 28th inst. Even supposing the N.D.C. okays the outlay of Rs. 21,500 crores as approved by the Cabinet, much significance need not be attached to it now, in view of the many imponderables that cannot be sized up at present with any degree of accuracy. Mention may be made of two such imponderables. There is, first of all, the highly uncertain international political situation. If this situation becomes tense—"explosive" is the more appropriate term to be used—and if India's relations with Communist China and Pakistan get strained further, all calculations about the resources position are bound to go awry. There is then the price factor. Since the outlay of Rs. 21,500 crores has been worked out in terms of 1963-64 level of prices, which was higher by about 8 per cent, as compared with the previous year, it may not be unreasonable to expect the outlay to be much heavier on account of the persistently rising trend of prices, notwithstanding the Planning Commission's special plea for keeping prices "on an even keel" through emphasis on quick-yielding schemes, price regulatory measures and check on expenditure. To add to these imponderables, there are serious doubts about the ability of the State Governments to mobilise resources. The experience in this regard since the commencement of the first Plan has been rather disappointing. Mr. Asoka Mehta, Deputy Chairman of the Planning Commission, was himself provoked to utter a note of warning when he declared at Srinagar the other day that the implementation of the fourth Plan would receive a setback if the States failed to exploit their resources.

Whatever be the final firm outlay that will ultimately be written into the fourth Plan document, there is no doubt that external assistance will have to be on a much larger scale than that (Rs. 2,500 crores) assumed by planners. Indeed, international aid will continue to hold the key to the entire Indian development effort, as the increasing exports will only have a marginal impact on the foreign exchange problem which is not merely one of financing the huge maintenance and development imports but also one of servicing the external debt (payment of interest and repayment of principal). This aspect has been impressively highlighted in the findings of a special research project on public international development financing in India, undertaken by the Colombia University School of Law, New York. The four causes of stress in the third Plan, which the study has listed, may conceivably apply to the fourth Plan too. The absence of foreign exchange reserves is the first of these. (The total of such reserves, as of today, stands at no more than Rs. 95 crores, excluding the gold holdings of Rs. 118 crores.) The pattern of external assistance—the nature of tying involved and the delays involved at either the Indian or the external end—can cause short-term problems, irrespective of the overall adequacy of the amount of aid offered. The third source of stress pertains to possible failures in achieving superior export performance. (The aggregate fourth Plan export target of Rs. 5,100 crores may not be fulfilled if prices are not held within manageable limits and the importing countries, especially the developing ones, do not buy on a much larger scale than they do at present.) And, finally, there is the old problem of miscalculation arising from inadequate preparation of blueprints, the lack of provision for rising machinery prices abroad, the burden that can be caused by fortuitous factors, and the failure in phasing which may cause short-term spurts in the demand for unplanned imports.

The authors of the research study have certainly done a signal service to India by advocating, in a forceful manner, continued large-scale external assistance for some years to come. Assistance amounting to more than a billion dollars per annum, they say, will be required *for at least another decade* (italics ours) before the inter-relationships among local production, exports and imports will have been strengthened to the point where adequate economic growth can be more self-propelling. Without mincing words, they observe: "If India is to continue to grow even at the modest rate that it has been able to achieve, which still leaves much to be desired considering the very low levels of living of its vast population, the massive aid from the more fortunate countries in a position to provide it will have to continue."

Combined with the forceful plea for continued large-scale external assistance for India is the note of optimism to the effect that such assistance will be forthcoming. It is to be hoped that this optimism will not turn out to be wishful thinking. We say this because of two developments of far-reaching importance that have taken place since the authors of the study completed their work. They are the high-level change in the Kremlin hierarchy, resulting in the exit of Mr. Khrushchev, and the nomination of Mr. Goldwater, an extreme conservative, as the Republican candidate for the U.S. Presidency. Special mention has been made of these two developments, since it is the U.S. and Soviet Russia that have given aid on a substantial scale so far. It is difficult to say whether aid on such a scale will continue to be made available in the coming years also. But it can be said that, irrespective of the changes taking place in Soviet Russia and the U.S., those at the helm of affairs cannot afford to ignore the consideration that continued contribution to the development of India is desirable from the point of view of its political stability and genuine neutrality.

It is not the quantum of aid alone that is important, for the terms of aid are equally so. The large increase in loans to India, according to the research study, has meant that the burden of their servicing has moved up from three per cent of the country's export proceeds in the first Plan period (1951-56) to 12-13 per cent at the present time in the middle of the third Plan. Even with softer terms of loans given by the U.S. and the International Development Association, in the considered opinion of the authors, it will not be until the late sixties that there will be an easing of the service burden. "The Indian case, more than any other," to quote them, "has drawn attention to the need for lenient repayment terms in international assistance programmes, if they are to be large enough to have an impact on development." It is in this context that the authors emphasise the need for the grant of capital aid on an untied basis both with respect to the country of expenditure and with reference to specific projects and programmes.

In tying assistance to specific projects and programmes, some donor countries are, of course, prompted partly by the anxiety to avoid misuse of funds. But there is no cause for such anxiety in so far as India is concerned. For India has always taken special care to see that the assistance obtained from the friendly countries abroad is not squandered on unnecessary imports. That there is no exaggeration whatever in this statement is clearly borne out by the findings of the study. Here is the relevant extract from the report:

"While it is recognised that the granting of aid for specific projects releases resources in the recipient country for other, perhaps less desirable, uses, and that the tying of aid to projects cannot assure development unless there is control over all investment and economic policies, there is a feeling that at least the desirable specific projects are being carried out when aid is tied to projects. This is perhaps less compelling a consideration in the case of India than in other countries, in view of its respected public administration, development planning techniques, and general economic policies. There is no feeling, for example, in the case of India that foreign exchange will be squandered on unnecessary imports or that it will be used to shore up a negative balance of payments position caused by internal inflationary policies. Although there may be differences in view between donor countries and India on specific elements of its Five-year Plans, there is satisfaction with the general nature of its development effort and confidence that general foreign exchange provided will be used to promote development. The very definition of aid requirements in relation to comprehensive national economic plans contributes to that confidence."

While the external aid secured by India has not been misused, it must be pointed out that such aid has not been utilised as effectively as one would have wished, with the result that considerable amounts of money authorised for several projects long ago continue to remain unspent. Despite the sophisticated nature of economic planning and public administration in India, there are many problems remaining to be solved in the more effective and more rapid utilisation of aid committed to the country. The authors of the study have done well to make special reference to some of these problems. The sheer size and complexity of the programme, according to them, make it a difficult one to administer. The difficulties are most pronounced in the portion of aid which is tied to specific investment projects. It is obviously much easier to administer commodity aid programmes which are simply a matter of organising distribution mechanisms. Lags in the utilisation of specific project commitments aggravate the scarcity of foreign exchange and delay the favourable effects hoped for on the balance of international payments. There are inadequacies in pre-investment studies, in the budgeting of foreign exchange requirements, in maintaining targets during the execution of projects, and in the coordination of the activities of all the official agencies and dependencies that may be involved.

The aforesaid problems must be attributed largely to the deficiencies in administration and execution. Appropriately enough, the authors of the study have urged the need for focussing "massive attention" on the correction of such deficiencies. A specific solution offered by them pertains to the organisation of an efficient public service. They observe:

"India, like other developing countries, needs a public service trained in, or at least aware of, the mainfold problems of management, accounting and other aspects of business. This is important not only for the conduct of public enterprises, such as India's policy owned steel mills, but also for the many complex and vital planning decisions. They often involve cooperation with foreign and international public institutions, as well as private investors. Precisely because so many vital economic decisions must, in a country like India, be a matter of public rather than private decision, foreign assistance in the training of a public service that has a practical as well as a theoretical understanding of the conduct of business is likely to pay dividends out of all proportion to the financial investment involved."

The need for a public service of the type described above is certainly urgent in all conscience. It is, however, difficult to endorse, without reservation, the finding of the authors that direct control of enterprises and vital administrative controls are indispensable. That overall regulation and control, going with integrated planning, is necessary, especially in a scarcity economy like India's, will be generally conceded. But, in several spheres, there are controls which are absolutely unnecessary. In fact, these controls are so vexatious that they are greatly hampering the pace of growth. Such controls must be eliminated in the interest of speedier economic development.

MARKET GOSSIP

Cess On Textiles

SKY seems to be the limit for tax imposts on the textile industries! As if the series of direct and indirect taxes heaped on these industries are not sufficient, Mr. Manubhai Shah, Union Minister for Commerce, has proposed the imposition of a special cess on all textiles produced in the country, whether made wholly or partly of cotton, wool, silk, art silk, or staple fibre. Addressing the second meeting of the Textiles Committee held in the City on Wednesday this week, Mr. Shah wanted the Committee to collect a small fee on all textiles produced. The proceeds of such a cess, he said, would provide sufficient money to the Committee not only to meet its running expenditure but also for setting apart a portion towards a building fund to enable the Committee to have its own building in Bombay for housing both its administrative offices and its laboratories, etc. The Committee accepted the suggestion of the Minister and constituted a sub-committee to fix the rate of fee.

The imposition of the proposed cess, however small it may be, will doubtless add further to the prices of textiles for consumers. One wonders whether the Government of India cannot give a grant to the Committee for meeting its expenses. The levy of the cess will, however, be justified if the Committee utilises it properly for ensuring standard quality of textiles for internal markets and export purposes.

Cloth Multipliers

Cotton mill circles are keenly disappointed over the new multipliers which, in their opinion, would result in a reduction of prices to uneconomic levels. Sweeping changes have been made in the final schedule as compared with the tentative schedule issued a few days ago. The grey realisation multipliers for coarse and lower medium cloth, which were too low, have remained unchanged, while a reduction ranging from 4 to 4½ per cent has been made in counts of 30s onwards, delivering a drastic blow to these categories as well. The restrictions placed on combing allowance for Indian cotton, it is feared, will greatly discourage the industry's attempts to upgrade Indian cotton; and this will inevitably bring about a deterioration in quality which is most undesirable. The processing charges have been cut down mercilessly and this is considered to be another factor militating against production of quality goods. The Indian Cotton Mills' Federation, it will be recalled, had expressed the fear that any unwarranted reduction in the multipliers would be detrimental to the consumer interests, inasmuch as the apparent gain to the consumer would be more than wiped out by the resulting fall in production. To this has to be added the new fear of a shortage of quality goods.

New 3-Paise Coins

A new coin in the denomination of 3 paise has been issued from all offices of the Reserve Bank of India from the first of this month and from all agency banks of the Reserve Bank of India and all Government treasuries and sub-treasuries. The metal composition of this new coin is aluminium with 3.5 to 4.0 per cent magnesium. The coin is hexagonal in shape with rounded corners and its weight is 1.25 grams. A look at this coin provokes a number of questions.

First, what is the justification for discarding the heavier cupro-nickel alloy in favour of the lighter alumino-magnesium alloy? If the answer is that the elimination of copper saves some fore'gn exchange for the country, the gain is not worth having, considering that the present 3-paise coin is lighter than the 2-paise cupro-nickel coin—so light that it can be blown off in the air like a small piece of cardboard. Secondly, is the intrinsic value of the 3-paise coin (that is, the value of its metallic content), including its cost of minting, substantially less than its face value? If that is so, the economy that is sought to be achieved is a false kind of economy. Such economy is not worth having, for the people at large, finding the coin flimsy and cheap, may begin to think poorly of the Government and its coinage. Thirdly, have the Government's technical experts given adequate thought to the stability and strength of the new coin, and considered whether it would be corrosion-resistant and colour-consistent? Of course, the public will come to know the answer to this question in due course. But in the meantime, the Government would do well to clarify the position, so that the public may be sure that there would be no general departure from the policy of cupro-nickel coinage in all its present denominations.

Private Sector And Fourth Plan

In a mixed economy—which has been accepted as the best system for the economic development of underdeveloped countries—the role assigned to the private sector can be no less important than that of the public sector. India's mixed economy, for instance, has assigned equally important roles to both the sectors. As these roles are complementary in many ways, there is need for greater cooperation and understanding between the two sectors. This need is all the greater now, for the country is facing many hurdles to its economic growth. Most of these hurdles are not new and the economy is not likely to be free from them for a considerable period of time. But it should be possible to mitigate the severity of these problems not only through the adoption of appropriate fiscal policies by the Government but also through cooperation between the public and private sectors.

It is in this context that the views expressed by Mr. K. P. Goenka, President of the Federation of Indian Chambers of Commerce and Industry, at an informal meeting of the Committee of the Indian Merchants' Chamber at Bombay on the 19th instant may strike one as eminently constructive. Mr. Goenka was emphatic that the private sector should at all times play "a definite and constructive role in economic development despite the fact that our views may not receive, at the hands of the authorities, the kind of quick response, as we should like them to receive."

This does not mean that the Government would be justified in turning a deaf ear to the views of the private sector. The private sector is going to be assigned an important role in the fourth Plan too, and, unless the Government keeps the investment market in good shape so as to attract public support for new issues, it may be difficult for the private sector to fulfil the targets laid down for it. In this connection, Mr. Goenka has done well to caution the Government that its taxation should not be allowed to grow and outstrip the rate and yield of investment.

Foodgrains: Prices And Production

The foodgrain prices fixed last week by the Government of India have had a mixed reception in trade circles. The ceiling prices are generally considered fair to the producers, for they would provide them with sufficient incentives to increase production. The same cannot, however, be said about the margins allowed to millers (in case of rice), wholesalers and retailers, considering the expenses to be incurred by way of railway freight, labour, storage, interest on capital, etc. After meeting all these charges, almost nothing will be left to the traders and they will have no encouragement to play their legitimate part in the distribution of foodgrains. It is said that, when the emergency was declared, the wholesalers had agreed to a margin of 1½ per cent, not on a rational basis but purely as a gesture of goodwill for a short time. The President and General Secretary of the All-Punjab Food Grain Dealers' Association have suggested, in this connection, that the margin may be increased, in the case of wholesalers, from 1½-2 per cent to 4-6 per cent and, in the case of retailers, from 4-7 per cent to 6-8 per cent. Though these figures may be somewhat on the high side, there is certainly a case for raising the margins to some extent, so as to provide more fully for overhead and other charges. After all, any such increase will have only a marginal effect on the consumers' prices.

There is very small gap between the minimum and maximum prices fixed by the Government. Though it may be argued that this narrow gap will stabilise the prices throughout the year, the implications of this stability should also be kept in view. If the prices are almost the same throughout the year, the cultivator will have no temptation for holding on to his produce and most or all of the marketable surplus will come to the market at harvest time. The trader, being allowed only a subsistence margin but not any higher prices for storing the goods, will not be in a position to hold stocks because of high storage and interest charges. And it is doubtful whether the Government, too, will be in a position to purchase and store all the residual stocks at harvest time.

It may, incidentally, be pointed out that the main purpose of fixing the producers' prices at a higher level is to provide an incentive for increasing production. But the other factors, such as timely and adequate supply of fertilisers, irrigation facilities, better seeds, pesticides, credit and improved implements have a greater impact on production. Some 10 million tons of foodgrains (one-eighth of the country's production), it has been estimated, are destroyed every year due to damage by pests and disease. If adequate insecticides and storage facilities are made available, it may be possible to reduce the damage by at least 50 per cent and the additional availability of five million tons of foodgrains will obviate the need for annual imports of that order. Moreover, whereas 24 million acres of land are afflicted with waterlogging nad salinity duc to rising sub-soil water-tables and 120 million acres are subject to erosion, no effective steps are being taken to save all this land from possible permanent damage. The food problem has thus become more a matter of inefficient organisation than of anything else.

This factor of inefficient organisation is equally conspicuous in the Government's distribution machinery. For example, while Mr. C. Subramaniam stated recently that Madras State had enough stocks to carry it through till December this year, even in October, that State has begun to feel the pinch. Madras City, in particular, has been passing through an acute crisis on the food front in recent weeks. The foodgrain dealers can in no case be held responsible for this situation, for the extensive controls in that city debar them from making any substantial direct purchases and the responsibility of maintaining the supplies to retailers now rests with the Government. With this prevalent inefficiency in the Government's food distribution machinery, there is no reason to believe that the introduction of food rationing or cooperative marketing (as suggested by some people) would improve the situation appreciably. Though there may be some black sheep among the foodgrain dealers, by and large, their long-established distribution machinery seems to be the best suited for the task. It is, therefore, necessary to enlist their cooperation in foodgrains distribution.

Rayon Industry

Modernisation of the rayon and synthetic textiles industry is the need of the hour, especially in view of the rising domestic demand and the emphasis on export-orientation for earning foreign exchange. The old and obsolete machinery and equipment must be urgently replaced if the industry is to be brought on the road of rapid growth for meeting the home needs and for facing keen competition in overseas markets. At present, the industry is contributing ten per cent of the total textile output in the country and it is expected that its share may well cover about one-fourth of the total production of textiles during the fourth and fifth Plan periods. The proportion of exports to output is about 20 per cent now, but, in view of its expected role in the economy and the vast markets for man-made fibre fabrics the world over, this performance is far from satisfactory. It was, therefore, most appropriate that Mr. Manubhai Shah, Union Minister for Commerce, while addressing a special meeting of the Silk and Rayon Textiles Export Promotion Council held at Bombay on the 21st instant, should have underlined the need for equipping the industry with up-to-date machinery so as to ensure the production and export of quality goods. Characterising man-made fibre as the 'fibre of the future,' Mr. Shah said that the industry was a middle-class industry which had to be well-planned, scientifically developed and harmoniously balanced, so that it could eventually lead to the establishment of more and more processors, small-scale handlooms and powerlooms. He exhorted the producers to be quality-conscious and urged that any assistance given for export promotion should be used by the industry to produce better fabrics, particularly fabrics which cater for selective buyers abroad.

Announcing a proposal of the Government of India to link export assistance to import of machinery, Mr. Shah said that, in the case of the man-made fibre fabrics industry, 20 per cent of the import entitlement should be compulsorily surrendered (against cash compensation) to the Silk and Rayon Textiles Export Promotion Council to be used for the purpose of rehabilitation and modernisation. The percentage of assistance surrendered to the Council, he said, could be increased or decreased depending on circumstances, but he made it clear that the scheme would be given effect to on a permanent basis at least for about seven years. He also desired that the representatives of the industry and financial institutions like the Export Credit and Guarantee Corporation should meet under the chairmanship of the Textile Commissioner to find out how best the machinery requirements of the industry could be met either through hire purchase or otherwise. Given proper cooperation from all interests, the proposal of the Government can certainly be implemented with success.

World Bullion

There has been a spurt in world gold price of late. The dollar price of gold in the London market, which was standing at $35.06¾ an ounce on 26th August last, rose to touch $35.12¾ on the 15th of this month, the highest level since the Cuban crisis two years ago, though it has since then declined slightly to $35.11¾. The spurt in gold price has followed good buying support induced by short-term purchases to cover the General Election in Britain and the imminence of the U.S. Presidential election. Political uncertainties in England and the U.S., together with the situation in Vietnam, have given rise to a persistently good hoarding demand for gold in the last few weeks. It is difficult to say whether the recent upward trend of gold prices will persist in the coming weeks, as the repercussions of the recent changes in the Soviet Union have yet to be felt. Soviet Russia, it may be noted here, sells gold in the world markets now and then.

Along with gold, silver, too, has tended to move up, thanks to speculation about scarcity and price rises. Even the U.S. Treasury's attempt to sell silver freely in New York and peg its market price at the monetary value of 129.3 cents a fine ounce, it is stated, has not helped to curb the speculative demand for silver. Senator Wallace Bennett has forecast that the Treasury's present stock of 1,300 million ounces may last for four more years only, as silver certificates are redeemed. Alluding to this forecast, Mr. Stanley Wilson, in the course of an article appearing in the *Journal of Commerce*, New York, fears that the stock will be exhausted earlier if the Administration decides to use a part of its supply as a permanent defence stockpile. In the long run, according to Mr. Stanley Wilson, a silver shortage will possibly again catch up with the U.S. and the world, as reserves are eaten up. The U.S. has only 16 years production of silver left in the ground—in known reserves.

In order to overcome an acute shortage of silver in the near future, some experts suggest a partial withdrawal of the metal for coinage purposes by the Treasury. Indeed, it is reported that the Treasury is actually considering proposals designed to conserve silver stock with a view to frustrating market speculators who have been bidding up silver futures. The Treasury has already given effect to its decision to replace the present silver coins with others containing little or no silver. Such replacement would lead to the melting of old coins and releasing the supply for industrial uses. The industrial use of silver, in

(*Continued on next page*)

TREND OF SHARES

TWO-WAY MOVEMENTS

(From Our Own Correspondent)

BOMBAY, 22*nd October*

TRADING pattern on the stock exchange during the week was more or less identical with that in the past week—two-way movements on alternate spells of stale bull liquidation and short-covering with a tendency for prices to ease on balance. Gains, if any, have been more in the nature of an exception than a rule. However, the quantum of losses during the week was not much, but then it must be borne in mind that, in a market which has been declining continuously for six weeks, the scope for a further sharp decline can, after all, be slender. The main point is that there is nothing to suggest that the reactionary trend has by any means ended, for the market is devoid of strength.

It is, therefore, natural that those who were looking forward for the market to recover should be disappointed. Although bears are cautious and are waiting for clear signals to press short sales in a big way, bull operators worth the name have almost disappeared from the market. And it is unlikely that any fresh bulls would be forthcoming in the foreseeable future particularly after the despondent note struck by the Prime Minister with regard to the implications of the atomic tests by China and the worsening food situation at home. It is good that the Prime Minister did not mince words. The food problem is really going to give the Government and the country some very anxious moments. The exit of Mr. Khrushchev from the Soviet political scene did unnerve the market, although the new regime lost no time in assuring that Soviet policy towards India would remain unchanged. Added to this has been the assurance from President Johnson that the United States would come to India's help should there be any serious threat from China. Yet these factors have not been able to embolden the bulls into building up long positions. Bulls may very much like to enter the market again, although they have burned their fingers. But they do not seem to be sure that the general public would follow them. By themselves professional bulls cannot help sustained improvement.

A look at the list shows that steel shares closed the week on a barely steady note with Tata Ordinary at Rs. 147 and Indian Iron at Rs. 25.05. Mukand Iron closed a shade easier at Rs. 16.84. Interest in steel shares was again of a professional nature, for the factors have been fully discounted to enthuse the public. Textile shares were erratic and closings showed a mixed pattern. Century was much in the limelight and moved up from Rs. 607.50 to Rs. 615.50, but Standard lost seven points to Rs. 612. Svadeshi was steady at Rs. 262.50, while Bombay Dyeing and Kohinoor were fractionally easier at Rs. 58 and Rs. 316.50, respectively.

A notable feature of trading during the week, however, was the hectic activity in National Rayon and the spurt in its quotation. It appeared that the scrip was in the hands of a strong bull syndicate. Today, the shares touched their highest level of the week at Rs. 373. Despite a slight reaction at the close to Rs. 369, the shares were still 14 points above their last week's level. In this connection, it must be recalled that the shares were difficult to sell at Rs. 344 only ten days ago, but, today, it was difficult to buy them at Rs. 373. Yet, they are much below their 21st August level of Rs. 393 (kerb). The recent cut in the excise duty on rayon yarn did help boost sentiment in these shares and, as the concession is fully in line with the suggestion put forth by spinners themselves, the general belief is that spinners must benefit as a result of the cut. The latest announcement by the Union Minister for Commerce, Mr. Manubhai Shah, that those exporters who did not choose to import machinery against 20 per cent of the incentives might have it in the form of cash compensation was well received by the market. The overall feeling, therefore, is that rayon shares should in general benefit from these changes. Other rayons were better in sympathy, but the rise in these was small. Baroda moved up from Rs. 68.50 to Rs. 70.50 and Indian Rayon was fractionally better at Rs. 61. Century was also firm as indicated above and the strength of National Rayon has much to do with the rise in Century.

The miscellaneous section was generally dull and prices, wherever changed, showed a tendency more for a fall than for a rise. Telco was down from Rs. 262.50 to Rs. 260.75 and Voltas from Rs. 265.50 to Rs. 264. Interest in these shares have faded, but Larsen and Toubro, among engineerings, was better at Rs. 21.56, as against Rs. 21.40 in the previous week. There was very little of activity in electricity shares and the rise in the Bank rate has by now been fully discounted. Revival of activity has to await fresh developments and it is not known whether there are any in the offing. Prices were fractionally easy with Power at Rs. 1,285, Hydro at Rs. 128 and Andhra Valley at Rs. 1,246.25. Shippings were erratic with Scindia easy at Rs. 15.88, while Great Eastern was a shade better at Rs. 12.56. Scindia is reported to have made it known that 18 per cent of the recent dividend of Re. 1.25 is free from tax under Sections 85 and 101 of the Income-tax Act. The net dividend, therefore, is Re. 1.04. Chemicals were sluggish with Tata Chemicals fractionally better at Rs. 19.28. Citric was steady at Rs. 78, but Synthetics lost two points to be quoted at Rs. 75. Among Sugars, Belapur was one point down to Rs. 223, but Maharashtra was unchanged at Rs. 140. Tyre shares were dull, though prices were comparatively well maintained with Premier at Rs. 79. Automobile shares were weak with Hindustan Motor at Rs. 17.44 and Premier Auto at Rs. 103. Cash shares continued to be dull and among those that came in for trading were SLM (at Rs. 148), Lynx and Associated Bearing.

Knowledgeable sources say that the market will find it difficult to make any headway unless there is a distinct improvement in political as well as economic factors. Rallies there will be, but they will more or less be in the nature of technical corrections, particularly in view of the fact that the decline has been continuous and steep over the last six weeks or so. These sources say that the market is now looking forward to the Budget and will pick up strength if it contains any stimulants. But then the Budget is still a far cry.

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The Calcutta market remained closed for *Puja*. The volume of business in Madras remained poor at the time of writing. However, selected shares were in demand. Plantings were dull but Periakaramalai, Thamarapally, Highlands and Nonsuch were mentioned. Among sugars, Cauvery was active and among textiles, South India Viscose were done at Rs. 115. Bangalore Woollen was better and there was demand for Krishnarajendra. Mysore cements were steadier, but India Cements and Mettur Chemicals were quiet. Indian Overseas was among those that were traded in the banking section and, among insurances, United India Fire attracted inquiry.

U.S. LOANS TO SEVEN INDIAN FIRMS

The United States Government has extended credits aggregating nearly Rs. 2 crores ($4.2 million) to seven Indian firms, all of which have American equity participation. The firms receiving the loans are Sylvania and Laxman Ltd. (Rs. 50 lakhs); the Shama Forge Co. Ltd. (Rs. 47.5 lakhs); Napco Bevel Gear of India Ltd. (Rs. 40 lakhs); American Universal Electric (India) Ltd. (Rs. 21 lakhs); Rockwell India Ltd. Rs. 16.9 lakhs); Indabrator Ltd. (Rs. 14.3 lakhs), and the Otis Elevator Co. India) Ltd. (Rs. 10 lakhs).

These loans are being extended to the firms under the Cooley Amendment to United States Public Law 480. Under P.L. 480—of which India is the largest beneficiary—a number of developing nations receive U.S. agricultural products, and pay for them in their own currencies. A small portion of the proceeds of these sales is reserved for the Cooley loans to private enterprises—primarily indigenous firms affiliated with U.S. firms.

The credits will help increase the production of fluorescent and mercury-vapour lights, steel forgings, gears, electric motors, power tools, air-blast cleaning equipment, and lifts and escalators. By manufacturing in India products several of which are currently imported, considerable foreign exchange will be saved. In some instances, part of the output will be exported, earning additional foreign currency.

INVESTMENT CORPORATION OF INDIA LTD.

The Investment Corporation of India Ltd. has earned a record profit (before taxation) of Rs. 30.83 lakhs during the year ended 30th June 1964, as against Rs. 21.81 lakhs in the previous year. The provision for taxation is Rs. 9 lakhs (Rs. 8.12 lakhs for 1963). The net profit has improved by Rs. 8.14 lakhs to Rs. 21.83 lakhs. The Directors have transferred Rs. 1.00 lakh (*nil*) to general reserve and Rs. 2.69 lakhs (*nil*) to general reserve 'A' being the amount of foreign dividends. Reserve for gratuity gets Rs. 50,000. The amount transferred to the dividend reserve is Rs. 17.50 lakhs, as against Rs. 15.00 lakhs. The Directors have increased the ordinary dividend from Rs. 7.50 to Rs. 8.50 per share. The preference as well as ordinary dividends (subject to tax) absorb a total of Rs. 17.62 lakhs (Rs. 14.84 lakhs) which will be paid out of the dividend reserve. A sum of Rs. 15,484 is being carried forward as against the Rs. 1,228 brought in. The net dividend earned on shares and on securities during the year was Rs. 29.71 lakhs, as against Rs. 22.69 lakhs in the previous year.

HINDUSTAN LEVER LTD.

The Directors of Hindustan Lever Ltd. have announced an interim dividend of 6 per cent or 60 paise per share, subject to deduction of tax, for the year ending 31st December 1964; it is payable on the 19th November 1964. The transfer books of the Company will remain closed from 6th to 18th November 1964 (both days inclusive).

MARKET GOSSIP

(Concluded from previous page)

the U.S., is currently of the order of 112 million ounces as against 110 million ounces in 1962. The real solution to the problem of silver shortage in the U.S., however, lies in higher production. It is with a view to ensuring such higher production that the Interior Department has recently increased the rate of subsidy from 50 to 75 per cent of the prospector's costs.

Swedish Tax Reform

Some very interesting findings have recently been given by the Swedish Committee on Taxation Policy which was constituted in 1960 with the task of examining the distribution of the tax burden. Though the revenues of the Swedish Government have risen four times and social welfare contributions increased more than tenfold during the period 1948-63, it has not been considered possible to obtain any appreciable increase of revenue by means of steeper tax graduation. As an increasing number of income earners are affected by tax graduation and the Government needs more and more income, the traditional argument against indirect taxes—that the comparatively greater burden of these taxes falls on the lower income groups—is now thought to be less relevant.

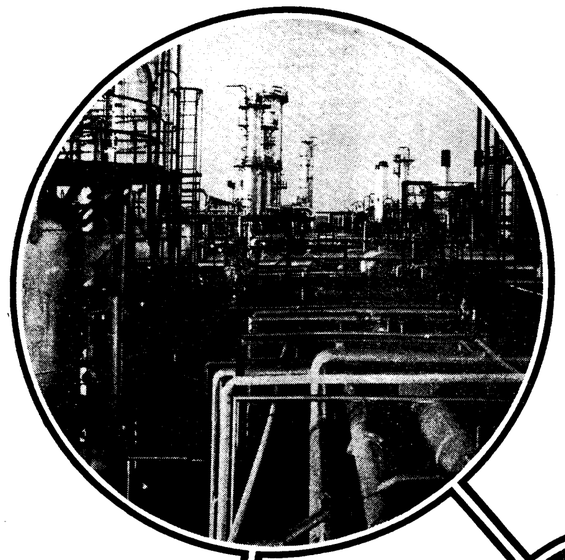
Bearing these considerations in mind, the Committee has suggested an overhauling of the taxation system in Sweden. The combined effect of its recommendations is expected to bring about a redistribution of the tax burden towards lower direct taxes and higher indirect taxes and social welfare contributions. In the light of the Committee's estimates about incomes, taxes and social contributions in 1970, when the proposed reforms will have been effected, the proposals would mean a reduction of direct taxes, that is, income and property taxes, by 21.5 per cent. In contrast, however, indirect taxes would increase by 40 per cent and social welfare contributions by about 42 per cent. The total rise in revenue would be over six per cent. The Committee has also recommended a raising of the minimum amount for tax purposes in the case of Government capital and property taxes, the maximum rate of tax being left unchanged at 1.8 per cent. It has been proposed that the present old-age pension and health insurance be abolished; instead employers should be asked to contribute these amounts in respect of their employees. In order that the taxes do not increase solely as a result of a deterioration in the value of money, the Committee has recommended that a regulation of tax scales, basic allowances and children's allowances after changes in price level should be introduced.

The most interesting recommendation of the Committee pertains to the levy of a value-added tax which would replace the present system of turnover tax and a number of special indirect taxes, so that the increase in indirect taxation would be effected by an amount which is equivalent to a rise in the turnover tax rate from the present six per cent to 11-12 per cent. The proposed value-added tax would be levied on the value added at every stage of production and distribution. Companies would have to pay tax on their turnover, but they would have the right to deduct from the tax payable by them the tax already paid in earlier stages of production and distribution on goods and services acquired by them. The tax rate proposed is 13 per cent.

While the Swedish Committee has spoken about the merits of value-added taxation, it would be interesting to refer, in this connection, to the views of the British Committee on Turnover Taxation which issued its report in March last. The Committee, which had been appointed to enquire into the practical effects of the introduction of a form of turnover tax, either in addition to existing taxation, or in substitution either for the purchase tax or the profits tax or both, was of the opinion that the balance of argument was clearly against the substitution of a value-added tax for the profits tax. This, the Committee thought, was more likely to harm than benefit the balance of payments and, in turn, would impede growth. The Committee added that those aspects of the value-added tax which it had been claimed would be likely to assist growth and economic efficiency were considered to be "uncertain" and, from the evidence produced, unlikely to have much force. Indeed, the general level of prices would tend to increase, so that a part of the tax burden would be passed on to consumers.

Comparative Statement of Tea Crop and Sales for the nine months ended 30th September, 1964

	Production Kgs.		Sales Kgs.		Average price per Kg.	
	1964	1963	1964	1963	1964	1963
					Rs. p.	Rs. p.
Dhunseri Tea Co., Ltd. Dhunseri T.E.	2,75,087	2,63,666	1,64,570	1,28,517	6.70	5.91
Dhendai T.E.	1,61,123	1,50,672	83,987	77,870	6.63	6.42
Naga Hills Tea Co., Ltd. Dilli T.E.	2,47,061	2,17,320	1,43,795	87,441	6.81	7.01
Coorg Tea Co., Ltd. Glenlorna T.E.	89,617	92,676	60,577	69,591	5.20	4.28
Chandramalai Estates Ltd. Chandramalai T.E.	42,166	32,535	26,018	26,130	4.31	4.28



New 100,000 BSD Idemitsu Refinery, near Tokyo, now in operation.

Mr. Yasushi Matsui, Project Engineer, was chief engineer for the successful construction of Idemitsu Refinery.

ANOTHER
ACHIEVEMENT BY JGC

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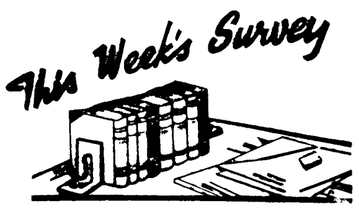

LABOUR VOTED TO POWER IN U.K.

IN a week climaxed by the dreadful, albeit expected, event of China's atomic-test explosion, the General Election in Britain produced unexpectedly a rather dubious result. Although the 13-year Conservative rule came to an end and the Labour Party, led by Mr. Harold Wilson, was voted to power, the occasion was not such as to cause either excessive jubilation in Labour ranks or profound dismay in Conservative quarters. For, by electing 317 Labourites, 304 Conservatives and nine Liberals to the 630-member House of Commons, the British people gave Labour an extremely thin overall parliamentary majority of four—something smaller than what the last Labour Government had in 1950 in its five-member majority with which it could not manage, even with the best will in the world, to rule for more than 18 months. What is more, Labour's popular vote, too, this time was a minority vote of 44.1 per cent, as against the Conservatives' 43.4 per cent and the Liberals' 11.2 per cent. The inherent difficulties of running the Government without a clear popular majority and a safe working majority in the House of Commons may be better imagined.

But a jubilant Mr. Harold Wilson has already formed the Government in response to the Queen's invitation and assumed the reins of Premiership with quiet confidence. By naming Mr. George Brown Minister for Economic Affairs, Mr. James Callaghan Chancellor of the Exchequer, Mr. Douglas Jay President of the Board of Trade, Mr. Frank Cousins Minister of Technology and Mr. Richard Crossman Minister for Housing, the new Prime Minister has sought to give the impression that, despite Labour's slender majority, Britain will have a strong Government. Whether the Government is strong or weak in terms of its composition, it is doubtful whether it would be able to survive for more than a year without being defeated in a snap vote or even in a formal vote. That no less a person than the chief of the British Trade Union Congress has forecast the probability of a fresh election within a year may be noted in this connection.

It is in this context that the National Government will have to go to the country again at an early date, there is every likelihood of a shrewd and confident leader like Mr. Harold Wilson doing everything in his power to establish, in less than a year, an impressive record of domestic achievement and of solid preparation for future planned development—a record that could have a wider popular appeal and enable Labour to win a bigger parliamentary majority, with a bigger popular majority, in such a re-election. Already Mr. Wilson and his colleagues in the economic ministries are bracing themselves for the task of improving Britain's balance-of-payments position by possible import curbs. There can be no doubt that, in the coming weeks and months, the Wilson Government will take other active steps in furtherance of several popular promises made in Labour's manifesto for a "New Britain." In a sense, therefore, the Labour-Conservative battle is still on and will be finally decided one way or the other only in a fresh election.

CANE PRICE RAISED AGAIN

Whatever be the object behind the so-called incentive scheme for augmenting sugar production announced by the Government of India recently, this much is certain, namely, that the consumers of sugar will have to pay still higher prices in the coming season, due to begin (officially) on the 1st of next month. For the Government has raised, in accordance with the recommendation of the Sen Commission, the minimum price of cane payable by sugar mills by a further 15 paise per maund (on an average) from the level fixed early in March last, which means that the sugar prices also will have to be raised suitably to compensate for the increase in cane prices. The Government has stated that the recommendation of the Sen Commission in regard to ex-factory prices of sugar and other recommendations are being considered and that an announcement on them will be made soon. Meanwhile, it has decided to allow a rebate of 50 per cent in the basic excise duty on all sugar produced during the months of October and November this year in excess of that produced in the corresponding months of last year.

The basic minimum price of sugarcane delivered at the gate of a factory during the season 1964-65 is now fixed at Rs. 2.00 per maund (or Rs. 5.36 per quintal), linked to a recovery of 10.4 per cent or below, with the provision for an increase of 1.48 paise per maund (4 paise per quintal) for every 0.1 per cent rise in recovery above 10.4 per cent. The new price replaces the price of Re. 1.85 per maund (Rs. 4.96 per quintal) fixed for cane with a recovery of 9.4 per cent announced early in March last. Consequently, the sugar mills will have to pay the enhanced basic minimum price of Rs. 2.00 per maund for *all* cane with a recovery of 10.4 per cent or below. In other words, even if the recovery of some cane is, say, 9 per cent or less, for that matter, the sugar mills cannot pay less than Rs. 2.00 per maund. Expressed differently, *all* producers of cane with recovery ranging anywhere between 0.1 per cent and 10.4 per cent will get the same price!

This ludicrous position apart, it is highly doubtful whether, in the absence of any rigorous control on sugarcane distribution, the increase in cane price now effected would ensure for mills adequate cane supplies for maintaining sugar production at a high level so as to cater to the expanding domestic requirements and exports. Cane price, it is common knowledge, is not the only element that influences the flow of cane supplies from the fields to the factories. There is the more powerful element, the level of *gur* and *khandsari* prices. These prices continue to rule pretty high. Naturally, the cane growers will themselves convert the cane into *gur-khandsari* and sell the same at attractive prices, instead of bothering about carrying it to the gates of sugar mills for sale. There will also be keen competition from other *gur-khandsari* producers for the available supply of cane. This has been the experience of the past several seasons, including the current season. The Central and State Governments ought to display political courage and take stringent measures to regulate the production and prices of *gur-khandsari*. Otherwise, the sugar mills will continue to find it difficult to secure cane supplies adequate enough to maintain optimum crushing operations, the increase in the minimum cane price notwithstanding, so that not many mills will be able to avail themselves of the benefit of excise duty rebate.

If, however, the powers-that-be are not prepared, for political reasons, to enforce a regulated scheme of cane distribution, they must take some other measures which would ensure adequate and regular cane supplies to sugar mills. Two specific suggestions made in this connection pertain to demarcation of cane zones for individual sugar factories and partial decontrol of sugar. The chief merit of the scheme of partial decontrol is that it will, while maintaining the distribution of the bulk of the sugar produced through fair-price shops at stipulated prices, help the mills to sell a part of their production at a higher price in the free market and thereby enable them to meet the competition for cane supplies from *gur-khandsari* producers. A similar scheme was implemented during the seasons 1950-51 and 1951-52 and it met with full success, for sugar production, which had declined from 1.1 million tons in 1948-49 to 991,000 tons in 1949-50, spurted to 1.12 million tons in 1950-51 and further to 1.51 million tons in 1951-52. The Government of India will do well to give a trial to the scheme of partial decontrol of sugar. The earlier such a decision is taken the better it will be.

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TRANSPORT IN STEEL BELT

The production of coal and iron and steel in India is concentrated mainly in what has come to be known as the Steel Belt, comprising Bengal-Bihar and Orissa-Madhya Pradesh areas. The economic development of the country depends largely on the supply of coal and iron and steel and this region has to supply these goods to diverse industries and other sectors of the economy throughout the country. As transportation is done mainly by railways, almost half of India's total originating traffic is carried by the railways in this region. By the end of the fourth Plan period, the additional annual production of coal in the country is likely to be of the order of 40-50 million tonnes, as compared with the third Plan increase of about 30 million tonnes and most of that extra production will be generated in the Steel Belt. Moreover, all the existing steel plants will be expanded greatly and the proposed Bokaro steel plant will be in the same region. The production of iron and steel is thus expected to be twice the present level and this will result in further concentration of rail transport in the region. It is estimated that, from the present one-half, the region's originating rail traffic will increase to almost two-thirds of the country's total originating rail traffic. Advance planning is, therefore, necessary, if the expected heavy burden on the railways is to be eased.

It is, in this context that the National Council of Applied Economic Research, which has made a study of the transport requirements of the Steel Belt, has recommended that railways' operational efficiency should be improved in all possible ways and that effort should be made to transfer traffic to roadways, inland water transport and coastal shipping. The N.C.A.E.R.'s study has suggested, in this connection, some specific measures too. Some of these relate to adjustments in the freight structure governing the movement of coal and iron and steel, introduction of special freight rates in trainloads and revision of economic railway rates for "smalls." The Council has recommended that the railway freight rates for coal for the longer distance leads, which are at present substantially below the operational costs, may be raised to at least the level of operational costs. This, incidentally, will have the effect of encouraging the use of road transport. Another suggestion is that stock yards for finished goods should be established both at the steel plants and the principal consuming centres. Similarly, coal dumps should be created at the principal consuming centres. Further trasportation from these centres to the consuming points should be entrusted entirely to the roadways. The effect of this measure will be that, whereas a substantial portion of the traffic will be transferred to roadways, it will also ensure movement by full trainloads. As regards industrial materials meant for general consumption, the Council suggests that rail transport in the Steel Belt should be relieved of this burden so that road transport could handle it. There can be no two opinions on the need for encouraging road transport in a big way in the heavily-congested Steel Belt. The N.C.A.E.R. has, therefore, done well to outline some practical suggestions in this regard.

The Council has also referred to the inadequacy of good roads in the Steel Belt and pointed out that very few of the State Governments have attempted to develop roads to relieve the pressure on railways. As road transport has inherent advantages, in terms of real costs to the country as a whole, in so far as the conveyance of consignments of "smalls" for distances upto about 300 miles and of "wagonloads" for distances upto 75 miles is concerned, the expansion and improvement of roads, particularly in the colliery areas, is urgently called for. As regards coastal shipping and inland water transport, the Council feels that these modes of transportation have not been assigned a significant role to meet the transport needs of the region. It may be that coastal shipping will receive a fillip when the Haldia and Paradeep ports begin to function. But it is doubtful whether inland navigation can be developed to the extent desired, for experience to-date in this field is not quite encouraging. The attempt made early in the current Plan period for transporting coal by river and by canal, it will be recalled, was a failure. The Council's suggestion that, in order to cut down the transportation of coal, power should be generated at the pitheads and transmitted to distant areas is, however, a practical one, although there is nothing new about it.

ROAD SAFETY CONGRESS

The number of passenger cars and motor vehicles in use in India is only about 700,000, as against 78 million in the U.S., eight million each in the U.K. and France, seven million in West Germany, six million in Canada, four million in Italy and three million each in Australia and Japan. The traffic problem in India is, therefore, not so acute as in most of the Western countries. Still the large number of road accidents (many of them fatal) every year has become a matter of concern to both pedestrians and drivers, as well as to the traffic control authorities. The public concern is all the greater now, for the number of such vehicles in India, which has almost doubled during the last decade, is expected to rise at a still faster rate during the coming years. Unless proper and adequate steps are taken to improve the traffic conditions in the country, the public will have to face, sooner or later, the very hazards which Europe and the United States are trying to overcome.

In view of this situation, the Federation of Indian Automobile Associations did well in taking the initiative and holding the first All-India Road Safety Congress in Bombay last week for focussing public attention on the complexities of traffic problems. Mr. Himatlal V. Gandhi, who presided over the Congress, pointed out in his address the main reasons for the growth of these complexities. During the decade 1951-61, the country's population increased from 359 million to 439 million, urban population from 62 million to 78 million and motor vehicles on the road from roughly 339,000 to 683,000. But, during the same period, the growth and improvement of National Highways and urban roads and the development of correct road and traffic sense among the road users were not commensurate with the increase in vehicular traffic. As a result, in 1962, there were as many as 63,000 motor vehicle accidents in the country, or roughly 80 accidents for every 1,000 vehicles—the figures for Maharashtra and Greater Bombay being 100 and 422, respectively. Some of these accidents were fatal and many more serious, resulting in disablement for life. In Maharashtra alone, there were as many as 828 fatal accidents in 1963 and 597 during the first seven months of the current year, raising the monthly average from 69 to 85. In order to reduce the incidence of such road accidents and thereby save precious lives, Mr. Gandhi has emphasised the importance of three E's—education, enforcement and engineering.

Of these E's, education is perhaps the most important, for, unless the user has the correct sense to use the road, even the best of enforcement and engineering cannot prevent accidents. It is necessary that, as in many Western countries, the study of road safety principles should be made a compulsory item in the school curriculum for children. Road Safety Weeks can also be organised for explaining the road safety principles by way of lectures, demonstrations and cinema shows. Along with education and publicity, it would also be necessary to enforce traffic rules and regulations strictly and without any fear or favour.

The part which modern engineering and technology can play in the construction of suitable types of roads and in their maintenance is self-evident. The difficulty in India is that most of the present roads were designed and constructed for slow-moving traffic when motor transport was not widely prevalent or common in the country. Even now slow-moving vehicles account for a considerable portion of transportation in the country. As there are not sufficient roads, the same road has to serve both auto-vehicles and slow-moving vehicles. It is for the road planners and engineers to ensure that roads in future are modernised or constructed according to the needs of the present day, with separate footpaths, controlled crossings, separate traffic lanes for different types of traffic and white markings to guide the traffic. These are no doubt sensible measures from the point of view of reducing the number of accidents. But the ultimate solution is to increase the number, width and mileage of roads—a rather slow process. Much will depend on the availability of funds for road construction.

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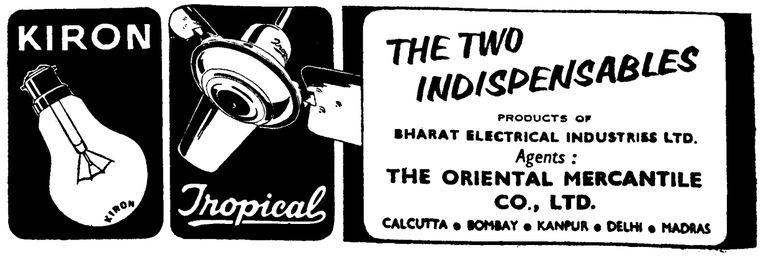


DELHI LETTER

KHRUSHCHEV'S ROLE IN INDO-SOVIET RELATIONS

NEW IMPONDERABLES IN FOURTH PLAN

From Our Special Correspondent

NEW DELHI, *20th October*

AGAINST Rs. 5,200 crores of total foreign assistance in loans and grants offered to India until the end of September, the share of the Soviet Union is around Rs. 384 crores. All of this Soviet aid and increased Indo-Soviet trade relations was during the decade Mr. Nikita Khrushchev was in a commanding position in the Kremlin. The development of close Indo-Soviet co-operation in economic affairs began early in 1955 with the agreement on the Bhilai steel project. The last important Indo-Soviet contract was on the eve of Mr. Khrushchev's exit from the seat of power in the Kremlin and it also related to steel—the initialling of a contract for a Soviet engineering firm submitting designs for the Bokaro steel project. From Bhilai to Bokaro the growth of Indo-Soviet relations was smooth—there were few, if any, frayed tempers in the negotiations, although the Soviet and Indian bureaucratic systems combined to slow down the pursuit of projects.

When Mr. Nehru provided Mr. Khrushchev with his first big opportunity to test the thesis of peaceful competition in an era of communist-capitalist co-existence, a much-advertised factor was that the Soviet aid would be stringless. A question posed by Western commentators at the time Mr. Khrushchev launched his aid programme to help non-communist countries was based on the premise that the programme was linked to the hope that the Russians could influence the foreign policy of under-developed countries. The poser, as put, for instance, by Joeph Berliner, in his book "*Soviet Economic Aid*: The New Aid And Trade Policy in Underdeveloped Countries," was: What of the domestic policies of the recipient countries? Can the aid programme plausibly be construed as a device for influencing the course of events within the recipient countries? A premise of the Western commentators then was that, if the Indian way should fail and if China should forge ahead, then the cause of communism would be greatly strengthened throughout the underdeveloped regions of the world. On this premise, the Soviet aid programme helping India and the United Arab Republic appeared to conflict with Soviet interests since both were anti-communist on the home front. But these premises could not take into account the deteriorating relations between the Soviet Union and China which came into the open much later.

Bhilai and Bokaro

There is no denying the fact that at no time did Mr. Khrushchev *directly* try to influence Indian economic or political policy. When the Bhilai agreement was signed, the Indian Government had already decided on a policy of a commanding Government sector in the steel industry and the British and the West Germans also came in with assistance for building two other Government steel plants. The Avadi resolution of the Congress soon afterwards spelled out the socialistic aims of the Congress Governments in power at the Centre and in the States. At various stages during the second Five-year Plan and the current third Plan, a conflict of interest developed between India's domestic policies and American foreign aid policies. The most celebrated example of this conflict was in relation to the Bokaro project in which, despite sincere endeavours by the late President Kennedy, the American Administration could not push through the U.S. Congress plans to assist the Indian Government's fourth steel project. It was only eight months after the U.S. Congress had vetoed the use of U.S. Government funds for the Indian Government steel project and the Indian Government had withdrawn the request for U.S. aid in this venture, that the Soviet decision to aid Bokaro was announced. The U.S. Congress veto could be interpreted as an effort to interfere in domestic Indian policies inasmuch as U.S. aid to Indian steel would be available only if the project was in the non-Government sector. The Indian Government, however, did not publicly make such an accusation; it sought a mammoth deal with the United States and had just failed. The Soviet agreement to build the Bokaro project came about strictly as a result of a new Indian request for Soviet assistance. The Indian Government could not and did not try to blackmail American investors by declaring that, if the U.S. did not come in, the Russians would: the Indian Government did not have any such assurance from the Soviet Union then. As a matter of fact, the first reaction of the Indian Steel Minister after the failure of the effort to secure U.S. aid was to canvass a plan for Indian technicians to do Bokaro on their own. This posed difficult problems for the Indian Steel Ministry. Despite brave talk of Dastur and Company becoming capable of designing and supervising the construction of the Bokaro plant with equipment ordered from various countries. There is no doubt that the Indian Government, as well as independent commentators, welcomed the Soviet offer when it came.

Agreement Initialled

When the Soviet technical team arrived in India in the middle of August and started detailed technical discussions, the Indian side found that some of its claims on Indian technicians' capacity to play a major role in Bokaro designing were not acceptable to the Russians whose assessment of Indians' capabilities was not very different from that of the Americans during earlier negotiations on Bokaro. At one stage the Indian and Soviet negotiators got on each other's nerves while discussing Indian technicians' capabilities. The Russians made it clear that the designing part would have to be entirely in the hands of the Soviet technicians. The agreement for the new project report initialled last week, however, contains clauses more favourable in some aspects than Delhi envisaged a few weeks ago. The May Day announcement of Soviet help related to the first stage of the Bokaro plant, envisaged at one and a half million tonnes ingot capacity. The present agreement shows that the first stage will probably have two million tonnes ingot capacity and that the Russians will continue to provide assistance until the plant reaches a capacity of four million tonnes.

When the arguments of Dastur and Company being assigned a prominent role in Bokaro were pressed in the initial stages of negotiations, a conflict of interest between India and Russia was indicated. Apart from the technical assessment of the firm's capacity, the Russians would not bring themselves to agree to promote the development of a private sector firm as the most important steel consultant in India. Such a development, however, was not contradictory to the Indian concept of mixed economy.

The Soviet aid policy to India has been closely linked with the Indian Government's repeatedly-declared desire to establish the primacy of the Government sector in a variety of basic industries, including steel. Soviet aid, naturally, has been directed exclusively to strengthening the public sector. Apart from steel, the Soviet aid helped the Indian Government negotiate from a position of some strength with international oil firms and companies capable of helping India establish a complex of machine building units. It is a natural conclusion that, by and large, the Nehru domestic policies and the Khrushchev aid policies provoked no conflict of interest. They were paralled routes.

In India's search for supersonic planes to strengthen the defences too, India knocked on the doors of the U.S. Administration and sought Soviet help after it failed to secure the planes from the West. In the oil industry, the Soviet intervention on the side of the Indian public sector, as well as the emergence of independent oil operators seeking new avenues, has led to the international oil firms drastically changing their investment policies. In other words, the disadvantages of being a technically under-developed country were partly offset by the Soviet intervention which has resulted in international oil firms offering more favourable terms than some years ago.

Soviet aid to India under Khrushchev thus contributed materially, as well as psychologically, to Indian economic development. The past year was one in which numerous significant contracts were signed between India and the Soviet Union, especially in a variety of machine-building industries. In the debate on the fourth Plan, one of the basic premises in going for more ambitious basic industries, side by side with an intensification of the drive in agriculture, was that there would be a substantial flow of Soviet technical and financial assistance. The crucial question for which an immediate answer is not available is whether Soviet aid to India will continue at the same rate as hitherto in the post-Khrushchev period.

Fourth Plan Premises

The Fourth Plan, whose investment outline had been approved by the Union Cabinet last week, presupposes that the net foreign aid inflow during the years 1966-71 will be the same as during the Third Plan—around Rs. 500 crores a year, excluding commodity assistance from the United States under the food-for-peace programme. The calculation of Rs. 21,500 crores *plus* a possible Rs. 1,000 crores (if the economic climate is sunny) is on current prices. The perspective plan for 1961-76 was based on 1960-61 prices; therefore, in terms of 1960-61 prices, the outlay on the fourth Plan will be around Rs. 20,000 crores. Since the achievements of the current third Plan are expected to show a shortfall of 20 per cent, the present estimate of the total outlay on the Fourth Plan will, in real terms, be a little over twice the size of the current Plan. The third Plan started with aiming at physical targets for which complete financial provisions had not been made. Added to this was the setback resulting from agricultural stagnation and the increased defence spending. The Fourth Plan will also begin with the setting of targets in excess of what resources justify, but the flexibility will be built into the Plan outline, if the planners have their way. In the third Plan there was no detailed specification of the projects or parts of projects to be dropped out if the resources position suffered. The fourth Plan will aim at a phase-by-phase projection of schemes and investment and will mark out the phases or the projects to be dropped out or added, depending on a periodic survey of achievements. An intellectual exercise among planners has been to argue that these cuts in expenditure can be made without affecting key projects contributing to the rate of growth. If this hypothesis is correct, then why not attempt to exclude the fringe expenditures even in the beginning?

In the drafting of the fourth Plan and its implementation the conflict between the States and the Centre may become more pronounced. The Planning Commission wants to have its own agents in the States to evaluate and report on the progress of State projects continuously. The present method of collecting information through periodic visits of central teams and from the Development Commissioners who work under the State Cabinets is not completely satisfactory. But it is doubtful whether the State leaders will appreciate the extension of the arm of the Central Planners. When the Chief Ministers and the National Development Council meet next week, it is not only the fourth Plan and the long-term food policy which will be under discussion. The relations between the States and the Centre, with Nehru out of the picture, will loom large.

IMPORT POLICY FOR CURRENT HALF-YEAR

The import policy for the second half of the current year, announced on the 14th inst. by the Central Government, does not contain any cut in the licences of the established importers. There was also no cut in the case of supplementary or additional licences, where allowed to established importers.

It has been decided that annual licences granted to established importers for the current financial year need not be presented to the licensing authorities for endorsement regarding utilisation in the second half. In cases where fresh licences are yet to be issued to established importers for the current year, the annual licences will be granted for the total yearly entitlements. The licences will be suitably endorsed to permit the import of goods in one lot within the validity period of the licence.

The import policy in respect of actual users for the second half of the current year will be announced later.

FOOD MUST COME FIRST

By Questor

LONDON, *16th October*

THE Malthusian nightmare—a world in which population continuously expands more rapidly than food supplies—has been uncomfortably close to the reality for some time past, and a good deal of paper and ink has been devoted to it. But the disproportion between the size of the problem and the steps which are being taken to meet it is so great that there is a strong temptation in many countries, developing as well as developed, to ignore the figures and simply hope for the best.

No apology, therefore, need be made for taking the annual report of the Food and Agriculture Organisation of the U.N. as an opportunity for dinning in what many of us would much rather forget.

Between 1850 and 1930 the world's population grew at an annual rate of 0.9 per cent and doubled from 1,000 million to 2,000 million. Between 1930 and 1960 the rate of increase rose to 1.4 per cent and the population rose to 3,000 million. The rate of increase is at present around 2.1 per cent, which implies—if held—4,000 million by 1974, 5,000 million by 1984 and 6,000 million by 1993. By the end of the century, according to the best-favoured U.N. projection, the world's population will have reached 6,280 million, almost twice the present level.

It is increasing most rapidly, moreover, in those regions of the world—Asia, Africa and Latin America—where living standards are already the lowest. Technical advances, in sanitation as well as in medical treatment, have greatly increased the expectation of life in these regions. But the very increase in population has frustrated the improvement in living standards which might have caused a drop in the birth rate. Most of these countries, for all the efforts they are making and the outside assistance they are receiving, are having to run very hard merely to remain where they were.

Although world food output per head is 15 per cent higher than before the last war, the whole of the increase has been achieved in its more developed areas. Output per head in the developing regions is no higher than it was 25 years ago, though the F.A.O. has estimated that between one-third and one-half of the world's inhabitants suffer from malnutrition or actual hunger.

Nor is it easy to see how the situation is to be quickly remedied. In India, food production must be increased in fifteen years, if nutritional standards are not to fall even further, by an amount sufficient to feed a rise in population roughly equal to the total present population of the United States. In China, the population is rising each year by an amount roughly equal to the total population of Australia. In some smaller countries, it is rising proportionately even faster. Yet the latest report of the F.A.O. suggests that for five years past world agricultural output per head has not risen at all and that in Latin America—where population is increasing faster than in any other major region—it has fallen sharply.

The existence of agricultural surpluses in many of the developed countries can only do a little, and for a short time, to alleviate this problem. The shipment of food supplies from the U.S. and other surplus producers to developing countries represents a useful marriage between charity and political convenience. Under certain proposals which have been put forward for international commodity schemes, this sort of arrangement would become a settled habit. But it might then both discourage developing countries from improving their own agriculture as far as they could and enable the developed to postpone uncomfortable changes in their economic structures.

Since most developing countries are anxious to industrialise as the only way out of their difficulties, they are chronically short of foreign exchange. The increase in aid and loans has been largely cancelled out over the past few years by a drop in the price of raw materials and a deterioration in their terms of trade. And, although these terms improved in 1963 for the first time since 1951, a large part of this improvement seems to have been due to temporary factors. What is more, any prolonged rise in the price of many raw materials is likely to lead to the even further development of synthetic substitutes.

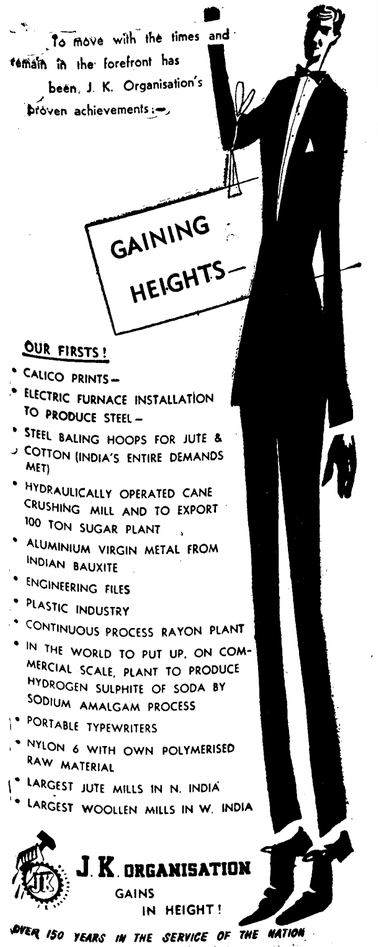
Because a shortage of foreign exchange is often the dominant feature of the economic situation, developing countries have so far tended to concentrate on export and import-saving industries. But the basic need in many of them is still to improve agricultural methods and so greatly to increase yields. Such a process usually involves fundamental changes in systems of land tenure, education, and the use of mechanical tools and may well imply a political upheaval. The developed countries can contribute to the success of these attempts at self-support not only by supplying more capital equipment and technical assistance but by realising that the need to feed its population must be the first consideration of any Government.

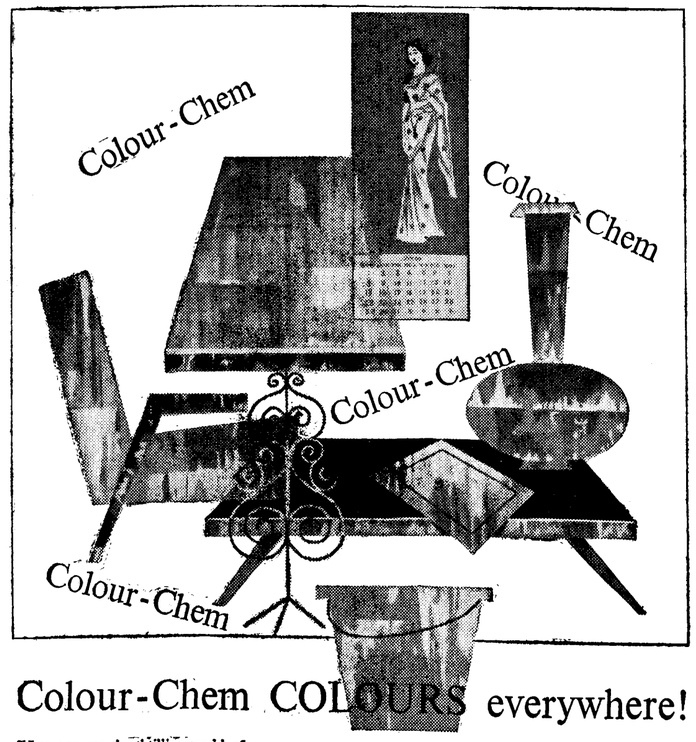
One of the more encouraging advances during the past year has been the establishment of a joint programme between the F.A.O. and the World Bank to identify a 'much larger' number of agricultural projects suitable for financial assistance—wherever possible, presumably, with soft loans. If we do not make a much greater effort to bridge the gap between food supply and population, it may well be closed, as Malthus predicted, by famine, plague and war.

WORLD BANK LOAN FOR EDUCATION

The World Bank has approved a loan of $6 million to the Philippines. This will be the Bank's first loan in the field of education. The loan will be used for a project in higher agricultural education. The beneficiary will be the College of Agriculture of the University of the Philippines.

The Bank loan is for a period of 30 years and bears interest at the rate of 5¼ per cent. Because the economic benefits of educational projects of this kind are realised only slowly and because the development of the Philippine economy requires a large continuous inflow of capital from abroad, amortisation of this loan will begin only after 10 years, the first repayment falling due in 1975.





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AMERICAN LETTER

AUTO WORKERS GET MORE WAGE BENEFIT

HAVE THE GUIDEPOSTS FOR COST-PRICE STABILITY BEEN VIOLATED?

By N. Pattabhi Raman

NEW YORK, *17th October*

NEW labour-management contracts made in Detroit during the past weeks have strengthened the speculation about inflation and also raised doubts regarding the usefulness of the Kennedy-Johnson Administration's wage-price guideposts. I discussed the background to the new contract negotiations in an earlier article. As indicated therein, the Administration has emphasised that the average wage settlement should not exceed the 3.2 per cent general productivity rate. In its view, wage increases exceeding this figure could upset the stability of the price structure.

The United Automobile Workers (U.A.W.), the trade union of the auto industry's blue and white collar employees, bargained for and obtained benefits which, in money terms, amounted to a much larger increase. It is difficult to calculate the costs of the newly-won benefits exactly, but it would seem that the increases will amount to 4½ per cent to 5 per cent in each of the next three years. The increases were first won by the union from Chrysler, which was particularly vulnerable to pressure this year. Then, Ford and General Motors, the No. 2 and No. 1 of the industry, agreed to similar terms. In the case of General Motors, the union called its members out of most plants for a few days in a show of militancy. The economic terms offered by General Motors were not much different from those offered by Ford or Chrysler and accepted by the U.A.W., but the union demanded some additional improvements in working conditions. The demand was partly political in that it was designed to mollify militant leaders of the union's locals (branch units). In earlier years, agreement at the national level between the U.A.W. and the auto companies has been followed frequently by wildcat strikes in auto plants in different parts of the country; by taking note of the local grievances and demonstrating a spirit of militancy, the union sought to forestall wildcat strikes. The strike against General Motors was short-lived and hence by itself had no impact of any significance on the economy.

The price of the labour peace thus secured in Detroit is, however, a different matter. At the peak of a period of booming sales and profits, the Big Three apparently did not consider that it was too high a price. But it could penalise the economy if it generates inflationary forces.

G.M. Not to Raise Prices

There is no immediate threat of inflation in sight and the generous auto settlement may *not necessarily* break the price stability that has prevailed for a considerable length of time. General Motors, which accounts for some 55 per cent of the industry's production, has already announced that it will not raise prices on the 1965 models; the other manufacturers are not likely to contest the leader by increasing their prices. This means that the increase in labour costs, at least the increase becoming effective in the first year of the three-year contracts, will be absorbed by the manufacturers.

While this is an important consideration, whether inflation will rear its ugly head depends on other factors as well—factors such as the overall strength and direction of the economy; monetary and fiscal policies; and the nature of the wage settlements and pricing policies in other areas of the economy.

The Administration is indeed keen to prevent the repetition of Detriot in other industrial centres. Thus, commenting on the auto settlement, President Lyndon Johnson said: "We know that a new round of inflation could erode our export surplus and undermine our great expansion. All of us have a vital interest in maintaining price-wage stability.

While the auto settlement was a generous one," he added, "it must be judged in the context of the industry's very high profits arising from higher sales, lower cost and taxes, and very high productivity combined with maintained prices. Both labour and management realised the unique nature of the auto settlement," the President concluded, hoping to avoid a mirror effect, "I expect that other industries with profits below the high levels in autos will not use the auto settlement as a pattern."

Such hopes notwithstanding, the impact of the auto settlement on wage-price policies in other industries remains to be seen. Moreover, the current price stability could be upset by pricing policies initiated independent of contract negotiations. The danger of such an upset is particularly evident in steel. As I observed in an earlier article, the steel industry is rolling up its sleeves to deliver a blow to the edifice of price stability. Steel profits "simply do not measure up" to a proper return on invested capital, Mr. Joseph L. Block, Chairman of Inland Steel, declared a few days ago. Mr. Block is not a soloist, for he has company. Other members of the Chorus for Higher Prices include such industry stalwarts as Chairman Roger Blough of U.S. Steel and President Logan T. Johnson of Armco Steel. But Mr. Block's statement was particularly significant because it was he that helped the late President Kennedy to reverse the industry's efforts to raise prices across-the-board in April 1962. At that time, Mr. Block refused to go along with the other majors and the latter were forced to rescind the price raises in order to remain competitive.

Overall Economic Trend

While steel thus poses a threat, the overall trend of the economy encourages the hope that inflation can perhaps be avoided. The consensus is that the economy, now going into its 15th quarter of expansion, will continue to grow, but that it might begin to lose momentum by the middle of next year. Inflation is not expected to occur in the event a lag does set in, even if the narrowing gap between industrial capacity and the rate of utilisation puts pressure on prices. And, even if the economy continues to grow steadily beyond mid-1965 and begins to heat up, inflation need not necessarily creep in because the Administration has a variety of monetary and fiscal instruments to deploy against it. In short, while there is room for apprehension and need for caution, there is no reason to be pessimistic at the present time.

Was Detroit the Waterloo of the wage-price guideposts? This is a valid question. The guideposts were first established in 1961 and it is generally agreed that they have exerted a moderating influence on both labour and management. By focussing public attention on the importance of wage-price stability and the dependence of this stability on prudent wage settlements and pricing decisions, they have introduced concern in the minds of both unions and company managements that, if they flout the guideposts, they might become the target of public displeasure or Government action.

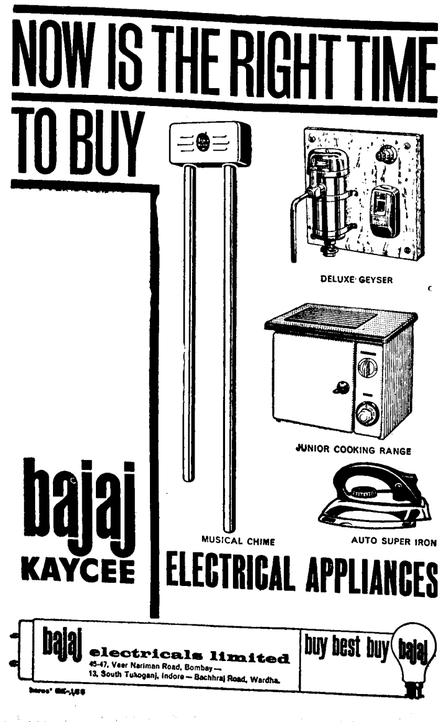
In Detroit, the guideposts were indeed ignored. The concept of the guideposts requires companies enjoying higher than average productivity gains to cut prices, but even prior to the wage negotiations in Detroit, the auto companies announced that they would not cut prices. This attitude strengthened the determination of the U.A.W. to secure as large an increase in the wage benefits packet as it could possibly obtain.

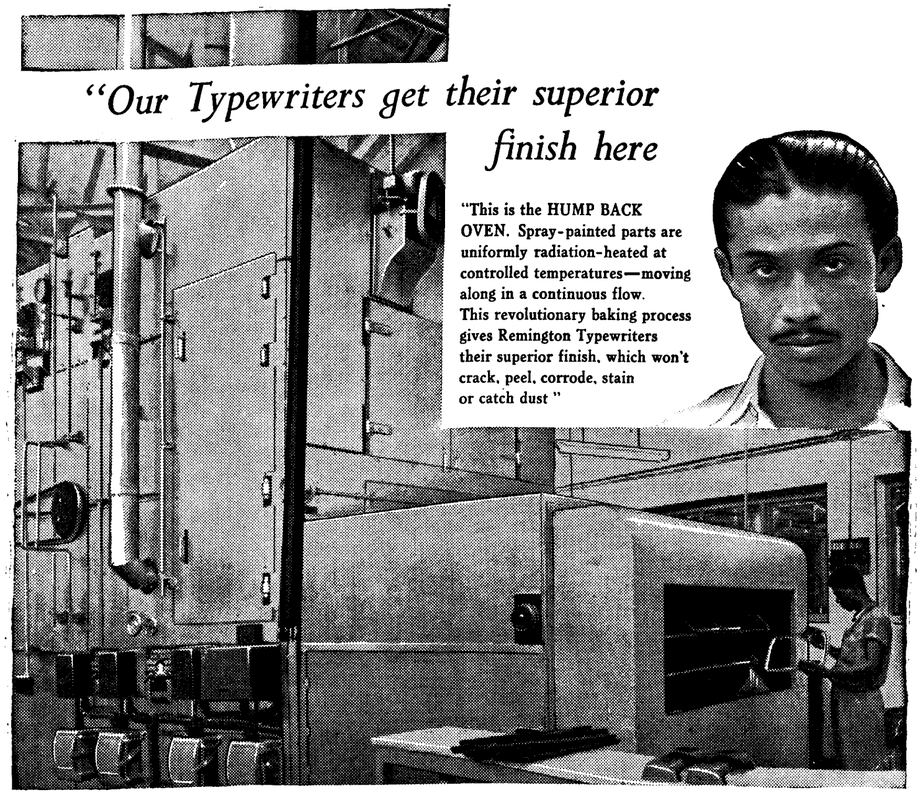
But, as President Johnson pointed out, the Detroit experience does fall within the category of "exceptions" to the Administration guideposts. The guideposts did not rule out the possibility that some wage settlements would be above the average, and some below it, and that some prices would move up while some others would decline. And the increase in wages and benefits which the U.A.W. obtained was fairly close to the productivity gains registered in the industry. Hence it may be concluded that the guideposts have not ceased to be useful because Detroit ignored them.

In fact, both labour and management in America have much to lose if they would repeatedly violate the guideposts. They might destroy the cost-price stability, engender cost-push and inflation, force the Administration to intervene in free collective bargaining or, worse, institute strict controls, and generally upset the health of the economy. As *Business Week* observed recently: "The guideposts are one way a free economy can reconcile different national objectives. Their usefulness is far from ended."

U.S. RICE EXPORTS

The U.S. rice exports during the marketing year ended July 1964 touched a record high of 1,385,000 metric tons (milled rice), which exceeded the previous largest exports of 1,145,000 tons in 1962-63. This was an increase of 21 per cent, and a rise of 77 per cent over the average annual exports of 783,000 tons during the five years 1955-59. The record exports to Asia, at 721,000 metric tons, rose by 60,000 tons over the 1962-63 marketing year and 321,000 tons over the 1955-56 average. The Asian market took over 52 per cent of total U.S. rice exports. The largest shipments were 354,000 tons to India and 105,000 tons to Japan. This was the first significant export to Japan in eight years. Exports to Indonesia dropped sharply—from 254,000 tons to 62,000 tons—due to the curtailment of P.L. 480 sales by the United States.





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COOPERATIVE CREDIT AND BANKING

NEED FOR COMMON DISCIPLINE STRESSED

SHARP controversies over the threefold problems of resources, operations and supervision of the cooperative credit movement and banking structure were recently highlighted in Bombay on the occasion of the Silver Jubilee Celebrations of the Maharashtra State Cooperative Banks' Association. Although the differences were sharp, there was no misunderstanding on either side of what was at stake: the stake was the revival and revitalisation of the cooperatives. There were, of course, differences over the standards of operational efficiency already attained and the standards desired; there were also divergent points of view on their ability to raise resources and to absorb official finance; there was even a lack of proper understanding between the official attitude concerned with the inflationary implications of cooperative financing frustrating the efforts of monetary authorities to control credit and the cooperators' attitude which regards all centralisation as the antithesis of cooperation, an attitude more concerned with the vital functions of the movement. But there was no doubt that everyone regarded cooperatives as a distinct and significant third force in our scheme of planned development. While there was a stray element of competitive jealousies between the cooperative and commercial banks, there was ample recognition of the enormous expansion and considerable diversification of cooperatives in the field of banking and credit.

There is an element of contrast, or even a paradox, in the fact that the quantitative progress of cooperatives so far has been the direct result of official support, assistance and incentives. These very factors, carried to an extreme in several cases, have amounted to spoon-feeding and become the very bane and weakness of the movement. Addressing the Silver Jubilee Celebrations on 10th inst., the Governor of the Reserve Bank of India stressed the need for and the importance of expanding owned resources and mobilising deposits if the cooperatives were to fulfil their purpose. The ability of the movement to finance production and development in increasingly diverse fields, according to the Governor, will ultimately depend on their ability to mobilise the required resources from out of the savings of the rural and urban communities.

Uneven Progress

Outside assistance may be absolutely essential initially to give a momentum to the cooperative movement, but, after a certain period, their financial viability and operational efficiency have to increase to a level that may inspire public confidence and enable them to mobilise savings of both rural and urban people. After all, promotion of thrift is a basic cooperative principle and, unless the cooperatives match the assistance, incentives and concessions they get by increasing their deposits from the public, they cannot be regarded as having fulfilled their purpose. Even apart from this matter of principle, the cooperative banks get various types of help from official sources, help that should enable them to compete with the commercial banks in mobilising resources on more than an equal footing: they have been the first to take banking to the rural areas, they have received official patronage in the form of quasi-Government deposits, they are also able to offer various attractive services to the public, including remittance facilities and other services which should make it easier for them to attract deposits, and they are even able to stand on a par with the commercial banks in the matter of the interest rates they pay for their deposits. In fact, some of the cooperative banks have a good record of deposit mobilisation, but the progress is uneven in terms of both regions and banks. It may be that the deposit potential in areas where cooperatives operate is meagre and it may be that differences in the degree of economic development in various areas are reflected in the actual deposits they have collected, but these are factors which are not independent, for, they can be influenced by the efforts of the banks themselves.

If the cooperative banks are to become progressive institutions with the highest standards of efficiency and, if they are fully to meet the demand for credit for productive efforts in rural as well as urban areas, in agricultural as well as industrial fields, there is no escape from mobilising the genuine savings of the people to the fullest extent possible. A recent Reserve Bank study of the deposit rates of cooperative banks at the end of June 1962, published in the September 1964 issue of the monthly *Bulletin*, points out that deposits formed 32 per cent, 35 per cent and 74 per cent of the total working funds of the State Cooperative banks, Central Cooperative banks and Urban Cooperative banks, respectively, whereas the share of borrowed funds was 57 per cent, 47 per cent and 3 per cent, respectively. The urban cooperatives have set an example in this respect to the other cooperative banks, suggesting the extent to which there is scope for intensifying and widening their efforts to mobilise deposits. But even in the case of urban cooperatives, as much as one-third of the total deposits were from individual *members;* there is, therefore, a scope still, even in their case, to attract deposits from the *public.*

In mobilising deposits from the public, that is, the non-member individuals, the cooperative banks have to compete with the scheduled and non-scheduled banks, as well as the postal savings banks and other forms of national small savings movement. The postal savings banks (first introduced in 1882) and the national savings movement have abundantly justified themselves by their dynamism in collecting the savings of the people from the rural and urban areas; even the scheduled banks

R.B.I. Credit to Co-operative Banks
(Rs. in crores)

	1963-64	1950-51
Short-term loans:		
Drawn	197	6
Outstanding	127	3
Medium-term loans:		
Drawn	4	Nil
Outstanding	9	Nil
Long-term loans:		
Drawn	3	Nil
Outstanding	28	Nil
Debentures of land mortgage banks:		
Purchased	4	..
Outstanding	10	..

Note: Bulk of the short-term and medium-term advances are at 2 per cent below the Bank Rate, though some of them, for non-agricultural purposes are given at Bank rate or at 1½ per cent below Bank Rate.

have displayed their vitality in mobilising deposits in recent years, although their progress may have been partly at the expense of non-scheduled banks and as a direct result of rising money incomes under the pressure of mounting deficit financing. The growth of deposits of cooperative banks have not, however, had any relation with the growth in the volume and field of their operations. As has been bitingly pointed out, Sir Frederick Nicholson, the enlightened originator of the Indian Cooperative Movement, has turned out to be the most erring of the prophets: the combined deposits of the Cooperative Movement, even after sixty years of missionary zeal and official props, is only a little above one-tenth of the deposits of commercial banks.

Difficulties of Dichotomy

Cooperative banks have received special treatment and an honoured place in our banking system. They have been beyond the scope of control and supervisory mechanism of the Reserve Bank of India and have received concessional finance on condition that they pass on the benefit of the concession to agriculturists and other borrowers. In fact, the cooperative credit banks hold a unique position. They are an integral part of the Cooperative Movement and yet they are a distinct and separately identifiable group of institutions whose problems are different in many respects from those of the rest of the Cooperative Movement. On the other hand, they are banks in their name, constitution, functions and operations, yet they stand apart from commercial banks in more than one sense. They share common banking interests, as the Governor mentioned at his address at the Silver Jubilee Celebrations, and they constitute "an integral part of the country's banking system"; yet they have not shared the common discipline of the banking and monetary system as represented by the advice and directions of the Reserve Bank of India and by the interest rate mechanism of our financial system. Emphasising the difficulties of such a dichotomy, the Governor of the Reserve Bank said:

> "... whatever be the statutory position it is important that, in matters of evolving appropriate banking practices and progressive policies, in the matter of raising resources as well as employing them fruitfully, and observing canons of sound banking, the cooperative banks should seek an area of common understanding and purpose with the rest of the banking structure of the country."

But it is not merely a question of an area of common understanding or of common national interest that requires policies and procedures of the cooperative banks to be in line with the rest of the banking system. It is also necessary that they should be brought under "a sense of common discipline" and should "conform to those aims of policy which have been set before the banking sector as a whole."

In view of the special significance and increasing importance of the amount and variety of cooperative credit, it is no longer possible to ignore the effect and implications of cooperative credit upon the finances and the economy of the country. While the selective credit controls regulate commercial bank advances against various agricultural commodities in the light of the overall monetary and economic situation, the advances of the cooperative banks here remained altogether outside the purview of such controls. The amounts of such advances "in certain areas and against particular commodities are beginning to be sizable" and "they give rise to an apprehension that they are helping to finance hoarding of stocks."

In the light of this, the role of cooperative credit in frustrating the effectiveness of monetary and credit policies requires to be reconsidered. Cooperative finance has become an important constituent of total bank credit in the field of agricultural marketing and overall monetary discipline. When the Governor referred to the Reserve Bank thinking in terms of making sound and orderly arrangements so that cooperative banking "will not function out of step with the overall purposes and discipline of the banking system as a whole," he was undoubtedly referring to the proposal to extend the scope of the Banking Companies Act to include the cooperative banks.

Enforcement of Discipline

The cooperators' viewpoint as regards both these matters—the need to increase deposit resources and the extension of the Banking Companies Act to the cooperative banks—is broadly similar, at least in principle. But in its practical application, there are sharp differences. Although the Chief Officer of the Reserve Bank's Agricultural Credit Department, Mr. P. D. Kasbekar, addressed the Seminar at the Silver Jubilee Celebrations in his personal capacity, he could not but help echoing the official viewpoint. The thinking in the Reserve Bank is veering round the point that cooperative agencies should reduce their dependence on Reserve Bank credit and that the Reserve Bank should discourage such dependence where cooperative banks have established certain minimum standards of viability. The demand of the cooperators that responsibility for meeting all the credit demands of agriculture should be placed upon the cooperative sector was criticised by Mr. Kasbekar who made it plain that, in the present inflationary situation, the Reserve Bank tap of created money should not be widened to match such expansion of responsibility and that the cooperative banks should undertake only such responsibilities as they can meet out of the resources they are able to mobilise.

Again, although many cooperators may agree in principle to the extension of the same discipline to cooperative banks as is applicable to commercial banks, they object to the application of the blanket provisions of the Banking Companies Act to the cooperative banks. The Reserve Bank, however, is convinced of the necessity of embracing all the cooperative banks under the mechanism of the Banking Companies Act and, if it is hesitating, it is only due to the stupendity of the task of operating under the weighty responsibility of dealing with more than 850 State, Central and Urban Cooperative Banks, not to speak of over 1,500 primary societies.

Reserve Bank's Role

Still another aspect of the controversy that arose at the Seminar was over the role of the Reserve Bank in promoting the growth of cooperatives. The cooperators have from time to time demanded that the presence of a cooperative bank at a centre and the banking facilities provided by it should be kept in mind by the Reserve Bank before permitting joint-stock banks to open branches. This is pushing the competitive elements too much into the picture

(*Continued on page* 745)

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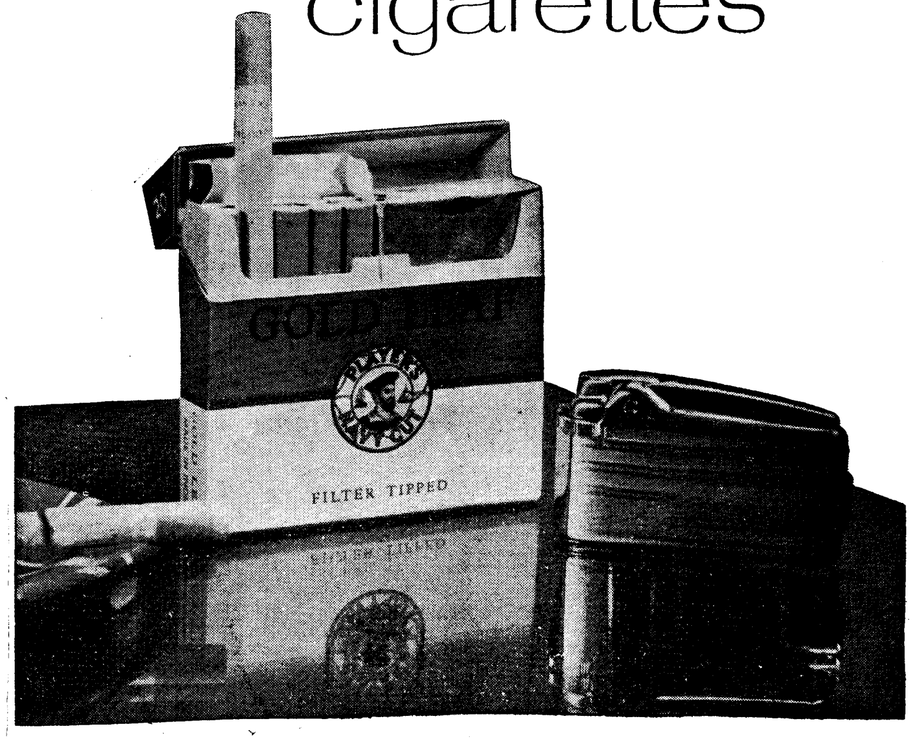

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BANKING IN RURAL AREAS—I

A NEW APPROACH AND PATTERN OF OPERATIONS NEEDED

By Dr. J. D. Sundram

SCHEMES for the economic development of rural areas continue to languish for want of timely, adequate and cheap credit of all types, in spite of what has often been described as proliferation of financial and banking institutions since independence. Commercial banks in the country have no doubt extended the area of their operations, expanded the volume, and diversified the range of their services during the post-independence period. With the establishment of the State Bank of India in 1955 in pursuance of the recommendations of the Rural Credit Survey Committee, with a special mandate to accelerate the pace of expansion through opening branches in new areas, the number of banking offices has increased and the organisational machinery, particularly for assisting co-operative institutions and small-scale industries, has been improved and strengthened. The political and social bias of Governments at the Centre and in the States, as reflected in the three Five-year Plans, has encouraged the growth of a variety of co-operative institutions and facilitated the extension of assistance, financial, technical, organisational, etc., to them in an equally wide variety of ways. Notwithstanding this institutional proliferation, effective coverage, measured by any standard (spacial, population, size of towns, or volume of credit extended for development schemes in rural areas) continues to be as unsatisfactory as ever

Table 1: *State-wise Distribution of Offices of Scheduled Banks in 1963*

States	Number of bank offices	Population (Lakhs)	Population per office ('000's)
Andhra	371	360	97
Assam	54	119	220
Bihar	189	465	246
Gujarat	402	206	51
Jammu and Kashmir	15	36	240
Kerala	299	169	57
M.P.	203	324	160
Madras	686	337	49
Maharashtra	681	396	58
Mysore	495	236	48
Orissa	59	175	297
Punjab	357	203	57
Rajasthan	207	202	98
U.P.	480	737	154
West Bengal	286	349	122

before. Nay, it would be more correct to say that the availability of institutional credit today is smaller than the needs, because the latter have grown in number, coverage, intensity and urgency in the wake of at least a verbally growing awareness of the importance of the integrated economic development of rural areas.

The details of the State-wise distribution of offices of all scheduled banks in the country set out in Table 1 clearly reflect the absence of any correlation between the number of offices and (*a*) the area, or (*b*) the population, or (*c*) the level of development, of the State. The operational coverage of a bank office varies from nearly 300,000 persons in Orissa to 48,000 persons in Mysore; the number of offices in either of them having apparently nothing to do with either their population or their area. Judged purely by the number of offices and the population each has to serve, Assam, Bihar, Jammu and Kashmir, Madhya Pradesh, Orissa, U.P. and West Bengal are inadequately served, inasmuch as the population each has to serve ranges between 1.22 lakh, 1.54 lakh and 1.6 lakh in West Bengal, U.P. and M.P., respectively, to well above 2 lakhs in the others.

The general impression conveyed by the data on the State-wise location of offices of scheduled banks is further confirmed by the State-wise distribution of even the co-operative banks and their offices. In Table 2 are set out the details of the State-wise distribution of all banks, scheduled and non-scheduled, as well as co-operative banks. A study of the figures in this table points to several additional features which are even more difficult to explain. For example, one may wonder what the justification or explanation is for the comparatively smaller number of places and offices of co-operative banks in Bihar, where the need for development is admittedly pressing because of the sizable number of people living on the margin of subsistence, or, again, why in Kerala, with perhaps the highest level of literacy and the most widespread political awareness, the progress of co-operative banking is confined to less than 10 per cent of the number of places covered by scheduled banks.

What can be broadly stated from the figures is that, in spite of various inducements and assistance over a fairly long period, co-operative banking has not developed either at the pace or in the manner likely to facilitate the implementation of schemes of economic development in areas that need them. Broadly, in the pattern of State-wise distribution and coverage of population, there is no significant difference between the scheduled banks and co-operative banks, in either their respective spacial distribution, or in service of the population, or in their nearness to the potential of economic development.

It is, however, well known that urban areas of the country are more intensively and extensively served by commercial banks. What is, however, strikingly strange is that the distribution of offices of co-operative banks among different types of towns is broadly the same as that of commercial banks.

Even among the urban areas, the pattern of distribution of commercial and co-operative banks follows no logical principle of either area or population. Some towns are served more intensively than others. For example, while the number of bank offices in areas with population ranging from one lakh to two lakhs and from two lakhs to five lakhs are 664 and 546, respectively, town with population ranging between 5 and 10 lakhs, as well as places with populations of 75,000 and 1 lakh, have only 299 and 331 offices, respectively. This merely indicates that, even as between one urban area and another, banks as a rule have not followed any uniform procedure in opening branches. In these circumstances, the oft-repeated references to the population per office in places of varying population, as measures or indicators of the progress made so far (Table 4) has hardly any meaning or significance, because it does not reflect the volume, or quality, of service rendered by the banks or their availability to assist economic development of the population supposedly covered by them.

The primary function of banks, whatever the pattern of organisation, is to mobilise savings of the people and farm them out among those capable of investing the funds gainfully. How far the so-called expansion of banking has equipped itself for the purpose can be judged only by the volume of deposits it has mobilised and the credit it has extended in the different States of the country.

Even a casual study of the data in Table 5 shows that banking development in the country is altogether inadequate and unsatisfactory in spacial coverage and in volume of operations *per capita*. The absence of any correlation between the number of offices and the volume of operations in a State merely reflects the concentration of banking services in some States. For example, while Madras has 13.7 per cent of the total number of bank offices in the country, its share in total operations is only 6.3 per cent in deposits and 9.8 per cent in credit, Maharashtra, which has almost the same number of offices, accounts for 25 per cent of total bank deposits and 32 per cent of total bank credit;

Table 4: *Bank Offices by Classes of Banks and by Population*

Places with a population of	Commercial banks	Co-operative banks	Total	Population per office
10,00,000 and over	818	103	921	13,382
5,00,000 to 10,00,000	253	46	299	19,030
2,00,000 to 5,00,000	477	69	546	14,990
1,00,000 to 2,00,000	537	127	664	13,248
75,000 to 1,00,000	256	75	331	10,778
50,000 to 75,000	386	98	484	10,332
25,000 to 50,000	814	300	1,114	9,197
10,000 to 25,000	1,116	548	1,664	7,101
5,000 to 10,000	411	471	882	5,246
Below 5,000	151	371	522	2,632

and West Bengal, which has fewer offices than either Madras or Maharashtra, accounts for 16 per cent of deposits and 24 per cent of credit. For an explanation of this singular absence of correlation between the number of offices and the volume of operations, one has to look elsewhere.

In Appendix II of *Statistical Tables Relating to Banks 1963*, figures of deposit in places with more than two commercial banks are given. From these, deposits of State capitals in each of the States have been taken. The relation of deposits in these towns to the totals in their respective States can be ascertained from the figures presented in Table 6.

From these figures, it can be seen that State capitals account for a sizable percentage of the deposits in their respective States. The reorganisation of States (which added to the number of important towns in the newly organised States, such as Gujarat, Kerala, M.P. and Mysore) and the partition of the country (which involved, in addition to this accretion of new towns, loss of the traditional capital city (Lahore), as in the Punjab) explain why the present capital cities in these States account for a smaller percentage of total deposits in their States. In Assam, Bihar, Rajasthan and U.P., the percentage of deposits in the capital city is not disproportionately high, because, in these States, there are several towns of almost equal importance and no metropolis. The extent of concentration of banking business in India becomes manifest from the figures set out in Table 7.

To sum up: in spite of the much advertised expansion of banking in the post-independence period, banking services in India are largely concentrated in the four metropolitan centres of Bombay, Calcutta, Delhi and Madras, accounting together for Rs. 1,178.72 crores, or about one half of the total deposits of Rs. 2,290.61 crores in the country. Though during the period since independence some effort has been made, the actual coverage of the banking services today is inadequate and limited to only the major urban areas. The institutional machinery for a really effective extension of banking facilities to the people in rural areas (including small and medium-sized towns) does not exist, except in a numerical sense and that too with resources far too inadequate for serving the population of the size under their respective jurisdiction. The extension of banking operations to small towns in the interior calls for an entirely different approach and pattern of operations.

From what has been said above, it is clear that expansion of banking that has taken place so far has hardly equipped it to assist economic development of rural areas, even to the extent now legally permissible to it. Branch banking, in India as in most other countries, involves constant references to head offices which have neither the required intimate knowledge of the applicants nor the background for an understanding of the implications of the issues they are required to consider and decide. Bank branches are generally in charge of agents who do not at all have (or at best have only limited) power and the essential technical training to deal, independently and on their own, with demands for financial accommodation. In these circumstances, banks have had to confine their activities to financing mainly trade and commerce, and advancing short-term loans on a small-scale to industries. Term-lending to industries attempted by a few large banks in pursuance of the directives of the Planning Commission has been recent and essentially marginal. The recent amendments to the Reserve Bank of India Act and the Banking Companies Act are likely more to restrict than to relax the traditional and legal restraints on their activities to meet the needs of economic development of rural and semi-urban areas.

Table 2: *State-wise Distribution of Bank Offices in 1963*

States	Scheduled banks		Co-operative banks		Total	
	Places	Offices	Places	Offices	Places	Offices
Andhra	162	369	85	114	247	483
Assam	28	59	21	38	49	97
Bihar	82	189	49	53	131	242
Gujarat	156	404	228	285	384	689
Jammu and Kashmir	9	26	24	26	33	52
Kerala	190	532	20	27	210	559
M.P.	112	205	255	279	367	484
Madras	204	837	76	116	280	953
Maharashtra	169	691	483	673	652	1,364
Mysore	190	509	178	254	368	763
Orissa	42	62	26	34	68	96
Punjab	130	369	130	133	260	502
Rajasthan	106	207	80	88	186	295
U.P.	183	505	133	142	316	647
West Bengal	73	294	51	63	124	357
Total	1,836	5,258	1,839	2,325	3,675	7,583

Table 3: *Number of Places Covered by Classes of Banks*

Size of towns	Scheduled banks		Co-operative banks		Total	
	Places	Offices	Places	Offices	Places	Offices
10 lakhs and over	5	818	5	103	10	921
Between 5 and 10 lakhs	8	253	8	46	16	299
Between 2 and 5 lakhs	27	477	27	69	54	546
Between 1 and 2 lakhs	65	537	61	127	126	664
Between 0.75 and 1 lakh	42	256	38	75	80	331
Between 0.50 and 0.75 lakh	82	386	64	98	146	484
Between 0.25 and 0.50 lakh	295	814	229	300	524	1,114
Between 0.10 and 0.25 lakh	655	1,116	479	548	1,134	1,664
Between 0.5 and 0.10 lakh	336	411	437	471	773	882
Below 5,000	134	151	366	371	500	522

Table 5: *Percentage Distribution of Scheduled Banks' Offices—Deposits and Credit in 1963*

States	Offices	Deposits		Credit	
		Percentage	Per capita Rs.	Percentage	Per capita Rs.
Andhra	7.4	3.5	22.1	3.1	13.7
Assam	1.1	1.0	19.2	0.4	5.1
Bihar	3.8	3.0	14.8	1.7	5.8
Gujarat	8.0	7.2	80.2	6.4	49.1
Jammu and Kashmir	0.3	0.5	35.0	0.1	3.8
Kerala	6.0	2.8	37.0	2.3	21.7
M.P.	4.0	2.7	19.0	2.2	10.6
Madras	13.7	6.3	42.0	9.8	46.8
Maharashtra	13.6	24.8	143.3	32.1	128.6
Mysore	9.9	4.3	41.0	4.3	28.7
Orissa	1.2	0.7	9.1	0.3	3.1
Punjab	7.1	5.2	58.2	3.1	24.5
Rajasthan	4.1	1.7	19.6	1.0	8.2
U.P.	9.6	7.2	22.4	4.7	10.1
West Bengal	5.7	15.7	102.8	24.0	109.3

Table 6: *Deposits*
(In lakhs of rupees)

States	Total deposits	Deposits in capital city	Percentage share
Andhra	79.37	32.11	40.5
Assam	22.85	6.42	28.2
Bihar	68.77	15.42	23.9
Gujarat	165.17	50.46	30.5
Jammu and Kashmir	12.60	11.22	89.1
Kerala	63.14	10.65	16.8
M.P.	62.26	11.27	18.1
Madras	143.44	70.50	49.1
Maharashtra	567.49	504.74	88.9
Mysore	98.43	40.03	40.6
Orissa	15.83	4.23	26.7
Punjab	118.21	17.55	14.1
Rajasthan	39.63	9.82	24.7
U.P.	165.26	27.60	16.7
West Bengal	358.80	309.43	86.2

Table 7: *Concentration of Banks*
(In crores of rupees)

State	Total deposits in the State	City	Amount of deposits
Maharashtra	567.49	Bombay	504.74*
West Bengal	358.80	Calcutta	316.66†
U.P.	165.26	Lucknow and Kanpur	51.30‡
Gujarat	165.17	Ahmedabad	50.46§
Madras	143.44	Madras	70.50¶
Delhi	294.52	Delhi	294.52

* The next important town in the reorganised State is Nagpur (Rs. 10.66 crores).
† Inclusive of Howrah and Dum Dum.
‡ Inclusive of Kanpur. The other towns in importance are: Dehra Dun (Rs. 11.43 crores) and Allahabad (Rs. 10.78 crores) and together would account for Rs. 73.51 crores.
§ The next two largest towns here are: Baroda (Rs. 20.00 crores) and Surat (Rs. 13.22 crores) and together have Rs. 83.68 crores.
¶ Coimbatore (Rs. 11.81 crores) and Madurai (Rs. 8.20 crores) are the next largest in this State.

Note: The source of information of all the tables relating to the coverage of banking services given here is *Statistical Tables Relating to Banks in India 1963*, Reserve Bank of India, Bombay, 1964.

though creditable in many ways, merely underlines the still continuing urgent need for intensification of the development process to raise the purchasing power of the rural masses through steadily rising agricultural production, and diversification of occupation and employment through rapid industrialisation. Though there is general agreement on the objective, the effective means to its realisation continue to elude even the dedicated Rural Industries Planning Commission.

In spite of official patronage and assistance, cooperative banking has not yet developed on the required scale or acquired the capacity or skill to mobilise rural savings and to influence their investment. In fact, the growth and acquisition of these skills depend on the very development that they are expected to assist, promote and foster. Their performance to date, though creditable in many ways, merely underlines the still continuing urgent need for intensification of the development process to raise the purchasing power of the rural masses through steadily rising agricultural production, and diversification of occupation and employment through rapid industrialisation. Though there is general agreement on the objective, the effective means to its realisation continue to elude even the dedicated Rural Industries Planning Commission.

The basic economic as well as the psychological fact of the Indian countryside is the inadequacy of the present institutional machinery for the daring tasks implicit in economic development. The institutional machinery one visualises as the catalytic agent for rapid economic development must have a built-in flexibility, in addition to inherent strength, and a capacity for quick adaptation to continually changing needs, situations and problems of a dynamic, growing population of any given area. The *panchayat* and the primary cooperative, though excellent in that they both have their roots deep within the body social and economic, have neither the training nor the expertise nor the resourcefulness to handle on any scale problems of industrial or other development in rural areas. While the ultimate objective must no doubt be to equip them for the tasks that they alone can fulfil in order to realise in full the benefits of development potential, in their present stage of development, they are not the answer for our needs. They can at best initiate efforts at development as they have; but they cannot sustain them, much less expand them, on a continuing basis in the larger social and national interest, because they have not the means at present for that purpose.

As the present structure of banking—commercial and cooperative—does not and, in fact, cannot, provide banking services at anything like economic cost, to all rural areas that have the basic development potential and, as, at the same time, the need for them is being increasingly felt, it may be worthwhile to consider whether it may not be possible to evolve an operational pattern that will meet the needs without basically affecting the structure of banking and its normal monetary discipline.

(To be concluded)

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Industry House, 159, Churchgate Reclamation, Bombay-1.
Tel. No. 246058 Grams: 'SKANINCO'
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OUTLOOK FOR INDIAN TEA GOOD

BOTH PRODUCTION AND EXPORTS RISE

THE current calendar year, that is, 1964, bids fair to be "a very good year" for the tea industry from the point of view of both production and exports. This, in brief, is the assessment of the Tea Board of India. The Board, in its customary annual publication, *Tea Statistics* (1963), estimates the production of North Indian tea for the whole year at about 272 million kgs. Production in South India, though at a lower level upto the end of June 1964 due to the late arrival of monsoon, is expected to be slightly higher at 91 million kgs., as against 89 million kgs. in 1963. The estimated total output in India during 1964 thus comes to 363 million kgs., representing an increase of about 17 million kgs. over the 346 kgs. plucked in the previous year. Exports of tea which have been satisfactory since June 1964 are expected to be higher than that in 1963 by about 9 million kgs. at about 233 million kgs.

The anticipated trends in the Indian tea economy are in keeping with the tea situation elsewhere in the world. The review of the world tea situation during the year 1963 as made by the Tea Board reveals that, while the total supply of tea was lower by 5.9 million kgs. at 739.4 million kgs., actual absorption was higher by a million kgs. at 745.7 million kgs., so that the deficit was of the order of 6.3 million kgs. There is, therefore, no evidence of any excess of tea. Indeed, the Tea Board says that there is no likelihood of any excess arising in the near future. This journal itself has been repeatedly saying ever since the U.N. Food and Agriculture Organisation forecast (early in 1961) a world surplus of 220-240 million kgs. by 1965 that the apprehensions are exaggerated and that the F.A.O. forecast may not prove correct. The production performance in the major tea producing countries during the year 1963 does not disclose any marked variation. The output is more or less at the previous year's level in several countries except in the case of Ceylon where it shows a distinct tendency to rise, while it has declined quite markedly, in Indonesia.

Production

Production has increased from 211.85 million kgs. to 219.80 million kgs. in Ceylon, from 23.39 million kgs. to 24.94 million kgs. in Pakistan, from 77.46 million kgs. to 81.10 million kgs. in Japan, and from 19.75 million kgs. to 21.06 million kgs. in Formosa. The countries showing a decline, other than Indonesia are India, Uganda, Nyasaland and Malaya. The following table indicates the trend of tea production in the different countries during the year 1963, as compared with 1962, 1961 and 1951:

(In million kgs.)

	1963	1962	1961	1951
India	345.90	346.74	354.40	285.40
Pakistan	24.94	23.39	26.54	23.63
Ceylon	219.80	211.85	206.49	148.00
Indonesia*	38.48	47.22	43.14	46.51
Kenya	18.08	16.43	12.64	6.95
Uganda	6.17	6.29	5.11	1.90
Tanganyika	5.02	4.31	4.46	1.08
Nyasaland	11.92	13.34	14.30	6.76
China	158.76	158.76	157.85	64.96
Japan	81.10	77.46	81.39	44.01
Formosa†	21.06	19.75	18.07	10.50
Malaya	2.73	2.84	2.64	1.67
Argentina‡	N.A.	9.98	7.98	0.20

Note:—1 kg.=2.046 lbs. N.A.—Not Available.

*Including peasant-grown leaf manufactured by factories only and excluding hand-made tea produced by small growers.

† Figures represent 'crude' tea and should be reduced by 7½ per cent to give figures of 'finished' or 'refined' tea.

‡ Figures relate to 30th April of the year following that indicated.

This brief analysis provides a general background for assessing India's production and export performance during the year 1963. The most noteworthy feature of the year, according to the data furnished by the Tea Board, was the continued rise in exports from India. The quantity of tea actually shipped, which had increased from 206.3 million kgs. in 1961 to 214.0 million kgs. in 1962, increased again to 223.5 million kgs. in 1963. Thanks partly to the rise in the quantum of exports and partly to the spurt in the average export price realised per kg. of tea, the foreign exchange earnings improved quite significantly from Rs. 124.9 crores in 1962 to Rs. 132.4 crores in 1963, which is the highest figure for the last five years. The proportion of tea exported to the total produced went up from 49.7 per cent in 1962 to 52.0 per cent in 1963. On the financial year basis, however, both the quantity and value of tea exports recorded a fall during 1963-64, the former declining from 220.8 million kgs. to 209.3 million kgs. and the latter from Rs. 129.6 crores to Rs. 123.2 crores. The decline in exports is attributed to reduced shipments in the early months of 1964 following two successive years of unsatisfactory crop and higher exports during both 1962 and 1963, as compared with 1961, which left very little tea to be exported during the initial months of this year. In fact, exports lagged behind 1963 right up to the end of May. It was only in June when the new season's teas were available in sizable quantities that exports exceeded for the first time those in the corresponding month of 1963, though the increase was only a million kgs.

Current Year

As for the current year, the production of tea during the first nine months ended September was higher by 12.5 million kgs. at 257.9 million kgs. as compared with the corresponding period of 1963. The rise has been accounted for entirely by North Indian tea the production of which was 200.1 million kgs.. as against the 180.4 million kgs. produced a year before. This rise has more than made good the fall of 7.2 million kgs. to 57.8 million kgs. in the production of South Indian tea. The rise in production has not, however, been accompanied by a corresponding rise in exports. Actually, the exports have suffered a setback though the trend since June 1964 has been upward; the quantity exported during the first three quarters of 1964 was 124.7 million kgs., as against 135.1 million kgs. a year before. The proportion of exports to total production, as a result, has come down from 55.1 per cent in January-September 1963 to 48.3 per cent in January-September 1964. Since the quantity of tea exported during the early months of 1964 was well below that in the same months last year, total foreign exchange earnings from this commodity have receded from Rs. 83.0 crores to Rs. 77.6 crores. The average export price has been slightly lower at Rs. 6.22 per kg., as against Rs. 6.24 a year before.

The following table shows at a glance the recent trends in India's tea economy:

(In million kgs.)

	January to September		Whole of Calender Year		
	1964	1963	1963	1962	1961
Production:	257.9	245.4	345.9	346.7	354.4
Of which:					
N. E. India ..	200.1	180.4	257.3	262.8	273.6
South India ..	57.8	65.0	88.6	83.9	80.8
Exports:	124.7	135.1	223.5	214.0	206.3
Of which:					
N. E. India ..	99.4	102.6	179.3	171.6	170.0
South India ..	25.3	32.5	44.2	42.4	36.3
Percentage share of production exported	48.3	55.1	52.0	49.7	48.1
Average price of tea exported (Rs. per kg.)	6.22	6.24	5.92	5.84	6.02
Total foreign exchange earned (Rs. in crores)	77.6	83.0	132.4	124.9	124.2

The Tea Board's review of the export trends shows that the United Kingdom continued to be the best customer for Indian tea during the year 1963; its purchases aggregated 135.6 million kgs. (as compared with 119.9 million kgs. in 1962), accounting for as much as 60 per cent of the total shipments. The U.A.R. came second with purchases amounting to 17.1 million kgs. as against 18.5 million kgs. in 1962 followed by U.S.S.R. which took 16.6 million kgs. as compared with 12.4 million kgs. in the previous year. The U.S., however, bought less, its actual purchases in 1963 being 10.1 million kgs. as against 11.4 million kgs. in 1962. It is in this country that Indian tea is facing tough competition from the tea exported from other countries, especially Ceylon and British East Africa.

No Cause for Complacency

Though the prospects as assessed by the Tea Board for the current year are favourable, there is no room for any sense of complacency. In fact, if tea industry is to play a prominent part in the country's planned economy, it is imperative that all efforts must be concentrated on increasing exports of tea. It may be noted in this context that Indian tea is encountering keen competition in world markets as will be seen from the following table:

(In million kgs.)

	1963	1962	1961	1951
India ..	223.5(39.8)	214.0(38.0)	206.3(37.9)	206.0(45.0)
Pakistan ..	0.0(0.0)	4.0(0.7)	2.6(0.5)	21.9(4.8)
Ceylon ..	206.8(36.8)	204.9(36.4)	193.1(35.5)	138.4(30.2)
Indonesia ..	30.3(5.4)*	30.9(5.5)*	33.4(6.1)*	40.6(8.9)
Br. East Africa† ..	35.9(6.4)	36.7(6.5)	31.9(5.9)	13.6(3.0)
China ..	29.5(5.2)	29.5(5.2)	30.8(5.7)	12.7(2.8)
Formosa ..	13.7(2.4)	12.5(2.2)	14.6(2.7)	11.3(2.4)
Japan ..	3.6(0.6)	8.3(1.5)	7.7(1.4)	8.7(1.9)
Malaya ..	1.6(0.3)	1.9(0.3)	1.8(0.3)	0.8(0.2)
Other Countries ..	17.5(3.1)	21.1(3.7)	22.2(4.0)	3.8(0.8)
Total ..	562.4(100.0)	563.8(100.0)	544.4(100.0)	457.8(100.0)

Note:—1 kg.=2.046 lbs. Figures in brackets represent percentage share of world export.

*Including estimates for unreported exports to Malaya and Hongkong.

†Include Kenya, Uganda, Tanganyika, Nayasaland and S. Rhodesia.

It will be seen from the above table that, whereas the share of this country in the world tea market had receded from 45 per cent in 1961 to 39.8 per cent in 1963—it was lower still at 38 per cent in 1962—Ceylon has increased its share from 30.2 per cent to 36.8 per cent. During the last few years, the British East African region, comprising Kenya, Uganda, Tanganyika, Nayasaland and Southern Rhodesia, has more than doubled its share in the world tea market, from a bare 3 per cent in 1951 to 6.4 per cent in 1963.

Fourth Plan Target

The keen competition in world tea markets invests the need for producing quality tea at an economic cost with urgency. Production costs ought to be reduced in the interest of export promotion. The tea industry, being a labour-intensive industry, is highly sensitive to rise in the wage costs. The recent rise in labour costs as a result of Wage Board and Bonus Commission recommendations have adversely affected the implementation of the schemes of expansion and modernisation in tea industry. In the circumstances, doubts have been expressed by many tea planters about the fulfilment of the target of 1,000 million lbs. tentatively fixed for the fourth Five-year Plan. Here is what Mr. T. T. Ratnasabapathy Pillai, a Director of the Peria Karamalai Tea and Produce Company, Ltd. said while presiding over the annual meeting of the Company held recently: "The target... is, I am afraid, rather ambitious and I share the view that it may prove to be unattainable even though the Government may provide measures of relief and other incentives essential to encourage production." If, however, the Government is earnest about the successful achievement of the production and export targets fixed for tea in the fourth Plan, certain relief measures are urgent. Four such measures have been recommended by the consultative Committee of Tea Producers Associations. They are: one, both replacement and extension planting on virgin soil should be allowed as a revenue charge for tax purposes or should at least be given substantial development rebate for both Central and agricultural income-tax; two, a drawback of excise duty should be allowed on all teas exported which is of particular significance to the promotion of tea outside India; three, land suitable for the planting of tea should not be requisitioned by the State Government; and, four, the industry should be protected from excessive demands inflicting higher labour costs than can be borne economically, particularly as a result of the recent Bonus Commission report, labour housing schemes and increased labour wages.

Along with these measures, it is necessary that all efforts are made to create an atmosphere abroad so that demand for Indian tea increases. The relaxation of restrictions on imports of Indian tea in the European Economic Community must be taken full advantage of by a vigorous propaganda aimed at making tea more popular. While export promotion is important, the rising domestic demand for tea cannot be ignored. The internal consumption of tea in India had risen steadily from 82.7 million kgs. in 1953-54 to 139.6 million kgs. in 1961-62. During 1962-63, however, due to lower production and higher exports, the growth of domestic consumption of tea appears to have been arrested. In fact, the estimate for internal consumption in that year is only 133.1 million kgs. But with increasing population and improved standards of living, the demand for this beverage is bound to rise in the coming years. A healthy domestic market, after all, imparts strength to the tea industry to compete effectively in world markets.

TRENDS IN INDIA'S RUBBER ECONOMY

SHORTAGE OF SUPPLY PERSISTS—LARGE IMPORTS CONTINUE

INDIA continues to spend quite a bit of foreign exchange for importing large quantities of rubber to meet the persistent shortage in supplies. The value of actual imports during the financial year 1963-64 was over Rs. 9 crores, of which natural rubber accounted for Rs. 6.36 crores (25,159 metric tons), synthetic rubber for Rs. 2.38 crores (8,904 metric tons) and reclaimed rubber for Rs. 41 lakhs (3,777 tons). The continued large-scale imports must be attributed to the failure of the rise in indigenous production to keep pace with that in requirements. The production of natural rubber during the year 1963-64 amounted to about 37,400 metric tons which, though it was markedly higher than the actual output of 25,697 tons in 1960-61, was well below the actual consumption of 61,155 tons, so that the deficit was of the order of 23,755 tons. The estimated output in the current year (April 1964 to March 1965) is placed at 46,000 tons, a quantity that is considerably less than what is required to meet fully the total demand for rubber (natural, synthetic and reclaimed) which is currently said to be running at an annual rate of about 85,000 tons. Since the production of synthetic rubber and reclaimed rubber continues to be low (about 10,000 tons and 7,000 tons, respectively, per annum), the total deficit comes to 22,000 tons. The deficit will be larger still in the coming years, unless efforts are made from now alone to step up the domestic production of rubber. The Working Group on Plantation Crops has estimated natural rubber production by 1970-71 at 72,000 tons. The Group expects the production to rise further if the various development schemes are fully implemented. It may perhaps go over 100,000 tons under favourable conditions, whereas the demand for rubber of various varieties is put at 224,000 tons.

Judged against this background, there will be plenty of scope for expansion in both the natural and the synthetic rubber sectors. The growers of natural rubber need not, therefore, fear about any excessive competition either from domestic synthetic rubber production or from foreign rubber. The Government, after all, will not be so rash as to issue licences indiscriminately for the establishment of factories to produce synthetic rubber. Nor will it allow unrestricted imports of natural rubber. The assessment about the impact of imports on the domestic rubber economy as made by the new Chairman of the Rubber Board, Mr. P. S. Habeeb Mohamed, when he addressed for the first time the (forty-eighth) meeting of the Board at Kottayam recently, is rather confusing. Thus, in one place, Mr. Habeeb Mohamed stated that the present system of granting actual users' licences for rubber manufacturers and the Government of India's decision to link import of natural rubber to the internal purchases of synthetic rubber had caused "serious apprehension" among the producers of natural rubber. But, in another place, he said that there was no cause for alarm. The import of natural rubber during the first four months of 1964-65, according to him, had actually fallen by 1,966 tons as compared with the corresponding period of 1963-64, while the offtake had increased considerably.

On the issue of imports, the Rubber Board, it may be recalled, had passed, at its forty-sixth meeting held in February last, a resolution urging the Central Government to (*a*) discontinue the system of granting import licences for natural rubber directly to manufacturers, (*b*) to issue import licences in favour of the Board, and (*c*) to authorise the Board to allocate the imported rubber among consumers. The Government has done well, indeed, in rejecting this plea. It is true that the Rubber Act, as Mr. Habeeb Mohamed said, provides for the responsibility of the Board about marketing of rubber. But there are other considerations which should not be overlooked. Commenting on the aforesaid plea of the Board (*vide* page 284 of *Commerce* dated 22nd February), we had observed:

"The Board's plea for monopoly import licensing is not well substantial. When once the overseas sellers of natural rubber come to know about the creation of such monopoly in India, they will naturally put up their prices. It is commonsense that the bargaining power as a buyer of actual consumers and established importers is always stronger than a monopoly buyer. Besides the increase in imported cost, the rubber goods producers may also have to bear an additional cost, since the Board will include its import and distribution charges to the selling prices of rubber. It is to be hoped that the Government of India will bear this point in mind and reject the Rubber Board's plea."

This journal is glad that the Government of India has decided against vesting the Rubber Board with monopoly import powers. The Rubber Board must concentrate attention on developmental activities concerning rubber growing and it should not bother about the distribution of imported rubber. It is necessary to mention this point because there is so much work to be done by the Board to bring about a quantitative and qualitative improvement in rubber production. The past few years have no doubt witnessed a notable improvement in per-acre yield of rubber; the average yield per acre of tappable area has risen from 135 kg. in 1955-56 to 148 kg. in 1960-61 and further to 159 kg. in 1963-64. But the yield is much lower than that (average of 440 kg.) obtained in Malaya; clones are now being tested in Malaya that yield as much as 1,500-1,600 kg. per acre. While it is too much to expect similar yields in India in the immediate future, the potentialities of raising the yield to a level much above what is obtained at present are pretty vast. The potentialities can be utilised fully if the Rubber Board plays its part properly. Mr. Habeeb Mohamed himself stated in effect that the Board ought to be more energetic than has been the case so far, as witness his remarks:

" .... there is a lot which the Board should do to encourage the productivity and yield per acre and reduce the production costs. We can legitimately do a lot about replanting, strengthening of our advisory services and organisation of the small holdings sector. Research activities have also to be intensified."

The aforesaid remarks assume added significance because the progress actually achieved so far in the implementation of replanting and new plantings, as the Rubber Board Chairman himself admitted, has been only modest. The replanting scheme, it will be recalled, was brought into force in 1957. A target of 70,000 acres was fixed for a period of 10 years in the beginning. The scheme had to be modified in 1960, due to poor response, and the subsidy was enhanced to Rs. 1,000 per acre from 1960 onwards. The area covered by the scheme from 1957 to 1963 was only 30,000 acres, as against the target of 54,000 acres. "Compared to Ceylon and Malaya, our achievements," to quote the Chairman, "are very modest." The Board has now two loan schemes, for small holders of rubber financed from the Pool Fund, namely, the new planting loan scheme and the immature area upkeep loan scheme. Both these schemes cater to the needs of planters whose rubber areas are below 15 acres.

Position at a Glance

(In metric tons)

	1963-64	1962-63	1960-61	1955-56
Production :				
Natural ..	37,397	32,239	25,697	23,730
Synthetic ..	9,149	..	..	..
Reclaimed ..	4,267	2,184	..	..
Consumption :				
Natural ..	61,155	53,553	48,148	28,445
Synthetic ..	12,140	10,723	7,397	461
Reclaimed ..	7,500*	6,850	5,453	2,647
Imports :				
Natural ..	25,159	23,360	23,125	4,428
Synthetic ..	8,904	10,297	8,097	1,201
Reclaimed ..	3,777	6,839	5,183	2,853

* Rough estimate only.

The new planting loan scheme was introduced in 1962. The annual target is 2,500 acres. So far the Board has received 426 applications for an area of 3,125 acres. Sanction has been accorded to 60 cases covering an area of 320 acres. The scheme, according to the Chairman of the Board, has not made much progress because of two difficulties. In the first place, in Travancore-Cochin, land is not available for expansion. Secondly, small holders generally experience difficulty in finding land for security. The immature area unkeep loan was introduced in 1963. During 1963-64, 292 applications covering an area of 1,866 acres were received. Of these, 58 applications were rejected because of ineligibility. So far sanction has been given for 10 cases covering an area of 54 acres. The main reason for the poor progress, it is said, is the difficulty experienced by small holders to find land for security. Another scheme is being implemented by the Land Mortgage Banks. Under the scheme, loan at the rate of Rs. 750 per acre is given to persons undertaking planting of rubber in areas not exceeding 15 acres. This scheme, too, is said to have not achieved much progress.

Against this background of poor progress, it is just as well that the Rubber Board has drafted a new scheme, in place of all the three schemes referred to above, to be implemented with financial assistance from Land Mortgage Banks. Loans will be granted under the scheme for new planting and extension of existing rubber areas and also replanting areas which are not eligible for the Board's subsidy. And it is also gratifying to learn that the Board has, in consultation with the Agricultural Refinance Corporation, prepared a scheme for extending agricultural refinance facilities to the rubber plantation industry in the shape of long-term loans through scheduled banks. The scheme is intended to cover 50,000 acres over the next five years. The amount of loan is Rs. 1,600 per acre in the case of individual planters and Rs. 2,100 per acre in the case of companies. The loan will be admissible only to planters undertaking new plantation of rubber in 15 acres or above. The scheduled banks will be responsible for implementing the scheme with the technical assistance of the Board.

The other activities of the Rubber Board as highlighted by its Chairman may be summed up here:

The Board's scheme of distributing planting material at subsidised rates has become much popular in recent years. In order to meet the increased demand, four ten-acre nurseries are suggested to be established soon.

The advisory services of the Board have to play an important role in the development of the industry. With a view to increasing efficiency, the routine duties of Rubber Instructor's have been separated. It is proposed to re-organise the advisory services on Malayan pattern with specialised services for estates and small holders. Necessary steps are being taken to issue a number of advisory pamphlets incorporating uptodate scientific developments affecting rubber cultivation and processing.

The Board is rendering assistance to small growers through the distribution of plant protection equipments on loan, supply of plant protection chemicals at subsidised rates, and distribution of formic acid.

The most important assistance given by the Board for small growers pertains to the processing and marketing of rubber. The Board is subsidising 50 per cent of the cost of construction of smoke houses, subject to a maximum of Rs. 5,000 for a smoke house.

The useful work done by the different divisions of the Rubber Research Institute of India has been strengthened in the past year. The work on soil analysis and field experimentation done by the Agronomy division has been intensified.

Studies on green-budding technique have been taken up by the Botany division. Experiments on spacing in nursery beds and use of polythene materials for budding, undertaken by that division, have given useful results.

The Pathology division could report two new diseases on rubber hitherto unrecorded in Asia, namely, leaf spot disease and thread blight.

The Chemistry and Rubber Technology division started functioning only from June 1963. This division is investigating problems relating to the processing techniques.

The importance of scientific methods of rubber cultivation and processing cannot be stressed too strongly. It is the consideration of ensuring a decent return to rubber growers, and not any apprehension of competition from synthetic rubber, that invests the need for augmenting productivity of rubber lands, both quantitatively and qualitatively, with urgency. To the extent such productivity is raised, the cost of production will be reduced. It may be noted here that the price of rubber in India is higher by Rs. 42 to Rs. 51 per 50 kg. as compared with that of Singapore (Rs. 119.17 per kg.) and Colombo (Rs. 110.87). The disparity is all the more glaring because the price in respect of Singapore and Colombo is for the top grade quality and it is a competitive price, since the natural rubber producers in Malaya and Ceylon, in the absence of an internal market for natural rubber, have to sell their product in a competitive world market. Mr. Habeeb Mohamed did well to draw attention to the wide price disparity and to urge that India should utilise to the utmost the comparatively favourable situation and modernise rubber growing. As he rightly stated, the future definitely belongs to producers of natural rubber, but the distant future belongs to the efficient producers.

MANCHESTER LETTER

ELECTIONS AND THE COTTON INDUSTRY

WILL THERE BE FIRM CONTROL ON IMPORTS?

From Our Special Correspondent

MANCHESTER, 13*th October*

WITH political issues crowding the columns of the newspapers and the rival contestants hotly debating their respective creeds, many businessmen feel the need for less talk and more action on industrial matters. Until the immediate turmoil dies down, however, and the new Parliament assembles, there can be little respite from voices raised in angry controversy. By the week-end at least, some of the direct questions will have been answered and, unless a stalemate is reached, the composition of the next Government will be known.

If the voters verdict is "no change," industrial policy will presumably remain unaltered.* The attitude of the present Government has been criticised in the past for its inability to understand the many frustrations felt by Lancashire traders, particularly over imports. But within the past year, a notable readjustment of ideas has taken place, indicating that more reasonable views are held at the Board of Trade and that the limit in providing any open door for foreign suppliers has been reached.

Should the Labour Party take charge, certain revisions in procedure may follow, but the principle of keeping deliveries of foreign goods within reasonable limits will be maintrained. The Socialist plan for cotton proposed the establishment of firm import controls handled by a permanent committee whose object would be to regulate an even flow of supplies when they were needed.

On wider policy issues, a Labour spokesman on economic affairs has indicated that a much closer watch would be kept on mergers. Although there are instances where monopoly trends could have an adverse effect on many aspects of trading, some of the recent developments in textiles leading to closer collaboration between sectional interests, should be supported rather than opposed. Such arguments may yet be unnecessary, dependent on the polling, but the next few days may bring major repercussions on all aspects of enterprise.

Rich and Poor

Every now and then, statements are made by individuals which, although self-evident in themselves, require stressing, particularly to the outside world and the detractors of textiles. Such a statement constituted the final paragraph of the opening address made by Mr. Alfredo Sedo, the President of the International Cotton Federation, at its annual meeting last week. "The textile industry," he said, "must be judged against the yardstick of efficiency and performance and not against some misguided notion of a social service. It is not a charitable institution, nor can it be expected to make continual sacrifices."

As a producer of an essential product through the suitable employment of both labour and capital, textile firms can only render this service if allowed to make a profit under conditions of equal opportunity, Mr. Sedo continued. In this connection, he delved into the apparent conflict of interests between the rich and poor countries now regarded as the basic problem in all international economic affairs.

Many would agree with the President that this theme not only simplifies the issue too much, but also renders bad service to the cause of the developing countries themselves.

Two Types of Developing Countries

Mr. Sedo made a very valid point in observing that a distinction should be drawn between the two types of "developing" countries. There are those in which all industries, including textiles, are in their infancy. There are others which, as far as their textile industry is concerned, are already in an advanced stage, with a productive capacity not only great but also very modern and highly competitive.

"It is normal," Mr. Sedo said, "that the first of these groups will want to erect new mills and gradually build a textile industry of their own. It is also understandable that the other developing countries, those which already have a successful textile industry, will wish to expand it further still." Whether this desire is also wise is another question, he added. The need for foreign exchange often obliterates basic economic principles and considerations of orderly development.

Earnings from Assets

Stockbrokers, economists, financial observers and many other individual collectors of statistics have their own methods of drawing up tables of industrial profits and, even more important, have their systems for comparison, which rarely coincide. In these days of diversification, it becomes increasingly difficult, if not impossible, to make an accurate analysis of any single industry due to the many overlapping factors which cut across the basic occupation of the firms in question.

The latest figures covering the first nine months of the current year published in *The Financial Times* are a case in point. Under the heading "Cotton Textiles," 28 companies are shown whose results indicate aggregate trading profits this year of £12,883,000, as against £10,400,000 in the same period in 1963. After allowing for depreciation and charging taxation, the ordinary dividend payment distributed is relatively larger at £2,781,000, as against £2,636,000. Net assets of these companies are shown at £120,665,000, as against £111,601,000.

On this basis, the profits percentage of net assets is reckoned to be 10.7, as against 9.3 last year, but this compares with an average over the industrial field as a whole of 19.6. Only shipbuilding and shipping under the general headings are shown to have a lower ratio.

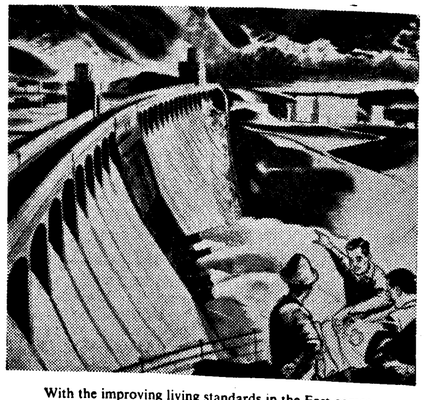
Wool and Other Textiles

In neighbouring industries, the woollen trade with results from 43 companies indicates profits of £15,780,000 and net assets of £77,977,000, so that a percentage of 20.2 is achieved. In miscellaneous textiles, consisting of 45 firms, profits of £90,909,000 are recorded on net assets of £459,785,000, giving a ratio of 19.8 per cent. From the larger figures quoted, it would seem that the "miscellaneous textiles" section would include a number of important companies which might at one time have sailed under the banner of cotton.

Relatively few firms have published their accounts during recent weeks. In the past, the final quarter of the year provided interesting information in this respect, but, due to the takeover wave, several returns will be missing this year. Much will depend in future on the response to the Stock Exchange's call for more detailed figures, as many former textile combines and units are now only a part of much bigger structures.

*Since this letter was despatched, the Labour Party has been returned to power, with Mr. Harold Wilson as the Prime Minister.

DEVELOPMENTS IN THE EAST



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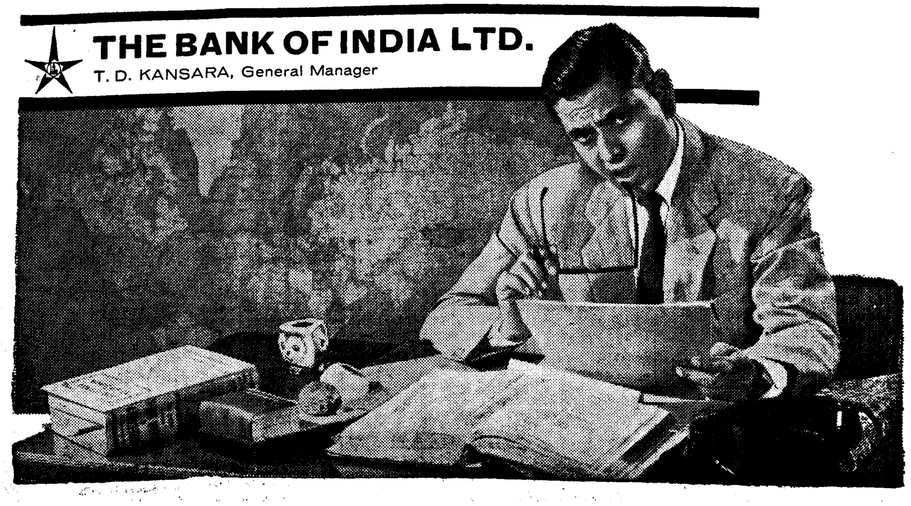

INDIA'S COMPETITORS IN U. K. MARKET

HOW THEY ARE FARING IN 1964

By A Special Correspondent

ALTHOUGH India's total exports in 1963-64 rose sharply by about Rs. 76 crores, as compared with the previous year, the export to some important countries recorded a decline. One such country was the United Kingdom whose offtake of Indian goods was lower at Rs. 160.71 crores, as against Rs. 162.24 crores in the preceding year. In the first quarter of 1964-65, India's export to the U.K. was valued at Rs. 34.68 crores, as compared with Rs. 30.05 crores in the corresponding period of 1963-64.

Among the important items whose export to the U.K. declined in 1963-64 were tea, groundnut cakes, groundnut meal (defatted) and manganese ore. Tea export fell from Rs. 75 crores in 1962-63 to Rs. 70 crores in 1963-64, groundnut cakes from Rs. 1.62 crore to Rs. 40 lakhs, groundnut meal (defatted) from Rs. 12 crores to Rs. 10 crores and manganese ore from Rs. 1.30 crore to Rs. 60 lakhs. But the export of certain other commodities showed a considerable increase. For example, coffee export improved from Rs. 9 lakhs to Rs. 19 lakhs, cashew kernels from Rs. 94 lakhs to Rs. 107 lakhs and grey sheetings from Rs. 5.47 crores to Rs. 6.66 crores.

According to the latest U.K.'s trade statistics, imports from India into the U.K. in January-July 1964 declined by about three per cent to £74.4 million, as compared with January-July 1963. The main items which recorded a decline in the current year were tea, feeding stuff for animals, tobacco, crude minerals (including mica), oilseeds, essential oils and metal ores. On the other hand, the export of several commodities recorded a considerable increase, such as textile yarn and fabrics, leather, sheep's and lamb's wool, and fruits and vegetables. The following table compares India's exports to the U.K. in the first seven months of 1964 with those of the corresponding period of 1963:

India's Exports to U.K. of Selected Commodities

(In thousand £s)

Commodity	7 months 1963		7 months 1964	
	Value	% of total exports to U.K.	Value	% of total exports to U.K.
All commodities	76,663	100	74,161	100
Tea	27,477	35.7	21,346	28.7
Textile yarn, fabrics, etc.	13,157	17.0	19,316	26.0
Of which :				
(1) Grey, unbleached	5,114	6.6	9,466	12.6
(2) Bleached, dyed or mercerised	683	0.9	1,359	1.8
Feeding stuff	9,427	12.3	8,032	10.8
Of which : Oilcake	8,969	11.6	7,522	10.1
Leather	5,778	7.5	6,206	8.3
Textile fibres and waste	1,520	2.0	3,395	4.5
Of which :				
(1) Sheep's and lamb's wool	460	0.6	2,080	2.8
(2) Vegetable fibres (except jute and cotton)	396	0.5	546	0.7
Crude animal and vegetable materials	2,346	3.0	2,313	3.1
Tobacco	6,064	7.8	5,042	6.7
Fruits and vegetables	863	1.0	1,164	1.6
Of which : Edible nuts	166	0.2	919	1.2
Crude minerals (including mica)	1,173	1.5	934	1.2
Fixed vegetable oils	421	0.5	962	1.3
Oilseeds	965	1.2	911	1.2
Hides and skins	429	0.6	325	0.4
Essential oils	389	0.5	331	0.4
Metal ores	1,351	2.5	398	0.5
Of which : Manganese ore	773	1.0	368	0.5

It will be worthwhile to analyse the reasons for the decline in Indian exports in the current year. So far as tea is concerned, according to the U.K. statistics, imports from India declined by 22.5 per cent in value from £27 million in the first seven months of 1963 to £21 million in the similar period of 1964. There is, however, nothing alarming in this because Britain's total imports of tea also fell by 12 per cent in the period under review—from £60 million to £53 million. It may be recalled that tea imports into the U.K. had sharply declined in the last quarter of 1962 on account of the disturbances caused by the Chinese invasion. Consequently, imports in 1963 were heavy because of the pent-up demand and low stocks. During the year, the demand for tea in the U.K. seems to have attained the usual level, resulting in lower imports from India. Imports from Ceylon also declined, though on smaller scale, from £21 million to £20 million. The following table shows the quantity of tea imported into the U.K. in 1963 and 1964:

(In thousand lbs.)

	First 7 months	
	1963	1964
Total imports	311,749	276,688
India	133,290	103,649
Ceylon	102,838	98,514

The import of feeding stuff for animals from India fell by 15 per cent—from £9.4 million to £8.0 million. The share of our main competitors such as Canada and Burma also declined by 13 per cent and 34 per cent, respectively. The decline was due to lower demand. In 1963, the U.K. experienced a severe winter which resulted in a great demand for cattle feed. But in the current year, since the weather was less severe, the demand for cattle feed was lower.

Tobacco (unmanufactured) is another major item whose import from India declined from £6,064,000 to £5,042,000 or 17 per cent. The U.K.'s total imports also fell from £37,151,000 to £35,938,000 although Canada and the U.S.A. were able to improve their share, as will be clear from the following table:

(In thousand £s)

	First 7 months	
	1963	1964
Total imports	37,151	35,938
India	6,064	5,042
Rhodesia and Nyasaland	11,254	6,942
Canada	8,210	9,197
U.S.A.	9,899	10,767

The other items whose import from India into the U.K. dwindled were crude animal and vegetable materials from £357,000 to £309,000; crude minerals including mica from £1,173,000 to £934,000, essential oils from £389,000 to £331,000; and manganese ore from £773,000 to £368,000. The decline in the import of manganese ore was particularly steep, as will be clear from the table below:

(In thousand £s)

	First 7 months	
	1963	1964
Total imports into U.K.	2,788	3,626
India	773	368
Ghana	611	597
S. Africa	696	896
U.S.S.R.	539	691

It will be seen that, while imports from India declined, those from South Africa and the U.S.S.R. recorded a considerable increase of 29 per cent in each case.

Among the Indian goods, the export of which to the U.K. rose substantially in the first seven months of 1964, as compared with those of 1963, cotton textiles were the most important. Import of woven cotton fabrics, grey unbleached, into the U.K. from India increased by 60 per cent to 164,305,000 square yards and of bleached, dyed, mercerised, printed or otherwise finished cotton fabrics by 120 per cent. Imports from Hong Kong declined appreciably but those from China went up by 49 per cent.

The figures below show the imports of cotton textiles into the U.K. in the first seven months of 1963 and 1964:

(In thousand sq. yards)

	First 7 months	
	1963	1964
Grey unbleached :		
Total U.K. imports	290,041	387,649
India	102,703	164,305
Hong Kong	53,868	44,272
Bleached, dyed, etc. :		
Total U.K. imports	88,688	99,953
India	7,550	16,476
Hong Kong	18,262	14,438

The big increase in coffee imports from India is another encouraging feature. Coffee imports into the U.K. rose from £13,158,000 to £18,728,000 while imports from India went up by 220 per cent—from £62,000 to £198,000. It is interesting to see that coffee consumption in the U.K. has shown a remarkable improvement in recent years. At 2.7 lbs. per head, the *per capita* consumption is double that of a decade earlier and nearly four times the pre-war average. Total coffee imports into the U.K. reached a record level of 1,546,347 cwt. in 1963; and the Commercial Section of the Indian Embassy in U.K. reports that the "long-term future for Indian coffee in the U.K. market is fairly bright, particularly with Brazil not burdened with an excessive surplus for the next couple of years."

Encouraging performance has also been reported by fruits and vegetables. The U.K.'s figures show that in the seven months ended July 1964, imports of fruits and vegetables from India rose by 35 per cent to £1,164,000, as compared with the seven months ended July 1963. In this group the import of edible nuts increased by 454 per cent—from £166,000 to £919,000. An official report reveals that the United Kingdom is the largest market for Indian canned or bottled fruits. The quality of Indian canned fruits, especially tinned mango slices, is considered to be very good. But Indian prices are stated to be fairly high. The canned fruit dealers in the U.K. are of the view that India can sell much larger quantities provided the prices are lowered.

FOREIGN TRADE OF COMMON MARKET AND E.F.T.A.

The six members of the European Economic Community (Common Market) have steadily increased their share of world trade in the past 13 years, while the seven members of the European Free Trade Area (E.F.T.A.) have recorded a slightly declining share. The present E.E.C. members' imports rose from 19.4 per cent of world imports in 1950 to 28.4 per cent in 1963. Exports rose in the same period from 16.9 per cent to 28.3 per cent of world exports. Meanwhile, imports by the present members of the E.F.T.A. declined from 19.8 per cent of world imports in 1950 to 18.2 per cent last year and exports from 17.4 per cent to 16.4 per cent. Of the two groups, the country that marked the steepest rise in its share of world commerce was West Germany. As of last year, with 11 per cent of world exports and 9.2 per cent of imports, it ranked in second place after the United States.

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THE OTHER CHINESE INVASION—II

PEKING SUCCESSES IN AFRICAN SAFARI HIT INDIA

By K. Krishna Moorthy

[This is the second in a series of articles dealing with Communist China's foreign aid and trade relations, with special emphasis on their adverse effect on India.—ED.]

MR. Lal Bahadur Shastri's first trip overseas as Prime Minister—his only trip outside the country earlier was to Nepal in April 1963—was to Cairo to attend the 47-nation conference of non-aligned leaders and to be a State guest of the United Arab Republic for a few days preceding the conference. Although Mr. Shastri, as well as the External Affairs Minister, Mr. Swaran Singh, both described the conference as a success, it is clear to independent observers that India stands isolated amid the countries swearing allegiance to the principles of non-alignment. India was the earliest proponent and practitioner of the policy of non-alignment from involment in big power politics, but no one from among the self-proclaimed non-aligned countries which gathered in Cairo appeared to be willing to discuss some crucial issues of the day on merit. The Cairo *communique* of the non-aligned conference partly reflects the successes of the Chinese communist diplomacy in Asia and Africa.

A third of Peking's diplomatic posts is in Africa, indicating the interest Peking has taken in developing close relations with the newly emerging nations in Africa. India tried in vain to make the Cairo *communique* critical of Chinese aggressive policies. India could not succeed in persuading the nations gathered in Cairo to take a non-aligned critical look at China's policies. The *communique* contained detailed references to various colonial issues and, as usual, blunt criticism of Western nations. There was scarcely a hint of criticism of communist powers, let alone China.

Mr. Shastri suggested the dispatch of a mission to China to dissuade her from testing her nuclear weapon. The conference confined itself to a general declaration against nuclear weapons and appealed for acceptance of the Moscow test ban treaty. But the conference could not bring itself to criticise China directly for her intention to join the nuclear club. She did it soon after the conference.

Indo-African Trade

(Value in crores of rupees)

Financial year	Indian imports	Indian exports	Balance of trade
1961-62	64	56	—8
1962-63	56	50	—6
1963-64	51	47	—4
1963-64 (April-June)	16	10	—6
1964-65 (April-June)	11	9	—2

The African unwillingness to go along with India in a judgment of the aggressive Chinese action on the Himalayan border was also obvious during the Commonwealth Prime Ministers' conference. Ghana had opposed British assistance to India to strengthen her defences against China and in the Commonwealth Prime Ministers' *communique* references to the India-China dispute had to be softened to please some African representatives.

In 1963, about fifty African delegations visited Peking and China sent about forty delegations to various African countries before China's Prime Minister Chou En-lai went on his long tour of Africa—Arab and Negro. Chou En-lai established his first personal contact with Egypt's President Nasser at the Bandung conference and followed it up with fraternal assistance to Egypt when she was reeling under the combined Anglo-French-Israeli attack in hostilities over the Suez Canal. The Chinese also offered military assistance to the Algerians in their fight against the French.

The total Chinese aid offers to African countries are a little less than Rs. 96 crores, with the biggest amount going to Algeria which has been offered Rs. 24 crores, excluding military aid. Tanganyika-Zanzibar has been offered about Rs. 19 crores, Guinea Rs. 12 crores, Somalia Rs. 11 crores, Ghana and Mali Rs. 9.5 crores each, Kenya Rs. 6.5 crores. Other recipients are Congo (when Lumumba was Prime Minister) and the United Arab Republic.

Nigeria has been strongly anti-Peking, not wishing to have anything to do yet with Chinese aid offers. Malawi, since it attained independence a few months ago, under Dr. Hastings Banda, has been pronouncedly anti-Peking and she faced a Cabinet crisis as a result of the policy differences over China. Dr. Banda accused the Chinese Embassy in Dar-es-Salaam as responsible for the Cabinet crises. Six of the nine Malawi Ministers were dismissed by Dr. Banda, following a conditional aid offer by China of £18 million. The condition was not only that Malawi should recognise the Peking Government but also break off relations with Taiwan. Dr. Banda had invited both Peking and Taiwanese representatives to attend the independence celebrations in July. The Peking envoy in Dar-es-Salaam did not attend the celebrations. Dr. Banda had all along been warning his countrymen against Pekings machinations and was shocked when some of his Ministers began questioning his attitude towards Peking.

In Mali and Somalia on the west and east coasts of Africa, separated by the huge continent, Peking has been able to establish strong footholds. Somalia officially denied accepting Chinese military assistance but some Somalis are reported to have undergone military training in China. In both Mali and in Somalia, China has been able to play upon anti-white sentiments while offering assistance. Although the Chinese, who openly preach revolution in Africa, were suspected to have had a hand in the Zanzibar revolt—Zanzibar's Foreign Minister Babu was the New China News Agency correspondent—after the union of Tanganyika and Zanzibar which was partly aimed at stabilising conditions in Zanzibar, President Nyrere has moved close to Peking. He has gone to the extent of accepting Chinese military assistance for training his soldiers.

During Chou's long *safari* across Africa towards the end of 1963 and early this year, he had considerable success in Algeria. Among the more important commercial ventures China and Algeria are negotiating is the supply of up to four million tonnes of Saharn crude for oil-short China. A French firm is also likely to take part in the deal. The Chinese are also likely to win a contract to build roads across the Sahara to link Algerian ports with Mali, Chad, Niger and Upper Volta. A Chinese-built road in the Yemen is said to have impressed the Arabs and Africans. The Chinese Prime Minister went out of his way to please the Algerians, by even declaring that "the Chinese people greatly benefited from the constant and effective support of the Algerian people in the constant struggle for liberation and building of socialism." Algerians started their battle against the French in earnest some seven years after the Communists set up Government in Peking! Chou bent over backwards to please Nasser, then Morocco's King Hassan who considers Nasser to be an enemy, and tried to fraternise equally well with revolutionary Ben Bella as well as the moderate Bourgiba of Tunisia. When Chou was flying over Tunisian territory, Bourgiba received a radio message from Chou's plane. The next day in Algiers the Tunisian Ambassador invited Chou to Tunisia which still had not recognised Peking. Chou visited Tunisia and the recognition was also announced. The Algerians and the Egyptians are at loggerheads with King Hassan whom Chou treated with deference not usually associated with revolutionaries in their behaviour to royalty. Morocco's national drink in Chinese green tea and sugar comes from Cuba. Earlier this year there was talk of the United States cutting off aid to Morocco because of Moroccan exports of cobalt, a strategic material, to Communist China which could have extracted material from this cobalt for her nuclear adventures. Morocco's defence of the deal was that the U.S. could not supply Morocco with Chinese tea and could not sell her sugar at prices quoted by the Cubans. Morocco also exports phosphates to China. Lorries made by a French firm and a Swedish firm in their Moroccan subsidiaries have been sold to China. King Hassan has accepted an invitation to visit Peking.

In Ghana as well as Mali and Guinea, early recipients of Chinese economic aid, construction of Chinese-aided plants has been delayed. Among China's virulent critics today in Africa is the Congo's Tshombe who accuses the Chinese of fomenting rebellions in the strife-torn country.

China announced in July 1960 that she had severed commercial relations with South Africa because of opposition to racialist policies but trade between South Africa and China amounted to £3 million in 1963, according to South African Government sources. This was three times higher than the trade between the two countries in 1962. According to Yugoslav reports, China has sold even explosives to

(*Continued on page 745*)

China's Trade with African Countries

(In million U.S. dollars)

Countries	Imports from China			Exports to China		
	1963	1962	1961	1963	1962	1961
Ethiopia	..	1.10	..	..	0.5	..
Guinea	..	0.50	..	..	0.6	..
Ivory Coast	0.10	1.70	..	0.5	..	..
Kenya	0.27	0.10	..	..	..	..
Libya	0.29	0.10	0.70	..	..	..
Mali	0.48*	0.80	..	..	..	..
Morocco	6.80	8.90	8.60	6.24	4.20	3.70
Nigeria	4.40	4.40	6.40	..	..	3.80
Rhodesia	..	..	0.20	0.83	..	..
Senegal	1.36*	5.20	3.20	..	..	..
South Africa	2.54	1.30	0.90	5.97	1.50	..
Siena Leone	0.20†	0.50	..	..	..	..
Sudan	1.99*	3.80	4.70	1.02	8.80	4.00
Tanganyika	0.26	..	..	10.40	..	..
Tunisia	0.93	0.60	1.30	..	0.20	0.50
U.A.R.	10.35*	19.30	18.90	12.57	19.10	14.60
Uganda	0.86	..	..	11.17	..	9.40

* Figures are for six months. † Figures are for nine months.

India's Trade with African Countries

(In lakhs of rupees)

Countries	Exports to				Imports from		
	April-June		Whole of				
	1964-65	1963-64	1963-64	1962-63	1963-64	1962-63	1961-62
U.A.R.	253	203	1,257	1,310	1,526	977	1,204
Ethiopia	44	35	170	199	..	..	..
Ghana	8	63	147	144	66	30	44
Kenya	134	132	503	563	345	566	1,168
Rhodesia and Nyasaland	47	47	166	227	340	435	1,249
Nigeria	153	69	378	617	76	12	178
Tanganyika	75	69	247	285	498	564	247
Sudan	77	109	784	902	852	1,711	1,056
Morocco	4	1	59	109	51	81	26
Mozambique	..	..	..	..	806	534	589
Tunisia	..	..	..	..	98	61	64
Uganda	..	..	..	..	80	130	160
Zanzibar and Pemba	..	..	..	..	146	238	215
Others	89	234	922	863	..	..	..
Grand Total	917	1,029	4,633	5,019	5,076*	5,631*	6,404*

* Includes others.

U.S. TECHNIQUES IN COAL MINING

IMPRESSIONS AND CONCLUSIONS OF BRITISH TEAM

THE American coal industry has attained a high level of productivity—much higher than that of coal industry in Europe. Indeed, the respective productivities, it is said, are in different orders of magnitude. In Europe (including Great Britain), for instance, the overall productivity is just two tons per manshift, whereas in the United States deep-mined productivity is 12-tons per manshift and, if all forms of mining are included, about 15 tons. According to Mr. H.E. Collins of the U.K. National Coal Board's study team which visited several U.S. mines some months back, the productivity in *individual* mines is much higher, ranging from 30 tons to 75 tons per manshift. Even the *best* collieries in Great Britain, on the other hand, can show only a fraction of such productivity (*vide* Report by Mr. H. E. Collins, abstracts from which have been published in *Colliery Guardian* of London, dated 18th September 1964). There are, of course, several advantages in America—advantages stemming from good natural conditions, relatively thick seams, shallow working and single seam extraction. But all this, according to Mr. Collins, accounts for only part of the wide difference in productivity.

The report of mine visits by the British team is quite interesting in this context. One such visit was to an Ohio mine. The object of the visit was to see in operation the Joy Push Button Miner which had been developed for partial extraction beyond the "high wall" at which strip mining had reached its economic limit. Since its installation the machine's operating time has averaged as much as 56 per cent of the total available time and is expected to reach 70 per cent. The total number of men employed on the machine, which operates three shifts per day for five days in a week, is 17. The coal is delivered direct into 10-ton trucks by which it is transported to a nearby disposal point. For the first four months of 1964, the shift output has averaged 752 tons, or over 2,000 tons per day. This works out to an overall output per manshift of 150 tons. It may, however, be noted that the Joy Push Button Miner, which is responsible for such a high level of productivity, is only of application to surface mining.

In a West Virginia mine visited by the team, the Marietta Miner has been in operation. This is a borer-type machine which takes a cut 7 ft. high and 14 ft. wide. The coal is taken from the cutting head by an in-built scraper conveyor. A Joy Loader picks up this coal and loads it on to cable reel shuttle cars which, in turn, discharge it on to a 36-in. belt line. The latter is at present 2,500 yards long and at the outbye end an automatic loading station charges 10-ton mine cars. A gathering locomotive assembles trainloads of mine cars at an intermediate point. The output per manshift on the colliery face is 100 tons.

Thin Seam Mining

An example of thin seam mining is to be found in a Pennsylvania colliery. The method of working here is room-and-pillar, with no attempt to extract the pillars. Nevertheless, extraction is about 60 per cent. Mining is conventional with the sequence of undercutting and shearing with a universal tyre-mounted mobile machine, loading out into shuttle cars. The shuttle cars discharge through a feeder on to a belt conveyor from which the coal is loaded into 8-ton mine cars on the haulage entry. The daily output of the mine is 2,000 to 2,500 tons at an overall output of 12 tons per manshift. It is said that retreat longwall mining could well show better results here than room-and-pillar working.

In another West Virginia mine, which has switched over from room-and-pillar mining to retreat longwall mining, the face is equipped with Westfalia Lunen coal plough, mobile hydraulic supports and compressed-air pushers for the armoured conveyor. The operation of the plough is continuous; there is no stoppage of either plough or conveyor for an instant. Herein, according to Mr. Collins, lies the success of the installation. This plough face produces on two shifts per day with a crew of eight men on each shift. There is a small maintenance shift on nights, giving a total face labour per 24 hours of 20 men. Saleable output has averaged 650 tons per shift, giving a face output of 65 tons per manshift. The armoured face conveyor delivers into a deep-sided feeder conveyor which moves backwards over the gate conveyor as the face retreats. All coal is eventually conveyed to the surface.

A relatively new mine in Illinois, visited by the team, has an overall output of 44 tons per manshift. The seam, which is being worked at a depth of 800 ft., is 8 ft. thick with a strong shale roof. The system of working is room-and-pillar, but is virtually analagous to longwall retreating. The coal is loaded direct from the Goodman Borer into shuttle cars, then on to a 36-in. gate belt. Transfer of coal from this gate belt to the 42-in.-main belt is through a feeder which regulates the feed and ensures that the 42-in. belt is not overloaded. The coal is conveyed to the pit bottom and raised in 10-ton skips to the surface. The skip discharges into a conveyor either direct to the washery or to a temporary storage bunker.

U.S. Bureau of Mines

The team's discussions with the U.S. Bureau of Mines have centred round several interesting developments. One of these, for instance, is that, in practising fire-damp drainage in room-and-pillar workings, it has been found advantageous to inject water under pressure to force out the gas. Work is also in progress with hydraulic mining, using high-pressure jets; this has been applied to room-and-pillar mining in various places. The Health and Safety Research and Testing Centre of the Bureau is currently conducting investigations in several fields—namely, fire control, particularly in abandoned mines; ventilation; health research; dust research; electric and mechanical testing and approval; and diesel engines for underground use. The subject of underground diesel engines is of particular interest, for none has previously been used in the U.S. chiefly because of the strong opposition of the United Mine Workers, who considered them unsafe. However, recently diesel shuttle cars and locomotives have been approved for operation underground.

The team's discussions with the Bureau on the various aspects of roof control have revealed that further research work is in progress with roof bolting—a widely adopted system of roof support in the United States. The importance of roof bolting will be obvious from the fact that 36 million roof bolts are used annually in the U.S. An extension of this principle is being considered; this is meant to achieve "roof bonding" for strata loading and for strengthening the immediate roof. All this, of course, has no relevance to surface mining (that is, open strip mining, for the most part operating with overburden not exceeding 120 ft.) which presently accounts for 30 per cent of the total coal production in the United States.

The team's impressions and conclusions, as summarised by Mr. Collins, are given below:

1. Generally, natural conditions in the U.S. are far more favourable than in Great Britain. Only exceptionally had more than one seam been worked in any take. Hence there has been no experience of interaction of strata movement from previous working. Nevertheless, difference in mining conditions cannot solely account for the wide difference in productivity.

2. Seams being worked are generally of thicknesses of 4 to 8 ft. Indeed, a 4-ft. seam is considered a thin seam.

3. In Great Britain, total extraction is the aim, whereas in the United States partial extraction is general. This factor considerably eases the support problems and makes for lower roadway maintenance, labour, and costs.

4. In the United States, the depth of cover is in the order of 300 to 400 ft., although some workings exceed this depth, and certainly working at greater depth is contemplated. The effect of the relatively shallow depth is twofold. Room-and-pillar working predominates, with maximum mechanisation, and roof support is relatively simple.

5. Continuous mining is practised wherever possible, using principally Goodman, Marietta, Joy Continuous, and Lee Norse miners. Where conventional mining still prevails, this is worked very intensely.

6. Where maximum extraction is obtained in room-and-pillar mining, or where longwall working has been adopted, retreat mining is universally practised. This, too, makes for reduced roadway maintenance labour.

7. Concentration of working is perhaps the main reason for high productivity. The aim is to produce up to 1,000 ton/shift/working section. Moreover, American management and men alike strive for maximum machine shift operating time and are not content unless this is in the order of 70 to 80 per cent of the time available. Moreover, men and management have grown up with mechanisation at every stage of their lives, even in the home; in fact it has become an attitude of mind.

8. The simplicity of underground transport systems in the U.S.A. and frequently relatively short hauls make for low transport costs. There are, however, some exceptionally long hauls.

9. Roof bolting as a means of supporting the roof in workings and on roadways is almost universally practised. This also reduces roadway maintenance labour.

10. Wherever possible, automatic operation prevails, and there is rigorous control of labour.

As a member for production in the U.K. National Coal Board, Mr. Collins has concluded his report by saying that it would be possible to narrow the gap in coal mining productivity between Britain and the United States by a changed attitude of mind to the business of coal winning. His suggestions would not involve considerable additional capital expenditure. Concentration of output at the face, accent on the importance of machine operating time so as to achieve efficiencies of upto 70-80 per cent, greater attention to retreat mining and further application of roof bolting—these are the suggestions made by Mr. Collins for improving productivity in Britain's nationalised coal industry which has the requisite machines and technical manpower for this job.

ELECTRON MICROPROBE

A microscope sees the unseen. A new instrument, described last week at a Washington symposium, sees the unseen and tells scientists what it is. The instrument, the creation of inventors in the U.S. and abroad, is called an "electron microprobe." It shoots a beam of electrons at a target as small as 1,000 million millionth of a gram and enables scientists to determine its chemical makeup by the tell-tale X-rays it gives off.

American, British and Japanese scientists outlined a wide range of uses and potential uses for this instrument on the 14th instant at a symposium held in connection with the 126th meeting of the Electro-Chemical Society in Washington. Dr. Gunji Shinoda of Osaka University said that Japan was using the electron microprobe to expose impurities in steel tubing. Dr. Theodore Hall of the Cavendish Laboratory, Cambridge, said that British scientsts were using the probe to identify weak spots in exotic spaceage metals and that biologists hoped to adapt it to determine the difference between normal and cancerous cells. Dr. K. F. J. Heinrich of the U.S. National Bureau of Standards said that the probe could show defects in tiny microminiaturized electronic circuits not otherwise detectable, sample pollution in the air and expose faked works of art.

The instrument incorporates the technical features of the electron microscope invented in Germany, the X-ray spectroscope developed in France and Sweden, and radiation detectors developed in the U.S. The first working model was built in France in 1950, based on a description by J. Hiller of the U.S. At present about 200 are in use in the U.S., France, England, Japan and the Soviet Union.

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

The Life Insurance Corporation's Own-Your-Home Scheme will be extended to a few more centres from 15th October 1964. The centres are: Kolhapur, Sangli, Amraoti, Bhavnagar, Jamnagar, Tuticorin, Guntur, Vishakhapatnam, Mangalore, Calicut, Faridabad, Kotah, Dhanbad, Ranchi, Durg, Gorakhpur and Ghaziabad. The scheme will shortly be extended also to Goa and Gandhidham.

There has been a fairly good response, it is said, to the Own-Your-Home Scheme which was introduced in 26 centres on 1st January 1964 and extended to 30 more centres on 1st April 1964. The present extension brings the total number of centres operating the scheme to 77.

Upto 31st August 1964, 1,820 applications for loan amount of Rs. 4.51 crores were received. Out of these, loans for Rs. 76.6 lakhs, covering 306 applications were sanctioned. Of the balance, 1,017 applications for a sum of Rs. 2.16 crores are under consideration while the remaining have been rejected. The response is stated to have been particularly good in Delhi, Bangalore, Madras, Hyderabad, Amritsar, Calcutta, Jaipur and Gauhati. The difficult supply position of essential building materials like cement and steel at most centres and the soaring land prices in Bombay account for the limited response.

WORLD'S FIRST NATURAL GAS SHIPMENT

The world's first commercial cargo of natural gas arrived in Britain on the 12th instant from Algeria after a five-day journey at a temperature of 258°F. The shipment—sufficient to supply a town of 30,000 domestic consumers for a year—was unloaded at the British Gas Council's Canvey Island terminal, at the mouth of the River Thames, from the specially-insulated tanker *Methane Princess*. Unloading started almost immediately on the arrival of the ship. After processing, the methane will, within 24 hours, be piped to eight regional gas boards throughout Britain.

The *Methane Princess*, which cost nearly £5,000,000 to build, and a sister ship, the *Methane Progress*, are the first vessels of this type to be built in the world. They will operate a regular service between terminals in Britain and Algeria. Mr. P. Coppack, head of Conche International Methane Ltd.—the group that partnered the Gas Council in the project—described the arrival of the vessel as the "birth of a new world industry." He predicted that in 10 years' time there would be between 20 and 30 methane carriers operating throughout the world, transporting about 2,000 million cubic feet of gas a day.

NEW PRODUCTS AND PROCESSES

Resurfacing Sanitaryware

A PROCESS by which baths, washbasins, lavatories and other sanitaryware can be resurfaced at a fraction of the cost of replacement has been developed by a British firm. Advantages of the process are: it restores sanitaryware to showroom appearance in a choice of colours (any colour can be matched exactly); it is hygienic, since cracks and chips are filled in; there is no lingering odour (the bath or basin is usable again in 24 hours); the surface is resistant to chipping, flaking and cracking; and the cost is low. In carrying out the process, the operator first treats the surface with a chemical and makes good any cracks or chips. One coat of a special compound is applied with an air gun. This is a chemical-based, free-flowing substance with special hardening and adhesive characteristics and, when fully dry, has a surface as tough as alloy steel. Laboratory tests show that the material is unaffected by 24-hour contact with 10 per cent nitric acid, 10 per cent sulphuric acid, 70 per cent hydrochloric acid and 15 per cent citric acid. A 60-day test with petrol, mineral spirits and alcohol caused no damage to the finish.

Folding Containers

A vehicle which with a few simple movements can be converted from a general cargo lorry into a tankertruck and *vice versa* has been designed by a firm in Malmoe, South Sweden. Trelleborgs Gummifabriks AB, has developed the rubber tank container for the vehicle. On a lorry or trailer chassis, a specially constructed platform body is built with side flaps of conventional type. The loading area consists of horizontally placed doors on which the goods are loaded in the usual way. On the underside of these doors the rubber containers, folded in envelope fashion, are attached. For the transport of liquids, the doors are raised to a vertical position and fixed to the side flaps. At the same time the containers unfold and can be filled through bottom valves. Forming "bulkheads" between the containers, the doors contribute to stabilising the load and preventing it from splashing to and fro. The rubber containers consist internally of oil-resistant nitrile rubber and on the outside neoprene rubber, which has good resistance to oil and also to the weather.

Glass-fibre Banding

Glass-fibre tape is now being used by Associated Electrical Industries Ltd., London, for banding the armatures of traction motors, replacing the steel wire traditionally used. It reduces the amount of insulation required and is claimed to improve the electrical design of the motor and to simplify maintenance. More than 300 traction motors with the new banding are already in service all over the world, and a further 600 are in course of manufacture. Banding of traction motors is necessary to prevent movement of the armature windings when the machine is subjected in service to very high rotational stresses. Glass-fibre combines the desirable mechanical properties of high ultimate tensile strength and low elongation under stress. It is used in the form of tape impregnated with a thermo-setting resin, which is wound on to the armature under tension and is then cured by heat-treatment to form a consolidated banding of resin and glass. This has a smooth surface finish which collects little dust and is easy to clean and maintain. Since less tension is required, the glass tape is safer to apply than steel wire, and it needs no soldering to retain it in position. Being an insulating material, moreover, it dispenses with the extra insulation required for steel banding. Its non-conducting nature also means that damage is localised if the armature should suffer a winding fault or accidental electric arcing.

Micro Balance

A micro balance which measures weights or forces to two millionths of a gram has been developed by Combustion Instruments Ltd., Middlesex, England. It is small, robust, resistant to mechanical shock, and does not require levelling. The head can be integrated with production apparatus, giving remote indication, or the indicator can be replaced by a recording millivoltmeter or by a feed-back mechanism to provide automated control. The design incorporates a balance head which produces an electrical output proportional to the applied force by means of an electro-optical stabilising system. The amount of current flowing provides a direct and accurate measurement of the force on the balance beam.

Knitted Fabrics

Knitted fabrics made of paper, which will stretch but not sag, are said to be possible with a process developed by Crocker-Hamilton Papers, 545, Westminster Street, Fitchburg, Massachusetts. The paper, "knitwear," can be washed dry-cleaned and even used for swimming costumes. Paper in rolls of the colour desired for the fabric is fed into the machine and comes out finished and ready for sewing. Crocker-Hamilton says there is no intermediate yarn-making stage in the process. It is now making knitted material 84 inches wide and is attempting to adapt the process to make woven goods.

Pivotless Electrical Instruments

Two taut metal ribbons highly resistant to shock suspend the 'movement' of new electrical instruments made by Crompton Parkinson Ltd.; and their torsion provides the necessary restoring force. They replace pivots, jewelled bearings and control springs, which can cause frictional errors and are easily damaged by shock or vibration. The new instruments have withstood three times in succession the shock tests laid down by the British Admiralty for instruments used in fighting ships, and they remain accurate after ten million full scale deflections of the pointer. At present, ammeters and voltmeters in both moving-coil and moving-iron versions are available, as well as frequency indicators and speed indicators. The suspension ribbons, made of heat-treated beryllium-copper, may be only 0.0005 inch thick—accurate to 0.00001 inch—and 0.005 inch wide. They are held taut by tension springs which are mounted on bushes fitted to supporting brackets on the frame of the 'movement.' Guides on the tension springs and in the hubs at the ends of the 'movement'-shaft ensure that the pull is axial; and spigots on the outer end of each hub, fitting inside the bush, prevent excessive radial or axial displacement.

Machine Lays Bricks

Damarest Machines Incorporated, of 146a Shore Road, Port Washington, New York, U.S., claims to have developed a machine which will lay the ten-inch cavity brick walls so common in house construction. The machine will also construct solid brick walls used for factory and office blocks. Mounted on rails running parallel to the wall under construction, the machine carries its own supply of bricks, mortar and steel ties. The company claims that the machine prevents mortar falling into the wall-cavity and is very quick in action as well as producing high-quality "workmanship."

Cheap Clock

An accurate and low-cost time base giving high output torques and independent of mains supplies has been brought out by Smiths Clock and Watch Division, Sectric House, Waterloo Road, London, N.W.2. It consists of a moving coil balance system as used in a clock, an electronic circuit to detect and amplify the drive pulses of the clock and a slave system consisting of a simple ratchet motor to produce the desired rotary action. The balance wheel is not mechanically connected to the output spindle and is able to swing freely and keep exceptionally good time. A range of output torques can be obtained—the higher the output, the shorter the battery life. For example, a torque of 2,000 gm/cms at one revolution per hour will consume 1.90 milliwatts of three U.11 batteries in series, lasting three months.

Teaching Machine

Reduction in the teaching time required for an industrial electronics course is claimed for a unique machine developed by a member of the Pye group of companies in Australia. Designed and made by Colville Wireless Equipment P. Ltd., the machine is a combined induction and di-electric heater housed in a many-windowed cabinet which was specially planned to provide maximum visibility of all major internal components. This remarkable visibility—even the oil-filled transformer groups and variable capacitors are in transparent plastic or glass-sided housings—is extended by interior lighting. The machine can be used to demonstrate to students almost every aspect of modern industrial electronics. Its particular value is that—in the hands of an imaginative teacher—it will shorten the time required by students to master essential electronic theories.

Camera Contains Own Flash

An amateur's 35 mm. camera with a built-in electronic flash is the latest Voigtlander contribution to the photographer's world. The sole distributors in the U.K. are Johnsons of Hendon and the camera, called the Vitrona, will shortly be available for sale. The electronic equipment is inside the camera itself and the two small batteries needed for some 150 flashes are housed in a pistol grip that fits into the base of the camera by a bayonet fitting. A few seconds are needed to charge the capacitor for a flash photograph. Without the pistol grip the Vitrona is a normal good-quality camera without built-in light-meter or rangefinder, but with a Lanthar f2.8 lens. When flash is used the focusing adjustment is geared to the aperture so that adjustment of distance automatically sets the correct stop.

Electro-hydraulic Crushing

Increased efficiency in electro-hydraulic crushing of materials has been achieved by Britain's Atomic Energy Authority scientists at the Harwell research establishment. The technique employs hydraulic shock waves of explosive intensity, produced by electric spark discharges within a liquid, to crush or shape material within the liquid. The new developments are mainly on the electrical side of the equipment and it is stated that efficiencies of about 20 per cent of those of conventional crushing machinery have been obtained. The method is particularly suitable for crushing materials such as coal, gravel, chalk or glass and refractory materials such as carbides or oxides which, for one reason or another, are difficult to crush by conventional methods. The ease and convenience of this technique for production of repetitive high pressure impulses has led to its increasing use for the forming of sheet metal. In the nuclear field it offers the possibility of crushing irradiated ceramic fuels where remote handling is essential. The chamber used can be small and simple and there are no internal moving parts.

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Failure-proof Automatic Brakes

To ensure perfect safety in travel by eliminating possibilities of accidents to vehicles—railway trains, automobiles and other vehicles—rendered uncontrollable by accidental failures of their breaking systems, Mr. R. K. Nijhawan, 37, Model Town, Amritsar (Punjab), has patented a new device. Termed as "failure-proof automatic brakes", the device works on the following principle. The normal position of all brakes on vehicles fitted with this system is the 'applied' position which is achieved by a pressure from springs. That is, the brakes would remain 'applied' were they not kept pulled away to an inoperative position, the means of which are under the control of the operator of the vehicle. In other words, the means which are in the hands of the drivers are the means to keep the brakes in check from the 'applied' position and are withdrawn (or rather released) only when braking is desired. Obviously, any accidental failure or a consequent withdrawal of these means also results in braking of the vehicles and avoiding any mishap due to brake failure. The said means are the usual ones—hand lever or foot pedal brakes—mechanical or hydraulic in case of automobiles, vacuum or compressed air braking in railways. The invention also incorporates a new device for transmitting mechanical braking to the whole railway train from the engine pulling (or pushing) the train, and this device can be installed even in the existent present day braking systems.

Metal Sorting Instrument

An instrument which can be used to detect different types of steel alloys and also to indicate whether steel bars and rods or components are too hard or too soft has been produced by Elcometer Instruments, Fairfield Road, Droylsden, Manchester England. Called the 'Minitor' metal sorter and measuring only 4¾ by 2½ by 1⅞ inches, it is battery-powered and operated with a separate three-inch probe. There is also a hand coil which is more sensitive.

After switching on, either the probe or coil is placed on a standard bar or component and set by adjusting a switch. The instrument is then ready for use and any material or component which shows a reading substantially different from that of the standard sample is easily found. On checking for correct heat treatment, the instrument is set in the same way and a plus or minus reading indicates whether the material or component is too hard or too soft.

NEW IDEAS IN BRIEF

A new electronic firing system for torpedoes has been developed by the Swedish firm, Svenska Philips. The equipment is likely to bring in orders worth £5 million from N.A.T.O. countries.

A way of adequately protecting turbine blades from chemical attack and oxidation at high temperatures has been patented by Brown Boveri, Baden, Switzerland. The technique is also suitable for other components.

Ampoules with brittle necks snap off easily for instant use by doctors, veterinary surgeons and chemists. They are developed by R. Anrep, 29 rue Carnot, Suresnes, Seine, France.

Small, lightweight welding outfits, designed for both industrial users and do-it-yourself enthusiasts, are being marketed by Esab, Box 850, Goteborg, Sweden.

A Polish machine is claimed to produce water three times as pure as ordinary distilled water, at half the cost, according to the Polish Chamber of Foreign Trade, Warsaw, Poland.

A newly patented system gives an extra hard, wear-resistant skin to the teeth of saws and the cogs of gear wheels. The new technique involves heating the surface to above 1,000 deg. C. within a tenth of a second and then cooling it even more quickly. It is developed by Wuster, Wieselburg, Austria.

A nylon weir can be inflated to dam flowing streams partly, but will also fold and retract into a recess on the bed when boats need to pass or floods become torrential. It is developed by J. C. Buijze, 4 Duinroosplantsoen, Haarlem, Netherlands.

A domestic pressure cooker with the usual rubber pressure seal is said to be more effective, as well as safer, after the addition of a leaf spring mounted in the cooker head. It is produced by Rudolf Fissler, Idar-Oberstein, Germany.

A range of plastic trees and shrubs has been patented which can be built up in sections to any size. Trunks can have any number of branches and leaves can be added singly or in clusters in a process developed by Flora Plant Societa, 18 Via Fontana, Milan, Italy.

Sets of modular plastic components for making architectural models of buildings and designing layouts are now available. They are produced by Modulex 3-Dimensional Planning, 62 Brompton Road, London, S.W. 3.

A hand-operated pump for inflating all types of tyres and for providing small quantities of compressed air at pressures up to 120 lbs. per square inch has been introduced by Errut Products, Abingdom Road, London W.8.

PERIA KARAMALAI TEA AND PRODUCE COMPANY LIMITED

MR. T. T. R. PILLAI SURVEYS PROBLEMS OF TEA INDUSTRY

LABOUR COSTS MUST BE REDUCED TO MAKE EXPORTS COMPETITIVE

THE Fifty-first Annual General Meeting of the Peria Karamalai Tea and Produce Company Limited was held at Coimbatore on Wednesday, 30th September 1964. In the absence abroad of Mr. J. N. A. Hobbs, Chairman of the Company, Mr. T. T. Rathnasabapathy Pillai, a Director, presided over the meeting. In the course of his speech, Mr. Pillai urged the need for reducing labour costs in tea industry in the interest of export promotion. Rising wages in a labour-intensive industry like tea plantation, he pointed out, would impair the competitive capacity of Indian tea in foreign markets. In view of all-round rise in costs, he added, the industry had been financially strained and all expansion and modernisation schemes had suffered. Referring to the target of 1,000 million lbs. tentatively fixed in the fourth Five-year Plan, he felt that the target was rather ambitious and unattainable, even though the Government might provide measures of relief and other incentives essential to encourage production.

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

GENTLEMEN,

In the absence of our permanent Chairman, Mr. J. N. A. Hobbs, who is unable to be present at this meeting because he is now away in U.K. and has asked me to convey to you his regrets for his absence, the privilege of presiding at this annual meeting has devolved on me.

I have great pleasure in welcoming you to this 51st annual general meeting of your Company and to place before you the Directors' report and audited accounts for the year ended 31st March 1964 for your approval. The Directors' report and audited accounts have been in your hands for the statutory period and I propose, with your permission, to follow our usual practice and take them as read. I shall, however, be pleased to answer any queries regarding them at the end of this address.

Mr. Nehru

At the outset, I wish to refer to the great loss the country has suffered in the sudden demise of Mr. Jawaharlal Nehru. Through the years, Mr. Nehru's name has been writ large in the affairs of men and nations; his leadership in India's freedom struggle, his dedication to the cause of world peace, his championship of the oppressed and downtrodden and his high ideals for the progress of mankind—all these have contributed to his towering stature as one of the world's great leaders, a leader not for today, but for all time. In this moment of our sorrow we can only remain steadfast in our confidence that his selfless dedication to the noblest ideals of mankind will continue to guide and inspire the nation.

I am pleased to say that the year's working results of your Company have been very satisfactory, especially when we consider the shortfall in tea crop of about 143,000 kgs. compared to last year. Despite the shortfall in crop, the gross income from tea has shown an increase of about Rs. 2 lakhs or a net increase of 29 paise per kg. Although there was a general increase in tea prices, the main factor which brought about this substantial increase in price was finer plucking and the resultant improvement in quality.

Cost and Quality

Whilst every effort is being made to improve the quality of tea produced, a simultaneous effort is also made to bring down the cost. As you will see from the accounts, the year's expenditure has shown a considerable reduction, and the saving recorded is about Rs. 2.25 lakhs when compared to previous year. However, our efforts in bringing down costs are being nullified by the enforced increase in the wage structure and the rising costs of materials. As you know, the Government has just declared a second interim wage increase for tea plantation workers and this would cost your Company about Rs. 1,80,000 a year.

In view of the ever-increasing costs over which we have little control, the only possible way to bring down the cost per kilogramme is to increase the yielding capacity of the tea. and with this in view we are going ahead by planting high-yielding clones. I am glad to report that the vegetative propagation methods adopted by us in this direction are proving successful.

The crop estimated for the current season is 2,375,000 kgs. and although we suffered a setback in the early part of the year, due to unprecedented drought conditions, subsequent rush in crop has made up the deficit and I am glad to say that we are in line with the estimate at the end of August. If we get a favourable north-east monsoon, it is possible that we may harvest an all-time record crop.

The Chairman's statement attached to the accounts has dealt in some detail with the Company's affairs relevant to the year under report, and I would now like to touch on some wider issues that are of vital concern to this Company.

Exports

Tea exports were larger in 1963 in spite of a smaller crop. Indian tea was facing difficulties in the European markets because of the quota restrictions and duty. I consider that the decision of the European Economic Community to exempt tea from import tariffs from the beginning of this year will enable India to develop a new field. But this will certainly call for a vigorous campaign to popularise Indian tea on the Continent.

While India's exports to countries other than U.K. have declined during the past few years, the rest of the tea exporting countries, particularly Ceylon, have made a niche for themselves in those areas. As the Estimates Committee points out, "the image of Indian tea has not been well projected in the importing countries," whereas "Ceylon has stolen a march inasmuch as all good tea is now considered Ceylon tea." Tea is one of the three main foreign exchange earners for India. We can ill-afford to yield places of advantage to other countries in the continental tea markets.

I appreciate the Government's gesture in allowing the rebate on income-tax, super-tax and surtax, but the continuance of heavy excise duty on tea gives us concern and affects the benefit of the said rebate. Though provision has been made to leave some funds to plough back for development purposes by the industry, no provisions have been made in the budget to improve the competitive character of Indian teas in the world markets.

Producing countries may be helped by current research to produce an instant tea which tastes like the "real stuff." If successful, this type of tea could win over new customers just as instant coffee has widened coffee sales in the U.K. But any developments on the customer's side are bound to be slow. Meanwhile, rising production will almost inevitably push prices down, mainly of course in the lower qualities where there is greater competition. So, paradoxically, the Government's attempts to earn more foreign exchange by selling more tea are likely to be frustrated.

Targets

The target of 1,000 million lbs. by 1970 in the fourth Five-year Plan is, I am afraid, rather ambitious and I share the view that it may prove to be unattainable, even though the Government may provide measures of relief and other incentives essential to encourage production. Since early Government action in the desired direction is a prerequisite towards achieving the production target, I concur with the views expressed by the Consultative Committee of Tea Producer Associations and consider the following relief measures to be necessary to act as an impetus for the expansion of production and exports.

(a) Replacement and extension planting on virgin soil should both be allowed as a revenue charge for tax purposes, or should at least be given substantial development rebate for both Central and agricultural income-tax.

(b) A drawback of excise duty should be allowed on all teas exported. This is of particular significance to the promotion of tea outside India.

(c) Land suitable for the planting of tea should not be requisitioned by the State Government.

(d) The industry should be protected from excessive demands inflicting higher labour costs than can be borne economically, particularly as a result of the recent Bonus Commission report, labour housing schemes and increased labour wages.

Adoption of these measures would ease the problems of producers who are only too anxious to raise output as they will participate in the benefits which should accrue from an expanded industry, and in the knowledge that the Tea Board is taking steps to ensure that markets are found for the extra production.

Finance

Finance has been a chronic problem for the Indian tea industry, and the industry needs a very large amount of money for the annual recurring needs, as well as development and the implementation of statutory welfare measures. In recent years, after payment of bonus to labour, Central income-tax, State agricultural income-tax, and a reasonable dividend, very little was left with the companies to meet expenditure on capital account or to expend sufficient amounts on purchase of stores etc. I welcome the setting up of a high-powered committee to tackle the basic issue of tea plantation finance, although there are some misgivings as to whether this new Committee could do anything more than what the Tea Board has been trying to do for some time. The Board is well aware of the problems and has put up certain proposals before the Government of India. The most important obstacle in the way of a solution is that even if the Centre gives certain incentives or concessions it will only mean that the States will syphon away a large proportion of them, leaving the estates with very little of the benefits. There is need for co-ordination between the Centre and the States in the matter of taxing plantation crops.

The Central Wage Board for the tea plantation industry has recommended a second interim increase for all tea plantation areas in the country and it comes into force with retrospective effect from May 1964. A comparatively small rise in the individual wage adds large sums of money to the cost of production and there are limits to what we can afford. The decision of the Wage Board would become unrealistic if increase in wages is given without ensuring corresponding increase in productivity. Wages must have some relation to output. The Wage Board is of the view that there is no bar to the revision of workloads and tasks in the tea plantations provided the revision is made by mutual agreement, and is not against the principles laid down in the tripartite recommendations in this regard. The extent to which this view can be implemented is a debatable point as normally mutual agreement on this issue is not easily achievable.

The Wage Board has recommended wage increase for daily-rated workers varying from 7 paise to 18 paise, according to grades and categories. The increase proposed for monthly paid employees ranges from Rs. 10 to Rs. 22 and, to some categories, an increment, in addition to the wage rise, has also been recommended depending on pay scales and regions in which they are employed. The recommendations for the second interim wage increase have disturbed the tea industry.

Expansion Schemes

In view of all-round rise in production cost, the industry, in my opinion, has been financially strained and all expansion and modernisation schemes have consequently suffered. I am afraid, the present increase in wages will impair the competitive power

Indian tea in foreign markets. Indian tea, in fact, has already become difficult to sell abroad owing to high prices. If we are to reduce our cost of production so as to keep it competitive to those of other producers, it is necessary that labour wages should be kept at a level which would not tend to increase the cost of production still further.

The other all-India body whose findings will have great influence on our industry is the Bonus Commission. We understand from the Commission's report that in the case of plantations in South India it has urged the Employers Association and the Unions to continue the present industry-wise agreement with such modifications as might be agreed upon by them. Unless the existing agreements are more favourable to workers than the Commission's formula, there is no chance of renewing them. The fixing of a minimum bonus at 4 per cent or Rs. 40, whichever is higher, has been done without considering its practical application to the plantation industry. Since a maximum and a minimum bonus is prescribed, the maximum will have to be paid if the surplus allowable to bonus justifies it and a minimum is payable whether a profit is made or not. The formula for the computation of the surplus is aimed at only satisfying labour and gives no indication of any concern with resource creation for economic development. The formula is likely to work out very harshly for the plantation industry where the assets were acquired in most cases many years ago and where the book value of the assets (and the capital of the Company) bears no relation whatsoever to the true values.

Bonus for Labour

Quite rightly or properly, fiscal and taxation measures and principles mentioned to govern bonus to labour are all capital-based. In the case of almost all plantation companies the capital shown in the balance-sheet as mentioned above does not correspond correctly to the assets of the companies. This aspect was dealt with at the recent conference of United Planters Association of Southern India. In reality, the plantations are worth many times more than the capital and reserves shown in the balance sheets. As referred to above, there is no provision for depreciation allowance as in the case of industrial companies. In view thus of the low capital, the dividends declared by many of the plantation companies appear to be very high, giving a wrong, exaggerated and distorted picture of the profit earned by the companies leading to erroneous and incorrect impressions in the minds of labour leaders and politicians.

It is obvious that wide variations in the capital structure of plantation companies will result in serious anomalies between companies and the resultant variation in the amounts available for bonus is likely to cause widespread labour trouble. I fear that the Bonus Commission's report will create more problems than it has solved. The plantation industry is under a statutory obligation to provide a comprehensive range of welfare measures for labour. As a labour-intensive industry, plantations are capable of offering greater employment opportunities if resources are available for development. If available resources are frittered away by high bonus payments capital cannot expand or provide new job opportunities.

Excise Duty

The zonal system for fixing differential rates of excise duty has been in existence for some years and it is time the Government re-examined the position on the basis of the average performance of different district teas in the market, apart from reducing the weight of excise duty generally. The Government, in order to make good the loss of revenue from the abolition of export duty, increased the excise duty which the producer has to pay before the tea leaves the factory, and this imposes further financial strains on the producers' resources.

I would now like to thank on your behalf the General Manager, his assistants, the staff and labour for their good work during the year. I would also like to thank my colleagues in the Board for their help and guidance and finally, our Managing Agents, Messrs. Peirce Leslie and Co. Ltd. for their services.

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

A DECADE OF WAR AGAINST HUNGER

P.L. 480 FOOD PROMOTES ECONOMIC GROWTH

By Dorothy H. Jacobson

Assistant Secretary for International Affairs, U.S. Department of Agriculture

THIS year the U.S. Food-for-Peace programme is marking its tenth anniversary. It has been a momentous decade. It has been a decade of effective war against hunger—man's oldest and most persistent enemy. Food-for-Peace has shown that widespread acute hunger can be eliminated when world food distribution is improved. No major famines have developed in the free world in recent years despite continuing growth of populations.

The Food-for-Peace programme is based on sharing. And it is sharing food on the largest scale in the world's history. Since 1954 the United States has made available on special terms some 125 million tons of food to more than 100 countries—mainly less-developed countries—having a total population of 1,700 million.

Banishing hunger is the primary objective of this great food relief effort, but economic development is another major goal. As U.S. Secretary of Agriculture, Orville L. Freeman, said recently: "It relieves hunger and suffering and promotes education among men, women, and children in developing parts of the world. At the same time it helps those nations to an accelerated takeoff in economic growth that will speed the day when they will become partners in our commercial trade."

The American Record

The United States has been glad to share its surpluses with food-short countries—to help them gain strength and grow economically. A humanitarian concern for the people of other countries is traditional with Americans. The record speaks for itself. The United States has shared its food with the needy when U.S. supplies were short as well as when supplies were large.

As far back as World War I the United States encouraged food conservation and increased food production at home to make increased supplies available to some 200 million Europeans who were on the verge of starvation. U.S. food, coupled with a good 1919 harvest in Europe, eased the crisis and efforts were turned toward the relief of some 10 million undernourished children. Before the children's programme was completed, however, famine hit Russia. That was in 1921. Throughout 1922 and into 1923 American food was poured into Russia. The final tally shows that at least 785,000 metric tons of U.S. food was shipped to that country, of which about $65 million worth, or over 80 per cent of the total value, was donated by the American people. Millions of lives were saved.

Again, at the end of World War II, the American people joined in voluntary conservation measures to make food available to hungry people overseas. Shipments of wheat were so heavy in the 1946 crop year that the U.S. wheat reserve came dangerously close to exhaustion. Nevertheless, heavy food shipments were continued. Records of the Commodity Credit Corporation show that between 1st July 1945 and 30th June 1954 U.S. agricultural exports under various Government programmes were valued at $9,500 million.

Sharing on a vast scale has continued under Food-for-Peace. Close to $14,000 million worth of U.S. farm products have been shipped since 1st July 1954. Shipments include 3,000 million bushels of wheat, a volume equal to almost three U.S. wheat harvests. We shipped 100 million bags of milled rice, equal to two U.S. crops. In addition, we shipped over 900 million bushels of feed grains, 6,400 million pounds (2,880 million kilograms) of fats and oils, 4,800 million pounds 2,160 kilograms of non-fat dry milk, and substantial volumes of other commodities.

Public Law 480

Most of the food shipped under the programme represents exports authorised by Public Law 480—the Agricultural Trade Development and Assistance Act of 1954. P.L. 480 is flexible legislation. Its "titles" authorise several distinct types of operations. Title I authorises sales of surplus farm products and the acceptance of payment in foreign currencies, such as rupees, pesos, and cruzeiros, instead of dollars. Title II permits grants of farm products to other Governments for meeting famine or disaster relief requirements, for use in school lunch programmes, and for wages in "food-for-work" economic development projects. Under Title III, the United States donates food to U.S. voluntary agencies and international organisations carrying on relief activities overseas. Title II also authorises the barter of U.S. farm products for minerals and other durable materials, goods, or equipment produced abroad. Title IV permits export sales of U.S. farm products on credit terms up to 20 years.

These diverse activities are achieving their objectives. Hunger is being battled vigorously. P.L. 480 is making more food available to people whose diets are nutritionally inadequate. Food financed with foreign currencies makes up the bulk of P.L. 480 Food-for-Peace shipments. For some countries the volumes sold for foreign currencies are very substantial. Within the past decade India, for example, bought $2,100 million worth of U.S. farm products, at export market value, paying with rupees. Other major recipients of Title I commodities include Pakistan, Yugoslavia, Spain, Poland, Turkey, Brazil, Korea and Indonesia. Much of the food acquired with foreign currencies is distributed through normal market channels. But the routine way in which the food is handled does not diminish in the slightest its important role in better nutrition.

U.S. food also is promoting economic growth. The United States lends or grants back to needy foreign countries a large share of the foreign currencies received in payment for our farm products. These funds are being used by less-developed countries for flood control, irrigation, reforestation; for improvement of railroads, highways, bridges, communications; for construction of electric power facilities; for building hospitals, clinics, and schools. U.S. food promotes economic growth by helping to control any accompanying food price inflation. Food prices usually rise when new employment creates new purchasing power which in turn increases demand for food. As food prices go up, workers' wages must be increased. Higher wages mean larger costs for development and reduced funds for projects. Increased availability of U.S. food has helped to break this vicious circle.

Supplementary Wage

Food-for-Peace is being used as a supplementary wage in a number of countries. Some five million people are participating in programmes to carry out, through their own labour, some kind of development project—and, in turn, receive food as a wage. Food becomes the genesis of the kind of community development that helps people to help themselves.

In administering food aid programmes, the United States avoids disturbing the agricultures of recipient countries, whose farmers must market their crops at fair prices. We also protect established trade and try to make sure that usual purchases from the United States and other free world countries are continued. We emphasise the use of private trade channels and the observance of customary trade practices.

The United States has found that bread cast upon the waters is being returned. Food-for-Peace is helping to build markets for the United States as well as others. For example, the programme has helped to strengthen Spain's economy, and that country has become a $128 million market for U.S. farm products, a substantial part of which is dollar business. Israel is coming up rapidly as a dollar purchaser. Greece and Formosa are stepping up their cash buying. Some of the foreign currencies accumulated under Public Law 480 are being used in U.S. market development activities in many parts of the world. Foreign currencies also are being used to pay such costs as Embassy expenses, educational exchange programmes, and military expenses.

Food-for-Peace also has become a yardstick. The ability of the United States to feed its own 190 million people well and still have great volumes of food to ship to other countries is proof in itself that unhampered free enterprise is the road to abundance. The failures of regimented agricultures stand out in sharp contrast.

Food-for-Peace, overall, is a tremendous success story—a drama of people at war against want. It is an epic of human generosity pitted against need. As it begins another decade of service to humanity, it is pointing the way to ultimate victory over hunger.

EFFECTS OF SYNTHETICS ON AGRICULTURAL TRADE

FINDINGS OF F. A. O.'S SPECIAL STUDY

MANY of the developing countries, which are struggling hard to improve the low living standards of the masses, secure the bulk of their economic wherewithal from exports of agricultural raw materials. Primary products thus contribute nearly two-fifths of their total export earnings. In recent years, however, these products have been facing keen competition from synthetic materials and other substitutes. It is, in this context, that a special chapter in *The State of Food and Agriculture* 1964 (published by the Food and Agriculture Organisation of the United Nations) has comprehensively analysed the growth of synthetics and their effects on agricultural trade.

The output of synthetic materials is heavily concentrated in the United States, Western Europe, Japan and some centrally planned countries like the Soviet Union. The developing countries, such as India and Brazil, have also established synthetic rayon and rubber industries. The location of synthetic industries in the main agricultural raw material importing countries is, no doubt, inimical to the expansion of trade in natural products. But the establishment of such industries is often inspired by technical considerations. New methods of production are also causing economies in the use of raw materials. In addition, as a recent survey in the U.S. indicates, changing consumer tastes and remarkably rapid rates of innovation cause major adjustments in manufacturing output, and, hence, in the composition of the demand for raw materials. Thus, the better heating of homes and offices, the invention of electric blanket and competition from paper and related materials in packaging and other uses influence the demand for natural fibres just as clearly as competition from man-made fibres. Further, with better marketing and standardising qualities, synthetics are able to compete effectively with natural products.

Synthetic Materials

The principal synthetic or man-made materials discussed in the F.A.O. study are synthetic rubber, man-made fibres and synthetic detergents. Each of these is a group of materials with different characteristics, rather than a single homogeneous product. Types of synthetic rubber include the general-purpose type (S.B.R.), neoprene, nitrile, butyl, polybutadiene, polysoprene, stereo-specific and stereo-regular rubbers. The range of man-made fibres is even wider than that of synthetic rubbers, and are grouped into cellulosics (viscose and acetate rayon) and non-cellulosics, which include the polyamides (nylon), the polyesters (terylene, dacron etc.), the acrlyics (orlon, acrilan, courtelle etc.) and the less important polyvinyl fibres. Synthetic detergents are also of many types, as is evident from the soap products they have been replacing, but are marketed mainly in the form of powders for heavy duty laundry use and liquids for dishwashing and industrial purposes.

An important advantage frequently claimed for the synthetic products *vis-a-vis* the natural raw materials is that they may be "tailored" to meet the requirements of specific end-uses. To an extent, this is true. For synthetic rubbers have been developed for particular purposes and the formulas of basic types could be varied by the addition of carbon black, etc. High tenacity rayon is developed to meet the specific requirements of vehicular tyre cords. Synthetic fibres were, however, first produced and then, by further research and other means, were found suitable for certain end-uses. Another advantage common to all synthetic products is that a greater degree of quality control is possible in their manufacture than is the case with natural materials. This leads to substantial savings in processing costs. Further economies accrue from the greater tenacity of man-made fibres and smaller losses in processing. Utility poundage of man-made fibres, which includes their long lasting attributes, is another factor favouring synthetics. Lastly, the marked stability in the prices of synthetics, in contrast to wide fluctuations in the prices of natural products, can be mentioned as helping the former in their competition with the latter.

Growth Rate Remarkable

Examining the production trends of synthetic raw materials, the F.A.O. study points out that in the last decade (1952-62), production of synthetic raw materials achieved remarkable growth rates unmatched by their natural counterparts even in the prosperous twenties before the advent of synthetics. Synthetic rubber production had grown more rapidly than that of man-made fibres. Production indices of natural and synthetic rubber, which were 97 and 106, respectively, in 1953, were 118 and 255, respectively, in 1962. At the same time, production indices of man-made fibre rose from 118 to 228. In 1962, man-made fibres, as a group, still accounted for only 21 per cent of total apparel fibre output, still dominated overwhelmingly by cotton, whereas synthetic rubber production (even excluding the large output of the centrally planned countries) represented more than half the total elastomer output. Though all the producing countries have contributed to this expansion, the new regions have recorded faster rates of growth than the United States. The United States, however, remains by far the world's largest single producer of all the materials under consideration.

Prices

Prices of all man-made materials, as stated earlier, have remained remarkably stable over long periods of time. The price of S.B.R. rubber in the U.S., for example, has been unchanged at 23 cents per pound since 1953. Again, man-made fibre prices in the U.S. have varied only slightly and, that too, in the downward direction. A similar situation has existed in Britain also. This price stability is in marked contrast to the wide fluctuations experienced in the prices for competing natural materials. Natural rubber prices in New York, for instance, ranged from 20 to 52 cents a pound during 1953-63. The F.A.O. index of lauric acid oil prices also rose sharply in 1959. However, the prices of most of the natural raw materials, such as cotton, wool, etc. were lower in 1962 than in 1953. Prices indices of cotton and wool, which were 97 in 1953, came down to 71 in 1962. The extent to which synthetic competition has contributed to this deterioration in agricultural raw material prices is rather indeterminate. The F.A.O. study has commented on this as follows:

"If at any time, the output of all synthetic materials had ceased, prices of their natural counterparts would have certainly risen in the short term. However, taking into account longer-term supply responses, there is no similar assurance that prices would have been higher than they are today if man-made materials had not come into existence. Prices of some major agricultural products not subject to competition from man-made materials (coffee and cocoa) have declined more rapidly than those of agricultural raw materials."

Competition

Discussing the effects of these developments on the demand for primary products, the F.A.O. study notes that the overall world market for apparel fibres and elastomers has expanded at a rapid rate throughout the post-war period. Between 1952-62, apparel fibre consumption increased by over 50 per cent while elastomer consumption nearly doubled. The markets shared by natural and synthetic products have, in fact, grown faster than those of some of the important food products. To some extent at least, the man-made products have contributed to this growth in demand through the wider range of choice they have offered the consumer. The use of light-weight man-made fibres in suitings may have, for example, encouraged more extensive clothing wardrobes. Synthetic rubber is also greatly used in the footwear industry Expansion of synthetic rubber production has maintained the demand for conventional soap, and hence for fats and oils, at a higher rate than it would otherwise have been through its use in the emulsion process for S.B.R.

The rapid growth in the overall elastomer and fibre markets has been reflected in simultaneous increases in world consumption of natural, as well as synthetic, raw materials. Only, the progress of natural materials has been relatively slow, leading to a sharp fall in total consumption. It is not proper to attribute the relative fall in consumption of natural raw materials to competition with synthetic alone. It has been only one of the limiting factors and, probably, not the most important of the many factors limiting production in developing countries in the post-war period. Others include deliberate policies of diversification, sometimes in favour of food, the shyness of foreign capital and various non-economic factors. Cotton, hides and skins and fats and oils used in soap making have faced a different situation. World cotton output has frequently exceeded consumption and it has affected the United States, where stocks have accumulated—stocks which could not be disposed of either at home or abroad at prices established under Government programmes. Price support for cotton has, however, enabled rayon to win outlets it might otherwise not have obtained.

As far as the future overall demand for synthetic materials is concerned, the position appears to be favourable with the possible exception of soap-making materials. F.A.O. projections suggest a 60 to 90 per cent higher elastomer consumption by 1970. The rate of advance for apparel fibres is expected to be much lower in 1970, some 40-50 per cent over that of the 1957-59 period. The demand for footwear with leather uppers, an indication of the potential demand for leather, may exceed 30 per cent (base 1959-61) by 1970 in all developed countries outside North America, where the demand has reached the near-saturation point. Soap consumption, alone, is expected to continue to fall in all developed regions including centrally planned ones. But, at the same time, it is likely to develop an upward trend in the developing regions. With research and promotion still very active and new synthetics with enhanced capabilities being announced frequently, the total consumption of synthetics is likely to increase. By more closely meeting the requirements of specific end-uses, synthetic materials may be expected to encroach further on the markets for the natural products. In spite of these intense activity in this field, the outlets for existing synthetic products are, by no means, fully exploited. The United Kingdom expects further increases in the proportions of man-made fibres used in carpets. In the U.S.S.R. and other Eastern European countries, all of the industries producing synthetic products have assumed only a fraction of their potential importance, and great developments are planned in this field. The present seven-year plan in the Soviet Union provides for a 240 per cent rise in the output of synthetic rubber between 1958 and 1965.

Future Demand

The implications of the foregoing considerations for the production policies of agricultural raw material producing countries differ somewhat from commodity to commodity. In the case of natural rubber, it is expected that the world demand for it will continue to rise, if it can be made available at prices comparable with that of synthetic rubber. By pursuing a vigorous policy of increasing the total acreage of rubber cultivation, it would be possible to compete effectively with synthetic products. Replanting of rubber trees over large areas would also be of help. Opportunities for expansionist policies to be followed in cotton and wool are also abundant. The present situation of consumption exceeding production, especially in cotton, cannot continue for long. And, unless vigorous policies are pursued, there is the danger of markets being lost to man-made fibres by default. The outlook for hides and skins and fats and oils is in a special position, inasmuch as the former's production policies will be determined mainly by the market for meat. Fats and oils production would depend on the extent of their utilisation in soap. It is, however, only one of their many outlets (soap production) and the prospects for increased food use are more favourable, particularly, in the developing countries.

Measures to Meet Competition

To meet the increasing competition from synthetic materials, there are a number of measures that could be taken by the governments of producing or consuming countries or by producers themselves. It is clearly out of question to expect any limitations on the output of synthetic products. They have won a place for themselves in daily life and it would be retrograde to attempt to alter it. However, in view of the highly competitive conditions in prospect both between producers of natural products and synthetic producers and among the latter themselves, the F.A.O. study suggests that it would be in the interests of both parties to "co-ordinate policies" and avoid some of the less desirable effects of such a situation. It might be useful to recall, in this connection, the measures recommended by the working Party of the recent U.N. Trade and Development Conference:

The measures suggested fall into three categories: developed countries, developing countries and joint action. The developed countries, it has been suggested, should slowly eliminate trade barriers hitting primary products and semi-processed goods competing with synthetics, abolish subsidies on synthetics and prohibit manufacturers from passing off synthetics as natural products.

The developing countries should (*a*) reduce production costs (replace low-yielding rubber trees by high-yielding new stock); (*b*) introduce uniform standards; (*c*) conduct research into new processing methods; (*d*) promote their goods by publicity campaigns; and (*e*) find new ones for finished products containing raw materials.

Both the developed and developing countries should jointly strive to (1) co-ordinate investment plans within the framework of detailed projections of demand and production; (2) consult on steps to prevent manufacture of synthetics competing with the developing countries' exports; (3) study factors influencing substitution; and (4) work to eliminate price fluctuations by commodity agreements and other measures.

Such an approach to the problem of competition between natural and synthetic materials, it is felt, is quite sensible. If this programme were to be implemented, there would be need for close co-operation between the developed and developing countries. Any initial difficulty, such as the opposition from the synthetics manufacturers, especially in the U.S., who have been spending a good deal on research in their products, is not insurmountable.

Synthetic Rubber

The F.A.O. study has, before concluding, given a detailed account of the trade between the principal agricultural raw materials and synthetics. Of all the natural products, rubber, perhaps, faces keener competition from synthetics. The cheapest and quantitatively the most important of synthetic rubbers is styrene-butadiene rubber (S.B.R.). It is superior to general-purpose natural rubbers as it has wear, grove-cracking and aging resistances and fast-curing properties. It is only in resilience that it falls short of natural rubber. This characteristic has made S.B.R. synthetic rubber unsuitable for use in heavy-duty tyres (truck and bus tyres), but it has found wide application in passenger car tyres and captured nearly the entire market in the United States, U.K., France and Federal Republic of Germany. S.B.R. is also used for a great variety of other purposes where cheapness is a paramount consideration. As regards world trade in synthetic rubber, it has now reached about one quarter that of the trade in natural rubber. Till 1959, the U.S. and Canada had a monopoly in this trade as exporters, but, of late, W. Germany has emerged as a major producer and exporter of synthetic rubber. Many of the newly producing countries, such as Australia, Brazil and India, are not currently exporting synthetic rubber. In the decade under consideration, the share of rubber in total world elastomer consumption increased from 38 to 50 per cent. The future prospects about the competition between natural and synthetic rubber are likely to depend on three factors: (a) structure of the synthetic industry, (b) research and development activities and (c) cost and price factors. Natural rubber is not likely to succeed in meeting the enormous demand for elastomers by 1970 (upto 8.5 million metric tons). There is no possibility of any surplus emerging in the consumption of natural rubber in the years to come. Every effort has to be taken to keep its prices stable so that better research and techniques in synthetic rubber would not price the product out of the market.

Apparel Fibres

Apparel fibres have had an expanding market since the war, but in relative terms, the natural fibres—cotton and wool—have lost an appreciable ground to man-made fibres. One reason for the intense competition between man-made and natural fibres has been that the physical properties of the former, like length, fineness, elasticity, etc. can be more easily controlled than in the latter. Production of man-made fibres in 1962 is estimated to have reached 3.9 million tons—rayon accounting for 2.9 million tons. Synthetic fibres achieved a nine-fold rise from 129,000 metric tons in 1952 to 1.08 million metric tons in 1962. Of this, nylon represented nearly 56 per cent of the output in 1962. Since synthetics are still produced in only a few countries, the U.S., the U.K., W. Germany and the U.S.S.R., a larger proportion of world output finds its way into international trade. Total consumption of apparel fibres has grown at a faster rate than world population—from 10.5 to 15.9 million tons in the decade 1952-62. Consumption of man-made fabrics has been much more rapid than in the case of natural fibres. While consumption of synthetics and rayon went up by nearly seven-fold and 78 per cent, respectively, cotton and wool made gains of only 35 per cent. As a result, the market for cotton has fallen from 73 to 65 per cent and that of wool from 10 to 9 per cent during the period. While man-made

(*Continued on page* 739)

INTER-FIRM COMPARISON IN INDUSTRIES

A SIMPLE METHOD OF BRINGING DOWN COSTS

THANKS to the activities of the National Productivity Council in recent years, there is increasing awareness of the need for improving productivity all round for more reasons than one. As Mr. Asoka Mehta, Deputy Chairman of the Planning Commission, has recently put it, productivity is not only "the key to progress or prosperity" but "the key to survival." "Where population is growing and resources are limited, it is really the meaningful deployment of resources and it is only an appropriate combination of the factors of production that can give us the ability to survive and progress. *The price of survival is to move forward and this makes the concept of productivity central and crucial.*" It is not only for the sake of increasing production that the productivity of Indian industries should increase at a fast rate. As industrial costs in India are among the highest in the world, Indian goods are not quite competitive in foreign markets. It is only through higher productivity that costs of production can be gradually brought down to the level prevalent in the industrially advanced countries.

It is not that all the units in Indian industries are working inefficiently. There are some units whose performance is nearly as good as that of some of the best units in the Western countries. For example, it has been recently found that some of the units in cement industry require as little as five man-hours for producing a ton of cement. Moreover, most of the units in the various industries are working efficiently in one or more of their departments, although most of the other departments may be inefficient; or, in other words, almost every department is being run on efficient lines in some of the units. Thus, a lot can be learnt if the units compare their working with each other, so that the managements and the workers become cost-conscious and the best points of each unit could be adopted for bringing down the cost of production. Incidentally, the National Productivity Council has illustrated in its Monsoon Issue of *Productivity* the potentialities of such inter-firm comparisons in the following passage:

"A worker in a factory can certainly be made conscious of the low rate of his output—though machines and materials are identical—if taken, probably just across the road, to another worker in another factory, turning out a lot of more work. Probably incentives would be necessary to induce him increase the output, but incentives can be furnished. In the first instance, however, it appears necessary to create consciousness, both among management personnel as well as among the working classes that a much higher level of performance is possible because all other attendant circumstances are more or less identical. The rest of it is a purely economic problem and can be adequately handled within the present cost-price structure; for when a management comes to realise that a lot of more profit can, in fact, be made by paying a satisfactory wage, if the worker only co-operates in raising the level of output to what is within the limits of possibility, employer-labour relations will improve considerably and much higher productivities would be achieved all along the line.... Here is an area which requires little investment. It involves no overhauling of plant lay-out, installation of new machines, revolution in management, retrenchment of personnel, liquidation of inventories and the like. Of course, it does mean a change in managerial attitudes from treating business as a mystique to considering it as a game for mutual profit and pleasure. Inter-firm comparison is such a game in which without revealing identity or knowing it, we come to know how A, B, C, D are running, why they are running faster than we are and how we can run as well as they do, for the good of the country and for our own good."

Simplified Form

In spite of these advantages and the simple nature of the inter-firm comparisons, hardly anything has been done in the country in this matter so far. Though in the industrially developed countries, the process has become quite intricate, involving complicated capital-output ratios, in India what is required to start with is a simplified form of inter-firm comparisons which the managements can easily comprehend and implement and for which adequate data are available with the industries, but not made public in many of the cases. It is high time efforts were made to initiate this process in the country to increase production and bring down costs in industry.

Apart from the technical problems like differences from unit to unit in the quality of raw materials, management, labour and production processes, which make the data for different units non-comparable unless such data are processed and standardised, there are the human and psychological obstacles to the initiation of inter-firm comparisons. Though these obstacles are prevalent even in the advanced countries, in the underdeveloped countries like India, where the management is not so enlightened, the difficulties become more conspicuous. Many managements feel indifferent about such comparisons as they do not realise the magnitude of their advantages. Thus, a lot of canvassing will be required to convince them about the benefits of inter-firm comparisons. They also feel reluctant to part with the secrets regarding the working of their firms and fear that the data may fall into the hands of competitors. It may be in order to refer here to the security system adopted by the Centre for Inter-Firm Comparison in the U.K., to eliminate the leakage of confidential information. The main features of this system are: (*a*) non-disclosure of the names of participants; (*b*) allocation of a code number to each firm which appears on papers related to that firm, instead of its name and address, the key to the code being known only to the in-charge of the comparison in question; (*c*) collection of performance data in the form of ratios and percentages, if so desired, rather than in absolute figures; (*d*) stringent security arrangements within the Centre to prevent unauthorised persons having access to the data of firms; (*e*) presentation of results in such a way that the data of a particular firm cannot be identified; and (*f*) making the report available only to participants. If these measures are implemented in all seriousness, there is no reason why the secrets should leak out.

"Industry Productivity Councils"

The inter-firm comparison is a process by which everybody gains and nobody loses. Without disclosing the identity of the firm and without revealing the secrets of technology or finance, every participating entrepreneur comes to know the weak points in his enterprise and gets the indications of the ways of improving its working. Thus, if understood in their right perspective and if implemented properly, inter-firm comparisons can help tremendously in raising the productivity of industries. The National Productivity Council, incidentally, is doing some excellent work to popularise and implement inter-firm comparisons. Recently the Council set up study groups to X-ray the productivity in cement, bicycles, electric motors and transformers, jute and rayon industries. It has also decided to set up Industry Productivity Councils which amount to the creation of inter-firm comparison bases in the various industries. Much will, however, depend on the co-operation of industrial organisations which are expected to set up such "industry productivity councils" (as in the printing industry) and to persuade the member-units to make available the data about their own working without any inhibitions.

MORE EMPLOYMENT WITH FOOD AS WAGES

The U.N./F.A.O. World Food Programme could become "a powerful incentive" to mobilise the "hidden capital" of unemployed manpower, for raising rural standards of living. Mr. Boerma, Executive Director of the three-year experimental Programme, told the Council of the Food and Agriculture Organisation early this month that the largest number of projects, now in operation, were directed at putting unemployed people to work. These "labour-intensive" projects involved using food as payment or part payment to the workers whose labour forms a high proportion of the effort put into projects of irrigation, afforestation, land improvement and the building of houses and market roads.

The Programme was set up in 1962 and began operations at the beginning of 1963. Its experimental phase is due to terminate at the end of 1965, when the U.N. and F.A.O. will decide on its future In an enlarged Programme after that date, Mr. Boerma said, labour-intensive projects could "become a major incentive to mobilise" underemployed manpower for development work. These unemployed people constituted a hidden capital, badly needed in promoting F.A.O's basic aims of raising the standard of living of rural populations.

He outlined the various types of projects undertaken by the Programme in aid of economic development, and pointed out that it had, in addition, provided emergency aid worth $10 million in 16 cases. In all, 89 projects, using food aid for economic development in 31 developing countries, had been approved at a cost of $52 million. Another 45 projects were being considered. The Programme, had been pledged contributions in food, cash and services worth more than $92 million. The Republic of South Africa had however, revoked its pledge to the U.N./F.A.O. Programme of $102,500 on the grounds that it had withdrawn from F.A.O. membership.

CALCUTTA ELECTRIC'S 'CLEAR' PROFIT EQUALS 'REASONABLE RETURN'

POWER SELLING RATE, HOWEVER, RAISED AGAIN

THE year ended 31st March 1964 has been quite a satisfactory one for the Calcutta Electric Supply Corporation Ltd. (Chairman: Mr. I. A. Macpherson, Calcutta). Revenue from the sale of electricity and from meter rents at £14.8 million is over £1.7 million (13 per cent) up on the previous year. This is a much higher rate of increase than the rise of 8 per cent in the total energy sold which increased from 2,328 million units, to 2,525 million units. The main reason is that the monetary figure of sales includes coal surcharge revenue arising by reason of increases in the delivered cost of coal—increases which are, of course, also reflected in additional revenue expenditure. The actual revenue expenditure has gone up by almost £1.2 million; of this increase, generation, transmission and distribution costs alone account for £885,000. During the year, the Company's stations, in generating 2,077 million units, burnt 1.49 million tons of coal at a cost of £4.48 million, the comparative figures for the previous year being 1,841 million units, 1.38 million tons and £3.81 million, respectively.

Quite apart from the 10 per cent increase during the year in the controlled price of coal and freight (which was, of course, recovered through the coal surcharge), the additional expenditure on coal was a natural consequence of increased output and would, in fact, have been even greater but for the continued success of the Company's new policy for the procurement of coal to which a reference was made in the previous year's report. Administration and general establishment charges have gone up by £100,000, including the extra premium of £40,000 payable to the Government for the Emergency Risks Insurance now discontinued. Interest charges have increased by £108,000, because the Company had to make almost the maximum use of its overdraft facility with National and Grindlays Bank.

The following table compares the Company's progress in the past four years:

(In £ sterling)

	For the year ended 31st March			
	1964	1963	1962	1961
Sale of current	14,591,588	12,848,739	10,494,687	9,805,661
Other income	251,104	255,092	207,456	196,885
Cost of generation, distribution, etc.	6,945,097	6,059,797	5,278,764	5,088,135
Power purchased	2,467,933	2,412,708	1,940,775	1,070,194
Other expenses	1,189,635	991,179	889,098	834,439
Gross profit	4,240,027	3,840,147	2,593,506	3,009,778
Depreciation	1,061,534	1,029,330	994,487	960,615
Taxation	1,457,074	1,632,848	943,105	1,155,014
Net profit	1,721,419	977,969	655,914	894,149
Transfer from reserves	14,321	...	316,244	356,541
To reserves	1,109,938	395,372	392,406	639,257
To debenture sinking fund	187,918	178,115	168,793	159,966
To gratuity fund and debenture issue expenses	51,671	51,670	51,671	51,671
Dividends—				
5 per cent preference	63,650	63,650	63,650	63,650
Ordinary	319,698 (7.5%)	319,698 (7.5%)	319,699 (7.5%)	319,699 (7.5%)
Carry forward	128,539	125,674	100,524	124,585
Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	15.60	15.00	15.31	15.25	16.02
Low	13.87	11.25	14.31	13.94	14.75

The net revenue account shows that, despite an increase of about £560,000 in the balance brought down from the revenue account, the charge for Indian taxes has declined by £150,000. This is due mostly to development rebate allowances claimed on the new plant commissioned during the year, including the new Cossipore extension and the Southern receiving station. The tax saving (not all of which is admitted by the authorities) amounts to some £575,000, the equivalent figure for the previous year being £132,000. Consequently, as against nothing in the previous year, a sum of £201,021 has been carried to development rebate reserve during the year under review. This is a mandatory appropriation under the Electricity (Supply) Act and has the effect of equating the Company's 'Clear' profit with the 'Reasonable return' allowed by that Act. As it was foreseen that the Company would not again benefit from development rebate on the same scale and that its 'Clear' profits would as a consequence be less than its 'Reasonable return,' it had no option but to put into effect further increases in its charges for electricity from the end of the year under review. The 'Reasonable return' is now based on a standard rate of 6.5 per cent, instead of the former 6 per cent, and this is hoped to be achieved in the current year.

Reference is made in the notes on the accounts to a contingent liability now estimated at £801,000 in respect of Indian taxes under appeal. The claim concerns the admissibility of development rebate on capital expenditure on mains, service connections, etc. Although the Company has been successful in the first stage of its appeal against the authorities' ruling in this matter, the latter are likely to take the matter further and, in the circumstances, the Company has built up a taxation contingency reserve with an initial appropriation of £250,000 out of the past year's profit. Inclusive of other appropriations, the total carried to reserves is £1.11 million, as against £395,372 a year before. The dividend on the £1 ordinary stock, including 3.5 actual interim, has been maintained at 7.5 per cent per annum actual.

Discussing the growth of the undertaking in his review, the Chairman, Mr. I. A. Macpherson, makes the following observations:

"In his review of our operations for the last few years, my predecessor has referred to the power shortage in India, in general, and in Calcutta, in particular, and to the regulative measures which the Government had to adopt to ensure the optimum utilisation of available power resources. These measures were aimed primarily at reducing the peak demand on the Company's system and have had relatively little effect on the number of units sold and consequently on the Company's revenue receipts. The commissioning last October of the 50-MW extension to our new Cossipore generating station and more recently of our Southern receiving station designed to take in power from the West Bengal State Electricity Board have already allowed several of the restrictions relaxed. At present, we are importing a permitted maximum of about 110 MW from the Damodar Valley Corporation and 50 MW from the State Board, and there is already a significant increase in units sold. Towards the end of this year, when the output of further generating plant will be put at the disposal of the State Board, our offtake at Southern receiving station will be stepped up to 80 MW and the position will be further relieved when, during the first half of next year, we commission our Belur receiving station, designed to take in 100 MW of power from the State Board's Bandel generating station which is expected to begin generating at about the same time."

The restrictions notwithstanding, the outturn during the year under review broke all previous records, with units sent out from generating stations rising from 1,730 million to 1,955 million, units imported from 803 million to 804 million, units delivered to the system from 2,533 million to 2,759 million, units sold from 2,328 million to 2,525 million and maximum demand sent out from 416 MW to 464 MW.

The Company's forward estimates indicate that, during the period 1963-64 to 1969-70, capital expenditure will amount to some £18.50 million (Rs. 25 crores), including the unpaid balance of expenditure on 1st April 1963 on the new Cossipore extension. Provided profits equal 'Reasonable return,' depreciation and retained earnings are expected to provide about £15 million of this sum. The loan of Rs. 4.70 crores (£3.5 million) finalised with the State Bank of India during the year under review, and repayable on 30th December 1969, should provide the balance of the funds to fulfil the developmental obligations until 1970, when, under its licence, the Company can be taken over by the Government of West Bengal or by the State Electricity Board on one year's notice. In view of this possible take-over, the Company has obtained through an agreement a guarantee from the Government of West Bengal that the latter will repay the outstanding balance of the loan and deduct it from the compensation moneys due to the Company on acquisition. If, on the other hand, by 1st January 1969, the Company has not received notice that it is to be taken over a year later, which will mean that its licence is automatically extended by 20 years, then it will take immediate steps to raise money on the market to return the loan in full on 30th December 1969.

The paid-up capital, including £1.9 million in 5 per cent cumulative preference stock, is unchanged at £6.16 million. It is backed by reserves and surplus amounting to £18.95 million. The 5 per cent 1970 debenture-stock liability has been reduced from £3.11 million to £2.92 million. The gross block of £44.04 million (£41.17 million a year before) has been written down to £26.84 million.

Currently quoted at Rs. 15.50 *cum-div.*, the £1 ordinary stock of the Company offers a net yield of 5.4 per cent per annum.

COOPER ENGINEERING SELLS MORE

BUT PROFIT DECLINES

COOPER Engineering Ltd. (Managing Agents: Messrs. Walchand and Co. Private Ltd., Bombay) has once again suffered a setback in its profits during the year ended 30th June 1964. Thanks to the increase in the demand for diesel engines after its revival in 1962-63, the realisation from the sale of products has increased by about 20 per cent from Rs. 261.67 lakhs to Rs. 311.16 lakhs, but the gross profit has declined by Rs. 7.84 lakhs to Rs. 23.19 lakhs. The profit margin (ratio of gross profit to sales), therefore, has dropped by as much as 4.4 points to 7.5 per cent. Commenting on this unhappy turn of events, the Directors observe:

"The production at both the factories continued to rise and the sales kept pace with it, thereby registering a total figure exceeding all previous performances again. Despite this appreciable increase in sales, however, the net results have been below expectation. This is mainly attributable to the increased cost of raw materials, labour and several other items without a corresponding increase in the selling prices of the various products. The selling prices of diesel engines and shaping machines—the two product lines which account for the largest bulk of the Company's sales—have not been increased for several years and applications for suitable revisions have been pending with the appropriate Government authorities for approval. Approvals for some of the price revisions have now been received and it is expected that the remaining approvals will also be at hand shortly. The full impact of these revisions will be reflected in the results for the current year."

In spite of a lower gross profit, the provision for the Managing Agents' commission has risen, albeit slightly, from Rs. 0.25 lakh to Rs. 0.34 lakh and that for depreciation from Rs. 18.69 lakhs to Rs. 22.60 lakhs. No provision has been found necessary, and hence made, for taxation for the third year in succession. Consequent on the reduction in gross profit and the overall increase in essential provisions, the resulting net profit is as low as Rs. 0.25 lakh, as against Rs. 4.03 lakhs a year ago. Fortifying this with Rs. 9.01 lakhs withdrawn from reserves and after crediting Rs. 1.35 lakh to the development rebate reserve, the Directors have proposed to pay the same dividend, namely, eight per cent subject to deduction of tax, as was paid in the preceding year. This claims Rs. 7.91 lakhs, leaving no carry forward as before.

The vicissitudes in the fortunes of the Company during the past four years are clearly reflected in the following comparative figures:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sales	311.16	261.67	193.90	209.67
Other income	7.74	7.22	3.57	2.43
Closing stocks of finished goods	18.42	18.79	19.76	20.90
Raw materials and stores consumed	178.38	134.26	92.92	113.96
Other expenses	121.96	102.63	92.96	79.62
Gross profit	23.19	31.03	10.45	22.62
Managing Agents' remuneration	0.34	0.25	0.25	2.18
Provision for—				
Depreciation	22.60	18.69	15.49	9.35
Taxation	...	...	...	7.50
Net profit or loss	0.25	4.03	—4.69	13.59
Withdrawal from reserves and provisions	9.01	8.06	14.63	0.66
To reserves	1.35	4.87	4.40	8.38
Dividend	7.91 (8%)	7.23 (8%)	5.28 (7%)	5.88 (10% + B. 3%)
Carry forward	...	...	0.01	0.75
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	125	127	188	212
Low	98	109	121	153

The Company issued during the year under review 45,200 equity shares of Rs. 100 each at par on which an amount of Rs. 50 per share was called up as at 30th June 1964, the date of the balance sheet. This has raised the paid-up share capital to Rs. 112.86 lakhs with a complement of Rs. 49.96 lakhs in reserves and surplus. As against these 'own' funds of Rs. 162.82 lakhs, outside interest amounts to Rs. 204.69 lakhs, made up of Rs. 135.55 lakhs in secured and unsecured loans and the balance as current liabilities and provisions. With the addition of new assets worth Rs. 13.30 lakhs, the block account has expanded to Rs. 224.52 lakhs and, on deduction of Rs. 107.36 lakhs as depreciation earned to date, yields a net block of Rs. 117.16 lakhs.

Good progress was made during the year under review with regard to the automatic loom project and the parts necessary to produce the first 50 looms were duly received. These looms will be ready for despatch shortly. The import licence for the next set of parts is also in hand and the parts covered by it are expected to be received towards the end of December this year.

The Rs. 100 paid old equity shares of the Company are currently quoted at Rs. 112 *cum-div.* and fetch a net return of six per cent per annum.

T. MANEKLAL'S RESULTS EXCELLENT

HIGHER DIVIDEND ON ENHANCED CAPITAL

THE working results of T. Maneklal Manufacturing Company Ltd. (Managing Agents: Messrs. T. Maneklal and Co., Bombay) for the year ended 31st May 1964 are, indeed, heartening. Maintaining its upward trend, the turnover has expanded from Rs. 136.00 lakhs to Rs. 163.25 lakhs and, in consonance, the gross profit has risen from Rs. 26.35 lakhs to Rs. 40.56 lakhs. The profit margin (ratio of gross profit to sale proceeds) has thus improved by no less than 5.5 points to 24.8 per cent and, considering the continued upward thrust of prices, this is no mean achievement. The increase in gross profit has naturally called for a rise in essential provisions. The amount actually provided for the Managing Agents' commission is up from Rs. 1.97 lakh to Rs. 2.97 lakhs, for depreciation from Rs. 5.16 lakhs to Rs. 6.38 lakhs and for taxation from Rs. 11.21 lakhs to Rs. 18.12 lakhs. Nevertheless, the resulting net profit is higher at Rs. 13.09 lakhs, as against Rs. 8.01 lakhs for the year before. After transferring from this Rs. 5.34 lakhs (Rs. 3.75 lakhs to reserves and providing Rs. 0.31 lakh (Rs. 4 lakhs) for taxation in respect of the preceding year, the Directors have proposed a much enlarged dividend of 25 per cent, as against six per cent, both subject to deduction of tax, which is payable fully on the old shares and proportionately on the new. This claims Rs. 7.37 lakhs, as against Rs. 1.40 lakh, and leaves Rs. 18,875 as carry forward, as against the Rs. 11,654 brought in.

The distinct improvement in the working results has been due mainly to higher production on account of new machinery installed progressively during the year and also because of the progressive increase in the indigenous content of the components for the machineries manufactured by the Company. New plant and equipment of the value of Rs. 8,06,766 were installed during the year, comprising engineering machinery worth Rs. 6,07,957, rubber machinery worth Rs. 1,56,627, and machinery crane worth Rs. 42,182. Towards the end of the year, machinery, etc., under erection and machinery received at the works awaiting installation was Rs. 2,09,103.

The following comparative figures clearly bring out the steady progress made by the Company in each of the four years:

(In lakhs of rupees)

	For the year ended 31st May			
	1964	1963	1962	1961
Sale proceeds	163.25	136.00	112.10	82.61
Other income	7.86	5.90	13.21	3.93
Closing stocks of finished goods	0.91	0.89	1.60	0.08
Raw materials and stores consumed	79.23	74.25	64.87	44.32
Salaries, wages and benefits	24.45	22.31	17.32	12.67
Other expenses	26.89	19.18	17.31	11.61
Gross profit	40.56	26.35	27.33	17.89
Managing Agents' commission	2.97	1.97	2.16	1.45
Provision for—				
Depreciation	6.38	5.16	3.60	2.74
Taxation	18.12	11.21	11.33	5.96
Net profit	13.09	8.01	10.24	7.74
Withdrawals from reserves	...	0.80	...	...
Tax for previous years	0.31	4.00	...	...
To reserves	3.75	3.75	4.45	4.11
Dividend	7.37	1.40	5.37	3.76
Carry forward	(25%) 0.19	(6%) 0.12	(27%) 0.46	(27%) 0.04
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	650	740	1,000 c.s. 576 x.r.	850
Low	480	525		300

At the last annual meeting, it will be recalled, the members had passed a special resolution approving the proposal to issue bonus shares and an application was accordingly made to the Controller of Capital Issues for his consent. Before his reply could be received, the Finance Minister announced his recent budget proposals. In view of the taxation measures introduced by him, it was felt that it would not be in the interest of the Company or its members to proceed with the bonus share issue. In these circumstances, the Directors have now passed a resolution rescinding the Board's previous resolution and also obtained the consent of the Controller of Capital Issues to treat the Company's application as withdrawn. There is as such no change in the number of ordinary shares outstanding as at the date of the balance-sheet, that is, 31st May 1964, but, since the 10,000 new equity shares of Rs. 100 each have become fully paid, the paid-up share capital has advanced to Rs. 29.88 lakhs from Rs. 27.22 lakhs a year ago. The reserve complement has also improved from Rs. 15.80 lakhs to Rs. 21.21 lakhs and total "own" funds, therefore, aggregate Rs. 51.09 lakhs, as against Rs. 43.02 lakhs previously. Borrowings, however, have declined from Rs. 5.43 lakhs to Rs. 3.93 lakhs, but current liabilities and provisions are higher at Rs. 123.83 lakhs, as compared with Rs. 98.44 lakhs. On the assets side, these are slightly under covered by current assets and loans and advances which aggregate Rs. 120.60 lakhs. The net block, inclusive of the value of machinery awaiting installation and cost of building under construction, is worth Rs. 53.91 lakhs and has been obtained by reducing a gross block of Rs. 75.27 lakhs by the accumulated amount of Rs. 24.86 lakhs of depreciation. Investments in Government securities and quoted and unquoted ordinary shares are carried in the books at a cost of Rs. 4.28 lakhs.

During the preceding year, the Company was licensed to manufacture automatic jiggers, chainless mercerisers and four-bowl pad dyeing machines in collaboration with the Benninger Engineering Company Ltd. of Switzerland. The Directors now inform that the manufacture of these items has commenced. The Company has also started manufacturing hot flue machines, float dryers and steam agers, a licence for which was also procured during the previous year. As for rubber rollers and rubber lining jobs, commercial production of the former and the undertaking of the latter has commenced at the Company's factory near Ahmedabad.

The present quotation for the Rs. 100 paid old ordinary shares of the Company is Rs. 502.50 *cum-div.* The net annual return on an *ex-div.* price works out to a little over 4.1 per cent.

SOUTH INDIA SHIPPING CORPORATION LTD.

The P. & O. Steam Navigation Company and the Anglo-Norness Shipping Company, which are associated in the business of bulk carrying, have agreed to contribute to the initial issued capital of Rs. 2 crores of the new Indian shipping company, the South India Shipping Corporation Limited, incorporated in Madras in January last. The actual contribution of the two foreign companies will be to the extent of 35 per cent and 5 per cent, respectively. The project has been approved by the Shipping Development Fund Committee of the Government of India. The South India Shipping Corporation has placed an order with the Bremen Vulkan Shipyard of Bremen for five bulk carriers, each of 38,000 tons deadweight, designed for the carriage of ore, grain and other bulk cargoes.

The Chairman of the Corporation is Mr. A. D. Shroff, a prominent Indian financier and industrialist who is Chairman of the Bank of India Limited, New India Assurance Company and other Indian companies. The P. & O. Steam Navigation Company will be represented on the Board of the Corporation by Mr. K. M. Campbell of London and Mr. J. W. Anson of Bombay. Lord Inchcape, who has large industrial interests in India, has also agreed to join the Board of Directors.

TATA CHEMICALS LTD.

The working results of the Tata Chemicals Ltd. for the year ended 30th June 1964 show a notable improvement over those for the previous year. Sales have gone up from Rs. 714.72 lakhs to Rs. 756.41 lakhs and gross profit (after providing for managing agents' commission) from Rs. 134.06 lakhs to Rs. 174.10 lakhs. The provision for depreciation (including third shift allowance) has been raised to Rs. 69.50 lakhs from Rs. 44.18 lakhs in the previous year. Tax provision is higher at Rs. 35.25 lakhs as against Rs. 10.40 lakhs. Provision for development rebate reserve, however, is reduced greatly; only Rs. 10.88 lakhs has been set apart, as against Rs. 41.00 lakhs (including arrears of earlier years). After making these provisions, the net profit at Rs. 58.47 lakhs shows a handsome rise of Rs. 19.99 lakhs. This has made it possible for the Directors to appropriate a larger sum of Rs. 11.85 lakhs to general reserve (Rs. 3.94 lakhs in the previous year) and increase the allocation to the dividend reserve from Rs. 34.55 lakhs to Rs. 46.62 lakhs. The ordinary dividend is raised from 11 per cent to 14 per cent, inclusive of a bonus element of 0.15 nP or 1.5 per cent. Both the ordinary dividends aggregating Rs. 42.33 lakhs (Rs. 30.24 lakhs in 1963) and the preference dividends amounting Rs. 4.28 lakhs are to be paid out of the dividend reserve.

KERALA RUBBER AND RECLAIMING CO., LTD.

The Kerala Rubber and Reclaiming Company, Ltd. is setting up a factory at Mamala near Cochin to manufacture reclaimed rubber in technical collaboration with the U.S. Rubber Reclaiming Company, Ltd. The factory will use the reclamator process, patented by the American collaborators. The collaboration agreement has already been approved by the Union Government. Eleven acres of land has been purchased and civil engineering work has already been started. The authorised and issued capital of the Company will be Rs. 30 lakhs, of which shares worth Rs. 10 lakhs are being taken up by the Directors and their friends. Underwriting arrangements to cover the balance shares of Rs. 20 lakhs are being finalised. A foreign exchange loan of Rs. 11 lakhs has been sanctioned by the Industrial Credit and Investment Corporation of India to meet the entire foreign exchange requirement for purchase of machinery. The Company is expected to enter the capital market shortly for 49 per cent of the capital.

FRESH CAPITAL ISSUES

Two companies have been authorised to raise capital exceeding Rs. 3 crores. One of them is issuing bonus shares and the other equities. The consent of the Controller of Capital Issues is valid for 12 months in both the cases. The following are the details:

Dunlop Rubber Co. (India) Limited is to issue capital of Rs. 3 crores, being 1,500,000 equity shares of Rs. 10 each at a premium of Rs. 10 per share. The capital will be issued to the existing shareholders in the ratio of two of one to three. The money will be utilised for the expansion projects of the Company at Sahagunj and Ambattur estimated to cost Rs. 349 lakhs.

Khare and Tarkunde Private Limited (Nagpur) is to issue a capital of Rs. 98,600 divided into 986 equity shares of Rs. 100 each, to be allotted as bonus shares to the existing shareholders of the Company, on capitalisation of the Company's reserves to a like extent.

COMMERCE AND INDUSTRY

(*Concluded from page 737*)

fibre prices were fairly stable, there was an almost uninterrupted downward drift in natural fibres since 1952. Man-made fibres have been able to win markets by sheer better performance over natural fibres. An example is to be found in nylon fishing nets as against abaca.

Other natural raw materials, like fats and oils are encountering competition from synthetic substitutes in a number of industrial outlets, chiefly drying oil products, such as paint, varnishes, linoleum and soap. Synthetic detergents are being used to a great extent, replacing fats and oils, to improve the cleansing power of soap. They do not react with minerals in hard water. Even in industries, synthetic detergents are found to be much better than soap. The detergents, such as alkylsulfates and alkylbenzene sulfonates, are developed from natural vegetable or animal oils and fats and a petroleum base like propylene. Used in isolation, these synthetics are good emulsifying agents, and with the addition of "builders" like phosphates, the best results as regards fabric washing are obtained. The growth of synthetic detergents has been rather phenomenal. In the U.S., its output has increased from 125,000 tons in 1946 to 1.8 million tons in 1962. Soap accounted for only 24 per cent of total detergent sales in that country in 1962, as against 92 per cent in 1946. In other developed countries also, synthetic detergents have captured the market for soap to a great extent. However, soap powders for hard laundry soap are being increasingly used. As soap is an almost universal product, consumption trends differ very widely in different areas of the world. The Soviet Union is by far the largest single producer of soap and it has no detergent industry. In many underdeveloped countries, soap is being consumed to a great degree. It appears that the use of synthetic detergents will increase in industrialised countries. But its use in the developing countries is not likely to be very rapid. To that extent, the demand for oils and fats would continue in these areas. Oils and fats are also used for edible purposes and so their demand would increase.

Hides and skins, an important natural raw material, are being increasingly replaced by synthetic leather, especially in the footwear industry in the U.S. Synthetics have invaded almost every use to which leather has been put, and in some cases, like luggage, virtually replaced them. Footwear has been the main end-use of leather, accounting for nearly four-fifths of the leather made from cattle hides and calf skins in the U.S. Some cattle hides and calf skins are also used for clothing, fancy goods, upholstery, and other industrial products, such as belting and saddlery. Goat leather is used in gloves and shoe linings. The future trend of leather consumption in developed areas depends on the extent to which substitution by synthetic materials will be carried out in footwear production, as well as on the probable growth rate of footwear output. Synthetic rubber, especially neoprene, which is admirably suited for its strength and resistance to weathering, is the chief material to replace leather. Footwear provides a major outlet for synthetic rubber, second only to motor tyres. Cheaper and stable prices aid neoprene and other synthetic rubbers to compete effectively with natural leather. With a new synthetic material for footwear uppers introduced recently in the U.S., the demand for hides and skins is likely to be adversely affected in the long term.

SYNOPSES OF COMPANY REPORTS

Jam Shri Ranjitsinghji Spg. & Wvg. Mills Co., Ltd.

(*Chairman*: Mr. S. R. Damani, Bombay.)

Fifty-seventh Annual General Meeting—9th November 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales of cloth, yarn and waste (gross)	1,47,45	1,39,98
Closing stock	61,72	76,97
Gross profit	16,30	3,79
Transfer to depreciation	8,12	2,01
Net profit	8,18	1,78
Excess provisions written back	14	Nil
Appropriations:		
To deferred revenue expenditure written off..	24	10
Transfer to general reserve	54	Nil
To adjustment of loss brought forward ..	4,28	1,67
Transfer to development rebate reserve ..	2,98	Nil
Proposed dividends (taxable) equity ..	98*	Nil
	(6%)	(Nil)
Carry forward credit (+) or debit (—)	+31	—4,28
Market value of equity shares (in rupees):	1964†	1963
High	1,250.00	1,500.00
Low	1,100.00	1,100.00

* This dividend will be paid out of the dividend equalisation reserve.
† High and low upto 14th October 1964.

Extracts from the Directors' report: *Working*: As anticipated in the Directors' last report, the profits of the year have considerably increased as compared with the last year. Better results are due to modernisation of the plant and machinery carried out in previous years and change in the pattern of production.

Production: During the year, the working of the mills was satisfactory. The management is always taking all the necessary steps to change the pattern of the products to meet the consumers' taste.

The Company has got the permission to instal additional 5,216 spindles and 51 looms. Necessary orders have been placed for spindles.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	15,54,000	Gross block ..	1,09,53,526
Reserves and surplus..	24,66,889	—Depreciation ..	56,47,382
Other liabilities ..	83,05,386		
		Net block ..	53,06,144
		Current assets ..	66,47,676
		Investments	24,800
		Cash	3,47,455
	Rs.1,23,26,075		Rs.1,23,26,075

* Paid-up capital consists of 1,554 equity shares of Rs. 1,000 each. Of the above, 777 shares have been allotted as fully paid-up bonus shares, out of the reserves.

Shree Madhusudan Mills Ltd.

(*Chairman*: Mr. R. N. Bangur, Calcutta.)

Seventeenth Annual General Meeting—17th November 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales (gross)	4,17,45	3,99,91
Closing stock	61,72	76,97
Gross profit	54,66*	48,96*
Transfer to depreciation	31,50	20,52
Transfer to provision for taxation	4,25	Nil
Net profit	18,91	28,44
Transfer from development rebate reserve ..	14,00	Nil
Balance brought forward	41	50
Appropriations:		
Transfer to development rebate reserve ..	20,00	18,00
,, ,, general reserve	4,00	Nil
Proposed dividends (taxable) preference ..	1,76	10,53
,, ,, ,, equity ..	7,00	Nil
	(10%)	(Nil)
Carry forward	55	41

* Includes figures of Hall & Anderson.

Extracts from the Directors' report: *Dividend*: The Directors have pleasure to recommend first time this year, after 1948, dividend on equity shares at the rate of Re. 1 per share, subject to deduction of tax, on the increased capital, after providing fully for development rebate reserve for the current as well as earlier years and full depreciation for the current year and also a sum of Rs. 5.60 lakhs, being the amount of depreciation for triple shift working of the mills for the year 1962-63, and allocating amount for dividend on preference shares at the rate of Rs. 5.85 per share, subject to deduction of tax.

Finance: The Company has issued equity shares worth Rs. 10 lakhs of the face value of Rs. 10 each at par as *Right Shares*, during the year under review, which have been fully subscribed. The Company has also received a further sum of Rs. 21.39 lakhs from the National Industrial Development Corporation Ltd. against the sanctioned loan of Rs. 53 lakhs, for the rehabilitation and renovation programme of the textile mills. The total amount of loans received from the said Corporation, so far, is Rs. 37.87 lakhs.

Textile Mills: The expansion programme in the Company's textile unit is being pursued in right earnest, and 19,660 spindles have so far been installed and put into operation. Under the Government's general permission to the cotton textile industry for increase in the installed capacity of spindleage and loomage, the Company has received further permission to install 8,700 spindles and 163 additional *Automatic looms*. After the installation of the above spindles the total installed capacity of the mills will be 95,801 spindles.

The modernisation of the Company's mills is going ahead as planned. During the year under report a total sum of Rs. 35.21 lakhs was spent by way of additions to plant and machinery in the mills.

As a result of change in production programme, the consumption of foreign cotton has increased. Despite the difficulties in procuring adequate supply of foreign cotton, the Company is fully covered in respect of the same for the current accounting year.

The programme of manufacturing finer and processed goods is being adhered to so as to satisfy the consumers' taste towards these varieties. Endeavours are also being made to promote the export of the mill's fabrics in South-East Asian countries.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	1,00,00,000	Gross block ..	3,26,48,414
7% debentures ..	47,00,000	—Depreciation ..	1,10,14,218
Reserves and surplus..	44,60,823		
Other liabilities ..	2,43,39,502	Net block ..	2,16,34,196
		Block in progress ..	6,98,637
		Current assets ..	2,11,08,816
		Investments	26,985
		Cash	1,21,691
	Rs.4,35,00,325		Rs.4,35,00,325

* Paid-up capital consists of 30,000—4½ per cent. tax-free cumulative preference shares of Rs. 100 each and 7,00,000 equity shares of Rs. 10 each. Of the above 4,56,801 equity shares of Rs. 10 each are held by the Shree Niwas Cotton Mills Ltd., Bombay, the holding Company.

Hindustan Electric Co., Ltd.

(*Chairman*: Mr. Dharmsinh D. Desai, Bombay.)

Fourteenth Annual General Meeting—30th October 1964.

Working Results:

	For the year ended 30th April (In thousand rupees)	
	1964	1963
Sales less returns	4,73,76	2,26,28
Income from services rendered	5,78	2,33
Closing stock	1,27,67	75,64
Gross profit	27,37	23,12
To Managing Agents' remuneration	Nil	47
Transfer to depreciation	6,33	3,18
,, ,, provision for taxation	9,50	5,19
Net profit	11,54	14,28
Appropriations:		
To adjustment of loss brought forward ..	Nil	9,05
,, adjustment relating to Howrah Works ..	59	Nil
,, fresh capital issue expenses ..	8	Nil
Transfer to provision for doubtful debts ..	2,00	1,50
,, ,, development rebate reserve ..	1,15	18
,, ,, general reserve	38	Nil
Proposed dividends (taxable) preference ..	1,71	3,43*
	(8.57%)	(8.57%)
,, ,, ,, equity ..	4,80	Nil
	(4%)	(Nil)
Carry forward	96	13
Market value of equity shares (in rupees):	1964†	1963
High	146.25	165.00
Low	106.00	117.50

* Represent dividend for two years 1963 and 1962.
† Upto 14th October 1964.

Extracts from the Directors' report: The sales invoiced have increased from Rs. 2,26,27,992 in 1962-63 to Rs. 4,73,76,194 this year. This increase is mainly due to a higher turnover in conductors and imported material, as well as to the resumption of production in the Company's Howrah Works. In order to cope with the increased volume of business, the organisation had to be strengthened considerably, resulting in higher expenses. At the same time, the interest charges as well as depreciation on fixed assets have gone up, so that there is no corresponding increase in the profit for the year.

The Company's Howrah Works have been reopened on 24th August, 1963 and production has gradually increased since then. The First Industrial Tribunal, West Bengal has passed an award stating that the closure of Howrah Works are *bona fide* and beyond the control of the Management. Production at Baroda and Faridabad has also increased satisfactorily.

In order to implement the project for a new factory at Makarpura near Baroda for the manufacture of *Air Blast Circuit Breakers upto* 220 kV and other items, orders for plant and machinery to be imported have already been placed in collaboration with Messrs. Brown, Boveri & Co. Ltd. Baden, Switzerland. Orders for machine tools locally available have also been placed. The Company has already placed orders for the construction of roads, factory and other associated buildings with the various contractors. The construction work of the new project is under progress. It is expected to commence production in the middle of 1965.

As stated in the previous year's report, the Rolling Mill and new Conductor Works at Ghaziabad have gone into regular production and satisfactory level of production has been maintained. The Company has got sufficient orders in hand for the conductors to maintain the production for the current year. The order position for electric motors and transformers is also satisfactory. The Company has recently supplied the first batch of *Air Blast Circuit Breakers* of 25 kV suitable for electric locomotives in Indian Railways according to BBC design, out of the initial order of 100 breakers received from the Indian Railways.

Increase of Share Capital: The Company issued and allotted 20,000 6 per cent income-tax free cumulative preference shares of Rs. 100 each to the Company's collaborators, Messrs. Brown, Boveri & Co. Ltd., Baden, Switzerland. The Company has also offered 1,20,000 new equity shares of Rs. 100 each to the existing shareholders of the Company for cash at par in accordance with the resolution passed at the thirteenth annual general meeting held on 17th February, 1964.

Accounts in brief as at 30th April 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	1,40,00,000	Gross block ..	1,14,67,087
Reserves and surplus..	4,00,376	—Depreciation ..	38,73,897
Other liabilities ..	2,80,18,761		
		Net block ..	80,93,190
		Block in progress ..	24,50,565
		Current assets ..	2,54,92,208
		Investments ..	1,12,574
		Cash	62,70,600
	Rs.4,24,19,137		Rs.4,24,19,137

* Paid-up capital consists of 1,20,000 equity shares of Rs. 100 each and 20,000—8.57 per cent. cumulative preference shares of Rs. 100 each. Out of the above Messrs. Brown, Boveri & Co., Ltd., Baden, Switzerland, the holding Company, hold 60,001 equity shares

Balmadies Plantations Ltd.

(*Managing Agents*: Messrs. Planting Agencies Private Ltd., Madras.)

Twenty-first Annual General Meeting—Held on 5th October 1964.

Working Results:

	For the year ended 31st May (In thousand rupees)	
	1964	1963
Proceeds of coffee crop	2,00	3,62
Gross profit	78	1,36
To Managing Agents' commission	9	12
Transfer to depreciation	6	12
Net profit	63	1,12
Transfer from dividend equalisation reserve ..	Nil	20
Appropriations:		
To adjustment of loss brought forward ..	Nil	1,11
Transfer to dividend equalisation reserve ..	20	Nil
To dividends (taxable) preference	5	5
,, ,, equity	30	15
	(10%)	(5%)
Carry forward	9	1
Market value of equity shares (in rupees):	1964*	1963
High	1.85	1.90
Low	1.69	1.65

* High and low upto 13th October 1964.

Extracts from the Directors' report: *Estate Development and Rehabilitation*: A reserve of Rs. 25,000 has been created out of the profits of 1953-54 towards Estate development and rehabilitation. Since the Company has been unable to utilise this reserve so far, it has been decided to transfer this amount to general reserve fund.

Taxation: As there is a balance of Rs. 13,316 at the close of the year under provision for taxation and this Company expects a refund of Rs. 30,000 of tax already paid, no provision has been made towards taxation on the current year's profit.

Crop and Cost: A crop of 43,490 kgs. of coffee was harvested at an all in cost of Rs. 268.6 per 50 kgs. as against the estimate of 70 tonnes at an all in cost of Rs. 175 per 50 kgs. Due to poor setting this year the crop anticipated was not harvested.

Rejuvenation Programme: The programme of rejuvenation 30 acres every year is being continued. All the replanted areas are coming up satisfactorily. By this process the Company hopes to reduce gradually the old coffee bushes and supply the fields with high yielding, disease resistant selections.

Accounts in brief as at 31st May 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	3,75,000	Gross block ..	4,59,296
Reserves and surplus..	2,34,781	—Depreciation ..	90,721
Other liabilities ..	63,803		
		Net block ..	3,68,575
		Current assets ..	1,26,902
		Cash	1,78,107
	Rs. 6,73,584		Rs. 6,73,584

* Paid-up capital consists of 7,500—6 per cent. tax-free cumulative preference shares of Rs. 10 each and 1,50,000 equity shares of Rs. 2 each. Of the above, 50,000 equity shares were issued as fully paid-up bonus shares.

Bisra Stone Lime Co., Ltd.

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

Annual General Meeting—Held on 28th September 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales	2,32,37	2,47,75
Closing stock	15,88	11,71
Gross profit	33,21	38,00
To Managing Agents' commission	1,77	2,27
Transfer to depreciation	13,16	11,72
,, ,, provision for taxation	7,20	9,40
Net profit .. ,, ,, super-profits tax ..	Nil	1,10
Appropriations:	11,08	13,51
Transfer to reserve for staff and workmen's accident compensation reserve	2,84	2,95
Transfer to development rebate reserve ..	1,98	1,93
,, ,, general reserve	1,25	4,10
To dividend (taxable) ordinary	5,00	5,00
Carry forward	(12½%) 4	(12½%) 3

Extracts from the Directors' report: Limestone.—Output at 14,86,585 tonnes and sales at 14,66,701 tonnes during the year were almost on the same level as last year when the output and sales were 14,67,632 and 14,46,832 tonnes respectively.

Dolomite.—Raisings decreased from 4,97,869 tonnes to 4,08,470 tonnes as compared with the previous year. Sales also declined from 5,04,042 to 3,90,452 tonnes. The decline in output and despatches was due to reduced offtake by the steel Companies.

General.—Birmitrapur was unfortunately seriously affected by the disturbances which broke out in the area in March, 1964. Mining and loading operations were completely at a standstill for about five days and it took nearly two months for production and despatches to revert to normal. As a result the Company's trading results were adversely affected.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	40,00,000	Gross block ..	1,61,31,625
Reserves and surplus..	40,06,822	—Depreciation ..	75,91,918
Other liabilities ..	1,12,29,919		
		Net block ..	85,39,707
		Block in progress ..	6,36,176
		Current assets, etc. ..	99,65,902
		Investments	32,988
		Cash	61,968
	Rs. 1,92,36,741		Rs. 1,92,36,741

* Paid-up capital consists of 4,00,000 ordinary shares of Rs. 10 each. Of the above, 3,50,000 ordinary shares have been allotted as fully paid up by way of bonus shares by capitalisation of general

NEWS IN BRIEF

THE Hindustan Aircraft Ltd. has been dissolved and reconstituted as the Hindustan Aeronautics Ltd. with effect from the 1st inst.

East German experts will prepare another project report for the Salem steel plant on the basis of "the low shaft furnace" system of processing iron ore into steels.

The meeting of the Central Advisory Council of Industries, scheduled to be held at New Delhi on the 30th inst., has been postponed to 11th November next.

India exported processed foods worth Rs. 99.04 lakhs, during the first four months of the current financial year (April-July 1964), as against Rs. 92.00 lakhs in the corresponding period last year.

The total loss resulting from the recent floods and rains in the four worst affected districts of West Godavari, Krishna, Guntur and Mahboobnagar in Andhra Pradesh is estimated at about Rs. 25 to Rs. 30 crores.

The National Buildings Organisation is erecting an integrated plant for producing facing bricks, heavy duty bricks and vitreous clay tiles. The capital outlay on the project is estimated at Rs. 8.50 lakhs, with a foreign exchange component of Rs. 50,000.

The Union Government's Department of Tourism has organised a training course in tourism for the E.C.A.F.E. member countries. The course, the third in the series, which is being attended by the representatives from Iran, Iraq, Afghanistan, Thailand, Nepal and the Philippines, is expected to last one month.

The Government of India has placed a $12.40-million order for 54 diesel electric locomotives with the Alco Products Inc. of the U.S. The delivery of locomotives will start shortly and be completed by the first quarter of 1965. The U.S. Agency for International Development is financing the purchase of these locomotives.

A trade delegation led by Mr. S. V. Ramaswamy, Union Deputy Minister for Commerce, left this week on a four-week visit to Czechoslovakia, Rumania, Bulgaria, Hungary and Yugoslavia. It will review the growth of trade with these countries during the current year and also explore the possibilities of stepping up the trade in the coming years.

An extensive programme for promoting science clubs for university students was announced by the Esso in Bombay on Tuesday this week. An Advisory Committee consisting of about 20 professors and heads of departments, with Dr. A. B. Kulkarni, Head of the Department of Chemistry, Institute of Science, as Chairman, has been formed to finalise the details of the programme.

The Indian High Commissioner in Canada and the President of the Canadian Export Credits Insurance Corporation signed on 16th inst. at Ottawa an agreement under which Canada is to give India credit for about two million dollars. The loan will be made available to the Hindustan Steel Limited for purchase from the AMCO Furnace Contractors Ltd. of reheating and heat treating furnaces for the mills at Durgapur.

India exported 28.83 million kgs. of tea worth Rs. 18.1 crores during the month of September 1964, as compared with 25.4 million kgs. worth Rs. 15.78 crores in the same month last year. During the first six months of the current financial year (April to September 1964) exports of tea from India were of the order of 90.63 million kgs. worth Rs. 55.93 crores. In the same period of last year, exports of tea were 87.22 million kgs. worth Rs. 52.54 crores.

The Governments of India and West Germany have recently signed an agreement regarding protection of German capital investment in India. The agreement, which comes into immediate effect, reiterates the Government of India's policy on foreign investment in India. It provides fair compensation for investments in case of nationalisation and adequate facilities for remittance of profits, dividends and capital in case of liquidation and expropriation. The agreement, it is hoped, will give further impetus to German industry to invest in India.

The high power committee appointed by the Gujarat Government to examine the various aspects relating to the development of the sugar industry in the State is reported to have suggested about 20 locations for the possible establishments of new sugar mills. Initially in order to reduce the gap between demand and supply; the setting up of three units with an aggregate capacity of 30,000 tonnes has been recommended. At present there are only three sugar factories in Gujarat State, they are situated at Kadonar, Bardoli and Gandevi. Their combined annual capacity is 40,000 tonnes.

The Union Ministry of Industry and Supply has called upon the manufacturers of agricultural implements to take immediate steps to ensure that their products are made available to farmers to them, the Ministry has stressed that the easy availability of such implements to the farmers at reasonable prices would help increase food production and bring down the prices of foodgrains and other agricultural commodities. It has urged the manufacturers to make available implements to farmers through the authorised dealers and stockists at their published list prices and also ensure that the trade strictly adheres to these prices.

A series of management development programmes which are claimed to have a high impact potential for development of men for effective action and results, will be inaugurated in Bombay on the 24th inst. by Mr. Prabhu V. Mehta, Vice-Chairman of the National Productivity Council. The programmes, sponsored by the Business and Industrial Consultants Combine, will be conducted by Dr. R. M. Shah and his associates. The programmes comprise organisation goals and their achievement; employee morale and productivity; sale targets and their achievement; production targets and their achievement; leadership and direction for results; profitability and returns (*including costings*); *managing materials*; effective industrial relations; managing results; personnel selection and utilisation; work study for results and incentives for results.

The Indian Bureau of Mines has stepped up field investigation works concerning important metals. So far in the current year, it has taken up 17 investigations in copper, limestone, iron ore, gold, salt and tungsten. Eight more investigations are likely to be undertaken shortly. It is also engaged in carrying out detailed investigation for minerals which consist of prospecting, drilling and mining and is entrusted with the work of coal prospecting. Six investigations in copper, limestone and iron ore are likely to be completed during the current year. With the transfer of the entire coal prospecting work to the National Coal Development Corporation in April this year, more drills have been made available to the Bureau. The total number of workable drills has now increased from 29 to 63 and will increase further when 30 new drills and the drills being reconditioned are received.

An Indian tax delegation led by Mr. V. T. Dehejia, Secretary, Ministry of Finance, has returned after negotiations with the Governments of the United Arab Republic and France for agreements for the avoidance of double taxation of incomes with these countries. In Cairo, the Indian and the U.A.R. delegations drew up a draft agreement which is comprehensive covering all sources and types of incomes. It is based on the principles followed by India in similar agreements with other countries, subject to necessary modifications to suit the conditions prevailing in the U.A.R. and India. The agreement will come into force after the draft is approved by the two Governments and instruments of ratification have been exchanged. In Paris, the Indian delegation completed the pending negotiations for an agreement with the tax delegation of the French Government. The discussions resulted in a settlement of the outstanding points relating to an earlier draft agreement for the avoidance of double taxation of incomes between the two countries on a comprehensive basis. This draft also embodies the principles which have been followed by India with other countries. A formal agreement is now expected to be concluded shortly.

* * * *

From Abroad

The Government of West Germany has agreed to give a loan of £2 million to Malaysia for constructing a new port at Butlerworth in North Malaya.

The U.S. gross national product during the third quarter registered an increase of almost of $9,000 million, as compared with the second quarter to touch an estimated annual rate of $627,500 million.

A Pakistani team, headed by Mr. Said Hasan, Deputy Chairman of the Planning Commission, is leaving this week for Peking to negotiate the terms of the Chinese Government's offer of a $60 million interest free loan to Pakistan.

The purchase of two new British-built 17-knot cargo passenger ships by Pakistan will be financed by a £2.8 million loan from the British Government under an agreement signed at Karachi recently. The loan, which is ninth to be made to Pakistan, is repayable in 15 years.

A special Committee known as the Committee on Trade and Development is to be created by the G.A.T.T. as part of a new deal for developing countries that will make membership more attractive to them. This new committee will replace the existing two committees, that is, the Action Committee and Committee III.

A five-year trade agreement providing for a 35 per cent increase in the mutual trade between Greece and the Soviet Union during the year 1965 has been signed by the Governments of the two countries. Under the agreement each of the signatories will export goods to the other worth about $31 million, which will rise to $42 million by 1969. Soviet Russia will export 450,000 tons of crude oil to Greece.

The aggregate world production of nitrogen fertiliser in 1963-64 is estimated to have risen by some 1.65 million tonnes to 15.2 million. The in-

led for a rise of 8.5 per cent to 10.45 million tonnes, and Eastern Europe for a rise of 19.6 per cent to 2.7 million tonnes. In the developing countries, the production increased by 23 per cent to 2.03 million tonnes.

Ceylon will export to the Soviet Union more than double the quantity of tea now exported to that country from next year under a new trade pact signed between the two countries recently. Ceylon will also export, for the first time, leather footwear, shirts, towels and other industrial consumer goods. The Soviet Union will supply Ceylon with various types of machines and equipment, petroleum products, cement, cotton piecegoods, etc.

A new group of plastic materials capable of conducting an electric current has just been announced by the General Electric Company of the U.S. The new material, it is claimed, can be applied almost like a paint to produce a conductive coating on the surface of an ordinary plastic or other insulating material. They can also be used in the form of a paste which would be used instead of solder to attach connections. Laboratory tests show that the materials do not deteriorate when conducting current and that the degree of conductivity can be easily controlled.

The W. German export surplus has taken a sharp downturn, based on the latest available figures. While the surplus (+2,382 million DM) in the first quarter of 1964 was more than three times as high and in the second quarter (+1,974 million DM) still two-thirds as high as in corresponding periods of last year, in August (+126 million DM), it sank to less than one-fourth of its total of August 1963. The August 1964 surplus was, in fact, the smallest since January 1963, a month in which exceptionally cold weather limited production.

The Conference of Asian Economic Planners began its second session at Bangkok on the 19th inst. under the auspices of the U.N. Economic Commission for Asia and the Far East. The Conference is bringing together Government representatives who play key roles in the shaping of their countries' economic development programmes, and provide them an opportunity to make out a future common course of action towards progress and development. The meeting is considering the progress made in economic development planning and Plan implementation in the recent past; interim report on regional harmonisation of national development plans in the region; the approaches to regional harmonisation of national development plans in the E.C.A.F.E. region; the report of the Governing Council of the Asian Institute for Economic Development and Planning and the work and recommendations on priority tasks in the work programmes of subsidiary bodies.

Some 375,000 books of pamphlets were published throughout the world in 1961, according to U.N.E.S.C.O's *Statistical Yearbook* which has just been published. This total, based on information furnished by 70 countries in five continents, is substantially larger than in previous years and compares with 360,000 books published in 1960, and 335,000 in 1959. Book production in the world is divided as follows: 44 per cent in Europe, 22.9 per cent in Asia, 19.7 per cent in the U.S.S.R., 6.9 per cent in North America, 4 per cent in South America, 1.6 per cent in Africa and 0.8 per cent in Oceania. The Soviet Union leads the list for the number of publications during 1961, with about 74,000 titles including official publications and works of propaganda distributed free, which made up about 41 per cent of the total production, followed by the U.K. (25,000 titles), Japan (24,000), W. Germany (22,000), the U.S.A. (18,000) and France (12,700). India which ranked sixth in 1959 with some 12,000 titles, lost this position when the number dropped to 11,000 in 1960 and 9,000 in 1961; it now ranks behind Czechoslovakia and the Netherlands.

PERSONAL

MR. Herbert L. Jacobsen, a former European Regional Director of the Cotton Council International, has been appointed head of the G.A.T.T. International Trade Centre at Geneva.

Mr. O. V. Alagesan, Union Minister of State for Petroleum and Chemicals, left for the U.S., Canada and Japan to study the latest developments in petrochemical and fertiliser industries.

Mr. K. R. Damle will relinquish charge as Secretary to the Ministry of Petroleum and Chemicals by the end of this month and take up duties as the Secretary to the President.

Mr. C. A. Cornelius, General Manager, Calcutta Telephones, has been appointed Officer on Special duty, Hindustan Teleprinters Ltd. He will take over as the Managing Director of the Company in December next.

Mr. C. Subramaniam, Union Minister for Food and agriculture, will lead the Indian delegation to the forthcoming Asian Regional Conference of the Food and Agricultural Organisation scheduled to be held at Manila in the second week of November next.

Mr. V. Ramchandran, Deputy Director of the National Productivity Council, has taken over charge as the Regional Director of the Bombay branch of the Council, *vice* Mr. M. N. Unni Nayar who has left for Geneva to join the professional staff of the International Labour Organisation.

TRAVANCORE SUGARS AND CHEMICALS LTD.

CONSTANT ENDEAVOUR TO IMPROVE OPERATING EFFICIENCY

CHAIRMAN, MR. H. V. R. IENGAR, ON DIVERSION OF CANE SUPPLIES

A WARNING that diversion of cane supplies for jaggery making would continue to persist in the absence of any law prohibiting manufacture of jaggery in the natural area of the sugar factory, has been given by Mr. H. V. R. Iengar, Chairman of the Travancore Sugars and Chemicals Ltd., in the course of his statement circulated to the shareholders of the Company. Mr. Iengar has stated that the trend towards declining profits in the sugar industry has unfortunately continued. The outlook for the coming season, according to him, is somewhat obscure, as the Government has already increased the cane price by 10 paise per maund but without any indication of a higher price for sugar. Alluding to his own Company, he has held out the assurance that it is the constant endeavour of the management to improve the operating efficiency of the factory.

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

The accounts and Directors' report for the year ended 30th April 1964 will, by the date of the meeting, have been in your hands for the statutory period and, with your permission, I shall take them as read.

During the year under review we have suffered a most painful and irreparable loss in the sudden demise of the nation's most beloved Prime Minister, Pandit Jawaharlal Nehru. Pandit Nehru was not only the principal architect of post-independent India, but also the champion of international peace and, in this respect, the world has also sustained a great loss. The measure of gratitude we owe Pandit Nehru cannot be expressed in words; the nation has progressed very substantially in the social, economic, and industrial sphere, as a result of his guidance and vision, under a system of planned economy.

Production and Sales

Production of sugar at 9,032 tonnes fell substantially short of last year's figure of 12.000 tonnes, because of the high *gur* prices which resulted in the diversion of cane for jaggery making. In the absence of any law prohibiting manufacture of jaggery in the natural area of the sugar factory, such diversion will continue to take place when jaggery prices are high.

Sales of sugar were greater in 1964 because of a carryover of 7,000 tonnes and higher releases to meet sugar scarcity in Kerala. It is unfortunate that sales were effected at a narrower margin of profit due to higher costs resulting from lower production and also increased cane prices which were not adequately compensated in the selling price of sugar. At the end of October 1963, for instance, the price of cane was increased from Rs. 40.20 to Rs. 45.00 per tonne, but the sugar price was only increased by Rs. 3.80 per quintal. To cover adequately the higher cane price, the sugar price should have been increased by at least Rs. 5.00 per quintal. Again on 12th December, the cane price was increased to Rs. 46.90 per tonne, but this time, there was not increase whatsoever in the sugar price until the 22nd of May in the following year, by which time 85 per cent of the sugar produced by the factory had been sold at the lower rate.

Profits of Sugar Industry

The trend towards declining profits in the sugar industry, which was mentioned in my review last year, has unfortunately continued. The latest study made by the Reserve Bank on Companies' Finance (July 1964) shows that the ratio of profit after tax to net worth had declined from 7.9 per cent in 1961-62 to 3.5 per cent in 1962-63 (against 9 per cent for all companies in 1962-63). The outlook for the factory next year is somewhat obscure as the Government has already increased the cane price by 25 paise per maund from the 1st November 1964, but without any indication of a higher price for sugar. Shareholders are aware that the Sugar Inquiry Commission is at present examining the cost structure of the industry and its recommendation is expected shortly. In the meantime, it is our constant endeavour to improve the operating efficiency of the factory, and, to this end, improved equipment is being installed—particularly a Dorr Oliver filter in the sugar factory and an automatic bottling plant in the distillery.

Potable Liquor

In all these circumstances, it is extremely fortunate that the new still which was installed last year has worked satisfactorily and the output has more than doubled. We were able to meet the demand for spirit from local buyers and export a sizable quantity to Ceylon. The relaxation of prohibition in the Maharashtra State has already resulted in increased sales of potable liquor and we anticipate a substantial increase in sales in the current year.

Steps have been taken to mechanise the packing section in the distillery and already an automatic bottling machine has been installed.

Apart from this, we enjoyed a favourable cash position during the year, as we were not required to carry heavy stocks and, in fact, substantial sums were placed and still remain on deposit with our bankers; the interest earned thereon contributing additional revenue during the year under review.

Higher Dividend

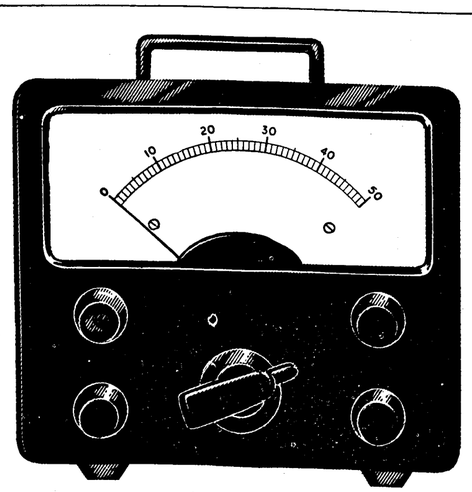
All these factors have made it possible for your Directors to increase the dividend on the ordinary share capital of Rs. 30,00,000 to 7.5 per cent, compared with 5 per cent paid in the previous year, thus restoring it to the same level as in 1961 after strenthening the general reserve by the transfer of Rs. 90,000 from current year's profit.

Shareholders are aware that an application has been made by us to the Controller of Capital Issues for capitalising the sum of Rs. 6,00,000 from out of the sum of Rs. 6,50,000 available in the share premium account, by the issue of one bonus share for every five ordinary shares held. Our application is under consideration of the Controller of Capital Issues and, when his consent is received, arrangements will be made to issue allotment letters as soon as possible. The bonus shares will not rank for any dividend which may be declared in respect of the year ended 30th April 1964.

Staff Relations

Our relations with the staff and labour were marred by an illegal strike on the issue of bonus from the 19th to 26th December 1963. This dispute was referred to adjudication. There were also some other labour disturbances during the year including a "go-slow" in the months of November and December. Apart from these incidents, the relationship between the management and the employees has been cordial, and I would like to take this opportunity to thank all employees and particularly the management staff who had to work under stress and strain during the period of the strike, for their co-operation during the year under review.

Note: *The above statement is not a report of the proceedings of the Annual General Meeting, which will be held on 28th October 1964.*



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TREND OF MARKETS

MONEY COMFORTABLE

(From Our Own Correspondent)

BOMBAY, 21*st October*

The firm trend of the short-term money market noted in the past two weeks abated during the week under review. Indeed, conditions were distinctly easy. Demand for funds was on a reduced scale and the supply position was quite comfortable, thanks to the return flow of funds. Consequently, interest rates drifted downwards. In the inter-bank call section, the rate for renewals receded from 2½ to 1½ per cent and fresh money fetched 1-1½ per cent, as against 2½ per cent a week ago.

The easiness of money is reflected in the encouraging response evoked by the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 20th inst. The amount offered, namely, Rs. 4 crores, was double that (Rs. 2 crores) invited and also accepted. The average rate of accepted tenders was Rs. 2.500 per cent per annum. The Intermediate Treasury Bills also elicited good support, the Bills actually sold from the 12th to 17th inst. aggregating Rs. 2.43 crores, as against Rs. 1.74 crore a week before.

There was a small improvement of Rs. 29 lakhs to Rs. 94.59 crores in India's foreign exchange reserves during the week ended 16th October. The whole of the improvement was in balances held abroad which rose from Rs. 8.84 crores to Rs. 9.13 crores. The foreign securities held in the Issue Department of the Reserve Bank were unchanged at Rs. 85.46 crores. Deposits of scheduled banks increased by Rs. 12.70 crores to Rs. 109.48 crores. Loans and advances obtained by them from the Reserve Bank also rose by Rs. 2.03 crores to Rs. 3.99 crores. Notes in circulation declined by Rs. 2.58 crores to Rs. 2,437.93 crores.

The total credit made available by scheduled banks to their clients increased by a further Rs. 1.70 crore to Rs. 1,715.08 crores during the week ended 9th October, while their deposits receded by Rs. 1.38 crore to Rs. 2,696.69 crores. Borrowings from the Reserve Bank, as a result, rose by Rs 1.26 crore to Rs. 1.91 crore. Investments declined by Rs. 2.89 crores to Rs. 827.64 crores, but total cash was higher by Rs. 59 lakhs at Rs. 156.44 crores.

On Monday the 19th inst., the Reserve Bank of India resumed its open market operations in Gilt-edged securities which had remained suspended since the 8th inst. The Bank is now selling outright, as well as in switches, the 4 per cent 1970 and 4½ per cent 1989 Central loans at Rs. 99 and Rs. 100, respectively. It is also buying outright the 3½ per cent 1965 loan at Rs. 99.95 and in switches the 3 per cent 1966-68 at Rs. 98.35 and 3½ per cent 1966 at Rs. 100. Despite the resumption of open market operation, business put through in the Gilt-edged market was limited and values were more or less unchanged at last levels. 3½ per cent 1965 loan met with special support and spurted by 20 paise to Rs. 100.20.

The outstanding balance of the 1½ per cent Hyderabad Loan 1964 is repayable at par on 31st October 1964 and no interest will accrue thereon from that date. To facilitate payment of discharge value on the due date, the holders are required to tender their securities at the Public Debt Office, treasury or branch of the State Bank of India or its subsidiary banks at which they are enfaced—registered for payment of interest on or after 17th October 1964. Full details of the procedure for obtaining the discharge value of the securities can be obtained from any of the foregoing offices.

In the foreign exchange market, the banks' selling and buying rates for U.S. dollars rose by 25 paise each to Rs. 481 and Rs. 477.75 per $100, respectively. In New York, the pound sterling weakened *vis-a-vis* the dollar, the spot rate declining by 0.050 cent to 278.270-278.300 cents and the three months' forward by 0.210 cent to 277.580-277.610 cents.

GOLD EASY, SILVER ERRATIC

(From Our Own Correspondent)

BOMBAY, 21*st October*

Gold ruled easy during the week under review, while silver moved erratically. The easiness of gold was due to increased arrivals and absence of interest on the part of the traders. Over the week, gold was lower by 75 paise, whereas silver was unchanged. Traders were inclined to feel that both gold and silver might continue to hover around these levels at least in the next few days.

Fourteen-carat gold began the week a rupee higher at Rs. 68.25 and moved up in the earlier sessions to Rs. 68.50 on some upcountry support. In the subsequent sessions, however, it declined sharply to finish at Rs. 66.50 today. Pure gold, in private trading, declined from Rs. 113 to Rs. 110 on increased arrivals of contraband metal. Sovereign was quoted lower at Rs. 90.50, as against Rs. 91 last week.

Silver, after opening the week 50 paise lower at Rs. 256, moved upto Rs. 257 on Friday the 16th inst. But as no regular support came from operators, it declined to Rs. 256.50 on Monday. Following lower arrivals, however, silver rose again to Rs. 257 yesterday but closed lower at Rs. 256.50 today. The weekly average arrivals and offtake of silver were 22 and 8 bars, respectively, as against 28 and 9 bars, respectively last week.

The international price for gold was hihger at $35.11¼ as against $35.10¼ last week. The sterling price was also higher on speculative demand at 252*s.* 4*d.* However, both spot and forward silver were unchanged at 112¾*d.* and 113*d.*, respectively, as also silver in New York at 129.3 cents.

The following table shows the trend of prices during the week under review:

	21-10-64 (closing)	High	Low	13-10-64 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (996 fine) ..	256.50	257.50	256.00	256.50
GOLD				
Ready (14-carat) ..	66 50	68.50	66.50	67.25
Sovereign	90 50*	—	—	91.00*
London—				
Gold	252*s.* 4*d.*	252*s.* 4¼*d.*	252*s.* 1¾*d.*	252*s.* 2¼*d.*
Silver Ready ..	112¼*d.*	—	—	112¾*d.*
Silver Forward ..	113*d.*	—	—	113*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

SPURT IN COTTON FUTURES

(From Our Own Correspondent)

BOMBAY, 21*st October*

The cotton futures began the week on an easy note but forged ahead immediately thereafter, following encouraging spot advices which suggested bulk buying by a few leading mills. The firmness gathered momentum in the subsequent sessions, thanks to short-covering induced by reports of damage to crops in the Punjab and Khandesh areas. The increasing uncertainty regarding the allocation of cotton under P.L. 480 to India during the current season also imparted strength. The closing rates today were well above those at the end of last week.

The Jarilla March 1965 contract opened 50 paise lower at Rs. 728.50 and moved up to touch a high of Rs. 738.25 today. The gain over the week was Rs. 9.25.

In the Sewri spot market, good activity was reported during the week. Mills started showing increasing interest in new crop varieties. Spinner interest was being evinced in new crop Co2, Digvijay, 197/3 and L.147 and the turnover was showing a steady improvement. Following are the latest available quotations in respect of certain popular varieties.

Akola New Rs. 1,017; Aurangabad Rs. 880, Aurangabad Co2 Rs. 1,341; Bardoli Red Rs. 1,071, Bengal Fine Rs. 751K, Dabhoi New 1,141. Hingloi New Rs 1,010; Hubli Laxmi Rs. 1,020; Viramgaon New Rs. 937 and Navapura Rs. 1,140.

In the foreign section, Bengal *deshi* registered a significant rise during the week. From Rs. 742 per candy, the December delivery reached Rs. 751. It was reported that the exports had been constantly picking up and sale registrations during the first six weeks of the season amounted to about 64,000 bales as against a total of 59,000 bales registered till the 9th inst.

Among imported cottons, African cotton evoked moderate demand. Although the actual announcement has not yet come, there are rumours in the market that the Textile Commissioner has received advice regarding the availability of dollars for the import of about 30,000 bales of American cotton under the M.M.T.C.—C.C.C. barter deal 1963. Allocation letters are expected to be issued to mills either as an advance against their normal export entitlements or on a flat quota basis.

The latest reports about cotton crop for the current season indicate that some quantitative damage has been done to the 197/3 crop due to infestation in the Khandesh district. Heavy rain did not allow the sowing of Laxmi crop. While fairly satisfactory progress of crop is reported in Gujarat, Maharashtra (Broach, Surat, Vidarbha and Akola districts), and Madhya Pradesh (Ujjain and Khandwa districts), it is feared that heavy showers in the South may harm the standing Mungari crops.

An important development of the week has been the commencement of cotton marketing in the new crop cotton which is coming into the terminal markets in the Punjab. It is being well received by the local mills. Marketing activity in Vidarbha and Khandesh areas is expected to start in about two weeks. Spinners are reported to be finalising their production plans under the new statutory control on textiles and are expected to enter the cotton market for large-scale buying. The quality of the new product, it is said, is quite satisfactory. With a carryover of 25 lakh bales and an estimated crop of 60 lakh bales, it is expected that prices will come down in tune with the ruling prices of other farm products. The exact trend of cotton prices will depend on pace of new arrivals, as well as on the holding capacity of producers. Mills expect cotton prices to decline by at least Rs. 60 per candy, in order that it may become attractive under the new situation arising from the reduction of about 10 per cent in the prices of cloth.

EXCISE DUTY ON RAYON AND STAPLE FIBRE YARNS

(From Our Own Correspondent)

BOMBAY, 21*st October*

There were two notable developments during the week under review insofar as the yarn market is concerned. They were: (1) resumption of forward trading in staple fibre on Friday the 16th inst. and (2) duty relief of rayon and staple fibre yarn. Inaugurating the forward trading in staple fibre yarn, the Governor of Maharashtra advised the trade strictly to adhere to the rules and regulations of the Forward Markets Commission and conduct business honestly. Mr. Kantilal Nahalchand, President of the Yarn Merchants Association and Exchange Ltd., in his welcome speech, pleaded for the resumption of forward trading in art silk yarn also. Pointing to the marked increase in the production of this yarn in the last two years, he disclosed that the Association was trying to impress upon Forward Markets Commission to lift the ban on forward trading in art silk yarns.

The Government of India has announced the complete abolition of the special excise duty of 15 paise per kg. on cellulosic staple fibre yarn of 1.5 denier and above, and reduction in the basic duty on the cellulosic staple fibre yarn from a rupee to 75 paise per kg. In the case of cellulosic staple fibre of less than 1.5 denier, the basic excise duty remains unchanged at a rupee per kg., as also the special excise duty at 15 paise per kg. In respect of all other staple fibres, too, the basic excise duty will continue at the present rate of Rs. 2 per kg. The Union Government has also withdrawn the special excise duty at a rupee per kg. on all viscose filament yarn of 120D and above and reduce it from a rupee to 50 paise per kg. on yarn of above 100D but below 120D.

The Indian Cotton Mills' Federation has made telegraphic representation to the Central Board of Excise and Customs regarding the double levy effect of the new excise duties imposed on yarn made from staple fibre, which has already borne duty at the old rates. The Federation has represented that mills with existing stocks of staple fibre will be penalised, because they have already paid excise duty on these stocks at the old higher rates and they will now also pay excise duty on the yarn made or to be made from these stocks. It has, therefore, suggested that the excise duty be levied only in respect of the yarn manufactured out of the new stocks of cellulosic and non-cellulosic staple fibre on which excise duty will be paid at a reduced rate.

In a further teelgram, the Federation has welcomed the overall relief offered to staple fibre yarn of 20s count. It has, however, expressed its disappointment at the net result of the revised fibre yarn of counts 40 and 60. In 60s count made from 1.2 denier, according to it, there is no reduction in duty on staple fibre and the imposition of an excise duty on staple fibre and the imposition of an excise duty of 60 paise per kg. in regard to yarn, therefore, represents a straight forward new impost. This will cause hardship to users of yarn in this count group, particularly handloom weavers. The Federation has made a request that the new schedule of duties should be so revised that there is no net increased impost on staple fibre yarn in the higher count groups.

The distinct easiness noted in the art silk yarn section last week persisted during the week under review also following the reduction in excise duty and increased offerings from stockists. Staple fibre yarns, however, put on a cheerful appearance thanks to the resumption in futures trading and on increased offtake from Surat Weavers. Cotton yarns were dull.

Among art silk yarns, National Rayon 150D fell by 32P to Rs. 9.68. 120D dropped 13P to Rs. 10.32. Bright Century 120D declined by 11P to Rs. 12.54.

In staple fibre yarn section, the forward section 2×34 January 1965 contract commenced the trading on Friday at Rs. 851 per quintal and closed the week at Rs. 854. thus gaining Rs. 3 over the week. In spot, vasanta put on 8P to Rs. 9.06. Sitlaxmi gathered 13P to Rs. 955. Century gained 7P to Rs. 9.68.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	21-10-1964	13-10-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	10 32	10 45
Century 75D	18 02	18 02
S. I. Viscose 120D	12.54	12.65
Staple fibre yarn (2×24 NF) January 1965 (per quintal)	847.00	—
Staple fibre yarn-2×34 *French Count* (per kg.)		
Kohinoor	—	9.81
Premier	9.81	9.55
City	9.55	—
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.50	20.75
17s Modern	27.00	26 00
22s Madura	32 00	32 00
34s Madura	43.00	43 00
52s Pioneer	68.75	68.75
68s Finlay	104.00	105.00

GOOD MEDIUM TEA FIRM

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, 14*th October*

A total of 730,000 kgs. was offered in tea sale No. 41 held here on the 13th inst. Quality of teas from Nilgiris continued to be irregular, while that from other districts was fully maintained with few brighter invoices on offer. The market opened to strong demand which continued throughout the sale. Low mediums and mediums elicited strong enquiry and were irregularly dearer by 10 to 15 paise with more emphasis on brokens. Good mediums were also held strongly and these were sold at fully firm rates. There was useful support for highgrowns, but, these were sold at slightly easier rates. Highgrown fannings met better support than last week, but, here again, prices were a little lower. Unorthodox descriptions were sold readily, but inclined a little easier. Prices for F.Ps were firm on last while O.Ps came to a lower market. There was good support for a small selection of tippy teas on offer.

Quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.20-4.75	4.20-4.65
Mediums	4.75-5.10	4.70-5.25
Good mediums	5.10-5.75	5.30-5.70
Nilgiri B.O.P.	5.25-6.80	5.10-8.00

The average price realised in sale No. 41 was Rs. 4.82 per kilo, as against Rs. 4.87 a week ago.

and Rs. 4.76 in the corresponding sale last year.

A total of 296,000 kgs. was on offer in dust sale No. 40 held today. There was good general demand at lower rates. Highgrowns met less support and declined in value, following quality. Good medium types were irregularly easier. Medium and low medium descriptions, meeting only fair demand, came to an irregular and slightly lower market. Clean black grainy kinds were weak and showed substantial declines. Fibrous residual sorts again came to an easier market. Unorthodox teas, especially primary grades, were easier.

The average prices realised in dust sale No. 40 was Rs. 4.41 a kilo, as against Rs. 4.37 a week ago and Rs. 4.52 in the corresponding sale last year

Colombo: Just over 5 million lbs. were offered this week. The market opened to stronger and more general demand than in previous weeks. The liquoring brokens were fully firm to 10 cents dearer while lowgrowns advanced by 5 cents. Fannings grades also shared in the general rise and advanced by 10 to 20 cents.

London: *North Indian and other growths*: In Monday's North Indian sale, there was strong general demand and best Assams were firm. Others were irregular and easier, following quality, while Dooars were firm to dearer.

Ceylon and South Indians: There was strong general demand in Tuesday's Ceylon and South Indian sale, with prices generally showing slight advance.

As we go to press, Messrs Forbes, Ewart and Figgis (Private) Ltd. wire us as follows:

"*Sale No.* 42: 841,000 kg. offered. Strong general demand. Low mediums and mediums stronger, sometimes 10 P to 20 P dearer. Good mediums fully firm, except fannings which were lower. Highgrowns easier. Unorthodox firm."

MODERATE CLEARANCE IN KIPS

(From Our Own Correspondent)

MADRAS, 19*th October*

Arrivals of stocks from the upcountry tanneries have been fair-sized and clearance from the market was moderate. Prices of light weight cowhides ruled firm and for other averages were weak, as export enquiries were mostly for 5/5½ lbs. Cow-calf and buffcalf were in moderate demand for export. A few sales of tanned buffcalf skins were made for shipment to Australia, for early shipment.

The market for tanned goat skins was steady. There was brisk demand for 8/9 lbs. average in which line tanners seem to be in a well sold position, and consequently offers were not freely available. Buyers on the Continent and the U.S.A. were interested in goat skins all weights but not at the prices offered by shippers here. Demand for mddle class sheep skins 6/7 lbs. was good and for others quiet. In view of the labour strike threat in the tanneries in north Arcot District, tanners have been reducing their soakings of raw stocks in the pits. Prices in the raw centres remain firm for goat skins and steady for sheep skins.

OILSEEDS BEARISH

(From Our Own Correspondent)

BOMBAY, 21*st October*

Oilseeds and oils suffered a sharp all-round decline in prices during the week under review on heavy bull liquidation following easy spot advices. Groundnuts led the decline and castor and linseeds were easy in sympathy. There was virtually no support forthcoming to groundnut futures and the disparity between spot and forward rates, which at one time was very wide, tended to narrow down. Market circles had been saying that, with the tendency being what it was in the spot section, there was scope for the two to come much nearer each other. In fact, the market was weak even on Wednesday last and, after touching Rs. 96.35, it reacted gradually to close at Rs. 95.20 at the end of the week. Sentiment in groundnuts was induced by heavy arrivals of Khandesh in the terminal centres, while the crop was said to be moving in full swing in Madras and Karnatak. And with the harvest being very satisfactory at an estimated 40 lakh tonnes, it was only natural that traders should have been eager to dispose of their stocks before prices declined further. At the time of writing, Khandesh quality spot was quoted at Rs. 106; no transactions were reported in the November and December deliveries. There was a time when the disparity between spot and future prices was around Rs. 100, but this was narrowed down considerably.

There is a strong feeling among trade circles that, sooner or later, the Gujarat Government will remove its ban on the exports from the State of groundnuts and groundnut oil as well as cakes. These argue that the ban cannot continue for long, particularly after forward trading in groundnuts new crop has been permitted. Further, seeds and oil prices are declining there and this has already led to considerable agitation on the part of growers and the trade. The feeling, therefore, is that the Gujarat Government will have to adjust its policies in such a way as not to offend the sentiment of the people of the State. Added to these is the very powerful factor of the ban on exports of edible oils from the country and it is very unlikely that the Government of India will relax its policy. Factors, therefore, are overwhelmingly in favour of a decline—a big decline. The outlook for oil is the same as that for seeds. Spot oil, which at one time had shot up to Rs. 3,300, is currently fetching Rs. 2,400, October Rs. 2,300, November Rs. 1,975, December Rs. 1,960 and January Rs. 1,875.

Another important factor in the outlook for groundnuts will be mustard. Informed sources think that the Government of India is unlikely to take up the question of groundnut oil exports from the country until such time as a clear picture of the mustard crop becomes available. Reports, however, indicate that the acreage this time has been larger by 30 per cent and, if the winter rain obliges, the harvest should touch 16 lakh to 17 lakh tonnes, as against a five-year average of 13 lakh tonnes and the actual outturn of 6.5 lakh tonnes last year. It is also talked about in the market that the Government may fix maximum ex-mill and retail selling prices for *vanaspati*. All these suggest that the scope for a rise in the quotation for the contract is rather slender and the reading is that it might be moving in the Rs. 100-Rs. 80 range.

The extractions market is also weak. Currently the spot price in Bombay is Rs. 430, while November is quoted at Rs. 400, December at Rs. 390, January at Rs. 385. Supplies of groundnut extractions will increase, as solvent extraction plants have already started working. On the other hand, demand is not sufficient enough to absorb the increase in supplies. The Continent and the United Kingdom are not active just at present and it remains to be seen how the winter demand will turn out to be. Communist countries have been our principal customers for quite some time, but latest reports indicate that they are not interested in big quantities just at present. Market reports are that about 1.5 lakh tonnes of extractions are committed for November-March deliveries, but, with adequate supplies, the market is likely to remain quiet.

It is true that groundnuts have induced to a very large extent the trend in castor. However, on its own merits, too, the castor market should be easy. Reports from trade sources aver that sowings are generally for a larger harvest except in Gujarat where last rains have had an adverse effect. It is rather premature to talk about crop estimates, but, by and large, the forecast is for a satisfactory harvest. Exports of castor oil in the current year have so far been to the tune of 23,000 tonnes and about 10,000 tonnes to 12,000 tonnes are expected to have contracted for shipments in the next two months. The market, in these circumstances, should be well maintained, but much depends on the Brazilian situation. It is said that Brazil has harvested a bumper crop and that it has been selling to communist countries at rates much cheaper than India's. The United Kingdom and the Continent are not interested in Indian oil just at present. Stocks of castor are very poor and this explains the comparatively steadier trend in ready prices of seeds although oils are easy.

Linseeds do not appear to have any trend of their own and is content with following the lead of other oilseeds. The long-term trend in linseeds will, however, depend to a considerable extent on the outlook for mustard stocks which at present are said to be small. But market circles are expecting a very good harvest in mustard and, if this turns out to be correct, then the outlook for linseeds will be rather bearish. Currently the March contract is quoted at Rs. 39.84. Export business at present is virtually *nil*. Cottonseeds are steady and the trend here depends on the cotton crop and the position in the other sections of the market.

The following table shows the closing prices of oilseeds and oils as on 21st October as compared with those of the two previous weeks:

	21-10-1964	13-10-1964	7-10-1964
Groundnuts	Rs.	Rs.	Rs
January 1965 contract	95.20	95.75	95.70
Oil January 1965	N.T.	19 20	18 50
Akash kolo	N.T.	N.T.	N.T.
Khandesh quality	106 00	133 00	136 00
Oil ex-mill	24 50	28.75	31.00
Oil Rly. Receipt	23.75	27.75	30.00
Castorseed			
March 1965	182 87	184 37	185.12
Ready Madras	83 50	83 00	84.00
Ready Kanpur	81 25	80.50	82 00
Oil B.S.S.	18 70	18 85	19.20
Oil commercial	17.80	17.85	18.30
Linseed			
March 1965	39.84	40.44	40.56
Bold ready	96 00	102.50	103 00
Linseed oil	20.80	21.50	21.50
Cottonseed			
January 1965 contract	102.00	101.25	102.50

N.B.—The quotation for groundnuts January 1965 contract is for 100 kg. The rates for spot groundnut and castor are for 100 kg. Castor and cottonseeds futures are quoted per 250 kg. while linseeds futures are quoted per 50 kg. Groundnut Oil January 1965 and all spot oils are quoted per 10 kg.

FOODGRAINS DECLINE

(From Our Own Correspondent)

HAPUR, 19*th October*

Bearish trend continued in foodgrains during the week under review and sizable losses were recorded in prices of cereals. Fall was in sympathy with sharp decline in maize prices, due to very heavy arrivals of around 50,000 maunds during the week. Arrivals were mostly from Madhya Pradesh, Punjab and Rajasthan. Preparation of land for *Rabi* sowings was in full swing and, thanks to sunny weather with westerly winds, all *Rabi* sowings even in the last waterlogged areas, would be in time by first week of November.

Slack buying enquiry at higher price levels and heavy arrivals of maize accounted for a downward trend in wheat and prices declined sharply by Rs. 7.50-Rs. 10 per quintal, according to quality. Average quality was quoted between Rs. 82.50 and Rs. 85 and farm produce between Rs. 85.50 and Rs. 87. Arrivals were reported better. Rice market also ruled easy as arrivals of new rice also mounted and prices eased by Rs. 2.50-Rs. 5 per quintal of all varieties. The Central Government and U.P. Government have announced the purchase price of wheat, rice and some coarse grains. This is to build up buffer stocks in U.P. Week-end prices were:—Rice *basmati* superior Rs. 120-Rs. 122; *sela* Rs. 155-Rs. 117.50; *mainpuri* Rs. 91.09; *ramajwayan* Rs. 103.77; raw Rs. 91.09; *raimunia* Rs. 102.50 and *gadda* Rs. 85.74 per quintal.

Among coarse grains, maize led the decline. It fell appreciably, by Rs. 20 per quintal to Rs. 42.57-Rs. 45. Barley and *bejhar* prices sought lower levels, having declined by Rs. 5 per quintal each to be quoted between Rs. 67.50 and Rs. 70 and between Rs. 67.50 and Rs. 70 respectively. Prices of *bajra*, *juwar* and *guwar* also drifted lower. Oats and other coarse grains ruled quiet. Gram prices were subdued on poor buying support. Prices moved down by Rs. 10 per quintal to be quoted between Rs. 80 and Rs. 81.50.

Easy trend was witnessed in pulses, and prices in all sections drifted lower due to poor buying at higher price levels. Peas lost Rs. 10 per quintal to be quoted between Rs. 70 and Rs. 72.50 for *dara* quality and between Rs. 73 and Rs. 75 for farm quality. Peas *dal* prices also eased to Rs. 72.50 per quintal. *Arhar* and its *dal* prices declined on poor demand. *Urd* prices ruled quiet, while *moong* prices eased on better arrivals from South. *Masoor* and other *dal* prices eased in sympathy with other *dals*. Week-end prices were:—*Arhar* Rs. 80-Rs. 86. *arhar dals* Rs. 114; *urd* Rs. 69.66-Rs. 75.02; *urd dal* Rs. 91.09; *moong* Rs. 100-Rs.103.77; *moong dal* Rs. 117.50; *masoor* Rs. 82.50-Rs. 87.50; *masoor dal* Rs. 110 and *gram dal* Rs. 91.09 per quintal.

"GUR" RECEDES

(From Our Own Correspondent)

HAPUR, 19*th October*

Sugar continued to be steadier during the week, thanks to increased festive demand in the face of poor supplies. Prices in the open market improved from Rs. 180 to Rs. 185 a quintal as against the controlled rates of Rs. 136 to Rs. 138. The Union Government, in order to encourage sugar production in the coming season, has announced two incentive measures to the industry. Firstly, the price of cane has been increased from Rs. 4.96 a quintal to Rs. 5.36, and secondly, a rebate of 50 per cent has been allowed in the basic excise duty of sugar produced in October-November 1964 in excess to the production in 1962.

Khandsari continued to be subdued during the week as, despite the festive season, offtake was very poor and stockists were reported as anxious sellers. Nervous conditions were in evidence in the *khandsari* market, due to non-receipt of import permits from the Punjab against the freezed stocks. With the new season round the corner, *khandsari* godowns were still packed to capacity. Only about 20 per cent of the stocks freezed some four and a half months back have been released and the State Government has declined to remove restrictions on export from U.P. until the prices come down to the level fixed for different varieties. Prices at week-end were Rs. 125 to Rs. 152 per quintal as against the fixed rate of Rs. 109.83 to Rs. 128.19. New production season would start in early December in mill reserved areas.

Ready new *gur* drifted lower, thanks to increased arrivals here as well as in the mofussil markets. Daily arrivals improved to an average of 2,000 to 2,500 maunds here, but entire arrivals were being readily lifted mostly to consuming areas of Gujarat, Saurashtra and other centres. *Gur* producers are busy these days with *rabi* crop sowings. *Gur* arrivals would increase early next month. Week-end prices (in rupees per 40 kilogram) were: *gur pansera* superior 37, inferior 31 to 34 and *shakker* 36 to 40.

In the Muzaffarnagar market, new *gur* sagged due to poor demand at higher price levels and increased new produce arrivals at different producing centres. It eased by Rs. 5 to Rs. 8 per 40 kilogram to be quoted at: *khurpapar* Rs. 38, *gur laddo* Rs. 37 to Rs. 39.50, *pansera* Rs. 31 to Rs. 37 and *shakker* Rs. 40 to Rs. 46.

• • • •

Information so far available on the 1964-65 crop season suggests that the increase in world agricultural production "may once again be on the small side" according to the F.A.O. Council on the current state of food and agriculture. The first tentative estimates suggested that wheat production in 1964-65 would be some five per cent above that in 1963-64. There was a recovery in Western Europe and things were even better in the Soviet Union, where the crop was expected to be above average. Eastern Europe, the Near East, northwest Africa and parts of the Far East would probably have smaller wheat crops. Increased production of wheat would, however, be partly offset by a fall in the output of coarse grains. Final rice harvests could not yet be estimated, but in a number of countries in the Far East—including Thailand, Indonesia, Japan, India good crops were forecast. More sugar might be available in 1964-65. The soya bean harvest in the U.S. would be a record, and Mainland China was reported to have more available for export. Both Nigeria and Senegal expected large groundnut crops. Copra, coconut oil and palm oil outputs might remain unchanged.

CALCUTTA REPORTS

This issue does not carry the usual weekly reviews of the Calcutta jute, tea and metal markets, in view of *Pooja* holidays.—ED.

BANKING

(*Concluded from page* 720)

for the criteria in licensing new bank branches should not be whether a commercial bank may or may not be allowed to enter a field where a cooperative bank exists; rather it should be the capacity of the centre to support the two banking institutions. Although the Reserve Bank Governor conceded the main point by promising to bear the existence of a cooperative bank in mind while considering the grant of a licence, he was blunt enough to declare that a cooperative bank cannot become fully a substitute for a commercial bank.

Prof. D. R. Gadgil, Chairman of the Maharashtra State Cooperative Bank, who presided over the Seminar. was the chief spokesman of the cooperative point of view. He was quick to respond to the Reserve Bank Governor's plea for making progressive bankers out of cooperatives on the side of lending too. Crop loan system followed by many cooperatives in Maharashtra is the answer to the Governor's plea for "productive programmes of lending," but Prof. Gadgil was not unaware of the two obvious weaknesses of the system, namely, the high and rising proportion of overdues and the failure to link credit with marketing. The ratio of overdues to outstanding advances in Maharashtra was 26.3 per cent in 1961-62 and 28.9 per cent in 1962-63: in some of the other States. it was as high as 85.1 per cent in Assam, 42.1 per cent in Bihar and 38.1 per cent in Rajasthan; for the country as a whole, it was 16 per cent. Prof. Gadgil's suggestion to convert all overdues into medium-term loans deserves careful consideration. but the high ratio of overdues suggests that borrowers treat loans from cooperatives more as a grant than as a debt to be repaid.

The Reserve Bank Governor again referred to the excellent achievements of urban cooperative banks in financing the programmes of development of small industries and urged the Apex and Central Cooperative Banks to extend their sphere of operations to include, in addition to rural and agricultural industries, the credit requirements of small industrialists in towns and cities. Prof. Gadgil, however, was critical of the attempts to force the pace. The Planning Commission, according to him, had tried to do so for cooperative credit expansion and insisted on a 100 per cent coverage, but all that could be achieved was to overstrain the movement in an attempt to reach the rising targets set before it.

The State Cooperative Banks and the District Central Cooperative Banks are the intermediaries for distribution of resources to primary societies which are responsible for individual loan transactions with hundreds of thousands of agricultural and rural borrowers. Each one of these three tiers has a vital function to fulfil in the chain of cooperative credit. Neither the Reserve Bank is in a position to dispense with the intermediary of Apex banks nor are the District Central banks in a position to dispense with the hundreds of primary societies which actually enter into lakhs of transactions at thousands of centres.

This three-tier structure of cooperative banking mechanism, as Prof. Gadgil pointed out. is able to provide short-term funds to the ultimate borrowers in the agricultural and rural sectors at about 7¾ to 8 per cent, and that this compares very favourably with the rates charged by any banks for loans with similar administrative burdens and costs. The money rates in the commercial banking field are almost similar. While the State Bank of India and some of the scheduled banks have been doing useful pioneering work in the rural and agricultural sectors, the cooperative banks also find that professional and part-time moneylenders are still in the field. They are, in fact, as important as at any other time, and the commercial and cooperative banks will have to evolve a sort of common partnership if they hope to free the rural economy from this dependence upon the moneylenders.

"BANK OF INDIA WEEKLY ECONOMIC SURVEY"

The Bank of India has come out with a new weekly publication entitled *Bank of India Weekly Economic Survey* (Editor: C. S. Krishnamurthi). In the course of a message to the inaugural issue, Mr. A. D. Shroff, Chairman of the Bank, has expressed the hope that the *Survey* would serve as a useful medium for enabling shareholders, customers (present and prospective) and the public in general to keep themselves in touch with the Bank. The *Survey* contains an article on monetary policy and economic growth, a digest of the week's financial news, market round-up and select economic indicators. Copies can be had from the Bank of India's Head Office at 70/80 Mahatma Gandhi Road, Bombay 1. Annual subscription is Rs. 5. Single copy, 10 paise.

THE OTHER CHINESE INVASION—II

(*Concluded from page* 729)

South Africa. Chinese purchased 80,000 bales of Uganda cotton during 1963. China bought no cotton from Uganda in 1962 but purchased 65,000 bales of Uganda cotton in 1961.

Of China's aid promises of Rs. 96 crores to African countries, a little less than Rs. 20 crores is said to have been utilised, according to estimates made by sources in Hongkong. China has entered into trade pacts with African countries envisaging a total trade turnover of between Rs. 60 and 70 crores but actual trading in 1962 was around a third of the amount envisaged in the pacts. Among goods which China supplies to African countries are light industrial articles like pots and pans, chinaware, cotton piecegoods, fans, sewing machines, radios. Cotton and foodgrains and non-ferrous ores comprise some of the important commodities China takes from Africa.

In the case of India, exports to Africa accounted for Rs. 50 crores worth in 1962-63 and Rs. 47 crores worth in 1963-64. Imports from African countries were valued at Rs. 56 crores in 1962-63 and Rs. 51 crores in 1963-64. India's exports to Africa add up to seven to eight per cent of the country's total exports. Nine or ten countries in Africa buy nearly 70 per cent of the Indian exports and 70 per cent of the exports are also in three commodities—tea, jute goods and cotton textiles. In the case of tea, competition for India is likely to come from within Africa where some countries have expanded production. Pakistan has already emerged as a keen competitor in jute goods sales to Africa; and Japan and China are both capable of further inroads in African markets for cotton textiles.

(*To be concluded*)

Notices

THE MYSORE KIRLOSKAR LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 23rd Annual General Meeting of the Company will be held on Saturday the 28th November, 1964. at 3-30 p.m. (I.S.T.) at the Registered Office of the Company at Harihar to transact the business, the details of which have been made known to the Shareholders separately by notice sent them individually.

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

The Share Transfer Books of the Company will remain closed from the 20th November, 1964 to 28th November, 1964 (both days inclusive).

By Order of the Board,

FOR THE MYSORE KIRLOSKAR LTD.,

V. K. BODAS,
Secretary.

P.O. YANTRAPUR,
HARIHAR.
Date: 23*rd September*, 1964.

BURN AND COMPANY LIMITED

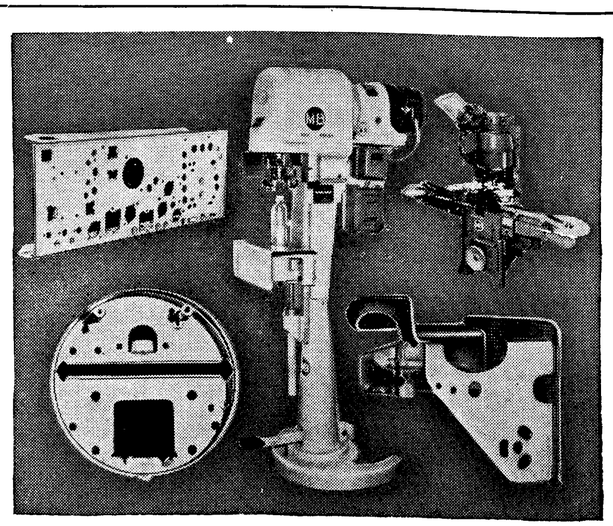
NOTICE IS HEREBY GIVEN THAT THE Registers of Members and Share Transfer Books for 6 per cent and 7 per cent Preference Shares in the Company will remain closed from the 31st October to the 10th November, 1964, both days inclusive, for the purpose of payment of Preference Dividends for the half-year ending 31st October, 1964 on or after the 10th November, 1964, to those Preference Shareholders whose names appear on the Company's Registers of Members for 6 per cent and 7 per cent Preference Shares on the 10th November, 1964, or to their mandatees.

By Order of the Board,

MARTIN BURN LTD.,

F. G. LIVERSEDGE,
Managing Director,
Managing Agents.

Registered Office:
12, MISSION ROW,
CALCUTTA-1.
19*th October*, 1964.



Whatever will Metal Box think of next!

The objective—an all-out drive to save foreign exchange. The means—over 30 years' experience in precision drawing and forming of sheet metal. The result—a national saving of almost Rs 1 crore in foreign exchange with industrial components for the radio, automotive, electrical and ordnance industries...and can-closing and bottle-sealing equipment. All these components and machines were previously imported.

And alongside this effort the Metal Box Research Department is busy developing local substitutes for many imported packaging materials. Metal Box also earn foreign exchange by exporting annually some Rs 30 lakhs worth of packages and machinery.

Whatever will Metal Box think of next? More ways to earn and conserve foreign exchange, of course!

METAL BOX
protective packaging

MB 2038A

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 16th Oct., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	85,00,00,000
National Agricultural Credit (Stabilisation) Fund	9,00,00,000
National Industrial Credit (Long Term Operations) Fund	10,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	54,13,15,000
(ii) State Governments	15,65,70,000
(b) Banks—	
(i) Scheduled Banks	109,48,20,000
(ii) State Co-operative Banks	2,58,13,000
(iii) Other Banks	3,43,000
(c) Others	141,87,92,000
Bills Payable	37,93,38,000
Other Liabilities	33,30,74,000
Rupees	585,60,65,000

ASSETS	Rs.
Notes	7,12,79,000
Rupee Coin	5,55,000
Small Coin	8,89,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,23,00,000
(ii) State Co-operative Banks	11,97,62,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,41,53,000
National Agricultural Credit (Stabilisation) Fund	
Loans and Advances to State Co-operative Banks.	....
National Industrial Credit (Long Term Operations) Fund:-	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	194 86 19,000
Balances Held Abroad*	9 12,81,000
Loans and Advances to Governments**	39,29,18,000
Loans and Advances to—	
(i) Scheduled Banks†	3,98,85,000
(ii) State Co-operative Banks‡	149,56,06,000
(iii) Others	2,34,08,000
Investments	107,29,99,000
Other Assets	26,64,11,000
Rupees	585,60,65,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 1,70,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	7,12,79,000	
Notes in circulation	2437,93,34,000	
Total Notes issued		2445,06,13,000
Total Liabilities		2445,06 13,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	85,46,69,000	
Total		203,21,79,000
Rupee Coin		105,68,73,000
Government of India Rupee Securities		2136,15,61,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2445,06 13,000

State Bank of Pakistan

Statement of Affairs for the week ended 9th Oct., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	7,75,00,000
Rural Credit Fund	3,50,00,000
Deposits :—	
(a) Central Government	10,97 91,000
(b) Provincial Governments	18 26,75,000
(c) Banks	87,70,16,000
(d) Others	94,48,09,000
Bills Payable	9,94,000
Other Liabilities	14,78,66,000
Rupees	190,56,51,000

ASSETS	Rs.
Notes	7,28,53,000
Rupee Coin	21,000
Subsidiary Coin	59,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	4,62,04,000
Balances held outside Pakistan*	17,34,28,000
Loans and Advances to Governments	....
Provincial Governments' Debtor Balances	....
Other Loans and Advances	106,16,51,000
Investments	43 51 60,000
Other Assets	11,62,75,000
Rupees	190,56,51,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	7,28,53,000	
Notes in circulation	449,25,39,000	
Total Notes issued		456,53,92,000
Total Liabilities		456,53,92,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion—		
Silver Bullion	25,15,70,000	
Foreign Securities	74,68,33,000	
India Notes representing assets realisable from the Reserve Bank of India	43,01,64 000	142,75,67,000
B. Rupee Coin	4,11,78,000	
Government of Pakistan Securities	303,76,41,000	
Internal bills of exchange and other commercial paper	....	307,88,19,000
II. Held with the Reserve Bank of India pending transfer to Pakistan—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
Total Assets		5,90,06,000
		456,53,92,000

Ratio of gold coin and bullion, silver bullion and approved

State Bank of India

Statement of Affairs for the week ended 16th Oct., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,00 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30 00,000
Borrowings from Other Banking Companies, Agents, etc.		664,33,82,000
Bills Payable		1,11,05,000
Bills for Collection being Bills receivable as per contra		11,77,65,000
Acceptances, Endorsements and Other Obligations per contra		6,48,02,000
Other Liabilities (including Inter-Office Adjustments)		20,68,39,000
Total		21,91,70,000
	Rs.	741,27,13,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		12,32,87,000
Balances with other Banks		4,78 94,000
Money at Call and Short Notice		5,06,67,000
INVESTMENTS :—		
Government and other Trustee Securities	200 60 15,000	
Other Authorised Investments	8,98,22,000	
		299,58,37,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc.	311,54,46,000	
Bills Discounted and Purchased	17,75,86,000	
		329,30,32,000
Bills Receivable being Bills for Collection as per contra		6,48,02'000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		20,68,39,000
Premises less Depreciation		2 38 06 000
Furniture and Fixtures less Depreciation		1,99,05,000
Other Assets (including Inter-Office Adjustments).		58,66,44,000
Total		741 27,13,000

EXCHANGE RATES

	21st Oct., 1964	13th Oct., 1964
London on New York	8, per Dollar 2 7827– 2 7829	2 7834– 2 7836
London on Berne .. Sw. Fcs	12 0080–12 0100	12 0130–12 0150
London on Paris .. Fr. Fcs	13 6400–13 6420	13 6380–13 6400
New York on London Cents per £	278.270–278.300	278.270–278.300
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. s.	1-6 1/32	1-6 1/32
Buyers D.D. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D.. Rs. to $100	481.00	480.75
Buyers T.T. .. Rs. to $100	477.75	477.50
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	449.75	449.50
Buyers T.T. ..	441.75	441.50
French Francs—		
Sellers T.T. D.D... per Rs. 100	101.80	101.80
Buyers T.T .. "	102.80	102.80
Swiss Francs—		
Sellers T.T. D.D... "	89.60	89.70
Buyers T.T. .. "	90.60	90.60
Deutsche Marks—		
Sellers T.T. D.D... "	82.50	82.50
Buyers T.T. .. "	83.40	83.40
Italian Lire—		
Sellers T.T. D.D... "	12,955	12,955
Buyers T.T. .. "	13,130	13,130
Swedish Kroner—		
Sellers T.T. D.D... "	107.10	107.20
Buyers T.T. .. "	108.20	108.30
Belgian Francs—		
Sellers T.T. D.D... "	1,028	1,028
Buyers T.T. .. "	1,044	1,044
Dutch Guilders—		
Sellers T.T. D.D... "	74.60	74.70
Buyers T.T. .. "	75.50	75.60
Hongkong Dollars—		
Sellers T.T. D.D... "	119.60	119.60
Buyers T.T. .. "	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D... "	148.90	148.80
Buyers T.T. .. "	150.30	150.20
Danish Kroner—		
Sellers T.T. D.D... "	144 00	144.09
Buyers T.T. .. "	145.40	145.20
Straits Dollars—		
Sellers T.T. D.D... "	64.00	64.00
Buyers T.T. .. "	64.60	64.60

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	9-10-64	2-10-64	11-10-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	55.17	54.38	51.98
(ii) From others	1,162.31	1,150.18	964.56
(b) Borrowings from banks	28.42	29.01	23.43
(c) Others	76.30	74.59	60.61
2. Time liabilities—			
(a Time deposits—			
(i) From banks	35.89	37.56	35.23
(ii) From others	1,353.23	1,367.46	1,251.52
(b) Borrowings from banks	21.43	20.67	21.56
(c) Others	12.79	12.90	9.74
3. Aggregate deposits ((1) (a) (ii)+ 2 (a) (ii)]	2,515.54	2,517.64	2,216.07
4. Borrowings from Reserve Bank	1.91	65	1.83
(a) Against usance bills and/or promissory notes	1	1	—
(b) Others	1.90	64	1.83
5. Borrowings from State Bank and/or a notified Bank	38.72	36.54	27.33
6. Cash	61.76	58.86	57.90
7. Balances with Reserve Bank	94.68	96.98	84.73
8. Cash and balances with Reserve Bank	156.44	155.84	142.64
9. 8 as per cent of 3	6.22	6.19	6.44
10. Balance with other banks in current account	21.34	21.48	21.70
11. Money at call and short notice	71.19	69.62	61.08
12. Investments in Government securities	827.64	830.53	758.51
13. 12 as per cent of 3	32.90	32.99	34.23
14. Advances—			
(a) Loans cash credits and overdrafts	1,463.67	1,462.83	1,242.26
(b) Due from banks	14.90	14.43	12.68
15. Inland bills purchased and discounted	71.00	71.22	55.40
16. Foreign bills purchased and discounted	181.21	180.13	174.25
17. Total Bank Credit [14(a)+ 15+16]	1,716.88	1,714.18	1,471 92
18. 17 as per cent. of 3	68.21	68.09	66.42

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended			
	10th Oct., 1964P	3rd Oct., 1964	12th Sept., 1964	12th Oct., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.7	99 7	99.9	99 7
2. Government of India	99.4	99.4	99 6	99 4
3. State Governments	102.1	102.1	102 2	102 0
4. Municipal, Port Trust, etc.	99.0	99.0	98.9	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.5	98.5	98.3	97.9
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.5	82.4	82.4	82.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	165.0	165.7	167.7	170 5
8. *Agriculture and Allied Activities : Total**	139.4	139 8	140 6	152 9
9. Tea Plantations	125.0	125 3	126 9	141 8
10. Coffee Plantations	171.9	172 5	163.3	161 5
11. Rubber Plantations	184 0	185 6	186 1	171 8
12. *Mining and Quarrying: Total**	133 6	134 9	135 5	150 2
13. Coal	95.1	95.9	97.0	107 9
14. Other Mining	160.0	161.6	161.9	179.2
15. *Processing and Manufacturing : Total* ..*	177.2	178.0	181.1	184.7
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	176 0	177.0	178 9	186 9
17. Sugar	132 4	132 4	131 6	127 7
18. Cotton Textiles	160 3	160 7	162 7	170 5
19. Jute Textiles	85 7	86 4	87 0	101 6
20. Silk and Woollen	833.7	844.4	870.1	923.9
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	195.7	196.7	202 1	195.5
22. Iron and Steel	160 8	161.6	171 7	156 4
23. Transport Equipment	303 8	306.7	313 7	337 6
24. Electrical Machinery	162.2	163.7	165.4	165.5
25. Machinery other than Transport and Electrical	220.0	231.0	228 3	235 6
26 Basic Industrial Chemicals	188.1	189.7	191.5	183.2
27 *Processing and Mfg. (Others) : Total**	146.5	146.4	148 6	158 7
28. Cement	138.4	138.8	140 9	148 2
29. Paper	188.7	187.4	190 4	201 8
30. *Other Industries : Total**	113.0	114.3	113 3	105.0
31. Electricity Generation and Supply	98.6	98.7	96 6	84 5
32. Trading	111 5	112.0	110 2	114 3
33. Shipping and Other Transport	97 3	101.1	101 6	91 2
34. Construction	289.3	292 2	293 7	273.0
35. *Financial : Total*	193.0	192 5	192 6	188 4
36. Banks	216 2	215.8	215 4	204 3
37. Insurance	155 2	154.1	153 3	163 2
38. Investment Trusts	79.6	78.7	78.2	85.8
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	174.4	175 9	180 2	173 8
40. Calcutta	151.7	152 1	152 3	158 7
41. Madras	173.2	173.1	173 1	173 5
42. Delhi	220.4	221.5	224.4	223.7

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils P—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	26th Sept. 1964	19th Sept. 1964	28th Sept. 1963	Aug. 1964	Aug. 1963	Percentage of increase (+) or Decrease (–) in Aug. 1964 as compared with Aug. 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	172.4	171.8R	138.7	165.1	138 8	+19.1	136.8	126.1
Cereals	192	152.7	152.0	117.9	144 4	116.3	+25.2	116.2	105 6
Pulses	43	185.8	183.8R	112 2	159 0	108 0	+47.2	115.4	102 0
Fruits and Vegetables	23	182.1	188.4	112 4	193 0	143 5	+34 7	140.6	125.6
Milk and Ghee	84	149.2	148 9	125.7	146 0	130 2	+12 1	128.2	124.4R
Edible Oils	47	228 2	218.1	153 1	206 1	180 2	+28 4	168.8	145.0
Fish, Eggs and Meat	17	170 5	179.4R	148 5	172 2	152 5	+35.6	151.1	153.8
Sugar and Gur	48	213 7	214.0	217 4	209 6	205.1	+12.9	149.8	142.6R
Others	50	180 5	182.1R	182 9	186 9	185 9	+ 0.8	188.8	145.0
Liquor and Tobacco	21	131 1	131 1	116 7	129 1	119.1	+ 8.4	119.9	117.8
Tobacco		128 8	128.8	115 8	126 6	116.1	+ 9.0	116 8	97.4R
Fuel, Power, Light and Lubricants	30	143 5	143 6R	139 1	143 5	139 0	+ 3.2	139.5R	124.4R
Industrial Raw Materials	155	170 8	171 9	140 1	166 9	138.6	+20.2	138.5	124.8
Fibres	61	142 5	147.7	161 0	146.5	131 8	+11.2	133.2	123.5
Oilseeds	60	220.8	218.2	161 8	208 3	154 8	+34.6	154.1	151.4
Minerals	2	103.7*	103.7*	91 5*	103.7	92 6	+12.0	92.8	125.6
Others	32	135 0*	135.6*	121 5*	132 0	125 2	+ 5.4	127.8	125.6
Manufactures	290	137.2	137 3	111 1	135 7	120 4	+12.7	131.1	126.8R
Intermediate Products	41	151.8	151 2	139 2	150 4	130 9	+ 3.7	139.6	139.5
Finished Products	249	134.8	135.0	129 8	133 2	129 5	+ 2.8	129.7	127.1
Textiles	147	132.8	133.1	129 0	130 6	127 7	+ 2.3	127.7	126.1
Cotton		136 7*	136.6*	135 8	136.0	135 3	+ 0.5	135.6	130.7
Jute		..	118.8	119.7	102 0	111 0	101.1	+ 0.9	130.2
Woollen		169.2*	169.2*	156 6*	169 2	156 6	+ 8.0	155.2	140.4
Silk and Rayon		136.3*	136.3*	136 3*	136.9	138.8	–1 4	139.8	131.4
Metal Products	12	169.0	169.0	163.7	169.0	163.7	+ 3.2	163.1	161.1
Chemicals	20	120 5*	120.4*	116 8*	119.4	117.4	+ 1.7	117.9	115.5
Oil Cakes	9	198 7*	199.8	165 0	195 1	163 3	+19 5	165.7	160.9
Machinery and Transport Equipment	31	127.1	127.1	124 2	127.1	123 9	+ 2.6	124.2	117 6R
Others	30	127.8	127.8	128.6	127.8	125.8	+ 0.5	128.5	123.3
All Commodities	1,000	160.2	160.1R	136 3	155.6	136.0	+14.2	135.3	127.5

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

AGRICULTURAL PRODUCTION

Crop	Forecast	Area (In thousand Hectares)		Production (In thousand metric tons)	
		1962-63	1961-62	1962-63	1961-62
Cereals—					
Rice	final	35,474†	34,934†	36,489†	31,914†
Wheat	final	13,458	13,520	11,132	12,089
Jowar	final	18,174†	18 021†	9,221†	9,621†
Bajra	final	10,810†	10,800†	3,736†	3,892†
Barley	final	3,034	3,315	2,474	3,152
Maize	final	4,546†	4,807†	4,527†	4,578†
Ragi	final	2,364†	2,316†	1,852†	1,891†
Small millets	final	4,683	4,768	1,841	1,970
Total cereals	final	91,332	91,574	67,100	69,405
Pulses—					
Gram	final	9,194	9,544	5,727	5,827
Tur	final	2,363	2,351	1,539	1,339
Other Kharif pulses§	final	6,317	6,304	1,737	1,637
Rabi pulses††	final	5,371	5,486	2,647	2,828
Total pulses	final	23,245	23,685	11,650	11,631
Total foodgrains	final	114,577	115,259	78,750	81,036
Oilseeds—					
Groundnut	final	6,804‡	6,864‡	5,291‡	4,821‡
Castorseed	final	449‡	438‡	101‡	101‡
Sesamum	final	2,424	2,245	453	379
Rape and Mustard	final	3,128	3,140	1,300	1,337
Linseed	final	1,883	1,964	427	456
Total oilseeds	final	14,619	14,214	6,876	6,958
Fibres—					
Cotton*	final	7,973	7,719	5,247	4,457
Jute A.	final	862‡	851‡	5,957†	5,449‡
Mesta A.	final	385‡	379†	1,819†	1,697‡
Sannhemp (a)	final	316	333	78	78
Other crops —					
Potato	fina	415	370	3,131	2,550
Sugarcane%	final	2,291	2,423	9,371	10,144
Ginger (Dry)	final	18	18	17	17
Pepper (Black)	final	102‡	102‡	24‡	26‡
Chillies (Dry)	final	623	614	389	376
Tobacco	final	430	421	367	349

Source : Ministry of Food and Agriculture.

* In terms of cotton lint and in thousand bales of 180 Kgs. each.

†† Excluding Gram and Tur.

(a) Relates to fibre crop only.

† Refers to 1963-64.

§ Excluding Tur.

% In bales of 180 Kgs.

‡ Yield in terms of *gur*.

‡ Refers to 1962-63.

INDIAN JUTE GOODS STATISTICS

(In thousand metric tons)

	August		Jan. to Aug.	
	1964	1963	1964	1963
Production—Total	111.5	106.5	854.9	828.0
Of which :				
Hessian	47.0	45.7	360.5	350.7
Sackings	45.1	42.7	332.7	338.5
Carpet backing	8.1	8.4	62.7	55.0
Others	11.3	9.7	99.0	83.8
Dispatches—Total	114.9	106.0	830.0	802.4
Of which :				
For exports	80 6	82 0	594 2	584 4
Hessian	42 8	41 7	319.5	310.8
Sacking	22 7	26 6	158.4	163 8
Carpet backing	7 1	5.6	55.5	47 2
Others	8.0	8.1	60 8	58 4
For internal consumption	34.3	24.0	235 8	218.0
Hessian	4.7	3 2	35 9	31.9
Sacking	26 2	18.4	171 3	163.8
Others	3.4	2.4	28 1	22.3
Closing stocks—Total	132.1	103.7	132.1	103.7
Of which :				
Hessian	45.7	33.7	45 7	33.7
Sacking	49.7	50 0	49.7	50.0
Carpet backing	23 3	11.0	23 3	11.0
Others	13 4	9.0	13 4	9.0

IRON AND STEEL PRODUCTION (In Metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1960	1,594,000	1,555,000	1,237,000
Do. 31st March, 1961	1,586,000	1,622,000	1,283,000
Do. 31st March, 1962	1,645,000	1,643,000	1,318,000
Do. 31st March, 1963	1,764,000	1,799,000	1,413,000
Do. 31st March, 1964	1,809,000	1,892,000	1,507,000
September 1963	140,600	144,100	119,400
January 1964	164,400	171,000	133,100
February "	118,600	139,000	109,100
March "	131,600	152 900	128,400
April "	128,300	142,800	115,000
May "	149,800	154,000	122,000
June "	152,700	158,400	120,100
July "	162,500	161,800	130,000
August "	154,400	160,000	126,100
September "	157,600	161,700	126,100
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	732,034
Do. 31st March 1962	1,187,397	954,498	736,970
Do. 31st March, 1963	1,291,828	1,002,039	795 120
Do. 31st March, 1964	1,288,442	1,026,786	809,804
September 1963	102,648	81,947	63,101
January 1964	109,243	87,771	63,185
February "	80,243	66,435	66 435
March "	113,069	89,766	78,624
April "	111,269	82,319	62,056
May "	108,073	81,394	61,337
June "	99,003	79,845	52,274
July "	74,440	67,295	63 222
August "	91,003	70,333	53,526
September "	104,733	77,244	54,671

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees)			Average rate of discount	Rate of allotment in full Rs.
	Offered	Applied for	Allotted	Per cent.	
1964					
21st July	2.00	7.58	2.00	2.400	99.400
22nd to 25th July*	19.06	—	19.06	—	99.416
28th July	2.00	4.05	2.00	2.399	99.410
29th July to 1st Aug.*	2.00	—	2.00	—	99.416
4th August	5.29	4.25	5.28	2.393	99.415
5th to 8th August*	2.00	—	2.00	—	99.416
11th August	3.53	2.00	3.53	2.400	99.400
12th to 14th August*	2.00	—	2.00	—	99.416
18th August	8.56	4.00	8.56	2.400	99.400
19th to 22nd August*	2.00	—	2.00	—	99.416
24th to 29th August*	12.90	—	12.70	—	99.416
1st September	2.00	4.00	2.00	2.400	99.400
2nd to 5th Sept.*	2.29	—	1.29	—	99.416
8th September	2.00	4.00	2.00	2.400	99.400
9th to 12th Sept.*	2.45	—	2.45	—	99.416
15th September	2.00	3.04	2.00	2.386	99.405
16th to 19th Sept.	2.00	—	2.00	—	99.416
22nd September	2.00	2.10	2.00	2.399	99.405
23rd to 26th Sept.	13.35	—	13.35	—	99.416
29th September	2.00	4.00	2.00	2.400	99.400
30th Sept. to 3rd Oct.	5.75	—	5.75	—	99.416
6th October	2.00	2.00	2.00	2.500	99.375
Total amount outstanding	104.15	—	104.15	—	—

PLANTATION COMPANIES : TREND OF FINANCIAL RESULTS

(Lakhs of Rupees)

	Tea (147)			Coffee (15)			Rubber (21)		
	1960-61	1961-62	1962-63	1960-61	1961-62	1962-63	1960-61	1961-62	1962-63
Income :									
1. Sales	34,82	36,58	39,23	2,58	2,05	2,35	2,29	2,26	2,29
2. Other Income	35	50	44	9	6	10	4	6	6
3. Closing stock of finished goods and work-in-progress	11,90	10.64	11.85	4	3	8	28	21	29
4. TOTAL	47,08	47,71	51,52	2,71	2,15	2,53	2,60	2,53	2,64
Expenditure and Appropriations :									
5. Opening stock of finished goods and work-in-progress	10,69	11,89	10,65	2	4	3	32	28	21
6. Raw materials consumed	5,90*	6,28*	7,60*	75*	61*	63*	33*	50*	60*
7. Other manufacturing expenses									
8. Salaries, wages and bonus	12,57	12,52	13,51	86	74	78	70	70	75
9. Employees' welfare expenses	1,84	1,84	1,76	7	7	9	5	6	7
10. Provident fund	73	73	77	4	4	3	4	4	4
11. Bad debts	1	—	—	—	—	—	—	—	—
12. Excise duty and cess	44	49	1,34	—	—	—	6	1	1
13. Other expenses	6,46	6,92	7,48	31	22	21	24	21	26
14. Depreciation provision	1,32	1,38	1,50	9	9	9	5	5	5
15. Gross profits	7,12	5,66	6,91	56	33	66	80	67	64
16. Interest	34	39	50	4	4	2	2	3	2
17. Managing agents' remuneration	61	58	59	2	2	2	6	5	5
18. Profits before tax	6,17	4,68	5,82	50	28	60	72	60	58
19. *Less* Tax provision	2,87	2,42	3,57	13	12	22	36	24	29
20. Profits after tax	3,30	2,26	2,24	37	16	37	35	26	29
(a) Dividends	2,65	2,18	1,99	28	20	23	26	25	25
(b) Profits retained	65	7	26	9	—4	4	9	1	4
21. TOTAL	47,08	47,71	51,52	2,71	2,15	2,53	2,60	2,53	2,64

Note :—Item (4) excludes (i) transfers from reserves outstanding at the end of the previous year, (ii) amounts carried forward at the end of the previous year, and (iii) non-recurring income like profit on sale of investments, fixed assets, etc.; and insurance claims; (9) includes gratuity, etc., (17) includes amounts paid as percentage of profits, office allowances, commission on purchases/sales, etc.; include remuneration to Secretaries and Treasurers; (20) comprises transfers to reserves and profit/loss carried to balance-sheet ; (21) excludes (i) non-recurring expenses like loss on sale of investments, fixed assets, etc., and (ii) expenditure incurred in respect of previous years.

Figures in brackets denote number of companies. * Cultivation expenses.

Courtesy: *Reserve Bank of India Bulletin*.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1960=100)

	All-India	Bombay*	Ahmedabad†	Sholapur§	Kanpur †	Nagpur	Calcutta †	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur†	Jabalpur	Bangalore†
1960

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA
(In lakhs of rupees)

Particulars	Four months ended July		April to March* (Twelve months)	
	1964	1963	1963-64	1962-63
Exports	270,06	242,77	762,89†	678,15
Re-exports	88	1,32	3,96	7,34
Total Exports	270,94	244,09	766,85	685,49
Imports	369,22	421,86	1,143,60‡	1,131,48
Overall Balance of Trade	—98,28	—177,77	—376,75	—445,99
Exports—Items:				
Tea	22,89	22,82	123,19	128,82
Coffee	6,64	3,30	8,30	7,61
Sugar	14,62	14,98	26,87	17,93
Jute yarns and manufactures	60,59	55,22	157,43	156,17
Cotton yarns and manufactures	22,48	16,59	56,28	52,13
Cotton, raw and waste	5,22	6,43	16,84	17,04
Petroleum products	3,10	2,87	5,47	3,68
Vegetable oils	3,02	7,27	19,75	13,10
Fruits and vegetables	12,40	9,90	29,69	26,66
Tobacco—Raw	12,53	11,52	21,01	17,99
Mica	2,73	3,10	9,20	10,36
Wool and other animal hair	3,38	1,35	7,43	6,60
Gums, resins and lac	2,94	2,57	8,03	7,28
Spices	4,72	3,95	15,82	13,78
Leather & leather manufactures	9,33	8,65	26,38	22,62
Hides and skins, raw	2,90	3,64	10,11	10,89
Oilseed Kernels	9,82	7,40	21,41	19,36
Pepper (black)	1,64	1,59	5,89	6,57
Manganese ore	4,21	2,24	8,26	7,38
Iron and steel scrap	1,59	1,50	4,91	1,95
Iron ore and concentrates	11,53	10,79	36,38	19,38
Sewing machines	3	9	24	44
Electric fans	27	27	52	90
Groundnut oil	1,16	4,52	13,45	7,83
Castor oil	1,03	2,34	4,80	4,29
Defatted groundnut meal	10,36	5,99	30,47	26,52
Country-wise Exports—				
Australia	6,34	5,58	17,59	18,54
Burma	2,23	1,39	6,31	5,01
Canada	5,13	7,12	21,17	22,19
Ceylon	6,30	5,25	19,16	13,56
Czechoslovakia	6,28	5,96	16,16	11,14
France	4,19	3,30	8,86	8,50
East Germany	4,73	3,20	10,08	8,48
West Germany	6,40	6,60	18,60	15,17
Italy	3,83	2,93	11,16	9,48
Indonesia	92	41	2,41	4,95
Japan	23,46	19,94	58,65	33,37
Kuwait	1,36	1,33	4,07	3,91
Federation of Malaya	3,17	3,83	12,75	6,05
New Zealand	1,73	2,50	7,26	6,25
Netherlands	2,83	2,93	10,40	8,88
Nigeria	2,21	1,08	3,78	6,15
Pakistan	2,94	2,29	7,17	8,38
Singapore	3,17	4,36	71,30	9,37
Sudan	1,35	1,50	7,84	8,96
U.A.R.	2,33	2,83	12,57	13,01
United Kingdom	50,64	43,39	160,71	162,24
U.S.A.	50,37	45,18	128 32	113,81
U.S.S.R.	26,27	16,96	52,10	87,99
Imports—Items:				
Machinery†	133,38	123,53	360,81	315,33
Iron and Steel	13,61	18,78	59,64	89,01
Copper	9,54	9,40	26,66	25,28
Aluminium	2,37	2,62	6,37	10,53
Zinc	3,15	3,08	9,86	9,02
Tin	2,40	2,00	6,49	5,11
Lead	1,32	93	3,35	2,69
Nickel	38	28	1,78	1,49
Chemicals drugs and medicines	30,29	35,79	88,40	100,52
Electrical goods and apparatus	31,93	30,67	83,48	64,78
Vehicles (excluding aircraft, ships and boats)	14,37	20,08	45,38	54,61
Aircraft	4,14	4,26	11,70	15,66
Ships and boats	1,83	1,35	3,68	1,78
Cotton, raw and waste	14,95	16,13	48,89	56,92
Fruits and Vegetables	7,28	5,56	18,59	18,05
Paper, pasteboard, etc.	3,65	4,23	11,86	13,54
Dyes and colours	3,48	3,53	8,04	12,15
Instruments	19	38	70	1,77
Rice	6,91	13,84	20,40	27,01
Wheat and spelt	18,55	34,50	102,86	113,09
Country-wise Imports—				
Australia	4,68	5,69	17,22	24,28
Burma	4,09	5,54	8,99	9,09
Canada	5,47	9,52	24,16	16,87
Ceylon	1,69	1,37	6,01	8,16
Czechoslovakia	7,14	5,38	17,34	19,71
France	4,50	4,51	13,86	14,20
East Germany	2,43	2,74	9,74	7,82
West Germany	34,93	30,26	88,67	98,66
Italy	6,36	5,04	16,18	22,21
Japan	23,20	24,55	62,63	64,86
Iran	12,06	22,56	47,90	45,88
Federation of Malaya	3,28	4,49	12,09	10,71
New Zealand	33	86	1,32	1,83
Netherlands	4,57	5,56	10,44	13,82
Norway	40	45	1,00	1,78
Pakistan	2,23	3,43	9,36	16,65
Singapore	1,76	2,04	5,31	8,11
Sudan	4,31	2,72	8,52	17,11
Sweden	2,82	4,23	11,37	8,55
Switzerland	3,34	4,83	12,07	10,42
U.A.R.	4,01	5,12	15 26	9 77
United Kingdom	58,97	61,36	163,89	185,56
U.S.A.	109,78	143,34	390,24	346,84
U.S.S.R.	20,27	25,49	63,99	58,64

* Revised figures.
† Including electric goods.
‡ Excludes imports by land from Nepal valued at Rs. 5.39 crs for the whole of 1963-64.
§ Excludes overland exports to Nepal valued at Rs. 11.57 crores the whole of 1963-64 and postal exports of pearls, precious stones valued at Rs. 15.69 crores for the whole of 1963-64.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1962	5	6.5
Belgium	2nd July, 1964	4.25	4.75
Bolivia	June, 1963	6	6.9
Burma	,, 1962	3	4
Canada	11th Aug., 1960	3.5	4
Ceylon	13th Aug., 1960	2.50	4
Chile	,, Jan., 1963	14.62	14.21
Denmark	10th June 1964	5.50	6.50
Ecuador	,, 1960	6	5
El Salvador	June, 1961	5.5	6
Finland	April, 1962	6	7
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1963	6	5.50
Guatemala	25th Sept., 1964	4.50	5
Honduras	Aug., 1963	3	4
Iceland	31st Jan., 1964	3.98	3.94
Italy	7th June, 1958	4	3.50
Japan	18th Mar., 1961	5.84	6.57
Jamaica	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	4th June, 1964	4	4.50
New Zealand	24th March, 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	,, 1959	6	9.50
Philippines	9th Jan., 1962	3	4
Portugal	12th Jan., 1944	2	2
South Africa	27th Nov., 1962	4	3.50
Spain	,, 1961	5.75	4
Sweden	31st Jan., 1964	4	4.5
Switzerland	3rd July, 1964	2	2.50
Thailand	,, Nov., 1959	7	5
Turkey	,, May, 1960	4	7.5
United Kingdom	27th Feb., 1964	4	5
U.A.R.	,, May, 1962	3	5
U.S.S.R.	1st July, 1956	3	4
U.S.A.	16th July, 1963	3	3.50
West Germany	5th May, 1961	3.50	3

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Cotton Receipts (Total Indian)	Week ended 17th October 1964	20,474*
	Corresponding week, 1963	5,212*
	1st Sept. to 17th Oct., 1964	177,938*
	Corresponding period, 1963	80,628*
Exports by Rail	From 1st Sept. to 17th Oct., 1964	18,837
Exports by Road (Estimated)	Do. Do.	11,000
Exports by Sea	Do. Do.	..
Mill Consumption (Estimated)	1st Sept. to 17th Oct., 1964	167,180
	Corresponding period, 1964	164,500
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 17th Oct., 1964	369,258
	Corresponding date, 1963	388,079
Consumption of Cotton—		
Indian	June, 1964	420,558
Foreign		43,715
Indian	Ten months ended June 1964	4,520,064
Foreign		594,700
Indian	Same period, 1963	3,899,832
Foreign		774,396
Stocks (Mills and Elsewhere)—		(Bales of 392 lbs.)
Indian	As on 30th June, 1964	1,969,913
Foreign		253,959
Indian	As on 30th June, 1963	1,839,581
Foreign		184,344

† Incomplete. * By Rail Sea and Road A—Actual figures —Not received. (a) Includes Zoda cotton and yellow pickings.

Indian Mills cotton consumption from 1st Sept. to 30th June (In Bales of 180 Kilograms)	1963-64	1962-63
Indian	4,520,064	3,899,832
Pakistan	5,850	108,513
American (including Peruvians)	233,513	308,763
Egyptian	124,713	102,009
Sudan	101,214	179,951
East African	34,627	64,434
Others	4,873	10,726
Total	5,024,854	4,674,228

Exports by Sea to Foreign Countries (a) (In bales of 180 kilograms)	Week ended 17th Oct.,		From 1st September to 17th October	
	1964	1963	1964	1963
U.K.	—	—	100	100
Continent	167	—	1,884	234
Hong Kong	—	—	400	994
Japan	2,039	—	19,016	7,554
U.S.A.	228	—	378	61
Other countries	—	—	—	200
Total—all foreign countries.	2,434	—	21,778	9,143

Cotton Pressed in India† (In running bales)	1st to 2nd Oct., 1964	20,479	
	Corresponding period 1963	47,872	
	1st Sept. to 31st Aug., 1963-64	4,845,422	
	Corresponding period, 1962-63	4,365,783	
Karachi (Pakistan) Receipts	1st Sept. to 1st Oct., 1964	72,042	
	Corresponding period, 1963	81,337	
Exports	1st Sept. to 1st Oct., 1964	48,154	
	Corresponding period, 1963	34,217	

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Fg. Loan	1943	110,11,78,000	1966-68	98.35
3 % Dev. Loan	1945	115,05,82,000	1970-75	90.20
2½ % Loan	1946	14,77,48,000	1976	83.00
3½ % N.P. Bonds (2nd Series)	1955	153,67,92,000	1965	100.20
3½ % N.P. Bonds	1956	197,40,92,000	1967	99.75
3½ % Loan	1956	86,63,53,000	1974	96.35
3½ % N. P. Bonds (4th Series)	1957	56,99,30,000	1967	99.90
4 % Loan	1957	154,70,22,000	1972	98.75
2½ % Loan	1958	70,00,00,000	1968	99.00
3½ % Loan N.P.B.	1958	156,64,22,000	1968	99.90
4 % Loan	1958	94,51,44,000	1973	98.70
4 % Loan	1959	190,85,42,000	1969	97.95
4 % Loan	1959	81,06,39,000	1979	98.00
4 % Loan	1960	98,05,17,000	1980	98.00
3½ % Bonds	1960	82,65,41,000	1966	100.00
4 % Loan	1961	65,55,65,000	1981	98.25
4 % Loan	1962	114,93,37,000	1985	100.10
Gold Bonds	1962	5,30,15,900	1977	118.05
4½ % Loan N.D.B.	1962	13,98,47,000	1975	100.10
4 % Loan	1963	84,12,53,000	1969	99.35
4½ % Loan	1963	53,06,32,000	1986	100.10
4 % Loan	1963	108,86,71,000	1973	100.00
4 % Loan	1964	77,67,05,000	1974	100.00
4½ % Loan	1964	69,74,00,000	1989	100.00
LOANS TERMINABLE AT OPTION OF GOVT.				
3 % Loan	1896-97	8,98,33,000	'M'	62.50
3 % Loan	1946	248,91,03,000	'K'	62.90
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	99.40
4 % Andhra	1956	6,56,15,000	3rd Sept. 1968	99.00
4½ % Andhra	1958	5,48,82,000	15th July 1970	99.00
4 % Andhra	1959	5,67,75,000	19th Aug. 1974	98.00
4 % Andhra	1960	9,85,35,000	29th Aug. 1969	98.40
4½ % Andhra	1961	11,01,81,000	Sept. 1972	98.25
4 % Andhra	1962	10,90,10,000	Aug. 1974	98.50
4½ % Andhra	1964	13,81,00,000	24th Aug. 1976	96.80
4 % Maharastra	1955	9,41,35,000	1st Sept. 1967	99.30
4 % Maharastra	1956	7,77,71,000	3rd Sept. 1968	98.50
4½ % Maharastra	1957	6,47,37,000	16th Sept. 1969	98.60
4½ % Maharastra	1958	6,48,62,000	15th July 1970	99.50
4½ % Maharastra	1958	4,31,45,000	15th July 1971	99.25
4 % Maharastra	1959	6,68,14,000	19th Aug. 1974	98.10
4 % Maharastra	1960	10,98,87,000	29th Aug. 1969	98.70
4½ % Maharastra	1961	10,77,36,000	Sept. 1972	99.15
4½ % Maharastra	1962	13,67,77,000	Aug. 1974	99.35
4½ % Maharastra	1964	15,01,00,000	24th Aug. 1976	99.75
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	99.20
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98.80
4½ % Bihar	1958	2,76,71,000	13th Oct. 1970	98.00
4 % Bihar	1959	3,33,22,000	19th Aug. 1971	97.75
4 % Bihar	1960	3,22,45,000	29th Aug. 1969	98.50
4½ % Bihar	1961	3,28,00,000	Sept. 1972	97.50
4½ % Bihar	1962	4,31,75,000	Aug. 1974	98.50
4½ % Bihar	1964	4,78,00,000	24th Aug. 1976	96.70
4 % Gujarat	1960	5,32,74,000	29th Aug. 1969	98.50
4½ % Gujarat	1961	5,97,47,000	Sept. 1972	98.90
4½ % Gujarat	1962	6,54,73,000	Aug. 1974	99.60
4½ % Gujarat	1964	8,94,00,000	24th Aug. 1976	99.75
3½ % Howrah Bridge (New)	1936-37	1,95,06,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	99.50
4 % Hyderabad	1956	2,15,82,000	3rd Sept. 1968	98.40
4 % Madras	1956	10,47,17,000	1st Sept. 1967	99.25
4 % Madras	1956	13,83,56,000	3rd Sept. 1968	98.75
4 % Madras	1956	5,55,57,000	15th July 1970	99.00
4 % Madras	1959	8,72,75,000	19th Aug. 1971	98.10
4 % Madras	1960	12,29,72,000	29th Aug. 1969	98.50
4 % Madras	1961	10,44,00,000	Sept. 1972	98.40
4½ % Madras	1962	13,24,99,000	Aug. 1974	99.10
4½ % Madras	1964	14,29,00,000	24th Aug. 1976	97.00
4 % Mysore	1955	3,84,84,000	1st Sept. 1967	99.40
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	99.00
4½ % Mysore	1957	3,34,36,000	16th Sept. 1969	98.25
4 % Mysore	1958	5,61,62,000	15th July 1970	99.00
4½ % Mysore	1959	4,45,45,000	19th Aug. 1971	98.00
4 % Mysore	1960	4,37,73,000	29th Aug. 1969	98.70
4½ % Mysore	1961	5,54,19,000	Sept. 1972	98.25
4½ % Mysore	1962	6,59,58,000	Aug. 1974	98.50
4½ % Mysore	1964	7,01,00,000	24th Aug. 1976	97.25
4 % M.P.	1955	1,68,12,000	1st Sept. 1967	99.20
4 % M.P.	1956	1,68,42,000	3rd Sept. 1968	98.80
4½ % M.P.	1958	2,21,35,000	15th July 1970	99.00
4 % M.P.	1959	5,28,25,000	19th Aug. 1971	97.75
4 % M.P.	1960	5,16,80,000	29th Aug. 1969	98.50
4 % M.P.	1961	5,04,45,000	Sept. 1972	97.50
4½ % M.P.	1962	5,06,29,000	Aug. 1974	98.50
4½ % M.P.	1964	5,20,00,000	24th Aug. 1976	96.70
4 % Saurashtra	1955	3,45,39,000	1st Sept. 1967	99.40
4 % Saurashtra	1956	2,62,56,000	3rd Sept. 1968	98.50
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98.50
4½ % Kerala	1958	3,27,43,000	15th July 1970	98.00
4 % Kerala	1959	4,47,08,000	19th Aug. 1971	97.25
4 % Kerala	1960	4,09,41,000	29th Aug. 1969	98.00
4½ % Kerala	1961	4,10,08,000	Sept. 1972	97.50
4½ % Kerala	1962	4,98,37,000	Aug. 1974	98.50
4½ % Kerala	1964	4,39,00,000	25th Aug. 1976	96.70
2½ % U.P.Z.A.	1952	42,60,19,000	..	42.00‡
3 % U.P.	1936	1,54,30,000	15th Sept. 1961-66	94.00
4 % U.P.	1955	8,94,65,000	1st Sept. 1967	98.20
4 % U.P.	1956	8,19,58,000	3rd Sept. 1968	99.00

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				Rs.
36,50,000	4	1904	1964	
35,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1969	96.00
40,00,000	4	1909	1970	
56,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
80,00,000	4	1913	1974	91.00
88,55,000	4	1914	1975	91.00
55,00,000	4	1915*	1975	D
24,58,000	3½	1935*	1975	
15,00,000	3½	1936*	1966	
10,00,000	3½	1938*	1968	
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.				Rs.
90,24,300	4	1914	1974	98.25
76,90,100	4	1915	1975	98.25
1,50,00,000C	3	1921	1981	82.00
85,02,300C	3††	1921	1981	144.00N
80,00,000	4½	1931	1981	98.00
60,00,000	3½	1935	1965	90.00
25,00,000	3	1938	1963-68	92.00
50,00,000	3	1945	1965	97.25
50,00,000	3	1945	1975	85.75
50,00,000	3	1946	1976	83.50
50,00,000	3	1946	1966	92.00
50,00,000	2½	1947	1977	78.50
50,00,000	3	1948	1978	83.00
50,00,000	3	1950	1980	81.00
50,00,000	3	1951	1981	80.50
50,00,000	4	1953	1983	97.50
50,00,000	4	1955	1985	97.25
77,00,000	4	1956	1986	97.25
78,00,000	4	1957	1986	97.75
1,20,00,000C	4½	1957	1987	99.50
1,30,00,000C	4½	1958	1988	99.00
1,00,00,000	4	1959	1989	98.00
50,00,000	4½	1959	1989	99.00
1,00,00,000	4	1960	1970	98.50
1,00,00,000	4	1960	1970	98.50
1,50,00,000	4½	1961	1971	98.75
50,00,000	4½	1963	1973	100.00
1,00,00,000	5	1963	1993	100.00
STERLING LOANS				
£892,600	5	1923	1953-88	£71
£901,000	5	1924	1954-84	£72
MADRAS				
Rs.				Rs.
24,01,669	3½	1947	1977	
24,99,000	3	1947	1977	A
2,90,517†	4	1954	1984	
45,00,000†	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation
BOMBAY				
Rs.				Rs.
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	
20,00,000	4	1906	1966	97.57 N
15,00,000	4	1907	1967	
30,00,000	4	1908	1968	
25,00,000	4	1912	1972	
18,00,000	4	1913	1973	
20,00,000	4	1914	1974	
25,00,000	4	1916	1976	97.50 N
66,00,000	6	1920	1935-80	98.00N
25,00,000	4	1927	1961-70	
10,00,000	3½	1936	1966	
STERLING LOANS				
£566,600	4	1909	1969	£95.50
£338,000	4	1910	1970	£95.50N
CALCUTTA				
*Rs.†				Rs.
50,00,000	4	1935	1964	99.25
35,00,000	3½	1935	1965	96.00
30,00,000	3	1936	1966	92.50
52,00,950	3	1938	1963-68	92.00
1,02,00,000	4	1956	1968	98.50
75,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75

MUNICIPAL LOANS

Rs.				Rs.
BOMBAY				
8,25,00,000	3½	1947	1977	82.00
2,13,14,500	3½	1949	1979	82.00
4,00,00,000	3½	1950	1965	98.10
2,00,57,818	3½	1951	1966	99.00
98,87,000†	4	1954	1966	99.00
2,50,00,000	4	1955	1967	98.00
1,57,50,000	4	1956	1968	98.00
2,09,10,500	4½	1958	1968	98.50
4,40,00,000	4½	1958	1970	98.75
5,30,00,000	4	1959	1971	97.00
4,00,00,000	4½	1960	1972	98.50
2,50,00,000	4½	1962	1974	98.50
5,15,00,000	4½	1962	1974	99.75
Rs.				Rs.
CALCUTTA				
33,91,000	3½	1935	1965	96.00
50,00,000	3	1936	1966	92.50
47,50,000	3	1938	1968	92.00
21,10,000	3½	1942	1972	97.00
66,88,000	3½	1951	1966	98.00
75,54,000	4½	1958	1968	98.50
2,22,72,000	4	1955	1985	97.25N
73,86,000	4½	1958	1970	101.00N
1,67,32,000	4½	1958	1970	101.00N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1958	7,65,59,000	15th July 1970	99.15
4½% U.P.	1959	8,70,81,000	19th Aug. 1971	98.10
4½% U.P.	1960	7,70,21,000	29th Aug. 1969	98.50
4½% U.P.	1961	6,68,99,000	Sept. 1972	98.50
4½% U.P.	1962	9,84,05,000	Aug. 1974	98.50
4½% U.P.	1964	11,70,00,000	24th Aug. 1976	97.00
4 % Rajasthan	1956	3,14,19,000	3rd Sept. 1968	98.10
4½% Rajasthan	1958	2,79,88,000	15th July 1970	98.00
4½% Rajasthan	1959	3,84,19,000	19th Aug. 1971	97.50
4 % Rajasthan	1960	5,03,25,000	29th Aug. 1969	98.50
4½% Rajasthan	1961	4,49,48,000	Sept. 1972	98.50
4½% Rajasthan	1962	4,94,43,000	Aug. 1974	98.50
4½% Rajasthan	1964	5,23,00,000	24th Aug. 1976	96.70
4 % Orissa	1956	3,09,35,000	3rd Sept. 1968	98.00
4½% Orissa	1958	3,26,60,000	15th July 1970	98.00
4½% Orissa	1959	3,82,68,000	19th Aug. 1971	97.75
4 % Orissa	1960	4,40,63,000	29th Aug. 1969	98.50
4½% Orissa	1961	5,88,74,000	Sept. 1972	98.25
4½% Orissa	1962	7,66,10,000	Aug. 1974	98.50
4½% Orissa	1964	8,15,00,000	24th Aug. 1976	96.70
4 % M. BharatT	1956	1,11,26,000	3rd Sept. 1968	98.00
4 % W. Bengal	1955	7,58,72,000	1st Aug. 1968	98.40
4½% W. Bengal	1956	7,71,40,000	1st Sept. 1967	98.75
4½% W. Bengal	1958	5,10,57,000	15th July 1970	99.00
4 % W. Bengal	1959	7,66,69,000	19th Aug. 1971	98.00
4½% W. Bengal	1961	7,66,32,000	29th Aug. 1969	98.70
4½% W. Bengal	1962	7,03,29,000	Sept. 1972	98.75
4½% W. Bengal	1964	7,00,00,000	Aug. 1974	99.10
4½% Assam	1959	7,00,00,000	24th Aug. 1976	99.40
4½% Assam	1962	3,01,83,000	19th Aug. 1971	97.50
4½% Assam	1964	3,12,00,000	Aug. 1974	98.50
4 % Punjab	1962	2,18,97,000	24th Aug. 1976	96.70
4½% Punjab	1961	3,18,03,000	19th Aug. 1971	97.50
4½% Punjab	1962	3,64,88,000	Sept. 1972	97.50
			Aug. 1974	98.50

* Loans held entirely by the Trustees † Bombay State Transport

ABBREVIATIONS. N—Nominal. (*f*) Income-tax free. C—Held by Commissioners. D—Domestic Loan not marketable.
A—Held by Government of India. B—Taken up by State Bank of India.
††Rate of Interest reduced from 6 to 3 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 4½ to 4 per cent with effect from 1st April 1956.
— Interest free for first 12 years. † — Interest free for first 7 years. Z—Ex Twelve instalments but inclusive of accrued interest.
M—At the option of the Government after three months' notice. K—On September 1956 or later at the option of the Government after three months' notice.
T—Liability taken over by Madhya Pradesh. ● Total amount invested in Gold Bonds up to 15th February 1963.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. C.R.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :— Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

| Paid-up Ordinary Capital | Reserves | Gross Block | Depreciation | Carried Forward | Managing Agents, Managing Directors or Secretaries | Number Installed | | M

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
60,00,000	76,63,500	1,85,69,182	86,97,417	30,951	B. N. Elias & Co. Private Ltd.	879	Agarpara	9.56	10	0.25	0.25	1.20	1.00	3	Y.P.F.
6,00,000	21,61,100	85,62,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	245.00	100	15.00	42.50			12	Y.P.F.
30,00,000	36,04,850	1,72,05,661	1,14,76,789	05,589	McLeod & Co., Ltd.	1,264	Alliance	106.00	100	Nil	10.00	12.50		5	Y.P.
59,04,900	1,15,30,000	3,75,48,564	2,33,71,259	55,893	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	190.00	100	7.50	10.00	12.50	12.00	3	Y.P.
40,00,000	36,86,908	1,92,46,048	1,12,42,168	1,526	Bird & Co. Private Ltd.	810	Auckland	122.00	100	12.00	Nil	15.00	12.50	3	Y.P.F.
20,00,000	46,32,069	2,08,31,514	1,08,77,173	24,424	Birla Brothers Private Ltd.	959	Bally	118.06xD.xd	100	25.00	25.00	25.00	20.00	3	Y.P.
£275,000	£975,367	£1,486,277	£1,075,864	£1,341	Jardine Henderson Ltd.	1,889	Barnagore	230.00	£5	10 sh.	10 sh.	£2		3	Y.P.
45,00,000	27,17,701	76,46,179	45,59,589	1,36,234	Soorajmull Nagarmull	600	Bengal	6.75	10	0.50	0.50			6	Y.P.F.
1,50,56,210	3,88,65,994	9,96,98,597	4,20,75,427	46,410	Birla Brothers Private Ltd.	1,373	Birla	35.12	10	1.50	1.50	1.50		3	Y.P.
36,00,000	20,48,440	1,25,69,733	79,60,997	35,907	Andrew Yule & Co., Ltd.	991	Budge-Budge	130.00	100	Nil	12.00	20.00		10	Y.P.
7,47,380	88,200	49,78,434	37,09,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	7.00	10	Nil				12	Y.P.
18,00,000	30,27,728	1,19,96,838	65,06,929	7,322	M.	615	Caledonian	132.00	100	5.00	15.00	15.00		11	Y.
29,58,200	1,01,10,201	1,95,45,693	1,19,34,120	30,251	James Finlay & Co., Ltd.	600	Champdany	21.75	10	0.50	0.50	4.00	3.50	3	Y.P.
38,58,750	77,75,319	1,47,45,586	77,38,580	1,10,207	Andrew Yule & Co., Ltd.	1,131	Cheviot	19.62	10	0.50	2.50	2.50		11	Y.P.F.
30,15,000	36,54,850	1,58,59,236	87,51,922	—4,10,550	McLeod & Co., Ltd.	500	Chitavalsah	8.00	10	Nil	0.50	Nil		7	Y.P.
24,00,000	8,04,609	81,44,890	69,78,978	—16 44 521	M.	969	Clive	7.50	10	Nil	Nil			3	Y.P.
31,49,250	24,27,694	1,53,87,280	91,28,903	9,930	Bird & Co. Private Ltd.	766	Dalhousie	120.00	100	1.00	Nil	25.00	7.50	3	Y.P.F.
50,50,000	74,56,442	1,88,80,591	76,70,106	28,475	Andrew Yule & Co., Ltd.	779	Delta	143.00	100	Nil	12.00	16.00		11	Y.P.
15,00,000	42,21,700	1,21,66,987	86,25,177	84,696	McLeod & Co., Ltd.	500	Empire	13.81	10	0.75	1.25	1.50		7	Y.P.F.
78,75,000	1,58,61,438	4,64,48,321	2,65,86,760	15,622	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	230.00xd	100	Old	10.00	12.50	20.00	15.00	3	Y.P.F.
41,99,250	34,03,490	2,43,52,916	1,08,42,031	4,080	Bangur Bros., Ltd.	1,014	Fort William	20.67xd	10	2.25	1.00	2.00	1.50	3	Y.P.F.
84,32,100	77,96,303	3,00,05,500	1,61,98,875	16,267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	13.12xd	10	1.00	1.50	2.00		3	Y.P.
43,20,000	46,54,205	2,19,63,231	88,71,916	9,681	M.	607	General Ind. Society Ltd.	15.00	10	1.00	1.50	2.00		3	Y.
48,00,000	82,53,423	3,55,59,185	2,27,04,891	41,505	Maenell & Barry Ltd.	1,394	Gourepore	21.75xd	10	2.50	2.00	2.00	2.00	12	Y.P.
40,00,000	1,22,75 042	2,19,80,303	1,17,88,171	2,274	Bangur Bros., Ltd.	1,078	Hastings	120.00xd	100	6.00	6.00	6.00	6.00	3	Y.P.
15,30,000	44,86,659	99,76,527	67,56,170	4,294	M.	720	Hooghly	14.50	10	2.00	0.75	1.00		3	Y.P.
65,62,500	61,91,579	2,33,65,028	1,70,88,188	....	Jardine Henderson Ltd.	1,940	Howrah	16.00	10	1.00	Nil	1.00	1.25	3	Y.P.F.
52,50,000	91,20,055	3,54,96,925	2,52,96,625	2,004	Ramdutt Ramkissendass	2,272	Hukumchand	17.50xd	7.50	2.15	2.00	2.00	2.00	3	Y.
37,50,000	26,63,965	1,86,88,015	1,09,04,160	76,164	M.	790	India	17.50xd	12.50	1.50				3	Y.
24,00,000	36,84,700	2,08 46,168	1,60,07,458	....	Jardine Henderson Ltd.	1,797	Kamarhatty	155.00	100	Nil	20.00	20.00		12	Y.P.F.
30,00,000								155.00	'B' 100	Nil	20.00	20.00			
24,00,000	16,53,308	1,79,25,475	1,35,47,488	....	Jardine Henderson Ltd.	1,527	Kankinarrah	129.00	100	Nil	15.00	15.00		12	Y.P.F.
38,00,000								129.00	'B' 100	Nil	15.00	15.00			
54,00,000	72,61,800	2,51,06,312	1,22,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	144.00	100	15.00	5.00	20.00		5	Y.P.
28,00,000	49,74,720	2,72,28,275	1,67,13,173	41,261	Amalgamation Wright Ltd.	1,531	Khardah	17.75	10	0.50	1.25	1.25	1.25	3	Y.P.
59,88,650	7,87,477	2,37,45,098	1,62,09,834	13,127	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	110.00xd	100	7.00	Nil	10.00	5.00	3	Y.P.F.
24,48,000	5,13,600	1,01,22,105	73,84,909	6,707	Bird & Co. Private Ltd.	931	Lansdowne	108.00	100	Nil	Nil	Nil	12.50	3	Y.P.
30,00,000	14,76,475	66,57,076	47,10,804	7,250	Bird & Co. Private Ltd.	840	Lawrence	108.00	100	Nil	Nil	Nil	Nil	3	Y.P.
31,65,200	44,95 037	2,88,24,106	1 66,72,214	84,805	M.	1,294	Megna	12.19	10	1.00	0.75	0.50		3	Y.
29,98 900	41,42,655	2,01,69,391	1,28,29,338	32,760	Bhagat Agencies Ltd.	315	Naihati	85.00	100	11.25	Nil	Nil	Nil	3	Y.P.F.
30,00,000	11,87,404	1,52,37,076	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	6.00N	10	Nil	Nil	Nil	Nil	10	Y.P.
35,00,080	78,10,449	2,01,18,988	53,47,374	9,507	M.	852	National	19.50	10	Nil	1.00			10	Y.P.
36,25,000	36,29,172	80,96,895	46,01,106	35,230	McLeod & Co., Ltd.	316	Nellimarla Jute	8.81	10	0.60	1.50	0.50		7	Y.P.F.
2,56 50,080	3,31,09,122	11,98,78,237	2 72,02,888	18,602	Sahu Jain Ltd.	1,765	New Central	10.37	10	1.50	Nil	1.50		3	Y.P.F.
16,79,850	69,61,792	2,58,76,718	97,86,771	7,905	Bird & Co. Private Ltd.	567	Northbrook	25.25	10	3.00	2.00	3.50	2.50	3	Y.P.F.
66,79,500	61,30,745	1,68,98,900	75,34,356	20,062	Maenell & Barry Ltd.	1,092	Nuddea	10.60	10	0.50	0.50	1.00	1.00	3	Y.
25,00,000	13,55,554	1,08,88,905	84,46,448	17,108	McLeod & Co., Ltd.	400	Presidency	4.31xd	5	0.30	0.50	0.50		7	Y.
20,00,000	5,27,128	68,13,305	54,70,569	24,500	Hindustan Investment Corpn. Ltd.	305	Rameshwara	7.75	10	Nil	Nil	Nil		3	Y.
49,50,000	6,91,790	1,23,23,241	69,85,423	8,85,502	M.	423	Reliance	6.37	10	Nil	Nil	Nil	Nil	10	Y.P.F.
£600,000	£1,029,127	£1,602,126	£796,080	£2,892	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	Nil	10%†	13%		12	Y.P.
30,00,000	23,52,584	1,57,85,318	1,08,08,079	8,777	Bagaria More & Co., Ltd.	911	Shree Ambica	27.00	10	0.60	Nil	0.90		3	Y.P.
14,00,000	17,16,854	77,43,803	55,75,946	26,425	Hindustan Investment Corpn. Ltd.	401	Soorah	19.25	10	2.50	2.50			3	Y.P.
£600,000	£693,155	£1,681,120	£843,019	£3,525	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	Nil	18%†	10%		12	Y.P.
35,96,500	45,04,220	1,28,84,609	71,69 711	2,671	Bird & Co. Private Ltd.	1,226	Union	130.00	100	6.00	Nil	20.00	10.00	3	Y.P.F.
£400,000	£495,602	£1,372,172	£711,723	£1,861	Thomas Duff & Co. (India) Pvt. Ltd.	1,821	Victoria	9.50N	£1	Nil	10%†	10%		12	Y.P.
2,50,000	9,70,000	81,07,250	46,88,438	57,655	McLeod & Co., Ltd.	447	Waverley	7.87	1	0.30	0.60	0.30		5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
10,88,880	5,60,324	18,08,952	4,15,754	46,095	Young India Agencies Private Ltd.	1,665	Balancor Tea and Rubber	11.20	10	1.20	1.20			3	Y.F.
84,30,000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agn.) Pvt. Ltd.	1,370H	Blue Mountain Estates & Ind.	22.25	2	0.20	0.20	0.20		6	Y.F.
5,50,000	5,11,080	19,95,967	4,35,544	9,168	K. Anantaraman, Esq. (Mg. Director)	848	Chandramalai Estates Ltd.	2.40	2	0.20	0.20	0.20		6	Y.F.
14,00,000	20,95,127	41,86,733	13,18,052	1,553	Peirce, Leslie & Co., Ltd.	660H	Chembra Peak Estates	4.97	2	0.40	0.40	Nil		6	Y.
5,66,780	13,90,424	24,87,766	3,02,266		Matheson Bosanquet & Co. Pvt. Ltd.	150H	Coonoor Tea	16.80xd	10	1.50	1.75	1.75	0.50	9	Y.F.
4,80,000	5,08,204	16,62,155	3,17,071	17,303	M. L. Goenka, Esq. (Chairman)	671	Coorg Tea	4.86	2	0.40	0.40	0.40		6	Y.F.
8,40,000	2,50,017	14,11,057	4,65,057	3,328	C. Balchand, Esq. (Chairman)	144H	Devashola (Nilgiri) Tea	30.65	10	2.00	0.50	0.50		10	Y.
6,74,550	3,83,740	13,44,758	3,14,293	23,156	Young India Agencies Private Ltd.	1,177	Devon Tea	12.35	10	1.20	1.50	1.50		12	Y.
7,50,000	6,10,000	5,94,450	13,465	19,221	K. N. Krishna Iyer (Mg. Director)	198	Emerald Valley Estates	10.00xd	5	Nil	1.20	1.20	1.00	3	Y.F.
25,00,000	22,41,971	61,03,359	15,14,788	34,749	Parkins Private Ltd.	607H	Halleyburia	12.25	10	1.00	Nil	0.80	1.00	3	Y.
9,00,000	8,49,353	17,72,350	13,13,194	2,190	Peirce, Leslie & Co., Ltd.	193H	Kalasa Tea	4.12xd	2	0.50	0.50	0.50	1.25	12	Y.F.
17,17,076	18,42,010	37,08,125	8,78,882	28,817	Peirce, Leslie & Co., Ltd.*	556H	Kil Kotagiri Tea	5.05	2	0.50	0.50	0.50	0.30	3	Y.F.
6,90,000	3,95,380	14,76,033	1,80,774	249	Ipe Oommen & Co. Pvt. Ltd.	936	Kurchermaia Plant Ltd.	4.67xd	10	0.50	0.50	0.40		10	Y.F.
5,00,000	2,00,189	11,19,478	1,35,087	49,466	Matheson Bosanquet & Co., Ltd.	109H	Lucky Valley	11.75	10	1.00	Nil	Nil	0.50	3	Y.
1,50,000	20,000	3,59,379	35,028	4,609	Vasanta & Co. (Trichy) Pvt. Ltd.	255	Manaz Estates Ltd.	21.75	10	1.00	1.00	1.00		12	Y.
3,00,000	6,18,117	15,08,173	3,99,591	—3,508	Rapen Thomas, Esq. (Mg. Director)	560	Miamallay	1.85	2	0.10	0.10	0.10		3	Y.
36,00,000	24,19,484	84,10,841	17,28,590	20,278	A. V. Thomas & Co. (India) Ltd.	824H	Neelamalai	34.60	25	3.50	2.00	Nil		3	Y.F.
12,00,000	10,00,000	32,59,940	6,97,414	9,882	A. V. Thomas & Co. (Ltd.)	748H	Nellampathy	4.90	5	0.375	0.375	0.375	0.875	6	Y.F.
14,06,250	10,19,464	41,66,449	8,85,850	28,207	A. V. George & Co., Ltd.	1,622	Nilgiri Tea	5.00	2	0.30	0.30	0.30	0.30	6	Y.F.
33,10,000	11,02,621	39,43,336	15,15,045	28,437	Harrison & Crosfield Ltd.	841	Nonsuch Tea	8.66xd	10	1.00	1.00	0.50	0.75	3	Y.
14,58,950	17,72,088	34,54,296	7,51,937	40,177	P. S. M. Molyneux, Esq. (Chairman)	227H	Parkside	21.87	10	2.00	2.00	2.00		6	Y.
6,00,000	6,84,231	7,96,354	79,137	4,27,181	S. Sivaramakrishna Aiyar, Esq.	771	Peninsular Plantations Ltd.	25.20	10	2.25	2.75	2.50		6	Y.
17,00,000	13,87,519	48,20,401	20,82,969	46,160	Aspinwall & Co. (Travancore) Ltd.	634H	Peermade	21.26xd	10	2.00	2.00	2.00		2	Y.
87,94,880	33,98,413	1,30,04,636	50,86,620	919	Peirce, Leslie & Co., Ltd.	1,506H	Periakaramalai	20.65xd	10	2.50	2.00	1.75		12	Y.F.
12,50,000	2,96,503	12,02,040	1,74,015	3,959	A. V. Thomas & Co. (India) Ltd.	882	Sheveroy Estates Ltd.	3.31xd	2	0.40	0.25	0.30	0.27	3	Y.F.
9,00,000	15,30,496	31,78,663	10,92,544	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated	2.05	2	0.15	0.125	0.125		6	Y.F.
1,25,000	12,500	2,18,632	22,950	2,921	M.	216	Swinton Estates	13.75	10	1.00	1.50	1.20		6	Y.
12,50,000	11,46,555	34,26,763	6,09,708	....	Srinivas Agencies	1,056	Talayar Tea	2.68	2	0.20	Nil	Nil		3	Y.F.
18,75,000	17,65,955	34,68,581	5,94,685	28,756	Parkins Private Ltd.	491H	Twyford	1.75xd	2	0.20	0.20	0.20	0.10	3	Y.F.
2,20,000	3,97,345	10,82,130	1,53,687	23,585	A. V. George & Co., Ltd.	508	Udayagiri Rubber Co., Ltd.	9.00	10	0.60	0.50	0.75		12	Y.
21,92,280	21,26,250	59,80,505	22,94,476	22,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	15.50	10	Nil	Nil	Nil		12	Y.
47,35,000	21 35,76	93,19,413	15,06,787	81,280	Kothari Mehta & Co. Pvt. Ltd.	1,127H	Waterfall	22.22xd	10	2.50	2.50	2.25		3	Y.F.
								2.33	2	0.30	0.20	0.30		6	
RUBBER AND OTHERS															
6,00,000	6,52,485	18,17,977	5,30,510	12,585	M. A. M. Muthuraman Chettiar, Esq. (Mg. Director)	993	Angeswar Estates Ltd.	2.84xd	2	0.30	0.20	0.20	0.20	3	Y
6 75,000	2,85,527	22,28,573	4,91,312	2,940	K. N. Neelakantan, Esq. (Mg. Director)	975H	Amalgamated Coffee Estates Ltd.	9.21xd	10	1.00	1.00	0.50	1.00	3	Y.F.
2,50,000	2,60,092	12,98,388	2,52,129	56,241	A. V. George & Co., Ltd.	629	Anandam Rubber Co., Ltd.	14.25	10	1.00	1.00	1.50		3	Y.F.
12,07,825	2,28,040	22,69,626	3,45,437	34,775	Associated Planters Private Ltd.	1,343	Anaparai Estates Ltd.	3.10	2	0.30	0.20	0.30		12	Y.F.
4,38,000	4,75,000	12,17,780	1,42,997	1,051	Young India Agencies Pvt. Ltd.	1,041	Badra Coffee Estates Ltd.	2.90cd	2	0.30	0.15	0.20		6	Y.F.
4,00,000	86,000	7,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore)	283H	Bababudin Coffee & Produce	5.00	2	0.40	0.30	0.30		6	Y.F.
2,00,000	2,25,000	4,59,296	90,721	9,781	Planting Agencies (Private) Ltd.	151H	Balmadies Plantations	1.69xd	2	0.10	Nil	0.10	0.20	6	Y.F.
36,91,279	19,45,895	60,09,790	13,97,512	8,792	Peirce, Leslie & Co., Ltd.	2,530H	Cochin Malabar	6.22	3	0.60	0.60	0.60	0.30	6	Y.F.
32,50,000	33,62,169	57,74,920	18,29,355	890	M. A. Sreenivasan, Esq. (Chairman)	2,793	Coffee Landsfand Industries	18.25	10	1.20	0.90	0.90	0.36	6	Y.F.
71,55,000	78,42,169	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman)	5,345	Consolidated Coffee	24.12	10	2.00	1.50	2.00		6	Y.F.
4,80,000	5,09,725	16,58,947	1,41,758	5,918	Associated Planters Private Ltd.	1,410	Cottanad Plantations	10.30cd	10	1.00	1.50	2.00		6	Y.F.
4,06,560	2,50,000	4,02,630	1,35,017	40,856	Peirce, Leslie & Co., Ltd.	246H	Dowcoody Estates (Coffee)	4.75	2	0.50	0.40	0.35		6	Y.F.
18,00,000	15,20,000	40,99,988	9,82,819	40,041	A. V. Thomas & Co., Ltd.	622H	Highland Produce	14.76	10	1.50	1.50	1.50		12	Y.F.
11,85,700	11,77,705	31,99,915	5,11,190	35,373	A. V. George & Co., Ltd.	1,537	Kallar Rubber Co., Ltd.	6.26xd	2	0.30	0.30	0.28		10	Y.F.
12,80,000	9,72,669	26,05,141	5,19,390	13,355	A. V. Thomas & Co., Ltd.	986H	Kalpetta Estates	12.25xd	10	1.25	1.25	0.60	0.60	2	Y.
6,00,000	2,40,000	9,93,124	2,60,252	26,055	Peirce, Leslie & Co., Ltd.	273H	Kumeroor Estates Ltd.	4.30	2	0.35	0.30	0.28	1.25	4	Y.F.
12,50,000	9,14,031	25,10,108	5,31,748	19,417	K. T. Thomas Kathanar, Esq.	936H	Malankara Rubber	15.72xd	10	1.50*	1.50	1.40	1.60	10	Y.F.
3,25,000	2,50,000	8,72,737	96,884	3,643	Associated Planters Pvt. Ltd.	906	Mercara Rubbers Ltd.	7.85	5	0.00	0.75	0.625		3	Y.F.
40,50,000	17,25,165	81,95,894	14,55,340	3,476	A. V. Thomas & Co., Ltd.	885H	Midland Rubber	10.55	10	1.25	1.25	1.00	1.00	3	Y.F.
2,35,000	4,12,607	17,54,491	3,54,874	1,18,606	A. V. George & Co., Ltd.	1,331	Neemeny Rubber	22.56cd	10	1.50	1.50			3	Y.F.
2,00,000	5,08,616	11,04,287	66,555	3,902	Associated Planters Private Ltd.	846	Nilambur Rubber Co.	10.65	10	1.50	1.50	1.25		12	Y.F.
6,50,000	5,96,464	13,59,223	1,39,772	17,987	Peirce, Leslie & Co., Ltd.	226H	Oaccor Estates Ltd.	2.76	2	0.30	0.20	0.30		3	Y.F.
19,45,880	24,54,133	69,64,648	24,42,425	2,616	Peirce, Leslie & Co., Ltd.	1,812H	Ouchterlony Valley Estates	8.81	10	0.60	1.50	0.50		7	Y.F.
16,50,000	5,75,528	26,14,686	4,65,915	16,319	Aspinwall & Co., Ltd.	981H	Pullangode Rubber	3.30xd	2	0.24	0.12	0.25		10	Y.F.
13,50,000	12,55,952	33,90,881	5,55,425	20,850	A. V. Thomas & Co., Ltd.	1,216H	Rajagiri Rubber	22.50	10	0.12	0.15	0.20	0.16	3	Y.F.
2,00,000	2,14,963	4,29,216	67,402	47,267	Associated Planters Private Ltd.	423	Rajendra Coffee Ltd.	13.00cd	10	2.00	2.00	2.125		6	Y.F.
12,00,000	3,00 000	21,03,948	2,79,616	4,494	Patco Agencies	470H	Sangameshwar Coffee Estates	1.80	2	1.25	1.00	1.25	1.25	3	Y.F.
5,50,170	3,23,800	10,11,493	2,15,317	6,933	Peirce, Leslie & Co., Ltd.	202H	Savamalai Estates Ltd.	5.25	2	0.12	Nil	Nil	Nil	3	Y.F.
4,25,000	2,74,153	14,80,789	65,133	7,695	A. V. George & Co., Ltd.	515	Thamaraparlly Rubber	15.26	10	1.50	1.80	1.60	0.35	11	Y.F.
9,15,300	10,75,840	16,61,781	2,34,898	7,989	Peirce, Leslie & Co., Ltd.	1,312	Thirumbadi Rubber Co., Ltd.	1.77	1	0.12	0.10	0.10		12	Y.F.
6,00,000	6,15,616	13,78,050	1,92,991	1,840	Rapen Thomas, Esq. (Mg. Director)	1,341	Travancore Rubber	11.50	10	0.12				9	Y.
41,50,000	12,53,584	90,95,805	18,31,504	52,283	Aspinwall & Co. (Travancore) Ltd.	2,109H	Travancore Rubber & Tea	8.40	10	1.25	0.80	0.80		12	Y.F.
30,00,000	1,01,000	33,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director)	3,157	Tropical Plantations Co.	19.65	25	1.00	1.00			12	Y.
3,80,010	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyaar, Esq. (Chairman)	1,116	Valkundam Rubber Co., Ltd.	84.30	10	8.00				12	Y.
6,00,000	7,18,624	19,97,467	2,09,728	8,001	P. I. Joseph, Esq. (Chairman)	1,333	Velimalai Rubber & Co.	4.84	5	0.60	0.25	0.35	0.35	12	Y.F.
12,00,000	12,40,982	16,57,152	2,24,133	26,874	Peirce, Leslie & Co., Ltd.	417H	Wartyhully Estates Ltd.	2.67	2	0.30	0.20	0.24		3	Y.F.
8,56,000	97,300	13,65,464	1,02,251	23,313	M.	996	Woodland Estates	6.50xd	10	1.00				3	Y.F.

V—Includes 60 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1960 are shown as taxable.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	16,37,403	27,43,483	11,03,380	....	McLeod & Co., Ltd.	368H	Amluckie	16.00	10	Nil	1.00	0.75		12	Y.P.
2,78,000	17,237	16,81,576	7,19,307	449	M.	456	Ananda (Assam) Tea	27.50	10	2.00	3.00	2.50		12	Y.
7,03,250	8,53,082	21,13,838	8,26,101	3,367	Gillanders Arbuthnot & Co., Ltd.	521	Ananda Bag	30.00	10	3.00	3.25	2.00	1.25	12	Y.
5,50,000	4,25,500	18,34,741	6,92,326	2,776	McLeod & Co., Ltd.	242H	Baghmari	11.37	10	Nil	1.50	0.75		12	Y.
7,65,000	16,34,741	29,19,164	12,97,900	36,156	Andrew Yule & Co., Ltd.	164H	Basnatia	18.06	10	3.50	2.50'C'	2.00	0.75	12	Y.
4,95,900	10,58,958	29,78,324	10,59,045	267 H	National Tea Corporation	267 H	Batell	17.06	5	1.50	1.50	1.50	1.50	12	Y.
4,95,900	8,13,912	22,03,321	12,55,654	19,244	Gillanders Arbuthnot & Co., Ltd.	629	Betjan	28.00	10	4.00	4.50	3.00	2.50	12	Y.
3,40,000	12,30,747	21,99,738	9,54,032	7,512	Williamson Magor & Co., Ltd.	1,412H	Bishnauth	14.37	10	1.30	1.30	2.00	0.75	12	Y.
38,00,000	18,45,000	80,33,572	42,05,004	22,421	Williamson Magor & Co., Ltd.	194H	Bokakhat	13.12	10	Nil	1.30	1.50		12	Y.
6,00,000	5,03,003	16,37,466	4,59,270	6,649	Octavius Steel & Co., Ltd.	220H	Bormah Jan Tea	10.06	10	1.50	1.50	1.50		12	Y.P.
7,50,000	11,90,375	19,37,572	5,57,329	14,236	McLeod & Co., Ltd.	1,147H	Brooke Bond	9.37	10	1.50	1.00	0.75	0.75	6	Y.
35,00,000	15,86,180	1,06,68,137	40,74,483	7,618	J. P. Hannay, Esq. (Chairman)	137H	Dejoo Valley	44.00N	10	1.50	2

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1961	1962	1963	1964	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
CERAMIC; MINING AND QUARRYING														
36,00,000	18,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	5.94	10	0.60	0.50			3	Y.
18,50,000	6,35,242	23,23,856	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kot Ltd.	22.00	10	3.00	2.00			9	Y.F.
56,25,544	30,24,128	1,94,48,115	96,49,200	2,055	Bharat Ram Bhagat & Co.	Bengal Potteries	4.37	24	0.30	0.30	0.275		12	Y.
40,00,000	49,03,140	1,61,31,625	75,91,918	3,682	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	17.62	10	3.00	1.00	1.25	1.25	3	Y.
14,17,800	25,18,589	53,55,181	22,68,904	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	192.50	100	15.00	15.00	18.00		9	Y.F.
98,20,000	25,89,686	1,43,58,859	56,29,712	56,050	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	104.00	100	11.00	9.00	7.00		12	Y.
53,064,950	43,304,959	84,477,888	25,577,338	2465	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.38	Sh. 2	27%	18%	12%		12	Y.
F.5,00,000 / G.15,00,000	29,37,096	49,30,247	14,36,451	1,570	Bird & Co. Private Ltd...	Karanpura Development	9.00	10	1.50	0.90	0.90		12	Y.
90,00,500	9,00,000	1,59,23,191	51,63,152	29,674	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd. ..	67.50	100	*Nil*	*Nil*	*Nil*		12	Y.F.
30,00,000	60,46,590	1,78,57,945	95,66,008	24,239	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	418.46	10	1.80	1.80	1.50		12	Y.F.T.
1,76,79,255	10,90,896	1,22,29,515	76,13,994	3,25,965	Sir Indra Singh, Kt. (Chairman) ..	Metal Corporation of India Ltd. ..	6.25	10	*Nil*	*Nil*			3	Y.F.
6,00,000	5,99,234	17,39,155	10,18,397	721	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries	11.57cdN	10	1.20	1.50	1.25	1.25	3	Y.
30,00,000	67,67,451	80,02,201	34,56,786	28,901	Bird & Co. Private Ltd.	Orissa Minerals	20.00	10	2.50	2.00			6	Y.
12,18,650	22,84,051	1,06,25,903	57,38,031	42,395	A. V. Gharpure, Esq. (Chairman) ..	Parahuram Pottery Works Co., Ltd.	59.00	25	5.25	5.25	3.75		7	Y.F.
21,00,000	37,51,142	99,40,647	51,84,720	−23 63,858	Killick Industries Ltd.	Shivrajpur Syndicate	16.28	10	*Nil*	*Nil*	*Nil*		11	Y.
4,86,548 / 7,20,780	13,90,910	37,08,644	14,23,752	5 375	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	27.00	10	2.75	2.50	2.00		12	Y
CHEMICAL														
23,86,175	....	1,79,449	13,076	−26,945	Agri-Chem Engineers, ...	Adarsh Chemicals & Fertilisers ..	71.50	100	*Nil*				12	Y.F.
1,44,00,000	91,50,574	3,54,14,220	1,39,51,185	16,265	Bayroma Services	Alembic Chemical Works Co.	161.00	100	14.00	12.00	12.00		12	Y.F.
3,10,00,000	2,26,33,273	3,39,01,420	2,46,53,284	5,671	Imperial Chemical Industries (India) Private Ltd.									
1,10,23,200	80,12,547	2,29,02,580	78,73,157	6,813	Amritlal & Co. Private Ltd.	Alkali and Chem. Corpn. of India ..	29.50	10	1.50	1.50	1.50		9	F.Y.
29,84,000	47,67,886	2,21,76,216	99,62,362	....	Kasturbai Lalbhai & Co.	Amar Dye-Chem. Ltd.	152.50	100	9.00	9.00	8.00		12	Y.F.
3,24,16,200	1,83,84,680	7,54,09,808	2,06,13,757	19,425	Lalbhai Sons & Co.	Anil Starch Products Ltd.	410.00	100	30.00*	25.00*	25.00*		12	Y.F.
50,00,000	....	35,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)	Atul Products Ltd.	296.50	100	12.00	12.00	12.00		12	Y.
1,25,45,900	67,58,823	1,59,19,707	81,89,070	5,728	Dr. B. N. Ghose (Managing Director) .	Barium Chemical Ltd.	56.00	100	..	*Nil*			6	Y.
1,26,00,000	1,44,62,999	1,71,93,875	43,75,317	16,332	Ramniwas B. Ruia, Esq. (Chairman) .	Bengal Chemical and Phar.	102.00	100	10.00	10.00			3	Y.
14,56,514		17,40,490	2,02,099	12,818	Nadkarni & Co.	Colour-Chem Ltd.	307.50	100	8.00	12.00	12.00	16.00	3	Y.
41,88,250	85,16,958	1,54,19,949	87,18,284	9,597	Dharamsi Morarji & Co.	Chemo-Pharma Laboratories Ltd. ..	32.25	25	3.00	3.00			12	Y.
1,97,50,000	1,67,55,420	7,10,60,072	2,65,98,147	76,110	Sahu Bros. (Saurashtra) Private Ltd.	Dharangadhra Chemicals	115.75	50	5.00	5.00	8.00		12	Y.
6,94,97,740	78,33,033	9,58,77,503	3,61,85,65.	....	M. K. K. Nayar, Esq. (Mg. Director) .	Dharamsi Morarji Chemical Co., Ltd.	117.00xd	100	6.00	6.00	8.00	10.00	3	Y.
1,34,76,000	71,97,780	2,54,75,978	85,44,527	3,006	Mafatlal Gagalbhai & Sons	Dhrangadhra Dyestuffs Industries Ltd.	6.18	10	0.60	..	*Nil*	*Nil*	3	Y.
12,00,000	6,54,411	28,94,858	15,61,602	19,974	Jal H. Mehta, Esq. (Chairman) ..	Dharangadhra Chemicals	286.50	100	6.00	7.00	7.00		3	Y.F.
1,69,98,120	42,10,801	2,86,96,278	1,23,05,874	12,185	Seshasayee Brothers Private Ltd. ..	Kemp & Co.	263.75	200	25.00	20.00	20.00		3	Y.F.T.
24,31,222	13,28,696	58,27,643	49,01,764	16,144	T. Shamanna, Esq. (Chairman) ..	Mettur Chemicals	14.90cd	10	1.25	1.375*	1.25	1.25	3	Y.
10,00,000	5,50,915	18,77,190	4,510	1,307	Ramniwas B. Ruia, Esq. (Mg. Director)	Mysore Chemicals Mfg.	15.50xd	10	2.00	2.00	1.50	1.50	3	Y.F.
55,00,000	95,40,776	3,62,71,451	86,37,503	6,016	Ramdas Kilachand, Esq. (Chairman) .	Polychem Ltd.	103.00	50	7.50	7.50	7.50	7.50	3	Y.
49,84,750	8,470	66,41,412	40,488	52,803	Rmcate & Sons Private Ltd.	Premier Fertilisers Ltd.	6.25	10	*Nil*	*Nil*	*Nil*		12	Y.
32,50,000	17,62,293	65,52,467	27,96,505	11 013	Bangur Brothers Ltd.	Phosphate Co., Ltd.	175.00	100	25.00	17.50	15.00		6	Y.F
20,00,000	17,67,251	31,86,795	18,60,805	19,167	D. M. Jaffray, Esq. (Chairman) ..	Smith Stanistreet & Co.	13.69	5	1.25	1.25	1.125		6	Y
4,90,54,470	24,88,960	3,18,78,704	17,05,817	−9,86,858	Tulsidas Kilachand, Esq. (Chairman) .	Synthetics & Chemicals Ltd.	76.00	100	*Nil*	*Nil*	*Nil*		3	Y.F.
9,25,32,315	1,09,52,567	9,01,95,574	3,04,25,867	2,923	Tata Industries Private Ltd.	Tata Chemicals	19.37	10	0.65	0.65	1.00		6	Y.F
25,00,000	5,89,750	39,36,714	12,00,879	6,616	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd.	19.12	10	2.00	2.00	2.00		3	Y.F
31,16,000	....	2,93,892	1,492	−5,72,888	Mr. M. J. Vaidya (Chairman)	Travancore Electro-Chemical Ind.	67.00	100	*Nil*	*Nil*			12	Y.
14,09,375	2,52,500	28,88,794	3,45,382	−4,12,501	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	114 00	100	*Nil*	*Nil*	*Nil*		12	Y
ELECTRIC (BOMBAY)														
8,74,78,395	2,32,67,033	28,06,80,231	6,32,38,775	127	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	104 75	100	7.00	8.00	8.00	8.00	3	Y.F.
1,04,11,920	68,12,174	3,66,91,695	1,03,99,764	27,089	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	9.28	10	0.90	0.90	0.90	0.90	3	Y.
3,82,77,000	1,76,40,693	12,80,99,377	3,62,30,226	6,370	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,246.25	1,000	80.00*	80.00*	90.00	100.00	3	Y.F.
1,85,50,000	1,90,55,299	6,73,25,389	1,61,14,168	10,356	Killick Industries Ltd.	Bombay Suburban Electric Supply	116.50	100	8.50	8.50	9.00	9.00	3	Y.
7,67,932	1,03,967	16,97,265	8,70,206	1,585	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Developmen.	6.48	10	0.72	0.60	0.50		3	Y.T
48,59,000	12,56,818	1,57,72,704	61,58,500	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	200.00	100	8.25	8.25	8.00		3	Y.T
79,00,000	52,04,432	2,04,57,383	73,49,175	18,482	Killick Industries Ltd.	Surat Electricity	180.00	100	8.00	8.00	9.00	9.00	3	Y.T
2,40,00,000	1,85,02,778	10,07,67,517	2,61,06,997	9,102	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	130.50	100	8.00*	8.00*	9.00	10.00	3	Y.T
5,18,85,000	4,69,87,795	21,70,65,962	5,40,06,347	5,744	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,285.00	1,000	80.00*	80.00*	90.00	100.00	3	Y.T
West Bengal and Other Centres														
6,99,000	7,38,551	42,61,418	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	15.00	10	*Nil*	1.00			12	Y.F.T.
80,00,000	56,58,221	1,22,65,591	82,93,550	2,263	Tantia Brothers Pvt. Ltd.	Bharitia Electric Steel	15.00	10	1.00	1.35	1.50		12	Y.
40,00,000	12,24,786	54,01,611	18,36,998	21,432	G. D. Binani, Esq. (Mg. Director) ..	Binani Metal Works Ltd.	18.25	10	1.00	1.00	1.20		12	Y.
1,00,00,000	1,40,28,453	2,28,37,405	1,82,74,056	....	J. V. Hardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd. ..	32.25	10	2.50	1.40	2.00		12	Y.
1,25,00,000	58,62,080	1,56,65,242	85,25,828	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	62.50N	100	3.00	3.00	3.00		12	Y.
19,86,670	7,04,341	39,97,580	14,06,685	32,966	Homes Wilson & Co., Ltd.	Britannia Building and Iron	3.00	10	*Nil*				3	Y.
1,00,00,000	52,85,735	1,98,55,093	75,50,276	5,115	McLeod & Co., Ltd.	Britannia Engineering	9.87	10	1.00	1.00			12	Y.F.
25,00,000	23,97,576	....	44,64,472	22,91,671	....	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	10.12	10	1.00	1.50	1.50		12	Y.
168,00,000	2,29,82,397	7,65,66,696	4,17 99,666	....	Martin Burn Ltd.	Burn & Co.	279.00	100	2.00	1.50	1.50		12	Y.
1,00,00,000	22,70,823	81,14,077	24,19,384	1,57,572	R. N. Bhutika, Esq. (Secretary) ..	Calcutta Steel Co., Ltd.	13.81	10	1.50	1.50	1.25	15.00	4	Y.F.
1,00,00,000	45,09,184	2,42,19,314	89,12,802	32,961	R. L. Makharia, Esq.	Central India Machinery Mfg. Co., Ltd.	13 12	10	*Nil*	*Nil*	0.75	1.50	3	Y.F.
35,00,000	35,00,000	1,74,24,651	51,07,264	6,868	G. Regrwal, Esq. (Mg. Director) ..	Dalmia Iron & Steel Ltd.	11.25	10	1.00	1.00	1.00		9	Y.
60,93,400	28,26,003	1,26,09,918	30,29,918	21,899	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co. ..	13 75	10	1.00	1.00	1.00		9	Y.
1,00,18,469	77,93,558	3,04,44,228	15,200	Harmahal & Co. Private Ltd. ..	Escort Ltd.	17.25	10	1.50	1.10	*Nil*		10	Y.
6,32,18,740	5,19,05,807	10,11,66,705	3,83,48,700	....	N. R. Pillai, Esq. (Chairman) ..	Guest, Keen, Williams Ltd.	22.50	10	1.40	1.40	1.20		12	Y.
17,50,000	11,04,000	62,95,094	44,08,320	3,237	Martin Burn Ltd.	Hooghly Docking	77.00	50	5.00	5.00	5.00		12	Y.
12,44,08,990	41,05,47,502	86,61,66,389	28,54,34,906	....	Martin Burn Ltd.	Indian Iron and Steel	25.22	10	1.00	1.00	1.50		12	Y.F.
77,97,000	1,25,96,511	1,62,59,529	94,86,216	....	Martin Burn Ltd.	Indian Standard Wagon	39.94	10	2.85	2.85	2.00*	2.00	3	Y.F.
96,18,160 / 26,580	3,28,86,672	4,56,80,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	31.75 / 14.12	0.10 / 0.1	2.40 / 0.24	2.85 / 0.22	1.80 / 0.80		3	Y.
48,75,580	4,63,950	53,00,314	26,97,142	27,985	C. R. Ramaswamy Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd. ..	7.50xd	10	1.00	1.00	0.90	0.90	3	Y.F.
1,81,87,500	1,30,62,181	5,39,84,682	2,65,67,444	4,084	Madan Mohan Lall Shri Ram Pt. Ltd. ..	Jay Engineering Works, Ltd.	18.25xd	10	1.25	1.00	0.90	0.90	3	Y.F.
46,00,000	65,79,000	97,98,620	30,88,807	2,169	J. K. Industries Private Ltd.	J. K. Steel Ltd.	18.00	10	1.716	1.50	1.00	0.80	3	Y.F.
2,06,99,000	3,00,18,258	5,37,97,464	1,90,97,854	64,915	A. K. Chanda, Esq. (Chairman) ..	Jessop & Co. Ltd.	23.94	10	2.00	2.00	1.00	1.00	3	Y.F.
27,64,800	27,53,075	27,78,204	11,56,481	45,983	Bird & Co. Private Ltd	Kumardhubi Engineering Works ..	15.00	10	1.00	0.858	1.00		10	Y.F.
42,50,000	65,18,037	1,20,25,382	54,51,588	45,007	Octavius Steel & Co., Ltd.	Marshall Sons & Co. (India) Ltd. ..	6.19xd	10	0.75	0.45	0.50		11	Y.
5,34,640	1,48,267	42,86,979	17,80,526	47,128	Moonna Lall & Sons	National Iron and Steel Co., Ltd. ..	3.44	2	*Nil*	*Nil*	*Nil*		6	Y.
22,49,700	31,43,989	1,20,09,456	51,95,372	5,734	Martin Burn Ltd.	Jubbulpore Electric Supply	11.00	10	1.00	1.00	1.10	0.80	3	Y.
88,07,188	40,44,000	1,11,80,880	58,00,276	75,787	Octavius Steel & Co. Ltd.	Patna Electric Supply	10.37	10	1.00				3	Y.
9,10,000	2,58,304	15,86,883	6,29,467	5,942	Octavius Steel & Co. Ltd.	Shahjahanpur Electric Supply	5.62	10	0.625				3	Y.
16,80,000	19,42,893	85,04,521	50,81,275	6,958	Bird & Co. Private Ltd...	Sijuah (Dherriah) Elec. Supply Co.	9.50N	10	0.90	0.90	0.80	0.90	3	Y.
70,00,000	42,62,539	2,00,30,953	98,07,489	12,480	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	11.75	10	0.90	1.00	1.05	1.10	3	Y.F.
5,00,000	10,91,872	36,78,703	16,39,144	18,538	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	25.37	10	1.35	1.35	1.35	1.00	3	Y.
56,00,000	33,86,813	4,99,22,812	1,86,76,504	2,908	Martin Burn Ltd.	U. P. Electric Supply Co.	215.56xd	100	11.00	11.00	11.00	10.00	3	Y.
8,00,000	24,34,832	69,17,878	19,78,324	14,628	Chemindia & Co. Private Ltd. ..	Vellore Electric Corporation	14.42xd	10	1.429	1.429	1.429	1.50	3	Y.
ENGINEERING (Bombay)														
51,96,180	68,99,676	1,13,56,886	66,82,489	36,128	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	289.00	100	22.50	19.00			12	Y.
10,99,050	7,77,224	25,48,735	12,13,954	641	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	85.00	50	9.00*	9.00*	9.00		12	Y.
1,12,85,813	49,05,510	2,24,32,010	1,07,36,169	777	Wakeland & Co. Private Ltd.	Cooper Engineering Ltd.	112.00	100	12.00	7.00	8.00	8.00	6	Y.
1,20,00,000	3,04,874	1,14,68,087	39,73,897	95,567	D. N. Desai, Esq. (Chairman)	Hindustan Electric Co., Ltd.	103.50	100	4.00	*Nil*	*Nil*	4.00	4	Y.
60,00,000	1,28,73,164	2,72,67,477	1,56,47,099	145	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	171.25	100	13.00	14.00	14.00		12	Y.F.
15,00,000	3,18,067	14,29,209	2,33,131	3,516	T. V. Baddeley, Esq. (Chairman) ..	Jost's Engineering	47.00	50	5.00	5.00	3.00	3.00	3	Y.
60,00,000	30,64,247	1,12,98,186	37,66,506	18,689	Adnam Services	Jyoti Ltd.	135.00	100	12.00	9.00	10.00		12	Y.F.
44,96,250	14,17,502	85,37,084	43,89,307	4,511	Kamani Bros. Private Ltd.	Kamani Engineering Corporation ..	12.76	10	0.90	0.90	0.90		12	Y.
67,61,445	1,42,50,068	2,19,41,464	88,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	41.50	25	2.50	2.50	1.20		9	Y.F.
61,84,940	71,09,895	1,97,20,076	87,55,501	973	Kirloskar Amoatites	Kirloskar Electric Co., Ltd.	19.25	10	1.10	1.20	1.00		6	Y.
60,00,000	79,27,386	1,76,05,965	69,09,529	28,996	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	24.62	10	1.60	1.60	1.20		3	Y.
33,95,200	30,96,284	64,29,431	20,91,276	32,352	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd. ..	175.00	100	12.50	12.50	10.00	12.50	3	Y.F.
38,19,770	5,14,084	1,34,12,444	50,18,120	1,69,270	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	5.88	10	*Nil*	*Nil*	*Nil*		3	Y.F.
1,65,00,000	1,12,23,804	2,84,04,270	77,19,557	15,974	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	23.80	10	1.80	1.40	1.40	1.50	3	Y.F.
57,47,755	4,22,494	26,17,042	2,43,392	35,575	C. C. Desai, Esq. (Chairman)	Lynx Machinery	6.00	10	*Nil*	*Nil*	*Nil*	0.25	3	Y.
30,12,160	49,49,061	2,06,51,285	95,55,916	3,337	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	*Nil*	1.25	1.50	1.50	3	Y.F.
1,97,98,145	1,14,00,083	2,29,64,781	89,96,801	15,767	Keshub Mahindra, Esq. (Chairman) ..	Mahindra & Mahindra Ltd.	17.24	10	1.50*	1.25	1.25		10	Y.F.
80,00,000	1,29,812	58,78,085	33,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd. ..	115.00	100	*Nil*	*Nil*			3	Y.F.
11,00,000	4,48,987	49,41,793	30,54,778	729	P. Jhunjhunwala, Esq. (Mg. Director).	McKenzies	187.50	100	12.00	14.00	14.00		3	Y.
1,09,01,007 / D. 1,24,830	1,06,62,412	2,31,72,285	97,21,770	....	Jeewan Ltd.	Mukand Iron & Steel	16.92xd	10	1.20	1.20	1.20	1.20	3	Y.F.
50,09,000 / 7,50,000	58,34,303	1,82,49,872	85,50,104	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	165.00 / 161.25	100	12.00	12.00	10.00		3	Y.
15,55,400	11,96,582	39,61,901	14,35,875	8,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd	100.00	50	6.50	6.50	5.00		3	Y.
22,44,050	23,16,221	1,65,07,206	46,25,649	15,598	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	125.00	100	9.00	9.00			3	Y.
38,99,970	1,38,39,545	11,68,575	3,47,855	455	Wakeland & Co. Private Ltd.	Premier Construction	189.00	50	10.00	9.00	9.00	10.00	3	Y.
78,67,725	46,64,730	1,28,89,480	60,80,565	5,683	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	85.00	100	12.00	8.00	10.00		12	Y.
27,55,70,851	44,97,04,518	2,06,37,84,588	1,00,22,40,616	2,44,126	Tata Industries Private Ltd.	Tata Iron and Steel	149.50	75 Old	10.36*	10.36*	11.00	12.00	3	Y.F.
6,98,26,823	5,58,56,832	39,19,96,452	18,01,54,678	30,275	Tata Industries Private Ltd.	Tata Locomotive	222.50	100	14.00	14.50	14.50	14.50	3	Y.F.
29,87,910	21,02,458	75,26,784	24,86,020	18,875	T. Manekial & Co.	T. Manekial Mfg. Co.	485.00	100	27.00	27.00	6.00	25.00	5	Y.
41,06,980	33,97,021	19,70,975	11,38,441	1,176	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	24.76	10	2.25	2.25	2.25		6	Y.
2,55,00,000	3,28,57,137	1,79,11,762	48,76,403	....	J. D. Choksi, Esq. (Chairman)	Voltas Ltd.	266.50	90	14.00	14.00	14.00		6	Y.
69,96,943	49,94,169	1,30,88,393	12,92,340	4,991	M.	Zenith Steel Pipes Ltd.	15.00	10	*Nil*	*Nil*	0.60		4	Y.
West Bengal and Other Centres														
6,99,000	7,38,551	42,61,418	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	15.00	10	*Nil*	1.00			12	Y.F.T.
80,00,000	56,58,221	1,22,65,591	82,93,550	2,263	Tantia Brothers Pvt. Ltd.	Bharitia Electric Steel	15.00	10	1.00	1.35	1.50		12	Y.
40,00,000	12,24,786	54,01,611	18,36,998	21,432	G. D. Binani, Esq. (Mg. Director) ..	Binani Metal Works Ltd.	18.25	10	1.00	1.00	1.20		12	Y.
1,00,00,000	1,40,28,453	2,28,37,405	1,82,74,056	....	J. V. Hardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd. ..	32.25	10	2.50	1.40	2.00		12	Y.
1,25,00,000	58,62,080	1,56,65,242	85,25,828	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	62.50N	100	3.00	3.00	3.00		12	Y.
19,86,670	7,04,341	39,97,580	14,06,685	32,966	Homes Wilson & Co., Ltd.	Britannia Building and Iron	3.00	10	*Nil*				3	Y.
1,00,00,000	52,85,735	1,98,55,093	75,50,276	5,115	McLeod & Co., Ltd.	Britannia Engineering	9.87	10	1.00	1.00			12	Y.F.
25,00,000	23,97,576	....	44,64,472	22,91,671	....	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	10.12	10	1.00	1.50	1.50		12	Y.
168,00,000	2,29,82,397	7,65,66,696	4,17 99,666	....	Martin Burn Ltd.	Burn & Co.	279.00	100	2.00	1.50	1.50		12	Y.
1,00,00,000	22,70,823	81,14,077	24,19,384	1,57,572	R. N. Bhutika, Esq. (Secretary) ..	Calcutta Steel Co., Ltd.	13.81	10	1.50	1.50	1.25	15.00	4	Y.F.
1,00,00,000	45,09,184	2,42,19,314	89,12,802	32,961	R. L. Makharia, Esq.	Central India Machinery Mfg. Co., Ltd.	13 12	10	*Nil*	*Nil*	0.75	1.50	3	Y.F.
35,00,000	35,00,000	1,74,24,651	51,07,264	6,868	G. Regrwal, Esq. (Mg. Director) ..	Dalmia Iron & Steel Ltd.	11.25	10	1.00	1.00	1.00		9	Y.
60,93,400	28,26,003

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1961	1962	1963	1964	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
1,17,18,750	2,43,57,285	9,39,83,544	1,61,42,462	22,287	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd. ..	11.50	10	1.20	1.20	0.50	9.90	3	Y.P.T.
1,34,98,483	77,93,689	2,60,01,535	1,14,51,193	69,958	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd. ..	23.25xd	10	0.90	1.80	1.50	1.80	3	Y.
7,94,700	2,72,000	16,65,492	2,19,926	1,442	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	9.69	10	..	1.00	0.50		4	Y.
12,65,175							7.15	7.50	..	0.50	0.375			
30,00,000	44,23,928	46,09,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd. ..	Angelo Bros. Ltd.	25.25	10	2.81	2.80	2.80		8	Y.
4,97,14,990	81,08,000	5,99,72,026	1,61,25,618	53,399	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	6.90	5	0.30	0.40	0.35		9	Y.
30,00,000	43,10,024	50,67,241	27,77,690	18,162	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	25.25	10	2.00*	2.00*	2.00		12	Y.
1,18,00,000	98,34,917	1,31,10,564	77,02,281	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. ..	24.50	10	1.50	1.50	1.50		8	Y.P.T.
20,00,400	44,17,208	77,53,757	84,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	10.37N	10	1.00	1.00			6	Y.
80,01,400	1,26,93,254	97,20,051	46,35,240	....	C. G. Montgomery, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	236.00	100	25.00	25.00	22.50		12	Y.
12,00,000	31,52,123	39,22,354	35,10,354	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	33.75	10	2.50	2.50	3.00		12	Y.
20,00,000	9,62,972	67,82,724§§	....	1,064	Lovelock & Lewis	Birds Investment Ltd.	8.81	10	1.00	1.00	0.80		9	Y.P.
68,95,630	1,00,95,705	2,16,07,495	89,93,468	745	K. Julian Scott, Esq. (Mg. Director) ..	Britannia Biscuits	36.62	10	3.00*	2.50	2.10	2.10	3	Y.P.T.
$25,00,000	2,59,81,762	3,50,37,927	2,59,48,445	23,545	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	11.12	5	0.35	0.45	0.75		12	Y.
50,00,000	49,02,950	52,35,551	29,71,982	2,226	K. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	24.25	10	1.25	1.00	1.50		12	Y.
1,38,80,000	14,77,612	1,77,96,192§§	....	2,75,442	Andrew Yule & Co., Ltd.	Clive Row Investment	9.00	10	0.75	0.75	0.80		12	Y.
5,98,650	7,50,000	40,86,867	30,84,660	28,239	K. L. Mital, Esq. (Secretary) ..	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	0.75	0.80		10	Y.P.T.
4,50,00,000	6,23,00,650	12,21,08,895	5,75,17,151	....	M. L. Bezon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	32.37	10	2.00	1.50	1.75		12	Y.P.T.
1,08,00,000	1,26,67,000	19,76,062	9,48,881	22,124	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	137.00	100	14.00	14.00	12.00		12	Y.
56,72,320	2,23,56,496	2,44,33,402	53,53,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	26.12	5	1.50	0.90	0.90		12	Y.
76,89,000	65,11,801	1,78,16,453§§	....	1,51,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	102.00	100	14.00	12.00	10.00		12	Y.P.
1,59,49,180	4,04,572	33,13,170	5,63,856	31,294	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	8.19	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
48,33,000	9,17,059	1,27,35,585	41,42,015	5,749	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.30	10	0.40	0.40	0.75		12	Y.P.
40,12,888	39,64,090	1,15,37,705	59,85,716	2,62,362	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd.	11.00	12.50	1.60	1.60			12	Y.P.
14,00,000	19,92,000	44,75,416	23,35,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	260.00	100	20.00	15.00			12	Y.
80,00,000	....	4,73,255	....	21,991	National Rubber Mfrs. Ltd.	Inchek Tyres Ltd.	8.50	7.50	*Nil*	*Nil*	*Nil*		6	Y.P.
65,00,000	58,42,190	34,60,723	20,88,583	15,471	J. W. Easson, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	13.25	10	1.10	1.10	1.10		8	Y.
40,00,000	35,10,500	38,90,747	58,46,453	2,446	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	22.00	10	4.00	8.00	2.00		12	Y.P.
2,00,15,000	1,54,50,000	3,66,93,878	37,75,535	51,66,310	R. E. O. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	23.06	10	*Nil*				12	Y.
8,09,49,550	3,80,11,174	15,66,69,214	6,34,10,991	13,299	Birla Brothers Private Ltd.	Hindustan Motors	16.59	10	1.20	1.25	1.15	1.15	12	Y.P.
1,80,00,000	57,26,512	3,18,45,042	72,54,008	—12,90,311	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	14.37	10	1.20	*Nil*	*Nil*		10	Y.
39,91,300	1,05,500	1,07,07,504	18,85,994	—5,10,975	H. L. Somany, Esq. (Chairman) ..	Hindustan Twyfords Ltd.	15.00	10	*Nil*	*Nil*	*Nil*		3	Y.P.
15,16,00,000	11,33,81,191	8,38,63,777	4,44,47,194	80,138	Mr. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	8.25	10	0.90	0.90	0.80	0.65	3	Y.P.T.
6,00,44,460	5,02,72,274	18,67,08,063	6,31,36,292	4,12,610	H. V. R. Iengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	31.62	10	1.50	1.75	1.75		3	Y.P.T.
2,45,65,450	3,70,04,031	4,02,36,360	2,08,73,154	9,790	J. V. J. Paterson, Esq. (Chairman) ..	Indian Cable Co., Ltd.	35.31	10	2.25	2.25	2.25	2.50	3	Y.T.
3,54,00,000	1,61,39,856	9,06,12,544	3,91,56,321	35,587	Amiya Kumar Sen, Esq. (Mg. Director)	Indian Oxygen Ltd.	24.50	10	1.50	1.20	1.20		3	Y.P.
29,93,375	1,89,825	60,18,368	28,12,632	66,066	M.	Indian Plastics Ltd.	8.19	10	*Nil*	*Nil*			3	Y.P.
8,27,970	12,42,783	22,18,109	13,35,190	53,791	M.	Indian Rubber Manufacturers	22.00	10	3.00	3.00			3	Y.P.
74,98,900	5,31,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Woolcombers of India Ltd.	10.75	10	*Nil*	*Nil*			12	Y.P.
2,00,00,000	1,00,37,759	57,22,627	21,50,250	....	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	70.50	10	7.00	6.00	7.00	7.00	3	Y.P.
15,00,000	13,00,000	18,79,359	1,52,872	64,044	J. V. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	1.19	10	1.00				3	Y.
1,40,20,888	28,23,514	2,73,13,972	18,67,688	1,01,639	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	9.60	10	0.60	0.45	0.32		9	Y.
1,47,12,250	1,38,23,546	94,70,686	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	26.44	10	2.75	2.50	2.50		9	Y.P.
16,00,000	17,64,897	33,65,043	6,79,411	....	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	11.25	10	1.25	0.60	0.75		12	Y.P.
47,12,000	99,33,868	34,12,628	15,66,033	2,34,727	M.	McLeod & Co.	217.00	100	15.00	18.00			12	Y.P.
$22,00,000	2,96,70,151	5,27,52,316	1,88,41,107	2,480	M. K. Velodi, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	32.00	10	2.50	2.50	1.90	1.80	3	Y.
35,12,200	27,70,886	41,53,649	14,39,068	2,720	N. G. Aryanpar, Esq. (Mg. Director)	Meyer Electric Industries Ltd. ..	156.40xd	100	20.00	20.00	12.00	12.00	3	Y.P.
6,56,256	10,53,965	15,65,798	46,55,184	1,217	Mr. M. Subramanyam (Chairman) ..	Mysore Lamp Works	29.60xd	10	2.50	3.70*	0.50		3	Y.P.
10,00,000	5,45,007	25,01,104	14,36,682	14,104	I. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	11.02xd	10	*Nil*	1.00	1.60	1.10	3	Y.
1,25,00,000	1,31,43,467	1,65,37,434	83,59,993	40,361	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	25.06	10	2.50	2.50	1.80	2.00	3	Y.P.
30,00,000	36,90,300	56,25,223	32,55,376	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Pipes & Tubes Co., Ltd. ..	28.25	10	2.00	2.00	2.00		6	Y.
40,00,000	39,77,485	81,98,266	44,68,902	25,985	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Rolling & Steel Ropes ..	24.37	10	1.50	1.50			6	Y.
50,00,000	21,55,718	1,30,14,550	62,00,885	58,629	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd. ..	11.00	10	0.65	0.80	1.00		12	Y.P.T.
79,97,000	1,30,46,098	1,76,39,880	1,01,47,234	$26,439	B. N. Elias & Co. Private Ltd.	National Tobacco Co.	11.75	10	0.70	0.70	0.80		12	Y.P.T.
23,32,100	17,27,391	64,55,515§§	....	46,960	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	68.00	75	6.50	5.00			12	Y.
20,00,000	10,04,500	19,06,562	10,15,929	2,705	Parry & Co., Ltd.	Parrys Confectionery Ltd.	2.93xd	1	0.30	0.26	0.16		3	Y.
2,29,00,000	13,35,88,985	3,55,53,739	1,25,88,971	43,000	W. A. C. Bonnerjee, Esq. (Chairman)	Phillips India Ltd.	27.62	10	1.20	1.30	1.50		3	Y.
1,56,25,000	9,45,700	2,36,97,801	39,71,154	—47,66,862	Duncan Brothers & Co., Ltd.	Phillips Carbon	12.75	5	*Nil*	*Nil*	*Nil*		3	Y.P.
12,25,600	10,24,312	46,31,719	10,92,898	4,668	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.45xd	5	0.70	0.75	0.75	0.875	3	Y.P.
51,04,260	47,08,357	1,31,00,115	38,04,201	2,894	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd. ..	19.67xd	10	1.80	1.80	1.80	1.50	3	Y.
2,25,00,000	41,45,070	1,66,51,275	62,82,070	5,962	Badridas Goenka, Esq. (Chairman) ..	Ralli's India Ltd.	120.00	100	8.50	8.50	10.00		3	Y.P.
5,00,00,000	3,16,24,548	16,37,20,662	8,69,12,579	1,697	Sahu Jain Ltd.	Rohtas Industries	10.19	10	1.00	0.80	0.90	0.80	3	Y.P.T.
1,35,00,000	86,99,991	8,28,44,422	1,37,12,414	4,301	K. D. Ganguli, Esq. (Secretary) ..	Sen-Raleigh Ltd.	18.91	10	0.80	0.80	*Nil*		3	Y.P.
71,00,000	....	1,02,02,408	9,22,337	—14,10,918	Seshasayee Brothers Pvt. Ltd. ..	Seshasayee Industries	6.85	10	*Nil*	*Nil*			12	Y.P.
75,00,000	69,54,952	1,56,99,597	70,28,936	3,55,748	C. M. A. Bathurst, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	15.37	10	1.50	0.75	1.25		12	Y.P.
40,00,000	1,10,08,806	1,65,53,654	89,38,199	4,37,429	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	21.50	10	1.80	1.80	1.80		6	Y.P.
47,00,000	32,00,000	2,99,13,409	68,50,721	14,232	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	10.20	10	0.70	0.60			12	Y.
9,99,310	59,875	19,24,738	10,28,291	1,292	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	5.00	10	0.70	0.65	0.65		12	Y.
11,56,300	19,10,341	16,95,997	8,53,687	43,666	T. Stanes & Co., Ltd.	J. H. Wikes, Esq. (Gen. Manager) ..	28.55xd	10	1.50	3.25	3.35		8	Y.P.
2,50,00,000	2,14,79,630	5,65,64,026	1,69,15,726	50,510	Tube Investments of India Ltd. ..	Sir A. Ramaswami Mudaliar (Chairman)	175.00cd	100	10.00	10.00	10.00		7	Y.
3,58,950	7,01,942	79,26,373	46,26,373	89,275	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd.	9.62	10	*Nil*	*Nil*	1.00		12	Y.T.
2,80,00,000	3,80,54,275	7,77,15,892	2,65,25,232	1,93,008	J. R. Galloway, Esq. (Chairman) ..	Union Carbide India Ltd.	31.25	10	1.80	1.25	1.50		12	Y.T.
50,00,000	72,96,098	73,35,585	27,08,709	....	Vittal Mallya, Esq. (Chairman) ..	United Breweries	24.50cd	10	6.00	2.50	0.60	0.90	3	Y.
5,00,000	8,51,746	17,77,589	8,77,496	3,262	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	34.62	10	1.00	0.75	2.00		11	Y.
31,46,206	43,08,662	1,21,03,305	64,16,526	15,013	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd.	200.00	100	12.00	14.00	15.00	6.00	3	Y.P.
TRANSPORT														
20,00,000	38,73,558	70,97,782	30,60,733	54,558	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	105.50	100	7.50	10.00	10.00		10	Y.P.
1,00,00,000	75,25,552	3,76,69,710	1,97,85,127	—63,12,170	Dinshaw (Private) Ltd.	Bharat Line	1.43	10	*Nil*	*Nil*	0.50		12	Y.
60,00,000					A. H. Bhiwandiwalla & Co. (Bombay)		12.64	10	0.78	1.00	*Nil*		6	Y.P.
30,06,000	2,71,64,446	10,34,29,602	3,49,39,642	1,28,987	Private Ltd.	Great Eastern Shipping Co.	13.92	10	0.39	0.50	*Nil*			
$6,55,580	£1,194,360	£4,312,991	£2,342,183	—£84,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	36.25	£10	*Nil*	*Nil*	*Nil*		12	Y.P.
2,47,50,000	1,65,24,538	23,32,64,932	9,16,76,188	....	Lionel Edwards (Private) Ltd. ..	India Steamship Co.	6.97	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
11,28,19,293	11,58,24,547	36,88,60,105	12,46,17,005	2,82,649	D. N. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	15.92	20	0.60	0.60	1.00		6	Y.
O. 40,800							3.06	O. 1	0.30	0.30	0.27			
F.O. 2,10,200	30,76,582	18,79,885	11,06,250	21,687	R. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	2.94	P.O. 1	0.20	0.20	0.27		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1961	1962	1963	1964	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	59,90,550	1,71,97,033	1,03,91,592	16,512	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	20.19	10	1.25	1.50	1.75	1.75	8	Y.
12,00,000	15,08,889	42,54,256	37,43,315	....	Jardine Henderson Ltd.	Barraree Coke	20.75	10	*Nil*	1.50	1.50	2.00	3	Y.
4,49,350	1,52,388	11,57,089	6,92,033	5,392	Kalyanji Mavji & Co.	Bengal-Bhatdee	3.00	10	..	..	..		12	Y.
1,20,00,000	2,88,23,173	9,41,09,752	5,84,34,133	1,03,409	Andrew Yule & Co., Ltd.	Bengal Coal	24.00	100	21.00	19.00	16.00		12	Y.P.T.
2,25,000	5,45,835	24,86,330	21,80,114	16,129	M.	Bengal-Nagpur	22.00N	10	2.50				10	Y.
4,00,000	64,950	1,27,37,959	69,90,595	—3,95,581	Sahu Jain Ltd.	Bharat Collieries	2.65	10	*Nil*	*Nil*			6	Y.P.T.
7,15,000	8,31,772	59,03,884	37,69,468	—6,87,301	M.	Bhuiandhararee	10.00N	10					6	Y.T.
7,50,000	29,11,605	55,15,184	32,39,252	6,037	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	18.25	10	1.50	1.50	1.50		12	Y.P.
90,92,480	94,32,421	4,74,28,820	2,50,88,877	90,768	Bird & Co. Private Ltd.	Burrakur	17.06	10	1.30	1.30	1.30		12	Y.P.T.
49,97,750	10,46,028	91,51,487	36,62,095	20,778	Hindustan Investment Corpn. Ltd. ..	Central India	8.56	10	1.00	1.00	0.90	1.00	6	Y.
9,00,000	12,99,400	54,18,457	35,45,265	—1,25,641	Jain Industries	Central Kurkend	3.60N	10					3	Y.
16,00,000	....	61,90,801	36,92,941	—5,39,084	M.	Dhemo Main	3.95	10	*Nil*				12	Y.
£2,40,000	£561,055	£979,072	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	28.25	£1	2.00	2.75			4	Y.
29,53,760	1,22,57,090	4,29,46,901	3,93,26,117	1,57,517	Macneill & Barry Ltd.	Equitable	21.50	10	1.00	1.00	1.00		12	Y.P.T.
15,00,000	40,000	27,42,664	9,88,623	—5,84,265	Bhatter's Agency Ltd.	Ghusick and Muslia	13.00N	10	*Nil*	*Nil*			3	Y.P.
12,00,000	2,41,433	45,20,017	30,34,265	796	Killick Industries Ltd.	Hingir-Rampur	46.50	50	*Nil*	*Nil*			3	Y.P.
3,00,000	....	26,07,213	20,64,191	—3,65,025	M.	Hurriladih	5.44N	10					6	Y.
20,00,000	17,65,600	57,00,243	19,82,364	1,971	Bird & Co. Private Ltd.	Karanpura Collieries	13.50	10	1.00	1.00	1.00	1.20	12	Y.P.
14,90,460	20,19,553	70,21,354	46,47,670	22,818	Andrew Yule & Co., Ltd.	Katras Jherriah	28.37	10	4.00	2.50	3.00		2	Y.
9,00,000	10,27,762	29,57,644	28,77,712	57,591	H. V. Low & Co. (Private) Ltd. ..	Lakurka	14.00	10					4	Y.
7,48,240	6,91,523	13,06,484	7,41,711	74,711	Tatia Brothers Private Ltd.	Nazira	4.69	10	*Nil*	*Nil*			12	Y.P.
31,97,210	46,16,139	2,10,81,103	1,23,85,029	15,709	Andrew Yule & Co., Ltd.	New Beerbhoom	16.50	10	1.00	1.20	1.00		10	Y.P.
10,00,000	8,90,206	12,37,188	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Manbhoom	10.00	10	0.90				3	Y.
1,15,000							19.75	10	2.00					
1,57,000	4,31,409	17,65,275	10,59,656	15,045	M.	North West	17.00N	7.50	1.50				3	Y.
7,50,000	12,52,584	1,94,347	22,85,005(k)	....	P. Prashad, Esq. (Chairman) ..	Ondal	11.00N	10	0.75	0.75	0.50		12	Y.P.T.
3,84,000	1,52,212	37,86,226	14,17,160	589	Deepchand Kishenlall	Parasea	12.00N	10	0.125				12	Y.P.T.
15,75,000	30,64,325	60,14,386	1,00,54,255	7,234	Shaw Wallace & Co., Ltd.	Pench Valley	17.44	10	1.00	1.00	1.25	0.75	3	Y.
41,97,070	40,05,000	1,92,61,106	1,25,63,200	15,753	S. K. Mukerjee, Esq. (Secretary) ..	Raneegunge	13.00	10	1.70	1.70	1.70	1.40	3	Y.
15,50,000	32,96,490	89,33,834	47,23,819	8,453	Shaw Wallace & Co., Ltd.	Rewa	21.87	10	2.00	1.00	1.50		12	Y.
27,50,000	45,20,336	1,20,44,712	48,96,957	3,953	M.	Samla Collieries	7.81	10	1.00	0.75	0.75		12	Y.
40,00,000	16,17,485	1,10,38,290	24,54,119	1,672	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries	106.00	100	14.00	10.00	10.00		12	Y.
2,80,000	14,49,316	36,11,289	22,95,222	16,284	Andrew Yule & Co., Ltd.	Seebpore	29.50N	7	3.00	2.50	2.00		12	Y.P.
12,84,000	6,35,222	35,740	18,68,748(k)	382	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	3.87	10	0.35	0.25	0.30		12	Y.
3,00,00,000	1,42,11,727	11,90,70,501	5,00,12,364	18,633	M. P. Pai, Esq. (Chairman)	Singareni	9.75	10	0.75		0.75		3	Y.
17,50,000	11,77,056	57,60,323	25,84,592	3,001	Bird & Co. Private Ltd.	South Karanpara	6.35	10	*Nil*	*Nil*	0.25		3	Y.
8,00,000	16,18,969	1,53,707	25,19,145(k)	4,723	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	9.62xd	10	1.00	1.00	1.00		12	Y.
2,50,000	3,01,032	23,77,775	17,46,295	36,403	S. M. Varma, Esq. (Mg. Director) ..	Union	10.25N	10	*Nil*				12	Y.
49,98,000	11,08,150	1,30,51,450	50,25,936	90,850	Hindustan Investment Corpn. Ltd. ..	Western Bengal	8.62	10	0.75	0.90	0.90	1.00	3	Y.T.
7,00,000	....	60,62,759	34,56,424	—5,23,711	M.	West Jamuria	3.60	10	*Nil*				12	Y.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 P for the year ended 31st March 1955 and 37 P for the year ended 31st March 1956. *Includes bonus.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments. §§Investment at cost.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X.B.—Ex-Bonus.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar.	Sept.	95.00	100
BREWERIES AND SUGAR							
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec.	..	70.00N	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April		60.00	100
Carew & Co. T.F.R.C. ..	8,00,000	1875	6.50	Mar.	Sept.	73.50	100
Cawnpore Sugar Works T.F.C.	10,00,000	1905-24	8.00	Feb.	Aug.	113.00	100
Deccan Sugar & Abkhar 'A' T.F.C. ..	7,00,000	1920	7.00	July	Apr.	4.25	5

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
67,50,000	1,33,55,000	4,67,689	Allahabad Bank	249.00	100	18.00‡	15.00	15.00		12	Y.P.
1,01,600 / 49,78,800	30,58,220	4,794	Andhra Bank	103.00 / 85.75	100 / 85	8.00 / 6.80	8.00 / 6.80	8.00 /	6,12	H.	
2,00,00,000	2,44,93,760	2,96,970	Bank of Baroda	99.00	50	8.50	8.00	9.00		12	Y.
2,55,00,000 / 50,00,000	4,86,00,000	4,19,848	Bank of India	101.25 / 104.00	50 / 50'A'	10.00 / 10.00	10.00 / 10.00	9.00 / 9.00	4.00‡ / 4.00‡	6,12	R.L.Y.
60,30,080	35,90,200	47,625	Bank of Maharashtra	53.00	50	4.50	4.50	4.50		12	Y.
86,00,000	1,00,78,033	.....	Canara Bank Ltd.	81.00	50	7.50	7.50	7.50		12	Y.P.
25,00,000	27,00,000	9,000	Canara Banking Corporation Ltd. ..	68.80	50	7.50	7.50	6.00		12	Y.P.
'A' 5,99,850 / 'B' 41,42,120 / 'C' 3,00,000	75,20,000	17,041	Syndicate Bank Ltd.	143.50 / 19.25 / 1.57	100'A' / 10'B' / 1'C'	20.00‡ / 2.00‡ / 0.20‡	20.00 / 2.00 / 0.20	20.00 / 2.00 / 0.20		12	Y.P.
2,28,01,800 / 'A' 82,50,000	5,20,41,606	91,510	Central Bank of India Ltd.	52.30 / 53.00	25 / 25	5.00 / 5.00	5.00 / 5.00	5.00 / 5.00	2.40‡ / 2.40‡	12	R.L.Y.
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co.	65.00	50	5.50	6.50	6.00		12	Y.
2,00,00,000	2,40,00,000	70,60,104	Habib Bank Ltd. P.	20.96N	5	20%	20%	20%		12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank ..	10.25	50	Nil	Nil			12	Y.
50,00,000	2,50,000	18,193	Hindustan Mercantile Bank ..	10.50	50	Nil	Nil	Nil		12	Y.
88,46,215	92,91,884	1,61,942	Indian Bank	156.00	100	15.00	14.00‡	15.00‡		12	R.L.Y.
99,71,575	93,62,535	1,01,850	Indian Overseas Bank Ltd. ..	149.00	100	14.00	12.00	14.00		12	Y.
2,00,00,000	2,87,10,000	2,27,073	Punjab National Bank	20.20	10	2.00	2.00	2.00		12	Y.
5,62,50,000	9,30,00,000	85,50,831	State Bank of India	403.75	100	23.00	23.00	23.00		12	Y.
1,00,00,000	75,00,000	1,57,743	Union Bank of India	6.52	5	0.57	0.57	0.57		12	Y.
2,79,66,812	3,20,00,000	75,942	United Commercial Bank	73.00	50	6.00	6.00	6.00		12	Y.
2,68,71,987	1,00,80,000	4,15,815	United Bank of India	8.12	10	0.60	0.60	0.75		12	R.L.Y.

PRINCIPAL EXCHANGE BANKS

(Dividend per cent.)

£6,600,000	£7,525,000	£510,433	Chartered Bank	£2-7-3	£1	15†	15†	15†		12	Y.
H.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£22½	H.K. $25	sh. 15*	sh. 16*	sh. 16*		12	Y.
£5,708,000	£5,250,000	£316,941	National and Grindlays Bank Ltd. ..	£1-10-4½	sh. 15	14†‡	16†‡	16† ‡		12	H.Y.

‡ Includes bonus. P—Figures in Pak rupees. Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June	Carew & Co.	1938	98.50‡	1st June .. 1970
2,46,000	6½	1st March and 15th September	Carew & Co. (2nd mortgage)	1941	95.00N	28th February .. 1970
26,00,000	4½	1st May and 1st November	Walchandnagar Industries	1944	99.50	1st November .. 1959-64
15,00,000	6	1st July and 1st January	Walchandnagar Industries	1960	98.50	21st June .. 1972
COAL						
30,00,000	6	30th April and 31st October	Bharat Collieries	1944	90.00N‡	31st October .. 1964
60,00,000	6½	1st May and 1st November	Bengal Coal Co., Ltd.	1961	98.00	31st October .. 1975
20,00,000	4½	30th June and 31st December	Burrakur Coal Co.	1947	90.00	30th June .. 1967 (c)
46,86,000	5½	1st July and 1st January	Equitable Coal Co.	1953	97.00	14th December .. 1968 (c)‡
COTTON						
30,00,000	5½	1st January and 1st July	Ahmedabad Advance‡	1956	89.00	15th December .. 1966-71
4,00,000	6	10th May and 10th November	Bengal-Nagpur	1897	90.00N	15th November .. 1966 (a)
62,92,900	5T	1st April and 1st October	Buckingham and Carnatic	1952	100.00	1st March .. 1972 (a)
40,25,281	6½	1st April and 1st October	Gokak Mills	1957	93.00	1st April .. 1967-72
18,60,000	6	2nd January and 2nd July	Minerva Mills	1959		1st July .. 1967-76
94,22,000	6½	1st January and 1st July	Shree Nivas	1958	99.00	31st December .. 1970
25,51,000	6½	1st April and 1st October	Simplex	1959	97.00	15th October .. 1969-74
20,00,000	5½	1st April and 1st October	Lakshmi-Vishnu	1955	94.50	1st June 1966-70
30,00,000	5½	1st June	Tata Mills	1961	88.50	1st June 1966-71
ELECTRICS						
10,00,000		31st March and 30th September	Agra Electric Supply Co., Ltd. ..	1950	97.00N	31st March .. 1965 (a)
3,00,00,000	5½	15th June and 15th December	Ahmedabad Electric Co., Ltd.	1960	98.00	15th June .. 1965-70
98,28,000	5½	1st April and 1st October	Andhra Valley Power Supply Co. ..	1940	94.00	1st April 1970-75
12,00,000	4½	30th June and 31st December	Benares Electric Light and Power Co., Ltd.	1949	97.00N	31st December .. 1964 (a)
22,787,574	5	1st January and 1st July	Calcutta Electric Supply Corporation, Ltd.	1950	89.50	1st January .. 1970 (a)
10,80,000	5	1st January and 1st July	Sijua (Jheriah) Electric Supply Co., Ltd. .	1951	91.00N	30th June .. 1976 (a)
1,00,000	5T	3rd April and 3rd October	South Madras Electric Supply	1940	93.50	30th September .. 1958-68
47,73,000	5	1st March and 1st September	Tata Power	1940	93.00	1st July 1970
2,50,00,000	4½	1st January and 1st July	Tata Power	1949	88.50	1st July 1965-70
ENGINEERING						
5,00,000	5½	30th June and 31st December	Britannia Engineering	1945	94.00N	31st December .. 1969
1,50,00,000	6	1st January and 1st July	Guest, Keen, Williams Ltd.	1958	98.50	1st January .. 1971
29,18,000	7	15th September and 15th March	Indian Hume Pipe (Bearer)	1947	101.00	15th September .. 1977 (a)
10,00,000	4	31st May and 30th November	Kumardhubi Engineering Works Ltd.	1960	95.00N	31st May 1971
2,50,00,000	5	1st April and 1st October	Tata Locomotive	1950	97.20‡	30th September .. 1960-65
JUTE						
12,00,000		1st October and 1st April	Agarpara	1939	91.50	31st March .. 1969
6,00,000		30th June and 31st December	Alexandra	1939	91.50N	30th June .. 1969
15,00,000		31st December and 30th June	Auckland Jute Co., Ltd.	1945	97.00N	31st December .. 1964
10,52,000	5	30th June and 31st December	Chitavalsa Jute Mills	1941	98.00N	30th June .. 1966
18,75,000	5½	31st March and 30th September	Dalhousie Jute Co.	1946	95.00	31st March .. 1968 (a)
8,58,000	5	15th January and 15th July	Empire	1951	92.00N	15th July .. .. 1966 (a)
26,60,000	5½	31st March and 30th September	Fort Gloster Industries Ltd.	1952	98.00	30th September .. 1966
52,40,000	5½	31st March and 30th September	Howrah Mills Co., Ltd.	1955	93.50	31st March .. 1970
32,00,000	5	30th June and 31st December	Khanjaon Jute Mills Co., Ltd. ..	1949	97.00N	31st December .. 1970
25,00,000	5½	30th June and 31st December	Naihati	1952	92.00	31st March .. 1967 (a)
5,00,000	6½	14th November and 14th May	Nellimarla Jute Mills Co., Ltd. ..	1939	92.00N	14th May 1974
30,00,000	4	30th June and 31st December	Northbrook Jute Co., Ltd.	1945	97.00	31st December .. 1964
25,00,000	5	31st March and 30th September	Reliance Jute Mills Co., Ltd. ..	1950	94.00N	5th September .. 1965 (a)
12,00,000	5½	30th June and 31st December	Union	1937	96.50N	31st March .. 1967
RAILWAYS; STEAMSHIP AND TRAMWAYS						
£221,667	4½	1st January and 1st July	Calcutta Tramways	1900	£66.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£120,051	5	1st April and 1st October		1938	£74.00N	1st October .. 1974
6,50,000	6	30th June and 31st December	Katakhal-Lalabazar Railway	1945	85.00N	31st December .. 1974
£300,000	4½	30th June and 31st December	Shahdara-Delhi-Saharanpur Railway	1905	£64N‡	Any time on six months' notice (c)
PLANTING						
4,84,000	7T	1st April and 1st October	Sangameshwar Coffee	..	100.00	1st April 1960-61
MISCELLANEOUS						
46,00,000	5	2nd January and 2nd July	Aluminium Industries	1951	100.75	2nd July 1966-71
9,00,000	5	1st January and 1st July	Aluminium Corporation of India Ltd.	1948	97.00 N	31st December .. 1965
3,00,00,000	5½	1st March and 1st September	Burmah-Shell	1954	95 75	1st September .. 1965-69(c)‡
2,00,00,000	6½	1st April and 1st October	Calter Oil Refining (India) Ltd. ..	1955	98.50	1st October .. 1970
1,00,00,000	6½	31st March and 30th September	Dalmia Cement (Bharat) Ltd.	1946	96.00	30th September .. 1970
2,04,25,000	6½	1st January and 1st July	Dunlop Rubber Co. (India) Ltd. ..	1950	99.00	1st January .. 1970
97,50,000	6½	1st January and 1st July	Indian Cable Co., Ltd.	1954	94.50N	30th June .. 1969 (c)‡
3,00,00,000	6½	1st January and 1st July	Indian Aluminium Co., Ltd.	1960	96.50	1st January .. 1975
27,75,000	5T	2nd January and 2nd July	Mettur Chemical Industries	1949	84.00	30th September .. 1964
30,70,000	4	30th June and 31st December	McLeod & Co., Ltd. (Convertible Notes)	1947	410.00 (per note)	31st December .. 1972 (c)
74,75,000	5	1st April and 1st October	Macneill and Barry Ltd.	1951	78.00	1st April 1971
55,81,000	6½	30th June and 31st December	National Rayon	1955	99.50	30th June 1965-70
30,00,00,000	6½T	15th May and 15th November	Oil India	..	99.75	15th November .. 1968-77
80	6½	1st January and 1st July	Premier Automobiles	1958	125.50	31st March .. 1968-73
1,00,00,000	6	30th June and 31st December	Rohtas Industries Ltd.	1946	96.00	31st December .. 1969
16,00,000	5½	January and July	Shree Gopal Paper Mills Ltd.	1964	95.00N	15th July 1966
20,00,000	6½	1st May and 1st November	Esso	1953	95.25	1st April .. .. 1964-68 (c)‡‡
5,81,000	5	31st January and 31st July	Tata Chemicals Ltd.	1945	95.00	31st July 1970-75
50,00,000	6	1st April and 1st October	Tata Oil Mills Co. Ltd.	1959	96.00	30th September .. 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 12 years. § Any debenture outstanding on 1-6-1969 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-9-1964. ‡‡ Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1968 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961. T.—Taxable. T.F.—Tax-free. N.—Nominal;

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 22nd October 1964.

	Closing quotations 14-10-1964	High	Low	Closing quotations 22-10-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	145.50	—	—	145.50
Apollo (2)	1.78	1.78	1.72	1.72
Baroda Rayon (100)	68.50	71.50	68.50	70.50
Bombay Dyeing (25)	58.10xd	58.50	57.40	58.00
Bradbury (50)	162.50	—	—	162.50
Central India (100)	103.00	106.00	103.00	104.00
Century Mills (100)	604.50	623.00	601.50	615.30
Dawn (50)	148.00xd	148.00	147.00	148.00
Elphinstone (50)	95.50	—	—	95.00
Finlay (100)	306.00	306.00	302.00	304.00
Gokak (100)	176.00	177.00	176.00	177.00
Gold Mohur (100)	221.25	230.00	225.00	230.00
Gwalior Rayon (10)	37.50	37.50	36.75	37.50
Ind. Untd. Defd. (1)	2.36	2.36	2.34	2.34
Ind. Untd. Ord. (10)	19.60	19.60	19.36	19.60
Indian Rayon (100)	60.50	61.50	59.50	61.00
Indore Malwa (100)	211.00	212.00	210.00	212.00
Khatau (100)	175.00	180.00	175.00	178.75
Kohinoor (100)	316.00xd	321.00	315.50	316.50
Madhav (100)	525.00	525.00	522.50	523.75
Modella Woollens (10)	12.48	13.00	12.48	12.88
Morarji (100)	261.00	261.00	249.50	250.00
Mysore (50)	36.00	37.50	36.00	37.50
National Rayon (100)	347.50	373.00	348.00	369.00
New Great (100)	160.00	—	—	160.00
Phoenix (100)	229.00	231.00	227.50	228.00
Pudar Mills (10)	11.12	11.12	11.00	11.12
Raymond Woollen (100)	135.00	136.50	135.00	136.50
Samoon Spg. (10)	37.75	—	—	37.75
Shrecnivas (100)	248.00	249.00	247.00	247.00
Simplex (50)	125.50	125.50	119.30	119.30
Standard (100)	613.00	627.00	610.00	612.00
Swadeshi (100)	261.00	263.50	262.00	262.50
Swan (100)	272.00	—	—	275.00
S. I. Viscose (100)	113.00	115.50	113.00	115.00
Tata Mills (25)	49.50	50.00	49.00	49.00
Lakshmi-Vishnu (100)	83.00	85.00	83.00	85.00
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	100.00	101.00	99.50	100.50
Do. (New) (50)	107.00	106.50	104.00	104.50
Bank of Baroda (50)	98.50	99.00	98.50	98.50
Central (25)	52.30	52.30	52.00	52.30
Central 'A' (25)	53.50	53.00	52.50	53.00
Dena Bank (50)	65.00	65.00	64.70	65.00
Punjab National (10)	20.24	20.24	20.20	20.20
Union Bank (5)	6.56	6.56	6.52	6.56
United Com. (50)	73.00	73.00	72.50	73.00
Maharashtra (50)	53.00	—	—	53.00
ELECTRIC COS.				
Ahmedabad (100)	105.00	105.00	104.50	104.75
Amalgamated (10)	10.00xd	10.04cd	9.28xd	9.28xd
Andhra Valley (1,000)	1,250.00	1,250.00	1,240.00	1,246.25
Bom. Sub. El. (100)	117.00	117.00	116.00	116.00
Surat (100)	113.00	—	—	117.00
Tata Hydro (100)	130.00	129.00	127.75	128.00
Tata Power (1,000)	1,287.50	1,286.25	1,277.50	1,285.00
INSURANCE COS.				
British India (10)	13.40	13.44	13.40	13.44
Indian Mercantile (50)	66.00	67.00	66.00	67.00
New India (15)	44.00	44.00	43.25	43.50
New India 'A' (15)	45.00	45.00	45.00	45.30
Vulcan (10)	16.24	16.36	16.24	16.24
STEEL COS.				
Ind. Iron (10)	25.15	25.15	24.88	25.05
Mukand Iron (10)	16.88xd	17.00	16.84	16.84
Tata Steel Ord. (75)	147.00	148.00	146.50	147.00
SUGAR COS.				
Belapur (50)	223.50	225.50	223.00	223.00
Bhopal (10)	12.72	—	—	13.72
Chandpur (12.50)	23.00	23.12	22.88	23.00
Maharashtra (50)	140.00	141.00	139.50	140.00
Phaltan (50)	113.00	113.75	113.00	113.75
Walchand Ind. (100)	161.50	162.00	160.50	161.50
CEMENT COS.				
Associated Cts. (100)	164.25	164.50	163.75	164.25
Digvijay (100)	180.00	180.00	178.50	179.00
Orissa (10)	11.36	11.36	11.32	11.36
DYES & CHEMS.				
Amar-Dye-Chem (100)	150.00	156.00	152.50	152.50
Camphor & Allied (100)	92.00	—	—	92.00
Citric (100)	72.50	80.00	73.00	73.00
Chemicals (100)	100.00	—	—	100.00
Colour-Chem. (100)	307.50	310.00	307.50	310.00
Indian Dyestuff (100)	283.00xd	293.00	284.00	288.00
Polychem (50)	103.00	104.00	102.50	102.50
Synthetics (100)	76.00	79.00	74.00	75.00
Tata Chemicals (10)	19.16	19.52	19.08	19.28
MISCELLANEOUS				
Alcock Ashdown (100)	280.00	292.00	288.00	290.00
Bom. Dyeing (25)	56.40	56.60	56.20	56.30
Do. (New) (25)	42.00	42.25	41.75	41.75
Br. B. Petrol (1½ sh.)	3.08	3.12	3.04	3.06
Br. I. Corpn. (5)	11.06	—	—	11.06
Cooper Eng. (100)	115.00	—	—	112.00
Hindustan Lever (10)	30.00	30.00	29.25	29.75
Hindustan Motors (10)	17.56	17.64	17.36	17.44
I. C. & Invest. Corporation (100)	97.00	—	—	79.00
Indian-Copper (2 sh.)	3.40	3.44	3.34	3.34
Kilburn (100)	100.00	100.50	100.00	100.50
Larsen & Toubro (10)	21.40	21.68	21.32	21.56
Mahindra & Mahindra (10)	17.08	17.24	17.04	17.24
Asian Cables (100)	67.00	69.00	66.50	67.50
Permanent Magnets 100)	100.00	100.00	98.00	98.50
Philips Carbon (10)	12.68	13.12	12.60	12.75
Pre. Automobiles (100)	105.75	106.00	102.25	103.00
Premier Con. (50)	187.00	191.00	187.75	188.25
Scindia (25)	15.72	16.20	15.80	15.88
G. E. Shipping (10)	12.12	12.72	12.20	12.56
N. Standard Eng. (100)	129.50	129.00	124.00	124.50
T. Maneklal (100)	502.50	502.50	485.00	490.00
Shivrajpur (10)	16.75	16.82	16.76	16.84
Sirpur Paper (10)	11.60	11.80	11.42	11.82
Tata Locomotive (100)	259.50	266.00	258.50	262.75
Tata Oil (25)	49.50	50.00	48.50	49.70
Voltas (100)	264.50	266.00	261.50	264.00
W. I. Match (100)	239.50	239.50	234.50	236.00
W. Coast Paper (100)	171.00	172.00	170.00	171.00
Zenith Steel (10)	14.76	15.00	17.76	14.88

GOVERNMENT SECURITIES	14-10-1964 Rs.	Gross Yield Earlier Redemption	Gross Yield Later Redemption	22-10-1964 Rs.
2½% 1976	68.00	—	4.64	68.75
3% 1966-86	98.85	3.85	3.45	98.85
3% 1970-76 1st Dev.	90.25	4.90	4.14	90.00
3% 1986-Con. Loan	83.00	—	4.76*	83.00
3½% 1965 N. P. Bonds	100.25	—	3.26	100.15
3½% 1967 N. P. Bonds	99.80	—	3.61	99.70
3½% 1972	96.00	—	4.17	96.00
3½% 1967 N. P. Bonds	99.90	—	3.79	99.80
3½% 1968 Loan	98.00	—	3.99	97.90
3½% 1969	99.00	—	3.77	99.00
3½% 1968 N. P. Bonds	99.90	—	3.78	99.80
4% 1972 Loan	98.80	—	4.18	98.80
4% 1973 Loan	98.70	—	4.17	98.70
4% 1979 Loan	98.00	—	4.18	98.00
3½% 1966 Bonds	100.00	—	3.50	100.00
4% 1980 Loan	98.05	—	4.17	98.00
4% 1970 Loan	98.00	—	4.16	98.00
4½% 1985 Loan	100.15	—	4.50	100.00
6½% 1977 G. Bonds	117.75	—	4.64	118.00
4½% 1972 N. D. Bonds	100.10	—	4.25	100.00
4½% 1966 Loan	100.25	—	4.49	100.00
4½% 1989 Loan	100.00	—	4.75	100.00

* Current Income. xd—Ex-dividend. x.r.—Ex-Right.
G.z.—Cum-Right. cd—Cum-dividend.
‡ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

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

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N. D. C. ON FOURTH PLAN

THE overall size of a five-year plan, that is, its aggregate outlay, has always been a matter of controversy. It is so in the case of the fourth Plan, too, for which the Perspective Planning Division had originally envisaged an outlay of Rs. 22,000 crores in terms of 1960-61 prices. A much lower but more realistic size, involving an aggregate outlay of no more than Rs. 18,000 crores, it will be recalled, was canvassed early in May last by some sections of the Planning Commission and the Union Government. As a compromise, however, the figure of Rs. 20,000 crores in terms of 1960-61 prices was then adopted by the Commission as a "working basis" for the formulation of the fourth Plan. That the Commission has kept this compromise framework more or less intact is seen from its draft memorandum which has recommended a minimum outlay of Rs. 21,500 crores and, resources permitting, a maximum outlay of Rs. 22,500 crores—both figures being in terms of 1963-64 prices which, as reflected in the wholesale price index, were 10 per cent higher than those of 1960-61. As the Union Cabinet and the National Development Council have both endorsed the Planning Commission's memorandum, it may be supposed that there is an air of finality now about the size, strategy and objectives of the fourth Plan. But it is not really so, and it is upto the press, public and Parliament to take the debate on the Plan to a wider level.

It is, indeed, a pity that the National Development Council, while according its broad, albeit tentative, approval this week to the proposed size of the fourth Plan, has forgotten the Union Finance Minister's assessment in May last that the foreign exchange resources in prospect would not be appreciably more than what were available for the third Plan. At the then assumed level of foreign exchange availability —Rs. 3,200 crores, including the amount needed for servicing debts—it will be recalled, the general belief was that only a Plan of the size of Rs. 18,000 crores might be ultimately decided upon by the planners. The prospects for foreign aid even on that scale have since receded because of greater opposition in the United States to all aid, leadership changes in the Soviet Union and greater calls for help from a host of emerging countries round the world. That, in these circumstances, the N.D.C. should have thought it fit to endorse the proposed outlay of Rs. 21,500 crores (Rs. 14,500 crores in the public sector and Rs. 7,000 crores in the private sector covering agriculture, power, transport, village and small industries, mining and large industries, housing and inventories), with its foreign exchange component of Rs. 3,500-3,800 crores to cover the payments gap, is not an act of bravery but of mere bravado.

This show of courage in the face of current adversity—as reflected in the third Plan's stresses and strains, agricultural and industrial shortfalls, food and raw material shortages, high levels of unproductive but essential defence spending, and so on—is all the more unconvincing in the context of prospective realities. By far the most crucial of these realities will be the near-impossibility of garnering as much as Rs. 9,000 crores of foreign exchange (export earnings *plus* foreign aid) or, perhaps, more, so as to provide for other contingencies like imports of food and defence stores and equipment, price increases in exporting countries, and under-estimates of the foreign exchange components of projects. It would not be far wrong to say that, unless foreign exchange availability (from exports and aid together) can be assured at an average annual level of more than Rs. 2,000 crores over the fourth Plan period, the Plan, being so big in size, might be in for bigger and, consequently, graver difficulties than the second or the third Plan had ever faced. From the point of view of internal resources and their availability, too, the case for a smaller Plan is unassailable. Several discouraging factors may be noted in this connection. One is the persistence of inflationary trends which preclude both deficit financing and additional taxation beyond reasonable limits. Another is the proclaimed reluctance of State Governments to commit themselves to raising additional resources of the order of Rs. 2,500-3,000 crores in their sector. Yet another factor is that the certainty of expected or unsuspected surpluses emerging from better agricultural performance and the operations of public-sector enterprises cannot be taken for granted.

Viewed thus, the only realistic and practicable size for the fourth Plan would seem to be Rs. 18,000 crores in terms of 1963-64 prices on the twin basis of a cautious estimate of foreign exchange availability and a conservative estimate of possible internal resources. This can be treated as Part A, covering first-priority projects and programmes, while Part B, covering second-priority projects and programmes, can be of any size from Rs. 1,000 crores to Rs. 4,000 crores, depending on the availability of both external and internal resources. It would be better to adopt this approach to the fourth Plan at the stage of its formulation itself, instead of at a later stage in Plan implementation, as was done during the second Plan period after stresses, distortions and imbalances had developed. If, at the same time, quick-yielding projects like minor irrigation covering tanks and wells, intensive cultivation in irrigated areas, consumer industries, road transport, labour-intensive works programmes, and fuller utilisation of idle capacities in industries, of irrigation potentials created under major and medium projects and of other facilities developed by the Plans, are given priority treatment in Part A of the Plan, salutary results are bound to manifest themselves in two or three years' time in terms of unsuspected additional resources for development and of more plentiful supplies of wage-goods that could neutralise or reverse inflationary pressures, if any. Such results, incidentally, will greatly enhance the prospects of implementing Part B projects and programmes in the latter part of the fourth Plan period. It is, therefore, of the utmost importance that the private sector in both agriculture and industry be given the fullest scope and encouragement to produce more food, commercial crops and consumer goods by processing or manufacture. Incidentally, the public sector can have no legitimate or worthwhile role to play in these fields except to the extent of providing *infrastructure* facilities.

There can be no gainsaying that, from the point of view of the country's needs in terms of higher *per capita* income, additional employment opportunities and potential for future growth, an aggregate outlay of the order of Rs. 22,000 crores is quite reasonable. That it is the barest minimum required to ensure economic growth (that is, increase in real national income) at an average annual rate of six per cent, as compared with the scheduled (but unrealised) five per cent of the third Plan may be readily conceded. But a need-based Plan, by itself, would not mean much, except on paper, if internal and external resources cannot be mobilised on the scale required without subjecting the economy and the democratic policy to undue stresses and strains. Nor would financial resources, by themselves, ensure the full attainment of physical targets in a situation of ever-rising prices, administrative inefficiency, technical and technological deficiency, organisational inadequacy and other physical limitations. Hence the plea here for a feasible fourth Plan of the modest size mentioned earlier, with provision for later expansion in the light of achievements in the first two or three years of the Plan. It would be very good, indeed, if the sub-committee on resources, just set up by the N.D.C., were to reconsider the financial size of the Plan from this angle.

DISPERSAL OF INDUSTRIES IN MAHARASHTRA

GREATER Bombay alone accounts for two-thirds of the total industrial employment, three-fourths of the value of output and four-fifths of the value added by manufacture in Maharashtra. The rest of the State, with the exception of a few pockets like Poona, Sholapur, Nagpur, Thana and Ahmednagar, is backward in every respect. This imbalance in development has been, and continues to be, responsible for the vast movement of labour from rural to urban areas, especially to Bombay, in pursuit of jobs. Both the State Government and the business community are, therefore, thinking in terms of balanced industrial development, so that the State's underdeveloped regions (Marathwada, Vidarbha, Konkan, hilly areas like Mawal and Melghat and some scarcity areas) may have the benefit of planned progress. It is in pursuance of this objective that the Maharashtra Government has recently announced a series of concessions and incentives—over a dozen in number—to industrial enterpreneurs who intend to locate their enterprises in the hinterland of the present industrial centres and in the industrially backward regions of the State. And it is in pursuance of the same objective that the Maharashtra Economic Development Council—whose work is both complementary and supplementary to the work carried on by the various chambers of commerce in different regions—has held this week its Third Commercial

doubt the State Government and the business community are broadly agreed on the need for industrial dispersal. But they are not wholly agreed on the means towards that end. The State Chief Minister, Mr. V. P. Naik, for instance, thinks that sufficient *infrastructure* facilities and technical skills are being created, that finances for small and medium industries are assured, that the State Government has undertaken to participate in "joint-sector" projects and to underwrite capital issues in the sphere of large industry and that several other concessions and incentives have been recently announced—all in pursuance of the goal of industrial dispersal. In his view, these helpful measures and incentives are quite reasonable and sufficient and the State's industrialists should not, therefore, make further demands in the manner of politicians but make the best use of such concessions and facilities without putting forward any excuses. But the two leading representatives of industry—Mr. Naval H. Tata and Mr. S. L. Kirloskar—do not seem to be quite convinced that all that is humanly possible to do is being done.

Mr. Tata's view (*vide* his presidential address at the Conference) is that *dispersal of industries* (in the sense of moving some established industries out of Greater Bombay) is becoming exceedingly difficult for a variety of reasons. These are: (i) Prohibitive cost of building new factories; (ii) heavy standing charges incurred during the transfer from Bombay to other areas; (iii) heavy compensation payable to workers who lose their jobs in Bombay and reluctance of workers to continue working in the new location in preference to receipt of compensation; (iv) negation of possible benefit from sale of Bombay land owing to capital gains tax; and (v) non-availability of transport, electricity, water and amenities for workers, such as schools, markets and cultural centres in the new location. All these factors, according to Mr. Tata, have operated as disincentives to the dispersal of some Bombay industries to new locations. He is, however, convinced that, in order to relieve the pressure on Greater Bombay (with its already acute housing, water and traffic problems), *dispersal of industries* (in the sense of locating all *new* industries outside Bombay) should be encouraged as far as possible. It is in this context that he has strongly supported the idea of creating a satellite town in the mainland across Bombay Harbour, connecting it with the existing city by a long bridge. And he is confident, too, that half the land available in such a satellite town could be developed by the Government and the other half by industrialists. This is a constructive, though by no means novel, idea which certainly deserves to be pursued.

The stand taken by Mr. Kirloskar in his speech at the Conference is not substantially different from that of Mr. Tata. But it is somewhat different in its emphasis on some aspects. For instance, the incentives offered for new industries in underdeveloped regions, in the opinion of Mr. Kirloskar, fall short of the kind of tax concessions or subsidies given in Britain for the establishment of new industries in its depressed areas. Moreover, according to him, several other amenities (largely cultural and educational) available at present only in cities like Bombay and Poona would have to be created in new industrial areas so as to make them attractive not only to workers and middle class technicians but to businessmen as well. On the question of "decongesting" Bombay, Mr. Kirloskar's opinion is that, although the City is not large or congested by world standards, it would do well to grow vertically and construct bridges at suitable points across its creeks.

It would thus appear that the representatives of industry do not share the Government's optimism in regard to attracting large-scale industries to new locations. Their acceptance, in principle, of the need for industrial dispersal and diversification, however, augurs well for the future. From their present realisation to large-scale action, there will, of course, be a long way to go. In the meantime, the Government would be well advised to concentrate its activities in underdeveloped regions on intensive cultivation of food and commercial crops, establishment of small-scale agro-industries in both private and co-operative sectors, construction of new roads and development of road transport, and intensive exploration of mineral deposits. When the poorer areas of the State begin to develop in these fields, they are bound to attract large-scale industry in due course, even if no further incentives are offered.

W. GERMANY - SOME RANDOM IMPRESSIONS

By S. V. Rayan

REVISITING West Germany in the first half of this month after an interval of one year and talking to a wide range of official and non-official spokesmen, I found no diminution in the desire of both the public and private sectors in that country to help underdeveloped countries. Only a few days before my arrival in Germany, another industrial exhibition had been held in Berlin under the scheme of "partnership for progress." This year, the main guest countries were from Latin America. But the Asian countries, which were the principal guests last year, were also represented. All the expenses involved were borne by the German Government. India, too, participated in the exhibition for the second year in succession. Last year, the Indian stall had been poorly organised and left much to be desired. A wide variety of goods ranging from carpets to cashewnuts and from machine tools to models of Tata-Mercedez trucks had been displayed in a manner which was unattractive and lacking in imagination. Very little business was booked and what little transpired was mainly due to the enterprise of a German businessman. This year, however, India had learnt from its mistakes. It concentrated on a single product, namely, carpets and carpet backing material. The display, according to an official of the Berlin Industries Fair, was more imaginatively done and the number of orders booked was quite substantial.

The fact that Asian countries were given all facilities and financial assistance to display their manufacturing skill for the second time in succession is illustrative of Germany's desire to encourage imports from underdeveloped countries. The German delegates to the U.N. World Trade Conference in Geneva last year were on the whole helpful and evinced friendly interest in the proposals of underdeveloped countries. They readily agreed to the suggestion that economic aid to underdeveloped countries should be one per cent of the national income of developed countries and that this one per cent should be net of repayment of earlier obligations. Talks with the officials of the Federal Ministry of Economics at Bonn showed that the policy of German Government was to strive for the successful conclusion of Kennedy Round at G.A.T.T. which envisages a sharp all-round reduction in import duties in Europe, to keep down the list of exceptions and escape clauses as much as possible, and to defend the open-door policy in world trade conferences.

There are, of course, many instances of trade and fiscal policies in Germany which run counter to its declared objectives. So far as India is concerned, there are the quotas on imports of jute goods and cotton textiles. When the attention of officials was drawn to this contradiction between practice and profession, they frankly admitted of its existence, but added that the transition had to be effected smoothly, as sudden jolts to the domestic jute and apparel textile industries would create unnecessary political, as well as social, complications. In other words, they want to permit more imports without providing shocks to the economy as a whole, or to any particular section thereof. A point that emerged from the discussions on this subject was that, in the case of jute goods, in particular, the German Government was rather keen to extend the period of transition, as the jute mills there were yet to adapt themselves to the changing conditions by switching over to other activities. "We shall, however, provide for a progressive increase in import quotas," they added. So the quota system for jute goods will be retained for a longer period than India had bargained for.

Consumption of tea in West Germany is slowly rising, but requires to be pushed up through sustained, high pressure marketing campaigns and by opening tea centres in a number of German cities and industrial complexes. But the fiscal policy of German Government is still a deterrent to increasing tea consumption. Although imports of tea into Germany are not subject to any import duty, the consumption tax is pretty heavy. On a kilo of tea costing about ten rupees, this tax is as high as six rupees. It is strange that the Government of an affluent society, which Germans undoubtedly are, should subject a mild beverage like tea to such a high incidence of indirect tax. The Government of India, in co-operation with the Governments of Ceylon and Pakistan, should continue to press the German Government to reduce this internal duty on tea. The Germans contend that this duty is being continued as a revenue measure and that their Exchequer is reluctant to curtail its income. But it should not be difficult for the Exchequer to cover the loss of revenue arising from the abolition of consumption duty on tea by increasing the taxes on luxuries and consumer durables slightly. Surely, neither the consumers nor the manufacturers of these goods would mind a fractional increase in the taxes on these, if it is explained to them that this is necessary for helping the less-developed countries of the world.

There is good scope for expanding India's trade with Germany in a variety of consumer goods, particularly of specialised food articles, including cashewnuts and fish. But an essential condition for success is that quality must be high and uniform and the goods must be packed in attractive containers with contents adequately described in German language. It must be remembered, in this connection, that, due to shortage of workers, super-markets and department stores, with emphasis on self-service, are rapidly gaining in momentum. The buyers have, therefore, to be familiar with the goods stacked in the racks, so that they can be sure of their selections. In order to serve this purpose, it will be necessary to hold "India Week" in selected stores in all important cities, organise small exhibitions for groups of specified products, and establish trade centres as the Americans and others are doing. All these must, of course, supplement the usual modern methods of sales promotion. What is true of Germany is also true of the majority of Continental countries and the U.K. Consequently, any special efforts that we in India make to sell our consumer goods and food articles in Germany will be useful for Western Europe as a whole.

In discussions with Germans, officials and non-officials alike, on the prospects for investment of German private capital in India, one point was repeatedly stressed by them, namely, the need for a firm investment guarantee by the Government of India. It appeared to have become almost an obsession with them. It is, therefore, gratifying to find that the Governments of both India and Germany have since reached a satisfactory agreement on this important issue. Final notes were exchanged between the Indian Ambassador in Bonn and the State Secretary of the Foreign Office of Germany and the agreement guaranteeing protection to German investors was formally signed on 15th October 1964. The significance of the guarantee agreement and the history behind it merits a separate article and this will be done in a later issue. Suffice it to say that the most important feature of this agreement, which distinguishes it from the one signed with the U.S., is the provision for arbitration by a tribunal of three persons—one Indian, one German and a third party—of disputes pertaining to fair compensation in the event of nationalisation of private investments. In agreeing to accept arbitration, the Government of India has made an important departure in principle, but has demonstrated to German investors and German Parliament that India has no intention of saying one thing and doing another. The conclusion of this valuable agreement, on top of the double taxation agreement that already exists, has vastly improved the chances of obtaining German collaboration and capital for both large-scale and medium-scale industries. Accordingly, it augurs well for the success of private sector in the fourth Plan, other things remaining the same.

On the subject of future financial aid to India, the stress in German circles is more on private investment than on Government-to-Government credit. The general impression that one got was that India might get considerably less than it has had so far and that the aid would be more of a tied nature, that is, tied to specific projects. It is, however, too early to form any definite conclusions or take a pessimistic view. Much will depend on the international political situation, economic trends in Germany and Western Europe, and developments in world trade. After all, Germany has to sell its capital goods and India offers an excellent market with great potentialities for the future. The Government of India and the business community must play their cards skilfully and realistically. A high-powered business delegation consisting of leading industrialists and bankers is due to visit India in February next. It is for us to sell our ideas and impress upon them the soundness of our policies and programmes.

MARKET GOSSIP

An Ugly Situation Averted

AN ugly situation that would otherwise have developed in the city from Monday this week has happily been averted, following the timely intervention by Mr. V. P. Naik, Chief Minister of Maharashtra, and the spirit of accommodation exhibited by millowners. A section of the cotton mill workers, led by the Communists, had threatened an indefinite strike as a protest against the refusal of millowners to concede their demand for payment of bonus for the year 1963 before *Diwali*. The threat was unjustified and illegal. For the bonus dispute is before a conciliator and the proceedings are in progress. In spite of this, the Millowners' Association had asked the managements of mills to give advances equal to a month's basic wage to celebrate *Diwali*. It must be said to the credit of I.N.T.U.C. leaders that they strongly opposed the move of Communist-led workers and appealed to the entire workers to take the advance offered by the millowners rather than go on strike. But the Communists contended that bonus for any year should be paid within eight months in accordance with the Bonus Commission's recommendation which had been accepted by the Government. Since the two parties failed to reach an agreement and in his anxiety to avoid a strike, the Maharashtra Chief Minister spent quite a bit of his precious time in holding discussions with the representatives of millowners and labour leaders. After these discussions, he suggested the payment (before *Diwali*) of an interim bonus of 4 per cent of the total earnings of workers for 1963 pending a final settlement of the issue. The suggestion was accepted by both the parties. Agreeing with the verdict of Mr. Naik, the Millowners Association decided to give the workers the option to receive either the interim bonus or one month's salary in advance as preferred by the I.N.T.U.C.

It is a moot point whether the Communists' call for a strike would have been heeded had not Mr. Naik interfered. The I.N.T.U.C. leaders are of the view that Mr. Naik should have kept aloof, instead of hastening to save the face of Communists whose trade unions are not recognised as the most representative body. Perhaps, they are right. This is not the first time that Mr. Naik, in his understandable anxiety to preserve peace and maintain law and order, has compromised with the illegal and coercionary tactics of the leftists. It is significant that the vast majority of workers have followed the advice of I.N.T.U.C. and taken an advance, rather than accept Mr. Naik's compromise proposal.

Strike by mill workers, had it taken place, would have led to a sharp fall in production which the country could ill-afford in the difficult situation now prevailing. Just one day's closure of Bombay City mills means a production loss of about 4.5 million yards of cloth and 1.4 million lbs. of yarn. The Bombay City mills, it may be noted here, account for as much as 28 per cent of the all-India production of mill piecegoods. It is highly desirable to prevent any interruption in cloth production, for the stocks of cloth lying unsold with mills (as of end-September) aggregate no more than 214 million yards which are well below those (241 million yards) held a year before. It is, however, a matter for some satisfaction that there has been a notable expansion of mill cloth output, the quantity actually produced during the first nine months of 1964 being 3,793 million yards, as against the 3,626 million yards produced in the corresponding period of last year. A consistently high level of production ought to be maintained in view of the rising domestic demand and the exigency of earning the badly needed foreign exchange through exports. For ensuring such production, it is needless to say, a rational official textile policy envisaging a reasonable amount of freedom to mills to expand their capacity and output is imperative.

General de Gaulle Threatens Again

General de Gaulle has threatened again that France would leave the European Common Market, if the common agricultural policy were not implemented as foreseen. Lest the threat be construed as only a casual (personal) opinion, the French Minister for Information announced publicly after the Cabinet meeting on Wednesday (the 21st inst.) last week that the French Goverment emphasised its irrevocable determination to make the common agricultural policy the touchstone of European integration. Indeed, speaking more explicitly and without any ambiguity, he said: "There is no possibility of negotiating usefully with the U.S. so long as the European Economic Community, agriculture included, is not completely organised. These two problems are regarded as essential, and France will stand firm." So even the Kennedy Round is at stake. Apparently, the French Government wants to bring pressure on the Americans also, so that they might influence their German and other friends in the E.E.C. to be more accommodating to France.

A similar warning, it will be recalled, had been given by France by about the middle of December last when Gen. de Gaulle threatened nothing less than the dissolution of the Common Market, unless West Germany and other member-countries agreed to implement a common agricultural policy before the year 1963 was out. Since this threat came at a time when only a few days were left for the zero hour, there was wide consternation. The consternation was so great that it looked as though the fate of the Common Market was at stake. It was also feared that the proposed Kennedy Round of tariff negotiations under the auspices of the G.A.T.T. would be hampered. But, fortunately, the crisis was averted, thanks to the tentative agreement reached at the end of the marathon Ministerial talks at Brussels. The agreement was, of course, a largely symbolic one, because it did not seek to reconcile the conflicting interests among the Common Market countries, more precisely between France and West Germany; it merely indicated a time-table for the gradual implementation of the Common Market's agricultural policy and outlined broadly the Market's position in the Kennedy Round of tariff negotiations. It was then clearly stated that decisions on agriculture must be completed by 15th December 1964.

General de Gaulle now wants agreement on harmonisation of cereal prices before the target date. Obviously, he thinks that a reduction in the German cereal prices under the Commission's plan would provide new outlets for French surplus production which now seems to be rather heavy after another summer of heavy crops. The French farmers have also been demanding of their Government to do something more effective than hitherto. West Germany, however, does not appear to be quite prepared to adhere to the deadline. The problem confronting West Germany has been succinctly described by *The Financial Times* of London as follows:

"Professor Erhard . . . will not find it easy to yield to French demands. With an election now less than a year away, he must be aware that General de Gaulle is not the only man who can put pressure on him; Herr Rehwinkel, the German farmers' leader, disposes of some formidable weapons as well, all the more so since the Bavarian wing of the C.D.U. Government party and the Free Democrats are standing strongly by the agricultural producers. Moreover, Professor Erhard knows all too well that it is not only German agriculture and the Kennedy Round which are in question."

In spite of the renewed threat by France, West Germany is confident that the differences would be overcome. Replying to a question in the Bundestag (West German Parliament) on the very next day after General de Gaulle made the statement, Dr. Karl Carstens, West German acting Foreign Minister, is reported to have observed:

"The difficulties which have arisen concerning farm policy can be solved in the appropriate body of the E.E.C., taking into account both the spirit of the Rome Treaty and the interests of the national farming community. . . . The Rome Treaty contains no provision for any member to withdraw unilaterally. . . . In spite of General de Gaulle's threat, Bonn would press on with its plans for closer political cooperation among the Six. Bonn would honour its obligations under the Treaty."

Meanwhile, the European Economic Commission has proposed a number of measures designed to maintain the vitality and dynamism of the Common Market. The measures do not constitute a package deal, for the Commission is of the opinion that each individual suggestion must be examined separately. Briefly summed up, the measures suggested are:

Customs Union: The Commission considers that the time has now come to fix the date for completing the Customs Union and that this should be 1st January 1967. The Commission proposes that, on 1st January 1965, the member-States should again reduce total customs charges by 15 per cent in conformity with Article 14(4) of the Treaty. On this date, customs duties should be reduced for each product by at least 10 per cent in relation to the basic duty. However, the reduction may be limited to 5 per cent in certain special cases. On 1st January 1966, the member-States would again reduce total customs charges by 15 per cent. Customs duties would again be reduced for each product by at least 10 per cent in relation to the basic duty. On 1st January 1967, any remaining customs duties on industrial products would be abolished. As regards agricultural products—those which carry customs duties or "fixed components"—the speed-up provides for the abolition of these duties by 1st January 1968. The Commission will also submit in due course, if possible before 1st January 1966, and without prejudice to any other action which it considers appropriate, proposals concerning definition of origin; application of anti-dumping and compensatory duties; rules for the definition of customs value; elaboration of common arrangements for processing traffic; unification of national provisions concerning free entry on economic grounds, bonded warehouses and free ports; and the working out of a procedure for operating Community tariff quotas and of rules for the uniform application of the common customs tariff. The aim is free movement of goods between the member-States beginning in 1967.

Monetary Policy: The Commission considers that the aims set out in its Action Programme of October 1962 have become even more pressing and that they should be examined in the light of experience. The interpenetration of markets which has meanwhile come about between the member-States makes progress in the field of monetary policy increasingly urgent. The aim of the Community is not merely to expand trade between the member-States; it implies merging the six markets in a single internal market and the establishment of an economic union. It, therefore, appears indispensable to adapt the monetary policy of the Six to the degree of integration already attained in other fields. The Commission will submit without delay to the Council proposals for the progressive introduction of a monetary union. The Monetary Committee of the E.E.C. and its Committee of Governors of Central Banks will be consulted in advance on these proposals.

Social Policy: In the social field, the Commission places emphasis on two lines of action. As indicated in the Action Programme of October 1962, the Commission has concluded from the experience of the first years "that the Fund should not merely be an organisation for refunding member-States' expenditure on restraining schemes, but that it should also be in a position to encourage the various countries to initiate schemes and carry out experiments in this field; in this way the Fund could fully achieve its purpose. The second line of action is of a more general nature. The Commission wishes to call the attention of member-States to the need to intensify the close collaboration provided for by Article 118 with a view to levelling living and working conditions in an upward direction.

These proposals, however important they are, would simply be of no avail if, by any chance, the difference between France and West Germany were to deepen. What is worse, the failure to reach agreement on the common agricultural policy would greatly hamper the progress of the Kennedy Round tariff negotiations. These negotiations are of special significance to India and other developing countries which have all along been hoping that the negotiations would lead to an improvement in their exports to the developed countries. For the primary objectives of the Kennedy Round is a substantial cut in barriers to trade in both industrial and agricultural items. For his part, President Johnson of the U.S. has recently reaffirmed the commitment of his Administration to the "full and vigorous implementation of the Trade Expansion Act." This reassuring statement will doubtless be welcomed by one and all.

Reactions To Import Surcharge In U.K.

One of the steps which the new British Government has taken to eliminate the country's balance of payments deficit—estimated at between £700 million and £800 million for the current year—is the imposition of an immediate surcharge of 15 per cent on all imports of manufactured and semi-manufactured goods. These imports currently run at £1,350 million a year and the new levy is expected to bring them down by nearly £200 million. Broadly, the average of Britain's external tariff on manufactures has been doubled by this measure—from 15 per cent to 30 per cent—and it will affect 56 per cent of the country's imports from the E.E.C., 48 per cent from the U.S., 36 per cent from E.F.T.A. and 13 per cent from the Commonwealth. Although the measure has been stated as "essentially temporary and will be reduced as soon as the balance of payments situation permits and it will be abolished at the earliest opportunity," all the coun-

tries affected have doubts about the force of this statement and there have been wide reactions.

Practically all the international trade agreements contain escape clauses which allow even a developed country in balance of payments difficulties to impose quantitative restrictions on imports. But there is no elaborate international machinery in existence to enforce this measure and the steps permitted under the agreements and rules take considerable time to show results. There is, however, no agreement, including the G.A.T.T., which allows an across-the-board increase in tariffs on a wide category of goods. Viewed against this background, the imposition of a surcharge is not in accord with Britain's international obligations. A precedent for the British action, however, exists in the imposition of import surcharge by Canada in June 1962. The Canadian Government then asked the G.A.T.T. to waive its action as a special case, on the ground that the surcharges were necessary and temporary and would be removed as soon as possible. (Britain's circumstances and assurances are closely identical to those of Canada two years back). In spite of Canada being able to get general support for its measure from the I.M.F., the G.A.T.T. did not issue a waiver. In November 1962, the contracting parties of the G.A.T.T. "regretted that the Government of Canada should have found it necessary to impose temporary measures, inconsistent with Article 2 of the G.A.T.T." But, by the time the G.A.T.T. undertook a thorough examination of Canada's surcharges, they were already reduced and subsequently withdrawn in April 1963. Thus they lasted only nine months and the G.A.T.T. was able to have its say to change the decision by the Canadian Government. In case of Britain, the issue is even more complicated, for a considerable amount of funds is available to the country, virtually automatically, from the I.M.F. The British Government has not availed itself of this facility. Nor does it appear to have consulted the I.M.F. before taking the action. Accordingly, the I.M.F. is not likely to back the British measure, as it did in the case of Canada.

Britain will thus be called upon to explain its position and justify the surcharge to other contracting parties of the G.A.T.T. at the meeting of the Council which opened at Geneva this week. The defence arguments of Britain are almost identical to those put forward by Canada in 1962 and it remains to be seen whether they will carry weight with the G.A.T.T. this time, though they had failed in the case of Canada. Surely the new British Government will have to do a lot of explaining.

Britain being a member of E.F.T.A., the other member-countries of E.F.T.A. are very much perturbed by this sudden measure put into force without consultation with them. The measure has been described as an extremely serious blow and most depressing. Although the E.F.T.A. Secretariat has not made any statement so far regarding its attitude towards the surcharge, it has been decided to discuss it at the meeting of the Ministerial Council fixed for 19th and 20th November. Britain is likely to have a very tough time at this meeting, especially as, under the accelerated tariff-cutting time-table, all members were due to reduce their tariffs by a further 10 per cent of their starting level at the end of the year. Commenting on the British measure, the Foreign Affairs Minister of Denmark termed it as "directly against the spirit of E.F.T.A. agreement that exactly aims at a removal of obstacles to free trade" and the Chairman of the Federation of Danish Industries pointed out that many other member-countries face similar balance of payments difficulties as Britain and, if all of them were provoked to adopt similar measures, the E.F.T.A. co-operation would be in danger.

As already stated, 56 per cent of Britain's imports from the E.E.C. will be affected by the imposition of surcharge, and the proportion will be as high as 95 per cent in the case of Belgium. As a result, the exports of E.E.C. to Britain are likely to be considerably reduced. The news has, therefore, thrown the Six into a turmoil. In Belgium, the British Government's action has been described as "half a devaluation, and the worst half at that." The Belgian Trade Minister, Mr. Maurice Brasseur, has accused the British Government of failing to consult others before taking the decision and said that "we must not forget that everything pertaining to the pound sterling—a key currency—is of interest to the whole world." West Germany, which has been consistently championing the cause of Britain in the Common Market counsel's, is also reported to have taken a serious view of the British Government's emergency action.

The effect on the exports of the Commonwealth countries, in general, is not likely to be very serious, as their exports to Britain mainly relate to food articles and raw materials. The Australian Minister of Trade, for example, has stated that "it appears that the bulk of Australian exports to Britain will be exempt from payment of new duties." Moreover, almost all the Commonwealth countries, which are within the sterling area, feel that the measure may help them indirectly by giving strength to the pound sterling. It is also being felt that, if Britain had been forced to devalue the sterling as a measure to tide over the balance of payments deficit, the effects on the economies of these countries would have been more serious. So far as India is concerned, however, the impact of surcharge is likely to be pretty serious, as has been explained in a separate article on page 762 of this issue.

The U.S. Government has given a tacit approval to the British Government's new policy, in spite of the fact that it will affect almost half of U.S. exports to Britain. The U.S. Treasury noted in its statement that "the import charges will, for a time, have a moderately adverse effect on our trade as well as upon that of other countries, but there is no painless corrective, either for the U.K. or for the rest of the world," and emphasised that "the U.S. welcomes the British determination to reduce and remove these import charges at the earliest opportunity." Evidently, the U.S. Government regards the alternatives open to the British Government, such as an increase in the Bank Rate, imposition of import quotas and introduction of exchange controls to correct the disequilibrium in the balance of payments, more harmful than the step now taken.

From the point of view of the underdeveloped countries as a whole, which have based their hopes on world-wide reduction in import duties on the basis of the Kennedy Round of Geneva negotiations, the surcharge will have a drastic and long-lasting effect. Though Britain, which is an important supporter of the reduction in import duties, will continue to press its point of view for maximum reduction in import duties, the force of its statements may be considerably less than before. The fate of the Kennedy Round, already in doubt, thanks to the attitude of France, is rendered even more doubtful following the latest action of Britain.

Tax Reductions In U.S.

Described by late President Kennedy as "an insurance for prosperity and an insurance against recession" and hailed by President Johnson as "the single most important step to strengthen U.S. economy since World War II," the tax reduction measures, introduced in March last, have already had their favourable impact on the economy. It is only the first stage of the tax relief programme, envisaging a cut of two-thirds in the rates of taxation, that is being implemented; the remaining one-third cut will be enforced in 1965. The benefit accruing from the tax cuts is now said to be much more than what had been anticipated before. Thus, speaking at Washington on the 25th inst., Mr. Douglas Dillon, U.S. Treasury Secretary, stated that, whereas at the time the Tax Bill was enacted, it had been reckoned that the addition to the total individual and corporate incomes accruing from the tax reductions would amount to only $11,500 million, new estimates, which also took into account the expected increase in 1965 income levels (as compared with those prevailing when the Tax Bill was originally drafted in 1963) placed the overall increase in incomes at $14,000 million. Indeed, Mr. Dillon claimed that the response of the economy to the 1964 tax cut had been excellent and there was every indication that it would continue in 1965. That there is no exaggeration whatever in this claim is borne out by the latest available data released by the U.S. Department of Commerce. The data reveal that the total disposable personal income in the U.S. economy has increased from $419,500 million in the first quarter of 1964 to $431.300 million in the second quarter, a rise of 2.8 per cent (the quarterly data are seasonally adjusted totals at annual rates); the rise in the corresponding quarter of last year was only 1.2 per cent. In 1963, the entire increase in disposable income was consumed, for the total consumption expenditure showed a corresponding absolute increase of $4.700 million from $367,400 million in the first quarter of 1963 to $372,100 million in the second quarter, with savings unchanged at $27,100 million. But the position since tax reduction has been entirely different. Although the total consumption expenditure rose from $390,000 million in the first quarter of 1964 to $396,100 million in the second quarter, personal savings also have increased appreciably by as much as 19.3 per cent, from $29,500 million to $35,200 million.

The "conservative" fears expressed earlier that the release of additional income would add to inflation by placing more purchasing power in the hands of taxpayers have thus not proved correct, at any rate for the present. The rise in income has flown into saving channels which strengthens the case for further tax reductions. Actually, Mr. Dillon has stated that, together with the excise tax reductions the Administration will seek next year, personal income-tax adjustments should provide a continuing strong and healthy stimulus to consumer purchasing power. President Johnson, too, has assured the U.S. electorate that, in case he is re-elected to office, his Administration would propose further "carefully timed" tax reductions to maintain the health of the economy and to safeguard against recession. The eventual tax reduction proposals which are already under consideration include, it is said, provision for repeal of major taxes charged at the retail level, namely, on cosmetics, furs, jewellery and leather goods.

BANK OF INDIA'S CREDIT-DEPOSIT RATIO

In our article on the net liquidity position of banks appearing on page 684 of *Commerce* dated 17th October 1964, we had stated that a bank like the Bank of India with an over-extended position might find that it could not afford to borrow at all from the Reserve Bank of India. Apropos this observation, Mr. T. D. Kansara, General Manager of the Bank of India Ltd., in a communication addressed to us, says:

"The statement is incorrect, inasmuch as the Bank of India credit-deposit ratio is very much in line with the average ratio of all scheduled banks, excluding the State Bank of India, and the Bank of India is in a position to borrow a fairly large amount at the Bank rate from the Reserve Bank of India in terms of the net liquidity ratio formula."

The Managing Agency System might be abolished in the well-established industries from the middle of next year. This was indicated by Mr. T. T. Krishnamachari, Union Minister for Finance, while inaugurating a two-day conference of Regional Directors and Registrars of Companies at New Delhi on Tuesday this week. A number of proposals for the renewal of managing agency would come up for Government's consideration in the first half of 1965 and the Finance Minister asked the Company Law Board to consider them and find out whether the system could be gradually abolished sectorwise in the well-established industries.

TREND OF SHARES

DOWNWARD DRIFT AGAIN

(From Our Own Correspondent)

BOMBAY, 29*th October*

INDUSTRIALS failed to maintain their early show of steadiness during the week and the tendency for prices was again to drift downwards, thereby accentuating the present reactionary phase. Losses, however, were not big, though the trading pattern indicated that the market was absolutely lacking in strength. The damage might have been serious but for the strength in steel shares. In hectic activity, steel shares were bid up to higher levels under the lead of Indian Iron which touched Rs. 26.50 during the week and Tata Ordinary was quoted around Rs. 151. There was no particular factor as such warranting support for steel shares; the rise was due to speculative buying by Calcutta operators. Towards the close of the week, however, the shares tended to sag. In this process, Indian Iron was quoted at Rs. 25.60, as against Rs. 25.05 a week before, and Tata Steel at Rs. 147.50, as against Rs. 147.

National Rayon dominated the scene even more than steel shares. The share was initially in the grip of a bull syndicate and in a terrific buying spree was bid up to Rs. 375.50. Thereafter, its fall was as precipitous as its rise had been spectacular and, on Thursday, the shares had been done down to Rs. 352, its lowest level of the week and the lowest for quite a long time, following the reported break-up of the syndicate. It lost nearly 16 points on balance at the week's closing level of Rs. 353.50. Century came in for some very hard hitting on reports that the Company was contemplating a cut in its tyre cord output and that there would be a possible lay-off of the labour staff. Thanks to support at lower levels, the scrip managed to close with just a small loss at its ex-dividend quotation of Rs. 600 (dividend Rs. 11.20), as against its cum-dividend price of Rs. 615.50 in the previous week. Other members of the textile group were generally weak with Standard having lost six points to Rs. 606. Kohinoor and Svadeshi finished with fractional losses at Rs. 316 and Rs. 261.50, respectively.

More important than the actual fall in the quotations of shares was the feeling of nervousness which pervaded the stock exchange. The hangover of the recent atomic explosion by China was still there and the market had not been able yet to shake off the anxiety created by the food situation. On top of this came the Prime Minister's statement hinting at the take over by the Government of consumer industries, as well as his suggestion for an ordinance to bring profiteers to book, including summary trial of offenders. No one denies the patriotic motives with which the Prime Minister is actuated, but the stock market has its own way of looking at things. Sentiment was also disturbed by the Finance Minister's suggestion for a gradual abolition of the managing agency system as well as a rise in the tax structure at State levels. With this the market almost gave up hope of any relief and thought that, on the other hand, the country might be called upon to get ready for a fresh dose of taxation. Rising taxation is hardly conducive to strength in the stock market. The decision of the British Government to charge a 15 per cent duty on imports into Britain was taken as a bear factor, for it would certainly affect our exports to that country and in turn our foreign exchange earnings.

Miscellaneous issues followed the general trend. Premier Construction was beaten down from Rs. 188.25 to Rs. 185.50 and Indian Dyestuff lost four points to Rs. 281. Telco, however, was well maintained, showing a modest gain at the week's closing level of Rs. 263, but Voltas was slightly shaded at Rs. 263.50. Among automobiles, Hindustan Motor was well held at Rs. 16.56 *ex-div.* but Premier Auto closed on a slightly easy note at Rs. 102.25 presumably because of the delay in the announcement of the dividend. After being dull for a few weeks, electricity shares attracted buying, and Tata Power improved from Rs. 1,285 to Rs. 1,297.50. The rise in other shares was moderate. Among shippings, Scindia eased from Rs. 15.88 to Rs. 15.72. The rise of almost 50 per cent in the dividend on Great Eastern Shipping failed to enthuse the market and, in fact, the scrip closed the week with a loss of 23 p at Rs. 12.28. It appears that those who were looking for a higher dividend had already bought well in advance of the actual announcement and, when the news came, there were more sellers than buyers. Sugar shares were steady to quiet. While Belapur remained unchanged at Rs. 223, others in the section showed small losses. The slump in National Rayon did induce some hesitancy in other rayons though the actual decline in their quotations was not much. Tyre shares were virtually neglected. Among chemicals, Tata Chemicals were easy at Rs. 18.96, as against the previous week's level of Rs. 19.28. This was to be expected, as all favourable factors have now been discounted. Dharamsi was steady at Rs. 117.50, but Synthetics lost a further two points to be quoted at Rs. 73. Cash shares were extremely dull and transactions even in selected counters were few and far between. A notable feature, however, was the spurt in T. Maneklal from Rs. 497.50 to Rs. 540.

As has been mentioned in this column since quite some time, factors at present are overwhelmingly bearish and the chances of a reversal of the present tendency seem rather slender. In view of the fact that the market has been falling right from 2nd September, there might be a rally, but as things stand today, these rallies cannot be anything but technical. The market needs some very strong bull factors to hold it up and set it on its feet, but, the political and economic situation in the country being what it is, these factors may not be forthcoming in the way the market would want them. If they come, well, it is a different matter. A tired market now awaits the Budget, though it has no illusions about it.

MECHANISATION AND AUTOMATION IN BANKING AND INSURANCE

PIONEERING EFFORTS OF L.I.C. AND S.B.I.

THE simple and largely unnoticed announcement regarding introduction of electronic data processing computers by the State Bank of India about six months ago has now been followed by a determined and firm move by the Life Insurance Corporation to introduce computers in its Bombay and Calcutta offices. Both in the State Bank of India and the Life Insurance Corporation of India the guiding principle behind the mechanisation of some of the work is to provide better banking and efficient insurance services to the public. The original proposal of the State Bank was a modest one—to use the computer for reconciliation and adjustments in the accounting of inter-bank transactions: the progress made so far in acquiring the computer or in specifying the exact scope and extent of its operations is not yet known. The absence of any sharp reactions from the employees or the customers of the State Bank of India indicates that the proposal is still at a very preliminary stage.

In the case of Life Insurance Corporation of India, the plans to install electronic computers appear to be on a much more ambitious scale, covering various operations of the administrative and executive departments as well as the policyholders' servicing departments. In fact, the whole purpose behind the introduction of a computer in L.I.C. seems to be to open a way for a break-through into a large and sudden expansion of business.

While the L.I.C. employees recognise the role of computers in reducing costs, improving productivity and bettering service through administrative reorganisation and rationalisation of accounting procedures, etc., their opposition to the computers rests on four main grounds. They fear displacement of men by machines. During the eight years of its existence, the L.I.C. staff has risen from 19,000 to 50,000 and it is feared by the employees that installation of computers may render at least half of them redundant. Their second ground is that people who have been doing particular jobs for years at certain places, may be forced to work at different places and in newer jobs. Their third ground is a possible reduction in future employment potential: this concerns the number of newer jobs that will never come into being, for, on the one hand, the computer will have surplus capacity and, on the other hand, the manpower rendered surplus will continue to be absorbed against fresh vacancies for a fairly long period. Their last argument is that in the underdeveloped economy of India, having a large mass of unemployed and underemployed people, the emphasis should be more on labour-intensive methods than on the capital-intensive techniques.

Effect on Employment

It is, however, hard to justify the opposition of L.I.C. employees to computers on any of the grounds, whether of employment or expediency, whether of displacement or dislocation. The Chairman of the L.I.C. has already given an absolute and unqualified assurance that, in spite of all rationalisation, there will be no retrenchment under any circumstances. There is bound to be some dislocation or rather a change of location from the point of view of an individual employee, but this will be more a result of administrative reforms following the introduction of computers than a direct result of automation. Moreover, in many individual cases, the change in the nature of job will involve better and more useful, and perhaps better paying job. The change will be from dull repetitions and voluminous mass of a job to one involving more intelligence, use of initiative, judgment and discretion. The complaint regarding the loss of future employment potential does not directly concern the relations between L.I.C. and its existing employees, but, even if it did, it is totally unjustified. The conception of L.I.C. in introducing computers is to break new ground where old systems cannot work, and to expand its activities. The effect of installing computers has most aptly been described as expansionist, not restrictive.

The severe indictment of the quality of service rendered by L.I.C. by the Calcutta Policyholders' Association last year, served to focus attention on the difficulties of performing large mass of voluminous routine and repetitive processes manually. A stage has come when no further progress and expansion would be possible except through automation. On the issue of labour-intensive investments *versus* capital-intensive projects, the L.I.C. employees have quoted the third Plan report as well as the International Labour Conference and have argued that introduction of computers will be contrary to national interest. In a way, this displays a total lack of perspective. The 150 per cent increase in the labour force of L.I.C. at a time when its premium income has risen hardly by 100 per cent, represents not an inconsiderable financial burden upon the policyholders, reflected in a high and still rising expense ratio in the accounts of L.I.C. The national objective of providing maximum employment and promoting economic development with the least amount of capital cost could hardly be served by perpetuating an inefficient system of top-heavy administration. The arguments against automation on the ground that it would result in unemployment are old and completely irrelevant; what is more pertinent and relevant to the current problems is the level of costs of a new technique to the community. The costs that are relevant here are not merely the capital and maintenance costs of computers, nor merely the social costs of potential underemployment which may be large, but also the overall cost of inefficiency to the consumer and the society, which are larger still.

Automation in Banking

The problem of a computer age in banking is not on the same footing as in insurance, for, firstly, there is no bank, not even the State Bank of India, which is as large as the L.I.C. and which has the same problems of zonal and divisional administration and accounting as the L.I.C.; and, secondly, personal contact and confidence over the counter and across the table between the banker and customer, whose transactions have a daily frequency, are far more important in banking than in insurance where the frequency of contact may range from once a month to once a year.

Nevertheless, there is no doubt that the solution to the increasing flood of paper work and volume of other routine operations in banks (as in other branches of economic life) lies in automation. The sight of bank clerks totalling page after page of ledger accounts and day books and handling cheque after cheque individually, both in the clearing house and in the accounts departments of banks, in 1964, is an anachronism.

Recalling the experience of the First National City Bank in America, Mr. R. E. Grant, Vice-President of the Bank in charge of its Indian branches, said recently that the Bank has never had occasion to regret its computer innovation. The volume of cheques, manually unmanageable, are now well within the capacity of electronic data processing machines. But the measure of a computer's usefulness is not tested merely by its capacity to handle and manage impossible volumes of work, but also on its ability to prospect fresh business developments and additional customer services. The resulting economies of scale from increased utilisation of the electronic data processing machinery are self-evident. Moreover, the Bank, as he pointed out, foresees a time when the computer may resolve senior management decisions regarding the location of new branches and thus assist the management. They may also provide banks with more precise and probably more efficient machinery for assisting in management of financial portfolios. The point he makes is that pitfalls of computers must be avoided while enjoying its fruits. Referring to Indian conditions, he points out that a 110 per cent increase in cheque clearances over the past thirteen years gives an indication of further growth in which computers may have to be called in service, even though two-thirds of the money supply may be outside the banking system. Introduction of the computer may not result in the displacement of labour, for the surplus staff could easily be absorbed in extending banking services to unbanked or underbanked towns or in providing new services. It may also create additional employment opportunities in the night shifts, so essential for the running of computers, as well as in the middle and junior executive levels. The computers will further release individuals from the drudgery of bookkeeping and entry-passing to fill posts of greater interest and promise.

State Bank's Scheme

As already pointed out earlier in the article, the State Bank's interest in computers is a modest one. Its intention is described as a pragmatic approach of using the computer only for those specific tasks which cannot be manually performed or effectively undertaken, such as the clearing of cheques or reconciliation of inter-bank transactions. Obviously, the use of computers for operational research (a field in which a lot of work is yet to be done in India) or for economic analysis of trends and prospects, may introduce new possibilities and additional scope for increased business, may bring much wanted speed and efficiency in banking transactions with the public and in ledger accounting, and add tremendously to employment potentialities. Nothing is known at all about the State Bank's thinking on the various problems involved in the introduction of computers, but this much is certain, that it intends to experiment with the introduction of computer to tackle difficulties of administering over 1,500 branches through several local head offices and increasing volume of inter-branch accounting.

It is possible to ask the question as to how far it will be a practicable proposition to have a costly computer only for a limited purpose: ordinary commonsense will suggest that a computer is worthwhile only if its overheads are spread over a much larger field of volume of operations. In fact, even in the U.S. and the U.K., banks, which have large spheres of their operations covered by electronic data processing equipment, still find it necessary to recover their costs by selling spare computer time and capacity to other firms and customers. But it may not at all be necessary to ask and answer this question, if we raise a far more fundamental question: whether banks should at all go in for computers and other electronic data processing equipment.

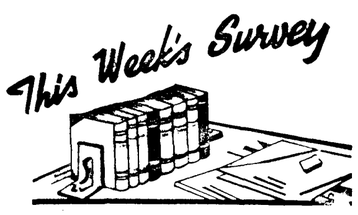
Simple Mechanisation

Let us be very clear on what is at stake. The need for mechanisation of banking operations is urgent and imperative, and we are not questioning it, but to talk of computers and electronics, when banks do not even have a sufficient number of ordinary adding calculating and listing machines, may be as much of an anachronism as the manual summation of day books etc. No doubt many banks today have adding, listing and calculating machines and comptometers, exchange calculators, etc. The branches of the First National City Bank of New York in Bombay and Calcutta were far more mechanised thirty years ago than many of the Indian banks are even today. But largely, the progress towards mechanisation has been slow and halting. Adding, listing or calculating machines have been introduced only under the force of circumstances. There were times within our memory, nay, there are several banks even now, when banks used to prepare their clearing lists in manuscript; those who have equipped their clearing departments with machines, did so only when they found that they were unable to cope with the sheer physical pressure of keeping to the clearing time schedules. Beyond this simple mechanisation, no much progress has been made. Nor is there any indication that banks are doing any advance planning to go further.

Most of the banks are, however, alive to the need for, and importance of, mechanisation in their operations to a larger degree than now. Their associations have for long been asking for import licences for purchasing their requirements abroad. But the shortage of foreign exchange has stood in their way. Insistent pressure from the associations of banks have elicited the reply from the Government that they have given licences to four firms for manufacturing calculating machines, etc. in India; but only one of them has so far come to the market for raising capital, and one does not know how long it will take to go into production on a significant scale. The progress of others is not yet known. It may take at least four to five years before the machines come to the market. Meanwhile, the banks have to carry on in the same old irritating and time-consuming ways. A Government which has hardly any foreign exchange for banks' requirements of calculating machines, can scarcely be expected to sanction purchases of computers for them.

Secondly, even if the Government were to sanction import of computers, none of the

(Continued on page 789)



U.K.'S EMERGENCY ECONOMIC POLICY

THE first task to which the Labour Government in Britain has addressed itself in right earnest pertains to economic problems. On Monday this week, the Government spelt out the elements of what it called an "emergency economic policy" designed to solve the most formidable problem which it inherited from the Conservative Government, namely, deteriorating balance of payments. Forming part of this policy is the drastic curb on imports through the imposition, with immediate effect, of a surcharge of 15 per cent on all imports with the exception of foodstuffs like tea, unmanufactured tobacco, and basic raw materials such as raw jute and cotton. Simultaneously, the Labour Government has announced an export incentive scheme estimated to cost the Exchequer about £70 million annually. The scheme, the details of which are being worked out, provides for the grant of a rebate in indirect taxation to those who export goods of various broad industrial categories; the rebate is expected to average about one and a half per cent of the value of exported goods. The three other export measures announced by the Government relate to: (*a*) creation of a Commonwealth Exports Council; (*b*) improvement of export credit facilities; and (*c*) review of other means of helping exporters, particularly by organising co-operative selling arrangements overseas to assist small firms play a part in the export drive. Besides the aforesaid import and export steps, the Labour Government has stated that it will:

create a price review body,

take steps to make it easier for workers to change their jobs in step with the needs of technological progress,

consult both sides of industry on the outlines of a plan to increase productivity and work towards an effective incomes policy linked to productivity,

hold necessary consultations with the International Monetary Fund on the use by the British Government of its drawing rights, and

carry out a strict review of all its spending to relieve the strain on balance of payments; the French Government has already been informed about its wish to re-examine urgently the Concorde project.

The aforesaid measures signify the Labour Government's determination to set right the "profoundly unsatisfactory"—this is the term used in the official statement—economic situation. That the British economy has been subjected to certain stresses and strains for quite some time now is well known. There has been no serious inflation as such, with retail prices as of September last having gone up by only 4.3 per cent over the previous twelve months and export prices by 3 per cent. But there has been a steady increase in imports of manufactured goods of all sorts and the trade deficit has been progressively rising. The overall payments deficit in the current year is expected to be no less than £700-800 million. It is not surprising, therefore, that the pound sterling continues to be subjected to pressure. The spot rate for sterling *vis-a-vis* the U.S. dollar quoted in the New York market, which was above the parity level of 280 cents early in May last, is now quoted at a discount, the actual rate being about 278.300 cents per £.

Viewed in this context, the levy of a surcharge of 15 per cent on imports by Labour Government is, of course, necessary. One may treat it as a lesser evil than the adoption of monetary measures of deflationary nature. And one may also feel gratified at the absence of any measures either to curtail Britain's aid commitments or to restrict outflow of private foreign capital. Reassuring, too, is the statement that the levy of the surcharge on imports will be a purely emergency measure and that it will be withdrawn "as soon as a fair balance in trade is restored." But one does not know how long this emergency will last; the British Government has indicated no time limit. And there is no denying the fact that this levy will affect India to a considerable extent. Britain, it may be noted here, is the single largest customer for Indian goods. Out of every five rupees worth of goods exported by India, the U.K.'s share alone comes to one rupee. Currently, exports to Britain are running at an annual rate of about Rs. 160 crores. The total exports may suffer a perceptible setback following the imposition of the surcharge on imports. The inclusion of India and other developing countries for the purpose of the levy is rather in contradiction with the avowed objective of the Labour Party to buy on a larger scale from the developing countries. Only six days before the British Government's decision on import restrictions was announced, Mr. Douglas Jay, President of the Board of Trade, had declared at a meeting of the British National Committee of the International Chamber of Commerce that the best of all ways to help the developing countries was to buy more of their goods and that Britain would not give up liberal policies.

The two commodities the exports of which will be affected most are cotton textiles and jute goods. Cotton textiles exported from India to Britain are now subject to two curbs, instead of one as hitherto, the ceiling pact already in force and the 15 per cent surcharge. The object of levying the surcharge is to discourage imports. So far as cotton textiles are concerned, this objective was already being achieved for some years now through a quota system. It is, therefore, unfair for the new British Government to have subjected them to the additional handicap of a stiff import duty. Since cotton textiles constitute one of India's staple earners of foreign exchange and since more than two-fifths of India's exports go to Britain, the impact of the levy of import surcharge is bound to be severe. In the case of jute goods, whatever benefit that had been conferred by the abolition of the power of Jute Controller in Britain to "mark up" prices for certain categories of imported jute goods has now been nullified. While India has full sympathy for Britain's present economic plight, it will be quite justified in asking the Labour Government to include at least cotton textiles and jute goods in the exempted category and exempt them from the surcharge. Its failure to do so will embolden other developed countries also to act likewise in the name of balance of payments considerations. It may be recalled that, by forcing India, Pakistan and Hong Kong to accept limitations on their exports of cotton textiles, Britain had encouraged other countries also to follow suit.

THREE-TIER SYSTEM FOR EXPORTS

One of the essential prerequisites for successful export drive on a long-term basis is the creation of confidence in Indian goods among overseas importers. Although the need for creating such confidence has been emphasised time and again, serious complaints of irregularity on the part of Indian exporters continue to pour in from outside. The complaints are due largely to the malpractices indulged in by a small section of exporters. This aspect has been highlighted in the report of the Selectivity Committee on Foreign Trade (Chairman: Dr. A. Ramaswami Mudaliar) appointed by the Board of Trade at the Ernakulam meeting in November last year. Quite bluntly, the Committee says:

"A number of fair-weather exporters embark only upon exports in the hope of obtaining quick gains at the risk of spoiling the chances of building up trade on a sound and lasting basis. . . . Persons interested in the import of items permitted under export incentive schemes take to the export of products in which they have neither interest nor experience. Such a situation is fraught with grave danger to the orderly development of exports. . . . It is essential that the chaotic situation cannot be allowed to develop wherein a number of exporters of inadequate competence and doubtful ethics engage themselves in cut-throat competition in limited market."

The disquieting features of export trade must be eliminated forthwith, for it is far more difficult to revive the confidence of foreign buyers once lost than to build up goodwill right from the start. The need for some measure of selectivity in export trade cannot, therefore, be stressed too strongly. Such selectivity can be ensured if the three-tier pattern of categorising exporters as recommended by the Mudaliar Committee is introduced. The three tiers are "registered exporters" at the lowest level, "export houses" in the middle and "consortia of exporters" of a product or a group of products at the top rung.

The criteria for registering exporters, in the opinion of the Committee, must be not only more specific but also separate and distinct for each product or group of products, the exporters being divided broadly into two groups, one for traditional items and the other for non-traditional items. The criteria suggested include installed capacity and actual production if the exporter is a manufacturer; tie-up arrangement with domestic suppliers if the exporter is a merchant; quantum of domestic and export turnover in the product or allied products; quality specifications of the product, including inspection and testing facilities available prior to export; record of commercial disputes and their settlement; general standing in trade; and overseas channels of trade and customer servicing facilities.

The Committee has also suggested a voluntary convention of trading covering maximum and minimum prices for different qualities and specifications; quality control; export quotas, global or regional; agreements on delivery schedules, payment terms, commissions, packing and after-sales benefits and other customer services; specification of the range of brands to be handled by each exporter wherever appropriate; and reporting and settlement of commercial disputes.

There is considerable force in the plea of the Committee that any export promotion policy should deliberately provide for the building up of a cadre of efficient business houses which accept the total commitment to concentrate on export trade and which possess the required qualifications and adequate resources to undertake overseas trading "in a large measure, in a sustained manner and over a long period." While the Committee has no objection to private limited companies being eligible for recognition along with public limited companies, it has recommended that partnership firms and proprietary concerns should be kept out. A minimum paid-up share capital, according to the Committee, should be insisted upon before a company can be considered eligible for recognition. The scheme of recognition of export houses should be reoriented to make it more specific with reference to commodities and with reference to markets. Only business houses of standing and possessing the following qualifications should be eligible for recognition: substantial experience in handling the commodities in question for export generally and preferably to the selected markets; and exports constituting a substantial proportion of production in the case of manufacturing concerns and export turnover constituting a substantial proportion of total turnover in the case of trading concerns. Recognition should be for a limited period, say, three years. Renewals should depend on substantial export performance.

At the third and highest level in the suggested three-tier system will be the consortia of exporters which may be formed for the sale of identical or complementary products to overseas markets. Such consortia, in the opinion of the Committee, would be composed of all, or a group of, exporters in a single commodity or a batch of commodities and would be in a position to negotiate with foreign businessmen as a single entity and parcel out foreign orders among their constituent members. Membership, it is said, should be as wide as possible and an equitable scheme of allocation of business should be drawn up in advance.

Some measure of selectivity in export trade is certainly urgent, but it will be rash to say that that alone will work miracles. For the ultimate success on the export front will depend greatly on the competitive capacity of Indian goods, price-wise and quality-wise. No effort should, therefore, be spared to bring down production costs in industries and to maintain high quality standards.

COAL TRANSPORT

Thanks to the concentration of a large proportion of coal production, as also of iron and steel production, in Eastern India, the transport problems of that region have been causing anxiety to the authorities for some time now. Their anxiety is bound to increase, for the proposed Bokaro steel plant, the expansion projects of the existing steel plants and the bulk of additional coal production envisaged during the fourth Plan period would, together, aggravate the region's none-too-easy transport situation. Another complicating factor here is the concentration of a large proportion of coal production in that small area, while many of the larger users of coal are concentrated in relatively distant areas. Advance planning is, therefore, called for, if transport bottlenecks are not to develop in the early years of the fourth Plan in a more acute form than in the early years of the third Plan. But advance planning requires prior studies of transport conditions and problems. Timely, therefore, are the two studies recently carried out—one by the National Council of Applied Economic Research (*vide* note on transport in Steel Belt on page 714 of *Commerce* dated 24th October 1964) and the other by a World Bank team of experts. The two studies, albeit not wholly identical in their findings and recommendations, should greatly help the Government in evolving a suitable transport policy, with particular reference to the Steel (and Coal) Belt.

The World Bank team, like the N.C.A.E.R., has recognised the dominant role (current and prospective) of railways in bulk transport. The team has estimated, in this connection, that the tonnage of coal to be moved by rail will increase by approximately 80 per cent between 1962-63 and 1970-71 and the ton-kilometres of such coal movement by more than 50 per cent. Likewise, the total volume of freight traffic (the major proportion of it consisting of a limited number of bulk commodities, including coal) on railways is expected to increase by more than 80 per cent, measured in tons originating, and by almost 70 per cent, measured in ton-kilometres between 1962-63 and 1970-71. It is to meet this situation that the team has recommended a series of measures for the development of additional railway haulage capacity. These measures, which go farther than the N.C.A.E.R.'s proposals for improving railway efficiency, are: (i) Doubling of 3,500 kilometres of route, with first priority to 1,600 kilometres; (ii) equipping 1,500 kilometres of main routes with automatic signals; (iii) replacement of vacuum brakes with air brakes on 15,000 bogie wagons which are less than ten years old and equipping of the necessary coal pilot locomotives for handling wagons with air brakes; (iv) electrification of approximately 2,600 kilometres; (v) purchase of 625 electric locomotives for goods services and 100 diesel shunting locomotives; (vi) purchase of 86,000 bogie wagons; and (vii) conversion of 821 kilometres of route from metre to broad gauge. These priority programmes alone, according to the team, will involve an expenditure of Rs. 1,150 crores. Other capital expenditure required by the railways till the end of the fourth Plan is, of course, not included in this amount. Further guidelines for future railway policy have also been indicated in the team's report. These include, among others, the adoption of the principle that goods trains should be in excess of 5,000 gross trailing tons, the use of large-capacity bogie wagons with centre buffer couplers for all broad-gauge operations, the extension of electrification or dieselisation to all main line routes, the extension of automatic block signal systems on all main routes, the completion of doubling of tracks of the principal routes between the four largest cities, the avoidance of additional main tracks beyond doubling, except in areas close to the large cities and in the coalfields, the conversion of metre to broad-gauge on certain specified routes and the determination of dates for the cessation of manufacture of broad-gauge steam locomotives and four-wheel wagons.

It would appear from the World Bank team's recommendations that alternate modes of transport are not rated highly. In fact, the team has estimated that the proportion of coal which can be moved economically by means of transport other than railways will not exceed 10 per cent. It is only movement by sea that offers, in the opinion of the team, definite possibilities for expansion, provided the Haldia port is developed and a fleet of 15,000-ton vessels for coastal trade is built up. The team has ruled out water transport, for rail transport costs are only a fraction of those by waterways. Nor, according to the team, is there any economic justification for the use of pipelines for coal transport. Road transport within limits and expanded coastal shipping may thus account, at the most, for 10 per cent of all coal transport. This finding and the consequent accent on railway transport (which, according to the team, will be the cheapest for coal movement even after upward adjustments in freight rates), it will be seen, run counter to the Government's tentative proposals for developing water and pipeline transport and to the N.C.A.E.R.'s suggestions for developing, in particular, road and water transport so as to relieve the burden on railways. But at the same time it must be said that the team's suggestions appear to be more practicable.

A DESPERATE SOLUTION?

The current food situation, characterised by shortages and high prices, seems to have so unnerved the Government that it is now thinking in terms of stricter control and possible rationing in big cities. Both the Prime Minister and the Union Food Minister, who addressed the conference of State Chief Ministers and Food Ministers at New Delhi on the 26th instant, have proposed this desperate solution. The Centre's suggestions, as outlined by Mr. C. Subramaniam, are as follows: (i) Cordoning off Ahmedabad, Bangalore, Bombay, Calcutta, Delhi, Hyderabad, Kanpur and Madras and introducing statutory rationing in these cities; (ii) cordoning off the entire Kerala State and introducing statutory rationing throughout the State; (iii) introduction of informal rationing in urban areas having a population of one lakh and above; and (iv) introduction of statutory rationing in industrial cities and revision of issue prices of imported wheat and rice in fair-price shops. The Prime Minister has also suggested the control of other items like cloth, *vanaspati* and sugar and their distribution on food cards or on separate cards. The Government's current thinking on the food question, incidentally, is not far different from the approach of the National Council of Applied Economic Research which has recommended the introduction of rationing as, more or less, a permanent mechanism for a more equitable distribution of scarce consumer goods, including foodgrains. The Director-General of the Council, Dr. P. S. Lokanathan, has stressed the need for such rationing on the ground that even a five per cent rate of growth in agriculture would not be able to ensure plentiful supplies of foodgrains to a population rising by 2½ per cent per annum and that the only way to ensure minimum supplies to consumers at reasonable prices is rationing.

There can be no two opinions on the need for ensuring supplies to consumers at reasonable prices. But the question is whether, as forecast by Dr. Lokanathan, there is going to be a perpetual scarcity of foodgrains and other consumer goods in the country. If this is also the Government's view, it should state it frankly instead of allowing its spokesmen to make divergent forecasts on the food situation in the coming months. It is indeed amazing that while the Prime Minister has said that things are going to be difficult on the food front in the months to come, the Food Minister has stated that the prospects of rice crop are *extremely good* and that the *rabi* crop also would be equally good. If what the Food Minister has said can be taken as correct, there seems to be no reason for being pessimistic. However, it would be prudent to take all possible measures here and now to enable the agriculturists to produce a better crop in the forthcoming *rabi* season itself. Agriculture generally does not have a long gestation period and, if some emergency measures are implemented in right earnest, they should show results in terms of higher production of wheat and gram. At the same time, efforts should also be made to prevent the wastage of foodgrains on the farms and in storage, for every ton of food so saved is as good as a ton of food produced.

The main problem relates to organisation and proper implementation of schemes. If lack of organisation stands in the way of improving production, it may equally stand in the way of improving distribution—rationing or no rationing. Many people still remember the miserable conditions under rationing, which prevailed more than a decade back, and many have already got a taste of it under the semi-rationing conditions now prevailing in the urban areas, with their fair-price shops and informal ration cards. The Food Minister himself has admitted that inefficient distribution has been responsible for shortages. And if this is the position under semi-rationing, it may be that it will become still worse if full rationing is introduced. It will breed corruption and lead to vexatious delays and hardships. Before adopting this desperate solution in a panicky hurry, the Government would do well to watch the market arrivals of *kharif* crops and the progress of *rabi* cultivation and then decide on their course of action more calmly.

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AN ECONOMIC NOT A FINANCIAL CRISIS

By Questor

LONDON, 23*rd October*

THE gold standard has gone, and the rules of the new monetary system are different from those of the old, but it is still traditional practice in Britain to meet the danger of a run on the gold reserve with an increase in the discount rate.

Sometimes the object of such an increase is to lend psychological support to more direct restrictions on credit and demand and to produce a quick deflation. Sometimes it is to reverse the flow of international short-term capital: a rise in the rate to 7 per cent has twice proved extremely effective in dispelling rumours about the devaluaton of the pound and relieving speculative strains on the reserve.

The reserve had already fallen enough in September to make it desirable for Britain to make a first, token drawing on the Basle arrangements and the U.S. swap facility. The general election, and the narrow Labour victory, has certainly caused it to fall further, though by an unknown amount, in October. Many people, both at home and abroad, therefore, assumed that the first step taken by the new Government to meet the balance of payments problem would be a rise in the discount rate—especially since Labour spokesmen have made it clear that they would not hesitate, for all their dislike of high interest rates, to raise the discount rate sharply to meet a speculative crisis.

The crucial Thursday came, however, and the discount rate remained unchanged at 5 per cent. This does not mean, of course, that it may not rise in the future, but it indicates that there are several respects in which Britain's current foreign exchange problem differs from those which have been met with a high discount rate in the past.

Mr. Harold Wilson, the new Prime Minister, is understandably anxious to attach as much responsibility as possible for the present situation to the outgoing Government, and has talked freely about an economic crisis: but he made it clear, even during the course of the election campaign, that there was no financial crisis.

The fact is that speculative pressure against the pound has been extraordinarily small. The balance of foreign payments has been in heavy deficit for a year; a general election, and the likelihood of a Labour victory, has been in the offing as long. Yet nobody has regarded devaluation as a serious possibility, and short-term funds have been coming freely into London.

No doubt the position has been eased by the Bank of England's decision to let the spot rate drop towards its floor, by intervention in the forward market, and by a widespread feeling that no private speculator can play against a syndicate of central banks and win. The result, however, is that short-term movements of private capital have been small. The reserve has fallen recently mainly because other sterling countries are no longer accumulating their surpluses in London and the effect of Britain's own payments deficit is becoming apparent.

The quietness of the exchanges is one of the factors which have made it unnecessary to raise the discount rate in the traditional manner. Another, connected factor is the new wealth of international credit facilities available for Britain's use in the common interest of preserving stability—the Basle arrangements (which have provided up to $1,000 million in the past), the mutual swap arrangement with the U.S. of $500 million, the $2,500 million drawing rights on the International Monetary Fund (of which $1,000 million is instantaneously available on stand-by credit), on top of a reserve of $2,500 million and Government-held dollar investments of around $1,000 million. These massive resources have so far inhibited the development of speculative pressure against sterling and will probably be more than adequate to meet it, without the need to raise the discount rate, if it develops in the future.

And if a rise in the discount rate is not forced on us, I believe, there are good reasons for not making it voluntarily. In the first place, it would produce large movements of short-term private capital accross the exchanges: the inflow which eased our balance of payments problem might well make that of others more troublesome.

In particular, the short-term outflow from the U.S. would almost certainly increase. It, and other countries, might be forced to raise their discount rates in competition whatever the requirements of domestic economic policy. The chief principle of the new and valuable attempt at international co-operation in financial and economic policy is that nobody should take measures to deal with domestic economic problems without considering their likely impact on other countries.

In the second place, a sharp rise in the discount rate has become, in Britain, the signal for deflation. The actual increase in the cost of credit it involves is likely to be less important than its effect on business confidence and on plans for new investment in capital equipment.

There is a general feeling in Britain, which both parties share, that our habit of meeting recurrent deficits with regular deflation is largely responsible for our relatively low investment ratio and rate of economic growth: Labour will not be prepared, nor would the Conservatives have been if returned to power, to meet the current deficit by a squeeze on credit.

It is encouraging to learn that Mr. Roosa holds the same point of view. Neither the U.S. nor most other industrialised countries, he believes, can overcome a deficit nowadays by deliberately increasing unemployment, or checking growth for more than a short time, or regularly devaluing the currency. Provided that the new Labour Government acts vigorously in dealing with real economic problems, it will deserve and command the full support of the U.S. in handling its temporary financial problems.

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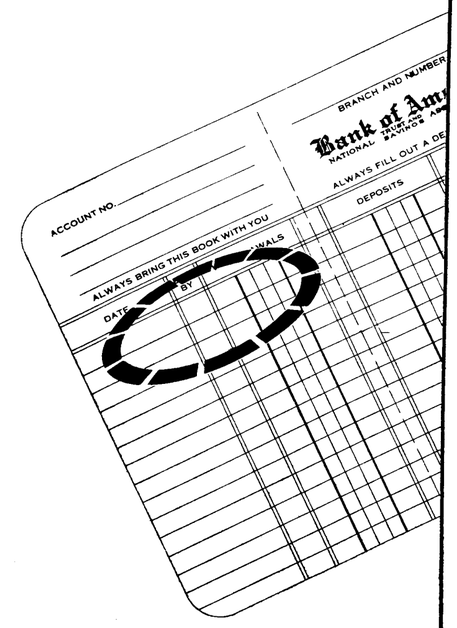

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INTEREST RATES ON EXPORT FINANCE

CEILING SUGGESTED BY CHABLANI COMMITTEE

THE cost of post-shipment credit, whether examined in relation to domestic rates for other borrowers or by comparison with the export credit rates in other countries, is, on the whole, relatively high in India. Latest studies show that the Indian exporter has to pay 50 to 100 per cent more than his rivals abroad. There are no concessions in regard to pre-shipment credits either. Whereas the prime or first class borrowers may be paying nearly seven per cent as the rate of interest, the second line of borrowers have to pay as much as 8½ to 9 per cent. The rates of medium-term finance to exporters are also too high, except in some cases where the banks obtain refinance from the Industrial Development Bank. These are the hard facts, though they may look rather strange in a country like India where the economy depends to a very large extent on the supply of foreign exchange for its growth. A reduction in the rates on pre-shipment finance would help to reduce the cost of production per unit, whereas the reduction in the cost of post-shipment finance would enable the exporter to grant extended credit to his buyers abroad at a cheaper rate or reduce his sale price. Thus, the net result of cheapening the cost of export credit would be to enhance the exporters' competitive power in the world market. In view of this situation, it is heartening to find that the Working Party on Cost of Export Credit (otherwise known as Chablani Committee) set up by the Government of India, has recommended that a ceiling may be fixed on the rates of interest charged by the banks on the exporters—both for pre-shipment and post-shipment finance. The Committee was appointed in February 1964—with Dr. S. P. Chablani the versatile Managing Director of the Export Credit and Guarantee Corporation (E.C.G.C.), as convenor—to go into the cost of export credit and devise ways and means of reducing it and bringing it in alignment with the rates in other countries.

The Committee's report is comprehensive but to the point. It has made a lucid analysis of the problem and put forward workable solutions. In the paragraphs that follow an attempt has been made to bring out the main features of the report.

Present Rates

Post-shipment credit is generally provided through the negotiation of bills. The duration depends upon the nature of the commodity exported and the terms of contract between the exporter and importer. But, except in the case of engineering goods, where the terms may be large, period generally does not exceed six months. The cost of post-shipment finance in India depends on the currency in which the export bills are drawn and their usance. Of the total sight bills negotiated in 1963, Sterling bills accounted for 51 per cent, Rupee bills 34 per cent and Dollar bills 15 per cent. In case of usance bills, the corresponding figures were 59 per cent, 21 per cent and 20 per cent, respectively. The following table shows the rates of interest charged on purchasing/discounting of export bills in India:

	Rupee Bills	Sterling Bills	Dollar Bills
Sight Bills	6½	5½	5½ to 6½
Usance Bills:			
(*a*) 3 months ..	6½ to 7½	6¾ to 7¼	4 to 6½
(*b*) 6 months ..	6½ to 7½	7¼ to 7½	4 to 6¾

The rate for usance bills, covered by the Reserve Bank's Rupee Export Bill scheme, is 6½ per cent, irrespective of the fact whether they are for three months or six months.

In addition, there are other expenses like stamp duty, bank's commission for handling the documents and premium for the coverage of risks by the E.C.G.C. Thus, on an average, the cost of short-term post-shipment finance varies between 6½ and 7½ per cent in India, as against 4-5 per cent in Belgium, 4¼-4½ per cent in Italy, 4½ per cent in France, 4¾-5½ per cent in Japan, 5-6½ per cent in West Germany, 5½ per cent in the U.S. and 5½-6 per cent in the U.K.

The position regarding pre-shipment short-term credit is no better. The bulk of pre-shipment finance is in the form of cash credit overdrafts from banks. The minimum rate of interest on such advances, as stipulated under the Inter-Bank Agreement, is two per cent above the Bank Rate. On the basis of the current Bank Rate of five per cent, the minimum advance rate under the Agreement comes to seven per cent. This, as already pointed out, is for first class parties. For the second line borrowers and new customers, it may be as high as nine per cent, though the average comes to about 7½ per cent. The corresponding rates in many leading countries are much lower.

As regards medium-term export finance, the rate goes up to 7½ per cent in case of post-shipment credit and the total cost, after including stamp duty, exchange, commission, etc., reaches 8½ per cent. For pre-shipment credit, it goes up to even nine per cent. The comparable figures in many leading countries are much lower. The comparable rates are: 5-5½ per cent in France. 5½ per cent in Japan and the U.K., 5½-6 per cent in Italy and 6 per cent in the U.S. for post-shipment finance and 5½-6 per cent in France and the U.K., 6 per cent in the U.S., 7 per cent in Italy and 7½-8 per cent in Japan for pre-shipment credit. The Indian exporters have thus to pay higher interest charges as compared with their competitors in other exporting countries. These high rates of interest apply both to post-shipment and pre-shipment credit—whether for short-term or medium-term. If India is to compete successfully in the world markets, it is necessary to bring down the costs, and a reduction in the cost of finance is one of the ways of achieving this end.

Rupee Export Bills Scheme

The Chablani Committee has suggested some measures to make the present Rupee Export Bills Scheme more effective and less expensive. It may be recalled that this scheme was introduced by the Reserve Bank in March 1963, as an adjunct to the Export Bills Credit Scheme. Under the latter scheme, advances are made by the Reserve Bank to eligible scheduled banks—within their overall quotas—against demand promissory notes, upon a declaration of the holdings of eligible usance export bills purchased/negotiated/discounted by them. The Rupee Export Bill Scheme provides in this context a special facility to banks in respect of their holdings of Rupee export usance bills and entitled the banks to borrow against a declaration of their holdings of Rupee bills at the Bank Rate, provided they did not charge interest/discount/commission to exporters at a rate higher than 1½ per cent above the Bank Rate. Although the system of quotas has been discontinued since last month, and with that the Export Bills Credit Scheme too, the concessions with regard to the Rupee Export Bill Scheme are being continued and the banks can obtain finance against their holdings of Rupee usance export bills at the Bank Rate, subject to the above mentioned stipulation regarding the maximum rate of interest they can charge from exporters. The Chablani Committee has now recommended that this Scheme should be placed on a permanent footing and the ceiling rate under the Scheme should apply to all rupee usance export bills, *irrespective of whether the bank obtains refinance from the Reserve Bank or not.* This Scheme of concessional refinance may also be enlarged to cover usance bills drawn in Sterling, Dollar or any other currencies and export finance found through methods other than purchase or discount of bills, namely, advances against goods exported on consignment or against bills for collection. The Committee has not favoured the extension of the Scheme to sight bills, as it felt that it would make no dent on the exporter's cost and yet adversely affect the banks' profits.

It has been recommended that, in the case of post-shipment credit, the ceiling rate for export bills upto six months should be one per cent above the Bank Rate—irrespective of whether or not the banks obtain refinance from the Reserve Bank. On the basis of the current Bank Rate of five per cent, this ceiling will reach six per cent. The implementation of this recommendation will result in a substantial reduction in interest costs which may go up to 1½ per cent.

Pre-shipment Credits

It has already been seen that the lending rates for pre-shipment credits in the leading exporting countries are considerably lower than those in India. Moreover, in the past few years, this rate in India has increased at a fast face—from an average of 5.64 per cent in 1959 to 6.41 per cent during the first half of 1962 and 7½ per cent at present. If this trend continued, the average may very soon be as high as the present highest of 8½-9 per cent. As a safeguard against this tendency, the Committee has recommended that pre-shipment export finance may be brought within the purview of the Reserve Bank's concessional scheme for export finance.

There is, however, a snag here. At present, the pre-shipment finance is generally indistinguishable from domestic credit, as many products that are exported are also produced for the home market. In order to obviate this difficulty, the Committee has suggested the adoption—with suitable modifications—of the Export Advance Bills Scheme of Japan. Under this Scheme, the banks in Japan provide finance to exporters for the purchase, production, processing, transportation and storage of goods by discounting Export Advance Bills on the strength of firm export contracts. An exporter can obtain funds from a bank against an Export Advance Bill, irrespective of whether he is a manufacturer or a merchant drawing his goods for exports from others. Similarly, a manufacturer, working to the order of an exporter, may himself obtain finance directly from a bank by issuing an Export Advance Bill. Under the scheme, the Bank of Japan provides refinance facilities to banks against the security of Export Advance Bills at a concessional rate; and, if the bills are accompanied by letters of credit, they are discounted at a still lower rate than the rate at which refinance against the security of bills is provided. The scheme, however, covers only the exporters who have firm orders, and not the manufacturers who produce goods in anticipation of export orders, in the light of past experience or on the basis of future prospects. The Committee has recommended the extension of concession to such manufacturers in either of the following two ways:

(*a*) The credit may initially be made available at the prevailing rate and, at the completion of the export contract, the exporter may get a rebate or drawback of interest on such part of the credit which corresponds to export finance.

(*b*) The benefit of concessional rate may be given initially, and on such part of the credit,

(*Continued on page* 792)

Cost of Export Finance and Domestic Finance in India and in Some Foreign Countries

(Per cent per annum)

Name of country	Short-term			Medium-term		
	Cost of export finance	Cost of domestic finance	Margin below domestic cost	Cost of export finance	Cost of domestic finance	Margin below domestic cost
Belgium	4–5	6 –6½	1 –2½	....	....	....
France	4½	4½	½	....	....	....
West Germany ..	5 –6½	5–6½	....	5–5½	....	....
Italy	4¼–4½	6	1½–1½	6 –8½	5½–6	½–1
Japan	(*a*) 4¾*–5½†	7½–7¾	2 –3¾	5½–6	6 –8½	....
	(*b*) 4‡			5½	7	1 –1½
U.K.	5½–6	5½–6	....		7½–8	2 –2½
U.S.A.	5½	5½–6	....	5½		
India	6½§ –7½	(*a*) 7 @	....	6	5½–6	½
		(*b*) 7½@@	....	6–7½‖	6	....
			½	....	(*a*) 7 @	....
					(*b*) 7½@@	1

NOTES: (1) These are latest available data based mainly on published sources.
(2) The margin below domestic cost indicates the presence of special facilities for export finance.
(3) The rates have been rounded off to the nearest quarter per cent per annum.
* Rate for export advance bills rediscountable with the Bank of Japan.
† Rate for export advance bills eligible for collateral loans from the Bank of Japan.
‡ Rate for foreign currency bills which are eligible for advance from the Bank of Japan.
§ Rate for rupee usance export bills covered by the Rupee Export Bills Scheme.
@ Minimum rate. @@ Average rate.
‖ Rate for usance export bills against which refinance is obtained from the Industrial Development Bank.

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COFFEE CROP PROSPECTS

EXPORT QUOTA UNDER WORLD AGREEMENT MUST BE RAISED

ALTHOUGH the outlook for the current coffee season that began on 1st July last is considered to be quite bright, the earlier expectation of a bumper crop being harvested may not materialise, for the crop has been adversely affected by untimely and insufficient blossom showers. Indeed, indications are that the total production will be less than that in the previous season (1963-64). The latest trade estimate places the output at no more than 67,000 metric tonnes, as against the earlier estimate of 72,000 tonnes made at the blossom time and the record crop of 68,500 tonnes harvested in 1963-64. The downward trend is, however, expected to be reversed again in the next season, that is, 1965-66 which corresponds to the last year of the third Plan. This, at any rate, is the view of Mr. M. M. Appaiya, the retiring Chairman of the Mysore State Planters' Association, who spoke at the sixth annual general meeting of the Association held at Bangalore on the 27th instant. The condition of estates, according to Mr. Appaiya, gives rise to a "quiet optimism" that the 1965-66 season's crop may touch about 75,000 tonnes.

In the considered opinion of Mr. Appaiya, "big surpluses" of the order of 45,000 to 50,000 tonnes of coffee will become available in the coming years. Such surpluses and the exigency of earning foreign exchange for the import of a wide range of goods invest the need for a more vigorous export drive with urgency. This need was most forcefully highlighted by Mr. Appaiya. He said:

"In spite of the vigorous plea by the Chairman of the Coffee Board in the International Coffee Council for a more generous allotment, our quota for export for the second year continues to be pegged at around 22,000 tonnes. The fixation of export quotas on the basis of exports in the past, without taking into consideration levels of production and trends for the future, has been particularly disadvantageous to us who have promoted internal consumption to roughly 50 per cent of the crops produced in the country. Our export quota represents a meagre 33 per cent of our poduction, as against a quota of upto 80 per cent of the maximum production fixed for the chief coffee growing countries. We have a very strong case for an immediate revision of our export quota so as to enable us to sell our available surpluses in assured markets during the coming years. I am sure the Investigation Team of the International Coffee Council, which is visiting the country later in the year, will appreciate this requirement of ours and recommend to the Council suitable export quotas commensurate with our production and surpluses. We have, on the basis of our trends in production, a right to a quota of 50,000 tonnes and every effort should be made to secure this. An increase of the order indicated is not going to upset the balance of supply and demand in the world market and for a country that has been responsible for the spread of coffee cultivation in most of the leading producing countries of the world, India has a right to expect just and considerate treatment in the fixation of quotas.

"Our production figures for the third Plan period would just suffice to meet our internal demands at present levels and permit of our reaching an export target of 50,000 tonnes. Internal markets, however, under the pressure of our growing economy, have a tremendous field for absorbing increased production and we should programme for an increase of 15,000 tonnes in this market by the end of the fourth Plan period. Our foreign exchange position would require us to remain not content with the exporting of 50,000 tonnes, but of much larger quantities, if necessary outside the quota countries. We have made a good beginning in the last two years and the demands for our coffee in the non-quota countries is encouraging. We should cultivate these countries and be in a position to export a further 10,000 tonnes over the export of 50,000 tonnes we are seeking to the quota countries."

World Trends

While India's case for a more liberal export quota is strong, it must be emphasised that the mere grant of a higher quota will not be of any avail, unless India is in a position to compete effectively in world markets both quality-wise and price-wise. The competitive capacity of India, in turn, depends partly on the conditions obtaining within the country and partly on the trends in the world coffee markets. According to the latest reports, the world markets are currently depressed due partly to the delay in the ratification of the International Coffee Agreement by the U.S.—the U.S. imports nearly half of the total world exports of coffee—and partly to the offer of surplus African robusta coffee at prices below those agreed to at the meeting of African producers at Paris. Uganda robusta grade 10 (unwashed) coffee is currently quoted in the London market at £13 per cwt. (f.o.b. Mombasa), as against £16-16 early this year. There is a feeling among coffee circles that, despite a reduction of 300,000 bags to 48 million bags in world coffee quotas for the current season, the aggregate quota is higher than the world demand by about 1.2 million—1.5 million bags.

Whatever the international coffee situation, India should spare no effort to augment exports of coffee. The scope for selling large quantities of coffee in the non-quota countries is said to be quite good. These countries include Japan, Middle Eastern countries and rupee-payment countries such as the U.S.S.R., Poland, Rumania and Hungary. At present, Japan imports considerable quantities of coffee from other countries and India should certainly be able to capture a part of the market there. It may be noted here that the exporters of coffee enjoy an incentive in the form of imports entitlement for chicory upto 3 per cent of the f.o.b. value of exports, but the incentive is limited only to coffee exported to non-bilateral quota countries. The study group on Plantations appointed by the Board of Trade suggested sometime ago that, in order to give sufficient incentive to develop exports in non-quota countries like Japan, the incentive should be extended to exports of coffee to include all non-quota countries.

Existing Markets

Along with efforts to explore new markets for coffee, every care will have to be taken to see that the existing markets are not only preserved but actually developed further. It is necessary to mention this aspect because Indian coffee is said to be lately losing ground in certain European countries such as Austria, Norway, Sweden, Denmark and Finland. About five years ago, India held a pretty high place amongst the suppliers of coffee to Austria, but, last year, the share of this country fell. The actual share now is 1.4 per cent, as against 5 per cent five years ago. A similar trend has been noticed in some other countries also. Whereas India's share of exports in these countries has been going down, Brazil, Colombia and Costa Rica have increased their shares.

Increased targets for exports, coupled with rising consumption at home call for a higher level of production. It will be necessary, says Mr. Appaiya, to raise the present level of production by about 25,000 tonnes. Steps have already been taken to maximise production from the existing stands of coffee by replanting low yielding old arabica coffee with the new strains of high yielding selections bred in the Coffee Research Station. The Mysore State Planters' Association has submitted a coffee development scheme to the Central Government. The Association expects Government's decision on the scheme shortly, making available the requisite financial assistance for the rapid rehabilitation of the old stands of coffee. This measure is expected to increase production by about 10,000 metric tonnes per year. But this would still fall short of the projected requirement. It is imperative, according to Mr. Appaiya, that this country increases area under coffee in order to fulfil demands of exports and internal consumption. There are, however, certain handicaps to the expansion of acreage, handicaps which even the Coffee Board, as its Chairman himself frankly confessed recently, cannot tackle. One such handicap relates to the land ceiling legislation in the traditional coffee States of Mysore and Madras. In other States, too, the expansion envisaged under the current Plan is not being realised. Only Andhra Pradesh has reported some addition to acreage. Reviewing the recent trends, Mr. Appaiya observed:

"Trends in production have indicated that a substantial portion of the increase in coffee crop will have to come from within the State of Mysore. While we have increased our production from 11,000 tonnes in 1944 to 53,000 tonnes in 1964, the increases in the other coffee growing States have not been as satisfactory. Attempts to grow coffee in new regions have not been very successful with the result that, for some time to come, much of the increases envisaged will have to come from within our State. To meet this increasing demand, we must aim at bringing 30,000 acres more under coffee cultivation during the course of the next six years. It would, therefore, be necessary for Government to give its serious consideration to making available land for genuine coffee cultivation at the rate of 5,000 acres per year in the first instance. . . ."

Some Pertinent Suggestions

Mysore, it may be noted, accounts for 60 per cent of the total area under coffee and 80 per cent of the actual output. A special responsibility is, therefore, cast on the Government of Mysore. The Government will do well to consider the five pertinent suggestions put forward by Mr. Appaiya. One, the extension of land under plantation crops should be consistent with the forest requirements of the State as indiscriminate reduction of areas under forests cannot be in the national interest. The State Government should undertake a quick survey to determine the extent of land that can be made available for plantation crops. With the afforestation of more and more lands outside the plantation belts of the State, it should be possible to make available lands for this expansion in the coffee growing districts of the State. Two, the Government should re-examine the policy of allotting lands eminently suited for growing plantation crops in the Giris and the other plantation growing areas of the State to the growing of crops quite unsuited to these lands, avowedly to satisfy the cry of the landless. Denuded of their forest wealth and subjected to cultivation practices contrary to every known law and practice in soil conservation, these lovely rich slopes of the Giris are fast becoming barren and useless for any purpose. The Mysore Government should soon evolve a scheme that will not permit of such profligate action. Three, the Coffee Board should carefully consider the U.P.A.S.I.'s scheme for introducing an optional quota system for exports with a view to encouraging better preparation of coffee at the producer level. Four, the Government should ensure that, in the process of the settlement of disputes between the planters and labour, long delays are avoided. Five, the Government and the Coffee Board should allow necessary imports of machinery and spares required for the application of developments in planting techniques, as well as for the adoption of better and rational, cultural and manurial practices.

Besides these suggestions, Mr. Appaiya put forward a strong plea to the Government to allow the coffee industry to build up necessary resources so vital for the regeneration of this wasting agricultural enterprise. The plea is certainly unexceptionable. For such resources must, after all, come out of the savings made possible by fair taxation measures. Agricultural income-tax rates have been steadily rising; presently, they stand at as high as 60 per cent of the profits over a lakh of rupees. The coffee industry, unlike the manufacturing industry, does not enjoy any advantages of tax relief on depreciation and development. Tax concessions, as Mr. Appaiya said, would attract fresh capital into the industry. If the regeneration and expansion envisaged under the Plan have to be gone through, the industry would necessarily have to attract considerable capital —this will not be possible unless the return to the producer is made more attractive—as, otherwise, Mr. Appaiya warned planning in the industry would only remain an excercise on paper without much being achieved. Speaking about labour costs, Mr. Appaiya said that, since coffee was a labour-intensive industry, any increase in wages would have a great impact on its production. There is considerable force in his contention that, if the wage rates are so increased as to damage the economy of the industry, the resulting instability in employment would be more harmful to labour than the good the immediate increase in wages might do.

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MANCHESTER LETTER

HIGH MACHINE ACTIVITY IN TEXTILES

STOCKS RISE DUE TO DULL RETAIL SALES

From Our Special Correspondent

MANCHESTER, 20th October

RESULTS of General Elections measured purely on voting strengths are one thing; the way in which the mandate of the country is carried out through Parliamentary procedure is quite another. Whether the tiny working majority established by the Labour Party will enable all its promised reforms to be introduced remains to be seen. There must in any case be a period of some uncertainty ahead in view of the close nature of the result.

Only a few days before the polling, a firm of Manchester stockbrokers, which uses considerable insight in its assessment of industrial and financial trends, almost assumed the role of prophet by suggesting that future Government policy would need to be framed in the light of political and trade developments overseas. The startling foreign news from Russia, which coincided with the Election, was obviously not foreseen, but it provides an example of how domestic plans need to be shaped in line with events which are well beyond the control of party leaders.

In the same report, the statement by the Chairman of the London Stock Exchange calling for more disclosure of information by public companies is discussed in detail. Most observers naturally favour the idea of having more data on which to base their assumptions and predictions of the probable progress of individual companies. The companies themselves may not view the prospect with quite the same degree of enthusiasm.

Companies on Trial

When the Election result can be viewed in perspective, its short-term implications will become correspondingly evident. The report suggests that the political significance of a favourable response from company chairmen is perhaps more important than the economic aspects. "Unless the Stock Exchanges can illustrate beyond doubt that they are capable of curbing those aspects of financial activity which are most unacceptable to developing social and (perhaps) political mores, there is a very real threat that the present system of surveillance will be replaced by a more bureaucratic one, along the lines of the Securities Exchange Commission in the United States" it warns and adds:

"In the even more immediate future, any inference that the present financial organisation is not the one best suited for changing social requirements could quite feasibly result in private enterprise being superseded by State control, with all the frustrations this might bring at both Board and personal levels."

Warning on Supplies

It has often been said that the Lancashire textile industry, through its former focal point of the Manchester Royal Exchange, was inclined to talk itself into a depression when conditions in the trade were by no means disheartening. In the past month or two, there have been indications of such an attitude developing in certain quarters; the mood has now been officially taken up by the Cotton Board in its latest statistical survey. "There is no doubt that supplies of cotton textiles this year will be appreciably in excess of final offtake" is the direct warning issued in the current review of the situation.

After commenting that trading prospects in the very short run still appear satisfactory and that output per working day is still above last year's level, the survey views the longer term outlook with some concern. It is clouded by two unfavourable factors, according to the review, the disappointing performance of retail sales and the huge increase in imports this year.

Allowing for price increases, expenditure by consumers on clothing in the first seven months of 1964 is officially estimated to have been about 4 per cent greater than in the same period last year; on a seasonally adjusted basis, however, the report adds, retail sales have been, if anything, rather smaller than in the second half of 1963.

Lack of buoyancy in retail sales, coupled with greatly increased supplies of imported cotton piecegoods and made-up garments, has led to a disquieting increase of stocks in the pipeline. Weavers, converters and grey cloth consumers now hold about 44 million more square yards of cotton cloth than at the end of the second quarter. Stocks beyond the converting stage also seem to be rising.

The only comforting factor is that a good deal of the increase in imports has been caused by India shipping the bulk of her annual quota in the first half of the year. The countries mainly involved in this rise in the receipt of foreign cloth, apart from India, are Israel, China, Japan, Canada and the Irish Republic. Inroads are also being made by countries with no former record of exporting to Britain, such as Brazil and South Korea.

Detailed figures showing the situation in Lancashire mills in the second quarter this year continue to underline the progress being made in raising productivity. In the spinning section, the number of spindles in place in running mills has for the first time fallen below 6 million ring equivalents. The actual spindles running consisted of 4,810,000 rings and 900,000 mules. Machine activity at 91.5 per cent capacity was equal to the average peak performance reached in 1961, when nearly 8 million ring equivalent spindles were running.

High Machine Activity

The gradual trend towards more shift working in spinning also persisted as 1,660,000 rings were operating on two shifts and 450,000 were on three shifts. This compares with 1,440,000 spindles on double shifts in 1961 and only 180,000 on three shifts. An evening shift was also being worked on 1,660,000 ring spindles, an increase of 38,000 spindles on the same period last year.

The high rate of machine activity in waste spinning was fully maintained at 96 per cent, although the number of actual spindles running has fallen from 668,000 in 1961 to 533,000 this year. In this section, shift working is still relatively scarce as only 80,000 of these spindles are operating more than a single shift.

In the doubling branch, although the quantity of spindles in place has been reduced over the years those running in the second quarter at 1,012,000 are slightly in excess of the 1962 average. Machine activity has improved to 86.8 per cent, a higher level than in any recent years.

Much the same general trends follow throughout the weaving branch. Machine activity in the second quarter, at 89.3 per cent, was second only to the 1961 average of 90.8 per cent, and the number of looms in place continued to fall. The operable total was 119,000, of which 106,300 were running, including 42,500 fully automatic machines.

Enterprise in Research

Technical progress in nearly every section of the textile industry has been a major influence in improving its image both as a far-from-spent force in industrial affairs and as a prospective provider of regular employment in the years ahead. Many of the larger groups already have their own development sections, but the hub of the forward movement has been the Cotton, Silk and Man-made Fibres Research Association. The annual report of this organisation, presented by the Chairman, Mr. G. H. Jolly, has laid down the basis on which further enterprise can be stimulated. The main considerations, he declares, centre not only on increased productivity but also the ability of the industry to sell its products.

Developments embodying improved or original finishes, producing sophisticated and new end-products attractive to consumers continue to rank high in the present programme of Shirley Institute. Details given in the report of the many different experiments and studies which have been carried out illustrate how science is increasingly playing a vital part in the industry's progress.

New Spinning Methods

In the earlier phases of production, however, a change in emphasis in the research programme has been effected. The view is now widely held that the ring and traveller system has entered a stage where increases in productivity per spindle are likely to be small, says Mr. Jolly. As a result, a great deal of thought has been given to new methods of spinning. An investigation has been undertaken with the assistance of a grant from the National Research and Development Corporation into what has been described as the "automated spinning project." The results, the Council of the Association believes, will be of considerable value to the industry as an extension of the development of the automatic "lap drawing" system for linking cards and drawframes, which has now been brought to the stage of mill trials.

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IMPROVING SUGARCANE CULTIVATION

MR. SUBRAMANIAM'S ALLEGATIONS AGAINST SUGAR INDUSTRY UNJUSTIFIED

IT is regrettable that the Union Minister for Food and Agriculture, Mr. C. Subramaniam, should have hurled some wild and unjustified allegations at the sugar industry, in general, and the mills in North India, in particular, while delivering the convocation address at the National Sugar Institute at Kanpur last week. His main allegation was that the industry had amassed huge profits and that it had not done anything to improve conditions in the primary stage, that is, sugarcane cultivation. We better quote the Minister's own words:

"One is tempted to ask the question: what has the sugar industry of India, which has had no lack of profits from sugar, done to step up yield and productivity in the Indo-Gangetic plain and elsewhere? Apart from the pioneering work done in the sugarcane research stations of the Government, one sees very little evidence of any sustained interest by the industry. This is absolutely a shortsighted policy on the part of the industrial magnates of sugar as such. In any advanced country of the world, an industry of the size and potential as the sugar industry of U.P. and Bihar would have to put in adequate resources for research and development of sugarcane cultivation. The passive and pathetic attitude of Indian sugar industry during all these years of protection is the worst possible justification for their continued existence."

Quite apart from the propriety—the convocation of the National Sugar Institute was surely not the forum where Mr. Subramaniam could indulge in such wild allegations—his statement does not stand the test of scrutiny. It may be true that the sugar mills in Uttar Pradesh, Bihar and some other States have not done anything in the sphere of cane cultivation. But the question is: why should they bother about cane cultivation? The cane areas do not belong to them and the mills have no control over the cane grown in the fields. Moreover, the Governments of the States have all along assumed direct responsibility for cane development. They have been raising crores of rupees every year in the form of cane cess. The object of the levy is specifically for cane development, but the Governments have been utilising the major portion of the proceeds of the cess for various purposes other than cane development. Although attention to this aspect has been repeatedly drawn by many, including this journal, time and again, the State Governments have simply not cared to take notice of the criticisms. We wish Mr. Subramaniam had, instead of accusing the sugar industry, urged the State Governments either to utilise the whole of the cess proceeds for cane development or to transfer the responsibility to the mills themselves. There is no reason to think that the mills will shirk this responsibility. In fact, several sugar millowners themselves have been asking for such a transfer of responsibility.

Deccan Sugar Mills' Efforts

Mr. Subramaniam's allegation against the sugar industry is also not justified because of the excellent cane development work done by the sugar mills in the Daccan region. But what is the reward that the mills have received in return? The joint-stock sugar mills in Maharashtra have been dispossessed of their cane farms on which they had spent so much money, time and energy for many years. Thanks to the untiring efforts of the mills, the productivity of cane lands that formerly belonged to them compares very favourably with that of other areas. The average per-acre yield of cane in Maharashtra is as high as 32.8 tons, as against the all-India average of 18.3 tons, the U.P. average of 15.4 tons, and the Bihar average of 14.6 tons. Similarly, the recovery percentage of sugar in cane raised in Maharashtra is 12.1, as against 10.2 for the whole of India, 9.6 in the U.P. and 9.7 in Bihar. Mr. Subramaniam himself admitted the distinct improvement achieved in the Deccan plateau and stated that what has been possible in this plateau "should be at least the aim and target for the sugarcane grower in the North." But he was silent on the Maharashtra Government's acquisition of the cane farms of sugar mills.

The Union Food and Agriculture Minister was, however, right when he said that, if the present adverse trend in productivity of sugarcane in the Northern belt were to continue, it would be difficult to resist the movement of sugar industry, at least the newer units, to other areas. "The country," he declared, "cannot continue to subsidise uneconomic and inefficient forms of cultivation." Curiously enough, only a week earlier, Mr. Subramaniam's own Ministry announced the fixation of a higher cane price of Rs. 5.36 per quintal linked to a recovery of 10.4 per cent or below at the factory gate, whereas the previous formula, announced in March last, had fixed the minimum price at Rs. 4.96 for cane with a recovery of 9.4 per cent. As was pointed out by us in our Survey columns last week, all producers of cane with recovery ranging anywhere between 0.1 per cent and 10.4 per cent will get the same price (Rs. 5.36 per quintal) during the ensuing season! Does such a scheme not encourage uneconomic and inefficient forms of cultivation?

Manufacturing Efficiency

While the need for augmenting the productivity of cane lands both quantitatively and qualitatively is urgent to a degree, no less urgent is the need for maintaining a high level of manufacturing efficiency in the factories. Over the long run, the health and growth of sugar industry depends, as Mr. Subramaniam observed, on the level of technology and science brought to its management. In this connection, Mr. Subramaniam put forward three pertinent suggestions. First, a separate productivity division should be organised in the National Sugar Institute for the purpose of systematically going into the reasons for low productivity and remedying them. Secondly, it would be well worth legislating that sugar factories should have as their managers men who have been qualified at the Sugar Institute or similar institutions. It was only through the insistence on such technical management, Mr. Subramaniam averred, that we could raise the general level of productivity; "we should go into the whole question of manning of sugar factories and see that the scarce capital resources of the country are properly safeguarded by technical experts being put in charge of them." Thirdly, the Sugar Institute must have a management division specialising in the problems of management peculiar to the sugar industry; this division should not only do research in problems of management but also assist in introducing the technologists to some of the better ways of handling them.

The suggestions of Mr. Subramaniam sound pertinent and logically sustainable. But one would like to know whether the Sugar Institute itself is fully equipped for taking up the responsibilities proposed by the Food Minister. Further, what certainty is there that his successors also would subscribe to his views and continue the policies laid down by him? Be that as it may, there is force in his observation that there should be a substantially increased allocation of effort and money to the various problems facing the sugar industry and that the sugar millowners and sugar technologists must come forward to draw up "a dynamic plan" for tackling them. He, however, did not indicate clearly what he meant by "joint action." All that he said was that the Government of India would assist any plan born of such common consultation. If what Mr. Subramaniam wants is the establishment of a separate private research body sponsored by the sugar industry, the idea is to be welcomed. Similar research institutions sponsored by the cotton textile industry and the art silk weaving industry are already working with Government assistance, and the sugar industry will do well to follow this lead now that Mr. Subramaniam has held out assurance of Government support.

WORLD SUGAR POSITION

Conditions in the world sugar markets continue to be rather dull. There has not been any change in the past one month in the London price of raw sugar which stands at £32 10s. per ton, as against the rate of over £90 prevailing early this year. Sugar circles do not expect any rise in prices in the near future, though they feel that the market would be steady at its present level if consumers decide to replenish their stocks. This, in brief, is the overall assessment as contained in a recent review by the Commodities Staff of the *Financial Times*, London. The review brings out the following trends in the world sugar economy:

"The market has been extraordinarily quiet for some time. Any tender put out has been met by a flood of offers. For the last six months, buyers, convinced presumably that there is no point in buying on a falling market, have not been replenishing their stocks. As a result, the amount of sugar sold has barely represented physical consumption. The existing market is complicated by being in fact two markets. One is that for cane sugar, largely required for the fulfilment of short sales to Chile. These must originate from Latin American Free Trade Areas, and has meant that firsthand sellers have been able to pay a premium. Recently dealers had to go to Peru and paid the equivalent of £34 a ton. Buyers of sugar against the U.S. global quota have also had to pay prices higher than ordinary world levels. The other market is at present dominated by the European beet producers. The F.O. Licht estimates have now been published, and the surprise is that they have not affected the market (this is partly due perhaps to the close attention dealers now pay to the statistical position throughout the year).

"The European beet harvest this year should, according to Licht, amount to 23.2 million tons, an increase of 3.6 million tons on last year. Western Europe, a net importer of sugar, is expected to produce nearly one million tons more this year. Its import requirements are thus likely to be lower than usual. France is expected to market 400,000-500,000 tons, some of which will have to be disposed of fairly soon owing to storage difficulties. Some dealers, largely on the strength of the substantial European output forecast, think that the sugar price could fall to £25 a ton by the end of the year. Much depends on how accurate estimates of the East European crop are. Russia is believed to have planted four million hectares, and Licht puts its output at 8.6 million tons. But it depends very much on how large the yield is likely to be. In the past few years, the Russian yield has varied from 1.86 ton a hectare to 2.5 tons. Earlier this year, it was thought that Russia would enter the world market for whites, but did not—possibly because it felt it was worth risking a fall in stocks to low levels. Now it appears that a substantial tonnage, 75,000 to 100,000 tons, has been delivered to Russia from other Eastern European producers. That probably does not reflect on this year's crop, however, but merely serves to tide the Russians over until deliveries from their own crop can be made. These sales seem to have had the effect of making most of the Eastern European producers with the exception of Poland less eager to sell recently. Even Poland has been fairly circumspect, offering only at tenders where the price has been £32 10s. or higher.

"So far as cane sugar is concerned, supplies will probably be more than adequate over the next year. Some time ago, Argentina announced its intention of exporting 100,000 tons. Brazil could have 350,000 tons, and 200,000 tons of Mexican sugar are already in the hands of dealers. The size of Cuba's crop remains a mystery, while hurricanes did less damage to the Louisiana crop than was first thought (the loss is now put at 150,000 tons).

"Overall, therefore, there seems little chance of higher prices prevailing, although, if consumers decided to replenish their stocks, they would help to keep the market steady at its present levels."

TARIFF COMMISSION TO INQUIRE INTO SUGAR COSTS

The way in which the Government of India is handling the affairs of the sugar industry continues to be confusing. How else is one to explain the Government's decision to ask the Tariff Commission to inquire into the cost structure of the industry? It was only in August last that Mr. C. Subramaniam set up the Commission of Enquiry, presided over by Dr. S. R. Sen, to "go into the *entire* cost-price structure of the sugar industry." Announcing the appointment of this Commission, Mr. Subramaniam gave the clear assurance that the Government's sugar policy would in future be shaped in accordance with the findings of the Commission. At that time one thought that, since Mr. Subramaniam was somewhat allergic to the Tariff Commission—his observations on the Commission with reference to steel retention prices made when he was the Minister in charge of steel some time ago are well known—he had preferred to appoint an enquiry body consisting predominantly of officials. The Sen Commission has already submitted its report. The Government, too, has accepted two of the recommendations made by the Commission (these relate to cane prices and excise duty rebate referred to in our last issue, *vide* page 714), and stated that the other recommendations in regard to ex-factory prices of sugar, etc., were being considered and that an announcement on them would be made soon. One, therefore, fails to understand why Mr. Subramaniam has chosen to refer the whole question of costs to the Tariff Commission. Be that as it may, the official Press release announcing the Government's decision says:

"Fresh examination of the cost structure and fair price payable has become necessary, as, since the last report of the Commission in 1959, changes have taken place in the wage structure as a result of the report of the Central Wage Board for Sugar Industry and the capital structure of the industry on account of the establishment of a large number of new units and expansion in existing units. Also new units which had been established with large capital outlay were using modern equipment which was more efficient and labour-saving compared with the equipment available with old factories, and a number of factories, which had effected substantial expansions, have increased their capacities several-fold. The Tariff Commission had last examined the cost structure in 1958-59 and suggested four cost schedules—one each for the Northern Bombay, Madhya Pradesh and Rajasthan and the Southern regions. These schedules were adopted by the Government for determining the sugar prices from year to year."

Considering that the Tariff Commission is an independent body, one hopes that it will recommend a new sugar price formula which would be fair to both sugar industry and the consumer.

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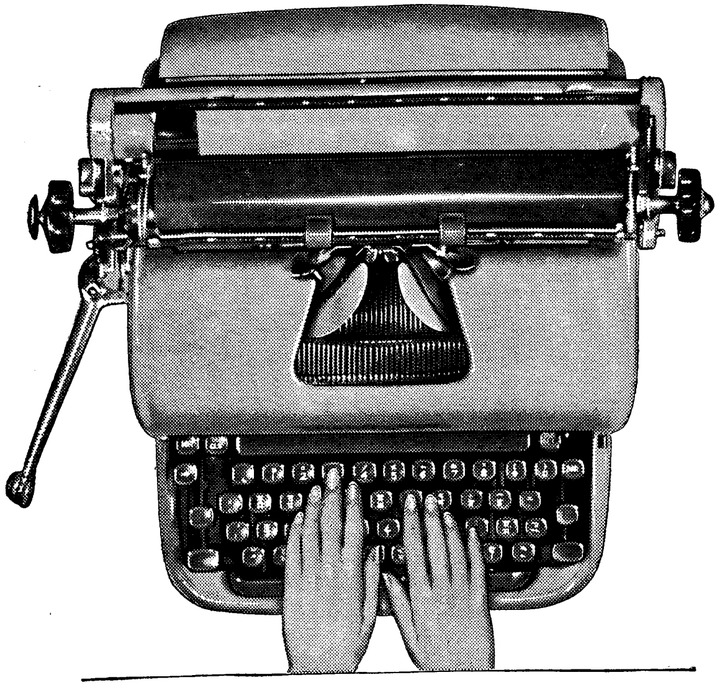

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THE OTHER CHINESE INVASION—III

DOWN WITH KHRUSHCHEV: UP WITH NIPPON

By K. Krishna Moorthy

[This is the third in a series of articles on Communist China's aid and trade relations. The fourth and final article will deal with Peking's success in improving commercial relations with Western countries.—ED.]

WHEN the Soviet bear and the Chinese dragon parted from their embrace, there was no limit to their snarling and fuming. In the eyes of the Chinese Communist Party, "as a result of the Khrushchev revisionism, the first socialist country in the world" was facing "an unprecedented danger of capitalist restoration." To quote other invectives used against Khrushchev in the Peking *People's Daily* and the *Red Flag* of 14th July this year: "The Soviet privileged stratum and the revisionist Khrushchev clique serving the interests of the bourgeoise . . . rapidly swelling the forces of capitalism . . . colluding with Soviet imperialism and wrecking the socialist camp and the international communist movement."

Now that Khrushchev has been pushed out of the seat of power in the Kremlin, there is considerable speculation on efforts for a reduction of tension between Moscow and Peking. It was immediately after Stalin died that Soviet-Chinese economic co-operation reached its peak. According to Mr. M. A. Suslov, the leading theoretician of the Soviet Communist Party, it was at Mr. Khrushchev's initiative that "elements of inequality in relations between China and Russia—one of the manifestations of the Stalinist personality cult"—was removed. But it was at the height of Khrushchev's power that the clash between Moscow and Peking became vicious.

The contributions made by the Soviet Union to China's economic construction and the consequences of the Moscow-Peking clash are relevant to a study of the growth of China's foreign aid and trade relations which have been reoriented in recent years when the Soviet Union sought to close the tap to reduce the flow of aid to and trade with China.

Extent of Soviet Help

In a report made to the central committee of the Communist Party of the Soviet Union, Mr. Suslov said on 14th February (reported in *Pravda* on 3rd April): "In the past fourteen years, the U.S.S.R. helped China build over 200 large industrial enterprises, shops and other projects equipped with modern machinery. The Chinese People's Republic has built with Soviet aid whole branches of industry which China has not had before: aircraft, automobiles and tractors, power and heavy engineering, precision and instrument engineering, radio engineering and various branches of the chemical industry. The factories built and reconstructed with Soviet assistance enable China to produce annually 8.7 million tons of iron, 8.4 million tons of steel, 32 million tons of coal and shale. Enterprises built with the help of the Soviet Union account for 70 per cent of China's tin output, 100 per cent of its synthetic rubber output, 30 per cent of its electric power output and 80 per cent of the annual production of lorries and tractors. More than 10,000 Soviet specialists were sent to China between 1950 and 1960. Some 10,000 Chinese technicians and engineers and skilled workers were taught and trained in the Soviet Union. More than 11,000 Chinese students and post-graduate students graduated from higher Soviet educational establishments between 1951 and 1962."

In 1958, according to Mr. Suslov, the Chinese had begun trying to curtail economic relations with the U.S.S.R. In July 1960, Russia withdrew nearly 1,400 Soviet specialists working in China. Incidentally, the clash with the Chinese developed after Khrushchev began experimenting with increased deliveries of economic aid to India and the United Arab Republic.

Big Decline in Trade

In 1960, according to the U.S.S.R. *Trade Statistics* published in Moscow, Chinese imports from the Soviet Union were valued at more than 735 million new roubles. Chinese purchases fell to 330 million new roubles in 1961, about 210 million new roubles in 1962 and to a little over 168 million new roubles in 1963. As for Chinese exports to the U.S.S.R., they were 763 million new roubles in 1960, about 496 million new roubles in 1961, about 468 million new roubles in 1962 and 372 million new roubles in 1963. In 1960, for example, Russia supplied China with 336 million new roubles worth of complete plant; in 1963 complete plant supplies were valued at 13 million new roubles. It was not as if the Soviet-Chinese joint effort in the decade of the fifties had led to an industrial leap forward as a result of which China no longer needs complete plants. Peking is seeking heavy industrial plants from West Europe and Japan. Russia has also cut petroleum product supplies from 91 million new roubles worth in 1960 to 55 million new roubles worth in 1963. In 1961, Soviet petroleum product supplies to China were 2.9 million metric tonnes worth 109 million new roubles; in 1963 these exports were 1.4 million metric tons. In 1960, Communist countries as a whole sent to China goods worth $954 million, compared with $687 million worth of goods sent by non-communist countries. In 1963, Communist countries' exports to China fell to $209 million, while the non-communist countries' exports to China were still as much as $663 million worth of goods. Of these imports by China from non-communist countries, Australian and Canadian grain sales accounted for U.S. $300 million in 1963. There was no grain export in 1963 from Russia to China. Against $1.642 million worth of imports by China in 1960 from all sources in the world, imports fell to $872 million in 1963. Chinese exports totalled $1,729 million in 1960, including $985 million to Communist countries and $745 million worth to non-Communist countries. In 1963 Chinese exports to the Communist countries had fallen to $437 million and exports to non-communist countries were maintained at $761 million worth to non-Communist countries. In the Soviet Union than they purchased, so as to pay off another big instalment of the credits which China had taken.

Choice Invective

While the Chinese used choice invective to abuse the capitalist trends of Khrushchev, their big trading partners outside the communist world (excluding Australia and Canada which sell only grain) were Hong Kong and Japan, both upholders of the free enterprise system. China also used Malaya, another firm believer in free enterprise, as a market to earn surpluses.

China has had big successes in persuading Japanese businessmen and people on the great advantages in increasing sales to and purchases from China. Japan had more than $200 million worth of two-way trade with Taiwan in 1963 but Japanese businessmen appear to be inclined to risk offending Taiwan for the bigger fortunes awaiting in trading with Communist China.

Before the Second World War, China was a major market for Japanese goods accounting for more than a third of Japanese sales; as an invader Japan had built up a sorry reputation in China. During the Korean war, the Japanese economy prospered when the Americans and other U.N. forces converted Japan into a huge base for production and supply of a variety of goods to sustain the forces fighting the Chinese communists. But Japanese sales of goods to China were resumed soon after the end of the Korean war. By 1956, Japan was selling more than $67 million worth of goods a year. In 1957, the Japanese sales to China were of the value of more than $60 million and in 1958 nearly $51 million. Japanese purchases from China totalled more than $80 million in 1956 and 1957. The two-way trade was about $150 million in 1956 and more than $140 million in 1957. Then one day in 1958 a Japanese agitator tore down a Red Flag which was flying at a Chinese fair at Nagasiki. Peking immediately severed trade relations with Japanese firms.

Appreciable Rise

After Mr. Ikeda became Prime Minister, he maintained in the beginning that trading with China was difficult, because Peking demanded political concessions to resume trade. For some years after the flag incident, the Chinese named friendly firms and would do trade only with them. Chinese imports from Japan fell to $3.6 million in 1959 and to $2.7 million in 1960 but rose slowly to U.S. $16 million in 1961. By 1962, even without formal encouragement by the Japanese Government, Japanese sales to China rose to more than $38 million and Japanese purchases from China to $46 million. The U.S. liked the clash of commercial relations between the Chinese communists and the Japanese, but businessmen in Japan never gave up attempts to press for Government action to encourage trade with Communist China. Despite protests from the U.S. and Taiwan, in November 1962, a prominent Japanese politician, who was also an industrialist, Mr. Taksunosoke Takasaki, signed an agreement with the Chinese for planned annual two-way trade turnover of $150 million for the five years 1963 to 1967. In 1962 itself, the total trade between China and Japan was more than U.S.$84 million. In 1963, the total turnover was more than $137 million. Present predictions are a total trade turnover of more than $200 million, according to official sources, and $250 million according to more optimistic businessmen. In the first half of the year itself, the total China-Japan trade crossed the level for the whole calendar year 1963.

Japan's Premier Ikeda has ultimately agreed to the appointment of an official Chinese trade representative to be stationed in Japan. He arrived in Tokyo in August. Twelve Japanese radio, television and newspaper reporters left Tokyo for Peking on 27th September and two days later seven Chinese journalists arrived in Tokyo. This was the second swap, closely following the exchange of trade representatives. China and Japan had been permitting visits by journalists since 1954, but these were short-term visits to accompany trade delegations. But now the journalists are to be permanently stationed in Tokyo and Peking. Last year, there were successful Japanese exhibitions in Peking and Shanghai and this year the Chinese held a fair in Japan. Another big Chinese exhibition is planned for in Japan next year.

The Japanese Government's involvement in China-Japan trade, which was resumed on a large scale towards the end of 1962 following the agreement signed by Takasaki, came about when a Japanese firm, Kurushaki Rayon, sought the approval of the export of a Yen 7,200 million vinylon plant on deferred payment terms, 25 per cent down and the balance payable over five years carrying interest at 4.5 per cent per annum. The firm wanted credit extension through the Japanese Export-Import Bank with which the Government is associated as an investor. The Japanese Cabinet approved of the deal, provided the interest rate was increased to six per cent, partly to satisfy international objections which included the charge that the low rate of interest amounted to aid. The firm had to agree to increase the interest rate on deferred payment but it promptly reduced the price, so that the total amount payable by the Chinese would remain at Yen 7,200 million (£7.2 million sterling). This was soon followed by arrangements for the big Japanese fairs in Peking and Shanghai for which a former Japanese Prime Minister, Mr. Tanzan Ishibashi, agreed to be president of the fair organisation. The sale of another vinylon plant from Japan has been negotiated and this deal also has aroused criticism from the U.S. and Taiwan. Government approval of the deal had not been given until the end of September. The Government has had hesitation in approving the deal which again is framed on a low 4.5 per cent rate of interest. The firm, Nichibo of Osaka plans to raise non-Governmental financing of the credit, according to Japanese newspaper reports in October.

Steel, fertiliser, complete plant and textiles are the main planks on which Japan hopes to increase her sales with China. China's major exports will be pig iron, iron ore, and coal and soyabean oil. In the current fiscal year (April-March), Japanese steelmakers hope to sell 120,000 tons of ordinary steel, or more than double the steel exports to China in the last fiscal year. Japan's steel exports to China were 40,000 tons in 1962 and 50,000 tons in 1963. Chinese exports of iron ore to Japan next year may reach about one million tons.

(To be concluded)

Table 1: *China's Exports*

(Value in U.S. $ million)

Destination	1963	1962	1961	1960
ommunist Countries	**437.41**	**573.10**	**622.30**	**984.50**
Of which :				
E. Germany	N.A.	28.7	36.1	
Soviet Union	408.70	511.1	545.9	
Poland	18.35	22.8	20.7	
Rumania	10.36	10.5	19.6	
Non-Communist Countries	**761.45**	**667.3**	**649.3**	**744.6**
Of which :				
Australia	6.83	11.0	6.9	
Burma	25.82	26.9	20.6	
Canada	4.77	4.3	3.2	
Ceylon	29.01	8.6	7.3	
France	21.09	16.90	15.9	
Hongkong	259.50	213.2	180.0	
Italy	19.10	14.1	12.3	
Japan	74.61	46.0	30.9	
Malaya	94.04	65.9	56.3	
Netherlands	15.75	13.9	16.2	
Sarawak	10.01	7.8	6.3	
Switzerland	10.33	9.9	9.4	
U.K.	51.88	64.8	86.4	
W. Germany	40.84	39.3	39.7	
World Total	**1,198.86**	**1,240.4**	**1,271.6**	**1,729.1**

Note : *Data worked back from individual country statistics.*

Table 2: *China's Imports*

(Value in U.S. $ million)

Source	1963	1962	1961	1960
Communist Countries	**209.20**	**267.9**	**443.0**	**954.5**
Of which :				
East Germany	N.A.	19.6	49.6	
Soviet Union	188.4	231.1	363.6	
Poland	7.08	15.0	26.6	
Rumania	13.72	2.2	9.2	
Non-Communist Countries	**662.94**	**656.3**	**741.9**	**687.3**
Of which :				
Australia	202.06	97.0	161.5	
Belgium	9.49	7.9	10.2	
Canada	97.20	137.0	120.9	
France	58.39	43.3	36.4	
Hongkong	12.24	14.9	1.4	
Italy	9.31	19.0	29.7	
Japan	62.42	38.5	16.6	
Malaya	5.40	0.7	3.8	
Netherlands	12.89	3.4	4.1	
U.K.	37.40	24.1	36.5	
W. Germany	15.40	31.1	30.5	
World Total	**872.14**	**923.2**	**1,184.9**	**1,641.8**

Table 3: *China's Imports from U.S.S.R.*

(Value in million new roubles)

Selected items	1960	1961	1962	1963
Power equipment	13.1	5.9	0.7	0.3
Electrical equipment	6.3	1.9	0.5	0.4
Oil drilling equipment	5.6	0.6	neg.	0.1
Complete plant	336.5	71.0	8.0	13.1
Petroleum products	90.9	108.6	72.5	54.7
Ferrous rolled stock	10.9	..	..	..
Pipes	33.4	16.6	15.0	1.0
	12.3	7.7	6.2	6.5
Total (incl. others)	735.4	330.6	210.1	168.5

(Source : *U.S.S.R. Trade Statistics, Moscow.*)

Table 4: *China's Exports to U.S.S.R.*

(Value in million roubles)

	1960	1961	1962	1963
Coal	2.3	2.2	2.5	2.5
Metal ores	55.1	43.5	31.8	23.3
Ferrous metals	11.5	7.8	5.9	..
Building materials	11.8	12.1	13.3	8.6
Cotton	30.5	7.2	5.3	..
Wool	17.4	9.3	7.1	7.3
Silk	10.8	4.0	..	0.4
Tea	11.7	2.4	2.5	2.7
Cotton textiles	32.0	14.7	21.0	9.4
Wool textiles	51.3	52.1	40.7	39.7
Silk textiles	29.0	37.6	34.3	30.1
Clothing	172.8	157.7	163.0	143.5
Total (incl. others)	763.3	496.3	464.7	371.7

(Source : *U.S.S.R. Trade Statistics, Moscow.*)

Table 5: *China's Grain Imports*

(In thousand metric tonnes)

	1964 (estimates)	1963	1962	1961
Argentina	800	28	586	45
Australia	1,842	3,001	1,210	2,615
Canada	2,155	1,406	2,051	2,181
France	400	813	529	227
W. Germany	..	..	258	256
Mexico	450	..	..	..
S. Rhodesia	..	..	..	..
S. Africa	..	..	54	..
Sovet Union	Nil	163	27	201
		Nil	357	
Total	5,647	5,411	5,172	5,615
Of which :				
Wheat	5,050	5,224	4,049	4,040
Barley	455	24	332	1,296

(Source : *Far Eastern Economic Review, Hongkong, as basis o official partner country statistics.*)

NEW TYPES OF SOVIET AIRCRAFT

New types of Soviet aircraft were shown to Soviet and foreign correspondents at the Vnukovo airport this week.

The Chairman of Aviaexport, the Soviet trade agency in charge of aircraft exports, announced at a press conference that the Soviet Union was exporting aircraft to more than 30 countries. About 1,500 Soviet-made planes and helicopters are flown by foreign air companies. The IL-62 and TU-134 planes as well as the MI-8 helicopter will be available for exports by 1967.

Ten planes of different types were ranged on the flying field of the airport. The correspondents' attention was most attracted by IL-62 and TU-134 planes as well as by a MI-8 helicopter. These are undergoing final tests.

The IL-62, designed by Sergei Ilyushin, will carry nearly 200 passengers over a distance of several thousand kilometres, flying at an altitude of 10-12 kilometres at a cruising speed of 850 kilometres an hour. A representative of Ilyushin said that, with 70 passengers and luggage on board, the liner will be able to cover non-stop the distance between Moscow and New York.

Like Ilyushin's latest plane, the TU-134 turbojet-liner, designed by Andrei Tupolev, carries the engines in the tail part of the fuselage, which means greater comfort for the passengers. The new plane can carry 50 per cent more passengers than the previous model, TU-124, and its range has also been increased considerably, reaching 3,000 kilometres.

The MI-8 turboprop helicopter powered by two engines will replace in the near future the helicopters that earlier came off the drawing boards of the designing bureau under Mikhail Mil. The new helicopter can fly 450 kilometres non-stop at an average speed of 200 kilometres per hour. Flight and engine control are automated.

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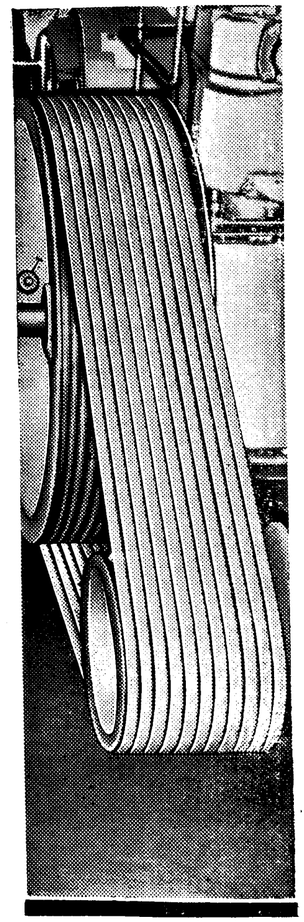

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RISING TIDE OF SOVIET OIL EXPORTS

THIRTY-EIGHT MILLION TONS THIS YEAR

THE tide of Soviet oil exports is still rising, though no longer at the threatening pace of the late 1950s. Then, oil deliveries from the U.S.S.R. and other East European countries to the free world increased each year by around 50 per cent, but the rate of advance declined to an annual 20-25 per cent in 1960 and 1961, and to an annual 10-15 per cent in 1962 and 1963. Now, progress is slightly more rapid than in the quite recent past, and the rate of advance may be around 15 per cent for the next year or two.

Last year, as is shown in Table I, the U.S.S.R. alone delivered some 29 million metric tons of crude and products to the countries of the free world, compared with 25 million tons the year before. In addition, some four million tons a year are being sent from countries such as Rumania, Eastern Germany, Hungary and Poland, and total shipments from the Soviet bloc thus appear to have reached a record of around 33 million tons. In the current year, according to present indications, there will be a further rise of some 5 million, with total shipments from the bloc reaching around 38 million tons. Beyond that, the authoritative U.S. National Petroleum Council has recently forecast a figure of some 43 million tons for 1965, to be followed by a gradual rise to between 65 and 80 million tons by 1970.

For 1964, preliminary trading figures—shown in Table II—indicate that the free world's imports of oil from the whole Soviet bloc in January-June, at 17.5 million tons, were 15.7 per cent higher than in the same period of 1963. Shipments early in 1963, however, were hampered by extreme weather conditions and, allowing for this, the rate of advance for 1964 as a whole may well be slightly lower than in the first six months. Crude oil deliveries in January-June 1964 were 28.5 per cent higher than the year before, and crude accounted for the larger part of recent shipments; the increase for products amounted only to 4.5 per cent.

The figures in Table II clearly demonstrate that one of the major purposes of Soviet oil exports is to finance the purchase of urgently needed imports from industrialised countries. Over three-quarters of the recent oil shipments went to Europe and more than one-tenth to Japan, leaving little more than another tenth for the rest of the free world. No Russian oil enters North America, though the Russian Soyuznefteexport has now proposed a deal under which Soviet oil would in future be delivered to the eastern provinces of Canada, in exchange for oil shipments from western Canada to the Soviet Far East.

Europe—The Main Target

Western Europe in January-June 1964 imported rather more than 160 million tons of oil from outside the area, and of this some 13½ million tons or over 8 per cent (roughly divided equally between crude and products) came from the Soviet bloc. These product imports were mainly black oils and they accounted for well over a quarter of the oil imported as products from all regions into the European area.

Virtually all European countries take some Soviet bloc oil, but its relative significance varies greatly. Finland and Iceland depend on the U.S.S.R. for the great bulk of their requirements, while in some other markets, including the U.K. and Benelux, Soviet bloc oil has so far remained a relatively minor factor. Among the larger European countries, however, Italy in January-June this year obtained from the Soviet bloc over 13 per cent of its overall imports of oil, Western Germany obtained 8½ per cent, and in Sweden—after a fairly sharp increase in recent months—the proportion reached as much as 17 per cent. Italy is indeed the world's largest importer of oil from the U.S.S.R., and a recent trade agreement foresees that Russian deliveries are to rise gradually from 6 million tons of crude and 700,000 tons of fuel oil this year to 9 million and 1,100,000 tons respectively in 1969.

A glance at Table II shows that, in response to the increase in local consumption, there have recently been sharp increases in oil exports from the Soviet bloc to Finland. There have also been increases in supplies to Greece and to Austria. The latter country depends mainly on its own crude but there are rising supplementary imports the larger part of which comes, for the time being, from the U.S.S.R. and other East European sources. Austria's reparation deliveries of crude to the Russians, incidentally, ended early this year. Another interesting recent development is the purchase, for the first time, of some Soviet crude (250,000 tons) by Spain, where the possibility of larger deals is under consideration.

World-wide Exports

Japan's imports of Soviet bloc oil in the first six months of this year reached 1.9 million tons, or 64 per cent more than in the same period of 1963. There, as in Sweden, last year's oil imports from the U.S.S.R. lagged behind the mutually fixed quotas, and they are now more in line with the official trade agreement. Beyond that, however, the Russians are trying to obtain an official Japanese commitment to take as much as 10 million tons of crude annually after the completion of the proposed pipeline from Irkutsk to the Pacific. Idemitsu, one of the largest refiners and marketers, has already offered to buy the suggested quantities, but the commitment would have to be endorsed by the Government.

The main recent purchasers of Soviet bloc oil among the less developed countries are Brazil, Egypt, Ceylon and India (in that order), and in future the U.S.S.R. will also deliver 500,000 tons of crude annually to Ghana. Egypt—the oldest Russian customer in this group—is becoming increasingly independent of imports, but Brazil foresees purchases of 1.5 million tons of Russian oil in 1964 and 2-3 million tons in 1965, and Ceylon now covers almost all its requirements from the bloc. India's oil imports from Russia have recently remained more or less static, and no sharp increases are foreseen in the near future.

Inside the Communist World

The figures in Table I, supplemented by those in Table III, also give some insight into recent developments in the pattern of oil movements within the Communist world itself. Exports of crude and products from the U.S.S.R to other Communist countries rose from 20.2 million tons in 1962 to 22.2 million in 1963 or by 10 per cent, but this increase was confined to the countries in Eastern Europe and there was an actual drop in Russian deliveries both to China and Cuba. Russia's own imports of gasoline and other products, chiefly from Rumania, remained unchanged at 2.3 million tons. No firm figures are available to show Rumania's deliveries to Communist countries other than the U.S.S.R., but these are believed to be barely higher than 1,000,000 tons annually.

Russian exports to China in 1959-61 were in the region of 3 million tons annually but, under the impact of the Sino-Soviet conflict, they declined to less than half that figure by 1963. Since then, Chinese spokesmen have repeatedly stated that their country has now become "in the main self-sufficient"—there has even been talk of oil exports from China itself in the near future. Be that as it may, Russian deliveries may be expected to dwindle further in the course of this year.

The modest recent decrease in Russian deliveries to Cuba is, on the face of it, more surprising. The explanation seems to be that the 4.4 million tons sent in the course of 1962 (*plus* some shipments from Rumania) included an element required for reserve stocks, in anticipation of the diplomatic show-down with the U.S.A., and this was naturally followed by somewhat lower deliveries in 1963. This year, on the other hand, tanker movements to Cuba appear to be some ten per cent higher than a year before, and there will no doubt be further gradual expansions as time goes on.

The supply of Russian oil to countries in Eastern Europe has been rising year by year, and will now be given a further boost with the recent completion of the Druzhba pipeline system. In 1963 the U.S.S.R. delivered to these countries 10.7 million tons of crude and 5.2 million tons of products; in 1965—according to various indications—crude oil deliveries alone will be of the order of 18 million tons. Thereafter, the U.S.S.R. will no doubt arrange for further massive increases even though there have been hints that the rate of increase will be less rapid than desired by the Governments concerned. It cannot be easy for the Russians to decide whether the oil they allocate for export should be used to serve the growing needs of the Soviet bloc as a whole or to strengthen Russia's trading position in the non-Communist world.—*By Special Arrangement with the Petroleum Press Service.*

Table I: *U.S.S.R. Oil Exports*
(Thousand metric tons)

	1962			1963		
	Crude	Products	Total	Crude	Products	Total
Italy	6,083.4	993.3	7,076.7	6,727.1	985.5	7,712.6
Finland	1,121.0	1,792.5	2,913.5	1,652.3	1,811.6	3,463.9
W. Germany	1,914.5	1,126.0	3,040.5	2,214.6	1,010.6	3,225.2
Sweden	..	2,621.6	2,621.6	10.9	3,029.9	3,040.8
Greece	409.8	416.5	826.3	456.9	721.0	1,177.9
France	89.1	680.6	769.7	93.4	1,025.6	1,119.0
Yugoslavia	298.3	167.6	465.9	339.0	387.3	726.3
Austria	356.2	53.1	409.3	482.0	20.1	502.1
Denmark	..	184.1	184.1	..	380.8	380.8
Belgium	..	393.9	393.9	..	368.1	368.1
Iceland	..	310.1	310.1	..	338.9	338.9
Norway	..	206.2	206.2	..	253.9	253.9
U.K.	..	200.9	200.9	..	204.9	204.9
Switzerland	..	11.2	11.2	..	66.6	66.6
Netherlands	..	49.8	49.8	..	48.0	48.0
Turkey	..	8.6	8.6	..	19.4	19.4
Spain	..	21.0	21.0	..	..	..
Total Free Europe	10,272.3	9,237.0	19,509.3	11,976.2	10,672.2	22,648.4
Japan	2,136.3	842.9	2,979.2	2,026.3	1,060.4	3,086.7
Egypt	1,182.3	149.2	1,331.5	926.8	47.7	974.5
Brazil	154.8	1.1	155.9	566.1	258.1	824.2
India	..	452.0	452.0	..	708.3	708.3
Morocco	157.8	31.6	189.4	284.8	..	284.8
Ceylon	..	175.6	175.6	..	264.0	264.0
Afghanistan	..	94.1	94.1	..	103.0	103.0
Guinea	..	129.0	129.0	..	74.8	74.8
Tunisia	..	25.4	25.4	..	52.9	52.9
Syria	..	.6	.6	..	34.7	34.7
Burma	..	56.5	56.5	..	34.4	34.4
Lebanon	..	12.8	12.8	..	12.4	12.4
Yemen	..	14.1	14.1	..	10.3	10.3
Iran	..	.9	.9	..	.1	.1
Ethiopia	..	.1	.1	..	.1	.1
Algeria	..	27.6	27.6	..	..	..
Remainder Free World	3,631.2	2,013.5	5,644.7	3,804.0	2,662.1	6,466.1
Total Free World	13,903.5	11,250.5	25,154.0	15,780.2	13,334.3	29,114.5
Czechoslovakia	3,673.9	343.9	4,016.9	4,222.3	370.4	4,592.7
Cuba	3,629.3	755.1	4,384.4	3,765.6	454.3	4,219.9
E. Germany	2,437.2	499.7	2,936.9	3,060.4	646.9	3,707.3
Poland	1,084.0	1,950.1	3,034.1	1,416.3	2,215.0	3,631.3
Bulgaria	..	1,564.0	1,564.0	464.3	1,636.1	2,100.4
Hungary	1,521.5	208.7	1,730.2	1,496.5	383.6	1,880.1
China	..	1,856.4	1,856.4	..	1,408.1	1,408.1
N. Korea	..	437.6	437.6	..	451.3	451.3
Outer Mongolia	30.9	133.9	164.8	37.3	140.2	177.5
N. Vietnam	..	97.0	97.0	..	91.8	91.8
Rumania	..	1.2	1.2	..	.7	.7
Total Communist World	12,375.9	7,847.6	20,223.5	14,462.7	7,798.4	22,261.1
Unaccounted	..	6.2	6.2	..	6.4	6.4
Grand Total	26,279.4	19,104.3	45,383.7	30,242.9	21,139.1	51,382.0
Of which: Gasoline	..	3,154.6			3,342.2	
Diesel Oil		6,387.4			7,488.4	
Fuel Oil		7,736.6			8,576.4	
Other Products		1,825.7			1,732.1	

Source: Trade Returns of the U.S.S.R.

Table II: *Estimated Oil Deliveries from all Soviet Bloc Countries to Free World*
(Thousand metric tons)

	Jan.-June 1963	Jan.-June 1964	Per cent Change
Italy	3,680	3,830	+4.1
Finland	1,600	1,975	+23.5
W. Germany	2,570	2,780	+8.2
Sweden	1,290	1,600	+24.0
Greece	435	620	+42.5
France	875	785	−10.3
Yugoslavia	165	305	+84.5
Austria	585	750	+28.2
Denmark	170	230	+35.2
Belgium	235	75	−67.6
Iceland	220	210	−4.5
Norway	155	120	−22.6
U.K.	95	35	−63.2
Switzerland	100	90	−10.0
Netherlands	..	3	..
Turkey	..	42	..
Spain	..	2	..
Portugal	3	3	..
Total Free Europe	12,178	13,455	+10.5
Japan	1,160	1,900	+64.0
Egypt	490	435	−11.2
Brazil	500	630	+26.0
India	300	300	—
Morocco	100	100	—
Ceylon	140	390	+178.5
Afghanistan	45	60	+33.3
Guinea	55	35	−36.4
Tunisia	20	..	
Syria	70	160	+128.5
Burma	50	..	
Lebanon	7	15	+114.5
Yemen	..	..	..
Total other countries	2,937	4,025	+37.0
Grand Total	15,115	17,480	+15.7
Of which: Crude	7,000	9,000	+28.5
Products	8,115	8,480	+4.5

Table III: *U.S.S.R. Oil Imports*
(Thousand metric tons)

	1962			1963		
	Crude	Products	Total	Crude	Products	Total
Rumania	..	1,992.1	1,992.1	..	1,952.1	1,952.1
Austria*	495.8	..	495.8	543.2	..	543.2
E. Germany	..	232.8	232.8	..	228.0	228.0
Hungary	..	28.8	28.8	..	30.0	30.0
Others and unaccounted	..	62.7	62.7	..	129.9	129.9
Total	495.8	2,316.4	2,812.2	543.2	2,340.0	2,883.2
Of which: Gasoline		1,581.3			1,535.0	

*All on reparation account. *Source:* Trade Returns of the U.S.S.R.

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BANKING IN RURAL AREAS—II

CONSORTIUM OF FINANCIAL INSTITUTIONS AND MOBILE BANKS

By Dr. J. D. Sundram

EXPERIENCE of workers in rural areas indicates recurrent situations in which the following features can be observed either in isolation or in varying combinations: unused capital, unused but valuable raw materials capable of multiple uses; varying degrees of technical skill, enterprise and talent; educated, enlightened and adventuous young with ideas, but no scope or opportunity to try out any one of them and consequently migratory; shortages of skills commonly in demand and, therefore, often imported from outside; enterprising traders who also do moneylending on the side. While these features do not by any means exhaust the list of the possible complex of economic situations that exist in rural areas, they are adequate to project a clear enough picture to discern the potential of development and to appreciate the need for early action to utilise it for the realisation of the common objective.

To these features must also be added the essential socio-economic institutional complex and its influence. Most rural areas have men of character and leadership, whose social or educational status in the community can well be used to assess groups and individuals resident in the area. Also, there are organisations like the *panchayat*, or institutions with experience of constructive work, most of whom have intimate knowledge of the area and are familiar with the people, their status, their character, their aptitudes and their dependability. In most cases, while there has been no dearth of ideas or of even actual proposals for industrial effort, institutional assistance to initiate and sustain effort has been lacking. While banks cannot normally assume responsibility for initiating development, they certainly can assist, and, in fact, have assisted, agreed and approved projects of industrial development. Much of the indigenous trade of these areas, both within and without, has been developed by unlicensed moneylenders who, through both commodity and credit loans to the residents, have acquired a tenacious hold on the socio-economic life. Their enterprise and trade acumen have brought into the isolated rural areas something of the great change in tastes, fashions and preferences of the outside world. So far, theirs has been a role, the value of which has tended to be at best ignored where it has not been emotionally condemned. The problems of vastly accelerated development of rural areas arise precisely from the socio-economic conflict between groups of population; and the challenge they offer is for an institutional set-up that will mobilise and direct the energies of the various groups towards the common objective of socio-economic well-being.

Operational Strategy

Our concern here is not to present a blueprint for the reform of the entire socio-economic institutional set-up. Our modest objective is to suggest an operational strategy that seems to promise the maximum flexibility and economy together with maximum physical coverage of areas, without adding to the prevailing problems. The working of any suggested mode of operations will involve a number of adjustments to suit the needs of the specific areas covered; but these adjustments are essentially administrative and not fundamental change in organisation or in operation. Whether the suggestion outlined below is or is not appropriate can be examined only against the nature of the problems experienced in rural areas for the organisation and conduct of non-agricultural, particularly industrial, operations.

As pointed out above, few doubt that, in some rural areas and in some larger semi-urban areas, there is vast potential for development in the form of raw materials, skills, managerial personnel and, for some products, limited markets. What has often been lacking is technical guidance for the adoption of an appropriate technique that will ensure production on a scale commensurate with the available market and at prices suitable to ensure progressive expansion. The problems in the interior of the country are not different in nature or in their essence from those in urban areas; but because of the locational peculiarities and the almost primitive infrastructure available, they call for a new set of standards of assessment and evaluation of proposals for new activities.

It is, however, common knowledge that entrepreneurs, even in the large urban areas, have not been able to secure loans from the country's established financial institutions. Experts in their own line have testified to the soundness and feasibility of the proposals for the manufacture in rural areas of products based on local raw materials catering to local markets; but, owing to their inability to secure the assistance needed to get off to a start, the majority of them (entrepreneurs) have migrated to urban areas. Public sector assistance, that is, financial assistance provided by all-India bodies, such as the Khadi and Village Industries Commission and the All-India Handloom Board, has been motivated, at least in part, by various ideological considerations and the consequent restrictive selectivity in the kind of activities for assistance. The financial assistance provities. This restriction on their operations associated with certain techniques or modes of production, and to the arrangements for the subsidised sale of their products. This approach to development narrowed the scale of their operations, because of the inevitable restrictions imposed by effectiveness of administrative organisation, inspection, etc., to prevent abuse or outflow of assistance to unauthorised activities. This restriction on their operations precluded in practice an approach to, and the consideration of, the totality of the development potential in a given area and the scope for its gainful and socially significant exploitation, in favour of unproductive semantics of purity, etc.

The experience of entrepreneurs with State Financial Corporations and similar public institutions has been one of frustrating delays. The mode of applications for assistance, the many involved processes for their scrutiny, the manner and types of inspection and verification, and also the stipulations regarding the percentage of owned resources, etc., to qualify for accommodation have been found to be unrealistic, cumbersome and wearying even to entrepreneurs in the large urban areas; and they certainly have been, and are far beyond the resources of the simple, unsophisticated entrepreneurs in rural areas. It is on this account that institutions like private banks have had greater success even within the limited volume of operations and coverage; and it is precisely the reason why a suitable operational strategy for them acquires a special significance.

Relaxation of Restrictions

Constituted as they are at present, private commercial banks are subject to two principal restrictions, legal and operational. Statutory restrictions confine the activities of banks to what are considered to be "safe," even when the periods for which they advance loans are short. If banks are to be effective and operative institutions in rural areas and assist, sustain and promote diverse industrial activities, there will be need for relaxation of a number of legal and conventional restrictions, normal inspection procedures as well as positive aids in their operational modes. None of these, however, poses a problem beyond the competence of the Government or the monetary authority to solve satisfactorily. As what is proposed is a departure from present practice and is, therefore, new, conventions to accord with the new patterns of operations and services may have to be evolved and adopted.

Among the operational difficulties extension of banking services to rural areas presents, the most important are the problems of establishment and effective operation at economic cost. It is the opinion of bankers that a new branch even in an urban area takes about three years to become fully self-supporting; and in a rural area that has had no banking before, this period may be much longer. To have a fixed office in a satisfactory building, etc., in a rural area will entail expenditure that may be altogether uneconomic from the point of view of savings mobilised from, and funds invested in, the area. Earnings of the banks will be small and slow to materialise. In these circumstances, having an office in every likely area may not be worthwhile at all. If, however, an office can effectively serve what may be decribed *as a viable area with a viable population in a non-conventional manner. the total net expenses may well be offset by total net earnings from the total area effectively covered by it.*

Mobile Banks

What may be considered a viable area and a viable populaton can be covered through mobile banks mounted on trucks appropriately fitted and suitably manned, that is, banks that on certain days of the week visit certain places at a given time and for a given period of those days. Any one office in a centre can, through such mobile banks, cover areas within a radius of, say, 15 miles around it. The number of mobile banks required per office will depend on what is considered to constitute a viable area and population and the number of places that will need to be covered on that basis. Each mobile banking unit can cover several areas per day depending on its distance from the centre. Effective banking hours for the public even in metropolitan centres, such as Bombay and Calcutta, are not more than three to four hours a day; and in a small rural area, it may be possible to serve the population, after the initial period, even with a two-hour working day. If the work-schedule is planned for each mobile bank in detail, it may be possible for each mobile bank to cover in a day two or three places, depending on the degree of familiarity acquired by the people in the areas visited and the distance to be travelled from the centre. To ensure continuity of contact, the same mobile unit with the same personnel may visit two or three areas on all the days of the week or, to attain greater coverage, it may visit certain areas on certain days and others on certain other days during a six-day week. On this basis, one bank office situated at a convenient centre in a district or a taluka town can ensure the widest possible coverage and avoid, at the same time, *pro rata* increase in operational expenses—on building, maintenance and staff. The net addition to cost of the mode of operations suggested here would be the expenses on the operation and maintenance of the truck and some marginal addition to the allowances to staff for the extra hours or work involved. Some standardisation in this respect also can be visualised by evolving over a period of time work-schedules for each mobile unit in such a way that the hours of work per week do not exceed a given number. This is a matter of detail, and intrinsically there is nothing in it that poses any insuperable problem. It need not, therefore, be examined in detail here.

Organisation

The point that needs the most objective and earnest consideration is the organisation of the central office that runs the mobile banks, the functions it is prepared to undertake and discharge through the mobile units in the area, and its structural and monetary relationship with the hierarchy of banking and financial institutions in the area to be covered through mobile banks and in the rest of the country. It may once again be stated that the purpose of extending banking services to rural areas is not merely to correct the statistical imbalance that exists at present but to evolve an operational strategy that has the potential to make available to rural areas the types of financial, technical and commercial assistance that can now be had in large urban areas.

It is common knowledge that industries in rural areas must be based either on the output of agriculture in the area as their principal raw materials or on the processes of agriculture itself or the pattern of the evolving and growing demand of the population resident in the area. The development process itself generates a number of forces of varying intensity and influence that affect the pattern of prevailing demand and lead it into newer directions. The increased number and variety of activities, mostly non-agricultural, that a development process includes necessitate and make possible intensification of agricultural activities, rise in productivity per unit of input and larger gross output. It is an economc commonplace that integrated development of rural areas implies and involves activities that will, over a short period, affect to a smaller or greater degree every segment of the rural population. A deliberate attempt at development involves in addition the provision for a socially significant pattern of inequalities in the distribution of its benefits without at the same time dampening private initiative, enterprise and leadership.

What, therefore, appears to be of paramount importance is the concept of area or regional development. which is large enough an ideal to enthuse the people and evoke a sense of loyalty and, therefore, secure their co-operative participation, and small enough to derive from it significant social and economic results.

At the lowest level of operation, the legal and operative niceties that divide banking and financial institutions lose much of their significance and value. While banks, by convention and law, confine their activities to financing short-term commercial transactions or at best to medium-term loans to industries, other financial institutions cover medium-term and long-term activities mostly for industries. For agricultural activities, we have again a separate structure of co-operative credit institutions or land mortgage banks providing short, medium and long-term capital. Besides these, there are institutions on the fringe such as the wide variety of corporations for industries (Industrial Finance Corporation, State Finance Corporation, Industrial Credit and Investment Corporation of India, etc.), refinance corporations separately for agriculture, and industries, and corporations for small industries, warehousing corporation, and comparatively new institutions such as the Industrial Investment Bank and the Unit Trust.

Quick Service

The functional differentiation of these institutions no doubt facilitates mobilisation and utilisation of funds for varying periods and purposes, but, at the lowest level of operation, the administration of these aids by each institution separately becomes involved, cumbersome, and altogether bewildering to the unsophisticated in the rural areas. As in the larger urban areas, so also in rural areas, there is need for short, medium, and long-term loans for agriculture, industry, local and regional trade. Effective institutional service, however, depends on the utmost simplicity of procedures, consistent with maximum security of funds. This again emphasises the need for an operational strategy that, while maintaining organisational and functional differentiation, will assure quick service of all types through one agency under one roof.

In the matter like evolving an effective and efficient operational strategy, one can at best suggest for serious consideration what appears workable and leave the details of actual institutional arrangements for further detailed consideration. Viewed from the point of view of the small entrepreneur, the trader or the agriculturist in the rural area, the present multiplicity of agencies is indeed frightening. And, in relation to the individual bank's financial or administrative capacity, these needs are far too many in number and far too diverse in character. The problem then is whether it is possible to reconcile functional differentiation with operational and administrative unity, without sacrificing the basic essentials of each of the financial institutions concerned or of their respective investors.

The most effective way seems to be to set up a consortium of financial institutions, requiring each of them to invest a given volume of their respective funds so as to involve every one of them in the process of the integrated development of rural areas. The stake of each in any given area will depend wholly upon that area's capacity to absorb its aid, that is, utilise it effectively and realise its promised results, with an assurance of the availability of all other assistance that may be simultaneously needed.

An illustration here may simplify what is sought to be conveyed. An entrepreneur, who has a command of required personnel to manufacture a product likely to find a large market and raw materials for which are locally available, needs long-term loans for land and buildings, and for certain types of imported machinery and spares. He may get a loan for buildings, let us assume, from the I.F.C., for machinery from the I.C.I.C.I. and short-term loans for working capital from one or more banks. One who manages to secure financial assistance of these types may be in a position to provide collateral acceptable to each of these several institutions, singly or in co-operation with others. His venture necessitates assistance not merely for his start but also for continued operations of production, transport and sale, the last two being entrusted to others, who, in their turn, will seek working capital from appropriate agencies.

Unification of Aids

In an urban area, approach to different insituations and negotiation of loans of varying duration for various purposes are well known and have been practised for long periods of time. In the rural areas, even in the comparatively large ones, people are not familiar with the sophisticated processes of application and procedures of investigation. In the initial stages, it may not be possible to make much progress in development, unless the institutional set-up is simple enough to encourage confidence, and procedures are informal enough to elicit fullest cooperation. Unification of aids under one administrative agency may not be as difficult as in large commercial centres such as Bombay or Madras, where investigational procedures have to be rigorous and thorough. In a rural area, proposals for any developmental activity can be assessed far more easily, provided the contact is established as the base itself. The status and antecedents of the applicants, their character and aptitudes can each be ascertained, checked and evaluated quickly, as the banks in several areas have been able to do already in the areas where they operate. Extension of this idea to cover all the economic activities in a given area may pose no more than an administrative problem: a method for more extensive investigational procedure to cover activities not so far brought into an overall assessment.

The consortium of financial institutions that is suggested here will have for its area of operation (of unified credit of all types) the district where its area is manageable and the population fairly homogenous. The existing socio-economic-administrative complex of the district, or any smaller part of it that is taken as its field for effective coverage, should form part of its consultative agency. The institutional complex referred to here includes not merely administrative officers, such as the collector or tehsildar if the unit of operation is the taluka, but also heads of co-operative unions, banks, land mortgage banks, and also of constructive workers or their institutions, chairmen of *panchayats* or of *zilla parishads*. Effective operations may need the active assistance and involvement of all these agencies in the programme of integrated economic development. Such a body will represent a knowledgeable board of reference and assessment, provided the basis of evaluation of a given project is freed from ideological predilections such as techniques, but is based on its economic and technical and, where need be, commercial viability. Such a body will be too large for effective day-to-day work; and, therefore, its functions may be confined to the consideration and approval of the broad strategy of integrated, economic development of the given area, its implications for administrative adjustments, social or economic discipline and the host of measures that will be necessary to assist the implementation and working of the programme of development that is finally and jointly adopted.

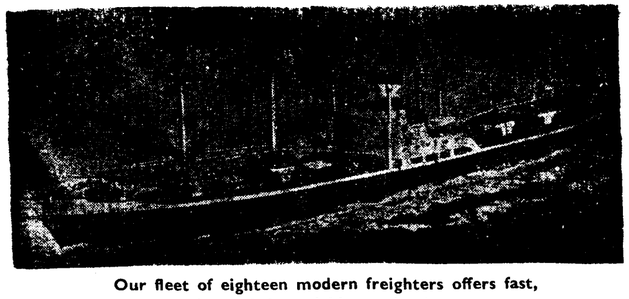
For the assessment of the viability or soundness of projects brought in by the mobile units from the areas, the body of reference must be more compact and consist of people of the areas themselves. The basis of any assesment of any project will be its economic and operational feasibility over a period of time, its potential for expansion, etc., and the security of loans determined in each case on the basis of the individual or individuals concerned. In brief: the operational strategy suggested here provides the means to establish the type of contacts between the institutions and the persons, in which character, that is, the integrity and ability of the person, becomes an essential part of the final assessment and in which a potentially viable project does not suffer for want of merely financial assistance of the type and for the duration needed.

The adoption of a consortium of financial institutions at the centre and a number of mobile banks to extend and provide banking and financial services to places within a given area should be confined for the present to areas that are known to have the potential for rapid economic development. At all costs, the temptation to adopt a system as this for the entire country must be avoided, because the personnel to provide services of this nature are not at present readily available, and too rapid an extension may pose problems of essential security too difficult to handle effectively and successfully. It may, however, be possible to provide the types of services visualised here in some of the districts where the package programme is in effective operation or where rural industries projects have been introduced, or where the Khadi Commission's Intensive Area Scheme has been successfully implemented and obtain valuable experience, in the light of which legal and operational norms can be evolved and adopted, and the training of administrative and managerial personnel can be planned and undertaken.

Institutional Framework

It has already been pointed out that provision of effective assistance in an efficient manner for the integrated economic development of rural areas will involve several changes in the present laws governing the functions and operations of the various banks and other financial institutions. The basic institutional framework, however, does exist in many districts in the shape of branch offices of large commercial banks, including the State Bank of India. What is needed is institutional integration, reorientation and direction to subserve the basic purpose of economic development of areas where the majority live in grinding poverty.

What has been suggested here may appear novel, and to some even revolutionary; and some may consider the proposal as one that involves a convergence of too many lines of communications and reference to be effective. That it is novel in the sense that an attempt at effective unification of aids is suggested has to be accepted; but the second point of view should be dismissed as reflective of the continuance of an outlook from the urban centre to the rural areas rather than *vice versa*. What needs to be fully and wholly appreciated is the need for an integrated system of financial assistance at the base, where development is most needed. What type of institutional set-up will ensure it is a matter for administrators to consider. All that is claimed for the proposal outlined above is that a consortium of financial institutions assisted by fleets of mobile banks seems to offer a model that appears workable.



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CAN CHAMBERS OF COMMERCE HELP COMBAT CORRUPTION?

SANTHANAM COMMITTEE'S PROPOSALS ANALYSED

By A Special Correspondent

THE Government of India is now making serious efforts to combat corruption in the country. Every citizen is, or ought to be, interested in ensuring a clean administration. The chambers of commerce and trade associations should be particularly concerned with this problem, because nothing will do more damage to our economic progress than corruption in Government and business community. But the precise role which these organisations can play in fighting this menace does not appear to have been properly recognised.

The Federation of Indian Chambers of Commerce and Industry, as the premier industrial organisation in the private sector, could have taken some courageous measures to assist the Government in this campaign. But the Federation has not only not taken any initiative but, unwisely, withheld its cooperation from the Santhanam Committee. In its report (page 12), the Committee says: "We have to point out, with regret, that, while a number of trade associations and chambers of commerce readily accepted our invitation to help us with their views and advice, the Federation of Indian Chambers of Commerce, which could have given powerful support to fight corruption, would not even accept our invitation to meet us."

It is, however, never too late to co-operate and one hopes that the Federation and its constituents throughout the country will play an active part in the war against corruption.

But how exactly can this be done? Before answering this question, it will be worthwhile to trace briefly the role of these organisations in our economic life.

Basic Functions

Chambers of commerce have been in existence in our country for over a hundred years. In the beginning, they were few in number and their functions were relatively restricted. Briefly, their work was to protect and promote the trade and commerce of the country. After the attainment of independence, many chambers began to take a keen interest in the industrial development of India and more particularly of the regions in which they were situated. Some chambers have enlarged their activities in recent years and they now take interest in the advancement of commercial and technical education, in undertaking research work and in improving the civic administration. But, broadly speaking, the functions of chambers continue to remain what they were many years ago, namely, to safeguard and promote commerce and industry, to urge or oppose legislation concerning commerce and industry, to secure concerted action on subjects in which the interests of their members are involved, to nominate delegates and advisers to various conferences, to collect and circulate statistical and other information regarding economic development, to arbitrate in trade disputes, and to do such other things as will help the development of commerce and industry.

As regards the role of chambers and trade associations in rooting out corruption, the Santhanam Committee has made some important observations. Since a considerable amount of corruption arises in the process of granting licences and allocating scarce goods, the Committee feels that it would be advisable to utilise the services of these organisations for this purpose. The organisations, which gave evidence before the Committee, pointed out that they would not be able to undertake full responsibility in matters relating to the grant of licences and the allocation of scarce goods. The organisations could only act in an advisory capacity. But then there are some impediments. Membership of these bodies at present is purely voluntary. Those who remain outside them or who, for some reason or other, are expelled, can continue to get their licences or permits. The Santhanam Committee, therefore, has recommended that "serious thought should be given as to how trade associations or their representatives could be associated in the matter of granting licences and allocation of scarce goods."

The Committee observes: "We consider that membership of a recognised trade organisation should be a necessary condition of eligibility for obtaining a licence or permit. The organisation should screen the capacity of the applications, their past performance and conduct and make recommendations to the licensing authority. These organisations may also be usefully associated in investigating modes of misuse and misutilisation of goods obtained under licence and modes of manipulation of prescribed rules, procedures and forms for obtaining undeserved advantage. We recognise that many details will have to be worked out like the principles of recognition, protection of the small trader, prevention of arbitrariness, etc. We suggest that this question may be dealt with by the concerned Ministries in consultation with the trade organisations."

Some Practical Difficulties

But till now it appears that neither the Ministries concerned nor the trade organisations have made a move in working out the details of such a scheme. Obviously, there are practical difficulties. In the first place, there are very few chambers or trade organisations which have the staff and the resources necessary for undertaking such a vast and responsible work.

Secondly, apart from major cities like Calcutta, Bombay, Madras, Delhi and a few others, in the other parts of the country, there are no trade associations worth the name. Even if some are started now, it will require several years before they can take up with confidence such a complicated task. Businessmen in the mofussil areas, generally speaking, lack the education, the background, and the organising capacity to set up and manage industrial or trade associations.

Thirdly, if chambers and trade associations are to take up this work, it is likely that, at least in some cases, their normal work may be affected, for example, export promotion. The Mudaliar Committee suggested that chambers "must, on their own, and with the active assistance of Government, interest themselves in probing the international market with a view to studying overseas needs in the light of Indian possibilities. More specially, they should undertake market researches and cost studies and take such other measures as would give a fillip to the country's export activities." But it would seem that, if chambers are to play a big role in export promotion, not many of them will be able to assume fresh responsibilities on the scale proposed.

Fourthly, it should be emphasised that even with the best will in the world, it would be difficult for non-official bodies to draw up, for recommending licences, rules or procedures which will be wholly free from arbitrariness.

It does not mean, however, that chambers or trade associations cannot play an effective role in curbing corruption. Even if they do not take over the type of work recommended by the Santhanam Committee, they can still render valuable services in eliminating the evil. They can, for instance, remove from their ranks members who have been convicted of corrupt practices. They can also create strong public opinion against corrupt practices and persuade their constituents to refrain from resorting to them. Some of these practices are: applying for licences on the basis of forged essentiality certificates, selling of goods imported against actual users' licences instead of utilising them in the industry; applying for licences on the basis of invalid income-tax verification number; trafficking in licences; selling of goods before their clearance through customs and violating other conditions of licences; over-invoicing and under-invoicing of goods at the time of import and export; pledging of goods without the licensing authority's permission; applying for duplicate copy of licences by concealment of facts; importing goods against bogus licences; and smuggling of goods.

But the chambers can play their part effectively only if the Government also adopts appropriate measures. Apart from eliminating administrative delays, the Government must avoid creating conditions which breed corruption. Representatives of trade organisations and other non-officials told the Santhanam Committee that a major cause for corruption was that Governments took upon themselves more than what they could manage by way of regulatory functions. On this point, the Santhanam Committee commented: "We are not in a position to assess the correctness of this criticism. But it is to be recognised that, in all those fields where Government interferes to regulate and control, there is scope for abuse. While it is not possible to accept the proposition that Government should divest itself of all regulatory functions and powers of control, it appears that it would be desirable for each Ministry/Department to undertake a review of the regulatory functions which are its responsibility and also examine whether all of them are necessary and whether the manner of discharge of those functions and of the exercise of powers of control are capable of improvement. We recommend that such a review be made."

However, so long as the belief persists that socialism is synonymous with a steady expansion of the public sector, it is doubtful if the Government will be prepared to divest itself of any of its present functions or to refrain from further encroachment on the sphere of the private sector.

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TWENTY YEARS OF BENELUX

Travelling to Belgium, the Netherlands or the neighbouring Grand Duchy of Luxembourg, one crosses borders without any control; the turnpikes are always open, and there are no customs officers. Some travellers may think that this is one of the achievements of the European Economic Community, popularly known as the Common Market. But that is not quite true, as travellers going on to Germany, or from there to France or Italy, will still be "controlled" by border officials at the borders of these three E.E.C. countries, though less thoroughly than in former times. The difference is due to the fact that, inside the as yet incomplete E.E.C. customs union, there is already a smaller complete customs union, consisting of the three smaller countries of the Community, namely, Belgium, the Netherlands and Luxembourg. This union is known as Benelux.

Benelux was established twenty years ago by the Belgian, the Netherlands and Luxembourg Governments while in exile in London. (The three countries were still under occupation in 1944.) The treaty establishing the customs union came into force in 1948. Ten years later, that is, in 1958, came the establishment of the E.E.C. (consisting of France, Italy, Germany and Benelux). Three years later, that is, in 1961, the Customs Union among the Benelux countries became an economic union through a supplementary agreement among themselves concluded in 1958.

Under this agreement the Benelux countries set themselves the goal of establishing an economic union, similar to that of the E.E.C. They have in the past excluded currency and financial policy, agricultural and social integration. Now, however, in the wider scope of the Community of the Six, these fields will be gradually aligned also in Benelux union. Between the three partners, there is very close co-operation, above all, in all important fields of economic life. On trade policy, in particular, there is continuous consultation. In the industrial field, Benelux already forms one unified region today.

It is obvious that the experiences, the success and failures of the ten-year-old Benelux organisation are of great practical use for the designers of the European Community of the Six. In view of the stormy development of the E.E.C. in the last few years, the Benelux market, with its well over twenty million inhabitants, may have had less attention by the general public than it would deserve. Moreover, the observer would in vain look for any institutional establishments, in the style of the European Community where executives with far-reaching authorities represent the joint interests of the Community. But the establishment of institutions such as those of the E.C.S.C., E.E.C., and EURATOM was urged by the Benelux countries in particular, based on their own experiences with their economic union.

THE CALCUTTA ELECTRIC SUPPLY CORPORATION LTD.

CHAIRMAN, MR. I. A. MACPHERSON, REVIEWS ACTIVITIES

RECENT RISE IN SELLING RATES OF POWER UNAVOIDABLE

THE Sixty-seventh Annual General Meeting of the Calcutta Electric Supply Corporation Limited was held at London on Friday, 23rd October 1964. In his review for the year ended 31st March 1964, Mr. I. A. Macpherson, Chairman of the Company, has stated that the Company had no option but to put into effect further increases in electricity charges towards the end of the year 1963-64. These increases, he explained, were designed to enable the Company to earn its reasonable return which was based on a standard rate of 6½ per cent, instead of the former 6 per cent. In the absence of unforeseen circumstances the Chairman said, the Company would be able to achieve this result in the current year.

Following are extracts from Mr. Macpherson's review:

The event which, for us, as for everyone in or connected with India, overshadows all others has been the death of Pandit Nehru on the 27th May. It would be a presumption for me to try to add to the world-wide tribute already paid him, but I may perhaps be permitted to remark that it would be difficult, if not impossible, for a company such as this to operate under any other system than that of the parliamentary democracy of which, in India, Pandit Nehru was the architect and custodian.

Growth of Undertaking

The regulative measures which the Government had to adopt to ensure the optimum utilisation of available power resources were aimed primarily at reducing the peak demand on the Company's system. The commissioning of the 50 MW extention to our New Cossipore Generating Station last October and more recently of our Southern Receiving Station have already allowed several of the restrictions to be relaxed. Towards the end of this year, when the output of further generating plant will be put at the disposal of the State Board, our offtake at Southern Receiving Station will be stepped up to 80 MW and the position will be further relieved when, during the first half of next year, we commission our Belur Receiving Station designed to take in 100 MW of power from the State Board's Bandel Generating Station. Provided they are backed by adequate State Board resources, the commissioning of these two receiving stations should enable Government to relax the restrictions remaining. Restrictions notwithstanding, our outturn again broke all previous records and over the five-year period 1959-60 to 1963-64 as a whole the average rate of growth in terms of units was about 8½ per cent compound.

Revenue Account

Revenue from the sale of electricity and for meter rents at £14.8 million was over £1.7 million (13 per cent) up last year. This is a much higher rate of increase than is suggested by the increase in units sold. The main reason is that the monetary figure of sales includes coal surcharge revenue which arises by reason of increases in the delivered cost of coal—increases which, of course, are also reflected in additional revenue expenditure. Revenue expenditure increased by almost £1.2 million; of this £885,000 was due to enhanced generation, transmission and distribution costs. During the year our stations, in generating 2,077 million units, burnt 1.49 million tons of coal at a cost of £4.48 million, comparative figures for the previous year having been 1,841 million units, 1.33 million tons and £3.81 million. The net revenue account shows that, despite an increase of about £560,000 in the balance brought down from the revenue account, the charge for Indian taxes declined by nearly £150,000. This is, for the most part, due to the fact that our estimated Indian income-tax liability on the profits of the year has been greatly reduced by income-tax development rebate claimed on new plant commissioned during the year. It is this saving of tax that gives rise to the appropriation in the net revenue account of £201,021 to the development reserve, This is a mandatory appropriation under the Electricity (Supply) Act and has the effect of equating the Company's clear profit with the reasonable return allowed by that Act. We have thought it prudent to build up a taxation contingency reserve with an initial appropriation of £250,000 which is accordingly debited in the net revenue account. As last year, we have again made a special appropriation to plant expansion and contingencies out of net revenue. although this year it has been increased to £550,000. I would emphasise that this latter appropriation, together with those to the development rebate and to the taxation contingency reserve, remained invested in the undertaking where, in conjunction with the revenue account allocation to depreciation of over £1 million, they played a major part in financing the expansion of the undertaking during the year.

No Option

Although the Company's clear profit was, for the first time for several years, equal to the reasonable return, this was in large measure, due to the substantial saving in Indian tax arising out of development rebate. Had it not been for this the clear profit would have been substantially less than the reasonable return. As it was foreseen that we would not again benefit from development rebate on the same scale and that our clear profits would, in consequence, be less than our reasonable return, we have had no option but to put into effect the further increases in our charges for electricity which were introduced towards the end of the year 1963-64. These increases were designed to enable the Company, in a normal year, to earn its reasonabe return which, as was explained last year, is now based on a standard rate of 6½ per cent instead of the former 6 per cent. In the absence of unforeseen circumstances, we hope to be able to achieve this result in the current year.

Finance

In ordinary circumstances, the financing on a more permanent basis of the recent £3½ million extension at the New Cossipore Station would have been achieved by an issue of shares or debentures or both, but we were advised that this would not be practicable in view of the fact that, under its license, the Company can be taken over by the Government of West Bengal or by the State Electricity Board on the 1st January 1970 provided either of those authorities gives one year's notice of its intention. We had, therefore, to explain to the Government of West Bengal that if Government could not tell us now either that we would not be taken over in 1970 (in which case we would have hoped to be able to raise medium-term finance), or alternatively, that they would be taking us over in 1970 (in which case a short-term loan repayable out of the compensation moneys would have been possible) we saw no prospect of being able to raise the money unless Government themselves would guarantee repayment. Government's decision was that they would guarantee repayment and we were thus able to go ahead and arrange a loan from the State Bank of India. This loan is for a sum of Rs. 4.7 crores (£3½ million) repayable on 30th December 1969. The Company's forward estimates indicate that during the period 1963-64 to 1969-70 capital expenditure will amount to some £18½ million (Rs. 25 crores), inclusive of the unpaid balance of expenditure on 1st April 1963 on the New Cossipore extension. Provided the Company can continue to earn its reasonable return we estimate that we can look to internal sources (mainly depreciation and retained earnings) to provide about £15 million of this sum. The recent loan from the State Bank will bridge this gap which means that, as far as can at present be foreseen, it should provide the balance of the funds we shall need for the development of the undertaking in order to fulfil our statutory obligations until 1970.

The report and accounts were adopted.

Note: *This statement is not a report of the proceedings of the Annual General Meeting referred to above.*

THERMAL SCHEMES

The fourth Plan thermal schemes for which advance action is to be taken in the third Plan itself are: Ramagundam extension (200 m.w.) and Kothagudam extension (240 m.w.) in Andhra Pradesh; Pathrathu extension (400 m.w.) in Bihar; Basin bridge extension (30 m.w.), Neyveli extension II (200 m.w.) and Ennore (300 m.w.) in Madras; Satupura extension (375 m.w.) and Korba extension (200 m.w.) in Madhya Pradesh; Nasik (250 m.w.), Purli (60 m.w.) and Chanda (500 m.w.) in Maharashtra; Dhuvaran Extension 250 m.w.) in Gujarat; Harduaganj extension (100 m.w.) in Uttar Pradesh, and Durgapur extension (140 m.w.) in West Bengal.

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PROGRESS REPORT ON PORT DEVELOPMENT

OPTIMISTIC REVIEW BY TRANSPORT MINISTER

THE aggregate amount of *sea-borne* cargo handled at all the ports in India has been increasing by about four million tonnes per annum in recent years. According to the statistics provided by all the Port Trusts and the Administrations of Maritime States, the total cargo passing through them has increased from 46.6 million tonnes in 1961-62 to 50.6 million tonnes in 1962-63 and 54.0 million tonnes in 1963-64. If the yearwise figures pertaining to *coastal trade* are deducted from these totals, it is seen that the aggregate amounts of cargo involved in *overseas trade* were 32.6 million tonnes in 1961-62, 34.6 million tonnes in 1962-63 and 37.3 million tonnes in 1963-64. For the first time, however, the *Monthly Statistics of the Foreign Trade of India* has provided its own figures of the quantity of cargo involved in India's overseas trade during 1963-64. According to that publication, the aggregate cargo handled in that year was 30.9 million tonnes—that is, 6.4 million tonnes less than the figure (37.3 million tonnes) worked out from the returns of the Port Trusts and the Administrations of Maritime States. There is thus a discrepancy between the two sets of figures, and Mr. M. A. Master, a leading commentator on port and shipping matters, has recently drawn pointed attention to this difference. A more reliable and authoritative estimate of cargo involved in India's overseas trade (both imports and exports) is, therefore, called for.

For the present, both the estimates—30.9 million tonnes and 37.3 million tonnes—for 1963-64 may be adopted for working out the quantity of cargo handled by Indian bottoms. It will be recalled here that the Chairman of the National Shipping Board, Mr. Raghunath Singh, recently estimated the share of Indian shipping in overseas trade at about 18 per cent in 1963-64. If this proportion is deemed correct, it would mean that anything from 5.6 million tonnes (18 per cent of 30.9 million tonnes) and 6.7 million tonnes (18 per cent of 37.3 million tonnes) must have been carried by Indian ships during that year.

Third Plan Outlay

That is by the way. What is immediately in question here is whether port development in India is proceeding well and fast enough in the context of a possible annual increase of about three million tonnes of cargo in overseas trade or about four to five million tonnes in all seaborne (including coastal) cargo. It is by no means certain that port expansion and development schemes of the third Plan period, involving an aggregate outlay of Rs. 111 crores in respect of nine major ports (Calcutta, Bombay, Madras, Mormugao, Visakhapatnam, Cochin, Kandla, Mangalore and Tuticorin), will be completed according to schedule, considering that the actual expenditure in the first three years of the Plan has come to only Rs. 46 crores. Mr. Raj Bahadur, Union Minister for Transport, is, however, confident that, in view of the present momentum of port development, as much as Rs. 104 crores will have been actually spent over the third Plan period, *vide* his speech at the meeting of the National Harbour Board, held at Panjim in Goa last week. The important points made by the Transport Minister in that speech are highlighted in the following paragraphs.

Calcutta: Most of the schemes carried forward from the second Plan have been completed. The remodelling of the marshalling yard is expected to be completed by March 1965. As regards new schemes, the estuarian dredger, costing Rs. 2.5 crores, will be delivered in March 1965. Two new pilot vessels, costing Rs. 1.8 crore, have already arrived. Work on the expansion of the arms of King George's Dock is in progress.

Haldia: A Master Plan has been prepared for this new port to be constructed near Calcutta to accommodate ships with a draft of 35 feet. The rail and road links to the port are under construction. A pipeline is being laid to connect the port with the Barauni Refinery. The World Bank is actively considering the grant of a loan to cover the foreign exchange requirements of the project.

Bombay: Tenders for works connected with the Dock Expansion Scheme have been received and are being scrutinised by the Port authorities. Meanwhile, preliminary arrangements connected with the project are under way. As regards dredging of the main harbour channel, the work on the first and second expansions to Phase I, covering the north and middle sections of the channel, has already been completed and work on Phase III, covering the southern section of the channel, will commence presently for completion by December 1965:

Madras: The new Wet Dock has just been completed and will be formally declared open on 6th November. The port can now handle increased quantities of foodgrains. One of the three berths on the eastern side of this dock is proposed to be earmarked for iron ore traffic. This ore traffic will be handled with an up-to-date mechanical plant, with a capacity of 2,000 tons per hour. The foreign exchange required for this mechanisation project is proposed to be met from the savings available in the loan already made by the World Bank to the Port Trust.

Visakhapatnam: The work on the iron-ore handling plant has gathered momentum and is likely to be ready by April 1965. At present, the port can handle vessels of 33 ft. draft only. It is expected that the Port Trust will prepare a full project report soon for carrying out the work to enable the port to handle vessels of 38 ft. draft.

Kandla: The scheme for bringing the second oil jetty into use is being finalised. The Ministry of Railways has decided to go ahead with the execution of the B. G. link between Kandla and Ahmedabad via Jhund.

Cochin: All the new berths in the Ernakulam Channel are now in commission. In addition, the construction of an open berth in this channel for handling coal has been sanctioned and the work is in progress.

Mangalore and Tuticorin: Preliminary works connected with the construction of these two new ports in South India are under way. Detailed lay-outs and designs for breakwaters and other installations for the two ports have been finalised. The projects will be executed with the least delay.

Mormugao: This port, which handled 5.6 million tonnes of iron ore in 1963-64, is proposed to be developed to handle an export of the order of 10 to 12 million tonnes of ore and about two million tonnes of general cargo. To deal with this large ore traffic, mechanical facilities for loading at a rate of 3,000 tons per hour are contemplated. In order to enable the port to take in deep draft ore carriers, an order for a new dredger has been placed; this is expected to arrive by the middle of next year.

Intermediate and Minor Ports

Mr. Raj Bahadur's review is also notable for its reference to intermediate and minor ports. The Centre has provided nearly Rs. two crores for the four years 1961-65 to maritime State Governments for carrying out works in minor ports. This actual allotment, incidentally, is very much less than the third Plan provision of Rs. 7.2 crores for such Central loans. Important items of work are in progress in Mirya Bay, Cuddalore, Neendakara and Okha. Foreign exchange for the Paradip port project in Orissa is being provided according to requirements and the Orissa Government's request for financial assistance for the completion of the project is under consideration. An expert committee has recently reported on the improvements required in intermediate and minor ports for alongside berthing of small coasters and mechanised sailing vessels The Hydrographic Survey Committee of the National Harbour Board has also urged the need for completing the survey of India's coastline from the point of view of coastal trade and port development.

All in all, if port development proceeds according to plan, the handling capacity of India's ports is bound to increase appreciably in the coming years, thereby preventing the recurrence of the kind of congestion that has been witnessed in recent months in the major ports of Bombay and Calcutta. The acute congestion in these ports from May to August last, caused by the bunching of arrivals of foodgrains ships, has vividly brought to light the inadequacy of berthing capacity with mechanical equipment. Of course, the port of Kandla has given some relief to Bombay. But Haldia will be in no position to give similar relief to Calcutta for a number of years for the simple reason that its construction has scarcely begun. Apart from the need for improving the discharge of foodgrains at these ports by installing grain pumping machines, the incentive schemes for stevedore workers engaged in the handling of such foodgrains would have to be continuously in operation. But, from the long-term point of view, better relations between dock labour and port authorities seem to be called for. The Government's decision to set up a wage board for port and dock workers is, therefore, a welcome development. Industrial peace, particularly in the major ports at all times, will go some way towards neutralising the effects of inadequate port development.

COKE RATE IN JAP BLAST FURNACES

Thanks to the rapid progress in technology, Japan's ironmakers will soon be in a position to reduce blast furnace coke consumption to a national average of below 500 kg. per ton of hot metal. This is claimed in the latest issue of *Steel Industry Report*, published by Japan Iron and Steel Federation. Japan, incidentally, has already the lowest record level of 502 kg. of coke consumption per ton of hot metal; this is also the lowest coke rate so far attained in the world.

The decrease in coke consumption has been achieved mainly by the exceptionally uniform distribution of gas flow in furnace, leading to efficient heat exchange and reduction in gas. The uniform distribution of gas, in turn, is the result of extensive performance of crushing, screening and sintering of iron ores, resulting in the uniformity of the "burden materials" charged into blast furnace. Another factor which contributes to this unique achievement is the rise in blast temperatures from the erstwhile 500-900° C to 950° C, at present. This, according to the report, has not only led to lower coke consumption and coke ash but also to less limestone consumption. All this allows the furnace to accept more iron ores, thus producing a greater amount of pig iron.

The injection of heavy oil has played the most important role in lowering coke rate. First put to practical application in Japan in 1961, it was found that an injection of 1 kg. of oil would substitute some 1.2 to 1.7 kg. of coke. Although some furnaces are running with 100 kg. or more of oil per ton of iron, the average rate of oil injection is about 60 kg. per ton. However, an excessive injection of oil is inadvisable, the report mentions, and if the sulphur content of oil is high, it can deteriorate the composition of the pig iron.

High top pressure operation, first experimented in 1962, is also mentioned as a contributing factor. It is noted that higher top pressure allows the furnace to take more wind, thus increasing the pig iron output.

FIRST ALUMINIUM SUBMARINE

Reynolds "Aluminaut" is the world's deepest diving and first aluminium submarine. Conceived by Mr. J. Louis Reynolds and developed under his direction by Reynolds International, Inc., U.S., it has just been launched at Groton with a view to harnessing the oceans' vast untapped storehouse of natural wealth. The 75-ton "monster of the deep" is designed to operate as deep as 15,000 feet—far deeper than any other submarine. It will make its initial test dives in a short time. But it will not make dives to the maximum operating depth of 15,000 feet until some time next spring.

The "Aluminaut" will have a crew of three, but it can carry as many as 15 people in addition to the crew. It is actually a deep sea laboratory, equipped with the most advanced instrumentation and communications equipment, including underwater telephone and television. It will also be provided with a pair of robot hands to collect specimens and to assist core drilling operations. It will be offered to industries and the Government for use in mineral exploration, salvage, mapping and research.

The "Aluminaut" will also have commercial and scientific assignments. First, it will offer the major oil companies an opportunity to speed their present quest for petroleum and natural gas under the waters of the North Sea between England and Holland. Secondly, it will help in salvage work. Thousands of ships loaded with precious ores, minerals and other cargoes that were sunk in the two world wars are known to lie intact on the Atlantic shelf and they just lie too deep for normal salvage techniques. With the "Aluminaut" it will be possible to examine visually these sunken vessels and determine the best methods for bringing them up. Thirdly, it will help in mapping the ocean bottoms. Finally, the "Aluminaut" will demonstrate that man can permanently occupy the floor of the ocean.

But the launching of "Aluminaut" also involves a problem in international relations, for new world agreements would have to be reached on territorial and resource rights under the sea. Questions of national sovereignty and corporate ownership of ocean resources thus await to be defined in a new perspective.

Europe's most modern steel works located in Duisburg-Hamborn produces not a single smoke or smog cloud. The youngest plant of the August-Thyssen-Hütte is the first to be completely outfitted with a dust-free installation. The four huge building complexes—the oxygen steel works, the universal slab works, hot belt conveyors and the first cold belt conveyors in operation—cover a surface of 200,000 sq. yards and lie in the middle of green space twice as large as the actual factory on which no soot or sulphur dioxyde mar the vegetation's growth. And fish actually live in the plant's waste waters. The protective measures taken to keep the air clean swallowed 14 million DM (Rs. 168 lakhs). This Europe's "cleanest" steel works will produce three million tons of steel per year.

NEW PRODUCTS AND PROCESSES

Driverless Switch Engine

THE first Swedish electric switch engine operated by remote control is at present being tested by the Swedish State Railways (SJ) at a shunting station near Stockholm. The push-button controls of a shunting engine, which ordinarily operate the drive and brake systems by means of a servo system, have been replaced by special apparatus connected to a radio receiver. With the aid of this equipment, the engine obeys impulses from a radio transmitter within a 1 km radius. It can be made to go forwards and backwards at desired speed, roll, brake and signal. If the radio connection is interrupted the engine comes to a standstill as the brakes are automatically applied. The radio equipment, which has been developed by Storno radio manufacturers in Copenhagen, operates on ultra-high frequency (450 Mhz). The 1 W transmitter weighs 2.5 kg. SJ and Grangesberg group, which jointly have developed the project, expect that the engine will be used primarily in switch service, where the operator can overlook the tracks.

Stainless Steel Mower Blade

Stainless steel is being used for the blade of a new rotary lawnmower produced by a subsidiary of the American Machine and Foundry Company, of 261, Madison Avenue, New York 16. The blade is said to hold its edge longer and to resist pitting and corrosion. The design also permits the jointed blade to swing back when it hits a stone, avoiding damage to the engine cam shaft. In ordinary use, the blade is held extended by centrifugal force. The mower can be raised or lowered by moving a single lever which works on all four wheels.

Air-Operated Hand Grinder

A hand-controlled, air-operated grinder with a speed of between 4,500 and 6,000 r.p.m., is being produced by Thor Tools Ltd., 34 Victoria Street, Westminster, London, S.W.1. It weighs 10 lb. and is 7½ in. high. Made of heat-treated aluminium alloy castings with steel helicoil inserts, the grinder has a wheel spindle that runs in double row ball bearings at the nose end and in a single row of ball bearings at the upper end. An automatic oiler, capacity ½ pints, is built into the grinder's cylinder housing cap.

Storm Warning Radar

A new meteorological radar system, which can track and pinpoint storms and rain-producing clouds within an area of 125,000 sq. miles, is being produced by a British firm. High power, long range, ease of installation and relatively low cost are four of the main features of the system. It is suitable for use at airports, where it can provide first-hand meteorological information for air traffic control staff. Because of its mobility and ease of installation, it is also suited for meteorological surveillance in large areas, where a number of installations may be needed.

Finding the Cracks

When structural materials are overstressed they develop micro-cracks which, though invisible to the eye, act as stress raisers and lead to rupture. The Czech Academy of Sciences of 3, Narodni, Prague, says that these can be detected by painting strips of electrically conducting varnish on to a test specimen of the material (with an insulating undercoat if it is a metal) and then passing a current through the varnish. At the cracks, heat is not conducted away as it is elsewhere and the varnish melts and shows them up.

Industrial Space Heaters

A range of portable oil-fired industrial space heaters for use in or out of doors is now being marketed under the name Master by W. C. Youngman of Denmark Road, London, S.E.5. The range consists of four models with output capacities from 75,000 to 320,000 B.t.u. per hour and a heated air flow from 345 to 1,500 cubic feet per minute. Each model comprises a forced draught heater mounted above a fuel tank on two rubber-tyred wheels. Leg supports and handles are provided to make handling and positioning easy. The heater unit, which is contained within a heavy gauge mild steel protective casing, has a pressure atomising burner, suitable for use with ordinary paraffin, a stainless steel combustion chamber and a fractional h.p. motor driving a propeller type fan and fuel pump. The smaller model has a vacuum feed system and employs a sliding vane type air compressor.

Metal Coating

Plant for the continuous coating of metal strip with paint or plastics, has been developed by a British firm. Strip up to 48 in. wide can be handled, and the bond between coating and metal is so strong that the strip can be shaped without disturbing it. Excellent results, have so far been obtained. In the process, strip is fed from a reel to an alkali degreaser, where it is scrubbed on both sides by revolving brushes in a recirculated degreasing solution. The strip is then rinsed with cold water and pre-treated with phosphating solutions on both sides. After another rinsing, it passes through chromating solution. The paint or plastics is then applied by a three-roll reverse coater. Solvent is removed, the coating is cured, and after cooling the strip is recoiled.

Strapping Packages with Nylon

A banding machine which will strap nylon strip around packages and seal the strip at a fast rate—up to 25 ties a minute—has just been put on the market. It is especially suitable for strapping soft packs and cartons in sizes ranging from 3 x 3 inches to 39 x 18 inches. It is supplied by Gordian Strapping Company, Middlesex, England.

Bench Drilling Machine

Sturdy, versatile, economic bench drilling machines are being made by Fidax Engineering P. Ltd., Sydney, Australia. The machine, known as 'Fidax Mark 3,' is used in engineering, plastics and woodworking industries, motor repair shops and home workshops. Its features include a high tensile solid steel column and an accurate spindle fully supported at top and bottom with thrust taken by a heavy-duty totally enclosed thrust race. All parts are machined to fine toierances and lubricated by an oil cup in the spindle cap. The drive belt is guarded to ensure safe operation, and speed changing belt tensioning or replacements are achieved simply. The drill is precision built and compactly designed. It operates at four speeds: 630, 1,150, 1,820 and 3,200 r.p.m. Capacity of the machine is ½ inch mild steel and 1 inch hard wood. It has a drilling depth of 3 inches with depth gauge side mounted on the quill. Ideally suited for production line work, the Fidax drill is available with or without motor to allow for frequency and voltage differences in various overseas countries.

Versatile Antenna

A short-wave receiving antenna for the range 200m down to 10m has been developed by Rhode and Schwarz, Muehldorfstrasse, 15, Munich, West Germany. It picks up separately vertical and horizontal field-strength components from all azimuthal directions without requiring rotation. It makes it possible to pick up the component showing least interference and also to carry out good polarisation diversity operation. By selecting the respective inverse polarisation during reception, it is possible to isolate the receiving antenna from transmitting antennas which, for lack of space, have had to be erected nearby.

Sensitive Photocell

A range of high sensitivity cadmium-selenide photocells for use in relays, counters, exposure meters and controls has been brought out by the International General Electric Co. of New York, 296, High Holborn, London, W.C.1. They act as light-controlled rheostats or relays without contact surfaces and have a dark resistance of 5 megohms or more. At two foot-candles, this drops to 10,000 ohms. Response is fast with the resistance dropping by about 1 to 10 milliseconds when 25 foot-candles are applied to previously unexposed cells. The peak spectral response is 7,400 Angstroms and the new range includes both plastic encapsulated and glass metal units.

Advances in Chemical Plating

Many non-conductive materials can now be plated with a variety of metals as a result of developments in electroless chemical plating metal plating using chemicals instead of electricity) made by Sperry Gyroscope Co. Ltd., England. Substances which have been plated successfully include ceramics, glasses, plastics (including P.T.F.E.) and glass fibre laminates. The metals used include phosphocobalt, nickel, copper, gold and palladium. This advance in metallic coatings is made possible by the use of a range of extremely penetrative catalysts which initiate the reduction of metal on the treated surfaces. The metals so reduced are corrosion resistant, uniformly thick, and have a high degree of adhesion even on complicated surfaces containing re-entrant cavities and holes.

Scribing and Dividing Apparatus

A Dutch engineering firm in the Hague (N. V. Machinefabriek "Gefra," Jupiterkade) has invented a scribing and dividing apparatus with which plates, castings and workpieces to be drilled can be scribed and checked both rapidly and accurately. The apparatus, which can also be used for inspection purposes in testing shops and for lining out castings, consists of a horizontal shaft mounted on top of a cast-iron pedestal provided with set screws parallel to the surface plate. At one end, the shaft has a permanent magnetic setting-up plate and at the other, a hand-wheel, graduated in degrees, by which the setting-up plate can be rotated through 360° in the vertical plane. By means of a special pivoting point, this plate can be swivelled in two directions by 90° in relation to the shaft. The extent of pivoting can be read off on a graduated scale. The movements of shaft and setting-up plate can be indexed by means of an indexing pin, while the intermediate positions are set using a vernier scale that can be read off in minutes.

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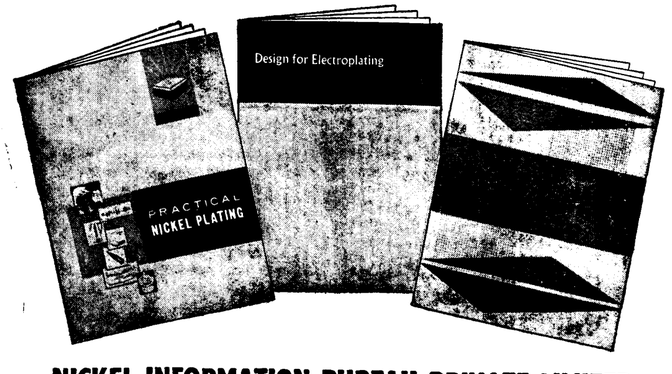

NICKEL INFORMATION BUREAU PRIVATE LIMITED

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WORLD SHORTAGE OF TIN

INCREASE IN PRODUCTION NEEDED

INDIA'S mineral resources are such that while there is an abundance of some of them like iron ore, manganese and bauxite there is a paucity of other important minerals such as copper, zinc, lead and tin. Of the latter major non-ferrous metals that are of vital importance for a modern developed economy, it is only in the case of tin that India is chronically deficient as it has no worthwhile reserves at all. Some very small quantities of tin ores have been found in certain parts of the country such as Hazaribagh in Bihar. As these mines are not very promising, the country depends solely on imports of tin ores to meet the increasing internal demand from the tin-plate and alloy-making industries. The demand for tin is at present around 7,000 metric tons and is expected to go up to 10,000 metric tons by 1965-66 along with the increase in the production of tin-plates and copper-tin base alloys. As the accompanying Table I shows, India's imports of this mineral, mainly from Malaya and Burma, have been steadily rising. From 3,609 metric tons (worth Rs. 3.8 crores in terms of value) of tin imported in 1960-61, it has gone up to 5,288 metric tons (worth Rs. 6.4 crores) in 1963-64. Even in the first four months of the fiscal year 1964-65 (April-July period), the imports were of the order of 1,755 metric tons (Rs. 2.4 crores).

In view of India's heavy dependence on imports of tin ores for meeting its rising requirements, it would prefer stable prices for tin ores in the international markets such as London and Penang. But the upward price spiral in tin witnessed in the last few weeks has been of an unprecedented nature and is causing concern to all importers of this commodity. The London price for spot metal which was as high as £1,395 a ton in the middle of September last, shot up further to touch a record high of £1,655 a ton on 13th October, 1964. This was well above the previous high of £1,620 reached at the peak of the Korean boom in early 1951. Although the price of tin has since then declined to £1,590 it is still very much above the average price of £910 for 1963, £963½ a year ago and £1,025½ the lowest level touched earlier this year. In the other major tin market, namely, Penang in Malaya, the price of tin recorded an all-time high of $(M)805¾ a picul on the 17th inst. In the U.S., the price of tin has gone up by 60 cents a pound since the beginning of this year to about $1.95 a lb. This has meant an increase of $6 in the cost of producing a ton of tin plate by the U.S. steel mills.

Causes for Rise

What are the factors responsible for this phenomenal rise in the price of tin? The major political changes in Britain and the Soviet Union could at best be only a short-term factor. The "price explosion" in tin is due mainly to the growing gap between demand and supply. Owing to fears of acute shortage of the metal, some heavy buying by consumers to replenish dwindling stocks has been reported. Further, world demand for tin, especially in the U.S., has been growing steadily, perhaps a little faster than was anticipated earlier. The continuing high level of production in most of the industrially advanced countries is a strong factor influencing the present uptrend in prices. In addition, purchases of tin by the Soviet bloc countries of around 5,000 tons in recent months have accentuated the price spiral.

The International Tin Council has estimated the smelter production of primary metal (tin) during the first six months of 1964 at 70,000 tons, as against a consumption of 85,000 tons. The Council expects the shortfall in production to be more than 25,000 tons this year. As the accompanying Table II shows, the world production of refined tin (excluding the U.S.S.R.) is not keeping pace with demand. From 176,538 long tons in 1962, production had actually come down to 174,621, in 1963. In the first quarter of 1964, it had picked up and was running at the rate of 177,000 tons per annum. Even so, the growth of production has been lagging behind that of demand. While the leading producing country, Malaysia has increased its output, production of primary tin (tin concentrates) in Bolivia, the second largest producer of tin in the free world, has been impeded by labour unrest. Indonesia, too, is an equally important producer of tin, but it is handicapped by shortage of capital and skilled personnel, not to mention its preoccupation with confrontation with Malaysia and unhelpful treatment to private foreign captal. The importance of Congo as a producer of tin has been affected by political instability and no marked gain in its performance can be expected in the near future. The only other country where there has been a continuous expansion in the production of tin is Thailand. In 1962, its production of tin concentrates was about 15,000 metric tons, as against Congo's 7,321 tons (as shown in Table III). In 1959, Thailand's production was no more than 9,800 tons. The high level of prices of tin in the past few months may result in a marginal rise in the world production of primary tin, for, barring Malaya and Thailand, the other producers are not in a position to take full and quick advantage of the record high prices for a variety of reasons, political and economic alike. The prevailing shortage of tin may, therefore, last for another three or four years, if not longer. The buffer stock arrangement under the International Tin Agreement has failed to achieve its objective, namely, ensuring an orderly increase in production of tin at stable prices.

U.S. Stockpile

At present, a part of the shortage in tin is being made good by sales of stockpiled metal by the General Services Administration (G.S.A.) of the U.S. The G.S.A. announced some time ago that it would sell 20,000 tons of stockpiled tin under a one year programme ending 20th March 1965. Recently, Mr. Maurice Connell, Administrator, Defence Material Services of G.S.A. stated that it was free to sell more tin if the situation so warranted the same. Unfortunately, however, at the meeting between the International Tin Council and the G.S.A. officials early this month, no decision was taken to increase the stockpile releases of the latter agency. Thus, the deficit in supply continues. Meanwhile, it is expected Russian buying in the coming months would be in excess of 30,000 tons. In these circumstances, one fails to see how prices would fall to any significant extent, unless the U.S. Buffer Stock releases a much larger quantity than the one it has agreed to sell.

A world shortage of tin has substantially raised the cost of the metal to users—chiefly the steel and packaging industries. Moreover, the fear that this shortage will continue for many years has led steel manufacturers to use substitute material for coatings. Steel producers in the U.S. according to the *Journal of Commerce*, New York, use about 30,000 tons of tin annually in the production of tinplate for tin cans, for beverages, food and other products. In view of the shortage of tin, many consuming industries will have to reduce the consumption of the metal. Already, tin plate in many parts of the developed countries is experiencing keen competition from aluminium, paper board, plastics, glass and other packaging materials. Excessively high prices for tin is, therefore, not in the interest of producers of tin concentrates themselves. Accordingly, they must take all possible steps to raise their production quickly and thereby help bring down the prices to reasonable levels. Meanwhile, every effort is being made in India also to keep down the imports of this metal by recovering it from scrap and tin residues. This is only as it should be, for, unlike the developed countries, India has neither the foreign exchange to pay for the imports of tin at enhanced prices nor the highly sophisticated packaging materials developed in the West.

Table I: *India's Imports of Tin Alloys*

Year	Value (In crores of rupees)	Quantity (In metric tons)
1960-61	3.8	3,609
1961-62	5.8	4,995
1962-63	5.1	4,296
1963-64	6.4	5,288
April-July 1964	2.4	1,755

Table II: *World Production of Refined Tin in Select Countries*

(In long tons)

Countries	1961	1962	1963	1964 (Jan.-Mar.)
World Total (Excluding U.S.S.R.)	**176,016**	**176,536**	**174,624**	**44,214**
Australia	2,646	2,807	2,734	668
Belgium	8,552	8,857	7,294	1,586
Bolivia	2,016	2,624	2,467	900
Brazil	1,525	2,317	1,500	375
China (estimated)	24,000	24,000	24,000	6,000
W. Germany	2,000	2,321	2,212	538
Indonesia	2,000	2,000	1,800	450
Japan	1,969	2,273	2,179	667
Malaysia	79,114	82,073	84,001	18,302
Netherlands	9,695	4,402	5,882	3,063
United Kingdom	26,352	19,892	18,680	4,387
U.S.A. (estimated)	11,500	8,477	4,561	2,245

Source: The British Bureau of Non-ferrous Metal Statistics.

Table III: *World Production of Tin Concentrates in Important Countries*

(In metric tons)

Countries	1954	1959	1961	1962*
World Total (Excluding the Soviet bloc countries)	**180,100**	**143,100**	**163,700**	**168,900**
Australia	2,108	2,389	2,789	2,758
Bolivia†	29,287	24,193	20,995	22,150
Brazil	170	468	590	605
Burma	907	813	966	1,058
China (mainland)	7,600*	21,300*	24,400*	24,400
Congo	13,358	9,337	6,675	7,312
Malaya	61,911	38,127	56,927	59,543
Indonesia	36,436	21,960	18,872	17,588
Nigeria	8,054	5,612	7,004	8,342
United Kingdom‡	955	1,272	1,229	1,200
Thailand	9,933	9,839	13,484	14,914

Source: International Tin Council (London).
* Indicates estimated or provisional figures.
† 1954 figure gives content of ore plus metal exported.
‡ Intake of tin concentrates (metal content) by smelters.

DRIVE AGAINST SUB-STANDARD PRODUCTS

Between January and June this year, over 3,300 kg. of fruit and vegetable products which were either sub-standard or were manufactured by unauthorised parties were seized and destroyed by the officers of the Directorate of Marketing and Inspection of the Union Ministry of Food and Agriculture. Several thousand kilograms of these products were also detained for analytical investigation. During the same period, the inspecting staff of the Directorate detected 74 manufacturers of fruit and vegetable products carrying on business without licences and in premises that did not conform to the minimum standards prescribed. Production in these units has been stopped till such time as they carry out the necessary improvements and obtain licences.

Under the Fruit Products Order, 1955, it is compulsory for every manufacturer of fruit and vegetable products to take out a licence from the Agricultural Marketing Adviser to the Government of India. Before the licence is issued, the Directorate ensures that the manufacturer has set up a factory under hygienic and sanitary conditions that have been prescribed under the Order. The manufacturer is also required to prepare fruit and vegetable products according to the specifications laid down in that Order.

IMPORTS OF RELIEF GOODS FROM BRITAIN

An agreement providing for the duty-free entry into India of relief supplies donated by specified agencies in Britain was signed at New Delhi on the 20th inst. by Mr. C. S. Jha, Commonwealth Secretary, Ministry of External Affairs, and Sir Paul Gore-Booth, the British High Commissioner. The agreement provides, with immediate effect, for the duty-free entry into this country of relief supplies and drugs donated by specified relief agencies in Britain to voluntary relief and rehabilitation organisations approved by the Government of India. Up to the time of the signing of this agreement, all British donors of relief supplies have had to meet the cost of paying import duties initially and then claim a refund. Arrangements have now been made for officials in designated Indian seaports and airports to be advised of the shipment of agreed relief items from Britain and for these to be cleared free of duty on arrival. This will simplify the procedure for the import of such relief supplies.

Some 2.9 million tons of cheese were produced in 1963 in the 21 major cheese-making countries, according to the F.A.O.'s Committee on Commodity Problems. Production in 1962 was 2.88 million tons. Among the six countries of the European Economic Community, French cheese production showed an increase of about 80 per cent in the decade of 1953-62. West Germany increased its production slightly, but other countries in western Europe achieved substantial gains. Production in the U.S.—the world's largest producer—increased rather rapidly. In Australia and New Zealand there was a tendency to reduce cheese output. The Soviet Union and other east European countries showed "a general upward tendency." According to the studies, the increased production was due primarily to an increase in demand, but in some other countries there was a change in the use of milk for various products.

The Imperial Chemical Industries of Britain has effected substantial cuts ranging from 5 to 15 per cent in the prices of polythene, one of the high three plastics used in the manufacture of products ranging from packaging materials to household goods. The cuts vary according to grade from 1*d.* to 3*d.* a pound, the price of injection moulding grades has been reduced by 3*d.* to 1*s.* 4*d.* a pound. All other grades, previously priced at 1*s.* 8*d.* a pound, have been cut by 1*d.* to 2*d.*, polythene used in the production of special cable insulate on and sheathing came down by 1*d.*, film and bottle blowing resins by 1*d.* to 2*d.* according to type and general purpose cable and paper coating resins by 2*d.*

U.P. LETTER

INDUSTRIAL PRODUCTION DECLINES

ANOTHER EXPERIMENT IN RURAL EMPLOYMENT

From Our Special Correspondent

LUCKNOW, *26th October*

THE statistical data released by the Directorate of Industries show that, in sharp contrast to the other big States in India, U.P. registered a fall of over 2 per cent in the value of industrial production from Rs. 352½ crores in 1962 to Rs. 345 crores in 1963. Moreover, although the total number of registered factories increased from 2,567 in 1962 to 2,633 in 1963, the total number of persons employed in these factories actually declined from 268,519 in 1962 to 267,344 in 1963. The declining trend which industrial production and employment have registered in 1963, for the first time since the beginning of the first Plan, has unfortunately persisted in 1964. It is quite evident that it would not be overcome, unless some specific measures are taken to reverse it.

This peculiar behaviour of industrial production and employment is explained by the fact that the three major industries of U.P.—sugar, cotton textiles and oil-milling—are agro-based. With a fall in agricultural production, the supply of raw materials to these industries was reduced, thus resulting in a fall in production. But this was not the only reason. The machinery and plant in most of the factories belonging to these industries are worn-out and outmoded. This state of affairs has not only resulted in a fall in production but in a rise in production costs, thus placing the U.P. industries at a disadvantage *vis-a-vis* industries in some other parts of the country.

The production of machine tools, agricultural implements, *vanaspati*, paper, leather goods and plastics has been higher but the increase was of a small order and could not compensate for the fall in the output of sugar, cotton textiles and oils.

Pattern of Development

The pattern of industrial development in U.P. has largely been agro-based—sugar manufacturing, cotton textiles and oil milling being the most important industries—and such industries as mechanical and electrical engineering, machine manufacturing, and heavy chemicals, which are based primarily on advanced technique and knowledge, have not yet been properly developed. This is what has kept Uttar Pradesh as an industrially backward region.

Another important fact which the data reveal is that small units are making better progress than the large-scale units, although the total capital investment and employment in large-scale industry is higher. In 1963, the total capital invested in 266 large-scale units aggregated Rs. 210 crores (including Rs. 80 crores for working capital) while it was only Rs. 45 crores (including 24 crores for working capital) in 2,367 small-scale units. In 1963, the number of persons employed in large-scale units was 166,773 and the total output of this sector was Rs. 249 crores, as against 100,571 persons employed in the small-scale sector with a total output of Rs. 96 crores. This shows the high employment potential of small-scale industries. The small-scale units are more varied in nature and cover a larger field, though the number of small-scale units is not yet commensurate with the size of the State or its population and there is much scope for further expansion.

Food Position

The U.P. Government has banned the export of gram and has fixed the wholesale and retail prices of rice, maize, *jowar* and *bajra*. Efforts are being made to build up adequate buffer stocks of rice and coarse grains. But the anti-hoarding order has not produced hidden stocks which were expected to ease the situation, the arrival of the *kharif* crop in the market has not been quite satisfactory and, above all, the Government of India has failed to supply the State the promised amount of foodgrains. The Central Government had agreed to supply 1.05 lakh tonnes of foodgrains to U.P. every month, while the U.P. Government has been demanding a monthly allotment of nearly 2 lakh tonnes. But even this reduced amount of 1.05 lakh tonnes has not reached U.P., thus causing scarcity of foodgrains not only in the *kaval* towns but in all the urban and rural areas.

An important experiment in the shape of the Phulpur project is being conducted near Allahabad jointly by the Government of India and the I.L.O. experts, with a view to finding out practical means of increasing employment through agricultural and rural industrialisation schemes. The project covers an area of 290 sq. miles in three blocks of the district and aims at providing fuller and more gainful employment to people. There are some 25,000 landless labourers in this project area and it was expected to provide employment to nearly 10,000 of them by the end of five years. But as yet the project has not made satisfactory progress, partly because the programme has not been quite comprehensive and the local population has not evinced as much interest in it as was expected. As is unfortunately the case with all projects of this kind, the schemes are good on paper and bad in their actual implementation. This fact now seems to have been realised by the officials in charge of the project and a meeting of officials of the Planning Commission, I.L.O. experts and officials of the U.P. Government has decided to draw up a fresh and more comprehensive agro-industrial programme for providing further and more gainful employment to nearly 2½ lakh persons in this project area. If the 'pilot' project is successful, it would show a practical method of solving the problem of 'disguised' unemployment in India's rural areas.

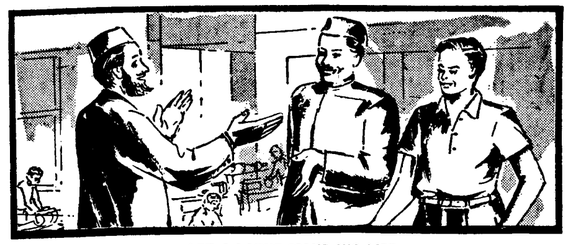
In fact, the need for increasing employment opportunities by agro-industries run by local bodies has been recognised for quite some time, but, somehow, it has not been possible to give a practical shape to this programme. Inaugurating the Rohilkhand Division's *Panchayat* Seminar at Faridpur (near Bareilly), the Chief Minister, Mrs. Sucheta Kripalani, suggested that the Block Development Committees should step in the sphere of cottage industries and should set up their own ventures to meet the requirements of *Zila Parishad* schools and the villages covered by them. It is one thing to exhort the block committees to try and increase agricultural production and quite another to ask them to run small-scale and cottage industries. It is not only a matter of finance but of technical knowledge and experience and of marketability of the goods produced. It may not be possible to increase the tempo of agro-industries of the kind the U.P.'s Chief Minister has in mind, unless the character of the *Zila Parishads* and Block Development Committees is drastically changed.

U.S. GRANTS FOR RESEARCH IN INDIA

The University of Allahabad and the Forest Research Institute of Dehra Dun have received two research grants aggregating Rs. 2,39,070 from the U.S. Government. The first grant, of Rs. 78,930 has been extended to Allahabad University for a three-year research project to study the biology and life cycle of gall midges. The larvæ of the gall midge, a small fly-like insect, cause extensive damage to lemon, orange, and other citrus trees by boring into plant tissues. Dr. S. N. Prasad will be in charge of the project. The second grant, of Rs. 1,60,140, will finance a five-year study by the Forest Research Institute of the density and fibre characteristics of Indian timbers as indicators of wood quality. Mr. K. Ramesh Rao will be the principal investigator. The grants have been extended from U.S.-owned rupees generated by the sale of agricultural commodities supplied under the U.S. Food for Peace (PL. 480) Programme.

The intensive sugarcane development blocs set up in the State of Uttar Pradesh during the year 1963-64 have produced an average of 177 quintals of sugarcane per acre. In the reserved areas, the per-acre yield has gone up from 141 quintals in 1962-63 to 163 quintals in 1963-64. An intensive cane development block covers an area of 4,000 acres in each of the 71 sugar factory zones.

The U.P. Government has decided not to remove the ban on movement and control on prices of *khandsari* even when the new season's production comes to the market. It has also released most of old *khandsari* stocks which had been frozen earlier.



LET A LATHE MAKE HIS LIFE

Ramlal: Abdul, I have brought my son Narayan to show him your workshop.

Abdul: With pleasure, Ramlal. Narayan, now that you have finished your studies what you wish to do for the future?

Narayan: Uncle, we came here to seek your advice in this matter.

Abdul: I shall gladly give it. Let us go on our round of the workshop.

Ramlal: Abdul, I am seeing your workshop after some years and I am glad to observe that you have very much increased your operations.

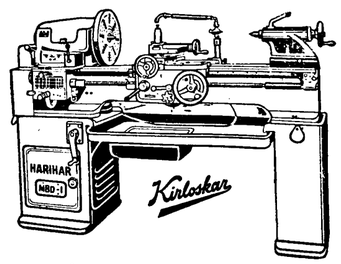
Abdul: You are right. I had only one Harihar Lathe when I started. I have built up by intelligent and hard work a reputation for good workmanship and my business is growing every year. We insist here on always doing a thorough job.

Ramlal: I am very happy about your progress. But tell me, Abdul, why you have all Mysore Kirloskar Lathes only installed here?

Abdul: Ramlal, the first lathe gave me such satisfactory work that I bought another of the same model. I then made a rule that we should have only Mysore Kirloskar Lathes in this workshop. Made by a pioneer manufacturer, these Lathes are dependable, sturdy, always uptodate in design and construction. They are economical and need practically no servicing.

Ramlal: Now turning back to the question of Narayan's future what do you suggest?

Abdul: Well, seeing my workshop is an advice in itself. I suggest that you get him started as I did with a Kirloskar Lathe and lead him to a life of independence. If he wants I shall arrange for his training in my workshop where he will learn to operate these various lathes made by Kirloskar.



Kirloskar Lathes-Pilots of Progress

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THE MYSORE KIRLOSKAR LTD.
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TATA CHEM IN "A STATE OF AFFLUENCE"

SEVERAL RECORDS IN SILVER JUBILEE YEAR

SEVERAL records, in sales, profit, production of different items and in dividend to shareholders, have been reached by Tata Chemicals Ltd. [Managing Agents: Messrs. Tata Industries (Private) Ltd., Bombay] during its silver jubilee year ended 30th June 1964. Up by 5.76 per cent against 34 per cent a year before, sales, at Rs. 756.40 lakhs, have exceeded the previous year's figure of Rs. 714.72 lakhs by almost Rs. 42 lakhs. Gross profit, which had nearly trebled in the previous year from Rs. 52.69 lakhs to Rs. 141.66 lakhs, has expanded further to Rs. 184.97 lakhs. With the plant at Mithapur exceeding the rated capacity of 400 tonnes per day, production of soda ash has gone up by 19 per cent to 153,000 tonnes. The year has witnessed a record salt harvest of 314,000 tonnes (as against 245,000 tonnes a year before); 225,000 tonnes from the Mithapur area and 89,000 tonnes from the area leased at Okhamadhi. Bromides output has been 22 per cent higher, but, with demand remaining static, sales have dropped substantially. On the other hand, a spurt in demand has caused a 100 per cent increase to 800 tonnes in the production of copper oxychloride. Caustic soda is the only major item to have shown a limited production of 4,000 tonnes, in spite of increased capacity of 7,000 tonnes; this is due to insufficient utilisation of the chlorine generated as a by-product in the electrolytic process of making caustic soda.

The improved results have enabled the Directors to raise the dividend on the 10-rupee equity shares to 14 per cent per annum from 10 per cent to which level it had been raised in the previous year from 6.5 per cent per annum for 1961-62 and 1960-61. They have also ploughed back to reserves Rs. 24.73 lakhs. This amount is lower as compared with Rs. 46.47 lakhs credited in the previous year because the credit to development rebate reserve has been reduced from Rs. 41 lakhs to Rs. 10.88 lakhs; evidently, the need for this compulsory reserve provision has diminished. It has also become possible during the year to repay short-term loans amounting to Rs. 40 lakhs and to reduce borrowings from the cash credit account by Rs. 38 lakhs. Total borrowings of the Company have now declined to Rs. 312 lakhs from Rs. 390 lakhs during 1962-63. This reduction in borrowings has been achieved after financing an addition of Rs. 77 lakhs of capital expenditure to the block during the year.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sale of products	756.40	714.72	531.12	415.72
Other income	14.26	11.82	9.80	9.62
Stock of finished goods ..	29.08	32.79	60.21	45.59
Materials and stores consumed ..	206.44	212.92	203.05	134.94
Other expenses	375.55	344.54	299.29	245.96
Gross profit	184.97	141.66	52.69	58.41
Managing Agents' commission ..	8.87	6.10	..	1.41
Provision for—				
Depreciation	69.50	44.18	35.75	23.00
Taxation	35.25	10.40	..	..
Net profit	71.35	80.98	16.94	34.00
Withdrawal from reserves ..	..	..	4.00	..
To reserves and provisions ..	24.73	46.47	0.50	17.90
Dividends—				
Preference	4.28	4.28	4.28	4.82
Ordinary	42.33	30.24	16.65	11.80
	(14%)	(10%)	(6.5%)	(6.5%)
Carry forward	0.03	0.04	0.05	0.04

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	19.72	18.96	20.36 CR	22.08 CR	22.04
Low	16.00	12.08	11.80 XR	16.00	15.08

If one were to pick on one single factor which has contributed to what the Directors describe as the Company's present state of "comparative affluence" it is the working of the soda ash plant having reached a stage of sustained optimum output. It is only proper for the Directors to have decided to raise the capacity to 600 tonnes per day within two years and to reach eventually a 1,000 tonnes capacity. It is pertinent to note that a higher realisation from the sales of soda ash which were effected on an ex-works basis as against ex-port town basis for six months in the previous year, is among the various factors accounting for the improvement in profit during the year under review. However, since 16th December 1963, when the statutory ceiling prices for soda ash and caustic soda were removed, the Company has not increased its selling prices. The improvement in profit has been achieved in spite of certain adverse factors, such as increases in the prices of fuel and other raw materials, the use of sea water in place of fresh water in the soda ash process, untimely rains in October and November and a cyclonic storm in June which curtailed the production of salt and marine chemicals.

A comparison of the first annual report and the one for the year under review shows that, in the 25-year period, the paid-up capital of the Company has increased from Rs. 66 lakhs to Rs. 362 lakhs, the gross block from Rs. 35 lakhs to Rs. 1,014 lakhs and gross revenues from Rs. 5 lakhs to Rs. 771 lakhs.

In conclusion of his statement to the shareholders Mr. J. R. D. Tata, Chairman of the Company states:

"As we look back upon these 25 years in the light of the results of the last two years, we can afford to forget the endless trials and tribulations, the setbacks and disappointments which frustrated the effort, expenditure and hard work showered upon this enterprise. Apart from what I might call legitimate difficulties, some of which were no doubt due to our own inexperience of a highly complex technology kept closely guarded secret throughout the world, our efforts were dogged by an amount of ill-luck which belied the care which I understand the original sponsors of the project took to ensure that the stars were in our favour from the very start, and of which the last two disastrous monsoons seem to be continuing manifestations. Let us hope that, in the next 25 years, both nature and good fortune will for a change smile upon us.

"We have now the management and technical knowledge and skills and the financial strength to enable us to make rapid and continued progress in the years to come. We shall spare no effort to that end and can only hope that extraneous circumstances or policies will not deny us the opportunity to make the full contribution of which we are now capable to the growth of the Indian chemical industry and thus to serve our country and its people."

A paid-up capital of Rs. 362.34 lakhs, including Rs. 59.97 lakhs in 5 per cent cumulative preference shares, and reserves and surplus of Rs. 134.36 lakhs, excluding Rs. 46.62 lakhs shown under dividend reserve to meet the year's liability, bring the Company's "own" funds to Rs. 496.70 lakhs. Borrowings total Rs. 251.84 lakhs and comprise debentures of Rs. 55.31 lakhs a Government housing loan of Rs. 3.78 lakhs and bank loans of Rs. 251.84 lakhs. Taking bank loans and current liabilities (including the year's dividend liability) and provisions, the total short-term indebtedness amounts to Rs. 454.50 lakhs, which exceeds current assets, book debts and investments aggregating Rs. 367.77 lakhs. The gross block of Rs. 982.03 lakhs (Rs. 901.95 lakhs a year before) has been written down to Rs. 611.27 lakhs and, including capital works-in-progress, the net block is shown at Rs. 643.53 lakhs.

At their current market value of Rs. 19.24 *cum*-div., the Rs. 10 fully paid ordinary shares of the Company offer a net yield of 6.1 per cent per annum.

(Concluded from next column)

This is supplemented by Rs. 81.25 lakhs in reserves, so that total "own funds" amount to Rs. 253.62 lakhs. As against these outside interest aggregates Rs. 591.33 lakhs, comprising Rs. 461.25 lakhs borrowings (Rs. 144.30 lakhs from I.F.C., Rs. 10.27 lakhs from U.P. Government and the balance from banks) and Rs. 130.08 lakhs current liabilities and provisions. The higher incidence of borrowings is clearly dictated by the expansion undertaken in previous years and is balanced on the assets side by a gross block which now stands at Rs. 616.54 lakhs inclusive of additions worth Rs. 170.46 lakhs made during the year. On this, a total depreciation of Rs. 243.46 lakhs has so far been provided, so that the net block as at 30th April 1964 works out to Rs. 373.08 lakhs. There is also a further capital expenditure on new units amounting to Rs. 9.07 lakhs yet to be properly allocated to various capital heads. Current assets, investments and loans and advances total Rs. 462.80 lakhs and exceed short-term indebtedness by about Rs. 59 lakhs.

The present market quotation for the Rs. 10 paid ordinary shares of the Company is Rs. 13.31 *cum-div.* At this rate, fresh investment in them will fetch a yield of 6.4 per cent per annum.

MODI SPG. AND WVG.

RESULTS ENCOURAGING

"THE working results of the Company for the period beginning from 1st May 1963 are quite encouraging and better than the last year's and, if the prevailing conditions of the trade continue, the results are expected to be much better for the current year." Thus said the Directors of Modi Spinning and Weaving Mills Company Ltd. (Managing Agents: Messrs. R. B. Gujarmal Modi & Bros. Pvt. Ltd., Modinagar, U.P.) in their report to the shareholders a year ago. The Company's annual report for the year ended 30th April 1964 fully bears out their optimism. With the commencement of commercial production by the new mill which was under erection in the previous year, the realisation from the sale of products has touched the highest ever level of Rs. 970 lakhs or Rs. 164.14 lakhs more than that in 1962-63. As a result and also because of some betterment in the profit-margin flowing from the continuing process of renovation and rehabilitation of the mills, the gross profit has risen by as much as Rs. 37.56 lakhs or about 70 per cent to Rs. 91.41 lakhs. Although the provision for depreciation has increased quite substantially from Rs. 25.73 lakhs to Rs. 41.38 lakhs, the provision for the Managing Agents' commission—calculated on the amount of profit after providing for depreciation—is up by only Rs. 1.38 lakhs at Rs. four lakhs. What is more, the provision for taxation is only marginally higher at Rs. 13.50 lakhs, as against Rs. 13.10 lakhs the year before. Accordingly, the net profit is substantially higher at Rs. 32.53 lakhs as against a mere Rs. 12.40 lakhs for the previous year. From this the Directors have credited as much as Rs. 16.95 lakhs (as compared with only Rs. 2.51 lakhs a year ago) to development rebate reserve. They have raised the dividend only fractionally to 10 per cent from nine per cent, both subject to deduction of tax. The dividend is, however, payable on a bigger capital and absorbs Rs. 15.50 lakhs as against Rs. 10.65 lakhs, leaving Rs. 20,505 as carry forward as against Rs 12,095 brought in.

The following table synoptically presents the fluctuations in the Company's fortunes during the past four years:

(In lakhs of rupees)

	For the year ended 30th April			
	1964	1963	1962	1961
Sale proceeds	970.00	805.86	642.92	647.12
Other income	5.73	7.69	6.31	4.23
Closing stock of finished goods ..	54.08	40.50	45.18	21.31
Excise duty	35.80	31.31	29.27	28.95
Raw materials and stores consumed ..	644.12	541.94	403.23	398.80
Other expenses	217.98	182.77	168.71	153.07
Gross profit	91.41	53.85	71.89	71.41
Managing Agents' commission ..	4.00	2.62	3.73	3.80
Provision for—				
Depreciation	41.38	25.73	26.30	24.73
Taxation	13.50	13.10	17.00	18.00
Net profit	32.53	12.40	24.86	24.88
Excess provision written back ..	..	0.70	..	0.11
To reserves and provisions ..	16.95	2.51	6.59	5.15
Dividend	15.50	10.65	18.46	19.61
	(10%)	(9%)	(16%)	(17%)
Carry forward	0.20	0.12	0.18	0.37

Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	13.62	15.82	18.50	18.41
Low	11.94	11.44	15.75	10.15

The programme of renovation and rehabilitation initiated some years ago was continued and the Company installed during the year under review a sanforizing range and other processing machinery. The total amount spent on plant, machinery and buildings during the year was of the order of Rs. 138.11 lakhs. The erection of the new mill was also mostly completed and 19,184 spindles out of the licensed complement of 25,000 were commissioned into production. The remaining 5,816 spindles are expected to be added during the current year. The Company has entered into an agreement for setting up a new mill comprising 25,000 spindles for the manufacture of sewing thread and hosiery and industrial yarns for which there is a good demand and ready market within the country. The entire scheme is likely to cost about Rs. 2.25 crores. The finance for this scheme would be raised partly from internal resources, partly by loans from the Industrial Finance Corporation of India and other financial institutions and partly by a fresh issue of capital if necessary.

The 576,722 equity shares of Rs. 10 each issued during the previous year and on which an amount of Rs. five per share only had been called up during that year became fully paid during the year under review. The paid-up share capital of the Company has therefore risen to Rs. 172.37 lakhs, all in equity shares.

(Continued in previous column)

GAMMON REPORTS GOOD RESULTS

SHAREHOLDERS GET A SLIGHTLY BETTER DEAL

THE performance of Gammon India Ltd. (Chairman: Mr. J. C. Gammon, Bombay) in the year ended 31st March 1964 has been impressive. The value of contracts completed which has been on an increase ever since the Company went public in 1961, has expanded further by Rs. 124.83 lakhs, or about 22.5 per cent, to an all-time high level of Rs. 680.33 lakhs. Since other income and the value of closing work-in-progress too have very substantially increased, the gross profit stands raised at Rs. 82.48 lakhs as against Rs. 52.08 lakhs for the year before. The profit margin (ratio of gross profit to contracts completed) thus works out to 12.1 per cent or 2.7 points higher than that for 1962-63. It is interesting to note that improvement has been achieved notwithstanding the more than proportional increase in total expenses from Rs. 526.74 lakhs to Rs. 781.28 lakhs. The essential provisions are also higher—that for depreciation at Rs. 28.32 lakhs as against Rs. 17.10 lakhs and that for taxation at Rs. 20 lakhs as compared with Rs. 16 lakhs. Even so, the net profit is larger by no less than Rs. 15.18 lakhs at Rs. 34.16 lakhs. Nearly three-fourths of this, however, has been credited to reserves and the Directors have raised the dividend only by a point to 12 per cent, subject to deduction of tax. This claims Rs. 13.80 lakhs as against Rs. 12.65 lakhs and leaves a lower carry forward of Rs. 0.96 lakh as against Rs. two lakhs brought in.

The rapid strides made by the Company during the past four years are well reflected in the following comparative figures:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Contracts completed	680.33	555.50	432.20	322.58
Other income	22.10	4.31	12.06	21.90
Closing work-in-progress	738.50	577.17	558.56	570.10
Materials and stores consumed.	487.53	301.10	199.27	247.67
Salaries, wages and benefits ..	246.66	187.67	147.18	130.06
Other expenses	47.09	37.57	44.26	38.41
Gross profit	82.48	52.08	42.01	41.95
Provisions for—				
Depreciation	28.32	17.10	9.20	8.36
Taxation	20.00	16.00	17.25	13.50
Net profit	34.16	18.98	15.56	20.09
To reserves	21.40	4.39	7.13	9.48
Dividend	13.80	12.65	8.80	10.50
	(12%)	(11%)	(16%)†	(35%)†
Carry forward	0.96	2.00	0.06	0.48

Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	15.00	19.52	21.68	..
Low	11.76 XR	14.88	18.24	..

† On 5,50,000 old shares only.

During the year, the Controller of Capital Issues was approached for permission to issue 50,000 preference shares of Rs. 100 each at par and 2,30,000 ordinary shares of Rs. 10 each at a premium of Re. 1.50 per share. The sanction was given but only the equity shares were for the time being issued and were fully taken up. This has increased the paid-up share capital of the Company from Rs. 115 lakhs to Rs. 138 lakhs. The reserve complement is correspondingly up by Rs. 20.36 lakhs to Rs. 115.71 lakhs. 'Own' funds, therefore, are higher at Rs. 253.71 lakhs as compared with Rs. 210.35 lakhs a year ago. But even then they are very small in relation to the turnover and hence there is considerable reliance on borrowings which during the year have advanced from Rs. 83.95 lakhs to Rs. 180 lakhs. In addition, there are current liabilities and provisions including those for taxation and dividend at Rs. 145.29 lakhs, as against Rs. 142.35 lakhs a year before.

The Company has been making extensive efforts to equip itself with additional modern plant so that it can competently meet the demands, judged by modern high standards, being made on it for the economic execution of works of greatest technical complexity. Expenditure on this account amounted to Rs. 130.74 lakhs during the year under review, while the total cost of additions during the year was Rs. 146.27 lakhs. As a result the block account now stands raised at Rs. 328.81 lakhs as at the date of the balance sheet, that is, 31st March 1964. This has been written down to a net block of Rs. 134.70 lakhs including Rs. 23.97 lakhs as the cost of capital work-in-progress. Investments are carried in the books at a cost of Rs. 29.19 lakhs made up of Rs. 21.90 lakhs in quoted investments and the balance Rs. 7.29 lakhs in other investments. It is pleasing to note that the present market value of all quoted investments is Rs. 64.79 lakhs. Current assets and loans and advances aggregate Rs. 298 lakhs while capital issue expenses yet to be written off stand at Rs. 1.75 lakh.

Prices and costs continued to increase during the year and the same trend continues in the current year as well. Construction contracts frequently run for several years and the effect of rising costs, cautiously remark the Directors, has to be kept in mind while assessing the trend of earnings. The demand for the Company's service, however, continues but, due to the limited resources available, the intake of new orders has been limited to Rs. 11.5 crores as against Rs. 16 crores the year before. As regards subsidiary and associated companies, the Freyssinet Prestressed Concrete Company had a satisfactory year and the Company paid a dividend of 22.5 per cent as against 20 per cent for the previous year. Shah-Gammon Ltd. and the Gammon-Shah partnership showed a generally satisfactory position but Gamsha Pipes Ltd. again went into red due essentially to the low demand for precast concrete pipes and the necessity to run the factory well below its capacity. The current year, so far as this Company is concerned, is also not likely to witness any appreciable improvement in working.

The Rs. 10 fully paid ordinary shares currently available at Rs. 13.88 *cum-div.* offer a net return of 7.4 per cent per annum to a fresh investor.

TEXTOOL'S RESULTS SATISFACTORY

Despite an all-round increase in expenses, the Textool Company Ltd. (Managing Agents: Messrs. Balasundram and Company, Coimbatore) has reported satisfactory results for the year ended 30th April 1964. Sales have maintained an upward trend, recording an increase of Rs. 39 lakhs from Rs. 242.95 lakhs to Rs. 281.85 lakhs. This improvement has stemmed from the rise in production (in terms of value) by Rs. 50 lakhs over the year. But because of higher costs of raw materials, stores and power and fuel and also because of higher staff expenses, gross profit shows a limited increase of Rs. 6.81 lakhs to Rs. 35.82 lakhs. Net profit, after essential provisions, is higher by barely Rs. 3 lakhs at Rs. 15.20 lakhs. After carrying Rs. 2.24 lakhs, as against Rs. 2 lakhs a year before, to reserves, the dividend on the 100-rupee ordinary shares has been maintained at 12 per cent per annum, to which level it had been pruned in the previous year from 15 per cent for 1961-62.

In spite of the increased net profit, neither the appropriation on dividend account nor to reserves is higher, because almost 40 per cent of the distributable surplus. Rs. 5.85 lakhs against Rs. 4.48 lakhs in the previous year, has been claimed by bonus to workers and staff. This is apart from the wages and salaries amounting to Rs. 79.06 lakhs, as against Rs. 70.18 lakhs in the previous year, Rs. 61.45 lakhs in 1961-62 and Rs. 56.52 lakhs in 1960-61. Employees have thus been the principal beneficiaries of the Company's improved results over the years.

The following comparative table gives a clear idea of the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 30th April			
	1964	1963	1962	1961
Sale proceeds	281.85	242.95	206.40	172.82
Other income	4.44	3.41	3.45	1.62
Closing stocks	86.50	77.98	58.86	45.78
Materials, stores and power consumed ..	143.25	136.26	109.36	88.90
Wages, salaries & other expenses	115.84	100.35	88.87	73.03
Gross profit	35.82	29.01	24.71	17.53
Managing Agents' remuneration.	2.10	1.77	1.47	1.33
Provision for—				
Depreciation	7.44	5.76	4.48	4.05
Taxation	11.08	9.20	5.70	5.50
Net profit	15.20	12.28	13.11	6.65
Transfer from reserves ..	..	..	..	..
To development rebate reserve.	1.59	2.00	1.80	0.84
To other reserves	0.65	..	0.30	..
Bonus to staff	5.85	4.48	5.01	..
Dividend	7.15	6.24	5.95	5.74
	(12%)	(12%)	(15%)	(15%)
Carry forward	0.01	0.03	0.16	0.17

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	156.50	157.00	191.00	193.50	199.00
Low	135.00	145.00	148.00	172.00	143.75

The Company has put on the market cone winders produced in collaboration with Messrs. Kamitsu Seisakusho Ltd., Japan. These are said to be working satisfactorily.

The Company's paid-up capital of Rs. 59.62 lakhs, all in equity shares of Rs. 100 each, is backed by Rs. 23.36 lakhs in reserves and surplus. During the year under review, the Company was able to reduce the Madras Industrial Investment Corporation Ltd.'s loan from Rs. 17.09 lakhs to Rs. 14.76 lakhs. But bank loans, secured and unsecured, have increased from Rs. 102.68 lakhs to Rs. 124.39 lakhs and together with current liabilities and provisions bring the total short-term indebtedness to Rs. 273.48 lakhs. On the assets side, liquid assets total Rs. 299.16 lakhs and the gross block, up from Rs. 109.68 lakhs to Rs. 119.79 lakhs during the year, has been written down to Rs. 72.04 lakhs.

The net yield on the Rs. 100 fully paid ordinary shares of the Company at their current market value of Rs. 155 *cum-div.* works out to 6.6 per cent per annum.

SYNOPSES OF COMPANY REPORTS

Shree Gopal Industries Ltd.

(Secretary: Mr. B. R. Singhi, Kotah.)

Registered Office: Kotah Junction (Rajasthan.)

Eighth Annual General Meeting—16th November 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales of yarn and waste	56.25	44.24
Closing stock	3.21	3.80
Gross profit	15.12	12.50
Transfer to depreciation	8.80*	8.80
,, ,, provision for taxation ..	1.50	Nil
Net profit	4.82	3.70
Transfer from development rebate reserve ..	1.40	Nil
Balance brought forward	18	48
Appropriation:		
Transfer to development rebate reserve ..	4.20	4.00
,, ,, general reserve	50	Nil
Proposed dividend (taxable) equity ..	1.60	Nil
	(10%)	(Nil)
Carry forward	10	18

* This includes Rs. 1,38,800 for earlier years.

Extracts from the Directors' report: The satisfactory working of the year under report has enabled the Directors to provide fully for development rebate for the current as well as for the earlier years. There is now no arrear either for development rebate or depreciation. The Directors are pleased to recommend a dividend of Rs. 10 per share for the first time.

The expansion programme of additional 13,000 spindles is making rapid progress. During the year 6,320 spindles were put into commission and the remaining 6,680 spindles are expected to be put into operation by the end of this year. Under the Government's general permission to increase the installed capacity of looms and spindles in the country, the Company has received further permission for 2,504 spindles, the orders for which have already been placed. The total licensed capacity of the mills is now for 27,504 spindles and efforts are being made to achieve this capacity by the end of 1965. The working for the current year has so far been satisfactory and the Directors hope that the same will improve further with the installation of additional spindles.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	16,00,000	Gross block ..	59,80,292
Reserves and surplus..	7,40,235	—Depreciation	17,58,197
Other liabilities ..	56,27,188		
		Net block ..	42,27,095
		Block in progress	11,420
		Current assets	37,09,580
		Investments ..	7,970
		Cash	11,358
	Rs. 79,67,423		Rs. 79,67,423

* Paid up capital consists of 16,000 equity shares of Rs. 100 each fully paid up. Of the above, 12,880 shares are held by The Shreeniwas Cotton Mills Ltd., the holding company in its own name and 100 shares in joint name with others.

Hasimara Industries Ltd.

(Managing Agents: Messrs: Davenport & Co. Ltd., Calcutta)

Annual General Meeting—9th November 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sale proceeds of tea	1,31,84	1,40,1 8
Sale of cotton goods	3,41,19	Nil
Closing stock of tea	7,30	3,52
,, ,, of cotton goods, cloth etc.	84,74	60 90
Gross profit	32,48	37 55
To Managing Agents' remuneration ..	2,54	2 92
Transfer to depreciation	4,44	4 45
,, ,, development rebate reserve ..	11	11
,, ,, provision for taxation ..	13,55	*
Net profit	11,84	30,07
Transfer from contingency reserve ..	66	Nil
Appropriations:		
Transfer to contingency reserve ..	Nil	25,000†
,, ,, general reserve	3,00	6,00
Proposed dividends (taxable) preference ..	24	24
	(7.88%)	(7.88%)
,, ,, ,, ordinary ..	9,60	9,60
	(15%)	(15%)
Carry forward	1,26	1,60

Market value of ordinary shares (in rupees):	1964	1963
High	13.81	14.86
Low	11.87	11.75

* Provisions for these items were made out of the contingency reserve.

† Out of Rs. 25 lakhs transferred to contingency reserve last year, a sum of Rs. 14.50 lakhs was set apart for provision for taxation and Rs. 9 84 lakhs were utilised for payment of preference and ordinary dividends.

Extracts from the Directors' report: Tea The weather was quite favourable during the season. Overall production was affected due to the attack of red spider in the earlier part of the season and a crop of 2,991,312 kgs. was made.

	Season 1963 Rs.	*Season* 196 Rs.
Total nett average sale price per kg:		
Hasimara division	4.57	4.61
Tumsong division	7.37	6.95
Total working cost per kg of tea produced:		
Hasimara division	3.88	3.67
Tumsong division	6.67	5.98

Estimates for Season 1964: These have been based on a crop of 3,115,000 kgs. of tea at a total cost of Rs. 1,24,00,000.

Accounts in brief as at 31st March 1964 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	67,00,000	Gross block ..	.. 1,40,51,00
Reserves and surplus..	55,19,991	—Depreciation	.. 78,06,24
Other liabilities ..	2,90,32,119		
		Net block ..	.. 62,44,76
		Block in progress	.. 11,02,62
		Current assets ..	.. 2,76,34,64
		Investments ..	.. 59,13,36
		Cash	.. 3,56,71
	Rs. 4,12,52,110		Rs. 4,12,52,11

* Paid-up capital consists of 6,40,000 ordinary shares of Rs. 1 each and 3,000—7 per cent cumulative preference shares of Rs. 10 each. Of the above 6,00,000 ordinary shares of Rs. 10 each are allotted as fully paid up by way of Bonus shares by capitalisation of general reserve and appreciation of fixed assets.

NEWS IN BRIEF

THE proposed increase in freight rates on the India-Pakistan-U.K.-Continent route was deferred at the two-day session of the shipowners of these routes held at London last week.

The Punjab Government has decided to drop the plan to set up an air rifle factory near Pinjore at a cost of Rs. 50 lakhs owing to lack of adequate financial resources.

The fourth Finance Commission will be holding meetings with the representatives of the State Governments between December 1964 and April 1965 in Bombay, Calcutta, Madras and Delhi.

The total cash contributions to the National Defence Fund upto 30th September 1964 amounted to Rs. 59.08 crores. The contributions in gold and gold ornaments aggregated 2,399,803 grams (205,815 tolas).

The Minerals and Metals Trading Corporation has decided to establish an office at Tokyo to promote its trade interests. Japan is the largest single buyer of Indian iron ore. In 1963, it imported over 5.84 million tonnes of iron ore from this country.

A pipeline from the Koyali refinery in Gujarat to Bombay and Poona is under consideration, according to Mr. P. A. Gopalakrishnan, Chairman, Indian Oil Corporation. The Koyali-Ahmedabad pipeline is expected to be completed shortly.

A two-member team of the Minerals and Metals Trading Corporation, headed by its Chairman, Mr. Govind Narain, left on Monday this week for Brazil to study the techniques of iron ore mining in this ore-rich region of South America.

A two-week conference of the International Organisation for Standardisation, sponsored with the support of the Indian Standards Institution and the Union Government, will be inaugurated at New Delhi on 8th November next by Dr. Zakir Hussain, Vice-President. Delegates from 50 countries will participate in the conference.

A Central Housing Board would be formed soon by the Government of India to give a fillip to the housing programme, according to Mr. Mehr Chand Khanna, Union Minister for Housing and Works. The fourth Plan would provide a total of Rs. 600 crores for housing works.

The European office of the Indian Investment Centre was opened at Dusseldorf on Thursday this week. This is the Centre's second branch office abroad and its first in Europe. The new office is headed by the Resident Director, Mr. N. G. Swami, and is located in India Dugal House, Karlstr 76, Dusseldorf 4, West Germany.

The Government of Maharashtra has promulgated an order, called the Maharashtra Jowar (restriction on purchase and sale and Control of Movement) Order, 1964 for securing the maintenance of supplies. It will remain in force for one year with effect from 15th November next. Under the order, no dealer shall, except under an authorisation, purchase or acquire jowar from any agriculturist for sale or storage for sale.

The World Bank experts are to advise the Union and State Governments on the establishment of fishing harbours at some of the major and minor ports. Bombay's Sassoon Dock, the biggest fish landing site on the Western coast, and Versova, one of the country's leading fishing centres, are to be developed as full-fledged fishing harbours. The Union Food and Agriculture Ministry is said to have allocated Rs. 18 crores for the purpose.

The cotton textile mills' production in September 1964 is provisionally placed at 83 million kg. of cotton yarn and 403 million metres of cotton cloth, as against 77 million kg. of yarn and 367 million metres of cloth produced in the same month last year. At the end of the month, the composite mills of the cotton textile industry held an estimated cloth stock of 130,000 metric bales as unsold and 181,000 metric bales as sold but unlifted.

The Planning Commission has accepted the proposal to set up consumer co-operatives to meet the consumer needs covering about 20 per cent of the urban population. The Department of Co-operation will draw up detailed programmes for expansion of consumer co-operatives under the Centrally sponsored scheme. The Planning Commission has also accepted the proposal that 10 per cent of the retail trade in consumer articles should be brought under the co-operative sector.

An Indo-Ceylonese Commission will be set up soon to promote the sale of tea of the two countries abroad, under an accord reached at New Delhi on the 27th inst. between the Ministers of Trade and Commerce of the two Governments. The proposed Commission will consist of three senior officials of each Government, including the secretaries of the concerned ministries. It was also agreed that efforts should be made by both the Governments to secure a substantial reduction in the internal duties on tea in West Germany.

The Textile Commissioner has invited applications from units of cotton textiles, art silk and woollen textiles industries for import of permissible items of capital equipment of textile machinery from the Soviet Union. Applications in the prescribed form with the proforma invoices and complete in all respects should reach the Joint Chief Controller of Imports and Exports, Bombay, on or before 30th November next. It is clearly stated that the applications for import of textile machinery from the U.S.S.R. submitted in response to earlier announcements will not be considered.

India has submitted, in collaboration with E.N.I. of Italy and Phillips Petroleum of the U.S. a tender for a concession area in Iran for oil exploration and production. Although India was not one of the 20 original eligible bidders selected by Iran last year, Iran agreed to India joining with E.N.I. and Phillips in seeking concessions. The Union Government has already approved an expenditure of $7 million in foreign exchange, which will cover the share of the Oil and Natural Gas Commission to meet the cost of the joint venture. The total cost is estimated at $20 million. The concession area of 40,000 sq. miles is located east of the Kharg Island in the Persian Gulf.

The International Development Association has announced a loan of $62 million to the Indian Railways for financing imports of steel and components for locomotives, electrical multiple units, coaches and wagons, track and signalling equipment, and materials for the electrification programme from 1st July 1964 to 30th September 1965. The credit is for a period of 50 years, the repayment of the principal beginning on 15th September 1974. Thereafter, one per cent of the principal will be repayable annually for 10 years. The credit is interest-free, but a service charge of ¾ per cent per annum on the amount withdrawn and outstanding will be charged to meet I.D.A.'s administrative costs. Including this credit, the total I.D.A. loans to India amount to $129.5 million. The World Bank has also extended to the railways loans amounting to $378 million in the past 15 years.

An American delegation, consisting of 21 businessmen, arrived at New Delhi on Thursday this week to explore investment possibilities in India. It is led by Mr. N. D. Abbey (Jr.), President of the Abbey Etna Machine Company. The delegation, which is sponsored by the Action Committee for International Development representing over 21,000 American houses, will stay in the Capital till the 6th of next month. It will meet the Union Ministers for Commerce and Industries and Supply and Secretaries of the Economic Ministries to assess the chances of joint ventures in a number of industries such as pharmaceuticals, electronics, hotel, steel, forging and castings, aircraft and agricultural implements. It will also hold talks with the representatives of industry and members of the Federation of Indian Chambers of Commerce and Industry.

A sum of Rs. 9 crores will be made available for advance action programmes in the field of general education for the remaining period of the third Plan. An additional sum of Rs. 2 to 3 crores is also likely to be available for similar advance action programmes in the sphere of technical education and craftsmen's training in the years up to 1965-66. The decisions to this effect were taken at a meeting held at New Delhi on the 21st inst. under the chairmanship of Prof. V. K. R. V. Rao, Member, Planning Commission. Out of the Rs. 9 crores, about Rs. 4 crore will be for advance action programmes in 1964-65 and the remaining amount in 1965-66. The programmes to which special importance has been attached by the Planning Commission are those for training of teachers for elementary and secondary schools, accelerating the progress of girls' education, correspondence course for arts and science students and teachers' training, and establishment of junior agricultural schools.

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From Abroad

A draft agreement providing for the grant of seven-year French credits to Soviet Russia for the purchases of capital goods was finalised by the French and Soviet Ministers at Paris on the 27th inst.

The Hino Motor Company of Japan is studying the possibility of a sales tie-up with the Renault Corporation of France, so that both companies can use each other's sale networks in France and Japan.

West Germany imported goods worth DM.42.2 billion and exported goods valued at DM.47.2 billion during the first nine months of 1964. Imports rose by 8.6 per cent as compared with the same period last year, and exports registered an increase of 12.3 per cent.

Australia has sold 1½ million tons of wheat worth £40 million to China. The delivery will begin on 1st December next. The wheat board will negotiate another wheat sale before the deliveries are completed. Australian exports are expected to encounter stronger competition next year from European countries with large harvests.

West German tax payers will be able to save some DM.3,200 million (about £290 million) a year in their income-tax from the beginning of next year. A Bill seeking to cut income-tax rate has been voted by the Bundestag. Under the same Bill, the State will subsidise families with more than one child if they keep children at school beyond 15 when compulsory education ends. This payment of subsidy paying monthly amounts to DM.40.

Europe's most modern steelworks, located in Duisburg-Hamborn, is the cleanest steel plant. It does not produce smoke or smog cloud. The steelworks, the youngest plant of the August-Thyssen-Hutte, is the first to be fitted with a dust-free installation—an unavoidable measure against the health hazards from air pollution. The four huge building complexes lie in the middle of a green piece of land. No soot cloud or sulphur dioxyde mars the growth of vegetation.

All import permits issued to private firms in the United Arab Republic have been cancelled and the Government has become the country's sole importer. The decision was taken by the Planning Committee under the chairmanship of the Prime Minister, Mr. Aly Sabry, which also decided to introduce within three months a new system for using hard currency. These latest decisions follow earlier steps to cut back the Government expenditure at home and closing of a large number of offices overseas and recalling of staff.

Sweden's exports of ready-made clothing increased by 30 per cent to Kr. 46 million in the first half of this year. Imports were up by 14 per cent to Kr. 103 million. This is the first time for several years that exports show a larger relative increase than imports. If the trend persists, exports may hit a new peak figure for the full year in excess of Kr. 100 million. A growing share of Swedish ready-made exports goes to neighbouring Norway and Denmark. Sales to Great Britain have also shown a gratifying development after a large export drive on that market.

Britain's motor industry received orders worth more than £40 million on the first day of the International Motor Show which began at London, on the 21st inst. The British Motor Corporation said that its European distributors alone had placed orders for cars worth £31 million in the previous 24 hours. Fords said that show orders for their Cortina and Corsair models totalled £8.25 million. The industry is expected to produce more than 1.75 million cars this year, of which 700,000 would be exported. This year the emphasis was on the perfecting of proved features rather than on revolutionary innovations.

Two of Europe's biggest car firms, the former West German rivals Volkswagen and Auto-Union, makers of DKW cars, are to join forces under a new arrangement announced recently. The Volkswagen has acquired a half share in Auto-Union, which is a fully-owned subsidiary of Daimler-Benz. The Auto-Union's capital was being increased by 80 million marks (about £7,272,000) Daimler-Benz and Volkswagen would hold equal shares. The move is designed to combat an increasing tendency by American companies to ally themselves with European car manufacturers or expand their own subsidiaries.

Industrial production in Sweden during the month of August was 8 per cent higher than in the corresponding month last year. Output of capital goods was up by 7 per cent and consumer goods by 6 per cent. The production index of the Central Bureau of Statistics touched 326 points in August (1935=100), as against 301 a year ago. The seasonally adjusted index for August was 332, as against 337 for July this year. In the capital goods sector, production in iron ore mining registered an increase of 4 per cent over August 1963. For the steel and other metal works the rise was 18 per cent and for the timber industry 10 per cent. Employment in the engineering industry was up 1 per cent on last year. All consumer goods sectors showed higher figures than in August 1963. Production of pulp and paper was up 22 per cent, leather and footwear 3 per cent and foodstuffs 1 per cent. Preliminary figures for the textile industry indicate an increase of 1 per cent.

PERSONAL

MR. Dodda Thimmaiah, M.P., has been appointed Parliamentary Secretary to the Minister for Steel and Mines.

Mr. S. K. Banerji, Additional Secretary in the Ministry of External Affairs, has been appointed Ambassador to West Germany.

Mr. D. N. Shroff and Mr. Surendra M. Mehta have been re-elected Chairman and Vice-Chairman, respectively, of the Silk and Art Silk Mills' Association.

Mr. V. S. Natarajan, joint Divisional Manager, Minerals and Metals Trading Corporation, has been selected by the Government for training in trade practices in Britain under the Colombo Plan.

Dr. W. G. Macmillan, Research Director, Indian Jute Mills Association, has been awarded the British Textile Institute Medal for 1964. He will be retiring in 1965 after more than 27 years of meritorious service.

Mr. V. Shankar, Secretary to the Union Ministry of Civil Aviation, has been appointed Chairman of the Indian Airlines Corporation *vice* Mr. Satish Chandra who has resigned. Mr. Shankar will take up the new assignment in addition to his present duties.

Mr. Raymond Buck and The Hon. William Hunter McLean have been appointed Co-Chairmen of the Board of Governors of the International Invitational Insurance Seminar. The first world-wide meeting of approximately 300 insurance leaders is being sponsored by the University of Texas and will be held in Austin (Texas) from 4th to 7th April next.

TREND OF MARKETS

MONEY EASIER

(From Our Own Correspondent)

BOMBAY, 28*th October*

The short-term money market continued to rule distinctly easy during the week under review. The supply of funds available was more than adequate to meet the day-to-day demand for credit. Actually, money was left unemployed at the end of each day. Interest rates in the inter-bank call section, as a result, drifted downward further. Fresh money fetched no more than one per cent—¾ per cent after the clearing hours—as against 1¼ per cent a week before and 2½ per cent two weeks before. The rate for renewals, which had receded from 2½ per cent to 1¼ per cent last week, declined by a further ¼ per cent.

In view of the persistently easy money conditions, it is not surprising that the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 27th inst., met with excellent support. The total amount offered was well above that invited and also accepted: Rs. 4.70 crores, as against Rs. 2.00 crores. The average rate of accepted tenders receded from Rs. 2.500 per cent to Rs. 2.400 per cent. The Intermediate Treasury Bills, too, evoked excellent support. The Bills actually sold from the 21st to 24th inst. aggregated as much as Rs. 27.64 crores, as against Rs. 2.43 crores a week before and Rs. 1.74 crore two weeks before.

The easiness of money is also reflected in the sharp fall of Rs. 28.65 crores to Rs. 2,409.29 crores in notes in circulation during the week ended 23rd October and a drop of Rs. 3.55 crores to Rs. 44 lakhs in loans and advances given by the Reserve Bank to scheduled banks. Deposits of scheduled banks with the Reserve Bank were, of course, lower by Rs. 8.56 crores to Rs. 100.92 crores. India's foreign exchange reserves declined slightly by Rs. 37 lakhs to Rs. 94.22 crores, the entire decline being in balances held abroad which stood at Rs. 8.76 crores. The foreign securities held in the Issue Department of the Reserve Bank continued unchanged at Rs. 85.46 crores.

Excepting for a rise of Rs. 13.93 crores to Rs. 170.37 crores in total cash and a fall of Rs. 10 crores to Rs. 817.64 crores in investments, the consolidated statement in respect of scheduled banks for the week ended 16th October shows minor changes. The total credit made available by banks to their clients was practically unaltered at Rs. 1,715.81 crores. Deposits fell by Rs. 1.38 crore to Rs. 2,694.31 crores, while borrowings from the Reserve Bank increased by Rs. 2.27 crores to Rs. 4.18 crores.

Despite resumption of open market operations by the Reserve Bank last week, turnover in the gilt-edged market was restricted, and changes noted were against holders. Both 4 per cent 1979 and 1980 Central loans dropped 50 paise to Rs. 97.50, 4 per cent 1981 receded by 75 paise to Rs. 97.50, 3 per cent 1986 conversion by 90 paise to Rs. 92.50 and 3½ per cent 1965 by 10 paise to Rs. 100.10. Among State loans, 4¾ 1976 Mysore loan eased by 25 paise to Rs. 97. U.P. loan by 20 paise to Rs. 96.80 and Maharashtra loan by 15 paise to Rs. 99.60. The Rs. 1-crore issue of 5 per cent Maharashtra State Financial Corporation Bonds (1976) was closed on the very first day when the list opened (Monday the 26th inst.), as it was over-subscribed. The Madras State Electricity Board has announced the issue of 5 per cent Bonds for Rs. 3 crores redeemable at par on 16th November 1976. The issue price is Rs. 99.75, that is, a discount of 25 paise. The list will open for subscription on the 16th of next month.

In the foreign exchange market, the banks' buying rate for U.S. dollars declined by 50 paise to Rs. 477.25 per $100. Their selling rate also declined by 25 paise to Rs. 480.75. In New York, the pound sterling has strengthened *vis-a-vis* the dollar, following the announcement of the emergency economic policy by the Labour Government and the firm official declaration to the effect that the strength of the sterling "can and will be maintained." But the recovery has not been appreciable. Thus, the spot rate for sterling has risen by just 0.180 cent to 278.460-278.480 cents and the three months forward by 0.300 cent to 277.890-277.910 cents.

BULLION SUBDUED

(From Our Own Correspondent)

BOMBAY, 28*th October*

Both silver and gold ruled subdued during the week under review. The decline in silver followed selling pressure, as enquiries from up-country centres were poor. Demand for gold was also at a low ebb in the face of increased arrivals. Over the week, silver was lower by Rs. 3 and gold by 50 paise. The poor demand for bullion on the eve of *Diwali* festival is attributed by traders to high cost of living which is deterring purchases on a large scale.

Silver began the week 50 paise lower at Rs. 256 and declined steadily to Rs. 253 today. The demand for silver in the market was so poor that even the lower arrivals were not readily absorbed by traders. The weekly average arrivals and offtake of the metal were 25 and 9 bars, as against 28 and 9 bars, respectively last week.

Fourteen-carat gold, after rising from Rs. 66.50 to Rs. 67 in the earlier sessions, declined later and finished at Rs. 66 today. Pure gold, however, improved by Rs. 2 to Rs. 112 on some inquiries and reports of seizure of contraband metal. Sovereign was quoted a rupee higher at Rs. 91.50.

The international price for gold in the London market was lower at $35.10¼, as against $35.11¼ last week. The sterling price was also lower at 252s. 1½d., as against 252s. 4d. last week. Both spot and forward silver were unchanged at 112½d. and 113d., respectively, as also silver in New York at 129.3 cents.

In the Surendranagar district of Gujarat, over 500 goldsmiths have so far been granted loans aggregating to Rs. 7.44 lakhs according to an official announcement. The Registrar of Co-operatives has also granted loans amounting to Rs. 22,800 to nine persons. Further, employment for nearly 70 goldsmiths has been provided through employment exchanges.

The following table shows the trend of prices during the week under review:

	28-10-64 (closing)	High	Low	21-10-64 (closing)
SILVER				
Ready (996 fine) ..	Rs. 253·00	Rs. 256·00	Rs. 253.00	Rs. 256.50
GOLD				
Ready (14-carat) ..	66·00	67.00	66.00	66.50
Sovereign	91.50*	—	—	90.50*
London—				
Gold ..	252*s.* 1½*d.*	252*s.* 3½*d.*	252*s.* 1½*d.*	252*s.* 4*d.*
Silver Ready ..	112½*d.*	—	—	112½*d.*
Silver Forward ..	113*d.*	—	—	113*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

SPURT IN COTTON FUTURES NOT FULLY SUSTAINED

(From Our Own Correspondent)

BOMBAY, 28*th October*

Although the futures section of the cotton market suffered a setback on the first day of the week under review on account of bull liquidation, the upward trend started on the same day following encouraging spot advices. Reports regarding damage to crops in certain cotton tracts and consequent short-covering also imparted firmness to the contract almost throughout the week. The trend was actually buoyant on Monday, the 26th instant on continued adverse weather reports, speculative support and the millworkers' decision to postpone strike which was to begin on that day. The rising trend of prices was so strong that, even reports that global import quota of 2.14 lakh bales of cotton would be announced next month, did not have any effect. On Tuesday, however, there was a perceptible dip in the futures due to profit-taking at higher levels by a leading bull operator who is said to have sold about 30,000 bales. This trend continued today also, though towards the close a mild recovery in prices was in sight on account of reported damage to the crop in Khandesh and general expectation of lower crop for the country as a whole.

The Jarilla March 1965 contract opened the week lower by 25 paise at Rs. 738 and, after declining to Rs. 737 on the first day itself, moved up to touch a high of Rs. 744.75 on Tuesday, the 27th instant. After dipping to Rs. 737 on the last day of the week, the contract closed higher at Rs. 740.50, with a net gain of Rs. 2.25 over the week.

The Sewri spot market was brisk with activity almost throughout the week. Mills were regular buyers of both old and new varieties. Spinners evinced interest in new crop with fresh arrivals at the terminal markets. The main varieties in demand were L.147, Co2, 197/3, Digvijay and Kalyan. The following are the latest available quotations in respect of certain popular varieties:

Amod (current) Rs. 1,125, Bengal Fine Rs. 758, Bawla New Rs. 970, Amravati Buri Rs. 1,100, Dharangaon Rs. 1030, Dabhoi Line New Rs. 1,160, Ganganagar Rs. 775, Hubli Laxmi Rs. 990, Mandal New Rs. 935, Morvi New Rs. 910, Wardha L.147 Rs. 1,205 and Viramgaon New Rs. 948.

Hectic activity was noticed during the week in the December delivery contract for Bengal *Deshi*. A rise in the rate in this variety was recorded on the very first day from Rs. 751 per candy to Rs. 753. Short-covering by shippers and brisk buying by upcountry mills following reports of damage to crop in the Punjab, lifted prices upwards to Rs. 770 on Monday, the 26th instant. But the higher levels could not be maintained because of heavy selling by spot merchants and lack of demand from overseas. At the time of writing the rate for Bengal *Deshi* is Rs. 758 and the export sale registerations are about 72,000 bales, as against 64,000 bales last week.

As regards imports, there are expectations that the season's first global quota to the extent of 2.14 lakh bales will be released early next week. Spinners are reported to be showing keen interest in American cotton under P.L. 480 which may not be difficult to obtain after the issue of global quota. Enquiries about Sudanese, Pima and other African cotton are also reported.

Latest reports about the current season (1964-65) cotton crop indicate satisfactory progress, in spite of the fact that there has been some damage to crops in certain areas such as Punjab, Khandesh and Berar. In the South, the north-eastern monsoon was quite active. Though the rains have affected the early arrivals of Laxmi variety, it is reported that Co2-170 strains have benefited by rains. Favourable weather reports are being received from Vidarbha and other areas. Arrivals of most of the cotton varieties are reported to be gathering momentum.

Although the earlier expectations of a total crop of about 65 lakh bales (of 392 lbs. net each) from the current season may not materialise, the trade estimates still place the crop at 62-63 lakh bales. With expected imports to the tune of 6.5 lakh bales and opening stocks of cotton at 25 lakh bales, the total cotton supply is likely to be about 95 lakh bales. With consumption around 62 lakh bales and exports about 3 lakh bales, there are indications that the carryover may be well near 30 lakh bales.

PEPPER ADVANCES

(Messrs. Parekh and Co.)

BOMBAY, 28*th October*

The bulls having taken delivery of about 847½ tons of garbled pepper against their commitments in October delivery on the Cochin Ring, Malabar black pepper garbled improved during the week from Rs. 348 to Rs. 359. Scarcity of floating stock at both Bombay and Cochin made bears to withdraw from the market. Sales of about a couple of hundred tons to East European countries by bulls gave them necessary courage. As a result, they came to support the market by purchasing sizable contracts of December delivery at Cochin and *Posh* delivery in Bombay. The rise from $M112½ to $M122½ at Singapore and from $33 to $35½ in spot at New York was responsible for the improvement in the overall sentiment of the market. The future of pepper, however, depends upon the selling policy of Indonesia, though it is considered risky to take a bullish view, as the whole production of new crop of Lampong and that of coming crop of Malabar are intact without any advance sales to cushion the pressure of arrival of new crop of Malabar at the peak of the harvesting seasons.

The news of further devaluation of Indonesian currency from 250 rupias to 517½ rupias per U.S.A. dollar failed to have any impact on the market, as Indonesian rupias are already selling unofficially at a very high premium.

Posh and *Maha* delivery in Bombay are quoted at Rs. 363 to Rs. 367, respectively, after touching the highest at Rs. 368 and Rs. 372. December and January delivery at Cochin are quoted at Rs. 352 and Rs. 355, respectively, with small turnover.

Ready ungarbled in the local market is selling at Rs. 182 per 50 kilos.

IMPORTS OF ART SILK YARN

(From Our Own Correspondent)

BOMBAY, 28*th October*

Thanks to the Government of India's decision to grant advance import licences for art silk yarn and synthetic yarn to manufacturers and exporters of fabrics and hosiery articles, art silk yarns drifted downward during the week under review. Sustained selling by stockists, improvement in supply position and poor demand from consuming centres also imparted easiness. There was a slight set back in the staple fibre yarn future, thanks to tired bull liquidation, coupled with small turnover. Business put through was meagre. Ready staple fibre yarns were dull. Cotton yarns also were dull.

Advance import licences for art silk yarn and synthetic yarn, referred to earlier, will be granted on a recommendation by the Textile Commissioner and subject to certain conditions. This new facility for the exporters is intended to relieve them of the hardships of securing the raw materials which they might need in executing export orders. The licences will be given against an undertaking by the exporters that they will effect the export of the declared quantity within a stipulated time. A bond accompanied by a bank guarantee will have to be submitted by the shippers. The licences will be given on the basis of 50 per cent of the entitlement to be earned on the future exports. As licences are now given on the basis of 70 per cent, the advance licence will be 35 per cent of the f.o.b. value or the official international value of the exports.

Among art silk yarns, National Rayon 150D receded by 20 P to Rs. 9.48. 120D fell by a like amount to Rs. 10.12. Bright Century 75D sagged by 16 P to Rs. 17.86.

In the staple fibre yarn section, 2 x 34 January 1965 contract began the week at a premium of Re. 1 at Rs. 855 per quintal and, after rising to Rs. 859 on Saturday, declined subsequently to close the week at Rs. 852. Spot Pioneer shed 2 P to Rs. 9.24. Premier dropped 13 P to Rs. 9.68. City, Kiran and Sitlaxmi were neglected. Vasanta, however, put on 9 P to Rs. 9.15 on special support.

Cotton yarn 68s Moderns lost a rupee to Rs. 101. 34s Vasantas eased by 25 P to Rs. 41.75. All other counts were unchanged at level.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	28-10-1964	21-10-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	10 12	10 32
Century 75D	17 86	18 02
R. I. Viscose 120D	12.54	12.54
Staple fibre yarn (2 x 34 NF) January 1965 (per quintal) ..	852.00	847.00
Spot (per kg.)		
Vasanta	9.15	9.15
Premier	9.68	9.81
City	9.55	9.55
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.50	21 50
17s Modern	27 00	27 00
22s Madura	32 00	32 00
34s Madura	43.00	43 00
52s Pioneer	68.75	68.75
68s Finlay	104.50	104.00

OILSEEDS BEARISH

(From Our Own Correspondent)

BOMBAY, 28th October

Trading pattern in oilseeds during the week indicated that the market not only lacked strenght but was set for a further decline. Sentiment was affected by the sharp setback in spot groundnuts which in turn induced a decline in

futures. More interesting than the decline in prices was the reversal of the price relationship between spot and futures seeds. Time was when spot prices were commanding a premium of as much as Rs. 120 per candy over the contract, but the disparity narrowed down to a trickle and at one stage during the week, the spot was easier than futures.

It is, however, not unusual for spot prices to come closer to the level of the forward rates as the new season gets going, but what attracted comment this time was the unprecedented levels to which spot prices had shot up. Groundnuts had touched as high as Rs. 76 per 50 kg. and oil was generally traded for quite some time at Rs. 3,300 per tonne, although stray unofficial transactions were reported even at Rs. 3,400. Today seeds Khandesh was mentioned at Rs. 49.75, Quality at Rs. 48.50 spot and November at Rs. 46.25 all per 50 kg. Ready oil was available at Rs. 20.60 per 10 kg. and November was mentioned at Rs. 18.60, December at Rs. 18.45, January at Rs. 18.45.

Reports from Rajkot indicated that the tendency there was weak with the spot rate at Rs. 17 (loose). Arrivals of seeds were reported to be heavy with the average at 8,000 to 10,000 bags a day and these were mainly from Varad, Khandesh and Mysore. The Madras crop was also reported to be moving in full force. The Saurashtra crop had begun to move and market circles both here and in Saurashtra were eagerly looking forward to the removal of the ban on exports from the State and the necessary announcement was expected to be made before Divali. In these circumstances, selling pressure was rather heavy. This explained the weakness in groundnuts January which has declined from the last week's level of Rs. 95.20 to Rs. 94.25, while the week's low was Rs. 93.70.

Groundnut extractions were weak evidently in sympathy with seeds. Rates at the time of writing were: Ready Rs. 420; November Rs. 403; December Rs. 392; and January Rs. 385-Rs. 386. Offerings here, too, were heavy and knowledgeable sources thought that the prices might decline by a further Rs. 15 to Rs. 20 per tonne. Expellers were also easy with ready goods quoted at Rs. 432, November at Rs. 410 and December at Rs. 400. With the start of the solvent extraction season, offerings of extractions will be larger and these might induce a further reaction in prices. Market sources felt that this reaction might be anything upto Rs. 25 to Rs. 30. Overseas advices are steady. London prices were: November £37-10, December £36-10, January £35-10 and January-February-March £35-5.

The outlook for extractions depends to a considerable extent on the offtake by communist countries which have been consistent buyers since several months. With the change in Russian leadership and the policy of conciliation which the new Soviet leaders are likely to adopt towards China, it is wondered whether communist countries will come to support the Indian market in the same measure as they have been doing all these days, for, with communist countries, trade and politics are invariably interlinked. If they continue to buy, well and good. Otherwise, India will have to turn to its traditional customers like Britain and the Continental countries.

Although the statistical position of castorseeds should favour a continued firm trend yet for some time, the market has taken a downward turn. The March contract has eased to Rs. 181 from the week's high of Rs. 183.75. Sentiment in castor seems to have been induced mainly by the decision of the United Kingdom to impose a 15 per cent charge on imports. This might put Indian castor oil out of parity and it will, therefore, be difficult to sell in that market unless our prices ease to suit buyers' ideas there. Linseeds do not seem to have any independent trend of their own and are led mostly by groundnuts. Fluctuations here during the week were narrow. The March contract opened around last week's level and, after recording a fractional rise to Rs. 40, it was quoted at Rs. 39.89 towards the close. The outlook for linseeds, as has been mentioned many a time in this column, depends much on the mustard crop which is likely to be very satisfactory this season.

It was rather surprising that cottonseeds should have turned bullish and maintained a consistently firm tone, although the January contract tended to react towards the close on profit-taking. It may be pointed out here that the January contract had shot up to Rs. 106.25, as against the previous week's closing of Rs. 102, and was quoted at Rs. 104.25 at the close. The rise here was induced by the firmness of cotton futures which were bid up on talk that the crop estimate should be revised downwards, in view of the damage to the harvest due to untimely rains in certain tracts. Otherwise cottonseed oil was very weak and, as against quotation of Rs. 26 just a month ago, it was quoted today at Rs. 20, 15th November at Rs. 18 and December at Rs. 17. There was hardly any justification for cottonseeds futures to be so firm and it, therefore, remains to be seen whether present levels would be maintained.

Cottonseed crushers are apparently worried over the weak tendency in oil. It appears that they have made a representation to the Government suggesting that the ban on the use of solvent extracted oil by *vanaspati* manufacturers should be removed in order that demand for cottonseed oil might be stimulated. They are also understood to have pointed out that the import of soyabean oil from the United States should not be allowed to affect the offtake of straight oil by the *vanaspati* industry. Another point which cottonseed crushers are understood to have made is that an incentive by way of a rebate in excise duty should be given to soap manufacturers to the extent of the cottonseed oil used by them in soap manufacture.

Sentiment in the market was by and large induced by the Prime Minister's statement that oil and *vanaspati* prices would be controlled. Further, crop outlook for groundnuts is excellent and, in these circumstances, the tendency for the market would be to remain easy, allowing for technical rallies now and then.

The following table shows the closing prices of oilseeds and oils as on 28th October as compared with those of the two previous weeks:

	28-10-1964	21-10-1964	13-10-1964
	Rs.	Rs.	Rs.
Groundnuts			
January 1965 contract	94.40	95.20	95.75
Oil January 1965	N.T.	N.T.	19.20
Khandesh quality	97.00	106.00	133.00
Oil ex-mill	21.00	24.50	28.75
Oil Rly. Receipt	20.50	23.75	27.75
Castorseed			
March 1965	182.00	182.87	184.37
Ready Madras	83.00	83.50	83.00
Ready Kanpur	81.00	81.25	80.50
Oil B.S.S.	18.60	18.70	18.85
Oil commercial	17.70	17.80	17.85
Linseed			
March 1965..	39.69	39.84	40.44
Bold ready	95.50	96.00	102.50
Linseed oil	20.15	20.80	21.50
Cottonseed			
January 1965 contract	104.25	102.00	101.25

N.B.—The quotation for groundnuts January 1965 contract is for 100 kg. The rates for spot groundnut and castor are for 100 kg. Castor and cottonseeds futures are quoted per 250 kg. while linseeds futures are quoted per 50 kg. Groundnut Oil January 1965 and all spot oils are quoted per 10 kg.

TIPPY TEAS DECLINE

(From Our Own Correspondent)

COCHIN, 22*nd October*

Offering in tea sale No. 42 held here on Tuesday the 20th inst. amounted to 841,000 kg. Nilgiri quality was barely maintained, but that from other districts was usually improved. There was strong general demand. Highgrown brokens evoked less enquiry, but eased in value. Their fannings were irregular, but generally easier. Good medium brokens were about firm on last rates, but their fannings were slightly easier. Medium and low medium brokens were well supported and came to a firm and sometimes appreciably dearer market: their fannings, however, were steady. Whole leaf grades were taken up at firm to dearer rates. Unorthodox teas were in good demand, but prices declined slightly. Tippy teas were easier.

The quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low medium	4.20-4.80	4.20-4.65
Mediums	4.80-5.20	4.70-5.15
Good mediums	5.20-5.70	5.30-5.70
Nilgiri B.O.P.	5.00-6.70	5.00-7.85

The average price realised in sale No. 43 was Rs. 4.86 per kilo, as against Rs. 4.82 a week ago and Rs. 4.75 in the corresponding sale last year.

In dust sale No. 42 held today, 456,000 kgs. were offered. The market opened to strong general demand which continued throughout the sale. Low medium and mediums elicited strong enquiry and were irregularly dearer by up to 15 paise. Good mediums also were well supported and generally realised higher prices than last. Highgrowns encountered irregular support at easier rates, with some withdrawals. Fibrous and stalky kinds were in better demand than of late and registered advances. There was irregular support for unorthodox descriptions. The best continued to sell at lower rates while below best, meeting better support, are sold at around last rates.

The average price realised in dust sale No. 42 was Rs. 4.52 per kilo, as against Rs. 4.41 a week ago and Rs. 4.47 in the corresponding sale last year.

Colombo: The market met with good demand. Dimbula brokens were irregular, while good mediums were sold at around last rates. Plainer kinds eased by 5 to 15 cents. Brighter uvas were firm to dearer, but lowgrowns showed a decline. B.O.P. fannings were strong and dearer, particularly mediums and uvas.

London: North Indian and other growths: There was good general demand in Monday's sale. Best Assams were fully firm, but others were irregular and lower with quality. Dooars were very strong and often advanced by 2*d.* and more.

Ceylon and South Indians: In Tuesday's sale, 25,839 packages were offered, of which 6,149 packages came from South India. There was good demand. Best Ceylons tended easier, while others were strong. Mediums advanced by 1*d.* to 2*d.* and lowgrowns by 1*d.* Fannings were dearer by 2*d.* to 6*d.* South Indians were generally dearer with better quality advancing substantially.

TEAS IN GOOD DEMAND

(From Our Own Correspondent)

CALCUTTA, 27*th October*

Good demand featured yesterday's export sale. Although there was good demand during last week's internal sales, too, prices realised were generally lower. After the *Pooja* holidays, the demand for shipping space both in ready and forward liners has considerably increased.

Up to the end of the last month, North Indian tea output aggregated 441,223,796 lbs. showing an increase of 43,579,605 lbs. as compared with the same period last year. All indications are that this year's crop would surpass that of 1961. Normally, such an increased crop should have depressed demand, but this has not been so in view of lower raisings both in Ceylon and South India as a result of the drought conditions earlier this year. Prices have not risen in tune with the increased demand in export auctions, and the Tea Board recently stated that the average price of tea sold particularly at Calcutta and London auctions showed a downward trend, but that prices realised were not by and large "unfair."

India's tea exports this year are expected to show a rise, both in relation to quality and foreign exchange earned, as compared to last year. Last month, exports were 28.83 million kgs., valued Rs. 18.1 crores as compared to 25.4 million kgs. valued Rs. 15.78 crores in September 1963. The tea trade here believes that internal consumption of tea, which rose from 82.7 million kgs. in 1953-54 to 139.6 million kgs. in 1961-62, has fallen this year. This is attributed to the absence of internal promotional campaigns, and consequently other soft drinks have taken advantage and expanded at the cost of tea. Such an inference is in good stead, as tea is one of the few consumer goods in India that has failed to participate in the present boom in evidence in many other consumer stores. In other words, while people's purchasing power has in this year impressively increased, people are drinking less tea. The fact that tea prices have not much changed as compared to the beginning of this year and that cost of production in gardens has risen rather steeply does not hold out hope for any improvement in the return on investment in the tea industry.

Dusts on offer during last week's internal sales were 35,434 packages, which met with a good demand at lower levels. Plain orthodox teas and medium Assam teas eased in an irregular trend, and legg-cut teas met with support at slightly discounted rates. C.T.C. teas also met with good support at lower rates, but the recession in respect of the better varieties was less marked. The quotations per kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.00 to Rs. 6.40, medium C.T.C. dust Rs. 5.15 to Rs. 5.35, plain C.T.C. dust Rs. 4.80 to Rs. 5.10, legg-cut dust Rs. 4.85 to Rs. 5.10, medium Assam dust Rs. 4.80 to Rs. 5.10, and plain orthodox dust Rs. 4.20 to Rs. 4.60.

During yesterday's export sale, leaf on offer aggregated 71,962 packages, which met with a good general demand. Firm prices were realised in respect of plain orthodox brokens and Dooars B.O.P. teas of clean appearance. Fannings were irregular and easier. Assam orthodox teas also eased, but the few selected brighter teas were steady. The quotations per kg. inclusive of excise duty were: good Assam C.T.C. fannings Rs. 6.60 to Rs. 7.00, good Assam C.T.C. B.P. Rs. 6.40 to Rs. 6.70, medium C.T.C. fannings Rs. 5.60 to Rs. 6.10, medium C.T.C. B.P. Rs. 5.60 to Rs. 6.00, clean plain pekoe Rs. 5.20 to Rs. 5.50, plain C.T.C. B.P. Rs. 5.00 to Rs. 5.20, plain orthodox B.P. Rs. 4.20 to Rs. 4.40, and plain orthodox fannings Rs. 4.20 to Rs. 4.40.

JUTE GOODS RECEDE

(From Our Own Correspondent)

CALCUTTA, 27*th October*

If, despite the strike in Pakistan jute mills, prices of jute goods in the Calcutta market did not rise during the week under review but actually fell slightly, it was due to the fact that, both before and during the *Pooja* holidays, prices had impressively moved forward in anticipation of large orders from overseas countries. Although the loss of production has heavily curtailed the Pakistan's ability to cater to overseas requirements, overseas buyers are in no hurry to place orders with India. Orders so far placed have fallen below earlier expectations. In spite of this week's small fall in prices, it is believed that the profit margin of mills has somewhat improved. It is, therefore, felt that not many mills would like to maintain the trend towards a lower output that was in evidence last week.

Mills in India produced last month 104,000 tonnes of goods, thus showing a fall of 7,500 tonnes as compared with the previous month. The fall, which occurred despite the increase in working hours in the month to 208 from 200 in the previous month, clearly showed that mills had readjusted their production by sealing looms. In terms of the Working Time Agreement, already abrogated, if and when looms were sealed, the same had been announced much in advance and the percentage of looms to be sealed applied uniformly to all mills. Now that the Agreement is no longer in force, the mills are not under any obligation to seal looms according to a pre-planned basis. The fact that production had visibly fallen last month showed that mills had voluntarily sealed a portion of their looms, either in consideration of the depleted raw material position and/or of higher stocks of particular constructions. Although mills are not expected to maintain the adjustment of production made last month, output this month is expected to be considerably less, in view of the intervention of too many holidays. However, as already stated, overseas buyers have not been in a hurry to place orders, as they think that the prices of goods must decline further.

Pakistan's ability to cater to overseas requirements is no doubt restricted, first because order books are complete up to March next and secondly because the loss of production as a result of strike would mean an extension of delivery dates. The trade here points out that the Pakistan loss of output can by no means be taken as a redeeming event to gain temporary advantages. Fair prices, maintenance of quality, and adherence to delivery dates continue to be important factors to gain foreign markets. There are already reports that, in the United States, substitutes are preventing to give jute goods the latter's full share of the increased need of packaging materials. U.S. wool manufacturers are considerably pleased with the South African wool shipments packed in paper bags. As compared with gunny, paper bags are not only cheaper but readily available. Some U.S. firms are at present engaged in research to develop synthetic packing materials. Although world consumption of jute goods would not fall as a result of inroads by substitutes, it is apprehended that jute goods would not be able to derive 100 per cent benefit from the

increased demand for bags as a result of larger agricultural and industrial output.

The trade has noted with satisfaction that, despite stiff competition from Pakistan mills, India increased exports of goods in the first six months of this year to Rs. 82 crores, showing a rise by 2 per cent as compared with the corresponding period of last year. Considering the fact that this year's price level has been considerably lower in view of the better relationship between demand and supply, the quantity exported should have shown a more impressive increase. In 1963, the Indian jute industry very nearly achieved the third Plan export target fixed for it. The trend of increased exports this year is attributed to more reasonable prices for goods. Consumption of jute goods and sacking in the U.K. has increased, although the U.K. is now importing less ready-made goods and more hessian cloth. The U.S. consumption of burlap has in recent months increased, and it is expected that last year's monthly average would be realised this year. This is heartening, since, in the early months of this year, U.S. consumption had been markedly falling. The demand for specialised constructions such as tufted carpets and floor coverings has been increasing in the U.S.

As a result of increased offerings, fibre prices fell by about Re. 1 per maund during the week under review, the latest quotations being Assam bottoms Rs. 38; Northern bottoms Rs. 37; and Daisee bottoms Rs. 38.50. The compulsory maximum purchase quota for the current week ending 31st October 1964 is 175,000 bales.

The gunny market re-opened on 19th October (after the *Pooja* holidays) on an easier note, as it was realised that the pre-*Pooja* rise in prices had been a little overdone. Excepting business with Government involving 3,000 bales of B. twills, nothing else of interest took place in the ready market on that day. However, interest in the hedge market was soon revived and the earlier losses were made good. Ready B. twills and hessian 40" 10 oz. were quoted at Rs. 153.50 and Rs. 50.70, respectively. The market was closed on Tuesday last on account of the local holiday and the feature on Wednesday was once again Government interest in B. twills. The quantity involved this time was 4,000 bales. However, there was no other interest shown and that explained for the small recession in prices to Rs. 153.35 and Rs. 50.60 for B. twills and hessian 40" 10 oz. respectively. On Thursday last, business in woolpacks took place with Australia. The Government placed an order for 5,000 bales of B. twills. Since, however, orders from overseas countries failed to materialise to the extent expected earlier, B. twills fell to Rs. 151.25 and hessian 40" 10 oz. to Rs. 50.15. Government orders on Friday covered 7,000 bales of B. twills against November-December delivery, as a result of which ready B. twills hardened to Rs. 151.65. In sympathy, ready hessian 40" 10 oz. improved to Rs. 50.35. Over the week-end, however, prices eased to Rs. 151.25 and Rs. 50.25, respectively. With B. twills at Rs. 150.50 and hessian 40" 10 oz. at Rs. 49.75 prices declined yesterday following bearishness in the hedge market. Excepting for Government business involving 4,200 bales of B. twills, there was little else of interest.

KIP EXPORTS SELECTIVE

(From Our Own Correspondent)

MADRAS, 26*th October*

Export trading has been selective in all the sections of the trade. Importers find that the prices quoted by the tanners are not economic and that other origins offer pretty low and attractive prices. Tanners at this end are unable to buy raw stocks at workable prices, in view of the higher prices paid by exporters of raw skins and by tanners who cater to the inland trade. Business has been very difficult for the shippers.

Enquiries for cowhides were for light and medium weights, and for cowcalf light weights and for buffcalf and buyers have been choosy. Prices on the whole remained steady.

Demand for tanned goat skins is good but buyers have been trying to buy at lower prices. Enquiries for middle class sheep skins 6/7 lbs. average are brisk and for other tannages dull. Importers have been bitterly complaining about the adulteration in the tannages of sheep skins and making claims for quality. The strike notice given to the tannery owners in the North Arcot has been withdrawn.

In the last London tanned skins public sales, very little quantity of skins were sold and the prices realised were poor.

SPURT IN COPPER AND TIN

(From Our Own Correspondent)

CALCUTTA 27*th October*

Higher advices from the principal overseas markets continued to pour in during the week under review, and this factor coupled with the acute shortage as a result of lower imports as against increased demand helped to maintain metal prices at higher levels in Calcutta during the week under review.

The feature on the London Metal Exchange in the week under review was the buoyant rise in copper quotations. Spot copper wire-bars at £512-515 touched a new high for recent years. This week's opening was higher at £505-506, as against last week's closing of £494. As the week progressed, however, the quotation gave way to close at £500-505. Spot cathodes moved up from £465-470 to £490-495, and spot fire-refined copper from £383 to £397½ a ton. These rises followed the direction of the Chilean Government to copper producers in that country to sell their metal for export at 35 cents a lb., that is, at £280 a ton. Hitherto, the selling price was only £260 a ton. For a long time, the selling price was only £234 a ton, which was also the L.M.E. quotation for a pretty long period until early this year. In spite of the present boom, the chief producers in the free world have kept their selling price at much below the L.M.E. quotations for fear of an ultimate fall in demand on substitution. However, it was not altogether unexpected that the Chilean Government would desire to benefit from the buoyancy in the price, which has been steady now for nearly a year. In the last six months or so, the L.M.E. quotations have been touching new high levels practically every week.

It is now expected that copper mines outside Chile would also follow the Chilean price rise. It is however noted that the Kennecott Copper Corporation, while accepting the Chilean decision in respect of copper produced by its mine in Chile, that is, Braden Copper Co., has announced that copper produced domestically by Kennecott and sold abroad would continue to be priced at £260 a ton, while its domestic price would remain unchanged at 34 cents a lb. On behalf of Union Miniere, it has been stated that this mine does not propose to follow the price rise. A similar announcement has also been made by the Rhodesian Selection Trust, while Anglo-American has been non-commital so far. Earlier, Anaconda raised the price to £280 a ton, although on its behalf, the statement that the Company's decision to follow the Chilean directive should not be taken as amounting to the acceptance by the firm of Chilean right to fix the price for export has been made.

Although indications are that the world consumption of copper has considerably increased since the past one year, it is not thought that the increase has been of such a magnitude as to justify the present high level. Accordingly, the belief that consumers all the world over have increased their inventories is entertained, and assuming that this belief is justified, a break in prices should follow, although the prospect of the price touching £234, the base level until about a year ago, should by all means be dismissed as an objective beyond reach. Output in this year should have increased more remarkably than at present had it not been for interruption in production in the principal copper producing areas of the free world, namely, the United States, Africa and South Africa, on account of labour unrest and other troubles. The news that Chile has commenced production in the new State-owned smelter with a capacity of 30,000 tons of blister copper a year is soothing, as it encourages the hope that before long, copper output would outstrip demand. India would welcome that day, as then only the country would be in a position to import adequately. At the same time, the country is proceeding with efforts to step-up the domestic output of copper. It has been stated that the Indian Copper Corporation's new electrolytic refinery is almost ready to commence operations. India's own production is at present 9,500 tons, and imports are about 75,000 tons a year. Demand has been steadily rising and by the end of the third Plan, it is estimated to total 170,000 tons. The price of utensil copper scrap in Calcutta rose from Rs. 660 per 100 kgs. to Rs. 665 during the week under review.

In the last week, spot tin on the L.M.E. touched as high as £1,645-1,655, but since then, the price has been falling and in this week, the price level was about £1,585-1,595 a ton. The fall has been due to some indications in the U.S.A. of the likelihood of greater releases from stockpiles. However, the spiralling price trend is attributed to the absence of any agreement so far between the U.S. General Services Administration and the International Tin Council in regard to the U.S. releases from April next. Of the 20,000 tons which the U.S.A. has agreed to release in the twelve months ending next March, only 6,000 tons remain yet to be released: but the world deficit is now placed at 30,000 tons a year. If the U.S.A. continues to release 20,000 tons a year, that country's surplus stocks would be exhausted within six years. By that time, however, it is hoped that world output would increase more materially than hitherto, although how far the disturbed relations between Indonesia and Malaysia would affect their efforts to increase output remains to be seen. Tin in Calcutta at Rs. 3.350 per 100 kgs. was higher by Rs. 100.

On the L.M.E., spot zinc moved up from £124½-125 to £126½-127½, and spot lead from £120½-120¾ to £122½-123, but eased to close at £120½-121½ and £121¾-121¼ respectively. In Calcutta, zinc rose from Rs. 373 per 100 kgs. to Rs. 430 lead from Rs. 311.00 to Rs. 317.00.

FOODGRAINS RISE AGAIN

(From Our Own Correspondent)

HAPUR, 26*th October*

Bullish trend was again witnessed in foodgrain prices during the week under review. Shortage of stocks, coupled with good demand and latest State Government restrictions on trade were the main influencing factors. Maize prices, which had declined from Rs. 75 to Rs. 40 per quintal in last few weeks, thanks to heavy arrivals from other States again spurted to Rs. 60 per quintal, following seizure of maize stocks by State Government. Prices of other grains also recorded sizable gains in sympathy with maize. Rabi sowings have commenced under ideal weather conditions and record sowings are in sight.

After declining by Rs. 5 to Rs. 7.50 per quintal initially wheat prices advanced sharply in the week-end on good demand for seed purposes against meagre supply position. The average quality was quoted between Rs. 90 and Rs. 92.50 and farm produce between Rs. 93 and Rs. 95 per quintal. Subdued trend continued in rice market and prices in all sections drifted lower by Rs. 10 to Rs. 20 per quintal, according to quality following heavy arrivals of new crop. Week-end prices were:—Rice *basmati* superior Rs. 110 to Rs. 112.50, *sela* Rs. 105 to Rs. 107.50, *mainpuri* Rs. 83.06, *ramajwayan* Rs. 85.74, *raimunia* Rs. 85.74 and *gadda* Rs. 77.70 to Rs. 80.38 per quintal.

Gram prices also ruled firm during the week having advanced by Rs. 7.50 to Rs. 10 per quintal because of the ban on export from Rajasthan and good buying enquiry. Prices ranged between Rs. 90 and Rs. 95 per quintal. Barley and *bejhar* prices were almost stationary in limited trading. Barley was now quoted at Rs. 70 and *bejhar* at Rs. 68.75 to Rs. 70 per quintal. *Juwar* and *guwar* prices ruled steady while oats and coarse grains prices were steadier as stocks were negligible. Week-end prices were:—*juwar* Rs. 61.50 to Rs. 63.50, *guwar* Rs. 60 to Rs. 63, *methi* Rs. 62.25 to Rs. 62.50, *bajra* Rs. 60 to Rs. 62.50 and oats Rs. 75 to Rs. 77.50 per quintal.

Quiet to steady trend was witnessed in pulses market during the week. While peas and *arhar* prices ruled quiet, *urd* and *moong* prices sought higher levels on meagre arrivals. Pea prices ruled quiet at Rs. 71 to Rs. 75 per quintal. *Peas dal* prices also eased to Rs. 72.50 per quintal. *Arhar* prices were stationary while its *dal* prices were subdued on lack of support. *Urd* and *moong* prices recorded further gains due to meagre arrivals. *Masoor* and other *dal* prices were listless due to poor trading. Week-end prices were:—*arhar* Rs. 80 to Rs. 86, *arhar dal* Rs. 110, *urd* Rs. 71 to Rs. 75.02, *urd dal* Rs. 91.09, *moong* Rs. 102 to Rs. 105, *moong dal* Rs. 115, *masoor* Rs. 82.50 to Rs. 87.50, *masoor dal* Rs. 108.51 and gram *dal* Rs. 100.87 per quintal.

SUGAR SUPPLIES SCARCE

(From Our Own Correspondent)

HAPUR, 26*th October*

Crystal sugar supplies continued to be scarce during the week and, as pre-*Diwali* demand was brisk, prices in the open market increased further by Rs. 2 a quintal to Rs. 182 to Rs. 185, as against the controlled prices of Rs. 140. In order to step up sugar production in the forthcoming season next month, the Union Government has given some incentives to sugar industry. However, the Government's policy regarding sugar, *khandsari* and *gur* is being eagerly awaited by the trade. Factories in west U.P. will commence crushing operations before 10th November.

Desi khandsari recorded a steadier trend during the week, thanks to better demand mostly of local nature due to *Diwali* and some support from east U.P. The stockists were very much worried over the non-disposal of the accumulated stocks and the fast approach of the new season. Traders have again urged the Government to make arrangements for the immediate lifting of *khandsari* against permits or to remove the ban on inter-State movement of the commodity. *Khandsari* in the open market was quoted at Rs. 128.60 to Rs. 165 a quintal according to quality, as against the controlled prices of Rs. 109.83 to Rs. 128.29.

Ready *gur* displayed a sagging trend during the week under pressure of arrivals which averaged 3,000 maunds daily. Arrivals have also improved in mofussil markets, but as festive demand from South is fairly heavy, they are being readily lifted. Cultivators being busy with *rabi* sowings, large-scale arrivals would commence only after a fortnight. The week-end prices (in Rs. per 40 kilogram) were:—*gur pansera* best 35, inferior 28 to 32, *balti* 36 and *shakker* 35 to 39.

MECHANISATION AND AUTOMATION IN BANKING AND INSURANCE

(Concluded from page 761)

banks other than the State Bank of India has a size large enough to enable it to make effective use of electronic computers. It is quite conceivable to argue that the use of computers will enable the banks to expand more rapidly into unbanked areas, or that several banks could jointly own and operate a compufer. But then, computers are of several types and it remains yet to be determined which one would suit Indian conditions the best. The evolution of a most suitable and effective computer for Indian banking is essential and banks and their associations must come together to do the necessary thinking and devise the practical specifications even before the State Bank of India purchases its own computer; for, from the long-term point of view of Indian banking, standard equipment and standard computer procedures are absolutely essential.

Apart from all these considerations, there is a very vital point to be remembered before importing large and costly foreign equipment, and this applies equally well to the L.I.C. and the State Bank of India. Spares, equipment and skilled staff to maintain and repair, if need be, the costly computers will also have to be imported and whether the additional cost of all that will be worth the benefits to be gained, must be weighed and valued in each case before the decision to import and introduce computers is taken. Meanwhile, and for many banks, the progress of and prospects for automation must consist of simple adding and calculating machines. Their introduction and use will increasingly lead to a revolution in the procedures, practices, methods and techniques of banking in our country, and prepare the minds of staff, as well as of management, for acclimatising themselves to more advanced types of mechanisation to be followed ultimately, wherever possible, to the introduction of electronic computers.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 9th Oct., 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	86,00,00 000
National Agricultural Credit (Stabilisation) Fund	9,00,00,000
National Industrial Credit (Long Term Operations) Fund	10,00,60,000
Deposits—	
(a) Government—	
(i) Central Government	54,13,15,000
(ii) State Governments	15,65,70,000
(b) Banks—	
(i) Scheduled Banks	109,48,20,000
(ii) State Co-operative Banks	2,58,13,000
(iii) Other Banks	3,43,000
(c) Others	141,87,32,000
Bills Payable	37,93,38,000
Other Liabilities	33,30,74,000
Rupees	585,00,65,000

Assets	Rs.
Notes	7,12,79,000
Rupee Coin	5,55,000
Small Coin	3,89,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,23,00,000
(ii) State Co-operative Banks	11,97,62,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,41,53,000
National Agricultural Credit (Stabilisation) Fund Loans and Advances to State Co-operative Banks,	....
National Industrial Credit (Long Term Operations) Fund:-	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	194,86,19,000
Balances Held Abroad*	9,12,81,000
Loans and Advances to Governments**	39,29,18,000
Loans and Advances to—	
(i) Scheduled Banks†	3,98,85,000
(ii) State Co-operative Banks†	149,56,00,000
(iii) Others	2,34,08,000
Investments	107,29,99,000
Other Assets	26,64,11,000
Rupees	585,00,65,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 1,70,00,000 advanced to scheduled banks against issues of bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	7,12,79,000	
Notes in circulation	2437,93,34,000	
Total Notes issued		2445,06,13,000
Total Liabilities		2445,06,13,000

Assets	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	85,45,60,000	
Total		203,21,70,000
Rupee Coin		105,68,73,000
Government of India Rupee Securities		2136,15,61,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2445,06,13,000

State Bank of Pakistan

Statement of Affairs for the week ended 16th Oct., 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	7,75,00,000
Rural Credit Fund	8,50,00,000
Deposits :—	
(a) Central Government	16,29 76,000
(b) Provincial Governments	17,37,27,000
(c) Banks	37,75,37,000
(d) Others	94,01,13,000
Bills Payable	16,93,000
Other Liabilities	13,84,79,000
Rupees	193,70,26,000

Assets	Rs.
Notes	9,58,72,000
Rupee Coin	22,000
Subsidiary Coin	60,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	5,11,80,000
Balances held outside Pakistan*	17,38,62,000
Loans and Advances to Governments	....
Provincial Governments' Debtor Balances	....
Other Loans and Advances	105,90,20,000
Investments	43,96,58,000
Other Assets	11,73,51,000
Rupees	193,70,25,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	9,58,72,000	
Notes in circulation	447,00,22,000	
Total Notes issued		456,58,94,000
Total Liabilities		456,58,94,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion—		
Silver Bullion	25,15,70,000	
Foreign Securities	74,58,33,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	4,16,80,000	
Government of Pakistan Securities	303,76,41,000	
Internal bills of exchange and other commercial paper	....	
		307,93,21,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,83,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		456,58,94,000

Ratio of gold coin and bullion, silver bullion and approved

State Bank of India

Statement of Affairs for the week ended 23rd Oct., 1964

Capital and Liabilities	Rs.	Rs.
Capital—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		671,05,58,000
Bills Payable		1,11,05,000
Bills for Collection being Bills receivable as per contra		11,47,35,000
Acceptances, Endorsements and Other Obligations per contra		6,55,76,000
Other Liabilities (including Inter-Office Adjustments)		20,75,43,000
Total	Rs.	29,47,38,000
		755,35,05,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		45,61,42,000
Balances with other Banks		3,43,65,000
Money at Call and Short Notice		4,26,66,000
Investments :—		
Government and other Trustee Securities	Rs. 300,47,64,000	
Other Authorised Investments	8,98,23,000	
		309,45,87,000
Advances :—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 312,42,00,000	
Bills Discounted and Purchased	18 42,84,000	
		330,84,86,000
Bills Receivable being Bills for Collection as per contra		6,55,76,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		80,75,43,000
Premises less Depreciation		2,38,80,000
Furniture and Fixtures less Depreciation		2,00,65,000
Other Assets (including Inter-Office Adjustments)		30,01,95,000
Total	Rs.	755,35,05,000

EXCHANGE RATES

	28th Oct., 1964	21st Oct., 1964
London on New York	2.7845- 2.7848	2.7827- 2.7829
London on Berne	Sw. Fcs. 12.0165-12.0185	12.0080-12.0100
London on Paris	Fr. Fcs. 13.6450-13.6470	13.6400-13.6420
New York on London Cents per £	278.400-278.480	278.270-278.300
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. s.	1-6 1/32	1-6 1/32
Buyers D.D. .. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	480.75	481.00
Buyers T.T. .. Rs. to $100	477.25	477.75
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	449.50	449.75
Buyers T.T.	441.90	441.75
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	101.80	101.80
Buyers T.T	102.90	102.80
Swiss Francs—		
Sellers T.T. D.D.	89.60	89.60
Buyers T.T.	90.60	90.60
Deutsche Marks—		
Sellers T.T. D.D.	82.60	82.50
Buyers T.T.	83.50	83.40
Italian Lire—		
Sellers T.T. D.D.	12,960	12,955
Buyers T.T.	13,135	13,130
Swedish Kroner—		
Sellers T.T. D.D.	107.20	107.10
Buyers T.T.	108.30	108.20
Belgian Francs—		
Sellers T.T. D.D.	1,028	1,028
Buyers T.T.	1,045	1,044
Dutch Guilders—		
Sellers T.T. D.D.	74.70	74.60
Buyers T.T.	75.60	75.50
Hongkong Dollars—		
Sellers T.T. D.D.	119.60	119.60
Buyers T.T.	120.60	120.40
Norwegian Kroner—		
Sellers T.T. D.D.	148.90	148.90
Buyers T.T.	150.30	150.30
Danish Kroner—		
Sellers T.T. D.D.	144.10	144.00
Buyers T.T.	145.40	145.40
Straits Dollars—		
Sellers T.T. D.D.	64.00	64.00
Buyers T.T.	64.60	64.60

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	16-10-64	9-10-64	18-10-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	58,92	55,17	51,57
(ii) From others	1,173,24	1,162,31	961,20
(b) Borrowings from banks	31,60	28,42	21,88
(c) Others	70,98	76,30	58,89
2. Time liabilities—			
(a Time deposits—			
(i) From banks	31,91	35,89	34,92
(ii) From others	1,337,55	1,352,28	1,252,65
(b) Borrowings from banks	16,77	21,43	23,40
(c) Others	12,74	12,79	9,59
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,510,79	2,515,54	2,213,85
4. Borrowings from Reserve Bank	Rs. 4,18	1,91	2,11
(a) Against usance bills and/or promissory notes	1,78	1	—
(b) Others	2,40	1,90	2,11
5. Borrowings from State Bank and/or a notified Bank	40,62	38,72	27,33
6. Cash	65,91	61,76	57,10
7. Balances with Reserve Bank	104,46	94,68	75,95
8. Cash and balances with Reserve Bank	170,37	156,44	133,04
9. 8 as per cent of 3	6,79	6,22	6,01
10. Balance with other banks in current account	21,41	21,34	20,79
11. Money at call and short notice	74,27	71,19	56,30
12. Investments in Government securities	817,64	827,64	769,09
13. 12 as per cent of 3	32,57	32,90	34,74
14. Advances—			
(a) Loans cash credits and overdrafts	1,459,58	1,463,67	1,244,80
(b) Due from banks	17,63	14,90	11,96
15. Inland bills purchased and discounted	182,74	181,21	173,26
16. Foreign bills purchased and discounted	73,48	71,00	57,16
17. Total Bank Credit [14(a)+15+16]	1,715,81	1,715,88	1,475 21
18. 17 as per cent. of 3	68,34	68,21	66,64

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended			
	17th Oct., 1964‡	10th Oct., 1964	19th Sept., 1964	19th Oct. 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.7	99 7	99.8	99.7
2. Government of India	99.4	99.4	99.5	99.4
3. State Governments	102.1	102.1	102.1	102.0
4. Municipal, Port Trust, etc	99.0	99.0	98.9	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.5	98.5	98.3	97.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.4	82.5	82 5	82.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	164.5	165.0	167.5	171 7
8. *Agriculture and Allied Activities : Total**				
9. Tea Plantations	139.3	139.4	139 6	153 6
10. Coffee Plantations	125.0	125.0	125 3	141.3
11. Rubber Plantations	172.0	171.9	164 7	162.6
12. *Mining and Quarrying: Total**	181.7	184.0	184.3	171.1
13. Coal	133.3	133.3	133.3	152.6
14. Other Mining	95.1	95.1	90.7	108 6
15. *Processing and Manufacturing : Total*	159.6	160.0	161.9	182.3
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total**	176.5	177.2	180.8	185.9
17. Sugar	174.8	176.0	178.6	187.9
18. Cotton Textiles	132 2	132.4	134.6	129.3
19. Jute Textiles	160.1	160.3	161.9	170.9
20. Silk and Woollen	85.7	85.7	86.8	101.0
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	811.5	833.7	867.8	936.2
22. Iron and Steel	195.4	195.7	201.9	197.3
23. Transport Equipment	160.6	160.4	171.0	168.7
24. Electrical Machinery	301.8	303.8	312.4	342.9
25. Machinery other than Transport and Electrical	162.2	162.2	168.1	166.2
26 Basic Industrial Chemicals	229.5	230.0	228.5	236.0
27 *Processing and Mfg. (Others): Total**	188.3	188.1	191.6	182.9
28. Cement	146.8	146.5	148.1	158.9
29. Paper	138.8	138.4	140.6	148.6
30. Other Industries (Total)*	188.7	188.7	189.4	202.1
31. Electricity Generation and Supply	112.7	113.0	113 6	107.3
32. Trading	97.9	98.6	96.9	84.7
33. Shipping and Other Transport	111.3	111.5	111.6	114.1
34. Construction	97.6	97.3	101.6	94.3
35. *Financial: Total*	299.7	299.1	292.5	285.5
36. Banks	193.0	193.0	192.8	187.7
37. Insurance	216.1	216.2	215.6	204.6
38 Investment Trusts	165.4	165.2	154.9	168.7
	79.7	79.6	78.4	85.9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	173.4	174.4	179.7	180.4
40. Calcutta		151.7	152.3	159.2
41. Madras	173.3	173.2	172.3	173.5
42. Delhi	219.5	220.4	223.8	225.7

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

P—Provisional. ‡ Calcutta Stock Exchange remained closed during the week.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	3rd Oct. 1964	26th Sept. 1964	3rd Oct. 1963	Aug. 1964	Aug. 1963	Percentage of Increase (+) or Decrease (—) in Aug. 1964 as compared with Aug. 1963	Financial Year Averages 1963-64	1964-65
Food Articles	504	172.2	171.5R	139.8	165.1	138.6	+19.1	136.8	166.1
Cereals	192	161.9	152.7	118.4	144.4	115.3	+25.2	110.1	166.6
Pulses	43	188.7	184.7R	112.4	159.0	108.0	+47.2	115.4	168.2
Fruits and Vegetables	23	185.9	183.5R	118.7	193.0	143.2	+34.7	140.6	125.6
Milk and Ghee	84	145.7	143.1R	129.4	146.9	130.2	+12.8	128.2	124.4R
Edible Oils	47	232.4	228.2	154.5	206.1	152.0	+35.6	151.1	152.5
Fish, Eggs and Meat	17	165.5	173.3R	145.0	172.0	152.5	+12.9	149.8	148.6R
Sugar and Gur	48	215.5	213.7	210.7	192.0	191.0	+0.8	188.6	145.0
Others	50	182.1	179.9R	119.7	206.7	205.1	+1.1	179.3	171.8
Liquor and Tobacco	21	133.0	131.1	116.7	186.9	184.8	+1.1	179.8	179.8
Tobacco		130.8	128.8	115.8	126.6	119.1	+5.4	119.6	180.0R
Fuel, Power, Light and Lubricants	30	143.5	143.5	139.1	142.5	139.0	+2.5	137.6	137.4R
Industrial Raw Materials	155	176.9	176.8	139.8	166.9	138.8	+20.2	139.5	136.8
Fibres	61	144.3	142.6R	130.7	146.5	131.8	+11.2	131.3	124.6R
Oilseeds	60	210.3	220.0R	159.8	208.8	154.8	+34.6	154.1	151.4
Minerals	2	103.7*	103.7*	91.6	103.7	92.6	+12.0	92.8	92.6
Others	32	135.0*	135.0*	122.4*	132.0	122.5	+7.7	127.3	132.8
Manufacture	290	137.9	137.5	131.2	135.7	130.9	+3.7	131.1	130.6R
Intermediate Products	41	152.0	151.8	139.8	150.4	139.0	+8.2	139.6	139.5
Finished Products	249	138.5	134.8	129.9	133.2	129.4	+2.9	129.7	127.1
Textiles	147	133.5	132.8	123.1	130.6	127.7	+2.3	127.7	126.1
Cotton		136.7*	136.7*	125.6*	130.6	126.9	+2.9	126.9	130.7
Jute		123.5	118.8	102.3	111.0	110.4	+0.6	125.6	120.7
Woollen		160.2*	160.2*	156.6*	169.2	166.6	+1.6	160.2	119.9
Silk and Rayon		138.7*	136.8*	137.8*	135.8	136.6	+1.4	140.2	140.4
Metal Products	12	169.1	169.1R	165.7	169.0	165.7	+2.0	160.1	158.1
Chemicals	20	120.5*	120.5*	117.0*	119.4	117.4	+1.7	117.9	118.5
Oil Cakes	9	202.8	199.7*	166.8	195.1	168.3	+19.5	165.7	160.9
Machinery and Transport Equipment	21	127.1	127.1	124.2	127.1	124.9	+2.6	124.2	117.0R
Others	30	127.8	127.8	128.4	127.8	125.8	— 0.6	128.2	125.5
All Commodities	1,000	160.4	159.8R	136.8	155.4	136.0	+14.3	135.3	127.3

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX OF INDUSTRIAL PRODUCTION

(Base : 1956=100)

	1964								1963
	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Aug.
GENERAL INDEX :	174.3	172.2	173.8	167.2	162.3	171.7	174.9	..	162.9
Seasonally adjusted	176.8	167.9	175.6	165.0	162.0	167.2	178.7	..	165.2
Crude	182.5	168.7	177.7	173.1	164.9	163.3	165.8	..	172.3
Mining and Quarrying	173.2	159.0	168.3	164.3	155.9	154.7	157.0	..	163.3
Coal	171.6	163.1	170.7	169.2	166.2	161.9	174.5	..	160.5
Manufacturing	156.3	143.1	154.4	97.8	104.3	124.9	133.2	..	133.1
Food manufacturing Industries	286.8	287.9	363.7	336.3	327.3	331.6	326.8	..	238.9
Wheat flour	370.0	320.2	238.3	79.8	21.3	6.7	4.1	..	5.8
Sugar	21.2	18.1	19.4	64.3	107.5	157.5	205.3	204.6	214.6
Tea	48.0	120.3	207.7	300.0	363.8	380.0	62.7	..	57.8
Salt	178.8	168.4	162.1	169.0	159.3	170.0	181.5	174.8	153.2
Beverage and Tobacco—(Cigarettes)	129.0	122.4	131.2	126.0	120.3	123.4	135.7	..	119.3
Manufacture of Textiles	124.3	116.2	124.5	119.4	112.3	115.4	129.3	..	112.6
Spinning, weaving and finishing of cotton textiles	135.8	123.9	138.7	135.2	124.0	120.1	141.7	..	125.9
Cotton spinning	119.8	113.3	119.0	113.4	107.8	113.7	124.6	..	107.4
Weaving of cotton textiles	96.1	85.0	98.2	95.8	85.2	93.2	101.0	..	87.4
(a) Mill sector	184.2	189.9	175.5	161.2	169.1	169.1	188.5	..	161.8
(b) Decentralised sector	142.4	124.6	131.9	132.3	128.6	119.2	129.6	..	174.0
Spinning, weaving and finishing of woollen textiles	200.8	204.5	206.7	207.8	210.9	211.4	209.4	..	168.3
Spinning, weaving and finishing of textiles from silk and synthetic fibres	115.9	114.1	130.0	119.5	117.1	123.3	135.1	127.3	121.6
Spinning, weaving and finishing of jute manufactures	158.3	232.6	209.5	241.8	150.9	197.5	261.9	227.0	250.7
Manufacture of footwear, other wearing apparel and made up textile goods	214.2	180.0	183.9	197.8	197.0	191.2	218.5	220.3	197.6
Manufacture of wood and cork except manufacture of furniture	240.0	223.4	250.9	236.9	235.6	235.6†	235.6†	..	236.9
,, ,, paper and paper products	131.7	131.7	153.5	142.6	142.0	127.2	128.3	..	152.3
,, ,, leather and fur products	190.0	196.1	203.3	209.7	176.8	180.9	205.2	..	197.1
,, ,, Rubber products	212.0	203.0	214.3	216.4	208.4	219.9	236.3	..	233.2
,, ,, chemicals and chemical products	343.1	329.6	370.1	352.4	337.4	327.4	370.8	..	426.2
Basic industrial chemicals	409.2	361.2	420.8	386.0	385.8	362.9	406.7	..	251.9
Heavy organic chemicals	379.6	365.4	406.2	386.0	385.8	362.9	406.7	..	557.4
Heavy inorganic chemicals	562.5	566.8	624.6	641.6	568.7	570.7	598.7	..	517.6
Synthetic resins and plastics	129.1	153.2	171.9	162.7	183.8	186.9	192.6	159.0	134.7
Dyestuff	220.5	235.4	172.4	208.5	212.8	257.9	248.4	..	220.8
Manufacture of fertilisers	164.3	176.8	177.6	175.4	168.9	177.5	183.0	188.4	187.4
,, ,, paints, varnishes and lacquers	156.7	146.1	160.7	168.0	140.2	148.6	161.2	..	133.6
Soap	92.9	82.1	94.6	93.2	109.0	133.2	154.2	137.7	94.4
Manufacture of Matches*	220.2	203.8	225.8	198.7	225.6	213.1	196.8	..	200.3
,, ,, petroleum products	208.1	206.0	221.1	220.0	214.3	209.8	229.2	..	202.9
,, ,, non-metallic mineral products	209.3	200.1	210.8	203.7	201.2	210.1	208.5	..	204.6
,, ,, structural clay products	178.2	175.0	181.2	184.9	182.4	177.1	181.7	..	189.5
,, ,, glass and glass products	281.7	292.2	284.1	372.8	357.9	357.0	373.2	..	
,, ,, pottery, china and earthenware	189.3	193.5	207.1	193.3	189.2	175.4	203.1	179.6	175.6
,, ,, cement	269.8	249.2	265.8	248.2	252.6	240.6	260.2	..	264.4
Basic metal	282.3	258.8	276.6	255.5	265.0	249.3	281.4	..	272.7
Iron and steel basic industries	351.2	310.7	322.5	315.7	332.5	324.7	328.4	334.9	347.5
(a) Pig iron	319.2	313.4	341.1	298.3	320.5	287.6	322.2	318.4	315.1
(b) Finished steel	111.7	154.7	159.2	133.0	121.2	121.7	123.5	..	168.0
Copper smelting and rolling mill products	406.3	393.5	394.0	395.2	388.7	360.1	399.1	..	407.3
Aluminium manufacturing	220.7	182.5	174.8	192.2	155.7	186.8	192.7	..	205.4
Brass manufacture	201.2	218.6	228.1	224.1	197.1	214.7	244.5	..	209.4
Manufacture of metal products	159.3	148.9	167.0	173.6	147.7	132.2	212.4	..	143.9
,, ,, bolts, nuts, screws, nails, springs, chains, etc.	458.2	469.2	528.2	492.4	472.5	463.5	573.6	..	400.4
,, ,, hand tools and small tools	182.3	198.8	203.4	201.8	176.0	195.7	235.8	..	194.5
,, ,, metal products not elsewhere classified	392.5	389.8	417.2	357.9	373.6	411.8	437.8	..	378.9
,, ,, machinery, except electrical machines	410.3	369.9	424.6	422.1	365.7	355.4	442.7	..	386.1
,, ,, internal combustion engines	444.2	419.8	476.8	357.8	440.1	456.4	477.3	..	373.9
,, ,, industrial machinery	257.5	264.2	283.5	260.2	243.7	376.4	359.9	..	370.4
,, ,, commercial office and household machines	74.3	67.7	85.7	66.1	65.4	214.7	247.9	..	310.6
Sewing machines	249.4	256.6	272.8	264.1	244.6	278.4	301.9	..	235.9
Manufacture of electrical machinery, apparatus, appliances and supplies	413.7	293.0	338.4	317.2	348.0	309.7	328.6	..	247.9
Power transformers	295.3	317.4	342.8	338.8	306.7	377.9	377.9	..	305.7
Electric motors	286.7	290.6	319.6	323.4	314.8	344.8	344.8	..	242.0
Electric cables and wires	169.5	179.1	190.8	177.3	176.4	185.3	197.9	..	183.6
Batteries	281.9	264.8	277.8	290.6	259.6	282.8	296.8	269.7	267.2
Electric lamps	283.3	228.7	264.9	224.3	205.7	219.1	397.5	..	328.0
,, fans	220.2	242.7	286.7	216.1	271.2	331.5	351.3	..	285.9
Radio receivers	183.5	184.4	219.0	182.0	177.4	192.0	200.6	..	132.2
Manufacture of transport equipment	152.9	159.0	163.7	158.2	146.1	156.0	145.8	..	106.1
Railway wagons	199.4	192.0	258.8	176.0	184.2	203.5	222.7	206.5	131.5
Motor vehicles (automobiles)	406.1	492.5	648.2	588.2	629.1	683.2	665.9	758.3	431.3
Motor cycles and scooters	206.8	207.8	211.4	225.6	196.8	204.2	232.8	..	176.0
Bicycles (complete)									
Electricity, gas and steam : Electricity	290.8	280.7	292.4	290.6	295.6	302.0	305.4	..	263.9

* The production statistics relate to six 'A class' units only. Hence the index based on their production has been inflated by the ratio of production of all units in 1961 to production of six 'A class' units in that year.

† Due to non-availability of production data, May 1964 figures has been repeated.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1960=100)

	All-India	Bombay*	Ahmedabad†	Sholapur§	Kanpur	Nagpur	Calcutta	Madras	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Kanpur†
1960 Average	124	120	109	107	100	106	109	106	109	107	106	100	109	109
1961	126	121	102	103	101	101	101	106	107	113	105	101	111	108
1962 ,,	130	144	104	101	105	103	102	103	110	109	101	104	112	112
June ,,	134	146	107	106	109	103	112	110	122	117	110	104	115	112
July 1963	135	148	108	107	110	103	112	111	121	111	110	105	115	113
August ,,	135	148	108	107	111	104	113	111	122	111	110	105	115	113
September ,,	136	149	109	108	112	104	113	111	124	112	109	105	115	113
October ,,	137	149	109	108	112	104	113	111	124	112	109	105	115	113
November ,,	138	153	109	108	112	104	113	111	124	112	109	105	115	113
December ,,	138	154	110	108	112	104	113	111	124	112	109	105	115	113
January 1964	138	154	110	108	112	104	113	111	124	112	109	105	115	113
February ,,	139	154	110	108	112	104	113	111	124	112	109	105	115	113
March ,,	140	155	110	108	112	104	113	111	124	112	109

Notices

THE BARNAGORE JUTE FACTORY COMPANY LIMITED

(Incorporated in England with Limited Liability)

DIVIDENDS

THE FOLLOWING DIVIDENDS HAVE BEEN recommended in respect of the year ended 31st March, 1964, payable on the 9th December, 1964:—

(1) On the Preference Shares at 5 per cent (Five Shillings per share) less U.K. Income-tax of Seven Shillings and Nine Pence in the £ Sterling.

(2) On the Ordinary Shares at 30 per cent (£1-10s.-0d. per share) less U.K. Income-tax of Seven Shillings and Nine Pence in the £ Sterling.

Payment of any Dividend declared will be made only to those Members whose names are registered in the Books of the Company on 2nd December, 1964 or to their Mandatees.

Dividend Warrants to Members on the Calcutta Register will be made payable in Calcutta.

No applications for warrants will be necessary. Claims on behalf of holders of shares on blank transfer will not be entertained.

The Share Transfer Books will be closed from 19th November to 2nd December, 1964, both days inclusive.

By Order of the Board,
JARDINE HENDERSON, LIMITED,
C. EVANS,
Secretary,
Agents.

4, CLIVE ROW,
CALCUTTA-1, *19th October*, 1964.

THE MORARJEE GOCULDAS SPINNING AND WEAVING COMPANY LTD.

NOTICE IS HEREBY GIVEN THAT THE 93rd Annual General Meeting of the Company will be held at its Registered Office at Dr. Ambedkar Road, Parel, Bombay 12, on Friday, the 27th November 1964, at 4.30 p.m. (I.S.T.), to transact the following business:—

1. To consider and adopt the Directors' Report and Audited Statements of Accounts for the year ended 30th June 1964.
2. To declare a dividend on Preference and Equity shares.
3. To elect a Director in place of Shri Gopikisan Piramal who retires by rotation and being eligible, offers himself for re-appointment, and to consider and, if thought fit, to pass the following Resolution as a Special Resolution in respect of which a Special Notice as required by Section 261 of the Companies Act, 1956, has been received by the Company and is hereby given to the Members:—

"RESOLVED that Shri Gopikisan Piramal who retires by rotation and who is a Director and Member and hence an Associate of Piramal Sons Private Ltd., the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint an Ex-Officio Director to the Board) be and is hereby re-appointed a Director of the Company."

The reasons which make this Special Resolution necessary are fully set out in the Resolution itself and in para 1 of the Explanatory Statement annexed to this Notice.

To elect a Director in place of Shri Binod Kumar Kanoria, who retires by rotation and being eligible, offers himself for re-appointment and to consider, and if thought fit, to pass the following Resolution as a Special Resolution, in respect of which a Special Notice as required by Section 261 of the Companies Act, 1956, has been received by the Company and is hereby given to the Members:—

"RESOLVED that Shri Binod Kumar Kanoria, who retires by rotation and who is an Associate of Messrs. Piramal Sons Private Ltd., the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint an Ex-Officio Director to the Board) be and is hereby re-appointed a Director of the Company."

The reasons which make this Special Resolution necessary are fully set out in the Resolution itself and in para 2 of the Explanatory Statement annexed to this Notice.

5. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:—

"RESOLVED that the Company hereby approves of, adopts, ratifies and confirms all contracts entered into by and on behalf of the Company with the firm of Messrs. Banarsilal Nevatia & Co., an associate of Piramal Sons Private Ltd., the Managing Agents of the Company, in excess of the limit mentioned in respect of such contracts in the Special Resolution of the Company passed on 8th November, 1958, for the sale or supply by the Company to the said firm during the financial year ended on 30th June 1964 of goods manufactured by the Company."

6. To appoint Auditors for the current year and to fix their remuneration.

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

The Share Transfer Books of the Company will be closed from Monday, the 2nd November 1964 to Saturday, the 28th November 1964, both days inclusive.

By Order of the Board,
FOR PIRAMAL SONS PRIVATE LIMITED,
MOHANLAL PIRAMAL,
Director,
Agents.

BOMBAY,
Dated: 17th October 1964.

The Dividend, if sanctioned, will be payable from Monday, the 30th November 1964 to those shareholders whose names stand on the Registers of the Company on 31st October 1964.

Dividend Warrants will be posted in due course to the Registered addresses of the shareholders. Change of address, if any, should be notified without delay.

AN EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956, IS BEING POSTED ALONG WITH THE NOTICE TO ALL THE SHAREHOLDERS.

BANKING

(Concluded from page 766)

which is subsequently found not to correspond to export finance, a penal rate of interest may be charged by the banks.

The Committee is of the view that the cost of export credit at pre-shipment stage is not of the same significance as the rate for post-shipment finance. Moreover, as the amount of such finance will be considerably large, a substantial reduction in the rate of interest will have wider implications on the policy of credit control. It has, therefore, suggested a higher margin of 1½ per cent (exclusive of other charges, if any) over the Bank Rate. Thus, on the basis of the current Bank Rate, the maximum rate of interest will be 6½ per cent. But even this higher ceiling would result in a reduction of ½ per cent to the prime or first class borrowers and up to 2½ per cent to the second line borrowers.

Although long-term export finance has not yet assumed any significant importance, medium-term finance plays an important part in the non-traditional goods. As India is keen on fostering the exports of these goods at a fast rate, the fixation of maximum interest rates, both for post-shipment and pre-shipment medium-term credit, is necessary. In view of this consideration, the Committee has recommended a maximum margin of one per cent in case of post-shipment credit and 1½ per cent for pre-shipment credit over the rate at which refinance is provided by the I.D.B.—*irrespective of the fact whether or not financial institutions avail themselves of the refinance facilities.* On the basis of the current lending rate of I.D.B. at 4½ per cent, the maximum rate of interest charged by the banks will be 5½ per cent on medium-term post-shipment credit and 6 per cent on medium-term pre-shipment credit. These rates compare well with the rates prevailing in such countries as the U.S., the U.K., West Germany, France and Japan.

The next problem tackled by the Committee pertains to the scope of coverage, commodity-wise, of its suggestions. It is of the view that, though the problems facing exports of non-traditional items are somewhat different from those of traditional items, in the context of the changing pattern of India's exports in the competitive world market, a distinction between the two items would be artificial and arbitrary and will create many administrative difficulties. The Committee has, therefore, suggested that its recommendations regarding the reduction in the cost of credit should be applicable to the entire export sector.

These are all very commendable recommendations and if they are implemented fully, the exporters will have access to credit at 6-6½ per cent, which compares favourably with the rates for the domestic users of credit and those prevailing abroad. It is, perhaps, for the first time that a suitable scheme has been evolved to distinguish between domestic credit and preshipment export credit, and its adoption may make it difficult for borrowers to divert export credit to non-export sector. The success of the scheme will, however, depend on the availability of adequate refinance to the banks at Bank Rate. The Committee itself has pointed out that the mere fixation of the ceiling on the rates of interest for export credits may not be enough and that due consideration should be given to (*a*) the provision of adequate refinance facilities to banks, and (*b*) the maintenance of a reasonable spread between the cost at which a bank raises funds and its lending rates. It has suggested that the Reserve Bank may provide refinance to banks against the collateral of all usance export bills pertaining to post-shipment credits of short-term nature. Similarly, for medium-term credit, the I.D.B. is expected to provide the additional amount of refinance to the banks. As regards pre-shipment credit, only a partial coverage has been recommended and the Reserve Bank has been asked to formulate a scheme, analogous to that in operation in respect of advances to small-scale industries and co-operatives, until the quota system was abolished last month. This scheme, as readers are aware, provided an additional quota at concessional rate, not on the basis of banks' actual lending but on the basis of the increase in the banks' lending to the special sector. But, whereas, under this scheme, it was not incumbent on banks to pass on the benefit of the concessional rate to small-scale industries and co-operatives, the Committee has suggested that, under the proposed scheme for pre-shipment finance, banks are required to charge the exporters only at the stipulated ceiling rate.

Besides, the banks have been asked to provide export finance at ceiling rates, whether or not they obtain refinance facilities. Herein lies a difficulty. How are the banks to be compensated for the loss of profit they suffer by providing export credits at lower rates of interest? It is needless to add that, unless the banks have adequate incentive, they will fight shy of providing export credit which in turn will adversely affect India's export performance. One solution will be to permit the banks to increase their lending rates for non-export finance in order to meet the losses in export finance. The Committee has actually given a hint to this effect and asked the banks to determine whether any adjustment would be necessary in their rates of interest for non-export finance to recompense them for the loss of earnings resulting from the imposition of ceiling rate on export finance. But the lending rates for domestic credit in India are already high: a minimum of 7 per cent, an average of 7½ per cent and a maximum of as high as 9 per cent. These are some of the highest among both the developed and the developing countries. A further rise in these rates may not be a desirable proposition, as it may have adverse effects on the general economy of the country as a whole. Further, there may be practical difficulties in implementing a scheme of such differential rates. Again, the larger the difference between the rates of interest for export credits and those for other credits, the greater will be the disinclination among banks to finance exports. It would thus appear that the Committee has not done sufficient thinking on this particular problem. The simplest thing to do, perhaps, would be for the Reserve Bank and the I.D.B. to show special concessions to banks that provide export credit at concessional rates. They may, for instance, be given corresponding or a little more refinance facilities at or even below the Bank Rate. The success of the scheme outlined by the Chablani Committee hinges on the readiness of the Reserve Bank to extend such a concession to the banks

COMMERCE

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

VOL. CIX. No. 2794 BOMBAY, 7th NOVEMBER 1964 PRICE Rs. 2

Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

Contents

	PAGE
LEADING ARTICLES—	
Not A Realistic Approach	793
Towards More Efficient Planning ...	794
Toning Up Administration	794
MARKET GOSSIP	795
THIS WEEK'S SURVEY	798-800
SPECIAL FEATURES—	
American Letter	796
Anti-G.A.T.T. But Necessary	801
Manchester Letter	807
Business News from Europe	812-813
Whither Supersonic Aircraft?	814
Particle Boards Ltd.	826-831
CHAIRMAN'S SPEECH—	
Modi Spinning and Weaving Mills Co. Ltd.	815
MONEY AND BANKING	802
INSURANCE	804
TEXTILES	806
JUTE	808
SUGAR	810
ENGINEERING	816
NEW PRODUCTS AND PROCESSES	817
COMMERCE AND INDUSTRY	818, 820
COMPANY MATTERS	822
NEWS IN BRIEF AND PERSONAL	824
MISCELLANEOUS STATISTICAL INFORMATION	832
WEEK'S STOCK EXCHANGE TREND	832

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NOT A REALISTIC APPROACH

THE rise in prices and cost of living and the consequent suffering of the vast majority of people in the past have been, understandably enough, a source of grave concern to Prime Minister Lal Bahadur Shastri. He has been trying hard to stem the upward pressure and restore normalcy, though success is still eluding him. But it is rather unfortunate that he should have allowed the deterioration in price situation to warp his disposition towards the private sector as a whole. Mr. Shastri as an administrator has been known for his pragmatism. When he was in charge of railways and transport and commerce and industry, he used to take a practical view of development problems and never hesitated to put in cold storage solutions based on doctrinaire grounds. Much credit goes to him for getting postponed, almost *sine die*, the nationalisation of goods transport by road, for facilitating expansion of shipping in the private sector, and for allowing the private sector to take up certain industries (as, for instance, chemical fertilisers) that had been reserved for the public sector. Now the same Mr. Shastri says: "In the context of rising prices and the difficulties the common man has to face about basic consumer goods, it would be necessary to develop some of the consumer goods industries also in the public sector," *vide* his speech at the twenty-first meeting of the National Development Council at New Delhi on 27th October 1964. He is of the view that the Government should set up textile mills, sugar factories, and plants for the manufacture of cement, drugs and medicines. "It is only then," he feels, "that shortages experienced since recent months will not become chronic." Besides, "such industries," in his opinion, "will give us better profits and scope for larger employment." Another argument put forward by him in favour of his stand is that it would encourage healthy competition between the two sectors, with beneficial results for both.

The more one thinks of the rationale behind Mr. Shastri's latest advocacy the more one feels that it is chiefly the product of embittered feelings rather than of calm deliberation. One can hardly blame the private sector for the supply of consumer goods lagging behind demand or for the rise in their prices. The unsatisfactory state of affairs in this respect is largely the outcome of defective policies pursued by the Government itself during the past 15 years. The reasons given by Mr. Shastri are untenable, as we shall presently show. Nor has the performance of the public sector in the fields already dominated by it been perfect enough to warrant the assumption that, in the manufacture and distribution of basic consumer goods, it would fare better. In any case, the rise in the prices of manufactured goods pales into insignificance as compared with that in those of foodgrains. And much of whatever increase that has taken place is mainly due to factors beyond the control of manufacturers—increase in wages unaccompanied by any significant, let alone corresponding, increase in productivity, higher cost of raw materials, stores, transport, fuel and power, and monetary inflation, to mention only the crucial ones. It will thus be seen that, by and large, the manufacturers of consumer goods cannot be held responsible for the plight of consumers. There may be exceptions, but they do not provide enough ground for a change in the Government's policy in regard to sector-wise disposition of consumers goods industries. The contention that establishment of consumer goods industries in the public sector would give better employment opportunities and yield larger profit to the Government is the weakest. If the public sector employs more workers than the private sector usually does, it will surely earn less profit and pay less tax to the Government.

For a long time, the Government has been following a pricing policy which allows only a small margin of profit to manufacturers and places a premium on inefficiency. On top of it, the incidence of taxation has been pretty high. The result is that the more efficient manufacturers have suffered, a lot of uneconomic units has come into existence, the cost of production has become needlessly high, the supply has failed to keep pace with the demand, the quality of product has deteriorated and dissatisfaction among consumers has increased. In the earlier stages, the consumer paid a much lower price than he should have, while now he has to pay much higher prices than he need to, as the pricing and fiscal policies pursued have not been correct and far-sighted enough. What is more, the increase in prices in recent years appears to be so glaring as to have an adverse effect on the psychology of the people. Some of the worst victims (commodity-wise) of such defective economic policies are steel, cement, coal, fertilisers and paper. Expansion in the capacity of these industries has been handicapped by the reluctance of investors to put their savings in them. Those who did, have either burnt their fingers or find that they have missed the chances of earning more by investing in industries free from the difficulties mentioned here. The Government-owned companies could easily remain unaffected by these handicaps, for they have neither the limitations of finance nor the necessity to declare satisfactory dividends in order to attract the savings of the people. The private sector cannot afford to run a fertiliser factory as Sindri is being done nor a cement factory as is being operated by the U.P. Government. If it does, it will have to go into liquidation sooner or later. But it must be remembered that the losses suffered by the public sector units will ultimately be borne by the people through taxation and inflation.

The Prime Minister has specifically mentioned textiles, sugar and drugs as the industries in which the public sector should enter as a manufacturer. But these are also industries the end-products of which have been subject to Government controls. In sugar, the real difficulty is non-availability of enough sugarcane and the solution for it does not lie in establishing factories in the public sector. Further, as a matter of policy, the cooperative sector has been enjoying Government patronage for some years now and the stress is on this sector for the future too. Whether this sector can deliver the goods as efficiently as the private sector is still a debatable point. Besides, for all practical purposes, the sugar mills in the cooperative sector are as good as being in the public sector. So, where is the necessity for the State itself to establish sugar plants? Again, consumers have suffered more as a result of shortage of *gur* than of white sugar. The crux of the problem in this respect is the basic cause of consumers' difficulties. and utilisation of sugarcane are properly handled—this is primarily an issue of administrative drive and efficiency at the State level—consumers of sugar will have no problem, assuming, of course, that healthy expansion of sugar industry is not impeded by the intervention of State on ideological grounds.

The stunted growth, coupled with the slow pace of modernisation, of cotton mill industry is the basic cause of consumers' difficulties. Here, too, the Government is primarily responsible, for it is the ill-conceived policy of favouring the decentralised sector that has been the root of the trouble. The pity of it all is that even now there is no significant change of heart among the policy-makers. It

the Asoka Mehta Committee's recommendations pertaining to the mill sector were implemented as they are, the problem of clothing the people would be worse still five years hence than it is today. It would clearly mean disregarding the interests of consumers, for whom Mr. Shastri is now shedding tears. It would be pertinent to recall, in this connection, that Prof. Mahalanobis's policy for consumer goods, which was the sheet anchor for the second Plan and has been continued without any fundamental change in the third Plan, has miserably failed. It has not solved the problem of either the consumers or the rural unemployed. In any other country, free or communist, such a person would have been sacked, but, in this country, he continues to be a member of the Planning Commission. And what is more, the powers-that-be do not seem to be willing to learn from past mistakes. On the contrary, the consequences of these mistakes are used as arguments for extending the public sector to the large-scale manufacture of consumer goods. It would be a sheer waste of public money to do so. The private sector can and is very willing to expand the production of all essential consumer goods, including cement and drugs, provided the defects in the fiscal and pricing policies are eliminated.

TOWARDS MORE EFFICIENT PLANNING

IT is being increasingly recognised by some sections of the public that planning in India has become unrealistic in some ways, that the planning processes leave much to be desired from the technical point of view and that the planning machinery itself would have to be reorganised in a manner calculated to reinforce its technical competence. Slowly but surely the realisation also seems to be dawning on the authorities at Delhi that, if planning techniques are to be improved, the Planning Commission itself should be the first to be reorientated. This heartening trend in official thinking is clearly in evidence in the proposal announced by the Prime Minister, Mr. Lal Bahadur Shastri, at the meeting of the National Development Council last week. The proposal is to the effect that, in order to associate more technical experts with the preparation of the fourth Plan, an *ad hoc* body, consisting of scientists, engineers, economists and other experts, would be constituted to assist the Planning Commission on a part-time basis.

The new body, which will be called the "National Planning Council," is to have 15 to 20 members, with the Deputy Chairman of the Planning Commission as its Chairman. Mr. Shastri's idea here "is not to have yet another advisory body—or a body which will meet for a day or two at long intervals, look at some memoranda, offer its comments and disperse—but to get people (experts) to work on the Plan, spending a week to a fortnight in Delhi at a stretch and giving their best to our national effort." The consideration that has weighed with both the Prime Minister and the Planning Commission, in this connection, is that "the number of top-level experts in the country is limited and it would not be easy for them to give up the important tasks on which they are already engaged in order to work, on whole-time basis, on the formulation of our Plan."

As the Prime Minister is keen on having "a complete, self-contained and well-coordinated plan for industry and another one for agriculture, each closely bringing out the employment aspect," he seems to think(?) that, in the absence of top-level expertise and expert assistance, the Planning Commission, by itself, would not be in a position to meet his expectations.

All this, whether explicit or implicit, certainly reflects a fresh approach to planning. Whether it is sufficiently realistic and far-reaching cannot, however, be predicted with certainty, for what is proposed seems to be only in the nature of a cautious experiment confined to the preparation of the fourth Plan. There is no indication here that the decisions of the Planning Commission, with its full-time Members and Minister-Members, would necessarily conform to the findings and conclusions of the proposed expert body. And there is not even the certainty that the expert team of the National Planning Council would be clearly treated as a part of the collective body of the Planning Commission with its membership and high-level staff and its divisions and sections. It is not enough to be told that the National Planning Council is not being conceived as "yet another advisory body." The possibility of its becoming, in actual practice, a purely "advisory body," whose recommendations may or may not be accepted by the Planning Commission, cannot be ruled out. If it is true, as, indeed, it is in many cases, the Planning Commission, which was originally conceived as an expert advisory body, has become, in actual practice, either a "parallel-Cabinet" or a "super-Cabinet" or, perhaps, a "virtual department of the Government," the role of the proposed National Planning Council *vis-a-vis* the Planning Commission may well turn out to be just an advisory one.

Another possible inference is that the intention of the Prime Minister and the Planning Commission is merely to enlist, on some basis or other, the services of "top-level experts" in different fields for rendering technical assistance in the formulation of schemes and projects in the manner of U.N. or U.S.-A.I.D. technical experts, *but not in the integrated formulation and coordination of the diverse aspects of the Plan as a whole.* If the latter function is going to be discharged, as usual, only by the full-time and ministerial Members of the Planning Commission, there will be no question here of the Commission being made a compact and non-political expert body in conformity with the ideas of the Advisory Planning Board (1946). It will be recalled, incidentally, that this Board, under the chairmanship of Mr. K. C. Neogy, had envisaged a planning commission with five members—namely, a person of standing and experience in public affairs as Chairman, two non-officials having knowledge and experience of industry, agriculture or labour, a Government official having knowledge and experience of finance and a person eminent in the field of science and technology. In the context of present economic complexities, industrial advances and diverse technical problems, a possible compact body of the Advisory Planning Board's conception might have to consist of at least ten full-time members. And there should be no Minister-Members, too, in such a body. But all this is perhaps a case of looking too far ahead or contemplating the impossible in view of the present political set-up in the country. But the Government can do at least one simple thing. It can raise the competence of the Planning Commission by having more practical-minded people with industrial and technical background as full-time members in the place of some theoreticians who can render more useful service elsewhere.

TONING UP ADMINISTRATION

IT is just not enough if public administrators are, as they should be, like Cæsar's wife, above suspicion. They must also be efficient and alert. The need for a large number of such administrators is all the greater in a developing country like India, not merely for planning, execution and operation of development projects but for the very functioning of the economic system itself. Although this is an obvious prerequisite, the fact is that it is not being adequately met, nor are the prospects promising. While the administrative structure has grown in size enormously since the era of planning began in 1951, it has become slower and inefficient in its functioning, with the result that the implementation of projects, whether in the public or private sector, is being seriously hampered, leading to deferment of expected outputs. Even before the third Plan began (in April 1961), the Planning Commission had clearly stated that the administrative machinery had been strained and that, at many points in the structure, the available personnel were not adequate in quality and numbers. The position since then has worsened considerably. The public sector has not been successful in attracting adequate talent for discharging the growing responsibilities that are being entrusted to it by the powers-that-be. This conclusion is supported, among others, by the findings of a recent survey by the Union Public Service Commission. Although the survey is based on statistics for the six-year period from 1957 to 1962, the validity of its findings holds good with equal, if not greater, force today. Some of the relevant findings are:

> There has been a marked decline in the number of candidates appearing and qualifying at the Indian Administrative Service examinations. Thus, as against the 5,216 candidates appearing and 1,010 qualifying at the written examination in 1957, only 4,446 appeared and 434 qualified in 1962. The pass percentage of candidates has dropped from 19.4 to less than ten, 9.8 to be precise. The overall pass percentage among first divisioners has almost been stationary, and the performance of second and third class graduates has been deteriorating.

These figures impressively highlight a disturbing trend which must be corrected as soon as possible. The volume and complexity of administrative work have already increased to a significant extent and they will increase manifold in the next few years, with expansion in the range of Government's responsibilities, as well as in the tempo of development under the fourth Five-year Plan. Unless a concerted attempt is made here and now to make the administration much more action-oriented than has been the case all these years, the objectives and targets set in the fourth Plan will remain largely unfulfilled, thereby causing deep frustration among the people who it is that will continue to make a heavy sacrifice for the sake of development. Viewed thus, it is, indeed, gratifying to find that Mr. Lal Bahadur Shastri, Prime Minister, is seeking to bring a new approach to the problem of administration. Inaugurating the twenty-first meeting of the National Development Council at New Delhi on 27th October, Mr. Shastri declared that the toning up of administration "is essential, whether we think of our short-term problems or of our long-term problems, of agriculture or of industry." Without better administration, he warned, control over prices, a more equitable distribution of available supplies and all the other things needed to impart stability to the economy *would be impossible.* And again, it was only through better administration, he added, that the public sector projects could be completed with speed and the private sector, too, could discharge its responsibilities in the way that it should.

Mr. Shastri did not merely admit the deficiency in administration and urge the need for improvement. He also indicated the broad lines on which such an improvement could be brought about. His one specific suggestion pertains to co-ordination at district level. In his opinion, the State Governments should restore to the district officer, that is, the Collector or the Deputy Commissioner, the status of a co-ordinator of all Governmental activities in the district and confer upon him the responsibility for guiding all the efforts undertaken on behalf of Government, Central or State. Closely allied to this suggestion is Mr. Shastri's plea for splitting up the larger districts into more compact administrative units, even if such splitting means additional expenditure "which will be well worthwhile."

There is much to commend in the suggestion of Mr. Shastri. It is certainly a realistic and practical one. But co-ordination at district level alone is not sufficient; similar co-ordination must be ensured at all other Central and State levels, too. Such coordination, if it is to be effective, presupposes adequate availability of officers with the requisite training and experience. This is a task to which the Governments will have to address themselves in right earnest from now alone, since it would be clearly impossible to train all the men required in a short span of time. Simultaneously, no efforts should be spared to make the higher posts in public services as attractive as possible. It is necessary to mention this point, because Government service is no longer remunerative enough, let alone the loss of prestige and charm it once enjoyed. Talented young men generally prefer private institutions to State service due to three important reasons. In the first place, the jobs in the private sector are highly remunerative and the conditions of service more congenial. Any person who is competent enough to pass the I.A.S. examination can always expect to get a much higher salary, besides several other perquisites, than what he would get if he were to join I.A.S. service, the salaries in which have more or less remained static. Secondly, a Government officer does not enjoy that amount of freedom which his counterpart in the private sector does. Thanks to bureaucratic rules and procedures, decision-taking is a rather laborious process in Government departments. And, finally, in any service in the public sector, unlike in the private sector institutions, one has to work under the constant fear of being subjected to allegations of corruption and nepotism. This is one of the consequences of excessive controls and the tendency on the part of politicians to influence and interfere with the work of officials at all levels, more particularly at district levels. If Mr. Shastri is really earnest about the efficient, successful implementation of development programmes and the proper enforcement of the needed economic controls, he will do well to initiate appropriate action designed to eliminate all these shortcomings in public service. Never before was the need for such action so urgent as it is today.

MARKET GOSSIP

Room For Optimism

THE gloom in the international scene caused by the forced retirement of Mr. Khrushchev and the Communist China's loud display of the possession of nuclear bomb is gradually fading. The new leaders in Kremlin have reiterated their faith in peaceful co-existence and have assured India through Mrs. Indira Gandhi that there would be no change in Russia's policy in regard to either economic or defence aid. The counsel given by some observers in this country that India should not rely on the new Russian Government reflects their ignorance of the changing world and blind opposition to Russia based on ideological grounds. Indeed, it would not be wrong to dub them as the Indian counterpart of Mr. Goldwater in the U.S. There is really no point in rubbing the new Russian Government on the wrong side. We should take its assurances in good faith, until there is proof to the contrary. It is even possible that the new regime in Russia may help India in getting a peaceful solution of its border conflicts with China.

Mr. Lyndon B. Johnson's landslide victory over the reactionary Senator Barry Goldwater in the U.S. presidential election, coupled with the success of the Democratic Party in improving its majority in both the Houses of the Congress, is also a welcome development that should help to lift the gloom that descended on the world a fortnight ago. It is a good augury for peace in this troubled world and the policy of peaceful co-existence between communism and democracy has a better chance of success. For India, in particular, Mr. Johnson's victory is a heartening event for a variety of reasons. It can rest assured of both defence and economic aid. With Mr. Johnson as the head of the U.S. and Mr. Harold Wilson as that of Britain, India's Plans for economic development might be appreciated better in these two countries and through their influence by other developed countries also. If the Government of India follows realistic economic policies and the people remain united, India's economic progress in the coming years could be speedier than it appeared to be a few days ago.

The State Of Capital Market

There is, as Mr. J. R. D. Tata (Chairman, Investment Corporation of India Ltd.) has just said in his statement to the shareholders of the Company, much in the Indian economy which is basically sound and on which progress and prosperity can be built. As he sees the general economic situation, industries, by and large, are doing well sectors; exports have risen to a higher level; the and growing apace in both the public and private imperative need of increasing agricultural production is now fully recognised by the Government and the Planning Commission; and the L.I.C., other Government-sponsored financial institutions and the potentially powerful Unit Trust have done everything that could be expected of them to support a sagging and dispirited share market. But on one point, namely, the basic health of the financial markets, Mr. Tata has expressed, rightly in our opinion, some strong reservations.

The root causes of the continuing depression —continuing in spite of "pump priming" by the L.I.C. and other Government-sponsored institutions—lie, according to Mr. Tata, in the fiscal policies and measures enacted under the last two budgets. The overall impact of old and new taxes, coupled with the erosion of savings by inflation, has brought about inertia on the Stock Exchanges and other arms of the capital market. The rising costs of living, the rising production costs in industry and the additional burden of taxation leave little room for individual and corporate savings. This is shown by the slowing rate of growth in bank deposits, the drying up of the individual's incentive and capacity to save and the poor public response to a majority of new capital issues during the last few months. Mr. Tata has referred, in this connection, to the depressing fact that, in the new capital issues market, the overall market value of 196 initial capital issues, made in the period between January 1960 and September 1964, is today below their paid-up value and that, out of these 196 scrips, as many as 139, or 70 per cent, are quoted at or below par. It is a dismal commentary on the situation that the underwriting institutions have had to take up the bulk (as much as 90 per cent in several cases) of underwritten issues. It is also an equally depressing fact that foreign capital has generally shied away from supporting equity investment in Indian industry in spite of the concessions offered for such investment. And conditions in the markets for old existing issues have been no better, for the index of variable dividend industrial securities, which stood at 174.3 in February 1964, stands now at about 165.

The remedies suggested by Mr. Tata are unexceptionable. As the capital gains tax on bonus issues and the new tax on dividends, in particular, have contributed largely to the breakdown in investment morale and activity, their continuation will have no justification. If the fiscal policies, which have provided a further stimulus to the black money market and driven a considerable part of the country's trade underground in a frantic attempt to escape from the excessive burden of taxation, are suitably modified, there will be a return of confidence. Mr. Tata favours, at the same time, powerful deterrents against tax evasion. As the question of monopolies and concentration of economic power is also relevant in the context of fiscal policies, Mr. Tata has done well to say what he has said:

> "In recent months, and more particularly with the appointment of the Monopolies Inquiry Commission, much has been said about the alleged concentration of economic power and the growth of monopolies, through the expansion of the activities of large industrial houses like Tatas. I welcome the appointment of this high-power Commission as a timely move on the part of the Government for making of a comprehensive study and examination of the whole subject of monopolies. A considerable degree of misconception prevails on the existence and operation of monopolies. It behoves all industrial interests, therefore, to provide the Commission with all the information at their disposal to enable the Commission to carry out its functions and duties."

Readers will recall that this was precisely the stand this journal took when the appointment of the Commission was announced. It is gratifying to find that it has been endorsed by one of India's top-ranking, enlightened industrialists.

"Moorat" Trading

This year's *moorat* trading on the Stock Exchange was amongst the dullest in history. A mood of despondency pervaded the markets and transactions on New Year's Day were mostly of a formal nature. Brokers were heard to remark that the volume of business was hardly more than one-fourth of a normal *moorat* day. Institutional buyers such as the Life Insurance Corporation and the Unit Trust were active buyers, but that was about all.

In view of the fact that the market had been declining right from 2nd September, quotations on the *moorat* day (Tuesday, 3rd November) were not significant by themselves. But a passing mention might be made. Century was quoted at Rs. 599.50 on Tuesday, against Rs. 618.50 this day last year and Bombay Dyeing at Rs. 58.50, against Rs. 63.40. Last *Diwali*, Standard was mentioned at Rs. 681 but this time it was just around Rs. 608 while National Rayon was quoted at Rs. 357, against Rs. 381.50 last year and Rs. 432 the year before last. Scindia which had moved up from Rs. 11.88 in 1962 to Rs. 13.69 last year, stood at Rs. 15.68 on the 1964 *moorat* day.

Market circles take a pessimistic view of the future, though it has not given up hopes of the Government doing something to help the market rise from the rut of despondency into which it has fallen. One has to wait and see till the Budget is presented at the end of February next.

Unlike the stock exchange, the trend in cotton futures was firm though the turnover, estimated at 10,000 bales, was very much below that of last year. Jarilla March was bid up to Rs. 747.50, though at the close it reacted to Rs. 746.25. The slightly upward trend in cotton has been induced by the recent untimely rains in some of the cotton tracts and the feeling that imports might not be as easy as they had been in the past.

Groundnuts were the only active section in oilseeds, but the volume of trading was rather small. Support at higher levels seemed to be absent, but knowledgeable sources say that the chances are for the market to look up. Time was when groundnut oil was fetching Rs. 3,400 a tonne, whereas today the price is hardly around Rs. 2,000. The fall has been steep enough. Castor has no trend of its own and so is linseed. Cottonseed is firm evidently in sympathy with cotton, but it remains to be seen whether the current firmness will be sustained.

In bullion, silver maintained a firm tone, though the turnover was hardly around 25 to 30 bars as compared with 100 bars on the *moorat* day of last year. Silver 996 improved by Rs. 2 to Rs. 260. Gold was listless. Gold 14-carat was steady at Rs. 67 but pure gold was quiet at Rs. 111. Market men think that bullion prices will remain firm and that the current year might see higher levels.

The yarn market was absolutely dull on *moorat* day. Staple fibre yarn futures remained unchanged at the opening level of Rs. 850.25 and the turnover was about 20 bales—much below the daily average of 40 to 50 bales. Cloth was an exception to the general rule and a turnover of about 125,000 bales of cotton cloth was reported, though this was confined to uncontrolled varieties. The trend of prices was slightly better. Business in controlled varieties was very little due to lack of stocks.

Indian Investment Centre

The formal inauguration of the second overseas office of the Indian Investment Centre on the 30th October 1964 at Dusseldorf (West Germany), which is one of the most important business centres of the Continent, is a landmark in the brief but impressive history of the Centre. The Centre, it will be recalled, was established three years ago for the purpose of providing authoritative information to Indian and prospective foreign investors on economic conditions, laws, procedure and specific opportunities relating to foreign investment in India. It also functions as a liaison body between the Indian and foreign enterprises, helping them to find suitable partners for joint ventures and formulate terms of participation in the light of official policies. Through its headquarters at Delhi, overseas office at New York and with the help of diplomatic and commercial accreditations abroad, the Centre has been trying to serve its objectives. But the need for an office at a central place on the Continent was felt from actual experience. Thus, in the course of examining a large number of proposals received from European countries during the last three years, it was noticed that many of the firms making enquiries did not appear to have sufficient knowledge of the economic climate and investment conditions in India or of the potentialities for profitable business.

India's earnestness about securing foreign private investment was appreciated by the State Secretary of Federal Ministry of Economics in West Germany, Dr. Langer, who inaugurated the Dusseldorf office of the Investment Centre. He stated that the Centre constituted "a seriously meant invitation by India to European investor" and its establishment clearly manifested the Indian Government's great interest in foreign private investment. Dr. Langer listed three points which he thought had led to an improvement in the climate for private investment in India: (1) remarkable growth in infrastructure facilities; (2) liberalisation in the import of raw materials, semi-manufactured goods and spare parts; and (3) conclusion of investment guarantee agreement between West Germany and India.

Welcoming the guests on the occasion, Mr. G. L. Mehta, Chairman of the Centre, gave a lucid account of the objectives of Indian planning, testified to the considerable role given to the private sector in the projects for the economic development of the country, mentioned the fact that the Government has given fair, and in some cases even generous, compensation to private investors in the event of nationalisation, and pointed out that there had been no single case of discrimination between an Indian and a non-Indian concern since independence. He, of course, took care to add: "No doubt, the fiscal and monetary and industrial policies of the Government are subjects of criticism by foreign entrepreneurs even as they are by our own industrialists. But in India, a public debate on the various issues involved has become a recognised process in governmental decisions." Proceeding, he explained the rationale for control on capital issues and foreign collaboration agreements thus: "Government offers all facilities for remittance of interest, dividends and profits as well as repatriation of capital and this, indeed, is one of the first charges on our foreign exchange budget. We have an enviable record in meeting our foreign obligations, governmental or private. Indeed, this very fact makes it necessary that private investments from abroad are channelled into more essential industries which assist exports or substitute for imports rather than satisfy the demand for luxuries."

The European office of the Investment Centre at Dusseldrof is being managed by Mr. N. G. Swami, the Resident Director. Mr. Swami knows Germany intimately, having been there for 15 years. He has already received a number of offers and the chances of the Dusseldorf office doing useful work are promising.

During the three years of its existence, the Investment Centre has received nearly one thousand enquiries from overseas industrialists (U.S.A. 400; Europe 250; U.K. 150; Japan, Canada and Australia 100; and other countries 100) many of which sought to establish joint ventures in association with suitable Indian parties. The Centre has been instrumental in promoting 74 joint ventures between Indian and overseas enterprises. Of these, 50 involve financial and technical collaboration and 24 only technical collaboration.

Baker Perkins Group

Although the flow of foreign private investment into India has been falling behind expectations, it is encouraging to find that foreign investors continue to explore the possibilities. Not a week passes without the visit of foreign businessmen to this country, either in groups or individually. They come from all parts of the free world. Among the British firms that are currently studying the prospects of entering or expanding the field of manufacture are the Baker Perkins Group of companies. Mr. A. I. Baker, President of the Group, visited this country a few days ago. Mr. Baker, an engineer and expert in business administration, became the Chairman of the Group in 1944. He is the President of the Bakery Equipment Manufacturers' Society in Britain and a member of the Engineering Advisory Council of the Board of Trade. He is said to have returned to the U.K. impressed with the good scope that exists in this country for expanding the manufacturing activities of his Group. It may be mentioned here that one of his lines, namely, the manufacture of bread and biscuit-making machines, is already being done in Bombay by the Brady Engineering Company Ltd.

More On British Surcharge

As a sequel to the reactions against the imposition of 15 per cent surcharge on British imports, the Labour Government has decided to launch an all-out diplomatic offensive and is reported to have asked British diplomats to give publicity to three main points, in particular, in order to smooth over the international storm. The three points are: (a) that the surcharge is purely temporary to tide over the balance of payments difficulties, (b) that it is a 'blanket' measure and is non-discriminatory, and (c) that it will strengthen the British economy, a result which is in the interest of the Western alliance and the Commonwealth countries. Sir Paul Gore-Booth, the British High Commissioner in India, talking to journalists in Bombay on 29th October 1964, stressed these points and said that the surcharge was a "simple, quick and non-discriminatory" measure, had the merit of "universality and simplicity" and hence the absence of any favourable treatment to the imports from underdeveloped countries.

The British Government has rejected the suggestion for a time limit for the surcharge. Speaking on this point last week, Mr. James Callaghan, Chancellor of the Exchequer, said: "This action on imports is short-term. We have said this and we mean it; and although I cannot put a time limit on it as yet, I can say that it will be modi-

(*Continued on page* 832)

AMERICAN LETTER

PROTECTIONIST PRESSURE STRONG

SENATOR JAVITS' ADMONITION

By N. Pattabhi Raman

NEW YORK, 31*st October*

"When the Trade Expansion Act was enacted in 1962, the event was hailed as one of the most celebrated achievements of President Kennedy's administration and as the dawn of a new era of elightened and liberalised trade policy. But, in one of the classic ironies of the legislative process, the actions of Congress and this Administration since then have represented a retreat from that landmark legislation and have begun to place this Nation once again on the path of protectionism.... It is time to ring the bell loudly and to issue a strong warning now as to the consequences of pursuing such a policy."

SOUNDING the tocsin with these words was Senator Jacob Javits of New York, a liberal Republican. Javits' admonition, voiced recently on the floor of the Senate, came none too early. During its last session, Congress nibbled away at the foundations of the U.S. foreign economic policy, while the Administration chose to remain passive. It considered eight protectionist measures. Five of these Bills passed the House of Representatives; four passed both the House and the Senate; and three of them were signed into law by the President.

One of the three approved measures established a standby mandatory quota on beef imports, even though the imports were, by every objective test, found to be not more than a minor cause of a weak market situation. U.S. meat imports have been mostly of manufacturing quality required for processed meats important to low-income families; yet, domestic cattlemen, whose business miscalculations resulted in oversupply and falling prices, lighted the fires of political pressures to restrict imports. Responding to these pressures, Congress voted the standby quota. No less a person than Mike Mansfield, leader of the Democratic Party in the Senate, sponsored the restrictive measure. As in the other two successful examples of protectionist encroachment on a liberal trade policy this year, the Senator from the cattle State of Montana secured majority approval of the measure by tacking it on as a rider to an important Bill that could not be voted down.

Congress also strengthened some Buy American provisions. It sought, too, to restrict imports of timber from Canada through technical regulations governing marking of imported items as to their origin. It approved an interest equalisation tax, which is a tax on U.S. exports of portfolio capital. And it refused to approve legislation that would enable the implementation of the International Coffee Agreement of which the U.S. is a signatory. Outside Congress, the tendency towards economic parochialism was evident in the recent "dumping" decisions of the Tariff Commission and the rising harassment of importers under the Anti-Dumping Act.

These actions have helped to make the protectionists more strident than ever in their demands. The success of the cattlemen in obtaining a standby quota against beef imports has rekindled pressures for quotas on imports of shoes and woollen textiles. There is increasing talk about further restrictions on imports of lead and zinc.

Protectionist pressure is also strong in seeking to enlarge the list of "exceptions" to the Kennedy Round of G.A.T.T. negotiations. The Trade Expansion Act would allow a 50 per cent across-the-board reduction in tariffs, but would also allow some "exceptions" to this rule. A report of the Committee for Economic Development, a business-supported research organisation, observed recently: "We do not believe that tariff disparities constitute a strong reason for departing from the general rule of equal across-the-board tariff cuts.... Our recommendation is that exceptions from the general equilinear rule on disparities grounds, like other exceptions, should be kept to a minimum and should be justified, case by case, with a showing of serious consequences." Yet, many segments of American business have begun exercising strong pressure for being included in the list of exceptions.

A major reason why protectionist groups have seemingly gained strength and support is that this is an election year. Members of Congress seeking re-election and those newly seeking election to the House or the Senate, have either been unable or unwilling to resist protectionist pressures, while some have thought it to be worthwhile to support them actively. Those always holding protectionist views have thus had welcome company.

The forthcoming elections (this despatch was prepared just before the elections to reach the current issue of *Commerce* in time—ED.) have apparently affected the public attitude of the Administration also. Administration officials seem to believe that the trade policies of the U.S. will be straightened out after the elections. In the meantime, the Administration has shown no inclination to antagonise domestic groups by actively opposing their demands. This has called into question the credibility of its purported support of trade liberalisation. Commenting on this aspect, Senator Javits observed in a speech in Congress:

"When the Administration does not insist on adherence to Trade Expansion Act criteria, it encourages protectionism in, and out of, Congress. By failing to insist on adherence to the machinery created by the Trade Expansion Act in the resolution of problems arising from import competition, the Administration encourages industry to seek solutions through political means which undermine vital national interests."

Accenting positive solutions, Javits declared:

"I submit that the lasting solution to import competition lies in increasing the efficiency and productivity of the American economy. It is the job of the Federal Government to encourage the growth of the more efficient and competitive elements of this economy through such measures as tax incentives, the reciprocal reduction of trade barriers, revision of anti-trust laws, manpower training, aid to higher education, encouragement to labour mobility, and export promotion. Much of our economy is highly competitive. A smaller segment is not able to compete against more efficient domestic or foreign competitors. In the Trade Expansion Act of 1963, Congress recognised the existence of national responsibility, should injury to domestic workers or businesses result from tariff cuts, and authorised the President to raise tariffs, negotiate an international quota system, or provide Federal assistance to those injured, or a combination of tariff or quota relief and Federal assistance. These, plus the national security exemption, are the means to use—not political protectionism by special discrimination in favour of one economic bloc or another... the balance of payments problem can be solved only by making internal adjustments, here and abroad, that will enable national economies to accept each other's goods. A liberal trade policy lies at the very heart of the solution to the problem."

The view that the distortions of the liberal trade policy can be straightened out after the elections on 3rd November is based on the belief that President Lyndon Johnson will be given a new lease to occupy the White House for at least four more years. All indications are that Mr. Johnson will indeed win the election, defeating Senator Barry Goldwater.

The defeat of Barry Goldwater is important to America and the world for many reasons; not the least among them is that, if Goldwater triumphs in the national poll, America would most certainly turn its back on a world seeking to liberalise its trade. Considering that Goldwater has frequently proclaimed that he is in favour of *less* government and that his chief economic adviser, Prof. Milton Friedman of the University of Chicago, has gone on record in favour of abolishing tariffs and all restraints on free trade, this may sound paradoxical. But an analysis of Goldwater's Senate voting record—and the Republican Party's election platform or manifesto—shows this danger to be very real.

Ever since he entered the U.S. Senate in 1953, Barry Goldwater has consistently voted against measures designed to liberalise international trade. Responding to Senate roll-calls on foreign trade issues, 13 out of 14 times he cast votes unfavourable to trade expansion. The only time he voted in favour was when he joined the majority in approving the Trade Agreements Act in 1955; this he did after he had previously supported unsuccessful efforts to add restrictive amendments to the Bill.

In his stand against trade liberalisation, Goldwater frequently parted company with the majority of his own party. Thus, for example, in 1962 he was one of the only seven Republican Senators who voted against the final passage of the Trade Expansion Act.

The Republican Party has traditionally supported the bipartisan policy of trade liberalisation. But, under Goldwater's influence, the party's election manifesto this year has embraced a view that would restrict rather than expand international trade. The party platform has pledged... "a determined drive, through tough, realistic negotiations, to remove the many discriminatory and restrictive trade practices of *foreign nations*", and coupled it with a pledge to secure... "meaningful safeguards against irreparable injuries to any domestic industries by disruptive surges of imports, such as in the case of beef and other meat products, textiles, oils, glass, coal, timber and steel...." The Republican Party's election manifesto thus encourages specific pressure groups to expect protection. Incidentally, except in the case of glass, none of these industries has been prepared to substantiate its claim for protection under established rules and regulations.

In contrast, President Johnson's record in the Senate shows him to be in favour of trade liberalisation. From 1949 through 1958, he voted consistently in favour of freer trade. In fact, as Senate Majority Leader, he actively promoted legislation designed to loosen the grip of protectionism and expand commerce between the United States and the rest of the non-communist world. As Vice-President, he cast no votes in the 1962 legislative battle over the Trade Expansion Act, but he spoke frequently in favour of the trade expansion policies of the Kennedy Administration.

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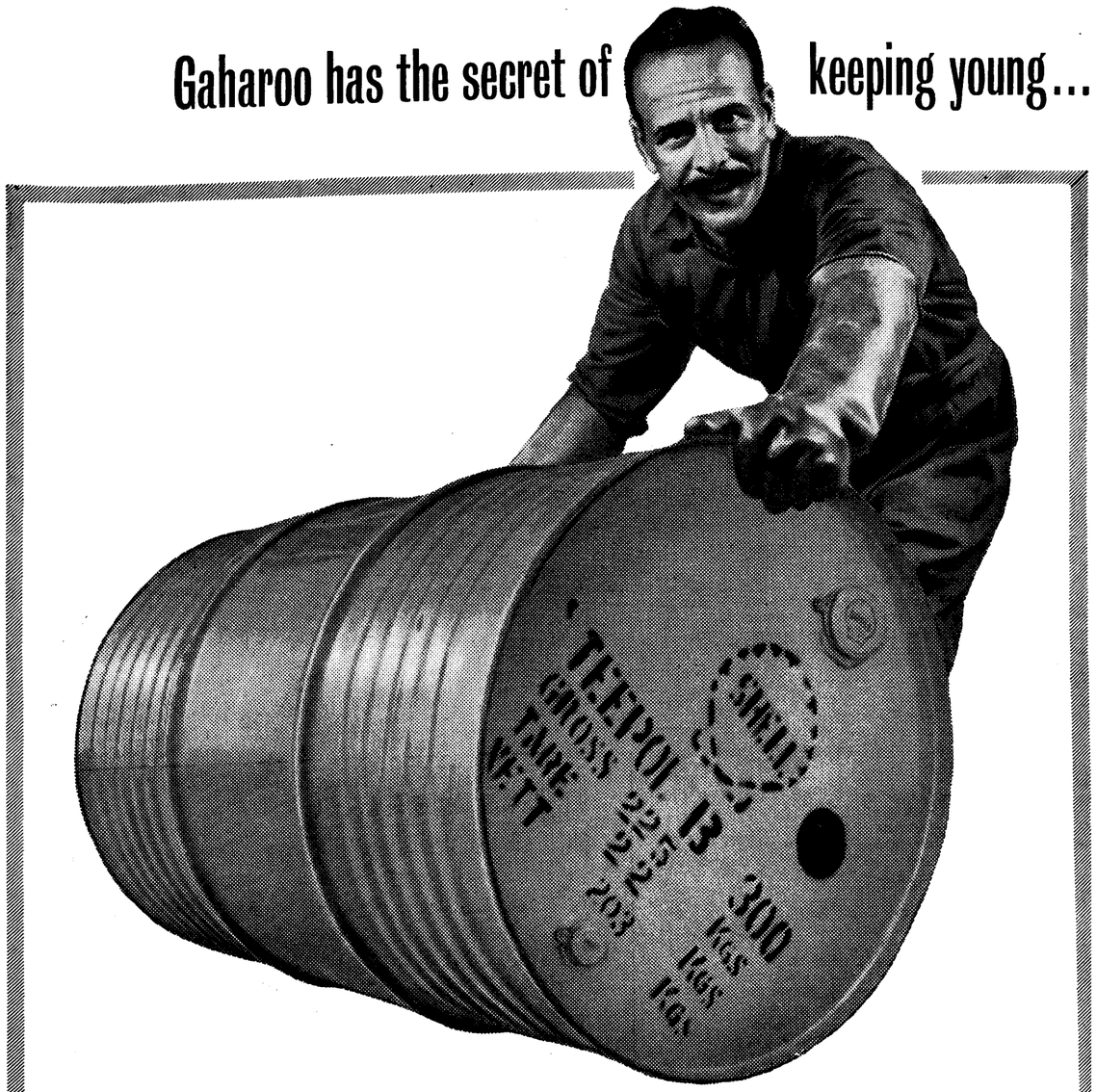

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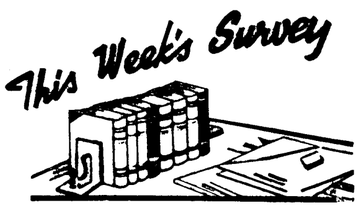

SEVENTEENTH AMENDMENT

THE Constitution (Seventeenth Amendment) Act 1964, extending the meaning of the word "estate" to include grants of land, land held under *ryotwari* settlement and certain other categories of land, was declared constitutionally valid in a Supreme Court judgment on 30th October. The judgment was a sequel to a batch of writ petitions which challenged the validity of the Amendment on the principal grounds that (i) it curtailed certain fundamental rights, (ii) the power to amend the Constitution did not include the power to take away the fundamental right of the citizen to challenge the validity of Acts saved by the Seventeenth Amendment, (iii) the effect of curtailing these fundamental rights was to amend Article 226 of the Constitution by restricting the scope of jurisdiction which had been given to High Courts under that article and (iv) the Seventeenth Amendment Bill, as passed by Parliament, required for its valid enactment the ratification of not less than one half of State Legislatures before it was presented to the President for his assent.

In rejecting these and other contentions, the Supreme Court observed that the expression "amendment of the Constitution" plainly and unambiguously meant amendment of all provisions of the Constitution, including those relating to fundamental rights, that legislative power to make laws in respect of areas entrusted to the legislative jurisdiction of legislatures could be exercised both prospectively and retrospectively, that the Seventeenth Amendment was enacted to assist the State Legislatures to give effect to the economic policy and the agrarian reform in which the party in power believed and that, therefore, the effect of the Amendment on the area over which the High Court's powers prescribed by Article 226 would operate was incidental and, in the present case, could be described as insignificant.

Now that the Supreme Court has upheld the Seventeenth Amendment, ceilings on *ryotwari* land holdings and acquisitions of such lands cannot be undone, except, possibly, by a different political majority or through a change of heart on the part of the Congress Party itself. The possibility of a left-wing majority taking advantage of the Amendment to introduce even more radical measures of land reform cannot also be ruled out. As long as the present ruling party continues to have the parliamentary majority, it may be that it would be content with its achievement of reducing the present and future inequalities in land ownership. But, whether it would take advantage of the Amendment to deny fair market value compensation in some cases is the question. For instance, the proviso added by the Seventeenth Amendment to clause (1) of Article 31-A of the Constitution would not permit the payment of market-value compensation to lands under acquisition other than personally-cultivated ones within the prescribed ceiling limits. What this journal said on this crucial question of compensation, while commenting on the Seventeenth Amendment in its issue of 6th June 1964, may be usefully repeated here:

"Two crucial questions arise from this proviso. First, if any land within the ceiling limit is under tentant-cultivation and if any portion of that land is acquired by the State, would it not be equitable to pay compensation for such acquisition at market value? Secondly, if personally-cultivated land alone within the ceiling limit is made eligible for compensation on the basis of market value presumably on the ground that the landholders concerned are smallholders, does it not constitute discrimination in favour of one set of landholders and against another set of landholders from whom lands above the ceiling limit are acquired? After all, all of them are owners of identical landed property. Further, what crime have investors in agricultural land committed to deserve such expropriatory punishment from which investors in urban property and in shares and stocks are free?

"Equity demands that the acceptance of the principle of market value compensation for personally-cultivated land within the ceiling limit should be extended to all lands acquired under land reform legislation. After all, thanks to widespread documentary dispersal of bigger landholdings over the last seven or eight years, the surplus lands above the ceiling limits fixed in different States may aggregate, at the most, two million acres only in the entire country. Payment of market-value compensation for this relatively small quantity of land would present no insuperable difficulty. What is more, uniform application of this principle of market-value compensation to all lands acquired under the Land Reform Acts would severely discourage any future attempt by a State Government to reduce the ceiling limits to ridiculously low levels."

The above arguments and pleas are generally applicable to all the States which have enacted land ceilings legislation. Specifically, here in Maharashtra, there is the additional need for exempting the efficiently-managed and integrated sugar factory farms from the purview of ceilings legislation in line with what most other States have wisely done.

PLANTATION LABOUR

The Industrial Committee on Plantations met at New Delhi on Friday last week after a gap of full three years. This gap is certainly regrettable considering the vital functions assigned to the Committee when it was appointed some years ago. The Committee is one of the oldest of industrial committees (and one of the most effective too), has a long record of good work to its credit, and, more than anything else, its deliberations have had the effect of bringing the parties together and promoting harmony of relations even when their views seemed difficult to reconcile. All this was clearly acknowledged by Mr. D. Sanjivayya, Union Minister for Labour and Employment, himself when he addressed the eleventh session of the Committee held at New Delhi on Friday last week.

Never before was the need for the Committee to maintain harmony of relations in the plantation industry so pressing as it is today. Higher production of plantation crops is urgently required to meet the expanding domestic requirements and to earn the badly needed foreign exchange through exports. Tea is India's second largest earner of foreign exchange: about Rs. 130 crores a year. Coffee also fetches a foreign exchange of Rs. 8 crores annually. Mr. Sanjiviyya was, therefore, quite right when he said that higher production of plantation crops, especially tea and coffee, had "a significant bearing on the entire economy."

An important item on the agenda before the meeting pertained to workers' housing. It was revealed during the discussions that only about 53 per cent of the houses covered under the programme launched a decade ago has actually been completed. This slow progress is not surprising, in view of the several difficulties confronting the plantation industry, especially inadequacy of funds and low profit margin. Fully appreciating the difficulties, the Working Group on plantations has recommended substantial financial assistance to planters for completing the housing programme and liberalisation of conditions of security to be furnished against loans. The Government of India will do well to accept these recommendations. In fact, it looks as though such acceptance is a foregone conclusion, as witness the remarks of Mr. Sanjivayya that, "if these recommendations are accepted, it would be easier for all to go ahead with the housing programmes."

The amendment of the Tea District Emigrant Labour Act also came up for consideration at the meeting. This subject, it will be recalled, was discussed at one of the earlier sessions and it was then thought that, since local labour was available in plenty, it might not be necessary to retain the Act any longer. The position now, however, seems to be different. Alluding to this subject, Mr. Sanjivayya said:

"For one thing, local labour is not sufficiently mobile and, for another, illicit recruitment is being resorted to on a rather large scale. With the higher targets of production likely to be set in the future Plans, about 60,000 new workers may have to be recruited every year. This would mean the retention of the Act, as well as the Organisation of the Controller of Emigrant Labour. But

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the retention of the Act in the same form may not be possible. The constitutional validity of some of the provisions has been questioned. The problem in retaining the Organisation is the problem of finding the financial resources. I hope it would be possible for the Committee to have a frank exchange of views on the subject and arrive at a suitable arrangement."

As for the opening of fair price shops, Mr. Sanjivayya expressed his dissatisfaction at the slow progress and reiterated that legislation might have to be introduced to enforce the tripartite agreement. We wish Mr. Sanjivayya had cared to understand the difficulties faced by planters and offered a helping hand in the removal of these difficulties. He was, however, pertinent when he declared that, while examining the proposals for the amendment of the Plantations Labour Act or the State Plantations Rules, one should bear in mind that uniformity in labour legislation was quite an important factor. Surely, the merit of each amendment ought to be gone into from the all-India point of view before taking decisions.

POWER SITUATION IN CALCUTTA EASES

The highly industrialised South Bihar-Lower Bengal region seems to be turning the corner insofar as power supply is concerned. This area, which is at present served by the D.V.C., Calcutta Electric Supply Corporation, Durgapur Project's power station and a few small utilities, had a firm capacity of 952 M.W. in 1963-64, as compared with 880 M.W. in 1962-63. The shortage in that year was only to the tune of 32 M.W., as against the 80 to 100 M.W. shortage in the previous year. When the Bandel thermal power station of the West Bengal State Electricity Board, the Pathratu thermal station of the Bihar State Electricity Board and the D.V.C.'s Chandrapura units are commissioned in the next few years, the firm capacity of this region's power system will increase further. It is expected to be 1,365 M.W. in 1964-65 and 1,567 M.W. in 1965-66. If this expectation materialises, there will be a surplus of 67 M.W. in 1964-65, as against a shortage of 32 M.W. in 1963-64. The additions to power generating capacity in the current year will thus lift firm capacity above peak load, thereby putting an end to power shedding.

In fact, there is already some relief from power shortage, for instance, in the area served by the Calcutta Electric Supply Corporation and further improvement is expected in the current year and in the next. Mr. I. A. Macpherson, Chairman of the C.E.S.C., has confirmed, in his speech at the sixty-seventh annual general meeting of the Corporation held last week, that several of the recent restrictions for reducing the peak demand on the Company's system have been relaxed, following the commissioning, in October last, of the 50 M.W. extension to its New Cossipore generating station and, more recently, of its Southern receiving station designed to take in power from the West Bengal State Electricity Board. While, at present, the Corporation is importing the permitted maximum of about 110 M.W. from the D.V.C. and 50 M.W. from the State Electricity Board, its offtake of State Board's power at the Southern receiving station will be stepped up to 80 M.W. towards the end of this year. The position will be further relieved during the first half of next year when the Corporation's Belur receiving station, designed to take in 100 M.W. of power from the State Board's Bandel generating station, will be commissioned. Mr. Macpherson is confident that the commissioning of the Corporation's two receiving stations should enable the State Government to remove the remaining restrictions on peak demand, provided they are backed adequately by the State Board's power resources.

If, thus, everything goes well, there will be no further power shortage of the kind that Calcutta's industries had experienced in 1962-63. As the Corporation's future capital expenditure upto 1969-70 would be overwhelmingly on transmission and distribution, it is not to be expected that the units of power sent out from the Corporation's own generating stations would significantly exceed the 1964 level of 2,000 million units. The Corporation, therefore, looks forward to a big increase in its intake of power generated by others from the 1964 level of about 800 million units (which, incidentally, is the same as that of 1963). Any upset in the supply of imported power on the scale required in future may not only affect the production performance of Calcutta's jute, engineering, steel re-rolling, chemical and paper industries and the export performance of jute and engineering industries in particular but also compel the Corporation to effect further increases in its charges for electricity so as to cover what will certainly turn out to be higher unit costs of generation, transmission and distribution in a situation of less-than-optimum sales of power. It may be noted, in this connection, that the Corporation has recently had to increase its charges for electricity so as to earn, *in a normal year*, its reasonable return which is now based on a standard rate of 6½ per cent, instead of the former six per cent. Since annual normalcy in future will depend, more than ever, on availability of power produced by the State-owned agencies, the State Electricity Board should meet the Corporation's increasing power requirements fully and according to firm schedules. Otherwise, either the return actually earned by the Corporation will be less than the reasonable level or the consumer will have to come to the Company's rescue by accepting, without murmur, further increases in electricity charges.

A SCIENTIFIC CATTLE-FEED

The inauguration of the cattle-feed plant of the Kaira District Milk Producers' Union at Kanjari (near Anand in Gujarat) on 31st October 1964, marks an important step taken in the country for scientific and low-cost feeding of the cattle and to improve the supply of dairy products. For this project, India is indebted to Britain and other foreign countries, for it is virtually a gift from them. Thus, the entire plant and equipment, worth Rs. 14 lakhs, has been donated by Oxfam (Oxford Committee for Famine Relief) from collection under the auspices of the U.K. Freedom-from-Hunger Campaign Committee. Besides, the World Food Programme is donating about 17,000 tons of grains—worth Rs. 50 lakhs—to be compounded into cattle-feed.

The plant will produce 60,000 tons of cattle-feed every year and the milch-cows, fed on this cattle-feed, are expected to increase the yield of milk by 40 to 45 per cent. The cattle-feed—to be marketed as Amuldan—will cost less than cattle-feed, are expected to increase the yield many parts of India. When used extensively, it will save cottonseed oil for use as human food and for exports. An important factor in the development of Amuldan is that a long list of 33 possible ingredients of grains and seeds, cakes and meals and certain trace (mineral) elements has been prepared, of which six to eight raw materials will be used at a time to produce the feed. As the prices of the ingredients vary widly from month to month, it will be possible to change the constituents, so that the cheapest six to eight ingredients are selected every time to prepare the cattle-feed. The other advantage claimed for this cattle-feed is balanced nutrition, as a result of which calving and lactation periods will become regular and the milk yield of animal will increase. Shaped in the form of pellets, this processed feed affords no scope for adulteration by middlemen. It will also save a lot of time and labour, now being spent in preparing the conventional feed, as, for instance, cottonseed meal.

The poor yield of milk in India is well known. Even where cows and buffaloes are well-taken care of, as, for instance, in Kaira, the average yield of milk is only about 7 pounds per day per buffalo, as against twice that quantity in New Zealand. The average for the country as a whole is much smaller. The main reason for such poor yield in India is the undernourishment of cattle. Because of the high cost of conventional cattle-feed such as cottonseeds, groundnut cake and grams and paucity of green fodder and grazing land alike, it has not been possible to maintain the cattle well-fed and healthy. The new feed will, therefore, play an important part in this context and may go a long way towards improving the yield of milk, if its production is undertaken in all the States of India.

The production of the plant at Kanjari will at best be able to feed only 200,000 out of the total cattle population estimated at over 200 million. Almost the entire production will be absorbed in the neighbourhood of Anand. Similar plants for processing mixed feed, suited to meet the requirements of different breeds of animals, deserve to be established as part of the plan for increasing the production of milk. Fortunately, Larsen and Toubro Limited, Bom-

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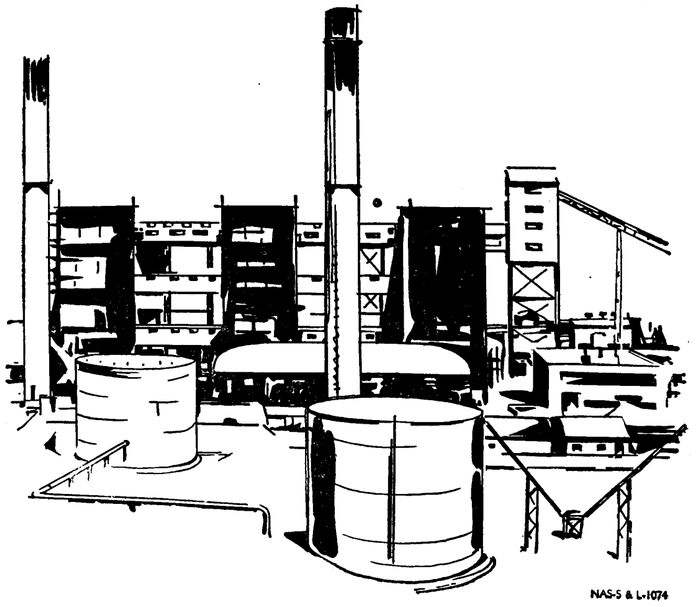

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bay, has just announced its plan for the manufacture of cattle-feed processing plants, similar to the one installed by the Kaira District Milk Producers' Union and supplied by the Company from the works of its principal, Buhler Brothers of Switzerland. The Company will offer plants capable of producing 10 tons, 4 tons, and one ton of finished mixed feed per hour. To begin with, 75 per cent of the components of the plants will be made locally in the first year of manufacture, but the indigenous content is expected to rise progressively to 90 per cent by the third year of manufacture. Thus, the installation of cattle-feed plants will not require any substantial amount of foreign exchange.

A LAUDABLE ENTERPRISE

In the continuing context of shortage of good grade constructional timber and considering the persistently rising demand for the same, the imperative need for tapping alternative building materials is quite obvious. Two such materials are fibre boards (like hardboard and insulation board) and particle boards. It is the manufacture of these boards that is now being undertaken in the factories of the Anil Hardboards Ltd. and Particle Boards India Ltd. situated at Mulund in Bombay. The third mill of the former Company and the particle boards mill of the latter Company were inaugurated on Sunday this week by Mr. Lal Bahadur Shastri, Prime Minister of India. Since these Companies are the pioneers in the field of fibre board and particle board manufacture and since Anil Hardboard Ltd. is also earning for the country foreign exchange worth a crore of rupees every year through exports, the tribute paid by the Prime Minister to their managements is certainly well deserved. Credit must go particularly to Mr. G. R. Jolly, a Director of both the Companies, who it is that first sponsored and promoted the project.

Manufacture of hardboards and insulation boards, it is claimed, allows a conversion of more than 90 per cent of wood to highly efficient multi-purpose building materials, combining in one product qualities such as covering, insulation, decoration and protection. Among the distinguishing qualities attributed to the hardboard are: it is tough and durable, is easy to erect, does not split, crack or come apart, and there is no wastage. Moreover, it costs less than the traditional timber, the supply of which is scarce. The insulated board is considered to be ideal for interior panelling of walls and ceilings, as well as for thermal and acoustic insulation. The Anil Hardboards' factory has on hand a project to manufacture mineral wool boards and tiles also. These are completely fireproof, besides possessing acoustic and thermal advantages. The particle board is an economical and suitable substitute for the more expensive and inadequately available building boards and construction timber. Particle Boards Ltd. has obtained an industrial licence for the manufacture of moulded particle boards, which will be the third plant of its type in the whole world.

The efforts of the Anil Hardboards Ltd. to maintain output at as high a level as possible with a view to meeting the needs of Defence and civilian requirements are commendable. The Company's plants, according to Mr. Jolly, are working round the clock on all days, including Sundays and holidays. Equally commendable are the efforts to export abroad in spite of heavy obstacles and competition. The products of the Company, it is said, have carved out for themselves a dominating place in the Middle East countries and, lately, they have penetrated into the highly competitive fibre-board markets in Britain and the Continent as well.

POYSHA INDUSTRIAL CO. LTD.

The Poysha Industrial Co. Ltd. engaged in the manufacture of tin containers and metal cans of a wide range used for packing, is raising its subscribed capital by Rs. 85 lakhs to Rs. 110 lakhs —through a right issue of Rs. 25 lakhs and a fresh issue of Rs. 60 lakhs which will be offered for public subscriptions—with a view to financing its modernisation and expansion programme. The public issue of Rs. 60 lakhs is divided into 600,000 equity shares of Rs. 10 each to be offered for cash at par; the list is due to open for subscription on the 13th instant and will close on the 23rd instant or earlier but not before the 16th instant.

The Company's main factory is now located at Bombay and its branch factory, that is the reforming unit, is at New Delhi. The two wholly-owned subsidiaries of the Company are Colrige Ltd. which manufactures (in Bombay) rigid containers and collapsible metal tubes for cosmetic, pharmaceutical and other industries and the Kaira Can Company, Ltd. at Anand which produces containers for the Kaira District Co-operative Milk Producers' Union. The Company's plans include the establishment of two new factories (one at Cochin and another at Ghaziabad), shifting of the main plant from Bombay City to the Kalva industrial area (near Thana) of the Maharashtra Industrial Development Corporation, modernisation, and expansion of production capacity of cans from four million to ten million per month on single-shift basis: the factory of Colrige Ltd. is also proposed to be shifted to the Kalva industrial area. Mr. Madanmohan R. Ruia, a well-known industrialist, is the Chairman of the Company.

INTERNATIONAL TRACTOR COMPANY OF INDIA LTD.

Mahindra and Mahindra Ltd. has announced that it will offer privately approximately 65,000 equity shares of Rs. 10 each of the International Tractor Company of India Limited to those shareholders of Mahindra and Mahindra whose names stand on the register of members as on 19th November 1964. Another 60,000 shares will be offered in the first instance to the staff and workers of Mahindra and Mahindra Ltd., Voltas Limited, and their associates. A stipulation made by the Government is that these privately offered shares cannot be sold or transferred within a period of one year from the date of allotment. The issue is not a rights issue in the terms of Section 81 of the Companies Act. The basis of allotment has been fixed as follows, but shareholders can apply for additional shares should they so desire.

No. of equity shares held in Mahindra and Mahindar Ltd.	*No. of equity shares to be offered*
1 — 200	10
201 — 500	15
501 — 5,000	25
5,001 — 10,000	50
10,001 onwards	100

HINDUSTAN DOWIDAT TOOLS LTD.

The production of the Hindustan Dowidat Tools Ltd. is quite satisfactory, both quantitatively and qualitatively, and the tools manufactured by the Company have established a firm reputation for quality. This was disclosed by Mr. D. P. Mandelia, Chairman of the Company, in his speech at the annual meeting of the Company held recently.

The Company, an Indo-German venture commenced manufacture of hand tools early in April 1964, with open ended spanners in various sizes which is being followed by other tools such as ring spanners, adjustable wrenches, multigrip pliers, etc. Construction of the factory building and erection of plant and machinery were completed towards the close of the financial year 1963-64. The Company has launched a well organised training programme of Indian workers and personnel under the supervision of experts from abroad. Efforts are now under way to accelerate the training programme with a view to introducing the second shift as early as possible.

The Company faced some difficulties in the import of raw materials but the position, it is said, has since improved and the directors hope that adequate import licences will be made available to meet the requirements.

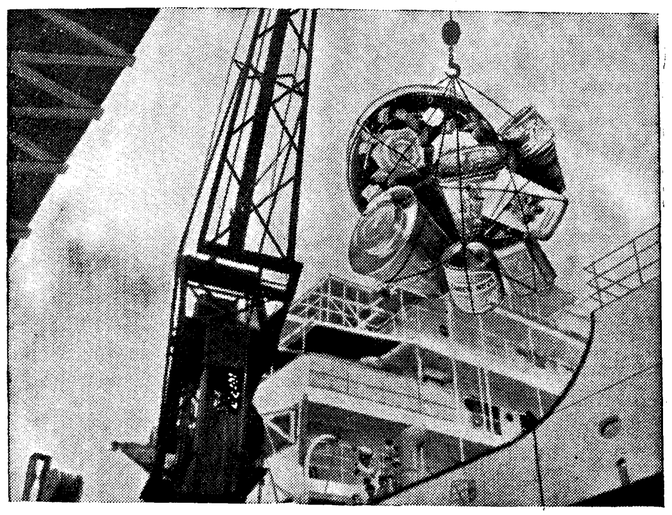
NEW STANDARD ENGINEERING CO., LTD.

The New Standard Engineering Company Ltd. has issued the second and third call of Rs. 25 each on the 24,961 partly paid up equity shares of the Company. The second call is payable on or before 30th November 1964 and the third call is due on or before 31st March 1965. The amount payable on the second call will be eligible for dividend from 1st December 1964 and the amount paid in respect of the third call will be eligible for dividend from 1st April 1965. In case of default of payment by the due dates, interest at 9 per cent per annum, will be charged. The calls are made payable directly to the Company's bankers, Devkaran Nanjee Banking Company Ltd., at Horniman Circle, Bombay 1.

MODELLA WOOLLENS LTD.

The working results of the Modella Woollens Ltd. for the year ended 30th June 1964 show a rise of Rs. 4.80 lakhs to Rs. 22.91 lakhs in gross profit. The provision for depreciation has been raised substantially from Rs. 5.25 lakhs to Rs. 11.46 lakhs (inclusive of Rs. 93,666 for extra depreciation for third shift for the previous year). The amount taken to development rebate reserve is, however, only Rs. 65,000, as against Rs. 5.82 lakhs. Tax provision is Rs. 3.55 lakhs (Rs. 1.31 lakh). After these essential provisions, there remains a distributable balance of Rs. 7.26 lakhs (Rs. 5.73 lakhs). The Directors have utilised Rs. 50,000 (Rs. 56,626) for writing off preliminary expenses and allocated Rs. 2.50 lakhs (Rs. 2.50 lakhs) to general reserve. The taxable ordinary dividend has been raised from 6 per cent to 7 per cent on the increased ordinary capital of Rs. 65 lakhs.

An agreement providing for a loan of DM 60 million (approximately Rs. 7.2 crores) has been signed at Frankfurt recently between the German Development Bank and the Mysore Iron and Steel Company Ltd. The special feature of the agreement is that, unlike the Rourkela steel expansion project, where only a checking of the technical plan was envisaged for the first time as it is to be applicable in future also, the technical, financial and economic aspects have been examined before entering into the contract. In its enlarged shape, the Mysore project is estimated to cost Rs. 7.2 crores in foreign exchange, which is covered by this agreement for the import of equipment from Germany. When complete, the production capacity of the plant will be 77,000 tons per annum of high speed steel, high alloy steel, free cutting and spring steels and structural steels.



In quest of gold

More and more Indian manufacturers are today earning valuable foreign exchange by selling their products abroad. Exports of cashew nuts, fish, vanaspati, toiletries and other consumer goods in Metal Box packages alone earned over Rs 8 crores last year. That's a lot of foreign exchange, and for the nation it's as good as gold.

To sell in highly competitive overseas markets the product must be of the finest quality. *And so must the package.* It must be of the *right size* and must have the *right finish.* And an *attractive surface design* that will score over competition in sales appeal

All this requires research, experience, resources. Metal Box have them. They also have access to the fund of marketing and technical know-how of their world-wide associates. This is why Metal Box can provide a comprehensive packaging service as no one else can. This is why, too, so many packers come to Metal Box for advice, send their goods abroad in packages designed and manufactured by Metal Box.

And Metal Box customers are not located in India alone. Last year Metal Box exported nearly Rs 30 lakhs worth of containers, closures and machinery direct to packers abroad.

You see, word gets around.

MB METAL BOX *protective packaging*

JWT/MB 1005 A

ANTI-G.A.T.T. BUT NECESSARY

By Questor

LONDON, *31st October*

THE new Labour Government's scheme for imposing a temporary surcharge on tariffs had been thoroughly anticipated in Britain—it was possible to put it into practice so promptly, after all, only because the preliminary work had already been commissioned by the outgoing Conservative Government. But it has caused some surprise abroad as well as the inevitable uproar from those hoping for special concessions: one of the few virtues of the scheme in the eyes of the G.A.T.T. is that it is non-discriminatory and it is to be hoped that this uproar will go unheeded.

It is unlikely, nevertheless, that the G.A.T.T. will feel inclined to grant the waiver it refused Canada two years ago for a form of import restriction which, though the only kind practicable in modern conditions, is formally incompatible with its rules. And it is probable that, when the International Monetary Fund calls on the Group of Ten for supplementary resources, as it will certainly have to do if Britain asks for any more than its $1,000 million stand-by credit, some of the members—particularly, of course, the French—will raise difficulties.

The attitude of France will be determined by political as well as purely economic considerations, and it is quite possible that a political clash will develop within the Group on the question of Britain's deficit. The striking fact is that Britain's decision to restrict imports has received prompt and solid support from the U.S. Treasury, for all the short-term disadvantage it will undoubtedly cause to the U.S. balance of payments. Mr. Roosa declared several weeks ago that most industrialised countries were unable nowadays to meet a payments deficit with a traditional squeeze on credit.

The U.S. Treasury statement issued immediately after the introduction of the surcharge said that it would hit directly at the inflated imports which had been the main immediate cause of pressure on the pound and that longer-term measures to deal with prices and productivity would improve Britain's competitive position: "the import charges," it said, "will, for a time, have a moderately adverse effect on our trade as well as upon that of other countries, but there is no painless corrective either for the U.K. or for the rest of the world."

Mr. Roosa expanded this first reaction a couple of days later by admitting that the Europeans had expressed concern at the absence of the customary orthodox procedures (namely, a squeeze on credit), but claimed that they had not realised the full extent of Britain's difficulties or the inevitability of the measures which had actually been taken.

This was generous support, and I think it was only partly due to the fact that Britain has refrained from raising its discount rate at a time when the case for and against a rise in the U.S. rate is unusually vexed. The fundamental fact is that the recent and uncomfortable experience of the U.S. as a debtor nation has given it more understanding of the position which Britain has been trying to urge since the Bretton Woods conference of 1944—that, in a rational monetary system, creditors as well as debtors have a responsibility for action.

It would have been palpably absurd for the U.S. to tackle its deficit with an orthodox squeeze on credit: its real problems, after all, were a high level of unemployment and a relatively low rate of growth. It sensibly preferred to exert its diplomatic strength and to tackle the payments problem gradually—stemming the run on its reserve, trimming Government expenditure abroad, intervening to prevent prices from rising, restricting the outflow of capital, and so on.

It is now apparently prepared to back up a similar, gradual programme for curing the British deficit. Britain does not have the U.S. unemployment problem, but there is little doubt that the need to check the growth of demand for payments reasons soon after every upturn has hindered the growth of investment, the abolition of restrictive practices, and the other structural changes which are needed to make the British economy more competitive.

This support is extremely welcome, since it holds out the possibility that, even under the present, rudimentary system, Britain will be allowed sufficient credit for long enough to improve our efficiency without the resort to deflation which is nowadays politically impracticable. Nobody who matters here in London wants to devalue the pound, nobody else wants it devalued, and provided that we are allowed to exercise our normal drawing rights on the International Monetary Fund the question need not arise.

But the fact that the U.S. has backed the new Government's initiative so strongly, while the Europeans have merely made the orthodox objections, underlines the fundamental difference which became apparent in Tokyo a couple of months ago between the Anglo-Saxons and the rest about the proper function of international credit.

There are, of course, political overtones, particularly at a time when the future structure of N.A.T.O. and of the European Community are a matter of some doubt. But, if the U.S. and British Treasuries are now prepared to recognise that their operation of reserve currencies does not so much make them rivals as give them similar problems to overcome, there is great scope for co-operation—not least, of course, in the fashioning of a more stable international monetary system.

COROMANDEL FERTILISERS

Coromandel Fertilisers Limited has awarded a contract for the supply of naphtha to Caltex Oil Refining (India) Limited. Naphtha, a by-product of oil refining, will be used as a raw material in the fertiliser production process. Naphtha is a vital raw material in fertiliser production, and the manufacturing process is based on the gasification of naphtha with oxygen. The Coromandel plant will annually produce 365,000 metric tonnes of ammonium phosphate (20-20-0) and 16,500 tonnes of urea prills fertilisers, *plus* other product mixtures which will prove a boon to farmers. This giant private sector Rs. 32½-crore fertiliser plant is to be built in the Port Area of Visakhapatnam, Andhra Pradesh, and will be located adjacent to the Caltex Refinery. Construction is scheduled for the latter part of the year, following completion of preliminary engineering work.

FIRST DETONATOR FACTORY IN INDIA

The first factory in India to make detonators—Indian Detonators Ltd.—will be going into production shortly.

Pioneers in setting up this vital unit to foster mining, quarrying, high-way construction and hydel projects, INDIAN DETONATORS LTD., aim at meeting the ever-increasing demands for detonators, while saving valuable foreign exchange.

Detonators for Dam Construction

Detonators for Mining

Detonators for Tunnelling

Production range includes: Ordinary, Electric and Delay detonators and Safety fuses

INDIAN DETONATORS LIMITED

Kukatpalli, Post Bag No.1, Sanatnagar (I.E.) P.O., HYDERABAD-18.

NEW CENTRAL BANKS

SALIENT FEATURES OF THEIR TOOLS AND TASKS

DURING the last seven years, that is, between 1957 and 1964, at least nineteen new central banks have come into existence, most of them on the African continent, following the exit of colonial powers. The present phase of the establishment of central banks began in 1957 with the Central Bank of Ghana, followed by the Central Bank of Malaya and the Central Bank of Tunisia in 1958. In 1959 came the Central Bank of the States of Equatorial Africa and of Cameroon, the Central Bank of the States of West Africa, the Bank of Morocco and the Central Bank of Nigeria. The Bank of Sudan, the Bank of the Republic of Guinea and the Somalia National Bank were established in 1960. While no new Central Banks were established in 1961, 1962 saw three more of them—the Bank of Jamaica, the Malagasy Bank of Issue and the Bank of the Republic of Mali. The Central Bank of Algeria and the Central Bank of Cyprus came in 1963.

The year 1963-64, in particular, saw many more changes, in addition to the establishment of new central banks. The Bank of Lebanon, the National Bank of Rwanda, the Bank of the Kingdom of Burundi and the National Bank of Congo were established in 1964. Some of them are yet to begin their operations in the near future—they are the Central Banks for Sierra Leone, Jordan and Trinidad and Tobago. The Central Bank of Malaya was converted into the Central Bank of Malaysia, in keeping with the political integration of the once British territories in this region. The break up of the Federation of Rhodesia and Nyasaland brought into being three new central banks, one for each of the partitioned countries: The Reserve Bank of Rhodesia has already commenced operations and others are likely to follow suit.

In another group of countries—including Ethiopia, Iceland, Iran, Nicaragua and the United Arab Republic, where central banks had exercised both central banking and commercial banking functions, there has been a reorganisation and separation of their functions.

These institutions have been converted into central banks proper, with their commercial banking operations transferred to existing or newly established commercial banks.

In this article, an attempt is made to examine the trends in the functions and organisation of these new central banks. The facts are taken from an article in a recent issue of the *Monthly Review* of the Federal Reserve Bank of New York.

Differences and Distinctions

The countries served by the new central banks vary considerably with respect to the degree of their financial and economic development. While in some of the States like Lebanon and Jamaica, the banking systems are highly developed, in others many economic transactions take place outside the monetary sphere. The share of currency in the total money supply, an indication of the degree of spread of banking habit, varies from 30 per cent to 65 per cent, as against only 20 per cent in the case of United States. The other point of difference and distinction between these various countries is the degree and extent to which financial institutions other than commercial banks have taken roots.

But the similarities are more striking than differences. Among the most universal and common characteristic is the dependence of all these newly independent countries on international trade. Foreign capital—both aid and investment, on private as well as Government account—has already played or is expected to play a considerable role in the economic development of these countries. Further, in each case, foreign commercial banks constitute a major element in the banking system of each of the countries.

A similar agreement is also found in the objectives, powers and obligations of the new central banks. Maintenance of external and internal stability of currency and promotion of a monetary environment for economic development are the two main statutory objectives which are universally and uniformly found in all cases. Exclusive right of note issue and the obligation to act as fiscal agent and Government banker are the acknowledged fields of all central banks: So also the power to buy and sell gold and foreign exchange and the authority to purchase, negotiate, rediscount, sell or collect specified types of financial obligations. But, in addition to all these, all the new central banks have some and some of them have all of the following powers of control and supervision over the commercial banking system:

To prescribe minimum cash reserve requirements, to set limits on lending and deposit rates, to prescribe quantitative limits and qualitative types of assets distribution and the total volume of credit outstanding as well as composition and nature of securities to be taken, to examine and inspect books, to call for statistical returns and reports and to set minimum capital and liquidity requirements.

Relation with Government

The relations between central banks and the respective Governments also follow a uniform pattern. Most of the new banks are owned by the Governments of the countries, except that, in one or two cases, the French Government holds a small share in the capital of the central banks of their former colonies. In most cases, the presiding officers (Chairman or President) and the Boards of Management are all appointed by the Government for a fixed term, but reappointments for further terms are possible. In the former French colonies, of course, the French Government has retained the right of appointing half the members of the Boards.

Again, the Governments are able to exercise effective influence upon the Boards of Management by providing that their officials or representatives shall sit upon the Boards. Normally, the Government representatives number two, but in cases like Algeria or Mali, the law is flexible enough to enable the Governments to appoint the majority of members on the Boards. In Mali, there is also a provision for two representatives of National Legislative Assembly to sit on the Boards. In addition to the right of appointing directors or nominating officials as ex-officio representatives on Boards, the Governments have the ultimate right to supervise or approve aspects and policies of some central banks. In Cyprus, for example, the approval of the Finance Minister is necessary, if the reserve requirements are to be raised above a certain level. In Jamaica, the Finance Minister may issue written directives to the Governor, although it is provided that such directives must follow mutual consultations between them. In Somalia, a key cabinet committee supervises the working of the central bank. In Burundi, the Finance Minister's approval is necessary for every major policy decision of the Central Bank. In Congo, a Finance Ministry official attends all board meetings as an observer.

There is nothing unique in these provisions, for the world over central banks are in a secondary position to the Governments. Even before its nationalisation, the celebrated independence of the Bank of England was as little in effect as it has been in recent days. Even in a system of checks and balances in the United States, the President recently asked the Secretary of Treasury to ensure that all bank supervisory agencies, namely, the Comptroller of Currency, the Federal Deposit Insurance Corporation and the Federal Reserve Board acted in unison. In India, if the careers of two of the Governors of the Reserve Bank of India after its nationalisation were cut short chiefly because they were not liked by the Finance Minister, the position was no different prior to its nationalisation, when its Governor was powerless to prevail upon the Government during war and immediate post-war years. Whatever independence the older central banks had were taken away or drastically whittled down in the post-war years. The question does not at all arise in the case of the new central banks which have all been conceived as State-owned and State-managed institutions, subject to the wishes of their Governments in all material respects.

Limitations

Nevertheless, there are several formal and statutory limitations on the central bank financing Government expenditure. The limitations apply both to direct financing (through ways and means advances or purchases of securities) and to indirect financing (through open market operations or rediscounting of Government securities). The most common form of limitation is a variant of the proportional reserve system of note issue—the total volume of Government indebtedness that may be held by the central banks is limited to a specified proportion varying from 10 per cent to 15 per cent of ordinary Government revenues. The proportions are prescribed in a very complicated manner in Cyprus and Jamaica. There are further variations. Burundi Bank's assistance to Government is limited to an absolute total, while, on the other hand, there are no limits at all in Mali and Equatorial Africa. In Rwanda and Lebanon, the limits are there, but they could be exceeded in circumstances of "exceptional gravity."

Effective action for credit control through traditional weapons of central banks as well as new tools of action is not the only or even the most important objective of the new central banks: the broadening of the financial structure as a pre-requisite for sustained economic development is one of the prime tests of virtually all these new central banks. They aim not only at price, currency or balance of payments stability, but also at promoting the growth of sound and diversified financial institutions and, what is more important, fostering confidence in money and banks.

Monetary Control

The new central banks display several distinct though overlapping approaches to the problem of general monetary control. At one end, there are banks which place primary reliance on the control through variations in central bank accommodation to banks and other financial institutions mainly through the mechanism of the discount rate or variable credit ceilings. At the other end, there are central banks which make substantial use of their powers to deal with the non-bank public. By altering the volume of central bank credit to the non-bank public, these central banks have a direct means of influencing the liquidity of the non-bank sector as well as that of the bank sector of the economy.

In between the two extremes, central banks rely for the purposes of credit control on a combination of variations in commercial bank reserve requirements, rediscount mechanism and open market operations, *plus* a varying array of direct controls.

All the new central banks have special legal powers going beyond the traditional tools, so that they can fulfil their general mandate for promoting economic development and special responsibilities for developing financial institutions, credit mechanisms, negotiable instruments and domestic money markets.

In highly underdeveloped countries, where the money market is practically non-existent or insensitive and the financial sector is thin, central banks have obtained powers for dealing directly with the depositing and the borrowing public. These powers of granting advances, discounting bills and accepting deposits from non-financial customers distinguish many new central banks from their older confreres. Where such powers are not given, the central banks are supplemented and strengthened by separate Government-owned development banks.

Liberal definitions of eligible commercial or financial paper for the purpose of discounting, rediscounting, outright purchase or /as a loan collateral are intended to assist in the process of financial development. The maximum usance varies between 180 days and one year, though, in some cases, it is as short as the traditional 90 days: yet there are provisions for granting term loans to commercial banks and other financial institutions for as long as five years in order to finance export, housing and development plans. In these and in various other ways, the new central banks are fully fortified with the powers and weapons to foster the development of their respective countries.

FIVE PER CENT

Madras State Electricity Board Bonds, 1976
For Rs. 300 Lakhs.

(PAYMENT OF INTEREST AND REPAYMENT OF PRINCIPAL, GUARANTEED BY THE GOVERNMENT OF MADRAS.)

The Bonds will be trustee securities under the Indian Trusts Act and also approved securities for the purposes of the Insurance Act and the Banking Companies Act. The Bonds will be treated on par with Government Securities for the purpose of advances under Section 17(4)(a) of the Reserve Bank of India Act, 1934

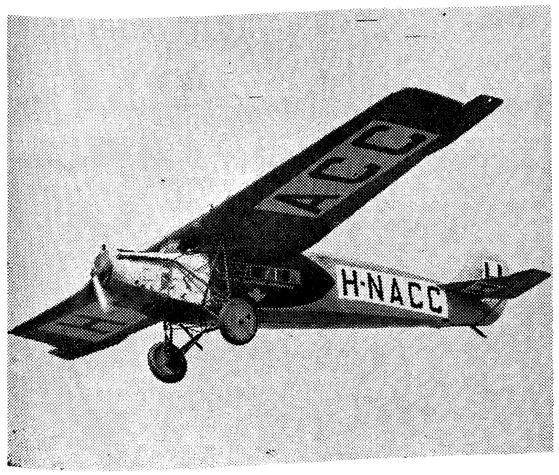
ISSUE PRICE Rs. 99.75 PER CENT.

REDEEMABLE AT PAR ON THE 16th NOVEMBER, 1976.

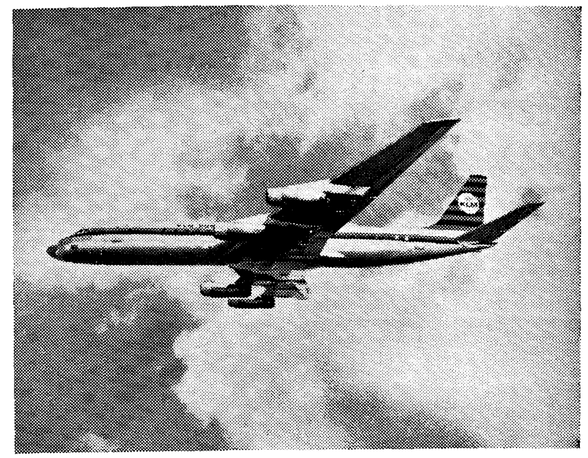
Subscriptions will be received in cash or cheques from the 16th November 1964. But the lists will be closed without notice as soon as the total subscriptions amount to approximately Rs. 300 lakhs and in any case not later than the close of business on the 21st November 1964.

Applications will be received at all branches of the State Bank of India within the State of Madras and at the State Bank of India at Madras, Bombay, Hyderabad, Calcutta, Delhi, Bangalore and Bangalore City.

Copies of the Notification announcing the terms of issue and application forms are available at all the receiving offices mentioned above, at all treasuries and sub-treasuries in the State of Madras and at all offices of the State Electricity Board.



Fokker F-VII—**1924**



DC-8 Jet—**1964**

It's 40 years now since the first KLM plane touched India

In November 1924, 40 years ago, KLM Royal Dutch Airlines landed in India for the first time, pioneering a new air route between Europe and the Orient.

This flight was operated by KLM with a single engined Fokker F-VII, the last word in commercial aircraft in those days. It carried a crew of 3, no passengers, and flew from Amsterdam all the way to Jakarta (then called Batavia) to prove that commercial flights of great distance were possible. The plane took 44 days to reach Calcutta from Amsterdam.

Dutch airmen in Calcutta Leaving to-day for Akyab

The Dutch airmen, Pilot Van der Hoop, Pilot H. Poleman and Mechanic Van der Broeke, arrived at Calcutta yesterday afternoon, en route to Batavia.

Leaving Allahabad at 7 a.m. they landed at Dum Dum Aerodrome shortly before 2 o'clock after an uneventful flight. The Fokker monoplane passed over the heart of Calcutta, and its occupants appeared to have some difficulty in sighting the aerodrome. By means of a fire, however, their attention was attracted and they made a perfect landing.

—Statesman, Nov. 14, 1924

Today KLM DC-8 jets cover the same distance from Europe to India in a matter of a few pleasant hours. Profit from KLM's long experience. Book your passage on any of KLM's twice weekly flights from India to Europe—on Saturdays from Calcutta, on Tuesdays from Delhi. Or take advantage of KLM's five-weekly DC-8 jet flights ex-Karachi.

KLM also operates two flights a week from India to the Far East, which speed you direct to Bangkok, Manila and Tokyo and offer convenient connections at Bangkok to Hongkong, Singapore or Jakarta, in conjunction with the services of its interline partners.

KLM—an international carrier in 1924

Founded in 1919, KLM's operational history began in 1920 when it inaugurated a trial service from Amsterdam to London. In 1924 it had scheduled flights to London, Hamburg, Bremen, Brussels and Paris. Today KLM serves 44 cities in Europe alone and its network covers all the six continents in the world, serving 104 destinations in 68 countries.

A new record—Europe/India

A new record was set by KLM in 1933 when KLM carried Christmas mail from Holland to Jakarta in a Fokker F-18 "Pelikaan" An extract from The Statesman of December 22, 1933 is highly interesting to read:

Dutch plane's dash to Batavia—a new record

A new flying record between Europe and India was established yesterday when a KLM (Dutch) aeroplane carrying extra Christmas mails from Amsterdam to Batavia arrived at Dum Dum Aerodrome shortly after 10.10 a.m. accomplishing the journey between Amsterdam and Calcutta in 72 hours, including halts en-route.

KLM 'firsts'

DC-8 jets were introduced in India for the first time by KLM—in 1960. They are now operating on all KLM's flights through India—in eastbound as well as westbound directions.

KLM pioneered in passenger comfort. Sponge rubber seats were a KLM idea. They went into use on KLM planes in 1927. KLM was also the first airline to equip its fleet with blind-flying instruments and the first one to use radial air-cooled engines.

The world's first air booking office was opened in Amsterdam in 1921—by KLM.

Reliability—an important KLM factor

KLM has been busy providing reliable service for 45 years, longer than any other airline. That is why many experienced travellers recommend flying KLM Ask your travel agent or the nearest KLM office for more information on KLM and its world-wide network of air-routes.

7, Chowringhee Road, Calcutta (Phone: 23-3962)

Taj Mahal Hotel, Bombay (Phone. 21-2391)

9A, Connaught Place, New Delhi (Phone: 43128)

General Sales Agents for Bihar International Travel Agents, 42, Fraser Road, Patna-1

Profit from KLM's reliability—

Fly...

KLM

ROYAL DUTCH AIRLINES

KLC-91

MARINE INSURANCE IN INDIA

NEED TO BRING DOWN CLAIMS RATIO

THE progress of all branches of general insurance is closely connected with the economic development of a country and the availability of expert managerial personnel. In both these respects general insurance in India is well placed. The economic progress of the country, accelerated by planning and the active participation of the State, has broadened the market for general insurance. And, fortunately, India is well provided with sufficient experts to exploit this opportunity. In a modern economy the complexity of risks to be covered is increasing. While this is true of every type of insurance, it is particularly so in the case of marine insurance—the oldest of the main branches of insurance business. Marine insurance was in practice even in the pre Christian era, though in a crude form. Sea traffic at that time was very much different from what it is today. But even in the Roman era, there were fairly large ships undertaking considerably long journeys, which many times used to have some sort of insurance cover. It was, however, in the eighteenth century that marine insurance, as we know it today, began to assume considerable importance. The Industrial Revolution—introduction of power-driven machines in industries—and the Commercial Revolution, aided by the invention of the joint-stock corporate form of limited liability, speeded up production, and the Transport Revolution—invention of steam ships and other improved transport practices—made it possible to increase trade with countries overseas. This increase in trade and the growth in the size of ships made marine insurance more and more necessary.

The vital importance of marine insurance to a modern economy will be evident when it is realised that it is mainly because of this insurance that overseas trade is conducted on credit basis. The buyer, generally, does not pay at once and the bill of exchange has provided a convenient way of settling debts. This is linked with the banking system, because by the system of discounting bills whereas the seller can get his money without delay, the buyer is also not put to any undue inconvenience. It is marine insurance which has made this system workable, as the banks which discount the bills require the protection of such insurance so that they run no uncovered risk in their financing.

Growth in India

India being one of the important trading countries in ancient times, marine insurance in a crude form might have been present in the country even in those days. But, in its modern form, it gained in importance only in recent times, due to the growth of Indian shipping and trade. Table A shows the growth of marine insurance business in India since the advent of the planning era.

It will be seen from the table that the gross marine premium written directly in India has increased in 1962 to almost double that in 1951, from Rs. 5.94 crores to Rs. 10.34 crores. What is more important is that the rise has been almost entirely in the business of Indian insurers (from Rs. 2.58 crores to Rs. 7.16 crores). In the case of non-Indian insurers, though there has been a continous increase since 1959, the business transacted in 1962 was actually lower by Rs. 17 lakhs, as compared with that in 1951. As a result, there has been a steady and gradual increase in the share of Indian companies in marine business—rising from 43.5 per cent in 1951 to 69.2 per cent in 1962. The share of foreign insurers has correspondingly come down from 56.5 per cent to 30.8 per cent.

Ratio of Claims

The ratio of claims payable to the gross premium has, however, been far from satisfactory in the case of Indian insurers. Although the figure has been fluctuating widely from year to year, the general trend has been upward, as will be seen from Table B.

It will be noted that, during 1962 (the latest year for which data are available) as much as 71.2 per cent of the gross premium written direct in India by Indian insurers was accounted for by claims. In the case of miscellaneous insurance the corresponding figure was 50.2 and in the case of fire only 23.3. As compared with the foreign insurers in India, the ratio was higher by only 1.2 percentage points in the case of fire and 8.7 percentage points in case of miscellaneous insurance, but the difference was as much as 18.1 points in marine insurance. The result is that, though the commission and expenses in the miscellaneous and fire insurance business of Indian insurers have been substantially higher than those in marine insurance, the balance was still considerable at over 16 per cent and 34 per cent, respectively. In the case of marine insurance, it was only 4.5 per cent for them, as against no less than 15.8 per cent for foreign insurers. All this clearly shows that Indian insurers have to improve their efficiency in the sphere of marine insurance.

Taking an average of the 12-year period, one finds that, whereas claims accounted for two-thirds of the gross premium written direct in India by Indian insurers—the ratio has been higher still since 1959—for foreign insurers it was less than half. The Indian insurers were able to show a balance of 6.5 per cent—as against 16.6 per cent by foreign insurers—only because the ratios of their commissions and expenses were much lower than those of the foreign insurers. If the commission and expenses of Indian insurers rise to the levels of non-Indian insurers, the balance will actually be in the negative. It is, therefore, very essential to bring down the ratio of claims payable. This can be done if the insurers are more vigilant in assessing the risks and circumspect in accepting sub-standard risks.

Business in Foreign Countries

Some of the Indian insurance companies, notably the New India and Orient, are also working directly in foreign countries. The gross premium of marine insurance, written direct by these companies in foreign countries, has been fluctuating widely from year to year, but the average amount during the last 12 years has been roughly Rs. 180 lakhs. In 1962, it stood at Rs. 212 lakhs, though slightly lower than Rs. 215 lakhs in the previous year. Taking the compulsory re-insurance of foreign companies in India also into account, the volume of India's business abroad was not much lower than the business of foreign companies in India. However, the Indian insurers operating in the marine insurance field abroad have been incurring a loss year after year. In the year 1960, for instance, their gross marine insurance premium written abroad stood at Rs. 197 lakhs and other income Rs. 2 lakhs, making a total of Rs. 199 lakhs. As against this total, the claims payable amounted to Rs. 160 lakhs (over 80 per cent of the income), commission Rs. 29 lakhs, other expenses Rs. 37 lakhs, and increase in reserves Rs. 12 lakhs, resulting in a loss of Rs. 39 lakhs. In 1961, the loss was still higher at Rs. 53 lakhs, though it came down in 1962 to Rs. 18 lakhs. Here again the need is to bring down the ratio of claims by accepting only quality business and by being more vigilant in paying claims.

Need for the Fourth Plan

There has been a spectacular growth of Indian shipping during the last three years. From 857,000 G.R.T. in 1960-61, it has risen to 1.3 million now and is expected to rise to 1.5 million by the end of the third Plan period. Even so the Indian vessels are able to handle only 18 per cent of the country's trade. Although the target for the fourth Plan has not become available so far, the aggregate tonnage is expected to rise to somewhere between three and four million. The exports are also rising and average annual figure for the fourth Plan has been proposed at over Rs. 1,000 crores. There will thus, be a considerable increase in the availability of marine insurance business. As the situation stands, there is already a considerable drain on foreign exchange on account of marine reinsurance transactions abroad, which stood at Rs. 43 lakhs in 1961, though it came down considerably to no more than Rs. 4 lakhs in the following year. Actually, with the bulk of the marine insurance written in India in the hands of Indian companies and with direct representation of some of them in foreign countries, marine insurance should become a source of foreign exchange supply rather than that of a drain. This would be possible if Indian insurers exchange business more freely among themselves, and the Indian traders patronise the Indian insurance companies increasingly. In order to induce the business people to patronise Indian insurance, Mr. P. K. Ghose, the ex-President of the Indian Insurance Companies Association, Calcutta, made a suggestion recently and asked the Government to allot additional import licences to such traders on the basis of difference between the c.i.f. or c. & f. price, as the case may be, and the f.o.b. price of imports. The suggestion seems to be useful and requires investigation for ascertaining its practicability. The expansion of the economy in the fourth Plan period will throw both a challenge and an opportunity to Indian insurers underwriting marine business. The responsibility to take it in full stride is primarily that of insurers, of course. But the Government, too, must play its part by providing them with suitable facilities. In this country, the Government's control on all branches of economic activity, especially of trade, industry and finance, is so far-reaching that insurers themselves can do very little, unless official policies and practices are helpful.

MARINE INSURANCE IN PRE-CHRISTIAN ERA

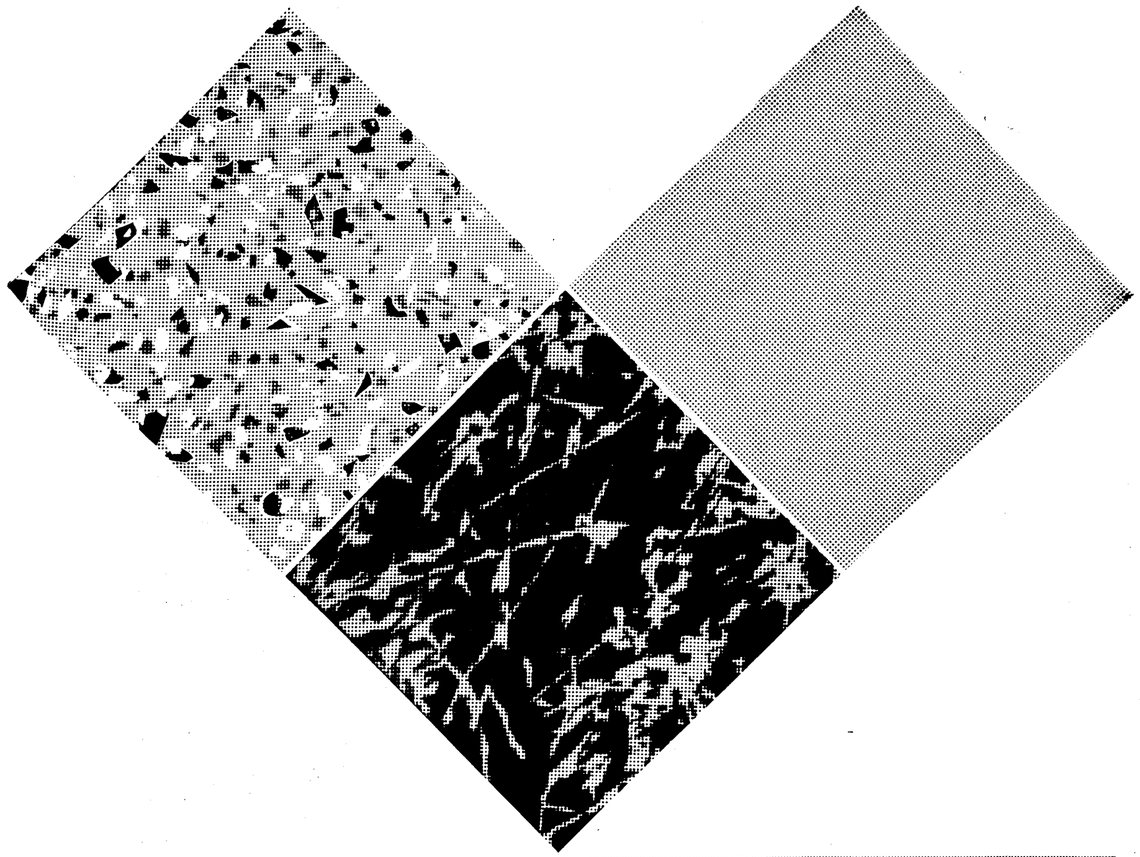
An example of the type of marine insurance practised in the pre-Christian era is given by Mr. Harold E. Raynes, author of the publication *A History of British Insurance*. He refers to a case in the fourth century B.C. wherein two lenders jointly advanced the money on the security of wine, to be picked up by a ship belonging to the third party. If the cargo arrived safely, the borrowers were to pay the lenders the capital advance *plus* interest. But the loss at sea or any goods jettisoned for the general safety was to be at the risk of the lender. Although the loan was essentially an advance of money on a ship during the period of voyage, it was not a loan in the ordinary sense of the term, for the repayment of the loan along with interest were to materialise only if the ship and cargo were to reach the destination safely. The interest here corresponded to the modern insurance premium. But, if the ship was lost, then the borrower was freed from his obligation to repay.

Table A: *Gross Marine Premium Written Direct in India*
(Amount in thousand rupees)

Year	Indian insurers		Non-Indian insurers		Total
	Amount	Percentage to total	Amount	Percentage to total	Amount
1951 ..	25,865	43.5	33,579	56.5	59,444
1952 ..	26,534	48.0	28,734	52.0	55,268
1953 ..	24,796	50.8	24,005	49.2	48,801
1954 ..	27,818	53.4	24,310	46.6	52,128
1955 ..	33,183	55.4	26,715	44.6	59,898
1956 ..	39,409	59.7	26,636	40.3	66,045
1957 ..	43,876	62.3	26,523	37.7	70,399
1958 ..	44,486	65.7	23,226	34.3	67,712
1959 ..	51,049	67.4	24,720	32.6	75,769
1960 ..	58,185	67.8	27,655	32.2	85,840
1961 ..	64,963	68.9	29,340	31.1	94,303
1962 ..	71,577	69.2	31,846	30.8	103,423

Table B: *Dispersal of Gross Premium Written Direct in India*
(Percentages to Total)

Year	Indian insurers				Non-Indian insurers			
	Claims payable	Commission	Expenses and taxes	Balance	Claims payable	Commission	Expenses and taxes	Balance
1951	61.2	11.9	17.3	9.6	20.6	12.8	18.3	48.3
1952	83.9	9.9	18.7	—12.5	46.4	12.9	18.7	22.0
1953	53.4	9.6	20.6	16.4	39.2	12.7	25.4	22.7
1954	68.2	10.1	19.0	2.7	55.6	12.3	25.3	6.8
1955	69.0	11.7	15.6	3.7	65.4	12.5	26.1	—4.0
1956	62.8	9.9	18.6	8.7	52.7	12.5	24.7	10.1
1957	57.2	9.0	17.1	16.7	46.0	11.3	25.5	17.2
1958	57.7	7.1	18.4	16.8	50.8	8.6	27.2	13.4
1959	67.5	6.9	17.9	7.7	48.1	8.8	26.0	17.1
1960	79.2	7.2	17.5	—3.9	46.5	8.8	25.0	19.7
1961	68.2	7.1	16.6	8.1	57.3	8.9	23.4	10.4
1962	71.2	7.3	17.0	4.5	53.1	9.0	22.1	15.8
Average ..	66.6	9.0	17.9	6.5	48.5	10.9	24.0	16.6



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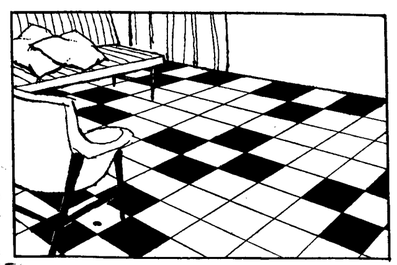

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RAISING PRODUCTION AND EXPORTS OF WOOLLEN GOODS

LEVY ON RAW WOOL IMPORTS BY ACTUAL USERS

ALL raw wool imported by actual users will be subjected to the payment of a special levy of 10 per cent on the f.o.b. value of imports. A decision to this effect was taken by the Export Promotion Council for Wool and Woollens which was inaugurated at New Delhi on Friday last week. The entire proceeds of the levy will be utilised by the Council for promoting exports of woollen goods. Since the decision was in accordance with the suggestion made by Mr. Manubhai Shah, Union Minister for Commerce, who inaugurated the Council, the Government's acceptance of the decision is only formal. Actually, the special levy has already come into force, as it will be applicable to the import of wool worth Rs. 3 crores, for which essentiality certificates were issued last week.

The exact impact of this additional incidence on consumers of raw wool is not known, because of the lack of data relating to the breakdown of imports by actual users and manufacturer-exporters against import entitlements issued under the Export Promotion Scheme; private traders, it may be noted here, are not given any licence to import raw wool. But considering that the bulk of the imports is against actual user licences, the new levy will affect quite a significant part of the wool imported into India. The import ceiling fixed for the October 1964-September 1965 period is Rs. 5 crores. Ten per cent of this amount comes to Rs. 50 lakhs which will represent the income that will accrue to the Council for its export promotion activities.

The new import levy will no doubt add to the production costs of the woollen industry. It will be borne by domestic consumers and has become necessary in the interest of earning foreign exchange through exports. The need for earning as much foreign exchange as possible through exports of woollen goods is especially great because of the problem of financing the large-scale wool import requirements of the industry which are bound to go up in step with the expansion of the woollen textiles output. It may be noted here that the Planning Commission's Working Group on the woollen textile industry has recommended a production target of 41 million yards of woollen piecegoods to be achieved by the end of the fourth Five-year Plan, that is, 1970-71. The target represents a rise of 19 million yards as compared with the estimated actual output of 22 million yards in 1965-66 (end of the third Plan).

Cash Incentives for Exports

The proceeds of the 10 per cent levy on wool imported by actual users, as already stated, would be utilised exclusively for promoting exports of woollen goods in a manner to be determined by the Council. One of the specific export promotion measures will presumably pertain to the grant of cash incentives. For Mr. Shah, in his speech, advised the Council to constitute immediately a sub-committee to be in charge of cash incentives for exports. This (the appointment of the Committee), he said, "would facilitate the speedy fixation of cash incentives and any alteration of these in future, if needed." Incidentally, Mr. Shah made it clear that, in the present foreign exchange crisis, it would not be possible to raise the rate of import entitlements for the woollen industry under the Export Promotion Scheme from 85 per cent to 90 or 95 per cent.

Table A: Capacity And Production
(Yarn in million lbs.: fabrics in million yards)

	Yarn		Fabrics worsted
	Worsted	Shoddy	
Production capacity on 2-shift basis* ..	28.2	8.14	37.5
Expected production† in 1964-65 with Rs. 5 crores allocation (Rs. 1 crore for shoddy)	11.2	6.0	9.0
Third Five-year Plan target	28.0	10.0	35.0
Shortfall in production with Rs. 5 crores allocation	60%	40%	74%

* Based on: (a) Worsted yarn: 2 lbs. per shift per week per spindle for 50 weeks a year. (b) Shoddy yarn: 5 lbs. per shift per week per spindle for 50 weeks a year.
† Taking into consideration the availability of 6 million lbs. of indigenous wool and the raw material imports under the Export Incentive Scheme.

Some may consider the grant of cash incentives for export promotion as a contravention of G.A.T.T. rules governing fair trade practices. But, as against this argument, it must be remembered that the principal market of Indian woollen mills is domestic, that they have to be kept in operation for taking care of the needs of domestic consumers of woollen goods and of the employment provided by the mills, that exports of woollen goods are being supported only to the extent necessary for covering the foreign exchange cost of raw material and that, by doing so, the countries exporting wool are assured of their market in India. Further, India's exports of woollen goods constitute only a small fraction of the world trade in them. It will thus be noted that this export promotion measure does not infringe, to any significant extent, the interests of other exporting countries, most of which, in any case, are highly developed economies. But this does not mean that India should rely on this remedy as a permanent future. It must be regarded as nothing more than an emergency measure of short-term nature. A permanent and a more effective solution to the problem of exports lies in producing woollen goods which will compete effectively in overseas markets. Not only should the quality of goods be of a high standard but the prices also be sufficiently attractive to compete successfully with the goods exported by other countries.

Modernisation

Viewed thus, the need for steady rehabilitation, modernisation and rationalisation cannot be stressed too strongly. The biggest problem of the woollen industry, as Mr. R. K. Birla, Chairman of the Development Council for the industry and Chairman of the Indian Woollen Mills Federation, has rightly emphasised, is to keep pace with the progress being made

Table B: Raw Wool Imports
(Quantity in million lbs.; value in lakhs of rupees)

	1963-64		1962-63	
	Quantity	Value	Quantity	Value
Raw wool	15.90	589.00	13.91	500.00
Shoddy wool and wool waste ..	15.74	128.70	14.00	100.70
Wool tops	16.23	854.00	11.75	614.40
Total ..	47.87	15,71.70	39.66	12,15.10

in the more scientifically advanced countries and also to meet the challenge of national needs from the ever rising population in this country. "This involves," to quote him, "modernisation or rehabilitation of outmoded machinery and rationalisation of production cost, so that the consumer may be able to get goods of durable quality and at reasonable prices."

What is the extent to which modernisation is possible in the present tight foreign exchange situation? It is true that the industry would like to have all the machines to replace the present ones. But, since this would not be possible, there should be an effort to find out the possible from the impossible. Emphasising this aspect, Mr. Raj Kumar Seth, Vice-Chairman of the Indian Woollen Mills Federation, has given the following interesting data:

Exports being the first concern, that sector of the industry should be modernised where there is a possibility of a large increase in exports. There are 52,205 woollen spindles, 16,271 shoddy spindles, and 141,696 worsted spindles in the industry and another 2,003 looms. The proposed modernisation during the third Plan is supposed to replace 20 per cent of the woollen spindles, 26 per cent of the shoddy spindles, 54 per cent of the worsted spindles and 34 per cent of the looms. During the fourth Plan, 50 per cent of the woollen spindles, 40 per cent of the shoddy spindles, 54 per cent of the worsted spindles and 50 per cent of the looms would be modernised. Foreign exchange being meagre, modernisation could be first linked to export performance. This would mean that modernisation has to be linked to a direct increase in exports which, in turn would earn the foreign exchange needed for repayment of loans acquired for modernisation.

The question arises as what part of the industry should be modernised to achieve the best results on the export front. The opportunity to modernise will no doubt be given to the whole industry, but it will be obvious that some firms will be able to take better advantage of it than others. Apart from this, modernisation should also balance a complete series of processes involved in making cloth in the particular mill concerned. There is, for example, no advantage in providing a modern loom if the main operations before and after weaving are to remain out-of date. To achieve the proposed export target of two million linear metres, some 200 new "complete loom assemblies" will be required. Thus, if this scale of modernisation is accepted, then the total capital sum needed would be relatively small, just under £2 million and certainly much smaller than what was originally envisaged. However, the industry would like to have modernisation on a much larger scale. Apart from increasing exports, it is also necessary to reduce the cost of production of the fabrics so as to give the benefit of it to the indigenous consumer.

The Federation, one is told, has recently submitted a scheme of importing woolen textile machinery on deferred payment terms on its own initiative. A number of countries such as the U.K., Italy, West Germany and the U.S. are prepared to supply machinery on this basis. The Textile Commissioner has endorsed

Table C: Wool And Woollen Goods Export
(Quantity in millions; value in lakhs of rupees)

	Unit	1963-64		1962-63	
		Quantity	Value	Quantity	Value
Raw wool ..	Lbs.	23.20	636.32	23.26	599.97
Woot tops ..	,,	..	..	0.003	0.08
Shoddy and waste wool ..	,,	0.78	15.77	0.18	5.59
Woollen yarn ..	,,	0.20	17.38	0.03	2.65
Knitting wool ..	,,	0.23	29.74	0.05	4.58
Woollen piecegoods ..	Yards	1.15	146.69	0.47	41.56
Of which:					
Worsted piece-goods ..	,,	0.51	136.82	0.19	27.50
Others	,,	0.64	9.87	0.28	14.06
Woollen blankets ..	Lbs.	0.88	34.65	0.14	5.22
Woollen shawls and tohis	Nos.	0.08	35.59	0.03	5.94
Carpets and druggets ..	Sq. yds.	1.88	525.65	1.50	422.72
Wollen hosiery ..	Lbs.	0.44	59.09	0.23	25.15
Grand total ..		..	15,00.88	..	11,23.46

the scheme evidently because the machinery required by the woollen mills are not manufactured in this country. Commending the scheme for acceptance by the Government of India, Mr. Seth observes:

". . . if the scheme is accepted by the Government, then the industry will stand on a very firm footing. Repayment should not pose much difficulty, as avenues for exports are considerable. Raw wool alone can bring in considerable foreign exchange. This would be supplemented by fabric exports which are sure to go up during the coming years. Carpet exports of the mechanised sector will bring better results and all these combined together will solve the foreign exchange difficulty of the industry. So the scheme of the Federation is worth a try by the Government."

The Immediate Problem

Modernisation of woollen industry is, however, of long-term importance. The immediate problem is one of utilising the existing capacity to the maximum extent possible. Quite a large part of the capacity, we are told, continues to lie idle for want of adequate raw materials. The figures given in Table A are sufficiently illustrative. As against the actual raw materials (imported) requirements of the industry, estimated at Rs. 18·20 crores per annum on two-shift working, the allocation of foreign exchange made for the year October 1964-September 1965 is only Rs. 5 crores. The allocation, it is stated, will enable the industry to work only to the extent of 40 per cent of its capacity, after taking into account the availability of Indian wool and raw material earnings from exports. Drawing attention to the critical raw material situation, Mr. R. K. Birla put forward the following two suggestions while presiding over the meeting of the Development Council at New Delhi last week.

1. Since the present advance licences system against promised exports is not satisfactory, the Export Promotion Council or any other agency appointed by the Government should establish a reserve or stockpile of wool from which manufacturers can draw against export orders.

2. If the Government is not prepared to link imports of raw materials against the total value of exports, including raw wool, it may fix a limit on the value of Indian wool to be exported, keeping in view the average of the last 4-5 years, and any increase over this limit should be made available to the industry for import of raw wool.

The two suggestions of Mr. Birla are pertinent and deserve favourable consideration. When so much of capital—a scarce resource—has been sunk in creating capacity in the woollen industry, existence of idle capacity constitutes in effect waste of capital which the country can ill-afford at present and for some years to come. The Government of India will do well to liberalise its import policy for woollen industry's raw materials, since the type of wool needed is not available in adequate quantity. It would, of course, be desirable to increase more production in India itself. But this will take a long time even if energetic measures are taken without any delay. Further, India is

(*Continued on page 808*)

MANCHESTER LETTER

MILLS WELCOME IMPORT SURCHARGE

CLASH AMONG TRADE UNIONS OVER "PILOT SCHEME"

From Our Special Correspondent

MANCHESTER, *27th October*

IN Lancashire cotton circles, the British Government's decision to impose a 15 per cent surcharge on imports was welcomed by manufacturers. It would reduce the flow of cheap imports and help increase the sales of home-produced cottons. But Mr. Henry Pfeffer, head of Broome and Wellington, Manchester, which claims to be the biggest firm of cotton grey cloth merchants in the world, said: "Prices for all cotton textiles are bound to go up." The public would have to pay more for clothing and household textiles made overseas or manufactured from imported cloth. As a result home-produced cottons would also tend to rise in price.

Mr. K. O. Boardman, Chairman of Boardman, Marden, the Stockport-based garment manufacturing and textile firm, described the move as a "bull point" for Lancashire. Imports were bound to fall and home manufacturers would be working flat out to meet the demand. Lancashire manufacturers pointed out that, because the surcharge was "temporary," importers would be discouraged from placing orders in case it was abolished in the future and this would lead to a bigger call from home-produced supplies.

Shortest-ever Working Week

A clash has developed among trade unions in the Lancashire textile industry over a revolutionary experiment which would have the effect of introducing a working week on shifts of about 33 hours—the shortest in British cotton history. The basic week would be limited to three nights' work, but the two teams involved would also alternate in staffing a four-hour Saturday morning shift. The limited experiment has been authorised by the executive of the Cardroom Workers' Amalgamation, the largest spinning union. But after a meeting in Manchester attended by officials of ten unions —including the Cardroom Amalgamation—it was stated that every other union was opposed to it.

The six-month "pilot scheme" would be tried out at a mill that has been the focal point for a £2,000,000-modernisation programme and has been described as "the most modern and best equipped in Lancashire"—Sir John Holden and Sons at Leigh, part of the Combined English Mills group.

After the meeting, Mr. Lewis Wright, General Secretary of the Weavers' Amalgamation, said: "Every textile union was opposed to the principle other than the executive of the Cardroom Amalgamation, which has authorised the experiment." The opposition was based primarily on the inroads which would be made into week-end leisure in an industry with a "family tradition." "We do not think the social upset that would be involved by this new method is necessary," said Mr. Wright.

The experiment would be limited to two small teams of men workers employed as ring spinners. One team, Mr. Wright explained, would work on Sunday, Monday and Tuesday nights, and the other on Wednesday, Thursday and Friday nights. They would also take their turn on a four-hour Saturday morning shift. There would be no loss of earnings from the shorter week. On wages and working hours, the cotton unions have adopted a united front.

Imports of Garments

Quite apart from the very substantial rise in imports of cotton piecegoods, the quantity of foreign cotton garments reaching British ports in the second quarter this year remains a major factor in assessing future trade trends. The value of the total imports of made-up cotton articles was £14,514,000, as against £13,872,000 in the first quarter and £10,805,000 in the second quarter of 1963.

Within the different categories, imports of woven household textiles aggregated 6,996,000 lbs., as against 5,974,000 lbs. in the first quarter and 4,915,000 lbs. in the second quarter last year. Sheets, pillow and bolster cases accounted for a large part of this trade, being 1,634,000 lbs., as against 1,516,000 lbs. in the first quarter and only 538,000 lbs. in the corresponding period of 1963.

Foreign terry towels of all descriptions arrived to the extent of 2,256,000 lbs., as against 1,831,000 lbs. in the first quarter and 1,591,000 lbs. in the second quarter of last year. Other towels followed the trend, being 1,650,000 lbs., as against 1,220,000 lbs. in the first quarter and 1,309,000 lbs. in the second quarter of 1963.

Eastern Suppliers

The major suppliers of woven household textiles were India, who provided 2,665,000 lbs. and Hong Kong with 1,820,000 lbs. In the case of the Colony, this was at a lower level than in the second quarter last year, but was distinctly higher than in the subsequent three quarters.

In woven clothing, the total arrivals in the second quarter this year were valued at £8,638,000, as against £8,196,000 in the first quarter and £6,500,000 in the second quarter of 1963. Men's and boys' coats, waist-coats and trousers accounted for 5,671,000 garments, as against 4,463,000 garments in the first quarter. Women's and girls' dresses secured from abroad were slightly lower than in the first quarter at 1,215,000, as against 1,414,000, but the comparative imports in the second half of last year were only 741,000 garments.

In a number of undergarments, imported cotton goods were slightly smaller in volume than in the first quarter this year, but remained well above the 1963 average. Men's and boys' shifts accounted for 414,000 dozen. as against 447,000 dozen in the first three months of the year and 340,000 dozen in the same period of 1963.

A sharp fall was recorded in arrivals of corsets, suspender belts, brassieres, etc., at 574,000 dozen, as against 982,000 dozen in the first quarter of 1964. But the quarterly average arrivals of these articles in 1963 was only 292,000 dozen. Imports of handkerchiefs in the second quarter this year were 718,000 dozen, as against last year's average of 490,000 dozen per quarter.

Mergers: The Union Angle

The merger movement in the industry has been the subject of innumerable comments from a multitude of sources, but, until recently, little has been heard of the attitude of the trade unions to the changing structure and ownership of large sectors of textile capacity. The representatives of the operatives in both spinning and weaving, however, have now aired their views. On behalf of the Northern Counties' Textile Trades' Federation, Mr. Lewis Wright, the Secretary, has in general terms commended the movement. "So far as the industry's future is concerned it is all to the good," he says in his annual report. "It should have occurred years ago and over a longer period, so that the industry could have conditioned itself more gradually to the change." The moves, he adds, will mean a much closer integration of spinning, weaving, finishing and merchanting, without which the industry could not for long have functioned efficiently, nor met the challenge of the times.

How these developments will affect the workers themselves is clearly the key point for the union leaders. Mr. Joseph King, Secretary of the Cardroom Amalgamation, contends that the trade unions have a right to know more about the implications of what is taking place. The policy of seeking a meeting with the parent Company has been adopted and several such conferences have already taken place.

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JUTE INDUSTRY IN INDIA AND ABROAD

PAKISTAN'S GROWTH IN LOOMAGE REMARKABLE

THE growing competition from Pakistan in the sphere of both production and exports of jute goods poses by far the most serious problem to the jute industry in India. Pakistan, keen on carving for itself a larger share of world trade in jute goods, produced as much as 330,932 tons in the year ended 30th June 1964, representing nearly 25 per cent of India's production. In 1961-62, its production was no more than 271,081 tons, so that, in two years, it has been able to step up its output by no less than 22 per cent. As a result, consumption of raw jute within Pakistan has jumped up from 1,590,000 bales to 1,942,000 bales. It plans to raise its output further by 20 per cent in the coming 16 months and by a much greater percentage in the subsequent three or four years. This remarkable, continuing expansion of jute goods reflects the rapid growth in the size of jute industry in Pakistan. The total number of looms in operation in July 1964 (that is, the first month of the current jute year 1964-65) was 10,616, as against 8,040 in 1960 and a bare 1,000 in 1952. Pakistan's share in the aggregate world jute loom capacity, according to the latest *Loom and Spindle Statistics*, published by the Indian Jute Mills Association (I.J.M.A.) Calcutta, this week, has increased from just 0.80 per cent in 1952 to 7.8 per cent in 1964.

Viewed against this remarkable expansion of Pakistan's loom capacity, India's growth in the last twelve years (1952-64) is not very striking. The number of looms in the country has gone up by only 5,737 (from 68,557 to 74,294). And of the 74,294 looms installed till the beginning of this year, nearly 5,000 are looms other than hessian and sacking. The changes in the position of jute industry in other countries are indicated in the accompanying table below:

Table I: *World Distribution of Looms in Jute Mills*

Country	Number of looms		Percentage of world total	
	1964	1952	1964	1952
India	74,294*	68,557	57.57	56.00
Pakistan	10,066	1,000	7.80	0.80
United Kingdom ..	6,661	11,151	5.16	9.10
Brazil	4,647	4,987	3.60	4.10
Spain	3,836	800	2.97	0.70
Belgium	3,192	4,807	2.47	3.90
France	3,142	7,698	2.44	6.30
West Germany ..	3,031	6,349	2.35	5.20
Italy	3,009	4,631	2.33	3.80
U.S.S.R.	2,909	1,315	2.26	1.10
Poland	1,600	1,600	1.24	1.30
China	1,296	756	1.00	0.60
Netherlands ..	1,127	N.A.	0.87	N.A.
Japan	1,000	615	0.77	0.50
Other Countries ..	9,239	8,244	7.17	6.60
World Total ..	1,29,049	1,22,510	100.00	100.00

* Includes 5,097 looms other than hessian and sacking and excludes a few circular looms installed on an experimental basis.

N.A.—Not available.

Note :—Figures of West European countries except Spain given in 1964 column refer to the end of 1962.

The table shows that the number of jute looms in European countries such as the United Kingdom, Belgium, France, West Germany and Italy has decreased during the period from 1952 to 1963. There has been more than a 50 per cent fall in the number of looms in West Germany and France and a little less than 50 per cent in the U.K. Spain, the U.S.S.R. and Japan have, however, increased their loom-strength considerably.

The I.J.M.A.'s latest brochure, *Looms and Spindle Statistics* provides comprehensive data on the capacity of jute mills in India, of both member and non-member mills, of which there are still a few. The data pertain to the position as of 1st January 1964. Out of the 74,294 looms at the beginning of 1964, hessian looms accounted for 43,570, sacking looms for 25,491, carpet-backing and other looms for 5,097 and one-mack' looms for 136. As the reed spaces of these last-mentioned looms are not known, they are not classified as either hessian or sacking. The actual looms-strength of the member and non-member mills of the I.J.M.A. according to types is given in Table II.

Table II: *Total Loom-strength*

	Hessian	Sacking	Others	Total
I.J.M.A. mills :				
W. Bengal ..	41,103	22,294	4,493	68,026*
Other States ..	493	1,288	Nil	1,781
Total ..	41,596	23,582	4,493	69,807*
Mills outside I.J.M.A. :				
W. Bengal ..	1,668	740	604	3,012
Other States ..	306	1,169	Nil	1,475
Total ..	1,974	1,909	604	4,487
Grand Total ..	43,570	25,491	5,097	74,294*

* Includes 136 ' Onemack ' looms.

The I.J.M.A. member-mills account for more than 90 per cent of the total looms (69,807 out of 74,294). Another interesting feature is that West Bengal accounts for 95.5 per cent (or 71,038 looms) of the total loomage in India. Other States having jute mills of some importance are Andhra, Bihar and Uttar Pradesh, their respective share being 1,086, 1,059 and 891 looms.

While all the non-I.J.M.A. mills (hessian and sacking) looms of 3,883 are electrically driven, there are still over 5,000 (hessian and sacking) looms of the I.J.M.A. member-mills to be electrically operated. They are at present operated by steam-power. There has been a decrease in the number of electrically driven looms in the Association mills by 821 since 1962 due to the recent reversion of two mills from electricity to steam driven looms. This was, perhaps, due to shortage of electric power and the erratic nature of supply in Bengal. The reed space of looms in jute mills varies from 40" (102 cms.) to 120" (305 cms.) in the case of hessian and from 32" (81 cms.) to 39½" (100 cms.) in the case of sacking.

For the first time, the publication includes statistics relating to the distribution of spindles installed in the jute mills. As on 1st January 1964, the member-mills had a total of 659,702 spindles. Of these, sliver spinning spindles accounted for more than half, 368,792 to be precise. Rove spinning spindles (both ordinary and high speed) were 290,910 and twisting spindles (both ordinary and high speed) 25,386. The non-member mills possessed 43,266 spindles comprising 22,872 rove spinning spindles and 2,582 twisting spindles.

WORLD JUTE OUTPUT AND CONSUMPTION

Over the past decade, world production and consumption of jute, kenaf and allied fibres have increased by more than 4 per cent annually and present levels are some 40 per cent higher than before the Second World War, according to a report recently prepared by the Food and Agriculture Organisation. Western Europe now manufactures only 18 per cent of jute goods, as against 32 per cent in 1954. India's share has also gone down from 55 to 42 per cent. As for consumption, the developing countries, including China, now use as much jute and allied fibres as the rest of the world. Consumption has not been stagnant in the industrialised countries either. In the U.S., over the past ten years, consumption has increased as quickly as national income. However, technological changes and competition from synthetics have reduced the use of jute in packaging, although new uses such as carpet backing have increased rapidly.

The greatest scope for international collaboration for jute and allied fibres, in the opinion of the F.A.O., lies in the field of market stabilisation. It suggests basic improvements in marketing, including a revision of grading practices and an expansion of warehousing facilities. The report recommends a 'critical study' of the practicability of adopting an international buffer stock policy with carry-over stocks held in several countries. It refers to various means for achieving stability in the world jute economy, ranging from the setting up of an advisory committee on co-ordination of national buffer stock and price policies to the setting up of an internationally financed buffer stock. The long-term expansion of the market for jute goods, the F.A.O. report adds, will continue to be affected by the degree of stability in prices and supples.

RAW JUTE IN PAKISTAN

Production of raw jute in Pakistan during the 1963-64 (July-June) season was slightly lower at 5.9 million bales as compared to 6.3 and 6.9 million bales in 1962-63 and 1961-62, respectively. With stocks of 1.1 million bales brought in from the previous season, the supply available was no less than 7 million bales, though 500,000 bales smaller than that in 1962-63 and the same as that in 1961-62. The total disappearance of raw jute was 6.3 million bales, as against 6.4 and 5.8 million bales in the previous two years. Home consumption accounted for 2.1 million bales, that is, 100,000 bales more than in 1962-63. Exports to overseas countries excluding India remained unchanged at 4.1 million bales, but was 400,000 bales higher than in 1961-62. Exports to India were no more than 100,000 bales. India's intake of Pakistani jute has been falling steadily. In 1959-60, it was 600,000 bales, averaged to 400,000 bales per year in the subsequent two years and fell further to 300,000 bales in 1962-63.

TEXTILES

(*Concluded from page 806*)

not ideally suited, from the climatic point of view, for raising sheep that yield fine and superior quality wool. In view of the synthetic substitutes that are growing apace, it would be desirable to invest capital and effort on them rather than on the difficult project of producing natural wool of finer types. But this does not mean that India should not try to increase the production of such types of wool for which it has an advantage over countries like Australia, New Zealand, Argentina and South Africa. Larger production of this wool would enable it to export more and use the foreign exchange thus obtained for importing finer wool and synthetic fibres.

It would not be right to assume that adequate availability of raw material and machinery would solve the ills of woollen industry in this country. If the industry is to be efficient and produce goods that can withstand even a reasonable measure of competition, it must consist of economically viable units. It is for the leaders of woollen industry to consider whether or not there is scope for integration of small units into fairly large ones and for weeding out old and outmoded units which would not have survived but for the closed market caused by scarcity of foreign exchange. They have an obligation to the society in this respect, for woollen clothing is not a luxury to consumers in those parts of the country where climatic conditions necessitate its use.

EXCISE ON STAPLE FIBRE

Some modifications in the levy of excise duty on staple fibre, staple fibre yarn, and other synthetic and mixed yarns were announced recently by the Central Board of Revenue. The net effect of these modifications may be summed up thus:

The excise duty on staple fibre of 1.5 denier and coarser has been reduced from 115 paise per kg. (including the special excise duty of 15 paise which is now abolished) to 75 paise.

However, all staple-fibre yarns other than counts below 16s are now subjected to the same duty as is applicable to cotton yarn. Staple fibre yarns below 16s continue to be free from excise duty.

Synthetic yarns and mixed yarns bear higher rates of excise duty.

These modifications are very realistic and will result in better demand for staple fibre. This at any rate is the view expressed by a spokesman of the Gwalior Rayon Silk Manufacturing Company Ltd. Describing the favourable impact of the modifications, the spokesman observes:

"It now becomes more economic to spin staple yarns of 16s in place of the current 20s. By doing this, there will be a saving of 40 paise per kg. on staple fibre, of 25 paise per kg. in yarn duty and 10 paise per kg. on spinning cost. In other words, a total of about 75 paise per kg. will be saved by staple fibre spinners. This should make it attractive for spinners, power-looms, handloom weavers and textile mills alike to spin 16s counts, so as to derive the maximum benefit from the new duties. For composite textile units, it now becomes economical to spin medium counts of 28s, 30s, and 44s by blending 16 per cent or more of staple fibre with Indian cottons to produce superior, even and fuller yarns which could be used in the manufacture of fabrics comparable to any cotton fabric in physical properties, perhaps even better than cotton fabrics in appearance and feel. Another variety that can now be economically manufactured and introduced in the market is a combination of cotton warp and staple weft (particularly 16s and fancy) which should appeal, particularly, to consumers of fancy fabrics, tapestry and dress material. If the staple content in the fabric is over 60 per cent, no excise duty will be payable on the fabric in the grey state, the fabric then falling under the category of art silk. In this case, only 9.7 paise per square metre processing duty will have to be paid and that should make the fabrics very cheap. The fabric will also be fine and lustrous.

"In short, the introduction of the more realistic excise duties will popularise a new count of 16s in the Indian market, encourage blends of staple fibre in cotton, woollen and polyester spinning on a larger scale than before and the market for staple fibre may be expected to be brighter than ever before. The latest reduction in duty will no doubt give some relief, but even the reduced excise duty is still very high. If consumption of staple fibre, which is a valuable complement to cotton, has to be increased to replace cotton, as must be done, what is needed is not just a reduction but a wholesale removal of the excise duty."

The Indian Cotton Mills Federation has also welcomed the relief that staple fibre yarn of 20s will get under the revised scheme of excise duty. But it points out that 40 and 60 counts will be subjected to an additional burden of 5 paise per kg. on the former and 60 paise per kg. on the latter (manufactured out of 1.2 denier fibre). The Federation fears that, unless necessary relief is given, demand for yarn of 40 and 60 counts and, consequently, for staple fibre, will be affected. It has, therefore, urged a suitable modification of excise duties on staple fibre and staple fibre yarn, so that there may be no increase in the burden placed on staple fibre yarn, thereby giving an impetus to the production of this yarn.

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OUTLOOK FOR SUGAR EXPORT NOT BRIGHT

WORLD MARKETS TURN IN FAVOUR OF BUYERS

THE prospects for Indian sugar exports which were very bright some time ago, thanks to the buoyancy of world sugar markets, have receded again of late. In fact, the chances of large-scale exports are remote and whatever sugar that is shipped abroad (largely against the commitments already entered into) will be at a heavy loss. For the gap between world and Indian sugar prices has widened considerably, as the former have suffered a distinct setback, while the latter have registered a steep rise. The latest available quotation for raw sugar in the London market is Rs. 433 (£32 10s.) per tonne against which the wholesale price at Bombay is standing at Rs. 895, after taking into account the full remission of the excise duty of Rs. 291 and the cane cess of Rs. 52 per tonne. It is thus clear that, on every tonne of sugar exported, the loss works out to as much as Rs. 462 per ton, whereas, a year ago, India would export sugar at a profit, since the Indian price of Rs. 878 per tonne was well below the world price of Rs. 1,400 (£105) per tonne. In other words, the Government of India will have to pay a handsome subsidy to meet the loss on exports, now that the world market has turned out to be in favour of the buyer. In the absence of any indication of the Government of India's approach to the question of exports and the uncertainty regarding the trend of production during the current season, it would be rash to make an assessment of the outlook for sugar exports at this stage. But, by and large, the prospects, as already stated, are rather bleak.

World Market

That the world sugar markets have turned in favour of the buyer is evident from the marked fall in prices. From as high as Rs. 1,400 (£105) per tonne prevailing in November, the price of raw sugar in London has gone down to Rs. 433 (£32 10s.) at present. The earlier expectations that the declining trend in prices was temporary have not proved correct, as the London price has been ruling steady around Rs. 433 (£32½) per tonne during the last one month. Certain sugar dealers in London are inclined to feel that, in view of the substantial European beet sugar output, prices might fall to Rs. 333 (£25) per tonne. Whether or not this assessment is correct, time alone will say. But there does not seem to be any possibility of a spectacular recovery in prices, at any rate in the immediate future. For the current sugar season (September 1964-August 1965) is expected to witness a further marked rise in world sugar output. The European beet sugar output alone is estimated at 23.2 million tons, representing an increase of 3.6 million tons as compared with the 19.6 million tons produced in 1963-64. Moreover, France is likely to market 400,000-500,000 tons and there is said to be plenty of cane sugar forthcoming from the Latin American producers (350,000 tons from Brazil and 200,000 tons from Mexico, among others).

1963-64 Season

The past season (1963-64) was also a bumper one, in that the total world production of sugar was appreciably higher than in the two previous seasons, though it was below what was produced in 1960-61. The third estimate of Messrs. F. O. Licht of London places the total world sugar production during the season 1963-64 at 54.8 million tonnes, as compared with the second estimate (as of 20th March 1964) of 54.4 million tonnes and the actual output of 51.5 million tonnes in 1962-63. It will be seen from table A that the appreciable increase in world production of sugar during 1963-64 was accounted for by both beet sugar and cane sugar. The total output of beet sugar rose by 1.65 million tonnes to 23.58 million tonnes and that of cane sugar by 1.68 million tonnes to 31.22 million tonnes.

These estimates corroborate the earlier estimates released by Messrs. C. Czarnikow of London. Several European countries achieved a very high level of output during 1963-64. The production in both West Germany and France exceeded the two-million-tonne mark. The total production in Western Europe was 9.2 million tonnes as against 7.9 million tonnes, a rise of 1.3 million tonnes; this rise more than made good the slight decline in output in East Europe. The increase in sugar beet production in Europe is the direct result of larger acreage. The area actually sown to beet crop in 1964 is estimated at 7,236,000 hectares, as against 6,281,000 hectares in 1963 and 6,141,000 hectares in 1962. Out of this total acreage, West Europe accounts for 1,911,000 hectares (as against 1,721,000 hectares and 1,693,000 hectares in 1963 and 1962, respectively) and Eastern Europe for 5,326,000 hectares (as against 4,560,000 hectares and 4,448,000 hectares in the two previous years, respectively).

Table A: World Sugar Production
(In thousand metric tonnes)

Continents	1963-64 3rd estimate (10th Sept.)	1963-64 2nd estimate (20th Mar.)	1962-63
Beet sugar :			
Western Europe	9,203	9,105	7,875
Eastern Europe	10,400	10,419	10,690
Europe Total	19,603	19,525	18,526
Overseas Countries	3,977	3,898	3,401
World Total	23,581	23,422	21,926
Cane sugar :			
Europe	31	28	29
North and Central America	11,084	11,168	10,801
South America	6,374	6,374	6,118
Africa	3,400	3,402	3,015
Asia	8,319	8,043	7,268
Oceania	2,006	2,021	2,301
World Total	31,215	30,986	29,533
Total world sugar production	54,796	54,409	51,459

Efforts are being made in the Soviet Union to raise beet acreage with a view to augmenting output. Increases have also been reported from the U.S. and the U.K. The latest crop report of the U.S. Department of Agriculture says that the prospects for U.S. sugar beet have improved. In July last, warm weather favoured the growth of beet in most of the areas and water supplies were generally adequate. The sugar beet crop is currently estimated at 25 million tonnes, showing a 6 per cent increase over the previous year. The beet acreage has increased by 13 per cent while the per-acre yield has gone down from 20 tonnes to about 17 tonnes. The average per acre yield during the period 1958-62 was about 17.5 tonnes. In the U.K., for the second season in succession, the area under sugar beet from which the British Sugar Corporation is permitted to produce beet-sugar, has increased. Between 1958 and 1963, the total area remained almost unchanged at 165,840 hectares. In November last, it had been officially announced that there would be an increase of about 5 per cent to 174,140 hectares during 1964, in view of the prevailing world situation. Another 3,000 hectares are to be added next year. The expansion in domestic area follows the decision to end U.K.'s commitment to purchase sugar from South Africa. It will be recalled that, before South Africa left the Commonwealth, it was a member of the Commonwealth Sugar Agreement and had a basic negotiated price quota of 150,000 tonnes. Following the expiry of the agreement, a bilateral agreement was entered into between the U.K. and that country whereby the U.K. agreed to purchase 150,000 tonnes of South African sugar each year. This agreement will terminate at the end of 1964. (South African sugar in the current season is estimated at 1,222,725 tonnes.)

Table B: World Sugar Balance
(In thousand metric tonnes)

	1963-64	1962-63	1961-62	1960-61
Opening stock, 1st September	8,100	10,700	13,200	12,500
Production	54,796	51,459	51,781	55,918
Total supply	62,896	62,159	64,981	68,418
Closing stocks, 31st August	N.A.	8,100	10,700	13,200
Estimated consumption	N.A.	54,059	54,281	55,218

N.A.—Not available.

Australia is one of the biggest exporters of sugar. The expansion of sugar output in this country is attributed to the sharp decline in Cuban and Indonesian sugar output. Australia has become a major sugar supplier to Japan, the U.S. and the U.K. Last year, it shipped

(*Continued on page 823*)

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EXISTING AND PROPOSED ACTIVITIES OF THE COMPANY

The Company is engaged in the manufacture of a wide variety of containers ranging from simple slip-cover cans such as are used for cosmetics and other dry products to friction-top cans for paints, open top sanitary cans for fruits and vegetables, and other precision-made containers. Metal cans, mostly decorated and lithographed are manufactured by the Company in a variety of sizes and shapes to meet the needs of the different products to be packed. The Company also makes other light-gauge tinplate and sheet-metal products.

The Company's wholly owned subsidiary, Colrige Limited, is engaged in the manufacture of rigid containers and collapsible metal tubes for cosmetic, pharmaceutical and other industries.

Another subsidiary, Kaira Can Company Limited, will be manufacturing containers at its factory to be established near Anand mainly for the requirements of Kaira District Co-operative Milk Producers' Union Limited.

The proposed activities of the Company as well as of subsidiaries will be the same as described above.

LOCATION OF THE FACTORIES

The Company's existing factory is at present situate at Messent Road, P. O. Tank Road, Bombay-33 DD. The Company has a branch factory, viz. a reforming unit at Najafgarh Road, Motinagar, New Delhi-15.

The Company proposes to establish two additional factories, one at Cochin in the South to cater to the requirements of South India and the other at Ghaziabad in North India to take care of North and East Indian requirements.

The main factory situate at Messent Road, P. O. Tank Road, Bombay-33 DD, is proposed to be shifted to the Kalva Industrial Area near Thana of the Maharashtra Industrial Development Corporation and fully modernised.

The modernisation and expansion programme will increase the Company's capacity from 40 lakhs to 1 crore of cans per month, on a single-shift basis.

The factory of Colrige Limited, a wholly owned subsidiary which is now in rented premises at Sewri, is also proposed to be shifted to the new site near Thana of this Company.

The factory of another subsidiary of this Company, Kaira Can Company Limited, is proposed to be established near Anand in Gujarat State.

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12. SHRI JAYANTILAL R. MEHTA, 75, Warden Road, Bombay-26.

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	Rs.
AUTHORISED:	
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2,50,000 Equity shares of Rs. 10 each	25,00,000
PAID-UP	24,98,625
PRESENT ISSUE:	
8,50,000 Equity shares of Rs. 10 each	85,00,000
OUT OF THE PRESENT ISSUE:	
2,50,000 Equity shares of Rs. 10 each have been offered to the existing Shareholders by way of rights	25,00,000
NOW OFFERED FOR PUBLIC SUBSCRIPTION FOR CASH AT PAR:	
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(ii) Rs. 2.50 per Share on allotment, and	
(iii) the balance of Rs. 5 per Equity Share payable on further calls as may be determined by the Directors, but no call shall exceed Rs. 2.50 per Share and there shall be an interval of at least three months between any two calls	60,00,000

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BUSINESS NEWS FROM EUROPE

SHADOW OVER EAST-WEST TRADE

NO FALLING OFF IN TOURIST TRAFFIC

From Our Special Correspondent

AFTER the political changes in Moscow, Western diplomats and businessmen are pondering the effect the overthrow of Mr. Khrushchev may have on East-West trade. Above all, they are worried that a Sino-Soviet rapprochement, which Khrushchev's departure is thought to make more likely, will lead to a lessening of trade with Western Europe. Some even fear a possible abrogation of contracts already entered into.

So far, there has been no hint of any change in trade policy from the new Soviet rulers themselves. But these are still early days and the West will not know for some time if policy is to be altered.

If there is a change, it is thought that the most serious damage would be done to the West German economy. Germany has established strong links with Eastern Europe and, while a large part of these are with Soviet bloc countries other than Russia, it is thought unlikely that Russia and her satellites would stay out of step for long. German sales to the East, comprising mainly heavy goods and machinery, are not the sort of exports that West Germany could off-load easily elsewhere. Already she is meeting serious competition in the same field from Japan in Asia, the one area where an expansion of such sales might be possible.

Germany is not the only country likely to be affected. France hopes to get firm orders soon for capital equipment worth £148 million. Finland may take Russian natural gas and hopes to increase two-way trade by four per cent a year. Britain has recently sent a Ministerial party through Eastern Europe on a trade mission and Italy has its eyes on a potentially rich East European market.

These orders may go through and there may be no interruption in exchanges with Western Europe. But, until the new Russian leaders have made their plans clear, Western businessmen are likely to remain apprehensive about the future course of trade across the curtain.

Still More Tourists: Portugal Excels

Total income from tourism in Europe is expected to reach about £2,200 million this year, a 10-12 per cent increase over last year. A considerable part of this will be a dollar income, as American tourists are thought likely to spend nearly £250 million during the year. Biggest recipients of the American tourist invasion are expected to be France, Italy, Germany and Britain.

At one time, it was feared that the New York World Fair, efforts by the American Government to reduce the outflow of tourist dollars and higher prices in Europe would have an adverse effect on the rate of increase in the number of Americans travelling to Europe. But, as some countries, particularly Portugal, Britain and Spain, have recorded fairly substantial increases in Americans in the first five months of the year, it is thought unlikely that the flow of dollar traffic will dry up yet.

Fastest rate of increase in tourism in the first half of this year has been achieved by Portugal. While the figures are still small—254,000 visitors in the first five months—the 58.2 per cent increase far outstrips that recorded by any other European country. The reasons for the increasing popularity of Portugal are not far to find. What is rather more difficult to explain is the suddenness of the increase since last year. Stable prices, good weather, strenuous advertising and more hotels have all played their part in attracting more visitors. Last year, 38 hotels, with over 1,000 beds, were built and another 24 hotels (with 1,700 rooms) are now going up. More important from the point of view of the visitor, hotel rates have not risen since they were fixed in 1957, helping to offset the cost of reaching the country. In order to attract even more visitors, special facilities are being offered to hoteliers and builders by the Portuguese Government. Nearly £0.5 million has been made available interest free and about half as much again at 4.5 per cent interest. Hotels and other places of tourist importance are exempt from property and industrial tax for 10 years as well as from certain local taxes and rates.

Portugal has probably also benefited from the continuing popularity of Spain. The number of tourists visiting Spain in the first five months of the year rose by 36.4 per cent to 3.62 million, a rate of increase second only to Portugal and a total influx second only to Italy's 7.72 million. Spain too has been increasing the number of hotels rapidly and nearly 200, with 11,500 rooms, were added last year. Lower prices than in the rest of Europe and a growing demand for land for building houses to retire to have also helped to increase Spain's attractiveness.

Italy's increase was disappointingly small—3.4 per cent—and was a long way behind the Netherlands, 35.2 per cent in the first quarter, Yugoslavia's 29 per cent in four months, Austria's 18.3 per cent Britain's 16.9 per cent and Switzerland's 16.5 per cent, all in the first five months of the year.

In no country was there a falling-off in tourist traffic last year, though figures have not yet been made available for France. It is possible that the number of people who stay in France may be down (because of the country's reputation for high prices) but for this to be covered by those who pass through the country on their way elsewhere being shown as tourists.

In seven countries, this year is expected to show a balance of payments surplus on account of tourism—Italy, Spain, Austria, Switzerland, Ireland, Greece, Portugal—eight if France is included. The surplus is likely to be largest in Italy (approaching £300 million: last year's figure was £268 million) and lowest in Portugal (probably £23 million, as compared with last year's £15 million). West Germany is by far the largest deficit country in Europe on tourism—£207 million last year—and there were considerable deficits in Britain, Belgium, Sweden and Turkey, too.

Europe Sells More Cars to U.S.

European car exports to the United States are now climbing back from the trough of 1962. While the palmy days of 1959, when the United States took 614,000 foreign cars, still seem to be a long way off, there has been considerable growth this year. By the end of the year, some 450,000 foreign cars, most of them European, are expected to have been sold in America, a 14.5 per cent increase over last year and 110,000 units more than the low point of the previous year.

West Germany will continue to take the lion's share of the market, with Volkswagen alone taking nearly 40 per cent of the market, and the total German share being nearer 45 per cent. Second, but a long way behind the Germans, comes Britain.

British makes are now the second (BMC) and third (Triumph) most popular in America and Britain could probably carve a larger share of the market, if it were not for policy decisions. Both Ford and Vauxhall, fully-owned subsidiaries of American companies, do not compete in America because of decisions taken in Detroit by their parents.

France, third most successful nation in the U.S. car market, is having a mixed year. Renault sales are down in the first seven months, as compared with the same period last year, but Simca, through its link with Chrysler, has made an encouraging bid for a share of the market and its 4,750 cars sold represents about a third of the well-established Renault sales.

The future increase of sales in America is thought likely to depend, to a large extent, on how successful European nations are in maintaining prosperous native motor industries. Italian import restrictions have already hit the industry hard, particularly the German and British, but otherwise the outlook for 1965 is thought to be good.

Pensions in Europe

Who gets the best pension in Europe? This seemingly simple question has no simple answer, since the value of a pension to the recipient depends largely on its correlation with the cost of living, final wage before retirement or even the amount paid in. The effective value of a pension also varies according to the extent to which pensions hamper mobility of labour, by making workers afraid to change jobs because their pensions are not transferable.

The greatest value will obviously arise from pensions that are in some way tied to earnings. In relation to the actual amount paid, Belgians, Germans and French do well; Britons, Danies and Italians less well.

In France, the old-age pension is part, and only a modest part at that, of the pension structure. On top of the state scheme, skilled and salaried workers get additional income from compulsory industry schemes which are tied closely to the level of industrial wages. The cost of these industrial schemes is borne mainly by industry and sometimes accounts for up to a third of the wages and salaries roll. In addition, a widow gets half her husband's pension.

Germany is also a generous provider of pensions, with the employer and the employee each contributing about seven per cent of income. On retirement, the pension paid is on a sliding scale with the lower-paid worker receiving half his finishing salary and the higher-paid proportionately rather less. A widow gets 60 per cent of her husband's pension. There are also many private pension facilities in Germany run by individual firms, mainly because of the shortage of labour and the need to offer fringe benefits to attract workers.

The movement to private pensions has grown in the past five years in Britain, too, though more because it is realised that the state pension is inadequate for attracting workers. As a result of this trend, the Government introduced its own superannuation principle on top of the flat-rate pension, but this has not stopped the movement towards the private sector. A married couple in Britain receive approximately 30 per cent of the average industrial wage in pension and the employee contributes about six per cent of that wage; the employer's contribution is slightly more.

Belgium provides pensions of 60-75 per cent of average earnings from contributions in the region of nine per cent, equally shared between employer and employee. There is also a cost of-living adjustment, so that the pension rises by 2.5 per cent steps as prices rise. A widow gets 60 per cent of her former husband's pension.

By contrast with the others, the Dutch get relatively low pensions, approximately £3 a week for a single person and £5 for a married couple (roughly in line with British pensions), though possibly worth more than the British in real terms because of the lower level of prices. But, unlike in Britain, the pension is automatically adjusted for every three per cent rise in the cost of living.

Norwegian pensions are approximately the same, the single rate being slightly higher than the Dutch. But (again as in Holland) there are comprehensive supplementary schemes by which a pension of up to two-thirds of the final wage or salary is paid.

On the Iberian peninsula, pensions are low even by comparison with the lowest north European ones. Spain has two compulsory schemes, national insurance and mutual aid, and the pension from the former—£28 a year—is reduced to £18, if there is mutual aid. Contributions are equally low, employees paying one per cent of earnings and there are few supplementary schemes.

Portugal's old-age pension is paid at a weekly rate equivalent to two per cent of average annual salary for the years of contribution. Since wages in Portugal are low, the pension cannot reach very high levels. Employees pay a relatively high sum—5.5 per cent—to get the pension and employers an even higher amount—15 per cent. These contributions, however, cover all social benefits. Again, there are few supplementary schemes, though there is a small lump sum for a widow.

French Hopes in Latin America Checked

Results from President de Gaulle's four-week tour of South America are thought likely to fall short of the high hopes of French officials before the trip began. Nevertheless, some expansion of trade is likely to result from the visit as well as an increase of French influence in that continent. How far trade expands is now considered to depend on the drive of French businessmen. They have a hard task in front of them. The area is still regarded as a fairly impregnable preserve of the United States in spite of some governmental changes to the left.

France will also have to combat West German and Japanese trade drives which have captured a small, but important, part of the market. There is also considerable goodwill remaining towards Britain, since, up to 1914, that country had a major share of world trade with the continent.

Agreements for technical and cultural co-operation were signed with nearly all the countries on the President's itinerary and a large number of specific projects were discussed. It is thought that France is using the cultural links as a back-door approach to trade, building up a cultural connection first and then expanding trade from that base once French institutions have been accepted.

Specific proposals have ranged from French participation in a possible Atlantic-Pacific canal, in conjunction with Colombia, to a request from Brazil for French expatriate farmers from Algeria. Paraguay wanted French capital for its oil industry and Chile for its petrochemical and metallurgical industries.

In return, Latin America hopes to get more favourable terms for its goods in crossing the Common Market tariff wall. General de Gaulle held out optimistic hopes of this, but it is thought he may be thwarted by the remainder of the Six.

Denmark Controlling the Boom

With other European industrial nations, Denmark has had trouble in controlling her boom this year. Consumption and investment have leapt ahead of productive capacity and the Government has had to step in and dampen down the economy. Bank rate was increased a point to 6-1/2 per cent at mid-summer. This was largely because consumption rose 10 per cent in the first four months of the year, despite higher taxes on tobacco, liquor and petrol, and investment expanded even faster, especially on house-building and industrial restocking. For the past two years, economic policy has been aimed at keeping domestic demand in check through hard money and controls over some sectors of the economy such as building. The extent to which the Government had to move in these very fields again this year is taken to indicate the degree to which this policy has been unsuccessful.

The import surplus in the first four months of the year was about £75 million, three times as great as last year, and total imports are running about 20 per cent higher. Under the influence of falling tariff barriers, trade with the European Free Trade Association has been expanding steadily and now accounts for nearly half the total amount.

The rate of increase in both imports and exports of Denmark has tended to slow down recently but the role of EFTA is continually becoming more important. While Danish imports from the Seven grew by 2.4 per cent last year, as compared with a 38.7 per cent increase in the period 1959-63, those from the rest of the world declined by 0.1 per cent, against a rise of 32.6 per cent over the longer period. Similarly, exports to the Seven rose by 17.2 per cent last year, while those to the rest of the world went up 14.8 per cent. Over the longer period, E.F.T.A. took 51.3 per cent more Danish goods while the world took 35.7 per cent more.

Butter Prices Up

Butter prices are now moving up almost everywhere in Europe as shortages become more widespread. At this time of the year, prices usually move up, as European production eases, but this summer dry weather conditions have meant a bigger than average cut in production. Incidentally, butter prices even in North America have gone up, as the surplus has been reduced.

Re-organisation of the E.E.C. milk market has also stimulated the upward trend. While most European countries have experienced stagnant milk production this summer, France had an actual fall in output—by 9 per cent. From being Europe's principal butter exporter, France has had to buy from America and this in turn led to a big cut in United States' stocks. Because of the fall in French exports, both Italy and Britain have been forced to buy American butter. The sizable reduction in the American butter stocks could mean that, in future, European buyers will have some difficulty in getting extra supplies there.

Poland Extends Grain Support

In an effort to reduce its substantial grain import bill, Poland is in effect to increase guaranteed prices paid to cereal farmers. Under the 1966-70 Five-year Plan, Poland will develop the system of state purchasing contracts already applied to wheat and brewing barley, and include barley for general use and rye in the system. The aim is to encourage Poland's largely private farmers to increase their acreages of higher-yielding cereals, such as wheat and barley. The Government wants wheat acreage to be increased by nearly 36 per cent to about 5.1 million acres and barley by 20 per cent to about 2.2 million acres by 1970.

Agricultural setbacks in other East European grain producing countries have coincided with rising demand in Poland for both food-grains and cereal feeds for her livestock and substantial poultry and egg industries. As a result Poland has had to purchase larger amounts for western currencies. Increased supplies of wheat and barley have come mainly from North America and have this year included a £5.3 million purchase of some 7.4 million bushels of Canadian wheat. As well as taking small shipments of barley from Britain, Poland formerly bought fairly substantial amounts within the Soviet Bloc, mainly from Czechoslovakia. Until recently, Poland herself was a significant barley exporter.

Poland's third-country rye purchases continue to be largely from the Common Market. Its barley imports from all sources, which were 231,000 tons in 1960 and have averaged 320,000 tons since then, rose to 408,000 tons last year. They now account for about one-quarter of total supplies. Imports of wheat, in which domestic acreage has lately fallen, have averaged about 1.5 million tons in recent years and now provide about one-third of total supplies.

Topical Briefs

Trade between *Sweden* and Britain has increased considerably in the first nine months of this year. Swedish exports to Britain have risen by £24 million to about £120 million compared with the same period of last year while her imports rose by some £19 million to £141 million. This left a trade gap of just over £20 million. Largest single item in increased imports was machinery (a traditional British export), followed by chemicals and cars. Swedish pulp and paper accounted for the largest rise in exports, followed by iron and steel. There was a drop in sales of food and drinks to Britain and a rise in imports of them. At the rate imports are now flowing into Sweden from Britain last year's import surplus will be easily exceeded. The figure then was £24 million and the projection from the nine months' figures shows that this year's surplus is likely to be at least £26 million. Expansion of trade between the two countries—thought most likely in engineering, chemicals and textiles—will obviously depend on the trade gap being kept within bounds, but overall trade is thought likely to expand as E.F.T.A. tariffs are lowered.

Business expansion in *West Germany* appears to have reached the stage where demand for imports is helping to reduce the export surplus. There was an accelerated growth of imports in July and the £21 million trade surplus for the month was the smallest for over a year. For the first seven months of the year, however, the surplus of £375 million is £41 million more than for the January-July period of 1961, the record year for a balance of payments surplus. Part of the increase in imports has come through re-stocking but stable raw material prices in the primary-producing countries have helped. Despite a falling-away of sales to the Common Market, in particular to Italy, exports have remained buoyant through a big increase to the United States. The economy itself remains highly prosperous and increased output and bigger profit-margins have led to a rapid rise in profits this year. Retained profits in the first six months are about £550 million, half as much again as last year.

A study of ways of speeding the turnround of timber ships in *British* ports is likely next year. To be undertaken by a group of leading members of the timber trade, shipowners and port authorities, the study is likely, it is thought, to cost £50,000 and important business organisations will contribute to the cost provided the government's Department of Scientific and Industrial Research does so as well. The projected survey is all the more important because of the possibility of a dock strike, general unrest in the docks and delays and congestion which appear to be endemic. Much of the timber reaching Britain (as well as that exported) is unloaded (and stowed) piece by piece. Many people in the industry believe that efficiency could be vastly improved if modern packaging methods were adopted. The use of fork-lift trucks and cranes would enable ships to halve the turnround time, it is claimed. But many shipowners believe bulk storage would reduce the amount of timber that can be carried in a ship and there are doubts about the effect of packaging on the seasoning of wood.

Foreign investment in *Israel* is expected to show a 20 per cent drop this year to £28.6 million. Last year's figure of £35.5 million will not be reached this year by a considerable amount, according to Dr. Zvi Dinstein, head of the country's investment authority. The drop is not due to any decrease in the pressure of applications but to greater selectivity in granting "approved" status by the Israeli authorities. The decline has also been brought about by the need to cut back the rate of economic advance, in order to avoid the danger of inflation. Dr. Dinstein has said that a radical slow-down in luxury building projects might be necessary, with only houses, essential service buildings and business premises getting top priority. Since Israel clearly still needs a great deal of investment, it is thought that more incentives must be offered to induce local capital to play a greater role. This may mean more controls on consumption expenditure.

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WHITHER SUPERSONIC AIRCRAFT?

NOT MUCH ENTHUSIASM FOR IT STILL

By Our Aviation Correspondent

FEW developments in commercial aviation—not even the jet airliner which has had such far-reaching consequences—have occasioned so many doubts, or created such a sharp division of opinion, as has the supersonic transport. Two years have elapsed since the International Air Transport Association (I.A.T.A.), at its Annual General Meeting, held that year in Dublin, first took the S.S.T. into serious consideration. At that date, it may be recalled, the Anglo-French project had not materialised and American plans were still entirely nebulous.

Writing of that Dublin meeting, your correspondent reported (*Commerce*, 6th October 1962) that airline reactions to the S.S.T. were, to say the least of it, unenthusiastic. "It is only natural, the article ran, "that the airlines oppose an early introduction of supersonic flight. They have passed—and, indeed, are still passing—through a period of great financial difficulty. Their losses for the year 1961-62 totalled some £50 million . . . and are directly attributable to the transition from piston to jet. . . . Nevertheless, there are indications of an improvement in the situation. In due course, possibly by 1964, jet re-equipment will bring its own rewards. . . ."

Concord

Much, of course, has transpired since then. The Anglo-French Concord has advanced to the stage of cutting metal for the prototype. Although the Americans have yet to take a final decision, the firms of Boeing and Lockheed have been awarded contracts further to develop the designs which they respectively submitted last January. If one is not in error, those contracts expire at the end of October. A decision, of course, may now be postponed till after the Presidential election but it can only be a matter of weeks before American intentions in respect of an S.S.T. are known.

And so, as S.S.T. projects on both sides of the Atlantic begin to take a firmer shape, the airlines may soon be confronted with what may well be an agonising choice. It is true, of course, that the majority of major carriers have already placed orders for either the Concord or the American S.S.T—and, in some cases, for both. Such orders, however, are a form of insurance—an insurance designed to ensure, if and when the supersonic race should start, that they will not be left at the post. The real choice, however lies not so much on which vehicle to stake their money but in whether, as an Association, they should commit themselves to the race at all.

Fortunes Change

Their situation, of course, is now very different from that of 1962. The present year has seen a remarkable change in their fortunes. For many, it has probably been the most prosperous year on record. Lower Atlantic fares, coupled with a more favourable world climate in both political and economic spheres, have conjured up a quite unexpected expansion of traffic. Load factors, from the low forties, have shot up to 60 and even 70 per cent. At the same time, and in spite of a lower income yield per seat, the superior economics and productivity of jet airliners have reduced the average break even load factor to something like 42 per cent. And it is, of course, in the difference between the break even and actual load factors achieved that profit—or loss—lie.

With such a successful season behind them, when I.A.T.A. delegates assembled in Bogota, Colombia, for this year's A.G.M., they had shed, one can legitimately suppose, many of the fears and anxieties which beset them in 1962. Perhaps they had—but with prosperity come visions of greater prosperity. They can now see ahead the prospect of many years of profitable operation with subsonic jets. They are reluctant, consequently, to jeopardise this comparatively rosy prospect by embarking on another and hideously costly period of trial and error with supersonic jets.

At Bogota, then, the symposium convened to discuss the S.S.T. was, perhaps, the most important item of the agenda. It was, moreover, the very first occasion that a technical report has been presented at an open session. The symposium was addressed by a technical representative of each of the three firms primarily concerned with the S.S.T.—Sud Aviation, Boeing, and Lockheed. The aim was to give delegates a first-hand account of the progress achieved. The secondary aim, one has to presume, was to persuade them that the S.S.T. is a practical proposition.

It would be futile, in the course of a short article, to attempt any coherent account of the proceedings. It may suffice, perhaps, to say that, while some delegates may possibly have accepted the technical representatives' claims that the S.S.T. would be able to operate in a subsonic jet environment—with existing runways, aids, and facilities, that is to say—all were highly sceptical of claims that it would be economical to operate. The environment question is, of course, important but, for airline presidents and managements, economics are an over-riding consideration.

Mr. J. R. D. Tata's View

One can best convey the sense of the meeting, perhaps, by quoting the comments of leading delegates—and who, in that respect, more appropriate than Mr. Tata? Questioning, amongst other things, the justification for introducing an aircraft which, although it might be twice as productive, would cost at least five times as much, Mr. Tata voiced the doubts of a majority of the delegates. "I must say" he concluded, "that, notwithstanding some of the very encouraging or reassuring statements made on the economic side of it, my worries on the subject have not been allayed."

For an even more forthright opinion, let us turn to Sir William Hildred, I.A.T.A.'s Director-General since 1942—and who, incidentally, is shortly due to retire. According to a well-known American aeronautical publication, *Aviation Week*, he told a reporter: "I hope I shall not live to see the damned thing!" and added, "I can afford to say things like that but airline presidents cannot."

In the face of opinions such as these, one can only conclude that the airlines, as a whole, would be heartily relieved to see the introduction of an S.S.T. postponed for at least another ten years.

And, of course, there is such a possibility. The recently elected British Government has already informed the French Government about its desire to re-examine the Concord project, on economic grounds. There are rumours that it may even cancel their end of the Concord project. It seems unlikely—but it could happen. Whether the French would then carry on alone is problematical. At present, moreover, the Americans are uncommitted. They, too, on technical or financial grounds, might postpone initiation of the project.

Bound to Come

Nevertheless, one is, on the whole, inclined to the view that the airlines will get no such 'reprieve.' By 1972, or thereabouts, an S.S.T. will almost certainly have been developed. Its economic qualities will remain unproven but, in the event, will that deter the airlines? I.A.T.A. has formulated its "ten supersonic commandments"—the minimum technical and economic requirements which are essential in an S.S.T. before any I.A.T.A. airline will introduce it into service. But can the Association depend on 100 per cent obedience in this regard? Or will one or two of the more powerful and ambitious carriers initiate a race in which all will then be compelled to join?

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MODI SPINNING AND WEAVING MILLS CO. LTD.

CHAIRMAN, MR. G. M. MODI'S SPEECH AT ANNUAL MEETING

SCHEME OF REALISATION MULTIPLIERS CRITICISED

THAT neither the consumer nor the textile industry would ultimately stand to gain by the scheme of realisation multipliers was pointed out by Mr. R. B. Seth Gujar Mal Modi, Chairman of the Modi Spinning and Weaving Mills Company, Limited, in the course of his speech at the Eighteenth Annual General Meeting of the Company held at Modinagar on Saturday, 31st October 1964. He apprehended that, as cloth prices would be reduced to uneconomic levels, the apparent gain to the consumers by way of lower prices would be more than wiped out by the resulting fall in production and that the disadvantage to consumer would not only be from shortage of production but also from deterioration in quality. Referring to the distribution of imported cotton, Mr. Modi urged the Government to distribute this cotton on a spindlage or loomage basis throughout the country rather than give it to a few mills which have somehow secured or created a monopoly.

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

LADIES AND GENTLEMEN,

It gives me very great pleasure in extending to you all, a hearty welcome to the eighteenth annual general meeting of the Company. The Directors' report and audited accounts for the year ended 30th April 1964 have been in your hands for sometime now and with your permission I take them as read.

Before I proceed to review the working of the Company during the past year, I wish to pay our humble homage to the late Prime Minister—Pandit Jawaharlal Nehru, an apostle of peace, architect of new India and one of the greatest personalities of the world. Since independence there has been tremendous advancement in all the fields of national activity and our beloved Prime Minister was the guiding force behind it.

It is a matter of great pleasure that the country has elected unanimously Mr. Lal Bahadur Shastri as our new Prime Minister. From my personal experience, I am in a position to say that during the regime of our new Prime Minister, good relations throughout the world will prevail. He is a person of balanced mind, mature judgment and quiet disposition. He has a deep and detailed understanding of the problems of the country. With his kind-heartedness and dynamic administrative ability, India is bound to prosper. We wish him good health and long life in the service of the nation and assure him of our fullest cooperation.

Prices

Unfortunately our country is passing through a great crisis of spiral rise in prices, more particularly in respect of food which accounts for about 70 per cent of the total money spent by a common man. It will take many more years before India will be self-sufficient in meeting its requirements of foodgrains. With the rapid growth of population and also slow progress in agricultural production, we have been facing such difficulties for a long time. Difficult as it is, to control the growth of population, it is equally difficult to make land produce sufficient food to make the country self-sufficient. It is a difficult time for us to prove that we can be steady and stable even in the hardest times.

Working Results

Now looking to the working of your Company, you would have noticed from the Directors' report that the Company's profits have considerably improved over the figures of previous year; the gross profit during the year is Rs. 87,41,128 against the previous year's profit of Rs. 51,92,559 and after fulfilling the statutory obligations of depreciation amounting to Rs. 41,37,718 as compared to Rs. 25,72,622 and development rebate reserve Rs. 16,95,000 as compared to Rs. 2,51,000 and taxation Rs. 13,50,000 against Rs. 13,10,000 the net profit available for distribution is Rs. 15,70,505 as compared to Rs. 10,77,095 of previous year. The share capital of the Company has increased to Rs. 1,72,37,066 against Rs. 1,51,33,261 hence your Directors have proposed a payment of dividend of 10 per cent on the equity shares for this year as compared to 9 per cent paid during the previous year. Dividend on new equity shares issued in February 1963, will be paid in proportion to the period and amount paid thereon.

New Installations

The net sales of the Company have also increased to Rs. 970.00 lakhs in 1963-64 against Rs. 805.86 lakhs during 1962-63. This has been achieved by the addition of a new mill named 'C' mill, which went into production during the year and the continuous process of renovation and rehabilitation of the mills, carried out to keep the plant and machinery up-to-date. We have also installed, during the year under review, sanforizing range and other processing machinery. The Company has spent a sum of Rs. 1,70,45,644 on these additions to the plant and machinery, building and other assets during the year.

You will be pleased to know that the erection of new 'C' mill, which was taken up in hand during the last year, is now running satisfactorily with 19,184 spindles and we hope to add 6,104 spindles more during the current year to make it a full-fledged unit consisting of 25,288 spindles.

Right Issue

You would be further glad to hear that your Directors have entered into an agreement with a famous firm—Messrs. Platt Bros. of U.K.—for the supply of complete plant to manufacture sewing thread, hosiery and industrial yarns for which there is a good demand. We have received sanction from the Controller of Capital Issues Government of India, to raise the share capital of the Company by issue of one right share for every two shares held by a member, that is, right shares of the face value of Rs. 86,50,820, but your Directors have not decided to issue the right shares for the time being.

Your Vice-Chairman, Raizada Seth K. N. Modi, and General Manager, Seth Krishnan Kumar Modi, visited the most modern sewing-thread plants of Switzerland, U.K., Germany, etc. Building construction of this project has been taken in hand and it is believed that by the end of 1965, we will be able to put this plant into commission. With the addition of this plant along with the addition of 5,955 spindles under the general permission, the Company would have an installed capacity of 1,14,783 spindles in total and will be one of the substantially big units.

Your Directors are further pleased to report that the working results of your Company during the six months of the current year are quite encouraging.

Modinagar, where your Company is situated, is purely an industrial town established in 1932. There is plenty of sweet water and natural facilities available at hand. It enjoys an excellent climate and a very peaceful atmosphere. All sorts of recreations, sanitation, social, religious and educational facilities exist in this township for the healthy life and development of the industrial workers of your Company.

Education to the children of the workers and staff are provided free; even books and clothes are provided free by the Company to the children of low-paid staff. Residential accommodation has to be provided to every worker we employ.

We are thankful to Uttar Pradesh Government for maintaining peace and order within the State but there has been very little industrial growth in this State as compared to general index of industrial growth in India. U.P., which was known for cheap electric supply in Northern India, has now increased its electricity rates higher than the rates of neighbouring States. It is also one of the reasons of retarded industrial tempo in the State.

Several fair price shops under the consumers' cooperative society have been opened by your Company for the supply of foodgrains and other rationed commodities at fair prices to the workers, but on account of insufficient supply of rationed commodities to these shops, these have not been able to serve the purpose fully. To maintain peace and order it is desirable that the Government must supply sufficient quantity of rationed goods to these shops for distribution to industrial workers at the fair price.

Cloth Control

Miseries created on account of the food control, were not yet over when the Government imposed partial control on the production of mill cloth with effect from the 20th October 1964 with the hope that the common man will get cloth at cheaper rates. So far as the idea of giving relief to the common man is concerned, it is not bad, but the question is: at whose cost? Neither the consumer nor the industry would ultimately stand to gain.

The realisation multipliers as were tentatively declared and subsequently revised are not conducive to the lot of the mills situated in Northern India, up-country, and mofussil which are capable to undertake the production of cloth of mainly higher medium, medium and coarse varieties.

It is a matter of disappointment as the revised schedule of realisation multipliers will not benefit anyone. The apprehension is that the new scheme will reduce the cloth prices to uneconomic levels. The apparent gain to the consumer by way of lower prices would be more than wiped out by the resulting fall in production and the disadvantage to consumer will not be only from shortage of production but also from deterioration in quality.

Raw Cotton

There seems to be no idea of imposing restrictions on combing the Indian cotton. This would greatly discourage the use of Indian cotton for better qualities of cloth.

Mills in U.P. and mofussil areas are not being given imported cotton whereby they could produce fine and superfine qualities or a better type of quality to produce the balance 55 per cent production which they could sell in the market at a better price. It is desirable to save the industry in this area and the Government should distribute the imported cotton on a spindleage or loom basis throughout the country rather than giving it to few mills who have somehow secured or created a monopoly. The Government should also revise the realisation multipliers in a realistic manner taking into account the higher cost of cotton and labour charges, whereby the mills could get the overall fair return and produce quality goods and maintain the production.

I thank you all once again on behalf of your Directors and on my own behalf for placing your confidence in this humble concern and I assure you to the best of my abilities that every effort will be made to serve your cause to your entire satisfaction.

Before closing, I am sure, you will join me in thanking the officers, staff and workers who have worked with loyalty and sincerity for giving satisfactory results during the year. Our relations with our workmen remain quite good to the mutual benefit of industry and workers and inspite of the great hardship caused to them for want of food during the present food crisis, they have still maintained the efficiency and quality of their work. We hope that they will give similar cooperation for the future expansion of this concern.

JAI HIND

BIRKMYRE BROTHERS LIMITED

INCREASING PRESSURE ON BOMBAY PORT

DOCK EXPANSION SCHEME MARKING TIME

AMONG the major ports of India, Bombay receives the largest number of ships—more than 3,300 with a gross registered tonnage exceeding 22 million—and handles the largest amount of export and import traffic in a year. The weight of cargo (in both overseas and coastal trades) handled by the port has progressively increased from about 7.0 million d.w. tonnes in 1950-51 the pre-first Plan year) to as much as 17.4 million d.w. tonnes in 1963-64. The port's passenger traffic is also quite substantial, the aggregate number of passengers (both inward and outward) being nearly 750,000 in a year. With so much goods and passenger traffic to handle, it is no wonder that the pressure on the port's facilities continues to be exceedingly heavy. The newer port of Kandla in Gujarat, it may be noted in this connection, has not relieved the pressure on Bombay to any significant extent, for the import and export traffic handled by that port is yet to exceed two million tonnes a year. In fact, the pressure on Bombay has actually increased in recent years, as will be seen from the traffic figures in the accompanying Table I.

The commodity-wise break-up of Bombay port's traffic in 1963-64 shows that, on the import side, crude petroleum and foodgrains alone account for about 6.0 million tonnes and 1.5 million tonnes, respectively. These are imports involved in overseas trade. The principal item on the export side is composed of petroleum products, accounting for an aggregate cargo weight of about 3.3 million tonnes. These exports figure predominantly in coastal trade. The two oil refineries in Bombay are thus responsible, between them, for 9.3 million tonnes or about 54 per cent of the port's entire traffic. If, in due course, the refineries are allowed to expand their capacities further, the volume of petroleum (crude and products) traffic handled by Bombay port is bound to increase proportionately. It will be seen from Table 2 that, if at all some commodity traffic is to be diverted from Bombay to Kandla, it can only consist of items other than petroleum.

Port Trust's Finances

The port's traffic statistics, which have been interpreted in the foregoing paragraphs, are to be found in the Bombay Port Trust's Draft Administration Report for 1963-64. This report, incidentally, deals with the financial position of the Port Trust, the port development and modernisation programmes under the third Plan and the advance action being taken on some fourth Plan schemes. As for the port's finances, it is seen from the report that the General Account for 1963-64 closed with a surplus of Rs. 131 lakhs, as compared with a surplus of Rs. 36 lakhs envisaged in the Revised Estimates for the year. The aggregate revenue on General Account, including surcharge, amounted to Rs. 15.98 crores in the year under review, as compared with Rs. 14.02 crores in 1962-63. The total expenditure on General Account amounted to Rs. 14.68 crores in 1963-64, as compared with Rs. 12.33 crores in the previous year. The Pilotage Account resulted in a surplus of Rs. 20 lakhs, as compared with the surplus of Rs. 16 lakhs envisaged in the Revised Estimates. The total revenue on Pilotage Account amounted to Rs. 36 lakhs in 1963-64, as compared with Rs. 27 lakhs in 1962-63, while the total expenditure on this Account was Rs. 15 lakhs in the former year and Rs. 16 lakhs in the latter. The state of finances, as reflected in the General Account, over the period 1950-51 to 1963-64 may be noted from Table 3. It is noteworthy that a sizable part of revenue expenditure on this Account subserves the General Reserve Fund and the Renewals and Replacements Fund.

Table 1: Yearwise Growth of Traffic
(In million d.w. tonnes)

Year	Imports	Exports	Total
1950-51	5.3	1.7	7.0
1951-52	5.9	1.7	7.6
1952-53	4.8	2.0	6.8
1953-54	4.9	2.0	6.9
1954-55	5.7	2.0	7.7
1955-56	6.8	3.7	10.5
1956-57	8.4	3.8	12.2
1957-58	9.5	3.9	13.4
1958-59	8.6	3.4	12.0
1959-60	9.6	3.8	13.4
1960-61	10.8	3.9	14.7
1961-62	10.4	4.1	14.5
1962-63	11.1	4.9	16.0
1963-64	11.9	5.5	17.4

This is what the report says about these funds and the need for augmenting revenues to support them:

"A notable feature of the revenue expenditure was the new contribution of Rs. 2 crores made to the General Reserve Fund and the enhancement by Rs. 80 lakhs in the contribution to the Renewals and Replacements Fund as duly approved by the Board and Government. The former was necessitated by our commitment to the International Development Association that we would manage our finances in such a way as to ensure that the entire funds required for executing the projects, for which foreign exchange assistance was to be provided by it, would be found from our own resources. At the time the matter was negotiated with the Association, we gave it to understand that we would be setting apart from our own revenue at least Rs. 2 crores for the projects. Accordingly, it was decided to make a fixed annual contribution of Rs. 2 crores to the General Reserve Fund from the report year onwards. In addition, it was decided to make an *ad hoc* addition of Rs. 80 lakhs to the annual contribution from revenue towards the depreciation of wasting capital assets (other than the M.O.T. assets, for which provision is made separately). The amounts being provided for financing the I.D.A. projects and towards depreciation, as indicated above, are, however, likely to prove inadequate, having regard to (i) the rising trend of prices and the large outlay which we will have to incur on unavoidable and essential works during the fourth Five-year Plan period and (ii) the more ample provision for depreciation, on replacement cost basis, which will probably have to be made, pursuant to the recommendations of the firm of chartered accountants employed for the reorganisation of our system of accounting. Looked at in this light, there is no reason for being jubilant at the surplus realised and we will seriously have to consider, in connection with our next Budget, whether we should not commence strengthening our finances by the levy of a surcharge on rates, so that the incidence of the financial burden may be spread over a period of years and may not be felt to be too heavy."

Table 2: Commoditywise Break-up of Traffic
(Year 1963-64)
(In '000 tonnes)

Item	Imports	Exports
Cement clinker and sand	389	..
Chemicals	45	..
Coal and coke	101	1
Cotton, raw	113	66
Government stores	60	..
Grains	1,493	..
Iron and steel	296	37
Iron scrap	..	87
Machinery (other than railway materials)	417	..
Manures, chemical	233	..
Oilcakes	..	433
Ores, iron	..	307
P.O.L.:		
Crude oil	5,822	..
Diesels and other products	292	3,154
Lubricants	345	97
Railway materials	50	..
Sugar	..	149

The total expenditure on Capital Account during 1963-64 was Rs. 2.02 crores, as against the Revised Estimate of Rs. 3.39 crores. The withdrawals during the year from the General Reserve Fund, the Renewals and Replacements Fund and the Pilotage Depreciation Fund for capital expenditure amounted to Rs. 1.80 crore in all. Incidentally, the net capital expenditure of the Port Trust since its inception has aggregated Rs. 50.8 crores (net). Against this, the outstanding debt is Rs. 16.8 crores, of which Rs. 6.6 crores is due to the public and Rs. 9.1 crores to the Government.

Progress of Plan Schemes

The year under review has registered further progress in the execution of the Port's third Plan schemes. The Dock Expansion Scheme (1962), however, is marking time, for the drawings, designs and tender documents for the main civil engineering works were completed only recently. But other schemes like marine oil terminal, mechanical works at Trombay, dredging project, installation of electric cranes in Alexandra Dock, harbour survey, and electrical works and some others have made progress during the year. As for the fourth Plan, advance action on the preliminary investigations connected with the replacement of submarine pipelines from Butcher Island by overhead pipelines has been taken. This fourth Plan scheme, incidentally, is intended to improve the bulk oil and general cargo handling facilities at the port. The Master Plan for the development of the Port, which is to be drawn up in three years' time, is also not of immediate relevance. Currently it is the Dock Expansion Scheme of the third Plan that would need to be implemented with greater expedition. It is, of course, gratifying to be told that there has been no delay in the execution of several ancillary works connected with this scheme.

Table 3: General Account of Port Trust
(In Rs. crores)

Year	Revenue	Expenditure	Surplus
1950-51	5.5	5.0	0.5
1951-52	6.9	5.1	1.8
1952-53	6.5	5.8	0.7
1953-54	6.5	6.5	..
1954-55	6.8	6.0	0.8
1955-56	9.6	6.8	2.8
1956-57	11.1	8.7	2.4
1957-58	12.1	9.0	3.1
1958-59	10.6	8.8	1.8
1959-60	11.5	9.1	2.4
1960-61	12.5	9.2	3.3
1961-62	13.8	9.9	3.9
1962-63	14.0	12.3	1.7
1963-64	16.0	14.7	1.3

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I.O.C.'S BLENDING PLANTS

The Indian Oil Corporation, the young but fast-growing public-sector oil giant, has added one more feather to its cap with the formal opening of a blending plant—the first of its kind in this country—for processing the base stock oils into high grade lubricating oils at Trombay near Bombay on 29th October 1964. The plant was opened by Mr. P. A. Gopalakrishnan, its Chairman, and the function was graced by Mr. V. A. Bellman, President, Mobil Petroleum Co. Inc., (U.S.), who had come specially for the occasion. A second blending plant was commissioned at Calcutta, two days after the opening of the Bombay plant. The two blending plants have been put under the direct control of Indian Oil Blending Ltd. (I.O.B.L.), a subsidiary of the I.O.C. The I.O.B.L., incidentally, is a joint (50 : 50) venture of the Indian Oil Corporation and Mobil Petroleum Company of the United States. The Company was incorporated in March 1963. The authorised capital of the I.O.B.L. has been increased from Rs. 20 lakhs to Rs. 40 lakhs to enable its future expansion. The subscribed capital has also been proportionately increased to Rs. 20 lakhs.

The installed annual capacity of the Bombay plant, the bigger of the two, is 64,000 tonnes, on single-shift basis. But the capacity can be increased easily by the addition of another blender and some filling equipment. It will initially produce industrial, automotive and marine lubricants. It has also been designed for the inclusion, at a future date, of a grease manufacturing plant with a capacity of five million pounds of grease per year. The second plant, the one at Calcutta, has an annual capacity of 32,000 tonnes on single shift, with provision for future expansion. The two plants together will produce, under a phased programme, 50,000 tonnes of lubricating oils during the first year and gradually step up production to one lakh tonnes in the third year. Hitherto, the mobil lubricants were being imported and, with the commissioning of the plants, India can hope to save foreign exchange worth Rs. 4 crores every year.

The most noteworthy feature of the two plants, which have been built at a cost of more than Rs. 80 lakhs, is the installation of electronic controlling units, the world's most modern equipment for controlling the blending of lubricating oils. They are also equipped with modern laboratories for ensuring high quality.

NEW PRODUCTS AND PROCESSES

Telemetry Terminal Equipment

PORTABLE telemetry terminal equipment, comprising six self-contained units which together weigh less than 100 lb. and occupying less than 2 c.ft., is being produced by E.M.I. Electronics Ltd., England. The equipment is intended for use in telemetry systems with carrier frequencies in the range 430-490 Mc/s, handling 2,000 samples per second. The required combination of modular self-contained units can be selected for any application, stacked in a variety of ways and interconnected as convenient with existing apparatus.

Membrane Permeable to Gases

The U.S. General Electric Company (U.K. inquiries to International General Electric Company, 296, High Holborn, London, W.C.1) has produced a new thin membrane of synthetic material selectively permeable to gases of different molecular weights, according to the difference of pressure between one side and the other. It is made of a silicone rubber and is one-thousandth of an inch thick. It is a thousand times as permeable as the plastic films used for wrapping foods. Such a membrane would allow unwanted water vapour and carbon dioxide to escape easily into the vacuum of space while holding in needed oxygen. Water vapour passes through 60 times as fast as oxygen, so the membrane could be used on earth for drying air. If ordinary air is in contact with such a membrane and the pressure on one side is reduced, oxygen goes through more quickly than the nitrogen from the high-pressure side to the low-pressure side. Thus on this low-pressure side the air is enriched. This could serve as a useful way of getting oxygen-enriched air for hospital and infant incubators. Other medical applications are obviously possible. Underwater applications are also feasible and the company has demonstrated a hamster breathing easily in a bag of the membrane submerged in a tank of water. The air in the water gets through, but the water does not, and carbon dioxide goes through the membrane in the opposite direction.

High Tensile Stainless Steel

A new stainless steel, which combines high tensile strength with good resistance to stress and corrosion, is being produced by a British firm. It is being used in the TSR2 supersonic aircraft and the Vickers VC10 airliner for parts of the structure most likely to be affected by heat from the engines. Suitable for hardening to tensile strengths up to 90 tons per sq. in. without its resistance to stress-corrosion cracking being materially affected, the steel can be produced in the form of forgings, rolled bar, or plate. To develop high tensile strengths, the steel needs only a single stage heat treatment at the relatively low temperature of 450° C. As this is a black heat, surface oxidation is slight and distortion is virtually eliminated.

Plastic Transistors

Transistors of diodes of plastic instead of metallic compounds are now a distant possibility, following work by Drs. John Lupinski and Kenneth Koppel of the General Electric Company, 1, River Road, Schenectady, New York. They have prepared electrically conductive plastic in film form and work is now proceeding on the possibility of adding impurities to make a semiconductor. The G.E. plastic can be cast on glass surfaces and can accept painted-on silver electrodes for connections. It is said to be stable up to 212° F. Plastic transistors would be probably easier to make than metallic ones.

Ultrasonic Flow Detector

Capable of probing through 20 ft. of steel, a new transistorised ultrasonic flaw detector developed in Britain has the performance of a valve model and yet is easily portable. It weighs 28 lb. including batteries. The makers, Ultrasonoscope Company Ltd., London, claim that it is the world's first fully-transistorised instrument of its type with so comprehensive a range of facilities. The detector, which operates like a miniature echo sounder, has a 5 in. cathode ray tube, essential for accurate thickness measurement and viewing in on-site conditions. The amplifier is high gain, with quick recovery, and is capable of reproducing the very short pulses of the probes.

Underwater Television

The Fisheries Institute in Gdynia, Poland, has designed the prototype of an apparatus for underwater television, called "Telwod." A light tube construction with a watertight camera inside will be lowered to the depth of some 100 metres. A system of floats, stabilisers and rudders will keep the apparatus in the required position and depth. A steering desk and a television receiver will be installed on board the ship. The "Telwod" can be used not only for deep sea research but also for the observation of fishing nets in water, wrecks and marine constructions.

Railtrack Laying Machine

A machine for laying or taking up railway track which is simple, cheap and easily operated in restricted spaces by only a few people has been patented by Franz Plasser, of Johannesgasse , Vienna. It is claimed to handle long lengths f track as easily as short ones and to be capble of laying both straight and curved track at ery high speed. Mounted on the end of the railway wagon used to transport the rails and sleepers, the machine incorporates cantilevered rippers which hold the rails rigidly at a given eight above the ground and a mechanism which otates the individual sleepers below the suspend-d rail.

Cine Projector

Cine projectors independent of mains electricity are available from Hanover House, Hanover, Pennsylvania. Power for the projection lamp comes from torch batteries, which also operate a small motor moving the film. The projector takes only 8 mm. film.

Concrete Cutter

British Oxygen Company Ltd., in London, has developed an oxygen lance which can be used in place of a pneumatic drill to cut through masonry or concrete. The lance is of particular value in work on repairing or modifying buildings. It is first heated by an oxyacetylene flame until it is red hot. Oxygen is then passed through the lance while it is applied to the stone or concrete. The lance oxydises in the process, and the reaction produces sufficient heat to melt the concrete. The blast of oxygen passing through it clears away the melted concrete leaving a clear hole or channel.

Powdered Sulphuric Acid

A process for converting sulphuric acid into a fine, grey, free-flowing powder has been developed by the Helmer Chemical Company, Calgary, Alberta, Canada. It is easy and safe to handle. Details of how it done have not so far been revealed, and patent applications have been made in many countries. Uses so far include its incorporation into the mud used on the drilling for oil and gas. In commercial air-conditioning the powder will reduce alkalinity. The developing company believes that there are uses in pH control for many industries.

Fibre Filter

Almost complete removal of mists from air or gas streams is said to be possible by the use of hydrophobic fibre filters being produced by Begg, Consland and Company Ltd., in Glasgow, Scotland. All particles down to half micron in size are removed. These self-draining filters are inexpensive to install and have low running and maintenance costs. Efficiency is maintained over wide fluctuations in mist loads and concentration. In addition to handling oil and smoke fumes, they can be used in radioactive waste disposal and in cleaning corrosive gases. They will remove water soluble fumes, or water insoluble fumes provided that the solid particles can be kept in colloidal form by the addition of a dispersing agent to the irrigating liquid. Used to remove oil mist, there is complete recovery of oil resulting in lower production costs, particularly when expensive oil is used in quantity.

Cutting Metal by Thread

Metal can be cut with a textile thread impregnated with a chemical, avoiding strains and deformations which occur as a result of other cutting methods in a process invented by the Metallurgical Developments, Reliant Works, Betchworth, Surrey, England. Any metal for which there is a known chemical solvent can be cut by means of a terylene thread impregnated with the solution. Six inches of the thread pass along the cutting line at each cycle, 24 times a minute. At the end of each cut, the chemicals resulting from the reaction of the metal with the solvent are removed and the thread recharged. Pressure of the thread can be regulated to suit requirements and to allow for even wear, a small amount of the thread is paid out from one spool and taken up by the other in each cycle.

Instant Fuse Tester

Most types of cartridge fuse and china fuse can be tested quickly with the aid of a small device marketed by Euco Tools, Surrey House, West Molesey, Surrey, England. The user has to place the fuse against contacts on the tester. If the fuser is good, a bright green signal appears. If the fuse is 'blown' there is no signal. The tester is very compact.

Ionising Calorimeter

Soviet physicists have established that a scientific instrument invented by the Institute of Nuclear Physics, seven years ago, has extraordinary possibilities. This instrument—the ionising calorimeter—usually serves for measuring the energy of one elementary particle. Physicists have established that it can help solve several fundamental contemporary physical problems. The instrument is just as good for measuring the energy of charged and neutral particles with a precision which increases with the growth of the particle's energy. The world's biggest such instrument—an ionising calorimeter with an area of ten square metres—has already been built in the Soviet Union.

The ionising calorimeter can be used on a much wider scale than was done heretofore. For instance, if it is sent up by means of a satellite outside the limits of the atmosphere, it can give answers to questions of fundamental importance for the theory of elementary particles. A number of characteristics of the collision of particles of energies from 100 to 10,000 billion electron-volts can be measured. The instrument will make it possible to carry out these measurements with the same precision with which the particles of a much lower energy are measured at the accelerators in the laboratories on the earth. Studies have shown that the ionising calorimeter can further be used to study the chemical composition and power spectrum of cosmic rays particles in the field of tremendous energies—from 100 to a million of billions electron-volt. But the possible fields where this instrument may be applied are even more important: studies of nuclear inter-action when cosmic ray particles have energies of 100 billion electron-volts; studies of photons and electrons contained in space radiation reaching us directly from the distant sources; and even the search for the very sources of cosmic radiation in the universe.

A Unique Corticosteroid

Betnovate, betamethasone 17-valerate, discovered and developed by Glaxo Research, is claimed to be a new and unique topical steroid. It is said to be outstanding in therapeutic effect and fast anti-inflammatory, anti-allergic and anti-pruritic action. Development of a superior dermatological corticosteroid preparation has hitherto been hampered by the lack of a suitable screening method. With the vasoconstrictor test, devised by McKenzie and Stoughton, it is now possible to actually demonstrate the potency of a topical steroid by a specific objective test carried out on healthy human skin. The test is applied to human skin, areas of pallor are produced due to vasoconstriction. The degree of blanching serves as an index to the potency of the steroid, which can be correlated to its clinical effects. Using this method to screen over 50 new compounds, specially evolved by Glaxo for dermatological assessment and steroids already in clinical use, the unusual degree of potency of betamethasone 17-valerate was discovered. This compounds was immediately selected for clinical evaluation. Extensive clinical trials confirmed that betamethasone 17-valerate was therapeutically more effective than any other topical steroid in current use; this new steroid is marketed under the trade name of Betnovate, and presented as a skin ointment, with or without neomycin, for use in a variety of skin conditions.

Impressive results in psoriasis, chronic eczema and in several stubborn dermatoses of many years' duration, in which other steroids have failed, have been documented in the U.K., and Betnovate has proved equally impressive in treating less serious and more common skin conditions. Betnovate and Betnovate-N skin ointments which are now made in India are presented in one strength only —0.12 per cent betamethasone 17-valerate. Betnovate-N also contains 0.5 per cent neomycin sulphate.

IDEAS-IN-BRIEF

Synthetic foam injected just beneath the surface of sand dunes and arid soils will stop erosion, hold moisture and provide a firm grip for the roots of plants in a process developed by Chemische Fabrik, Frankenthal, Pfalz, West Germany.

An indelible "pencil" for writing on metals while they are red hot, so that they may be identified during production, has been patented by Coudurier Freres, Chemin du Grand Verger, Chabery (Savoie), France.

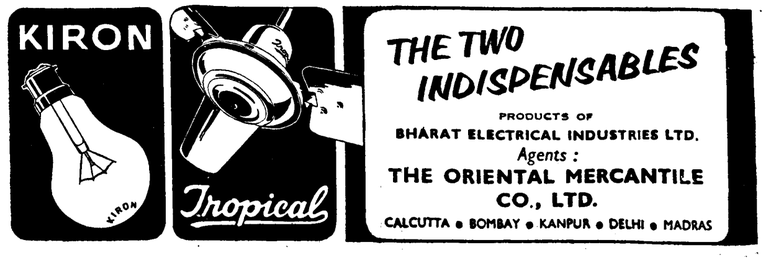
A treatment to induce synthetic polymers to accept dyes more readily and to produce sharper colours has been invented. It involves immersing the polymers first in a warm solution of boron trifluoride and alcohol. It is developed by Societe Rhodiaceta, 21 rue Jean-Goujon, Paris 8, France.

When structural materials are overstressed, they develop micro-cracks. These can now be detected by a new Czech process which paints strips of electrically conducting varnish on to a test specimen of the material and then passes a current through the varnish. Tell-tale melting of the varnish takes place over the cracks. It is produced by Czech Academy of Sciences, 3, Narodni, Prague 1, Czechoslovakia.

A walking excavator with a 100-metre boom and an 80-cu.-metre capacity bucket has been designed. Information regarding this excavator is available from the Soviet Information Service, 3 Rosary Gardens, London, S.W.7.

Significant cuts in cost and erection time are claimed for a new decorative wall cladding in a tongue-and-groove effect made from a plastic-coated steel. It is manufactured by Panther Ceilings, Irvine, Ayrshire, Scotland.

An emergency braking device which, it is claimed, will stop lorries from running away when their brakes have failed can be controlled from the dashboard by a simple push-button in a system developed by Mecanique Automatique Moderne, 19 rue du Gaz, Kain Lez Tournai, Belgium.



WHAT ROLE FOR CHIEF MINISTERS IN EXPORT PROMOTION?

NO NEED FOR NEW OR SPECIAL INSTITUTIONS

"The State Governments do not always seem to be alive to the primacy of export promotion; and some of their policies, particularly in the fiscal field, have hindered the even flow of exports. Several instances have come to our notice where the State Governments have resisted remission of fiscal levies and prevented inter-State movement of raw materials entering into products destined for export markets, purely from their provincial stand-point, unmindful—or at least unconscious—of the effect of their policies on the export drive. The nation cannot afford to function compartmentally."

THESE remarks were made by the Import and Export Policy Committee in 1962. Has there been a change since then in the outlook of State Governments towards export promotion? Are they now fully aware of the urgency and importance of exports to the Indian economy?

It is necessary to consider this aspect in some detail. The Fourth Plan's export target has been laid down at Rs. 5,100 crores. This means that the annual exports must be of the order of Rs. 1,020 crores, as compared with the average annual export of about Rs. 760 crores in the third Plan. It is obvious that exports cannot be stepped up to this level without the wholehearted co-operation of the State Governments.

The Union Commerce Ministry, therefore, has decided to enlist the active support of the State Governments. It has planned a series of separate meetings with the Chief Ministers of different States and their colleagues on matters relating to export. The first meeting in this series was held recently in Calcutta. It was attended by the Chief Minister, the Finance Minister as well as the representatives of the chambers of commerce, trade associations and export promotion councils.

It is but appropriate that the Commerce Ministry should make a beginning with West Bengal, for this State occupies a strategic position in India's export trade. Two of the major exports of Bengal are jute goods and tea, earning about Rs. 160 crores and Rs. 135 crores per year, respectively, and in both these items West Bengal has a substantial share. And the State Government can do a good deal to improve the competitive capacity of these industries so as to enable them to increase their export earnings.

Jute

So far as the jute industry is concerned, its main requirement is the regular and adequate supply of raw jute at fair prices. Considerable progress has been made already in increasing jute production in West Bengal. The yield per acre of raw jute in certain areas of the State is four bales, though the average for the State is only 2.9 bales. If the State Government can step up the average yield at least to 3.5 bales per acre and also improve the quality, it will greatly help the jute industry.

The jute industry, moreover, requires a continuous supply of electric power. Shortage of it in the past has sometimes held up production and affected exports. The State Government has allowed jute mills to set up their own captive generators. But the industry's requirements of power are bound to increase considerably during the Fourth Plan. The additional power required by the jute industry is estimated at 40 MW on the basis of the Fourth Plan's target of 17 lakh tons as compared with 13 lakh tons in the third Plan. The State Government, therefore, has to draw up schemes for the expansion of power so as to provide fully for the needs of the jute industry.

Another way in which the State Government can help the jute industry is by exempting it from taxation. The State levies a cess on raw jute at 12 paise per bale and on the manufactured jute, the Government has taken powers to levy a cess not exceeding 75 paise per ton. The Central Government has suggested to West Bengal that the latter may exempt manufactured jute from this levy.

Tea

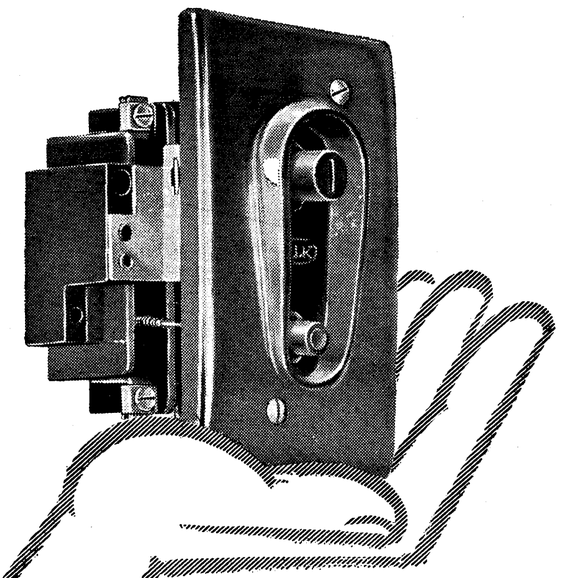
To the tea industry also, the Government of West Bengal can do a good deal to increase production and improve its efficiency. The area under tea in West Bengal has hardly shown any significant increase in recent years—it was 82,820 hectares in 1962 against 82,120 hectares in 1939. On the one hand, replantations and extensions have been negligible; on the other, there has been a large-scale resumption of land from tea gardens under Section 6 (3) of the West Bengal Estates Acquisition Act, 1953, as well as requisition of land for defence purposes. The Central Government has, therefore, suggested to the State Government that the request of the tea estates for additional lands for tea plantations and ancillary purposes may be assigned due priority and that the land under tea may be requisitioned for defence only after other alternative sites have been explored and found unsuitable. The Central Government has further advised on the desirability of the removal of the tax on tea in Calcutta area at the rate of 13.78 paise per kg. This levy, it is stated, considerably adds to the cost of tea to foreign buyers.

Cost to the State

It remains to be seen how far the West Bengal Government will be prepared to cooperate with the Government of India in export promotion, particularly in regard to the major industries like jute and tea. The State Government may, perhaps, hesitate to provide tax relief, because of the loss in revenue. The abolition of the tax on tea in the Calcutta area, for instance, will mean a loss of about Rs. 2½ crores per year. It is only reasonable, therefore, to suggest that the Centre should make good any loss in revenue sustained by the State Government. Similarly, the Assam Government can assist the tea industry by reducing the incidence of the Agricultural Income Tax. It is hoped that the Tea Finance Committee will expedite its study of all aspects of the fiscal burden on the tea industry and make suitable recommendations which, while safeguarding the legitimate financial interests of the States, will help the tea industry to obtain adequate funds for its expansion and efficient working.

Other Ways

Apart from lightening the fiscal burden, State Governments can assist export promotion in other ways as well. First of all, the States should give the maximum encouragement to agricultural production. "A great deal of attention has, no doubt, been paid to achieve a measure of self-sufficiency in foodstuffs for our growing population," says an official report. "But," it adds, "the cardinal importance of the complementary advance of commercial crops and their bearing on industrial development and export promotion has not been sufficiently appreciated." The report suggests that "a serious attempt should be made to review the vital



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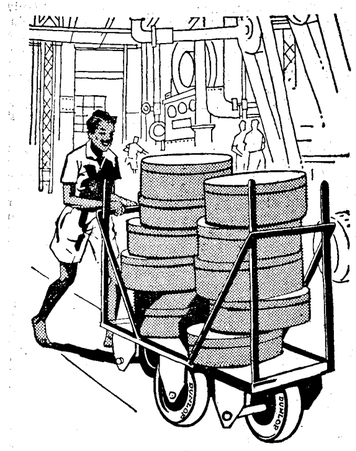

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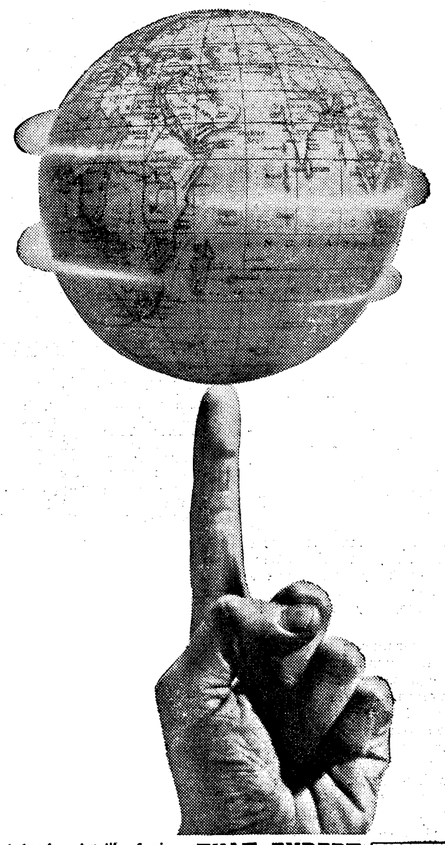

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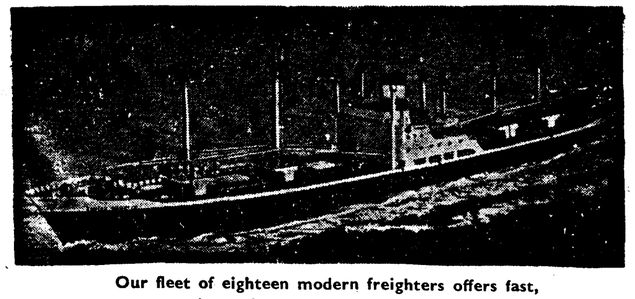

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role which the development of agriculture, pisiculture, and forestry can play in our economic progress." It is interesting to observe that the expenditure on revenue account on agriculture, including animal husbandry and co-operation, by the State Governments in 1964-65 is estimated at Rs. 120 crores, as against Rs. 66 crores in 1960-61. On capital account also, the outlay on agricultural schemes has been considerably stepped up. But it is necessary to ensure that the funds are utilised in the most effective manner so as to derive the maximum advantage.

Secondly, State Governments should give priority to export industries in the allocation of land, power and water. Further, industrial development should be accelerated in every State at a far faster rate than hitherto. Even relatively advanced States like West Bengal and Maharashtra have vast scope for expanding the existing industries and for setting up numerous other industries, many of which can have an export potential.

Thirdly, public sector undertakings in the States should be encouraged to participate in export promotion. Even undertakings under the control of the Government of India do not seem to have made serious efforts to export their products. In fact, Dr. A. Ramaswami Mudaliar disclosed recently, while addressing a conference of engineering industrialists in the Southern region at Madras, that industries in the public sector "so far have not taken any interest in exports." He pointed out that many public sector industries like Indian Telephone Industries and Hindustan Machine Tools were in a position to export their goods. If the Central Government's undertakings could give a lead in this matter, their counterparts in the States could, in due course, play their part in export promotion.

Fourthly, State Governments must considerably improve their administrative efficiency. Although foreign trade is a Central subject, the State Governments are also intimately connected with it in various ways; and State policies can often help or hinder export promotion. The proper working of the administration at State level is, therefore, of considerable importance. It is, however, regrettable to find that Governments in many States are not as strong as stable as they ought to be. Some Chief Ministers are facing serious charges of corruption. Many States are also confronted with financial difficulties. As the Reserve Bank's Report on Currency and Finance, 1963-64, points out, "despite the buoyancy in tax receipts and the growth in Central assistance at a rate faster than that envisaged in the Plan, a number of States have been continuously facing ways and means difficulties of a serious nature."

Chambers of Exporters

Finally, stress must be laid on the need for closer co-operation between the Centre and the States. For this purpose, however, it is not necessary to set up new or special institutions for export promotion. Two years ago, the then Ministry of Commerce and Industry requested all State Governments to set up Chambers of Exporters at important industrial and trading centres and to establish an Association of Export Chambers in each State. These State Associations were to be affiliated to an apex body called the Federation of Indian Chambers of Exporters. The Union Ministry of Commerce has now revived these proposals. It has further suggested that, in each State, there should be a State Export Promotion Committee, consisting of the Chief Minister, Finance Minister, Minister in charge of Commerce and Industry, and three or four representatives of the Export Association. Such a Committee, it is felt, can play a useful role in export promotion, especially by providing speedy relief to exporters in the matter of excise duties, sales taxes, State and municipal regulations, road transport and other difficulties.

But are such associations and committees really necessary? There are already a number of export promotion councils. There are also export promotion advisory committees at the ports of Calcutta, Bombay, Madras and elsewhere. If the State Governments are fully seized of the vital role of export promotion, they can certainly be expected to deal promptly and effectively with the difficulties of exporters without resorting to the multiplication of committees or associations as suggested by the Union Ministry of Commerce. A case can, perhaps, be made out for the creation of a machinery to co-ordinate the export efforts of the State Governments. The Import and Export Policy Committee observed: ". . . . It will be necessary to have a co-ordinating machinery, sufficiently powerful to be able to cut through the tangles of the conflicting inter-departmental interests, reorient the thinking of State Governments and reconcile their stand-points with the national objectives of export promotion. It should be capable of taking quick decisions on the day-to-day issues and of translating them into practical terms. Such an organisation is lacking in the present system; and, unless one is established, both at the decision and at the implementation level, no plans of export promotion, however grandiose, will be of any avail." But closer analysis will show that even such an organisation is really unnecessary, for the Union Ministry of Commerce, assisted by the Board of Trade, ought to be able to bring about whatever coordination is essential in the field of export promotion.

HIGH NICKEL ALLOY IN FORD ENGINE

A high nickel alloy, recently introduced by International Nickel, has played a major part in the development of the Ford Motor Company's gas turbine engine which powers the revolutionary truck announced by the Company in Los Angeles on 26th October. The new alloy, known as alloy 713LC, is used for critical components in the 600-horsepower engine and, together with other nickel alloys in the power unit, has helped provide optimum engine reliability and performance at minimum cost. Incidentally, the gas turbine truck, revealed to the public for the first time at the American Trucking Association convention at Los Angeles, is designed to meet transportation requirements of the 1970s and embodies design features never before used in this type of vehicle.

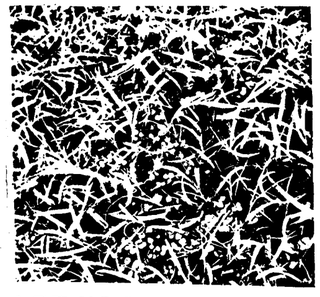
A vital contribution, it is said, has been made by alloy 713LC, which is particularly suited to precision casting of integral turbine wheels. It provides excellent ductility and strength in the highly stressed heavy hub sections which operate at relatively low temperatures and also provides the high-temperature strength required for the turbine blades. The combination of such properties has made possible the design of lightweight high speed turbine wheels to aid engine efficiency and performance. One-piece investment casting, requiring a minimum of machining, also helps to cut production costs.

The new alloy is a low carbon version and a modification of the established alloy 713C. These alloys are patented and produced under licence from International Nickel. Alloy 713LC contains 74 per cent nickel, 12 per cent chromium and other alloying elements, such as molybdenum, aluminium and columbium. The nominal carbon content is 0.05 per cent and iron content is kept as low as possible.

CONFERENCE ON STANDARDS

Important matters relating to trade in agricultural and food products, spices and condiments, tea, iron ore, manganese ore, coal and steel will be discussed at the conference of the International Organisation for Standardization (I.S.O.), which opens at New Delhi on Monday, 9th November 1964. For India, discussions on these issues will be of special interest, since these products are vital to its export trade.

Over 500 delegates from 40 countries of the world will participate in the New Delhi discussions which will last for two weeks. Among those attending the conference from abroad are Andrei Viatkine of U.S.S.R. who is currently the I.S.O. President; Jean Birle (France), I.S.O. Vice-President; Henry St. Leger, Secretary-General of I.S.O.; H.A.R. Binney, Director, British Standards Institution; and Roger E. Gay, Managing Director, American Standards Association. Over 200 technical experts in various fields from India will also participate in the conference.



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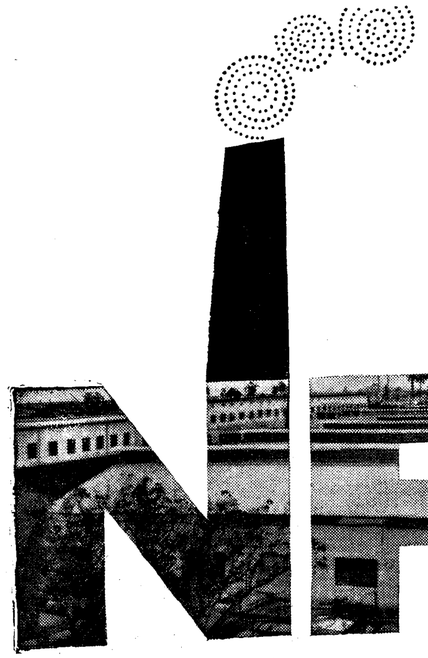

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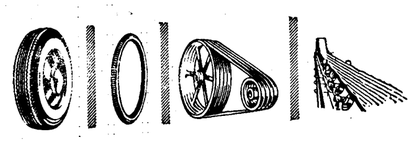

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RESERVES ENHANCED—FINANCES SOUND

THE Investment Corporation of India Ltd. (Chairman: Mr. J. R. D. Tata, Bombay) has reported fairly encouraging results for the year ended 30th June 1964. The income by way of dividends and interest, inclusive of the tax deducted thereon at sources, has increased by Rs. 7.51 lakhs to Rs. 38.32 lakhs and as other income is also higher at Rs. 9.53 lakhs as against Rs. 7.77 lakhs, the total income at Rs. 47.85 lakhs shows a gain of Rs. 9.27 lakhs over that in the preceding year. A part of this rise is, of course, due to the inclusion of dividends and interest pertaining to previous years but the balance represents the better return on the Corporation's total investments in the year under review. Considering the sorry plight of the capital markets, this is no mean achievement and is largely the reason why the Corporation's ordinary shares are quoted at par while those of other reputed investment companies are still priced well below their par values. Although total income is thus well above the previous year's, expenses at Rs. 16.89 lakhs as against Rs. 16.66 lakhs are only marginally higher and consequently the gross profit stands improved by as much as Rs. 9.04 lakhs at Rs. 30.96 lakhs. On deducting therefrom Rs. 0.13 lakh as against Rs. 0.11 lakh as the provision for depreciation and Rs. 9.00 lakhs as against Rs. 8.12 lakhs as the provision for taxation one gets a net profit of Rs. 21.83 lakhs, showing an impressive improvement over that (Rs. 13.69 lakhs) for the year before. It is, however, a shade below the record of Rs. 22 lakhs earned in 1961-62. Considering the necessity to reduce borrowings and to soften the impact on the Corporation's profits of changes in foreign investment markets, the Directors have transferred a sum of Rs. 4.07 lakhs to the reserve out of the available profit. The preference dividend in respect of the year claims Rs. 3.15 lakhs as against Rs. 2.07 lakhs previously. With a large balance still available, the Directors have stepped up the ordinary dividend by a point to 8.5 per cent subject to deduction of tax. This claims Rs. 14.47 lakhs, leaving Rs. 15,484 to be carried forward, as against Rs. 1,228 brought in.

The following comparative figures present a clear picture of the Corporation's performance during each of the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Income by way of dividend and interest (gross)	38.32	30.81	41.80	38.79
Other income	9.53	7.77	8.27	7.43
Payments and provisions for employees	4.69	4.39	4.34	3.26
Other expenses	12.20	12.27	9.58	7.86
Gross profit	30.96	21.92	36.15	35.11
Provision for—Depreciation	0.13	0.11	0.05	0.03
Taxation	9.00	8.12	14.10	16.72
Net profit	21.83	13.69	22.00	18.36
Past provisions written back	...	...	3.00	...
To reserves	4.07	0.16	5.00	0.58
Dividends—Preference	3.15	2.07	3.21	2.77
Ordinary	14.47 (8.5%)	12.77 (7.5%)	16.17 (9.5%)	14.47 (8.5%)
Carry forward	0.15	0.01	1.32	0.71
Market price of ordinary shares (in shares):	**1964**	**1963**	**1962**	**1961**
High	102.00	117.50	154.00	147.00
Low	87.00	100.00	113.00	105.00

There has been no change during the year under report in the paid-up share capital of the Company which therefore continues to stand at Rs. 220.22 lakhs, of which Rs. 50.00 lakhs are in preference shares and the balance in ordinary shares, both of Rs. 100 each. The reserves, however, have increased from Rs. 134.42 lakhs to Rs. 138.82 lakhs. Borrowings have increased, albeit slightly, to Rs. 177.38 lakhs from Rs. 177.07 lakhs but current liabilities and provisions are down to Rs. 49.82 lakhs from Rs. 54.60 lakhs a year ago. On the assets side, the Corporation's investment portfolio, at or below cost, is carried in the books at Rs. 557.31 lakhs, of which investment worth Rs. 357.51 lakhs are in quoted shares with a market value of Rs. 357.43 lakhs Rs. 185.61 lakhs in unquoted shares and the balance in shares of the subsidiary company, the Indian Standard Metal Company Ltd.

During the year, the Corporation was entrusted with the work of acting as the registrars for the initial issues of capital by Fibreglass Pilkington Ltd., Chemicals and Fibres of India Ltd., and Cochin Refineries Ltd. The Corporation will continue to act as transfer agents of the last two companies. After the close of the year, the Corporation's offer to act as the registrars and transfer agents has been accepted by one more Company, namely, Bayer (India) Ltd. The underwriting activity of the Corporation, however, continued to be at a low ebb during the year under review, as conditions in the capital markets remained unsatisfactory owing to a variety of factors. Inclusive of the outstanding underwriting commitments to the extent of Rs. 26 lakhs, the Corporation's underwriting obligations totalled Rs. 60.37 lakhs during the year, and it was only in one instance that the Corporation was required to take up shares worth Rs. 1.80 lakh face value. In the current year, the Corporation has so far accepted an underwriting proposal for Rs. 6 lakhs equity shares of Bayer (India) Ltd.

Taking advantage of the prevailing higher prices for British shares, the Corporation liquidated a part of its portfolio of sterling investments and realised a sum of Rs. 19.35 lakhs. As under the Reserve Bank's order dividends on and sale proceeds from foreign investments cannot be reinvested as hitherto, the entire amount has been repatriated to India from England. As regards the Corporation's investments in Ceylon, the Directors say that, consequent upon the announcement in the budget of the Government of Ceylon, no exchange will be released in any form for the remittance of any profits, dividends, or any other investment income in that country with effect from 1st July 1964. In the circumstances, the Directors observe, the authority for despatch of dividend and interest warrants to non-residents has been withdrawn, with the result that, for all practical purposes, the Corporation will be deprived of its Ceylon income, at all counts until such time as this notification is withdrawn. This, coupled with the already existing prohibition against transfer of capital assets from Ceylon, makes it necessary to set up a reserve against losses in foreign investments that might arise in future. The Directors have, therefore, decided to transfer all the income received on its foreign investments to a separate reserve to act as a cushion against losses on foreign investments.

Discussing the factors responsible for the continued sluggishness in the financial markets, Mr. J. R. D. Tata says that the prolonged inactivity and depression in the capital markets in spite of improvement in corporate profitability are not surprising. For it is the individual that promotes and builds up corporate activity. He must be left with the wherewithal to save and the desire to invest if the flow of individual savings to the corporate sector is to continue. He must be assured of stable fiscal policies which will act as an incentive to capital formation and hold the promise of appreciation. The capital gains tax on bonus issues and the new tax on individuals are two specific levies which have contributed largely to a breakdown in the morale and activity of investment markets. As regards the future of the Corporation, Mr. Tata is "slightly more optimistic." He says:

"Over the 27 years and more of its existence, the Corporation has built up a quietly efficient and loyal organisation which has come to be looked upon as specialists in the field of administration and management of new corporate issues and company transfer registers and records. Many come to us for advice on marketing of their shares and others for managing their share-holding portfolios. In the U.S.A., the great Trust Corporations have had their origin in some such humble beginnings, and it is possible that, in the industrial India of the future, there will be a revival of free, though controlled, enterprise, and this Corporation will come into its own in the field of service to the corporate community and the investing public."

The Rs. 100 fully paid ordinary shares of the Corporation are currently quoted at Rs. 101.25 *cum-div.* and offers a net yield of 6.8 per cent per annum.

(Concluded from next column)

aggregate of Rs. 49.82 lakhs on fixed assets. Of this, Rs. 22.87 lakhs were for acquiring new plant and machinery and Rs. 22.59 lakhs were expanded on the new building to house the additional 45,000 spindles. The building is getting ready and the new spinning machinery is expected to be commissioned before the expiry of the current working year. By about the same time, the expansion and renovation programme is also likely to be completed. As it takes some time to get the benefits of expansion programme, the Directors state that the impact of expansion programme on the profits of the Company will be felt only in the coming years.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 252 *cum-div.*, to yield a net return of five per cent per annum on fresh investment.

MORARJEE GOCULDAS

SHARP FALL IN PROFIT—DIVIDEND CUT AGAIN

THE financial results reported by the Morarjee Goculdas Spinning and Weaving Company Ltd. (Managing Agents: Messrs. Piramal Sons Pvt. Ltd., Bombay) for the year ended 30th June 1964 are rather disappointing. For, whereas, in common with the general trend of textile industry, sales realisation has advanced, from Rs. 582.64 lakhs for 1962-63 to Rs. 765.02 lakhs, the gross profit has gone down by as much as Rs. 19.96 lakhs to Rs. 51.21 lakhs. The profit-margin (ratio of gross profit to sales), therefore, works out to be the lowest for the past many years, being only 6.7 per cent for the year under report as against 12.2 per cent previously and 15.9 per cent for 1961-62, the peak year so far. The factors which have affected the profit-margin are: (1) the increase in prices of stores, colours and chemicals and a larger wage bill, (2) continued stagnation in selling prices of cloth at old levels owing to the voluntary price control scheme, (3) execution of defence orders at unremunerative prices, and (4) dislocation in operations on account of the expansion and renovation programmes under execution.

The decline in gross profit, assisted by the rise of Rs. 4.16 lakhs to Rs. 40.37 lakhs in the provision for depreciation, has led to a decrease in the provision for the Managing Agents' commission from Rs. 1.56 lakh to Rs. 1.05 lakh. The provision for taxation, however, has risen from Rs. 1.65 lakh to Rs. 2.35 lakhs. The resulting net profit is, therefore, as low as Rs. 7.54 lakhs, as against no less than Rs. 31.75 lakhs for the previous year. At this level, the net profit is inadequate to cover even the reduced dividend of 15 per cent as compared with 20 per cent for 1962-63 and 24 per cent for the year previous to that. It will thus be noted that the Directors have had to cut the equity dividend for the second year in succession. Even this has been possible only by dipping into the reserves built up in previous years. As will be seen from the comparative table of results for the past four years, there has been a net reduction of Rs. 3.92 lakhs in the reserves of the Company as a result of adjustments made to reserves and provisions in 1963-64:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sale proceeds less excise	765.02	582.64	461.28	497.63
Other income	20.77	20.56	8.01	11.11
Closing stocks	199.33	173.34	100.70	88.13
Materials consumed	340.50	277.64	202.47	176.09
Stores, spare parts, dyes, chemicals, power and fuel	128.24	102.33	74.40	69.35
Staff expenses	229.02	174.64	134.35	125.84
Other expenses	62.81	40.06	32.35	30.49
Gross profit	51.21	71.17	78.43	61.84
Managing Agents' commission	1.05	1.56	5.50	4.39
Provision for—Depreciation	40.37	36.21	17.26	15.91
Taxation	2.35	1.65	26.00	16.50
Net profit	7.54	31.75	24.67	24.55
Provisions written back	2.71	...	...	...
Withdrawal from reserves	14.83	17.72	...	...
Provisions relating to previous years	...	...	...	...
To reserves	11.52	26.10	...	...
Dividends: Preference	2.10	13.00	11.60	10.00
Ordinary	1.11 (15%)	1.11 (20%)	1.11 (24%)	1.01 (24%)
Carry forward	...	...	1.09	1.55
Market price of ordinary shares (in rupees):	**1964**	**1963**	**1962**	**1961**
High	400	451	550	493
Low	250	355	388	309
	x.r.			

Towards the close of the year under review, the Company issued 22,976 ordinary shares of Rs. 100 each on which the full amount of Rs. 100 per share was paid-up during the year itself. This has raised the share capital from Rs. 69 lakhs to Rs. 92 lakhs, made up of Rs. 17.25 lakhs in preference shares (of Rs. 100 each) and Rs. 74.75 lakhs in ordinary shares. The new shares, however, are not eligible for the dividend for 1963-64. The reserves and surplus aggregate Rs. 57.15 lakhs excluding Rs. 8.87 lakhs to be utilised for the payment of dividends. Although there has been slight decrease in secured loans of Rs. 12.93 lakhs to Rs. 320.61 lakhs, unsecured loans have risen from Rs. 12.41 lakhs to Rs. 38.98 lakhs. Total borrowings thus aggregate Rs. 359.59 lakhs besides current liabilities and provisions standing at Rs. 91.64 lakhs. The outside finance is, therefore, Rs. 451.23 lakhs as against the own funds of Rs. 149.15 lakhs only. On the assets side, current assets, investments and loans and advances are shown at Rs. 361.29 lakhs and the net block at Rs. 239.09 lakhs. This has been obtained by reducing a gross block of Rs. 572.81 lakhs by Rs. 333.72 lakhs being the amount of depreciation provided to date. Thus, a good part of the capital expenditure has been financed by bank loans.

The Company spent during the year an

(Continued in previous column)

SUGAR

(Concluded from page 810)

over 200,000 tonnes to the U.S. and the figure is expected to be higher this year.

Supply and Consumption

Thanks to the notable increase in production, the aggregate world supply of cane and beet sugar during the season 1963-64 was higher at 62.9 million tonnes (as against 62.2 million tonnes in 1962-63) even though the carryover stocks were considerably lower at 8.1 million tonnes, as against 10.7 million tonnes. The total supply was, however, well below that (68.4 million tonnes) in 1960-61; details are given in Table B.

The world sugar consumption during the seasons 1961-62 and 1962-63, it may be noted here, could be covered, in spite of the reduction in production because of the huge carryover stocks following the appreciable rise in production during the year 1960-61, as well as in 1958-59. The position has since changed considerably. Inasmuch as world sugar stocks have thinned greatly, increase in consumption in the coming years will necessarily have to be met by a corresponding increase in production. It is encouraging to find that such an increase is being expected in the current (1964-65) season.

This analysis will be incomplete without a reference to world trade in sugar during the 1963-64 season. According to the statistical report on world agricultural production and trade published by the U.S. Department of Agriculture, the total world sugar exports during the calendar year 1963 amounted to nearly 17 million tonnes, reflecting a decline of about a million tonnes as compared with 1962. The 1963 exports were about 13 per cent below the record shipments of 1961, but they exceed those of 1958-59 by about 15 per cent. The United States accounted for about 24 per cent of the world sugar imports in 1963, though the quantity imported was slightly lower than in the previous year. After the diplomatic rupture with Cuba, the U.S. gets its supplies from the Philippines, Dominican Republic, Brazil, Peru, Mexico, Argentina and India. Imports by the U.S.S.R. in 1963 showed a decline of 54 per cent as compared with 1962. In Asia, Japan is the largest importer, followed by Mainland China, the latter country getting its supplies mainly from Cuba.

Exports

The decline in world sugar exports during 1963 was due to the fall in the rate of increase in world consumption. The declining trend persisted in the first half of the current year (1964). Since the beginning of the second half, however, there seems to have been a recovery. Even so, taking the whole of 1964, the total world exports are expected to be about 5 per cent lower than in 1963. Incidentally, it may be mentioned that the U.S. Department of Agriculture has increased, with effect from 16th September 1964, the import fees on foreign sugars to be subsequently authorised or approved for import. Sugar imports from Philippines, which enjoys a basic quota of 945,000 tonnes, are, however, exempted from the payment of any fee.

BAN ON BOLD GRAIN SUGAR

The Government of India has banned with immediate effect the manufacture and sale of sugar of grain size A and B. The ban has been imposed since the Government considers it a waste to manufacture sugar of these grains from the point of view of both the manufacturer and the consumer. It also results in higher prices to the consumer. The ban will not, however, apply to the sale of sugar already manufactured. These grains are manufactured mainly in West Uttar Pradesh. There are about 26 factories producing bold grain sugar in the country, of which about 17 are in Uttar Pradesh. This variety of sugar costs roughly Rs. 2 to Rs. 3.25 per bag more than the price of the standard variety.

COMPOUNDED EXCISE ON *KHANDSARI*

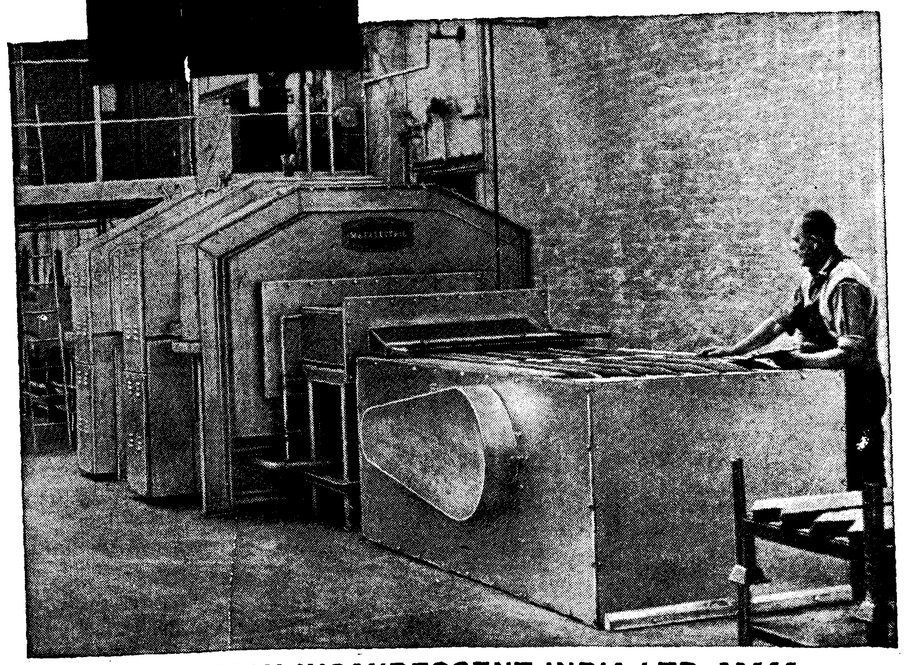
The Government of India has revised, with effect from 1st November, the weekly rates of compounded levy of excise duty in respect of *khandsari* manufactured with and without the aid of sulphitation plants. The salient feature of the revision is that, on payment of prescribed weekly rate, the manufacturer will be free to work his centrifugals throughout the week without any restriction on the daily or weekly working hours.

WELLMAN INCANDESCENT ELECTRIC FURNACES

A wide range of Electric Furnaces for industrial use are now being manufactured in India by Wellman Incandescent in collaboration with Metalectric Furnaces Ltd., of Smethwick, England.

Electric furnaces for heat treatment, enamelling, induction heating, dialectric heating, wire and strip annealing as well as furnaces for light alloys, non-ferrous metals and the ceramic industry can be supplied against order. Special furnaces can also be designed to meet the customers requirements.

Specialists in industrial heat engineering, Wellman Incandescent are also experts in the manufacture of mechanical handling equipment, much of which will shortly be made in India.



WELLMAN INCANDESCENT INDIA LTD.
8, HARINGTON STREET, CALCUTTA 16
Telephone: 44-6817 (3 Lines) Telegram: "WELLMANS"

NEWS IN BRIEF

THE Textile Commissioner has extended the last date for receipt of applications for import of textile machinery from the U.S.A. from 31st October to the 15th of this month.

The co-operative sugar factories in the country are expected to produce 700,000 tonnes of sugar during the current year, as against 600,000 tonnes actually produced in the previous year, representing a rise of 16 per cent.

The total net collections in small savings during the first half of the current financial year amounted to Rs. 55.33 crores. Maharashtra led the other States with a total collection of Rs. 11.47 crores, followed by West Bengal which accounted for Rs. 10.74 crores.

The Planning Commission will begin discussions with the representatives of State Governments on the annual plans of States for the last year of the third Plan, that is, 1965-66, on the 23rd inst. The discussions will be on the basis of an assessment of resources available for each States plan prepared by the Commission.

India exported Rs. 19.74 crores worth of cashew kernels (39,300 tons) during the first nine months of the current calendar year, representing an increase of Rs. 2.77 crores over the corresponding period of 1963. Exports of cashewnut shell liquid during the same period amounted to 10,200 tonnes valued at Rs. 1.52 crores, as against 5,900 tonnes worth Rs. 73 lakhs.

The revenue collections of the Central Government during the first five months of 1964-65 aggregated Rs. 562.69 crores, as against Rs. 516.47 crores in the corresponding period last year. Of this total, collections from customs accounted for Rs. 160.56 crores, excise duties for Rs. 298.56 crores, corporation tax for Rs. 48.29 crores, income tax for Rs. 51.41 crores and estate duty for Rs. 1.22 crores.

An agreement covering the construction of the third stage of the Kundah hydro-electric project in Madras was signed at New Delhi on Monday this week between the Governments of India and Canada. The Canadian Government will contribute 22.2 million Canadian dollars to meet the external costs of construction of three additional power houses. The three power houses will have a capacity of 190,000 kilowatts.

The Union Government has banned with immediate effect the manufacture of crystal sugar. The ban applies to what is known as A and B grain size. The reason for banning the manufacture of crystal sugar is that it is wasteful since the entire quantity used in a cup of tea or coffee does not dissolve, necessitating the use of more sugar than is really necessary. However, the Order provides for exemption of sale of sugar of sizes A and B manufactured before the commencement of the Order.

Under an agreement arrived at recently between Air India and the Government of Kenya, Air India has undertaken to train four Kenyans in aircraft maintenance engineering at its engineering base. The four-year training programme is scheduled to commence in January 1965. Air India has also undertaken to pay the living expenses for the trainees while in India, besides bearing the entire cost of training. The programmes will cover theoretical instruction in basic aeronautical engineering school and practical training on Boeing airplane in the maintenance and overhaul establishments at Santa Cruz.

The Government of India has approved of a code of conduct for Ministers. The code lays down that all Central and State Ministers must submit by 31st March every year returns of their assets and liabilities to the Prime Minister or the Chief Ministers, as the case may be. They should also disclose their business interests, as well as those of the members of their families, and furnish particulars regarding their immovable properties and approximate values of their holdings in the form of cash, jewellery and company shares and debentures. Further, they are required to ensure that members of their families do not start or participate in business concerns having business deals with the Government.

* * * *

From Abroad

Skoda, the Czechoslovak motor concern, is believed to be shelving a plan to set up an assembly plant in Austria.

Esso Petroleum is to build a 50,000-ton-a-year styrene plant at its Fawley, England, refinery. The cost is expected to be at least £3 million.

Dunlop, one of Britain's big tyre manufacturers, has introduced a new tyre which it claims will give up to 80 per cent more tread mileage than standard tyres.

Pakistan hopes to meet by 1970 about 30 per cent of the total world demand for jute goods estimated at 3.7 million tons. Plans are afoot to install an additional 38,000 looms by 1970.

Switzerland's first nuclear power station is to be built seven miles west of Berne. Construction is expected to begin in 1967 and will be completed in four years' time.

The U.S. Ford Motor Company has announced the establishment of a new nation-wide car-rental system, known as the Ford Rent-a-Car, which provides for daily or weekly rentals of automobiles through established dealers.

A new Norwegian shipping company, Sigship, has been formed by a leading Norwegian shipowner, Mr. Berge Sigval Bergesen, and two of his companies, Signi and Berge Sigval Bergesen. A fifth of the capital of the new company will be taken up by a consortium of insurance companies.

Thomas De La Rue, of New York, a member of the British-based Thomas De La Rue International group, has come to an agreement with Bowne to provide a joint security printing and creative and financial print service in the United States.

The Imperial Chemical Industries' agricultural division is to sign an agreement to use the new Toyo Koatsu total recycle process for a new urea plant to be built at Billingham in northern England. This will be the largest urea plant in the world, with a capacity of 1,000 tons a day.

Under a trade agreement reached between China and Austria, the latter will supply iron and steel, piping, electrical, optical and pharmaceutical goods, industrial installations and technical literature in exchange for tungsten ore, mercury, tin, asbestos, soya beans, rice, tea, silk, Kashmir wool, hides, furs, gut and technical literature.

West Germany is subsidising the Weigmann Institute in Israel which is conducting research on the peaceful uses of atomic energy, according to a West German Cabinet spokesman. During the year 1963, about DM 12 million were made available to the Israel institute and another DM 3.5 million has been provided for during the current year.

The British Government has announced that it wishes to see the present arrangements (with the French Government) for surveying and studying the possibilities of a tunnel under the English Channel to go ahead unchanged. The geological survey of the tunnel route will proceed as planned, and discussions by British and French officials on the project as a whole, including the legal and financial problems will continue.

PERSONAL

MR. S. M. Patil, Managing Director, Hindustan Machine Tools, left for Australia and Japan to explore export possibilities for HMT products.

Mr. Carl Edwards, Manager of Mobil Oil Company's Franklin, Pa, grease plant, has been appointed Managing Director of Indian Oil Blending Ltd., Bombay.

Dr. Santi Gupta, Joint Secretary, in charge of the newly-created Economic Division in the External Affairs Ministry, has been appointed India's Consul-General in New York.

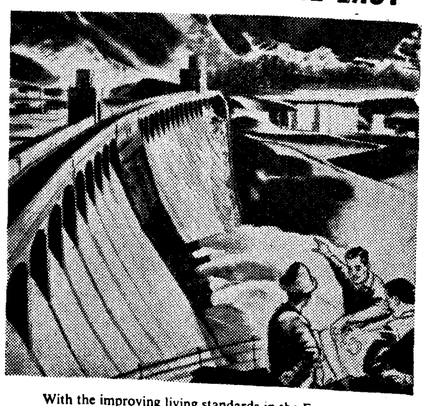
Mr. S. Krishnamurthi, Joint-Secretary, Economic Affairs, Union Finance Ministry, is being appointed India's first High Commissioner to Zambia (Northern Rhodesia) which became independent on 29th October 1964.

Mr. T. N. Singh, Union Minister for Heavy Engineering, will temporarily hold charge of the Department of Industry in the Ministry of Industry and Supply. Mr. K. Raghu Ramaiah, Minister for Supply, will be temporarily in charge of the Department of Supply and Technical Development.

Dr. Thomas Balogh, Reader in Economics at Oxford, has been appointed as economic adviser to Mr. Harold Wilson, the British Prime Minister, while Mr. Nicholas Kaldor, Reader in Economics at Cambridge University, has been appointed as special adviser to the Chancellor of Exchequer on "the economic and social aspects of taxation policy."

Mr. M. I. Prichard, Managing Director, F. Perkins Ltd., Peterborough (with whose collaboration Perkins diesel engines are being manufactured in India by Simpson and Company Ltd., Madras) and Lord Robens, Chairman of National Coal Board of Britain, are to receive the top marketing awards for 1964 from the British Institute of Marketing. The award is given for notable achievement in ensuring and expanding markets for British industry.

DEVELOPMENTS IN THE EAST



With the improving living standards in the East comes the prospect of trade expansion and of increasing opportunities for profitable marketing. The world-wide facilities of three great banking organizations, merged into a single comprehensive service, are at your disposal with up-to-date information and expert advice on all aspects of finance and trade in these areas.

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Notices

THE SOUTH MADRAS ELECTRIC SUPPLY CORPORATION LIMITED

Registered Office: **Power House: Tennur, TIRUCHIRAPALLI**

NOTICE

THE DIRECTORS HAVE SANCTIONED THE payment of an *ad-interim* dividend for the year 1964-65 of 5½ per cent on Equity Shares and 2¾ per cent on First and Second Preference Shares plus 30 per cent thereon both subject to the deduction of tax.

2. The warrants will be made out in the names and addresses of shareholders standing registered in our books as on 19-11-1964 or holders of mandates and posted on and after 10-12-1964. The shareholders are requested to notify immediately any change of their address to the Company.

3. The Register of Members and Share Transfer Books of the Company will be closed from 19-11-1964 to 30-11-1964 (both days inclusive).

4. Such of those shareholders who are not liable to pay Income-tax may apply to the concerned Income-tax Officers for Income-tax Exemption Certificate under the proviso to Section 194 of the Income-Tax Act and file the same with the Company on or before 1-12-1964. In such cases of compliance, no deduction of Income-tax will be made from the dividends.

N.B. Holders of Blank Transfers are advised to have the shares registered in their names in time before closure of books.

(By Order)

SESHASAYEE BROTHERS PRIVATE LTD.
Managing Agents & Chief Engineers.

TIRUCHIRAPALLI,
12th October 1964.

MADURA MILLS COMPANY LIMITED

Registered Office:
New Jail Road, MADURAI

NOTICE IS HEREBY GIVEN THAT IN connection with payment of interest to Debenture Stockholders, the Debenture Stock Transfer Register of the Company will be closed from 16th to 30th November 1964, both days inclusive. It is recommended that:

1. All persons holding debenture-stock on blank transfers should immediately arrange to have the stock registered in their own names, as the Company will pay interest only to the person(s) in whose name the stock stands on the date of payment of interest.
2. Stockholders desiring interests to be paid to Banks or other Mandatees shoud register the mandates with the Company before 16th November 1964.
3. Intimation of any change of address should be given to the Company immediately.

A. & F. HARVEY LTD.,
Managing Agents.

MADURAI,
24th October, 1964.

THE BELAPUR COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Register of Members and the Transfer Books of the above Company will be closed from the 14th day of November 1964 to the 13th day of December 1964, both days inclusive.

By Order of the Board of Directors,

W. H. BRADY & COMPANY, LIMITED,
Managing Agents.

THE ASSOCIATED CEMENT COMPANIES LIMITED

Registered Office:
"Cement House," 121, Queen's Road, Bombay-1

NOTICE

Re: Closure of Transfer Books for (i) Payment of Dividend and (ii) Issue of Bonus Shares

THE REGISTER OF MEMBERS AND SHARE Transfer Books of the Company will be closed from Tuesday, the 24th November, 1964 to Tuesday, the 22nd December, 1964, both days inclusive, for the purposes of payment of Dividend for the year ended 31st July, 1964 as also for the issue of Bonus Shares.

Shareholders wishing to file TAX EXEMPTION CERTIFICATES with the Company in respect of the abovementioned Dividend are requested to do so on or before Monday, the 14th December, 1964, as it will not be possible for the Company to act upon Exemption Certificates received after the said date.

By Order of the Board,

FOR THE ASSOCIATED CEMENT COS., LTD.,
CEMENT AGENCIES LTD.,
Managing Agents,

R. R. HATTIANGADI,
Managing Director.

30th October, 1964.

THE INDO-BURMA PETROLEUM COMPANY LIMITED

Registered Office:
Gillander House, Netaji Subhas Road, Calcutta-1

NOTICE IS HEREBY GIVEN THAT THE Board of Directors have declared an Interim Dividend of Re. 0.50 (Paise Fifty only) per share less tax to be deducted in accordance with the provisions of Section 194 of the Income Tax Act, 1961, on the Ordinary Share Capital of the Company for the year ending 31st December, 1964 payable on the 30th November, 1964.

The Ordinary Register of Members of the Company will be closed from the 13th November, 1964 to 27th November, 1964, both days inclusive.

By Order of the Board,

STEEL BROTHERS AND COMPANY LTD.,
Managing Agents.

GILLANDER HOUSE,
NETAJI SUBHAS ROAD,
CALCUTTA-1.
27th October, 1964.

JESSOP AND COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT IN compliance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960, the Board of Management has sanctioned the payment of an interim Dividend on 5 per cent Cumulative Preference Shares for the half-year ending 31st October, 1964, at the rate of Rs. 3.25 per share subject to deduction of tax in accordance with the Finance Act currently in force.

The Preference Share Transfer Register will be closed from 16th November, 1964 to 20th November, 1964 both days inclusive.

Dividends will be paid only to the Shareholders whose names are registered in the Books of the Company on the 20th November, 1964, or to their Mandatees.

By Order of the Board,

K. S. BASU,
Secretary.

63, NETAJI SUBHAS ROAD,
CALCUTTA, *30th October*, 1964.

THE BOMBAY BURMAH TRADING CORPORATION, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE One Hundred and First Annual General Meeting of the Shareholders of the Corporation will be held at the Tata Auditorium, Bombay House, 24, Bruce Street, Fort, Bombay 1, on Wednesday the 25th November, 1964, at 4-30 p.m. (S.T.), for the purpose of transacting the following business:—

1. To consider and approve the Statement of Accounts for the year ended 31st May, 1964 and the Balance Sheet as well as the Reports of the Board of Directors and Auditors.
2. To sanction the declaration of a dividend.
3. To appoint a Director in place of Mr. M. G. R. Aitken who has attained the age of 67 years and who retires by rotation and, being eligible, offers himself for re-appointment; and to consider and, if thought fit, to pass the following Ordinary Resolution of which special notice as required by Section 281 of the Companies Act, 1956 has been received by the Corporation:—

   "Resolved that Mr. M. G. R. Aitken who has attained the age of 67 years and who retires by rotation be and is hereby re-appointed a Director of the Corporation and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the Companies Act, 1956, shall not apply to him."
4. To appoint a Director in place of Mr. Arvind N. Mafatlal who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Neville N. Wadia who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint the Auditors of the Corporation to hold office for the period until the conclusion of the next Annual General Meeting and to fix their remuneration.
7. To appoint Branch Auditors at a remuneration to be fixed by the Board of Directors.
8. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:—

   "Resolved that the capital of the Company be and is hereby increased to Rupees Ten Crores (Rs. 10,00,00,000) by the creation of Twenty-eight Lakhs (28,00,000) shares of Rupees Twenty-five (Rs. 25) each."
9. To consider, and if thought fit, to pass the following as a Special Resolution:—

   "Resolved that Article 67 of the Company's Articles of Association be deleted."

By Order of the Board,
WALLACE AND COMPANY,
Secretaries and Treasurers.

Registered Office:
9, WALLACE STREET,
FORT, BOMBAY 1.
Dated the 8th day of October, 1964.

Notes:

(1) Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.

(2) In respect of Items Nos. 3, 8 and 9, the Explanatory Statements as required under Section 173 of the Companies Act, 1956 have been posted to the shareholders.

(3) The Memorandum and Articles of Association of the Company will be open for inspection at the Registered Office of the Company at 9, Wallace Street, Fort, Bombay, on any working day, except Saturdays, between the hours of 3 p.m. and 5 p.m., and on Saturdays between the hours of 11 a.m. and 1 p.m.

(4) The Transfer Books of the Corporation will remain closed from the 3rd day of November, 1964 to the 24th day of November, 1964, both days inclusive, for the purposes of the Annual General Meeting.

(5) Warrants in respect of dividend, if declared, will be posted to shareholders on the 27th day of November, 1964. Dividend will be payable on and from that date to those shareholders whose names stand on the Register at the close of business on the 24th November, 1964.

INAUGURATION OF THE FACTORY OF PARTICLE BOARDS INDIA LIMITED

AND

OPENING OF THE THIRD MILL OF ANIL HARDBOARDS LTD.

BY

HON'BLE SHRI LAL BAHADUR SHASTRI, PRIME MINISTER, ON NOVEMBER 1, 1964

WELCOME BY SHRI G. R. JOLLY

Managing Director, Managing Agents

HON'BLE PRIME MINISTER SHRI LAL BAHADUR SHASTRI, HON'BLE SHRI S. K. PATIL, HON'BLE SHRI V. P. NAIK, DISTINGUISHED GUESTS, LADIES AND GENTLEMEN,

On the occasion of the inauguration of the third mill of Anil Hardboards Limited and the mill of Particle Boards India Limited, I welcome you all here today.

As originally planned, we have rigidly kept to our planned progress and within the last six years, we see the third mill commissioned today by our Hon'ble Prime Minister, who had inaugurated our First Hardboard Mill with his auspicious hands at this very premises on 22nd November 1958. I am extremely grateful to the Hon'ble Prime Minister for making himself available for the purpose in spite of his very heavy engagements.

The first Hardboard Mill and also the Insulation Board Mill started in November 1961 are contributing to save foreign exchange worth a crore of rupees every year. Besides catering to the country's civilian requirements, we are fully meeting the needs of the Defence Department required for the border areas from Ladakh to NEFA, by even continuously working round the clock, including Sundays and holidays. Every effort is made to export our products in spite of heavy obstacles and competition in the international market. I am pleased to add that our mills have carved out a

Shri G. R. Jolly

marked and dominating place for its supplies in the Middle East countries, and our products have also started penetrating into the highly competitive fibre-board markets in U.K. and Africa as well.

We have in hand our next progressive move to manufacture mineral wool boards and tiles —completely fireproof, besides possessing acoustic and thermal advantages. This product will create revolution in the vast field of building industry. This being the first mill of its kind in this part of the world, will earn foreign exchange to the tune of about a crore of rupees.

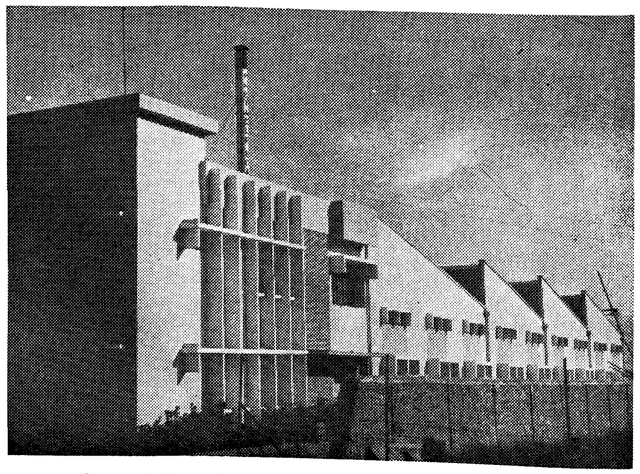
Particle Boards

Being the pioneers in the hardboard and insulation board industry in India, we are offering to the building industry another product, viz., particle board. Particle board had its initial development in the last two decades. Being highly competitive and economical, its production and use have spread considerably. Particle board is an economical and suitable substitute for the more expensive and inadequately available building boards and construction timber. We aim to maintain the manufacturing standards of our particle board strictly as per the internationally acceptable specifications also to earn much needed foreign exchange for our expanding economy.

We are indeed happy to announce that the Company has already received industrial licence and are going into production soon for the manufacture of Moulded Particle Boards, which will be the third plant of its type in the world.

We are indeed fortunate in having in our midst our Hon'ble Prime Minister, Shri Lal Bahadur Shastri, for inaugurating both the mills. We extend our sincere thanks to him, to Hon'ble Shri S. K. Patil, Hon'ble Shri V. P. Naik and other Cabinet Ministers and other distinguished guests for gracing this occasion.

JAI HIND



Factory of Messrs. Particle Boards India Ltd. at Bhandup—Bombay.

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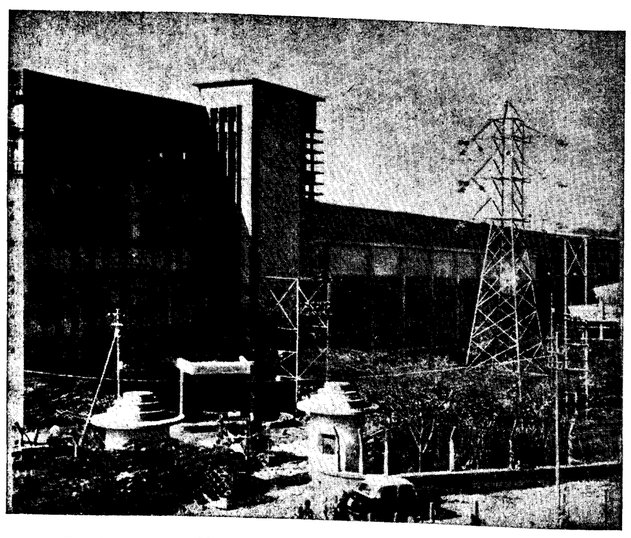


The third Mill of Messrs. Anil Hardboards Ltd. at Bhandup—Bombay.

THE FUTURE OF PARTICLE BOARDS IN INDIA

By JASWANT SINGH MATHARU

Development Officer (Timber)
Directorate General of Technical Development
Udyog Bhawan, New Delhi

PARTICLE Boards differ from the more well-known fibre boards in that these are composed of distinct particles (splinters, flakes, shavings, chips, shives, etc.) of wood or other ligno-cellulosic fibrous materials which are bonded together by an organic binder—generally Urea-formaldehyde or Phenol formaldehyde resin. F.A.O. has tentatively classified particle boards on the basis of density. Most of the current indigenous production of particle board lies in the medium density range, viz. 400-800 kg/cub. metre; one unit is also manufacturing considerable quantities of low density insulation type particle board from sugarcane bagasse.

Raw Material Base for Wood Panel Products

The quality of wood raw material required for the manufacture of panel products like plywood, fibre board and particle board varies widely. Technically speaking, fibre boards and particle boards manufacture can be based on a fairly wide range of ligno-cellulosic fibrous materials such as wood waste residues from groups of saw mills, wood working factories, plywood factories. forest management wastes, forest thinnings and lops and tops of trees, secondary or non-commercial species of timber of low economic value under the existing pattern of forest utilisation, fuelwood, sugarcane bagasse from sugar mills and agricultural wastes like jute sticks.

Contrary to this broad range of wood and other ligno-cellulosic fibrous materials that can be successfully utilised for particle board and fibre board manufacture, the raw material base for the other important wood panel product, plywood, is comparatively narrow and the quality of wooden raw material required is exacting and of a high order. No doubt in recent times it has become possible to use successfully more and more species of timbers; the quality of logs required for economical manufacture of plywood is however still of a high order—large, cylindrical, defect-free logs always give better yields. Secondly, the transformation co-efficient of plywood manufacture is rather low—roughly speaking, less than half of every cubic foot of log timber peeled is reflected in the finished plywood. The manufacture of particle board and fibre board, on the other hand, enables us to convert these low economic value wood wastes mixed with forest management wastes into a board material of high economic value. This need not be taken to mean that plywood has no future. Plywood has a bright future on the basis of its intrinsic superior mechanical properties and would continue to forge ahead in its special fields of use. There need, however, be no doubt that in the next 50 years particle board and fibre board industries will expand much faster as compared to plywood. The faster growth of particle board and fibre board industry will not only enable us to bridge the gap between the demand and supply of board products in the years to come but will also go a long way in improving economies of our national forests.

Trend of Particle Board Production and Consumption in Other Regions of the World

Particle board is essentially a post-war development though considerable work on the laboratory manufacture of particle board was done during the last war in the major forest products research laboratories of the world, including the Forest Research Institute, Dehra Dun. The work done on the utilisation of indigenous species of timber and jute sticks for particle board manufacture by Dr. D. Narayanamurti deserves special mention. The successful commercial exploitation of the basic research on particle board manufacture, however, took place in post-war West Germany. World particle board production increased from less than 15,000 tons in 1950 to more than two million tons by 1960 and its consumption increased more than eighty times. It would be obvious from these facts that there is enormous scope for the growth of particle board industry in India. Added to this enormous scope for future development in investment required per daily ton of particle board capacity is a little less than half of that required for fibre board. The investment per daily ton, however, varies considerably with the process of particle board manufacture adopted. Location of a suitable site for particle board is less critical as compared to fibre board because water requirements for particle board are almost negligible whereas for fibre board large quantities of fresh water are required. Power requirements per ton of particle board vary from 100-300 kilowatt hours, whereas in case of fibre board the requirement is 300-800 kw.h.

The adequate availability of urea formaldehyde resin at reasonable prices is an important consideration in the economics of particle board manufacture.

The particle board industry would need about 700-1,000 tons of urea formaldehyde resin solids during 1964 and by 1965-66 this requirement is likely to rise to a minimum of 2,000 tons of resin solids per annum. It is, therefore, necessary that the indigenous manufacturers of urea formaldehyde resin adhesives should gear up their plants to meet the rising demand for urea formaldehyde resin adhesives from the fast expanding particle board industry. It is quite on the cards that by the end of the

(*Continued on page* 831)

Shri Lal Bahadur Shastri, Prime Minister, declaring open the third Mill of Messrs. Anil Hardboards Ltd. From left to right: Shri S. K. Patil, Union Minister for Railways, Shri Chunilal B. Mehta, Chairman of the Company, and Shri G. R. Jolly, Managing Director, Managing Agents.

Shri Lal Bahadur Shastri pressing the button to switch on the mill.

SHARE OF PARTICLE BOARDS TOWARDS BETTER UTILIZATION OF FOREST WEALTH IN INDIA

By G. R. JOLLY

INDIA is one of the few countries of the world representing many pleasant, unpleasant, curable, incurable, traditional and non-traditional extremes of climate, religions, customs, flora and fauna and other related aspects of nature. Forests have had their share of extremes to a pleasant or perhaps unpleasant degree which is reflected in a wide variety of plants, flowers, bushes and trees growing throughout the length and breadth of the country. It is estimated that the number of species of timbers growing in India run into four figures, which taken on a theoretical basis, are expected to deliver to Indian consumers of timber virtually everything that one expects and wants from wood, especially for constructional purposes, viz. beauty, durability, strength, economy and flexibility. The situation, however, when viewed on a practical basis is very different and often discouraging—but challenging—providing lot of material of thought to Indian and world technologists, foresters and economists. This has also been responsible to a great degree for encouraging and nourishing both fundamental and applied research and enquiry on timber utilisation in India.

The number of Indian timbers actually fit for utilisation directly in their natural form is rather limited and their quantity has also been dwindling continuously as unfortunately very little attempt was made to replenish the quality and quantity used since time immemorial. The shortage of good grade constructional timber was felt by Indian and world construction industry during and especially after the Second World War rather acutely. There were two alternatives left for the forestry and timber utilisation agencies to meet the situation, either to plant fresh trees of selected species or to find methods and technologies to utilise non-favoured, non-traditional and so-called inferior species in all forms and stages of growth. The first aspect of utilisation has obvious limitations as it takes a long time for a tree—even under favourable conditions of growth—to attain utilisable maturity. Under the present circumstances, the second alternative is the only way to put wood to the service of construction industry.

Wood seasoning and preservation were one of the earliest methods adopted for utilising timber from non-durable species in certain form and grade of growth for many construction jobs. These procedures, however, have obvious limitations, thus leaving a large proportion of a tree either unusable or fit for uneconomic use such as fuel. It was further very difficult, if not impossible, to get the product in sheet form of uniform texture and properties. A better step towards more efficient utilisation of solid wood was its conversion to plywood, which also went a long way towards improving the basic properties of solid wood and enlarging the fields of its applications. Plywood, however, can be manufactured out of long clean cylindrical logs from certain species and even while working with the selected material an average maximum of 40 per cent can be converted to sheet form—leaving more than half of the valuable timber in a state fit for uneconomical use only.

Manufacture of fibre boards such as hardboard and insulation board allow a conversion of more than 90 per cent of wood to highly efficient multi-purpose building product combining qualities such as covering, insulation, decoration and protection in one material.

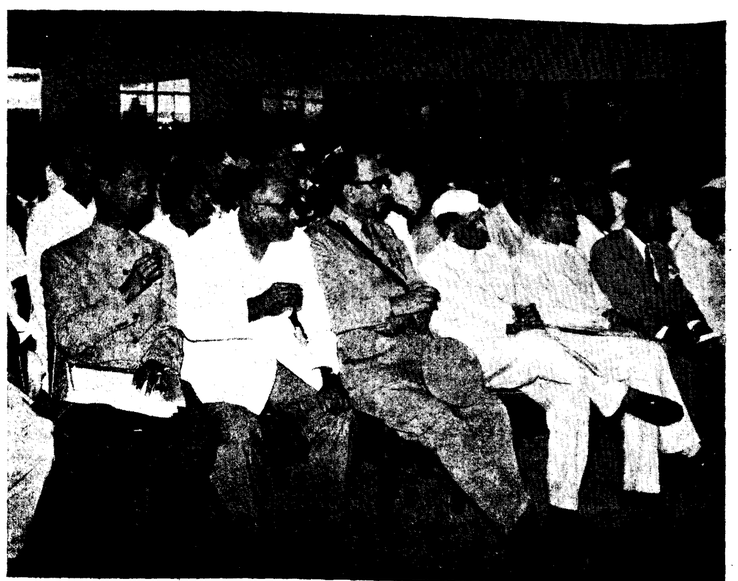
Manufacture of fibre board is thus an industry of national importance allowing hitherto neglected species of wood to conversion of an excellent material—thus helping in preservation of fast dwindling forest wealth of the country. We were the pioneers in introducing this industry in the country and are happy to make our own contribution towards a better utilisation of our national forest wealth. We are further glad to note the growth of this industry. The production capacity of our first mill has been increased by incorporation of another hardboard unit.

Conversion of wood to particle board allows the manufacture of a product of thickness beyond that of fibre boards and still permits over 80 per cent utilisation of wood of all grades. This product was developed not only for better utility of wood but also for removing and reducing some of the inherent defects of solid timber such as dimensional instability, susceptibility to insect and fungal attacks, inflammability and extreme variation in physical and chemical properties. Particle board can find applications in various fields where hitherto plywood and solid wood have been the favoured items of construction.

We are again happy today to start an industry in conformity with the latest line of thinking in timber utilisation and hope to make available to Indian consumers a product, which while combining the basic qualities of solid wood, possesses various improved characteristics by reducing some of its fundamental handicaps.

Shri Lal Bahadur Shastri, Prime Minister, inaugurating the factory of Messrs. Particle Boards India Ltd. From left to right: Mrs. Shastri, Mrs. G. R. Jolly and Shri S. K. Patil, Shri G. R. Jolly, Managing Director, Managing Agents, is on the extreme right.

Shri Lal Bahadur Shastri switching on a button which started the mills. From left to right: Shri S. K. Patil, Shri V. P. Naik and Shri G. R. Jolly.



A view of the audience.

PARTICLE BOARDS—SUBSTITUTES AND SUPPLEMENTS

By DR. V. B. KUMAR

WOOD has been a favoured item of construction probably ever since the dawn of creation. While recognising its superior constructional, technical and architectural advantages, mankind was alive to its down-grading and unfavourable handicaps, such as instability, movement due to humidity changes, swelling and shrinkage, vulnerability to fire, insect and fungal attacks. Timber constructions were thus viewed with suspicion and associated—often unjustifiably—with temporary structures as against concrete and brick construction considered everlasting. A dream of the timber technologist from centuries has therefore been to remove or reduce these handicaps by artificial means.

Since wood is a material of organic origin, its physical, chemical and structural properties are subject to wild variation due to many controllable and uncontrollable influences. Thus there is a wide overlapping field between superior and inferior types of wood which has introduced always an element of uncertainty whenever a particular type of timber was chosen or recommended for any job demanding endurance, strength and stability. Majority of the strength tests for wood are destructive in nature which very often could be economically used only as post-mortem analysis for failed structures as it was practically impossible to test every part of every species designed for structural uses. economically. A large safety factor was therefore introduced whenever timber had to be utilised or recommended for risky assignments. Another dream of timber technologists has therefore been to "tame" these variations within reasonable and predictable limits.

Dr. V. B. Kumar

Among many possibilities, conversion of natural wood to a suitable synthetic material through precisely controllable steps of manufacture, was one of the achievable aspects. By this procedure one could, not only perform routine tests for a continuous check of quality, but by employing suitable modifications or alterations, the product tailored to any particular need could be fabricated. Manufacture of particle board, hardboard, insulation board, etc. offer such a possibility. Whereas hardboard and insulation board are well-known products in India, particle board is the most recent development.

Particle board has had its most extensive commercial manufacture in West Germany, especially after the Second World War. Germany was required to surrender a substantial portion of its forests to the allies as war reparation and was consequently faced with an acute shortage of good quality industrial and commercial timbers suitable for plywood industry. This provided an impetus for the German machine building industry and forest research to look for processes and equipment for moulding second grade commercially useless wood species to a multipurpose building board urgently needed by the devastated German building industry and economy. The product when developed and perfected was almost immediately commissioned for multipurpose utilisation by German building industry. The manifold continued expansion of particle board industry is a testimony to its satisfactory performance for the purposes it is designed and its ready acceptance by consumers for many applications so far claimed by solid wood, block-board or plywood. Ironically, the punishment inflicted on Germany proved an immense commercial blessing for her as large number of plants for the production of particle board were sold by her to the conglomeration of nations forming the winning side of the last World War. Incidentally, this development offered an economically workable possibility for making available to the builders in underdeveloped and forest-poor countries, a product for diverse utilisation.

The details of manufacture of particle board are explained elsewhere on this page. The motivating idea at the back of the development of this industry was to mobilise the favourable characteristics of natural timber and waterproof, insect-proof, strength-providing properties of synthetic resins in a balanced way. This combination reduced some of the serious handicaps of natural wood. The demand of the raw material for its manufacture is not very exacting—almost any moderate density species can be applied. By altering the manufacturing conditions, a wide variety of products can be obtained from the same material so that the inherent characteristics, merits and demerits of timber used for its manufacture becomes only of a secondary rather than of decisive importance.

Particle board could be considered as an adjunct to hardboard, semi-hardboard and insulation board (commonly designated as fireboard) and so to say, takes over where fibre board stops. Common manufacturing thickness range of fibre building board is between 3 and 12 mm, 3 mm being the most extensively produced and used, whereas particle board is fabricated in a range of 6 to 35 mm. or more, most common being 19 mm. Its strength properties, dimensional stability, water resistance, etc. is adequate for most common purposes in furniture and building industry.

Particle board offers a uniform defect-free surface which could accept most of the external decorative treatments normally given to plywood or block board. Thus it could be veneered by commercial and/or decorative veneers from ornamental species of wood thereby extending its horizon of applications both for utility and luxury constructions providing an economic substitute for thick plywood and block board. The appearance of the raw uncovered board is a pleasant blending of æsthetic characteristics of natural wood and improved man-made modern synthetic surface. With appropriate techniques particle board can accept all types of paints, lacquers, enamels, etc. which allows its use for table tops, flooring, panelling,

(*Continued on page 831*)

At a meeting held later, Shri G. R. Jolly welcomes the Prime Minister. Seated from left to right are Mrs. Shastri, Sir C. B. Mehta, Shri V. P. Naik, Hon'ble Prime Minister, Shri N. K. Petigara, Chairman, Particle Boards India Ltd.

The Prime Minister blesses the new mills.

INTRODUCING PARTICLE BOARD

By R. C. KOHLI

THE manufacture of particle board consists of reduction of solid round wood into thin chips and then gluing them together with suitable adhesives in hydraulic press to form a sheet under the effect of heat and pressure. Though most of the species can be used in this industry, yet it is advisable to use woods of lighter density and colour. After moistening and debarking of the raw wood, it is fed into chipping machines where it is reduced to thin chips of specified thickness. Generally, chipping machines which produce flat and thin chips are preferred for surface layer chips which are also passed through a beater mill for reducing the size of the chips still further. In a plant, where there is provision for processing the surface-layer and core-layer chips separately, two chipping machines are installed, each producing chips for surface-layers and core-layers respectively. In other plants, chips from all the machines are mixed together and, therefore, either they are used to make a one-layer board or they are separated by wind blasts at the time of spreading to form a three-layer board. After leaving the chippers and beater mills, the chips are carefully dried in steam-heated mechanical driers to a particular moisture content whereafter they are fed in storage bins, till they are required for gluing process. Simultaneously, the gluing material, urea formaldehyde resin in admixture with a suitable hardner and water-repellent reagent are kept ready. Now the dried chips from the storage bins are fed into mixing machines where they are sprayed with resin solution by means of pressed air and led into spreading

Shri R. C. Kohli

machines. From here, a measured quantity is allowed to be spread uniformly on press cauls to give a desired thickness of the end-product. Generally, it is a continuous process and the cauls travel one after another in a row and stay in a loading device after the spreading machines, before they are fed into the hydraulic press for pressing. Now these cauls carrying glued chips are led into the hot press and pressed for a suitable period depending upon the thickness of the board, quality of resin used and quality of board desired, till the resins set to its final form and excess moisture escapes. After the pressing time is over, the press is opened, the boards along with the cauls are taken out of the press by an automatic device. Immediately thereafter, the boards are separated from the cauls and stacked for conditioning before being trimmed, sanded and despatched. The boards produced by this technique are strong, tough and possess dimensional stability to make it suitable for furniture and constructional purposes. Further, by the orientation of oblong, laminar thin chips into a definite direction, and their overlapping gluing, wood chip material with oriented strength can be obtained. There is also another process for the manufacture of particle boards known as extrusion process which is similar to the above-mentioned process but differs in technique. In this, chips are not spread into sheets before pressing but they are fed in lots into an extrusion press with heated sides. As the orientation of the chips is such that there is little scope of satisfactory interlocking of the fibrous particles, the board is considered to be of an inferior quality. Hence it is necessary to cover it with veneers on both sides to impart its strength, stability and make it pleasant to appearance. Owing to its inferior qualities, the extruded boards have a restricted use in the furniture industry.

Since the introduction of particle board, several processes were developed but in the beginning most of them were not successful, as the raw materials were not specially prepared and flaked but consisted mainly of scrap and saw-dust which resulted in panels with inferior physical properties. In the simple one-layer board system, made out of an admixture of fine and coarse flakes, where coarse particles

Another section of the large gathering present on the occasion

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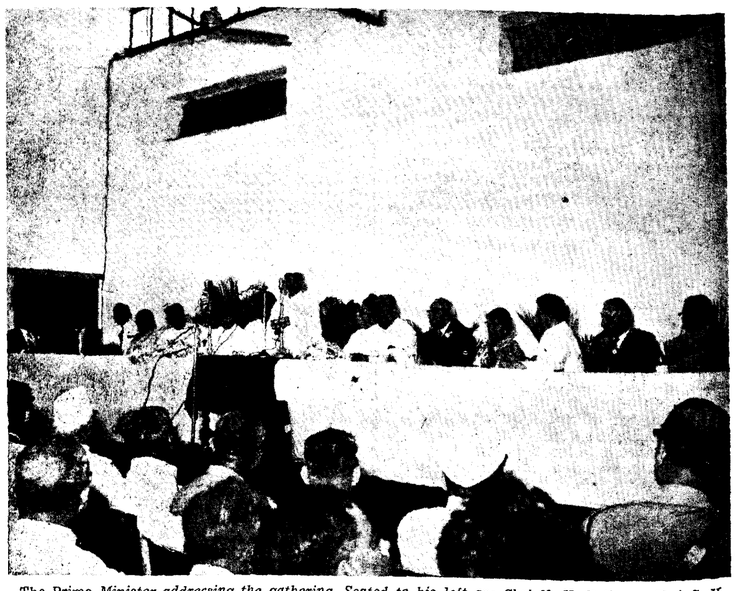


The Prime Minister addressing the gathering. Seated to his left are Shri N. K. Petigara, Shri S. K. Patil, Shri A. D. Shroff, Mrs. V. P. Naik, Shri S. G. Barwe and Shri M. H. Hasham Premji

are imbedded in fine ones, the boards must be veneered or coated with plastic films. In the three-layer boards, the coarse and fine flakes are separated and hence impart not only superior technological properties to the boards but also enable to obtain a graduated structure and smooth and flawless surface.

Research and Industry

Though almost every ligno-cellulosic fibrous material can be utilised in the manufacture of particle board, yet it is imperative that a thorough investigation be carried out for the economical utilisation of raw material towards a technically sound end-product. Particle boards were prepared from jute sticks (Narayananmurti and Kohli 1961), followed by other raw materials (Narayananmurti and Jain 1963) and it is quite evident that there exists a sound basis for the development of this industry in India. As far as can be judged, considering various factors, an enormous increase in production and consumption of particle board can be expected during the coming five years. On account of its distinctive features it has been possible to utilise particle boards in almost every place where wood and plywood were used previously and, therefore, it is bound to play an important role in providing an impetus to building and housing industries in India.

(Concluded from page 827)

fourth Plan, the particle board industry would become the major consumer of urea formaldehyde resin adhesives in the country. As the formulation of urea formaldehyde resin adhesives required by the particle board industry are somewhat different from those required by the plywood industry, the indigenous manufacturers should come forward to tailor their adhesives to suit the requirements of the particle board industry. It is estimated that by the end of the fourth Plan the particle board industry in India would consume about 8,000 to 10,000 tons of resin solids per annum. The developing plastic industry in India would, therefore, have to think ahead to meet this rising demand for synthetic resin adhesives from the wood panel products industries.

Urea formaldehyde adhesive industry is developing quite well in the country and there is reason to believe that the demand from the growing particle board industry would be met in full.

(Concluded from page 829)

etc.—a field where so far solid wood, plywood and block board have been dominating.

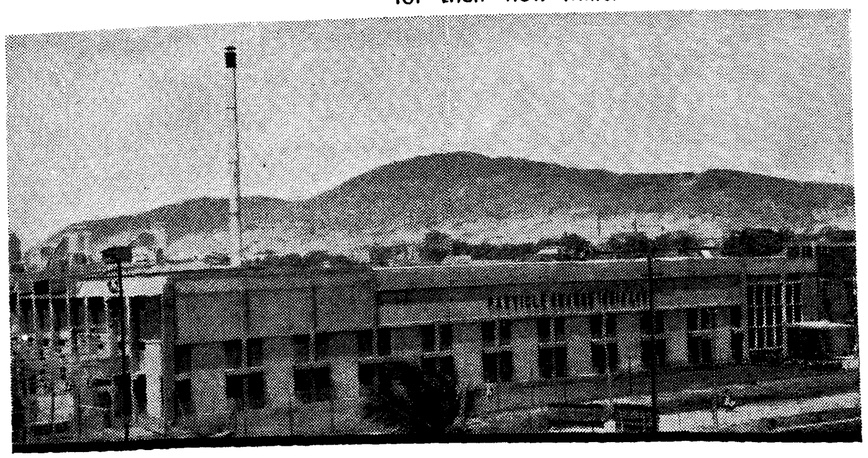
Particle board further provides an excellent substrate for virtually every type of wood working glue, which allows its adhesion not only to other wood-based materials but also to high polymeric plastics, such as melamine, polyvinyl chloride, phenolics, etc. which further makes it a suitable foundation material where enhanced resistance to water, scratch and heat is desired—particle board can thus find a welcome entry into modern kitchen construction.

Since particle board is generally a medium density woody product with sufficient air space in between it combines the heat and sound insulation capacity of soft insulation board with the strength and compactness of hardboard in a balanced way and can be employed for the construction of false ceilings and protective panelling. On account of its gluability to other wooden materials it can either substitute or supplement the conventional items of construction.

Like any other traditional items of construction particle board had to overcome considerable opposition in every country—including Germany—during its initial entry into the field of construction. The users were however quick to recognise its potentialities which are reflected in its maximum rate of growth all over the world out of all other competitive wood-based materials such as plywood and block board. It is hoped that particle board will find its due place and share in the quickly expanding Indian economy and fast growing industrialisation.

We extend our Best Wishes
& Hearty Congratulations to
M/s. Particle Boards India Ltd.

on the occasion of the
Inauguration of their new Mills
and we are proud to
associate ourselves in completing all the
CIVIL ENGINEERING WORKS
for their new Mills.



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MARKET GOSSIP

(*Concluded from page 795*)

fied and ultimately withdrawn as soon as we can do it without endangering the future of British economy. But let me make it clear that this restriction runs counter to the British emergency action dictated by the situation that we found on assuming office."

The trading countries of the free world as a whole, however, have not quietly accepted the surcharge, though none of them has resorted to any retaliatory measures. The Council of G.A.T.T. which held a discussion on 30th October 1964, has appointed a twelve-member group to go into the details of Britain's import curb and examine its balance of payments position. The group will study the effects of surcharge on the other member-countries and discuss the possible alternative measures with the British Government. At the G.A.T.T. meeting, the criticism came mainly from the E.E.C. In a *communique*, the Commission of the Six said: "Countries trading with Britain, including the E.E.C., are seriously affected by the measures taken by the British Government, and the Commission has asked itself whether measures increasing protection are in fact appropriate. It feels they are not. The Commission finds it regrettable that the British Government made no prior approach to the countries with which it has trade relations and which are fellow-members of several international organisations." The indications are that the E.C.M. countries would prefer to terminate or at least postpone the tariff negotiations under the Kennedy Round. They have already expressed their reluctance to deposit their exceptions list on the scheduled date of 16th November.

The mounting opposition to the British step in the European countries may well have an immediately adverse effect on Britain's means of meeting the balance of payments gap. The country needs to activate its standby credit of $1,000 million from the I.M.F. But the I.M.F. has very little supply of currencies—namely, German marks, French and Belgian francs and Dutch guilders—which Britain requires; and in order to meet the requirements of Britain, the I.M.F. will have to raise new funds in Europe. For that, it will have to activate the borrowing agreement according to which the Paris Club—comprising ten industrial countries, mainly European—had promised conditionally to provide a loan of upto $6,000 million. If these countries are not pacified, it is quite possible that some of them may refuse to honour the agreement or delay payment. In that case, the I.M.F. will be put to difficulties in accommodating Britain.

Although only 13 per cent of the exports of Commonwealth countries are estimated to be affected by the new surcharge, in the case of India it will tell on over 28 per cent of its exports to Britain. As pointed out by Mr. K. P. Goenka, President of the Federation of Indian Chambers of Commerce and Industry, early this week, "the mere fact that a number of India's manufactured and semi-manufactured products like cotton textiles, Jute, wollen carpets and rugs, East India kips—including tanned, semi-tanned and treated leather-coir manufactures and newly developing lines of exports like engineering goods, which had hitherto enjoyed duty-free treatment, would now attract a levy of 15 per cent *ad valorem*, cannot be viewed with equanimity, especially because larger exports for the Indian economy are vital for the success of our current and the next Plan." The Federation has urged the Government of India to seek a high level meeting with the British Government, so that the problems of the developing Commonwealth countries, in seeking greater outlets for their manufactured and semi-manufactured products, do not receive any serious setback. The Indian Cotton Mills Federation has also stated, in a Press note, that the new surcharge has forced the duty-free imports of Commonwealth countries into the arena of commercial negotiations and thus the Commonwealth countries have been placed on par with the other countries in regard to which the British Government could always change the import duties. Mr. G. G. Siraj, President of the All India Exporters' Chamber, has pointed out that, while levying a surcharge, the British Government should have respected the long-established principle of preferential treatment for Commonwealth goods. He has estimated that, as a result of the British levy, the exports of cotton textiles to Britain will drop by 20 to 25 per cent.

India's official reaction to the surcharge has been more of sorrow than of anger. The Indian representatives at the G.A.T.T. Council charged the British Government with the failure to take into account the effects of the surcharge on the Indian economy. He made an interesting point by pointing out that items like kips, cotton, jute and coir yarn and grey cloth were considered as raw materials for British industries and as such these goods should be exempted from the surcharge.

The British Government is not likely to accede to the demands of India—and for that matter of any other country—which has asked for a special treatment to its exports to Britain. It has been pointed out by British spokesmen that non-discrimination is one of the important merits of the surcharge and that, if special treatment is accorded to the imports from a particular country, or a particular group of countries, their Government will be accused further for discrimination. Sir Paul Gore-Booth, however, observed in Bombay last week, that, in the case of cotton textiles, the regulating quota and surcharge on such imports are different measures, designed to meet two distinct situations, and hinted that India could negotiate with the British Government on its difficulties in this particular context. It is now for the Government of India to take up the matter with the British Government, so that, if the surcharge is not removed or reduced, in the near future, at least the import quotas for cotton textiles may be suitably adjusted.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 3rd November 1964.

	Closing quotations 29-10-1964	High	Low	Closing quotations 3-11-1964‡
TEXTILES	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Ahm. Adv. (100)	145 50	150.00	145.50	150.00
Apollo (2)	1.72	—	—	1.72
Baroda Rayon (100)	68.50	70.00	68.00	68.50
Bombay Dyeing (25)	57.50	59.50	57.00	58.50
Bradbury (50)	145.00	145.00	144.00	145 00
Central India (100)	101.00	102 00	100.00	101 00
Century Mills (100)	600 00xd	605.50	599.50	599.50
Dawn (50)	147.00	149.00	146.50	148 00
Elphinstone (50)	95.00	—	—	95.00
Finlay (100)	304.00	307.00	304.00	307.00
Gokak (100)	175.50	178.00	175.50	177.50
Goki Mohur (100)	230.00	—	—	230.00
Gwalior Rayon (10)	38.00	38.50	37.50	38.50
Ind. Untd. Defd. (1)	2.36	2.38	2.36	2.38
Ind. Untd. Ord. (10)	19.60	19.64	19.40	19.60
Indian Rayon (100)	61.00	—	—	61.00
Indore Malwa (100)	210.00	215.00	210.00	215.00
Khatau (100)	171.25	176.25	171.25	176.25
Kohinoor (100)	316.00	322.00	315.50	317.50
Mafatlal (100)	520.00	522.50	518.75	518.75
Modella Woollens (10)	12.75	—	—	12.75
Morarji (100)	252.00	252.00	248.00	250.00
Mysore (50)	38.00	—	—	38.00
National Rayon (100)	353.50	361.00	356.50	357 00
New Great (100)	160.00	—	—	160.00
Phoenix (100)	226.00	228.00	225.00	227.50
Pedar Mills (10)	11.12	11.24	11.12	11.24
Raymond Woollen (100)	135.00	137.00	135.00	137.00
Sassoon Spg. (10)	37.75	—	—	37 75
Shree Gokul (100)	247.50	248.00	245.00	247.00
Simplex (50)	125.00	125.00	122.00	123.00
Standard (100)	605.00	613.00	607.00	608.00
Svadeshi (100)	261.50	270.00	261.50	263.00
Swan (100)	272.00	273.00	272.00	273.00
S. I. Viscose (100)	113.50	115.50	113.50	114.00
Tata Mills (25)	48.00	50.50	48.00	49.00
Lakshmi-Vishnu (100)	82.00	85.00	82.00	85.00
Western India (250)	850.00	—	—	8.0.00
BANKS				
Bank of India (50)	100 75	101.25	100.50	101 25
Do. (New) (50)	101.00	102.00	101.00	102 00
Bank of Baroda (50)	98.50	99.00	98.50	99.00
Central (25)	52.30	52.50	52.00	52.50
Central 'A' (25)	53.00	53.30	53.00	53 30
Dena Bank (50)	65.00	65.50	64.70	64 70
Punjab National (10)	20 20	—	—	20 20
Union Bank (5)	6.56	6.60	6.52	6 60
United Com. (50)	73 00	73.50	73 00	73.50
Maharashtra (50)	53.00	53.00	52.50	53.00
ELECTRIC COS.				
Ahmedabad (100)	106 25	107.00	106.00	107.00
Amalgamated (10)	9.36	9.40	9.36	9.40
Andhra Valley (1,000)	1,257.50	1,267.50	1,257 50	1,267.50
Bom. Sub. El. (100)	116.00	116.50	116.00	116.50
Surat (100)	113.00	114.50	113.00	114 50
Tata Hydro (100)	128.75	129.00	128.00	129.00
Tata Power (1,000)	1,297.50	1,310.00	1,297.50	1,302.50
INSURANCE COS.				
British India (10)	13.44	—	—	13.44
Indian Mercantile (50)	67.00	67.00	65.00	65 00
New India (15)	46.50	46.25	45.00	45 50
New India 'A' (15)	46.25	47.50	46.25	47 50
Vulcan (10)	16.24	16.52	16.24	16.52
STEEL COS.				
Ind. Iron (10)	25 60	25.95	25.55	25.70
Jinkand Iron (10)	16.80	16.96	16.80	16.84
Tata Steel Ord. (75)	147.50	148.75	148.00	148.00
SUGAR COS.				
Belapur (50)	223 00	223.00	221.00	221.00
Bhopal (10)	12 72	—	—	12.72
Changdeo (12.50)	23.00	—	—	23 00
Maharashtra (50)	139 50	140.00	138.50	139.50
Phaltan (50)	113.50	115.00	113.25	114.75
Walchand Ind. (100)	162.00	163.00	161.00	163.00
CEMENT COS.				
Associated Cts. (100)	163.75	167.00	163.75	165.25
Digvijay (100)	178.00	182 00	177.50	182.00
Orissa (10)	11.48	11.44	11.40	11.44
DYES & CHEMS.				
Amar-Dye-Chem (100)	150.00	150 00	148.00	148 00
Camphor & Allied (100)	84 00	87.00	84.00	87.00
Citric (100)	81.50	84.00	80.50	83 00
Chemicals (100)	101.00	101.00	97.00	98.50
Colour-Chem (100)	312 50	312 50	311.25	312 50
Indian Dyestuff (100)	281.00	284.50	281.50	282.00
Polychems (50)	98 50	99.00	98.00	98.00
Synthetics (100)	73 00	74.00	71.50	73.00
Tata Chemicals (10)	18.96	19.52	19.00	19.24
MISCELLANEOUS				
Alcock Ashdown (100)	292.00	293 00	291.00	291.00
Bom. Burmah (25)	56.20	56.70	56.10	56.40
Do. (New) (25)	42.25	43.25	42.25	42.50
Br. B. Petrol (1/- sh.)	3.06	3.14	3.08	3.10
Br. I. Corpn. (5)	11.04	—	—	11 04
Cooper Eng. (100)	111.50	111.50	109.50	110.00
Hindustan Lever (10)	29.60	30.25	29.60	30.25
Hindustan Motors (10)	16.56	17.00	16.60	16 84
I. C. & Invest. Corporation (100)	96.00	—	—	96 00
Indian-Copper (2 sh.)	3.38	3.44	3.38	3 40
Kilnicks (100)	100.50	100.50	99.50	100 00
Larsen & Toubro (10)	21.40	21.92	21.48	21.84
Mahindra & Mahindra (10)	17.16	17.36	17.12	17.20
Asian Cables (100)	68.50	69.00	68.50	69.00
Permanent Magnets 100)	97.50	98.00	97 50	97.50
Phillips Carbon (10)	12.76	12 88	12.76	12.76
Pre. Automobiles (100)	102.25	102.75	99 50	99 50
Premier Con. (30)	185.50	189.00	185.50	187 00
Scindia (20)	15.72	15.80	15.64	15 68
G. E. Shipping (10)	12.28	12.48	12.28	12 36
N. Standard Eng. (100)	125.00	—	—	125.00
T. Manekjal (100)	555.00	555.00	550.00	550 00
Shivrajpur (10)	16.92	17.76	16.76	17 00
Sirpur Paper (10)	11.64	12.56	11.00	12 12
Tata Locomotive (100)	263.00	267.75	264.25	266.00
Tata Oil (25)	48.75	50 00	48.25	48.50
Voltas (100)	263.50	271.00	264.00	266.50
W. I. Match (100)	236 00	237.00	236.00	236.00
W. Coast Paper (100)	172.00	174 00	170.50	171.00
Zenith Steel	14 52	14.88	14.76	14.76

GOVERNMENT SECURITIES	29-10-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	3-11-1964 Rs.
2½% 1976	82 75	—	4.64	82 75
2½ 1966-68	98.35	3 85	3.45	98 35
3 % 1970-75 1st Dev.	90.10	4.93	4.10	90 10
3 % 1986 Con. Loan	62 00	—	4 81*	62 00
3½% 1964 N. P. Bonds	100.00	—	3.19	100 20
3½% 1967 N. P. Bonds	99.75	—	3.60	99 75
3½% 1974	96 60	—	4.18	96 60
3½% 1967 N. P. Bonds	99.90	—	3.79	99 90
3½% 1969 Loan	97.80	—	3.99	97.80
3½% 1968	99 00	—	3.77	99.00
3½% 1968 N. P. Bonds	99.90	—	3.79	99 85
4 % 1972 Loan	98.80	—	4.18	98 80
4 % 1973 Loan	98 70	—	4.17	98 70
4 % 1979 Loan	97 50	—	4.23	97.50
3½% 1966 Bonds	100.00	—	3.50	100.00
4 % 1980 Loan	97.50	—	4.21	97 50
4 % 1981 Loan	98.00	—	4.16	98.00
4½% 1985 Loan	100.00	—	4.50	100.00
4½% 1977 G. Bonds	117 75	—	4.66	117 70
4½% 1972 N. D. Bonds	100.00	—	4.25	100.00
4½% 1986 Loan	100.25	—	4.49	100.25
4½% 1989 Loan	100.00	—	4.75	100.00

* Current Income. xd—Ex-dividend. x.r.—Ex-Right.
c.s.—Cum-Right. cd—Cum-dividend.
‡ Closing prices—*Moorat* session.

Reserve Bank of India

Statement of Affairs for the week ended 30th Oct., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		85,00,00,000
National Agricultural Credit (Stabilisation) Fund		9,00,00,000
National Industrial Credit (Long Term Operations) Fund		10,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		95,93,41,000
(ii) State Governments		11,72,58,000
(b) Banks—		
(i) Scheduled Banks		80,14,79,000
(ii) State Co-operative Banks		3,15,98,000
(iii) Other Banks		1,40,000
(c) Others		142,16,14,000
Bills Payable		42,64,95,000
Other Liabilities		35,22,85,000
	Rupees	610,02,16,000

ASSETS	Rs.	Rs.
Notes		34,14,58,000
Rupee Coin		9,49,000
Small Coin		9,27,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		28,21,40,000
(ii) State Co-operative Banks		11,86,33,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		4,41,53,000
National Agricultural Credit (Stabilisation) Fund		
Loans and Advances to State Co-operative Banks		....
National Industrial Credit (Long Term Operations) Fund:-		
(a) Loans and Advances to the Development Bank		....
(b) Investment in bonds/debentures issued by the Development Bank		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		181,85,40,000
Balances Held Abroad*		8,32,79,000
Loans and Advances to Governments**		47,26,56,000
Loans and Advances to—		
(i) Scheduled Banks†		1,68,25,000
(ii) State Co-operative Banks†		158,39,78,000
(iii) Others		2,06,58,000
Investments		104,39,48,000
Other Assets		27,20,72,000
	Rupees	610,02,16,000

* Includes Cash and Short-term Securities.
** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.
† Includes Rs. Nil advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.
‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	34,14,58,000	
Notes in circulation	2397,27,85,000	
Total Notes issued		2431,42,43,000
Total Liabilities		2431,42,43,000
ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	85,46,69,000	
Total		203,21,79,000
Rupee Coin		107,03,92,000
Government of India Rupee Securities		
Internal Bills of Exchange and other commercial paper		2121,16,72,000
		....
Total Assets		2431 42 43,000

INDEX NUMBERS OF SECURITY PRICES

(1952-53—100)

Group and Sub-Group	Week ended 24th Oct., 1964P‡	17th Oct., 1964P‡	26th Sept., 1964P	26th Oct. 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.6	99.7	99.8	99.7
2. Government of India	99.3	99.4	99.5	99.6
3. State Governments	102.1	102.1	102.1	102.0
4. Municipal, Port Trust, etc	99.0	99.0	99.0	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.6	98.5	98.3	97.7
PREFERENCE SHARES—ALL INDIA.				
6 Tota	82.4	82.4	82.8	82.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	164.9	164.5	166.6	172.6
8. *Agriculture and Allied Activities: Total**	139.4	139.3	139.9	153.6
9. Tea Plantations	125.1	125 0	125.6	142.4
10. Coffee Plantations	174.5	172.0	172.6	166.8
11. Rubber Plantations	180 6	181.7	184.6	171.6
12. *Mining and Quarrying: Total**	132 8	133.3	134 9	152.6
13. Coal	94 2	95.1	96 1	105.9
14. Other Mining	159.2	159.6	161.5	182.6
15. *Processing and Manufacturing: Total*	177.2	176.5	179.3	186.9
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†*	175.4	174.8	177.1	185.2
17. Sugar	132.3	132 2	131.4	133.0
18. Cotton Textiles	160.1	160 1	160.9	171.9
19. Jute Textiles	85.3	85.7	86.9	101.5
20. Silk and Woollen	830.1	811.5	845.8	947.4
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	195.9	195.4	200.5	197.9
22. Iron and Steel	161.3	160.6	168.2	158.3
23. Transport Equipment	303.2	301.8	308.1	344.4
24. Electrical Machinery	102.1	102.2	105.8	105.9
25. Machinery other than Transport and Electrical	230 5	229 5	230.6	237.9
26 Basic Industrial Chemicals	186.0	188.3	191 3	181.8
27 *Processing and Mfg. (Others): Total**	147 7	146.8	146 9	159.4
28. Cement	138 7	138.8	139 2	149.5
29. Paper	192 7	188.7	188 1	202.0
30. *Other Industries: Total**	112.9	112.7	113 9	107.9
31. Electricity Generation and Supply	98 2	97.9	97 4	84.8
32. Trading	111 5	111.3	113 4	114 2
33. Shipping and Other Transport	98 5	97 6	101.1	96 4
34. Construction	291 3	289 7	291 1	286 9
35. *Financial: Total*	193.2	193 0	193 0	188 9
36. Banks	216 4	216.1	216.2	206.7
37. Insurance	164 7	165.4	165.1	169.7
38 Investment Trusts	80 0	79.7	78.6	86.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	174.0	173.4	177.5	181.2
40. Calcutta	151.8	—	152.4	160.1
41. Madras	174.0	173.3	173.7	174.7
42. Delhi	220.2	219.5	222.2	—

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.
P—Provisional. ‡ Calcutta Stock Exchange remained closed during the week.

COMMERCE

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

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MADRAS PETROLEUM PROJECT

THE Union Oil Ministry, now bearing the name of Ministry of Petroleum and Chemicals, became the big, imperious Moghul of the Government of India when Mr. K. D. Malaviya took over the portfolio. Its deals were conducted in great secrecy and the Press got only such information as the Minister was pleased to give. Even reports and data were made available only long after they had become old and ceased to be of any current value. But this did not mean that the Ministry was successful in maintaining secrecy. The interests concerned managed to get all they wanted and so also the special representatives of daily newspapers stationed at New Delhi. Mr. Malaviya's exit has made no significant difference in this respect, with Prof. Humayun Kabir zealously following the dubious traditions of his predecessor. The Government has, therefore, to blame itself, if it feels that comments in the Press on its oil deals are not well informed. A typical, latest instance is provided by the Government's decision about the Madras oil refinery project. Official information on this important development consists of only a few words. All that one is told is that the Government has selected as its partner the National Iranian Oil Company and the American International Oil Company out of a large number of foreign companies that competed for this project and that it will carry on further negotiations with this group. It has given no reasons for choosing this group as its collaborator in preference to the well-known international oil companies that have been operating in this country for a long time now. Nor has it taken the public into confidence by giving such details as are already agreed to. Nevertheless, a flood of material claiming to be the details of the deal has appeared in the daily Press. One does not know as to how much of it is speculation, but the reports have a ring of authenticity about them. In any case, they do not appear to have been contradicted by the Oil Ministry or by any of the oil companies that made a bid for the Madras project. Would it not have been better for the Government to have published the main features of its broad agreement with the Iranian-American combine for the benefit of both the public and the entire Press?

It has been known for quite some time that the Government has been in favour of two new refineries of 2.5 million tonnes (in terms of crude) each, one in Madras and another in Haldia. A decision has now been reached at Cabinet level that work on the Madras refinery should be expedited, so that it may go on stream by the middle of 1967 and achieve full production in 1968, and that simultaneously the necessary preliminaries for implementing that Haldia project should also be taken up; this means that the Oil Ministry will soon initiate steps for choosing a foreign collaborator. A village, Manali, north of Madras City, has been provisionally selected as the site for locating the refinery. The Government also proposes to have a sulphur extraction plant, a lubricant plant, a petro-chemical complex and a fertiliser plant near the Madras refinery and reports are that the Iranian-American Combine will participate in all these projects as well. It is said that the Combine will provide equity participation to the tune of 26 per cent and a foreign exchange loan repayable in 10-12 years. The daily Press versions about the respective shares of equity and loan vary. One report says that the total of both equity and loan would be $60 million (about Rs. 28.80 crores), while another puts the loan at $40 million (Rs. 19.20 crores). There is no indication whatever about the rates of interest and the repayment terms. Anyway, on the face of it, the loan appears to be a hard one. Besides, the foreign exchange facilities offered, it is said, will not be adequate to take care of the requirements of all the projects mentioned above. It is just possible that the Government might find another financier and collaborator for the fertiliser project.

In the absence of details about the competitive bids made by other foreign companies, one is at a disadvantage in making a comparative study of the bid that has been accepted with the bids rejected. It does not, however, require much inside information to say that the amount of foreign equity participation should be large enough to cover all the foreign exchange cost of the project and to ensure that the stake of foreign investors is high enough to induce care and competence in the execution, as well as in the working, of the project. The deal with the Iranian-American Combine does not satisfy this desirable condition, for its equity investment is no more than 26 per cent, leaving the major element of risk to be taken by the Government of India. It may be argued that, in the long run, this arrangement would be favourable to India, but, in the circumstances in which this country finds itself today, the short-term and medium-term considerations are more important. The amount of dividends to be remitted abroad would be much smaller than the interest on the loan and its repayment instalments, which may fall due just at the time when the country will be faced with the onerous task of honouring the foreign debts incurred in the second and third Plans. Further, there may be no remittance of dividends at all for several years to come, if the foreign partner is allowed to participate in future expansion and marketing activities. On the contrary, there may be an inflow of fresh foreign capital.

From all these points of view, the offers made by the ESSO Standard and Burmah-Shell Group appeared to be quite attractive. ESSO was even prepared to promote an export industry and through it earn enough foreign exchange to pay for the imports of crude and to meet the dividend remittances, if any, arising from its equity participation. Both these companies have been successful in erecting refineries in this country and marketing their products. Their technical competence and financial ability are well known. What was it that induced the Government to reject their proposals and accept the Iranian-American Combine's bid? Was it the desire to diversify foreign participants, a desire induced by the Government's (needless) anxiety to avoid concentration of economic power in a few hands? Were any political considerations involved? Or was its decision based on the finding that, from the economic, technical and practical points of view, the Iranian-American Combine's offer was more advantageous than the rest? The Government must answer these questions fully and frankly.

Meanwhile, one may take note here of unofficial comments in favour of the Government's decision, lest one should be accused of being one-sided. This journal, it is unnecessary to add, does not hold a brief for any oil company. Its objective is rapid economic development of the country in a climate of stability and at minimum cost. It is this test that must be applied for judging the schemes for expanding the petroleum refining capacity in this country. If the Iranian-American Combine's offer stands this test well, the Government's decision would surely carry conviction.

Some of the reported advantages of the deal with the Iranian Company are listed below, with a brief examination of the merits of each one of them:

1. The Darius crude, which will be used in the Madras refinery, is capable of yielding substantial sulphur as a by-product. A sulphur treatment plant, designed to extract 16,000 to 18,000 tons of much needed sulphur, will be attached to the refinery.

This is a technical point and the advantage claimed is better judged by experts. But even a layman may wonder whether the other companies that competed for the project could not have satisfied India's requirements in this respect. This issue apart, there are some who say that Darius crude is a new type, having been discovered only recently and that its performance in terms of various products yield has not been fully established. These observers have cautioned the Government to make appropriate safeguards in the final agreement with the Company.

2. India's chances of obtaining exploration rights in oil rich Iran have greatly improved and, if it discovers crude there, it will be assured of a substantial and regular supply of crude for its refineries without involving much foreign exchange.

There are, however, many 'ifs' here. India does not have at present sufficient skill and equipment of its own to carry out exploration of all the promising areas in the country itself. Iran, of course, is considered to be a more promising land to find oil and there may be some justification for diverting a part of our resources to that country, provided the foreign exchange cost is found in the form of equity capital from the foreign collaborators who are willing to share the risk with this country and assist it by providing the know-how. To borrow money abroad on hard terms for a gamble like oil exploration in a foreign country does not appear to be a sound proposition in the present state of our economic development. One must, however, know all the details of the contemplated venture abroad to judge its merits and demerits, though it is seemingly attractive.

3. India, a net importer of oil, has broadened its oil horizon by establishing direct contacts and partnership links with an oil-producing country, in refreshing contrast to

Contents

	Page
LEADING ARTICLES—	
Madras Petroleum Project	833
U.S. Election and After	834
MARKET GOSSIP	835
TREND OF SHARES	836
THIS WEEK'S SURVEY	838-839
SPECIAL FEATURES—	
A Quiet Revolution	840
Credit Differences Coming to a Head?	841
Manchester Letter	847
Pakistan's Third Five-year Plan	850-851
Ethics in Economic Theory	858-860
The Other Chinese Invasion—IV	868
Monthly Economic Review of U.K.	869
MONEY AND BANKING	842
LABOUR	844
TEXTILES	846
COTTON	848
PLANTING	852
ENGINEERING	854
NEW PRODUCTS AND PROCESSES	856
COMMERCE AND INDUSTRY	862-863
COMPANY MATTERS	864-866
NEWS IN BRIEF AND PERSONAL	867
TREND OF MARKETS	871-873
MISCELLANEOUS STATISTICAL INFORMATION	874-884
WEEK'S STOCK EXCHANGE TREND	884

the state of affairs, hitherto, namely, the link through international oil companies which only serve the purpose of intermediaries.

There is some novelty in this argument. But its value should not be exaggerated. Three things must be borne in mind in this respect. First, India is now seeking to play the same role which the international oil companies have been doing for years. So this does not make any difference to Iran or to any other oil-rich West Asian country with which it may seek to enter into similar relationship. Secondly, for obvious reasons, the international oil companies are of far greater importance to Iran (and other oil-bearing countries) than India. It would be sheer moonshine to think that Iran will give this country more favourable terms than it does the oil companies. Thirdly, Iran is still an underdeveloped country and it is participating in the Madras refinery with the help of an American oil company. Indeed, it is a moot point whether India will have accepted the Iranian offer, if it had not been backed by the Pan American Petroleum Company. It is well to remember, in this connection, that the Madras refinery project includes a petrochemical complex as well, for fulfilling which Iran does not have the know-how. But for the American backing, the whole deal would be a case of blind leading the blind.

4. Supply of crude has been assured at a price more favourable than that offered by anyone so far and that too for a period of ten years.

An arrangement of this type need not necessarily be in favour of India. This pattern has been adopted for the Cochin refinery and it has now been found that it may work to the disadvantage of the country. Ordinarily, it is inconceivable as to how anyone can guarantee a price for as long a period as ten years from the time the refinery goes on stream, that is, more than 2½ years from now. But the prospects are that, with more and more petroleum and gas resources being discovered all over the world, especially in Africa and Russia, prices may go down. Apparently, it is this possibility that must have induced Iran to enter into such a long-term commitment with this country.

5. The deal will help improve the economic and political relations with Iran. India must do something effective to counter Pakistan's growing influence over Iran. Mention is made, in this connection, of the efforts of Iranian and Pakistani Governments to form themselves into a common market.

A more specious argument cannot be thought of. The major portion of India's requirements of crude are already being met from Iran. In 1962-63, 76 per cent of India's imports of crude came from Iran; in 1963-64, its share was 61 per cent. Although the percentage was lower, the absolute figures of both the quantity and value were substantially larger, as India's total imports had gone up markedly. Similarly, Iran's share in this country's imports of refined products is no less than 30 to 32 per cent. Even if the Burmah-Shell Group's bid had been accepted, Iran's exports would have gone up, as this Group obtains most of its crude requirements for the Indian market from Iran. Further, despite its closer bonds with Pakistan, Iran's exports to that country are only a fraction of those to India. Pakistan's total imports from Iran in 1962-63 were no more than Rs. 14 crores, as against India's imports of Iranian oil alone of the order of Rs. 44 crores in that year. Pakistan's total imports of mineral oils were Rs. 25 crores in 1962-63 and were at the annual rate of Rs. 28 crores in the first half of 1963-64. So even if Pakistan obtains all its oil requirements from Iran, an unlikely event, it will be absorbing only about half of what India does. If, therefore, Iran's political relations with its adjacent countries were determined by the size of its export trade with every one of them, India should already be its best friend and ally, and not Pakistan. The fact is that it is not economic factors but other considerations that have brought Iran and Pakistan together.

As already stated, it is not our intention to condemn the deal that has been concluded with Iranian-American Combined. The object is to see whether it has greater merits than the propositions put forward by the other competitors for the project, especially the oil companies that are already operating in this country. If it has, they are not discernible. The Government, therefore, owes a clear explanation to the public, for it is the money of the general public that is going to be invested in the Madras refinery and its allied projects. That these projects are urgently needed, nobody denies. The point is that they must be implemented as quickly and economically as possible.

U.S. ELECTION AND AFTER

It was an unusually bitter election campaign this year in the United States—that major centre of world power. But all's well that ends well and the year's shocks and surprises have not had their climax, thank God, in an unexpected victory for Mr. Barry Goldwater, the Republican candidate for the Presidential election held on the 3rd instant. The world has heaved a sigh of relief that Goldwaterism —an extreme brand of conservatism, capable of deteriorating into Fascism, if tolerated for long,—has been crushed in an avalanche of electoral and popular votes captured by the Democratic Johnson-Humphrey team. By winning 44 States with their 486 electoral votes (out of a total of 50 States with their 538 electoral votes) and as many as 42.5 million popular votes (out of a total of about 69.0 million votes polled), the Johnson-Humphrey ticket has, incidentally, established a record for the percentage (nearly 62) of popular votes with its plurality of about 16 million. By all accounts, this is a resounding victory for the Democratic Party which has thus emerged as the authentic representative of the "mainstream" of U.S. national life. And, conversely, this is a shattering defeat for the Republican Party led by Mr. Goldwater who chose to stand outside that "mainstream."

That this political "mainstream" in the United States is not a myth but very much of a reality has been confirmed beyond the shadow of doubt by the electoral verdict of 3rd November. This "mainstream" is no other than the vital centre of moderate republicanism and liberal democracy, covering almost two-thirds of the American nation. It represents a broad consensus of political opinion, involving the widespread acceptance of the liberal welfare-State policies and programmes of successive U.S. Administrations (including the Republican Eisenhower Administration of 1952-60) since 1932 when the electorate plumped for Roosevelt's "New Deal" philosophy. As of now, a precise characterisation of this political current can be made in terms of some widely held beliefs—namely (i) that a moderate but steady expansion in the power and jurisdiction of the Federal Government is necessary, (ii) that the free market's distribution of incomes and opportunities is not wholly equitable and that one of the functions of the State is to correct this imbalance, (iii) that the cold war against Communism must be waged in piecemeal terms, not as an all-or-nothing crusade, and (iv) that change must be willingly accepted as a part of political life in international, as in national, fields. Thanks to these strongly and widely held beliefs, a bipartisan majority has managed to keep "mainstream' America securely on its old river bed.

In concrete terms, the aforesaid first two beliefs have been reflected in the American electorate's majority approval of the concept of "The Great Society"—a term used by President Johnson to sum up his domestic programme of equal opportunity, social security, economic strength, full employment and development of national resources. The widespread electoral support for this programme has been due in no small measure to the energetic educative campaign conducted by the Democratic candidate for the Vice-Presidency, Senator Hubert Humphrey. The fears dispelled or the ideas propagated by Mr. Humphrey deserve to be highlighted here:

The Federal Government is not a remote and all-powerful bureaucracy, constantly interfering with the people in their daily life and curtailing their freedom. A democratic Government like that of the United States is not something apart from and set against the people; it is, in fact, an extension of the people rather than their enemy.

The genius of American political thought and action is that these have constantly related themselves to the realities of life and have reflected the realisation that life is much more than logic. Hence the people have rejected utopian, dogmatic or apocalyptic solutions for their problems, whether offered by the Communists a generation ago or by the ultra-rightists of today.

The traditional distinction between urban and rural life has all but disappeared in America. Instead, there is the emergence of a vast metropolis. The needs of this metropolis in transportation, education and recreation and the eradication of poverty demand a great co-operative effort, involving the Federal, State and local Governments, as well as private organisations and individuals.

The other two beliefs of the American "mainstream," namely, that the cold war against Communism must not be waged as an all-or-nothing crusade and that change must be willingly accepted as a part of political life in international, as in national, fields, are related to the first two beliefs which have been reflected in President Johnson's domestic policy, as elucidated by Senator Humphrey, and in his victory statement that the election result "is a mandate for unity, for a Government that serves no special interest—no business Government, no labour Government, no farm Government—but a Government that serves all the people." As the beliefs pertaining to cold war and foreign affairs are not nihilistic or reactionary but positive, pragmatic, peaceful and progressive, President Johnson's foreign policy constitutes a natural projection of his domestic policy. The principal elements of his foreign policy are a commitment to strengthen the United Nations, a ceaseless effort to achieve disarmament under effective controls, a continuing programme of aid to developing countries in Asia, Africa and Latin America, an expansion of trading opportunities for these countries and, in short, a constant, patient effort to move the world, in various ways, towards peace instead of war.

Fortunately for the United States and the world, the Johnson Administration will be in a position to implement its interrelated domestic and foreign policies with the help of a more co-operative Congress. That the new House of Representatives, which has just been elected, has a bigger Democratic majority (295 Democrats to 140 Republicans) is not the only happy result. As several conservative Democrats and conservative Republicans have been unseated this time, the usual informal but effective coalition of these elements will not be strong enough, over the next two years, to obstruct or maul the Johnson Administration's progressive domestic and foreign-aid programmes. In the Senate, too, the already handsome Democratic majority has also marginally improved this time.

Whether the Administration would be able to implement this welfare and anti-poverty programme and maintain, at the same time, general economic growth with price stability is the question. Currently and in the immediate future, there is certainly some cause for anxiety in this respect. The Federal Reserve Bank of New York, for instance, has cautioned in its review for November, that, "although broad price indicators have continued to reflect a substantial degree of overall stability as economic activity has held to its strongly rising course, there is a possibility that upward pressures on prices may become more intense." Specific price increases, it is pointed out in this connection, have become more numerous of late, affecting such important products as sulphuric acid, zinc, lead, reinforcing steel bars and steel pipes. With very high operating rates in a number of industries, reports of shortages of several types of skilled labour and the possible spread of labour cost pressures spurred by the substantial gains obtained by the auto workers, price stability may now be approaching, according to the Bank, a testing period. Several commercial banks, too, have called attention to threats of an early round of inflation and urged the adoption of tighter money policies to safeguard against it. As against this view of conservative bankers, a liberal member of the Federal Reserve Board has uttered a different note of caution. This is against "permitting concern about inflation to absorb our attention so completely as to cause us to overlook a problem of quite different character —the need to foster all sustainable forces of expansion now in order to prolong current rates of growth in 1965."

How President Johnson will reconcile these divergent views (on the state of U.S. economy) in appropriate measures will be definitely known only in his message to the new Congress after his inauguration in January next year. But there are some indications already that he may frown on the threatened increases in steel prices, for, in his view, any such price increases would be hard to justify in the context of record profits made by steel producers this year. It is inconceivable that the Administration will allow price stability to be undermined by excessive price or wage increases in any crucial sector of the economy. **Several task forces have already been set up by President Johnson to report promptly on different aspects of his domestic economic, external trade and foreign aid policies. His Administration is thus closely watching the situation and can be expected to do its best to maintain the internal and external value of the dollar while implementing its promised economic programme.**

MARKET GOSSIP

Textile Control Scheme

It is, indeed, a matter for some satisfaction to consumers of cloth that, after all the confusion the scheme of partial product on and price control of cotton textiles has got into good stride. From the deliberations of the Textile Control Advisory Committee's inaugural meeting held at Bombay on Wednesday this week, it is gathered that (a) almost all difficulties of the schedule of multipliers and price allowances have been resolved, (b) the industry, trade and all the other interests concerned are extending their "full" co-operation in the task of successfully implementing the control scheme, (c) the controlled cloth (comprising *dhotis, saris*, long-cloth and shirting) is coming into the market in sizable quantities, and (d) there has been a reduction of 5 to 10 per cent in the prices of most of the controlled varieties of most mills. In the next two or three weeks according to Mr. Manubhai Shah, Union Minister for Commerce, who addressed the first meeting of the Committee, large quantities of controlled cloth would be available in the market. It may be mentioned in passing that only the mill sector is covered by these controls, with the powerloom and handlooms sectors, which together account for 40 per cent **of the total production of cloth, being outside** their purview.

The quarterly production of controlled varieties is expected to be of the order of 450 million metres, as against the actual average quarterly output of 410 million metres before the scheme was introduced on 20th October 1964. To this quantity is to be added about 40 million metres **of drill which will also be subjected to produc**tion and price control with effect from the 1st of next month. In other words, the total quantity of "controlled" cloth will be about 1,960 million metres per annum or 490 million metres a quarter or 163 million metres per month. The minimum obligation of each mill in respect of controlled cloth has been calculated in the following manner:

From the actual production (4,428 million metres) by mills in the calendar year 1963 is deducted the supply made to Defence and export. **Of the balance of internal civil packings, 45 per** cent is fixed as the *gross* obligation. Further, a rebate of two per cent on every ten per cent of supplies made to Defence and exports is deducted, and the net obligation on each mill is thereby arrived at. While fixing the obligation of each **mill, due account, one is told, has been taken of** the pattern of production and the technical capacity of each mill to produce the controlled categories.

It is proposed to revise the minimum obligation with effect from 1st April next after obtaining figures pertaining to the production, export and Defence supplies of cloth during the current calendar year. Claiming that the schedule of multipliers and processing dule of realisation multipliers and processing charges has been formulated on "a most scientific basis" Mr. Manubhai Shah held out the welcome assurance to the industry and trade that the Government would do its best to rectify any defects or maladjusments brought to its notice by the Textile Control Advisory Committee. The specific functions assigned to this Committee, by the way, are to advise and guide the Central **authorities on the enforcement of controls, to ex**amine the difficulties (if any) experienced by the industry, and, above all, to ensure that the objective of control, namely, ensuring an adequate supply of good cloth of popular varieties at reasonable prices for common mass consumption, is fulfilled. In constituting the Committee, due representation has been given to all the concerned **interests, producers, wholesalers, retailers, co-**operatives, members of Parliament and consumers.

Speaking on behalf of the Committee, its Chairman Mr. V P. Naik (Chief Minister of Maharashtra), declared emphatically that the Committee would endeavour its best to protect the interests of consumers. Without mincing words Mr. Naik warned the industry and trade against any attempt at subverting the scheme of partial control. He observed:

"The responsibility for ensuring that the prices are properly worked out according to the multiplier rests under law with the mills. I am sure that the mills will strictly observe the provisions of the law and will stamp prices correctly according to the multiplier and schedule of processing charges. Of course, it will be necessary for the Textile Commissioner to build up swiftly an adequate organisation to supervise the con**trols, the correct stamping of prices and to take** deterrent action against the defaulters . . . Suggestions from the industry and the trade to overcome practical difficulties are always welcome and these are necessary for the successful implementation of the statutory controls. But I must caution that these suggestions should not be with a view to creating loopholes which would enable either higher prices being obtained for the controlled categories or sub-standard goods being produced. While, on the one hand, it is expected that a spirit of sympathy and understanding will guide the controlling authorities, it must be made clear that the ultimate objective of controls is the benefit of the consumer. Therefore the controlling authorities will have to effectively and firmly enforce the control orders and ensure that no evasion takes place and that offenders are brought to book."

Even in regard to the non-controlled varieties, Mr. Naik wanted the producers and traders to ensure that prices would not go out of hand. He went a step further and said: "If there is speculative rise in prices, it will be necessary for the Government to think seriously about the extension of controls to other items also."

It is very clear from the observations of both Mr. Naik and Mr. Manubhai Shah that the authorities are determined to enforce the production and price controls on cotton cloth effectively. It will be in the mills' (and also traders') own interests that they play their part well and serve the consumers as best as they could. There is no reason to think that the mills will not do so, provided certain prerequisites are observed. The mills, for instance, must be encouraged to expand their capacity, rehabilitate the worn-out machinery, modernise equipment and rationalise production methods. Again, the schedule of multipliers needs to be so revised as to compensate for the steadily rising trend of cotton prices. Several mills it is stated, are paying a premium over the basic ceiling prices of different varieties of cotton in their anxiety to maintain production of cloth at a high level. This is clearly wrong. If the mills are not able to get cotton at control prices, they ought to ask the Textile Commissioner to procure cotton for them at the ceiling prices and not to demand a suitable increase in the prices of controlled varieties. But the heavy incidence of taxation—direct and indirect—on the industry which produces one of the basic necessities of life must be reduced. Unless these things are done we are afraid several mills may be compelled, by sheer force of circumstances beyond their control, to downgrade the quality of controlled varieties and to inflate the prices of non-controlled categories. The tendency to downgrade quality, as we have pointed out on more than one occasion in the past, will be prevalent especially among mills which find it really difficult to make the necessary adjustments in production schedules should they find that the bulk of their production comes under controlled categories, giving little scope for making reasonable profits.

T. T. K. On Excise And Customs

When the Government of India announced (some months ago) the decisions it had taken on the recommendations made by the Central Excise Reorganisation Committee (Chairman: Mr. A. K. Chanda) in March 1963 one hoped that something concrete would be done to streamline the collection machinery and to rationalise the content of excise duties. Nothing has been done in this direction, so much so the position in respect of excise duties continues to be practically the same as that obtaining at the time when the Chanda Committee submitted its report. Similarly in the sphere of customs duties, no worthwhile improvement has been effected in the direction of achieving maximum efficiency at minimum cost. All this has been frankly admitted by no less a person than Mr. T. T. Krishnamachari (*vide* his inaugural speech at the annual conference of Collectors of Central Excise and Customs held at Madras this week). One, however, wonders whether Mr. Krishnamachari himself could not have done anything so far at least in regard to excise duties, since the Chanda Committee's report had been submitted long before he returned to the Finance Ministry.

In his speech, the Finance Minister indicated the broad lines on which reorganisation of excise and customs could be effected. The three specific suggestions he put forward are: 1. Those excise duties which are unremunerative from the point of view of the exchequer should be removed from the list. (The Minister thinks that the Government should not levy any duty that would not yield about a crore of rupees.) 2. Levies should be compounded in as many cases as possible, though compounding invariably works against the exchequer. 3. The toning up of the customs and excise administration is necessary to prevent smuggling and to check evasion of duty. Significant in this connection are the following remarks of T.T.K.:

"Corruption in the Customs and Excise Departments account for the enormous post-war increase in evasion of duties and in smuggling, and all kinds of wrong things. I am definitely voicing the strong public feeling when I say that wrong-doers are in close touch with the officials. There is something very rotten in the whole system of recruitment of the cadres in the Customs and Excise Services."

There is no use in merely highlighting the defects in administration and condemning it in public. There could be no better way of demoralising the services. What is wanted is prompt, quiet action to eradicate the defects. The need for such action is especially urgent in the case of excise and customs which account for over one-half of the aggregate revenue receipts of the Central Government. T.T.K. aptly described them as "the bread and butter" of the Government. The budget estimates for 1964-65 place the gross revenue receipts from excise duties at about Rs. 770 crores and from customs at Rs. 337 crores, or a total of Rs. 1,107 crores. If, according to T.T.K., tax evasion is to the extent of 70 per cent, the Government must be losing something like Rs. 2,580 crores in the current financial year alone. This cannot be true, for the value of industrial production as a whole in this country even at current prices cannot be more than Rs. 5,000 crores. It would be useful if the Finance Minister explains the manner in which he has estimated the extent of tax evasion in this country. Be that as it may, greater vigilance on the part of excise and customs officials will certainly go a long way towards checking evasion of duties and enhancing the Exchequer's revenue. While the Government should, of course, mercilessly put down corruption, it must also improve the conditions of service in Customs and Excise Departments, so that the staff may not fall a prey to the temptations of receiving bribes and other favours from taxpayers.

World Sugar

It looks as though the forecast made by some London sugar dealers a few days ago about a possible decline in world sugar prices, which have been held steady at Rs. 433 (£32 10s.) per tonne since mid-September last, will prove correct. The latest reports emanating from London indicate that Brazil and Argentina have turned out to be anxious sellers of their disposable quantities amounting to about 60,000 tons and 130,000 tons, respectively. It seems likely, says the Commodities Editor of *The Financial Times* (London), that "an anxious producer, needing the cash from its sugar crop, will tempt a buyer into the market with a cheap offer and end the stalemate, which has existed while the consumers have refused to purchase in bulk." The easiness of the world sugar market may be expected to persist practically throughout next year (1965). That this expectation is justified is evident from the latest estimates made by the International Sugar Council which met at London on the 5th inst. The Council, on the basis of the data furnished by its Statistical Committee, estimated that the supplies of sugar for the free market in 1965 would exceed the minimum net import requirements of 14.76 million tonnes (including the 3.07 million tonnes to be obtained by the U.S. from foreign sources) by at least a million tonnes. Any exact forecast of available supply is, of course, not possible, in view of the non-availability of data pertaining to East European countries. But, according to available reports, the European beet harvest is progressing well and abundant sugar will be forthcoming. There is as yet no indication that the Eastern producers are pressing sales.

The overall world sugar picture being one of excess supply, the only favourable factor for recovery is that consumers' stocks for the past two years have been at a very low level and that the major question confronting the market is as to when consumers would resume restocking. A minority view in the London market suggests that, if a sale could be made above £32-10 per tonne, it might bring many consumers to the market. But this possibility is considered by several others to be very unlikely and all indications according to them, point to the possibility of a further downward drift

Additional Coffee Quotas?

Will the Executive Council of the International Coffee Agreement, which is meeting at San Salvador next month, decide to allocate any additional quotas of coffee for exporters? There is considerable speculation on this question among coffee traders the world over. One section feels that an increase in export quotas is likely, whereas another section discounts such a possibility. On its part, India is hoping for an additional quota. The aggregate export quota fixed for the year 1964-65, it may be noted here, is 47.5 million bags and the Council has an option to raise this quota by 500,000 bags before January next.

Meanwhile, an interesting development of import to the world coffee market has taken place. Under an agreement reached at London recently among the countries of the Inter-African Coffee Organisation, of which the main members are the O.A.M.C.A.F. (Cameroun, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, Malagasay Republic and Togo) and the franc zone producers (Angola and Uganda), one-third of their export quotas is being held back for the first quarter of 1964-65, that is, October-December 1964. This move, it is said, is a sequel to the need for clearing off all the coffee that was consigned for export in 1963-64 but which remained unsold during the period. The holding back has prevented an unwanted flood of robusta coffee from swamping the U.S. and European markets.

With the African countries' determination "to manage their selling as skilfully as possible," it is not surprising that coffee prices have tended to decline. The latest available quotation for Uganda Robusta grade 10 coffee (unwashed) in London is £13 2s. per cwt., as against £13 5s. a week before and the high of £16-16 touched in March last.

World Conference On Standards

An event of this week, which is of considerable importance to Indian industrialists and exporters, is the sixth general assembly of the International Organisation for Standardisation in New Delhi. The Conference was formally inaugurated by India's Vice-President, Dr. Zakir Hussain, on Monday the 9th inst. More than 500 representatives from over 40 countries are participating in the Conference, for which the Indian Standards Institution is playing host. During its 13-day session, the Assembly, which is being held in an Asian country for the first time since its inception in 1946, will discuss standardisation of various commodities to facilitate the smooth growth of international trade.

While one will have to wait till the conclusion of the present Conference to get a picture of its achievements, it will be appropriate to highlight here the importance of standardisaton, as it is a rarely discussed subject.

In the modern world today, the thought of not having standards in any industrialised country is inconceivable. The wheels of industry would very soon grind to a halt without them. Whereas standardisation is important for every country, the need is all the greater for the newly developing countries like India, as, in the ultimate analysis, it leads to the conservation of scarce resources and improving productivity.

The principal advantage of standardisation is that it helps to produce goods of uniform quality.

(Continued on next page)

TREND OF SHARES

FURTHER FALL IN VALUES

(From Our Own Correspondent)

BOMBAY, *12th November*

DALAL Street continued its nine-week old downward drift, with most of the leaders registering widespread losses on tired bull liquidation and heavy bear pressure. Support was nowhere to be found and the tendency for the volume of business to pick up on declines indicated that the chances were more for a further fall than for a recovery. Trading pattern during the week confirmed earlier forecasts in this column that the market was basically weak and that share prices should seek lower levels. The market has now lost its nerve and nothing except some big, positive incentives can help it keep its head above water. In fact, the market had been expecting some kind of encouragement but the Guntur session of the A.I.C.C. proved the biggest damper. The resolution calling for a limit on urban property of individuals, though accorded excellently with the socialistic pattern of society, was viewed by the stock market with the utmost misgivings. With the food problem staring the country in the face and reports of bread riots from several States coming in day after day, the stock market could not help taking a despondent view of the future. Despite U.S. and Russian assurances, the Chinese continue to pose a serious threat and it was no wonder that President Johnson's victory in the U.S. election failed to impart any sustained enthusiasm to the market. The main point is that inflation and heavy taxation have left little for investment and no speculator, howsoever strong and clever, can carry the market with him unless he has the support of the general body of investors. At present, this support is just not there.

During the week under review, the worst sufferers were Standard, Century, National Rayon, Teleo and Indian Dyestuff, not to speak of Belapur, Tata Chemicals and Bombay Dyeing. Some of these saw fresh low levels in the current downtrend. As against the 2nd September peak of Rs. 640.50, Century was quoted during the week at Rs. 584 and Standard has been beaten down from Rs. 682 to Rs. 573. National Rayon is down from Rs. 383 to Rs. 349.50 during the course of this period while Indian Dyestuff has lost more than 11 points in the week under review to be quoted at Rs. 269. Only six weeks ago this scrip had been bid up to Rs. 315. Steel shares tried to look up early in the week on reports of larger production of saleable steel during October but initial enthusiasm was short-lived and, at the close of the week, both Tata Steel and Indian Iron showed sizable losses on the previous week—Tata Steel having eased from Rs. 148.50 to Rs. 146.25 and Indian Iron from Rs. 26.05 to Rs. 25.45. The sharp decline in Teleo rights which came in for trading during the week had much to do with the fall in the value of original shares from Rs. 265.75 to Rs. 258.50.

Among other textiles, Kohinoor escaped with small losses but it must be remembered that, at this week's level of Rs. 315.50, the scrip has lost 22 points on its 2nd September level. Apart from the main factors, the recent speech of the Union Minister of Commerce, Mr. Manubhai Shah, at the Textile Control Advisory Committee announcing the extension of control to drill, had a rather unwholesome effect on the market. His warning against violation of the control scheme at another meeting was not relished either, although it was agreed in principle that the guilty should not go unpunished. The feeling was that no industry could work successfully under periodic threats and warnings from the Government. The plight of rayon shares is not hard to understand, particularly against the background of a sizable fall in the exports of rayon cloth during last month and the decision by National Rayon to effect a substantial reduction in its prices for the November-December delivery contracts. There is apparently much more to this price cut than the recent concession in excise duty, for it is greater than warranted. The market links it to the problem of overproduction and heavy accumulation of stocks. The setback in National Rayon did affect other members in the rayon group. Indian Rayon lost seven points to Rs. 50 while Baroda Rayon declined from Rs. 68.50 to Rs. 66. South India Viscose also suffered a loss of four points to be quoted at Rs. 110 at the close of the week.

Activity in other sections was dull but prices were generally marked down. Sugars were weak and Belapur, their leader, eased from Rs. 222.25 of the previous week to Rs. 215 during the week under review and Maharashtra Sugar from Rs. 139.50 to Rs. 137. West Coast Paper furnished the characteristic example of good news failing to impress a weak market and, despite a rise in the dividend, the shares eased from Rs. 179.50 to Rs. 169.50 during the week. Tyre shares were hardly traded but chemicals were weak, with Tata down from Rs. 19.20 to Rs. 18.76, Dharamsi from Rs. 121.25 to Rs. 120 and Dhrangadhra from Rs. 113 to Rs. 112.50. Synthetics lost further ground and was quoted just around Rs. 70, a loss of Rs. 3.50 during the week. Electricity shares were well held, but, among shippings, both Scindia and Great Eastern were considerably weaker.

The story of falling prices is a very long one but what is important is that the market has broken its 24th July lows and almost all the leaders are in a much weaker position than they were then. Now the comparable levels are the lows touched on 27th May when Century was quoted at Rs. 579, Standard at Rs. 580, National Rayon at Rs. 335, Tata Steel at Rs. 141, Indian Iron at Rs. 23.60, Kohinoor at Rs. 308 and Scindia at Rs. 13.36. These levels form the future base and it remains to be seen whether the market will break these levels too. It is on the cards that they might as well drift towards these levels, unless some new factors, strong enough to change the course of the market, come to help. A technical rally is not, however, ruled out for the fall has been steep as well as continuous.

* * * *

At the time of writing, Calcutta was steady at lower levels but sentiment here, too, is induced by the same factors which have brought the Bombay market to its sorry state. The cash list is virtually neglected as in Bombay. Teas and jutes are just not wanted at the moment, though there have been transactions in engineerings at prices suitable to buyers.

* * * *

Forward shares have been easy in Madras due to lack of interest. Business in the cash section has been selective. Banks have been quiet and insurances are neglected.

SANDOZ (INDIA) TO ENTER CAPITAL MARKET

Sandoz (India) Limited, one of the 39 overseas affiliated companies of Sandoz Limited, Basle (Switzerland) manufacturing pharmaceuticals, dyestuffs, optical brighteners, textile chemicals and agronomicals, proposes to enter the Indian capital market next month with a public issue of Rs. 30 lakhs in equity shares of Rs. 10 each. This is only a part of the total new issue of Rs. 75 lakhs all in equity shares. Of the balance of Rs. 45 lakhs, Sandoz Limited, Switzerland, will be allotted Rs. 23.60 lakhs partly for cash and partly in consideration for the planning and development of the Company's medicinal herbs scheme and extraction plant. Shaw Wallace and Company Limited, which has been associated with Sandoz for many years, has agreed to take up Rs. 7.50 lakhs; and the rest Rs. 13.90 lakhs have been reserved for allotment to the existing shareholders, directors, employees and friends.

The Company has an authorised dapital of Rs. 2 crores divided into 20 lakhs shares of Rs. 10 each. So far Rs. 75 lakhs worth of equity shares have been issued and fully paid-up. After the proposed issue the paid-up capital will double up to Rs. 150 lakhs, of which Sandoz Limited, Switzerland, will hold 60 per cent. This means 40 per cent of the capital will be held by Indian nationals. The balance of the funds required by the Company will be met partly by a loan of Rs. 35 lakhs from Sandoz Limited, Switzerland, and partly by another loan of Rs. 60 lakhs from a financial institution.

The proposed new issue of Rs. 75 lakhs is meant to finance a part of the requirements of the capital expenditure and working capital of the Company's dyestuff scheme, the expansion of the agrochemical plants and the auxiliary plants and the planning of future expansion. The dyestuff plant involves a capital outlay of Rs. 80 lakhs and other expansion Rs. 70 lakhs. Requirements of working capital are placed at Rs. 20 lakhs.

Sandoz (India) has acquired the necessary licence for importing plant and machinery for the manufacture of dyestuffs and textile chemicals. A part of the equipment has already been delivered and firm orders have been placed for the rest. The raw materials for the dyestuff plant will be raised from indigenous sources to the extent possible. Those raw materials that are to be imported are expected to be made available in particular by means of export promotion licences and barter arrangements.

Sandoz began its trading operations in this country in 1947 and took to manufacturing activities in Bombay eleven years later. It has been working successfully and its results for the current year are expected to be much better than those for 1963.

POYSHA INDUSTRIAL CO., LTD.

More details pertaining to the expansion programme of the Poysha Industrial Company Ltd. (a reference to which was made in last week's issue of *Commerce*, *vide* page 800) were furnished by Mr. Madanmohan R. Ruia, Chairman of the Company, at a press conference on the 9th inst. According to Mr. Ruia, the programme envisages the setting up of two new factories at Ghaziabad and Cochin with a production capacity of three million containers per month and the modernisation of the existing factory at Bombay. By 1966-67 when the Company would reach full expansion, the gross profit is expected to be about Rs. 80 lakhs on a turnover of about Rs. 6 crores, as against the gross profit of Rs. 23 lakhs on a turnover of Rs. 1.70 crore in 1964-65 and a profit of Rs. 16 lakhs on a turnover of Rs. 1.29 crore in 1963-64. The estimated net profit for the current year (1964-65) is about Rs. 7 lakhs (Rs. 4.24 lakhs in 1963-64).

The fresh capital of Rs. 85 lakhs (including Rs. 25 lakhs by issue of right shares) will only partly finance the expansion scheme of the Company which is estimated to cost Rs. 250 lakhs. The Company has made arrangements for a long-term loan of Rs. 74 lakhs from various financial institutions. The balance of Rs. 91 lakhs is expected to be met from bank borrowings and owned funds. The Company hopes to maintain the dividend rate at 10 per cent for the current year; the dividends paid for the years 1962-63 and 1961-62 were 9 per cent and 7 per cent, respectively. The Company is the second largest manufacturer of tin containers in India. With a good demand for its products, the Company looks forward to a brighter future.

WELLMAN INCANDESCENT INDIA LIMITED

The overall position of the Wellman Incandescent India Limited, engaged in the manufacture of industrial furnaces and thermal engineering, has improved considerably, though difficulties exist in certain areas. Thus observed Mr. P. B. Deo, Chairman of the Company, in the course of his speech at the Annual General Meeting of Company held at Calcutta on 29th October 1964. The Company, according to Mr. Deo, has not been able to fulfil its production targets, first, because of a delay in receiving the import licences as a result of which the Company was unable to complete the orders for a number of contracts. Secondly, the products of the Company demand large quantities of steel plate and sections, some of which are in short supply. Thirdly, the shortage of electric energy at Howrah resulted in an extremely low utilisation of machinery.

Things have, however, improved since then. All the necessary import licences have been received. The position in regard to power supply is better. The progress of order books is satisfactory. The Company has received another substantial order from the Alloy Steel Plant of H.S.L., Durgapur. The total value of orders received from this organisation and now under execution is over Rs. 1.25 crore, and is expected to reach Rs. 1.5 crore. The operating results indicate that the Company will show a profit for the current year though no actual figures can be forecast at this stage. The erection and commissioning of the Company's products in many parts of the country are an evidence of its increased productive efforts.

The Company proposes to manufacture "Bibby" resilient couplings to the design of Wellman Bibby and Co., Ltd. a subsidiary of the company's colaborators, and place them on the market in the second quarter of the coming year.

MARKET GOSSIP

(Concluded from previous page)

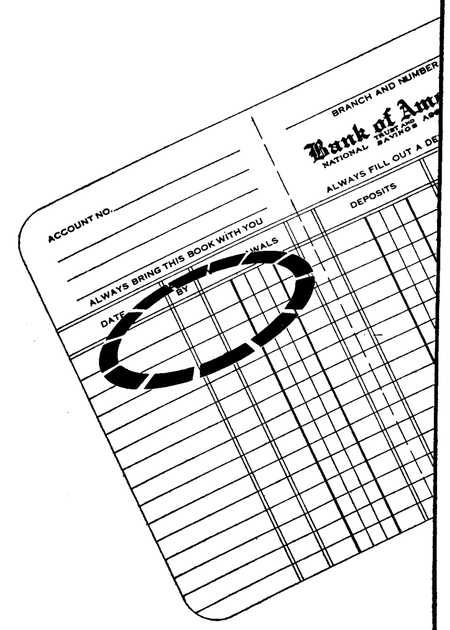
In the case of consumer goods, it ensures for the consumer the quality of goods, free from adulteration, and makes it easy for them to make a choice by comparing the various brands available in the market. The standardisation of raw materials and semi-finished goods helps in the production of final products of standard quality and reduces wastage in the process of converting them into finished goods. When applied to machinery and tools, it makes it possible to standardise the process of production and results in maximum utilisation of raw materials and minimum rejections. In the case of exports, standardisation of goods satisfies the buyer that they are of uniformly good quality and pertain to the declared standard. Standardisation thus plays an important role both at home and in relations with the overseas markets.

India took standardisation in the first year of independence; the Indian Standards Institution (I.S.I.) was established in 1947, with the active support of industrial, scientific and technical organisations in the country. The aims and objects of the Institution are to prepare and promote the general adoption of standards on national and international bases, relating to products, commodites, materials and processes; to promote standardisation, quality control and simplification in industry and commerce; to co-ordinate the efforts of producers and users for the improvement of materials, products, appliances, processes and methods and to provide registration of standardisation marks applicable to products and commodities. During the last 17 years of its existence, the Institution has done some commendable work. As on 30th September last, 2,747 Indian Standards on different subjects, ranging from articles of everyday use to various industrial products, had been prepared, and 2,357 draft standards were at different stages of formulation.

The information regarding the use of these standards by the producers is, however, not so flattering. By the end of September, only 798 licences covering 242 products had been granted by the Institution for using I.S.I. Certification Mark. It seems that, in view of the scarcity of almost every type of manufactured goods in the country, the manufacturers are not much worried about sales and are not enthusiastic about affixing the I.S.I. Certification Mark on their products. Although the Institution is making efforts to encourage wider implementation of Indian Standards by holding conferences and conventions at various important centres from time to time, the major need is to make larger efforts to create standard-consciousness among the consumers. The public can assist the quality-conscious producers, as well as protect themselves, by refusing to accept the products of doubtful standard, in spite of the temptation to buy them because of their cheapness. This will be possible only where consumers become aware of the fact that the I.S.I. Certification Mark is in effect a bond given by the Institution, shouldering all responsibility about quality; that it is a mark of unquestioned reliability. As the situation exists today, the buyers give no special preference to the goods with I.S.I. Certification Mark, probably because they are doubtful about the perfection of the quality in spite of this mark attached to the products. It is, therefore, necessary that wide publicity should be given to the importance of I.S.I. standards, assuring the public that the goods bearing its Certification Mark are of uniformly good quality. The I.S.I. should launch on this educational campaign only after making sure that it is in a position to verify the claims of manufacturers accepting its Certification Mark that they do strictly follow the standards specified, and attend to consumers' complaints effectively as well as expeditiously.

Although it is important to lay down national standards, equally important is the need for an international body to facilitate close accord in the standards of different nations, in order to facilitate a faster and smoother growth of foreign trade. It is also necessary to build a system of technical documentation to help regulate the exchange of goods and services among nations. It was to serve these objectives, as well as to encourage and facilitate the development of new standards in the national and international sphere alike, that the International Organisation for Standardisation (I.S.O.) was created in 1946. Since its formation, it has endeavoured to bring together technicians from different countries for discussing their problems, thereby rendering a very useful service to the economy of the world as a whole. The present series of meetings in Delhi are, to quote Mr. H. A. R. Binney, Director of British Standards Institution, "yet another step forward in the campaign to break down artificial trade barriers."

ULKA-BD-2



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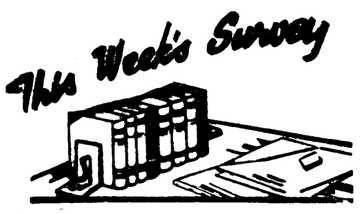

CHECKING TAX EVASION

TAX evasion and tax avoidance within the four corners of law are as old as the system of taxation itself. This is a problem concerning not merely India but practically every other country in the world, the only difference being one of degree, or, more precisely, in the extent to which tax is evaded or avoided. By and large, however, it has to be admitted that tax evasion which is illegal (as distinct from tax avoidance which is legal), in India has increased considerably in recent years following the increase in the incidence and complexity of taxation. The common belief is that evasion of direct taxation is far greater than that of indirect taxation, such as sales tax, excise and customs duties. It is true that the total yield of revenue to the Central exchequer from direct taxes has gone up quite significantly in the past few years, from a bare Rs. 150 crores in 1950-51 (before the era of planning began) to as much as Rs. 578 crores (budget estimate) in 1964-65. But the rise would have been more appreciable had it not been for widespread tax evasion. While the exact extent of tax evasion is anybody's guess, the loss must be pretty heavy. Addressing a Press Conference on Monday this week, Mr. J. P. Singh, Chairman of the Direct Taxes Board, made the vague remark that "hundreds of crores of rupees go underground every year." Considering (*a*) the ever-increasing burden of financing economic development, (*b*) the exigency of defence requirements, and (*c*) the urgency of eradicating the several evils associated with tax evasion, no one need take any strong exception to the series of fresh measures that the Government of India has decided to take to trace black money and to catch the tax evaders; some of these measures were announced by Mr. Singh at the Press Conference just mentioned. These are:

The reward to persons giving information which would lead to the detection of large-scale taxation has been raised from 2.5 per cent to 7.5 per cent of the additional tax realised. The reward can go up to 10 per cent, depending upon the extent of the help rendered by the informant and the risk or sacrifice incurred by him in securing the information. The amount of the reward will be free of income-tax. The identity of the informant will be kept secret. The Commissioners of Income-tax will be authorised to sanction rewards upto Rs. 10,000 without any reference to the higher authorities. Interim awards will be granted in suitable cases.

Searches and raids on the premises of suspects will be intensified. A separate intelligence unit is proposed to be set up for this purpose. (About 51 searches covering 88 places have been carried out so far, and these have yielded a lot of unaccounted wealth in the form of cash, jewellery, shares, etc.)

The Income-tax Department will show consideration to anyone making voluntary disclosure of their concealed incomes and co-operating with the Government during the assessment. No prosecution will be launched against them and there will be leniency in regard to the penalty also.

Door-to-door surveys will be conducted to find out new assessees and to trace concealed assets and businesses. (It is hoped to find more than 500,000 new assessees during the current calendar year; more than 350,000 assessees have already been traced. By the end of the year, the number of people on the tax register is expected to exceed two million.)

These measures are in furtherance of the steps taken by the Government of India in the field of both legislation and tax administration to counter the evil of unaccounted money and tax evasion in a more effective manner. The Income-tax Act has been so amended as to make the arms of the law longer and more effective in finding out and bringing the tax evader to book. The Income-tax Department has now wider powers than before to search for unaccounted wealth and secret sets of account books, to seize and seal safe deposit lockers, and to compel banks to disclose the records of their customers. Unaccounted money and undisclosed investment in jewellery and valuable articles can now be brought to tax as the income of the person concerned. The secrecy provisions in the Income-tax Act and other Central direct taxes enactments have been removed. Further, the provisions regarding imposition of penalty for concealment of income has been tightened. If an assessee understates his income by more than 20 per cent of the income determined by the Department, the onus for establishing that the income has not been deliberately concealed lies on the assessee. A minimum punishment of six months' rigorous imprisonment has been laid down for persons convicted in a court for submitting false returns.

That the circulation of a very large amount of unaccounted money—black money, as it is familiarly called—is one of the factors responsible for inflationary pressures in the economy is a well-known fact which few can dispute. And the evil of tax evasion, as Mr. Singh averred, deprives not only the exchequer of financial resources but also the country of sinews for its developmental programmes, besides necessitating greater and greater tax burdens on the honest and law-abiding citizens. Viewed thus, the bold bid made by the Government of India to put down the twin evils of unaccounted money and tax evasion with a firm hand is certainly laudable. Indeed, in this task, the public should lend its stout support and unstinted co-operation.

Those who are honest and scrupulous need have nothing to fear of these Draconian measures or of the drive to catch those who have transgressed the laws. The Government, however, has to take care to see that assessees are not subjected to any undue harassment, hardship and scandal-mongering as a result of irresponsible persons turning out to be so-called informants. Secondly, it must take some positive steps to discourage persons who come forward with fabricated "stories and information" in order to wreak vengeance on their rivals or out of spite. Thirdly, the raids and searches must be conducted in a human manner, with complete regard for decency and courtesy. Fourthly, any damage suffered by the victims of search and raids (as, for instance, ripping open of furniture, walls, floors, wardrobes and cupboards) should be made good if nothing incriminating were found against them. Fifthly, appropriate steps must be taken to prevent impersonation of Enforcement Branch officials by bogus persons who cheat both their victims and the Government. And finally, there have been cases where thieves posing themselves as Enforcement Branch officials have harassed the assessees by raiding their houses and decamped after obtaining illegal gratification from the persons concerned. It is necessary for the Government to observe these conditions scrupulously, to distinguish itself from fascism, and to prevent its officials from behaving like the Gestapo.

It is also necessary to make one important point here. If tax evasion and tax avoidance are so rampant today, it is largely because of the high incidence of taxation, as well as of its punitive character. The fiscal policy is weighted excessively in favour of expropriation and offers no reward for talent and no incentive to hard work, efficiency and enterprise. It simply ignores human nature. So long as the basic causes of tax evasion are not tackled with a sense of realism, no amount of raids and searches will succeed in keeping down this evil to the irreducible minimum. The Government's failure to realise this fundamental point will ultimately endanger the very foundations of democracy and open the flood-gates to some form of totalitarian regime. Unfortunately, all available evidence suggests that the power-that-be are soaked with so much socialism that they do not realise the danger that lies ahead.

A "DIVALI" GIFT!

The Essential Commodities (Amendment) Ordinance, promulgated by the Government of India on *Divali* (5th November 1964) is notable for some novel features. It provides for summary trial by First Class Magistrates, specially empowered in this respect by the State Governments, or the Presidency Magistrates, of the offenders contravening the provisions of the Essential Commodities Act, be they traders or officials who connive at the offence. The Magistrates can pass a sentence of imprisonment in such cases, for a term not exceeding one year; and there shall be no appeal by the convicted person for a sentence of imprisonment not exceeding one month or of fine not exceeding Rs. 2,000, or both.

The provisions of the Ordinance are definitely of an extraordinary character. It is not to suggest that the traders who exploit food shortages for personal gains should be treated leniently or loopholes should be provided for unnecessary litigation. But the denial of the right of appeal, in cases where the punishment does not exceed one month's imprisonment and/or a fine of Rs. 2,000, is a fundamental departure from the democratic procedure for dealing with civil offences. The only justification for them is the prevailing emergency on the food front and the public reaction to it has been extremely mild. It remains to be seen to what extent these extraordinary powers will be justly exercised. Some are of the view that this measure has increased the scope for harassment of traders by officials. It must be kept in mind that there are six to seven lakhs of dealers in foodgrains—small and big—in the country, and it will be a stupendous task to find out which of them indulge in contravening the provisions of the Essential Commodities Act. The result will be that in many cases even the genuine and law-abiding merchants may suffer and there may be miscarriage of justice. There are already large-scale restrictions on foodgrains dealers in carrying out their normal trade activities. Their business is subject to many Government regulations and a number of periodical returns have to be sent to the Government. The Government's entry into foodgrains trade and the opening of fair-price shops have considerably restricted the availability of business to them. Moreover, the recently announced foodgrains prices leave the traders a margin hardly sufficient even for existence. Inflation has affected their cost of living as well as the cost of their business. All these will give a new impetus to the operation of Gresham's Law in foodgrains trade. As bad coins push out good coins out of circulation, so also the honest traders will yield place to dishonest ones, especially as many other avenues of trade are open to the former to carry on their business with honour and less risk. The Government distribution machinery, being what it is, will find it difficult to replace these honest traders and a vast unbridged gap will be created in the foodgrains distribution trade. The Government will, therefore, have to be vigilant and see that the measure designed for the good of the people does not become a source of trouble to them.

KIRIBURU IRON ORE PROJECT

With its abundant iron ore deposits, this country has been in a position since 1957 not only to meet the increased requirements of the domestic iron and steel industry but to step up progressively ore exports to several countries. Of the export markets, that of Japan has been, and continues to be, the most important and promising. This is not quite surprising, for the Japanese iron and steel industry, with its dependence on imported ore, has attached not a little importance to India as one of the major sources of supply on a long-term basis. It is this interest that has been responsible for Indo-Japanese collaboration in the development of the Kiriburu mine (with its proved reserves of 314 million tons of iron ore) astride the boundary of Bihar and Orissa. The relevant project, which has been under implementation since early 1959, is one of the mineral development projects entrusted to the National Mineral Development Corporation. It is, in fact, a multi-purpose project, comprising (i) the provision of a rail link between Sambalpur and Titlagarh and between Bimlagarh and Kiriburu, (ii) the expansion and mechanisation of ore handling facilities at the Visakhapatnam port, and (iii) the development of the Kiriburu iron ore deposits. Thanks to the financial assistance (Rs. 3.7 crores) provided by Japan and the U.S. President's Fund for Asian Economic Development, the project has just been completed and inaugurated this week. The aggregate capital cost (including its foreign exchange component) has come to Rs. 11.20 crores.

The target output of the Kiriburu mine is two million tons of sized ore per annum. This is in accordance with the Indo-Japanese agreement of 1958 under which Japan has undertaken to purchase two million tons of Kiriburu ore from 1964 onwards. In order to ensure regular supplies of quality ore to a secure market like that of Japan, the project authorities have devised an elaborate sampling system and constructed a fully mechanised ore handling plant. The entire ore handling operation is remotely controlled from four control rooms in the crushing, screening and sampling sections. The average grade of the lump ore, thus obtained after crushing and screening, has an iron content of as much as 63 per cent. It may be reasonably assumed that the Japanese iron and steel industry, finding the quality and price of this Kiriburu ore acceptable, may take equally kindly to the Bhailadila ore. Incidentally, the Bhailadila Project, too, is being implemented with Japanese financial assistance. When this project is completed in 1966, the quantity of ore purchases by Japan may be expected to increase substantially. Between them the two mines—Kiriburu and Bhailadila—should be in a position to export as much as six million tons of sized ore per annum after full development and thus earn valuable foreign exchange on a secure basis year after year.

FOODGRAINS HANDLING AT PORTS

In the grave food crisis of July-August last, it will be recalled, the U.S. Ambassador to India, Mr. Chester Bowles, announced a series of measures to help this country tide over the crisis. One of these was of a short-term nature, involving stepped-up deliveries of P.L. 480 foodgrains in the current year. In the context of these projected deliveries and of possible further food imports in the coming years under a new P.L. 480 agreement, another measure announced by Mr. Bowles related to the appointment of a group of American shipping and handling experts to advise the Government and port trust authorities in India on the unloading of foodgrains at ports and their distribution therefrom. In view of the recent acute congestion, following the bunching of foodgrain ships in the ports of Bombay and Calcutta, this technical group's prompt studies are of considerable significance. These studies, incidentally, have just led the group to make some recommendations for a short-term solution of the problem of handling imported foodgrains at the seven major ports of India. Presumably the team will outline in due course its ideas on the required long-term arrangements for handling foodgrains imports which are expected to continue practically throughout the fourth Plan period.

The group's present report, it is said, is a simple and brief document, dealing with the problem—that is, how best to step up the handling of imported foodgrains—at each port separately. In the opinion of the team, it should be possible to reach a maximum discharge rate of 780,000 tons of foodgrains a month, and a normal monthly rate of 650,000 tons, at all the ports together. It is significant that the team has given the finding, in this connection, that these targets can be generally achieved with little addition to available equipment and by using fewer berths than is greater co-ordination in several directions. One such direction is the advance planning of loading dates in such a manner that arrivals of food ships at Indian ports "are not bunch-

(*Continued on next page*)

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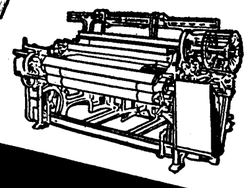

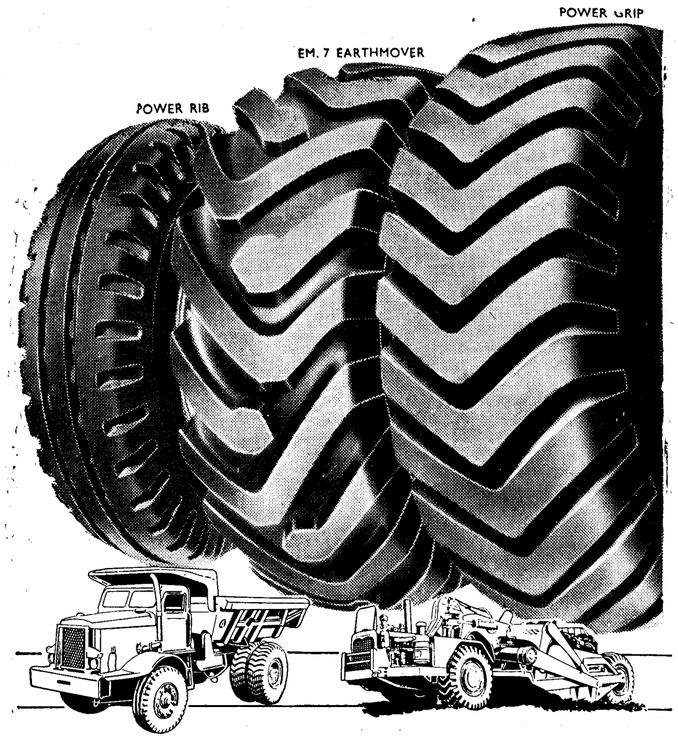

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DUNLOP

LONGEST TYRE MANUFACTURING EXPERIENCE IN INDIA

A QUIET REVOLUTION

PLASTICS REPLACING TRADITIONAL MATERIALS

THE recent announcement in the Press that the increased use of plastics in building has been the subject of a report prepared by a technical group representing members of the British Plastics Federation, the Royal Institute of British Architects and the Ministry of Public Works and Building, draws attention to the fact that, within recent years, new man-made materials have invaded yet another sphere of industry.

Many people for whom the word plastics is, understandably, associated primarily with pliable and flexible characteristics will find it surprising that there should be so many outlets for it in a field where strength and rigidity would seem to be among the chief requirements. This may be due to the fact that, though "plastics" is a term in common usage, most people have a limited conception of its range of applications, and fail to recognise it in the wide variety of forms in which it is encountered even in everyday life. Members of the general public tend to think of it in relation to particular classes of articles such as domestic or luxury appurtenances—washing-up bowls and detergent containers, or sachets and ampoules for toilet and medical purposes. They do not think of it when they meet it in other forms, such as car steering wheels, refrigerator liners, leathercloth, oilskin, telephones, radio cabinets, picnic ware, spectacles, paint and pencils.

The reason for this failure to recognise it in its multifarious forms is precisely the reason why the net for plastics end-products can be cast so wide. Plastics are extremely adaptable and, being highly artificial, can be manufactured to specific purposes in a way which is not possible for older and conventional materials. Wood, glass and metal are limited by their special properties to a certain range of applications; plastics, on the other hand, can, within limits, be designed from the outset to incorporate the properties which are required in the final product.

Plastics can combine strength, lightness and resistance to corrosion and balance the characteristics of rigidity and flexibility to the extent that is required. It is this capacity which makes them unique and gives them an exclusive value. It is this capacity, moreover, which makes it quite wrong to regard plastics as a cheap substitute for well-established conventional materials. The teething troubles which may have given rise to this misconception are well in the past, and to dwell upon them is to miss the special character of these new materials which, in a wide range of cases, can be "tailored" to combine qualities that precisely fit the requirements of a particular job.

For instance, qualities of lightness, water resistance and low thermal conductivity can be combined in polystyrene to make it an excellent material for the construction of refrigerator liners; while its low weight, dimensional stability and good insulating properties also make it extremely suitable for battery boxes and electric motor housings. Its moisture-resisting capacity also makes it suitable for installation in humid conditions in the form of wall tiles for bathrooms, hospitals and laundries; and the lightness of such tiles and their ease of fixing make them particularly appropriate for structural conditions where heavier materials could not be supported.

Another example is that of PVC piping, in which hardness can be combined with an excellent mechanical strength and chemical resistance. At the same time, it is of light weight and therefore easy to transport and handle. It can be shaped and jointed on site without difficulty and laid with ease, since it can be snaked into a narrow trench after joining above ground, or buried by means of a mole plough. It is a non-conductor, requires no painting and does not suffer galvanic or electrolytic attacks as is often the case with metal pipes. It is not affected by fungi or bacteria, and being odourless and tasteless can be used for conveying potable water and other consumable liquids such as beer and spirits. It has excellent weathering qualities, cannot rust and, in case of fire, is self-extinguishing. Thus, it is suitable for a wide variety of applications such as water mains, rainwater and soil systems, sewers, chemical plant and electrical conduits.

The use of plastics has steadily increased over the years in the transport and motor industries. In 1940, the weight of plastics per car in the U.K. averaged 5 lb.; by 1963 this figure was over three times as great, while the equivalent U.S. figure was 23 lb. This growth is partly due to the fact that the price of plastics is falling, while the cost of sheet steel and aluminium is rising, and partly to the trend towards smaller, lighter vehicles; but also to the special qualities of plastics components themselves, the use of which in certain cases enhances performance and in others enables engineering problems to be overcome. Nylon bushes in suspension units, and the polypropylene self-hinging accelerator pedal are examples of such developments.

Among synthetic materials in frequent use for car engine components are nitrile rubbers. These, on account of their excellent resistance, are used for oil seals, gaskets, "O" rings and other flexible parts in constant contact with oil, petrol or solvents. Extruded they are used for fuel hoses: compounds based on them form the components of brake-linings; reinforced with man-made fibres, they are fabricated into crash-proof fuel tanks. Another material offering special advantages is high density polythylene, the thermal resistance of which—in excess of 100° C—enables it to be used for components situated near the engine. It can be mass produced by blow moulding to complex shapes at a comparatively low cost, and since it is translucent it is extremely suitable as reservoirs for brake and clutch-lining fluids, enabling levels to be checked instantly. It can also be used for screen-washing systems, heating and ventilating ducts, and instrument cowls. Other examples of plastics components are nylon speedometer gears, water pump bearings, and cooling fans; polyacetal carburettor components, handbrake cable pulleys, window crank and door handles; phenolic distributor covers, and reinforced polyester bumpers.

There has recently been talk of the possibility of a plastics car engine; but this development will not be realised until plastics materials can be designed to withstand temperatures of 120° C and above for long periods without deterioration. A more immediate possibility would seem to be plastics car bodies which could be mass-produced when injection or blow-moulding processes can be operated at high speed. As it is, there is an increasing use of polyester/glass for complete bodies in the case of individual sports cars, taxis and commercial vehicles; and also for the major parts in the body work of tankers, trucks, fire engines and other heavy vehicles. Polyester laminates generally obtain a weight saving of up to 30 per cent over sheet steel and aluminium for a comparable strength; and they offer considerable reduction in raw material and tooling costs. They have excellent electrical properties and a high resistance to chemicals and oil. They impose few limitations upon the designer and can be moulded into complicated shapes impossible for conventional materials. They do not require painting since they can be pigmented during manufacture, and in the case of damage they can be easily repaired by the simple process of cutting out and refilling.

One important field of manufacture to which plastics materials are particularly relevant is that of packaging. Indeed, the enormous growth of the packaging industry is largely due to the existence of these new materials which offer just the necessary qualities of hygiene, lightness, strength, convenience and availability. This fact is clearly demonstrated in the supermarkets, which could be described as the show-rooms of packaging, where a very high proportion of products are enclosed either in plastics wrapping or containers. The existence of the materials from which they are fabricated actually influences domestic habits, for the modern development of cooking prepared food in packs has only arisen as the result of the existence of non-contaminating material such as polythene film. Its tough and impermeable qualities also make it ideal as wrapping for liquid and greasy food; and its use for pre-packed vegetables raises the standard of hygiene.

Polystyrene is another material widely used for the packaging of food—as light but strong containers for sweets and jellies in cafeterias and, recently, for butter and cream in dairies. The great advantage of plastics materials in such cases is that they combine non-toxicity, cleanliness and disposability. Polystyrene is being used increasingly to make disposable containers both for fruit drinks and for milk. In its translucent form, it is valuable to the shopkeeper as containers which will display goods and at the same time are not fragile; while its capacity for moulding makes it an excellent source for threaded caps and stoppers.

The latest development in the food packaging line is that of PVC for wine bottles. In this role, it is light, strong and does not splinter, while problems of "corking" are eliminated through the use of a PVC stopper which does not split and requires no cork-screw. The use of the PVC bottle is spreading rapidly in France, and is soon likely to be seen in other countries not only for wine but for other liquids such as vinegar.

Packaging applications of plastics materials are, of course, not limited to food containers, toilet packs, detergent bottles or aerosols. Outside the domestic sphere, they include drum liners for corrosive materials in heavy industry, unbreakable carboys for dangerous chemicals, sterile containers for surgical instruments. They extend from minute capsules for medical purposes to cocoons for gun turrets on laid-up battleships.

Petroleum is increasingly the source for plastics raw materials, the fastest-growing of which, polyethylene, polypropylene and polystyrene, are all based upon it. Coal is also an important source, and there is a more limited use of wood and cotton waste. All these are of organic origin; and this fact sets certain thermal and mechanical limits to the use of plastics materials. Nevertheless, research is constantly directed to widening these limits; and the imagination of even the most sober estimator boggles at the possibilities which may emerge in the course of the next ten years.—*By special arrangement with Petroleum Press Service.*

SURVEY

(*Concluded from previous page*)

ed any more than chances dictate." Given greater co-ordination in management, it should also be possible to eliminate unnecessary delays in dock handling in the shed or in the movement from shed to lorry or rail wagon. The team has further recommended that the charter terms for tankers should be adjusted to provide incentive for a discharge rate higher than 1,500 tons a day and that a ship responsible for its own off-loading should not be allowed to remain on berth, unless it maintained an acceptable rate of discharge. Above all, in the opinion of the team, steps should be taken to ensure continuous cargo operation (unloading from the ship and dock handling in the shed or in the movement from shed to lorry or rail wagon) to the maximum extent permitted by weather.

Besides making these recommendations which are generally applicable to all the ports, the team has given some interesting findings in regard to foodgrains handling at the ports of Bombay and Calcutta. Bombay, according to the team, can easily handle its normal target of 220,000 tons a month with just two berths, as against the present four, provided there is a foodgrains controller at the port, vested with overriding powers to take on-the-spot decisions which will be binding on the representatives of all Ministries. A particularly noteworthy recommendation relating to Bombay is that direct rail wagon loading at or adjacent to ship berth should be maximised to reduce the heavy lorry traffic. This should be particularly welcome to Bombay City with its already heavy vehicular traffic and consequent congestion on roads. Equally welcome to Bombay's industries and port authorities alike should be the team's recommendation that additional pressure on Bombay be avoided by making the fullest possible use of Kandla after providing it with pneumatic equipment to step up the rate of daily discharge to 3,250 tons from ship. As for Calcutta, the team's finding is that the monthly grains handling rate can be pushed up to 225,000 tons, if only Visakhapatnam can lighten Calcutta-bound vessels upto 60,000 tons. All in all, therefore, the team's recommendations relating to Bombay and Calcutta ports are calculated to avoid undue pressure on them by way of additional foodgrains handling—additional to the normal targets. This is a sensible and realistic approach, considering that these two premier ports, with their growing industrial hinterlands, have to handle non-food imports and exports on an increasing scale and load or unload large numbers of ships carrying such merchandise.

CREDIT DIFFERENCES COMING TO A HEAD?

By Questor

LONDON, *7th November*

IT is significant that the new British Foreign Secretary should have chosen to give a public assurance on his visit to Washington that the British Government has no intention of raising the discount rate in the immediate future and had, indeed, deliberately chosen not to raise it as a means of meeting its inherited balance of payments difficulties.

There is little doubt that this decision, however unorthodox, was extremely welcome to the U.S. Administration—was a principal reason, in fact, for the hearty welcome given by Mr. Roosa to Britain's even more unorthodox decision to impose a temporary surcharge on tariffs. A rise in the British rate would almost certainly have forced the U.S. to follow with a rise in its own.

Yet it was a little odd to read in one column of a newspaper that Mr. Roosa considered the European reaction unrealistic and the tariff surcharge inevitable, and in another that the American Banking Association was calling upon the U.S. monetary authorities to curb the expansion of credit. The internal difference of opinion between the Administration and the banking community about the risk of inflation, which has been developing ever since the tax cut came into effect, is obviously coming to a head. The Federal Reserve has been allowing credit to expand rapidly this year, and short-term interest rates have been kept remarkably stable.

But there are plainly two views about the wisdom of this policy. The President, Mr. Dillon and Mr. Roosa, have all gone out of their way recently to repeat the line laid down in January's Economic Report, that it would be self-defeating to cancel out the effect of the tax cut with tighter money and that monetary policy should aim at interest rates likely to encourage private investment until it became clearly necessary to change course. Governor Mitchell of the Federal Reserve has said that an increase in U.S. interest rates large enough to cut down the outflow of capital abroad would require a tightening of credit which would seriously check the growth of the national income.

On the other hand, Mr. Martin, Chairman of Board of Governors of the Federal Reserve System, was quoted last month as saying that, within the next few weeks, the U.S. would have to decide whether or not to make a major shift in monetary policy: "two situations—potential inflation on the domestic side and the balance-of-payments picture—will be coming to a head, as they usually do, at the same time."

Mr. Alfred Hayes, President of the Federal Reserve Bank of New York, said recently that, from the domestic point of view, the question was whether the rise in the money supply had been too fast rather than too slow: and, on the international side, he added, the continuing outflow of short-term capital suggested that "a lesser degree of monetary ease can at any time, if needed, make a significant contribution to the balance of payments."

Whatever the strength of the domestic case for higher interest rates, the international case seems to be growing stronger. The interest equalisation tax has had a marked effect on one form of capital outflow from the U.S., and it remains to be seen whether it or the British tariff surcharge will turn out to be the more temporary. Mr. Roosa recently hinted that the tax might well have to be extended beyond the end of 1965, if there were not further substantial gains in export earnings. But it has so far had no effect on other forms.

The latest *Bulletin* of the Federal Reserve Board points out that the net outflow of private capital in the first half of 1964 amounted to an annual rate of $5½ billion, much the same as in the first half of last year. Net purchases of foreign securities have remained relatively low, but there have been "continued large extensions of long- and short-term bank credit"—long-term loans, in fact, tending to fall recently but short-term loans continuing to rise. Bank loans were deliberately exempted from the interest equalisation tax, mainly for fear that a reduction in trade finance might affect U.S. exports, but the President does have stand-by authority to apply the tax to long-term loans if he considers that they are being used to circumvent the object of the legislation.

There is no clear evidence that they are being used deliberately in this way. Indeed, a rise in U.S. bank loans to foreigners would appear to be an almost inevitable consequence of the efforts of these banks to expand abroad and the relative lawness of U.S. interest rates.

Whether the Administration will find it possible to avoid the consequences of the rate-gap, even with further resort to exchange controls, and how it should reconcile its domestic aims with its international responsibilities is not for me to guess. But President Johnson will presumably remain prejudiced in favour of cheap money, even if Mr. Roosa leaves the Administration, and the internal argument will continue. Britain can only be grateful to receive such wholehearted support for her policies in return for a ready refusal to take sides.

F.B.I. PRESIDENT'S STATEMENT ON INDIA

A warm tribute to the Indian Government's methods of financing development plans was paid in London on 3rd November, 1964 by Sir Peter Runge. President of the Federation of British Industries. Sir Peter, who made a brief visit to Delhi in September to see the Indian Institute of Technology, for which F.B.I. members have been supplying equipment, told a news conference: "India's attitude towards foreign capital is exemplary. If every developing country had the same attitude, they would get on much better."

There was, Sir Peter declared, room for more foreign capital in India, and even more for technical aid. Skilled manpower was the real shortage, he said. It was the aim of the Institute of Technology to help relieve the shortage of technologists, and British industry could be proud of the part it was playing in supplying equipment for the students' use.

The first appeal to industrialists, said Sir Peter, raised more than £260,000. A second appeal had been launched which had raised £55,000. It was hoped to raise another £95,000 by the end of March 1965.

"The new Institute," said Sir Peter, "is going to be superb. We in Britain are extremely proud to be associated with it. It is an enormous project, most cleverly devised, so that each new building for the different subjects can be expanded. Long before completion, a large number of sections are already operating. It is hoped that the Institute will be completed by the end of 1965, and that perhaps the Duke of Edinburgh will open it early the following year."

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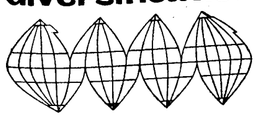

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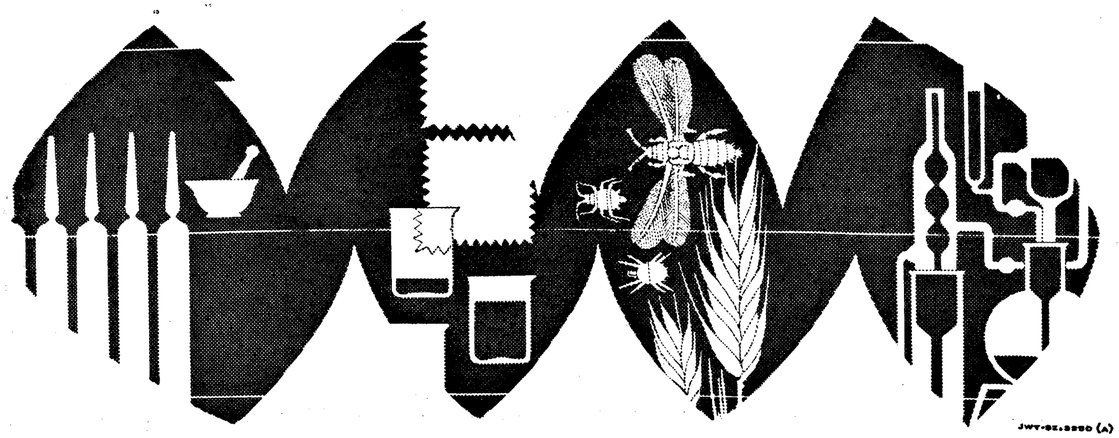

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BANKING IN SLACK SEASON REVIEWED

RECORD EXPANSION IN DEPOSITS—BETTER LIQUIDITY POSITION

THE slack season of 1964 was unprecedentedly slack. This is evident from the substantial contraction of money supply with the public. The return of currency to the Reserve Bank of India was pretty large and the reduction in bank credit and the expansion in bank deposits were heavy. They, however, were not the only significant or noteworthy features of the 1964 slack season. Equally important were the several structural and organisational changes in practical and procedural banking and the new beginnings towards a more rational and practicable credit control policies based upon net liquidity position of banks.

The seasonal contraction in scheduled bank credit was the largest for any slack season in the post-war years. The unusually large contraction of Rs. 139 crores in the bank credit, accompanied by an equally unprecedented expansion of Rs. 223 crores in their deposit resources, has increased the liquidity of banking system. The 1964-65 busy season thus begins with a much more comfortable resources position than in the previous years, particularly even more comfortable than the position on the eve of the last busy season; but the *tone* and *temper* of the Reserve Bank's credit policy which was then attuned to a larger volume of expansion in order to stimulate industrial and capital market activity is different today. The credit policy was in fact tightened on 11th March 1964 at the height of the last busy season in view of the unusually rapid and large pace of credit creation by banks, financed by a larger recourse to the Reserve Bank than in the past. As one approaches another busy season, which will add further to the pressures on the banking system, the official policy is geared to the need for continuing a policy of monetary restraint, particularly in the context of difficult supply situation of agricultural commodities and the serious and continuous uptrend of price levels.

How comfortable is the resources position of banks in the face of tighter and dearer credit policy and in spite of the revised liquidity ratio and the new arrangements for central bank accommodation on the basis of the net liquidity position will be apparent from the analysis of variations in banking and monetary data presented in Table I.

Table I—Analysis of Variations in Banking and Monetary Data

(In crores of rupees)

1	Outstanding as on 24th April 1964 2	Outstanding as on 30th October 1964 3	Variations during Slack season 1964 4	Slack season 1963 5
1. Demand deposits	1,076	1,196	+120	+ 85
2. Time deposits	1,242	1,335	+ 93	+ 64
3. Aggregate deposits	2,318	2,531	+213	+148
4. Aggregate deposits excluding P.L. funds ..	2,287	2,510*	+223	+158
5. Borrowings from R.B.I. ..	45	1	— 44	— 29
6. Cash and balances with R.B.I.	142 (6%)	152 (6%)	+ 10	+ 43 (8%)
7. Investments in Government securities	615 (27%)	874 (35%)	+259	+146 (84%)
8. Bank credit	1,846 (80%)	1,707 (67%)	—139	—121 (66%)
9. Money supply with the public	3,835	3,740*	— 95	+ 28
10. Notes in circulation ..	2,536	2,397	—139	— 53
11. Liquid assets*—				
State Bank of India ..	259	351	+ 92	..
Other Scheduled Banks ..	593	772	+179	..
12. Liquidity ratio*—				
State Bank of India ..	41%	52%	..	..
Other Scheduled Banks ..	31%	37%	..	..
13. Net liquidity position*— (Ratio of liquid assets to total liabilities)				
State Bank of India ..	..	48%	..	..
Other Scheduled Banks ..	..	35%	..	..

*Estimated as best as possible with the aid of such data as are published and available.

Note:—Figures in the brackets in columns 2 and 3 are the percentages to aggregate deposits, while those in the last column are similar percentages at the end of the 1963 slack season.

The money supply with the public contracted during the season by Rs. 95 crores, as against an exceptional and contra-seasonal expansion of Rs. 28 crores last year. This order of contraction is comparable to a contraction of Rs. 97 crores and Rs. 65 crores in the slack seasons of 1961 and 1962, respectively. Unlike in the previous years, however, this contraction was achieved in spite of a large increase in deposit money as will be evident from Table II.

Of the total decline of Rs. 179 crores in the currency with the public as much as Rs. 139 crores was accounted for by the decline in notes in circulation.

Among the factors affecting money supply variations, two of the most important are the net bank credit to Government and the net bank credit to the private sector. Official figures up to the end of August reveal a decline of Rs. 194 crores in net bank credit to the private sector compensated by a Rs. 84 crores rise in net bank credit to the Government, in addition to the minor influences of several other factors like the net currency and net non-monetary liabilities of R.B.I., net foreign assets of R.B.I. and net non-monetary liabilities of banks. It will be some time before the October-end position is known, but broad and provisional estimates confirm the August-end results and show that the contraction in money supply with the public stemmed mainly from a substantial decline in net bank credit to the private sector.

Scheduled bank credit, the main component net bank credit to the private sector, declined sharply by Rs. 139 crores during the 1964 slack season as against a decline of Rs. 121 crores in the 1963 slack season. The Reserve Bank has, however, expressed a feeling that the pace of return of funds to the banking system during the slack season that has just ended was markedly inadequate in relation to the previous seasonal expansion. The seasonal pattern of the busy and the slack periods which was gradually being effaced during the last several years has in fact reasserted itself since 1963, and the slack season contractions of both 1963 and 1964 are quite large, as could be seen from Table III. Nevertheless, the Reserve Bank is right, for the slack season contraction of Rs. 121 crores in 1963 came after the previous busy

Table II—Analysis of Slack Season Money Supply Variations

(In crores of rupees)

	Slack season of			
	1961	1962	1963	1964
Money supply ..	— 97	— 65	+ 28	— 95
Currency ..	—101	— 71	— 54	—179
Deposit money ..	+ 4	+ 6	+ 82	+ 84

season expansion of Rs. 203 crores, whereas the 1964 seasonal contraction of Rs. 139 crores followed an all-time record expansion of Rs. 377 crores in bank credit in the 1963-64 busy season.

The glaring inadequacy of the seasonal contraction of Rs. 139 crores in relation to the preceding expansion of Rs. 377 crores is heightened if one looks at the nature and pattern of expansion in the 1963-64 busy season. Of the total expansion, Rs. 97 crores or 26 per cent was against seasonal commodities and Rs. 280 crores or 74 per cent represented non-seasonal advances. In the 1962-63 busy season, an expansion of only Rs. 40 crores (19 per cent) was against the seasonal commodities and Rs. 163 crores or 81 per cent against non-seasonal commodities. When the division of 1964 slack-season contraction of bank credit into seasonal and non-seasonal advances is known two months hence, it will be possible to evaluate fully the extent to which the slack season operated upon the pattern of bank credit.

Meanwhile, one has to rely upon other indications, namely, those of resources and liquidity of the banks. In the 1963 slack season, the fall in credit-deposit ratio was from 76 per cent to 66 per cent: the amplitude was much wider this time, the fall being from 80 per cent to 67 per cent. Although the credit-deposit ratio on the eve of the 1964-65 busy season is fractionally higher than the ratio on the eve of the previous busy season, this has to be evaluated in the context of the likely resources position of the banks in the months to come and in the light of the Reserve Bank's recent amendments to credit controls and other measures.

The accretion of deposits to scheduled banks in the 1964 slack season was substantially larger than in the previous slack season. As against a rise of Rs. 158 crores in their aggregate deposits (excluding P.L. funds) during the 1963 slack season, the rise was a spectacular Rs. 223 crores in the 1964 slack season. Under the directions, advice and guidance of the Reserve Bank of India, the banks have already rationalised and revised their deposit rates structure and geared it for the purpose of more intensive deposit mobilisation. It is, therefore, reasonable to assume that the present pace of deposit mobilisation will continue in the months to come, particularly in view of the steadily expanding coverage of branch banking. These additional resources should enable the banks to maintain a comfortable position, inspite of the stringent attitude adopted by the Reserve Bank of India in regard to rediscounting facilities in the busy season that has just commenced.

Banks have built up their investment portfolios of Government securities by Rs. 259 crores in the 1964 slack season as against only Rs. 146 crores in the previous season and taken their investments deposits ratio to 35 per cent, one point higher than the ratio on the eve of the last busy season. Bank's investments in Government securities have touched the record level of Rs. 874 crores and they should be able to provide enough cushion for the banks for meeting the legitimate and genuine demand for credit from trade and industry.

All this has no doubt been the result of the revised liquidity requirements which came

Table III—Analysis of Slack Season Variations in Banking Data

(In crores of rupees)

Seasons	Aggregate deposits	Investments in Government securities	Bank credit	Borrowings from R.B.I.	Cash and balances with R.B.I.
Slack 1961	+ 44	+ 68	— 77	— 32	+ 10
Slack 1962	+ 84	+112	— 42	— 3	— 7
Slack 1963	+148	+146	—121	— 29	+ 43
Slack 1964	+213	+259	—139	— 44	+ 10

into force, with effect from mid-September, but an analysis of the liquidity ratio and net liquidity position of banks is rendered extremely difficult in the absence of relevant data. Weekly data of *unencumbered approved* securities held by banks in their portfolios for the purpose of liquidity ratio is not available at all, let alone the problem of segregating the holdings of the State Bank of India, larger scheduled banks and other scheduled banks. Similarly, the absence of separate weekly data of borrowings by banks from notified banks and the State Bank, as also of the State Banks' investments in *Government* securities (as distinct from *approved* securities) makes it difficult to estimate the net liquidity position of the other scheduled banks as distinct from that of the State Bank of India. The data against item Nos. 11, 12 and 13 in Table I are, therefore, to be regarded as only rough but fairly correct estimates. They, however, show that the liquidity ratio of the State Bank of India and other scheduled banks at 52 per cent and 37 per cent, respectively, at the end of 1964 slack season was higher than the ratio of 41 per cent and 31 per cent, respectively, at the beginning of the slack season, and indicates the measure of liquidity gained, as well as the extent to which banks have prepared themselves to meet the credit requirements of the economy, while at the same time complying with the higher statutory requirements of liquidity.

The revised arrangements of central bank accommodation based upon net liquidity position of banks were fully explained in *Commerce* dated 17th October 1964. The liquidity position of the State Bank of India and the other scheduled banks on the eve of the busy season 1964-65 works out at 48 per cent and 35 per cent, respectively, which means in concrete terms, that the State Bank would be able to borrow about Rs. 135 crores at Bank Rate, while other scheduled banks will be able to borrow Rs. 146 crores at Bank Rate from the Reserve Bank of India in the months to come. It may be noted here that these levels are much higher than the amounts actually borrowed by the scheduled banks at the peak of any of the busy seasons in the past. The latest R.B.I. decision to make the bill limits for borrowings under the bill market scheme against usance bills applicable up to the end of June only instead of up to the end of September hitherto, will hardly have any material effect upon the banks' ability to lend for the amounts outstanding against bills beyond June have always been negligible. All these indicate that banks will be able to meet the coming seasonal demands for credit fairly comfortably. Nevertheless, the 1964-65 busy season will be more interesting than the ones that have preceded, for it will provide the first practical test to the new credit and monetary policies based upon the net liquidity position of banks.

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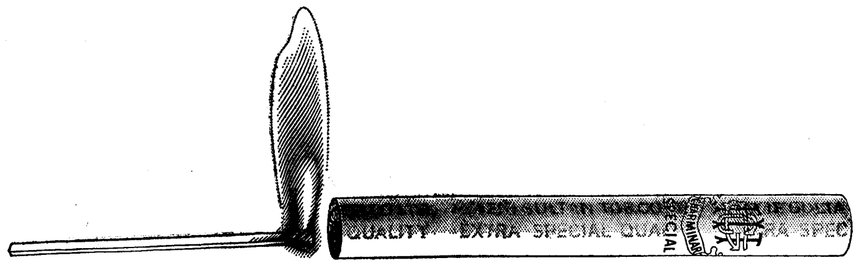

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TREND OF LABOUR DISPUTES

PAST YEAR RELATIVELY MORE PEACEFUL

FOR successful industrialisation in any country, the importance of good industrial relations cannot be exaggerated. But for a planned economy like India's, where there is great need for faster growth of industrial production and price stability, the maintenance of industrial peace is of extreme importance. Unless labour and management co-operate with each other, it will be difficult to fulfil the targets laid down in the Plans. It is, therefore, gratifying to find from the data, collected and analysed in the October (1964) issue of the *Indian Labour Journal*, published by the Labour Bureau, Ministry of Labour and Employment, Government of India, that the year 1963 was a comparatively peaceful year. As compared with the trends in the previous year, there was a decline in the number of disputes, workers involved and mandays lost and the loss of wages and value of production. In fact, the loss of mandays, wages and production was the lowest in five years.

The number of disputes declined in 1963 to 1,471 from 1,491 in the previous year. Except for 1961, when the figure was considerably low at 1,357, the number was the lowest for the five years ended 1963. About two-thirds of the total disputes originated in four States, namely, Kerala, Madras, Maharashtra and West Bengal. As compared with 1962, though the number of disputes increased in Madras and Maharashtra, there was almost an equivalent decline in Kerala and West Bengal, so that the total for the four States remained nearly unchanged. Industrywise, manufacturing accounted for by far the largest number of disputes; in 1963, there was a rise in both the number (from 962 in 1962 to 1,047 in 1963) and the percentage to total disputes (64 per cent to 71 per cent). Cotton mills were the worst affected, the number of disputes in them increasing from 144 to 246. But the position remained unchanged in mining and quarrying, while there was a substantial decline in plantations, especially tea.

The number of workers involved in these disputes came down from 705,000 in 1962 to 563,000 in 1963. As in the case of number of disputes, two-thirds of the total numbers of workers involved happened to be in the States of Kerala, Madras, Maharashtra and West Bengal. The workers involved in disputes declined in Kerala and West Bengal in keeping with decline in the number of disputes in these States. In Madras, the workers affected rose reflecting the increase in the number of disputes. However, in Maharashtra, the workers involved declined in spite of a rise in the number of disputes, indicating thereby that, in 1963, there were more disputes in smaller units than in the previous year. In Gujarat, the workers involved increased to more than double due to a 70 per cent increase in the number of disputes, but in Madhya Pradesh they declined to almost half. There were no major changes in the other important States. Manufacturing continued to be the most important sector and accounted for 407,000 or 72 per cent of the total workers involved. Whereas the workers involved, on the whole, declined by 20 per cent in 1963, in the case of manufacturing there was a rise by 8 per cent, or nearly, 29,000. The rise was as much as approximately 68,000 in cotton mills, 26,000 in cement and 23,000 in tobacco manufactures, though, in the case of food preparation industries, there was a substantial decline by 71,000. There was also a decline by 17,000 in the case of plantations (16,000 for tea plantations), 31,000 in the case of mining and quarrying (20,000 for coal mining) and as much as 79,000 in case of restaurants and hotels.

Against a decline of 20 per cent in the workers involved, the decline in mandays lost was as much as 43 per cent—from 6.12 million to 3.27 million—indicating that the disputes were of shorter durations than in 1962. Except for Gujarat, where the number of mandays lost increased by 83,000 to almost double, and Madras where the rise was 277,000, raising the figure to nearly three times its level in 1962, all the other major States experienced a saving in the mandays lost. This was 105,000 mandays in Rajasthan, 154,000 in Madhya Pradesh, 163,000 in Maharashtra, 253,000 in Uttar Pradesh and 425,000 in West Bengal. In the case of Kerala, the saving was as high as 1,967,000—the reason being that in 1962, there was a prolonged strike in cashew industry, lasting for a month, raising the loss of mandays to 2.14 million. Whereas the number of disputes in manufacturing units increased by nine per cent and workers involved by eight per cent, the mandays lost came down by 47 per cent—from 4.74 million in 1962 to 2.52 million in 1963. Although the mandays lost increased by 111,000 in transport equipment industry and 259,000 in cotton mills, there was a decrease of 146,000 in electric machinery, 197,000 in structural clay products, 203,000 in glass and glass products and 1,616,000 in food industry, including the cashew industry which had suffered a long strike in 1962. As regards other sectors, there was a decline of 166,000 in mandays lost in restaurants and hotels and 280,000 in mining and quarrying, of which coal mining alone accounted for 259,000.

Although complete data pertaining to loss of wages and the value of production are not available, the available figures for 1963 show a substantial fall. Out of a tota of 1,491 disputes in 1962, the loss of wages arising from 1,172 disputes amounted to Rs. 140 lakhs. In 1963, out of a total of 1,471 disputes the loss of wages on account of 1,226 disputes was Rs. 96 lakhs. The maximum loss took place in cotton textiles, where 219 of the 246 disputes resulted in the workers losing Rs. 21 lakhs. The next on the list was jute textiles with 30 of the 34 disputes leading to a loss of Rs. 13 lakhs. The value of production lost in 1963 was Rs. 5.25 crores in 661 disputes, as against Rs. 7.07 crores in 684 disputes in the previous year. The loss would be much larger if the data for all the disputes were available. Here again the industries that suffered most were cotton textiles and jute textiles, with a loss of Rs. 1.05 crore in 124 disputes and Rs. 74 lakhs in 24 disputes, respectively.

A study of the causes of industrial unrest reveals that the disputes relating to wages and allowances were the highest in number, being as many as 408 in 1963. They also involved the maximum number of workers (158,000) and resulted in the maximum number of mandays lost (1,077,000). In all the three respects, personnel disputes were second on the list and

(*Continued on page 873*)

Table A: *Industry wise Number of Disputes, Workers Involved and Mandays Lost*

Industry	1963			1962		
	No. of disputes	No. of workers involved	No. of mandays lost	No. of disputes	No. of workers involved	No. of mandays lost
Agriculture, Forestry, Fishing, etc.	76	33,182	1,33,715	106	45,492	1,68,615
(a) Plantations	63	24,223	1,10,168	95	41,203	1,45,038
1. Tea Plantations	49	21,613	97,305	70	37,806	1,25,523
Mining and Quarrying	105	37,872	99,190	106	68,913	3,79,060
(a) Coal Mining	57	18,637	42,183	45	38,292	3,00,755
Manufacturing	1,047	4,07,084	25,24,525	962	3,78,224	47,35,339
(a) Food and Beverages	100	14,390	86,418	124	86,783	17,04,706
(b) Tobacco	50	31,667	1,30,741	38	9,127	1,24,684
(c) Textiles	350	2,39,558	12,96,226	248	1,70,279	12,04,133
1. Cotton Mills	246	1,79,915	8,44,937	144	1,11,644	5,86,032
2. Jute Mills	34	41,537	3,60,667	27	41,948	4,14,121
(d) Chemicals and Chemical Products	68	10,067	51,567	57	9,050	1,25,710
(e) Non-metallic Mineral Products	71	27,572	1,60,055	105	30,571	5,77,516
1. Structural Clay Products	40	8,909	39,403	62	9,552	2,36,195
2. Glass and Glass Products	17	14,625	38,996	19	12,343	2,41,864
(f) Basic Metal Industries	68	10,391	65,902	62	7,712	1,27,770
(g) Manufacture of Metal Products	87	21,862	2,39,849	110	13,889	3,38,687
(h) Electric Machinery, etc.	39	8,158	1,35,580	31	9,787	2,03,735
(i) Transport Equipment	25	17,840	1,36,189	21	6,162	25,422
Electricity, Gas, Water and Sanitary Services	42	34,631	2,36,757	76	44,670	1,49,934
(a) Sanitary Services	40	34,523	2,36,675	69	40,875	1,41,978
Transport and Communications	80	27,307	80,495	68	34,817	1,57,620
Services	34	5,509	79,784	43	90,197	2,90,302
Personal Services	21	4,613	75,751	23	81,155	1,71,606
(a) Restaurants, Hotels, etc.	11	1,993	5,982	22	81,140	1,71,591
Total	1,471	5,63,121	32,68,524	1,491	7,05,059	61,20,576

Table B: *State-wise Number of Disputes, Workers Involved and Mandays Lost*

State	1963			1962		
	No. of disputes	No. of workers involved	No. of mandays lost	No. of disputes	No. of workers involved	No. of mandays lost
Andhra Pradesh	92	31,061	1,44,629	81	44,733	1,69,612
Assam	18	8,448	10,603	25	15,777	29,214
Bihar	62	23,191	80,389	69	31,010	1,77,532
Gujarat	65	25,792	1,69,900	38	12,297	86,627
Goa	5	3,545	17,530	..	..	..
Jammu and Kashmir	1	65	195	4	1,267	1,482
Kerala	145	34,421	1,71,961	201	99,053	21,38,491
Madhya Pradesh	48	11,691	1,03,286	57	20,409	2,57,206
Madras	191	52,015	4,34,756	128	23,909	1,57,675
Maharashtra	443	2,10,731	9,18,364	386	2,66,232	10,81,042
Mysore	68	25,644	74,703	78	32,128	67,928
Orissa	6	4,570	18,209	4	1,340	4,230
Punjab	13	3,527	29,849	17	4,147	28,114
Rajasthan	12	2,451	18,691	13	10,388	1,23,846
Uttar Pradesh	95	41,144	1,23,623	91	35,748	3,76,450
West Bengal	172	81,326	9,30,822	234	94,117	13,56,260
Andaman and Nicobar Islands	2	98	430	16	7,106	30,728
Delhi	26	2,739	13,754	49	5,398	34,089
Himachal Pradesh	..	..	..	..	..	..
Tripura	7	662	6,930	..	..	..
Total	1,471	5,63,121	32,68,524	1,491	7,05,059	61,20,576

Table C: *Causes of Industrial Disputes*

Causes	1963			1962		
	Disputes	Workers involved (in thousands)	Mandays lost (in thousands)	Disputes	Workers involved (in thousands)	Mandays lost (in thousands)
Wages and allowances	408 (27.8)	158 (28.1)	1,077 (33.0)	445 (30.2)	270 (38.5)	1,606 (26.4)
Bonus	147 (10.0)	98 (17.5)	353 (10.8)	182 (12.3)	148 (21.1)	2,150 (35.3)
Personnel	369 (25.2)	102 (18.1)	457 (14.0)	336 (22.8)	78 (11.1)	819 (13.4)
Retrenchment	11 (0.7)	3 (0.6)	10 (0.3)	35 (2.4)	9 (1.3)	89 (1.5)
Leaves and hours of work	67 (4.6)	38 (6.8)	53 (1.6)	10 (0.7)	1 (0.2)	4 (0.1)
Others	464 (31.7)	163 (28.9)	1,319 (40.3)	466 (31.6)	195 (27.8)	1,421 (23.3)
Not known	5	..	1	17	4	32
Total	1,471	563	3,269	1,491	705	6,121

Note: Figures in brackets relate to percentage shares to the totals.

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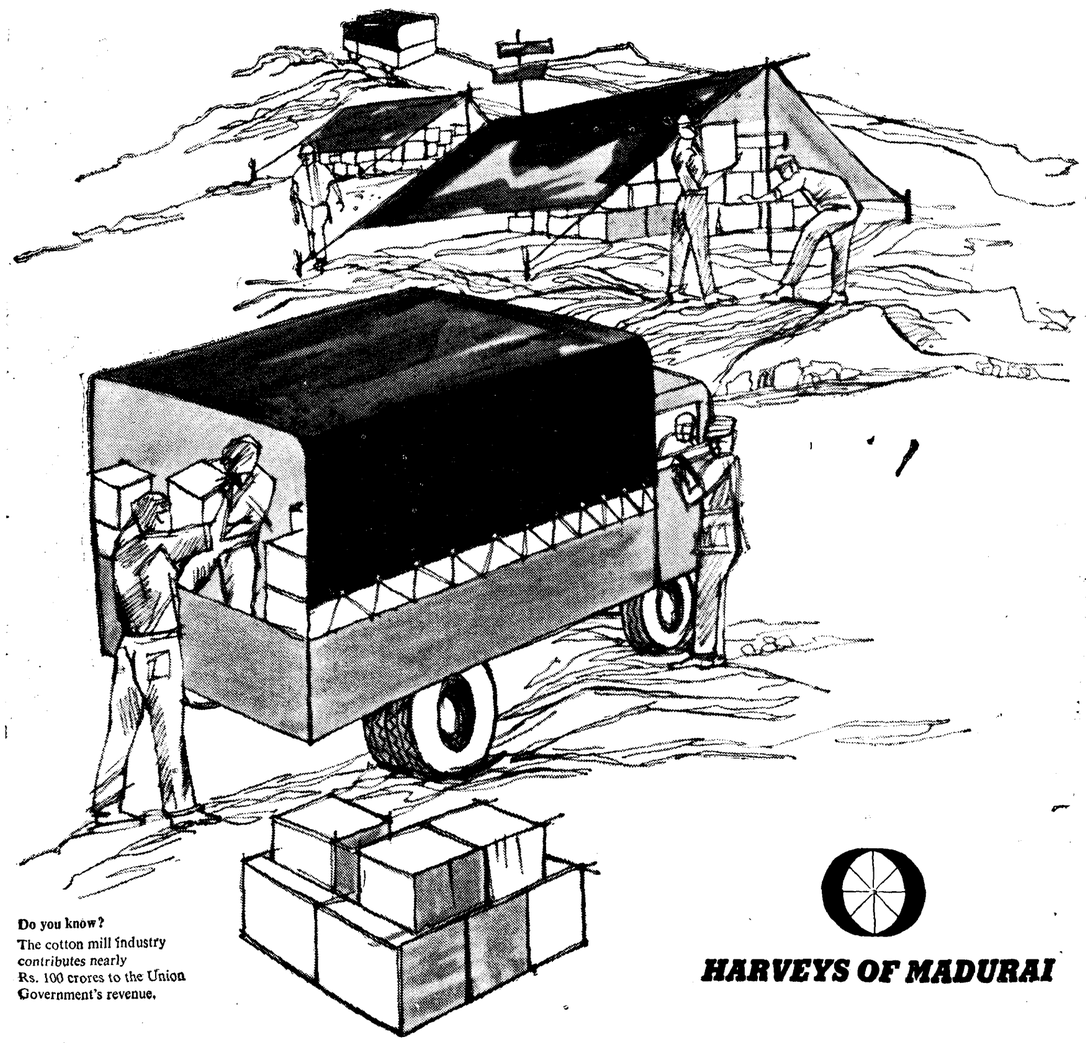

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TEXTILE MACHINERY INDUSTRY

BOTH CAPACITY AND PRODUCTION EXPAND

THE production of textile machinery in India is expected to register a notable rise during the current calendar year (1964), the estimated value of actual output being Rs. 25 crores, as against Rs. 20 crores in 1963 and a mere Rs. 5.3 crores in 1955. The rise, of course, reflects partly the increase in prices of machinery. But even after making allowance for the price increase, the rise in production will be quite appreciable, as is evident from the trend depicted in Table A. The aforesaid figures exclude accessories which are produced to an extent of about Rs. 18 to 20 crores annually. The expansion of production would certainly have been more spectacular but for some of the hardships facing the textile machinery industry. Special mention may be made of three such handicaps: one, shortage of specialised components and raw materials such as hard coke, pig iron, stainless steel and tin plates; two, inadequate credit facilities; and, three, paucity of physical orders. It is because of these handicaps that the industry is not in a position to utilise the licensed capacity fully. The licensed capacity (a part of this capacity is yet to be established) actually lying idle at present is as much as 38 per cent in carding engines, 91 per cent in draw frames, 93 per cent in speed frames, 46 per cent in ring frames and 65 per cent in looms.

Why is it, one may ask, that there is so much capacity lying unutilised when there is such a heavy demand? This, in fact, was the poser which Mr. T. N. Singh, Union Minister for Heavy Engineering, raised in his speech at the fifth annual general meeting of the Textile Machinery Manufacturers Association held at Bombay last week-end. Although Mr. Singh was aware of the shortage of raw materials and difficulties in regard to availability of hard coke, etc., he stated that the idle capacity in the textile machinery industry could not be due solely to these handicaps. He, however, did admit that the problem had to be studied in some detail and that every effort should be made jointly by the Government and the industry to overcome the difficulties. Speaking earlier, Mr. Prabhi V. Mehta, Chairman of the Association, had referred to certain prerequisites for utilising the capacity to the maximum extent possible; by the end of the third Plan (March 1966), the industry will have a total capacity to produce machines worth Rs. 45 crores per annum. To quote Mr. Mehta:

"The prerequisites are availability of acceptable qualities of raw materials in required quantity. This would include steels, special steels, non-ferrous metals, cement, pig iron, etc. We would also need some imported machine tools, if our expansion programmes are to be fulfilled. These prerequisites cannot be met by the efforts of my industry. The various Ministries in the Government have to do proper allocation and distribution of most of these essential raw materials. ... It is necessary to mention the points which are engaging our attention at the moment: (1) adequate supply of controlled indigenously produced raw materials such as pig iron and steel; (2) financing of deferred payment sales of machinery manufactured indigenously to the consuming industry; (3) expansion of manufacturing capacity and requirements of indigenous, as well as imported, machine tools; and (4) need for design-oriented textile machinery research organisation."

Apropos these remarks of Mr. Mehta, Mr. Singh did not commit himself in any way. All that he said was that the Government "would be prepared to do all that is possible to remove some of the difficulties." On pig iron supplies, too, Mr. Singh was non-commital. This was just what he said:

"Government had some time ago convened a meeting of the representatives of producers and users of pig iron. During discussions at this meeting, it transpired that the production of foundry grade pig iron was extremely limited. This was in view of the fact that the pig iron was being manufactured in large blast furnaces. If more foundry grade pig iron was to be produced, it would be necessary to set up comparatively smaller units capable of producing specialised varieties required for specific industries. It is hoped that the future planning will take care of the demand for foundry grade pig iron. Meanwhile, we have to make the best use of material being produced in the country. Perhaps what is required is that the users should be educated as to how to make the best use of available qualities of pig iron. Some upgrading of quality at the users' end, in cupolas, is possible. We are setting up shortly a study team consisting of technical experts drawn from manufacturers of pig iron and the foundry industry as well as from the National Metallurgical Laboratory to examine the needs of pig iron of various user industries from the qualitative point of view and to make recommendations to Government regarding the quality of pig iron required for such industries. It is hoped that the studies to be conducted by this team would be useful and educative for the industry."

Table A: Trend of Production

	Annual licensed capacity*	1964†	1963	1960	1955
Carding engines ..	2,080	1,860	1,696	1,075	649
Drawing frames ..	540	48	51	47	44
Speed frames	834	62	96	45	28
Ring frames	3,856	2,090	1,990	1,127	863
Reeling machines ..	3,888	588	466	50	607
Looms	14,220	4,918	5,184	5,551	2,857
Of which:					
Plain	8,520	2,946	1,802	5,177	2,787
Automatic ..	5,700	1,927	3,382	374	70
Imports (Rs. crores) ..	..	19.19‡	22.37	16.12	19.09§

* As of June 1964.
† Projected on the basis of the available data.
‡ Upto January-August.
§ Relates to the year 1957.

The disquieting factors hampering the progress of the textile machinery industry must be removed. It is on this industry that rests the responsibility for supplying a large portion of machinery and equipment for the expansion, rehabilitation and modernisation of the textile industries. A glance at Table B will give an idea of the total machinery requirements of the textile industries during the fourth Plan period (April 1966-March 1971). It will be seen from this table that, as between the aggregate requirements (in terms of value) of Rs. 346 crores (that is an annual average of about Rs. 69 crores) and the anticipated availability of Rs. 272 crores (annual average of Rs. 54 crores), there is a gap of Rs. 74 crores (annual average of Rs. 15 crores). These figures at once suggest the need for imports of some items of textile machinery. Before, however, the Government takes any decision on imports, it will do well to bear in mind the following factors which Mr. Prabhu Mehta mentioned in his speech:

"It is estimated that, for expansion, modernisation and rehabilitation, approximately 6 to 7 million spindles will be needed by the textile industry within a period of six years, that is, by the end of fourth Five-year Plan. The industry has an approved and installed production capacity to meet this demand. It, however, cannot meet this demand within a period of 12-24 months. The demand has to be phased. One aspect of this estimated demand I have not been able to understand is that, though this demand is said to be in existence and permission for the installation of new spindles and permits for rehabilitation of old have been given, in our order books, we have not more than two million spindles. It would, therefore, mean that, though a mathematically ascertained demand does exist, there does not seem to be adequate machinery in existence to transform this mathematically calculated demand into physical orders with the machinery manufacturers. On the other hand, there is a persistent demand for permission to import ring frames. It would ultimately be the function of the Government to decide what is to be done. I am only mentioning this point, so that let it not be said that the Indian industry, given raw materials, is incapable of meeting this demand, if the installation programme is phased. And it is being phased irrespective of the fact whether it is so organised or not. It is being phased because of shortage of investment capital and shortage of several other essential raw materials like cement, steel and electricity."

The Union Minister for Heavy Engineering, on his part, gave the assurance that the Government could permit the imports of only such items as are not available within the country. The textile machinery producers must have certainly felt gratified at this assurance. When they themselves feel that their hands are more than full and that they are not in a position to meet the requirements within a reasonable period of time, it would, as Mr. Singh rightly pointed out, be unreasonable to refuse imports. A completely closed market for the textile machinery industry, or, for that matter, any other industry, is not desirable. Some imports are doubtless needed in order to induce the indigenous industry to strive for reduction in costs and improvement in quality. The textile machinery producers must have also felt gratified at the assurance of the Minister that the Government "would do everything possible, within limitations of foreign exchange, to meet the requirements of scarce raw materials" of the textile machinery industry.

The estimated total value of textile machinery production in 1964 is, as stated at the outset, Rs. 25 crores. The production in 1965-66 (end of third Plan), according to Mr. Prabhu Mehta, will be of the order of Rs. 45 crores. Mr. Singh, however, considered this estimate to be somewhat optimistic, though he did admit that it should be possible to register a fairly large step-up in the next two years. On the basis of available estimates, he said, even after the expansion of existing units was taken into account, there would be a gap of about Rs. 75 crores between the likely availability and estimated demand for textile machinery during the fourth Plan period. Emphasising that the gap had to be covered, Mr. Singh observed:

"There can be no room for complacency and we must pursue with persistence the objective of achieving a fair degree of self-sufficiency in regard to textile machinery by the end of the fourth Plan period. I agree that complete self-sufficiency in a field like this is not possible and perhaps also not desirable. At the same time, let us not forget that the country is still importing textile machinery worth about Rs. 25 crores per annum and we can ill afford such a heavy recurring drain on our foreign exchange resources."

The need for augmenting the production of textile machinery is urgent not merely from the point of view of meeting the rising domestic demand and saving foreign exchange which would otherwise have to be spent on imports but also from that of the exigency of earning foreign exchange through exports. The industry, one is happy to note from Mr. Mehta's speech, is striving to gain a foothold in other countries. The actual exports at present are, of course, limited, but the scope for improvement is quite big. Through various incentives available to an export industry, it should be possible, as Mr. Singh said, to meet its requirements of imported components and raw materials to a larger extent than is possible in the normal circumstances. This possibility further strengthens the case for more exports of textile machinery.

Whether it is for domestic use or for exports, the quality of textile machinery produced in the country is of the utmost importance. The industry itself is fully conscious of this factor as witness the remarks of Mr. Mehta that the manufacturers "are anxious to serve the consuming industry with quality machines." "The industry," to quote him, "has voluntarily agreed to submit itself and has co-operated in arriving at the decision to inspect the Indian-made textile machines. This very fact would signify the importance the indigenous machinery manufacturers attach to the quality of their manufacture." That the consumers of textile machinery are generally satisfied with the quality of production is evident from the statement of Mr. Singh that the Government has not received many complaints against quality. Even if there are any complaints, the Textile Machinery Manufacturers Association has its own arrangements to look into such complaints. While all this is gratifying, it is necessary to stress that no effort should be spared to produce machinery and equipment that conform to the best performance standards and quality specifications. It is also necessary for the industry to keep abreast of the developments in foreign countries, so that the textile mills in this country could get machinery of the latest types employed by their competitors. Since the textile industry in this country has to compete hard for export markets and win foreign exchange, the textile machinery manufacturers owe an obligation to the spinners and weavers of this country not to lag behind in technological developments in their field. Appropriately enough, Mr. Singh, therefore, urged the speedy development of an efficient and well-equipped research and development organisation of the textile machinery industry. He also commended the sharing of know-how by the leading textile machinery manufacturing firms with new units.

Technical know-how, however important it may be, will not be of much significance, if the raw materials used by the industry are of doubtful specifications. With such raw materials, quality control at every stage of manufacture will be very difficult, if not impossible, not to speak of the addition to production costs. Viewed thus, the plea of Mr. Prabhu Mehta to the Government immediately to attend to the question of ensuring adequate supplies of pig iron and steel of requisite quality is unexceptionable.

Table B: Fourth Plan Requirements

Name of machine	For rehabilitation*	For expansion†	Total quantity	Anticipated availability
Blow room machinery.	220	240	480 (21.0)	346
Card	9,170	10,000	19,170 (35.5)	14,160
Comber set ..	110	120	230 (10.5)	168
Draw frame set ..	660	720	1,380 (11.0)	1,156
Speed frame ..	1,100	1,200	2,300 (17.5)	2,466
Ring frame (spindles in lakhs) ..	6,875	7,500	14,375 (72.0)	21,685
H.S. winding machine.	575	640	1,215) (23.5)	1,200
H.S. warping machine.	325	120	355)	300
Auto pirn winder ..	10,000	9,000	19,000 (4.0)	N.A.
H.S. sizing machine ..	235	120	355 (9.0)	N.A.
Plain loom (cotton) ..	20,500	12,000	32,500 (10.0)	25,170
Auto loom (cotton) ..	20,000	18,000	38,000 (46.0)	31,500
Plain loom (art silk) ..	..	..	3,240	8,150
Auto loom (art silk) ..	..	..	4,865	..
Woollen looms ..	..	..	1,410	..
Hosiery machinery ..	..	..	(3.0)	(2.0)
Warp knitting machinery ..	..	..	(0.6)	(0.25)
Silk machinery ..	..	..	(0.8)	(0.25)
Processing machinery.	(25.0)	(20.0)	(45.0)	(36.0)
Humidification, lighting, power, etc., at about 32% of the cost of machinery ..	..	..	(97.0	..

* For rehabilitation in respect of 2.75 million spindles and 33,000 looms of composite mills and 7,500 looms of powerloom sector.
† For expansion of 3 million spindles and 30,000 looms.
Note:—Figures in brackets relate to the estimated cost in crores of rupees.

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MANCHESTER LETTER

SHIRLEY INSTITUTE'S TWO NEW GIFTS

AUTOMATIC CARDROOM SYSTEM—A NEW FIBRE DISCOVERED

From Our Special Correspondent

MANCHESTER, *3rd November*

SCIENTISTS at the Shirley Institute, the British cotton industry's research centre at Manchester, are on the brink of perfecting a process which could revolutionise the trade and make the fully-automated mill a reality within a few years. An automatic cardroom system has been developed after seven years' research, and extensive mill trials are taking place with a prototype at Pear New Mill, Stockport, part of the Combined English Mills group, Atherton, Lancs, a member of Viyella International.

The aim of the system is to cut out a number of separate processes—often done by hand—traditionally associated with the production of yarn from raw cotton. The automated spinning project involves the use of overhead conveyors and an electronic control panel. Dr. D. W. Hill, Director of the Shirley Institute, said:

"This is the beginning of a new era in the textile industry. This is going to be a fully automated industry from one end to the other. The mill of the future could run with only one operative. Two would be adequate to ensure that the process ran smoothly. This is one way we can compete with Eastern countries that have a large surplus of cheap labour."

When trials have been completed in the mill, the Institute will be seeking a manufacturer to make the machinery. "The system could be adapted to operate in most mills with existing modern machinery, although it would involve quite a big capital outlay," added Dr. Hill. "At this stage, we cannot say how much it would cost, but if the system was run continuously—which is the aim—it could produce yarn cheaper."

Dr. Hill also revealed that the Institute had discovered a new fibre "of a completely new character," of very high strength and low cost, made from plastic sheeting. When heated and stretched under certain conditions—which at present are kept secret—the sheets split up into fibres.

"The actual starting material is not unlike the familiar polythene bags used for packing foodstuffs and other items in the shops," said the Institute. The "split-fibre" could be used for end-products requiring strength, such as cords, ropes and fishing nets. It has also been woven into fabric. Although it is too rough for clothing it is extremely hard-wearing and could be adapted for industrial uses. "The production of split-fibres is advancing from the experimental to the pilot scale and it is hoped that before long it will be put to commercial use," said the Institute.

"Keep Heads Down" Warning

A warning against exploitation of the extra protection offered by the British Government's 15 per cent imports surcharge has been given to the Lancashire cotton industry by a leading union official. Mr. Lewis Wright, General Secretary of the Weavers' Amalgamation and a member of the T.U.C. General Council, urged Lancashire to "keep its head" and not to repeat the mistakes of the early 1950's, when brisk demand and full order books led to "fantastically high prices which could not be justified."

In a comment on the effects of the surcharge, Mr. Wright said, if this situation was repeated, it would "seriously damage Lancashire's future and prejudice any help we might expect from the Government." The surcharge, he said, would act as "an effective temporary protection for Lancashire against many textile exporting countries, and will doubtless stimulate demand considerably for Lancashire textiles."

Before the Surcharge

Looking back over the years, September tends to be a month when overseas trade returns often reach a low point. This was generally true in 1964, both as regards exports of cotton goods and imports.

Shipments of cotton yarn and thread were the lowest since the same month last year and at 1,384,000 lbs. brought the nine-month total to 15,953,000 lbs., as against 15,591,000 lbs. in 1963. Compared with August, exports of cotton cloth were nearly 4 million yards lower at 15,770,000 yards. For the nine months the aggregate was 156,228,000 yards, as against 168,750,000 yards. Cloth shipments of cotton and man-made fibre fabrics combined, however, were little more than 2 million yards lower than at the same stage in 1963, as the offtake in man-made fibre piecegoods was 10 million yards higher at 67,167,000 yards.

All Import Records Broken

It remains to be seen what effect the higher tariffs on imports will have during the final quarter of the year, but, in the nine months to the end of September, all previous records for arrivals of cotton cloth were broken. The total of grey and finished fabric concerned was 610,251,000 yards, as against 473,160,000 yards last year and the previous peak of 588,208,000 yards in 1961.

Imports of cotton grey cloth in the nine months reached 488,226,000 yards, which exceeded the total quantity entering British ports in the whole of last year. Equally, the volume of man-made fibre cloth arrivals to the end of September, at 68,927,000 yards, was higher than the quantity absorbed from abroad throughout 1963.

The corresponding totals last year were 363,253,000 yards of cotton grey cloth and 45,441,000 yards of man-made fibre cloth. In the case of finished cotton fabrics, the upwards movement in arrivals was not so pronounced, being 122,025,000 yards, as against 109,907,000 yards.

Sources of Supply

India still far exceeds any other supplier of cotton grey cloth, having shipped nearly 200 million yards of material in the nine months, this total being larger than in the whole of last year. The actual figures were 197,440,000 yards, as against 130,204,000 yards in the first nine months of 1963 and 184,627,000 yards throughout last year.

Arrivals from Hong Kong so far are 10 million yards smaller than the 1963 level at 58,783,000 yards and China has now stepped up into third position, having despatched 45,164,000 yards, as against 28,194,000 yards. Reduced shipments from Pakistan have amounted to 40,818,000 yards, as against 46,901,000 yards.

Belgium has regained her position as chief supplier of finished cotton fabrics to this country with 20,154,000 yards, as against 17,760,000 yards, closely followed by India with 19,119,000 yards, as against 10,853,000 yards and Hong Kong with 18,281,000 yards, as against 21,375,000 yards.

A big increase has occurred in purchases of man-made fibre cloth from Italy and the United States. In the nine months, Italian shipments to this country were 17,133,000 yards, as agaist 10,639,000 yards, while America sent 14,226,000 yards, as against 8,147,000 yards. In both instances, the totals this year have already exceeded the 1963 aggregate.

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COTTON SEASON 1963-64 IN RETROSPECT

SUPPLY POSITION COMFORTABLE—CONSUMPTION RISES MARKEDLY

NOW that final figures relating to production, consumption, imports and exports are available, it is possible to assess the position in respect of supply and distribution of cotton during the past season, that is the one which ended on 31st August last. The season (1963-64) witnessed a record crop, high level of indigenous cotton consumption, reduced imports, free licensing of Bengal *Deshi* cotton exports and relaxation of the rigid Cotton Control Order. The official final estimate of the cotton crop places the total output at 6.13 million bales, the biggest on record since the partition of the country, which exceeds the previous season's record crop of 5.76 million bales by 365,000 bales. As compared with the 1961-62 season, the 1963-64 crop shows an increase of as much as 1.43 million bales or a rise of 30 per cent. It will be seen from Table A below that bumper crops were harvested in the Punjab, Uttar Pradesh, Rajasthan, Maharashtra and Madhya Pradesh.

The area-wise break-up shows that the combined crop of Punjab, U.P. and Rajasthan, which had receded marginally from 1.04 million bales in 1961-62 to 1.03 million bales in 1962-63, rose to 1.48 million bales in 1963-64. In the same way, the cotton crop of Maharashtra and Madhya Pradesh had improved further to 2.26 million bales from 1.49 million bales in 1961-62 and 1.96 million bales in 1962-63. In Gujarat, however, the crop was marked by a severe cold wave in the month of January and the yield was adversely affected. There was a slight setback to the crop in the Southern States of Mysore, Madras and Andhra, the combined cotton production of which fell from 887,000 bales in 1962-63 to 880,000 bales in 1963-64. As for quality, the crop was excellent in the Punjab, Uttar Pradesh and Rajasthan. These areas produced cotton of good quality and grade after some years, especially the Bengal *Deshi* variety. Punjab American M.14 and 320 F had also quite good staple. In the Oomras, 197/3 and L.147 were quite satisfactory in both grade and staple.

Supply

Thanks to increased production and large carry over of 2.68 million bales (as against 1.63 million bales a year before), the total available supply of cotton during the 1963-64 season was markedly higher at 8.93 million bales (despite reduced imports), as compared with 8.25 million bales and 7.70 million bales in 1962-63 and 1961-62, respectively. Details are given in

Table A: *Area-wise Break-up of Production*
(In thousand bales of 400 lbs./180 kgs.)

Areas	1963-64	1962-63	1961-62
Punjab, U.P., Rajasthan ..	1,477	1,032	1,042
Maharashtra, Madhya Pradesh	2,255	1,963	1,488
Gujarat	1,504	1,871	1,388
Mysore/Madras/Andhra ..	880	887	766
Assam	14	12	16
Total ..	6,130	5,765	4,700

Table B. A noticeable feature of the season's cotton balance as depicted in the table is a perceptible decrease in imports which have come down from 851,000 bales in 1962-63 to 630,000 bales in 1963-64. Imports during 1963-64 comprised 183,000 bales from U.A.R., 230,000 bales from the U.S., 126,000 bales from Sudan, 76,000 bales from E. African and 15,000 bales from other countries.

As regards distribution, mill consumption of cotton has gone up by about 15 per cent from 5.67 million bales in 1962-63 to 6.05 million bales in 1963-64. The whole of the increase is accounted for by Indian cotton, the quantity actually consumed being 5.45 million bales, as against 4.79 million bales in 1962-63. Foreign cotton consumption, which had fallen from 1.01 million bales in 1961-62 to 881,000 bales in 1962-63, has declined again by about 33 per cent to 600,000 bales in 1963-64. Despite the comfortable supply position, exports have suffered a further setback. The actual shipments during the season aggregated no more than 280,000 bales, as against 334,000 bales in 1962-63 and 358,000 bales in 1961-62. Although the mill consumption of Indian cotton was quite high during the season, the stocks at the end of the season were substantially higher at 2.52 million bales, as against 1.74 million bales a year before. The stocks of foreign cotton, however, were lower at 242,000 bales, as against 287,000 bales.

Government Policy

In view of the improved supply position, the Government of India relaxed the stricter Cotton Control and announced a liberal policy for the 1963-64 season. The floor prices of cotton, for instance, were raised by Rs. 100 per candy. Further, the mills were permitted to buy 100 per cent of their requirements of Indian cotton based on their 1961-62 consumption. And the Compulsory Quality Survey and Supervision Scheme was discontinued. It was only in the case of Digvijay 'A' cotton that the Government had to restrict movement and purchase towards the end of January last, because its prices were at or above the ceiling. Even this restriction was removed in April 1964.

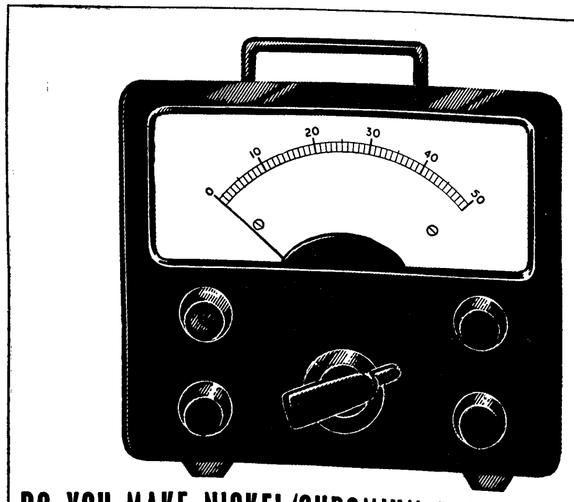
The prices of all varieties of cotton were generally below the ceilings in the early part of the season. In view, however, of the rising indigenous consumption, the prices tended to increase as the season advanced. The rise in prices was temporary for a slight downward tendency was noticed later, following certain official restrictions and the agreement with the U.S. under which India was to obtain 300,000 bales of American upland cotton.

Bengal Deshi

An event of great importance during the season 1963-64 was the abolition of the export duty of Rs. 25 per bale on Bengal *Deshi* variety, as also the free licensing of its exports. At the beginning of the season, the Government had announced an export quota of 200,000 bales, but, later on, it decided to issue export licences freely without quantitative limitations on individual exports. This was possible because of a bigger Bengal *Deshi* crop of 567,000 bales in 1963-64 as against 431,000 bales in the preceding season. It may be recalled, in this connection, that enquiries for this variety from India's traditional buyers, namely, Japan and Europe, were small because they were awaiting India's reaction to the abolition of export duty on *deshi* variety by Pakistan in June last. After the abolition of export duty on Bengal *Deshi* by India, the sales picked up. Out of the total exports amounting to 280,000 bales, Bengal *Deshi* alone accounted for 228,000 bales. The share of Assam-Comilla, Zoda-yellow and others was 13,900 bales, 32,100 bales and 6,000 bales, respectively. The major buyer of Indian cotton was, as usual, Japan which bought 208,500 bales, followed by the European countries which took 34,600 bales, and U.S. and Canada 18,700 bales.

Table B: *Indian Cotton Balance Sheet*
(In thousand bales of 400 lbs./180 kgs.)

	1963-64	1962-63	1961-62
Supply :			
Stock, 1st September ..	2,168	1,632	2,145
Of which :			
Indian cotton ..	1,956	1,390	1,810
Foreign cotton ..	212	242	335
Commercial production ..	6,130	5,765	4,700
Imports	630	851	855
Total supply ..	8,928	8,248	7,700
Distribution :			
Indian cotton :			
Estimated exports ..	280	334	358
Mill consumption ..	5,450	4,790	4,700
Foreign cotton consumption	600	881	1,010
Total distribution ..	6,330	6,005	6,068
Stocks :			
Indian cotton	2,281	1,956	1,452
Foreign cotton	242	287	180
Total stocks ..	2,523	2,243	1,632



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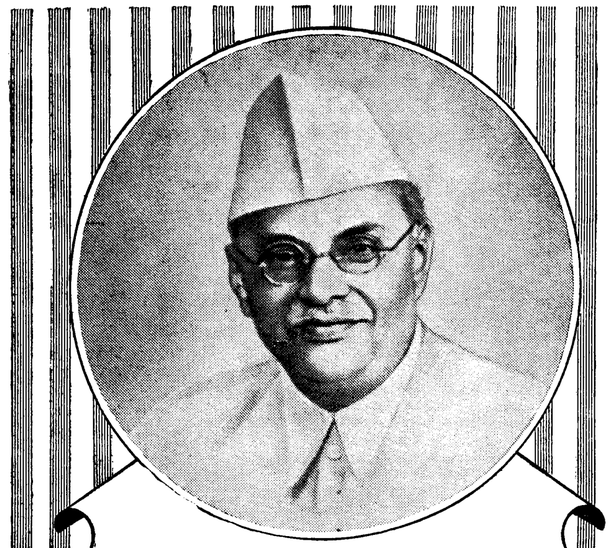

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PAKISTAN'S THIRD FIVE-YEAR PLAN

SALIENT FEATURES OF THE OUTLINE

By Dr. Anwar Iqbal Qureshi
ECONOMIC ADVISER, PAKISTAN GOVERNMENT

PAKISTAN'S second Five-year Plan will terminate at the end of June 1965. It is hoped that the third Five-year Plan will be finalised in the second quarter of 1965 and brought into force on 1st July 1965. In the meantime, an outline of the third Five-year Plan has been published and the President of Pakistan, Field-Marshal Mohammad Ayub Khan, who also happens to be the Chairman of the Planning Commission, has ordered that this be circulated to elicit public opinion.

In a foreword to the outline, the President has observed that "the aim of the planning in Pakistan is the creation of equal opportunities for all rather than equal distribution of wealth. In fact, perfect equality of incomes has never been achieved, not even in the communist countries, because differences in aptitudes and talents make for differences in incomes even when individuals start off with equal opportunities. And this is as it should be. The important thing is that every individual must be given the fullest opportunity to develop his natural talents and that he should not be inhibited by an oppressive economic and social framework." Proceeding, he says.

"There are three cornerstones of this policy of ensuring equal opportunities to which we are committed. Firstly, it is the intention of the Government to provide universal free primary education to all. Secondly, it is our aim to ensure a system of merit scholarships at the secondary education level. Thirdly, we intend to provide competitive entry to jobs at all levels. These objectives are already embodied in the Constitution. Their achievement will automatically ensure that a child gets the maximum possible opportunity for advancement, irrespective of his economic or social class."

Before I give the salient features of the third Five-year Plan, it will be helpful if a brief account is given about the achievements of the second Five-year Plan.

Increased Expenditure in the Second Plan

The second Five-year Plan (1960-65)—now in its fifth and final year—was announced in June 1960, envisaging a total development expenditure of Rs. 1,900 crores. It was revised in November 1961 to Rs. 2,300 crores, to take account of price increases since the original calculations were made in 1959, underestimation of the cost of several projects shown by subsequent engineering reports, the higher rate of population growth revealed in the 1961 census and the need in a few sectors to enlarge the physical dimensions of the Plan. The revised Plan allocated development outlays of Rs. 1,462 crores in the Government sector and of Rs. 838 crores in the private sector.

As the Plan is coming to a close, the actual expenditure incurred so far and projections for 1964-65 suggest that the Plan will terminate with a total expenditure of Rs. 2,445 crores, Rs. 145 crores more than the revised estimates of Rs. 2,300 crores. The entire excess expenditure is estimated in the private sector. As against the Plan target of Rs. 838 crores in this sector, the expenditure will now be Rs. 983 crores. The revised phasing of expenditure is shown below:

Revised Phasing of the Expenditure of the Second Five-year Plan
(In crores of rupees)

Financial year	Public sector	Private sector	Total
1960-61 (actual)	198	123	321
1961-62 (actual)	234	162	396
1962-63 (actual)	276	203	479
1963-64 (estimated actual)	359	235	594
1964-65 (proposed)	359	260	655
Total	1,462	983	2,445
Plan target	1,462	838	2,300

Public Sector Programme

The public sector programme, while maintaining an overall balance, shows that certain key sectors, namely, agriculture, industry, fuels and minerals, and housing and settlements fell in arrears. Thus, in the agriculture sector, the expenditure is estimated at Rs. 213.9 crores against the target of Rs. 251.5 crores, a shortfall of 14.9 per cent. Industry, fuels and minerals sector will finish with a shortfall of 9.4 per cent and housing and settlement sector of 3.9 per cent.

The expenditure will exceed the targets in the water and power sector by 6.7 per cent and in the transport and communications sector by about 13 per cent.

In the education sector, the expenditure will slightly exceed the target, while in the health, social welfare and manpower sector, it will marginally fall behind.

The table below shows the public sector allocations and the estimated utilisation:

Public Sector Allocations and Estimated Utilisation in the Second Plan
(In crores of rupees)

Sector	Plan allocation	Estimated expenditure (1960-65)	Increase (+) decrease (—)
Agriculture	251.5	213.9	—37.6
Water and power	414.0	442.2	+28.2
Industry, fuels and minerals	191.0	173.0	—18.0
Transport and communications	272.5	307.7	+35.2
Housing and settlements	188.5	181.0	— 7.5
Education	95.5	95.6	+ 0.1
Health, social welfare and manpower	49.0	48.6	— 0.4
Total	1,462.0	1,462.0	

Third Five-year Plan—An Outline

A gross development programme of Rs. 5,200 crores is proposed for the third Five-year Plan (1965-70). The gross plan size assumes a shortfall of about Rs. 650 crores in the public sector. Thus, the net outlay during the Plan period will be Rs. 4,550 crores. Of the gross Plan size of Rs. 5,200 crores, no less than Rs. 3,400 crores, is allocated to the public sector and Rs. 1,800 crores to the private sector. The gross Plan size of Rs. 5,200 crores is inclusive of expenditure of Works Programme and on anti-waterlogging and salinity measures in West Pakistan. The geographical distribution of the proposed allocations is as follows:

(In crores of rupees)

	East Pakistan	West Pakistan	Total
Government-financed programme	1,800	1,600	3,400
Private sector	900	900	1,800
Total	2,700	2,500	5,200

Objectives

The principal objectives set for the third Plan are as follows:

(a) A minimum increase of 30 per cent in national income over the Plan period ending 1969-70.

(b) To reduce disparity in *per capita* income between East and West Pakistan from a provisionally estimated 25 per cent at the beginning of the Plan to about 20 per cent by 1970.

(c) To provide 4.5 million new job opportunities.

(d) To strengthen the balance of payments by reaching a level of Rs. 425 crores in the country's foreign exchange earnings by 1970, compared with Rs. 295 crores in 1965.

(e) To develop basic industries for the manufacture of producer goods.

(f) To secure the transformation of agriculture through a massive works programme.

(g) To arrest the menacing growth of population.

(h) To diminish inequalities in the distribution of income, wealth and economic power and provide a measure of social security.

Sectoral Targets

The sectoral break-up of the net Plan expenditure of Rs. 4,550 crores is shown in the accompanying table.

The main physical targets proposed for the agricultural sector are: increase in foodgrains production by 25 per cent, cotton production by 35 per cent, jute production by 21 per cent, tea by 27 per cent, sugarcane by 34 per cent and tobacco by 33 per cent.

In the water and power sector, it is proposed to irrigate an additional area of 3.6 million acres and improve an area of 11 million acres through drainage, flood protection, anti-waterlogging and anti-salinity and other measures. It is proposed to increase the power capacity installed to 2,800 MW in 1969-70 from 1,435 MW in 1964-65.

In the industrial sector, the major emphasis will be on heavy producer goods industries. It is expected that domestic production of capital goods will increase from Rs. 50 crores in 1965 to Rs. 100 crores by 1970. The main physical targets in the industries sector are: cotton textiles 620 million lbs. of yarn; jute manufacture 720,000 tons; white sugar 640,000 tons; cigarettes 30,000 million; tea 79 million lbs.; cement 5 million lbs.; steel 1.2 million tons. In addition, substantial capacity will be installed for the production of petrochemicals, machine tools and heavy engineering and electrical equipment.

In the transport and communications sector, the main emphasis in East Pakistan will be on inland water transport, roads and air services, whereas, in West Pakistan, the road programme will receive greater priority. The Plan also provides for improving the existing port facilities at Karachi and Chittagong and converting the Chalna anchorage into a permanent major port. The Plan proposes provision of 150,000 additional telephones; postal services, particularly in the rural areas, will be expanded by opening 2,000 new post offices, thereby raising the total number to 13,500. Television facilities will be expanded with greater emphasis on educational programme.

The main object of the Education and training sector programme will be to widen the base of primary education and greatly increase the facilities for technical and vocational education. In the field of higher education, existing colleges and universities will be consolidated for improving the academic standards and quality of instruction. A larger scholarship programme will be maintained to support meritorious students. Adequate provision has also been made for adult education, promotion of arts, culture and sports.

In the health sector, main emphasis will continue to be on preventive measures; about 60 per cent of the allocation will be provided for preventive programmes such as eradication of malaria, tuberculosis control and health education. The curative services will include provision for 17,000 additional beds and 400 rural health centres. Family planning has been accorded high priority and an allocation of Rs. 15 crores made for this programme.

Sectoral Allocations in the Third Plan
(In crores of rupees)

Field of development	Government sector	Private sector	Total	Second Plan estimated actual	Percentage increase of (4) over (5)
1	2	3	4	5	6
Agriculture	434	200	634	294	116
Water and power	863	30	893	464	93
Industry	475	830	1,305	580	125
Fuels and minerals	90	75	165	86	92
Transport and Communications	587	310	897	444	102
Physical planning and housing	274	315	589	385	53
Education	274	30	304	108	181
Health	274	4	122	51	133
Manpower	118	6	41	8	412
Social welfare	35	..	250	80	213
Works programme	250	1,800	5,200	2,500	108
Total (gross)	3,400	Nil	—650	..	..
Less estimated shortfall	650				
Total (net)	2,750	1,800	4,550	2,500	108

According to Article 145 clause (3) of the Constitution, a primary object in plan formulation "shall be to ensure that disparities between the Provinces and between different areas within a Province, in relation to income *per capita* are removed and that resources of Pakistan (including resources of foreign exchange) are used and allocated in such a manner as to achieve that object in the shortest possible time." The third Five-year Plan seeks to implement this Constitutional provision to the maximum extent possible.

The third Plan earmarks Rs. 2,700 crores for East Pakistan out of a total gross Plan size of Rs. 5,200 crores. It is tentatively estimated that this would lead to an increase of 34 per cent in the national product of East Pakistan, as compared with 27 per cent in West Pakistan.

Out of total Plan allocation of Rs. 2,700 crores for East Pakistan, Rs. 1,800 crores is in the public sector and Rs. 900 crores in the private sector. West Pakistan has been allocated Rs. 2,500 crores—Rs. 1,600 crores in the public sector and Rs. 900 crores in the private sector. East Pakistan has thus been provided with a margin of Rs. 200 crores during the third Plan as a whole, and an average annual margin of Rs. 40 crores. Net public sector expenditures in East Pakistan will rise from an estimated Rs. 700 crores during the second Plan to Rs. 1,800 crores in the third, an increase of about 150 per cent. In West Pakistan, they will rise from an estimated Rs. 840 crores during the second Plan to Rs. 1,600 crores during the third, an increase of nearly 90 per cent.

Resources for the Government Financed Sector
(In crores of rupees)

	Second Plan		Third Plan projection
	Target	Revised estimates	
Domestic resources:			
Surplus on revenue account (a)	192	216	730
Net capital receipts	140	146	190
Local bodies	20	20	30
Additional taxation	175	180	300
Deficit financing	Nil	66	150
	527	628	1,400
External resources:			
Project loan (including technical assistance)	525	351	700
Commodity loans	350	342	550
P.L. 480 counterpart funds	60	141	100
	935	834	1,350
Total resources	1,462	1,462	2,750
Domestic resources as a percentage of total	36	43	51
Foreign resources as a percentage of total	64	57	49

In the private sector, it is proposed that Rs. 1,800 crores should be allocated equally to East and West Pakistan. In East Pakistan, this means an increase from an estimated level of Rs. 330 crores during the second Plan, that is, an increase of about 173 per cent. In West Pakistan, it means an increase from an estimated second Plan total of Rs. 630 crores or about 43 per cent.

In the third Plan, the Works Programme will form a separate sector mainly concerned with the growth and development of a rural economy. The Plan provides for a works programme of Rs. 250 crores, Rs. 150 crores in East Pakistan and Rs. 100 crores in West Pakistan. The works programme will mobilise the idle manpower by providing wages for economically productive public utility works. It will offer over one million additional job opportunities.

Since independence, most of the development works have been concentrated in urban areas and the rural areas have been in a state of depression, with large-scale unemployment and underemployment, absence of capital works and a moribund local self-government system.

Economic growth needs an infrastructure of capital works and financial institutions and resources which stimulates entrepreneurs and makes the desired development possible. This is precisely what rural Pakistan lacks. And it is this the works programme seeks to supply.

The creation of social capital like schools, dispensaries, marketing centres, community houses and communications will make the rural community aware of the significance of the country-wide development effort which is being made. The increasing income of the farmer will tend to increase the demand for consumer goods produced by the urban and rural industries.

Financial Allocations

In financing the net Plan size of Rs. 4,550 crores, it is estimated that about Rs. 2,900 crores will be available by way of domestic savings and another Rs. 1,650 crores can be raised from foreign assistance and P.L. 480 assistance. The level of external assistance envisaged in the third Plan implies an annual commitment of about $600 million, as against the current rate of $500 million. It is hoped that foreign assistance of this magnitude will be forthcoming.

The gross allocation for development expenditure in the public sector is Rs. 3,400 crores but after allowing for a shortfall of Rs. 650 crores, net public expenditure during the Plan period is likely to be Rs. 2,750 crores. It is expected that, over 50 per cent of the public sector development programme, will be financed from domestic sources, as compared with only 43 per cent during the second Plan. A substantial portion of increased public savings is expected from larger surpluses from existing taxes and from capital receipts, but about one-third of the total domestic finance must come from the imposition of new taxes and deficit financing.

The performance of the private sector in respect of fixed capital formation has exceeded the targets set in the second Plan. The amount of savings projected during the third Plan in the private sector is Rs. 1,500 crores. Foreign loans and credits to the private sector has been projected at Rs. 230 crores. In addition, the foreign private investment is estimated for the third Plan at Rs. 70 crores, bringing the total of external resources for the private sector to Rs. 300 crores.

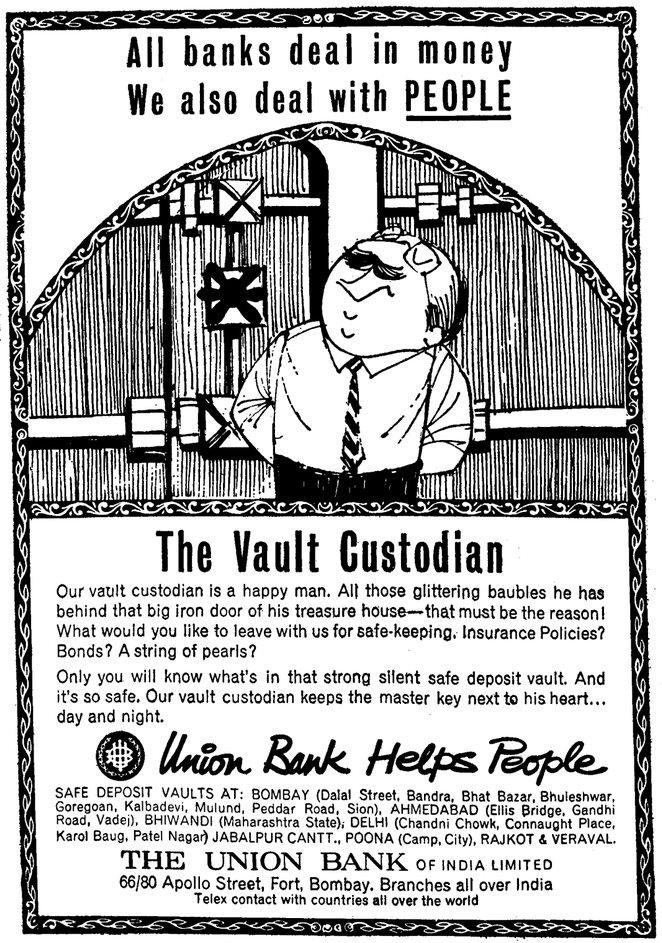
ANNUITY DEPOSIT SCHEME

The main features of the Annuity Deposit Scheme have been explained by the Government of India in a Press Note dated the 10th September, 1964. One of the points mentioned in it was that, where a self-assessment had been made, the annuity deposit was required to be made within thirty days of the assessee's filing his return, but persons who filed their returns of income by the end of September, 1964 could make their annuity deposits by 31st October 1964.

From some representations received from the public, it seems that some persons have got the impression that annuity deposits had to be made in all cases on self-assessment, and that the last date for making annuity deposits for the current year in all cases was 31st October 1964.

This is not the correct position. During the current year, annuity deposits have to be made voluntarily on self-assessment, that is, on the basis of the income declared in the return for the assessment year 1964-65, only in those cases where income-tax is payable by an assessee on self-assessment. Income-tax is payable on self-assessment only in those cases where the tax on the returned income, as reduced by any tax deducted at source or any advance tax paid, exceeds Rs. 500. It follows that where the tax payable on the basis of the income returned for the assessment year 1964-65 as reduced by any tax deducted at source or paid in advance does not exceed Rs. 500, no annuity deposits will have to be made by the assessee voluntarily on the basis of his return of income. In such cases, annuity deposits on the income assessable for the assessment year 1964-65 will have to be made when the income-tax assessment for that year is made and a demand notice is received by the assessee.

Where income-tax is payable on self-assessment, annuity deposit on the basis of the return of income has to be made within thirty days of filing the return. However, as the Annuity Deposit Scheme came into force on 1st October 1964, this time limit was relaxed and assesses who filed their returns of income by the end of September were allowed to make annuity deposits on self-assessment by 31st October 1964. Representations have since been received for extending this time limit. On considering these representations, it has been decided that, in cases where income-tax returns for the assessment year 1964-65 have been filed by 31st October 1964 and assessees are liable to make annuity deposits on self-assessment, time will be allowed to make such deposits till 15th December 1964. Where returns of income are filed after 31st October 1964 and tax is found payable by the assessee on self-assessment, annuity deposit on self-assessment should be made within thirty days of filing the return.



JOINT COMMISSION FOR TEA PROMOTION

HOW INDIA AND CEYLON CAN HELP EACH OTHER

THE decision of India and Ceylon to set up a joint commission for promoting the sale of tea will benefit not only these major producers but also, indirectly, many other countries that have recently entered the world market. The principal tea producing countries are India, Ceylon, Indonesia, Kenya, Uganda, Tanganyika, Nyasaland, China, Japan, Pakistan, Malaya and Argentina. But India and Ceylon are the most important, their production in 1963 being 346 million kg. and 220 million kg., respectively. China produced in the last year 158 million kg., Japan 81 million kg., Indonesia 38 million kg., Pakistan 25 million kg. and Kenya 18 million kg. The output of other producers was relatively negligible.

India and Ceylon are also the major exporters of tea. The following table shows the share of tea in the export of the different producing countries during 1963; figures in bracket show the percentage share in world exports of tea:

(In million kg.)

Country	*Export*
India	223.5 (39.8)
Ceylon	206.8 (36.8)
Indonesia	30.3 (5.4)
British East Africa (Kenya, Uganda and Tanganyika)	35.9 (6.4)
China	29.5 (5.2)
Formosa	13.7 (2.4)
Japan	3.6 (0.6)
Malaya	1.6 (0.3)
Other countries	17.5 (3.1)

Among the countries shown above, apart from India and Ceylon, the share of other countries at present is quite small, but some of them, at any rate Kenya, Indonesia and China are capable, in due course, of expanding their production and exports. But, for the present, India and Ceylon are the principal suppliers and they will continue to retain their dominant position for a long time. For both countries, tea constitutes a major source of foreign exchange.

For India, tea accounted for nearly 17 per cent of its total export earnings in 1963. Out of Rs. 779.21 crores worth of exports from all commodities in that year, the share of tea was Rs. 132.37 crores. For Ceylon, out of its exports of Rs. 173.06 crores in 1963, tea earned Rs. 113.98 crores or 65.86 per cent of the total.

Ceylon Leads

Although India and Ceylon are the chief sources of supply for most countries, in some India has a far larger share than Ceylon. In others, Ceylon's share is higher in the U.K., for instance, out of 255 million kg. of tea imported in 1963, India's share was 128 million kg. and that of Ceylon about 80 million kg. But, in the U.S.A. out of 55 million kg. of tea imported in 1963, Ceylon's share was larger at about 24 million kg., as compared with that of India at nearly 13 million kg. To Australia Ceylon sold last year (1962-63) over 16 million kg. but India exported hardly 5 million kg., Australia's total import in that year being about 30 million kg. Some of the other countries, where Ceylon has a much larger share than India, are Canada, New Zealand and Iraq. On the other hand, in Poland, West Germany, U.S.S.R., Egypt and Sudan, it is India, not Ceylon, which has the dominant position.

The Joint Commission can do a good deal of useful work by undertaking intensive propaganda for tea and by trying to reduce or remove such barriers to tea exports as are still imposed by many countries. In Europe, apart from the U.K. and Eire, the *per capita* consumption of tea is very low as will be clear from the figures shown below:

Country	*Per capita tea consumption in 1962* (In kg.)
U.K.	4.34
Eire	3.82
Netherlands	0.73
Italy	0.04
West Germany	0.15
Belgium and Luxembourg ...	0.04
France	0.04
Denmark	0.33
Austria	0.08
Spain	0.01
Greece	0.02
Finland	0.10
Norway	0.11
Sweden	0.15
Switzerland	0.23
Portugal	0.02

Some of these countries such as West Germany and Italy are predominantly lovers of coffee. Even in the U.K., coffee consumption has shown a remarkable increase in recent years. In 1962, the per head consumption of coffee in the U.K. was 2.7 lbs. which was nearly double that of a decade ago. In the U.S., tea consumption per head was 0.31 kg. and in Canada 0.98 kg. The U.S.A. is mainly a coffee drinking country. Coffee imports into the U.S. are about 2,300 million lbs. per year, as compared with only about 108 million lbs. of tea. In Canada, tea consumption has not increased significantly, because a large proportion of the immigrants have come there from coffee-drinking countries of Europe. In Asia also, there are several countries where *per capita* tea consumption is low such as Saudi Arabia, Syria, Iran, Turkey, Thailand and Singapore.

Propaganda Must be Intensive

Tea propaganda, to be successful, has to be done intensively over a period of years. This will involve a considerable expenditure that may be rather too heavy for India and Ceylon individually. In the U.S., in particular, advertisement and other aspects of publicity campaign cost enormous sums of money. But, with the combined resources of India and Ceylon, the financial strain will be far less. It is necessary, however, to see that the campaign is conducted effectively so that both the countries can derive full benefit. The techniques may, perhaps, differ in detail from one country to another. In some countries, the propaganda will have to be directed to particular regions or to sections of the population. In Australia, for instance, a tea delegation led by the Chairman of India's Tea Board, suggested recently that the public relations campaign must have "a strong bias towards the young, for it is among the youngsters that the tea position is weakest."

The Joint Tea Commission is also expected to try to reduce the internal taxes on tea which are imposed in many European countries. In West Germany, the tax on tea is the highest, namely, Rs. 2.26 per lb. In other countries it is lower—Re. 0.87 in France, Re. 0.64 in Italy, Re. 0.40 in Belgium and Re. 0.07 in Luxembourg. Restrictions are imposed by some Asian countries as well. For example, Iraq levies an import duty Re. 1.13 per kg., Turkey an import duty of 75 per cent *ad valorem*, and Saudi Arabia an import duty at 6 per cent *ad valorem*. In Sudan, the import duty is Re. 1.36 per kg., while in the U.A.R. it is 50 per cent *ad valorem*, with a minimum of Rs. 2.27 per kg.

While efforts are made to promote the sale of tea in various countries, greater attention has also to be given to increase production. India's Tea Board has just pointed out that there is "no evidence of any excess of tea nor is there any likelihood of an excess arising in the near future." This is based on the following figures:

The total supply of tea during 1963 was 739.4 million kg. (1,630 million lbs.), while absorption was 745.7 million kg. (1,644 million lbs.), resulting in a deficit of 6.3 million kg. (14 million lbs.). Total supplies of tea decreased by 5.9 million kg. (13 million lbs.) to 739 million kg. (1,630 million lbs.) in 1963 from 745.3 million kg. (1,643 million lbs.) in 1962. Absorption, on the other hand, continued to rise to 745.7 million kg. (1,644 million lbs.) in 1963 from 744.8 million kg. (1,642 million lbs.) in 1962.

So the Tea Board discounts the possibility of any excess of tea in the coming years.

In India, during the last three years, while the area under tea was increasing, both the total production and the yield per hectare were on the decline. The area rose from 331,299 hectares in 1956 to 332,524 hectares in 1962 and 334,036 hectares in 1963. But production fell steadily from 354 million kg. to 346 million kg. and 345 million kg. respectively. The yield per hectare also fell from 1,070 kg. in 1961 to 1,043 kg. in 1962 and 1,036 kg. in 1963.

In Ceylon, on the other hand, there has been a continuous increase both in production and yield per hectare. Production increased from 206 million kg. in 1961 to 212 million kg. in 1962 and 220 million kg. in 1963. The yield per hectare went up from 869 kg. to 886 kg. and 925 kg. in the last three years, respectively. But the area under tea which rose from 237,712 hectares in 1961 to 239,216 hectares in 1962 dropped to 237,702 hectares in the next year.

So far as India is concerned, the adverse weather to some extent affected production in the past. But it cannot be denied that the tea industry continues to face difficulties of various types in increasing production. Lack of finance, owing to excessive taxation, has been a serious obstacle. The problem is now under study by an official Committee. In view of its important role in the export trade, the industry's handicaps need to be tackled with more speed and sympathy.

TEA EXPORTS TO JAPAN

There is a potential market for Indian tea, especially black tea, in Japan, according to the Chairman of the All-Japan Black Tea Association who visited India recently. The Chairman hopes that exports of tea from this country could be substantially increased. Meanwhile, the Tea Board proposes to introduce several long-term measures for boosting exports of tea to Japan. Currently, it may be noted here, India exports only a small quantity of tea to Japan. The actual shipments during the first seven months of the current calendar year aggregated no more than 22,571 kgs. worth Rs. 1.49 lakh.

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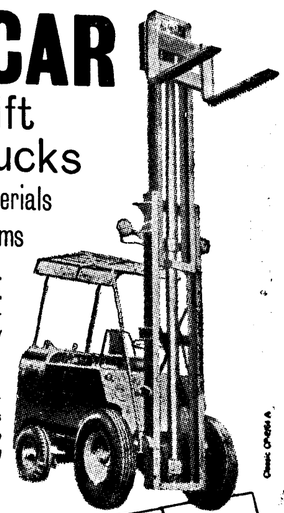

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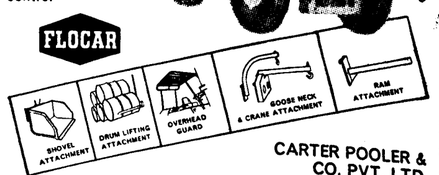

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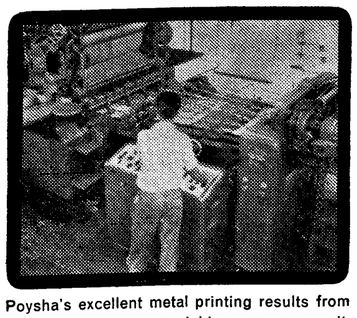

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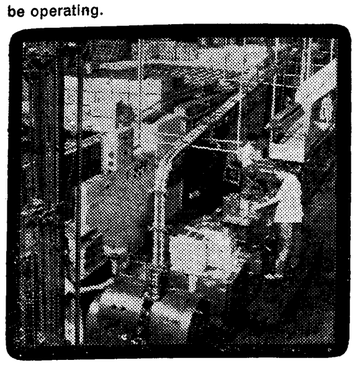

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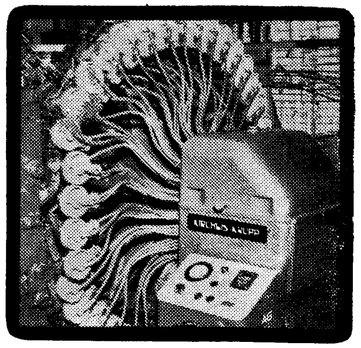

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USED MACHINERY AND EQUIPMENT

THEIR UTILITY FOR DEVELOPING COUNTRIES

THERE are two widely separate schools of thought in the West on the advisability of making available used or reconditioned machinery for use in underdeveloped countries. One expert view is broadly to the effect that, while the reconditioned machines will not be as efficient as new models, it is obviously important for the developing countries that every possible economy should be practised in order to conserve their foreign exchange resources. The other view is broadly to the effect that old machinery or even the best reconditioned machinery will produce only inferior goods and that the developing country should not be handicapped with obsolete techniques or worn out machinery which would only hamper its strides towards improvement. Both these views have been examined, with supporting details and examples, in an article in the September 1964 issue of *The Fund and Bank Review: Finance and Development*. The author of this article is Mr. Albert Waterston, a staff member of the Development Advisory Service of the International Bank for Reconstruction and Development.

Arguments For and Against

Advocates of greater use of second-hand equipment in developing countries contend, Mr. Waterston observes, that not only do firms using such machinery do well in the domestic market, but, because of low wages, they may be able to compete in export markets with companies in high-wage areas which operate with more modern machinery. Two striking examples have been given in this connection. One is that of a Calcutta firm which bought from its British associate a used semi-automatic machine for making wood screws. As this Calcutta firm pays wages at the low rates prevalent in India, it not only undersells the British company in India but also exports to neighbouring countries at a lower price than its associate. The other example is that of a South American company which imported from a U.S. foundry some of the old casting equipment that required in the United States uneconomic amounts of high-cost labour to operate. Although steel for casting also had to be shipped to the South American company, the U.S. foundry found that it was cheaper to import the South American castings than to produce similar castings with modern equipment in its own plant. But, in spite of such advantages in using old machinery, most entrepreneurs prefer new equipment on the grounds that the new is inherently better than the old, that it is not always easy to locate the right type of usable second-hand equipment when it is needed and that it is psychologically more satisfying to own the latest equipment. The author has also recognised the point that any one who advices a developing country to acquire used machinery may be accused of wanting to saddle a country with the cast-off equipment which another country wishes to scrap. He is, however, convinced that, in certain cases and with adequate safeguards, it would be advantageous for developing countries to acquire second-hand machinery or equipment which, although obsolescent in industrialised countries, is capable of producing satisfactory goods at marketable prices when used in developing economies. The facts and points mentioned by him in this connection are highlighted below:

1. The quantity of used machinery and equipment of all kinds in the United States is considerable and is increasing in the context of large-scale modernisation and automation under way.

2. The idea that used machinery and equipment can be put to advantageous use in a developing economy can hardly be called new. In several underdeveloped countries round the world large amounts of used machinery have actually been in operation for many years in cement, iron and steel, aluminium, engineering, textile, chemical, sugar and mining industries.

3. Many prosperous industries in the United States itself started their plants with second-hand equipment. Many of these plants are still in operation. Even today at least two second-hand machine tools are sold in the U.S. for every new one. In 1960, for instance, about 88,000 used machine tools were sold, with a dollar value that greatly exceeded the value of the 40,000 new machine tools sold.

4. The use of second-hand equipment does not necessarily imply backwardness. Indeed, old equipment has been employed for the most modern purposes. Lockheed Aircraft Corporation's outer space research, for instance, is depending to a large measure on a 52-ton, 40-year old generator that formerly fed power to the inner reaches of Boston's subway system.

5. In an advanced industrial country, many pressures, which have little or nothing to do with age or usability, operate to make machinery and equipment obsolescent before they are worn out. But such machinery may be well suited for operation in economies which have not moved so far along the industrial road. In Yugoslavia, for instance, the replacement of 50-year old textile machinery by 5-year old machines, which cost only about 40 per cent of what new machines would have cost, has been a great step forward.

6. Even machinery which makes products of less than the best quality has sometimes been found to be satisfactory in some markets.

7. Used machinery can often be obtained at 30 to 75 per cent of the original cost (which nowadays may be only 20 to 40 per cent of what the same machine would cost, if it were to be made today, and even a lesser percentage of the cost of a more modern machine doing similar work). But used machinery is a good bargain only if it will produce satisfactorily and if the price is right. The price must take into account repairs needed to make the equipment operable to the required standards.

The author, of course, concedes that in some cases where a new process eliminates the need for skilled labour which is chronically short in the less developed countries, it might be better for them to acquire equipment that embodies the latest innovations. But, in most cases, while automatic machinery requires few workers, it may demand more *skilled* workers than older machines. Again, according to him, where local capital or foreign exchange funds are scarce, and interest rates are high relative to wage rates, the lower cost of used equipment is often important, for the smaller the investment in equipment, the lower the amount of fixed costs. Highly automated production lines, he points out, can be supported only when they are running at or near capacity, for otherwise the fixed cost per unit produced would be extremely high. This means that the market must be large enough to absorb the output of the automated machinery.

Ways of Acquiring Used Machinery

Other points of general applicability where used machinery may be preferable to new are as follows:

1. A manufacturer may require from six months to two years to supply new machinery and equipment. In contrast, used machines can usually be acquired immediately and installed quickly to start yielding returns.

2. Repair parts for modern automatic machines are likely to be costlier than for older machines.

3. The difficulty of getting spare parts for second-hand equipment is often either over-stated or under-stated. In most developing countries, there are machine shops that can reproduce almost any parts likely to be found in used machinery—parts which usually are less complicated than newer models.

The first rule for someone who wishes to acquire used machinery is that he should know or learn the *exact specifications* required to meet his needs, for the more detailed the knowledge, the greater the possibility of locating the equipment wanted. Another way in which used machinery and equipment, technical operating knowledge, and an understanding of local conditions can be merged successfully is through joint business ventures in which both local citizens and foreigners own shares. If, however, an entrepreneur in a developing economy is either unable or unwilling to enter into partnership with an outside firm, there are other ways in which he may go about acquiring used machinery and equipment. For instance, if he knows *exactly* what he wants and if he can qualify under the terms of the U.S. Mutual Security Act of 1954, he can locate the item he needs through the appropriate U.S. official channels set up in his country for this purpose. Or, he may attempt to locate the machine or piece of equipment he wants through private channels. There are also several hundred established and reliable dealers in used machinery and equipment in the United States, many of whom are interested in exporting. Some manufacturers of new equipment also sell used machinery of their own make which they have reconditioned. This source, according to the author, is a particularly desirable one, since the buyer usually gets a warranty or guarantee with his purchase and can expect to obtain repair parts for the rehabilitated machinery. Yet another source is the U.S. Government itself which sells surplus machinery and equipment under sealed bids from time to time. In all these cases, it would be well for a would-be buyer to enlist the services of a knowledgeable employee, or to seek the impartial and qualified assistance of persons or companies specialising in inspecting, testing, appraising and certifying equipment of all kinds. Such an expert employee or a specialist firm can help the entrepreneur select the equipment he needs for his particular purposes.

TUTICORIN HARBOUR PROJECT

There are three intermediate ports in Madras State—Cuddalore, Nagapattinam and Tuticorin. Of these, Tuticorin Port, which lies 315 miles south of Madras Harbour, receives nearly 300 steamers and 1,100 sailing vessels a year and handles more than 2,000 tons of cargo per day, has been selected for development as a deep sea harbour and major port under the third Plan. Estimated to cost Rs. 15 crores and expected to be completed by the end of 1969, this project is to be designed and constructed entirely by Indian engineers. When completed, the harbour will have a basin of 9,000 feet by 4,000 feet, with two breakwaters curved at the seaward end, and a 400-feet wide entrance. It will have a 30-feet draft. While the project has provision for 17 berths, only six, including one oil berth, are to be provided in the first stage.

The project, the construction of which was formally inaugurated by the Prime Minister, Mr. Lal Bahadur Shastri, on the 5th instant, has involved an expenditure of about a crore of rupees on preliminaries, road and rail links, water works and first block of staff quarters in 1963-64. Work on the project proper, particularly on the north breakwater, has just begun; this is expected to involve an expenditure of Rs. three crores in 1964-65. When the whole complex of works is completed, the harbour will be in a position to handle two million tons of cargo a year. Being quite close to the Indian Ocean, it is bound to attract further trade in due course. And that will open up the backward hinterland in the districts of Tirunelveli and Ramanathapuram and usher in an era of industrial and commercial prosperity in the far south of India.

JAWAHAR WET DOCK AT MADRAS

The new wet dock, constructed at a cost of Rs. six crores at the Madras harbour, was formally inaugurated at a simple but impressive ceremony on the 6th inst. by Mr. Lal Bahadur Shastri, Prime Minister. The wet dock was named after the late Prime Minister, Mr. Jawaharlal Nehru. The total number of berths in the Madras Port has been considerably stepped up from 12 to 18 now, with the inauguration of the new wet dock with its six berths. Incidentally, the new dock, which measures 1,700 ft. by 500 ft. has three berths on each side and is provided with all port facilities, such as cranes and transit sheds. It has been constructed with sidewalls consisting of concrete monoliths on three sides. On the southern side, it is closed with a steel sheet pile bulkhead to enable easy future expansion. It has taken nearly five years to construct this dock.

The three berths on the western side of the new dock are designed to take 500 ft. ships with a draft of 31 feet at low water. The other three berths on the eastern side will be deepened to 36 ft. to take in long carriers upto 35 ft. draft. Road and railsiding facilities have been provided for all the six berths with modern standard dockside cranes of three to ten tons capacity.

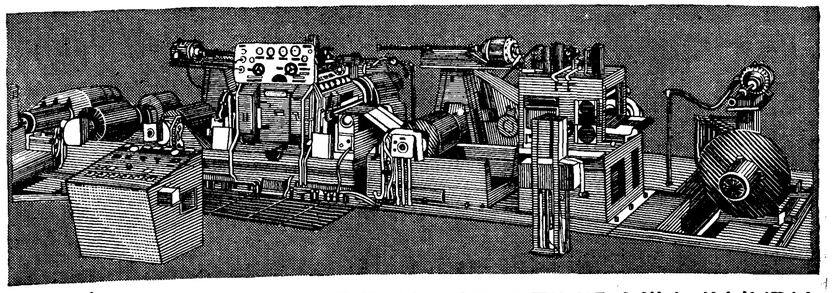
The Madras Port Trust has plans to equip the northern berth with a fully mechanised ore handling plant with a capacity to handle upto three million tons of ore initially per annum. The handling capacity is expected to be increased to four to six million tons at a later date. The Port Trust is also planning to build a sheltered oil dock in the harbour, with deep water berths, in view of the Central Government's decision to put up an oil refinery at Madras.

MACHINE TOOL DELEGATION TO JAPAN

A ten-member delegation, sponsored by the Indian Machine Tool Manufacturers' Association with the encouragement of the Union Ministry of Heavy Engineering, left India on the 7th instant for a fortnight's tour of Japan. The delegation, which is led by Mr. J. V. Patel, Managing Director of New Standard Engineering Company and President of the Association, will visit the Japan International Machine Tool Fair at Tokyo and also several Japanese industrial and machine tool manufacturing units. It will hold discussions on matters of mutual interest with machine tool manufacturers in that country and investigate the possibilities of technical collaboration on mutually advantageous terms. What is more, it will not only explore the avenues for exporting Indian machine tools but also assess the products which India could import from Japan. It is noteworthy that, Mr. R. N. Basu, Development Officer (Tools), Government of India, is accompanying the delegation as Technical adviser.

Air-India and Middle East Airlines have signed a pool agreement, covering their services between India and Lebanon and *vice versa*. The agreement came into effect from 1st October, 1964. The pool covers Air-India's three transit flights a week, through Beirut, in each direction, and Middle East Airlines twice weekly flights to Bombay and the India/Lebanon route. This new pool arrangement will enable the two airlines to work together closely, coordinate their schedules, provide better service to the travelling public and promote traffic between the two countries.

BETTER THAN THE BEST IN 50 YEARS



INAUGURATE THE FIRST SENDZIMIR MILL IN INDIA

For a Sendzimir Mill can roll ferrous and non-ferrous metals to thinner gauges while greatly reducing the dimensional tolerance.

Better accuracy and uniformity of gauge, superior finish and appearance of parts acquired by 80% closer micro-inch control, more reduction per pass and the elimination of intermediate annealing are some of the more important advantages of a Sendzimir Mill.

The new U. S. manufactured Sendzimir Mill will be yet another step by Devidayal's - pioneers in India for 5 decades in the manufacture of cold rolled non-ferrous metal sheets and strips - to give the best of their expert knowledge and inside resources to the manufacturing units they feed.

With the commissioning of the Sendzimir Mill - the first of its kind in India and the only one between Yugoslavia and Japan, Devidayal's will be able to meet the demand for high precision metal sheets and strips for radiator core and cylinder head gasket manufacturers, to defence production units and factories making precision parts for use in aircraft and electronic devices.

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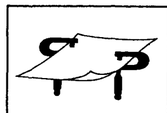
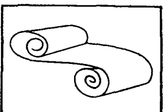
REAY ROAD, DARUKHANA, BOMBAY-10.



Maintains precise gauge across the width and along the length of strip.



Metal strips can be rolled as thin as the paper in your hand, or less....i.e., 0010 of an inch with tolerance of + or -.0001 of an inch.

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NEW PRODUCTS AND PROCESSES

"Stahalit" Homes

MASSIVE and at the same time lightweight is the new building material "Stahalit" that is expected to revolutionise pre-fabricated housing construction. After several years of experimentation, West German construction experts at Krupp in Essen have constructed a pre-fabricated house that equals a normally-built solid house. The walls are made out of a new material strong enough to hold refrigerators, and yet so light that the individual wall elements can float on water. The material's extremely lightweight keeps long distance transportation costs down. "Stahalit" can have nails hammered and screws turned into it as well as being sawed. At the same time, it is heat, cold, decay and insect resistant. The degree of insulation for the 4-inch thick foam walls equals that of a 25-inch thick brick wall. Realisation of the new building material was based on the idea of the most stable raw material known to modern construction technology today: cement. Normal cement is heavy, however, and offers poor protection against the cold. Thus the gravel in cement was replaced with burnt clay pellets: vitreous-like kernels with many tiny air-bubbles effect excellent protection against sound and the cold. Technicians went even one step further and replaced the amount of cement needed to thicken the material with a foamable bakelite. Steel profiles and mounting iron give the stahalit wall elements the necessary stability.

One-piece Wheel

A new commercial vehicle wheel, designed for smoother running and resulting in substantial reductions in high-speed wheel wobble and tyre wear, has been developed by Dunlop Rim and Wheel Company Ltd., in England. The wheel's principal feature is the use of a one-piece component combining disc and rim gutter. The rim gutter is a jointless groove true with the disc. The integral disc and rim groove are circumferentially welded to a rim base and fixed flange-fabricated from hot rolled section. The entire assembly is produced by a combination of presswork and rolling. The combination of disc and rim gutter not only ensures a truer wheel in itself but substantially increases the wheel's strength, the disc acting as a buttressing support behind the rim gutter. The jointless groove feature also eliminates high stress areas on the flanges and lockrings, improving the service life of both these components. These construction techniques ensure much smoothern running, with less radial runout than is possible with conventionally-built wheels.

Washing Laboratory Glassware

One of the more wearisome jobs in the laboratory—washing up the glassware—can be speeded up by a machine called the Hei-thermo-jet which is to be introduced by the Heinicke Instruments Company, of Hollywood, Florida, U.S., shortly. The machine washes, rinses and dries, and operations can be either automatically or manually controlled. The duration of each phase is adjustable and it is claimed that the most stubborn contaminating material can be removed.

Plastic Pipes for Drainage

An Austrian plastic firm has taken up the production of drainage pipes from PVC plastic. These pipes are suited for permanent temperatures of up to 60° C. (140°F.) and liquids of even higher temperatures may pass through in intervals. They are joined by means of simple sockets, sealed with oil and acet resisting neoprene gaskets and may be used for drainage purposes in the dimensions of 40 to 150 mm. (1.7 inch to 5.9 inch) diameter. Main technical advantages of the plastic pipes are chemical resistancy, smooth pass through and little weight. The appealing outward appearance which requires no painting nor any other care allow them to be fitted above surface.

Compact Truck Crane

Herkules' is a lightweight, compact truck crane manufactured by Gustavson and Steiner and marketed by Herkules Bilkraner Company, Stavanger, Norway. It is easy to install on practically all types of trucks and a clearance of only 12 inches between cab and body is required for mounting. Operation is by one man only with all movements hydraulically controlled. Lifting and turning can be effected simultaneously. Side mounting and jib extension give long outreach. Hydraulic support leg is provided to relieve strain on chassis and springs. The model which is now being exported to U.K. is approved for a lifting capacity of 2 tons at 6½ ft. radius, 1 ton at 10 ft. radius, and 15 cwts. at 13 ft. radius. Maximum height of lift is 21 ft. A safety valve prevents overloading. It has manual jib extension. Complete with pump and power take-off, the crane weighs 1,222 lbs. It stows compactly behind the cab when travelling.

Voltage Divider

Voltage division with an accuracy of 1 part in 10 million—greater than anything previously possible—is achieved by a new AC divider invented by Sigital Measurements Ltd., Hampshire, England. It can be used for the precise measurement and production of AC voltage ratios or for the comparison of standards of resistance, inductance, capacity or ratio. The equipment consists of a series of auto-transformers, with each transformer divided into ten equal divisions. Any selected division may be sub-divided by the succeeding transformer. Basis of the equipment's efficiency is an alloy of exceptionally high and reliable magnetic permeability from which the transformer cores are wound. It is rigorously tested and controlled for both chemical and physical properties and has an initial permeability greater than 100,000, the maximum exceeding 500,000.

Tiling System

A simple way of fixing wall tiles without the use of an adhesive has been devised by Bertil Waldemar Bourwall, of Van Kyrkogatan 1, Umea, Sweden. Two plastic mounting strips each having a T-shaped cross-section are used. The first strip is nailed into the wall. The edges of the tiles are then slipped into position in it and a second strip clipped over the first one to hold the tiles in position. The strips form neat, permanent attractive joints, it is claimed.

Easier Reading for Invalids

A page-turning device, worked by a clever combination of electrical and mechanical equipment, recently announced in Britain, by Cambridge Instrument Company Ltd., London, enables physically handicapped persons, or patients confined to bed, to read without discomfort or help from anyone else. Designed, at present, for use with paper backed books, it consists of a mobile tubular steel frame which supports the book face downwards above the reader; the frame is adjustable for height and a reading lamp is incorporated. The edges of the pages are held by sprung metal "fingers," and the faces of the open pages rest on a perspex window. Pressure on a remote switch button causes the "fingers" to retract, releasing one page so that it falls against the window. Pressure on a second button—by elbow, chin, cheek or other part of the body—causes the window to move to one side for a moment, and as the page then hangs downwards the window slides back to its original position, straightening out the page, revealing the next side for reading.

Novel Electric Lamps

A novel range of small electric lamps intended mainly for use in window displays or exhibitions has been designed by Arredoluce, Via Priv. Confalonieri 18, Monza, Milan, Italy. They are best described as small spotlights made in the form of standard lamps or as lamp brackets which can be screwed to a wall. They have their own power transformers and the electric bulbs are contained in a small, ventilated sphere about 4 inches in diameter. The spheres are held in sockets by permanent magnets and can be swivelled in almost any direction.

Water Softening Units

Water softening units built into bath sprays are being offered by the Wantz Consumer Products Division of Illinois Water Treatment Company, 840, Cedar Street, Rockford, Illinois, U.S. The spray head is fitted in the end of a cylinder about the size of an electric torch. A rubber hose from the tap is attached to the other end. The cylinder contains a resin which softens the water as it flows over it.

New Fibre

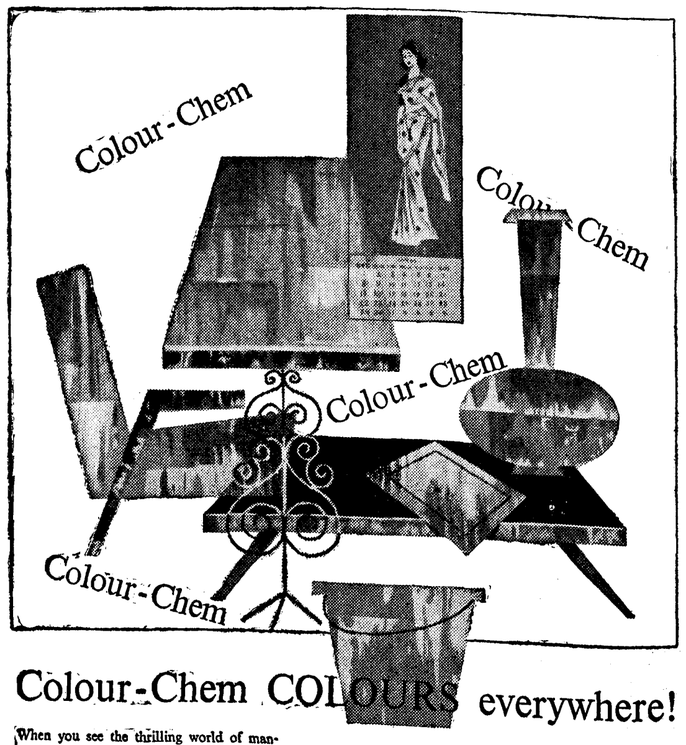
Textile scientists at the Shirley Institute in Manchester, England, have developed a completely new method of making a cheap high strength fibre by splitting sheets of plastic. They have worked out a secret means of heating and stretching the sheets of polypropylene to split it into fibres. The new fibre could be used to provide a new and unique type of textile material. It is extremely suitable for products requiring great strength such as twines, cords, ropes, fishing nets and lines. While it is too rough to be used for clothing at present, it is hoped that it would soon be put to commercial use.

Removing Burrs from Castings

A grinding machine has been developed by the Caledonian Grinding Machine Tool Company, 79, Berkeley Street, Glasgow, England, for chamfering or removing the flash or burrs from the edges of flat-surfaced components of irregular shape. It will remove burrs from intricate components in seconds, and is especially suitable for use in factories mass-producing castings, stampings and pressings. The component has only to be held against a guide on the machine, and an unskilled operator could maintain an output much higher than could be achieved by "a shopful of hand-filers." The grinder measures 18 by 19 by 17 inches and weighs 140 lbs. It is powered by a ½ h.p. electric motor and different grinding wheels and motors can be fitted to suit particular types of operation required.

Automatic Cleaning Equipment

Apparatus made in Germany for cleaning many kinds of office equipment (including typewriters and accounting machines), motor vehicle components and engines, is being marketed by an English firm. Known as the Drego automatic washer, it is a self-contained unit employing an electrically-operated pump, seven spray nozzles and a turntable which are all contained within a tank. The cleaning process can be watched through a window in the tank and there is an armhole to enable the operator to direct a jet into a particular direction.



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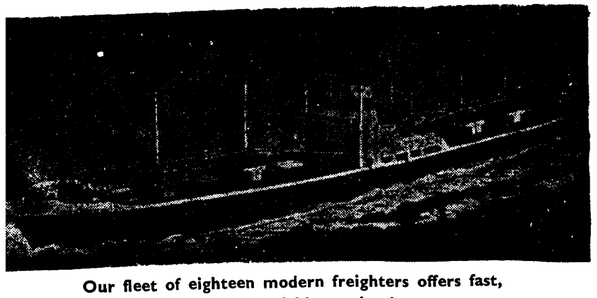

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ETHICS IN ECONOMIC THEORY

EXPEDIENCY OF THE MOMENT DISPLACES BASIC PRINCIPLES

By G. Carl Wiegand

PROFESSOR OF ECONOMICS, SOUTHERN ILLINOIS UNIVERSITY

FOR almost two centuries, economists have attempted to treat economics as a mechanistic science, free from value judgments. The "law" of supply and demand, supposedly, has no more to do with what is morally right or wrong than the "law" of gravitation. While by no means all economists have shared this view in the past, and the idea is far from universally accepted today, the notion of a "value-free" economic "science" was so well adapted to the positivistic-scientistic intellectual climate of the nineteenth century, that the idea was widely accepted as the only proper way in which "modern" man can think about economics.

This in turn has led to a widespread belief among people, whose knowledge of economic theory is largely confined to hearsay, that "economics and ethics do not mix." Ruskin called economics "the Gospel of Mammon"; Carlyle referred to it as "a dismal science"; and Walter Bagehot, for many years the editor of the *Economist*, remarked that "no real Englishman in his secret soul was ever sorry for the death of a political scientist." This feeling is particularly strong in those parts of the world —e.g. in India and in Latin America—where traditional social values retained their importance in the face of Western positivism:— and this in turn has produced a basic misunderstanding of and a hostility towards "economics" in the free enterprise sense.

The premise that economics is a purely mechanistic, morally neutral discipline is actually a theoretical oversimplification. and while probably the majority of the living American and western European economists at one time or other have paid lip service to this scientistic shibboleth, few actually base their work on the doctrine they proclaim.

Microeconomic Theory

Economic theory is inherently teleological rather than mechanistic. It nature, scope and mode of reasoning is determined by the "spirit of the time" (which the American economist Frank Knight once called the "ultimate economic reality") and the overall objectives of a civilisation. Throughout the centuries—and down to our days—some of the greatest economists have been metaphysicians, and social or moral philosophers, including Adam Smith, who is widely regarded as "the Father of Economics." While economic theory uses such mechanistic concepts as "equilibrium" and "maximisation" (of both output and profit), the nature of its reasoning is determined by the goals of the society. Economic theory develops along different lines, depending upon whether the economist, and the society in which he lives, regard the maximisation of the output of goods and services, personal freedom, social security, or equality as the foremost goal to be achieved. The shift from nineteenth century microeconomics (which was concerned with the problems of price and distribution of income) to modern macroeconomics (with its emphasis on national income, full employment, and economic growth) is a reflection of the shift from an atomistic-individualistic concept of society to an organic-social. The growth of macroeconomic theory since the 1930s would not have taken place, if the economists and society as a whole had retained their nineteenth century belief that the individual (rather than society) is the ultimate economic entity, and the welfare of the individual the determinant of economic theory and policy.

The day-to-day socio-economic tinkering which passes today for economic planning, in the U.S.A. as well as in most of the developing countries, and the tendency of many economic theorists to retreat more and more from reality into purely abstract (usually mathematical) models do not represent the spirit of economics *per se*. It reflects the lost faith of our time in an orderly universe, and the widespread intellectual confusion:—just as certain forms of atonal music and non-representational art reflect the "irrationality" of our age.

Economics has always been one of the least understood disciplines and, even though economists seem to have learned a great deal about economic processes during the past 50 years, economics, as a discipline has been in a state of crisis during the past two to three decades. The faith in many of the premises of yester-years has been lost and no new rational premises have been developed to take their place. As the English economist Lionel Robbins wrote some years ago: "We all talk about the same things, but we have not yet agreed what it is we are talking about."

There are at least three basically different ways in which one can look upon economics: (1) as a normative discipline, a form of applied ethics: (2) as an analytical discipline, a science which attempts to discover the innate forces of society: and (3) as a pragmatic-operational discipline, a tool of practical politics. These are not mere semantic and theoretical differences. Which one of the three concepts of economics predominates at a given time depends upon the prevailing social and intellectual climate; and the way we think about economics, in turn, has a great deal to do with the world in which we live.

During the past 30 years, the character of economics has undergone a fundamental change from a predominantly analytical science striving to discover the forces which govern the economic life, to a pragmatic-operational discipline, which is not primarily concerned with the discovery of universal "economic laws," but which attempts to "solve" the concrete problems of the moment.

Normative Economics

In order to appreciate the importance of this shift, which represents a significant aspect of our age, one must understand clearly the basic philosophic premises of normative and analytical economics.

Normative economics, which predominated in Europe throughout the Middle Ages, starts with the basic assumption that man's sojourn on this earth, especially the relationship of man to man, and man's attitude towards the material world, are part of a divine cosmic plan, the rules of which are known *a priori*. The mediæval writers could find them in the Bible and the teachings of the Church. Their task consisted in analysing business activities and social customs, and in judging them in the light of the eternal and universally known principles. The situation is still quite similar in India today. Normative economics thus dealt—or one should say "deals"—with the "what-ought-to-be," not with the "what-is."

Contrary to a widepread belief, normative economics is not dead, even in the Western world, though it is certainly not characteristic of our age. The difference between the American Economic Association and the Catholic Economic Association is a basically different view of the nature of economics: the former assumes economics to be an analytical science, while the latter regards it as a normative discipline. The papal social encyclicals, such as *Rerum Novarum, Quadrogesimo Anno,* and *Mater et Magristra* are based on the normative approach to economics. They do not try to discover the underlying forces of economic trends, nor do they provide prescriptions for concrete socio-economic problems. They expound, instead, ethical principles, by which everyday problems are to be judged. *Rerum Novarum,* for instance, emphasised that "the right to possess private property is derived from nature not from man; and the State has by no means the right to abolish it." But the encyclical also held that "the earthly goods so abundantly produced in this age of industrialism are far from rightly distributed and equitably shared among the various classes of men." Thus, while the State does not have the moral right to take away private property, the individual is morally bound to see to it that there is a fair distribution of the world's riches. This is something quite different from the philosophy of socialism and of the modern Welfare State. Normative economics appeals to the moral sense of the individual, while socialism and the Welfare State attempt to achieve "economic justice" through Government intervention. A multitude of laws and regulatory agencies have replaced the individual's sense of social responsibility. Whether the traditional sense of responsibility to one's neighbours can survive in our modern world of individualism, materialism, and metropolitan existence (where man no longer knows about the problems of his neighbour two blocks away) is one of the basic and critical moral issues of our time. The statists and socialists think it is impossible; the believers in free enterprise believe that it is possible.

Mercantilism—An Age of Transition

Generally speaking, the normative approach to economics can prevail only if the overwhelming majority of the members of a society accept as valid and binding a given set of ethical norms, and regard these norms as eternal standards and not as momentary social and political expediencies. As far as Western civilisation is concerned, this general acceptance of uniform ethical norms ended with the break-up of mediæval society and the division of Christianity into a number of churches with often radically different attitudes towards socio-economic issues. Many of the developing countries, including India, are now experiencing a similar disintegration of the traditional system of ethical values.

In Europe, the disappearance of the uniform ethical standards of the Middle Ages resulted, as far as economic thought was concerned, in a moral and intellectual vacuum which lasted from about the sixteenth to the eighteenth century.

The people had lost the guiding ethical principles which had governed their economic activities for hundreds of years, and they had not yet developed the new scientific principles to take their place. Instead of relying upon a divine plan, man attempted to solve the problems of the day as he understood them. It was the age of Absolutism, and economics, under the name of Mercantilism, became a tool of practical politics, designed to strengthen the State. Without generally accepted standards, either ethical or scientific, to guide man, policies were determined by what seemed expedient at the moment to the men in power. While the scholastic economics of the Middle Ages had called for "just" wages and "fair" prices, Mercantilism strove for the lowest possible wages and farm prices, and, as a rule, a minimum of consumption on the part of the common people, so that the State might accumulate more gold and silver, which was regarded a the basis of national strength—just as "steel mills" (however unprofitable) are today.

The results were disastrous in the end. The chaos of Government regulations; the excessive tax burden (the French writer Boisguillebert spoke of "the great executioner of the consumer"); declining production; and spreading poverty finally led to the great social and economic upheavals of the late eighteenth century, including the American and the French revolutions.

The Rise of Analytical Economics

In the meantime, however, an even more important intellectual revolution had taken place. A long line of brilliant thinkers had "discovered" what came to be known as the "natural laws," until, towards the end of the seventeenth century, Sir Isaac Newton achieved the great synthesis by "proving" that the same force, which he called gravitation, controlled not only the fall of the apple but also the movement of the stars. The whole physical universe was apparently governed by a small number of basic forces, which could be understood by the human mind.

The philosophic implications of the Newtonian system changed the character of Western civilisation and, in due course, the character of economics as well. It was at this point that the foundations for modern science were laid, and that the Western world, the countries which we call today "industrialised" or "developed," began to follow a different course from the "non-Western" countries, namely, those which are now referred to as the "developing." Three hundred years ago, the general attitude toward life of the great mass of the people were strikingly similar in Paris, London, Lima, Rio de Janeiro, Calcutta and Madras. The people's actions were governed by traditional values which centered around deeply rooted religious beliefs. Their knowledge of the material world in which they lived had changed but little during the preceding 500 years, and their productive capacity was strikingly similar—and by modern western standards extremely low.

The non-western countries retained their traditional outlook, while Western Europe and North America began to develop a new cosmic philosophy and based upon it a new attitude toward the material world and a new social and economic philosophy. The all-powerful God of the Middle Ages, who, through miracles, could freely change the course of the material world, gave way to the God as conceived by the Deists, who had created the material universe in time and space, and had made it subject to its own eternal and immutable laws, with which God refused to interfere. While the finite mind of man could never hope to fathom the infinite mind of God, he could learn to understand, as Newton had shown, the finite material world in which he lived. It is this notion which constitutes the basic premise of science.

The eighteenth century went a step further. If God in His wisdom had created an orderly physical universe subject to eternal laws which the human mind could perceive, it was only logical to assume that he had created also a social order whose blueprint could be understood by man. Francois Quesnay, the founder of the French philosophic-economic movement which has come to be known as Physiocracy, claimed that his *tableau Economique* (which can best be translated with "Economic Blueprint") disclosed the "laws" of economic life, just as the Newtonian "laws" of gravitation reflected the orderly system of the physical universe.

Thus began a new phase in economic thought, the development of analytical economics. The new approach was based on two basic assumptions; (1) that we live in a social universe which is subject to an orderly system of self-equilibrating forces; and (2) that man's mind is capable of discovering these forces. As Professor Arthur Burns told the U.S. Senate Committee on Banking and Currency some years ago: "Economics is a branch of knowledge which is approaching very slowly, very gradually the status of an exact science."

A third assumption can be made—and in the optimistic spirit of the Enlightenment, the eighteenth century made this assumption—namely that we live in "the best of all worlds." The poverty of the masses is not due to defects in the divine design, but to the interference by the hoards of bureaucrats with the operation of the perfect machine. Hence, as the Physiocrats proclaimed, *"Laissez faire, laissez passer, de monde và de lui meme."* (Freedom of production! Freedom of trade! The world runs by itself.) If we believe in the perfaction of the divinely designed universe, we must logically believe in *laissez faire,* that is, a minimum of Government intervention in the socio-economic processes.

On the other hand, we can also postulate, that the material world is far from perfect, even though created by God. The notion of evil inherent in the material world, and the doctrine of the original sin, have a long Christian tradition and the same is true of many other religions. If we believe that our social and economic system is inherently prone to be defective, we concede that there is room for human intervention to overcome the inherent defects.

The conflict between the believers in *laissez faire* and in economic intervention thus rests ultimately on basic philosophic assumptions regarding the nature of man and of the material world, and these assumptions have obvious quasi-religious overtones. Modern interventionism reflects the widespread pessimism which is characteristic of modern Western civilisation. We no longer believe that this is "the best of all worlds," the inner workings of which can be understood by man's mind. Instead we worry in the words of the existentialists, about man's "dreadful freedom"; about life as something "infinitely beyond our obtuse theories about it"; and about the "impenetrable darkness of a universe that exists for no purpose." We no longer believe that man is inherently a social and moral being, capable of handling his own affairs, but we have come to think of the individual, in the words of Harry Hopkins, one of the chief advisers of President Roosevelt, as "too damned dumb" and hence in need of guidance and control by the powerful State.

The Philosophy of Free Enterprise

In these circumstances, it is not surprising that our age finds it difficult to grasp the philosophy of free enterprise, and to understand its dynamics and balancing mechanism. This is equally the case with many well-meaning people in Western Europe and the United States, as with many intellectuals in Latin America, India and other developing countries.

What causes the free economy to prosper? Or, as Adam Smith put it, what are the "causes of the wealth of nations"? Free enterprise to Adam Smith was not a struggle for survival among hungry jungle beasts. His *Wealth of Nations* should always be read in conjunction with his earlier work, the *Moral Sentiments.* Man, according to Adam Smith (and to the whole group of Scottish moral philosophers to which Smith belonged), is an extremely complex being. He cannot be explained simply in terms of the "economic man," a silly text-book oversimplification;—just as it is silly to explain man purely in Freudian terms. As the eighteenth century moral philosophers saw it, man is at the same time an individual and a social creature, and these two aspects of his nature tend to be in conflict with each other.

As an individual, man attempts to promote his personal interests and in doing so—by producing goods and services (for profit) and by saving his money and reinvesting it profitably—he promotes progress in general. As a social being, man attempts to fit himself into the pattern of society either because of an inborn moral sense, or because, as a rational being, he realises that his own well-being is closely tied up with the welfare of society in general. A constant battle is thus going on in man's mind and heart between the forces of "egoism" and "altruism," between the desire for self-improvement and the sense of social responsibility. As long as we regard man as an inherently moral and rational creature, it is reasonable to assume that the dynamic forces of man's sense of self-interest will be balanced by man's sense of social responsibility. In this, Adam Smith saw the great, divinely designed self-equilibrating mechanism, which made for economic progress without destroying the social texture.

If man's drive for self-improvement is paralysed through social institutions, economic progress will be retarded and will eventually come to a standstill. This is undoubtedly the case in many underdeveloped countries. If, on the other hand, man loses his sense of social responsibility (and this has been a chronic danger in Western civilisation for almost a hundred years under the combined impact of a one-sided sense of individualism and materialism), society will disintegrate, until the all-powerful State takes over.

The philosophic—or ethical—premise regarding the nature of man, which underlies the economic theory of Adam Smith, is in direct conflict with (1) the "survival of the fittest" doctrine of Herbert Spencer; (2) the purely mechanistic approach to economics, which assumes that economic progress and social justice depend upon an unimpeded interplay of the forces of the market; and (3) the modern statist philosophy, according to which Government intervention is needed to curb the selfishness of the individual, assure social cohesion, and promote economic progress.

Adam Smith rejected the Physiocratic notion that the socio-economic order can be compared with a perfectly running machine,— de la Metrie's idea of *l'homme machine,* man as a machine, both in a physical and intellectual sense,— because, as Adam Smith saw it, a "perfect machine" leaves no room for deviation and hence for human decisions. The perfect machine of the Physiocrats, the rigid rules of natural laws, thus in effect replaced the rule of the "Leviathan" of the Mercantilists, the absolute rule of man. Neither left room for the freedom of decision of rational and moral human beings.

Freedom Based on Social Responsibility

The difference between the socialism and the Welfare State philosophy, on the one hand (as we find them today in the United States, Britain, India, and most countries of Latin America) and the *Soziale Marktwirtschaft* (which Erhard represents in Germany) does not lie merely in the relative importance of the public as against the private sector, which can be expressed in statistical terms. (As a matter of fact, the Government accounts for a larger share of the Gross National Product in Germany than in the United States.) The difference lies in the basic social philosophy. Erhard does not believe that our socio-economic system can be compared with the solar system governed by automatic self-equilibrating forces. He feels that man plays, and must play, a decisive role in bringing about this equilibrium, and, as Adam Smith, he believes that, despite much evidence to the contrary, that man can be made to see that a one-sided pursuit of his own

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interest must lead to social and economic chaos, and ultimate Government intervention.

History may prove Erhard to have been a foolish idealist, but, if he is proven wrong, there is only one alternative, and that is the ever expanding all-powerful State, which, by its own logic, must eventually turn into a totalitarian State. The American writer, George Orwell, provided the blueprint in his sensational book "1984."

The modern interventionist does not believe in the inherent goodness and rationality of man—a view which he shares with the majority of the authors of the American Constitution. But there is one fundamental difference. While Madison agreed that, "if men were angels, no Government would be necessary," he did not seek a strong Government to rule over the weak and the wicked. He realised that the Government itself consisted of men who could not be trusted with too much power and whom he tried to restrain through an elaborate system of checks and balances.

Nineteenth century American political and economic philosophy did not follow the pessimism of Madison, but the optimism of Jefferson, who believed that "our people in a body are wise, because they are under the unrestrained and unperverted operation of their understanding." Man was capable of governing his own life, and, as an inherently rational and social being, he would always consider the needs of society. America thus developed on the basis of a political philosophy which provided for a weak Government for strong people.

The Philosophic Basis of Modern Statism

All this has changed during the past 30-40 years. The faith in the ability of the individual to look after his own affairs was lost largely during the Great Depression, and with it was lost the faith in the individuals' sense of social responsibility. As the U.S. Senator Paul Douglas wrote in a recent book review:

"The author demolishes the myth cultivated by the public relations men that the ethical standards of the corporate managers will furnish an adequate restraint against their acting in an anti-social fashion."

Strangely enough, few of the critics of free enterprise, who argue that man is an inherently weak and a social creature, in need of a strong Government, seem to realise that their arguments also destroy the rationale upon which democracy rests. If the businessman and the consumer cannot be trusted in their economic decisions because they are supposedly driven by a social greed and duped by powerful advertising companies, by the so-called "hidden persuaders," how can they be expected to vote intelligently and with the general welfare in mind, if they are duped by the "hidden persuaders" in the politicians' and bureaucrats' clothing, who manipulate the news, public images, and official statistics to serve their own purpose?

Pragmatic Economics

This brings us to the tool of modern statism: pragmatic economics. The decline of normative economics at the end of the Middle Ages left Europe with an intellectual vacuum, and man looked, therefore, to the all-wise and all-powerful State to provide the norms by which society could live and prosper. Economic policies became a tool of State making, following no basic principle—either moral or scientific—but the expediency of the moment.

This is the spirit which dominates much of modern economic thought. After 200 years of hopeful search, analytical economics has failed to find the ultimate secrets of economic life. On the eve of World War I, the famous Austrian-American economist Professor Schumpeter still felt that the "most general laws which manifest themselves in any economic system regardless of time and nation" had been discovered. "The theory of the socio-economic process (had been) unfolded as an organic whole" (namely by Boehm-Bawerk). Forty years later, during World War II, two well-known professors at Princeton University, Neumann and Morgenstern, were far less optimistic: "There exists at present no universal system of economic theory," they warned and ... if one should ever be developed, it will probably not be during our lifetime." In a later study, published in 1950 (and revised in 1963), Morgenstern estimated that "national income and consumers' spending (two of the most important figures in economic planning) probably cannot be known now, without an error of plus/minus 15 to plus/minus 20 per cent."

Yet just at the time when economists are becoming increasingly aware of their own limitations, the public expects from them ever more perfect business forecasts and economic planning. *Time* magazine once reported John Kenneth Galbraith, economist, author of the controversial *Affluent Society*, and a former U.S. Ambassador to India, as saying that he did not believe anybody in the Kennedy Administration would make the pretentious mistake of thinking that he knew what was going to happen. But *Time* also reported Walter Heller, the chief economic adviser to President Kennedy and President Johnson, as describing himself as a "pragmatist," and the *Time* reporter continued by saying: Pragmatism "is the vogue word among economists today, the term that most of them use to label themselves and one another. When economists call themselves pragmatists, they mean that they are the opposite of dogmatists, that they are wary of broad theories, that they lean to the cut-and-dry approach to public problems, and that they believe that it is possible to improve the functioning of the economy by tinkering with it."

What passes today in Washington and in much of the world for economic theory is neither normative nor analytical in character, but consists of a day-to-day tinkering to meet the problems of the day. Keynes' offhand remark that, "in the long run, we are all dead" and that economists should concentrate on immediate problems characterises the spirit of our "age of impatience." But the Keynesian word has taken on a new subtle flavour, unhappily reminiscent of Louis XV's *d'apres nous le deluge*, the collapse will come after we have passed from the scene.

From a purely economic point of view, the record of 30 years of economic "tinkering" is about as bad as the record of eighteenth century Mercantilism. In the noisy boom of an ever-rising "prosperity" in Western Europe and the U.S.A., people tend to overlook the danger signals: creeping inflation in many countries, chronic unemployment and a serious deficit in the balance of payments in the U.S.A., and the inability or unwillingness of most Governments to balance their budgets. The record of Government intervention is even worse in most of the underdeveloped countries.

Yet more serious are the ethical implications, the growing dependence of the people upon the Government, and the growing tendency on the part of the Government to deprive the people of their moral right to make decisions. Modern socialism and economic planning are based on the political philosophy of a strong State for weak people. It is based on the philosophic notion that man is unable to manage his own affairs, because he is neither an inherently rational nor moral creature. Without these implied premises, modern economic theory is meaningless, just as Adam Smith's economic theory would have been meaningless without the ethical premise that man is capable to balance, in his own mind and heart, the forces of "egoism" and "altruism."

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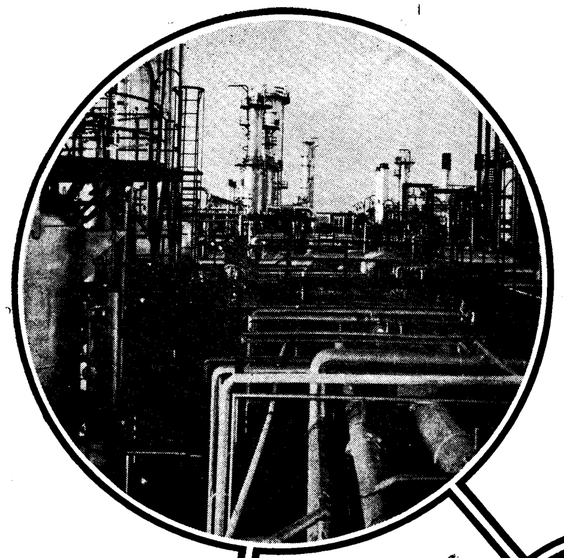

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TOWARDS A RATIONAL DAIRY STRATEGY

AAREY COLONY BY NO MEANS AN IDEAL MODEL

By A Special Correspondent

THE Aarey Producers' Association, claiming to represent 175 of the 200 milk suppliers to the colony, have recently asked for a fresh agreement providing for higher prices. They have threatened to terminate their agreement with the Government of Maharashtra to supply milk and take recourse to legal action. Although the Director of the Greater Bombay Milk Scheme has pointed out that a reasonable profit-margin of 10 per cent is allowed to the suppliers of milk to the colony on their investment and has discounted the other alleged grievances, the dispute still remains unresolved and threatens to disrupt the essential milk supply to the city any time. This demands a thorough review of the Aarey experience to see if there are any basic defects in this experiment. It is pertinent to note here that the type of threats by the milk contractors, noted above, are not new; nor do we have any assurance that they will not become a perennial feature.

In the field of dairy development, the Aarey Milk Colony has attracted much attention. It was established in 1949 in order to provide a basic source of good and wholesome milk to the consumers in the city of Bombay and to rid the city of 15,000 animals housed in the most unhygienic stables which constituted a permanent menace to the health of the general public. Accordingly all cattle with the exception of 500 animals or so, in the city have been moved to the cattle sheds built at Aarey. The Aarey Colony is primarily a cattle concentration centre. There are some 16,000 cattle inside the colony which were formerly housed within the congested parts of Bombay City. The cattle continue to belong to private contractors who pay various fees to the Government and sell milk to Aarey. The total Government investment on the Aarey Colony is about Rs. four crores.

Demonstration Value

The setting up of this colony has been a great boon to Indian dairy industry. It has solved, though partly, the problem of ridding Bombay City of cattle sheds. It has developed an efficient and elaborate milk transport and distribution system. It has attracted the attention, by juxta-position though, of people in this country and abroad to the general neglect of dairy industry in India and was responsible for attracting greater attention and help from authorities in India and agencies abroad.

To express in technical jargon, the Aarey Colony has had a great demonstration value. It has been described as a unique project, developed for the first time in any part of the world, where thousands of privately-owned cattle have been removed from congested areas to a modern milk colony. One American magazine said that the "Colony is the Mecca to which pilgrims from all over India can come and learn cow culture." Accordingly, picnic-crazy Bombayites flock in their thousands to the colony even today, while national and international leaders are faithfully escorted to it on their first visit to Bombay.

All this is all to the good. But it has tended to set a pattern of dairy development for which India may have to pay dearly in the long run. In the meantime, imitation of the Aarey set-up has been going on in larger cities of the country, the latest and spectacular of this being the proposed second colony in Maharashtra at Wankas to house 10,000 cattle at a cost of Rs. five crores. This, unfortunately, is an unhealthy pattern of development for Indian dairying, for the Aarey colony system suffers from a number of defects.

High Cost

It is a well-known fact, pinpointed in the seventh report of the Estimates Committee of Maharashtra, released last year, that not only are there still about 500 head of cattle in the city of Bombay but the cattle population in the suburbs has gone up to 70,000. Thus, these private cattle owners continue to supply more than 50 per cent of Bombay's requirements. It is so because these people find it very profitable to operate under the umbrella of high prices maintained by the milk colony. The milk colony in turn is forced to keep prices high, because of high cost of production in the City.

Thus we have the curious spectacle of the colony paying Rs. 105.64 per 100 litres of milk from the Bombay contractors, who have been given various facilities through Government expenditure, and the Anand Milk Union delivering milk, from a distance of 260 miles, for Rs. 79.85 per 100 litres (f.o.r. Bombay.) Surprisingly this figure is not mentioned in the Estimates Committee report though higher payment for milk from some neighbouring areas of Bombay have found a place. This high cost is closely related to the type of colony system that we have here.

In an alternative situation (Kaira District, for instance), the cattle is kept where it naturally belongs, namely, the farm. Only cost of transporting milk is incurred. Under the colony system, first, the cattle is brought into the city from the districts and sent back at the end of the lactation period—an avoidable process surely. This involves the cost of full-time employees in the city during the lactation period and salvaging charges to upcountry farmers when the cattle is dry. In addition, the colony system involves the transport of thousands of tons of cattle-feed every year and this in turn tends to push up production costs.

Cattle refuse has been recognised as a good source of farm manure. Thousands of tons of this manure is being transported to sugar plantations in Maharashtra, more than hundred miles away. Hence the supply and disposal problems connected with the colony system imposes a severe strain on the transport resources of the country. Of late, the water problem in large cities like Bombay is becoming acute. The requirements of Aarey in this respect are put at 1.2 million gallons of potable water and 8 million gallons of non-potable water. This not only eats into the slender water supplies but also increases the overhead costs since potable water is rated at 75 *paise* per 1,000 gallons.

Skimmed Milk Subsidy

In spite of all these disadvantages, Aarey seems to have wiped off its dues, to the Government and is showing an annual profit as can be seen from the following table:

Net Profit and Loss
(In lakhs of rupees)

Year	Skimmed milk powder scheme	Other scheme	Total profit (+) or loss (—)
1958-59 ..	+20.5	—25.0	— 4.5
1959-60 ..	+26.7	— 3.2	+23.5
1960-61 ..	+23.0	+13.2	+36.2
1961-62 ..	+38.1	+ 6.5	+44.5

The profit from selling local milk made lately must have been accounted for mainly by the higher profit-margin on Anand milk which is being delivered at a much lower rate than the colony milk. In order to protect the economic balance between the cost of milk supply in Bombay and the expenditure pattern of Aarey Colony, the toned milk programme has been initiated, with the result we have a paradoxical situation of Bombay importing milk powder at the cost of precious foreign exchange while Anand straining itself to convert surplus milk into powder and selling it in competition with the imported product. On this aspect, the Estimates Committee of Maharashtra says:

"The Public Accounts Committee had an occasion to consider this aspect of the case when the accounts relating to the colony for the year 1959-60 were under scrutiny. It was contended on behalf of the department that the colony has shown a profit of Rs. 23.48 lakhs for that year. On a closer scrutiny of the matter, however, it was found that the so-called profit was only a make-believe, since a large amount of nearly Rs. 26.72 lakhs earned as profit on the sale of imported skimmed milk powder was taken on the profit side, on the ground that the import and sale of skimmed milk powder formed an integral part of the milk scheme. The Public Accounts Committee, however, did not agree with this contention and observed that the colony was not entitled to take into account the profit made by the sale of skimmed milk powder, as it was nothing but a hidden subsidy or grant made available in the form of sale proceeds of the milk powder for financing the capital and other developmental expenditure of the colony."

Thus, the milk scheme has been making more than 100 per cent profit from sale of toned milk to poor consumers, in order to maintain the myth of profitability and support high-cost cattle owners. But, unfortunately, the Estimates Committees has bypassed the logical conclusion. It is that this import should be stopped and every attempt should be made to reduce production costs. Instead the Committee wants the Milk Scheme to buy milk from private producers in the city, which is also, obviously, high-cost milk, and "reduce the precarious dependence on sources outside the State"—an ill-concealed reference to the present cheap supply from Anand!

Reverse Weeding

There is yet another pernicious and less known feature about the Aarey Colony system. To rear calf from birth to maturity, it takes three years and costs in the Aarey Colony about Rs. 1,500. But one can purchase a good buffalo for Rs. 1,000 from upcountry areas. Consequently, the cattle owner within the colony does not find it profitable to rear the calf, unless the Government is prepared to subsidise heavily. This explains why the colony has only under 2,000 calves, whereas the normal number should have been between 40,000 and 60,000, upto the age of four. This fact supports the assumption that, every year, nearly 8,000 of the best female calves, in addition to an equal number of male calves, are destroyed in some form or other. For all practical purposes, the licensees prefer sending calves to the slaughter houses rather than go through the bothersome process of sending them to villages and taking care of them.

The implications are that the operational details and financial arrangements obtaining in the Aarey type of colony provide sufficient incentive to attract the best cattle from all over the surrounding region, but, from the long-range point of view, they have the deleterious effect of depleting the overall cattle wealth of the country. In these circumstances, the claim made by the champions of the colony that it is helping the Government in its efforts to rear better stock is rather dubious. As a matter of fact, milch cattle from all over the surrounding regions, including Rajasthan and Delhi, are regularly being brought to the colony and other private sheds in Bombay and are destroyed after the lactation period. Viewed from this angle, the economic and locational pattern of Aarey is a potential danger to the cattle wealth of the country. India's policy-makers will do well to realise this defect in the Aarey Colony scheme before blindly copying it as a model for other cities.

If the cattle is kept on the farm, it reduces the cost of production, gives side employment to farmers and involves the transport of only milk. The Aarey Colony system works in the opposite direction, besides depleting the country of its best cattle stock. It is, therefore, best that dairy farming remains a rural industry, preferably on co-operative lines. The Aarey Colony had a historical rationale which does not necessarily exist today everywhere. On the contrary, its imitation will result in most highly undesirable trends in dairy development. The third Plan document, it may be noted, does not support the Aarey pattern. On the contrary, it clearly says:

"The policy to be pursued in regard to dairying is to develop dairy projects with greater emphasis on milk production in the rural areas linked up with plan for the marketing of surplus milk in the urban centres. The supply and collection of milk will be undertaken by a network of producers' co-operatives in the villages. The processing and distribution of milk and manufacture of milk products will be organised through plants operated, as far as possible on co-operative lines. ... Even in the case of large dairies in big cities, every attempt should be made to link such schemes with the countryside."

This is a sound policy and a departure from it in favour of Aarey Colony system will not be in the larger interests of the country.

The association of milk producers at Aarey has demanded an independent inquiry commission to look into the working of the colony. Perhaps their main interest is higher prices for themselves which may or may not be justified. But there is undoubtedly a case for such an inquiry. Only the scope should be wider: it should cover such issues as cost of production, animal husbandry, reverse weeding and a score of other related issues. One day, the harassed citizens of Bombay are likely to be asked to pay a higher price for the milk they get from the State and, before they concede this demand, they have a right to ask the authorities whether everything is proper with their colony and whether the scheme cannot be improved in order to make it a more economic proposition.

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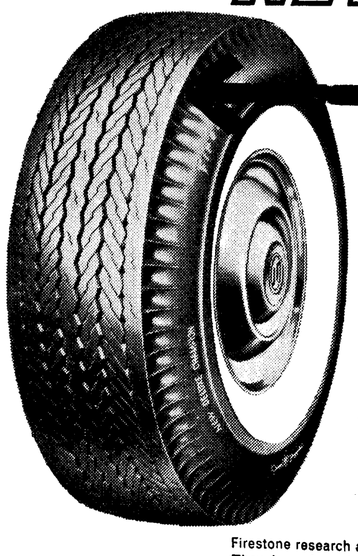

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IMPORT POLICY FOR METALS

While the continuance of the quotas for non-ferrous metals in respect of established importers under the import policy for the current six months of the financial year 1964-65 has been of some relief in the present context of tight foreign exchange resources, it is noted that, inasmuch as value is the criterion, actual imports would be lower because prices in foreign markets have moved very high as compared with the levels that existed in the beginning of the year. This circumstance, coming as it does against the background of the steady increase in the requirements of non-ferrous metals, has led to the buoyancy in metal markets. The import policy in respect of actual users is yet to be announced. It is to be hoped that actual users may be allotted increased imports having regard to the growing needs of industry. This hope is strengthened by the improvement in exports.

The replacement of aluminium in the cable industry to the extent possible has made available copper for other important uses, as, for example, in the electrical equipment and telephone accessories industries, but there is no substitute in so far as zinc is concerned. If India is to realise the increased target in automobiles, more zinc should be made available to battery-making units. It is unfortunate that India's efforts to set up zinc smelters have not proceeded smoothly. In this context, the recent news of the possibility of Polish collaboration to set up a 30,000-tonne zinc smelter at a cost of Rs. 12 crores is noted with satisfaction. By the end of the fourth Plan, India's demand for zinc is expected to be 225,000 tonnes, as against 136,000 tonnes by the end of the current Plan. It is also planned to set up two more smelters each having a capacity of 50,000 tonnes. At the same time, it is proposed to raise the deposits of the Rajasthan Zawar mines to 50,000 tonnes a year from the present 18,000 tonnes.

The feature of trading on the London Metal Exchange in recent weeks has been the steady rise in the price of spot tin from £1,605-1,610 to £1,695-1,700. The rise is attributed to uncertainties in regard to U.S. stockpile releases for the coming year. Although the U.S. desires to raise the releases for the next year, no agreement has yet been reached on this point between the U.S. and the International Tin Council. The U.S. and I.T.C. officials held discussions at London recently, but the outcome is yet not known. An early *communique* is expected to be issued in Washington. In the meantime, Bolivia is stated to oppose increased releases by the U.S., and the Bolivian Mines Minister has attributed the U.S. inclination for increased releases to consideration of benefit from higher prices. His statement that world shortage is only around 11,000 tons is believed to be an underestimate. The fact is that, if the U.S. does not release at least about 30,000 tonnes a year, the price of tin would continue to move ahead. Tin may as well become the most-sought-after metal second only to gold.

U.S. TARIFF CUT EXCEPTIONS

The U.S. Government announced last week that it would deposit at Geneva on the 16th instant the list of industrial products it wants excepted from tariff cuts in the "Kennedy Round" of negotiations under the General Agreement on Tariffs and Trade. This was the date earlier agreed to in the G.A.T.T. for key countries to table such lists. Negotiations will begin in Geneva early next year.

The U.S. action represents no change in the basic U.S. position that a satisfactory "Kennedy Round" must include industrial as well as agricultural products. This had been unanimously agreed to by the negotiating partners in the G.A.T.T. ministerial resolutions. A number of talks on agricultural products have been held, some progress made, and the talks will continue.

After the exchange of lists on the 16th instant, there will be time for countries to examine each other's lists. The next stage of confrontation and justification of the industrial exceptions would begin early next year. And substantive negotiations on agriculture could begin at about the same time.

The U.S. Government support for European economic integration has long included recognition of the need for a common agricultural policy. From the U.S. point of view, it is important that this policy be as liberal as possible and subject to negotiation. In its efforts to assure success in the "Kennedy Round" of negotiations on tariff concessions, the U.S. has decided to open most of its dutiable items—over 5,000 in all—to consideration for concessions.

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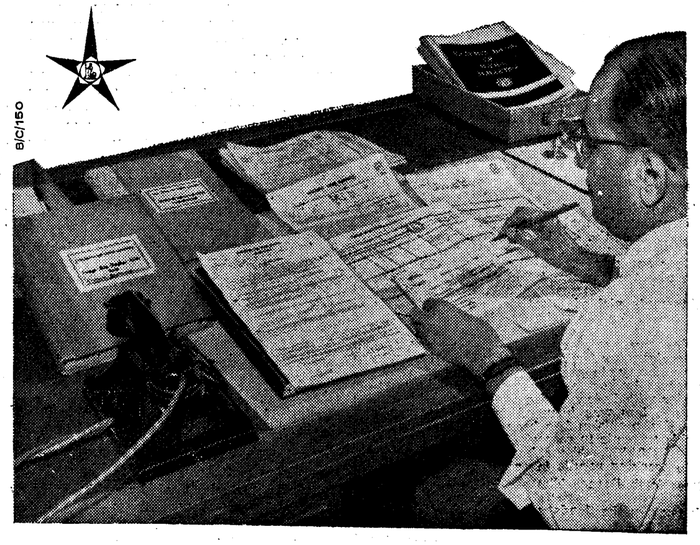
T. D. KANSARA, General Manager.



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BOMBAY BURMAH SATISFIES

DIVIDEND ACTUALLY HIGHER

THE transfer of timber operations at Sabah from its Wallace Bay Branch to a subsidiary company, Wallace Bay Ltd., from January 1964 has materially affected the financial results of the Bombay Burmah Trading Corporation Ltd. (Secretaries and Treasurers: Messrs. Wallace and Company, Bombay) for the year ended 31st May 1964. Thus, in spite of a higher income from sale of tea and coffee, total sale proceeds show a setback from Rs. 573.70 lakhs to Rs. 520.82 lakhs, because sales realisation of timber has receded from Rs. 270.81 lakhs to Rs. 207.20 lakhs. Closing stocks, though higher in the case of plantation products, are lower at Rs. 43.37 lakhs in the aggregate, as compared with Rs. 49.70 lakhs a year before, because the Wallace Bay Branch stocks have been transferred to Wallace Bay Ltd. Lastly, purchases of materials have declined in total from Rs. 85.27 lakhs to Rs. 58.78 lakhs. Since the net result of the year's operations is a slightly higher gross profit of Rs. 154.14 lakhs as compared with Rs. 153.25 lakhs in the previous year, the Company can be said to have fared satisfactorily during the year under review.

Net profit, after essential provisions, shows a substantial improvement from Rs. 48.38 lakhs to Rs. 70.56 lakhs. This again reflects the transfer of timber business to the subsidiary company, since it has led to a reduction in the depreciation provision from Rs. 36.64 lakhs to Rs. 18.63 lakhs. With a higher net profit, the Directors have been able to declare a final dividend of Rs. 3.30 on the Rs. 25 fully paid shares which is better as compared with Rs. 3 for the previous year. If the special centenary dividend of 80 paise per share paid in the previous year is ignored, the total dividend for 1963-64 is higher at Rs. 4.50, as compared with Rs. 4.20 for 1962-63. At the same time, as against a net depletion of reserves to the extent of Rs. 5.31 lakhs in the previous year, the Directors have been able to strengthen them with a net addition of no less than Rs. 23.98 lakhs to reserves and provisions during the year under review.

The following table compares the Company's progress during the past four years:

(In lakhs of rupees)

	For the year ended 31st May			
	1964	1963	1962	1961
Sale proceeds	520.82	573.70	538.48	516.57
Other income	88.82	84.86	86.21	93.58
Closing stocks	43.37	49.70	51.30	56.62
Expenses	454.69	505.31	482.10	451.44
Gross profit	154.14	153.25	142.59	158.71
Secretaries' and Treasurers' remuneration	4.95	7.63	8.40	10.21
Provision for—				
Depreciation	18.63	36.64	33.11	26.59
Taxation	60.00	60.60	49.50	59.00
Net profit	70.56	48.38	51.58	62.91
Transfer from reserves and past provisions	0.80	26.85	9.08	7.16
Transfer to reserves and provisions	24.78	21.50	16.10	25.80
Dividend	48.15 (18%)	53.50 (20%)	44.14 (33⅓%)	44.14 (33⅓%)
Carry forward	0.69	2.26	2.03	1.61
Equity shares' market value (in rupees):	1964	1963*	1962†	1961†	1960†
High	62.70	68.50	708.00	713.00	658.00
Low	55.20	58.00	575.00	552.00	519.50

* Rs. 25 paid up. † Rs. 125 paid up.

Of the Corporation's activities, tea, coffee and other plantation products account for the major portion these days, with timber coming second. In the year under review, for instance, the former accounted for a sales revenue of Rs. 252.85 lakhs and the latter for Rs. 207.20 lakhs. Next come manufactured goods, with their share being Rs. 60.77 lakhs. It will thus be noted that a substantial part of the Corporation's fortunes still depends upon timber business which in turn depends on political stability in South East Asia.

Now to give a brief picture of the progress of the Corporation's main divisions. During the seven months of the Wallace Bay Branch's operations in the year under review, production of hardwood logs amounted to 88,046 tons and mill production of sawn timber totalled 3,702 tons. There were certain cost increases, but selling prices of log shipments yielded a satisfactory margin and selling prices for sawn timber also showed some advance. Since January 1964, the Branch has been supplying transport, equipment and agency and other services. As for Wallace Bay Ltd., there was some temporary stoppage and disruption of operations caused by hostile raids from across the near-by border with Indonesia from 28th December onwards. A loss was incurred for the five-month period. No provision has been made in Bombay Burmah's accounts in respect of this loss, amounting to M.$104,365. There has been an improvement in working results in recent months.

The North Borneo Timbers Ltd. repeated two interim dividends, each of 20 per cent free of Sabah tax. In the Sandakan area, some continued decline in log supplies from the Bay Lands was offset by an increase in output from the Kretam Concession; elsewhere, production rose appreciably in the Apas Balung forests. Shipments kept pace. Plantation development work continued, both on the Company's Quoin Cocoa Estate and on the Mostyn Oil-palm Estates in which the North Borneo Timbers owns a half interest. During the year, North Borneo Timbers formed in Sabah a wholly-owned subsidiary—Leila Lands Ltd.—to which it sold all its lands and properties in the Sandakan area, while retaining timber extraction rights against royalty payment. This is expected to facilitate future company developments which may involve working in a fresh forecast concession area elsewhere in Sabah.

Production from the South Indian estates amounted to 3,977,167 kgs. of made tea, which exceeded the previous year's record figure of 3,836,961 kgs. Unit costs rose from Rs. 3.203 to Rs. 3.394 per kg. and the average gross return declined from Rs. 5.421 to Rs. 5.277 per kg.—this drop being in the main attributable to difficult trading conditions in the Middle East markets. Since facilities for tea packaging in the existing factory in Bombay are limited, it has been decided to erect a full-scale modern tea blending and packaging plant at Bangalore. It is expected to start working early next year.

Coffee crop increased from 930 tonnes to 1,020 tonnes; the increase having been mainly derived from the Coorg estates. The crop was valued at Rs. 2.40 per point, as against Rs. 2.20 in the previous year. Cardamom crop rose from 10,627 kgs. to 19,549 kgs., as trials and fresh plantings on the Singamapatti group began to bear fruit. Sale prices also showed an advance.

In Tanganyika, output of made tea from Herkulu factory amounted to 224,944 lbs. (130,880 lbs. in 1962-63) and sales were made in the Nairobi and London markets. On the Marvera estate, a tea factory is under construction; meanwhile, as in previous years, the crop of green leaf—761,730 lbs. (489,826 lbs. in 1962-63)—was sold to a local factory.

The Corporation has agreed to sell the Namshan tea factory in Burma for Rs. 5,00,000 and has received an advance of Rs. 3,00,000. But the arrangements are yet to be finalised. Its activities in the Rangoon dockyard are closed, except for some small items of repair work. The Corporation's branch now concentrates on the asbestos cement plant and the concrete products plant both in Rangoon. Although these two enterprises have shown improved results, working conditions in Burma have been difficult and, in the light of taxation, remittance and other factors operating in that country, the future of the branch is under review.

N.V. the Indo-Java Rubber Planting and Trading Company reported an increase in crop from 987,867 kgs. to 1,051,000 kgs. But the volume of disposals was lower and, against the higher Rupiah sale price which it realised, it had to set the continued and sharply inflationary rises in cost during the year. Three small amounts were received from this company as part instalments against the 1958 profits, but the flow of remittances has since been stopped. The difficult conditions noted in the previous year have worsened and, as with most other plantation enterprises there, the management of the company has been brought, since February 1964, under the supervisory control of a body appointed by the Ministry of Agriculture, Government of Indonesia. Work on the company's Tjiseru-Tjipari estates continues.

Formica India Ltd., in which the Corporation is participating on a large scale, will start manufacturing industrial and surfacing plastic laminates by January next. The Corporation's investment in this company has gone up from Rs. 3.67 lakhs to Rs. 44.10 lakhs in the course of the year, as against a face value of Rs. 73.50 lakhs.

The Corporation's financial position is pretty strong. The paid-up capital, unchanged at Rs. 268.33 lakhs, is backed by reserves and surplus aggregating Rs. 301.82 lakhs. Borrowings at Rs. 20.91 lakhs and current liabilities and provisions shown at Rs. 266.14 lakhs bring the total indebtedness to outsiders to Rs. 287.05 lakhs. This is more than fully covered by current assets and book debts consisting of Rs. 312.25 lakhs. Investments have jumped up from Rs. 96.64 lakhs to Rs. 243.49 lakhs, the great bulk of which represents holdings in subsidiaries and are unquoted. The chief reason for the rise in investments is the separation of timber operations and the formation of a new company for handling them, as mentioned at the outset. This also explains the drop in the gross block to Rs. 513.12 lakhs from Rs. 667.64 lakhs a year before which has been written down to a net value of Rs 298.69 lakhs (Rs. 334.19 lakhs a year before).

A feature of the Corporation's balance sheet is that, of the total assets (book value) of Rs. 857.20 lakhs, investments alone account for no less than Rs. 243.50 lakhs. Of these, more than half—Rs. 157 lakhs, to be precise—represents investments in South-East Asia (mostly in Malaysia), subject to high political instability.

The net yield on the Rs. 25 fully paid ordinary shares of the Corporation at their current market value of Rs. 56.40 *cum*-final div. works out to 6.6 per cent per annum.

MYSORE KIRLOSKAR'S RESULTS HEARTENING

RESERVES AND DIVIDENDS ENHANCED

A SUBSTANTIALLY higher turnover, an improved profit-margin (ratio of gross profit to sales) and a bigger dividend payable on an enlarged capital are the most outstanding features of the annual report of Mysore Kirloskar Ltd. (Managing Agents: Messrs. Kirloskar Associates, Yantrapur P.O., Mysore State) for the year ended 30th June 1964. The keen demand for machine tools and the continued good progress in the manufacture of existing lines as well as the capstan and turret lathes have enabled the Company to push up its sales to the all-time high level of Rs. 306.82 lakhs from Rs. 228.82 lakhs in the year before. And, even though expenses have continued to rise, the gross profit (before taxation, depreciation and Managing Agents' commission) is larger by Rs. 25.63 lakhs at Rs. 90.72 lakhs. The profit-margin thus works out to 29.6 per cent, as compared with 28.5 per cent for the previous year. It is but natural that, with a higher gross profit, the essential provisions should also have risen. Thus, the provision for the Managing Agents' commission has gone up from Rs. 4.71 lakhs to Rs. 7.80 lakhs, for depreciation from Rs. 13.86 lakhs to Rs. 18.97 lakhs and for taxation from Rs. 27.40 lakhs to Rs. 31 lakhs. In spite of these heavier prior appropriations, the net profit has expanded by as much as Rs. 13.83 lakhs to Rs. 32.95 lakhs. The Directors have wisely conserved almost the entire increase in net profit by increasing the amount ploughed back into business. Thus, taking into account the debits and credits to reserves, one finds that the net additions to reserves are of the order of about Rs. 11½ lakhs. Only a small part of the improvement in profit has been utilised to raise the dividend on ordinary shares, from 10 per cent to 12½ per cent per annum. All these facts are clearly brought out in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Gross sale of products	306.82	228.82	185.54	176.10
Other income	1.79	3.57	3.82	4.34
Closing stocks of finished goods	6.65	4.46	5.82	4.40
Raw materials, stores and spare parts consumed	111.43	76.38	71.23	56.89
Gross profit	108.65	89.56	77.06	81.82
Managing Agents' remuneration	90.72	65.09	42.49	39.40
Provision for—	7.80	4.71	3.15	3.22
Depreciation	18.97	13.86	11.87	9.35
Taxation	31.00	27.40	15.95	11.80
Net profit	32.95	19.21	11.52	15.03
Provisions written back	0.20	0.01	0.03	2.25
Withdrawals from reserves	9.21	5.75	..	..
To reserves	33.18	18.13	3.66	11.31
Dividends—				
Preference	1.67	1.00	1.00	..
Ordinary	7.54 (12.5%)	5.75 (10%)	6.90 (12%)	6.00 (12%)
Carry forward	..	0.03	0.03	0.04
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	165	171	190	190
Low	155	173	171	132

During the year, 15,000 ordinary shares of Rs. 100 each and 25,000 redeemable cumulative participating preference shares, also of Rs. 100 each, became fully paid up and this has increased the paid-up share capital of the Company to Rs. 89.61 lakhs from Rs. 70.13 lakhs a year before. The reserves and surplus have also moved up from Rs. 58.37 lakhs to Rs. 81.11 lakhs so as to give total own funds of Rs. 170.72 lakhs. As against these, the "outside" interest amounts to Rs. 203.35 lakhs and is made up of Rs. 94.13 lakhs by way of secured and unsecured loans and Rs. 109.22 lakhs of current liabilities and provisions. This is, however, fully covered on the assets side by current assets and book debts which amount to Rs. 205.68 lakhs. Besides, there are investments—all in the capital of associate companies—shown at Rs. 3.26 lakhs. Additions to plant and machinery during the year have been of the order of Rs. 57.65 lakhs and, as a result, the block account has expanded to Rs. 241.15 lakhs. On deducting therefrom Rs. 107.68 lakhs being the depreciation provided so far one gets a net block of Rs. 133.47 lakhs. Capital work-in-progress, including deposits made for the purchase of land, aggregates Rs. 31.63 lakhs.

Currently the Rs. 100 old ordinary shares of the Company are quoted at Rs. 157.50 *cum-div.* and give a net yield of 6.8 per cent per annum.

DELHI CLOTH GROWS FURTHER

PROFIT BETTER—LARGE AMOUNTS CONSERVED

THE results of the Delhi Cloth and General Mills Company Ltd. (Managing Agents: Messrs. Bharat Ram Charat Ram Private Ltd., Delhi) for the year ended 30th June 1964 are in keeping with the Company's reputation as a growing progressive concern. The Company, scheduled to celebrate its seventy-fifth year in the last week of November 1964, has achieved a most remarkable growth record since its inception in 1889 and more particularly during the last 50 years. Thus, during this eventful period, its gross block has advanced from a mere Rs. nine lakhs in 1894 to no less than Rs. 32 crores; the shareholders' funds, which were as meagre as Rs. seven lakhs 50 years ago, now stand at the impressive level of Rs. 13.34 crores. The Company has to its credit an equally encouraging record in other sphere as well. It now contributes a sum of Rs. five crores to the national exchequer as against only Rs. three lakhs thirty years before.

In the year to 30th June 1964, the Company's net sale proceeds have shot up by about Rs. five crores to Rs. 42.17 crores and, as both other income and closing stocks have also increased, the gross profit at Rs. 393.11 lakhs shows a gain of Rs. 58.13 lakhs or 17 per cent over the previous year. This improvement is commendable, considering that it has been achieved in the face of heavy odds such as continuously rising production costs, voluntary price fixation on cotton textiles and shortage of sugarcane, all of which tended to deflate the profit-margin (ratio of gross profit to sale proceeds). It clearly reflects the managements' success in improving the productivity of Company's plants and diversifying its manufacturing operations.

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

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Net sale proceeds*	42,17.68	37,92.98	35,08.24	33,09.75
Other income	136.12	97.20	65.83	71.39
Stocks at close	556.27	475.01	602.47	522.23
Raw materials and stores consumed	27,91.83	23,38.99	21,80.06	21,82.10
Excise duty, cane cess and royalty	460.70	384.49	343.78	279.01
Staff expenses	679.07	606.73	571.64	531.70
Other expenses	561.04	479.02	465.79	344.38
Gross profit	393.11	337.98	426.82	433.30
Managing Agents' remuneration	8.98	12.40	18.00	20.12
Provision for—				
Depreciation	240.76	110.15	90.85	77.80
Taxation	27.00	105.00	169.50	171.00
Net profit	116.37	110.43	148.47	164.38
Withdrawals from reserves and provisions	87.96	52.25	0.05	..
Items relating to prior years	25.30	45.00	4.50	..
To reserves	95.07	65.07	95.30	115.00
Dividends—				
Preference	8.23	5.36	4.27	4.27
Ordinary	74.40 (17%)†	49.82 (13%)	44.12 (12%)	44.12 (13%)
Carry forward	2.80	1.47	4.03	3.72
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	53.87	56.12	67.00 C.R.	69.19 C.R.
Low	43.80	40.00	45.00	35 57

* Represents sales less excise duty, cane cess and royalties.
† Including jubilee bonus of 2 per cent subject to deduction of tax.

A substantial portion of the improved gross profit has been mopped up by essential provisions. Following the commissioning of some of the new or expanded units and third-shift working, the provision for depreciation has more than doubled to Rs. 240.76 lakhs from Rs. 110.15 lakhs the year before. The provisions for the Managing Agents' commission and taxation are, however, lower, the former at Rs. 8.98 lakhs as against Rs. 12.40 lakhs and the latter at Rs. 27 lakhs, as against Rs. 105 lakhs. The resulting net profit, therefore, shows a modest gain of Rs. 5.94 lakhs at Rs. 116.37 lakhs. From this, however, an amount of no less than Rs. 95 lakhs, as compared with only Rs. 33 lakhs last year, has become transferable to the statutory development rebate reserve while an additional Rs. 25.30 lakhs (Rs. 45 lakhs) have had to be set aside to meet depreciation and development rebate provisions for the preceding year. The balance available being too inadequate to declare a reasonable dividend, the Directors have considered it safe ("in view of the future promising results from new units") to withdraw a sum of Rs. 87.96 lakhs from reserves and past provisions. After setting aside from the available balance Rs. 8.23 lakhs for the payment of preference dividend, they have declared a dividend of 15 per cent, as against 13 per cent for 1962-63, and a further two per cent as jubilee bonus, making a total of 17 per cent for the year under review. This claims Rs. 74.40 lakhs, leaving a carry forward of Rs. 2.80 lakhs as against Rs. 1.47 lakhs brought in.

In common with other textile mills in the country, the working of the Company's textile units was quite satisfactory, despite increasing costs of raw materials and an expanding wage bill. On the export front also, the Company was able to maintain its position, notwithstanding the restrictions imposed on imports by several foreign countries. The new spinning unit of the Hissar Textile Unit with 28,000 spindles, under construction during the preceding year, was commissioned during the year and so also the new waste spinning plant attached to the Company's Swatantra Bharat Mills. The Hissar Textile Mills have now started manufacturing mixed fibre yarns and these are in good demand in the local markets.

The working of the chemical units, including the *vanaspati* factory was on a satisfactory basis but inadequate supplies of sugarcane continued to pose a serious problem for the sugar factories. The factories, therefore, could be worked, as during the previous year, for a part of the season only and this naturally had its impact on the working of the distillery.

As regards the Company's two new projects, the PVC plant at Kotah went into commercial production in January 1964 and its products, namely, caustic soda and PVC, are already in the market. So far as the rayon tyre cord project is concerned, the work in connection with the construction of buildings and erection and installation of machinery is progressing "according to schedule" and it is expected to commence production by the end of the year. Realising that a part of the spinning machinery of the Delhi Cloth Mills is old, the Directors have decided to replace it with more up-to-date equipment at an estimated cost of Rs. 170 lakhs.

During the year under review, the Company made a further and final call of Rs. five per share on the 3,99,731 ordinary shares issued in 1961-62—thereby making them fully paid—and also issued a fifth series of two-lakh redeemable cumulative preference shares of Rs. 25 each fully paid. This has raised its paid-up share capital to Rs. 576.06 lakhs from Rs. 503.42 lakhs a year ago. Because of the heavy plough-back effected during the year under review, the reserve complement has also risen from Rs. 767.66 lakhs to Rs. 820.74 lakhs exclusive of Rs. 82.62 lakhs (as against Rs. 55.18 lakhs a year before) earmarked for the payment of dividends for 1963-64. Borrowings too have continued to rise, the secured loans having advanced from Rs. 786.82 lakhs to Rs. 1119.68 lakhs, including Rs. 250 lakhs in debenture bonds, and unsecured loans from Rs. 323.76 lakhs to Rs. 591.31 lakhs. Current liabilities and provisions, on the other hand, have declined quite materially from Rs. 504.50 lakhs to Rs. 376.86 lakhs.

On the assets side, additions to the block account during the year aggregated Rs. 714.05 lakhs and so the gross block now stands as high as Rs. 2648.57 lakhs. The depreciation provided to date on this is Rs. 1334.21 lakhs. The net block, therefore, works out to Rs. 1314.36 lakhs. Capital work-in-progress other than projects is valued at Rs. 1.14 lakhs as against Rs. 114.59 lakhs a year before. Projects under construction are placed at Rs. 555.35 lakhs with Rs. 20.68 lakhs as advances and deposits on capital account, as compared with Rs. 462.98 lakhs with Rs. 136.10 lakhs as advances and deposits on 30th June 1963. Investments total Rs. 42.31 lakhs as against Rs. 38.23 lakhs, while current assets, loans and advances amount to Rs. 1778.06 lakhs, as against Rs. 1608.05 lakhs.

The Rs. 25 fully paid ordinary shares of the Company are currently quoted at Rs. 51.12 *cum-div.* and fetch a net annual return of a little over seven per cent on the *ex-div.* price.

A WORLD IN THE MAKING BEFORE THEIR EYES

In memory of Jawaharlal Nehru
A promise to fulfil... A pledge to keep

INDIAN OXYGEN LIMITED IOL

10C-62

SYNOPSES OF COMPANY REPORTS

American Refrigerator Co., Ltd.

[*Chairman*: Mr. K. N. Mookerjee, Calcutta.]

Fourth Annual General Meeting—Held on 31st October 1964.

Working Results:—

	For the year ended 30th April (In thousand rupees)	
	1964	1963
Sales	85,52	78,71
Income from repairs and services	15,10	11,60
Closing stock	36,58	25,06
Gross profit	12,15	5,44
Transfer to depreciation	1,92	1,20
,, provision for taxation	6,00	2,74*
Net profit	4,23	1,50
Balance brought forward	1	12
Transfer from general reserve	Nil	30
Credit adjustments	Nil	3
Appropriations:		
Transfer to development rebate reserve	55	91
,, ,, general reserve	1,60	Nil
Proposed dividend (taxable) equity	2,06 (10%)	1,03 (5%)
Carry forward	3	1

* Includes Rs. 34,000 for super profit tax reserve.

Extracts from the Directors' report: Both the turnover and the profitability have increased than previous year and the Directors expect a better result during the current year. The Company is still pursuing on diversification in order to make better profits. The Company is also endeavouring to promote exports of Company's products in addition to the exports already made in Middle East and Far East.

Subsequent to the closing of the last financial year, the Directors have called the 2nd and final call money and also have approved the capital expenditure to the extent of Rs. 1,64,000 for constructing an additional bay in the existing factory. Besides these there has been no material change or commitment made affecting the financial position of the Company in between the end of the financial year of the Company.

Accounts in brief as at 30th April 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	20,63,375	Gross block	24,67,344
Reserves and surplus	4,59,639	—Depreciation	4,09,338
Other liabilities	78,96,379		
		Net block	20,58,006
		Current assets	79,45,121
		Investments	83,848
		Cash	2,61,639
		Miscellaneous expenditure	1,00,779
	Rs. 1,04,49,393		Rs. 1,04,49,393

* Paid-up capital consists of 79,470 equity shares of Rs. 10 each fully paid up and 1,70,530 equity shares of Rs. 10 each—Rs. 7.50 per share called up. The calls in arrears amount to Rs. 10,300.

Kothari Sugars and Chemicals Ltd.

[*Managing Agents*: Kothari & Sons (Industries) Private Ltd., Madras.]

Fourth Annual General Meeting—21st November 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sale of sugar	87,23	26,27
,, molasses and press mud	1,65	34
Closing stock	41,25	7,51
Gross profit (+) or loss (—)	+12,81	—16*
To Managing Agents' remuneration	50	48
,, provision for depreciation (for 1962-63)	7,35	Nil
,, ,, ,, (for 1963-64)	4,46	Nil
Net profit (+) or loss (—)	Nil	—16
Carry forward	—1,27	—1,27†

* Loss after providing Rs. 48,333 for Managing Agents' remuneration.

† Including the debit balance of Rs. 1,10,276 brought forward from 1962.

Extracts from the Directors' report: As no depreciation was provided in the last year's accounts, depreciation to the tune of Rs. 23,02,889 has to be provided for two years. After setting off the profit against this provision, the balance depreciation of Rs. 10,71,418 has to be carried over to the following year 1964-65. No development rebate could be provided for want of adequate profits.

Capital Expenditure: During the year 1963-64 Rs. 4,59,513 was incurred as expenditure on lands, buildings, machinery and plant, etc., bringing the total to Rs. 1,45,57,861.

Supply of Sugarcane: In the last report, the Directors had forecast the crushing season as 130 days with a production of 12,000 tonnes sugar. The Factory commenced crushing on 14th December 1963 and closed the season on 18th May 1964 with a total crushing of 1,29,005.457 metric tonnes of cane and a production of 11,431.682 metric tonnes of sugar, at 8.86 per cent recovery as against 9.42 per cent recovery during the previous season.

The percentage of recovery in the trial season was higher due to the fact that the Factory crushed the cane during the months of January to April, which normally is a peak recovery period. During 1963-64 season, however, because of the longer duration of the crushing season which commenced in December and had to be extended into the hot month of May, the overall recovery was 8.86 per cent only. Admittedly, this low recovery was rather disappointing, but it was a factor over which the Company had no control, as the *Sucrose* content in the cane was lowered on account of shortage of water and excessive heat, due to lack of timely rains.

Performance: By and large, the Company had no serious trouble with its machinery and plant, and as already explained, the lower recovery obtained was due to climatic conditions and not to any inefficiency in the working of the plant.

The quality of the sugar produced was good and the Company bagged 1,13,078 quintals of E 30 sugar and 1,238 quintals of E 29. The cost of production compares very favourably with other well established factories in our neighbourhood.

Sale of Sugar: Out of the 11,431.682 metric tonnes sugar produced, upto 30th June 1964 the Company had sold 6,815.8 tonnes and at the time of writing the report a further quantity of 2,160.4 tonnes has been sold leaving a balance of 2,455.4 tonnes which is 21 per cent of the total production.

Prospects for 1964-65 Season: The total area under sugarcane plantation registered by the Company during the previous year was 4,000 acres. This has now been stepped up to 6,300 acres for the 1964-65 season, and at the average rate of 30 tonnes per acre, it will be possible to obtain 1,89,000 tonnes of cane. It will thus be seen that the Company can step up its crushing by 45 per cent, and if the climatic conditions are not unfavourable, it should be possible to produce 17,000 tonnes of sugar.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	79,99,000	Gross block	1,45,57,861
Other liabilities	1,16,20,771	—Depreciation	12,50,471
		Net block	1,33,07,390
		Current assets	53,12,341
		Investments	30,947
		Cash	3,36,878
		P.L. a/c. deficit	1,26,762
		Miscellaneous expenditure	5,05,453
	Rs. 1,96,19,771		Rs. 1,96,19,771

* Paid-up capital consists of 8,00,000 equity shares of Rs. 10 each. Calls in arrears amount to Rs. 1,000.

Ruby Mills Ltd.

(*Managing Agents*: Messrs. Chunilal Narbheram & Son, Bombay.)

Forty-eighth Annual General Meeting—Held on 31st October 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sale of cloth, yarn and waste	1,43,21	1,26,46
Closing stock	14,07	15,01
Gross profit	16,30	13,75
To Managing Agents' commission	68	73
Transfer to depreciation	9,43	6,33
,, provision for taxation	3,00	1,15
Net profit	3,19	5,54
Balance brought forward	37	3
Appropriations:		
Transfer to development rebate reserve	1,51	3,70
Proposed dividend (taxable) equity	1,80 (12%)	1,50 (10%)
Carry forward	25	37
Market value of equity shares (in rupees):	1964*	1963
High	40.50	43.00
Low	39.75	40.00

* Upto 23rd October 1964.

Extracts from the Directors' report: Due to the sad demise of Shri Chunilal Narbheram, partner in the firm of managing agents of the Company M/s. Chunilal Narbheram & Son, there was a change in the Constitution of the said firm. Smt. Prabhavati Chunilal has been admitted as a Partner in place and stead of Shri Chunilal Narbheram as from 4th March, 1964 and the Central Government has accorded its approval to the said change in the Constitution of the firm of Messrs. Chunilal Narbheram & Son, managing agents of the Company.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	15,00,000	Gross block	1,21,21,312
Reserves and surplus	20,50,383	—Depreciation	59,31,821
Other liabilities	65,75,485		
		—Less written off	61,89,491
			5,45,498†
		Net block	56,43,993
		Current assets	44,20,390
		Investments	48,848
		Cash	12,137
	Rs. 1,01,25,868		Rs. 1 01,25,868

* Paid-up capital consists of 60,000 equity shares of Rs. 25 each. Of the above, 48,000 shares are allotted as fully paid up by way of bonus shares (Rs. 12,00,000) by capitalisation of reserves.

† Written off as per capital reduction scheme as sanctioned by High Court Order dated 10th March 1939.

Nenmeny Rubber and Produce Co., Ltd.

(*Managing Agents*: Messrs. A. V. George & Co., Ltd., Kottayam, Kerala.)

Twenty-second Annual General Meeting—14th November 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of rubber, tea and minor produce	7,70	8,16
Closing stock of rubber	1,47	2,31
Gross profit	70	2,43
To Managing Agents' commission	9	28
Transfer to depreciation	24	25
,, provision for taxation	8	96
Net profit	29	1,00
Balance brought forward	1,19	90
Excess tax provision written back	27	Nil
Appropriations:		
Proposed dividends (taxable) preference	21	21
,, ,, ,, equity	34 (10%)	50 (15%)
Carry forward	1,20	1,19

Extracts from the Directors' report: *Estates*: Nenmeny & Eldorado Estates are in good condition and well maintained. As reported by the Directors in their earlier report, the rubber trees in the low yielding areas (approximately 157 acres in Nenmeny Estate and approximately 205 acres in Eldorado Estate) were sold during the year with right for slaughter tapping so as to replant the entire areas, with high yielding rubber trees under the subsidy scheme of the Rubber Board. 38.56 acres in Eldorado Estate was replanted with high yielding rubber plants, during 1963.

Crop and Prices: The rubber crop harvested during the year was 1,70,202 kg. at an estate cost of 325.05 P per kg. as against an estimate of 2,50,000 kgs. at 211.38 P per kg. The crop estimated for 1964 is 1,85,000 kgs. at 308.86 per kg. As reported by the Directors in the earlier report, the shortfall of crop was anticipated since the rubber trees in 362 acres were sold out with right for slaughter tapping, resulting in the reduction in tapping area.

Managing Agents: The Directors regret to inform that the Government of India has not given sanction for the renewal of the appointment of the managing agents for a further period of five years from 1st January 1965. This matter was considered by the Directors at their meting held on the 23rd September 1964 and it was considered advisable to appoint a Managing Director for the Company from 1st January 1965 and the necessary resolutions for this are included in the Agenda.

General: The crop harvested till 31st August 1964 is 79,514 kgs. compared to 86,926 kgs. in 1963.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	6,35,000	Gross block	17,68,529
Reserves and surplus	6,32,145	—Depreciation	3,60,741
Other liabilities	4,53,421		
		Net block	14,07,788
		Current assets	2,02,235
		Cash	10,543
	Rs. 16,20,566		Rs. 16,20,566

* Paid-up capital consists of 30,000—7 per cent. tax-free cumulative preference shares of Rs. 10 each and 33,500 equity shares of Rs. 10 each.

Asher Textiles Ltd.

(*Managing Agents*: Messrs. Setna & Co., Tirupur, South India.)

Twenty-seventh Annual General Meeting—19th November 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales of yarn, waste, raw materials, etc.	82,29	91,47
Closing stock	31,15	37,48
Gross profit	9,75	12,91
To Managing Agents' remuneration	42	79
Transfer to depreciation	4,50	3,67
,, provision for taxation	1,20	5,55
Net profit	3,63	2,90
Balance brought forward	10	21
Appropriations:		
To Managing Agents' remuneration paid less last year	9	Nil
To bonus relating to prior years	78	42
Transfer to reserves	1,57	1,10
Proposed dividend (taxable) equity	1,20 (10%)	1,50 (12½%)
Carry forward	8	10

Extracts from the Directors' report: The fall in the profits for the year under review is due to the following factors:—The cost of cotton consumed during the year—both Indian and Foreign—has been about Rs. 100 more per candy, whereas yarn prices remained fixed at the same ceilings as in last year. This has occasioned a substantial fall in Company's earnings. There was loss of production for 14 days in November 1963 due to strike by the mill workers followed by a lock-out on bonus issue. There was also loss of production and payment of lay-off compensation to workers for 17 days due to 100 per cent power cut which was in force, in the beginning as well as at the end of the accounting year of the Company. Increased dearness allowance was paid to employees to the extent of about Rs. 32,000 as a result of steady increase in cost of living index. The cost of electric energy consumed during the year was higher by Rs. 35,000 as a result of imposition of 20 per cent surcharge on power consumption.

Modernisation of and additions to Machinery: Conversion of the conventional 3 *Roller Drafting* system on 34 *Rieter Ring Frames* (1938 make, *with GX-2 Pendulum Arm Drafting System* is now completed. All the existing 84 *Carding Engines* are now equipped with Japanese *Ever Clearers* and *Dust Removers*. Orders have been placed for four *Ring Frames* of 400 spindles each, towards additional installation against general licence issued by the Government of India for installing 1,600 additional spindles. Orders have also been placed for fifteen *Ring Frames* of 400 spindles each, at an estimated cost of Rs. 6,30,000 to replace the existing 15 *Ring Frames* purchased in 1950 which are not working efficiently. For the processing unit of the Mill, one *Effluent treatment Plant* costing about Rs. 10,000 and one *Drying Chamber* costing about Rs. 20,000 have been ordered.

It is proposed to increase the authorised capital of the Company from Rs. 14,00,000 to Rs. 20,00,000 and cancel the 2,000 6 per cent non-cumulative preference shares of Rs. 100 each, none of which has so far been taken up or agreed to be taken up by any one. The proposed alteration in the capital structure has been given effect to in the revised Articles.

Accounts in brief as at 30th June 196 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	11,98,600	Gross block	71,16,62
Reserves and surplus	12,08,105	—Depreciation	39,25,77
Other liabilities	52,95,909		
		Net block	31,92,85
		Current assets	44,90,06
		Investments	11,00
		Cash	8,70
	Rs. 77,02,614		Rs. 77,02,61

* Paid-up capital consists of 11,986 equity shares of Rs. 100 each. Of the above, 3,986 shares are allotted as fully paid-up bonus shares by capitalisation of reserves.

NEWS IN BRIEF

THE fifth annual general meeting of the National Federation of Co-operative Sugar Factories is to be held at New Delhi on the 22nd inst. Mr. C. Subramaniam, Union Minister for Food and Agriculture, will inaugurate the meeting.

A sub-office of the Textile Commissioner to cover the western zone will be opened at Indore, sometime in December next. The office will have an Assistant Commissioner and four technical officers.

A four-member delegation led by Mr. D. B. Anand, Member of the Central Water and Power Commission, left for Bangkok to participate in the sixth regional conference on water resources development in the E.C.A.F.E. region which began its one-week session on the 12th inst.

Good quality coal is reported to have been located on the banks of the Bokaro River opposite the existing Swang colliery. The National Coal Development Corporation proposes to open a mine there shortly. The coal structure is claimed to be as good as the Raniganj coal.

India will participate in a big way in the Ceylon industrial exhibition, due to open at Colombo on 11th January next. The Indian pavilion, which occupies a floor space of 8,000 sq. ft. will display a large number of engineering items and products of small-scale industries.

The Minerals and Metals Trading Corporation exported as much as 389,000 tonnes of iron ore during the month of October 1964, as against the 348,000 tonnes exported in the same month last year. Of this quantity, Japan alone accounted for 205,000 tonnes. Rumania bought 49,000 tonnes and Poland 36,000 tonnes.

The Technical Development Wing of the Union Government will be the technical adviser to new industries, including the extension of the existing ones and allocation of scarce raw materials, according to Mr. K. Raghuramiah, Union Minister for Supply. This arrangement will also be applicable to petroleum, chemicals and heavy engineering.

The six-week winter session of Parliament will begin on Monday the 16th inst. In addition to the 20 pending Bills, 15 new Bills are expected to be presented, the notable among them being the Payment of Bonus Bill, the Patents Bill, Industrial Disputes Act (Amendment) Bill and the Indian Tariff (Amendment) Bill.

India exported engineering goods worth Rs. 1.53 crore during the month of September 1964, as against the exports amounting to Rs. 1 crore in the same month last year. The total exports during the first nine months of 1964 touched a record of Rs. 11.2 crores, as compared with Rs. 8.5 crores in the corresponding period of the previous year.

The Government of India has sanctioned a project for the expansion of the hamycin plant of the Hindustan Antibiotics Research Laboratories, from 50 kgs. to 250 kgs. per annum at an estimated cost of Rs. 55 lakhs, including a foreign exchange component of Rs. 20 lakhs. The plant and machinery required for this antibiotic project will be imported from the U.S.

Air-India and Middle East Airlines have signed a pool agreement covering their services between India and Lebanon and *vice versa*. The agreement has come into force with effect from 1st October 1964. The pool covers Air-India's three transit flights a week through Beirut, in each direction, and Middle East Airlines twice weekly flights to Bombay and the India-Lebanon route.

A final decision on the question of food zones in the country is expected to be taken at a conference of State Chief Minsters to be held at New Delhi next week, according to the Prime Minister, Mr. Lal Bahadur Shastri. The question of introducing food price controls and rationing in some of the bigger cities will also be discussed at the conference.

Iron ore production in India during the first eight months of 1964 amounted to 132 million tonnes, representing a fall of 4 per cent, as compared with the same period last year. The production during the month of August aggregated 1.50 million tonnes. Orissa was the leading producer with an output of 414,000 tonnes, followed by Goa with 367,000 tonnes and Bihar with 303,000 tonnes.

The Union Government has just entered into an agreement with Cambodia and Thailand for the supply of 25,000 tons of rice to India. It has already concluded an agreement with the Government of U.A.R. for the supply of 70,000 tons of rice and negotiations are well under way with Pakistan for the supply of 15,000 tons. About 300,000 tons of American rice under P.L. 480 will begin arriving from the end of this month.

The State-owned Sindri Fertiliser Factory has produced different types of fertilisers worth Rs. 127 crores since it commenced operation fourteen years ago. The actual production is 3.83 million tonnes of ammonium sulphate, 251,000 tonnes of double salt and over 76,000 tonnes of urea. Plans have been evolved and approved for the setting up of a sulphuric acid plant which would eliminate the necessity of depending on gypsum as the source of sulphate radical.

A contract for the supply of Soviet equipment to Farakka Barrage project in West Bengal was signed at Calcutta on 4th inst. between the representatives of the U.S.S.R. and the Chief Engineer of the project. The first consignment, consisting of bulldozers, pile drivers and sinkers is expected to be delivered in February next, and the rest within the next six months. The value of equipment, which is estimated at Rs. 9 lakhs, will be paid in rupees.

A detailed market survey of art silk fabrics in India has been undertaken by the Silk and Silk Mills' Research Association, Bombay. The market for textile goods is greatly expanding in recent years and has undergone significant changes in product-composition, price situation and demand and supply position. The market survey will, therefore, attempt mainly to investigate the changing nature of trade in art silk goods, study of the methods of retailing, and ascertain the impact of promotional measures on sales.

Four contracts were signed at New Delhi on the 5th inst. between the Soviet trade organisation *V/O Machinoexport*, and the Uttar Pradesh State Electricity Board, for Soviet assistance in the construction of Harduaganj "B" power station. These contracts cover the delivery of the equipment and materials, the preparation of working drawings, training of engineers of U.P. State Electricity Board in the U.S.S.R. and deputing Soviet specialists to India for technical assistance in erection and commissioning of the equipment. The major part of the equipment will be supplied early in 1965.

The findings of a recent study of the public sector undertakings made by the Planning Commission and the Committee on Plan Projects reveal that many of these undertakings are unable to adhere to time schedules and cost estimates. In several cases, this has been due to inadequate technical, economic and financial planning. There is said to be ample scope for applying improved management practices in the training of enterprises which have reached the production phase. A systematic effort, it is urged, should be made to adapt and incorporate the best available practices in the management codes of the public sector projects. In respect of larger projects, the study makes it clear that there should be continuous plannings and that each year, an enterprise should project forward its physical and financial plans for a further period of four to five years.

The Industrial Committee on Plantations, which met at New Delhi recently, recommended that a one-man fact-finding committee be set up to inquire into the aspects of the employment position in plantations and report to the Union Government within six months. Payment of compensation in the event of death or injuries to the worker or his family due to house collapse was also suggested. Further, the Union Labour Ministry was urged to request the State Governments to expedite action in the matter of fixation of wages in minor plantations. Government was requested to give subsidy to employers for building houses for plantation workers. The Committee recommended that 14 days' sick leave should be made available to workers with wages at the rate of two-thirds of their earnings subject to a minimum of Re. 1 a day.

The commemorative coins in memory of the late Mr. Jawaharlal Nehru will be issued from the 14th inst. These coins will be of the denominations of Re. one and 50 paise and will be issued, in the first instance, from all State capitals and Allahabad. The coins will be available to the public in exchange, for a period, from all the branches of the State Bank of India and its subsidiaries in each State capital (except Kohima), and also from the Reserve Bank of India offices at Bombay, Calcutta, New Delhi, Madras and Bangalore. At Kohima, these coins will be issued from the district treasury. The coins will have the same shape, size and weight as the current decimal coins of the same denominations, except that on one face of the coins an effigy of the late Prime Minister in profile will appear with the name "Jawaharlal Nehru" in English and the figures "1889-1964." There will also be a star on either side of the effigy between the name and the figures. The other face of the coins will bear the lion capital of the Asoka pillar and the words "Bharat" in Hindi and "India" in English inscribed thereon. These coins will be legal tender just like the ordinary Re. one and 50 paise coins.

* * * *

From Abroad

The Bank Rate in Sweden has been raised by ½ per cent to 5 per cent with effect from the 5th inst.

A new combined organisation of shipping companies called the Ceylon East Bound Conference, engaged in trades between U.K.—Continent and Ceylon has just been formed. It combines the secretariats hitherto operated by J. B. Westray and Company for the U.K. trade and the Continent—Ceylon Secretariat for the continental trade.

Simon-Carves of Britain and some firms in Denmark and Austria are negotiating with Polish authorities for the construction of a fertiliser factory in South Poland. The factory is estimated to cost about £17.86 million.

The Government of Indonesia has imposed a compulsory surcharge of 1,350 rupiahs (roughly 5s.) for every U.S. dollar (c. & f. paid) on imported goods except rice, cotton, fertlisers, newsprint, medicines and scientific literature.

The Japanese Government has just approved the requests of three local refining companies to expand their capacities by a total of 155,000 barrels a day. With this addition, the total refining capacity of the Japanese refineries will be 2.1 million barrels per day by the end of the fiscal year 1966.

The year 1963-64 was the best-ever year for the British Overseas Airways Corporation, the net profit earned being £ one million. The total revenue earned was up by 12.3 per cent at £100 million, while expenditure recorded a decline of 3.5 per cent. Over one million passengers were carried during the year. The operating account, which ended with a loss of £2.7 million last year, showed a net overall surplus of £8.70 million. The management has decided to make a special provision of £12.4 million in the accounts "of which a substantial proportion arises not on 1963-64 account, but out of the reorganisation scheme account introduced this year, with the result that the accumulated deficit since the formation of the Company 25 years ago is now up from £80 million to £90.5 million."

Britain has granted long-term credits to finance Soviet purchases of British-made equipment for the second time in a few months. The Government Export Credits Guarantee Department has guaranteed a 13-year credit of £3.7 million provided by a banking consortium headed by Lazard Brothers to the Soviet import body Techmashimport. The money will partly finance the purchase of a £5 million acetic plant from the British Power Gas Corporation. The plant, to be completed by 1968, will have a yearly output of 35,000 tons of acetic acid needed for the manufacture of synthetic fibres and various organic chemical products. It will also produce propionic and formic acids. In September last, it will be recalled, the Export Credits Guarantee Department had backed a 14-year credit of some £24 million to finance the export to the Soviet Union of a British terylene plant.

The population of West Germany and West Berlin set a new "baby" record last year with 1,054 million live-born babies. Nearly 542,000 were baby boys. Thus, an average of 18.3 infants were born per 1,000 inhabitants. The number of still-born babies sunk to 1.3 per cent, the number of illegitimate children to 5.2 per cent. The increase in population per 1,000 inhabitants reached 6.6 per cent, 507,000 marriages were performed. The Federal Bureau of Statistics discovered that female labourers are the youngest to marry. 26 per cent of them were less than 21 years of age and 70 per cent less than 25 years of age on their wedding day. Only 39 per cent of all women in higher positions and professions were less than 25 years of age.

World rice production is again expected to reach a high level, according to the Commonwealth Economic Committee. India, it is said, is likely to produce a record crop, and Japan a bumper crop. Thailand and Cambodia also expect good harvests. A record output in the U.S. is forecast for the third successive year. The area under cultivation in the United Arab Republic has shown a further expansion. Prospects in Western Europe too are very less favourable. In Burma, however, the position is much less favourable where flood damage has occurred. Rice exports for 1963 so far recorded are above those of last year, reflecting the expansion in supplies in some exporting countries and strong demand from importing countries, particularly India, Indonesia, Japan, the Philippines and the Soviet Union. Shipments from the U.S. in the first seven months of the year were one-quarter larger than a year earlier, while provisional figures for August suggest that exports during January-August aggregated one million tons.

PERSONAL

MR. Eisaku Sato has been elected Japan's new Prime Minister *vice* Mr. Hayoto Ikeda who resigned due to ill health.

Dr. P. V. Cherian, a former Chairman of the Madras Legislative Council, has been appointed Governor of Maharashtra in place of Mrs. Vijayalakshmi Pandit.

Dr. Louis E. Haley of International Minerals and Chemical Corporation, Illinois, U.S., has been appointed Marketing Manager of the Coromandel Fertilisers Ltd., Secunderabad.

Mr. Richard V. Thomas, President of Goodyear International Corporation, has been named a member of the Advisory Committee of the Indian Investment Centre.

Mr. A. R. Bhatt, President of the Federation of Associations of Small Industries of India, and Dr. S. T. Merani, Development Commisioner, Small-scale Industries, left for Tokyo to attend a symposium on small business development sponsored by the Asian Productivity Organisation.

Mr. S. R. Vasavada, General Secretary, Indian National Trade Union Congress, has been awarded the Jehangir gold medal for the current year for outstanding contribution towards the cause of industrial peace. The medal is donated by the Xavier Labour Relations Institute of Jamshedpur.

Mr. S. L. Kirloskar, head of the Kirloskar Enterprises, has left for a six-week tour of the U.S., Canada and the Latin American countries. He will explore the possibilities of exporting the Companies' diesel engines, water pumps and machine tools to these countries.

Mr. C. Subramaniam, Union Food and Agriculture Minister and leader of the Indian Delegation to the Seventh Food and Agriculture Organisation Regional Conference for Asia and the Far East left for Manila; the Conference opened there on the 9th inst.

THE OTHER CHINESE INVASION—IV

VISCOUNT AIRCRAFT AND SALESMEN FROM U.K.

By K. Krishna Moorthy

[This is the fourth and concluding part of a series of articles dealing with Communist China's foreign aid and trade relations. The earlier articles in this series appeared in Commerce *dated 17th, 24th and 31st October 1964.—Ed.]*

A EUROPEAN diplomat once berated this correspondent jestingly for commenting on the sale of six Viscounts to Communist China. According to him, apart from the six turbo-prop planes, Britain had sold another Viscount to China, Field-Marshal Montgomery! In promoting commercial relations with Communist China, high personages from various sectors of British society are interested. The Chairman of the Industrial and Trade Fairs Holdings Limited, which has organised the big British show in Peking which opened on the 2nd inst., is Lord Drogheda, who is also Managing Director of the Company running the *Financial Times* daily newspaper of London. The British Government, Tory or Labour, is as much interested in promoting China trade as numerous British firms which have been campaigning for the past few years to make the best out of the prospects offered by a developing economy containing a population approaching 700 million.

The British show in Peking is the biggest Western exhibition in Peking since the Communists took over the reins of Government. By the beginning of 1964, the British had delivered £3.7 million worth of aircraft and parts to China. Having recognised Peking diplomatically from the very early days of the Communist Government, Britain has had direct diplomatic ties to promote commercial endeavours. And the Colony of Hongkong also has been immensely useful to promote commercial contacts. But as long as the Soviet Union underwrote the supplies for major projects in China, the British as well as other Europeans had only a marginal role in supplies of industrial equipment to Communist China. Numerous Chinese technicians have been visiting Britain in the past few years, and, early in 1963, Lu Hsu-chang, China's Vice Minister for Foreign Trade, visited Britain. The first British exhibition in Communist China was held in the summer of 1963 by the I.C.I., Formica Limited and the Morgan Crucible Group. From 12th to 25th April 1964, the British Scientific Manufacturers' Association held an exhibition in Peking. This was followed a few weeks later by the Mining and Construction Equipment Exhibition. The fourth and biggest show is that which opened on 2nd November. Associated with the organisation of the exhibition is also the Sino-British Trade Council. Participating are more than 200 British firms, of which nearly 150 are directly represented. More than 350 British businessmen are visiting Peking in connection with the show.

Communist China's Orders of Complete Plants

(In crores of rupees)

Plant	Country of origin	Value
Vinylon	Japan	10.0
Vinylon	Japan	15.0
Urea	Holland	3.5
Palm oil	Holland	*
Ammonia	Britain	3.5
Fertiliser	Italy	3.7
Oil refinery	Italy	4.5
Alcohol	France	*
Oil cracking	W. Germany	6.2
Polyethylene	Britain	6.5

* Value not yet known.

Among the bigger British firms represented at the Peking show are Associated Electrical Industries, B.O.A.C., Babcock and Wilcox, Bristol Siddeley, British Insulated Callender's Cables, Crompton Parkinson; Dunlop, EKCO, English Electric, Fairfield Shipping, Hawker Siddeley, Jardine Matheson, Leylands, Lithgows, Longmans Green, Joseph Lucas, Marconi, Massey Ferguson, Perkins, Pye, Rank Organisation, Rolls Royce, Rootes Vickers, Viking Engineering and Whitely.

After the sale of Viscounts, the British also tried to negotiate supplies of Comet jet airliners. Negotiations are now going on for the sale of VC-10 planes. The French have been interested in selling Caravelles but the U.S. State Department has issued warnings against the sale of Caravelles with American-made components. B.O.A.C. has also signed an agreement for the sale of air tickets direct to Chinese towns, a reciprocal arrangement with the Chinese State airline organisation. An important British sale of complete plant to China was the deal in September this year by Simon Carves, in association with Imperial Chemical Industries, of a high pressure polyethelene plant. Other major West European deals under negotiation include a Mannesman steel tubing plant, a Swedish paper mill, a Japanese uric acid plant and a big French oil refinery. Ten major plants have been sold hitherto by West European and Japanese firms to Communist China (see table). These are estimated to cost about Rs. 60 crores. The Japanese have negotiated sales of two vinylon plants. In September 1963, the Continental Engineering Company of the Netherlands sold China equipment for a urea plant. The capacity will be for the production of 175,000 tons of urea a year and the plant is expected to go into production in 1965. The Dutch plant will be run in conjunction with a fertiliser plant being supplied by Humphreys and Glasgow, a British firm. The contract for this was signed in October 1963. In December 1963, the Chinese Government signed an agreement with the Italian Montecatini for two fertiliser plants. In the same month, the Chinese made a deal with Snam-Projetti, a subsidiary of E.N.I., for a petroleum refining plant. In January this year, the French signed a contract to sell an alcohol plant. Some three years ago, the Chinese Government ordered two of the capitalists' luxury cars, Rolls Royce. Two more were ordered later and the Chinese leaders appear to have acquired a taste for Rolls Royce luxury because a deal is being negotiated for the purchase of eighteen more Rolls Royce cars. Among the variety of modern equipment supplied by British firms were some which were useful in China's atomic bomb programme.

Peking has been negotiating with Britain, France, Japan, the Netherlands and West Germany for ships and a recent order was for two cargo ships to be built in France whose shipyards have been laying off men in view of paucity of orders. A British shipbuilders' delegation also visited Peking in the middle of this year. Incidentally, the underemployed French shipyards also recently accepted an order to build warships for Portugal. The French have also conducted an exhibition of measuring and control apparatus in Peking in September and are planning a big show towards the end of 1965 or early in 1966.

Under the Berne agreement of 1963, the N.A.T.O. member countries agreed to deny long-term credits to Communist countries, but, in recent months, there is a belief growing that France may extend long-term credits to China. Private firms in West Germany have set up committees to try increase trading with China which fell during 1963. The West German Government has so far been against any Government-to-Government contracts between Bonn and Peking, partly in view of American policies and partly because China recognises Communist East Germany.

(Concluded)

British Exports to China

(In £ sterling)

	1963	1962
Wool tops and waste	1,877,071	851,083
Synthetic dyestuffs	329,036	166,337
Manmade fibres	748,790	717,839
Iron, steel plates and sheets	1,990,051	430,097
Aircraft engines	580,251	..
Aero-engine spares	28,561	..
Aircraft	2,633,200	..
Aircraft spares	388,531	..
Radio, navigation equipment	108,854	11,265
Electric measuring and test equipment	249,691	180,257
Other test equipment	209,994	68,716
Total (including others)	13,182,468	8,376,427

British Imports from China

(In £ sterling)

	1963	1962
Tea	652,916	440,050
Fur, skins, undressed	954,016	352,230
Sheep, lambs' wool	2,078,234	779,586
Cashmere	1,968,506	1,262,969
Bristles	3,280,116	2,269,512
Tin	1,012,433	1,305,619
Cotton fabrics	1,692,730	1,135,779
Total (including others)	18,529,310	23,149,109

China's Imports from West Europe

(In million U.S. dollars)

	1963	1962	1961
Austria	1.10	1.10	2.10
Belgium	9.49	7.90	10.20
Denmark	0.57	3.70	4.00
Finland	5.68	5.10	6.00
France	58.39	43.30	36.40
Greece	..	..	..
Ireland	0.07	..	..
Italy	9.31	19.00	29.70
Netherlands	12.89	3.40	4.10
Norway	3.30	0.9	5.00
Spain	..	..	..
Sweden	4.66	4.80	7.60
Switzerland	3.84	3.60	5.50
United Kingdom	37.40	24.10	36.50
West Germany	15.40	31.10	30.50

China's Exports to West Europe

(In million U.S. dollars)

	1963	1962	1961
Austria	3.30	3.60	3.50
Belgium	8.25	4.80	3.40
Denmark	6.74	9.40	13.50
Finland	3.01	2.10	2.60
France	21.09	16.90	15.90
Greece	0.07	..	..
Ireland	0.91	0.60	0.90
Italy	19.10	14.10	12.30
Netherlands	15.75	13.90	15.20
Norway	1.96	1.50	1.80
Spain	1.49	0.10	..
Sweden	7.69	5.20	4.30
Switzerland	10.33	9.90	9.40
United Kingdom	57.88	64.80	86.40
West Germany	40.84	39.30	39.70

A seminar on development of management consultancy will be held at Bombay under the auspices of the Bombay Productivity Council from the 30th of this month to 2nd December next. The Asian Productivity Organisation has agreed to provide the services of experts to lead the seminar. The objectives of the seminar are to promote management consultancy in India, provide an understanding of how best to utilise a consultant, provide an opportunity of exchanging ideas on the ways to ensure means of making management consultancy an instrument of higher productivity and better management.

Notice

THE SINGARENI COLLIERIES COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Forty-third Annual General Meeting of the Shareholders of the Singareni Collieries Company Limited, will be held on 28th November 1964 at 12.00 Noon at the Registered Office of the Company, "Meher Manzil," Khairatabad, Hyderabad (A.P.), to transact the following business:

1. To consider and adopt the Directors' Report and the Audited Statement of Accounts for the year ended 31st March, 1964.
2. To declare a dividend for the year ended 31st March, 1964.
3. To note the Donations paid by the Directors.
4. *(a)* To appoint Directors in place of Shri S. N. Sahgal and Shri M. A. Abbasi, who retire in accordance with Section 256(1) and (2) of the Companies Act, 1956 and Article 93 of the Articles of Association of the Company. They are eligible for re-election.

   (b) To appoint Directors in place of Shri H. L. Guha, Shri K. Subbarao and Shri S. K. Nargundkar, who retire under Article 98 of the Articles of Association of the Company and are eligible for re-election.

Note: 1. The Transfer Books of the Company will remain closed for the purpose of dividend from 15th November 1964 to 28th November 1964, both days inclusive.

2. Subject to the Directors' recommendation being accepted, Dividend Warrants will be posted by 28th December 1964.

3. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote, instead of himself and that such proxy need not be a member.

By Order of the Board,
A. SAMBASIVARAO,
Secretary.

"MEHER MANZIL,"
KHAIRATABAD P.O.,
HYDERABAD—A.P.
Dated 30th October, 1964.

MONTHLY ECONOMIC REVIEW OF BRITAIN

STERLING FARES BETTER THAN EXPECTED

NEW GOVERNMENT'S APPROACH EXPLAINED

By W. T. C. King
EDITOR, *"THE BANKER"*

LONDON, *3rd November*

SO far as can be judged from its performance in the foreign exchange markets, sterling has come through the strains of the past month a good deal more smoothly than might, perhaps, have been expected. It has had to face not only the uncertainties inseparable from the final stages of a general election and the first stages of the inauguration of a new Government, but also the dawning realisation and then the confirmation that the gap in Britain's balance of payments has been steadily widening to proportions far beyond anything contemplated when the main lines of economic policy were last laid down, around Budget time last April.

The combination of electoral and economic factors imposed increasing pressure as the election date approached, but at no stage was there any significant speculative "run" against the pound. The monetary authorities had taken the precaution of arranging "Basle-type" short-term credit facilities with a group of oversea central banks: and when the customary statement revealed that, during September, the central reserves of gold and convertible currencies had fallen by £16,000,000, it was simultaneously indicated that some use had been made of these facilities, mainly around the middle of the month.

A similar indication has now been given with the October gold statement, revealing a decline in the official reserves by a further £31,000,000 to £876,000,000: but the amount of these drawings on the credits has not been disclosed. It is probable that the sharpest pressure was felt on the morrow of the election—at a time when the outcome was still in some doubt, and when a particularly disappointing set of trade returns was released into the prevailing uncertainty.

The authorities followed their recent tactics of allowing part of the pressure to be taken by the exchange rate, and the spot quotation for the U.S. dollar dipped on 15th October to a shade above $2.78¼, normally the lowest operation point above the officially fixed limit of $2.78. In the ensuing week, there was a modest improvement and then, on and after 26th October, quite a marked recovery upon the announcement of the new Government's first economic measures.

Stock Exchange

This movement, it may be briefly noted, was broadly paralleled in the stock exchange. Industrial ordinary share prices, as measured by the *Financial Times* index, had risen steeply during September to reach an all-time peak of 377.8 on 1st October, only to plunge back to 355 on 1st October, only to plunge back to 355 377.8 and then rally moderately in the next few days.

Immediately after the election, there was a further dip, to a low point of 350: but the first policy statement was followed by a six-point rally, to 362.8—though this gave place to renewed falls as the moment approached for the Government's presentation of its initial programme to Parliament. Gilt-edged securities also rallied well soon after the election, and especially when it became certain that the immediate measures for dealing with the problem of the balance of payments would not include an increase in Bank Rate.

This recovery, especially of the sterling and gilt-edged markets, doubtless came as a reassurance to the new policy-makers, for their first assessment had declared the underlying economic situation to be "profoundly unsatisfactory." Urgent studies set in motion immediately after the election had culminated, ten days later, in the issue of a White Paper giving their findings and proposals. These were introduced on 26th October by the two Ministers primarily responsible for economic policy, Mr. George Brown, First Secretary of State and Minister for the newly-created Department of Economic Affairs, and Mr. James Callagham, the new Chancellor of the Exchequer: and the Prime Minister, Mr. Harold Wilson, explained them to the nation in broadcast addresses the same evening.

After taking stock of the international financial situation, the Government was satisfied that, "with the facilities available, the strength of sterling can and will be maintained." Several Ministers have since emphasised that this is seen as a prime objective. But the studies had led up to the estimate that, for the year 1964 as a whole, the deficit on Britain's external balance of payments, including net outgoings on long-term capital account as well as the gap on current account transactions, was most unlikely to be below £700,000,000, and might reach £800,000,000—much larger figures than had seemed in prospect on the basis of the last estimates publicly available before the election.

The September trade figures had, however, shown a sharp dip in the seasonally adjusted export total and only a slight fall in imports from the high point recorded for August. The visible trade gap, calculated on a balance-of-payments basis (with imports as well as exports shown f.o.b.) widened to a new high point of £59,000,000, and even for the third quarter as a whole, it averaged as much as £49,000,000 (an annual rate of nearly £600,000,000), compared with £44,000,000 in the second quarter and £35,000,000 in the first. In 1963, by contrast, the visible account had been almost in balance.

Disappointment

These figures disappointed the hopes, which had been steadily shrinking in preceding months, of an early and large turn-round of the depressing trend. The White Paper acknowledged the likelihood of a substantial improvement in 1965, even in the absence of a change in policy: but it considered that any improvement would still leave the overall deficit—current and long-term capital—at an "unacceptable level." No breakdown was given of these global estimates, but it seems clear that the essence of the problem was regarded as a basic imbalance in visible trade, a chronic tendency for imports to outpace exports, so that "every time we seek to increase our national production we are forced almost immediately into deficit."

Because of the sharply rising trend of imports of manufactured goods, the pressures experienced this year could not be dismissed as mainly attributable to the increase in primary imports required to service an expansion of production. At the same time, it was implied, the strains on the balance of payments could not be attributable to any overloading of the home economy. The Government concluded that "apart from the special problems of individual areas and a limited number of industries, there is no undue pressure on resources." (It has to be noted, however, that the external deficit on current account is in itself a means of diminishing the pressure that would otherwise be experienced at home.) In consequence, it saw no need to try to correct the external disequilibrium by measures of domestic disinflation: on the contrary, it rejected "any policy based on a return to stop-go economics."

This being so, and since it recognised that it neither could nor should rely on external facilities "alone or indefinitely," the Government was left with no quick-acting means of improving the visible balance other than by restricting imports and trying to improve the immediate profitability of exports. The major device selected was the imposition, with immediate effect (subject to later resolution of Parliament), of a temporary import charge at the uniform rate of 15 per cent. on landed value, on all imports except foodstuffs, unmanufactured tobacco and basic raw materials: this duty to be additional to any existing duties.

Very broadly, it amounts to a doubling of the average level of Britain's import tariff on manufactures, and of course it applies in some instances to trade that was previously duty-free. At the existing level, the volume of imports affected amounts to about £1.360 millions a year: but it is hoped that its effect, together with other influences tending to reduce imports, may be to reduce the total by around £200,000,000 per annum. On this basis, the tax yield from imports that come in and bear the duty is estimated at about £170,000,000 a year—which would give a fairly neat apparent non-inflationary balance between the reduction in the supply of goods to the home market and the amount of domestic purchasing power mopped up.

Inevitably, this move has been widely deplored as a reversal of the world-wide trend towards freer trade and payments, and the Government has been criticised for taking the step without full prior consultation overseas. Government spokesmen have, however, pointed to the need for urgent action and have said that they deplore it no less: in the words of the Chancellor, "our aim is to secure freer trade all the way round: we were most anxious, as we still are, to make the Kennedy Round, for example, succeed." Hence it has been stated categorically that the charge is "essentially temporary, and it will be reduced as soon as the balance-of-payments situation permits and it will be abolished at the earliest opportunity." Although the duty will inevitably have a protective effect on British industry, this is far from being its aim, the Government has emphasised.

Longer-range Correctives

The longer-range correctives, the White Paper indicates, are to be sought by a drive to make British industry "more competitive and aggressive." The role of the new Department of Economic Affairs, it is stated, will be to ensure that "everything is done to develop those sections of industry which are needed to expand exports, replace avoidable imports and to strengthen our industrial base": whilst the new Ministry of Technology has the task of accelerating the process of modernisation and innovation in industry.

As an immediate but modest aid for exports, exporters are to be relieved of a part of the burden of indirect taxation which enters into the cost of production of exports. The amount of taxation thus borne is to be calculated in respect of each of a number of broad categories and expressed as a percentage of export sales: corresponding payments, ranging from 1 to 3 per cent with an average of perhaps 1½ per cent., will be made to exporters—at an estimated cost to the exchequer of £70,000,000 a year at the present rate of exports. The possibility of co-operative selling arrangements overseas for small firms, and of improving export facilities, is to be examined.

More generally, the While Paper foreshadowed renewed efforts, in conjunction with both sides of industry, to establish a plan to increase productivity and to promote an effective incomes policy "which covers all forms of income and is related to productivity": a policy to promote labour mobility in the interests of technological advance, including a system of severance payments: and efforts to promote the fuller utilisation of the under-employed areas.

There is also to be a strict review of all Government expenditure, to relieve the strain on the balance of payments and to release resources for more productive purposes "by cutting out expenditure on items of low economic priority, such as 'prestige projects.'" Existing programmes, it is observed, would in the aggregate absorb for years ahead the tax yield increments that would come even from a steady 4 per cent growth of gross national product: and room must be found for the additional social outlays to which the new Government is pledged.

Notice

MADURA MILLS COMPANY LIMITED

Registered Office:
New Jail Road, MADURAI

NOTICE IS HEREBY GIVEN THAT IN connection with payment of interest to Debenture Stockholders, the Debenture Stock Transfer Register of the Company will be closed from 16th to 30th November 1964, both days inclusive. It is recommended that:

1. All persons holding debenture-stock on blank transfers should immediately arrange to have the stock registered in their own names, as the Company will pay interest only to the person(s) in whose name the stock stands on the date of payment of interest.
2. Stockholders desiring interests to be paid to Banks or other Mandatees should register the mandates with the Company before 16th November 1964.
3. Intimation of any change of address should be given to the Company immediately.

A. & F. HARVEY LTD.,
Managing Agents.

MADURAI,
24th October, 1964.

Notices

BENGAL POTTERIES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fifty-third Annual General Meeting of the Bengal Potteries Ltd. will be held at the Registered Office of the Company at 45, Tangra Road, Calcutta-15, on Monday the thirtieth November 1964 at 4 p.m., to transact the following items of business:—

(1) To receive and adopt the Directors' Report, the Audited Balance Sheet and the Profit and Loss Account for the half-year ended 30th June, 1964.

(2) To declare a Dividend.

(3) To elect Directors in place of those retiring.

(4) To consider, and if thought fit, to pass with or without modification, the following Resolutions:—

(a) *Special Resolution*:

"That, in pursuance of Section 360 of the Companies Act, 1956, the Company approves the agreements to be entered into between the Company and other concerns which are or may be deemed to be Associates of its Managing Agents, more particularly General Industries Corporation, the material terms whereof are as follows:

(i) The one will supply to/buy from other:—

—their products, as required by the other

—other goods and things which one can supply and the other may require.

(ii) The price of the products or other supplies will be the suppliers' ruling market price (subject to applicable discounts) at the time of supply.

(iii) Payment of price will be within one month of the receipt of goods.

(iv) The agreement will be determinable by either party at will."

Explanatory Statement under Section 173 (2):—

The Shareholders' approval is required for sale/purchase transactions between the Company and its Managing Agents/their Associates under Section 360 of the Companies Act, 1956 Messrs. General Industries Corporation are not. in the view of the Company 'Associates' of its Managing Agents, but the resolution is proposed for abundant caution. Material terms appear in the Resolution itself:

Interest of Directors

Shri Bharat Ram and Shri Shri Dhar, Directors of the Company, are Directors of Shri Ram Associates Private Ltd., a partner in General Industries Corporation. Mrs. M. G. Bhagat, a Director of the Company, and her relatives are partners in General Industries Corporation. Except as aforesaid, no other Director or Managing Agents have any interest in the Resolution.

(b) *Special Resolution*:

"That the appointment as a Director of the Company of Shri Shri Dhar, to whom Section 261 of the Companies Act, 1956 may be deemed to apply, be and is hereby approved."

Explanatory Statement under Section 173 (2):—

This Resolution is proposed as the Company is advised that provisions of Section 261 of the Companies Act, 1956 may be deemed to apply to Shri Shri Dhar, a Director of the Company. The Resolution is proposed accordingly. Requisite Special Notice has been received and is hereby given to the Shareholders and is open for inspection at the Registered Office of the Company during business hours.

(c) *Ordinary Resolution*:

"Resolved that subject to the approval of the Company Law Board, the present Managing Agents of the Company, Messrs. Bharat Ram Bhagat & Co. a firm at present consisting of Madan Mohan Lal Shri Ram Private Ltd. and M. G. Bhagat and Sons Private Ltd., two private limited Companies, be and are hereby reappointed as the Managing Agents of the Company for a term of 10 years commencing from 16th August, 1965 in terms of the draft agreement proposed to be entered into between the Company of the one part and Messrs. Bharat Ram Bhagat & Co. of the other part and placed before this Meeting and signed by the Chairman hereof for identification, with such modifications, if any, as the Company Law Board in according its approval may require and the Directors of the Company are hereby authorised to execute and complete the said agreement with such modifications."

Explanatory Statement under Section 173(2):

The term of appointment of the Managing Agents of the Company, Messrs. Bharat Ram Bhagat & Co., will expire on 15th August, 1965.

The Directors propose that they be reappointed as Managing Agents for a fresh term of ten years from 16th August, 1965.

An abstract of the proposed terms of appointment and the Memorandum as required under Section 302(3) of the Companies Act, 1956 is given hereunder. The draft agreement can be inspected at any time between 2 p.m. to 4 p.m. at the Registered Office of the Company and half an hour before the Meeting it can be inspected at the venue of the meeting.

Memorandum of Interest of Directors:

Shri Bharat Ram and Shri Shri Dhar, Directors of the Company, are Directors and members of Madan Mohan Lal Shri Ram Private Ltd., a partner in Bharat Ram Bhagat & Co. and to that extent they are interested in the reappointment of Managing Agents.

Mrs. M. G. Bhagat, a Director of the Company, is a Director and Member of M. G. Bhagat and Sons Private Ltd., a partner in Bharat Ram Bhagat & Co., and to that extent she is interested in the reappointment of the Managing Agents.

Abstract of Managing Agency Agreement:

1. The agreement is between the Company and Bharat Ram Bhagat & Co. for reappointment of the latter as Managing Agents of the Company. Messrs. Bharat Ram Bhagat & Co. is a co-partnership consisting of the following partners:—

—Madan Mohan Lal Shri Ram Private Ltd.

—M. G. Bhagat and Sons Private Ltd.

2. The Head Office of Bharat Ram Bhagat & Co. is located at DCM Premises, Bara Hindu Rao, Delhi-6.

3. Abstract of the Clauses of the Managing Agency Agreement is as follows:—

Parties: This recites the parties of the agreement.

Preamble: Recites the background of the proposed agreement.

Clause 1: Provides for reappointment of Bharat Ram Bhagat & Co. as Managing Agents for ten years from 16th August, 1965.

Clause 2: Lays down that Managing Agents shall use their best endeavours to promote the interest and business of the Company and shall not carry on competitive business.

Clause 3: Provides that subject to the control and directions of the Directors, and to the provisions of the Companies Act, the Managing Agents shall have the general conduct and management of the business and affairs of the Company and sets out specific powers to be exercised by them.

Clause 4: Provides for the custody of property, books of accounts, etc. of the Company by Managing Agents.

Clause 5: Provides for maintenance of Accounts of the Company by Managing Agents.

Clause 6: Provides that Managing Agents shall fully comply with provisions of Statutes.

Clause 7: Provides that the Company shall pay to the Managing Agents commission at 10 per cent of net profits computed in accordance with Sections 349-351 of the Companies Act, 1956 subject to the minimum remuneration of Rs. 50.000.

Clause 8: Provides for payment of Guarantee Commission to Managing Agents or their Associates for guaranteeing loans obtained by the Company.

Clause 9: Provides for facilities to the working members of Managing Agents.

Clause 10: Provides for compensation to Managing Agents if their Office is determined at any time before the expiry of the period of appointment.

Clause 11: Provides for:

—Reimbursement of expenses to Managing Agents.

—Indemnification of Managing Agents against all losses and costs suffered by them in the discharge of their duties and obligations to the Company.

Clause 12: Provides for sub-delegation of powers by the Managing Agents.

Clause 13: Provides for nomination of working members by the Managing Agents.

Clause 14: Provides for nominees of Managing Agents on the Board.

Clause 15: Provides for Managing Agents' lien on assets of the Company.

Clause 16: Provides that the agreement will be subject to tripartite agreements between the Company, the Managing Agents and the Industrial Finance Corporation of India in connection with the loans taken by the Company from the Corporation.

Clause 17: Provides for arbitration in case of disputes.

(d) *Ordinary Resolution*:

"Resolved that the Members of the Company approve of the appointment and continuation as a Director of Bengal Potteries Limited of Shri D. N. Sen who has attained the age of over 65 years, and declare that his age limit of 65 years as specified in Section 280 of the Companies Act, 1956 shall not apply to him."

Explanatory Statement under Section 173(2) *of the Companies Act,* 1956 *regarding Ordinary Resolution under Section* 281.

Special notice has been received by the Company on 1st November 1964 of this Resolution from three of its Members under the provision of Section 281 of the Companies Act, 1956.

Shri D. N. Sen will retire by rotation at the next Annual General Meeting of the Company. He has attained the age of over 65 years. If appointed Shri D. N. Sen will get remuneration from the Company as provided in its Articles of Association, and he is interested to that extent. Save as aforesaid no other Director or the Managing Agents have any concern or interest in the above resolution.

(5) To appoint Auditors for the current year and to fix their remuneration.

The Share Transfer Register of the Company will be closed from 28th November 1964 to 1st December 1964, both days inclusive.

A member entitled to attend and vote at a Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

By Order of the Board of Directors,
BHARAT RAM BHAGAT & COMPANY,
Managing Agents.

45, TANGRA ROAD, CALCUTTA,
Dated, 2nd November, 1964.

THE BRITANNIA ENGINEERING COMPANY LIMITED

ISSUE OF 9.3 PER CENT REDEEMABLE PREFERENCE SHARES

MEMBERS OF THE COMPANY ARE HEREby informed that the last date for receipt of applications in response to the Company's Offer relating to the above Share Issue has been extended up to 21st November, 1964.

By Order of the Board,
McLEOD & Co. LTD.,
C. HOCKLEY,
Director,
Managing Agents.

"McLEOD HOUSE,"
3, NETAJI SUBHAS ROAD,
CALCUTTA.
6th November, 1964.

TREND OF MARKETS

BUSY SEASON SETS IN

(From Our Own Correspondent)

BOMBAY, *11th November*

The busy season has actually set in, with the formal end of the slack season on 28th October. In the first week of this month, the short-term money market experienced some stringency and the inter-bank call money rate jumped up in quick succession but, thereafter, conditions became a little easier, especially in the past two days. The initial stringency was due to pressure of demand for funds associated with *Diwali*, superimposed by the requirements for payment of annuity deposits and bonus to mill workers. This week, however, there was some improvement. Demand for credit no doubt continued to be high, but borrowers found no difficulty in meeting their needs, as adequate funds were available following the return flow of funds. Only they had to pay high rates of interests which were, of course, lower than those a week ago. The following are the rates:

(Per cent per annum)

	11th November	*A week ago*	*Two weeks ago*
Bombay:			
Renewals ...	3	4½	1
Fresh money ...	2½	4½	1
Calcutta:			
Renewals ...	5	5	1
Fresh money ...	4½	5½	½

The tight conditions of money are reflected in (*a*) the marked increase of Rs. 70.31 crores to Rs. 2,467.59 crores in notes in circulation during the week ended 6th November, (*b*) a rise of Rs. 4.20 crores to Rs. 5.88 crores in loans and advances made by the Reserve Bank to scheduled banks, and (*c*) poor response to 91-day Government of India Treasury Bills. The total amount offered against the Bills the tenders for which opened on Tuesday the 10th inst. was no more than Rs. 2.05 crores, as against the Rs. 2 crores invited and also accepted. The average rate of accepted tenders was Rs. 2.499 per cent per annum. The response to the Intermediate Treasury Bills, too, was poor, the total amount of bills actually sold from the 4th to 7th inst. being just Rs. 48.50 lakhs as against Rs. 7.02 crores a week before and Rs. 27.64 crores two weeks before.

India's foreign exchange reserves improved by Rs. 2.10 crores to Rs. 95.89 crores during the week ended 6th November. The whole of the improvement was in balances held abroad which rose from Rs. 8.33 crores to Rs. 10.43 crores. The foreign securities held in the Issue Department of the Reserve Bank, however, continued unchanged at Rs. 85.46 crores. Deposits of scheduled banks rose by Rs. 7.76 crores. At the same time, their borrowings from the Reserve Bank went up, as already stated.

The total credit made available by scheduled banks to their clients increased by Rs. 4.40 crores to Rs. 1,707.30 crores during the week ended 30th October. There was also an increase of Rs. 6.52 crores to Rs. 2,720.00 crores in deposits and so the borrowings from the Reserve Bank declined by Rs. 61.70 lakhs to Rs. 1.22 crore. Investments improved by Rs. 34.21 crores to Rs. 873.66 crores while total cost receded by Rs. 36.05 crores to Rs. 152.42 crores.

The gilt-edged market ruled dull. Business put through was restricted, with values moving narrowly.

In the foreign exchange market, the banks' buying rate for U.S. dollars rose by 25 paise to Rs. 477.50 per $100 during the week while their selling rate was unaltered at Rs 480.75. In New York the pound sterling eased *vis-a-vis* the dollar, the spot rate declining by 0.120 cent to 278.350-278.970 cents and the three months' forward by 0.160 cent to 277.710-277.730 cents.

SPURT IN SILVER

(From Our Own Correspondent)

BOMBAY, *11th November*

Silver staged a spurt during the fortnight under review due mainly to brisk demand from local and upcountry dealers. Gold, too tended to move up as demand was good. The rise would have been more marked but for increased arrivals. Over the fortnight, silver gained Rs. 4 and gold 25 paise. Operators are generally inclined to feel that the new year (*Samvat* 2021) has begun on a promising note and that prices of both silver and gold would scale fresh levels in the months to come.

Silver moved up from Rs. 253 to Rs. 260 in the *Moorat* session on 3rd November. Subsequently, however, it declined to Rs. 256 on account of lack of sustained demand at higher levels before closing at Rs. 257 today. The average arrivals and offtake of the metal were 26 and 12 bars respectively.

Fourteen-carat gold improved steadily from Rs. 66 to Rs. 67 on *Divali* day but declined later to Rs. 66.25 following steady support from the South. Pure gold was quoted at Rs. 111 on some enquiries and seizure of contraband metal. It, however, declined to Rs. 109.50 on fresh arrivals in the market. Sovereign was steady at Rs. 91.50-92.

The international price for gold in the London market, after moving up to $35.11¾, was lower at 35.09¼, as against $35.10⅛ a fortnight back. The sterling price was quoted at 252s. 1¼d., after touching 252s. 2½d. in the earlier sessions. While spot silver was unchanged at 112½d., forward silver gained ¼d. to 113¼d. Silver in New York was also unchanged at 129.3 cents.

The Punjab Government has decided to exempt displaced goldsmiths from payment of stamp duty on bonds to be executed by them for taking loans from the Government for rehabilitation purposes.

The following table shows the trend of prices during the week under review:

	11-11-64 (closing)	High	Low	28-10-64 (closing)
SILVER				
Ready (996 fine) ..	Rs. 257.00	Rs. 260.00	Rs. 253.00	Rs. 253.00
GOLD				
Ready (14-carat) ..	66.25	67.00	66.00	66.00
Sovereign	91.50*	—	—	91.50*
London—				
Gold ..	252s. 1¼d.	252s. 2½d.	252s. 1¼d.	252s. 1¼d.
Silver Ready ..	112½d.	—	—	112½d.
Silver Forward ..	113¼d.	—	—	113d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

PEPPER QUIET

(Messrs. Parekh and Co.)

BOMBAY, *10th November*

Malabar pepper ruled quiet during the week, in view of the proximity of the new season. Arrivals of light berries have started coming at Alleppy. They are exerting pressure when the quality is larger than the demand. Balance of unsold old pepper in the hands of growers are estimated at about 3,000 tons. The new crop's first estimate is placed around 30,000 tons. Floating stock of old garbled pepper in the Cochin market being in strong hands, the market is resisting downgrade revision of prices at every new low level. Such a state of affairs is likely to continue for some time to come until the sizable arrivals of matured pepper. Some of the exporters are reported to be offering to New York on views Malabar black for December-January shipment at $0.36 for testing U.S.A. market even without margin or with small loss.

Indonesia's latest check price for Lampong is reported to be $0.40. The report that Lampong is being offered in New York at $0.33 seems to be without foundation. Singapore is steady at $(M)122½. New arrivals of Lampong in Singapore is few and far between because the Malaysian Government are alert against the smuggling of arms under the cover of commodities. Ready and garbled at Cochin are quoted at Rs. 332 and garbled at Rs. 344. *Posh* delivery in Bombay is quoted at Rs. 352, after touching the highest at Rs. 370. *Maha*, after establishing a high level of Rs. 374, came down to Rs. 356 under pressure of selling by exporters who feel that, with the advance of the seasonal arrivals, the prices will go down, as importing countries are sitting on the fence. December delivery at Cochin is quoted at Rs. 338, the highest being Rs. 352.

Situation in Malaysia and South Vietnam is a restraining factor against bear selling. Ready ungarbled in local market is quoted at Rs. 180 per 50 kilos.

COTTON FUTURES FIRM

(From Our Own Correspondent)

BOMBAY, *11th November*

Sustained short-covering and some speculative buying induced by reports of inclement weather in Khandesh and certain parts of Punjab and the consequent fear of damage to crops in these tracts, helped the cotton futures contract to firm up to new highs, since the commencement of the current season. This is the outstanding feature of the cotton market since we reviewed it in these columns a fortnight ago.

In the initial days of this fortnight, the market ruled easier because of nervous selling induced by apprehensions of stricter measures by the Government to curb the rising level of commodity prices. Operators thought that any step to bring down price levels in the country would affect cotton, too, as it was an essential commodity. This fear soon faded as no action was taken apart from an Ordinance to tackle the foodgrains dealers. A steadier feeling returned which was quickly followed by a distinctly firm trend engendered by adverse weather reports. The *Moorat* session was somewhat listless as the turnover at 9,000 bales was much less than expected. But the buoyancy in the futures section continued unabated in the post-*Divali* sessions with the Contract daily touching a new peak. Today, however, the futures closed below the best, because of profit-taking by bulls at higher levels.

I.C.C. Jarilla March 1965 which opened the fortnight on 29th October at Rs. 741.25 per candy, as against the closing price of Rs. 740.50 on 28th October declined to Rs. 738 on the second day itself. After touching its highest level so far at Rs. 757.75 on the last day of the fortnight closed at Rs. 756, thus gaining Rs. 15.50 during the fortnight. It may be recalled that the Contract had started its career on the 30th July last at Rs. 727.

As regards the *Moorat* session on the 3rd inst. it may be mentioned here for the purposes of record, the Contract opened the session Rs. 2 higher at Rs. 746.50 but moved within a narrow range. After touching a high of Rs. 747.50 on that day, it closed the session at Rs. 746.25.

Good demand featured the trading in spot market at Sewri. Prices of all the popular varieties showed a preceptible rise during the fortnight under review. Spinners, who were hesitant for some time, entered the market and booked moderate quantities of new crop varieties. The prices of staple varieties, like Co2 L147 and Digvijay, progressively hardened. Reported damage to crops provided a fillip to demand. The ruling prices it may be noted in passing, are Rs. 50 to Rs. 75 higher than those which prevailed this time last year. The following are the latest available quotations (per candy) for some of the popular varieties:

Amravati Old Rs. 1,175; Anjangaon L147 New Rs. 1,270; Bailhongel CO2 Rs. 1 141; Bengal fine Rs. 788; Digvijay New Rs. 1,215; Dhulia Rs. 1 400; Hubli Laxmi Rs. 1,100; Kalyan New Rs. 991; Pachora New Rs. 1 135; Pandharpur New Rs. 1,080; Shahda Old Rs. 955; Talera AK 235 Rs. 1,151; Yeotmal L147 New Rs. 1,181.

Among short-staples, Bengal *Deshi* has swiftly moved upwards during the last two weeks following hectic short buying. The increase in demand is attributed mainly to the expectations of a smaller crop; the latest estimate is 375,000 bales as against the earlier expectation of 550.000 bales. The rate for the December delivery contract touched a high level of Rs. 791 per candy on the 9th inst., as against Rs. 758 on 28th October 1964. But towards the close of the fortnight, it eased to Rs. 787-788. The January 1965 contract is quoted at a discount of Rs. 8. The export registrations for the December contract stood around 73,000 bales, as against 72,000 bales two weeks ago. Among foreign cottons, interest was evinced only in the African varieties. Mills have been showing keen interest in new crop Sudan cotton, as, following a good crop, offers from shippers are said to be quite easy.

According to the latest statistics available, imports of foreign cotton into India during the months of September and October 1964 were about 215.000 bales as against 91.500 bales (of 180 kgs.) during the corresponding period last year. Of this American cotton accounted for 82 per cent, followed by Sudan 6 per cent, U.A.R. 4.5 per cent, East African 4 per cent and other countries 3.5 per cent.

Reports from Karachi say that cotton production in Pakistan in 1964-65 season will hit an all-time high of 2.6 million bales (of 400 lbs. each), as compared with 2.3 million bales in the last season and 1.7 to 1.8 million bales in 1961-62. The increase in production is attributed to the introduction of better-yield varieties, improved agricultural and irrigation practices, extensive plant protection measures, and larger use of fertilisers.

ART SILK YARN EASIER

(From Our Own Correspondent)

BOMBAY, *11th November*

In the absence of any fresh development during the fortnight under review the yarn market ruled dull and easy. The *Moorat* session on Tuesday the 3rd inst. was an extremely dull affair. Indeed, practically the entire ring was deserted in the mid-session. A leading spinner did not open the *Moorat* deals at all. The total turnover was not more than 1,200 cases. Art silk yarns lost further ground during the fortnight, thanks to reduced demand from consuming centres. Even at low levels, support was lacking. Staple fibre future moved narrowly owing to lack of interest on the part of either buyers or sellers. Spot staple fibre yarns were easy on prospects of some supply from local mills and poor inquiries from consuming centres. Cotton yarns continued to be dull.

Export of rayon and synthetic fabrics during the month of October 1964 were lower at 4.49 million metres valued at Rs. 47.19 lakhs, as against 6.50 million metres valued at Rs. 71.85 lakhs in the previous month and 7.05 million metres worth Rs. 70.13 lakhs in October 1963. The average price realised per metre was also lower at Re. 1.07, as compared with Re. 1.10 in the previous month.

Among art silk yarns, National Rayon 150D fell by 20 P to Rs. 9.28. 120D receded by 13 P to Rs. 9.90. Bright Century 105D dropped 20 P to Rs. 12.10. South India Viscose 120D and Bright Century 75D were dull, the former at Rs. 12.36 and the latter at Rs. 17.60.

In the staple fibre yarn section, the 2 x 34 January 1965 contract began the week at Rs. 851 per quintals; the closing rate on the *Moorat* trading was Rs. 851.25. It rose to Rs. 853 on Monday but declined subsequently and closed at Rs. 850 today. Spot Sitalaxmi shed 4 P to Rs. 9.39. Madhav eased by 7 P to Rs. 9.28. Venkatesh slipped by 6 P to Rs. 8.99. Sriram and Premier were unchanged at Rs. 9.06 and Rs. 9.61, respectively.

Cotton yarn 50s Minerva lost Rs. 2 to Rs. 58. 52s Finlay eased by 50 P to Rs. 80.50. All other counts were quoted at last week levels.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	11-11-1964	3-11-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	9 90	10 03
Century 75D	17 60	17 60
S. I. Viscose 120D	12.36	12.36
Staple fibre yarn (2 x 34 NF) January 1965 (per quintal)	850.00	851.25
Spot (per kg.)		
Vasanta	—	9.06
Premier	9 61	9 61
City	9.42	9.42
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21 50	21 50
17s Modern	27 00	27.00
22s Madura	32 00	32 00
34s Textt	40 50	40 50
52s Pioneer	58.75	58.75
68s Finlay	102.00	103 50

KIPS DULL

(From Our Own Correspondent)

MADRAS, *9th November*

Madras kip market was lifeless. Arrivals of stocks from the tanneries have been delayed by the rains. U.K. buyers have been quoting low prices to sound the attitude of the shippers in order to see how far the sellers will meet the 15 per cent surcharge on imports into the U.K. It has been reported that a few transactions have been closed at 2d. to 3d. per lb. lower than the rates ruling last month. In view of the export

incentives offered to the U.K. exporters, it is believed that the relative buyers will be in the market again shortly.

Inquiries for tanned goat skins were free from the Continental buyers, with emphasis on medium weights. Prices remained steady. The market for prime and semi-prime sheep skins was dull, but for the middle class light-weight lower ends which was firm, and sellers were not keen to book further orders, in view of the arrivals being of heavier average.

Shipments during the month of October were as follows:—1,647 bales tanned cow hides, 190 cow calf, 5 buff hides, 204 buff calf, 402 goat, and 268 sheep skins to the U.K. ports; 1 bale cow calf, 869 goat, 314 sheep and 938 cases chrome and pickled goat skins to the Continent; 27 buff hides, 41 buff calf, 360 goat and 154 cases chrome and pickled goat to the U.S.A.; 10 goat and 194 sheep skins to Japan.

OILSEEDS ADVANCE

(From Our Own Correspondent)

BOMBAY, 11*th November*

From the pattern of trading during the week, it appeared that oilseeds had seen their worst and that they were well on their way to recovery. Bulls had the upper hand and prices staged a sharp recovery on short-covering and renewed support. It might be asked as to how, against the background of a ban on the export of edible oils from the country and reports of a bumper harvest in groundnuts, the market could be so buoyant. The answer does not seem difficult. As mentioned in this report some time ago, prices of oils and oilseeds had suffered such a sharp reaction that a recovery was due and necessary at least on technical considerations. Further, the fact that oil prices had touched as high as Rs. 3,400 a tonne is still fresh in the minds of market men and the setback to the Rs. 2,000-level obviously attracted support. The gap was rather wide and as such there was considerable scope for its being narrowed down.

The decision of the Gujarat Government to remove the ban on exports from the State of groundnuts and groundnut oil was welcomed, although market circles had no doubt in their minds that, sooner or later, the State Government would have to reverse its decision. To a large extent the news had been discounted by the time the statement of Mr. Balwantrai Mehta appeared in the press. Market circles were wondering whether the State Government would not impose price restrictions which were withdrawn some time ago, but this had not been done until the time of writing. However, it appears that the State Government proposes to control exports by means of permits and reliable sources have it that district collectors have been asked to issue permits for November on the basis of individual performance during the same month of last year.

Apparently, the promulgation of an ordinance providing for the punishment of food offenders on the basis of summary trial has failed to strike terror in the minds of oil interests. The talk—and it is a very light talk—is that, so long as prices are not pegged at certain levels, the question of profiteering does not arise. At any rate one can talk of profiteering only if oil crosses the Rs. 3,300-level which was actually the figure from which the market began to react. And, therefore, bull operators are emboldened to take the market up. During the week, the Groundnuts March contract touched Rs. 98.15. Knowledgeable sources think that, once the contract crosses the Rs. 100-mark—at this level, margins come into force—one could expect the market to forge ahead. There is also a vague feeling that the Union Government might lift the ban on exports from the country. But this is rather a hazardous guess.

The extractions market is well maintained. The rates at the time of writing are: November Rs. 418-Rs. 420, December Rs. 405, January Rs. 400 and January-February-March Rs. 395. Sentiment in the market is induced by reports that the United Kingdom, Continent and the East European markets are together committed to buy about 275,000 tons of new crop oil for shipments during November, December and January, leaving little for sale. Moreover, the ban by Uttar Pradesh continues and it is said that solvent extraction plants are finding it difficult to find cakes for feeding their mills. This is apparently behind the strength in extractions and the talk is that distant positions might improve by Rs. 15 to Rs. 20 before long. United Kingdom advices indicate £38-5 for November, £37-10 for December, £36-10 for January and £36 for January-March. The oil market is also well maintained with spot oil at Rs. 24. November at Rs. 20, December at Rs. 19.70 and January at Rs. 19.80.

Castor has been extremely firm but the trend here is induced mainly by groundnuts. There are no factors as such in this section, for the castor crop is still a long way off and the crop is expected to be just about normal. The March contract was bid up to Rs. 184.62, the highest in recent days, but closed a shade lower at Rs. 184.50. Export prospects for castor have never been good, particularly with too many rivals about in world markets, but stocks here are not comfortable either. It would be rather difficult to guess the outlook for castor on its own merits at least now. Perhaps it will be content to be led by groundnuts. The Delhi and Punjab operators who are supporting the market will have a big say in its future. The trend in linseeds is more or less identical with that of castor. There are no exports of oil and the market is content with being led by linseeds. The rapessed harvest will certainly have a say in the outlook for linseeds, but, as sowings have just begun, it would be too early yet to talk in terms of the harvest. The March contract was quoted at Rs. 41.94 at the time of writing.

Cottonseeds were also firm and the price of Rs. 111 touched on Monday was not only the highest for the week under review but a record high. As has been pointed out many a time here, the trend is induced by the firmness of cotton which, in turn, has maintained a firm tone due to factors such as damage to crop in certain tracts and the feeling that imports might not after all be as easy as they have been until now. Otherwise, the crushing industry is worried over the ban on the use of solvent extracted cottonseed oil in the manufacture of *vanaspati*. The industry had made a representation pleading for the removal of the ban as well as for exemption from excise duty of soaps manufactured from cottonseed oil in order to stimulate demand for the oil. One does not yet know the reaction of the Government to this plea.

The following table shows the closing prices of oilseeds and oils as on 11th November as compared with those on 21st and 28th October:

	11-11-1964	28-10-1964	21-10-1964
Groundnuts	Rs.	Rs	Rs.
January 1965 contract	98.15	94.40	95.20
Oil January 1965	N.T.	N.T.	N.T.
Khandesh quality	120 00	97.00	106.00
Oil ex-mill	24.00	21.00	24.50
Oil Rly. Receipt	23.00	20.50	23.75
Castorseed			d
March 1965	184.50	182.00	182.87
Ready Madras	83.50	83.00	83.50
Ready Kanpur	81.50	81.00	81.25
Oil B.S.S.	18.55	18.60	18.70
Oil commercial	17.85	17.70	17.80
Linseed			
March 1965..	41.94	39.69	39.84
Bold ready	101.00	95.50	96.00
Linseed oil	21.50	20.15	20.80
Cottonseed			
January 1965 contract	109.50	104.25	102.00

N.B.—The quotation for groundnuts January 1965 contract is for 100 kg. The rates for spot groundnut and castor are for 100 kg. Castor and cottonseeds futures are quoted per 250 kg. while linseeds futures are quoted per 50 kg. Groundnut Oil January 1965 and all spot oils are quoted per 10 kg.

JUTE MILL WORKERS' AGITATION

(From Our Own Correspondent)

CALCUTTA, 10*th November*

Steady conditions were in evidence in both jute goods and fibre markets during the week under review. While the possibility of the British Government agreeing to exempt jute goods from the general import duty of 15 per cent imposed recently has been hopefully noted, the unrest among jute mill workers in and around Calcutta over the demand for payment of bonus in accordance with the Bonus Commission's recommendations has caused anxiety. India has pointed out to Great Britain that, if an import duty of 15 per cent were levied, jute goods imports into the U.K. would be subjected to double duty. For, with a 10 per cent levy on imports, already the Dundee mills are protected against cheaper-priced goods. If the 15 per cent duty on jute goods were maintained, Britain's own manufacturing industry would be hit. For carpet manufacturers in Britain depend on imported yarn to meet most of their requirements. At the same time, it is difficult for Dundee mills to increase production; their order books are full and the Dundee industry is faced with a shortage of skilled workers. In other words, Britain would have to continue the present level of imports of jute goods, although, with increased prices in view of the new import duty, if maintained, substitutes would get an impetus. The progress of substitutes in the U.S. has been aided by increased domestic consumption, and the U.S. manufacturers of substitutes would not let the opportunity of exporting to the U.K. to go.

The demand of jute mill workers for payment of annual bonus on the basis of the Bonus Commission's recommendations in place of the Wage Board's award is affecting operations in mills. The National Union of Jute Workers, affiliated to the I.N.T.U.C., has already taken a decision to stage a day's strike soon. Already with the disparity in prices of goods and fibre and the increase in cost of production, the profit margin of mills has been considerably affected. A tonne of heavy goods is capable of making a profit of only Rs. 100 and a tonne of hessian only Rs. 35. If labour charges as a result of the present agitation of workers were to increase, prices to consumers would naturally go up. That any fluctuation in prices should be avoided is clear from the warning spelt out in a recent F.A.O. study on trends and prospects for jute goods in the world market. For the study, after analysing production and consumption trends in recent years, concludes that the expansion of jute goods market would depend on the maintenance of stability of price and supplies. In this context, it has been unfortunate that prices of jute goods have been subject to wide fluctuations already in this year and if, as a result of the unrest among jute mill workers, prices of goods were to increase, that would be considered very unfortunate. When mills implemented the Jute Board's award, they had fondly hoped for employer-employee peace at east in respect of the period the award was specifically related.

While the F.A.O.'s study view that the world demand for jute goods, especially in the developing countries, is likely to rise steadily up to 1970, having regard to the rising output of goodgrains, fertilisers and cement, has caused satisfaction to the trade and industry against the background of increased production and export targets fixed in the fourth Plan, significant note should be taken of the considerable increases in jute growing and jute manufacturing now taking place in the Far East and Africa. With the emergence of Pakistan as the largest fibre exporter by choice since 1947, when India was compelled quickly to formulate and implement self-sufficiency plans for fibre as a result of the unfriendly pricing policies pursued by Pakistan, many countries have also emerged as jute goods manufacturers. While, therefore, both India and Pakistan plan to increase their output, Formosa, China, the U.S.S.R., Burma, Thailand, Brazil and the U.A.R. would also increase their output. Although output of these countries is not likely to figure in exports, it is realised that their dependence on India and Pakistan for supplies of jute goods would diminish. While the offtake of these countries of jute goods from India is not expected to decline, it is likely that Indian goods would derive little or no benefit from expanded needs of packaging requirements in the low-income or developing countries, which have set up jute mills.

The fact that the Indo-Pakistan share in world output of jute goods declined from 92 per cent in 1946-51 to 53 per cent in 1962-63 emphasises how far other countries have put to good use Indo-Pakistan trade discords. When Pakistan was inaugurated, that country desired to exploit India's dependence on Pakistani fibre. Such short-sighted policy, although it paid good dividend for Pakistan for a time, has now resulted in permanent harm to the jute industry of the sub-continent. In the same breath, Pakistan is now offering unfair competition against India in the export of heavy goods. Mills in India have been pressing the Government of India for similar advantages to them in an attempt to regain overseas markets for heavy goods lost by India. The Government of India, however, has so far refrained from taking any steps in retaliation in haste, as that would only mean taking the war of unfair competition a stage further. It is in the abiding interests of the sub-continental jute industry that Pakistan stops from continuing to offer unfair competition against India in overseas markets for goods. A conference between the representatives of India and Pakistan has been often suggested by the trade interests here. As a preliminary, the representatives of the industry in India and Pakistan should meet, it is felt.

Fibre prices were maintained during the week under review, with the latest quotations being: Assam bottoms Rs. 37.50; northern bottoms Rs. 36.50; and daissee bottoms Rs. 38.00. For some weeks now, prices have been maintained at these levels which, as pointed out earlier, admit of little profit to mills in simultaneous business in fibre and goods. The latest *Bulletin* of the Indian Central Jute Committee attributes the strength of the fibre market "partly to the snow-balling effect of a buoyant gunny market and partly to mill buying under maximum quotas." There is the apprehension of supply this year having fallen below last year's level.

In the goods section, sackings were steadier. In view of the marked decline in the profitability of hessian, mills are inclined to transfer more looms to sacking and, as a result of the loss of production in Pakistan mills, it is expected that more orders from overseas countries for heavy goods would be received in India. Last week's order from Burma for a substantial quantity of sacking would not have been entirely placed on India had it not been for the difficulties being encountered in Pakistan mills. It is unfortunate that labour unrest in India has also lately been affecting mills' output. Considering that the U.S. had up to now bought only in driblets, it was expected that U.S. interest would begin to be shown for larger quantities. Such an expectation was encouraged by the somewhat steadier trend in the New York burlap market where in the week under review hessian 40" 7½ oz. rose from 9.65 cents a yard to 9.75 cents and 40" 10 oz. hessian from 12.65 cents a yard to 12.75 cents. On Wednesday last in Calcutta, ready hessian 40" 10 oz. and B. twills were nominally steady at Rs. 50.25 and Rs. 152.50, respectively. The feature on the following day was the jump in B. twills to Rs. 155.50, as a result of keen activity in the hedge market. However, hessian 40" 10 oz. was quiet at Rs. 50.05. On Friday, the quotations were Rs. 155.25 and Rs. 50.25. Over the week-end an easier trend saw the rates decline to Rs. 154.25 and Rs. 49.95, respectively. Steadiness revived yesterday to take up B. tills to Rs. 156.00 and hessian 40" 10 oz. to Rs. 50.05.

GOOD DEMAND FOR COPPER

(From Our Own Correspondent)

CALCUTTA, 10*th November*

With no sign of an easing of shortage, the non-ferrous metals market in Calcutta displayed buoyant conditions during the week under review. With the pronounced victory of the Democratic Party and the retention of the presidentship by Mr. Johnson and the voting to the vice-presidency of Mr. Hubert Humphrey, both of whom are credited to hold liberal views, the trade has here expressed the hope for a possible increase in the U.S. aid and larger provision for import of non-ferrous metals from the U.S.A. It should be noted that if the United States so desires, it can relieve the shortage in India by allocating copper, tin, lead and zinc from surplus stocks. Unless world production of the principal metal increased in tune with the sharp rise in world demand as evidenced since the beginning of this year, prices are not expected to move down. In this context, it has been reported that massive investments have been planned by the Cerro Corporation in an attempt to raise Chilean copper output substantially. The optimistic view of Mr. Jean Vuillequez, President of Ametalco, Inc., that he expected copper production in 1965 to be adequate to meet demand and to allow some replenishment of depleted inventories of producers and consumers has been hopefully noted. It is also some satisfaction to find that the International Study Group of Lead and Zinc has felt that output of these two metals would be adequate by 1967.

The feature on the London Stock Exchange during the week under review has been the decline in spot tin from £1,625-1,630 to £1,470-1,475. The decline followed the news of plans by the U.S. General Services Administration to release 18,000 tons of tin more before March next. This, together with the releases already done, namely, 14,000 tons, would bring total releases for the twelve months to March next to 32,000 tons. Against the background of the estimate, according to which the world gap between production and consumption is placed at 30,000 tons a year, it is seen that U.S. releases would completely bridge the gap. It has not been surprising that Bolivia has protested against the plan of the U.S. G.S.A. on the plea that these releases would artificially depress quotations for tin in world markets. Dissatisfaction in Thailand and Malaysia has also been expressed. With the price advance, it is natural that consumers should increase their inventories to the extent possible; this factor is also one of the causes for the steep rise in the price of tin as indeed of prices of other metals in the principal world markets. Recently, there had been reports that the U.S.S.R. has increased its offtake of tin from world markets, but it now appears that total Russian purchases of tin in this year would not exceed 3,000 tons. Tin in Calcutta was firm at Rs. 3,350 per 100 kgs. although at the higher level consumer demand was poor.

On the L.M.E., spot copper wire-bars opened at £515-518 and after declining to £512-515 rose initially to £528-530 before closing at £520-522. Spot cathodes closed higher on balance at £475-485 after opening at £470-480 and being earlier lower at £455-465. Impetus for the rise was provided by the report that the Kennecott Corporation had invoked the *force majeure* clause for some of the contracts for shipments up to January. The fall in the level of stocks in the face of intense outside demand also aided the uptrend. Earlier, it had been reported that the Phelps Dodge Corporation decided to cut down its copper shipments by 25 per cent in view of the need to adjust its order pattern to the available supply. Anaconda announced the rise by 1 cent to 35 cents a lb. in the price of Chilean copper exported to the U.S.A. In Calcutta, utensil copper scrap, caught in an acute scarcity, touched a new high at Rs. 700 a quintal.

The rapid deterioration in the supply position of both zinc and lead in Calcutta was reflected in their rise to Rs. 470 and Rs. 345 respectively from Rs. 438 and Rs. 325 per 100 kgs. Spot lead on the L.M.E. opened at £122½-123½ and closed slightly higher on balance at £123-123½. On the other hand, spot zinc closed lower on balance at £119½-120 after opening at £122-123.

FOODGRAINS SUBDUED

(From Our Own Correspondent)

HAPUR, 9*th November*

Foodgrain prices drifted lower in Hapur during the week because of the release of frozen maize stocks for sale in open market at rates fixed by U.P. Government. The step resulted in a fall in maize prices. Barring scattered areas which were badly waterlogged, *rabi* sowings were now nearing completion and thanks to good moisture in the soil, first report received indicate that germination has been very satisfactory.

Wheat prices were subdued on poor buying support and eased by Re. 1.50 to Rs. 2.50 per 40 kilogrammes, according to quality. Average quality was now quoted between Rs. 34 and Rs. 35 and best quality between Rs. 35.50 and Rs. 37 per 40 kilogrammes. Arrivals however were nominal and demand for seed was being met through wheat imported from Punjab. Rice prices also continued subdued and declined further by Rs. 3 to Rs. 5 per 40 kgs. as arrivals were better and stocks were increasing. Week-end prices were:—Rice *basmati* superior Rs. 42 to Rs. 44, *sela* Rs. 40, *mainpuri* Rs. 31.50, *ramajwayan* and *raimunia* Rs. 33 and *gadda* Rs. 27 to Rs. 28 per 40 kilogrammes.

Following the fixation of imported maize prices at Rs. 44.50 per quintal by the district authorities, maize prices in open market sagged here by Rs. 3 to Rs. 5. Demand was brisk and stocks declined to 8,000 quintals. Prices were quoted between Rs. 17 and Rs. 20 per 40 kgs. Gram prices also eased by Rs. 2.50 per 40 kgs., to be quoted now between Rs. 34.50 and Rs. 35.50. Barley and *bejhar* prices ruled quiet at the week-end after ruling firm in the early part of the week, and ranged between Rs. 28 and Rs. 28.50 for barley and Rs. 28 and Rs. 28.50 per 40 kilogrammes for *bejhar*. *Juwar* and *guwar* prices subdued in sympathy with other grains. Other coarse grains were listless. Week-end prices were:—*Juwar* Rs. 21 to Rs. 23, *guwar* Rs. 20 to Rs. 21, *methi* Rs. 24, *bajra* Rs. 24 to Rs. 24.50, and oats Rs. 29 per 40 kilogrammes.

Steadier conditions prevailed in the pulses market during the week due to tight supply position. Peas prices rose by Re. 1 per 40 kilogrammes on good demand. The commodity was quoted between Rs. 31 and Rs. 32 for *dara* and between Rs. 32.50 and Rs. 33.50 per 40 kgs. for farm variety. *Arhar* and its *dal* were also steadier, as stocks were nominal.

MEDIUM TEAS STRONG

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 5*th November*

Approximately 750,000 kgs. were offered in tea sale No. 43 held here on Monday the 2nd inst. Quality from all elevations was generally well maintained. There was less general demand than in the previous sale. Even so, offerings were well supported at firm rates. Highgrown brokens and fannings evoked less widespread enquiry following quality and were sold at generally lower levels. There was strong demand for good medium brokens and fannings and they were sold well at firm to dearer rates. Medium and low medium teas were well absorbed at fully firm rates. Plainest and black leaf descriptions were readily sold at around last prices. Whole leaf grades were irregular and were often discounted, with the exception of liquoring flowery pekoes which were firm. The few tippy teas on offer were sold well. Teas of unorthodox descriptions were well sought after, but often were sold at lower rates.

Quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.20-4.80	4.20-4.65
Mediums	4.80-5.20	4.70-5.00
Good mediums	5.20-5.85	5.10-5.60
Nilgiri B.O.P.	5.00-6.40	4.80-7.70

The average price realised in sale No. 43 was Rs. 4.84 per kilo, as against Rs. 4.86 a week ago and Rs. 4.71 in the corresponding sale last year.

A total of 401,000 kgs. came under the hammer in dust sale No. 43 held here today. There was good but selective demand. Nilgiri dusts encountered less support, prices eased and they were often neglected. Good mediums were strong and were taken up at fully firm rates. There was good enquiry for mediums and low mediums at generally slightly lower rates, with the exception of Wynaad types which were usually a little dearer. The better unorthodox description again depreciated in value, while the lesser varieties were disposed of at firm rates. Residuals and milled sorts were strongly competed for and prices were irregular, but generally considerably dearer. Black leaf descriptions were sold at fully firm rates.

The average price realised in dust sale No. 43 was Rs. 4.43 a kilo, as against Rs. 4.52 a week ago and Rs. 4.43 in the corresponding sale last year.

SUGAR QUIET

(From Our Own Correspondent)

HAPUR, 9*th November*

Sugar turned quiet during the week in the open market as *Diwali* demand subsided. Some factories in west U.P. have already begun crushing operations and the rest would commence very shortly. Despite record cane crop, there were fears that sugar output this year may not be far in excess of the modest produce last season. Sugar stocks with the mills are reported to have exhausted and releases in the second half of November would be made from whatever is produced in first half. The cane crop is expected to be 10 per cent more than the last best crop of 1960-61. Competition from the *gur* industry is keener as there is no likelihood of imposition of any restrictions on the *gur* in the mill areas. The Government is reported to have turned down the industry's plea for partial decontrol of sugar. Sugar in the open market was quoted at Rs. 180 per quintal as against the controlled price of Rs. 140.

Downward trend persisted in the *khandsari* prices during the week as *Diwali* demand subsided and stockists were anxious sellers. Prices of the commodity eased by Rs. 2 to Rs. 5 per quintal in unofficial trading and ranged between Rs. 120 and Rs. 152.50 per quintal according to quality. The U.P. Government has relaxed the time restrictions imposed on power crushers last year but they have been permitted to commence crushing from 7th December. The trade has represented to the Union and State Governments either to withdraw the restrictions imposed on the inter-State movement of the commodity or to allow export against permits freely to the deficit areas.

Ready *gur* prices recorded a sagging trend under pressure of arrivals which were mounting as *rabi* sowings were nearing completion. Arrivals here averaged 4,000 to 5,000 maunds daily; in the mofussil markets it was roughly around 12,000 maunds daily, but as demand continued from the consuming areas of the South, entire arrivals were being readily lifted. *Balti* quality, however, being in better demand from Gujarat and Saurashtra side, was being quoted Rs. 2 per 40 kilogram higher than the *pansera* variety. Week-end prices (per 40 kilograms) were:—*pansera* superior Rs. 34, average Rs. 32, *balti* Rs. 36, *shakker* Rs. 36 to Rs. 39.

TEA ARRIVALS INCREASE

(From Our Own Correspondent)

CALCUTTA, 10*th November*

With the continuation of good weather since about a month now, tea arrivals have progressively increased. Although shipments are also heavy, the difficulties in the Calcutta port, which cause detention of a large number of vessels at the Sandheads awaiting entry into the river, are depriving tea of the space it demands. Shipments to the U.K. were heavy during the week, and an indication of recent heavy bookings in U.K.-bound vessels is the increase in the U.K. tea stocks in the week ended 30th October to 98.36 million lbs. from 97.24 million lbs. in the previous week. Exports to the U.K. from 1st July to 15th October amounted to 49,593,732 kgs., showing an increase of 3,367,249 kgs. as compared to the corresponding period of last year. Total exports in the same period have been 70 million kgs. as against 64.65 million kgs. It is thus encouraging to note that the increased crop is being reflected in increased exports. However, despite increased costs, prices realised have not risen.

LABOUR

(Concluded from page 844)

the third were those relating to bonus. Details are shown in Table C. It will be seen from this table that, in 1962, bonus, as the bone of contention, was responsible for the largest number of mandays lost, though it ranked second on the basis of number of workers affected. It will also be noted that about one-third of the total disputes are grouped together as 'others' for which the precise reasons are not known. The frictions among the rival trade unions have now become quite common and a large number of the disputes is attributed to them. These may take various shapes and may be covered under the different causes given in the table. It will be quite useful if separate figures are made available regarding such disputes, so that the people may know the loss to the economy due to such spurious activities of trade unions.

It is heartening to find that employers are becoming more and more conscious of their responsibilities towards the workers. An idea of this improvement can be had from the fact that the number of disputes due to non-implementation of labour enactments, awards and agreements came down from 229 in 1962 to only 69 in 1963. The number of workers involved in such disputes declined from 78,000 to 13,000 and mandays lost from 541,000 to 177,000.

The number of disputes settled in 1963 aggregated 1,422. Of these, 610 or 43 per cent were settled through Government intervention, 287 or 20 per cent by mutual understanding and 453 or 32 per cent by voluntary resumption. The corresponding figures for the previous year were 42 per cent, 24 per cent and 27 per cent, respectively. Of the total number of disputes terminated in 1963, the number of successful or partially successful disputes aggregated 578 or 40 per cent of the total. Of these, 61 per cent were settled by Government intervention, 31 per cent by mutual adjustment and 6 per cent by voluntary resumption. So the Government continues to play a dominant role in resolving the quarrels between capital and labour. The decline in the percentage of disputes settled through mutual negotiations (collective bargaining) is rather unfortunate.

An analysis of the disputes by the affiliation of workers' unions to the central organisations of workers, showed that 36 per cent of the disputes and 56 per cent of workers involved were accounted for by the Congress-controlled Indian National Trade Union Congress (I.N.T.U.C.). The respective figures were 35 per cent and 21 per cent for the Communist-controlled All-India Trade Union Congress (A.I.T.U.C.) and 15 per cent and 10 per cent for the Socialist *Hind Mazdoor Sabha* (H.M.S.). In 1962, however, the I.N.T.U.C. was the second with 29 per cent of disputes, though in the case of workers involved it was on top with 31 per cent. The corresponding figures were 39 per cent and 28 per cent for A.I.T.U.C. and 13 per cent and 8 per cent for H.M.S.

Although the loss of production due to labour disputes was reduced substantially in 1963, it was still substantial, being in the neighbourhood of Rs. 10 crores, which is a luxury for a country like India. If the country is to rid itself of its proverbial poverty, it will have to shed off work stoppages. But, as pointed out by Mr. D. Sanjivayya, Union Minister of Labour and Employment, in his inaugural address to the seminar on industrial relations held at Guntur on the 7th instant, "No system, however elaborately worked out, can hope to take care of all the elements that determine the state of industrial relations. What a good industrial relations system can, at best, seem to achieve is to minimise possibilities of conflicts; and when conflicts do arise, provide for their smooth and speedy settlement." The steps taken by the Government in this respect, especially the establishment of tripartite wage boards, are commendable and may prove more rewarding in due course.

The International Sugar Council, at its 18th session held in London on the 5th inst., estimated the next (1965) year's minimum net import requirements of the free market at 11.69 million metric tons and those of the U.S. from foreign sources at 3.07 million tons. The Council felt that the total supplies available would be in excess of the estimated requirements.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 6th Nov., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		86,00,00,000
National Agricultural Credit (Stabilisation) Fund		9,00,00,000
National Industrial Credit (Long Term Operations) Fund		10,00,00,000
Deposit—		
(a) Government—		
(i) Central Government	50,12,57,000	
(ii) State Governments	18,56,22,000	
(b) Banks—		
(i) Scheduled Banks	96,90,71,000	
(ii) State Co-operative Banks	2,32,96,000	
(iii) Other Banks	3,28,000	
(c) Others	145,49,14,000	
Bills Payable	43,49,38,000	
Other Liabilities	35,33,19,000	
Rupees	582,27,45,000	

ASSETS	Rs.	Rs.
Notes		18,68,06,000
Rupee Coin		4,17,000
Small Coin		9,22,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		28,18,69,000
(ii) State Co-operative Banks		11,88,92,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		4,45,53,000
National Agricultural Credit (Stabilisation) Fund		
Loans and Advances to State Co-operative Banks		....
National Industrial Credit (Long Term Operations) Fund:		
(a) Loans and Advances to the Development Bank		....
(b) Investment in bonds/debentures issued by the Development Bank		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		157,33,90,000
Balances Held Abroad*		10,48,47,000
Loans and Advances to Governments**		33,03,80,000
Loans and Advances to—		
(i) Scheduled Banks†		5,88,40,000
(ii) State Co-operative Banks†		157,65,86,000
(iii) Others		2,00,58,000
Investments		125,20,04,000
Other Assets		27,41,81,000
Rupees		582,27,45,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 15,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	18,68,06,000	
Notes in circulation	2467,58,71,000	
Total Notes issued		2486,26,77,000
Total Liabilities		2486,26,77,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	85,45,69,000	
Total		203,21,79,000
Rupee Coin		101,90,66,000
Government of India Rupee Securities		2181,14,32,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2486,26,77,000

State Bank of India

Statement of Affairs for the week ended 6th Nov., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		665,16,45,000
Borrowings from Other Banking Companies, Agents, etc.		1,11,05,000
Bills Payable		12,06,19,000
Bills for Collection being Bills receivable as per contra		7,48,87,000
Acceptances, Endorsements and Other Obligations per contra		21,02,40,000
Other Liabilities (including Inter-Office Adjustments)		23,01,35,000
Total Rs.		744,78,81,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		24,18,88,000
Balances with other Banks		4,01,10,000
Money at Call and Short Notice		5,20,00,000
INVESTMENTS :—		
Government and other Trustee Securities	275,96,79,000	
Other Authorised Investments	8,98,25,000	
		284,95,04,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc.	322,80,06,000	
Bills Discounted and Purchased	21,82,92,000	
		344,71,98,000
Bills Receivable being Bills for Collection as per contra		7,48,87,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		21,02,40,000
Premises less Depreciation		2,44,99,000
Furniture and Fixtures less Depreciation		2,04,68,000
Other Assets (including Inter-Office Adjustments)		48,70,87,000
Total Rs.		744,78,81,000

State Bank of Pakistan

Statement of Affairs for the week ended 23rd Oct., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	7,75,00,000
Rural Credit Fund	3,50,00,000
Deposits :—	
(a) Central Government	19,91,96,000
(b) Provincial Governments	15,69,20,000
(c) Banks	37,04,10,000
(d) Others	92,26,41,000
Bills Payable	9,62,000
Other Liabilities	14,59,46,000
Rupees	193,85,75,000

ASSETS	Rs.
Notes	12,89,71,000
Rupee Coin	23,000
Subsidiary Coin	63,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	5,11,80,000
Balances held outside Pakistan*	16,14,70,000
Loans and Advances to Governments	....
Provincial Governments' Debtor Balances	....
Other Loans and Advances	103,94,47,000
Investments	48,96,58,000
Other Assets	11,77,63,000
Rupees	193,85,75,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,89,71,000	
Notes in circulation	443,85,25,000	
Total Notes issued		456,74,96,000
Total Liabilities	....	456,74,96,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion		
Foreign Securities	74,58,33,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	142,75,67,000
B. Rupee Coin	4,32,82,000	
Government of Pakistan Securities	303,76,41,000	
Internal bills of exchange and other commercial paper	....	308,09,23,000
II. Held with the Reserve Bank of India pending transfer to Pakistan—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	5,89,66,000
Total Assets		456,74,96,000

Ratio of gold coin and bullion, silver bullion and approved

EXCHANGE RATES

		11th Nov., 1964	3rd Nov., 1964
London on New York	£ per Dollar	2.7835– 2.7838	2.7848– 2.7850
London on Berne	Sw. Fcs.	12.0115–12.0135	12.0165–12.0185
London on Paris	Fr. Fcs.	13.6400–13.6420	13.6430–13.6450
New York on London Cents per £		278.350–278.370	278.470–278.490
Pound Sterling—			
Sellers T.T. DD. Spot	£.	1–5 31/32	1–5 31/32
Sellers T.T. D.D. upto six months	£.	1–5 15/16	1–5 15/16
Buyers T.T.	£.	1–6 1/32	1–6 1/32
Buyers D.D.	£.	1–6 1/16	1–6 1/16
U.S. Dollar—			
Sellers T.T. D.D.	Rs. to $100	480.75	480.75
Buyers T.T.	Rs. to $100	477.50	477.25
Canadian Dollars—			
Sellers T.T. D.D.	Rs. to $100	449.75	449.50
Buyers T.T.	,,	441.75	441.50
French Francs—			
Sellers T.T. D.D.	per Rs. 100	101.80	101.60
Buyers T.T.		102.80	102.90
Swiss Francs—			
Sellers T.T. D.D.	,,	89.60	89.60
Buyers T.T.	,,	90.60	90.60
Deutsche Marks—			
Sellers T.T. D.D.	,,	82.60	82.60
Buyers T.T.	,,	83.50	83.50
Italian Lire—			
Sellers T.T. D.D.	,,	12,955	12,960
Buyers T.T.	,,	13,135	13,135
Swedish Kroner—			
Sellers T.T. D.D.	,,	107.20	107.20
Buyers T.T.	,,	108.30	108.30
Belgian Francs—			
Sellers T.T. D.D.	,,	1,028	1,028
Buyers T.T.	,,	1,044	1,044
Dutch Guilders—			
Sellers T.T. D.D.	,,	74.60	74.70
Buyers T.T.	,,	75.50	75.50
Hongkong Dollars—			
Sellers T.T. D.D.	,,	119.60	119.60
Buyers T.T.	,,	120.60	148.90
Norwegian Kroner—			
Sellers T.T. D.D.	,,	148.90	148.90
Buyers T.T.	,,	150.30	150.30
Danish Kroner—			
Sellers T.T. D.D.	,,	144.10	144.10
Buyers T.T.	,,	145.40	145.40
Straits Dollars—			
Sellers T.T. D.D.	,,	64.00	64.00
Buyers T.T.	,,	64.60	64.60

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	30-10-64	23-10-64	1-11-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	62,37	60,06	53,33
(ii) From others	1,196,44	1,197,76	986,77
(b) Borrowings from banks	28,46	28,98	21,76
(c) Others	79,67	78,97	61,72
2. Time liabilities—			
(a Time deposits—			
(i) From banks	34,12	32,77	35,17
(ii) From others	1,334,78	1,331,42	1,255,32
(b) Borrowings from banks	15,16	15,58	21,00
(c) Others	12,62	12,50	10,31
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,531,22	2,529,17	2,242,59
4. Borrowings from Reserve Bank	1,22	60	2,04
(a) Against usance bills and/or promissory notes	—	—	—
(b) Others	1,22	60	2,04
5. Borrowings from State Bank and/or a notified Bank	39,63	40,49	27,13
6. Cash	67,61	68,68	56,29
7. Balances with Reserve Bank	84,81	119,79	94,60
8. Cash and balances with Reserve Bank	152,42	188,47	150,90
9. S as per cent of $	6.02	7,45	6,73
10. Balance with other banks in current account	20,95	22,32	21,78
11. Money at call and short notice	72,15	73,11	64.17
12. Investments in Government securities	873,66	839,45	777,95
13. 12 as per cent of $	34.52	33,19	34,69
14. Advances—			
(a) Loans cash credits and overdrafts	1,450,27	1,446,87	1,235,02
(b) Due from banks	22,12	19,03	12.67
15. Inland bills purchased and discounted	182,49	183,92	176,91
16. Foreign bills purchased and discounted	74,54	72,11	56,11
17. Total Bank Credit [14(a)+15+16]	1,707 30	1,702,90	1,468,03
18. 17 as per cent. of $	67.45	67.33	65.46

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended			
	31st Oct. 1964P	24th Oct. 1964	3rd Oct. 1964	2nd Nov. 1963‡
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.6	99.6	99.7	99.7
2. Government of India	99.2	99.3	99.4	99.4
3. State Governments	102.0	102.1	102.1	102.0
4. Municipal, Port Trust, etc	99.0	99.0	99.0	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.7	98.6	98.5	97.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.4	82.4	82.4	82.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	165.2	164.9	1so..	173.4
8. *Agriculture and Allied Activities : Total*	139.5	139.4	139.8	154.9
9. Tea Plantations	124.9	125.1	125.3	142.5
10. Coffee Plantations	177.9	174.5	172.5	167.8
11. Rubber Plantations	180.7	180.6	185.6	171.9
12. *Mining and Quarrying: Total*	134.0	132.8	134.9	151.8
13. Coal	94.0	94.2	95.9	108.9
14. Other Mining	161.4	159.2	161.6	181.2
15. *Processing and Manufacturing : Total*	177.3	177.2	178.0	187.9
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	175.0	175.4	177.0	190.4
17. Sugar	132.3	132.3	132.4	137.0
18. Cotton Textiles	160.1	160.1	160.7	172.9
19. Jute Textiles	85.3	85.3	86.4	101.5
20. Silk and Woollen	823.2	830.1	844.4	951.5
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total*	197.2	195.9	198.7	189.0
22. Iron and Steel	164.7	161.3	161.6	159.5
23. Transport Equipment	300.5	303.2	306.7	358.9
24. Electrical Machinery	161.9	162.1	163.7	165.9
25. Machinery other than Transport and Electrical	230.4	230.5	231.0	237.4
26 Basic Industrial Chemicals	185.6	186.0	189.7	180.9
27 *Processing and Mfg. (Others) : Total*	147.5	147.7	148.4	159.9
28. Cement	139.3	138.7	138.8	150.3
29. Paper	191.0	192 7	187.4	202.0
30. *Other Industries : Total*	113.1	112.9	114.3	108.8
31. Electricity Generation and Supply	98.5	98.2	98.7	84.9
32. Trading	111.9	111.5	112.0	114.1
33. Shipping and Other Transport	97.9	98.5	101.1	99.3
34. Construction	289.0	291.3	292.2	288.8
35. *Financial : Total*	193.9	193.2	192.5	190.2
36. Banks	216.8	216.4	215.8	207.6
37. Insurance	157.6	154.7	154.1	170.7
38. Investment Trusts	79.6	80.0	78.7	86.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL				
39. Bombay	174.5	174.0	175.9	182.7
40. Calcutta	151.7	151.8	152.1	....
41. Madras	174.9	174.0	173.1	175.3
42. Delhi	221.4	220.2	221.5	233.8

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils the week. P—Provisional. ‡ Calcutta Stock Exchange remained closed during

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	17th Oct. 1964	10th Oct. 1964	19th Oct. 1963	Aug. 1964	Aug. 1963	Percentage of Increase (+) or Decrease (—) in Aug. 1964 as compared with Aug. 1963	Financial Year Averages 1963–64	1962–63
Food Articles	504	189.3	177.6R	139.4	185.1	138.8	+19.1	136.8	136.1
Cereals	192	148.2	151.3	119.4	144.4	116.3	+24.2	116.8	116.6
Pulses	43	156.2	139.3	113.8	159.0	108.0	+47.2	115.4	105.2
Fruits and Vegetables	23	194.4	190.1	120.4	193.0	143.8	+34.7	140.6	135.6
Milk and Ghee	84	146.6	145.9	131.9	146.9	130.2	+12.8	128.2	124.4R
Edible Oils	47	219.9	228.9*	161.8	206.1	152.0	+35.6	151.1	152.2
Fish, Eggs and Meat	17	160.7	163.1	147.7	172.2	152.5	+12.9	149.8	146.0R
Sugar and Gur	48	213.1	213.1	210.5	206.7	208.1	+2.4	118.8	140.0
Others	50	176.8*	178.3	176.9	186.9	206.1	+ 0.8	188.8	171.5
Liquor and Tobacco	21	133.6	133.9	119.9	129.1	118.1	+ 1.1	179.1	108.9R
Tobacco		130.8	130.8	117.1	126.6	116.1	+ 8.4	119.8	100.9R
Fuel, Power, Light and Lubricants	30	144.9	144.8R	139.1	116.1	116.1	+ 9.0	110.8	97.4R
Industrial Raw Materials	185	178.5	171.1R	130.7	143.5	139.9	+ 3.7	139.8R	122.4R
Fibres	61	144.8	145.1	131.4	146.8	138.8	+20.2	138.5	138.5
Oilseeds	60	217.6	218.8R	151.0R	146.5	131.8	+11.2	132.2	123.4
Minerals	2	108.7*	108.7*	94.7	108.3	154.8	+84.6	154.1	151.4
Others	22	135.2*	135.2*	123.1*	132.0	125.2	+12.9	95.8	93.6
Manufactures	280	138.1	138.2R	131.9	138.7	138.8	+ 5.4	127.3	125.1
Intermediate Products	41	185.7	183.4R	138.7	159.4	139.8	+ 3.7	131.1	129.5
Finished Products	240	135.7	135.7R	129.7	133.2	139.5	+ 2.9	129.7	127.1
Textiles	147	135.8*	135.8	127.7	130.6	127.7	+ 2.3	127.7	126.7
Cotton		136.7*	136.6*	125.6*	128.0	125.0	+ 2.4	125.6	125.7
Jute			125.5*	101.0	111.0	101.1	+ 9.8	115.6	110.9
Woollen		149.2*	149.2*	156.6*	168.2	156.6	+ 8.0	155.5	140.1
Silk and Rayon		135.1*	135.7*	127.8*	131.3	138.8	— 1.4	139.8	131.5
Metal Products	12	169.6	169.6R	158.7*	169.0	169.7	+ 8.2	159.1	150.1
Chemicals	20	129.5*	129.5*	117.6*	119.4	117.4	+ 1.7	117.9	115.6
Oil Cakes	8	207.5*	207.3R	163.8*	196.1	163.3	+19.5	165.7	160.4
Machinery and Transport Equipment	31	127.1	127.1	124.2	127.1	123.9	+ 2.6	124.2	117.9R
Others	30	127.8	127.8	128.9	127.8	125.8	+ 1.6	126.3	126.1
All Commodities	1,000	158.9	159.2R	136.1	155.4	136.6	+13.3	136.3	127.9

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

AGRICULTURAL PRODUCTION

Crop	Fore-cast	Area (in thousand Hectares) 1962-63	Area 1961-62	Production (in thousand metric tons) 1962-63	Production 1961-62
Cereals—					
Rice	final	35,474†	34,934†	36,489†	31,014†
Wheat	final	13,458	13,520	11,132	12,039
Jowar	final	18,174†	18,021†	9,227†	9,821†
Bajra	final	10,810†	10,802†	3,736†	3,892†
Barley	final	3,034	3,315	2,474	3,152
Maize	final	4,546†	4,607†	4,527†	4,575†
Ragi	final	2,364†	2,310†	1,862†	1,891†
Small millets	final	4,683	4,763	1,841	1,970
Total cereals	final	91,332	91,574	67,100	69,405
Pulses—					
Gram	final	9,194	9,544	5,727	5,827
Tur	final	2,363	2,351	1,539	1,339
Other Kharif pulses	final	6,317	6,304	1,737	1,637
Rabi pulses††	final	5,371	5,486	2,647	2,828
Total pulses	final	23,245	23,685	11,650	11,631
Total foodgrains	final	114,577	115,259	78,750	81,036
Oilseeds—					
Groundnut	final	6,804†	6,864‡	5,291†	4,821‡
Castorseed	final	449†	438‡	101†	101‡
Sesamum	final	2,424	2,245	458	379
Rape and Mustard	final	3,128	3,140	1,300	1,337
Linseed	final	1,833	1,964	427	456
Total oilseeds	final	14,519	14,214	6,876	6,958
Fibres—					
Cotton*	final	7,973	7,719	5,247	4,457
Jute A.	final	862†	851†	5,397†	5,449†
Mesta A.	final	356†	379†	1,619†	1,697†
Sannhemp (a)	final	316	333	78	78
Other crops—					
Potato	fina	415	370	3,131	2,550
Sugarcane%	final	2,291	2,423	9,371	10,144
Ginger (Dry)	final	18	18	17	17
Pepper (Black)	final	225	214	24†	26‡
Chillies (Dry)	final	625	614	389	376
Tobacco	final	430	421	367	349

Source : Ministry of Food and Agriculture.
* In terms of cotton lint and in thousand bales of 180 Kgs. each.
†† Excluding Gram and Tur.
(a) Relates to fibre crop only.
† Refers to 1963-64.
‡ Excluding Tur.
A.—In bales of 180 Kgs.
% Yield in terms of *gur*.
‡ Refers to 1962-63.

INDIAN JUTE GOODS STATISTICS

(In thousand metric tons)

	August 1964	August 1963	Jan. to Aug. 1964	Jan. to Aug. 1963
Production—Total	111.5	106.5	854.9	822.9
Of which :				
Hessian	47.0	45.7	360.5	350.7
Sackings	45.1	42.7	332.7	338.5
Carpet backing	8.1	8.4	62.7	50.0
Others	11.3	9.7	99.0	83.8
Despatches—Total	114.9	106.0	830.6	802.4
Of which :				
For exports	80.6	82.0	594.2	584.4
Hessian	42.8	41.7	310.5	310.8
Sacking	22.7	25.6	158.4	168.0
Carpet backing	7.1	5.6	55.5	47.2
Others	8.0	8.1	60.8	58.4
For internal consumption	34.3	24.0	235.8	218.0
Hessian	4.7	3.2	35.9	31.9
Sacking	26.2	18.4	171.3	163.8
Carpet backing	3.4	2.4	28.6	22.3
Closing stocks—Total	132.1	103.7	132.1	103.7
Of which :				
Hessian	45.7	33.7	45.7	33.7
Sacking	49.7	50.0	49.7	50.0
Carpet backing	23.3	11.0	23.3	11.0
Others	13.4	9.0	13.4	9.0

IRON AND STEEL PRODUCTION (In metric tons

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1960	1,594,000	1,555,000	1,287,000
Do. 31st March, 1961	1,586,000	1,602,000	1,353,000
Do. 31st March, 1962	1,643,000	1,643,000	1,318,000
Do. 31st March, 1963	1,764,000	1,799,000	1,419,000
Do. 31st March, 1964	1,809,000	1,892,000	1,507,000
October 1963	144,800	171,300	125,300
January 1964	118,600	139,000	133,100
February "	131,600	152,900	109,100
March "	138,300	142,800	115,000
April "	139,000	149,600	122,000
May "	152,700	168,400	120,100
June "	162,500	172,100	130,000
July "	162,500	160,000	130,800
August "	157,600	161,700	126,100
September "	157,500	165,200	129,100
October "			
Indian Iron and Steel Co., Ltd.	1,070,470	840,305	672,707
Year ended 31st March, 1960	1,160,576	914,159	725,084
Do. 31st March, 1961	1,187,397	934,498	725,970
Do. 31st March, 1962	1,291,852	1,002,659	795,120
Do. 31st March, 1963	1,238,442	1,026,786	809,804
October 1963	81,704	85,840	76,520
January 1964	109,243	87,771	63,185
February "	103,411	80,244	66,455
March "	113,069	89,766	78,624
April "	111,269	82,319	62,656
May "	108,073	81,394	61,317
June "	99,008	79,845	52,274
July "	74,440	67,295	63,222
August "	91,003	70,338	53,526
September "	104,733	77,244	54,671
October "	94,065	85,674	68,190

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1964					
18th August	2.00	4.00	2.00	2.400	99.400
19th to 22nd August	12.00	—	12.70	—	99.416
24th to 29th Aug.	2.00	4.00	2.00	2.400	99.400
1st September	2.00	4.00	2.00	2.400	99.400
2nd to 5th Sept.	1.29	—	1.29	—	99.416
8th September	2.00	4.00	2.00	2.400	99.400
9th to 12th Sept.	2.45	—	2.45	—	99.416
15th September	2.00	3.04	2.00	2.386	99.405
16th to 19th Sept.	7.98	—	7.98	—	99.416
22nd September	2.00	2.10	2.00	2.399	99.405
23rd to 26th Sept.	13.35	—	13.35	—	99.416
29th September	2.00	4.00	2.00	2.400	99.400
30th Sept. to 3rd Oct.	5.75	—	5.75	—	99.416
6th October	2.00	2.00	2.00	2.500	99.375
7th to 10th Oct.	1.74	—	1.74	—	99.391
12th to 17th Oct.	2.43	—	2.43	—	99.391
20th October	2.00	4.00	2.00	2.500	99.375
21st to 24th Oct.	27.54	—	27.54	—	99.391
27th October	2.00	4.70	2.00	2.400	99.400
28th to 31st October	7.02	—	7.02	—	99.416
3rd November	2.00	2.00	2.00	2.500	99.375
4th to 7th November	0.49	—	0.49	—	99.391
10th November	2.00	2.05	2.00	2.499	99.375
Total amount outstanding	107.04	—	107.04	—	—

INDUSTRIAL PRODUCTION

Industries		1960	1961	1962	1963	Jan., 1964	Feb., 1964	March, 1964	April, 1964
Major Industries—									
Coal	million metric tons	52.02	56.19	61.55	66.91	5.78	5.31	5.62	5.48
Steel Ingots—crude	thousand metric tons	3,242	4,027	5,096	5,966	531	468	492	..
Yarn	million kgs.	788	806	850	893	81	73	82	80
Cloth	million metres	4,616	4,584	4,480	4,423	392	349	400	391
Cement	thousand metric tons	7,835	8,245	8,567	9,255	790	807	864	807
Jute	thousand metric tons	1,085	971	1,183	1,236	99	113	104	102
Paper and paper boards	thousand quintals	3,475	3,641	3,876	4,626	411	385	427	410
Matches*	million boxes	4,830	5,624	4,096	4,128	343	303	350	..
Sugar	thousand metric tons	2,591	2,241	2,786	2,316	611	546	386	125
Engineering and Electrical Industries—									
Machine tools	Value in lakhs of Rs.	669	852	1,182	1,800	198	187	203	..
Electric lamps	millions	41.39	46.90	53.55	70.36	5.24	5.31	6.12	..
Dry cells	millions	207.4	218.6	240.0	276.0	18.8	22.0	22.1	..
Power transformers	thousand K.V.A.	1,116	1,754	2,357	2,688	317	224	259	..
Electric Motors	thousand H.P.	660	857	983	1,183	88	94	103	..
Electric fans	Nos.	991,200	1,074,000	1,134,000	1,142,400	80,000	92,700	102,700	..
Radio receivers	Nos.	266,700	326,340	348,000	418,800	27,600	32,300	38,500	..
Storage batteries	Nos.	510,000	520,800	564,000	636,000	53,700	58,100	68,700	..
Diesel engines—Vehicular	Nos.	9,708	9,316	7,620	8,852	850	823	792	749
Diesel engines—Stationary	Nos.	44,196	44,196	43,492	55,492	5,143	4,362	4,176	..
Chemical Industries—									
Salt	million metric tons	3.43	3.45	3.86	4.54	0.13	0.33	0.57	14,724
Caustic soda	metric tons	99,144	119,344	120,420	152,280	15,303	14,151	15,353	..
Soda ash	metric tons	145,284	176,639	222,660	263,964	23,378	22,843	26,788	24,808
Chlorine liquid	metric tons	31,656	33,912	36,973	44,292	4,416	3,545	3,948	4,025
Bleaching powder	metric tons	5,928	7,128	5,828	6,972	622	508	633	676
Bichromates	metric tons	5,472	5,732	7,045	6,923	684	567	663	550
Sulphuric acid	metric tons	359,400	413,520	488,300	567,936	52,655	50,434	55,584	..
Superphosphate	metric tons	322,464	370,836	445,224	582,024	50,264	49,329	52,503	..
Non-Ferrous Metals—									
Aluminium	metric tons	18,467	18,251	35,404	53

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Four months ended July		April to March* (Twelve months)	
	1964	1963	1963-64	1962-63
Exports	270,06	242,77	762,89‡	678,15‡
Re-exports	88	1,32	3,96	7,34
Total Exports ..	270,94	244,09	766,85	685,49
Imports	369,22	421,86	1,143,60‡	1,181,48
Overall Balance of Trade ..	—98,28	—177,77	—376,75	—445,99
Exports—Items:				
Tea	22,89	22,82	123,19	128,82
Coffee	5,64	3,30	8,30	7,61
Sugar	14,62	14,98	26,87	17,93
Jute yarns and manufactures ..	60,59	55,22	157,43	156,17
Cotton yarns and manufactures ..	22,48	16,59	56,28	52,13
Cotton, raw and waste ..	5,22	6,43	16,84	17,04
Petroleum products ..	3,10	2,87	5,47	3,68
Vegetable oils	3,02	7,27	19,75	13,10
Fruits and vegetables ..	12,40	9,90	29,69	26,66
Tobacco—Raw	12,53	11,52	21,01	17,99
Mica	2,73	3,10	9,20	10,36
Wool and other animal hair ..	3,38	1,35	7,43	6,60
Gums, resins and lac ..	2,94	2,57	8,03	7,23
Spices	4,72	3,95	15,82	13,78
Leather & leather manufactures	9,33	8,65	26,38	22,62
Hides and skins, raw ..	2,90	3,64	10,11	10,89
Cashew kernels	9,82	7,40	21,41	19,36
Pepper (black)	1,64	1,59	5,89	5,57
Manganese ore	4,21	2,24	8,26	7,38
Iron and steel scrap ..	1,59	1,50	4,91	1,95
Iron ore and concentrates..	11,53	10,79	36,38	19,83
Sewing machines	8	9	24	44
Electric fans	27	27	52	90
Groundnut oil	1,16	4,52	13,45	7,83
Castor oil	1,03	2,34	4,80	4,29
Defatted groundnut meal ..	10,36	8,99	30,47	26,52
Country-wise Exports—				
Australia	6,34	5,58	17,59	18,54
Burma	2,23	1,39	6,31	5,01
Canada	5,13	7,12	21,17	22,19
Ceylon	5,50	5,25	19,15	13,56
Czechoslovakia	6,28	5,96	16,16	11,14
France	4,19	3,30	8,86	8,50
East Germany	4,73	3,29	10,08	8,48
West Germany	6,40	9,69	18,09	15,17
Italy	3,83	2,93	11,16	9,48
Indonesia	95	41	2,41	4,05
Japan	23,46	19,94	55,65	33,37
Kuwait	1,36	1,33	4,07	3,91
Federation of Malaya ..	3,17	3,83	12,75	6,65
New Zealand	1,73	2,50	7,26	6,25
Netherlands	2,83	2,93	10,40	8,88
Nigeria	2,21	1,08	3,78	6,15
Pakistan	2,94	2,39	7,17	9,38
Singapore	3,17	4,36	71,30	9,37
Sudan	1,35	1,50	7,84	8,06
U.A.R.	3,30	2,83	12,57	13,01
United Kingdom	50,64	43,39	160,71	162,24
U.S.A.	50,37	45,18	128 32	113,81
U.S.S.R.	26,27	16,96	52,10	37,99
Imports—Items:				
Machinery	133,38	123,53	390,81	315,33
Iron and Steel	33,61	31,35	89,64	89,01
Copper	9,54	9,46	16,96	25,23
Aluminium	2,37	2,62	6,37	10,53
Zinc	3,15	3,08	9,86	9,02
Tin	2,40	2,00	6,48	5,11
Lead	1,32	93	3,35	2,69
Nickel	38	28	1,78	1,49
Chemicals drugs and medicines	30,29	35,79	88,40	100,52
Electrical goods and apparatus	31,93	30,67	83,48	64,78
Vehicles (excluding aircraft, ships and boats) ..	14,37	20,08	45,38	54,61
Aircraft	3,14	6,26	11,70	15,66
Ships and boats	1,33	1,03	2,53	1,78
Cotton, raw and waste ..	14,95	16,13	48,89	56,92
Fruits and vegetables ..	7,28	5,56	18,59	18,95
Paper, pasteboard, etc. ..	3,65	4,23	11,86	13,64
Dyes and colours	3,45	3,52	8,04	12,15
Spices	19	38	70	1,77
Wheat	6,91	13,84	20,40	27,01
Wheat and spelt	18,55	34,60	102,86	113,09
Country-wise Imports—				
Australia	4,68	5,69	17,22	24,28
Burma	4,09	5,54	8,99	9,09
Canada	5,47	9,52	24,16	16,37
Ceylon	1,60	1,37	6,01	8,18
Czechoslovakia	7,14	5,38	17,54	19,71
France	4,50	4,51	13,86	14,20
East Germany	2,43	2,80	9,74	7,32
West Germany	34,94	30,26	88,87	90,66
Italy	6,36	5,94	16,18	22,21
Japan	23,26	24,55	62,63	44,86
Iran	12,06	22,56	47,90	45,98
Federation of Malaya ..	3,28	4,49	12,09	10,71
New Zealand	33	86	1,32	1,83
Netherlands	4,57	5,56	10,44	13,32
Norway	40	45	1,00	1,78
Pakistan	2,23	3,43	9,36	16,65
Singapore	1,76	2,04	5,31	8,11
Sudan	4,31	2,72	8,52	17,11
Sweden	2,82	4,23	11,37	8,55
Switzerland	3,34	4,83	12,07	10,42
U.A.R.	4,01	5,15	15,26	13,77
United Kingdom	58,97	61,26	168,89	185,56
U.S.A.	109,78	143,34	390,24	346,84
U.S.S.R.	20,27	25,49	63,99	58,64

* Revised figures.

† Including electric goods.

‡ Excludes imports by land from Nepal valued at Rs. 5.39 crores for the whole of 1963-64.

§ Excludes overland exports to Nepal valued at Rs. 11.57 crores for the whole of 1963-64 and postal exports of pearls, precious stones valued at Rs. 15.69 crores for the whole of 1963-64.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	5	4.5
Belgium	2nd July, 1964	4.25	4.75
Bolivia	June, 1963	6	6.9
Burma	1962	3	4
Canada	11th Aug., 1963	3.5	4
Ceylon	13th Aug., 1960	3.50	4
Chile	Jan., 1963	14.62	14.21
Denmark	10th June 1964	5.50	6.50
Ecuador	1960	5	6
El Salvador	June, 1961	5.5	5
Finland	April, 1962	8	7
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1963	6	5.50
India	25th Sept., 1964	4.50	5
Indonesia	Aug., 1963	3	9
Ireland	31st Jan., 1964	3.98	3.94
Italy	7th June, 1958	4	3.50
Japan	18th Mar., 1964	5.84	6.57
Malaya	26th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	4th June, 1964	4	4.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1961	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	..	2
South Africa	27th Nov., 1962	4	3.50
Spain	1961	5.75	5
Sweden	5th Nov., 1964	4.5	5
Switzerland	3rd July, 1964	2	2.50
Thailand	Nov., 1959	7	6
Turkey	May, 1961	9	7.5
United Kingdom	27th Feb., 1964	4	5
U.A.R.	May, 1962	3	5
U.S.S.R.	1st July 1963	3	4
U.S.A.	16th July, 1963	3	3.50
West Germany	6th May, 1961	3.50	3

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Cotton Receipts (Total Indian)	Week ended 7th November 1964 ..	18,981*
	Corresponding week, 1963 ..	9,089*
	1st Sept. to 7th Novembdr 1964 ..	241,086*
	Corresponding period, 1963 ..	122,764*
Exports by Rail ..	From 1st Sept. to 7th Nov. 1964.	27,360
Exports by Road .. (Estimated)	Do. Do. ..	21,000
Exports by Sea ..	Do. Do. ..	..
Mill Consumption .. (Estimated)	1st Sept. to 7th November 1964 ..	244,530
	Corresponding period, 1964 ..	238,000
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 7th November 1964	433,382
	Corresponding date 1963 ..	344,737
Consumption of Cotton—		
Indian	June, 1964	420,558
Foreign		43,715
Indian	Ten months 1964	4,620,064
Foreign	ended June	594,700
Indian	Same period, 1963	3,899,832
Foreign		774,396
Stocks (Mills and Elsewhere)—		
Indian	As on 30th June, 1964 ..	1,969,913
Foreign		253,959
Indian	As on 30th June, 1963 ..	1,839,561
Foreign		184,344

Indian Mills cotton consumption from 1st Sept. to 30th June (In Bales of 180 Kilograms)	1963-64	1962-63
Indian	4,520,064	3,899,832
Pakistan	5,850	108,512
American (including Peruvians) ..	233,513	308,763
Egyptian	124,713	102,009
Sudan	101,214	178,951
East African	34,627	64,434
Others	4,873	10,726
Total ..	5,024,854	4,674,228

Exports by Sea to Foreign Countries (a) (In bales of 180 kilograms)	Week ended 7th November		From 1st September to 7th November	
	1964	1963	1964	1963
U.K.	172	100	322	250
Continent	—	50	2,623	395
Hong Kong	—	372	900	1,744
Japan	628	266	25,299	7,920
U.S.A.	100	—	52	61
Other countries	—	—	—	300
Total—all foreign countries.	900	788	29,666	10,670

Cotton Pressed in India† (In running bales)		(Bales of 392 lbs.)
	1st to 23rd Oct., 1964 ..	36,081
	Corresponding period 1963 ..	37,569
	1st Sept. to 31st Aug., 1963-64 ..	4,846,561
	Corresponding period, 1962-63 ..	4,365,733
Karachi (Pakistan) Receipts ..	1st Sept. to 1st Oct., 1964 ..	72,042
	Corresponding period, 1963 ..	81,337
Exports	1st Sept. to 1st Oct., 1964 ..	48,154
	Corresponding period, 1964 ..	34,217

† Incomplete. * By Rail Sea and Road ‡ A—Actual figures —Not received. (a) Includes Zeda cotton and yellow pickings.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding	Repayable	Latest Available Quotation Rs.
		Rs.		
TERMINABLE LOANS				
3 % Fg. Loan	1942	110,11,78,000	1966-68	98.40
3 % Dev. Loan	1945	115,05,82,000	1970-75	90.20
2½% Loan	1946	14,77,48,000	1976	83.60
2½% N.P. Bonds (2nd Series)	1955	153,67,92,000	1965	100.10
3½% N. P. Bonds	1956	197,40,92,000	1967	99.75
3½% Loan	1956	86,63,53,000	1974	96.35
3½% N. P. Bonds (4th Series)	1957	56,99,30,000	1967	99.90
4 % Loan	1957	154,70,22,000	1972	98.75
4 % Loan	1958	79,00,00,000	1968	98.50
2½% Loan N.P.B.	1958	156,64,22,000	1968	99.90
4 % Loan	1958	94,51,44,000	1973	98.70
4 % Loan	1959	190,85,42,000	1969	99.25
4 % Loan	1959	81,06,39,000	1979	97.50
4 % Loan	1960	98,05,17,000	1980	97.50
4 % Loan	1960	98,05,17,000	1980	97.50
3½% Bonds	1960	82,65,41,000	1966	100.00
4 % Loan	1961	85,65,55,000	1971	97.50
4½% Loan	1962	114,98,37,000	1985	100.10
6½% Gold Bonds	1962	5,30,15,900	1972	118.00
6½% Loan N.D.B.	1962	13,06,47,000	1972	100.10
4 % Loan	1963	84,12,53,000	1969	99.00
4½% Loan	1963	53,06,32,000	1986	100.10
4½% Loan	1963	108,86,71,000	1978	100.00
4 % Loan	1964	71,79,00,000	1970	99.00
4½% Loan	1964	69,74,00,000	1989	100.00
LOANS TERMINABLE AT OPTION OF GOVT.				
3 % Loan	1896-97	8,93,33,000	'M'	62.50
3 % Loan	1946	248,91,08,000	'E'	62.50
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	99.40
4 % Andhra	1956	6,66,15,000	3rd Sept. 1968	99.00
4½% Andhra	1958	5,48,92,000	15th July 1970	98.00
4½% Andhra	1959	6,67,70,000	28th Aug. 1971	98.00
4 % Andhra	1960	9,85,35,000	29th Aug. 1969	98.40
4½% Andhra	1961	11,01,81,000	Sept. 1972	98.00
4½% Andhra	1962	10,99,10,000	Aug. 1974	98.50
4½% Andhra	1964	13,81,00,000	24th Aug. 1976	96.80
4 % Maharastra	1956	9,41,35,000	1st Sept. 1967	99.35
4 % Maharastra	1957	7,70,11,000	29th Aug. 1970	98.50
4½% Maharastra	1957	6,47,37,000	16th Sept. 1970	98.00
4½% Maharastra	1958	6,48,62,000	15th July 1970	99.50
4½% Maharastra	1958	4,31,45,000	15th July 1971	98.25
4½% Maharastra	1959	6,58,14,000	19th Aug. 1971	98.10
4 % Maharastra	1960	10,98,87,000	29th Aug. 1969	98.60
4½% Maharastra	1961	10,77,36,000	Sept. 1972	99.15
4½% Maharastra	1962	13,64,72,000	Aug. 1974	99.35
4½% Maharastra	1964	15,01,00,000	24th Aug. 1976	96.80
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	99.20
4 % Bihar	1956	2,13,41,500	3rd Sept. 1968	98.80
4½% Bihar	1958	2,76,71,000	15th Oct. 1970	97.50
4 % Bihar	1959	3,33,22,000	19th Aug. 1971	97.75
4 % Bihar	1960	3,22,43,000	29th Aug. 1969	98.50
4 % Bihar	1961	3,25,40,000	Sept. 1972	98.00
4½% Bihar	1962	4,31,75,000	Aug. 1974	98.50
4½% Bihar	1964	4,78,00,000	24th Aug. 1976	96.70
4 % Gujarat	1956	5,22,70,000	29th Aug. 1968	98.40
4½% Gujarat	1961	5,97,47,000	Sept. 1972	98.50
4½% Gujarat	1962	6,54,73,000	Aug. 1974	99.60
4½% Gujarat	1964	8,94,00,000	24th Aug. 1976	99.50
Bowreah Bridge (New)	1936-37	1,96,06,700	1956-66†	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	99.50
4 % Hyderabad	1956	2,12,46,000	3rd Sept. 1968	98.80
4 % Madras	1956	16,47,17,000	1st Sept. 1967	99.25
4 % Madras	1958	13,83,56,000	3rd Sept. 1968	98.70
4½% Madras†	1958	5,55,57,000	15thJuly 1970	99.00
4 % Madras	1959	8,72,75,000	19th Aug. 1971	98.00
4½% Madras	1961	12,26,72,000	29th Aug. 1969	98.70
4½% Madras	1962	13,24,99,000	Sept. 1972	98.25
4½% Madras	1964	14,29,00,000	24thAug. 1976	96.35
4 % Mysore	1955	8,54,94,000	1st Sept. 1967	99.40
4 % Mysore	1956	11,11,11,000	3rd Sept. 1968	98.80
4 % Mysore	1957	3,34,36,000	16th Sept. 1970	98.50
4 % Mysore	1958	5,51,62,000	15th July 1970	99.00
4 % Mysore	1959	5,43,46,000	19th Aug. 1971	98.00
4 % Mysore	1960	5,37,72,000	29th Aug. 1969	98.40
4½% Mysore	1961	5,54,19,000	Sept. 1972	98.25
4½% Mysore	1962	6,69,08,000	Aug. 1974	98.50
4½% Mysore	1964	7,01,00,000	24th Aug. 1976	97.00
4 % M.P.	1955	1,63,12,000	1st Sept. 1967	99.20
4 % M.P.	1956	1,56,42,000	3rd Sept. 1968	98.80
4 % M.P.	1958	3,21,35,000	15th July 1970	98.00
4 % M.P.	1959	5,28,25,000	19th Aug. 1971	97.75
4 % M.P.	1960	5,16,80,000	29th Aug. 1969	98.50
4½% M.P.	1961	5,04,45,000	Sept. 1972	97.50
4½% M.P.	1962	6,56,29,000	Aug. 1974	98.50
4½% M.P.	1964	5,20,00,000	24th Aug. 1976	96.70
4 % Saurashtra	1955	3,45,39,000	1st Sept. 1967	99.40
4 % Kerala	1956	2,62,56,000	3rd Sept. 1968	98.75
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98.75
4½% Kerala	1958	3,27,43,000	15th July 1970	98.00
4 % Kerala	1959	4,47,08,000	19th Aug. 1971	97.75
4 % Kerala	1960	4,00,41,000	29th Aug. 1969	98.50
4½% Kerala	1961	4,10,08,000	Sept. 1972	97.50
4½% Kerala	1962	4,21,15,000	Aug. 1974	98.50
4½% Kerala	1964	4,00,00,000	25th Aug. 1976	96.70
2½% U.P.Z.A.	1952	42,50,19,000	*	42.00
3 % U.P.	1938	1,54,30,000	15th Sept. 1961-66	94.00
4 % U.P.	1955	8,94,55,000	1st Sept. 1967	99.20
4 % U.P.	1956	8,19,58,000	3rd Sept. 1968	99.00

* Loans held entirely by the Trustees. † Bombay State Transport.

ABBREVIATIONS. N—Nominal. (*f*) Income-tax free.
A—Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. D—Domestic Loan not marketable.
†† Rate of Interest reduced from 6 to 3 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 6¼ to 4 per cent with effect from 1st April 1965.
— Interest free for first 12 years. t—Interest free for first 7 years. Z—Ex Twelve instalments but inclusive of accrued interest.
M—At the option of the Government after three months' notice. X—On September 1966 or later at the option of the Government after three months' notice.
T—Liability taken over by Madhya Pradesh. ● Total amount invested in Gold Bonds up to 15th February 1965.

PORT TRUST LOANS

BOMBAY

Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
4	1904	1964	97.50 N
4	1905	1965	
4	1906	1967	
4	1907	1968	
4	1908	1968	96.00
4	1909	1970	
4	1910	1971	
4	1911	1972	
4	1912	1973	
4	1913	1974	91.00
4	1914	1975	91.00
4	1915*	1975	
3½	1935*	1965	D
3½	1936*	1966	
3½	1941	1971	

CALCUTTA

Rs.			Rs.
99,24,300	4	1914	1974	98.25
76,98,100	4	1915	1975	98.25
1,50,00,000C	3	1921	1981	82.00
68,62,500C	3½†	1921	1981	144.00N
88,00,000	4½	1931	1981	99.00
46,00,000	3½	1935	1965	99.00
25,80,000	3	1938	1968-69	98.00
50,00,000	3	1945	2005	75.00
50,00,000	3	1945	1975	88.75
50,00,000	3	1946	1976	88.50
50,00,000	3	1946	2006	72.50
50,00,000	2½	1947	1977	78.50
50,00,000	3	1948	1978	83.00
50,00,000	3	1950	1980	81.00
50,00,000	3	1951	1981	90.00
50,00,000	4	1958	1983	97.50
50,00,000	4	1955	1985	97.25
50,00,000	4	1956	1986	97.25
77,00,000	4	1956	1986	97.25
75,00,000	4	1956	1986	97.25
1,50,00,000C	4	1957	1987	99.50
1,50,00,000	4½	1958	1988	99.00
1,00,00,000	4	1959	1989	99.00
50,00,000	4½	1959	1989	99.00
1,00,00,000	4	1960	1970	98.50
1,00,00,000	4	1960	1970	98.50
1,50,00,000	4½	1961	1971	98.75
1,00,00,000	4½	1962	1973	100.00
1,00,00,000	5	1963	1993	100.00

STERLING LOANS

Rs.			Rs.
£892,600	5	1923	1953-88	571
£901,000	5	1924	1954-84	572

MADRAS

Rs.			Rs.
24,01,569	3½	1947	1977	A
8,69,957‡	3	1947	1977	
2,90,177‡	3	1947	1977	
45,00,000†	4½	1954	1994	

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1958	7,65,59,000	15th July 1970	99.15
4 % U.P.	1959	5,70,91,000	19th Aug. 1971	98.10
4½% U.P.	1960	7,79,21,000	29th Aug. 1969	98.70
4½% U.P.	1961	6,53,98,000	Sept. 1972	98.25
4½% U.P.	1962	8,54,05,000	Aug. 1974	98.50
4 % Rajasthan	1944	11,79,00,660	24th Aug. 1976	96.80
4½% Rajasthan	1958	3,14,19,000	3rd Sept. 1968	98.90
4 % Rajasthan	1958	2,28,99,000	15th July 1970	98.00
4 % Rajasthan	1959	3,84,19,000	19th Aug. 1971	97.60
4½% Rajasthan	1961	5,99,25,000	29th Aug. 1969	98.35
4½% Rajasthan	1962	4,49,48,000	Sept. 1972	98.50
4½% Rajasthan	1964	5,00,00,000	Aug. 1974	98.70
4 % Orissa	1958	5,23,00,000	24th Aug. 1976	96.70
4 % Orissa	1958	3,09,34,000	3rd Sept. 1968	98.90
4 % Orissa	1959	3,28,86,000	15th July 1970	98.00
4 % Orissa	1960	3,82,56,000	19th Aug. 1971	97.75
4 % Orissa	1961	4,40,63,000	29th Aug. 1969	98.50
4 % Orissa	1962	5,88,74,000	Sept. 1972	98.25
4½% Orissa	1964	7,66,10,000	Aug. 1974	98.50
4 % M. Bharat†	1954	9,13,00,000	24th Aug. 1976	96.70
4 % W. Bengal	1955	7,58,72,000	1st Sept. 1967	99.40
4 % W. Bengal	1958	7,11,40,000	3rd Sept. 1968	98.75
4 % W. Bengal	1959	7,06,98,000	19th Aug. 1971	98.00
4 % W. Bengal	1960	7,05,32,000	29th Aug. 1969	98.70
4 % W. Bengal	1962	7,30,71,000	Sept. 1972	98.25
4½% W. Bengal	1964	7,03,29,000	Aug. 1974	98.50
4 % Assam	1959	3,11,11,000	19th Aug. 1971	97.90
4½% Assam	1962	3,01,87,000	Sept. 1972	98.50
4½% Assam	1964	3,12,00,000	24th Aug. 1976	96.70
4 % Punjab	1962	2,18,87,000	19th Aug. 1971	97.50
4½% Punjab	1962	3,18,06,000	Sept. 1972	98.50
4½% Punjab	1921	3,64,86,000	Aug. 1974	98.50

IMPR. TRUST LOANS

BOMBAY

Rs.	Interest per cent.	Year of Issue	Repayable	Rs.
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	
20,00,000	4	1906	1966	97.57 N
15,00,000	4	1906	1967	
30,00,000	4	1907	1968	
25,00,000	4	1908	1968	
25,00,000	4	1912	1972	
50,00,000	4	1913	1973	
50,00,000	4	1914	1974	
25,00,000	4	1916	1976	97.50 N
66,00,000	3	1920	1935-80	
25,00,000	4	1927	1961-70	98.00N
10,00,000	3½	1936	1966	

STERLING LOANS

Rs.				Rs.
£566,600	4	1909	1969	£95.50
£388,000	4	1910	1970	£95.50N

CALCUTTA

Rs.				Rs.
50,00,000	4	1935	1964	99.25
85,00,000	3½	1935	1965	96.00
80,00,000	3	1936	1966	92.50
20,00,000	3	1938	1963-68	92.00
1,02,00,000	4	1956	1968	98.50
75,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75

MUNICIPAL LOANS

BOMBAY

Rs.				Rs.
8,25,00,000	3½	1947	1977	82.00
2,13,14,500	3½	1948	1979	82.00
4,00,00,000	3½	1950	1965	98.10
2,00,57,518	3½	1951	1966	98.00
2,50,00,000	4	1955	1967	98.00
2,50,00,000	4	1955	1968	98.00
1,57,50,000	4	1956	1968	98.00
2,09,10,500	4	1957	1969	98.50
4,40,00,000	4½	1958	1970	98.75
5,30,00,000	4	1959	1971	97.00
2,50,00,000	4½	1960	1972	98.50
2,50,00,000	4½	1961	1973	98.50
5,15,00,000	4½	1962	1974	99.75

CALCUTTA

Rs.				Rs.
33,91,000	3½	1935	1965	96.00
60,00,000	3	1936	1966	92.50
47,50,000	3	1938	1968	92.00
21,10,000	3½	1942	1972	92.50
66,88,000	3½	1951	1966	98.00
72,50,000	4½	1954	1979	97.25
2,22,72,000	4½	1955	1980	100.50
73,86,000	4½	1958	1968	101.00N
1,67,32,000	4½	1958	1978	101.00N

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
60,96,000	76,63,500	1,85,69,182	86,97,417	30,951	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	8.69	10	0.25	0.25	1.20	1.00	3	Y.F.T.
6,00,000	21,61,100	85,62,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	268.00	100	15.00	42.50			12	Y.F.T.
29,09,200	24,04,850	1,72,09,551	1,14,76,780	56,589	McLeod & Co., Ltd.	1,264	Alliance	106.00	100	Nil	10.00	12.50		5	Y.F.
59,04,900	1,15,30,000	3,75,48,584	2,33,71,259	55,893	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	180.00	100	7.50	10.00	12.00	12.00	3	Y.F.
40,80,200	36,36,908	1,92,46,048	1,12,42,168	1,626	Bird & Co. Private Ltd. ..	810	Auckland	132.00	100	12.00	Nil	15.00	12.50	3	Y.F.T.
20,00,000	46,82,069	2,08,31,514	1,08,77,173	24,424	Birla Brothers Private Ltd. ..	959	Bally	168.00	100	25.00	25.00	25.00	20.00	3	Y.F.
8,40,000	£975,967	£1,466,277	£1,075,854	£1,341	Jardine Henderson Ltd. ..	1,882	Barnagore	230.00	£5	10 sh.	10 sh.	£2		3	Y.F.
45,00,000	27,17,701	76,46,179	45,59,589	1,36,284	Soorajmull Nagarmull	600	Bengal	6.75	10	0.50	0.50			3	Y.F.T.
1,99,56,210	3,38,65,994	9,96,96,597	4,20,72,427	46,410	Birla Brothers Private Ltd. ..	1,373	Birla	35.25	10	1.50	1.50	1.50		3	Y.F.
35,00,000	20,48,440	1,25,59,733	79,60,997	35,907	Andrew Yule & Co., Ltd. ..	991	Budge-Budge	128.00	100	Nil	12.00	20.00		10	Y.F.
7,47,380	88,200	49,78,434	37,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	7.00	10	Nil				12	Y.F.
18,00,000	30,27,728	1,19,96,838	65,06,929	7,332	M.	616	Caledonian	132.00	100	5.00	15.00	15.00		11	Y.F.
29,58,200	1,01,10,201	1,95,45,693	1,19,84,120	10,234	James Finlay & Co., Ltd. ..	600	Champdany	21.81	10	0.50	0.50	4.00	3.50	3	Y.
36,58,770	77,75,319	1,47,45,588	77,38,580	1,10,207	Andrew Yule & Co., Ltd. ..	1,131	Cheviot	20.25	10	0.50	2.50	2.50		11	Y.F.T.
30,15,000	36,54,850	1,38,59,292	87,51,922	—4,10,550	McLeod & Co., Ltd.	500	Chitavalaah	7.75	10	Nil	0.50	Nil		7	Y.F.
24,00,000	8,04,609	81,44,890	69,78,978	—15 44,521	M.	968	Clive	7.50	10	Nil	Nil			3	Y.F.
31,49,250	24,37,694	1,53,37,260	91,28,003	9,930	Bird & Co. Private Ltd. ..	766	Dalhousie	110.00	100	1.00	Nil	25.00	7.50	3	Y.F.
55,00,000	74,36,442	1,88,80,591	76,70,106	23,475	Andrew Yule & Co., Ltd. ..	779	Delta	141.00	100	Nil	12.00	16.00		11	Y.F.
15,00,000	42,21,700	1,21,66,987	86,25,776	84,695	McLeod & Co., Ltd.	500	Empire	13.75	10	0.75	1.25	1.50		7	Y.F.T.
78,75,000	1,58,61,438	4,64,48,321	2,65,86,760	15,622	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	266.00	100 Old	10.00	12.50	20.00	15.00	3	Y.F.T.
41,99,250	24,00,450	2,45,32,916	1,08,42,031	4,050	Bangur Bros.	1,014	Fort William	20.00	10	2.25	1.00	2.00	1.50	3	Y.F.T.
84,32,100	77,96,303	3,00,05,500	1,61,98,876	16,267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	12.81	10	1.00	1.50	2.00		3	Y.F.
48,26,000	46,54,205	2,19,63,231	88,71,916	9,681	M.	607	General Ind. Society Ltd. ..	14.62	10	1.00	1.50	2.00		3	Y.F.
48,00,000	82,53,423	3,55,59,185	2,27,64,891	41,505	Macneill & Barry Ltd.	1,394	Gourepore	20.50	10	2.50	2.00	2.00	2.00	3	Y.F.
40,00,000	1,22,75,042	2,19,80,308	1,17,88,171	2,274	Bangur Bros., Ltd.	1,078	Hastings	120.00xd	100	6.00	6.00	6.00	6.00	3	Y.F.
15,60,000	44,86,659	99,76,527	67,56,170	4,294	M.	720	Hooghly	14.50	10	2.00	0.75	1.00		3	Y.F.T.
65,62,500	61,91,179	2,33,76,028	1,70,28,183	....	Jardine Henderson Ltd. ..	1,940	Howrah	15.50	10	1.00	Nil	1.00	1.25	3	Y.F.T.
62,50,000	91,26,055	3,64,83,831	2,25,96,035	2,904	Ramdutt Ramkissendass ..	2,272	Hukumchand	18.75xd	7.50	2.15	2.00	2.00	2.00	3	Y.F.
87,80,000	26,63,965	1,86,83,015	1,09,04,160	76,164	M.	790	India	15.25	12.50	1.50				3	Y.
14,00,000	86,84,700	2,08 46,168	1,60,07,458	....	Jardine Henderson Ltd.	1,797	Kamarhatty	158.00	100	Nil	20.00	20.00		12	Y.F.T.
'B' 19,20,000								155.00	'B' 100	Nil	20.00	20.00			
30,00,000	16,53,308	1,79,25,475	1,35,47,488	....	Jardine Henderson Ltd.	1,527	Kankanrarah	138.00	100	Nil	15.00	15.00		12	Y.F.T.
'B' 24,00,000								138.00	'B' 100	Nil	15.00	15.00			
38,00,000	72,61,800	2,51,06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	143.00	100	15.00	5.00	20.00		5	Y.F.
54,00,000	49,74,720	2,72,28,276	1,67,18,173	41,261	Anderson Wright Ltd.	1,530	Khardah	16.00xd	10	0.50	1.25	1.25	1.25	3	Y.F.
59,38,550	7,87,477	2,37,45,098	1,62,09,834	13,127	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	108.00	100	7.00	Nil	10.00	5.00	3	Y.F.
24,48,200	5,18,600	1,01,32,105	78,84,909	6,707	Bird & Co. Private Ltd. ..	931	Lansdowne	98.00xd	100	Nil	Nil	Nil	12.50	3	Y.F.
28,00,000	14,76,475	65,81,585	47,10,904	7,256	Bird & Co. Private Ltd. ..	840	Lawrence	100.00xd	100	15.00	10.00	10.00	10.00	3	Y.F.
31,65,200	44,95,037	2,88,24,106	1,66,72,214	84,805	M.	1,294	Megna	12.19	10	1.25				3	Y.
39,98,900	41,42,655	2,01,69,391	1,28,29,338	32,760	Bhagat Agencies Ltd.	815	Nalhati	80.00	100	Nil	Nil	Nil	Nil	3	Y.F.T.
30,00,000	11,82,460	36,57,072	27,03,479	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	8.00N	10					10	Y.F.
35,00,080	78,10,449	2,01,18,988	53,47,374	9,507	M.	852	National	19.37	10	Nil	1.00			10	Y.F.
36,25,000	36,29,172	80,96,895	46,01,106	35,280	McLeod & Co., Ltd.	816	Nellimarla Jute	8.81	10	0.50	1.50	0.50		7	Y.F.T.
2,46,50,000	3,31,09,122	11,98,78,237	2,72,02,888	13,602	Shaw Jain Ltd.	1,765	New Central	10.62	10	1.25	Nil	1.50		3	Y.F.T.
16,79,880	59,61,792	1,58 76,718	97,86,771	7,905	Bird & Co. Private Ltd. ..	567	Northbrook	25.25	10	3.00	2.50	2.50	2.50	3	Y.F.T.
66,79,500	61,30,745	1,68,98,900	75,34,356	20,062	Macneill & Barry Ltd.	1,092	Nuddea	10.81	10	0.50	0.50	1.00	1.00	3	Y.
25,00,000	13,65,554	1,05,88,000	84,46,468	17,103	McLeod & Co., Ltd.	460	Presidency	4.25	5	0.30	0.50	0.50		7	Y.
20,00,000	5,27,128	98,13,305	54,70,569	25,500	Hindustan Investment Corpn. Ltd.	305	Rameshwara	7.75	10	Nil	Nil	Nil		3	Y.F.
49,50,000	6,91,790	1,23,23,241	69,85,423	8,85,502	M.	423	Reliance	6.75	10	Nil	Nil	Nil	Nil	10	Y.F.T.
£600,000	£1,029,127	£1,602,126	£796,090	£2,892	Thomas Duff & Co. (India) Pvt. Ltd..	2,013	Samnaggur	9.50N	£1	Nil	10%†	13%		12	Y.F.
20,00,000	23,52,884	1,57,85,313	1,08,06,079	8,777	Bagaria More & Co., Ltd. ..	911	Shree Ambica	27.00	10	0.60	Nil	0.90		3	Y.F.
14,00,000	17,16,854	77,48,303	55,72,946	26,425	Hindustan Investment Corpn. Ltd.	401	Soorah	19.19	10	2.50	2.50			12	Y.F.
£600,000	£693,155	£1,681,120	£843,019	£3,525	Thomas Duff & Co. (India) Pvt. Ltd..	1,794	Titaghur	9.50N	£1	Nil	18%†	10%		12	Y.F.
25,98,000	45,04,220	1,28,84,609	71,69,731	2,671	Bird & Co. Private Ltd. ..	1,226	Union	100.00	100	6.00	Nil	20.00	10.00	3	Y.F.T.
£400,000	£495,602	£1,372,172	£711,722	£1,951	Thomas Duff & Co. (India) Pvt. Ltd..	1,881	Victoria	9.50N	£1	Nil	10%†	10%		12	Y.F.
2,50,000	9,70,000	81,07,250	46,38,428	87,655	McLeod & Co., Ltd.	447	Waverley	8.00	1	0.30	0.60	0.30		3	Y.F.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
10,98,980	5,60,324	18,08,952	4,15,764	46,095	Young India Agencies Private Ltd...	1,665	Balancor Tea and Rubber ..	11.20	10	1.20	1.20			3	Y.F.
36,00,000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agn.) Pvt. Ltd. ..	1,370H	Blue Mountain Estates & Ind.	2.23	2	0.20	0.20	0.20		6	Y.
5,50,000	5,11,080	19,95,967	4,85,544	6,156	K. Ananteramma Esq. (Mg. Director)	546	Chandramalai Estates Ltd. ..	2.40	2	0.20	0.12	Nil		6	Y.
14,00,000	20,95,127	41,86,733	13,18,052	1,553	Peirce, Leslie & Co., Ltd. ..	693H	Chembra Peak Estates ..	3.15	2	0.20	0.20	0.20		6	Y.
5,66,780	18,90,424	24,87,766	3,02,266	....	Matheson Bosanquet & Co. Pvt. Ltd.	159H	Coonoor Tea	16.80	10	1.50	1.75	1.75	1.75	3	Y.F.
4,80,000	5,03,204	16,62,155	3,17,071	17,303	M. L. Goenka, Esq. (Chairman) ..	671	Coorg Tea	4.85	2	0.40	0.30	0.30		6	Y.
8,40,000	2,50,017	14,11,087	4,65,067	3,328	C. Balchand, Esq. (Chairman) ..	144H	Devashola (Nilgiri) Tea ..	30.65	10	2.00	1.50	1.50		10	Y.
6,74,650	3,88,749	13,44,758	3,14,293	28,158	Young India Agencies Private Ltd..	1,177	Devon Tea	12.35	10	1.50	1.50	1.50		12	Y.
7,50,000	6,10,000	5,94,450	18,465	19,221	K. N. Krishna Iyer (Mg. Director) ..	198	Emerald Valley Estates ..	6.55	5	Nil	1.20	1.20		3	Y.
35,00,000	22,51,971	15,14,788	5,98,158	94,749	Parkins Tate Ltd.	607H	Hallelyah	12.25	10	1.25	1.10	1.00		3	Y.
9,00,000	8,49,355	17,68,383	12,13,844	2,190	Peirce, Leslie & Co., Ltd. ..	193H	Kalasa Tea	4.12	2	0.50	0.30	1.10	1.25	12	Y.F.
17,17,076	18,42,010	37,08,125	8,78,882	28,817	Peirce, Leslie & Co., Ltd. ..	556H	Kil Kotagiri Tea	5.10	2	0.50	0.30	0.30	0.30	3	Y.F.
6,90,000	2,95,380	14,76,028	1,80,774	249	Ipe Oommen & Co. Pvt. Ltd. ..	606	Kurchermania Plant Ltd. ..	4.67	10	0.40	0.50	0.40	0.40	10	Y.F.
8,00,000	2,00,560	11,18,457	1,35,087	49,466	Matheson Bosanquet & Co., Ltd.	109H	Lucky Valley	10.25	10	0.40	Nil	Nil	0.50	3	Y.
2,50,000	20,000	3,59,379	33,028	4,609	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	11.75	10	1.00	1.00	1.00		12	Y.
2,00,000	6,13,117	15,08,178	3,99,501	—3,508	Rapen Thomas, Esq. (Mg. Director)..	560	Mlamalley	1.85	2	0.15	0.10	0.10		3	Y.
36,00,000	24,19,434	1,40,10,542	17,28,509	20,278	A. V. Thomas & Co. (India) Ltd. ..	825H	Neelamalai Tea	34.60	25	3.50	2.00	Nil		6	Y.F.
12,00,000	10,09,000	32,29,949	6,97,916	9,982	A. V. Thomas & Co., Ltd. ..	738H	Nellampathy	5.00cd	5	0.375	0.375	0.375		6	Y.
14,06,250	10,19,464	41,66,449	8,85,860	28,207	A. V. George & Co., Ltd. ..	1,622	Nilgiri Tea	5.27cd	2	0.80	0.30	0.30		6	Y.F.
32,10,000	12,03,340	42,30,160	16,15,664	22,772	Harrison & Crosfield Ltd. ..	350H	Nonnoch Tea	8.40	10	1.00	1.00	0.50	0.75	3	Y.
14,88,960	17,22,982	34,54,296	7,51,937	46,177	P. S. M. Molyneux, Esq. (Chairman).	227H	Parkside	22.50cd	10	2.00	2.00	2.00	2.00	6	Y.
6,00,000	6,84,281	7,96,354	79,137	4,27,181	S. Sivaramakrishna Aiyar, Esq. ..	771	Peninsular Plantations Ltd. ..	25.20cd	10	2.25	2.75	2.50		6	Y.
17,00,000	13,87,519	48,20,401	20,82,969	46,160	Aspinwall & Co. (Travancore) Ltd..	634H	Peermade	19.68xd	10	2.00	2.00	2.00		6	Y.
67,94,880	33,98,413	1,30,10,520	60,62,620	919	Peirce, Leslie & Co., Ltd. ..	1,506H	Periakanamalai	20.45xd	10	2.50	2.50	2.75		12	Y.F.
18,50,000	2,86,500	12,02,040	1,74,015	3,959	A. V. Thomas & Co. (India) Ltd. ..	882	Sheveroyl Estates Ltd.	3.66	2	0.40	0.25	0.30	0.27	3	Y.
9,00,000	15,30,496	31,78,663	10,92,544	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated	2.10cd	2	0.15	0.125	0.125		6	Y.
1,25,000	12,500	2,18,636	22,950	2,021	M.	115	Swinton Estates	13.50cd	10	1.00	1.50	1.20		6	Y.T.
12,50,000	11,56,555	34,26,763	6,09,208	45	Srinivas Agencies	1,056	Taleyar Tea	2.68cd	2	0.12	Nil	Nil		3	Y.
18,75,000	17,65,925	34,08,581	5,94,685	28,756	Parkins Private Ltd.	491H	Twyford	1.70	2	0.20	0.20	0.20	0.10	3	Y.F.
2,20,000	3,97,845	10,82,130	1,58,687	28,085	A. V. George & Co., Ltd. ..	508	Udayagiri Rubber Co., Ltd. ..	15.50	10	0.60	0.50	0.75		12	Y.F.
21,93,280	21,26,252	59,80,505	23,94,476	22,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	22.22	10	2.20	2.20	2.25		3	Y.
47,35,000	21 33,76	93,19,418	15,06,737	81,380	Kothari Mehta & Co. Pvt. Ltd.	1,127H	Waterfall	2.38	2	0.30	0.20	0.20		6	Y.F.
RUBBER AND OTHERS															
6,00,000	6,52,425	18,17,977	5,30,510	12,585	M. A. M. Muthuraman Chettiar, Esq. (Mg. Director)	993	Alageswar Estates Ltd.	2.84	2	0.30	0.20	0.20	0.20	3	Y
6,75,000	2,85,527	22,28,573	4,91,312	2,940	K. N. Neelakantan, Esq. (Mg. Director)	975H	Amalgamated Coffee Estates Ltd. ..	9.21	10	1.00	1.00	0.50	1.00	3	Y.F.
2,50,000	2,69,092	12,08,382	2,52,129	56,241	A. V. George & Co., Ltd. ..	629	Anandam Rubber Co., Ltd. ..	14.35	10	1.00	1.00	0.50		3	Y.F.
12,07,888	2,28,040	11,04,357	2,45,437	34,775	Associated Planters Private Ltd. ..	1,243	Associated Estates Ltd.	3.10	N2	0.30	0.20	0.30		6	Y.T.
4,25,000	4,75,000	12,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd. ..	1,041	Badra Coffee Estates Ltd. ..	2.60xd	2	0.30	0.20	0.30		6	Y.
4,00,000	86,000	7,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore) ..	283H	Bababudin Coffee & Produce..	5.00cd	2	0.30	0.16	0.20		6	Y.
3,00,000	2,25,000	4,59,296	90,721	9,781	Planting Agencies (Private) Ltd. ..	151H	Balmadies Plantations	2.00	2	0.40	0.30	0.30		6	Y.
29,91,279	19,45,895	60,09,790	13,97,512	8,792	Peirce, Leslie & Co., Ltd. ..	2,580H	Cochin Malabar	6.15	2	0.60	Nil	0.10	0.20	6	Y.
22,50,000	33,62,169	57,74,920	18,29,355	880	M. A. Sreenivasan, Esq. (Chairman)..	2,792	Coffee Lands and Industries ..	18.50	10	1.20	0.90	0.90	0.36	6	Y.
71,15,000	78,42,159	1,76,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman)..	2,345	Consolidated Coffee	24.75	10	1.00	1.50	2.00		6	Y.
5,00,000	5,06,786	15 58,067	1,41,758	5,018	Associated Planters Private Ltd. ..	1,410	Cotelands Plantations	9.50xd	10	1.00	1.00	2.00		6	Y.
4,06,560	2,50,000	4,02,680	1,35,017	40,856	Peirce, Leslie & Co., Ltd. ..	246H	Cowcoody Estates (Coffee) ..	4.92cd	2	0.50	0.40	0.35		6	Y.
18,00,000	15,20,000	40,99,988	9,82,819	40,041	A. V. Thomas & Co., Ltd. ..	622H	Highland Produce	15.75	10	1.50	1.50	1.50		12	Y.
11,25,700	11,77,705	31,99,015	5,11,190	35,375	A. V. George & Co., Ltd. ..	1,537	Kallas Rubber Co., Ltd. ..	6.26	2	0.50	1.50	1.50		12	Y.
12,00,000	9,72,669	26,05,14	5,19,390	19,355	A. V. Thomas & Co., Ltd. ..	886H	Kalpetta Estate	12.40	10	1.25	1.25	0.60	0.60	2	Y.
9,00,000	2,40,000	9,03,124	2,60,252	26,055	Peirce, Leslie & Co., Ltd. ..	272H	Kumergode Estates Ltd. ..	4.80	2	0.35	0.30	0.28	1.25	4	Y.
15,56,990	9,14,031	25,10,108	5,31,748	19,417	K. T. Thomas Rathanar, Esq. ..	936H	Malankara Rubber	15.72	10	1.50	1.50	1.40	1.60	10	Y.
3,25,000	2,50,000	8,72,737	99,634	3,643	Associated Planters Pvt. Ltd. ..	906	Malayalam Rubbers Ltd.	7.92	5	1.00	0.75	0.625		6	Y.
40,50,000	17,25,165	81,95,894	14,55,340	3,476	A. V. Thomas & Co., Ltd. ..	885H	Midland Rubber	10.85	10	1.25	1.25	1.00	1.00	3	Y.F.
3,36,000	4,14,607	17,68,529	3,60,741	1,19,538	A. V. George & Co., Ltd. ..	805	Neemony Rubber	22.55cd	10	1.25	1.25	1.00		3	Y.F.
3,00,000	5,39,814	11,04,587	66,555	3,902	Associated Planters Private Ltd. ..	846	Nilambur Rubber Co.	11.25	10	1.50	1.50	1.00		12	Y.F.
6,50,000	5,96,464	12,89,323	1,89,772	17,267	Peirce, Leslie & Co., Ltd. ..	296H	Oonoor Estates Ltd.	2.76	2	0.30	0.25	0.25		12	Y.F.
19,45,880	22,42,153	69,64,648	24,42,425	2,616	Peirce, Leslie & Co., Ltd. ..	1,812H	Ouchterlony Valley Estates ..	8.50	2	0.30	0.20	0.30		3	Y.F.
12,50,000	5,75,528	26,14,686	4,66,916	16,419	Aspinwall & Co., Ltd.	981H	Pullangode Rubber	3.40	2	0.24	0.12	0.25		10	Y.F.
12,50,000	12,55,000	35,89,894	5,55,425	20,860	A. V. Thomas & Co., Ltd. ..	1,216H	Rajakumari Estate	22.60cd	10	2.00	2.00	0.15	0.16	6	Y.
2,08,000	2,14,963	4,29,216	67,402	47,267	Associated Planters Private Ltd. ..	428	Rajendra Coffee Ltd.	18.00cd	5	1.25	1.00	1.25		6	Y.
12,00,000	3,00,000	21,03,948	2,79,616	4,494	Patco Agencies	470H	Sangameshwar Coffee Estates..	1.80	2	1.25	1.00	1.25	1.25	3	Y.F.
5,06,170	3,52,000	10,11,400	2,15,317	6,033	Peirce, Leslie & Co., Ltd. ..	202H	Savamalai Estates Ltd.	5.25	2	0.12	Nil	Nil	Nil	11	Y.
6,25,000	2,74,153	14,90,789	65,133	7,995	A. V. George & Co., Ltd. ..	316	Thamarapally Rubber	15.25	10	1.50	0.30	0.35		12	Y.F.T.
9,15,300	10,75,840	16,61,781	2,34,898	7,989	Peirce, Leslie & Co., Ltd. ..	1,312	Thirumbadi Rubber Co., Ltd..	1.78	2	0.12	0.10	0.10		12	Y.
6,00,000	6,15,816	13,78,050	1,92,991	1,840	Rapen Thomas, Esq. (Mg. Director)..	1,241	Travancore Rubber	11.50	10	1.20				3	Y.
42,00,000	12,63,584	90,95,805	18,81,504	82,233	Aspinwall & Co. (Travancore) Ltd..	2,109H	Travancore Rubber & Tea ..	8.25	10	1.00	1.00			12	Y.
20,00,000	1,91,000	23,45,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director) ..	3,157	Tropical Plantations Co. ..	19.85	25					12	Y.
3,80,010	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyar, Esq. (Chairman)	1,118	Vaikundam Rubber Co., Ltd..	34.80	10	3.00				12	Y.
6,00,000	7,18,624	19,97,467	2,09,728	8,001	P. I. Joseph, Esq. (Chairman) ..	1,333	Velimalai Rubber & Co.	5.00	5	0.50	0.25	0.35	0.35	2	Y.F.
12,00,000	12,40,982	16,57,152	2,24,133	26,874	Peirce, Leslie & Co., Ltd. ..	417H	Warybunly Estates Ltd.	2.64	2	0.30	0.20	0.24		3	Y.
6,00,000	97,309	13,65,464	1,02,251	23,313	M.	896	Woodland Estates	6.50	10	1.00				3	Y.F.

V—Includes 60 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1960 are shown as taxable.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	16,37,402	27,48,482	11,05,330	....	McLeod & Co., Ltd.	368H	Amluckie	16.00	10	Nil	1.00	0.75		12	Y.F.
5,75,000	17,237	18,81,576	7,19,307	449	M.	456	Ananda (Assam) Tea	27.50	10	3.00	3.00	2.50		12	Y.
7,08,250	8,53,082	21,13,838	8,26,101	3,397	Gillanders Arbuthnot & Co., Ltd.	242H	Ananda Bag	52.1	10	3.00	3.25	2.00	1.25	12	Y.
5,50,000	15,34,741	29,19,154	12,97,900	2,826	McLeod & Co., Ltd.	521	Ananda Bag	11.25	10	Nil	1.50	0.75

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1961	1962	1963	1964	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
CERAMIC; MINING AND QUARRYING														
26,00,000	13,111	67,05,606	23,63,316	2,916	United Provinces Commercial Cor. Ltd.	Assam Silliimanite Ltd.	6.62	10	0.60	0.50			3	Y.
25,50,000	4,40,088	7,08,144	14,37,967	4,049	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kot Ltd.	22.00	10	3.00	2.00	2.00	....	10	Y.P.
65,25,548	30,24,128	1,84,48,118	96,49,200	2,055	Bharat Ram Bhagat & Co.	Bengal Potteries	4.12	24	0.80	0.80	0.275		12	Y.
40,00,000	40,03,140	1,61,31,025	75,91,918	3,682	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	18.50	10	2.00	1.00	1.25	1.25	3	Y.
14,17,800	25,16,589	53,55,181	22,68,904	2,321	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd. ..	193.00	100	15.00	15.00	18.00		9	Y.P.
50,00,000	25,89,086	1,43,88,850	55,29,712	56,950	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	104.00	100	11.00	9.00	7.00		12	Y.P.
52,56,950	52,514,999	54,477,688	23,577,622	5,465	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	Rs. 2	25%	18%	12%			12	Y.
F.S.50,000	29,37,096	49,30,247	14,36,451	1,570	Bird & Co. Private Ltd.	Karanpura Development	9.00	10	1.50	0.90	0.90		12	Y.
0.15.00,000														
90,00,000	9,00,000	1,59,23,191	51,68,152	29,674	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd. ..	66.00	100	0.50	0.30	0.30		12	Y.P.
30,00,000	60,46,599	1,78,57,945	95,66,008	24,239	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	18.46	10	Nil	Nil	Nil		12	Y.P.T.
1,76,79,255	10,90,896	1,22,39,515	76,18,994	3,25,965	Sir Indra Singh, Kt. (Chairman)	Metal Corporation of India Ltd. ..	6.00	10	Nil	Nil	1.50		3	Y.
8,60,000	6,99,234	17,89,155	10,18,397	721	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries	10.75CR	10	1.20	1.50	1.25	1.25	3	Y.
30,00,000	67,67,431	80,92,201	34,56,786	58,801	Bird & Co. Private Ltd.	Orissa Minerals	20.00	10	2.80	2.00			6	Y.
12,18,650	22,84,051	1,05,25,902	57,38,031	43,395	A. V. Gharpure, Esq. (Chairman)	Parshuram Pottery Works Co., Ltd.	59.00	25	5.50	5.50	3.75		7	Y.P.
21,00,000	37,51,142	99,40,647	51,84,720	—23 63,858	Killick Industries Ltd.	Shivrajpur Syndicate	18.00	10	Nil	Nil	Nil		11	Y.
4,33,340							18.00	10	2.75	3.50	2.00			
7,20,730	13,90,910	37,08,644	14,23,752	5 375	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	..	7.50	1.875	1.75	1.50		12	Y.
CHEMICAL														
23,86,175		1,70,449	13,076	—26,645	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers ..	72.00	100	Nil				12	Y.P.
1,44,00,000	91,10,574	3,54,14,220	1,39,51,146	16,265	Rayuna Services	Alembic Chemical Works Co.	160.00	100	14.00	12.00	12.00		12	Y.P.
3,10,00,000	2,28,33,273	3,39,01,420	2,46,63,284	5,071	Imperial Chemical Industries (India) Private Ltd.									
1,10,23,200	80,12,647	2,29,02,580	73,73,157	6,813	Amrital & Co. Private Ltd.	Alkali and Chem. Corpn. of India ..	30.19	10	1.50	1.50	1.50		9	P.Y.
29,84,000	47,67,886	2,21,76,216	99,02,362	....	Kasturbai Lalbhai & Co.	Amar Dye-Chem. Ltd.	140.00	100	9.00	9.00	8.00		12	Y.P.
2,24,16,200	1,88,84,680	7,64,09,808	2,06,13,757	19,425	Lalbhai Sons & Co.	Anil Starch Products Ltd.	107.00	100	10.00	10.00	25.00*		12	Y.P.
50,00,000	....	55,050	910	....	T. N. Balasubramanian, Esq. (Mg. Director)	Atul Products Ltd.	275.50	100	12.00	12.00	12.00		12	Y.
1,25,45,000	57,58,523	1,59,19,707	31,89,070	3,723	Dr. B. N. Ghose (Managing Director)	Barium Chemical Ltd.	56.00	100	....	Nil			6	Y.
1,25,00,000	1,44,62,999	1,72,93,375	43,75,317	16,332	Rasmiswas R. Ruia, Esq. (Chairman)	Bengal Chemical and Phar.	101.50	100	10.00	10.00			9	Y.
14,88,144	4,84,618	17,40,099	9,35,098	12,518	Kadarai & Co.	Colour-Chem Ltd.	310.00	100	8.00	12.00	12.00	16.00	3	Y.
41,88,250	58,16,953	1,64,19,689	87 13,284	9,897	Dharamsi Morarji & Co.	Chemo-Pharma Laboratories Ltd. ..	32.25	25	3.00	3.00			3	Y.
1,97,50,000	1,67,55,420	7,10,60,072	2,66,98,147	76,110	Sahu Bros. (Saurashtra) Private Ltd.	Dharamsi Morarji Chemical Co., Ltd.	120.00	50	6.00	8.00	8.00		12	Y.P.
6,05,77,740	75,35,933	9,58,77,503	3,61,85,651	....	M. K. E. Nayar, Esq. (Mg. Director)	Dhirubhai Chemicals	112.00	100	6.00	6.00	8.00	10.00	3	Y.P.
1,86,75,000	71,67,780	2,54,75,078	56,44,827	3,006	Mafatlal Gagalbhai & Sons	Dharamsi Morarji Chemical Co., Ltd.	120.00	50	6.00	7.00	7.00		12	Y.
12,00,000	6,54,411	28,94,658	15,01,602	19,974	Jal H. Mehta, Esq. (Chairman)	Dirasngadhra Chemicals	112.00	100	6.00	6.00	8.00	10.00	3	Y.P.
1,69,98,120	42,10,801	2,86,96,278	1,28,05,874	12,185	Seshasayee Brothers Private Ltd.	F. A. C. T.	5.30	10	0.60	Nil	Nil		3	Y.
24,81,220	12,25,696	50,57,643	49,01,764	16,144	T. Shanmuga, Esq. (Chairman)	Indian Dyestuffs Industries Ltd. ..	277.00	100	6.00	7.00	7.00		12	Y.
10,00,000	5,50,915	15,72,190	8,00,475	4,510	S. Ramanathan, Esq. (Mg. Director)	Kemp & Co.	263.75	200	25.00	20.00			3	Y.
56,00,000	96,40,776	3,62,71,461	86,37,503	6,016	Ramdas Kilachand, Esq. (Chairman)	Mettur Chemicals	14.35	10	1.25	1.875*	1.25	1.25	3	Y.
49,84,750	8,470	69,41,412	40,439	52,805	Kmeeta & Sons Private Ltd.	Mysore Chemicals and Fertilisers ..	7.95	10	1.00	0.50	Nil	Nil	3	Y.P.
25,00,000	17,65,293	65,52,467	27,98,505	11 012	Bangrur Brothers Ltd.	Mysore Chemicals Mfg.	16.50	10	2.00	2.00	1.50	1.50	3	Y.P.
20,00,000	17,67,251	31,86,795	15,60,805	19,167	D. M. Jaffray, Esq. (Chairman)	Polychem Ltd.	65.00	50	7.50	7.50	7.50	7.50	3	Y.
4,86,84,479	24,18,960	2,18,78,704	17,05,817	—9,86,868	Tunidas Kilachand, Esq. (Chairman)	Premier Fertilisers Ltd.	6.25	10	Nil	Nil	Nil	Nil	12	Y.
3,92,93,315	1,09,12,597	9,01,16,274	3,04,23,267	4,923	Tata Industries Private Ltd.	Phosphate Co., Ltd.	172.00	100	25.00	17.50	15.00		3	Y.P.
25,00,000	5,39,750	20,86,774	12,05,339	6,616	F. Krishnamoorthy, Esq. (Mg. Director)	Smith Stanistreet & Co.	13.69	5	1.25	1.25	1.125		6	Y.
31,18,000		2,52,500	1,403	—6,75,286	Mr. M. J. Vaidya (Chairman)	Synthetics & Chemicals Ltd.	70.00	100	Nil	Nil	Nil		3	Y.P.
14,00,375	2,52,500	58,58,704	[5,45,383	—4,12,501	Mr. N. S. Iyengar (Chairman)	Tata Chemicals	118.88	10	2.75	2.75	2.75		12	Y.
						Travancore Chemical Mfg. Co. Ltd. ..	19.75	10	2.00	2.25	2.00		3	Y.
						Travancore Electro-Chemical Ind. ..	67.00	100	Nil	Nil			12	Y.
						Ultramarine & Pigments Ltd.	114.00	100	Nil	Nil	Nil		3	Y.
ELECTRIC (BOMBAY)														
8,74,78,395	2,82,67,033	23,06,80,231	9,32,38,775	127	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	107.00	100	7.00	8.00	8.00	8.00	3	Y.
1,04,11,920	68,12,174	3,66,51,595	1,08,99,754	27,029	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	9.38	10	0.90	0.90	0.90	0.90	3	Y.
5,62,77,000	1,76,40,099	12,80,99,376	3,62,30,226	6,370	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,275.00	1,000	80.00*	80.00*	90.00	100.00	3	Y.P.
1,85,50,000	1,90,55,299	6,78,25,389	1,61,14,168	10,356	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	116.50	100	8.50	8.50	9.00	9.00	3	Y.
7,97,020	1,58,267	16 97,266	5,70,206	1,586	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development	6.48	10	0.72	0.50	0.50		3	Y.P.
49,99,910	12,64,511	1,24,72,775	61,62,402	3,787	Tallapatana Textiles (Agencies) Ltd.	Poona Electric Supply	200.00	100	8.75	8.75	8.00		3	Y.P.
70,00,000	52,32,482	2,04,57,883	73,49,175	18,482	Killick Industries Ltd.	Surat Electricity	115.50	100	8.00	8.00	8.00	8.00	3	Y.
2,40,00,000	1,85,02,778	10,07,67,517	2,61,06,997	9,102	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	1,307.50	1,000	80.00*	80.00*	90.00	100.00	3	Y.P.T.
5,15,85,000	4,69,87,795	21,70,05,962	5,40,06,347	5,744	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.							3	Y.P.T.
West Bengal and Other Centres														
19,99,600	51,94,188	1,76,22,752	57,01,293	3,398	Martin Burn Ltd.	Agra Electric Supply Co. Ltd.	126.00	100	11.00	11.00	11.00	10.00	3	Y.T.
5,00,000	16,46,261	65,90,787	30,73,295	3,402	Martin Burn Ltd.	Bareilly Electric Supply	11.44	10	1.10	1.10	1.10	1.00	3	Y.T.
17,00,000	55,39,257	1,29,57,009	66,97,196	3,691	Martin Burn Ltd.	Benares Electric Light & Power Co.	11.75	10	1.10	1.10	1.10	1.00	3	Y.T.
21,57,644	£12,660,240	£42,406,081	£17,196,959	$128,839	I. A. Macpherson Esq. (Chairman)	Calcutta Electric Supply	15.50	10	71%	71%	71%	71%	3	Y.T.
5,60,096	7,55,075	37,78,204	11,86,451	48,998	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	16.00	10	1.00	1.00			3	Y.T.
43,20,000	48,52,031	120,25,542	44,51,988	45,007	Andrew Yule & Co., Ltd.	Dalhergarh Power Supply	86.00	100	10.00	10.00	10.00	10.00	3	Y.T.
3,84,640	1,48,287	43,85,879	17,90,226	47,139	Mocoma Lall & Sons	Jhansi Electric Supply	5.40N	10	Nil	0.70			3	Y.T.
22,49,700	31,43,989	1,20,09,466	51,05,372	5,734	Martin Burn Ltd.	Jubbulpore Electric Supply	11.10	10	1.00	1.00			3	Y.T.
26,07,280	40,44,800	1,41,84,800	65,06,270	75,787	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.87	10	1.00	1.00	1.10	0.80	3	Y.T.
9,10,000	2,55,304	15,56,555	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.62	10	0.60	0.60			3	Y.T.
16,60,000	19,42,893	86,04,621	50,51,276	6,068	Bird & Co. Private Ltd.	Sijhua (Dhurrish) Elec. Supply Co.	9.50N	10	0.80				3	Y.T.
70,00,000	42,62,589	2,90,80,953	98,07,489	12,480	Seshasayee Bros. Private Ltd. ..	South Madras Electric Supply Corpn.	12.00cd	10	0.90	0.90	0.90	0.90	3	Y.T.
5,00,000	10,91,272	38,79,703	16,39,144	15,588	Martin Burn Ltd.	Upper Doab Electric Supply	25.37	10	1.00	1.00	1.00	1.10	3	Y.T.
55,00,000	88,86,813	4,99,22,812	1,36,76,504	2,908	Martin Burn Ltd.	U. P. Electric Supply Co.	202.00	100	11.00	11.00	11.00	10.00	3	Y.T.
8,00,000	24,84,882	69,17,873	19,78,324	14,628	Chandric & Co. Private Ltd. ..	Vellore Electric Corporation	19.87xd	10	1.429	1.429	1.429	1.50	3	Y.T.
ENGINEERING (Bombay)														
51,86,1967	66,96,676	1,18,56,956	68,86,469	26,125	Tarsen Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	287.00	100	22.50	19.00			12	Y.
10,98,900	7,77,224	25,48,785	15,13,946	541	W. E. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	85.00	50	9.00*	9.00*	9.00		12	Y.
12,85,818	49,26,510	2,24,72,010	1,07,86,169	777	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	110.00	100	12.00	7.00	8.00		12	Y.P.
1,20,00,000	3,04,674	1,14,67,087	33,73,697	95,502	D. D. Desai, Esq. (Chairman) ..	Hindustan Electric Co., Ltd.	110.00	100	12.00	7.00	8.00	8.00	6	Y.P.
60,00,000	1,28,72,164	2,72,87,477	1,56,47,690	148	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	176.00	100	4.00	Nil	Nil	4.00	4	Y.P.T.
3,10,000	3,18,067	11,29,209	2,32,153	3,516	T. V. Sadasivy, Esq. (Chairman)	Jost's Engineering	47.00	50	5.00	5.00	14.00	14.00	3	Y.
50,00,000	20,04,247	1,12,98,186	27,66,506	18,639	Adnem Services	Jyoti Ltd.	42.00	25	2.50	2.50	2.50	3.00	3	Y.
44,96,250	14,17,502	85,37,084	43,86,207	4,511	Kamani Bros. Private Ltd.	Kamani Engineering Corporation ..	13.24	10	0.80	0.95	1.00		12	Y.
67,31,445	1,42,50,088	2,19,47,444	82,90,477	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	42.00	25	2.50	2.50	1.25		3	Y.
30,00,000	71,09,895	1,57,20,070	67,59,501	578	Kirloskar Associates	Kirloskar Electric Co., Ltd.	20.70	10	1.10	1.10	1.00		6	Y.
60,00,000	79,27,886	1,76,06,965	63,99,929	28,996	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	24.72	10	1.00	1.00	1.00		6	Y.
35,95,200	30,06,284	64,29,431	20,91,276	32,352	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd. ..	175.00	100	12.50	12.50	12.50	12.50	3	Y.
38,19,770	5,14,084	1,34,12,444	56,18,120	1,69,270	Prem Kumar Gupta, Esq. (Mg. Director)	Lakshmiratan Eng.	5.84	10	Nil	Nil	Nil		3	Y.P.
1,65,00,000	1,12,28,804	2,84,04,270	77,19,557	15,974	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	21.56	10	Nil	Nil	Nil		9	Y.P.
57,47,755	4,22,494	26,17,042	2,48,392	35,575	C. C. Desai, Esq. (Chairman) ..	Lynx Machinery	5.80	10	Nil	Nil	1.40	1.50	3	Y.
80,12,160	49,49,061	2,06,51,285	95,56,916	3,337	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	Nil	Nil	Nil	0.25	3	Y.
1,97,98,145	1,14,00,083	2,29,64,781	89,96,801	15,767	Keshub Mahindra, Esq. (Chairman)	Mahindra & Mahindra Ltd.	17.12	10	1.50*	1.25	1.25	1.50	3	Y.P.
20,00,000	1,29,812	53,72,065	33,71,842	46,079	Prithviraj Sons	Man Industrial Corporation Ltd. ..	115.00	100	Nil	Nil			10	Y.P.
11,00,000	4,48,987	49,41,793	30,54,773	729	P. Jhunjhunwala, Esq. (Mg. Director)	McKenzies	187.50	100	12.00	14.00	14.00		8	Y.P.
1,09,01,007														
D. 1,24,880	1,06,62,412	2,31,72,285	97,21,770	....	Jeewan Ltd.	Mukand Iron & Steel	16.72	10	1.20	1.20	1.20	1.20	7	Y.
50,00,000														
7,50,000	55,54,268	1,58,49,872	85,50,194	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	157.50	100	12.00	12.00	10.00		3	Y.
15,55,400	11,96,582	39,61,901	14,55,575	8,127	Sir C. B. Mehta (Chairman) ..	National Elec. Industries Ltd. ..	161.25	100	8.00	12.00	12.00		3	Y.
62,44,050	23,16,221	1,55,97,206	46,25,849	15,598	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	110.00	50	6.50	6.50	6.50		3	Y.
39,39,970	1,35,30,545	11,65,673	3,47,555	635	Walchand & Co. Private Ltd.	Premier Construction	123.50	100	9.00	9.00	8.00	10.00	3	Y.
75,07,725	49,54,750	1,26,89,480	60,80,453	5,888	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	181.00	50	10.00	9.00	14.00		12	Y.
27,55,70,601	44,97,94,718	2,06,87,64,586	1,00,22,56,616	2,44,126	Tata Industries Private Ltd.	Tata Iron and Steel	90.00	100	12.00	8.00	8.00		6	Y.
9,98,26,822	5,58,56,882	39,19,96,462	18,01,54,678	80,275	Tata Industries Private Ltd.	Tata Locomotive	147.25	75 1/2	10.50*	10.50*	11.00	12.50	3	Y.
29,87,010	21,57,058	1,16,20,676	58,26,700	18,576	T. S. Mankind & Co.	Tata Power Co.	261.00	100	14.50	14.50	14.50	14.50	3	Y.
41,66,980	28,97,021	1,61,70,676	11,88,441	1,176	M. N. Dalal, Esq. (Chairman) ..	Tractors (India) Ltd.	505.00	100	27.00	27.00	6.00	25.00	3	Y.
2,85,00,000	3,26,57,187	1,79,11,762	48,75,403	....	J. D. Choksi, Esq. (Chairman) ..	Voltas Ltd.	268.50	100	8.25	8.25	8.25		6	Y.
69,96,942	49,04,169	1,80,88,393	12,92,240	4,991	M/	Zenith Steel Pipes Ltd.	15.00	10	1.40	1.40	0.60		4	Y.
										Nil				
West Bengal and Other Centres														
8,00,000	7,98,891	48,61,418	24,62,691	4,14,617	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	15.00	10	Nil	1.00			12	Y.T.
2,00,00,000	68,52,221	1,22,66,591	52,93,650	2,268	Tapila Brothers Pvt. Ltd.	Bhartia Electric Steel	15.12	10	1.00	1.00	1.50		12	Y.T.
40,00,000	12,51,764	5,01,611	1,98,193	21,433	G. D. Birlaji, Esq. (Mg. Director)	Birlaji Metal & Steel Works Ltd. ..	13.00	10	1.00	1.00	1.25	1.50	12	Y.T.
1,00,00,000	1,40,28,433	2,26,23,810	1,32,74,056	....	J. V. Jardine Paterson, Esq. (Mg. Director)	Braithwaite & Co. (India) Ltd.	32.04	10	2.50	1.50	1.50		12	Y.T.
12,00,000	58 62,090	1,56,65,242	86,25,928	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	62.50N	10	2.50	1.40	2.00		12	Y.T.
19,86,676	7,04,945	19,29,350	14,08,535	32,996	Homee Wilcox & Co., Ltd.	Brijlalsons Building and Iron	8.00	10	Nil	3.00	3.00		12	Y.T.
1,00,00,000	55,35,735	1 98,55,098	75,90,375	5,115	McLeod & Co., Ltd.	Britannia Engineering	9.62	10	1.00	1.00	1.50		12	Y.T.
25,00,000	23,97,576	44,64,472	22,91,671	....	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	29.12	10	1.00	1.00	1.50	1.50	12	Y.T.
168,00,000	2,29,52,397	7,66,66,696	4,17 99,966	....	Martin Burn Ltd.	Burn & Co.	275.00	100	28.00	25.00	25.00	15.00	12	Y.T.
1,00,00,000	22,72,623	81,14,077	24,19,264	1,57,572	E. N. Bhothika, Esq. (Secretary)	Calcutta Steel Co., Ltd.	18.62	10	1.40	1.50	1.50	1.50	12	Y.T.
1,00,00,000	42,09,184	2,42,19,814	59,12,202	32,961	R. L. Makharia, Esq.	Central India Machinery Mfg. Co., Ltd.	19.12	10	1.50	1.50	1.25	1.50	12	Y.T.
80,00,000	35,00,000	1,74,24,661	51,07,284	6,868	G. Reg'wan, Esq. (Mg. Director)	Dalmia Iron & Steel Ltd.	11.87	10	Nil	Nil	9.75		9	Y.P.T.
60,98,400	28,25,003	1,26,29,918	30,59,918	21,399	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	32.04	10	1.00	1.00	1.00		12	Y.T.
1,00,13,780	77,98,858	2,44,44,606	86,44,226	15,200	Harparshad & Co. Private Ltd. ..	Escort Ltd.	12.25	10	1.00	1.00	1.00		12	Y.T.
6,32,18,740	5,12,05,807	10,11,66,706	3,83,48,700	....	N. R. Pillai, Esq. (Chairman) ..	Guest, Keen, Williams Ltd.	23.12	10	1.50	1.50	Nil		12	Y.T.
17,50,000	11,04,000	62,95,094	44,58,320	8,237	Martin Burn Ltd.	Hooghly Docking	76.00	50	Nil	1.40	1.20		12	Y.T.
12,44,08,990	41,05,47,562	85,61,87,869	28,54,34,800	....	Martin Burn Ltd.	Indian Iron and Steel	25.34	10	2.50	2.25	5.00		12	Y.T.
77,87,000	1,25,90,911	1,62,59,529	94,86,216	....	Martin Burn Ltd.	Indian Standard Wagon	36.69	10	1.60	1.00	1.60	1.70*	3	Y.T.
96,55,160	3,28,88,672	4,56,30,100	1,92,07,757	6,022	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products ..	20.00	20	2.40	2.50	2.00*	2.00	3	Y.T.
26,580							14.12	0.1	0.74	0.28	1.80			
48,78,850	4,63,950	53,00,314	26,07,142	27,785	C. R. Rameswamy Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd. ..	9.65	10	1.25	1.00	0.90	0.90	3	Y.T.
1,51,87,500	1,30,62,185	5,39,34,632	2,65,07,444	4,084	Madan Mohan Lall Shri Ram Pt. Ltd.	Jay Engineering Works, Ltd.	21.50	10	1.50	1.00	1.00		3	Y.T.
40,00,000	65,79,000	97,98,580	30,68,640	2,169	T. K. Industries Private Ltd.	J. K. Steel Ltd.	17.75	10	1.00	1.375	1.50	1.00	3	Y.T.
2,00,00,000	50,00,16,256	5,67,97,464	1,90,97,854	64,915	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	26.87	10	2.00	1.00	1.50	0.80	3	Y.T.
27,64,800	65,08,046	1,15,07,749	56,44,607	3,740	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	26.87	10	0.858	0.858	1.00		10	Y.T.
10,50,000	2,27,751	12,57,027	19,46,984	—16,50,258	S. K. Mullick, Esq. (Chairman) ..	Marshall Sons & Co. (India) Ltd. ..	5.37	5	0.45	0.45	0.50		12	Y.T.
60,95,000	19,58,998	1,54,03,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd. ..	6.19xd	10	Nil	Nil			3	Y.T.
5,00,000	21,41,697	32,34,424	23,68,284	1,529	The British India Corpn. Ltd.	Parap Engineering Co.	8.50	4	0.40	0.50	0.40		3	Y.T.
68,05,790	9,55,000	75,87,465	14,63,310	58,514	Mr. N. Ranganadhan (Mg. Director)	Southern Structurals	10.28	10	Nil	0.50	0.40	0.40	3	Y.T.
1,50,00,000	1,25,31,066	3,74,96,913	2,92,91,642	54,895	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	25.00	10	1.00

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1961	1962	1963	1964	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
1,17,18,750	2,43,57,285	9,39,83,544	1,61,42,462	22,287	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd. ..	11.25	10	1.20	1.20	0.50	0.90	3	Y.F.T.
1,34,93,483	77,93,689	2,60,01,535	1,14,51,193	69,958	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	23.20	10	0.90	1.80	1.50	1.80	3	Y.
7,94,700 } 12,95,175 }	2,72,000	16,65,492	2,19,926	1,442	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	{ 9.49 9.94	10 7.50	..	1.00	0.50	1.80	} 4	Y.
30,00,000	44,23,928	46,09,374	29,12,054	2,17,061	Turner Morrison & Co. Ltd.	Angelo Bros. Ltd.				0.50	0.375			
4,97,14,990	81,08,000	5,99,75,026	1,61,25,618	53,399	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	25.81	10	2.81	2.80	2.80		3	Y.
30,00,000	43,10,024	50,67,241	27,77,690	18,162	Mr. A. Hydari and Mr. S. Gothiberg ..	Assam Match Co. Ltd.	7.20cd	5	0.30	0.40	0.35		9	Y.
1,18,90,000	98,34,917	1,31,10,564	77,02,281	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. ..	25.25	10	2.00*	2.00*	2.00		12	Y.
20,00,000	44,17,208	77,53,757	54,43,881	16,129	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	24.25	10	1.50	1.50	1.50		8	Y.
80,01,400	1,26,93,264	97,20,051	46,35,240	1,56,533	C. G. Montgomery, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	10.37N	10	1.00	1.00	1.50		6	Y.F.T.
12,00,000	31,52,123	39,22,324	35,10,354	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	286.00	100	25.00	25.00	22.50		12	Y.
20,00,000	9,62,972	67,82,724§§	....	1,064	Lovelock & Lewis	Birds Investment Ltd.	33.75	10	2.50	2.50	3.00		12	Y.
68,95,530	1,00,95,705	2,16,07,495	89,93,468	745	K. Julius Scott, Esq. (Mg. Director) ..	Britannia Biscuits	8.81	10	1.00	1.00	0.80		9	Y.F.
2,25,00,000	2,50,81,762	3,30,37,927	2,59,48,445	23,545	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd.	36.62	10	3.00*	2.50	2.10	2.10	3	Y.F.T.
50,00,000	49,62,950	52,35,651	29,71,082	2,226	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	11.06	5	0.35	0.45	0.75		12	Y.F.
1,38,80,000	14,77,612	1,77,96,192§§	....	2,75,442	Andrew Yule & Co., Ltd.	Clive Row Investment	24.62	10	1.25	1.00	1.50		12	Y.
5,96,650	7,50,000	40,86,867	30,84,660	28,239	K. L. Mital, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	9.00	10	0.75	0.75	0.80		12	Y.
4,50,00,000	6,23,00,940	12,21,08,895	5,75,17,151	....	M. L. Bexon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd.	15.00N	10	1.00	0.70			10	Y.F.T.
1,08,00,000	1,26,67,000	19,70,662	9,48,831	22,124	R. C. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	22.06	10	2.00	1.50	1.75		12	Y.F.
56,72,320	2,23,56,496	2,44,33,402	53,53,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	110.00	100	14.00	14.00	12.00		12	Y.F.
76,80,000	65,11,801	1,78,16,463§§	....	1,51,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	26.12	5	1.50	0.00	0.00		3	Y.
1,59,49,110	4,01,572	33,15,170	5,63,856	31,294	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	102.00	100	14.00	12.00	10.00		12	Y.F.
48,33,000	9,17,059	1,27,35,885	41,42,015	5,749	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	8.00	10	Nil	Nil	Nil	Nil	3	Y.
40,12,888	39,64,000	1,15,37,705	59,85,716	2,26,362	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd.	10.30	10	0.40	0.40	0.75		12	Y.F.
14,66,000	10,92,000	44,75,416	23,86,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	11.00	10	1.50				9	Y.F.
80,00,000	....	4,73,252	2,71,691	—8,80,640	National Rubber Mfrs. Ltd.	Gangtok Tyres Ltd.	260.00	100	20.00	15.00			12	Y.
65,00,000	61,69,746	84,95,944	22,10,552	26,272	S. C. Gladstone, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	6.75	10	Nil	Nil	Nil		6	Y.
40,00,000	35,10,000	38,90,747	56,46,458	2,446	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	13.00	10	1.10	1.10	1.10	0.96	3	Y.F.
2,00,15,000	1,54,00,733	3,68,93,873	87,75,035	51,86,310	R. E. O. Carey, Esq. (Mg. Director) ..	Goodycar India Ltd.	22.00	10	4.00	8.00	2.00		12	Y.F.
3,09,49,550	3,80,11,174	15,66,69,214	6,34,19,991	13,209	Birla Brothers Private Ltd.	Hindustan Motors	20.50	10	Nil				12	Y.
1,80,00,000	57,26,612	3,18,45,042	72,54,008	—12,90,311	Tata Iron & Steel Co. Ltd.	Hindustan Pilkington Glass	16.44	10	1.50	1.25	1.15	1.15	3	Y.
39,31,300	65,11,801	1,07,03,104	18,85,904	—5,10,975	B. L. Sonthalia, Esq. (Chairman) ..	Hindustan Tea Lords Ltd.	18.75	10	1.20	Nil	Nil		10	Y.
15,16,00,000	11,33,81,191	8,38,63,777	4,44,37,894	80,158	Mr. F. A. Collett (Chairman)	Hindustan Tobacco Ltd.	15.69	10	Nil	Nil	Nil	Nil	3	Y.
6,00,44,400	5,02,72,274	18,67,08,063	6,31,36,292	4,12,610	H. V. R. Iengar, Esq. (Chairman) ..	Imperial Tobacco Co. of India Ltd. ..	8.25	10	0.90	0.90	0.85	0.65	3	Y.
2,48,65,450	3,70,04,031	4,02,36,340	2,08,73,154	9,790	J. V. J. Paterson, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	31.56	10	1.50	1.75	1.75		12	Y.F.T.
3,64,00,000	1,01,33,886	9,06,12,544	3,01,56,221	85,587	Indian Cable Co., Ltd.	Indian Explosives Ltd.	35.50	10	2.25	2.25	2.25	2.50	3	Y.T.
29,93,375	1,89,825	60,18,368	41,42,015	5,749	Amiya Kumar Sen, Esq. (Mg. Director)	Indian Oxygen Ltd.	24.25	10	1.50	1.20	1.20		3	Y.T.
8,27,970	12,42,783	22,16,109	13,35,190	53,791	M.	Indian Plastics Ltd.	7.94	10	Nil	Nil	Nil		3	Y.F.
74,98,000	5,31,500	1,01,04,128	15,16,862	19,207	M.	Indian Rubber Manufacturers	22.00	10	8.00	8.60			3	Y.F.
2,00,00,000	1,00,37,759	67,22,627	21,50,260	....	Duncan Brothers & Co., Ltd.	Woolcombers of India Ltd.	10.25	10	Nil	Nil			12	Y.
15,00,000	13,00,000	18,79,359	1,52,872	56,044	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	70.50	10	7.00	6.00	7.00	7.00	3	Y.F.
1,40,20,888	29,23,514	2,73,13,972	18,67,683	1,01,639	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10.25	10	1.00				3	Y.F.
1,47,12,250	1,38,23,546	94,70,688	25,41,490	1,289	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	9.30	10	0.60	0.45	0.82		9	Y.
16,00,000	17,64,897	33,65,043	5,79,411	....	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	27.19	10	2.75	2.50	2.50		9	Y.F.
47,12,000	90,33,868	34,12,628	15,66,033	2,34,727	Vittal Mallya, Esq. (Chairman)	McDowell & Co. Ltd.	15.50	10	1.25	0.60	0.75		12	Y.
3,22,50,000	2,26,70,151	5,27,52,316	1,88,41,107	2,480	M.	Metal Box Co. of India Ltd.	217.00	100	15.00	18.00			12	Y.
35,12,200	27,76,836	41,53,649	14,39,068	2,720	M. K. Vellodi, Esq. (Chairman) ..	Mysore Electric Industries Ltd. ..	31.25	10	2.50	2.50	1.90	1.80	3	Y.F.
6,56,250	10,53,965	15,65,798	46,55,184	1,217	N. G. Ayyangar, Esq. (Mg. Director) ..	Mysore Lamp Works	156.40	100	20.00	20.00	12.00	12.00	3	Y.F.
10,00,000	5,45,007	25,01,104	14,36,682	14,104	Mr. M. Subramanyam (Chairman) ..	Mysore Tobacco	29.60	10	2.50	3.70*	0.80		3	Y.F.
1,35,00,000	1,31,43,467	1,65,75,424	83,59,993	40,361	L. K. Jayarama Iyer & Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	11.02	10	Nil	1.00	1.00	1.10	3	Y.
30,00,000	86,90,300	56,25,223	82,56,376	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Pipes & Tubes Co., Ltd. ..	25.12	10	2.50	2.50	1.50	2.00	3	Y.T.
40,00,000	89,77,485	81,98,266	44,66,902	25,985	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Rolling & Steel Rods	28.50	10	2.00	2.00	2.00		9	Y.F.
50,00,000	21,56,713	1,80,14,510	62,00,895	58,629	K. N. Mookerjee, Esa. (Mg. Director) ..	National Rubber Manufacturers Ltd. ..	24.25	10	1.50	1.50			6	Y.
79,97,000	1,30,46,008	1,76,39,830	1,01,47,234	3,26,438	R. N. Elias & Co. Private Ltd.	National Tyre Co.	10.50	10	0.65	0.60	1.00		12	Y.
23,32,100	17,27,391	64,55,515§§	....	46,960	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	11.19	10	0.70	0.70	0.80		12	Y.F.T.
20,00,000	10,04,500	19,06,850	10,15,829	2,705	Parry & Co., Ltd.	Parrys Confectionery Ltd.	68.00	75	6.50	6.00			12	Y.
2,20,00,000	1,13,85,086	3,55,53,739	1,25,86,971	48,000	W. A. C. H. Rosechaert, Esq. (Chairman)	Phillips India Ltd.	2.96	1	0.25	0.26	0.16		3	Y.
1,56,25,000	9,45,700	2,36,97,801	89,71,134	—47,66,862	Duncan Brothers & Co., Ltd.	Phillips Carbon	27.00	10	1.20	1.80	1.50		12	Y.
12,25,000	10,24,312	46,31,710	10,92,898	4,668	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	12.37	5	Nil	Nil	Nil		12	Y.
51,04,260	47,08,357	1,31,00,115	89,09,201	2,964	T. Shanmuna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd. ..	8.46	5	0.70	0.75	0.75	0.875	3	Y.
2,25,00,000	41,45,070	1,66,51,275	62,82,070	5,962	Badridas Goenka, Esq. (Chairman) ..	Ralli India Ltd.	19.87	10	1.80	1.80	1.80	1.80	3	Y.
5,00,00,000	8,16,24,548	16,37,20,662	8,69,12,579	1,697	Sahu Jain Ltd.	Rolitas Industries	125.00	100	8.50	8.50	10.00	1.50	3	Y.
1,35,00,000	86,99,991	3,28,44,622	1,37,17,414	4,361	K. D. Gangull, Esq. (Secretary) ..	Sen-Raleigh Ltd.	10.00	10	1.00	0.80	0.90	0.80	3	Y.F.T.
71,60,000	....	1,02,02,408	9,21,237	—14,10,918	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	12.75	10	0.80	0.80	Nil		3	Y.F.
75,00,000	69,54,952	1,66,99,597	70,28,936	8,55,748	C. M. A. Bathurst, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	6.80	10	Nil	Nil			9	Y.F.
40,00,000	1,10,08,366	1,05,53,163	59,38,199	4,37,429	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	17.12	10	1.50	0.75	1.25		12	Y.F.
47,00,000	82,00,000	2,09,13,405	63,50,721	14,232	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	21.50	10	1.50	1.50	1.80		6	Y.F.
9,99,310	59,875	19,24,738	10,28,291	1,292	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	10.20	10	0.70	0.70			6	Y.F.
11,58,300	19,10,341	18,95,997	8,53,867	63,666	J. H. Wilkes, Esq. (Gen. Manager) ..	T. Stanes & Co., Ltd.	6.08	10	0.70	0.65	0.65		12	Y.
2,50,00,000	2,14,79,680	5,65,64,026	1,69,15,726	50,510	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd.	28.56	10	1.50	3.25	3.85		3	Y.
3,58,950	7,01,042	79,26,373	46,26,378	89,275	The Cotton Agents Private Limited ..	Tungabhadra Industries Ltd.	174.00cd	100	10.00	10.00	10.00		7	Y.
2,80,00,000	8,80,84,276	7,77,15,892	2,63,25,532	1,93,008	J. R. Galloway, Esq. (Chairman) ..	Union Carbide India Ltd.	10.06	10	Nil	Nil	10.00		7	Y.T.
50,00,000	72,96,008	73,35,585	27,08,709	....	Vittal Mallya, Esq. (Chairman)	United Breweries	30.50	10	1.80	1.25	1.50		9	Y.T.
5,00,000	8,41,748	9,59,498	6,77,689	8,262	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	23.78	10	0.60	2.50	0.60	0.90	12	Y.T.
31,46,200	43,08,662	1,21,03,305	64,16,626	15,013	A. K. Kaderkutty, Esq. (Mg. Director)	Western India Plywoods Ltd.	34.62	10	1.00	2.50	2.00		3	Y.
							200.00	100	12.00	14.00	15.00	6.00	11	Y.F.
TRANSPORT														
20,00,000	33,75,558	70,97,762	30,60,733	54,558	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	105.50	100	7.50	10.00	10.00		10	Y.F.
1,00,00,000	76,25,652	8,76,69,710	1,67,53,127	—63,12,170	Dinshaw (Private) Ltd.	Bharat Line	{ 4.20	10	Nil	Nil	0.50		12	Y.
60,00,000 } 80,06,000 }	2,71,64,446	10,34,29,602	3,49,39,642	1,28,987	A. H. Bhiwandiwalla & Co. (Bombay Private Ltd.	Great Eastern Shipping Co.	{ 11.06 13.92	10 10	0.78 0.30	1.00 0.50	Nil Nil		} 6	Y.F.
62,55,580	£1,194,360	£4,312,021	£2,342,188	—£84,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	36.50	£10	Nil	Nil	Nil		12	Y.F.
2,47,50,000	1,85,24,588	23,32,64,952	9,16,76,188	....	Lloyd Edwards (Private) Ltd.	India Steamship Co.	6.50	10	Nil	Nil	Nil		3	Y.
11,28,19,293	11,68,24,517	36,86,60,105	12,45,17,005	2,82,849	D. N. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	15.48	20	0.60	0.60	0.60	Nil	3	Y.
Q. 8,40,800 } P.D. 2,10,200 }	80,76,582	18,79,885	11,06,250	21,687	R. R. Alyer, Esq. (Manager)	Walford Transport Ltd.	{ 8.00 2.94	Q. 1 P.Q. 1	0.80 0.20	0.80 0.20	0.27 0.27		} 12	Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1961	1962	1963	1964	Accounts Closed	References
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	59,90,550	1,71,97,033	1,03,91,592	16,512	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	19.69	10	1.25	1.50	1.75	1.75	3	Y.
12,00,000	15,08,889	42,54,256	37,48,315	....	Jardine Henderson Ltd.	Barraree Coke	20.75	10	Nil	1.50	1.50	2.00	3	Y.
4,49,350	1,52,388	11,57,089	6,02,033	5,392	Kalyanji Mavji & Co.	Bengal-Bhatdee	8.00	10	Nil	1.50	1.50		3	Y.
1,20,00,000	2,88,23,173	9,41,09,762	5,68,34,133	1,05,409	Andrew Yule & Co., Ltd.	Bengal Coal	249.00	100	21.00	19.00	16.00		12	Y.F.
2,25,000	4,15,835	24,86,014	21,80,114	16,129	M.	Bengal-Nagpur	22.00N	10	2.00				10	Y.F.T.
4,00,000	64,950	1,27,37,959	69,00,595	—3,05,581	Sahu Jain Ltd.	Bharat Collieries	3.00	10	Nil	Nil			6	Y.
7,15,000	8,31,772	59,01,884	37,69,468	—6,87,501	M.	Bhulanbarareee	10.00N	10	Nil	Nil			6	Y.F.T.
7,50,000	29,17,505	55,15,164	32,39,262	6,037	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	18.25	10	1.50	1.50	1.50		12	Y.F.
90,92,480	94,32,421	4,74,28,820	2,50,88,877	90,768	Bird & Co. Private Ltd.	Burrakur	16.44	10	1.50	1.50	1.50		12	Y.F.
49,97,750	10,46,028	91,51,487	36,62,095	20,778	Hindustan Investment Corpn. Ltd. ..	Central India	8.34	10	1.00	1.00	1.30		6	Y.F.T.
8,00,000	12,99,400	54,18,457	35,46,265	—1,25,641	Jain Industries	Central Kurkend	3.50N	10	..	1.00	0.90	1.00	3	Y.
16,00,000	....	61,90,600	36,92,341	—5,39,084	M.	Dhemo Main	3.75	10	Nil				3	Y.
£3,84,000	£826,529	£1,373,344	£375,044	....	Jardine Henderson Ltd.	East Indian	28.25	£1	2.00	2.75	2.75	2.00	4	Y.
29,68,760	1,22,22,000	4,29,46,601	3,93,26,117	1,57,517	Macneill & Barry Ltd.	Equitable	21.00	10	1.00	1.00	1.00		12	Y.
15,00,000	40,000	27,42,664	9,86,223	—5,84,265	Bhatter's Agency Ltd.	Ghusick and Mualla	22.75	10	Nil	Nil	Nil	Nil	3	Y.
12,00,000	2,41,433	45,20,017	30,84,265	706	Killick Industries Ltd.	Hingir-Rampur	52.00	50	Nil	Nil			3	Y.F.T.
3,00,000	....	26,07,213	20,84,191	—3,65,025	M.	Hurriladih	5.44N	10	Nil	Nil			6	Y.F.
20,00,000	17,65,600	57,60,248	19,62,864	1,971	Bird & Co. Private Ltd.	Karanpura Collieries	19.50	10	1.00	1.00	1.00	1.20	12	Y.F.
14,50,000	20,19,553	70,21,354	46,47,670	22,318	Jardine Henderson Ltd.	Katras Jherriah	28.37	10	1.00	1.00	1.00		12	Y.
9,00,000	10,27,762	29,57,644	23,77,712	57,591	H. V. Low & Co. (Private) Ltd. ..	Lakuria	14.00	10	4.00	2.50	3.00	1.20	3	Y.F.
7,48,240	56,490	13,90,484	10,51,223	74,771	Tantia Brothers Private Ltd.	Nazira	14.00	10	..	..	..		1	Y.
£1,97,739	46,119	2,10,86,928	1,28,80,928	15,709	Andrew Yule & Co., Ltd.	New Beerbhoom	29.69	10	Nil	Nil			4	Y.
10,00,000	8,90,206	12,37,188	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Manbhoom	16.12	10	1.00	1.20	1.00		12	Y.F.
1,15,000 } 1,57,000 }	4,81,409	17,65,275	10,59,556	15,045	M.	North West	{ 10.00 17.00N	10 7.50	0.90 2.00				} 3	Y.
7,50,000	12,62,584	1,94,347	22,85,005(k)	....	P. Prashad, Esq. (Chairman)	Ondal	11.00N	10	1.50				3	Y.
3,34,000	1,52,212	37,86,226	14,17,160	589	Deepchand Kishenlall	Parasea	12.00N	10	0.75	0.75	0.50		12	Y.F.
15,75,000	30,64,325	1,00,54,255	62,14,336	7,234	Shaw Wallace & Co., Ltd.	Pench Valley	17.44	10	0.125				12	Y.
41,97,070	40,05,000	1,92,61,106	1,25,83,203	15,788	S. K. Mukerjee, Esq. (Secretary) ..	Raneegunge	13.00	10	1.00	1.00	1.25	0.75	12	Y.
13,50,000	32,96,490	60,33,834	47,23,819	8,453	Shaw Wallace & Co., Ltd.	Rewa	22.12	10	1.00	1.70	1.70	1.40	3	Y.
37,50,000	45,20,386	1,20,44,712	48,96,957	3,953	M.	Samla Collieries	7.81	10	2.00	1.00	1.50		12	Y.
40,00,000	16,17,486	1,10,28,290	24,54,119	1,672	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries	108.00	100	1.00	0.75	0.75		12	Y.
2,80,000	14,49,516	36,11,289	22,95,222	4,361	Andrew Yule & Co., Ltd.	Seebpore	14.00	10	1.00	0.80	0.90		12	Y.
12,84,000	6,85,222	35,740	18,68,748(k)	382	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	34.75N	7	8.00	2.50	10.00		12	Y.
3,00,00,000	1,42,11,727	11,80,70,501	5,00,12,313	18,633	M. P. Pai, Esq. (Chairman)	Singareni	8.87	10	0.35	0.25	2.00		12	Y.F.
17,50,000	11,77,056	57,60,923	25,84,592	3,001	Bird & Co. Private Ltd.	South Karanpara	9.75	10	0.75		0.80		12	Y.
8,00,000	16,18,969	1,53,707	25,19,145(k)	4,723	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	6.00	10	Nil	Nil	0.75		3	Y.
3,50,000	3,01,032	23,77,775	17,78,595	36,403	R. M. Varma, Esq. (Mg. Director) ..	Union	9.62xd	10	1.00	1.00	0.25		3	Y.
49,08,000	11,08,150	1,30,51,460	50,55,936	90,260	Hindustan Investment Corpn. Ltd. ..	Western Bengal	10.25N	10	Nil		1.00		12	Y.
7,00,000	....	60,62,759	34,56,424	—6,23,711	M.	West Jamuria	8.56	10	0.75	0.90	0.90	1.00	3	Y.
							8.60	10	Nil				12	Y.

M.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 P for the year ended 31st March 1955 and 37 P for the year ended 31st March 1956.

N.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 115 lakhs whereas their terms dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only.

(k) Investments. *Includes bonus. §Investment at cost. X.B.—Ex-Bonus.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	93.50	100
BREWERIES AND SUGAR						
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April ..	60.00	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.50	Mar. Sept.	73.50	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb. Aug.	113.00	100
Deccan Sugar & Abkhar 'A' T.F.C. ..	7,00,000	1920	7.00	July Apr.	4.28	5
East India Distilleries C.	£200,000	1897	9.00	Jan. July	17.88	51
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec. ..	60.00	100
Do. (Non-redeem)	5,00,000	1940	7.00	Dec. ..	60.00	100
Partabpore Co. C.	6,00,000	1922	10.00	Oct. ..	13.50	10
Ramnagger Cane T.F.C.	4,00,000	1933-36	6.00	Aug. ..	83.00	100

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest available Quotation	Paid-up per Share	Dividend per Share 1961	1962	1963	1964	Accounts Closed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
67,50,000	1,33,55,000	4,67,639	Allahabad Bank	249.00	100	18.00‡	15.00	15.00		12	Y.P.
1,01,600	20,58,220	4,794	Andhra Bank	103.00	100	8.00	8.00	8.00			
40,78,800				82.00	85	6.80	6.80	6.80		6,12	H.
2,00,00,000	2,44,93,760	2,96,970	Bank of Baroda	98.50	50	8.50	8.00	9.00		12	Y.
2,55,00,000	4,86,00,000	4,19,848	Bank of India	101.50	50	10.00	10.00	9.00	4.00‡	6,12	R.L.Y.
A. 50,00,000				101.50	50'A'	10.00	10.00	9.00	4.00‡		
60,30,080	35,90,200	47,625	Bank of Maharashtra	53.00	50	4.50	4.50	4.50		12	Y.
86,00,000	1,00,78,733	.....	Canara Bank Ltd.	81.00	50	7.50	7.50	7.50		12	Y.P.
25,00,000	27,00,000	9,000	Canara Banking Corporation Ltd. ..	68.80	50	7.50	7.50	6.00		12	Y.P.
'A' 5,99 880				143.50	100'A'	20.00‡	20.00	20.00			
'B' 41,42,120	75,20,000	17,041	Syndicate Bank Ltd.	19.25	10'B'	2.00‡	2.00	2.00		12	Y.P.
'C' 2,00,000				1.57	1'C'	0.20‡	0.20	0.20			
2,63,01,800	5,20,41,606	91,510	Central Bank of India Ltd.	62.50	25	5.00	5.00	5.00	2.40‡	12	R.L.Y.
'A' 82,50,000				53.00	25	5.00	5.00	5.00	2.40‡		
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co. ..	64.70	50	5.50	5.50	6.00		12	Y.
2,00,00,000	2,40,00,000	70,90,104	Habib Bank Ltd. P.	20.95N	5	20%	20%	20%		12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank ..	10.62	50	Nil	Nil			12	Y.
50,00,000	2,50,000	18,193	Hindustan Mercantile Bank	10.00	50	Nil	Nil	Nil		12	Y.
88,46,215	92,91,884	1,61,942	Indian Bank	159.00	100	15.00	14.00‡	15.00‡		12	R.L.Y.
99,71,575	93,62,535	1,01,850	Indian Overseas Bank Ltd.	150.75	100	14.00	12.00	14.00		12	Y.
2,00,00,000	2,87,10,000	2,27,073	Punjab National Bank	20.20	10	2.00	2.00	2.00		12	Y.
5,62 50,000	9,30,00,000	35,50,831	State Bank of India	403.75	100	23.00	23.00	23.00		12	Y.
1,00,00,000	76,00,000	1,67,743	Union Bank of India	6.60	5	0.57	0.57	0.57		12	Y.
2,79,65,812	3,20,00,000	75,942	United Commercial Bank	73.50	50	6.00	6.00	6.00		12	Y.
2,68,71,987	1,00,30,000	4,15,815	United Bank of India	8.12	10	0.60	0.60	0.75		12	R.L.Y.

PRINCIPAL EXCHANGE BANKS (Dividend per cent.)

£6,600,000	£7,525,000	£510,433	Chartered Bank	£2-9-3	£1	15†	15†	15†		12	Y.
H.K. $79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£22	H.K. $25	sh. 15*	sh. 16*	sh. 16*		12	Y.
£5,708,000	£5,250,000	£316,941	National and Grindlays Bank Ltd. ..	£1-12-3	sh. 15	14†‡	16†‡	16† ‡		12	H.Y.

‡ Includes bonus. P—Figures in Pak rupees. Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June ..	Carew & Co.	1938	98.50	1st June .. 1970
2,46,000	6½	1st March and 18th September..	Carew & Co. (2nd mortgage)	1941	95.00N	28th February .. 1970
20,00,000	6½	1st May and 1st November ..	Walchandnagar Industries	1944	99.50	1st November .. 1959-64
75,00,000	6	1st July and 1st January ..	Walchandnagar Industries	1960	98.50	21st June 1972
COAL						
80,00,000	6	30th April and 31st October ..	Bharat Collieries	1944	90.00N	31st October .. 1964
60,00,000	6½	1st May and 1st November ..	Bengal Coal Co., Ltd.	1961	98.00	31st October .. 1975
20,00,000	6½	30th June and 31st December ..	Burrakur Coal Co.	1947	90.00	30th June .. 1967 (e
46,80,000	8½	1st July and 1st January ..	Equitable Coal Co.	1958	97.00	14th December .. 1968 (e)‡
COTTON						
40,00,000	5½	1st January and 1st July ..	Ahmedabad Advance	1956	89.00	13th December .. 1966-71
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1897	90.00N	15th November .. 1966 (e)
58,93,000	5T	1st April and 1st October ..	Buckinghams and Carnatic	1952	100.00	1st March .. 1972 (e)
40,02,881	6½	1st April and 1st October ..	Gokak Mills	1957	93.00	1st April 1967-72
15,00,000	6½	2nd January and 2nd July ..	Minerva Mills	1959		1st July 1967-70
24,22,000	6½	1st January and 1st July ..	Shree Nivas	1958	99.00	31st December .. 1970
29,51,000	6½	1st April and 1st October ..	Simplex	1959	97.00	15th October .. 1969-74
80,00,000	6½	1st April and 1st October ..	Lakshmi-Vishnu	1955	94.50	1st June 1966-70
80,00,000	5½	1st June	Tata Mills	1961	88.50	1st June 1966-71
ELECTRICS						
10,00,000		31st March and 30th September..	Agra Electric Supply Co., Ltd. ..	1950	97.00N	31st March .. 1966 (a)
5,00,00,000	5½	15th June and 15th December ..	Ahmedabad Electric Co., Ltd.	1960	98.00	15th June .. 1965-70
98,28,000	5½	1st April and 1st October ..	Andhra Valley Power Supply Co. ..	1940	94.00	1st April 1970-75
12,00,000	4½	30th June and 31st December ..	Benares Electric Light and Power Co., Ltd.	1949	97.00N	31st December .. 1964 (a)
62,787,574	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1960	89.50	1st January .. 1970 (a)
10,80,000	5	1st January and 1st July ..	Sijua (Jherlah) Electric Supply Co., Ltd..	1951	91.00N	30th June .. 1970 (a)
1,00,000	5T	3rd April and 3rd October ..	South Madras Electric Supply	1940	98.50	30th September .. 1958-68
47,73,000	5	1st March and 1st September ..	Tata Power	1940	93.00	1st July 1965-70
2,50,00,000	4½	1st January and 1st July ..	Tata Power	1949	88.50	1st July 1966-70
ENGINEERING						
5,00,000	6½	30th June and 31st December ..	Britannia Engineering	1945	94.00N	31st December .. 1969
1,50,00,000	6	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	98.50	1st January .. 1971
29,18,000	7	15th September and 15th March.	Indian Hume Pipe (Bearer)	1957	101.00	15th September .. 1977(r)
10,00,000	6	31st May and 30th November ..	Kumardhubi Engineering Works Ltd.	1946	90.00N	31st May 1971
3,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	97.20	30th September .. 1960-65
JUTE						
12,00,000		1st October and 1st April ..	Agarpara	1939	91.50	31st March .. 1969
6,00,000		30th June and 31st December ..	Alexandra	1939	91.50N	30th June .. 1969
15,00,000		31st December and 30th June ..	Auckland Jute Co., Ltd.	1939	97.00N	31st December .. 1969
10,69 000	5	30th June and 31st December ..	Chitavalsah Jute Mills	1945	97.00N	30th June .. 1964
18,78,000	5½	31st March and 30th September.	Dalhousie Jute Co.	1951	93.00N	30th June .. 1966
8,86,000	5	15th January and 15th July ..	Empire	1954	95.00	31st March .. 1969 (a)
25,00,000	6½	31st March and 30th September.	Fort Gloster Industries Ltd.	1951	92.00N	15th July .. .. 1965 (a)
20,40 000	5½	31st March and 30th September.	Howrah Mills Co., Ltd.	1952	98.00	30th September .. 1966
25,00,000	5	30th June and 31st December ..	Kinnison Jute Mills Co., Ltd. ..	1955	93.50	31st March .. 1970
25,00,000	5½	30th June and 31st December ..	Naihati	1949	97.00N	31st December .. 1964 (a)
5,00,000	6½	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd. ..	1952	92.00	31st March .. 1964 (a)
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co., Ltd.	1939	92.00N	14th May 1974
25,00,000	5	31st March and 30th September.	Reliance Jute Mills Co., Ltd. ..	1950	97.00	31st December .. 1964
12,00,000	5½	30th June and 31st December ..	Union	1950	94.00N	5th September .. 1964 (a
				1937	95.50N	31st March .. 1967
RAILWAYS; STEAMSHIP AND TRAMWAYS						
£321,697	4½	1st January and 1st July ..	Calcutta Tramways	1900	£66.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£139,051	5	1st April and 1st October ..		1933	£74.00N	
6,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway ..	1945	85.00N	1st October .. 1974
£200,000	4½	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway ..	1905	£64N	31st December .. 1974
						Any time on six months' notice (a)
PLANTING						
4,54*000	7T	1st April and 1st October ..	Sangameshwar Coffee	..	100.00	1st April 1960-61
MISCELLANEOUS						
45,00,000	5	2nd January and 2nd July ..	Aluminium Industries	1961	100.75	2nd July 1966-71
9,98,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd. ..	1948	97.00 N	31st December .. 1965
5,00,00,000	5½	1st March and 1st September ..	Burmah-Shell	1954	94.50	1st September .. 1965-69(a)‡
2,00,00,000	5½	1st April and 1st October ..	Calcex Oil Refining (India) Ltd. ..	1955	98.50	1st October .. 1970
1,00,00,000	6½	31st March and 30th September.	Dalmia Cement (Bharat) Ltd.	1946	98.00	30th September .. 1970
2,04,55,000	6½	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd.	1950	99.00	1st January .. 1970
97,80,000	5½	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	94.50N	30th June .. 1969 (a)†
3,00,00,000	6½	1st January and 1st July ..	Indian Aluminium Co., Ltd.	1956	96.50	1st January .. 1969 (a)‡
27,75,000	5T	2nd January and 2nd July ..	Metlur Chemical Industries	1960	99.00	30th September .. 1975
99,70,000	4	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes)..	1949	84.00	31st December .. 1972 (a)
				1947	410.00 (per note)	
74,75,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	78.00	1st April 1971
55,91,000	6½	30th June and 31st December ..	National Rayon	1955	98.25	30th June 1965-70
80,00,00,000	6T	15th May and 15th November..	Oil India		99.75	15th November .. 1968-77
20	6½	1st January and 1st July ..	Premier Automobiles	1958	125.50	31st March .. 1968-78
1,00,00,000	6	30th June and 31st December..	Rohtas Industries Ltd.	1946	98.00	31st December .. 1969
10,00,000	5½	January and July	Shree Gopal Paper Mills Ltd.	1944	96.00N	15th July 1966
80,00,000	5½	1st May and 1st November ..	Tasco	1953	95.75	1st April 1970-75
5,81,000	5	31st January and 31st July ..	Tata Chemicals Ltd.	1945	96.00	31st July 1969-74
50,00,000	6	1st April and 1st October ..	Tata Oil Mills Co. Ltd.	1959	96.00	30th September .. 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 12 years. § Any debenture outstanding on 1-6-1969 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-6-1964. †† Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1968 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961.
T.—Taxable. T.F.—Tax-free. N.—Nominal.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 12th November 1964.

	Closing quotations 3-11-1964§	High	Low	Closing quotations 12-11-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100) ..	150.00	—	—	150.00
Apollo (2) ..	1.72	—	—	1.72
Baroda Rayon (100) ..	68.50	69.00	66.00	66.00
Bombay Dyeing (25) ..	58.50	58.50	57.25	57.50
Bradbury (50) ..	145.00	146.25	144.00	146.25
Central India (100) ..	101.00	101.00	96.50	97.50
Century Mills (100) ..	599.00	604.50	584.00	584.00
Dawn (50) ..	148.00	148.00	146.00	146.00
Elphinstone (50) ..	95.00	95.00	94.00	95.00
Finlay (100) ..	307.00	305.00	302.00	302.00
Gokak (100) ..	177.50	177.50	174.50	175.00
Gold Mohur (100) ..	230.00	—	—	230.00
Gwallor Rayon (10) ..	38.50	38.50	37.00	37.75
Ind. Untd. Defd. (1) ..	2.38	2.38	2.36	2.36
Ind. Untd. Ord. (10) ..	19.60	19.60	19.44	19.44
Indian Rayon (100) ..	61.00	57.00	50.00	50.00
Indore Malwa (100) ..	215.00	—	—	215.00
Khatau (100) ..	176.25	175.00	170.00	170.00
Kohinoor (100) ..	317.50	319.50	314.00	315.50
Mafatlal (100) ..	518.75	520.00	517.50	517.50
Modella Woollens (10) ..	12.56	12.76	12.44	12.68
Morarji (100) ..	250.00	250.00	247.00	247.00
Mysore (50) ..	38.00	38.70	35.50	37.00
National Rayon (100) ..	357.00	359.50	347.00	349.50
New Great (100) ..	160.00	—	—	160.00
Phoenix (100) ..	227.50	227.00	224.00	224.00
Podar Mills (10) ..	11.24	11.40	11.12	11.20
Raymond Woollen (100) ..	137.00	137.00	135.00	136.00
Sassoon Spg. (10) ..	37.75	—	—	37.75
Shreeniwas (100) ..	247.00	—	—	247.00
Simplex (50) ..	123.00	123.00	119.00	122.00
Standard (100) ..	608.00	613.00	573.00	573.00
Svadeshi (100) ..	263.00	265.00	263.00	264.00
Swan (100) ..	273.00	—	—	273.00
S. I. Viscose (100) ..	114.00	115.00	110.00	110.00
Tata Mills (25) ..	49.00	49.00	47.50	47.50
Lakshmi-Vishnu (100) ..	85.00	—	—	85.00
Western India (250) ..	850.00	—	—	850.00
BANKS				
Bank of India (50) ..	101.25	101.00	100.50	101.00
Do. (New) (50) ..	102.00	102.00	101.00	101.50
Bank of Baroda (50)..	99.00	99.00	98.50	99.00
Central (25) ..	52.50	52.50	52.00	52.50
Central 'A' (25) ..	53.30	53.00	52.50	53.00
Dena Bank (50) ..	64.70	65.30	64.70	64.70
Punjab National (10)..	20.50	20.30	20.00	20.00
Union Bank (5) ..	6.60	6.60	6.52	6.56
United Com. (50) ..	78.50	78.50	78.00	78.50
Maharashtra (50) ..	53.00	—	—	53.00
ELECTRIC COS.				
Ahmedabad (100) ..	107.00	107.25	106.50	107.00
Amalgamated (10) ..	9.40	9.40	9.28	9.32
Andhra Valley (1,000).	1,267.50	1,277.50	1,267.50	1,275.00
Bom. Sub. El. (100)..	52.50	—	—	116.50
Surat (100) ..	114.50	115.50	113.50	115.50
Tata Hydro (100) ..	129.00	128.75	128.00	128.50
Tata Power (1,000) ..	1,302.50	1,312.50	1,297.50	1,307.50
INSURANCE COS.				
British India (10) ..	13.44	—	—	13.44
Indian Mercantile (50).	65.00	—	—	65.00
New India (15) ..	45.50	45.75	45.00	45.50
New India 'A' (15) ..	47.50	47.50	46.50	46.75
Vulcan (10)	16.52	—	—	16.52
STEEL COS.				
Ind. Iron (10) ..	25.70	26.10	25.30	25.35
Mukand Iron (10) ..	16.84	16.84	16.68	16.72
Tata Steel Ord. (75) ..	148.00	148.75	146.00	146.25
SUGAR COS.				
Belapur (50)	221.00	225.25	214.50	215.00
Bhopal (10)	12.72	—	—	12.72
Changdeo (12.50) ..	23.00	—	—	23.00
Maharashtra (50) ..	139.50	139.50	136.50	137.00
Phaltan (50)	114.75	115.50	113.50	114.00
Walchand Ind. (100) ..	163.00	162.50	161.75	162.25
CEMENT COS.				
Associated Cts. (100)	165.25	166.25	164.00	165.50
Digvijay (100)	182.00	182.00	181.00	181.25
Orissa (10)	11.44	11.64	11.40	11.56
DYES & CHEMS.				
Amar-Dye-Chem (100).	148.00	148.00	140.00	140.00
Camphor & Allied (100)	87.00	88.00	87.00	88.00
Citric (100)	83.00	82.00	80.00	81.00
Chemicyst (100) ..	98.50	98.50	96.00	96.00
Colour-Chem. (100) ..	312.50	312.50	306.25	306.25
Indian Dyestuff (100).	282.00	284.00	268.50	269.00
Polychem (50)	98.00	88.50	94.00	94.00
Synthetics (100) ..	72.00	74.50	69.50	70.00
Tata Chemicals (10)..	19.24	19.32	18.64	18.76
MISCELLANEOUS				
Alcock Ashdown (100).	291.00	291.00	286.00	286.00
Bom. Burmah (25) ..	56.40	56.70	56.00	56.20
Do. (New) (25) ..	42.50	42.50	41.25	42.00
Br. B. Petrol (1½ sh.).	3.10	3.12	2.90	2.88
Br. I. Corpn. (5) ..	11.04	11.04	10.96	11.00
Cooper Eng. (100) ..	110.00	110.00	105.00	105.00
Hindustan Lever (10).	30.25	29.75	29.60	29.75
I. C. & Invest. Corporation (100)	16.84	17.00	16.24	16.28
Indian Copper (2 sh.) .	96.00	96.00	95.50	96.00
Killick (100)	3.40	3.44	3.30	3.34
Larsen & Toubro (10).	100.00	100.50	98.50	99.50
Mahindra & Mahindra (10) ..	21.84	21.88	21.44	21.52
Asian Cables (100) ..	17.20	17.24	17.12	17.12
Permanent Magnets 100) ..	69.00	69.00	68.00	68.50
Phillips Carbon (10) ..	97.50	97.50	94.00	97.00
Pre. Automobiles (100)	12.76	12.76	12.60	12.64
Premier Con. (50) ..	99.50	100.25	95.00	95.00
Semula (50)	187.00	187.00	180.50	181.00
G. E. Shipping (10) ..	15.68	15.80	15.32	15.36
N. Standard Eng. (100)	12.36	12.40	11.92	11.96
T. J. Sanchal (100) ..	125.50	125.00	120.00	120.00
Shivrajpur (10)	550 00	545.00	490.00	490.00
Sirpur Paper (10) ..	17.00	18.24	17.00	17.80
Tata Locomotive (100)	12.15	12.32	12.00	12.12
Tata Oil (25)	266.00	267.00	258.50	258.50
Voltas (100)	48.50	49.75	48.75	49.00
W. I. Match (100) ..	266.50	266.50	261.50	261.50
W. Coast Paper (100).	236.00	236.50	234.50	235.00
Zenith Steel (1)	171.00	171.50	168.00	169.50
	14.76	15.00	14.60	14.60

GOVERNMENT SECURITIES	3-11-1964 Rs.	Gross Yield Earlier Redemption	Later Redemption	12-11-1964 Rs.
2½% 1976	82.75	—	4.64	82.75
3 % 1966-68	98.35	3.85	3.43	98.40
3 % 1970-75 1st Dev.	96.10	4.93	4.17	96.20
3½% 1965 Con. Loan..	62.00	—	4.32	62.00
3½% 1966 N. P. Bonds.	100.20	—	3.19	100.20
3½% 1967 N. P. Bonds	99.75	—	3.60	99.75
3½% 1967 N. P. Bonds.	96.60	—	3.79	96.60
3½% 1969 Loan ..	99.90	—	3.79	99.90
3½% 1968	97.80	—	3.99	97.80
3½% 1968 N. P. Bonds.	99.00	—	3.77	99.00
4 % 1972 Loan ..	98.85	—	3.79	98.85
4 % 1973 Loan ..	98.80	—	4.18	98.80
4 % 1979 Loan ..	98.70	—	4.17	98.70
3½% 1966 Bonds ..	97.50	—	4.25	97.50
4 % 1980 Loan ..	100.00	—	4.50	100.00
4 % 1981 Loan ..	97.50	—	4.21	97.50
4½% 1985 Loan ..	98.00	—	4.16	98.00
4½% 1977 G. Bonds.	100.00	—	4.50	100.00
4½% 1978 N. D. Bonds	117.70	—	4.66	117.70
4½% 1986 Loan ..	100.00	—	4.25	100.00
4½% 1989 Loan ..	100.25	—	4.49	100.25
	100.00	—	4.75	100.00

• Current Income. xd—Ex-dividend. xr—Ex-Right.
c.s.—Cum-Rights. ed—Cum-dividend.
§ Closing prices—*Mocatta* session.

COMMERCE

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

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MODERNISATION OF RAILWAY TRACTION

STEAM traction on the railways is rapidly becoming obsolete in the advanced countries of the world. It is so because steam traction, as compared with diesel or electric traction, has certain drawbacks and limitations—namely, low hauling capacity, limited speed, use of steam even when the train is not running, longer time taken for acceleration and deceleration, and the inevitable smoke resulting from the burning of coal. In the United Kingdom, for instance, it is being eliminated by diesel traction as quickly as economic and other factors allow. More than 80 per cent of Soviet railways, it is claimed, have by now been switched over to progressive forms of traction—electric and diesel. It is the same story in the United States, Germany and other Western countries, where steam locomotives have become a rarity. This unmistakable dieselisation (and electrification) trend is an index of modernisation of railways in these countries. The beginning that India has lately made in diesel traction, albeit in a small way, is thus in keeping with the modern trend. It will be recalled, in this connection, that, till the beginning of the second Plan, the use of diesel locomotives on the Indian railways was mainly confined to shunting services. During that Plan, main line diesel traction for through freight services was introduced as a prelude to electrification of the congested routes of the coal and steel belts in the eastern regions of the country. It was with the help of 100 main line diesel locomotives (out of the total of 146 broad-gauge diesel locomotives that were in operation by the end of the second Plan) that heavier trains loaded with coal and raw materials for steel plants were being moved more easily. During the current Plan, the dieselisation programme has made further headway, for there are at present 350 diesel locomotives (besides 220 electric locomotives) on the Indian railways.

But it must not be overlooked that this progress is relatively very modest, for the railways in this country continue to be heavily dependent on steam locomotives, of which there are as many as 10,600 at present. By the end of the third Plan, however, there will be more than 600 diesel locomotives, while, by the end of the fourth Plan, according to a tentative estimate, 1,200 of such locomotives will be in operation. At this rate of quinquennial addition to the stock of diesel locomotives, it may take upto eight or ten decades for the Indian railways to eliminate steam traction completely. Obviously the railway system cannot afford to be so dreadfully slow in modernising itself. It is, therefore, gratifying to hear that the Railway Board has all but decided to replace steam locomotives by the operationally more efficient and economical diesel and electric locomotives in a phased programme spread over three to four decades. Of course, even this time schedule may seem to be comparatively long, but, then, there are several difficulties in the way of more rapid modernisation.

For one thing, it will take this country not less than three decades to manufacture the large number of diesel and electric locomotives required to replace the steam locomotives completely. The Varanasi diesel loco factory is expected to go into full production only in 1967-68, manufacturing 150 units a year. It can, of course, be expanded to manufacture 250 diesel locos a year thereafter. As for electric locomotives, of which there will be 500 by the end of the fourth Plan, the Chittaranjan Locomotive Works, producing at an annual rate of 75 units from 1965-66, can be expanded to manufacture 150 units a year. On a rough calculation, the maximum aggregate output of the Varanasi factory and the Chittaranjan Works, assuming that they may not be expanded beyond the aforesaid limits, would be about 10,000 diesel and electric locomotive units over 30 years from now—just sufficient to replace all the steam locomotives. But, if the additional requirements for locomotives by that time are to be met fully, either a couple of new diesel or electric loco factories may have to be established or the capacities of the existing two units may have to be expanded further. Perhaps, no such expansion may be required, for each diesel or electric locomotive is the equivalent of two steam locomotives in terms of efficiency. It may even be that diesel locomotives (with power transmission or progressive hydraulic transmission) will be supplemented in due course by the more efficient gas-turbo locomotives (with free-piston gas generators), the first of which has just been developed in the Soviet Union.

For another, since dieselisation would involve large-scale imports of diesel oil, it would call for considerable foreign exchange expenditure which the country could ill-afford. The pattern of inland demand for petroleum products, of which high speed diesel oil accounts for 20 per cent, will be changed so markedly by railway dieselisation that the proportion of diesel oil will go up steeply. It is in this context that the plans for setting up new oil refineries in the country and the plans for expanding existing refineries in the public and private sectors acquire an added significance. The need for evolving a long-term plan for the petroleum industry in the light of projected dieselisation of railways and lorry transport over the next three decades can hardly be overstated. This calls for a more realistic oil policy than is the case at present.

Another related problem is the likely impact of railway dieselisation on the country's coal economy. It may be noted, incidentally, that the need for conserving the limited resources of better qualities of coking coal for the steel plants and the growing metallurgical industry has inevitably meant the use of lower grades of coal by steam locomotives designed for burning selected higher grades. The use of such lower grades has tended to increase the railways' coal consumption and, consequently, their fuel bill. But this development undoubtedly provides some relief to the coal industry with its relative overproduction of inferior coals. Railway dieselisation will only add to the problems of the coal industry, if, at the same time, more thermal power stations, which could burn inferior coals, are not established as part of the railways' electrification programme. In other words, dieselisation of some railway sections and electrification of some other railway sections should proceed in a co-ordinated fashion, so that the coal industry, while losing its biggest old customer, namely, the railways, over a period of time, may have an equally big new customer in the sector of thermal power generation. Another point to be noted is that modernisation of traction would also mean a saving in wagon capacity, for a considerable number of wagons now used for carrying the coal required by the railways themselves could be made available to others.

The problems incidental to switching over to diesel and electric locomotives are thus quite capable of solution, given forethought and co-ordinated planning. The Railway Board has, therefore, done well to propose, as a first step, the gradual curtailment of steam locomotive manufacture with a view to stopping it completely by 1970-71. The Chittaranjan factory, incidentally, is manufacturing nearly 200 broad-gauge steam locomotives, mostly freight-type, per annum at the present time. The Tata Engineering and Locomotive Company, which has been manufacturing metre-gauge steam locomotives, has also decided to discontinue their production after supplying the railways an aggregate of 200 locomotives during the fourth Plan period. This means that, if the Railway Board's proposal is accepted and implemented, no steam locomotives, whether for broad-gauge or metre-gauge, will be manufactured in India after 1970-71. Just as T.E.L.Co. is confident of switching over its locomotive manufacturing capacity to other engineering products thereafter, the Chittaranjan Works, too, may have no difficulty in diverting its surplus capacity to other uses, including electric locomotive manufacture.

BLANK TRANSFERS FOR SHARES

MUST the system of blank transfers be abolished or continued without any restrictions or modified in some ways? This is a question on which there has been a keen controversy in this country from time to time during the past four decades. The controversy began in 1923 when

transfers with a view to curbing further the abuses to which it can be put.

Blank transfers, it is said, encourage anti-social activities in three important ways: They held (a) the black-marketeer to hide his ill-gotten wealth, (b) the evader of income-tax and (c) the clandestine manœuvrer to obtain control of companies without the cognisance of directors. It is precisely to curb these activities that an amendment is sought to be effected in the Company Law. Thus, Clause 13 of the Companies (Second Amendment) Bill 1964, now before the House, lays lown that

1. every instrument of blank transfer shall be in the prescribed form, bearing the date of issue stamped by the prescribed authority, and

2. the said instrument must be delivered to the company within six months from the date of issue in the case of listed shares (that is those listed on the stock exchanges) and within two months in the case of others.

In deciding to limit the currency of blank transfers, the Government of India has been prompted by the anxiety not merely to eliminate certain defects inherent in the system, defects most impressively highlighted by both the Vivian Bose Commission and the Dapthary-Sastri Committee, but also to put an end to speculation indulged in by anti-social elements who are in possession of considerable unaccounted money acquired through black-marketing and tax evasion.

A blank transfer, by the way, is a transfer deed carrying only the signature of the transferor (that is, the seller) and delivered along with the share certificate. It does not contain the transferee's (that is, buyer's) name. Nor is it dated when the document and share certificate are delivered. The purpose of a blank transfer is to facilitate negotiability. Stamp duty is not paid at each transfer. Blank transfers make for the swift movement of securities from party to party and enable the holder to sell the security without getting his name registered in the books of the company which issued the shares. Their negotiability makes it easy to obtain credit. It will be clear from this brief description that blank transfers provide scope for some malpractices. Mention, for instance, may be made of concealment of identity of the real beneficial owners behind their nominees and evasion of tax by suppression of secret profits invested in shares on blank transfers. There is then the window-dressing of company balance-sheets by reshuffling of shares held on blank transfers between associated companies with the object of substituting inter-company loans and advances at the time of the closing of accounts by investments. Mention may also be made of fictitious or ante-dated transactions in the books of companies in order to create fictitious losses in investments for the purpose of reducing taxable profits.

It is, of course, true that the scope for some of these abuses has been eliminated by the reforms made in the laws pertaining to joint-stock companies, stock exchanges and income-tax. It is also true that the misdeeds discovered by the Vivian Bose Commission in the Dalmia-Jain group of companies were all perpetrated before the Company Law was comprehensively codified in 1956. But the Bose Commission's recommendations on blank transfers were made long after the new Company Law and the legislation on stock exchanges. It is rather far-fetched to say that Justice Vivian Bose was not aware of these developments when he made the recommendations. In any case, all these recommendations were reviewed by an expert judicial team, namely, the Dapthary-Sastri Committee. Surely, neither the Vivian Bose Commission nor the Dapthary-Sastri Committee can be accused of being ignorant of the prevailing laws of the land or of having taken any partisan stand on the issue of blank transfers. Viewed thus, it is, indeed, regrettable that the presidents of all the eight recognised stock exchanges should have opposed tooth and nail the Government's move to restrict the currency of blank transfers. Instead of sticking to their ancient views, they should have taken a more enlightened stand. They seem to have conveniently ignored the fact that some of the leading share brokers and businessmen themselves have been pleading for curbs on blank transfers. In his note on blank transfers appended to the Gorwala Committee's report, the late Mr. J. J. Kapadia, a prominent member of the share-broker fraternity, had minced no words when he said: "I can say from experience that the system of blank transfer exercises unhealthy influence on stock exchange transactions. He had advocated the imposition of a limit on the currency of blank transfer.

The exceptionally long memorandum submitted by the Stock Exchanges to the Government is like the brief of a clever lawyer defending his client whose guilt is writ large on his face. It is common knowledge that, in a case of this type, the lawyer tries to confuse the basic issue by bringing in all sorts of irrelevant issues. This is what the eight wise men of our stock exchanges have sought to do in their quite readable memorandum. A typical instance is provided by their argument that, when there are various ways in which tax is evaded, why tackle only the blank transfers, while leaving out the others? It may be that there are other ways—currency notes, jewellery, precious stones, Government securities, etc., as suggested in the memorandum—open to anti-social elements to hide their ill-gotten wealth. It may also be that, in spite of restrictions on blank transfers, tax evasion and black-marketing will continue. But this is no argument against the proposed restrictions on the currency and use of blank transfers. Every little bit helps. Incidentally, the tax evaders are unlikely to take the tip of stock exchange Presidents, given free of charge, that Government securities offer a better means for holding the black money than blank transfers. The fact that holding of Government securities by individuals is negligible and that they are held mostly by institutional investors is significant, in that it exposes the exaggeration in their argument. Nor does it sound convincing to be told that compulsory registration of blank transfers is redundant and unnecessary, as, under the Income-tax Act, share-brokers and dealers are required to furnish detailed particulars of all parties purchasing shares exceeding in the aggregate Rs. 10,000 in value, irrespective of whether the shares are held on blank or otherwise. For this can be (and are probably being) easily evaded. The stock exchange Presidents surely know how. All that a speculator or the tax evader has to do is to spread his operations over a number of brokers. This rule is, therefore, no use for the purpose the Government has in view.

Another unconvincing argument of stock exchange Presidents is that the blank transfer system is an entirely neutral factor not responsible for either nominee holdings or tax evasion. The example of the U.S., where the blank transfer system is very popular, cited by them is not relevant to Indian conditions. In the U.S., the blank transfers are meant to protect the interests of small investors, whereas in India they are used mainly by the big operators for making quick gains. With the vast majority of companies in the U.S. declaring dividends quarterly, there is an indirect check on the currency of blank transfers in that country. In any case, the conditions for operating on the stock exchanges in America are far more stringent than in India. The margin system, for instance, is more comprehensive and stiff. Further, the operations are not carried on in such great secrecy as in this country. Given all the conditions prevailing in the U.S. stock exchanges, the blank transfer system may be less injurious to the Exchequer. But the fact is that those conditions do not obtain here.

Equally unconvincing is the argument that, as India is a country of long distances and as companies take a long time for registering transfers, any limit on the currency of blank transfers will dislocate the stock exchange machinery. Thanks to the improvement in postal communications between important cities where the great bulk of the companies the shares of which are quoted on the stock exchanges is concentrated, no great inconvenience will be caused to the investing public as a result of the limit on the currency of blank transfers. The physical limitations on companies' ability to effect the transfers in their registers and return the share certificates to buyers expeditiously can be overcome by mechanising the operations of their share departments. Quite a few companies have taken the initiative in this direction and there is no reason why others with a large number of shareholders should not do so.

Ordinarily the intention of the transferor is that a person to whom the blank transfer is handed over is thereby authorised to fill in the name of the transferee, whether as a buyer, mortgagee or nominee; such a transfer may also be lodged as security for credit, the intention being that the buyer or mortgagee may later fill in the blanks and perfect the security by getting himself registered. While this is a perfectly legitimate intention and a normal trading practice, the trouble with blank transfers in our country has been that they allow the buyer or even his nominee to keep the shares blank for *any* period of time. That company registers remain incomplete may not be a very serious objection against blank transfers, for there are other factors also which lead to the same results. The real objection to indefinite currency of blank transfers is that they encourage *benami* holdings, where the registered holder may not be the real owner, or may not be even a nominee of the real owner. It has also been the experience of the authorities at least in this country that blank transfer forms enable evasion of tax and facilitate concealment of identity of the real owner.

Again, it is hard to believe that the proposal seeking to limit the currency of blank transfers will restrict genuine investment and trading, or even genuine speculation. Genuine and healthy speculation has never been defined and, in practice, it is hardly possible to identify or distinguish the one from the other. In fact, it should be clear to anyone that *bona fide* investors do not keep their shareholdings unregistered for any length of time. There is thus no question of middle class investors being deprived of the facilities. Blank transfers, as already stated, are actually kept by those who have large schemes for making quick profits and other motives like tax evasion or acquisition of controlling interest without revealing their own identity to the existing management.

Much is made of the argument that restricting the currency of blank transfers would affect the banking world, but the banks themselves have been silent about it. Advances against shares are very small, although shares may form the collateral in a large number of cases. But six months' currency for blank transfers should be enough for purposes of banking accommodation and, in case it should prove to be inadequate, longer currency of blank transfers for this limited purpose could always be provided. All the experts and committees who have recommended abolition of or restrictions on blank transfers have agreed that banks and lending institutions should be treated on a special footing.

The stock exchange Presidents certainly cry "wolf" when they say that the proposal to restrict the currency of blank transfers will seriously affect the liquidity and negotiability of shares, thereby undermining the confidence of investors. This is a gross exaggeration, as the experience of Britain has shown. Mr. K. R. P. Shroff, the learned President of the Bombay Stock Exchange, himself has admitted that no more than five per cent of the volume of transactions on the stock exchanges is dependent on the existence of the facility of blank transfers. Even assuming that this portion of the transactions will be completely eliminated—an extreme assumption—,the result would not be such as seriously to dislocate the stock exchange as a venue for healthy speculation. To the extent that some at least of the speculation so eliminated is unhealthy in character, the reform will be a desirable one from the point of view of the stock exchange itself. It is pertinent to mention, in this connection, that the various indirect restrictions on the life of blank transfers introduced in recent years have not adversely affected the liquidity of the market. The imposition of one more restriction is unlikely to produce such frightening consequences as are made out by the stock exchange Presidents.

It will be evident from the foregoing account that the evil practices associated with, and flowing from, the blank transfer system have given a bad name to it, and it can no longer be allowed to continue unrestricted. The stock exchanges will do well to recognise that the Government's move to limit the currency of blank transfer represents a compromise between two extreme alternatives, namely, complete abolition of the system and continuance in its present form. They are, however, perfectly justified in asking for a downward revision of stamp duty on transfer of shares. Such a revision throughout India will reduce greatly whatever hardship the proposed restriction may cause to investors and professional operators. It will also augment the revenues of the Exchequer, since a larger collection from an increase in turnover and reduction in tax evasion will more than make good the loss resulting from a lower rate of duty. In conclusion, it may be stated that, even though the move to restrict the currency of blank transfers is sound and justified, it is necessary to give careful consideration to all its implications. The Finance Minister will, therefore, do well to agree to refer the Companies Amendment Bill to a Joint Select Committee of Parliament, instead of rushing it through as he did in regard to amendments to the Banking Companies Act last year.

MARKET GOSSIP

Equities Depressed

THE stock exchanges are in the doldrums. There has been a steady fall in values week after week, even though the turnover is not large. Tired liquidation by bulls, some short-sales and almost virtual absence of support from investors have been the experience of markets these days. Most of the corporate results published in recent weeks have been encouraging. A good number of companies has increased the dividends for 1963-64. Speeches of company chairmen have also been marked by subdued optimism. Nevertheless, stock exchanges continue to remain depressed. The reasons are not far to seek. Investors of means do not have much surplus to spare for adding to their holdings. The high level of taxation, rising cost of living, obligations on account of annuity deposits, and the issue of a number of right shares—all these leave little margin for making fresh purchases. The large capital depreciation which they have already suffered on their existing investments is also having a deterrent effect, from the psychological point of view. Normally, at some stage large investors enter the market to average their losses, but that stage, many consider, has not yet been reached.

An important reason for this feeling is the absence of confidence about the fiscal policy that will be unfolded in the next budget. The A.I.C.C. resolution favouring ceiling on urban property, the Government's anxiety to end the managing agency system, the continued stress in the literature on the fourth Plan about the need for reducing the gap between the rich and the poor and for effecting structural changes in order to ensure price stability and equitable distribution of scarce resources have combined to create doubts whether the Congress Party will ever be realistic in pursuing its socialist policies. The fear is that, in the next budget, taxation of individuals might be rendered harsher still, even though the corporate sector might be left alone. Thus, the hope of some relief in taxation has yielded place to serious misgivings.

There are also other reasons for the continued weakness of equities. The rayon manufacturers and cotton textile mills are having a bad time. The newly established paper mills are suffering from unremunerative prices. There are delays in the progress of new industrial projects, for which capital was raised in the years 1960 to 1962. In these three years, it will be recalled, investors fell head over heels for new equity issues. The vast majority of these scrips are standing at a heavy discount and, even at these levels, buyers are scarce. It looks as though several of these companies will take two, three or four years more to declare even a modest maiden dividend. The capital outlays of many of these new companies have exceeded the original estimates and their debt-equity ratio has become high to the detriment of shareholders. And the pity of it all is that a good proportion of investors who have gone in for them belongs to the middle class. They are disheartened and disenchanted with investments in equities.

Then, there is the ever-rising cost of production, with no sign of relief in the foreseeable future. Increased allocation of foreign exchange for importing more foodgrains may result in a cut in the resources available for maintenance imports. If this were to happen, the bad effects of cost spiral would be aggravated by shortages of raw materials, stores and spare parts.

Taking all these factors into account, it looks as though a sustained and substantial recovery in equity values is a long way off. Much depends on the Union Finance Minister.

Wages In Kind: Move Dropped

The recent session of the Indian Labour Conference, held at Bangalore on the 29th and 30th July 1964, it may be recalled, had recommended that it should be made compulsory for employers to pay a part of the wages in kind, in view of the high prices of essential commodities in the country. The Conference had also made another recommendation that it should be made compulsory for employers to set up fair-price shops for industrial workers. Both these recommendations were considered by the Standing Committee on Industrial Truce, which met at New Delhi on the 13th instant. The Committee has decided to drop the scheme for the payment of a part of the wages in kind. As an alternative, the various benefits which would have accrued to the workers under the scheme—had it been implemented—will now be made available through fair-price shops—to be opened compulsorily by the management—or co-operative stores. The commodities to be covered are rice, wheat, wheat substitutes and sugar—to be supplied at control rates—and textiles, cooking media and pulses at wholesale prices; any addition to the list of commodities is to be decided by a joint committee of employers and employees. The cost of transportation and distribution will be borne by the employers. A Bill to this effect is likely to be introduced in the current session of Parliament, making it obligatory on industrial establishments —in both public and private sectors—employing more than 300 persons, to open such shops if 200 or more employees opt for them. A worker will be entitled to buy from these shops commodities worth Rs. 150 or 40 per cent of his monthly salary, whichever is lower. There will also be a provision for the supply of goods on credit—the amount to be deducted from the salary of the worker.

The representatives of employees—both of the Indian National Trade Union Congress and the All India Trade Union Congress—were doubtful about the utility of the scheme. It is feared that the scheme might freeze the dearness allowance and adversely affect the retirement benefits of workers. The Union Food Ministry was also not confident of ensuring an adequate supply of commodities and a privileged treatment to factory workers who number no more than 3.1 million out of a total population of over 450 million in the country.

But the decision taken by the Standing Committee on the opening of fair-price shops seems to be even worse. Numerous difficulties are involved in industrial employers becoming grocers as well. These have been fully discussed in some of our earlier issues. To these have now been added one more. As a provision has been made for supplying goods on credit, it may be assumed that most of the transactions will be on credit and the employers will have to find additional finance. This apart, the Food Ministry has made it clear that it was not possible for the Government to give preferential treatment to these shops and that they will only be considered on par with other fair-price shops. This has created a serious lacuna and, because of it, both the employers and employees are doubtful about the successful working of the scheme. Moreover, it has not been made clear how the scheme will affect the dearness allowance of workers. If the workers continue to get the benefits of higher dearness allowance for every rise in the cost of living index, it will mean a double burden on the employers, resulting in a further rise in the cost of production and inflation.

The decision to open fair-price shops in industrial establishments was first taken at the twenty-first session of the Indian Labour Conference held at Delhi in July last year. The Standing Committee on Industrial Truce Resolution, appointed by the the Conference, had also decided that all industrial establishments employing more than 300 workers, should open such shops. By virtue of the fact that the decision was a tripartite one, the Government, the employers' and workers' organisations were all bound by it. But much water has flowed under the bridge since then. Several developments have taken place, rendering that decision out of date. In the first place, prices of most of the commodities covered by the scheme are now controlled. In the case of cereals and sugar, not only the prices are controlled, but even the distribution is done through controlled sources in urban areas. The Government has also fixed the prices for a little more than half of the production of cotton textile industry and most of the varieties of cloth purchased by the working class come within this arrangement. And, secondly, fair-price shops have been opened for all consumers in most of the industrial areas, which sell not only the controlled items but a large number of other necessities of life. Informal rationing has already been introduced in the major cities like Bombay, Calcutta and Madras and the Chief Ministers Conference, held at New Delhi on the 18th instant, has taken a decision to extend it to all the big cities and industrial towns. Although introduction of statutory rationing has been left to the discretion of the State Governments, it is likely to be started in Calcutta and the urban areas of Kerala very soon; some other States may follow the example later. In these circumstances, opening of fair-price shops by the employers becomes redundant, resulting in waste of scarce resources. It may be found in due course that many of the workers prefer to purchase their requirements from the fair price or ration shops near their residence rather than from the shops opened by their employers.

Indo-East European Trade

Out of the total annual exports from India valued at about Rs. 800 crores, about 25 per cent, or Rs. 200 crores, is accounted for by the eight Eastern European countries (including U.S.S.R.). Russia alone imports approximately one half, the other half being shared by the remaining seven countries, namely, East Germany, Poland, Yugoslavia, Hungary, Bulgaria, Rumania and Czechoslovakia. That there are good possibilities of bringing about a further substantial rise in Indian exports to this region is the view expressed by an Indian trade team which toured some of these countries for a month under the leadership of the Deputy Minister of Commerce, Mr. S. V. Ramaswamy. The countries visited were Czechoslovakia, Rumania, Bulgaria and Hungary. Giving his impressions of the visit, Mr. Ramaswamy told newsmen at New Delhi this week that, during 1965, India would be able to increase its exports to these four countries alone by about 25 per cent from the current level of Rs. 41.5 crores to Rs. 52 crores.

Some findings of the trade team are certainly revealing. It is a sad commentary on our export promotion efforts abroad that the East European countries, according to the trade team, have a distorted vision about industrialised India. This country, we are told, is still regarded as an exporter of some food articles and raw materials. This finding, in fact, reflects the inefficacy of the various export promotion councils and other agencies, including India's participation in a number of trade fairs in the region concerned. The trade team claims to have corrected the wrong image by creating an impression that India could sell such articles as lathes and machine tools, chemicals, pharmaceuticals and leather footwear. How far this claim is correct can be judged only by the results in the coming years. But by that time most people will have forgotten it. The team and its leader, therefore, need not have any fear that a post mortem will be held and the accuracy of their claim assessed.

More important is the team's observations on the type of goods that India can try to sell in East Europe. There is, according to it, good prospects for India to sell railway wagons to countries other than Rumania. It is heartening to hear that Hungary has already bought a large number of railway wagons and a Hungarian team is shortly expected in this country to work out the final details of the purchase. Similarly, a Czech team is also expected in India for effecting a purchase of railway wagons. Trade prospects with Czechoslovakia are very bright; it is expected that the total value of trade each way may well increase from the current level of Rs. 15 crores to Rs. 24 crores in 1965. India hopes to buy more spare parts and components for tractors and sell to that country tyres, tubes, tea, and even vitamin and hormones intermediates. Although India's trade with Rumania has not been upto expectations so far, arrangements are afoot to increase exports. Rumania has agreed to buy a large quantity of Iron ore for its Galatz steel plant from India, in the face of competition in this commodity from Brazil and Egypt, and textiles worth Rs. 150 lakhs, including Rs. 50 lakhs worth of handlooms. India, in turn, has signified its intention to take more of Rumanian fertilisers, axle oil for railways, soda ash (heavy as well as light) and caustic soda. Trade with Hungary and Bulgaria is likely to increase from the current levels of Rs. 10 crores and Rs. 4.5 crores each way to Rs. 14.5 crores and Rs. 5.5 crores each way, respectively. Zinc from Bulgaria, chemicals and wheels and wheel sets from Hungary are mentioned as the items that will contribute to increased imports from them, while, on the export side the goods included are iron ore, textiles and engineering products.

One difficulty that is being felt by almost all the countries visited by the trade team, according to Mr. S. V. Ramaswamy, pertains to the insufficiency of rupee funds for effecting purchases in India. This difficulty is inherent in the nature of trade between India and the countries concerned. Theoretically, the value of trade exchanged is balanced but, in practice, there is a time-lag. This is due to the fact that, while India imports capital goods the delivery of which takes time and pays in instalments separated by four to six months, the East European countries buy articles which are readily supplied and have to be paid for, as if they were cash purchases. The "swing credit" which India has been giving to some of these countries have not been found adequate as it is rapidly exhausted. Mr. Ramaswamy disclosed that the Government of India has offered to issue import licences more quickly and to discuss how best the payment arrangements could be improved. Incidentally, it may be mentioned that a bankers' delegation from Czechoslovakia is scheduled to visit India in the near future for this purpose. All these are steps in the right direction.

World Tin

Spot tin in the London market, which had climbed down from the high of £1,697-10 per ton last month-end to £1,425 last week following the release of an additional quota of 18,000 tons of tin from the U.S. stockpile for the second half of the disposal year ending March next, has staged an impressive recovery since then, the latest available quotation being £1,500. The recovery has followed excellent buying support induced primarily by the increase in the floor price of tin from £850 to £1,000 a ton and the ceiling price from £1,000 to 1,200 announced by the International Tin Council at its meeting held at London on the 13th instant. The floor price has been raised apparently with a view to boosting the production of tin in keeping with the rising trend of consumption. The aggregate world consumption of tin is said to be currently running at an annual rate of 160,000 tons which is well above the actual output of about 140,000 tons.

Announcing the upward revision of floor price, Mr. H. W. Allen, Chairman of the Council, disclosed that a special committee was being formed to keep the problem of tin shortage under constant review and held out the assurance that this committee would do everything in its power to promote production. Despite this statement, the producing countries seem to feel that tin prices would not fall to "unrewarding or uneconomic" levels. For they know full well that the Buffer Stock Manager must purchase the metal to boost the price, if it is quoted below £1,000 per ton on the London Metal Exchange. It is true that the ceiling price at which the Manager must sell tin has also been raised as already stated but the increase is only of academic importance, since the Buffer Stock is without metal. Meanwhile, the Tin Council does not expect any further price changes to take place under the Buffer Stock Scheme during the present Tin Agreement due to expire in June 1966.

The Council's decision to raise the floor price has been widely welcomed by the mining interests the world over. It is believed that the mines in Malaya which have already been worked and which have become uneconomical at the floor price of £850, will now be reworked. As a result of the upward revision in floor prices, tin production in Malaya is expected to go up by at least 10 per cent by the middle of next year.

Philips India's Rights Issue

Philips India Limited will shortly be raising additional capital of Rs. 40 lakhs (nominal) in equity shares of Rs. 10 each at a premium of Rs. 6 per share. Out of this, one lakh equity shares will be offered to the Company's foreign collaborators N.V. Philips Gleollampenfabrieken, Netherlands, partly for cash and partly for consideration other than cash. The balance of three lakh shares will be offered to the Indian shareholders for cash in the ratio of three new shares for five shares held.

At present Philips India's shares are held between the foreign collaborators and Indian shareholders in the proportion of 77 : 23, but, with the issue of rights shares, the proportion of shares held by Indian investors will increase to nearly 31 per cent. The Controller of Capital Issues has already given his consent to this issue and it is valid up to 30th April 1965.

It may be recalled that, in April 1963, the Company obtained sanction for issuing capital to the

(Continued on page 928)

W. GERMANY—SOME RANDOM IMPRESSIONS—II

By S. V. Rayan

MOST parts of West Europe are modern in their look and life. The reconstruction of war-devastated Europe provided an opportunity for rebuilding cities and towns, factories and homes, roads and parks in a manner that allowed for greater comfort and better living than before the Second World War. In this task, the builders of post-war Europe have put to best advantage the benefits of scientific research and new inventions that received a great impetus during and after the war. The new materials developed in the sphere of metals, chemicals (plastics in particular) and ceramics have helped Europe to wear a new look, neat, clean and glittering.

The greater the devastation suffered during the war, the larger has been the reconstruction on modern lines. The best example of this is provided by West Germany. Almost three-fourths of this country is new now. Some of the cities, such as West Berlin, Hamburg and Cologne. have been rebuilt practically in full. It is said that, in air raids and ground fighting, more than 2.3 million dwellings in the area now constituting the Federal Republic of Germany were either totally destroyed or so badly damaged that they were no longer habitable. Since 1949, when the Federal Republic was formed, some eight million dwellings have been completed, i.e., at the rate of one dwelling a minute. One out of every three inhabitants of West Germany (total population 57.6 million in 1963, as against 51.3 million in 1953) has received either a new or rebuilt dwelling since 1950. The housing shortage in the whole of Germany and Berlin is now placed at less than half a million. Nevertheless, intense building activity is still going on, especially in private commercial, industrial and public building spheres, so that the building trade continues to be the most important branch of German economy. At least half the factories in Germany must be less than ten years old. The machinery in them must be younger still in age. With factories well laid out and with first-class equipment, there is no wonder that the productivity of German workers, who are well known for their aptitude for discipline and hard work, is pretty high.

Labour unrest in Germany is, perhaps, at its lowest in the Western world. There are many reasons for this. First, in the initial post-war years, the workers were conscious of the fact that only hard work would place their country back on its feet. Secondly, the German Government itself took care to see that workers were given adequate representation on the boards of companies engaged in basic industries. Thirdly, the workers are well paid and, what is more, well looked after. They are housed in comfortable dwellings; they are given adequate holidays; and the social benefits provided for them compare favourably with the best of the developed countries. Fourthly, despite the large influx of refugees from East Germany, the economic growth was rapid enough under the social market economy of Dr. Ludwig Erhard that everybody had work, unemployment being confined only to those who could not work. Today, there is more work than the available workers. The number of foreign workers employed in Germany has exceeded the million mark. The arrival of foreign workers in such large numbers does not seem to have caused any resentment among the German workers. There are yet about 900,000 vacancies, while the unemployed are no more than 100,000. And fifthly, Germany is one of the few countries in Europe where price stability has been remarkable, with price increases being kept within narrow bounds. Consequently, the real wages in Germany have increased faster than in any other country in the Western world. Thus, between 1950 and 1961, they had gone up by 94 per cent in Germany, as against 65 per cent in France, 34 per cent in the U.K., and 31 per cent in the U.S. In the subsequent two years, cost of living in Germany has risen by only 3.1 per cent per annum, as against which wages have gone up by nearly 12 per cent per annum, so that there has been a further rise in the real wages of German workers.

One gets the feeling while in Germany that both employers and the Government want to keep the workers happy and contented as a matter of deliberate policy. They have an objective in doing so, the objective being to show to East Germany, in particular, and Eastern Europe, in general, that their socio-economic system is far superior and meaningful to the common man than the communist system. The desire among West Germans to bring about the unification of two Germanys is intense. One has to visit Germany to realise fully how strong and passionate this desire of theirs is. They are practical-minded enough to realise that, in this nuclear age, unification of the two parts can be brought about only through peaceful means and persuasion and by setting up a good example of model State. It would appear that German workers also share this view and co-operate with employers as well as the State.

Working hours in West Germany have progressively gone down. In the very early years of reconstruction, it was common for workers to do a ten-hour duty a day. In 1955, the average number of paid hours put in weekly by an industrial worker was 49.1. The number went down to 45.4 in 1961 and has been 44 since then. Five-day working week is becoming common now. More than 11 million, that is, half the total number of employees, no longer work on Saturdays. The workers enjoy a paid holiday of three weeks if they have been with an employer for less than five years and four weeks if their service is more than five years. This does not mean that German workers have become easygoing; because of shortage of workers and high level of economic activity, a large number of them work longer hours and get sumptuous overtime allowances. (Even so, increase in productivity is keeping ahead of the rise in wages.) What this means is that workers have been allowed to have a progressively increasing share in the prosperity of their economy.

Despite strains in the labour market arising from an acute shortage of workers, the German economy is continuing to move forward. Order books are running high and profit-margins are favourable. The growth in gross national product (in real terms) is estimated to have been at the rate of 5.2 per cent per annum in the first half of this year and is expected to be about 7 per cent for the whole of 1964. Such a high rate of growth has been rendered possible by vigorous capital investments by industry. The labour shortage itself has impelled the industrialists to invest heavily in labour-saving equipment and automation, which in turn has stimulated investment in heavy industry, particularly electronics. Everywhere, whether at home, or factory. or schools and colleges, the stress is on labour-saving devices. This pursuit over a period of years has resulted in the production of a numerous variety of gadgets and equipment. Unlike in some of the developed countries, as, for instance, the U.S., there is hardly any opposition in Germany to automation from the ranks of labour. And the result has been beneficial to all through higher productivity, stable prices, expanding exports, and comfortable balance of payments position, which is the envy of all the Western countries, particularly the U.K. It may be noted here that the increase in Germany's exports has not been secured through a denial of domestic consumption, but after saturating the domestic markets. If this were not so, there could have been no stability of prices, nor the high standard of living the Germans enjoy now.

(*Concluded from next column*)

sures that make workers more prosperous can also help businessmen. In an area of direct confrontation between management and labour, the Council of Economic Advisers, under Dr. Heller's Chairmanship, has asserted the right for a third interest to be considered: that of the public. In present conditions, the Council said in its annual reports, decisions on both wages and prices must not produce inflationary pressures.

The Council then laid out its famous and controversial "guideposts" to give businessmen, workers and the public a means to estimate whether specific private decisions were "reasonable" or "inflationary." It is impossible to gauge how much influence the "guideposts" have had. Nevertheless, concludes the correspondent, it is a fact that most wage and price moves have remained within the bounds described by the "guideposts."

U.S. PRESIDENT'S PAN OF ECONOMISTS

DR. HELLER RETIRES

ALMOST revolutionary changes occurred in U.S. thinking on Government economic policies during the four years that Dr. Walter W. Heller was Chairman of the President's Council of Economic Advisers. Dr. Heller left his Government post on the 16th instant and another member of the three-man panel, Mr. Gardner Ackley, was sworn in to take his place. But, according to an economic correspondent writing from Washington, there is no reason to believe that the change signals any reversal in economic policies. Dr. Ackley is felt to be closely aligned with the policies promoted by the administration during the past four years.

President Johnson had urged Dr. Heller to remain, but the economist decided to return to his post on the Faculty of the University of Minnesota. Ironically, it is finances—he can earn more as a university professor than as a Government servant—that is sending Dr. Heller back to the college campus.

Also sworn in on the 16th instant as a new member of the Council of Economic Advisers was Mr. Arthur M. Okun, who had been serving on the Council's staff. The third member is Mr. Otto Eckstein, former Economics Professor at Harvard University.

During his swearing-in ceremonies at the White House, President Johnson called Dr. Ackley "one of the nation's most respected economist." Mr. Johnson expressed regret that he had not been able to persuade Dr. Heller to remain, and referred to the success of policies the outgoing Chairman had promoted. He said that "clear and enormous" benefits, for example, had come from tax reduction policies. Dr. Heller was a noted advocate of tax policies as a means to promote growth even before he came to Washington. With his encouragement, President Kennedy and, later, President Johnson supported tax changes that have increased incentives for business investment, have added thousands of millions of dollars to consumer buying power, and are credited with sustaining the longest period of economic expansion in U.S. peace-time history.

In the past, continues the Washington correspondent, the traditional method of dealing with recession or lagging growth was to make it easier and cheaper for businessmen, consumers and homebuyers to obtain loans. But Dr. Heller argued that post-war economic expansions were being cut short because tax rates were too high, not because interest rates were too high. The high tax rates caused the Government to absorb money from the economy at times when it should have been pumping buying power into the economy, Dr. Heller said. Thus excessive taxes, he contended, were choking off economic expansions, prematurely causing recurring recessions and making it impossible for the U.S. economy to live up to its potential. Also, "easy money" policies that greatly lowered interest rates at home tended to encourage more U.S. investments funds to flow abroad. The administration pointed out that such policies were inappropriate for a country whose payments abroad were already exceeding its international receipts.

The U.S. Government was already spending more than it was taking in. A tax cut would mean making this budget deficit larger—temporarily, at least. Thus Dr. Heller's prescription ran counter to a strong conviction, long held by many people, that taxes should be cut only when Government budgets showed surpluses. Dr. Heller's learned but lucid arguments helped overcome such doubts and a significant cut in Income-tax rates went into effect early this year. The Kennedy Administration had also sponsored other important changes in tax rules during Dr. Heller's Chairmanship of the Council of Economic Advisers. These were designed to encourage businessmen to invest in new and more modern equipment by making new investments more profitable. The purpose was to speed economic growth, cut production costs and, by increasing the competitiveness of U.S. goods in international markets, to help bring U.S. international transactions back into balance.

The concern of the Democratic Administration over investment incentives also illustrates another trend in U.S. economic thinking—the growing realisation that measures promoting the prosperity of businessmen can also promote the prosperity of workers, and mea-

(*Continued*

Kyushu Oil Company Refinery at Oita, southern part of Kyushu, now under operation.

Mr. Iwamoto, supervising engineer and his group in charge of Oita Refinery construction.

HOW DO YOU BUILD AN OIL REFINERY IN A REMOTE INACCESSIBLE REGION?

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In a briefing with Kyushu Oil, Mr. Iwamoto, supervising engineer in charge of construction explained that construction schedules were rigidly drawn up and timing factors minutely studied. Parts, component and material delivery times were controled right to the exact hour of the day they were to be used. Subcontractors were provided with sufficient lag-time contracts to enable them to meet all deadlines regardless of difficulties and unforseen problems. Material flow-charts controled delivery into pre-arranged staging areas eliminating man-hour waste and inefficiency. Technical, skilled and semi-skilled workers, and laborers were brought into the area as they were required and housing was established on the spot as the work force arrived. Many untrained laborers were recruited, instructed and trained in the finer arts of refinery construction.

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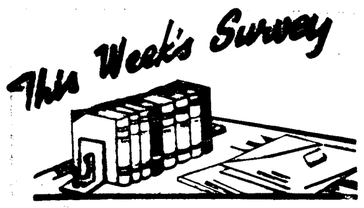

FOOD CORPORATION BILL

THE Union Government's proposal to establish an autonomous public corporation for large-scale trading in foodgrains on commercial lines has been under public discussion for some time now. At last, the proposal has taken a concrete shape in the form of a Bill, introduced in the Lok Sabha this week, to constitute the "Food Corporation of India." The central objectives of the Corporation, which is to be set up as a "wholly Central Government-owned agency for the purpose of undertaking trading in foodgrains in a commercial manner but within the framework of an overall Government policy," are "to implement any policy of ensuring that the primary producer obtains the minimum price that may be announced from time to time and to protect the consumer from the vagaries of speculative trade," as also to build up buffer stocks gradually.

In pursuance of these objectives the Corporation, which may have its head office at Madras, will engage itself in the purchase, storage, movement, distribution and sale of foodgrains; it may deal in other foodstuffs, too, if considered necessary by the Government; it may also set up or assist in the setting up of rice mills, flour mills and other undertakings for the processing of foodgrains and other foodstuffs and it may, in addition, promote the production of foodgrains and other foodstuffs by such means as it thinks fit. When the Corporation starts functioning, it is expected to be given, under the appropriate rules, a monopoly over rail movement of foodgrains in the country. With an initial capital of upto Rs. 100 crores which could be increased by the Government from time to time, with guaranteed loan facilities for its operations and with its substantial capital participation in a chain of food corporations (each having an initial capital of Rs. 10 crores) in the States, the proposed Food Corporation of India is bound to be a gigantic thing. It can, therefore, be expected to secure for itself a strategic and commanding position in the foodgrains trade of the country.

Some of the provisions in the Bill, relating to management, are calculated to ensure a fair degree of autonomy for the Corporation. The provision that there shall be no more than three official representatives (one each from three Union Ministries—Food, Finance and Co-operation) in the 12-member Board of Directors may be noted in this connection. This Board of Directors, incidentally, will be vested with the requisite powers of general superintendence, direction and management. In discharging its functions, the Board is expected to act on business principles, having regard to public interest. But it is also expected to abide by such instructions of policy as may be given to it by the Central Government. Another provision empowers the Board to constitute a five-member executive committee from its own ranks. Subject to the general control, direction and superintendence of the Board, this executive committee shall be competent to deal with any matter within the functions of the Corporation. Although, between them, the Board of Directors and its Executive Committee will have vast powers, the actual extent to which they can exercise them freely and without frequent interference from the Union Food Ministry will depend on a sound, stable and coherent food policy (including the policy governing minimum prices for producers). If the Government's overall food policy itself were to change frequently, as it has always done, there would be frequent occasions for Ministerial interference in the guise of policy instructions. This, in turn, will adversely affect the efficient working of the Corporation.

The Bill's provisions relating to finance are quite liberal and imaginative. It is laid down, for instance, that the Corporation can take advances against stocks of foodgrains or other foodstuffs held by it, or borrow money from any scheduled bank or from any other bank or financial institution approved by the Central Government. Such loans and advances taken by the Corporation will be guaranteed by the Central Government in respect of the repayment of principal and the payment of interest thereon. Thanks to such guaranteed loan facilities and its large initial capital, the Corporation will have at its disposal enormous funds to finance its trading operations and, in the process, provide production credit to growers. There is, of course, a specific provision that "the Corporation may lend or advance money to any person, engaged in the production of foodgrains, upon the security of foodgrains, or such other security as may be prescribed, for any purpose connected with such production." This means that the Corporation will function, within limits, as one more agency for providing direct agricultural credit. But more important than this direct lending, which may or may not be on a substantial scale in actual practice, will be the Corporation's loan guarantees to growers. The relevant provisions in the Bill are as follows:

> The Food Corporation may enter into agreement with any grower of food crops for the purchase of foodgrains after the harvest of such crops and any agreement may provide that any such sum payable by the Corporation to the grower under such agreement shall be payable to any scheduled bank or other financing agency nominated by the grower in this behalf to such extent as may be specified in the agreement.
>
> The scheduled bank or other financing agency specified above may, on the basis of any aggrement, lend money to a grower of food crops who has entered into such agreement.
>
> The Food Corporation may, upon such terms and conditions as it may think fit, guarantee any loan referred to above and also any other loan raised by a grower of food crops, which is repayable within a period not exceeding five years.

Since the Corporation's agreement to purchase foodgrains after the harvest, presumably at the fair minimum prices laid down by the Government, will provide the basis for lending by scheduled banks or other financing agencies, the usurious private moneylender who largely provides short-term production credit to agriculturists can be gradually eliminated from the rural scene. Whether or not the Corporation conducts its commercial trading and buffer-stock operations efficiently, at least it may have a wholesome impact on the rural credit structure and thus indirectly help maximise foodgrains production.

NATIONAL METALLURGISTS' DAY

The expert knowledge for extracting, refining, alloying, casting and fabricating ferrous and non-ferrous metals is provided by metallurgists. Thanks to their technical guidance, metals and alloys of the right quality, shape, size and specification are made available to the bridge builder, motor car producer, aeroplane manufacturer, railroad engineer, machine tool maker, shipbuilder and other users. Their role in large integrated steel and non-ferrous metals plants is thus crucial. In two other fields, too —ordnance factories and atomic energy—they play an invaluable role. Metallurgists working in ordnance factories help make not only high quality metals and alloy steels but also cast, forge, machine and test the metals and weapons made, while those engaged in the field of atomic energy specialise in the manufacture of fissionable metals like uranium and zirconium. With the continuing growth in demand for ferrous, non-ferrous and rare earth metals and for a variety of alloys of exacting specifications, metallurgists are being called upon to investigate new Indian raw materials and minerals and to do research (as in the National Metallurgical Laboratory) and development work on a far larger scale than ever before. In view of the shortage or non-availability of particular metallic resources, they are also working increasingly on the related problems connected with conservation and substitution of metals. That so important a class of people like metallurgists should celebrate a National Metallurgists' Day every year to focus attention on their work and on the importance of metals and metallurgical industries is wholly appropriate. The Second National Metallurgists' Day, celebrated on the 13th instant under the auspices of the Indian Institute of Metals at Durgapur and in fourteen other metallurgical centres in the country, was thus an event of more than ordinary significance.

The two highlights of the day were the inaugural speech by Mr. N. Sanjiva Reddy, Union Minister for Steel and Mines, and the presidential address of Dr. D. P. Antia at the Institute. The Minister's speech, however, was mostly general and superficial in its approach. The only specific points he made were that suitable techniques should be evolved by metallurgists to make cheaper and better quality steel, that substitute materials should be discovered and that waste should be avoided. Even Dr. Antia's address was not directly concerned with metallurgical problems, although it was certainly notable for its treatment of some aspects of industrial management and productivity. Regarding industrial management he expressed the view that it was very important to train technical people in the art and science of management. He also stressed that, in order to obtain high productivity, managers should not exert undue pressures on their organisation but use methods which would reinforce the economic motives with the non-economic ones.

It was only in his broadcast talk on the eve of the Metallurgists' Day that Dr. Antia had something direct to say on metals and metallurgy. Although the research organisations' efforts for conservation and substitution of metals were commendable in his view, "our total requirements are such that we have to import steel and non-ferrous metals valued at over Rs. 135 crores per year even with very restricted import licensing." His emphasis on the need for large-scale substitution of aluminium for copper was thus relevant. But that would call for increasing aluminium production, over the next six years, to 250,000 tons per year, as compared with 55,000 tons at present. As aluminium, alloyed with four per cent copper and properly heat-treated, can acquire tensile strength almost three times that of ordinary steel and still continue to be light, rapid expansion of the aluminium industry would seem to be of crucial importance to the economy from every point of view.

KENNEDY ROUND

So one more crisis that would otherwise have thwarted the Kennedy Round tariff negotiations under the auspices of the G.A.T.T. has been averted, at any rate for the present, thanks to the spirit of compromise exhibited by the United States and the European Economic Commission. It is the U.S. which first cleared the way for the resumption of negotiations by giving up one of its important conditions. It had all along insisted that an agreement with the Common Market on access for its agricultural products was essential for reaching an understanding on industrial tariffs. Abandoning this pre-condition, the U.S. Government submitted its list of proposed exceptions (from the general 50 per cent across-the-board tariff reductions) by the 16th of this month, the deadline fixed for the submission of exception lists by all participants. The U.S. lead was followed by Britain and later by the E.E.C. countries. Austria, Denmark, Norway, Sweden and Switzerland have not asked for any products to be exempted, but they have made the reservation that reciprocity would be safeguarded to mutual advantage. Czechoslovakia, too, has no exception list to submit. With the submission of exception lists by the main negotiating countries, the Kennedy Round has now entered the next and more crucial stage; substantive negotiations on both industrial and agricultural products are expected to begin early in the new year and go on for at least twelve months. It is, however, too early to draw the comforting conclusion that all would be well with the tariff negotiations, though the spirit of give and take among the developed countries is stronger than six months ago.

Since the exception lists are kept secret their exact composition is not known. From whatever information that is available, however, it is gathered that the U.S. list is quite a formidable one, while Britain's list is more modest, with the E.E.C.'s list occupying the middle of these two. The exceptions list of Britain is said to be a modest one because it covers less than five per cent of the total imports of industrial products from the most-favoured-nation countries which, in practice, means all countries other than the Commonwealth countries (enjoying preferential tariff) and the E.F.T.A. countries, in which all tariffs are due to disappear by the time the Kennedy Round of tariff reductions take effect, that is, by about the end of 1970. The list is likely to include, among others, cotton textiles (now subjected to an import duty of 17½-20 per cent) and plastics (10 per cent duty), besides lead and zinc (which are subjected only to low import duties). The exceptions list submitted by the E.E.C. covers, it is said, just under one-fifth (or, approximately $1,300 million in value) of the Six's total dutiable imports, several of the proposed reductions being conditional or partial as indicated below:

In the case of mechanical and electrical machinery, France, which had originally asked for nearly the whole of this sector to be placed on the exceptions list, has now made concessions amounting to 30 per cent of additional items it had sought. But a large proportion of machinery will be exempted. Fine paper will be subject to the 50 per cent cut, but paper pulp and newsprint will not go on the list, pending negotiations to revise special price advantage to producers in Scandinavian countries. Chemical products will not be placed on the list on condition that the U.S. changes its "selling prices" system of duties which brings the price of imports up to that of internal chemical products. Similarly, cotton fabrics will not be placed on the list, provided the international cotton agreement safeguarding imports from countries where production costs are abnormally low is renewed in 1967. Other textiles will be excluded, if similar world agreements are reached as for cotton. Watches will also not be placed on the exceptions list, if the Swiss give an undertaking to revise their statute banning the export of precision watch-making machinery. Aluminium will be treated as a partial exception. The Community's 9 per cent external tariff will be maintained, by a Community quota at a reduced tariff of 5 per cent for imports from non-member countries will be consolidated in G.A.T.T. nuclear reactors will be placed on the list but the Community's external tariff on reactors will be suspended until the end of December. About $80 million worth of steel tubes have been placed on the exceptions list. Planes weighing less than two tons have been placed on the exceptions list. Those weighing between two and 15 tons will be subject to the full 50 per cent cut on conditions that the U.S. and Britain also agree to this. Aircraft weighing more than 15 tons and large helicopters will be totally exempt. Magnesium will be treated as a tariff disparity and also as a partial exception entailing a reduction of the Community's tariff from 10 to 8 per cent.

The above list, according to Press reports, was adopted by the E.E.C. Ministerial Council after an all-night session at Brussels on Saturday last week. The basic argument in the Council centred on the issue whether the Community should have a high tariff wall around it or reduce the tariff barriers substantially as a good example to others. Claiming that the session was "a full success," Herr Fritz Neef, West German State Secretary for Agriculture, who presided over the meeting, stated at a press conference that the final list, though it was a compromise, was proof enough to show that the Community was not protectionist-minded in its commercial policy or in its attitude towards the Kennedy Round. This statement is certainly reassuring especially to India and other developing countries which are seeking larger export outlets for their products in the markets of developed countries. Mr. Jean Rey, the member of the E.E.C. Commission responsible for the negotiations at Geneva, described the list as "extremely presentable" and comparable to the lists submitted by the other negotiating partners.

The adherence to the 16th November deadline for tabling the exceptions lists by all members is a welcome development, as it has at least permitted an advance to the next stage of the Kennedy Round. But, as already stated, it is anybody's guess as to how far and to what extent the Geneva parleys will conclude to the satisfaction of all the participating countries. There are four major issues on which serious discussions and hard bargaining at the Kennedy Round will take place. They cover final exceptions lists, disparities rule, non-tariff barriers and agriculture. Of these, it is the disparities rule that is subject to sharp divergence of opinion. What exactly is the issue at stake is succinctly brought out by *The Economist* of London thus:

> " . . . big arguments lie ahead on the 790 tariff headings, accounting for around 10 per cent of Common Market trade, covered by the present E.E.C. disparities list, on which the Common Market will claim that it is entitled to cut tariffs by only 25 per cent, because its tariffs are already less than half the American and British ones. Neither Britain nor the United States likes the disparities rule, but, in practice, the argument will be about the number of headings. If this were not reduced, Britain could itself invoke the disparities rule on the basis of some higher American tariffs on products that are of exporting interest to the Common Market."

It will, indeed, be interesting to watch how this ticklish controversy will ultimately be resolved. The issue pertaining to agriculture is equally ticklish. There is wide disagreement not only between the U.S. and the Common Market but also among the Common Market countries themselves. The U.S. has been repeatedly emphasising the point that, unless progress is made towards liberalisation of tariffs on the import of its farm products (as well as on factory products) into Europe, ultimate agreement cannot be reached on any aspect of tariff reduction. But, according to the E.E.C., talks on tariff cuts on agricultural products are not at all possible in the absence of an agreement on cereal prices within the Common Market and on common agricultural policy. Such an agreement is by no means an easy one, what with the conflicting views of France and West Germany. General de Gaulle of France has more than once threatened that his country would leave the Common Market if the common agricultural policy were not implemented as foreseen, that is, by the 15th of next month. Reiterating this threat, albeit indirectly, the French Agriculture Minister, Mr. Edgard Pisani, declared at Brussels after the first session of the three-day meeting of Agriculture Ministers, which began on Tuesday this week, that, unless the problem of European agricultural prices was solved by 15th December, "something very serious would happen." At the session itself, he called upon the Ministers to begin at once discussing the problem and the way of solving it.

These threats and warnings by France have not perturbed West Germany in the least. It has not made any new concessions to resolve its differences with France, but its spokesmen seem to be quite confident that the differences would be overcome. One only wishes that their hopes will not go in vain. For, otherwise, the progress of the Kennedy Round itself will be greatly hampered. Such a development will not help India and other developing countries which are most earnestly hoping that the success of Kennedy Round would facilitate exports of their industrial and agricultural products to the markets of the developed countries. This hope of theirs, it is needless to add, is based on the assumption that the lists of exceptions (as yet a secret) would not be as disappointing and unfavourable as their recent experiences.

Scientists are at work throughout West Germany to determine just what "Pure Air" is and what contaminates the atmosphere. Seven air-testing stations are to be established at points ranging from the black forest to the heart of the Ruhr industrial area. One of the tasks will be to determine the extent to which contamination is caused by sulphur dioxide from industry, and by fumes or carbon monoxide from automobile exhausts or by smoke from house chimneys. Meanwhile the German petroleum-processing industry succeeded over the past five years in reducing the sulphur content of heavy fuel oil from an average of 4 per cent to less than 2.3 per cent. The industries are incurring enormous expenditure on installing new equipment and on adopting new methods to keep the air and water pure. In the highly industrialised State of North Rhine Westphalia, a sum of DM 80 million (approximately Rs. 96 lakhs) were invested from mid-1963 to mid-1964 for air-purification. Participants included the iron and steel industry (about DM50 million), energy-producing branches (nearly DM 16 million) and the cement and chemical industries (around DM 14 million).

The Indian Pulp and Paper Technical Association has organised a two-day seminar on "Recovery of Chemical and Forestry operation and Plantation problems" at the premises of the West Coast Paper Mills Ltd. at Dandeli, in North Kanara (Mysore) from the 24th and 25th inst. It will be inaugurated by the Chief Minister of Mysore, Mr. S. Nijalingappa. The seminar will discuss some very important aspects involving the economy and productivity of the pulp and paper industry in India. It is expected that many valuable papers revealing the wealth of experience and research in the industry in general will be read and discussed, contributing further to the development of this industry in India enabling it to further the vital task of manufacturing this product to a given quality and economy which is of such an essential nature in everyday life.

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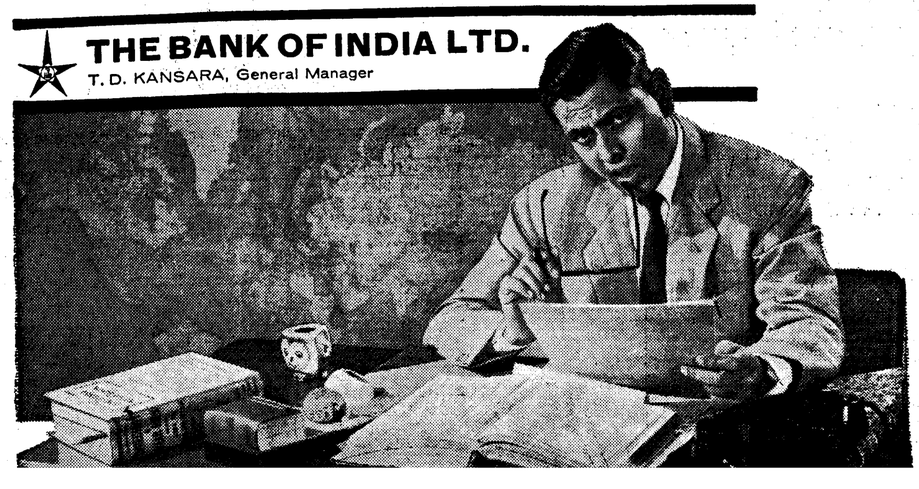

SUPERSONIC AIR TRANSPORT

TO BE, OR NOT TO BE, THE BASIC QUESTION FOR ATLANTIC NATIONS

By Our Aviation Correspondent

IN a recent article on the subject of the supersonic transport (*Commerce* dated 7th November), this Correspondent endeavoured to illustrate some of the problems which will confront the airlines if, and when, an S.S.T. (supersonic transport) is developed. Since then, events have moved swiftly. The indications are that crucial decisions are shortly to be taken by the three Governments involved. It may be of interest to trace those events and to speculate, perhaps, on the probable outcome.

It is now clear that the financial implications of the Anglo-French Concord are causing considerable anxiety—and not to the British Government alone. For some time past, the French Government, too, has been concerned at the escalating costs. Against the original estimate of £135 million, the bill is now expected to reach some £280 million for each country—and that figure, too, may well be exceeded. But to reassess a project, and to abandon it, are two very different things. It does not seem that the French ever entertained an intention of taking the latter course—and this for very good reasons.

The French aviation industry, compared with that of the British, is small. By 1965, according to *Flight International*, almost 60 per cent of the entire French industry will be involved in the Concord project. Cancellation, consequently, would entail not only the loss of £50 million which, according to French sources, has already been expended—*plus* large sums payable in compensation—but could also lead to widespread unemployment.

Difference in Outlook

The British Government, on the other hand, appears to think that the numbers presently employed on the British end of the project, and the money already spent, do not involve serious problems. The British Minister for Aviation, in the course of a debate in the House of Commons, certainly conveyed that impression. "If there is a case for review at all," he said, "it is surely an advantage to have a review now." And it is true, of course, that, at present, a comparatively small section of the British industry is directly engaged on the Concord. In the short term, therefore, cancellation would affect Britain less than France. These reasons alone are sufficient for the considerable difference that exists in the outlook of the two Governments.

But this is not to say that British industry is unconcerned. On the contrary, both the aviation and electronic industries have expressed grave concern—and in no uncertain terms. Not only, their spokesmen claim, has the technological know-how, which has sprung from this very advanced project, proved to be extremely valuable, but the long-term interests of both industries are deeply involved. Some go so far as to predict that to withdraw from the project at this stage would mean the competitive extinction of both the British and French industries in the long-haul airliner field.

What has, perhaps, galled the French Government most is the rather tactless manner in which the new British Government announced its intention to reconsider the Concord. In the Government's White Paper, the Concord was described as "a prestige project of low priority"—not, perhaps, a very flattering description of what is commonly regarded as an extremely important experiment in Anglo-French collaboration. Be that as it may, the question now is whether Britain will withdraw from the project and what would be the consequences if they did. In the first place, one suggests, outright withdrawal is unlikely but a measure of "go slow"—probably most equally as damaging to the project—might be adopted. In any event, neither measure by the British would necessarily mean the end of the Concord—or should one say, perhaps, the Concord? The French might continue independently—though this seems unlikely. Alternatively, they might invite German or American co-operation. Both the latter industries, it seems, have made tentative proposals.

Let us turn now to the American scene. As one has already reported, both Boeing and Lockheed have now submitted their re-worked designs. Precise details have not been disclosed but both manufacturers are sanguine. Boeing claim a 30 per cent improvement in the economics of their new design. Lockheed similarly claim much improved payload-range characteristics. According, once again, to a report in *Flight International*, the swing-wing Boeing S.S.T. will carry 250 passengers over a 5,000-mile sector—a performance, incidentally, which far exceeds the 30,000 lbs. payload over 4,000 miles originally specified by the F.A.A. The new Lockheed design, the same report suggests, will come in two versions—one for 170 passengers, the other for 250. Power has been stepped up by 25 per cent and the aircraft will have Mach 3 capability (about 2,000 m.p.h.).

Confidence in U.S.

Of considerable significance is the claim, advanced by both designers, that the new designs will match the seat-mile costs of present subsonic jets over medium and long-haul routes. But this, one has to suppose, is to take much for granted—the fleet utilisation figure, for instance, on which the calculations are based. It is pertinent to observe, in that context, that, according to a report in *Aviation Week*, a study made by United Airlines, one of the largest American domestic operators, arrives at very different conclusions. They calculate that the seat-mile costs of any S.S.T. will exceed those of present subsonic jets by about 26 per cent.

Boeing's and Lockheed's new designs are now under evaluation by a 120-man technical committee headed by Mr. Gordon Bain of the F.A.A. Recommendations are due at the end of November. Concurrently, two other vital aspects of S.S.T. development are under investigation by separate committees. The first aspect is that of the sonic boom; the second concerns the development costs—and methods of financing them—of the kind of S.S.T. at which the United States is aiming. Both problems are, obviously, of an extremely critical nature; either, at this stage, could provide a barrier to immediate progress. The sonic boom, for instance, might impose such restrictions on S.S.T. operations as to make these financially quite unattractive. Alternatively, the boom may raise psycho-sociological problems of such dimensions as to give the authorities pause.

As for the financing of development, this must, presumably, be related to the cost per copy and the potential market. Boeing, according to one report, estimate that their S.S.T. will be priced at $25 million per copy. They further estimate a potential market, up to 1980, of 350 aircraft. This seems to indicate a development cost of $8,750 million. If that estimate is approximately correct, is the outlay within the resources of the industry? Even were the U.S. Government, as the industry now demands, to find 90 per cent of the cost, it might still remain, one imagines, a doubtful proposition.

To be, or not to be?—that is the question which has to be answered on both sides of the Atlantic. What the outcome will be is, of course, pure speculation. There are those who see in the present Concord situation, a golden opportunity for the Americans. That, one suggests, is a natural but facile assumption. If the Americans decide to initiate an S.S.T. project, that decision, one believes, will be based strictly on the technical and economic aspects of the case.

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WAS BRITAIN'S EMERGENCY BUDGET NECESSARY?

By Questor

NO Chancellor of the Exchequer who increases taxation can expect to be popular, and Mr. Callaghan, Britain's new Labour Chancellor, has run into trouble with his first Budget. It has been criticised for being inflationary and for being deflationary, for containing too much and containing too little, for helping the poorer members of the community and for not doing enough to soak the rich. Even those who think that it was pretty much the right sort of Budget to produce at this time find it difficult to get up much enthusiasm.

Why have an emergency Budget at all after only three weeks in office? Its main object was to legalise the tariff surcharge on imports and the arrangements for giving a tax rebate to exporters which had already been announced—and Mr. Callaghan, a little shaken perhaps by the strength of the reaction to his surcharge in G.A.T.T., E.F.T.A. and O.E.C.D., made a point of stressing that it would be reviewed, reduced and removed as soon as the balance of payments had recovered.

But the tariff will have a fiscal and an economic effect at home as well as on the balance of foreign payments. To the extent that it succeeds in its purpose, it will divert demand on to home production; to the extent that it fails, it will absorb purchasing power and increase Government revenue.

It is quite impossible, of course, to predict the effect of the surcharge precisely. But Mr. Callaghan and his advisers naturally assumed that it was more likely to work than not and that it was, therefore, likely to increase demand at a time when most industries are already fairly fully occupied. They decided, therefore, to increase indirect taxation to match their necessarily rough estimate of its effect—and, since tax on two of the heavy revenue-raisers, drink and tobacco, had been raised in the spring, they chose to raise tax on the third, petrol.

Having gone so far in the direction of a full-scale Budget, Mr. Callaghan was easily led on to go further. It was not to be expected that the revenue authorities would be ready after three weeks with the complicated schemes for tax reform to which the new Government is committed. But a high priority is being given to the attempt to reach an understanding with trade unions over wage restraint, and it was thought that some simple and emergency tax on profits might be imposed to help this along. In fact, Mr. Callaghan resisted the temptation, committing himself instead to introduce a corporation tax and a tax on long-term capital gains in his next Budget in April.

What he did to pave the way for a voluntary agreement on price and wage restraint was to carry out Labour's election promise to raise social security benefits, particularly pensions, and to abolish the charge at present made for prescriptions under the National Health Service. The main cost of this concession, which will not come into force until the spring, is to be met by an increase in the social security contributions of employers and workers. But the rest—a quite large rest—is to be met by an increase in the standard rate of income-tax, which will fall on company profits, unearned income, and on workers whose earnings are above the average.

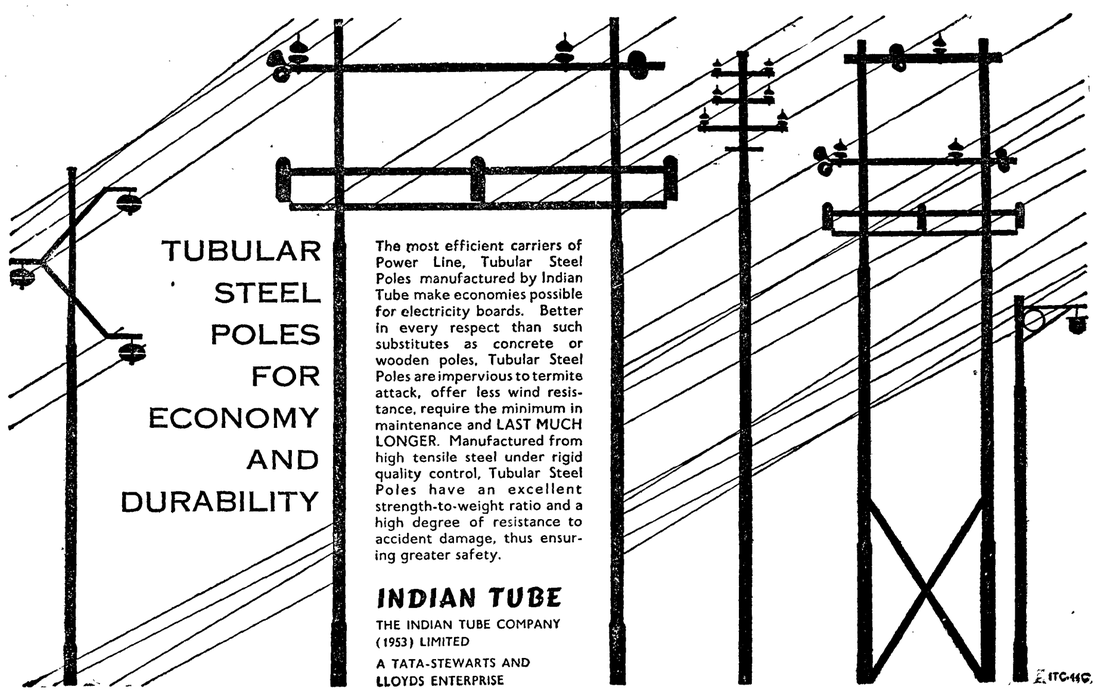
One can hardly blame the new Government either for carrying out its pre-election promises or for recognising that higher Government expenditure ought to be balanced, in the present state of the economy, by higher taxation: much of the criticism the Budget has attracted is basically political. But it is fair to point out that, when employment is full and demand is high, as they are at present, business tends to recoup an increase in its costs by charging higher prices and workers seek to offset higher taxes by demanding higher wages. The Government is well aware of this. One of its main aims, in fact, is to hammer out with business organisations and trade unions details of a policy for controlling the behaviour of prices, profits and wages.

A Price Review Body is to be set up which will attempt (in the manner of the late President Kennedy over steel) to discourage increases in the price of key commodities. Profits are to be taxed more heavily if they rise too fast. And the unions, convinced that the Government is acting in the interests of the whole country rather than of a particular section, are expected to work out means between themselves of keeping the average increase in wages to the figure which the growth of productivity allows.

It is an ambitious programme, and I have no doubt that something can be done along these lines to affect the free play of market forces. But it is doubtful whether progress towards a national agreement will be made as quickly as the Government appears to hope. And it is very doubtful whether national agreements will cut very much ice in the individual factory while labour remains as scarce as it is at present. Unless he is very lucky, therefore, or unless demand slackens of its own accord, Mr. Callaghan may have to make himself still more unpopular in the spring.

U.K.'S MINISTRY OF OVERSEAS DEVELOPMENT

The purpose of the newly constituted Ministry of Overseas Development in the United Kingdom is to promote the progress of developing countries, keeping in mind Britain's "special ties with Commonwealth countries," including the dependent territories. The Ministry will be in charge of development programmes in overseas countries. Announcing this in the British Parliament last week, Mrs. Barbara Castle, U.K.'s Minister for Overseas Development, pointed out that it would be responsible for the aid programme as a whole, and its make-up between bilateral and multilateral aid and between capital aid and technical assistance. The terms and conditions of capital aid and the principles on which technical assistance is granted would also be the responsibility of the Ministry. Further, it will have the task of co-ordinating British policy and programmes with those of international aid organisations (U.N.E.S.C.O., F.A.O., etc.). Aid questions arising from United Nations Conference on Trade and Development will also be handled by this Ministry. These functions, it may be noted here, were hitherto being discharged by the British Treasury and the overseas departments.



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NO RADICAL DEPARTURE EXPECTED

L.B.J. FACES STIFF TEST IN THE YEARS AHEAD

By N. Pattabhi Raman

NEW YORK, 14*th November*

SPEAKING before the election on 3rd November, 1964, Lyndon Baines Johnson, the late President Kennedy's successor seeking the Presidency in his own right, said repeatedly: "I want the mandate of this election to be written strong and clear, so that none will mistake the meaning." By giving him 42.1 million of the popular votes, as against about 26 million for his opponent Barry Goldwater, the people of America have given him what he wanted: an overwhelming victory and a strong mandate. They have echoed his theme: "Let Us Continue!" and firmly rejected the Republican nominee's phoney conservatism, and his call for a switchback to a yesterday that never was.

"The Johnson majority is indisputable proof that the preponderant mass of the American voters are in the centre, inside the two extremes, and that the reason for the Democrats' win is that Kennedy and Johnson have worked carefully to make the Democratic Party represent the centre," Walter Lippmann, the sage commentator, wrote after the election. "This surely is the primary mandate of the 1964 election, a mandate to both parties to seek their strength and define their issues within, not against, the prevailing consensus."

During the campaign, Johnson repeatedly staked out for himself the role of a "unifier"; he proclaimed the wish to be "the President of all the people," not a partisan of business or labour or any other group in the society. His victory—the 61.3 per cent of the total vote that he received—is a reflection of the people's faith that he can be trusted to handle the nation's affairs with vision and responsibility, without deviating sharply either to the right or to the left. The nature of the election campaign was such, however, that neither Johnson nor Goldwater addressed himself to specific issues. L. B. J. promised to build "The Great Society" but he spoke in generalities only. Hence it is difficult to predict the course of developments during the next four years. All that can be said with certainty is that there will be no radical departure from the basic policies of the past four years. Additional strides will likely be taken towards an enlargement of the Welfare State concept, but the primary emphasis will still be on private initiative and enterprise.

A More Liberal Congress

Johnson's own landslide victory has been accompanied by a considerable strengthening of the Democratic Party in Congress. When the new Congress meets in January, the House of Representatives will have some 296 Democrats to 139 Republicans—a gain of more than 35 Democrats. The shift has more than numerical significance, because many members of the House with beliefs close to those of Barry Goldwater have been defeated and replaced by moderates and liberals. The coalition of Southern Democrats and conservative Republicans that blocked many progressive legislative measures over the past four years or more has been virtually knocked out. This means that the House will be controlled not only by Democrats but by Democrats sympathetic to the legislative programme of the Administration. In the Senate, this is already the case, and the elections on 3rd November have only strengthened the hands of the Administration in that chamber.

All this does not mean that the Administration will have clear sailing on every piece of legislation. One cannot be certain of this, because of the dominant power of the committees in Congress. Many of these legislative committees have reactionary southerners or conservatives for chairmen who frequently employ every legislative tactic and rule to prevent Bills they do not like or favour from coming to the floor. Whether the strengthening of the liberal and moderate elements in the House membership will help weaken the autarky of the committee chairmen remains to be seen. But democratic leaders in the House are hopeful. Speaker John McCormack has forecast early passage of such long-blocked measures as the Bill to provide medical care for the aged under the social security system. According to the House Democratic Leader, Carl Albert of Oklahoma, the election has given the Democratic Party a real "working majority" in both Houses of Congress. "I think we'll do pretty well on most of the President's programmes," he observed recently.

Labour's Expectations

As the votes have shown, Lyndon Johnson has the broad support of the people, even if some of this support merely reflects a rejection of the extremist Goldwater alternative. In return for this support, each of the different segments of the society has its own hopes and expectations of what the Administration will do for it.

"The people have given their overwhelming mandate to the Great Society," George Meany, President of the A.F.L.-C.I.O., the confederation of American trade unions, said, welcoming Johnson's election and calling for progressive legislation. He added: "That mandate can and must be fulfilled." Meany and other leaders of organised labour, proud of the role that trade unions played in registering voters and getting them to the polling stations on 3rd November to support the Johnson-Humphrey ticket, are hoping that the next Congress would take action friendly to labour. For instance, they would like Congress to amend the Taft-Harley Act, the basic trade union law, to prohibit State legislatures from enacting "right to work" laws. Some 20 States have passed "right to work" laws which prevent a union and an employer from agreeing that a worker must join the union 30 days of being hired or face discharge. In other words, the "right to work" laws ban what are known as "union shops." Organised labour considers them to be anti-union.

Labour also hopes for favourable action on other measures which it has been supporting. These include: an increase in the minimum wage from $1.25 an hour to $2.00 an hour; double time for overtime; a shorter work week; federal aid to education; expansion of social security to include hospital insurance for the aged; additional public works projects and other programmes to reduce unemployment; federal standards for unemployment compensation; and consumer protection in packaging, etc.

Businessmen too are generally pleased with the results of the election. Even those who supported Barry Goldwater seem to feel assured that the Johnson Administration will not take any steps likely to upset business and the economy. There is general faith in Johnson's sense of moderation. Walter Mack, founder of the grass-roots "Republicans and Independents for Johnson" and himself a businessman, expects to see "a reasonably prosperous United States, with no great deflation ahead, and no inflation either," and also a "more moderate and more flexible administration." Many businessmen hope that there will be more moderation and flexibility particularly in regard to anti-trust action.

Johnson's emphasis on frugality in Government expenditure is definitely a factor in the welcome given to him by the business community. His statements praising private enterprise and calling for close co-operation between Government and business have also helped considerably. There was some concern in the business community, when, in the week prior to the election, President Johnson expressed his opposition to any increases in steel prices at this time. But there was no spurt of hostility towards Government, as there was when the late President Kennedy vigorously squelched the steel industry's decision to increase prices in April 1962. One conservative businessman commented: "Steel prices have come into the public domain, because they are so important. Philosophically, I think it is wrong for the President to interfere, but, as a practical matter, a little horse trading is infinitely preferable to an injunction."

Whether President Johnson will be able to satisfy the expectations of the different groups and whether he will be able to harmonise their sometimes conflicting demands and aspirations remains to be seen. If the President is known for his superb skills as a politician, he surely faces a stiff test in the years ahead. He probably will succeed in giving shape to his programmes and taking the country forward without dividing it. But there is the possibility also that, in trying to be "President of all the people," he might be tempted to soft-pedal action where it is needed. Thus, the *New York Times* wrote in a recent editorial: "No matter how massive the electoral victory—and it was massive—the Administration cannot merely ride the crest of the popular wave rolling along on a sea of platitudinous phrases and euphoric promises. It has no time to relax. It made a reasonably good start before the election; and now that it has a broad popular mandate, it has the moral as well as the political obligation not to try to be all things to all men but to settle down to a hard, concrete, purposeful course of action."

Yes, it is a hard task that Johnson has undertaken. But he has the support and the good wishes of the people in a measure that is almost unparalleled in American history.

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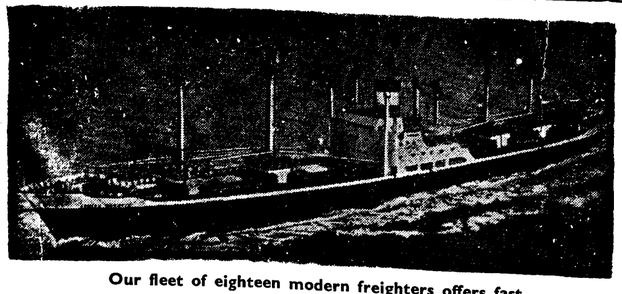

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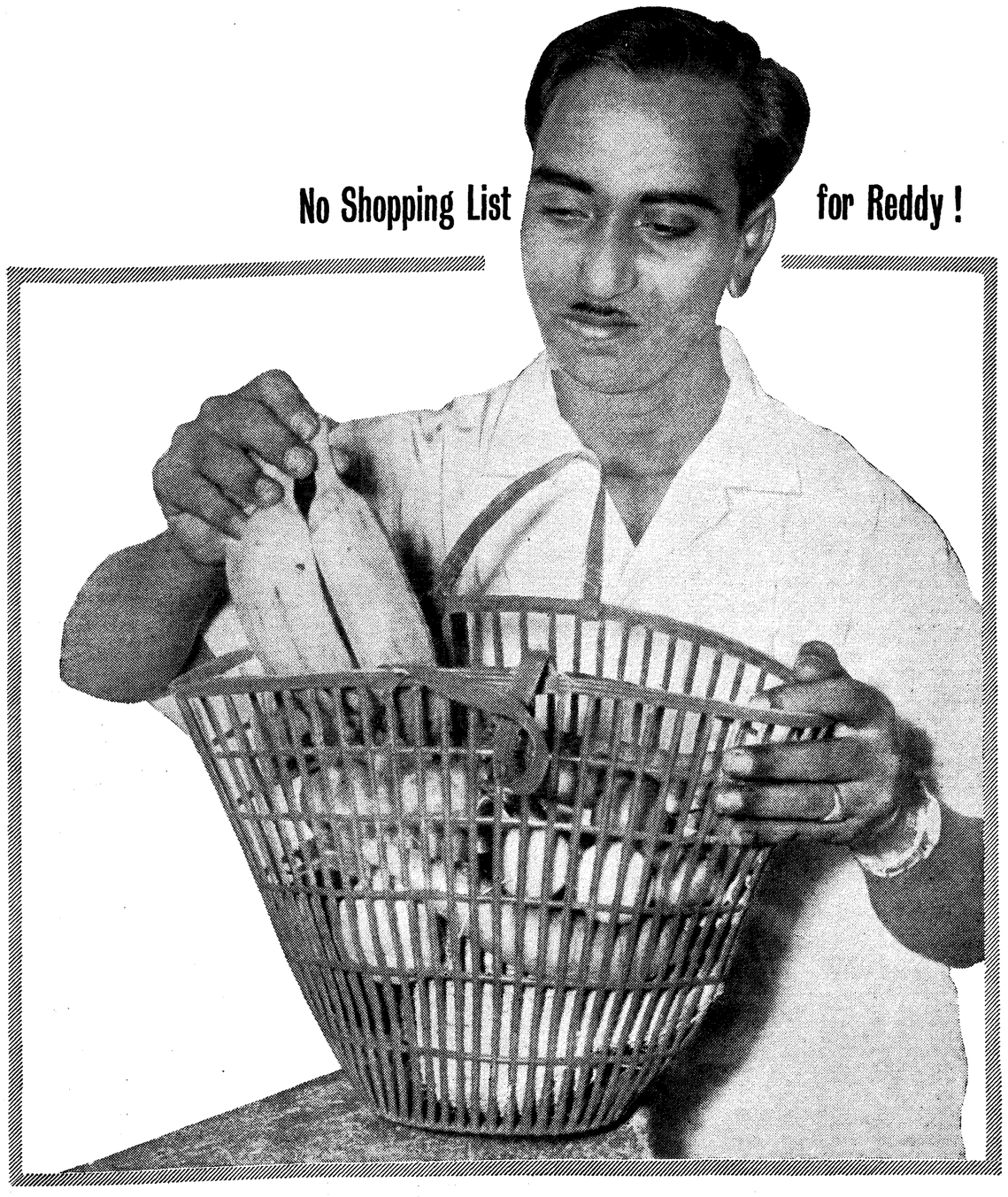

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OWNERSHIP OF GOVERNMENT SECURITIES

RESERVE BANK IS THE BIGGEST HOLDER

THE *total marketable* rupee debt of the Central and State Governments increased by Rs. 235 crores or 7.9 per cent during the year ended March 1963—from Rs. 2,977 crores to Rs. 3,212 crores. The corresponding rise was Rs. 193 crores or 6.9 per cent in 1961-62 and Rs. 203 crores or 7.9 per cent in 1960-61. However, in 1959-60, it was much higher at Rs. 343 crores or 15.3 per cent. This rise of Rs. 235 crores in 1962-63 was made up of (a) flotation of new market loans (Rs. 158 crores net), (b) funding of *ad hoc* Treasury Bills into further issues (Rs. 50 crores) (c) receipts from Gold Bonds (Rs. 3.4 crores), (d) receipts through National Defence Bonds (Rs. 22 crores), and (e) issue of Bonds by some State Governments in connection with the payment of compensation to intermediaries in landholdings (Rs. 1.6 crores net).

The marketable rupee debt of the Central Government increased by Rs. 149 crores to Rs. 2,519 crores and that of State Governments by Rs. 86 crores to Rs. 693 crores. Relatively to their total public debt, the States have been progressively stepping up their annual rate of borrowings. Consequently, the share of the State Governments in the total public debt of India which stood at 14.8 per cent in December 1957 and had advanced to 20.4 per cent by March 1962, increased further to no less than 21.6 per cent in March 1963. At this rate, their share may be as much as one-fourth by the end the third Plan.

The statistics quoted above are taken from a study on the pattern of ownership of

Table B: *Maturity Pattern of Securities*

(Figures in crores of rupees)

Maturity period (Years)	Dec. 1957	March 1959	March 1961	March 1963
	Central Government's Securities			
0—5	557.35	719.87	851.00	979.50
5—10	625.22	596.84	756.40	711.50
10—15	166.41	213.74	196.60	199.30
Over 15	92.67	92.67	193.90	370.40
Non-terminables ..	257.85	257.84	257.80	257.80
Total ..	1,699.50	1,880.96	2,255.70	2,518.50
	State Governments' Securities			
0—5	58.48	83.96	89.70	112.80
5—10	112.81	131.46	257.10	364.30
10—15	75.30	72.41	74.30	101.10
Over 15	48.08	68.99	107.00	115.20
Total ..	294.67	356.82	528.10	693.40

Note :—Where loans bear two dates of maturity, the earlier date has been taken for the purpose of classification; for loans not redeemed on earlier date, later date has been taken.

Government debt, made by the Economic Department of the Reserve Bank of India, and published in the October issue of the *Reserve Bank of India Bulletin*. For the purpose of this survey, the Government rupee debt excludes treasury bills, small savings, prize bonds, premium prize bonds, outstanding balances of expired loans and non-marketable rupee securities. On this basis, the Reserve Bank's holdings on its own account, exclude the special issue of the non-marketable 4 per cent loan, 1973, for Rs. 300 crores, created in July 1958, and fully taken over by the Bank against the cancellation of the equivalent amount of *ad hoc* Treasury Bills.

Pattern of Ownership

The ownership pattern of Government debt has undergone a change during the last few years. Whereas the commercial and co-operative banks were by far the principal holders of Government securities till 1959-60, the Reserve Bank of India came to occupy the top position in 1960-61 and continues to maintain it. As a matter of fact, of the total increase of Rs. 631 crores in Government rupee debt during the three years ending March 1963, the absorption by the Reserve Bank was Rs. 482 crores, or over three-fourths of the total addition to rupee credit; and its share in the total credit to the Government increased from 18.1 per cent or Rs. 467 crores in 1959-60 to 29.6 per cent or Rs. 949 crores in 1962-63.

About 90 per cent of the total holdings of commercial and co-operative banks are accounted for by the scheduled banks. The holdings of commercial and co-operative banks which increased from Rs. 478 crores or 24.0 per cent of the total marketable debt of the Governments in December 1957 to Rs. 734 crores or 28.4 per cent in March 1960, declined to nearly Rs. 600 crores in the next two years, the percentage share falling to 21.9 in March 1961 and 20.2 in March 1962. In March 1963, however, the amount was somewhat higher at Rs. 643 crores, though the percentage came down further to 20.0. The main reasons for the decline in 1960-61 were two: (1) phased transfer of P.L. 480 deposits from the State Bank of India to the Reserve Bank, with effect from July 1960, which led to a depletion in the Government securities portfolio of the State Bank of India, and (2) sales of securities by the banks in order to meet the persistent high demand for bank credit, in the context of slower rate of expansion of bank deposits. In 1961-62, though the resources position of banks was somewhat comfortable, relatively speaking, the banks invested mainly in securities other than those covered by the survey, namely, Treasury Bills and Treasury Savings Deposit Certificates, and there was as such no increase in the securities holdings under review. 1962-63 was again a tight year due to a faster growth of credit than deposits. As a result, though the holdings increased by Rs. 41 crores, the rise was less than proportionate to the growth of total securities and the percentage share to total Government rupee debt came down to some extent.

The Reserve Bank, commercial banks and co-operative banks together accounted for nearly one half of the Central and State Government securities. The various departments of Governments—especially State—also invest their surplus funds in marketable Government loans. Such holdings also rose, albeit slightly, from Rs. 218 crores in December 1957 to Rs. 284 crores in March 1963; and the share to the total declined gradually year after year from 10.9 per cent to 8.8 per cent. State Governments were responsible for almost the entire holdings, Central Government's own holdings declining from Rs. 7 crores to Rs. 2 crores. Next in importance to banks as holders of Government debt come the insurance companies, with the Life Insurance Corporation accounting for over 90 per cent of the holdings of this group. The total investments of this sector has nearly doubled in the six years ended 1963: from Rs. 270 crores in December 1957 to Rs. 418 crores in March 1962 and Rs. 457 crores in March 1963. Its share to the total, however, remained almost constant at 14 per cent. Then come the provident funds: their share in Government loans has been rising fast, from Rs. 110 crores in December 1957 to Rs. 261 crores in March 1962 and Rs. 312 crores in March 1963; in terms of percentage, it has risen from 5.5 to 8.8 and 9.7 respectively. The reasons for this *rapid rise are*: the enhancement of the statutory rate of contributions to the provident fund and the increase in the coverage of new units under the scheme. As regards the holdings of Industrial Finance and State Financial Corporations, of Reserve Bank of India on others' account and non-residents, their total share continued to be negligible, varying between 2 and 4 per cent over the years.

Investment Portfolio

The investment portfolio of the residual category "others" has, however, been declining. From Rs. 543 crores in December 1957, the amount came down to Rs. 502 crores in March 1962 and Rs. 497 crores in March 1963, and the percentage share to the total from 27.2 to 16.9 and then to 15.5. A complete breakdown of the *group* is not available. But a breakdown of the data collected from 64 scheduled banks regarding the securities held by them on behalf of their customers, reveals that such holdings declined from Rs. 240.7 crores in 1961-62 to Rs. 197.0 crores in 1962-63—a decline of Rs. 43.7 crores—accounted for by the decline in the holdings held on behalf of trusts (Rs. 31.5 crores), joint-stock companies (Rs. 6.5 crores), individuals (Rs. 3.6 crores) and local authorities (Rs. 2.1 crores). It will thus be noted that individuals as investors in Government securities hold only negligible portion of the marketable public debt of India.

Almost the entire holdings of the Reserve Bank of India and Provident Funds continued to relate to the Central Government securities. As regards the Governments' holdings (held mainly by the State Governments), about three-fourths related to Central Government securities and one-fourth to State Government securities, and in the case of the holdings of commer-

(Continued on page 925)

Table A: *Ownership of Central and State Governments' Securities*

(Figures in crores of rupees)

Category	Central Government's Securities				State Governments' Securities			
	Dec. 1957	March 1959	March 1961	March 1963	Dec. 1957	March 1959	March 1961	March 1963
I. Government	**189·68**	**202·50**	**216·50**	**208·00**	**28·27**	**26·53**	**51·10**	**76·10**
(a) Central Government	7·44	7·35	3·50	2·00	0·03	..	..	..
(b) State Governments	182·24	195·15	213·00	206·00	28·24	26·53	51·10	76·10
(i) Cash Balance Investment Account	69·77	86·78	88·60	48·90	12·33	13·59	22·70	2·60
(ii) Sinking Fund Investment Account	32·34	38·29	65·10	77·70	8·41	8·08	18·50	49·40
(iii) Zamindari Abolition Fund Account	0·94	4·76	5·60	8·30	..	..	0·20	0·20
(iv) Others	79·19	65·32	53·70	71·10	7·50	4·86	9·70	23·90
II. Reserve Bank of India (Own Account)	**310·73**	**313·27**	**704·90**	**945·70**	**1·08**	..	**2·20**	**3·50**
III. Commercial and Co-operative Banks ..	**396·88**	**507·31**	**449·30**	**429·80**	**80·77**	**111·28**	**151·80**	**213·60**
(a) Scheduled Banks	380·56	483·49	427·60	410·50	66·57	90·99	124·40	179·30
(b) Non-Scheduled Banks	6·27	5·14	4·60	3·30	6·02	5·38	6·20	6·20
(c) Co-operative Banks	10·05	18·68	17·10	16·00	8·18	14·91	21·20	28·10
IV. Insurance	**223·46**	**244·82**	**267·20**	**288·60**	**46·33**	**63·63**	**118·80**	**168·50**
(a) Life Insurance Corporation ..	201·26	221·48	243·90	266·40	44·83	60·33	113·10	159·60
(b) General Insurance Companies ..	9·11	8·82	8·20	8·60	1·25	1·27	1·80	2·30
(c) Employees' State Insurance Corporation	13·09	14·52	15·10	13·60	0·25	2·03	3·90	6·60
V. Provident Fund	**109·54**	**141·08**	**217·00**	**310·50**	**0·23**	**0·37**	**0·50**	**1·20**
(a) Employees' Provident Fund Scheme	38·16	55·28	80·60	121·20	0·10	0·24	0·40	1·10
(b) Coal Mines Provident Fund Scheme	10·38	14·80	22·10	30·40	0·13	0·13	0·10	0·10
(c) Other Provident Funds	61·00	71·00	114·30	158·90	..	..	..	..
VI. Industrial Finance and State Financial Corporations	**1·38**	**0·73**	**0·50**	**0·50**	**1·85**	**2·10**	**4·30**	**4·20**
VII. Reserve Bank of India—held on account of others	**23·00**	**32·29**	**29·70**	**27·20**	**4·38**	**6·95**	**8·80**	**10·20**
VIII. Non-Residents	**33·43**	**33·79**	**34·20**	**27·00**	**0·10**	**0·10**	**0·10**	**0·10**
IX. Others	**411·40**	**405·17**	**336·40**	**281·20**	**131·66**	**145·86**	**190·50**	**216·00**
Of which :								
(a) Joint Stock Companies ..	N.A.	29·27	26·20	14·00	N.A.	10·88	10·40	6·00
(b) Local Authorities	N.A.	42·85	50·50	29·90	N.A.	7·26	10·80	16·30
(c) Trusts	N.A.	142·01	159·00	51·40	N.A.	14·63	23·30	8·30
(d) Individuals	N.A.	67·94	57·20	47·80	N.A.	16·70	21·00	23·30
Grand Total ..	**1,699.50**	**1,880.96**	**2,255.70**	**2,518.50**	**294·67**	**356·82**	**528·10**	**693·40**

NOTE :—For item IX 'Others,' the break-up is not available for the entire amount. For Central Government Securities, the break-up as on March-end 1959, 1961 and 1963 is available for Rs. 282·07 crores, Rs. 292·90 crores and Rs. 143·10 crores, respectively. The corresponding figures for State Governments' Securities are Rs. 49·47 crores, Rs. 65·50 crores and Rs. 53·90 crores respectively.

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PROBLEMS OF NEW ENTERPRISES—I

PRELIMINARIES FOR STARTING—ASSISTANCE FROM I.C.I.C.I.

WITH the increasing use of development loans in the starting and running of industrial enterprises in India, it has become imperative for these enterprises to accept financial planning and discipline in line with their counterparts in the Western countries. This fact was impressively highlighted by Mr. G. L. Mehta, Chairman of the Industrial Credit and Investment Corporation of India (I.C.I.C.I.), while speaking at a conference of I.C.I.C.I constituents held at Bombay on Friday, the 13th inst. Over the last few decades, Mr. Mehta pointed out, the industry in the West had become subject to essential financial discipline, as it had tried to use institutional funds like those of life insurance companies. He wanted the entrepreneurs borrowing funds from I.C.I.C.I. to realise that, since they were using "other people's funds," they must be responsible for the way in which such funds were handled. In this connection, he explained the methods of appraisal of borrowers adopted by the I.C.I.C.I. and told the conference that the Corporation insisted on certain minimum debit-equity ratio, allowances for preliminary and pre-operative expenses, and market surveys. Revealing that the Corporation had helped more than 300 companies, many of which were engaged in non-traditional industries, he said that the Corporation had tried to build up procedures in such a way as to arrive at an institutional, impersonal decision on a project.

Explaining the circumstances in which the I.C.I.C.I. has to work, Mr. Mehta said:

"We deal with new entrepreneurs for whom the project seeking our assistance is their first industrial venture; we also deal with many old entrepreneurs who are moving out from traditional to non-traditional industries; several entrepreneurs have taken up many projects at the same time. Many old entrepreneurs, because of their past experience, appear to consider our requirements and conditions unwarranted in their case. This is hardly justified. All entrepreneurs face, and have to deal with, new problems—phasing of work, arranging of finance, setting up organisation to carry out the project according to schedule."

The Problems

The problems involved in the starting and running of an enterprise in this country have been vividly brought out in the agenda notes circulated at the I.C.I.C.I. Conference. Briefly summed up, the problems of starting an enterprise pertain to project preliminaries (that is, Government consents, financial arrangements and legal formalities of licensing, etc.), collaboration and plant supply, delays and over-runs, while the problems connected with the running of the enterprise relate to management, finance, raw materials, ancillary facilities like power and transport, labour and marketing. All these problems can certainly be solved satisfactorily, provided (*a*) the managements of industries are vigilant and efficient, and (*b*) the authorities (Central, State and local) accord the necessary facilities and encouragement. In view of the importance of the subject, this journal proposes to give a resume of the problems as highlighted in the I.C.I.C.I. agenda notes for the benefit of readers. This will be in two instalments, dealing, respectively, with the problems of starting an enterprise and those of running it; the second instalment will appear in our next issue.

The task of setting up an enterprise in India is a more complex one than in Western countries, partly because there are more formalities to be fulfilled and sanctions to be obtained and partly because the industrial system in this country is not as versatile as in the West. First of all, an industrial licence need to be obtained for establishing an industry above a specified size and if imports of capital goods are involved, it will be necessary to secure an import licence, with a detailed list of approved items. Then comes the permission of the capital Issues Committee for issue of capital. These formalities are time-consuming and require an expert handling to see that the proposed project gets through expeditiously. Time element is of utmost importance at all stages of project planning and promotion. Although project promotion, by its very nature, does not lend itself to simultaneous progress on all aspects, a recognition of the "critical" elements in a project and co-ordinated action on inter-dependent stages of work would help speedy implementation of the project. Applications to the import control authorities for import licence and to the Reserve Bank of India for exchange control consent, for instance, could be co-ordinated, supplemented by active follow-up in respect of these as well as other aspects. Several new units, unlike many older and established industries, do not have such follow-up cells for various types of work. This is a lacuna which must be removed in the interest of expeditious implementation of projects.

Some Difficulties

Besides Government consents for various purposes, there are many other preliminaries, such as feasibility studies, location of the project, scale of operations, technical consultancy and management arrangements, on which simultaneous or advance action has to be initiated if the success of the enterprise is to be ensured. Satisfactory progress in this field itself assists not only in speeding up grant of Government consents but also in all the subsequent stages of project implementation. The experience of the I.C.I.C.I. has shown that feasibility studies are not always given the attention they deserve. Much difficulty is experienced by promoters in securing possession of lands for building the factory. The difficulty is all the greater in cases where the company either depends on Government acquisition of land or procures land privately from an undivided Hindu joint family. If it is Government acquisition, care has to be taken to ensure that the documents like *sanad* or *patta* do not contain prohibition against alienation, mortage or charge in favour of lending institutions. Difficulty is also experienced in certain cases due to the absence of Collector's permission for change in the classification of lands from agricultural to non-agricultural purposes which holds up mortgage transactions.

While the aforesaid preliminaries are being proceeded with, the promoters will have to prepare carefully compiled estimates of the constituent items of capital outlay and arrange for the requisite financial accommodation. A common pitfall in capital estimates is that these estimates fail to allow for major contingencies like price escalation, with the result that some projects, taken up for implementation with the idea that the financial resources had been fully arranged, would in fact be found to be under-financed, thereby causing financial embarrassment to promoters at a later and more critical stage. Inasmuch as there is no substitute for a technically well conceived project, the financial structure prepared for a project should reflect its individualities and, in this respect, there can be no simple financial rule applicable to industries at all times or even in the same industry at any point of time. The criterion adopted by the I.C.I.C.I. in its lending policies is to see that the financial structure has within itself a built-in-safety factor to enable the company to withstand any shocks arising from either over-run in costs, as compared with original estimates for production or market problems. The proportion of equity in the total capital employed and the ratio of loans to assets are decided from case to case. Referring to this aspect, Mr. Mehta pointed out in his speech that the I.C.I.C.I. had always insisted on a strong equity position, the exception being only in some rare cases of highly capital-intensive industries like aluminium. The I.C.I.C.I. decisions are mostly guided by the technical and financial viability of the units rather than by the 'coverage' principle alone, though care is taken to ensure that the units impose on themselves some sort of financial discipline and do not overextended their financial commitments in the form of borrowings.

Foreign Collaboration

As for the financial and technical collaboration from abroad, it is crucial for an underdeveloped country like India to import technical know-how. That the Indian entrepreneurship has realised the importance of foreign collaboration is evident from the fact that, out of the 299 companies assisted by the I.C.I.C.I. upto the end of September 1964, 158 companies had received foreign technical and/or financial participation. A collaboration agreement is a long-term arrangement (usually upto 10-12 years) for the supply of engineering services, technical know-how and technical assistance by the collaborators both during the initial stages of project finalisation and construction and during the subsequent operating period of plants, as distinguished from a mere arrangement for the supply of plant and machinery from abroad. The promotors should be careful in selecting a firm with which financial or technical collaboration is sought. It is particularly necessary to find out when old processes become absolete and new processes are recognised as standard ones. It is equally necessary to avoid any imbalance in the productive capacities of equipment supplied by foreign machinery manufacturers, as otherwise there would be idle production periods and rise in overhead costs.

While the vast majority of collaboration agreements is for technical collaboration only, there are agreements called 'joint ventures' where there is financial participation in share capital by foreign partners. This arrangement has four distinct advantages. First, the foreign firm has a stronger incentive to make the project a success, as it has a financial stake. Secondly, in some cases, a part or whole of the foreign exchange cost of the project is covered by the foreign collaborators, apart from making available foreign technical and managerial skill. Thirdly, where the foreign firm invests substantially in the equity capital, lending institutions like the I.C.I.C.I. have found it easier to have access to information required. And, finally, a joint venture facilitates a rigid functional specialisation in which the Indian partner deals with problems like supply of local raw materials, sales, publicity and labour relations and the foreign partner looks after technical operations, fundamental research, foreign supplies and finance. In the final analysis, however, technical and financial collaboration agreements are drawn on the basis of a 'give and take' attitude on both sides.

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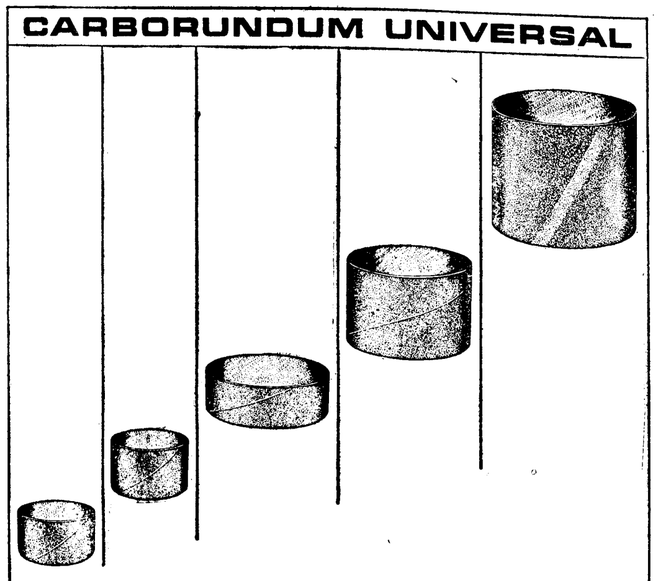

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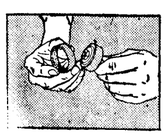

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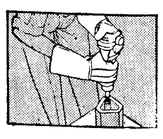

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Delays

Perhaps the most ticklish and intriguing problem in starting an enterprise is the occurrence of delays and over-runs. After the sanction of I.C.I.C.I. loan, a normal time lag of six months is allowed for completing the various formalities like permission of capital issues control authorities, issue of capital, obtaining of import licence and legal formalities relating to assistance. In fixing up the schedule of construction, the I.C.I.C.I. does not accept the estimates of its clients; rather it provides for much longer gestation periods in order to allow for the various problems involved in the setting up projects. Even so, it has been found that in the case of 95 projects construction has been lagging behind their original estimates, the extent of delay ranging from 7 to 48 months.

Out of the 316 projects of 281 companies to which the I.C.I.C.I. has given financial assistance up to the end of June 1964, 130 projects have been completed (as of 30th June 1964), 111 projects are in various stages of production, while 75 are still to commence. Of the completed projects, 37 were delayed by more than six months; of the projects under construction, 32 show a delay of more than a year; and, of the projects on which work is still to commence, 25 projects are likely to be delayed.

The reasons for delays are not far to seek. Usually, the delays occur in the finalisation of design and specification of plants and buildings, agreement on foreign collaboration, land acquisition and execution of legal formalities connected with institutional assistance. In some cases, inadequate estimation at the planning stages results in delays. Similarly, difficulties in procuring essential building materials, power supply, transport bottlenecks and extended delivery periods for equipment by suppliers upset the schedule envisaged. The schedules are also upset by the unsatisfactory capital market conditions which hinder arrangements for raising capital from the public. Delay in the issue of import licence, too, affects most of the projects. It is, however, hoped that, with the recommendations of the Swaminathan and Rao Committees, the procedural delays would be cut down.

Few projects, according to the agenda notes prepared by the I.C.I.C.I. for the Conference, are completed in time or within the original cost estimates. In recent years, this has been due to steadily increasing costs, but, in many cases, it has also been due to careless, incomplete and overoptimistic estimates. Though in certain cases over-runs occur due to pre-construction and construction delays, they also happen because of (*a*) changes in project details, (*b*) failure of authorities in providing ancillary service facilities as, for instance, power as originally promised and (*c*) increasing tax imposts by the Government. As the financial difficulties caused by over-runs are more serious in the case of new entrepreneurs, it is considered absolutely essential to include in the original estimates an allowance for unforeseen costs to take care of errors, omissions, price increases and additions. The sources of finance for meeting over-runs are deposits from promoters and their friends, etc., bank borrowings, issue of additional share capital, retained earnings and further institutional finance. The I.C.I.C.I. is keenly aware of the problem of over-runs and delays and it keeps a constant vigil on cases which are likely to face difficulty in this regard. It very rightly impresses upon promotors the need for making more valid cost estimates in order to avoid future difficulties in financing.

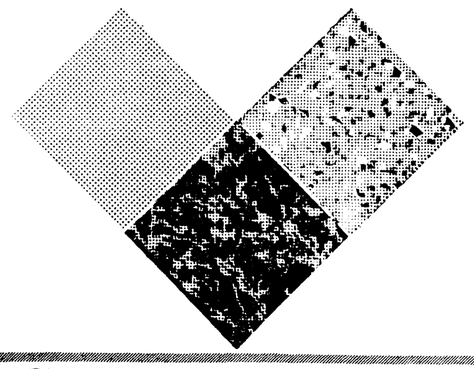
Although the I.C.I.C.I. applies rigid standards in financing the projects, these are, it is rightly felt, beneficial both for the Corporation and for its clients. When the I.C.I.C.I. agrees to provide financial assistance to a project, the relationship that is envisaged is not a one-transaction borrower-lender relationship but a long-term relationship for achieving the common objective of bringing into being a viable project. It is therefore, just as well that the Corporation should be concerned with not merely the successful completion of the projects assisted but also their long-term growth and prosperity.

WHEN A STRIKE IS NOT A STRIKE

A unique contract was recently signed between the Dunber Furniture Corporation of Indiana (the U.S.) and the Upholsterers International Union of North America. It establishes the paradox of workers continuing to work while on strike. The features of this contract are: "For the first six weeks of any strike, the workers place 50 per cent of their wages in the hands of an independent outsider or referee. The management matches these funds. If the strike is settled in the six-week period, the money is refunded to the parties concerned. At the end of nine weeks, if a settlement is reached, workers and management get a refund—but only 75 per cent of what they have contributed. A settlement at the end of 10 or 11 weeks would bring only a 50 per cent refund of the funds set aside. This figure drops to 25 per cent during the twelfth week. If no settlement is reached after this period, all funds in the special fund are sacrificed by management and labour. Money under the control of the referee, which is not refunded to the parties concerned, is turned over to a community project or to a charity, beyond the control of either the company or the union." In essence, whereas this system ensures the continuity of production, both labour and management will be anxious for the early termination of the dispute to save their contribution to the special fund. On the face of it, the system seems to be useful not only to the economy but also to the parties to the disputes. It may be worthwhile to give it a trial at least in some industries—with some modifications, if necessary, in this country.

India accounts for nearly 75 per cent of total world exports of ginger. Moreover, ginger ranks fourth among the spices exported from India in terms of value, the first three places being taken by pepper, cardamom and chillies. Export of ginger during the year 1964 amounted to 4,873 tonnes valued at Rs. 14.5 lakhs, as compared with 6,087 tonnes valued at Rs. 120.2 lakhs in 1962-63 and 7,600 tonnes valued at Rs. 109.0 lakhs in 1961-62. The principal importers of ginger from India are Aden, Saudi Arabia, Sudan, Britain, U.S.A., Iran, Malaysia, Japan, Morocco and East Germany. Latest figures relating to production of ginger are not available. Actual output in 1962-63 was 17,500 tons, the area under cultivation being 29,800 acres.

The existing Indo-Rumanian trade agreement has been extended by one year, that is, up to the end of December 1965 under a protocol signed by the Indian trade delegation led by Mr. S. V. Ramaswamy, Union Deputy Minister of Commerce, with the Government of Rumania at Bucharest on the 1st inst. The protocol provides for a 15 per cent increase in trade from the 1964 level. The Indian exports cover iron ore, cotton textiles, handloom goods and various manufactured goods, including engineering goods and the traditional items like tea, coffee, jute manufactures, tinned fruits and juice. Rumania will export plant and machinery, fertilisers, caustic soda, soda ash and petroleum products, besides several other machinery items and industrial raw materials.



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MANCHESTER LETTER

MAINTAINING BALANCED PRODUCTION IN TEXTILE INDUSTRY

NEW SPECIALIST COURSE FORMULATED

From Our Special Correspondent

MANCHESTER, 10*th November*

MAINTAINING a balanced production has been a fundamental problem for management in textiles ever since the industry became an important peg in Britain's economy. With so many independent producers often working in isolation, the inevitability of one section failing to meet the requirements of another or exceeding its needs is a factor which constantly leads to difficulties in equating supply with demand. One of the assets which, it is hoped, will accrue from the recent wave of mergers is that more control over the flow of supplies through the different processes will follow. In this connection, the methods of integration and rationalisation of particular units of the big groupings should prove of incalculable benefit.

Balance of an entirely different kind, however, provides the basis for a new specialist course which has lately been the subject of experiments at the Productivity Centre of the Cotton Board. Looking at the whole question of business generally, the pioneers of these experiments have drawn up a syllabus which links the twin concepts of finance and production in a most imaginative manner. So far two pilot courses have been completed; another is scheduled for early next year; later it is anticipated that the trade will have the opportunity of participating fully.

Intended primarily for managers, salesmen and prospective executives, the course offers a glimpse behind the scenes at boardroom level. It attempts to assess why particular decisions are made in the policies of individual firms, decisions which may well differ according to the particular circumstances of the Company involved.

Those whose task it is to determine policy will be well aware of the alternatives facing them at any given instant. To others along the line of directive the particular action chosen may not always seem appropriate without knowledge of various aspects which may dictate decisions. And so, in order to prime those who may eventually be put in a position of policy-making, several of the more progressive companies in the industry suggested that a course dealing with balance in business should be drawn up.

The small number of "guinea pigs" who have so far attended speak with admiration of its effect and the value they have gained from the broader outlook presented by the many new horizons opened up. Training for manual and administrative work has long been accepted as a basic requirement for trade and commerce; the even more important necessity of being trained for senior management posts has too often been left to chance.

Utilisation of Resources

The mechanics of the course itself relate the thinking of an accountant with the practical necessities of the production engineer at mill level. At the outset, the perils of letting production and sales get out of balance are emphasised, coupled with a clear understanding of how liquidity and stocks can effect company performance. From this point, the detailed knowledge of how to read a balance-sheet and a profit and loss account becomes essential, but, throughout the instruction, it is stressed that different policies may be equally and eventually successful, always providing balance is maintained.

The emphasis during the ten days of detailed instruction, which follows a week-end playing the "decision-making game" at Chester with the aid of a computer, centres on the interplay which exists between methods of working, cost structure, stocks, material price and selling price. Sample "cases" are provided to illustrate the alternative policies which can be adopted to deal with particular sets of circumstances.

All this is valuable practice for the budding policy-maker, but the whole exercise can be resolved into the simple basic idea of utilising all the resources of the Company to their maximum effect. The practical application of such theories is, as the sponsors of the course point out, sometimes limited by outside influences such as the necessity to take particular orders for reasons which do not fit in with maximum efficiency. The object throughout, however, is to obtain the best possible return on the assets of the company, so that a proper balance between finance and production is achieved.

Down to Brass Tacks

One of the criticisms sometimes levelled at research organisations is the tendency of "scientists" to spend too much time and energy on projects which may be interesting from a professional point of view, but which are unlikely to produce any practical results for industrialists and manufacturers.

At the Shirley Institute, Manchester—the headquarters of the Cotton, Silk and Man-Made Fibres Research Association—there has been a complete reappraisal of the research programme. Dr. D. W. Hill, Director, told the annual meeting that this had been requested by the Research Committee of the Council "in order to satisfy itself that the present work is wholly relevant to the needs of the industry." The number of research projects in the new programme has been reduced from more than 200 to 125. Wherever possible, an estimate of the potential value to the trade of a successful outcome has been considered.

Dr. Hill said that the distribution of the Institute's resources on research for cotton and man-made fibres was: 33 per cent on man-made fibres; 20 per cent on cotton, and 47 per cent on work common to both groups. There was a continuing trend for more and more consultations on problems concerned with man-made fibre processing.

Suspended Publication

Cotton's casualties have been many in the past few years as a result of closures and mergers. Mostly these have been in Lancashire and surrounding counties, but occasional reports of similar developments have been received from the Continent and further afield. Almost in inverse ratio, however, the observers and scribes of the industry appear to have redoubled their efforts to provide statistical evidence about the remaining and by no means insignificant cotton sector of the huge textile trade. Circulars and reports about its progress and modernisation have emerged in profusion.

In America, however, one of the foremost weekly newspapers devoted solely to cotton trade affairs has lately suspended publication. This is the Memphis-based *Cotton Trade Journal* which has for 63 years offered a weekly commentary on all aspects of cotton, from the plantation to the finished garment.

"The period of suspension is indefinite," says the paper in a special editorial. "Weekly publication will be resumed when, and if, conditions within the trade warrant resumption of publication. Basic among these conditions is the return of cotton marketing to its historic normal channels of trade, unhampered by crippling administrative regulations."

The publishers are not closing down their plant entirely. A monthly magazine aimed at the interests of the larger and more efficient cotton growers in the United States is to be launched at the beginning of next year.

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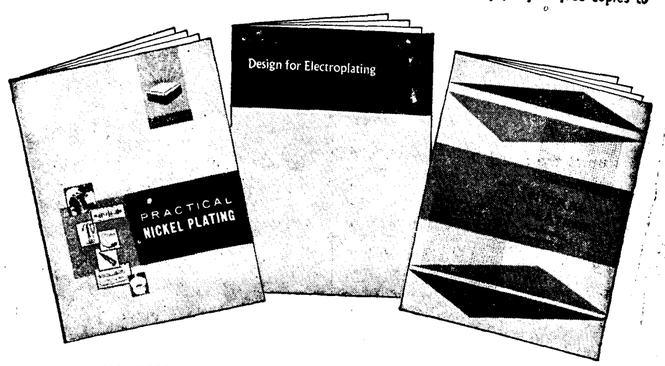

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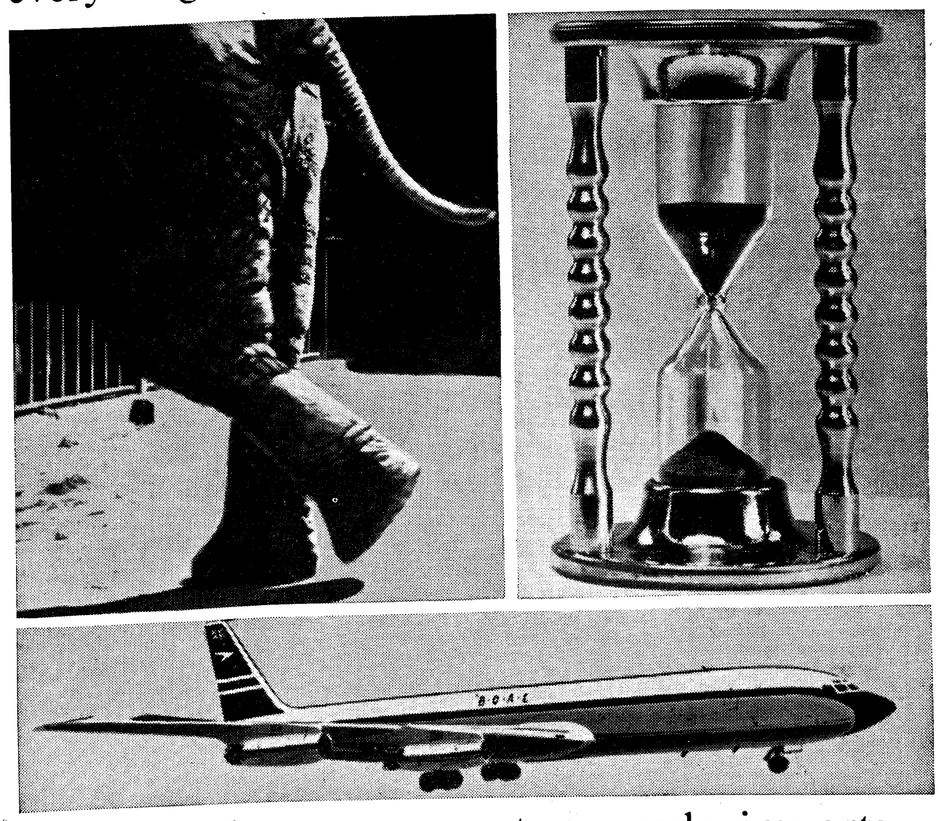

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SUGAR PRICES REVISED AGAIN

MILLS IN MAHARASHTRA DISAPPOINTED

THE ex-factory prices of sugar have been revised once again, for the third time after the reimposition of controls on prices and distribution nineteen months ago, on 17th April 1963, to be precise, the official notification fixing new prices was issued by the Union Ministry of Food and Agriculture on the 12th of this month. The first revision, it will be recalled, was announced on 18th November 1963. The revision was upward in respect of all the sugar mills, the actual rise per quintal ranging from Rs. 2.65 in the case of mills in Assam to Rs. 12.15 in that of some mills in South India. In between these ranges, the price was raised by Rs. 5.15 for Maharashtra, Rs. 8.65 for the Punjab, Rs. 8 for certain mills in Uttar Pradesh and only Rs. 3.80 for Mysore, Madras, Kerala and Pondicherry. The increase was, however, considered to be not sufficient to cover adequately the additional incidence of higher cane prices and rise in production costs. Representations to this effect were made by the sugar industry and, as a sequel to these representations, the Government revised the prices on 22nd May 1964. The revision was extremely favourable for Rajasthan (+Rs. 15.75), Punjab (+Rs. 14), South Bihar (+Rs. 12), Assam (+Rs. 10.50), and East U.P. (+Rs. 9), whereas it was marginal in respect of other States and there was actually a cut in prices of sugar produced in the Lucknow division of U.P., Gujarat and Orissa.

Six Zones

Subsequent to this revision, the Government of India raised further the minimum price of cane payable by sugar mills during the current (1964-65) season which officially began on the 1st inst. In view of this increase and after taking into account the estimates of duration and recovery for the season 1964-65, the Government of India announced, as stated at the outset, new ex-factory prices for sugar on the 12th inst. The country has been divided into six zones and not four zones as was reportedly recommended earlier by the Sen Commission. The six zones and the prices fixed for each zone are given below:

Zone	Price (Rs. per quintal)
1. Maharashtra, Mysore and Lucknow Division of U.P.	116.00
2. East U.P., Rohilkand and Agra Divisions of U.P., North Bihar, West Bengal, Gujarat and Andhra Pradesh	118.75
3. Dehra Dun and Saharanpur districts of U.P.	121.25
4. Madhya Pradesh, Orissa, Madras, Kerala and Pondicherry	123.00
5. Assam	126.00
6. Meerut, Muzaffarnagar and Bulandshahr districts of U.P., the Punjab, South Bihar and Rajasthan ...	129.25

The prices mentioned above relate to sugar of I.S.S. grade D-29. The notification prescribes premia and discounts for superior and inferior grades of sugar with the price for D-29 grade being the base. These prices, it is understood, have been arrived at on a production estimate of 3 to 3.3 million tons. They may be revised, as was done last year, on the basis of actual output and recovery at the end of the current season, some time in May next year or after the Tariff Commission completes its exhaustive study of the cost structure of sugar industry and fair price payable for the sugar produced in the different regions.

How the revised prices compare with those fixed on 22nd May 1964, 18th November 1963 and 17th April 1963 will be clear from the table at the foot of column one.

It will be seen from the above table that the revised prices are higher (as compared with the prices fixed in May 1964) by Rs. 9 per quintal in Orissa, Rs. 7 in Madras, Kerala and Pondicherry, Rs. 2.75 in Punjab and 75 paise in Andhra Pradesh, but lower by Rs. 8.75 in Rajasthan, Rs. 4.75 in South Bihar, Re. 1.25 in North Bihar, Rs. 3.25 in the Punjab, Re. 1.50 in Madhya Pradesh, Re. 1 in Assam and 25 paise in West Bengal. In Uttar Pradesh, the lowest price has been raised by Rs. 2.75 per quintal and the highest price reduced by Re. 1.75. There is no change in prices in so far as Maharashtra and Mysore are concerned.

Some Important Questions

This brief account of the changes in ex-factory prices of sugar raises some important questions. In the first place, is there any basis for fixing such widely differing ex-factory prices for the different areas? Secondly, what justification is there for fixing the same price for all sugar, irrespective of differences in the processes of manufacture? Thirdly, is the Government of India justified in according step-motherly treatment to the sugar mills of Maharashtra and Mysore where the prices fixed are very low? Fourthly, how can South Bihar, a low productivity area, be linked with the three highly productive districts of Meerut, Muzaffarnagar and Bulandshahr in Uttar Pradesh, as well as with the Punjab? And, finally, could the sugar mills in East Uttar Pradesh and North Bihar be put on a par with those in West Bengal, Gujarat and Andhra Pradesh? These questions, we hope, will be raised in Parliament and the Government spokesmen will clarify the whole position by indicating the exact criteria adopted for fixing the ex-factory prices of sugar.

The sugar mills in Maharashtra have reason to feel aggrieved about the Government's refusal to concede their plea for higher ex-factory prices. The Government's negative policy, according to a prominent sugar mill-owner of Maharashtra, "will act as a disincentive to greater production at a time when everything should be done to increase the sugar output and relieve the acute shortage, so that the open market prices could be lowered." One fails to understand the rationale behind the Government's decision not to effect any increase in sugar prices from the low level of Rs. 116 per quintal fixed for Maharashtra and Mysore.

It is true that, since the costs of production in Maharashtra are lower than in several other regions, the ex-factory prices of sugar will be below those of sugar produced elsewhere. But one should not ignore the marked increase that has taken place in these costs since the last revision (in May 1964) which itself was only of a marginal nature in regard to the Maharashtra sugar mills. The cane cost alone has risen quite appreciably, especially in the case of the joint-stock sugar mills which have been compelled to pay prices much higher than the minimum prescribed. The premium paid is already said to be as high as Rs. 5-6 per quintal. What is worse, the cane growers who supply cane to these mills are demanding a still higher premium of Rs. 8-9 per quintal, which represents the difference between the ex-factory price paid by the joint-stock mills and the ex-field price paid by the co-operative units. The co-operative mills pay an ex-field price of Rs. 59 per quintal excluding the transportation and harvesting costs, while the joint-stock factories pay an ex-factory price of Rs. 59, inclusive of these overhead charges. It is, therefore, argued by cane growers that they are suffering a loss in selling their crop to the

(*Continued on page 922*)

Ex-factory Prices of Sugar

(In rupees per quintal)

Region	Notification dated			
	12th Nov. 1964	22nd May 1964	18th Nov. 1963	17th Apr. 1963
Maharashtra	116.00	116 00	115 00	109.85
Punjab	129.25	132 50	118 50	109.85
Rajasthan	129 25	138 00	116 00	109 85
Madhya Pradesh	123 00	124 50	118 00	109 85
Mysore	116.00	116.00	115.00	111.20
Madras, Kerala and Pondicherry	123.00	116 00	115 00	111 20
Gujarat	118 75	116 00	118 00	112 50
West Bengal	118 75	119 00	116 50	111 20
Assam	126 00	127 00	116 50	113 85
Orissa	123 00	114 .00	116 50	110 50
Andhra Pradesh	118.75	118 .00	115 00–117 00*	109.85
North Bihar	118 75	120 00	118 00	108 50
South Bihar	129 25	134.00	122.00†	109.85‡
Lucknow Division ..	116.00			
East U.P., Rohilkhand and Agra Divisions ..	118.75	113 25–131.00	111 25–116.50§	108.50
Dehradun and Saharanpur Districts ..	121.25			
Meerut & Muzaffarnagar and Bulandshahr Districts .	129.25			

Note: The prices relate to sugar of I.S.S. grade D-29. The notification prescribes premia and discounts for superior and inferior grades with reference to the price for D-29 grade.

* Rs. 115 for eleven mills and Rs. 117 for six mills.

† Rs. 118 for 24 mills in North Bihar and Rs. 122 for four mills in South Bihar.

‡ Rs. 108 50 for 24 mills in North Bihar and Rs 109.85 for four mills in South Bihar.

§ Rs. 111.25 for 30 mills and Rs. 116 00 for two mills in East U.P. and Rs. 115.25 for 21 mills and Rs. 116.50 for 19 mills in West U.P.

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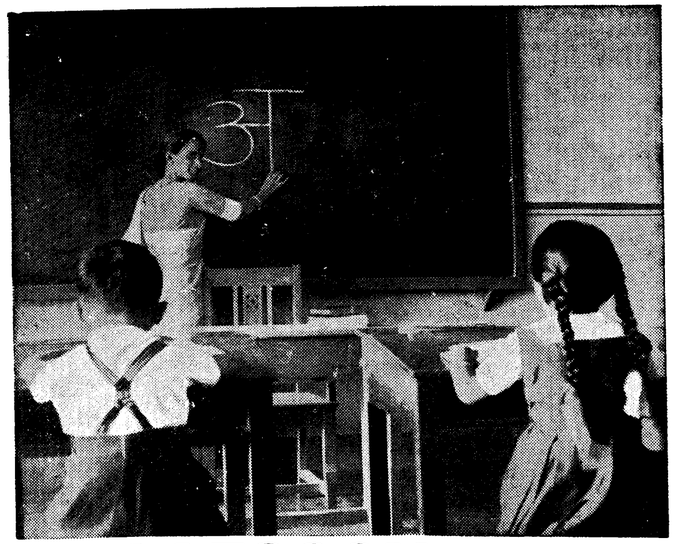
The Uttar Pradesh State Electricity Board has resolved to float a loan of the nominal value of Rs. 400 lakhs redeemable at par at the end of 12 years. The bonds will carry interest at 5 per cent and will be issued at Rs. 99.75 per cent. The issue will open on November 23, 1964 and will be closed on November 28, 1964 or earlier. Subscriptions will be received at the Head Offices of the State Bank of India at Calcutta, Bombay, Madras and New Delhi and at all branches of the Bank at district headquarters within the State of Uttar Pradesh. The Head Office of the State Bank of India at Calcutta will be in charge of the issue and management of the bonds. The bonds are fully guaranteed by the Government of Uttar Pradesh in regard to the repayment of the principal and payment of interest. The bonds will be trustee securities under the Indian Trusts Act, 1882 and also approved securities for the purposes of the Insurance Act, 1938 and the Banking Companies Act, 1949. The bonds will also be treated at par with Government Securities for the purpose of advances to Scheduled Banks and State Co-operative Banks under Section 17(4) (*a*) of the Reserve Bank of India Act, 1934 (II of 1934). The Electricity Board will be providing in each financial year from 1964-65 to 1976-77 (both inclusive) for contribution to the U.P. State Electricity Board Bonds Redemption Fund such sums as, together with interest thereon, will amount to the total nominal value of the bonds by the time the repayment of the bonds becomes due.

2. All sections of the investing public are requested to extend full support to the bonds now under issue.

3. The issue is in terms of the Bond Prospectus, copies of which can be had from the aforesaid offices of the State Bank of India.

B. B. LAL, I.C.S.,
Chairman,
Uttar Pradesh State Electricity Board,
Lucknow.



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Cement	Rs. 628 lakhs
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BANKING IN RURAL AREAS—III

MERITS OF CONSORTIUM IDEA EXPLAINED

By Dr. J. D. Sundram

ANY institutional set-up suggested for the extension of financial services to rural areas should be capable of evolving, over a reasonable period of time and in accordance with the pace and pattern of economic development, healthy relationships with the financial and banking institutional hierarchy in the rest of the country. The preoccupation of planners, as well as of policy-makers, has so far been with the correction, if not the elimination, of the almost crippling disadvantages arising from the non-availability of credit in adequate volume and variety at reasonable cost for agricultural production and allied activities. The problems of integrated credit for agriculture have no doubt received attention from various committees that studied them. Their proposals were, however, designed to enlarge or improve or adapt the co-operative institutions to tackle them, and the types, quantum, etc., of aids and concessions that would be necessary towards that end. The aim of this study is a critical appraisal of an organisational pattern and an operational strategy for a functional integration into a consortium of all financial institutions, including the co-operative, at the district level, and for the provision, through the medium of mobile banks, of integrated credit to selected, viable areas.

In order to be effective and useful, any suggested institutional framework must have adequate, inherent elasticity to adapt itself and grow in accordance with the pace and pattern of development in the selected areas; and, at the same time, the capacity to evolve and maintain, expand and diversify its relationships with the financial and monetary authorities in the rest of the country.

Better Than Co-operatives

Apart from the basic legal aids to evolve and establish the consortium of financial institutions and to undertake, through a fleet of mobile banks, the planned extension of integrated credit, the institutional machinery suggested here will need no other specific financial assistance on a continuing basis, as co-operatives do. In fact, the pattern of organisation and operation suggested here is mainly to ensure the extension to rural areas of the principles of integrated economic development, in which evaluation of the integrity of individuals with skills and ideas, in the context of available resources and markets, forms an essential part of the much-needed objectivity in the assessment of programmes, projects and schemes. Such an institutional set-up may help establish meaningful relationships not only with every one of the participating parent bodies, but, functioning on the basis of sound principles, may help extend the effectiveness of the national system of financial and monetary discipline to the operations and activities in rural areas.

It is common knowledge that monetary discipline is possible of purposive and effective operation only in an economy that is well covered by banking services. As we have seen earlier, in spite of its sizable expansion since Independence, banking today covers only a small part of the country; and its effective servicing, measured in terms of its share in production and distribution, or trade and transport or savings and investment in rural areas, is negligible. The operational strategy outlined earlier, it is submitted, can assist in extendng the area of effective coverage over a period of time at economic cost.

Bill Market

Extension of banking facilities to viable areas in the manner suggested here will pave the way for an increase in the volume of goods in the areas covered by the mobile banks. The expansion in the volume of exchange and transport will necessarily increase the number of bills drawn by traders on one another. The interlinking of areas within a district through a fleet of mobile banks can thus provide the basis for the growth as well as diversification of banking services in rural areas. As the consortium of financial institutions at the district level provides credit of all types for further economic development, imports of goods and services into the district from other districts, at least immediately, will tend to rise. This increase in the movement of goods will further increase the number of bills of trade, the acceptance of which can provide a sizable volume of business to the banks and the basis for the emergence of an "acceptance" market.

Among the many hurdles to the development of a modern bill market in India, the most frustrating has been the absence of an acceptance market, owing to the non-availability of the right type and, therefore, of acceptable bills. The operations of a mobile bank from a centre of vantage may help to establish the type of contacts and knowledge of firms and individuals, in which banks can undertake with calculable risk an increasing volume of acceptance work.

At the district level immediately and at the major urban industrial and monetary centres later, the growth of an acceptance market will improve the quality and supply of bills, enabling banks to purchase them in accordance with their own needs and resources. From this, it is but a short step to develop even in the rural areas right from the beginning of any degree of modern economic development, a sensitive bill market, based upon a solidly built acceptance market. The development of a bill market in the rural area may help to remove the causes for the widely varying rates of interest at present in both rural and urban areas, and to grow towards a healthy money market in the country. In other words: the institutional set-up suggested here may help to evolve the essential basis for a scientific integration of the widely varying interest rates into at least a cognizable, regional rate of interest. How effectively and how quickly, a self-regulating and self-governing discount market can be evolved and operated will depend wholly on the earnestness and effectiveness with which mobile banks are organised, guided and operated.

Under the institutional set-up suggested here, it may be possible, far more effectively than under the present co-operative structure, to make available to the farmer and the artisan in rural areas the benefits of concessional interest and other financial aids on the basis of actual performance. The partners and participants of the consortium have already the expertise and institutional effectiveness for quick transfer of funds from one area to another and from one branch to another; and the operational strategy envisaged here involves no additional problem or cost, because there is no lateral transfer or cost involved. When the consortium of institutions in different districts evolve their own norms for each specific operation in the areas under their respective jurisdiction, there can be an organised, cognisable, local, district and a regional bill and discount market that will faithfully reflect the condition in the area, district and region.

Closer Inter-relationship

As banking institutions share in the organisation and operation of the consortium in this regard, close inter-relationships between consortiums in the districts and units at various levels are not too difficult to establish or regulate or control. The policies of the monetary authority that now directly affect banks only in the metropolitan and large urban centres but leave the rural areas almost wholly unaffected, can become effective in rural areas as well through the discount market. Of course, in the same way as prices of commodities vary between one place and another in the same region and from one region to another, owing to distances that separate them and the inevitable time-lag transport of commodities involves, the prices of credit or interest rates may vary between one area, district or region and another; but the extent of variations will be much smaller than now, owing to the greater ease with which funds can flow from one area to another. At any rate, the bewildering variety of interest rates that have defied effective control in the absence of an integrated bill market will cease to be operative. On this account, the impact of any change in monetary policy will become easier to analyse and measure, and, therefore, monetary discipline can be deliberately chosen and effectively enforced.

It is again common knowledge that any large-scale development of rural areas involves an appreciable expansion of infrastructure to cope with its needs. Whether the pattern of development begins with the intensification of agricultural operations, or industrial development, or proceeds, as in all probability it will, with a simultaneous attack on agriculture, industry and services, monetisation of the countryside is likely to grow at a much faster pace than hitherto. It ought to be a primary objective of the authorities to make advance preparations to deal with the problems that are bound to arise as a result.

The absence of banking services on an adequate scale and of appropriate quality has in part been responsible for the almost total failure to mobilise savings in rural areas and direct them towards national goals. The continuance of non-monetised operations over more than one half of the economy has merely condoned the increasing inequity in the distribution of the incidence of taxation between rural and urban areas. Integrated economic development of rural areas, irrespective of its actual pattern of operations, will reduce the area, as well as the influence, of non-monetary operations. Extension of banking services to rural areas as suggested here will help mould the pattern of monetisation and assist mobilisation of savings. Banking, in other words, can help in imparting character and direction to the pattern of development of rural areas and fostering and developing healthy relations between rural and urban areas.

Rural Industrialisation

It is conceded on all hands that integrated economic development will involve, over a period of time, industrialisation of the countryside. The present ideas about rural industries are more often vague and nebulous than precise or clear. Any large-scale industrial development, based on local raw materials and catering to local or regional markets, will involve investment of capital of carying duration. The consortium of financial institutions at the district level can not only meet these needs from their own resources, but also arrange to secure for rural projects technical and administrative expertise through their institutional links with the large urban or metropolitan centres. One cannot, however, indicate, in the state of the present knowledge of the thinking on rural industries, the nature of the capital needs and, therefore, of the market that can be built up by the consortium in the districts.

Just as mobile banks in the rural area can assist the growth and development of a bill, acceptance and discount market, with fairly clear relations with similar markets at other levels, so also the consortium at the district level can help foster the development of a capital market. Underwriting of capital issues has so far been confined to a few institutions; and banks are only recent entrants to the field, even in urban areas. The consortium visualised here, however, has, as its participants, all the financial institutions, and, therefore, has the pooled expertise essential for a commercial and financial assessment of any industrial project in the area or district. The endorsement of the consortium of any rural project virtually places it on the national capital market. In other words: a national capital market in which all financial institutions participate for national economic development will be possible.

The entrepreneur in rural areas in such conditions will no longer be compelled to seek financial assistance or support at the present exorbitant rates of interest. The consortium, which is in contact with him through its mobile bank and the local board, can, by underwriting his venture, place him on par with his counterparts in the most advanced urban areas in the country. The disadvantages of the small, rural entrepreneur, with integrity, ability and ideas but no resources, can be substantially mitigated, if not altogether removed, under this institutional arrangement.

Infrastructure

It would not be too difficult to project a picture of the probable or possible role of the public sector institutions in this set-up; but it has been tacitly assumed at almost every stage that the authorities can and will extend their co-operation to the evolution and establishment of this type of institutions, and through appropriate amendment of the various Acts and the rules framed thereunder, help the actual operations of the consortium at the district level. It must, however, be stated that rural economic development, in general, and rural industrialisation, in particular, can move forward to an economically and socially significant pace, only if the essential infrastructure, that is, transport, industrial-materials surveys, communications (and road and rail facilities necessarily) and training facilities, is deliberately built up. As the provision of this essential infrastructure will add to the volume of employment in the area and the size of the effective market for a wide variety of goods, the needs of banking and financial services, which, as explained above, have a vital role even in moulding and directing the development process itself, should be carefully assessed and provided for as early as possible.

In a country as large as India, with a population stratified widely and deeply on almost every ground—geography, language, religion, education, culture and social mores—rural industrialisation, even as a concept, poses large enough problems; but, as a specific matter of policy and programme, it provides challenges that can be accepted only on the assumption that all sections of the people and their authorities will co-operate in this national venture at deliberate development of backward areas. Rural industrialisation thus implies no less than cutting across the concept of localisation of industries, that is, deliberate provision at national cost of basic facilities and aids to promote the growth of industries in areas that, from a merely commercial or purely economic point of view, have not been found to be favourably situated. This involves no doubt additional cost per unit of production of some commodities or the supply of specific services.

Net Benefit

As against this addition to costs must be set (i) the present set of costs of services that are provided by urban authorities to make centres of industrial activity as attractive to entrepreneurs and to workers as they are today, (ii) the continuing loss of resources in men, materials and markets in the rural areas that have large unemployed population, and (iii) the steep rise in costs of industrial sites, in wage rates, etc., in the periphery of most urban centres. What one ought to assess is not merely the cost of one unit of production in one set of conditions, but the net social cost of production to the economy as a whole. In a rapidly growing economy, the costs of urbanisation tend to be ignored, as they are spread over a wide variety of services, to the provision of which payment is made over a period of time, whereas the marginal addition to the price of a product is more specific and its impact immediate.

Viewed in the perspective of the increasingly intricate problems of India's metropolitan centres and of the steep rise in costs—wages, storage, insurance, water, transport, etc.—in addition to a growing, restive labour, rural economic development not only appears socially necessary but economically inevitable. If it is to yield significant social results, advance planning of services for that purpose is essential. What has been studied here is a possible mode of providing at economic cost one of the services, namely, banking, a service indispensable to economic growth.

(Concluded)

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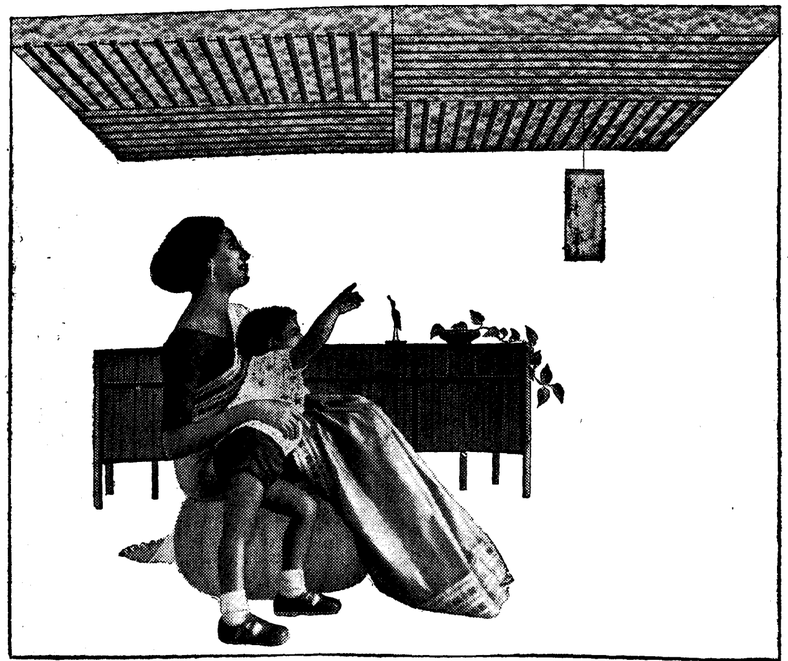

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PROBLEM OF BRINGING DOWN PRODUCTION COSTS

CAUSES—REMEDIES—FEASIBILITY

By Dr. Surendra C. Dholakia

IT is a common observation that the price of almost every consumable commodity is steadily rising in this country. According to the classical economic theory, whenever there is a rise in the demand for a particular commodity, the prices also tend to rise. This should, however, hold good only in a stagnant society where the positive efforts to raise production to meet the rising demand have come to a standstill. In a modern society, whenever a rise in demand occurs, efforts are made to raise production to meet the demand in such a way that the prices remain at a fairly steady level although there may be a time-lag. Thus, under a modern progressive economic system, a rise in demand leads to an increased tempo of investment and production in a particular industrial field and hence the prices tend to remain steady and sometimes even tend to fall because of some temporary surplus in productive capacity. Conversely, whenever the demand tends to remain static or fall, the prices tend to increase, because no fresh investment for additional production is attracted towards such an industrial field. During the last few years, we have already outgrown the age of stagnant economic condition and are fast moving towards an area of progressive and planned economic progress on all fronts. The factor of rise in prices, therefore, should cause us grave concern, as it may well prove to be a major stumbling block in our cherished path of economic progress for the masses.

Prices and Consumption

There are various angles from which the problem of rise in prices may be approached. We would, however, concern ourselves here only with such factors as are operating in the fields of organised industrial production. It is admitted that the problem of rising prices cannot be conclusively studied in isolation from several interrelated socio-economic factors. This may be illustrated by way of an example. The price of caustic soda in international markets is about Rs. 380 per ton, as against about Rs. 800 per ton in this country. Caustic soda is used in the manufacture of soap among other things. Thus, the high price of caustic soda tends to make the soap correspondingly expensive. Although soap is an item of mass consumption, its demand tends to be restricted probably because its price is higher in relation to the purchasing power of an average consumer in the country. This purchasing power is a function of employment and earning capacity. Out of the earnings, a certain minimum has to be spent on the basic essential requirements like food and clothing and only surplus savings would be available to determine the purchasing power of the masses.

We are all aware of the tragic national inadequacy of employment and of basic earnings. When the rising prices of essential commodities of food and clothing are taken into account, the residual savings and purchasing power for commodities like soap tend to be severely restricted among the masses. This tends to restrict the consumption and more so at relatively high prices. Restricted consumption does not encourage increase in investment necessary to raise production, unless the investor is convinced that, by raising production, the costs of production could be reduced to such a low level that the selling price of the article could be reduced to a point at which the article is brought within the purchasing power of many more million people and thus there is a likelihood of a sudden spurt in demand. It may be observed that the only way to break the vicious circle of restricted demand, rising prices and lack of increase in production is to reduce the cost of production in any manner possible. Only by positive efforts to reduce cost of production could we bring down prices to a level low enough to encourage a substantial increase in consumption in the country. Once the consumption tends to take an upward trend at a particular price level which should, of course, be profitable enough to encourage further investment, our progress towards achievement of better standards of living for the masses would be steadily continued.

High Cost of Production—Causes

The following table lists the prices of certain basic materials in international markets and in this country:

Item	Recent International price	Correspondingly recent Indian price
	(Rs./ton)	(Rs./ton)
Caustic soda	350/380	750/800
Soda ash	160/200	380/420
Benzene	380/400	650/700
Aluminium metal	2,300/2,500	3,200/3,500
Urea fertiliser	420/450	670/700
Ammonium sulphate fertiliser	120/190	280/300
Sulphur	120/135	180/200
Synthetic rubber (S.B.R.)	2,300/2,500	3,500

It is possible to make the above list longer but the figures given above are enough to illustrate the basic point that prices of important industrial commodities in the country are substantially higher than those in international markets. It is not suggested that this observation holds good in the case of each and every item manufactured in the country, as in some cases our prices are already competitive to those prevailing in international circles. The latter position could, however, be probably ascribed to certain unusual favourable local factors which we do not propose to discuss here. Suffice it to say that the prevailing high prices are primarily due to high costs of production for which the following factors may be directly or indirectly considered responsible:

(i) Relatively low scale of production.

(ii) Inferior quality of some raw materials.

(iii) High cost of some of the imported raw materials.

(iv) High cost of transport due to long distances and inadequacy of modes of transport.

(v) Inefficient techniques of production, including obsolete plant and methods of operation.

(vi) Relatively low productivity of the worker.

(vii) Relatively high investment costs in relation to the output.

(viii) Non-scientific management techniques, including faulty practices of purchases, quality control, distribution, personnel selection and labour relations.

(ix) Duties, levies and taxes imposed by the authorities.

(x) Restricted choice of source of imported equipment due to scarcity of free foreign exchange.

(xi) High cost of foreign technical know-how and personnel where required.

(xii) Cost of financing a project.

Rising Cost *vs.* Falling Prices—Experience Abroad

It should, of course, be mentioned that this economic phenomenon of rising prices is not exclusive to our country. In some of the industrially advanced countries, however, it has been observed that, while the manufacturing costs have been steadily rising, the selling prices have tended to decline, because of competition among various producers, substitute materials and alternative consumers. In the face of falling selling prices, the industrial units in the advanced countries have had to devise effective methods to offset the rising manufacturing costs. Increase in production costs has taken place due to high investment requirements for new plants, high cost of labour and supervision, complexity of operational skills, high costs of social insurance and other benefits and taxation, more expensive raw materials and fuel, premature obsolescence of modern plants and processes and high financial charges.

The measures that have been adopted by some of the industrial units abroad to offset the rising manufacturing costs have been of varied character. In order to offset the impact of rising wages, the productivity in terms of output per employee has been considerably stepped up through improved technology, equipment and training of labour. Full use has been made of technical advances in manufacturing techniques and plants and considerable emphasis has been laid on purposeful research and systematic techno-economic development of new products, processes and equipment. The rate of utilisation of plant capacity has also been stepped up by adopting continuous processing techniques and more precise criteria for design of the project and its equipment. Efficiency of management is being continually improved by rationalisation and reorganisation. Modern marketing techniques are being effectively employed to enlarge growth of demand which would justify steady expansion of production facilities. As it became obvious that the rising cost of manufacture cannot be simply absorbed or compensated by realising higher prices, it became inevitable for the industrial units in the advanced countries to offset such additional costs through continuous expansion and higher productivity so as to enable them to ensure profitable operations even in the face of falling prices under free competition.

Thus, this process of modernisation, technical advancement, cost reduction, expansion and diversification is more or less being carried forward on a continuous basis. It is possible and desirable for us, who are yet in a preliminary stage of development, to benefit from such a process to the maximum extent. Only when we are in a position critically to analyse the application of successful techniques developed abroad in our context and to adopt the selected ones to our benefit, will we be able to meet this challenge of rising prices and the resulting restriction of consumption.

Economic Plant Size

As already mentioned above, our scale of production in most of the industries is relatively low as compared with international standards. Low output leads to unfavourable investment per unit output. High investment per unit output requires not only the higher cash capital per unit of production, but also leads to more expensive product because of higher fixed and financial costs per unit produced. While it may not be feasible for us to build immediately large production facilities which would compare favourably in terms of output with the most economic operating units in the world, it should certainly be possible to install only such units as would be economic in terms of size at least.

Economic size of a productive unit is a function of several economic factors. Primarily, an economic size of a production unit may be defined as that capacity of production which would enable the investor to realise reasonable profits when operating the plant under the prevailing costs of plant, raw materials, utilities, labour, finance and freight charges and the current selling prices of its products. This would also depend on the trend of demand for the particular product, adequate availability of physical requirements for installation of such a project including raw materials, utilities and transport and competition from the established producers and imported supplies. Policies of the Government on matters such as the regional development, concentration of economic power, import control, taxation incentives and other duties may also influence the size of an economic unit.

Investment per unit output for a particular industrial unit goes down as the economic plant size increases. Even for a plant of the same size, the investment required in this country would be higher by about 67 per cent than that required in an industrially advanced country as may be seen from the following figures:

	Per cent
Cost of plant installed in an industrially advanced country	100
Add freight and insurance to this country	8
Add import duties, etc.	24
Add higher costs (by about 50 per cent) of indigenous components which may be 40 per cent of the total plant (50 × 40 per cent.)	20
Development costs for new sites	10
Additional financial costs	5
Total	167

The above estimate would naturally vary from industry to industry and from location to location but does illustrate an average picture. In addition to the above factors, the financing charges on account of the shortage of foreign and indigenous capital are also likely to add further to the overall investment costs. Such charges are unavoidable when the plant is required to be obtained only through an allotted source of foreign credit. Even the plant quotations tend to be somewhat inflated in the absence of free competitive tenders.

Thus, this increase in investment tends to be partly offset by increase in value of output under local conditions. In other words, the higher selling prices are an effort to nullify the adverse effect of higher investment per unit output, thereby leading to a comparable ratio of amount of investment to value of output.

Cost of Production—Comparison

Relative costs of production as compared between some of the industrially advanced countries and this country may also be discussed along similar lines. Let us assume that 70 per cent of the cost of production represents variable costs proportionate to production and 30 per cent represents fixed costs related to overheads, depreciation, interest etc. On the basis of these assumptions, the cost of production may now be estimated.

It is likely that raw materials in this country, either by virtue of costs or quality, may cost about 10 per cent more than in the developed countries. Efficiency of production and of plant may also add about 10 per cent to the variable cost, as it is relatively low in this country. As regards fixed costs of 30 per cent on overheads which may account for about 33 per cent may increase by 100 per cent because of low level of production and productivity, thus adding 10 per cent on the basis of the overall cost of production. Depreciation and interest charges may amount to 67 per cent of the 30 per cent fixed costs, that is, 20 per cent of the overall cost of production. This percentage in turn is affected, first, by the ratio of cost of Indian plant to the foreign plant just discussed above (1.67) and also the ratio of scale of production as reflected in the investment per unit output. The latter ratio in quite a few cases may work out as 1.67, assuming that the economic size of the unit in this country would be about half of an average economic size by international standards in that particular industry. Thus, the cumulative effect of two ratios mentioned here would work out as 1.67 x 1.67=2.80 times by 20 per cent contribution to the overall cost of production on account of fixed charges like depreciation and interest. The figures estimated above may now be summarised as given alongside.

(Cost of Production %)

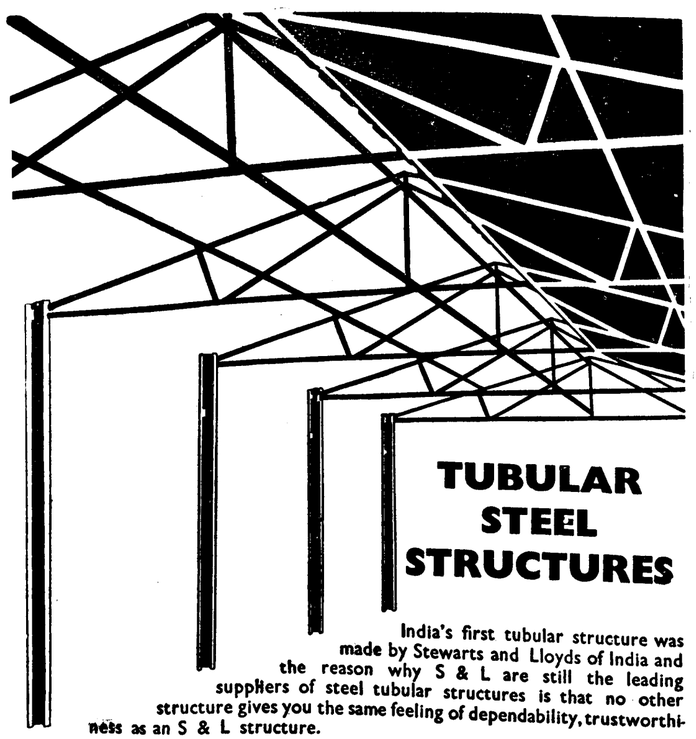
	Foreign basis	Indian basis	
Variable costs	70%		70%
Raw materials		10% of 70%	+ 7%
Efficiency		10% of 70%	+ 7%
Fixed costs	30%	30%	+30%
as follows:			
(a) Overheads		33% of 30% =10%	+10%
(b) Depreciation, etc.		67% of 30% =20%	
influenced by:			
Cost ratio of Indian plant to foreign plant		1.67	
Ratio of investment/output due to scale foreign		1.67	
Cumulative effect		1.67×1.67 =2.8	
Other fixed charges		2.8×20%	+56%
Total cost of production	100%		180%

As may be seen from the above figures, the Indian costs are higher than the foreign costs for reasons which are identifiable relatively easily. The question, however, is not only about the identification but also about the remedial measures for reducing the Indian costs to the maximum extent practicable.

Not much can be done regarding quality of raw materials, especially if such raw materials are intrinsically inferior even though available locally in abundance. However, with due care in selection, quality control and proper purchase policy, it should be possible to make substantial improvements in the raw material economics by way of quality, price and transport. These aspects should also be considered at the time of deciding location of a project which should be fixed only after obtaining full satisfaction regarding availability of requisite quality and quantity of major raw materials at reasonable prices.

As regards efficiency of conversion of raw materials and that of operation of the plant, it should be possible to achieve high levels by adopting properly planned training programmes and scientific control of production and management. Design and selection of the plant and equipment and major process steps should also be so undertaken as to ensure the maximum available efficiency in that particular technology.

If as a result of economic studies it is found that a project could be located at a port and could produce the product sufficiently cheaply, provided the scale of production is made substantially larger than the magnitude



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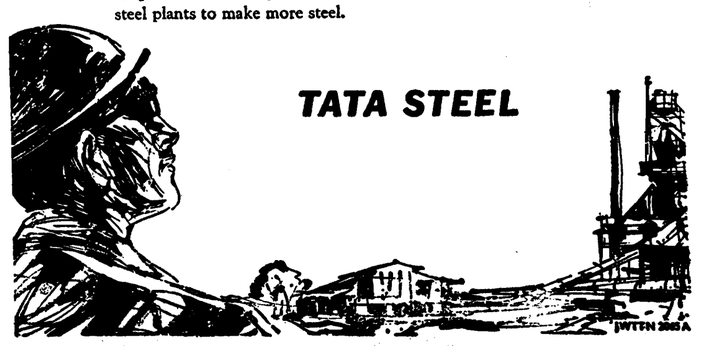

TATA STEEL

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of immediate demand in the country would justify, then it may be possible to export surplus production from an over-capacity plant until adequate market is built up within the country for its entire production. Modern processes where continuity of operation and use of proper instruments and automatic controls lead to substantial economies in investment per unit, output and cost of production are particularly amenable to the economies of large-scale production.

It is better to have only a few plants with high production capacity per unit than to have a large number of plants with relatively small output per unit. Regional dispersal of factories should only be considered as a secondary instrument of policy as compared with the important objective of producing the products as economic prices.

Consequences of Indigenous Equipment

It would naturally help if the cost ratio of Indian plant to foreign plant could also be reduced. This may, however, be particularly difficult, in view of the fact that manufacture of more and more equipment is being undertaken in the country and hence progressive shift from imported equipment to indigenous equipment is bound to proceed at a rapid pace. The manufacture of indigenous equipment in specialised industries could, however, be undertaken only by a small number of workshops and factories in each field. There are, therefore, certain economic and technological consequences of increasing the use of indigenous equipment in the place of imported equipment some of which are listed below:

(a) Increased cost of total plant facilities because of relatively higher cost of indigenous components.

(b) Delayed execution of the projects due to long deliveries from the indigenous manufacturers which may be due to limited plant capacities, large number of pending orders and difficulties of getting structural materials and complex but vital components.

(c) Restrictions in technological choice about design, size, capacity, flexibility and quality.

(d) Partial obsolescence of processes, techniques and equipment.

(e) Loss of availability of technical know-how and engineering services, normally obtainable from foreign plant suppliers and process manufacturers.

(f) Adverse effect on competitive position of our exports of the manufactured goods as a result of the above factors.

The above observations definitely do not form the arguments against the increasing use of indigenous equipment. These are mentioned here only to highlight the nature of the problems involved in this transition from imported to indigenous plant and equipment. We will have to find some way to ensure that the benefits of research and development and technological improvements of processes, techniques and equipments continue to flow from abroad and are not halted because of our lack of interest in the purchase of imported equipment. This could perhaps be done along the following lines:

(1) Encouraging the bright students to proceed for advanced studies abroad.

(2) Technical collaboration at know-how design level from consultants and engineering contracting firms of repute from various advanced countries.

(3) Operation of a suitable patent system to ensure availability of progressive technical know-how.

(4) Industrywise research and development associations, with periodic exchange of personnel between industry and research institutions.

(5) Introduction of comprehensive cost reduction advisory services, with specialised sections for various industries.

The abovementioned considerations would also broadly apply when various industries have to learn to depend progressively on Indian personnel for all types of complex technological services as against their present dependence on foreign personnel. However, it is reassuring to note that, in a few industries, Indian technologists have already undertaken complicated technological tasks independently and have achieved results comparable with those expected from the reputed foreign experts.

"Fractional Distillation" of Industrial Units

In order to arrest this unhealthy trend of rise in costs, positive efforts at what may be described as "fractional distillation" of industrial units under heat of rising costs and pressure of competition have to be directed. Under such conditions, various units in each of the major industries should be scrutinised and those which are found to be inefficient and incapable of substantial improvement through application of modern concepts of technological and management efficiencies would have to be closed down forthwith. This action would release raw materials, foreign exchange and management personnel for better production activities elsewhere. Those units which are run relatively efficiently at their particular level of production should be given scope for immediate expansion to the economic scale of production with reference to their particular industry. As regards the new units, these should be encouraged only after detailed investigations regarding techno-economic aspects and should be installed only in economic sizes at proper locations after ensuring that the modern know-how techniques and plant would be available.

In a country like ours where the capital resources are scarce and unemployment situation is serious, the fractional distillation suggested above may run into practical difficulties. Establishment of new units would require considerable capital, while the closing down of inefficient units would throw a large number of people out of employment. In these circumstances, the best use of scarce capital resources could be ensured by expansion of the present efficient units to economic sizes wherever feasible. The closing down of inefficient units should, however, be considered unavoidable and should not be delayed and the problem of finding employment for the discharged labour from such units should be handled by providing proper facilities for training and employment exchanges.

Matching of Demand and Production

One of the major causes of rise in costs is time-lag between the growth of demand and the availability of goods and services from the increased production to meet the growing demand. When it is realised that the demand has grown up and a new unit of economic size should be installed, it would be another three to five years before the production of the proposed unit could be realised by which time the demand will have grown even further. It is, therefore, necessary to cut down the average time-interval of implementation between planning and production to the bare minimum. This would require that almost continuous surveys on industry-wise basis should be carried out in different parts of the country with regard to main factors of production such as availability of raw materials, their reserves and quality, power and water resources, transport facilities and pattern of demand. If the results of such surveys are made widely available and the potential locations for various industries are studied in advance, the period of project development and implementation could be considerably cut down to a reasonable level. This would also have the advantage of not only making the production available relatively quickly but also of keeping the investment costs within the estimated figures.

To sum up, from what has been stated above, it would be obvious that relatively higher costs of investment and higher costs of production would be inevitable during the next few years as compared with international standards. We have, however, to endeavour to keep the excess at the minimum level by adopting modern technology, economic plant size, proper care in selecting location and reduction in time-lag between growth of demand and availability of production by preliminary techno-economic surveys. Indigenous talent and indigenous equipment manufacturing activities would have to be encouraged in the interest of long-term development. Reduction of costs all round is a continuous process and the nation at the individual, as well as the collective, level would have to be incessantly keeping a watch over the situation so as to keep the price structure under reasonable control. Only then will we be able to reach the so-called "take-off" stage in technology and economy.

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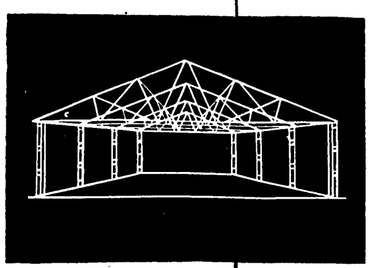

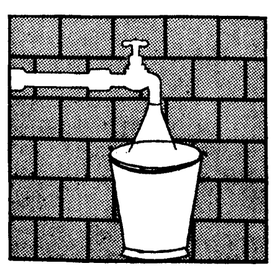

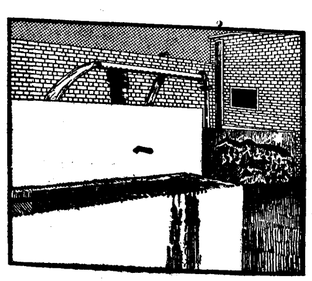

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PIPES FOR PROGRESS

WHAT IS WRONG WITH FOOD PRODUCTION?—I

By S. Ramayya, I.A. and A.S. (Retd.)

WE started planning in India in right earnest from 1950 and have passed through two Five-year Plans and 3½ years of the third Plan. It is time to make an evaluation of the progress. When the Plan implementation began in the early fifties, our national income was about Rs. 10,000 crores at 1960-61 prices. Our objectives were then, or somewhat later when we reviewed the position in 1955, to double this national income to Rs. 20,000 crores, by about 1967-68, in 17 years, with an annual growth rate of 5 per cent. Similarly, our idea was to double our *per capita income* of Rs. 284 in 1950-51 (at 1960-61 prices) to Rs. 568 by 1973-74 in 22 years. The assumption was that population would grow at 1½ per cent a year. The country was very hopeful about the results.

Let us see how far we have realised these expectations. We did invest about Rs. 3,500 crores in the first Five-year Plan, Rs. 6,750 crores in the second Five-year Plan, and till now about Rs. 6,000 crores in the third Five-year Plan, in all about Rs. 16,000 crores. Our national income in 1963-64 is of the order of Rs. 15,000 crores. An increase of Rs. 5,000 crores for an investment of Rs. 16,000 crores cannot be said to be unsatisfactory from an overall growth point of view since it has given a capital output ratio of 3:1. It has, however, fallen far short of our original expectations. In 13 years, our national income has increased only by 50 per cent, instead of the 82 per cent we wanted. Our *per capita* income has improved only to Rs. 330 from Rs. 284, a growth of 16 per cent, instead of the 60 per cent that we contemplated. The total income growth has been a bare 4 per cent, instead of the 5 per cent thought of, while the *per capita* growth has been 1½ per cent, instead of 4½ per cent expected. Meanwhile, the growth of the population has been more than we bargained. Between 1951 and 1956, it grew at 1.86 per cent. In the period 1956-61, it expanded at a rate of 2.18 per cent. In the last three years, it is almost an explosion, the rate being about 2.3 per cent.

Agricultural Sector: An Overall Picture

Apart from the population explosion, the most alarming symptom today is the snail's pace of growth of the national income at 2.4 per cent in 1961-62 and 2.6 per cent in 1962-63, though in 1963-64 it is slightly better at over 4 per cent. Sector-wise analysis has to be done to locate the weak spots. In such an exercise it does not take one very long to pinpoint the weak sector, namely, agriculture. Let us now get a complete picture of this sick area. I am restricting myself only to the food production side of the agricultural sector and all figures and statistics below relate to it, omitting plantations, cash crops, fibres, etc.

An overall picture may first be taken. The food crops in the agricultural sector accounts for one-third of national product—about Rs. 5,000 crores. It, however, employs nearly two-thirds of the population of about 46 crores today. Concretely, we can say 30 crores of people, or about 5 crores of families, live by producing food in India. Already its poverty is apparent. Further aggregate analysis confirms this. In direct tax contributions in the shape of land revenues (omitting water rates which are really prices paid by the farmers for water supplied by the State), this sector may now contribute about Rs. 50 to Rs. 60 crores. In indirect revenue, in the shape of excise (import and export duties can be excluded) we cannot rate its effort beyond Rs. 12 *per capita*, that is, in all Rs. 30 crores×12=Rs. 360 crores. Consequently, out of a total revenue of about Rs. 2,600 crores in the present-day India, State and Central, the agricultural sector (covering food crops only) cannot at its best, give more than Rs. 400 crores, about 8 per cent of its product. The All-India tax effort is over 17 per cent of the national product. The other sectors have, therefore, to contribute more to make up the deficiencies of the agricultural side.

Even if we allow Rs. 10 *per capita* as saving by the food producers (and this is doubtful), this sector cannot contribute more than Rs. 300 crores as national saving, that is, a bare 6 per cent of its production, while net domestic savings has reached over 8 per cent in 1960 itself. We not only see the utter poverty of this sector but also how other sectors have to make up for its shortcomings.

In the first Plan, calculations show (I have indicated the method in detail below) that we invested about Rs. 700 crores for food production and an additional output of Rs. 600 crores can be estimated as a result thereof. Similarly in the second Plan, we invested about Rs. 800 crores and extra output was of the order of Rs. 700 crores. In other words, for Rs. 1,500 crores investment in the two Plans in the food sector, we got an additional output of Rs. 1,300 crores, that is, a capital output of 100 to 86. There is nothing surprising about this result. We mainly concentrated in the promotion of medium and minor irrigation schemes, did some work in providing fertilisers, improving research, etc. and they all paid quickly. The farmer's incentive was not curbed, but prices rose quickly. The technical improvements possible yielded quick results.

When we come to the third Plan we get surprising results. I give some detailed figures below:

Plan Outlay
(Third Five-year Plan)
(In crores of rupees)

			Investments in public sector
Agriculture: C. D. Schemes:	226crores / 126 crores	50% of 352 crores may be taken as investment	176
Total	352		
Soil conservation			72
Major irrigation			600
Minor irrigation			176
		Total investment	1,024
Deduct 10 per cent. for non-food area investment			100
Net investment in food in public sector			924
Take approximately 60 per cent. of Rs. 925 crores for private sector investment (on page 31 of the III Plan summary the figure given is Rs. 850 crores)			555
		Total	1,479

Say, a total of Rs. 1,500 crores investment in third Plan for food. Of this, the proportion for the first three years: Rs. 500 crores.

As against this outlay, the production of foodstuff (in million tons) was:

		+ or —
1960-61 Base year	80.97	
1961-62	81.036	+0.07
1962-63	78.75	—2.22
1962-64	80.00	—0.97
Total		—3.12

It will be seen that the net result over the three-year period is 3 million tons *minus* in production. At Rs. 500 per ton approximately, the *minus* production in terms of value is of the order of Rs. 150 crores. Rs. 500 crores invested has produced a *minus* production of Rs. 150 crores. This is a very serious matter which requires analysis.

Other Symptoms of the Malady

Today's 46 crores of Indian population at the minimum ration of 16 ounces a day require about 85 million tons of cereals. We have already seen how from 1961-62 our food production has refused to move beyond 80 million tons. No wonder our imports of foodstuff have now become chronic and at about 5 million tons a year consume precious foreign exchange to the tune of about Rs. 130 to 150 crores. We can ill afford this outlay, seeing that our nascent industries are struggling for foreign exchange.

Another alarming feature is the day-by-day increase in food prices. The wholesale index for rice in January 1956 was 77 (base 1952-53=100) and in August 1964 it is 146. In the last eight months of 1964, rice prices have shot up by 26 points. The case is more or less similar with all other cereals. Everybody is fully aware of the consequences of such a price spiral. Economically, it hits hard the urban middle class, the industrial worker and the proletariat who come to cities in search of odd jobs. It equally affects the rural landless labourer and artisans who are paid in cash. It leads to agitation for rise in wages and salaries, provoking cost inflation problems in industry, Government services and even in agriculture. To the middle class, life is becoming a nightmare. Problems of social unrest, law and order are there for anybody to see. It may lead to chaos and political disorder.

One extremely bad result which is becoming clearer day-by-day is the aggravation of inflation by this agricultural investment. Today's inflation in India is a vast subject and requires elaborate treatment. It is becoming a hydra-headed monster in our developing economy and we are getting worried over it. That agricultural investment in the third Five-year Plan should lead to inflation is a new phenomenon which should be carefully understood. This did not happen in the first two Plans when the agricultural output was fairly good.

It is a well-known fact that any *additional investment* expenditure has a dual effect. It first generates money income by its multiplier effect. Meanwhile, the *total investment* increases productive capacity by a new factory or a new dam. The new productive capacity adds to the marginal income ultimately. The income generated by the expenditure proper with its multiplier effect will produce certain amount of inflation till overtaken by the additional output. If Rs. 170 crores are invested in food production every year of the third Plan, it will generate, with, say, 3 as multiplier, an immediate additional income of Rs. 500 crores. Meanwhile, the additional production from agriculture with a good capital-output ratio of 80 per cent will swell to Rs. 400 crores or so. The income generated and output gained will and should match soon with neither inflation or deflation.

These are, of course, ideal conditions rarely met with even in advanced countries. We, however, expect some return at least, for an investment of Rs. 170 crores a year in additional output. It may be 20 or 30 or 40 per cent. In agriculture it should be 75 to 80 per cent. The awful fact is that we are not getting any such return. It follows that the investment simply by its multiplier effect only generates additional money income and inflation sets in with no balance of output to absorb it on the other side of the equation. Worse still, there is a *minus* return of Rs. 50 crores annually, that is, something like disinvestment. The annual investment of Rs. 170 crores is not only abortive in return but it leads to further disinvestment! Why then invest such money on agriculture to the tune of Rs. 3,000 crores in the third Plan? Is it not a colossal waste? This is a very serious matter, indeed, and requires a deep probe.

Our Objectives and Superficial Remedies

We should be very clear about our objectives in the agricultural sector. There are no two opinions about the need for ample food production for the existing and growing population. The 70 per cent rural and subsistence cultivators naturally consume two-thirds of their production in kind. The one-third surplus which is consumed by the urban people should be sold to them at reasonable prices. The non-agricultural sector is none too rich and cannot afford to pay fancy prices. At the same time, the farmers should also be paid their cost of production, as well as a reasonable profit, and should not be put to any loss or penalised in any way Otherwise, there will be no incentive for them to increase food production.

More than that, what is our view regarding the agricultural sector? We still seem to be labouring under a good deal of confusion by mixing mediæval and modern ideas. Our present-day thinking should be to treat it as a major productive sector (now sick and unproductive in underdeveloped India), get the best *per capita* income for the farmers, make them save as much as possible, reinvest the savings there and in other sectors and steadily get it out of the morass into which it has sunk. In the late nineteenth century Japan, the savings were from agriculture to industry. To treat it as an object of pity, pour all our sympathies and sentiments into it, look at it as if it is there for purposes of charity only, are all false notions and will be productive of no result. We should, therefore, carefully see whether all our hullabaloo and palliatives will improve production in this sector. The poor monsoon which has been with us, and is going to be with us, for thousands of years, is the first scapegoat. The distribution side is the next. We should certainly remedy any defects therein but nobody can agree that huge State trading will improve production which is the need of the hour. More fertilisers, pesticides, better implements, cheap credit, big warehouses are all good in their own way. They will not, however, solve the fundamentals of the problem. More dubious remedies are: importing rice mills, when 5,000 rice mills in the country have barely a month's work in a year, long-standing subsidies for irrigation water or fertilisers to farmers, cheap grains to the proletariat, control of prices, levy, etc. All these may have some temporary effect but we should go to the root of the matter and see what is wrong with this sector.

(To be continued)

BUSINESS NEWS FROM EUROPE

JAPAN'S NEW SHIPPING THREAT

EUROPE'S SHARE IN FOREIGN AID EXPECTED TO FALL

From Our Special Correspondent

A PLAN reported for Japan to double her merchant fleet in the next four years could have a serious double-edged effect in Europe if it succeeds. It will produce a glut of shipping on the carrying side and tend to make Japanese yards even more efficient and able to produce at low cost. The glut of shipping is probably the more serious, since there is already an overstretched market. Ship charterers are finding increasing difficulty in filling holds, particularly in the Pacific.

Although Britain would be hit most hard, especially in the Pacific, the high-cost American fleet, much of it already forced out of service by the Europeans, would take another hammering. The second consequence—more efficiency in the yards—would also hit Britain, where orders have been falling steadily. But it would also affect those European nations such as Norway and Sweden which have worked hard to bring down costs and increase efficiency in their own yards.

If the Japanese plan works out, it would mean the expansion of her ocean-going fleet to 17.2 to 17.6 million tons, still behind the British figure but way ahead of almost every other maritime nation in the world. There have been some doubts expressed that the Japanese may not be able to reach the target figure, but it is not thought that too much store should be put on these. Japan has both the unused capacity and the labour available to make the plan a reality. Projects for half a dozen docks for the construction of 150,000-ton tankers and upward in the past year are only the most spectacular of a number of new investments.

Europe Lends Less

World foreign aid is expected to rise this year by eight to nine per cent—but the European share of the distribution is likely to fall. Net official aid is thought likely to reach 6,600 million dollars from 6,075 million dollars in 1963. The European contribution may well fall for the third year running to under 1,900 million dollars. To the figure of official aid must be added private direct investment and guaranteed export credits for longer terms than five years which, according to the Development Assistance Committee of the Organisation for Economic Co-operation and Development, qualifies as long-term aid. When all these items are included, the total long-term aid this year is expected to be over 9,000 million dollars.

That foreign aid will increase this year is largely due to the policies of the American Government. Since 1960, U.S. aid has increased by nearly one-third, from 2,817 million dollars to 3,844 million dollars and should be well above 4,000 million this year. After rising to 2,256 million dollars between 1960 and 1961, the European amount has since slid down to 1,960 million dollars, and there are reasons for believing that this year will show a further falling-away.

Italy's economic and balance of payments problems caused a general retrenchment earlier in the year which will have affected her lending; France is running down her lending as her commitments in Africa, particularly Algeria, become fewer; and Germany has tended to devote less to foreign aid for the past four years, though this year may see a slowing in the rate of decline.

The European aid record is not considered outstanding and to have decreased at a time when the underdeveloped countries of the world are seeking more working capital is thought to be an unfortunate trend.

Half the European lending is provided by two countries—France and Britain. Most of France's goes to her former African territories and is tending to be run down as she becomes less involved with them. Similarly, a considerable proportion of British lending is to her allied territories in the sterling area.

By far the largest part of the flow of assistance to less-developed countries is through bilateral arrangements. As a method of helping the recipient countries bilateral lending is not necessarily the best form since it ties them to the donor. But the economies of the donors have to be considered and it is thought unlikely that there will be much of a move away from this form of lending in the near future.

The biggest proportionate increases in bilateral lending last year were made, in Europe, by Italy and Norway, which both doubled their contributions. Small decreases were recorded by France, the Netherlands and Britain. The decrease by the Dutch was due to the discontinuation of bilateral assistance to Western New Guinea, which had amounted to 30 million dollars in 1962.

The flow of private investment is still an important contribution to foreign aid, but few countries achieve a substantial amount and most of which does take place is to develop oilfields or search for more petroleum. The United States is the only major supplier of private investment and the largest part of that goes to South America (principally Venezuela) to develop oil.

Although Germany's contribution to aid has fallen over the last four years her help is still made to the greatest number of countries—about 90. This surpasses the number of countries which the United States helps—about 70.

Britain and France are both tending to give their aid over a wider field, but the Belgians still incline to concentrate much of their aid on Africa because of their previous associations with the Continent.

Behind the greater diversification of the geographic pattern lies less exclusive concentration on former dependent territories, a realisation that aid must be spread even more evenly and more widely, and a reflection of actual or desired trade patterns. This is especially so of Germany where aid is seen very much as a help to trade.

More Medium-sized Firms

The noticeable trend towards concentration in European industry does not appear to have affected the growth, or profitability, of medium-sized firms. A survey undertaken in Germany showed that the country's large industries have grown over the past decade but there are more medium firms now than ever before. A part of the reason for the continued growth of the medium-sized firm has been the maintenance of economic expansion. But more important has been the attack on monopolistic practices which has allowed the smaller firm to compete, and expand, at the expense of cartels and other monopoly organisations.

The survey discovered that, out of 30 major industrial branches in Germany, there were more firms in existence now than 10 years ago. Only eight branches had fewer firms. The major firms have expanded because of the need for increased capital which goes hand-in-hand with technical progress. Competition from abroad is also rising, causing European firms to be more growth conscious, and it has been necessary to safeguard sources of raw materials, which can be more easily done by larger firms.

The large European firms had a particularly good year in 1963—better than the American, which also had a good year. Combined sales of the world's 200 leading non-American firms rose by 10 per cent over 1962, as compared with seven per cent for the leading 500 American companies. Apart from Japan, a few European countries dominate this list of 200. Fifty-three of them are British, 33 German, 25 French. Altogether Europe accounts for 141 of the 200.

Of the major industry groups, the car companies showed the biggest rise in sales last year; the 14 among the 200 recorded a gain of nearly 12 per cent. The list would have been 15, if Simca, of France, had not dropped out on being taken over by Chrysler. In 1962, it was safely in the upper central position in the table, being 90th. The largest single firm by a long way was the Royal Dutch/Shell Petroleum group, whose sales touched £2,330 million last year. Another British-Dutch company, Unilever, was second, with £1,530 million (and Britain's state-owned National Coal Board third with almost £900 million).

For a small country, the Netherlands did exceptionally well by having a third company in the top 10, Philips' Gloeilampen-fabrieken at number seven, the only company in the first 10 to move up one place during the year. Only Germany—Volkswagen at 8 and Siemens at 9—had more than one company in the 10. There was a long drop before the next Dutch company appeared, the chemical firm AKU being 45th, a rise of two places over 1962.

First Swiss firm was Nestle at fifth, first Italian Fiat at 10th. Other leading national companies were Rhone-Poulenc, the French chemical group at 18, a drop of three places during the year, ARBED, the Luxembourg iron and steel firm at 38, Belgium's Petrofina at 50, KF, the Swedish Co-operative Union at 54, and Austria's VOEST, which produces iron and steel, at 169. No representative of Norway, Denmark, Finland, Spain, Portugal, Greece or Turkey appeared in the list.

The degree of concentration in certain industrial group is shown by the appearance of a small number of them in the first twenty. Eliminating two nationalised coal industries—in Britain and France—five automobile firms, four chemical firms and three electricals appear. There are also two firms each producing petroleum, foodstuffs and iron and steel. The same pattern recurs in the next 20: there are seven iron and steel firms, three each from petroleum and electricals, two from chemicals and one each from food and automobiles. Six industrial groups are, therefore, represented by 31 firms out of the leading 40, a pertinent comment on the degree of concentration.

Most E.E.C. Produce Now Under Rules

With the entry into force of new rules covering dairy, beef and veal production, more than 85 per cent of the Common Market's farm production is now within Community regulations. Cattle-raising and dairy production are the most important source of farm income in the Common Market. The new regulations for milk products, of which the Community is normally a net exporter, are based on a market system of import levies, export refunds and target prices.

Butter is to get special treatment. If the price falls too much, there will be market intervention to uphold it. Butter exports will be through a licence system. Because of the wide variety of cheeses produced by E.E.C. farmers, the target price will be fixed by groups.

In the transitional period up to 1970, when the full community structure comes into force, E.E.C. member countries will gradually align prices and cut subsidy payments to farmers. For beef, of which the E.E.C. is a net importer, the system adopted is liberalisation of imports and a continuation of customs duties at their current levels. If the market situation changes, then the levy system can be introduced. There are still target prices for Community farmers.

Red Trade Star in India

Russia is making a big attempt to win a large share of the Indian market. A new trade agreement is expected soon which will show that two-way trade between the countries should rise by about 40 per cent next year. The Russian authorities are in a particularly strong position to meet Indian demands because Russia is not tied over export credits as most Western countries are. India needs more industrial goods but cannot afford to pay immediately for them. Therefore she wants long-term credits.

The West is bound by the Berne agreement that export credits should exceed five years only in exceptional circumstances. And, although a number of European countries have broken this understanding (ironically, mostly in their trade with Russia), it still holds generally. Russia can offer whatever terms she like and is no way bound by Western "rules." Next year's increase comes on top of a 70 per cent expansion in trade to £127.4 million this year and a tenfold expansion over the last 10 years.

One of the European nations to be hit from this trade expansion will be West Germany, which has been building up trade successfully with India over the last five years or so. British trade could also be affected, but, on the rest of Europe, the consequences are thought likely to be no more than marginal.

Italian Washing-Machine Drive

Italy is about to make an all-out attack on Europe with its washing machines. Based on the rapid growth of the home market over the past three years, it is now set to expand abroad at a fast rate. Since 1957, washing-machine production has leapt ahead in Italy. In that year 78,500 machines were produced; by 1962, the figure had risen to half a million. This year production is expected to top the million mark.

The average rate of growth has been about 50 per cent a year.

It is to maintain this rate of growth that the Italians are moving outwards. Although only one in two Italian homes has a machine, this figure is probably second only to the Dutch in Europe and is almost certainly reaching saturation point. Main spearhead of the sales drive is thought to be in Britain, where the Italians have already achieved a considerable bridge-head through agreements with local producers and agents. There is also likely to be an intense drive in Italy's Common Market partners, France and West Germany. France probably has the fewest machines per head in the Six and, while West German demand has been rising in the past two years, there is thought to be a lot of room for expansion.

Italy's competitive position has arisen from the willingness of the producers to plough back profits into productive investment and the almost fanatical lengths firms will go to to introduce automation at every possible stage of production. Further drives will take place in Switzerland, Scandinavia and Austria, where there is already a ready acceptance of domestic appliances, but it will be some years before the Italians make a line for Spain or Portugal.

Portugal: Defence Still the Problem

Large increases in exports, receipts from tourism and remittances from nationals living abroad have helped to meet difficult economic problems in Portugal this year. To a considerable extent these problems stem from high defence spending which has made short-term economic stability dependent on the maintenance of financial stability. At present levels of output and consumption, especially taking into account the country's need for economic development, the authorities are constantly having to avoid deflationary tendencies. Gold and foreign reserves, however, remain at a high level and the balance of payments provides a substantial margin for a policy aimed at speeding industrial production and investment.

The Portuguese authorities have decided to follow the long, five-year, development plan, ending this year, with a shorter one for 1965-67. If it is to succeed, it will, it is thought, need a much more active role from the public authorities. This year should see a big increase, about 24 per cent, in investment expenditure over last year. Foreign credits are expected to meet about a third of this outlay.

In spite of the increased investment, Portugal is still unable to absorb all its labour force and there is persistent unemployment. Even migration abroad, much of which is illegal and therefore concealed in the official statistics, has done little to help the problem. Net emigration is expected to be about 50,000 this year, though the real figure is probably three or four times as large.

Israel Farm Plan

Israel is to raise farm output by 40 per cent over the next five years. The Israeli Ministry of Agriculture said that increased output would come from a relatively marginal—seven per cent—increase in the labour force. At the top of the programme is a 35 per cent rise in vegetable production. Milk production is planned to increase by 27 per cent and egg output by 28 per cent during the next five years. Commercial crops, however, are expected to expand by only eight per cent. The plan shows that Israel is pressing on with greater diversification of farming. Market gardening is to become increasingly important, in view of good sales prospects for Israeli produce in Europe and parts of Africa.

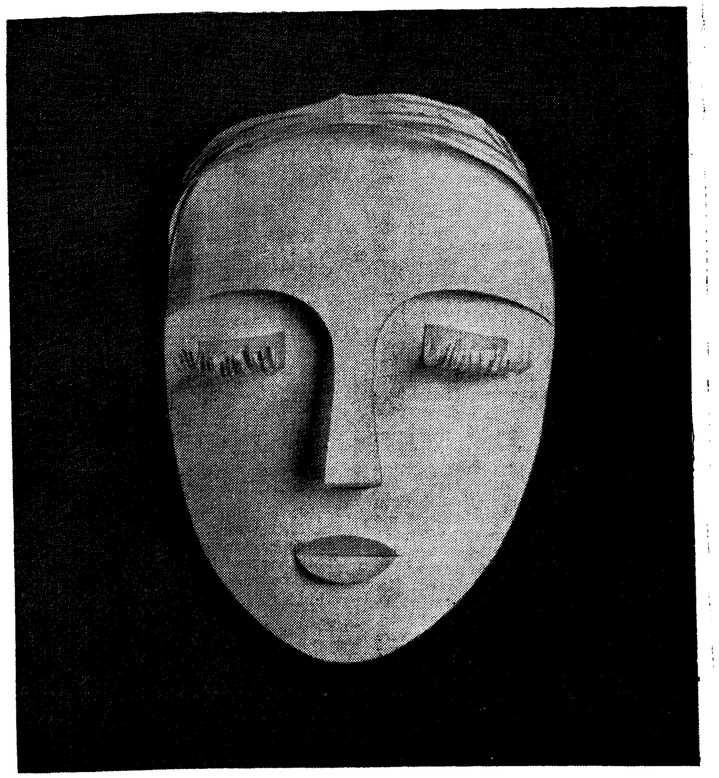
Topical Briefs

Increased imports of *Japanese* sewing machines next year are likely to make the European market much more competitive. Not all the European countries are apprehensive about the increased competition but all know that profits and margins will be cut. The extent to which they are cut will depend on the extent to which national markets are largely made up of the cheaper machines, where Japanese competition will be most severe. In Britain, the Japanese have already had success with their low-priced machines. But the British market probably now comprises 40 per cent in the higher-price ranges and imports are not thought likely to have much effect here. Other European countries may be more susceptible to Japanese pressure, because the sewing machine is a more important domestic appliance. In Switzerland, for instance, the rate of purchase is thought to be double the British. Italy and Spain are also likely to suffer from the imports. Spain has been building up its industry recently, especially in cheaper models.

Bankers in *West Germany* are continuing their attack on a withholding tax on non-residents' incomes from German bonds. The tax is wanted by both the Government and the Bundesbank for balance of payments reasons. It was made known earlier in the year when the Government was afraid of an inflationary influx of capital from abroad. But the bankers now think the position may have been reversed and the economy be thankful for any inflow of capital. The bankers argue that the country's international payments have undergone a fundamental change since the spring and that the withholding tax has lost its point. To some extent, the reserves support this. From end-March to end-September, they declined by £55 million, of which some £45 million was probably due to the repatriation of foreign-owned bonds caused by the threat of the tax. But the Government is determined to press on with the tax even though the original deadline—June 20—has long since passed.

Shipyards in *Britain* showed a fall in orders in the third quarter of the year. New orders, at 113,000 gross tons, have been admitted to be disappointing and are only a third of the volume of work needed to keep the industry at full capacity. If business continues at this rate it is expected that there will be a considerable amount of unemployment in the yards within the next 18 months, possibly sooner. The total for the quarter represents a sharp fall below the level of ordering in the first half of the year and it is thought that the latest figures represent a reaction to the Government's £75 million shipbuilding credit scheme. The scheme had been introduced as a once-and-for-all measure to get work back into the yards. It was successful in doing that. But once the credit had been absorbed there was no influx of new, continuing orders. It is thought now that there is likely to be a fairly extensive shake-up in the industry to eliminate the small and unprofitable yards and to create more efficiency, the only yardstick that will win back new orders from abroad.

Price increases have hit a number of *Common Market* countries over the summer. A fairly steep rise is recorded by the Commission in Italy during July and August, despite improvement in the demand and supply position, and Luxembourg also suffered a setback. There has also been an accelerated movement in German prices, where the trend had previously been moderate. France and the Netherlands have stood out against the general trend and increases have been kept within bonds. The growth of industrial production in the Six slackened during the summer. Industrial and consumer spending was at a reduced level in Italy and it was also weak in France. Dutch expansion of output showed signs of slackening, too. Common Market officials believe that German and Belgian production reflects the inelasticity of supply rather than any growth of demand.



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CO-OPERATIVE MOVEMENT IN MAHARASHTRA

BULK OF AGRICULTURAL SECTOR COVERED

MAHARASHTRA is one of the few States in India where the co-operative movement is deeply and firmly established. Although this State has only 9 per cent (39.5 million) of the total population of the country, in terms of deposits, paid-up capital and working capital of all the societies, it accounts for roughly 25 per cent of the corresponding figures (for 1961-62) of the co-operative societies in the whole of India. After independence and especially in the last 13 years of planned development, the co-operative movement has grown to a considerable extent and made striking progress in almost every sphere of activity. Originally conceived for credit purposes, the movement in recent years has become extremely diversified and covers several other fields of economic activity like joint farming, agricultural processing and marketing, sale of consumer goods, industrial production, housing and insurance. Along with the steep increase in the total number of societies, their membership, owned funds and working capital, the co-operative movement has spread its coverage to the State's rural and urban areas alike.

According to data made available by the Government of Maharashtra last week to synchronise with the "Cooperative Week" observed all over the country, the co-operative movement covers nearly 98.4 per cent of the villages and 63 per cent of the population in the Maharashtra State. The total number of all societies has more than doubled—from 16,817 in 1951 to 35,929 in 1964. This approximates to 10.5 per cent of the total number of co-operative societies (341,841) existing in the entire country as at the end of 1961-62. At the end of the co-operative year 1963 (July 1962-June 1963), the aggregate membership of all societies in the Maharashtra State was 5.16 million and their paid-up capital Rs. 76.11 crores. During the same period, the working capital, owned funds and deposits of these societies increased to a considerable extent to Rs. 400 crores, Rs. 104 crores and Rs. 106 crores, respectively. Agricultural credit societies constituted 55 per cent of the co-operative movement in the State and at the end of the co-operative year 1964 (June 1964), the total number of such societies was 19,937. In the last 13 years (1951-1964), the aggregate agricultural finance advanced by them increased from a bare Rs. 5.39 crores to as much as Rs. 56.08 crores.

The growth in the co-operative movement in Maharashtra is reflected to some extent in the progress of the Maharashtra State Co-operative Bank, the apex co-operative bank. The working capital and owned capital of this institution which had risen from Rs. 61.6 crores and Rs. 4.47 crores, at the end of June 1962 to Rs. 65.6 crores and Rs. 5.24 crores by the end of June 1963, advanced further in 1963-64 to Rs. 75.2 crores and Rs. 5.59 crores respectively. The Bank's deposits alone increased from Rs. 25.4 crores to Rs. 35.2 crores in the two-year period. The total loans sanctioned by the Bank were up from Rs. 41.8 crores in June 1963 to Rs. 45.3 crores in June 1964. Even so, there was a perceptible fall in the total amount of Bank's overdues from Rs. 12.79 crores to Rs. 10.09 crores.

Co-operative Credit

In dispensing with co-operative credit—agricultural short-term, agricultural long-term and non-agricultural loans—Maharashtra has been in the forefront, leading other States in the country. As of 1961-62, such advances accounted for 18.4 per cent, 27.5 per cent and 29.8 per cent, respectively, of the corresponding figures for the entire country. In respect of service co-operatives which have received a new momentum in recent years, there were as many as 16,460 societies operating in the State this year. Nearly 8,000 agricultural credit societies have undertaken useful multi-purpose activities such as distribution of manure, seeds and implements and, in some cases, even marketing of agricultural produce. They have thus been helping roughly 67 per cent of the cultivating families in the State, inclusive of the weaker sections of the agriculturists, by providing them with credit facilities and other services.

The progress made in providing long-term credit during the period July 1951 to June 1963 was particularly significant in respect of both loan advanced and shift in the policy governing the purpose of such advances. The stress was placed on land improvement rather than on redemption of old debts and purchase of lands. The long-term advances, which stood at a mere Rs. 12 lakhs in 1950-51, had increased considerably to Rs. 9.59 crores in 1962-63. Most of them were granted for specific productive purposes such as land improvement, construction, repairs of wells and installation of pumps. By successfully floating debentures, the Apex Bank in the State collected during 1962-63 about Rs. 5.50 crores for this purpose.

Co-operative Farming

The development in another important field of co-operative movement, namely, co-operative farming, has also kept pace with the general progress. With a view to increasing agricultural production, the co-operative farming societies (865) both in pilot and non-pilot areas, are helping in stepping up agricultural production. In 1963, the pilot and non-pilot areas together commanded an area of 120,000 acres, including 75,000 acres under cultivation. The State's current Plan (third Five-year Plan) aims at organising 975 co-operative farming societies. In order to propagate joint farming, many State Governments, including Maharashtra, are utilising large tracts of waste land. In addition, nearly 124 lift irrigation societies have been organised in selected places for providing adequate water for irrigation purposes.

Co-operative milk unions and societies and fisheries co-operatives are the other important service co-operatives that have been set up in the State. As many as 901 co-operative milk unions and 243 fisheries co-operatives were in operation at the end of June last. An idea of the valuable services rendered by these co-operatives could be had from the fact that their total sales in 1962-63 were about Rs. three crores.

Marketing Co-operatives

The performance of marketing co-operatives in the last few years was by no means insignificant, considering that their value came to be realised only a few years ago. In 1962-63, the marketing co-operatives (398 excluding apex societies) and other co-operatives such as agricultural credit, processing, etc. handled agricultural produce worth Rs. 37 crores and supplied agricultural requisites worth Rs. 22.31 crores, as against Rs. 32 crores and Rs. 15.81 crores, respectively, in the previous year. The percentage of the value of agricultural produce marketed to total agricultural credit was 84 during 1962-63 as against 76 in 1961-62. These marketing co-operatives also supplied consumers goods worth Rs. 10.42 crores during 1962-63.

As Government agencies, the co-operatives are further supposed to play a prominent role in the procurement of foodgrains. The apex marketing society has received a guarantee of Rs. 15 crores from the Government for this purpose. Maharashtra, of all the States in the country, has the largest number of regulated markets (226) and they facilitate orderly and profitable sale of agricultural produce under proper supervision and open auction.

In the sphere of co-operative processing of agricultural produce also, the State has made significant progress. Maharashtra has been the first State in India to organise sugarcane processing in the co-operative sector, and has at present 20 co-operative sugar factories. The 17 factories that were in operation in the 1962-63 crushing season manufactured 292,000 metric tonnes of sugar (including 51,000 metric tonnes of raw sugar for export). Some 229 (excluding sugar factories) other agricultural processing co-operatives such as cotton ginning and pressing, oil mills, paddy processing, banana processing, *gur* and *khandsari* have been functioning this year in the State. There were even eight co-operative spinning mills by the end of 1963-64. This progress in the processing field was largely due to the initiative taken by the State Government not only in organising them but also in finding the funds. The State Government gives loans to farmers to enable them to subscribe to the capital of the societies, in addition to large loans at favourable rates of interest. The State Bank of India, the Industrial Finance Corporation of India and the State Financial Corporation also provide funds to these societies. In short, these are co-operatives spoon-fed by the State Government and other public-sector organisations.

Industrial Co-operatives

In the field of industrial co-operatives, the movement has made some useful contribution. Of the various industrial co-operatives (4,114) as at the end of last June, the handloom weaving co-operatives (774), the forest labourers (374) and the labour contract societies (676) are said to have progressed well and helped the backward classes and other weaker sections of the community in solving their social and economic problems in a modest way. The production and sales of handloom cloth by weavers' co-operatives in 1962-63 were worth Rs. 6.06 crores and Rs. 7.32 crores, respectively, as against Rs. 4.19 crores and Rs. 5.88 crores in the previous year.

In other socio-economic activities such as housing and consumers stores also the State's achievements are outstanding. Maharashtra has the largest number of housing (3,090) and consumers (1,179) co-operatives as compared with the other States in India. By the end of 1962-63, the capital invested in the form of land and buildings by the housing co-operatives was of the order of Rs. 23 crores, the number of houses and tenements constructed in that year being 10,349. By June 1964, as many as 32 wholesale consumers stores and 1,147 primary consumers stores, excluding consumers sections opened by service co-operatives in rural areas, were in operation. The purchases and sales effected by the wholesale stores during 1962-63 amounted to Rs. 3.04 crores and Rs. 3.05 crores, respectively and that of the primary stores to Rs. 6.28 crores and Rs. 6.7 crores respectively.

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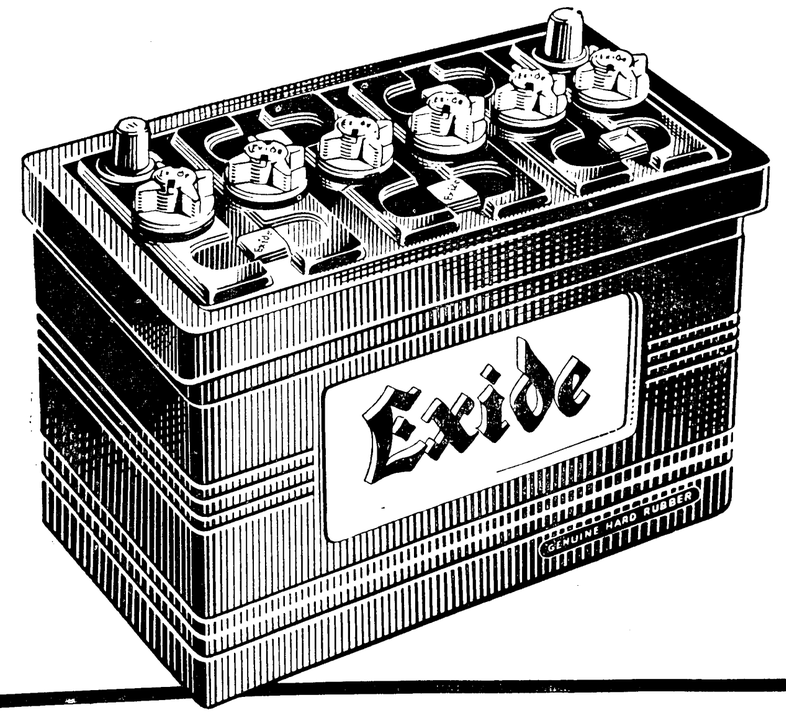

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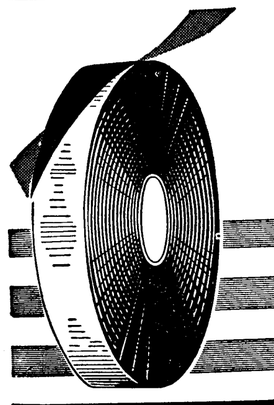

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RENATIONALISATION OF STEEL

TORY AND LABOUR ARGUMENTS HIGHLIGHTED

RENATIONALISATION of the steel industry, it will be recalled, was one of the major planks in the British Labour Party's electoral platform. Now that the Party has been voted to power, albeit with an extremely thin majority, it has announced its readiness to go ahead with nationalisation in the teeth of opposition from the Conservative and Liberal parties. And it has just won, too, in the new Parliament's first division by defeating the Opposition censure amendment on the proposal to renationalise steel by 307 votes to 300. Incidentally, the debate on this amendment has brought to the fore several arguments both for and against the nationalisation proposal. These are presented in the following paragraphs:

The general argument advanced by Mr. Iain Macleod, Conservative Opposition's chief spokesman on the steel issue, is that nationalisation of the steel industry would be "irrelevant to the modernisation of Britain and damaging to the national economy." Specifically, steel nationalisation, according to him, would involve very real problems insofar as "mixed" groups are concerned. For instance, there is the problem of Tube Investments, which has a new £32-million steelworks at Parkgate and which has gone into the steel business mainly to provide steel of the quality it requires for itself. Another example is that of Dorman Long which has a vast steel interest and also other interests in bridge building, engineering and chemicals. Against the Labour argument based on the recent adverse judgment of the Restrictive Practices Court on the Heavy Steel Association's price agreement, Mr. Macleod made the following points:

1. The verdict of the Court is a valid one. There is certainly need for more competition in the steel industry. But the way to ensure more competition is not a vast expansion of State direction and control.

2. The price agreements, though not legally binding, have no doubt been generally operated so that there is no competition in price. But there is competition in quality.

3. Out of 35 restrictive agreements, all of which have been registered, one on scrap has been successfully defended, one on heavy steel has been lost—that amounts to no less than 25 per cent of the British steel output—and six have been abandoned. While one would be right in condemning these agreements, one should also try to understand how they arose. On both sides of the industry they had their origin in past memories and in fears of recession. For 30 years, in good times and bad, in war and in peace, there has been public supervision of uncompetitive prices. The fear of recession has led to it.

4. It is probable, and indeed almost certain, that the other restrictive agreements would have to follow the heavy steel agreement into oblivion. Probably there is another fear behind these agreements, that of excessive capacity brought about largely by Government intervention. Notwithstanding this fear, it is right that these agreements, except those successfully defended before the Court, should go. If the industry is confident that a major recession is unlikely, there could be no reason for their retention. When the agreements are abandoned, it is upto the Government to consider whether the Steel Board should have power over minimum as well as maximum prices.

5. As the main Labour argument in favour of steel nationalisation will fall to the ground if all the restrictive agreements happen to be abandoned, there will be no case for steel nationalisation.

Liberal Party's Stand

The Liberal Party (with its nine members in Parliament) has taken the stand that it is opposed to nationalisation not out of any "blind devotion to free enterprise" but out of the conviction that it will not solve any of the problems of the industry. Unlike the majority of the Conservative Party, it accepts that basic changes are necessary in the steel industry. But it feels that "there are no grounds for believing that a public monopoly, which is what nationalisation really entails, will be any more beneficial to the industry than the present set-up." What the steel industry needs more than anything else at the moment, in the opinion of the Liberal spokesman, is a reasonable degree of certainty as to its future being raised from the dingdong battle between nationalisation and denationalisation. The Liberal Party's latest stand in the light of the parliamentary debate is that, while it opposes a "doctrinaire" take-over of the industry as a whole, it would be prepared to consider a public shareholding in certain major steel firms.

Labour Government's Stand

On behalf of the Government, the Minister for Power, Mr. Fred Lee, has put forward several arguments in support of steel nationalisation. First, whatever may be the case for regulating actual prices charged, this, according to him, should not be left in the hands of those whose first responsibility is to their shareholders rather than to the nation as a whole. Secondly, although for the next four or five years the steel industry should be able to provide the capacity needed to sustain a growth in the national economy of about four per cent annually, it is more than doubtful whether the industry in private ownership would be able to provide capital on a large scale—at the rate of £150 million for a major new works—in the longer term. Thirdly, although the best firms observe the highest standards, consumers seem to have all sorts of doubts about service and quality in the industry as a whole. Fourthly, over the past ten years, British steel prices have increased by one-third; by contrast, in Germany and Holland, prices have gone up by only one-sixth and in France by a little over one-twentieth, while in Italy they have actually fallen. Fifthly, the British steel industry, as of today, is not as efficient as most of its competitors and its prices are rising much more rapidly than theirs.

Sixthly, the Labour Party's criticisms on the lack of expenditure on research have been fully confirmed by the special report which the Iron and Steel Board has made on research. Big changes in the structure of the industry are needed to make modernisation and rationalisation possible. An industry, consisting of a dozen large groups and a very large number of small companies, even though they be prodded by the Steel Board, simply cannot achieve the far-reaching rationalisation which the national situation demands. Seventhly, the steel industry has an inherent tendency towards monopoly and, in almost every producing country, it is subject to special regulations. A great, strong economic power bloc, such as the private monopoly in steel now, is a threat to the progress of democracy; it is a private monopoly not responsible to Parliament and the Government. Eighthly, while in some industries Government ownership of shares might be justified, in the steel industry only public ownership of its *main* part will make it possible to remedy the industry's shortcomings with the speed which the national situation demands and to ensure that the industry plays the part in Britain's economic recovery which it must play. It may be noted here that it is not intended to nationalise the *whole* of the steel industry. Finally, according to the Minister, nationalisation has shown that, under good leadership, it can fight vigorously for sales in difficult markets, can carry through major revolutions in technology and bring about big improvements in efficiency and productivity. Obviously, he must have had in mind the British coal industry which, after nationalisation, has made rapid strides under the leadership of Lord Robens. Although a leader of the Labour Party, Lord Robens accepted the Chairmanship of Coal Board even when the Conservatives were in power and worked hard for the success of nationalisation.

Some Labour Members' Dissent

Two Labour Members of Parliament, however, have openly expressed doubts about the nationalisation proposal. It is said that they cannot be relied upon to follow the party line, if and when a sweeping Steel Nationalisation Bill is actually introduced in Parliament. One of them is Mr. Woodrow Wyatt. He has listed five points which, according to him, must be satisfied in any legislation to make steel flourish. These are:

(*a*) Legislation should be directly and positively designed to improve the efficiency of the steel industry and hence all other industries depending on steel.

(*b*) The actual methods used must carry middle of the road option with it. The latest National Opinion Poll shows that only 24 per cent of people favour nationalisation of steel as they understood it in the old sense. Any legislation should reverse those figures and not confirm them, for otherwise it would be more difficult to win the next election.

(*c*) Alterations in the structure of the steel industry must be made in such a form that the Conservatives will be put in an intolerably embarrassing position if they seek to undo them.

(*d*) Legislation should take a form which the Liberals could at least abstain from voting against.

(*e*) Any nationalisation measure should be as short as possible, for a too contentious Bill would have very little chance with Labour's slender majority in Parliament.

According to Mr. Wyatt and his friends, such a piece of legislation would necessarily involve some compromise. They seem to be firmly of the opinion that 100 per cent old-fashioned style of nationalisation would not be good. Their plea is for bringing the steel industry under *public control* and for achieving a *decisive degree of public ownership* in a new, original and dynamic way that would enable the Government to carry out its plans in that industry without detriment to other promised social benefits. The type of compromise that will finally take shape may depend on the weight of opinion expressed by Labour dissenters like Mr. Wyatt and by the Liberal Party which is anxious to bring about a political armistice on the steel question.

SOVIET AID FOR POWER PROJECTS

For the rapid economic growth of any country, electricity is a basic prerequisite. India has thus assigned a high priority to power projects in the era of planning. And it has made rapid, albeit not wholly adequate, strides in this sphere of the economy, thanks to the aid given by friendly countries like the United States and the Soviet Union. Under the current Plan, the power generating capacity is being increased from 5.7 million k.w. to 12.7 million k.w. The Soviet-aided power projects alone are expected to contribute more than 35 per cent of this projected additional installed capacity.

The role played by the Soviet Union in furthering the economic development of this country, in general, and the development of power, the 'Archilles' heel of industrial development, in particular, is brought out in a nicely got-up booklet, just published by the U.S.S.R. Embassy, New Delhi. This booklet, fourth in the series, *Friendship on the March*, has been published in commemoration of the approaching tenth anniversary of Indo-Soviet co-operation in the economic and technical spheres, which began with the signing of the Bhilai agreement on 2nd February, 1955. It will be followed by several such special numbers on heavy engineering, steel, etc.

The booklet under review deals with the Soviet Union's assistance in power generation. The article by Mr. O. P. Mehrotra provides an insight into the assistance provided in cash and technical know-how. Mr. Tribhuwan Nath has reviewed the setting up and the working of the Neyveli project, India's biggest thermal power plant. It also gives information relating to the projects completed and the projects in erection. Two small statistical tables provide a bird's-eye view of the Soviet-aided power stations financed under credit agreements and the power stations being built under Soviet trade contracts.

The distinctive features of the Soviet-aided power projects, it is claimed, are that (1) no power station has so far given any trouble in operation; (2) the capacities of the units supplied in most of the cases are not less than 50 000 kw. and, in some cases, they are upto 100,000 kw.; and (3) the import of Soviet power equipment does not strain in the least India's valuable foreign exchange resources, for Soviet credits are to be repaid only in Indian currency.

WATER TURBINE OF UNUSUAL SIZE

What is claimed to be the largest water power turbine in the western world, a 302,000 h.p. Francis unit for the Swedish State Power Board's Seitevare power station on the Lilla Lule river, is now under construction at the N.O.H.A.B. engineering works, in Sweden. The turbine is designed for a head of 180.5 m (356 ft.) and a flow of 120 cu. m. (4,240 cu. ft.) per second.

The turbine, which costs about Kr. 4 million, will have a nominal output of 204 MW (277,500 h.p.) and an efficiency of 95.8 per cent. At the permitted overload of 10 per cent. the guaranteed turbine output will be 222 MW, which is equal to 302,000 h.p. The unit will thus be 50 per cent more powerful than the present record unit in Sweden.

The design of the Seitevare turbine includes a number of technical innovations. Thus, every wicket gate is operated individually by a torque servo motor, whereby the operating ring, gate levers, breaking links and coupling bolt are dispensed with. Further, every wicket gate is self-closing, which means that a fast-closing intake gate and an inlet valve can be omitted. The shaft seal is of axial type with the carbon rings rotating with the shaft system. This type of box has proved to require less maintenance than a conventional box of the radial type and offers better accessibility to the carbon rings. By a special design of the seal clearances, the hydraulic load has almost been balanced over the whole load range, and the trust bearing of the unit is only loaded by the weight of the rotating parts of the machine.

SOVIET DIESEL LOCOMOTIVE INDUSTRY

The Soviet diesel locomotive industry celebrated its 40th anniversary recently. This branch of industry has made a big leap in its development in the past few years. Last year the U.S.S.R. manufactured over 1 500 sections of big diesel locomotives. More than 80 per cent of Soviet railways have been switched over to progressive forms of traction—electric and diesel.

At present Soviet plants manufacture diesel locomotives with power transmission and a series of machines with progressive hydraulic transmission and a capacity of up to 3,000 h.p. in each section. The first gas-turbo locomotive with a free-piston gas generator has been developed. Another gas-turbo locomotive, now under construction in the Ukraine, will have twice its

NEW PRODUCTS AND PROCESSES

Cryosorption Pumps

EXTREMELY clean vacuums can now be produced efficiently and economically by a new vacuum pumping system being marketed by Union Carbide. Based on the principle of gas adsorption at cryogenic temperatures, Union Carbide's cryosorption pumps have no moving parts or working fluids, thus completely eliminating the danger of contamination from back-streaming of oil from mechanical or diffusion equipment. The first commercially available Union Carbide unit is the SN-12 cryosorption vacuum pump, which can be used to evacuate volumes up to 20 cubic feet. Pump-down performance is improved if the space to be evacuated is first purged with dry nitrogen gas to eliminate uncondensable gases such as neon and helium. The SN-12 consists essentially of an adsorption chamber packed with molecular sieves which can be sealed in a liquid nitrogen reservoir. The unit is made ready for operation by filling the reservoir with liquid nitrogen which precools the adsorbent to around-320° F. (-195.5° C.) in 10 to 20 minutes. Pump-down begins as soon as the vacuum valve is opened in the pipeline connecting the pump and vacuum chamber.

Operating performances indicate that higher vacuums and faster pumping speeds are obtained with the SN-12 than with other commercially available liquid nitrogen cryosorption pumping systems. An improved reactivation process has also been developed for these new pumping systems. Because it has no moving parts, the SN-12 cryosorption pump is virtually maintenance-free and simple to operate. Its outstanding operating efficiency results from a combination of the high gas adsorption characteristics of Union Carbide's molecular sieve adsorbents and proprietary design features. To regenerate the molecular sieve for another pumping cycle, the gas is desorbed by withdrawing the liquid nitrogen and allowing the adsorbent chamber to warm up to room temperature. Because the molecular sieve adsorbs water preferentially, pump capacity may eventually be reduced by the accumulation of water vapor. Full capacity can be readily restored by purging the bed with heated nitrogen gas. Under Carbide's cryosorption equipment is supplied as individual components, or as packaged vacuum pumping systems complete with pumps, a self-contained liquid nitrogen supply vessel, vacuum manifolding and valving, and electrically heated air blower for warm-up and reactivation.

Kneeling Undercarriage

A new undercarriage that allows a freighter aircraft to "kneel," thus varying the height of its cargo bay to facilitate loading and unloading, has been developed by Sowty Group Ltd., Gloucestershire, England. Each leg of the undercarriage can be adjusted independently. This overcomes the difficulties of cargo handling on rough ground, when aircraft and cargo truck may be lying at different angles. Although intended for the Hawker Siddeley Andover military transport, the undercarriage could be modified to suit other freighters. The new mechanism, no larger than conventional main landing gear, has a "double-decked" arrangement of two shock absorbers mounted in series on a levered-suspension type of undercarriage.

Vacuum Silage

World patent rights are pending for a plastic devise which it is claimed will make vacuum silage economical for many farmers. Developed by two New Zealand companies, Blades Chemicals, of Penrose, Auckland, and Plastic Products, of Hamilton, the device—called "Strip Seal"—has two flexible plastic extrusions which are used to join plastic sheets in an airtight seal. To make vacuum silage, the farmer merely stacks green fodder on a sheet of polythene. Another sheet is laid over the stack and joined to the lower sheet by the "Strip Seal" device. Air is then withdrawn from the plastic "cocoon" through a plastic valve attached to a vacuum pump. This compresses the stack to half its original size. Vacuum pressure, maintained for six to eight hours, kills the fodder by suffocation. Respiration ceases, heat generation stops and the crushed grass remains at the level of consolidation. The method can be used to handle stacks containing between 50 and 500 tons of green fodder. Vacuum loss in storage is only about 5 per cent compared with 25.30 per cent in conventional pit or silo methods.

Kryptonates

A process for incorporating radio-active Krypton 85 into many different solids has been developed by Parametrics, Waltham, Massachusetts, U.S.A. It is called, kryptonation and the resulting materials have been dubbed kryptonates. Krypton 85 is a gas with a half-life of ten years and it emits beta radiation. It is put into a material either by bombardment in the ionsed state or by diffusion under high temperature and pressure. The gas atoms are held inside the crystal lattices. So far some 80 different solid kryptonates have been made from elements, alloys, compounds glasses, rubbers, proteins and plastics. Uses are many—investigation of the erosion of turbine blades, wear of bearings, the properties of refractory metals, and so on.

Intensifier Tubes

Newsimage-intensifier tubes capable of tripling the power of a light telescope have been perfected in the United States. The product of ten years' research by the Carnegie Institution, the U.S. Government, and private industry, 20 of the new tubes will be manufactured over the next two years and made available to observatories throughout the world. According to Dr. Merle Tuve, chief Carnegie astronomer, a number of smaller telescopes in other countries, aided by the new tubes, "could rival the unaided capabilities of the world's largest instruments, giving astronomers markedly increased power to explore the universe, from numerous vantage points all over the world." With the new tube, a 60-inch reflector like several in operation at observatories in the southern and northern hemispheres, would be capable of photographing distant stars and faint celestial objects now obtainable only with a few large instruments. The tube would be like the larger picture tube in a home television set to form an image. But it also intensified the image to form a second and much brighter picture.

Door Mat Attracts Dirt

London Carpet Cleaners, of Furmage Street, Garratt Lane, London, S.W.18, offers a dust-attracting door mat service to offices, industrial premises and similar establishments. Known as the clean-tread mat, it is impregnated with a chemical formulated to attract dust and dirt and is placed at the entrance to a building or room so that people are compelled to walk over it. It measures 54 by 30 inches and is latex-backed.

Aluminium Windows

The Twinslide range of anodised aluminium windows now being introduced by Heywood-Helliwell, of Bayhall Works, Huddersfield, Yorks, England, comprises 25 sizes of double-hung vertical sliding sash windows and 12 sizes of horizontal double rolling windows, with picture windows to match. Suitable for use in any type of building, the windows are supplies glazed, double weaing, the windows are supplies glazed, double weaing, ther-stripped and in a natural satin matt finish. Glazing is by bedding on a butyl ribbon externally and a neoprene insert in the bead internally.

Butyl Roofing

The Esso Petroleum Company in London has manufactured butyl rubber sheet for roofing and other building applications. Esso Butyl has been tested for years in such areas as New Mexico, Utah and Texas. It ages very well and is hardly affected by sunlight, ozone and air pollution. It is almost impervious to water—much more so than, for instance, asphalt. A low-cost roof needing no maintenance can be produced in any shape —even hyperbolic-paraboloids. The material can be bonded to wooden panels for prefabricated roofing. The company has worked at edging and guttering techniques to suit the sheeting. Fire tests on a panel of polystyrene foam between cellulose-asbestos boards and covered with butyl rubber sheeting have been given the rating: External F-AB by the Fire Research Organisation.

Centrifugal Pumps

A Dutch engineering firm, Koninklijke Nederlandsche Machine fabrieh, Postbus 33, Helmond, has manufactured centrifugal pumps for aggressive liquids, whose casings, impellers, pedestals and, if desired, baseplates are made of fibreglass-reinforced epoxy resin. Each of these components consists of a single piece, resulting in continuity of reinforcement and maximum strength. The pumps are manufactured in a number of standard types as either vertical or horizontal units. Their capacities vary from 100 to 2,000 litres per minute and their lifts from 6 to 60 metres (197 ft.) They can be supplied both with stuffing boxes and mechanical seals, and furthermore with or without any desired type of motor. The pumps are resistant to many chemically aggressive media at temperatures up to a maximum of 90°C. Since the principal exterior components are also composed of epoxy resin, the pumps are furthermore suitable for mounting in aggressive atmospheres.

Plastic Cables

Ship's cables made of polypropylene are said to be proof against damage which may be caused by frictional heat, due to a polyester jacket which surrounds each polypropylene strand. Cating Rope Works of Maspeth, New York, the producers of the new material, claim that it has all the advantages of those made from ordinary plastic fibres. They float and will neither absorb water nor rot. The outer Jackets of polyester are said to act as insulators from external or internal frictional heat and to make the cable more resistant to abrasion.

Cement Spreader

A machine which spreads cement of a uniform thickness on bricks and building blocks has been developed by Sapat Patent Holdings (Proprietary), 39, Terminus Street, East London, Cape Province, South Africa. The Company says that the machine includes a hopper which carries the cement, a single guide rail which traverses the wall and a jolting mechanism for spreading an even layer. The machine is operated by the man who is building the wall. He draws it along the top of the wall, then places the next layer of bricks on top of the cement and then draws the machine back in readiness for the placing of another layer of cement.

Atomic Prospects in Petrochemistry

The atomic jinn, dramatically "released" from a bomb about 20 years ago and which has not become less threatening during this period, has been applied for peaceful purposes by Soviet scientists. They have turned the cracking from the thermal into the radiative-thermal (R.T.C.), and thus opened up new "atomic" prospects in petrochemistry. The thermal cracking (fission) is a chain reaction to start which a temperature of 700-900 degrees is needed. Research has shown that such high initial temperature can be dispensed with. In the experiments carried out, radiation has proved to be a sufficiently powerful starter for a chain reaction of breaking molecules. Later a special installation was constructed. Its main working part—a loop-shaped pipe—was introduced into the horizontal channel of a nuclear reactor. It became possible to carry out the cracking by using powerful radiation flows at a temperature ranging from 40 to 600 degrees and a pressure ranging from one to 30 atmospheres. In the course of one cycle, 75 per cent of low grade petrol is turned into so-called unsaturated gases which are perfect raw materials for various chemical processes. The reaction may develop at the same speed as in thermal cracking, but at a temperature 150-200 degrees lower, or at the same temperature but with much higher yield. Besides, the resulting gas has a very simple composition which is an important advantage of the R.T.C. process in comparison with thermal cracking. The most conservative estimates show that one ton of ethylene obtained by the R.T.C. method will be 33.4 per cent cheaper than that obtained by pyrolysis. The efficiency of the specially designed reactor whose capacity is already determined will be very high as it will be able to process in a year several million tons of low octane petrol into valuable chemical products. At the same time, the radiative-thermal cracking consumes only a small fraction of the capacity of the reactor and makes it possible to use it for other radioactive and chemical processes as a source of radiation, of electrical and thermal energy.

Synthetic Cycle Saddles

Cycle saddles have caught up with modern materials. Middlemores (Coventry) Torrington Avenue, Coventry, U.K., a company which made horse saddles over two centuries ago, is now producing cycle saddles of entirely synthetic materials. The first order has already been placed for the new miniwheel cycles. The saddles consist, on top, of a flexible synthetic developed by I.C.I. rather like soft leather. Below this comes a foam sponge and then below this a polystyrene sheet which allows eight chromium springs to slide with little friction. The seat is curved to fit the body.

Musti-cylinder Felt Calender

Dhall Enterprises (Textile and Allied Manufacturers, Sir Chinubhai Road, Khadia, Ahmedabad) of Gujarat, has developed a Multi-Cylinder Felt Calender to give the 'feel' on the cloth similar to the one obtained on the sanforizing machine. It has been developed with such equipment as to discourage the use of sanforizing machines, which are a constant drain on the country's precious foreign exchange resources. Dhall Enterprises currently proposes to carry out research for substituting electricity for steam that is now being used in textile and allied industries for drying cloth. The need to find a substitute for the use of steam for heating and drying has long been felt with the change to electricity of the prime movers, and the exhaust steam was used in drying cloth. Now that electric motors provide the motive power, the steam has to be specially generated for use in drying and heating, which is a costly, crude and inefficient method. Lot of steam is wasted during transportation from boilerhouses to the point of utilisation. The use of electricity for heating and drying is known, but the economical use of electricity and demonstration of its commercial potentialities are the crux of this research. The advantages of this research are: easy, even and uninterrupted availability of fuel; economy of production; ease of handling of fuel amounting to reduction in cost of labour required to handle steam; elimination of wastages during the use of fuel; elimination of coal storage and handling and elimination of boilers to the extent that the major portion of engineering department is eliminated which goes a long way in reducing the cost of production.

Photo Enlarge

Photographers will welcome the advent of Multifoc UV, a newly developed enlarger of VEB Pentacon, which operates without darkroom facilities. The new process of photographic documentation is based on the utilisation of the high percentage of ultraviolet light contained in a 50-Watt extra high-pressure mercury vapour lamp, in combination with the special condenser system, the ultraviolet-sensitive special paper ultracop UV and several other technical features. Its application brings with it an increase in output by 80 per cent. The Multifoc UV will repay its purchasing costs within one month at a 75 per cent capacity utilisation. The new investment was exhibited at the autumn fair in Leipzig, East Germany recently.

Coffee Machine

Rio-Luxus is the name given to a new coffee machine by Allhoff and Wöpke, Leipzig, East Germany. The model, which is believed to have no rival in the world market, possesses separate functions for making standard coffee, mocha and coffee with cream. Output is about 250 cups per hour.

Ceporin

A new antibiotic of great power against a wide range of bacteria has been recently announced by Glaxo. The trade name is Ceporin. Treatment with it is by injection only, whether intravenous or intramuscular. The cost is estimated to be as low as that for the cheapest of the newer penecillins. It will be available to the medical profession according to the *Financial Times*, London, very shortly. Ceporin is strongly bactericidal—that is, it kills bacteria, even gram-negative as well as gram-positive organisms. It is less toxic even than penicillin and can be used for patients allergic to penicillin. It is very quick in its action—in one clinical case for urinary-tract infection the urine was steriled within 24 hours, whereas it would have taken up to a week with other antibiotics.

Clinical trials covering 200 patients have been done in London (the post-graduate medical school at Hammersmith). Carshalton, Birmingham, Sheffield, Edinburgh and Glasgow. The Glaxo part of the development of the new drug has taken eight years. The cephalosporin mould from which the drug has been developed was first noticed in Sardinia in 1945, and taken to Oxford University where Sir Howard Florey and his staff started work on it. At the same time the Medical Research Council also started investigations.

INCOMES POLICY FOR BRITAIN

LABOUR GOVERNMENT KEEN ON IT

THE new Government of Britain has asked the trade unions to reach agreement with the employers on the general principles of a policy to keep wages in line with productivity. Mr. George Brown, Minister for Economic Affairs, who met the General Council of the Trades Union Congress (T.U.C.) on the 9th instant, told the unions to do so by Christmas this year and put their policy into practice by early spring next year. He warned them that, if the policy was not put into practice by that time through mutual agreement, the Government would have to take recourse to some "very unpleasant" alternatives. Trade union circles feel that these unpleasant alternatives would take the form of measures for bringing about deflationary conditions in the economy.

The British Government is anxious to evolve and implement an income policy for ensuring a high rate of economic growth unaccompanied by inflation. It wants this growth to be continuous and steady, without the stop-and-go feature that characterised the regime of the Conservative Party. As it is, in marked contrast to the rapid growth witnessed in 1963, there has been a perceptible slackening of business expansion in Britain since the turn of the year. Against a rise of six per cent in 1963, the increase in gross national product has so far been considerably poor this year. The gross national product was higher by only 1.5 per cent during the first half of the current year, as compared with 3.6 per cent in the second half of 1963 and the target of 4 per cent per annum envisaged by the Conservative Party for the next four years. Moreover, nearly all this increase of 1.5 per cent took place in the early part of the year and there was a negligible growth during the second quarter. There are no indications to suggest that the situation has improved in any way since then. Against the rise of 1.5 per cent in gross domestic product, the index of wages during the first half of 1964 was higher by nearly 3 per cent. The result has been the re-emergence of inflationary tendencies in the economy. With 1958 as base, the index of prices of industrial products rose from 108 in the second half of 1963 to 110 in the first quarter and 112 in the second quarter of the current year and cost of living from 111 to 113 and 115 respectively. The rise would have been much more if imports had not increased at a fast rate. As compared with the second half of 1963, imports during the first half of 1964 were higher by over 11 per cent—the corresponding figure for exports being 6 per cent.

Although profits also increased, there is little doubt that the rise is now levelling out. What is more, the rise in undistributed profits appears to be levelling out even faster. Even if profits were to increase at a rapid rate, the Government feels that it could take care of these by fiscal measures and price reviews. It has already made a beginning in this direction by announcing in the "little budget" on 11th instant an increase in income-tax and its decision to introduce capital gains tax in the next annual budget in April next. For wages and salaries, it has suggested that agreements should be reached on an average rate of increase and that a machinery of employees, employers and Government representatives should be created for dealing with any justified exceptions.

Reasons for Stagnation

In an article contributed to the *Financial Times*, London, dated the 3rd instant, Mr. J. Enoch Powell, a member of the Conservative Party, has analysed the reasons for the poor growth of the economy in a very lucid way. His analysis shows that the setback in economic growth experienced in the current year was not due to the absence of a clear cut incomes policy. A brief account of his reading of the position is, therefore, pertinent in this context. When demand increases—as it has done since the relatively low point in 1962—more and more resources," says Mr. Powell, "are drawn into use. Then a point comes—as it came in the earlier part of this year—when all the key resources, or nearly all, have been brought into some kind of use. Thereafter, increase in output is almost certain to be slower, because, from then onwards, it depends on shifting resources from less productive uses to more productive ones. Nevertheless, monetary demand tends to go on rising, with the consequence that prices are driven up." The rise in prices results in a slower growth of exports and faster growth of imports. The excess of imports helps in keeping the availability of goods at a higher level and thereby checks a very fast and sudden rise in prices, but it cannot last for a long time, because neither credit nor reserves are unlimited. Although the Labour Government has taken some measures for improving the exports and bringing down imports, and thereby to improve the balance of payments position, none of these methods touches the underlying situation, for none of them does anything to limit the total monetary demand to a level at which it is satisfied by home production (consumed directly or exchanged for imports). Even after these measures, monetary demand remains as free as before to rise out of line with production. Indeed, it will result in raising prices, and, in so far as rising prices stimulate increase in monetary demand, the measures actually make the situation worse.

Not Tenable

Commenting on the views expressed by many that the faster growth of production is the only solution for the problem, Mr. Powell points out: "The idea that there is some rate of increase in production so fast that the volume of monetary demand cannot increase still faster, is a common belief but one without foundation. In recent years, we have actually seen the opposite happening in Germany and Japan, where steep price increases have occurred while production was increasing at higher rates than the most optimistic of British planners would dare to contemplate. A high rate of increase in production is desirable for its own sake, but it is not a specific against inflation." Discussing the question whether an incomes policy is the right answer to the problem and whether such a policy can be successfully implemented, Mr. Powell says:

"In its general form—that total money incomes ought to move in line with total production—incomes policy is a truism. What nobody has yet even started to suggest is how to proceed from this general and innocent proposition to the determination of individual incomes. If the 'guiding light' of assumed overall increases is 2½ per cent to 5 per cent, who is going to decide (and how?) which incomes shall increase more than that figure and which shall increase less, in order to produce to requisite average?"

Mr. Powell's conclusion is interesting. It is that it is not practicable to have a continuously rising growth year after year without ups and downs. It is worth quoting his views on this point also:

"Measures which do limit monetary demand to match production are exceedingly difficult to time and to gauge correctly. But that is no reason for pretending that they can be replaced by others which evade the problem instead of solving it, or by trying to make them untouchable by smearing them with the evocative bogey-phrase 'stop-go.' As Mr. Maudling told the foreign correspondents of the I.M.F. in Tokyo a few weeks ago, 'there must be ups and downs in economic expansion in the great industrial nations; going steadily ahead is not in the nature of things possible.' Indeed it is not; for the severity of the obstacles to be surmounted is always varying. But to limit the rise of monetary demand to match the rise of production is not 'stopping' anything—except inflation."

Reactions of Trade Union Leaders

There have been divergent reactions to the proposal for an incomes policy from the trade union leaders. The differences pertain not only to the feasibility of an incomes policy but also about the rate of increase in wages and the share of each section of workers. Some of the Union leaders have reasons to feel that the Labour Government's 'guiding light' on increase of wages in 1965 would not be as low as 3 to 3.5 per cent, established by the Conservative Government for 1964. They argue that, if the average annual economic growth target of four per cent, fixed by the National Economic Development Council for 1961 to 1966, is to be achieved, the rate for the next two years will have to be more than four per cent and wages and salaries should rise at a faster pace than that for 1964. On this basis, it is felt that it should be possible to settle the rate of increase in wages at 4 to 4.5 per cent for 1965. However, due to the poor performance of the economy in the current year, the chances for a rate of over four per cent in the coming year are not bright and it may not be feasible for the Government to agree to an increase in wages by 4 to 4.5 per cent. It was, perhaps, this realisation that has made several trade union leaders to soft pedal on the question of expeditious agreement on incomes policy. It is worth recalling in this connection, that the objective of this policy is to restrain wage increases and to see that they do not outstrip the growth in gross national product.

T.U.C.'s Attitude

What is the attitude of the Trades Union Congress to the urgency displayed by the spokesmen of the Labour Government? Mr. George Woodcock, General Secretary of the Trades Union Congress, while supporting the move in principle, feels that the unions could not have an incomes policy imposed on them from the top and that the Government would have to work from the bottom. As the Trades Union Congress is a loose federation, it has neither the power nor the machinery to consult and advise the individual unions on problems of this sort. Mr. George Woodcock also feels that difficulties will occur when it comes to deciding how, in broad terms, the wage and salary earners' share of the cake should be divided among the competing groups of workers. There are already signs of sharp differences of opinion among trade union leaders, with some of them asserting their claims for a higher share. Mr. Les Cannon, President of the Electrical Trades Union, while appealing recently to the trade union movement to prepare for a planned income policy based on the priorities of social justice rather than the power to win new concessions, has warned that, if the unions already well ahead in the wage structure, choose to opt out of a planned income system by making even greater demands, the Electrical Trades Union would opt out as well. He has directed his warning specifically to unions "of power and strength" who had done well by effectively exploiting their power in wage negotiations, while weaker unions in less-favoured industries lagged behind. "We are not going to be the voice in the wilderness," he remarks, "appealing for and practising an income policy when other unions pay lip-service to it but in practice repudiate it." On the whole, however, the Trades Union Congress is for an incomes policy. Mr. Woodcock, for instance, avers that, if an incomes policy could be achieved, it would restore more confidence in sterling than would the operation of the Bank Rate weapon.

Employers' Attitude

The employers are generally in favour of an incomes policy. Only, they have not spelt out the details of this policy; for instance, it is not known as to how they would ensure that the growth of profits, dividends and capital gains does not offend the principles on which the labour is asked to accept a voluntary restraint. Some say that they are pinning their hope on the proposed Prices Review Body which will be given the power to review both wage increases and price increases.

An important reason why employers support national incomes policy is the realisation that, in an economy with full employment and with its currency playing the role of key currency, if wages rise faster than the G.N.P., its balance of payments position would be in jeopardy sooner or later. Speaking before the Annual Conference of the Institute of Directors in London on the 5th inst., Lord Robbins, for instance, pointed out that "it has almost always been the case, in the past that, when the use of capacity, as measured by the index of employment, has exceeded a figure a little less than 98 per cent, there has been a tendency to inflationary pressure at home and an adverse balance on external account." As the situation exists today, the unemployment rate in Britain is, on an average, at a dangerously low level of 1.5 per cent and in the greater part of the country at a still lower level of one per cent. The trade unions are, thus, always in a position to push their demands for higher wages. The result is that wage drift—the amount by which earnings, excluding overtime, exceed negotiated rates—has continued at a high level, particularly in manufacturing industry. In engineering industry, the drift in the first half of the current year was 2.5 per cent. To save the economy from the adverse effects of such demands, the need for a wage policy is self-evident. The unpleasant alternative of deflationary policies will be detrimental both to the economy and the labour itself.

Corrective Steps

The Government, in its "little budget" last week, has already taken some corrective steps. Excluding the capital gains tax, a concrete picture of which will emerge in April next, the Government intends to collect by new levies some £415 million from the private sector of the economy in 1965-66—£122 million by way of increased income-tax, £93 million from higher duty on petrol, hydro-carbon oils and diesel oils and £200 million from higher import duties. In addition, there will be increased national health contributions by the private sector. This burden will bring down considerably further investments in the economy, resulting in its lower rate of advancement. On the other hand, the demand will continue unabated and may even rise still further. Against a collection of £415 million from the economy, £75 million will be paid out to exporters as incentives, £130 million is the net cost to the Exchequer of new social benefits while £300 million of extra demand may shift to the home market because of the import surcharge, making a total generated demand worth £505 million. The extra demand may be even higher than what these figures suggest, to the extent that purchasing power is being transferred to those who are more likely to consume it. The prices may thus rise still further, both because of higher costs as well as the increase in demand. The success of the proposals hinges on a suitable incomes policy. As stressed by Mr. Callaghan, Chancellor of the Exchequer, these measures would work only if there is "a successful and swift conclusion to the discussions on an incomes policy." The alternative, as already pointed out, may be further deflationary measures. It is, therefore, necessary for the trade union leaders to consider the issue in its proper perspective, if they do not want to suffer the consequences of further deflation.

The problems are immense and it would be wrong to assume that the difficulties will be solved quickly. The Labour Government, however, intends to make a determined effort to achieve a workable incomes policy and feels that it has a better chance of doing so—because of its close and cordial relations with the trade unions leaders—than the Conservatives. Luckily, the Conservative Party seems to be inclined to support the Government in any measures to bring about this policy. There are, of course, many Conservatives who feel that a national incomes policy is nothing more than a fashionable prescription practically impossible to be followed. Others consider it as a grandiose attempt and are, therefore, sceptical of its success. Lord Robbins is one of them. He feels that a proper financial and fiscal control would yield more satisfactory results and cause less friction between capital and labour than the complicated incomes policy. While not supporting the "stop and go" policy, he wants the nation to go forward a little slowly when things do get out of hand, as they have done now. There are, however, others among the Conservatives who have fallen in love with a national incomes policy. To give an instance, the Earl of Dundee (Conservative), opening the debate on economics and trade in the House of Lords on the 5th instant, supported this policy of the Labour Government and said, "We must try, by persuasion and agreement, to establish an incomes policy." In short, there is a large measure of support to the national incomes policy in principle. But that does not mean that the chances of giving a practical shape to it and putting it into operation are brighter, as there are yet many hurdles to be overcome.

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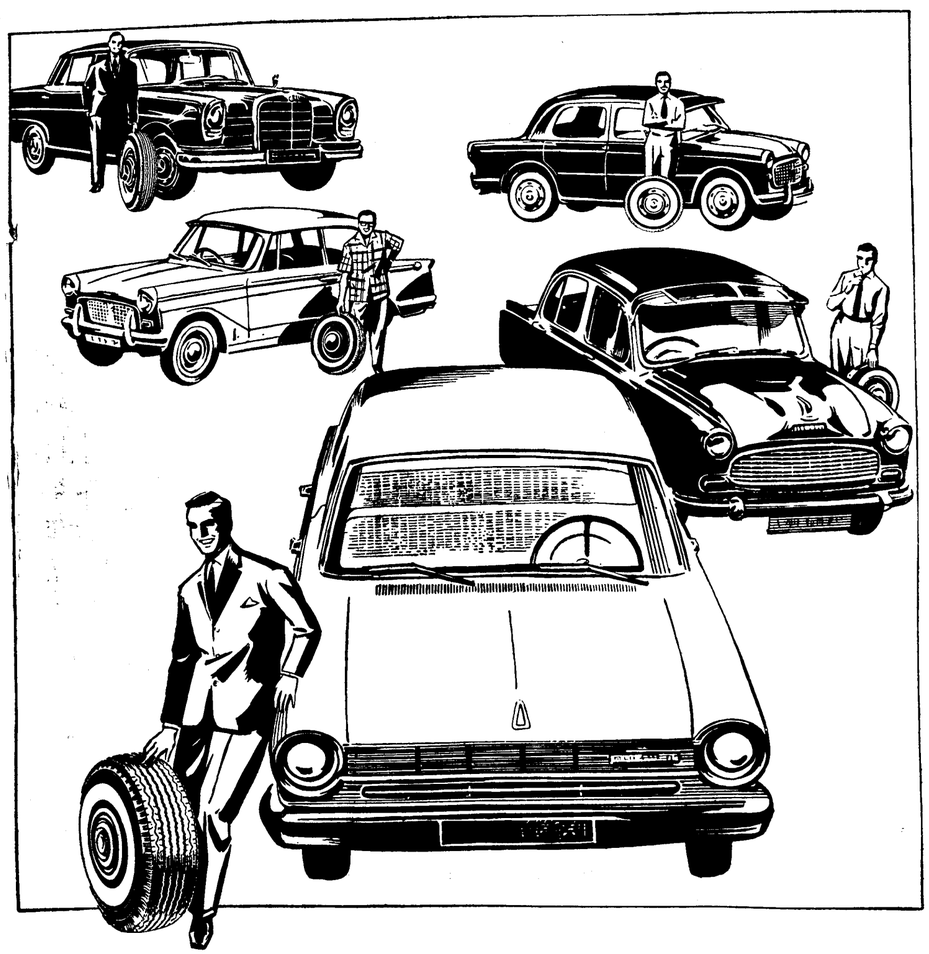

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SHAREHOLDERS GET A LITTLE MORE

THE results of Tube Investments of India Ltd. (Chairman: Dr. A. Ramaswami Mudaliar, Madras) for the year ended 31st July 1964 are in refreshing contrast with those for the year preceding. Thus, whereas an all-round setback was suffered during 1963-64, the Company has made remarkable progress in almost every direction in the year under review, notwithstanding a power cut, difficulties in the way of obtaining materials of the requisite quality and the generally rising trend of prices and cost of labour. Not only has the ground lost in the preceding year been fully recovered, but a firm foundation appears to have been laid for continuing progress.

Thanks to higher output of various products, the turnover has reached the record level of Rs. 748.25 lakhs from Rs. 596 lakhs in the year before. The gross profit, too, has risen, though not in the same proportion as sales; it has advanced from Rs. 128.98 lakhs to Rs. 143.49 lakhs only, the profit-margin being actually lower at 19.2 per cent, as against 22 per cent in 1962-63. This erosion in the profit-margin is mainly accounted for by the phenomenal increase in expenses, particularly in items other than raw materials. The essential provisions are also higher—that for depreciation by Rs. 2.77 lakhs at Rs. 43.20 lakhs and for taxation by Rs. 2.17 lakhs at Rs. 51 lakhs.

Although the net profit at Rs. 49.29 lakhs is some Rs. 10 lakhs better than that for 1962-63, it is appreciably lower than the Rs. 54.73 lakhs earned in 1961-62. Out of this and inclusive of the amount of Rs. 3.13 lakhs written back from past provisions, a handsome sum of Rs. 24.76 lakhs has been credited to reserve. The amount of profit conserved this year is Rs. 2.95 lakhs greater than that last year. For the first time since 1957, the Directors have raised the dividend and that, too, only slightly, the rate of dividend being Rs. 11.25 per share of Rs. 100 each, as compared with Rs. 10 per share hitherto.

A comparative picture of the Company's performance is provided in the following table:

(In lakhs of rupees)

	For the year ended 31st July			
	1964	1963	1962	1961
Sale proceeds	748.25	596.00	619.25	573.13
Other income	16.59	11.13	9.37	10.42
Closing stocks of finished goods	31.00	31.01	18.92	12.28
Materials and stores consumed	348.89	323.89	348.33	315.26
Staff expenses	82.21	68.61	62.85	52.80
Other expenses	100.21	97.77	89.63	77.42
Gross profit	143.49	128.98	136.44	140.44
Provision for—				
Depreciation	43.20	40.43	37.11	27.74
Taxation	51.00	48.83	44.60	48.00
Net profit	49.29	39.72	54.73	64.70
Excess provisions written back	3.13			
To reserves	24.76	18.22	37.76	39.71
Dividend	28.13 (11.25%)	25.00 (10%)	25.00 (10%)	25.00 (10%)
Carry forward	0.04	0.51	4.00	12.03
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	214	282	292	294
Low	174	208	205	257

In contrast with the previous year, production of cycles exceeded the targeted figure by a small margin and that of spare parts showed a fair increase over the preceding year's output. These satisfactory results were achieved in the face of difficulties arising out of power cuts and supply of unsatisfactory raw materials, quite often below the required specification. The volume of output by Wright Saddles of India was equally satisfactory and the high quality of the product was maintained. As in the past, however, the saddles had to meet competition from cheaper varieties. Production and sales of tubes by the Tube Products of India showed a considerable increase, despite power cuts and difficulties which still persist in regard to the quality of the indigenous raw material. As a result of frequent consultations with the suppliers the situation is showing signs of improving. The production of cold rolled strips was in keeping with the general trend of output by other divisions, higher than that for the year before and would have been even better but for power cuts. So far as this particular division is concerned, the Board had had under consideration for some time a proposal to expand the present production capacity. The Government's approval has now been obtained for doubling the present capacity and steps are being taken towards implementing the scheme. It will be recalled that the project for the manufacture of cold formed metal sections could not make sufficient progress during the previous year because of the non-receipt of licences for the import of capital equipment. These licences have now been received and orders have been placed with suppliers both abroad and in India.

As regards the subsidiary companies, the performance of T.I. Diamond Chain Ltd., judged in the light of the power cuts and shortage of certain essential materials, must be regarded as satisfactory. Production of industrial chains started during the year and the products were very well received in the market. It is expected that both production and sales would reach the anticipated levels during the current year. A substantial quantity of bicycle chains was exported but the Company has still pending with it some orders and inquiries from certain other countries. T. I. Miller Ltd. started production of some of the components of bicycle dynamo lamps in January 1964. Production of all components and assembly of lamps in quantity, however, got going only somewhat later and actual marketing of lamps was possible from April 1964. Market reports show that the product has been well received. Now that initial difficulties arising out of the novelty of the process of manufacture have been overcome, it is confidently felt by the Directors that planned production will be reached in the current year.

The paid-up share capital of the Company remains unchanged at Rs. 250 lakhs, all in equity shares of Rs. 100 each, but the reserves and surplus are up from Rs. 215.30 lakhs to Rs. 239.60 lakhs. Borrowings too are higher at Rs. 281.07 lakhs as against Rs. 274.51 lakhs and so also current liabilities and provisions at Rs. 115.77 lakhs as against Rs. 109.17 lakhs a year before. With the acquisition of new assets worth Rs. 10.21 lakhs, the gross block has advanced in value to Rs. 575.44 lakhs and yields a net block of Rs. 363.37 lakhs on deduction of Rs. 212.07 lakhs being the amount of depreciation provided so far. Inclusive of the capital work-in-progress valued at Rs. 38.21 lakhs, the total net block as at the date of the balance sheet (that is, 31st July 1964) works out to Rs. 401.58 lakhs. Investments, of which Rs. 47.15 lakhs are in shares of subsidiary companies, are carried in the books at the cost of Rs. 52.99 lakhs. Current assets, loans and advances amount to Rs. 431.86 lakhs, exceeding the total of all borrowings, etc., by a good margin of Rs. 35 lakhs.

At present, the Rs. 100 fully paid ordinary shares of the Company are priced at Rs. 174 *cum-div.* to yield 5.5 per cent per annum net.

(*Concluded from next column*)

ment of dividends. Secured and unsecured loans amount to Rs. 115.51 lakhs. Besides, there are current liabilities and provisions totalling Rs. 150.85 lakhs. The finance supplied by outside interests thus amounts to Rs. 266.36 lakhs, as against own funds of Rs. 258.08 lakhs, but it is more than amply covered on the assets side by current assets, and loans and advances aggregating Rs. 371.00 lakhs. Then, there are investments shown at Rs. 9.97 lakhs. The net block as at the date of balance sheet stands at Rs. 134.25 lakhs, as compared with a gross block of Rs. 309.93 lakhs, the depreciation provided so far being Rs. 168.68 lakhs. Additions to fixed assets during the year aggregated Rs. 33.86 lakhs, while the capital expenditure yet to be allocated is shown at Rs. 1.22 lakh.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 175 and give a net yield of 7.4 per cent per annum.

WEST COAST PAPER MILLS LTD.

The working results of the West Coast Paper Mills Ltd. for the year ended June 1964 are quite encouraging, despite the continuous rise in cost of production due to increase in prices of raw materials, railway freight and wages. The production of paper during the year touched the record level of 30,213 tonnes as against the 27,252 tonnes produced in the previous year. The gross profit has risen by Rs. 39 lakhs to Rs. 1.49 crore. The rise in profit is attributed to the improvement in sales from Rs. 4.00 crores to Rs. 4.44 crores. The allocation to depreciation is Rs. 49.82 lakhs (Rs. 39.38 lakhs). Since however, the tax provision is substantially higher at Rs. 51 lakhs as against Rs. 10 lakhs in 1962-63, thanks to the absence of tax benefit under Section 84 of the Income-tax Act, 1961, which the Company had enjoyed until last year, the net profit has declined from Rs. 60.49 lakhs to Rs. 48.03 lakhs. After transferring Rs. 21.50 lakhs (Rs. 39.75 lakhs) to reserves, including Rs. 50,000 (Rs. 75,000) for development rebate the Directors have stepped up the taxable equity dividend from Rs. 11.00 to Rs. 13.00 per share. Dividends (including preference dividend) will absorb Rs. 26.52 lakhs, as against Rs. 23.52 lakhs in the previous year.

INDIAN HUME PIPE

PROFIT JUMPS UP—DIVIDEND ONLY SHADE BETTER

THE Indian Hume Pipe Company Ltd. (Managing Agents: Messrs. Walchand and Company Private Ltd., Bombay) has given an excellent account of itself during the year ended 30th June 1964. Its turnover, which has been steadily upward in recent years, has increased further during the year under report by Rs. 74.88 lakhs, or about 25 per cent to Rs. 374.75 lakhs. The gross profit, too, has expanded quite substantially from Rs. 50.44 lakhs to Rs. 89.77 lakhs. The ratio of gross profit to sale proceeds, that is, the profit-margin works out to 23.9 per cent or as much as seven points higher than that for the previous year. This betterment is due partly to a higher overall output as evidenced by larger closing stocks of finished goods and partly by bigger receipts by way of pipe-laying contracts.

Consequent upon the improvement in gross profit, the provisions for Managing Agents' commission and taxation have increased, the former by Rs. 2.28 lakhs to Rs. 5.35 lakhs and the latter by as much as Rs. 22.50 lakhs to Rs. 40 lakhs including Rs. 3 lakhs for surtax and Rs. 63,000 for dividend tax. In the preceding year, it may be noted, the Company had to provide Rs. 5 lakhs for super profits tax, though only Rs. 15.50 lakhs for income-tax. The provision for depreciation too has risen from Rs. 12.09 lakhs to Rs. 14.25 lakhs. Even after these larger provisions, the net profit is better at Rs. 30.17 lakhs as against Rs. 17.78 lakhs for the year before, the improvement being as much as 66⅔ per cent. Out of this, as much as Rs. 18.90 lakhs, as against only Rs. 7.97 lakhs last year, have been credited to reserves. Only a small fraction of the handsome improvement in net profit has been utilised to raise the ordinary dividend, just by a point to 15 per cent, subject to deduction of tax. The Directors have thus been extremely conservative in their appropriation policy this year.

The steady progress made by the Company during the past four years is well brought out by the following comparative figures:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sale of products	374.75	299.87	293.83	259.71
Other income	4.51	3.22	3.36	4.36
Closing stock of finished goods	65.48	58.35	52.85	46.69
Expenditure capitalised	6.43	4.20	6.61	6.36
Materials and stores consumed	175.95	137.66	139.11	105.05
Other expenses	127.11	126.69	104.30	112.26
Gross profit	89.77	60.44	66.56	57.12
Managing Agents' remuneration	5.35	3.07	4.18	8.85
Provision for—				
Depreciation	14.25	12.09	11.93	13.95
Taxation	40.00	17.50	28.75	21.75
Net profit	30.17	17.78	21.70	17.57
Withdrawals from reserves and provisions	0.22	2.79	0.15	0.74
Transfer to reserves	18.90	7.97	11.05	8.33
Dividends—				
Preference	2.50	2.50	2.50	2.50
Ordinary	9.00 (15%)	8.40 (14%)	8.40 (14%)	7.80 (13%)
Carry forward	0.49	..	0.30	0.40
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	175	170	182	190
Low	153	153	155	154

During the year under report three new factories, one each at Palghat, Kothavalasa and Bagalkot, were added to the number of 57 factories of the Company as at the end of July 1963. The total number of factories as on date is now 60 and the working of all the factories is stated to be satisfactory. The prestressed concrete pipe division of the Company, too, is making satisfactory progress and the Company has secured a large contract for supplying and laying of prestressed concrete pipeline for Jhansi Bahna water supply scheme in Madhya Pradesh. The penstock division is making good progress. The work of supply of penstock for the second stage of Koyna project is nearing completion and supply of penstocks for the Sharavathy project and Bhira works is in full progress.

As was reported by the Directors a year ago, the Company has secured the outright patents right in India from No-Joint Concrete Pipe Company of U.S.A. for the process of manufacturing continuous concrete pipeline in situ. The Company's proposal for establishing a R.C.C. Hume pipe factory at Benghazi (Libya) has also been approved in principle by the Indian Government and the Libyan Government and steps to register a branch in that country for the purpose of starting business have been taken. The Company is awaiting formal confirmation from the Libyan authorities of the concessions available to it.

The financial position of the Company is fairly strong. The share capital remains unchanged at Rs. 110 lakhs, made-up of Rs. 50 lakhs in preference shares and Rs. 60 lakhs in ordinary shares both of Rs. 100 each. This is backed by reserves aggregating Rs. 148.08 lakhs, excluding Rs. 11.50 lakhs earmarked for pay-

(*Continued in previous column*)

DECCAN SUGAR'S SALES AND PROFIT HIGHER

SAME DIVIDEND BUT FINAL ON HIGHER CAPITAL

INCREASED production and a sellers'—though still controlled—market helped the Deccan Sugar and Abkhari Company Ltd. (Managing Agents: Messrs. Parry and Company Ltd., Madras) to sell more and earn a higher profit during the year ended 31st May 1964. It is evident, from the improvement in sales (excluding excise) from Rs. 344.88 lakhs to Rs. 371.46 lakhs and also from the limited closing stocks of Rs. 82.40 lakhs, that the Company could easily market the higher production obtained during the year. In the previous year, too, sales had gone up from Rs. 283.04 lakhs to Rs. 344.88 lakhs, in spite of a lower production in that year. But this improvement was possible because of large stocks on hand, which in the opening of that year were no less than Rs. 162.42 lakhs as compared with Rs. 83.25 lakhs at the close. The increase in output during the year under review has, no doubt, increase in consumption of raw materials and stores from Rs. 160.08 lakhs to Rs. 241.25 lakhs. Other expenses, including staff expenses, have also been higher. Even so, the gross profit, which in the previous year had recovered from Rs. 28.30 lakhs to Rs. 39.62 lakhs, has gone up further to Rs. 46.15 lakhs during the year under review.

Managing Agents' commission and the essential provisions for depreciation and taxation have naturally claimed more. The tax provision of Rs. 18.55 lakhs (Rs. 16.83 lakhs for the year before) includes the liability on account of dividends declared for the year and also a surtax liability estimated at Rs. 2.55 lakhs. The extent of relief following replacement of the super profits tax by the surtax is indicated by the sum of Rs. 80,000 obtained by way of an adjustment relating to the previous year's tax provision, the amount representing the difference between what was provided in that year (Rs. 2.55 lakhs) for S.P.T. and what is required towards surtax liability in respect of that year. More than a third of the net profit, Rs. 6.65 lakhs to be precise, has been taken to reserves. It represents an increase of Rs. 2.35 lakhs over the previous year's appropriation. The dividend on the Rs. 5 fully paid ordinary shares, including 6.5 per cent interim, has been maintained at 18 per cent per annum, but the final dividend of 11.5 per cent is also payable on the 132,800 bonus shares issued on 30th October 1964. Thus, in terms of amount, the total distribution to the ordinary shareholders has increased from Rs. 7.17 lakhs to Rs. 7.93 lakhs.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st May			
	1964	1963	1962	1961
Sale proceeds, less excise duty paid	371.46	344.88	283.04	214.05
Other income	9.56	4.38	4.26	2.44
Closing stock of finished goods and work-in-progress	82.40	83.25	162.42	176.23
Excise duty paid	81.39	83.93	74.63	67.86
Materials and stores consumed	241.25	160.08	167.19	205.16
Staff expenses	38.52	34.25	34.22	32.63
Other expenses	43.04	39.10	37.69	36.78
Gross profit	46.15	39.62	28.30	30.03
Managing Agents' commission	3.19	2.90	2.07	2.20
Provision for—				
Depreciation	9.22	7.71	6.81	6.65
Taxation	18.55	16.83	10.53	10.50
Net profit	15.18	12.18	8.99	10.65
To reserves	6.65	4.30	1.53	1.45
Dividends—				
Preference	0.64	0.64	0.64	0.64
Ordinary	7.93 (18%)	7.17 (18%)	7.17 (18%)	8.37 (21%)
Carry forward	0.06	0.10	1.03	1.48
Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	12.75	12.60	11.75	15.15	17.00
Low	10.75	9.00	9.58	11.10	12.60

The 1963-64 season commenced at the Samalkot factory on 5th November and ended on 7th May. During this period 154,413 tonnes cane were crushed and 8,500 tonnes raw sugar and 6,784 tonnes white sugar were produced. The average recovery in terms of white sugar was 9.70 per cent. This performance compares with 105,993 tonnes cane crushed and 11,757 tonnes raw sugar at a recovery in terms of white sugar of 10.66 per cent during the previous season. The factory worked for 181 days, as against 128 days in the previous year. Both the tonnage crushed and the sugar made constitute a record for the factory. The lower recovery was due to the longer crushing period and adverse climatic conditions during the growth of sugarcane.

At Pugalur, the special season started on 21st August 1963 and finished on 2nd November 1963. In all, 68,851 tonnes cane were crushed and 6,161 tonnes sugar were produced, the recovery being 8.95 per cent, the relative figures for the comparable previous season being 30,508 tonnes of cane, 2,865 tonnes of sugar and 9.39 per cent. During the main season, from 6th November 1963 to 12th June 1964, the factory crushed 207,425 tonnes of cane and produced 19,135 tonnes of sugar at a recovery rate of 9.23 per cent, the relative figures for the previous season being 139,131 tonnes of cane, 14,672 tonnes of sugar and 10.55 per cent recovery.

Taking into account the bonus issue made in October, the paid-up capital, including Rs. 7 lakhs in 7 per cent cumulative preference shares of Rs. 5 each, now stands at Rs. 53.48 lakhs and reserves and surplus (excluding share premium account of Rs. 6.64 lakhs utilised for making the bonus issue) amount to Rs. 50.35 lakhs. A special reserve for taxation is shown separately at Rs. 8.30 lakhs. Borrowings, current liabilities and provisions total Rs. 149.26 lakhs, as against which current assets, book debts and investments aggregate Rs. 178.70 lakhs. The gross block of Rs. 176.40 lakhs (Rs. 164.01 lakhs a year before) has been written to a net value of Rs. 81.61 lakhs; including capital work-in-progress, the total of net block comes to Rs. 82.70 lakhs.

Currently, the Rs. 5 fully paid ordinary shares are quoted at Rs. 11.10 *cum-div.* (final), but *ex-right*. At this rate, they offer a net yield of 7 per cent per annum.

INDIAN AIR GASES LTD.

Indian Air Gases Ltd. of Kanpur has secured an industrial licence for setting up at Varanasi in Uttar Pradesh a factory for the manufacture of oxygen and acetylene gases. The production capacity of the factory will be 36 million cubic feet of oxygen and 6 million cubic feet of acetylene. The total capital outlay is estimated at Rs. 61.07 lakhs which is proposed to be met through a public issue of Rs. 31 lakhs, borrowings of Rs. 25.25 lakhs from the Industrial Finance Corporation of India (I.F.C.) and owned resources amounting to Rs. 4.82 lakhs. The public issue will consist of Rs. 23 lakhs in equity shares (including the subscription of Rs. 10 lakhs by the Directors, their friends and associates) and Rs. 8 lakhs in preference shares. The list is due to open for public subscription some time next month. The I.F.C. has already sanctioned a rupee loan of Rs. 8.09 lakhs and a loan of Rs. 17.16 lakhs ($357,455) in U.S. currency, besides agreeing to underwrite the issue of equity and preference shares to the extent of Rs. 2 lakhs. The Company is also approaching the U.P. Industrial Corporation and other financial institutions like the L.I.C. for loans as well as for underwriting its share issue.

The Company's factory is expected to be equipped with the most modern machinery and equipment. Land admeasuring 12 acres has already been acquired at Varanasi. The Company has entered into a contract with the Diesel Locomotive Works of Varanasi for regular supply of gases etc. The factory is scheduled to go into production before the end of 1965.

AFRICAN DEVELOPMENT BANK

With a view to facilitating the development of member-countries either individually or collectively, 33 African countries have joined together to form the African Development Bank. Sir Abubakar Tafawa Balewa Nigeria's Prime Minister, formally inaugurated the Bank in Lagos (Nigeria), on Wednesday, 4th November 1964. The four-day meeting of the Bank, attended by observers of the U.K., the U.S. and the U.N. monetary agencies and financial institutions, discussed among other matters the choice of the location of the Bank's principal office an appointment of its senior officials. The objectives of the Bank are to make and guarantee loans from its own resources to promote public and private investment from other resources and to provide technical assistance for the development plans of member-countries. The promoters of the Bank, which is a milestone in the history of Africa and of the Organisation of African Unity (O.A.S.), to quote Prime Minister, Sir Balewa, hope that it will act as a catalyst in the field of economic co-operation between African countries.

Set up at a conference of African Finance Ministers in Khartoum in August 1963, the Bank has an authorised capital of 250 million units of account (equivalent to dollars) divided into 25,000 shares of 10,000 units each. The capital is to be subscribed by member-countries in gold or convertible currency in proportion to their population and gross national product (G.N.P.).

The Controller of Capital Issues has sanctioned Voltas Limited's issue of 102,000 rights shares of Rs. 100 each for cash at a premium of Rs. 25 per share. The Directors, on a review of the Company's financial requirements have however, found it possible to defer such issue till the second half of the year 1965 and propose to do so after obtaining the sanction of the Controller of Capital issues.

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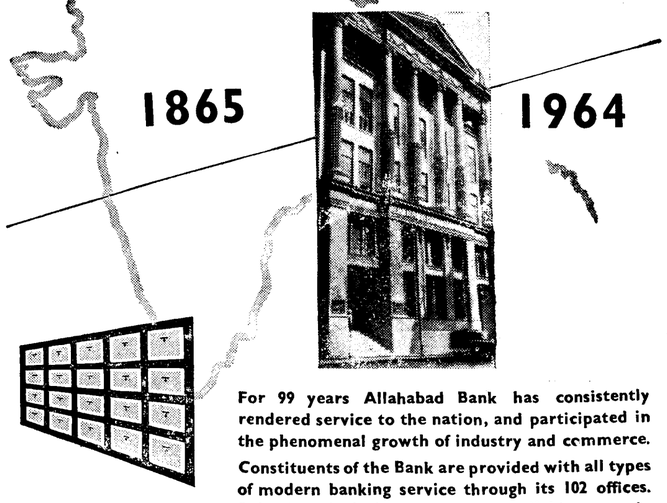

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J. Ritchie General Manager

ACI-AB-30

SYNOPSES OF COMPANY REPORTS

Raghuvanshi Mills Ltd.

(*Managing Agents*: Messrs. Ravindra Maganlal and Co., Ltd., Bombay.)

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales	2,50,54	2,32,93
Closing stock	15,42	15,76
Gross profit	36,03	28,66
To Managing Agents' remuneration	2,33	1,92
Transfer to depreciation	11,10	8,34
,, ,, provision for taxation	15,36	10,75
Net profit	7,24	7,65
Credits relating to past years	83	15
Tax provision written back	Nil	2
Balance brought forward	4	4
Appropriations:		
To expenses relating to previous years	22	7
To short provision for taxation for 1961-62	8	Nil
Transfer to development rebate reserve	1,39	1,38
To goodwill written off	8	7
Transfer to general reserve	70	70
,, ,, gratuity reserve	50	50
,, ,, dividend reserve	5,10	5,10
To dividend (taxable) equity	4,80* (12%)	4,80* (12%)
Carry forward	3	4
Market value of equity shares (in rupees)	1964	1963
High	150.00	140.50
Low	125.00	116.00

* Dividend payment out of the dividend reserve.

Extracts from the Directors' report: The results achieved by the Company will be considered satisfactory in the light of the high cost of production and increased labour charges. Considering the general trend of the Cotton Textile Industry, the working of the Mill may be considered satisfactory.

The necessary permission has been received to install additional 6,788 spindles. Further, the Government of India issued a general permission to increase the spindleage of all Mills under which this Company shall be entitled to install further 4,000 spindles. Orders have been placed for the supply of the spindles with the National Machinery Manufacturers Ltd. which are expected to be delivered in about two years' time. On completion of installation of these spindles, spindleage of the Mill will be 44,000.

As previously reported, the Company has been continuing its programme of progressive modernisation of its plant and machinery. Against the orders placed previously, supplies of Carding Engines have been received and further supplies are expected during the current year. In pursuance of the modernisation programme, the Company installed *High Speed Warping Frames* and *Hank-to-Cone Winding Machines*. An order has also been placed for *Travelling Cleaners* to work on the *Winding Machines*, some of which have been received, and modernisation of the *Ring Frames* is continuing. Humidification plant in the weaving shed has also been put in commission with good effect. During the year under report additions to the fixed assets come to Rs. 12,25,107 and commitments made for further modernisation at the end of the financial year were Rs. 24 30,461. When all the machinery against modernisation and expansion is received and put in commission the working of the Mill is expected to improve considerably and will be better placed to face competition, increasing cost of production and maintain good results.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	40,00,000	Gross block	1,42,38,531
Reserves and surplus	34,10,411	—Depreciation	86,03,639
Other liabilities†	1,24,63,067	Net block	56,34,892
		Block in progress	2,75,101
		Current assets	1,30,64,039
		Other assets‡	83,654
		Investments	3,01,404
		Cash	13,788
	Rs.2,02,73,478		Rs.2,02,73,478

* Paid-up capital consists of 40,000 equity shares of Rs. 100 each. Of the above, 20,000 equity shares are allotted as fully paid up bonus shares by capitalisation of reserves.

† This represents capital contribution to Messrs. Emsons Bleaching, Dyeing and Printing Works.

Hingir-Rampur Coal Co., Ltd.

(*Managing Agents*: Killick Industries Ltd., Bombay.)

Fifty-sixth Annual General Meeting—4th December 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales	47,04	41,61
Closing stock	23	19
Gross profit	8,47	8,75
To Managing Agents' commission	70	67
Transfer to depreciation	2,22	1,66
,, ,, provision for taxation	1,70	4,71
Net profit	3,85	1,71
Appropriations:		
Transfer to development rebate reserve	1,29	29
,, ,, dividend reserve	Nil	1,43
,, ,, general reserve	2,56	Nil
To dividends (taxable) preference	47*	96†
,, ,, equity	1,20* (10%)	96† (8%)
Carry forward	1	1
Market value of equity shares (in rupees):	1964‡	1963
High	52.00	50.00
Low	39.10	40.00

* For 1964 the dividends will be paid out of general reserve.
† For 1963 dividends were paid out of the dividend reserve.
‡ High and low upto 12th November 1964.

Extracts from the Directors' report: *Output*:—Coal raisings commenced from No. 5 Pit during the year; the total raisings from No. 9/11 Pits and No. 5 Pit amounted to 1,88,920 tonnes compared with 1,74,273 tonnes for the preceding year, showing an increase of 14,647 tonnes.

Sales:—The total Sales for the year amounted to 1,80,476 tonnes compared with 1,65,928 tonnes for the preceding year.

Coal Prices:—The Central Government sanctioned an increase of Re. 0.06 per tonne in the price of this Company's Coal with effect from 5th June 1964 to enable colliery owners to meet the additional cost of implementation of the grades and time scales of pay for the workers, as laid down in the Das Gupta Award. A further increase of Re. 0.50 and Re. 0.49 in the prices of *Slack* and *Steam Coal* respectively has also been granted from 1st October 1964, to cover the rise in variable dearness allowance payable from that date. Thus the controlled prices of the Company's *Steam* and *Slack Coals* (Grade I) are now Rs. 26.20 and Rs. 25.23 per tonne respectively.

Expansion Programme:—A large part of the equipment imported under the World Bank Loan has been installed in No. 5 Pit, and as already recorded, coal output has commenced. Certain initial difficulties were encountered, which are being overcome, and it is expected that raisings from No. 5 Pit will increase steadily during 1964-65.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	20,00,000	Gross block	50,71,209
Reserves and surplus	6,56,254	—Depreciation	29,72,536
Other liabilities†	26,36,417	Net block	20,98,673
		Block in progress	2,51,104
		Current assets	28,73,909
		Investments	24,000
		Cash	44,985
	Rs. 52,92,671		Rs. 52,92,671

* Paid-up capital consists of 24,000 ordinary shares of Rs. 50 each and 16,000—4½ per cent. (tax-free) redeemable cumulative preference shares of Rs. 50 each fully paid (effective rate of dividend is 6.85 per cent. in terms of the Preference Shares (Regulation of Dividends) Act, 1961).

New India Fisheries Ltd.

(*Chairman*: Mr. P. B. Advani, Bombay.)

Ninth Annual General Meeting—Held on 6th November 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales of fish, fins and bladders, ice, etc.	35,02	28,36
Closing stock of fish and ice	1,46	97
Gross profit (+) or loss (—)	—21*	—13*
To Managing Agents' commission	Nil	25
Transfer to provision for contingencies	Nil	6
,, ,, depreciation	3,24	1,59
,, ,, development rebate reserve	Nil	2,50
Net profit (+) or loss (—)	—21	—13
Transfer from reserves	1,68	1,80
Credit balance brought forward	10	18
Total available for disposal	1,78	1,98
Appropriations:		
To adjustment of loss for the year	21	13
To dividends (taxable) preference	15	15
,, ,, ,, deferred preference	15	15
,, ,, ,, ordinary	84	96
,, ,, deferred ordinary	(7.8%) 43	(9%) 50
Carry forward	(7.8%) †	(9%) 10
Market value of ordinary shares (in rupees):	1964	1963
High	124.00	‥
Low	123.00	‥

* Loss after providing for depreciation, development rebate and contingencies.
† Only Rs. 378.36.

Extracts from the Directors' report: Depreciation has been provided at double and triple shift workings for the first time and the total sum for depreciation is much bigger than was provided in the previous year.

Two developments of special importance took place during the year, namely, suspension of trawling in Bombay and putting into commission the Cochin establishment of the Company. The four trawlers operating in Bombay worked at a loss largely owing to substantial increase in the excise duty on diesel oil and 60 per cent rise in the wages of the Japanese personnel. The vessels required overhaul and major repairs, the cost of which in India was exorbitant and the Government of India did not sanction foreign exchange for repairs in Japan. Under the circumstances, there was no option but to lay off two trawlers (Satpatti and Pilotan) and after some repairs to the other two (Arnalla and Paj) transfer them to Cochin for shrimp catching under conditions which are not so exacting as are encountered in fishing off Bombay. This was done in October 1963 and these vessels operated at Cochin at a profit.

Application was made to the Government of India for remission of excise duty on diesel oil, duty on electric power and other concessions to make trawling off Bombay economic. This request was supported by the Government of Maharashtra, but despite reminders orders of Government were not received. Nor did the concerned authorities take action in the matter of provision of a fishing dock, a fish market repair facilities at reasonable cost etc. to which reference has been made in the Company's reports before.

On 22nd July 1964, the Company entered into an Agreement with Taiyo's for charter of "Akashi Marus Nos. 23 and 25" for a period of fifteen months commencing from the date of the departure of the trawlers from Japan to Bombay. These arrived and went into operation in August 1964. The hire for the said charter payable to Taiyo's for the stipulated period is Rs. 2.04 912. The company commenced operation with said trawlers from 5th August 1964. Till today a catch of about 203 tonnes of fish valued at about 1,08,700 has been obtained from the said venture.

Ice Factory and Cold Storage: Bombay continued to work satisfactorily at good profit. The extension work of cold storage made satisfactory progress wh ch when completed should add substantially to the profits of this venture.

Cochin: At this centre Konchu and three Kolmis operated successfully and were joined in November 1963, by Arnalla and Paj from Bombay. The commissioning of the ice factory and cold storage was held up for want of release of power by the Kerala Electricity Board till the 15th of August 1963.

Export operations were started in October 1963 and till March 1964, Rs. 11,40,000 c.i.f. value shrimps were exported. This was done at a reasonable profit and the Company also received import entitlement licences of the value of Rs. 1 97,284 which will save the Company a considerable amount.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	20,00,000	Gross block	37,51,081
Reserves and surplus	3 87,878	—Depreciation	11,12,772
Other liabilities	22,14,329	Net block	26,38,309
		Block in progress	2,65,075
		Current assets	23,84,005
		Cash	4,21,775
	Rs. 46,02,207		Rs. 46,02,207

* Paid-up capital consists of 1,912—6 per cent. tax-free cumulative preference shares of Rs. 100 each; 10,738 ordinary shares of Rs. 100 each; 1,837 deferred preference shares of Rs. 100 each and 5,613 deferred ordinary shares of Rs. 100 each.

Parkside (Neilgherry Hills) Estate Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Matheson, Bosanquet and Company, Ltd., Belmont, Coonoor, Nilgiris)

Thirteenth Annual General Meeting—28th November 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Tea sales	18,68	21,79
Closing stock	2,08	3,14
Gross profit	6,14	9,03
To Secretaries' and Treasurers' remuneration	41	55
Transfer to depreciation	75	78
,, ,, provision for taxation	2,40	4,11*
Net profit	2,58	3,59
Transfer from general reserve	Nil	62
Provisions written back	48	10
Tax adjustment for previous year	4	4
Surplus brought forward	46	49
Appropriations:		
To super profits tax for the past year	Nil	62
Transfer to development rebate reserve	5	3
To interim dividend (taxable) ordinary	1,12 (7½%)	1,12 (7½%)
Proposed final dividend (taxable) ordinary	2,23 (15%)	2,61 (17½%)
Carry forward	11	46
Market value of ordinary shares (in rupees):	1964†	1963
High	25.75	27.50
Low	25.12	22.00

* Includes Rs. 43,000 for super profits tax.
† High and low upto 10th November 1964.

Extracts from the Directors' report: *Working Results*: Weather conditions from January 1964 until the end of the season were unfavourable to crop and the drought was the worst for many years. As a result the production of tea in South India for the first 6 months of 1964 was substantially lower than in 1963. The crop on Pakside Estate was no exception and was nearly 2 lakhs pounds lower than the previous season. This has inevitably reflected adversely on the profits for the year.

During the year the Company has purchased 9.22 acres of planted tea adjoining the estate. This area requires development and will prove profitable in due course. The Directors are negotiating for the purchase of further land in the same area. The total area under tea is 230.47 hectares.

Crop: The tea manufactured for the year was 7,11,800 lbs. (3.22,867 kgs) which is equivalent to 1,270 lbs. of tea per acre. The crop is the lowest since 1958/59 and is due to insufficient rainfall. The crop for the current season so far is ahead of last year and given reasonable weather conditions, the prospects are promising.

Cost and Selling Prices: The Estate cost of production per kg of Made tea for the year was Rs. 3.37 (Rs. 1.53 per lb) against the budgeted figure of Rs. 3.28 (Rs. 1.49 per lb). The total estate expenditure is substantially lower than the budget but the cost of production per pound of tea is slightly higher as crop was about 38,000 lbs. lower than the estimate. The overall cost of production for the season was Rs. 4.89 per kg. (Rs. 2.22 per lb) including depreciation but excluding provision for taxation.

The average sale price of tea realised for the season has shown a useful improvement at Rs. 6.43 per kg. (Rs. 2.92 per lb) compared with Rs. 6.04 per kg (Rs. 2.74 per lb) realised last year.

	Actually incurred Rs.	*Budgeted* Rs.
Lines	25,297	23,400
Other buildings	3,513	8,000
Furniture	4,095	5,500
Water supply		500
Machinery	32,100	32,000
	Rs. 65,005	74,400

The total capital expenditure incurred during the season was Rs. 65,005 against the estimated figure of Rs. 74,400.

Estimates Season 1964/65: These provide for a crop of 3.40,194 kg (7,50,000 lbs) of Made tea to cost Rs. 3.22 per kg (Rs. 1.46 per lb) including 44 P per kg for manuring. Labour and staff wages however will show an increase due to higher rates recently recommended by the Wage Board which will have an effect on cost of production. Capital expenditure is estimated at Rs. 74,270.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	14,88,960	Gross block	35,69,741
Reserves and surplus	17,38,946	—Depreciation	8,23,035
Other liabilities	6,84,085	Net block	27,46,706
		Block in progress	23,281
		Current assets	4,96,022
		Investments	29,925
		Cash	6,16,057
	Rs. 39,11,991		Rs. 39,11,991

* Paid-up capital consists of 1,48,896 ordinary shares of Rs. 10 each. Of the above 13,528 ordinary shares are allotted as fully paid up by way of bonus shares through capitalisation of reserves.

NEWS IN BRIEF

A CONTRACT for delivery of 150,000 tons of foundry pig iron by Russia to India in 1964-65 was signed on Monday this week, between the representatives of the Governments of India and Soviet Union.

An additional rebate of 10 per cent on retail sale of all varieties of woollen Khadi on which a normal rebate of 10 per cent is permissible has been granted with effect from the 14th inst. It will be valid for a period of 45 days.

The Government of India has decided to license an additional annual sugar production capacity of 800,000 tonnes through expansion of existing units and establishment of new mills. The Madhya Pradesh Government has sought central sanction for nine co-operative sugar mills, and the matter is under consideration.

A survey of the wrap-knitting industry in India and its placement in the textile industry has been undertaken by the Silk and Art Silk Mills' Research Association, Bombay. The objective is to collect the basic date on state of machinery product composition, cost of production of this infant industry.

The Government-owned West Pakistan Industrial Corporation will shortly take over two cement factories in Pakistan owned by India's Associated Cement Companies. The West Pakistan Corporation and the A.C.C. have just finalised the negotiations. They are likely to sign the agreement by the end of this month.

A comprehensive and integrated sugarcane development scheme has been drawn up by the Bihar Government. The scheme envisages the increase in yield per acre from 12 tons to 26 tons in the selected sugarcane-growing areas of the State, namely the reserved areas around Samastipur, Motipur and Bagaha sugar factories in North Bihar and Dalmianagar and Bihta in South Bihar.

A seven-member international team of experts in foreign trade, arranged by the Ford Foundation at the request of the Union Ministry of Commerce arrived in New Delhi on the 14th inst. in order to study India's exports efforts and suggest improvement. The team is being split into two groups, one visiting Calcutta and Madras and the other visiting Bombay and Ernakulam.

The Governments of India and Jordan have agreed to increase the trade exchange between the two countries by 50 per cent in the next two years, according to a joint communique issued at the end of the talks held at Amman recently. An Indian trade office is to be set up in Jordan next year and an industrial team will visit this country to explore possibilities of floating joint industrial projects in Jordan.

The Union Government has constituted a six-member expert committee with Mr. A. C. Mitra, consulting engineer, U.P., as Chairman, to prepare a comprehensive plan for controlling recurrent floods in the rich coastal deltaic areas of the Godavari, Krishna and Guntur districts of Andhra Pradesh. The Committee has been asked to suggest a plan for control of floods in the coastal rivers in this area. It will also consider the methods of improving drainage system in the area.

A study of the possible sites for locating the coke oven plants is reported to have been taken up by the Government of India. It has been decided to invite offers from consultary firms for this purpose. The main objective of the study will be to enable the Government to select locations for these plants and to take steps for the preparation of a detailed project report. It will also indicate the production processes involved, by-product utilisation, and capital and operating costs.

A crash programme for mineral discovery and development entitled "operation hard rock" has been prepared by the Union Ministry of Steel and Mines. The programme envisages intensive investigation of minerals through air-borne surveys so that favourable prospecting areas are pinpointed by aero-magnetic, electro-magnetic and radio metric methods. The total cost of the programme is estimated at Rs. 2 crores and the U.S. Agency for International Development is reported to have indicated its willingness to lend $3.5 million to cover the cost of foreign exchange.

Owing partly to the Land Ceiling Act and partly also to the exemption of agricultural income-tax for the first 12½ standard acres, several big assessees have reduced their holdings to the minimum extent possible and some have disposed of their lands in excess of 12½ standard acres to avoid tax, according to the administration report of the Madras Agricultural Income-tax department. The net collection during 1962-63 after deducting refund of Rs. 16.14 lakhs, amounted to Rs. 116.21 lakhs, as against Rs. 142.96 lakhs in the previous year. The total number of assessees at the end of the year was 42,632, as compared with 23,318.

The regional transport survey unit of the planning commission has reviewed the transport requirements of 15 major commodities till 1975-76 at a meeting held in Calcutta on Monday this week. Mr. Tarlok Singh, member of the Planning Commission, addressed the meeting. Mr. Singh said that half the investment in the fourth Plan would be on transport and industry [illegible] a sizable portion of the expenditure

ment. The meeting discussed the transport development programmes of the State Governments in the eastern region, the progress of the transport survey of the coal and steel belt and problems of common interest.

A decision to start a central agency, known as the Federation of Indian Export Organisations, was taken at the meeting of the Chairmen of export promotion councils, representatives of commodity boards and other important trade organisations held at New Delhi on the 16th inst. The Federation is expected to start functioning early next year. It will sponsor study teams, undertake commodity and market surveys, conduct publicity work, open foreign office and provide common services for the benefit of exporters. It will function as an integral part of the Federation of Indian Chambers of Commerce and Industry. It was also decided to set up a Standing Committee of 30 members, representing major chambers of commerce, export promotion councils and commodity boards under the Chairmanship of Mr. P. A. Narielwala. The office of the Federation will be at New Delhi.

The Study group on the woollen handloom industry (Chairman: Mr. K. Mallappa, President, Mysore State Woollen Handloom Co-operative Society), in its report submitted to the Union Government, has suggested the bringing of the entire handloom industry under the co-operative fold. It has recommended the establishment of centralised scouring blending and carding centres in Andhra Pradesh, Mysore, Uttar Pradesh, Rajasthan, Himachal Pradesh and Jammu and Kashmir; small worsted spinning plants, consisting of 2,000 spindles each in Kulu, Palampur (Punjab), Almora (U.P.) and Srinagar, and shoddy spinning plant of 5,000 spindles at Amritsar and woollen spinning plant of 2,000 spindles each in Andhra Pradesh and Mysore. Another important recommendation is that certain "limited reservation of field of manufacture" between the organised mill sector and the handloom products should be made.

A project report on the proposed integrated aluminium project at Korba in Madhya Pradesh will be prepared by Hungarian experts shortly. An agreement to this effect was signed between the Governments of India and Hungary at New Delhi on Tuesday this week. The report will be in two parts. The first part, which will include the economic assessment of the resources, will be prepared in ten months, and the final report will be presented in 18 months from the date of the agreement on the project report becomes effective. The National Industrial Development Corporation will act as the technical consultary between the Indian Government and the executing agency for the project. The project will have a capacity to manufacture 120,000 tonnes of alumina and 30,000 tonnes of aluminium metal per annum supported by facilities to manufacture aluminium semis. The Hungarian Government has already offered credits to cover the foreign exchange component of the project.

The total exports from India during the month of September this year touched the highest level for any single month, namely, Rs. 75.5 crores representing a rise of Rs. 12 crores as compared with the total exports of Rs. 63.5 crores in September 1963. The rise was accounted for by almost all commodities, especially tea, jute, textiles, mineral ores, tobacco, cashew, cardamom, coffee, chemicals, plastics, handicrafts, jewellery, coir products, fish and fish products, raw cotton, engineering goods and other manufactured articles. Sugar, vegetable oils and black pepper were, however, the only items which did not register as sizable increase in exports. The total exports during the first six months of the current (1964-65) financial year were Rs. 415 crores, that is, Rs. 38 crores higher than the exports (Rs. 377 crores) in the corresponding six months of 1963-64. In spite of the fact of advance in prices in the past few months, the export performance is remarkable and owes a great deal to the cooperation and concerted effort of the various Export Promotion Councils, Commodity Boards and exporters of different commodities.

* * * *

From Abroad

The Prime Minister of Britain intends to seek President Johnson's support for a vast new system of international credit which aims at staving off the peril of world slump.

The United States, West Germany and Britain together accounted for nearly three-fifths of the aggregate World exports of manufactured goods. The exact percentage shares of these countries are 23.1, 19.9 and 14.7 respectively.

Japan's exports during the month of October 1964 touched a new post-war high of $691.6 million. The high level of exports is attributed chiefly to a steady growth in sales to the U.S. and increased purchases by the Soviet Union and Australia.

A shipping service between Pakistan, China and Japan is scheduled to commence from 1st January 1965, according to Commodore Rashid Ahmed, Managing Director of the National Shipping Corporation of Pakistan. The Japanese Conference Lines has agreed to the proposed service in principle. Further negotiations are in progress.

Between 1958 and 1963, Italy, Holland and West Germany in that order led the western world in the growth of industrial production. The average percentage increase in that period was 32.2. Industrial production went up by 20 per cent in Italy, by 39 per cent in Netherlands, by 36 per cent in W. Germany and by 33 per cent in U.S.A.

More young people are in training now than formerly as brain-workers to keep the wheels turning in German industry. According to Government statistics, six per cent more young people (54,118) were studying in the engineering school of West Germany in the autumn of 1963 than in 1962, and 30 per cent more than in 1959. Between 1959 and 1963, the proportion of women engineering students rose by 61 per cent.

Ninety-two high level western business executives began talks at Moscow on the 16th inst. with top Soviet trade officials to explore the possibility of increasing Soviet-U.S. trade. The business men are all American excepting Sir Harry Pilkington, Chairman of the Pilkington Brothers. The talks will range over a wide range of topics including Soviet economic planning, foreign policy, scientific research, agriculture, foreign trade and the financing of trade.

In an attempt to stimulate economic activity further the Austrian Government has lowered customs duties on about ninety groups of agricultural and industrial commodities by an average of 15 to 20 per cent with effect from 1st October 1964. At the same time, a number of commodities have been added to the so-called free list, which enumerates commodities exempt from the turnover equilisation tax. Export bonuses will be granted only on commodities exported after processing or conversion in Austria, but not on goods that leave Austrian territory in the same state as they were first imported.

PERSONAL

MR. Akbar Hydari, Chairman of the Western India Match Company Ltd. and Director of several other companies, has joined the Board of Directors of the Metal Box Company of India Limited.

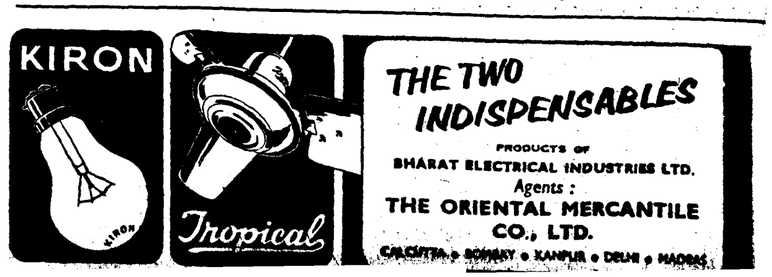
Mr. Prabhu V. Mehta has been re-elected Chairman of the Textile Machinery Manufacturers' Association for the year 1964-65. Mr. J. C. Agrawal and Mr. J. Save have been elected Vice-Chairmen.

Mr. S. C. Sengupta, until recently a member of the P. and T. Board, has taken over charge as the Joint Secretary in the newly created Department of Social Security, in the Ministry of Labour and Employment.

Mr. F. R. Law, Manager, Laboratory, Chemicals Marketing Division of British Drug Houses, is currently in India, studying aspects relating to the increasing demand for laboratory chemicals and drugs in South-East Asia and the Far East. Mr. Law will visit Pakistan before returning home on 29th inst.

Mr. Mark Vahrman, Reader in Industrial Chemistry at Northampton College of Advanced Technology, London arrived in New Delhi on the 15th inst. for a seven-week visit to India under the Colombo Plan. He will have discussions with officials of the Central Road Research Institute and the Central Fuel Research Institute on low temperature carbonisation.

Mr. D. P. Bertlin, of the London firm of consulting engineers, Messrs. Bertlin and Partners, arrived in India on Monday this week to discuss with the senior officials of the Bombay Port Trust a master plan for the development of the harbour. During his 10-day stay in the city, Mr. Bertlin will discuss with the Port Trust authorities questions arising from the £8 million contract to be awarded for the development of the docks and the International Development Association's financing of the foreign exchange costs.



TECHNICAL AID UNDER COLOMBO PLAN

INDIA'S CONTRIBUTION INCREASES

THE backward and underdeveloped countries of the world require enormous amounts of capital and technical assistance for their economic development. Capital aid from the advanced countries no doubt helps them to procure the necessary plant and equipment so very vital for their industrialisation. But mere machines and sophisticated equipments are of no avail without the necessary skilled technicians who alone could use and maintain them properly. Thus, while capital aid is of great importance, in the long run, technical assistance is of even greater importance, being essential to ensure the maximum use of such capital aid. It is in this context that the technical assistance provided under the Colombo Plan to the countries in South and South-East Asia assumes particular significance, aiming, as it does, at the development of the manpower resources of these areas. In view of the dearth of skilled personnel in these countries, the Colombo Plan's activities in this field is invaluable. Technical co-operation, it may be noted here, covers provision for equipment and technical training.

The thirteenth annual report (that is, for 1963-64) by the Colombo Plan Council for Technical Co-operation in South and South-East Asia, released by the Colombo Plan Bureau recently, contains a factual review of progress made in this direction. Started in May 1950 with seven countries, the Council has at present a membership of 22. The Council has among its members the advanced countries such as Australia, Britain, Canada, New Zealand, Japan and the United States and the leading developing countries such as India, Ceylon, Pakistan, Burma, Indonesia, Philippines, Malaysia and Afghanistan. The total expenditure on the various technical assistance programmes during 1963-64 amounted to £36.4 million. Though this figure is slightly less than the peak amount of £42.3 million reached in 1962-63, it represents an increase of about 36 per cent on the average annual expenditure over the last five years and about 98 per cent on the expenditure in 1958-59. As the accompanying table shows, the cumulative total expenditure on technical assistance under the Colombo Plan since 1950 has touched £181.3 million. Of this amount, nearly 39 per cent (£70 million) has been spent on technical equipment, 38 per cent (£69.8 million) on 5,981 experts and advisers who have come to the region, and 23 per cent on 33,046 trainees.

Expenditure on Equipment

The expenditure on equipment during the year under review was £16.1 million. While it falls short of the high figure of £21.1 million in 1962-63, it is well above the annual average for the last five years. Technical equipment supplied has ranged from spare parts for the Departments of Physics and Mathematics, Engineering and Chemistry and Fuel and Metallurgy of the Indian School of Mines, Dhanbad, to heat treatment furnace units, spectrometers and polarographs for the Metallurgy Division of the Department of Mineral Resources, Thailand; from fertilisers, pesticides and seed varieties for the agricultural improvement programme in Vietnam to instruments for the Scientific Instrumentation Centre of the National Institute of Science and Technology, Manila.

Skilled personnel to maintain and man these equipments have been sent to the countries of the Colombo Plan region. As many as 948 experts have come to serve this region during 1963-64, as against 870 in 1962-63. The United States has provided well over half the number (562) of the total experts during the year. It is a matter of some significance that India, a relatively underdeveloped country, has been able to provide the second largest number of experts (106), even compelling Britain to take third place with 86. Among the experts assigned are advisers on town planning and landscaping, radar instruction, project evaluation, wheat and rice breeding, soil surveys, geology, microbiology, etc. These examples illustrate the wide range of international expertise which is being channelled to the developing economies. The largest number of these technical experts has been provided to India (157), Vietnam (137) and Nepal (123), in that order. It is in the field of education that the highest number of experts (255) has been provided. The other important fields where experts have been assigned are food, agriculture and forestry, medical and health, engineering, etc.

Besides sending out experts, the contributing Colombo Plan countries also provide training facilities in their own institutes. The report points out that the number of new training places provided during 1963-64 (4,551) is the highest on record for any single year. The previous highest annual total was 4,529 places in 1961-62. The United States is the leading donor country outside the Colombo Plan region with as many as 2,164 places (48 per cent). Australia and Britain occupy the second and third places in the number of training places provided to trainees with 573 and 454, respectively. India has increased its training places from 242 in 1962-63 to 284 in 1963-64. But it has sent only 693 trainees in 1963-64, as against 742 trainees in 1962-63 and thus dropped to second place after Indonesia (750) in receiving training awards. However, India holds a key position in respect of intra-regional training and has provided no less than 284 places this year (77 per cent of the total of 367).

India's Share

Another interesting set of facts revealed by the technical co-operation report of the Colombo Plan is the country-wise break-up of the total aid given by the various advanced nations to the developing countries of the region. As will be seen from the accompanying Table II, the United States is the largest donor country. Over the years 1950-64, it has provided aid to the tune of £143.4 million or 79 per cent of the aggregate aid of £181.3 million. India has itself contributed to the progress of other developing countries, such as Nepal, Cambodia, Laos, Pakistan and the Philippines. Other advanced nations, such as Britain, Australia, Canada, New Zealand and Japan have also contributed to the technoolgical development of the backward countries. Table III shows, in this connection, the amount of technical aid received by India from other countries during the years 1950-64. Of the total of £25.8 million received by India, £19.9 million or 77.1 per cent is from the United States. Britain and Canada follow with £3.4 and £1.2 million respectively. The share of Australia, New Zealand and Japan in the grant of assistance to India is very negligible. The reasons for this comparatively low amount of technical aid from the latter countries are many, historical ties and geographic location being relatively more important. Australia and New Zealand have made available nearly 50 per cent of their technical aid to their close neighbours, such as Indonesia and Malaysia. Britain has given a large proportion of its assistance (73 per cent) to India, Ceylon, Malaysia and Pakistan, which share common historical associations with that country and have institutions and standards on its pattern. India, in turn, has granted maximum aid to its neighbouring countries, such as Nepal and Ceylon, which have many things in common. This highlights the importance of the bilateral character of technical assistance in maximising its effectiveness. The result is that aid tends to come from the most useful source and also to go to the country most likely to benefit from it.

The Colombo Plan, which was envisaged as a unique pattern of international co-operation at its inception in 1950, has, over the years, acted as a catalytic agent in the planned development of South and South-East Asia, which, incidentally, accounts for one-fourth of the world population and one-sixteenth of the total inhabited land area. With a staff of less than 30 members, the Plan has been a shining example of international co-operation in the fight against the widespread poverty prevalent in the region. The good work done so far needs to be kept up in the coming years as well. Both the quantum and the variety of aid have to be increased against the background of changing needs and the rapid increase in population in this region.

Table I—Expenditure on Technical Co-operation
July 1950 to June 1964
(In million £ sterling)

Period	Trainees	Experts	Equipment	Total
Total upto June 1958	5.9	2.9	2.4	11.2
1958-59	4.4	9.8	4.2	18.4
1959-60	5.3	8.6	3.0	16.9
1960-61	5.8	8.7	5.7	20.2
1961-62	7.0	11.4	17.5	35.9
1962-63	6.9	14.3	21.1	42.3
1963-64	6.2	14.1	16.1	36.4
Total ..	41.5	69.8	70.0	181.3

Table II— Aid Given by Different Countries (1950-64)
(In million £ sterling)

Country	Value
Australia	11.9
Britain	12.3
Canada	6.4
India	1.3
Japan	2.2
New Zealand	3.5
United States	143.4
Other Countries	0.3
Total ..	181.3

Table III—Aid Received by India Upto 1964
(In million £ sterling)

Country	Value
Australia	0.9
Britain	3.4
Canada	1.2
Japan	0.3
United States	19.9
Other Countries	0.1
Total ..	25.8

SUGAR

(*Concluded from page 902*)

tories owned by joint-stock companies. The validity of this argument has, however, been questioned by the joint-stock sector thus:

> In the case of joint-stock sugar companies, the growers and shareholders are two different entities, whereas, in the case of co-operative mills, the cane cultivators are grower-members and hence they can afford to forgo dividends and get compensated through the higher cane price which is tax-free. It is the character of the financial structure of co-operatives that makes all this difference.

The cane growers' agitation for higher price is perturbing, especially because of the fixation of low ex-factory prices for sugar produced in Maharashtra. If the sugar mills are to pay the price of cane as demanded by growers, the price of their sugar will necessarily have to be raised from the present level of Rs. 116 per quintal. Besides such an increase in cane price, the Government should also concede the plea of sugar industry for partial decontrol of sugar. Surely, such decontrol will, while maintaining the distribution of the bulk of the sugar produced through fair-price shops at stipulated prices, help the mills to sell a part of their production at a higher price in the free market and thereby enable them to meet the competition for cane supply from *gurkhandsari* producers. The scheme of partial decontrol is worth a trial not only in Maharashtra but throughout the country.

The British Government has received applications from India and Southern Rhodesia to become exporting members of the Commonwealth Sugar Agreement, and has proposed that these applications, which the British Government supports, should be discussed with the other parties to the Agreement during the current series of discussions. The British Government has been guided by four considerations; one, India and Southern Rhodesia were not sugar exporters when the Commonwealth Sugar Agreement was signed in 1951, but have since become substantial exporters, two, the British commitments to purchase sugar have been reduced as a result of the termination of the bilateral sugar agreement with South Africa at the end of 1964, three, this provides an opportunity for these major Commonwealth exporters to participate in the benefits of Commonwealth Sugar Agreement, four, the inclusion of these exporters would give further strength to the group as a whole. In respect of Southern Rhodesia, the British Government's attitude is based upon Southern Rhodesia's present position within the Commonwealth. Membership of the Commonwealth Sugar Agreement is confined to the industries of member-countries of the Commonwealth. If Southern Rhodesia should cease to be a member of the Commonwealth for any reason its sugar industry would, of course, forfeit the membership of the Agreement.

The Indian Sugar Mills Association has voiced serious concern at the sudden decision of the Government of India to ban the manufacture of A and B grain size sugars. The ban, according to the Association, is wholly unwarranted, since factories have already commenced crushing operations for the season 1964-65. It is feared that this sudden ban will seriously dislocate the working of the factories specially carbonation factories numbering 36 whose production capacity will be adversely affected. These carbonation factories, have installed costly plant and equipment for producing bold grain size sugars for which there is considerable demand in the country due to the great preference therefor shown by consumers including bulk industrial consumers. Besides, bold grain size sugars have established markets and they also command a premium in normal free trade. As such the Association has pointed out that there is hardly any justification for the sudden prohibition on manufacture of bold grain size sugars due to temporary reported difficulties, if any, experienced under controlled distribution which is a temporary feature. The Association has, therefore, urged the Government to reconsider the matter

TREND OF MARKETS

MONEY EASY

(*From Our Own Correspondent*)

BOMBAY, 18*th November*

The short-term money market ruled distinctly easy during the week under review. Supplies of money were plentiful, following a further large-scale inflow of funds from mofussil centres, while demand for credit tapered off. The inter-bank call rate, as a result, declined. Both renewals and fresh money fetched only one per cent throughout the week with lenders over, whereas, during the greater part of last week, the rate quoted was 3 per cent for the former and 2½ per cent for the latter. Conditions at Calcutta were also distinctly easy. Renewals were done at one per cent, as against 5 per cent, and fresh money at ¾ per cent, as against 4¾ per cent.

Thanks to comfortable money conditions, the 91-day Government of India Treasury Bills, the tenders for which opened on Tuesday the 17th inst, evoked excellent support. The total amount offered (Rs. 4 crores) was twice that (Rs. 2 crores) invited and also accepted. The average rate of accepted tenders moved down from Rs. 2.499 per cent last week to Rs. 2.400 per cent. The intermediate Treasury Bills, too, elicited very good support. The total amount of Bills actually sold from the 11th to 14th inst. was over Rs. 11.23 crores, as against Rs. 48.50 lakhs a week before and Rs. 7.02 crores two weeks before.

India's foreign exchange reserves improved by a further Rs. 29 lakhs during the week ended 13th November. The improvement was entirely in balances held abroad which rose from Rs. 10.14 crores to Rs. 10.43 crores. The foreign securities held in the Issue Department of the Reserve Bank continued unaltered at Rs. 85.46 crores. Loans and advances to scheduled banks declined by Rs. 5.09 crores to Rs. 79 lakhs. The deposits of these banks also receded by Rs. 1.02 crore to Rs. 95.89 crores. Notes in circulation fell by Rs. 6.86 crores to Rs. 2,460.73 crores.

There was a further rise of Rs. 13.10 crores to Rs. 1,720.40 crores in the total credit made available by scheduled banks to their clients during the week ended 6th November. At the same time, deposits declined by Rs. 16.05 crores to Rs. 2,720 crores. Even so, borrowings from the Reserve Bank increased by only Rs. 3.85 crores to Rs. 5.05 crores. Investments fell by Rs. 60.72 crores to Rs. 812.94 crores, while total cash improved by Rs. 20.84 crores to Rs. 173.26 crores.

The Gilt-edged market was dull and quite. 3 per cent non-terminal loan dropped 50 paise to Rs. 62. 3½ per cent 1967 and 1968 shed five paise each to Rs. 99.90 and Rs. 99.85, respectively. The 6½ per cent 1977 Gold Bonds declined by 30 paise to Rs. 117.70 at which level they give a redemption yield of 4.66 per cent. Among State loans, 4¾ per cent 1976 West Bengal encountered selling and fell by Rs. 1.40 to Rs. 98. 4¾ per cent 1976 Uttar Pradesh eased by 20 paise to Rs. 96.90. The Subscription list of the 12-year Rs. 4.75-crore Bombay Municipal Corporation loan was closed on the opening day itself—that is, Monday the 16th inst.—as it was quickly oversubscribed.

In the foreign exchange market, the bank's selling rate for U.S. dollars increased by 25 paise to Rs. 481 per $100 during the week, while their buying rate was unchanged at Rs. 477.50. In New York, the pound sterling eased again *vis-a-vis* the dollar, the spot rate declining by 0.040 cent to 278.300-278.330 cents and the three months' forward by 0.030 cent to 277.670-277.700 cents.

DECLINE IN BULLION

(*From Our Own Correspondent*)

BOMBAY, 18*th November*

The firmness of silver and gold witnessed last week, which gathered momentum in the earlier sessions of the week under review owing to reduced arrivals and brisk demand from local stockists, abated on Tuesday the 17th inst. when both the metals suffered a decline following profit taking at high levels, lack of fresh buying support and reports suggesting tighter enforcement of Gold Control Rules. The decline persisted today also. Since, however, the decline was not appreciable, the closing rate today were higher than a week ago. The net gain was Rs. 2 in silver and Re. 1 in gold.

Silver began the week at Rs. 257, same as last week, and moved gradually to touch a high of Rs. 260.50 on Monday due to heavy demand from local stockists for replenishing their depleted stocks. Subsequently, however, it declined and closed at Rs. 259 today. The weekly average arrivals and offtake of the metal were 16 and 8, respectively, as against 26 and 12, last week.

Fourteen-carat gold improved from Rs. 66.25 to Rs. 67.50 before finishing at Rs. 67.25 today. Pure gold which had earlier increased from Rs. 109.50 to Rs. 113 on reduced arrivals of contraband metal, was done at Rs. 112-113. Sovereign in sympathy, moved upto Rs. 92 before closing at Rs. 91.50.

The international price for gold in the London market was slightly lower at $35.09-¼, as against $35.09-½, last week. The sterling price which initially moved up by 2¼d. to 252*s.* 3¼*d.*, declined later to 252*s.* 2*d.* Spot and forward silver remained unchanged at 112½*d.* and 113¼*d.*, respectively, as also silver in New York at 129.3 cents.

Nearly one million goldsmiths affected by the Gold Control Order throughout the country would observe a one-day nation-wide strike to press their demand for the abolition of the Gold Control Order. Disclosing this at a news conference last week, Mr. Bhawani Shankar Soni, President of the *Akil Bharatiya Swarnakar Sangh*, stated that the strike would be a part of the country-wide agitation to be launched by the *Sangh* next month. He added that a mass demonstration would be staged before the Parliament in the forthcoming session and a memorandum calling for the abolition of the Gold Control Order would be presented to the Government. In order to mobilise public opinion in their favour, the *Sangh*, he said, had asked its units to stage demonstrations and organise picketings in all the important towns. The *Sangh* has strongly resented some of the suggestions contained in the report of the joint select committee of the Gold Control Bill as they are detrimental to the interests of the Goldsmiths.

The following table shows the trend of prices during the week under review:

	18-11-64 (closing)	High	Low	11-11-64 (closing)
	Rs.	Rs.	Rs.	Rs.
SILVER Ready (996 fine) ..	259.00	260.50	257.00	257.00
GOLD				
Ready (14-carat) ..	67.25	67.50	66.25	66.25
Sovereign	91.50*	—	—	91.50*
London—				
Gold	252*s.* 2*d.*	252*s.* 3¼*d.*	252*s.* 1*d.*	252*s.* 1¼*d.*
Silver Ready ..	113¼*d.*	—	—	113¼*d.*
Silver Forward ..	113¼*d.*	—	—	113¼*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

YARNS DULL

(*From Our Own Correspondent*)

BOMBAY, 18*th November*

The yarn market continued to put on an dull appearance during the week under review, in the absence of fresh developments. Art silk yarns tended to decline again following selling pressure induced by the reported reduction in price by a leading spinner. The supply position was comfortable, while demand from consuming centres was poor. Staple fibre yarn futures moved narrowly in the earlier session due to lack of fresh incentives, but tended to move up later on rumours of a possible downward revision of excise duty of staple fibre yarns. The rising trend would have persisted till the close of the week but for easy spot advices. Ready yarns ruled easy. Cotton yarns were dull. Business put through was restricted and values moved within narrow limits.

Among art silk yarns Bright Century 105D suffered a steep fall of 68P to Rs. 11.42. 75D fell by 60 p to Rs. 17.05. National Rayon 150D dropped 24 p to Rs. 9.04, 120D receded by 29 p to Rs. 9.61. South India Viscose 120D declined by 13 p to Rs. 12.23.

In the staple fibre yarn section, the 2 × 34 January 1965 contract, after forging ahead from Rs. 849 (per quintal) to Rs. 857 on Friday, declined to close at Rs. 853 today. Spot Kohinoor eased by 9 paise to Rs. 9.68. Sitalaxmi shed 6 paise to Rs. 9.33. Premier lost 15 paise to Rs. 9.46 and Sriram 4 paise to Rs. 9.06.

Cotton yarn Tuticorin slipped by 57 paise to Rs. 39.97. Business was put through at Rs. 27.50 in 17s Bombay Dyeing. 22s Madura were done at Rs. 32.25. 52s Finlay was unchanged at Rs. 80.50.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	18-11-1964	11-11-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	9.61	9.90
Century 75D	17.05	17.60
S. I. Viscose 120D	12.23	12.36
Staple fibre yarn (2 × 34 NF) January 1965 (per quintal)	853.00	850.00
Spot (per kg.)		
Sitalaxmi	9.33	9.39
Premier	9.46	9.61
City	9.42	9.42
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.50	21.50
17s Modern	27.00	27.00
22s Madura	32.00	32.00
34s T'cott	39.97	40.50
52s Pioneer	68.75	68.75
68s Finlay	100.50	102.00

RECOVERY IN JUTE GOODS

(*From Our Own Correspondent*)

CALCUTTA, 17*th November*

Jute goods market ruled distinctly easy during the major part of the week under review, though it picked up strength on Monday which persisted today also. The easiness was due to pressure of sales by several stockists, while mills did not show much interest in buying. Prices, as a result, registered a fall. The downward trend was, however, arrested on Monday when the market put on a cheerful appearance, thanks to brisk short-covering in the hedge section in view of the approaching closure of accounts relating to November contracts. There was large-scale switching over of operations from the November contracts to February contracts, the high contango rates notwithstanding. The continuance of labour strike in Pakistani jute mills and the unrest among jute mill workers in and around Calcutta on the question of bonus payment also imparted strength. The lower production figure for October (98,000 tonnes of jute goods, as against 104,000 tonnes in September) was another bullish factor. Consequently, prices tended to move up.

In the hedge market, sacking November delivery encountered selling and declined from Rs. 152.10 to Rs. 150.45 on Saturday, but recovered later to close at Rs. 156.25 today. Hessian November, after receding from Rs. 50 to Rs. 49.22, rose to Rs. 49.34 today. Ready hessian (40″ × 10 oz.) and B. twills declined from Rs. 50.10 and Rs. 155.75 to Rs. 49.30 and Rs. 153.20, respectively, on Saturday the 14th inst. Subsequently, however, they recovered, the former to Rs. 49.60 and the latter to Rs. 156.25.

Early in the week, the raw jute market was subdued owing to increased arrivals. Operators in the Calcutta market were eager to lighten their stocks which consisted mainly of lower grade fibre. But the mills were very selective in their purchases because of the small quota of 175,000 bales released for the week ended 14th November. They (mills) preferred better grade fibre even at slightly higher rates. Hence, the prices of all grades of fibre drifted downward. The tone of the market, however, improved later in the week, following the issue of maximum purchase quota 700,000 bales for the week ending 21st November and reports suggesting that raw jute output in Pakistan would be more than 6.6 million bales during the year 1964-65, that is, 700,000 bales short of the second Plan target of 7.3 million bales. Prices, as a consequence, staged a recovery. The recovery was, of course, not marked enough to make up for the earlier losses, so that today's closing rates were below those prevailing a week ago. Thus, over the week, Assam Bottoms fell by Re. 1.50 to Rs. 36 per maund. Northern Bottoms declined by a like amount to Rs. 36.50. Daissee eased by a rupee to Rs. 37.

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Very few mutagenic effects of radiations on jute plants are inherited, according to the Jute Agricultural Research Institute of the Indian Central Jute Committee. Only about 2 to 4 per cent of the variations produced have direct use as high-yielding materials or indirect use in hybridisation for incorporating the desirable characters (induced by radiation) into the existing high-yielding strains. The more promising of the variations have been isolated with the help of radiations, which included charges of X-rays upto 140,000r, gamma rays upto 200,000r and chronic gamma rays upto 10,000r. In preliminary yield tests, some of the plant materials selected from X-rayed populations produced 58 to 70 per cent more fibre than the standard white variety D. 154. Stabilisation of the new strains by way of purification is expected to take a few years more. The common belief that jute shows large variations in nature is, according to the Institute, erroneous. The collection of samples from different parts of the world over the past 40 years has yielded only about 100 varieties of the two main species of jute, C. Capsularis (White) and C. Olitorius (Tossa). Since the choice of material is limited, the Institute's programme of breeding and evolving jute varieties which are resistant to insect pests and diseases, drought, waterlogging, lodging and other adverse factors has recorded relatively slow progress. The radiation work is carried out in the Institute's own gamma field, which is equipped with a 20 curie cobalt-60 source and a 100 kvp hard X-ray unit.

OILSEEDS BUOYANT

(*From Our Own Correspondent*)

BOMBAY, 18*th November*

But for a minor setback towards the close, oilseeds maintained a firm and buoyant tone during the week under review. The volume of business was consistently large and the market was sustained by continued bull support and heavy short-covering. Each and every section participated in the buoyancy and it seemed that the reaction at the end was mostly of a technical nature. The lead was provided by groundnuts and at one stage margins came into force, as the market rose by Rs. 2.40—that is the permissible limit for the rise —when the quotation touched Rs. 100.20. On Wednesday, the quotation was Rs. 100.15. Bull operators were encouraged to build up further long positions by the decision of the Gujarat Government to put exports of groundnuts from the State under permits on the basis of last year's performance. Exports during the current month will be allowed to the extent of the actual figure in the same month last year and the feeling was that, as a result of these restrictions, imports into Bombay could not after all be much. The oil needs of the city are around 500 tonnes a day—100 tonnes for domestic consumption and 400 tonnes for use by *vanaspati* manufacturers. But stocks in the city were said to be insufficient to meet the city's requirements. In keeping with futures, spot prices reacted at the close. Turnover was put at an average of 13,000 bags a day, as against the normal figure of 5,000 to 6,000 bags. Oil was also subdued at the close.

The outlook for groundnuts now depends to a large extent on the policy of the Gujarat Government. A section of the market men think that the State Government will have to facilitate larger exports from the State sooner or later, and that this might induce a decline in prices. It is now taken for granted that the Centre will stick to the ban on exports from the country of H.P.S. and groundnut oil. The bearish view is not, however, shared by the other section which asserts that the market is definitely bullish. The fact is that wholesalers in the foodgrains market, now out of business, have, for want of anything better do, entered the oilseeds and cotton markets. It is possible that this element is buying up oilseeds for speculation. This section further anticipates that groundnuts will touch even Rs. 150, if they are allowed to seek their natural levels.

Castor March touched a new high of Rs. 189.25 during the week, although, at the close, it receded to around Rs. 187.50. It sounds rather strange that, with exports of castor oil making a poor show, seeds should be scaling new highs. New elements have entered into the castor market too, and, with the crop still a long way off and stocks very small, it is not difficult to rig up prices. It would, however, be hasty to predict any definite trend for castor. Suffice it to say that currently it is content with following the lead of groundnuts and that its long-term prospects will depend not only on the future of groundnuts but also on its own harvest.

Linseeds were also firm, with the March contract rising to Rs. 44.81 and reacting at the close to Rs. 43.62. There have been no new factors

in linseeds, but, as has been pointed out many a time in this column, its outlook depends on the rapeseed harvest which, however, is still a couple of months off. Cottonseeds were extremely bullish and the highest during the week was Rs. 112.75 which has been the highest so far. There is no need to repeat that exports of cottonseed oil are very difficult, in view of the competition in international markets, while domestic consumption has been hampered by the recent restrictions. But yet the market is bullish and this is obviously due to the high prices which cotton is fetching at present. The outlook for spot cotton remains very firm and, in view of this, the trend in cottonseeds can be anything but bearish.

The outlook for groundnut extractions is excellent and currently the market has been firm with November at Rs. 435, December at Rs. 430 and January at Rs. 420. U.K. advices also indicate a firm tone with November at £39-10, December at £38-5, January at £37-15 and January-February-March at £37. The firm tendency is induced mainly by sustained overseas demand, with communist countries particularly active for the past some days. It is said that, during the last 15 days, business to the tune of 70,000 tonnes has been put through with overseas countries such as Poland, Yugoslavia, East Germany, Czechoslovakia and Russia, while the U.K. is credited with having bought 6,000 to 7,000 tonnes.

The volume of business with the United Kingdom is not much, but market circles interpret the new business as a significant development, for U.K. buyers had been shying off the Indian market since a long time. Informed sources say that the United Kingdom might buy anything between 45,000 tonnes and 50,000 tonnes per month in the current season, while the same sources also think that Russia might take up about 30,000 tonnes a month during 1965.

Trade estimates of exports of groundnut extractions during 1965 are for a total of 1.4 million tonnes earning around Rs. 58 crores by way of foreign exchange and thereby offsetting the shortfall in earnings on account of the ban on exports of oil and H.P.S. goods. Trade circles cite the recent agreement, said to have been concluded between the Government of India and several of the East European countries, which covers a total exports of the value of Rs. 52 crores, as against Rs. 42 crores in 1964, and assert that, out of the rise of Rs. 10 crores, half would be accounted for by extractions which means an additional export of 200,000 tonnes to these countries.

In view of these factors, extractions should continue to maintain a firm tone and knowledgeable sources think that there is scope for a rise of Rs. 60 to Rs. 70 per ton in prices. Crushing is reported to be in full swing and trade estimates are for an output of 140,000 tonnes a month during the current year.

The following table shows the closing prices of oilseeds and oils as on 18th November as compared with the previous two weeks:

	18-11-1964	11-11-1964	28-10-1964
Groundnuts	**Rs.**	**Rs.**	**Rs.**
January 1965 contract	100.15	98.15	94.40
Oil January 1965	N.T.	N.T.	N.T.
Khandesh quality	116.00	120.00	97.00
Oil ex-mill	24.00	24.00	21.00
Oil Rly. Receipt	22.75	23.00	20.50
Castorseed			
March 1965	187.50	184.50	182.00
Ready Madras	85.00	88.50	88.00
Ready Kanpur	83.00	81.50	81.00
Oil B.S.S.	18.00	18.55	18.60
Oil commercial	18.00	17.85	17.70
Linseed			
March 1965	43.62	41.94	39.69
Bold ready	110.00	101.00	95.50
Linseed oil	23.50	21.50	20.15
Cottonseed			
January 1965 contract	110.50	109.50	104.25

N.B.—The quotation for groundnuts January 1965 contract is for 100 kg. The rates for spot groundnut and castor are for 100 kg. Castor and cottonseeds futures are quoted per 250 kg. while linseeds futures are quoted per 50 kg. Groundnut Oil January 1965 and all spot oils are quoted per 10 kg.

TEA IN GOOD DEMAND

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 12*th November*

Offerings in sale No. 44 held on 10th inst. amounted to 674,000 kgs. Quality was generally well maintained. The market opened to good general demand which continued throughout the sale. Low mediums and mediums, meeting useful enquiry, were often irregularly dearer. Good mediums also received strong support and some of them registered advances in price. There was better enquiry than of late for highgrown brokens, following quality, and these were sometimes dearer, but their fannings were irregular and often easier. Clean black leaf descriptions met better demand and were dearer. Teas of unorthodox manufacture were irregular and came to an easier market. Whole leaf grades were sold well at around last rates. There was useful enquiry for a small section of tippy teas on offer.

The quotations (per kg.) were:

	1964	1963
	Rs.	**Rs.**
Low mediums	4.20-4.90	4.15-4.60
Mediums	4.90-5.20	4.65-5.00
Good mediums	5.20-6.00	5.10-5.60
Nilgiri B.O.P.	5.00-6.80	4.80-7.60

The average price realised in sale No. 44 was Rs. 4.87 per kilo, as against Rs. 4.84 a week ago and Rs. 4.66 in the corresponding sale last year.

In dust sale No. 44 held today, 423,000 kgs. were offered. There was fair general demand. Coloury mediums met with useful support and were firm, while low mediums and mediums were irregularly easier. Residuals sold at irregular rates. Highgrowns met with fair demand and prices realised were lower than last. The best unorthodox descriptions again came to a lower market, while others in this category were about firm.

The average price realised in dust sale No. 44 was Rs. 4.37 per kilo, as against Rs. 4.43 a week ago and Rs. 4.46 in the corresponding sale last year.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire us as follows:

"*Sale No.* 45: 1,133,000 kgs. offered. Good demand. Low medium and medium brokens barely steady. Similar fannings 10 to 20 paise easier. Good mediums firm. Highgrowns irregular. Unorthodox easier."

FOODGRAINS DECLINE FURTHER

(From Our Own Correspondent)

HAPUR, 16*th November*

Except rice, which continued to rule subdued at Hapur during the week, grains prices indicated a steadier tendency due to the shortage of supplies. The Union Government, it was understood, was thinking of revising its food zone policy and a free movement zone in South is being suggested due to difficult food situation in Kerala. The Union Food Minister has said that from 1st December, the States would make their surplus foodgrains available to the Centre, which would allot it to the deficit States.

After early decline wheat prices improved at Hapur by Rs. 2.50 to Rs. 3.50 per 40 kilogrammes, according to quality, on brisk consumers support and tight supply position. Average quality wheat was quoted between Rs. 36 to Rs. 37 and farm produce between Rs. 37.50 to Rs. 38.50 per 40 kilogrammes. Arrivals in the open market were small and supply of imported wheat, through fair price shops was restricted. Subdued trend continued in the rice market and prices drifted lower by Rs. 2.50 to Rs. 5 per 40 kgs. due to heavy arrivals of new produce and better stocks position. Week-end prices were:—Rice *basmati* superior Rs. 40 to Rs. 41.50, *sela* Rs. 35 to Rs. 37.50, *mainpuri* Rs. 31.25, *ramajwayan* Rs. 32.50 to Rs. 33, *raimunia* Rs. 32.50 to Rs. 33 and *gadda* Rs. 27 to Rs. 28 per 40 kilogrammes.

Following the order of the District Magistrate and R.F.C., asking traders to refrain from selling maize and *bajra* in the open market, maize prices rose upto Rs. 24 per 40 kilogrammes, against Rs. 17.50—the price fixed by the Government. Even at these high rates maize was not easily available in the open market. Gram prices however ruled quiet and prices eased by Rs. 2 per 40 kgs. to be quoted between Rs. 32 to Rs. 33 per 40 kilogrammes. Barley and *bejhar* prices stayed steady at Rs. 27 to Rs. 28 and between Rs. 26.50 to Rs. 27.50 per 40 kilogrammes respectively. *Juwar, guwar* and other coarse grains prices were listless in limited trading. *Rabi* sowings was still being continued and its progress was reported to be very good.

Subdued trend was however witnessed in the pulses market and prices in all section drifted lower on poor buying support at higher price levels. Peas prices declined by Rs. 4 to Rs. 5 per 40 kgs. to be quoted between Rs. 26 to Rs. 27 for *dara* quality and between Rs. 28 to Rs. 29 for farm variety. Peas *dal* prices eased to Rs. 28. *Arhar* and its *dal* prices also tended to ease. The prices of *arhar* ranged between Rs. 35.50 to Rs. 38.50 per 40 kilogrammes. *Urd* and *moong* prices declined as demand was poor. *Urd* was quoted between Rs. 27 to Rs. 29 and *moong* between Rs. 35 to Rs. 37.50 per 40 kilogrammes. *Masoor* and other *dal* prices were stationary. Week-end prices were:—*Arhar dal* Rs. 44 to Rs. 45, *urd dal* Rs. 35.50 to Rs. 36.50, *moong dal* Rs. 42 to Rs. 43, *masoor* Rs. 36.50 to Rs. 39.50, *masoor dal* Rs. 42 to Rs. 43 and gram *dal* Rs. 37.50 per 40 kilogrammes.

COTTON FUTURES MOVE UP

(From Our Own Correspondent)

BOMBAY, 18*th November*

Prices in the futures section of the cotton market reflected a rising trend throughout the week under review; there was a sudden spurt in prices on Monday, the 16th inst., when the Jarilla March contract gained eight points. The bullish fervour was so pronounced that reports envisaging early release of 150,000 bales of American cotton under P.L.480 and announcement of a global quota of 214,000 bales failed to have any sustained effect on the market. Actually, the failure of these reports to materialise provided fresh strength to the bulls and caused cold feet among those who had gone short. As the prices were nearing the official ceiling, the authorities of Cotton Exchange were very much worried. Some even feared that the punitive provisions might be invoked by the Forward Markets Commission.

A meeting of the authorities of the Forward Markets Commission, the Textile Commissioner's Office and the East India Cotton Association took place on the 16th inst. Although it is not known what transpired at the meeting and what action was contemplated by them, enquiries in the market revealed that a leading bull who was long by about 200,000 bales was warned by the Commission and asked to liquidate some of his holdings.

Fears of some strict official action and bull liquidation caused a decline in prices on the following day, that is, Tuesday the 17th, when prices lost 3.5 points. The declining trend continued during today's trading, too, though towards the close a slight recovery set in due to firmness in the spot market and the growing impression that the current crop would be shorter than anticipated earlier.

The Jarilla March contract opened the week Re. 1 higher at Rs. 757 per candy and, after touching Rs. 755 the same day, which later turned to be the lowest of the week, spurted to Rs. 767.50, a new high since its commencement and only Rs. 7.50 below the official ceiling of Rs. 775 for the non-delivery period. It declined to Rs. 759.75 today before closing higher at Rs. 761.50, a gain of Rs. 4.50 over the week.

The turnover in the Sewri spot market was reported to be moderate, with prices of almost all varieties ruling high. Some mills were, however, active buyers and there were reported efforts of cornering of 197/3 cotton for which very high prices were offered. Spinners were reluctant to book bulk quantities at these high prices. Prices of new crop Kalyan-Wagad, Digvijay and L147 showed a rise of 5 to 10 points. Today, however, the prices have receded from the previous levels following increasing tempo of arrivals of new crop varieties in the terminal markets. The following are the latest available quotations in respect of certain popular varieties:

Abohar Old Rs. 801K; Akot L147 Rs. 1,285; Amravati L147 Rs. 1,288; Bawla New Rs. 995; Baramati New Rs. 1,111; Bengal Fine Rs. 795K; Hubli Laxmi Rs. 1,105K; Manavdar Kala New Rs. 912; Nagar Co2 Rs. 1,510 and Viramgaon New Rs. 978.

The prices of Bengal *Deshi* December delivery contract firmed up during the week to Rs. 795 per candy from Rs. 787.88 last week. There are reports that a good part of the rise in the price of this cotton is due to buying by foodgrain dealers in the Punjab and Uttar Pradesh, now that there are serious restrictions on investment in foodgrains, with a view to making quick profit. The latest reports place the export sales registrations in Bengal *Deshi* at 81,000 bales, as ccmpared with 73,000 bales last week. Among the imported varieties, interest was evinced mainly in African cotton.

Cotton crop progress reports indicate that the *Deshi* pickings in the Punjab are almost over, though in other areas 50 per cent remain to be picked. Arrivals, however, are not appreciable in view of the *rabi* sowings. The weather in North Gujarat and Saurashtra regions is reported to be favourable with slight dewfall. Some damage to Jarilla crop has been reported from Madhya Pradesh, though the general weather conditions are satisfactory. In Southern regions, encouraging progress of main crops has been reported from Western and Comptahs. The germination is satisfactory and the plants are reported to be gaining height.

SUGAR STEADY

(From Our Own Correspondent)

HAPUR, 16*th November*

Despite restricted supply position, sugar prices were almost stationary at Rs. 180 to Rs. 185 a quintal in private deal. All factories in west U.P. have commenced their new sugar production season. They are attracting sufficient cane supplies. Buffer stocks of sugar with the Government are reported to have exhausted and new produced sugar is being rushed for distribution in ration. With increased acreage upto 20 per cent and per acre yield also better by 5 per cent, it is expected that sugar production would increase. The Union Government has revised the sugar prices which would now be Rs. 116 to Rs. 129.50 per quintal in different areas.

Prices of *khandsari* continued to be subdued during the week as the demand of the commodity, both from within the State and outside, was poor. Prices of white and creamish quality fell by Rs. 5 a quintal, in non-official deals. The trade has again urged the Union Government to permit export of this quality to States where yellow and brown *khandsari* was being exported against permits. Yellow and brown qualities were being lifted to Gujarat, Rajasthan and M.P. against permits with prices of these varieties quoted upto Rs. 120 a quintal. New production would start sometime in mid-December as crushers were now allowed to function before 6th December.

Pressure of arrivals accounted for a fall of Rs. 2 to Rs. 3 per 40 kgs. in prices of *gur* during the week. Arrivals were about 5,000 maunds a day, and were fairly heavy in mofussil areas. Demand continued brisk from the consuming areas of the South and as entire stocks were being lifted. Week's offtake to Gujarat, M.P., Maharashtra and other States from here was 35 wagon-loads. *Shakker* prices were steadier on good demand in face of poor arrivals and week-end prices (per 40 kgs.) were: *gur pansera* superior Rs. 34 to to Rs. 38. In the Muzaffarnagar market also, while *gur* prices drifted lower under pressure of arrivals, *shakker* ruled firm on renewed demand from the consuming areas.

KIPS FIRM

(From Our Own Correspondent)

MADRAS, 16*th November*

It was a welcome news to the trade that the U.K. Government has classified the E.I. tanned hides and skins as basic industrial raw material and consequently does not attract the 15 per cent import surcharge levied last month. In fact, E.I. tanned hides and skins have been recognised by the Board of Trade in U.K. as industrial raw material and importers were wondering at the omission in the classification made last month. It has been reported that some importers cancelled several contracts which were out of time, due to the recent levy of 15 per cent surcharge, as otherwise they would have normally allowed the shippers extension of time of shipment.

Markets are now slightly firm at this end. Overseas buyers are calling for offers at a penny or two below the levels ruling during the first half of October; and sales have been selective and meagre in the kip section with U.K.

In tanned skins, U.S. and Continental buyers have been keen buyers of goat skins at unchanged prices—same as last week. Inquiries for prime and semi-prime sheep skins were small but for middle class lower selections, the demand was good from the Continent.

Prices in the raw markets were firm. It has been reported that large sales of wet-salted kips skins have been made to the East European countries.

Notices

THE NATIONAL ROLLING AND STEEL ROPES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-second Annual General Meeting of the Members of The National Rolling and Steel Ropes Limited will be held at the Registered Office of the Company, NICCO HOUSE, Hare Street, Calcutta, on Thursday the 10th December, 1964 at 10 a.m. to transact the following business:

(1) To receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 30th June, 1964.

(2) To declare Dividend.

(3) To appoint a Director in place of Dewan Dina Nath, who retires by rotation and is eligible for re-appointment.

(4) To appoint a Director in place of Shri Krishna Prasad Khaitan, who retires by rotation and is eligible for re-appointment.

(5) To appoint Auditors and fix their remuneration.

(6) AS SPECIAL BUSINESS, to consider and, if thought fit, to pass the following Resolution with or without modification, as Ordinary Resolution:

RESOLVED that the revision in the rates of commission payable to Messrs. Associated Agents and Merchants, Madras, Hind General Mercantile Agency Ltd., Calcutta and Vijay Trading Co., Bombay the Sole Selling Agents of the Company on the sale of Wire Ropes (1) from 3½% to 5% on sales to customers in the private sector and (2) from 1.9/16% to 2½% payable to Messrs. Associated Agents and Merchants, Madras, only, for sales to customers in the Public Sector, i.e., Government Departments, Public Undertakings etc., with effect from 1st June, 1964 till the unexpired period of the Sole Selling Agency arrangement with each of them as recorded in the respective Supplemental Agreements dated the 18th September, 1964, made between the Company for the One Part and each of the said Sole Selling Agents of the Other Part, in connection therewith be and is hereby approved.

The Share Transfer Books of the Company will remain closed from 26th November to 10th December, 1964, both days inclusive.

By Order of the Board,

FOR THE NATIONAL ROLLING & STEEL ROPES LIMITED,

FOR ASSOCIATED INDUSTRIAL DEVELOPMENT CO. (PRIVATE) LTD.,

S. SINGH ROY,
Director,
Managing Agents.

Registered Office:
NICCO HOUSE,
HARE STREET, CALCUTTA-1.
The 24th September, 1964.

N.B.—A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and that a Proxy need not be a Member.

The Dividend, if declared, will be paid to those Members whose names appear in the Register of the Company on 10th December, 1964, or their mandatees and the Dividend Warrants will be posted from 23rd December, 1964, onwards.

An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item No. 6 has been appended to the Notice of the Meeting and forwarded to the Members.

TO ALL MEMBERS:

And in particular to:

Shri R. R. Bhandary, Mr. Mahendra Prasad and Mr. Cali Shawakshaw Dinshaw.

INDIA GENERAL NAVIGATION AND RAILWAY COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE dividend for the two years ended 31st December, 1963 will be paid on 6 per cent Cumulative Preference Stock of the Company Less U.K. taxes at 7*s.* 9*d.* in the £.

The dividend will be paid on 1st December, 1964, to the Registered Stockholders as at 23rd November, 1964 or in accordance with their instructions. The Preference Stock Transfer Register will remain closed from 24th to 30th November, 1964, both days inclusive.

KILBURN AND COMPANY, LIMITED,
A. N. MITRA,
Secretary,
Agents.

2, FAIRLIE PLACE,
CALCUTTA-1, 10*th November*, 1964.

INDIAN ALUMINIUM COMPANY LIMITED

31 Chowringhee Road
CALCUTTA 16

NOTICE

IN CONNECTION WITH THE PAYMENT OF interim dividend on Ordinary Shares of this Company, the Register of Members and the Share Transfer Register of the Company will remain closed from 6th to 12th December 1964, both days inclusive.

INDIAN ALUMINIUM COMPANY, LIMITED,
T. D. SINHA,
Secretary.

Registrars' Office:
ANDREW YULE & COMPANY, LIMITED.
8 CLIVE ROW,
CALCUTTA 1,
(POST BOX 150).
10*th November* 1964.

STATE BANK OF INDIA

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Principal Register and the Branch Registers of the State Bank of India will be closed for transfer of shares from Wednesday, the 16th December 1964 to Thursday, the 31st December 1964, both days inclusive.

N. A. KRISHNAN,
Managing Director.

STATE BANK OF INDIA,
BOMBAY, *the* 4*th November* 1964 / 13*th Krtk.* 1886 (*Saka*)

BANKING

(*Concluded from page* 896)

cial and co-operative banks, on the one hand, and insurance companies on the other, the respective shares were about two-thirds and one-third. These ratios have remained more or less constant during the last few years. However, in the case of residual category "others," whereas the Central Government securities have declined year after year, the State Government securities have been increasing. As a result, whereas in December 1957, State Government securities accounted for 24.3 per cent of the total securities held by this group, the percentage rose to 40.8 in March 1962 and 43.5 in March 1963.

Maturity Pattern

With minor variations from year to year, the short and medium-term securities (due to mature within ten years) continues to have a two-thirds share in the total debt. Whereas the share of securities maturing within five years (short-term) has a rising tendency, increasing from Rs. 616 crores or 31 per cent in December 1957 to Rs. 1,092 crores or 34 per cent in March 1963, the securities maturing from fifth to tenth year have risen at a slower pace, from Rs. 738 crores to Rs. 1,076 crores, the share declining from 37 per cent to 33 per cent. The medium long-term securities (maturing between the tenth and fifteenth year) have also had a slower pace of growth. After increasing from Rs. 242 crores in December 1957 to Rs. 347 crores in March 1962, they have actually retreated to Rs. 300 crores in March 1963; the share on the respective dates being 12 per cent, 12 per cent and 9 per cent. But the long-dated securities (maturing in over 15 years) have risen sharply from Rs. 141 crores in December 1957 to Rs. 359 crores in March 1962 and Rs. 486 crores in March 1963, the share advancing from 7 per cent to 12 per cent and 15 per cent. It may thus be seen that whereas the very short-dated securities (maturing within five years) and long-dated securities (maturing after 15 years) have risen at a fast pace, those maturing between the fifth and fifteenth year have risen at a slower pace. For some years now, the Government has adopted a policy that most of the fresh securities should be of medium-long and long-dated maturities. However, the figures do not show any remarkable change from year to year, partly because of the shifting of loans from one bracket to another with the passage of time and partly because of the natural desire of banks not to go in for loans of longer maturity in a period of rising (however gradually) interest rates.

An ownership-wise analysis shows that commercial banks generally prefer to hold short-dated and short-medium-dated securities maturing within ten years. As on March 1963, nearly 90 per cent of the total securities held by the commercial banks were in this category. The reason is that the slightly higher rate of interest on long-dated securities is not the major consideration with the commercial banks. As they have to sell them many times to augment their resources in the busy season, they are more interested in the saleability and the sale price which is comparatively more favourable in case of short-dated securities. Another consideration is the need to minimise depreciation in the value of their investments. When the rates of interest on Government borrowings go up year after year, as they have done in the past five years, the market values of existing loans go down, the depreciation being greater in the case of longer-dated loans. In contrast to commercial banks, most of the holdings of Life Insurance Corporation and the Provident Funds are of longer-medium-term and long-dated maturities. About half of the securities held by the L.I.C. and over two-thirds of those by Provident Funds were due to mature after ten years. The reason is that for these investors, whose liabilities are of a long-term nature, yields are more important. A fall in the value of these investments does not bother them very much for they can, and invariably do, stick to their holdings until maturity, thereby avoiding any loss of capital.

NEHRU COMMEMORATIVE COINS

The new commemorative coins of the denomination of rupee one and 50 paise issued in honour of the country's late Prime Minister, Mr. Jawaharlal Nehru, on Saturday, 14th November, are of the same weight and value as the ordinary rupee and 50 paise coins. According to Mr. M. V. Rangachari, Deputy Governor, Reserve Bank of India, the Union Government has the intention of minting nearly Rs. 2 crores worth of rupee coins. In the case of 50 paise coins, the Government will mint and issue them till the end of 1966, so that a large quantity of these coins will be in circulation. The new coins are expected to remain in circulation for many long years as part of the country's currency and will serve as a constant reminder to the people of one whose life was a long saga of service to the country.

An Arab Common Market, comprising the United Arab Republic, Iraq, Jordan, Kuwait and Syria, will be formally inaugurated on the 1st January next. This was disclosed at Cairo on Tuesday the 11th inst. by Dr. Mohammed El-Farra, Chairman of the current session of the Arab Economic Unity Board. The Common Market will remain effective for an initial period of ten years, its establishment will not mean an immediate abolition of all customs barriers. The first seven years will be treated as the transitional period when problems connected with the Market will be dealt with.

The Argentine Central Bank has devalued Peso in terms of the U.S. dollar with effect from the 10th inst. The new parity rate *vis-a-vis* dollar is 149.50-150 Pesos, a decline of five points. The devaluable has been prompted by the consideration that it has been impossible under the former exchange rate for wheat exporters to pay farmers more than 750 Pesos a metric quintal for their wheat, which is 4 per cent below the local official minimum price.

The third instalment of advance payment of tax under Section 207 of the Income Tax Act, 1961 for the assessment year 1965-66 is due to be paid by 1st December next. Assessees on whom an order has already been served in this connection by the Income-tax Officer are, therefore, required to make the appropriate payment on or before that date, unless they choose to send their own estimates and make payments accordingly.

The Syndicate bank has opened its fifth branch in Bombay. With the opening of this branch, the number of branches now stands at 195. The bank is also opening shortly two more branches, one at New Delhi and another at Alwal (Andhra State).

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 13th Nov., 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	86,00,00,000
National Agricultural Credit (Stabilisation) Fund	9,00,00,000
National Industrial Credit (Long Term Operations) Fund	10,00,00,000
Deposit—	
(a) Government—	
(i) Central Government	51,71,69,000
(ii) State Governments	7,11,24,000
(b) Banks—	
(i) Scheduled Banks	95,88,76,000
(ii) State Co-operative Banks	3,16,63,000
(iii) Other Banks	1,32,000
(c) Others	145,45,13,000
Bills Payable	44,89,37,000
Other Liabilities	47,50,28,000
Rupees	585,84,42,000

Assets	Rs.
Notes	25,62,42,000
Rupee Coin	4,98,000
Small Coin	9,48,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,17,51,000
(ii) State Co-operative Banks	11,33,45,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,45,53,000
National Agricultural Credit (Stabilisation) Fund	....
Loans and Advances to State Co-operative Banks,	
National Industrial Credit (Long Term Operations) Fund—	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	158,22,28,000
Balances Held Abroad*	10,14,37,000
Loans and Advances to Governments**	37,80,74,000
Loans and Advances to—	
(i) Scheduled Banks†	79,05,000
(ii) State Co-operative Banks†	154,49,44,000
(iii) Others	2,39,19,000
Investments	124,24,94,000
Other Assets	27,51,05,000
Rupees	585,84,42,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. Nil advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	25,62,42,000	
Notes in circulation	2460,72,68,000	
Total Notes issued		2486,35,10,000
Total Liabilities		2486,35,10,000

Assets	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	85,45,69,000	
Total		203,21,79,000
Rupee Coin		102,00,24,000
Government of India Rupee Securities		2181,13,07,000
Internal Bills of Exchange and other commercial paper	....	....
Total Assets		2486,35,10,000

State Bank of India

Statement of Affairs for the week ended 6th Nov., 1964

Capital and Liabilities	Rs.	Rs.
Capital—		
Authorised Capital :— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		665,16,46,000
Bills Payable		1,11,05,000
Bills for Collection being Bills receivable as per contra		12,06,19,000
Acceptances, Endorsements and Other Obligations per contra		7,48,87,000
Other Liabilities (including Inter-Office Adjustments)		21,02,40,000
Total .. Rs.		23,01,35,000
		744,78,81,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		24,18,88,000
Balances with other Banks		4,01,10,000
Money at Call and Short Notice		5,20,00,000
Investments :—		
Government and other Trustee Securities Rs.	275,96,79,000	
Other Authorised Investments	8,98,25,000	
		284,95,04,000
Advances :—		
Loans, Cash Credits, Overdrafts, etc. Rs.	322,89,06,000	
Bills Discounted and Purchased	21,82,92,000	
		344,71,98,000
Bills Receivable being Bills for Collection as per contra		7,48,87,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		21,02,40,000
Premises less Depreciation		2,44,99,000
Furniture and Fixtures less Depreciation		2,04,68,000
Other Assets (including Inter-Office Adjustments)		48,76,87,000
Total .. Rs.		744,78,81,000

State Bank of Pakistan

Statement of Affairs for the week ended 6th Nov., 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	7,75,00,000
Rural Credit Fund	3,50,00,000
Deposits :—	
(a) Central Government	15,02,32,000
(b) Provincial Governments	13,25,02,000
(c) Banks	39,36,08,000
(d) Others	94,21,57,000
Bills Payable	9,07,000
Other Liabilities	11,20,09,000
Rupees	187,37,15,000

Assets	Rs.
Notes	7,28,42,000
Rupee Coin	....
Subsidiary Coin	25,000
Bills Purchased and Discounted :—	68,000
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	5,11,80,000
Balances held outside Pakistan*	9,87,71,000
Loans and Advances to Governments	1,00,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	111,05,66,000
Investments	46,41,64,000
Other Assets	12,01,09,000
Rupees	187,37,15,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	7,28,42,000	
Notes in circulation	453,79,76,000	
Total Notes issued		461,08,18,000
Total Liabilities		461,08,18,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion—		
(a) Held in Pakistan	25,15,70,000	
(b) Held outside Pakistan		
Foreign Securities	76,08,33,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		144,25,67,000
B. Rupee Coin	3,66,04,000	
Government of Pakistan Securities	307,26,41,000	
Internal bills of exchange and other commercial paper	....	
		310,92,45,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	20,51,000	
		5,90,06,000
Total Assets		461,08,18,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 32.50 per cent.

EXCHANGE RATES

	18th Nov., 1964	11th Nov., 1964
London on New York £ per Dollar	2.7830– 2.7832	2.7835– 2.7838
London on Berne .. Sw. Fcs.	12.0090–12.0110	12.0115–12.0135
London on Paris .. Fr. Fcs.	13.6365–13.6385	13.6400–13.6420
New York on London Cents per £	278.300–278.330	278.350–278.370
Pound Sterling—		
Sellers T.T. DD. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. s.	1-5 29/32	1-5 15/16
Buyers T.T. .. s.	1-6 1/32	1-6 1/32
Buyers D.D. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	481.00	480.75
Buyers T.T. .. Rs. to $100	477.50	477.50
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	450.25	449.75
Buyers T.T. ..	442.25	441.75
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	101.80	101.80
Buyers T.T. ..	102.80	102.80
Swiss Francs—		
Sellers T.T. D.D. ..	89.60	89.60
Buyers T.T. ..	90.60	90.60
Deutsche Marks—		
Sellers T.T. D.D. ..	82.50	82.60
Buyers T.T. ..	83.50	83.50
Italian Lire—		
Sellers T.T. D.D. ..	12,955	12,955
Buyers T.T. ..	13,130	13,135
Swedish Kroner—		
Sellers T.T. D.D. ..	107.00	107.20
Buyers T.T. ..	108.10	108.30
Belgian Francs—		
Sellers T.T. D.D. ..	1,028	1,028
Buyers T.T. ..	1,044	1,044
Dutch Guilders—		
Sellers T.T. D.D. ..	74.60	74.60
Buyers T.T. ..	75.40	75.50
Hongkong Dollars—		
Sellers T.T. D.D. ..	119.60	119.60
Buyers T.T. ..	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D. ..	148.90	148.90
Buyers T.T. ..	150.30	150.30
Danish Kroner—		
Sellers T.T. D.D. ..	144.00	144.10
Buyers T.T. ..	145.40	145.40
Straits Dollars—		
Sellers T.T. D.D. ..	63.90	64.00
Buyers T.T. ..	64.50	64.60

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	6-11-64	30-10-64	8-11-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	61,92	62,37	53,07
(ii) From others	1,193,91	1,196,44	967,96
(b) Borrowings from banks	28,84	28,46	25,18
(c) Others	79,78	79,67	60,83
2. Time liabilities—			
(a Time deposits—			
(i) From banks	31,55	34,12	34,02
(ii) From others	1,323,73	1,334,78	1,254,16
(b) Borrowings from banks	16,89	15,16	19,89
(c) Others	13,06	12,62	10,33
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,517,64	2,531,22	2,222,12
4. Borrowings from Reserve Bank	5,05	1,22	51
(a) Against usance bills and/or promissory notes	15	—	—
(b) Others	4,90	1,22	51
5. Borrowings from State Bank and/ or a notified Bank	41,60	39,63	27,68
6. Cash	73,40	67,61	55,81
7. Balances with Reserve Bank	99,86	84,81	81,15
8. Cash and balances with Reserve Bank	173,26	152,42	136,96
9. S as per cent of $	6.88	6.02	6.16
10. Balance with other banks in current account	23,18	20,95	21,53
11. Money at call and short notice	64,41	72,15	66,32
12. Investments in Government securities	812,94	873,66	773,75
13. 12 as per cent of $	32,29	34,52	34,82
14. Advances—			
(a) Loans cash credits and overdrafts	1,455,62	1,450,27	1,239,21
(b) Due from banks	23,95	22,12	13,15
15. Inland bills purchased and discounted	187,45	182,49	179,26
16. Foreign bills purchased and discounted	77,32	74,54	57,65
17. Total Bank Credit [14(a)+15+16]	1,720,40	1,707,30	1,476,12
18. 17 as per cent. of $	68,33	67,45	66,43

INDEX NUMBERS OF SECURITY PRICES

(1952-53—100)

Group and Sub-Group	Week ended 7th Nov., 1964P	31st Oct. 1964	10th Oct. 1964	9th Nov. 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.5	99.6	99.7	99.7
2. Government of India	99.2	99.2	99.4	99.4
3. State Governments	102.0	102.0	102.1	102.0
4. Municipal, Port Trust, etc	99.0	99.0	99.0	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.7	98.7	98.5	97.8
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.2	82.3	82.5	82 1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	164.9	165.1	165.0	175 8
8. *Agriculture and Allied Activities : Total*	138.1	139.5	139 4	154.6
9. Tea Plantations	122.4	124.9	125.0	142.4
10. Coffee Plantations	176.8	177.0	171 9	167.7
11. Rubber Plantations	181.4	180.7	184.0	173.2
12. *Mining and Quarrying: Total*	133.5	134.0	133.6	151.9
13. Coal	93.6	94.0	108.7	107.4
14. Other Mining	160.9	161.4	160.0	181.5
15. *Processing and Manufacturing : Total*	177.1	177.3	177.2	190.8
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	174.8	174.9	176.0	192.9
17. Sugar	132.2	132.8	132.4	139.6
18. Cotton Textiles	159.8	160.1	160.3	174.4
19. Jute Textiles	84.5	85.0	85.7	102.2
20. Silk and Woollen	826.0	823.2	833.7	967.8
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total*	198.8	197.2	195.7	202.7
22. Iron and Steel	163.9	164.7	160.8	161.7
23. Transport Equipment	299.3	300.5	308.8	361.2
24. Electrical Machinery	162.0	162.1	162.2	170.6
25. Machinery other than Transport and Electrical	229 5	230.4	230.0	241.5
26 Basic Industrial Chemicals	186.3	185.6	188.1	183.5
27 *Processing and Mfg. (Others) : Total*	147.8	147.5	148.5	162.1
28. Cement	130.7	130.3	138.4	151.7
29. Paper	190 8	191.0	188.7	206.1
30. *Other Industries : Total*	113.0	113.1	113.0	109.4
31. Electricity Generation and Supply	98.5	98.5	98.6	86.0
32. Trading	111.8	111.9	111.5	116.5
33. Shipping and Other Transport	97.2	97.9	97.3	101.1
34. *Financial : Total*	289.4	289.0	289.9	290.5
35. Banks	193.6	193.9	193 4	196.2
36. Insurance	216.4	216.8	216.2	212.7
37. Investment Trusts	157.4	157.6	155.2	172.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.	79.5	79.6	79.5	85.8
39. Bombay	174.4	174.5	174.4	186.1
40. Calcutta	151.2	151.7	151.7	162.6
41. Madras	175.1	174.9	173.2	177.4
42. Delhi	220.2	221.4	220.4	236.8

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils. P—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	24th Oct. 1964	17th Oct. 1964	26th Oct. 1963	Aug. 1964	Aug. 1963	Percentage of Increase (+) or Decrease (—) in Aug. 1964 as compared with Aug. 1963	Financial Year Averages 1963-64	Financial Year Averages 1962-63
Food Articles	504	165.4	168.5R	138.8	165.1	138.6	+19.1	136.8	125.1
Cereals	192	145.6	148.3	118.3	144.4	118.2	+22.1	116.3	105.6
Pulses	43	174.9	184.7R	114.9	159.0	108.0	+47.2	115.4	105.2
Fruits and Vegetables	23	183.4	177.7R	152.4	146.9	143.2	+2.6	140.6	135.9
Milk and Ghee	84	146.8	146.2R	120.1	193.0	150.4	+28.3	125.2	116.4R
Edible Oils	47	199.2	219.9	151.6	206.1	152.0	+12.8	151.1	152.3
Fish, Eggs and Meat	17	160.2	160.7	151.6	206.1	152.0	+35.6	149.8	146.6R
Sugar and Gur	48	201.9	213.1	149.9	172.2	124.8	+12.9	144.0	144.3
Others	50	191.4*	177.0R	172.0	206.7	183.0	+0.8	179.3	148.0R
Liquor and Tobacco	21	132.8	132.6R	118.9	205.1	184.8	+1.1	179.8	145.0
Tobacco		130.4	130.4R	171.8	129.1	119.1	+8.4	116.8	114.0
Fuel, Power, Light and Lubricants	30	144.9	144.9	126.6	116.1	119.4	+21.4	116.2	97.4R
Industrial Raw Materials	155	162.9	167.7R	136.9	143.5	139.0	+3.2	138.1	126.6R
Fibres	61	144.2	144.8	131.4	146.5	131.8	+20.2	139.5	136.5
Oilseeds	60	198.8	210.3R	151.4	208.3	154.8	+34.6	133.2	122.8
Minerals	2	103.7*	103.7*	91.6*	103.7	92.6	+12.0	92.8	93.6
Manufactures	290	138.0	138.1	123.1*	132.0	125.2	+5.4	127.3	125.8
Intermediate Products	41	152.4	153.0R	132.0	135.7	130.9	+3.7	131.1	122.8R
Finished Products	249	136.9	150.4	138.6	129.7	139.0	+8.2	139.8	129.5
Textiles	147	138.7	129.7	133.2	139.0	128.4	+2.9	129.7	127.1
Cotton		133.8*	127.6	130.6	127.7	125.2	+0.5	127.7	126.1
Jute		136.7*	136.7*	136.8*	136.0	135.8	+9.8	127.7	126.1
Woollen			99.9*	111.0	101.1	92.1	+8.0	135.6	120.7
Silk and Rayon		160.2*	160.5R	160.2*	169.2	156.6	+1.4	160.2	110.9
Metal Products	12	133.1*	137.2*	136.8	138.8	138.8	+2.6	124.2	117.9R
Chemicals	19	169.5	168.7	169.0	169.0	168.7	+3.2	163.1	160.1
Oil Cakes	9	120.7*	117.9	119.4	168.7	163.6	+1.7	127.9	115.5
Machinery and Transport Equipment	31	207.3*	164.2	195.1	163.3	161.6	+19.5	166.7	160.9
Others	30	127.2	127.1	127.2	128.9	127.3	+2.6	124.2	117.9R
All Commodities	1,000	155.8	158.1R	138.9	155.4	136.0	+14.3	128.3	127.3

NOTE :—Weight shown against the sub-groups under each of the groups are those assigned to the [illegible] group revision. Published in [illegible]

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Five months ended August		April to March* (Twelve months)	
	1964	1963	1963-64	1962-63
Exports	336,97	310,51	762,89§	678,15§
Re-exports	1,07	1,55	3,96	7,34
Total Exports	338,04	312,06	766,85	685,49
Imports	463,39	521,86	1,143,60†	1,131,48
Overall Balance of Trade	—125,35	—209,80	—376,75	—445,99
Exports—Items:				
Tea	37,83	36,72	123,19	128,82
Coffee	8,39	3,83	8,30	7,61
Sugar	15,31	17,03	26,57	17,93
Jute yarns and manufactures	74,70	70,01	157,43	156,17
Cotton yarns and manufactures	27,37	20,65	56,28	52,13
Cotton, raw and waste	6,54	8,28	16,84	17,04
Petroleum products	3,60	3,19	5,47	3,68
Vegetable oils	3,45	7,97	19,75	13,10
Fruits and vegetables	15,98	12,69	29,09	26,66
Tobacco—Raw	14,72	14,62	21,01	17,99
Mica	3,46	3,82	9,20	10,36
Wool and other animal hair	4,02	1,87	7,43	6,60
Gums, resins and lac	3,35	3,34	8,08	7,28
Spices	5,55	4,90	15,82	13,78
Leather & leather manufactures	11,62	10,89	26,38	22,62
Hides and skins, raw	3,49	4,41	10,11	10,89
Cashew kernels	12,00	9,59	21,41	19,36
Copper (black)	6,30	6,57	5,89	6,57
Manganese ore	1,89	2,87	8,26	7,88
Iron and steel scrap	4,21	2,11	4,95	6,95
Iron ore and concentrates	13,31	13,31	36,38	19,83
Sewing machines	11	33	24	44
Mineral fuels	33	33	52	90
Groundnut oil	1,16	4,72	13,45	7,83
Castor oil	1,20	2,67	4,80	4,29
Defatted groundnut meal	12,57	11,22	30,47	26,52
Country-wise Exports—				
Australia	8,19	7,40	17,59	18,54
Burma	2,81	1,84	6,31	5,01
Canada	6,80	6,57	19,15	13,56
Ceylon	6,80	5,97	16,16	11,14
Czechoslovakia	7,35	7,46	18,16	14,62
Chile	5,31	3,98	8,86	8,50
Denmark	5,62	4,27	10,08	8,48
East Germany	7,99	8,09	13,60	16,17
West Germany	4,97	4,96	11,16	9,48
Italy	1,00	24,71	2,41	4,95
Indonesia	27,57	24,71	58,65	25,37
Japan	1,58	1,48	4,07	3,91
Kuwait	3,75	4,72	12,75	6,65
Federation of Malaya	7,58	3,32	7,26	6,25
New Zealand	3,74	4,09	10,40	8,88
Netherlands	2,67	1,46	7,17	6,15
Nigeria	2,98	3,45	7,17	9,38
Pakistan	3,87	5,38	71,30	9,37
Singapore	1,64	2,00	7,84	5,06
Sudan	3,77	3,17	12,57	13,01
U.A.R.	58,48	59,24	160,71	162,24
United Kingdom	61,05	55,46	128 32	113,51
U.S.A.	32,19	21,36	52,10	37,99
U.S.S.R.	38,79	37,34	83,48	64,75
Imports—Items :				
Machinery†	168,58	151,95	360,81	315,33
Iron and Steel	42,05	38,35	89,64	89,01
Pepper	11,11	10,56	26,66	25,28
Sulphur	3,18	3,13	6,37	10,53
Aluminium	4,07	3,98	9,86	9,02
Zinc	3,06	2,78	6,49	5,11
Lead	1,96	1,32	3,35	2,69
Nickel	44	53	1,78	1,49
Chemicals drugs and medicines	36,14	41,70	88,40	100,52
Electrical goods and apparatus	38,79	37,34	83,48	64,75
Vehicles (excluding aircraft, ships and boats)	20,63	25,21	45,38	54,61
Aircraft	3,68	7,39	11,70	15,66
Ships and boats	1,17	1,35	3,63	1,78
Cotton, raw and waste	17,01	20,28	48,99	56,92
Fruits and vegetables	9,04	6,03	13,58	18,05
Paper, pasteboard, etc.	4,41	5,00	11,86	13,54
Dyes and colours	4,09	4,10	8,04	12,15
Spices	25	41	70	1,77
Rice	7,57	14,34	20,40	27,01
Wheat and spelt	23,33	48,08	102,86	118,09
Country-wise Imports—				
Australia	5,76	8,44	17,22	24,28
Belgium	4,69	6,21	8,99	9,05
Burma	7,52	12,03	24,16	16,87
Canada	2,00	1,61	6,01	8,18
Ceylon	8,98	6,55	17,34	19,71
Czechoslovakia	5,73	5,32	13,86	14,20
France	3,06	3,24	9,74	7,52
East Germany	43,29	36,90	86,67	92,66
West Germany	8,69	6,68	16,18	22,21
Italy	28,30	27,77	66,63	64,86
Japan	14,79	27,55	47,90	45,88
Iran	4,23	6,62	12,09	10,71
Federation of Malaya	38	96	1,12	1 93
New Zealand	6,19	6,24	10,44	13,82
Netherlands	46	50	1,00	1 78
Norway	2,58	4,04	9,36	10,65
Pakistan	2,22	2,59	5,31	8,11
Singapore	2,22	3,68	8,52	17,11
Sudan	4,67	4,82	11,37	10,42
Sweden	3,65	5,45	12,07	9,77
Switzerland	4,03	5,92	15 26	9 77
U.A.R.	4,61	76,52	103,80	185,56
United Kingdom	172,22	176,62	380,24	340,84
U.S.A.	136,96	177,09	390,24	58,64
U.S.S.R.	28,48	30,53	63,99	

* Revised figures.

† Including electric goods

‡ Excludes imports by land from Nepal valued at Rs. 5.39 crores for the whole of 1963-64.

§ Excludes overland exports to Nepal valued at Rs. 11.57 crores for the whole of 1963-64 and postal exports of pearls, precious stones etc. valued at Rs. 15.69 crores for the whole of 1963-64.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	5	4.5
Belgium	2nd July, 1964	4.25	4.75
Bolivia	June, 1963	8	6.9
Burma		3	4
Canada	11th Aug., 1963	3.5	4
Ceylon	13th Aug., 1960	2.50	4
Chile	1957	4.62	14.21
Denmark	10th June 1964	5.50	6.50
Ecuador	1960	5	6
El Salvador	June, 1961	5	6
Finland	April, 1962	3	4
France	14th Nov., 1963	3.5	5.50
Greece	17th Jan., 1963	4	5
India	25th Sept., 1964	4.50	9
Indonesia	31st Jan., 1964	3.98	3.94
Ireland	7th June, 1958	4	3.50
Italy	18th June, 1964	5.84	6.57
Japan	30th July, 1961	6	4
Malaya	4th June, 1964	4	4.50
Mexico	4th June, 1964	4	5
Netherlands	24th Mar., 1961	2	3.50
New Zealand	14th Feb., 1963	2.50	3
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	4	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	4	2
South Africa	27th Nov., 1961	4	3.50
Spain		5.75	5
Sweden	5th Nov., 1964	4.5	5
Switzerland	3rd July, 1964	2	2.50
Thailand	Nov., 1959	7	5
Turkey	May, 1961	9	7.5
United Kingdom	27th Feb., 1964	4	5
U.A.R.	May, 1962	3	4
U.S.S.R.	1st July, 1956	3	4
U.S.A.	10th July, 1963	3	3.50
West Germany	26th May, 1961	3.50	3

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Cotton Receipts (Total Indian)	Week ended 14th November 1964	11,792*
	Corresponding week, 1963	13,724*
	1st Sept. to 14th November 1964	252,878*
	Corresponding period, 1963	137,488*
Exports by Rail	From 1st Sept. to 14th Nov. 1964	27,669
Exports by Road (Estimated)	Do. Do.	23,000
Exports by Sea	Do. Do.	31,505
Mill Consumption (Estimated)	1st Sept. to 14th November 1964	272,320
	Corresponding period, 1964	262,500
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 14th November 1964	413,236
	Corresponding Date 1963	332,521
Consumption of Cotton—		
Indian	July, 1964	482,398
Foreign	Eleven months ended July 1964	51,441
Indian	Same period, 1963	5,002,462
Foreign		556,231
Indian		4,347,713
Foreign		828,056
Stocks (Mills and Elsewhere)—		
Indian	As on 31st July, 1964	1,772,520
Foreign		253,714
Indian	As on 31st July, 1963	1,696,186
Foreign		199,760

† Incomplete. * By Rail Sea and Road. A—Actual figures —Not received. (a) Includes Zoda cotton and yellow pickings.

Particulars	Details of Period	Indian Mills cotton consumption from 1st Sept. to 31st July (In Bales of 180 Kilograms)	1963-64	1962-63
Indian			5,002,462	4,347,713
Pakistan			5,975	110,015
American (including Peruvians)			256,789	332,069
Egyptian			135,552	114,471
Sudan			112,324	191,810
East African			40,182	68,865
Others			5,309	11,326
		Total	5,558,693	5,175,769

Exports by Sea to Foreign Countries (a) (In bales of 180 kilograms)	Week ended 14th November		From 1st September to 14th November	
	1964	1963	1964	1963
U.K.	39	200	361	450
Continent	111	111	2,734	506
Hong Kong	239		1,139	1,744
Japan	1,228	762	26,627	8,662
U.S.A.	122	—	644	61
Other countries	—	6	—	306
Total—all foreign countries	1,839	1,079	31,505	11,749
Cotton Pressed in India† (In running bales)	1st Sept. to 30th Oct., 1964		41,205	(Bales of 392 lbs.)
	Corresponding period 1963		126,397	
	1st Sept. to 31st Aug., 1963-64		4,862,775	
	Corresponding period, 1962-63		4,365,733	

TREND OF SHARES

PRICES DECLINE FURTHER

(From Our Own Correspondent)

BOMBAY, 19*th November*

TO say that it was another week of further erosion of share values does not make a new point, but the fact remained that the same mood of despondency pervaded Dalal Street during the week under review—perhaps for the tenth week in succession. Last week, it had been mentioned that the comparable levels would be those of 27th May—so far the lowest during the current year—and the trading pattern during the week under review showed that the market was gradually drifting towards these levels. In fact, some of the scrips like Standard and Premier Auto even reached their year's lowest levels so far. The factors which induced this decline or, to put it in plainer words, which have brought the market to its present pass, continued to be the same old problems of food and inflation which leave little in the hands of the public for investment. It may be asked whether the market is not tired of these old factors, but the point is that they are too powerful to be shaken off easily.

Mention, however, must be made of Premier Construction which provided an exception to the rule. On hectic short-covering and renewed speculative support, this scrip spurted to Rs. 198.50, thereby recording a gain of more than 17 points during the week at the final level of Rs. 198.50; the highest rate touched was Rs. 199. The main factor behind this spurt was the rise in the dividend on the shares announced by the Hindustan Construction Company—from 20 per cent to 50 per cent—and, as Hindustan is the fully owned subsidiary of Premier Construction, the benefit of the increase will naturally accrue to the latter. It is, therefore, interesting to see whether the benefit of this rise would mean a benefit to shareholders of Premier Construction too.

Steel shares were subdued, with Tata Steel reacting from Rs. 146.25 to Rs. 145 and Indian Iron losing 25 p to quote at Rs. 25.10. Interest in steel shares remained purely of a professional nature, for there was nothing by way of developments for the general public to get itself enthused abou it. Mukand lost 40 p to be mentioned at Rs. 16.32 at the end of the week. It appears that steel shares will remain in the background for some time, content with following the fortunes or misfortunes of the present market leaders like Century, Standard and National Rayon.

Losses in textiles were not big, but, in view of the continued decline over a long period of time, declines in future will be small and long drawn out. Standard has lost a further seven points to Rs. 566 at the close, though this was slightly above the level of Rs. 563 touched on Monday which incidentally was the lowest touched so far during the year. Century was down from Rs. 584 to Rs. 576 during the week and it would be difficult for the shares to maintain their levels in the face of the persistently bleak reports that come from the cloth market. The shares are very close to their year's lowest level of Rs. 570 and, in case this support level is broken, it is likely that the shares will come in for a further hammering. National Rayon declined from Rs. 349.50 to Rs. 343.50 and, these shares, too, are dangerously close to their year's low of Rs. 335. Apart from the difficulties which exports of rayon fabrics are experiencing at the present moment, the weakness in this scrip was aggravated by reports of labour trouble. Bombay Dyeing was also weak, while Kohinoor and Svadeshi were well held, the former improving from Rs. 315.50 to Rs. 320 and the latter from Rs. 264 to Rs. 265. Other rayons fared no better. Baroda was down from Rs. 66 to Rs. 63.50 and South India Viscose from Rs. 110 to Rs 104.50.

Among motor shares, Premier Auto touched a new low (for the year) of Rs. 92.20, although, towards the close, it was unchanged at its previous week's level of Rs. 95. Telco was also unchanged at Rs. 258.50, but the undertone in these shares was weak, owing to the decline in the right shares which eased from over Rs. 120 to Rs. 105 before closing at Rs. 108.50. Hindustan Motor was fractionally down to Rs. 16.24. Shippings were steady, with Scindia unchanged at Rs. 15.36.

Interest in other sections was limited. Sugars were easy and tyre shares sought further low levels due to want of support. Electricity shares were dull and miscellaneous engineerings were quiet.

The pattern of trading during the week again indicated that rallies whenever they occurred were feeble and that the market was absolutely without support at higher levels. It appears that speculators have turned their attention to cotton and oilseeds. In fact, there has been a noticeable shift of speculative interest from shares to commodities. The general feeling is that there is little use in hanging on to shares particularly if one happens to be a bull. The two per cent margin is a further deterrent to bullish activity. One consolation, however, is that prices have fallen considerably during the past 10 to 11 weeks and, on this score alone, some correction is due and necessary. The market, however, seems to defy even scientific calculations.

The annual meeting of Tata Chemicals on Thursday was interesting for the manner in which the Chairman, Mr. J. R. D. Tata, defended the Company's price policy. He said that, as the Company was able to reduce the costs, it was in the interests of the Company as well as the country that no advantage was taken of decontrol to raise prices. Mr. Tata hoped that the dividend would be maintained in the coming years. He thought that, in all probability, protection to the industry would continue.

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Calcutta has been faithful to the trend in Bombay and the overall sentiment there, too, is one of frustration. Support is no where to be found and the market has been extremely sensitive to bear factors. Jute shares have been dull, while interest in coal shares has been selective. Business in tea shares seems to be possible only at lower levels.

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In Madras, forward shares have been easy. Plantings, however, have managed to maintain a steady tone. The turnover in textiles has been only moderate and, in the chemicals section, interest is confined to selected shares.

MARKET GOSSIP

(Concluded from page 887)

extent of Rs. 16.60 lakhs which was to be distributed equally between the foreign collaborators and Indian shareholders. But the issue of that capital was kept in abeyance pending a more detailed examination of the Company's long-term requirements of finance. The new capital issue of Rs. 40 lakhs for which the sanction has been obtained in the place of earlier issue, is intended to meet the long-term and short-term requirements of the Company for financing its fast expanding activities in the various manufacturing sectors.

Philips India has grown rapidly since 1957 when the Company first issued shares to the Indian public. In the last three years, in particular, the Company's turnover has increased markedly from Rs. 6.82 crores in 1961 to Rs. 10.63 crores in 1963. The turnover paid-up capital ratio, which increased from 3.1 in 1961 to 4.8 in 1963, shows that the Company has been pursuing a prudent financial policy by making the maximum utilisation of its existing paid-up capital before expanding the capital base. The Company's net block which stood at Rs. 1.66 crore in 1961 rose to Rs. 2.58 crores in 1963, indicating that progressively larger investment is being made in the Company's manufacturing installations.

Philips India's factory at Loni, near Poona, has been well established and is regarded as the country's most integrated manufacturing centre of radio sets and radio components. In 1960, the Company acquired its own factory in Bombay for manufacturing lighting equipment. Today, it is manufacturing not only a large number of incandescent lamps but also flourescent lamp starters and burners for gaseous discharge lamps. This factory has recently started the production of tungsten and molybdenum wire and tungsten coils—the vital components for electric lamps which were hitherto entirely imported. Of late, work has also started on the construction of a factory on a 50-acre plot acquired in Kalwa, in the industrial belt of Bombay. This factory, which is expected to go into production next year, will manufacture, in a phased programme, different types of lamps and components as well as other products. The Company's other plans for the future envisage considerable increase in its manufacturing activities, requiring the installation of modern capital equipment, greater manpower, larger production and a wider marketing organisation.

A new tractor assembly plant, claimed to be the largest of its kind in the Middle East, was inaugurated by the Shah of Iran in Teheran last week. The factory is part of a scheme for industrial development and mechanisation in farming initiated by Volvo, Bolinder-Munktell (BM) and Overums Bruk of Sweden in collaboration with Iranian interests. To implement the scheme and operate the factory a joint company, Zamyad Company, has been formed. Besides assembling BM tractors, the new factory will also assemble Volvo trucks and Overum ploughs and harrows. Three separate factories produce batteries, radiators and springs both for Zamyad and for other users of the Iranian market.

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WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 19th November 1964.

	Closing quotations 12-11-1964	High	Low	Closing quotations 19-11-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Abm. Adv. (100)	150.00	146.50	146.00	146.50
Apollo (2)	1.72	1.78	1.70	1.70
Baroda Rayon (100)	66.00	66.00	62.00	63.50
Bombay Dyeing (25)	57.60	57.80	57.00	57.20
Bradbury (50)	146.25	146.25	143.75	145.00
Central India (100)	97.50	97.00	92.00	95.00
Century Mills (100)	584.00	587.50	572.00	576.00
Dawn (50)	146.00	146.00	145.00	146.00
Elphinstone (50)	95.00	95.00	94.00	94.00
Finlay (100)	302.00	305.00	302.00	304.50
Gokak (100)	175.00	176.00	172.50	173.00
Gold Mohur (100)	230.00	—	—	230.00
Gwalior Rayon (10)	37.75	37.75	36.00	36.50
Ind. Untd. Defd. (1)	2.36	2.38	2.36	2.38
Ind. Untd. Ord. (10)	19.44	—	—	19.60
India Rayon (100)	50.00	53.00	50.00	53.00
Indore Malwa (100)	215.00	215.00	212.00	215.00
Khatau (100)	170.00cd	170.00cd	156.25xd	157.50xd
Kohinoor (100)	315.50	321.00	314.50	320.00
Mafatlal (100)	517.50	—	—	517.50
Modella Woollens (10)	12.48	—	—	12.36
Morarji (100)	247.00	257.00	248.00	253.50
Mysore (50)	37.00	37.00	34.00	35.00
National Rayon (100)	349.50	352.50	336.50	343.50
New Great (100)	160.00	—	—	160.00
Phoenix (100)	224.00	224.50	221.00	224.50
Pedar Mills (10)	11.20	11.24	11.04	11.08
Raymond Woollen (100)	136.00	136.00	134.00	135.00
Sassoon Spg. (10)	37.75	—	—	37.75
Shreeniwas (100)	247.00	245.00	244.00	245.00
Simplex (50)	122.00	122.00	120.00	122.00
Standard (100)	573.00	580.00	558.00	566.00
Svadeshi (100)	264.00	266.50	263.00	265.00
Swan (100)	273.00	—	—	273.00
S. I. Viscose (100)	110.00	110.00	103.50	104.50
Tata Mills (25)	47.50	48.00	47.00	47.75
Lakshmi-Vishnu (100)	85.00	—	—	85.00
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	101.00	101.00	100.50	101.00
Do. (New) (50)	101.50	102.00	101.50	102.00
Bank of Baroda (50)	99.00	99.00	98.50	99.00
Central (25)	52.50	52.50	52.00	52.50
Central 'A' (25)	53.00	53.00	52.50	53.00
Dena Bank (50)	64.70	64.70	64.50	64.50
Punjab National (10)	20.00	20.12	20.00	20.12
Union Bank (5)	6.56	6.60	6.52	6.60
United Com. (50)	73.50	73.50	72.70	73.00
Maharashtra (50)	53.70	53.70	53.50	53.70
ELECTRIC COS.				
Ahmedabad (100)	107.00cd	107.00cd	103.00xd	103.00xd
Amalgamated (10)	9.32	9.40	9.25	9.40
Andhra Valley (1,000)	1,275.00cd	1,275.00cd	1,215.00xd	1,216.25xd
Bom. Sub. El. (100)	116.50cd	117.00cd	112.00xd	112.00xd
Surat (100)	115.50	116.00	115.50	116.00
Tata Hydro (100)	128.50cd	128.00cd	123.00xd	123.00xd
Tata Power (1,000)	1,307.50cd	1,307.50cd	1,242.50xd	1,247.50xd
INSURANCE COS.				
British India (10)	13.44	—	—	13.44
Indian Mercantile (50)	65.00	—	—	65.00
New India (15)	45.50	46.00	45.00	45.50
New India 'A' (15)	46.75	47.00	46.25	47.00
Vulcan (10)	16.52	16.52	16.36	16.36
STEEL COS.				
Ind. Iron (10)	25.35	25.45	24.96	25.10
Mukand Iron (10)	16.72	16.76	16.60	16.72
Tata Steel Ord. (75)	146.25	146.75	145.00	145.00
SUGAR COS.				
Belapur (50)	215.00	214.50	211.00	213.00
Bhopal (10)	12.72	12.80	12.72	12.80
Changdeo (12.50)	23.00	23.00	22.76	23.00
Maharashtra (50)	137.00	137.00	134.50	135.00
Phaltan (50)	114.00	114.50	113.00	113.00
Walchand Ind. (100)	162.25	162.25	161.00	161.25
CEMENT COS.				
Associated Cts. (100)	165.50cR	166.00cR	152.50xR	153.25xR
Dhyrabj (100)	181.25	181.00	178.00	178.00
Orissa (10)	11.56	11.80	11.52	11.80
DYES & CHEMS.				
Amar-Dye-Chem (100)	140.00	140.00	135.00	137.50
Camphor & Allied (100)	88.00	—	—	87.00
Citric (100)	81.00	80.50	78.00	79.00
Chemicest (100)	96.00	98.00	95.00	95.00
Colour-Chem. (100)	306.25	307.50	303.75	303.75
Indian Dyestuff (100)	269.00	270.00	259.50	264.50
Polychem (50)	94.00	94.00	92.50	94.00
Synthetics (100)	70.00	71.00	68.00	68.50
Tata Chemicals (10)	18.76	18.84	18.52	18.80
MISCELLANEOUS				
Alcock Ashdown (100)	286.00	286.00	283.00	285.00
Bom. Burmah (25)	56.20	56.20	55.80	56.20
Do. (New) (20)	42.00	—	—	42.00
Br. B. Petrol (1¼ sh.)	2.88	2.88	2.60	2.64
Br. I. Corpn. (5)	11.00	—	—	11.00
Cooper Eng. (100)	105.00	107.00	105.50	107.00
Hindustan Lever (10)	29.75cd	29.75cd	28.50xd	28.50xd
Hindustan Motors (10)	16.28	16.40	16.08	16.24
I. C. & Invest. Corporation (100)	96.00	—	—	96.00
Indian-Copper (2 sh.)	3.34	3.34	3.26	3.32
Kilnicks (100)	99.50	—	—	99.50
Larsen & Toubro (10)	21.52	21.68	21.36	21.60
Mahindra & Mahindra (10)	17.12	17.20	17.00	17.00
Asian Cables (100)	68.50	68.50	65.50	67.00
Permanent Magnets 100)	97.00	99.00	95.50	99.00
Phillips Carbon (10)	12.64	12.64	12.00	12.12
Pre. Automobiles (100)	95.00	95.50	92.20	95.00
Premier Con. (50)	181.00	199.50	179.50	198.50
Scindia (20)	15.36	15.44	15.12	15.36
G. E. Shipping (10)	11.96	11.96	11.72	11.88
N. Standard Eng. (100)	120.00	122.00	120.00	121.00
T. T. anekial (100)	490.00cd	460.00xd	455.00xd	455.00xd
Shivrajpur (10)	17.80	20.00	17.52	20.00
Sirpur Paper (10)	12.00	12.12	11.88	12.08
Tata Locomotive (100)	258.50	259.50	254.00	258.50
Tata Oil (25)	49.00	49.25	47.75	49.00
Voltas (100)	261.50	261.50	251.00	255.50
W. I. Match (100)	235.00	235.50	233.00	233.00
W. Coast Paper (100)	169.50	170.00	168.00	170.00
Zenith Steel	14.60	14.84	14.60	14.64

GOVERNMENT SECURITIES	12-11-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	19-11-1964 Rs.
2½% 1976	82.75	—	4.64	82.75
3% 1966-68	98.40	3.85	3.43	98.40
3% 1970-75 1st Dev.	90.20	4.98	4.12	90.20
3% 1966 Con. Loan	62.00	—	4.54*	62.05
2½% 1965 N. P. Bonds	100.20	—	3.42	100.05
2½% 1967 N. P. Bonds	99.75	—	3.59	99.80
2½% 1974	96.60	—	4.18	96.60
2½% 1967 N. P. Bonds	99.90	—	3.79	99.90
2½% 1969 Loan	97.80	—	3.99	97.80
2½% 1968	99.00	—	3.77	99.00
2½% 1968 N. P. Bonds	99.85	—	3.80	99.80
4% 1972 Loan	98.80	—	4.18	98.80
4% 1973 Loan	98.70	—	4.16	98.80
4% 1979 Loan	97.50	—	4.25	97.50
3½% 1966 Bonds	100.00	—	3.90	100.00
4% 1980 Loan	97.50	—	4.21	97.50
4% 1981 Loan	98.00	—	4.16	98.00
4½% 1985 Loan	100.00	—	4.50	100.00
6½% 1977 G. Bonds	117.50	—	4.66	117.50
4½% 1972 N. D. Bonds	100.00	—	4.25	100.00
4½% 1986 Loan	100.25	—	4.49	100.25
4½% 1989 Loan	100.00	—	4.75	100.00

* Current Income. c.R.—Cum-Right. xd—Ex-dividend. cd—Cum-dividend. x.R.—Ex-Right.

COMMERCE

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

William Blake.

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Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

Contents

	Page
LEADING ARTICLES—	
Questions on Fourth Plan	929
Better Late Than Never	930
MARKET GOSSIP	931
TREND OF SHARES	932
THIS WEEK'S SURVEY	934-935
SPECIAL FEATURES—	
Does the Government Really Care for the Consumer?	936
What Alternative is Acceptable? ...	937
Manchester Letter	941
U.P. Letter	944
Central Sales Tax Act 1956	949-951
What is Wrong with Food Production?—II	954-955
Profitability of Small Companies Declines Sharply	956
Problems of New Enterprises—II ...	960
CHAIRMAN'S SPEECH—	
Indian Oil Corporation Limited ...	966
MONEY AND BANKING	938-939
TEXTILES	940
COTTON	942
ENGINEERING	946
NEW PRODUCTS AND PROCESSES	947
COMPANY MATTERS	957-959
NEWS IN BRIEF AND PERSONAL	961
TREND OF MARKETS	964-965
MISCELLANEOUS STATISTICAL INFORMATION	967-968
STOCK AND SHARE QUOTATIONS	969-976
WEEK'S STOCK EXCHANGE TREND	976

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QUESTIONS ON FOURTH PLAN

THIS week both the Lok Sabha and Rajya Sabha took keen interest in the fourth Plan and elicited some valuable information from Mr. T. T. Krishnamachari on where the Plan stands now and the Government's approach to it. The fourth Plan, it is clear from the Finance Minister's replies, is still nothing more than a memorandum; the targets mentioned therein are only tentative; the place of various sectors is yet to be determined, and so also the share of the Centre and the States; the proposed outlay on the Plan—Rs. 21,500 crores, with a probable addition of Rs. 1,000 crores in case the position of real resources improved to a greater extent than expected—is acceptable to the Government but the figure is not yet final, as ways and means of closing the gap of Rs. 3,000 crores in the financial estimates are yet to be devised; all that the Prime Minister meant when he stressed that there should be an increase in the supply of consumer goods was that the Plan should be a balanced one and it is not right to interpret his observations as being opposed to the emphasis on heavy industry; the foreign exchange requirements are estimated at no more than Rs. 2,500 crores and in doing so the Planning Commission and the Government are aware that repayment of principal of, and interest on, past loans alone would aggregate Rs. 1,200 crores in the fourth Plan period; there are no doubt substantial shortfalls in the achievements of third Plan targets, though the expenditures (outlays) on it have been running ahead of the targets; and the Government is taking care to ensure that the mistakes made in planning hitherto are not repeated in the fourth Plan.

This in brief is a faithful summary of the points made by the Finance Minister. They go to show that the Government's mind on the fourth Plan has not yet been made up and that a lot of consultation at expert level remains to be done. The Government, however, is certain about the goals to be achieved in the fourth Plan period. These are an increase of 6-7 per cent per annum in the growth of national income (hence its belief that an investment of Rs. 21,100—22,100 crores would be necessary) and attainment of self-sufficiency in food by 1970-71. Ambition on a grand scale has always been the hallmark of the Congress Party's plans for economic development and, though achievements have lagged behind at a respectable distance, that character still remains undiminished. T. T. K. is, therefore, not very convincing when he says that the planners (of whom he is one) would learn from past mistakes and avoid the pitfalls of the third Plan in particular. The Planning Commission's memorandum on fourth Plan itself belies this assurance, for its approach is more or less the same as in the case of the current Plan, with only the magnitudes being larger. May be, we are unduly sceptical. Indeed, we shall be happy, if our scepticism is not borne out by the final version of the fourth Plan.

The Finance Minister has reiterated his earlier assurance that there would be no deficit financing in the fourth Plan. This sounds very valuable and important. But, in actual practice, it may mean nothing. Experience hitherto has shown that assurances on deficit financing have been consistently broken, with the limits set for them being exceeded by a large margin. The fact that the Government is talking of a massive Plan, involving a huge outlay of Rs. 22,000 crores, at a time when the economy is groaning under unprecedented rise in prices and cost of living with no convincing signs of any significant relief in the near future, makes one view this assurance also with scepticism. The implementation of Plan projects may take place in such a way that recourse to deficit financing would become unavoidable. The bigger the Plan, the greater are the risks of deficit financing. The assumptions about the resources for the next Plan are so unrealistic that this risk is very real. It may be pertinent to recall here that, despite repeated appeals by the Centre, many a State Government has been living beyond the available resources by taking overdrafts from the Reserve Bank. Has T. T. K. been able to prevent them from doing so? Why, the Centre itself takes overdrafts from the Reserve Bank in the hope of funding them later by raising long-dated loans from the capital market, but, invariably, the hope never materialises in full. It may be possible to present balanced overall budgets by placing the borrowing programme at inflated levels. This, however, does not necessarily mean that, in such cases, there will be no deficit financing, for the central banking institution will have to take up the unsubscribed portion of the loans offered to the public under the borrowing programme. Indeed, there are many ways in which deficit financing can be practised; only they may not strictly come under the definition of deficit financing. If, therefore, one is to believe T.T.K.'s statement that there would be no deficit financing in fourth Plan, the outlay on the Plan should be cut down to a modest size. But this is a condition to which the present Government will not agree.

What the people are now interested in knowing from the Government is the extent to which prices may rise in the fourth Plan period. An assurance on this issue would be more useful than the type repeatedly given by T.T.K. on deficit financing. In other words, let there be a ceiling on the annual rise in price levels as well as on the aggregate increase for the fourth Plan period as a whole. The fiscal policy, the pricing policy, and the investment targets, all these must be subordinated to this ceiling, if the Government really means what it says about the stability and integrity of the rupee. One has seen how excessive taxation in the past three years has played havoc with price levels and undermined people's regard for morals and integrity. Large amounts of taxes have been collected and spent in a manner which has been inflationary in effect. The gestation period in respect of several projects has been longer than expected, while quite a few projects have been infructuous either fully or partly. How is one to believe that all this will not happen again? On the contrary, the Government's policy in regard to community development projects, co-operation, decentralised industrial sectors, irrigation, modernisation and mechanisation, ownership of industries, and control over economic power is still such as to aggravate the inflationary forces rather than curb them. It, therefore, looks as though more democratic socialism in the coming years will mean more inflation.

Both Mr. Asoka Mehta and Mr. T. T. Krishnamachari have already warned the country to be prepared for more taxation. The aggregate burden they have in mind is Rs. 2,000—2,500 crores. The latest reiteration of no deficit financing in the fourth Plan warrants the conclusion that at least this much of burden, if not more, must be borne by the people. This would mean an average annual additional burden of Rs. 500 crores. To the extent production and incomes increase in the fourth Plan period as a result of additional investments, there will certainly be an expansion in taxable capacity

and taxes. But it is too much to think that this normal growth will be sufficient to yield all the revenue that is expected. The balance will, therefore, be collected by increasing both the indirect and direct taxes, as well as by raising the cost of services rendered by the public sector organisations such as railways, posts and telegraphs, electricity departments and motor transport. If any sizable amounts are to be collected, it is the indirect taxes on articles of mass consumption that will require to be stepped up. The cumulative effect of such additional taxation would be a further sharp rise in prices and cost of living in the fourth Plan period. In view of this strong possibility, the common man should not nurse the hope of life becoming easier in the next five-six years, if he is not to feel disappointed later. As for the rich man—the honest one, we mean—he must be prepared to shed a lot more of his wealth. There will probably be fresh evidence of this gloomy prospect for him in the next budget itself.

BETTER LATE THAN NEVER

AT last something like a coherent all-India food policy seems to be taking shape, thanks to the co-operative wisdom, albeit belated, of State Chief Ministers. After months of anxiety and distress in several vulnerable parts of the country, there is thus prospect of a national and more rational approach to the food problem and, consequently, of some stability in the near future, assuming that production of grains will be substantially higher and the Chief Ministers of States will play the game. Whatever be its defects and drawbacks—and there are quite a few of these—the emerging policy constitutes no mean progress, considering that the States, especially those with cereal surpluses, have so far stood in the way of a co-ordinated national approach and that, in the country's federal set-up, the Centre cannot generally flout States' autonomy with impunity. That the Prime Minister, Mr. Lal Bahadur Shastri, has successfully persuaded the State Chief Ministers to accept an all-India policy is all the more remarkable in the present context when the Centre, with its attenuated foodgrain stocks, is in no strong position to call the tune to the States.

The principal elements, including some earlier *ad hoc* measures, of this food policy are easily told. There is, to begin with, the move to procure internally about two million tonnes of rice (1.6 million tonnes by the surplus States and 0.4 million tonnes by the Centre directly) and to import a further one million tonnes in the coming months. The proposed internal procurement is to be done by the five surplus States—Punjab, Madhya Pradesh, Orissa, Andhra Pradesh and Madras—which will then turn over the stocks to the Centre, thereby enabling the latter to fulfil its commitments to the deficit States. This commitment by the surplus States reflects a new sense of responsibility on their part and is in refreshing contrast to the summary way in which two of them—Andhra Pradesh and Madras—recently banned the movement of their rice to Kerala where the Centre had assumed the responsibility for meeting a part of the heavy deficit. It is expected that the agencies being built up in the States for rice procurement purposes will operate only on a temporary basis, for the proposed Food Corporation of India, due to start its operations in January next, will take over the procurement responsibility in due course. In the interim period, the agencies in the surplus States will procure some rice by a sort of levy on mills and license dealers to absorb a part of the marketable surplus. As the *kharif* crop has just been harvested and the principal rice harvest in the States of Madras and Andhra Pradesh will start in January, there is promising scope for prompt procurement in the interim period before the Food Corporation gets ready for the task. Such procurement should also be easy, if, as is now claimed, the rice crop (harvested or standing) this year is a bumper one. As far as wheat is concerned, there is not much of a problem, for the Government is already dominating the market, thanks to P.L. 480 imports which currently run at an annual rate of more than five million tonnes. Such restrictions on movement of indigenous wheat as are now in force may even be relaxed in March next in the event of a bumper *rabi* crop.

Another element of the new food policy is the ban on inter-State movement of rice and coarse grains. This means that each State will now constitute a separate rice zone in accordance with the stand of surplus States but in opposition to the stand of some deficit States like Maharashtra which have vainly pleaded for free movement of rice *within a zone of three or more States*. In the context of the proposed rice procurement by surplus States and of the prospective operations of the Food Corporation, the constitution of each State into a rice zone means, in effect, that supplies from one State can be moved to another State only on Government-to-Government account. In other words, the normal trade channels will be completely out of the picture insofar as inter-State trading in rice is concerned. This development is no doubt unfortunate from the point of view of the trade. Whether it would be a blessing for consumers remains to be seen, though it may appear to be so on paper. But it must not be overlooked that it has been rendered inevitable by the near-chaos in rice trade and the acute scarcity experienced in recent months, as also by the inability of the Centre to meet its commitments with imported rice to the same extent as in the case of wheat which has been imported abundantly under P.L. 480. It was however, not necessary to extend the ban on inter-State movement to coarse grains like *jowar* and *bajra*. This is an unexpected and unwarranted development which has not been adequately explained. Whether or not it has some emergency value, it certainly seems to reflect Central surrender to the States insofar as availability and distribution are concerned. While the elimination of a free all-India market in rice may be condoned as a necessary evil, the same cannot be said of the market in coarse grains which are consumed by the poorer classes. Strangely enough, no provision has been made for the movement of these grains on Government-to-Government account. This, therefore, imposes an obligation on the State Governments to license liberally inter-State movement of coarse grains through normal trade channels.

The proposal to introduce informal rationing in big cities and industrial towns is yet another feature of the new food policy. Such rationing is already in force in some of the scarcity areas like Kerala where, incidentally, it is to be replaced by statutory rationing insofar as urban centres are concerned. The Centre's original proposal to introduce statutory rationing in seven major cities with a population of over one million each, it is noteworthy, has been given up in view of the opposition from some States like Maharashtra and Madras. What has finally emerged as an agreed proposal involves introduction or continuation of informal rationing in big cities and industrial towns and grant of discretion to State Governments in respect of statutory rationing. Thus, while Calcutta and, possibly, Bangalore and Hyderabad are expected to go in for statutory rationing, Bombay and Madras will have only informal rationing. This compromise solution in respect of rationing has the merit of avoiding the extreme remedy of statutory rationing in all cities and towns in a possible set-up of total State trading and monopoly procurement. But it has the twin demerit that adequate supplies may not be always available as a matter of commitment as under statutory rationing and that bogus cardholders may divert their rations, acquired at fair prices, to the free market where prices are generally higher. Incidentally, the number of bogus cardholders under informal rationing should be much larger than under statutory rationing for the simple reason that such informal rationing does not involve strict house-to-house check-up of family members. The attraction of free market will diminish once the rush to hoard supplies by the well-to-do people ceases. Anyway, the merit of this compromise solution outweighs its demerit, and one may heave a sigh of relief that, at least for the present, there will be no total State trading, involving monopoly procurement by the State (and, consequently, total elimination of normal trade channels) and statutory urban rationing—trading of the kind reported to be strongly favoured by the Union Finance Minister, Mr. T. T. Krishnamachari, on the ground that it is absolutely necessary to ensure equitable distribution of foodgrains at stable prices and thereby check the inflationary spiral.

It is in this context that the move to establish the Food Corporation of India will be seen as part of a half-way house which avoids both the extremes of total free trading in foodgrains and total State (that is, monopoly) trading. This is, on the whole, a sound move, for the proposed Corporation, which is to carry on limited State trading (in rice, to begin with) on commercial lines alongside normal trade channels, will assume responsibility (*a*) for large-scale inter-State trade in foodgrains within the framework of national food policy, (*b*) for buffer stock operations and stabilisation of foodgrain prices in the free market and (*c*) for provision of some agricultural credit (*vide* note entitled "Food Corporation Bill" on page 890 of last week's *Commerce*). This Food Corporation idea has emerged from the official realisation that none of the regulatory measures like licensing, requisitioning, and regulation of movement would succeed and no price policy could be effectively administered, unless there is a State agency to secure for itself "a commanding position in the foodgrains trade." As it is fashioned now, the Corporation is meant to face competition from the trade and help maintain such competition on healthy lines. Its purchasing agents at the market centres could be not only co-operatives but even wholesalers and rice mills. And it is not intended to be an agency for monopoly purchase of rice or any other foodgrain, for the current all-India food policy does not contemplate total State trading. If at all monopoly procurement becomes necessary in some desperate situation, it could be provided for only under the Essential Commodities Act or the Defence of India Act but not under the Food Corporation Act. There is, therefore, no warrant for the fear expressed by the Swatantra representative, Mr. N. Dandekar, that the Corporation would turn into "a great monopolistic organisation," resort to compulsory procurement and fleece consumers through higher prices. That the relevant Food Corporation Bill, adopted by the Lok Sabha this week, has been endorsed by all sections of the House except the Swatantra group, is significant.

The Food Minister, while piloting the Bill, has done well to make it clear that the Corporation has not been set up to make any undue profit and that it can seek to make, if at all, only as much profit as the trade itself does within the limits of the declared maximum prices. If anything, it may not be surprising if the Corporation's operations result in losses sometimes. As the Corporation will be purchasing rice at declared minimum (incentive) prices, the likely clamour for increasing such prices (as in the case of sugarcane and cotton) from time to time may force the Government and the Corporation to raise them. And that will mean reduced profits or even losses for the Corporation, if, at the same time, the declared maximum prices cannot be adequately increased, because of the Government's commitment to the policy of ensuring foodgrains to consumers at reasonable prices. The chances are that, instead of profiteering in any way, the Corporation may choose to incur losses in the interest of the consumer and hope to be subsidised by the Government. After all, is it not a fact that the losses—Rs. 12.8 crores in 1962-63, Rs. 12.7 crores in 1963-64 and an estimated Rs. 15.3 crores, possibly more in view of the recent food crisis, in 1964-65—incurred by the Union Food Directorate in distributing imported and Centrally-procured foodgrains at fair prices have to be subsidised by the public exchequer? When the Government is unequivocally wedded to a policy of ensuring remunerative prices to farmers and reasonable prices for consumers, Mr. N. G. Ranga's sweeping statement that "the Corporation's functioning on a commercial basis would mean that it would buy grain at the cheapest price and sell it at the dearest" is nothing short of a shibboleth. It is inconceivable that a democratic Government which has to depend on the votes of the masses can afford to harass or punish either the 60 million households of producers or the 40 million households of non-producing consumers. On the contrary, our apprehensions are that, in its anxiety to please both producers and consumers, the Government might follow uneconomic policies which, in the long run, may do more harm than good to the general economic health of the country. If this danger is to be avoided, the Government must take extraordinary care to see that it does not encourage inefficiency and indifference in agriculture.

MARKET GOSSIP

Unit Trust

THE Unit Trust of India has become one of the major institutional supporters of stock exchanges. Currently, it ranks second, the first rank being held by the Life Insurance Corporation of India. But, in course of time, it may become the biggest institutional investor in equities and other industrial securities. That at any rate is the design of the Government. The fiscal policy has already been adapted, to some extent, to serve that objective and further adjustments in that direction are not unlikely in the next budget.

The initial response to the offer of units by the Trust was excellent. Because of the tax benefit available even to those who are paying high rates of taxation, there was a heavy rush for the units from all the rich people. Most of them have invested up to the maximum amount (about Rs. 16,000) that would give them a tax-free income of Rs. 1,000. The number of applications received during the period (1st July to 14th August 1964) when the units were available at par was over 125,000. They came through recognised stock brokers and about 4,000 commercial bank branches. The amount of these applications is not known so far, but it was substantial enough to enable the Chairman of the Unit Trust of India, Mr. R. S. Bhatt, to claim that "the response has been very good."

The sale price is now Rs. 10.50 per unit of Rs. 10.00 and it is said that applications are being received for purchasing units even at this premium, because the investors are aware that, under the Unit Scheme 1964, unit-holders will receive the same rate of annual dividend irrespective of the date of their purchase. Nevertheless, it is unlikely that the pace of demand for the units now is as brisk as it was in the initial months. For one thing, equities have been steadily going down in value; any slump in stock exchanges is bound to tell on the demand for even the units of U.T.I. Secondly, the Trust has fixed the repurchase price at Rs. 10 per unit, while selling them at Rs. 10.50. The margin is too wide and it is bound to have an adverse psychological effect. The mistake does not lie in fixing the repurchase rate at Rs. 10, but in fixing the first sale price at Rs. 10.35, that is, at a premium of 3.5 per cent. That was rather too big a jump and gave rise to impressions and expectations which the Trustees did not care to correct. Actually, a controversy on this issue has been going on in the share market for some days now. In view of this, the Trust's explanation of the considerations taken into account in fixing the buying and selling prices may be briefly stated here.

The sale and repurchase prices of units, determined in accordance with Clauses 6 and 10 of the Unit Scheme, involve three steps. First, the net assets value of each unit is arrived at by deducting current liabilities from total assets and dividing it by the number of units issued. The shares and securities are valued on the basis of the latest closing stock exchange quotations and other assets at their book value. Income accrued but not realised on shares—securities is also taken into account. Secondly, the net assets value is adjusted for management and investment expenses such as the establishment expenses, etc. (subject to a maximum of 5 per cent of gross income) and brokerage, commission, taxes, if any, and stamp duty. The expenses are added to the sale price but deducted from the repurchase price. The third step is an adjustment, for ease of accounting, to the higher 5 paise in case of sale price and to the lower 5 paise in case of repurchase price.

These methods of calculation are "based on well-established principles of unit trust operations." The pricing policy is determined by the Unit Trust's desire to meet equitably three classes of people: (i) unit-holders who continue with the Trust, (ii) investors who want to come in, and (iii) unit-holders who desire to leave the Trust. The interests of all these three have to be justly reconciled.

Since the unit-holders who continue with the Trust are the real owners of the Trust, they have to bear all the expenses of investing and managing the Trust and in return they get all the benefits accruing to the Trust. Those who wish to join at a later date must agree to share the expenses already incurred; but, in addition, since they will earn the dividend at the same rate as the investor who purchased his units on 1st July 1964, the units ought to cost them a little more. The present rise in the sale price of units from Rs. ten to Rs. 10.50 does not, therefore, reflect capital appreciation alone, but includes expenses as well as interest already earned before the late-comers joined. In fact, a detailed calculation made in a recent issue of *Investment Letter* (published by Messrs. Merwanjee Bomanjee Dalal, Bombay) shows that the sale price of units at Rs. 10.45 prevailing on 31st October 1964 consisted of approximately 39 paise per unit on account of interest and expenses and only 6 paise on account of rounding off and capital appreciation. The Index Numbers of Security Prices also confirm this conclusion; for, since the Unit Trust began its investments in February 1964, there has been no significant amount of capital appreciation at all. In fact, the value of equities, which must be the bulk of the Trust's investments, is substantially down, while preference shares and debentures are only fractionally better in value.

So much for fixing the selling price. As for the repurchase price, three factors are taken into account in determining it. Let us quote the Chairman of the Trust on this point:

"It will be appreciated that, in order to repurchase the units, the Trust would have to sell a part of its underlying securities. In addition to the usual expenses that will be incurred by the Trust in disposing of its securities and realising the sale proceeds, account has also to be taken of the possibility of the investments being disposed of at a loss. Some allowance has, therefore, to be made in the determination of the repurchase price for these factors, since, otherwise, the interests of those unit-holders who elect to continue in the Trust, would be adversely affected. Further, in the case of unit-holders who leave the Trust before the distribution of the dividend, some means has to be found for recovering a proportionate amount of the running expenses of the Trust from them, as otherwise they would be benefiting at the expense of the existing unit-holders."

These various considerations explain the wide margin between the sale and repurchase price of the units. Further, if any profits are made by the Trust as a result of this margin, they will also augment the income of the Trust and will be available for distribution to the exsiting unit-holders. It is, therefore, better to treat the investments in the units of U.T.I. as a long-term investment, rather than as a means of making quick gains out of frequent sales and purchases of the units.

All this is perfectly sound. But the Trustees of U.T.I. could have enforced the application of these principles gradually, especially as the Trust enjoys the most favoured treatment in regard to taxation of its investments. In Britain, the difference between buying and selling prices of similar trusts may be wide, but conditions in India are different. In India, a beginning in Unit Trust has just been made, whereas in the U.K. and other Western countries this system of investment has been in vogue for a long time and fully established. The Trustees seem to have completely ignored the psychological aspect and the necessity for creating confidence among the present holders and prospective buyers of units. Therefore, the sooner the Trustees narrow down the difference between their buying and selling prices the better. They would also do well to consider the advisability of allowing transactions in the units in the open market forthwith, instead of waiting till the end of June, 1965, the stipulated date. May be, there are investors who are prepared to pay a slightly better price for the units. The Trust loses nothing, while the units will gain in liquidity at a higher price.

More On Britain's Incomes Policy

The Labour Government in Britain is pursuing its efforts for evolving and introducing an incomes policy to which we made a detailed reference in our last issue. A draft of a joint policy for incomes and prices—called the Statement of Intentions—has been delivered by it to the Trades Union Congress and the four national employers' organisations, for their consideration and discussion. The draft contains, in the first place, a preliminary statement, stressing the need for keeping incomes and wages in line with production; acknowledging the difficulties faced in framing a policy to this effect, it stresses that a beginning should be made—before going into the details in the next few months—to declare the intentions and objectives towards such a policy. Secondly, it reiterates the Government's commitment to pursue an expansionist policy and not to resort to stop-go measures. Thirdly, it envisages the establishment of a specialised body to keep price increases under review and to examine the demands for a more than average increase in wages in special circumstances. Fourthly, it calls upon the employers to pledge themselves to pursue industrial efficiency, higher productivity and stable prices and to make sure that the profits would be kept in line with the growth of national productivity. And fifthly, it asks the General Council of the T.U.C. to promise that the trade unions would help the employers in raising industrial efficiency and that the wages and salaries would be kept in line with the growth of productivity. The draft will be submitted to the New National Economic Development Council (NEDDY) for discussion and approval early next month.

Incidentally, the Labour Government has made major changes in the constitution of NEDDY. As the role of the Treasury has been restricted mainly to fiscal affairs and taxation reforms, the Chancellor of the Exchequer, who used to be the Chairman, has not even a seat on this important body. Economic planning has been transferred from the Treasury to the new department of Mr. George Brown, Minister for Economic Affairs, who is now the Chairman of the reconstituted body. The strength of Government team has been raised from four to five the other four members being Mr. Frank Cousins, Minister of Technology, Mr. Ray Gunter, Minister of Labour, Mr. Douglas Jay, President of the Board of Trade, and Mr. Fred Catherwood, Industrial Adviser in the Department of Economic Affairs. The rest of NEDDY remains unchanged, with six representatives each of employers and T.U.C., the heads of two nationalised industries and two independent members. Sir Robert Shone continues to be the Director-General.

In the absence of any information regarding the rate of expected growth, both the employers and employees are not likely to take any decision immediately on the Statement of Intentions. The Economic Committee of the Trades Union Congress, which considered the Statement of Intentions on the 20th instant, accorded it "a cautious but on the whole a sympathetic and co-operative response." Although the Committee was of the unanimous view that serious efforts must be made to evolve an incomes policy, there was general agreement that it would be very difficult, if not impossible, to implement it. The labour leaders felt that it was too early to take any final decision in the matter and decided to have a meeting with Mr. George Brown, Minister for Economic Affairs, to seek clarifications on a large number of points. These points range from the constitution and working of the proposed body to review prices to the fiscal measures for taxing profits and capital gains and the ways of "creaming off profits" if they rise faster than wages. The T.U.C. wants information on these points in order to be sure that there are reasonably good chances for the incomes policy to be successfully implemented.

Fortunately, a new consciousness is said to have developed in some of the labour leaders, so that it is now being felt that the old ways of negotiating wages—individually by different unions—were not satisfactory and that T.U.C. should be authorised to negotiate collectively on their behalf for a national wage policy. But then, there are also others like Mr. Bob Willis, General Secretary of the National Graphical Association, who feel that "the T.U.C. has not got the power to tell its affiliated unions what to do." As already pointed out in the last issue of this journal, the major difficulty will arise when the labour leaders have to face the problem of deciding how the wage and salary earners' share of the cake should be divided among the competing groups of workers. Some of the labour leaders are already agitating for a rise in the wages of low-paid workers. Mr. Leslie Cannon, President of the Electrical Trades Union, has informed the T.U.C. that "our major consideration is that an incomes policy, if it is to include an element of restraint on the relatively higher-paid workers, has to have positive measures to improve the pay of low-paid workers." The implication is that the wages of the comparatively higher-paid workers should rise at a slower rate than the national average. It is doubtful whether the higher-paid workers would agree to this condition, especially as the national average itself is not likely to be higher than that contemplated for the current year.

It may be recalled that the National Economic Development Council had earlier planned for a four per cent annual growth during 1961-66. This growth was based on the stipulations of a rapid rise in exports and better performance of productivity. But the growth rate in exports has since worsened. Similarly, the increase in productivity, too, is lagging behind. Thus, both the pillars of NEDDY's planning have been knocked down. In these circumstances, the target of growth for 1965 is not likely to be higher than four per cent and, on this basis, the norm for increase in wages will be the same as in 1964, namely, 3-3½ per cent. Whether the higher-paid workers would agree to an increase in their wages at a rate lower than 3-3½ per cent remains to be seen.

Meanwhile, the leaders of the Federation of British Industries, the British Employers' Confederation and the National Association of British Manufacturers are busy over the plan to merge the three bodies into a single organisation and their comments on the "Statement of Intentions" may, therefore, take some time.

By and large, the need for an incomes policy is conceded in Britain not only by the Government and employers' organisations, but by labour leaders as well. Speaking at the annual meeting of the Midland Regional Advisory Committee of the Trades Union Congress, Mr. George Woodcock, General Secretary of the T.U.C., acknowledged the need for an incomes policy and said that it would not be possible to maintain economic growth without getting something like an incomes policy. "If we cannot get it by an act of will," he said, "it will be imposed on us, in theory by the Government, or by one thing or another." He emphasised that the alternative to such a policy was to modify, or even abandon, the objectives of full employment and fast economic development. But, at the same time, Mr. Woodcock took care to point out that the Statement of Intentions "is a very general statement and I believe, we must move in slow, halting steps. There is considerable conflict in this business between speed and effectiveness. If they (Government) want a quick decision, they are likely to get the wrong decision. Time must be taken in this field."

The difficulty is that time is not on the side of the Government. If no decision is reached by early next year, the pressure on employers for a further rise in wages will be growing again. The Minister for Economic Affairs, Mr. George Brown, is, however, confident that, by Christmas, a decision will be reached on the Statement of Intentions—with some modifications, if necessary—and it would be possible to go into the details early next year. His optimism is, perhaps, based on the assessment that there was a general feeling of mutual confidence between the trade unions and Managements; that the rank and file in both the sectors realised the importance of incomes policy; and that they were more anxious for it than their leaders.

British Bank Rate

The increase in the Britsh Bank Rate from 5 to 7 per cent in one sweep on Monday the 23rd instant was not unexpected in most of the financial centres of the world, such as New York, Zurich, Frankfurt, Geneva and Paris. There were heavy withdrawals from London in the previous week and the pound sterling could be held at the floor level ($2.78 per £) only with the support of the Bank of England. Rumours of devaluation were rife. On Friday last week, Prof. Gunnar Myrdal, a well-known Swedish economist, had suggested in the course of a speech in London, that sterling deserved a moderate devaluation and that this should have been done some time ago. But the more practical-minded international bankers and financiers were aware that devaluation was no solution, as it would lead to one of the worst types of chain reaction, and that the present Government in Britain would not resort to it. They all, therefore, had inferred that a substantial increase in the

(Continued on next page)

TREND OF SHARES

MIXED LIST, BUT DULL TRADING

(From Our Own Correspondent)

BOMBAY, 26th November

ALTHOUGH the final list showed modest gains in a few counters balancing the losses in others, there was no doubt that trading on the stock exchange during the week under review was virtually devoid of interest. As a matter of fact, it was the same 11-week story again—short-selling, failure to digest even modest rallies and the tendency for the volume of business to peter out at bulges. In many a scrip, trading was mostly of a professional nature as the general public preferred to keep away from the market in the absence of fresh developments. It remains to be seen whether any new factors would be forthcoming before the Budget but the indications are that, barring unforeseen developments, nothing important is likely to take place at least in the near future.

Early in the week, reports of assurance from the United Kingdom Government of continued help in the building up of India's defences and the announcement of the extension of the Colombo Plan by another five years beyond 1966 acted as fairly strong stimulants and the market did improve under their influence, but the rally was not sustained and the market definitely looked tired on Thursday. Generally, bullish news falls flat on a market which is inherently weak and is set for a fall. The 2 per cent rise in the Bank of England Rate did cause a flutter in ideas that imports from the United Kingdom would be more expensive but its effect did not last long. Moreover, the market had been beaten down all those days so much that there was very little scope for its influence to be felt. The Life Insurance Corporation and Unit Trust did effect some purchases in selected scrips but it is now common knowledge that these institutions are interested in the market only at very low levels.

At the end of the week, Tata Steel remained unchanged at Rs. 145, while Indian Iron was distinctly better at Rs. 25.45, as against Rs. 25.10 of the previous week though it had touched Rs. 25.50 at one time. Textile shares made a mixed pattern, with Bombay Dyeing up by 20 P to Rs. 57.40 while Century was down from Rs. 576 to Rs. 571.50. Standard was better by three points to Rs. 569 but Kohinoor showed a modest loss—from Rs. 320 to Rs. 318.50. Svadeshi was fractionally down to Rs. 264.50 but more significant was the decline in Central India—from Rs. 95 to Rs. 93. The decline in this scrip followed the skipping of the Preference dividend once again which means that there is no Ordinary dividend either. Preliminary results, however, indicate that the performance during the year to June is not after all bad, for turnover has improved from Rs. 614 lakhs to Rs. 663 lakhs but the dividend has had to be skipped due to the accumulated losses carried forward from the previous years. The news should have normally brought about a much steeper fall in the quotation but the shares are already lying rather low and the scope for a further fall is limited. Anyway, the directors' report should throw more light on the Company's current position and future prospects.

In the rayon group, only National Rayon was fairly well held at Rs. 349 against the previous week's closing level of Rs. 343.50, but, in spite of the improvement, the scrip is not very much above its 27th May level of Rs. 335. Indian Rayon closed fractionally down at Rs. 52.50 while Baroda Rayon eased from Rs. 63.50 to Rs. 62. But by far the worst sufferer was South India Viscose which declined to quote at its par value. It may be recalled that at one stage these shares were quoted over Rs. 190. Century at Rs. 571.50 is just above its crucial level of Rs. 570 and the opportunity may be taken to recall the hectic life of this scrip. During the seven months from August 1963 to February 1964, the shares recorded a steep rise from Rs. 490 to Rs. 709. Their fall was equally steep which started with the increase in the excise duty on rayon. The shares successively fell to Rs. 650 and then to Rs. 570. The lowest on Thursday was Rs. 570.50 but, if the shares were to break the previous low of Rs. 570, there are in for a further sizable fall. It is in this context that the performance of this scrip in the next few days should be watched.

The week's star performer was Premier Construction again. Following the steep rise in the dividend of its subsidiary, Hindustan Construction, the scrip had spurted to Rs. 198.50 last week and again during the week the shares advanced further to their year's highest level of Rs. 211.50. The hope obviously is for a sizable rise in the dividend here too and it remains to be seen whether the dividend is going to fulfil market's expectations. Both Telco and Voltas were better, the former improving from Rs. 258.50 to Rs. 262 and the latter from Rs. 255.50 to Rs. 257. Hindustan Motors were fractionally higher at Rs. 16.28 while Premier Auto was unchanged at Rs. 95. That the latter failed to react to the excellent report which shows a rise of Rs. 4 crores in sales. Further, the Company's Kalyan project has been put on stream and full production is expected to be achieved shortly. Production of trucks is progressing satisfactorily and, after the sheet metal project goes into full production, the indigenous content of trucks is expected to be of the order of 90 per cent. B. B. Petrol is well held at Rs. 2.86; apparently the market is pleased with the Company's annual report.

Chemicals were generally well maintained, with Tata Chemicals at Rs. 18.92 against the previous week's Rs. 18.80. Dhrangadhra was distinctly better at Rs. 114.50, against Rs. 112 and Polychem was fractionally up at Rs. 94.50. Synthetics and Chemicals made a good show, having improved from Rs. 68.50 to Rs. 71. Citric was unchanged at Rs. 79. Among sugars, Belapur improved handsomely from Rs. 213 to Rs. 221.50 while others were steady in sympathy. Shippings were fractionally better. Electricity shares were dull. There was little doing in cash shares and as already pointed out it is extremely difficult for cash scrips to maintain a reasonable measure of activity at a time when forward scrips happen to be dull and sluggish. If individual scrips show off under extraordinary circumstances, it is a different matter.

The one question which is now asked is whether the market would at all look up again. The answer is rather difficult but on the face of it it appears that the market has almost fallen flat. The reasons have been discussed here many a week and there is no need to repeat them. The only hope is the Budget. Powerful incentives are the need of the hour and it is in the hands of the Finance Minister to grant them as much as to reject them.

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At the time of writing, Lyons Range is steady on scattered short-covering and selective buying. Operators, however, are cautious about commitments in a big way. Paper shares are dull but Titaghur and Orient are steadier, while Birla, among Jutes, is a firm counter. India Carbon has improved owing to a shortage of scrips. Interest in cotton mill shares is limited.

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In Madras, selected plantings are active and the tone is steady. A few shares like Madurai, Travancore Rayon and Krishnarajendra have changed hands at fractionally higher rates. Banks, electric and sugars are dull. Miscellaneous shares are fairly active, with Mettur Chemical, India Cement, Textool and Madras Aluminum being the more frequently mentioned.

INDIA PAPER'S DEBENTURE STOCK

A seven-per cent debenture-stock 1967-77 worth Rs. 40 lakhs, in units of Rs. 1,000 at par payable in full on application, is being offered to investors by the India Paper Pulp Company, Ltd., Calcutta. The list opens on Monday, 30th November 1964 and is due to be closed on the 9th December 1964 or earlier at the discretion of the Company, but not in any case earlier than 2nd December 1964. The underwriters and their friends have signified their intention to apply for Rs. 20 lakhs of the stock on firm basis which the Company has agreed to allot in full. So only the balance of Rs. 20 lakhs is being offered for public subscription. As will be seen from the announcement published elsewhere in this issue, the whole of the debenture loan will be used by the Company for financing its development plans.

Incorporated in 1918, the Company has been carrying on the business of paper and paper board manufacturers for the past 42 years in its mill at Hazinagar near Naihati, West Bengal. It has three paper-making machines. Its production of paper and paper board during the year ended 31st March 1964 was 16,636 tonnes. Its expansion plan aims at increasing the pulp making capacity to 23,000 tonnes per annum and the paper-making capacity also to 23,000 tonnes, so that it may have a fully balanced unit. It may be recalled that the Company has been successful in its experiment for producing pulp out of jute sticks. This is a valuable achievement, in that an effective substitute for bamboo, now getting scarce, has been found. The new jute sticks pulp plant is already in the course of erection and is expected to be commissioned in the first half of 1965. This, together with the production of bamboo pulp from the existing plant, will give a total pulp production of 23,000 tonnes a year. The Company has also obtained industrial licences for expansion of its paper-making capacity to 23,000 tonnes a year to be achieved through renovation and speeding up of each of its paper-making machines progressively from mid-1965 to 1967.

The Company's financial position is healthy and it has been a regular dividend payer. Its paid-up capital is Rs. 88.20 lakhs (as of 31st March 1964), all in ordinary shares of Rs. 10 each. Reserves and surplus are in excess of the capital by Rs. 9.38 lakhs. Total liabilities at Rs. 53.93 lakhs are covered nearly 2½ times by floating assets amounting to Rs. 126.51 lakhs. The Company's gross block at Rs. 284.23 lakhs has been well depreciated to Rs. 109.34 lakhs. It will thus be noted that the debenture-stock offered by the Company is a sound one and should, therefore, command a ready market.

SYNDICATE BANK LTD.

The Syndicate Bank Ltd. has taken over the assets and liabilities of Sri Ranga Raja Bank Ltd., Mettupalayam, and The Kothamangalam Namboodiri Bank Ltd., Quilandy, with effect from 23rd and 26th November 1964, respectively. Sri Ranga Raja Bank Ltd., and the Kothamangalam Namboodiri Bank Ltd., are the 18th and 19th Banks taken over by the Syndicate.

With the mergers of these two Banks the Syndicate Bank will have 197 Branches in all—one more Branch in Madras State at Mettupalayam and one in Kerala State at Quilandy, raising the total number of Branches in these two States to 22 and 29, respectively.

The South Travancore Bank Ltd., Neyyoor, will also join the Syndicate Bank shortly.

MARKET GOSSIP

(Concluded from previous page)

Bank Rate was inevitable. In fact, the London *Economist*, carried a short note in its last issue published on the 20th inst., indicating that the Bank Rate would have to be increased to at least six per cent. So what was surprising about the increase in the Bank Rate was that it happened on a Monday and that too by as much as 2 per cent points. Usually, it is Bank of England's tradition to announce changes in the Bank Rate only on Thursdays. Once before it had to break this tradition and that was way back in 1931.

Obviously, the British Government must have felt that the sooner the pressure on the pound was checked, the better it would be for all. If the speculators in world financial markets had been given some more time, they might have forced Britain to devalue the pound and the Labour Party would have been exposed undeservingly to the odium for devaluing the currency for the second time since the Second World War. The Labour Party does not deserve that odium, because the financial difficulties confronting Britain are not of its making; they are the result of the bunglings of the Conservatives which Mr. Harold Wilson and his colleagues are now courageously trying to rectify.

The increase in the British Bank Rate has been well received in most parts of the world. Only the U.S. and Canada have so far found it necessary to raise their Bank Rates, but by no more than ½ per cent, the former from 3½ per cent to 4 per cent and the latter from 4 to 4½ per cent. The U.S. has put up its rate to reduce, to some extent, the impact of the high rate in Britain and Canada had to follow suit to counter the effect of U.S. action on its capital market.

This is by no means the first time that the British Bank Rate has been raised to the spectacularly high level of 7 per cent. Twice before, it was pushed up to this level, first in 1957 and again in 1961, when the Conservatives were in power. The present Labour Government has resorted to this weapon only reluctantly and much against its will. Since such a high level may restrain economic growth, it may try to bring the rate down as early as possible. Now that the central banks of the eleven developed countries have joined together to beat off the speculators by giving Britain a credit line of $3,000 million to defend the sterling, the pressure on the pound is bound to ease and the British Bank Rate may be lowered sooner than most people expect.

A New Shipping Company

There are some interesting features about the South India Shipping Corporation Ltd., which is entering the capital market early next week. Registered in January 1964, with its head office in Madras and Mr. A. D. Shroff as Chairman, this is the first shipping company in India with largest foreign participation in capital amounting to 40 per cent. Its foreign partners are the well-known P. & O. Steam Navigation Company of the U.K. and Anglo-Norness Shipping Company, Ltd., of Bermuda. Of the initial issued capital of Rs. two crores, the former will take up 35 per cent and the latter 5 per cent. The rest of the capital will be owned by Indian investors. Secondly, the Company will specialise in tramp trade and participate progressively in coastal trade, too. Thirdly, it will begin its operations on a big scale; the Company has already placed orders for five bulk carriers with West Germany. These vessels are of about 38,100 DWT each suitable to carry light grains to heavy ores. The first ship is expected to be delivered in a year's time from now and others at an interval of three months each thereafter. And, fourthly, both the foreign partners have rich experience in, and up-to-date knowledge of, world shipping. The Anglo-Norness, an associate of P. & O., are the largest owners of bulk carriers in the world and their extensive experience of world-wide tramping would be of immense advantage to the Company. The readiness of P. & O. and its associate to participate in and assist the growth of Indian shipping reflects their confidence and faith in the future of India. The fact that the directors of the Company have decided to raise capital from the market at a time when most shipping shares are standing at a discount also speaks of the courage of their conviction about the bright outlook for the Company.

The Company has already a paid-up capital of Rs. 12.50 lakhs, out of an issued capital of Rs. 50 lakhs. The present issue is for Rs. 150 lakhs in ordinary shares of Rs. 100 each. The foreign participants are subscribing to Rs. 80 lakhs and the balance of Rs. 70 lakhs is offered to the public. The list opens on Wednesday, 2nd December 1964. The entire issue is underwritten, as will be seen from the announcement appearing on pages 952-953 of this issue.

Notice

INDIAN ALUMINIUM COMPANY LIMITED

31 Chowringhee Road
CALCUTTA-16

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Transfer Registers respecting 6¼ per cent debenture-stock 1970-75 and 7 per cent debenture-stock 1971-76 of the Company will remain closed from 15th December 1964 to 1st January 1965, both days inclusive, in connection with the payment of half-yearly interest on 1st January 1965.

INDIAN ALUMINIUM COMPANY, LIMITED,
T. D. SINHA,
Secretary.

Registrars' Office:

ANDREW YULE & COMPANY, LIMITED,
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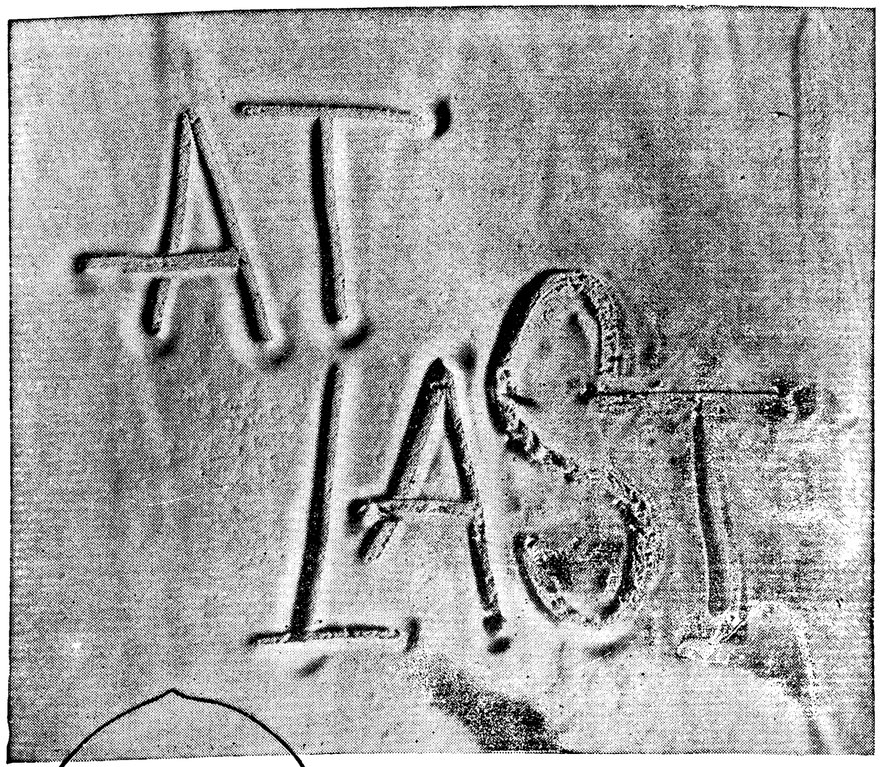
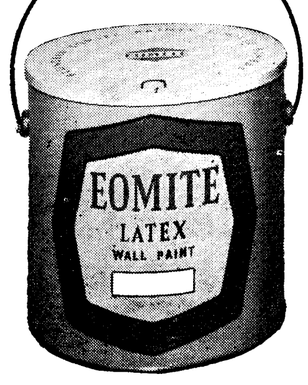
23rd November 1964.





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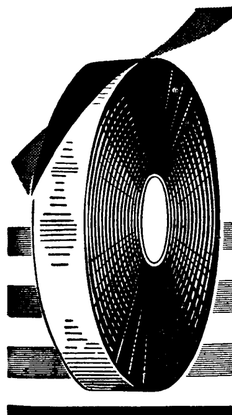

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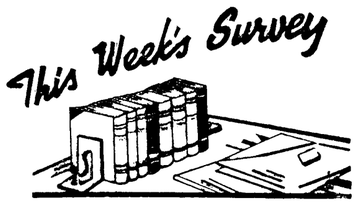

INCOMES POLICY FOR INDIA?

IT seems to have become fashionable for the planners in India to imitate some of the approaches of their confreres in the economically developed Western countries, apparently in the belief that the measures which may be good for those developed countries will be good for India, too. The Union Finance Minister, Mr. T. T. Krishnamachari, replying to questions on the fourth Plan in the Lok Sabha on the 20th instant, said that the question of preserving the value of the rupee was very important, and that, as a measure for ensuring this stability, "the question of evolving a co-ordinated policy in regard to the income, price and consumption pattern for the fourth Plan, is under examination." He informed Parliament that a cell has already been established to evolve a suitable policy in this context which might be implemented, in full or in part, during the fourth Plan. Apparently, India is copying Britain in this respect, but one is a highly developed economy with full employment, while the other is a developing economy with large unemployment and underemployment. It is, of course, true that Britain is also suffering from overinvestment, stagnation of production, rising prices, declining value of the sterling—both in the internal and international markets—and an adverse balance of payments position. But these maladies of British economy are of short-term nature, while they are of a chronic nature in the case of India. No details were provided by Mr. Krishnamachari regarding the national income, wage and price policy, which he wants to implement. Apparently, the Government itself is not clear so far about the scope and pattern of such a policy and the inherent difficulties which will come in the way of its implementation.

In a nutshell, an incomes policy implies a systematic distribution of the national product so that all the factors of production may get an equitable share, with suitable provision for ploughing a reasonable amount back into the production process. Its implementation will reduce the dependence of the economy on deficit finance, and will check the monetary demands from rising faster than production, thereby controlling the inflationary tendencies and assuring a stable growth. The advantages of such a scheme are self-evident and it is not suggested that the need for evolving and implementing an incomes policy does not exist in India. What is suggested is that even the evolution of such a policy is an uphill task, let alone its implementation. Even in an advanced country like Britain, the difficulties have been numerous and years of endeavour by the Conservative party failed to succeed. The Labour Government is now trying hard, picking up the threads where they were left by the Conservatives. It remains to be seen to what extent the present Government will succeed. One of the difficulties is the lack of agreement among the competing groups on how the wage and salary earners' share of the cake should be divided among them. The difficulties in coming to a decision in India, on this issue alone, will be formidable, for, unlike in Britain, where the Trade Union Congress (not affiliated to any political party) represents about 80 per cent of the total trade union membership of approximately 10 million, in India a number of labour federations influence large sectors of industrial workers, numbering about three million, and these trade unions are always at loggerheads with one another. Moreover, the labour federations in this country are directly related to political parties, some of which have a greater interest in creating disruptions in the country than in bringing about stability.

There are many other handicaps to be overcome in this country before an incomes policy can be evolved. A pre-requisite for this exercise is the availability of detailed information regarding the national income and its distribution. Unfortunately, the Central Statistical Organisation, which prepares the estimates of national income for this country, has never taken the trouble of informing the people about the methods adopted by it. But it seems that the estimates are derived mainly on the basis of changes in economic activity in the country, as measured by index numbers of production in agriculture, mining and manufacturing and of the changes in the activities of posts, telegraphs, telephone and other Government departments, railways and banking and insurance. The Government is not likely to have any reliable information regarding the small enterprises in mining, manufacturing, commerce and transport and about professional and liberal arts, domestic service, retail trade and housing (residential).

The data about the income generation in these sectors can at best be guesstimates. Whatever the accuracy of the estimates of national income, there is no doubt that the data on individual incomes are available only for a very small percentage of the population. These are people who are either income-tax payers or are employed in the organised sector and Government departments, and they are not likely to form more than five per cent of the total population.

According to the 1961 census, 82 per cent of the total population of the country lives in rural areas and most of these people are dependent on agriculture, which is largely non-monetised. Foodgrains production accounts for over two-thirds of the total agricultural production and about 30 per cent of the national income. In the absence of any reliable data, it may be safe to assume that at least two-thirds of foodgrains production, equivalent to 20 per cent of the national income, is not traded. The other agricultural products which form one-third of the total agricultural production and 15 per cent of the national income, also have a part in the non-monetised sector. This is particularly true of such commodities as sugarcane, oilseeds and tobacco. If regard is had for the non-monetised element in small enterprises, house property, professions and domestic service, etc. also, it may be found that anything up to 40-50 per cent of the national income is non-monetised. In the face of this situation, it is impossible to assess the income of individuals or even groups of individuals. It is perhaps because of these difficulties that reliable estimates of income even for individual States are not available. In these circumstances, it is well-nigh impossible to evolve a correct and scientifically based incomes policy, much less to implement it.

Among the other difficulties in the way of successfully evolving and implementing an incomes policy mention may be made of (a) the wide fluctuations in the fortunes of agriculture, which accounts for about 45 per cent of the national income, (b) the heavy unemployment and underemployment, both of which are not yet statistically ascertained, and (c) the absence of social security schemes for the vast majority of people. In view of these difficulties, it is better not to think in terms of a national incomes policy, as is being conceived in some of the Western countries. If the Government were to persist in this game of wild-goose chase, it might land itself in great difficulties, as it would give rise to great expectations among the various sections of the masses—expectations which it would not be able to fulfil. The task of producing a substantial national cake itself is still unfinished and it is premature to indulge in the fanciful exercise of dividing the cake among the various sectors. Meanwhile, it would be more fruitful to concentrate on efforts that would ensure for the vast majority of our people some minimum social security, as, for instance, crop and cattle insurance for farmers, better medical and educational facilities, and improvement in employment opportunities. As for workers in industries and commercial establishments, some method may be found for rewarding them a share in the surplus profits of their undertakings over and above a decent wage, taking care to see that their aggregate income has some relation to their productivity. All that is necessary for this purpose is to amend the recommendations of the Bonus Commission suitably.

CAUSTIC SODA SHORTAGE

Caustic soda—an essential heavy chemical used in textile, rayon and several other industries—is one of the sixteen commodities which have been decontrolled since December 1963 insofar as prices and distribution are concerned. This is a basic chemical which has been in short supply in spite of the substantial increase in production from a monthly average of 10,035 tonnes in 1962 to 12,690 tonnes in 1963 and 14,773 tonnes in the January-July period of the current year. As indigenous production has not been adequate to meet internal demand fully, imports on a considerable scale have continued to this day. For instance, imports in the April-August period of fiscal year 1964-65 have aggregated 18,245 tonnes, valued at Rs. 0.90 crore, as against 65,249 tonnes valued at Rs. 2.91 crores in the whole of 1963-64 (when domestic production aggregated 162,962 tonnes). These figures have belied the original expectation that decontrol would lead to a quick expansion in production. In fact, the rate of *increase* in production has slowed down in 1964, as compared with the previous year. No wonder, therefore, regular supplies of this essential chemical are not available, at reasonable prices, to consuming industries.

That the supply and price situation is extremely unfavourable to consuming industries has just been confirmed by Mr. Babubhai M. Chinai, a leading businessman connected with the rayon industry. According to him, the experience of decontrol has been far from satisfactory, for industries depending on an essential raw material like caustic soda are not getting regular supplies of that chemical. Whenever supplies are available, exorbitant prices are demanded by some of the manufacturers. Some of the rayon and aluminium plants, it is said, may even have to close down temporarily for want of adequate supplies of this raw material. It is extremely unfortunate that a protected industry like caustic soda is not uniformly playing fair by the consumer. Of course, some manufacturers have not taken undue advantage of the scarcity situation. For instance, the Tata Chemicals Ltd. has maintained the selling prices of soda ash and caustic soda at pre-decontrol prices, although each producer has been free to set his own prices in the wake of decontrol. But some others have not subjected themselves to any such self-discipline, with the result that a crisis has developed in consuming industries, some of which have been forced to pay Rs. 1,250 per tonne of caustic soda, as compared with Rs. 750 per tonne before decontrol.

In the circumstances, Mr. Chinai's plea for some remedial action is unexceptionable, all the more so because he has wisely refrained from advocating re-imposition of control. His plea is that the Government should facilitate increased production of caustic soda by licensing additional production capacity in existing or new units. In his view, some of the larger consuming industries should also be encouraged to set up plants for the manufacture of caustic soda. Neither the consideration that foreign exchange would be required for setting up new caustic soda plants nor the expected difficulties in the way of gainful use of a by-product like chlorine should be used as an excuse for official inaction. As the net savings of foreign exchange, following expanded production and corresponding elimination of imports, will far outweigh, in due course, the initial foreign exchange expenditure on plant and equipment, the case for taking prompt and energetic steps on the production front is unassailable. It is up to the Government to find out how much, if any, of the licensed capacity is yet to fructify and how much additional capacity needs to be established as a matter of urgency in the light of internal demand for caustic soda. Production levels and product prices in several consuming industries, it needs to be emphasised again, depend on the availability of this crucial raw material at reasonable prices.

SHIPPING FREIGHT RATES

Some of the developments in the sector of world shipping in the last one year have been favourable, and some others unfavourable, to Indian shipping companies. For instance, there has been a sustained improvement in the general level of overseas tramp freight rates, though the actual improvement has not come up to the original expectations engendered by the contemplated movement of foodgrains from the United States, Canada and Australia to Russia and China. In the liner trades, an increase of 10 per cent in the freight rates for services from India to U.K.-Continent and from East Coast of India to the United States has been effected since October 1963. The rates for services from the West Coast of India to the United States have also been increased with effect from March 1964. In the Eastbound trade from U.S. ports to India, an increase of 10 per cent has been in force since July 1963. While the marginal improvement in the international freight market has undoubtedly increased the voyage results (freight and charter hire earnings) of Indian shipping companies in 1963-64, the continued upward trend in operating costs has tended to offset the gains. (But a long-established concern like the Scindia Steam Navigation Company Ltd. has succeeded, to some extent through sustained rationalisation, to retain the advantage consequent upon the aforesaid freight increases.) Apart from the unfavourable factor of increased costs, a certain development that is affecting the availability of cargoes for Indian liner services is the increasing tendency of some European countries to purchase Indian goods on f.o.b. basis and to exercise their discretion in making shipments by other than Indian Lines. This, according to Mr. Dharmasey M. Khatau, Chairman of the Scindia Steam Navigation Company Ltd., whose advance statement to the Forty-fifth Annual General Meeting of the Company has just been issued, is a development about which nothing can be done at the moment.

In view of these unfavourable factors, Mr. Khatau, incidentally, has suggested that the Indian Maritime Freight Commission should be more fully utilised for effecting upward freight adjustments which are otherwise not easily possible or permitted in spite of increased costs. His suggestion is that the machinery of the Maritime Freight Commission, which has been set up precisely for tackling this difficult problem of freight rates but which has not so far faced up to it continuously and expeditiously, should be charged with the responsibility of making a periodic assessment of costs of operation and thereafter permitting the shipping companies appropriate increases from time to time. This is a reasonable plea, considering that several shipping companies have not been working on an economic basis because of uneconomic freight rates—rates which are not as fair to the companies as to the shippers. An adequate increase in coastal freight rates, besides a guaranteed diversion of two to three per cent of the total cargo now carried by the railways, would put coastal shipping, too, on an economic footing.

At the same time, if, as Mr. Khatau has emphasised, the factors that tend to increase costs are eliminated, the required upward freight adjustments may not turn out to be unduly heavy in their incidence. For instance, elimination of frequent strikes in ports, of loading and unloading delays caused by congestion and of go-slow tactics by dock labour can go a long way towards restraining increases in the costs of operation. It is distressing to be told, in this connection, that, out of the total of 823 days lost by the Scindia Steam Navigation Company in the overseas service, as many as 538 were lost in the major ports of Bombay, Calcutta, Madras and Cochin in 1963-64. It is, therefore, imperative that, in fairness to the shipping industry, the Government should require Port Trusts to maintain efficiency at the ports at the highest level possible and to make labour more productive through the introduction of incentive schemes at ports. The labour situation in the U.K. or the U.S. ports, which is none too happy at the moment, is beyond this country's control. But, at least in Indian ports, the labour problem should be tackled with expedition and imagination as much in the interests of Indian shipping companies as in those of export and import trade. It is to be hoped that the Wage Board, just set up for dock labour, will conclude its labours promptly and help improve and stabilise the labour situation in India's ports.

PELLETISATION PLANT

India's vast reserves of iron ore—estimated at 110,000 million tons—can not only sustain the native steel industry for a long time to come but also help the country in earning valuable foreign exchange. As an export commodity, incidentally, it ranks next only to jute goods, tea and cotton textiles. It is well known that Indian ore—20 million tons of which were produced in 1963—is generally of a superior grade. But, as the new sources of the mineral do not contain the same degree of fineness but have waste material in them, there is a long-felt need for pelletisation plants, wherein the waste can be removed and the ore converted into pellets and made readily acceptable to the importing countries. In the pelletising process, it may be noted here, the iron ore is reduced to a fine powder, in which process impurities and tailings are removed. The concentrated iron ore is than mixed with binding agents, formed into marble-size pellets and baked in a furnace. The resultant pellets are harder than the original iron ore and have many advantages in that they can be put straight into the blast furnace of the steel mill.

The Kiriburu mines in Orissa and the Hospet-Bellary mines in Mysore, it is stated, are found to have wastes of 27 and 18 per cent, respectively, in their iron ore, and the need for pelletisation plants to increase the ore content in them is increasingly felt. The wastes include, among others, blue dust, stone and other ingredients. If these wastes are separated from the iron-ore, transportation costs of the mineral from the mines to the ports and later to the importing countries can be greatly reduced. Further, the importing countries, such as West Germany and Japan, who experience shortage of labour, prefer to have refined ore. Moreover, other producing countries like the United States have already set up pelletisation plants to produce refined ore. Thus, with a view to improving our competitive position in the field of iron ore exports also, there is a pressing need for establishing such plants.

Viewed thus, the laying of the foundation stone of the first pelletisation plant in India, nay, the whole of South-East Asia, in Goa by Mr. Manubhai Shah, Union Minister for Commerce last week (21st November) was a gratifying development. This Rs. four-crore project of the Pale Iron Ore Mines of the well-known industrial house of Chowgules is expected to go into production early in 1966. As the hard lumpy ore is setting scarce in the mine, the benefication plant will upgrade the low quality iron ore and make it suitable for export purposes. This plant will pelletise iron ore after removing the hematite and linomite fines from the ore by a special process of aglommeration with the help of an industrial firm, Lurgi in Frankfurt, West Germany. It will produce 550,000 tons of iron ore pellets per annum. Over 2,000 tons of iron ore fines per day will have to be fed into the pelletisation plant for its rated annual production. The Pale mines, manually operated till now, have been yielding 300,000 tons of ore annually. But, with the complete mechanisation of the mines, also commissioned by Mr. Manubhai Shah that day, output is expected to increase to 500,000 tons.

Marketing of these pellets appears to be no problem at all. The Japanese steel interests, consisting of ten leading steel mills, have already signed a contract to purchase all the pelleted ore produced by the Pale mines (550,000 tons) for a period of ten years. This will bring in foreign exchange worth Rs. three crores per annum, for, after pelletisation, iron ore will command a price of Rs. 55 per ton, as against Rs. 15/18 per ton at present. There is also bound to be demand for such pelletised ores from other countries as well. The house of Chowgule's is so very confident of marketing the iron ore pellets that it has already plans to install in due course a large-size pelletisation plant involving a capital outlay of Rs. 12 crores and capable of producing 20 lakh tons of ore pellets per annum. It may be noted, incidentally, that many more pelletisation plants of the kind would be required, if the cost of production is to be reduced and the competitive efficiency of Indian iron ore is to be increased. It is to be hoped that the Union Government will give the necessary encouragement to the mining industry in Goa and elsewhere in India, especially as it has set a big export target of 25-30 million tonnes to be achieved before the end of the fourth Plan, as against the present export level of 9 million tonnes.

A protocol of the 15th meeting of the Comecon Permanent Commission for foreign trade has been signed at Moscow on the 20th inst. The Commission has adopted recommendations which will contribute to the further growth of goods turnover between the Comecon member countries. It has approved proposals for improving the general terms of goods deliveries adopted in 1957.

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DOES THE GOVERNMENT REALLY CARE FOR THE CONSUMER?

By A Special Correspondent

THE consumer in India has been receiving greater attention during the last six months than ever before. After Mr. Shastri became the Prime Minister, he has been repeatedly emphasising the need to *provide* the consumer with his elementary requirements so as to enable him to live in reasonable comfort. The Prime Minister has also *admitted* that India's Five-year Plans have not so far made a favourable impact on the living standards of the common man. Indeed, in *some* respects, his economic condition has *become* worse.

In the matter of food supply, for instance, the *per capita* availability today shows hardly any improvement over what it was some years ago. Nutritional experts say that, for a balanced diet, an adult Indian should consume at least 14 ounces of cereals, 3 ounces of pulses, 2 ounces of ghee, 10 ounces of vegetables, 10 ounces of milk, 3 ounces of fruits and 3 ounces of sugar and *gur*. But the *per capita* consumption of these foods falls much below the minimum requirement. Health-giving items like milk, fruits, vegetables, eggs, fish and meat do not find a place in the diet of the average Indian. The *per capita* consumption of cotton cloth in India is about 16 yards, as compared with 50 yards in the U.S., 35 yards in Japan and 31 yards in Russia. The availability of durable consumer goods is also very low. It is estimated that one out of 300 persons has a radio, one in 20,000 a car, one in 500 has a sewing machine, one in 100 a bicycle and one in 200 an electric fan.

Neglect of the consumer is by no means confined to India. In many other countries of Asia also, the consumer's interests have till now received inadequate attention. Even Russia has failed to promote the welfare of the consumer to any significant extent; and this is supposed to be one of the reasons attributed to the downfall of Mr. Khrushchev. Although the Russian economy under Mr. Khruschev's leadership made *considerable* progress in many directions and Russia became the most powerful nation in the world next only to the U.S.A., the living standards of the common people have not appreciably improved. Agriculture has failed to progress steadily and in the last year Russia had to buy about 10 million metric tons of wheat from the U.S.A. and Canada. The availability of other consumer goods like cloth and shoes has also been meagre. The situation has been succinctly summed up by an American journal thus: "The economic life in Russia is still mainly a matter of waiting—waiting in interminable lines to buy shoddy goods, waiting for the stores to get a shipment of suits in the right size, waiting three years for a refrigerator or washing machine and even longer for a new apartment."

In India, too, the neglect of agriculture and the consumer goods industries has led to acute distress to large sections of the people. But it is essential to understand the nature of this neglect if the past wrongs are to be undone and the right policies are to be adopted for the future.

No Lack of Emphasis

It is often said, for instance, that Indian planners have not realised the importance of agriculture and that the fourth Plan should, therefore, give the highest priority to this subject. But it is necessary to point out that, at least on paper, all the three Five-year Plans did accord the utmost weight to agriculture. The first Five-year Plan said that the importance of agriculture "is both basic and vital."

The second Plan observed: "During the first Five-year Plan, it was of crucial importance that agricultural programme must succeed, for no other consideration had equal significance for the stability of the economy as a whole. The second Five-year Plan implies even more than the first a close inter-dependence between agricultural and industrial development."

The third Plan was even more emphatic in stressing the role of agriculture. It said: "In the scheme of development during the third Plan, the first priority necessarily belongs to agriculture. Experience in the first two Plans, and especially in the second, has shown that the rate of growth in agricultural production is one of the main limiting factors in the progress of the Indian economy. Agricultural production has, therefore, to be increased to the largest extent feasible and adequate resources have to be provided under the third Plan for realising the agricultural targets."

The allotment of funds for agricultural development has also been quite impressive. Investment in agriculture in the first two Plans was about Rs. 2,000 crores. For the third Plan, the investment originally proposed was Rs. 1,460 crores for agricultural development and Rs. 650 crores for major and medium irrigation.

Poor Implementation

If, nevertheless, the country continues to be plagued with scarcity and high prices of food, it is because the agricultural schemes have not been properly implemented and the huge amounts earmarked for this purpose have not been spent effectively. So, if the Government is really serious of providing the consumer with adequate food at low prices, agricultural policies should be evolved realistically and executed efficiently. The accent should be on more production. Schemes of agrarian reforms, based merely on ideological grounds, have to be put in cold storage and the utmost incentives given for improving productivity and increasing the production. Distribution is also equally important. Here the wise policy will be to rely on the normal trade channels rather than on co-operatives and corporations that lack the experience and the know-how to handle this business. If these things are not done, the mere allotment of enormous funds for agriculture will not by itself help the consumer to get his food at prices he can afford.

Manufactured Goods

As regards the manufactured consumer goods like cloth, sugar, paper, matches and so on, the emphasis must be on maximising production. This remedy is, of course, well known but in practice various hindrances are placed in the way of increasing production. The fiscal policy is mainly responsible for inflating the costs of production. The steep increase in direct taxes has reduced the purchasing power of the people and, in the case of companies, has deprived them of the resources required for expansion and modernisation. Indirect taxation has also done great injustice to the consumer. Excise duties, for instance, are levied today on about 67 commodities including cloth, sugar, matches, kerosene, *vanaspati*, soap, paper, cigarettes, footwear, art silk, glassware, wireless sets, fans, bulbs, and so on. The Central excise revenue has increased from Rs. 50 crores in 1948-49 to nearly Rs. 700 crores in 1963-64; and this, no doubt, is one of the important factors responsible for high costs of consumer goods.

Relief to the consumer, therefore, cannot be brought about without suitable adjustments in tax policy. But, with an ambitious fourth Plan involving an outlay of about Rs. 22,000 crores and envisaging additional taxation of nearly Rs. 5,000 crores, it is unlikely that any fiscal concessions will be available in the near future. On the other hand, the indications are that the tax burden will continue to grow, causing further increase in prices.

The proposal to manufacture consumer goods like cloth, sugar and drugs in the public sector is most unlikely to help to increase supplies and bring down prices. India's cloth industry is the second biggest in the world, next to that of the U.S. It has served the country very well indeed, considering the fact that it has not only made India self-sufficient in cloth but has become a major earner of foreign exchange, accounting for about Rs. 50 crores per year. In other words, the industry provides cloth not only to the 400 million people of India but to millions in other parts of the world. And if Indian cloth is not as cheap as it should be, the blame is not entirely that of the industry. If its requirements of cotton and other raw materials are promptly and adequately met and if it is actively encouraged to modernise and expand, it can surely produce and export on a much vaster scale.

Similarly, the record of the sugar industry is also impressive. Till the 'thirties we used to import substantial quantities of sugar; and now we have even become a leading exporter. In 1963-64, we exported sugar valued at Rs. 26.10 crores. The sugar industry too can produce all the requirements for home and export, if its operations are not rigidly controlled and the mills are given reasonable incentives. In fact, whether in the field of consumer or capital goods, the record of the private sector in the matter of production is commendable; and if the supply is short and there is in some industries a good deal of idle capacity, it is due to factors beyond their control, such as non-availability of raw materials. State participation is justified where the industries concerned are of a strategic nature and in which the private sector is unable to take part. But, when capital and experienced personnel are scarce, it is surely wasteful for the Government to enter into the sphere of consumer goods industries.

It is interesting to recall that, in many countries of East Europe today, there is an increasing tendency to denationalise consumer goods industries. In Poland, Czechoslovakia and Hungary, nationalisation had gone too far and even tailoring, laundries, dry cleaning, shoe repairs, house repairs and small restaurants were nationalised. These have been under municipal control. But this has not benefited the consumer. As the East European correspondent of the *Financial Times*, London, pointed out a few days ago, "the municipal services in all three countries have a bad reputation as being slow and expensive. A three-week wait for shoe repairs is normal." In Russia also, it is now recognised that "a modified free enterprise system" is the best way to produce more and better consumer goods. An editorial in *Pravda* recently urged consumer industries to plan their own production on a basis of profitability and said: "It is time to give more independence to the enterprises, so that they will be economically interested in producing high quality goods popular among customers."

If the Government of India is, therefore, really concerned with the consumer's welfare, it should refrain from competing unfairly with the private sector. Fiscal and industrial policy also need revision so as to give incentives to the individual. Above all, the official attitude to consumption as such should change. Under the three Plans so far, the emphasis was on restraining consumption, the idea being that the present generation should be prepared to suffer and sacrifice for the sake of posterity. Such theories have now become discredited. The Indian people have for so long patiently put up with privation and the time has come when they could look forward to the enjoyment not only of the basic necessities but also of certain comforts which alone make life worth living.

INDO-RUSSIAN TRADE

The trade between India and Russia is expected to increase by 50 per cent during the calendar year 1965—from the current level of Rs. 80-85 crores to Rs. 125 crores each way. This was revealed by the Union Minister for Commerce, Mr. Manubhai Shah, at New Delhi on the 18th instant. A significant feature of the 1965 Indo-Soviet trade plan is that Russia has agreed to supply 60,000 tons of ammonium sulphate. India hopes to double the import of Soviet foundry-grade pig iron next year. Other imports from the Soviet Union will comprise machinery and equipment and components for big projects like those at Bhilai, Ranchi, etc. The U.S.S.R. will also supply essential materials like mineral oil products, non-ferrous metals, tinplate and rolled steel products.

Manufactured products will form about 40 per cent of the total exports from India, consisting of engineering products like electric transformers, air-conditioners, water-heaters, accumulators, textile machinery, knitting machines, twist drills, etc. and chemicals like B.H.C. powder, zinc phosphide, mercurial seed dressings, calcium carbide, bleaching powder and detergents. The exports of traditional items, such as tea, jute products, tobacco, coffee, spices, cashew kernels, cotton fabrics and leather footwear are also expected to go up. There is a likelihood of larger exports of Indian tanned skin than of raw goat-skins. Specialists will be sent by Russia to advise Indian industry in the preparation of tanned skins, sheep-casins, bananas and shellac, according to the requirements of the export market.

INDUSTRIAL PRODUCTION IN U.S.

Owing to labour strikes in the automobile industry, industrial production in the United States during October 1964 was lower (131.7 points in the index) than in the previous month (134.0). However, it was higher than that of October last year (126.1). As labour trouble in the auto industry has not yet been resolved—70,000 Ford workers are idle and production has almost completely stopped—the economic indicators are not expected to rise during November, but its effect is unlikely to be as severe as in October. As a direct result of this strike, automobile output has been halved and production of auto parts, materials and trucks reduced. It has also affected retail sales and building activity. The former has declined by three per cent from its record rate reached in August and September: Production of other consumer goods and business equipment, however, has continued to advance. The unemployment rate has remained unchanged at 5.2 per cent of the work force.

However, the Gross National Product has recorded a rise of $10,000 million in the third quarter of 1964 (July-September) over that of the second quarter, taking it to an annual rate of $628,500 million.

WHAT ALTERNATIVE IS ACCEPTABLE?

By Questor

LONDON, 21st November

THE reasons for Britain's decision to impose a temporary surcharge on imports are now more widely understood. The new Government found itself faced with a payments deficit which is likely to be of the order of $2 billion for 1964 as a whole. It was unwilling either to deflate massively (industrial production, after being static for eight months, actually fell in September) or to devalue. Direct action on the balance of payments was, therefore, the only course open to it.

But did it take the best kind of direct action? I do not mean simply that it might have looked at the capital as well as the current side of the account or that it might have muffled the inevitable outcry by giving other Governments a little more advance notice of its intentions.

It chose deliberately to break one rather silly international rule: it chose to impose a tariff surcharge (which is not allowed by the G.A.T.T.) instead of import quotas (which are allowed in an emergency) on the grounds that this would be less discriminatory and do less damage to international trade. But since it was ready to go so far in putting the spirit of international agreements before the letter, I think it might well have gone further. Instead of restricting imports, it might have found some effective way of subsidising exports.

This would certainly have annoyed our trading partners, but perhaps no more than they have in any case been annoyed by the tariff surcharge, providing they were convinced that it was a temporary measure. It would have meant an increase in taxation, but it would have avoided the risks of increased protection and might have got more firms interested permanently in the business of exporting.

In fact, the British Government is taking the opportunity of remitting to exporters certain indirect taxes which they bear at present, as the rules of G.A.T.T. allow it to do. But the rebate is expected to amount to only 1-3 per cent of the value of exports according to type; and, though even this will be of help to firms exporting on very low margins or at a loss, its smallness shows that—unlike the import surcharge—it is meant to be permanent.

Since the Government is determined to avoid devaluation and since exports are not rising, the search for other forms of internationally-acceptable incentives is likely to continue. In particular, an attempt may be made to reopen a question which seemed to be answered finally in the spring of this year—that of introducing a Continental-type turnover tax in Britain. Since the G.A.T.T. allows indirect taxation to be remitted in the case of exports, a system in which indirect taxes are large in relation to direct company taxes obviously carries a built-in incentive to export. In 1962-63, prompted partly by the possibility that Britain would be joining the European Community and would have to harmonise its tax structure with theirs, there was a good deal of public discussion about the desirability of introducing a general sales tax—in particular, a tax on value added of the sort which has gradually been evolved in France. This, it was argued, would not only give an additional incentive to exporters but would encourage firms to cut costs and invest more in new plant and equipment.

The then Government, though sceptical, appointed an expert committee to consider the question. This listened to a great deal of evidence from professional and business organisations and then reported flatly against the change. Firstly, it pointed out (to most people's surprise), indirect taxation was not relatively low in Britain nor was company direct taxation relatively high.

Secondly, an added-value tax ought not to be substituted for our existing purchase tax on consumer goods, which serves the same object more efficiently; the French, indeed, had developed their tax in an attempt to approximate the traditional European sales tax to the British and American pattern. Thirdly, any attempt to replace the direct tax on company profits with an added-value tax—so it was assured by businessmen—would lead to an immediate rise in prices which, in the long run, would do much more harm than good to the country's export trade.

The Committee's rejection of the added-value tax was so strong, and so strongly supported by industry, that it is difficult to see much point in reopening the matter—particularly since the economist who served on it is now the chief adviser to the Ministry of Economic Affairs. But two points emerged from its report which may be worth further study by the Government. First, the present purchase tax on consumer goods leaves a great many goods and services uncovered. It might be extended, particularly to goods and services, which may enter into the production costs of export industries.

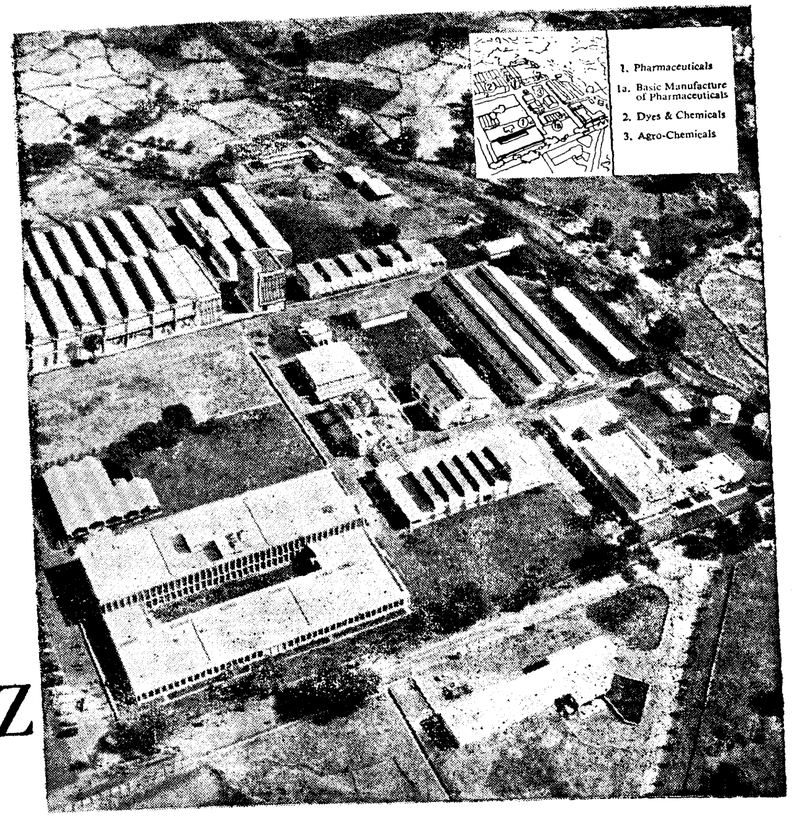
Also, it appeared from the evidence that the majority even of large firms still make investment decisions on the basis of gross anticipated profit on capital employed. There would seem to be room for educating management in the implications of the generous tax concessions which are now provided for investment, particularly in areas of high unemployment; the schools of business education which are now springing up on every side may help to make managers more aware of the advantages of investing in labour-saving equipment.

The P. and O. group, which operates the world's largest and most diverse free enterprise fleet, has just placed contracts worth about £12 million for four bulk oil carriers of 62,000 d.w.t. each, with Japanese and British shipyards. Of these, only one will be built in the U.K. by Fairfield Shipbuilding and Engineering Co., Glasgow. The other three will be built in Japan, two by Hitachi Shipbuilding and Engineering Co., and one by Mitsui Shipbuilding Co. No breakdown of the individual cost of the vessels has been released. The vessels are scheduled to be delivered between the end of 1966 and early 1967.

In a bid to make foreign trade operations more efficient, Czechoslovakia is to establish a new bank for dealing with all foreign trade transactions. The bank will be established in the form of a public limited company with a paid-up capital of 500 million Cz. Crowns (£25 million). This form, which is a departure from the practice of organising all enterprises, including banks, in the form of national corporations, has been resorted to for enabling foreign trade and manufacturing corporations to be represented on the board of the new bank. The bank is expected to start operations from the beginning of next year.

The Government of Britain has imposed an embargo on the export of arms to South Africa. All outstanding licences are now to be revoked "except where these are known to relate to current contracts." Licences for the export of sporting weapons and ammunition will be revoked and shipment will be stopped forthwith. In other cases where licences are revoked, fresh licences will be issued to the extent necessary to permit the execution of current contracts.

In more ways than one...



This is an aerial view of the Sandoz industrial complex. The site covers more than 70 acres. The plant and machinery incorporate the most modern manufacturing techniques, including a high degree of automation. All Sandoz products are manufactured, processed or formulated here, many from the basic stages. Each manufacturing wing has its own Product Development and Quality Control laboratories.

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MONETARY ASPECTS OF WORLD TRADE AND ECONOMIC DEVELOPMENT

I.M.F. MANAGING DIRECTOR ELUCIDATES

A RECENT address by the Managing Director of the International Monetary Fund, Mr. Pierre-Paul Schweitzer* on the financial and monetary aspects of world trade and economic development underlines his conviction that, while the radical proposals for freer flow of aid undeterred by short-term balance of payments considerations and liberal trading policies with a greater emphasis on trade rather than aid are the obvious solutions of the world economic problems of the later sixties, it is becoming clearer every day that they should be flanked by a monetary approach through the creation of a new world liquidity mechanism. Mr. Schweitzer has devoted special attention to a review of the activities and problems of the Fund in relation to the policies and prospects for trade and development.

Recent discussions on world trade have been characterised by problems of economic development. Though not a new subject, economic development is nowadays viewed from a new angle—co-operation between the richer and poorer nations of the world for the purpose of raising the standards of living of the latter. The developing world has some new things to say in new words to the developed world. Behind this new phraseology and rationale and underlying their attitudes and viewpoints lies a sense of urgency, for the very existence and continuance of political and social institution depends upon the success of this great effort. As Mr. Schweitzer has rightly pointed out, the need for accelerating the pace of economic development has been gathering impetus in recent years and has found its obvious demonstration in the U.N. Conference on Trade and Economic Development held at Geneva last summer.

A Major Problem

A major problem in this task is to find mutually acceptable ways of assisting the developing countries. The developed countries must not only realise the sense of urgency but also appreciate that their own prosperity depends upon mutual assistance. The developing countries, on their part, must appreciate that they must build up enough industrial and economic strength, so that the emphasis shifts from aid to trade. Aid cannot obviously be available in unlimited amounts and there are political and economic limits for the aid-giving countries: promotion of trade, particularly in the manufactures of developing countries, depends upon maintenance of high levels of demand and employment and a satisfactory rate of growth in the developed countries themselves. They are of course conscious of their own interests involved, but obstacles arise in the form of undue pressures on costs and prices as a result of high levels of demand and sharp balance of payments deficits. Hence the need for effective international co-operation in the formulation of economic policies and for adequate levels of international liquidity.

The Fund-Bank organisations have their main justification in these dual task of promoting co-operation and maintaining liquidity. The World Bank family (consisting of I.B.R.D. and its two affiliates, I.D.A. and I.F.C.), together with other formal and informal regional organisations like the three year old Inter-American Development Bank or the recently formed African Development Bank, have the responsibility of assisting countries for promoting economic development. The special function of the Fund and of some voluntary, formal or informal regional groups is "to provide resources to ease countries and to advise them as they seek to work out policies which will achieve the monetary stability so essential to economic growth."

In view, however, of the close connection between the balance of payments difficulties and needs of development financing of the developing countries, the distinction between the Fund-Bank functions is not so sharp as may be imagined. As Mr. Schweitzer puts it:

"It is not surprising, therefore, that our activities with respect to such countries so often require us to consider whether and to what extent we can help to promote the process of development while carrying out the basic duties assigned to the Fund."

Three Main Ways

Mr. Schweitzer has outlined the ways in which the Fund has made significant contribution to the development of underdeveloped nations. First, the Fund has helped strengthen expertise in monetary and financial matters in developing countries through the evolution of progressively improved tools and techniques of monetary analysis. Secondly, through its Department of Fiscal Affairs, I.M.F. Training Institute and a panel of Central Bank experts it has provided technical assistance to many developing countries in improving their taxation, budget and financial structure and controls. In order to appreciate the value of these two forms of assistance one must bear in mind that the weak structure of Government finance is often a major obstacle to correcting the deep-seated imbalances in balance of payments and economic structure. More familiar and more important is the third way—provision of financial assistance. The Fund quotas of developing countries are $4.3 billion as against their gold and reserves amounting to $12 billion. The Fund's resources, however, play a far greater role and are a much more important source of liquidity than these figures suggest, because their reserves are at an absolutely minimum level and cannot always be run down. Fund quotas, therefore, provide the flexible element. Moreover, since the assistance from the Fund is conditional upon the country following appropriate financial and monetary policies, a climate is created in which additional assistance from non-Fund sources also may become available. Above all, while the quotas of developing countries are about one-fourth of the total quotas in the Fund, 80 per cent of the outstanding drawings from the Fund at the end of October 1964 were those of the developing countries. This gives an indication of the extent to which the developing countries are making use of the facility provided by the Fund.

As a measure of further assistance to developing countries, the Fund allows total outstanding drawings to exceed the usual limits by providing *compensating* finance to countries facing payments difficulties created by temporary shortfalls in export receipts. This assistance is normally available on more liberal terms than regular drawings, for up to 25 per cent of a country's borrowing quota.

It is thus clear that the Fund keenly feels its responsibilities for the great mass of its non-industrialised member countries. So much for international co-operation and assistance: but it has become abundantly clear now that transfer of resources from the richer nations to the poorer countries will not start flowing, if the effects on their liquidity and reserves continue to embarrass them. One country after another pleads balance of payments difficulties in giving larger aid and in liberalising trade. The question of ensuring an appropriate level of international liquidity is, therefore, extremely important and equally urgent.

Crux of the Issue

Explaining the basic problem and paradox of international liquidity, Mr. Schweitzer points out:

"On the one hand, it should be adequate to meet the needs of a growing world economy and expanding world trade, while, on the other, it should not be excessive so as to disturb monetary stability and frustrate real economic growth."

Various and often contradictory views were expressed at the Fund-Bank meetings in Tokyo: the great debate on international liquidity has now been going on for over two years with plans and counter-plans piling up. The Fund's own weight has at last been thrust behind a gradual build-up of a truly international credit and liquidity mechanism. Its concept of liquidating is simple, namely, the foreign exchange resources which the monetary authorities of a country own or can readily borrow to finance balance of payments deficits.

Explaining the background behind the differences on the liquidity problem Mr. Schweitzer says:

"As might be expected, the various views expressed were, to some extent, influenced by the economic positions of the respective countries and the pressures confronting them. Those countries that have for several years experienced large surpluses in their balance of payments were inclined to emphasise the need for discipline on the part of the deficit countries and to make less of the need for measures to increase international liquidity. The countries whose balance of payments have tended to be in deficit, on the other hand, were inclined to reverse those priorities."

Despite these differences, however, there was a concensus in principle among the member countries that, while there should be enough international liquidity, it must be ensured that it was neither excessive in quantity nor was it directed to improper uses. If excessive liquidity was readily available, countries could finance external deficits for prolonged periods, without dealing with the structural or long term factors causing the deficits: such abundance of liquidity would not, however, serve the goal of international financial stability and economic growth. Similarly, unless adequate supply of international liquidity is available, countries would be forced to make precipitate changes in their financial and economic policies, for the insufficiency of reserves would not allow them sufficient time to make orderly adjustments. Such insufficiency could damage the world economy, force unwelcome and even unnecessary cut-backs in development plans or modifications of carefully worked out policies. Mr. Schweitzer has illustrated these considerations by taking the recent U.S. experience, not only because the entire world is directly interested in the position of U.S. balance of payments, but also because the U.S. experience of the early 'sixties clearly illustrates "the sort of circumstances in which there is a need for financing (international liquidity) to be available."

The general feeling at the Fund-Bank meetings in Tokyo was that at present there is sufficient international liquidity. In order, however, to meet the anticipated growth in world trade, increased mobility of capital and general convertibility in future, the Fund's Executive Board has been directed to study the question of increasing the quotas, both generally for all members of I.M.F. and specially for those countries whose quotas may be 'out of line.' The Fund's study is still in progress. Mr. Schweitzer feels that the outcome of the study will take care of the increased general need for access to I.M.F. credit facilities for financing balance of payments swings.

Unconditional Liquidity

Credit facilities in the Fund, however, provide what has been generally described as "conditional liquidity." Studies are therefore being made by various regional groups to devise ways of creating international liquidity of an unconditional character in new forms of owned assets with the same usability as gold or foreign exchange reserves or through regional voluntary co-operation and understanding, or by isolating the developed and the developing countries. Mr. Schweitzer, however, refers to the need for truly international co-operation on this problem and points out that needs of equity as well as enlightened self-interest require that all countries should have an opportunity to participate in the benefits of increased liquidity. "It would seem particularly regrettable if the poorer countries were excluded," points out Mr. Schweitzer sharply and adds.

"These considerations, among others, seem to me to weigh heavily in favour of using the Fund for any future arrangements which may be decided upon, for the Fund is the truly world-wide organisation already operating in this field. In this area, as in others I have discussed, the Fund can, through responsible leadership, provide the unifying force among all countries, industrial and agricultural, developed and developing, creditor and debtor, rich and poor."

A Timely Warning

Mr. Schweitzer also refers to the difficul and delicate problems of reconciling the inter ests of debtor and creditor countries and warn against the short-term balance of payments diffi culties that may be created by an excessive us of borrowing facilities provided by the increase extension of short and medium-term expor credits.

No doubt, the export credits serve a usefu and necessary function, but the excessive ir debtedness has led in many cases to the inte vention of I.M.F. for a rephasing of debt sch dules as a result of an impartial examination c technical and resources aspects involved. M Schweitzer, however, does not regard this as a "entirely satisfactory role" for the Fund an points out that frequent encouragement or co donation of default may lead the borrowir countries to relax their vigilance or ignore th financial discipline. While he is all in favou of healthy competition for exports, he fee that the line between healthy competition ar excessive reliance on credit is not easy to determine in advance. This is a particularly timely warning for countries like India the dependence of which on foreign credit has become large in recent years and continues to be so.

*Address to the National Foreign Trade Convention, New York was delivered on 16th November 1964.

I.M.F. GETS READY TO MEET U.K.'S CALL

The International Monetary Fund has approved plans for borrowing from participants, under its General Arrangements to Borrow as a partial means of meeting drawings which the United Kingdom may make under its standby arrangement with the Fund. That arrangement came into effect on 8th August 1964, for a period of one year from that date and for a total amount equivalent to $1,000 million.

The Fund will use three categories of resources to meet drawings by the United Kingdom. These are:

1. A total equivalent to $345 million will be provided from the Fund's present holdings of currencies.

2. The Fund will borrow the equivalent of $405 million in the currencies of eight members, under the provisions of the General Arrangements to Borrow.

3. The Fund will purchase members' currencies against the sale of gold in amounts equivalent to $250 million.

The above amounts will be proportionately reduced if drawings by the United Kingdom total less than $ one billion.

The amounts to be borrowed have been determined on the basis of the Fund's present holdings of members' currencies. No borrowing will take place from the United States, in view of the fact that the Fund's dollar holdings are above the level of the U.S. currency subscription. The Fund plans to borrow from Germany, France and the Netherlands the full amount of their currencies to be used in meeting drawings by the U.K., since the Fund's holdings of their currencies are quite low. Smaller amounts will be borrowed from Belgium, Canada, Italy, Japan and Sweden.

The currencies of 11 countries will be used to make up the equivalent of $750 million, in the following amounts:

(In millions of U.S. dollars or equivalents)

Currencies	*Total*	*From Fund holdings*	*From borrowing*
U.S. dollars	200	200	..
Deutsche mark ..	180	..	180
French francs	100	..	100
Canadian dollars	60	45	15
Belgian francs ..	40	10	30
Japanese yen	40	20	20
Netherlands guilders ..	40	..	40
Spanish pesetas ..	30	30	..
Austrian schillings ..	20	20	..
Italian lire	20	15	5
Swedish kronor ..	20	5	15
Total ..	750	345	405

Gold will be used to purchase ten currencies of which the Fund's holdings are or will be below the subscription level. The amounts of gold to be used will be in proportion to the net use made of each currency in the United Kingdom transaction envisaged, together with its net use in all previous Fund transactions. The figures derived on this basis are as follows:

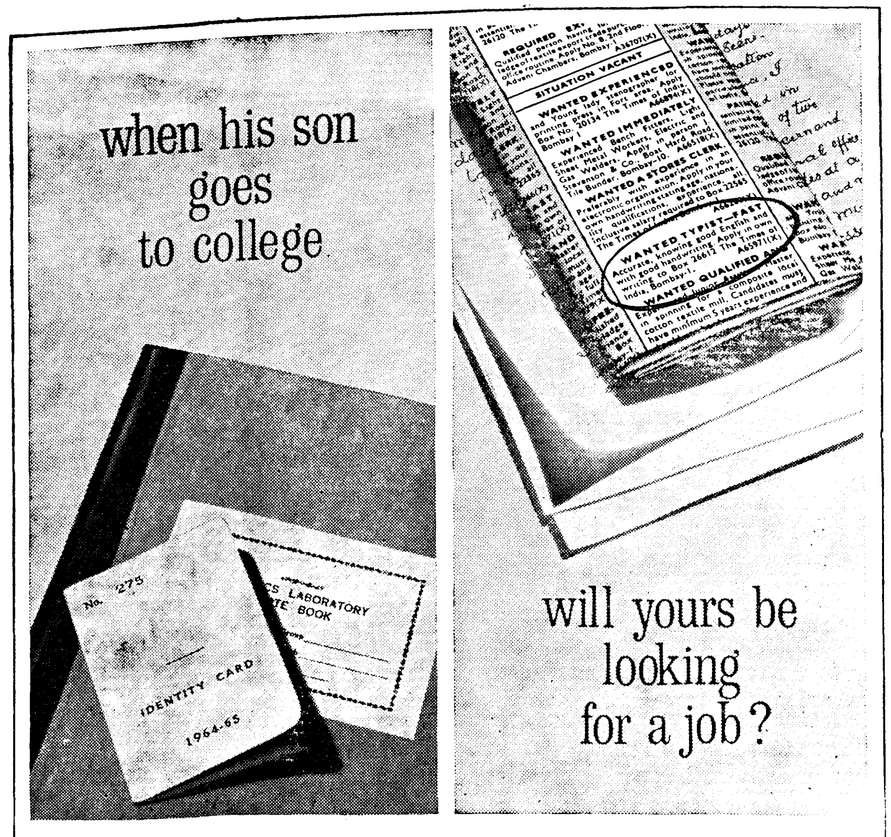
(Amounts in millions of U.S. dollars)

Germany 93, France 63, Netherland 26, Belgium 17, Japan 14, Spain 10, Canada 9, Austria 8, Sweden 7 and Italy 3. Total 250.

This is the first occasion on which the Fund has made use of its General Arrangements to Borrow, which came into effect on 24th October 1962. The participants are the Governments of Belgium, Canada, France, Italy, Japan, the Netherlands, United Kingdom and United States, the Deutsche Bundesbank and Sveriges Riksbank.

MINOR RELAXATION IN CREDIT CONTROL

On Monday, 23rd November 1964, the Reserve Bank modified the formula to govern the rates of lending to scheduled banks. Hitherto, the net liquid assets position of banks was computed on the basis of their holdings of cash, balances with the Reserve Bank and the balances in current account with the State Bank of India, notified banks and other banks and investments in State and Central Government securities less borrowings from the Reserve Bank and the State Bank of India. Investments in "other approved securities" were, however, not included for purposes of computing the net liquidity ratio. The Reserve Bank had received representations from both banks and the authorities whose issues comprised "approved securities" that banks were reluctant to subscribe to bonds floated by these authorities. In view of this, the Reserve Bank has decided to include, with effect from 4th December 1964, "other approved" securities in computing the net liquidity position. However, to preserve the essence of the credit control formula, it has also been decided to exclude from the total of liquid assets of banks, in addition to their borrowings from the Reserve Bank of India and the State Bank of India, their borrowings from the Industrial Development Bank, too, as the last partakes, in the opinion of the Reserve Bank, of the character of borrowings from the central banking institution.



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COTTON TEXTILE INDUSTRY IN U.S.

MILLIONS OF DOLLARS BEING SPENT ON MODERNISATION

FOR the American cotton textile industry, the decade 1954-64 began on a note of depression but ended in rebounding hope for the future of American textiles. The most striking feature of the decade was that, while there was a downward trend in all indicators such as active spindles and looms and annual production, the industry more than doubled its annual rate of modernisation during the decade. In the current year, the industry will be spending $820 million on modernisation, as compared with $331 million in 1954.

A review of the American textile industry published recently by the American Textile Manufacturers' Institute and summarised in the monthly journal (November issue) of the Indian Cotton Mills' Federation shows that, during the period 1954 to 1964, spindles in place decreased from 23.91 million to 19.36 million, thereby recording a fall of 15.5 per cent. The number of active spindles dropped during this period from an average of 19.38 million in 1954 to 15.83 million in 1963 or, in other words, a fall of 18.4 per cent. The reduction in the number of looms was still higher. While looms in place were reduced from 392,000 at the beginning of 1954 to 295,000 at the beginning of 1964, active looms were down to 289,000 at the close of 1963, from 358,000 in 1954.

It will be interesting to see the trend of production of cloth and yarn during this period. The table below sets out the statistics in this regard:

(Yarn in million kgs.; cloth in million yards)

Year	*Yarn production*	*Cloth production*
1954	1,593	9,894
1955	1,695	10,178
1956	1,675	10,321
1957	1,730	9,755
1958	1,655	9,182
1959	1,839	9,600
1960	1,788	9,363
1961	1,754	9,153
1962	1,789	9,274
1963	1,743	8,779

Source: *Cotton World Statistics.*

Many factors have contributed to achieve the production despite a heavy reduction in capacity, both installed and active. Longer operating hours and increased machine efficiency have, of course, led to greater productivity, offsetting in some measure equipment decline.

As many as 6.3 million spindles (approximately one-third of the installed capacity) were rehabilitated during the last five years. This includes rebuilt spindles also. The utilisation statistics show that, as against 5,625 hours operated per active spindle in 1954, the average for 1963 was as high as 6,354. For five consecutive years, hours operated have been constantly above the 6,000-mark equivalent of full three-shift, five-day, 50-week annual operation.

A further indicator of modernisation lies in the annual expenditure of the textile industry for new plant and equipment which has risen from $331 million at the start of the decade to $640 million in 1963. The current indication for 1964, as already stated, is $820 million with clear evidence that regeneration of confidence is playing a substantial role.

Many developments have taken place in the field of international trade for cotton textiles during the decade under review. Negotiations for Japan's accession to the General Agreement on Tariffs and Trade was begun in 1954. It culminated sometime in September 1955 with a slash of 25 to 50 per cent in most of the United States textile duties.

A heavy reduction in import duties resulted in a boom in export followed by international textile agreement in October 1961 to streamline imports. The following figures indicate the magnitude of the boom in exports:

Year	*Imports of cotton piecegoods into U.S.A.* (Million kgs.)
1954	7.5
1955	13.1
1956	18.4
1957	12.5
1958	14.2
1959	25.8
1960	51.7
1961	31.8
1962	57.8
1963	60.1

Source: *Cotton World Statistics.*

Even with the volume of cotton cloth imports exceeding exports, as it has done in three of the last four years, and the consequent supply of goods for consumption in excess of domestic production, it is worthwhile to note that the *per capita* quantity of goods available dropped to a new low of 57.26 square yards for 1963 from 60.44 square yards in 1962 and a ten-year average of 63.00 square yards.

One-price Cotton

Another important event of the decade was the abolition of the two-price raw cotton marketing system in 1964. In 1954, the Federally-held raw cotton stocks were rising dangerously and the first pressures were placed on Government to bridge with an export subsidy the widening gap between its high domestic support price and the lower world market price. For more than eight years, beginning in January 1956 and extending into 1964, domestic mills were to bear the cross of two-price cotton. With the abolition of the two-price system, the United States mills can buy cotton at the same price as their overseas competitors. The new cotton law, fully effective from 1st August 1964, is for two years only. The purpose of this Act is threefold: increasing cotton consumption, maintaining growers' income and preventing discrimination against domestic mills. The American industry is further agitating for making the one-price system permanent. Enactment of the one-price system has witnessed reduction in prices on a great part of the cotton textiles based on supply and demand conditions in the market. It is considered a fair estimate that prices of at least 80 per cent of cotton mill products have gone down.

It is simple economics that, if cotton is substantially lower over a representative time period, goods made from it, other things being equal, will reflect this lower cost, stimulating consumption and sales. In fact, an independent study covering 38 years from 1925 to 1963 has proved a "high, positive correlation" of 90 per cent between prices of raw cotton and wholesale prices of unfinished cotton cloth based on two months lead time, and that "increases or decreases in the one were almost invariably accompanied by increases or decreases of the same degree in the other."

The advent of one-price cotton found cotton textile markets generally in a strong position. Reduction in cotton costs adds substantial attraction for those mills which previously had blended other fibres with cotton more from cost considerations in a difficult period than from product requirements. Meanwhile, there appears likely to be no diminution of progress in the field of those blends which provide special qualities and enjoy public acceptance. The outlook is, therefore, for more attractively priced cotton textiles, increased mill consumption of cotton, improved profits, plough-back of substantial sums into plant and equipment, better promotional activity, and restoration of health and vigour to the industry.

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MANCHESTER LETTER

IMPACT OF BUDGET EXPECTED TO BE INFLATIONARY

MAN-MADE FIBRES LEADING

From Our Special Correspondent

MANCHESTER, *17th November*

WHATEVER the pre-election manifestos may have said, the past week has provided definite evidence that rising prices are near at hand. Putting political considerations aside, the interim Budget contained actual and prospective taxation changes which inevitably mean an increase in overheads and an advance in selling rates.

Under these influences, following so closely on the import surcharge which has intensified demand for locally-produced manufactured goods, the more animated movement among customers can be well understood. From the suppliers' viewpoint, output is limited partly by labour availability and partly by the individual amount of modernised machinery installed. Activity in the mills has reached 90 per cent of capacity but physical difficulties may well hamper any marked expansion beyond this point, as the last 10 per cent is always the hardest to achieve.

Reactions to the financial measures introduced by the new Government in the past three weeks have varied according to the particular circumstances of traders. As an instance, a textile firm, which has extensive overseas links, has described the tariff surcharge as unfortunate, suggesting that a quota, coupled with price restriction for a fixed period, would have curtailed the inflationary tendencies at home. This, however, is an opinion not shared by many local traders who are well satisfied with the turn of events and the demand which has been stimulated by the Government's action.

Phase of Disillusion

For the next few months, however, while the permanent officials at the Treasury are battling with the intricacies of corporation taxes, capital gains taxes and even suggestions of a wealth tax, there will undoubtedly be a phase of disillusion in boardrooms and among executives, foremen and many other types of key personnel in industry.

Government spokesmen have emphasised that measures may be adopted to curtail the activities of firms which take advantage of the new circumstances to raise prices unjustifiably. Textile profits, as illustrated by balance sheets over the past few years, have been far from excessive and the continual expenditure on new machinery has reduced margins to barely economic levels.

More favourable reports from distributing centres have lately been a welcome feature, so that more replenishment buying has followed. A keen demand is likely during the next few months and the market as a whole should benefit from current developments even if the pockets of individuals are liable to be lightened by the Chancellor through heavier taxation and rising prices.

Story of Growth

The importance of the man-made fibre section of the textile trade on the spinning and weaving mills of Lancashire is now so evident that policy statements have a direct bearing on all concerned. Mr. F. C. Bagnall, Chairman of the British Man-made Fibres Federation, took the opportunity in his annual address to cover subjects which are common ground for all users and producers of textiles.

Commenting on a year of record growth for the British Man-made fibre industry and forecasting a continuation of this growth in the future, he predicted that total production this year was likely to exceed 800 million lb. If 1960 is adopted as a base year, the growth index has risen by 35 per cent in the past four year.

Output of the three main synthetic fibres in the United Kingdom, he declared, would reach a much higher level during the next three years, as important plans for new factories and extensions had already been announced. Nylon alone is likely to reach an annual production rate of over 300 million lb., polyester and the acrylics should both exceed the one million lb. mark.

Ambitious plans for extending production of viscose staple capacity have also been outlined and output of some of the less highly developed fibres, including the synthetic elastomers is proceeding on a larger scale. On exports, Mr. Bagnall pointed out that increased production in several former substantial markets had adversely affected shipments of woven and knitted fabrics, but the quantity of staple and continuous filament yarns, sent abroad, had continued to rise over the past five years. Total man-made fibre exports, he said, had made a valuable contribution to the export drive. In 1964 they were likely to reach £81 million, which was double the 1960 figure.

The wider spread of the use of synthetics throughout the production branches of the textile industry had altered the pattern of trading, he continued. Deliveries of staple fibre to Yorkshire had lately exceeded those provided for Lancashire mills. So far in the current year deliveries of staple fibre to all British spinning industries had increased by a third compared with 1960, within which wool spinning consumption had risen by 70 per cent, while the proportion delivered to cotton had shown no change.

The most rapid progress, however, had been in warp knitting as in 1963, man-made fibres had accounted for no less than 90 per cent of fibre consumption in the production of warp knitted fabrics. For carpet piles, man-made fibres had overtaken wool as the most important raw material by weight, their share being 54½ per cent of the total.

The inroads made by the man-made fibres into traditional natural textile fibres have continued in the first half of 1964. The change has mainly affected woollen industry which now holds the proportion of 28 per cent against 31 per cent last year. Cotton's share is the same at 32 per cent, while the usage of man-made fibres has increased from 37 per cent last year to 40 per cent.

On the basis of these figures, Mr. Bagnall described the textile industry as now being more truly national than ever before. The traditional boundaries of fibre usage have become blurred, he added, and so have the old geographical divisions of the textile trade.

Informal talks with leaders of the industry have been going on, he disclosed, on the possibility of establishing some co-ordinating body to bring together the interests and needs of the various textile trade associations, which have represented their individual sections in the past. Co-ordinating bodies, he pointed out, already exist in all the textile industries of Europe apart from Switzerland, and although there are obvious obstacles to be overcome in such a project, they need not be insurmountable.

The Printing Trade

Among the major groups in the British textile industry, whose operations have lately shown considerable diversification, is the Calico Printers' Association where major acquisitions have taken place in retail distribution. The retail division of this combine now operates 25 departmental stores and 260 shops.

The Company's basic business of commission printing and dyeing has lately shown some improvement, according to the annual report, with an increase of 17 per cent in the volume of business offered during the year ended June, 1964. Demand for commission printing was augmented by business transferred on the closure of print works outside the Association.

Mr. Raymond Cullen, the Chairman, points out that this improvement is in relation to a total volume of commission printing business, which has fallen to 80 per cent of what it was only three years ago. The Government reorganisation scheme, he adds, did not go far enough in its attempt to remove surplus productive capacity, a view affirmed by the closure of works after the scheme had ceased.

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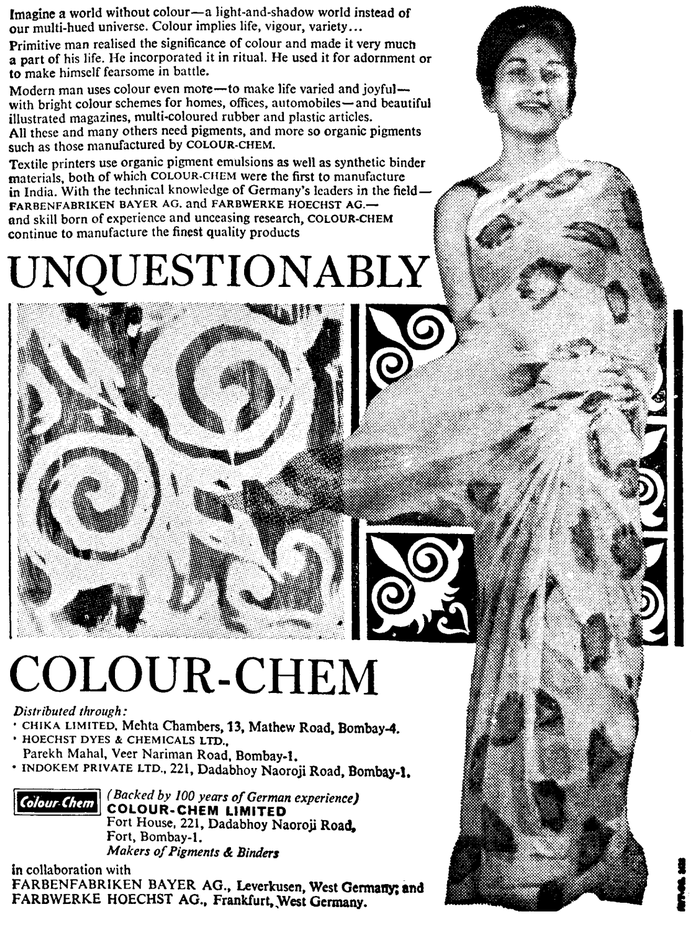

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EXTRA-LONG STAPLE COTTON SITUATION

TOTAL SUPPLY ONLY SLIGHTLY HIGHER, DESPITE MARKED RISE IN OUTPUT

INDIA is the largest single consumer of extra-long staple cotton (that is, cotton of a staple length of 1⅜" and over) in the world. Out of the aggregate world consumption of 1.3 million bales (of 474 lbs. net weight each) of this variety during the season 1963-64, India alone accounted for 190,000 bales, or 15 per cent of the total consumption. The whole of the requirements is being met from imports, as the country does not grow this superior variety of cotton. It is, therefore, natural that mill and trade circles in India always watch with keen interest the trends in the world picture of extra-long staple varieties. Since imports entail the spending of much precious foreign exchange and since prices are reflected in production costs, these circles are somewhat disappointed at the latest assessment of the world extra-long staple situation as made by the International Cotton Advisory Committee (Washington) and published in the October 1964 issue of its monthly publication, *Cotton*. For this assessment reveals that tight supply position in respect of extra-long staple will persist during the current (1964-65) season and that there is no possibility of any relief by way of reduced prices. The currently ruling prices, it may be noted here, are well above those prevailing a year and two years before, except in regard to the prices of U.S. cotton (grade 2 of 1½" staple) which are a shade lower.

Assuming a nominal production estimate of 650,000 bales for the Sudan, the Committee expects the total supply to be very near the 1963-64 level. It feels that demand will probably continue to be strong in Western Europe and Japan. Should, however, demand from Russia and Eastern Europe strengthen to the level of most years since 1958-59, the supply situation, according to the Committee, may remain "very tight."

The total world supply of extra-long staple during the current season is expected to be no more than 2.60 million bales, as against 2.59 million bales in 1963-64, to which level it had receded from 2.97 million bales in 1962-63. The supply is thus practically unchanged (as compared with 1963-64), although the estimated production shows a rise of 265,000 bales, from 1.76 million bales in 1963-64 to over 2.02 million bales in 1964-65. For the rise in production has been more than offset by the appreciable fall in stocks which, as on 1st August 1964, stood at 575,000 bales, as against 832,000 bales and 888,000 bales on the corresponding dates of 1963 and 1962, respectively.

Production

The estimated rise in production during 1964-65 is based entirely on the expectation of

Production and Exports

(In thousand bales)

	1964-65 (prelimi-nary)	1963-64	1962-63	1958-59
Production ..	2,022	1,757	2,081	1,986
Of which :				
U.A.R. ..	987	950	1,060	1,185
Sudan ..	650	390	650	535
Peru	190	196	183	129
U.S.A. ..	125	161	110	82
Others ..	70	60	78	55
Exports	..	1,799	1,917	1,680
Of which :				
U.A.R.	..	898	942	890
Sudan	..	673	733	588
Peru	..	186	189	138
U.S.A.	..	2	3	23
Others	..	40	50	41

mproved yields. In the U.A.R., average yield or the 1964-65 crop is estimated at 570 pounds per acre which is slightly higher than the previous record attained in 1962-63 and exceeds, by far, the level attained during any other season. This improvement in yield is attributed largely to the widespread planting of more prolific varieties in place of the Karnak variety. Water supplies have been adequate for irrigation throughout the growing season and aggressive efforts were made to control insect pests. Based on this yield, the first official crop estimate was 987,000 bales, almost 4 per cent greater than the 1963-64 extra-long staple crop.

Production of American-Egyptian type cotton in the United States is estimated at 124,900 bales (500 pounds gross weight), according to the October crop report. This compares with 164,600 bales produced in 1963-64. A 24 per cent decline in acreage for harvest is responsible for the smaller crop here.

On 13th October, the U.S. Department of Agriculture announced a national marketing quota of 84,400 bales (500 lbs.) and a national acreage allotment of 77,758 acres for the 1965 crop of extra-long staple cotton. This would represent a reduction in acreage of almost 50 per cent in two years. Mid-December 1964 has been set as the date for a referendum among the growers on the quotas.

In Peru, a record high yield for extra-long staples, estimated at 551 pounds per acre, resulted in a record crop of 196,000 bales in 1963-64. With harvesting still incomplete, the current crop is estimated at 190,000 bales or near last season's record.

Average yields fell to 243 pounds per acre in Sudan last season, as the crop sustained severe insect damage and the total outturn of extra-long staples fell to no more than 390,000 bales from 650,000 bales a year earlier. Although it is too early to make an actual forecast of the 1964-65 crop in the Sudan, there are indications that the area planted will be slightly larger than last season. Considering that production here has been subject to wide variation from year to year, a nominal estimate of 650,000 bales has been assumed for this study.

Consumption

While the trend of output does exercise considerable influence on the price level, demand continues to be the key factor in the extra-long staple cotton situation. If the total demand were to remain at the last season's relatively high level, carryover stocks in the major producing countries would again be drawn down to minimum levels by the end of the season. Consumption data are not complete in all instances. The International Cotton Advisory Committee has, therefore, sought to give some indication of the trend from such data, as can be derived from the overall consumption and import demand stabilities. It is seen from this review that, in the short run, extra-long staple consumption has been favourably affected by the general upswing in the textile cycle. Consumption, therefore, should continue at near the 1963-64 level during the current season, assuming that a normal crop is harvested in the Sudan in order to assure that total supply is at least at last season's level. The short-term trend of cotton consumption may also be affected by the price trend over the past year. The rise in extra-long staple prices has been much more pronounced than in the longer upland varieties and this has altered the usual relationship that has existed between these types of cotton during the 1962-63 season. To the extent that this resulted in any shift from extra-long to other staples in certain end-uses, this would exert a limiting influence on consumption of extra-long staple cotton.

Competition from Man-made Fibres

In the long run, an important factor in the consideration of the future trend of consumption of extra-long staple cotton is the competition from man-made fibres. Here again, the price trend over the past year has not been favourable to an expansion in consumption of extra-long staple cotton.

Although the sharp increase in exports to Western European countries in 1963-64 may be attributed in part to the replenishment of stocks, it seems to imply at the same time that there was a modest improvement in consumption. Consumption increased somewhat in Austria, Spain, Switzerland, the United Kingdom and Yugoslavia, but probably declined in Italy and West Germany. The total increase in consumption of extra-long staples in Western Europe last season is estimated at about two per cent which is roughly commensurate with the recovery that occurred in upland types.

In India, imports have been well maintained, but consumption has reversed a three-year uptrend with an estimated decline of about 20 per cent from the previous season's record level. Even so, with consumption of 190,000 bales, India maintained its position as the largest single consumer of these cottons. Consumption for Japan is estimated at 120,000 bales—an increase of 50 per cent over the previous season and about double the rate of two years ago. In the United States, extra-long staple cotton consumption continued a two-year decline last season, but a slight upward trend has been evident since June.

The fact that any expansion in consumption of these cottons in many countries to date has been limited, may be attributed in part to intensified competition from the man-made fibres where world production reportedly increased by 16 per cent during the first half of 1964, as compared with same period of 1963. At the same time, there has been some switch to long-staple upland types in certain end-uses where substitution is feasible and where price factors are important.

Exports

Thanks to the decline in total available supply in the two major producing countries, the world exports of extra-long staple have suffered a setback. The actual exports during the 1963-64 season aggregated less than 1.80 million bales, as against the 1.92 million bales shipped in 1963-64. The pattern of trade, too, changed significantly in the sense that, while total trade in extra-long staples declined, larger

Trend of Consumption

(In thousand bales)

Country	Season beginning 1st August			
	1963-64 (prelimi-nary)	1962-63	1961-62	1958-59
India	190	241	215	136
Austria	11	7	7	15
Belgium	15	15	15	20
Finland	2	2	2	1
France	57	55	56	80
W. Germany ..	160	165	140	130
Italy	130	150	150	90
Netherlands ..	3	4	6	6
Portugal	5	5	4	3
Spain	40	30	30	20
Sweden	2	2	2	2
Switzerland ..	54	48	44	39
United Kingdom ..	148	143	139	212
Yugoslavia ..	35	20	30	20
Japan	120	80	60	45
United States ..	140	161	172	109
U.A.R.	85	78	60	75
Others*	103	61	38	37
Total ..	1,300	1,267	1,170	1,040

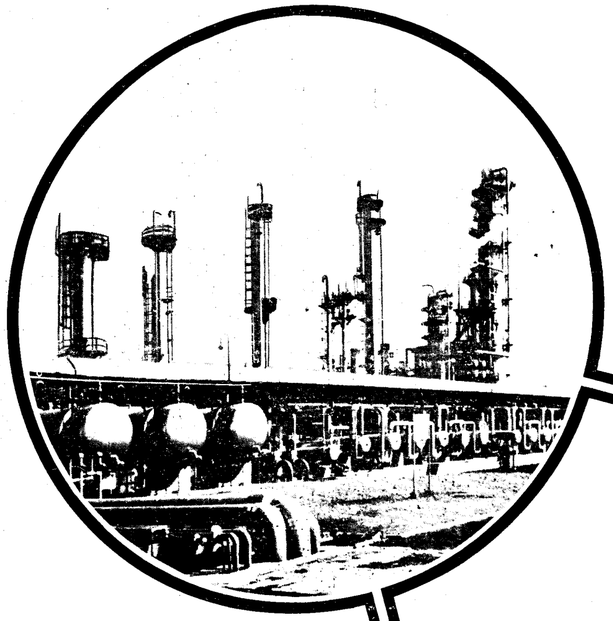
* Excluding U.S.S.R., China and Eastern Europe.

exports were made to most Western European countries. Aggregate shipments to these countries exceeded the 1962-63 level by almost 25 per cent. Exports increased by 40 per cent to Japan and 14 per cent to Mainland China. Conversely, exports to the U.S.S.R. and the Eastern European countries declined by about one-third, as compared with those in 1962-63. As a result of these changes, the share of exports to the Communist countries as a whole (U.S.S.R., Eastern Europe and Mainland China) in 1963-64 declined to about 30 per cent of the total exports, as compared with 40 per cent in the previous season.

Trade prospects for the 1964-65 season are overshadowed by the likelihood that supplies will remain near the 1963-64 level, assuming a more normal outturn in the Sudan. Against this relatively tight supply situation is the probability that demand will continue strong in Western Europe and Japan. Should there be any increase in demand from the U.S.S.R. and Eastern Europe, or should production in the Sudan be below normal, again, the supply situation would become very tight. However, sales commitments recently have been relatively light, which may be attributed in part to the heavy purchases made early this season in the United Arab Republic and to the comfortable stocks position in the importing countries.

The reduction in export availabilities in the principal producing countries and continuous strong demand are reflected in the upward trend of prices of extra-long staple cotton. Extra-long staple prices rose throughout last season with the sharpest rise occurring during April and May when the drastic shortfall in Sudanese production became apparent. This rise in extra-long staple quotations in Liverpool from September 1963 to the same month of 1964 varied from almost 8 cents per pound for Peruvian Pima No. 1 to over 13 cents for Sudanese Sakel G5S. These increases have had the effect of widening the difference between extra-long staple prices and those for other styles. The average premium of Egyp-

(*Continued on page 966*)



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Mr. Iwamoto, supervising engineer and his group in charge of Oita Refinery construction.

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U.P. LETTER

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SUGAR AND COTTON TEXTILES IN DIFFICULTIES

From Our Special Correspondent

LUCKNOW, 23rd *November*

THE anti-hoarding order of the U.P. Government, which came into operation on 4th August 1964, was badly drafted and did not take the practical difficulties of traders into account. The order was amended once in the month of August 1964, when the ceiling on foodgrains held by traders was increased to 100 quintals. But even this limit did not prove economical and in the middle of this month the limit was raised to 250 quintals and the period of disposal of foodgrains over and above the permitted limit was increased from one week to a fortnight. The Chief Minister, Mrs. Sucheta Kripalani, observed that "this will prove more economical to the traders to fetch wagon loads of grains in the market instead of piecemeal transhipment of commodities." In fact the Government should have taken this fact into account at the time of enforcing the anti-hoarding order or even later when the traders pointed out that at least one truck or wagon load should be allowed to be moved into the market by any trader at any one time as it is more economical. It is a sad commentary on the bureaucracy that it ignored this suggestion. It is only now when, in spite of the bumper *kharif* crop, the arrival of foodgrains in the market is exceedingly poor that the Government has realised its mistake and changed the anti-hoarding order. The bad effect of a defective order is seen from the fact that, whereas paddy is selling at three seers a rupee in the villages, the price of rice in the bigger consuming centres even for coarse varieties is as high as one seer a rupee.

The same confused thinking is seen behind the U.P. Oil and Oilseed Control Order under which restrictions were imposed on the export of oils and oilseeds from the State. As against much larger exports in the past, the U.P. Government allowed traders and oil mills to export to other States only 6 per cent of the annual turnover on the basis of last year's record. This naturally created scarcity conditions in markets which were formerly supplied by U.P. The Union Food Ministry protested against this and requested the U.P. Government to remove all restrictions on the export of oil and oilseeds from the State. It is gratifying that the U.P. Government has realised its mistake and has amended the Oil and Oilseed Control Order with effect from 20th November 1964. Now exports of groundnut and groundnut oil, linseed and linseed oil, cottonseed and cottonseed oil are freely allowed. In respect of mustard, for the time being, exports to the extent of 60 per cent of last year's exports are permitted. This has considerably eased the situation and the prices of oils and oilseeds in the U.P. market have not increased much as a result of this relaxation of restriction on exports, although it is as yet early to judge the full effect of the relaxation of exports of oils and oilseeds.

The U.P. Government has also allowed the export of *khandsari* sugar. Since the stock of *khandsari* sugar in U.P. for last year's production, according to Government's estimates, is nearly 25,000 tons, the Government has permitted the export of 10,000 tons of *khandsari* sugar to Maharashtra, 5,000 tons to the Punjab and 5,000 tons to Rajasthan. It is time all restrictions on exports of foodgrains, oils, oilseeds and *khandsari* sugar from U.P. are removed. These restrictions do not seem to serve any worthwhile purpose and make the situation worse both for the U.P. producers and traders and for the consumers in other States. So far as U.P. consumers are concerned, they continue to pay high prices in spite of the restrictions on exports.

As many as 41 writ petitions were moved in the Allahabad High Court against the U.P. Foodgrains (Control, Regulation and Distribution) Order 1963. Mr. Justice B. D. Gupta of the Allahabad High Court has allowed all these writ petitions and has ordered release of stocks of foodgrains which were seized by the U.P. Government in different parts of the State in the last week of September 1964. His Lordship observed that the seizure of foodgrains by the Government in excess of the limits it had imposed was beyond the authority conferred by para 18 of the U.P. Foodgrains (Control, Regulation and Distribution) Order 1963, as the Government had not given any direction either in the order in question or by any other order issued thereafter providing for the mode in which producers or dealers were to act in the event of excess quality of foodgrains remaining undisposed by the prescribed date.

The fact of failure to give any directions by itself constitutes, according to his Lordship, lawful excuse within the meaning of the expression as used in Rule 5 of the Defence of India Rules, 1962, with the result that the mere possession of excessive quantity after the prescribed date does not amount to any contravention of the provisions of the U.P. Foodgrains Order 1963. The decision of the Court is based on the principles laid down in a Full-Bench judgment in the case of *King-Emperor* vs. *Arvind Kumar Deb*, reported in 1949 A.L.J. 383.

The U.P. Government has filed a special appeal against the order of Mr. Justice B. D. Gupta before Mr. Justice Oak and Mr. Justice Seth of the Allahabad High Court and has also applied for staying the operation of the order of the single judge during the pendency of the appeal. The result of this appeal is awaited with interest not only by traders in U.P. but also elsewhere.

Sugar Production

The current cane crushing season in U.P. commenced quite satisfactorily on 1st inst. and, at the very commencement, 40 out of the 71 sugar factories began crushing operations. This year the sugar acreage in U.P. is nearly 20 per cent higher and the yield is expected to be 5 per cent higher as compared with the last season. The crushing season is expected to be larger by 20 days and would extend to 144 days, if everything goes well. The sugarcane supply is expected to be sufficient to increase the output of factory sugar in U.P. in 1964-65 to 13 lakh tons as against 11 lakh tons in 1963-64. But the revised sugar prices in which the ex-factory prices for some sugar mills in U.P. have actually been reduced and for others not sufficiently increased, is likely to damp the enthusiasm of the millowners.

The U.P. cotton textile industry is also faced with a great hardship on account of the unexpected rise in cotton prices and an increase in the D.A. paid to labour, without a corresponding increasing in cloth prices. The U.P. Cotton Textile Millowners' Association has pointed out that cotton is not readily available unless a mill is prepared to pay premia over the ceiling prices and that, unless suitable adjustments are immediately made in the multiplier for the prices of controlled cloth, taking into account the prevailing market prices of Indian cotton, the cotton mills in U.P. and other upcountry centres will find themselves in great difficulty and will face serious financial losses.

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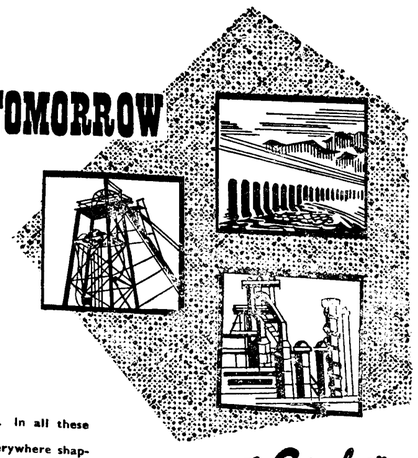

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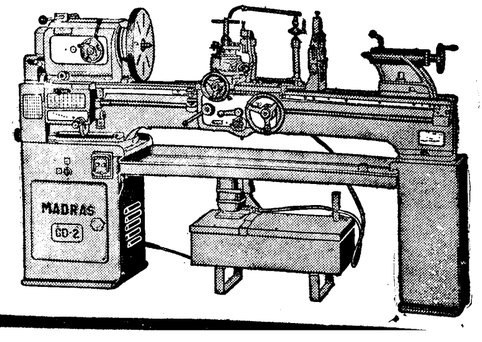

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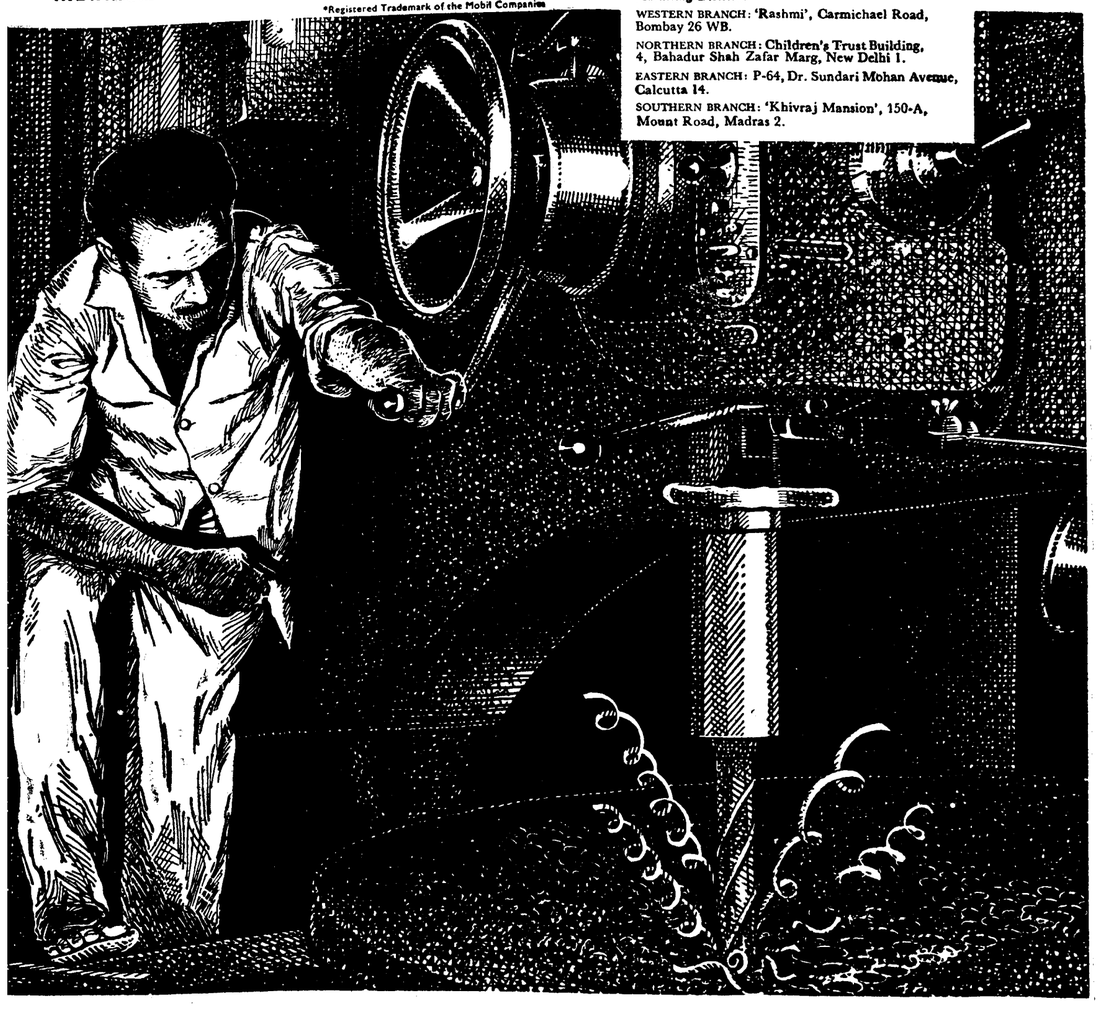


TRANSPORT NEEDS OF STEEL BELT

SOME SUGGESTIONS BY N.C.A.E.R.

IN the region comprising parts of West Bengal, Bihar, Orissa and Madhya Pradesh are situated the country's steel plants, accounting for almost the whole of its present steel production. The region extends east to west from Durgapur to Nagpur and north to south from Gaya to Waltair. The basic raw materials for the manufacture of iron and steel, namely, iron ore, coal, limestone, manganese ore and dolomite are heavily concentrated here. Eighty-seven per cent of reserves of both coking and non-coking coal, 100 per cent of all coking coal reserves and 80 per cent of iron ore reserves of the country are contained in this region. As five tons of raw materials are required for the production of one ton of steel, the region's suitability for the location of steel plants from the point of view of production costs and transportation economy is well known. It has thus come to be known as the "Iron and Steel Belt."

The transportation problems of this Belt have attracted considerable attention, because they have been felt at their maximum severity. This is not surprising, for over 90 per cent of the country's coal and steel production comes from the Belt and these commodities have generally to be carried by the Railways over long distances to reach the consumers. As the coalfields are situated in the interior, rail transport is again required to reach the port for any shipments by sea. Likewise, the bulk of the burden of transporting coal and steel and all the raw materials for the steel plants necessarily falls on the Railways, because the alternative means of transport are of practically no consequence. Road transport, for instance, operates effectively, so far as basic raw materials are concerned, over a range of only about 100 miles. There are also no efficient inland waterways serving the Belt, for the Calcutta-Patna Gangetic service has been closed since 1958 and the few canals in Orissa State are merely carrying the local produce. It would thus appear that the transportation requirements of the Belt are being met almost entirely by the Railways. Some may wonder whether so much dependence on one mode of transport would be prudent. But the National Council of Applied Economic Research (New Delhi), which has exhaustively studied the transport requirements of the Iron and Steel Belt*, has no doubt felt that, "having regard to the volume, intensity and nature of traffic as it now is in the Iron and Steel Belt and will increasingly be in the future, the burden of furnishing adequate transportation services in the region will have to be borne almost entirely by the railways."

Traffic Projections

The N.C.A.E.R.'s railway traffic projections upto 1965-66 (end-year of third Plan) and 1970-71 (end-year of fourth Plan) are, therefore, most relevant here. These are to be found in the accompanying table. It may be worked out from the figures that, while the Iron and Steel Bell's share of the entire originating traffic of the Indian Railways was 49.2 per cent in 1960-61, the relevant proportion will be as much as 62.0 per cent in 1965-66 and 65.0 per cent in 1970-71. The originating traffic in the Belt in the products of mines (including railway coal) situated in the Belt will constitute about 85 per cent and 81 per cent of that of the Indian Railways in 1965-66 and 1970-71, respectively. Also, within the Belt itself, the originating tonnage under products of mines (including railway coal) would be about 76 per cent of the total traffic originating in the Belt, both in 1965-66 and 1970-71. In view of the very large anticipated increase in traffic in the Belt and the great preponderance of the products of mines therein, the National Council considers it imperative that the improved types of rolling stock and improved transportation methods be concentrated in the Belt in the third and subsequent Plan periods to obtain the best results. The task facing the Railways is a challenging one, calling for adequate preparedness. The Council has recommended the following specific steps to improve railway performance:

1. To assist the movement of coal, iron and steel in full train loads, "multiple cars" and "train load" freight rates for these commodities should be introduced. This will be in keeping with the practice in other countries.

2. An early examination and appropriate revision of the railway rates for "smalls" is required to achieve a more rational distribution of traffic as between the railways and the road services, to improve railway finances and to release railway capacity for its more appropriate functions. Incidentally, the present freight difference as between "wagon loads" and "smalls" on the Railways does not adequately reflect the additional costs incurred by them in the haulage of "smalls."

3. As the drop in average speed of the goods trains (from 10.8 miles per hour in 1950-51 to 9.1 m.p.h. in 1962-63 on the broad-gauge and from 9.3 m.p.h. to 8.4 m.p.h. on the metre-gauge) is clearly an adverse operational feature, it should be remedied by sustained and vigorous action on the part of the Railways. Signalling systems should be speedily and substantially improved.

4. The average turn-round time of wagons in India (11.5 days per wagon) is relatively more than in several other countries (6.7 days per wagon in the U.S.S.R., 3.1 days in Japan, 5.5 days in West Germany and 5.8 days in Sweden). This should be examined and, in stations where detention time is excessively long, adequate attention should be paid to improving their capacity and lay-out.

5. The absence of weigh bridges in adequate numbers capable of weighing the new types of wagons is a serious handicap. This should be remedied.

6. The Railways should ensure that (i) wagons are supplied to collieries in adequate numbers and, as far as possible, at fixed times and (ii) sufficient wagons are supplied to all mechanically loading collieries and those loading from static bunkers (where Box wagons are not supplied).

The National Council's study, which has recommended the aforesaid steps to improve railway performance, is not oblivious of such improvements as have already taken place. For instance, the figure of "net ton miles per wagon day," representing the ultimate efficiency of wagon usage, has steadily increased on the broad gauge, recording a 45 per cent increase since 1950-51. Incidentally, this increase has not been due to the use of higher capacity wagons but due to better operation. Similarly, the figure of "net ton miles per engine day," which is an index of engine performance, has registered an increase of 45 per cent between 1950-51 and 1961-62 on the broad-gauge, as against an increase of only 16 per cent in the average tractive effort of engines.

Originating Railway Traffic

(In million tons)

Commodity groups	Iron and Steel Belt			All-India		
	1960-61	1965-66	1970-71	1960-61	1965-66	1970-71
Products of agriculture	3.8	5.3	7.2	21.1	26.3	32.9
Products of animals	0.1	0.1	0.2	0.5	0.6	0.7
Products of mines:						
(i) Coal	27.1	68.3	114.4	30.5	73.0	135.0
(ii) Iron ore	8.4	26.0	46.5	10.4	30.0	53.5
(iii) Manganese ore	0.0	1.6	2.2	1.2	2.0	2.6
(iv) Others	4.9	11.2	19.9	12.0	18.6	30.6
Mineral oils	0.9	1.2	1.6	4.6	6.0	7.8
Products of forests	1.0	1.9	2.4	4.1	5.1	6.4
Manufactures:						
(i) Iron and steel	5.6	16.2	35.4	7.5	18.0	39.0
(ii) Cement	1.5	3.5	5.2	6.5	12.0	18.0
(iii) Others	1.0	1.5	2.2	7.2	10.0	15.1
Miscellaneous	3.5	3.9	4.2	12.3	13.5	14.8
Total Revenue-earning traffic	58.7	140.5	241.4	117.6	215.1	356.4
Railway coal	13.6	16.0	18.0	19.2	22.0	25.0
General stores and materials	3.3	4.4	5.0	16.8	22.5	25.0
Total Revenue and Non-revenue-earning traffic	75.6	160.9	264.4	153.6	259.6	406.4

Coal Transport

The N.C.A.E.R. study has devoted particular attention to the problem of coal transport, because coal alone (including railway coal) will account for 52.4 per cent of the Steel Belts railway originating traffic in 1965-66 and 50.0 per cent in 1970-71. The Council's recommendations in regard to coal transport are:

(a) An agency linking up the consumers, the producers and the Railways may be set up to submit programmes for coal supplies and to promote movement of coal in trainloads.

(b) Consumers should not be too selective in respect of grades of coal required by them, as it would present difficulties in framing programmes of block rakes. The Coal Controller, too, should see his way to relax his gradewise schedule for industries, if such relaxation would promote movement in block rakes.

(c) Small collieries should examine the feasibility of amalgamation, so as to be able to obtain the best advantage out of the revised pattern of coal distribution.

(d) Excessive dependence on the West Bengal and Bihar coalfields would increase the average lead of coal traffic and cause operational difficulties over heavily-congested routes. To avoid this, the outlying coalfields should be developed with vigour.

(e) The establishment of coal dumps at consuming centres to be operated by stockists should be pursued, so that consumers asking for their entitlement individually could be catered to.

The National Council has also suggested some ways of relieving, as far as possible, the pressure on the Railways in the Steel Belt. It will be recalled, in this connection, that the World Bank Team on Coal Transport has recently outlined a plan involving development of additional railway haulage capacity and improvement of railway performance on the basis that means of transport other than the Railways will not account for more than 10 per cent of coal movement. The National Council, however, seems to be a shade more hopeful about the possibilities for relieving the pressure on the Railways to some extent. According to it, the construction and operation by 1965-66 of a number of thermal power stations (with an aggregate capacity of about two million kW) on the basis of locally available coal in the Belt would relieve the Railways of transporting about five million tons of coal per year. When examined in relation to all other suggestions, the transmission of power, equivalent to five million tons of coal, according to the Council, is the most economical in satisfying the power requirements of this area. Another suggestion pertains to road transport. If the steps being taken to improve the general position of the roads in the Steel Belt are expedited, road transport can account for some four million tons of West Bengal and Bihar coal, as against 72 million tons through railway movement, in 1965-66 and six million tons, as against 113 million tons by railways, in 1970-71.

Some relief can come from the operation of inland transport, provided navigation over the Durgapur Canal is developed by 1965-66 and the Mahanadi Canal System leading to Paradip Port is utilised for the carriage of export ores. The Council, however, does not think much of the potential of the Ganga for the carriage of coal to places in Bihar and Uttar Pradesh. Its view here is that the chances of economical operation are not bright on account of the length and cost of road haulage involved between the collieries and the riverside. As for coastal shipping, the present arrangements involve movement of about two million tons of coal annually from the Bengal and Bihar coalfields to South India and Western India. The level at which movement of this coal will settle down when the economics of coastal shipping operations and the railway freight rates are made more normal, according to the Council, is difficult to predict now. But the Council's conclusion, in this connection, is that, whatever may be the quantity that may move by coastal shipping, it is not likely to be anything but relatively small.

**Transport Requirements of the Iron and Steel Belt.* Published by the National Council of Applied Economic Research, New Delhi. Price: Rs. 18.

ACHIEVEMENTS AT BHILAI

The Soviet-aided Bhilai Steel plant in the public sector has grown from strength to strength since 31st January 1959 when it commenced operations. The first five years of its existence unfold a story of record-breaking achievements. It has thus become a standing example to be emulated by other steel plants not only in achieving projected targets but also in creating records.

The steel melting shop of the steel works has six open-hearth furnace, each of 250-tonne capacity. The open-hearth furnace, incidentally, is the biggest so far in this country, incorporating the latest technological advances, such as oxygen enrichment, evaporation and cooling. The steel melting shop reached its annual rated capacity of one million tonnes of ingot steel in December 1962—that is, within a short period of three years, thanks to Russian technical assistance. Its production has increased ever since and efforts have been made in achieving optimum productivity at minimum costs. The modern innovations in technology and certain modifications in designs have also played a none-too-small role in maintaining production at most of the units above the projected capacity. A glance at the following table will provide a clear picture of the production of major units, as compared with the rated capacity.

Products	Rated capacity (tonnes)	% fulfilment to rated capacity		
		1962-63	1963-64	April to September 1964
B.F. coke (dry)	1,221,000	99.0	100.6	101.4
Hot metal	1,110,000	106.5	116.7	114.8
Ingot steel	1,000,000	106.0	114.3	111.2
Ingots rolled	1,000,000	101.0	112.1	106.5
Billets	427,000	110.8	122.4	116.0
Rails and strip	365,000	93.8	109.9	104.4
Merchant products	255,000	88.3	110.8	119.8

Usually the principal fuel used in making steel is a mixture of coke oven and blast furnace gases. But new techniques, such as improved coke, use of high basicity sinter in blast furnace burden and new bottom-making method for open-hearth furnaces, have been successfully adopted at Bhilai.

NEW PRODUCTS AND PROCESSES

Nickel-base Alloy

UNION Carbide Corporation of New York has announced a new alloy for hot sulphuric and phosphoric acid service. A top corrision-resistant alloy, it is known as "Hastelloy" alloy G. Test results have indicated that it is superior to other commercial materials commonly used in sulphuric acid service. It is resistant to both oxidising and reducing environments, and to stress-corrosion cracking. Available in wrought forms, the alloy is readily fabricated and welded. Weld joint tests have shown that alloy G will suffer no significant loss in strength or ductility. Drawn welded tubing is one of the most promising forms in which the new alloy will be marketed. Outstanding corrosion-resistance, excellent mechanical properties, is of fabrication, and weldability make the alloy a superior choice for chemical process equipment. Other applications that appear to be promising are for phosphate fertiliser equipment, synthetic fibre processing, pulp and paper processes, and dissolution of spent nuclear fuel elements.

Long Life Target for Orthicons

A new target material developed for image orthicons has been given a guaranteed life of at least 750 hours by the English Electric Valve Company of Chelmsford which developed it. The Company reports that pre-production samples tested in the U.S. proved to have lives of between 3,000 and 5,000 hours. The new material has been called Elcon, from ELectronic CONduc.ing, as opposed to the ionic conduction used hitherto to transfer the charge pattern from the image side to the beam side. Other advantages include freedom from image retention, stability of contrast reproduction and effectively constant sensitivity. The Company's full range of 3-inch orthicons has the new target. Sample quantities of the 4½ inch tube will soon be available with full production scheduled for early next year.

New Relay

Standard Telephones and Cables of Britain is introducing a type of relay that has already performed 2,700m operators without deterioration during routine tests conducted over a period of several years by the Company's Belgian associate. The devices have their contacts permanently covered by a film of mercury and, at each operation, contacts are renewed since the liquid metal feeds along the contact blades by capillary action from a small reservoir in the base of the relay. This is a different action from that of the tilting mercury switches used in many types of control devices. The relays are of the reed type having their contacts in thick-walled glass envelopes filled with hydrogen and containing the mercury supply. They can be obtained as basic switch units but are usually supplied complete with coils, the whole unit being potted ready for insertion in printed circuit boards.

Electricity from Sun

A one-kilowatt installation, directly converting solar energy into electricity, has been designed at the U.S.S.R. Research Institute of Power Sources. The inventors believe that the installation would be very useful at pasturelands in pumping water from deep wells. One such installation can supply enough water for 10-12 thousand sheep. The equipment consists of a system of mirrors which focus sun rays on the surface of photo-electric batteries. A special device makes it possible to track the sun automatically. Excess energy is preserved in storage batteries which take over when the day is overcast. It has a service life of at least seven years, periodic cleaning of the mirrors being the only maintenance required.

Wheel Balancer

A compact, mobile wheel balancer introduced by Laycock Engineering Ltd., Sheffield, England, enables complete wheel assemblies, including hubs, to be balanced in a matter of minutes without taking the wheels off the car. The operator sits astride the balancer on a saddle, and propels it forward with his feet to bring the drive roller in contact with the car wheel at its bottom dead centre. He starts the drive by a "deadman" press button, and can take it up to the equivalent of 100 m.p.h. The stroboscope, mounted in front of him on the casing of the balancer, is under his control. He switches it on only when it is wanted and so prolongs the life of the flash tube, which is powerful enough for use in the brightest daylight. The drive roller is inclined to allow tyres of any pattern to be driven, and below it there is a braking plate, operated by a lever, for stopping the wheel. Designed for rapid positioning beneath the suspension, the transducer pick-up unit has an angular adjustment to allow kinetic and dynamic balance to be checked.

Novel Air-conditioner

An air-conditioner in the form of a table lamp, powerful enough to air-condition a room of more than 2,000 cu. ft. is being produced by a British firm. It has a 10½-in. base and stands 9½-in. high. The air is sucked in past the light at the top of the lamp; it is then filtered and released back into the room. A booster control for the rapid filtering of stale air is also fitted.

Automatic Mounted Cultivator

Experts in the Farm Mechanisation and Electrification Institute in Rousse, Bulgaria, have designed an automatic mounted cultivator which can be used simultaneously for inter-row and inter-hill cultivation of crops that have to be hoed. An electric control panel is the most outstanding feature of the machine. The cultivator moves along the rows and special feelers touch the Plants, produce signals which release the electric automatic device pushing the working parts into action. The cultivator hoes round the roots of the plants at a distance of about ten centimetres and with one pass hoes both along and between the rows.

Brushless Generator

With a new brushless D.C. arc-welding generator, voltage and current are infinitely variable by two simple controls. This makes for high-quality welding, since the operator can select the exact striking voltage and welding current for each individual job. The two controls are independent regulators in the voltage and current windings. The generator has neither brushes, brushgear nor commutator. The bearings are sealed and require attention only once in 10,000 running hours. The generator, manufactured by a British firm, Petbow Ltd. of Kent, in 300-amp. and 400-amp. versions, is incorporated in a welding set constructed in a way that gives a perfect and permanent alignment of crankshaft and rotor shaft without the need for shimming. Drive is through a flexible coupling. Engine driven sets are totally enclosed in a sheet-steel canopy for protection against the weather. Normally they are mounted on skids, but can be mounted on two- and four-wheeled trailers.

Refrigerator Casings

Fully-automated production of four-sided casings for refrigerators, washing machines, cookers and similar equipment can be carried out by a new machine manufactured by Redman Tools Ltd., Worchester, England. The first unit, capable of producing casings at the rate of one every ten seconds, is being installed in the London factory of a major refrigerator manufacturer. It costs about £100,000, and is said to be the only machine in the world that can make this type of casing automatically, from the coiled strip to the finished product, under the supervision of only one or two men. Initially, until coil strip is available, steel strip, cut to length, will be fed into the machine automatically by suction pads. The Company says that the machine performs a number of operations, each normally done by a separate machine, saving storage space, reducing inventory requirements and working time. It saves material because less trimming is needed, and also reduces setting-up time.

Measurement of Temperature in Converter

A new device which enables the automatic measurement of temperature in a converter has been developed in the Soviet Union. It permits the prompt replacing of the refractory tips of thermocouples without stopping the furnaces. Tests of the device on a 50-ton converter at Krivoi Rog Steel Works in the Ukraine have confirmed the high accuracy of measurement of the temperature of the molten metal. The refractory tips of the new device withstood as many as five heats.

Lensless Lens

Aluminium-coated glass with fine lines is said to make a "lensless lens" which magnifies without bending light as do ordinary lenses. Developed by Bausch and Lomb, Inc., 635, St. Paul Street, Rochester 2, New York, it consists of a wafer of glass coated with aluminium, with about 500 lines to the inch scribed in circles. The scribed areas permit some light to pass while the remaining aluminium blocks the rest. The Company explains that this lens blocks out "light which is not contributing to the desired image and allows that light to come through which does contribute to the image." The new magnifier, it is said will work with X-ray and infra-red rays as well as ordinary light.

Ironing Board that Won't Burn

For preoccupied housewives, Rhone Poulenc S.A., 22, Avenue Montaigne, Paris 8, has developed a light-weight ironing board that will not burn if a hot iron is left on it—even if the iron is exceedingly hot and left for a very long time. The folding support is of aluminium, but the top, also of aluminium, is covered with a sheet of silicone-rubber, resistant to 250°C. which will absorb steam and is thick enough to give the right amount of compressibility.

NEW IDEAS IN BRIEF

A new range of anti-static chemicals is claimed to prevent plastics and synthetic materials from sticking to machine parts during processing. It is being produced by Ciba, Basle, Switzerland.

Phosphates and starch molecules are combined in a water-soluble chemical which, it is claimed, prevent dirt from being re-deposited on washed clothes as they lie in the tub awaiting rinsing. The chemical is being developed by Chemicals and Phosphates, Haifa Bay, Israel.

A simple way of fixing wall tiles has been introduced without the use of an adhesive by Bertil Waldemar Bourwall, Van Kyrkogatan 1, Umea, Sweden.

Separation of solid particles from viscose liquid has been made easier by a thin separator produced by Bau von Hydrodynamischen Anlagen, 83 Bachstrassem, Freden-Leine, West Germany.

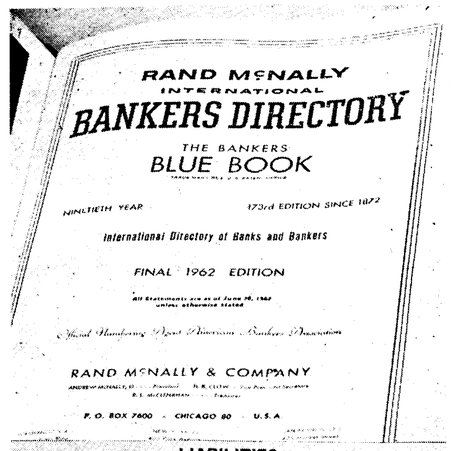
A domestic central heating system has been introduced that employs a single closed circuit system instead of the usual supply and return pipes between the source of heat and the radiators in a process developed by Niermeijer Ringverwarming, Kelders 29-35, Leeuwarden, Holland.

A machine which smoothes and polishes natural and artificial stone has been patented by Luigi Colombi, Via A. Fantoni 22. Bergamo, Italy.

Marketing trials have begun on a carpet incorporating plastic fibres. The resultant product is claimed to be not unlike plain Wilton. It is produced by Carpet Manufacturing Company, Kidderminster, England.

A technique has been patented for spraying insulating plastic foam directly onto metal and other surface, where it adheres as well as paint does in a process develop by Research Centre, East German Aircraft Industry, Konigsbrucher Landstrasse, Dresden N2, East Germany.

Solid lubricants which keep their effectiveness at 1000°F. and resist attack by molten sodium have been developed by the Lewis Research Centre, 21,000 Brook-park Avenue, Cleveland, Ohio. They are fused fluoride coatings; fluorides of calcium mixed with those of barium, lithium or sodium. They are said to be very effective both in vacuum and in air.



LIABILITIES

Deposits	¥1,211,866,685,591
Borrowed Money	¥152,447,914,423
Call Money	¥43,214,000,000
Foreign Exchanges	¥64,775,805,724

A GREAT BANK?

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

*As of Mar. 31 1964, equivalent to Stg. £1,199,868,006

MITSUBISHI BANK

Head Office: Marunouchi, Tokyo, Japan Cable Address: BANKMITSUBISHI
New York Agency: 120 Broadway, New York 5, N.Y.
Los Angeles Agency: 626 South Spring St., Los Angeles 14, Calif.
London Branch: 7 Birchin Lane, London, E.C. 3

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

ISSUE OF Rs. 40,00,000 7% DEBENTURE STOCK 1967/77

INDIA PAPER PULP COMPANY, LIMITED

(INCORPORATED ON 4TH APRIL, 1918, UNDER THE INDIAN COMPANIES ACT VII OF 1913)

Registered Office: **8, Clive Row, Calcutta**

SHARE CAPITAL

AUTHORISED .. .. ..

of Section 3 are mutually exclusive. A sale taxable under clause (*a*) of Section 3 will, therefore, be excluded from the purview of the clause (*b*) of Section 3. The sale contemplated by clause (*b*) of Section 3 is one which is effected by transfer of documents of title to goods during their movement from one State to another. Where the property in the goods has passed before the movement has commenced, the sale will not fall within clause (*b*); nor will the sale in which the property in the goods passes after the movement from one State to another has ceased to be covered by that clause. Accordingly, a sale effected by transfer of documents of title after the commencement of the movement and before its conclusion (and no other sale) will be regarded as an inter-State sale under Section 3(*b*). Under the Sales of Goods Act, 1930, if a document of title to goods is used in the ordinary course of business as proof of possession or control of goods, endorsement or delivery thereof according to mercantile practice will amount to delivery of goods thereby represented. The transfer of documents contemplated by Section 3(b) is, therefore, a transfer which in law amounts to delivery of goods. Transfer of documents either by endorsement or by delivery does contemplate transfer of title, but, in the absence of an indication to that effect in the statute, the place where the documents are transferred is not the place of sale. (*Tata Iron and Steel Company Ltd.* vs. *S. R. Sarkar and others*, 1960, S.T.C. 655).

The movement of goods must be closely linked with the sale of goods to cover movement undertaken for better enjoyment of goods after the title has passed. If the owner moves his own goods outside the State for their better enjoyment of what has been earlier acquired, the journey would not, in the commercial sense, form part of the flow or course of trade.

The exact meaning of the expression "sale occasioning movement of goods" in Section 3(*a*) of the Central Sales Tax Act, 1956 is that the delivery outside the State should be under a covenant or form an incident of a contract of sale. Where the dealer sold certain goods to commission agents who were acting for dealers outside the State and received the full price from the agents and booked the goods to places outside the State in his own name as consignor and consignee under the instructions of the agents and also endorsed the railway receipts in favour of the agents, it was held by the Andhra Pradesh High Court, in *Ramakrishna Rice Working Company* vs. *State of Andhra Pradesh* (1962, S.T.C. p. 755), that the commission agents purchased the goods on behalf of their principals residing in another State and they were not the agents of the sellers. The delivery of goods outside the State was not the direct result of sale. Therefore, the transactions were as inside sales and not exempt under the explanation to Article 286 (1)(*a*) of the Constitution, governing sales or purchases in the course of inter-State trade or commerce.

A paddy and rice merchant in Madras State despatched the goods to a destination in Kerala State, took the railway receipt in his own name, endorsed it in favour of a bank in Kerala State and sent the documents to that bank advising it to deliver the documents to the purchaser against payment. The buyer to whom the goods were intended refused to honour the *hundi*. So the dealer's agent at Kerala arranged to sell the goods to another buyer in Kerala and advised the dealer to send the demand draft in favour of the buyer, who honoured the draft by payment of money to the bank, received the railway receipt and took delivery of the goods. In this case it was held by the Madras High Court (*Thiruvengadaswami Iyengar* vs. *The State of Madras*, 1963 S.T.C., p. 856) that the sales were inter-State sales, coming under Section 3(*b*) of the Act, and that the Kerala State was the "appropriate" State" entitled to levy and collect any tax due from the assessee under the Act.

The principles for determination of the question, namely, whether a sale falls within the provisions of Section 3(*a*) of the Central Sales Tax Act, have been discussed in a number of Supreme Court decisions, one of the latest of such decisions being the case of *Cement Marketing Company* vs. *State of Mysore* (14 S.T.C. 175). It has been laid down in this case, following earlier decisions in 6 S.T.C—687, 11 S.T.C. 655 and 12 S.T.C. 282, that, where a contract of sale itself involves the movement of goods from one State to another, the sale would be an inter-State sale. It has, however, been held in a number of cases that, where the goods were delivered by the seller to the buyer's agent or representative for onward journey, the transaction has no element of inter-State character and is not an inter-State sale but a sale within the State of sale and delivery.

The position which seems to emerge from the aforesaid decisions is that, where, under a contract of sale, the movement of goods from one State to another takes place, such a sale would be an inter-State sale, but, if the delivery of the goods is made by the seller to the buyer or his agent within the State, the sale is an intra-State sale and a subsequent movement of goods at the instance of the buyer would not make it an inter-State sale.

Branch Transfers

The Punjab Government has issued a notification (No. 140/PA.46/48/S.5/63 dated 1st April, 1963 taking effect from the date of issue) that, if the goods manufactured in the State of Punjab were transferred by a dealer to his branch in another State, the transfer of goods would be liable to 2 per cent additional tax on the material purchased in the State of Punjab for use in such goods. As an instance, if a dealer engaged in manufacture of cycles costing Rs. 100 per unit has purchased material worth Rs. 20 per unit in the State of Punjab for consumption in their manufacture, 20 per cent of cost will be subject to 2 per cent additional tax in the event of a branch transfer. Similarly, if any goods purchased for re-sale in the State of Punjab are transferred to a branch in another State they will be subject to 2 per cent additional sales tax on completion of certain formalities. The contention of the Punjab Government is that, according to Section 5(2)(*a*)(ii) of the Punjab Sales Tax Act, the articles purchased in the State of Punjab for re-sale are meant for re-sale in the State of Punjab only and not outside. It is being contended by a section of lawyers that the notification is not valid in law, because the Sales Tax Law Validation Act, 1956 provided for lifting of the ban to tax inter-State sales only to the extent to which Parliament was permitted to do so under the clear terms of the Constitution. It has not permitted the States to levy tax on outside sales falling under Article 286(1)(*a*) even if the taxing statutes are sufficiently clear and valid in their terms and cast the net of taxation. The ban imposed on the States to tax sales or purchases taking place outside the taxing State is absolute and independent of the ban under Article 286, and Article 286(2) is not capable of being interpreted as enabling Parliament to destroy it. Another view is that the notification is perfectly valid, because it does not impose any tax on outside sales but introduces a tax on inside purchases, in pursuance of the second proviso to Section 5(2)(*a*)(ii) which is introduced herein below for ready reference:

"Provided further that when such goods are used by the dealer to whom these are sold for purposes other than those for which these were sold to him, he shall be liable to pay tax on the purchase thereof at such rate, not exceeding the rate of tax leviable on the sale of such goods, as the State Government may by notification direct in respect of a class of dealers specified in such notification, notwithstanding that such purchase is not covered by clause (*ff*) of Section 2."

The latter view appears to be correct, but the new levy in any case is an undue additional burden on the consumer and the trade. It may, therefore, be urged that, before any other State follows the lead of Punjab, the Central Government should take steps to introduce a suitable legislation debarring the State Governments from imposing any sort of tax on branch transfers. A branch transfer is not a sale, because no person can sell to himself.

Sales in the Course of Import

The course of import of goods starts on a point when the goods cross the customs barrier of the foreign country and ends at a point in the importing country after the goods cross its customs barrier. The sale which occasions the import is a sale in the course of import. A purchase by an importer of the goods when they are on the high seas by payment against shipping documents is also a purchase in the course of import. A sale by importer of goods after the property in the goods passed on to him either after receipt of the documents of title against payment or otherwise to a third party by a similar process is also a sale in the course of import.

Where an assessee selling imported milk powder had been taken delivery of the documents of title on payment of the value to the bank and handed them over to the clearing agent and, in the meantime, had entered into contracts of sale with buyers and issued delivery orders to them and the clearing agent had cleared the goods on behalf of the assessee, after receiving the full value from the buyers to whom the assessee had issued delivery orders and delivered the goods to them, it was held by the Madras High Court (*Arun* (1953) *P. Ltd.* vs. *State of Madras*, 1960, S.T.C., 723) that the buyers obtained title to the goods from the assessee only at the point of delivery and the sales were, therefore, sales within the State after completion of the import and were taxable.

In another case where the assessee who imported fuel, kept it in customs bonded warehouse and delivered it to the oceangoing vessels in pursuance of sale contracts and contended that, so long as customs duty had not been paid on the goods imported and they were kept in customs bonded warehouse, they must be deemed to be in the course of import and not taxable by reason of Article 286(1)(b) of the Constitution, it was held by the Madras High Court (*The Deputy Commissioner of Commercial Taxes* vs. *Caltex India Limited, Madras*, 1962, S.T.C. 163) that, when once the goods had been permitted to be imported and import duty had been levied by the customs officer, the course of import ended whether or not the goods were immediately cleared for home consumption or were kept in the bonded warehouse. The mere fact that the assessees, for the purpose of their own convenience warehoused the goods and thereby postponed the payment of duty levied on the goods, could not be taken to indicate that the goods were still beyond the customs frontier. The sales were, therefore, not in the course of import and were not exempt under Article 286(1)(*b*).

Customs Frontier

It was held by the Andhra Pradesh High Court in *Burmah-Shell Oil Storage and Distributing Company Ltd., Vizagapatnam* vs. *State of Andhra Pradesh* (1960, S.T.C. 533) that the customs frontier, as defined by the Government of India by notification dated 1st April 1937 issued under the Government of India Act, 1935, must be regarded as the same as frontier of India and this frontier extends along the sea to a width of six miles, which according to law, has been declared as the territories water belt. As soon as that frontier is crossed by the goods, the import must be regarded as complete. The one important condition required to make a sale an export sale is that the delivery of goods should be effected to the common carrier for the purpose of delivery to the buyer at the other end in the foreign country. Consequently, the sale of furnace oil and other petroleum products by the appellant company to the oceangoing ships directly from the bonded warehouse in the Vizagapatnam port was not a sale in the course of export within the meaning of Article 286(1)(b) of the Constitution and as such not exempt from the levy of sales tax under that Article.

The Madras High Court, however, has disagreed with the above view in a recent judgement in *Deputy Commissioner of Commercial Taxes, Madras Division* vs. *Devar and Company and others* (1963 S.T.C. 904), where it has been held that the customs frontier as elucidated by the Supreme Court in dealing with Article 286(1)(b) of the Constitution in the case of *Wadeyar* vs. *Daulatram Rameshwarlal* (1960, S.T.C. 757) would not mean any geographical feature like land or coast or limits of territorial waters, but would only mean the operation of the machinery of the Customs Department consisting of levy of collection of duty and clearance of the goods. There is no reason to construe the expression "customs frontier" occurring in Section 5 of the Central Sales Tax Act, 1956, in any way different from the sense in which it was understood prior to its enactment. The object and purpose of the President's notification in including six nautical miles of the sea belt as part of the Union or State territory are entirely foreign to the scope and determination of the taxability or otherwise of goods to sales tax enacted by the State legislature. A sale, therefore, by transfer of documents of title relating to goods on board a ship at a point of time after the ship had navigated into the six miles limit is a sale in the course of import within the meaning of expression in Article 286(1)(b) of the Constitution or Section 5 of the Central Sales Tax Act.

Sales or Purchases in the Course of Export

If, in respect of a sale, the property in the goods passes to the buyer after the goods have crossed the customs frontier for the purpose of export to a foreign country, the sale is said to have taken place in the course of 'export' and is, therefore, exempt from tax under Article 286(1)(b) of the Constitution. In the case of a f.o.b. contract, in the absence of a special agreement, the property in the goods does not pass until the goods are actually put on board (1960 S.T.C., p. 758 S.C.). Every sale or purchase preceding the export is not necessarily to be regarded as in the course of export within the meaning of Article 286(1) (*b*). It must be inextricably bound up with the export and a sale or purchase unconnected with the ultimate export as an integral part thereof is not within the exemption. Sales or purchases for the purpose of export are not protected, unless the sales or purchases themselves occasion the export and are integral parts thereof.

While all exports involve the goods being taken out of the country, all goods taken out of the country cannot be said to have been exported. The test is that the goods must have a foreign destination where they can be said to be imported. It matters not that there is no valuable consideration from the receiver at the destination end. If the goods are exported and there is a sale or purchase in the course of that export and the sale or purchase occasions the export to a foreign destination, the exemption is earned. Purchases made by philanthropists of goods in the course of export to foreign countries to alleviate distress there may still be exempted, even though the sending of the goods was not a commercial venture but a charitable one. The crucial fact is the sending of the goods to a foreign destination where they would be received as imports (1960, S.T.C. 764 S.C.).

In order to extract the exemption from sales tax there must be casual relation between the sale and the export, a relation which is intimate and real. Sale must inextricably be bound up with the export and form an integral part thereof. One must be able to say that, without the export, the sale is not effected, in other words, it was the sale which occasioned or caused the export (1962 S.T.C. 310). In certain cases, the assessee had entered into contracts with foreign buyers and delivered the shipping documents to the local banks against payment of price. They contended that the local banks should be deemed to be agents of the foreign buyers, who should, therefore, be assessed as last buyers in the State. It was held by the Madras High Court that the sales by the assessees to the foreign buyers were sales in the course of export and exempt under Article 286, that the banks did not function as the agents of the foreign buyers for taking possession of the goods, that the foreign buyers were not the last purchasers before export and that, therefore, the assessees were rightly assessed to sales tax as last purchasers (1962 S.T.C. 344). In another case, under the terms of contract, the assessee delivered certain goods at the godown of an exporting firm at Madras. At that time, the assessee did not know who the foreign buyer was. On delivery of the goods, the exporting firm paid the assessee 95 per cent of the price of the goods sold after deducting discount, brokerage, freight etc. The balance of the price was paid to the assessee after shipment of the goods was completed. There was nothing in the contract to indicate that the property in the goods passed after shipment. It was held that the sales were purely local sales and were not exempt, under article 286(1) (b) (1962 S.T.C. 824), from the sales tax payable to the State Government.

Notice

THE BENGAL FLOUR MILLS COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Board of Directors has today declared an Interim Dividend of 10 per cent (subject to deduction of Income-tax) on the shares of the Company in respect of the year 1964. The dividend will be payable on or after 18th December, 1964 to those members whose names are entered in the Register of Members of the Company on that date. Dividend Warrants will be despatched to members and no application to the Company is necessary.

NOTICE is also hereby given that the Register of Members of the Company will be closed from 4th December, 1964 to 18th December 1964, both days inclusive.

By Order of the Board,
BALMER LAWRIE & Co. LTD.,
D. MANSON,
Managing Director.
Managing Agents.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *20th November*, 1964.

Notices

PHILIPS INDIA LIMITED

NOTICE

Notice is hereby given that a General Meeting of the members of the Company will be held at the offices of the Company's Registrars, Jardine Henderson Limited, 4, Clive Row, Calcutta 1, on Thursday, December 17, 1964, at 11 a.m. to consider and if thought fit to pass with or without modifications the following resolutions which will be proposed as special resolutions:—

(*a*) That 4,80,000 new ordinary shares of Rs. 10/- each in the authorised capital of the Company be issued at a premium of Rs. 6/- per share, i.e. Rs. 16/- per share payable in full on application on the footing that such new ordinary shares shall rank in all respects pari passu with the existing ordinary shares in the Company save and except that they shall not participate in any dividend which may be declared in respect of any period ended on or prior to December 31, 1964.

(*b*) That subject to the approval of the Reserve Bank of India, out of the said 4,00,000 new ordinary shares of Rs. 10/- each, 78,125 shares be issued to N. V. Philips' Gloeilampenfabrieken, Eindhoven, Holland for subscription for cash at a premium of Rs. 6/- per share as aforesaid and 21,875 shares (aggregating to a total of 1,00,000 shares) at a premium of Rs. 6/- per share for consideration other than cash in partial conversion of their loan of Rs. 50 lakhs to the Company.

(*c*) That subject to the approval of the Reserve Bank of India wherever necessary the remaining 3,00,000 new ordinary shares of Rs. 10/- each so issued be offered in the first instance for subscription for cash at a premium of Rs. 6/- per share to those members (other than N. V. Philips' Gloeilampenfabrieken, Eindhoven, Holland) whose names are registered on the Register of Members of the Company on December 17, 1964, in the proportion as nearly as circumstances admit of three new ordinary shares for every five ordinary shares held as on that date, fractions if any of a new ordinary share issuable on this basis being disregarded with a right to renounce all or any of the shares so offered to them in favour of any other person and that any question arising in the apportionment of such new shares or any of them amongst members and in the avoidance of fractions shall be determined by the Directors in their absolute discretion.

(*d*) That the Directors be and are hereby authorised to offer the said 3,00,000 new ordinary shares of Rs. 10/- each at a premium of Rs. 6/- per share i.e. Rs. 16/- per share payable in full on application for subscription to the members aforesaid other than to N. V. Philips' Gloeilampenfabrieken, Eindhoven, Holland by a Letter of Rights specifying the number of shares to which they are entitled and providing therein that the offer if not accepted within thirty-one days from the date of offer shall be deemed to have been declined and specifying that the payment for such shares at the rate of Rs. 16/- for each new ordinary share so offered shall be required to be made in full on application.

(*e*) That any new ordinary shares not taken up by any of the said members or their renouncees in response to the aforesaid offer shall be available for subscription by such of the said members who take up their rights in full under the aforesaid offer and who apply for additional shares.

(*f*) That the right to apply for additional shares shall not be renounceable in favour of any other person and in the event of applications for additional shares exceeding the number of shares available, the allotment shall be made in such manner as shall be determined by the Directors in their absolute discretion.

(*g*) That the Company authorises the Directors to dispose of any new ordinary shares not taken up by the said members or their renouncees in accordance with the terms as detailed hereinabove in such manner as shall be determined by the Directors in their absolute discretion.

(*h*) That no allotment of any new ordinary shares shall be made to a person not resident in India unless he or she has obtained prior approval of the Reserve Bank of India.

(*i*) That the Directors are further authorised to settle any question or difficulty that may arise with regard to the issue and allotment of these shares in such manner as they shall determine in their absolute discretion.

The Register of Members of the Company will be closed from December 3, 1964, to December 17, 1964, both days inclusive.

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself; such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not later than 48 hours before the Meeting.

An Explanatory Statement as required by Section 173 of the Companies Act, 1956, is being posted to members.

By Order of the Board
W. A. C. H. BOSSCHAART
Chairman and Managing Director

7, Justice Chandra Madhab Road
Calcutta 20
November 16, 1964

THE BRITISH BURMAH PETROLEUM COMPANY LIMITED

(Registered under the English Companies Act)

NOTICE

NOTICE IS HEREBY GIVEN THAT THE fifty-third Annual General Meeting of the Company will be held at Noble Chambers, Parsi Bazar Street, Fort, Bombay, on Thursday, the 24th December 1964, at 4.00 p.m. (S.T.), for the following purposes:—

(*a*) To receive the Balance Sheet and Statement of Accounts for the year ended 31st March 1964 together with the Reports of the Directors and Auditors thereon;

(*b*) To elect a Director in place of Mr. A. P. Faickney who retires by rotation and being eligible offers himself for re-election, and for that purpose to consider, and if thought fit, to pass the following Resolution as an ordinary Resolution, of which special Notice as required by Section 185 of the English Companies Act, 1948, has been received by the Company:—

"RESOLVED THAT Mr. A. P. Faickney, who has attained the age of 70 years and who retires by rotation, be and is hereby re-elected a Director of the Company and it is hereby specifically declared that the age limit for Director prescribed under Section 185 of the English Companies Act, 1948, shall not apply to him."

(*c*) To elect a Director in place of Mr. C. R. Jussawala who retires by rotation and being eligible offers himself for re-election, and for that purpose to consider, and if thought fit, to pass the following Resolution as an Ordinary Resolution, of which special Notice as required by Section 185 of the English Companies Act, 1948, has been received by the Company:—

"RESOLVED THAT Mr. C. R. Jussawala, who has attained the age of 72 years and who retires by rotation, be and is hereby re-elected a Director of the Company and it is hereby specifically declared that the age limit for Director prescribed under Section 185 of the English Companies Act, 1948, shall not apply to him."

(*d*) To appoint Auditors and fix their remuneration.

A Member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote, instead of himself and the proxy need not be a member of the Company.

By Order of the Board,
THE BRITISH BURMAH PETROLEUM COMPANY LTD.,
F. S. PANTHAKI,
Acting Secretary.

NOBLE CHAMBERS,
PARSI BAZAR STREET,
FORT, BOMBAY.
12th November 1964.

The Transfer Books of the Company will be closed from Saturday, the 5th December 1964 to Tuesday, the 22nd December 1964. (Both days inclusive.)

SHAREHOLDERS ARE REQUESTED TO NOTIFY ANY CHANGE IN THEIR ADDRESSES WITHOUT DELAY.

THIS IS AN ANNOUNCEMENT AND NOT A PROSPECTUS. PERSONS INTERESTED IN FULL DETAILS ARE REQUESTED TO APPLY FOR A COPY OF THE PROSPECTUS FROM THE COMPANY'S REGISTERED OFFICE, BANKERS, BROKERS, AND UNDERWRITERS NAMED BELOW

SOUTH INDIA SHIPPING CORPORATION LIMITED

(INCORPORATED ON 22ND JANUARY 1964 UNDER THE COMPANIES ACT, 1956)

Registered Office: **"Dhun Building," 175/1, Mount Road, Madras-2.**

SHARE CAPITAL

	Rs.
Authorised Capital:	
5,00,000 Shares of Rs. 100/- each	5,00,00,000
Issued Capital:	
1. Subscribed :	
350 Equity Shares of Rs. 100/- each by the Signatories to the Memorandum of Association	35,000
49,650 Equity Shares of Rs. 100/- each by the Directors, friends and others ..	49,65,000
2. **Present Issue:**	
1,50,000 Equity Shares of Rs. 100/- each..	1,50,00,000
	2,00,00,000
Paid-up Capital:	
350 Equity Shares of Rs. 100/- each Rs. 50/- per share paid up (Subscribed by the Signatories to the Memorandum)	17,500
49,650 Equity Shares of Rs. 100/- each Rs. 25/- per share paid-up	12,41,250
Total ..	12,58,750

Out of the present issue:	Rs.	Rs.
1 (a) Messrs. Peninsular and Oriental Steam Navigation Company, Beaufort House, Gravel Lane, London E.1, U.K., have agreed to subscribe and will be allotted 70,000 Equity Shares (35 per cent of the issued capital) of Rs. 100/- each at par for cash	70,00,000	
(b) Messrs. Anglo Norness Shipping Company Ltd. of Bermuda have agreed to subscribe and will be allotted 10,000 Equity Shares (5 per cent of the issued capital) of Rs. 100/- each at par for cash ..	10,00,000	
		80,00,000

NOW ISSUED FOR PUBLIC SUBSCRIPTION AT PAR FOR CASH

70,000 Equity Shares of Rs. 100/- each .. Rs. 70,00,000

BOARD OF DIRECTORS

1. SHRI A. D. SHROFF, (*Chairman*), Bombay House, 24, Bruce Street, Fort, Bombay-1.
   Indian.
   Business Executive.
   Director of:
   New India Assurance Company Limited (*Chairman*).
   Bank of India Limited (*Chairman*).
   Associated Bearing Co. Ltd. (*Chairman*).
   Bradma of India Limited (*Chairman*).
   Elpro International Ltd. (*Chairman*).

2. THE RIGHT HONOURABLE KENNETH JAMES WILLIAM, EARL OF INCHCAPE, 40, St. Mary Axe, London E.C. 3, England.
   British.
   Merchant.
   Director of:
   Burmah Oil Co. Ltd.
   The Chartered Bank.
   Inchcape & Co. Limited (*Chairman*).
   Peninsular & Oriental Steam Navigation Company.
   Royal Exchange Assurance.
   Alternate:
   MR. D. W. LAW, "Coromandel House," Boat Club Road, Adyar, Madras-28.
   British.
   Merchant.
   Director of:
   Binny & Co. Ltd. (*Chairman*).
   The Buckingham & Carnatic Co. Ltd. (*Chairman*).
   Bangalore Woollen, Cotton and Silk Mills Co. Ltd. (*Chairman*).
   Macneill & Barry Limited.
   State Bank of India (*Madras Local Board*).

3. MR. K. M. CAMPBELL, Tudor Manor, Bayford, Hertfordshire, England.
   British.
   Business.
   Director of:
   British India Steam Navigation Co. Limited.
   The Chartered Bank.
   Peninsular & Oriental Steam Navigation Company.
   New Zealand Shipping Co. Ltd.
   Trident Tankers, Limited.

4. MR. J. W. ANSON, "Seaward," Mackinnons Building, 4, Ballard Road, Bombay-1.
   British.
   Company Director.
   Director of:
   Mackinnon Mackenzie & Co. Private Limited (*Chairman*).
   Mazagon Dock Ltd.
   Bombay Chamber of Commerce and Industry (*Member of the General Committee*).
   Bombay European Hospital Trust (*Chairman of the General Committee and Trustee*).
   British India Steam Navigation Co. (India) Private Ltd.

5. SRI J. H. TARAPORE, "Dhun Building," 175/1, Mount Road, Madras-2.
   Indian.
   Business.
   Director of:
   Managing Partner: Tarapore & Co., Engineers and Builders.
   The Indian Mutual General Insurance Society Ltd. (*Chairman*).
   The South India Carbonic Gas Industries Ltd. (*Chairman*).
   The Reinsurance Association of India (International) Ltd.
   The Egmore Benefit Society Third Branch Ltd. (*President*).

6. SRI C. S LOGANATHAN, 6, Vasu Street, Kilpauk, Madras-10.
   Indian.
   Business.
   Director of:
   The Travancore Cements Limited (*Chairman*).
   The India Cements Limited.
   The Travancore Rayons Limited.
   Chemicals and Plastics India Ltd.
   The Cauvery Spinning & Weaving Mills Limited.

7. SRI T. S. NARAYANASWAMI, 2, Dr. C. P. Ramaswami Iyer Road, Alwarpet, Madras-18.
   Indian.
   Industrialist.
   Director of:
   The India Cements Limited.
   The Industrial Chemicals Ltd.
   The Madras Industrial Investment Corporation Limited.
   The Madras Aluminium Co. Ltd.
   Chemicals and Plastics India Ltd.

8. SRI K. PALANI, 25, Venkatanarayana Road, T. Nagar, Madras-17.
   Indian.
   Business.
   Director of:
   The India Cements Limited.
   The Industrial Chemicals Ltd.
   W. S. Insulators of India Ltd.
   The Madras Aluminium Co. Ltd.
   National Implements (India) Private Limited.

9. MR. V. S. S. DEMPO, Santa Cruz, Goa.
   Indian.
   Industrialist.
   Director of:
   V. S. Dempo & Co. Ltd. (*Chairman and Managing Director*).
   Dempo Brothers Pte. Ltd.
   Marmagoa Shipping & Stevedoring Co. Pte. Ltd.
   Dempo Sons Pte. Ltd.
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The Bank of India Ltd., 175/1, Mount Road, Madras-2.
The Punjab National Bank Ltd., 107, Armenian Street, Madras-1.
The Central Bank of India Ltd., 158, Mount Road, Madras-2.
The Indian Overseas Bank Ltd., 151, Mount Road, Madras-2.
The Indian Bank Ltd., Indian Chamber Building, Esplanade, Madras-1.

LEGAL ADVISERS

Sri R. Narasimhachari and Sri N. Varadarajan, Advocates, "Sarnath," Dr. Rangachari Road, Madras-4.
Sri T. Raghavan, Advocate, 11-B, Mowbrays Road, Madras-18.

AUDITORS

Messrs. Brahmayya & Co., Chartered Accountants, Andhra Insurance Building, Thambu Chetty Street, Madras-1.
Sri K. Venkatasubbiah Naidu, Chartered Accountant, "Dhun Building," 175/1 Mount Road, Madras-2.

UNDERWRITERS

The entire issue to the public of 70,000 Equity Shares of Rs. 100/- each has been underwritten as follows:

Name and address of Underwriter	*Value of shares underwritten* Rs.
The Madras Industrial Investment Corporation Limited, 23, Nungambakkam High Road, Madras-34.	50,00,000
The New India Assurance Company Limited, New India Assurance Building, 87, Mahatma Gandhi Road, Fort, Bombay-1	10,00,000
The Bank of India Limited, 70/80, Mahatma Gandhi Road, Fort, Bombay-1	10,00,000

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3. Dalal & Co., 362, Esplanade, Madras-1.
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1. Harbans Singh Mehta & Co., 33, Regal Building, Parliament Street, New Delhi.
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OBJECTS AND PROPOSED ACTIVITIES

The Company proposes to engage in the world-wide tramping and coastal trade. With this end in view, the Company has, in the first instance, ordered five bulk carriers of about 38,100 DWT each from Bremer Vulkan Schiffbau und Maschinenfabrik, Bremen, West Germany, suitable for carriage of bulk cargoes, from light grains to heavy ores. The vessels are to be built to the design and specification approved by Sir Joseph W. Isherwood and Company Ltd., London, one of the world's most renowned firm of Naval Architects and Consultants, specially in ship design and supervision of construction of ships. The first bulk carrier is expected to be delivered about November/December 1965 and others at an interval of three months each thereafter.

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Copies of Application Forms and Prospectus can be obtained from the Company's Registered Office, from any of the above mentioned Underwriters, Brokers and Bankers to the issue named in the Prospectus or any of their main branches at the addresses given in the Prospectus.

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WHAT IS WRONG WITH FOOD PRODUCTION?—II

By S. Ramayya, I.A. & A.S. (Retd.)

THE Indian agricultural system today is one of the worst legacies of British rule in India. The Colonial Empire builders and rulers thought that they were bringing law and order into a strife-torn country and improving its agriculture by introducing irrigation systems, research institutes, tenure laws and credit institutions with a new hotch-potch land revenue system. This base was essential for their other higher policy purposes. The land revenue, which was the main fiscal support of the State in the early days, was then most oppressive and later became anachronistic. The other reforms made little impression, while the by-products of their rule created some awful problems, getting over which is a tremendous task today.

The British peace set the population growing and, after 1920, it was a roaring avalanche, threatening to engulf Indian development. Industrial growth being poor, the people started pressing on the land, with the result that holdings became smaller and smaller; to a bare 3½ acres on an average today. Even in these holdings a huge number subsist on a joint family or joint working conditions. Half the men have practically no work, contribute nothing to production and actually come in one another's way. If 50 per cent of the rural population is removed elsewhere, the other 50 per cent will give the same output and will have better *per capita* income. This is a well-known symptom of an underdeveloped and an overpopulated country, usually referred to as disguised unemployment, with the marginal productivity of labour being zero, if not minus sometimes.

This sector with this background has been the target of developmental attack by Indian planners and administrators since 1950. This is a task which I am going to prove as next to impossible, unless we introduce drastic and violent changes in the approach.

To understand the agricultural problem better, recently I invited a friend of mine, a well-to-do landowner from the Cauvery Delta, Tanjore District, the rice bowl of the South, to come over and discuss with me the farming methods of today of that area, and show me his farm costs and accounts. These discussions and the scrutiny of accounts and costs gave me a good insight into agricultural economics. This combined with the micro-economic picture of today, only served to confirm my ideas on the maladies of this sector. The data in the following paras are all based on actual costs, etc., and are almost accurate.

I shall start with the background of production organisation in agriculture. In the early days of the British rule, the half-baked administrators tried to introduce huge estates in the shape of the *zamindari* system for the sake of easy land revenue collection and in the hope that the *zamindars* would start large-scale farming on the model of the English landlords in the home country. We all know its subsequent history. It is a far cry from those days to the present-time tiny land holding of two to three acres by peasant cultivators propped up by a thousand subsidies. These cultivators are supposed to be the sturdy and independent farmers, owning their land producing not only for themselves but also for the 30 per cent urban sector. There is a ceiling to land holding, the well-known 30-acre limit everywhere.

One of the main problems is how to make the cultivator the real owner of the land. Although he has all the good Indian qualities such as patience, hard work, genial temperament, shrewdness; common sense and a religious background, he is an utterly poor fellow, impecunious, ignorant of modern methods and has not much of the commercial spirit to improve himself and his family. In his surroundings and upbringing, it is impossible to make him the modern economic man, though he is not unaware of his interests. The result is cultivation by peasant landowners with an occasional odd labour is not much in evidence in India. There is a landlord, sometimes for unavoidable reasons residing in the village, letting out his land to crop shares and sitting in his house (which invariably is no better than a hut) and getting his share of the gross produce, now at 40 per cent in the district of Tanjore. Even the successful crop sharer, if he saves and purchases land, lifts himself to the *pial*-sitting class as it gives him greater prestige and status. The useless impecunious type sink into the landless labour class, the 30 per cent underdog of the rural sector.

A large number of absentee landlords of the middle class, owning 5 to 10 acres, live in towns pursuing other avocations. Their economics is simple. The 5-acre plot gets them 80 units of produce; and, at the rate of Rs. 9, it gives them a gross revenue of Rs. 720, or less land revenue, etc., a net of Rs. 660 per annum. Capitalised at 7 per cent or 8 per cent, the value of five acres is about Rs. 8,000. If the price is Rs. 12 per unit, the value of the land is more. In times of difficulty, they sell and clear out, to another man who invests that money in land and expects the same return.

Thus, there is at present a perpetual class of absentee landlords who have no interest in land except the return on capital; they are very much like the small shareholders of a joint-stock company. This is a peculiar trait of the Indian agricultural economy and the key man today is the crop-sharing cultivating tenant. On him rests the production of foodstuffs and we shall soon see how this system in itself retards the progress in output at certain stages. Here there is no way out, unless the State steps in as the monolithic landlord, buying out the absentee owner. Historically this has been tried and found impossible. If the *zamindar* is bought out, the absentee landlord springs in. He is a hydra-headed monster and even if we cut one of his heads another head sprouts. In a full market or semi-market economy, with impecunious subsistence farmers who own the land and who can sell or mortage it, there seems to be no way out. The alternative is only collectivisation of agriculture as in communist societies.

The crop-sharer gives his best, but his limitations are many and well known. Actually, he, with his family and an odd labourer now and then, cannot manage to cultivate even five acres today. The best of them can do only 4 to 4½ acres scattered in 20 places. Sometimes, he can get only 2½ to 3 acres in crowded villages. For convenience of study and calculation, I have taken five acres as his capacity. Agriculture is his main occupation, but, when he has no work in the field (for long spells he does not have any work), he does other odd jobs like road cutting, carrier work with his bullock cart and a little cultivation round his hut. His overall income and domestic economy are different subjects not dealt with here.

The Position in 1950-51

Let me start with an equilibrium position in 1950-51 in a typical five-acre holding cultivated by a crop-sharing peasant. The data are fairly accurate and taken from the then prevailing conditions in the Tanjore District of the Madras State. The price per unit of paddy (this is the well-known *kalam* of 12 Madras measures and I shall use the word *unit* for it) was about Rs. 9 and a five-acre holding yielded about 150 units on an average. The cost of cultivation was about Rs. 625, consisting of the following items:

		Rs.
1.	Seeds	45
2.	Manure: mainly farmyard manure	100
3.	Labour: average of 450 man-days at Re. 1 a day	450
4.	Interest on loans	30
	Total	625

The cultivator got a gross outturn of Rs. 1,350 (150×9), paid Rs. 720 to the landlord (over 50 per cent of the gross product in those days i.e. about 80 units×9) and himself earned out of this activity an income of Rs. 450, mainly for the labour of himself and his family. The land revenue including water charges of about Rs. 40+Rs. 20 for canal repair work was paid by the landlord out of his income of Rs. 720, so that his net income was Rs. 660.

This equilibrium position was, however, reached after a good deal of changes from 42-43 when the paddy price per unit was only Rs. 6. How the change occurs and its consequences are explained in the following paragraphs.

The Period 1950-51 to 1960-61

In the decade ended 1960-61, a number of changes have occurred, showing some interesting features. Production increased throughout India from about 55 million tons to 80 million tons. In the individual farms also naturally, there was an increase in yield. For example, in the five acre holding of the Tanjore District, the yield is now 200 units of paddy on an average as compared to 150 in the previous period. The main reason is stated to be the introduction of chemical fertilisers throughout the area (and also in many parts of India). Other reasons are also there: more regular water supply, newer techniques in cultivation and more marginal lands brought into cultivation. A 35 per cent increase in production has been common. Secondly, prices have increased from Rs. 9 to Rs. 12 per unit, that is, by about 33⅓ per cent. It is an intricate task to analyse the causes for the rise in prices but certain main features can be noted. The wholesale index number of prices in this period has registered a rise of 25 points to 125 (the base being in 1952-53 at 100). The rise for agriculture is 20 per cent and for industry 26 per cent. There has been heavy developmental expenditure. There has been more production but incomes too have risen all round. Consequently, there is more demand for food from urban areas. Greater demand at higher prices and greater production at higher costs meet and once more an equilibrium is attained. In this process, however, the cost of cultivation has gone up to almost double what it was in 1950-51. Noted below are the costs of this period taken from my landowner friend of Tanjore who keeps accurate accounts:

Costs of Cultivation for a 5-acre holding in about 1961 in the Tanjore District

Borne by the cultivator

		Rs.
(1)	Seeds	60
(2)	Manure (chemical fertilisers)	175
(3)	Manure: Farmyard fertiliser	135
(4)	Labour about 450 man-days at Re. 1/75 a man-day	780
(5)	Interest charges	50
	Total	1,200

Borne by the landowner

	Rs.
Land revenue and water charges	60.00
Canal repairs, etc.	22.50
Total	82.50

The gross product of 200 units at Rs. 12 per unit brings in Rs. 2,400 income. Under tenancy laws statutorily obtaining now, the owner gets 40 per cent of the product and the cultivator 60 per cent. From Rs. 2,400, the farmer pays Rs. 960 to the landlord. He is, therefore, left with Rs. 1,440. Deducting Rs. 1,200 his cost (including his and his family's labour), there is a profit element of Rs. 240 to the farmer in this work of cultivation.

Certain interesting deductions can now be made both from the micro-economic and from the aggregate analysis which agree remarkably.

In 1950-51, the population of India was 36 crores. Cereal production was 55 million tons, giving a *per capita* availability of 14 oz. per head per day. In the period 1951

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as we saw in the earlier article, an investment of Rs. 1,500 crores in the food sector produced an output, in terms of value of Rs. 1,300 crores. In terms of quantity production went up remarkably by 25 million tons. So about 44 crores of Indian population had 80 million tons to consume in 1961, that is. 16 oz. a day. To a large extent this is a welcome feature indicating a small increase in food consumption which may promote increased economic efficiency of the poverty-stricken people with marginal standards of living.

This is seen in the profit element of Rs. 240 of the farmer which he apparently uses for higher food consumption. Experienced people from the villages confirm this from observation. While in the period before 1950-51, a cultivator's family consumed only 40 units, in the period of 1950-1961 they ate 60 units of paddy. The State, of course, could have squeezed more out of them by taxes (they do probably to a small extent by increase in excise duties and sales taxes), but he is left, rightly, with a larger portion of his production for himself.

The most surprising thing comes from the position of the landlord. In 1950, his net income was (Rs. 720-60) Rs. 660. In 1961, his net income was (Rs. 960-83) Rs. 877, a 33 per cent rise, as against an increase of 25 per cent in the wholesale index of prices. The State should and could have squeezed more out of him for developmental purposes and his position even now compares favourably with one who has invested in industries. This is a serious mistake in our fiscal policy.

Period of Stagnation from 1961 Onwards

From 1961, when the Third Five-year Plan starts, another era begins in agricultural production. As pointed out in the earlier article, in spite of an investment of Rs. 500 crores in the first three years of the third Plan, there is not only no increase in production but actually a loss in output, the food production being below 80 million tons which India reached in 1959 itself. The other symptoms are well known. Prices are shooting up. In the Tanjore district, the price of paddy is Rs. 16 or so per unit. There is great scarcity everywhere and the Government has started controlling prices and is already thinking of rationing. A serious situation is developing and all sorts of methods to increase production are now on the anvil. For the 46 crores today, a production of 80 million tons of foodgrains means only a 15 oz. ration, a fall of 1 oz. from 1961, and it will become worse with the growing population year after year. The crying need of the hour apart from other secondary remedies is to increase production.

What are the ways of increasing production? I put this question to engineers, scientists and practical farmers and I got different answers. Broadly, there are two schools of thought, one, especially those who are in the cultivation business, saying that, hereafter, we cannot increase production by our present methods. Any increase in fertiliser input will not increase output but only ruin the land. Technical and scientific people say that it is possible to increase production by scientific methods especially more manure and fertiliser inputs. We do not know where the truth is. Assuming there is something in what the scientists say, let us see whether, in practice, it is possible to increase output.

Let us take a simple model of a marginal unit with one variable, namely, fertiliser: If the use of another 1,000 lbs. of fertiliser is expected to increase output by 5 per cent in the five-acre holding, the position will be somewhat like this:

	Rs.
Cost of 1,000 lbs. of fertiliser at 15 paise per lb.	150
Extra incidental costs like additional labour, interest, etc.	30
Total	180

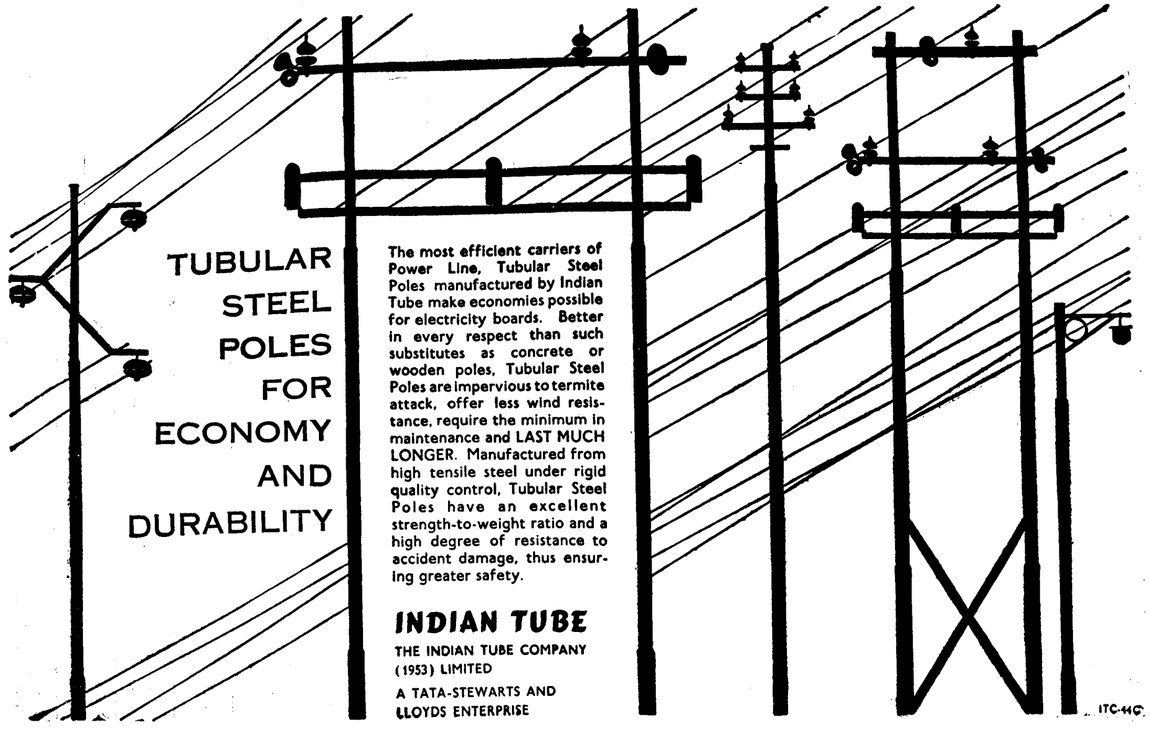
The extra produce is, say, 10 units of paddy and the marginal cost is Rs. 18 per unit which will also be the paddy price throughout the area. *The extra production can be got if we are prepared to pay Rs. 18 per unit as against Rs. 12 in 1961 and Rs. 15-16 today.* Such an increase in the farmer's price of paddy will not, however, work for the following reasons:

First, the urban people cannot simply afford it and the Government cannot go on subsidising rice for ever; somebody has to pay for the subsidies. Secondly, even assuming Rs. 18 per unit will be paid to the cultivator, only the small number of owner-cultivators can be expected to respond to the scheme, as they will not lose; but, psychologically, they are now upset by the food levies and the Government control of prices. Thirdly, the vast majority of crop-sharing cultivators will not obviously touch the scheme, even if we assure them a price of Rs. 18 per unit for the simple reason that their share of the extra output will be only six units and they will realise only 6× Rs. 18, that is, Rs. 108, while the total expenses are Rs. 180, and the balance of Rs. 72 going to the owner for his share of four units. The owner, it may be noted, is not incurring any additional expenditure in the example mentioned. There is one possibility here. If the price of fertilisers is reduced by 50 per cent and the cost for 100 lbs. of fertiliser is only Rs. 75 and if labour and other costs do not exceed Rs. 30, the crop-sharer may feel induced to work the scheme. Then there are other problems. The reduction of input cost in India is possible only by subsidy and subsidies beyond a stage create other repercussions.

This model also illustrates, by the inverse process, how if we cut down the marginal prices by control, production will go down. At Rs. 18, there will be 210 units in a five-acre farm; at Rs. 12, there will be only 200 units of production. It is obvious that the improved techniques of the second Five-year Plan have exhausted themselves and can work no more.

We are in a quandary. This is a vicious circle. How are we to get out of this?

The Kerala Government has constituted a conciliation board and a tripartite committee to go into the problems of the cashew industry workers. The conciliation board is presided over by the Deputy Labour Commissioner and consists of three other members, representing employees and employers. It will consider the demands of workers, including revision of wages. The tripartite committee, with the Chief Inspector of Factories and Boiler, as Chairman, has been asked to recommend minimum standards to be observed by all cashew processing establishments and to chalk out a phased programme for implementing the various provisions of the factories Act fully and strictly.



PROFITABILITY OF SMALL COMPANIES DECLINES SHARPLY

FASTER GROWTH IN BORROWED RESOURCES

FOR the second year in succession, the profitability of small public limited companies declined considerably; this was in 1962-63. As compared with the previous year, the decline in profits after tax was 17.3 per cent in 1962-63, as against 9.3 per cent in 1961-62. Both sales and total income recorded a lower rate of growth in 1962-63. As the expenses had also increased at a slower pace, there was an increase in gross profit and profit before tax. But the taxation provision increased by nearly 40 per cent, as a result of which the profits after tax declined by 17.3 per cent, dividends paid by 4.4 per cent and profits retained by as much as 52 per cent. These conclusions emerge from a study on the finances of 1,015 small public limited non-Governmental and non-financial companies, conducted by the Economic Department of the Reserve Bank of India. The companies studied account for 26 per cent of the paid-up capital of all such companies in the country in 1961-62, with each of them having a paid-up capital of upto Rs. 5 lakhs. The present study is the sixth such survey made by the Bank in the series. Whereas in the previous studies the data was presented for the calendar years, the present study covers the years ending 30th June. The coverage has also been rising from year to year—the number of units covered rising to more than double, from 501 in the first study to 1,015 in the latest study. Because of these variations, the data presented in the various studies are not strictly comparable. Nevertheless, they are sufficient to enable one to have an idea of the progress of these companies.

Working Since 1957

As will be seen from Table A on this page, the highest increase in sales was in 1957. But expenses (especially the cost of raw materials and salaries and wages) rose at a much faster rate, resulting in a sharp decline in gross profit and profit before tax. Although the taxation provision was also lower, profits after tax came to almost one-tenth of that in the previous year. The dividends distributed were lower by five per cent, and even for paying a dividend of about four per cent on paid-up capital, reserves had to be depleted to the tune of Rs. 33 lakhs. In 1958, the situation was almost the other way round. Sales and total income declined—although marginally—but the expenses, instead of rising further, recorded a decline of over two per cent. As a result, the profits and dividends increased considerably and it was possible to raise the reserves by Rs. 7 lakhs. The performance was more or less normal in the next two years, with improvements in all the major items of company finance, 1961 was, however, again a bad year and the deterioration became all the more prominent in 1962-63. The growth of sales and total income was considerably slower. In 1961, the cost of raw materials, salaries, wages and bonus and other manufacturing expenses also rose at a fast rate, resulting in very poor advance in gross profits and profits before tax. Although the situation in these respects improved in 1962-63 and the gross profits and profits before tax increased at a faster pace, but that is little consolation to investors because the greatest beneficiary of this improved performance was the Government. Taxation took away almost the entire increase in profits, with the provision for taxation increasing steeply, by as much as 39.1 per cent in 1962-63 over the previous year, over and above a rise of 14.3 per cent in 1961 over 1960. Consequently, the profit after tax declined by 9.3 per cent in 1961 and 17.3 per cent in 1962-63 and dividends by 4.4 per cent in 1961 and again at the same rate in 1962-63. As percentage to the paid-up capital, dividends paid came down from 6.8 in 1960 to 6.4 in 1961 and 5.7 in 1962-63. After paying these lower dividends very little amount was left for transfer to reserves.

It may be recalled that the Reserve Bank's analysis of the financial trends of the medium and large public limited companies in 1962-63—reviewed in *Commerce* dated 22nd August, 1964, on page 310—disclosed more or less similar features. In the case of medium and large companies also, gross profit and profit before tax had increased at a faster pace. But, due to a very fast rise in taxation provision, profit after tax, dividends paid and profits retained as reserves, all had come down.

Before proceeding further with the Reserve Bank's study under reference, it may be mentioned that the Reserve Bank's conception of gross profit is slightly different from that followed by this journal. According to the Reserve Bank, gross profit is derived after accounting for depreciation provision but before taking care of the payment of interest. According to this journal, it is just the other way round.

Income and Expenditure

An income-wise analysis of the 1,015 small public limited companies reveals that sales increased from Rs. 117.6 crores in 1961-62 to Rs. 127.8 crores in 1962-63, or by 8.7 per cent. Whereas other income remained almost unchanged at Rs. 1.6 crore, closing stocks of finished goods were larger by 20.2 per cent at Rs. 17.7 crores, the total income by 9.8 per cent at Rs. 147.1 crores and the total value of production by 9.8 per cent at Rs. 130.8 crores. On the expenditure side, the cost of raw materials consumed, which accounts for more than half of the total expenditure and appropriations, rose from Rs. 71.5 crores to Rs. 78.3 crores, salaries, wages and bonus from Rs. 15.1 crores to Rs. 16.6 crores and excise duty and cess from Rs. 88 lakhs to Rs. 120 lakhs, or from 0.74 per cent of the total production in 1961-62 to 0.92 per cent in 1962-63. The gross profit increased by 15.2 per cent or from Rs. 5.9 crores to Rs. 6.8 crores. As percentage to sale the gross profit rose from 5.0 to 5.3, as percentage to income from 4.4 to 4.6 and as percentage to paid-up capital from 26.7 to 30.1. Out of the gross profit of Rs. 6.8 crores, Rs. 1.7 crore was paid as interest and Rs. 30 lakhs as managing agents' remuneration, leaving a profit before tax of Rs. 4.8 crores in 1962-63, against Rs. 4.2 crores in the previous year. Over two-thirds of the profit before tax in 1962-63, or Rs. 3.3 crores to be precise, were appropriated for tax provision (the corresponding figures for 1961-62 being 56 per cent or Rs. 2.3 crores), leaving a balance of Rs. 1.53 crore as net profit (Rs. 1.85 crore in the previous year). As percentage to sales, the net profit came down from 1.6 to 1.2, as percentage of income from 1.4 to 1.0 and as percentage of paid-up capital from 8.3 to 6.7. The amount distributed by way of dividend was lower at Rs. 1.29 crore against Rs. 1.35 crore in the previous year—a decline from 6.1 per cent of the paid-up capital to 5.7 per cent. The amount of profit retained in business fell sharply from Rs. 50 lakhs to Rs. 24 lakhs.

Because of the inadequate coverage of some industries and the lack of precise information regarding the coverage of individual industries, it has not been possible for the Reserve Bank to give a complete industrywise information. However, the partial information which is available for a few industries, shows that, whereas the profitability in the plantations and engineering improved during 1962-63, that of rubber plantations, cotton textiles, chemicals, trading, and land and estate deteriorated considerably.

Assets Formation

During 1962-63, gross assets formation of the 1,015 small public limited companies amounted to Rs. 10.10 crores—a rise of 10.4 per cent, against 8.8 per cent in the previous year. Of this amount, paid-up capital accounted for Rs. 49 lakhs, reserves and surplus Rs. 70 lakhs, provisions for depreciation, taxation and other items Rs. 219 lakhs, borrowings Rs. 359 lakhs (bank borrowings Rs. 238 lakhs) and trade dues and other liabilities Rs. 312 lakhs. It will thus be seen that two-thirds of the gross assets formation was financed by external resources—the share in the previous year being nearly half. Borrowings from banks and depreciation provision were the most important items, accounting for 23.6 per cent and 17.1 per cent of the gross assets formation. The contribution of fresh capital through new issues was insignificant at 3.8 per cent or Rs. 39 lakhs—the percentage for the previous year being 4.2. About one-third of the total amount was used for the creation of gross fixed assets, as against nearly half in the previous year. Inventories, on the other hand, stood higher at 38 per cent, against 25 per cent—due to the larger stocks of finished goods. Trade credit, however, increased narrowly from 26 per cent to 28 per cent.

A study of the combined balance sheet shows that the net worth of the companies increased marginally from Rs. 30.86 crores to Rs. 32.05 crores; the percentage share to total liabilities coming down from 37.6 to 35.3. Borrowings, however, rose sharply from Rs. 24.86 crores to Rs. 28.45 crores or from 30.3 per cent to 31.4 per cent (borrowings from banks rising from Rs. 10.26 crores to Rs. 12.64 crores or 12.5 per cent to 13.9 per cent), and trade dues

(*Continued on page 963*)

Table A: Growth of Small Public Limited Companies

	Annual rate of percentage growth					
	1957	1958	1959	1960	1961	1962-63
Paid-up capital *plus* reserves	—1.5	3.0	3.8	5.4	3.9	3.9
Total gross assets	3.1	6.2	5.8	7.6	—0.9	10.4
Total net assets	1.5	5.0	5.2	7.4	8.0	10.4
Sales	13.4	—0.8	4.8	18.8	10.5	8.7
Total income	11.1	—0.6	4.7	17.5	10.4	9.8
Gross profit	—30.8	36.7	19.3	8.2	3.9	15.2
Profit before tax	—48.6	57.9	27.5	7.5	2.4	14.3
Taxation provision	—16.1	18.2	16.2	2.7	14.3	39.1
Profit after tax	—89.8	177.1	37.5	12.4	—9.3	—17.3
Dividends	—5.0	24.0	25.0	17.2	—4.4	—4.4
Profits retained	Withdrawals of Rs. 33 lakhs	Rs. 7 lakhs	100.0	3.1	—19.5	—52.0

Table B: Profit Allocation Ratios—Sizewise

Size-group (Paid-up capital)	*Tax provision as percentage of profits before tax*		*Dividends as percentage of profits before tax*		*Profits retained as percentage of profits before tax*		*Dividends as percentage of profits after tax*		*Profits retained as percentage of profits after tax*	
	1961-62	1962-63	1961-62	1962-63	1961-62	1962-63	1961-62	1962-63	1961-62	1962-63
Rs. 5 lakhs and below	56.0	68.1	32.1	26.9	11.9	5.0	73.0	84.3	27.0	15.7
Rs. 5 lakhs–Rs. 10 lakhs	50.1	62.2	33.8	25.1	16.1	12.7	67.8	66.4	32.2	33.6
Rs. 10 lakhs–Rs. 25 lakhs	47.4	63.4	30.7	28.5	21.9	8.1	58.3	78.0	41.7	22.0
Rs. 25 lakhs–Rs. 50 lakhs	48.7	54.2	31.7	29.3	19.6	16.5	61.9	64.0	38.1	36.0
Rs. 50 lakhs–Rs. 1 crore	45.3	50.0	34.2	28.1	20.4	21.9	62.7	56.3	37.3	43.7
Above Rs. 1 crore	40.5	47.7	38.4	33.4	21.1	18.9	64.5	63.8	35.5	36.2

Table C: Profitability Ratios—Sizewise

Size-group (Paid-up capital)	*Gross profits as percentage of sales*		*Gross profits as percentage of total capital employed*		*Profits after tax as percentage of net worth*		*Dividends as percentage of net worth*		*Dividends as percentage of paid-up capital*	
	1961-62	1962-63	1961-62	1962-63	1961-62	1962-63	1961-62	1962-63	1961-62	1962-63
Rs. 5 lakhs and below	5.1	5.3	7.2	7.5	6.0	4.8	4.4	4.0	6.1	5.7
Rs. 5 lakhs–Rs. 10 lakhs	8.1	8.4	9.7	10.0	8.2	6.7	5.6	4.4	10.2	8.3
Rs. 10 lakhs–Rs. 25 lakhs	8.4	7.6	9.9	8.9	10.1	6.1	5.9	4.8	9.5	7.8
Rs. 25 lakhs–Rs. 50 lakhs	8.2	7.9	9.6	9.3	9.1	8.0	5.7	5.1	9.9	9.3
Rs. 50 lakhs–Rs. 1 crore	9.1	10.1	9.8	10.8	9.7	10.2	6.1	5.7	10.4	10.0
Above Rs. 1 crore	11.9	11.8	10.2	10.3	10.3	9.4	6.7	6.0	11.5	10.5

GREAT EASTERN SHIPPING'S PROFIT DECLINES

UNCERTAIN PROSPECTS FOR CURRENT YEAR

THANKS to continued unfavourable conditions in Indian ports and further increase in operating expenses due to the rise in stevedoring costs, cargo handling charges, etc., the Great Eastern Shipping Company Ltd. [Managing Agents: Messrs. A. H. Bhiwandiwalla and Company (Bombay) Private Ltd., Bombay] has suffered a slight decrease in its profit for the year ended 30th June 1964. The quantity of cargo carried increased from 11.33 lakh tonnes to 11.78 lakh tonnes and so also operating earnings from Rs. 452.92 lakhs to Rs. 527.31 lakhs. But since operating and administrative expenses have together risen by as much as Rs. 79.67 lakhs or about 20 per cent, the gross profit has declined from Rs. 125.10 lakhs to Rs. 120.80 lakhs. Ratio of gross profit to operating earnings therefore shows a drop of no less than 4.7 points to 22.9 per cent. As against the decline in gross profit, the provision for depreciation has gone up from Rs. 64.70 lakhs to Rs. 75.94 lakhs, due, of course, to the expansion in the fleet and though that for the managing agents' remuneration is slightly lower at Rs. 3.90 lakhs as against Rs. 5.07 lakhs last year, the net profit has come down quite sizably by Rs. 14.93 lakhs to Rs. 40.90 lakhs. No provision for taxation has again been found necessary and hence none has been made for 1963-64. A provision of Rs. 13.95 lakhs has, however, had to be made for taxation for the year 1957-58.

Explaining the circumstances which have necessitated this latter provision the Directors observe:

> The Income-tax department has completed assessment of the Company for the accounting year 1957-58 (assessment year 1959-60) and has made a demand of tax of Rs. 24.44 lakhs against which the Company has already made a provision for Rs. 10.50 lakhs in the accounting year 1957-58. The Company has preferred a reference petition to the Central Board of Direct Tax and is hopeful of success. Although it has made a payment of Rs. 16.10 lakhs pending appeal, the Directors have, as measure of abundant precaution thought it fit to provide for this contigent liability out of the profit for 1963-64.

Out of the balance of profit, strengthened by Rs. 16.82 lakhs withdrawn from reserves, Rs. 36.30 lakhs are being transferred to the statutory development rebate reserve and a dividend of 10.8 per cent is being proposed on ordinary shares payable proportionately on the partly paid shares which became fully paid during the year and the bonus shares issued during the year. It will be recalled that, in the preceding year, the Company did not pay any dividend but issued bonus shares, instead, in the proportion of one for two.

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

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Operating earnings	527.31	452.90	326.40	285.87
Other income	23.30	22.34	17.73	17.71
Operating expenses	375.96	303.97	238.49	210.83
Administrative expenses	53.85	46.17	29.94	25.32
Gross profit	120.80	125.10	75.79	66.83
Managing Agents' remuneration	3.96	5.07	1.05	0.50
Provision for—				
Depreciation	75.94	64.70	61.55	58.77
Taxation	40.00	55.33	13.19	7.56
Net profit				
Profit or loss on scrapping of ships	+3.56	+1.92	...	—5.41
Withdrawal from reserves	16.82	..	12.00	16.65
Provision for taxation for prior years	13.95	...	...	...
To reserves	36.30	57.00	17.00	9.00
Dividends—				
Preference	..	..	..	1.79
Ordinary	11.91 (10.8%)	..	9.00 (10%)	7.02 (7.8%)
Carry forward	0.41	1.29	1.05	1.86

Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	18.28	19.00	14.80	16.23
Low	11.72	11.40	11.24	12.72

With the acquisition of five new ships during the year, the Company's investment on fleet has increased to Rs. 11.85 crores from Rs. 10.27 crores a year earlier. The total of gross block, inclusive of the fleet, has advanced from Rs. 10.34 crores to Rs. 11.94 crores. The depreciation provided so far is Rs. 4.13 crores and the net block is Rs. 7.81 crores. Investments, mostly in seven per cent debenture-stocks of Madura Mills Co. Ltd., are carried in the books at a cost of Rs. 20.87 lakhs while Current assets, loans and advances altogether amount to Rs. 655.93 lakhs. On the liabilities side, the paid-up share capital stands raised to Rs. 149.73 lakhs from Rs. 90 lakhs a year before. This is because, first, the six lakh partly paid shares have become fully paid on the payment of the unpaid amount of Rs. 5 per share and, second, three lakh ordinary shares of Rs. 10 each have been issued during the year as bonus shares in lieu of dividend. The paid-up share capital is supported by reserves and surplus aggregating Rs. 261.53 lakhs. With the increase in the fleet, secured loans have risen from Rs. 682.82 lakhs to Rs. 870.54 lakhs; of these Rs. 558.77 lakhs (as against Rs. 487.15 lakhs last year) are from the Government of India and the balance from banks. Current liabilities and provisions total Rs. 154.24 lakhs and are adequately covered by current assets, loans and advances. Receipts on account of incomplete voyages are Rs. 42.75 lakhs, as against the expenditure of Rs. 21.28 lakhs.

The Company's 1963 expansion programme was successfully completed during the year under review by the acquisition of five additional vessels with a total tonnage of 38,040, raising the number of ships to 19 and the gross registered tonnage to 127,924 as at 30th June 1964. As, however, the additional five ships came into actual operation only during the second half of the year, their working was reflected only partially in the results for the year. The Company has now submitted its 1964 expansion programme to the Government. This contemplates the acquisition of a further five ships at an aggregate cost of Rs. three crores. This is under the active consideration of the Government and if its decision is received in time the result of operations of these new ships will be reflected partly in the working for the current year and fully in that of 1965-66. The Company has placed an order for two bulk carriers of 38,500 dw.t. each, inpolving a total capital outlay of Rs. 4.12 crores. The necessary formalities for giving gurantees to the Japanese Shipyard are being completed and it is expected that the vessels would be delivered early in 1966. These vessels will be utilised for bulk carriage of ores and foodgrains.

As regards the prospects for the current year, the following extract from the Directors' report will be found most illuminating:

> "Last year, the hope was expressed that the Company would be able to derive benefit from the improvement in the international freigth market which was expected to be strengthened by the contemplated movement of foodgrains from the U.S.A., Canada and Australia to Russia and China. However, the actual movement of foodgrain did not materialise to the extent anticipated and consequently the expected benefit from the improvement in freight did not materialise. This goes to show how hazardous the nature of the shipping industry is and how risky it is to forecast the future."
>
> "The coastal freight structure has been reviewed by Mr. T. S. Parasuraman and his report, together with the observations of Mr. Y. N. Sukhtankar, President of the Maritime Freight Commission, are before the Government who are yet to announce their decision as regards increase in the coastal freight rates. The delays in the first three months of the current year to our ships at the various ports in India have been phenomenal. In fact, the Prime Minister, while inaugurating the meeting of the National Shipping Board, had cautioned the concerned authorities about the rapidly deteriorating conditions in the ports and had advocated an early implementation of the modernisation programme and had appealed to the labour to take a balanced view of the mechanisation of loading and unloading operations in the national interest. In these circumstances, it is extremely difficult to say, at this juncture, how the Company would fare during the year 1964-65. We have, however, good tools in hand and, should favourable port conditions be made available to our ships, we have no doubt that the Company would be able to do well."

At present the Rs. 10 fully paid ordinary shares of the Company are quoted at Rs. 12.20 *cum-div.* and a net return of 7.6 per cent per annum can be had at this rate.

(*Concluded from next column*)

ther efforts are being made to develop the export line.

The Company's paid-up capital of Rs. 40 lakhs, all in 10-rupee equity shares, is backed by reserves and surplus amounting to Rs. 46.95 lakhs. Secured loans of Rs. 2.67 lakhs and current liabilities and provisions of Rs. 61.12 lakhs bring the total indebtedness to outsiders to Rs. 63.79 lakhs, as against which current assets, book debts and investments aggregate Rs. 116.90 lakhs. The gross block of Rs. 85.96 lakhs (Rs. 82.03 lakhs a year before) has been written down to Rs. 32.42 lakhs and, including capital work-in-progress, the net block is shown at Rs. 33.85 lakhs.

Currently quoted at Rs. 24.12 *cum-div.*, the Rs 10 fully paid ordinary shares of the Company offer a net yield of 7.1 per cent per annum.

NATIONAL ROLLING HIT BADLY BY TAXATION

PAST PROVISIONS WRITTEN BACK TO RAISE DIVIDEND

THE extent to which the present tax laws penalise an efficient company operating with a limited capital base—limited not in regard to its financial requirements but in respect of its profit-earning capacity—is clearly illustrated by the working of the National Rolling and Steel Ropes Ltd. (Managing Agents: Messrs. Associated Industrial Development Company (P.) Ltd., Calcutta). With its "own" funds (share capital and reserves) aggregating Rs. 86.95 lakhs, this Company has realised a gross profit of Rs. 43.82 lakhs out of sale proceeds of Rs. 155.13 lakhs. Although over the year, the turnover has improved by barely Rs. 2 lakhs, gross profit has expanded by as much as Rs. 8 lakhs. But after the essential provisions, the net profit is a meagre Rs. 7.60 lakhs and is actually lower than the sum of Rs. 8.31 lakhs earned in the previous year. The reason for this is that as much as Rs. 26.55 lakhs of gross profit (as against Rs. 21.70 lakhs a year before) has been claimed by taxation. This includes sur tax provision of Rs. 2.70 lakhs for 1962-63 and of Rs. 4.20 lakhs for 1963-64 and a provision of Rs. 90,000 for dividend tax for these two years.

The replacement of S.P.T. by sur tax has, however, benefited the Company to some extent, since for the former as much as Rs. 4.21 lakhs were provided in the previous year. This provision and an S.P.T. reserve of Rs. 3.25 lakhs created in the previous year, together the two aggregate Rs. 7.46 lakhs, have now been written back. Consequently, the amount available for appropriation is higher, enabling the Directors to carry to reserves a larger sum of Rs. 7.08 lakhs as compared with Rs. 3.26 lakhs in the previous year and also to raise the dividend on the Rs. 10 fully paid ordinary shares from Rs. 1.50 to Rs. 2 per share.

A clearer picture of the year's results is provided in the following table, which also gives an idea of the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sale proceeds	155.13	153.60	124.13	137.89
Other income	11.33	7.27	5.88	4.25
Closing stock	23.08	14.01	8.07	11.99
Excise duty	...	4.22	1.13	...
Materials and stores consumed	103.69	101.27	75.20	88.71
Staff expenses	16.66	15.40	15.61	13.62
Other expenses	11.36	10.30	8.10	8.43
Gross profit	43.82	35.61	26.05	34.35
Managing Agents' commission	3.72	2.53	1.99	2.71
Provision for—				
Depreciation	5.95	3.07	3.43	6.99
Taxation	26.55	21.70	11.65	13.00
Net profit	7.60	8.31	8.98	11.63
Provisions written back	7.46	0.69	...	...
To reserves and provisions	7.08	3.26	3.01	6.55
Dividend	8.00	6.00	6.00	6.00
	(20%)	(15%)	(15%)	(15%)
Carry forward	0.09	0.11	0.36	0.36

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	24.37	21.44	23.00	23.37	17.13
Low	18.44	18.50	19.75	18.44	14.50

While comparing sales of the year under review with those of the previous year, it must be noted that the latter also included an excise element of Rs. 4.22 lakhs and to that extent the turnover for 1963-64 shows a definite improvement. Moreover, closing stocks have increased substantially from Rs. 14.01 lakhs to Rs. 23.08 lakhs. The trend of both sales and stocks therefore suggests that the overall production performance during the year under review must have been encouraging. In fact the output increased by 8 per cent in the rolling mill and by 23 per cent in the wire mill. As against this, the production of wire ropes was lower due to reduced demand for haulage ropes for which the existing machines are mainly suitable. The higher output in the rolling mill was obtained thanks to some supplies of billets on special account, since the regular entitlement was further cut in the period January to June 1964. Such special supplies are, however, unlikely to continue.

The balancing plants, put into production towards the end of the year under review, will raise production during the current year. With the erection of these plants, it is proposed to add some new machines to augment the production of flexible ropes to a sizable quantity to cope with the increasing demand for the same. Export of ropes became feasible during the year under review; the Company was able to send its first consignment to Kuwait and subsequently, to some parties in Kenya. For

(*Continued in previous column*)

MODELLA FARES WELL

PRODUCTION AND PROFIT UP

THE results of Modella Woollens Ltd. (Managing Director: Mr. B. M. Grover, Bombay) for the year ended 30th June 1964 are good. The striking features are a higher total realisation, an increased gross profit and a bigger dividend payable on an enlarged capital. Sales including those of by-products and waste have advanced by about 44 per cent from Rs. 64.88 lakhs to Rs. 93.03 lakhs and, since processing charges have also risen by no less than Rs. 9.14 lakhs to Rs. 12.37 lakhs, the total operating revenue at Rs. 105.40 lakhs shows a handsome gain of Rs. 38.29 lakhs over the preceding year. As a result, the gross profit has expanded in consonance from Rs. 13.23 lakhs to Rs. 23.03 lakhs. With the wool top unit at Chandigarh working for the first time for one full year, the provision for depreciation has more than doubled from Rs. 5.25 lakhs to Rs. 11.46 lakhs and though the provision for commission payable to the Managing Director is somewhat low, the profit subject to taxation is actually lower at Rs. 10.97 lakhs as compared with Rs. 12.30 lakhs the year before. Since, in contrast, the provision for taxation has been raised to Rs. 3.55 lakhs from Rs. 1.32 lakhs earlier probably because of a lower development rebate claimed during the year, the resulting net profit is only Rs. 7.42 lakhs as against Rs. 10.98 lakhs a year ago. Although the transfer out of this to other reserves has been maintained at Rs. 2.50 lakhs, that to the statutory development rebate reserve has been slashed from Rs. 5.82 lakhs to mere Rs. 65,000.

A somewhat larger amount, therefore, has become available for distribution and taking advantage of this the Directors have proposed to raise the dividend by a point to seven per cent, subject to deduction of tax. Since the 1,33,300 equity shares allotted to the foreign collaborators also rank for dividend for nine months, the total amount claimed by the dividend is Rs. 4.32 lakhs as against Rs. 3.10 lakhs. A heartening point to note is that the year's dividend will not be subject to a deduction of tax at the prescribed rate of 20 per cent. A part will be exempt from taxation and an application is being made to the Income-tax authorities for determining the amount of the profit which will be exempted from taxation.

The continued progress made by the Company since it went public in 1961 is well reflected in the following comparative figures.

(In lakhs of rupees)

	For the year ended 30th June		
	1964	1963	1962
Sales and processing charges	105.40	67.11	18.90
Other income	2.19	1.83	1.28
Closing stocks of finished goods	6.92	2.73	3.01
Raw materials and stores consumed	60.73	32.63	9.55
Staff expenses	9.01	5.06	1.47
Other expenses	19.01	12.71	5.24
Gross profit	23.03	18.23	6.96
Managing Directors' remuneration	0.60	0.68	0.27
Provision for—			
Depreciation	11.46	5.25	2.02
Taxation	3.55	1.32	1.10
Net profit	7.42	10.98	3.57
Excess provisions written back	0.08		
Development rebate reserve	0.65	5.82	1.89
Other reserves	2.50	2.50	
Dividend	4.32	3.10	1.23
	(7%)	(6%)	(6%)
Carry forward	0.05	0.02	0.46
Market price of ordinary shares (in rupees):	1964	1963	1962
High	14.92	16.76	16.00
Low	11.76	12.48	15.24

During the year the Company issued 1,33,300 equity shares of Rs. 10 each fully paid to its foreign collaborators and this has raised its paid-up share capital, made up exclusively of ordinary shares of Rs. 10 each, to Rs. 64.98 lakhs, with Rs. 2,375 as calls in arrears. This is backed by reserves aggregating Rs. 13.40 lakhs. As against these own funds of Rs. 78.38 lakhs, the outside interest totals Rs. 43.10 lakhs and is made up of Rs. 12.84 lakhs in secured loans and Rs. 30.26 lakhs in current liabilities and provisions. The net block as at 30th June 1963 stands at Rs. 78.21 lakhs, obtained by reducing a gross block of Rs. 96.87 lakhs by Rs. 18.66 lakhs being the amount of depreciation accumulated so far. Additions to the block account during the year amounted to Rs. 8.21 lakhs as against Rs. 38.86 lakhs the year before. Current assets, loans and advances total Rs. 42.27 lakhs while miscellaneous expenditure yet to be written off stands at Rs. one lakh.

The shoddy spinning unit at Thana continued to work satisfactorily. Production and sales were higher than in the previous year as a large quantity of special blanket yarn was spun for defence requirements. Unfortunately, the margin of profit on such yarn was lower than on qualities manufactured for the civilian market since the special yarn had to be sold at prices fixed by the Textile Commissioner. At the beginning of the year under report, production at the wool top unit at Chandigarh was mainly confined to combing of Indian wool. With the stoppage of orders for defence, demand for tops made out of Indian wool subsided and in the absence of an import licence for foreign wool the unit had to undertake commission combing of both wool and polyester fibre on behalf of various spinners in India. In spite of repeated requests, the Government has not acceded to the Company's request for the grant of an import licence for foreign wool. The Company, however, has been granted a custom clearance permit so that foreign top makers can consign wool to the Company for manufacture of tops in India on their behalf.

The dyeing unit at Chandigarh was commissioned in February 1964 and is reported to be working satisfactorily. Both wool and polyester fibre tops have been dyed on customers' account. There is a heavy demand for such services and steps are being taken to increase the installed capacity. A printing plant for tops has also been erected and is likely to be commissioned shortly. The grease extracting plant ordered in the previous year is now at the site and is under erection. The French combing plant for the expansion of the wool top plant is likely to be shipped in February 1965 and necessary adjustments to existing buildings are being made to house it.

It will be recalled that, with the promulgation of Emergency, the Company had obtained an Essentiality Certificate from the Textile Commissioner for the installation by way of expansion of a third carding set and shoddy washing machine at Thana and that steps were being taken to order out these machines. Since the credit negotiations with Japan for the import of these machines did not go through, the Essentiality Certificate now stands cancelled. An application has again been made for the issue of a fresh certificate for import of these machines from Italy.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 12.48 *cum-div.* These fetch a net annual return of over 4.7 per cent on the *ex-div.* price.

BOROSIL GLASS WORKS LTD.

The Borosil Glass Works will operate its second furnace for the manufacture of amber borosilicate glass and additional facilities for the production of blown apparatus are expected to go into production shortly. The first furnace which went into production recently is producing "corning" brand neutral and heat resistant glass tubing from 5 mm. to 150 mm. in diameter. It also manufactures various other types of laboratory glassware such as flasks and breakers as well as apparatus, requiring low co-efficient of expansion glass. As all modern scientific glass and glassware are already available within the country, the commencement of working of the Company's furnace will appreciably cut down glass imports, now of the order of Rs. 10-15 million a year.

The raw materials for the second furnace plant are all from indigenous sources, except for borax and boric acid which, however, form only 5 per cent of the total requirements of raw materials. As part of the training programme for the working of this furnace, nearly 100 graduates have been trained by the Company in the country and about 10 technicians have been trained by the Company's American technical collaborators, namely, the Corning Glass Works. When this plant is commissioned, the Company will have implemented its expansion project in full.

(*Concluded from next column*)

operation, and a new quality drier was installed at the end of the year under review. It is intended to convert this factory to Retrovane/C.T.C. manufacture during the coming year and the quality is expected to improve as a result of this change. The Company's vegetative propagation extension is making good progress and clonal material is expected to be ready for re-planting in a limited area by 1966.

Against the paid-up capital of Rs. 70 lakhs, divided equally into 6 per cent preference and ordinary shares, the Company's reserves and surplus aggregate only Rs. 15.65 lakhs. Loans, current liabilities and provisions bring total indebtedness to outsiders to Rs. 30.04 lakhs, as against which current assets, book debts and investments aggregate Rs. 46.53 lakhs. The gross block, which increased during the year from Rs. 109.68 lakhs to Rs. 111.67 lakhs, has been written down to Rs. 68.94 lakhs and, together with capital work-in-progress, the net block is shown at Rs. 69.16 lakhs.

Currently quoted at a discount at Rs. 9.87 *cum-div.*, the Rs. 10 fully paid ordinary shares of the Company offer a net yield of 4.2 per cent per annum.

BROOKE BOND SUFFERS SETBACK AGAIN

SHAREHOLDERS GET LESS, AS TAX BURDEN GOES UP

IT is the same story repeating once again—after a brief change for two years—in the case of the Brooke Bond Estates India Ltd. (Chairman: Mr. J. P. Hannay, Calcutta). After two satisfactory years—1958-59 and 1959-60—the Company received a serious jolt in the year ended 30th June 1961. The years 1961-62 and 1962-63 were of a recovery, but the year ended 30th June 1964 has witnessed a setback in sales and gross profit, though not as sharply as in the year 1960-61. Thus, whereas three years ago sales had dropped from Rs. 77.97 lakhs to Rs. 63.13 lakhs and gross profit had come down from Rs. 17.44 lakhs to Rs. 12.45 lakhs, during the latest completed year the turnover has shrunk from Rs. 74.31 lakhs to Rs. 72.32 lakhs and gross profit has receded from Rs. 14.40 lakhs to Rs. 11.63 lakhs.

It will, however, be seen that the profit has dropped below the 1960-61 level, in spite of the fact that the production figure, at 14.26 lakh kgs., is higher as compared with 13.51 lakh kgs. a year before and 12.16 lakh kgs. three years ago. This underlines the fluctuating fortunes of the plantation industries depending upon the trend in the world market. It is this factor that explains the Directors' observation that, if the upward trend in world production of tea continues, the increase may well result in a corresponding reduction of the prices to be realised. During the year under review, the average price realised was lower at Rs. 5.12 per kg., as compared with Rs. 5.27 a year before and Rs. 5.31 three years ago. Whereas the selling price obtained was lower, the average garden cost of production increased over the year by 9 paise per kg.

Though gross profit has declined by roughly Rs. 3 lakhs, the tax provision, at Rs. 4.45 lakhs, is lower by only Rs. 1 lakh. It is so because the total tax incidence has been higher, following the increase in Assam (by the Finance Act, 1963) Agricultural Income Tax by a further 7 nP. to 57 nP. in the rupee. This year this tax has been raised still further to 60 paise. Besides, since this Company is not a company in which the public is substantially interested within the meaning of the Income Tax Act, the effective rate of the corporation tax for it is 54 paise, calculated in accordance with the Finance Act, 1964, a rate of tax again higher than that of the previous year. With the consequent drop in net profit from Rs. 5.89 lakhs to Rs. 4.15 lakhs, the axe has fallen on the shareholders' dividend, the rate of which has been reduced from 7.5 per cent to 5 per cent per annum on the Rs. 10 fully paid ordinary shares. The net transfer to reserves is also much less at some Rs. 16,000, as against Rs. 3.42 lakhs a year before.

The following comparative table gives a clear idea of the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sale proceeds of tea	72.32	74.31	74.53	68.13
Other income	1.35	1.69	1.49	1.69
Closing stock of tea	10.36	7.66	6.79	7.92
Estate expenditure	55.92	51.41	52.95	48.79
Other expenditure	16.49	17.34	20.11	10.58
Gross profit	11.63	14.40	9.75	12.45
Provision for—				
Depreciation	3.03	3.11	2.88	2.62
Taxation	4.45	5.40	2.85	3.35
Net profit	4.15	5.89	4.02	6.48
Transfer from reserves	0.60	0.93	1.33	1.85
Previous years' bonus	0.34	0.71	1.23	2.10
Transfer to reserves	0.76	4.35	1.52	1.64
Dividends—				
Preference	1.97	1.97	1.94	2.00
Ordinary	1.75	2.62	2.62	3.50
	(5%)	(7.5%)	(7.5%)	(10%)
Carry forward	0.01	0.08	2.43	1.63
Tea output (kgs. in lakhs)	14.26	13.51	14.26	12.16
Average price per kg. realised	5.12	5.27	4.75	5.31
Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	12.25	13.06	15.81	18.75	20.81
Low	9.87	10.62	11.65	15.00	17.00

Discussing the development of the estates, the Directors state that a third C.T.C. machine has been installed in the Dibru-Darrang factory with continuous conveyor belts. Prices at the beginning of the new season have been encouraging. On Tinkharia, a further four withering troughs have been brought into

(*Continued in previous column*)

SCINDIA STEAM RAISES DIVIDEND

BUT INCOME AND PROFIT LOWER

THE increase in the dividend of the Scindia Steam Navigation Company Ltd. (Chairman: Mr. Dharamsey M. Khatau, Bombay) from Re. 1 to Re. 1.25 per share of Rs. 20 each for the year ended 30th June 1964, while being true to market expectations, is rather not in keeping with the Company's performance during the year, since income from freight and passage, at Rs. 17.13 crores, is actually lower as compared with Rs. 17.69 crores in the previous year and gross profit, at Rs. 336.26 lakhs, is hardly any better than Rs. 333.92 lakhs a year before. In point of fact, the higher dividend reflects the benefit of increased development rebate, for which as much as Rs. 97.50 lakhs (as against Rs. 9 lakhs a year before) have been carried to a special depreciation reserve, since it has gone to minimise the tax burden to only Rs. 22.50 lakhs (as against Rs. 68 lakhs) and to inflate the net profit to Rs. 111.96 lakhs from Rs. 70.24 lakhs a year before. No doubt, after transferring to reserves Rs. 97.50 lakhs on account of development rebate, the balance of net profit is far too small to cover the increased dividend distribution requiring Rs. 70.40 lakhs (as against Rs. 56.32 lakhs last year), and the Directors have been obliged to withdraw from general reserve a big sum of Rs. 50 lakhs, as against nothing in the previous year. But even after taking into account this withdrawal, the net addition to reserves is higher at Rs. 27.50 lakhs as compared with Rs. 9 lakhs in the previous year. Despite the increase in the dividend, the second in the past five years, the rate of dividend is still very modest, being only 6¼ per cent and well below 6.5 per cent paid for the year 1958-59.

The following table compares the company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Freight and passage money	17,12.69	17,68.62	16,49.14	17,01.17
Other income	51.91	53.73	52.10	45.22
Expenses	14,28.34	14,88.43	14,55.15	16,34.42
Gross profit	336.26	333.92	246.09	201.97
Directors' remuneration	3.49	3.36	1.95	0.02
Provision for—				
Depreciation	198.31	192.32	195.38	196.45
Taxation	22.50	68.00	48.76	4.60
Net profit	111.96	70.24		
Withdrawal from reserves and provisions	50.00		55.18	71.55
Previous years' expenses			5.65	0.40
Transfer to reserves	97.50	9.00	64.50	23.00
Dividend	70.40	56.32	33.79	33.79
	(6.25%)	(5%)	(3%)	(3%)
Carry forward	1.79	7.74	2.83	2.88
Equity shares' market (in rupees):	1964	1963	1962	1961	1960
High	16.60	16.20	13.92	16.16	17.28
Low	12.16	9.76	10.52	12.16	13.44

If the year's performance has failed to support the increase in dividend, the future prospects appear far from fully encouraging. There is, of course, the fond expectation of shipping industry getting greater encouragement from the Government and benefiting from the country's still large food import programme. But here there are two apparent limitations. One is the possibility of services being established parallel to those maintained by the Shipping Conferences. The other is that coastal shipping has still to get an adequate share of internal cargo from the railways. Added to these two are the delays and strikes in ports in India and abroad. Of the 823 days which were lost by the Company in the overseas service, as many as 542 were due to waiting for berths and dry-docks, poor despatch and other handling operations in ports. Of these, as many as 538 days were lost in the major ports of India—Bombay, Calcutta, Madras and Cochin. With the increased import of foodgrains at all important ports, these delays, which raise costs, are likely to be even more serious during the current year.

Above all this, says the Company's Chairman, Mr. Dharamsey M. Khatau, in his annual statement circulated with the accounts, is the basic problem of freight rates. The hope expressed by Mr. Khatau last year that the report of Mr. T. S. Parasuraman as a one-man commission to revive the coastal freight rates would embody recommendations that would put coastal shipping on an economic footing is, he says, unlikely to be realised for sometime yet. The Commission has recommended an increase of only 5 per cent in respect of coal moving from Calcutta to ports up to Cochin. It will be recalled that a recommendation to that effect, which itself was found inadequate, had been made in 1962 by the Abbhi Commission and that it had not been accepted by the Government. Shipping companies, in Mr. Khatau's opinion, cannot work on an economic basis, unless freight rates are designed to cover their total costs of operation.

Discussing the freight rates position during the year ended 30th June 1964, the Directors state that there was a sustained improvement in the general level of overseas tramp freight rates. In the Liner trades there was an increase of 10 per cent in the rates from India to U.K.-Continent and from East Coast of India to the U.S.A. effective from October 1963; that from West Coast of India to the U.S.A. being effective from March 1964. In the East bound trade there was an increase of 10 per cent from U.S.A. ports to India as from July 1963. While the voyage results partly reflect the improvement consequent upon these increases, continued upward trend in operating costs tends to offset the benefit flowing from these increases. It has been possible to retain to some extent the advantage consequent upon these freight increases by sustained rationalisation.

The Company inaugurated its Overseas Liner services from India to Great Lakes in 1964 and while the service is operative during a season of about seven months only, the Company is confident of obtaining good support of shippers both in India and the States and Canada.

The Company has added eight vessels to its fleet, six of them for coastal shipping, one for the West Coast only and one for overseas trade. It has ordered three 15,000-ton vessels from Messrs. Lithgows Ltd., Glasgow, for its overseas trade. This excludes vessels on order with the Hindustan Shipyard, of which the first one is expected to be delivered shortly. There is also one additional 3,800 d.w.t. motor vessel on order abroad for employment on West Coast. It is expected to be delivered in the middle of next year. At the same time, the Company laid up eight steamers for disposal. Four of them were sold during the year under review at a profit of Rs. 25.68 lakhs. Since the close of the year, two more were sold at a loss and the remaining two are expected to be disposed of shortly. In view of the anticipated loss, the Directors have considered it advisable to carry forward the profit of Rs. 25.68 lakhs for adjustment during the current year.

The paid-up capital of the Company, unchanged at Rs. 11.28 crores, is backed by reserves and surplus aggregating Rs. 12.23 crores. During the year, the Company redeemed the outstanding liability of Rs. 310.71 lakhs on account of 4.5 per cent (1963) mortgage debentures. Secured loans now amount to Rs. 11.39 crores (as against Rs. 12.89 crores a year before) of which Rs. 7.71 crores are of a long-term nature and Rs. 3.68 crores of a short-term nature. These short-term borrowings and other current liabilities bring the total short-term indebtedness to Rs. 12.05 crores, as against which current assets, book debts and investments aggregate Rs. 16.54 crores. The gross block, which has expanded during the year from Rs. 38.99 crores to Rs. 42.37 crores, has been written down to Rs. 26.73 crores.

At their current market value of Rs. 15.61 *cum-div.*, the Rs. 20 fully paid ordinary shares of the Company are still at a substantial discount and offer a net yield of nearly 7 per cent per annum.

The Central India Spinning, Weaving and Manufacturing Company Ltd., Bombay, recorded a total turnover of Rs. 663 lakhs in the year ended 30th June 1964, as against Rs. 614 lakhs during the previous year. After providing for depreciation to the extent of Rs. 20.45 lakhs, the profit for the year amounts to Rs. 24.82 lakhs. The Company has decided not to recommend any dividend even on the preference shares of the Company, let alone on the ordinary shares, in view of the accumulated losses carried forward from the previous years.

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PROBLEMS OF NEW ENTERPRISES—II

MANAGEMENT AND FINANCIAL ASPECTS

IN our last issue, we wrote about the problems an entrepreneur had to tackle before establishing an industrial project. These pertain to the various processes and procedures to be gone through on account of Government controls, the issues involved in entering into arrangements with foreign collaborators, the preparation of financial estimates, and the fundamentals to be fulfilled for successfully obtaining the assistance of the Industrial Credit and Investment Corporation of India, popularly known as I.C.I.C.I. It is now proposed to review here the task of successfully establishing and running the enterprise, a task that conveniently falls into two categories, management and finance. These problems are lucidly analysed in the background paper circulated at the I.C.I.C.I.'s recent Conference of its constituents. The paper is a valuable one, as it bears the imprint of the Corporation's experience of a large variety and number of enterprises which have been helped by it.

Planning and Construction Phase

Broadly speaking, the financial and management problems consist of those arising during the planning and construction phase and the ones faced during the initial years of running an enterprise. In the former category, there is, first of all, the problem of an inadequate provision of finance for the execution of the project, which results either from the comparatively limited financial resources of the promoter or from undue optimism on the part of the promoter that the financial problems will resolve themselves with the passage of time. The I.C.I.C.I. has come across certain promoters who are experts in the production field of a particular industry, but who fail to take initiative or decisions on a series of problems required of good management, thereby failing to lead the project. Besides ignoring the fact that each improvement in the technical specification, which they envisage, will cost more money, they have also a tendency to economise even on necessary expenditure. This weakness is particularly true of small entrepreneurs going in for large ventures.

Secondly, there is inadequate planning of details of the project which has been responsible for some projects having large over-runs in costs during execution, thus creating a major financial problem. Sometimes, the promoter does not devote his energies to one project at a time; instead he diffuses his time to too many projects. The tendency to underestimate the period required for erection and trial runs also accounts for adding to such problems. The third problem is one of acquiring, maintaining and developing competent personnel so as to obtain economic and efficient output. The Corporation has found from its experience that promoters do not recognise the value of having a qualified engineer before the receipt of machinery. They also delay the engagement of adequate staff with a view to keeping the pre-operative costs low. Lastly, a lack of clear understanding between the foreign collaborator and the Indian promoter leads to strained relations during the execution of the project, affecting the efficient setting up of the scheduled plant. This problem exists even during the running of the enterprise and causes serious misunderstanding and mistrust between them. But this can easily be avoided by a proper definition of, and adherence to, the functions and responsibilities of the two partners. The differences generally appear in outlook and viewpoint between the two parties, resulting in differences in methods of dealing with technical and financial problems when they arise. The experience of the I.C.I.C.I. has shown that, in some cases, the Indian promoters have had to terminate prematurely the services of technical collaborators or consultants, due to the inadequacy of services rendered.

The second set of financial and management problems arises at the most critical point in the establishment of an industrial undertaking, namely, the stage where the erection of the plant is just complete and production or trial runs commence, that is, when almost all the plant has been erected and facilities have been provided. First, these problems arise due to over-runs in the estimated cost of the fixed assets of the Company. This is quite serious, for it requires long-term finance to get over the difficulties. The shortfall, when it occurs, can be met by raising either additional share capital or long- or medium- term loans from banks. But one can easily imagine how difficult it would be to expect the shareholders of a new company to subscribe to a "rights" issue even before the project goes into production. Financial institutions which are approached for term credit would naturally like to know the causes of over-runs. And, if the reasons given are not satisfactory, they would not get the credit. There have been many instances of entrepreneurs not having been able to get over this hump. All this clearly shows how imperative it is to have a detailed feasibility study, on both the financial and technical aspects before taking up a project for execution.

Working Capital

Another problem arises from running short of working capital. There are two chief reasons why this difficulty arises. One is that the increases in the cost of fixed assets reduce the availability of working capital. The other is the absence of adequate assets for hypothecation with banks. The I.C.I.C.I. has come across many cases, where pledgeable items in the total working capital requirements have been as low as 40 to 50 per cent of the total and, consequently, financing through bank borrowing has fallen short of needs. Moreover, it is necessary to have rational and minimal locking up of funds in liquid assets thereby having some margin of borrowing capacity that would be available for use when unforeseen contingencies arise.

Operational problems faced by new enterprises are of two kinds: transient and lasting. Amongst the transient problems, there is, first of all, the non-availability of adequate supply of raw materials. An industrial unit is set up on the assumption that adequate quantities of suitable raw materials would be available at a satisfactory price and that their uninterrupted supply would be ensured. Similarly, there are expectations regarding the supply of water and power. But experience has shown that these expectations materialise in varying degrees of success. In addition, new or totally unexpected problems arise which are sometimes quite serious, as they cause long interruptions in the supply of indigenous raw materials and restricted imports of some of the components used in the product. Shortage of foundry-grade pig iron is a typical instance. This has affected the progress of new enterprises engaged in the manufacture of forgings, cast iron spun pipes, rolled steel, etc. Shortages of raw materials and the consequent underutilisation of capacity lead to higher costs, aggravate the difficulty of maintaining the quality of products, and cause delays in delivery.

Other Operational Problems

Other operational problems of transient nature are (*a*) the failure to obtain the promised power supply from public undertakings, creating many complications in the working of industrial units, and (*b*) the difficulties in securing enough skilled labour. If power difficulties are detected at early stages of project implementation, these can be got over by installation of generation plants by companies themselves, though it will mean considerable financial drain, initially on capital account and later on in running operations. Some companies, employing special purpose machines, require a large number of skilled labour at various stages of production. Quite a few of the units assisted by I.C.I.C.I. have had considerable difficulties in this regard. Some of the managements have found it better to provide suitable training to labour in the plant itself rather than get skilled labour from outside. This solution, however, has its drawbacks. For instance, valuable equipment may suffer damage at the hands of workers and the quality as well as quantity of production may suffer. Other allied problems which go under the head of "teething troubles" consist of supply lines, utility services and movement of materials, etc. Operations need to be standardised, and labour, after having been adequately trained, needs to register a satisfactory level of productivity. Sometimes, laxity on the part of arrangement causes delay in the beginning of commercial production of the project.

Next, there are the operational problems of a lasting nature, which usually have their roots in the assumptions made while conceiving a project. The plant design might be based on considerations of flexibility in production and requirement of reserve capacity. The experience of I.C.I.C.I. has brought out certain cases, where these assumptions did not prove correct and the units ran into serious difficulties. For instance, a paper mill selected the location for its plant on the assumption that a part of its raw materials would be met by supply of bagasse from a nearby sugar factory. But the refusal by the sugar factory to supply bagasse created the problem of finding alternative raw material in adequate quantities and at a reasonable cost. Similarly, seasonal shortage of power and water is posing problems to units located around Delhi, Madras and Calcutta, resulting in fall in production and rise in costs. Another important problem, which some units experience, is the lack of flexibility in the plant set-up. A unit facing difficulty of this kind cannot plan production to meet the changing requirements of the market. Again, in their anxiety to attain maximum production, some managements fail to ensure proper maintenance of their plants, resulting in costly breakdowns and loss of production.

Marketing

Last, but not the least, is the set of problems relating to marketing. The I.C.I.C.I. itself endeavours to study the market of the products of the companies financed by it in two stages: first, at the stage of appraising the project and, second, at the time when the company actually goes into production. At the appraisal stage, the Corporation seeks to make as accurate an estimate as possible. In the case of consumer goods like soap, vegetable oils, bicycles etc., it bases its estimates on the projections of the past trend of consumption, taking into account factors making for future growth; in the case of intermediate goods industries (as for instance, caustic soda), the estimates are based on the consumption of the industries using the product, and co-relation with the basic variable, related to the product, forms the basis of the likely market for certain undifferentiated products like alloy steel or grinding wheels, demand for which is related to the final production of steel. The other factors that are necessary for consideration are the changing tastes of consumers, likely technological developments making for substitution of one kind of goods for another, as also development programmes which make for uneven growth of certain industries. A related question is the competitive ability of a particular project which has to be determined on the likely supplies of the product from other manufacturers in future. The I.C.I.C.I. undertakes this on the basis of the licences issued and the progress made on them. In a market, the competitive ability of a particular project depends on its cost of production, the flexibility and diversity of its operations and its own financial strength to continue in the market despite losses for a period.

It may, however, be noted that the demand for a product is only one aspect of marketing. An adequate organisation and selling arrangements constitute another aspect. They are an essential element for converting the potential market for a product into the actual market. Selling requires expertise and involves the problem of building consumers' goodwill so as to retain them even in difficult times.

Some Specific Instances

It would be useful to list here the variety of marketing problems faced by some of the industries financed by I.C.I.C.I. so that readers may have an idea of the problems faced by the new units in this country:

Cables: I.C.I.C.I. has financed seven companies for the manufacture of low tension cables and six companies for the manufacture of medium and high tension cables. When the projects were appraised that market forecasts appeared very favourable. The market for medium and high tension cables is still strong, with reported delivery periods ranging upto two years. On the other hand, the market for low tension cables has become extremely competitive, mainly because some units entered the market simultaneously and demand, owing to shortfalls in electricity generation and building targets, has turned out to be less than expected. As a result, many of the units have been working much below capacity in this industry. It has been found here that diversified units or units with established names have less difficulties than single product units or new units without established names.

Electric Meters: I.C.I.C.I. has so far financed four companies for the manufacture of electric meters. When it appraised the demand for electric meters, it appeared that there would be sufficient room for a large number of new units. However, by about 1963, supply caught up with demand and since then not only have stocks of metres been built up but competition has be-

(Continued on page 965)

NEWS IN BRIEF

THE Union Government will shortly set up a study group to make recommendations for a pilot project for unemployment insurance.

The existing capacity of 30,000 tonnes per year of the Nepa Paper Mills will be raised to 75,000 tonnes early in the fourth Plan period.

Thanks to the expected increase in the production of sugar, the Union Government has restored the five per cent cut imposed in March this year in the monthly quotas to the States.

The Anti-Corruption Laws (Amendment) Bill seeking to give effect to some of the recommendations of the Santhanam Committee to ensure speedy trial of cases of bribery and corruption was passed by Parliament on the 20th inst.

A technical team of two experts to be sent on behalf of the Anglo-American consortium, which has agreed to aid India in setting up the fifth public-sector steel plant, is expected to arrive in India shortly.

The textile industry's demands to postpone control on drills and for a special allowance have been turned down by the Union Government. Hence, drills will come under control, as originally stipulated, with effect from 1st December 1964.

A total quantity of 546,200 tonnes of rice was imported during January-15th November 1964. This included rice imports from the U.S. under P.L. 480 (284,000 tonnes), Burma (150,600 tonnes), the U.A.R. (28,000 tonnes), Thailand (9,500 tonnes) and Cambodia (9,600 tonnes).

A five-week training course in Statistical Quality Control techniques will be organised in Bombay by the Silk and Art Silk Mills' Research Association for the personnel engaged in the silk and man-made textile industry. The course commences from 9th December and ends on 15th January next.

The Minerals and Metals Trading Corporation proposes to export as much as 4.5 million tonnes of iron ore during the current calendar year, as against the 3.99 million tonnes of iron ore actually exported in the whole of 1963. Till the end of October 1964, it has exported 3.80 million tonnes.

Orders have already been placed with West Germany and Japan for the construction of six rice mills with modern storage facilities, according to Mr. C. Subramaniam, Union Food and Agriculture Minister. The total capital cost of the mills has been estimated at Rs. 81 lakhs and machineries for the mills are expected to arrive by the end of February next.

In order to secure effective results, the research work of the Central Committees on cotton, oilseeds, coconut, lac, jute, tobacco, arecanut, sugarcane and spices and cashewnut will be transferred to the Indian Council of Agricultural Research. This was disclosed by Mr. C. Subramaniam in Parliament in reply to a question.

The revenue realised from items on which duties are levied and collected by the Union Government during the first six months of the financial year 1964-65 aggregated Rs. 770.45 crores, as against Rs. 661.45 crores collected in the same period in 1963-64. The collection in the month of September 1964 alone amounted Rs. 157.71 crores.

The West Bengal Government is likely to promulgate an ordinance for the acquisition or requisition of fisheries shortly. The ordinance is considered immediately necessary for the improvement of 10,000 acres of *bheri* fisheries in the North and South Salt Lake areas. The compensation payable to owners is being worked out.

The Centre has incurred a trading loss to the extent of Rs. 30.91 crores during 1963-64 as a result of transactions involving procurement and sale of foodgrains, as against a loss of Rs. 27.15 crores in 1962-63. During the year under review it has procured 5.35 million tonnes of foodgrains, as compared with 4.36 million tonnes in the previous year.

The Employees' State Insurance Corporation has proposed to cover all factories employing ten or more persons, if the factories are using power, or 20 or more persons, in case of factories without power, under the E.S.I. Scheme. The Scheme will also be extended to shops and commercial establishments employing 20 or more persons in selected areas.

The Maharashtra Government has decided to take over the Bombay Gas Co. Ltd., according to Mr. S. G. Barve, Minister for Industries. Accordingly, the preliminaries are being investigated. The Government, however, has not decided whether it should run the concern itself or hand it over to the Bombay Municipal Corporation or some new undertaking in the public sector.

The cotton textile mills' production during the month of October 1964 is provisionally placed at 404 million metres of cloth and 83 million kilograms of yarn, as against 358 million metres and 75 million kg. produced in the same month last year. At the end of the month under review, the composite mills of the industry held an estimated stock of 1.34 lakh metric bales as unsold and 1.73 lakh metric bales sold but unlifted.

Union Government, in consultation with the wage board for working journalists, has fixed interim relief equal to eight per cent of the basic pay which a working journalist was drawing on 30th April 1964, subject to a minimum of Rs. 25 per month. The interim relief will be payable with retrospective effect from 1st May 1964. It is applicable only to those working journalists who are drawing a basic salary upto Rs. 750 per month.

The matters pertaining to Company Law, looked after by the Department of Revenue and Company Law, and the items relating to insurance, looked after by the Department of Economic Affairs, have been transferred to a newly created fifth Department of Company Affairs and Insurance in the Union Finance Ministry under a Presidential Order. The former Department of Revenue and Company Law will now be called Department of Revenue.

A Central Wage Board for port and dock workers employed at the major ports in the country has been set up under the chairmanship of Mr. L. P. Dave. The Board will submit its recommendations within three months regarding dock labour's demands for interim relief pending the submission of the final report. All port and dock workers employed in the major ports, namely, Bombay, Calcutta, Madras, Cochin, Visakhapatnam, Kandla and Goa are covered by the scope of the wage board.

With a view to stepping up agricultural production, the Union Government has decided to liberalise the terms of loan assistance being given to State Governments for rural electrification. Under the revised terms, loans will be repayable over a period of 30 years. No interest will be payable in the first five years. The principal and interest will be recovered in 25 equal instalments every year from the sixth year onwards. The State Governments have been asked to pass on the loans to their State Electricity Boards without charging a higher rate of interest.

Geological investigations conducted so far have disclosed that India has proved reserves of 47 million tonnes of copper, lead and zinc ores. The probable reserves are estimated at 144 million tonnes. Region-wise, on the basis of the work so far carried out, reserves of 21 million tonnes of copper ore of 0.8 to 2 per cent grade are estimated to exist in Roam-Sideshwar block, Singhbhum district, Bihar. Exploration in the Zawar area of Rajasthan has indicated total reserves of about 27.4 million tonnes of lead-zinc ore of 1.81 per cent grade for lead and 3.56 per cent for zinc.

The Bombay Port Trust has awarded a contract to a British firm, Kier Ltd., for expansion of the Bombay docks and extension of Ballard Pier. The Company's tender will now be forwarded to the Central Government for its approval. Kier Ltd. will undertake the execution of the work in collaboration with the Svenska Enterprenad (Sentab) and an Indian firm, Engineering Construction Corporation Ltd. The partnership ratio is believed to be 50:30:20. The project, which is expected to be completed in 3½ years' time, includes the construction of six berths, the shifting of ferry wharf to Modi Bunder and the extension of the Ballard Pier.

The Works and Housing Ministry proposes to build a number of hotels, each with 700 to 800 beds and all modern amenities, in Delhi, Calcutta, Bombay and Madras. These hotels may not be departmentally run but may be leased to private hoteliers. The proposal for the Government to go in for hotel construction in a fairly large way is stated to have been discussed lately at a meeting between the Finance and the Works and Housing Ministers. Incidentally, to study the latest trends in architectural designing of luxury hotels, a team of five officials of the Works and Housing Ministry left on a three-week tour of Thailand, Japan and Hong Kong.

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From Abroad

West Germany's car output during the first ten months of the current calendar year aggregated 2.4 million representing a rise of 8.8 per cent over the corresponding period last year.

Europe's motor workers will, in due course, demand a 35-hour week to match the demand of the United Automobile Workers of America. This was decided at an international conference of representatives of motor workers held recently at Frankfurt.

The Indonesian Government has taken or will take direct control of British enterprises regardless of a Malaysia dispute settlement, according to Mr. S. Reksodipur, leader of a Parliamentary inspection team in East Indonesia.

Italy's third full-scale nuclear power plant, with a 300 megawatt capacity, (claimed to be largest enriched uranium plant in the world), situated at Trino Vercellese, West of Milan, has just gone into "criticality." It has started to feed power into the country's national grid. It uses enriched uranium as its fuel and is modelled on the Shipping port nuclear power plant in the U.S.

The British Government is to contribute £10,000 towards the costs of the International Co-operation Year, to be observed in 1965. The idea of an International Co-operation Year was originally suggested by the late Indian Prime Minister, Mr. Jawaharlal Nehru, in a speech to the United Nations General Assembly in 1961. At its last sessions, the Assembly agreed that 1965 should be the year.

A robot control starting up and shutting down a large power station boiler has been designed by some British engineers. This robot control, which has been installed on a pilot plant at West Thurrock, Essex, is unique in that the boiler is coal-fired. Hitherto, the U.S. has applied computer control to oil and gas-fied systems, but so far it has not succeeded with the much more complex problem of a coal plant.

Agreements on economic and technical co-operation between the Soviet Union and Kenya have been signed at Nairobi recently. They envisage co-operation in building a number of industrial and agricultural enterprises in Kenya. The Soviet Union has also agreed to grant a long-term credit. Moreover, it will build, as a gift to the Kenyan people, a hospital for 200 beds and a polyclinic and supply the equipment for a technical college for 1,000 students.

The Common Market Commission has agreed to assist the Government of France to sell one million tons of wheat to China by increasing the export restriction payment permitted for the deal. Under the restriction system, the exporter is refunded the difference between the domestic and the World market price with additional allowance for transport charges to certain areas. France has complained that the supplementary allowance of $8 a ton allowed for sales to the China area is inadequate and the Commission is now understood to have raised it to $11 to $12 a ton.

An agreement covering the shipment of more than 2,000 tons of food to Iraq by the World Food Programme was signed on the 14th inst., at Baghdad. The food will be used to help the municipality to Arbil to obliterate a slum area and replace it with a park and to build a by-pass to divert Baghdad-Mosul through traffic from the centre of town. Under the same agreement, Iraq will receive over the next year wheat, flour, canned meat and fruit, butter oil, cheese and tea worth $54,000. The food will be part payment of wages for about 1,900 labourers. Work on clearing the slums and on the road-building project is expected to begin early in 1965.

The International Monetary Fund has just approved a new stand by arrangement with the Government of Paraguay authorising drawings up to the equivalent of $5 million over the next twelve months. The new arrangement follow a series of five stand-by arrangement which Paraguay maintained with the Fund from 1957 onwards, the last of these expiring unused in March 1963. Paraguay's current outstanding drawings on the Fund amount to $500,000. The new stand-by arrangement is intended to provide support for the country's reserve position in the event of temporary balance of payments difficulties and to assist the Government in its efforts to accelerate economic growth in conditions of monetary stability.

PERSONAL

PROF. D. R. Gadgil has been elected President of the National Co-operative Union of India for the next two years.

Mr. H. C. G. Brown has taken over as the General Manager of the Burmah Oil Company (India Trading) Ltd. and Assam Oil Company Ltd.

Prof. M. P. Gandhi has been elected representative of the Federation of Indian Chambers of Commerce and Industry on the All-India Council of Technical Education.

Mr. Jehangir Ghandy, Director, Tata Sons, has been elected President of the International Organisation for Standardisation for a term of three years from January 1965.

Mr. Herbert L. Jacobson of the U.S., who has been Southern European Regional Director of the Cotton Council International for the past five years, has just taken over charge as head of the G.A.T.T. International Trade Centre.

Mr. D. V. Reddy, who recently led the Indian Railways delegation to the E.C.A.F.E. sub-committee session at Bangkok, has become the General Manager of the Chittaranjan Locomotives on the 20th inst.

Mr. Khandubhai K. Desai, M.P., a Government nominated Director on the Board of Oil India Limited and its Chairman since 1961-62, has been re-nominated as Chairman of the Company for the period November 1964 to November 1965.

Mr. S. Ramachar, General Manager, Hindusthan Ideal Insurance Company Ltd., Hyderabad, has been appointed by the Government of Andhra Pradesh as a Director of Andhra Pradesh Industrial Development Corporation Ltd.

Lord Robens, Chairman of British Coal Board, arrived in New Delhi on Wednesday this week to advise the Government of India on ways and means of improving and developing the Indian coal industry. He is accompanied by Mr. M. V. Sheppard, Director-General of Production in the Coal Board.

SYNOPSES OF COMPANY REPORTS

Gangapur Sugar Mills Ltd.

(Secretaries & Treasurers: Messrs. W. H. Brady & Co., Ltd., Bombay.)

Ninth Annual General Meeting—Held on 19th November 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales—Sugar	43,30	1,36,77
,, —*Molasses*	56	29
,, —agricultural products	1,52	1,29
Closing stock of sugar, molasses, etc.	9,80	24,78
Gross profit (+) or loss (—)	—11,39	+10,05
Transfer to depreciation	Nil	8,99
,, ,, development rebate reserve	Nil	5
Net profit (+) or loss (—)	—11,39	+1,01
Appropriations:		
Transfer to development rebate against arrears of previous years	Nil	1,01
Carry forward	—11,39	Nil

Extracts from the Directors' report: This has been a very disappointing year for the Company, principally because it could not secure sufficient cane to run the factory. As the price of *gur* was high, the Company's normal suppliers were reluctant to sell cane to the factory. The Industries Department to the Government of Maharashtra appointed a Committee to try and secure cane for the factory, of which the Company's Manager was one of the members. The efforts of this Committee did not help in securing the cane. The Company could only obtain about 30,000 tons of cane. After running for 28 days and crushing 18,676 tons, the bearings of the rotor got burnt and consequently the turbine failed. It was considered necessary to bring the rotor to Bombay and to have it repaired. As these repairs would normally take more than a month, it was thought advisable to close the factory and send the balance of the cane to Belapur for crushing.

Due to these misfortunes, the working of the Company has resulted in a net loss of Rs. 11,39,155.30 subject to depreciation. For the short time that the Company crushed, the average recovery was 11.07 per cent.

As regards the current season, with the help of advances, the Company hopes to secure more cane but the quantity would hardly be sufficient for an economic crush by the factory. The Directors however are making all efforts to get as much additional cane as possible.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	60,88,900	Gross block	1,69,75,609
Share application money	200	—Depreciation	10,29,465
Share suspense	1,000	Net block	1,59,46,234
Reserves and surplus	1,05,906	Current assets	24,62,838
Other liabilities	1,39,48,037	Cash	33,625
		Miscellaneous expenditure	99,115
		P.L. a/c deficit	16,02,831
	Rs.2,01,44,643		Rs.2,01,44,643

* Paid-up capital consists of 14,399—6 per cent. cumulative preference shares of Rs. 100 each and 17,128 equity shares of Rs. 100 each. Of the above shares 4,211—6 per cent. cumulative preference shares and 24,896 equity shares were allotted as fully paid up pursuant to a contract without payment being received in cash. 25,780 equity shares are held by the Belapur Co., Ltd.

Barnagore Jute Factory Co. Ltd.

(Chairman: Sir George Mackinlay)

Accounts in Calcutta: Jardine Henderson Ltd.

Ninety-third Annual General Meeting—London—2nd December 1964.

Working Results:

	For the year ended 31st March (In £ sterling)	
	1964	1963
Gross profit	358,352	563,639
Transfer to depreciation	43,477	53,333
,, ,, taxation (Indian)	193,000	290,000
Net profit	119,475	220,306
Balance brought forward	1,341	1,042
Total available balance	117,816	221,348
Appropriations:		
Transfer to general reserve	50,000	132,000
,, ,, development rebate reserve	3,214	14,507
Proposed dividends (taxable) C. preference	6,125	6,125
,, ,, ordinary	50,531 (30%)	67,375 (40%)
Dividend per ordinary share	[£1-10s.]	[£2]
Carry forward	7,946	1,341

Extracts from the Directors' report: The Company's mill continued to operate throughout the year under review at the maximum capacity permitted by the preparing and spinning machinery available. With effect from 1st February, 1964, the Working Time Agreement of the Indian Jute Mills Association under which the production of the industry has been regulated since 1937, was annulled so that the position is now regulated by the Industries (Development and Regulation) Act, 1951, of the Government of India. Demand for the Company's products continues at a satisfactory level and in addition to capital expenditure during the year amounting to £38,600 the Directors have authorised further expenditure of £87,365 to complete the equipment of the preparing and spinning departments to enable them to produce the full amount of yarn required to operate the installed loomage to its full capacity.

The trend in prices and profitability which was already evident at the date of the previous Report of the Directors has continued for most of the intervening period. Raw jute supplies were adequate, although quality continued to deteriorate, and prices were maintained at the minima imposed by the Government of India; more recently, however, due to estimates and rumours regarding the size of the 1964/65 crop, prices have tended to rise. From a minimum of the equivalent of Rs. 30 per maund they rose in August, 1964, to as much as Rs. 47 per maund but have subsequently fallen in the absence of substantial business to around Rs. 36 per maund.

The Indian jute industry produced a record output of goods in 1963 and while stocks of goods on hand are above the level of a year ago, it can be said that most of the increased production has been disposed of, notwithstanding increased competition in the world's markets, very largely from the Pakistani mills. Nevertheless, while acknowledging the efforts which have been made to develop alternative markets, it must be said that if the Indian jute industry is to continue to demonstrate its resilience and to make the outstanding contribution which it has in recent years to the solution of India's export difficulties, not only will present improvement in quality have to be sustained but, the Directors believe, effective steps will have to be taken to enable Indian mills and shippers to compete with their Pakistani counterparts on more equal terms.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	£	Assets	£
Capital*	475,000	Gross block	1,454,736
Reserves and surplus	1,036,527	—Depreciation	1,094,881
Other liabilities	479,662	Net block	359,855
		Block in progress	17,626
		Current assets	1,542,691
		Investments	21,348
		Cash	49,169
	£ 1,991,189		£ 1,991,189

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

Yemmiganur Spinning Mills Ltd.

[*Managing Agents*: M. G. Agencies, Park Road, Yemmiganur P.O. (Karnool Dt.)]

Second Annual General Meeting—14th December 1964.

Extracts from the Directors' report for the year ended 30th June 1964: The past year was one of the continued progress for the Company. The factory buildings and godowns were completed. The blowroom and preparatory machinery from Japan and the indigenous machinery including electrical equipment have arrived in August 1964 and the erection of the machinery is in progress. It is expected that at least half of the machinery, in due proportion as between various departments, could be commissioned into production during October-November 1964.

The Andhra Pradesh State Financial Corporation have sanctioned a loan of Rs. 20 lakhs and the Syndicate Bank Ltd., a loan of Rs. 10 lakhs.

The Government of India has sanctioned additional 12 704 spindles to make the unit as of 25,000 spindles. Necessary arrangements are being made with regard to placing orders for machiney and construction of further factory buildings.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	24,72,200	Block	30,04,740
Other liabilities	14,51,887	Block in progress	1,50,313
		Current assets	5,76,602
		Investments	500
		Cash	1,29,907
		Miscellaneous expenditure	62,025
	Rs. 39,24,087		Rs. 39,24,087

* Paid-up capital consists of 10,000—9.3 per cent. (less Income-tax) redeemable cumulative preference shares of Rs. 100 each and 20,000 equity shares of Rs. 100 each. Allotment money and calls unpaid are as follows: Equity—Rs. 3,15,700 and preference—Rs. 2,12,100.

Bharat Bijlee Ltd.

(Chairman: Mr. Prahlad C. Mehta, Bombay)

Eighteenth Annual General Meeting—22nd December 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales	1,07,63	1,05,95
Closing stock	8,61	8,20
Gross profit	14,38	14,21
Transfer to depreciation	3,25	2,91
,, ,, provision for taxation	6,90	6,92
Net profit	4,21	4,38
Excess provisions written back	1	11
Refunds, etc.	59	1
Appropriations:		
Transfer to statutory development rebate reserve	48	45
To expenses written off	Nil	9
To provision for taxation for previous year	Nil	66
Transfer to dividend reserve	4,35	3,45
Proposed dividend (taxable) equity	2,30* (8%)†	1,30* (8%)
Carry forward	2	3
Market value of equity shares (in rupees):	1964‡	1963
High	146.25	176.25
Low	137.50	120.00

* Payment of dividend out of the dividend reserve.
† On the increased ordinary capital.
‡ High and low upto 20th November 1964.

Extracts from the Directors' report: It will be observed that the sales were very slightly lower than those of the previous year. This is attributed entirely to certain serious raw material shortages.

The order position is satisfactory. Sales during the period from 1st July 1964 have shown a rising trend. Material shortages, however, are still a difficulty to be contended with.

A collective bargaining agreement has just been arrived at with the workmen providing for higher emoluments and better service conditions and it is hoped that this will ensure industrial peace for at least the next three years.

Reference was made in the last year's Directors' report to the land taken on lease at Kalwe. Possession was taken during the year and the full occupancy charge has been paid. Development work on the land will commence very soon.

Agreements have been finalised to obtain a foreign exchange loan of a little over Rs. 30 lakhs from Siemens Schuckertwerke, A.G., West Germany, for the import of plant and machinery required for the expansion of the Company's Motor and Transformer Departments. Government's approval has been obtained to this loan. In addition to this, Siemens Schuckertwerke, A.G. had recently agreed to invest Rs. 20 lakhs in the equity capital of this Company. Permission was sought from Government for the issue of these shares to Siemens Schuckertwerke A.G. Government, however, have not thought fit to approve this proposal.

The company proposes to raise additional capital to finance its expansion programme. It is proposed to issue 30,000 cumulative preference shares of Rs. 100 each carrying interest at 9.3 per cent and redeemable after 12 years from the date of issue but not later than 15 years. These shares will be offered to the public through prospectus without being offered to the existing equity shareholders.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	30,00,000	Gross block	51,65,943
Reserves and surplus	14,79,372	—Depreciation	16,35,124
Other liabilities	46,93,717	Net block	35,30,819
		Block in progress	10,893
		Current assets	52,66,323
		Investments	2,38,032
		Cash	17,122
	Rs. 90,64,089		Rs. 90,64,089

* Paid-up capital consists of 30,000 equity shares of Rs. 100 each. 10,000 unclassified shares were classified as equity shares as per shareholders' resolution dated 2nd November 1963.

PROBLEMS OF NEW ENTERPRISES

(*Concluded from page 960*)

come severe. Some of the old established units have been able to stand up even in the face of this competition. Many of the new units are seeking to do job work, in order to keep their capacity fully employed. There have also been suggestions for converting 3 single phase meters into polyphase meters upto 40 Amps.

Glass (Figured and Wired Glass): I.C.I.C.I. has financed two companies, one manufacturing both sheet and figured and wired glass and the other manufacturing only figured and wired glass. Keen competition has arisen in the sale of figured and wired glass. Traders have been slow in coming to the market in anticipation of lower prices. One of the reasons for the present state of demand is that consumers have been turned away from the use of figured and wired glass as a result of its high price, and that hard selling and attempts to attract customers to use figured and wired glass are required in order to stimulate demand for them.

Superphosphate: I.C.I.C.I. has financed five companies for the manufacture of superphosphate. The market for superphosphate is necessarily restricted in area owing to high transportation cost. It is also restricted because of the backwardness of Indian agriculture and peasantry. The actual demand, therefore, would depend upon the absence of a competitor in an adjacent area, sales promotion by educating the Indian peasants, and development of agricultural cooperative credit to enable the peasants to purchase superphosphate. The market for superphosphate has developed, but it has taken time to do so. It is necessary for the manufacturers to work in co-operation with the State Government, particularly the agricultural departments, and co-operative societies in order to induce the use of superphosphate. Demand for superphosphate can also be fostered by mixing it with nitrogenous fertilisers which have been favoured by the Indian farmers.

Automobile Tyres: I.C.I.C.I. has financed one company in the automobile tyre industry. The demand for automobile tyres depends upon the demand from original manufacturers of automobiles and the demand for replacement from users of automobiles. In the last three or four years, the actual production of passenger cars has been low and production has been concentrated on the manufacture of heavy duty vehicles —trucks and buses. The result has been that the total demand for tyres has not come up to expectations, and both the original equipment demand and replacement demand has been much better for heavy duty vehicle tyres than for passenger car tyres; moreover, despite Indian road conditions, replacement demand for passenger car tyres has been as a rate smaller than the expected basis. As a result, a part of the capacity of tyre manufacturers remains unutilised, and, of the utilised capacity, a larger proportion is devoted to the supply of tyres of heavy duty vehicles.

Sanitaryware: I.C.I.C.I. has financed two new projects for the manufacture of sanitaryware and has provided supplementary loans to three other existing manufacturers of sanitaryware for expanding their capacity. The early estimates of demand, even for high quality ware, have not been fulfilled and many units are reported to be operating much below rated capacity.

Polystyrene and P.V.C.: I.C.I.C.I. has financed two polystyrene manufacturers (one already in production) and one P.V.C. manufacturer. Demand for both these products was low Initially, as a result of past stocks held by users, but is now satisfactory. However, the present price is considerably high, and the industry would need to watch future price trends carefully, as newer units, now being planned, go into production.

Ball Bearings: I.C.I.C.I. has financed three companies for the manufacture of ball bearings. The market for ball bearings is weak both as a result of built-up stocks with users and simultaneous entry of new units. Gradually, it is likely that various units might specialise on particular types of bearings or scales of demand.

Hardboard and Particle Board: I.C.I.C.I. has financed the first manufacturer of hardboard in India. The material was new and there was no specific basis on which to estimate the demand. Earlier estimates proved over-optimistic and it was necessary to reduce considerably the price of the product; even then the unit has been working below capacity. Similar problems arise in the case of particle board also.

(*Concluded*)

Notices

THE ASSOCIATED CEMENT COMPANIES, LIMITED

Registered Office:

"Cement House," 121, Queen's Road, Bombay-1

NOTICE

Re: Dividend

THE MANAGING AGENTS ARE AUTHORISED to announce that the Board of Directors of the above Company have resolved to recommend payment of a Dividend at the rate of Rs. 12 per share (subject to deduction of tax) for the year ended 31st July, 1964.

The said Dividend, when sanctioned at the Annual General Meeting of the Shareholders of the Company to be held on 22nd January, 1965, will be made payable on and from 15th February, 1965, to those Shareholders whose names stood on the Register of Members on 22nd December, 1964, and to whom or to whose Mandatees dividend warrants will be posted at their registered addresses.

INTIMATION OF ANY CHANGE IN ADDRESS SHOULD BE GIVEN TO THE COMPANY IMMEDIATELY.

For CEMENT AGENCIES LTD.,
R. R. HATTIANGADI,
Managing Director.

20th November, 1964.

THE SIRPUR PAPER MILLS LIMITED

Registered Office:

"Ali Villa," 6-3-655, Somajiguda, Hyderabad-4

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIFTH ANNUAL GENERAL MEETING OF THE SIRPUR PAPER MILLS LIMITED, will be held on Monday the 21st December, 1964 at 4.00 p.m., at the Registered Office of the Company, at "Ali Villa," 6-3-655, Somajiguda, Hyderabad—A.P., to transact the following business:—

1. To consider the Directors' Report and Audited Accounts of the Company for the year ended 30th June, 1964.
2. To declare Dividends on Preference and Ordinary Shares.
3. To appoint Directors in place of (i) Khan Bahadur C. B. Taraporvala and (ii) Rai Bahadur Srikishen Sookdeve Malani, who retire under Article 122 of the Articles of Association of the Company and are eligible for re-appointment.

   (i) Khan Bahadur C. B. Taraporvala has attained the age of more than 65 years (his date of birth being 3rd September, 1896). The Company has received the requisite Special Notice from a shareholder and accordingly the Special Notice is hereby given to the shareholders for passing the following special resolution for reappointment of Khan Bahadur C. B. Taraporvala, as a Director of the Company.

   "RESOLVED that Khan Bahadur C. B. Taraporvala who has attained the age of more than 65 years, be and is hereby reappointed a Director of the Company and it is hereby specifically declared that the age limit prescribed under Section 280 of the Companies Act, 1956, shall not apply to him."

   Khan Bahadur C. B. Taraporvala has rendered valuable advice from time to time since his appointment as a Director of the Company. It is considered advisable, in the interest of the Company, to retain him on the Board to avail of his valuable advice.
4. To appoint Auditors for the current year and fix their remuneration.

The present Auditors of the Company, Messrs. S. B. Billimoria and Company, Chartered Accountants, retire and are eligible for reappointment.

AS SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modifications the following resolutions:

AS ORDINARY RESOLUTION

(i) "RESOLVED that subject to approval of the Central Government, Messrs. Birla Brothers Private Limited be and are hereby re-appointed Managing Agents of the Company for a period of five years with effect from 15th August, 1965 on the remuneration and upon the terms and subject to the conditions contained in the draft Agreement placed before the meeting and initialled by the Chairman for purposes of identification and that the Directors of the Company be and are hereby authorised to enter into an Agreement with Messrs. Birla Brothers Private Limited in terms of the said draft Agreement subject to any modifications thereof as may be agreed upon between the Directors and Messrs. Birla Brothers Private Limited for the purposes of complying with any modifications required or conditions imposed by the Central Government in granting its consent."

AS SPECIAL RESOLUTION

(ii) "Whereas the East Indian Produce Company Ltd., an Associate of Messrs. Birla Brothers Private Ltd., the Managing Agents of the Company, maintain an Office in London in the United Kingdom and WHEREAS the said Company carry on business *inter alia* of acting as agents in the United Kingdom, the Continent and other countries for purchase and sale of goods including stores, plant and machinery etc. and also have dealings and business connections with parties all over the United Kingdom, the Continent and other countries and their operations are on a very large scale and WHEREAS their expenses of maintaining their Office, amount approximately to £1,25,000 per annum and WHEREAS expenses which can be attributed to the work to be done for and on behalf of the Company, would depend on the value of purchase effected through the said Company, in relation to their total turnover in each year, and WHEREAS the said East Indian Produce Company Ltd. have been acting as buying agents for and on behalf of the Company in the United Kingdom, the Continent and other countries. NOW it is hereby Resolved that the East Indian Produce Company Ltd., continue to act as buying agents of the Company for purchase of stores, plant and machinery in the United Kingdom, the Continent and other countries for a period of 3 years with effect from 30th June, 1965 and that they be paid a commission @ 2½ per cent of the invoice price thereof.

Provided that if anything to be done in pursuance of the above arrangements requires the permission of the Central Government or the Reserve Bank of India, as the case may be, the same will be done in accordance with such permission."

(iii) "WHEREAS Messrs. American East India Corporation, an associate of Messrs. Birla Brothers Private Limited, the Managing Agents of the Company, maintain an Office in New York in the United States of America and WHEREAS the said Company carry on business *inter alia* of acting as agents in the United States of America and other countries for purchase and sale of goods including stores, plant and machinery etc. and also have dealings and business connections with parties all over the United States of America and other countries and their operations are on a very large scale and WHEREAS their expenses of maintaining their office, amount approximately to $2,00,000 per annum and WHEREAS expenses which can be attributed to the work to be done for and on behalf of the Company, would depend on the value of purchases effected through the said Company in relation to their total turnover in each year, and WHEREAS the said Messrs. American East India Corporation have been acting as buying agents for and on behalf of the Company in the United States of America. Now it is hereby Resolved that Messrs. American East India Corporation continue to act as buying agents of the Company for purchase of stores, plant and machinery in the United States of America and other countries for a period of three years with effect from 1st July, 1965 and that they be paid a commission @ 2½ per cent of the invoice price thereof.

Provided that if anything to be done in pursuance of the above arrangements requires the permission of the Central Government or the Reserve Bank of India, as the case may be, the same will be done in accordance with such permission."

The Share Registers of the Company will remain closed from 23rd November, 1964 to 2nd December, 1964, both days inclusive.

By Order of the Board,
For THE SIRPUR PAPER MILLS LIMITED,
P. L. BHANDARI,
Secretary.

Dated 30th October 1964.

Note: 1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

2. The Dividends, when sanctioned, will be paid on or after 30th January, 1965 to those shareholders whose names appear in the Register of Members of the Company on 2nd December, 1964.

Explanatory Statement as required under Section 173 of the Companies Act, 1956 has been posted to the shareholders of the Company.

PROFITABILITY OF SMALL COMPANIES

(*Concluded from page 956*)

and other current liabilities from Rs. 18.95 crores to Rs. 22.04 crores or from 23.1 per cent to 24.3 per cent. On the assets side, net fixed assets increased from Rs. 27.46 crores to Rs. 29.13 crores, but the percentage to total declined from 33.4 to 32.1. Inventories rose from Rs. 22.20 crores to Rs. 26.08 crores or 27.0 per cent of total assets to 28.8 per cent. Similarly, loans and advances and other debtor balances expanded from Rs. 20.44 crores to Rs. 23.26 crores or from 24.9 per cent to 25.6 per cent.

Comparison with Large Companies

Contrary to popular notions, the profitability of small public limited companies has been considerably poorer than that of medium and large sized companies. The details, according to the various size groups, are shown in Tables B and C, accompanying this article.

The data show that, by and large, profitability moves parallel to the size of the company—the larger the company, the better its performance. There may be exceptions, but this seems to be the general experience. What are the reasons? In the first place, the small companies may not be able to derive the maximum output out of the raw materials, resulting in high cost of production and substantial wastage. Secondly, the quality of their products may not be very good, and the goods may fetch a lower price in the market. When the cost of production is high and the sale price is low, the natural result is a lower margin of profit. Ironically, even the incidence of taxation is considerably larger on small companies than on the medium and large ones, an experience contrary to the declared objective of the Government, namely, to encourage small companies as part of its drive to minimise concentration of economic power in a few hands. Thus, the published data call for a re-thinking on the part of the Government in regard to taxation of small companies. It is, of course, necessary that detailed studies should be made of the working of the various industries in the small, medium and large-scale sectors. The establishment of small industries should be encouraged only in those fields where they can show results, which are better than, or at least equivalent to, those of the medium and large companies. In other words, encouragement to small companies should not be given blindly on the basis of their size, irrespective of the consideration whether their operations are economical and beneficial to the society as a whole. The adoption of such a judicious policy would result in optimum utilisation of raw materials and working funds, both of which are scarce in this country.

TREND OF MARKETS

MONEY STILL EASY

(From Our Own Correspondent)

BOMBAY, 25*th November*

There have been no outstanding developments in the short-term money market during the week under review. Conditions are quite easy with supply of funds plentiful. Throughout the week, the inter-bank rate for day-to-day call money remained unchanged at 1 per cent per annum for both fresh money and renewals. Towards the close of the week, there was some activity, following the increase in the British Bank Rate from 5 per cent to 7 per cent and the consequent interest evinced by the exchange banks. But, as the supply of floating funds was quite large, the demand was easily met without any change in the rate. In Calcutta market, however, inter-bank call rate behaved in an erratic fashion, with the rate moving between 4½ and 3 per cent, before closing at 2½ per cent (pre-clearing). Calcutta bankers, however, contended that their position was comfortable enough.

Indicative of the continued easiness in the money market was the great response to the Intermediate Treasury Bills of 91-day duration, despite the fact that the yield on these bills this week was only 2.336 per cent per annum. Between 18th November and 21st November, the market absorbed as much as Rs. 16.56 crores of these Bills, as against Rs. 11.25 crores in the previous week and a mere Rs. 48.50 lakhs a fortnight before. Surprisingly enough, however, the response to the 91-day Treasury Bills offered under the tender system was not as much as in the previous week. As against the invitation of usual Rs. 2 crores, the amount offered was only Rs. 2.05 crores, representing a fall of Rs. 1.95 crore as compared with the tenders in the previous week. The amount accepted was Rs. 2 crores and the average rate of accepted tenders declined from 2.4 per cent to 2.360 per cent per annum.

In the first half of the week under review, pound-sterling ruled weak in the world markets, but improved later after the Bank Rate was increased as mentioned above. In the New York exchange, for instance, spot sterling went down from 278.300-278.330 to 278.240-278.270 cents before recovering to close at 278.640-278.660 cents per £. Three months' forward, however, continued to be weak, with the rate dropping 0.580 cent over the week to stand at 277.090-277.110 cents. In India, the banks' selling rate for spot U.S. dollars declined from Rs. 481 to Rs. 480.25 but closed a shade better at Rs. 480.50 per 100 dollars. Their buying rate was down by 75 paise at Rs. 476.75.

COTTON FUTURES CLOSE TO CEILING

(From Our Own Correspondent)

BOMBAY, 25*th November*

Buoyancy was imparted to the futures section of cotton market during the week under review by firmness of spot prices, continued reports of lower cotton crop and the absence of official indications about import allocations. Short-covering and bull support halted the declining tendency noticed in prices towards the close of the last week. After ruling distinctly steady during the earlier part of the week, the futures displayed a firm trend, so much so that on Monday, the 23rd inst., the prices touched the official ceiling of Rs. 775 for the Jarilla March 1965 contract. Enquiries in market circles revealed that, in private deals, the prices were quoted higher than the ceiling by two to three points. Subsequently, higher levels met with selling pressure from up-country operators and normalcy was restored later. In the last two sessions of the week, the market fluctuated both ways on alternate bouts of buying and selling.

The Jarilla March contract opened the week 50 paise lower at Rs. 761 and, after touching the ceiling at Rs. 775 on the 23rd inst., declined to Rs. 768.25 on the same day. After narrow fluctuations at the higher range, the contract closed at Rs. 771.75 today, a net gain of over Rs. 10.75.

Mill buying in the Sewri spot market continues to be absent because of high prices of all the old and new varieties of cotton. Limited quantities are reported to have been bought by mills which are in urgent need of cotton. The quantities mostly in demand were L.147 Digvijay, Co2, Kalyan and 197/3. The prices of Wagad, Kalyan and L.147 further hardened by about 10 points. It is no wonder, therefore, that the spinners are resisting the present firmness in spot prices. There is a belief in market circles that, if the position continues as at present, more Government controls such as the introduction of compulsory survey, random requisitioning of stocks and the issue of small quotas to restrict purchases by mills would become inevitable. It is learnt that the Government of India is trying to procure about 100,000 bales of Pakistan cotton to make up for the deficiency in the 197/3 crop. Incidentally, it may be mentioned that the Textile Commissioner, who is reported to be in Paris at present, is likely to proceed to the United States for negotiating the release the 150,000 bales of American cotton under P.L. 480. The global quota is also expected to be announced soon. It is believed that, after these developments take place, the situation will ease in the spot market.

The following are the latest available quotations in respect of certain popular varieties:

Akola L.147 New Rs. 1.291; Amravati L.147 New Rs. 1,315; Bhagalkot Laxmi Rs. 1,042; Dhulia New Rs. 1,170; Hubli Laxmi Rs. 1,041; Nagar Co.2 current Rs. 1,470 and Viramgaon New Rs. 1,005.

Prices of Bengal *Deshi* (December delivery contract) have further hardened during the week to Rs. 814 per candy as against Rs. 795 last week. This is only three points below the ceiling rate of Rs. 817. Arrivals of this variety in the terminal market are said to be poor. Profit-taking at higher levels brought the prices down to Rs. 810 at the close of the week. The next delivery, namely, January 1965 contract, was quoted at a discount of Rs. 5. The total export sales registrations have reached the figure of 83,000 bales. But it is felt that the ruling prices would not enable the trade to export this variety on any big scale.

Amongst imported cottons, mills are reported to have bought East African cotton. Spinner interest was also evinced in the Sudan and Pima cottons. But the prices of these varieties also showed a hardening tendency in keeping with the general trend of prices the world over.

Weather conditions are reported to be generally satisfactory and trade estimates place the current cotton crop in the neighbourhood of six million bales.

BULLION RECOVERS

(From Our Own Correspondent)

BOMBAY, 25*th November*

While silver ruled firm after initial easiness, gold moved erratically during the week under review. The recovery in silver was due to a marked decline in arrivals of the metal and sustained buying support from local and upcountry stockists. Gold fluctuated because of smaller inflow of the metal owing to the extra vigilance of the customs authorities and slack inquiries. Traders, however, felt that the demand for both the metals would pick up on account of the approaching marriage season. Over the week, silver gained Re. 1.50, while gold was lower by 50 paise.

Silver began the week on an easy note at Rs. 259.00, same as last week, and declined to Rs. 258 in the initial sessions only to look up quickly to Rs. 261 before closing at Rs. 260.50, on account of heavy demand from local stockists. The weekly average arrivals and offtake of the metal were 13 and 8 bars respectively, as against 16 and 8 bars last week.

Fourteen-carat gold opened the week 25 paise higher at Rs. 67.50, but, on lack of support, steadily declined to Rs. 66 on Tuesday. Subsequently, however, with fresh buying at lower levels by stockists it improved to close at Rs. 66.75 today. In unofficial dealings, pure gold which was quiet at Rs. 110.50 firmed up on reports of seizure of unauthorised gold worth Rs. 3 lakhs to Rs. 113. Sovereign was done at Rs. 91.50.

The international price for gold in the London market was higher at $35.10⅞, as against $35.09¼ last week. The sterling price fluctuated between 251*s.* 9½*d.* and 252*s.* 3½*d.*, before closing at 251*s.* 11½*d.* as a reaction to the rise in the British Bank Rate to 7 per cent. While spot silver declined by ¼*d.* to 112½*d.*, forward silver gained by the same amount to 113¾*d.* Silver in New York, however, remained unchanged at 129.3 cents.

To obviate the difficulties experienced by goldsmiths in maintaining their accounts in a particular language or in a particular book, the Union Government has decided to allow the goldsmiths to have their accounts in either Hindi or in their regional language. There will be no objection if entries are made in any other language known to the goldsmiths or the customers. It is also not necessary that the form of accounts prescribed for the maintenance by the self-employed goldsmiths should be printed. They can have their accounts maintained in any type of copy book, provided the entries made therein, conform to the form prescribed for the purpose.

The following table shows the trend of prices during the week under review:

	25-11-64 (closing)	High	Low	18-11-64 (closing)
SILVER				
Ready (996 fine)	Rs. 260·50	Rs. 261·00	Rs. 257·50	Rs. 259.00
GOLD				
Ready (14-carat)	66·75	67.50	66.00	67.25
Sovereign	91·50*	—	—	91.50*
London—				
Gold	251*s.* 11½*d.*	252*s.* 3½*d.*	251*s.* 9½*d.*	252*s.* 2*d.*
Silver Ready	112¼*d.*	—	—	112½*d.*
Silver Forward	113¼*d.*	—	—	113¾*d.*
New York—				
Silver	129·3 cents	-	—	129.3 cents

N.B.—The quotation of 24*t* is per 10 grams (about 0.85 tola) and that for silver is per kilogram (35.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

ART SILK YARNS AT NEW LOW LEVELS

(From Our Own Correspondent)

BOMBAY, 25*th November*

The yarn market was generally easy during the week under review. Never in any single week during the past four months art silk yarns have ruled active and firm. On the contrary there has been a continuous erosion in prices. The week under review also has proved no exception to this trend. Actually, prices have declined to new low levels not witnessed in recent years.

The further fall in prices during the week was induced by the reported cut in price by another leading spinner. Stockists who expected early supply turned eager sellers, while buyers were conspicuous by their absence. The strike in the works of National Rayon failed to have any effect on the prices as the position of stocks was comfortable and the company in question maintained its supply from its Mahalaxmi godown.

Staple fibre yarn future moved in a narrow groove in the earlier sessions following slack in demand, but tended to look up in the closing sessions on bear covering. Ready yarns ruled easy owing to lack of adequate offtake. Operators in cotton yarns seemed to have lost all hopes of any improvement in the near future. Dealers interested in finer counts, according to a broker, hesitate to extend goods on credit even to best known establishments. Banks also have restricted the facilities to firms showing only small weekend deposit balances. Market circles, in these circumstances, fear a further fall in prices.

In view of the "comparitively easy supply position," the Union Government has withdrawn the facility given to cotton textile mills to import staple fibre of non-viscose origin and certain other fibres against their retention quotas for cotton. It will be recalled that, under a previous notification, the mills were allowed, as an experimental measure, to import viscose and synthetic yarns up to 20 per cent of the value of their retention quota for import of foreign cotton. The present withdrawal has taken effect from the 12th inst. The mill circles are of the view that this step would soon create a shortage of polyester and similar fibres.

Among art silk yarns, National Rayon 150 shed 6 P to Rs. 8.98. 120D dropped 2 P to Rs. 9.59. Bright Century 100D suffered a steep fall of 20 P to Rs. 11.22. South India Viscose 120D lost 13 P to Rs. 12.10. Bright Century 75D was dull at Rs. 17.05.

In the staple fibre yarn section, the 2 x 34 January 1965 contract, opened the week a rupee higher at Rs. 854 (per quintal) against the last week's close of Rs. 853 and improved thereafter to close at Rs. 863 today. The net gain over the week was Rs. 10. Spot Kohinoor gathered 9 P to Rs. 9.77. Sita Lakshmi dropped 5 P to Rs. 9.28. Premier eased by 4 P to Rs. 9.42.

In the cotton yarns, 8s Podar declined by 25 P to Rs. 21.25. All other counts were quoted unchanged at last week's levels.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	25-11-1964	18-11-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	9·59	9.61
Century 75D	17.05	17.05
S. I. Viscose 120D	12.10	12.23
Staple fibre yarn (2 × 34 NF) January 1965 (per quintal)	863.00	853.00
Spot (per kg.)		
Sitalaxmi	9.28	9.33
Premier	9.42	9.46
City	9.42	9.42
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.25	21.50
17s Modern	27.00	27.00
22s Madura	32.00	32.00
34s Tcott	39.97	39.97
62s Pioneer	68.75	68.75
68s Finlay	100.50	100.50

OILSEEDS REMAIN FIRM

(From Our Own Correspondent)

BOMBAY, 25*th November*

Trading in oilseeds futures was at a standstill nearly the whole of the week. It was said that the Forward Markets Commission took a serious view of the practice of kerb deals after official trading had come to a close with the attainment of the permissible weekly limit of fluctuations. The Association, it appears, thought it better to suspend trading in castor and linseeds, too, lest it might tempt groundnut interests to come to the market and start dealing in groundnuts futures on the sly. However, there was considerable anxiety about the future of the market. Opinions were divergent particularly about the extent to which price movements could be controlled by artificial measures. One section was maintaining that groundnut futures prices did not warrant any interference, for only in October spot prices had touched Rs. 160 while oil had reached as high a level as Rs. 3,300 per tonne, and that the current price of Rs. 101 or so was not high by any comparison. The argument of this section was that the January contract should be allowed to run its course, allowing full play to the factors of demand and supply. The other and opposite view was for further restrictions. Reports were that the Association had proposed a ceiling of Rs. 104 per 100 kg. for the January contract. The Forward Markets Commission, however, was not in favour of raising the ceiling but preferred to tighten the margin system, with a view to checking further activity of a speculative nature which in the Commission's opinion had been largely responsible for the present bullish tendency.

On Wednesday, the Forward Markets Commission stipulated that, if groundnuts futures crossed the Rs. 103 mark, double margins would be imposed, or, in other words, the margin would be Rs. 10,000 per 25 tonnes and that there would be no free limit over Rs. 103. The present margin is Rs. 5,000 per 25 tonnes if the market crossed Rs. 100, with a free limit of 300 tonnes. The weekly limit of Rs. 2.40 for fluctuation continues to be unaltered.

Meanwhile, the Association decided on Wednesday that no transactions would be allowed until the end of January over and above the level of Rs. 190 per 250 kg. in castor and Rs. 45 per 50 kg. in linseeds. Following the Board's meeting, trading started at 2.30 p.m. The trend was extremely firm and at the start, castor March was quoted at Rs. 190 and linseeds at Rs. 45 while groundnuts were mentioned at Rs. 101.75 and cottonseeds at Rs. 114.50. It therefore seems that trading will be a tame affair hereafter and that the traffic will be one way, that is downwards, for there can hardly be any upward move in face of restrictions. In other words, there is likely to be a stalemate, unless, of course, fresh factors emerge.

Knowledgeable sources, however think that the chances of a decline are absolutely slender, despite factors like the continuation of the ban on exports of oils from the country and a bumper crop in groundnuts. The chances seem more for a rise than a fall. The virtual closure of the grain trade to private interests has flooded the seeds market with a host of new entrants. These

people are wealthy enough to speculate and they are not in a position to go in for manufacture or allied lines. It is possible that these interests are buying up oilseeds and cotton for speculation. Further, co-operatives have given a new feeling of strength to the farmers. Added to these are the old speculators in the seeds market itself. Between themselves, these elements are rigging up the prices and it would be interesting to watch as to how far the measures initiated by the Forward Markets Commission will counteract the speculative tendencies on the part of professional operators.

Reports regarding groundnut deoiled cake (extractions) make happy reading. The market is very firm, thanks to continued demand from overseas countries. At present, ready is quoted at Rs. 445, November at Rs. 442, December at Rs. 438-440 and January-February at Rs. 428-430. The main buyers are the communist countries and the United Kingdom. It was said that Czechoslovakia recently bought about 18,000 tonnes while Russia took about 20,000 tonnes. Market men expect the United Kingdom to buy at the rate of 20,000 tonnes a week. It is thought that extractions alone might lift the groundnuts market by a substantial figure. Advices from the United Kingdom indicate £40-5 for November, £39-5 for December and £38 for January.

As has been mentioned many a time in this column, the firmness in castor is induced by the strength in groundnuts as well as shortage of stocks and the fact that there is time yet for the new crop. Crop reports so far are satisfactory but it remains to be seen whether the crop as such will have any big impact on prices. Linseeds are firm and much of its outlook depends on the rapeseed harvest but this also is still a long way off. Cottonseeds were mentioned on Wednesday afternoon at Rs. 114.50 and there is nothing to suggest that prices have reached their highest. So long as cotton continues to stand at or above the ceilings, nothing can arrest the rise in the prices of cottonseeds.

The following table shows the closing prices of oilseeds and oils as on 25th November as compared with the previous two weeks:

	25-11-1964	18-11-1964	11-11-1964
Groundnuts	Rs.	Rs.	Rs.
January 1965 contract	102.40	100.15	98.15
Oil January 1965	N.T.	N.T.	N.T.
Khandesh quality	111.00	116.00	120.00
Oil ex-mill	23.00	24.00	24.00
Oil Rly. Receipt	22.40	22.75	23.00
Castorseed			
March 1965	190.00	187.50	184.50
Ready Madras	85.50	85.00	83.50
Ready Kanpur	83.50	83.00	81.50
Oil B.S.S.	18.80	18.90	18.55
Oil commercial	18.10	18.00	17.85
Linseed			
March 1965	44.81	43.62	41.94
Bold ready	112·00	110.00	101.00
Linseed oil	23.50	23.50	21.50
Cottonseed			
January 1965 contract	114.50	110.50	109.50

N.B.—The quotation for groundnuts January 1965 contract is for 100 kg. The rates for spot groundnut and castor are for 100 kg. Castor and cottonseeds futures are quoted per 250 kg. while linseeds futures are quoted per 50 kg. Groundnut Oil January 1965 and all spot oils are quoted per 10 kg.

WHOLE LEAF TEA IRREGULAR

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 19*th November*

A large quantity, amounting to 1,133,000 kgs., was offered in tea sale No. 45 held here on Tuesday the 17th inst. Quality was irregular with some of the later invoices showing a decline. There was good demand throughout the sale, while prices tending lower, particularly for fannings grades. The few best highgrowns were firm but the lesser Nilgiris were sometimes dearer following quality, but on average these inclined easier as did their fannings. Good medium descriptions were well supported at around last rates while, in the case of medium and low medium brokens, these sold well but at prices which followed a lower tendency; their fannings eased to a greater extent than their equivalent brokens. Black leaf sorts were sold well and plainest descriptions were about steady. Whole leaf grades came to an irregular market with liquoring sorts meeting with useful competition. Tippy teas sold at around last rates. Unorthodox descriptions again came to a slightly lower market.

The quotations (per kg.) in the sale under review were as follows:

	1964	1963
	Rs.	Rs.
Low mediums	4.20-4.80	4.15-4.60
Mediums	4.65-5.10	4.65-5.00
Good mediums	5.15-5.80	5.10-5.55
Nilgiri B.O.P.	5.00-6.60	4.70-7.30

The average price realised in tea sale No. 45 was Rs. 4.83 per kilo, as compared with Rs. 4.87 a week ago and Rs. 4.64 in the corresponding sale last year.

In dust sale No. 45 held here today, an increased quantity amounting to 519,000 kgs. was offered. There was a good general demand which prevailed throughout the sale with support for clean black exportable types a strong feature, and these were fully firm. Coloury mediums and Wynaad dusts were barely steady and although Travancores came to an irregular market they sold at only slightly below last rates. Milled and residual descriptions were very irregular, often being dearer. Nilgiris came to an irregular market while unorthodox descriptions were again a little easier.

The average price realised in dust sale No. 45 was Rs. 4.39 per kilo, as against Rs. 4.37 a week ago and Rs. 4.50 in the corresponding sale last year.

Colombo: Offerings amounted to 5¼ million lbs. and the market opened to a good demand with best Dimbula brokens steady but the lesser sorts and mediums shed 5-15 cents, while uvas marked greater declines. Lowgrowns ruled firm as did liquoring fannings.

London: *North Indian and other growths*: In Monday's auction there was a fair demand at lower rates.

Ceylon and South Indians: In Tuesday's sale, there was a good demand with the better liquoring teas selling at lower prices. The poorer descriptions came to a weaker market and some withdrawals had to be made.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire us as follows:

"*Sale No.* 46: 1,011,000 kgs. offered. Good demand. Low medium and medium brokens irregular and occasionally upto 10 paise easier. Similar fannings upto 30 paise lower. Good mediums about steady. Highgrowns generally lower."

PEPPER IMPROVES

(Messrs. Parekh and Co.)

BOMBAY, 24*th November*

After remaining quiet under pressure of the bear sellings during last week, Malabar pepper this week showed an improving tendency in sympathy with New York, where spot improved from $0.35½ to $0.37½ owing to most of the spot stock being in strong hands and due to absence of sizable offers from origins, Malabar parity being at $0.39 and Indonesia having raised her export check price from $0.39 to $0.40. Since August shipment, there being no fresh shipment of Lampong to New York, the market there has become technically healthy. Short positions by New York dealers in their sales to grinders for January-February-March delivery gave further impetus to the bulls to stage a squeeze in the near future as India is not going to supply pepper to New York in a big way unless it is at its price, even in the midst of the season.

Indonesia having learnt this year a lesson after having sold sizable quantity at one low flat price is now reported to follow a more sane policy in fixing adjustable realistic check price. This is one of the reasons for a more stabilised market in pepper for the future. Sarawak having almost sold out her production, most of the Continental markets shall have either to look to India or Indonesia till the arrival of the new crop. Singapore is reported to be fairly steady at $(M)122¼.

Ready ungarbled at Cochin after having gone down to Rs. 324 is now quoted at Rs. 332 despite sizable arrivals. Garbled rallied from Rs. 334 to Rs. 340. December delivery after going down to Rs. 332 improved to Rs. 342 while January from Rs. 328 to Rs. 338. In Bombay, *posh* delivery after having touched the lowest at Rs. 350 improved to Rs. 365 and *maha* from Rs. 353 to Rs. 368.

The future of the market seems to be promising in view of the fact that the shorts in New York shall have to buy Malabar December shipment for delivery against their sales for January-March delivery as Lampong pepper even if December shipment alone will not be available till March 1965. The political situation in South East Asia appears to be more explosive and that is one of the reasons why the bears will think twice before pressing the market too low.

Ready Malabar is quoted at Rs. 182 per 50 kilos.

JUTE GOODS FIRM

(From Our Own Correspondent)

CALCUTTA, 24*th November*

After an initial easiness owing to selling pressure from stockists, the jute goods market recovered on Thursday the 19th inst., thanks to encouraging news of heavy orders from Burma and Cambodia for sacking goods. The recovery was well maintained till today on reports of good hessian business with the U.S., cornsack shipments to Australia and brisk short-covering in the futures section for November delivery because of the closing day for November contracts. The decline in gunny despatches by 3,300 tons in October as compared with the previous month and the jute mill workers' memorandum to the Union Labour Minister, Mr. D. Sanjivayya, failed to have any effect on the market. A deputation of 2.5 lakh jute workers, who are to observe a day's token strike on Tuesday, 1st December on the refusal of the I.J.M.A. to pay a minimum bonus of 4 per cent of total annual earnings met the Union Labour Minister to seek his intervention in the dispute. The outcome of this meeting is not known at the time of writing.

In the hedge market, Sacking November encountered selling and declined to Rs. 150.40 from the last week's closing of Rs. 156.25 on Wednesday. But, later, it recovered smartly to close with a gain of a rupee at Rs. 157.25. Similarly, Hessian November, after declining to Rs. 48.86 initially, rose to finish at Rs. 50.35.

In the spot market, too, both Hessian (40″×100 oz.) and B. twills maintained a steady trend. Thus, ready hessian moved up from Rs. 49.20 to Rs. 50.25 and B. twills from Rs. 154.50 to Rs. 159.50, though the closing was a shade lower at Rs. 158.75.

Despite the announcement of a higher compulsory mill purchase quota of 2 lakh bales for the week ending 28th November, as against 1.75 lakh bales the previous week, the raw jute market remained subdued till Monday. The easiness was due to increased arrivals and cautious buying by the mills. The rising prices of essential commodities had induced a feeling in the market that weak holders of fibre would resort to distress selling, as their ability to hold on to stocks must have suffered. But slightly steadier conditions were in evidence towards the close with an improvement in the sentiment and firmer advices from the goods section. Dealers were also reluctant to cut their prices for attracting buyers. The recovery, however, was not marked to make up for the earlier losses, so that today's closing rates were slightly below those prevailing a week ago. Assam Bottoms, over the week, were unchanged at Rs. 36, per maund, while Northern Bottoms and Daissee Bottoms declined by Re. 1.50 and Re. 1.00 to Rs. 35.00 and Rs. 36.00, respectively.

FOODGRAINS STEADY

(From Our Own Correspondent)

HAPUR, 23*rd November*

Barring rice which was depressed, thanks to new crops arrivals prices of all cereals recorded a steadier trend during the week under review. Good consumer demand in face of poor supply position was the main influencing factor. Ration shops were faced with deficit supplies and were not in a position to distribute even four kilograms a unit per month. Rice and maize stocks were not yet made available for distribution through ration, and thanks to Government measures maize was not even available in that open market. *Rabi* sowings were still being continued in areas which were badly waterlogged after the last monsoon. As land vacated from cane is also being utilised for such sowings, increased *rabi* acreage is predicted.

Wheat advanced by Re. 1.50 to Rs. 2.50 per 40 kilograms on poor arrivals and brisk consumer demand. Average wheat was quoted at Rs. 36 to Rs. 37 and farm produce between Rs. 37.50 and Rs. 38.50 per 40 kilograms at the week-end. Stocks were meagre. Rice continued to be subdued and declined further by Rs. 2 to Rs. 3 per 40 kilograms according to quality, on increased arrivals of new produce. Week-end prices were:—Rice *basmati* superior Rs. 40 to Rs. 42, *sela* Rs. 36.50 to Rs. 38.50, *mainpuri* Rs. 31.25, *ramajwayan* Rs. 32.75, *raimunia* Rs. 32.75 and *gadda* Rs. 26 to Rs. 27 per 40 kilograms.

After an early decline on lack of support, gram improved by the week-end due to small arrivals. Prices ranged between Rs. 33 and Rs. 33.50 per 40 kilograms. Maize hardened further by Re. 1.50 at Rs. 24.50 to Rs. 25 per 40 kilograms on tight supply position and brisk consumer support. Barley and *bejhar* also improved during the week-end as stocks were meagre. Barley was now quoted between Rs. 28 and Rs. 29 and *bejhar* between Rs. 27 and Rs. 28 per 40 kilograms. *Juwar* and *guwar* were steady because of tight supply position and were quoted between Rs. 24 and Rs. 26 and between Rs. 22 and Rs. 24 per 40 kilograms respectively. *Bajra* and other coarse grains were listless in limited trading.

Steady to quiet trend wars witnessed in the pulses market during the week. Peas declined by Re. 1 to Rs. 2 per 40 kilograms with *dara* variety quoting at Rs. 26 to Rs. 27 and farm at Rs. 27 to Rs. 28 on poor outside enquiry. *Arhar* ruled steady at Rs. 35 to Rs. 38.50 per 40 kilograms on tight supply position. *Urd* and *moong dal* on the other hand were subdued because of increased arrivals. *Urd* was quoted between Rs. 27 and Rs. 29.50 and *moong* between Rs. 34.50 and Rs. 37 per 40 kilograms. *Masoor*, however, hardened on good demand as arrivals and stocks were both meagre. Week-end prices were:—Peas *dal* Rs. 38.50, *arhar dal* Rs. 44 to Rs. 45, *urd dal* Rs. 35.50 to Rs. 36.50, *moong dal* Rs. 42 to Rs. 43, *masoor* Rs. 36.50 to Rs. 40, *masoor dal* Rs. 44 to Rs. 45 and gram *dal* Rs. 38 per 40 kilograms.

SUPPLIES SCARCE

(From Our Own Correspondent)

HAPUR, 23*rd November*

Sugar supplies remained restricted and the prices in unofficial trading ruled steady at Rs. 180 to Rs. 182 per quintal as against the control prices of Rs. 135 a quintal. Most of the factories in this area have gone into production and cane supplies to them is reported as satisfactory, but as the quality of cane offered is poor and still not ripe, sugar percentage is said to be lower around 6 per cent. The Union Government is evolving a long-range policy in regard to the sugar industry and steps are being taken for a further 8 lakh tons sugar capacity soon.

Following the receipt of import permits for bulk quantities from other States, *khandsari* turned steadier and recorded good all-round gains. *Khandsari gulawat* spurted by Rs. 5 to Rs. 10 and was Rs. 100 to Rs. 120 per quintal. *Desi khandsari* white creamish variety prices increased by Rs. 2.50 a quintal to be quoted in the week-end at Rs. 120 to Rs. 152.50 a quintal according to quality. *Khandsari* manufacturing units would start crushing operations in Meerut region from 7th December, but initially these units would undertake manufacture of *gur*.

Pressure of arrivals here as well as in mofussil markets accounted for a fall in *gur* and *shakker* during the week. However, demand continued to be brisk from Gujarat and other consuming areas because of persistent rumours that the Government might impose a ban on the inter-State movement of the commodity as was done last year due to the high prevailing prices. Daily arrivals of *gur* here averaged 6,000 maunds and were also heavy in mufussil markets, but as yet, there has been accumulation of stocks. Week's offtake aggregated 30 wagon loads and week-end prices (in Rs. per 40 kgs.) were: *Pansera* superior 33, average 32.25, *dara* 32, *shakker* 34 to 35, and *balti* 33.50.

In the Muzaffarnagar market, *gur chaku* drifted lower by 50 paise to Rs. 33 to Rs. 34.75 per 40 kgs. under pressure of arrivals. Corresponding prices last year were much lower at Rs. 22 to Rs. 24.50. Prices of other qualities also sagged. *Shakker* lost Re. 1 to Rs. 3 per 40 kgs. Arrivals during the week amounted to 58,000 maunds and as yet there has been no accumulation of stock.

INDIAN OIL CORPORATION LIMITED

ANOTHER YEAR OF PROGRESS AND ACHIEVEMENTS

SPEECH OF CHAIRMAN, SHRI P. A. GOPALKRISHNAN, I.C.S., AT THE ANNUAL GENERAL MEETING ON 24th NOVEMBER, 1964

GENTLEMEN,

THE balance-sheet and profit and loss statement of the Indian Oil Company are in front of you for your ratification. These documents throw a flood of light on the transactions of the Company but I shall confine myself in this statement only to certain salient features.

Sales

1. The sale of oil products has gone up to 1.17 million kilolitres as against 6,29,639 kilolitres in 1962-63. The sale of petroleum coke was 11,498 metric tons in 1962-63 but it is 26,488 in 1963-64.

Operational Cost

2. The operational cost per kilolitre has come down to Rs. 29.21 as against Rs. 30.16 in 1962-63 and Rs. 31.68 in 1961-62.

Profits

3. The profit before taxation is Rs. 104.77 lakhs as against Rs. 62.41 lakhs in the previous year. The return on equity capital is 21.1 per cent as against slightly less than 20 per cent in the previous year.

Unavoidable Expenditure

4. The profit would have been very much higher but for two important items of expenditure which the Company had to bear. One is the under-recovery of railway freight of Rs. 55.77 lakhs on account of the location of the Gauhati Refinery. Government have fixed ceiling selling prices for all oil products on the basis of import parity and companies are allowed to charge only upto these ceiling prices plus freight to the consuming point from the relevant port.

Since many of the consuming points are situated farther away from Gauhati than from the port, the Indian Oil Company had to bear the excess railway freight which it could not recover from the consumers. Burmah Oil Company's share of this unrecovered freight has been taken as Rs. 19 lakhs in our accounts as approximately this amount is due to us from them.

The second item of expenditure is the under-recovery of Central sales tax amounting to Rs. 26.92 lakhs. This is collected at the rate of 2 per cent on sales outside Assam but accrues to the State Government, as it has not exempted inter-company transactions on oil products from sales tax as some other State Governments have done. The State Governments who have exempted such inter-company transactions from sales tax are Maharashtra and Andhra Pradesh. Kerala has also agreed to grant this exemption.

A word of explanation is necessary in respect of both the items. They refer to all the Gauhati products sold by the Indian Oil Company either to consumers or to other oil companies. The latter have refused to pay their share of the under-recovery of freight as well as of Central sales tax, on the ground that these are not recoverable from the consumer and they are allowed to sell products only at the ceiling selling prices fixed by the Government on the basis of import parity. References have been made to Government on these two matters for the last two years but to no effect. The Company had therefore no alternative but show these amounts as reductions from the profit made.

In spite of the two serious handicaps mentioned above, the Indian Oil Company has made a handsome profit in 1963-64 and the net profit (after taxation) gives a return on equity capital of 16.8 per cent.

Increased Tankage

The increase in sales has been made possible because the Company increased its tankages at installations and depots and built many new depots during 1963-64. The facilities of the Company have grown enormously and it can tackle a sale of more than two million kilolitres at the present time.

By an order of the Government, the Indian Refineries merged with the Indian Oil Company on 1st September 1964 and now the combined organisation is known as the Indian Oil Corporation Limited.

The Indian Refineries include the refinery at Gauhati and the one which has now gone on stream in Barauni. The third refinery at Koyali in Gujarat which is under construction by the Oil and Natural Gas Commission will also merge with the Indian Oil Corporation shortly.

The Corporation has at present two divisions, the Refineries Division and the Marketing Division. It will have two more divisions in future, the Pipelines Division and the Petro Chemical Division.

As I have already mentioned more than once in the statements that I have made before, this Corporation is likely to become the biggest oil organisation in the country in six or seven years.

Finally I thank all the Directors of the Board for their co-operation and advice and thank all those officers and staff who have worked hard to make the year successful.

BOMBAY, *24th November* 1964.

(The above does not purport to be a report of the proceedings of the Annual General Meeting.)

COTTON

(Concluded from page 942)

tian Menoufi FG over Memphis territory SM1-1/16 inch cotton was 55 per cent last season, as compared with 33 per cent in 1962-63.

The rise in the prices of extra-long staple would have been more marked but for the release of regular export quotas from the U.S. national stockpile of foreign-grown extra-long staple cottons. Recently, a sale-for-export programme, involving domestic extra-long staples, has also been initiated. Under the sale-for-export programme, stocks of American-Egyptian cotton held by the C.C.C. will be offered on a competitive bid basis. A quantity of cotton equal to purchases under this programme must be exported by 31st July 1965. Sales are limited to 5,000 running bales per month; however, only one bale was sold at the first three openings of bids. Officials have emphasised that under each of the export sales programmes, cotton will be sold at not less than the world price and in such a manner as to avoid disruption of markets.

The U.S. Congress, it may be recalled in passing, passed legislation in September last, requiring the C.C.C. to offer its stocks of extra-long staple cotton for sale at competitive world prices whenever these cottons are in surplus supply. Purchases from these sales, or an equal quantity of extra-long staple cotton, must be exported within a certain period of time. The Secretary of Agriculture is directed to determine the amount, if any, that these cottons are in surplus supply for the 1964-65 marketing year within 30 days from the effective date of the legislation and for each succeeding marketing year at least 30 days prior to the beginning of the season. Extra-long staple cotton will be deemed to be in surplus supply whenever the total supply (not including stockpile) is in excess of estimated domestic consumption and exports (excluding anticipated exports under this authority) *plus* an allowance for carryover equal to 50 per cent of estimated disappearance. Exports under this legislation will be excluded in making any determination with respect to national marketing quotas. The presumption, therefore, is that authority is given to remove any surplus supply but should not contribute to additional production.

AIR-INDIA LIMITED

(In Voluntary Liquidation)

A GENERAL MEETING OF THIS COMPANY will be held in the Board Room, 4th Floor, Bombay House, Bruce Street, Fort, Bombay, on Tuesday, 22nd December 1964, at 4.30 p.m., when in accordance with the provisions of Section 496 of the Companies Act, an account of the acts and dealings of the Liquidators and of the conduct of the winding up for the year ended 30th September 1964 will be laid before the Meeting togther with the prescribed form of statement with respect to the proceedings in and the position of the Liquidation.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

AIR-INDIA LIMITED
(In Voluntary Liquidation)
By Order of the Liquidators,
K. C. BAKHLE,
A Liquidator.

ESPLANADE MANSION,
FULLER ROAD,
BOMBAY-1.

To all Shareholders of Air-India Limited (In Voluntary Liquidation) and particularly to:—

Atmaram Shivarao Kalambi, Joseph Theophilus Almeida, Amrutha Pandu, Miss Candida Dhubai Backhaus, Bashir Niazi, Alan Joseph Chaves, Chulananda Upali de Silva, Ginigalgodaga Peeton De Silva, Mrs. Doulat Khanum, Arthur Horace Sidney Fernandes, Farrokh Erachshaw Shroff, Mrs. Barbara Flatt, Sydney Joseph Fernandes, Gunja Man Singh, Donald Reginald Cavendish Hartley, Karson Narain, Kaikhoshro Pherozeshah Mehta, Mrs. Mary Kostka, Stanislaus Lawrence Maxim Lobo, Mrs. Mariam Ahmed Jaffer, Wilhelm A. E. Molamure, Mir Maqbook Mahmood, M. Nizamuddin, Miss Margaret Mardall, Maneck Ardeshir Soharb Dalal, Placidus Joseph Leslie Manezes, Natuvilmatam Subramania Raman, John Cecil Trevor Pereira, Anthony Francis Pinto, J. C. K. Peterson, Sanmugan Dharma, Mrs. Savitri Dahyalal Daftary, Samuel Taylor, Jose Vaz, Vasant Nagesh Shirodkar.

AIR-INDIA INTERNATIONAL LIMITED

(In Voluntary Liquidation)

THE ANNUAL GENERAL MEETING OF this Company will be held in the Board Room, 4th Floor, Bombay House, Bruce Street, Fort, Bombay, on Tuesday, 22nd December 1964, at 5 p.m. when in accordance with the provisions of Section 496 of the Companies Act, an account of the acts and dealings of the Liquidators and of the conduct of the winding up for the year ended 30th September 1964 will be laid before the Meeting together with the prescribed form of statement with respect to the proceedings in and the position of the Liquidation.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

AIR-INDIA INTERNATIONAL LIMITED
(In Voluntary Liquidation)
By Order of the Liquidators,
K. C. BAKHLE,
A Liquidator.

ESPLANADE MANSION,
FULLER ROAD,
BOMBAY-1.

To all the Shareholders of Air-India International Limited (In Voluntary Liquidation) and in particular to:—

Arrokkiam Arulsamy Pillai, Mrs. Annaledchumy Theagarajah, Ahmedkhan Hajee Goolab Khan, Adi Bejan Tata, Bai Laximinarayan Rao, Don Edwin Dewendra, Camilo de Souza, Fahimmuddin Ahmed Noori, Mrs. Alice Fonseca, Galwadau Acharige Charles Hamy, Habib Haji Mohamed Doriwala, Narendra Chadra Lahiri, Jagadamba Kumari Debi, Jehangir Bejan Tat, Maxim Lobo, Mushtaq Ahmed Dodhy, Kudaliyar Samuel Kanapathipillai Appadurai, Mr. Frederick Vincent Mascarenhas, Miss Nina Jehangir Gorwalla, Mrs. Naja Bejan Tata, Rehmankhan Peerkhan, Rameshchandra Ranchodbhai Patel, Jose Estevam Silveira, Santdas Kushiram Kirpalani, Sam Bejan Tata, Sagoon Jayadeo Dhond, Venetexa Srinivasa Sinai Dempo, George Harvey Woodhouse, Dr. Ujagar Singh.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 20th Nov., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		86,00,00,000
National Agricultural Credit (Stabilisation) Fund		9,00,00,000
National Industrial Credit (Long Term Operations) Fund		10,00,00,000
Deposit—		
(a) Government—		
(i) Central Government		50,83,51,000
(ii) State Governments		6,48,67,000
(b) Banks—		
(i) Scheduled Banks		101,59,87,000
(ii) State Co-operative Banks		2,94,11,000
(iii) Other Banks		3,70,000
(c) Others		144,49,86,000
Bills Payable		52,61,72,000
Other Liabilities		45,98,30,000
	Rupees	694,99,74,000

ASSETS		
Notes		20,19,81,000
Rupee Coin		3,46,000
Small Coin		8,44,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		28,17,51,000
(i) State Governments		11,81,08,000
(ii) State Co-operative Banks		....
(iii) Central Land Mortgage Banks		
(b) Investment in Central Land Mortgage Bank Debentures		4,45,58,000
National Agricultural Credit (Stabilisation) Fund		
Loans and Advances to State Co-operative Banks		....
National Industrial Credit (Long Term Operations) Fund:-		
(a) Loans and Advances to the Development Bank		....
(b) Investment in bonds/debentures issued by the Development Bank		....
Bills Purchased and Discounted—		....
(a) Internal		....
(b) External		718,50,14,000
(c) Government Treasury Bills		9,43,56,000
Balances Held Abroad*		89,65,87,000
Loans and Advances to Governments**		....
Loans and Advances to—		1,24,20,000
(i) Scheduled Banks†		150,41,32,000
(ii) State Co-operative Banks†		2,80,68,000
(iii) Others		120,77,01,000
Investments		27,51,42,000
Other Assets		....
	Rupees	694,99,74,000

* Includes Cash and Short-term Securities.
** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.
† Includes Rs. Nil advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.
‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	20,19,81,000	
Notes in circulation	2432,94,16,000	
		2453,13,97,000
Total Notes issued		2453,13,97,000
Total Liabilities		

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	85,45,69,000	
Foreign Securities		
Total		203,21,79,000
		103,78,92,000
Rupee Coin		
Government of India Rupee Securities		2146,13,26,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2453,13,97,000

State Bank of India

Statement of Affairs for the week ended 20th Nov., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital:— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up:— 5,62,500 shares of Rs. 100 each..	5,62,50,000	5,62,50,000
Reserve Fund and Other Reserves		6,30,00,000
Deposits and Other Accounts		672,93,02,000
Borrowings from Other Banking Companies, Agents, etc.		1,18,05,000
Bills Payable		10,39,32,000
Bills for Collection being Bills receivable as per contra		7,13,29,000
Acceptances, Endorsements and Other Obligations per contra		20,76,33,000
Other Liabilities (including Inter-Office Adjustments)		25,01,43,000
Total .. Rs.		752,33,94,000

PROPERTY AND ASSETS		Rs.
Cash in hand and with Reserve Bank		28,08,01,000
Balances with other Banks		2,80,64,000
Money at Call and Short Notice		4,06,67,000
INVESTMENTS:—	Rs.	
Government and other Trustee Securities	280,08,46,000	
Other Authorised Investments	8,98,24,000	
		289,06,70,000
ADVANCES:—	Rs.	
Loans, Cash Credits, Overdrafts, etc.	321,80,03,000	
Bills Discounted and Purchased	22,22,17,000	
		344,02,20,000
Bills Receivable being Bills for Collection as per contra		7,13,29,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		20,76,33,000
Premises less Depreciation		2,42,33,000
Furniture and Fixtures less Depreciation		2,09,08,000
Other Assets (including Inter-Office Adjustments)		51,87,79,000
Total .. Rs.		752,33,94,000

State Bank of Pakistan

Statement of Affairs for the week ended 6th Nov., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		7,75,00,000
Rural Credit Fund		3,50,00,000
Deposits:—		
(a) Central Government		15,02,32,000
(b) Provincial Governments		13,23,62,000
(c) Banks		89,36,08,000
(d) Others		94,21,57,000
Bills Payable		9,07,000
Other Liabilities		11,20,09,000
	Rupees	187,37,15,000

ASSETS		Rs.
Notes		7,28,42,000
Rupee Coin		25,000
Subsidiary Coin		68,000
Bills Purchased and Discounted:—		....
(a) Internal		....
(b) External		5,11,80,000
(c) Government Treasury Bills		9,87,71,000
Balances held outside Pakistan*		1,00,00,000
Loans and Advances to Governments		....
Provincial Governments' Debtor Balances		111,05,56,000
Other Loans and Advances		40,41,64,000
Investments		12,61,00,000
Other Assets		....
	Rupees	187,37,15,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	7,28,42,000	
Notes in circulation	453,79,76,000	
Total Notes issued		461,08,18,000
Total Liabilities	....	461,08,18,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion	76,08,33,000	
Foreign Securities		
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	144,25,67,000
B. Rupee Coin	3,66,04,000	
Government of Pakistan Securities	307,26,41,000	
Internal bills of exchange and other commercial paper	....	310,92,45,000
II. Held with the Reserve Bank of India pending transfer to Pakistan:—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,68,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets		461,08,18,000

EXCHANGE RATES

		25th Nov., 1964	18th Nov., 1964
London on New York £ per Dollar		2.7859–2.7862	2.7830–2.7832
London on Berne	Sw. Fcs.	12.0215–12.0235	12.0090–12.0110
London on Paris	Fr. Fcs.	13.6500–13.6520	13.6365–13.6385
New York on London Cents per £		278.640–278.660	278.300–278.330
Pound Sterling—			
Sellers T.T. DD. Spot	s.	1–5 31/32	1–5 31/32
Sellers T.T. D.D. upto six months	s.	1–5 29/32	1–5 29/32
Buyers T.T.	s.	1–6 1/32	1–6 1/32
Buyers D.D.	s.	1–6 1/16	1–6 1/16
U.S. Dollar—			
Sellers T.T. D.D... Rs. to $100		480.50	481.00
Buyers T.T. ..Rs. to $100		476.75	477.50
Canadian Dollars—			
Sellers T.T. D.D... Rs. to $100		450.00	450.25
Buyers T.T. .. „		442.00	442.25
French Francs—			
Sellers T.T. D.D... per Rs. 100		101.90	101.80
Buyers T.T.		102.90	102.80
Swiss Francs—			
Sellers T.T. D.D... ..		89.70	89.60
Buyers T.T.		90.70	90.60
Deutsche Marks—			
Sellers T.T. D.D... ..	„	82.60	82.50
Buyers T.T.	„	83.50	83.50
Italian Lire—			
Sellers T.T. D.D... ..	„	12,055	12,055
Buyers T.T.	„	13,145	13,130
Swedish Kroner—			
Sellers T.T. D.D... ..	„	107.10	107.00
Buyers T.T.	„	108.20	108.10
Belgian Francs—			
Sellers T.T. D.D... ..	„	1,029	1,028
Buyers T.T.	„	1,045	1,044
Dutch Guilders—			
Sellers T.T. D.D... ..	„	74.60	74.60
Buyers T.T.	„	75.50	75.40
Hongkong Dollars—			
Sellers T.T. D.D... ..	„	119.60	119.60
Buyers T.T.	„	120.60	120.60
Norwegian Kroner—			
Sellers T.T. D.D... ..	„	149.00	148.90
Buyers T.T.	„	150.30	150.30
Danish Kroner—			
Sellers T.T. D.D... ..	„	144.00	144.00
Buyers T.T.	„	145.40	145.40
Straits Dollars—			
Sellers T.T. D.D... ..	„	63.90	63.90
Buyers T.T.	„	64.50	64.50

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	13-11-64	6-11-64	15-11-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	67,15	61,92	51,28
(ii) From others	1,196,44	1,193,91	970,36
(b) Borrowings from banks	25,89	28,84	25,93
(c) Others	77,15	79,78	63,95
2. Time liabilities—			
(a Time deposits—			
(i) From banks	32,60	31,55	33,23
(ii) From others	1,327,15	1,323,73	1,261,96
(b) Borrowings from banks	15,95	16,88	18,16
(c) Others	13,05	13,06	9,97
3. Aggregate deposits [(1) (a) (ii)+2 (a) (ii)]	2,523,58	2,517,64	2,232,32
4. Borrowings from Reserve Bank	2,28	5,05	2,44
(a) Against usance bills and/or promissory notes	—	15	17
(b) Others	2,28	4,90	2,27
5. Borrowings from State Bank and/or a notified Bank	38,57	41,60	24,90
6. Cash	70,31	73,40	53,53
7. Balances with Reserve Bank	96,64	99,86	93,30
8. Cash and balances with Reserve Bank	166,95	173,26	146,84
9. 8 as per cent of 3	6,62	6,88	6,58
10. Balance with other banks in current account	23,18	23,18	21,00
11. Money at call and short notice	77,11	64,41	66,85
12. Investments in Government securities	819,58	812,94	763,26
13. 12 as per cent of 3	32,48	32,29	34,19
14. Advances—			
(a) Loans cash credits and overdrafts	1,457,34	1,455,62	1,244,42
(b) Due from banks	19,86	23,95	13,05
15. Inland bills purchased and discounted	185,94	187,45	181,11
16. Foreign bills purchased and discounted	76,43	77,32	58,32
17. Total Bank Credit [14(a)+15+16]	1,719 70	1,720,40	1,483,85
18. 17 as per cent of 3	68,15	68,33	66,47

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended			
	14th Nov., 1964P	7th Nov., 1964P	10th Oct., 1964	9th Nov., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.5	99.5	99.7	98.7
2. Government of India	99.2	99.2	99.4	99.4
3. State Governments	102.1	102.0	102.1	102.0
4. Municipal, Port Trust, etc.	99.0	99.0	99.0	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.5	98.7	98.5	97.3
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.1	82.2	82.4	81.9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	163.8	164.9	164.5	176.2
8. *Agriculture and Allied Activities: Total**	139.3	139.1	139 3	154.4
9. Tea Plantations	124 5	124.4	125 0	142.4
10. Coffee Plantations	178 9	176.8	172 9	168 5
11. Rubber Plantations	181.2	181.4	181.7	174 9
12. *Mining and Quarrying: Total**	132 0	133 5	133 3	151 1
13. Coal	92.6	93.6	95.1	109 3
14. Other Mining	159.0	160.9	159.6	179.7
15. *Processing and Manufacturing: Total*	175.7	177.1	176.5	191.4
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	173.6	174.8	174 8	193 7
17. Sugar	131.8	132.2	132.2	139.7
18. Cotton Textiles	158.9	159.8	160.1	175.2
19. Jute Textiles	83.9	84.5	85.7	102 5
20. Silk and Woollen	812.4	826.0	811.5	964.9
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	194.4	196.6	195.4	202 9
22. Iron and Steel	161 9	163.9	160.6	161 8
23. Transport Equipment	293.7	295.8	301.8	357 8
24. Electrical Machinery	160.7	162.3	162.2	176.3
25. Machinery other than Transport and Electrical	226.9	229.5	229.5	241.5
26. Basic Industrial Chemicals	185.0	186.3	188.3	183 2
27. *Processing and Mfg. (Others): Total**	147.3	147.8	146.8	163.0
28. Cement	139.6	139.7	138.8	151.7
29. Paper	189.9	190.8	188.7	209.8
30. *Other Industries: Total**	112.4	113.0	112.7	109.4
31. Electricity Generation and Supply	98.5	98.5	97.9	86.8
32. Trading	111.1	111.8	111 3	117.0
33. Shipping and Other Transport	95.9	97.2	97.6	100 4
34. Construction	285.4	289.4	289.7	290 0
35. *Financial: Total*	193.4	193.6	193.6	194.8
36. Banks	216.3	216.4	216.1	214 6
37. Insurance	157.0	157.4	155.4	168 1
38. Investment Trusts	70.7	70.5	70.7	85.8
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL				
39. Bombay	172.8	174.4	173.4	184.4
40. Calcutta	150.3	151.2	—	164.0
41. Madras	175.4	175.1	173.3	178.3
42. Delhi	218.6	220.2	219.5	236.5

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.
P—Provisional. ‡ Calcutta Market closed during the week.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	31st Oct. 1964	24th Oct. 1964	2nd Nov. 1963	Sept. 1964	Sept. 1963	Percentage of Increase (+) or Decrease (—) in Sept. 1964 as compared with Sept. 1963	Financial Year Averages 1963-64	Financial Year Averages 1962-63
Food Articles	504	165.6	165.4	139.4	169.5	139.1	+21.9	136.8	126.1
Cereals	192	146.5	146.6	118.2	150.2	117.3	+28.0	116.5	105.2
Pulses	43	179.9	174.9	115.6	177.1	111.0	+59.5	115.4	103.2
Fruits and Vegetables	22	181.7	183.1R	129.8	184.0	119.6	+53.8	140.6	125.6
Milk and Ghee	84	147.1	146.8	127.1	145.8	126.3	+15.4	128.2	124.4R
Edible Oils	47	203.0	199.2	151 0	217.0	154.1	+40.8	151.1	152.2
Fish, Eggs and Meat	17	159.5	160.2	151.3	177.4	152.1	+16.6	149.8	148.2R
Sugar and Gur	48	201.5	214.7	212.3	218.8	—	— 8.0	188.8	146.0
Others	50	183.7	191.4*	178.7*	182.4	182.4	+ 0.3	179.3	171.3
Liquor and Tobacco	21	133.5	132.8	118.4	130.8	118.5	+10.4	119.6	106.8R
Tobacco	..	131.4	130.4	115.5	128.5	115.6	+11.2	116.8	97.4R
Fuel, Power, Light and Lubricants	30	144.8	144.8R	143.8	139.1	+ 3.4	139.6R	124.4R
Industrial Raw Materials	155	162.0	163.4R	137.9	170.3	141.2	+20.6	139.5	138.5
Fibres	61	144.6	144.2	132.4	148.3	132.6	+11.8	133.2	139.8
Oilseeds	60	196.0	198.8	149.7	213.8	161.1	+32.7	154.1	144.6
Minerals	2	103.2*	103.7*	91.6*	103.7	91.5	+13.3	92.8	93.8
Others	32	134.9*	135.2*	129.0*	134.6	123.2	+ 9.3	127.3	126.0
Manufacture	280	137.8	138.0	130.7	137.0	131.2	+ 4.4	131.1	126.8R
Intermediate Products	41	152.5	153.4	138.5	150.9	139.6	+ 8.2	138.6	139.5
Finished Products	239	135.4	135.6	129.4	134.7	129.8	+ 3.8	128.7	127.4
Textiles	147	133.5	133.7	127.2	132.8	128.0	+ 3.8	127.7	126.1
Cotton	..	136.8*	136.7*	135.0*	136.6	135.7	+ 0.6	135.6	135.7
Jute	..	122.6	123.9*	98.9	118.5	101.4	+16.9	100.2	110.9
Woollen	..	160.2*	169.2*	160.2*	169.2	156.6	+ 8.0	156.3	140.4
Silk and Rayon	..	132.0*	132.0*	137.8*	136.3	138.9	— 1.9	139.8	131.8
Metal Products	..	169.5	169.5	163.7	160.5	163.7	+ 3.5	163.1	160.1
Chemicals	20	120.8*	120.8*	117.9*	120.4	117.1	+ 2.8	117.9	115.5
Oil Cakes	9	202.2	205.9	162.9*	197.7	165.1	+19.7	156.7	160.9
Machinery and Transport Equipment	31	127.2	127.2	124.2	127.1	124.0	+ 2.5	124.2	117.0R
Others	30	127.8	127.8	128.9	127.8	128.6	— 0.6	128.2	125.3
All Commodities	1,000	155.7	155.8						

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

AGRICULTURAL PRODUCTION

Crop	Fore-cast	Area (in thousand Hectares)		Production (in thousand metric tons)	
		1963-64	1962-63	1963-64	1962-63
Cereals—					
Rice	final	35,474	34,934	36,489	31,914
Wheat	final	13,305	13,657	9,708	10,829
Jowar	final	18,174	18,021	9,227	9,621
Bajra	final	10,810	10,800	3,736	3,892
Barley	final	2,704	3,022	1,985	2,423
Maize	final	4,546	4,607	4,527	4,578
Ragi	final	2,364	2,316	1,852	1,891
Small millets ..	final	4,614	4,693	2,031	1,860
Total cereals ..	final	92,081	92,050	69,555	67,008
Pulses—					
Gram	final	9,242	9,177	4,478	5,345
Tur	final	2,418	2,418	1,292	1,592
Other Kharif pulses§ ..	final	6,173	6,424	1,534	1,680
Rabi pulses†† ..	final	5,935	5,940	2,571	2,825
Total pulses ..	final	23,768	23,959	9,875	11,440
Total foodgrains ..	final	115,849	116,009	79,430	78,448
Oilseeds—					
Groundnut ..	final	6,804	6,864	5,291	4,821
Castorseed ..	final	449	437	101	101
Sesamum	final	2,343	2,488	410	464
Rape and Mustard..	final	3,004	3,108	969	1,294
Linseed	final	1,354	1,399	385	433
Total oilseeds ..	final	14,554	14,796	7,096	7,113
Fibres—					
Cotton*	final	7,919	7,845	5,426	5,309
Jute A.	final	802	851	5,057	5,449
Mesta A.	final	385	379	1,810	1,697
Sannhemp (a) ..	final	251	251	86	76
Other crops —					
Potato	final	415†	370†	3,131†	2,550‡
Sugarcane*‡ ..	final	2,214	2,280	10,258	9,544
Ginger (Dry) ..	final	21	21	20	20
Pepper (Black) ..	final	102	105	24	26
Chillies (Dry) ..	final	623†	614‡	389†	376‡
Tobacco	final	430†	421‡	367†	349‡

Source : Ministry of Food and Agriculture. § Excluding Tur.
* In terms of cotton lint and in thousand bales of 180 Kgs. each.
†† Excluding Gram and Tur. A.—In bales of 180 Kgs.
(a) Relates to fibre crop only. ‡ Yield in terms of *gur*.
† Refers to 1962-63. ‡ Refers to 1961-62.

INDIAN JUTE GOODS STATISTICS
(In thousand metric tons)

	October		Jan. to Oct.	
	1964	1963	1964	1963
Production—Total ..	**98.0**	**96.2**	**1,056.7**	**1,025.1**
Of which :				
Hessian	42.7	41.8	449.8	436.7
Sackings	42.3	40.5	417.9	420.5
Carpet backing ..	7.6	7.6	77.2	70.6
Others	5.4	6.4	111.8	97.3
Despatches—Total ..	**105.8**	**95.0**	**1,044.9**	**993.2**
Of which :				
For exports ..	72.7	66.0	741.8	725.3
Hessian	39.5	36.9	399.4	390.2
Sacking	20.0	21.9	200.8	209.0
Carpet backing ..	11.6	6.2	73.7	60.0
Others	1.6	1.9	67.9	66.1
For internal consumption..	33.1	28.1	303.1	268.6
Hessian	5.1	3.7	45.8	38.9
Sacking	24.3	21.3	221.7	201.5
Others	3.7	3.1	35.6	28.2
Closing stocks—Total ..	**117.3**	**108.3**	**117.3**	**108.3**
Of which :				
Hessian	45.9	34.5	45.9	34.5
Sackings	40.8	52.2	40.8	52.2
Carpet backing ..	20.0	13.8	20.0	13.8
Others	10.6	7.8	10.6	7.8

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	5	4.5
Belgium	2nd July, 1964	4.25	4.75
Bolivia	June, 1963	6	6.9
Burma	1962	3	4
Canada	24th Nov., 1964	4	4.25
Ceylon	13th Aug., 1960	2.50	4
Chile	Jan., 1963	14.62	14.21
Denmark	10th June 1964	5.50	6.50
Ecuador	1960	5	5
El Salvador	June, 1961	5.5	6
Finland	April, 1962	3	7
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1962	6	5.50
India	25th Sept., 1964	4.50	5
Indonesia	Aug., 1963	3	9
Ireland	31st Jan., 1964	3.98	3.94
Italy	7th June, 1958	4	3.50
Japan	18th Mar., 1964	5.84	6.57
Malaya	26th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	4th June, 1964	4	4.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	..	2
South Africa	27th Nov., 1962	4	2.50
Spain	1961	5.75	5
Sweden	8th Nov., 1964	4.5	5
Switzerland	3rd July, 1964	2	2.50
Thailand	Nov., 1959	7	5
Turkey	May, 1961	9	7.5
United Kingdom ..	23rd Nov., 1964	5	7
U.A.R.	May, 1962	3	5
U.S.S.R.	1st July, 1936	3	4
U.S.A.	24th Nov., 1964	3.50	4
West Germany ..	5th May, 1961	3.50	3

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees)			Average rate of discount	Rate of allotment in full Rs.
	Offered	Applied for	Allotted	Per cent.	
1964					
1st September	2.00	4.00	2.00	2.400	99.400
2nd to 5th Sept.*	1.20	—	1.20	—	99.416
8th September	2.00	4.00	2.00	2.400	99.400
9th to 12th Sept.*	2.45	—	2.45	—	99.416
15th September	2.00	3.04	2.00	2.386	99.405
16th to 19th Sept.*	7.98	—	7.98	—	99.416
22nd September	2.00	2.10	2.00	2.399	99.405
23rd to 26th Sept.*	13.35	—	13.35	—	99.416
29th September	2.00	4.00	2.00	2.400	99.400
30th Sept. to 3rd Oct.*	5.75	—	5.75	—	99.416
6th October	2.00	2.00	2.00	2.500	99.375
7th to 10th Oct.*	1.74	—	1.74	—	99.391
12th to 17th Oct.*	2.43	—	2.43	—	99.391
20th October	2.00	4.00	2.00	2.500	99.375
21st to 24th Oct.*	27.64	—	27.64	—	99.391
27th October	2.00	4.70	2.00	2.400	99.400
28th to 31st October*	7.02	—	7.02	—	99.416
3rd November	2.00	2.00	2.00	2.500	99.375
4th to 7th November*	0.49	—	0.49	—	99.391
10th November	2.00	2.05	2.00	2.499	99.377
11th to 14th Nov.	11.25	—	11.25	—	99.391
17th November	2.00	4.00	2.00	2.400	99.400
18th to 21st Nov.	16.57	—	16.57	—	99.416
24th November	2.00	2.05	2.00	2.360	99.410
Total amount outstanding ..	122.76	—	122.76	—	—

INDUSTRIAL PRODUCTION

Industries		1960	1961	1962	1963	Jan. to July		July 1964	July 1963
						1964	1963		
Major Industries—									
Coal	million metric tons	52.62	56.10	61.55	66.91	37.80	39.50	5.24	5.48
Steel Ingots—crude	thousand metric tons	3,242	4,027	5,090	5,971	2,912†	3,020†	..	507
Yarn	million kgs.	788	862	860	893	547	583	84	77
Cloth	million metres	4,616	4,604	4,480	4,423	2,882	2,888	416	385
Cement	thousand metric tons	7,835	8,245	8,587	9,355	5,618	5,465	829	734
Jute	thousand metric tons	1,085	971	1,183	1,236	743	721	118	109
Paper and paper boards ..	.. thousand quintals	3,475	3,641	3,876	4,626	2,430†	2,170†	..	292
Matches*	million boxes	4,830	5,624	4,095	4,128	2,563	2,439	461	372
Sugar	thousand metric tons	2,591	2,841	2,786	2,316	1,734	1,464	9	5
Engineering and Electrical Industries—									
Machine tools	Value in lakhs of Rs.	669	852	1,182	1,800	801§	644§	..	133
Electric lamps	.. millions	41.39	46.90	58.55	70.36	36.38†	35.21†	..	6.88
Dry cells	.. millions	207.4	213.6	240.0	276.0	128.0†	137.0†	..	24.8
Power transformers ..	.. thousand K.V.A.	1,116	1,754	2,357	3,038	1,547†	1,329†	..	200
Electric Motors	.. thousand H.P.	680	827	983	1,183	588†	592†	..	96
Electric fans	.. .. Nos.	991,200	1,074,000	1,134,000	1,142,400	454†	641†	..	104
Radio receivers	.. .. Nos.	266,700	326,340	348,000	688,800	209,000†	199,000†	..	38,100
Storage batteries	.. .. Nos.	510,000	520,800	564,000	636,000	379,000†	339,700†	..	61,400
Diesel engines—Vehicular ..	.. .. Nos.	9,708	9,316	7,620	8,832	4,867	4,859	715	857
Diesel engines—Stationary ..	.. .. Nos.	44,196	44,196	42,492	55,644	31,859	27,395	..	5,216
Chemical Industries—									
Salt	million metric tons	3.43	3.48	3.86	4.54	11.57	3.85	0.17	0.35
Caustic soda	.. .. metric tons	99,144	119,344	120,420	152,280	103,412	83,703	16,182	13,949
Soda ash	.. .. metric tons	145,284	176,639	222,660	266,964	161,738	154,386	23,796	21,619
Chlorine liquid	.. .. metric tons	31,656	33,912	36,072	44,232	28,811	23,371	4,231	4,117
Bleaching powder	.. .. metric tons	5,928	7,128	6,828	7,344	4,254	4,459	720	544
Bichromates	.. .. metric tons	5,472	6,732	7,045	6,923	3,461†	3,184†	..	633
Sulphuric acid	.. .. metric tons	359,400	413,520	468,300	567,936	377,329	311,182	57,312	46,586
Superphosphate (a) ..	.. .. metric tons	53,028	62,040	74,616	96,672	63,917	52,073	11,137	8,699
Non-ferrous Metals—									
Aluminium	.. .. metric tons	18,467	18,381	35,404	53,386	27,625†	26,514†	..	4,127
Antimony	.. .. metric tons	809	618	661	910	604	496	70	75
Copper (Virgin metal) ..	.. .. metric tons	8,992	8,725	9,781	9,593	5,373	5,418	780	845
Lead (Virgin metal) ..	.. .. metric tons	3,778	3,664	2,849	3,537	2,578	2,003	340	340
Gold	.. .. kilograms	4,992	4,872	5,076	4,224	2,222†	2,168†	..	357
Miscellaneous (Minor) Industries—									
Sewing Machines	.. .. Nos.	297,288	307,404	343,824	337,296	42,075†	180,640†	..	34,170
Bicycles	.. .. Nos.	1,050,096	1,040,592	1,115,916	1,186,524	697,206†	571,283†	..	97,738
Automobiles	.. .. Nos.	51,660	54,312	57,816	52,200	38,473	28,061	5,065	5,339
Plywood—Tea chests ..	.. thousand sq. metres	9,120	9,108	9,132	9,925	5,428	5,800	808	893
Plywood—Commercial ..	.. thousand sq. metres	6,024	6,564	7,356	9,648	5,938	5,576	849	826
‡Woollen { Manufactures	Worsted Fabrics thousand metres	13,980	13,200	18,288	20,400	6,835	11,576	994	1,006
	Worsted Yarn.. thousand kgs.	12,568	14,760	18,012	22,728	12,423	13,333	1,757	1,892
Alcohol—Industrial	million litres	70.57	93.84	110.82	143.31	79.24§	60.21§	..	13.39
Alcohol—Power Absolute ..	million litres	49.33	53.77	25.32	0.31	0.38§	23.15	..	0.88
Railway Wagons	.. .. Nos.	7,476	10,536	13,932	18,960	12,459†	9,361†	..	1,730
General Index—(Base 1956=100 Revised) Crude ..		**129.9**	**138.5**	**149.6**	**163.3**	..	..	**179.1**	**167.4**

* Matches—Boxes of 60 sticks each upto February, 1961 and of 50 sticks thereafter. † Jan. to June only. § Jan. to May only.
‡ Includes figures for Jammu and Kashmir. (a) P_2O_5 content.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS
(1949=100)

	All-India	Bombay*	Ahmedabad†	Sholapur§	Kanpur ††	Nagpur	Calcutta †	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur‡	Jabalpur	Bangalore†
1960 Average	**124**	**429**	**108**	**957**	**100**	**126**	**100**	**146**	**129**	**107**	**108**	**100**	**100**	**100**
1961	**126**	**451**	**102**	**382**	**101**	**131**	**101**	**146**	**127**	**113**	**106**	**101**	**111**	**105**
1962	**130**	**444**	**104**	**381**	**105**	**133**	**107**	**145**	**130**	**115**	**112**	**105**	**131**	**108**
August 1963	136	449	108	374	110	144	113	151	134	124	109	109	141	113
September ,,	137	454	109	377	112	146	116	152	136	124	109	109	143	113
October ,,	138	453	109	371	112	144	119	151	135	122	112	109	143	113
November ,,	138	454	110	378	112	147	116	153	138	124	112	109	143	114
December ,,	140	483‡	111	379	115	147	116	157	140	125	113	110	143	114
January 1964	140	485‡	111	388	115	150	111	157	140	125	113	110	145	115
February ,,	142	489‡	115	417	122	159	111	157	140	126	115	108	152	116
March ,,	143	490‡	116	417	124	156	115	158	145	124	119	108	158	117
April ,,	147	492‡	117	422	125	157	117	159	146	124	119	112	159	117
May ,,	147	496‡	118	449	123	162	118	163	144	126	121	115	157	118
June ,,	150	511‡	119	463	125	167	116	169	145	130	119	119	158	121
July ,,	154	526‡	122	466	130	171	119	174	148	137	126	119	159	124
August ,,	156	529‡	..	470	..	180	..	174	151	138	128	119P	161	125
September ,,	..	531‡	..	485	..	..	..	..	..	..	128	..	165	..

* Jan. 1934=100. § Jan. 1928=100. †Base: 1960=100. ‡ The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra. P—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES
(Base : 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Raw Cotton	Raw Jute	Ground-nut	Sesamum seed	Coal	Jute manufac-tures	Cotton manufac-tures	Iron&Steel Manufac-tures
1960-61	108	99	122	130	87	206	118	127	136	111	115	210	146	128	141	131	128	147
1961-62	105	91	112	132	85	198	117	125	116	114	116	176	156	140	142	122	128	148
1962-63	111	90	130	124	89	175	122	121	153	94	113	162	119	124	154	111	131	160
1963-64	125	99	116	132	100	194	133	139	218	112	119	148	144	136	161	111	136	163
September 1963 ..	131	92	109	130	93	198	136	267	211	113	120	150	147	160	161	100	136	163
January 1964 ..	120	112	123	139	113	195	128	145	205	116	120	149	139	155	161	101	136	163
February ,,	121	121	130	144	120	193	130	145	198	116	120	150	147	160	161	100	136	163
March ,,	122	121	131	134	120	193	130	145	189	112	120	151	153	164	161	100	136	163
April ,,	125	116	137	149	116	144	145	189	112	120	151	153	164	161	99	137	167	
May ,,	131	113	149	161	120	147	148	204	109	123	148	153	162	166	99	137	169	
June ,,	130	112	166	167	125	198	159	153	219	115	122	148	164	166	99	136	170	
July ,,	140	116	178	173	132	194	159	153	214	117	123	148	183	165	100	135	170	
August ,,	146	124	188	175	151	199	153	153	238	125	124	177	196	165	100	135	170	
September ,,	146	135	211	185	182	197	160	153	247	127	124	182	200	160	167	119	137	170

RAILWAY TRAFFIC—WAGON LOADINGS
(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manu-factures	Raw Jute	Jute Manu-factures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manga-nese Ore
1960-61	9,757	1,591	837	122	52	16	116	15	128	401	56	317	32	79
1961-62	9,870	1,706	802	115	49	14	128	12	130	390	51	366	34	76
1962-63	10,621	1,782	797	121	43	14	150	15	142	385	54	433	32	65
1963-64	11,354	2,080	913	136	41	13	143	12	124	413	57	493	30	66
July 1963	3,646	687	311	44	15	4	25	4	50	138	19	155	7	20
Aug., ,, ..	4,561	866	377	53	16	5	35	5	61	163	24	196	11	29
Sept., ,, ..	5,461	1,040	446	59	18	7	50	5	71	195	29	237	16	29
Jan., 1964	9,366	1,747	754	110	31	7	123	10	103	338	48	409	29	51
Feb., ,, ..	10,385	1,910	833	122	36	10	134	11	112	375	52	449	30	57
Mar., ,, ..	11,354	2,080	913	136	41	13	143	12	124	413	57	493	30	66
April ,, ..	959	168	80	13	4	1	8	2	15	68	9	78	2	13
May ,, ..	1,806	338	161	23	8	2	15	2	35	5	5	39	—	15
June ,, ..	2,800	489	237	33	11	2	22	3	68	68	9	78	2	19
July ,, ..	3,697	652	307	42	13	4	23	3	32	101	14	117	3	22
Aug., ,, ..	4,565	811	381	52	15	5	30	5	40	140	19	161	6	26
Sept., ,, ..	5,461	1,040	446	59	18	7	50	5	48	195	29	237	16	32

Note.—The figures relate to Government Railways, corporate revision in respect of earlier months. Figures include Broad and Meter Gauges. *Source :*—Ministry of Railways. The monthly figures are progressive from April and

SMALL SAVINGS
(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates	Post Office Savings Bank Deposits	10-Year National Plan Certificates D	Post Office Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10 Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G	Total	
	Out-standings	Out-standings	Out-standings	Out-standings	Receipts	Out-standings	Out-standings	Out-standings	Out-standings	Out-standings	Out-standings	Receipts	Receipts	Out-standings H
1960-61	1.26	2.46	81.35	286.74	236.88	313 20	18,84	42.01	1.70	93	33.80	37.34	338.06	786.04
1961-62	89	1.88	65.47	347.96	250.50	348.75	17.91	42.45	3.96	1.91	27.50	53.35	49	878.35
1962-63	62	1.39	48.16	367.55	244.85	355.40	16.91	42.65	7.67	3.50	20.38	60.70	50	944.85
1963-64	42	90	31.31	344.69	254.09	384.42	15.97	42.75	12.64	6.17	14.47	60.70	3.83	964.21
Sept. 1963 ..	53	1.11	39.62	354.58	18.21	350.71	16.51	42.71	10.20	4.69	17.13	60.68	41	3.90	395.15	1,064.66
Oct. ,, ..	50	1.06	38.14	352.70	19.84	361.90	16.06	42.74	10.84	4.93	16.67	60.68	5	3.93	29.19	991.65
Nov. ,, ..	47	1.03	36.79	351.14	18.73	363.50	15.97	42.74	11.05	5.18	16.23	60.39	4	3.84	30.33	1,000.93
Dec. ,, ..	46	1.00	35.45	349.56	19.61	365.56	15.99	42.75	11.50	5.42	15.89	60.31	5	3.66	29.88	1,006.17
Jan. 1964 ..	46	1.00	35.44	349.24	20.35	367.11	16.08	42.75	11.85	5.64	15.60	60.27	3	3.86	29.80	1,017.58
Feb. ,, ..	44	1.00	34.35	347.79	20.66	368.37	16.04	42.74	12.18	5.99	15.50	60.22	4	3.97	31.99	1,030.05
Mar. ,, ..	42	90	31.31	344.69	37.99	384.42	15.97	42.75	12.64	6.17	14.87	60.14	4	3.88	31.66	1,038.47
April ,, ..	40	87	30.59	343.19	22.75	385.59	15.87	42.81	12.89	6.38	14.47	60.08	5	3.90	57.10	1,064.26
May ,, ..	39	82	28.15	342.08	20.12	381.71	15.55	42.78	13.20	6.60	13.80	59.97	5	3.91	35.16	1,072.27
June ,, ..	37	78	26.80	341.75	23.06	382.22	15.34	42.77	13.54	6.85	13.80	59.97	2	3.91	31.57	1,076.75
July ,, ..	35	75	25.27	340.40	25.13	387.24	14.98	42.78	13.86	7.11	12.92	59.91	4	3.92	34.38	1,094.57
Aug. ,, ..	34	73	23.94	339.24	22.68	391.48	14.60	42.79	14.13	7.36	12.44	59.77	2	3.91	36.96	1,106.52
Sept.,, ..											11.97	59.69	3	3.90	34.60	1,108.47

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities ; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from 1-1-1957. D—Issued from May 10, 1954 to May 30, 1957. Including Defence Savings Bank Deposits upto 1954-55. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings amount to Rs. 20-25 crores. Fifteen-year Cumulative Time Deposits commenced from June 1962—the outstandings at the end of Aug., 1964 amount to Rs. 1.99 crores. Twelve-year National Defence Savings Certificates commenced from 15th November 1962 and the outstandings at the end of Aug., 1964 amount to Rs. 199.89 crores. Ten-year Defence Deposit Certificates were issued from 10th November 1962 — the outstandings at the end of Aug., 1964 amount to Rs. 199.89 crores. Five-year Premium Prize Bonds were issued from 1st January 1963 and outstandings at the end of Dec., 1963 amount to Rs.41.45 crores. Five-year Premium Prize Bonds, 1964 was issued since 1st January 1964. The outstandings at the end of Aug. 1964 was Rs. 7.89 crores (excluding outstandings of the previous series.

A new series of Premium Prize Bonds, 1964 was issued since 1st January 1964. The outstandings at the end of Aug. 1964 was Rs. 7.89 crores (excluding outstandings of the previous series.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I—Interim Dividend. C.R.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have, excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed Spindles	Number Installed Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Shares 1961	1962	1963	1964	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
25,00,000	21,96,033	57,13,635	34,05,359	21,367	Maganlal Bhagwandas & Co.	..	..	Ambika Silk Mills Co., Ltd. ..	281.25	100	20.00	20.00	15.00*		12	Y.
58,79,460	17,16,185	1,45,55,248	50,80,009	—17,31,884	Rajputana Text. (Agencies) Pvt. Ltd.	..	902	Apollo Mills	1.70	2	*Nil*	*Nil*	*Nil*		12	Y.
4,50,38,000	4,24,81,018	13 87,18,614	7,68,55,693	48,236	Nowrosjee Wadia & Sons (Pvt.) Ltd.	..	3,736	Bombay Dyeing & Mfg. ..	57.40	25	3.50	3.50	3.50		12	Y.
10,00,000	37,72,690	1,02,31,524	24,411	M. Ramnarain Private Ltd. ..	..	2,702	Bradbury Mills	146.25	50	12.50	5.00	15.00	15.00	3	Y.P.
2,54,90,900	5,00,47,445	19,19,05,500

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
60,00,000	76,63,500	1,85,69,182	86,97,417	30,951	B. N. Elias & Co. Private Ltd.	879	Agarpara	8.87	10	0.25	0.25	1.20	1.00	3	Y.P.T.
6,00,000	21,61,100	85,62,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	268.00	100	15.00	42.50	....		12	Y.P.T.
90,00,000	25,04,850	1,72,09,661	1,14,76,789	66,589	McLeod & Co., Ltd.	1,264	Alliance	166.00	100	Nil	10.00	12.50	....	5	Y.P.
59,04,900	1,15,30,000	3,75,48,584	2,33,71,259	55,893	Duncan Brothers & Co., Ltd. ..	2,551	Anglo-India	180.00	100	7.50	10.00	12.50	....	3	Y.P.
46,00,000	36,36,908	1,92,46,048	1,12,42,168	1,526	Bird & Co. Private Ltd.	810	Auckland	132.00	100	12.00	Nil	15.00	12.50	3	Y.P.T.
30,00,000	46,32,660	2,08,31,514	1,08,77,173	24,424	Birla Brothers Private Ltd. ..	959	Bally	168.00	100	25.00	25.00	25.00	20.00	3	Y.P.
£275,086	£1,028,581	£1,454,736	£1,094,881	£7,946	Jardine Henderson Ltd.	1,889	Barnagore	230.00	£5	10 sh.	10 sh.	£2	£1-10sh	3	Y.P.
45,00,000	27,17,701	76,46,179	45,59,589	1,36,234	Soorajmull Nagarmull	600	Bengal	6.75	10	0.50	0.50	....		3	Y.P.T.
59,56,210	3,55,05,994	9,06,08,597	4,20,77,427	46,410	Birla Brothers Private Ltd. ..	2,373	Birla	37.44	10	1.50	1.50	1.50		6	Y.P.
36,00,000	20,48,440	1,25,59,733	79,00,937	35,507	Andrew Yule & Co., Ltd.	991	Budge-Budge	121.00	100	Nil	12.00	20.00		3	Y.P.
7,47,380	83,200	49,78,434	37,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	7.00	10	Nil	....	....		10	Y.P.
18,50,000	30,27,728	1,19,96,838	65,06,029	7,332	M.	616	Caledonian	132.00	100	5.00	15.00	15.00		11	Y.P.
29,58,250	1,01,10,201	1,95,45,603	1,10,34,120	30,231	James Finlay & Co., Ltd.	900	Champdany	21.81	10	0.50	0.50	4.00	3.50	3	Y.
38,58,750	77,75,319	1,47,45,586	77,38,580	1,10,207	Andrew Yule & Co., Ltd.	1,131	Cheviot	20.25	10	0.50	2.50	2.50		11	Y.P.
30,15,000	36,54,850	1,38,59,262	87,51,922	—4,10,550	McLeod & Co., Ltd.	500	Chitavalsah	7.75	10	Nil	0.50	Nil		7	Y.P.T.
24,00,000	8,04,609	81,44,860	66,78,978	—18,44,521	M.	969	Clive	8.00	10	Nil	0.50	Nil		7	Y.P.T.
31,49,200	34,37,694	1,53,87,280	91,25,603	9,030	Bird & Co. Private Ltd.	766	Dalhousie	110.00	100	Nil	Nil			3	Y.P.
56,00,000	74,36,442	1,88,80,591	76,70,106	23,475	Andrew Yule & Co., Ltd.	779	Delta	138.00	100	1.00	Nil	25.00	7.50	3	Y.P.T.
18,00,000	42,21,700	1,21,66,987	86,25,776	84,695	McLeod & Co., Ltd.	500	Empire	13.75	10	0.75	1.25	1.50		11	Y.P.T.
78,75,000	1,58,01,438	4,64,48,339	2,65,50,760	15,022	Kettlewell Bullen & Co., Ltd. ..	1,884	Fort Gloster Industries Ltd. ..	260.00	100 Old	10.00	12.50	20.00	15.00	3	Y.P.T.
41,99,250	34,03,490	2,43,52,916	1,08,42,031	4,080	Bangur Bros. Ltd.	1,014	Fort William	20.00	10	2.25	1.00	2.00	1.50	3	Y.P.T.
94,32,100	77,96,303	3,00,05,500	1,61,98,875	16,267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	12.81	10	1.00	1.50	2.00		3	Y.P.
43,20,000	46,54,205	2,19,63,231	88,71,916	9,681	M.	607	General Ind. Society Ltd. ..	15.00	10	1.00	1.50	2.00		3	Y.P.
48,00,000	82,53,423	3,55,59,185	2,27,64,891	41,505	Macneill & Barry Ltd.	1,384	Gourepore	21.50	10	1.00	1.50	1.40		12	Y.P.
36,00,000	1,22,75,042	2,19,80,303	1,17,88,171	2,274	Bangur Bros., Ltd.	1,078	Hastings	120.00xd	100	6.00	6.00	2.00	2.00	3	Y.P.
16,80,000	44,86,659	99,76,527	67,56,170	4,294	M.	720	Hooghly	14.50	10	2.00	0.75	1.00	0.50	3	Y.P.
65,62,500	51,91,579	2,33,65,028	1,70,88,188	....	Jardine Henderson Ltd.	1,940	Howrah	14.50	10	2.00	2.00	1.00		3	Y.P.
52,50,000	91,26,055	3,64,83,851	2,26,96,035	2,904	Ramdutt Ramkissendas	2,272	Hukumchand	16.19	10	1.00	Nil	1.00	1.25	3	Y.P.T.
87,30,000	30,63,965	1,86,83,015	1,09,04,160	76,164	M.	760	India	17.50xd	7.50	2.15	2.00	2.00	2.00	3	Y.P.
24,00,000								15.25	12.50	1.50				3	Y.
19,20,000	86,84,700	2,08,46,168	1,60,07,458	....	Jardine Henderson Ltd.	1,797	Kamarhatty	152.50	100	Nil	20.00	20.00		3	Y.P.T.
30,00,000								152.00	'B' 100	Nil	20.00	20.00		12	
24,00,000	16,58,308	1,79,25,475	1,35 47,483	....	Jardine Henderson Ltd.	1,527	Kankinarrah	137.50	100	Nil	15.00	15.00		12	Y.P.T.
28,00,000	72,61,800	2,51,06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	137.50	'B' 100	Nil	15.00	15.00			
54,00,000	49,74,720	2,72,28,276	1,67,15,173	41,261	Anderson Wright Ltd.	1,530	Khardah	138.00	100	15.00	6.00	20.00		5	Y.
39,82,150	7,87,477	2,37,48,093	1,62,09,984	18,127	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	17.75	10	0.50	1.25	1.25	1.25	3	Y.P.
24,48,000	5,13,600	1,01,22,105	78,84,909	6,707	Bird & Co. Private Ltd.	931	Lansdowne	98.00xd	100	Nil	Nil	10.00	5.00	3	Y.P.T.
28,00,000	14,76,475	66,81,585	47,16,904	7,556	Bird & Co. Private Ltd.	840	Lawrence	102.00xd	100	Nil	Nil	Nil	12.50	3	Y.P.
41,65,250	44,95,037	2,83,24,106	1 66,72,214	84,805	M.	1,794	Megna	15.00	10	1.00	10.00	10.00	10.00	3	Y.P.
29,98,900	41,42,655	2,01,69,391	1,28,29,338	32,760	Bhagat Agencies Ltd.	315	Naihati	11.75	10	1.25	....	....		3	Y.
20,00,000	11,82,460	36,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	6.00N	10	Nil	Nil	Nil	Nil	3	Y.P.T.
45,00,000	72,10,449	2,01,18,888	1,34,47,374	9,507	M.	852	National	9.50N	£1	Nil	100%†	18%		10	Y.P.
26,25,000	36,29,172	80,96,895	45,01,105	35,230	McLeod & Co., Ltd.	316	Nellimarla Jute	8.31	10	0.60	1.00	0.60		10	Y.P.
1,55 50,000	3,31,09,122	11,98,78,237	2 72,02,888	18,602	Sahu Jain Ltd.	1,765	New Central	10.00	10	0.60	1.50	0.50		7	Y.P.T.
18,79,880	59,61,792	1,58,76,718	97,86,771	7,005	Bird & Co. Private Ltd.	567	Northbrook	22.37	10	1.50	Nil	1.50		3	Y.P.T.
60,75,000	61,30,745	1,59,95,000	75,34,456	20,062	Macneill & Barry Ltd.	1,092	Nuddea	10.44	10	0.60	0.50	1.00	2.50	3	Y.P.T.
25,00,000	13,65,554	1,08,88,905	84,46 448	17,108	McLeod & Co., Ltd.	400	Presidency	4.25	5	0.30	0.50	0.50	1.00	3	Y.
20,00,000	5,27,128	66,13,305	24,70,569	25,800	Hindustan Investment Corpn. Ltd.	305	Rameshwara	7.75	10	Nil	Nil	Nil		7	Y.
49,50,000	6,91,700	1,23,23,241	69,35,423	8,35,602	M.	1,023	Reliance	6.50	10	Nil	Nil	Nil		7	Y.
£600,000	£1,029,127	£1,602,126	£795,090	£2,892	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	6.00N	£1	Nil	Nil	Nil	Nil	10	Y.P.T.
90,00,000	23,52,584	1,57,85,313	1,08,08,079	8,777	Bagaria More & Co., Ltd.	911	Shree Ambica	9.50N	£1	Nil	100%†	18%		12	Y.P.
14,00,000	17,19,864	77,43,803	45,72,946	26,425	Hindustan Investment Corpn. Ltd.	401	Soorah	27.00	10	0.60	Nil	0.60		3	Y.P.
£600,000	£698,155	£1,681,120	£843,019	£3,525	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	18.00	10	2.50	2.50			12	Y.P.
35,96,000	45,04,220	1,28,84,609	71,69 711	2,671	Bird & Co. Private Ltd.	1,326	Union	9.50N	£1	Nil	18%†	10%		12	Y.P.
£400,000	£495,602	£1,372,172	£711,722	£1,951	Thomas Duff & Co. (India) Pvt. Ltd.	1,831	Victoria	132.00	100	6.00	Nil	20.00	10.00	3	Y.P.T.
2,80,000	9,70,000	81,07,250	46,38,488	57,655	McLeod & Co., Ltd.	447	Waverley	9.50N	£1	0.30	0.60	0.30		12	Y.P.
								7.69	1	0.30	0.60	0.30		12	Y.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
10,98,990	5,90,324	18,08,952	4,15,784	46,095	Young India Agencies Private Ltd...	1,665	Balanoor Tea and Rubber ..	11.20	10	1.20	1.20				
54,00,000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agn.) Pvt. Ltd. ..	1,370H	Blue Mountain Estates & Ind...	2.20cd	2	0.20	0.20	0.20		6	Y.
5,50,000	5,11,080	19,95,967	4,85,544	9,168	K. Anantaraman, Esq. (Mg. Director)	846	Chandramalai Estates Ltd. ..	2.40	2	0.20	0.20	0.20		6	Y.
14,00,000	2,50,617	14,11,057	4,65,087	3,222	C. Balachand, Esq. (Chairman) ..	441	Chembra Per t Estates	5.15	2	0.40	0.40	Nil		6	Y.
5,56,780	13,90,424	24,87,766	3,02,266	....	Matheson Bosanquet & Co. Pvt. Ltd.	159H	Coonoor Tea	16.88	10	1.50	1.75	1.75		3	Y.
4,80,000	5,08,204	16,62,155	3,17,071	17,803	M. L. Goenka, Esq. (Chairman) ..	671	Coorg Tea	4.86cd	2	0.40	0.30	0.40	0.50	3	Y.P.
8,40,000	2,50,617	14,11,057	4,65,087	3,222	C. Balachand, Esq. (Chairman) ..	441	Devashola (Nilgiri) Tea	30.65	10	2.00	1.50	1.50		10	Y.P.
6,74,550	3,88,749	13,44,758	3,14,298	28,156	Young India Agencies Private Ltd.	1,177	Devon Tea	12.35	10	1.20	1.20	1.50		12	Y.
7,50,000	6,10,000	5,94,450	13,465	19,221	K. N. Krishna Iyer (Mg. Director)	198	Emerald Valley Estates	7.00	10	0.50	1.00	1.00		3	Y.
26,00,000	22,41,971	61,08,359	15,14,788	84,749	Parkins Private Ltd.	607H	Haileyburia	12.25	10	Nil	0.80	1.00		3	Y.P.
9,00,000	5,41,956	17,67,983	12,13,644	2,190	Peirce, Leslie & Co., Ltd.	193H	Kairbetta	1.25	1	0.50	1.10	1.25		12	Y.P.
17,17,076	18,42,010	87,08,125	9,78,832	28,817	Peirce, Leslie & Co., Ltd.	556H	Kil Kotagiri Tea	4.12	2	0.50	0.50	0.50		12	Y.P.
6,80,000	3,95,350	14,76,033	1,80,774	249	Ipe Gommen & Co. Pvt. Ltd. ..	936	Kurchermala Plant Ltd.	5.10	2	0.50	0.50	0.80	0.30	3	Y.P.
5,00,000	2,00,850	11,18,479	1,35,037	49,465	Matheson Bosanquet & Co., Ltd. ..	109H	Lucky Valley	4.67	10	0.40	Nil	0.40		10	Y.P.
3,50,000	20,000	3,59,379	33,028	4,509	Vasantha & Co. (Trichy) Pvt. Ltd. ..	255	Mansa Estates Ltd.	11.75	10	1.00	Nil	Nil	0.50	12	Y.P.
3,00,000	6,13,117	15,03,173	3,99,591	—3,508	Eapen Thomas, Esq. (Mg. Director)	560	Mlamallay	1.85	2	0.10	0.10	1.00		12	Y.
36,00,000	24,13,484	84,10,841	17,28,590	20,273	A. V. Thomas & Co. (India) Ltd. ..	825H	Neelamalai	34.60	25	3.50	2.00	Nil		3	Y.P.
12,00,000	10,09,000	32,29,949	6,97,916	9,982	A. V. Thomas & Co. Ltd.	778H	Nilgiri Peak	5.13cd	5	0.375	0.375	0.375		6	Y.P.
14,06,250	10,19,464	41,66,449	8,85,850	28,207	A. V. George & Co., Ltd.	1,622	Nilgiri Tea	5.46cd	2	0.30	0.30	0.375		6	Y.P.T.
33,10,000	12,98,349	42,86,160	16,16,664	22,772	Harrisons & Crosfield Ltd.	356H	Nonsuch Tea	8.50	10	1.00	1.00	0.30		6	Y.P.T.
14,88,200	17,37,811	85,39,052	8,23,035	11,135	P. S. M. Moiyneux, Esq. (Chairman).	520H	Parkside	22.50cd	10	2.00	2.00	0.50	0.75	6	Y.
6,00,000	6,84,231	7,96,354	79,187	4,27,181	S. Sivaramakrishna Aiyar, Esq. ..	771	Peninsular Plantations Ltd. ..	25.20cd	10	2.25	2.00	2.00	2.00	6	Y.
17,00,000	13,87,519	48,20,401	20,82,969	46,160	Aspinwall & Co. (Travancore) Ltd. ..	624H	Peermade	19.65	10	2.00	2.75	2.50	2.25	6	Y.
87,84,880	33,38,413	1,80,04,936	50,86,626	919	Peirce, Leslie & Co., Ltd.	1,506H	Periakaramalai	20.75	10	2.50	2.00	2.00		6	Y.
13,50,000	2,96,500	12,02,040	1,74,015	3,959	A. V. Thomas & Co. (India) Ltd. ..	362	Sheriverov Estates Ltd.	3.73	2	0.40	0.25	0.30		12	Y.P.
9,00,000	15,30,496	31,73,663	10,02,544	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated	2.37cd	2	0.40	0.25	0.30	0.27	3	Y.P.
1,25,000	12,500	2,18,632	22,950	2,921	M.	216	Swinton Estates	0.75cd	1	0.15	0.125	0.125		6	Y.
12,50,000	11,45,555	34,26,763	6,09,206	45	Srinivas Agencies	1,056	Talayar Tea	2.52cd	2	0.12	Nil	1.50		6	Y.
15,75,000	17,95,958	34,06,581	5,94,685	28,756	Parkins Private Ltd.	491H	Twyford	1.70	2	0.20	Nil	Nil		3	Y.
2,20,000	3,97,345	10,82,130	1,53,687	22,985	A. V. George & Co., Ltd.	503	Udayagiri Rubber Co., Ltd. ..	9.00	10	0.60	0.60	0.20	0.10	3	Y.
21,88,280	21,25,250	59,80,505	22,94,476	32,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	15.10	10	0.60	0.50	0.75		12	Y.
47,35,000	21 33,76	92,19,413	15,06,787	81,880	Kothari Mehta & Co. Pvt. Ltd.	1,127H	Waterfall	22.25	10	2.20	2.20	2.25		12	Y.
								2.38cd	2	0.30	0.20	0.20		6	Y.
RUBBER AND OTHERS															
6,00,000	6,82,485	18,17,977	5,30,510	12,585	M. A. M. Muthuraman Chettiar, Esq. (Mg. Director)	993	Alageswar Estates Ltd.	2.84	2	0.30	0.20	0.20	0.20		Y
6,75,000	2,85,527	22,28,573	4,91,312	2,940	K. N. Neelakantan, Esq. (Mg. Director)	975H	Amalgamated Coffee Estates Ltd.	9.21	10	1.00	1.00	0.50	1.00	3	Y.P.
2,50,000	3,60,092	12,93,388	2,52,129	56,241	A. V. George & Co., Ltd.	629	Anandam Rubber Co., Ltd. ..	14.35	10	1.80	1.50	1.50		3	Y.P.
12,07,875	2,28,042	22,89,626	3,45,487	84,775	Associated Planters Private Ltd.	1,343	Anaparai Estates Ltd.	3.10	2	0.30	0.20	0.30		6	Y.
4,25,000	4,75,000	13,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd.	1,041	Badra Coffee Estates Ltd. ..	2.70	2	0.30	0.20	0.30		6	Y.
4,00,000	86,000	7,45,817	1,56,774	2,787	A. V. Thomas & Co. (Mysore) ..	283H	Bahadur Coffee Co. & Produce..	5.00cd	5	0.30	0.15	0.20		6	Y.
3,00,000	2,25,000	4,59,296	90,721	9,781	Planting Agencies (Private) Ltd.	151H	Balmadies Plantations	2.00	2	0.40	0.30	0.30		6	Y.
24,91,779	19,45,895	60,09,790	13,97,512	8,792	Peirce, Leslie & Co., Ltd.	2,580H	Cochin Mazabar	2.00	2	0.10	Nil	0.30		6	Y.
22,50,000	23,62,169	57,74,920	15,29,355	890	M. A. Sreenivasan, Esq. (Chairman).	2,791	Coffee Lands and Industries ..	6.12	13	0.60	0.60	0.30	0.20	2	Y.
71,55,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman).	3,345	Consolidated Coffee	18.50cd	10	0.60	0.60	0.36	0.36	2	Y.
6,00,000	5,09,735	13,07,785	1,41,758	5,918	Associated Planters Private Ltd.	1,410	Cottanad Plantations	25.25cd	10	2.00	1.50	0.90		6	Y.
4,08,580	2,50,000	4,02,680	1,35,017	40,856	Peirce, Leslie & Co., Ltd.	246H	Cowcoody Estates' (Coffee) ..	9.85	10	1.00	0.625	1.00		3	Y.
18,00,000	15,20,000	40,99,988	9,82,819	40,041	A. V. Thomas & Co., Ltd.	922H	Highland Produce	4.92cd	2	0.50	0.40	0.35		6	Y.
11,85,700	11,77,705	31,99,915	5,11,190	35,378	A. V. George & Co., Ltd.	1,537	Kallas Rubber Co., Ltd.	15.65	10	1.50	1.50	1.50		3	Y.
12,90,000	9,72,769	26,05,147	5,19,090	13,355	A. V. Thomas & Co., Ltd.	868H	Kalpetta Estates	6.50	2	0.60	0.60	1.50		12	Y.
6,00,000	2,40,000	9,93,124	2,60,252	96,055	Peirce, Leslie & Co., Ltd.	273H	Kumergode Estates Ltd.	12.55	10	1.25	1.25	1.25	0.60	12	Y.
13,50,000	2,11,021	25,10,105	5,31,748	19,417	K. T. Thomas Kathanar, Esq. ..	956H	Malankara Rubber	4.80	2	0.35	0.30	0.28	1.25	4	Y.
3,25,000	2,60,000	8,72,737	99,684	3,643	Associated Planters Pvt. Ltd.	906	Mercara Rubbers' Ltd.	15.72	10	1.60*	0.80	0.28		10	Y.
40,50,000	17,25,125	51,05,894	14,55,240	8,476	A. V. Thomas & Co., Ltd.	886H	Midland Rubber	7.92cd	5	1.00	0.75	1.40	1.60	3	Y.
3,35,000	4,14,607	17,08,529	3,60 741	1,19,586	A. V. George & Co., Ltd.	505	Neeraney Rubber	10.85	10	1.50	1.25	0.625		6	Y.
2,00,000	5,08,616	11,04,287	66,555	3,902	Associated Planters Private Ltd.	846	Nilambur Rubber Co.	20.70xd	10	1.50	1.50	1.00	1.00	3	Y.
6,50,000	5,96,464	12,89,223	1,39,772	17,987	Peirce, Leslie & Co., Ltd.	208H	Oxecloch Estates Ltd.	11.25	10	1.50	1.50	1.00		12	Y.
19,45,950	24,54,133	69,64,648	24,42,425	2,616	Peirce, Leslie & Co., Ltd.	1,812H	Oxecloch Valley Estates	9.77	2	0.80	0.50	1.25		12	Y.
16,50,000	5,75,528	26,14,686	4,65,915	16,319	Aspinwall & Co., Ltd.	961H	Pullamcode Rubber	8.44	2	0.54	0.12	0.25		10	Y.
12,50,000	16,58,959	58,99,894	5,55,425	20,860	A. V. Thomas & Co., Ltd.	1,216H	Rajagiri Rubber	8.33	2	0.12	0.15	0.25		10	Y.
2,00,000	2,14,953	4,29,216	67,402	47,267	Associated Planters Private Ltd.	428	Rajendra Coffee Ltd.	2.77	2	0.30	0.20	0.20	0.16	3	Y.
12,00,000	3,00,000	21,03,948	2,70,616	4,494	Pateo Agencies	470H	Sanganeshwar Coffee Estates..	12.00xd	5	1.25	1.00	1.25		6	Y.
5,50,170	3,23,000	10,11,493	2,16,817	6,988	Peirce, Leslie & Co., Ltd.	202H	Savamalai Estates Ltd.	1.80	2	0.12	Nil	Nil	1.25	3	Y.
6,25,000	2,74,153	14,90,789	65,133	7,695	A. V. George & Co., Ltd.	816	Thamarapally Rubber	5.55	2	0.32	0.30	0.35	Nil	11	Y.P.
9,15,000	10,75,840	16,61,781	2,34,898	7,989	Peirce, Leslie & Co., Ltd.	1,512	Thirumbadi Rubber Co., Ltd. ..	15.25	10	1.80	1.60	0.10		12	Y.
6,00,000	6,15,616	13,78,050	1,92,991	1,840	Eapen Thomas, Esq. (Mg. Director)	1,341	Travancore Rubber	1.78	1	0.12	0.10	0.10		12	Y.
41,00,000	12,63,584	90,95,305	18,31,504	32,283	Aspinwall & Co. (Travancore) Ltd.	2,109H	Travancore Rubber & Tea	11.75	10	1.20	1.10			12	Y.
30,00,000	1,91,000	48,48,175	9,09,484	223	A. V. Thomas, Esq. (Mg. Director)	3,167	Tropical Plantations Co.	8.55	10	1.00	1.00			12	Y.
5,50,010	5,47,051	10,84,166	54,782	9,228	S. Padmanabh Aiyar, Esq. (Chairman)	1,118	Valkumbam Rubber Co., Ltd...	34.30	10	3.00				12	Y.
6,00,000	7,18,624	19,07,467	2,00,728	8,001	P. I. Joseph, Esq. (Chairman) ..	1,333	Velimalai Rubber Co.	5.20	10	0.60	0.25	0.35	0.35	2	Y.
12,00,000	12,40,982	16,57,152	2,24,183	36,874	Peirce, Leslie & Co., Ltd.	417H	Wartyhully Estates Ltd.	2.64	5	0.50	0.20	0.24		3	Y.
6,96 000	97,309	13,65,464	1,02,251	22,313	M.	896	Woodland Estates	6.50	10	1.00				3	Y.

V—Includes 60 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares. M— Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1960 are shown as taxable.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	16,87,408	27,43,433	11,03,330	....	McLeod & Co., Ltd.	368H	Amluckie	16.00	10	Nil	1.00	0.75		12	Y.P.
2,78,000	17,237	16,81,576	7,19,307	3,367	Gillanders Arbuthnot & Co., Ltd.	449	Ananda (Assam) Tea .. ..

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1961	1962	1963	1964	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
CERAMIC; MINING AND QUARRYING														
26,00,000	13,111	67,05,606	28,63,216	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	6.87	10	0.60	0.50			3	Y.
18,50,000	4,40,088	27,08,144	14,37,907	4,649	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kota) Ltd.	23.00	10	3.00	2.00	2.00	....	10	Y.F.
55,23,544	30,24,128	1,94,48,115	96,49,200	2,055	Bharat Ram Bhagat & Co.	Bengal Potteries	4.19	10	3.00	2.00			10	Y.
40,00,000	49,05,140	1,61,31,625	75,91,018	3,652	Bird & Co. Private Ltd.	Birla Stone Lime Co.	18.50	10	3.00	1.00	0.275		12	Y.
14,17,800	25,18,689	63,55,181	22,68,904	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	103.00	100	15.00	15.00	18.00	1.25	3	Y.
30,00,000	25,80,686	1,43,88,859	56,29,712	56,950	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd.	104.00	100	15.00	15.00	18.00		9	Y.F.
22,066,950	£2,804,999	£4,477,588	£2,677,688	£465	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.32	Sh. 2	27%	18%	12%		12	Y.F.
F.5,00,000	29,37,096	49,30,247	14,36,451	1,570	Bird & Co. Private Ltd.	Karanpura Development	9.00	10	1.50	0.90	0.90		12	Y.
O.15,00,000	9,00,000	1,59,23,191	51,63,152	20,674	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd.	66 80	100	0.50	0.30	0.30		12	Y.F.
99,99,500	40,46,599	1,78,57,945	95,66,068	24,239	Birdi & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	18.45	10	Nil	Nil	Nil		12	Y.F.
1,76,79,255	10,90,896	1,22,39,515	76,13,994	2,25,966	Sir Indra Singh, Kt. (Chairman)	Metal Corporation of India Ltd.	6.00	10	1.80	1.80	1.60		12	Y.F.E.
6,00,000	5,99,234	17,89,155	10,18,397	721	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	6.00	10	Nil	Nil			3	Y.F.
20,00,000	67,67,481	80,62,201	24,56,786	28,801	Birdi & Co. Private Ltd.	Orissa Minerals	20.00	10	1.50	1.50	1.25	1.25	3	Y.
12,18,850	22,54,051	1,05,22,004	57,38,031	43,395	A. V. Ghanpure, Esq. (Chairman)	Parshuram Pottery Works Co., Ltd.	59.00	25	2.80	2.00			6	Y.
21,00,000	37,51,142	99,40,647	51,84,720	—23 68,888	Killick Industries Ltd.	Shivrajpur Syndicate	59.00	25	5.36	5.36	3.75		7	Y.F.
4,88,840	13,90,910	37,08,644	14,23,752	5 375	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	27.00	10	Nil	Nil	Nil		11	Y.
7,20,780								10	2.75	2.50	2.00		12	Y.
										7.50	1.375	1.75	1.50	
CHEMICAL														
23,36,175	....	1,79,449	13,076	—26,645	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers	70.50	100	Nil				12	Y.F.
1,46,50,000	91,50,574	2,54,44,220	1,39,51,136	16,265	Rayuma Services	Alembic Chemical Works Co.	160.00	100	14.00	12.00	12.00		12	Y.F.
2,10,00,000	2,26,33,273	8,39,01,420	2,40,53,284	5,671	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	28.81	10	1.50	1.50	1.50		9	Y.
1,10,23,200	80,12,547	2,29,02,580	78,73,157	6,813	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	137.50	100	9.00	9.00	8.00		12	Y.F.
20,00,000	47,67,886	2,21,76,215	99,63,262	....	Kanchal Sulphur & Co.	Atul Starch Products Ltd.	375.00	100	30.00*	25.00*	25.00*		12	Y.F.
3,24,16,200	1,83,84,680	7,54,09,808	2,05,13,757	19,425	Lalbhai Sons & Co.	Atul Products Ltd.	274.50	100	12.00	12.00	12.00		12	Y.T.
50,00,000	....	35,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	52.00	100					12	Y.T.
1,35,45,900	67,58,822	1,59,19,707	31,89,070	5,728	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	103.00	100	Nil				6	Y.
1,25,00,000	1,44,62,999	1,71,93,875	43,75,317	16,332	Ramniwas B. Ruia, Esq. (Chairman)	Colour-Chem Ltd.	100.00	100	10.00	10.00			3	Y.F.
14,86,344	4,84,918	17,40,490	9,02,099	12,818	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd.	32.25	25	3.00	12.00	12.00	16.00	3	Y.
41,38,250	55,15,953	1,64,19,829	87,69,584	9,897	Dharamsi Morarji Chemical Co.	Dharamsi Morarji Chemical Co., Ltd.	117.50	50	3.00	3.00			12	Y.
1,07,50,000	1,67,55,420	7,10,60,072	2,65,98,147	76,110	Sahu Bros. (Saurashtra) Private Ltd.	Dhrangadhra Chemicals	115.00	100	6.00	6.00	8.00		12	Y.
6,05,97,740	78,33,033	9,58,77,503	3,01,85,65.	....	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	5.30	10	6.00	6.00	8.00	10.00	3	Y.F.
1,81,80,000	71,87,780	2,54,75,227	85,44,827	3,006	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd.	265.00xd	100	Nil		Nil	Nil	3	Y.
12,00,000	6,54,411	28,94,858	15,61,602	19,974	Jal H. Mehta, Esq. (Chairman)	Kemp & Co.	6.00	10	7.00	7.00	7.00		3	Y.F.
1,69,98,120	42,10,801	2,86,96,278	1,28,05,874	12,185	Seshasayee Brothers Private Ltd.	Mettur Chemicals	263.75	200	25.00	20.00			3	Y.
24,81,220	13,28,696	56,27,043	49,01,764	16,144	T. Shanmuga, Esq. (Chairman)	Mysore Chemical and Fertilisers	14.25	10	1.25	1.375*	1.25	1.25	3	Y.F.T.
10,00,000	5,69,915	13,72,101	8,00,475	4,511	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemicals Mfg.	7.95	10	1.00	0.50	Nil		3	Y.F.
50,00,000	95,40,776	3,62,71,451	86,37,503	6,016	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	15.50	10	2.00	2.00	1.50	1.50	3	Y.F.
49,84,750	8,470	60,41,412	40,438	52,803	Emcete & Sons Private Ltd.	Premier Fertilisers Ltd.	96.00	50	7.50	7.50	7.50	7.50	3	Y.F.
22,50,000	17,62,293	65,55,467	27,96,508	11 012	Rangoo Brothers Ltd.	Phosphate Co., Ltd.	6.25	10	Nil	Nil	Nil		12	Y.
20,00,000	17,67,251	31,86,795	18,50,805	19,167	D. M. Jaffray, Esq. (Chairman)	Smith Stanistreet & Co.	172.00	100	25.00	17.50	15.00		6	Y.
4,98,54,470	24,88,960	3,18,78,704	17,05,817	—9,88,858	Tuticalas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	13.89	5	1.25	1.25	1.125		6	Y.F.
3,02,35,015	1,34,33,490	9,82,05,331	3,70,75,036	3,442	Tata Industries Private Ltd.	Tata Chemicals	72.00	100	Nil	Nil	Nil		3	Y.F.
25,00,000	5,89,750	29,88,714	12,05,389	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd.	18.88	10	0.65	0.65	1.00	1.40*	3	Y.
21,16,000	....	8,93,892	1,498	—6,78,288	Mr. M. J. Vaidya (Chairman)	Travancore Electro-Chemical Ind.	19.37	10	2.00	2.25	2.00		3	Y.F.
14,99,875	2,52,500	28,88,794	3,45,383	—4,12,501	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	70.00	100	Nil	Nil			12	Y.
							120.00	100	Nil	Nil	Nil	Nil	12	Y.
ELECTRIC (BOMBAY)														
3,74,78,395	2,32,67,033	23,06,80,231	6,32,38,775	127	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	103.25xd	100	7.00	8.00	8.00	8.00	3	Y.F.
1,04,11,920	68,12,174	3,06,91,595	1,03,99,754	27,039	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	9.32	10	0.90	0.90	0.90	0.90	3	Y.F.
3,82,77,000	1,76,40,899	12,80,99,376	3,62,30,226	6,370	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,217.50	1,000	80.00*	80.00*	90.00	100.00	3	Y.F.T.
1,85,50,000	1,99,55,299	6,73,25,389	1,61,14,163	10,356	Killick Industries Ltd.	Bombay Suburban Electric Supply	113.00xd	100	8.50	8.50	9.00	9.00	3	Y.
7,07,020	1,03,967	16,97,265	8,70,206	1,586	Rajaputana Textiles (Agencies) Ltd.	Broach Electric Supply Development	6.48	10	0.72	0.60	0.50		3	Y.
48,99,000	12,56,818	1,57,72,704	61,69,598	3,547	Rajaputana Textiles (Agencies) Ltd.	Pocna Electric Supply Co., Ltd.	200.00	100	8.25	8.25	8.00		3	Y.F.
70,00,000	52,32,482	2,04,57,388	73,49,175	18,482	Killick Industries Ltd.	Surat Electricity	121.00	100	8.00	8.00	8.00		3	Y.F.
2,40,00,000	1,85,02,778	10,07,67,517	2,61,06,997	9,102	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	123.50xd	100	8.00	8.00	8.50	9.00	3	Y.F.
5,15,36,000	4,69,87,795	21,70,65,962	5,40,06,347	5,744	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata PowerCo.	1,243.25xd	1,000	80.00*	80.00*	90.00	100.00	3	Y.F.T.
West Bengal and Other Centres														
19,99,600	51,94,188	1,76,22,753	57,01,293	3,398	Martin Burn Ltd.	Agra Electric Supply Co. Ltd.	126.00	100	11.00	11.00	11.00	10.00	3	Y.T.
8,00,000	16,48,261	65,90,737	30,73,205	3,462	Martin Burn Ltd.	Bareilly Electric Supply	11.44	10	1.10	1.10	1.10	0.60	3	Y.T.
17,00,000	66,25,297	1,71,80,376	65,97,224	2,959	Martin Burn Ltd.	Benaras Electric Light & Power Co.	11.75	10	1.10	1.10	1.10	1.00	3	Y.
24,52,24,140	£12,660,340	£42,400,061	£17,100,000	£128,600	A. J. Macpherson, Esq. (Chairman)	Calcutta Electric Supply	15.25	10	7½%		7½%	7½%	3	Y.F.
8,60,000	7,65,075	37,78,204	11,86,451	42,968	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	15.00	10	7½%	7½%	7½%	7½%	3	Y.F.
48,20,000	43,52,031	120,25,542	44,51,688	45,007	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	86.00	100	10.00				3	Y.
3,24,640	1,48,287	43,36,379	17,60,326	47,138	Meenna Lall & Sons	Jhansi Electric Supply	5.40N	10	Nil	10.00	10.00	10.00	3	Y.F.
22,49,700	31,48,989	1,20,09,456	51,95,372	5,734	Martin Burn Ltd.	Jubbulpore Electric Supply	10.75	10	1.00	1.00			3	Y.F.
26,07,280	40,44,800	1,41,84,880	56,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.75	10	1.00	1.00	1.10	0.80	3	Y.F.
9,10,000	2,56,304	15,86,888	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.62	10	1.00				3	Y.
15,50,000	10,42,283	58,04,952	50,81,276	6,958	Bird & Co. Private Ltd.	Sijua (Jharia) Elec. Supply Co.	9.50N	10	0.625				3	Y.F.
70,00,000	42,62,539	2,90,80,953	98,07,489	12,430	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	12.35xd	10	0.90	0.90	0.90	0.90	3	Y.
5,00,000	10,91,872	36,78,703	16,39,144	18,538	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	25.37	10	0.90	1.00	1.05	1.10	3	Y.F.
66,00,000	68,86,813	4,99,23,251	1,66,76,604	2,908	Martin Burn Ltd.	U. P. Electric Supply Co.	200.00	100	11.00	11.00	11.25	1.00	3	Y.F.
8,00,000	24,54,882	69,17,878	119,78,324	14,628	Chandrika & Co. Private Ltd.	Vellore Electric Corporation	15.55	10	1.429	1.429	1.429	10.00	3	Y.
												1.50	3	Y.
ENGINEERING (Bombay)														
51,96,100	68,96,478	1,18,50,886	68,93,499	26,192	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	289.00	100	22.50	19.00			12	Y.
10,99,950	7,77,224	25,48,735	12,13,956	641	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	86.50	50	9.00*	9.00*	9.00		12	Y.
12,85,818	49,95,510	2,24,62,010	1,07,36,169	777	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	106.00	100	7.00	7.00	8.00	8.00	6	Y.
1,20,00,000	3,04,874	1,14,77,067	33,72,897	95,602	D. D. Desai, Esq. (Chairman)	Hindustan Electric Co., Ltd.	105.00	100	6.00	7.00	8.00	8.00	12	Y.
60,00,000	1,28,78,164	2,72,87,477	1,56,47,699	145	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	127.00	100	4.00	5.00	6.00	6.00	6	Y.
15,00,000	3,18,067	14,29,209	2,33,181	3,516	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	47.00	50	5.00	5.00	5.00	4.00	3	Y.F.
10,00,000	20,64,247	1,12,38,186	37,66,506	18,638	Gadgeon Services	Jyoti Ltd.	135.00	100	15.00	15.00	15.00	8.00	3	Y.T.
44,86,280	14,17,502	85,37,084	43,69,397	4,511	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	13.00	10	13.00	10.00	10.00		3	Y.
67,61,445	1,42,50,068	2,19,41,484	88,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	38.24	10	0.90	0.95	1.00	1.00	12	Y.
61,24,940	71,09,895	1,87,20,078	67,59,561	578	Kirloskar Associates	Kirloskar Electric Co., Ltd.	42.50	25	2.50	2.50	2.50		3	Y.
99,00,000	79,27,855	1,76,00,955	68,99,569	25,996	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	20.70	10	1.40	1.40	1.40		6	Y.
33,95,200	30,96,284	64,29,431	20,91,276	32,352	Kirloskar Associates	Kirloskar Pneumatic Co., Ltd.	24.00	10	1.40	1.50	1.20		3	Y.
38,19,770	5,14,084	1,34,12,444	50,13,120	1,69,270	Prem Kumar Gupta, Esq. (Mg. Director)	Lakshmiratan Eng.	172.50	100	12.50	12.50	12.50	12.50	3	Y.
1,65,00,000	1,12,23,304	2,34,04,270	77,19,557	15,974	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	5.80	10	Nil	Nil	Nil		9	Y.F.
57,47,755	4,22,494	26,17,042	2,43,392	35,575	C. C. Desai, Esq. (Chairman)	Lynx Machinery	21.60	10	1.80	1.40	1.40	1.80	3	Y.F.
30,12,100	49,49,061	2,06,51,285	95,55,016	3,337	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	5.80	10	Nil	Nil	Nil	0.25	3	Y.
1,97,92,145	1,14,00,088	2,29,64,781	89,96,861	15,767	Keshub Mahindra, Esq. (Chairman)	Mahindra & Mahindra Ltd.	22.76	10	Nil	1.25	1.50	1.50	3	Y.
30,00,000	1,29,812	88,78,005	38,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd.	17.12	10	1.50*	1.25	1.25		3	Y.F.
11,00,000	4,48,987	49,41,793	30,54,773	729	P. Jhunjhunwala, Esq. (Mg. Director)	McKenzies	115.00	100	Nil	Nil			10	Y.F.
1,09,01,007	1,06,62,412	2,81,72,285	97,21,770	....	Jeewan Ltd.	Mukand Iron & Steel	137.50	100	12.00	14.00	14.00		3	Y.F.
1,24,880							16.72	10	1.20	1.20	1.20	1.20	3	Y.F.
65,00,000	81,10,655	2,41,15,277	1,07,68,344	72	Kirloskar Associates	Mysore Kirloskar Ltd.	157.50	100	12.00	12.00	12.00	12.50	3	Y.
15,55,400	11,96,582	39,01,901	14,35,875	8,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	91.25	100	6.00	6.00	10.00	12.50	3	Y.
62,44,050	23,16,221	1,55,37,206	44,25,049	15,657	Y. Patel, Esq. (Mg. Director)	New Standard Engineering	95.00	50	6.50	6.50	8.00	10.00	3	Y.
26,99,970	1,36,29,545	11,88,575	3,47,855	455	Walchand & Co. Private Ltd.	Premier Construction	125.50	100	8.00	8.00			3	Y.F.
78,47,725	46,64,780	1,28,89,480	60,80,553	5,683	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	211.00	20	10.00	9.00	9.00	10.00	3	Y.
57,57,70,401	44,07,94,718	2,04,87,76,886	1,00,22,50,619	2,44,126	Tata Industries Private Ltd.	Tata Iron and Steel	145.25	100	13.00	8.00	6.00		12	Y.
9,86,26,823	5,56,56,882	39,19,96,462	18,01,54,678	30,275	Tata Industries Private Ltd.	Tata Locomotive	259.50	75 Old	10.00	10.00*	11.00	12.00	3	Y.
29,87,910	21,02,458	75,26,784	24,86,020	18,875	T. Maneklal & Co.	T. Maneklal Mfg. Co.	259.50	100	14.50	14.50	14.50	12.00	3	Y.
41,66,380	38,07,971	79,70,975	11,38,441	1,176	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	485.00	100	27.00	27.00	14.50	14.50	3	Y.
2,55,00,000	3,28,57,137	48,76,673	48,76,673	....	J. D. Choksi, Esq. (Chairman)	Voltas Ltd.	25.00	10	2.25	2.25	2.25	25.00	6	Y.
69,96,943	49,94,169	1,30,88,393	12,92,840	4,991	M. [illegible]	Zenith Steel Pipes Ltd.	257.50	100	14.00	14.00	14.00		3	Y.
							14.64	10	Nil	Nil	0.60		4	Y.
West Bengal and Other Centres														
16,00,000	7,26,561	42,61,413	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	15.00	10	Nil	1.00			12	Y.T.
80,00,000	56,58,221	1,22,65,591	82,68,550	2,263	Tantia Brothers Pvt. Ltd.	Bhartia Electric Steel	14.94	10	1.00	1.00	1.50		12	Y.
40,00,000	12,84,766	54,01,811	18,36,998	21,432	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	13.06	10	1.00	1.00	1.20		12	Y.
1,24,00,000	1,40,28,433	2,28,23,810	1,32,74,056	....	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	32.75	10	2.50	1.50	1.50		12	Y.
12,00,000	58,62,090	1,66,65,242	65,25,265	....	Hemes Wilson & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	62.50N	10	2.50	1.50	2.00		12	Y.
19,86,670	7,04,841	29,97,359	14,08,625	32,996	McLeod & Co., Ltd.	Britannia Building and Iron	3.00	10	Nil	2.00	3.00		12	Y.
1,00,00,000	82,55,725	1,93,55,208	72,90,275	5,115	Balmer Lawrie & Co., Ltd.	Britannia Engineering	3.00	10	Nil	3.00			12	Y.
25,00,000	23,97,576	44,64,472	22,91,071	....	Martin Burn Ltd.	Br. I. Electric Construction	29.12	10	1.00	1.00			12	Y.
165,00,000	2,29,82,397	7,65,66,696	4,17 99,966	....	Martin Burn Ltd.	Burn & Co.	276.00	10	2.00	1.50	1.50		12	Y.
1,00,00,000	22,70,823	81,14,077	24,19,384	1,57,872	R. N. Bhotika, Esq. (Secretary)	Calcutta Steel Co., Ltd.	17.37	100	25.00	17.50	15.00		6	Y.
1,00,00,000	43,09,914	2,42,10,144	1,19,12,272	32,961	R. L. Malharia, Esq.	Central India Machinery Mfg. Co., Ltd.	12.76	10	1.50	1.50	1.50	15.00	4	Y.
80,00,000	35,00,000	1,74,24,651	51,07,264	6,868	G. Kejriwal, Esq. (Mg. Director)	Dalmia Iron & Steel Ltd.	11.56	10	Nil	Nil	0.75	1.50	3	Y.F.
60,38,400	28,26,003	1,26,09,918	30,29,918	21,399	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	18.75	10	1.00	1.00	1.00		9	Y.
1,00,18,400	77,93,558	2,44,44,000	86,44,966	15,200	Harparshad & Co. Private Ltd.	Escort Ltd.	18.75	10	1.00	1.00	1.00		9	Y.
1,35,18,740	5,12,05,867	10,31,66,706	8,88,48,700	....	N. E. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	18.50	10	1.50	1.50	1.50	1.50	10	Y.
17,50,000	11,04,000	62,95,094	44,08,320	3,237	Martin Burn Ltd.	Hooghly Docking	23.25	10	1.50	1.10	Nil		12	Y.
12,44,08,990	41,05,47,562	86,61,56,369	28,54,34,800	....	Martin Burn Ltd.	Indian Iron and Steel	76.00	50	Nil	1.40	1.20		12	Y.
77,77,910	1,25,90,911	1,62,66,539	94,86,216	....	Martin Burn Ltd.	Indian Standard Wagon	25.44	10	1.50	1.50	5.00		12	Y.
96,58,160	3,28,86,672	4,56,80,100	1,92,97,767	6,022	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products	86.69	10	1.60	1.00	1.00	1.70*	3	Y.
26,580							60.00	0.10	2.85	2.85	2.00	2.00	3	Y.
48,78,550	4,63,950	58,00,314	26,97,142	27,585	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	14.12	0.1	0.24	0.23	1.80		3	Y.
1,51,87,500	1,30,62,181	5,39,84,633	2,05,67,444	4,084	Madan Mohan Lall Shri Ram Pt. Ltd.	Jay Engineering Works, Ltd.	8.85	10	1.25	1.00	1.00		3	Y.F.
40,00,000	65,79,000	97,98,620	30,88,807	2,169	J. K. Industries Private Ltd.	J. K. Steel Ltd.	20.75	10	1.715	1.50	0.90	0.90	3	Y.F.
2,08,99,000	3,00,16,258	5,57,97,464	1,90,97,854	64,915	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	17.81	10	2.00	1.00	1.00	0.80	3	Y.F.
27,64,800	65,08,046	1,15,97,149	56,44,607	3,146	Bird & Co. Private Ltd.	Kumardhubi Engineering Works	28.12	10	0.858	0.858	1.50		3	Y.F.
10,50,000	2,27,751	22,57,027	19,46,084	—16,90,268	S. K. Mullick, Esq. (Chairman)	Marshall Sons & Co. (India) Ltd.	5.50	5	0.35	0.45	0.50	1.00	10	Y.F.
49,96,000	13,58,898	1,54,02,104	92,07,119	—4,62,917	M.	National Iron and Steel Co., Ltd.	4.00	2	Nil	Nil	0.50		11	Y.F.
6,00,000	21,41,697	32,34,424	23,86,234	1,629	The British India Corpn. Ltd.	Saran Engineering Co.	5.75	10	Nil	Nil	Nil		6	Y.
66,05,790	9,55,000	75,37,455	14,63,310	58,514	Mr. N. Ranganadhan (Mg. Director)	Southern Structurals	5.50	4	0.40	0.50			12	Y.
1,50,00,000	1,25,61,066	5,74,96,913	2,92,91,642	54,305	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	10.28	10	Nil	0.60	0.40	0.40	3	Y.F.
59,61,820	28,35,116	1,19,79,144	47,75,220	548	Balasundaram & Co.	Textool Co. Ltd.	24.40	10	1.00	1.25	0.80		12	Y.F.
22,54,000	....	8,71,915	1,08,359	—9,81,907	G. D. Wright, Esq. (Mg. Director)	Wellman Incandescent India Ltd.	128.00xr	100	15.00	15.00	1.50	12.00	12	Y.F.T.
							11 81	10			12.00	12.00	4	Y.
											Nil	Nil	8	Y.

* Includes bonus. 'C'—On Increased Capital M—Managed by Board of Directors. X.R.—Ex. Right.

N.B.—All dividends paid since 31st March 1960 are shown as taxable.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1961	1962	1963	1964	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
INSURANCE (X)														
12,50,000	69,03,607	2,06,89,131	87,91,455‡‡	25,429	N. M. Cole, Esq.	Concord of India	9.81	5	1.00	1.00	1.00		12	Y.
10,00,000	11,65,196	28,43,030		66,390	M.	Devkaran Nanjee Insurance	36.00	50	3.00	3.00			12	Y.
24,00,000	1,19,24,652	1,83,12,697	80,66,314‡‡	21,084	H. V. R. Iengar, Esq. (Chairman)	Hercules Insurance	23.50	10	2.625

MISCELLANEOUS COMPANIES—*Continued*

UNCLASSIFIED (Other Centres)

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
1,17,18,750	2,43,57,285	9,39,83,544	1,61,42,462	22,287	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd. ..	11.12	10	1.20	1.20	0.50	9.90	3	Y.P.T.
1,84,98,483	77,93,689	2,60,01,535	1,14,51,193	69,558	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	23.20	10	0.90	1.80	1.50	1.80	3	Y.
7,94,700	2,72,000	16,65,492	2,19,926	1,442	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	9.60	10	..	1.00	0.50			Y.
12,65,175							9.94	7.50	..	0.50	0.375		4	
30,00,000	44,23,928	46,09,374	29,12,664	2,17,061	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	25.12	10	2.81	2.80	2.80		8	Y.
4,97,14,990	81,08,000	5,99,72,026	1,61,25,618	58,399	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	7.00cd	5	0.30	0.40	0.35		8	Y.
80,00,000	43,10,024	50,67,241	27,77,690	18,162	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	25.25	10	2.00*	2.00*	2.00		12	Y.
1,18,00,000	98,34,917	1,31,10,564	77,02,281	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. ..	24.19	10	1.50	1.50	1.50		8	Y.
20,00,000	44,17,208	77,53,757	84,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	9.25N	10	1.00	1.00			6	Y.P.T.
80,01,400	1,26,03,254	97,20,051	46,35,240	....	C. G. Montgomery, Esq. (Chairman)..	Balmer Lawrie & Co., Ltd.	235.00	100	25.00	25.00	22.50		12	Y.
12,00,000	31,52,123	39,22,354	35,10,354	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	34.00N	10	2.50	2.50	3.00		12	Y.
20,00,000	9,62,972	67,82,724§§	....	1,064	Lovelock & Lewis	Birds Investment Ltd.	8.81	10	1.00	1.00	0.80		9	Y.P.
68,95,580	1,00,95,705	2,16,07,495	89,93,468	745	K. Julian Scott, Esq. (Mg. Director)..	Britannia Biscuits	34.50	10	3.00*	2.50	2.10	2.10	3	Y.P.T.
9,25,00,000	2,59,81,762	3,30,37,927	2,59,48,445	23,545	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd.	10.37	5	0.35	0.45	0.75		12	Y.P.
50,00,000	49,02,950	52,35,651	29,71,082	2,226	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	23.44	10	1.25	1.00	1.50		12	Y.
1,38,80,000	14,77,612	1,77,96,105§§	....	2,75,442	Andrew Yule & Co., Ltd.	Clive Row Investment	9.00	10	0.75	0.75	0.80		12	Y.
5,06,550	7,60,000	40,86,857	20,84,660	28,239	K. L. Mital, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	0.70			10	Y.P.T.
4,50,00,000	6,23,00,650	12,21,08,895	5,75,17,151	....	M. L. Bexon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	30.62	10	2.00	1.50	1.75		12	Y.P.T.
1,08,00,000	1,26,67,000	19,76,062	9,48,831	22,124	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	110.00	100	14.00	14.00	12.00		12	Y.P.
66,72,320	2,23,56,469	2,44,53,402	53,53,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	23.44	5	1.50	0.90	0.90		3	Y.
76,89,000	65,11,801	1,78,16,455§§	....	1,51,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	102.00	100	14.00	12.00	10.00		12	Y.P.
1,59,49,160	4,04,572	33,15,170	5,63,856	31,294	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	7.56	10	Nil	Nil	Nil	Nil	3	Y.
48,33,000	9,17,059	1,27,35,935	41,42,015	5,749	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.30	10	0.40	0.40	0.75		12	Y.P.
40,12,888	39,64,090	1,15,37,705	59,85,716	2,62,362	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd.	12.50	12.50	1.60				12	Y.P.
14,00,000	10,92,000	44,75,416	23,85,812	46,128	Macneill & Barry Ltd.	Gangee Rope Co., Ltd.	252.00	100	20.00	15.00			12	Y.
80,00,000	....	4,73,255	21,661	—3,80,6409	National Rubber Mfrs. Ltd.	Ircheck Tyres Ltd.	6.31	7.50	Nil	Nil	Nil		6	Y.
60,00,000	61,69,740	94,56,044	22,10,552	19,276	S. C. Gladstone, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	13.00	10	1.10	1.10	1.10	0.96	3	Y.P.
40,00,000	35,10,500	38,90,747	56,46,463	2,446	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	22.00	10	4.00	3.00	2.00		12	Y.P.
2,00,15,000	1,54,59,733	3,68,93,878	37,75,535	51,86,910	K. K. C. Narey, Esq. (Mg. Director) ..	Goodyear India Ltd.	21.50	10	Nil				3	Y.
9,09,49,550	3,80,11,744	15,66,09,214	6,34,19,991	13,299	Birla Brothers Private Ltd.	Hindustan Motors	16.31	10	1.20	1.25	1.15	1.15	3	Y.
1,80,00,000	57,26,612	3,18,45,042	72,54,008	—12,90,311	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	13.37	10	1.20	Nil	Nil		3	Y.
89,91,800	1,02,500	1,07,03,504	18,85,994	—5,10,975	H. L. Somany, Esq. (Chairman) ..	Hindustan Tuyfords Ltd.	15.06	10	Nil	Nil	Nil		10	Y.
5,16,00,000	11,33,81,191	8,38,63,775	4,44,17,194	80,158	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	8.12	10	0.90	0.90	0.80		3	Y.
6,00,44,460	5,02,72,274	18,67,08,063	6,31,36,292	4,12,610	H. V. R. Iengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	31.12	10	1.50	1.50	1.50	0.65	3	Y.P.T.
2,48,55,450	3,70,04,031	4,02,36,300	2,08,73,154	9,700	J. V. J. Paterson, Esq. (Chairman) ..	Indian Cables Co., Ltd.	34.75	10	2.25	2.25	2.25	2.50	3	Y.T.
3,54,00,000	1,61,33,886	9,06,12,544	3,91,56,221	35,587	Amlya Kumar Sen, Esq. (Mg. Director)	Indian Oxygen Ltd.	23.56	10	1.50	1.20	1.20		9	Y.T.
29,93,375	1,89,825	60,18,366	28,12,632	66,066	M.	Indian Plastics Ltd.	7.94	10	Nil	Nil	Nil		3	Y.T.
8,27,970	12,42,768	22,18,109	13,35,190	53,791	M.	Indian Rubber Manufacturers	21.75	10	5.00	3.50			3	Y.P.
74,98,900	5,31,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Indian Woolcombers of India Ltd. ..	9.75	10	Nil	Nil			3	Y.
2,00,00,000	1,00,37,759	57,22,627	21,50,250	....	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	70.00	10	7.00	6.00	7.00	7.00	12	Y.
15,00,000	13,00,000	18,79,359	1,52,872	64,044	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	8.31	10	1.00				3	Y.P.
1,40,20,888	29,28,314	2,73,13,972	18,67,668	1,01,639	Young India Agencies Pvt. Ltd.	Madras Rubber Factory Ltd.	9.38	10	0.60	0.45	0.32		9	Y.
1,47,12,250	1,38,23,546	94,70,688	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	26.75	10	2.75	2.50	2.50		9	Y.P.
16,00,000	17,84,897	33,65,043	6,79,411	....	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	14.75	10	1.25	0.60	0.75		12	Y.
47,12,000	90,33,868	84,12,628	15,66,083	2,34,727	M.	McLeod & Co.	217.00	100	15.00	18.00			12	Y.P.
3,22,00,000	2,96,70,151	5,27,52,316	1,88,41,107	2,480	M. K. Vellodi, Esq. (Chairman)	Metal Box Co. of India Ltd.	80.50	10	2.50	2.50	1.90	1.80	3	Y.P.
35,12,200	27,76,336	41,58,649	14,39,068	2,720	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electric Industries Ltd. ..	156.40	100	20.00	20.00	12.00	12.00	3	Y.
6,56,250	10,53,995	15,55,798	46,55,184	1,217	Mr. M. Subramanyam (Chairman)	Mysore Lamp Works	29.60	10	2.50	2.50	0.70*	0.80	3	Y.
10,00,000	5,45,007	25,01,104	14,36,682	14,104	I. P. Mallappa, Esq. (Chairman)	Mysore Tobacco	11.02	10	Nil	1.00	1.00	1.10	3	Y.P.
1,35,00,000	1,31,43,467	1,68,75,434	83,59,923	40,361	Associated Ind. Dev. Co. (Pvt.) Ltd...	National Insulated Cable Co.	24.62	10	2.50	2.50	1.80	2.00	3	Y.T.
80,00,000	86,90,209	58,25,223	32,58,376	19,464	Associated Ind. Dev. Co. (Pvt.) Ltd...	National Pipes & Tubes Co., Ltd. ..	22.50	10	2.00	2.00	2.00		9	Y.
40,00,000	46,86,005	85,96,087	53,54,297	8,895	Associated Ind. Dev. Co. (Pvt.) Ltd...	National Rolling & Steel Ropes	24.06	10	1.50	1.50	1.50	2.00	3	Y.P.
50,00,000	21,55,713	1,30,14,550	62,00,885	58,629	K. N. Mookerjee, Esq. (Mg. Director)..	National Rubber Manufacturers Ltd...	10.90	10	0.65	0.80	1.00		12	Y.
79,97,000	1,30,46,098	1,76,39,452	1,01,47,284	3,26,488	H. N. Sinha & Co. Private Ltd.	National Tobacco Co.	11.19	10	0.70	0.70	0.80		12	Y.P.T.
23,32,100	17,27,391	64,55,515§§	....	46,960	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	53.00N	75	5.50	5.00			12	Y.
20,00,000	10,04,500	19,06,562	10,15,929	2,705	Parry & Co., Ltd.	Parrys Confectionery Ltd.	2.96cd	1	0.30	0.26	0.16		12	Y.
2,20,00,000	1,13,85,086	3,55,55,739	1,25,86,971	45,000	W. A. C. Bosschart, Esq. (Chairman)	Phillips Carbon	27.25	10	1.50	1.30	1.50		12	Y.
1,56,25,000	2,86,97,801	39,71,184	—47,66,662	Duncan Brothers & Co., Ltd.	Phillips Carbon	12.56	5	Nil	Nil	Nil		12	Y.	
12,25,600	10,24,312	46,31,719	10,92,898	4,666	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.46cr	5	0.70	0.75	0.75	0.875	3	Y.
51,04,260	47,08,357	1,31,00,115	98,04,201	2,894	T. Sivanna, Esq. (Chairman)	Reade & Electricals Mfg. Co., Ltd. ..	19.67cr	10	1.80	1.80	1.80	1.58	3	Y.P.
2,35,00,000	41,45,070	1,66,51,275	62,82,070	5,962	Badridas Goenka, Esq. (Chairman) ..	Ralli's India Ltd.	122.00	100	8.50	8.50	10.00		12	Y.P.
5,00,00,000	3,16,24,548	16,37,20,662	8,69,12,579	1,697	Sahu Jain Ltd.	Rohtas Industries	9.81	10	1.00	0.80	0.90	0.80	3	Y.P.T.
1,35,00,000	86,99,991	3,28,44,422	1,37,12,414	4,301	K. D. Gupta, Esq. (Secretary)	Sen-Raleigh Ltd.	14.00	10	0.80	0.80	Nil		9	Y.P.
27,60,000	....	1,02,62,408	9,21,237	—14,10,918	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	6.80	10	Nil	Nil			3	Y.P.
75,00,000	69,54,952	1,66,99,597	70,28,936	8,55,748	C. M. A. Bathurst, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	15.81	10	1.50	0.75	1.25		12	Y.P.
40,00,000	1,10,03,806	1,65,53,654	89,38,199	4,87,000	C. W. Stephenson, Esq. (Chairman) ..	Spencer & Co. Ltd.	37.50cd	10	1.80	1.80	1.80		12	Y.P.
40,00,000	32,00,000	2,09,13,405	63,50,721	14,232	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	10.00	10	0.70	0.60	0.70		6	Y.P.
9,99,310	59,875	19,24,738	10,28,291	1,292	Graeve Cotton & Co.	Travancore Ogale Glass	5.08	10	0.70	0.65	0.65		12	Y.
11,55,300	19,10,341	16,95,997	8,53,687	63,666	J. H. Wilkes, Esq. (Gen. Manager) ..	T. Stanes & Co., Ltd.	28.55	10	1.50	3.25	3.35		12	Y.
2,50,00,000	2,39,55,425	5,76,44,202	2,12,06,783	4,114	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd.	176.00cd	100	10.50	10.00	10.00	11.25	7	Y.
3,58,950	7,01,942	79,26,873	46,26,378	88,755	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	10.06	10	Nil	Nil	1.00		9	Y.T.
2,80,00,000	3,80,54,275	7,77,16,892	2,63,25,232	1,93,008	J. R. Galloway, Esq. (Chairman) ..	Union Carbide India Ltd.	28.75	10	1.80	1.25	1.50		12	Y.T.
50,00,000	72,96,098	73,75,585	27,08,709	....	Vittal Mallya, Esq. (Chairman)	United Breweries	23.78	10	2.00	2.50	0.60	0.90	3	Y.
8,00,000	8,41,748	9,59,498	6,77,589	8,262	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	34.50N	10	1.00	0.75	0.90		3	Y.
31,46,200	43,08,662	1,21,08,305	64,16,526	15,013	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd.	200.00	100	12.00	14.00	15.00	6.00	11	Y.P.
													3	

TRANSPORT

30,00,000	88,78,558	70,97,762	30,60,782	54,558	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	106.50	100	7.50	10.00	10.00		10	Y.P.
1,00,00,000	75,25,55?	3,76,69,710	1,67,68,127	—68,12,170	Dinshaw (Private) Ltd.	Bharat Line	4.44	10	Nil	Nil	0.50		12	Y.
60,00,000	2,71,5?,446	10,34,29,602	8,49,89,642	1,28,987	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	12.12	10	0.78	1.00	Nil		6	Y.P.
80,06,000							13.92	10	0.39	0.50	Nil			
56,55,580	£1,194,860	£4,312,091	£2,842,188	—£84,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co...	36.50	£10	Nil	Nil			12	Y.P.
2,47,50,000	1,55,24,658	28,32,64,932	9,16,76,188	....	Lionel Edwards (Private) Ltd.	India Steamship Co.	6.50	10	Nil	Nil	Nil	Nil	12	Y.P.
11,28,19,225	11,58,24,547	36,66,60,105	12,46,17,005	2,62,649	D. N. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	15.36	20	0.60	0.60	1.00	Nil	3	Y.
5,40,800	80,76,582	18,79,885	11,06,250	21,687	R. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	3.09	O. 1	0.80	0.80	0.27		6	Y.
2,10,200							2.94	P.O. 1	0.20	0.20	0.27		12	

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
25,50,000	59,90,550	1,71,97,033	1,03,91,592	16,512	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	19.25	10	1.25	1.50	1.75	1.75	3	Y.
12,00,000	16,98,889	42,54,256	37,43,315	....	Jardine Henderson Ltd.	Barraree Coke	20.75	10	Nil	1.50	1.50	2.00	3	Y.
4,49,350	1,52,888	11,57,089	6,92,033	5,392	Kalyanji Mavji & Co.	Bengal-Bhatdee	3.00	10	Nil				3	Y.
1,20,00,000	2,88,23,173	9,41,09,762	5,65,34,133	1,03,409	Andrew Yule & Co., Ltd.	Bengal Coal	230.00	100	21.00	19.00	16.00		12	Y.P.T.
2,25,000	5,45,383	24,86,330	21,80,114	16,129	M.	Bengal-Nagpur	22.00N	10	2.60				12	
4,00,000	64,950	1,27,37,959	69,90,595	—3,95,681	Sahu Jain Ltd.	Bharat Collieries	3.00	10	Nil	Nil			12	Y.P.
7,15,000	8,31,772	59,01,884	37,59,468	—6,87,301	M.	Bhuinhanbaree	10.00N	10					6	Y.P.
7,50,000	23,11,608	55,13,184	32,39,252	6,037	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	18.25	10	1.50	1.50	1.50		12	Y.
90,92,480	94,32,421	4,74,28,820	2,50,88,877	90,768	Bird & Co. Private Ltd.	Burrakur	16.44	10	1.30	1.30	1.30		6	Y.
49,97,750	10,46,028	91,51,487	36,62,095	20,778	Hindustan Investment Corpn. Ltd. ..	Central India	8.10	10	1.00	1.00	1.00		12	Y.
5,00,000	12,99,400	54,18,457	26,46,026	—1,25,641	Jain Industries	Central Kurkend	3.50N	10					6	Y.
16,00,000	....	61,90,801	36,92,941	—5,39,084	M.	Dhemo Main	3.75	10			0.90	1.00	3	Y.
63,84,000	£828,529	£1,373,344	£375,044	....	Jardine Henderson Ltd.	East Indian	26.25	£1	Nil				12	
29,63,750	1,22,25,000	4,29,46,901	3,93,26,117	1,57,517	Macneill & Barry Ltd.	Equitable	20.75	10	2.00	2.75	2.75	2.00	4	Y.P.T.
15,00,000	40,000	27,42,664	9,88,623	—5,84,265	Bhatter's Agency Ltd.	Ghusick and Musila	10.00	10	1.00	1.00	1.00		12	Y.P.
12,00,000	2,41,433	46,20,017	30,84,265	796	Killick Industries Ltd.	Jhingri-Rampur	10.00N	10	Nil	Nil			3	
3,00,000	....	26,07,513	20,64,193	—3,66,025	M.	Hurriladih	52.00	50	Nil	Nil			3	Y.
50,00,000	17,65,600	57,00,243	19,62,364	1,971	Bird & Co. Private Ltd.	Karanpura Collieries	5.44N	10					6	Y.
14,90,460	20,19,553	70,21,354	46,47,670	22,818	Andrew Yule & Co., Ltd.	Katras Jherriah	13.50	10	1.00	1.00	1.00	1.20	12	Y.
9,00,000	10,27,762	29,57,644	23,27,713	57,591	H. Y. Low & Co. (Private) Ltd.	Lakurka	28.37	10	4.00	2.50	3.00		2	Y.
7,48,240	....	13,90,484	10,51,223	74,711	Tantia Brothers Private Ltd.	Nazira	14.00	10					1	Y.
31,97,210	46,16,139	2,10,81,103	1,23,86,029	16,700	Andrew Yule & Co., Ltd.	New Beerbhoom	4.69	10	Nil	Nil			3	Y.
10,00,000	8,90,206	12,87,188	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Manbhoom	15.50	10	1.00	1.20	1.00		3	Y.
1,15,000	4,31,409	17,85,275	10,59,556	15,045	M.	North West	10.00	10	0.90				10	Y.
1,57,000							19.75	10	2.00				3	
2,72,000	12,52,534	1,94,347	22,85,005(k)	....	P. Prashad, Esq. (Chairman)	Ondal	17.00N	7.50	1.50				3	
4,24,000	1,52,212	37,86,226	14,17,160	589	Deepchand Kishenlall	Parasea	11.00N	10	0.75	0.75	0.50		12	Y.
15,75,000	30,64,325	1,00,54,255	62,14,336	7,234	Shaw Wallace & Co., Ltd.	Pench Valley	12.00N	10	0.125				12	Y.
41,97,070	40,05,000	1,92,61,106	1,25,63,200	16,763	S. K. Mukerjee, Esq. (Secretary) ..	Ranegunge	17.42	10	1.00	1.00	1.25	0.75	3	Y.
13,50,000	32,96,490	89,33,834	47,23,819	8,453	Shaw Wallace & Co., Ltd.	Rewa	12.75	10	1.00	1.00	1.25	1.40	3	Y.
37,50,000	45,20,336	1,20,44,712	48,96,057	3,953	M.	Samla Collieries	22.12	10	2.00	1.00	1.50		12	Y.
40,00,000	16,17,485	1,10,58,590	24,54,119	1,672	S. D. Sethia & Co. Private Ltd.	Selected Satgram Collieries	7.81	10	1.00	0.75	0.75		12	Y.
2,80,000	14,49,316	36,11,289	22,95,222	16,284	Andrew Yule & Co., Ltd.	Seebpore	108.00	100	14.00	10.00	10.00		12	Y.
12,84,000	6,35,222	35,740	18,68,748(k)	382	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	34.75N	7	3.00	2.50	2.00		12	Y.P.
3,00,00,000	1,42,11,727	11,90,70,501	5,36,12,313	18,633	M. P. Pai, Esq. (Chairman)	Singareni	9.81	10	0.35	0.25	0.20		12	Y.
17,50,000	11,77,056	57,70,323	25,84,592	3,001	Bird & Co. Private Ltd.	South Karanpura	9.75	10	0.75		0.75		3	Y.
8,00,000	16,18,969	1,53,707	25,19,145(k)	4,723	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	6.00	10	Nil	Nil	0.25		3	Y.
3,50,000	3,01,052	23,77,775	17,78,986	30,403	R. M. Vaswani, Esq. (Mg. Director) ..	Union	2.62xd	10	1.00	1.00	1.00		12	Y.
49,98,000	11,08,150	1,80,51,450	60,25,936	80,850	Hindustan Investment Corpn. Ltd. ..	Western Bengal	10.25N	10	Nil				12	
7,00,000	....	60,62,759	34,56,424	—6,23,711	M.	West Jamuria	8.37	10	0.75	0.90	0.90	1.00	12	Y.
							8.60	10	Nil				3	
													12	

C—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 P for the year ended 31st March 1955 and 37 P for the year ended 31st March 1956.
M—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments. *Includes bonus.
A—Associated Battery Makers (Eastern) Ltd. The effective dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X.B.—Ex-Bonus. §§Investment at cost.
hereas the interim dividend of Rs. 60 lakhs was declared.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.	Reference
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	95.00	100	
BREWERIES AND SUGAR							
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N	100	
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April ..	60.00	100	
Carew & Co. T.F.R.C.	8,00,000	1875	6.50	Mar. Sept.	73.50	100	
Cawnpore Sugar Works T.F.C.	10,00,000	1905-24	8.00	Feb. Aug.	113.00	100	
Deccan Sugar & Abkhar 'A' T.F.C... ..	7,00,000	1920	7.00	July Apr.	4.28	5	
East India Distilleries C.	£200,000	1937	9.00	Jan. July	17.83	£1	
Gwalior Sugar R.C.	6,75,000	1

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
67,50,000	1,35,55,000	4,67,639	Allahabad Bank	249.00	100	18.00‡	15.00	15.00		12	Y.P.
1,01,600 / 40,78,800	30,58,220	4,794	Andhra Bank	103.00 / 84.00	100 / 85	8.00 / 6.80	8.00 / 6.80	8.00 / 6.80		6.12	H.
2,00,00,000	2,44,93,760	2,96,970	Bank of Baroda	99.00	50	8.50	8.00	9.00		12	Y.
2,55,00,000 / 50,00,000	4,86,00,000	4,19,848	Bank of India	101.00 / 102.00	50 / 50'A'	10.00 / 10.00	10.00 / 10.00	9.00 / 9.00	4.00‡ / 4.00‡	6.12	R.L.Y.
60,80,080	35,90,200	47,625	Bank of Maharashtra	53.00	50	4.50	4.50	4.50		12	Y.
86,00,000	1,00,78,088	....	Canara Bank Ltd.	81.00	50	7.50	7.50	7.50		12	Y.P.
25,00,000	27,00,000	9,000	Canara Banking Corporation Ltd. ..	68.80	50	7.50	7.50	6.00		12	Y.P.
'A' 5,99,880 / 'B' 41,42,120 / 'C' 2,00,000	75,20,000	17,041	Syndicate Bank Ltd.	143.50 / 19.25 / 1.57	100'A' / 10'B' / 1'C'	20.00‡ / 2.00‡ / 0.20‡	20.00 / 2.00 / 0.20	20.00 / 2.00 / 0.20		12	Y.P.
2,68,01,800 / 82,50,000	5,20,41,600	91,510	Central Bank of India Ltd.	52.30 / 52.50	25 / 25	5.00 / 5.00	5.00 / 5.00	5.00 / 5.00	2.40‡ / 2.40‡	12	R.L.Y.
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co. ..	65.50	50	5.50	5.50	6.00		12	Y.
3,00,00,000	2,40,00,000	70,60,104	Habib Bank Ltd. P.	20.95N	5	20%	20%	20%		12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank	0.25	50	Nil	Nil	Nil		12	Y.
50,00,000	9,50,000	15,193	Hindustan Mercantile Bank	10.00	50	Nil	Nil	Nil		12	Y.
88,45,215	92,91,884	1,61,942	Indian Bank	158.00	100	15.00	14.00‡	15.00‡		12	R.L.Y.
80,71,575	99,62,555	1,01,856	Indian Overseas Bank Ltd.	150.00	100	14.00	12.00	14.00		12	Y.
2,00,00,000	2,87,10,000	2,27,073	Punjab National Bank	20.12	10	2.00	2.00	2.00		12	Y.
5,62,50,000	9,30,00,000	85,50,881	State Bank of India	393.75	100	28.00	28.00	28.00		12	Y.
1,00,00,000	76,00,000	1,57,743	Union Bank of India	6.52	5	0.57	0.57	0.57		12	Y.
2,79,66,812	3,20,00,000	75,942	United Commercial Bank	72.70	50	6.00	6.00	6.00		12	Y.
2,68,71,987	1,00,80,000	4,15,815	United Bank of India.. ..	8.12	10	0.60	0.60	0.75		12	R.L.Y.

PRINCIPAL EXCHANGE BANKS (Dividend per cent.)

£6,600,000	£7,525,000	£510,433	Chartered Bank	£2-9-3	£1	15†	15†	15†		12	Y.
H.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£21‡	H.K. $25	sh. 15*	sh. 16*	sh. 16*		12	Y.
£5,708,000	£5,250,000	£316,941	National and Grindlays Bank Ltd. ..	£1-11-3	sh. 15	14†‡	16†‡	16†‡		12	H.Y.

‡ Includes bonus. P—Figures in Pak rupees. Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June ..	Carew & Co.	1938	98.50	1st June 1970
2,45,000	6½	1st March and 18th September..	Carew & Co. (2nd mortgage)	1941	95.00N	28th February .. 1970
25,00,000	4½	1st May and 1st November ..	Walchandnagar Industries	1944	99.50	1st November .. 1959-64
75,00,000	6	1st July and 1st January ..	Walchandnagar Industries	1960	98.50	21st June 1972
COAL						
80,00,000	6	30th April and 31st October ..	Bharat Collieries	1944	90.00N	31st October .. 1964
60,00,000	6½	1st May and 1st November ..	Bengal Coal Co., Ltd.	1961	98.00	31st October .. 1975
20,00,000	4½	30th June and 31st December ..	Burrakur Coal Co.	1947	90.00	30th June .. .. 1967 (a
46,86,000	5½	1st July and 1st January ..	Equitable Coal Co.	1952	97.00	14th December .. 1968 (a)‡
COTTON						
40,00,000	5½	1st January and 1st July ..	Ahmedabad Advance	1956	89.00	15th December .. 1966-71
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1897	90.00N	15th November .. 1966 (a)
62,93,000	5T	1st April and 1st October ..	Buckingham and Carnatic..	1952	100.00	1st March .. .. 1972 (a)
40,02,881	6½	1st April and 1st October ..	Gokak Mills	1957	93.00	1st April 1967-72
19,00,000	6½	2nd January and 2nd July ..	Minerva Mills	1959	..	1st July 1967-72
24,22,000	6½	1st January and 1st July ..	Shree Nivas	1958	99.00	31st December .. 1970
29,51,000	6½	1st April and 1st October ..	Simplex	1959	97.00	15th October .. 1969-74
80,00,000	6½	1st April and 1st October ..	Lakshmi-Vishnu	1955	94.50	1st June 1965-70
80,00,000	5½	1st June	Tata Mills)	1951	88.50	1st June 1966-72
ELECTRICS						
10,00,000	..	31st March and 30th September..	Agra Electric Supply Co., Ltd.)	1950	97.00N	31st March .. 1965 (a)
2,00,00,000	5½	15th June and 15th December ..	Ahmedabad Electric Co., Ltd. ..	1950	98.00	15th June 1965-70
98,25,000	5½	1st April and 1st October ..	Andhra Valley Power Supply Co. ..	1940	94.25	1st April 1970-75
19,00,000	4½	30th June and 31st December ..	Benaras Electric Light and Power Co., Ltd.	1949	97.00N	31st December .. 1964 (a)
12,75,714	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	90.50	1st January .. 1970 (a)
10,80,000	5	1st January and 1st July ..	Sijua (Jheriah) Electric Supply Co., Ltd.	1951	91.00N	30th June .. .. 1976 (a)
1,00,000	5T	3rd April and 3rd October ..	South Madras Electric Supply	1940	98.50	30th September .. 1958-68
47,78,000	5	1st March and 1st September ..	Tata Power	1940	98.00	1st July 1970
2,50,00,000	4½	1st January and 1st July ..	Tata Power	1949	88.50	1st July 1965-70
ENGINEERING						
5,00,000	5½	30th June and 31st December ..	Britannia Engineering	1945	94.00N	31st December .. 1969
1,50,00,000	6	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	98.50	1st January .. 1971
29,18,000	7	15th September and 15th March.	Indian Hume Pipe (Bearer)	1960	101.00	15th September .. 1977 (a)
10,00,000	4	31st May and 30th November ..	Kumardhubi Engineering Works Ltd. ..	1946	90.00N	31st May 1971
3,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	97.20	30th September .. 1960-65
JUTE						
12,00,000	..	1st October and 1st April ..	Agarpara	1939	91.50	31st March .. 1969
6,00,000	..	30th June and 31st December ..	Alexandra	1939	91.00N	30th June 1969
15,00,000	..	31st December and 30th June ..	Auckland Jute Co., Ltd.	1945	97.00N	31st December .. 1964
10,69,000	5	30th June and 31st December ..	Chitavalsah Jute Mills	1951	93.00N	30th June 1966
18,75,000	5½	31st March and 30th September.	Dalhousie Jute Co.	1954	95.00	31st March .. .. 1969 (a)
5,86,000	5	15th January and 15th July ..	Empire	1951	92.00N	15th July .. .. 1966 (a)
25,00,000	5½	31st March and 30th September.	Fort Gloster Industries Ltd.	1952	98.00	30th September .. 1966
20,40,000	5½	31st March and 30th September.	Howrah Mills Co., Ltd.	1955	93.50	31st March 1970
25,00,000	5	30th June and 31st December ..	Kinnison Jute Mills Co., Ltd. ..	1940	97.00N	31st December .. 1964 (a)
25,00,000	5½	30th June and 31st December ..	Naihati	1952	92.00	31st March .. .. 1967 (a)
5,00,000	6½	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd. ..	1939	92.00N	14th May 1974
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co., Ltd.	1945	97.00	31st December .. 1964
25,00,000	5	31st March and 30th September.	Reliance Jute Mills Co., Ltd.§ ..	1950	94.00N	5th September .. 1965 (a
12,00,000	5½	30th June and 31st December ..	Union	1937	95.50N	31st March 1967
RAILWAYS; STEAMSHIP AND TRAMWAYS						
£321,697	4½	1st January and 1st July ..	Calcutta Tramways	1900	£66.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£139,051	5	1st April and 1st October ..		1938	£74.00N	1st October .. 1974
6,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway	1945	85.00N	31st December .. 1974
£200,000	4½	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway ..	1905	£64N	Any time on six months' notice (a)
PLANTING						
4,84,000	7T	1st April and 1st October ..	Sangameshwar Coffee	..	100.00	21st Apr 1960-61
MISCELLANEOUS						
45,00,000*	5*	2nd January and 2nd July ..	Aluminium Industries	1961	100.75	2nd July .. .. 1966-7.
9,96,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd. ..	1948	97.00 N	31st December .. 1965
8,00,00,000	5½	1st March and 1st September ..	Burmah-Shell	1954	94.50	1st September .. 1966-69(a)§
2,00,00,000	5½	1st April and 1st October ..	Caltex Oil Refining ((India) Ltd. ..	1955	95.00	1st October .. 1965-69(a)§
1,00,00,000	6½	31st March and 30th September.	Dalmia Cement (Bharat) Ltd.	1946	96.00	30th September .. 1970
2,04,55,000	6½	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd. ..	1950	99.00	1st January 1970
97,80,000	5½	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	94.50N	30th June .. .. 1973 (a)†
3,00,00,000	5½	1st January and 1st July ..	Indian Aluminium Co., Ltd.	1959	96.00	1st January .. .. 1969 (a)‡
27,75,000	5T	2nd January and 2nd July ..	Mettur Chemical Industries	1949	84.00	30th September .. 1964
99,70,000	4	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes)	1947	410.00 (per note)	31st December .. 1972 (a)
74,75,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	78.00	1st April 1971
55,91,000	6½	30th June and 31st December ..	National Rayon	1955	99.25	30th June 1965-70
80,00,00,000	6T	15th May and 15th November..	Oil India	..	99.75	15th November .. 1966-77
20	6½	1st January and 1st July ..	Premier Automobiles	1958	125.50	31st March 1968-78
1,00,00,000	6	30th June and 31st December..	Rohtas Industries Ltd.	1946	96.00	31st December .. 1969
10,00,000	5½	January and July ..	Shree Gopal Paper Mills Ltd.	1944	96.00N	15th July 1966
80,00,000	5½	1st May and 1st November ..	Esso	1953	95.75	1st April .. .. 1964-68 (a)†‡
5,51,000	5	31st January and 31st July ..	Tata Chemicals Ltd.	1945	95.00	31st July 1970-75
50,00,000	6	1st April and 1st October ..	Tata Oil Mills Co. Ltd.	1959	98.00	30th September .. 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 5 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 13 years. § Any debenture outstanding on 1-6-1969 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-9-1964. †† Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1968 on six months' notice. † Option to repay at par on six months'

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 26th November 1964.

	Closing quotations 19-11-1964	High	Low	Closing quotations 26-11-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	146.50	—	—	146.50
Apollo (2)	1.70	1.72	1.70	1.72
Baroda Rayon (100)	63.50	63.00	61.50	62.00
Bombay Dyeing (25)	57.20	—	—	57.40
Bradbury (50)	145.00	—	—	145.00
Central India (100)	95.00	102.00	93.00	93.00
Century Mills (100)	576.00	581.50	565.00	571.50
Dawn (50)	146.00	147.00	146.00	146.50
Elphinstone (50)	94.00	95.00	93.00	93.00
Finlay (100)	304.50	307.00	305.00	305.00
Gokak (100)	173.00	173.50	172.50	173.00
Gold Mohur (100)	230.00	—	—	230.00
Gwalior Rayon (10)	36.50	37.25	36.50	36.75
Ind. Untd. Defd. (1)	2.38	2.38	2.34	2.34
Ind. Untd. Ord. (10)	19.60	19.60	19.28	19.40
Indian Rayon (100)	53.00	53.00	51.20	52.50
Indore Malwa (100)	215.00	—	—	215.00
Khatau (100)	157.50xd	162.50	157.50	157.50
Kohinoor (100)	320.00	321.00	317.50	318.50
Mafatlal (100)	517.50	517.50	512.00	512.00
Modella Woollens (10)	12.36	—	—	12.48
Morarji (100)	253.50	255.00	253.00	255.00
Mysore (50)	35.00	35.00	33.50	34.00
National Rayon (100)	343.50	355.00	345.50	349.00
New Great (100)	160.00	—	—	160.00
Phoenix (100)	224.50	230.00	223.00	230.00
Pudar Mills (10)	11.08	11.40	11.08	11.08
Raymond Woollen (100)	135.00	135.50	135.00	135.50
Samoon Spg. (10)	37.75	—	—	37.75
Shreeniwas (100)	245.00	245.00	240.00	242.00
Simplex (50)	122.00	—	—	122.00
Standard (100)	566.00	578.00	561.00	569.00
Svadeshi (100)	265.00	267.00	263.50	264.50
Swan (100)	273.00	273.00	272.00	272.00
S. I. Viscose (100)	104.50	106.00	100.00	100.00
Tata Mills (25)	47.75	48.00	47.00	47.00
Lakshmi-Vishnu (100)	85.00	85.00	82.00	82.00
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	101.00	101.25	100.75	101.00
Do. (New) (50)	102.00	102.00	101.50	102.00
Bank of Baroda (50)	99.00	99.00	98.50	99.00
Central (25)	52.50	52.50	51.70	52.30
Central 'A' (25)	53.00	53.00	52.00	52.50
Dena Bank (50)	64.50	66.00	64.70	65.50
Punjab National (10)	20.12	—	—	20.12
Union Bank (5)	6.60	6.60	6.52	6.60
United Com. (50)	73.00	73.00	72.70	72.70
Maharashtra (50)	53.70	—	—	53.70
ELECTRIC COS.				
Ahmedabad (100)	103.00xd	103.50	103.00	103.25
Amalgamated (10)	9.40	9.40	9.32	9.32
Andhra Valley (1,000)	1,216.25xd	1,220.00	1,215.00	1,217.50
Bom. Sub. El. (100)	112.00xd	113.50	112.00	113.50
Surat (100)	116.00	121.00	116.00	121.00
Tata Hydro (100)	123.00xd	123.50	123.00	123.50
Tata Power (1,000)	1,247.50xd	1,245.00	1,241.25	1,243.75
INSURANCE COS.				
British India (10)	13.44	13.76	13.44	13.76
Indian Mercantile (50)	65.00	68.00	65.00	68.00
New India (10)	45.50	46.25	45.50	46.00
New India 'A' (15)	47.00	47.00	46.50	46.75
Vulcan (10)	16.36	—	—	16.36
STEEL COS.				
Ind. Iron (10)	25.10	25.55	25.30	25.45
Mukand Iron (10)	16.72	16.80	16.72	16.72
Tata Steel Ord. (75)	145.00	146.50	144.50	145.00
SUGAR COS.				
Belapur (50)	213.00	224.00	218.00	221.50
Bhopal (10)	12.80	—	—	12.80
Chandsi (12.50)	23.00	—	—	23.00
Maharashtra (50)	135.00	137.50	135.00	136.00
Phaltan (50)	113.00	114.25	113.50	114.00
Walchand Ind. (100)	161.25	162.50	161.25	162.50
CEMENT COS.				
Associated Cts. (100)	153.25xr	154.50	152.25	153.75
Dalmiay (100)	178.00	178.00	176.00	177.25
Orissa (10)	11.80	11.92	11.64	11.84
DYES & CHEMS.				
Amar-Dye-Chem (100)	137.50	137.50	136.25	137.50
Camphor & Allied (100)	87.00	87.00	83.00	85.00
Citric (100)	79.00	80.00	78.00	79.00
Chemicrat (100)	95.00	93.00	87.00	89.00
Colour-Chem. (100)	303.75	305.00	301.25	301.25
Indian Dyestuff (100)	264.50	270.50	264.00	265.50
Polychem (50)	94.00	95.00	94.00	94.50
Synthetics (100)	68.50	72.00	69.00	71.00
Tata Chemicals (10)	18.80	19.00	18.68	18.92
MISCELLANEOUS				
Alcock Ashdown (100)	285.00	294.00	285.00	288.00
Bom. Burmah (25)	56.20	56.50	56.00	56.10
Do. (New) (20)	42.00	42.50	42.00	42.25
Br. E. Petrol (1½ sh.)	2.64	2.90	2.60	2.86
Br. I. Corpn. (5)	11.00	—	—	11.00
Cooper Eng. (100)	107.00	112.00	106.00	109.00
Hindustan Lever (10)	28.50xd	28.50	28.00	28.10
Hindustan Motors (10)	16.24	16.48	16.24	16.28
I. C. & Invest. Corporation (100)	96.00	—	—	96.00
Indian Copper (2 sh.)	3.32	3.36	3.26	3.26
Killicks (100)	99.50	100.00	99.50	100.00
Larsen & Toubro (100)	21.60	21.88	21.56	21.56
Mahindra & Mahindra (10)	17.00	17.24	17.12	17.20
Asian Cables (100)	67.00	—	—	67.50
Permanent Magnets (100)	..	—	—	102.50
Phillips Carbon (10)	99.00	102.50	99.00	11.76
Pre. Automobiles (100)	12.12	12.12	11.76	94.50
Premier Cos. (50)	95.00	98.00	94.00	210.00
Scindia (20)	198.50	211.50	198.00	16.40
G. E. Shipping (10)	15.36	15.68	15.28	12.12
M. Standard Eng. (100)	11.80	12.32	11.96	125.50
T. Hanakind (100)	121.00	125.50	118.50	485.00
Shivrajpur (10)	455.00xd	487.50	465.00	20.25
Sirpur Paper (10)	20.00	22.24	20.00	12.12
Tata Locomotive (100)	12.08	12.20	12.08	262.00
Tata Oil (25)	258.50	264.25	258.25	48.00
Voltas (100)	49.00	49.00	48.00	267.00
W. I. Match (100)	256.50	258.00	255.50	284.50
W. Coast Paper (100)	283.00	284.50	283.00	168.00
Zenith Steel (10)	170.00	170.00	167.50	14.64
	14.64	14.64	14.48	

GOVERNMENT SECURITIES	19-11-1964 Rs.	Gross Yield Earlier Redemption	Gross Yield Later Redemption	26-11-1964 Rs.
2½% 1976	..	—	4.64	82.75
3% 1966-68	82.75	—	4.64	98.45
2½% 1970-75 Int. Dev.	98.40	3.88	3.50	90.25
3% 1966 Con. Loan	90.20	4.91	4.10	66.05
3½% 1965 N. P. Bonds	62.05	—	4.82*	100.00
3½% 1967 N. P. Bonds	100.05	—	3.50	99.60
3½% 1974	99.80	—	4.21	96.80
3½% 1967 N. P. Bonds	96.60	—	4.18	99.60
3½% 1969 Loan	99.90	—	3.79	97.80
3½% 1968	97.80	—	3.98	99.50
3½% 1968 N. P. Bonds	99.00	—	3.77	99.80
4% 1972 Loan	99.80	—	3.80	98.75
4% 1973 Loan	98.80	—	4.18	98.50
4% 1979 Loan	98.80	—	4.16	97.50
3½% 1966 Bonds	97.50	—	4.25	100.00
4% 1980 Loan	100.00	—	3.50	97.00
4% 1981 Loan	97.50	—	4.21	98.00
4½% 1985 Loan	98.00	—	4.16	100.00
6½% 1977 G. Bonds	100.00	—	4.50	117.50
4½% 1972 N. D. Bonds	117.50	—	4.66	100.25
4½% 1986 Loan	100.00	—	4.25	100.25
4½% 1989 Loan	100.25	—	4.49	100.00
	100.00	—	4.75	

COMMERCE

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

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INDIAN CAPITAL FOR AFRICA?

SINCE the beginning of 'sixties, the young independent countries of Africa have been receiving the attention of the developed countries of Europe and the U.S. as a market for their goods and an outlet for their investments. As in India, so also in these countries, the first thing the Governments have done is to initiate steps for the development of their economies. This in turn has broadened the opportunities for economic intercourse with the developed countries, a direct benefit of the end of colonialism. The main beneficiaries have, of course, been the former major colonial powers themselves, Britain and France. The entrepreneurs of these two powers had firmly established themselves as traders and exploiters of natural resources in the countries of their domination. So, when independence came and the national Governments started reorganising their economies, they had the benefit of the knowledge of their markets and local entrepreneurs. They knew the products for which manufacturing facilities could be established and on what scale, with whom to collaborate, and how to negotiate with the Governments concerned. The language was not a problem and the people were not strangers to them. But they were soon followed by others from Europe and the U.S. By the time the African countries were politically free, Germany and Italy had become prosperous and able to explore investment opportunities in foreign countries. Germany, more than Italy, was able to conclude many deals for markets and investment with the emergent Africa. U.S. industrialists and financiers, too, could succeed in these respects, for they were in a position to invest on a large scale in iron ore and manganese mining, aluminium smelting, petroleum production and rubber plantations. Some of them were also successful in entering a few fields of simple manufactures.

The result of all this is that today, in most of these African countries, there are some manufacturing units or other. Besides the extractive industries just mentioned, there are textile mills, pharmaceutical, soap, detergent, and plastics factories, and even sewing machines and bicycle manufacturing shops. Hotels is another industry in which foreign, especially U.S., capital has found an outlet. Now Indian industrialists, too, want to participate in the exciting adventure of economic development of Africa. In October last, an industrialists' goodwill mission, sponsored by the Federation of Indian Chambers of Commerce and Industry and blessed by the Government of India, visited nine countries, under the leadership of Mr. A. M. M. Murugappa Chettiar, a prominent industrialist of Madras. The nine countries were Ethiopia, Ghana, Malawi, Nigeria, Northern Rhodesia, Sudan, Kenya, Tanganyika and Uganda, and the tour lasted 25 days. Another goodwill mission is currently touring West Asia, exploring possibilities of trade with, and economic assistance to, the predominantly Arab countries in this region.

The Murugappa Chettiar mission has returned with high hopes and optimism. The Mission's finding is that there are possibilities of setting up joint industrial ventures in fields such as cotton textiles, sugar, cement, jute, light engineering products, and tanneries. It strongly favours joint collaboration ventures in as large a measure as possible on the African Continent and has suggested that the Government should provide sufficient inducements to Indian investors and entrepreneurs to take the risks involved and to compete successfully with their confreres from the rich countries. It has found the investment climate in the countries visited by it favourable and is satisfied with the assurances given by the respective Governments on nationalisation and compensation. The Mission was assured, we are told, that nationalisation of industries was not on the cards, that, in case such was found necessary, adequate compensation would be paid and that, in the event of a dispute on the quantum of compensation, there would be no objection to arbitration by a third party (acceptable to both). It is of the view that there is also scope for participation with African capital in partnership with third parties (as, for instance, British or German or American investors). "If we fail to take advantage of the opportunities that exist now," to quote the Mission, "others would do so. Even as it is, we are already late in the field and many a developed country is already going ahead with projects of economic and industrial collaboration."

This conclusion of the Murugappa Chettiar Mission is convincing in the light of what we have stated at the outset. Many independent observers from this country who have stayed and worked in Africa in recent years are also of the same view. They even go to the extent of saying that some of the countries, especially Nigeria, Ghana and Ethiopia, prefer Indian capital, Indian technicians and Indian teachers to Europeans, apparently for political reasons; the unpleasant memories of the colonial era are still fresh in their minds and so also India's invaluable contribution to the political freedom of Asia and Africa alike. In a small way, some Indian entrepreneurs have, of their own accord, already invested in some of the African countries. Birlas, for instance, have established a textile mill in Ethiopia, equipped mostly with machinery manufactured by Texmaco, one of their heavy engineering companies. The fact that the Government of India gave its permission for this participation and encouraged the Mission to visit the African countries warrants the inference that, in principle, it is also of the same view. Thus, there seems to be no two opinions about the desirability of Indian capital participating in the economic development of the new African countries. Three important advantages will flow from such participation: One, it will help establish export markets for Indian goods, especially plant and machinery. Two, after some years, when the projects are well established and start yielding returns, the dividends on such investments will add to our invisible exports. And, third, it may facilitate strengthening African goodwill for India, assuming that the people of host countries will not treat foreign private investments in the same way as some of the Asian countries (Indonesia, Ceylon, Burma, Egypt, Algeria and Iran in the not distant past) have been doing.

While investments in Africa may be desirable and advantageous, the basic question is whether India is in a position to avail itself of the opportunities that one sees now. In the absence of the full text of the report of the Murugappa Chettiar Mission, one does not know whether it has examined this question. Since, however, it wants the Government to encourage such investments abroad by giving all possible facilities, it *ipso facto* follows that, in its opinion, India is in a position to do what it and others consider desirable. It is here one would like to have more convincing evidence. India's savings are not adequate for its own development; it has had to resort to heavy deficit financing and rely on foreign capital to a substantial extent. Its foreign exchange resources are slender and the balance of payments position pretty difficult. How is this country to find the surplus required for investment in Africa?

India has no doubt achieved proficiency in the manufacture of cement, textiles, jute manufactures, sugar, etc., and can help the Africans in establishing and running these traditional industries. It can squeeze itself to find a sufficient number of technicians and administrators to help them, though, in the present tempo of its development, their supply is not adequate and there is keen competition among the domestic manufacturers themselves for their services. Perhaps, the Africans will find Indian technicians and managers more suitable and less expensive than the Westerners. But there is no large surplus capacity in the industries manufacturing cement, sugar and textile machinery to make any significant contribution to African development. The domestic demand for these very capital goods is running ahead of current supply and prospective growth in the capacity for producing them. The position in regard to supply of raw materials for these capital goods industries is also not happy and the prospects of improvement in the near future are not promising enough to ensure adequate flow of materials for both domestic and export markets of the type envisaged in the report of Murugappa Mission. In saying this, we are not unaware of the fact that India has agreed to export some sugar plants to East African countries. This, however, is due to an unfortunate development in the country. Currently, the sugar industry is in the doldrums and working well below its capacity for want of sufficient raw material. But this, as every one hopes, is only a passing phase and, once the sugar industry starts implementing the capacity target envisaged for it in the next Plan, even the supply of sugar plants would become difficult.

One can argue with a lot of force that India has reached a stage when it has to export more in order to facilitate its own economic growth. Contentment with import substitution alone, so can the argument run, will not do. It must so reorient its economy as to become an exporter of manufactured goods of all varieties—consumption goods, consumer durables and plant and machinery. It must even restrain its domestic consumption for this purpose, need be. Accordingly, it must strive to export those capital goods in the production of which it has had sufficient experience to countries like Africa which do not require highly sophisticated and automatic machinery. All these arguments are fine but rhetoric. When scarce capital goods are exported against capital participation in African ventures, no foreign exchange is earned to give relief to India's balance of

views the issues realistically. India can persuade the Africans to buy their plant and machinery against cash or short-medium-term credit by making them competitive in price, quality and delivery. It can demonstrate the value of their equipment by putting up a few units in joint participation with the capital brought in by partners from the developed countries, provided that element of foreign capital is used for payment towards its export of plant and machinery. It can also have capital participation with Africans alone, but this will necessarily have to be on a relatively small scale. Its primary aim, however, must be to sell its capital goods in such a way as to reduce its balance of payments deficit. This will be possible only if these goods can compete effectively with those made elsewhere in the world.

India may be able to increase the size of its capital participation in the relatively under-developed countries of Asia and Africa, if it follows a realistic policy in regard to import of foreign private capital. It is pertinent to recall here that, in the recent past, Britain, France, Germany and many other Continental countries were in a position to export capital to other countries even when they were short of resources. This they could do, because they had no inhibitions about receiving private capital from other countries. They freely allowed foreign capital to participate in the development of many of their vital basic industries, such as aircraft, automobiles, chemicals, petroleum and petrochemicals, electrical as well as electronics, food and hotels, to mention only some. In fact, no field was reserved exclusively for domestic capital or for public sector and no conditions were laid down about majority or minority participations. Nor were the foreign industrial giants viewed with disfavour and denied opportunities for their participation in economic development as has been done by this country, particularly since 1956, when the Congress Party fell a victim to its imaginary fears of monopoly, oligopoly, concentration of economic power, etc. If post-war Japan, with its acute population problem and limited living space, has now become an industrial power with a shortage of manpower, it is chiefly because of absence of any restrictions on the inflow of foreign private capital. Unfortunately, the Government of India, in its wisdom, has been following a peculiarly restrictive policy on foreign capital which in turn has slowed down the pace of economic growth. If only it had been as liberal as the Western countries and Japan were in admitting foreign capital and know-how, India today would have been in a better position to export capital to countries like Africa on the lines suggested by the Murugappa Chettiar Mission.

Anyway, even if India is in a position to export private capital, it must be careful in selecting the countries. In some of the countries visited by the Mission, political stability is conspicuous by its absence. There is also an anti-Indian feeling, especially in the former East Africa, and the Indian businessmen already settled there for long are being put to various types of discriminatory treatment. Further, in its anxiety not to offend the goodwill of the Governments of neighbouring countries, the Government of India has not cared to protect the investments of Indian nationals in those countries. One has only to recall, in this connection, the heavy losses that have been suffered by Indian investors in Burma, Ceylon and Indonesia, not to mention Pakistan. Every one of these countries has been subjecting our investors to discriminatory treatment, in disregard of the Articles of International Monetary Fund of which they are members. And yet the Government of India has not even protested against their action at the I.M.F. meetings. It would, therefore, be hazardous for investors in this country to invest in Africa, unless they are guaranteed by the Government of India against risks of expropriation, political action, restrictions on transfer of funds and double taxation. And the Government of India can give such a guarantee, only if it has guarantee agreements with the African countries on the lines of its recent agreement with West Germany. As this will not be an easy task, it would be better for India to co-operate with the World Bank in bringing to early fruition an international code containing safeguards for foreign private investments. Such an arrangement would suit India eminently, since a stage is being reached when it will have to play the role of both importer and exporter (however small it may be) of capital. A multilateral agreement on this issue under the auspices of a U.N. agency is any day preferable to bilateral agreements with individual countries, involving prolonged and exasperating negotiations.

G.A.T.T. AND DEVELOPING NATIONS

THE Contracting Parties to the General Agreement on Tariffs and Trade (G.A.T.T.) approved, on 26th November, the text of a new chapter to be added to the Agreement on Trade and Development. The draft is expected to be ratified by member-countries in the current month and may become effective from 1st January 1965. It seeks to establish and codify the trading relationships between the industrially advanced and less developed countries, and thereby help the latter group to expand their exports.

The new chapter sets out the terms of reference of a new Committee on Trade and Development and the various agreements that the Committee will be required to implement. According to the text, the industrialised countries have agreed to "accord high priority to the reduction and elimination of barriers to products, currently or potentially of particular export interest to less developed contracting parties, including customs duties and other restrictions which differentiate unreasonably between such products in their primary and processed forms." Secondly, they have promised to "refrain from introducing or increasing the incidence of customs duties or non-tariff import barriers on products, currently or potentially of particular interest to the less developed contracting parties." And, thirdly, they have "to refrain from imposing new fiscal measures and, in any adjustment of fiscal policy, accord high priority to the reduction and elimination of fiscal measures, which would hamper the growth of consumption of primary products, in raw or processed form." The commitments are, however, subject to an important proviso: "except when compelling reasons, which may include legal reasons, make it impossible." At the same time, it is provided in the text that "the developed contracting parties do not expect reciprocity for commitments made by them in trade negotiations" with the developing countries. On the important issue of the degree of flexibility in import restrictions, which the developing countries may be allowed to further their development plans, the parties could not reach an agreement. There is, therefore, only a mention to the effect that the developing countries may "use special measures to promote their trade and development."

It may be recalled that G.A.T.T. is mainly concerned with the trade in manufactured goods and thus governs largely the trade of industrially advanced countries. It practically excludes from its coverage agricultural commodities—the main exports of the underdeveloped countries. In order to protect the interests of these countries, the Agreement contains a provision to the effect that these countries should be treated on a different footing and be eligible to exceptions to some of the G.A.T.T. rules like non-discrimination in trade and elimination of tariffs and quotas. Their problems are thus treated as secondary items, outside the main scope of G.A.T.T. The dynamic principle of G.A.T.T. is negotiations. The underdeveloped countries feel that, as they have no bargaining power, this principle has little force in their negotiations. It was to solve some of these problems that the U.N. Trade and Development Conference was held in the second quarter of this year at Geneva. The underdeveloped countries made it clear at the Conference that, in order to increase their export earnings, it was necessary to ensure reasonably high prices for the exports of food and raw materials and to extend preferential treatment to their manufactured goods, while leaving complete freedom to them to retain their own tariffs and restrictions on imports, both for balance of payments position and protection to their nascent industries. There is already a provision in the G.A.T.T. which safeguards the latter freedom of the developing countries; but, as there is nothing in it to obtain tariff concessions from the developed countries without offering something in return, this freedom is only of limited value. The underdeveloped countries want these preferences as a matter of right and not by way of negotiations. The Geneva Conference had agreed to establish a Trade and Development Board to take care of the trade problems of underdeveloped countries, thereby threatening the independent existence of the G.A.T.T. The new chapter has been designed to answer some of the criticisms from the underdeveloped countries and to make the G.A.T.T. more competent to serve the interests of these countries.

But the chapter falls short of most of the demands of developing countries and is silent on some key issues. Thus, no time limit has been fixed for putting into practice the commitments made by the industrially advanced countries. While the abolition of reciprocity clause is an important concession, the undertaking to encourage imports of manufactured goods is subject to a proviso, which, though innocent-looking, may serve as an escape clause. Under the pretext of "compelling reasons" or "legal difficulties," many a developed country may dodge the implementation of the undertaking. This is not an unwarranted misgiving, having regard to the unpleasant experience of developing countries in the working of G.A.T.T.'s long-term agreement on cotton textiles. It is common knowledge that the "market disruption" clause has been misused by several of the developed countries, including the U.S., to restrain imports of these simple manufactured goods. Further, it remains to be seen how far this new chapter of G.A.T.T. will eliminate unnecessary and prolonged negotiations between the industrially advanced and backward countries for achieving a balanced, expanding trade.

'WHITLEY COUNCILS' IN INDIA

THE Government of India is yet to honour its four-year old commitment on the establishment of Whitley-type Councils machinery for resolving its disputes with the employees. Such delay is egregious and does not redound to the credit of the Government, supposed to be a model employer. No wonder that its employees are feeling restless and it looks as though peace in Administrative Services may suffer a setback. There are already reports that some of the trade unions of Central Government employees have started "strike ballots" among the employees.

In order to show how slow the Government has been in this respect, it is necessary to recount the whole story. As far back as 1946-47, the First Pay Commission, which had been asked to report, among other things, on the machinery for negotiating and settling disputes arising out of differences between the Government and its employees, had recommended the establishment of Joint Councils, on the lines of the Whitley machinery in Britain. After considering these recommendations, the Government decided that, in view of the then impending changes in the structure of the Central Secretariat Services, it was premature to introduce such Councils. The matter rested there until 1954, when the Government decided to establish Staff Committees (renamed Staff Councils in August 1957) in the Central Ministries. The Second Pay Commission (1957-59), which considered the working of Staff Councils, found that there was a good deal of dissatisfaction among the employees' organisations about their working. The latter's contention against the Staff Councils was that the will was lacking in the Government to accept the principle of joint consultation as an effective instrument for prevention of disputes, that even where the machinery was well-conceived, it was not being worked efficiently; that meetings of Councils were not being held regularly; that decisions were rarely taken and, when taken, were not implemented properly; and that some of the officers, representing the Administration, did not have the right attitude towards the machinery which they were supposed to run.

After considering the various pros and cons of the situation, the Second Pay Commission also came to the same conclusion as the First Pay Commission, and strongly favoured the formation of Whitley-type Councils. The Government accepted its recommendation in principle. It was decided that the proposed machinery would cover all regular civil employees of the Central Government (industrial as well as non-industrial), except (a) Class I Services, (b) Class II Services, other than the Central Secretariat Services, and other comparable services whose duties are mainly ministerial, and (c) the managerial, admnistrative and supervisory staff in industrial establishments. Police and railway protection forces were also to be excluded. It was further decided that the Councils—having the representatives of employers and employees—should be created at three levels, namely, national, departmental and regional and that agreements reached between the two sides would become operative, subject to the final authority of the Cabinet, though such approval was not to be regarded as a normal practice. A board of arbitration was also to be appointed to tackle such disputes as are not settled at the Council level.

The Government initially wanted that, with the establishment of the proposed Councils, a ban should be imposed on the employees' right to strike. There was prolonged discussion on this issue. Ultimately, the Government agreed to give up its insistence on the statutory ban on strikes and the employees, on their part, promised that, so long as any dispute not settled at the Council level automatically became a subject of arbitration, they would not go on strike. After this understanding, the Government should have gone ahead with the implementation of the scheme. But it slept over this matter, once again, for reasons best known to itself, until it was rudely shaken again by serious unrest amongst its staff. In April last, a high level meeting of the Union Ministers and employees' representatives was held in order to expedite the implementation of the proposals. But fresh hurdles arose, thanks to the lack of unanimity among the leaders representing the employees. While the P.S.P. and Communists among them agreed to the Government's suggestion that 'outsiders' in the employees' unions should not be allowed in the Council, the I.N.T.U.C. representatives, strangely enough, strongly opposed it. This disagreement resulted in the postponement of the meeting to June. But, as fate would have it, Mr. Nehru passed away just a few days before the scheduled date. Some delay was, therefore, inevitable, but the threads could surely have been picked up at least a couple of months after the new Government had come into being. What is worse still, there is no sign at all of the postponed meeting being held in the near future.

Central Government employees—unlike the workers in industrial establishments—are, by and large, educated people. Government is, therefore, justified in taking the stand that its employees should and could speak for themselves, without invoking the aid of political parties. While the Government could be blamed for the delay in setting up the Whitley Councils upto April last, it is the union leaders who must be held responsible for the subsequent delay, as they could not agree among themselves on a vital issue. It is time the employees realised that, if further delay is to be avoided, they should give up their dependence on professional trade union leaders and take the matter in their own hands.

MARKET GOSSIP

Wealth Tax Bill

MUCH of the heat and excitement that permeated the debate on Wealth Tax Bill in the Lok Sabha this week could have been avoided if only those who participated in the debate had just cared to read the two sentences in the statement of objects and reasons appended to the Bill. Here are the sentences:

"The income-tax law has been re-codified in the Income-tax Act 1961 and, as the basic pattern of the wealth tax law is the same as that of the income-tax law, it has become necessary to bring the provisions of the Wealth Tax Act 1957, in line with the scheme of the Income-tax Act 1961.

"Opportunity has been taken to implement the recommendations of the Direct Taxes Administration Enquiry Committee relating to the wealth tax law and also to make a few amendments found necessary in the light of the experience gained in the working of the Act."

Conforming to these objects, the amendments proposed in the Bill which was passed by the Lok Sabha on Wednesday the 2nd inst., are simple. Broadly, the amendments fall into three categories: 1. adoption of the I.T.A. provisions pertaining to collection and recovery of taxes, grant of refunds, and checking of tax evasion for the Wealth Tax Act as well; 2. adoption of I.T.A. provisions relating to assessment, appeals and collection of tax based on the recommendations of the Direct Taxes Administration Enquiry Committee; and 3. changes found necessary in the light of the experience gained in the operation of the Wealth Tax Act during the seven years it has been in force. Before proceeding further, some of the important provisions in the Bill may be briefly recapitulated.

A new device is being introduced for the computation of wealth tax designed to defeat transfers of assets to spouses and minor children with a view to defrauding the revenue.

Penalties and prosecutions under the Wealth Tax Act would be along the lines provided under the Income-tax Act. There will be a minimum penalty of 20 per cent of the tax sought to be evaded for concealment of wealth. False certification of returns will be punished with two years' rigorous imprisonment. The Central Government can grant immunity from prosecution to persons supplying information about concealment.

Provision for self-assessment and provisional assessment of wealth tax has been made as in the case of income-tax.

Assessees are being given right of appeal against all orders adverse to them, including the right to appeal direct to the Supreme Court from the Appellate Tribunal, if there is a conflict in the decisions handed down by different High Courts.

Refunds are sought to be granted promptly, assessees being entitled to 4 per cent interest where refunds are delayed beyond six months.

Wealth tax officers will have powers to search and seize in a bid to counter tax evasion, and to fine witnesses who fail to appear before them or produce evidence. They will also be authorised to impound documents produced before them.

The Government will have powers to enter into agreements with foreign countries to avoid double taxation on a reciprocal basis.

In fine, the Bill, as Mr. T. T. Krishnamachari, Union Finance Minister, stated, is intended just to mould the Wealth Tax Act to fit into the general scheme of direct taxes as one of its integral components. The intention is thus clear and the changes introduced are, by and large, unexceptionable. Why, then, were some members, especially Mr. M. R. Masani and Mr. N. Dandekar of the Swatantra Party, so furious and harsh on the Bill? The criticism that the provision giving authorities the power to raid the houses of persons suspected of possessing assets disproportionate to their income smacks of Nazi and communist methods is rather uncharitable. Also uncharitable is the allegation that the kind of jurisprudence contained in the Bill is the kind of justice which people in communist countries talk of and that the provision for compulsory imprisonment is utterly undemocratic, totally contrary to rule of law and fundamental rights. It is true that, in recent months, several businessmen, film stars, and self-employed people were subjected to searches at unearthly hours and for a duration lasting in some cases a whole day or two. But it is also true that quite a number of them were found guilty of possessing undeclared wealth. While the Government must, as was pointed out by us in this column on an earlier occasion, conduct these raids and searches in a more civilised and courteous manner, the innocent victims of such raids must not and need not suffer them in silence. This is still a free country and there are various ways in which they can denounce such actions of the Government in public, so that its officers may not be tempted to indulge in excesses on future occasions or unnecessarily harass others. But it must be emphasised that any act of wilful tax evasion on the part of any one is highly anti-social and it must be put down with a firm hand. Tax evasion, besides depriving the exchequer of financial resources, necessitates greater and greater tax burdens on the honest and law-abiding citizens.

Income-tax and wealth tax laws ought to be strict, if the twin evils of tax evasion and unaccounted money are to be eradicated from society, though "due regard," to quote Dr. M. S. Aney (Independent), "should be had to principles of jurisprudence and justice." From this point of view, some criterion about valuation assets, as Dr. Aney rightly emphasised, should have been laid down in the Wealth Tax Act itself. It was certainly a pertinent question when Mr. Dandekar asked: "How could there be an assessment of market value if it is to be subjected to rules which may be made by authority responsible for assessment and collection of revenue?" Mr. Krishnamachari himself seemed to appreciate the viewpoint of Mr. Dandekar, as witness his remarks: "The only fault which would be found in it (clause 7 of the Bill providing powers for determining the value of assets) by the Swatantra member, Mr. Dandekar, whose knowledge of tax laws is considerable, is in the phraseology used. The rules made under the Bill would be placed on the table of the House. Members can scrutinise them and, if necessary, raise a discussion on them." This explanation may not have convinced Mr. Dandekar fully, but he can have the satisfaction of having extracted an important concession.

While the changes proposed in the Wealth Tax Act, are as already stated, largely unexceptionable and the statement of the Finance Minister that the rules would be framed in a just and fair manner is reassuring, the assurances of Government spokesmen on the question of undue harassment and hardship of assessees are not so. All that Mr. B. R. Bhagat, Minister of State for Planning, who replied to the clause-by-clause debate said on this important point was that the tax authorities would not take recourse to search, unless they had precise information. This does not go far enough, as it is vague.

Although the Finance Minister ably dealt with the vehement criticisms based on political considerations, he could have accepted at least three of the well-reasoned amendments suggested by Mr. Dandekar. One such amendment pertained to exemption of investments in new companies from wealth tax for five years. This concession was there in the past and was withdrawn by Mr. Morarji Desai in his last budget. It is a very valuable and healthy concession that would go a long way towards stimulating establishment of new industries. It is hard to call upon investors in these industries to pay a wealth tax on them even when they do not yield any return. It is to be hoped that the Finance Minister will restore this concession when he presents his next budget. The two other amendments of Mr. Dandekar which the Government should have accepted are: The discretion of the Appellate authorities in regard to penalties should not be fettered; and the period during which an assessee or the Commissioner may require the Appellate Tribunal to refer to the High Court any question arising from an order should be increased from 60 days to 90 days. Mr. Bhagat's contention that the Government found it necessary to fix minimum penalties, as the authorities concerned were not awarding adequate punishment, is a sad commentary on the Finance Ministry's respect for the Appellate authority. Equally unconvincing was his reply to the third point also. He merely said that the time limit of 60 days was on the lines of the Income-tax Act. That may be so, but is there anything wrong in extending the time limit by another 30 days for wealth tax?

Mr. Dandekar, however, was rather too harsh when he described as "utterly monstrous" the provision under which an assessee has to pay wealth tax in accordance with the assessment made, "notwithstanding that a reference has been made to the High Court or the Supreme Court, or an appeal has been preferred to the Supreme Court." No one will dispute the contention that the Government should show due deference to courts. But what one should ask is whether the aforesaid provision violates the force of this contention. The Government has all along maintained that, when a tax order has been made, the tax should be paid. The assessee's right to go to the courts is not taken away. Further, no disrespect is involved to the court in this respect, for, if the court's verdict were in favour of the assessee, the Government would return the money to him and, if refunds were delayed beyond six months, interest would be paid. It must be remembered, in this connection, that, in this country, there has been a tendency on the part of the rich assessees to go in for appeals just to delay the payment of assessed amounts as long as possible, so that they can enjoy the use of funds at the expense of the Exchequer, which means that of the public, in general. There are instances where crores of rupees are being lost to the Government by way of interest alone. It is, therefore, these delaying tactics that deserve to be described as "monstrous." If principles of jurisprudence are not strictly adhered to in such instances, it is because a section of the society has been misusing them for their selfish ends. Equity in law cannot be invoked to protect the inequitous acts of a few that hurt the interests of the society as a whole.

E.E.C. Cereals Issue

All eyes are now anxiously turned towards Brussels where the E.E.C. Ministerial Council is engrossed in discussions over the Common Market's common agricultural policy. For the deadline for reaching a decision on the issue, that is, Tuesday the 15th inst., as agreed to among the Ministers of the European Economic Community at their meeting on 3rd June last, is drawing near. It will be recalled that serious differences had developed between France and West Germany over the price formula as proposed by the E.E.C. Commission. Whereas France saw the possibilities of a new outlet in Germany for its surplus grains under this arrangement, West Germany was not inclined to accept the formula, as its prices were appreciably higher than the ones suggested by the Commission. President de Gaulle has more than once threatened that, if the common agricultural policy were not decided and prices of cereals in the Common Market not harmonised by the proposed deadline, his country would leave the Market. But West Germany, on its part, has throughout been optimistic about settling the differences over cereal prices. In spite of West Germany's optimism, all countries, especially the developing ones, are viewing the Franco-German tussle with great anxiety. The anxiety is understandable, as any showdown between these two major partners of the E.E.C. will not only threaten the existence of the European Common Market itself but will also jeopardise the success of the Kennedy round of tariff negotiations.

Against this background, it is a matter for some satisfaction to find that Dr. Erhard, West German Chancellor, representatives of political parties and the farmers have reached an agreement over a cut in the prices of German cereals to the common E.E.C. level. The exact details of the agreement are not available. It is, however, gathered that West Germany proposes a harmonisation of price level on 1st July 1967. Though no decision regarding the actual prices of cereals has been taken, pending the results of the negotiations, the Germans prefer a price for wheat (soft) anywhere between the present German price of DM 475 per ton and the price of DM 425 proposed by the E.E.C. Commission. Until the end of the period of transition for the Common Market, that is 1970, Germany will expect to draw compensation payments for its farmers from the E.E.C. funds. In addition, it is believed that the German Government will give its farmers tax and other concessions aggregating DM 840 million. Agreement has also been reached to the effect that factors distorting competition, such as the farmers' different costs, financial burdens and social security, must be evened out, as long as they are not harmonised in the Common Market by other means. The Germans, before agreeing to a final common price for cereals, would naturally like to ensure that the agreement would not be nullified subsequently by adjustments in exchange rates, etc.

The West German Government's decision on cereal prices was conveyed to the E.E.C. Council of Ministers on Tuesday this week. While the decision is to be welcomed as an important step forward, it remains to be seen whether a final accord will be reached on the question of agricultural policy before the 15th of this month, what with important differences still existing between the position of West Germany and that of other member-countries.

Processed Food Exports

The experience of practically every industry in every country has shown that the use of outmoded equipment and processes results in poor productivity (quantitatively as well as qualitatively) and inflated costs. It is, of course, difficult to discard their use in a capital-scarcity economy like India, but there is no denying the need for speedy rehabilitation (of outmoded equipment) and rationalisation of these industries. The need is all the pressing in the case of export industries and that too in respect of items like processed food articles where competition in world markets is keen and quality has to be high. How the use of outmoded equipment and processes, an utter lack of initiative, and slavish imitation of the British pattern of labelling have greatly hindered the exports of Indian processed food articles to the West European countries has been vividly brought out by Mr. H. Wroblewiski, the German food expert who was specially invited by the Government of India to suggest ways and means of promoting the exports of these items.

(*Continued on page* 1020)

EXPORT PROMOTION COUNCILS AT WORK

A PROBE THAT WAS LONG OVERDUE

By A Special Correspondent

THE Union Commerce Ministry has done well in setting up a committee to review the working of the Export Promotion Councils. The Government's resolution announcing the appointment of the Committee said that this was being done on the recommendation of the Forty-eighth Report of the Estimates Committee issued in March this year. But it is necessary to point out that the Import and Export Policy Committee, which submitted its report in February 1962, was also expected to enquire into the working of the Export Promotion Councils. This Committee had, in its questionnaire, specifically asked: "How far have Export Promotion Councils so far constituted helped in increasing exports of the commodities they are concerned with? How far they have succeeded in establishing new markets for the export of commodities? What suggestions would you offer to make the Export Promotion Councils more effective instruments of export promotion?" But, surprisingly enough, the report of the Import and Export Policy Committee did not deal with the working of the Export Promotion Councils.

It would be much better indeed, whenever committees are appointed, if their terms of reference are made fairly comprehensive, so that it may not be necessary to appoint more committees to deal with aspects of the same problem. For instance, soon after the Import and Export Policy Committee had submitted its report, the Government of India appointed another committee to enquire into fair trading practices. Now yet another committee has been set up to probe into the working of the Export Promotion Councils. Fair trading practices and the working of the Export Promotion Councils were surely appropriate subjects for enquiry by the Export and Import Policy Committee. However, now that a separate committee has been set up to review the work of the Export Promotion Councils, it is hoped that it will do the job thoroughly

Terms of Reference

The Committee consists of six members, with Mr. Prabhu V. Mehta as Chairman. It has been asked to submit its report to the Government within a period of six months. The terms of reference of the Committee are the following:

(1) Progress achieved by the Export Promotion Councils in: (*a*) bringing into the fold of the Council a large percentage of exporters and potential exporters; (*b*) raising of financial resources, and adequacy of present sources of income; (*c*) implementation of measures of assistance, including dissemination of market information and information regarding regulations in other countries; assistance in securing rebates and raw materials for production; publicity; and implementation of export promotion schemes; and (*d*) creation of institutional arrangements such as branch offices in India, servicing of exporters in stations other than the headquarters of the Council, establishment of foreign offices, showrooms, foreign correspondents, etc.;

(2) The extent to which the progress achieved is adequate to meet the needs of exports in the particular field, having regard to the plans for increased exports and directions in which the scope of the working of the Councils should be enlarged to adequately serve exports;

(3) Co-ordination and co-operation among Export Promotion Councils in matters of common interest, and setting up of suitable machinery to the purpose;

(4) The existing distribution of export products amongst the councils, and steps to be taken to ensure adequate specialisation and avoid overlapping; and

(5) General principles on which future action should be taken in regard to the setting up of new E.P. Councils, and the expansion of activities of E.P. Councils.

There are at present sixteen Export Promotion Councils. These are for the following commodities:

1. Cashew.
2. Chemicals and allied products.
3. Cotton textiles.
4. Engineering goods.
5. Processed food.
6. Leather.
7. Marine products.
8. Mica.
9. Plastics and linoleum.
10. Shellac.
11. Silk and rayon textiles.
12. Spices.
13. Sports goods.
14. Basic chemicals, pharmaceuticals and soaps.
15. Tobacco.
16. Finished leather and leather manufactures.

Some of the Export Promotion Councils have been in existence for a fairly long time. For example, the Engineering Export Promotion Council and the Cotton Textile Export Promotion Council have been working for nearly ten years. Others were established only in the last few years. The functions of these Councils, as described officially, are the following:

(1) Guiding newcomers to the export trade by giving advice on different markets, furnishing the names of importers in those markets, advising them about shipping procedure, etc.;

(2) Undertaking market studies and furnishing the results thereof to the trade; also facilitating contact between the Indian exporters and foreign importers by publishing directories and other literature pertaining to industry and trade;

(3) Conducting propaganda through exhibitions, showrooms, bulletins and other media of publicity;

(4) Securing samples from overseas markets of similar goods competing with Indian goods preferred by foreign consumers and exhibiting them to manufacturers in the country so as to enable them to produce goods of similar variety for export;

(5) Deputing overseas officers of the Councils to witness the survey of goods exported from India where such survey has been necessitated as a result of a dispute or difference between the Indian exporters and the foreign importers;

(6) Persuading Indian exporters and the foreign buyers to avail themselves, wherever feasible, of the free facilities in regard to quality control; and

(7) Helping in the settlement of commercial disputes.

Non-traditional Items

India's exports have shown a substantial increase in recent years. But this is due largely to the better performance of traditional items. Among the non-traditional items, only sugar has made a major contribution, its earnings of foreign exchange going up from Rs. 1.71 crore in 1959-60 to Rs. 26.10 crores in 1963-64. The export of engineering goods has increased from about Rs. 5 crores in 1957-58 to Rs. 13 crores in 1963-64 and that of art silk manufactures from Rs. 2.33 crores in 1959-60 to Rs. 10.58 crores in 1963-64. The earnins from the other non-traditional items like chemicals and allied products, sports goods and plastics, are relatively small.

It is, of course, rather premature to judge the utility of these Councils solely in terms of the earnings of foreign exchange. But there can be no two opinions about the fact that these Councils have to display far greater vigour, initiative and enthusiasm in stepping up the exports of the products with which they are connected.

Until recently, one used to hear rather adverse comments about the working of these Councils. It was stated, for example, that some of the Councils were staffed by part-time secretaries who were unable to give their undivided attention to the vital work of export promotion, that the Councils were not always prompt in answering trade enquiries from foreign countries, that the Councils did not take sufficient care to select the right type of men in sponsoring trade delegations to foreign countries, that the reports of delegations were issued too late and that they were also not very informative. The Committee, now examining the working of the Councils, should be able to tell us how far these complaints have become out of date.

The problem of co-ordination, however, remains. This is very important, because, unless the activities of the 16 Councils are properly co-ordinated, we shall not be able to derive full advantage from them. Work may be duplicated and resources dissipated if each Council functions in its own way, unmindful of what is being done by the others. This is in fact one of the aspects that the present Committee has been asked to look into. But it is surprising that, even before the Committee has commenced its work, the Commerce Ministry has already decided to set up a Federation of Export Promotion Councils. At a meeting held in New Delhi on 16th November, a decision to this effect was taken. It was announced that this Federation would work as an integral part of the Federation of Indian Chambers of Commerce and Industry. A committee of 31 members has also been appointed for the new Federation.

Two Comments

In the absence of full particulars about the constitution of the new body, it is difficult to say how far it will work satisfactorily. But two comments may be made: first, the Commerce Ministry should have waited to form the Federation until the report of the Mehta Committee was ready. Second, it is doubtful whether a wholly non-official body will be in a position to effect the right type of co-ordination among the various Export Promotion Councils. The Export Promotion Councils are semi-official bodies. The administrative committees of these Councils consists not only of representatives of trade and industry but also nominees of the State Governments and the concerned Ministries of the Government of India. The Councils get grants-in-aid from the Government; and the Government's approval is essential for their budget estimates. Such being their composition, one wonders if a non-official body will be able to achieve effective co-ordination among these Councils. It is only the Commerce Ministry that can do this job properly. But the Ministry itself, having created so many Councils, is perhaps at a loss to know how exactly co-ordination is to be brought about.

Exporters utilised bank finance to the extent of Rs. 8.7 crores on the strength of policies issued by the Export Credit and Guarantee Corporation during the first ten months of 1964, as against Rs. 5.88 crores in the corresponding period last year and Rs. 8.07 crores during the whole of 1963. The Corporation issued during the period under review 666 policies with a maximum liability of Rs. 12.91 crores, as compared with 429 policies with a maximum liability of Rs. 9.8 crores a year before. The total policies in force as at the end of October 1964 were 967 with a maximum liability of Rs. 22.57 crores. The claims paid during the first ten months of the year aggregate Rs. 1.51 lakh, as against Rs. 6.50 lakhs in the whole of 1963.

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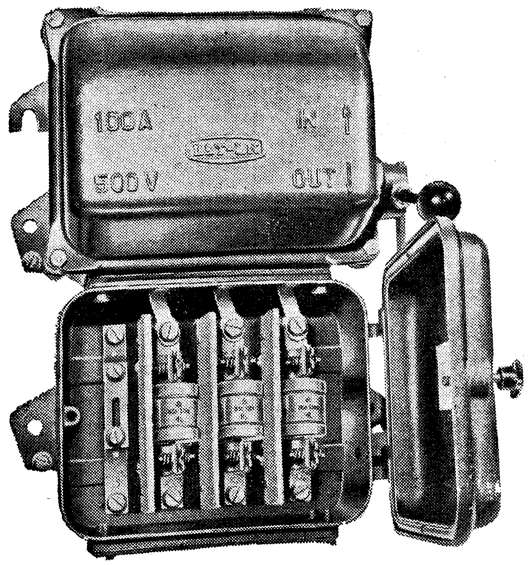

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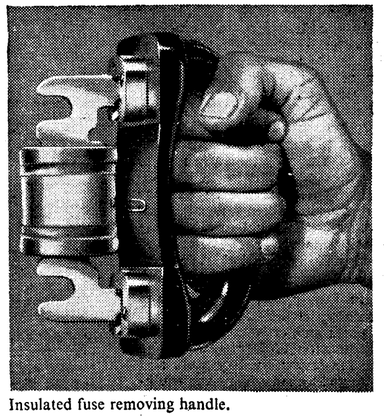

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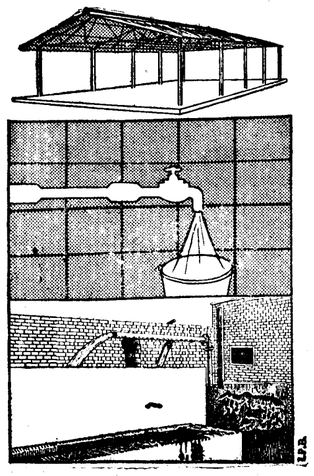

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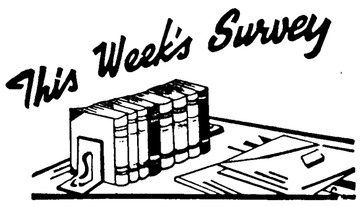

U.S. AID FOR AGRICULTURE

WITH the country's population growing by eleven million a year now and the larger part of the additional purchasing power generated by development expenditure increasing the pressure of demand for more foodstuffs, food has become a *developmental* issue *par excellence*. The present imbalance between supply and demand has also served to focus official and non-official attention on this issue to an extent greater than ever before. Thanks to this attention, the realisation has dawned on one and all that it is not just enough to grow more food merely to match the growth of population but that additional production should also be sufficient to meet the rising *per capita* demand for food that growing incomes inevitably generate. The growth rate suggested, in this connection, for food production is 5.0 per cent per annum, on an average, in the 'sixties, as compared with 2.5 per cent in the 'fifties. As the first four years of the 'sixties have registered an average annual growth rate of less than two per cent, the remaining years of the decade may have to record a higher rate than 5.0 per cent, if self-sufficiency is to be achieved by 1970-71. Future growth of production on that desirable scale would however, depend on the extent to which intensive cultivation can be practised so as to raise the low level of productivity in agriculture fairly rapidly. This will not be an easy task, of course, for, apart from the organisational question, there is the problem of making the inputs like irrigation water, fertilisers and manures, improved seeds and pesticides in sufficient quantities.

Some of these inputs like fertilisers and pesticides, incidentally, would have to be ensured through imports and/or domestic production. Here it is a question of foreign exchange availability either for importing fertilisers and pesticides or for importing machinery and equipment to manufacture them, or for both purposes. It is in this context that the Government of India has actively sought international co-operation. Where matters stand in this connection may be noted in the following observations made by Mr. C. Subramaniam, Union Minister for Food and Agriculture, at the Seminar on Food and Health, held in Bombay last week under the auspices of the thirty-eighth International Eucharistic Congress:

"In regard to fertilisers, we have recently negotiated with a consortium of American firms to do a feasibility study of the prospects of fertiliser manufacture in India. It is our hope that this venture will take shape quickly and enable the additional production of nearly one million tonnes of nitrogen in the next Plan period. Our current use of fertilisers is very much below that of the advanced countries and expert assessments of our demand for nitrogen in the year 1975-76 vary from five to eight million tonnes. This, I submit, is a fruitful field for international co-operation. Equally of interest to us are the prospects of manufacture of pesticides and other chemicals and the equipments like sprayers and dusters. We have merely scratched the surface in these vital areas."

The kind of co-operation sought by the Government is likely to be extended only or mainly by the United States which, as Mr. John P. Lewis, Minister-Director of the U.S. Agency for International Development Mission to India, told the Eucharistic Congress Seminar on Food, "is deeply committed to, and already has heavily invested in. India's challenging attempt to achieve rapid and sustained economic development by orderly constitutional means." Recognising that the record of food production has been the most distinctly disappointing aspect of the third Plan performance thus far and that the need for agricultural expansion has come to play a pivotal role in the whole development effort in India, the U.S.A.I.D. has lately begun "to assign aid to agricultural expansion the highest of all priorities in its Indian programme." It is gratifying to know from Mr. Lewis that the U.S.A.I.D. is committed to implementing this priority in a variety of ways, namely, (i) provision of non-project dollar loans that both directly and indirectly help to finance fertiliser imports; (ii) provision of loans and technical assistance for the expansion of fertiliser production; (iii) provision of loans and/or technical assistance in the fields of irrigation and water management, of pesticides, and of agricultural extension; (iv) continuing assistance in the establishment of seven State agricultural universities; and (v) provision of technical experts to assist the Indian Government's vital move to establish an effective system of incentive price supports for cultivators. If the United States Government has thus come to accord a high priority to ways of direct and indirect assistance for maximising India's own food production, it is because of its realisation that P.L. 480 food supply cannot be a permanent solution and that, at best, such supply would be useful in building buffer stocks in the next few years for ensuring price stability on the food front. This is what Mr. Lewis, incidentally, said on P.L. 480 and on the need for self-sufficiency in food:

"For many years, U.S. food supplies have prevented severe food shortages (in India), and they have greatly alleviated the current food crisis. They have preserved the opportunity for industrial expansion to press forward without until this year, generating anything approaching violent, development-disrupting food price inflation. *But P.L. 480 obviously is not a permanent solution to India's food supply problem* (italics ours).

"India needs as soon as possible to become self-supporting in food, not because the attainment of national integrity in some abstract sense requires it, but simply for foreign exchange reasons. It is unrealistic to expect Indian exports to rise fast enough to pay for substantial net food imports in addition to all of the needs of industrialisation."

It is good to find that the United States itself is keen on making India self-sufficient in food and that it is confident that this country's food problem *can* be solved. This American confidence is based on some hopeful facts and lessons—namely, (i) that average Indian food-grain yields are still so low that there are enormous opportunities for raising them, (ii) that an increased and balanced supply of inputs, passably well organised, can radically raise farm productivity, (iii) that Indian cultivators are anxious to improve their lot and (iv) that cultivators are prepared to adopt improved farming practices and use fertilisers if they can be shown clearly that particular improvements flow from it. However, if American (and Indian) expectations of higher agricultural productivity are not to be belied, norms for fertiliser use should be carefully evolved in the light of soil characteristics, water availability from natural or artificial sources and traditional cropping patterns in different regions. Considering the delicate organic composition and thin humus content of Indian soils, it is of the utmost importance that chemical fertilisation should be scientifically integrated with timely and adequate water supply and organic manuring (including green manuring) for moisture and fertility conservation. A judicious combination of inorganic fertilisers (depending on local soil requirements) and organic manures can be depended upon to conserve the *natural* soil fertility even while bringing about higher crop yields. It should not be forgotten that soil management in the sense of conservation of soil fertility is, in the main, a function of organic manuring.

PROGRESS OF L.I.C.

An unsatisfactory feature of the Life Insurance Corporation's business has been the continuous rise in the lapse ratio, year after year. From 5.1 per cent of the mean business in 1958, it rose to 6.0 per cent in 1959, 6.6 per cent in 1960, 7.0 per cent in 1961, 8.1 per cent in 1962-63 and 8.2 per cent in 1963-64. It is true that the rise in the lapse ratio in 1963-64 was just 0.1 per cent, that is, next to nothing. Having regard to the difficult conditions of living the people had to face due to a variety of causes, one can justifiably claim that there was no marked deterioration in the position as compared with the experience in the previous years. But it has to be remembered that as the business of L.I.C. has been rising at a fast pace, the number of policies lapsed and sum insured under them must be pretty substantial. Mr. B. K. Kaul, Chairman of the Corporation, gave his reasons for the continuing high level of expense ratio in his statement at the 102nd meeting of the L.I.C., held in Bombay on the 30th November 1964. According to him, "the impact of general economic conditions and of the Compulsory Deposit Scheme on the saving capacity of the insuring public would be expected to have an adverse effect on the lapse ratio." He was of the view that the various steps taken by the Corporation to control lapses were bearing fruit and that the rising trend had been arrested. It is to be hoped that he has correctly assessed the trend and that ratio for the current year would bear out what he says.

While the fact that the pace of deterioration, as represented by the rise in lapse ratio has been arrested, the fact remains that the lapse ratio is still high. Mr. Kaul's explanations are, of course, valid and quite pertinent, but he has to examine and see whether the position cannot be really improved. There are allegations that a large number of L.I.C. agents hold *benami* agencies and that this is one of the causes for the high lapse ratio. The L.I.C. Chairman should look into this question and examine the extent to which this is true. The representatives of the Life Insurance Agents' Associations, who met in Bombay recently, suggested some measures in this regard. It may be worthwhile for him to consider these measures and, if found suitable, give them a fair trial.

But all this should not distract one's attention from the commendable performance of L.I.C. in other respects. During the year ended March 1964, new business booked amounted to Rs. 703 crores under 1.65 million policies, which was only marginally short of the Rs. 708 crores business done in the twelve months ended March 1963. An idea of the success of the L.I.C. in creating insurance consciousness among the people can be had from the fact that 70.5 per cent of the new policies in 1963-64 were taken by persons insured for the first time (69.5 per cent in 1962-63) and that 35.5 per cent of these were issued to people in rural areas (38.3 per cent in 1962-63). The business in foreign countries amounted to Rs. 10.21 crores under 8,532 policies, against Rs. 10.58 crores for 8,885 policies in the twelve months ended March 1963. The slight decline was due to a shortfall in Mauritius and East Africa; the progress being satisfactory at other places. The total business in force as at 31st March 1964 amounted to Rs. 3,571 crores under 10.33 million policies; this was almost three times the business of all insurance companies (as at 31st December 1955) before nationalisation. As compared to the previous year, the amount was higher by nearly thirteen per cent and the number of policies by nine per cent. The premium income in the year under review amounted to Rs. 146 crores and total income Rs. 179 crores—both substantially larger than those in the previous year. The Corporation's Life Fund was bigger by Rs. 89 crores at Rs. 808 crores, and the total assets by Rs. 95 crores at Rs. 881 crores.

Investments in India stood at Rs. 708 crores. Of this total amount, 75.5 per cent was invested in the public sector (mainly in gilt-edged securities), 19.2 per cent in the private sector, 4.3 per cent in co-operative sector and 1.0 per cent in joint sector. The income from interest, dividends and rents (before provision for income-tax) was Rs. 38.25 crores. The gross rate of interest realised was substantially higher at 5.11 per cent, as against 4.76 per cent in the previous accounting period. The net rate was slightly lower at 4.07 per cent as against 4.03 per cent; the reason being that a refund of tax of about Rs. 4 crores in respect of the previous accounting period, had not been received in 1963-64. If this refund had been received, the net rate would have been 4.61 per cent. Both the overall expense ratio and the renewal expense ratio were lower from 29.3 per cent and 14.13 per cent to 27.5 per cent and 12.46 per cent respectively, indicating the increased economy achieved in the working of the Corporation.

The L.I.C. has taken some further steps to enhance its business. The scheme for the collection of premiums through post offices in rural areas—where banking facilities are not available—which was so far in operation only in the Jaipur District of Rajasthan, has been extended to the entire State and will be introduced shortly in many other areas. Arrangements has been made for introducing the Salary Savings Scheme among the State Government employees of Rajasthan, Punjab and Orissa. Moreover, Joint Life Assurances on the lives of husband and wife have been reintroduced, subject to the condition that both of them are earning members. These new schemes should yield handsome dividend in the coming years, other things remaining the same.

COTTON SUPPLY SITUATION

The Indian Cotton Mills' Federation has, perhaps, indulged in some premature forecast when it says categorically (in the course of a press note issued last week-end) that the cotton supply position in the current season, that is, September 1963-August 1964, "should be easy" and that, "with the assurance of adequate supplies and the consequent disappearance of a psychology of scarcity, the mills will be enabled to regulate their purchases of cotton according to their normal pattern." The Federation estimates the cotton crop at 6.05 million bales and expects imports to be around 950,000 bales, as against the corresponding figures of 6.13 million bales and 657,000 bales, respectively, in 1963-64. This journal would, of course, be happier than anyone else, if the assessment of the Federation were, to prove correct. But only it wonders whether it would be wise to count too much before the cold season is out. If, as it sometimes happens, there is a prolonged cold spell, the cotton crop will suffer significant damage, both quantitatively and qualitatively. It is for this reason, perhaps, that the official estimate of the crop places the yield at no more than 5.8 million bales, the lowest estimate being 5.4 million bales.

Assuming, for the nonce, that the Federation's estimates will be borne out by the passage of time, the cotton supply position will be as under:

(In thousand bales)

	1964-65	1963-64
Opening stocks	2,520	1,960
Production	6,050	6,130
Imports	950	660
Total supply ...	9,520	8,750

A supply of 9.52 million bales of cotton will be much more than what is actually needed; not only will the *entire* requirements of mills of both Indian and foreign cotton (estimated at about 6.50 million bales, as against the actual consumption of 6.08 million bales in 1963-64) be met, there will also be a large surplus available for export and sizable carryover stocks. But the 'if' here is a big one.

In view of the comfortable supply position, the Federation, in its press note dated 27th November, observes: "As there need no longer be any scramble to buy cotton, the Federation hopes that there will be a return of stability in cotton prices." This note of confidence runs counter to the concern expressed by the Committee of the Federation at its meeting held in Bombay less than a week earlier, on 21st November. Here is what the Committee said in its press *communique* issued after the meeting:

"The Committee ... considered the question of the present high prices of cotton which had pierced the ceiling in most cases. Reviewing the supply and demand position, the Committee came to the conclusion that, since this year's domestic crop would at the most be of the same size as last year's, while, on the other hand, the consumption of cotton by the textile industry was increasing, there was a widening gap between the supply of cotton and the industry's requirements. The Committee, therefore, felt that the Government should arrange for larger imports of cotton, in order to bridge the gap between the supply and demand and also stabilise the prices of Indian cotton. The Committee also noted that the experience of the past few years had shown that, every time the ceiling was raised, it was promptly pierced. This process of the piercing of the ceiling prices leading to the fixation of higher ceiling prices militated against the basic idea of prescribing a ceiling. The Committee expressed the view that, if this phenomenon of prices chasing the ceiling was to be avoided, it would be necessary to ensure sufficient production in the country by the abolition of ceiling and prescribing only a support price. The Committee further exprssed the view that, pending decision on the above pleas, the Government should take steps to supply cotton to the industry at prices within the existing ceilings..."

The virtually contradictory assessments of the cotton supply situation made by the Federation in its two press notes issued in the same week are surprising to a degree. Be that as it may, the Federation is quite right in urging the Government to take steps to supply cotton to the mills at prices within the existing ceilings. If this plea is not accepted, the Government, as the Federation has suggested, should at least take into account the ruling prices of cotton in fixing the prices for the controlled varieties of cloth. The Federation is also justified in pleading for a readjustment in the percentage of the mills' contribution to the controlled pool. The contribution, it will be recalled, had been calculated at 45 per cent of the production in 1963 by including the yardage of fents and rags. If, however, the 1963 production is properly calculated by excluding fents and rags, the industry's contribution to the controlled pool, it is said, will amount to 48-49 per cent.

Some may feel that the Committee of the Federation never feels tired of stressing the need for speedy modernisation and expansion. But it is only the wearer knows where and to what extent the shoe pinches. Further, there is no getting away from the fact that these are the only ways of ensuring adequate supplies of quality textiles at an economic cost for both domestic consumption and export. In order to facilitate the programme of modernisation and expansion, it is necessary, as the Federation says, to enable the industry to build up its internal resources. Viewed in this context, unexceptionable are the two pleas of the Federation, one for the inclusion of the cotton textile industry in the list of industries of national importance, which, under the current year's Budget, are given a rebate in income-tax and super-tax, and another for the grant of development rebate on a more liberal scale commensurate with the financial requirements for carrying out the programme of rehabilitation and modernisation. And pertinent, indeed, is the note of warning struck by the Federation to the effect that the implementation of the Powerloom Enquiry Committee's (Chairman: Mr. Asoka Mehta) recommendation that the capacity of the cotton mill industry should be frozen at the present level, would be against the interests of the public exchequer, the consumer, foreign exchange earnings and labour.

JUTE RESEARCH

It is, indeed, gratifying to find that, at least in one respect, namely, research in jute industry, Pakistan and India have together joined hands with Britain in an attempt to co-ordinate research work and to make use of the results of such work for extending the uses of jute goods throughout the world. Participating at the first Jute Research Conference now being held at Calcutta are the Research Directors from the jute industries of India, Pakistan and the U.K., as well as Dr. Fox and Mr. Burr from the Fabric Research Laboratories of Boston (U.S.A.), who have, over the last few years, been engaged on product development work for the Indian mills. The deliberations of the Conference are of profound importance particularly because of the need for avoiding cut-throat competition between the Indian and Pakistan jute mills and reducing the impact of competition from alternative packaging materials. In the rising world demand for new materials for packaging and industrial uses, the position of jute goods ought to be strengthened and this is possible only through a concerted and co-ordinate drive to intensify research work.

Viewed thus, the initiative taken by the Indian Jute Mills Association (I.J.M.A.) in bringing together those responsible for pursuing the research activities of the individual jute industries throughout the world is very laudable. How vital is the role played by research in the jute industry was impressively brought out by Mr. R. H. Morrison, Chairman of the I.J.M.A., while inaugurating the aforesaid conference on Monday this week. Threats from new competition (from alternative products), Mr. Morrison declared, could not be shrugged off or ignored and certainly not by seeking refuge in the continuing growth of demand for standard goods stemming from the so-called unsophisticated developing countries as yet unable to take advantage of modern techniques. And he minced no words when he said: "Jute, both in the packaging and in the industrial field, must sell on its own merits and not in default of something better to use. We must try as far as possible to match in our products the special selling points of the alternatives seeking to oust jute from the market." Poising the question as to whether this could be done, he stated: "To achieve this, radical new thinking may be necessary with regard to the work to be done in the Laboratories on the fibre itself. Essentially, this would be long-term research, demanding an application of resources, both financial and in talents, far exceeding that which has to date been utilised in our industries and probably, I vusualise, emobodying assistance at National Laboratory levels."

In the short-term, there is the imperative need for what is described as defensive research, that is, by building into existing jute products all the refinements which the research laboratories have already placed in the hands of mills and others. Mr. Morrison was not exaggerating when he said that "much of what is produced in the laboratories remained unutilised because of apathy and lack of interest on the part of the industry." Such an attitude, as he rightly warned, spells disaster. There must be a lively interest and exchange of ideas between laboratory and production floor, and there must be a calibre of management with the necessary drive and resources to see that the fullest advantage is made of what the laboratories offer. Equally imperative is the need for strong market research and product development efforts. Emphasising this aspect, Mr. Morrison observed:

"We in the East have in the past, and still do, suffer from the disadvantage of supplying re-

(*Continued on next page*)

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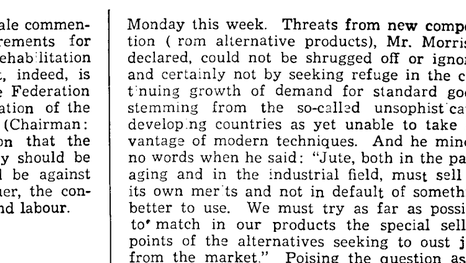

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LABOUR AND LIQUIDITY

By Questor

LONDON, *28th November*

THERE has been a good deal of comment in Britain about the ineptness of the new Government and its responsibility for the recent run on sterling. Some of it, I suppose, is justified. The emphasis it placed on the size of the payments deficit it had inherited from the Conservatives certainly helped to alert foreign holders of sterling to the scale of its problem. The sudden imposition of a surcharge on imports (which was formally a breach of the rules of the G.A.T.T.) created a good deal of ill-will abroad, especially in the E.F.T.A. countries.

The announcement in an emergency Budget of improvements in social welfare benefits to begin in the spring may have suggested that it was bent on further spending rather than on retrenchment. And the City of London did, indeed, work itself up into a fine fit of uncertainty about the new corporation tax and tax on long-term capital gains which are to be introduced in the next Budget.

But I find it impossible to attribute more than a small part of the blame for the crisis to the Labour Government. The basic fact is that it inherited a payments deficit expected to reach about $2,000 million in 1964 and to remain impossibly large even in 1965. It is odd, perhaps, that this did not cause a run on sterling earlier, but there was no point in attempting to conceal it.

The surcharge—which had been prepared by the previous Government—was regarded as the least harmful method of gaining a breathing-space while longer-term measures to right the balance of payments were under way. Import quotas, though formally permitted by G.A.T.T. rules drawn up many years ago, would have led to undesirable discrimination, while a surcharge does not; advance consultation would probably have led to a rush of imports to anticipate the surcharge.

It may have been unwise to announce an increase in social benefits; but it had been clearly promised during the election campaign, and the Chancellor took the unusual step of legislating in advance for the increase in income-tax which was to finance it. The new taxes, similarly, had been promised in advance—they are no more than a switch to the U.S. system—and the financial institutions might be criticised for not bothering to consider the possible consequences earlier than they did.

The Reckoning

That is by the way, of course. We have had a crisis. Bank Rate had to be raised to 7 per cent, forcing a rise in the U.S. discount rate, but failed to do the trick. Within a couple of days British firms were beginning to buy their foreign exchange needs forward on a large scale, foreigners were selling in advance the sterling they expected to accrue in the future from normal commercial transactions, and prompt action to stem the flood was needed. It is a remarkable fact that central banks were able to arrange, in a matter of hours, a support fund of $ three billion—the largest rescue operation ever mounted. Sterling was not, even then, quite out of danger (confidence takes time to restore, and leads and lags in commercial payments may take some months to unwind), but the pressure eased at once.

Now, however, comes the reckoning. The new British Government had hoped that it would have time in which to introduce long-term measures in which to increase competitiveness, reduce imports and stimulate exports. Now it will be under strong pressure to take immediate steps to cut the payments deficit by reducing the pressure of demand at home—even though industrial production has not apparently risen since the beginning of the year.

Working Under a Disadvantage

It will no doubt meet this, and make whatever cuts are practicable in public expenditure, particularly defence expenditure. But it is working under the disadvantage that cuts in the overdue programmes for schools, hospitals and universities would arouse violent dissension inside the Labour Party which a Government with a tiny majority is in no position to risk. My own guess is that, if the Budget, the 7 per cent Bank Rate, and the atmosphere of crisis are not in themselves sufficient to reduce home demand, we shall have further increases in consumer taxation.

But there are morals to be drawn by the central bankers as well as by Britain's Labour Government. The present international monetary system is obviously unsatisfactory in several ways, and will have to be changed if it is to survive. However, flexible the informal arrangements between central banks have proved to be, they were incapable of dealing as a matter of course with a crisis which had long been anticipated. Confidence in their ability to regulate the markets will now be permanently impaired.

But the 'natural' way of meeting a structural imbalance appears nowadays to be ruled out: the very shakiness of the system has caused it to become much more rigid than was contemplated in 1944. and devaluation of any leading currency is almost ruled out for fear of rocking the boat. Yet a system of fixed exchange rates in modern conditions, without the political union it presupposes, imposes pressures on deficit countries which are barely tolerable while world trade is still expanding rapidly and will become quite intolerable if trade slackens and deflation means heavy unemployment.

The U.S. has used its diplomatic strength to fight its way out of this dilemma in a way that smaller countries cannot. I think that it ought to close its payments gap now, if necessary by imposing further restrictions on capital movements, and use its strength to build up an international monetary system better capable of standing up to the strains which lie ahead.

(Concluded from previous page)

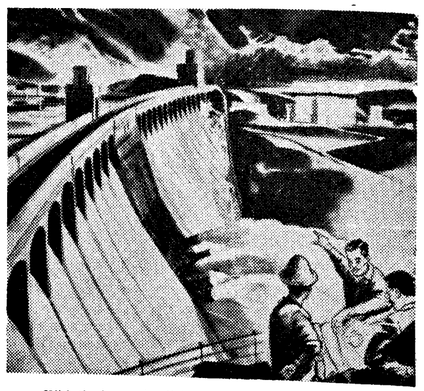
mote markets which make difficult the easy flow back of information from consumers so necessary to keep abreast of changes. The handicap is accentuated by the fact that the remote markets are the most sophisticated where change is most rapid. The Indian industry has, in a modest way, attempted to overcome this difficulty by employing one of America's leading research laboratories in the field of product development, but I feel that a much bigger effort is required covering a much wider area. The question immediately arises: Does this not provide an opportunity for a joint effort on behalf of our jute industries?"

Never before was the need for joint effort on behalf of jute industries so urgent as it is today. The alternative to joint effort is waste of resources on duplication of research efforts which neither India nor Pakistan can afford. If both the countries, which account for bulk of the world trade in jute goods, agree on this issue, it would be easier for them to obtain the help of the developed countries for intensive research in the form of both equipment and know-how.

F.A.P.C.C.I. REVIEW—INAUGURAL NUMBER

The Federation of Andhra Pradesh Chambers of Commerce and Industry has just brought out the inaugural number of a monthly journal called "F.A.P.C.C.I. Review." This journal is devoted to the cause of industry and trade. The present issue includes, among others, interesting articles by businessmen and industrialists a resume of the Federation's activities, business and investment openings, scientific news pertaining to industry and notes on commercial law. It also contains a statistical feature, giving the production trends of selected industries during 1963-64 and other related matters. Dedicating the journal to the cause of spreading commercial and industrial information, the editorial has expressed to hope that it would be able to meet the requirements of the members of the Federation, as well as others interested in trade and industry. The journal is published from the Federation's office in Secunderabad (8573, Rashtrapati Road, Secunderabad). The annual subscription is Rs. 5 and the price of a single copy 50 paise.

DEVELOPMENTS IN THE EAST



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We are still far behind in road mileage as compared to the country's territorial area. While England has 230 miles of road for every 100 square miles of area, India has only 12 miles of road per 100 square miles.

The rate of production of motor vehicles must be stepped up. In order to bring about reduction in the price and in the cost of operation, some relief must be provided in the heavy incidence of taxation on motor vehicles. At present, direct and indirect taxes come to over 45% of the "on-the-road" price of trucks and buses produced in India. Again, the licensing policy on motor trucks and buses should be rationalised and the vexatious curbs imposed on inter-state road transport should be removed.

Only in circumstances congenial to its growth can the motor vehicle industry effectively contribute to India's economic development.

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AMERICAN LETTER

U.N. AND DEVELOPING COUNTRIES

IMPORTANT ITEMS ON THE AGENDA OF NINETEENTH SESSION

By N. Pattabhi Raman

NEW YORK, 28th *November*

POLITICAL issues usually dominate news emanating from the U.N. headquarters in New York. Not surprisingly, the keynote has been set this year by the serious conflict over the question of non-payment of special assessments for peace-keeping operations in the Congo, the Middle East and elsewhere by the U.S.S.R., France and a few other countries. Efforts in and outside the lovely U.N. buildings astride the East River are keyed to preventing serious damage to the world organisation as the United States and the Soviet Union collide over this issue.

But the peace-keeping operations of the U.N. in the Congo, Syprus and other parts of the world—and the spirited debates in the Security Council and the General Assembly on international disputes—are only the "preventive" side of the U.N.'s activities. Constructive, peace-building operations represented in programmes to assist economic and social development around the world constitute the positive side, though they rarely attract as much attention in the communications media as the political issues. A major exception to this pattern was the United Nations Conference on Trade and Development (U.N.C.T.A.D.) held in Geneva earlier this year.

Vehicle for Ambition

Nevertheless, it is an indication of the highest importance attached by the developing nations to a U.N. role in world economic and social development that they are increasingly seeking the assistance of the U.N. family in their hopes to build a better world. The U.N. is becoming a vehicle for their ambition to rid themselves of ages-old poverty and achieve progressively improving standards of living for their peoples through the application of modern science and technology. This is illustrated by the fact that many important economic items are on the agenda of the 19th regular session of the U.N. General Assembly.

The Assembly is expected to act swiftly on the report and recommendations of the United Nations Conference on Trade and Development. This Conference, it will be remembered, called, among other things, for the establishment of new international machinery as an integral part of the U.N. to continue the work initiated by it and to implement its recommendations and conclusions. There is doubt in some quarters that the co-operation of one of the key affluent nations will be easily forthcoming, but it is generally expected that the assembly will act to recognise U.N.C.T.A.D. as one of its organs, to establish a Trade and Development Board as the permanent organ of the Conference, and to provide an adequate, permanent secretariat for servicing the Conference and its subsidiary bodies.

Special Fund

The Assembly will also deal with proposals to combine the U.N. Special Fund and the Expanded Programme of Technical Assistance (E.P.T.A.). The Special Fund, under the dedicated leadership of Paul Hoffman, has done a most splendid job in pre-investment activities—in mapping resources, in establishing centres for training manpower in vocational and technical skills, etc. It has assisted a total of 421 projects, located in 130 countries and territories. Operating with voluntary contributions, it has provided $374 million out of the total cost of $919 million of these projects; notably, and in tune with the philosophy underlying the Special Fund's operations, the participating Governments of the developing countries have provided the balance of $545 million. The E.P.T.A., also financed by voluntary contributions, is carried out by the United Nations and its related agencies, and co-ordinated by the Technical Assistance Board. (As distinguished from the Expanded Programme, the U.N.'s regular programme of technical assistance is financed by its regular budget.)

The merger of the Special Fund and the E.P.T.A. has been suggested as a means of better co-ordinating their activities. In a report on the subject, the Secretary-General concluded that all countries contributing to and benefiting from U.N. technical co-operation programmes would be best served, if the Special Fund and the E.P.T.A. were brought together in a new United Nations Development Programme. The merger proposals, however, provide for the continued maintenance of the special characteristics and operations of the two programmes, as well as their two separate funds. Contributions too would continue to be pledged separately. But, instead of two separate governing bodies as existing now, a single inter-governmental would be established as the governing council of the new Development Programme. If the proposals are approved by the Assembly, Paul Hoffman is expected to act as the Administrator of the merged programme until at least the end of 1966.

Opposition from Developed Nations

The Assembly is also expected to consider a plan to transform the U.N. Special Fund into a Capital Development Fund that would embrace both pre-investment and investment activities, but the plan faces opposition. The keen desire of the developing nations to expand the role of the Special Fund in this way is reflected in a number of resolutions adopted by the General Assembly since its fifth session and in the positive recommendation made by U.N.C.T.A.D. The hope is that a Capital Development Fund, supported by generous voluntary contributions, would be able to finance on favourable terms, national and regional plans, programmes and projects, particularly in the field of industrialisation, in the underdeveloped parts of the world. Many experts in the field of international economic development and foreign assistance also believe that it would be best to channel a substantial, if not a major, part of public assistance to the less-developed countries through the U.N. family. Such a procedure, they believe, would help economic and technical considerations to displace political considerations in the administration of air programmes.

The snag in the plan to establish a Capital Development Fund is that the affluent countries that would be expected to bear the major financial load are unwilling to support it, particularly without a weighted voting system that would give them the major voice in its administration. Ten developed countries, considered to be the main potential contributors to such a Fund if created, have openly expressed opposition to its establishment. The issue is deadlocked.

In its desire to assist rapid industrial development in the less-developed areas, the General Assembly established a couple of years ago the U.N. Centre for Industrial Development. During the 19th session, the Assembly will consider steps to strengthen the Centre, so that it might fulfil a number of new functions. It will also consider the establishment of a specialised agency for industrial development. Not long ago, the U.N. Economic and Social Council concluded that there was an urgent need to establish a specialised agency for industrial development.

During its 18th session, the General Assembly considered the advisability of holding sub-regional, regional and international symposia on the problems of industrialisation of developing countries. Now the Secretary-General has prepared a report on the subject, indicating a consensus among Governments and regional economic commissions in favour of holding the symposia. The Assembly will discuss and vote on the budget for the symposia, which will be organised by the Centre for Industrial Development to take place within the next two years.

Perseverance

From these and other items on the agenda, it is clear that the developing nations are fashioning an ambitious role for the U.N. in the field of economic and social development. Not unexpectedly, they have met with open and veiled opposition, but they have given no hint of giving up easily. Like Robert Bruce of yore, they may be expected to keep pushing plans and programmes in the hope of winning the opposition over or wearing it thin. Their drive and perseverance have produced the charge in some quarters that the developing nations, now constituting a majority in the world organisation, are advancing grandiose plans devoid of realism, but, as U.N.C.T.A.D. demonstrated, the processes of conciliation do help to narrow the gap between the attitudes of the rich nations and the aspirations of the poor nations.

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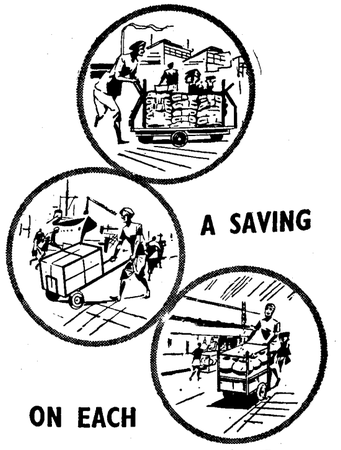

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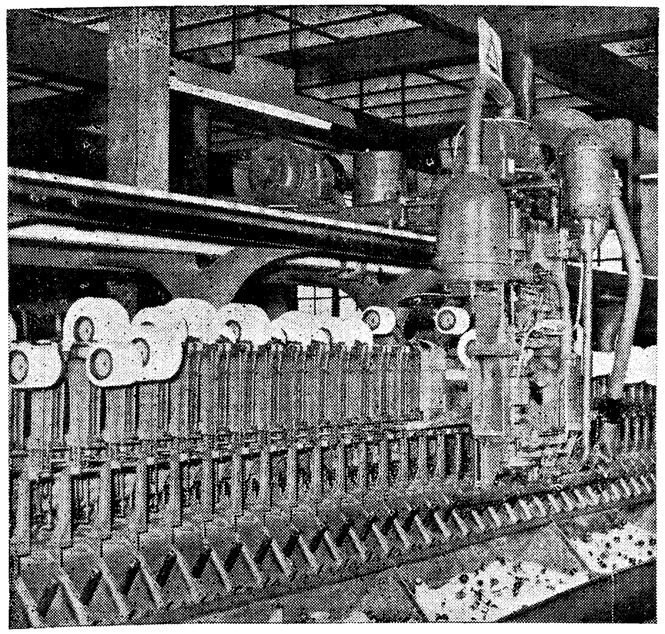

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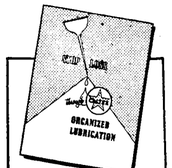

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CHANGES IN CREDIT CONTROL FORMULA

INCONSISTENCY IN RESERVE BANK'S POLICY AMAZING

BETWEEN 25th September and 26th November 1964, several changes have been made in the definition and meaning of the new central bank credit formula based upon the *net liquidity position* of scheduled banks, but the Reserve Bank of India has endeavoured all through these changes to preserve the *essence* of the credit control formula. In the paragraphs that follow, an attempt is made to trace these changes, examine their implications (which suggest that the Reserve Bank has only partially succeeded in preserving "the essence of the credit control formula") and show that the final position is not yet clear to and entirely satisfactory for the banks: indeed, the bankers' efforts to secure further modifications mean that they hardly regard the latest position with any degree of finality.

The original purpose, definition and implications of the *net liquidity position*, in terms of the Reserve Bank Circular dated 25th September 1964, were fully explained in *Commerce* dated 17th October 1964 (*vide* page 684). Commenting upon the exclusion of "other approved securities" for the purpose of computing the net liquidity, we had said that it was an unwise, if not an unjust decision from every point of view. Theoretically, with the two signatures they carry, they offer better security than even Government securities themselves. From the practical angle, their exclusion discouraged banks from investing in them and left the local bodies, State Electricity Boards, etc., high and dry. Above all, the position of "other approved securities" became anomalous—banks could include them for their statutory liquidity ratio under Section 24 of the Banking Companies Act, they can borrow against them under Section 17 of the Reserve Bank of India Act, they may even obtain a higher yield over their investments in such securities, but they could not include them in computing the *net liquidity position* for the purpose of determining the cost of borrowing from the central bank. Representations made by banks, pointing out all these defects in the Reserve Bank's decision, produced no result at all. For the Reserve Bank was convinced that the inclusion of "other approved securities" would raise the banks' capacity to borrow from it at the Bank Rate by about Rs. 75 crores and nullify credit control. The need for an effective credit control was thus the *only* justification for an otherwise unjust position.

The harmful effects of the unjust position were soon felt by some of the authorities whose securities were designated "approved securities" and who came to the capital market with their borrowing programmes for the current fiscal year in the last two months. They met with poor response, for the banks would not touch their securities, as they were discriminated against by the Reserve Bank for determining the cost of central bank credit to them. So, these public sector bodies made strong representations to the Reserve Bank that their new issues had failed to evoke banks' support. Thus where the bankers had failed to prevail upon the Reserve Bank of India, pressures of these authorities succeeded. They convinced the Reserve Bank of India that exclusion of "other approved securities" was detrimental to their interests. The Bank, therefore, decided to allow their inclusion with effect from 4th December 1964, in computing the *net liquidity position* for determining the lending rate to be charged by the Reserve Bank of India. However, for preserving the *essence* of the credit control formula, the Bank also decided simultaneously to exclude the banks' borrowing from the Industrial Development Bank of India for computing the *net liquidity position*.

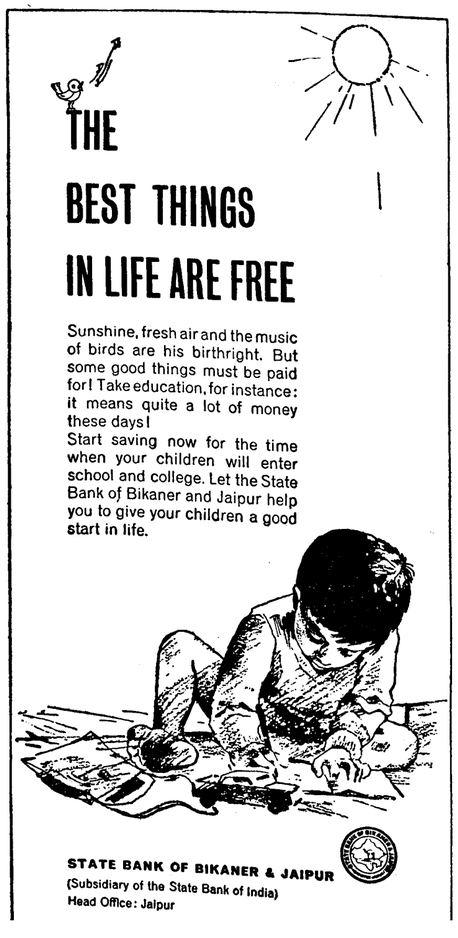
This "relaxation" has merely replaced one irrational action for another and has on top of that failed to achieve the aim of the Reserve Bank. The reason now given for the exclusion of the banks' borrowings from the I.D.B.I. is that they are in the nature of central bank accommodation. It is, however, wrong in principle to equate a commercial bank's borrowings from the I.D.B.I. with those from the Reserve Bank, merely because the former is a wholly-owned subsidiary of the latter. The banks' borrowings from the I.D.B.I. are in the nature of refinance provided to banks against medium-term loans provided by them to industry. A few years ago, banks were in fact pressed by the Reserve Bank to provide term loans and were encouraged to avail themselves of the refinance facilities provided by the then Refinance Corporation for Industry Ltd. (now merged with the I.D.B.I.). Now, how is it fair for the Reserve Bank to take a decision that runs counter to its earlier policy? Surely, a change in credit policy should be consistent with the basic developmental policies, under which the member-banks have taken up long-term or medium-term obligations, as distinct from provision of seasonal credit to trade and industry. If the exclusion of "other approved securities" was unjust to those banks who had large investments in such securities, the exclusion of borrowings from I.D.B.I. will be equally unjust to those who have liberally used the I.D.B.I. facilities for medium-term refinancing. In fact, some of the larger banks who have been most active in this field with the blessings of the Reserve Bank now find that, after the 'relaxation' about "other approved securities" they are worse than they were before, because their borrowings from I.D.B.I. far exceed their holdings of "other approved securities." If the object of the Reserve Bank is to discourage the banks from engaging themselves in providing medium-term finance, that is, if its object is to go back upon a position which it once thought was necessary and desirable, then it should say so frankly and, what is more, should not act in such a way as to give retrospective effect to such a change in policy.

This consideration apart, the exclusion of I.D.B.I. borrowings seems to run contrary to two new developments in the I.D.B.I. financing itself. First, I.D.B.I. will now refinance loans upto Rs. 1 crore in each case and even exceed the amount in exceptional cases as against the old limit of Rs. 50 lakhs. Secondly, the I.D.B.I. will provide refinance only up to 80 per cent of the loans given by banks, who will have to finance the balance of 20 per cent from their own resources. While the former change is designed to enable banks to obtain larger refinance from the I.D.B.I., the latter aims at reducing the I.D.B.I.'s risk by 20 per cent in each case. In effect, the latter requirement reduces the banks' ability to provide short-term credit to its customers. If, in addition, the banks find that their borrowings from I.D.B.I. lower the availability of Reserve Bank's short-term accommodation to them at Bank rate, they will surely be reluctant to use the liberal I.D.B.I. facilities and also to provide medium-term credit to industries. Thus, the Reserve Bank's preoccupation with credit control will affect the flow of institutional resources for term-lending, and that at a time when there is need for increasing them, in view of the continuing depression in the capital market.

Moreover, even the essence of credit control formula is not preserved by the latest changes as claimed by the Reserve Bank. The double change involving the inclusion of "other approved securities" and exclusion of I.D.B.I. borrowings will have the effect of increasing the availability of R.B.I. accommodation to banks at Bank Rate by Rs. 55 to Rs. 60 crores. It is difficult to say whether this liberalisation allowed by the Reserve Bank, despite its professions to the contrary, is the result of its realisation that the screw was tightened rather too much in September, or whether it is the result of its appreciation that demand for genuine legitimate and productive credit during the ensuing busy season will be higher than expected.

By now, the protests of bankers at the exclusion of borrowings from I.D.B.I. must have made the Reserve Bank realise the crudeness of its efforts at inclusion and exclusion of various items in the definition of net liquidity. The most logical and, incidentally, the most just and equitable step for achieving objects and purposes of the Reserve Bank, whatever they be, would have been to alter the *net liquidity ratio* of 28 per cent, rather than arbitrarily manipulate the items in the definition of the *net liquidity ratio* itself.

There is (or can be) no finality in the debate and controversies on the credit control mechanism based upon the *net liquidity*. Noticing the Reserve Bank indecision and its amenability to appropriate pressures, the bankers are still trying to extract a few more changes for toning down the rigours of the credit control formula. How far they succeed in their attempts will be known in time, before the busy season gains momentum at the turn of the year. Meanwhile, it may be added here that there are two directions in which they seek further modifications. First, they are demanding an option to each bank to follow either the approved securities formula or the I.D.B.I. formula; this would mean a further liberalisation of the condition for availability of Reserve Bank credit at the Bank Rate. Secondly, they desire that penal rates based upon the loss of every full point in net liquidity should be charged only upon the *additional* borrowings on a slab rate system and not on the *entire* borrowing at a flat rate. This, if conceded, would reduce the overall cost of central bank credit.



PROGRESS OF DENA BANK

The Devkaran Nanjee Banking Company Limited (Dena Bank for short), which celebrated its Silver Jubilee on 11th November 1964, has made impressive progress since its inception in 1938. Although the Bank completed 25 years of service on 26th May 1963, it could not celebrate the silver jubilee on that date, owing to the prevailing state of emergency at that time. Twenty-six years may not be a long period in the life of a credit institution, but, during this short period the Dena Bank has grown into an adult institution, becoming stronger and sounder with the passing of every birthday in its life.

Starting with a single office in 1938, the Bank had 48 branches in 1948, 75 in 1958 and almost double, that is 147, six years later. The deposits, which stood at only Rs. 5 lakhs in 1938, rose to over Rs. 9 crores in 1948. During the next decade, there was an increase of over 200 per cent to Rs. 30 crores and, since then, there has been a further rise of over 100 per cent, to Rs. 65 crores—the number of accounts being over 300,000. Advances have also improved fast. From only Rs. 1.54 crore in 1948, they increased to Rs. 14 crores in 1958 and Rs. 43 crores in June 1964. In co-operation with the growth of business, the net profits increased from Rs. 6.28 lakhs in 1948 to Rs. 14.22 lakhs in 1958 and over Rs. 26 lakhs in 1963. Although the deposits and advances of Dena Bank are still modest, accounting as they do for less than three per cent of the total for all scheduled banks, their share has been rising at a very fast rate. This progress is certainly a tribute to the Directors and management of the Bank.

"FRINGE BANKING" IN NEW ZEALAND

As originally introduced, a clause in the Reserve Bank of New Zealand Bill provides that, by Order in Council, any person or classes of persons whose principal business is banking may be declared to be trading banks. This would mean that they could have applied to them such restraints as now affect trading banks, in particular the reserve ratio system. The Government has, however, decided to modify this provision, because stock and station agents who act in many ways as bankers to farmers in New Zealand, have strongly represented that they would be in an impossible position if the reserve ratios were applied to them.

A modification is also proposed for an associated clause in the Bill which lays down that specified provisions may be applied to any person or classes of persons who as a substantial part of their business in New Zealand, accept deposits or carry on any banking business (such as finance corporations and insurance companies). The clause as amended, will provide that where a substantial part of a business—but not necessarily a main part—is banking, the Reserve Bank may require information to be supplied and may determine the policy to be followed.

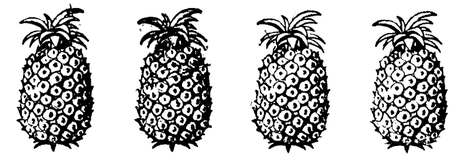
The Pattern of Private W. German Investment Abroad

(As of June 30, 1964. Figures refer to millions of DM.)

EUROPE*			
E.E.C. countries	1,417.1	Switzerland*	887.4
E.F.T.A. countries	1,460.7	France	581.1
Developing countries	271.4	Belgium/Luxembourg	389.9
Others	54.6	Italy	291.0
		Austria	276.9
Total	3,203.8	Spain	206.1
		Netherlands	155.1
AFRICA			
Industrialised countries	76.0	Liberia	80.7
Developing countries	316.4	South Africa	76.0
		Algeria	45.4
Total	392.4	Libya	39.9
NORTH, CENTRAL AND SOUTH AMERICA			
U.S.A.	436.7	Brazil	814.5
Canada	719.2	Argentina	288.1
Developing countries Central America	193.6	Mexico	88.0
		Columbia	70.7
Developing countries South America	1,288.3	Neth. Antilles	45.3
		Panama	37.3
		Peru	37.2
Total	2,637.8	Chile	28.4
		Venezuela	25.6
ASIA, AUSTRALIA AND OCEANIA			
Japan	47.9	India	82.4
Developing countries	175.1	Iran	27.9
Australia and New Zealand	118.9	Pakistan	18.4
		Syria	10.0
		Afghanistan	5.0
Total	341.9	Lebanon	4.8
Total, all continents, as of June 30, 1964			6,575.9
Total, all continents, as of December 31, 1963			6,070.8
Total, all continents, as of December 31, 1962]			4,956.0

* Single countries in right column are listed according to sums of investment.

EXPORTING



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TO EGYPT?

TO DETROIT?

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TEXTILE INDUSTRY IN WEST EUROPE

MODERNISATION AND RATIONALISATION MAKE GOOD PROGRESS

RENEWED efforts are being made by the textile industry in Western Europe to raise its productivity with the triple objective of augmenting production, improving quality and reducing costs. Indeed, the continuing modernisation of equipment and rationalisation of manufacturing processes, together with the upturn in the textile cycle, have lately led to results which are markedly better in most cases, as compared with the position obtaining in the nearly months of last year. A casual look at the statistics relating to the spindlage and loomage in all the regions of Western Europe (European Economic Community, European Free Trade Area and the other countries which consist of Finland, Greece and Spain) may, of course, give the impression that the cotton industry has contracted in size. But a closer look will reveal the installation of a large number of automatic looms and replacement of the old type mule spindles by the more efficient ring spindles. Interesting in this connection is the overall assessment of the position made by Mr. J. B. M. Evans of the International Federation of Cotton and Allied Textile Industries, Zurich (Switzerland), in the latest issue of the publication, *European Cotton Industry Statistics*. Here is what Mr. Evans says:

"The year 1963 ended on a rather brighter note, giving rise to the hope that the protracted low point in the textile cycle was at an end and that a period of better trade was commencing. The industry continues in its efforts to benefit from better conditions by steady rationalisation and modernisation."

The aforesaid developments are of great importance to India, because Western Europe, including the United Kingdom, constitutes a vital market for Indian textiles. Almost one-third of the total cotton piecegoods exports from India finds its way to Western Europe, though half of this quantity is absorbed by the U.K. alone. The recent trends in the economy of the Western European cotton textile industry are a pointer to India where the need for speedy modernisation, rehabilitation and rationalisation is much more pressing today than any time before.

Spindlage

The set-up of cotton textile industry in Western Europe, utilisation of capacity, and actual production of yarn and cloth are all vividly brought out in the latest issue of the *European Cotton Industry Statistics*, published by the Federation. The total number of spindles in place in W. Europe which stood at

Cloth Production in Western Europe
(In thousand metric tonnes)

	1963	1962	1961
Total yarn production	1,715.5	1,721.5	1,797.6
Of which:			
E.E.C.	1,006.4	1,104.3	1,143.1
E.F.T.A.	468.1	464.2	501.4
Other countries	151.0	153.0	153.1
Total cotton cloth	1,025.4	1,052.4	1,059.1
Of which:			
E.E.C.	674.2	692.1	706.5
E.F.T.A.	260.5	264.4	276.4
Other countries	90.7	95.9	76.2
Total artificial and synthetic cloth	238.1	223.8	209.9
Of which:			
E.E.C.	145.3	133.5	120.7
E.F.T.A.	85.0	83.2	84.0
Other countries	7.8	7.1	5.2
Total mixture cloth	109.5	111.0	104.1
Of which:			
E.E.C.	73.4	74.0	67.9
E.F.T.A.	26.4	27.8	28.8
Other countries	9.7	9.2	7.4

35.26 million in 1961, declined to 34.32 million in 1962 and still further to 32.23 million. The decline has taken place in both the E.E.C. and the E.F.T.A. regions, whereas "other countries" account for a slight expansion of spindlage. Barring Belgium, where the number of ring spindles has increased from 1.18 million in 1962 to 1.2 in 1963, all the other E.E.C. countries have reported a decline. In the E.F.T.A. countries, it is only the United Kingdom that has reported a major decline from 9.46 million spindles in 1962 to 8.00 million spindles in 1963. A more or less similar trend has been noticed in regard to the spindles which are active. In the case of E.E.C., while the number of spindles installed declined by 4.28 per cent in 1963, as compared with 1962, that of active spindles fell by only 3.26 per cent. Reverse was the position in the E.F.T.A. and other countries. The installed capacity receded by 11.57 per cent in the E.F.T.A. and 5.55 per cent in "other countries," but the active capacity declined as much as 13.28 per cent and 8.57 per cent, respectively. Taking Western Europe as a whole, the total installed spindlage has declined by 6.13 per cent and the total active spindlage by 7.44 per cent.

While the decline in the number of active spindles during 1963 was 7.44 per cent, the fall in the West European average hours spun was only 3.87 per cent. These figures suggest the combination of the trend towards greater machinery utilisation. The number of waste spindles in place in Western Europe continued to fall, as did the number of active and the hours worked during the year. Again, the percentage fall in the hours worked was less than that shown by the number of active waste spindles. In the waste sector, too, a higher degree of activity was secured per spindle used. Despite the large fall in active spindles, consumption of raw materials fell by only 0.77 per cent overall, the rise in man-made fibre consumption partly offsetting the fall in demand for raw cotton and other fibres. It is interesting to note that demand for raw cotton within the E.F.T.A. actually registered a rise of nearly 2 per cent over the 1962 level.

Loomage

The weaving machinery installed and active continued to fall, while the change from ordinary to automatic looms was also still very evident. In 1962, ordinary looms provided 47.5 per cent of the total active looms; in 1963, this share had dropped to 41.6 per cent. The percentage change in looms during 1963, as compared with 1962, is shown below:

	Active %	*Installed* %
E.E.C.	−2.89	−4.90
E.F.T.A.	−13.47	−3.07
Other countries	−23.54	−6.47
W. Europe	−9.18	−4.44

The loom hours worked fell in each group; however, the percentage fall in average W. European hours woven was 5.22 per cent, as compared with the reduction in active looms of 9.18 per cent. As with spindles, active looms were used more intensively, thus fitting into the general pattern of increasing productivity. In the E.E.C. and the E.F.T.A. groups, yarn consumption increased and, although "other countries" used less yarn during the year, the Western European total rose by 1.81 per cent. Again the E.F.T.A. was distinguished by a rise in yarn consumption of some 7.2 per cent which included an increase of 5.1 per cent in the usage of cotton yarn. Cloth production showed a marginal decline only, due in the main to the poor results during the early part of the year.

The total number of looms in place in Western Europe declined from 714,940 in 1961 to 647,163 in 1963, a fall of 10.5 per cent. Though ordinary looms show a decline in all

Spindles and Looms Installed

	1963	1962	1961
Total spindles (in thousands)	32,226	34,328	35,263
Of which:			
E.E.C.	17,506	18,289	18,834
E.F.T.A.	11,412	12,905	13,163
Other countries	3,308	3,134	3,266
Total looms (in actual numbers)	647,163	677,221	714,940
Ordinary looms	291,478	339,628	373,233
Of which:			
E.E.C.	113,255	122,204	154,292
E.F.T.A.	135,332	149,122	154,904
Other countries	42,491	58,302	64,037
Automatic looms	355,685	337,593	341,707
Of which:			
E.E.C.	238,606	237,775	239,975
E.F.T.A.	90,474	83,823	84,741
Other countries	26,605	15,995	16,991

the three groups of countries, the change from ordinary to automatic is still evident. In the E.E.C., the number of automatic looms, which had tended to fall from 239,975 in 1961 to 237,775 in 1962, rose to 238,606 in 1963. In the E.F.T.A., too, the number of automatic looms which had declined from 84,741 in 1961 to 83,823 in 1962 rose to 90,474 in 1963. Similarly, in "other countries," the number of automatic looms installed, after receding from 16,991 to 15,995 in 1962, improved perceptibly to 26,605 in 1963. The increase in the number of automatic looms in the E.E.C. has been accounted for mainly by the Netherlands and France. In the E.F.T.A., Sweden has reported a major decline from 7,251 automatic looms in 1962 to 6,519 in 1963. The decline has, however, been more than made good by the perceptible increase registered in Portugal and the United Kingdom. Among the countries outside these two groups, there has been a decline in the number of automatic looms from 5,101 in 1962 to 4,639 in 1963 in Finland, whereas it has increased from 1,950 in 1962 to 2,286 in 1963 in Greece and from 8,944 to 19,680 in Spain.

Raw Materials Consumed

The reduction in utilisation of the installed capacity during the year 1963 is revealed by the statistics pertaining to consumption of raw materials. The total actual consumption of raw cotton, artificial (cellulosic) and synthetic fibres and other fibres including waste, etc. declined slightly from 1.89 million tonnes in 1962 to 1.88 million tonnes in 1963. While the consumption of raw cotton declined from 1.5 million tonnes to 1.48 million tonnes, the consumptoin of artificial and synthetic fibres increased from 273,688 tonnes to 290,813 tonnes. Consumption of other fibres also declined from 125,497 tonnes to 110,533 tonnes. The fall in the total raw material consumption was only in the E.E.C. and "other countries," whereas, in the E.F.T.A., there was an increase in consumption from 472,507 tonnes in 1962 to 475,888 tonnes in 1963.

The fall in yarn production in the whole of Western Europe was, however, very marginal, being only 0.35 per cent, the quantity actually produced declining from 1.72 million tonnes in 1962 to 1.71 million tonnes in 1963. This fall was mainly in the E.E.C., where the total yarn production went down from 1.1 million tonnes in 1962 to 1.09 million tonnes in 1963. While the fall in "other countries" was slight, from 152,971 tonnes in 1962 to 151,055 tonnes in 1963, the E.F.T.A. countries recorded a rise of about 0.84 per cent from 464,184 tonnes in 1962 to 468,088 tonnes in 1963. The major fall in yarn production occurred in Western Germany where the actual production receded from 385,197 tonnes in 1962 to 371,181 tonnes in 1963, as well as in Spain where the production declined from 105,863 tonnes in 1962 to 102,639 tonnes in 1963.

Despite the fall in yarn production, consumption of yarn in weaving mills increased in Western Europe from 1.44 million tonnes in 1962 to 1.46 million tonnes in 1963. The increase was accounted for mainly by the E.E.C. and the E.F.T.A. where the consumption increased from 928,104 tonnes and 390,602 tonnes in 1962 to 930,057 tonnes and 418,715 tonnes, respectively. In "other countries," yarn consumption fell from 116,355 tonnes to 112,229 tonnes.

Cloth Production

Against the background of the rise in the number of automatic looms and higher yarn consumption, it is rather surprising that the total cloth production in Western Europe declined from 1.39 million tonnes in 1962 to 1.37 million tonnes in 1963. The decline was in evidence in cotton cloth and mixture cloth. The production of cotton cloth receded from 1.06 million tonnes in 1961 to 1.05 million tonnes in 1962 and further to 1.03 million tonnes in 1963. The fall occurred in all the regions. In the E.E.C., it was rather marked, from 706,509 tonnes in 1961 to 692,054 tonnes in 1962 and 674,221 tonnes in 1963. The production of artificial and synthetic cloth, however, increased from 209,915 tonnes in 1961 to 223,837 tonnes in 1962 and, again, to 238,155 tonnes in 1963; the E.E.C. countries alone accounted for a rise of about 20 per cent over the period 1961-63 (that is, from 120 666 tonnes in 1961 to 145,280 tonnes in 1963). In the E.F.T.A. region, not only was the setback suffered in 1962 (from 84,040 tonnes in 1961 to 83,229 tonnes) made good, but actually increased further to 85,012 tonnes in 1963. Production in the "other countries" also increased from 5,211 tonnes in 1961 to 7,863 tonnes in 1963. As for mixture cloth, production, which had registered an increase from 104,138 tonnes in 1961 to 111,030 tonnes in 1962, declined to 109,582 tonnes in the year under review.

EXPORTS OF RAYON AND SYNTHETICS

Indian rayon and synthetic textiles put up an impressive performance on the export front during the first nine months of 1964, according to the latest issue of the *Silk-Rayon Newsletter*, published by the Silk and Rayon Textiles Export Promotion Council, Bombay. The actual shipments during this period aggregated about 52 million metres, valued at about Rs. 5.6 crores. This was a new record for the period of the first three quarters. During the corresponding period of 1963, exports were about 47 million metres, valued at Rs. 4.6 crores. Thus the increase registered during the period under review over the corresponding period of 1963 works out to 5 million metres worth about a crores of rupees. In terms of value, the improvement was to the tune of 22 per cent. The average monthly exports during the first three quarters in 1964, came to 5.8 million metres, valued at Rs. 62 lakhs which compared favourably with only 5.2 million metres valued at Rs. 51 lakhs a year before.

The export activity for the current year, however, cannot be considered very encouraging, viewed against the background of the targets (monthly average of Rs. one crore) laid down. Besides, it appears that the high tempo of activity noted during the first quarter was not maintained subsequently. As much as 40 per cent to the total exports during the nine-month period took place in the first quarter itself. The share declined to 32 per cent during the second quarter and further to 28 per cent in the third quarter. In absolute terms, exports which amounted to Rs. 2.23 crores during the first quarter, fell to Rs. 1.77 crore during the first quarter, fell to Rs. 1.77 crore quarters, respectively.

The declining trend of exports is attributed to several adverse factors. They are: (1) a reduction in the incentive under the Export Promotion Scheme from 100 per cent to 70 per cent and withdrawal of allotment of indigenous yarn at concessional prices; (2) grant of art silk yarn as incentive against exports of items for the manufacture of which it is not a raw material (this kind of incentive has now been withdrawn, but the damage has already been done); (3) some of the spinners are under an export obligation which can be fulfilled only by exporting rayon and synthetic fabrics but these exports are not governed by the same regulations as those under the Export Promotion Scheme for art silk fabrics; and (4) introduction of stricter formula for determining fair market value in Canada, import restrictions in Ceylon, political uncertainties in Malaysia, continuing ban on imports into Iran and uncertain situation in Iraq, non-issue of import licences in Morocco and a feeling of insecurity in the trading community in some parts of East Africa.

It is, however, considered to be a matter of gratification that, despite these adverse developments, the average unit value realised from exports has improved. It stood at Re. 1.07 per metre during the January-September 1964 period, as compared with only 98 paise in the same period last year.

COTTON IMPORTS

In October last, it will be recalled, the Government of India released foreign exchange for the purchase of Egyptian-Sudan cotton from the U.S. stockpile for which licences had already been issued upto 30th September 1964. Since many mills had not obtained licences by that date the licences, which were issued until then, covered only a portion of the cotton which the mills had contracted for. The Government has now announced that all such Egyptian-Sudan stockpile cotton for which contracts had been entered into on or before 26th September 1964 can be imported. The mills and/or their authorised importers can obtain the necessary licences by furnishing the following documents:

Where applications for import licences were already made, original cables relating to the offer and acceptance of cotton and actual contract together with the certified copies of these documents should be furnished to the Office of the J.C.C.I. on or before 2nd December 1964.

Where no such application for an import licence had been made, applications should be addressed to the J.C.C.I. and forwarded to him through the Textile Commissioner's Office on or before 7th December 1964. These applications should also be accompanied by original cables and actual contracts with their certified copies.

Where licences have already been issued but no valid letters of credit have been established, such licences should be submitted to the J.C.C.I's office on or before 2nd December 1964 for re-endorsement.

"TEXTILE INDUSTRY ANNUAL 1964"

The Silver Jubilee Number of the Indian Textile Industry Annual 1964 (Editor: M. P. Gandhi, Nanabhoy Mansion, Pherozshah Mehta Road, Bombay-1. Price: Rs. 7.50) is, indeed, very attractive and useful because the publishers have widened the coverage of the publication. The Annual, besides dealing with the organised sector of the textile industry, also surveys the decentralised sector, namely, handlooms and powerlooms, *khadi*, cloth produced from *charkha*, Amber yarn, silk, art silk, man-made fibres, woollen goods, as well as the textile engineering industry. The change in the format and the addition of photographs, charts, etc. have given a bright look to the publication. Appendix I contains statistical tables and Appendix II is a list of the personnel of important textile committees.

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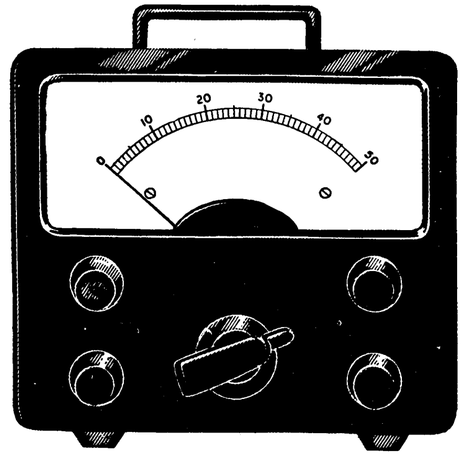

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MANCHESTER LETTER

OUTLOOK FOR TEXTILE INDUSTRIES

NEW AND DYNAMIC PHASE AHEAD, SAYS COURTAULDS' CHAIRMAN

From Our Special Correspondent

MANCHESTER, 24th November

PREDICTING a "new and dynamic phase" ahead for textiles, Mr. C. F. Kearton, Chairman of Courtaulds, the giant British man-made fibre and cotton group, called for determined moves towards an integrated textile industry that would embrace cotton, man-made fibres and wool. Speaking to the 1964 Convocation of the Textile Institute at Manchester, Mr. Kearton made a plea for people in the industry to think of textiles as one trade, and not sectionally. "We should work towards a national textile trade, capable of speaking in national and international councils for all fibres, fabrics and processes."

Referring to textile mergers into more compact groupings of companies, Mr. Kearton said that he thought it was "optimistic" to say that the industry would eventually rest in the hands of five or six major groups. There would always be room for specialist firms as well. Suggestions that the industry would soon be monopolised by I.C.I. and Courtaulds were "nonsense," he said. The textile industry in its widest form, was probably the biggest single industrial enterprise in the country. Although textiles had lost their overwhelming importance in the country's export trade, they ranked second only to food as the highest consumer of spending money in the country.

On man-made fibres, Mr. Kearton pointed out that the total investment in this part of the textile industry was "gigantic." Production was expanding rapidly, and he forecast that, in about five years, synthetic fibres would move from one-third to one-half of the total United Kingdom fibre use. I.C.I. now had about one-third of their total investment in man-made fibres; the Courtaulds investment was the highest in the Company's history.

"We feel textiles is one of the most worthwhile industries in the country," said Mr. Kearton, and added: "It is going to enter into a new and dynamic phase. We want to do our bit to get this concept of an integrated textile trade accepted."

Profits Up

Reporting a "marked improvement" in profit compared with the previous three first half-yearly figures, Mr. George W. Stott, Chairman of Stott and Smith, the Manchester-based textile group, says in an interim statement that the Company hopes to pay an increased final dividend. But he tells shareholders that the immediate economic future is too unsettled for any promise to be made at this stage. The Directors have declared an interim dividend of three per cent which is one half per cent greater than the previous interim dividend.

Profits before tax for the half-year ended 30th September 1964 total £23,836, as compared with £16,101 last year and £10,920 in the previous six-month period. "This has been achieved by larger sales, smaller costs and better productivity," he adds. "Progress has been made in all sections of the group towards the aims set out in my last statement. We are continuing with these plans which have already yielded these most encouraging improvements."

Mr. Stott reports that, because of economies, the Company had generated "very handsome cash funds" making it possible for the group to plan extensions to its activities. "Every effort is being made to find suitable additions to the group either in the handling of additional textile merchandise or by acquisition of other companies. I shall be happy to hear from anyone who may care to talk to us along these lines. We are now adopting an expansionist policy, the aim of which is greater profits, higher dividends and enhanced share prices."

Some of the Company's selling prices have been increased because of the new import duty, but reductions are being offered for export business arising from the export allowances. "This small help to exporters is most welcome," declares Mr. Stott, "but I believe that as much cost reduction could be achieved again if the Government would reduce the amount of documentation associated with export. Export orders are frequently small consignments and it is hardly an exaggeration to say that the cost of documentation is sometimes greater than the profit earned by the sale."

Taxation on the current year's profit is likely to take a heavier toll than last year when the figure was unusually small because of re-equipment allowances. "The Budget seems designed to enable us to make more profit, the Government will doubtless tax that profit more heavily and in particular that part of the profit which is distributed to shareholders." Mr. Stott says that the fortunes of the group are improving and new ranges are selling well in all areas and from all departments.

Management Comparisons

By a fortunate coincidence, the Cotton Board's Productivity Centre has decided to give more details of its interfirm comparison scheme to companies wishing to join the system at the same time as the *Board of Trade Journal* published a lengthy article on interfirm comparison for management. In the cotton trade's scheme, a comparison of ten financial ratios provides the basis for checking the progress of individual companies against their competitors. These may be extended to as many as 30 ratios when detailed comparisons are required on particular aspects of the business concerned.

According to Mr. H. Ingham of the Centre for Interfirm Comparison, the organisation set up by the British Institute of Management in association with the British Productivity Council in 1959, the results of the surveys give the managing director of a firm taking part an instant picture of the relative profitability of his company. He can see where his business is weaker than his competitors, what weaknesses call for his personal attention and in what directions improvements are indicated.

Policy questions invariably emerge from participation in a comparison project of this kind and the management frequently finds new angles which might not otherwise have been recognised. Mr. Ingham emphasises the appeal of interfirm comparisons to those at top management level because a stimulus to self-criticism at the top will have the strongest impact on the development of the firm. Equally, top management is in the best position to decide on remedial action and to implement it.

Special sets of top management ratios provided by the scheme are designed to indicate to the managing director how the overall success of his business compares with those of other similar firms, why it differs from theirs, what aspects of his firm's policy and performance need attention; and what specific policy questions need to be tackled in order to improve the overall profitability of the firm.

THE INDIAN TEXTILE JOURNAL

With its issue of October 1964, the *Indian Textile Journal* (Editor: Mr. Jal S. Rutnagur, Bombay) entered its 75th year of uninterrupted publication. Founded in 1890 by the late Mr. Sorabji M. Rutnagur, the *Journal* has had a distinguished career. The *Journal* has grown with the country's textile industry, and has undoubtedly made its contribution to the advancement of textile technology in India. It is only in recent years that textile technicians have been able to meet in conferences and symposiums to share their practical experience and 'know-how.' Otherwise, the *Journal* was their only forum and even today, they find it an indispensable source of knowledge. Its rich content of technical articles has earned it the complete confidence and respect of all concerned in the industry—millowners, technicians and machinery manufacturers not to speak of Governmental departments connected with textiles.

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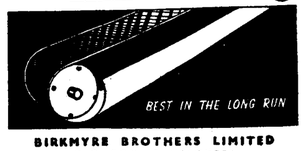

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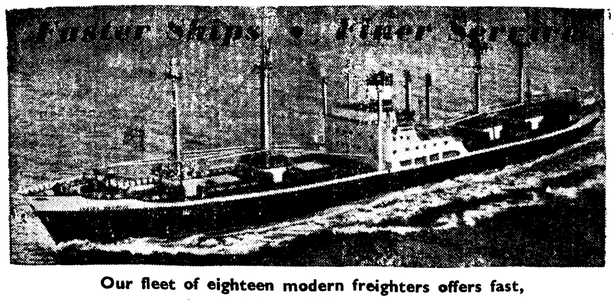

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WHAT IS WRONG WITH FOOD PRODUCTION?—III

THE WAY OUT OF THE IMPASSE

By S. Ramayya, I.A. & A.S. (Retd.)

THE analysis in the previous article illustrates certain important principles. There is a good deal of confusion regarding agricultural production by adopting advanced techniques and all are frantically urging the peasant to increase output by using more fertilisers and emphasising the importance of steady supply of irrigation water, better implements, pesticides, Japanese cultivation methods supplemented of course by better land tenures, credit, etc. During my talks on these subjects I am frequently asked whether the adoption of these methods will not increase food production. They say that America or Japan produces more wheat or rice in an acre than we do in India.

My answer is that such improved means will certainly increase production. A piece of land with the same soil qualities and more or less with the same amount of input factors will *quantitatively* produce the same amount of wheat or rice whether in India or America. There is, however, one fundamental law about improved technology which no one should forget. It always works under current social and economic laws of production. In a Soviet collective farm or a Chinese Commune, the order to produce a certain amount of physical product will be issued, of course, on the basis of researches. For this, the inputs will be calculated and issued. After allowing a rate of ration for those working in the farms, the surplus will be drained off by the Central Authority and allocated for various other purposes. Thus, a communist economy works under its laws of production without the market mechanism.

Market Mechanism

In India, we still work under the market mechanism to a large extent, though here and there it is being eroded for other objectives. For example, there is subsidy to the farmer in the supply of water and fertilisers. There is control on food prices in the interests of urban residents especially for the weaker sections of the people. There is levy sometimes for buffer stock at somewhat lower than market prices. We think of starting rationing during emergencies. These are all interferences with the working of the market mechanism and have psychological effects on both the producer and the consumer. But we can still say that, to a very large extent, we in India depend on the price and market mechanism in the food sector.

The main features of the price mechanism are well known. It depends on the equilibrium of supply and demand prices. There is a large amount of inelasticity in the demand for food. Food is a basic necessity but nobody consumes it beyond a certain requirement. Overproduction will send the prices crashing down, because of the difficulty of preserving grains for a long time. No consumer stocks enormous quantities of wheat or rice because of low prices. On the other hand, low prices for industrial products will induce greater sales. Similarly, when the demand for food goes up and supply lags behind, prices will sky-rocket. The buffer stock method helps up to a stage in both the cases; but on a large and successful scale it is possible only in advanced countries like America.

The supply price depends normally on the marginal cost of production. In agriculture, marginal costs increase both in the short and long period, due not only to the law of variable proportions or diminishing returns but also due to the major fact that we have to resort to more required on a large scale, because, our holdings one advantage in advanced countries. Greater demand by the agricultural sector for input factors like fertilisers, pesticides or implements in big farms reduced their cost normally, due to well organised mass production of the inputs by the industrial sector.

In India, the position is different. The industrial sector that caters to agriculture is still nascent and not well organised. Any sudden demand for fertilisers will mean higher prices, coupled with inadequate supply. Farm implements of better type like tractors, ploughs, harvesting machines, etc., however, are not yet required on a large scale, because, our holdings being petty, farmers are unable to afford capital-intensive methods.

Then, there are certain peculiar features in regard to production by subsistence farmers. The American farmer in his 500-acre farm consumes barely 0.1 per cent of his own production. He sells practically everything in the market and buys his requirements from the market. On the other hand, the Indian farmer consumes two-thirds of food he produces and lets into the market normally only one-third. This one-third also is subject to violent fluctuations by other factors. If, in an abnormal drought year, the overall production suffers, less than one-third comes into the market, and the prices shoot up.

If the "terms of trade" between the agricultural and industrial sector are favourable to the farmer (that is, if the prices of manufactures used by the peasant increase less than the prices of food—some such position has been obtaining in India in the last three or four years) most of the peasants with traditional ideas of contented living can decrease production and enjoy leisure in festivals and fairs. Where he sold 15 units of paddy for his other requirements, he now sells only 10 units.

We also saw earlier the difficulties of the crop sharer in increasing his marginal output even with higher prices. Subsidies work in the same direction. If Nagarjunasagar water which costs commercially Rs. 55 for an acre is supplied at Rs. 15, the farmer can now reduce his production by three units. Thus we see that economic laws of combination of inputs, in proportions that take into account their prices, their physical input-output ratios and the prices of their products, are overlaid by the peculiar conditions of agricultural production in India by subsistence farmers and act in unpredictable ways.

In the past few years, the general trend has been for production to come down; in any case not to increase. This makes prices go up very high apart from the natural increase in marginal costs. At present prices (a unit of paddy sold at Rs. 4 in 1940 and it is now over Rs. 16 in the Tanjore District), there is naturally alarm all round. If price is controlled, the tendency, as we already saw, is for production to go down still further.

With so many variables working in different directions, State intervention here and there, except in clear-cut and purposive ways, only add to confusion and failure. *Another patent fact is that the few simple advanced techniques that we introduced in the first and second Plans like chemical fertilisers, etc., have exhausted their good effects and cannot deliver the goods in future.*

The Solution

Is there no way out? Yes; there seems to be a way out. Primarily, we want two things. Firstly, more production. Secondly, and this is more important, the higher production should be at a lower cost, which will be fair to the urban people and at the same time will not penalise the cultivator and put him to loss. Greater production seems possible by scientific methods, as we saw in the previous article. But it is by *marginal increase* and at very high cost which the society cannot afford or tolerate. The *marginal approach* which now dominates the Indian scene is, therefore, useless.

In defence of the marginal approach, it is stated that it is the only practical way for the teeming millions who have to subsist somehow on one acre or two acres; it is conducive to better land use, because of the poverty and starvation of the peasant; and any other method will be violent, create enormous social unrest and social suffering and unemployment. The trouble is that the old method has utterly failed and that failure has already started great social unrest. Then why not try a new—there is nothing very new about it except in regard to implementation—and revolutionary change in the structure of agriculture which will add to production at a cheaper cost. As regards unemployment, it is already there and, with higher production at a lower cost, even better doles can be given to the unemployed at cheaper social cost. This is the fundamental way of development in the backward countries, namely, to introduce revolutionary changes and break the stagnation of marginal methods.

In the actual working of a five-acre farm of 1961, we found that the cost of cultivation was as follows:

Labour, manure, etc., cost including profit Rs. 1,440.

The unit cost of cultivating an acre, therefore, is Rs. 1,440 ÷ 5=Rs. 288.

Suppose we take courage in both hands, throw overboard the set of medieval ideas from the cobwebs of our mind and ask foreign Governments to help us start modern capital-intensive farms with trained intelligent farmers, in Nagarjunasagar or Rajasthan Canals with at least 50 acres as minimum, introducing better implements, seeds, pesticides, rotation of crops, fertilisers all on a bigger scale and cheaper unit cost of the inputs the unit cost of cultivating one acre may go down to, say, Rs. 250 from the present cost of Rs. 288 due to economies of large-scale purchase and operation. Such is the position in advanced countries today in big farms. The production is also bound to go up easily by at least 25 per cent due to more scientific methods and techniques (each 5-acre increasing to 250 units from 200 units), i.e., 50 acres will give us 2,500 units. The cost and unit rate will be as follows:

Cost of cultivation Rs. 50×250	=Rs. 12,500
Payment to landlord at Rs. 150 per acre assuming landlords exist and they get 40 per cent of gross produce, i.e., 1,000 units at Rs. 8 per unit	=Rs. 8,000
Total ...	Rs. 20,500

This total cost of Rs. 20,500, spread over 2,500 units, will give a unit rate of Rs. 8. The advantages are a 25 per cent increase in production, an average cost of Rs. 8 per unit and high *per capita* income for farmers and a good deal for owners who, of course, can be taxed suitably.

The figures in the model can be changed here and there; but it embodies a correct principle, namely, bigger farms scientifically managed can not only increase production but also reduce unit cost. This way only lies the salvation of the country. All other methods will lead to chaos.

Conclusions

Indian agriculture is a sick and exhausted sector, with 250 years of decay to its debit. A marginal healthy growth is impossible here. We are still looking at it from the point of view of charity and sentiment. In an utterly decayed area, we must think of robust and drastic remedies. When a patient is sinking, palliatives will not do, but only strong remedies. The broad outline should be clear to everybody. Its implementation is, of course, a difficult task of administration. What is more, there is need for a high degree of political courage to accept a change in the present policy.

Population growth is our worst enemy and a drastic control of the same is a first *Must*, especially in the rural areas. Thirteen years of planning and investment have produced the least impression on the structural side of our economy. Still 70 per cent subsist in the rural sector, while, in the advanced countries, 30 per cent or 20 per cent of the working people produce food not only for themselves but also for the other 70 per cent or so. A drastic and quick change, taking out the people from miserable agriculture to industry and the tertiary sector is the second need. Immediate action is necessary here also. A huge industrial investment, with the help of friendly nations and our own savings, is a corollary. Only then the landman ratio will improve and holdings will go up, by the withdrawal of population to industry. Thirdly, the big industries should produce the inputs necessary for agriculture at a cheaper cost. Fourthly, here and now, we should start with big farms of, say, 50 to 100 acres, in the Nagarjunasagar dam area or in the Narmada Valley Scheme and change the very base of our agriculture.

There is no use saying that these are all idealistic, and will involve enormous suffering. No country, even the well placed Europe in the eighteenth and nineteenth centuries advanced without suffering or agony. Sometime or other—earlier the better—drastic remedies must start: otherwise, there appears no way out. The present tinkering and cheap remedies may give a sop to our soul, but will lead to utter waste as already indicated and the country will never improve. If by old-fashioned methods and huge investments, we are not going to improve even 5 per cent of our production, then why waste that money there! We can put it to better use and in other directions.

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This is NOT a Prospectus. Persons interested in full details may obtain copies of the Prospectus from the Registered Office of the Company or from a Offices of Bankers to the Issue in towns or cities mentioned against each Bank, Managing Brokers, Brokers and Registrars named hereinafter.

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The Company commenced manufacturing in 1959 and has expanded the range of the various lines of production mentioned above in general and pharmaceutical products in particular, by virtue of continuous technical assistance and information received from SANDOZ Limited, Switzerland, regarding new processes and products developed by them in their Research Laboratories.

The Company is exporting pharmaceuticals, dyestuffs and textile chemicals to a number of countries and is considering extension of these activities.

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LOCATION OF THE FACTORY

The Company's manufacturing plants are located at a distance of 25 miles from Bombay on a 77 acre site at Kolshet, Dist. Thana, Maharashtra State. The new Dyestuffs Plant has also been constructed on the same site.

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2. Mr. C. M. A. BATHURST .. .. 16, Raja Santosh Road, Alipore, Calcutta.	Industrialist. Chairman & Managing Director of Shaw Wallace & Co., Ltd. Chairman of: The Indian Yeast Co., Ltd. The Tinplate Co. of India Ltd. The Amalgamated Coalfields Ltd. The Pench Valley Coal Co., Ltd. Rewa Coalfields Ltd. Tezpore Tea Co., Ltd. Director of other companies.
3. Dr. C. M. JACOTTET .. .. .. Therwilerstrasse, 34, Reinach, Basle, Switzerland.	Industrialist. Vice-Chairman of the Board of Directors. Managing Director and Member of the Executive Committee of the Board of Management of SANDOZ Limited. Switzerland. Chairman, Vice-Chairman or Director of 30 Affiliates of SANDOZ Limited, Switzerland, in 29 countries.
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Out of the Present Issue :		
(a) 1,00,000 Equity Shares of Rs. 10/- each have been agreed to be subscribed for at par by SANDOZ Ltd., Switzerland and the Company has agreed to allot such shares credited as fully paid-up in consideration for supply of know-how	Rs.	10,00,00
(b) 1,36,000 Equity Shares of Rs. 10/- each have been agreed to be subscribed for at par by and will be allotted to SANDOZ Limited, Switzerland, for cash ..	Rs.	13,60,00
(c) 75,000 Equity Shares of Rs. 10/- each have been agreed to be subscribed for at par and will be allotted to Shaw Wallace & Co., Ltd., for cash	Rs.	7,50,00
(d) 1,39,000 Equity Shares of Rs. 10/- each have been reserved for allotment at par to other existing shareholders, the Directors, Employees, Customers and Friends of the Company for cash	Rs.	13,90,00
(e) **NOW OFFERED AT PAR FOR PUBLIC SUBSCRIPTION:**		
3,00,000 Equity Shares of Rs. 10/- each in terms of this Prospectus payable as follows : Rs. 5/- per share on application. Rs. 5/- per share on allotment	Rs.	30,00,00
	Rs.	75,00,00

BANKERS TO THE ISSUE

1. The Chartered Bank— Bombay, Calcutta, New Delhi, Madras.
2. The Union Bank of India Limited— Ahmedabad, Amritsar, Bangalore, Bomba Calcutta, New Delhi, Hyderabad, Indore, Kanpur, Madras, Nagpur.
3. The American Express Company Inc.— Bombay, Calcutta, New Delhi.
4. The Bank of Baroda Limited— Ahmedabad, Bombay, Calcutta, Hyderabad, Kanpu
5. The Central Bank of India Limited— Amritsar, Bombay, Calcutta, Jaipur, Nagpu Patna.

MANAGING BROKERS

Messrs. Lewis & Jones, Bank of Baroda Building, Apollo Street, Bombay, 1.

BROKERS!

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1. Messrs. Lewis & Jones, Bank of Baroda Building, Apollo Street, Bombay 1.
2. Messrs. Batlivala & Karani, Union Bank Building, Dalal Street, Bombay 1.
3. Messrs. Harkisondass Lukhmidass, Stock Exchange Building, 5th, Floor, Apollo Street, Bombay 1.
4. Messrs. A. B. Pandit & Co., Raja Bahadur Shivalal Motilal Mansion 32, Apollo Street, Bombay 1.
5. Messrs. P. R. Subramanyam & Sons, 70-A, Stock Exchange Building, Apollo Street, Bombay 1.
6. Messrs. Mahadevia Brothers, Stock Exchange Old Building, Dalal Street, Bombay 1.

Calcutta :

1. Messrs. Place, Siddons & Gough (Private) Ltd., 6, Lyons Range, Calcutta 1.
2. Messrs. G. M. Pyne, Allahabad Bank Buildings, 14, India Exchange Place, Calcutta 1.

Madras :

1. Messrs. Paterson & Co., Vanguard House, IIIrd Floor, 11/12, Second Line Beach, Madras 1.
2. Messrs. Chitra & Co., 322-32 Linghi Chetty Street, Madras 1.

Delhi :

1. Messrs. Harbans Singh Mehta & Co., 33, Regal Building, Parliament Street, New Delhi 1.
2. Messrs. Raja Ram Bhasin & Co A-320, Defence Colony, New Delhi.
3. Messrs. Bharat Bhushan & Co H-45, Connaught Place, New Delhi.

Ahmedabad :

1. Messrs. Narendra Lalbhai Shet Manek Chowk, Ahmedabad.

Bangalore:

1. Messrs. P. R. Subramanyam & Sons, "Shree Siva," 24, Four Street, Benson Cross Road, Bangalore 6.
2. Messrs. M. Nanjappaiah Jahgirda 181, Cavalry Road, Bangalore 1.

REGISTRARS

Industrial Investment Trust, 61, Apollo Street, Bombay 1.

APPLICATIONS

Applications for shares must be for a minimum of 25 shares or multiples thereof.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF TH BANKING HOURS ON 14TH DECEMBER, 1964 AND WILL CLOSE AT THE CLOS OF BANKING HOURS ON 24TH DECEMBER, 1964 OR EARLIER, AT THE DI CRETION OF THE BOARD OF DIRECTORS, BUT NOT BEFORE THE CLOSE C BANKING HOURS ON 16TH DECEMBER, 1964.

THE MORARJEE GOCULDAS SPG. AND WVG. CO. LTD.

CHAIRMAN, MR. GOPIKISAN PIRAMAL SAYS RISING COSTS DEPRESS PROFITS

WORK ON NEW SPINNING MILL PROGRESSING WELL

ADDRESSING the Ninety-third Annual General Meeting of the Morarjee Goculdas Spinning and Weaving Company Limited held at Bombay on Friday, 27th November, 1964, Mr. Gopikisan Piramal, Chairman of the Company, stated that additional costs, resulting from increased prices of cotton and chemicals and enhanced wage rates, had made it difficult for the textile industry to absorb them without an increase in cloth and yarn prices. The multipliers, the Chairman observed, were not conducive to the efficiency of any textile mill in the country and they would bring the cloth prices to most uneconomic levels. On the Company's prospects for the current year, Mr. Piramal said that the year would be one of the strains and stresses as costs of all materials, particularly cotton, were still rising and also it had not been so far possible for the Company to assess the full impact of the statutory controls on prices. The building for the Company's new spinning mill with 45,000 spindles, he said, was the most up-to-date of its kind in India and was nearing completion. He disclosed that machinery had started arriving and that the bulk of erection work would be completed by June 1965.

The following is the text of Mr. Gopikisan Piramal's speech:

GENTLEMEN,

I extend to you all a warm welcome to the ninety-third annual general meeting of your Company.

Pandit Jawaharlal Nehru is no more with us and India will never be the same without him. We place on record here our deep sorrow at Panditji's passing away and at the same time pledge ourselves to carry forward his work and preserve his ideals under the able leadership of our Prime Minister, Mr. Lal Bahadur Shastri.

Coming to the affairs of your Company, I will make no bones in stating that the profit position of the Company has not been as happy as we would all have wished it to be. The factors steadily depressing our profits are those that have been operating over the past several years, viz. the ever-increasing material and labour costs and uneconomic selling prices. There has been no cessation in the increase in prices of stores, colours, chemicals and cotton as also the dearness allowance payable to the workers. The dearness allowance payable to the workers today in the textile industry is about Rs. 120 per month which perhaps is the highest in the country. Further, the industry was also burdened by the increase in employers' contributions to the employees' provident fund from 6¼ per cent to 8 per cent and in the State Insurance contributions payable by the employers from 1¼ per cent to 2½ per cent. The increase in electricity tariff rates also added to the burden on industry. Paid holidays for the workers have been increased by further seven days' privilege leave and five days' casual leave per annum. Prior to this, the workers were entitled to 15 days' holidays with pay only, so these additional holidays have practically doubled the burden of this benefit to workers which is estimated at Rs. 75 per worker per year. The additional cost resulting from all these increases is considerably high and it appears to be difficult for the textile industry to absorb all these additional costs without an increase in cloth and yarn prices. The minimum bonus of 4 per cent on consolidated wages of the workers as suggested by the Bonus Commission and duly accepted by the Government will in fact mean a straight wage increase.

Cotton Prices

Inspite of a bumper crop last year and good expectations this year, cotton prices on an average have gone up by Rs. 100 per candy. Most of the varieties of cotton have pierced the ceiling prices fixed by the Government. Recently the Government has introduced statutory controls with regard to the production of textiles enforcing 45 per cent production in the category of *dhotis, saris*, shirtings and longcloth. They are also introducing controls on drills with effect from 1st December 1964. The multipliers declared initially and hastily revised are not conducive to any textile mill in India. These multipliers will bring the cloth prices to most uneconomic level. Over and above this, the defence supplies are being made by the Company at unremunerative prices. Our contribution for defence is about 25 per cent of our gross sales. No doubt these factors are entirely beyond our control and till reasonable businesslike conditions are restored, it would not be possible to produce consistently a positive result out of a negative situation. However we are doing our utmost at all levels to rectify the abnormal set of circumstances.

You are well aware that the Company is expanding its capacity by installing 45,000 more spindles and modernising its other plant and machinery. The building to house these additional spindles is nearing completion. I may mention that this is an ultra-modern building designed and supervised by Swiss architects and is perhaps the only one of its kind in India. The ring frames on order have started arriving and we hope the installation of the major portion of additional ring frames will be completed before 30th June 1965. This will however depend upon the delivery position of machinery. This new spinning mill when it goes into production, is expected to add considerably to the profits of the Company.

Bank Finance

The expansion as well as rehabilitation programmes have been mostly financed by the Bank and we propose to continue the same. Unless we are prepared to keep the present plant and machinery in proper condition, I am afraid we may not be able to maintain the position we at present hold in the industry.

The working of the mills was to some extent dislocated as our expansion plans were coming to a head. Such dislocation is a concomitant of any development programme and is only a passing phase. After the completion of the new spinning project, the Company has no other expansion plan and it will be our intention and conscientious efforts to consolidate ourselves during the coming years.

You must have observed from the previous balance sheets that the Company has incurred capital expenditure of about Rs. 3 crores during the last five years by way of expansion and renovation. During the current year also the capital expenditure is likely to be of a sizable amount. All these capital expenditures are sure to bring benefits to the Company in the years to come.

On the recommendation of the Bombay Stock Exchange, the Company has discontinued the practice of charging any transfer fees and splitting and consolidation fees for any shares lodged with the Company.

New Equity Shares

During the year under review, the Company had issued 23,000 new equity shares to the existing equity shareholders in the ratio of four new shares for every nine shares held. 22,976 shares were duly allotted before the close of the year leaving a balance of 24 which are under dispute. The new equity shares shall rank *pari passu* with the existing equity shares in all respects from the beginning of the current year.

You must have observed from the Directors' report and the balance sheet that the Company had to provide an additional depreciation for the year ended 30th June 1963 of Rs. 11,52,425 as admissible by the Finance Act 1964 because of depreciation on the third shift equivalent to 50 per cent of the normal depreciation.

I am conscious of the fact that the shareholders would naturally like to know the prospects for the current year. To my mind it will be a year of strains and stresses as cost of all materials, particularly cotton, are still rising. We have also not been able to assess the full impact of statutory controls of prices. Drill, which is a major item of our production, is also being brought under control from 1st December 1964. Taking into account all these factors, we are tiding over the present difficulties and seeking ways and means to recoup the reduced profits of the past years. Let us always keep in mind that the fortunes of a company are not to be judged by singling out the achievement during an individual year but by the overall soundness of the company and the strenuous efforts within the company to overcome all problems of any nature whatsoever.

Finally, I thank you all, my colleagues on the Board, our staff and workers for their unstinted co-operation.

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

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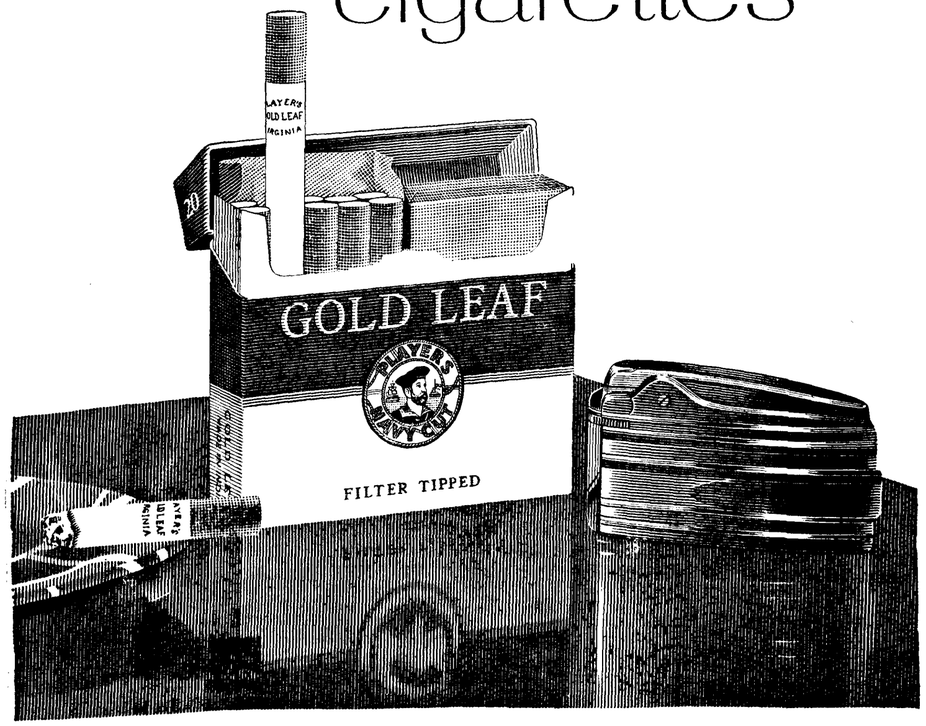

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An instant success on its introduction in the U.K., Player's Gold Leaf filter tipped is one of the world's great cigarettes. Here is a cigarette rich in tobacco, rich in taste and with a reputation that matches its good looks. Quite the most satisfying filter cigarette you have ever smoked—try it and you'll agree.

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BUSINESS NEWS FROM EUROPE

SOVIET GOLD SALES TAPER OFF

INVESTORS' SEARCH FOR BETTER RETURNS

From Our Special Correspondent

SOVIET foreign gold sales are now expected to return to their usual level of between 200 and 250 million dollars a year, after rising as high as 350 million dollars in the first four months of this year. This move—there have been no sales since April—appears to refute the estimate of the United States Central Intelligence Agency (C.I.A.) that Russia's annual gold output is between 150 and 175 million dollars. The C.I.A. figures, published in January, were thought then to have an element of politics in them. Figures just issued by the United States Bureau of Mines, however, estimate that Soviet gold output in 1963 was probably worth between 437.5 and 427 million dollars, both about 2.5 times the C.I.A. figure.

It is known that Soviet sales between 1957 and 1963 reached around 2,000 million dollars and the International Monetary Fund has estimated that Soviet output in that period was about 77.5 million ounces. The difference between this output and the Russian sales abroad, which came to about 58 million ounces, means that total Russian gold reserves rose by about 665 million dollars, which refutes the C.I.A. suggestion that the reserves in fact fell by 1,000 million dollars between 1956 and 1963.

Unless there is another food crisis, Russia is probably unlikely to send gold to the West on such a large scale again. This conclusion is supported by recent Russian policy. Russia is now buying capital goods in the West on long-term credits and does not appear to be seeking to pay cash for goods as she did with food. The probability is that she wants to build up her reserves again.

Share-buying Across Frontiers

British and West European private investors have lately increased their buying and selling of securities in foreign companies substantially. The relative supply of overseas shares available in London and other European domestic stock markets is still relatively limited, but the growth in demand has caught the attention of brokerage firms in the foreign countries concerned. As a result, there are indications that such firms, American and Japanese ones in particular, may be expanding or initiating direct dealing in Britain and on the Continent, where this is legally permissible. If so, however, they will face strong preference in many areas for traditional dealing through local institutions.

The new interest in foreign securities has pushed up total international portfolio borrowing in London and at Continental centres from an annual rate of £125 million in 1962 to about £357 million a year now, on the basis of latest available information. Behind the movement are such psychological factors as European buyers' desire to hedge against future economic and political developments in the resident country—the discouraging effect on domestic investment in equities or debentures of legal and financial restrictions in some countries; and Europe's new affluence.

But another view of the increase in international investment is that it has in part been spurred by the small-population countries needing outside capital for development needs which exceed their own resources. Another contributory source has been demand from countries, developing or otherwise, which lack funds because their machinery for channelling savings into economic development is inefficient or non-existent.

Many overseas investment opportunities seem to look more promising to the European buyer than those in his own country, in spite of the extra charges such transactions at present involve. Many Continental economies have small, rigidly organised and legally restricted capital markets.

In West Germany, it is considered that only about 20 out of 700 quoted shares can be dealt in at substantial levels without upsetting stock exchange prices. Swiss shares often cost several thousand francs each and average yields are low. In France, low yields are considered to be depressing investment for income. Italy's credit restrictions and controversial withholding tax on investment income, with similar factors, are said to be encouraging foreign securities buying with smuggled funds.

Dutch stock exchanges are believed to be doing a large amount of international business, but local flotations are limited by the small size of the domestic market and the degree to which it comes under strict official surveillance. Belgium's capital market is considered to be virtually pre-empted by public authorities and large institutional trading interests.

Dealing in foreign securities, however, is made costly by the fact that, generally, the European investor must pay two brokerage commissions: that of his local bank or broker acting for him and that of the agent at source supplying the desired security. Even where foreign brokers can deal directly in the buyer's own country, this does not necessarily rule out the possibility of the second commission being included in the net local or acquirement price of the security.

Barring special exceptions under the rules of individual exchanges or permissible private arrangements, double commission charges are more or less general on international security transactions. Local exceptions are often like the informal custom reported by a London broker in which some Belgian banks, at their own discretion may return 25 per cent of the Belgian commission to the British investor in Belgian shares.

On the other hand, there is little prospect that the higher charges involved in international security dealings will soon be lowered. International policies on the matter are lacking. No European Common Market agreement to rule on this aspect of investment business is foreseen at the moment. And direct dealing, a possible basis for changing the double commission system, is banned in Switzerland, West Germany and Belgium.

In addition, direct dealing seems likely to continue to be challenged by local preferences based on both custom and technical advantages. Not only is the investor-broker relationship often a long-standing one of mutual trust; but the native broker in many cases can fulfil orders in either of two markets, wherever the better price is available—his own and that of the country in which the security is issued initially.

Rising Cost of Expense Account Living

New York emerges as the most expensive city for a visiting businessman. Not far behind are Helsinki, Stockholm, Paris and London. The least expensive city is Lisbon, with Oslo and Athens at roughly the same level. Because the index in the adjoining box ignores a number of factors which should properly be included to obtain truly comparable figures, it cannot do more than offer a rough and ready indication of where costs are highest and where they are lowest. The index, compared with the 1963 figures, offers evidence that, over the past year, costs have been rising almost everywhere. Italy seems to have recorded the biggest increase—20 per cent. Dublin records a nine per cent increase in a year (in which there has been increased taxation at retail level); Oslo's increase is seven per cent. Smaller increases are indicated from West Germany and Sweden. Athens records little change.

Expense account living is not quite as common as one might expect to find in any city where business is done. In New York, for example, expense account living is somewhat curtailed by stringent tax rules requiring detailed accounts of the "business" discussed during the meals. Stockholm imposes a Government restriction of 35*s.* each for lunch. Dutch tax inspectors are a good deal less indulgent than their British counterparts but Britain's new Labour Government has promised legislation to restrict expense account spending. Building programmes in various countries are having an impact on rents. In Dublin, the first block of luxury appartments is going up and rents there are expected to be of about £1,500 a year. But in Dusseldorf, following a heavy programme, furnished flats are available for £45 a month. Building appears to be active everywhere.

Visitors' Cost of Living

City	*(a)*	*(b)*	*City*	*(a)*	*(b)*
New York ..	156	100	Vienna ..	91	59
Helsinki ..	134	86	Dusseldorf ..	91	58
Paris ..	131	84	Dublin ..	80	51
Stockholm ..	131	84	Oslo ..	71	46
London ..	119	77	Athens ..	71	45
Rome ..	98	63	The Hague ..	70	45
Cairo ..	97	62	Lisbon ..	63	41
Brussels ..	96	61			

(*a*) Total cost of living expressed as a percentage of average living cost in all 15 cities listed.

(*b*) Cost of living as percentage of cost in New York City.

Any comparison between living costs in a number of major cities is necessarily a rough one. The indices in the table accompanying this article are based, however, on the costs a visiting businessman might incur.

These costs include the price of a night in a de luxe hotel, a night in a medium-priced hotel, a lunch for two, an evening out for four, the monthly rent of a furnished flat, clothes, services, car hire, cigarettes and a "basket of food"—including among other items, steak, a medium-sized chicken, six fresh eggs, potatoes, rice and butter.

The index is, therefore, not intended as a guide to the kind of living costs applicable to a resident, with his own unfurnished house or flat and not having to incur the kind of expenses that a visitor would have to face.

New York is, perhaps, the most expensive for a visitor seeking entertainment. Black market prices for "hit" shows in New York range up to £20 a seat. In Lisbon, by contrast, a businessman can drink local sweet "champagne" for 25*s.* a bottle and, while he is drinking it, watch a floor show in a night club. But "respectable Portuguese" would take their wives only to a limited number of night clubs in the capital. In these, French champagne is served, costing at least £5 a bottle.

Swiss Steps up Inflation Fight

Switzerland, the home of sound money has been having trouble over inflation and looks like having to increase the squeeze still further to overcome it. An action programme, now nine months old, has slowed the rate of increase in prices but not halted the rise. Early this year and last year the cost of living rose at an annual rate of five per cent; this has now been cut back to 2.5 per cent. This progress is insufficient to relax the emergency measures taken in March and the Government is now faced with the problem of introducing supplementary measures at a time when it had hoped to be abandoning restraints altogether.

The next measures will probably be longer-term ones than those already introduced, which include building controls, credit restrictions and a check on the number of foreign workers allowed into the country. It is thought that the new measures will involve some control over consumer purchasing, extention of the powers of the National Bank to move interest rates and the liquidity ratio of the commercial banks, stricter enforcement of anti-trust regulations; and steps to rationalise industry.

The industry most needing rationalisation is the one that has benefited most from the broom-building. Obsolete methods are said to be still bringing in considerable profits, but prices are rising faster than costs despite the building controls. In order to institute the necessary long-term measures, the Government will have to go carefully, it is thought, since Swiss businessmen are considered in many ways to be among the world's most conservative. Yet the Government needs their confidence to implement its plans.

Widening E.F.T.A.'s Boundaries

If the Kennedy Round talks on tariff cutting break down the United States and Canada may join the European Free Trade Association in creating a new, wider free-trade area. Private talks are already thought to have started on how to overcome the possibilities of failure through Common Market obstructions. Both Britain and the United States are seriously concerned at the attitude taken by France and are believed to be considering alternative steps. In the event of failure, a preferential area is envisaged as a first step. Because of the General Agreement on Tariffs and Trade this would have to be expanded into a free-trade area.

Such a move is seen as a logical step. With the Six building an impenetrable barrier round Europe's bigger industrial market closer ties between the north Americans and the Outer Seven might become imperative. Inclusion of other industrial countries, such as Australia, Japan and India might also be considered, it is thought.

Inside the Common Market, the development of a wider Atlantic economic community might appear as a serious and not altogether satisfactory prospect. It would probably be thought that this would reduce the number of countries wishing to have some sort of link with the Six and might even undermine its rate of economic growth.

From the Common Market's point of view, the danger could be that countries outside the Six that do not want to link their political policies with each other might be thrown into economic dependence on each other. The Six would then have to decide whether to go ahead in political and economic unification in spite of the moves being taken in the outside world or whether to temporise on some of the political aspirations in order to maintain links with the wider community.

Too Little Liquidity in Sweden

A sign that Sweden's exports may be levelling off came with the August trade figures, which showed a distinct reaction after a steep rise this year. One month may be too soon to judge future trends accurately but most experts have for some time forecast an end-year falling-off. Swedish export industries are thought to have reached the limit of their capacity and foreign demand seems to be tapering off. Selling will therefore become increasingly difficult.

Among the industries especially hard hit are thought to be timber, pulp, paper, iron ore and steel, where there has been a lot of restocking. Britain's 15 per cent import surcharge will also hit the economy for Sweden sent 13.5 per cent of her exports to Britain last year. In some sectors the share was much higher: of Sweden's exports of butter and eggs 34.3 per cent went to Britain, of pulp 27.5 per cent and of iron ore 22.9 per cent.

The outlook for the engineering industry runs counter to that for the rest of the economy: demand is likely to remain strong from West Germany and other major buyers of Swedish produce. The industry is tied closely to the engineering boom in the rest of Europe and this is thought unlikely to peter out for some time.

The commercial banks of Sweden are being pressed hard on their liquidity ratios since they have no great source of Treasury Bills. Money has been in considerably short supply—at the start of September commercial bank borrowing from the Central Bank was three times higher than a year ago—and it is believed that a rise in Bank rate may be on the way, even though at five per cent it is still among the highest in continental Europe. The gold reserves have been unchanged this year but the holdings of foreign securities have increased by about four per cent and the total gold and currency reserves has risen slightly.

Danes Win in Bacon Talks with U.K.

Danish bacon producers are breathing more freely following what seems to have been a triumph for their views in closed-door talks with the British in Copenhagen. In meetings with representatives of the Danish Government, farm organisations and the bacon industry, British Ministry of Agriculture officials passed on British producers' demand to have a bigger share of their own market. But Danish sources said later that the British representatives were impressed both by Denmark's likely difficulties in other agricultural markets and by the probability that Denmark will have over 17 per cent more bacon to sell abroad next year. As a result, Britain is thought unlikely to move formally to reduce Denmark's dominant share of the British bacon market next year. An added factor is believed to be the anxiety of Britain's Labour Government to minimise the effect on Denmark and her other partners in the European Free Trade Association of its 15 per cent import tariff surcharge imposed last month on most industrial goods.

Under the Bacon Market Sharing Agreement which came into effect on April 1, British producers are permitted a 36.5 per cent share of the domestic market, Poland eigth per cent, Ireland 4.5 per cent and other marginal exporters four per cent. Denmark took the biggest single share, 47 per cent. Danish agricultural exports account for nearly 50 per cent of Denmark's world exports. But in the British market about four-fifths of Danish sales—£132 million out of £165 million last year—are of farm and food products. Of total exports to the British market, bacon has in the past year or so consistently accounted for more than 45 per cent. Denmark has been able, in fact, to ship somewhat more than quota amounts under the Sharing Scheme, and this tendency has lately increased. Nonetheless Danish bacon has been able to maintain its position as the most expensive in the British market, mainly because of the Danes' success in promoting a brand image and imposing stringent quality control.

More for Less (Except Cost) on Austria's Farms

As a result of unprecedented structural changes, Austria has lost nearly 20 per cent of its agricultural labour force but increased farm output by 35 per cent in the last decade. This is shown in a survey by the Creditanstalt—Bankverein, which points out, however, that Australian farm costs are now outpacing farmers' income to a disturbing extent. It estimates gross agricultural proceeds in 1963 to have been 10.9 per cent higher than in 1958, but operating expenditure went up by 19.3 per cent between the same two years.

The loss of some 250,000 farmworkers through a labour drift into industry and other urban occupations, and through earlier retirement, has meant an increase in Austrian agricultural productivity by something like 70 per cent since 1952. The actual net increase in farm output, of some 35 per cent over a little more than a decade, permits Austria to grow about 82 per cent of her food requirements now, compared with 72 per cent just before World War II.

Another result of the expansion is that land-based industries (agriculture and forestry together) have now ousted iron and steel as Austria's second most important export activity after engineering.

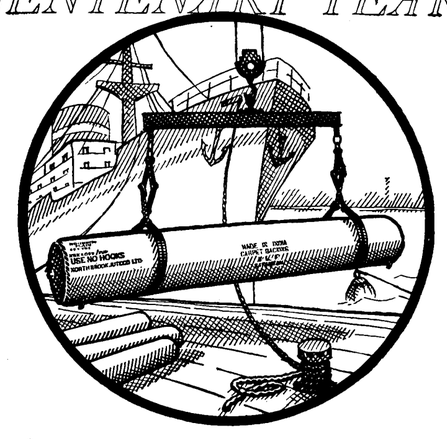
Topical Briefs

The once-flourishing motor industry of *Italy* is still in a state of intense gloom. Although the economic crisis which was responsible for severe measures being imposed on the industry is now easing, the car firms see no quick solution to their problems. Production and sales have been falling for the last six or seven months; imported car registrations have fallen even more catastrophically. The drop started in April and by August the figure was 59 per cent below that of August, 1963. Throughout northern Italy the threat of unemployment or short-time working hangs over the heads of thousands of motor workers—and not only those producing the cars. All the suppliers of components are equally affected. Fiat is to close down between 20th December and 10th January and many of its suppliers wonder how they can continue with a full pay-roll once the major purchaser has stopped buying. Since Fiat dominates the Italian motor industry everyone connected with the trade is waiting apprehensively for the next blow.

With the coming of commercial television to the *Netherlands*, Belgium will soon be the only Common Market country without it. Dutch commercial television is expected to be in operation early in the New Year at the latest, despite continuing controversy over its introduction. Elsewhere, it is becoming increasingly important. In Germany the two commercial channels raise half their revenue from advertisements. Italy introduced advertising on TV in 1957 and extended it with the opening of a second channel three years ago, though advertising material cannot occupy more than five per cent of transmission time. French advertising is limited to economic organisations and sectors whose promotion is considered to be in the national interest—the State savings bank, the national lottery, the coffee industry, for instance. This limitation on advertising is worrying some people in the Community. They argue that its aim is to build a competitive society and that this is incompatible with restrictions on television advertising. It is thought to give some industries or sectors an unfair advantage.

The merchant fleet of *Norway*, third largest in the world, is undergoing radical structural changes. Burdened by high domestic taxes and facing the competition abroad of flags of convenience, Norwegian shipowners are fighting back by offering more modern facilities than their competitors. Norway's fleet is probably already the most modern and up-to-date in the world and the Norwegians are constantly trying to improve it. The country has nearly five million tons of shipping on order, most of it large bulk carriers or tankers. To avoid a glut of shipping the owners are selling off the small tankers and general duty cargo ships. On average, the ships sold over the past 18 months have been under half the size of those delivered. Yet these ship sold have not all been old boats; only one out of every five was built before the war; half the tonnage sold was built between 1948 and 1953. Example of Norwegian enterprise is the way in which a Norwegian group took over the Southampton-Cherbourg and Le Havre car crossing this year after British Railways had closed down a similar link as being uneconomic.

BIRD'S CENTENARY YEAR



OUT-GOING JUTE AND IN-COMING DOLLARS

A boost in exports means increased foreign exchange—today's prime need. Among exports jute is of top priority. The Bird-Heilgers Group's export of jute goods in the last year increased to nearly Rs.10 crores—a significant part of the country's foreign exchange earnings.

Deploying the skills acquired over a hundred years, the Bird-Heilgers Group is making important contributions to the economy.

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B2/BRD-11A

NEW PUBLICATIONS

Aspects of Economic Development and Policy. By B. K. Madan. Published by Allied Publishers Private Ltd. Pages: 363. Price : Rs. 22.50.

IT is more than a decade since India has been engaged in a war against poverty. The country is trying to get out of the rut of economic stagnation with a view to entering into the cumulative process of growth. The problems of development and growth have, therefore, been at the centre of discussion in India since the commencement of planning within a democratic framework. It is only too well known that, in this crusade, India has been experiencing formidable, if not insurmountable, problems. The book under review, as the title itself explains, is concerned with such problems of development.

It is a collection of author's articles and addresses on varied themes, covering a period of nearly three decades. The problems dealt with by him are indeed varied, and they "range over an extensive field, from problems of the agricultural economy and Indian Five-year Plans to questions of the monetary framework for a developing economy and of international liquidity." Yet one can find the "unifying link" among the various contributions which bear the imprint of the author's scholarship and deep insight into the problems. The problem of development analysed in this volume are divided into three parts; part one deals with the problems of planning and economic policy whereas the other two are concerned with monetary and banking policy and international economic policy.

Amongst ten essays contained in the first art dealing with planning and policy, three says entitled "Problems of Agricultural Economic Policy." Some Aspects of the Problem of rice Policy for Economic Development" and Some observations on the Essentials of a Price olicy for Foodgrains in India" are very interesting and illuminating. Besides, they have a great ignificance to planners in India at the present uncture when they are discussing the size and tructure of the fourth Plan in the alarming situation of rising prices of foodgrains in the closing ears of the third Plan. In these essays, the uthor rightly emphasises the important and trategic role of agriculture in the development rogramme and propagates a sound price policy or agriculture. In his own words, "the main lements of price policy for foodgrains comprise a uarantee of prices for principal foodgrains, with heir main grades, which carries an assurance to he cultivator, particularly in surplus tracts, of easonable return on his investment and, therefore, furnishes an incentive to, and basis for, a rogressive agriculture; a flexible release price or buffer stocks to make supplies available to he consumer at prices which are reasonable and an be sustained with the resources at the disposal of the buffer stock authority; reliance on effective enforcement of the price policies determined, rather than on price fixation as such, or on legislative or executive fiat; consistency of food price policy with general economic policies which alone can make for stability with development; emphasis on growth of production as the answer to the problem of food price policy and harmonisation of growth in food production with increase in agricultural production as a whole" (page 135).

The predominant theme that underlies all essays in part two is "the need for safeguarding the framework of financial and price stability for economic development." In his classic essay on "Monetary Policy and Economic Development," the author aptly puts in the proper perspective the developmental and regulatory functions of the Central Bank in a developing economy. Over and above the traditional regulatory functions, the author stresses the need for promotional and developmental role of the central banking policy. "Monetary policy for a developing economy has to be conceived in terms of preserving a reasonable basis of stability through the adjustment of regulatory devices even while expanding the area of operation of the money and banking sectors and continuing to build up a financial infrastructure for growth." As such, the essays in the second part, such as "Monetary Policy and Economic Development," "the Problem of Inflation," "Banking and Economic Development" and, lastly, "Bank Credit Requirement," "Bank Resources and Money Supply during the third Plan period" are very interesting.

The problem of economic development is viewed in the international context in the third part. The author throws light on the significant role of foreign aid, foreign investment and growth of foreign trade. "Of the specific international aspects of the problem, the export lag and the declining terms of trade of developing countries and the obstacles to access of the products of developing economies to the markets of the advanced countries remain besetting handicaps. The lowering of barriers to exports of less-developed economies has to be accomplished without uniform insistence on reciprocal treatment by them. The problems of foreign aid have to be viewed in the context of the magnitude of the development task in respect of developing economies, and the extent and forms of foreign aid and foreign assistance have to be adapted accordingly. Further, a significant international aspect of self-help by the developing countries relates to the role of concerted and co-operative endeavour by them in accelerating their pace of growth by enlarging their intra-group trade; growth through trade requires to be deliberately initiated" (page 319).

The complex problem of economic growth has thus been viewed in its various facets. Though the book does not propound a theory of economic growth which, obviously, is not the objective of the author, it certainly unfolds the author's coherent and cogent ideas on economic development. As such, it does contribute to the development of economic thought.

Labour Law and Practice. By G. L. Kothari. Published by N. M. Tripathi Private Ltd., Princess Street, Bombay-2. Pages: 11,106. Price: Rs. 40.

Mr. Kothari has brought to bear on this book his rich experience at the Bar, as well as on the Bench. It is one of the comprehensive and exhaustive books on the subject. The book is full of quotations from the resolutions in the International Labour Organisation, from eminent authors like Willyard Wirz, William C. Robinson and Hon'ble Mr. Arthur T. Vanderbilt, and from the important decisions of the Supreme Court and High Courts.

Part I of the book consists of principles of practice on the labour side, social justice and adjudication in India, common law of master and servant, basic concepts of employment and industrial disputes, collective bargaining, principles of industrial adjudication, drafting and preparation of collective bargaining agreements, contract provisions and plans, industrial welfare and plans and schemes, pleadings and forms under various labour laws, principles of practice and forms regarding disciplinary matters in public and private employment, and writs and forms relating to writs. The modern ideas that the author has introduced in the book in the form of precedents, plans, schemes and guidance in drafting agreements are quite useful to a raw labour practitioner, labour adviser and persons entering the industrial field as employers.

Part II deals with statutory laws, rules and regulations regarding labour practice in India. This part consists of the Industrial Disputes Act, Rules framed by the Central Government, procedural Rules of the Tribunals, the Bombay Industrial Relations Act and Rules, the Bombay Wage Board Rules, Industrial Court regulations and Labour Court practice and procedure rules. The enactments in Gujarat and Madhya Pradesh which are based on the Bombay Act are also included. The U.P. Industrial Disputes Act is also included in the book.

The commentary in Part I consists of case law on the subject. The Industrial Disputes Act contains, immediately after each section, the amendments introduced by the various States, so that the book may be useful from the all-India point of view. However, the author could have made the book much more useful by giving reference to relevant cases under various sections. For instance, there is enough case law on Sections 10, 18, 25 A to G, Sections 33 and 36 of the Industrial Disputes Act.

The chapter on drafting industrial agreements gives, in addition to principles on which the draft should be prepared, specific agreements that prevail or prevailed between the various employers and unions. A model gratuity scheme is supported by gratuity schemes from Calico Mills, Larsen and Toubro and Awards in respect of gratuity from Shaparia Dock and Steel Company Ltd. and Spencer and Company. A model rationalisation agreement for employers, showing how lay-off is to be effected, is also given in detail as guidance to employers and welfare officers.

The Government should consider how many of these labour enactments could be consolidated for the benefit of citizens. The number of enactments and rules, notifications and orders under the various enactments, by themselves, could form a code. Added to the Central enactments are the State laws framed under the Concurrent powers in the Constitution of India. The Industrial Disputes Act has been duplicated by the Bombay Industrial Relations Act, the U.P. Industrial Disputes Act and the Central Provinces Act. These duplications could well have been avoided.

The Estate Duty Act. Nanavati (Second Edition.) Published by N. M. Tripathi Private Ltd., Princess Street, Bombay-2. Pages : 640. Price : Rs. 30.

The need for a careful study of the Estate Duty branch of the tax laws in our country has increased due to the lowering of the exemption limit from Rs. one lakh to Rs. 50,000. With the advent of the Wealth Tax Act, the Government must be in a position to estimate the number of citizens likely to be affected by this enactment. Of course, the difficulty will be in finding the number of citizens falling in the category between Rs. 50,000 and Rs. one lakh. This number, covering the upper middle class, must be quite a sizable one. Though there has been a hue and cry about the increased tax measures and the frequent changes in the Finance Acts, the middle class which would be largely affected by the Estate Duty Act, has not cared to do anything about it. To some extent, it is for the Press to bring such an important piece of legislation to the attention of the middle class. It is, therefore, necessary to encourage its study and give prominence to the case law on the subject and to the Government notifications and orders issued from time to time.

Mr. Nanavati's book is today one of the best treatises and the only one brought up-to-date. The ordinary middle class citizen stands to gain by it inasmuch as the commentary is written on topic basis, instead of in the traditional legal commentary style meant essentially for professionals. This edition is necessitated by the number of amendments introduced by the Finance Act 1964 and by the important decisions on the various provisions both in India and in the U.K. from which India has borrowed the basis and most of the provisions of its enactment.

The author has pointed out how the decision of the Privy Council in the case of *Chick* vs. *Commissioner of Stamp Duties* for New South Wales is important to us. However, it is gratifying to note that our Courts do not just follow the cases decided in England, as will be evident from the decision of the Assam High Court in the case of *Controller of Estate Duty, Assam* vs. *Birendra Kumar Sen*, which distinguished the said Chick's case and followed the decision of the Privy Council in another case. However, it is worth watching how far the Courts and the Government will consider the said decision in Chick's case applicable. In Chick's case, incidentally, the deceased had gifted the property which belonged to him and then remained in possession of the said property in his capacity as a rent-paying tenant. The Privy Council held that the donor had not parted with the control of the property and hence the estate of the donor was liable to pay death duty in respect of the said property also.

The Law of Industrial Disputes in India. By R. F. Rustamji. 2nd Revised Edition. Published by Asia Publishing House, Ballard Estate, Bombay-1. Pages : 878. Price : Rs. 45.

The Industrial Disputes Act 1947 has been in force in the country for the past 17 years. Some of the States have their own laws applicable to all the industries or some of the industries. The Act has definitely strengthened the trade union movement. There is now definitely a sort of pressure sought to be exercised by the trade unions, with the active support of the State Governments concerned, on the employers to yield to their demands, especially the ones relating to bonus. It is true that the employers must grant a bonus to their workmen voluntarily as the wages have not attained the character of living wages and there has been a big rise in the cost of living. But the Government's attempt to bypass the industrial machinery for arriving at a settlement on bonus matters every year is not conducive to the maintenance of the Rule of Law. To some extent, of course, the industrial adjudication machinery must also be blamed for the delay in disposal of disputes referred to them. The Supreme Court, incidentally, has rendered a signal service in the development of this branch of law. It has really applied the principles of equity, instead of merely following the strict rules of law.

The law has grown so much that a busy lawyer, or an employer, or a trade unionist requires a good commentary on the Industrial Disputes Act. Rustamji's revised second edition, published very recently, is a good reference book on the subject. The commentary is written on the basis of the sections in the Act. The first 134 pages of the book have been devoted to a discussion of important issues like social justice, collective bargaining, dangers of individual discretion, principles of natural justice in India, etc. The commentary begins thereafter. The author has done well in quoting relevant passages from the various decisions. Important sections like Sections 10, 25 A to G, Sections 33, 33 A to C and 36 have been properly commented on, with the latest case law on the subject.

The book could have devoted separate chapters to bonus, wages, disciplinary action, gratuity schemes, as these are some of the important subjects which employers, lawyers, practitioners and trade unionists have to deal with. Nevertheless, it is, on the whole a good commentary on the Act.

Direct Tax Laws—1964-65. By Dastur, Damania and Dastur. Published by N. M. Tripathi Private Ltd., Princess Street, Bombay-2. Pages : 680. Price : Rs. 20.

This book has been edited on the lines of the Finance Act. The need for a book of this nature has been a long-felt one. The book gives all the direct taxes in one volume. The amendments to the various tax laws have been incorporated in the original enactments and shown in italics. To a busy practitioner this is a boon. The authors have provided a brief commentary, wherever essential, with the case law on the subject. Commentary is also to be found on the recent amendments. A special and valuable feature of this book is that, in addition to the commentary on the provisions of the Finance Act, the authors have explained the rates on the various taxes with simple illustrations. This book, of course, is not a treatise. But it is a handy one, providing in a nutshell the essentials of a good commentary useful for lawyers, accountants, corporations, businessmen and even tax-gatherers.

Indian Income-tax Law and Practice. By Sukumar Bhattacharya. Published by Nababharat Publishers, 72, Mahatma Gandhi Road, Calcutta-9. Pages : 480. Price not mentioned.

This book is a commentary on the Income-tax Act 1961, as amended by the Finance Act prior to the one in 1964. The author has also included a commentary on the Wealth Tax Act, Gift Tax Act, Super Profits Tax and the Compulsory Deposit Scheme.

The book has been written on the basis of the various topics in the tax laws. The author has also provided illustrations to explain the various provisions, wherever necessary. The book is mainly written for the benefit of beginners, students studying for commerce and departmental examinations. All that the author has to do is to bring it up-to-date for including the recent amendments and the pending Bills before Parliament.

No textbook on any law in the country and, especially, on the tax enactments could remain up-to-date due to the spate of amendments introduced day in and day out. It is highly necessary that the principle that ignorance of law is no excuse should be changed or altered in the circumstances stated above. The jurists and the Courts in the country must consider the issue when it arises before them.

ANNOUNCEMENT REGARDING THE PROPOSED ISSUE OF CAPITAL

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS AND PERSONS INTERESTED ARE REQUESTED TO APPLY FOR A COPY OF THE PROSPECTUS FOR FULL DETAILS.

INTERNATIONAL TRACTOR COMPANY OF INDIA LIMITED

Registered Office: Gateway Building, Apollo Bunder, Bombay 1

EXISTING AND PROPOSED ACTIVITIES

The Company has been promoted jointly by Mahindra & Mahindra Limited, Voltas Limited and International Harvester Company, Chicago, U.S.A. with the immediate object of manufacturing and marketing agricultural tractors, implements and allied attachments and spare parts, thereof. The Company holds Industrial Licences Nos. (i) L/10-1/N-6/59 dated 2-9-1959 and (ii) L/10(1)/4/60-A.E.I. dated 15-6-1960, for manufacture of 3,500 tractors and matching implements per annum on single shift basis.

The Company holds Import Licence for Rs. 92,70,000/- C.I.F., for import of machinery. Orders for machinery have been placed with suppliers abroad.

The Company has received import licences for Tractor components valued at Rs. 30,00,000/-. Production will commence early in 1965.

LOCATION

Factory buildings are nearing completion on approximately 38 acre site at Akurli Village, Kandivli, near Bombay.

BOARD OF DIRECTORS

1. Mr. Keshub Mahindra (*Chairman*), Indian, 45, Nepean Sea Road, Bombay 6. — Industrialist. *Chairman:* Mahindra & Mahindra Ltd., Mahindra Owen Limited, Dr. Beck & Co. (India) Ltd., Turner Hoare & Co., Ltd., and others. *Director:* Kaiser Jeep International Corporation, U.S.A., Union Carbide India Ltd., Coat Tyres of India Ltd., Reserve Bank of India, Western Area Local Board, Machinery Manufacturers Corpn. Ltd., Mysore Cements Limited, Otis Elevator Co. (India) Ltd. and others.
2. Mr. Brooks McCormick, American, 1530 North State Street, Chicago, Illinois, U.S.A. — *Executive Vice President:* International Harvester Co., Chicago, U.S.A. *Director:* International Harvester Co. of Canada Ltd., International Harvester Export Company, Chicago, U.S.A., First National Bank of Chicago, U.S.A. and others.
3. Mr. Rustom Furdoonji Sorabji Talyarkhan, Indian, Lyndewode House, Cumballa Hill, Bombay 26. — *Managing Director:* Voltas Limited. *Director:* Roche Products Ltd., Scottish Indian Machine Tools Ltd. and others.
4. Mr. Harish Chandra Mahindra, Indian, 65, Nepean Sea Road, Bombay 6. — Industrialist. *Chairman:* Mahindra Ugine Steel Co., Ltd., Press Syndicate Ltd., Indian & Eastern Engineer Co., Ltd., Mapa Tools Pvt. Ltd. and others. *Executive Director:* Mahindra & Mahindra Ltd. *Director:* Electro Equipment Corporation Ltd., Turner Hoare & Co., Ltd. and others.
5. Mr. Jack L. Camp, American, 2440 N. Lakeview, Chicago, Illinois, U.S.A. — *Vice President:* International Harvester Co., Chicago, U.S.A. *Director:* International Harvester Export Co., International Harvester Co. of Great Britain Ltd., International Harvester Co. of Australia Pvt. Ltd. and others.
6. Mr. Adal Bomanji Parakh, Indian, Kashmir House, 94, Nepean Sea Road, Bombay 6. — *Jt. Managing Director (Mfg. & Dev.)* Voltas Limited. *Director:* Scottish Indian Machine Tools Ltd., Tata-Merlin & Gerin Ltd., Indian Roads & Transport Development Association and others.
7. Mr. Paruthiparambil Cheryan Cheryan, Indian, Kum-Kum, 50-A, Peddar Road, Bombay 26. — *Technical Director & General Manager (Engg.)* Voltas Limited. *Director:* Scottish Indian Machine Tools Ltd., Tata-Merlin & Gerin Ltd., Lakshmi Machine Works Ltd. and others.
8. Mr. Ivan James Syer, Australian, Hotel Ambassador, Bombay. — *Technical Representative in India of:* International Harvester Co., Chicago.
9. Mr. Bhalchandra Ramchandra Sule, Indian, Daisylea, Off Mount Pleasant Road, Bombay 6. — *Chairman:* Indian Liggett Co., Ltd. *Director:* Mahindra Van Wijk & Visser Pvt. Ltd. and others. *Chief Engineer:* Mahindra & Mahindra Ltd.

ALTERNATE DIRECTORS :

10. Mr. Shantaram Yeshwant Rege, Indian, (Alternate Director to Mr. Brooks McCormick), Godawari Niwas, Gamdevi, Near Kennedy Bridge, Bombay 7. — *Director:* Sandvik Asia Limited, British Drug Houses (India) Limited, The British Steel Piling Co. (India) Pvt. Ltd., Adrema of India Ltd. and others.
11. Mr. Michael Henry Desmond Collin, English, (Alternate Director to Mr. Jack L. Camp) 3rd floor, "Belmont", Nepean Sea Road, Bombay 6. — *Technical Representative in India of:* International Harvester Export Company, Chicago, U.S.A.

SECRETARIES & TREASURERS

Mahindra & Mahindra Ltd., with the approval of the Central Government have been appointed Secretaries and Treasurers of the Company for a period of 10 years with effect from 21-6-1963.

SHARE CAPITAL

		Rs.
A.	**Authorised Capital :**	
	40,00,000 equity shares of Rs. 10/- each	4,00,00,000
B.	**Issued Capital :**	
	15,00,000 equity shares of Rs. 10/- each	1,50,00,000
C.	**Subscribed and paid-up Capital :**	

		Subscribed Rs.	Paid-up Rs.
(1)	10 equity shares of Rs. 10/- each fully paid in cash, subscribed for at par by the signatories to the memorandum..	100	100
(2)	2,55,000 equity shares of Rs. 10/- each fully paid in cash, subscribed for at par by International Harvester Company, Chicago, U.S.A.	25,50,000	25,50,000
(3)	2,55,000 equity shares of Rs. 10/- each, fully paid in cash, subscribed for at par by Mahindra & Mahindra Limited	25,50,000	25,50,000
(4)	2,55,000 equity shares of Rs. 10/- each, fully paid in cash, subscribed for at par by Voltas Limited their Directors, and friends	25,50,000	25,50,000
		76,50,100	76,50,100

D.	**Shares to be Subscribed Privately :**	
	1,24,940 equity shares of Rs. 10/- each have been agreed to be subscribed for cash at par by Mahindra & Mahindra Ltd., their associates, Directors and friends	12,49,400
E.	**Now offered for public subscription at par for cash :**	
	6,10,050 equity shares of Rs. 10/- each	61,00,500

DATES OF OPENING AND CLOSING OF SUBSCRIPTION LIST

The subscription list will open at the commencement of banking hours on 7-12-1964 and will close at the close of banking hours on 17-12-1964 or earlier at the discretion of the Directors but not earlier than the close of the banking hours on 9-12-1964.

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

UNDERWRITERS

The entire present issue to the public has been underwritten by:

(1) Life Insurance Corporation of India, Bombay.
(2) The Industrial Credit & Investment Corporation of India Ltd., Bombay.
(3) The Industrial Development Bank of India, Bombay.
(4) The Union Bank of India Limited, Bombay.
(5) The New India Assurance Co., Ltd., Bombay.
(6) The South British Insurance Co., Ltd., Bombay.
(7) The South India Insurance Co., Ltd., Bombay.

BANKERS

STATE BANK OF INDIA at their main office at: Allahabad, Ambala, Bombay, Chandigarh, Cuttack, Jamshedpur, Jullunder, Lucknow, Ludhiana, Meerut and Patna.

FIRST NATIONAL CITY BANK at their main office at: Bombay, Calcutta, Delhi and Madras.

UNION BANK OF INDIA LIMITED at their main office at: Ahmedabad, Bangalore, Baroda, Bhavnagar, Bhopal, Bombay, Calcutta, Cochin, Coimbatore, Delhi, New Delhi, Hyderabad (Dn.), Indore, Jamnagar, Kanpur, Madras, Madurai, Nagpur, Poona, Rajkot, Surat and Vijayawada.

NATIONAL AND GRINDLAYS BANK LIMITED (Lloyds Branch) at their main office at: Amritsar, Bangalore, Bombay, Calcutta, Cochin, Darjeeling, Delhi, Gauhati (Assam), Hyderabad (Dn.), Kanpur, Madras, New Delhi, Simla, Srinagar and Tuticorin.

BROKERS

BOMBAY:
1. LEWIS & JONES, Bank of Baroda Building, Apollo Street, Fort, Bombay 1.
2. HARKISONDAS LUKHMIDASS, Stock Exchange Building, Apollo Street, Bombay 1.
3. P. R. SUBRAMANYAM & SONS, 70-A, Stock Exchange Building, Apollo Street, Fort, Bombay 1.
4. A. B. PANDIT & CO., 22, Dalal Street, Fort, Bombay 1.
5. NAVALCHAND T. SHAH & CO., 15, Union Bank Building, Dalal Street, Bombay 1.
6. K. J. SHAH & SONS, Old Stock Exchange Building, Dalal Street, Fort, Bombay 1.

CALCUTTA :
1. PLACE, SIDDONS & GOUGH (PRIVATE) LTD., 6 Lyons Range, Calcutta 1.
2. G. M. PYNE, 14, India Exchange Place, Calcutta 1.

MADRAS :
1. PATERSON & CO., Vanguard House (III Floor), 11/12, Second Line Beach, Madras-1.
2. CHITRA & CO., 322-323, Linghi Chetty Street, Madras 1.

NEW DELHI :
1. HARBANS SINGH MEHTA & CO., 32, Regal Building, Parliament Street, New Delhi 1.
2. BHARAT BHUSAN & CO., H-45, Connaught Place, New Delhi.
3. RAJA RAM BHASIN & CO., A-320 Defence Colony, New Delhi.

BANGALORE:
1. P. R. SUBRAMANYAM & SONS, "Shree Siva," 24, Fourth Street, Benson Cross Road, Bangalore 6.
2. NANJAPPAIAH JAHGIRDAR, 181, Cavalry Road, Bangalore 1.

AHMEDABAD :
1. NARENDRABHAI LALBHAI SHETH, Manek Chowk, Ahmedabad.

ROLE OF FORESTRY IN PAPER INDUSTRY

NEED FOR RAISING PRODUCTIVITY URGENT

By P. M. Taggarse

Superintendent of Plantations, West Coast Paper Mills Ltd., Dandeli

WITH the rapid industrialisation and the standard of living going up, India is now facing an acute shortage of raw materials in all spheres. Particularly so is the paper and pulp industry. The problem that now confronts the planners as well as the executioners is how best and soon could this shortage be mitigated. Unlike other industries or agriculture, wood-based industries have to depend upon long-term programmes for the raw materials, the main resources of which are from forests, and the majority of the forest areas in India are owned by the State Governments. Therefore, the consumers and the producers are to plan out on a mutual understanding and solve the problem of supplies in a co-ordinated manner and so manage the forests as to aim at a regular and perpetual productivity of suitable raw material.

India has 24 per cent of the land under forest, as against the world average of 33 per cent. Our national forest policy has also laid down that at least one-third of the land should be under forests. With even 28 per cent of the land under forests, the annual increment, that is the yearly output, is 0.5 cubic metre per hectare, as against the world average of 2.0 cubic metres per hectare. This means that, with the existing conditions of the forests, we may require four times the land area under forest. This is asking for the impossible. Therefore, in the existing forest areas, we have to strive and achieve a higher productivity by improving the existing condition of the forests. Unfortunately for us, the Indian forests, mostly classified as the tropical forests, consist of ever so many species most of which are considered unsuitable or uneconomic for any important industrial use. At present, the *per capita* consumption of industrial wood in India is 2.0 cubic metres per 100 persons. This forms 9 per cent of industrial wood to the total wood production. The world average is about 40 cubic metres.

Progress in Technology

In recent years, India has made good progress in technology in respect of wood-pulp, and other wood-based industries. This has made industrially acceptable woods of species which were so far considered unsuitable. More technological progress is expected in this field and it may be possible to consume more of such species which are now considered useless for the purpose. Whatever it is, the requirements of raw materials for the wood based industries are expected to touch a high line by 1975, and doubtless the industry would face shortages. Particularly the plight of the paper and pulp industry, which has to depend upon long-fibred raw materials, is very difficult. The tropical broad-leaved species are mostly short-fibred which are not quite suitable for the purpose. The only long-fibred material so far available is from bamboo and grass of some species only. This is evidently in short supply. The tropical climate in the majority of the Indian States does not permit the cultivation of pines, etc., which are of the temperate climates or higher elevations. Besides, the tropical forests do not produce any of the short-fibred species in a single crop, which makes the use of mixed short-fibre woods still more difficult in the pulp industry.

Viewed from all these shortcomings, the problem that poses before us is how best we could surmount this ticklish issue and that too in as short a period as possible. Unless this is critically analysed, studied and ways and means found out, the future poses a problem so bleak and unsteady. Unfortunately for us, the forests, unlike in many other countries, is a State subject where the Central Government cannot pursue a policy of its own to iron out the shortcomings and take suitable measures. It is always in an advisory capacity that the Centre formulates a policy for the States to follow. This is obvious from the remarks made by the Planning Commission that, in the first two Five-year Plan periods, no special works were undertaken to augment production of pulp-wood and, in the third Five-year Plan, as against a provision of 56,000 hectares for planting pulpwood, it is anticipated that only 47,000 hectares would be planted.

To achieve self-sufficiency in pulpwoods, as also other wood-based raw materials, it is high time the States considered reorientation of the forest policy. It will perhaps be necessary, as Mr. K. P. Sagreiya, I.F.S., as President of the F.R.I. and Colleges, in his talk to the members of Parliament in September 1963, had rightly pointed out, to reclassify the forests and allocate areas for different purposes. Each State should have national forests meant for the well-being of the nation as a whole, the preservation of which is necessary for climatic and geographic considerations. The conversion of certain forests as commercial forests for the supply of raw materials to the industries would be necessary. There are, of course, certain forest areas relegated to the production of timber and firewood. This perhaps would be the more balanced approach to the problems.

A Needless Misgiving

The Food and Agriculture Ministry, in the fourth Five-year Plan, has proposed raising of 20,000 hectares of bamboo, 40,000 hectares of fast growing species and 2,000 hectares of conifers plantations for which a provision of Rs. 7.5 crores is made. Will this be possible for all the States to fulfil? The Planning Commission's Resources and Scientific Research Division has suggested that paper mills interested in undertaking plantations of bamboo and other pulp-wood species should be encouraged by leasing out suitable areas of Government forests at reasonable rates. It is a known fact that many of the State Governments are quite averse to this suggestion. All the paper and pulp industries are aware of the fact that the raw materials are in short supply and many would be eager to raise their own plantations. The availability of land for raising plantations is posing a serious problem and challenge to

Forest Area, Growing Stock and its Increment

Country	Forest as % of geographical area	Forest area per 1,000 persons (hectares)	Growing stock (cubic metres per hectare)	Growing stock *per capita* (cubic metres)	Increment (cubic metres per hectare)
India ..	24	220	28	5	0.53
Asia ..	19	300	90	15	2.60
Japan ..	63	300	63	8	2.50
Europe ..	30	300	80	26	2.50
U.K. ..	7	30	89	2	3.50
U.S.S.R. ..	51	5,600	152	326	1.90
North America ..	39	3,800	100	1.88	2.80
U.S.A. ..	34	1,800	91	100	3.00
World ..	33	1,600	110	57	2.00

private concerns. With practically all the forest lands under the management of the States, where could the private concerns raise their own plantations? It is, therefore, in the interest of the national "build up" of the raw materials that the States should have a practical approach to this problem and implement the suggestion of the Planning Commission, by leasing out suitable forest lands to concerns which are earnest about it on reasonable lease conditions. The fear that such leasing out of forest areas would be misused appears to be unfounded. Industries are more anxious and eager to keep their concerns assured of sufficient raw materials and no doubts of misuse should be entertained on this account.

In other countries undergoing economic expansion, industrial plantations are raised on an extensive scale. In many countries, forests are private owned also. Finland, for instance, has 46 per cent of forests under private control and it is the main industry there. Therefore, to overcome the apparent shortage, a few suggestions made here may be considered by the States. Forestry, so far as it relates to raising industrial plantations, has to be put on a "war footing." All the State Governments should strive their best to achieve the targets for the fourth Plan period. Suitable forest lands should be made over to private concerns on reasonable lease conditions for raising their own plantations. Industrial Plantation Corporations should be established to make use of the private owned forests now in a deplorable and depleted condition to raise plantations, if necessary by suitable legislation. Vast areas lying as waste lands could be also channelised for this purpose. With this three-pronged attack, if it could be rightly called so, it will not be difficult to attain self-sufficiency in a decade or so. These are some suggestions to which the States could give a serious thought and implement them as quickly as possible.

The astounding progress made in other countries in raising plantations for wood-pulp and other uses should at least make us conscious of the fact. Eucalypts, which are the quickest growing trees so far known and the amazing way in which they grow in all regions, though with certain limiting factors have taken the stride, and many countries undergoing economic expansion have resorted to large-scale planting of eucalypts. Barring Australia, the home of eucalypts, which has 4 million hectares of eucalpytus, Latin America has 800,000 hectares, Mediterranean countries like Italy, Spain, Portugal, Morocco, etc., have 400,000 hectares, Africa 410,000 hectares, North America 10,000 hectares, Hawaii 14,000 hectares and New Zealand 10,000 hectares. In other regions, the use of eucalypts in plantations has become more widespread. India is perhaps nowhere in this race for self-sufficiency. Though short-fibred, eucalypts can be used for wood pulp in certain mixture and technique is fast developing whereby eucalypts could be used in much greater proportions.

Bamboo

The species of bamboo, which are long fibred, will always be in demand for good quality paper. This species could also be grown in suitable localities in India. Harvesting bamboo crop is usually from eight to ten years after formation of plantation and certain species would give an annual increment of anywhere between four and ten tons per acre.

With the apparent short supply of raw materials for paper manufacture, the management of the West Coast Paper Mills has lost no time in raising self-plantations of bamboo and eucalyptus, to supplement their requirement and attain sufficiency. The West Coast Paper Mills went into production in 195[illegible]. Though in the early teething troubles, as a[illegible] industries do have, the management, conscious of the fact that self-plantations are a must for all paper mills, built up the Forest Organisation both for the supply of raw material as well as for raising nurseries, and plantation and experiments. In 1960 the start was made and, in 1962, regular large-scale plantations of bamboo and eucalyptus were raised. To date the Company has 1,690 acres (836 hectares) of eucalyptus in a private owned depleted forest area, taken on long lease, about 50 miles away from Dandeli. In the concession area in Dandeli region the Company has 10,400 acres (4,160 hectares) of bamboo plantations. The average expenditure on raising and maintenance of eucalypius is about Rs. 300 per acre (Rs. 750 per hectare) and, for bamboo plantations, it is Rs. 150 per acre (Rs. 375 per hectare).

Concluding, I would draw the attention to the grave situation and urge the need for bringing about in all the States an atmosphere of the motto "Self-sufficiency by Self-plantations."

Notice

THE BURRAKUR COAL COMPANY LIMITED

AT A MEETING OF THE BOARD OF DIRECTORS held on Thursday the 26th November 1964, the following Dividends were recommended for declaration at the Annual General Meeting to be held on the 29th December 1964, subject to deduction of Tax.

On 22,998, 7 per cent Cumulative Preference Shares at the rate of 9.10 per cent per annum in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

On 45,000, 6 per cent Second Cumulative Preference Shares at the rate of 4.9 per cent per annum in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

On Ordinary Shares at 13 per cent per annum.

By Order of the Board.
BIRD AND COMPANY (PRIVATE) LTD.,
Managing Agents

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, *26th November*, 1964.

WAGE SYSTEM IN THE U.S.S.R.

INCENTIVES PLAY AN IMPORTANT ROLE

THE prevalent feeling in many of the backward countries is that wage differences in Communist countries are very minor and the earnings of people—most of them being wage-earners—are almost equal. This impression is not correct. All the available information indicates that wage differences in Russia—the biggest communist country—are much greater than those in India and in many of the so-called capitalist countries. In a particular industry, the wages of the highest paid workers are larger by 80-100 per cent than those of the lowest paid workers. There are also differences from industry to industry—the average earnings in coal industry being 130 per cent higher as compared with those in food industry. In many cases, regional allowances are paid, raising the income by upto 100 per cent. The aggregate effect of all these factors can be made clear by an illustration. Suppose the lowest paid worker in food industry gets a wage of 100 roubles per month. The wage of the highest paid worker would then be 200 roubles. On this basis, the highest paid worker in coal industry may get 460 roubles. And if the coal industry is located in a comparatively difficult area, his income may rise to no less than 920 roubles—more than nine times the wage of the lowest paid worker in food industry in a normal area, where there are no special difficulties.

These conclusions are derived from an article on the Industrial Wage System in the U.S.S.R., contributed by Mr. A. S. Shkurko, Deputy Director of Labour Research Institute of the State Labour and Wages Committee, Moscow to the *International Labour Review* (October 1964 issue) published by the International Labour Office, Geneva. The author has not provided any data regarding the wages paid to different categories of workers in the U.S.S.R., but he points out that nearly 75 per cent of the total income is paid directly to the worker as wages and that only the remaining 25 per cent is supplied by the State in the form of social benefits such as free education, care of children (free of charge or at favourable rates), free medical treatment, pensions, temporary incapacity allowances, regular holiday pay, free cultural amenities and subsidies for housing and communal services. These social benefits are increasing rapidly as percentage to the total income. As compared with 1953-59, whereas wages and salaries rose by 70 per cent, the benefits provided by the social funds have doubled.

The existing wage system was introduced in the U.S.S.R. between 1956-61. With the implementation of this system, wages and salaries were substantially increased, the change being introduced in such a way that the rise in lower categories was more than that in the higher categories, thereby narrowing the gap between the two. Uniform wages and salary scales were also introduced in individual industries and new payment and bonus systems were applied. Thus, those who are engaged in occupations or trades, not peculiar to any particular industry, are now paid uniform remuneration. Most of the industrial wage scales consist of six grades, the ratio between the lowest and the highest grade being 1:2.0 or 1:1.8. The scales rise gradually, so that workers have greater incentives to obtain promotions by improving their skills.

Wage Differentials

Wages are generally fixed in proportion to the quantity and quality of work; the rates being higher for more complex operations and for unhealthy and exhausting operations. There are three groups of gradings for different conditions of work, the wages rising up to 30 per cent of the normal rates. In most industries, piece-workers—who account for about 60 per cent of the manual workers—are better paid than time rated workers, because they are generally required to put more intensive effort on their jobs.

In some cases, the scales differ from industry to industry. It may be that some occupations, not being covered by standard occupational classification and being peculiar to a specific branch of the industry, need to be treated differently. Or it may be that a particular industry is very important. Whereas the wage rates are lowest in food and other light industries, higher wages are paid in coal mining, metallurgy, chemical and other heavy industries. As compared with the food industry, the average earnings are higher by 7 per cent in textile industry, 35 per cent in engineering, 66 per cent in iron and steel and 130 per cent in coal mining. This differentiation was introduced in order to ensure a regular supply of skilled personnel to these industries.

In areas where the natural conditions are difficult and there is shortage of man-power, regional allowances are paid to the workers, both to give them an incentive to move to such areas and also to compensate them for extra expenditure on daily needs. These allowances range from 10 to 100 per cent of the wage, depending upon the living and working conditions.

It must be noted here that the above mentioned wage structure relates only to unskilled and skilled manual workers, and excludes foreman, engineers, technicians and non-manual employees. Foremen, who represent the intermediate link between wage earners and salaried employees, get 10-15 per cent more than the highest paid manual worker in the industry. The salary of engineers, technicians and non-manual employees are fixed in accordance with the importance of the industry in which they work and their level of skill. But even in the same industry, it differs from unit to unit, due to the volume and complexity of work, which, in turn, depends on the number of subordinates, level of output, complexity of product and production process. Although the salaries are fixed at a higher level than the wages, the differentials between average salaries and wages have been brought down from 75 per cent in 1950 to 44 per cent now, by raising the wages of workers.

The payment of bonus to industrial workers is not a peculiar characteristic feature of the free world; it is prevalent in the Communist countries, too. But, whereas in countries like India, workers are entitled to bonus irrespective of their productivity and their contribution to raising the profits of the industry, in Russia bonus is paid only when specified quality and quantity requirements of the product are met or exceeded. Nearly two-thirds of the total industrial wage earners are covered by this benefit.

Forty per cent of the total industrial workers are time-rated. About 15 per cent of these hold the posts like caretakers, storekeepers and cleaners and are thus not in a position to effect the output materially. Bonus is allowed to them on straight time rates and is based on the grade and hours of work. In the case of remaining 85 per cent, it is related to the quality and quantity of production. The rates are generally 15-20 per cent of the basic wage, though they rise some times even to 30 per cent.

Bonus for Workers

By their very nature, payments on piece-rate basis do not provide any scope for bonus. However, more than half of the total piece-rated workers are given an added bonus for attaining or exceeding the quality and quantity of production, and better use of materials. This amounts to 10-20 per cent of the normal piece-rate earnings for achieving the target in some industries, an additional 1-2 per cent for every percentage point in excess of the targets of production and 1-3 per cent for each percentage point over and above the normal standard of quality. Special payments are also made in appreciation of the economy achieved in the use of raw materials and improved utilisation of plant and machinery.

Bonuses are paid to salaried employees, as well as to engineers and technicians, who are

(*Continued on page* 1011)

The party's over! This was a party of minds. Rather than men. There was plenty of food—for thought! The leftovers were, in short, used-up pencils and pads. And blades and clips. The venue: The Research and Development Department of the West Coast Paper Mills Limited.

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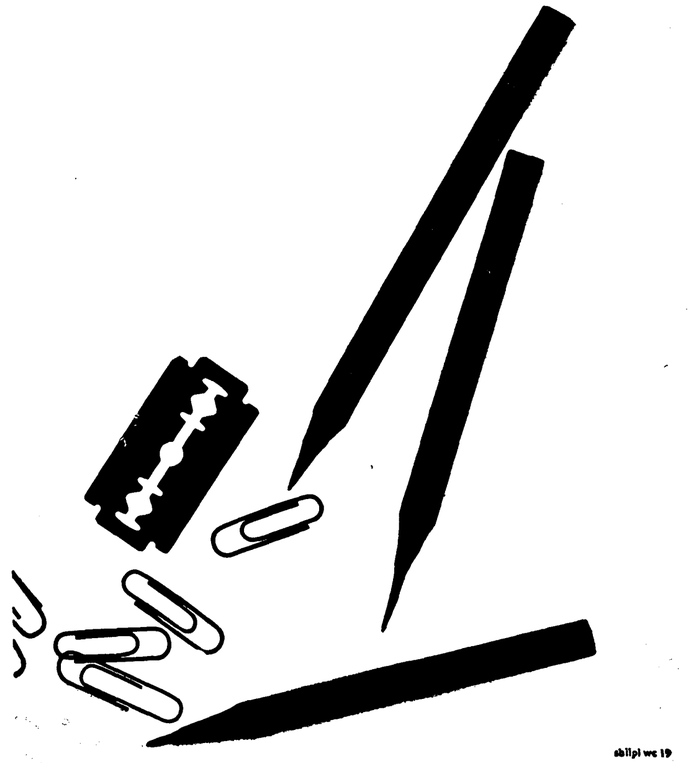

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LONG-TERM ROAD DEVELOPMENT

BETTER CONSTRUCTION TECHNIQUES BEING EVOLVED

THE third Plan's road development programme represents the first phase of the 20-year road plan drawn up by the Chief Engineers of the Central and State Governments for the period 1961-81. The broad objective of this long-term plan, it is well known, is that no village in a developed agricultural area should remain more than four miles from a metalled (surfaced) road and more than 1½ miles from any type of road. Its specific objective is to reach a total road length of 657,000 miles—252,000 miles of surfaced roads and 405,000 miles of unsurfaced roads—by 1980-81. The plan is also noteworthy for its broad order of priorities, according to which (i) on all arterial routes missing bridges should be provided and the road surfaces improved at least to one-lane black-topped specification, (ii) the main roads in the vicinity of large towns should be widened to two lanes or more, and (iii) the major arterial routes should have at least two-lane carriage way. The plan has further laid down that the first task in regard to rural roads should be their improvement to fair weather standard. All this, no doubt, represents a vast and difficult job. And yet, as Mr. Asoka Mehta, Deputy Chairman of the Planning Commission, recently said, one must underline the vital role that can and must be played by roads and road transport in locating and developing those hundred or two hundred growth-centres in the hinterland.

To what extent these objectives of the Plan will be achieved in its five-year phase (1961-66) is not clear. The only thing that the Union Ministry of Transport has indicated precisely in its report for 1963-64 is that, over the third Plan period, the total length of surfaced roads in the country is expected to increase from about 147,000 miles as on 1st April 1961 to 172,000 miles at the end of 1965-66 and that, during the first two years of the Plan, about 11,000 miles of surfaced roads were added to the road network. It may, however, be broadly inferred from the revised financial allocations for road development under the Plan that the ultimate physical achievements may exceed or, at least, not fall short of the original targets. The third Plan, it will be recalled in this connection, originally provided for an outlay of Rs. 272 crores on roads —Rs. 222 crores by the States and Rs. 50 crores by the Centre. The estimate of the cost of the States' programme has since been revised to Rs. 241 crores and that of Centre's programme to Rs. 175 crores. The large increase of Rs. 125 crores in the States' programme is partly accounted for by schemes connected with the Emergency which are expected to cost Rs. 76 crores. Actual expenditure on roads during the first three years of the Plan aggregated Rs. 220 crores—Rs. 142 crores by the States and Rs. 78 crores by the Centre, leaving a balance of Rs. 196 crores to be spent in the last two years—1964-65 and 1965-66. It remains to be seen whether the revised expenditure target will be fully reached and what would be the physical achievement in terms of roads. As far as the fourth Plan is concerned the proposals are expected to be drawn up in the light of the projection that the number of commercial vehicles on road will be almost doubled by 1970-71. They are also expected to reflect the present trend of thinking in the Planning Commission presumably in the light of its Transport Policy Committee's working. The ideas that are taking shape in this connection are:

1. In the planning of road development, it is of the utmost importance to take an overall view and develop a connected network of national highways, State highways, district roads and village roads. It is equally important to connect State road systems by developing inter-State road links.

2. As the limitations arising from scarcities of materials and of construction equipment are as important as the limitation of financial resources in the road construction programmes, greater attention should be given to the indigenous manufacture of materials and equipment.

3. There is need for application of scientific and technological methods in road construction with a view to achieving better techniques and economics and to reducing costs of road building and maintenance.

4. Traffic studies and surveys with a view to evolving suitable methods of improving the road system should be undertaken in different regions.

Roads Congress Discussions

The last two ideas mentioned above have also just come in for discussion at the twentieth annual session of the Indian Roads Congress, held at Jaipur this week. Referring to scientific road designs, Mr. Z. S. Shah, a road engineer, has emphasised, for instance, that, in flexible road pavements, it is the sub-grade soil which has to carry the traffic load and that building up the pavement with stronger material is necessary to enable the latter to withstand the stresses set up by imposed traffic. Consequently, the highway engineer's main problem is one of deciding the thickness to which these should be laid over the sub-grade. Gone are the days when an engineer used to press his heel into the soil, equated the sensation this produced with the estimate of traffic loads and mentally assessed what thickness of available strengthening material would be required. Fortunately for the road user, the taxpayer and, above all, the engineer, the science of road design has come a long way since, for, as Mr. Shah has put it, the intuitive approach has been replaced by an analytical approach. The new procedures, according to his claim, provide better roads and ensure for the taxpayer better value for his money.

The scientific development of the new road pavement design has involved, incidentally, years of research and experiment. In such research, it has been assumed that a flexible pavement would behave as a three-layered elastic structure—the top layer representing all the bitumen-bound courses, the middle layer the unbound granular layers and the sub-grade the bottom layer. Stresses and strains in such a structure due to imposed traffic have been calculated by the use of general elastic equations. Through a process of identifying the critical stresses and strains in a pavement, it has been possible to express the life of the pavement in terms of the number of standard axle loads rather than traffic. The values for the moduli and permissible strains in the three principal layers have been used in calculations to find the thicknesses of the various layers required for any particular wheel load and soil. The results obtained have been expressed in the form of design curves in which the thickness of the asphalt layer is plotted against that of the unbound granular layer. For any particular design curve a suitable construction is also indicated. It would appear from this brief review of research presumably in the Central Road Research Institute that the surfaced roads of the future are likely to be of better and improved design.

Traffic Studies

As for traffic surveys in the light of which future development of roads and road transport is intended to take place, another highway engineer has highlighted several lines of specific enquiry. In view of the fast growth of automobile traffic, industries and population in cities, detailed surveys of vehicle volume and composition of traffic and of origin and destination of traffic and people, studies of vehicle speeds and delays, vehicle registration trends, vehicle and axle loads, pedestrian traffic, etc. have, according to him, become necessary for evolving standards for road design and construction. The surveys relating to vehicle, volume and composition of traffic, it is said, would be most useful, for volume data are needed not only in planning and design but also in economic analysis for establishing priorities and the schedules of traffic improvements. Maximum hourly volumes and average daily volumes, it is said, are commonly used in the planning, design and operation of traffic facilities. Traffic demands in vehicles per hour per traffic lane are also essential for dealing with problems of high class facilities.

Speed studies are considered essential to determine the magnitude, range and distribution of speeds under the prevailing condition of the roadway and operation regulations, to correlate speed and accident as a guide to the use of traffic control devices, to measure the effect of speed control measures and to determine the need for such measures. Delay studies are intended to determine the amount, causes, location, duration and frequency of traffic delays, as well as the running speed between specified points on a route. Origin and destination studies are equally important, for they are calculated to determine the selection of route, the length of trip and the direction of travel of all classes of motor vehicles and of people. The desired lines of travel, it has been found, have a great bearing on the actual location of routes and the satisfactory provision of facilities at pre-determined intersections. It may be noted finally that the vehicle and axle load studies, referred to earlier, are necessary for the evolution of ever-more durable road design techniques. All these studies, some of which are stated to be under way in selected places, seem to be worthwhile. But how all of them will be carried out and what machinery are being established for the purpose are not known.

LOCKHEED'S SUPERSONIC AIRLINER DESIGN

The supersonic transport design programme, submitted recently by the Lockheed-California Company to the U.S. Federal Aviation Agency, is calculated to ensure safe and cosy supersonic jet airliner travel in the near future. The Company has so designed its programme as to achieve major advances in operating economy, range-payload characteristics and airline profitability. It has also offered three different fuselage sizes by which optimum use can be achieved. But for the different fuselage lengths and passenger capacities (these range from 170 to 250 passengers) all the three designs have the same maximum take-off weight and the same wing, landing gear systems and engines. Each version of the airliner is set to cruise with full payload at three times the speed of sound, at 2,000 m.p.h. to be precise, and high above the weather at altitudes between 70,000 and 80,000 feet.

One important feature of the supersonic airliner is that uninterrupted vision for the pilot on take-off and landing is provided by the plane's "weather vision nose." The nose section, forward of the flight deck, can be adjusted downwards by as much as 15 degrees to facilitate landings under extremely poor visibility conditions. It is also compatible with basic airport facilities, including runway length and strength, and it is designed to make less noise than the present-day subsonic jet liners. It has significantly improved sonic boom characteristics and aerodynamic efficiency.

As its programme is based on global market surveys and the traffic growth pattern predictable for the period 1970-90, the Company is confident that its airliner would eclipse the highly successful subsonic jets as a money-spinner for domestic and international operators. It goes without saying that years of engineering research, involving millions of dollars and man-hours, have gone into the Company's resultant supersonic transport design. If the programme comes into practice, trips between Paris and New York will take just three hours and New York and Los Angeles will be brought within two-hour commuting time.

DON ATOMIC POWER STATION IN U.S.S.R.

The Novovoronezh Atomic Power Station on the banks of the Don has just been switched into the integrated power grid of the European U.S.S.R. The generating capacity of the first unit is 210,000 kilowatts. The capacity of the second unit, which is already under construction, will be 365,000 kilowatts.

A conventional thermal power station of 210,000 kilowatts, incidentally burns over 2,000 tons of coal a day, as compared with about 800 grams of uranium—235 burned by the atomic power station. The atomic reactor contains over 30,000 thin zirconium tubes filled with small tablets of sintered uranium dioxide. The reactor, together with the fuel elements, weighs over 400 tons.

The reactor is installed in a thick-walled concrete shaft. Its maximum height, together with the control and protection system's drives, is 18 metres. There is another shaft a short distance away, where used fuel elements will be immersed in water to reduce radio-activity. The transfer of used elements from the reactor to the cooling pond is done under water.

The dosimetrical control service is claimed to be of the highest standard at the station. Automation and telemechanics are widely used there. The human element has been replaced by instruments wherever special accuracy is required.

NON-FERROUS METALS

India's present annual requirements of non-ferrous metals are estimated at Rs. 60 crores. They are expected to touch a high of Rs. 230 crores by 1970-71, thanks to their increasing use in industries. Domestic production of non-ferrous metals at present is too meagre to meet the demand which, in turn, necessitates heavy imports, involving a drain on the valuable foreign exchange reserves. Mr. A. L. Sabharwal, Chairman of the Development Council, for Non-ferrous Metals, has, therefore, done well to stress the need for a higher priority for the production of non-ferrous metals in the country at the meeting of the Council held at New Delhi on 25th November 1964.

The Council has also examined, *inter alia*, the problems in respect of the production and use of non-ferrous metals. The progress so far achieved in the cable industry has also been reviewed at some length. It has been recommended, in this connection, that aluminised wire should be used in the place of galvanised wire and that future expansion of the cable industry should be on the basis of aluminised wire. Further steps to expand the capacity of the industry to meet the fourth Plan targets have also been broadly discussed.

NEW PRODUCTS AND PROCESSES

Revivor-narcosis Apparatus

A SIMPLE but effective revivor-narcosis apparatus that does not require oxygen to function properly has been developed by the Swedish Aga Company. It was shown for the first time in Sweden during the "Medical Care and Health" exhibition in Gothenburg. The device is designed for emergency use at smaller medical units such as Red Cross stations and military hospitals in the field. If oxygen is not available, the apparatus, which is manually operated, functions on ordinary air. The "Aga Revivor" consists primarily of a non-respiratory vent, a gas tank and a gas bladder which refills automatically. The non-respiratory vent is an entirely new design comprising one inhaling and one exhaling unit. They are separated in such a fashion that the two breathing operations do not mix, which prevents the patient from inhaling air which is saturated with carbon dioxide. When artificial respiration is applied with a traditional anæsthetic gas bladder, compressed air is required for refilling and the amount of gas has to be exact. The automatically refilling gas bladder combined with the new two-way gas tank eliminates filling irregularities. The gas tank consists of coil tubing with one end attached to the non-respiratory vent and the other end open. When the gas bladder is filled, the surplus oxygen is channelled back to the gas tank and can be used the next time the bladder is filled. By attaching a draw-over gasifier between the open gas tank and the non-respiratory vent, the apparatus can be used for anæsthesia with air-over-ether or air-over-fluothane without adding oxygen or laughing gas. Should the supply of narcosis gases become short it would not matter, since the gases are automatically replaced by ordinary air.

Transformer Laminations

A machine developed by Radman Tools Ltd., Worcester, England for the automatic production of high voltage transformer laminations from coiled silicone steel strip uses a diffraction grating to control the length of cut. This is claimed to eliminate the delay caused in conventional machines by the feed-back of the gripper head between cuts. Length of cut, selected by pressing a series of buttons, is numerically controlled through a diffraction grating which governs electronic control equipment. This in turn governs hydraulically-driven feed rolls, so that the material travels the pre-selected distance before the cut is made. The number of components to be cut is dialled on disc controls. Increase in production claimed over conventional machines vary with the length of cut and are greater for longer lengths.

Walking on Water

Walking on the water has long been a dream of man. An invention to enable one to accomplish this feat has been developed by a Japanese manufacturer, Sun Co. Ltd., Tokyo. This new innovation is a vinyl pneumatic toy shaped like a pair of huge shoes. By putting one's feet in the holes of this toy called "*Pelica*," one can "walk" freely on the water, using "ski poles" with floats attached. With proper means and applications, Pelica enables users to enjoy various unique water sports and can increase the variety of water amusements, according to the manufacturer. The body of Pelica is made of special quality vinyl which is said to have high tensile strength and elasticity. The vinyl material resists heat and low temperatures, and its colour is fast and does not fade. The body is composed of two vinyl sheets, which are plastered together.

Photo Calculator

An aid for commercial photographers and printers giving immediate answers to problems of enlargement or reduction of prints is available in the form of a pocket calculator. Accountants, engineers and others who have to work out ratios and percentages will also find a ready use for the gadget which consists of two dials, one of which is moveable to set length and breadth, or any other data. By moving a cursor, the new dimensions, or proportions are shown immediately. It is made by Grevilles Photographic Services, 311 Bath Road, Slough, England and will be of great service to professional photographers, blockmakers and litho printers.

Stronger Lead

Lead in a new physical state, with mechanical properties not found in ordinary lead, is being produced by Associated Lead Manufacturers Ltd., London. Dispersion-strengthened, it has a strength, temperature stability, and resistance to creep and fatigue much greater than those of ordinary lead. Its chemical properties remain unchanged, retaining excellent corrosion resistance. The process involves the controlled introduction of small amounts of lead oxide into lead powder, starting with a thin surface coating of lead oxide on each powder particle. Special fabricating processes are then employed to produce shear forces that rupture the oxide film, resulting in an intimate and homogeneous dispersion of small oxide fragments throughout the matrix of metallic lead. The mechanical properties of dispersion-strengthened lead are superior to those of any commercial lead alloy, and its inherent thermal stability cannot be obtained with ordinary lead or, to any useful degree, with conventional lead alloys. Dispersion-strengthened lead with a five per cent oxide content, at 80° C., has an ultimate tensile strength of 5,500 p.s.i. and an elongation of only eight per cent. By comparison, Type A chemical lead (a very pure form) at the same temperature has an ultimate tensile strength of 1,600 p.s.i. and an elongation of 50 per cent.

Processing of Ramie

The Jute Agricultural Research Institute in Calcutta has developed a process of degumming ramie, the strongest vegetable fibre known. Ramie, according to technologists, is four times stronger than silk, and is hardly damaged by water and atmospheric humidity. The fibre is, therefore, used for making hose pipes and rot-proof textiles. Blended with other fibres like nylon, rayon, cotton and wool, ramie can produce attractive fabrics. It is lustrous, dyes beautifully and retains the colour better than other fabrics. The soil, rainfall and topography of certain parts of India are ideally suited to the development of ramie plantation, but any large-scale cultivation of the plant for a new source of textile fibre in this country has been impeded by the lack of knowledge of processing the fibre from the stem. The ramie fibre, unlike jute, is mostly cellulose, with a gummy coat that has to be removed by microbial or chemical action. The Jute Agricultural Research Institute has shown that a strain of *Bacillus subtilis* largely removes the gummy coat without affecting the ramie fibre. The remaining traces of gum are cleared by alkali extraction. The economics of the process is to be assessed soon in a pilot project.

Shearing Machine

The largest steel billet shearing machine to be made in Japan has just been put on the market by Nippon Kokan K.K. Weighing about 60 tons, it has a capacity of 1,200 tons and can be adapted to carry out various metalworking operations. It is claimed to be highly accurate and to cut at much greater speed than a bandsaw. Maximum diameter of round steel bars that the machine will cut is 200 mm., while maximum shear width when dealing with square-sectioned bars is 180 mm.

Quick-setting Ceramic Glaze

A quick-setting ceramic glaze developed by two German companies enables them to omit a time-consuming step in the production of decorated porcelain. Lack-Albrecht G.m.b.H., of 33, Wallaustr., Mainz, and F. X. Leopold, of 20, Osterreicherstr., Zirndorf via Nurnberg-2, coat dry ceramic articles with the glaze in the usual way. But instead of having to bake them to set the glaze—before decorating them with coloured ceramic pastes and re-baking them—they just let the glaze set, decorate and then bake. The decoration is stated to have high gloss and to resist wear because it diffuses into the glaze.

One-way Milk Distribution System

What is claimed to be the first fully one-way system of packaging and distributing milk is at present being tried out in Malmö, Sweden's third largest city. Developed by Tetra Pak—the Swedish company that introduced tetrahedral throw-away containers over a decade ago—the system is based on a new type of brick-shaped container, Tetra Pak Brik, and the use of ordinary water-resistant wrapping paper instead of distribution crates. Milk is considered a "difficult" product in the trade. It took some time for the throw-away pack to become established, and even today the containers are usually transported in heavy returnable crates of wood or metal. Even though Tetra Pak designed a stackable lightweight crate, the company believed that the system could be further developed to meet the requirements of the ultramodern self-service store where manual handling is kept to an absolute minimum and every type of returnable material is in principle unacceptable. Tetra Pak Brik was developed with this in mind. It is so designed that the packs can be distributed wrapped in ordinary wrapping paper and nothing else. A parcel containing 12 one-litre packs has been found a suitable unit of distribution, which also fits on European standard loading pallets. An entire consignment can thus for a large shop be transported directly into the cold store. Since the individual pack has no air space when filled, it keeps its shape and does not burst when a load presses on it from above. The liquid inside absorbs the pressure and distributes it evenly all round. The four flaps that stick out when the pack is formed are folded in and serve as a pouring lip and as reinforcement. Eliminating bulky crates, Tetra Pak Brik containers make better use of expensive cold storage space. In display counters in the stores, 144 litres of milk will fit into a 40×120×34 cm. area.

Window Fan

A ventilation fan which can easily be installed on the window pane instead of the wall has just been developed. Made of plastic, this ventilation fan called "Win Pet" is free from rust, according to its manufacturer, Matsushita Electric Co., Tokyo. As the conventional ventilation fans had been designed to be installed on the wall, their installation was troublesome. With the Win Pet, however, it is not necessary to break the wall. By cutting a round piece out of the window pane, the Win Pet can easily be installed, according to the manufacturer. Another advantage of this six-wing ventilation fan is its bearing made of oilless metal which makes its motor noiseless.

Everlasting Flash Lamp

The German Academy of Science has patented a design for a high-intensity gas-discharge lamp that, theoretically, should never burn out. The secret of its long life is claimed to lie in preventing the inner surface of the glass from becoming coated with condensed metal vapour so that short-circuiting between anode and cathode cannot occur. The tubular glass envelope of the lamp contains the usual tungsten anode and mercury cathode but between the two is an inert gas at such high pressure that mercury vapour forms at concentrations too low for deposition. Repeated light flashes are produced when an electrical discharge bridges the gap, its intensity depending on voltage. The lamp can thus be used for photographic work or for winking navigation lights.

Paper Filler

In order to improve the already good properties of the magnesia silicates as filler in the paper industry, an Austrian firm, Messrs. Talkumwerke Naintsch, Kiwisch & Co., Freiheitsplatz, Graz, has developed a filler produced accor ing to a special dressing process. Its a vantages are that it improves the quality of t paper, simplifies the production process and ther by reduces its cost of production. The filler other qualities are its better sheet formatio larger tension length, improvement of the prir and writeability, less dusty nature and a diminis ed tendency to turn yellow. Contrary to simila products, this filler effects a better imperviousne of the paper. The new product's essential pr perties are among others: simpler glazing and detaching of the web of paper from the press, no peeling and no inclination to form folds on the calendars. It has the best filler yield (70 per cent or more) and a favourable influence on the drainin of the material on account of the good retaining properties and promotes the dry content of the web of paper.

Ore Analyser

A new automatic on-stream analysis system for mineral ore processing plants, developed by a British firm, enables low-grade ores to be processed profitably. The system is built around a multi-fixed-channel X-ray fluorescent spectrometer, and incorporates digital computing elements for the direct presentation of results. It will analyse the copper content of six continuous sample flotation streams and the copper/iron content of six continuous tailing sample streams (containing trace elements). It also incorporates provision for the analysis of the titanium content of three further flotation streams at a later stage of the project. The accurate and continuous sampling of the mineral content of the ore entering the flotation plant will enable the process to be controlled in the optimum manner to produce the maximum output of copper, iron and titanium.

Inexpensive Double Glazing

Inexpensive double glazing for hard American winters is provided by rigid aluminium frames which the householder assembles and covers with transparent plastic film. They are then fitted into the window frames outside the glass panes. Virginia Iron and Metal Company, Box 8664, Richmond, Virginia, U.S., sells the assemblies of aluminium rod and plastic. Assembly of the frames is said to be easy.

Waveform Generator

A new low-frequency waveform generator, developed in Britain by Servomex Controls Ltd., Sussex, can produce 90 distinct waveforms in the audio and servo frequency ranges and yet is small and light enough to be carried in one hand. Unlike the conventional generator, which produces waveforms continuously, it can produce a single waveform, or even half of one. The generator, in which transistors and printed circuits are used extensively, has a frequency range of 0.002 to 2,000 cycles per second and produces all the 90 waveforms without any ancillary equipment whatever. The output voltage is zero to 10 volts peak in three ranges, with maximum peak voltages of 10 volts, 1 volt and 0.1 volt. The instrument has a direct frequency dial and the output voltage can either be balanced about the zero line or polarised. This produces additional waveforms and some delayed waveforms. A special feature is that it can be keyed; the application of an external "paralysing" voltage will stop the main generator, allowing one or more cycles to appear.

NEW IDEAS IN BRIEF

Porous plastic tubes can be used for drainage conduits, and for bubbling air through sewage sludges and chemical liquids in a process developed by Shell Internationale, Research Maatschappij, 30 Carel van Bylandtlaan, The Hague, Netherlands.

Aluminium components such as building facing panels, doors, window frames and fittings can be given a range of colours from yellow to dark brown or black by modifying the usual solutions used for anodising in a system produced by Vereinigte Aluminium-Werke, Am Nordbahnhof, Bonn, West Germany.

A new process adapts the standard phosphoric acid production system so as to produce pure phosphoric acid from fertiliser-grade phosphoric acid at a cost equivalent to a fraction of the near 40 per cent price difference now existing between the two grades. It is being developed by Israel Mining Industries, Haifa, Israel.

A floor-cleaning fluid has been developed that thoroughly cleans any surface and is also anti-bacterial by Floor Treatments, High Street, High Wycombe, England.

A dishwasher which scrubs dishes by blasting small foam-rubber-coated particles against them in the jet of detergent water has been designed by Dr. I. W. Lepper, Berghaus Heckenfels, Honnef am Rhein, Germany.

A new method of capturing aerosols, fumes and fog in a low-frequency acoustic field has been developed. Information about this is available from: Leningrad Institute of Aviation Instrument Making, Leningrad, Russia.

Russia has produced an artificial hand that can "feel" by sending signals on the strength of the grasping effort of the fingers back to the nervous system, according to the Soviet Information Service, 3 Rosary Gardens, London, S.W.7.

Development of a technique for tunnelling through hard rock or cutting coal has been claimed by J. Wohlmeyer, 13 Blaasstrasse, Vienna 19, Austria.

A type of heavy optical glass which is not susceptible to spotting has been patented by Ernst Leitz, Wetzler, Germany.

The first standard for solar water heaters to be prepared by any country has just been published in draft form, according to the Standards Institution of Israel, Bney Israel Street, Ramat Aviv, Tel Aviv, Israel.

LIFE INSURANCE CORPORATION OF INDIA

CHAIRMAN, MR. B. K. KAUL, REVIEWS PROGRESS

TOTAL BUSINESS IN FORCE RECORDS PHENOMENAL RISE

THE total business of the Life Insurance Corporation of India has recorded a phenomenal rise of 12.8 per cent during the year ended 31st March 1964, from Rs. 3,165 crores under 95 lakh policies as on 31st March 1963 to Rs. 3,571 crores under 103.28 lakh policies, which is almost three times the business in force of all the insurers taken together as on 31st December 1955. This was revealed by Mr. B. K. Kaul, I.C.S., Chairman of the Corporation, in his statement at the Hundred and second Meeting of the Corporation held at Bombay on Monday, 30th November 1964. Mr. Kaul disclosed that the percentage of the first insurances, that is, policies taken for the first time, during the year under review had increased from 69.5 in the last accounting period of 15 months to 70.5 in the year under review. The new business itself, however, had suffered a marginal decline from Rs. 708 crores in 1962-63 to Rs. 703 crores. This decline was attributed by the Chairman to the rising cost of living as also the Compulsory Deposit Scheme. There was also a slight setback in the foreign business transacted by the L.I.C. from Rs. 10.58 crores in 1962-63 to Rs. 10.21 crores in 1963-64, which, Mr. Kaul stated, was due to a shortfall in business in Mauritius and East Africa.

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

The draft of the annual report and the statement of accounts for the period 1st April 1963 to 31st March 1964 have been circulated and are now before us for consideration.

The country suffered an irreparable loss in the sad and sudden demise of Jawaharlal Nehru. At its meeting held on 29th June 1964, the Corporation passed a resolution placing on record its deep sense of sorrow at the passing away of our beloved Prime Minister. The Corporation was proud to recall the privilege of having him on 26th December 1963 in Bombay to declare open its new headquarters, 'Yogakshema,' and his inspiring words on that occasion which would guide the Corporation in carrying on such activities from 'Yogakshema' as would contribute its humble share in the various tasks of national reconstruction so dear to him.

New Business

During the year under review, our new business amounted to Rs. 703 crores under 16.46 lakh policies as against Rs. 746 crores under 17.68 lakh policies in the previous accounting period. As that period comprised 15 months while the period under review covered 12 months only, a direct comparison of the figures is not possible. However, the new business performance during the year under review may be evaluated by comparison of business completed in the period 1st April 1962 to 31st March 1963. During this period the Corporation completed a business of Rs. 708 crores. There has thus been a slight reduction in new business.

The rise in the cost of living during the year under review as also the introduction of the Compulsory Deposit Scheme, which affected the taxpayers, had their inevitable repercussions on our business. In addition to this, natural calamities like famine conditions in some parts of the country and excess rainfall in others also had their adverse effect on our business. The shortfall in business is only marginal and, in the context of the prevailing conditions, the achievements should be considered as fairly satisfactory.

First Insurances

As many as 11.54 lakh policies, forming 70.5 per cent of the total policies issued during the year, were taken by persons who were insuring for the first time. The corresponding figure for the previous accounting period of 15 months was 12.22 lakh policies, being 69.5 per cent of the total policies issued. This confirms the trend of growing insurance-consciousness and gives satisfaction that the message of insurance is being taken to more people who have hitherto not availed of life insurance protection for their families

Rural Business

5.85 lakh policies assuring Rs. 209.40 crores were issued to people in rural areas. The corresponding figures for the accounting period of 15 months ending 31st March 1963 being 6.77 lakh policies assuring Rs. 233.45 crores. The classification of urban and rural areas is the same as adopted in the 1961 Census.

The scheme for collection of premiums through selected post offices in rural areas, where banking facilities do not exist, which was operating in Jaipur district of Rajasthan, has since been extended to the whole State of Rajasthan. The postal authorities have also agreed to extend the scheme to the States of Andhra Pradesh, Kerala, Madras and Mysore, and the details are being settled.

Offices

As on 31st March 1964, we had offices in 251 out of the 316 districts and in five out of ten Union Territories in India. We also had Development Centres in 32 of the remaining districts and in one of the Union Territories. The programme for 1964-65 is to open two branch offices, three sub-offices and 17 development centres.

Non-Medical Business

During the year 7.21 lakh policies assuring Rs. 164.87 crores were issued under the Non-Medical Schemes: 2.38 lakh policies assuring Rs. 36.36 crores being under the Non-Medical General Scheme and 4.83 lakh policies assuring Rs. 128.51 crores under the Non-Medical Special Scheme. It may be mentioned that under the Non-Medical Special Scheme, proposals are entertained for amounts upto Rs. 10,000 from special categories of persons in civil employment and also category A-1 of commissioned officers in the armed forces.

Salary Savings Scheme

Under the Salary Savings Scheme, we issued during the year under review 2.71 lakh policies assuring Rs. 81.47 crores as against 1.93 lakh policies assuring Rs. 61.03 crores during the previous accounting period of 15 months. I am glad that the scheme is proving popular with the employees and employers in general. More and more employees are coming forward to make the premium deduction a first charge on their salaries, thus ensuring insurance protection for their families with least inconvenience to themselves.

I am happy that in addition to the existing scheme for employees of Kerala State Government, satisfactory arrangements were made with the Governments of Rajasthan and Punjab for introducing the salary savings scheme amongst their employees. In July 1964, similar arrangements have been made with the Government of Orissa.

Group Insurance and Group Superannuation Schemes

New business amounting to Rs. 12.30 crores was written during the year under the group insurance schemes and under the group superannuation schemes. Life annuities of Rs. 2.86 lakhs per annum were granted. The comparative figures for the previous 15-month period were Rs. 10.49 crores and Rs. 5.05 lakhs respectively.

Business in Goa

The policies issued by the erstwhile Portuguese companies to Indian citizens resident in Goa, Daman and Diu vested in the Corporation as from 8th June 1962, which has been fixed as the appointed day while applying the Life Insurance Corporation Act to these territories, *vide* notification issued on 29th February 1964 by the Government of Goa, Daman and Diu. How to meet the deficit in respect of this business is being discussed with the Central Government.

Foreign Business

During the year the Corporation issued 8,532 policies assuring Rs. 10.21 crores in the foreign countries where it is operating, as against 9,498 policies assuring Rs. 11.24 crores during the previous accounting period of 15 months. For the sake of comparison, it may be mentioned that during the period 1st April 1962 to 31st March 1963, the Corporation issued 8,885 policies assuring Rs. 10.58 crores. The slight setback in the business is due to a shortfall in business in Mauritius and East Africa. At other places there was satisfactory progress.

Business in Force

The total business in force as at 31st March 1964 was Rs. 3,571 crores under 103.28 lakh policies as against Rs. 3,165 crores under 95 lakh policies as at 31st March 1963, thus recording 12.8 per cent increase during the year under review. I may mention that the business in force as at 31st March 1964 is almost three times the business in force of all the insurers taken together as at 31st December 1955.

Lapse Ratio

The ratio of lapses to mean business in force was 8.2 per cent during the year as against 8.1 per cent during the period 1st January 1962 to 31st March 1963. The impact of the general economic conditions and of the compulsory deposit scheme on the saving capacity of the insuring public would be expected to have an adverse effect on the lapse ratio. From the very slight increase in the lapse ratio, it appears that the various steps which the Corporation took to control lapses are bearing fruit and the rising trend has been arrested.

Valuation

During the year the Fourth Valuation of the Corporation's business as at 31st March 1963 was completed. Usually the Corporation's business is valued biennially but consequent upon the change in the accounting year of the Corporation, it was decided that the Fourth Valuation should cover the 15-month period ending 31st March 1963. As a result of this valuation, Rs. 25.03 crores were allocated to the participating policies. The rates of reversionary bonus allowed to the policies issued by the Corporation were increased from Rs. 16 per thousand sum assured per annum to Rs. 17.50 per thousand sum assured per annum in the case of whole life policies and from Rs. 12.80 per thousand sum assured per annum to Rs. 14 per thousand sum assumed per annum in the case of endowment policies. In the case of policies issued by the erstwhile insurers corresponding increased bonuses were allowed in accordance with the scheme of differential bonuses.

Underwriting of Female Lives

As a result of the review of the conditions for grant of assurances to female lives, a new categorisation for grant of such assurances has been adopted and joint life assurances on the lives of husband and wife have been reintroduced, subject to the condition that both should be earning and the amount of insurance should be commensurate with their separate incomes.

Premium and Other Income

The premium income for the year under review amounted to Rs. 146.32 crores against Rs. 150.38 crores in the previous accounting period of 15 months. The total income for the year under review was Rs. 179 crores as against Rs. 185 crores during the previous accounting period of 15 months.

Life Fund, Investments and Total Assets

The Corporation's Life Fund as at 31st March 1964 was Rs. 808.36 crores, registering a handsome rise of Rs. 88.80 crores over the adjusted Life Fund at the beginning of the year. Of the total investments in India of Rs. 707.60 crores, the public sector accounted for 75.5 per cent, co-operative sector 4.3 per cent, the joint sector 1.0 per cent and the private sector 19.2 per cent. During the year, 70 new issues were agreed to be underwritten to the extent of an aggregate sum of Rs. 13 crores.

The total assets of the Corporation as at 31st March 1964 amounted to Rs. 880.57 crores as against Rs. 785.94 crores as at 31st March 1963. The net increase in the assets of the Corporation, since its inception, amounted to Rs. 466 crores.

Rate of Interest

The income from interest, dividends and rents before deduction of income-tax was Rs. 38.25 crores as against Rs. 39.38 crores during the 15 months ended 31st March 1963. The gross rate of interest realised on the mean Life Fund was 5.11 per cent per annum as against 4.76 per cent per annum during the previous accounting period.

The net rate realised was 4.07 per cent per annum against 4.08 per cent per annum during the previous accounting period. The net rate of interest has not increased commensurately with the increase in the gross rate due to the fact that a refund of tax of about Rs. 4.04 crores in respect of the previous accounting period had not been received in the year as the income-tax assessment of the Corporation had not yet been finalised. If this refund of tax of Rs. 4.04 crores had been received in the year, then the net rate of interest would have been 4.61 per cent.

Expense Ratio

The overall expense ratio for the year has come down to 27.5 per cent from 29.3 per cent in the previous accounting period of 15 months. The renewal expense ratio has also come down from 14.13 per cent to 12.46 per cent. This is gratifying because the reduction has been achieved in spite of the increase in salaries and allowances of employees in classes II, III and IV.

Claims

During the year the claims inclusive of bonus additions amounted to Rs. 33.86 crores under matured policies and Rs. 10.80 crores under policies becoming claims by death. The total claims for the year amounted to Rs. 44.66 crores as compared with Rs. 43.96 crores in the previous accounting period of 15 months. The outstanding claims as at 31st March 1964 amounted to Rs. 14.91 crores as against Rs. 13.55 crores as at 31st March 1963.

The percentage of outstanding claims as at the end of the accounting period to claims arising during the period has been gradually coming down. It was 49.9 per cent for the year 1959, 40.8 per cent for the year 1961 and 33.4 per cent for the year under review. We are constantly endeavouring to reduce delays in settlement of claims. During the year a "Service to Claimants Campaign" was initiated and our branch managers and assistant branch managers called on a large number of claimants personally to render them assistance for early settlement of claims. This form of service to the claimants will be rendered as a part of the normal settlement procedure hereafter. I hope that our efforts will bear fruit and with the co-operation of the public we shall be able to speed up claims settlement.

Building Activities

During the year, apart from the Divisional Office at Varanasi and buildings at other places, our Central Office building "Yogakshema" was completed and was opened at the hands of the late Prime Minister, Jawaharlal Nehru.

Mortgages

As I mentioned in the last report, the "Own Your Home" Scheme came into operation from the 1st of January 1964 at 26 centres. It has since been extended to further 49 centres and it is proposed to extend it to two more centres from 1st January 1965. The earlier scheme for grant of loans on immovable properties which was in operation in 26 centres was extended to ten more centres.

In addition to the schemes mentioned above, we are advancing loans to State Governments for financing the Middle Income Group Housing Schemes, the Rental Housing Schemes, the Village Housing Project Scheme, the Low Income Group Housing Scheme, the Plantation Labour Housing Scheme and Land Acquisition and Development Scheme. Loans are also granted to co-operative societies formed by employees of the Corporation and a scheme has been introduced for grant of loan to individual employees of the Corporation for purchase or construction of houses. The total assistance given by the Corporation to housing development under these various schemes upto 31st March 1964 amounted to Rs. 62.78 crores.

Publicity

The Corporation continues to do vigorous publicity work both in the urban and rural areas, using a wide variety of media. Emphasis is being placed on outdoor publicity and use of audio-visual media in the shape of films, slides, and slide-ones exhibited in 2,500 theatres throughout the country and through the Corporation's publicity vans and projection units in the outlying rural areas. I am proud to mention that the total publicity effort has won for the Corporation the I.S.A.-Khatau Gold Medal awarded by the Indian Society of Advertisers. The presentation is being made today at the hands of Mrs. Indira Gandhi, Union Minister for Information and Broadcasting. I am also happy to mention that the Corporation's house magazine, *Yogakshema*, was awarded the first prize in the category of English periodicals (other than annuals) at the Ninth State Awards instituted by the Ministry of Information and Broadcasting.

General Insurance

Implementing the decision taken during the year under review, with the approval of the Central Government, the Corporation has started transacting all kinds of General Insurance business from 1st April 1964. We can now look forward to giving complete and comprehensive insurance service to the public to suit their varying needs. I may mention that although the Corporation is not a member of the Tariff Committee of the Insurance Association of India, we have adopted the tariff rates for the present. It is, however, open to us to revise the rates in due course in the light of our own experience.

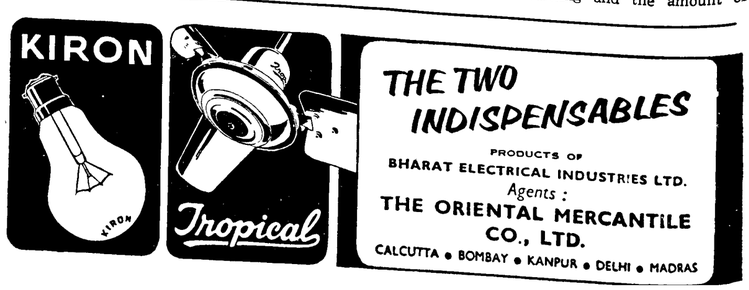
Electronic Data Processing

The Corporation has decided to install two Computer Systems, one at Bombay and the other at Calcutta. These machines will ultimately replace the existing Adrema and Punch Card machines and are expected to do the job more efficiently yielding more information to the management to bring about an improvement in the servicing to policyholders and agents. I may reiterate that this decision will not lead to any retrenchment in the existing staff.

Organisational Set-up

A re-organisation scheme was prepared during the year and it was to be implemented in stages. Since representations were received from members of the public, from institutions and other bodies, further steps in the implementation of the scheme have been deferred. In the meantime, a review of the scheme, in the light of the points raised in the representations is being made.

I have always received sincere co-operation and valuable advice from my colleagues on the Board and on the Investment Committee. I offer my grateful thanks to them. I take this opportunity to record my appreciation of the services rendered by the officers and staff at all levels. It is their services which have solely contributed to the fine results achieved by the Corporation. Finally, I thank all the agents who have done such excellent work in spreading the message of insurance to the people.



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Branches throughout Aden, Ceylon, India, Kenya, Pakistan, Rhodesia, Somalia, Tanganyika, Uganda, Zambia and Zanzibar.

The Bank conducts all classes of Banking and Exchange Business throughout the world.

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90, Mahatma Gandhi Road; 270/272, Dr. Dadabhoy Naoroji Road, (Lloyds Branch); Mint Road, (Corner of Mint Road and Sir P. M. Road); 21/29, Princess Street, (Lloyds Branch); 117-119, Kazi Syed Street, Mandvi; 65F, Linking Road, Santa Cruz; 2/571, Gowalia Tank Road, Cumballa Hill; Shivaji Mandir, N. C. Kelkar Road, Dadar; 24B, Club Road, Byculla; THANA: Agra Road, Kolbad Road, (Near Castle Mills).

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DELHI CLOTH AND GENERAL MILLS COMPANY, LIMITED

CHAIRMAN, DR. BHARAT RAM'S SPEECH AT ANNUAL GENERAL MEETING

A CRITICAL appraisal of the fiscal policies of the Government of India was made by Dr. Bharat Ram, Chairman of the Delhi Cloth and General Mills Company Limited, in the course of his speech at the Seventy-sixth Annual General Meeting of the Company, held at Delhi on Tuesday, 24th November 1964. He observed that a large part of the resources mopped up by additional taxation was dissipated by Government over uses which did not increase the productive capacity of the country. Dr. Bharat Ram opined that this factor should be kept in mind while framing the fourth Plan wherein the outlays should be such as would yield substantial increases in production.

The following is the text of Dr. Bharat Ram's speech:

FRIENDS,

It is a great pleasure for me to welcome you all to this 76th annual general meeting of your Company. Since we met last year a great tragedy overtook the country. We lost our respected Prime Minister, Pandit Jawaharlal Nehru. Indeed, few people, in any country at any time, have contributed so much to enrich the lives of their countrymen. He was not a man of the moment, but an architect who shaped the destiny of India. He conceived things in a big way, and it is his farsightedness that made India embark upon a massive programme of social and economic development. Let us pay our humble homage to this great son of India and observe silence for a minute.

We are gratified that the void created by the loss of such an eminent personality has been repaired by exemplary democratic means. We now have as our Prime Minister, Mr. Lal Bahadur Shastri. With his great attachment to social values, devotion to the cause of the common man and personal integrity, I have every hope that he will lead the country to greater and greater prosperity.

Rising Prices

At the moment, however, the problems appear to me to be getting out of hand. In a single year, prices rose by more than 15 per cent, though this rise is mainly confined to agricultural commodities. There is no doubt that the spurt in the price level was occasioned, on the one hand, by shortfalls in agricultural production, and on the other, by excessive spending on the part of the Government on non-productive uses. The food shortage evinces rather clearly that our agricultural policy has not been working in the right manner. There have been failures in the administration of policy at village and block levels and incomplete co-ordination between different departments in Government. The impact of these shortages has been exaggerated by restrictions on free movement of foodgrains imposed by State Governments. An artificial scarcity has been created in so-called deficit areas.

Thus, to a large extent the present rise in prices has been self-imposed and can be very much improved by removal of restrictions. We have been helped by timely assistance from foreign countries, particularly the U.S.A. While such assistance is of great importance to overcome temporary difficulties, we cannot depend on such assistance for all time. It is absolutely necessary for the country to become self-sufficient in food production and the administrative structure and policy to be reoriented towards this goal. It is no use diverting the public attention by placing blame at the door of one section of the community or the other. No system of distribution will be effective if production itself remains at a low level. There should be adequate incentives for the farmer to produce more and he should be provided with adequate facilities at the right time. Uptill now industrialists have not taken direct interest in agriculture. I feel that such interest is absolutely necessary; at least by those who run industries primarily based on agriculture. If I may say, it should be possible to impart to agriculture the techniques that make the successful running of industries. Our experience will be useful in this behalf.

The food shortage has created many problems not only in the economic sphere, but in others on which the very social order depends. Mischievous elements in society have taken advantage of the explosive sentiments and aggravated what would appear to be minor handicaps. There are disturbances every day in some part of the country or other. Scenes of lawlessness in which even students are participating have become common. Strikes are organised at vital points like docks which have to clear food imports.

All this is happening when we are programming the fourth Plan with a comparatively faster growth. It is reported that the fourth Plan will be designed in a manner which will help rapid growth of agricultural and industrial output. The problem, however, is not one which merely calls for greater expenditures. Unless effort is concentrated on specific factors which promote productivity directly, it is difficult to see how it would be possible to increase production and control the price level. So in the fourth Plan outlays must be such that they will augment productivity. A balance has of course to be secured between short-term and long-term yields. It will be dangerous to dissipate resources in non-productive fields.

Capital Market

There is a contradiction in the present economic situation. While on the one hand there is a rapid increase in prices of commodities, there is, on the other, almost a continuous decline in the level of share prices. It is more natural to expect that prices of shares provide hedge against inflation. But not only have they failed in this respect, but have even declined by a substantial margin. This shows that there is certainly something wrong in the financial policy which has tended to divert larger parts of investible funds from the people to Government. This aspect is again revealed in smaller contributions to new issues. Even good companies are finding it difficult to raise rupee resources. A great many of the new issues are underwritten and a large part of the issue is held by the underwriters themselves. This situation is not conducive to rapid industrial development. Unless there is a free flow of finance from people to industry it is not possible for industry to secure the necessary balance between different types of finance consistent with considerations of risk and profitability.

The major factor which led to freezing of the flow of finance from the public was additional taxation, particularly in the budget for 1963-64. Considering the measures adopted in the last four years the yield from additional taxation will be about Rs. 2,500 crores over the third Plan period—Rs. 800 crores more than the Plan provision. This unprecedented draft on private income has naturally depleted the investible funds in the hands of the private sector. What is worse is that a large part of the resources mopped up by additional taxation was dissipated by Government over uses which did not increase the productive capacity of the country. In the first three years of the third Plan alone over Rs. 600 crores have been absorbed by purposes unrelated to the Plan. To this extent, the growth in national income was suppressed and the generation of investible finance was lessened. It would have been more proper for the Government to secure finance for investment by borrowing on the capital market. This would have not only promoted better use of resources but indicated the urgency of the investment in different sectors of the economy. But to replace taxation by borrowings would again require the revival of the market for Government securities. Thus, on the whole it would appear that fiscal and monetary policies have tended to mitigate the growth of private industry by creating scarcity of finance. Establishment of newer financial institutions will, if anything, deter the growth of normal channels which alone can sustain development. Industry cannot be made to depend only on financial institutions in which case these institutions will virtually assume an unhealthy dominant position. Looked at from any angle, it is imperative that savings in the hands of the individual must be encouraged.

In this connection, I would like to refer to the much talked about 'unaccounted money.' This has been made to appear the principal villain in the present crisis. Let me be clear that I would not justify any wrong business practices, but at the same time, I would not like the business community to be wrongly blamed. Government have organised raids to unearth this unaccounted money, but often the raids have not resulted in any tangible results. They have only created an atmosphere of suspicion which does no one any good. On the contrary, the tensions which follow and the distrust, which is shown, lead to inaction and only hamper the growth of industrial activity. I, therefore, hope that Government will show greater understanding and ensure greater security and individual freedom. The punishment of the guilty, I feel, cannot be justified by harassment of the honest.

I must here refer to the tacit assumption of Governmental thinking that in proportion as the State interferes more and more with established institutions, it will approach nearer and nearer to perfection. Only this can explain the plethora of laws, rules, regulations and directives. I submit that this idea that the problems of the country can be solved by the exercise of political power should be abandoned. It is time that Government adopted a purposive policy which will evoke from the community at large wholehearted, instinctive, spontaneous response to programmes of development. Unless we are able to solve the problems quickly by releasing productive forces, I venture to express the fear that the democratic way of life itself will be in jeopardy.

I feel that the greatest handicap from which we are suffering is the way in which policies are implemented—or rather not implemented. When it comes to the stage of implemention, there is so much of vacillation and delay. It appears as if our administrative machinery is loth to move. Everyone is only too painfully aware of the gap between programmes and performance. I am of the view that this stage of affairs could be remedied if only the Government would see that, in all areas of activity, those who do not produce results will not be tolerated, whether at the ministerial or administrative level.

I have briefly referred to some of the economic problems facing the country and if immediate steps are not taken, the danger is that these problems may become even more difficult of solution.

Company's Affairs

Coming to the Company's affairs, as you are aware, the Company has completed 75 years of its successful and progressive working. To mark this happy occasion, your Directors have recommended a special dividend of 2 per cent on ordinary shares. It is not necessary for me to review in detail the progress of the Company; but suffice it to say that starting from a very small beginning today we are ranked among the seven biggest companies in the country. This fine record of progress and good name of the Company has been made possible by the co-operation and dedicated efforts of generations of our team of workers and managers who have been, and will continue to be, the Company's most valuable asset. It is also not necessary for me to recall again the part played by the late Lala Shri Ram who in fact has been the chief architect of D.C.M.

As you will observe from the balance-sheet, while the gross profits of the Company have increased from Rs. 3,39,22,290 to Rs. 3,94,00,334, the net profits have gone down. This phenomenon is not unusual or unhealthy and may continue as long as the Company continues to invest large amounts of money in new industries because of the heavy initial depreciation and development rebate on new investments.

All the units of the Company have done well in the last year except the sugar units which, like all other sugar mills in our area, have suffered due to shortage and low quality of cane. Even in the current year, the prospects do not appear to be very bright for the sugar industry. You will be pleased to know that the P.V.C. plant of the Company is now in full production and the rayon tyre cord plant is expected to start very shortly. Unfortunately, there is a danger of the P.V.C. plant having to reduce its production due to a cut in electricity by the Rajasthan Government. However, the Company is making efforts to find an alternative solution.

In the end, I would like to place on record our sincere appreciation of the wonderful work of all our workers and staff whose efforts have enabled us to achieve such good results during the year.

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

PROBLEMS OF PAPER PRODUCERS

MR. G. D. SOMANI PLEADS FOR TAX RELIEF

THE paper industry in India can feel justly proud of its achievements during the last few years. The industry, despite several difficulties, has expanded its capacity and production to a significant extent, diversified its manufacture, and improved the quality of products. Thus, between 1950-51 (base year for the first Plan) and today, the aggregate annual installed capacity of the industry has risen by as much as 360,000 metric tons to about 500,000 tons. The industry has not only expanded its capacity but also endeavoured its best to utilise the capacity to the maximum extent possible. The total production of paper and paper boards is currently maintained at an annual rate of about 490,000 tons, whereas the actual output in 1951 was no more than 134,000 tons. Thanks to diversification programmes of individual mills, several new kinds of paper and paper products are now being manufactured within the country. And efforts continue to be made to produce superior quality paper, including speciality paper. What is more, the prices of paper and paper products are not unduly high, having regard to the general level of prices and rising cost of living. In fact, since the present controlled prices were fixed a couple of years ago, there has been a marked increase in production costs for which no allowance has been made in prices and many units, especially the new ones with high capital costs, are suffering from unremunerative prices.

Remarkable though the progress of paper industry is, there is no room whatsoever for any sense of complacency. Indeed, the need for augmenting production of paper and paper products is pressing to a degree, in view of the persistently rising demand for the same. A clear idea of the demand potential was given by Mr. G. D. Somani, a Director of the West Coast Paper Mills Ltd., in his welcome address at the second international seminar on recovery of chemicals and forestry operation and plantation problems organised by the Indian Pulp and Paper Technical Association at Dandeli last week. Mr. Somani observed:

"The advent of planning in India has ushered in an era of dynamic industrial expansion in the country. The paper industry has a special role to play under planning, because, with vigorous literacy campaigns under the auspices of the Five-year Plans, the industry has assumed added responsibility for meeting the growing demand for paper at reasonable rates. During the first Plan, the demand for paper and paper boards increased at the rate of 8 per cent per annum; it rose to about 9.5 per cent during the second Plan, and is estimated to grow at the cumulative rate of 12½ per cent during the third Plan. In absolute figures, the total demand for paper and paper boards would increase from 366,000 tons at the end of second Plan to about 700,000 tons at the end of the third. A recent projection puts the demand for paper at 1.4 million tons by 1970-71, that is, the end of the fourth Plan. However, even with this impressive growth of the industry, India is far behind in *per capita* consumption of paper as compared with some other developed countries. The *per capita* consumption of paper (including newsprint) amounts to only 2 lbs. in India, as against 405 lbs. in the U.S.A., 198 lbs. in the U.K., 77 lbs. in Italy and 70 lbs. in Japan. This shows that potentialities of growth of this industry in India are stupendous and the industry has to make much leeway even to achieve a moderate standard of *per capita* consumption."

Table A: *Progress at a Glance*
(In metric tons)

	Jan.-May 1964	1963	1956	1951
Total installed capacity* ..		460,500†	216,134	139,744
Total production	203,800	465,000	196,440	134,040
Of which:				
Printing and writing ..	133,200	299,400	124,920	80,520
Wrapping	34,470	79,080	31,440	25,920
Of which:				
Kraft	25,320	56,280	18,240	17,400
Brown	9,150	22,800	13,200	8,520
Special varieties ..	2,680	7,920	5,880	3,120
Boards	33,450	78,600	34,200	24,480

* Assessed on the basis of three-shift working 300 days in a year. † As of May 1963.

Deterioration in Profitability

The paper industry, as Mr. Somani said, may have the capacity and the willingness to accept the challenge to meet the rapidly growing requirements of paper. But what about some of the disquieting problems confronting the industry? The biggest problem pertains to the deterioration in profitability in recent years, as the paper industry has been caught between high production costs and heavy incidence of taxation, on the one side, and uneconomic (controlled) prices, on the other. It is calculated that the average rate of return on investment (that is, net profit after tax as per cent of net worth), which was 10.7 per cent during the first Plan, fell to 9.2 per cent in the second Plan and further to 7.5 per cent during the first two years of the third Plan. The revenue collected by the Central Government by way of excise duty on paper and paper products is estimated at Rs. 20 crores on an annual turnover of Rs. 80-85 crores. This is certainly a stiff burden on both the industry and the consumer. If the paper industry is to meet successfully the challenge posed before it, the return to it must be more attractive. While Mr. Somani refrained from openly pleading for an upward revision in the controlled prices of paper and paper products, he did urge for some indirect relief. It was possible, he said, to work out a scheme by which a small part of the excise duty might be allowed to remain with manufacturers earmarked for the industry's development and research programme, as well as for the regeneration of forest areas.

The Industry's Responsibility

The need for higher prices and tax relief apart, a heavy responsibility is cast on the industry itself. What this responsibility is was impressively highlighted by Mr. Somani. To quote him again:

"Placed in a difficult situation as we are, it is all the more necessary that the technicians and executives concerned with planning, research and execution of this industry continually apply themselves to reduce production costs and increase productivity, thereby helping the country not only to manufacture these products at low cost but also to facilitate exports. A lot will have to be done to diversify our products, standardise our specifications for quality control, increase the technical talent in the country and forge it together. We, at the West Coast, find that, given the opportunity, there is nothing that an inspired team of persons cannot do to rise to the occasion. I have no doubt that the other units feel the same way as we do."

The example of West Coast Paper Mills cited by Mr. Somani is appropriate. This writer who had the privilege of visiting the factory is deeply impressed by the splendid work of the management in making the factory one of the most efficient units in India, worthy of emulation by others in the field. Special attention continues to be devoted to training of personnel. It is proposed to commence next month a twelve-month training course in the different branches of paper technology. The course will be open to those who have obtained degrees with distinction in chemical engineering. The candidates selected will be offered handsome stipends and, after completion of the course, they will be absorbed, according to the Company's management, in the permanent cadre with attractive starting salaries and running grades. It is also proposed to send some persons for training in paper making in foreign countries such as the U.K., West Germany and Sweden.

Research

Closely allied to the problem of training personnel is that of pooling scientific and technical data and know-how. Since no basic research is being done on any worthwhile scale in the country except at Dehra Dun, which, by itself, can hardly be regarded as adequate, it was just as well that Mr. Somani should have urged the Indian Pulp and Paper Technical Association (I.P.P.T.A.) to take concrete steps to see that the experience of any particular mill was instantly available to others. He also suggested the establishment by the paper industry of a central research laboratory, similar to the laboratories set up by some other industries. A fund, according to him, can be created based on contributions of, say, Rs. 10 per ton of annual production. When enough resources are obtained, the industry can approach the F.A.O. and certain pulp and paper organisations abroad for help in procuring equipment and instruments. If the Government allows a part of the excise duty for development purposes, a portion of this earmarked amount can also be used for setting up and running the proposed laboratory. It may be noted here that the Government of India has met half the non-recurring and recurring expenditure on the research laboratories set up by some industries such as cotton textiles and art silk. Inaugurating the seminar, Mr. S. Nijalingappa, Chief Minister of Mysore, held out the welcome assurance that, if the industry were to come out with a concrete scheme, he would see that the Government of his State and at the Centre provided half of the total outlay.

Raw Materials

The problem of raw materials is a crucial one and it was not surprising that both Mr. Somani and Mr. V. Podder (President of the I.P.P.T.A.) dealt with it at some length. Inasmuch as the paper industry depends mainly on the forest-based raw materials, it would be necessary, as Mr. Podder rightly remarked, to have a perspective plan for a sufficiently long period. The production targets for paper and paper products, newsprint and chemical pulp tentatively fixed in the fourth, fifth and sixth Five-year Plans and the raw materials required for realising the targets are indicated in Table B. The paper industry, it may be noted here, uses mainly bamboos and sabai grass, in view of the high quantity of pulp they yield, easy cooking facilities they provide and their availability in good quantity at a reasonable cost. The other raw materials are imported wood-pulp, waste paper, hemp, etc., bagasse, conifers and salai wood. The West Coast Paper Mills is also producing paper from eucalyptus.

It is somewhat disquieting to hear that an accurate estimate of the country's entire forest resources is not available, nor have forestry problems been intensively studied and the widespread flowering of bamboos in some regions sometimes have been causing much concern. Mr. Somani was quite right when he said that the paper mills should themselves consider this bread-and-butter matter, rather than leave the same entirely to the Government. The West Coast Paper Mills must be congratulated on its initiative in promoting private afforestation. The Company has succeeded in implementing a programme of intensive plantation of bamboo and eucalyptus which is expected to raise the yield from less than a ton per hectare to about four to five tons in due course. It was, indeed, commendable on the part of Mr. Somani to have held out the assurance that his Company was always glad to pass on such data as it would have on forestry operations to other paper mills in the country.

Table B: *Future Plan Projections*
(In thousand tons)

	1965-66	1970-71	1975-76	1980-81
Estimated production (total).	N.A.	1,700	2,850	4,200
Of which:				
Paper and paperboards..	700	1,200	2,000	3,000
Newsprint	120	300	450	600
Chemical pulp	N.A.	200	400	600
Total requirements of raw materials	2,400	4,200	7,200	10,000
Of which:				
Bamboo	2,000	2,000	2,000	2,000
Bagasse	220	2,000	2,500	3,500
Miscellaneous fibres ..	180	400	700	1,000
Plantation timber ..	..	..	2,000	3,500

N.A.—Not available.

Recovery of Chemicals

Another crucial problem of the paper industry concerns the recovery of chemicals. The nature of this problem was vividly described by Mr. Podder. Here is the relevant extract from his speech:

"A number of chemical methods of converting cellulosic raw material to paper pulp are dependent for financial success upon recovery of chemicals from the spent digestion liquor which contains approximately one-half of the original weight of raw material plus almost all the pulping chemicals. In our country, the price of chemicals is very high. Caustic soda is delivered to the mills at an extremely high price and it is almost double the price prevalent in other countries. The price of salt cake has also soared high in recent years. Except one mill in India, all are working on alkaline process and, therefore, it is very important that alkaline process mills in our country should pay much attention to the efficient operation of the chemical recovery units. Most of our mills have inefficient chemical recovery plants not with sufficient capacity and their chemical recovery efficiency is as low as 60-65 per cent, whereas, in advanced countries like the U.S.A. and Canada, chemical recovery efficiency of over 90 per cent is not unusual.

"The production of chemical pulp in India by the end of third Plan period will about 2,000 tons a day and the caustic soda consumption above 1,000 tons a day. Most of this caustic soda should be regenerated and, therefore, a soda recovery unit should not be considered an auxiliary plant but a unit by itself on which the economy of the paper mill entirely depends. The capital requirement and production cost per ton of caustic soda in soda recovery is much less than the cost involved in a caustic soda plant and it will be a tragedy if steps are not taken to modernise these plants to the maximum efficiency.

"The paper mills in India have been facing considerable difficulties owing to sizable losses of chemicals due to operational handicaps and due to obsolete poor recovery plants. Besides these, there are many factors responsible for poor recovery, namely, nature of the cellulosic raw material, washing efficiency of the brown stock, qua-

(*Continued on page* 1015)

PREMIER AUTO TURNS THE CORNER

KALYAN PROJECT PROGRESSING WELL

A SAFE conclusion that one can draw from the report of the Premier Automobiles Ltd. (Managing Agents; Messrs. Aero-Auto Ltd., Bombay) for the year ended 30th June 1964 is that the Company has seen the worst and that its working should improve in the coming years. The production and sale of trucks which had improved in the preceding year by 388 to 5,712 trucks advanced by a further 1,000 to 6,711 trucks during the year under report, though that of passenger cars has dropped further by 267 to 4,083 cars. The value of spare parts sold, on the other hand, was also greater at Rs. 2.55 crores as against Rs. 1.92 crore a year ago. Further, as the Chairman, Mr. Lalchand Hirachand says in his statement circulated along with the annual report, with the commissioning of the press plant at Kalyan and the installation of balancing equipment at Kurla, the Company has very nearly completed its manufacturing programme and has reached about 90 per cent indigenous content in regard to trucks and about 74 per cent in regard to Fiat cars. What is more, it is now ready to launch on its expansion programme for the manufacture of 15,000 commercial vehicles and components, subject, of course, to the necessary finance being available.

With the aforesaid increase in production, sales during the year under report rose by Rs. 3.98 crores or approximately 25 per cent to Rs. 24.10 crores. The gross profit has expanded to Rs. 162.43 lakhs from Rs. 118.81 lakhs earlier. If the improvement in gross profit has not been sufficiently encouraging, it is mainly because of a higher wage bill—staff expenses are up from Rs. 276.74 lakhs to Rs. 322.89 lakhs—rise in cost of raw materials and higher rate of interest on borrowings. Moreover, the heavy capital expenditure of Rs. five crores incurred on the Kalyan project has not yet started yielding any return. Consequent upon the inflation in the gross block, the provision for depreciation too has gone up by Rs. 13.48 lakhs to Rs. 76.95 lakhs and so also that for taxation to Rs. 33.50 lakhs from Rs. 19.15 lakhs. The rise in net profit is, therefore, a mere Rs. 9.88 lakhs to Rs. 46.67 lakhs, after providing Rs. 5.91 lakhs as against *nil* for the Managing Agents' commission. After a net addition of Rs. 17.01 lakhs as against Rs. 28.75 lakhs to reserves, the Directors have proposed a "modest" dividend of four per cent which claims Rs. 29 lakhs. It will be recalled that, in the preceding year, the dividend had had to be passed over owing to paucity of profits.

The working results of the Company for the year under review are set forth in the comparative table below with those of the preceding three years thrown in for the sake of comparison:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sale proceeds	24,09.83	20,11.64	21,47.62	22,73.87
Other income	18.88	16.88	12.74	14.60
Closing stock of finished goods	292.50	199.66	217.01	191.63
Raw materials and stores consumed	18,80.01	14,81.83	16,09.10	17,80.58
Staff expenses	322.89	276.74	266.40	222.64
Other expenses	147.22	133.74	146.47	119.12
Gross profit	162.43	118.81	163.68	193.86
Managing Agents' commission	5.91	..	6.76	8.83
Provision for—				
Depreciation	76.95	63.47	60.37	56.14
Taxation	33.50	19.15	49.00	55.00
Net profit	46.07	36.19	47.54	73.59
Provisions written back	7.35	2.05	1.95	5.10
Withdrawn from reserves	8.90	..	..	..
Expenses relating to past years	16.04	10.90	5.07	4.32
To reserves	17.01	28.75	8.00	23.00
Ordinary dividend	29.00	..	39.32	49.82
	(4%)	..	(7%)	(9%)
Carry forward	0.67	0.40	1.84	4.76
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	112	117	160 c.r.	187
Low	92	95	92 x.r.	151

As stated earlier, the number of passenger cars manufactured and sold dropped further from 4,350 to 4,083 but the Company maintained the progress in increasing the indigenous content of the Fiat car. With the commencement of the body sheet metal parts production at the Kalyan plant, the indigenous content is expected to go up to 74 per cent. As for trucks, the Company executed satisfactorily the orders for the supply of vehicles to the Defence Department, the number of trucks sold rising by approximately 1,000 to 6,711. The production programme is now proceeding according to schedule and, when the sheet metal project goes into full production, the indigenous content of trucks will go up to approximately 90 per cent.

As regards the Kalyan project, the Directors say that land admeasuring 388 acres was purchased during the year and the construction of the press plant building and the erection of presses were completed. Dies for major panels such as doors, roofs, side panels, bonnets, etc., were also received. Contrary to expectations the first phase of production of body panels could not commence in the first quarter of 1964 mainly due to the non-availability of cement, difficulties experienced in transporting the heavy presses to the plant site and the subsequent assembly thereof. The plant, however, started production in July last and is expected to go into full production shortly.

During the year, the 1,87,237 new shares became fully paid consequent upon the final call being made payable on or before 1st February. This has raised the paid-up share capital to Rs. 742.94 lakhs; reserves and surplus amount to Rs. 220.34 lakhs. Two foreign exchange loans were also received and these have raised total borrowings to Rs. 1,203.82 lakhs from Rs. 890.78 lakhs earlier. These are besides current liabilities and provisions which on the date of the balance sheet, that is, 30th June 1964, aggregate Rs. 509.39 lakhs. On the assets side, with the addition of new assets worth Rs. 138.38 lakhs, the gross block account now stands raised at Rs. 1,025.62 lakhs and yields on deducting from it the depreciation provided so far (Rs. 517.43 lakhs) a net block of Rs. 508.19 lakhs. The total expenditure up-to-date on the new project under erection is placed at Rs. 508.71 lakhs. Investments, a major portion of which is in shares of wholly owned subsidiaries, are shown at cost at Rs. 15.82 lakhs while current assets, loans and advances altogether amount to Rs. 1,636.74 lakhs. Miscellaneous expenditure yet to be recouped is Rs. 6.02 lakhs.

The present market quotation for the Rs. 100 paid ordinary shares of the Company is Rs. 94 *cum*-div. At this price, the net yield works out to a little over 3.5 per cent per annum.

J.K. STEEL LTD.

The working results of J.K. Steel Ltd. (Managing Agents: J.K. Industries Private Ltd.) for the year ended 30th June 1964 are not as encouraging as those for the previous year. For, thanks to unsatisfactory supply position in respect of raw materials, especially billets, and continued restriction on electric power, sales have dropped from Rs. 176 lakhs to Rs. 162 lakhs and the gross profit from Rs. 32.27 lakhs to Rs. 31.36 lakhs. The provision for depreciation has been raised from Rs. 3.18 lakhs to Rs. 3.50 lakhs while that for taxation is reduced from Rs. 14.63 lakhs to Rs. 13.44 lakhs. The net profit is a shade lower at Rs. 14.42 lakhs, as against Rs. 14.47 lakhs. The directors have allocated Rs. 5 lakhs (Rs. 15.24 lakhs) to general reserves and Rs. 2.54 lakhs (Rs. 0.06 lakh) to development rebate reserve. Equity dividend has been maintained at 15 per cent and will absorb Rs. 6 lakhs.

Manufacture of electric hoists and chain pulley blocks has commenced in the new mill of the Company during the year and the products have been very well received in the market. The expansion projects of the Company with regard to its wire rope plant has progressed considerably and most of the imported machinery have been shipped. The Company is further pursuing other expansion schemes of its cold rolling mills and electric overhead travelling cranes.

(*Concluded from next column*)

of necessary foreign exchange. It is learnt that the Company's applications has been forwarded by the Government to the Agency for International Development and it is expected to be finalised shortly.

There is no change in the paid-up capital of the Company which, as at 30th June 1964, stands at Rs. 344.64 lakhs, made up of Rs. 70.93 lakhs in preference shares of Rs. 100 each and Rs. 273.71 lakhs in ordinary shares of Rs. 10 each. Reserves, on the other hand, have moved up from Rs. 76.19 lakhs to Rs. 101.87 lakhs, so that the total of own funds amounts to Rs. 446.51 lakhs. As against this, the outside interest aggregates Rs. 210.18 lakhs, comprising Rs. 133.10 lakhs as borrowings and Rs. 77.08 lakhs as current liabilities and provisions. This is more than fully covered on the assets side by the total of current assets, investments and loans and advances at Rs. 264.99 lakhs. The gross block, inclusive of the additions of Rs. 6.43 lakhs and the capital work-in-progress of Rs. 11.70 lakhs, stands raised at Rs. 744.06 lakhs and on deducting the accumulated amount of depreciation of Rs. 352.36 lakhs, the net block comes to Rs. 391.70 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently priced on a *cum*-final dividend basis at Rs. 12.20. On an *ex*-final dividend price, fresh investments fetch a net annual return of about 8.4 per cent.

SMART IMPROVEMENT IN SIRPUR PAPER

PROFITS AND DIVIDEND HIGHER

THANKS to the improvement in labour relations, the Sirpur Paper Mills Ltd. (Managing Agents: Messrs. Birla Brothers Private Ltd., Calcutta) has been able to effect a smart recovery in its working in the year ended 30th June 1964. With the production of paper rising to the peak level of 36,000 tonnes from 24,000 tonnes for the preceding year, the net realisation (that is after deducting the excise duty paid) from sales has advanced by no less than Rs. 197.77 lakhs to the record figure of Rs. 550.84 lakhs. And even though there was a further rise in cost of raw materials, chemicals, power, fuel, etc., the gross profit has almost trebled to Rs. 107.91 lakhs from Rs. 38.51 lakhs for the year before. As a result of this rise in the gross profit, the provision for the Managing Agents' commission has gone up from Rs. 0.12 lakh to Rs. 3.29 lakhs while that for depreciation at Rs. 40.89 lakhs is higher by Rs. 8.44 lakhs than that for the previous year. Surprisingly enough, no provision for taxation is still found necessary partly because of the heavy amount of development rebate claimed for the year and partly because depreciation computed according to scheduled income-tax rates works out to Rs. 56.52 lakhs or Rs. 15.63 lakhs higher than that actually provided.

Consequently, the resulting net profit shows a handsome rise of Rs. 56.78 lakhs to Rs. 63.73 lakhs. Although the Directors have stepped up the credit to reserves by Rs. 64 lakhs to Rs. 67 lakhs (of this, 80 per cent, or Rs. 53 lakhs, is to the credit of statutory development rebate reserve), as much as Rs. 41 lakhs of these merely represent the amount transferred from the development rebate reserve created a year earlier. The net transfer to reserves out of the year's profit thus amounts to only Rs. 26 lakhs and, therefore, leaves a substantial amount for the distribution of dividend. Out of the balance so available, the Directors have first set aside Rs. 5.53 lakhs for the payment of preference dividend and to compensate the ordinary shareholders for the loss in dividend suffered by them in the preceding year they have proposed a final dividend of 8.5 per cent in addition to the interim of 3.5 per cent paid earlier. The total ordinary dividend for the year thus amounts to 12 per cent as against five per cent for 1962-63 and 8.5 per cent per annum for 1961-62 and 1960-61.

The following table presents synoptically the working results of the Company for each of the past four years.

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sales less excise duty	550.84	357.07	484.25	453.96
Other income	10.42	7.41	11.09	21.58
Closing stock of finished goods	15.55	12.29	3.89	12.40
Raw materials and stores consumed	210.89	139.75	189.27	181.65
Staff expenses	90.30	54.76	76.28	68.92
Other expenses	92.18	80.35	69.88	67.72
Gross profit	153.54	114.27	141.05	233.66
Managing Agents' commission	107.91	38.51	86.63	90.12
Provision for—	3.29	0.12	2.71	2.97
Depreciation				
Taxation	40.89	32.45	39.05	52.81
Net profit	..	..	..	..
Excess provisions written back	63.73	5.94	44.87	34.54
Withdrawal from reserves	0.27	0.09	0.13	..
To reserves	41.00	16.00	..	..
Dividends—	67.00	3.00	16.00	9.54
Preference	5.53	5.53	5.53	5.53
Ordinary	32.70	13.66	23.22	18.58
	(12%)	(5%)	(8.5%)	(8.5%)
Carry forward	0.77	1.09	1.25	1.00
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	13.76	15.40	17.80	19.12
Low	11.00	10.76	10.80 x.r.	13.40

Although the working of the factory during the year under review was satisfactory, it was not wholly free from trouble. There was a fire in June in the paper machine section in the motor generation unit of the main drive of machine No. 3 which remained closed for about a fortnight. The loss due to the damage and subsequent loss of production which is covered by insurance is under the scrutiny of the insurers.

Under its plans for modernisation and expansion of its mills, the Company has now finalised orders for certain indigenous equipment for effecting improvement in the existing plant and the foreign exchange requirement amounting to Rs. 20 lakhs has also been approved in principle by the lending authority. As regards the substantial expansion of the mills to be effected in collaboration with the Kimberly Clark Corporation of the U.S.A. the Company has applied to the Government for grant

(*Continued in previous column*)

WEST COAST PAPER PAYS MORE AGAIN

FINANCES HEALTHY—PROSPECTS BETTER

WISE men say that a bird in hand is better than two in the bush. But one would be called especially lucky if one were to find that one has already got one bird in hand and is equally sure of getting the two more in bush. Such enviable luck is given to the shareholders of the West Coast Paper Mills Ltd. (Chairman: Mr. Gobindlall Bangur, Bombay). For the fourth year in succession—the one ended 30th June 1964—they have received a higher dividend, this time of Rs. 13 against Rs. 11 the year before. Four years ago, the rate of dividend was just Rs. 6. The prospects of their getting a still better deal from the Directors appear almost certain. At Dandeli, where the Company played host to a seminar, its spokesman announced a Rs. 1.20-crore expansion programme designed to step up production to 40,000 tonnes by 1965-66. The current year's target is 32,000 tonnes against 30,213 tonnes actual production last year. Since the expansion programme, which will also increase the production range to include art and glaze paper, will be financed through retained earnings, the shareholders will reap the full benefit of it without investing anything more on their own.

Yet another significant development is the investment by the Company of Rs. 66 lakhs in the Andhra Pradesh Paper Mills, bringing with it full managerial control over the latter Company, with equal ownership by the Andhra Government and the public. This additional investment of roughly Rs. 2 crores by the Company the State Government and the public (who is to be offered shares worth Rs. 66 lakhs in March next) is required to raise the capacity from 6-7 tonnes per day at present to 60 tonnes in order to run this formerly State owned and styled as Rajahmundry Paper Mills on an economic basis. Lack of finance was a serious handicap for the State Government in installing new machinery lying in crate for the last two years. Under the 8-year agreement with the State Government, the Company will manage the undertaking and provide the technical know-how for a remuneration of Rs. 4 lakhs per annum. The investment of Rs. 66 lakhs has been made by the Company after obtaining the approval of its shareholders and also of the Industrial Finance Corporation of India Ltd. to which it still owes a sum of Rs. 1.20 crore out of an original loan of Rs. 1.50 crore. The Company Law Board also has given its consent to the deal. This is, indeed, a bold venture.

It is interesting to hear that the Company will start a 12-month intensive training course in different branches of paper technology from January next. The course will be open to graduates in engineering who have passed with distinction. The Company has also plans to depute every year five to six persons from the existing personnel to undergo training in paper making in the U.K. and Germany.

Now to turn to the financial results for the year under review. The two-point increase to Rs. 13 in the dividend reflects the benefit of an increase of Rs. 44 lakhs to Rs. 444.47 lakhs in net sales (that is, after excluding excise duty paid) and a sharp rise in gross profit from Rs. 109.87 lakhs to Rs. 148.85 lakhs. Net profit, however, shows a setback from Rs. 60.49 lakhs to Rs. 48.03 lakhs, since both depreciation and taxation have claimed a larger amount. The third shift allowance permitted under the Finance Act 1964 has raised the depreciation provision from Rs. 39.38 lakhs to Rs. 49.82 lakhs. The tax provision has increased from Rs. 10 lakhs to Rs. 51 lakhs. As the equity dividend has been raised in spite of a lower net profit, the amount transferred to reserves has had to be reduced considerably from Rs. 39.75 lakhs to Rs. 21.50 lakhs.

During the year, the price of essential chemicals and other materials recorded a further rise and the cost of production went up, while the controlled prices of paper remained unchanged. The Company's working would have been adversely affected, but for the fact that the increase in production costs was offset by attaining greater efficiency and higher production, which was an all-time record of 30,213 tonnes, 2,961 tonnes more as compared with the previous year's output. Laboratory experiments have contributed to improvement in quality of paper.

The Company has already embarked upon an intensive programme to plant not only bamboo species but also certain fast growing varieties of tropical woods like eucalyptus, hybrids, paper mulberry, etc., in addition to species of bamboo not usually grown in the Dandeli forests. Actual bamboo plantation done during the year is approximately 10,000 acres which is really a good start towards attaining self-sufficiency in raw material.

The following comparative table gives a clear idea of the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sale proceeds, less excise	444.47	400.09	360.87	383.93
Other income	6.79	1.75	1.60	2.17
Closing stock of paper	17.24	18.29	16.70	14.60
Excise duty	91.02	82.60	75.03	66.82
Materials, chemicals, stores and spares consumed	135.03	126.50	121.05	126.43
Staff expenses	53.97	43.93	41.50	39.23
Other expenses	112.35	123.15	109.74	110.78
Gross profit	148.85	109.87	92.27	105.77
Depreciation	49.82	39.38	39.12	47.33
Taxation	51.00	10.00	..	..
Net profit	48.03	60.49	53.15	58.44
Transfer to reserves	21.50	39.75	32.00	40.00
Dividends—				
Preference	7.02	7.02	7.02	7.02
Ordinary	19.50 (13%)	16.50 (11%)	12.00 (8%)	11.25 (7.5%)
Carry forward	0.07	0.06	2.54	0.71
Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	177.00	175.00	194.00	229.00	240.00
Low	149.50	125.00	135.00	168.50	149.50

Financially, the Company is in a sound shape. Its paid-up capital, including Rs. 89.99 lakhs in 6 per cent cumulative preference shares, is unchanged at Rs. 239.99 lakhs and commands a backing of Rs. 178.32 lakhs in reserves and surplus. Secured loans of Rs. 126.76 lakhs are of a long-term nature. Short-term indebtedness by way of current liabilities and provisions is of Rs. 112.84 lakhs and is well covered by liquid assets aggregating Rs. 210.52 lakhs. The gross block of Rs. 648.80 lakhs (Rs. 638.59 lakhs a year before) stands reduced by a third at Rs. 436.54 lakhs, the depreciation provided so far being Rs. 212.27 lakhs.

At the current market value of Rs. 165.50 *cum-div.*, the Rs. 100 fully paid ordinary shares of the Company offer a net yield of 6.7 per cent per annum.

LABOUR

(*Concluded from page* 1003)

all paid on time rates. They are given bonuses for fulfilling and exceeding the cost-reduction plans and in some industries for exceeding output and quality improvement targets. Explaining the details of the scheme Mr. Shkurko says:

"The system in operation before 1959, under which bonuses for salaried staffs depended on fulfilment or over-fulfilment of production targets, combined with reduction of costs, tended to force up the volume of output only. With the increasing importance of economic indices it was necessary to find a system under which due emphasis would be placed by engineers, technicians and other salaried staff on quality as well as quantity.

"Cost of production reflects all aspects of the activities of an undertaking and its various sections. Bonuses for salaried staffs therefore encourage them both to increase output and to cut costs. But as production cost plans can be fulfilled, even though other important requirements are neglected, no economy bonuses are paid unless all requirements are satisfied with regard to productivity and delivery. This provides the material incentive for all-round efficiency.

"Subject to these general rules, salaried employees in production sub-sections receive bonuses on the basis of the performance of the department or shop to which they are attached; whereas for those in the management of the undertaking, it is the performance of the undertaking as a whole that counts. Members of auxiliary sections are awarded bonuses according to the output of the whole undertaking or of the principal sections they serve, provided that their own sections meet quality and output standards.

"Bonuses are calculated on monthly results. Managerial staff, however, receive only 50 per cent of the bonuses at the end of each month, the remainder being paid to them only upon fulfilment of the plans for each quarter, as an incentive to achieve satisfactory results not only in a favourable month but also over a longer period.

"In addition to the forms of bonus payment described above, undertakings also award bonuses to employees who devise or introduce technical innovations or methods, leading to complex mechanisation and automation of production. This form of bonus is payable on one occasion only, and only to the workers directly involved. The sums awarded depend on the benefits obtained during the year from introduction of new machinery, materials or process. Staff are informed of the amount of these awards at the same time as the plans for the innovations are made known.

"Engineers and technicians are entitled to these innovation bonuses (over and above cost-reduction bonuses) up to an annual ceiling equivalent to six months' salary in the engineering industry and three months' salary elsewhere. Wage earners may also be awarded such bonuses (over and above their bonuses for fulfilling or exceeding monthly targets) up to an annual ceiling equivalent to three months' wages."

Technical Progress and Wage Rates

Technical progress in the U.S.S.R. is advancing at a fast pace and is gradually levelling out the intensity of effort demanded of the workers. With the introduction of complex mechanisation and automation, unskilled worker is also gradually disappearing. In highly mechanised operations, the worker's job is circumscribed by the supervision, adjustment and maintenance of machines and he loses the power to push up production beyond the technically established limits. It thus becomes impossible to assess the productivity of an individual worker and piece-rate become ineffective. At best, an assessment can be made of the productivity of a group of workers and the individual piece-rate system is therefore being gradually replaced by group systems for whole production teams or sections. Growing mechanisation will gradually result in bringing down the difference between the wages of piece-rate and time-rate workers. It will also make the conditions of work in various industries more uniform and thereby narrow the industry-wise differentials.

It is said that, in the U.S.S.R., there is a growing emphasis on the need for improving the profits of industrial and other undertakings. This is sought to be done by bringing down production costs. It has been estimated that an economy of one per cent will mean a saving of 2,100 million roubles in costs. With the advance in technical progress, labour cost per unit of production will naturally be lower. But, whereas technical progress makes the equipment more productive, it also adds to the cost of capital equipment, so that its unsatisfactory utilisation will result in a greater loss. In order to ensure the effective use of plant and machinery, the bonus system, as already described, has been introduced.

Discussing possible future trends, the author of the article says:

"Quality control is a further essential factor in economic expansion. Systematic improvement of quality does not merely mean better goods: since what is produced will last longer, it also means that more goods will be available. Moreover, as machinery becomes increasingly complex, high standards of quality and precision are vital to smooth and efficient operation of production plant, transfer mechanisms and other equipment. To existing quality grading methods, incentive systems will sooner or later have to add such factors as reliability and durability.

"The need for greater incentives to improve quality does not imply that output incentives should be abandoned; on the contrary, it is planned to step up industrial production sixfold in the next 20 years. Ensuring that the workers have a material interest in higher output therefore remains the most important function of incentive systems, despite the increased weight that will be attached to economic indices and improvement of quality. One of the essential principles which must guide such systems in the near future is the need to reward quantity and quality in the right proportions.

"One last requirement should be mentioned in conclusion. According to the current economic plans, a vast amount of new automated plant, remote-control installations, flow-lines and strictly regulated continuous processes will be brought into operation in the next few years. Only by means of such technical progress can a high rate of increased production be obtained, conditions of work steadily improved and wage differentials reduced. Accordingly, all personnel must have a material as well as a moral interest in technical advance. It is, therefore, necessary to perfect methods of incentive payment for the preparation and introduction of new machinery and techniques, for inventions and organisational proposals."

It will thus be seen that payment of incentives to workers has become an integral part of Soviet wage system and an important instrument of industrial progress of the U.S.S.R.

MORE PAID HOLIDAYS FOR AMERICAN WORKERS

American workers who are covered by labour union contracts are receiving more paid holidays than ever before. A survey made by the U.S. Department of Labour of nearly 1,700 major union contracts recently negotiated, covering 7.40 million workers, shows that: (1) in place of the six holidays with pay, typical ten years ago, most union contracts at larger plants now provide at least seven holidays. In addition, clauses calling for eight or more days are now contained in about 40 per cent of these contracts; (2) new holiday concepts are emerging—a holiday on the worker's birthday; an unspecified "floating" holiday which can be used to make a long week-end; or an extra day during the traditional holidays; and (3) premium pay for work on holidays is being raised to triple-time (holiday pay *plus* double time for hours worked). Improvements in holiday practice will continue to be feature of collective bargaining in coming years, the A.F.L.-C.I.O. *American Federationist* predicts. As automation makes it increasingly possible to produce more and more goods and services with fewer workers, the work-week will be reduced and there will be longer vacation, earlier retirement and more holidays.

SYNOPSES OF COMPANY REPORTS

Smith, Stanistreet and Co., Ltd.

(*Chairman*: Mr. D. M. Jaffray, Calcutta.)

Annual General Meeting—22nd December 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales, claims, etc.	2,49,11	2,22,05
Other income	7,17	4,23
Closing stock	76,84	66,08
Gross profit	15,54	14,58
Transfer to depreciation	1,31	1,41
,, ,, provision for taxation	7,23	7,16
Net profit	6,50	6,01
Excess tax provision written back	71	Nil
Appropriations:		
Transfer to development rebate reserve	24	60
,, ,, general reserve	1,37	1,00
,, ,, provision for doubtful debts	14	Nil
Proposed dividends (taxable) preference	65	65
,, ,, ordinary	5,00	4,50
	(25%)	(22 2/5%)
Carry forward	*	19
Market value of ordinary shares (in rupees):	1964†	1963
High	13.89	15.44
Low	13.00	11.50

† Upto 20th November 1964.

Extracts from the Directors' report: A number of pharmaceutical specialities and a few quality cosmetics were introduced during the year. The pharmaceutical specialities were favourably received by the profession and trade and the cosmetics were well appreciated by consumers.

In South India five branches were opened at Madras, Bangalore, Ernakulam, Kakinada (now shifted to Vijayawada) and Hyderabad for better distribution of Company's own products and the progress of sales in these places was more marked during the year compared to the previous years when the territory was operated by Distributors.

The Research Division is engaged in the development of a number of pharmaceutical specialities and it is expected that they will attract good sales when released to the market.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	25,00,000	Gross block	33,60,093
Reserves and surplus	19,28,732	—Depreciation	20,06,653
Other liabilities	87,94,966	Net block	13,53,440
		Current assets	1,10,43,410
		Investments	3,18,835
		Cash	5,08,007
	Rs.1,32,23,698		Rs.1,32,23,698

* Paid-up capital consists of 10,000—10 per cent preference shares of Rs. 50 each and 4,00,000 ordinary shares of Rs. 5 each. Of the above, 2,33,768 ordinary shares are held by the Holding Company—The Shalimar Works Ltd.

Mandya National Paper Mills Ltd.

(*Managing Agents*: Bedi & Co. Management Ltd., Bangalore.)

Sixth Annual General Meeting—9th December 1964.

Extracts from the Directors' report for the year ended 30th June 1964:

This was the second year of operation of the Mill, and the profit and loss account shows a working loss of Rs. 12,34,154 as compared with a working loss of Rs. 28,42,856 in the previous year, before providing for depreciation. Sales of paper have increased from Rs. 1,13,00,000 in the financial year 1962-63 to Rs. 1,76,00,000 during 1963-64. The per tonne sales realisation has also increased slightly from Rs. 1,825 in 1962-63 to Rs. 1,887 in 1963-64. There was a notable reduction in the per tonne cost of raw materials consumed which, together with the normal working of the Mill, has resulted in an improvement in the overall working results noted above. The cost of insurance has also diminished somewhat due to the discontinuation of the Emergency Risk Insurance from December, 1963. There has been an increase in the value of finished stocks due to seasonal fluctuations in the market. The Company received an Import Licence under the Development Loan Fund in the course of the year, and has been able to slightly build up its stocks of essential imported spare parts, which reflects in the increase in the value of stores and spares.

During the year the cost of production was affected by an acute shortage of bagasse. It is likely that if bagasse had been available in adequate quantities, the working loss would have been eliminated entirely. Due to the non-availability of sugarcane, the Mysore Sugar Company Ltd., Mandya, had to curtail its crushing season by approximately 4 months, ending crushing in December 1963 instead of April 1964. The position with regard to the supply of sugarcane has now improved, and it is hoped that supplies from the sugar mill at Mandya will be adequate for the ensuing year, and enable the Mill to eliminate working losses and perhaps cover part of the depreciation. The Mill's equipment is working satisfactorily and since August 1964, when bagasse supplies were available, the Mill was able to produce paper with more than 70 per cent bagasse on average. Paper has also been produced satisfactorily with 100 per cent bagasse, which represents a technological achievement of the first order. The paper manufactured by the Mill was very well received in the market.

The finished production during the year ended 30th June 1964, was 10,114 tonnes against a rated capacity of 10,800 tonnes. The Mill worked for 300 days out of 366 days. 6 days production was lost due to non-availability of power; 4 days due to non-availability of water and 56 days production due to holidays, wire changes, mechanical, operational and other reasons.

Government have granted a 15 per cent rebate in excise duty on production of mills coming into operation after 1961. They have also granted a rebate of 5 paise per Kg. for paper units based on bagasse, producing paper with more than 40 per cent bagasse content. These concessions, it is expected, will assist, along with the stable supply of raw materials, in eliminating operational losses for the next working season. Upto the end of September 1964, the Company has drawn a sum of Rs. 1,17,00,000 from the loan made available by the United States Agency for International Development, Washington, D. C., leaving a balance of Rs. 33,00,000 set apart for meeting part of the cost of the proposed expansion of the Company. The mortgage in favour of the AID is still to be executed. The expansion proposals are likely to be implemented during the course of the ensuing year and, on completion, will alter the profitability picture of the Company to its advantage. The Industrial Finance Corporation of India is expected to grant a loan of Rs. 1,00,57,000 to the Company for expansion to cover the cost of machinery as well as a refinancing loan of Rs. 96,66,000. During the course of the year, three instalments of deferred payments, amounting to Rs. 61,08,000 have been repaid from the loan taken from the AID.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	2,02,72,580	Block	4,72,14,584
Other liabilities	3,67,04,256	Current assets	49,99,649
		Investments	1,000
		Cash	3,08,574
		Miscellaneous expenditure	3,76,019
		P.L. a/c deficit	40,77,010
	Rs.5,69,76,836		Rs.5,69,76,836

* Paid-up capital consists of 14,300 equity shares of Rs. 10 each and 60,000—7 per cent tax-free redeemable cumulative preference shares of Rs. 100 each. Calls in arrears—ordinary=Rs. 22,795 and preference=Rs. 4,625.

Rajagiri Rubber and Produce Co., Ltd.

(*Managing Agents*: A. V. Thomas & Co., Ltd., Alleppey, Kerala.)

Twenty-seventh Annual General Meeting—16th December 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales of rubber	30,16	26,91
Income from sundry produce	18	28
Closing stock of rubber	3,38	3,42
Gross profit	12,02	9,28
To Managing Agents' remuneration	1,12	88
Transfer to depreciation	52	35
,, ,, provision for taxation	5,20	2,80
Net profit	5,18	5,25
Appropriations:		
Transfer to-dividend equalisation reserve	50	85
To dividends (taxable) preference	1,37	1,37
,, ,, ,, equity	3,36	2,87
	(25%)*	(21½%)*
Carry forward	14	21
Market value of equity shares (in rupees):	1964†	1963
High	23.00	21.25
Low	22.60	17.25

* This includes an interim dividend of 10 per cent.
† Upto 24th November 1964.

Extracts from the Directors' report:

Crop	For the year ended 30-6-1964		For the same period last year	
Estate	Estimate	Crop secured	Estimate	Crop secured
	Kg.	Kg.	Kg.	Kg.
Rajagiri	4,25,000	4,62,285	3,75,000	3,97,000
Shaliacary	4,50,000	4,96,861	4,60,000	4,48,000
Total	8,75,000	9,59,146	8,35,000	8,45,000

Cost of production and sale realisations:

	1963-64	1962-63
Estimated Ex-Estate cost per kg.	Rs. 1.91	Rs. 1.83
Actual Ex-Estate cost per kg.	,, 1.67	,, 1.90
Average sale price realised per kg.	,, 3.14	,, 3.16

The production has been satisfactory on both estates and has exceeded the estimate by over 84,000 kg. notwithstanding the heavy drought experienced during the period December 1963 to May 1964.

Estimate for the year 1964-65: It is estimated that for 1964-65 season, the Estate cost will be Re. 1.85 per kg. and the production: from Rajagiri 425,000 kg. and from Shaliacary 465,000 kg., (Total=890,000 kg.). The crop harvested so far this year has been satisfactory. The capital expenditure is estimated at Rs. 1,62,281.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	36,10,000	Gross block	54,75,258
Reserves and surplus	16,33,125	—Depreciation	6,01,716
Other liabilities	16,69,691	Net block	48,73,542
		Current assets	7,14,132
		Investments	38,636
		Cash	12,86,506
	Rs. 69,12,816		Rs. 69,12,816

* Paid-up capital consists of 1,35,000 equity shares of Rs. 10 each and 2,26,000—6 per cent. cumulative preference shares of Rs. 10 each

Standard Batteries Ltd.

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

Nineteenth Annual General Meeting—24th December 1964.

Working Results:—

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sale of batteries, spares, etc.	1,64,89	1,39,67
Closing stock	17,19	12,52
Gross profit	28,55	21,69
To Managing Agents' commission	2,07	1,53
Transfer to depreciation	6,24	4,53
,, ,, provision for taxation	12,00	9,00
Net profit	8,24	6,63
Appropriations:		
Transfer to general reserve	2,20	1,20
,, ,, development rebate reserve	1,11	96
,, ,, dividend reserve	Nil	4,50
Proposed dividend (taxable) ordinary	4,95	4,50*
	(11%)	(10%)
Carry forward	10	12
Market value of ordinary shares (in rupees):	1964†	1963
High	165.00	177.00
Low	160.00	147.00

* Dividend paid out of the dividend reserve.
† High and low upto 27th November 1964.

Extracts from the Directors' report: Encouraged by the results of the research so far done by the technical staff and the new types of batteries that they have developed within limited facilities available, the Directors have sanctioned the establishment of a fully equipped Research Laboratory including facilities for Pilot Plant Operation. Orders for the necessary Laboratory Equipment and Testing Instruments are being placed. It is hoped this Laboratory would be in operation by the end of the current year.

The demand for special types of batteries both for defence and civilian requirements have considerably increased—thanks to the admirable performance of the Company's patented Pg Batteries in the various fields of application. In addition the exports requirements too, during the year have been of considerable volume. These two demands are being met with on a priority basis and hence there has been naturally, a shortfall in the supply of automobile batteries to the trade. To overcome this shortfall and also reduce the gap between the demand and supply on the Company's Factory, the Directors have taken necessary steps for substantial increase in production. It is hoped during the current year, the Factory would increase its production by another 50 per cent.

Sizable increase in the working space has been taken up and the Factory is building in its own Workshops most of the equipment to take care of this increased production and in addition orders have been placed for some of the special equipment which could not be manufactured by the Company. This machine building activity in the Company's own Shops and the development of the Technical Personnel, has enabled the Directors to consider with confidence proposals of technical collaboration that are being received from the developing countries in Africa and Asia.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	45,00,000	Gross block	96,55,977
Reserves and surplus	27,07,488	—Depreciation	53,48,846
Other liabilities	69,94,736	Net block	43,07,131
		Current assets	98,41,596
		Investments	2,314
		Cash	51,183
	Rs.1,42,02,224		Rs.1,42,02,224

* Paid-up capital consists of 45,000 ordinary shares of Rs. 100 each.

Devidayal Tube Industries Ltd.

(*Chairman*, Mr. H. M. Patel, Bombay.)

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sale of products	73,00	67,92
Other income	4,32	2,39
Closing stock	34,50	27,78
Gross profit	16,28	13,99
Transfer to depreciation	5,41	5,14
,, ,, development rebate reserve	Nil	1,70
,, ,, provision for taxation	4,16	2,77
Net profit	6,69	4,38
Appropriations:		
Transfer to general reserve	3,00	Nil
To adjustment of loss brought forward	Nil	3
To dividends (taxable) preference	20	Nil
	(9.5%)	(Nil)
,, ,, equity	5,23	2,46
Carry forward	(10%)	
	15	1,89

Extracts from the Directors' third annual report: In spite of the fact that the factory remained practically closed during April and May 1964 for certain major repairs, the turnover during the year has been higher than during the previous year. The increased turnover has been due to the Plant No. 1 being operated in a more scientific manner. The Company had the benefit of advice and guidance of a foreign technician specially deputed by the manufacturers of the Extrusion Press.

Development: Most of the machinery for Plant No. 2 has been received at site and the construction of the building, and machinery erection is proceeding satisfactorily. In the absence of any unforeseen circumstances the Directors expect to commission this new plant by the middle of next year.

Finance: The Directors allotted 41,040 equity and 10,000 9.5 per cent cumulative redeemable preference shares of Rs. 100 each pursuant to the Prospectus issued by the Company in October 1963. As on 30th June 1964 an amount of Rs. 75 per share was called up on these shares. The Directors also issued 5,350 equity and 5,350 cumulative redeemable preference shares of Rs. 100 each to Messrs. Delta Metal Co. Ltd., London, against their supply of plant and machinery upto 30th June 1964. Thus the total issued capital of the Company as on 1st September 1964 was Rs. 1,05,70,000.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	82,02,793	Gross block	80,83,760
Reserves and surplus	4,84,897	—Depreciation	10,44,276
Other liabilities	98,29,887	Net block	70,39,484
		Current assets	1,10,13,835
		Cash	30,980
		Miscellaneous expenditure	4,33,278
	Rs.1,85,17,577		Rs.1,85,17,577

* Paid-up capital consists of 49,310 equity shares of Rs. 100 each; 41,040 equity shares of Rs. 100 each—Rs. 75 per share called up; 5,350—9.5 per cent. cumulative redeemable preference shares of Rs. 100 each and 10,000—9.5 per cent. cumulative redeemable preference shares of Rs. 100 each—Rs. 75 per share called up.

NEWS IN BRIEF

THE Monopolies Commission is expected to submit its report to the Government by the end of October 1965.

The production of cars during 1964-65 is estimated at 21,000, as against the 18,077 cars actually produced in 1963-64.

The annual general meeting of the Associated Chambers of Commerce and Industry of India will be held at Calcutta on Monday, the 21st inst. The Prime Minister, Mr. Lal Bahadur Shastri, will be the chief guest.

Exports of steel during the financial year 1964-65 are expected to be of the order of about Rs. 4 crores. The export quota of bars, rods, structurals and rails fixed for the year is 100,000 tons, same as the quota fixed last year.

The Uttar Pradesh Government is actively considering a proposal for setting up a Sugar Mills Corporation in the State to undertake the establishment of sugar and bagasse-based industries, as well as to take over the defaulting sugar factories.

The State-owned Shipping Corporation of India has acquired three second-hand Italian ships at a total cost of Rs. 141 lakhs in order to meet the urgent commitments in respect of its existing liner services.

The rate of commission given by the Indian Airlines Corporation to its travel agents is five per cent for domestic bookings and 7 per cent for international bookings. Bookings to Nepal are treated as domestic bookings.

A court of inquiry has been set up by the Union Government to probe into the causes of industrial unrest at Marmagoa Port and to suggest remedial measures for improving the industrial relations between workers and management.

A labour force of 35 million will have to be found employment during the fourth Plan period, according to Mr. D. Sanjivayya, Union Labour Minister. The employment potential during the current Plan period is estimated at 20 to 25 million, and unemployment at 12 million.

The State's Chief Inspectors of Factories and officials of the Union Government will meet at a six-day conference scheduled to commence at Calcutta on the 7th inst. They will discuss the difficulties experienced by them while implementing or enforcing the Factories Act.

The Central Government has decided in principle to establish a unit in the public sector for manufacturing tractors and power tillers. A feasibility study in this direction is being undertaken. The preliminary report received from the Government of Czechoslovakia is under the scrutiny of the Government.

The Union Government has, on the advice of the Forward Markets Commission, granted permission to the Alleppey Oil Mills and Merchants' Association to conduct forward trading in pepper for one year with effect from the 10th inst. Forward trading in pepper is at present conducted in Cochin and Bombay.

The Bureau of Mines is reported to have discovered in the West Bokaro Coalfield in Bihar new seams capable of yielding nearly 800 million tonnes of coking coal suitable for metallurgical purposes. A substantial portion of the coal has been described as of first and second grades. Earlier, 22 coal seams were located in the Ramgarh field in Bihar.

Fresh alternatives for increasing production of cars, including the one regarding revival of small car project, are being explored by the Central Government, according to Mr. B. Misra, Deputy Minister for Industry and Supply. Talks are now being held with certain Indian parties as well as some foreign parties in respect of the likely projects.

The Open Hearth No. 7 of the Bhilai Steel Works, Asia's biggest open hearth furnace, went into production on 26th November 1964. The furnace has a capacity to produce 1,000 tonnes of steel per day. The plant will have five such large capacity furnaces under the present expansion programme to raise the capacity from one million tonnes to 2.5 million tonnes of ingot steel per annum by March 1966.

Following an agreement with the West German Bank for Development to provide a loan of Rs. 45 lakhs, the National Small Industries Corporation has decided to make available imported machines and equipment worth Rs. 60 lakhs to small industrialists on hire-purchase basis. Under the hire-purchase scheme, the Corporation has so far distributed Rs. 20 crores worth of imported and indigenous machines and equipment.

The Minerals and Metals Trading Corporation has, for the second time in succession, incurred a loss of Rs. 82 lakhs on iron ore exports. The loss is attributed to the low price of 74s. at which iron ore was sold to Japan. The Corporation is reported to be evolving a strategy, in a bid to avoid further loss, for the massive production of iron ore to ensure substantial reduction in its c.i.f. value.

The Union Ministry of Works and Housing has allocated Rs. 10 crores from the L.I.C. funds to four States, namely, Madhya Pradesh (Rs. 3.5 crores), Orissa (Rs. 3.0 crores), Bihar (Rs. 2.5 crores) and the Punjab (Rs. 1.0 crore) for advancing loans under different housing schemes during the current year. With this allocation, the total amount advanced by the L.I.C. during the current Plan comes to Rs. 44.50 crores.

The findings of a study of the rates charged for power in the different parts of the country by a Committee of the Representatives of State Governments and the Planning Commission reveal the need for an increase in electricity charges in almost all the States. The Committee has suggested that the rates should be so adjusted as to enable an earning of 10 per cent on investment, after meeting working expenses and depreciation charges.

The Prevention of Food Adulteration (Amendment) Bill, which seeks to tighten the law against food adulteration, was passed by Parliament on 26th November 1964. The penal clause of the Bill, however, was greatly softened by a last-minute official amendment. As reported by the Joint Select Committee to which it had been referred, the Bill made it obligatory on the courts to award prison sentence of less than six months for adulteration offences. In addition, there was the provision of fine of less than Rs. 1,000. The official amendment accepted gave the courts the discretion to award a prison sentence of less than six months or a fine of less than Rs. 1,000 or both.

The Governments of India and the U.S. signed at New Delhi on Monday this week three U.S. loan agreements amounting to $60.3 million (Rs. 28.7 crores) for the development of industry, power generation and transport in this country. The first loan of $50 million (Rs. 23.8 crores) will be utilised for financing imports of fertilisers, steel, lubricants, machinery, sulphur, rubber, tyre cord, carbon black, caustic soda, insecticides, chemicals and a wide range of components. The second loan of $7.2 million (Rs. 3.4 crores) will meet the cost of acquiring 25 broad gauge diesel locomotives by the Indian Railways. The third loan of $3.1 million (Rs. 1.5 crore) is to be used for procuring a 89,100-kw. generator for the Sharavathi hydro-electric project in Mysore State.

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From Abroad

Following the increase in British Bank Rate, the Malaysian treasury has raised its discount rate from 4 to 5 per cent with effect from 25th November 1964. The Bank of Jamaica has also increased its Bank Rate from 4 to 5 per cent.

The aggregate output (in terms of value) of the British motor industry during the first nine months of this year amounted to £556 million, as against £516 million in the corresponding period last year. Exports of parts and accessories aggregated £159 million, representing an increase of 11 per cent over the same period last year.

For the third consecutive year, Australia is expecting a record wheat crop in the 1964-65 season which began on the 1st of this month. The total output is officially estimated at 9.2 million tons, as against the 8.9 million tons actually harvested in 1963-64, 8.2 million tons in 1962-63 and 6.6 million tons in 1961-62.

The 210-MW pressurised water reactor Atomic station at Novo-Voronezh on the banks of the Don River has been switched into the unified power grid of the Western Soviet Union. The station is using uranium oxide fuel contained in zoreonium tubing and has served as the prototype for the second half of the station, now under construction, which will ultimately generate 365 MW of power.

The Scandinavian Airlines System has placed an order for four "second generation" DC-8-62 long-range jet aircraft at a cost of £11 million (excluding spares) with the Douglas Aircraft Company. It has also an option to buy four more jets. The first of the D.C. liner will be pressed into service on the Company's polar route in May 1967, while the delivery of the remaining three will take place a few months after the first delivery.

The fifth European Agricultural and Industrial Fair will be held at Jon-koping, in Sweden, from 3rd to 13th June 1965. The main sections are agriculture, forest and wood and section for excavators, other contractors' machines and transportation equipment. The Fair is receiving international recognition as a means of exchanging ideas in agriculture, forestry, woodworking industry, mature conservancy and recreational facilities.

In the first half of 1964, new life assurance business amounting to f. 4,455 million was written by Holland's life assurance companies, an increase of no less than f. 1,053 million over the same period of 1963. In this period, receipts from premiums and purchase sums aggregated f. 695.2 million (first half of 1963: f. 617.1 million) and benefits paid to f. 200.4 million (f. 185.1 million). The invested capital of the combined companies rose from f. 10,927 million at 31st December 1963 to f. 11,499 million at the end of June 1964. The principal sectors of investment were debenture loans (f. 5,533 million) and mortgages (f. 3,105 million).

The Government of Argentina has introduced a new series of import regulations designed to limit payments for capital goods during the next two years, when the country's foreign debt obligations are expected to be particularly heavy. The regulations set minimum repayment periods for capital goods purchases ranging from two years upwards according to value. The minimum period of two years applies to goods valued at $5,000 to $20,000, with a six-month moratorium on payments from the date of purchase. For goods worth between $500,000 and $1 million there is to be a two-year moratorium on payments, followed by half-yearly quotas spread over seven years. Shorter repayment periods are allowed for industries affected by the Government's industrial promotion legislation. Imports from the Latin American free trade area are exempt. The recently published national development plan estimates Argentina's requirements of imported capital goods at $1,860 million over the next five years.

The Swedish Aircraft Company, Saab, may reach a new sales record in excess of Kr. 1,000 million this year. The actual sales in the first six months aggregated Kr. 535 million, representing a rise of 19 per cent, as compared with January-June 1963 period. Military deliveries have developed according to plan. The Company has obtained a Swedish Air Force order for 130 twin-jet trainers of the Saab 105 type and work is proceeding on the all-purpose combat aircraft Saab 37 Viggen. The Austrian Air Force has ordered 24 Safir trainers, while the Swiss and Danish ministries of defence have signed contracts for bomb sights. A guided missile developed by the Company, designated 305, has gone into production. The non-military sector of the Company's activities has also developed favourably. The automobile division's deliveries of cars was up by 15 per cent to 23,400 units, including a 40 per cent rise in exports. Total deliveries this year are likely to be about 45,000, as against 40,000 last year. Next year, capacity is to be raised to about 50,000 cars.

West Germany's pharmaceutical industry is well on its way to recovering the leading position it occupied in the world prior to World War II. Medicine valued at nearly DM three billion was manufactured last year, of which medicine alone was valued at roughly DM 800 million. In 1960, only DM 600 million worth of medicine were exported. West Germany's pharmaceutical imports amounted to roughly DM 190 million in 1960 and increased to nearly DM 250 million in 1963. Overseas countries remained the country's best pharmaceutical buyers. Nearly 20 per cent of the country's medical exports went to Asia. Japan alone imported roughly DM 66 million worth of West German pharmaceutical products. But Africa and the Near East have also recently increased their pharmaceutical imports. West Germany's pharmaceutical industry is increasingly able to sell its products to other European countries. For a long while, it appeared as if the market lost with the World War II could not be regained. Last year, however, its pharmaceutical exports to European countries amounted to DM 380 million and reached nearly half of the country's entire pharmaceutical exports.

PERSONAL

MR. E. E. Naegeli, until recently Deputy Manager for India of Nestle's Products (India) Limited, has been appointed as the Manager for India.

Mr. Rohit C. Mehta, Vice-President of the Gujarat Chamber of Commerce, will be the President of the Local Board constituted for the new Ahmedabad Circle of the State Bank of India.

Mr. D. T. Ghatpande, Regional Provident Fund Commissioner, Maharashtra, has been concurrently appointed Regional Provident Fund Commissioner for Goa, Daman and Diu.

Mr. Manubhai Shah, Union Minister for Commerce, has left for Geneva to attend a ministerial session of the G.A.T.T. After attending this session, he will leave for New York to join the Indian delegation to the U.N. General Assembly.

Mr. Ramkrishna Bajaj, Chairman of Bajaj Tempo Ltd., has been elected President of the Maharashtra Chamber of Commerce. Mr. M. L. Apte, Mr. Y. A. Fazalbhoy and Mr. D. C. Shah have been elected Vice-Presidents.

Mr. V. C. Trivedi, Ambassador-designate to Switzerland, has concurrently been appointed India's Minister to Vatican with residence at Berne. He is expected to assume charge of his new assignment in January next.

Mr. Ramnath A. Podar, Mr. Zafar Futehally, Mr. Shantaram M. Dahanukar, Dr. Rustom Cawasjee Cooper, Mr. Krishna Chandra Maitra and Prof. Mohanlal Lallubhai Dantwala have been nominated members of the Bombay, Calcutta, Madras, New Delhi, Kanpur and Ahmedabad Local Boards, respectively, of the State Bank of India.

Notices

THE BRADY ENGINEERING COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the shareholders of the Company will be held at the Registered Office of the Company at Brady House, 12-14 Veer Nariman Road, Fort, Bombay, on Thursday the 24th day of December, 1964, at 12 noon (S.T.) or so soon after the statutory Meeting of the shareholders of the Company to be convened on that day under an Order of the High Court, Bombay, under section 391 of the Companies Act, 1956, is concluded, to consider and if thought fit, is pass with or without modifications the following resolutions:—

As An Ordinary Resolution:

RESOLVED that the Authorised Capital of the Company be increased from Rs. 25,00,000 divided into 25,000 shares of Rs. 100 each to Rs. 1,00,00,000 divided into 1,00,000 shares of Rs. 100 each by the creation of 75,000 new shares of Rs. 100 each.

I. **As An Ordinary Resolution:**

RESOLVED that the remuneration of the Directors of the Company for attending meetings of the Board or of the Committees of the Board be increased as from 1st May 1964 from Rs. 60 to Rs. 150 for each Director for each Meeting of the Board or a Committee of Board attended by him.

II. **As A Special Resolution:**

RESOLVED that subject to the consent of the Controller of Capital Issues being obtained and the amalgamation of Morris and Brady Limited with the Company being sanctioned by the High Court, Bombay, the Company do issue out of 75,000 new shares of Rs. 100 each 20,200 shares of Rs. 100 each as Equity shares ranking *pari passu* in all respects with the existing 25,000 Equity shares of the Company of Rs. 100 each save and except that they shall not be entitled to participate in the profits of the Company for the year ending 31st December 1964 and that such 20,200 new Equity shares be offered by the Board of Directors of the Company to any persons whether they are or not those persons who are the holders of the existing 25,000 Equity shares in the Company and in such manner as the Board of Directors of the Company may deem proper and that out of the said 20,200 Equity shares to be issued 10,754 Equity shares of Rs. 100 each be allotted to Herbert Morris Limited of the U.K. credited as fully paid up in payment of a sum of Rs. 10,75,400 being the price of such of the plant and machinery as may be required for the expansion scheme to be supplied by them to the Company and that a further 2,000 Equity shares of Rs. 100 each be also allotted to the said Herbert Morris Limited of the U.K. credited as fully paid up in payment of a sum of Rs. 2,00,000 being the price of the "know-how" for the manufacture of Lifting and Carrying Machinery, Electric Hoist Blocks and Electric Overhead Travelling Cranes and Hand and Loan Chains, to be supplied by the said Herbert Morris Limited of the U.K. to the Company with power to the Board of Directors of the Company to assent to such modifications as the Controller of Capital Issues may make or impose on the allotment of the said 10,754 and 2,000 shares respectively.

IV. **As A Special Resolution:**

RESOLVED that pursuant to the provisions of Section 360 of the Companies Act, 1956 and other applicable provisions of the said Act the Company doth hereby accord its approval to a contract or contracts for the erection of a building or buildings from time to time required by the Company, being entered into with Shapoorji Pallonji & Company Private Limited an associate of W. H. Brady & Company Limited the Managing Agents of the Company, the rates to be charged by Shapoorji Pallonji & Company Private Limited to the Company for such work or works not being less favourable to the Company than the usual market rates for such work or works or which are otherwise reasonable.

V. **As A Special Resolution:**

RESOLVED that pursuant to the provisions of Section 360 of the Companies Act, 1956 and other applicable provisions of the said Act the Company doth hereby accord its approval to a contract or contracts for oil painting and distempering any building or buildings of the Company from time to time required by the Company, being entered into with M. Pallonji & Company Private Limited an associate of W. H. Brady & Company Limited, the Managing Agents of the Company, the rates to be charged by M. Pallonji & Company Private Limited to the Company for such work or works not being less favourable to the Company than the usual market rates for such work or works or which are otherwise reasonable.

VI. **As A Special Resolution:**

RESOLVED that subject to the amalgamation of Morris & Brady Limited with the Company being sanctioned by the High Court, Bombay, Article 140 of the Articles of Association of the Company providing for qualification of Directors be and is hereby deleted and that the following Article 140 be substituted for the same:—

"140. The Directors of the Company need not hold any qualification shares."

VII. **As A Special Resolution:**

RESOLVED that subject to the amalgamation of Morris & Brady Limited with the Company being sanctioned by the High Court, Bombay, and subject to the approval of the Central Government the name of the Company be changed into "Brady and Morris Engineering Company Limited" and accordingly the name "The Brady Engineering Company Limited" wherever it occurs in the Memorandum and Articles of Association of the Company be and is hereby substituted by the name "Brady and Morris Engineering Company Limited."

By Order of the Board of Directors,

W. H. BRADY & COMPANY, LIMITED,
J. M. MEHTA,
Managing Director,
Managing Agents.

Registered Office:

"BRADY HOUSE,"
12-14, VEER NARIMAN ROAD, FORT,
BOMBAY,

20th November, 1964.

Notes:—(1) The Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 have been posted to the shareholders direct.

(2) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

THE BURRAKUR COAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of The Burrakur Coal Company Limited, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Tuesday, the 29th December, 1964, at 11.00 a.m., for the following purposes:—

1. To consider and adopt the Audited Accounts of the Company for the year ended 30th June, 1964, and to receive the Directors' and Auditors' reports thereon.
2. To declare the Dividends recommended by the Directors.
3. To appoint a Director in place of a retiring Director.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Registers of the Company will be closed from the 22nd December, 1964 to the 29th December, 1964, both days inclusive.

By Order of the Board,
BIRD AND COMPANY (PRIVATE) LIMITED.
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, *26th November*, 1964.

Notes: (a) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(b) The Dividends, if declared, will be paid on or after 19th January, 1965, to those Shareholders so entitled whose names appear in the Company's books on 29th December, 1964 or to their mandatees. No application for Dividend Warrants will be necessary.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

Ordinary Original Civil Jurisdiction
Company Application No. 63 of 1964

In the matter of the Companies Act 1956

and

In the matter of The Brady Engineering Company Ltd., a company incorporated under the Indian Companies Act 1913 and having its Registered Office in Brady House, 12/14, Veer Nariman Road, Fort, Bombay.

The Brady Engineering Company Ltd., a company incorporated under the Indian Companies Act 1913 and having its Registered Office in Brady House, 12/14 Veer Nariman Road, Fort, Bombay ... *Applicant*

NOTICE CONVENING MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT BY AN Order dated the 20th day of November 1964 the Court has directed a meeting to be held of the shareholders of the Applicant Company for the purpose of considering and if thought fit, approving with or without modifications, the Scheme of Amalgamation proposed to be made between the Applicant Company and Morris and Brady Ltd.

In pursuance of the said order and as directed therein notice is hereby given that a Meeting of the shareholders of the Applicant Company will be held at the Registered Office of the Applicant at Brady House, 12/14, Veer Nariman Road, Fort, Bombay, on Thursday the 24th day of December 1964 at 11.45 a.m. (S.T.), at which time and place the said shareholders of the Applicant Company are requested to attend.

Copies of the said Scheme of Amalgamation and of the statement under Section 393 of the Companies Act 1956 can be had free of charge at the Registered Office of the Company or at the office of its Attorneys, Messrs. Kanga and Company, Readymoney Mansion, Churchgate Street, Fort, Bombay-1.

Persons entitled to attend and vote at the Meeting may vote in person or by proxy provided that all proxies in the prescribed form are deposited at the Registered Office of the Company at Bombay not later than 48 hours before the said Meeting.

Forms of proxy can be had at the Registered Office of the Company.

The Court has appointed Shri Pallonji S. Mistry and failing him Shri Jimmy Manek Mehta as the Chairman of the said Meeting. The above-mentioned Scheme of Amalgamation if approved by the said Meeting, will be subject to the subsequent approval of the Court.

Dated this 20th day of November 1964.

P. S. MISTRY,
Chairman appointed for the Meeting.

THE JEYPORE SUGAR COMPANY LIMITED

Registered Office:
RAYAGADA—ORISSA

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will remain closed from 22nd December 1964 to 28th December 1964, both days inclusive, during which period transfers of shares will not be effected.

The Annual General Meeting will be held at 2 p.m. on Monday, 28th December 1964, at the Registered Office, Rayagada.

For THE JEYPORE SUGAR COMPANY LTD.,
For R. S. INDUSTRIAL CORPORATION PRIVATE LTD.,
(Sd.) MRS. RAJESWARY RAMAKRISHNAN,
Managing Director,
Managing Agents.

RAYAGADA,
23rd November 1964.

THE CALCUTTA TRAMWAYS COMPANY LIMITED

(Incorporated in England)

NOTICE IS HEREBY GIVEN THAT THE Preference Share Transfer Books will be closed from the 18th to the 31st December, 1964 (both days inclusive) for the preparation of Dividend Warrants in respect of the Final Dividend of 2½ per cent less Income-tax payable on the 1st January, 1965, on account of the profits for the year ending 31st December, 1964.

By Order of the Board,
R. W. TURNBULL,
Agent.

P4, MISSION ROW EXTENSION,
CALCUTTA-1.

Dated 24th November, 1964.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

Ordinary Original Civil Jurisdiction
Company Application No. 62 of 1964

In the matter of the Companies Act 1956
and
In the matter of Morris & Brady Ltd., a company incorporated under the Companies Act 1956 and having its Registered Office in Brady House, 12-14, Veer Nariman Road, Fort, Bombay.
Morris & Brady Ltd., a company incorporated under the Companies Act 1956 and having its Registered Office in Brady House, 12-14 Veer Nariman Road, Fort, Bombay ... *Applicant.*

NOTICE CONVENING MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT BY an Order dated the 20th day of November, 1964 the Court has directed a meeting to be held of the Shareholders of the Applicant for the purpose of considering and if thought fit, approving with or without modifications, the Scheme of Amalgamation proposed to be made between the Applicant and The Brady Engineering Company, Ltd.

In pursuance of the said Order and as directed therein notice is hereby given that a Meeting of the Shareholders of the Applicant Company will be held at the Registered Office of the said Applicant Company at Brady House, 12-14 Veer Nariman Road, Fort, Bombay, on Thursday, the 24th December, 1964 at 11-30 a.m. (S.T.) at which time and place the said Shareholders of the Applicant Company are requested to attend.

Copies of the said Scheme of Amalgamation and of the Statement under Section 393 of the Companies Act 1956 can be had free of charge at the Registered Office of the Company or at the office of its Attorneys, Messrs. Kanga and Co., Readymoney Mansion, Churchgate Street, Fort, Bombay-1.

Persons entitled to attend and vote at the meeting may vote in person or by proxy provided that all proxies in the prescribed form are deposited at the Registered Office of the Company at Bombay not later than 48 hours before the said meeting.

Forms of proxy can be had at the Registered Office of the Company.

The Court has appointed Mr. Jimmy Manek Mehta and failing him Mr. A. S. Nariman as the Chairman of the said Meeting. The abovementioned Scheme of Amalgamation if approved by the said meeting will be subject to the subsequent approval of the Court.

Dated this 20th day of November, 1964.

J. M. MEHTA,
Chairman,
appointed for the Meeting.

BRITISH PAINTS (INDIA) LIMITED

32, Chowringhee Road,
CALCUTTA

NOTICE IS HEREBY GIVEN THAT:

(a) The Board of Directors has, in a meeting held on 27th November 1964, declared, out of the profits of the current year, an Interim Dividend of 7½ per cent (subject to deduction of Income Tax) on the Ordinary Shares of the Company. The Dividend shall be payable on or after the 4th day of January 1965 to those Members whose names are borne by the Register of Members of the Company on that date.

(b) The Register of Members of the Company will be closed from the 21st December 1964 to 4th January 1965, both days inclusive.

By Order of the Board,

S. R. ROY,
Director Secretary.

Dated at Calcutta,
the 2nd December, 1964.

COMMERCE AND INDUSTRY

(Concluded from page 1009)

lity of lime and poor process control due to insufficient instrumentation, etc.

"Black liquor obtained from bamboo, which is high in silica content, results in frequent deposits of scales at different stages in evaporators and furnaces. This results in frequent stoppage of the recovery plant for the purpose of cleaning, thereby affecting the normal running of the plant."

The problem of recovery of chemicals ought to be solved satisfactorily in right earnest. The following three solutions which Mr. Podder offered in this connection are pertinent:

1. Sufficient space to store the black liquor (obtained from bamboo) is a necessity. Filtration of black liquor to remove fine pulp should be resorted to for improving the quality of liquor for operating the recovery plants continuously.

2. There should be strict control of sodium and sulphur losses in the recovery operation, that is, in multiple-effect evaporators, recovery furnace (including waste heat boiler, direct contact evaporator and electrostatic precipitator), and causticising section.

3. A complete co-ordination of efforts for proper maintenance will provide to a great extent trouble-free service in the recovery operations, resulting in better economy.

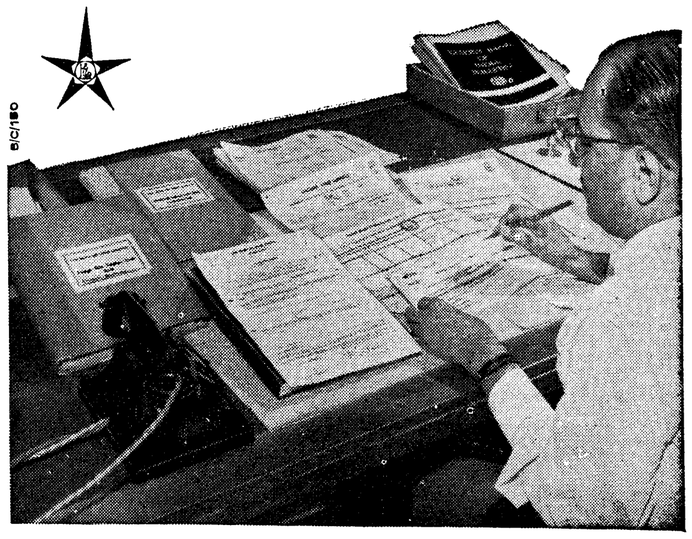
Considering that the two factors relating to recovery of chemicals and forestry operations influence the cost of paper production and determine the development of the industry itself in the coming years, it was but natural that the deliberations of the I.P.P.T.A. seminar centred mainly on these issues. About 300 technicians and senior executives employed in several paper mills participated in the seminar; the actual number of mills in existence is 38. The seminar would surely have served the purpose for which it was convened if its deliberations were to result in concrete solutions to the problems confronting the paper industry which has a total productive investment of approximately Rs. 90 crores, employs more than 50,000 persons, and produces about Rs. 90 crores worth of paper and paper products that are widely used not only for reading and writing purposes but also for wrapping and packaging.

We can help EXPORTERS to expand their business by providing pre-shipment finance. We can advise EXPORTERS of trade enquiries, put them in touch with foreign buyers, and obtain credit information and status reports on foreign buyers.
We can give to EXPORTERS effective Letters of Introduction on our Foreign Branch Managers and Correspondents, provide them with Travellers' Cheques, Foreign Currency Notes, and Letters of Credit—when they travel.
We can collect and negotiate for EXPORTERS all types of foreign bills; give Excise guarantees where necessary and guarantees under Export Promotion Schemes; and buy various foreign currencies, at the finest rates, both "spot" and "forward".
We can advise EXPORTERS on matters concerning import restrictions, duties, etc. in foreign countries.
With our 14 branches overseas and correspondents in almost all parts of the world, we are well equipped to handle FOREIGN EXCHANGE BUSINESS of any description.

EXPERT ATTENTION TO YOUR EXPORT PROBLEMS

THEY ALSO FIGHT WHO WORK AND SAVE

THE BANK OF INDIA LTD.
T. D. KANSARA, General Manager.



S/C/150

TREND OF MARKETS

MONEY TIGHT

(From Our Own Correspondent)

BOMBAY, *2nd December*

Conditions in the short-term money market during the week under review were tight. The pressure of demand for credit was persistent, while the supply of funds available was very much limited. Borrowers, therefore, had to look around for accommodation and interest rates were marked up. In the inter-bank call section, fresh day-to-day money fetched as high at 5 per cent and renewals were reported at 4½ per cent, whereas both commanded no more than one per cent last week. Calcutta also reported stringency, the call rate there spurting from 2½ per cent to 5-5½ per cent.

The tight money conditions are reflected in the very poor response elicited by the Government of India 91-day Intermediate Treasury Bills. The Bills actually sold from 25th to 28th November aggregated no more than Rs. 52 lakhs, as against Rs. 16.57 crores a week before and Rs. 11.25 crores two weeks before. In the case of the 91-day Treasury Bills sold on tender basis and the tenders for which opened on Tuesday the 1st inst., the total amount offered (Rs. 2 crores) was just equal to that invited; the whole of it was accepted. The average rate of accepted tenders was higher at Rs. 2.400 per cent, as against Rs. 2.360 per cent a week before.

The total credit made available by scheduled banks to their clients declined by Rs. 4.90 crores to Rs. 1,714.18 crores during the week ended 20th November. At the same time, there was a rise of Rs. 19.42 crores to Rs. 2,733.05 crores in their deposits. And so the borrowings from the Reserve Bank were negligible, being just Rs. 1.46 crore, a fall of Rs. 81 lakhs over the week. Investments improved by Rs. 9.24 crores to Rs. 828.82 crores, while total cash declined by Rs. 2.92 crores to Rs. 164.03 crores.

The Gilt-edged market was quiet, though the volume of business was a shade better than in the previous week. Price movements were narrow in both Central and State loan sections.

In the foreign exchange market, the banks selling rate for U.S. dollars dropped a rupee to Rs. 479.50 per $100. Their buying rate also fell by 75 paise to Rs. 476. In New York, the pound sterling ruled firm *vis-a-vis* the dollar, the spot rate rising by 0.570 cent to 279.200-279.230 cents and the three months' forward by 0.120 cent to 277.200-277.230 cents.

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The total cash collections to the National Defence Fund up to the end of November 1964 amounted to Rs. 59.13 crores, including Rs. 28 lakhs received from Britain and Rs. 63 lakhs from other countries. During the same period, contributions in the form of gold and gold ornaments amounted to 2,400.526 grammes (206,649 lakhs).

BULLION EASY

(From Our Own Correspondent)

BOMBAY, *2nd December*

Both silver and gold moved rather erratically during the week under review. Over the week, silver was unchanged at last levels, while gold was a shade lower. The undertone of the market at the time of writing was easy. Traders were inclined to feel that the trend of the market would be uncertain till the Gold Control Bill now in Parliament was finally passed.

Silver began the week 50 paise lower at Rs. 260 and moved upto Rs. 261.50 on demand from local dealers. It, however, declined to Rs. 261 following better arrivals but rose again to Rs. 261.50 on upcountry support before finishing lower at Rs. 260.50. The weekly average arrivals and offtake of the metal were 19 bars and 8 bars, as against 13 bars and 8 bars last week.

Fourteen-carat gold receded from Rs. 66.75 to Rs. 66.50 due to lack of interest. Subsequently, it improved to Rs. 67 thanks to demand from refiners and dealers. But the goldsmiths' token strike on 1st December induced fresh selling and it closed lower at Rs. 66.90. Pure gold, in unofficial dealings, was very quiet at Rs. 111. Sovereign declined to Rs. 91.

The international price for gold in the London market was slightly lower at $35.10, as against $35.10¼ last week. The sterling price fluctuated between 251*s.* 4½*d.* and 251*s.* 11¼*d.* before closing at 251*s.* 5*d.* Both spot and forward silver was unchanged at 112½*d.* and 113½*d.*, respectively, as also silver in New York at 129.3 cents.

More than 3,000 goldsmiths from the different parts of the country demonstrated outside Parliament as a part of a country-wide agitation organised by the *Akil Bharatiya Swarnakar Sangh* on 1st December. The demonstrators marched in procession and submitted to the Speaker of the Lok Sabha a memorandum seeking redress of their grievances. The memorandum, claimed to have been signed by more than one lakh goldsmiths, demanded, among other things, the removal of restrictions on the manufacture of primary gold ornaments of more than 14-carat purity and consideration of *swarnakala* as a cottage industry with all the benefits and preferential treatment given to it by the Government.

In response to the call for a token strike by the All-India Goldsmiths Association, the goldsmiths all over the country observed a *hartal*. They demonstrated before the respective State and district headquarters for the repeal of the Gold Control Order without delay.

The Government of India, according to Mr. Manubhai Shah, Minister for Commerce, is considering the release of gold from the Reserve Bank's gold reserves to jewellery manufacturers for the manufacture of jewellery for export purposes. This is expected to relieve the shortage of gold for this purpose. Foreign exchange earnings from the export of jewellery has increased substantially. During 1963-64, export earnings of this item (including precious stones and pearls) amounted to Rs. 11.53 crores. The estimate for the current year is Rs. 14 crores.

The following table shows the trend of prices during the week under review:

	2-12-64 (closing)	High	Low	25-11-64 (closing)
	Rs.	Rs.	Rs.	Rs.
SILVER				
Ready (996 fine) ..	260.50	261.50	260.00	260.50
GOLD				
Ready (14-carat) ..	66.50	67.00	66.50	66.75
Sovereign ..	91.00*	—	—	91.50*
London—				
Gold ..	251*s.* 5*d.*	251*s.* 11¼*d.*	251*s.* 4½*d.*	251*s.* 11¼*d.*
Silver Ready ..	112½*d.*	—	—	113½*d.*
Silver Forward ..	113½*d.*	—	—	113¾*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

COTTON FUTURES FIRM

(From Our Own Correspondent)

BOMBAY, *2nd December*

Trading in the futures section of the cotton market was characterised by firmness almost throughout the week under review mainly on account of the steadiness of the spot section. The buoyancy prevailing last week was suddenly brought to a halt on the first day of the week, that is, Thursday, the 26th November 1964, when prices declined by five points, following the decision of the Forward Markets Commission to withdraw the free concession limit of 1,000 bales for payment of margins for hedge trading in cotton. But a recovery ensued on the following day itself, in view of the strength of the spot market as also of the feeling in the market circles that no appreciable drop in futures could be anticipated in view of the healthy statiscal position of the commodity. It may be noted here that, while the Jarilla March 1965 contract is being quoted 27-30 points below the ultimate ceiling of Rs. 798 per three quintals, the price of some basic staple in the spot market is at a substantial premium over the ceiling rates. Reports of increasing arrivals of cotton at the terminal markets and optimistic expectations that imports of foreign cotton in the current season would be to the order of 9.5 lakh bales, the futures displayed a somewhat quiet trend in the latter half of the week. But short-covering and firm rates, once again, enabled the contract to close the week on a firm note, with only a nominal loss over the week.

The Jarilla March 1965 contract opened the week under review at Rs. 768 50, that is Rs. 3.25 lower than the closing rate of the previous week, touched the highest of the week at Rs. 772.50 on Monday, 30th November 1964 and declined again to Rs. 765.75 on the penultimate day of the week, before closing at Rs. 770.50 today, a loss of Re. 1.25 over the week.

In the spot market at Sewri, there were no appreciable changes in prices. The following are the latest available quotations (per candy) for some of the popular varieties:

Akola L.147 New Rs. 1,281; Anjangaon L.147 New Rs. 1,321; Bhavnagar C. J. Rs. 1,090; Dhulia New Rs. 1,173; Ganganagar New Rs. 881; Karanjia L.147 New Rs. 1,280; Monbi New Rs. 940; Shirpur New Rs. 1,150 and Viramgaon New Rs. 1,033.

After opening slightly easy, Bengal *deshi* December delivery contract ruled firm, moving within a range of Rs. 811 to Rs. 816 per three quintals. The export registrations stood around 85,000 bales. Bengal *deshi* January, February and March 1965 contracts were being quoted at Rs. 811, Rs. 807 and Rs. 803 respectively.

No fresh business was reported in the imported varieties, though mills evinced interest in the African, Sudan Pima and American varieties. According to a press release by the Joint Chief Controller of Imports and Exports, the Government of India has decided to issue licences for import in respect of Egyptian-Sudan cotton lying in the U.S. stockpile for which contracts have been entered into on or before 26th September 1964.

Consumption of Indian and foreign cotton during the first month of the current season, that is, September 1964 was 5.50 lakh bales, as against 5.01 bales in the same month last season. Projected on this basis, the total consumption of cotton during 1964-65 season would be around 65 lakh bales, as compared with the actual consumption of 60.81 bales during the 1963-64 season.

Mention may be made here about the special meeting on cotton promotion held at Paris on the 29th November 1964 where India expressed its willingness to accept the International Cotton Advisory Committee's proposal for a central organisation to strengthen the competitive power of fabrics made out of cotton *vis-a-vis* those manufactured from man-made fibres. India, it is reported, has also agreed to the establishment of a central fund in the management of which the contributing countries would have a controlling voice.

First official estimates of cotton in Pakistan place the total area under cotton cultivation in the season 1964-65 at 3.4 million acres, showing a decline of 8 per cent from the final estimates of area at 3.7 million acres in the last season. Trade estimates of this season's crop place it at 25.08 lakh bales, an increase of 12 per cent as compared with the 1963-64 crop of 22.40 lakh bales.

YARNS RECEDE

(From Our Own Correspondent)

BOMBAY, *2nd December*

The yarn market ruled easier during the week under review. Art silk yarns suffered a further setback in values, thanks to comfortable supply position and poor demand. Even at lower prices, operators were hesitant to enter into fresh commitments. Staple fibre yarns, which were somewhat lively in the early sessions of the week following steady support from bulls and small offerings, drifted down later, on stray bull liquidation and limited demand from Surat weavers. Cotton yarns were dull, as demand was slack.

It is understood that the Textile Commissioner has informed the textile mills that the withdrawal of the facility to import non-cellulosic staple fibre against the retention quotas for cotton will be effective only from the beginning of next year and not from 12th November 1964 as has been announced earlier. The details were given in our last week's report.

Among art silk yarns, National Rayon 150D shed 5 P to Rs. 8.93. 120D declined by 13 P to Rs. 9.59. South India Viscose 120D slumped by 97 P to Rs. 11.13. Bright Century 105D dropped 2 P to Rs. 11.20. 75D was dull at Rs. 17.05.

In the staple fibre yarn section, the 2×34 January 1965 contract opened the week at the last week's closing of Rs. 863 and touched a new high of Rs. 867 on the same day. Subsequently, however, it declined and closed at Rs. 861 today. Spot City shed 7 P to Rs. 9.35. Premier 11 P to Rs. 9.33, Madhave 7 P to Rs. 9.17 and Sitalaxmi two paise to Rs. 9.26. Sriram and Kohinoor were both neglected, the former at Rs. 9.06 and the latter at Rs. 9.77.

In the cotton yarns, 34s Vasantas eased by 50 P to Rs. 42.50, 52s Finlay dropped 38 P to Rs. 9.50. Other counts were quoted at last week's levels.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	2-12-1964	25-11-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	9.46	9.59
Century 75D	17.05	17.05
S. I. Viscose 120D	11.13	12.10
Staple fibre yarn (2×34 NF)		
January 1965 (per quintal)	861.00	863.00
Spot (per kg.)		
Sitalaxmi	9.26	9.28
Premier	9.33	9.42
City	9.35	9.42
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.25	21.25
17s Modern	27.00	27.00
22s Madura	32.25	32.00
34s T'cott	39.96	39.97
52s Kasturi	55.00	56.00
68s Finlay	100.50	100.50

DOUBLE MARGINS IN G'NUTS

(From Our Own Correspondent)

BOMBAY, *2nd December*

Trading in the oilseeds market during the week under review showed the futility of attempts to divert price movements by means of artificial measures from their natural course. The desirability of holding the price line has never been questioned, particularly in the present state of the country's economy, but, unfortunately, the demand and supply position has rendered official measures infructuous. Only a week ago, the Bombay Oilseeds Exchange, under orders from the Forward Markets Commission, instituted a second line of margins for the groundnuts January contract by which double margins were made payable if the price touched the Rs. 103-level. The margin then would be Rs. 10,000 per 25 tonnes. Moreover, the free limit of 300 tonnes would not be allowed above this level. It had been mentioned in this column that, in spite of this, the undertone of the market was firm and that it should cause no surprise if bull operators were to dare even the double margin. This was what exactly happened during the week under review.

After a brief spell of early hesitancy, the January contract advanced to Rs. 103.25 on Wednesday the closing price was above the limit, double margins automatically came into force. Sentiment in groundnuts was induced by lack of sufficient arrivals at the terminal centres and satisfactory demand. It was heard in the market that farmers had been holding on in anticipation of yet higher prices. This is not unfounded for, unlike olden days, they are now in a position to dictate their own terms. It is said that they are aided by co-operatives. Perhaps so. The fact remains that the market is firm and indications are that it might seek higher levels. Further, the market here was expecting the Gujarat Government to release groundnuts from movement restrictions, but so far, this has not been done. Consumers are starved of goods and, since they cannot afford to be idle, they have to pay through the nose, and that is what they are doing at present.

Early in the week, is was reported that the market had been facing payments difficulties following the failure of a bear operator to meet his obligations. The crisis was reported to have been got over later. However, crises like these are not difficult to understand. At one time, it may be the bulls that find themselves in a soup, while, at another, it may be the bears. It appears that shippers of H.P.S. are committed to the tune of 18,000 tonnes for export for December-January shipments. Apparently, they are covering their positions.

Groundnuts de-oiled cake (extractions) ruled steady with the quotation at Rs. 440 for December, Rs. 430 for January and Rs. 425 for February. Expeller cakes were also well held. Rates were: Rs. 470 for ready, Rs. 465 for December, Rs. 460 for January. Market men consider the outlook to be bullish. Although currently inquiries from overseas markets are smaller, the overall position is said to be extremely satisfactory. It is said that communist countries have, between themselves, committed to buying about 300,000 tonnes upto March. The U.K. buyers have also been showing keener interest in the Indian market. London advices indicate £41 for November afloat, £39 for December, £38-5 for January and £38 for January-February.

Castor and linseeds were both extremely firm during the week under review. Along with the imposition of the double margin system for groundnuts, the Oilseeds Exchange, again under the F.M.C.'s instructions, had fixed a ceiling of Rs. 190 for castor March and Rs. 45 for linseeds. The market was to work within these limits and this was to hold good until the end of January. Thereafter, the position was to be reviewed in the light of the prevailing circumstances. Unfortunately the position is that the time to review the position has come even before the ink is dry on the F.M.C.'s orders. The trend in cottonseeds is also firm with the January contract closing at Rs. 115.75 on Wednesday. As discussed earlier the trend in cottonseeds is guided more by the position of cotton which is quoting at or above ceilings. Further, cottonseeds can hardly have a trend independent of groundnuts and other seeds. It looks as though one has to get oneself reconciled to high prices for yet some time to come.

The following table shows the closing prices of oilseeds and oils as on 2nd December as compared with the previous two weeks:

	2-12-1964	25-11-1964	18-11-1964
	Rs.	Rs.	Rs.
Groundnuts			
January 1965 contract ..	113.05	102.40	100.15
Oil January 1965 ..	19.85 (Nom.)	N.T.	N.T.
Khandesh quality ..	113.00	111.00	116.00
Oil ex-mill	22.50	23.00	24.00
Oil Rly. Receipt ..	21.75	22.40	22.75
Castorseed			
March 1965	190.00	190.00	187.50
Ready Madras	85.50	85.50	85.00
Ready Kanpur	84.00	83.50	83.00
Oil B.S.S.	19.00	18.80	18.90
Oil commercial	18.25	18.10	18.00
Linseed			
March 1965	45.00	44.81	43.62
Bold ready	111.00	112.00	110.00
Linseed oil	23.25	23.50	23.50
Cottonseed			
January 1965 contract ..	115.75	114.50	110.50

N.B.—The quotation for groundnuts January 1965 contract is for 100 kg. The rates for spot groundnut and castor are for 100 kg. Castor and cottonseeds futures are quoted per 250 kg. while linseeds futures are quoted per 50 kg. Groundnut Oil January 1965 and all spot oils are quoted per 10 kg.

BUFFHIDES NEGLECTED

(From Our Own Correspondent)

MADRAS, *30th November*

The kip prices ruled steady. Shipment trading with U.K. was at a low ebb. Inquiries were selective with emphasis on top marks light weight cowhides and fifths selection. Demand for cowcalf was small and buffhides were neglected. Only in the buffcalf section, there was some life and importers in the U.S. and U.K. were putting through a few orders for shipment in new season calf.

Enquiries for tanned goat skins were mostly in 5½-6 lbs. and 8-9 lbs. average in superior tannages and 15-16 lbs. up in all marks. Middle class sheep skins in lower gades were in demand but, as the quality of the arrivals was not good, good shippers were hesitating to enter into contracts for shipment. Prime and semi-prime sheep skins were comparatively neglected, on account of price.

Prices in the raw centres for goat skins were very firm, and for sheep, quiet.

The Tanned skins public sales will take place on the 7th December in U.K. when 55,000 goat skins and 55,000 sheep skins will be offered for sale. The public auctions in Germany will also be held on the 7th December and 215,000 goat and 18,000 sheep skins will be available for sale. The results are awaited with interest by the trade.

LESS DEMAND FOR TEAS

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *26th November*

A total of 1,011,000 kgs. was offered in tea sale No. 46 held here on Tuesday, the 24th inst. Quality of the offerings was generally maintained. There was a good but rather less general demand at lower rates, particularly for the poorer fannings. The limited selection of best quality highgrowns was barely steady, but, in the case of the lesser sorts, these ruled easier following less competition. Good medium brokens were about steady but their fannings inclined easier. Medium and low mediums brokens were sold well at slightly reduced rates and while clean fannings in these categories were only slightly lower, the poorer more fibrous types shed 20-30 paise per kg. Black leaf brokens came to a firm market and their fannings were only fractionally easier, while in the case of the plainest brokens, these were about steady but their fannings ruled much easier. Whole leaf grades were irregular and although flowery pekoes were well, orange pekoes came to a lower market. Tippy teas were sold at reduced rates. Unorthodox descriptions again eased in price.

Quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.20-4.65	4.10-4.30
Mediums	4.50-5.10	4.50-4.85
Good mediums	5.15-5.60	4.90-5.50
Nilgiri B.O.P.	5.00-6.45	4.70-7.20

The average price realised in sale No. 46 was Rs. 4.79 per kilo, as against Rs. 4.83 a week ago and Rs. 4.62 in the corresponding sale last year.

In dust sale No. 46 held today 462.000 kg. were offered. There was less general demand at generally lower rates for most of the descriptions. All medium Travancore teas came to an easier market, following less enquiry. Wynaad types, however, met with better support and were only a little lower. Black leaf dusts were also easier. Milled and residual grade encountered less enquiry and were sold below valuations. Unorthodox and Nilgiri types were again a little lower.

The average price realised indust sale No. 46 was Rs. 4.33 per kilo, as compared with Rs. 4.39 a week ago and Rs. 4.46 in the corresponding sale last year.

Colombo: Just over 5 million lbs. were offered and the market opened to a strong general demand with highgrown brokens occasionally dearer, while mediums advanced by 5-10 cents and low-growns remained firm; Uvas inclined easier following quality and liquoring fannings shaded in price.

London: North Indian and other growths: In Monday's sale there was rather better demand but at slightly easier prices with Assam C.T.Cs selling at 1d. to 3d. lower.

Ceylon and South Indians: In Tuesday's auction there was fair general demand and all descriptions were 1d. to 2d. easier.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire as follows:

"*Sale No.* 47: 745,000 kgs. offered. Good demand. Low medium brokens barely steady. Similar fannings 10 to 20 paise lower. Medium brokens fully firm to dearer. Fannings easier. Good mediums irregularly lower. Highgrowns easied. C.F.T.'s much lower."

JUTE GOODS STEADIER

(From Our Own Correspondent)

CALCUTTA, *1st December*

The jute goods market, which ruled depressed in the earlier sessions of the week (Wednesday and Thursday), owing to tired bull liquidation and emergence of jute mills as sellers in every position, staged a recovery on Friday 27th November which persisted till today. The recovery was aided by reports of scattered hessian business with the U.S., brisk shipper-covering in ready goods, and the continuance of strike in the jute mills of Pakistan. It is reported that the strike in Pakistan mills since 12th October has completely paralysed the industry in East Pakistan resulting in a total production loss of 18,000 tons. The strike, which is over the payment of minimum wages to workers, is believed to have created a feeling of uncertainty in the minds of overseas buyers. This, it is said, has resulted in India receiving substantial orders from Australia and South African countries. Thanks to these orders, prices, especially of sacking goods, have gone up to some extent.

The near-term outlook for hessian goods, however, is not considered to be very bright. This is because Russia has made large purchases of hessian goods which would last upto March 1965 and there is no possibility of export to Argentina, a regular buyer of our goods as no steamer is proceeding to that country this month. Further, the U.S.A. is making only hand-to-mouth purchases of this variety and it has also the prospect of an abundant supply of jute goods in the near future. Meanwhile, nearly 250,000 jute workers in the 82 jute mills in West Bengal struck work today in response to the token strike call of the National Union of Jute Workers on the question of bonus. The strike meant a production loss of 4,000 tons worth Rs. 1.2 crore. The workers also lost Rs. 12 lakhs by way of wages.

In the hedge market, sacking February was subjected persistently to heavy bull liquidation and it moved down from Rs. 157.25 to Rs. 146.90 on the 26th inst. It, however, recovered thereafter and closed at Rs. 149.10 today. Hessian November, after declining to Rs. 50.90 in the earlier sessions, rose to finish at Rs. 51.22.

Ready hessian (40″ x 10 oz.) began the week 10 paise higher at Rs. 50.35 and, after hovering around this rate for some time, closed at Rs. 50.25. B. twills receded from Rs. 158.75 to Rs. 156 before finishing at Rs. 158.

Raw jute was steady in the earlier sessions of the week owing to mill purchases of selected grade fibre. But with increased arrivals and the non-receipt of this week's quota of mill purchases, the fibre declined. The decline was, of course, slight. Over the week, both Assam bottoms and northern bottoms were at their previous levels of Rs. 36 and Rs. 35 per maund, respectively. Daissee bottoms was actually a rupee higher at Rs. 37.

FOODGRAIN ARRIVALS POOR

(From Our Own Correspondent)

HAPUR, *30th November*

Ration shops were faced with dearth of stocks, and ration at the rate of four kilogrammes each unit per month was not available. The U.P. Government is purchasing rice and maize to build up a buffer stocks, but as arrivals in open market were still poor, a substantial quantity has not yet been received by Government. *Rabi* sowings in scattered areas, which were badly waterlogged after last heavy rains, is still been done and first reports indicate that germination has been good.

Steadier trend continued in wheat market during the week and prices hardened further by Re. 1.50 per 40 kilogrammes on brisk consumers' support. Arrivals were negligible and prices in open market were now quoted between Rs. 36.50 to Rs. 37.50 for *dara* quality and between Rs. 38 to Rs. 39 for farm produce. After an early decline, because of increased arrivals, rice prices ruled firm in the week-end on good buying support. Prices rose by Re. 1.50 to Rs. 2.50 per 40 kilogrammes, according to quality, to be quoted for *basmati* superior at Rs. 40 to Rs. 42, *sela basmati* Rs. 37 to Rs. 39, *mainpuri* Rs. 32, *ramajwayan* and *raimunia* Rs. 33.50, and *gadda* Rs. 27 to Rs. 29 per 40 kilogrammes.

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Gram prices again firmed up by Re. 1 per 40 kilogrammes during the week, after ruling easy earlier, on good demand and prices were now quoted between Rs. 32 to Rs. 32.50. Maize prices, in unofficial deals, recorded further gains as it was not easily available in the open market. Consumers' demand was brisk and prices ranged between Rs. 25 to Rs. 25.50 per 40 kilogrammes as against Rs. 17.50 fixed by the U.P. Government. Barley and *bejhar* prices also tended to rise, as stocks were reported meagre. Barley was quoted at Rs. 28 to Rs. 29 and *bejhar* between Rs. 28 to Rs. 28.50. *Juwar* and *guwar* also improved as supply position was tight. *Bajra* and other coarse grains ruled firm in sympathy. Week-end prices were: *Juwar* Rs. 27 to Rs. 28, *guwar* Rs. 26 to Rs. 27, *methi* Rs. 28 to Rs. 30, *bajra* Rs. 25.50 to Rs. 26.50 and oats Rs. 29 to Rs. 30 per 40 kilogrammes.

Firm trend was witnessed in pulses market during the week and prices registered good gains in all sections. Peas improved by Rs. 2.50 to Rs. 5 per 40 kilogrammes, according to quality, on brisk outside buying enquiry, in face of tight supply position due to nominal stocks. Peas *dara* was quoted at Rs. 30 to Rs. 31 and farm quality at Rs. 31 to Rs. 32. Peas *dal* prices also moved up to Rs. 32. *Arhar* and its *dal* prices were steadier on good buying support and prices of *arhar* ranged between Rs. 36.50 to Rs. 39.50. *Urd* and *moong* prices ruled firm as arrivals were small. *Urd* was quoted at Rs. 28 to Rs. 31 and *moong* between Rs. 36 to Rs. 38.50. *Masoor* also touched new high levels due to poor stocks. Week-end prices were: *Arhar dal* Rs. 45 to Rs. 46 *urd dal* Rs. 37.50, *moong dal* Rs. 43 to Rs. 45, *masoor* Rs. 37 to Rs. 41, *masoor dal* Rs. 46 and gram *dal* Rs. 37.50 per 40 kilogrammes.

"KHANDSARI" RECEDES

(From Our Own Correspondent)

HAPUR, *30th November*

Sugar prices continued steady on increased demand with the commencement of marriage season and restricted supplies. Most of the factories in west U.P. commenced new sugar production season, but as cane supplied to factories was of inferior quality and not fully ripe, sugar recovery was reported to be low by about 6.5 per cent. Sugar in the open market was quoted at Rs. 180 to Rs. 185 per quintal, as against the controlled prices around Rs. 135. Thanks to good cane crop, which was reported to be ten per cent better than last year. With the early beginning of new sugar production season, it was expected that sugar production in the current season would be better around 30 lakh tons as against 25 lakh tons in last season.

Superior *khandsari* prices ran down sharply during the week by Rs. 10 a quintal as demand further slackened. Inferior and medium quality, however, evoked brisk demand from Rajasthan, Gujarat and M.P. against export permits and prices of these qualities were maintained around previous week's levels. Superior quality was quoted at Rs. 132.50 to Rs. 140 a quintal while inferior and medium quality prices ranged between Rs. 120 and Rs. 130 a quintal. Boora was quoted at Rs. 141 to Rs. 150 a quintal. New production season would start by the end of December, as power crushers would be allowed to function from 7th December.

Gur prices recorded a sagging trend during the week under pressure of arrivals. Demand was, however, fair and entire arrivals were being lifted and consequently there was no stock building as yet. *Balti* quality *gur*, being much in request from the consuming States of South, was at a premium of about Rs. 3 per 40 kgs. over the pansera variety. Week's arrivals were around 45,000 maunds and offtake 65 wagon loads and week-end prices (per 40 kgs.) were: *Pansera* superior Rs. 31, average Rs. 30, *balti* Rs. 33 and *shakker* Rs. 35 to Rs. 36.

Ready *gur* and *shakker* prices declined sharply during the week in the Muzaffarnagar market following an increase in daily arrivals. *Gur chaku* lost Rs. 5.50 per 40 kgs. and *pansera* variety Rs. 3.75. *Khurpapar* and *laddoo* prices also eased and week-end prices (per 40 kgs.) were:—*Chaku* Rs. 27.50 to Rs. 31, *pansera* and *khurpapar* Rs. 28 to Rs. 29.50, *laddoo* Rs. 27.

The total sugar production in the month of October 1964 amounted to about 38,000 tonnes, as against 33,000 tonnes produced in the same month last season. The total production up to the end of 31st October, 1964 aggregated to 2.57 million tonnes, as against 2.16 million tonnes in the corresponding period last year. The offtake from factories during the month (including 3,000 tonnes despatched for exports) was 201,000 tonnes, as compared with 235,000 tonnes (including 11,000 tonnes despatched for export) during the corresponding period last season. Total despatches in 1963-64 season ending 31st October, 1964, were 2.55 million tonnes (including 262,000 tonnes despatched for exports) as against 3.0 million tonnes (including 406,000 tonnes for exports) in the same period last season. The total closing stock with the factories on the 31st October 1964 was 166,000 tonnes, as against 150,000 tonnes.

EXCISE ON SUGAR

In the article on sugar exports appearing in *Commerce* dated 7th November 1964 (*vide* page 810), the excise duty on sugar is put at Rs. 291 per metric ton, whereas it is per long ton (of 2,240 lbs). The actual rate of duty per metric ton is only Rs. 286.50.

TREND OF SHARES

WIDESPREAD LOSSES AGAIN

(From Our Own Correspondent)

BOMBAY, 3rd *December*

LOSSES were again widespread and deep on the Bombay Stock Exchange during the week under review. Support could hardly be expected after the Finance Minister's pessimistic assessment of the country's foreign exchange situation and his proposal to cut foreign exchange allocation during the October 1964-March 1965 period by 10 per cent. Furthermore, the finance Minister's plain speaking about the overall situation in the country and the crisis it was facing, although much appreciated, had an unsettling effect on the stock market. The amendments to the Wealth Tax Bill also had their effect and added to this came again the Finance Minister with his bid to "get very near mastering" the problem of black money in a year or two. No one could ever blame him to get hold of black money in the country, but in the context of the present situation, his carping criticism of the well-to-do people and emphasis on the need for reducing further the economic disparities in the country were bearishly interpreted on the stock exchange.

Support therefore was simply absent. Bull operators have burnt their fingers very badly in the present 12-week fall and some of the disillusioned among them have even turned bears. The market is hammered at every rally and the result has been a succession of losses in values. During the week under review, Tata Ordinary declined further from Rs. 145 to Rs. 143 and Indian Iron from Rs. 25.45 to Rs. 25.05. Public interest in steels was not much in evidence and the market is now an affair of professional operators.

Among textiles, Century and Standard were the worst sufferers and in fact the present decline is led by these two scrips along with National Rayon. Century declined during the week from Rs. 571.50 to Rs. 556 and Standard from Rs. 569 to Rs. 561. There was no particular adverse factor as such to induce a further decline in mill shares but what has already happened is enough to keep them down for a long time. High prices of cotton which are ruling at or above the ceilings and the feeling that the mill industry has to pay through the nose for its raw materials has scared operators away from mill shares. It would be very difficult to revive confidence in them. Moreover, the industry has lost its hold on nearly 50 per cent of the production and it is rather difficult to expect investors to put their money in a field which is subject to so many handicaps. The case of National Rayon and Century are almost identical and their difficulties arise from the sluggishness in the rayon market. In fact, Century built up its prosperity more on rayon than cotton textiles but with the art silk market being what it is the shares have naturally fallen back. The recent labour trouble added to the unwillingness on the part of investors to add to their portfolio of National Rayon. The shares have declined from their 2nd September, high of Rs. 383 to Rs. 331.50 during the week under review.

Opportunity may be taken here to compare current levels with those of 2nd September, for the market has been declining continuously since that date. On that day, Century was quoted at Rs. 640 (day's high) against the present quotation of Rs. 556. Standard has come down from Rs. 682 to Rs. 561, while National Rayon has eased from Rs. 383 to Rs. 331.50, after touching today a low of Rs. 328.50. The decline in steel shares has also been rather steep even after allowing for the dividends. Tata Steel is just around Rs. 143 against its 2nd September high of Rs. 162.25 (c.d.) and Indian Iron around Rs. 25.05 against Rs. 27.95 (c.d.), Indian Dyestuff which had touched a level of over Rs. 311 is now at Rs. 258.50. Current market levels are generally just a little above the year's lows touched sometime towards the close of 2nd May and, with one or two hammerings, they might break into the lowest of the year. The decline has been long and steep but yet one cannot say with any measure of definiteness that the worst has been seen.

Premier Construction hit the headlines again during the week and were bid up to a new high level of Rs. 221 on hectic short-covering and renewed influential support. Expectations were that, following the prosperous position of some of its subsidiaries, there was likely to be a rise in the dividend. It may be pointed out that Premier Construction is entirely a holding company and accounts for about 99.5 per cent of the share capital of Hindustan Construction which raised its dividend recently from 20 per cent to 50 per cent. Premier holds 71,063 shares of the latter and the benefit should therefore be substantial. Cooper is another wholly-owned subsidiary of Premier's and its working results have been satisfactory. Scindia, in which Premier has considerable interest, has already declared a higher dividend. Walchandnagar is yet to declare its dividend but the presumption is that the dividend would be attractive. At the end of the week, however, the shares declined to close at Rs. 216.50 but still the quotation is more than five points higher than in the previous week. The accounting year of Premier Construction ends with December and it would be interesting to see whether the directors would fulfil market's expectations about dividend.

The firmness in Belapur particularly in a weak market was due to expectations of a higher dividend and these have materialised with the directors having raised the dividend to Rs. 20 per share, subject to tax, or Rs. 16 net, against Rs. 18 per share subject to tax last year which worked out to Rs. 12.60 net. The directors' report is not out yet but it is believed that the Company has fared well during the year and that there is a sizably higher gross profit.

The other sections followed the general trend. Shippings were quiet but Chemicals were generally easy. Voltas was distinctly better but Dyestuffs were weak. By and large the market seemed to be completely devoid of strength.

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The Calcutta share market also was easy. Business was restricted to a few counters. Among papers, Orient was well held. Jutes were devoid of interest, while tea shares continued to be dull. In Madras, the trend was irregular, but the undertone was quiet. Plantings, however, tried to maintain a steady tone but textiles were dull. In the miscellaneous section, India Cements and Mettur Chemicals were a little active.

CHEMICALS AND PLASTICS INDIA LTD.

The demand for polyvinyl chloride (P.V.C.) and various other plastic compounds in India is rapidly rising being ahead of domestic production, currently running at 25,000 tons per annum out of a capacity of about 30,000 tons. The targeted output of plastic compounds in third Plan is 74,000 tons. It is tentatively estimated that the demand for plastics in the fourth Plan period would be over 300,000 tons, nearly a fourfold increase of the third Plan target. With a view to tapping this almost insatiable demand, a new company, Chemicals and Plastics India Ltd., with an initial capacity of 6,000 tons of P.V.C. resins and compounds per year, has been formed in Madras. The new Company's factory to manufacture P.V.C. resins will be located at Mettur Dam in the Salem District of Madras State and its fabrication plant to process 1,500 tons of resins to P.V.C. products will be situated near Bombay. The main indigenous raw materials for the production of these products, namely, industrial alcohol derived from molasses, and chlorine will, it is said, be easily available from the adjoining places. Chlorine will be delivered by pipeline from the adjacent plant of Mettur Chemicals and industrial alcohol from a central distillery scheduled to be constructed in Tiruchirapalli. The fabrication plant for producing the extruded products is located in Western India because of the availability of a ready market for the finished goods.

The Company is fortunate enough to have secured the technical collaboration of the world's largest producers of polyvinyl chloride, Messrs. B.F. Goodrich and Company, Akron, U.S.A. All design work relating to the project estimated to cost Rs. 3.39 crores will be planned and supervised by Goodrich engineers. The collaborators will provide the Company with all technical information, know-how and data for the manufacture of P.V.C. and other related materials. The terms of agreement with the U.S. firm for obtaining the technical know-how are said to be extremely profitable from the point of view of the Indian Company. The lumpsum payment of $350,000 towards technical assistance will be satisfied with the allotment of 17,213 shares in the equity capital of the new firm. The foreign collaborators have also agreed to be financially interested in the efficient working of the concern by taking up additional shares worth Rs. 17.21 lakhs. Further, the Company has secured a loan of $3.15 million (Rs. 150 lakhs) from the U.S. Export-Import Bank in Washington to finance the cost of imported plant and machinery. Apart from this, another loan of Rs. 32.21 lakhs from the Cooley funds has been sanctioned to meet the rupee cost of customs duties and part of the expenditure on construction of building, etc. These loans are, however, repayable in convenient instalments from early 1968, by which time, the two factories would have been in operation for over a year.

Chemicals and Plastics India Ltd. which has an authorised capital of Rs. 2 crores (divided into 1.5 lakh equity shares of Rs. 100 each and 50,000 cumulative redeemable preference shares of Rs. 100 each), will shortly enter the capital market to raise a capital of Rs. 150 lakhs (Rs. 135 lakhs in ordinary shares of Rs. 100 each and Rs. 15 lakhs in 9.5 per cent cumulative redeemable preference shares of Rs. 100 each). Of this amount, the signatories to the memorandum and articles of association, Directors, their friends and associated companies have agreed to take 51,075 equity shares and 2,500 preference shares. Of this India Cements Ltd. and Mettur Chemicals Ltd., the two leading promoters, alone are taking up 13,500 and 5,000 equity shares respectively. The collaborators, as stated earlier, will be allotted 17,212 equity shares for their technical assistance and 17,213 equity shares as part of their financial interest in the working of the Company. The balance of 49,500 equity shares and 12,500 preference shares which is fully underwritten will be available for public subscription.

With an assured market, the Company hopes to earn a profit right from the time the plant goes into operation in 1966. The business will be managed by Indplast Private Ltd. under an agreement entered into with Chemicals and Plastics India Ltd.

SANDOZ (INDIA) LTD.

Some more details pertaining to the public issue of Sandoz (India) Ltd. (a reference to which was made in *Commerce* dated 14th November 1964, *vide* page 836) are now available. The list will open for public subscription on the 14th inst. and will close on the 24th or earlier but not before the 16th. The public issue has not been underwritten either wholly or partly in India. For Sandoz Ltd. of Switzerland, the parent Company, has agreed to take up the unsubscribed part of the capital issued, besides taking up shares worth Rs. 23.6 lakhs allotted to it (out of the total new equity issue of Rs. 75 lakhs) partly for cash and partly in consideration for the planning and development of the Company's medical herbs scheme and extraction plant. A sum of Rs. 7.5 lakhs has been agreed to be subscribed for by and will be allotted to Shaw Wallace & Co., Ltd. which has been associated with Sandoz for many years; Rs. 13.90 lakhs have been reserved for allotment to other existing shareholders, Directors, employees and friends. The balance of Rs. 30 lakhs will be offered at par for public subscription.

The Company's licensed capacity of the dyestuffs plant is 524 tons per annum; the important items of manufacture include pigments in emulsion form, direct dyestuffs, acid dyestuffs, chrome dyestuffs, lanasyn dyestuffs and direct turquoise blues. The plant is expected to go into production by the end of first quarter of 1965 and the total output in 1965 is estimated at 200 tons. The Company's licensed capacity for the manufacture of Leucophor (optical whitening agent) is 33 tons per annum. The expansion programme for 1965 also envisages a rise in the capacities of agrochemical and auxiliary plants. The textile chemicals now being manufactured by the Company include carriers for dyeing polyester fibres, levelling agents, detergents, wetting out agents, mercerising agents, dye fixing agents and softening agents. The combined production capacity covering these items is 434 tons per annum. During the first nine months of 1964, the Company produced 258 tons. The estimated production for 1965 is 400 tons.

The working results of the Company for the year ending 31st December 1964 are expected to be quite encouraging. The Company's sales up to the end of October amounted to Rs. 2.82 crores, as against Rs. 2.14 crores in the corresponding period of 1963, representing an increase of 30 per cent. The turnover for the whole of 1964 is expected to be of the order of Rs. 3.50 crores (Rs. 2.76 crores in 1963). The gross profit is likely to be Rs. 30 lakhs, as against about Rs. 18 lakhs in 1963. The Directors hope to maintain the ordinary dividend on enhanced capital at the previous year's level of 6 per cent. The Company's expansion programme is expected to be completed in the year 1968 and the turnover then is estimated to go up to Rs. 6 crores.

In view of (a) the encouraging peformance so far, (b) ready demand for the Company's products, and (c) the benefit of research and technical assistance secured from the parent Company, the public issue of Sandoz (India) Ltd. will, there is no doubt, receive good support.

MYSORE ACETATE AND CHEMICALS CO., LTD.

The Mysore Acetate and Chemicals Co., Ltd., incorporated in December 1963, with the object of setting up a plant for the manufacture of 1,200 tons of cellulose tri-acetate flakes and about 3,000-3,500 tons of cellulose acetate moulding powders, has entered the capital market with a public issue of Rs. 70 lakhs, divided into 70,000 equity shares of Rs. 100 each; the subscription list will open on Thursday, the 10th inst. The issue represents nearly one-third of the total issued capital of Rs. 225 lakhs, the balance of Rs. 155 lakhs representing the combined contribution of the Directors and friends (Rs. 7 lakhs), the Government of Mysore (Rs. 50 lakhs), the Mysore Sugar Company (Rs. 30 lakhs) and the foreign collaborators (Rs. 68 lakhs). The entire public issue of Rs. 70 lakhs has been underwritten by the Industrial Finance Corporation, the Life Insurance Corporation and some leading banks. The Company is seeking two foreign exchange loans, one for Rs. 100 lakhs from the Export-Import Bank of Washington and another for Rs. 75 lakhs from the Industrial Credit and Investment Corporation of India for financing imports of plant and machinery as well as engineering and know-how charges.

The Company has entered into collaboration agreements with Von Kohorn-Universal Corporation Stanton in California (U.S.A.) and Aktiebolaget Chematur, Stockholm (Sweden), for the supply of machinery and equipment for the manufacture of cellulose tri-acetate, acetate moulding compounds, together with all the required auxiliary facilities. The technical know-how of the well-known firm Gevaert Photo Production of Belgium has been secured for the manufacture of cellulose tri-acetate of the quality suitable for use in photographic films. The American and the Swedish companies are also responsible for the engineering and commissioning of the plants.

The Company's factory is being established in a 64-acre site at Mandya, 60 miles from Bangalore. Construction work is to start early in 1965 and the factory is expected to attain full production by the end of 1966.

The cellulose tri-acetate flakes produced by the factory will be the raw material for the production of photographic film in the Government-owned Hindustan Photo-film Factory near Ootacamund. The cellulose moulding powders are useful for the manufacture of cellulose plastics. Cellulose acetate plastics, in turn, are particularly useful for the manufacture of spectacle frames, fountain pen barrels, tooth brush handles and numerous other moulded and extruded articles.

INTERNATIONAL TRACTOR'S NEW ISSUE

The public issue of the International Tractor Company of India Limited will open for subscription on Monday the 7th inst. and will close on Thursday the 17th inst. or earlier at the discretion of the Directors but not before Wednesday the 9th inst. The issue consists of Rs. 61,00,500 divided into 610,050 equity shares of Rs. 10 each. This is in addition to the shares worth Rs. 12,49,400 which have been agreed to be subscribed for cash at par by Mahindra and Mahindra Limited, their associates, directors and friends. The company has been jointly promoted by Mahindra and Mahindra Limited, Voltas Limited and the International Harvester Company, Chicago, (U.S.A.) with the object of manufacturing and marketing of agricultural tractors, implements and allied attachments as also the spare parts thereof. The factory, which is now being established at Kandivili, near Bombay, is scheduled to commence production early in 1965.

The Company holds an industrial licence for the manufacture of 3,500 tractors and matching implements per annum on single-shift basis. It also possesses an import licence for importing machinery worth Rs. 92.70 lakhs and tractor components worth Rs. 30.00 lakhs. The Company has an authorised capital of Rs. 4 crores divided into four million equity shares of Rs. 10 each. The subscribed and paid-up capital is Rs. 76,50,100. The Board of Directors of the Company is presided over by Mr. Harish Mahindra, Chairman of Mahindra and Mahindra Limited.

THIS IS AN ANNOUNCEMENT ONLY AND NOT A PROSPECTUS

Persons interested are requested to obtain application forms along with copies of Prospectus from the Registered Office of the Company or from the Bankers/Brokers/Underwriters.

THE MYSORE ACETATE AND CHEMICALS COMPANY LIMITED

(INCORPORATED AS A PUBLIC COMPANY ON DECEMBER 24, 1963—AND OBTAINED CERTIFICATE OF COMMENCEMENT OF BUSINESS ON MAY 25, 1964)

Registered Office: MYSUGAR BUILDINGS, SRI JAYACHAMARAJA WADIYAR ROAD, BANGALORE-2 (Mysore State)

FIRST TRIACETATE FACTORY IN INDIA

SHARE CAPITAL

	Rs.
AUTHORISED :	
5,00,000 Shares of Rs. 100 each	5,00,00,000
PRESENT ISSUE :	
2,25,000 Equity Shares of Rs. 100 each at par	2,25,00,000
Out of the Present Issue	
A. The following have paid for the shares noted against them in full and have been allotted shares accordingly	
1. The Government of Mysore at par for cash 50,000 Equity Shares of Rs. 100 each	50,00,000
2. The Mysore Sugar Company Limited at par for cash, 30,000 Equity Shares of Rs. 100 each	30,00,000
B. The Directors and their friends have agreed to take at par for cash, 7,000 Equity Shares of Rs. 100 each ..	7,00,000
The Directors have paid Rs. 35,000 for 350 Equity Shares already taken up by them.	
C. Foreign Collaborators, Viz.	
(a) Messrs. Von Kohorn-Universal Corporation, Stanton, California, U.S.A. and/or their designees have been allotted 58,500 Equity Shares of Rs. 100 each, for consideration other than cash, in part payment of the cost of plant and machinery know-how, blue prints, manuals, fees &c.	58,50,000
(b) Messrs. Aktiebolaget Chematur, Ankdamnsgatan, Solna, Sweden have been allotted 9,500 Equity Shares of Rs. 100 each, for consideration other than cash, in payment of the cost of know-how relevant blue prints, manuals, fees &c.	9,50,000
	1,55,00,000
D. Now offered for public subscription at par and for cash ; 70,000 Equity Shares of Rs. 100 each, and fully underwritten	70,00,000
	2,25,00,000

TERMS OF PAYMENT OF THE ABOVE SHARES

The amount payable in respect of the present issue of Equity Shares is as follows :

On Application	Rs. 25 per share
On Allotment	Rs. 25 per share

The balance of Rs. 50 is payable in two calls of Rs. 25 each at intervals of not less than two months, provided that the last call shall be made not later than 18 months after allotment.

PROPOSED ACTIVITIES OF THE COMPANY

The Company was incorporated with the objects stated in its Memorandum of Association and with the immediate object of manufacturing about 1,200 tonnes of Cellulose triacetate of film quality and 2,400 tonnes of Cellulose acetate with expert foreign collaboration. Cellulose acetate will be converted into moulding compounds by the addition of plasticizers and fillers. Production is expected to start by the end of 1966.

LOCATION OF FACTORY

The Factory will be located at Mandya, in Mysore State, about 60 miles, from Bangalore, on the Bangalore-Mysore Road in the neighbourhood of the Sugar Factory and Distillery belonging to the Mysore Sugar Company Ltd. As the Acetic Acid required by this Company is to be produced and supplied by the Mysore Sugar Company out of alcohol produced in its Distillery, the location of the Factory at Mandya ensures the maximum savings in transport costs of Acetic Acid which is a basic raw material in the manufacture of Cellulose acetate.

Mandya is also ideally suited for the location of the Factory on account of adequate supplies of water, power and labour and proximity to Ooty where the Hindustan Photo Film Manufacturing Company Ltd., consumers of Cellulose Triacetate is situated.

BOARD OF DIRECTORS

1. Sri A. M. M. MURUGAPPA CHETTIAR, 9, Santhome High Road, Mylapore, Madras-4 (CHAIRMAN OF THE BOARD OF DIRECTORS) Industrialist, Chairman & Director of Madras Industrial Investment Corporation Ltd., Sri Sarvaraya Sugars Ltd., Mysore Cements Ltd., Lakshmi Machine Works Ltd., Managing Director of—Tube Investments of India Ltd., Carborandum Universal Ltd., Director of—Thiru Arooran Sugars Ltd., E.I.D. Parry Ltd., Kanoria Chemicals and Industries Ltd., Ashok Leyland Ltd. and others.
2. Mr. HENRY JOHN CAIL, Stanton, California, U.S.A., President, Von Kohorn Universal Corporation, Stanton, California, U.S.A.
3. General K. S. THIMAYYA, D.S.O. (Retd.), 6, Sampegay Tank Road, Bangalore, Commander, UNFICYP, Nicosia-CYPRUS.
4. Sri JAYANNA M. CHIGATERI, Sri Krishnarajendra Road, Davangere, Industrialist, Managing Agents, Sree Shankara Textiles Ltd., Director, The Mysore Industrial & Testing Laboratory Ltd., Mahaboob Shahi Kulbarga Mills Co. Ltd.
5. Sri K. V. SHANKARA GOWDA, B.A., L.L.B., Advocate, Mandya, Director—The Mysore Sugar Co. Ltd.
6. Sri BAHUBALI GULABCHAND, Construction House, Ballard Estate, Fort, Bombay-1, Chairman, Bharatiya Engineering Co. (P) Ltd., Director of—The Hindustan Construction Co. Ltd., The Indian Hume Pipe Co. Ltd., The Hindustan Spun Pipes Ltd., The Neptune Insurance Co. Ltd. and others.
7. Sri V. VENUGOPAL NAIDU, 4 Brunton Road, Bangalore—1, MANAGING DIRECTOR. Chairman & Managing Director—The Mysore Sugar Co. Ltd., Director of—The Mysore Chemicals and Fertilisers Ltd., The Mysore Lac and Paints Ltd., The Mysore Fruit Products Ltd., The Mandya National Paper Mills Ltd., etc.

MANAGING DIRECTOR

Sri V. VENUGOPAL NAIDU, 4, Brunton Road, Bangalore-1.

UNDERWRITERS

The public issue of Rs. 70 lakhs is fully underwritten by the following Institutions and Banks.

1. Industrial Finance Corporation of India.
2. Life Insurance Corporation of India.
3. Bank of Baroda Ltd.
4. Andhra Bank Ltd.
5. Devkaran Nanjee Banking Co. Ltd.
6. Canara Bank Ltd.
7. Syndicate Bank Ltd.
8. Indian Overseas Bank Ltd.

BANKERS

1. The Bank of Baroda Ltd.
2. The State Bank of Mysore.
3. The Andhra Bank Ltd.
4. Devkaran Nanjee Banking Co. Ltd.
5. Canara Bank Ltd.
6. Syndicate Bank Ltd.
7. Indian Overseas Bank Ltd.

BROKERS

Bangalore

1. Messrs. Lokkur & Co., Kempegowda Road, Bangalore-9.
2. Messrs. P. R. Subramanyam & Sons, " Shree Siva," 24, 4th Street, Benson Cross Road, Bangalore-6.
3. Messrs. M. Nanjappiah Jahgirdhar, 181, Cavalry Road, P.B. 7, Bangalore-1.
4. Messrs. Satyaprakash & Co., 8, Kempegowda Road, Bangalore-9.
5. Messrs. Jahgirdar & Co., 126, Subedar Chatrem Road, Seshadripuram, Bangalore-20.
6. Messrs. Sivan & Co., 25/10, Kempegowda Road, Extension, Bangalore-9.

Madras

1. Messrs. Paterson & Co., P.B. 48, 11/12, Second Line Beach, Madras-1.
2. Messrs. Chitra & Co., P.B. 1557, 322-323, Linghi Chetti Street, Madras-1.
3. Messrs. Dalal & Co., National Insurance Buildings, P.B. 149, Madras-1.
4. Messrs. Kothari & Sons, P.B.267, Oriental Buildings, Armenian Street, Madras.
5. Messrs. Maconochie & Co., P.B. 291, Mercantile Bank Buildings, Madras-1.
6. Messrs. Subramanian & Co., 1st Floor, 14, 2nd Line Beach, Madras-1.

Bombay

1. Messrs. P. R. Subramanyam & Sons, 70-A, Stock Exchange Buildings, Apollo Street, Fort, Bombay-1.
2. Messrs. Lewis & Jones, Bank of Baroda Buildings, Apollo Street, Fort, Bombay-1.
3. Messrs. Mahadevia Bros., P.B. 424, Stock Exchange Old Building, Dalal Street, Fort, Bombay-1.
4. Messrs. Merwanjee Bomanjee Dalal, Allahabad Bank Building, Apollo Street, Fort, Bombay-1.
5. Messrs. Nawalchand T. Shah & Co., P.B. 88-A, 15, Union Bank Buildings, Dalal Street, Fort, Bombay-1.
6. Messrs. Champaklal Devidas, Agakhan Building, Dalal Street, Fort, Bombay-1.
7. Messrs. Chimanlal J. Dalal & Co., 107, Stock Exchange New Buildings, Dalal Street, Fort, Bombay-1.
8. Messrs. Basantkumar Bilas Rai Rungta, Agakhan Building, 4th Floor, Dalal Street, Fort, Bombay-1.
9. Messrs. R. R. Nabar & Co., G.P.O. Post Box 1498, 31, Dalal Street, Fort, Bombay-1.
10. Messrs. Devkaran Nanjee & Co., 5, Hamam Street, Fort, Bombay-1.

New Delhi

1. Messrs. Rajpaul Chaddha & Co., Delite Cinema Building, Asaf Ali Road, New Delhi.
2. Messrs. P. S. Khambete & Co., M-45, Connaught Circus, New Delhi.
3. Messrs. M. R. Dhawan & Co., 4/8, Asaf Ali Road, New Delhi.
4. Messrs. Harbhans Singh Mehta & Co., 33, Regal Buildings, Parliament Street, P.O. Box 300, New Delhi.
5. Messrs. H. P. Mehta & Co., Connaught House, Connaught Place, New Delhi-1.
6. Messrs. Raja Ram Bhasin & Co., 31, Delhi Stock Exchange Association Building, Asaf Ali Road, New Delhi.
7. Messrs. Desh Bandhu Gupta & Co., 45, Stock Exchange Buildings, Asaf Ali Road, New Delhi-1.

Calcutta

1. Messrs. G. M. Pyne, Allahabad Bank Buildings, 14, India Exchange Place, Calcutta-1.
2. Messrs. L. N. Roy & Co., 7, Lyons Range, Calcutta-1.

Hyderabad

1. Messrs. P. B. Afzulpurkar, B.Sc., Sultan Bazar, Hyderabad (A.P.).
2. Messrs. M. R. & Company, Singhvee Bhavan, Tilak Road, Hyderabad (A.P.).
3. Messrs. Kapurchand Shrimal, Sultan Bazar, Hyderabad (A.P.).

Ahmedabad

1. Messrs. Chunilal Chimanlal Dalal, Fatehbai Haveli, Ratanpole, Ahmedabad.

DATES OF THE OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list will be open at the commencement of Banking hours on Thurdsay, 10-12-1964 and will close at the close of Banking hours on Tuesday, 22-12-1964 or earlier at the discretion of the Directors of the Company but not earlier than the close of Banking hours on Saturday, 12-12-1964.

MARKET GOSSIP

(*Concluded from page 979*)

Revealing, indeed, are the following observations of Mr. Wroblewiski:

"Most of the factories visited by me are so small and in their outlook so shortsighted that their participation in export trade ought to be rejected, because it would diminish the available help to be given to the few really effective factories which could gain in the world market. . . . There are only a few pieces of modern equipment for the technical processes. Even when one finds occasionally modern equipment in Indian factories, they are not used to their full extent, because, at the very outset, the production process is outdated and is handicapped by too much manual work and, for that reason, proceeds too slowly. . . . Most of the Indian processed food articles are out-of-date in the matter of presentation. In taste, they are not on a par with the average offer from other countries, except canned prawns and shrimps."

The West German expert has not merely drawn attention to these defects but also offered some concrete suggestions. The solutions put forward by him are: formation of a consortium or combined food export houses in Bombay, with an auxiliary (an Indian food house for Europe) located in Frankfurt-on-Maine for organising exhibitions; award of suggestive trade seals to quality producers; use of superior quality labels; establishment of personal liaison with EUFODA (European Food Distribution Association) with a technical director provided by them; establishment of a factory in Goa with machinery to be imported for the purpose; setting up of a good labelled can producing factory; establishment of a liaison office in West Germany at Frankfurt-on-Maine; collaboration of Tea and Coffee and Cashew Boards, Processed Foods and Marine Products Export Promotion Council; opening of Indian tea and coffee bars and restaurants in Europe; training of Indians in foreign technical market export promotion; grant of cheap and regular freight facilities; regular participation in food fairs; and setting up of an advertisement and designs wing in India.

The suggestions put forward by Mr. Wroblewiski are quite practical and must be implemented in right earnest, if India is really serious about earning as much foreign exchange as possible through exports of processed food articles. The Press version of Mr. Wroblewiski's recommendations does not, however, mention anything about the packaging of food products which is very important. Whether it is for raising production or for improving packaging, the food processing and preservation industry will need quite a bit of foreign exchange. An official estimate places the total foreign exchange requirements of the industry during the next two years at about Rs. 200 lakhs—Rs. 140 lakhs for tin plate, Rs. 50 lakhs for machinery and equipment, and Rs. 10 lakhs for raw materials like citric acid. Considering that the industry earns for the country a sizable amount of foreign exchange, these requirements must be met. At the same time, however, there is much force in the Government's plea to the industry to substitute, as far as possible, the use of tin plate by other means of packing materials, such as aluminium foil and polythene.

What 7% Means To London Money Market

The seven per cent Bank rate forced upon the British monetary authorities by a sudden and fierce crisis of confidence in sterling is a clear indication that domestic policies are being attuned to the needs of long-term balance of payments position of the U.K. But the rise in Bank rate failed to stop the run on sterling and needed the support of a speedily and informally negotiated joint credit of $3,000 million from the central banks of the U.S., eleven European countries, the Bank of International Settlements and the U.S. Import-Export Bank. The long-term causes and the chain of events preceding the worst of the sterling crisis leading up to the 7 per cent Bank rate are by now well known. They raise some fundamental issues pertaining to international liquidity which are discussed by Questor in his despatch published on page 984. It is proposed to outline here the effect of the rise in the Bank rate on the London money market.

The immediate result of the 2 per cent rise in the Bank rate was an increase in the clearing banks' deposit and lending rates. Since the 7-days' deposit rates are tied to a level of 2 per cent below the Bank rate, they came up to 5 per cent automatically. In addition, the banks also raised the interest rates on savings accounts by one per cent to 3½ per cent for the first £250, the current rate being paid on the higher balance. This is a significant development in that this is the first change in the savings bank rate offered by the British banks since the last war. After all the fuss made over the method, manner and technique of raising deposit rates during the past two years, the banks in Britain have ultimately seized this opportunity to test the reaction of the authorities and the public. At the current levels, the British deposit rates can no longer be deemed to be uncompetitive or low, the way Radcliffe Committee put it.

The banks lending rates, too, now in the range of 7½-9 per cent, cannot be regarded as low. In fact, during the last few months, the banks were actually trying to raise their lending rates in subtle ways, despite the 11-year old indication of the Treasury that it would not relish any increase in advances rates. To the banks, therefore, the higher Bank rate has provided a welcome opportunity to realign their lending rates, to increase the spread to accommodate the varying shades of risk, and to subject borrowers to stricter and tougher scrutiny. Following the Bank rate rise, at least two banks, the Midland and the Westminster, have revised the nominal rate of interest on personal loans from 6 per cent to 7 per cent. The effective rate, however, is much higher on account of the special technique of charging for personal loans on the basis of opening balances of a year irrespective of the repayments during the year. Barclays Bank, however, has said that its rate for personal loans would remain unchanged at 6 per cent.

The higher Bank rate this time was not accompanied by any other measures of credit squeeze, because the Bank of England must have realised that the bankers had taken the cue and were themselves applying the squeeze and that the need for a compulsory squeeze was not, therefore, imperative in purely domestic terms. Bank advances have been steadily building up, but banks have taken a more selective attitude during the past three-four months. Credit-deposit ratio at 53 per cent is itself an automatic check on further lendings by banks. Liquidity ratio at 30.1 per cent, barely 2 per cent above the official floor, is not at all excessive for this time of the year, when banks should be building up their liquidity for the annual window-dressing. Moreover, the balance of payments deficit and sales of reserves are cutting both ways in the bank's ability to extend further credit, partly by increasing the current advances to finance imports but largely by cutting into the banks' liquid assets. In the circumstances, the Bank rate has been accompanied neither by *special requests* from the Bank of England "which would have been superfluous" nor by *special deposits* "which would have been excessively deflationary," to quote a British commentator.

In the absence of credit squeeze and higher rates, banks stand to gain by the higher Bank rate, but discount houses are the worst sufferers, for they have to take the heavy losses on their bills and bonds portfolios. Their losses are particularly sharp, for, during the past two or three weeks, they were actually building up their portfolios on the basis of earlier official assurances that the Bank rate would not be raised. The discount market's rate for three months' time trade bills has gone up from 5¼ to 7¼ per cent.

In order to insulate the domestic economy, generally, and the long-term interest rates and housing loans, particularly, from the higher short-term rates of interest, the Labour Government may soon have to follow a 'two-tier' interest rates policy. The yield on Treasury Bills has increased sharply from 4.11/16 to 6¼ per cent. Local authority mortgage rates have jumped up to 7 per cent. Although the prospects for long-term rates are not yet clear, the slides in the short-dated gilt-edged prices has produced sizable increases in the net redemption yields of dated Government securities. The net redemption yield (that is, return after allowing for freedom from liability for income-tax on capital appreciation element) in some cases is close to or even beyond 9 per cent. But by refusing to raise the Public Works Loan Board lending rates from around the 6 per cent level, the Government has already introduced in effect a second tier of interest rates. It is also expected that, in view of this, the Government will treat it as its moral obligation not to allow an increase in the rate of interest on national savings certificates from the present 3½ per cent tax-free to beyond five per cent. All over the world it has now become a common practice to introduce refinements in the Bank rate weapon, in order to safeguard the interests of special sectors. So even the grandma of the central banks, which had hitherto stuck to the old tradition, has to move with the times.

Like the discount houses, however, the hire-purchase finance companies will suffer losses, because their lending rates are stickier than their borrowing rates, due to keen competition. Although the Finance Houses Association is likely to raise the ceiling rate on instalment loans for cars from 9 to 10 per cent, their profit-margin may be substantially affected, for the rates that they pay on almost one-fourth of their resources which are obtained from banks will go up by 2 points to 8 per cent; besides they will also be forced to pay more for deposits in competition with the commercial banks. The rate for three months' fixed deposits accepted by the Finance Houses has gone up from 5½ to 7¼ per cent.

Notice

THE INDO-BURMA PETROLEUM COMPANY LIMITED

Registered Office:

Gillander House, Netaji Subhas Road Calcutta-1

NOTICE IS HEREBY GIVEN THAT THE Preference Register of Members of the Company will be closed from the 18th December 1964 to 30th December 1964, both days inclusive, for payment of the dividend for the half-year ending 31st December 1964, on the 2nd January 1965, at the rate of Rs. 2.914 per share (being the stipulated dividend of Rs. 3.50 per share increased by 11 per cent to Rs. 3.885 less Rs. 0.971 being Income Tax at the Company's rate of 25 per cent) subject to tax being deducted therefrom in accordance with the provisions of Section 194 of the Income Tax Act, 1961.

By Order of the Board,
STEEL BROTHERS AND COMPANY LIMITED,
Managing Agents.

GILLANDER HOUSE,
NETAJI SUBHAS ROAD,
CALCUTTA-1.
27th November 1964.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 3rd December 1964.

	Closing quotations 26-11-1964	High	Low	Closing quotations 3-12-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	146.50cr	145.00xr	141.50xr	141.50xr
Apollo (2)	1.72	1.76	1.68	1.72
Baroda Rayon (100)	62.00	62.00	60.50	61.00
Bombay Dyeing (25)	57.40	57.50	56.80	57.20
Bradbury (50)	145.00	145.00	143.75	145.00
Central India (100)	93.00	94.00	92.00	92.50
Century Mills (100)	571.50	568.00	554.50	556.00
Dawn (50)	146.50	147.50	146.50	146.50
Elphinstone (50)	93.00	—	—	93.00
Finlay (100)	305.00	305.00	304.00	304.00
Gokak (100)	173.00	173.00	170.00	170.00
Gold Mohur (100)	230.00	—	—	230.00
Gwalior Rayon (10)	36.75	37.25	36.75	36.75
Ind. Untd. Deld. (1)	2.34	2.36	2.34	2.34
Ind. Untd. Ord. (10)	19.40	—	—	19.40
Indian Rayon (100)	52.50	52.00	49.00	50.00
Indore Malwa (100)	215.00	—	—	215.00
Khatau (100)	157.50	158.75	155.00	155.00
Kohinoor (100)	318.50	317.50	315.50	317.00
Mafatlal (100)	512.00	—	—	512.00
Modella Woollens (10)	12.48	—	—	12.48
Morarji (100)	255.00	255.00	243.00	245.00
Mysore (50)	34.00	—	—	34.50
National Rayon (100)	349.00	347.50	327.50	331.50
New Great (100)	160.00	—	—	160.00
Phoenix (100)	230.00	227.00	224.00	225.00
Pedar Mills (10)	11.08	11.24	10.80	11.16
Raymond Woollen (100)	135.50	135.50	135.00	135.00
Samson Spg. (10)	37.75	—	—	37.75
Shreeniwas (100)	242.00	242.00	240.00	241.00
Simplex (50)	122.00	122.00	118.00	118.00
Standard (100)	569.00	567.00	553.00	561.00
Swadeshi (100)	264.50	264.00	262.75	263.50
Swan (100)	273.00	273.00	272.00	273.00
S. I. Viscose (100)	100.00	100.50	99.00	99.50
Tata Mills (25)	47.00	47.50	46.75	47.50
Lakshmi-Vishnu (100)	82.00	—	—	82.00
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	101.00	101.25	100.50	101.25
Do. (New) (50)	102.00	102.50	102.00	102.50
Bank of Baroda (50)	99.00	99.00	98.00	99.00
Central (25)	52.90	52.30	51.70	52.30
Central 'A' (25)	52.50	53.00	52.50	53.00
Dena Bank (50)	65.50	—	—	65.50
Punjab National (10)	20.12	20.12	20.00	20.08
Union Bank (5)	6.40	6.60	6.48	6.48
United Com. (50)	72.70	73.00	72.50	73.00
Maharashtra (50)	53.70	—	—	53.70
ELECTRIC COS.				
Ahmedabad (100)	103.25	103.25	102.75	103.25
Amalgamated (10)	9.32	9.32	9.24	9.24
Andhra Valley (1,000)	1,217.50	1,217.50	1,213.75	1,217.50
Bom. Sub. El. (100)	113.50	114.00	113.50	114.00
Surat (100)	121.00	124.00	121.00	122.50
Tata Hydro (100)	123.50	123.50	122.50	123.00
Tata Power (1,000)	1,243.75	1,240.00	1,232.50	1,237.50
INSURANCE COS.				
British India (10)	13.76	—	—	13.76
Indian Mercantile (50)	68.00	—	—	67.00
New India (15)	46.00	—	—	46.00
New India 'A' (15)	46.75	—	—	46.75
Vulcan (10)	16.36	47.00	46.75	16.36
STEEL COS.				
Ind. Iron (10)	25.45	25.35	25.00	25.05
Mysore Iron (10)	16.72	16.72	16.60	16.64
Tata Steel Ord. (75)	145.00	144.75	142.75	143.00
SUGAR COS.				
Belapur (50)	221.50	224.00	219.00	219.50
Bhopal (10)	12.80	—	—	12.80
Changdeo (12.50)	23.00	—	—	23.00
Maharashtra (50)	136.00	136.00	134.50	135.50
Walchand Ind. (100)	114.00	114.50	113.00	113.75
	162.50	162.50	161.00	162.00
CEMENT COS.				
Associated Cts. (100)	153.75	153.75	150.75	151.00
Digvijay (100)	177.25	177.25	176.00	176.50
Orissa (10)	11.84	11.76	11.60	11.72
DYES & CHEMS.				
Amar-Dye-Chem (100)	137.50	137.50	132.50	132.50
Camphor & Allied (100)	83.00	83.00	80.00	80.00
Citrio (100)	79.00	79.00	76.50	76.50
Chemicoat (100)	89.00	86.50	86.00	86.00
Colour-Chem. (100)	301.25	301.25	291.25	292.50
Indian Dyestuff (100)	265.50	265.00	255.00	258.50
Polychem (10)	94.50	94.00	91.00	91.00
Synthetics (100)	71.00	71.00	66.00	67.00
Tata Chemicals (10)	18.92cd	18.88cd	17.48xd	17.88xd
MISCELLANEOUS				
Alcock Ashdown (100)	288.00	291.00	286.00	288.00
Bom. Burmah (25)	56.10	56.10	55.20	55.50
Do. (New) (25)	42.25	42.25	42.00	42.00
Br. B. Petrol (1½ sh.)	2.86	2.88	2.78	2.82
Br. I. Corpn. (5)	11.00	11.00	10.56	10.56
Cooper Eng. (100)	109.00	108.50	100.00	102.00
Hindustan Levac (10)	28.10	28.10	28.00	28.10
Hindustan Motors (10)	16.28	16.36	16.08	16.24
I. C. & Invest. Corporation (100)	96.00	—	—	96.00
Indian-Copper (2 sh.)	3.26	3.32	3.24	3.26
Kilnicks (100)	100.00	99.70	99.50	99.50
Larsen & Toubro (10)	21.56	21.60	21.44	21.56
Mahindra & Mahindra (10)	17.20	17.20	17.00	17.00
Asian Cables (100)	67.50	66.00	63.00	64.00
Permanent Magnets 100)	102.50	101.00	98.00	99.00
Phillips Carbon (10)	11.76	—	—	11.76
Pre. Automobiles (100)	94.50	96.80	93.50	96.00
Premier Cen. (10)	210.00	221.50	207.00	216.50
Scindia (20)	15.40	15.36	15.12	15.16
G. E. Shipping (10)	12.12	12.12	11.88	12.00
N. Standard Eng. (100)	125.50	125.50	120.00	121.00
T. Manekial (100)	485.00	—	—	485.00
Shivrajpur (10)	20.52	22.52	19.76	19.80
Sirpur Paper (10)	12.12	12.60	12.16	12.44
Tata Locomotive (100)	262.00	262.25	258.00	260.25
Tata Oil (25)	48.00	48.00	46.25	47.00
Voltas (100)	263.50	263.50	256.00	260.00
W. I. Match (100)	234.50	234.50	233.50	234.00
W. Coast Paper (100)	168.00	167.00	165.00	165.50
Zenith Steel (10)	14.64	14.64	14.40	14.60

GOVERNMENT SECURITIES	26-11-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	3-12-1964 Rs.
2½% 1956	82.75	—	4.64	82.75
3 % 1966-68	98.45	4.20	5.52	98.35
3 % 1970-75 1st Dev.	90.25	4.90	4.12	90.15
3 % 1986 Con. Loan	62.05	—	4.82*	62.05
2½% 1945 N. F. Bonds	100.00	—	3.50	100.00
2½% 1967 N. F. Bonds	99.80	—	3.99	99.80
2½% 1974	96.60	—	4.18	96.60
2½% 1967 N. F. Bonds	99.90	—	3.79	99.90
2½% 1949 Loan	97.80	—	3.99	97.80
2½% 1968 N. F. Bonds	99.00	—	3.77	99.00
4 % 1972 Loan	99.80	—	3.80	99.80
4 % 1973 Loan	98.75	—	4.18	98.75
4 % 1979 Loan	98.80	—	4.16	98.80
2½% 1966 Bonds	97.50	—	4.25	97.50
4 % 1960-70	100.00	—	3.50	100.00
4 % 1981 Loan	97.50	—	4.21	97.50
4½% 1985 Loan	98.00	—	4.16	98.00
3½% 1977 G. Bonds	100.00	—	4.50	100.00
4½% 1972 N. D. Bonds	117.50	—	4.66	117.50
4½% 1986 Loan	100.15	—	4.28	100.15
4½% 1989 Loan	100.25	—	4.49	100.25
	100.00	—	4.75	100.00

* Current Income. cr.—Cum-Right. xd—Ex-dividend. cd—Cum-dividend. xr.—Ex-Right.

COMMERCE

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

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AUTOMOBILES—A MUCH MALIGNED INDUSTRY

THE automobile industry is again in the dock for no fault of its own. It was dragged to the floor of the Lok Sabha this week by some over-zealous members, claiming to champion the cause of consumers. They were, of course, discharging their legitimate function. Only, most of those who spoke on the subject paid scant regard for facts and the couple of members who sought to present them were nearly ridiculed. The facts about the Indian automobile industry are well known, thanks to the enquiry into it by the Tariff Commission, the Jha Committee, the country-wide publicity given by the automobile manufacturers themselves, the publication of the directors' annual reports and statements of accounts of the automobile companies, and the observations made by the Ministers concerned on the floors of both the Houses in the past. It is unfortunate that, despite all this mine of information, there should be so much misunderstanding about this vital industry. One wonders whether this is not a case of one not wanting to be convinced of the truth, because it does not suit one to do so.

To some extent, the Government itself is to be blamed, for it does not seem to know its mind and makes statements that conflict with its earlier decisions. To anyone who had carefully studied the economics of automobile industry in this country, it was obvious that it would be uneconomical to permit one more unit for manufacturing small cars alone. Yet the Government toyed with the idea for a long time, invited offers from several manufacturers, and appointed committees to consider whether or not a separate project should be established for making small cars or whether any one of the existing ones could be allowed to take it up. To the discredit of existing manufacturers it must be said that, instead of opposing the whole move, which would have been the right thing to do, they all vied with one another for getting the licence; their opposition was only to the establishment of an entirely new company.

This illogical stand on the part of the private sector apart, the Government itself came to the conclusion last year, when the subject was under the portfolio of Mr. C. Subramaniam, that it was not worthwhile proceeding with the project. The impression that one got was that the small-car project had been postponed *sine die*. But now it looks as though one was wrong in drawing that conclusion, for, on 27th November last, the Deputy Minister for Industry and Supply, Mr. B. Misra, informed the Lok Sabha that "fresh alternatives for increasing the production of cars, *including the one regarding the revival of the small-car project, are being explored*" (italics ours). Why should the Government again entertain the idea of small cars, when all that can be said in its favour and against has been stated and judged and there has been no change for the better in the factors that went against the small-car project? Such statements serve no useful purpose; on the contrary, they only cause confusion, engender false hopes and make the Government itself an easy target for the Opposition. It may be recalled, in this connection, that several members of Parliament have alleged that the Government shelved the small-car project under pressure from the monopolists and vested interests, an unfair charge undoubtedly, but one that may be believed by the gullible among the public.

It is true that the on-the-road prices of cars made in India are prohibitively high, that the cars suffer from far too many defects than inevitable in an underdeveloped country and that production is lagging far behind demand. The manufacturers do not deny these charges, but their contention is that they cannot be held responsible for them, because the causes are beyond their control. The complaints may be examined one by one. To take the question of high prices first. About one-third of the present prices (paid by the buyer) represents taxes (excise duty, customs duty and sales tax). In the case of commercial vehicles, the element of tax is higher still, at over 45 per cent. If all these taxes are abolishd, the price of car to the buyer will not compare very unfavourably with the prices paid by buyers in Europe for comparable makes. Again, since 1958, the cost of everything (raw materials, components, wages and salaries, freight, insurance, packaging, etc.) has gone up substantially and yet the ex-factory price, regulated by the Government, has risen only by a fraction. It is worth remembering, in this connection, that the profits of automobile companies have been poor all along, their shares are friendless and have suffered heavier capital depreciation than other industrials and the ratio of borrowings to own resources is pretty high. The experience of individual automobile companies in this respect varies, depending upon the extent of non-automobile engineering work executed by them, but, if one were to take the profits of passenger cars division alone, one would find that there is not much difference in their performance. Under the Government's policy of dispersal of economic power, the car manufacturers are allowed to manufacture only specified items of components, leaving the others to be produced by other entrepreneurs. This policy has led to higher production costs, lack of control over the prices of such components as are made outside and, in some cases, unsatisfactory quality, too. Again, prices of raw materials and components are higher than those in Europe. Steel, for instance, costs Rs. 1,260 per ton in India, as against Rs. 650 in the U.K., a set of wheels Rs. 142, as against Rs. 48, and a set of tyres Rs. 567, as against Rs. 225. There is, therefore, no point in blindly criticising the manufacturers for the high cost of cars.

As for the cars not being as good in quality as those manufactured by the foreign collaborators in their own country, the Indian car manufacturers are, perhaps, blameworthy to some extent, but not fully. The common complaints are: the wear and tear of parts are unduly high (some of the parts taken from the old and well used imported cars, it is said, last longer than the new parts manufactured in India), the cars are not leakproof against monsoon, the quality of stainless steel fittings is very poor, and the paintwork fades away much sooner than in the case of imported car. To the extent the quality of raw materials, components and workmanship in this country is not comparable with that obtaining in Europe, the cars made in India are bound to be poorer in quality and the manufacturers cannot be held responsible for this state of affairs. Again, as the size of the units in India are small, they cannot employ automation to the same extent as their confreres in Europe do. And this in turn contributes to a fall in quality, for automation goes a long way towards eliminating the faults inherent in human labour, besides bringing down costs. There is, however, no reason why some of the defects that exasperate the users of car cannot be eliminated, given adequate inspection, testing, and supervision. Surely, cannot leak-proof (against rain) cars be produced in India even after fifteen years of experience? Similarly, it should be possible to improve the rust-proof quality of the stainless steel used in the bumpers. Again, more durable material can be used in the channelling of window glasses. Improvements are also possible in the fitting of various parts to prevent rattling noise. The same thing can be said of electrical fittings too. It is these avoidable qualitative defects that have deprived the sympathy of even knowledgeable users for our car manufacturers and turned them into their cynical critics. The manufacturers should strive hard to eliminate these defects and endeavour to disabuse the impression that they are the result of their anxiety to increase the rate of production and minimise their costs.

The remedy for the long waiting list of intending buyers of cars lies in stepping up production, but this is beyond the control of manufacturers. The waiting list for Fiat cars is so long that, even a four-year-old car which has done 40,000 miles, fetches a premium of about Rs. 2,000 over the on-the-road price of a brand new car. The realisation that one can replace a Fiat, after using it for four years, at a substantial profit is an added attraction to that car as compared with the Ambassador or the Standard. The real bottleneck to increasing production is insufficient foreign exchange allotment for buying materials and components. The establishment of a new factory for the production of small cars, requiring an investment of Rs. 50-60 crores, would only make matters worse in this respect. If the foreign exchange required for this project is made available to the existing manufacturers, the bottleneck could be broken earlier and perhaps at a lower cost. If production were increased, the waiting list would be shorter and the prevailing black market practices could be considerably minimised. A less expensive (from the point of view of foreign exchange) way out might be to permit imports of second-hand cars from Europe and the U.S. where they are very cheap, but that would be no permanent solution to the problem confronting the country. The Government must, therefore, allot more foreign exchange to the existing manufacturers for stepping up the production of cars.

In the inconclusive non-official debate on the automobile industry that took place in the Lok Sabha this week, the members who were excessively critical of the manufacturers of cars failed to acknowledge the fact that passenger cars have been given a low priority by the Government in the allocation of foreign exchange, while securing large foreign assistance for the manufacture of trucks and other commercial vehicles. An exclusively truck manufacturer like T.E.L. Co. is [illegible]

Contents

LEADING ARTICLES—	PAGE
Automobiles—A Much-maligned Industry	1021
Plan for Electronics	1022
MARKET GOSSIP	1023
TREND OF SHARES	1024
THIS WEEK'S SURVEY	1026-1028
SPECIAL FEATURES—	
"Business Schools" for Britain	1025
Two-tier Or Not Two-tier	1029
Manchester Letter	1033
Powerloom Enquiry Committee's Recommendations	1042
MONEY AND BANKING	1030-1031
TEXTILES	1032
PLANTING	1034
ENGINEERING	1038
NEW PRODUCTS AND PROCESSES	1040
COMMERCE AND INDUSTRY	1047
INSURANCE	1048
COMPANY MATTERS	1049-1050
NEWS IN BRIEF AND PERSONAL	1051
TREND OF MARKETS	1055-1058
MISCELLANEOUS STATISTICAL INFORMATION	1059-1060
STOCK AND SHARE QUOTATIONS	1061-1067
WEEK'S STOCK EXCHANGE TREND	1068

ree from the political attacks to which the ndustry has been subjected in Parliament rom time to time. This is only by the way. What is more important is the need to re-ognise that passenger cars are also as neces-ary as commercial vehicles. While some riority for trucks may be justified, the low ating given to cars has been overdone. An utomobile is not a luxury, it is a necessity or certain tyes of workers, including mem-ers of Parliament. Both in taxing this ehicle and in allocating foreign exchange for ts manufacture, the Government has carried he concept of luxury to absurd lengths.

A point that is conveniently ignored by he carping critics of automobile manufac-turers is that the higher the indigenous ontent of the car the greater has become the ost, because the indigenously manufactured omponents cost more. They have also failed o realise that the non-implementation of some of the third Plan projects, as, for instance, the one for manufacturing special steels, for which he blame rests with the Government, has seriously upset the plans of many industries, including the automobile industry. If special steels were available within the country, a considerable amount of foreign exchange could be saved and used for expanding the produc-ion of cars.

In any plan the Government has in mind for ending the shortage of cars, first priority must be accorded to expansion in the produc-tion of existing car-manufacturing units. That would be the most economical way of tackling the problem. But this by itself may not result in any substantial reduction in the cost of cars. The Premier Automobiles, for instance, says that, even if its production of Fiat cars were raised from the current level of 4,500-5,000 cars per annum (in 1960-61 and 1961-62, it had pro-duced about 7,000 cars per annum, the sub-sequent fall being due largely to the cut in the foreign exchange allocation) to 35,000 cars a year, there might not be "any appreciable saving in cost, because of the higher cost of raw materials from imported and local sources, taxes on imported raw materials, higher duty on capital machinery, etc." Mr. Misra himself disclosed in Parliament the other day that two manufacturers had told the Government that, "even if their capacity were stepped up to 50,000 cars per annum, the reduction in price from the current level would not be more than about Rs. 750 per car." The prospect of such a small reduction in the selling price should not, however, be used as an excuse for not allowing an increase in their production and productive capacity. For, apart from sub-stantially reducing the long waiting list for cars and the evils flowing from it, a rise in the production of cars from 23,000-24,000 units to 50,000 per annum would enable the com-panies to attain the economic strength necessary for further expansion.

A suggestion that has been repeatedly put forward in the past one or two years pertains to amalgamation of the three existing manu-facturers of cars, so that the country may have the benefit of the economies of large-scale manufacture. This idea was supported by some members of Parliament in the course of the debate under reference. Actually, the Government put it to the three manufacturers that their existing facilities might be "in-tegrated into a common unit to produce one or at the most two makes of cars, making a rational use of exsting facilities and under-taking expansion in the most economic manner." Or, alternatively, "one of the exist-ing manufacturers may be selected for sub-stantial expansion, the selection being made on a competitive basis with reference mainly to requirements and arrangements for foreign exchange and assurance in regard to price reduction." The response from the manufactur-ers to these alternatives was not encouraging and, apparently, it is in this context that they have tried to establish that, even if production were raised to 50,000 cars per year, there could be a reduction of no more than Rs. 750 per car. This, however, does not mean that the idea of amalgamation is unsound. It needs to be explored further and the Government will do well to appoint a committee of independent technical experts for this purpose. For a number of years to come, the Indian market for automobiles will remain too narrow to permit the swift growth of three manufacturers along sound lines, without imposing excessive burden on the users, burdens which will restrict the pace of expansion and the excellent gainful employment opportunities it offers. An amalgamated company may also offer scope for inviting participation by foreign private capital which, in turn, will help break the vicious circle caused by foreign exchange shortage. All over the Western world, auto-mobile industry has been strengthened in recent years by large-scale mergers of indepen-dent units. In India, too, the cement industry was strengthened in the pre-war years by the merger brought about by the late Mr. F. E. Dinshaw, a genius of those days. But a con-sideration which is basic to this idea is that the Government should not later on turn round and say that a monopoly has been brought into existence and that it should, therefore, be nationalised. An assurance from it that the automobile industry would not be nationalised for at least a period of 25 years, if the existing manufacturers of cars agreed to merge them-selves, would be quite pertinent. The expan-sion problems of this vital industry calls for a dynamic approach.

PLAN FOR ELECTRONICS

AMONG the modern industries that have grown by leaps and bounds, especially in advanced countries, electronics, with its appli-cations in several spheres of human activity like the public address system, radio and tele-vision broadcasting, space communication, in-dustrial instrumentation, medical examination and mechanical computation, holds the pride of place. Considering that this is a complicated industry, requiring the manufacture of a wide range of raw materials, accessories, components and devices and of an equally wide range of delicate instruments, equipment and gadgets for civilian and military purposes, its growth, especially since the last World War, has been truly phenomenal. In the United States, for in-stance, the general electronics industry itself expects to have sales to the tune of $20 billion in 1965. Generally speaking, in the Western countries, the share of industrial applications in modern electronics has increased to such an extent that it is now 50 per cent more than the consumer market for radio receivers.

The industry's progress in India has, how-ever, been quite slow so far; confined as it is largely to the assembly of radio receivers in the private sector and to the manufacture of some military communication equipment in the public-sector Bharat Electronics Ltd., it is of a relatively small size in terms of annual pro-duction capacity. That the annual output of radio receivers ranges only round 400,000 sets (valued at about Rs. seven crores) at present may be noted in this connection. Equally telling is the fact that, while there are nearly 100 million households in the country, the aggre-gate number of radio receivers in operation is no more than 2.7 million. This, incidentally, provides a measure of the task that lies ahead in just one sub-sector of the electronics indus-try. When the other sub-sectors of the indus-try are also taken into account, it is seen that the present annual output of all electronic goods (including radio receivers) is no more than Rs. 30 crores. It should be clear, therefore, that the country will have to go a long way before it can become reasonably self-sufficient in elec-tronic components and equipment. In fact, the Central Government's Electronics Committee (Chairman: Dr. H. J. Bhabha) has just assessed the country's aggregate requirements of elec-tronic goods at about Rs. 1,600 crores during the entire period from 1963 to 1973, or Rs. 330 crores per annum by 1973. Incidentally, though the Committee has taken the period 1963-73 as the basis for its recommendations, the period of ten years is to be reckoned from the first year of implementation. A break-up of the 10-year aggregate output figure is as follows:

1. Rs. 180 crores, being the cost of 11 mil-lion domestic radio receivers, 350,000 commu-nity sets and 25,000 television sets to be pro-duced during the 10-year period.

2. Rs. 50 crores, being the cost of replace-ments for three million radio sets over the same period.

3. Rs. 730 crores (including Rs. 70 crores for replacement parts) on account of electro-nic equipment required by the Defence Services.

4. Rs. 90 crores to meet the requirements of All-India Radio, civil aviation, lighthouses and lightships, railways, meteorology, over-seas communication services and internal security force.

5. Rs. 70 crores worth of electronic equip-ment required by the Post and Telegraphs Department.

6. Rs. 100 crores on account of miscellane-ous items of entertainment equipment like phonograph amplifiers, tape-recorders and public address systems.

7. Rs. 200 crores of industrial electronic equipment for machine control and instrumen-tation in industries.

8. Rs. 100 crores worth of electronic com-puters.

9. Rs. 100 crores worth of radio receivers to be produced for export.

In all, therefore, aggregate production of electronic equipment during the 10-year period upto 1973, according to the Committee, would have to be not less than Rs. 1,600 crores. This would call for the creation of new production capacity at the rate of Rs. 33 crores per year, so that the country may have an annual pro-duction of the value of Rs. 330 crores (including Rs. 24 crores on account of raw materials like metals, glass, insulating materials, chemicals, paints and varnishes and Rs. 84 crores on ac-count of components like resistors, capacitors, connectors, relays, switches, semi-conductor de-vices, electron tubes, panel instruments and hardware) by 1973. It may be noted by way of comparison here that Japan, with a fifth of the population and a tenth of the area of India, has *already* an annual production of Rs. 700 crores of electronic goods predominantly for civilian and export purposes. The Committee is thus right in claiming that a possible annual pro-duction target of Rs. 330 crores *by 1973* for a rapidly industrialising country like India is a very modest one.

But the more relevant question here is how much capital investment would be required to establish production capacity of that order. The Committee's estimate, in this connection, is that a total investment of Rs. 180 crores will have to be made over the 10-year period in the electro-nics industry. In other words, the required capital investment works out to an an-nual average of Rs. 18 crores during the 10-year period for a production capacity of Rs. 33 crores per annum during that period. This represents a very favourable capital-output ratio of nearly 1 : 2. Consider-ing the all-pervasive importance of electronics in a modern society with its sophisticated civi-lian and defence requirements, the suggested investment of Rs. 180 crores over a 10-year period is by no means large. Although the Com-mittee, in its interim report just released, has refrained from giving a break-up of investment and production targets for the public sector and the private sector on the ground that it would be necessary to plan the development of the in-dustry on an integrated basis in three tiers, namely, raw materials, components and equip-ment, in both the sectors, it is possible to figure out that the private sector will have a big role to play. It is not the amount of capital re-quired—this is not relatively much in the elec-tronics industry, as compared with several other capital-intensive industries—that may deter new entrants into this field. The difficulties in the way are quite different, for these pertain to re-search, design and technical training.

Given (i) adequate research and design faci-lities to suit the equipment trends in this field of continuously evolving technology and (ii) facilities for training as many as 400,000 skilled workers, engineers and scientists over the 10-year period (besides an unknown num-ber of technical personnel required by users for the maintenance of electronic equipment), an electronics industry of the magnitude envisaged by the Committee would be quite a feasible proposition. The first condition can be largely met by every produc-tion plant, if an adequate design, development and research potential is built into it at the very outset. But the second condition would have to be met largely by the Government through technical institutes and colleges. As the Government will be the biggest single user of electronic equipment (accounting for nearly 60 per cent of the entire output), it has the biggest stake in the development of the electronics industry and may, therefore, be expected to establish adequate technical train-ing facilities. In such a situation, entre-preneurs are bound to take in a big way to an industry like electronics which has such remarkable growth potential and is generally capable of yielding a return of 15 to 20 per cent on net assets and a margin of five per cent on sales. It may be that the Bhabha Committee's interim report "will stimulate interest in the private entrepreneur and give him a purpose and direction." That, at any rate, is the expectation of the Committee. There is, however, an important omission in this report and that is about the need and scope for foreign collaboration. Does the Committee think that India can advance in this field of high technology without foreign collaboration and participation? It is to be hoped that the Committee's final report will soon be forthcoming and that, in it, it will examine this question in detail.

MARKET GOSSIP

Toning Up The Capital Market

DESPITE sizable purchases of stocks and shares by the L.I.C. and the Unit Trust in recent months, Stock Exchanges continue to rule depressed, with very little turnover. Over the past one year alone, there has been a drop of more than 5.5 per cent in equity prices; the all-India average index (base: 1952-53=100) of variable industrial securities for the week ended 28th November stands at 162.8, as against 172.3 a year before and 174.3 on the eve of the last Budget. One may, of course, contend that a de-cline of about 5 to 6 per cent in equity prices over a period of twelve months need not cause any undue alarm. But one should not overlook the severe impact that such a decline has had on the capital market, especially at a time when the capital market ought to be cheerful, so that a large part of the community's savings could be channelled into investments in stocks and shares. The most important point to be borne in mind is that the drop in equity values is in contrast to the sharp rise in price levels and cost of living. Ordinarily, when inflationary forces are strong, as they have been in the last one year, equities should be booming. The fact that it has been the other way about is striking evidence of the ex-tent to which the Government's fiscal policy has hit equities. There is, therefore, no exaggera-tion in the description of the Presidents of the recognised Stock Exchanges that the capital mar-ket has "become completely emaciated and anæmic."

In a few months, the Central Budget for 1965-66 will be presented. In the coming weeks, the Finance Minister will be busy with its preparation and doing a lot of exercises in his mind. The Stock Exchange Presidents have, therefore, done well in reminding him of the state of the capital market in a joint memorandum submitted to him this week. The private sector, as the Stock Exchange Presidents have pointed out, is finding it difficult to raise rupee resources from the open market and entrepreneurs are depending solely on institutional support for the supply of capital. The total capital raised by companies through shares and debentures has been small. The public response to new issues has been so poor that quite a large part of the capi-tal issued has had to be taken up by the under-writers themselves. The consents granted by the Controller of Capital Issues continue to be limited, in spite of the institutional support from the I.F.C. of India, I.C.I.C.I., Unit Trust and the Industrial Development Bank. Indeed, but for the help of these institutions and the support of the L.I.C. and State Financial Corporations, it might have been impossible to float a company of some magnitude.

What is this state of affairs in the capital market due to? The answer to the poser is not far to seek. There is, first of all, the high rates of direct taxation which have made evasion a reward and adversely affected incentives to work, save and invest. Big investors are chary of com-ing forward to take reasonable risks with the present high level of taxation. The salaried and middle classes, which, it is well known, con-stitute the backbone of the investment market in India, are finding it very difficult to expand their investment portfolios, as their capacity to save and invest "has been," to quote the memorandum, "paralysed with the onslaught of inflation which has sent up prices of consumer goods soar-ing." What little is left in their hands is taken away by the annuity deposit scheme. In fact, a large section of the salaried class has been com-pelled to liquidate even its existing investments in stocks and shares to meet unforeseen capital expenditure and to pay the annuity deposits.

When such is the position, how can one ex-pect the private sector to finance the expansion and development programmes it already has in its hands, let alone to fulfil the much heavier commitments assigned to it by planners in the fourth Five-year Plan? It may be noted here that the outlay proposed for the fourth Plan in the private sector is as big as Rs. 7,000 crores which is nearly sixty per cent more than the third Plan provision of Rs. 4,100 crores. It would simply be foolish to think optimistically about the private sector's capacity to muster resources of this magnitude, unless the Government of India accepts the Stock Exchange Presidents' well-reasoned plea for immediate steps by way of both fiscal and administrative measures designed to revive the capital market and create conditions conducive to attract investments in stocks and shares. The specific reliefs in taxation sought by the Presidents are:

The *dividend tax*, if it cannot be altogether given up, should be made applicable only to dividends in excess of a specified minimum, say, 10 per cent.

The *tax on bonus shares* should be withdrawn; this is an inequitous measure, especially when the companies are also subjected to an extra 12.5 per cent tax on the issue of bonus shares. It is a case of multiple taxation with a vengeance.

Section 104 *companies* must be treated on the same footing as any other public companies and they should not be subject to any increased rate of tax (super-tax for these companies was raised in the last budget from 25 to 35 per cent).

Wealth tax should not be applicable to in-vestments in new issues of shares and debentures. (We would be happy if the exemption is given only to equities and preference shares. It is un-necessary to include debentures in this category.)

Capital gains on shares of new companies should not be subject to any tax, or at any rate should not attract capital gains tax for a period of at least five years from the date of issue of the security.

The *surtax on companies' profits* is a levy on efficiency and prudence of companies and should be done away with as early as possible.

The rates of *estate duty* and *gift tax* must be reduced drastically.

The *Annuity Deposit* must be made applicable to those who are in the income bracket of over Rs. 25,000, the rate of deposit should be lowered and the slabs be liberalised.

The incidence of *individual taxation* (income-tax, super-tax, surcharge and wealth tax) must be reduced.

Comments on these suggestions are super-fluous. For this journal itself has been pleading for such tax relief measures. In fact, it would go a step further and say that the whole system of annuity deposits should be abolished. Fiscal measures, it is needless to say, must be so framed as to generate savings in the hands of both in-dividuals and corporate bodies. What Japan and the U.S. have done in this field is there for all to see. A reduction in taxation at both individ-ual and corporate levels, besides promoting sav-ings and investments, will also help production to an extent where revenues to the Exchequer will actually increase. Simultaneously with the revi-sion of the fiscal policy, the Government must take certain administrative steps to help the capi-tal market. The three specific proposals put for-ward by the Stock Exchange Presidents are: (1) Banks should be more liberal in advancing against stocks and shares; (2) income from divi-dends must be treated as earned income; and (3) the 2 per cent carryover margin that is compul-sorily payable on the aggregate of the net balances of purchases as well as sales of cleared securities must be removed. The first two proposals may be accepted. The third proposal can be con-veniently ignored by the Government. Those who wish to speculate on the Stock Exchanges for mak-ing quick profits must be subjected to some re-straint. In fact, the margin requirements should be increased, for two per cent is too low.

Essential Commodities (Amendment) Bill

The Essential Commodities (Amendment) Bill 1964, which provides for stringent punish-ment and summary trial of food offenders, was passed by the Lok Sabha on the 9th instant. The Bill replaces the Essential Commodities (Amend-ment) Ordinance, promulgated by the Government of India on 5th November. The Ordinance, it may be recalled, provided for summary trial, by First Class Magistrates specially empowered in this respect by the State Governments or by the Presidency Magistrates, of the offenders contra-vening the Essential Commodities Act, be they traders or officials conniving at the offence.

The Criminal Procedure Code has already a provision for summary trials. Section 262 of the Code empowers a Magistrate to try food offen-ders summarily and pass a sentence of imprison-ment not exceeding three months. The Ordinance increased this maximum to one year. Under Sec-tion 414 of the Code, a person convicted in a summary trial, with a fine exceeding Rs. 200, has the right to appeal to superior courts. According to the Ordinance, there is no provision for appeal for a sentence of imprisonment not exceeding one month or a fine not exceeding Rs. 2,000, or both. The Ordinance also provides that public servants, charged with the abetment of crimes under food laws, will also be treated in the same way as the perpetrators of food offences.

All these provisions of the Ordinance have been incorporated in the Bill. One of the new clauses relates to the right of appeal in case of the forfeiture of property. Section 7 of the Essen-tial Commodities Act provides for forfeiture of property under the orders of the Court in cer-tain circumstances. A specific provision has been made in the Bill in this regard, so that, whether or not any order of forfeiture of property is made in addition to a sentence passed by the concerned Magistrate, an appeal shall lie to a higher court only where a Magistrate passes a sentence of im-prisonment in excess of one month or fine ex-ceeding Rs. 2,000, or both. Another technical clause makes it necessary that a notification would have to be issued by the Government, specifying the particular order as the special order for the purpose of adopting the summary proce-dure for trial of offences under the Order.

The Essential Commodities (Amendment) Ordinance was discussed in the columns of *Com-merce* dated 15th November 1964, wherein it was pointed out that, the machinery of Government being what it is, the Ordinance would be a source of harrassment, both to the genuine and law-abiding traders and the consumers. The only noticeable change, which the passing of the Bill makes is that, from temporary arrangement, the provisions have been converted into a more or less permanent feature.

In the Lok Sabha, the Bill received the sup-port of the Congress, Communist and other leftist parties. It was, however, vehemently criticised by the Jan Sangh and the Swatantra Party on the ground that it militated against the principles of legal jurisprudence and fundamental rights. Mr. N. Dandekar (Swatantra Party) described the Bill as "unnecessary, uncivilised, savage and cruel ... another milestone down the slippery slope of unprincipled legislation ... and designed to enforce slavish obligations by a par-ticular group (traders) towards a particular party," and pointed out that the cause for the present food difficulties was the poor attention given to agriculture and laying more em-phasis on heavy engineering, gigantic projects, deficit financing, special borrowing of P.L. 480 counterpart funds, impracticable land reforms and restrictions on food movements. Mr. R. V. Bade (Jan Sangh) blamed the Government for "wrong planning" and accused it of vindictiveness in dealing with traders. Mr. N. G. Ranga (Swatantra Party) was afraid that not only the traders would suffer, but also millions of cultivators, as the lat-ter could also be "brought under the mischief of this Act" by extending the definition of traders to them. Mr. Subramaniam, Union Food Minister, refuted these criticisms. He argued that the principle that no one should be presumed to be guilty and no one should be convicted without evidence was not being abrogated. Even in cases where there would be no appeal, the remedy of revision by the High Court was there. He gave an assurance that it was not the intention of the Government to bring producers within the scope of the Bill, but only those who were mainly dealers and only incidentally producers. In other words, he meant that dealers should not try to take shelter by calling themselves producers.

Whatever be the merits of criticism in Parlia-ment, the fact is that the Congress Party, with its vast majority, could get any Bill placed on the Statute Book. Although clause 1(3) of the Bill lays down that the provisions should cease to operate after 31st December 1966, they may stay with us for many more years, if the history of the Preventive Detention Act in this country is any indication.

Cable Industry In Difficulty

Persistent paucity of basic raw materials like copper, lead, tin and to some extent aluminium has brought the cable industry in this country to the brink of crisis, according to a re-presentation made by the Indian Non-ferrous Metal Manufacturers' Association. The demand for the industry's products, namely, copper con-ductors, plastic wires, rubber sheathed cables, etc., is rising, but it is unable to grow as fast as was expected because of the scarcity of raw materials. The basic allocations of foreign exchange during the period from April 1963 to March 1964 were drastically cut and they have been cut further for the current year from April 1964 to March 1965. In terms of quantity, the cut is more serious than it appears, because of the rise in the prices of non-ferrous metals in the world mar-kets. The quantities allocated in the licence, it may be noted here, are not related to the prices prevailing at the time of placing the orders.

Another unsatisfactory feature of the licens-ing policy is that the proportionate requirements of various raw materials are not taken into account and licences so issued as to facilitate continuous production of all items of manufacture. There are reported to be cases where a little additional allocation for one or more items of raw materials would have considerably eased the production programme of the industry. For example, the Government was compelled to im-port finished power cables, thus spending 9 to 10 times more foreign exchange than needed for the immediate import of lead—an item in short supply for the industry. Again, the Government permitted the import of insulated cables of the value of Rs. 13 crores during 1963-64, but a sub-stantial portion of this could have been saved, according to the aforesaid Association, by allow-ing the manufacturing units to import the basic raw materials needed by them. The cable manufacturers are no doubt trying to substitute aluminium for copper but there are certain fields where this offers only a limited solution. Further, even aluminium ingots are in short supply. It is, for instance, stated that the manufacturers of underground paper insulated power cables are faced with closures by mid-January next and that this contingency could be avoided only if immediate steps are taken to rectify the scarcity of lead, aluminium and other base metals.

Trends In Chillies

Chillies, because of their pungency, are an essential ingredient in the dietary of many peo-ple, not only in India but in many parts of the world. They are grown over large areas in tro-pical countries, including India. While the bulk of the production of this important cash crop in India is consumed within the country, about 30 per cent of the output is exported to countries such as Ceylon, Kuwait, Bahrein Islands and the United Kingdom. During 1963-64, exports of chillies amounted to 12.1 million kgs. and contri-buted nearly Rs. 280 lakhs of foreign exchange. In the first quarter of the fiscal year 1964-65 (April-June), exports of this commodity were higher at 2.8 million kgs. (or Rs. 57 lakhs in terms of value), as compared with 900,000 kgs. (or Rs. 19 lakhs) in the corresponding period of last year. In addition to serving as a recipe in the prepara-tion of special dishes, chillies have also found several uses in the field of medicine.

While thus the uses of this cash crop and con-sequently the demand for it are increasing, its output in India is not keeping pace. Actually, it has tended to fall in recent years. The final crop estimates of chillies in India for 1963-64 are not yet available, but it is placed slightly lower than that of 383,000 metric tonnes for 1962-63. Owing to its wide range of adaptability, chillies are grown over an extensive area in India—nearly 630,000 hec-tares or 1.6 million acres—the chief producing States being Maharashtra, Andhra Pradesh, Mysore, Madras, Madhya Pradesh and Bihar. Maharashtra, incidentally, is the largest producer and has 24 per cent of the total area under culti-

(*Continued on next page*)

TREND OF SHARES

DECEPTIVE STEADINESS?

(From Our Own Correspondent)

BOMBAY, 10th December

EQUITIES on the Bombay Stock Exchange during the week under review maintained a steady tone but the steadiness seemed rather deceptive, for the market failed to respond to some excellent bull factors like the Prime Minister's statement in London that the Government would do something to arrest the present sluggishness in the capital market and the Finance Minister's observation that private foreign capital should be preferred to loans. Further, there was the news of higher output by Tata Steel during November. These factors, however, did influence sentiment a bit but the influence was short-lived. The rise in prices was more of a sporadic nature than due to any sustained support with a long-term objective.

The highlight of the week's trading was the spurt in the Standard to Rs. 594 on Friday, a net gain of 25 points over the previous day's closing. The rise was due to hectic short-covering and fresh support on vague talk of a bonus issue from out of the premium account. It is true that the Company has a substantial sum collected by way of premiums but then there was no confirmation from reliable sources. It appeared that some operators were carrying their hopes too far and the way the shares slipped back again suggested that such an issue was unlikely at least in the foreseeable future. At the close, the scrip was quoted at Rs. 581, still 20 points above the previous week's closing level.

As a whole, the list of forward scrips at the close was not such as to add further to the despondency of the recent several weeks. Tata Ordinary gained one point over the week to be placed at Rs. 144 while Indian Iron improved from Rs. 25.05 to Rs. 25.25. Century, however, was quiet at Rs. 553.50 but Central India was fractionally better at Rs. 93. Svadeshi was quietly steady at Rs. 263 but Bombay Dyeing was well maintained at Rs. 57.30 against Rs. 57.20 of the previous week. In fact, Tata Steel had touched a high of Rs. 145.25 and Century Rs. 561 but as already mentioned the rise in prices was not founded on enduring factors. Maybe they were due to short-covering which was only to be expected in view of the decline over the past several weeks. Maybe it is due to some favourable aspects of individual shares. But the way the market tended to slip back suggested that it was basically devoid of strength.

Rayon shares were quiet and their leader, National Rayon, had been taken down to Rs. 326, before rallying to Rs. 335 at the close against Rs. 331.50 of the previous week. Gwalior Rayon was steady around Rs. 36.75. South India Viscose which had been hammered down to below par level improved a little during the week to Rs. 101.50. By far the most conspicuous in the group was Baroda Rayon which gained 12 points at Rs. 73. The Company has done very well during the year ended September last, the first year of full operation. Sales are satisfactory and the Company would perhaps have done even better but for the burden of the excise duty on rayon yarn. The Directors seem hopeful, despite current accumulation of stocks and this should augur well for the Company's future.

Motors were steady with Hindustan unchanged at Rs. 16.24 and Premier at Rs. 95. Tyre shares were easy, with Ceat at Rs. 82 and Premier at Rs. 75. Reports that the demand for automobile tyres was broadening and that this must help the industry not only to get its accumulated stocks out of the way but also to produce more fell flat on the market. The feeling in market circles is that something should be done to tone up the industry. Some price increase was given a few months ago and other small concessions were granted, but, from the behaviour of these shares on the stock exchange, it appears that these have been inadequate and some drastic remedies are necessary. After all, the Government cannot allow the market in tyre shares to languish like this. If the industry needs some incentives, they had better be given both in the interests of the industry and the investor.

Among Engineerings, Telco was steady but Larsen improved from Rs. 21.56 to Rs. 22.20, though they had been bid up to Rs. 22.48 during the week. The spurt was due to the directors' decision to issue bonus shares in the ratio of one equity share for every seven held. The hope is that the dividend would be maintained even on the increased capital. For long, the shares of Larsen and Toubro have been amongst the hot favourites of the investor and the proposed bonus issue, the first one in the Company's history, may help revive their popularity.

There was nothing special in the other sections to merit a detailed examination. Suffice it to sum up that the market is basically weak, rallies are mostly due to short-covering and bull operators are hard to find at present. How long is this going to last? Well, as long as the Government does not take active steps to revitalise the market. In a memorandum to the Union Finance Minister, stock exchanges have pleaded for immediate fiscal and administrative measures for revitalising the market. Meanwhile, operators are drifting from stocks to commodities, adding to the mess over there. It speaks to the credit of entrepreneurs that, despite unfavourable conditions, some really good issues have been forthcoming. One of them is Hindustan Ferodo which is offering 5,46,800 equity shares of Rs. 10 each at a premium of Rs. 17 a share. Another is Sandoz (India) Ltd. Mysore Acetate is also considered a good proposition. A feature of Mysore Acetate is that its American and Swedish collaborators are participating in the equity capital on a substantial scale.

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In Calcutta, trading was a tame affair. Support from investors was virtually absent. Cash scrips, however, attracted some inquiry on a selective basis. The undertone was hesitant. Price movements in Madras were narrow but textiles managed to maintain a steady tone. Plantings were easier but the other sections were dull and almost featureless.

"INDIA AND PAKISTAN WOOL, HOSIERY AND FABRICS"

The sixteenth (1965) edition of the India and Pakistan—Wool, Hosiery and Fabrics (Editor: N. E. Vakil), published by Commerce (1935) Limited, Brady House, Veer Nariman Road, Bombay, in association with Messrs. John Worrall Limited, Oldham (England), is, indeed, a very useful publication. Providing as it does wide and varied data relating to raw wool production, classification, marketing, imports and exports, yarn production, knitting manufactures, processing and distribution, it plays the role of a ready guide not only for those directly concerned with the woollen industry in India and Pakistan but also for those outside seeking knowledge about this industry in the sub-continent. Besides several interesting review articles on raw wool, woollen goods, hosiery and jute textiles, the publication gives classified lists of woollen and worsted mills in India and Pakistan, felt manufacturers, hosiery units, jute mills, carpet factories and linen mills. Also included are the names of the firms engaged in distribution and manufacturing, as well as trade associations and organisations. The utility of the publication is enhanced by the inclusion of a classified buyers' guide, illustrated lists of advertisers' trade names and designs, and alphabetical lists of trade and brand names.

The State-owned Shipping Corporation of India has a full-fledged expansion programme under which 20 ships are in various stages of construction in different shipbuilding yards. This was disclosed by Mr. Govind Seth, Managing Director, while taking delivery of a cargo ship built at the Hindustan Shipyard at Visakhapatnam on the 6th inst. With the addition of these 20 vessels during the next three to four years, the Corporation's shipping tonnage will reach 500,000 gross registered tons.

MARKET GOSSIP

(Concluded from previous page)

vation. The crop is found to grow under all conditions—from sea level to an elevation of 1,500 metres—and in a variety of soils like medium black and red loams, light alluvial loams and laterite. Further, it can be cultivated either by rainfall of 75 to 125 cms or by irrigation. It is stated that, while the yield from a rainfed crop ranges widely from 225 to 900 kgs. per hectare, under irrigated conditions, it is as high as 1,350 to 2,900 kgs. It would thus be advantageous to bring more area devoted to chillies under irrigation and thereby increase the output per hectare.

Another handicap from which cultivation of chillies in India suffers is the susceptibility of plants to attacks of pests and diseases. Some of them like "thrips," "fruit-rot" and "die-back" cause untold havoc to the chilli plant especially when it is at the stage of flowering. It has been found from experience that increased use of green manures and fertilisers and timely spraying of bourdeaux mixture solution help in controlling the pests. Where these measures have been adopted, it has been found that a farmer could obtain a handsome profit of Rs. 300 to Rs. 1,500 per acre, depending upon the yield. Extensive research and propaganda are, however, required for spreading the use of fertilisers and plant protection methods among the farmers in the country and thereby increase the output of chillies. Already research has helped to discover several varieties of chillies of commercial value that could be grown in the country. As there is great scope for producing chillies in the hilly regions, efforts should be directed to bring more of them under this crop.

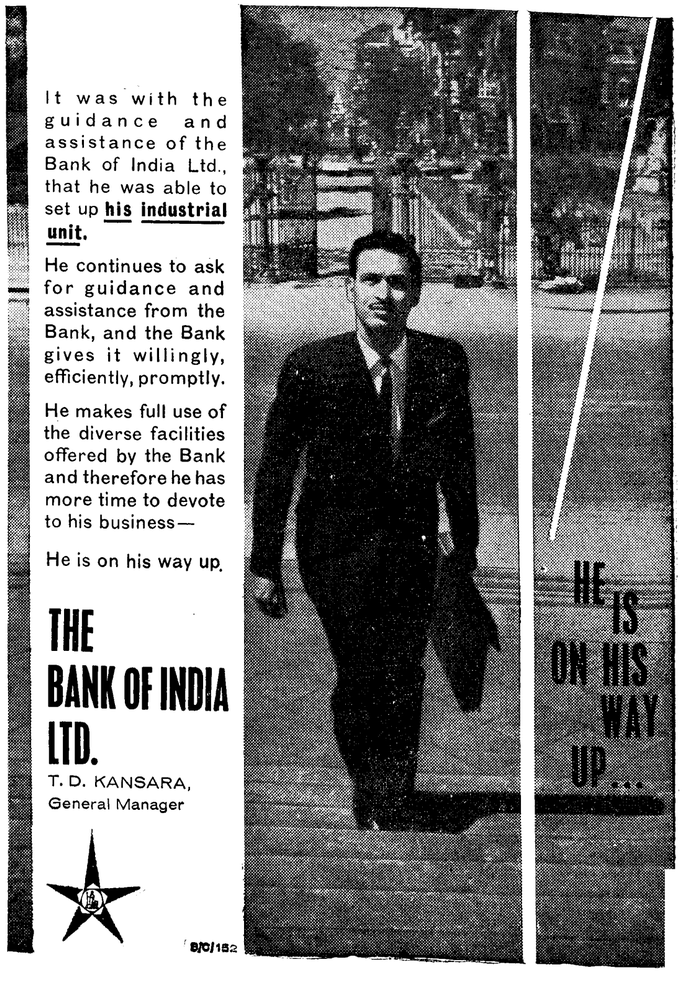
The prices of this condiment have been fluctuating rather fairly widely. But, on the whole, they are higher today than they were a year ago as the following figures will show:

(Rupees per quintal)

Variety	Latest	About 3 months ago	Six months ago	A year ago
Bombay M Pandi ..	220-225	165-180	170-200	210-215
Delhi Red Samana ..	228-255	190-203	230-254	168-188
Davangere	165-250 50	140-188 75	185-230	115-236
Sangli Red	150-277	100-210	200-250	N A

N A —Not available

Price increase has not been as sharp as in the case of other food articles. In other words, in terms of chillies, the purchasing power of the rupee has fallen only slightly!



"BUSINESS SCHOOLS" FOR BRITAIN

GOVERNMENT AND INDUSTRY AGREED ON THE MOVE

By Dr. M. S. Venkataramani

BRITAIN'S Labour Government has officially expressed its "enthusiastic support" for the establishment of two high-level institutions for management training—"Business Schools"—in this country. The institutions are to be located in London and Manchester, respectively.

Labour's attitude was expounded in the House of Lords a few days ago by Lord Snow, Parliamentary Secretary in the newly-established Ministry of Technology. His Lordship is no other than C. P. Snow, well-known scientist, professor, publicist, and best-selling novelist. His latest political novel, *The Corridors of Power*, has been selling briskly in Britain, the United States, and other countries where English is spoken. Snow had written about the political jungle as an observer on the outside; but now, thanks to Mr. Harold Wilson, he has obtained an opportunity to stalk the corridors of power himself. It was with considerable interest that I looked forward to his maiden speech in Parliament. That he chose the theme of management education is an indication not merely of his personal interest in the subject but of the importance that Britain's Socialist Government attaches to it.

The initial moves for the establishment of the two Business Schools emanated from institutions regarded virtually as citadels of conservatism. It was in July last year that a high-powered group, consisting of Lord Rootes, the noted industrialist, Sir Norman Kipping, Director-General of the Federation of British Industries, Mr. Cecil Meade, Chairman of the British Institute of Management, Mr. J. W. Platt, Chairman of the Foundation for Management, and Sir Robert Shone, Director-General of the National Economic Development Office, came to the conclusion that the time had come when Britain should have high-level institutions for management training of a standard equivalent to that of the Graduate School of Business of Harvard University. They invited Lord Franks to hold consultations with representatives of universities and industrial establishments and to submit his recommendations. It was on the basis of his report that the decision was reached to start two centres instead of one and to locate them in London and Manchester, respectively.

Need for Competent Managers

Lord Franks found that forward-looking managing directors were of the view that there was an urgent need in Britain for more competent managers. On the basis of his discussions, Lord Franks postulated the case for establishing the two Schools in these terms: "The accelerating pace of technical and technological innovation with its destructive impact on habitual methods and ideas; the rapidly increasing extent to which prices of manufactured goods are fixed by international competition of growing intensity; the ways in which the general management of the economy by Government directly affects the shorter range prospects and profitability of individual companies or, indeed, of whole sections of industry and commerce; these have all emphasised the value of an education and training which will provide industry and commerce with managers better fitted to foresee and decide well in swiftly changing conditions." Britain, he emphasised, could learn a great deal from the experience of the leading American Business Schools and the methods and curricula that the latter had experimented with in recent years. He cautioned, however, that the Schools to be set up in Britain should evolve their own programmes and not attempt merely to "transplant" American practices.

Lord Franks delineated in his report the two broad areas that might be profitably studied in the proposed British Schools. He described the first as the "framework"—applied economics, sociology, and psychology. The objective in studying them was "to increase understanding of what a man is doing in his job and ... to develop capacity clearly and vigorously to analyse new situations as they arise." The second area related to significant techniques developed in recent years that have had a profound impact on managerial decision-making—operational research, linear programming, resource allocation, decision theory, computer techniques, and the like. The objective was not to make the students specialists in computer mathematics, for instance, but to "enable young men in business to understand the relevance of these techniques in solving urgent problems" and to make them aware of where the application of these techniques may be fruitful and where not.

Mutual Uneasiness

The success of a Business School will depend on the extent of harmonious co-operation between the academic community and the business community. In the course of his discussions, Lord Franks found that a great deal of "mutual uneasiness" existed between the two communities in Britain. If such a state of affairs was not checked, he wrote, it could "spread through a Business School like a dry rot through timber." Businessmen were worried whether the academic community might treat the School as a centre for the advancement and communication of knowledge rather than a place that would equip men to become better managers. On the other hand, the scholarly community viewed with concern what it regarded as the propensity of businessmen to look for "results" and to insist on speed. To remove mutual suspicion, the sole remedy, Lord Franks suggested, was to draw up a constitution for the administration of the Schools that would ensure genuinely shared responsibility between the universities and business in regard to policy and finance. He advocated a "partnership ... so positive and close that shared responsibility dissipates doubt."

Lord Franks recommended that each of the two Schools should be part of a university and, at the same time, enjoy a large measure of autonomy. He urged their location in London and Manchester, instead of in certain places in the countryside, because the two metropolitan areas represented great industrial-commercial complexes. "This is necessary," he stated, "if the close, easy and frequent two-way traffic between School and business, so vital to health and prosperity of the School, is to be secured. It is also a condition of the staff being able to move easily in and out of industrial plants." Such visits by the faculty as well as by the students would be valuable for case studies in the School. Location of the Schools in London and Manchester would also ensure that leaders in the fields of commerce and industry might more conveniently visit them than if they had been set up in some area away from the great cities.

F.B.I.'s Role

The Federation of British Industries, which undertook the responsibility for implemeting the Franks report, appointed a Working Party under Lord Normanbrook to carry the task forward. The group has estimated that the capital cost of the two Schools will be £2.4 million, while the net recurrent expenditure during the formative period of seven years will be £1.7 million. Thereafter the net recurrent annual expenditure for the two Schools will be £330,000. These figures give an idea of the ambitious scale in which the Schools are conceived. The group recommended that each School should admit 200 recent graduates for a one-year course and 100 young executives of the age-group 28-35 for a twenty-week "post-experience" course.

To ensure the kind of shared responsibility between the university and business that Lord Franks had emphasised, the Working Party has suggested the following formula for the composition of the Governing Council of each School: the Vice-Chancellor (Chairman); nine members nominated by the University; nine members from manufacturing industry, the nationalised industries, commerce, and retail trade; and four individuals of standing and experience from the trade union movement, civil service, press, broadcasting and the like. In addition, the Working Party suggests, the Governing Council may co-opt two members if certain types of experience useful for the administration of the School are not adequately represented on the Council.

The Working Party also chose to offer its view on the training programme in the Schools. "We consider," it states, "that emphasis should be given, in the curriculum, to the importance of acquiring a thorough knowledge of financial controls in a business organisation. We also hope that the courses will be designed to inculcate a strong sense of cost-consciousness—which, in our view, is needed, not only in organisations operating for profit, but equally in non-profit-making organisations of all kinds."

Labour Government's Approval

With the wholehearted endorsement of the Federation of British Industries behind it, the appeal for contributions for the setting up of the Schools has evoked a ready response from this country's private sector. The move had the support of Sir Alec Douglas Home's Conservative administration. Lord Snow's recent speech in the House of Lords, mentioned at the outset in this paper, gave the Labour administration's stamp of approval for the project.

Lord Snow pointed out that efficiency and productivity were bound up with sound managerial techniques. The United States, he said, produced two to four times per man as Britain did. Failure to recognise the weakness induced in Britain's economic health by such a state of affairs would represent a "creeping danger" more sinister than a sudden and clear crisis. "We should use every scrap of wit we possess and really make technology work for us as we have not done since the early days of the Industrial Revolution. . . . If Britain failed in this, it is hard to see how she could have a future which any would envisage with pleasure," he warned.

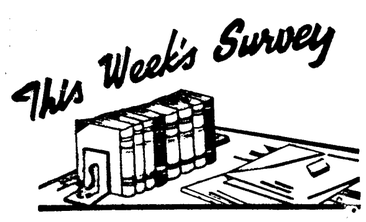
Snow dealt with the question whether men could really be trained to become good managers. His answer was in the affirmative. About three per cent of any reasonably intelligent group might have an innate gift for management and might not require any special training. They were the real "stars" of the show. But others could greatly improve their equipment by the right kind of training.

Managerial Talent

Managerial talent, Snow pointed out, was not necessarily confined to certain sections of society. It was socially important to ensure that managerial talent in all segments of society should be located and developed. Snow drove home his point with a telling analogy from the realm of athletics. "We must remember the analogy of the Olympic Games, in which the people who win gold medals now come from every social origin and every country. We must dig right into the country. We cannot afford to waste talent. We have not got enough. We must choose it wherever it may come from and not worry in what accent it speaks," he declared.

The Parliamentary Secretary did not fight shy of dealing with the crucial issue of whether appropriate employment opportunities would be available for persons who completed the prescribed courses at the new Schools. However well-organised the courses and however competent the teachers, the future of the Schools and the kind of students that they would attract would depend on the prospects for material advancement open to their *alumni*. In discussing the problem, Lord Snow took note of certain institutional and psychological difficulties. In many industries older men, who had come up the hard way and who might have been brought up in a "less intellectual environment," might be in key positions. Such persons might not be very enthusiastic over the benefits that might result from a year's stay at the Business School and might not be receptive to the idea of recruiting its graduates for responsible managerial positions. It was most important, Snow emphasised, that industry should itself work out arrangements to accommodate the men who would be trained at the Schools. Unless this was worked out in advance, "there would be disappointment and bitterness, and they might produce an unemployed managerial intelligentsia," he warned.

The move for the establishment of the two high-level Business Schools has proceeded with traditional British thoroughness and painstaking attention to detail. The support of the British business community has been enthusiastic; it has been expressed not merely in words but concrete pledges of financial support. Lord Snow's address makes it clear that the Labour Government will not in any way fall behind its Conservative predecessor in supporting the project. The omens are auspicious for significant strides in management education in Great Britain in the years that lie ahead.



EXPORT TRADE

INDIA'S export trade continues to show some heartening trends. The total value of exports during the current financial year is expected to touch an all-time record of Rs. 850 crores which is well above the third Plan target of Rs. 800 crores fixed to be achieved in 1965-66. As compared with the actual exports of Rs. 767 crores in 1963-64, the estimated exports of Rs. 850 crores in 1964-65 represent a rise of as much as Rs. 83 crores, the rate of growth in exports being 10 per cent. Apart from the fact that this growth rate is thrice the world exports growth rate and 2½ times the rate of advanced countries like Japan, the export performance is noteworthy for three important reasons. In the first place, exports have risen markedly despite a general fall in the prices of several internationally-traded commodities. Secondly, a wide range of products, among which jute goods, coffee, textiles, leather, cashew, engineering goods, plastics, fish and fish products, and mineral ores are prominent, has contributed to the improvement. And, thirdly, the rise in exports is spread over almost all the regions of the world with which India has trade relations.

Gratifying though these trends are, there is, as Mr. Manubhai Shah, Union Minister for Commerce, cautioned once again when he addressed the sixteenth meeting of the Board of Trade at Madras on Monday this week, no room for complacency. For exports are still nowhere near the heavy import requirements which are currently running at an annual rate of over Rs. 1,100 crores. Considering the prospects of continued heavy import bill and the problem of external debt servicing, Mr. Shah did well to reiterate the supreme urgency of intensifying export promotion efforts. But there is no use merely emphasising time and again the need for stepping up exports. What is wanted is energetic action on the part of both Central and State Governments to improve the competitive capacity of the export industries from the point of view of quantity, quality, price and delivery schedule. The following four general recommendations made by the Board are pertinent and deserve to be implemented:

1. Over and above pre-shipment and quality control measures, survey certificates from well-known recognised international surveyors should be made compulsory, particularly in the case of machine tools and heavy engineering goods.

2. An air freight unit (as recommended by the Air Freight Unit Committee headed by Mr. S. K. Kooka) must be set up with a view to promoting exports of goods requiring air transport, like perishable consumer products.

3. The views of export promotion councils and trade bodies on the report of the Selectivity Committee (Chairman: Dr. A. Ramaswami Mudaliar) must be ascertained, so that final decision could be taken at the next meeting of the Board to be held at New Delhi on 15th February 1965.

4. An Indian Council of Arbitration (as suggested by the Merchant Committee) should be set up to propagate and popularise the idea of commercial arbitration and mainly co-ordinate the activities of existing agencies and also cover the residuary field, if necessary.

The problems pertaining to exports of tobacco and leather manufactures were discussed at some length by the Board. On tobacco, the Board urged the State Trading Corporation either to assist the holders of Agmarked stocks of tobacco (about 11,000 metric tons), which remain uncommitted but saleable at the end of this month, by making reasonable monetary advances or to take over the stocks at negotiated prices. Out of the 1964 exportable varieties aggregating 91,000 tons, about 80,000 tons valued at Rs. 22 crores have already been exported. The total exports of tobacco in the whole of 1964 are expected to be of the order of Rs. 26-27 crores. The Board urged the need for (a) reorienting production and marketing practices, (b) prohibiting growing of tobacco on saline areas and (c) granting adequate credit facilities to tobacco growers. Further, it decided to appoint a committee, with Mr. Ranganathan, Secretary to the Union Ministry of Industry and Supply, as Chairman, to undertake a more intensive study of the possibilities of exporting tobacco manufactures (cigars, *bidis*, cigarettes and cigarolls). On hides and skins, the Board felt that the early implementation of the Saraiya Committee's recommendations on sales tax and the Chablani Committee's recommendations on export credit would assist in bringing down the cost of exports to some extent and thus maintain and improve the competitive strength of Indian exporters. At the same time, it stressed the importance of modernisation of leather industry and establishment of some first class shoe factories using modern methods to turn out goods for export.

There are vast possibilities of expanding the exports of several items to the countries of South-East Asia and the Far East. The Board of Trade noted with satisfaction the reversal of India's unfavourable trade balance with these countries, but called for accelerated efforts to step up exports further and to strengthen the ties of economic co-operation. The Board's plea for encouraging the establishment of joint industrial ventures in the developing countries with a view to stimulating exports of capital equipment and components is no doubt a pertinent one, but there are some limitations. Until such time as India can fully avail itself of the opportunity of closer participation in the economic development of these countries, attention must be concentrated on those products which have the greatest potential for export. A special study of such products, as the Board suggested, may be undertaken. Further, two or three trading houses may be set up at suitable locations in Asian countries with the assistance of consortia of Indian exporters and the various export promotion councils.

PRIZE BONDS AND SMALL SAVINGS

The Government of India has announced its decision to discontinue the Prize Bond Scheme with effect from 1st January 1965. Addressing the two-day session of the National Savings Central Advisory Board at New Delhi on the 5th instant, Mr. B. R. Bhagat, Minister for Planning, said that the experience of the Scheme had not been happy. The Prize Bond Scheme, it will be recalled, was launched in April 1960 with the Five-year Interest Free Prize Bonds, 1965. During the first year of its working, the collections amounted to Rs. 15.77 crores, as against the budget estimate of Rs. 25 crores. In the next year, however, the receipts were substantially lower at Rs. 3.35 crores. Because of this poor performance, the Scheme was discontinued from 1st July 1962 when the total collections amounted to Rs. 20.22 crores. It was, however, reintroduced after the declaration of emergency and was launched—in a modified form—from 1st January 1963. Named as the Premium Prize Bonds Scheme, it provided for an interest of ten per cent on maturity, in addition to the attraction of prizes. During 1963, the collections under the new Scheme amounted to a bare Rs. 5.76 crores. And, though some modifications were introduced from 1st January 1964, the collections during the first eight months of 1964 stood at only Rs. 2.13 crores. In view of this poor response to the Scheme, the Government has wisely decided to discontinue it and stop the waste of efforts and the cost of collection. As Rs. 20 crores, collected under the Five-year Interest Free Prize Bonds, 1965, will be due for repayment in April 1965, the Government is devising some means to mop up such repayments through the various instruments of small savings. It is, however, to be hoped that no compulsion would be exercised on the Prize Bond holders to get their Bonds converted into other instruments of small savings.

As for small savings, the commendable collections under the relevant schemes constitute a different story. As against the annual average target for the third Plan period of Rs. 120 crores, the actual net collections in 1963-64 amounted to Rs. 126.30 crores. During the current year, the collection till the end of October amounted to Rs. 62 crores—about Rs. 10 crores more than during the corresponding period of last year—and, if this rate of increase is maintained during the rest of the year, the net amount for 1964-65 may aggregate Rs. 150 crores. But it must not be overlooked that the first two years of the Plan period were lean; the collections amounted to Rs. 87 crores in 1961-62 and Rs. 75 crores in 1962-63 and, as compared with the average annual Plan target, they were short by Rs. 33 crores and Rs. 45 crores respectively.

To achieve the five-year target, the shortfall of Rs. 78 crores (Rs. 33 crores plus Rs. 45 crores) in the first two years was to be made good during the following three years. As compared with the previous year, the collections in 1963-64 were higher by Rs. 51 crores or 69 per cent. Still, they were able to narrow the gap by only Rs. 6 crores and so a gap of Rs. 72 crores remains still to be bridged during 1964-65 and 1965-66. If the net collections during the current year reach near about Rs. 150 crores, there will be fairly good chances of reaching the overall target of Rs. 600 crores. Incidentally, the State Bank's decision to sell Savings Certificates at its branches from next year may go some way towards enhancing the popularity of these certificates, thereby ensuring the attainment of the third Plan target in full.

A disquieting feature of the performance of small savings schemes should not, however, be ignored. Out of the total net collections of Rs. 126 crores in 1963-64, as much as Rs. 51 crores, or nearly 40 per cent, came from provident fund investments and Rs. 16 crores, or 13 per cent, from interest on Post Office Savings Bank deposits. As pointed out by Mr. Bhagat in his address, a recent survey had shown that the small savings schemes were, to a considerable extent, being patronised by persons with large incomes, in view of the tax concessions which the schemes provided. While there can hardly be any objection to accepting savings from large-income groups, it must also be recognised that there is a great need for popularising these schemes amongst the low-income group.

As pointed out in an earlier issue of *Commerce*, whereas a large number of people—even in urban areas—have not even heard about these schemes, many more are only marginally acquainted with them. The Post Office Savings Bank has an important role to play in promoting the savings habit of the common man, particularly in rural areas. With its widespread organisation throughout the country, it is very well suited to perform this function. Unfortunately, however, the Bank has restricted its activities to the collection of funds; it hardly makes efforts to popularise the small savings schemes as such. This perhaps explains why deposits in the Bank have not increased even fractionally in recent years, as compared with the deposits in scheduled banks. While, generally speaking, an unhealthy competition between Post Office Savings Bank and scheduled banks may not be in the best interests of the economy, it must not be forgotten that the former can play an important role in the rural areas, which the scheduled banks are generally not in a position to serve. The magnitude of mobilisable resources in the rural areas can be assessed in a way from the fact that the minimum foodgrains prices, recently announced, will alone make available to the agriculturists an additional amount of Rs. 200 crores. The situation calls for a comprehensive enquiry into the working of the Post Office Savings Bank so as to devise ways and means of making this agency more efficient in the mobilisation of rural resources.

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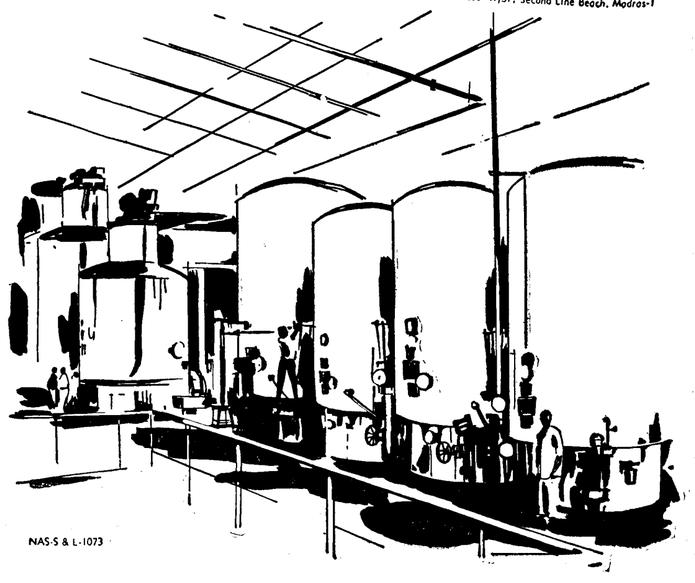

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DURGAPUR STEEL PLANT

In about two weeks from now the public-sector steel plant at Durgapur in West Bengal will be completing its first five years of operation. Being the youngest of the Hindustan Steel's three units, the British-aided Durgapur plant, it is not surprising, has been able to achieve near-capacity production only since last year. With an output of about 966,000 tonnes in 1963 and an estimated output of 995,000 tonnes in 1964 in terms of steel ingots, the plant has now come to utilise its rated capacity (1,025,000 tonnes) almost fully. As Mr. D. J. Bell, General Manager, has rightly claimed, the period between the completion of the one-million-tonne Durgapur plant and the attainment of its rated capacity "is one which is not often equalled abroad." The phasing of operations to the point of reaching the rated capacity, incidentally, has involved several formidable problems which, however, have been overcome by the sheer human determination of a large number of young Indian engineers, metallurgists and technicians. It is significant that the number of foreign technicians on the operations/maintenance side had come down to less than 60 by the end of 1963.

The availability of such enthusiastic young men, according to Mr. Bell, has done a lot to ease the training problem, and the industry is now in a position to groom men for senior posts in the future. In particular, the Durgapur plant, it is noteworthy, is now actively engaged in developing its own management cadres in view of the plant's continuous expansion for several years to come. Already the third Plan project for expanding the plant from its initial capacity of one million tonnes to 1.6 million tonnes is well under way, thanks to the availability of a sizable sterling credit provided by the British Government. When this is completed by the middle of 1966, work will commence, if everything goes well, on the fourth Plan expansion project for *doubling* the plant's already-expanded capacity of 1.6 million tonnes in terms of ingot steel. Continuous expansion of the kind, incidentally, requires that the plant itself must produce its own senior staff so as to maintain continuity in the future. The fact that the Durgapur training scheme places greater emphasis on training inside the plant may be noted in this connection. As the Training Department provides, at each session, in-plant training to about 60 engineers, 140 senior operatives, 150 junior operatives and 160 artisan trainees and the plant's own Technical Institute, with its attached workshop, is already under construction, the technical and managerial manpower requirements of the continuously expanding Durgapur Steel works will be adequately met.

Although the Durgapur plant, as it expands further, can thus confidently look forward to the indigenous availability of technical and managerial manpower, it is by no means so very clear that indigenous manufacture of spares and stores would keep pace with the demands of an expanding steel industry. There are already grave shortages in the supply of indigenously manufactured stores and spares of a quality comparable to that of imported ones. The General Manager of the Durgapur Steel Plant has particularly drawn attention to the need for ensuring the availability of such stores and spares in reasonable quantities and with good delivery periods. But "quality" is an all-important consideration here. This is what Mr. Bell has said about Durgapur's experience:

"In Durgapur every effort is made to encourage indigenous manufacturers (of stores and spares). An Indigenous Procurement Cell, with all relevant data on indigenous availability, scrutinises all plant requirements before orders are placed and only essential items which cannot be supplied or replaced from indigenous sources are imported. Nevertheless, it is worth sounding a note of warning here that, on occasion, production has been gravely hampered by poor quality supplies from some indigenous sources. In such cases, it is practice to invite manufacturers to visit Dur pur to hear our story and to study the differen in performance of items of their manufacti against imported items. It is felt that only these methods will many indigenous manufactur be encouraged to raise the quality of th products."

There can be no gainsaying that indigeno manufacture of spares is an aspect of the hig est importance to the country for one simp reason. The reason is that the country can longer afford the foreign exchange to impo items which could be manufactured here. Th is, therefore, a field in which both public-sect and private-sector steel plants should intere themselves more actively than they have do so far. The methods followed by the Durgapu Steel Plant for encouraging indigenous man facture of spares and stores of good quality see to be well conceived in this connection.

SUPERSONIC AIR TRANSPORT

In a technological sense, supersonic ai transport is no doubt quite feasible. But, fro the standpoint of commercial aviation with it prime considerations of economy, comfort an safety, there does not really seem to be an great need for further reductions in flight time This, in short, is the view expressed by Mr. B. R Patel, Vice-Chairman and General Manage Air India, while speaking the other day at meeting of the Rotary Club of Bombay North Mr. Patel's argument is that the cost of super sonic air travel would be prohibitively high and that only a businessman in a hurry or an occasional tourist might choose to pay more t go by a supersonic aircraft instead of by the present-day fast subsonic aircraft. Besides this question of cost, there are also the comfort and safety factors. It is estimated that, during a total flight of about two hours, a supersonic aircraft would be steeply climbing for about half an hour before it levels for the flight and that it will take a similar half an hour at the end of the journey. As this would leave little time for a luxury meal, a passenger might prefer a little longer but more comfortable subsonic flight. As for the factor of safety, while all

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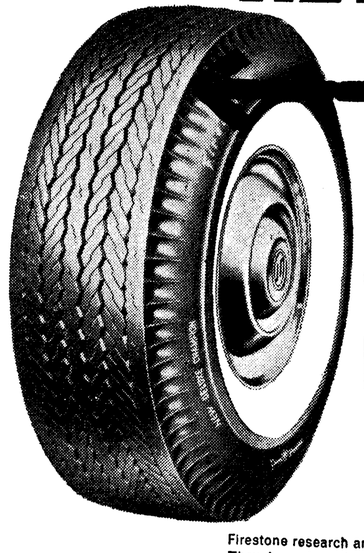

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possible snags may be anticipated and corrected, there is always the unknown when one ventures into a new technological field. At a height of about 70,000 to 80,000 feet, where the supersonic jet will normally fly, there are the problems of radiation, skin temperature, etc. Though the actual effects of exposure can be known only after long experience, there are already fears that many people may go sterile. Further, as some parts of the supersonic aircraft would visibly glow at high altitudes, there would be a terrifying psychological effect on the travellers who might then be obsessed with the thought of being fried alive.

Perhaps the doubts raised by Mr. Patel are not unwarranted. But they will be dispelled or confirmed only by actual experience in the development and operation of supersonic jets. As of now, there is no certainty that an economical supersonic aircraft would be successfully developed. The Anglo-French Concord project, for instance, almost stands abandoned in view of its colossal cost and the threatened withdrawal of Britain from it. Attempts are, of course, being made at present in the U.S. to develop a supersonic transport plane on a commercial basis. If this attempt meets with success and the supersonic jet can be depended upon to compete with the subsonic jet on equal terms, there would naturally be a good market for the former. But, if the cost of travel by the supersonic aircraft happens to be more than what is expected at present, the differential between the cost of supersonic travel and that of subsonic travel would be so great as to price it (the supersonic transport) out of the market. In fact, the Americans are about to embark on the manufacture of a very large subsonic plane with a capacity for carrying about 450 passengers. As this is expected to materialise earlier, the cost of subsonic travel itself could be reduced by as much as 30 per cent. In view of this development, the possibility of any large-scale switchover by international airlines to supersonic aircraft after 1972 cannot be rated highly, even assuming that a foolproof and commercial supersonic plane might be successfully developed by that time. In any case, no airline, which is a member of the International Air Transport Association, may be expected to introduce supersonic transport into service unless it meets the ten minimum technical and economic requirements deemed essential by the I.A.T.A.

STABILISING RAW JUTE PRICES

Raw jute, it is well known, accounts for well over half of the jute industry's production costs. But frequent fluctuations in its prices, such as those witnessed in both India and Pakistan a couple of months back, seriously hamper all plans pertaining to production and export. There is thus an insistent need to stabilise prices at a reasonable level, for such stability will be as much in the interest of the industry as in that of the jute grower himself. It is, therefore, a welcome development that the need for abundant supplies of raw jute at a reasonable level of prices has just been recognised at the international level too. The development is that the working party on stabilisation of the market for jute, set up by the Study Group of the Food and Agriculture Organisation (F.A.O.) is to analyse shortly the instability existing in the world jute economy and study possible solutions, national or international. The working party, which is to meet in Dacca towards the end of January 1965, consists, incidentally, of representatives from Belgium, France, W. Germany, India, Italy, Pakistan, Poland, Spain, Thailand and the United Kingdom. It will also invite the Association of European Jute Industries, the Commission of E.E.C. and other interested U.N. agencies to its deliberations.

In this connection, it is gratifying to find that Pakistan, the world's largest raw jute growing country, has also pleaded strongly for a global bid to stabilise the jute industry. Addressing the fifth annual general meeting of the Pakistan Jute Association (P.J.A.) on the 5th instant, Pakistan's Commerce Minister, Mr. Wahiduzzaman, suggested that "steps should be taken on an international level to check sharp fluctuations in jute prices and supply to safeguard the future of jute." The Pakistan Government's policy on jute, he said, was to ensure the interest of the millions of growers and to market it to the mutual advantage of both sellers and buyers. Despite a lower crop of 6.0 million bales in 1963-64, as against 6.3 million bales in 1962-63, a liberal export policy was being continued with the abolition of the export minimum price and enhancement of the local minimum price. With the world demand for, and consumption of, jute steadily increasing, especially in Asia and Africa, and new uses for the commodity being found, the Minister expressed his confidence that "jute would be able to hold its own, due to its versatile qualities and competitive prices."

While the outcome of the forthcoming Dacca meeting of the F.A.O. Working Party may be difficult to predict, there can at least be no two opinions on the need for avoiding sharp fluctuations in raw jute prices. As far as this country is concerned, both the Government of India and the jute industry are seized of this problem, having taken some steps to stabilise prices. The jute industry has, in fact, been operating a buffer stock scheme on a voluntary basis. It will be recalled here that these steps taken in India came in for praise at the F.A.O. Study Group meeting held in Rome in September last. Incidentally, this country would also welcome some arrangement with Pakistan in regard to prices of raw jute. Prices, it has been found, fluctuate mainly because both India and Pakistan harvest their crops from June to September. But mill consumption is evenly spread throughout the year and, in the short period, the demand for jute fibres does not increase or decrease because of any change in the price level. If both the countries, which between them, account for the bulk of world trade in jute goods, can come to some form of agreement either of their own accord or under the auspices of an international body like the F.A.O., it would be very good indeed from the export point of view. Such an agreement would also put an end to the present unhealthy competition in foreign markets.

Notice

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(Incorporated in India)

NOTICE IS HEREBY GIVEN THAT THIS Company will pay on the 31st December 1964 to the Registered holders as at that date dividend due on the Preference Shares at the rate of 6.765 per cent [calculated in accordance with the Preference Shares (Regulation of Dividends) Act, 1960], subject to deduction of tax.

Preference Share Transfer Books will be closed from 29th December 1964 to 31st December 1964, both days inclusive.

By Order of the Board,

THE PEERMADE TEA COMPANY LTD.,

Per Pro. ASPINWALL & Co. (TRAVANCORE) LIMITED

V. P. THOMAS,

Secretaries

ALLEPPEY,
7th December 1964.

TWO-TIER OR NOT TWO-TIER

By Questor

LONDON, *4th December*

THE fact that interest rates have an effect abroad as well as at home puts most governments in a quandary from time to time. In the past few years, therefore, since large international movements of private capital began to interfere with normal monetary management, a number of attempts have been made in different countries to draw a distinction between the rates available on the domestic market and those available to foreigners: the German refusal to pay interest on short-term foreign deposits is one example of this tendency, the U.S. interest equalisation tax is another, this time aimed primarily at long-term capital.

The only experiment Britain has so far made in this field is to revive a former practice of lending at last resort to the money market, when the occasion requires it, not at bank rate but at up to one per cent above it. The idea of this is to open up a small differential between money market rates, in which foreigners are most interested, and those domestic rates which are conventionally tied to Bank rate. But it is of no great importance: and although the machinery for creating a differential has been installed, it has yet to be used.

The British Labour Party, however, has long had more ambitious ideas. Although it has the same traditional prejudice against high interest rates as the present U.S. Administration, it accepts the fact that high short-term rates may be inevitable in an emergency to prevent a mass exodus of short-term capital: the recent increase in Bank rate to seven per cent, which had so little effect, was foreshadowed by Mr. Wilson in a speech made last January. But in the same speech he repeated a theme which has been appearing in Labour speeches on and off for years past: that certain borrowers should be insulated from the effect of a rise in short-term rates by the establishment of a two-tier interest structure.

I should stress that this is not a new theme. Labour was, on the whole, solidly behind the conclusion of the Radcliffe Committee on the working of the monetary system, that monetary policy is only one of many instruments of control available to governments and that it implies taking a view about interest rates and rejecting the neutral approach. But Mr. Wilson, when the report was debated, regretted the fact that Labour's two-tier theory had not been considered.

It is not, in fact, a complete or co-ordinated theory, so far as I know. It rests on a suggestion by Mr. Jay (now President of the Board of Trade) that local authorities should be able to borrow from the Government for public works at a fixed rate year in, year out—he once mentioned three per cent as an example. It was developed by Mr. Wilson to mean that, when interest rates had to be raised for external reasons, certain borrowers of special importance —public housing, agricultural credits, colonial development were given as examples—should be allowed to go on borrowing on the old terms.

In the months before the election, however, the only field mentioned as eligible for special treatment was local authority finance for house-building: the still-serious housing shortage in Britain is a delicate political issue. But local authorities, apart from building houses themselves for rent to tenants on their waiting-lists, make loans available on mortgage to people who wish to buy their own houses. The possibility that they would be subsidised, therefore, caused great alarm among the building societies, which are non-profit-making as well as being responsible for the greater part of private house purchase in Britain.

They sought some reassurance from Mr. Wilson before the election, and they obtained what did seem—though the wording was vague —to be a reassurance that local authorities would not be given an unfair competitive advantage in the mortgage business.

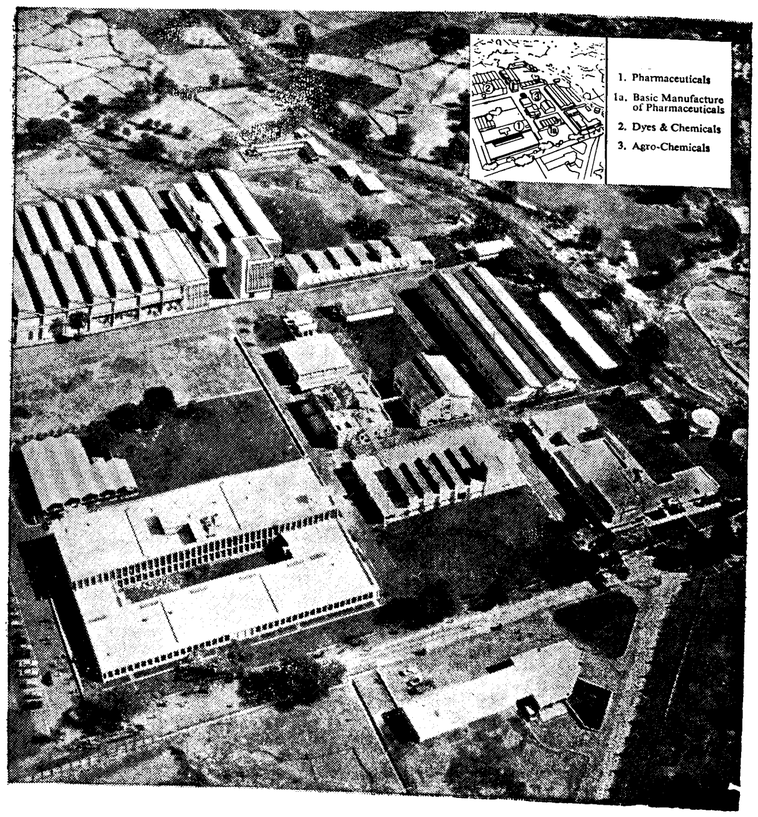
And now? Bank rate has been raised to seven per cent, and the circumstances are precisely those in which Labour's two-tier interest rate structure ought to come into operation. But the whole thing has happened so suddenly that there seems to be no question of off-setting measures in the immediate future. The building societies are holding down their deposit rates, at the risk of losing funds to competitive institutions, but the Government has said that there is no chance of special measures to help them in this session: they hope to gain something, however, from the proposed change in the basis of company taxation.

And local authorities? These are entitled to draw a certain proportion of their capital requirements from the Public Works Loans Board at the rate of interest at which the Government itself borrows. If they were to be insulated from the effect of rising interest rates for some purposes, it would be easy enough to peg P.W.L.B. rates: and, in fact, P.W.L.B. rates have not risen since the increase in Bank rate.

Some commentators have claimed to read significance into this. But yields on long-term Government bonds discounted a rise in rates some time ago, and the average yield on 20-year stock has risen since the change of Government —and all it has entailed—only from 5.95 to 6.17 per cent. If the Bank rate has to be kept high for any length of time, or if long-term yields rise markedly, the two-tier idea may be put into practice. For the moment, however, the new Government is probably too shaken to risk unnecessary financial experiments.

WORLD FOOD PROGRAMME

The 24-nation Inter-Governmental Committee, the governing body of the joint U.N.-F.A.O. World Food Programme, met at Rome this week and reviewed the progress of projects using food aid to speed economic and social development. The Committee laso heard the Executive Director of the Programme, Mr. A. H. Boerma, report on developments since the last session in June. Since then, four more countries—Brazil, Congo (Brazzaville), Tanganyika and Uganda—have been given emergency help. In all, the Programme has given help in 17 emergencies—arising out of floods, earthquakes, storms or movements of refugees—in the past two years, sending 82,000 tons of food at a cost of some $10 million. The World Food Programme, it may be recalled, started operations in January 1963 as a three-year experiment in using food for economic development. So far, 95 projects have been approved, involving food worth nearly $38 million and a total expenditure of nearly $54 million. Agreements have been signed for 70 projects costing some $42 million.



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BANKING PROBLEMS AT HOME AND ABROAD

INCREASING COMPETITION AND CONTROLS

A RECENT survey of the trends in international banking by *The Economist**, London, deals with the new problems faced by banks at home and abroad as a result of the breaking down of geographical barriers and disappearance of functional barriers. The problems are, on the one hand, those of competition between domestic and foreign banks in the world's major financial centres and, on the other, of the fast disappearing distinctions between banks and other financial institutions.

At all times, the essence of the business of banking consists in striking "a neat balance between the conflicting virtues of prudence and enterprise." The present times are particularly difficult, for the old traditions have crumbled down in many cases and new opportunities for growth, expansion and progress have arisen, but they are accompanied by new risks too. The recent flowering of the international financial institutions and the revival of the world wide money markets, reminiscent of the golden days of gold standard, are, however, evidence of the fact that reluctant bankers are increasingly yielding to growing temptations of world banking.

Although the growth and expansion of banking across the national frontiers is not a preplanned or a deliberate affair and is the result of a variety of methods and considerations, a distinct pattern of a three-way expansion is discernible. Firstly, there are the American and the Japanese banks, which are attracted by the increasing opportunities in international money markets and their method of expansion is through opening foreign branches. Secondly, the European investment and British merchant banks are seeking new footholds in international capital markets by creating foreign subsidiaries. And, lastly, there is the British way of seeking the local partners, not only for sharing the banking and commercial risks, but also for protecting them from political risks.

Branch Expansion

Opening foreign branches is not a new development in international banking, for the vast network of exchange banking was built up by the British and European banks throughout the colonies in Asia and Africa and in the Pacific during the nineteenth century. But the present phase of expansion is different, for the new arrivals in Hongkong, Far East and even in major European centres are competing vigorously for the local customers with local big established banks—a competition which the latter do not like. Even here at home the bankers are reported to have made strong but unsuccessful representations to the Reserve Bank of India against the permission recently given to existing foreign banks to open more branches in India and to new banks to enter.

Abroad, in Belgium, for example, the French banks are accused of soliciting deposits from local companies by breaking the rates of interest voluntarily agreed to amongst the local banks. The effect is not merely a transfer of deposits, but also an increasingly flagrant and subtle violations of the inter-bank rate agreements by local banks also—violations which even the inspections by Belgium Bankers' Association are unable to prevent.

In Germany, the complaint is that some of the foreign banks borrow funds from the money market at the inter-bank rate of 5 per cent and use them for under-cutting the German banks below their agreed lending rate of 7 per cent. The funds are mainly provided by the smaller German banks who are somewhat happy that the foreign banks take away business from local giants.

Such competition is felt in varying degrees in other European centres also, though it is not always so dramatic. In France, it hits the private commercial banks rather than the nationalised commercial banks. In the Netherlands, the recent double merger of four banks into two was the result of growing international competition. In London, the foreign banks have obtained their deposits from non-British customers by seizing opportunities which the clearing banks have denied to themselves as a result of their agreement on interest rates and have obtained their business by competing with the merchant banks who lack the branch network of a world-wide banking system.

In Britain, the whole tone and temper of banking business are, however, different. The British banks abroad have secured a universal commendation for their restrained behaviour with their competitors: in return, the 160 international banking offices in London—the largest number anywhere—do not *solicit* deposits from British nationals: indeed there are instances of foreign bank branch managers having gently turned away such deposits back to British Banks!

The mood in Switzerland is diametrically opposite. One foreign bank was boycotted for five years, inspite of its truthful assurances of gentlemanly behaviour. Another foreign bank could avoid such an embarrassing situation by nominating three representatives of local banks on its seven-member Board! Yet it must be added, by way of a post-script, that where it suits their purpose, Swiss bankers are willing to co-operate with the foreign banks. In the absence of a developed domestic money market, the Swiss bankers are willing to deposit their surplus funds with foreign banks.

Most Reluctant

The Germans and the Swiss are the most reluctant among the European bankers—they are unwilling to go abroad, for the war-time perils are still green in their memory. The Germans recall the bitter memories of war-time expropriations of foreign branches and subsidiaries of German banks, and the Swiss still remember that, by 1945, they had the liabilities at home and all assets abroad, and that, if the war had lasted another couple of years, they would all have gone bankrupt.

If the Swiss reception to foreign bank branches is ice-cold, and if the British tolerate them on a live-and-let-live type of co-existence, the Americans go to the other extreme to welcome foreign banks, and to make them comfortable in all possible ways. New York, for example, gives them full facilities for conducting sustained radio and television advertising to attract personal savings. The motive behind this freedom is neither charity nor reciprocity: it is the desire to create the freest possible atmosphere for setting the pace of international expansion in banking.

American Banks' New Fervour

Nevertheless, the desire of American banks to go abroad is only of a recent origin and is the result of special circumstances. They do not have the freedom of branch expansion at home and rates of interest they can pay on domestic deposits are prescribed by the statutory authorities. The American banks' new fervour to go abroad, either through branches or through wholly-owned subsidiaries in Asia, Africa and Latin America is comparable in principle with the spread of European (largely British) exchange banking abroad in the nineteenth century, although, in practice, the size of its expansion effort may not be comparable at all: as witness the fact that, as against the 100 overseas offices of the First National City Bank of New York, Barclays D.C.O., with its 4,350 offices in 40 African, Mediterranean and West Indian States, is the world's biggest purely international bank.

The continuing growth in Euro-currencies and relatively larger and swifter transaction in the Euro-markets, accompanied by closer integration of international capital markets and brighter outlook for freer capital movements, provide the greatest attractions for branching out abroad. Even the reluctant Germany is opening a banking office in New York in January. Yet, as a whole, the European bankers do not appear very keen on opening foreign branches at places other than the largest financial centres. Indeed, the Dutch have already sold away a few of their branches or a part of their share in foreign branches.

The British bankers have found a *via media* between neglecting foreign opportunities and risking foreign friendships. Their expansion is largely through wholly-owned subsidiaries as in the past, or through majority-owned subsidiaries with local or international participation as in recent months. The domestic and foreign businesses are kept separate, but the subsidiaries are deliberately kept out of the domestic interest rate agreement of the clearing banks, in order to be able to pay competitive rates for domestic deposits too.

Such participation arrangements have their advantages as well as drawbacks too. "When little is ventured, little is gained," as *The Economist* puts it. But the British are traditionally the most conservative and compromise-minded. Participations may be ineffective at times, slow at others. But they provide excellent risk cover and shield against financial as well as political risks of branching out in the unknown investment fields of developing countries.

These are the problems and treatment that bankers face when they go abroad; but the problems they face at home are not very dissimilar. Credit is provided at home not only by banks but also by a large number and variety of financial institutions who have come into prominence recently, and who do not yet fit into the framework of traditional monetary control.

The higher Bank rate in Britain was not accompanied this time by other measures of credit restraint, because there was in fact no excess liquidity in the banking system, with credit-deposit ratio at 53 per cent and deficit in the balance of payments. But credit restraints will again be necessary, sooner or later, once the balance of payments position begins to improve. The problem facing British monetary authorities is *how widely* should the tightening be applied when it becomes necessary.

Special Deposits

So far as the banks are concerned, the Bank of England Governor's preference for special deposits is already well known. But how are the non-banks and near-banks to be treated? Should they be brought under a broadened range of formal monetary controls, or should the monetary authorities be satisfied by addressing them informally by making what has come to be known as special requests?

On the ground both of equity and effectiveness, the British banks would prefer to bring all financial institutions, whether banking or non-banking, within the net of monetary controls. South Africa has, indeed, recently passed a special legislation to that effect. But the variety, complexity and range of London's institutions and links cannot be matched by the South African money market, and it would hardly be possible to devise a suitable method of applying credit controls to all the various institutions.

Flexibility

If such controls are to be imposed, it is essential that they must be comprehensive, because all such controls restrict the supply of credit without restricting the demand for it. It has been the effect of the credit squeeze in the past that they have succeeded more in raising the cost of credit rather than in cutting down its supply. Moreover, as has been rightly pointed out by the Canadian Royal Commission on Banking and Finance, such comprehensive controls formalise a particular pattern of specialisation and rigidities in the financial system, as well as in the interest rates current in the system, while the need is to break down the institutional and other rigidities in rates. In fact, it has been argued that "the prime reason why the rival financial institutions have fared so much better than the banks in periods of tight money may not after all lie in their freedom from official controls as such but in the fact that their interest rates are usually more flexible than those of the banks." If all interest rates were equally flexible, it is obvious that their manipulation by the monetary authorities would affect the liquidity over the entire spectrum of financial institutions.

In Canada, the Royal Commission on Banking and Finance, which submitted its report earlier this year, has recommended that all "near-banks" must be brought within the scope of the present banking regulations. This has been done by providing a uniform and comprehensive definition of banking and by stipulating that similar institutions should be treated in a similar manner. But that is not the essence of the Commission's recommendations. The essence is that it has proposed "one of the most openly competitive and rationally regulated banking structures in the world." This competitive banking system is based not on applying specific controls to other financial institutions but on removing impediments to banks' own flexibility. It, however, appears now that, even in Canada, these radical recommendations of the Commission stand little chance of being fully implemented.

The basic weakness of British banks, as admirably summed up by *The Economist* remains. It is this: "the heaviest shackles on the banks' growth have been the self-imposed ones of their interest rates cartel. And, if the next credit squeeze is to be made more effective than the last, it is imperative that these shackles be struck off, not that new shackles be put on elsewhere."

Consumer Credit

In the field of consumer credit, the results and lessons of British banks' six-year-experience of personal loans are not available in statistical terms, but one thing is clear: in spite of a growth in their share of total consumer credit from *nil* to 18 per cent, the British banks have lacked the commercial drive usually evident among the German commercial banks in this respect. Notwithstanding the absence of a branch net work comparable to that of the British banks, the German banks have been able to achieve spectacular success in consumer loans, because they have an effective, efficient and comprehensive credit reporting system, with credit particulars of over 20 million Germans. Even so, the finance houses and instalment credit institutions in Germany have held out remarkably against banks and that, too, despite the high *effective* interest rates charged by them, rates which vary between 14 and 19 per cent per annum. The success of German consumer credit system is explained by the fact that, even without any official controls, it has been able to avoid the gigantic bad debts of British finance houses during and after 1958. It must, however, be added that, although official controls on German consumer-lending are absent, full precautions are taken. Assignment of borrowers' wages is always insisted upon, and the employer co-operates with the lenders by deducting a percentage of the wage packet in case of default, though the Government strictly controls this percentage. Change of jobs and places creates no problems, for movements between different towns require civil registration and it is always possible to trace a person's movement.

These two aspects of German consumer credit—assignment of wages and civil registration—may not always be preferred by other countries, but the freedom of the German lending institutions to provide consumer loans either in cash or through the dealers and the highly developed system of credit investigation, reporting and control deserve admiration and are worth of emulation.

*The *Economist*, 21st November, 1964 "Bankers Step Out." The article is based upon the findings of the survey.

CANARA BANK RELIEF AND WELFARE SOCIETY

With a view to improving the falling standards in secondary education in Mysore State as is evident from the deteriorating S.S.L.C. results in some of the districts, the Canara Bank Ltd., one of the leading banks of India, has instituted an incentive scheme. Known as the Canara Bank Relief and Welfare Society's Scheme, it envisages the award of shields to schools in all the 20 districts of the Mysore State—the Bank's home State. In addition, it proposes to give cash awards to teachers and prizes to students in these selected districts. A rolling shield in each of the 20 districts will be awarded to the school securing the highest percentage of passes in the S.S.L.C. Examination every year from March 1965. The conditions for awarding the shields include, among others, the stipulation that the school should get the highest percentage of passes in the district. This percentage should be 25 per cent higher than the State average. In addition, as an incentive to teachers in three districts of the State (Bangalore rural, Gulbarga and Chitradurga), which have shown poor results in the last two years, cash awards of Rs. 1,200 (first prize), Rs. 1,000 (second prize) and Rs. 800 (third prize) will be made. These awards will be given to S.S.L.C. teachers and headmasters of the shield winning schools. The cash prizes awarded to the schools will be distributed equally among the teachers eligible for the prize, except the headmaster, who will be awarded double the cash prize given to others. Further, three prizes of Rs. 60, Rs. 50 and Rs. 40 would be given to the best three students in each of the abovementioned districts. The scheme, administered by a committee of five members, will, in the first instance, be for a period of three years, beginning from March 1965.

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EXPANSION AND MODERNISATION OF COTTON MILLS

FISCAL RELIEF URGENTLY WANTED

THE rising domestic demand for cloth, the exigency of earning foreign exchange through exports and the growing competition in world markets for textiles invest the need for expanding the capacity of cotton mill industry and raising its productivity with urgency. Indeed, never before was the need so pressing as it is today and it will be more pressing in the years to come. It is true that, along with the expansion in the installed capacity of the industry in the past fourteen years, there has also been an improvement in productivity, following the rehabilitation of a part of the spindles of several mills and installation of a few thousand automatic looms partly as new additions and partly as replacement of ordinary looms. Thus, between 1950 and 1964, the average annual production of yarn per worker has gone up from 789 kg. to 1,134 kg. and that of cloth from 4,965 metres to 5,551 metres. Similarly, the average yarn production per spindle per shift and the average cloth production per loom per shift have risen, the former from 27 kg. to 34 kg. and the latter from 10,242 metres to 10,747 metres; the figures for 1964 are projected on the basis of the actual trend during the first six months of the year. But the improvement in productivity has not been very appreciable. At any rate, the present productivity rate of the industry is well below what is obtaining in countries like Japan and the U.S.

Maximum production of quality textiles at economic costs cannot be ensured so long as a considerable part of the industry's machinery and equipment continues to remain old and out-moded. This aspect has been impressively highlighted by the Indian Cotton Mills' Federation in the course of a communication (urging fiscal relief for the mill industry for modernisation and expansion) addressed to the Secretary to the Union Ministry of Finance. The Federation observes:

"Our machinery is obsolete and old, some 50 per cent of the machinery being as old as 40 years and over. It is, therefore, obvious that, if the industry is not only to hold its own in the export markets but also improve its export performance, and if it is to improve the supply position of cloth in the domestic market, both quantitatively and qualitatively, and also reduce the unit cost of production, modernisation and expansion of the industry is urgent and imperative."

It will be recalled that both the Working Party (Chairman: Dr. A. Ramaswami Mudaliar) in 1950 and the N.I.D.C.'s Working Group in 1960 had stressed the supreme urgency of speedy rehabilitation and modernisation. In its report, the N.I.D.C. Working Group had estimated that, out of the total spindles (about 13.55 million) as of 1960, 15 per cent (2.03 million) were over 40 years, 50 per cent (6.78 million) more than 20 years but less than 40 years and only 35 per cent (4.74 million) were the latest. Since the publication of this report, no official estimates of the extent to which rehabilitation has actually taken place are available. The Cotton Mills' Federation, however, has made its own study and prepared some estimates of the extent to which rehabilitation has taken place. The findings of the study, which were published recently, are summarised below:

Estimated Rehabilitation

	1963	1962	1961
Ring frames (total availability) ..	2,047	1,576	1,356
Of which:			
Manufactured	1,990	1,571	1,340
Imported	57	5	16
No. of spindles to be rehabilitated ..	1,080,078	1,996,958	2,030 500
No. of spindles rehabilitated ..	266,327	346,818	372,280
No. of spindles to be rehabilitated but not done so at the end of the year	1,722,751	1,650,340	1,658,220
Rate of rehabilitation* .. (%)	13.39	17.36	18.33

* Ratio of spindles rehabilitated to spindles requiring rehabilitation.

The above figures bring out the magnitude of the problem of rehabilitating the existing spindles alone. There is then the need for (*a*) installing additional spindles for the purpose of expansion, (*b*) establishing more and more automatic looms, and (*c*) rehabilitating the various other items of equipment employed in cotton mills. All this entails pretty huge capital outlay. The Planning Sub-group on Cotton Textiles has estimated the outlay required for the expansion of spinning and weaving capacities at Rs. 92 crores during the last two years of third Plan and at Rs. 225 crores during the fourth Plan period, or a total of Rs. 317 crores. To this has to be added the requirement for rehabilitation. The industry, according to the Federation, has been actually spending at an annual rate of Rs. 40 crores on rehabilitation. This requires to be stepped up considerably having regard to the rising prices of machinery and the need to accelerate the pace of rehabilitation. But even on the assumption that investment in rehabilitation remains unchanged at the level of Rs. 40 crores per annum, the finance required for rehabilitation for the remaining two years of the current Plan and the five years of the next Plan will be:

For expansion in the remaining two years of the current Plan Rs. 92 crores; for expansion in the five years of the next Plan Rs. 225 crores; and for rehabilitation at Rs. 40 crores per year for two years of the current Plan and five years of next Plan Rs. 280 crores, or a total of Rs. 597 crores, or, say, Rs. 600 crores. It is emphasised that this estimate is based on the current values of machinery and, with rising prices, is likely to be exceeded.

In the present state of the capital market, it would be very difficult, in the opinion of the Federation, for new textile mills to come into being. Even if it is assumed that a part of the expansion is entrusted to new units for being financed by them through resort to the capital market, the requirement of existing units for the expansion already allowed and that may be allowed, as well as for rehabilitation, so says the Federation, would be substantially in excess of Rs. 400 crores. In view of the low profitability of the textile industry, it may be possible to raise only a small portion of the outlay by fresh capital issues. Most of the money required, as the Federation has pointed out, has, therefore, to be obtained from internal resources and borrowings. But the internal resources of the industry are being fast eroded. That there is no exaggeration whatever in this statement will be evident from the analysis of the financial position of 294 mill companies (representing about 82 per cent of the total installed capacity) for the years 1955 to 1959 and a subsequent analysis in respect of 269 mill companies (representing 72 per cent of installed capacity) for the years 1961 and 1962 as made by the Federation. The relevant figures are as follows:

Financial Position

(In crores of rupees)

	269 mill companies		294 mill companies	
	End of		End of	
	1962	1961	1959	1955
Paid-up capital	111.07	107.50	111.96	99.78
Reserves and surplus	111.89	107.27	73.81	79.88
Total ..	222.96	214.77	185.77	179.66
Less net block	195.49	175.81	165.91	103.55
Internal resources for working capital	27.47	38.96	19.86	76.11
Borrowings	183.74	152.00	146.79	81.72
Trade dues	85.75	78.02	72.75	52.34
Gross block	415.18	380.19	351.07	243.78
Depreciation provision ..	219.77	204.38	185.16	140.23

A look at the above figures will reveal two disquieting features, namely, the strain that has been put on the cotton mill industry's resources for working capital and the staggering increase in borrowings. Internal resources declined by Rs. 56.25 crores in respect of 294 mill companies during the five years from 1955 to 1959 and by Rs. 11.49 crores in respect of 269 companies during 1962 (as compared with 1961), while borrowings and trade dues went up by Rs. 85.48 crores and Rs. 39.47 crores, respectively. When such is the position, how can one expect the mill industry to fulfil its obligations successfully as a supplier of one of the basic needs of people and as a major foreign exchange earner? If the internal resources are not adequate enough, the industry will simply not be able to meet its growing requirements of working capital and to reduce

(*Continued on page* 1034)

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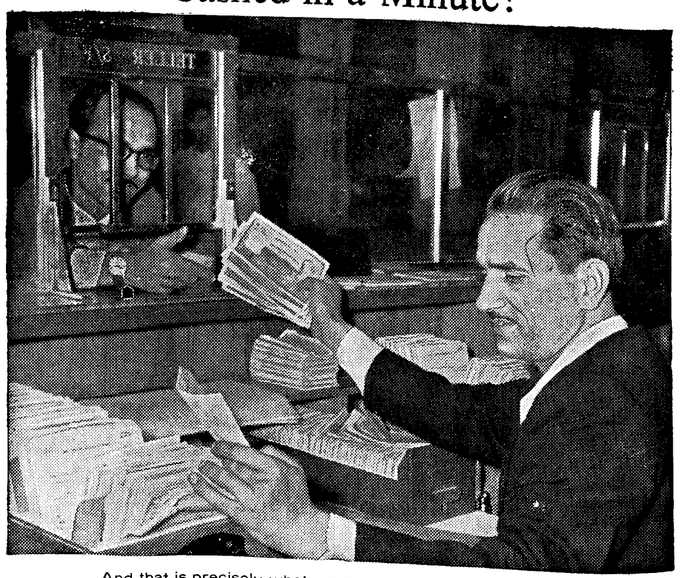

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MANCHESTER LETTER

CLOTH IMPORTS RISE AGAIN

PEAK OF 1961 LIKELY TO BE EXCEEDED THIS YEAR

From Our Special Correspondent

MANCHESTER, 1st *December*

AS the Government's surcharge on imports was only imposed in the last week of October, its impact can only be expected in the final two months of the year. Even so, it seems reasonable to suppose that the 1961 peak purchases of foreign cotton cloth will be exceeded, as arrivals during the first ten months of this year have been well above any previous levels.

The October overseas trade returns show that total imports from all sources had already reached 670,688,000 square yards. This was 34 million yards more than aggregate arrivals during the whole of 1963 and barely 60 million yards short of the all-time record. The quantity of cotton grey goods reaching British ports in the ten months was nearly 536 million yards, as against 408 million yards in the same period last year. Imports of finished cotton fabrics were nearly 135 million yards, as against 125 million yards. In the case of man-made fibre cloth, arrivals exceeded 79 million yards, as against 52 million yards.

Still the Same Suppliers

Compared with the same month in 1963, however, India's shipments of cotton grey cloth were drastically cut, being less than 10 million yards, as against nearly 20 million yards, but, over the ten months, Indian arrivals were 206,886,000 yards, as against 150,115,000 yards. In the same period, Hong Kong sent nearly 67 million yards, as against 77 million yards and Pakistan 42 million yards, as against 50 million yards. The other major supplier was China, with 52,500,000 yards, as against 31 million yards.

In the yarn sector, arrivals of cotton goods amounted to over 35,500,000 lbs., as against 30 million lbs., while man-made fibre yarn and thread obtained from abroad was twice the 1963 level at 26 million lbs. The cost of cotton yarn and manufactured goods alone in the ten months was £68,500,000, as against £51,334,000, while purchases of man-made fibre goods were valued at over £31 million, as against £19 million.

Better Yarn Exports

Exports of cotton and man-made fibre cloth combined showed very little change from the previous year. By the end of October, the quantity of cotton cloth shipped abroad was 172,570,000 yards, as against 185,663,000 yards, but, in man-made fibre fabrics, the total increased by nearly 10 million yards to 74,655,000 yards.

A sharp increase in exports of cotton yarn and thread in October to the highest total for the past two years, apart from May, made the 10-month aggregate 17,989,000 lbs., as against 17,227,000 lbs. in 1963. Man-made fibre yarn exports continued their upward progress and by the end of October had reached almost 79 million lbs., as against 67,300,000 lbs. last year.

Memorable measures adopted by the Government to prop up the sagging pound sterling have been the focal point of financial interest during the past week; for the time being at any rate, they appear to have been successful. Lack of confidence abroad and a general feeling of uncertainty threatened the possibility of a devaluation, but this fortunately has been averted.

The action so far taken, coupled with the promise of heavier taxation and the imposition of increased charges for fuel, haulage, insurance contributions, and probably postage, make rising overheads a certainty. Within the industry, margins have lately been lifted and employers know their hours and wages costs for more than two years ahead, but there comes a time when users may call a halt to the increases they are asked to pay.

The recent upsurge in demand, partly accentuated by the import surcharge, gave producers a strong fillip and substantial orders have since been booked. There are grounds for supporting the opinion held by an increasing number of distributors, however, that economic pressure may sharply reduce retail activity before the end of 1965.

Many of the contracts now under consideration involve deliveries in the second half of next year, by which time the Government may have introduced plans for holding down domestic demand in order to encourage exports. Traders may strongly object to such policies, but the probability cannot be denied.

Trans-Pennine Links

How far Yorkshire interests in textiles will emulate the big changes which have taken place on the Western side of the Pennines has been the subject of speculation among traders for some months past and has certainly given the City Editors of the newspapers food for gossip. The action of Woolcombers a few weeks ago in banding together a group of mainly private companies in the top-making section brought initial signs of activity; in the past week the movement has quickened.

At first sight, the bid made by Lister and Co. for Mutual Mills, the Heywood spinning firm which specialises in blended man-made fibre yarns, seemed a little "off-beat," but a more discernible pattern quickly emerged when 48 hours later it was announced that the I.C.I. had arranged to take a 20 per cent interest in Lister's capital. In addition, financial backing up to £3 million is to be provided for the further expansion of the Lister group. From this basis it is being widely assumed that Lister is to play a similar role to Viyella in any broadening of the Yorkshire trade in the future.

The deal also fits in snugly with the knitting subsidiary of Mutual Mills, which is jointly owned by Klinger Manufacturing, a company in which the I.C.I. has already forged a financial link. As all connected with textiles will agree, the problem of "Who owns Who" gets more and more complicated every day!

At the same time, integration among firms in the West Riding and on the Eastern side of the Pennines is just as much to be commended as the reconstruction which is steadily taking place in Lancashire. The continual moves towards more effective collaboration in all phases of textiles has much in its favour, with man-made fibres as the common factor between the mills which were at one time widely separated by their independent processing of either wool or cotton.

Into Ireland Too

Within the past month, there had been earlier signs of more developments in this direction. Whitworth & Mitchell Textorial, whose expansion projects, in contrast to other firms in the area, have concentrated on the acquisition of textile companies, relinquished their main woollen interests by disposing of two subsidiaries to the Woolcombers group.

With part of the money from this sale a half-share has been purchased in an Irish firm of double jersey manufacturers, Ernetex of Clones, Co., Monaghan. The thriving knitwear and allied traders are certainly a magnet at present to traditional textile companies with cash in hand.

One of the minor mysteries tied up with the mammoth mid-summer transactions involving the man-made fibre producers and Lancashire spinning interests was what would happen to the small non-textile subsidiaries picked up by the spinning groups over the years. Courtaulds has now indicated one line of action by announcing that negotiations are in progress for the disposal of J. Walton (Electrical), a subsidiary of the Lancashire Cotton Corporation, to Thomas Tilling, the industrial holding group. In return, Thomas Tilling is involved in selling one of its textile subsidiaries to Courtaulds—Spray and Burgess, dyers and finishers, of Nottingham.

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WORLD PLANTATION CROPS

A REVIEW OF RECENT TRENDS

MARKED fluctuations in the world prices of plantation products adversely affect the economies of developing countries like India, Ceylon and Malaysia which are dependent to a great extent on the export trade in these products. Such fluctuations, besides causing an immediate instability in the economic structure, also seriously hamper the implementation of developmental programmes. Even when the economy of a country is so diversified that a fall in the price of a particular commodity it exports may not affect its economy, it does have a disquieting effect on the living of people engaged in the production of that commodity through a fall in their real incomes. Despite efforts to diversify the economies of developing countries, as the latest annual *Review* of plantation crops (1964) published recently by the Commonwealth Economic Committee, London, shows, continue to lean heavily on the export earnings of a number of producers, as will be evident from the following data:

The export trade of Mauritius consists almost entirely of sugar, tea and rubber together make up the greater part of Ceylon's exports, cocoa accounts for some two-thirds of Ghana's exports, cloves account for the bulk of the foreign trade of Zanzibar, approximately one-half of Malaya's exports consists of rubber, coffee shipments account for 45 per cent of Uganda's exports and, out of the export trade of Kenya, the share of coffee and tea alone comes to nearly one-third. The dependence of Latin American countries on exports of some of these commodities remains marked. Sugar accounts for over four-fifths of exports from Cuba and coffee accounts for 70 per cent of exports from Columbia. In Africa, coffee is the staple earner of foreign exchange for Ethiopia, accounting as it does for over half of the total earnings. In Asia, the share of rubber is predominant in the case of Indonesia, being over two-fifths of the aggregate exports. With the falling off in rice shipments from South-East Asia since 1962, rubber has increased in relative importance in South Viet Nam and Cambodia, accounting for over 70 per cent of all exports from the former and nearly 40 per cent from the latter. Sugar takes second place next to copra as an export item in the Philippines, accounting for anywhere between one-quarter and one-fifth of total shipments. In India, too, with the expansion of the total export trade, though the relative position of tea has slightly declined, sugar has appeared in recent years as a significant item of exports.

International Efforts

This brief narrative highlights the vital importance of avoiding frequent and marked fluctuations in the prices of plantation crops. Since the avoidance of such fluctuations is in the interest as much of importing countries as in that of the producing countries, efforts at international level have been made from time to time to ensure stability of prices. The extent to which these efforts have met with success has been indicated in the *Review*. The findings of the Study show that, while the downward drift in the prices of plantation products has in some cases been checked and actually reversed in the case of sugar, renewed attempts have been made to find solutions to the international supply problems through commodity agreements. The International Sugar Agreement, though its economic provisions ceased to have effect after the end of 1961, continued in existence until the end of 1963 and was extended by a further two years through a protocol agreed at a United Nations Conference in July 1963, pending a study of the basis and framework of a new Agreement. Meanwhile, the Commonwealth Sugar Agreement continues in force; in 1963, it was renewed upto 1971. In July 1963, the new International Coffee Agreement came into force, with provisions for fixing quotas for exports to traditional markets as well as for negotiating production goals. Talks on an additional agreement on cocoa, however, broke down last year, as the producing and consuming countries could not agree on the price range. The International Rubber Study Group and the International Tea Committee continue as statistical bodies. The F.A.O. Committee on Commodity Problems felt (in May 1963) that a study group on tea was not called for, but suggested that the need for further action be examined after a study of the recent trends.

U.N. Studies

Fluctuations in export products have been the subject of study by the United Nations. Proposals for compensatory financing by means of a Development Insurance Fund and a proposal of the organisation of American States for an international fund for the stabilisation of export receipts were considered early in 1963 by the Commission of International Commodity Trade. This Commission referred to the recent creation of new compensatory financing facilities by the International Monetary Fund and postponed consideration pending further studies of long-term international commodity problems. Moreover, a programme of Action submitted by eighteen member-countries of the General Agreement on Tariffs and Trade at the end of 1962 proposed the early elimination of quantitative restrictions affecting the exports of less developed countries; action by industrialised countries to permit duty-free entry; the elimination of tariffs on primary products and the reduction in those on semi-processed and processed products important in the trade of less developed countries; and the progressive reduction of internal charges and revenue duties on products wholly or mainly produced in less developed countries. This programme of Action was accepted at the meeting of Ministers in May 1963 by the industrialised countries except the Six, which, with the Associated countries, urged more positive measures to increase the export earnings of less developed countries. An Action Committee was set up by the Council of the G.A.T.T. in June 1963 to study the implementation of the Programme by individual Governments and co-ordinate further measures.

It may be appropriate to summarise here the Commonwealth Economic Committee's review of the recent trends in the consumption, production, exports and prices of six plantation crops, namely, sugar, tea, coffee, cocoa, tobacco and rubber.

Consumption

The increase in world sugar consumption reflects in great measure the rising standard of living in Latin America and in parts of Asia and America, but *per capita* levels of consumption are still rising in some European countries; consumption of tea has risen not so much in the older markets as in countries of the Middle East and North Africa as well as in the producing countries themselves. Increased supplies of cocoa, too, have been followed by increased grindings not only in the traditional importing countries and Japan but also in producing countries (though ultimately for the export market also). The increase in coffee consumption in the U.K. is attributable to the spread of 'instant' coffees, but these appear to have played little part in the expansion of consumption in the United States and Continental Europe. Despite temporary checks due to medical reports on lung cancer, individual consumption of cigarettes shows no sign of falling off, though the spread of filter tips has reduced the rate of increase of actual tobacco smoked. Despite the increased use of rubber over the last decade, the amount of natural rubber consumed in the U.S. and the industrialised countries of the Commonwealth had declined, while demand in Continental Western Europe is levelling off. The demand for rubber in Japan has been met to an increasing extent by synthetic rubber, but the Soviet Union has supplemented its synthetic output by large imports of natural rubber.

Sugar

According to the *Review*, the output of cane sugar showed a slight recovery in 1962-63; a high level of production in the Commonwealth, particularly in Australia, offset the fall in Cuban output. The aggregate world output (outside China and U.S.S.R.) which had declined from 29.07 million tons in 1960-61 to 26.15 million tons in 1961-62, increased to 26.53 million tons in 1962-63. The beet sugar output continued to decline, from 16.62 million tons in 1960-61 to 15.37 million tons in 1961-62 and further to 13.75 million tons in 1962-63. Accordingly, taking both beet and cane sugar together, the world production receded from 45.69 million tons in 1960-61 to 41.52 million tons in 1961-62 and 40.28 million tons in 1962-63. Sugar production in India, after rising from 3.0 million tons in 1959-60 to 3.6 million tons in 1960-61, fell to 2.8 million tons in 1961-62 and again to 2.7 million tons in 1962-63. There was a contraction of the international trade in sugar during the years 1962 and 1963 reflecting reduced shipments from Cuba and other Latin American countries; the net value equivalent of sugar entering world trade in 1963 was lower at 13.9 million tons, as against 15.0 million tons in 1962 and 16.8 million tons in 1961. A large part of the world trade in sugar has been within the framework of special marketing arrangements. India has joined the list of sugar exporters in recent years, its main customers being Canada, the U.S., Hong Kong, Pakistan and Netherlands, besides Malaya and Aden. The world prices of sugar staged a recovery in 1962 and the recovery gathered momentum in 1963 and the early months of 1964 since when they have drifted downward. The fluctuations in world sugar prices have been in the "free" market, as a substantial part of the trade in sugar is conducted under special arrangement.

Tea

World production of tea (outside China and the Soviet Union) showed a minor change in 1962 from the high level touched in the previous year, a fall in tea harvest in India and Japan was offset by a further expansion in Ceylon, East Africa, Indonesia and Taiwan. The actual production in 1962 was 1,807 million lbs. a record level, as against the 1,801 million lbs. produced in 1961. Out of this output, India alone accounted for 757 million lbs., as against 781 million lbs. in 1961. Ceylon's output increased from 455 million lbs. to 467 million lbs. In 1963, production was about the same level as in 1962. The harvest in India was again large and that in Ceylon touched a peak. There was some recovery in Pakistan and production in East Africa continued to expand. The aggregate world tea exports recorded an expansion from 1,121 million lbs. in 1961 to 1,175 million lbs. in 1962 and further to 1,182 million lbs. in 1963. Shipments from India increased from 452 million lbs. to 493 million lbs., as also those from Ceylon and Kenya, the former from 426 million lbs. to 456 million lbs. and the latter from 25 million lbs. to 33 million lbs. The downward trend of tea prices, which was checked immediately after the Chinese attack on India in October 1962, was resumed in 1963. There was a slight hardening of prices as a result of the Common Market's decision to suspend the import duty on unpackaged tea, but, towards the close of 1963, prices were again below the 1962 level.

Coffee

The world production of coffee registered a rise in 1961-62, the quantity actually plucked being 82.22 million cwt. In the following year, however, the production fell and touched 77.17 million cwts. While production suffered a setback in 1962-63, the world exports of coffee were higher at 53.55 million cwt., as against the exports of 50.83 million cwt. in 1961-62. The decline in the prices of *arabica* coffee was checked in 1962, while the recovery in *robusta* prices noted in that year continued in the following year (1963). The interim International Coffee Agreement was replaced in 1963 by a new agreement which included the importing countries too and which provided for the regulation of both production and exports.

Cocoa

The world production of cocoa touched the record level of 1.15 million tons in 1961-62 but it declined to 1.13 million tons in 1962-63. Trade in 1963 was at much the same level as in the previous year, the total world exports amounting to 1.0 million tons. The expansion in Commonwealth Shipment was offset by a decline elsewhere. The volume of trade in cocoa during the year 1963 was somewhat lower than in the previous year. Grinding statistics showed a steady increase in consumption but stocks at the end of 1961-62 were above those a year before. Prices, which were low throughout 1962 rose early in 1963 and touched the peak in April-May.

Tobacco

Tobacco maintained a rising trend of production in 1963. The tobacco output reached a record 6.8 million lbs. (excluding China) in 1963, the Commonwealth share alone reaching a new high of 1.5 million lbs., as a result of larger crop in India and Pakistan. Production tended to rise particularly in Turkey and Greece. Trade in manufactured tobacco, however, showed some decline in 1962, but in 1963, it recorded an improvement, heavier exports from the U.S., India, Greece and Yugoslavia offsetting a fall in exports from Turkey and Italy.

The price of flue-cured in the United States declined by 4.2 cents per lb. in 1962, the first break in the steady upward movement since 1957, when output was sharply reduced. In Southern and North-Western Rhodesia, on the other hand, where the expansion of production was checked in 1962, the average price showed an appreciable rise to 33.0*d.* per lb., reversing the previous steady decline since 1957. South-Western Rhodesian flue-cured reached a near-record level of 41.6*d.* per lb. in 1963, but United States averaged 58.0 cents, the lowest for six years.

Rubber

The upward trend of raw rubber production continued in 1962, reflecting not only an increasing acreage but also the use of high-yielding varieties. The actual output in that year was 2.1 million tons, as against 2.08 million tons in 1961. In 1963, however, the output has receded to 2.0 million tons. The greater part of the rubber entering world trade is still natural rubber, the consumption of which exceeded that of synthetic rubber in 1962; the increase in stocks of synthetic rubber was relatively greater. The prices of rubber remained low but stable during 1962 but declined appreciably during the year 1963, though the downward trend has been checked in recent months.

MYSORE PLANTERS' ASSOCIATION

This souvenir published by the Mysore State Planters' Association on the occasion of its centenary celebrations held last month end, gives an interesting account of the progress made by the plantation industry in Mysore State during the last hundred years. The story of the Association began perhaps 250 years after the coffee was introduced in India. It was not until 1830, according to the souvenir, that any systematic cultivation of coffee was undertaken in India. After the emergence of coffee as a systematically cultivated crop, the most active and historically noteworthy are the three decades beginning with 1850. In the story of planting progress, the connecting thread is the strong, vigorous and enterprising planter himself. His robust individualism, steadfastness of purpose and organising ability have lifted planting to the status of a modern and progressive industry in the standards of management and efficiency of production. The history of the Mysore Planters' Association testifies to the long and devoted service the planting associations render to the industry.

TEXTILES

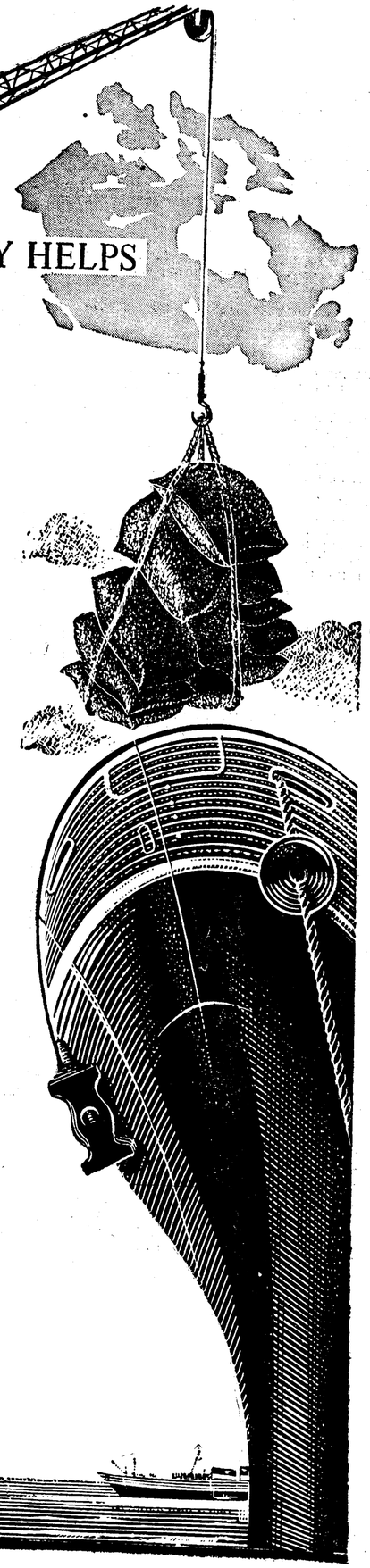
(*Concluded from page 1032*)

its heavy commitments of borrowings for financing the bulk of its investment programme. Let alone the rising cost of borrowing, even to obtain loans at higher rates of interest, the success of the industry depends on the financial picture it presents. For no prospective lender, after all, will consider a mill's application for loan, if the internal resources position of the mill concerned is heavily strained.

Judged against this background, the need for helping the mill industry to improve its internal resources is quite obvious. Such an improvement would be ensured to some extent at least if the Government of India were to concede the two just pleas of the Federation. One, the mill industry should be included in the list of industries of national importance which, under this year's budget, have been given rebate in income-tax and super-tax. Two, the industry should be granted development rebate on a more liberal scale, as has been done in the case of coal and shipping industries. The relief asked for will, of course, cost the exchequer, but the loss suffered is estimated at no more than Rs. 4 crores annually. The Government should certainly not grudge the grant of such a modest relief. Moreover, whatever loss the Government incurs will be more than made good by the larger revenue accruing to the exchequer as a result of the growth in the turnover of the cotton industry that would follow the expansion, rehabilitation and modernisation of the industry.

1788
THE E.I.D.-PARRY GROUP
1964

SUGAR FOR EXPORT—
E.I.D.-PARRY HELPS



India is now a regular exporter of sugar. The country exported in 1962/63 4.18 lakh tonnes valued at over Rs. 16 crores. The Middle East, Malaysia, Japan, Canada & the U.S.A are her best customers. The production capacity is to be expanded by 5 lakh tonnes. This means more sugar for domestic consumption and export.

The E.I.D.-Parry Group with its five sugar factories at Nellikuppam, Pugalur, Samalkot, Pettaivaythalai and Tiruvalla is contributing to export expansion from its own output which is expected to improve in 1964 significantly to a lakh of tonnes. Export obligations have been met regularly and planned extensions are in progress. Sugar exports are now supplemented by confectionery in which E.I.D.-Parry has been firmly established as manufacturer for fifty years and exporter for twenty-five years.

The E.I.D.-Parry Group helps the South Indian cane-grower with fertilisers, (especially super-phosphate) to raise the yield per acre and get the benefit of higher prices. In 1963 the Group supplied 25,000 tonnes of fertilisers to the sugarcane industry alone.

Other manufactures of the Group include sanitary-ware, acids, chemicals, carbonic acid gas and industrial and potable alcohol.

Started as a small trading concern in 1788, the Group today comprises nine companies of substance, offering employment to more than 10,000 people, and continues expanding its activities in pace with the nation's march to economic independence.

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TUBE INVESTMENTS OF INDIA LIMITED

CHAIRMAN, DR. A. RAMASWAMI MUDALIAR'S SPEECH

CAPACITY OF COLD ROLLING MILL TO BE DOUBLED

SPEAKING at the Fifteenth Annual General Meeting of the Tube Investments of India Limited, held at Madras on Monday the 7th inst., Dr. A. Ramaswami Mudaliar, Chairman of the Company, said that the output of cycles during the year ended 30th September 1964 was particularly satisfactory and that the new products brought out by the subsidiary companies were well received in the market. Dr. Mudaliar revealed that approval of the Government for doubling the existing capacity of the cold rolling mill had been received and that steps were being taken to implement the sanction.

The following is the full text of Dr. Mudaliar's speech:

GENTLEMEN,

Let me extend to you a cordial welcome to the fifteenth annual general meeting of the shareholders of Tube Investments of India Limited. The Directors' report, the audited balance-sheet and the profit and loss account for the year ended 31st July 1964, have been in your hands for some time and with your permission, I shall take them as read.

During the year, the Company had to face a serious power cut which considerably affected all sections. Nevertheless, I am happy to state that owing to special efforts made by the management in the factories, the results have been better than were anticipated.

Cycles

I am glad to report that from the point of view of final output of cycles, this has been a particularly satisfactory year. The target figure was exceeded by a slight margin and, it is hoped, during the current year we shall be able to exceed even this. This forecast is subject, of course, to conditions being satisfactory regarding power supply and adequate raw materials, sufficient in quantity, and the quality upto requisite standard. Several improvements have taken place in the cycle factory to overcome the defects in indigenous raw materials.

The debrassing plant was completed early in the year and its operation has been successful. In addition to increased production of cycles, the components section has produced a fair amount of spares which is in excess of what was produced in the previous year. Both freewheels and hubs are available to the market which has received supplies to fulfil a reasonable portion of the requirements. It is hoped, subject to availability of raw materials, this supply could be increased.

Tube Products

The Directors' report refers to the increase in the production of tubes of various kinds in the factory. There are still difficulties due to the power cut and more especially to the nature of a skelp that is supplied. I referred to various handicaps which the Tube Mill suffered from, in my speech last year, particularly the cut in the import licence for essential consumable stores. There has been no great improvement in this respect during the year under review.

The question of the quality of raw materials supplied has been taken up again with the suppliers and I am glad to say that, after prolonged consultations, there is now a better understanding about our requirements by the indigenous suppliers and efforts are being made to meet our requirements. The deficiency in quality has not been completely made up and this naturally affects the quantity available for processing. Further improvements in outturn of tubes are mainly dependent on the quality of steel supplied to us and on the quantity. As we are one of the main suppliers in the country of high quality cold drawn tubes, it is extremely important that suitable raw materials should be available.

Cold Rolling Mill

The production from this mill showed some increase over the previous year's output. The demand, however, far outsteps the supply. It is proposed to expand the production and the approval of the Government having been received for doubling the existing capacity, your Board have taken steps to implement this sanction.

Metal Sections

In my speech last year, I referred to the fact that while all preliminary steps had been taken by us including selection of personnel for the special training required for this section and the erection of buildings to install the plant and machinery of the unit, Government orders for the capital goods licence had not been received. I am glad to inform you that this licence for the metal section has since been received and orders have been placed for plant and machinery both abroad and in India. The building is ready and the imported plant and machinery from abroad is expected to be received early in 1965 and will be installed in the buildings already erected.

T.I. Diamond Chain Limited

Further progress has been made in the manufacture of cycle chains. The number of bicycle chains produced in the factory has shown a satisfactory increase and we hope we will be able to export a fair quantity of chains—indicating that the quality of the product has been such that it has been possible to export the chains to Great Britain.

This factory was also constructed to produce industrial chains and I am glad to state that the chains produced have been well received in the market. Single, duplex and triplex industrial chains have been produced and our collaborators in the United States have approved these chains as being of good quality and the reception in the market has been enthusiastic.

T.I. Miller Limited

I stated last year that the production of dynamo lamps was expected to commence early in the new year. During the year under review, a reasonable quantity of lamps was produced and I consider this a satisfactory performance, when it is borne in mind that this is a completely new unit with raw labour and a limited senior staff. Certain components are in short supply, particularly magnets. The product has been put on the market and very favourably commented upon.

Collaborators

I should like to record our sincere thanks for the ready help and advice that your Company has continued to receive from our associates, Messrs. Tube Investments of the United Kingdom and other companies in their group. We have had the benefit of the advice given by the technicians and planners coming to India and examining the working of the factory. Our collaborators for the subsidiary companies have also helped us with their best advice and have placed at our disposal the latest know-how.

Board of Directors

In my speech at the thirteenth annual general meeting, I referred to certain changes that had been made in the Board of Directors and in particular to the appointment as Director of your Company, of the Rt. Hon'ble Lord Plowden, K.C.B., K.B.E., Chairman of Tube Investments of Birmingham. As was anticipated, he has been taking a keen interest in the Indian company and his experience as an administrator and industrialist has been of great value.

I also stated then that Sir Ivan Arthur Rice Stedeford, G.B.E., had expressed a desire to retire from your Board, as he would cease to be Chairman of Tube Investments of Birmingham, although he would hold the Presidentship of the parent Company. On the request of the Indian Directors, however, he acceded to their desire to continue as Directors of your Company. I have now had his approval personally to his being re-elected Director as his term of office as Director ceased during the year and I have genuine pleasure in requesting you as shareholders to elect him at this meeting as a Director.

Mr. R. D. Young who has been associated with the T. I. Cycles project in India for a long time will cease to be a Director of your Company in the course of the current year, as he has ceased to be connected with the Tube Investments of Birmingham. I cannot overestimate the interest that he took and the help that he gave to this Company during all these years. I would like, with your approval, that our deep appreciation and thanks for his contribution to the progress and success of Tube Investments of India, should be recorded. I wish Mr. Young all success in the new field in which he will be working hereafter.

Mr. B. A. Forsyth, Works Director, will be returning shortly to the United Kingdom to take up a position with the Tube Investments of Birmingham. Mr. Forsyth came to Madras in 1955 and joined the Tube Investments of India, at that time the T. I. Cycles of India, at an interesting stage of development. He has been associated with development of the cycle factory and components unit, and has latterly been supervising the chain and lamp factories. First as Works Manager and then as Works Director, he has been closely associated with the progress of the Company and has played his part in helping the standardisation of cycle parts manufactured in the country by the Indian Standards Institution. I wish to express the appreciation of the Board for the service he has rendered to the cycle industry.

Acknowledgments

We are grateful to the Government of India and to the State Government of Madras for the interest that they have shown in all the activities of the Company, for the facilities that they have extended to us and the advice they have given to us in the expansion programme.

Our relations with our employees, both officers and workers in the administrative offices and in the factory, have been cordial and I have pleasure in acknowledging with thanks, the co-operation that has been extended to us in the difficult circumstances that prevailed during the year.

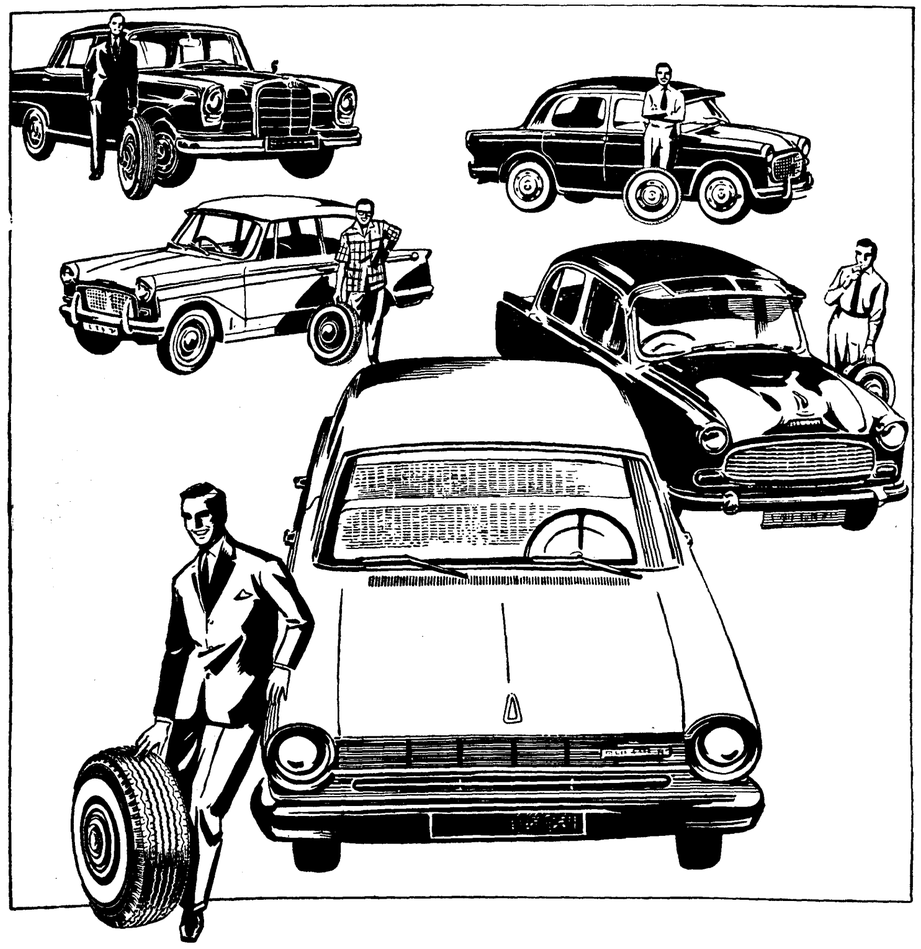
Note: *This does not purport to be a record of the proceedings of the Annual General Meeting.*

W. GERMAN DELEGATION TO VISIT INDIA

A delegation of 35 leading German industrialists and bankers will be arriving in New Delhi on 16th January 1965 on a three-week visit to this country. Sponsored by the Indian Investment Centre, New Delhi, the visit has been arranged in co-operation with the Federation of German Industries (Bundesverband der Deutschen Industrie, Cologne). During their three-week stay in this country, the delegation will acquaint itself with current economic conditions in India and explore possibilities of German private investments. It will be led by Dr. Hans Kuntze of Klein Schanzlin & Becker AG, and its members have been drawn from leading German industries and banks. Dr. Hans Henckel, Ministerial Director of the Federal German Ministry of Economics, is expected to accompany the delegation. In the delegation are members whose business institutions have collaboration arrangements with about twenty Indian enterprises. The leader of the delegation himself represents a firm which has set up a joint venture in India.

The members represent a wide range of industries such as electrical engineering goods, insulation pipes and tubes, ball and roller bearings, plants and equipment for chemical, pharmaceutical and food industries, machine tools, radio and telecommunication engineering, automobiles, shipbuilding, mining and metallurgy, oil refineries, coal products, photographic equipment, textile machinery, steam boilers, submersible pumps, industrial furnaces, agricultural machinery including tractors and harvestors, banking, handicrafts and several domestic goods industries.

The delegation will begin its tour with discussions with the Government of India and then visit Bombay, Ahmedabad, Baroda, Poona, Bangalore, Madras, Coimbatore, Calcutta and Jamshedpur. At these places, they will see a cross-section of India's development projects as well as projects and industries which have come up with German collaboration. They will return to New Delhi on 2nd February to resume their discussions. A part of the delegation will leave for Germany on 6th February 1965. The others will stay on for attending the 20th Congress of the International Chambers of Commerce.



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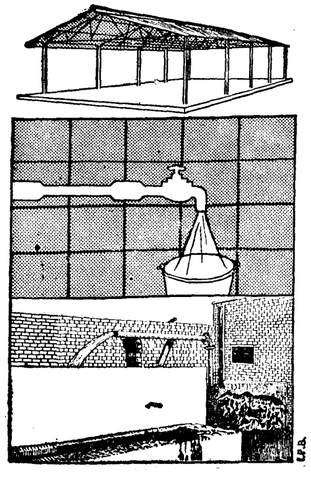

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NEW PRODUCTS AND PROCESSES

Gas from Naphtha

A DEVELOPMENT that could mean cheaper gas—it enables town gas to be produced directly from naphtha in one process instead of the usual two—is announced by the Gas Council in Britain. Called the Catalytic Rich Gas process and invented by a team of scientists at the Gas Council's research station in Warwickshire, England, it can also be used for making a methane-rich gas that can be mixed with town gas, or natural gas or for enriching to town gas standard the lean gas produced by the steam-reforming of naphtha. The process is said to have an outstandingly high degree of thermal efficiency, flexibility and simplicity of operation, and the gas it produces, is non-toxic and of high purity. Like other oil-reforming processes, it is based on the catalytic reaction between steam and hydrocarbons, but differs in that it uses a specially-developed nickel-alumina catalyst that gives the high activity needed to carry out the reaction at the relatively low temperature required for the production of methane.

Super High-tension Electron Microscope

The construction of a super-high tension electron microscope, the most powerful in Japan or probably in the world, is expected to start shortly. It is a microscope with 1 million accelerated voltage, developed by the Japan Electron Optics Laboratory Company, Ltd. at a cost of some 100 million yen and is expected to be completed by the summer of 1966. This electron microscope consist of the power source, high-tension generating device, accelerator tubes, mirror and control system. It is 6m. high and weighs about 5 tons, but has accessories weighing 10 tons. As for its performance, it will develop accelerated voltage of 1 million volts, will have one million magnifications and an analyzing capacity of 10 angstrom. As the action of the microscope is accelerated at a super-high voltage of 1 million volts, the transmittance of electron ray is 9 micron in terms of stainless steel. So far, the penetrating power limit of the electron microscope has been 0.5 microns. The penetrability of the microscope is so great that it will be possible to examine a living specimen wrapped in film. In the past samples had to be observed in a near vacuum, and so all the specimens were dead ones. Thus the completion of this microscope is expected to revolutionise electronics studies, metallurgy, biology and medicine, which have put up a barrier to the use of the electron microscope.

Cold Cleaner for Metals

A cold cleaner, designed to make hot cleaning of metal unnecessary in many operations, is being produced by Electro-Chemical Engineering Company Ltd., Sheerwater, Woking, Surrey, England. It is a medium-to-heavy-duty alkaline cleaner, especially formulated for operation at room temperature. It is intended for application by spray or immersion-type machines and has proved to be suitable for all types of metals. It has been estimated that savings of up to 75 per cent of the cost of running a cleaning machine can be achieved through the elimination of the need for heating. In addition, up to 25 per cent of the cost of installing a machine is spent on the heating and fume extraction equipment, both of which can now be significantly reduced. The cleaner is particularly, effective for the removal of cutting fluids, mineral oils and greases, swarf and general shop soil, and is being used extensively for the treatment of engine and machined components during manufacturing stages.

Coupling for Welding Cables

A Dutch hardware factory J. H. Hanekamp & Zn., Zuiderdiep, 146, Groningen (Holland), has introduced a patented coupling for welding cables, by which a connection can be made with the turn of a hand. The coupling consists of two heavy copper parts which fit into each other conically. The part with the cone has at the top a T-shaped bolt; the part with the conical recess, has at the bottom an oblong slot through which this T-bolt can pass. To effect the connection, the two parts are pressed together in such a way that the cross-piece of the T-bolt slides through the slot. Next, one part is given a quarter turn in relation to the other. The T-bolt of one part then engages the bottom of the other and, after closure, the cables to be connected lie end to end. The T-bolt passes through a square hole in the top of the cone and is secured at the back by means of a spring washer and a lock nut. This spring washer has the effect of pressing the two elements of the coupling together with a constant force. Owing to the conical shape of the two parts of the coupling, the contact surfaces are large, thus ensuring good current flow. As the parts turn in a flat lane no torsion can be created in the welding cables. Both parts are enclosed in thick rubber insulating sleeves so that, from the outside, no contact is possible with the live parts of the coupling. The insulating sleeves also house the connections for the cables, each half containing a cylinder, a tapered pin and a connecting bolt for 35, 50 or 70 mm. cable. As all components are replaceable, the coupling has a long service life.

Electric Blankets

Electric blankets heated by tubes of warm water instead of resistance wires are being made by Fieldcrest Mills, of Spray, North Carolina. They are said to be safer and longer lasting than purely electric ones. The water is electrically heated in a box-shaped container to a lukewarm temperature. The warm water then circulates through tiny plastic tubes woven into the b anket. The blanket is completely safe for children, because, even if they chew it, there are no wires carrying electricity. It can be washed in a washing machine and the tubes are said to be more resistant to breakage than fine wire. A thermostat controls the temperature of the water, which has to be replenished a few times each winter.

Leak Detector

A liquid for detecting leaks, large or small, in any kind of gas pipe or container has been developed by Industrial (Anti-Corrosion) Services, 138 High Street, Waltham Cross, Hertfordshire, England. It is slow-drying, slightly viscous, water-soluble and non-corrosive, and can be applied with a brush. It is harmless to the skin and can be used on hot surfaces. A very small leak of low pressure shows as a bubble and a large leak, or where the pressure is high, as a foam of bubbles.

World Timer

K. Hattori & Co., Ltd. in Japan has manufactured the "Seiko Crown Chronograph," a new wrist watch with a stop watch, and the "Seiko Worldtime," a wrist watch which indicates the time at 26 major cities of the world. The "Seiko Crown Chronograph" is so designed that the second hand will be switched into the stop watch hand the moment a button is pushed. It is set with 21 jewels and is water-proof. The "Worldtime" is so designed that the time in the world's major cities will be indicated by a special hand which is set in accordance with a city marked outside the face. It is automatic and water-proof.

Car-door Opener

A device which opens and closes the doors of cars and commercial vehicles has been patented by Ikegami Kogyo K.K. 176 Ikegami-Shinden, Kawasaki-City, Japan. It uses the suction in the inlet manifold of the vehicle as the source of power and consists simply of a cylinder and piston connected to the manifold and the door. It is operated by a switch on the dashboard and is suitable for the medium and lower-priced car ranges. It can also be used for opening and closing the back doors of commercial vehicles.

Silicone Transistor

Hitachi Ltd. of Tokyo, Japan, has announced a new, minute PM-type *Silicone transistor* having a wide range of applications. The new transistor has been developed by Hitachi's own technology; it is made by covering completely the surface of the elementary particle of ordinary transistor with oxidized silicone film (0.6 micron thick). It has a greater electric current amplifying rate in the low tension current area than the ordinary X-type transistor, and it has a higher anti-pressure rate. Moreover, it has a considerably high reliability, which is the life of the transistor. It can be used in electronic computers, regulators, communications equipment and industrial instruments. It can also be used side by side with electron tubes, and can be used in the transceiver and Hi-Fi device as well. Hitachi is scheduled to produce this silicone transistors soon at a rate of some 50,000 a month.

New Cardboard

The Ligna Foreign Trade Corporation of Czechoslovakia is introducing a new kind of cardboard which is suitable for technical application. It is a specially adapted cardboard capable of withstanding temperatures and therefore suitable for electrical machines. The new cardboard is resistant to normal solvents, gasoline, xylene, etc. The cardboard is delivered in rolls of 15 to 17 cm in diameter, 100 m long (50 sq.m.)

Synchroniser for Power Plants

A small transistorised synchronising unit that considerably reduces the element of human error in the control of power plant, has been introduced by British Electrical Eng. Co. Ltd., England. The synchroniser, an 11-in. cube-shaped device, can be easily and quickly connected. It is intended for installations where manual synchronising is the normal practice, and its purpose is to prevent bad synchronisation between an alternator and the generating system into which it is being introduced. The synchroniser senses differences in frequency and voltage between the busbars and the incoming alternator and, if they are within preset limits, permits breaker closure within 10 degrees of phase coincidence. It can also be used semi-automatically to close the breaker at the correct instant after speed and voltage matching has been carried out manually. A plug and socket adjustment enables the acceptable voltage mismatch to be set in steps of 2 per cent. The maximum difference in frequency can also be adjusted in settings of one cycle in eight seconds, one in 12 and one in 16.

Continuous Roasting of Coffee Beans

A continuous method of roasting coffee beans, which is claimed to increase yield, flavour and aroma, has been patented by Hans Osswald, 16 Kreuzplatz, Zurich, Switzerland. The beans are subjected to indirect cooling through the walls of a drum after they have been roasted in an adjacent drum—the transfer from roasting drum to cooling drum being continuous. The beans are kept under hermetic seal throughout the cooling stage.

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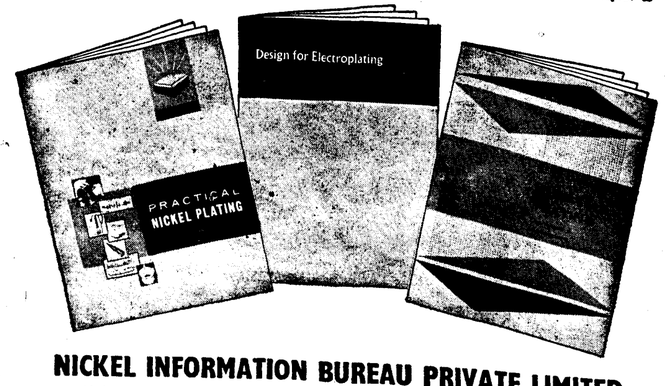

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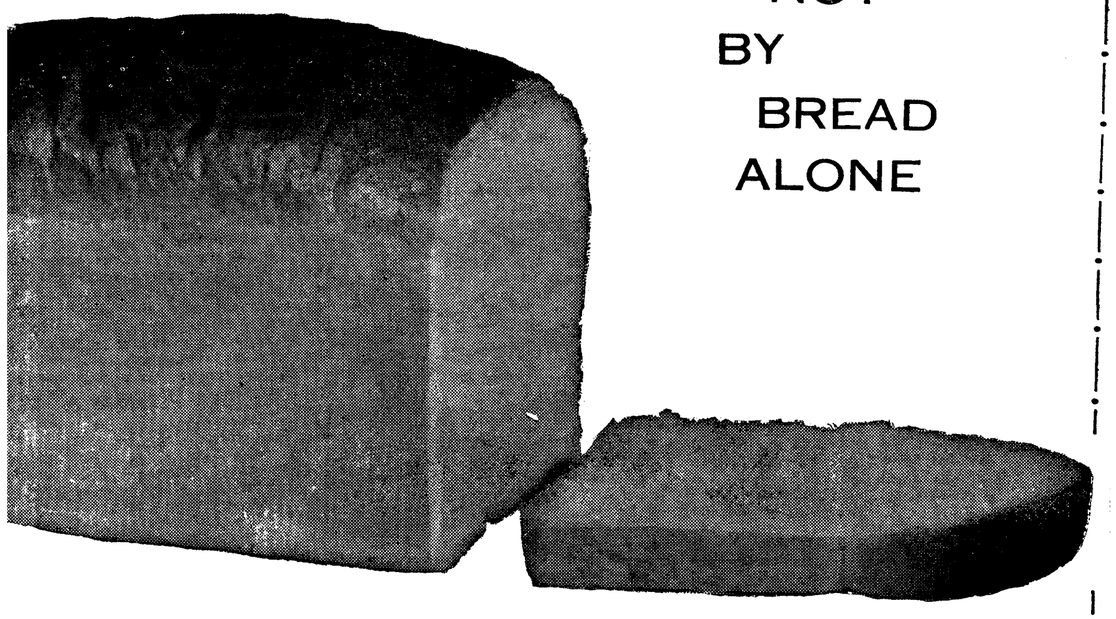

We need food in increasing quantities—food to feed India's teeming millions. Yes, food is today perhaps the most vital of our needs, but we cannot live by bread alone. Other things too are needed just as pressingly—things like shelter, clothing, education and medical care.

The extent to which these basic needs of our people can be met depends, to no small extent, on the means of transport at our disposal.

To move land produce from the fields to the markets, to distribute food supplies to the points of consumption, to rush grain to deficit areas, motor trucks provide the quickest and most economical mode of transport.

Stacks of bricks, ascending scaffoldings, trucks carrying building materials are familiar sights everywhere. All these testify to the country's growing building activities. And as the drive to provide shelter to everyone gathers momentum, motor trucks are called upon to carry more loads of materials.

Likewise, in order to provide adequate clothing to our masses, textile mills depend on motor transport as an adjunct to our over-taxed railways to carry their raw materials, their work force and their finished products.

In the field of education, we will require school buses in ever-increasing numbers to transport the students of tomorrow to schools and colleges.

To provide improved medical care on a national basis, adequate road transport facilities are indispensable. The establishment of thousands of new hospitals and dispensaries, the training of thousands of additional doctors, the expansion of pharmaceutical production depend largely on the development of an efficient system of motorized transportation.

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POWERLOOM ENQUIRY COMMITTEE'S RECOMMENDATIONS

REACTIONS OF MILLOWNERS

QUOTING facts and figures, the Indian Cotton Mills' Federation has shown, in a communication addressed to the Commerce Ministry of Government of India last week, that, if the recommendations of the Asoka Mehta Committee on powerlooms were implemented, the worst sufferers would be the consumers, the Exchequer and the export trade of India. The Federation's contention is that only the handlooms, because of their large employment potential, should be given special treatment *vis-a-vis* the cotton mills and that powerlooms should not in any way be sheltered from the competition of mills. The following is the full text of the Federation's representation to the Government:

The Committee of the Federation have gone carefully through the Report of the Powerloom Enquiry Committee with particular reference to that Committee's main recommendation, namely, that, during the fourth Plan period, there should be no further expansion of the capacity of the cotton mill industry beyond the marginal expansion permitted towards the end of last year and that the additional production of 1,500 million yards of cloth for the fourth Plan should be assigned entirely to the powerloom sector. It is the considered view of the Committee of the Federation that this recommendation is not calculated to serve the interests of the consumer, the public exchequer, labour and export earnings.

Brief Exceeded

At the outset, the Committee wish to point out that the Powerloom Committee was appointed by Government to ascertain the reasons for the phenomenal growth in recent years of the powerloom sector, to consider the relative role of powerlooms in the production of cloth and to examine the desirability and scope for converting handlooms into powerloom co-operatives. Subsequently, in response to a query from the Powerloom Enquiry Committee, the Government, we are told, informed the Committee that, as may be considered necessary, it might touch the question of capacities of handlooms, powerlooms and the mill sector. The Enquiry Committee appear to have interpreted this too liberally and in doing so, have perhaps assumed for themselves, a role which properly belongs to the Planning Commission. If it was the Government's intention to entrust to the Enquiry Committee the task of apportioning targets of production between the three sectors of the industry, the mill industry ought to have been and would have been given—official representation on that Committee. Apart, therefore, from our belief that the Enquiry Committee have travelled far beyond the scope of work allotted to them, we submit that, in the absence of a proper and balanced perspective which the Committee would have been able to take with the inclusion of the mill industry's representatives, the recommendation of the Committee suggesting a freeze on the mill sector has lost all value and must, in fairness to the mill sector, be complete'y ignored. However, just to complete the record, we proceed to show how even on merits the recommendation cannot stand any scrutiny.

In making its recommendation, the Powerloom Enquiry Committee have been actuated by the belief that powerlooms represent the dispersal of entrepreneurship and mobilisation of capital in the dispersed areas. The Committee themselves have pointed out how the powerloom sector cannot function in the rural areas and why the powerlooms must be located in and around towns. Today, the bulk of the powerlooms are concentrated in urban areas and since this also is to be the future pattern for the powerloom sector, it is difficult to understand how this brings about mobilisation of capital in dispersed areas.

Turning to dispersal of entrepreneurship, according to the Enquiry Committee, 70,000 additional powerlooms should be installed, 10,000 in the current plan and 60,000 in the fourth Plan. The Enquiry Committee have expressed their inclination to agree with the technical opinion placed before them that the economic size in the medium range of powerloom establishments should be between 24 and 36 looms Ignoring, therefore the existing widespread binami ownership and assuming that the additional powerlooms will be in units of 24 to 36, the number of new entrepreneurs that will be added over the next 5 to 7 years, will be just around 2,500. Even if the ownership is split up to as low a figure as 5 powerlooms on an average, the maximum number of new entrepreneurs that can be added over the next 5 to 7 years will be 14,000, that is to say, an average of 2 to 2½ thousand per annum. One must consider the price that the country will have to pay for achieving the social and economic gain arising from the addition of so many new entrepreneurs.

Loss to Consumer

The Enquiry Committee's Report itself concedes that the quality of the powerloom cloth is low. It cannot be otherwise, because the powerloom sector uses inferior technology and cannot afford the services of qualified technicians. Thus, the entire population will be made to pay a higher price for the inferior cloth produced by the powerloom sector.

Further, the wide fluctuations witnessed from year to year in the price and supply position of textiles which create great difficulties for the consumer, the industry and the authorities, are, in no small measure, due to the activities of the powerloom sector. The powerloom cloth being indistinguishable from mill cloth, one can easily pass for the other. The powerloom cloth not being amenable to control, in times of scarcity, the task of the authorities to enforce price controls on mill cloth is thus made extremely difficult. When, however, the supply is plentiful, with lack of holding capacity, powerloom cloth is thrown on the market at any price, creating distress conditions for all sectors. As both the production and the prices of the mill sector are amenable to regulation, if the consumers' supplies came principally from the mill sector, it would be possible to regulate production according to the exigencies of the consumer demand and to minimise the privations suffered due to alternating situations of scarcity and glut of supplies experienced at present.

Loss to the Exchequer

As a result of the existing differential rate of excise duty, the public exchequer to-day loses nearly Rs. 52 crores in respect of 2,000 million yards of cloth now produced by powerlooms (details of this calculation are given in the annexure to this memorandum). If, as recommended by the Enquiry Committee, the powerlooms begin to produce another 1,500 million yards, the loss on a proportionate basis will be another Rs. 39 crores per annum (*vide* the note at the end) taking the total loss to the exchequer to Rs. 91 crores per annum. It is true that the Enquiry Committee have suggested the shifting of the incidence of excise duty to the two key points, namely, yarn and processing. But at the same time they have recommended that the powerloom sector should enjoy a privileged position insofar as the excise duty on fabrics is concerned. The Enquiry Committee have not mentioned any figures, but, since they want the powerloom sector to pay a smaller amount of duty than the mill sector, the exchequer will stand to lose crores of rupees of revenue, which otherwise, it could have obtained from so much additional production of mill cloth, without placing any extra burden on the consumer. Indirectly, it will mean a subsidy from the Central revenues to cover the technological and marketing disability of the powerloom sector. There will, however, be no compensating benefit, as in the case of handlooms, of providing employment on a large scale.

Loss in Exports

Because of its inferior quality and high prices, there can be little hope of exporting powerloom cloth. The establishment of new mills or expansion of existing mills with modern machinery to generate the additional production would not only mean a rise in the export potential but also a rise in the level of efficiency of the mill sector and improvement in its competitive capacity in the international markets.

Loss to Workers

As the Enquiry Committee have themselves admitted, a powerloom weaver earns on an average Rs. 86 per month, against a mill weaver's average earning of Rs. 175 per month. The monthly production per loom-shift in the mill sector is around 1,100 yards per loom. The monthly production of a two-loom weaver will thus be 2,200 yards which fetches him a wage of Rs. 175 and this is equivalent to 8 P. per yard. A powerloom weaver whose average monthly wage is said to be Rs. 86 hardly earns 4 P. per yard and thus every yard produced in the powerloom sector means a loss of over 4 P. to labour. If, therefore, the powerloom sector gives an additional production of 1,500 million yards as proposed, the annual loss to labour will be Rs. 6 crores.

Apart from this monetary loss, the powerloom weaver also does not enjoy the benefits of the factory and social security legislation which is applied to the mill sector. Furthermore, he is required to work for long hours in unhealthy surroundings.

Conclusion

Summarising the above discussion, the conclusion that emerges is that to achieve the supposed social and economic gain arising from an addition of, at the most, 2 to 2½ thousand entrepreneurs per annum, the price that the country will have to pay will be: (*a*) payment by the entire population of a higher price for inferior cloth; (*b*) loss to the Central Exchequer which, at the current rates of excise duty, amounts to Rs. 39 crores per annum (in addition to Rs. 52 crores per annum already being lost on the current rate of powerloom production); (*c*) loss of export potential and of the opportunity to raise the general level of efficiency of the exporting sector; and (*d*) loss to the working population of Rs. 6 crores apart from workers being required to work in unhygenic and disagreeable working conditions.

No Inhibition Should Be Placed

The Committee of the Federation submit that the objective of the country's textile policies should be: (*i*) to make available to the consumer progressively better quality of cloth at increasingly lower prices and (*ii*) to strengthen the export potential of the country. In the absence of such a well-defined policy, the country's cotton textile problems are being handled as they arise, on an *ad hoc* basis and this practice has resulted in avoidable privation to the consumer and loss in the export potential. A policy, which accords due supremacy to the interests of the consumer and export earnings can be promoted effectively only if the different cotton cloth producing sectors are allowed to expand without any inhibition and on their own merits. It will be conceded that, because of its high employment potential, the handloom sector is entitled to fiscal concessions. But so far as the mill sector and the powerloom sector are concerned, there should be no differentiation between the two, which means that neither of these sectors should have the privilege of an excise duty differential or any other fiscal concession.

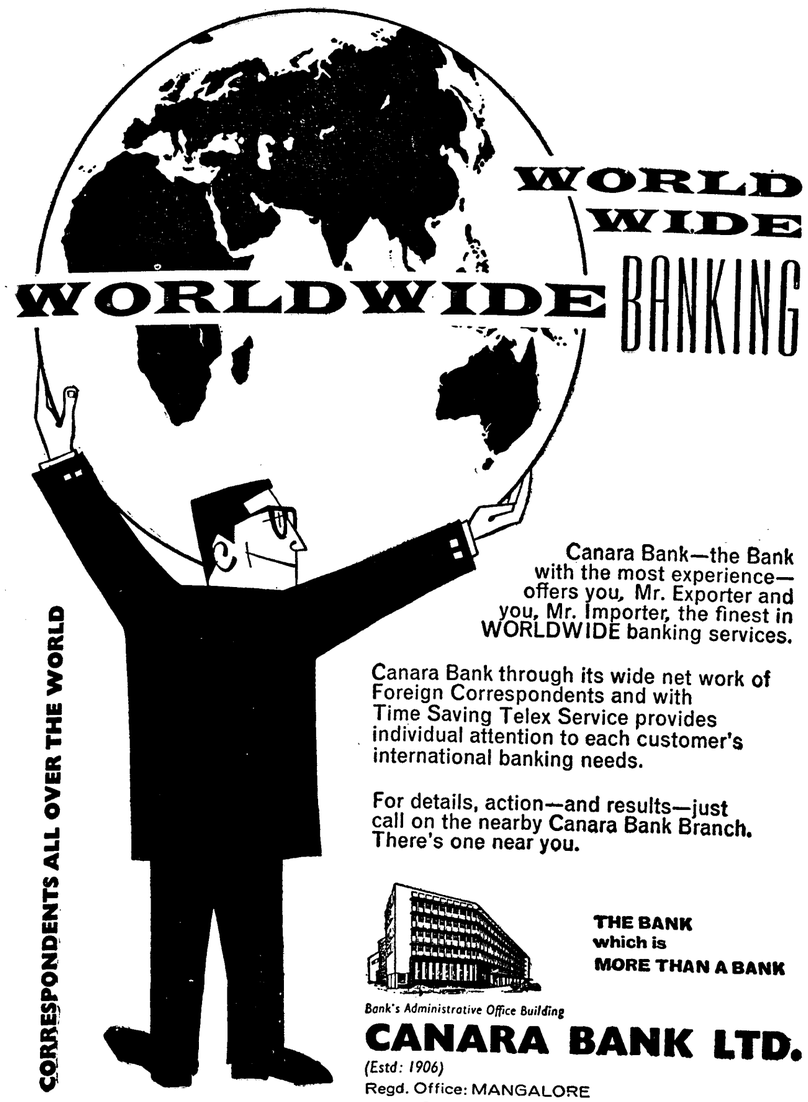
In such a climate of uninhibited and at the same time unprivilege expansion, it is obvious that that sector alone will grow which serves the consumer interest best. The Committee of the Federation wish to point out, in this connection, that, even before the policy of favouring the powerloom sector in respect of the excise duty was introduced, that sector had come into being and by 1942 had assumed such proportions that the Fact Finding Committee which reported in that year was constrained to warn the Government that "a more serious rival to the handloom industry than the mills had arisen in the small-scale powerloom factory."

Incidentally, we would like to invite Government's attention to the experience of the last two or three decades. If the weaving capacity of the mill sector had not been frozen at the level of two lakh looms for as long as 25 years, today's picture of the textile situation would probably have been very much different. Addition of modern equipment on the weaving side, which normal growth would have brought about in the period of the last 25 years, would have made mills more competitive. The mill sector would probably have been exporting much more and also supplying the domestic requirements on a much larger scale thus avoiding so many of the present complications.

Handlooms Not Benefited

The mill industry was made to suffer from stagnation on the weaving side in the name of encouragement for the handloom sector. Actually, however, the Government's policy has resulted not in any benefit to the handloom sector, but in the mushrooming of the powerloom sector. Now in the name of encouraging and promoting the powerloom sector, it has been recommended that the capacity of

(*Continued on page* 1054)



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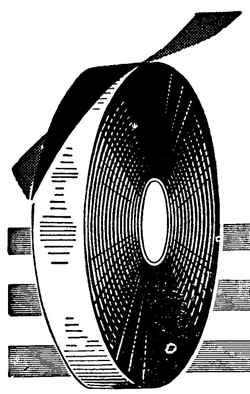

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THIS IS AN ANNOUNCEMENT AND NOT A PROSPECTUS. PERSONS INTERESTED IN FULL DETAILS ARE REQUESTED TO APPLY FOR A COPY OF THE PROSPECTUS FROM THE COMPANY'S REGISTERED OFFICE, BANKERS, BROKERS, AND UNDERWRITERS NAMED BELOW.

CHEMICALS AND PLASTICS INDIA LIMITED

(INCORPORATED ON 29TH SEPTEMBER 1962 UNDER THE COMPANIES ACT 1956)

Registered Office: **"Dhun Building," 175/1, Mount Road, Madras-2**

SHARE CAPITAL

Authorised Capital:

	Rs.
1. 1,50,000 Equity shares of Rs. 100/- each	1,50,00,000
2. 50,000—9.5 per cent (free from income-tax payable by the Company but subject to deduction of tax under Section 194 of the Income Tax Act 1961) Cumulative Redeemable Preference Shares of Rs. 100/- each	50,00,000
	2,00,00,000

Issued Capital:

1. Subscribed:	
7 Equity shares of Rs. 100/- each (fully paid-up being the shares subscribed by the Signatories of the Memorandum)	700
2. Present Issue:	
(a) 1,34,993 Equity shares of Rs. 100/- each	1,34,99,300
(b) 15,000 9.5 per cent (free from income-tax payable by the Company but subject to deduction of tax under Section 194 of the Income Tax Act 1961) Cumulative Redeemable Preference Shares of Rs. 100/- each	15,00,000
	1,50,00,000

Out of the present Issue:

1. The B.F. Goodrich Company of Akron, Ohio, U.S.A. and/or their nominees have agreed to subscribe and will be allotted 17,212 equity shares of Rs. 100 each at par (or such number of shares as is equivalent to U.S. Dollars 3,50,000 at the rate of exchange in effect on the date of allotment) for consideration other than cash and 17,213 equity shares (or such number as together with the allotment for consideration other than cash makes a total of 34,425 equity shares) of Rs. 100/- each at par for cash	34,42,500

Consideration for the said allotment of 17,212 equity shares of Rs. 100/- each is the supply of initial accumulated know-how by B.F. Goodrich Company

	Rs.
2. The Founders, Directors, Managing Agents and their relatives and friends and their associated companies have subscribed and will be allotted:	
(a) 51,068 Equity shares of Rs. 100/- each at par as per details hereunder:	51,06,800

	No. of equity shares
(i) Indplast Private Ltd.	17,000
(ii) The India Cements Ltd.	13,500
(iii) Kumari Investment Corporation (Private) Ltd.	3,750
Narayanan Investment Trust (Private) Ltd.	3,750
(iv) The Mettur Chemical & Industrial Corporation Limited	5,000
(v) Directors, friends and associates	8,068

(b) 2,500 9.5 per cent (free from income-tax payable by the Company but subject to deduction of tax under Section 194 of the Income Tax Act 1961) Cumulative Redeemable Preference Shares of Rs. 100/- each at par:

	Rs.
Kumari Investment Corporation (Private) Ltd.	1,25,000
Narayanan Investment Trust (Private) Ltd.	1,25,000
	2,50,000

3. **NOW ISSUED FOR PUBLIC SUBSCRIPTION AT PAR FOR CASH:**	
(a) 49,500 Equity shares of Rs. 100/- each	49,50,000
(b) 12,500 9.5 per cent (free from income-tax payable by the Company but subject to deduction of tax under Section 194 of the Income Tax Act 1961) Cumulative Redeemable Preference Shares of Rs. 100/- each	12,50,000
	1,49,99,300

BOARD OF DIRECTORS

SRI T. S. NARAYANASWAMI, 2, Dr. C. P. Ramaswami Iyer Road, Alwarpet, Madras 18. Industrialist.	*Director of:* The India Cements Limited. Industrial Chemicals Ltd. Madras Industrial Investment Corporation Limited. The Madras Aluminium Co. Ltd. W. S. Insulators of India Ltd. Aruna Sugars Ltd. South India Shipping Corporation Ltd. and others.
SRI K. PALANI, 25, Venkatanarayana Road, T. Nagar, Madras 17. Business.	*Director of:* The India Cements Ltd. The Madras Aluminium Co. Ltd. Industrial Chemicals Ltd. W. S. Insulators of India Limited. Natraj Spinning & Weaving Mills Ltd. Aruna Sugars Limited. South India Shipping Corporation Limited and others.
SRI C. S. LOGANATHAN, 6, Vasu Street, Kilpauk, Madras 10. Business.	*Director of:* The Travancore Cements Ltd. (*Chairman.*) Cauvery Spinning & Weaving Mills Ltd. Travancore Rayons Limited. The India Cements Limited. Aruna Sugars Ltd. W. S. Insulators of India Ltd. South India Shipping Corporation Ltd. and others.
MR. CHARLES RAYMOND COUTS, c/o The B.F. Goodrich Company, 3135, Euclid Avenue, Cleveland 15, Ohio, U.S.A. Attorney, Counsel and Assistant Secretary, The B.F. Goodrich Company.	*Director of:* B. F. Goodrich Australia Pty. Ltd. B. F. Goodrich-C.S.R. Chemicals Pty. Ltd. Melbourne, Australia. B. F. Goodrich Liberia, Inc. Plasticos y Productos Quimicos, S.A. Bogota, Columbia. Geon de Mexico, S.A. N.V. Chemische Industrie AKU-Goodrich. Arnhem, Holland. International B.F. Goodrich Limited.
MR. MARVIN WENDEL LARSON, c/o B.F. Goodrich Chemical Company, 3135, Euclid Avenue, Cleveland 15, Ohio, U.S.A. Director.	*Director of:* B. F. Goodrich-C.S.R. Chemicals Pty. Ltd Melbourne, Australia. N.V. Chemische Industrie AKU-Goodrich Arnhem, Holland. British Geon Limited.
SRI P. SURYANARAYANA, No. 8, Boag Road, Madras 17. Business.	*Director of:* The India Cements Ltd. Cauvery Spinning & Weaving Mills Ltd. Tirupathi Cotton Mills Ltd. Parry's Confectionery Ltd. Natraj Spinning & Weaving Mills Ltd. Aruna Sugars Limited. Local Board State Bank of India (Member) and others.
SRI S. NARAYANASWAMY, "Seshadri," 6, Chittaranjan Road, Madras-18. Stock and Share Broker.	*Director of:* Aluminium Industries Ltd. Central Scientific Supplies Co. Ltd. Seshasayee Industries Ltd. Industrial Chemicals Ltd. Mettur Chemical & Industrial Corporation Ltd. Seshasayee Wire Ropes Ltd. Seshasayee Paper & Boards Ltd and others.
MR. RUSSI JAL TARAPOREVALA, 210, Dr. D. Naoroji Road, Fort, Bombay 1. Economist and Businessman.	*Director of:* Aluminium Industries Ltd. Gabriel India Ltd. Gajjar's Standard Chemical Works Ltd. Indian Vegetable Products Ltd. Investa Machine Tools & Engineering Company Ltd. Jayabharat Insurance Company Ltd. New India Industries Ltd. Neyveli Ceramics & Refractories Ltd. Seshasayee Industries Ltd. Simco Meters Ltd. and others.
DR. G. S. LADDHA, 41, II Main Road, Kasturbai Nagar, Madras 20.	*Director of:* Alagappa Chettiar College of Technolo

CHEMICALS AND PLASTICS INDIA LIMITED—*Continued*

MANAGING AGENTS

INDPLAST PRIVATE LIMITED, Dhun Building, 175/1, Mount Road, Madras 2.

BANKERS

THE INDIAN OVERSEAS BANK LTD., 151, Mount Road, Madras 2.

BANKERS TO THE ISSUE

1. The Indian Overseas Bank Ltd., 151, Mount Road, Madras 2.
2. The Central Bank of India Ltd., 308-309, Linghi Chetty Street, Madras 1.
3. The Bank of India Ltd., 10, Armenian Street, Madras 1.
4. The United Commercial Bank Ltd., 2, India Exchange Place, Calcutta.
5. The Punjab National Bank Ltd., 107, Armenian Street, Madras 1.

LEGAL ADVISERS

1. SRI R. NARASIMHACHARI and SRI N. VARADARAJAN, Advocates, "Sarnath," Dr. Rangachari Road, Madras 4.
2. SRI T. RAGHAVAN, Advocate, 11-B, Mowbrays Road, Madras 18.

SOLICITORS TO THE ISSUE

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

AUDITORS

MESSRS. BRAHMAYYA & CO., Chartered Accountants, "Andhra Insurance Building," Thambu Chetty Street, Madras 1.

UNDERWRITING

The entire issue to the public of 49,500 Equity shares of Rs. 100 each and 12,500—9.5 per cent (free from income-tax payable by the Company but subject to deduction of tax under Section 194 of the Income-tax Act 1961) Cumulative Redeemable Preference shares of Rs. 100 each has been underwritten as follows:

Name and address of Underwriter	*Value of shares underwritten* Equity Rs.	Preference Rs.
1. The Madras Industrial Investment Corporation Limited, 23, Nungambakkam High Road, Madras 34	25,00,000	10,00,000
2. The Indian Overseas Bank Ltd., 151, Mount Road, Madras 2	15,00,000	—
3. Chitra & Co., 322/323, Linghi Chetty Street, Madras 1	4,75,000	1,25,000
4. Paterson & Co., "Vanguard House," 11/12, Second Line Beach, Madras 1	4,75,000	1,25,000

BROKERS

Madras

1. Chitra & Co., 322/323, Linghi Chetty St., Madras 1.
2. Paterson & Co., "Vanguard House," 11/12, Second Line Beach, Madras 1.
3. Dalal & Co., 362, Esplanade, Madras 1.
4. Maconochie & Co., Mercantile Bank Buildings, Madras 1.
5. Kothari & Sons, Oriental Buildings, Armenian Street, Madras 1.
6. Subramaniam & Co., 14, Second Line Beach, Madras 1.

Bombay

1. Lewis & Jones, Bank of Baroda Buildings, Apollo Street, Fort, Bombay, 1.
2. Batlivala & Karani, Union Bank Buildings, Dalal Street, Fort, Bombay, 1.
3. P. R. Subramaniam & Sons, 70-A, Stock Exchange New Buildings, Apollo Street, Fort, Bombay, 1.
4. Mahadevia Bros., Stock Exchange Buildings, Apollo Street, Fort, Bombay, 1.
5. T. H. Vakil, 112, Stock Exchange New Buildings, Bombay 1.
6. Merwanji Bomanji Dalal, Allahabad Bank Buildings, Apollo Street, Fort, Bombay 1.

Calcutta

1. Place, Siddons & Gough (Private) Ltd., 6, Lyons Range, Calcutta-1.
2. G. M. Pyne, Allahabad Bank Buildings, 14, Exchange Place, Calcutta-1.

Delhi

1. Harbans Singh Mehta & Co., 33, Regal Building, Parliament Street, New Delhi.
2. R. K. Relan & Co., United India Life Building, Connaught Place, New Delhi.

OBJECTS, PROPOSED ACTIVITIES AND LOCATION OF INDUSTRY

The main objects of the Company are as set out in the Memorandum of Association and include, *inter alia*, the following: to carry on business as manufacturers of and dealers in polyvinyl chloride, polyvinyl dichloride and other chemicals and products of a like nature or otherwise; and also to carry on business as manufacturers and dealers in all other chemicals, plastics/petro-chemicals, oils, paints, pigments and varnishes and in any similar or allied business and either in connection with the said business or as a distinct or separate business; to carry on business as distillers, gas makers, smelters, metallurgists and chemical engineers, manufacturers and dealers in rubber and rubber products, textiles, nylon, rayon and materials of all descriptions connected with the foregoing; to manufacture, deal in and manipulate P.V.C bases into electrical wires, leather cloths, lining material and as films, sheets and pipes for general use and for construction material; to construct, maintain and alter any chemical and industrial plants, buildings or works.

The Company has been formed with the object of setting up a factory at Mettur, Madras State, for the manufacture of polyvinyl chloride (P.V.C.) and other chemicals and products which may be usefully or conveniently combined with or derived from the same and another factory near Bombay in Maharashtra State for fabricating P.V.C. pipes, fittings, other extrusions and mouldings (both rigid and flexible). The Company has entered into a Technical Service Agreement for a period of ten years in the first instance with the B. F. Goodrich Company of Akron, Ohio, United States of America (Goodrich), the largest producer of polyvinyl chloride in the world. Goodrich will provide the Company all technical information, know-how, and data and the Company will be licensed to use in India the relevant patents of Goodrich. Goodrich will assist the Company in planning the layout of the factories and provide drawings, designs, blueprints and specifications for the plant, machinery and equipment for the setting up of the factories, besides procuring for the Company trained and competent engineers and technicians and providing in its plants in the U.S.A. training facilities for the Company's technical personnel. It is expected that the factory will go into production before the end of 1966.

APPLICATIONS

Copies of Application Forms and Prospectus can be obtained from the Company's Registered Office, from any of the abovementioned Underwriters, Brokers and Bankers to the issue named in the Prospectus or any of their main branches at the addresses given in the Prospectus.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON 16th DECEMBER 1964 AND WILL REMAIN OPEN UNTIL THE CLOSING OF BANKING HOURS ON 24th DECEMBER 1964 UNLESS CLOSED EARLIER OR LATER AT THE DISCRETION OF THE DIRECTORS BUT NOT BEFORE 18th DECEMBER 1964.

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PARRYS CONFECTIONERY LIMITED

SHORTAGE AND HIGH COST OF RAW MATERIALS MAIN PROBLEMS, SAYS CHAIRMAN, MR. H. V. R. IENGAR

HIGHER PRODUCTION COSTS HINDERING EXPORTS

THE Annual General Meeting of Parrys Confectionery Limited will be held at Madras on Thursday, 31st December 1964. In his statement to the shareholders circulated in advance, Mr. H. V. R. Iengar, Chairman of the Company, states that, though trading conditions in the eighteen months ended 30th September 1964 were favourable, the supply position of the main raw materials presented considerable difficulties and that these still persist. Apart from the shortage of raw materials, their prices are continually rising, with no prospect of a fall in the near future, according to Mr. Iengar. The consequent higher production costs are hindering the building up of a large volume of exports. The following is the full text of Mr. Iengar's statement:

Since we last met, the country has suffered an irreparable loss in the death of Jawaharlal Nehru. Millions of words have been written about him—his courage and sacrifice, his intense patriotism, his humanism, and his contribution to world peace. I am sure shareholders would wish to have recorded, in this statement, their grief at his passing away and their determination, in so far as they are concerned, to see that they make such contribution as they can to the carrying on of the great work which he launched as the first Prime Minister of India.

Accounts

Shareholders are aware that the year-end of the Company has been changed from 31st March to 30th September and the report and accounts which have been in your hands for the statutory period, relate to the eighteen-month period 1st April 1963 to 30th September 1964, whereas the comparative figures of the previous year reflect the results of the twelve months to 31st March 1963. As indicated in the Directors' report, the sales for the period under review were higher by Rs. 50 lakhs over the corresponding eighteen months ended 31st March 1963.

Profit

The net profit before taxation for the period under review is Rs. 21,82,374. Provision for taxation including the surtax of Rs. 2,81,000 amounts to Rs. 14,71,180 leaving available for appropriations, together with a small balance of Rs. 2,705 brought forward from the previous year, a sum of Rs. 7,13,899. Out of this sum, the statutory transfer to development rebate reserve, and the two interim dividends totalling 18 per cent have absorbed Rs. 3,70,000 leaving available Rs. 3,43,899 for the final dividend. The Directors have recommended payment of a final dividend at the rate of 9 per cent amounting to Rs. 1,80,000 and transfer of a sum of Rs. 1,60,000 to general reserve, leaving a small surplus of Rs. 3,899 to be carried forward. The total of dividends paid and proposed for the eighteen-month period under review amount to 27 per cent or 18 per cent per annum, that is, an increase of 2 per cent over the previous year. In the context of the need to conserve resources for rehabilitation of plant and machinery and strengthen the reserves in order to reduce the high incidence of surtax, the total dividend for the period should be considered satisfactory.

Sales Turnover

Shareholders will have noted from the report of the Directors that the sales turnover of Rs. 2·77 crores was the highest achieved so far, the increase over the eighteen months ended 31st March 1963 being 22 per cent in value and 25 per cent by volume. The upward trend of sales was maintained everywhere which is proof of the growing popularity of your products throughout the country.

Raw Materials and Rising Costs

Although, during the period under review, trading conditions were on the whole favourable, the supply position of the main raw materials presented considerable difficulties and I am sorry to say that these continue to persist. Consequent on the imposition of control in April 1963, releases of sugar for confectionery manufacture have been strictly controlled by Government. Other essential raw materials like milk powder and condensed milk are not available in the quantities we require, owing to the diversion of the bulk of the indigenous production for Defence needs. Apart from the short supply of these raw materials, their prices are continually rising, with no prospect of a fall in the near future. The recent increase in the price of sugar is another factor that has enhanced the cost. Our selling prices have had to be increased from time to time in an endeavour to absorb some of these increases, but, for a commodity like sweets, it is clearly undesirable to go beyond the limit at which consumer resistance is likely to affect the offtake.

Rehabilitation

In my statement circulated with the last year's accounts, I referred to the difficulty your Company was facing in obtaining machinery for replacement and rehabilitation. I am glad to inform you that during the period under review your Company successfully negotiated the purchase of the Manjula Confectionery Limited's machinery for replacement of some of of our old units which have reached the end of their useful life. This machinery had been very little used, had been well maintained and was in very good condition at the time of purchase. It was available for purchase as the Manjula Confectionery Limited discontinued the manufacture of sweets. Whilst these and other additions to machinery will help replacement and modernisation of our plant, there is still a considerable imbalance between the sweet making and wrapping capacity. If your Company is to maintain its present rate of growth in the home market and play an effective role in developing exports, further additions, particularly of wrapping machines, are essential. The long-term prospect, therefore, depends largely on your Company's ability to overcome the twin problems of raw material shortage and procurement of machinery to sustain a satisfactory rate of sales growth.

Exports

Your Company exported during the period under review sweets valued at Rs. 1.31 lakhs. Surveys made by the Company's Executives in the Far East, Middle East and East African markets, reveal that a considerable export potential exits, but it is difficult to achieve a satisfactory volume of exports in competition with other exporting countries, because of our higher production costs. The reasons for the wide disparity in prices between the foreign and Indian manufacturer have been brought to the attention of Government from time to time, but, until substantial assistance such as supply of sugar and glucose at international prices and liberalisation of imports of other essential raw materials is forthcoming, it is impossible to build up a large volume of exports. I would, therefore, urge Government to view these problems of the industry more sympathetically and extend the necessary help for the development of exports.

During the year under review our relations with the staff and labour have been most cordial and I take this opportunity to record our sincere appreciation of the good work done by them.

Note: The above statement is not a report of the proceedings of the Annual General Meeting, which will be held on the 31st December, 1964.

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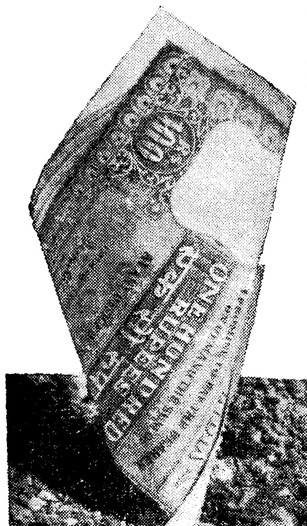

Some LIC Investments at a glance

Plantations	Rs. 240 lakhs
Rubber Products	Rs. 253 lakhs
Coal	Rs. 316 lakhs
Dyes, Chemicals & Pharmaceuticals	Rs. 323 lakhs
Banks	Rs. 462 lakhs
Cotton Textiles	Rs. 1,216 lakhs

LIC—YOUR COMPANION IN PROGRESS

INDIA AND COMMONWEALTH TRADE

EXPORTS RISE, WHILE IMPORTS DECLINE

WHAT are the prospects for Commonwealth trade? And can India hope to share fully in the expansion of international trade as a member of the Commonwealth? These are questions on which a lively debate has been going on for some time in India as well as outside. While the answer to the second question lies largely in the competitive capacity of India's export products in world markets, there are three different views on the first question. Some are very optimistic about a substantial expansion of Commonwealth trade in the coming years, while some others are very pessimistic about such prospects and, actually, they feel that trade will go on shrinking as each year passes. In between these two extreme views, there is a section of opinion according to which the possibilities of markedly increasing Commonwealth trade may not be high, but it would be wrong to say categorically that there is no scope at all for any further growth. By and large, however, one may expect that the Commonwealth as a whole will share fully in the expansion of international trade. That this expectation is a reasonable one will be evident from the interesting review of the Commonwealth trade in the past few years, published recently by the Commonwealth Economic Committee (Marlborough House, Pall Mall, London S.W.1. Price: 7*s.* 6*d.*)

Between 1959 and 1963, total Commonwealth trade in each direction increased by about a fifth in value; in actual figures, exports rose by £1,940 million and imports by £1,975 million. Taking the year 1963 alone, the Commonwealth countries accounted for about 23 per cent of the aggregate world exports of merchandise (*vide* Table A). A considerable portion of Commonwealth exports consisted, as usual, of primary commodities, and exports from most individual countries were higher in 1963 than in 1962. The growth rate (year on year) was around 15 per cent for India, Australia, New Zealand, Hong Kong and Nigeria, and much higher for Uganda and Tanganyika. The U.K. was slightly below the 8 per cent world average growth rate for exports, while Canada was slightly above.

Two Striking Features

The past five years have witnessed two striking features in Commonwealth trade. One is that, just as the economies of Commonwealth countries have expanded and grown more sophisticated, so also their export markets and sources of supply have become more diverse. Consequently, the growth of trade among Commonwealth countries has been outpaced by that of trade with other countries, though, in 1963, Commonwealth countries sold about 31 per cent of their exports and bought about 30 per cent of their imports within the Commonwealth (*vide* Table B). The second striking feature is that the trade of a number of Commonwealth countries has become more regionalised. For example, the trade of Australia and New Zealand with each other and with Far Eastern countries and the U.S. has become of greater importance now than before. On the other hand, most of the rise in U.K. exports was concentrated in Western Europe, especially the Common Market and the E.F.T.A. Although trade between the U.K. and other Commonwealth countries, accounting as it does for about three-quarters of all intra-Commonwealth trade, grew less rapidly than both the trade of Commonwealth with the outside world and the mutual trade of Commonwealth countries other than the U.K., the U.K. remained the major market for, and the supplier to, the Commonwealth. Table C depicts in summary form the trade of Commonwealth countries with each other and with their main non-Commonwealth trading partners, the figures in brackets giving the share of India.

Primary Products Exports

Primary products, as already stated, account for a considerable part of Commonwealth exports. There was an appreciable rise in exports of foodstuffs, the rise in the case of wheat and wheat flour alone being of the order of £60 million, thanks to large-scale buying by China, Russia and East European countries from Australia and Canada. Higher prices and an increase in shipments from most countries, particularly to the U.S., resulted in a very large rise in the value of Commonwealth sugar exports. A marked expansion in Australian and New Zealand sales to the U.S. led to a continuation in the upward trend of meat exports, and the value of dairy produce exports recovered further and were back to about the 1960 level. While small increases were recorded in Commonwealth earnings from coffee and tea, there was little change in those from cocoa, since the value of sales by Ghana were unchanged as compared with 1962 and the decline in those of Nigeria was offset by gains by other suppliers.

Other Items

Commonwealth exports of non-metallic crude materials rose substantially in value during 1963. Higher prices for wool led to a marked increase in Commonwealth earnings from this commodity. Cotton also contributed a greater amount. Largely because of higher shipments from Canada, Commonwealth receipts from wood and wood pulp exceeded the 1962 figures. On the other hand, for the third year in succession, returns from rubber fell, chiefly because of lower earnings by Malaysia. The value of oilseeds exports showed little change in 1963. The value of exports of metal ores and base metals was appreciably higher than in 1962, much of the increase being due to a rise in sales of iron ore by Canada and India. Exports of iron and steel also rose in value, the increases for Canada and the U.K. more than offsetting the decline in Australian and Indian sales. Notwithstanding a reduction in cotton and jute fabrics, the value of total textile manufactures from Commonwealth countries increased as compared with 1962 and, mainly because of greater shipments from Hong Kong, so did those of clothing. Commonwealth exports of machinery and transport equipment as a group showed a large rise in value during 1963. Electrical machinery, appliances and apparatus accounted for much of the expansion following greater sales by the U.K. and Canada, and these two countries provided most of the large growth for transport equipment during 1963.

Although exports from most Commonwealth countries increased during 1963, many of them continued to show substantial deficits on merchandise trade, as a result of the persistently heavy imports. About half of the increase in the total Commonwealth imports in 1963 was due to higher payments for imports into the U.K. and rise in imports into Australia, Canada and Pakistan. New Zealand imports more than recovered from the decline of 1962 and the upward trend of Hong Kong imports continued. Imports into Malaysia, however, fell considerably, while those into India showed a slight decline. There was an appreciable drop in purchases by Ceylon which were at the lowest level for many years, as were those of Rhodesia and Nyasaland.

Imports

An analysis of Commonwealth imports by major commodity classes shows that the bulk of Commonwealth imports was in manufactured goods, with all categories sharing in the growth. The increase was particularly marked in respect of Commonwealth imports was in manufactures, upward trend in the value of machinery imports persisted in 1963, and there was a recovery in the prices of a number of crude materials such as wool and wood pulp.

Since imports exceeded exports, several countries showed substantial deficits in 1963. The U.K. deficit, which had declined during the years 1931 and 1932, rose appreciably in 1963, though it was still about 70 per cent of the 1960 level. With reduced imports and increased exports, the Indian deficit was reduced sizably, while, in the case of Pakistan, the increase in exports, which far outweighed that in imports, led to a marked rise in the overall deficit. The surplus of Australia and Canada were substantially greater in 1963 than in 1962, but that of New Zealand dropped.

Region-wise Trade

The downward trend in world prices of primary products was checked in 1963 by an upward movement caused partly by economic expansion in the U.S. and the U.K. and partly by exceptional conditions in certain commodity markets, notably those for sugar, wool and meat. However, except for those countries relying heavily on exports of sugar, the terms of trade for most of the developing Commonwealth countries continued to decline.

The total value of imports for consumption in the U.S. was almost 5 per cent above the corresponding 1962 figure and, with supplies from Commonwealth countries increasing by around 6 per cent, the Commonwealth continued to provide 33 per cent of the total. From the Commonwealth viewpoint, the U.S. accounted for over a fifth of total Commonwealth exports. In 1962, the rise in U.S. imports was largely confined to industrial materials and foodstuffs. In 1963, however, the increase was principally in manufactured goods. Consequently, the experience of individual Commonwealth countries in the U.S. market varied, but most of them, with the notable exceptions of Ghana and Malaysia, increased the value of their exports to the U.S.

The European Economic Community continued to receive 15 per cent of Commonwealth exports in 1963, and this represented about 12 per cent of the total imports into the six countries and 19 per cent of those from countries outside the E.E.C. The Commonwealth contributed fully to the further rise in imports into

(*Continued on page 1049*)

Table A: *World Trade At A Glance*

	1963	1962	1961	1960
World exports (million £ f.o.b.)	48,300	44,500	42,300	40,400
Of which:				
Commonwealth	11,000	10,100	9,900	9,600
India	586	500	495	475
Percentage share in the total:				
Commonwealth	22·8	22·8	23·4	23·8
United States	17·2	17·4	17·7	18·2
Latin America	7·2	7·7	8·0	7·7
Common Market	27·8	27·5	27·3	26·3
E.F.T.A.	7·6	7·6	7·4	7·3
Japan	4·0	3·9	3·6	3·6
Rest of world	13·4	13·1	12·6	13·1
World imports (million £ c.i.f.)	50,000	47,100	44,400	42,600
Of which:				
Commonwealth	12,200	11,500	11,200	11,400
India	845	843	809	831
Percentage share in the total:				
Commonwealth	23·9	24·3	25·3	26·8
United States	13·1	13·5	12·9	13·8
Latin America	6·5	7·2	7·5	7·5
Common Market	28·3	27·1	25·9	24·8
E.F.T.A.	9·1	9·1	9·1	8·7
Japan	4·7	4·3	4·7	3·8
Rest of world	14·4	14·5	14·6	14·0

Note:—The figures exclude the trade of Communist countries.

Table B: *Intra-Commonwealth Trade*
(In million £s)

	1963	1962	1961	1960
Exports from:*				
U.K. to other Commonwealth countries	1,216	1,193	1,222	1,334
Other Commonwealth countries to U.K.	1,333	1,268	1,266	1,346
Other Commonwealth countries to each other	811	753	785	746
Total intra-Commonwealth	3,360	3,212	3,313	3,426
Total to all countries	10,737	9,835	9,620	9,273
Percentage share of intra-Commonwealth to all other countries	31%	33%	35%	37%
Imports into:				
U.K. from other Commonwealth countries	1,516	1,374	1,361	1,568
Other Commonwealth countries from U.K.	1,256	1,274	1,367	1,386
Other Commonwealth countries from each other	832	758	759	756
Total intra-Commonwealth	3,604	3,406	3,487	3,610
Total from all countries	11,835	11,168	10,934	11,068
Percentage share of intra-Commonwealth to total from all countries	30	30	32	33

* Include re-exports.

Table C: *Commonwealth Exports and Imports*
(In million £s)

	1963	1962	1961	1960
Exports to:				
Commonwealth	3,360 (230)	3,212 (210)	3,313 (213)	3,426 (218)
United States	2,229 (96)	2,130 (84)	1,906 (85)	1,862 (76)
Common Market	1,656 (41)	1,492 (34)	1,393 (41)	1,288 (37)
E.F.T.A. (Continental)	640	584	558	510
Japan	520 (41)	410 (24)	450 (30)	372 (25)
Eastern Europe	383 (69)	306 (58)	312 (40)	241 (34)
China	152	112	137	87
Other Countries	1,797	1,589	1,521	1,487
Total	10,737	9,835	9,620	9,273
Imports from:				
Commonwealth	3,601 (186)	3,406 (215)	3,487 (249)	3,610 (255)
United States	2,798 (255)	2,674 (247)	2,501 (207)	2,569 (219)
Common Market	1,440 (107)	1,364 (121)	1,365 (145)	1,344 (145)
E.F.T.A. (Continental)	689 (22)	633 (21)	623 (25)	618 (22)
Japan	467 (48)	442 (43)	401 (47)	405 (43)
Eastern Europe	308 (77)	287 (80)	248 (50)	197 (25)
China	170	146	135	151
Other Countries	2,359	2,216	2,174	2,174
Total	11,385	11,168	10,934	11,068

Note:—Figures in brackets relate to India's trade.

INSURANCE BUSINESS IN BRITAIN

IMPRESSIVE GROWTH IN THE PAST TEN YEARS

INSURANCE business by British companies has grown at a fast rate during the last few years. The net premiums advanced from £981 million a decade back to more than double at £2,075 million in 1963—a record figure. The rise has been particularly remarkable in motor and accident business and life insurance. The net premium for motor and accident policies increased during the decade by 136 per cent to £680 million and for life insurance by 134 per cent to £984 million. As compared with the previous year, the total net premium was higher by 9.1 per cent or £173 million. There was an improvement in all the various branches of insurance, but, in the case of motor insurance, the rise was 13.1 per cent and for life insurance 12.3 per cent.

The impressive rise in the business of British insurance in the past decade is a remarkable achievement, especially as it took place in spite of the fact that the climate of international insurance (in which Britain has a substantial share) was more unsettled than at any other time, and the competition was growing, both in the long-existing and new markets. Moreover, as the developing countries are short of foreign exchange, they regard the premiums paid to foreign insurers as an unnecessary loss of foreign exchange, and many of these countries have passed restrictive legislation, retarding the growth of overseas business of British insurers.

Fire and Motor Insurance

Although the business has expanded at a fast pace, the profitability has not behaved favourably, mainly due to heavy underwriting losses. These losses were, amounting to £43 million, exceptionally high last year in the case of fire and accident insurance—due mainly to bad weather conditions. Fire damages alone resulted in a loss of £66.5 million last year. The estimate for the first ten months of the current year is £57.6 million—about two per cent higher than the loss during the corresponding period of last year—and is estimated to reach £68 million by this year-end. This is almost three times the loss six years back. These figures include both insured and uninsured damage, the insured part of it being considerably large. It was, therefore, inevitable for the insurance companies to combat these losses by raising the rates of premium. As an interim measure, a 15 per cent surcharge for all commercial and industrial fire risks was introduced from 1st December 1963. In the meantime, the Fire Offices Committee undertook a comprehensive survey of the incidence of fire losses, to decide where further and/or permanent increases in rates were required. This survey was completed at the end of July and the new rates—based on the recommendations of the Committee—will come into effect from 1st March 1965.

Adjustments in rates were also introduced in home motor business, with effect from 1st October 1963. The new rates are aimed at penalising the motorists with bad records, and those with a heavier risk element. A detailed research into the transactions of motor insurance business is now in process to find out whether there are any other solutions to the problem.

Marine Insurance

Heavy losses have again been one of the features of marine insurance. Apart from the losses of ships and the rising cost of repairs, there have been substantial rating concessions given to shipowners. To a great extent, the fortunes of marine insurers are bound up with those of the shipowners, whom they insure; and the shipowners are generally not running their business in profits now. Freight rates have come down substantially, the reason being that the capacities of transport are still much larger than the business available, and an increasing amount of cargo is being sent by air. Nevertheless, some improvement has resulted from the decision of insurers to charge higher premiums on shipments carried in tramp vessels, more than 20 years old. For many years, the limit had been 25 years and its lowering was brought about by the large number of casualties sustained by war-built vessels.

Life Insurance

Life insurance forms the most important part of total business of British insurance companies. As already stated, there was a rise of 134 per cent in the net life insurance premium during the last ten years. As a result, it accounted for 47.4 per cent of total net insurance premium in 1963—the corresponding figure being 42.9 in 1953 and 46.0 in 1962. New life policies, issued in 1963 covered a sum of £4,040 million—a new record—and the total sums assured (including bonuses) stood at £22,400 million, against £20,200 million in 1962 and £14,800 million in 1959.

A special feature of life insurance in Britain is that most of the insured people pay their premiums the "Home Service Insurance" way—that is, they are collected by an agent of the insurance company. Out of a total net premium of £984 million on life insurance, £220 million was covered by such policies in 1963, and, what is more, this form of insurance is getting more and more popular every day. The "Home Service" covers not only the collection of premiums, but also servicing of the contract, including prompt payment of benefits, usually in cash.

Impact of New Taxes

Life insurance is a long-term business. The contracts for the payment of benefits may mature in twenty years or even more. Thus, it calls for precise calculations to organise certainties out of uncertainties. The recent announcement by the Chancellor of the Exchequer, to introduce corporate and capital gains tax from the next fiscal year, has created anxieties among the insurers. The main questions now being discussed in the insurance circles are: (1) Will these measures tend to reduce investment income to the funds, and, if so, to what extent? And (2) Will they increase the amount of taxation payable by the funds; and, if so, by how much? Mr. E. H. Haynes, Chairman of the Life Offices' Association, has explained, in a very lucid way, the effect of these uncertainties on life insurance business. Writing in the *Financial Times*, London, a few days ago, Mr. Haynes points out that "the premiums of all these policies were based on past assumptions relating to the scale of earnings, likely to accrue to the fund from investment, and to the conditions under which taxation would be levied on those earnings. The calculation of premium rates for all new business depends upon contemporary assumptions and estimates. At present, the grounds for firm assumptions and estimates scarcely exist. The uncertainty, created by the lack of any definition, concerning the new tax proposals, inevitably prompts the question, whether current rates of premium require adjustment. Until hard facts are made available, worthwhile calculation is impracticable. It is, consequently, most important for the health of the business that uncertainties are, as far as possible, cleared up without delay."

On the role of life insurance for attracting savings, Mr. Haynes says: "The power to attract savings derives mainly from two factors in combination: low cost protection of dependents and high return on savings, invested in endowment assurances and with-profits contracts of all kinds. Both these factors result, in a large measures, from the skill and judgment exercised by the life offices, investing freely in keen competition with each other, to ensure the highest long-term income, they safely can, for their policyholders' funds. The need for massive regular saving, to underpin the economy and finance its expansion and modernisation, is not a matter of controversy. These savings must either be attracted or extracted. If they are to be attracted, no better mechanism to do the job can be devised than the free life assurance system, which has evolved in this country over the past 200 years." He has, therefore, pleaded that the new taxes should not deprive life assurance of the lasting conditions, it must have, if it is to go on exerting its unique power, to attract regular savings and to invest them skilfully for the benefit, alike, of its policyholders and the economy.

Investment Policy

Insurance not only serves the policyholders, but it is also one of the important sources of finance to both the public and private sectors. There has been a substantial change in the investment pattern of British insurers during the last decade. As compared with 1953, whereas the share of British Government securities and Commonwealth and other Government securities in total insurance investments has come down substantially, there has been a considerable rise in the shares of ordinary shares and mortgages and real property—the percentage share remaining almost unchanged in the case of debenture and preference stocks. The investments in British Government securities have come down from 32.6 per cent in 1953 to as low as 18.7 per cent in 1963. During the war days, it may be noted here, the insurance companies had invested most of their funds in the low-yielding British gilt-edged securities. Since then, the companies have not made any large sales of the securities, but have been investing the bulk of new funds in the other types of assets. The percentage share of gilt-edged has, therefore, come down sharply in the last decade. Commonwealth and other foreign Governments' securities are being held, mainly by the companies, having business transactions in foreign countries, either as compulsory deposits or voluntarily. The decline from 10.5 to 7.0 per cent in these securities is mainly accounted for by the fall in the foreign business of British insurers.

The British insurers investments in ordinary shares, during the decade 1953-63, increased from 12.5 per cent to 22.2 per cent, involving an increase of about £1,500 million in the value of holdings. The rise has been mainly due to the attractions of equity investments, from the point of view of both yield and capital gains. The share of mortgages and real property also increased by £1,500 million or from 18.9 per cent to 25.1 per cent. The money was used both to help a large number of people to own their own homes and also to finance the construction of commercial offices and shops.

Debentures and Preference Stocks

The share of debentures and preference stocks, however, remained constant at about 20 per cent. As a matter of fact, this share has remained more or less constant during the last 40 years. In terms of amount, however, the holdings increased during the decade by about £1,000 million. Most of this amount was used in subscribing for new issues.

By their very nature, life funds are long-term liabil ties and can safely be invested in long-dated securities. On the other hand, there is a tendency to invest non-life funds in short-term holdings. It was mainly due to this reason that a larger percentage of life funds, as compared with the non-life funds, were invested in British Government securities, debentures and preference stocks and mortgages and real property. As against this, non-life funds contributed a larger percentage for the holdings of ordinary shares (which are readily saleable). A very large share of the non-life funds was also invested in foreign Governments' securities—the share of life funds in these holdings being very low—the reason being that, whereas a substantial part of the non-life business of British insurers is in foreign countries, very few British offices do life insurance business overseas now. Although non-life funds are also invested in British Government securities, debentures and preference stocks and mortgages and real property most of these are of short-term maturity.

BOOM IN JAPANESE MOTOR BUSINESS

The number of motor cars on Japanese road has been increasing at the rate of 20 to 30 per cent a year in recent years, and at the end of June reached 4.39 million units, according to a survey by the Japan Automobile Industry Association. Of the total 2,712 000 were trucks, 1,420.000 passenger cars, 88.000 buses and 171,000 were special vehicles. Vehicle production increased 8.3 per cent between 1954 and 1963 and is matched by a corresponding increase in insurance. Total value of compulsory automobile liability insurance in fiscal 1963 showed an increase of 59.2 per cent over the previous year. The voluntary insurance increase was 34.4 per cent. These increases compare favourably with the 17.5 per cent in fire insurance and 10.5 per cent in marine insurance.

As a result, automobile insurance moved up to second place in total non-life insurance with a percentage of 28.8 in fiscal 1963 compared to 24.7 the year before. It surpassed marine insurance (22.4 per cent) which has always accounted for a large percentage of non-life insurance and moved closer to fire insurance (44.4 per cent). All vehicle owners are compelled by Japanese law to take out the compulsory automobile liability insurance. This means in effect, that as long as the current increase of 20 to 30 per cent a year in the number of vehicles in Japan continues, there will always be a corresponding increase in the amount of compulsory insurance. However, the percentage of vehicle owners taking out voluntary automobile insurance to cover damage to the car, damage to the other car and buildings, human life liability and other liabilities is only a little over 30 per cent.

KIRLOSKAR ELECTRIC COMPANY

RESULTS BETTER THAN EXPECTED

"THE Company has been following a policy of gradually expanding the production every year. However, during the current year 1963-64, the Board does not feel sure of achieving increased production due to severe curtailment in the supply position of pig iron and also of other raw materials like copper wire, etc., and as such, it will be difficult to maintain production let alone increasing it." This was what the Directors of Kirloskar Electric Company Ltd. (Managing Agents: Messrs. Kirloskar Associates, Harihar, Mysore State) had stated a year ago. Viewed from this context, the actual results of the Company for the year ended 30th June 1964, come as a pleasant surprise and give a complete lie to the earlier forebodings. Thus, the gross realisation from the sale of a well diversified range of electrical equipment which was on a continuously upward trend for the past many a year has expanded further by as much as 24 per cent from Rs. 465.54 lakhs to Rs. 560.61 lakhs. The gross profit which has been rising in consonance with the turnover has not only advanced as it should have, from Rs. 83.25 lakhs to Rs. 108.76 lakhs, but what is more, has been earned at an accelerated rate of 19.4 per cent, as against 17.9 per cent of the sale proceeds in the previous year. Unfortunately, a very substantial portion of the improved gross profit has been neutralised by the essential provisions which, in aggregate, have risen by Rs. 9.70 lakhs to Rs. 76.23 lakhs. Of these, the provision for the Managing Agents' commission takes up Rs. 10.48 lakhs as against Rs. 6.18 lakhs, that for depreciation Rs. 14 lakhs as against Rs. 13.85 lakhs, and for taxation Rs. 51.75 lakhs as against Rs. 47.50 lakhs. Even so, the net profit at Rs. 32.53 lakhs is more than twice as high as that of Rs. 15.72 lakhs the year before. Although out of this as much as Rs. 24.86 lakhs has been ploughed back, the Directors have still found it possible to raise the dividend by 2½ points to 12.5 per cent subject to deduction of tax. This claims Rs. 7.67 lakhs, as against Rs. 6.14 lakhs a year before. As though to compensate the shareholders for the loss suffered by them a year ago when the dividend was lowered by two points to ten per cent, the Directors further propose to issue bonus shares in the proportion of one for three by capitalising a sum of Rs. 20.45 lakhs out of the amount standing to the credit of the general reserve. This is, however, subject to the consent of the Industrial Finance Corporation and sanction of the Controller of Capital Issues.

The rapid strides made by the Company during the past four years are well brought out by the following comparative table:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sale of products (gross) ..	560.66	465.54	357.65	285.69
Other income	0.58	0.18	0.13	0.07
Closing stock of finished goods ..	18.06	11.72	11.00	10.51
Raw materials, stores and spare parts consumed	375.59	311.01	238.30	188.07
Other expenses	83.23	72.18	62.84	57.70
Gross profit	108.76	83.25	57.13	46.49
Managing Agents' remuneration.	10.48	6.18	4.84	3.37
Provision for—				
Depreciation	14.00	13.85	9.43	7.36
Taxation	51.75	47.50	24.00	12.88
Net profit	32.53	15.72	19.25	17.18
Withdrawal from reserves and provisions		1.78	0.52	..
To reserves	24.86	11.38	14.53	12.38
Dividend	7.67 (12.5%)	6.14 (10%)	5.25 (12%)	4.81 (11%)
Carry forward	..	..	0.02	0.02
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	22.25	23.62	23.75	15.80
Low	18.40	16.91	17.00	12.50

Notwithstanding the difficulties experienced in the procurement of essential raw materials, the Company continued to maintain good progress in regard to production of electric motors, transformers and alternators. The production of welding generators which was taken up recently also progressed well and it is now expected that the rated capacity in this regard would be attained within a year's time. Meanwhile, the Company has been granted letters of intent for its expansion schemes in regard to the manufacture of flameproof motors as also for alternators up to 1,500 kva and steps are being taken to process these schemes further. As for the manufacture of larger-size transformers and the modernisation of its foundry, the Company has negotiated a foreign exchange loan of Rs. 38.34 lakhs with the Industrial Finance Corporation of India for the import of necessary plant and equipment. The loan was finally sanctioned recently and steps to purchase the capital equipment for these projects are being taken.

As at the date of the balance sheet, namely, 30th June 1964, the Company's own funds aggregate Rs. 146.80 lakhs, made up of Rs. 61.97 lakhs in ordinary shares of Rs. 10 each fully paid up and Rs. 84.83 lakhs in reserves and surplus. As against these, the outside interest totals Rs. 203.25 lakhs, comprising Rs. 53.68 lakhs in borrowings and Rs. 149.57 lakhs in current liabilities and provisions. This is, however, fully covered on the assets side by the total of current assets, loans and advances aggregating Rs. 224.06 lakhs. Investments, most of which are in the ordinary shares of Kirloskar Asea Ltd., are shown in the balance-sheet at cost as Rs. 4.36 lakhs. During the year under review, net additions to fixed assets aggregated Rs. 23.81 lakhs and this has inflated the gross block account to Rs. 181.01 lakhs. On deduction therefrom Rs. 67.25 lakhs being the depreciation provided so far, the net block works out to Rs. 113.76 lakhs. Besides this, there is the item capital work-in-progress valued at Rs. 7.87 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently priced at Rs. 22.25 *cum-div.* and fetch a net return of 4.7 per cent per annum.

J. K. STEEL SCRAPES THROUGH

There is nothing significant to stress about the working of J. K. Steel Ltd. [Managing Agents: Messrs. J. K. Industries (P) Ltd., Calcutta] during the year ended 30th June 1964. The results show that the Company has just scraped through. Sales have actually receded from Rs. 173.31 lakhs to Rs. 159.32 lakhs, and the Directors' explanation is that the previous year's turnover included sale of accumulated stock of jute baling hoops. Indeed, the stock of finished goods at the start of the previous year was higher at Rs. 23.50 lakhs as compared with Rs. 8.79 lakhs at the start of the year under review.

This also explains the increase in the purchase of raw materials from Rs. 68.19 lakhs to Rs. 97.27 lakhs during the year under review, since to maintain production the Company had to buy more raw materials. But, while staff expenses have also gone up from Rs. 17.40 lakhs to Rs. 19.82 lakhs, other expenses have come down from Rs. 19.02 lakhs to Rs. 16.64 lakhs. Consequently, gross profit, at Rs. 33.99 lakhs, is just only a shade below the previous year's figure of Rs. 34.78 lakhs.

The essential provisions have been more or less maintained, and the net profit is a little higher at Rs. 14.52 lakhs as compared with Rs. 14.46 lakhs for the year before. But with the amount brought in being only Rs. 2,000, as against Rs. 87,000 a year before, the transfer to reserves is a little lower at Rs. 7.54 lakhs as against Rs. 8.39 lakhs in the previous year, while, after paying the preference shareholders, the dividend on the 10-rupee ordinary shares has been maintained at 15 per cent per annum.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sale proceeds, less commission paid	159.32	173.31	111.94	152.00
Stock of finished goods ..	11.93	8.79	23.50	15.74
Other income	0.77	0.83	0.54	0.55
Materials and stores consumed..	92.79	88.23	71.00	100.35
Staff expenses	19.82	17.40	12.15	14.86
Other expenses	16.64	19.02	11.11	8.79
Gross profit	33.99	34.78	25.08	36.37
Depreciation	3.50	3.18	2.77	7.49
Taxation	13.44	14.63	9.10	9.85
Managing Agents' commission..	2.53	2.51	1.85	2.76
Net profit	14.52	14.46	11.36	16.27
Transfer to reserves	7.54	8.39	6.55	11.31
Dividends—				
7% (tax-free) C.R. preference	0.01	0.01	0.01	0.01
Ordinary	6.00 (15%)	6.00 (15%)	4.00 (10%)	4.00 (20%)
Carry forward	0.09	0.02	0.87	0.96
Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	18.12	18.12	20.62	35.06 C.R.	18.60
Low	14.87	13.44	15.62	15.44 X.R.	12.62

The increase in the retention price of jute baling hoops for 1962-63 has amounted to Rs. 1.70 lakh and has been credited to the last year's accounts. The Company has again represented to the Government for a review of these retention prices because they are inadequate. Billet supply remains unsatisfactory and the restrictions on electric power supply continue. Notwithstanding all this, sales during the first four months of the current year have been higher and are expected to maintain this upward trend in the rest of the year.

It is interesting to find that the Company has started manufacturing electric hoist and chain pulley blocks and that its products have been well received in the market. But the wire rope project to double the existing capacity, which, in 1963, was expected to come into commission in about one year's time, is still to materialise. Machinery for the project, for which the I.C.I.C.I. has loaned Rs. 36 lakhs in foreign exchange, is due to arrive soon. Since the commissioning of the plant will take some months, it is doubtful whether the current year will show any benefit from the expansion. The schemes for expanding the cold rolling mill to obtain an additional production of 4,800 tonnes of cold rolled strips per year and for manufacturing electric overhead travelling cranes are being pursued.

With its "own" funds, including reserves of Rs. 51.88 lakhs, aggregating Rs. 101.88 lakhs, the Company has raised loans of Rs. 23.19 lakhs, of which only Rs. 4.71 lakhs are of a short-term nature. These short-term loans and current liabilities and provisions make a total of Rs. 107.98 lakhs, which is exceeded by current assets and loans and advances by Rs. 34.37 lakhs. Investments have declined during the year from Rs. 14.91 lakhs to Rs. 11.92 lakhs, out of which Rs. 8.79 lakhs are quoted lower at Rs. 8.67 lakhs. The gross block now works out to Rs. 108.44 lakhs, as against Rs. 97.99 lakhs at the end of the previous year and has been written down to Rs. 74.16 lakhs.

At Rs. 17.94 *cum-div.*, which is their current market value, the Rs. 10 fully paid ordinary shares of the Company offer a net yield of 7.1 per cent per annum.

COMMERCE AND INDUSTRY

(*Concluded from page* 1047)

the Continental member-countries of the E.F.T.A., its exports to this group in 1963 being 10 per cent higher than in 1962.

The Commonwealth also shared fully in the expansion of imports into Japan, its total exports to this country during 1963 being 27 per cent as compared with 1962. With the exception of Ceylon, all the leading Commonwealth countries sent more to Japan

Exports from Commonwealth countries to Eastern Europe were higher by 25 per cent, due to a rise in the value of exports from Canada, especially of wheat. The upward trend of exports to China, which had been decreased in 1962, was resumed during 1963, when the total exports rose by as much as 36 per cent.

India's trade with other developing countries and with Eastern Europe is expanding within the usual administrative framework of trade agreements. Trade under most agreements is in inconvertible rupees, but, in the case of Pakistan, where it has been found to be difficult to maintain a bilateral balance, the trade is now in sterling. The target for trade with the U.S.S.R. was achieved in 1963, and both imports and exports with Eastern Europe have risen very rapidly since 1959. Barter agreements are also important, and agreements with Ceylon, Jordan the U.A.R., Iraq, Chile and and Indonesia, among others, were signed during the year.

How India fared in Commonwealth trade is indicated in both Table A and Table C. The terms of trade moved slightly in India's favour during the year 1963 following a small rise in the export price index. This improvement, coupled with a reduction in imports, brought the deficit on merchandise trade to the lowest level for several years. The actual deficit in 1963 was lower at Rs. 312 crores, as against the deficit of Rs. 462 crores in 1962.

INDIA'S CATTLE ECONOMY

India's livestock population, covering cows, buffaloes, sheep and goats, is as much as 336 million. This immense animal wealth sustains the country's agricultural economy. The role played by cattle is, therefore, an interesting subject for study. Such a study, incidentally, is to be found in the publication: "Building From Below—Essays on India's Cattle Economy" (published by *Sarva Seva Sangh-Krishi Goseva Samiti*, 37 Shanker Market, Connaught Circus, New Delhi-1). The publication has a collection of articles on the country's cattle economy, with special reference to cows, written by eminent authorities on the subject. The statistical supplement to the publication gives important details regarding the general utility of cattle, their breeds and habitat, quantity and value of livestock products, contribution of cattle to national income, area under fodder crop, animal waste in relation to soil fertility, cattle farms in the country and training facilities in dairy farming.

SPENCER & CO. MAINTAINS DIVIDEND

PROFITS, HOWEVER, LOWER

A MODEST setback has been suffered by Spencer and Company (Chairman: Mr. Z. R. Irani, Madras), one of the largest trading houses in the South, in its profit for the year ended 30th June 1964. Thus, whereas the turnover has increased by about 10 per cent from Rs. 537.80 lakhs to Rs. 589.61 lakhs, accompanied by a small rise in other income and closing stock of finished goods, the gross profit has declined by Rs. 4.02 lakhs to Rs. 24.45 lakhs, the lowest level to be touched during the past four years, despite steadily rising sales. The ratio of gross profits to gross sales works out to 4.1 per cent or 1.2 points below that for the previous year. Commenting on this somewhat discouraging state of affairs, the Directors observe: "The considerable increase in the cost of living index figure has resulted in a very steep increase in the payment of dearness allowance at all branches of the Company. It has not generally been possible to pass such increases on to the consumer and these have had to be absorbed in working expenses with a consequent lowering in profits. Since the close of the financial year, there have been further appreciable rises in the cost of living and these have naturally resulted in increased dearness allowance payment." Staff expenses have thus increased from Rs. 61.92 lakhs to Rs. 67.90 lakhs but, as will be seen from the following comparative table, other expenses too have risen. The cost of materials, finished goods and stocks consumed has advanced somewhat disproportionately from Rs. 416.59 lakhs to Rs. 474.30 lakhs, while other expenses are up from Rs. 43 lakhs to Rs. 47.75 lakhs. Although depreciation at Rs. 4.35 lakhs is only a little higher than previously, the provision for taxation has fortunately declined by Rs. 3.75 lakhs to Rs. eight lakhs. The resulting net profit at Rs. 12.10 lakhs is, therefore, only a shade less as compared with Rs. 12.59 lakhs earned in the year before. After transferring Rs. 1.34 lakh from this to reserve and provisions and setting aside a further Rs. 3.93 lakhs for payment of preference dividend, the Directors have proposed to maintain the ordinary dividend at 18 per cent, subject to tax, inclusive of the interim of six per cent paid earlier. This claims Rs. 7.20 lakhs as before, leaving Rs. four lakhs as carry forward as against Rs. 4.37 lakhs brought in.

The working results of the Company for the past four years are presented synoptically in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sales and receipts less excise	589.61	537.80	505.36	451.71
Other income	18.05	16.77	17.08	17.03
Stocks of finished goods	120.96	114.72	119.18	111.23
Materials, finished goods and stores consumed	474.30	416.59	402.79	361.69
Staff expenses	67.90	61.92	59.28	56.23
Other expenses	47.75	43.00	39.72	38.20
Gross profit	24.45	28.47	28.05	29.53
Depreciation	4.35	4.13	4.07	3.89
Taxation	8.00	11.75	10.85	10.75
Net profit	12.10	12.59	13.13	14.89
Provisions written back			0.41	0.74
To reserves and provisions	1.34	7.82	1.01	2.25
Dividends—				
Preference	3.93	3.93	4.18	4.17
Ordinary	7.20 (18%)	7.20 (18%)	7.20 (18%)	7.20 (18%)
Carry forward	4.00	4.37	10.74	9.57
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	22.37	24.50	24.50	25.25
Low	20.75	20.12	21.62	21.86

Severe draught from September 1963 to January 1964 caused a considerable drop in production at the Company's Rob Roy tea estates from 206,000 kg. to 175,000 kg. The average price quoted in auction was, however, only slightly better at Rs. 4.42 per kg., as against Rs. 4.34 per kg. and so the profit for the year was adversely affected. The profits of hotel business on the other hand, continued to be satisfactory and resulted from a large increase in the average daily occupancy. At the Madras aerated water factory, a new automatic syruping, filling, crowning, labelling and washing machine was installed and is now reported to be in full use in place of the old plant which had very much lower production capacity. The Board feels that the improvement both in output and quality should give better results during the current year.

It will be recalled that, in their previous report, the Directors had made a reference to a three-storeyed building that was being constructed on land belonging to the Company facing Mount Road at Madras; this was to be used partly for the Company's own business and the rest was to be let out. We are now told that the building was completed in October 1964 and portions of it have already been let out. The ground floor, the Directors state, has made admirable showrooms and is being used by the Company's steel equipment division. Similarly, the 20-bedroom block at the West End Hotel, Bangalore, the plans for which were approved the previous year, is also nearing construction and when brought into use early in 1965 will satisfactorily add to the revenue of the hotel.

The Company's financial position as revealed by its balance-sheet as at 30th June 1964 is quite comfortable. The paid-up share capital continues to stand at Rs. 100 lakhs, of which as much as Rs. 60 lakhs are in two classes of preference shares of Rs. 10 each and the balance in ordinary shares also of Rs. 10 each. This is supported by reserves and surplus aggregating Rs. 114.89 lakhs to give a total of own funds of Rs. 214.89 lakhs. As against these, the borrowings total Rs. 70.07 lakhs and current liabilities and provisions another Rs. 77.20 lakhs. Both these together are, however, more than adequately covered by current assets, loans and advances all amounting to Rs. 231.38 lakhs. Investments are carried in the books at a cost of Rs. 38.15 lakhs, a substantial portion of which is in the shares of subsidiary or associated companies. During the year under review, the Company acquired new assets worth Rs. 7.52 lakhs and this has resulted in raising the gross block to Rs. 172.88 lakhs. On deducting therefrom Rs. 93.61 lakhs being the depreciation to date, a net block of Rs. 79.27 lakhs is obtained. This excludes the capital work-in-progress valued at Rs. 13.36 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 21.50 *cum-final div.* On reducing the price to the *ex*-dividend level, the net return on fresh investment works out to about seven per cent per annum.

SANDOZ PLANS FOR NEW PRODUCTS

Sandoz (India) Ltd., which is entering the capital market on the 14th inst. with a public issue of Rs. 30 lakhs, has launched a number of expansion plans. Dr. G. Buschauer, Works Director of the Company, told pressmen on the 8th instant that the Company proposed to start the production of an intermediate for the manufacture of cancer drug. The intermediate would be derived from a herb, called 'bankakri,' grown in a 200-acre nursery in the hilly areas of Northern India. Mr. H. Frank, another Director of the Company in charge of the dyes division, stated that the installation of the plant for the production of dyes was likely to be completed shortly. The total licensed capacity for the three dyestuffs, namely, azo dyes, metal complex dyes and phthalocyamine dyes, will be 540 tonnes per annum, but production during the first year is expected to be 200 tonnes. The production of agro-chemicals is also likely to be increased to meet the increased demand in the country. The Company has already made a start in exporting the drugs manufactured by it, and has ambitious plans to increase these exports when the new plants go into production.

NEWS IN BRIEF

THE Government of Uttar Pardesh has decided to set up an export promotion corporation with a capital of Rs. 60 lakhs to increase the export trade.

The Supreme Court has held valid Section 3 of the Wealth Tax Act, 1957, which provides for the levy of wealth tax on the net wealth of a Hindu undivided family.

The Indian Council of Agricultural Research has decided to give 100 per cent financial assistance to agricultural universities for research schemes under taken on behalf of the Council.

The employees Provident Fund Scheme is being extended to cover about 4,400 workers, employed in 29 milk and milk product factories with effect from the beginning of next year.

The Indian Trade Unions (Amendment) Bill, which seeks to prevent persons convicted of an offence involving "moral turpitude" from occupying any office in a trade Union, was passed by Parliament on the 7th inst.

The State-owned Bharat Electronics produced Rs. 6 crores worth of goods during the year 1963-64, as against the output amounting to Rs. 3 crores in 1962-63. The production is expected to rise to Rs. 7 crores in 1964-65 and further to Rs. 8.5 crores in 1965-66.

There is no proposal to impose control on the price of *vanaspati*, according to Mr. C. Subramaniam, Union Food and Agriculture Minister. The minister hopes that the price will come down in view of the "fairly adequate" production of groundnuts.

The Director of the Labour Bureau, Government of India, is at present engaged in compiling a new series of consumer indices with 1960 as base for 50 centres. On the basis of this series, the Director will formulate the all-India new series.

The Government of India and Pakistan have tentatively agreed on the disposal of the erstwhile Hyderabad Government funds lying with the Westminster Bank at London in the ratio of 60:40. The money thus obtained will be utilised for providing scholarships to Indian students.

The shipping period for exports of cotton yarn under the Indo-U.K. quota agreement for 1964 has been extended upto 31st March next. This facility is allowed only to those exporters who have effected the shipment of 75 per cent of their entire 1964 quotas by the end of this month.

The Union Government's decision to increase the allotment of newsprint to 10 per cent every year has not yet been implemented, owing to foreign exchange difficulties and in view of the fact that none of the three private units licensed to produce newsprint has made any headway.

The removal of the ban on issuing new licences for manufacturing scooters is under the active consideration of the Government. The estimated demand for scooters and three wheelers during 1964-65 is estimated at 60,000 units, which is double the production of 30,000 units.

The Hindustan Steel Ltd. incurred a net loss of Rs. 4.79 crores during 1963-64, after providing Rs. 32.19 crores for depreciation and Rs. 17.71 crores on account of interest on Government loans. The loss is attributed to the fact that the production of saleable steel did not reach the full-rated capacity.

The Central Government has granted a licence to a Gujarat industrialist to set up a factory to produce instant food from bananas, limes, mangoes, tomatoes and milk. The proposed factory is to be set up at Bulsar in collaboration with a U.S. firm. The capacity of the plant will be 1,000 tonnes a year, and 25 per cent of the finished produces will be exported.

The fourth blast furnace of the Bhilai Steel plant, claimed to be the biggest in Asia, was commissioned on Tuesday this week by Mr. P. C. Sethi, Union Deputy Minister for Steel and Mines. The furnace has a capacity of 6,739 tonnes of pig iron per day and is 1,719 cu. metres in volume. It cost Rs. 10.3 crores and required 1,372,000 mandays to build.

The question of setting up a sugar marketing board has been referred to the Sen Commission and a final decision on it will be taken soon, after the commission's report is submitted to the Government. The centre is also considering whether the Food Corporation can be entrusted with the distribution of sugar also, so that there is no need for a separate sugar marketing board.

A DM-60 million (Rs. 70,60,000) plant to produce high quality special steels is proposed to be built by the Duisburg engineering firm of Demag (West Germany) at Bhadravati in Mysore State. The cost of the project will be met from a credit being extended by the West German Government. The production capacity of the plant is expected to be about 80,000 to 100,000 tons of various kinds of high quality steel per annum.

An agreement providing for agricultural commodity assistance was signed at New Delhi on the 4th inst. between the Governments of India and West Germany. The agreement covers 1,700 tons of fertilisers, six tons of plant protection material and agricultural implements together worth Rs. 11 lakhs. The programme is designed to assist in the implementation of the Indo-German agricultural development project at Mandi in Himachal Pradesh.

A raw materials depot for small industries, financed by the National Small Industries Corporation, is proposed to be set up in Delhi during the fourth Plan period. The depot will procure raw materials (imported and indigenous) through its own resources and also those of the State Trading Corporation, the Minerals and Metals Trading Corporation, and other organisations. It will distribute raw materials on the recommendations of the Directorate of Industries. It will have a revolving fund of Rs. 40 lakhs to buy and stock raw materials.

A 14-member third Electric Power Survey Committee headed by Mr. K. P. S. Nair, Chairman of the Central Electricity Authority, has been constituted to guide the load survey of the country during the next year. It includes the representatives of the Planning Commission, State electricity boards, electricity undertakings in the private sector, as also Mr. K. B. Mathur, Chairman, Heavy Electricals and Dr. P. S. Lokanathan, Director General, National Council of Applied Economic Research. The first survey committee was set up in 1962 and the second in January 1964.

In spite of the liberal licensing of capacity for manufacture of pig iron in the private sector and the setting up of additional blast furnaces at Bhilai and Durgapur, India will continue to experience shortage of pig iron for some more time, according to Mr. Sanjiva Reddy, Union Minister for Steel. The Government is also considering the possibility of setting up a low shaft furnace at Bhilai with a capacity of 150 to 200 tons of pig iron per day. Feasibility studies have also been undertaken at eigth locations in the country with a view to erecting a few blast furnace complexes for the production of pig iron. A technical committee has been appointed to suggest measures for increasing the blast furnace efficiency at the existing steel plants by effecting technological improvements.

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From Abroad

The Bank rate in South Africa has been raised from 4 to 4.50 per cent with effect from the 8th inst.

World production of natural rubber in 1963 is estimated at 2.21 million long tons and that of synthetic rubber at 2.76 million tons.

China is reported to have offered a loan of £30 million carrying an interest of 2.5 per cent to the United Arab Republic. The U.A.R. Minister for Industries is visiting Peking shortly to discuss the details of the loan offer.

The world population will rise from 3,300 million at present to 4,300 million by 1980. This is the estimate made by the American Bureau of Population Studies. The World population is growing at a rate of 65 million annually, that is, more than the population of Great Britain.

The New Zealand Institute of Economic Research has revised upward its estimate of New Zealand's gross national product for the year ending 31st March 1965, and now expects an increase of 7 per cent, as compared with 10 per cent in 1963-64. The gross national product for 1964-65 is currently estimated at £1,711 million.

Canada's gross national product in the second quarter of 1964 is estimated at an annual rate of $46,000 million, slightly more than one per cent higher than in the first quarter. Nearly all of this, however, represents higher prices, leaving the volume of the nation's output much the same. The Gross National Product value, excluding net farm income, rose by about one half of one per cent.

Britain exported £66.6 million worth of staple fibre, yarn, woven and knitted fabrics during the first ten months of the current calendar year, as against the exports of £54.7 million in the corresponding period last year. Britain also exported £16.3 million worth of staple fibre (including waste) and £30.3 million worth of filament yarn, the corresponding figures for the same period last year being £13.4 million and £25.1 million, respectively.

The aggregate oil refining capacity of the Common Market countries is likely to show an annual growth rate of 11 per cent between 1963 and 1968, reaching a total of 328 million tons by the latter year, according to the E.E.C. Commission. Refined product output is expected to reach 251.4 million tons by the same date. Imports of refined products increased from 21.6 million tons in 1962 to 25.9 million tons in 1963, while exports rose from 27 million tons to 29.8 million tons.

A West German shipping line has placed an order for a British Hovercraft for use on passenger services on the River Elbe and for trips to German North Sea beaches and islands. The Hovercraft, a Westland SR.N5, which can carry 20 passengers at a speed of 70 knots, will be delivered in June 1965. The Mitsubishi Company of Tokyo and Bell Aerosystems, of the U.S. have already taken delivery of the SR.N5s they had ordered from Westland, and a third will be supplied to Scandinavian Hovercraft Promotion of Oslo, Norway, early next year. Two SR.N5s are being operated by the British Inter-Service Hovercraft Trials Unit.

The U.S. Treasury has announced important amendments to the anti-dumping regulations which will come into force in a month's time. The important amendments are: the evidence submitted to the treasury by parties in anti-dumping cases will no longer be treated as confidential; interested parties will be allowed to argue their cases in each other's presence rather than separately; an allowance will be made for a quantity discount only if it is actually enjoyed with respect to 20 per cent of merchandise sold in the home market or unless it is justified by cost; the present retroactive application of dumping duties will largely be eliminated.

The Common Market Commission has submitted to the Council its proposals for a unitary community market organisation for food, oils and fats. It has suggested a community financed system of deficiency payments to producers, in addition to the usual market intervention procedure. For olive oil, colza, rape and sunflower seed, a new "norm" price will be fixed corresponding to the fair return for the producer. Deficiency payments will be made when the target price, which will take account of competing products, falls below this norm level. Processing industries buying oilseeds of community origin will receive a rebate equal to the difference between the norm price and the world market price.

All the three major New Zealand—based non-life insurance companies, namely, New Zealand, National and South British, have reported reduced overall net profits for the year 1963-64. Smaller underwriting profits are a prime factor in these results. In particular, underwriting emanating from Britain was a contributing cause, with higher loss ratios in the fire accounts. Accident business and premium income generally improved, although vehicle insurance continued to require careful watching. Underwriting result for Australia and New Zealand were satisfactory and have so far retained a greater degree of stability than elsewhere. Non-marine business in the U.S. has now completely "run-off," but marine accounts are still being operated there. Investment income from various sources has helped to offset declines experienced in underwriting profits.

The Canada Labour (Standards) Code, recently introduced in Parliament, is intended to establish, for the first time in Canada's history, a "package" of minimum standards covering basic working conditions for those engaged in the part of the Canadian economy that falls within federal jurisdiction. The proposed code, which will apply to employment on or in connection with the operation of any work, undertaking or business within the legislative authority of the Parliament of Canada, provides for a wage-rate of not less than $1.25 an hour; a standard eight-hour day and 40-hour week, with time-and-a-half for overtime (which is limited under ordinary conditions to eight hours a week); seven general holidays with pay and an annual vacation of two weeks with pay after every completed year of employment. Industries covered under this code include shipping, air transport, inter-provincial rail and highway transport and communication, as well as banking, uranium mining, grain elevators, feed mills and certain Crown Corporation.

PERSONAL

MR. Lal Bahadur Shastri, Prime Minister of India, returned on Monday this week after a six-day visit to the U.K.

Mr. R. C. Dutt, Special Secretary, Department of Revenue and Company Law, Ministry of Finance, has been appointed Secretary, Company Affairs and Insurance.

Dr. S. B. Dutt, a senior Director of the United Bank of India, has been elected Chairman of the Board of Directors of the Bank, *vice* Dr. N. N. Law who has retired on grounds of health.

Mr. P. R. Subramanian, till recently Chairman of the Cochin Port Trust, assumed charge as the General Manager of the Bombay Port Trust on Monday this week *vice* Mr. E. H. Simoes, who has been appointed Chairman of the Mormagao Port Trust.

Mr. Jagdish Prasad, Engineer-in-chief, Public Works Department, Uttar Pradesh, has been elected President of the Indian Roads Congress for the year 1964-65. Mr. B. D. Mathur (Chief Engineer, P.W.D., Rajasthan), Mr. S. N. Gupta (Chief Engineer, W. Bengal), and Mr. Z. S. Shah (of Burmah-Shell) have been elected Vice-Presidents.

A CORRECTION

Mr. Ramnath A. Podar, Mr. Zafar Futehally, Mr. S. M. Dahanukar, Dr. R. C. Cooper, Mr. K. C. Maitra and Prof. M. L. Dantwala have been nominated (by the Central Government) members of the reconstituted Bombay Local Board of the State Bank of India and not Members of the Bombay, Calcutta, Madras, New Delhi, Kanpur and Ahmedabad Local Boards, respectively, as was mentioned in our last issue.

Notices

THE KINNISON JUTE MILLS COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT A GENERAL Meeting of the holders of Rs. 25,00,000 five per cent Registered debentures of Rs. 1,000 each of the abovenamed Company constituted and secured by a Trust Deed dated the 30th day of December 1949 will be held at the Registered Office of the Company at Chartered Bank Buildings, Calcutta on Tuesday the 22nd day of December 1964 at 11.00 a.m. to consider, and if thought fit, to pass with or without modification, the following Resolutions which will be proposed as Resolutions as required by Clause 58 of the said Trust Deed.

"That this General Meeting of the holders of 2,500 five per cent Registered Debentures (hereinafter called "the said Debentures") of The Kinnison Jute Mills Company Limited (hereinafter called "the Company") constituted and secured by a Trust Deed (hereinafter called "the said Trust Deed") dated the 30th day of December 1949 and made between the Company of the one part and George Reid Crooks and Hugh Clough Waters as Trustees of the other part hereby assents to and sanctions:

1. *a*) the date of redemption of the said debentures being postponed from the 31st day of December 1964 to the 31st day of December 1979 with liberty to the Company to purchase at any time in the market at or under par (exclusive of accrued interest but inclusive of costs of purchase) all or any of the said Debentures for the time being outstanding and with further liberty to the Company to redeem at par the said Debentures or any part thereof (in the latter case by drawings) on the 30th day of June 1975 or any subsequent half-yearly date of payment of interest on giving not less than six calendar months' notice in writing of such intention to the Registered holders of the said Debentures or their legal personal representatives Provided that any debentureholder present at the meeting or if he has not attended the meeting, has in writing before the due date of the redemption expressed his wish to have his holding of debentures repaid before the 31st December 1964 he shall be paid in cash on or before that date;

(*b*) subject to the approval of the Controller of Capital Issues the rate of interest payable on the said Debentures being increased from five per cent per annum to seven and half per cent per annum as from the 1st day of January 1965.

2. That the said Trust Deed be further amended so as to provide that—

a) a fixed charge be created by the company—

i) on all its lands (in addition to the fixed charge created on the lands referred to in the First Schedule to the said Trust Deed) and other immovable properties as may be or may have been acquired at any time during the continuance of the said Trust Deed; and,

ii) on its plant and machinery both existing as well as future in lieu of the floating charge created by the said Trust Deed; and

b) the Company do establish a Cumulative Sinking Fund on the following terms and conditions:

i) during the year ending the 31st day of March 1967 and during every succeeding year ending the 31st day of March whilst any of the said Debentures remains outstanding the Company shall set aside out of the distributable profits (as hereinafter defined) of the Company's financial year ending on the 31st day of March of each such year, as and by way of a Sinking Fund, a sum not less than Rs. 1,00,000 PROVIDED THAT the Company may in any year credit to the Sinking Fund a sum in excess of the foregoing annual instalment and the amount of such excess may be applied by the Company in reduction *pro tanto* of its obligations under this condition in any subsequent year or years;

ii) the Company may at any time and from time to time apply the whole or any part of the amount for the time being standing to the credit of the Sinking Fund in the purchase of the said Debentures in the market at any price not exceeding par exclusive of accrued interest but inclusive of costs of purchase;

iii) the amount for the time being standing to the credit of the Sinking Fund may be applied by the Company in redemption of the said Debentures but any accrued interest on the Debentures so redeemed shall be payable by the Company otherwise than out of the Sinking Fund;

iv) such part of the amount to the credit of the Sinking Fund as shall not be applied in or towards the purchase or redemption of the said Debentures shall be deposited in the name of the Company with a Bank to be approved by the Trustees or may at the option of the Company be invested in Trustee Securities with full power for the Company to vary and transpose such investments. The expenses of the purchase of such investments shall be borne by the Sinking Fund and the net proceeds of sale thereof and all income accruing therefrom shall belong to the Sinking Fund;

v) all Debentures purchased or redeemed out of the Sinking Fund shall be cancelled and the Company shall not be entitled to keep the same alive for the purpose of re-issue nor to re-issue the same;

vi) for the purposes of this condition the expression "distributable profits" shall, unless otherwise agreed by the Company and the Trustees for the time being of the said Trust Deed, mean the profits of the Company in respect of the Company's financial year ending on the 31st day of March excluding any profit carried forward from a previous year and after providing for Income-tax, Super-Tax, Sur-Tax and any other tax as may be payable by the Company but before setting aside any sum to reserve. The amount of such profit shall be certified annually by the Company's auditors.

3. That for the purpose of effecting the foregoing modifications of the said Trust Deed the present Trustees thereof be and are hereby authorised to concur with the Company in the execution of a Supplemental Trust Deed in the form of the draft submitted to this meeting and for the purpose of identification initialled by the Chairman hereof subject to such amendments, if any, as the said Trustees may require or agree.

By Order of the Board,

F. W. HEILGERS & Co. (PRIVATE) LTD.
Managing Agent.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA 1.
Dated the 28th November, 1964.

Notes:

1. A debentureholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a debentureholder.

2. The relative Explanatory Statement is annexed to this Notice.

3. The draft Supplemental Trust Deed referred to in this Notice may be inspected at the Registered Office of the Company and will also be available at the meeting.

THE AUCKLAND JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT A General Meeting of the holders of Rs. 15,00,000 four per cent Bearer Debentures of Rs. 1,000 each of the abovenamed Company constituted and secured by a Trust Deed dated the 2nd day of October, 1945 will be held at the Registered Office of the Company at Chartered Bank Buildings Calcutta on Tuesday the 22nd day of December 1964 at 11.10 a.m. to consider, and if thought fit, to pass with or without modification, the following Resolutions which will be proposed as Resolutions as required by Clause 59 of the said Trust Deed.

"That this General Meeting of the holders of 1,500 four per cent Bearer Debentures (hereafter called "the said Debentures") of The Auckland Jute Company Limited (hereinafter called "the Company") constituted and secured by a Trust Deed (hereinafter called "the said Trust Deed") dated the 2nd day of October, 1945 and made between the Company of the one part and Arthur Paul Benthall and Hugh Clough Waters as Trustees of the other part hereby assents to and sanctions:

1. *a*) the date of redemption of the said Debentures being postponed from the 31st day of December 1964 to the 31st day of December 1979 with liberty to the Company to purchase at any time in the market at or under par (exclusive of accrued interest but inclusive of costs of purchase) all or any of the said Debentures for the time being outstanding and with further liberty to the Company to redeem at par the said Debentures or any part thereof (in the latter case by drawings) on the 30th day of June 1975 or any subsequent half-yearly date of payment of interest on giving not less than one calendar month's notice of such intention by advertisement once at least in two newspapers circulating in the district of the Registered Office of the Company. Provided that any debentureholder present at the meeting or if he has not attended the meeting, has in writing before the due date of the redemption expressed his wish to have his holding of debentures repaid before the 31st December, 1964, he shall be paid in cash on or before that date;

b) subject to the approval of the Controller of Capital Issues the rate of interest payable on the said Debentures being increased from four per cent per annum to seven and half per cent per annum as from the 1st day of January 1965.

2. That the said Trust Deed be further amended so as to provide that—

a) a fixed charge be created by the company—

i) on all its land (in addition to the fixed charge created on the lands referred to in the First Schedule to the said Trust Deed) and other immovable properties as may be or may have been acquired at any time during the continuance of the said Trust Deed; and,

ii) on its plant and machinery both existing as well as future in lieu of the floating charge created by the said Trust Deed; and

b) the Company do establish a Cumulative Sinking Fund on the following terms and conditions:

i) during the year ending the 31st day of March 1967 and during every succeeding year ending the 31st day of March whilst any of the said Debentures remains outstanding the Company shall set aside out of the distributable profits (as hereinafter defined) of the Company's financial year ending on the 31st day of March of each such year, as and by way of a Sinking Fund, a sum not less than Rs. 1,00,000 PROVIDED THAT the Company may in any year credit to the Sinking Fund a sum in excess of the foregoing annual instalment and the amount of such excess may be applied by the Company in reduction *pro tanto* of its obligations under this condition in any subsequent year or years;

ii) the Company may at any time and from time to time apply the whole or any part of the amount for the time being standing to the credit of the Sinking Fund in the purchase of the said Debentures in the market at any price not exceeding par exclusive of accrued interest but inclusive of costs of purchase;

iii) the amount for the time being standing to the credit of the Sinking Fund may be applied by the Company in redemption of the said Debentures but any accrued interest on the Debentures so redeemed shall be payable by the Company otherwise than out of the Sinking Fund;

iv) such part of the amount to the credit of the Sinking Fund as shall not be applied in or towards the purchase or redemption of the said Debentures shall be deposited in the name of the Company with a Bank to be approved by the Trustees or may at the option of the Company be invested in Trustee Securities with full power for the Company to vary and transpose such investments. The expenses of the purchase of such investments shall be borne by the Sinking Fund and the net profits of sale thereof and all income accruing therefrom shall belong to the Sinking Fund;

v) all Debentures purchased or redeemed out of the Sinking Fund shall be cancelled and the Company shall not be entitled to keep the same alive for the purpose of re-issue nor to re-issue the same;

vi) for the purposes of this condition the expression "distributable profits" shall unless otherwise agreed by the Company and the Trustees for the time being of the said Trust Deed mean the profits of the Company in respect of the Company's financial year ending on the 31st day of March excluding any profit carried forward from a previous year and after providing for Income-Tax, Super Tax, Sur Tax and any other tax as may be payable by the Company but before setting aside any sum to reserve. The amount of such profit shall be certified annually by the Company's auditors.

3. That for the purpose of effecting the foregoing modifications of the said Trust Deed the present Trustees thereof namely Cockwood Trustee Company (Private) Limited and Dalhousie Holdings Limited be and are hereby authorised to concur with the Company in execution of a Supplemental Trust Deed in the form of the draft submitted to this meeting and for the purpose of identification initialled by the Chairman hereof subject to such amendments, if any, as the said Trustees may require or agree."

By Order of the Board,

BIRD & CO. (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA 1.
Dated the 28th November, 1964.

Notes:

1. Holders of the Bearer Debentures wishing to attend or vote at this meeting are required to produce the original Debentures or a Certificate in original issued by any of the Trustees namely Dalhousie Holdings Limited and Cockwood Trustee Co. (Private) Limited or by any Scheduled Bank stating that the bearer of such Certificate is the holder of one or more Bearer Debentures and specifying the same in number. Such Certificate must be lodged at the Registered Office of the Company not less than seven days before the date of the meeting.

2. An Explanatory Statement has been prepared with reference to the subject matter of the Resolutions to be proposed at the meeting and a copy of this statement will be supplied on application to the Registered Office of the Company.

3. The draft Supplemental Trust Deed referred to in the Notice may be inspected at the Registered Office of the Company and will also be available at the meeting.

THE NORTHBROOK JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT A General Meeting of the holders of Rs. 20,00,000 four per cent Bearer Debentures of Rs. 1,000 each of the abovenamed Company constituted and secured by a Trust Deed dated the 30th day of June, 1945, will be held at the Registered Office of the Company at Chartered Bank Buildings, Calcutta, on Tuesday the 22nd day of December 1964, at 11.20 a.m., to consider, and if thought fit, to pass with or without modification, the following Resolutions which will be proposed as Resolutions as required by Clause 59 of the said Trust Deed.

" That this General Meeting of the holders of 2,000 four per cent Bearer Debentures (hereinafter called "the said Debentures") of The Northbrook Jute Company Limited (hereinafter called "the Company") constituted and secured by a Trust Deed (hereinafter called "the said Trust Deed") dated the 30th day of June, 1945 and made between the Company of the one part and Sir George Bond Morton and Hugh Clough Waters as Trustees of the other part hereby assents to and sanctions:

1. (*a*) the date of redemption of the said Debentures being postponed from the 31st day of December 1964 to the 31st day of December 1979 with liberty to the Company to purchase at any time in the market at or under par (exclusive of accrued interest but inclusive of costs of purchase) all or any of the said Debentures for the time being outstanding and with further liberty to the Company to redeem at par the said Debentures or any part thereof (in the latter case by drawings) on the 30th day of June 1975 or any subsequent half-yearly date of payment of interest on giving not less than one calendar month's notice of such intention by advertisement once at least in two newspapers circulating in the district of the Registered Office of the Company. Provided that any debenture-holder present at the meeting or if he has not attended the meeting, has in writing before the due date of the redemption expressed his wish to have his holding of debentures repaid before the 31st December, 1964, he shall be paid in cash on or before that date;

(*b*) subject to the approval of the Controller of Capital Issues the rate of interest payable on the said Debentures being increased from four per cent per annum to seven and half per cent per annum as from the 1st day of January 1965.

2. That the said Trust Deed be further amended so as to provide that—

(*a*) a fixed charge be created by the Company—

(i) on all its land (in addition to the fixed charge created on the lands referred to in the First Schedule to the said Trust Deed) and other immovable properties as may be or may have been acquired at any time during the continuance of the said Trust Deed; and,

(ii) on its plant and machinery both existing as well as future in lieu of the floating charge created by the said Trust Deed; and

(*b*) the Company do establish a Cumulative Sinking Fund on the following terms and conditions:

(i) during the year ending the 31st day of March 1967 and during every succeeding year ending the 31st day of March whilst any of the said Debentures remains outstanding the Company shall set aside out of the distributable profits (as hereinafter defined) of the Company's financial year ending on the 31st day of March of each such year, as and by way of a Sinking Fund, a sum not less than Rs. 1,00,000 PROVIDED THAT the Company may in any year credit to the Sinking Fund a sum in excess of the foregoing annual instalment and the amount of such excess may be applied by the Company in reduction *pro tanto* of its obligations under this condition in any subsequent year or years;

(ii) the Company may at any time and from time to time apply the whole or any part of the amount for the time being standing to the credit of the Sinking Fund in the purchase of the said Debentures in the market at any price not exceeding par exclusive of accrued interest but inclusive of costs of purchase;

(iii) the amount for the time being standing to the credit of the Sinking Fund may be applied by the Company in redemption of the said Debentures but any accrued interest on the Debentures so redeemed shall be payable by the Company otherwise than out of the Sinking Fund;

(iv) such part of the amount to the credit of the Sinking Fund as shall not be applied in or towards the purchase or redemption of the said Debentures shall be deposited in the name of the Company with a bank to be approved by the Trustees or may at the option of the Company be invested in Trustee Securities with full power for the Company to vary and transpose such investments. The expenses of the purchase of such investments shall be borne by the Sinking Fund and the net profits of sale thereof and all income accruing therefrom shall belong to the Sinking Fund;

(v) all Debentures purchased or redeemed out of the Sinking Fund shall be cancelled and the Company shall not be entitled to keep the same alive for the purpose of re-issue nor to re-issue the same;

(vi) for the purposes of this condition the expression "distributable profits" shall unless otherwise agreed by the Company and the Trustees for the time being of the said Trust Deed mean the profits of the Company in respect of the Company's financial year ending on the 31st day of March excluding any profit carried forward from a previous year and after providing for Income-tax, Super Tax, Sur-Tax and any other tax as may be payable by the Company but before setting aside any sum to reserve. The amount of such profit shall be certified annually by the Company's auditors.

3. That for the purpose of effecting the foregoing modifications of the said Trust Deed the present Trustees thereof namely Cockwood Trustee Company (Private) Limited and Dalhousie Holdings Limited be and are hereby authorised to concur with the Company in execution of a Supplemental Trust Deed in the form of the draft submitted to this meeting and for the purpose of identification initialled by the Chairman hereof subject to such amendments, if any, as the said Trustees may require or agree."

By Order of the Board,

BIRD & CO. (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA 1.
Dated the 28th November, 1964.

Notes:

1. Holders of the Bearer Debentures wishing to attend or vote at this meeting are required to produce the original Debentures or a Certificate in original issued by any of the Trustees namely Dalhousie Holdings Limited and Cockwood Trustee Co. (Private) Limited or by any Scheduled Bank stating that the bearer of such Certificate is the holder of one or more Bearer Debentures and specifying the same in number. Such Certificate must be lodged at the Registered Office of the Company not less than seven days before the date of the meeting.

2. An Explanatory Statement has been prepared with reference to the subject matter of the Resolutions to be proposed at the meeting and a copy of this statement will be supplied on application to the Registered Office of the Company.

3. The draft Supplemental Trust Deed referred to in the Notice may be inspected at the Registered Office of the Company and will also be available at the meeting.

THE BENGAL PAPER MILL COMPANY, LIMITED

Registered Office:
14, Netaji Subhas Road, CALCUTTA-1

NOTICE IS HEREBY GIVEN THAT THE Register of Loan Stock Holders of the Company will remain closed from 21st December 1964 to 30th December 1964 both days inclusive for the purpose of payment of Interest for the half-year ending 31st December 1964 on 6¼ per cent Unsecured Convertible Loan Stock 1963-70 of the Company.

By Order of the Board,
THE BENGAL PAPER MILL COMPANY LIMITED,
H. P. DHANUKA,
Director.

30th November, 1964.

THE BENGAL PAPER MILL COMPANY, LIMITED

Registered Office:
14, Netaji Subhas Road, CALCUTTA-1

NOTICE IS HEREBY GIVEN THAT THE Register of Share Holders of Preference, 'A' Preference and 'B' Preference Shares will remain closed from 21st December 1964 to 30th December 1964, both days inclusive, for the purpose of payment of Interim Dividend for the year ending 31st December 1964.

By Order of the Board,
THE BENGAL PAPER MILL COMPANY LIMITED,
H. P. DHANUKA,
Director.

THE BOMBAY BURMAH TRADING CORPORATION LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE One Hundred and First Annual General Meeting of the Shareholders of the Corporation will be held at the Tata Auditorium, Bombay House, 24, Bruce Street, Fort, Bombay 1, on Wednesday the 30th December, 1964, at 4-00 p.m. (S.T.), for the purpose of transacting the following business:

1. To consider and approve the Statement of Accounts for the year ended 31st May, 1964 and the Balance Sheet as well as the Reports of the Board of Directors and Auditors.
2. To sanction the declaration of a dividend.
3. To appoint a Director in place of Mr. M. G. R. Aitken who has attained the age of 67 years and who retires by rotation and, being eligible, offers himself for re-appointment, and to consider and, if thought fit, to pass the following Ordinary Resolution of which special notice as required by Sections 190 and 281 of the Companies Act, 1956 has been received by the Corporation:—

   "Resolved that Mr. M. G. R. Aitken who has attained the age of 67 years and who retires by rotation be and is hereby re-appointed a Director of the Corporation and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the Companies Act, 1956, shall not apply to him."
4. To appoint a Director in place of Mr. Arvind N. Mafatlal who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Neville N. Wadia who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint the Auditors of the Corporation to hold office for the period until the conclusion of the next Annual General Meeting and to fix their remuneration.
7. To appoint Branch Auditors at a remuneration to be fixed by the Board of Directors.
8. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:—

   "Resolved that the capital of the Company be and is hereby increased to Rupees Ten Crores (Rs. 10,00,00,000) by the creation of Twenty-eight Lakhs (28,00,000) shares of Rupees Twenty-five (Rs. 25) each."
9. To consider, and if thought fit, to pass the following as a Special Resolution:—

   "Resolved that Article 67 of the Company's Articles of Association be deleted."

By Order of the Board,

WALLACE AND COMPANY,
Secretaries and Treasurers.

Registered Office:
9, WALLACE STREET,
FORT, BOMBAY 1.
Dated the 27th day of November, 1964.

Notes:

(1) Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.

(2) In respect of Items Nos. 3, 8 and 9, the Explanatory Statements as required under Section 173 of the Companies Act, 1956 have been posted to the Shareholders.

(3) The Memorandum and Articles of Association of the Company will be open for inspection at the Registered Office of the Company at 9, Wallace Street, Fort, Bombay, on any working day, except Saturdays, between the hours of 3 p.m. and 5 p.m., and on Saturdays between the hours of 11 a.m. and 1 p.m.

(4) The Transfer Books of the Corporation have been closed from the 3rd day of November, 1964 to the 24th day of November, 1964, both days inclusive.

(5) Warrants in respect of dividend, if declared, will be posted to shareholders on the 31st day of December, 1964. Dividend will be payable on and from the 4th day of January, 1965, to those shareholders whose names stand on the Register at the close of business on the 24th day of November, 1964.

THE MYSORE SUGAR COMPANY LIMITED

BANGALORE

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirty-first Annual General Meeting of the Mysore Sugar Company, Ltd., will be held at the Registered Office of the Company at Sri Jayachamaraja Wadiyar Road, Bangalore, 2, at 4 p.m. on Wednesday the 30th December 1964, (1) to receive and adopt the Report of the Directors and Audited Balance Sheet and Profit and Loss Account for the year ended 30th June 1964, (2) to declare a Dividend, (3) to elect Directors in place of (i) Sri V. T. Krishnamoorthi, who retires by rotation and being eligible, offers himself for re-election, (ii) Sri T. Shamanna, who retires by rotation and being eligible, offers himself for re-election, and (4) to transact certain special business, particulars of which together with explanatory statement pursuant to Section 173 of the Companies Act, 1956, are being despatched to individual shareholders.

The Share Transfer Register of the Company will be closed from 24th to 30th December 1964—both days inclusive.

By Order of the Board,

T. J. ABRAHAM,
Offg. Secretary.

BANGALORE,
30*th November* 1964.

Note: 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. The instrument of proxy must be lodged with the Company not less than 48 hours before the meeting.

2. The Dividend, if declared, will be made payable at the State Bank of Mysore, Bangalore on and after the 25th January 1965. The Dividend Warrants will be posted to those shareholders whose names stand on the Company's Register as on 23rd December 1964.

THE MYSORE SUGAR COMPANY LIMITED

Post Box No. 564
Sri Jayachamaraja Wadiyar Road,
BANGALORE-2

NOTICE

NOTICE IS HEREBY GIVEN TO ALL THE Shareholders of the Company that Bonus shares will be issued in the ratio of one bonus share for every four equity shares held, including the right issue made already. The Bonus shares in the above ratio will be issued to those shareholders whose names stand on the Company's Register on 23rd December 1964.

The Share Transfer Register of the Company will be closed from 24th to 30th December 1964, both days inclusive.

By Order of the Board,

T. J. ABRAHAM
Offg. Secretary.

BANGALORE,
30*th November*, 1964.

Note: The Share Certificate in respect of Bonus Shares will be posted on or after 15th February 1965.

THE K. C. P. LIMITED

38, Mount Road, MADRAS 6

NOTICE IS HEREBY GIVEN THAT THE TWENTY-THIRD Annual General Meeting of the Company will be held at its Registered Office at No. 38, Mount Road, Madras 6 at 9.00 a.m. on Wednesday the 30th December, 1964. The Company's Share Transfer Books will remain closed from the 23rd December to the 30th December 1964 both days inclusive.

For THE K. C. P. LIMITED
For V. RAMAKRISHNA SONS PRIVATE LTD.
V. L. DUTT,
Director,
Managing Agents.

THE MYSORE KIRLOSKAR LIMITED

Registered Office:
P.O. YANTRAPUR, HARIHAR
(MYSORE STATE)

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Equity Share Transfer Books of the Company shall remain closed from 25th December to 31st December 1964 (both days inclusive) for the purpose of issue of right shares.

By Order of the Board
For THE MYSORE KIRLOSKAR LIMITED,
V. K. BODAS,
Secretary.

P.O. YANTRAPUR,
HARIHAR,
Date: 28*th November*, 1964.

POWERLOOM ENQUIRY COMMITTEE'S RECOMMENDATIONS

(*Concluded from page* 1042)

the mill industry should continue to remain frozen. The Committee of the Federation submit that to accept such a recommendation would mean to ignore the lessons of the past and to persist in policies which have been responsible for the present situation. The past policies of the Government have been responsible for the stagnation of the mill industry not only by being cut off from fresh springs of improvement through competition among equals, but by being positively discouraged from modernisation. The Committee of the Federation submit that these stagnant conditions should be ended and that the mill industry be allowed to expand vigorously in the best interests of the consumer and the country's exports.

* * * *

Note: The amount of excise duty collected from the powerloom sector in 1961-62 was Rs. 95 lakhs. If this is spread over the powerloom production of 2,000 million yards, the duty per yard paid by the powerloom sector as a whole comes to hardly 0.475 P.

Turning to the mill sector, the following table gives the rate of excise duty on mill-made grey cloth, excluding yarn compounded duty. Column 6 of the table gives the average width of mill cloth in each category based on Central Excise statistics. This information is used in columns 7 and 8 to arrive at the average excise duty per linear yard paid by the mill sector.

Existing rates of excise duty on mill-made grey cloth excluding yarn compounded duty

(Effective from 1st March, 1964)

(In paise per sq. metre)

Category	Basic excise duty	Handloom cess	Additional excise duty	Total duty per sq. metre	Average width in metres of mill cloth	Average excise duty per linear metre (5) divided by (6)	Average excise duty per linear yard
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Coarse ..	1.0	1.9	3.6	6.5	0.90	7.2	6.6
Lower Medium ..	3.0	1.9	4.8	9.7	0.93	10.4	9.5
Higher Medium ..	5.0	1.9	4.8	11.7	0.86	13.6	12.4
Fine ..	16.0	1.9	9.6	27.5	0.80	34.4	31.5
Superfine ..	22.0	1.9	15.5	39.4	1.03	38.3	35.0

Avg. 26.3

The production of the powerloom sector is concentrated in fine and superfine categories where incidence of the excise duty is the maximum. But we may assume that the production of the powerloom sector is equally distributed between the three categories, higher medium, fine and superfine. If the excise duty were levied on powerloom cloth in the same manner as has been done in the case of mill cloth, the powerloom sector would have paid in the current year an excise duty of Rs. 52.6 crores (2,000 m. yds x 26.3 P per yard). Since, for the purposes of excise duty, the structure of the powerloom sector has not changed for the better, it may be assumed that the actual collection of excise duty from this sector in 1964-65 would be of the same order as in 1961-62. This means that the Exchequer would suffer a loss of Rs. 52 crores, because of the excise duty structure in respect of powerloom grey cloth. It may be added that the actual loss to the Exchequer would be higher than the above amount of Rs. 52 crores if one takes into consideration the differential excise duty on processed powerloom cloth.

TUFTED CARPETS

What is claimed to be an improved way of manufacturing tufted-pile carpets with delicate designs of great definition, high resistance to flattening and better wearing properties, has been developed by Societe Rhovyl, 21 Rue Jean-Goujon, Paris 8e, France. The usual tufting technique is used followed by subjecting the unwoven carpet backing to a hot air blast so that the backing shrinks and the tufts become more firmly anchored. In the process a tuft density of six tufts per square centimetre is converted to a density of ten tufts per square centimetre with consequent "tightening" of the carpet and improvement in its qualities. The method is said to be applicable to tufted materials for use in clothing. Harder wearing and warmer clothes are the result.

TREND OF MARKETS

CALL RATE RISES AGAIN

(From Our Own Correspondent)

BOMBAY, *9th December*

The short-term money market continued to rule tight during the week under review. Demand for credit was quite high. Funds were, of course, available, but only borrowers had to pay more, as lenders were not prepared to part with money except at higher rates of interest. In the inter-bank call section, the rate for fresh day-to-day money moved up further from 5 to 5½ per cent and, renewals were bid at 5½ per cent, as against 4½ per cent last week. Conditions at Calcutta were a little better, the call rate for both renewals and fresh money declining from 5-5½ per cent to 4¾-5¼ per cent.

Thanks to tight money conditions, the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 8th inst., elicited poor response. The total amount offered, namely, Rs. 2 crores, was just equivalent to that invited and also accepted. The average rate of accepted tenders was higher at Rs. 2.500 per cent, as against Rs. 2.400 per cent. The response to the Intermediate Treasury Bills was also poor, though the total amount of Bills actually sold from the 2nd to 5th inst. was slightly higher at Rs. 129.50 lakhs, as against Rs. 52 lakhs.

India's foreign exchange reserves rose by Rs. 3.38 crores to Rs. 96.86 crores during the week ended 4th December. The whole of this rise was in balances held abroad which increased from Rs. 8.01 crores to Rs. 11.39 crores. The foreign securities held in the Issue Department of the Reserve Bank continued unchanged at Rs. 85.46 crores. Deposits of scheduled banks declined by Rs. 4.72 crores to Rs. 89.23 crores, while loans and advances obtained by them from the Reserve Bank spurted by Rs. 17.43 crores to Rs. 18.26 crores. Notes in circulation went up by Rs. 50.51 crores to Rs. 2,472.97 crores.

There was a small decline of Rs. 90 lakhs to Rs. 1,713.90 crores in the total credit made available by scheduled banks to their clients during the week ended 27th November. But deposits fell by nearly Rs. 11 crores to Rs. 2,722.39 crores. Even so, borrowings from the Reserve Bank receded by Rs. 14.99 lakhs to Rs. 1.31 crore. Investments went up by Rs. 10.44 crores to Rs. 839.26 crores, while total cash declined by Rs. 4.61 crores to Rs. 159.42 crores.

Listless conditions prevailed in the Gilt-edged market. The values of most Central loans were unchanged at last week's levels. In the State section, the 4½ per cent 1976 loans attracted some support and tended to move up. West Bengal spurted by a rupee to Rs. 99. Kerala, Rajasthan and Assam hardened by 10 paise to Rs. 96.90. Maharashtra gathered five paise to Rs. 99.60. The Industrial Development Bonds 1976 (for Rs. 2.50 crores) was closed on the very first day (Monday, the 7th inst.), as the issue was fully subscribed.

In the foreign exchange market, the banks' buying rate for U.S. dollars improved by 50 paise to Rs. 476.50 per $100. Their buying rate also rose by 25 paise to Rs. 479.75. In New York, the pound sterling eased a little *vis-a-vis* the dollar, the spot rate receding by 0.170 cent to 279.040-279.060 cents and the three months' forward by 0.010 cent to 277.200-277.220 cents.

TRADING IN COTTON FUTURES SUSPENDED

(From Our Own Correspondent)

BOMBAY, *9th December*

Except for some easiness on Saturday the 5th inst. following the release of a global import quota of 2.15 lakh bales, cotton futures ruled buoyant throughout the week under review and actually today, Jarilla March 1965 contract was knocking at the official ceiling of Rs. 775 fixed for the non-delivery period. The East India Cotton Association had, therefore, no alternative but to suspend trading in the futures market. The buoyancy was due to firmness of spot cotton and bullish advices from the commodity markets. The sentiment in the futures section was not influenced in the least by the Union Commerce Minister's statement that the total supply of cotton during the season 1964-65 at 95 lakh bales (imports of 9.5 lakh bales plus carry over stocks at 25 lakh bales plus the expected current crop at 60.5 lakh bales) would be well above the anticipated mill consumption of 65 lakh bales. Purchases by upcountry operators and short-covering provided further strength to the market. Fears were expressed by some in the market to the effect that the Government might step in to check the current high level of prices, but there were others who discounted such a possibility.

The Jarilla March 1965 contract opened the week a rupee higher at Rs. 771.50 and, after declining to Rs. 772 on the 5th inst., reached the ceiling rate of Rs. 775 today, a gain of Rs. 4.50 over the week.

At the Sewri spot market, prices continued to be firm and, in most of the varieties, even pierced through the ceilings. Mills' buying remained restricted, on account of high prices, to only staple varieties like L. 147, 197/3, Co2, Kalyan and Digvijay, in order to cover their immediate needs. On the penultimate day of the week, namely, Tuesday the 8th inst., the prices of certain popular varieties were reported to have gone up by 20 points. The following are the latest available quotations in respect of certain popular varieties:

Amravati L. 147 Rs. 1,325; Akluj Co2 Rs. 1,500; Baramati Co2 Rs. 1,550; Bawla Kalyan Rs. 1,055; Digvijay New Rs. 1,251; Dhulia Rs. 1,215; Malegaon Co2 Rs. 1,525 and Viramgaon New Rs. 1,030.

Bengal *Deshi* December delivery contract firmed up further to touch the ceiling of Rs. 818 per candy, as against Rs. 816 last week. The total export registrations upto the 5th inst., aggregate about 88,000 bales, as compared with the last week's total of 85,000 bales. The January, February and March 1965 contracts were quoted at Rs. 816, Rs. 814 and Rs. 812, respectively. Among imported varieties, interest continues to be envinced in East African cotton.

The Government of India, it is reported, is not inclined to accept the mills' plea for removing the present compulsion on mills to purchase a prescribed quantity of Cambodia cotton. It may be recalled, in this connection, that the textile units are under an obligation to buy this variety to the extent of 7½ per cent of their consumption of indigenous cotton during the previous season.

Cotton interests, though they have welcomed the import of 50,000 bales of cotton from Pakistan, wonder whether the payment for this cotton, instead of being made in sterling, could not have been in rupees, as is the case in respect of the commodities covered under the Indo-Pakistan Trade Agreement. If it is the payment in sterling, the market circles feel, better staples from Sudan, etc., could be imported.

The first all-India official estimate of cotton in the current season places the total area at 16.5 million acres representing an increase of 2.1 per cent or 339,000 acres over the previous season.

RECOVERY IN BULLION

(From Our Own Correspondent)

BOMBAY, *9th December*

Gold ruled steady throughout the week under review, while silver, after declining in the earlier sessions, recovered later. The steadiness of gold was due to scattered support from jewellers and stockists owing to the marriage season. Silver encountered selling early in the week following reports of large arrivals from upcountry centres. Consequently, prices drifted downward. The declining trend was, however, arrested on Monday, the 7th inst. when the white metal staged a recovery following good support from upcountry dealers. The recovery gathered momentum yesterday and today on hopes of enlarged demand in the coming weeks. The entire previous loss was made up and today's closing rate was the same as that a week ago.

Silver began the week at Rs. 260.50, same as last week, and moved down swiftly to Rs. 257.50 per kg. on Saturday, the 5th inst. It, however, rallied and closed at Rs. 260.50. The weekly average arrivals and offtake of the metal were 22 and 8 bars, as against 19 and 8 bars, respectively, last week.

Fourteen-carat gold moved up from Rs. 66.50 to Rs. 67.25 per 10 gms. on sustained support from traders before finishing a shade lower at Rs. 67. Pure gold, in unofficial dealings, was a rupee higher at Rs. 112 on reports of seizure of contraband metal. Sovereign was firm at Rs. 91.

The international price for gold in the London market was higher at $35.11½, as against $35.10 last week. The sterling price rose by 3½d. to 251s. 8½d. Both spot and forward silver was unchanged at 112½ and 113½d., respectively, as also silver in New York at 129.3 cents.

Resenting the Andhra Government's decision to discontinue individual loans to displaced goldsmiths and bring them into the co-operative sector, a Congress legislator and eight others have resigned from the State-sponsored Goldsmiths' Rehabilitation Committee. Past experience, according to the legislator, has proved that co-operatives or partnership concerns for goldsmiths is not useful. Over 80 per cent of the co-operatives formed last year with Government assistance have failed to commence work.

The following table shows the trend of prices during the week under review:

	9-12-64 (closing)	High	Low	2-12-64 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (996 fine) ..	260.50	260.50	257.50	260.50
GOLD				
Ready (14-carat) ..	67.00	67.25	66.25	66.50
Sovereign	91.00*	—	—	91.00*
London—				
Gold	251s. 8½d.	251s. 8½d.	251s. 5½d.	251s. 5d.
Silver Ready ..	112½d.	—	—	112¾d.
Silver Forward ..	113½d.	—	—	113¾d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

YARNS EASY

(From Our Own Correspondent)

BOMBAY, 9*th December*

The yarn market ruled easy during the week under review. Staple fibre yarns suffered a set back in vales, following stray bull liquidation induced by weak spot advices. Art silk yarns were subdued following comfortable supply position in the wave of slack demand from upcountry centres. Cotton yarns were dull with the exception of higher counts which attracted scattered support.

The Committee of the Indian Cotton Mills' Federation has sent a representation to the Union Ministry of Commerce urging restoration of the facility under which exporting mills are allowed to import non-cellulosic staple fibre, viscose, rayon yarn polynosic viscose staple fibre synthetic yarn to the extent of 20 per cent of their cotton retention quotas. (This facility, it may be recalled, has been withdrawn by the Government with effect from shipments made on and after 1st January 1965.) The Federation's plea is based on the following grounds.

(1) Mixed fabrics are greatly prized by the consumer and this fact has proved to be a great incentive to exporting mills. With the widening gap, caused mainly by the high prices of Indian cotton, between the international prices and Indian prices of cotton textiles, the stoppage of the incentive in question will increase the export difficulties; (2) During the last four years, the textile mills have developed the technique of manufacturing mixed fabrics. The mills must be encouraged to perfect the technique in order to be able in due course, to ship mixed fabrics abroad to meet the growing demand for them in the foreign markets; (3) As imports of non-cellulosic staple fibre, etc., are allowed only against cotton retention quotas, no extra foreign exchange is being used for the purpose. Since mixed fabrics are more durable, the extra price that has to be paid for man-made fibres does not mean waste of foreign exchange; (4) In order to meet the growing demands for cloth of the increasing population of the country, production of cotton cloth must increase appreciably. Meanwhile, mixed fabrics will help bridge to some extent, the widening gap between the supply of and demand for cotton textiles. Moreover, continued imports of non-viscose staple fibre will not mean reduced offtake of indigenously manufactured viscose fibre or rayon as fabrics made from the two types of fibre are not mutually competitive.

Among art silk yarns, National Rayon 150D declined by 13 P to Rs. 8.80 and 120D by 11 P to Rs. 9.35. South India Viscose 120D was neglected at Rs. 11.13. Bright Century 105D, however, put on 6 P to Rs. 11.26 on special support.

In the Staple fibre yarn section, the 2×35 January 1965 contract, opened at Rs. 861, same as last week, but fell to Rs. 857 on the same day. The closing was also Rs. 857. Spot City lost 13 P to Rs. 9.22. Sitalaxmi shed 4 P to Rs. 9.22. Premier, however, gathered 2 P to Rs. 9.35.

In the cotton yarns, 34s Tuticorin gained 4 P to Rs. 40. 68s Finlay put on Rs. 7 to Rs. 98. 52s Finlay shed Re. 1.12 to Rs. 79. All other counts were unchanged at last week's level.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	9-12-1964	2-12-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	9.35	9.46
Century 75D	17.05	17.05
S. I. Viscose' 120D	11.13	11.13
Staple fibre yarn (2×34 NF) January 1965 (per quintal)	857.00	861.00
Spot (per kg.)		
Sitalaxmi	9.22	9.26
Premier	9.35	9.33
City	9.22	9.35
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Podar	21.25	21.25
17s Modern	27.00	27.00
22s Madura	32.25	32.25
34s T'cott	40.00	39.96
52s Kasturi	55.00	55.00
68s Finlay	100.50	100.50

OILSEEDS SHOOT UP

(From Our Own Correspondent)

BOMBAY, *9th December*

For oilseeds the sky seems to be the limit. Groundnuts continued to be in the forefront during the week under review, making a mockery of the efforts of authorities to control price movements by means of margins. It may be recalled that the Association, under instructions from the Forward Markets Commission, has introduced a system of double margins at the rate of Rs. 10,000 for 25 tonnes if the quotation for the January contract crosses the Rs. 103-level. Further, the exemption limits are disallowed after this level. The market, however, has ignored these restrictions and, during the week, official trading came to a standstill, as the contract touched the permissible weekly limit of Rs. 106.30 on Friday. It had moved up by Rs. 2.40 from the previous week's close of Rs. 103.90. Since then there has been no rate on the Board.

Sentiment in groundnuts was aided further by the recent decision of the Government of India to allow exports of H.P.S. variety. The market had a hunch that exports of these would be allowed soon and shippers were already buying in anticipation of the announcement. It was said that commitments to the tune of 13,000 tonnes had been made. There is no quantitative limit to exports just at present, but there is the fear that permission may be withdrawn whenever the Government feels so. The commitments, however, are there. A further inducement was the vague talk that the Government might allow exports of groundnut oil from the country and it was said that a leading export house had been buying oil and that its purchases to-date aggregated about 3,500 tonnes. The question, however, is asked whether it would be in the interests of the country to export a basic consumer commodity like groundnut oil, but a section of the market is confidently asserting that the announcement would be made in the near future.

It is reliably understood that the first consignment of 8,000 tonnes of soyabean oil would be arriving from the United States sometime early next year. This is part of the 75,000 tonnes contracted for purchase under P.L. 480. Arrivals would be spread over a couple of months, but the whole of it would have come by the middle of next year. It may be recalled that the object of the Government of India in arranging for imports of soyabean oil from the United States was to enable the *vanaspati* industry to obtain its requirements of raw material at reasonable prices and incidentally to check the rise in oil prices. It is true that groundnut oil is now quoted much below the record level of Rs. 3,300 per tonne it had once touched, but, then, the seeds market has now been scaling remarkably high levels. It remains to be seen whether there is anything on earth that can stop prices from advancing further.

Groundnuts de-oiled cake (extractions) was well maintained, the spot quotation standing at Rs. 455. Export commitments upto February are reported to be around 2½ to 3 lakh tonnes. And

export business is still going on. Export houses are, therefore, keen buyers and this had also done a lot in pushing up the market as a whole. Castor March also touched the permissible ceiling of Rs. 190 but the unofficial rate was around Rs. 192.50. Linseeds were mentioned in the kerb at Rs. 46.25, as against the permissible ceiling of Rs. 45. Sentiment here is induced mainly by the firmness of groundnuts. Stocks of castor at present are negligible and it is yet too early to talk of new crop prospects. Cottonseeds were also firm and, at Rs. 117, there are only a little under the ceiling of Rs. 118. With the cotton market being what it is, there seems to be little doubt that cottonseeds will touch the ceiling before long.

The spurt in prices has given rise to talk of a payments crisis and some of the bears who got themselves squeezed are reported to be finding it difficult to meet their commitments. At the time of writing, members are reported to be working on a scheme by which the settlement can pass off smoothly. The outstanding positions are said to be 100.000 candies in groundnuts and 150.000 candies in castor.

The following table shows the closing prices of oilseeds and oils as on 9th December as compared with the previous two weeks:

	9-12-1964	2-12-1964	25-11-1964
Groundnuts	Rs.	Rs.	Rs.
January 1965 contract	110.00	103 05	102.40
Oil January 1965	(Nom.) 19.05 N.T.	(Nom.) 19.05 (Nom.)	N.T.
Khandesh quality	123 00	113 00	111.00
Oil ex-mill	24 00	22.50	23.00
Oil Rly. Receipt	23.20	21.75	22.40
Castorseed			
March 1965	192 50 (Nom.)	190.00	190.00
Ready Madras	86 00	85 50	85 50
Ready Kanpur	84 00	84 00	83 50
Oil B.S.S.	19.10	19.00	18.80
Oil commercial	18.25	18.25	18.10
Linseed			
March 1965..	46.25 (Nom.)	45.00	44.81
Bold ready	115.00	111 00	112 00
Linseed oil	24.00	23.25	23.50
Cottonseed			
January 1965 contract	116 75	115.75	114.50

N.B.—The quotation for groundnuts January 1965 contract is for 100 kg. The rates for spot groundnut and castor are for 100 kg. Castor and cottonseeds futures are quoted per 250 kg. while linseeds futures are quoted per 50 kg. Groundnut Oil January 1965 and all spot oils are quoted per 10 kg.

KIPS EASY

(From Our Own Correspondent)

MADRAS, *7th December*

Arrivals of stocks from the tanneries were moderate and clearance was fair-sized. There were more enquiries from U.K. for light weight cowhides and fifths selection in medium weights and also for buffcalf run selection. Importers resisted the higher prices demanded by the shippers and trading was easy.

In the goat skins section, as raw markets were firmly held, tanners were not able to meet the buyers' ideas and place large business. Demand for 8-9 lbs. top marks was brisk and a few orders were booked at 3d. to 6d. over last week's levels. Demand for heavier averages from U.S. was good. In the sheep skins section, buyers were not willing to raise their level of prices. There was good call for lower grades in middle class sheep. But prime and semi primes were not in demand.

In the Priamet market, workers did not turn up for sorting and packing at the shippers godown and gave strike notice. This week, there is labour strike in the docks. All this will cause great hardship to stock holders.

The following were the nominal prices per lb. for all round lots in the local market:—

Tanned cow hides 8/8½ lbs. average Rs 2.00 to Rs. 2.06, buff hides 12/13 lbs average Re. 1.70 to Re. 1.75 and buff calf 1½/2 Rs. 2.56 to Rs. 2.65.

HIGHGROWN TEA IRREGULAR

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *3rd December*

A total of 705,000 kgs. was offered in tea sale No. 47 held here on Tuesday, the 1st inst. Quality was irregular, but generally well maintained. The market met with a good demand. Highgrowns were irregular but generally easier. Good mediums showed an easier tendency, particularly fannings. Medium brokens were sold well at prices fully firm and sometimes dearer on last. Similar fannings however, were again lower. Low medium brokens were about steady but their fannings again showed a falling away in price. Black leaf brokens were about steady while similar fannings followed the easier trend for this grade. Whole leaf grades were irregular. The small selection of tippy teas on offer evoked a better demand. Unorthodox types were the weakest feature of the market, were sometimes neglected and came to a considerable lower market.

Quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.20-4.65	4.10-4.50
Mediums	4 60-5.15	4.45-4.85
Good mediums	4.15-5.40	4.90-5.50
Nilgiri B.O.P.	5.00-6.30	4.50-7.00

The average price realised in sale No. 47 was Rs. 4.73 per kilo, as against Rs. 4.79 a week ago and Rs. 4.58 in the corresponding sale last year.

In dust sale No. 47 held here today a total 317.000 kgs. was offered. The market encountered a good general demand. Plain and low mediums were sold well but at prices 5 to 10 paise below last. Coloury mediums and Wynaad types opened about steady but eased slightly as the sale progressed. Black leaf dusts came to a lower market. Highgrowns were irregular but generally were sold around last week's rates. Milled and residual grades followed the trend of the market. Unorthodox dusts met less enquiry and were again easier.

The average price realised in dust sale No. 47 was Rs. 4.24 per kilo, as compared with Rs. 4.33 a week ago and Rs. 4.48 in the corresponding sale last year.

Colombo: The market elicited good demand. Best western brokens eased by 10 to 20 cents but other highgrowns were firm to dearer. Mediums were sold at around last prices. Uva B.O.Ps and small leaf low grown were firm to dearer. Fannings, however, were generally easier.

London: North Indian and other growths: In Monday's auction there was fair and improved demand. Assam C.T.Cs came to a lower market by 1d. to 2d. Doors C.T.Cs showed an easier tendency but orthodox descriptions were steady.

Ceylon and South Indians: As many as 23.807 packages were up for sale on Tuesday of which South India contributed 3,150 packages. There was better general demand for Ceylons with best quality and coloury medium teas selling at firm rates while others were 1d. to 2d. lower. South Indians were generally slightly easier.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale No.* 48: 689,000 kgs. offered. Fair general demand. Highgrowns irregular with quality. Good mediums about steady. Mediums and low mediums less enquiry. Lower unorthodox fannings firmer."

DEMAND FOR TEA SLACKENS

(From Our Own Correspondent)

CALCUTTA, *8th December*

With increased stocks of tea in the U.K.—105 million lbs. in the week ended 27th November as against 103.87 million lbs. in the previous week—demand in London auctions has naturally become subdued. This also leads to similar conditions in Calcutta export auctions. Last week's internal sales, however, met with increased demand albeit at easier rates. The increasing level of output makes buyers less keen to cover their requirements fully. Up to the 15th November, the North Indian crop aggregated 591 million lbs.. an increase of 61 million lbs. as compared to the same period of last year. The increase as compared to the same period of 1961, when there was a bumper crop, was 21 million lbs. Despite increased production, exports from North India have been lagging behind last year's level. At the same time, internal consumption has not increased; on the other hand, in view of the sharp rise in the cost of living, there is the belief that tea consumption appears to have been affected. However, South Indian production has declined in view of the earlier drought this year, the output in the first ten months of this year at only 65.9 million lbs. as against 74.3 million lbs. in the same period last year. Ceylon is also having a lower crop.

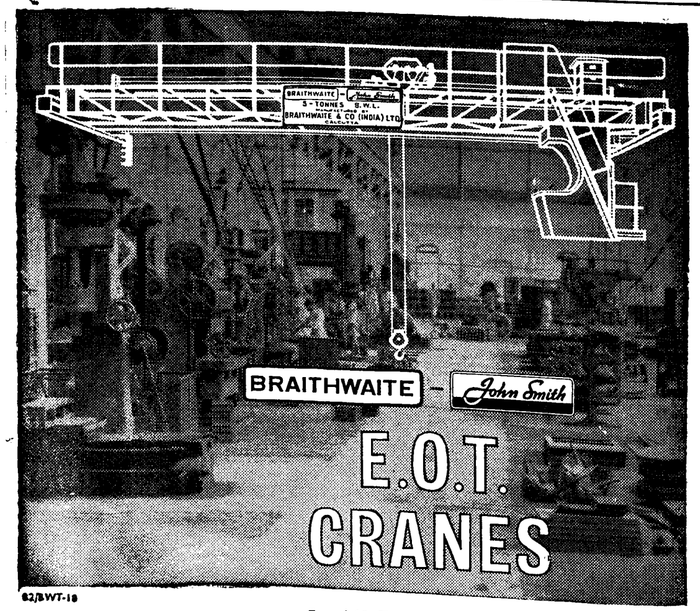
Production in Pakistan in this year is estimated at 60 million lbs. of which exports will claim only 4 million lbs. In the six months till October, Pakistani output was 50.58 million lbs. as against 44.10 million lbs. in the same period of 1963.

Despite increased production, tea gardens have not improved their profitability. Increased costs have not been followed by increased prices in auctions. If the tea industry should be enabled to play its role in the fourth Plan, no time should be lost in improving the finances of gardens so that they have adequate funds for expansion and introduction of technical innovations. New machines that have come in the market are productivity-oriented. Speaking recently at the annual meeting of the Assam Branch of the Indian Tea Association at Jorhat, Mr. S. G. B. Brown, the Chairman, contended that finances must be left with companies if they were expected to expand and increase production. The second interim wage increase, the Bonus Commission's recommendations, a further upward revision in the Assam Agricultural Income-tax, increase in sales-tax, and other impositions under the Panchayat Act, have all been recent additions to burdens on the industry.

Evidently, investment on tea gardens has become less attractive, and this is exhibited by the lack of enthusiasm for tea shares on the Calcutta stock exchange. It is to be hoped that Government accepts the recommendations of the Tea Finance Committee. The Committee has already recommended that revenue expenditure should include expenditure on re-planting and new planting. This means that such expenditure from profits would be tax-free and would meet with a definite incentive. The industry is suffering from lack of adequate medium and long-term finance for development, and if, as recommended, a Tea Finance Corporation is set up, a long-felt need would have been met.

During the internal sale held in the last week, dusts on offer were 34 340 packages, which met with a better general demand at irregularly lower prices. Clean plain and medium C.T.C. teas were nearer to last levels, but the gap in prices of fibrous sorts was higher. Good C.T.C. teas were in good demand at lower prices. Plain orthodox teas were weak, and medium Assam teas eased up to 30 p. "Teas for price" recorded a sharp decline, with legg-cut teas also showing a decline. The quotations per kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 5.60 to Rs. 6.20, medium C.T.C. dust Rs. 4.70 to Rs. 5.05, plain C.T.C. dust Rs. 4:55 to Rs. 4.70, legg-cut dust Rs. 4.50 to Rs. 4.70, medium Assam dust Rs. 4.30 to Rs. 4.70, and plain orthodox dust Rs. 3.70 to Rs. 4.30.

Leaf on offer during last week's export sale held here aggregated 78,058 chests. On lower demand, prices generally eased. Plain C.T.C. teas were taken at rates 30 to 40 paise below last rates. Medium teas also recorded a like decline. Good liquoring C.T.C. teas lost as much as 50 paise leading to some withdrawals. Plain orthodox teas eased by 20 to 30 p. Fannings received much less support. Medium Dooars B.O.P. teas were down by 10 to 20 paise with little support for fannings. Good Assam teas of orthodox manufacture were in good demand, although at slightly eased rates. Whole leaf grades shared the general trend, but Darjeeling teas were about firm. The quotations per kg. inclusive of excise duty were: good Assam C.T.C. fannings Rs. 4.80 to Rs. 5.10, good Assam C.T.C. B.P. Rs. 5.00 to Rs. 5.30, clean plain pekoe Rs. 5.10 to Rs. 5.40, medium C.T.C. B.P. Rs. 4.70 to Rs. 4.90, medium C.T.C. fanning Rs. 4.40 to Rs. 4.70, plain C.T.C. B.P. Rs. 4.40 to Rs. 4.70, plain C.T.C. fanings Rs. 4.10 to Rs. 4.30, plain orthodox fannings Rs. 3.80 to Rs. 4.00, and plain orthodox B.P. Rs. 3.80 to Rs. 4.00.



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JUTE GOODS EASY

(From Our Own Correspondent)

CALCUTTA, *8th December*

Although good business was transacted in jute goods during the week under review, the report that the strike in Pakistani jute mills was being called off affected sentiment, and prices eased as the week progressed. In respect of raw jute, although mofussil prices remained above Calcutta's parity, arrivals tended to increase to erase the mid-week's gain of 50 paise per maund.

During the week under review, a good number of inquiries for gunnies were received, and substantial business was done with several destinations. The large orders which Indian mills have received for sacking from several countries including Cuba, Burma, Australia, Syria and the Philippines indicated that overseas consumers had delayed replenishment of stocks in the hope of a price fall. However, the loss of production in Philippines indicated that overseas consumers had strike led to deterioration in the stock position of overseas consumers. That explained for the receipt of orders for substantial quantities by Indian mills. Even if production were resumed in Pakistan, there would be no immediate relief. But the possibility of an easing in the present tight stock position in heavy goods explained the caution displayed by speculative buyers during the week and the consequent recession in prices, albeit in an insignificant manner. It has been a disappointment to the trade that British purchases have lagged behind, but this tendency is attributed to the 15 per cent import surcharge. Also, with the raising of the British bank rate, carrying of inventories has been made much costlier. However, the trade has noted the plea made by Mr. Shastri to the British Government, which has stated that the import surcharge is a purely temporary measure to strengthen the sterling and would be removed as soon as the economic conditions in the U.K. showed an improvement. Needless to say, the surcharge is restricting U.K. offtake of Indian goods, including jute manufactures.

Disappointment has also been caused inasmuch as, although orders from the United States has increased, the increase has been much below earlier expectations. The report that U.S. burlap consumption amounted to only 73 million yards in October 1964, as against 81 million yards in the previous month and 79 million yards in October 1963 was also received discouragingly. In the ten-month period October 1964, total consumption at 735 million yards showed a decline of 25 million yards as compared to the same period in the last year, thus reducing the monthly average so far to 73.5 million yards from 76 million yards. It is hardly likely that the fall in consumption would be made good this year. Despite increased economic activity in the United States, the lower consumption has caused some surprise, but the reason should be found in the growing popularity of the bulk handling methods and in the inroad by substitutes and synthetic fibres. The importance of the U.S. market to the jute industry in India is rated very high, and it should be said to the credit of the industry in India that in recent years it is paying much attention to research. In these days of finer and lighter packing, it is necessary that some improvement in texture is brought about to jute goods with a view to better surface. Against this background, the suggestion made by Dr. W. G. Macmillan, the Research Director of the Indian Jute Mills Association, at the recent conference of research directors of jute manufacturing industries of India, the United Kingdom and Pakistan, to form a combination of jute fabrics with such commodities as plastics through coating and laminating techniques is timely.

Dr. Macmillan spoke about the need for scientific liaison to eliminate unnecessary duplication of research, since there was no time to be wasted if the jute industry should be enabled to face competition as a result of the latest advances in fibre utilisation. The industry was engaged in research in several countries, but to enable it to keep abreast of development in the packaging techniques it was necessary that the resources of the industry should form a composite world body so that co-ordination in scientific research would eliminate waste and accelerate further progress. In this respect, the convening of the conference by the I.J.M.A. has been a step in the right direction, as this has given an opportunity for an exchange of ideas on scientific matters among research workers in the three most important countries, where most of the world's manufacturing capacity has been installed. Inaugurating the conference, the I.J.M.A. Chairman, Mr. R. H. Morrison, said that the same would help evolve a well-knit programme of long-range research through an interchange of ideas and experience. He said that the most searching investigations were necessary to find means not only of retaining price levels for the fibre which would at one and the same time encourage its production by the cultivator and its consumption in the form of finished products, but also of deciding just what qualities in the various strains produced were most desirable from the industry's point of view. He also spoke of the importance of developing by-products from jute sticks, and of the need to develop machinery with greater productive efficiency to enable the industry to cut down costs as well as improve quality. This was a surer way to meet the threat from substitutes and synthetics.

As planned, workers in jute mills struck work on 1st December in furtherance of their demand for payment of bonus in accordance with the recommendations of the Bonus Commission as accepted by the Government of India. Workers are already in receipt of annual bonus in terms of the award given by the Wage Board for the jute industry, and mills have pointed out that the award should be observed for the period it relates to. The dispute is to be discussed in New Delhi on 19th December by the tripartite industrial committee on jute. This proposed discussion as well as the Union Labour Minister's appeal to workers not to precipitate the issue by going on strike were ignored by workers' organisations. Output loss as a result of the day's strike was estimated at Rs. 1.2 crore, and workers' loss of wages at Rs. 12 lakhs.

The prevailing higher prices for paddy have made such of the jute cultivators as grow paddy also, indifferent to sell fibre. This has led to mofussil prices to remain at above Calcutta's parity. Reports of a rise in prices in Pakistan also encouraged such a trend. However, as the week progressed, arrivals increased and the mid-week rise of 50 paise per maund was negatived, the latest quotations being Assam bottoms Rs. 36.00, northern bottoms Rs. 35.00, and daissee bottoms Rs. 37.00. Mills showed preference to buy selected grades, the offerings of which were limited.

Substantial quantities changed hands in the goods market, a good portion of them going into the hands of genuine buyers. Overseas demand for sacking goods continued unabated, despite the possibility of Pakistani mills resuming production. Shipping space was in good demand for several destinations. On Tuesday last, ready B. twills hardened to Rs. 157.35 from Rs. 156.55 on the previous day and hessian 40" 10 oz. to Rs. 50.35 from Rs. 50.25. This followed good covering business in both the constructions. The feature on Wednesday was business with Australia in woolpacks and cornsacks for both immediate and forward shipments. Although hessian 40" 10 oz. hardened to Rs. 50.85, B. twills eased to Rs. 155.60 on the news of the possibility of resumption of production by Pakistani mills. Australia turned again buyer of woolpacks for all deliveries on Thursday, but B. twills fell to Rs. 154.75. In sympathy, hessian 40" 10 oz. eased slightly to Rs. 50.70. Covering demand on Friday pushed up B. twills to Rs. 156.25 and sentiment was also aided by report of business on Government account. However, hessian 40" 10 oz. shed further to Rs. 50.55. Covering business was again a feature over the week-end, despite which B. twills eased to Rs. 155.25 and hessian 40" 10 oz. to Rs. 50.15. The recession followed selling pressure in the futures market. There was definite news during yesterday that Pakistani mills resumed work. As a result, ready B. twills eased to Rs. 154 and hessian 40" 10 oz. to Rs. 49.95. Loss of foreign exchange to Pakistan as a result of the strike is estimated at Rs. 7½ crores, and that of production loss at 48,000 tons.

COPPER SCRAP HARDENS

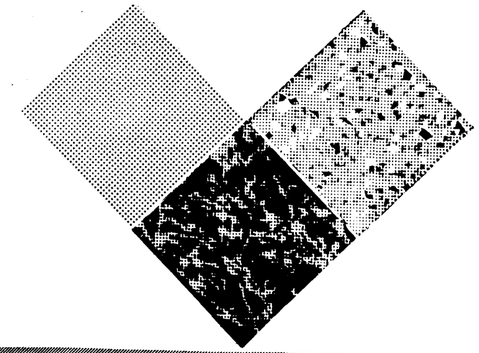
(From Our Own Correspondent)

CALCUTTA, *8th December*

Prices in the Calcutta metal market during the week under review maintained recent gains. Conditions on the London Metal Exchange also continued to be buoyant, but it would appear that the uptrend in respect of copper and tin had been fully spent as in recent weeks both the quotations tended to look back. On the other hand, both lead and zinc forged ahead, with the new high of £142½ having been touched on 28th November.

On the London Metal Exchange, spot tin opened at £1,405-£1,415 and eased to £1,380-£1,385. The decline was attributed to a fall in demand by Japan and the U.S.S.R. and to the belief of a visible increase in production in some areas. However, uncertainty continued to prevail over the U.S. General Services Administration's future disposal policy. It was reported that the G.S.A.'s recent discussions with the U.S. tin trade were not useful. The U.S. Steel Companies would welcome futures buying of Government tin. It was, also suggested that the release price should be based on Penang (Malaya) quotations rather than on the New York quotations. The raising by the International Tin Council of the floor and ceiling prices of tin to £1,000 a ton and £1,200 from £850 and £1,000 respectively has met with sharp criticism in producing countries.

While Bolivia thought the new ranges were more realistic but that it should continue to press the I.T.C. for measures leading to increased production and price stability, Malaysian opinion



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would not consider the price as affording incentive for new investment. However, the mining industry in Malaya has pointed out its apprehension of a possible world surplus in the near future and emphasised the desirability for the renewal of the International Tin Agreement to control sales and prices. The present agreement will expire on 30th June 1966, and the I.T.C. Chairman, Mr. H. W. Allen, while announcing the new price ranges (the lower sector £1,000-1,050, the middle sector £1,050-1,150, and the upper section £1,150-1,200) ruled out any possibility of a further revision for the rest of the agreement period. Since the new prices are much lower than the ruling quotations and the I.T.C. cannot do anything to bring them down in line with its prices, the I.T.C.'s new range is of only academic interest. The possibility of greater releases from the U.S.A. has been hinted at in overseas reports. In Calcutta, the price was maintained at Rs. 3.350 per 100 kgs.

Spot copper wire-bars on the L.M.E. rose from £493-498 to £500-507½ and eased to £485-490. Cathodes after hardening from £480-490 to £492½-500 closed at £490-500. Fire-refined copper was unchanged at £425. In Calcutta, utensil copper scrap hardened from Rs. 690 to Rs. 710 per 100 kgs. The trade noted with satisfaction the increase in export of non-ferrous metal manufactures in the first eight months of this year to Rs. 1.65 crores from Rs. 1.52 crores in the same period of last year. It would, therefore, plead for increased import of inputs. Electrical wires and cables are being exported in increasing quantities, but output is being affected in view of the paucity of basic metals. Mr. H. F. Oppenheimir, Chairman of the Anglo-American Corporation, declared that inasmuch as consumers were being forced to obtain their requirements at much higher prices than the producers' price of £260 a ton and the Chilean price of £280, this meant that fabricated copper was uncompetitive.

Spot lead on the L.M.E. after reaching a high of £141-142 was quoted this week at £138½-139. Spot zinc was also firm at £130½-132. In Calcutta, zinc rose from Rs. 460 to Rs. 464 per 100 kgs. and lead was unchanged but firm at Rs. 345.

FOODGRAINS FIRM

(From Our Own Correspondent)

HAPUR, *7th December*

Foodgrain prices continued firm as supplies in the open market were very poor. Ration shops too were faced with paucity of stocks, and despite U.P. Government's declaration that ration has been increased to 8 kilogrammes a unit per month, even half the quantity is not made available. U.P. Government's procurement policy for building a buffer stock of four lakh tons out of *kharif* grains, is yet under very early stages as only 15 per cent of the target has been purchased so far. Arrivals of *kharif* grains in markets were very poor and growers were withholding their produce.

Wheat attracted brisk consumers' support in the face of poor arrivals. Prices advanced by Re. 1 to Re. 1.50 per 40 kilogrammes, to be quoted at the week-end at Rs. 37.50 to Rs. 38.50 for average quality and Rs. 39 to Rs. 40 for farm produce, against Rs. 17.50 per 40 kgs. at fair price shops. Stocks were reported to be nominal and fair price shops had inadequate supplies. Steadier conditions continued in rice, which registered good gains on small arrivals. Prices hardened Rs. 2.50 to Rs. 5 per 40 kilogrammes, according to quality. Week-end prices were:—Rice *basmati* superior Rs. 42 to Rs. 43.50, *sela* Rs. 39 to Rs. 40, *mainpuri* Rs. 29 to Rs. 31 and *ramajwayan* and *raimunia* Rs. 27 to Rs. 29 per 40 kilogrammes.

Meagre stocks against good demand accounted for further steadiness in gram prices, which hardened upto Rs. 2 per 40 kilogrammes, to be quoted between Rs. 32 to Rs. 33. Maize was not easily available in open market and its price firmed up to Rs. 25.75 to Rs. 26.75. Barley and *bejhar* however stayed steady at Rs. 29 to Rs. 29.50 and Rs. 28 to Rs. 29 respectively, as stocks were negligible. *Juwar* ruled quiet while *guwar* improved fractionally on good demand. *Bajra* and other coarse grains also tended to rise in sympathy. Week-end prices were:—*Juwar* Rs. 24, *guwar* Rs. 26, *methi* Rs. 28 to Rs. 29, *bajra* Rs. 26.50 to Rs. 27, and oats Rs. 29 to Rs. 30 per 40 kilogrammes.

Pulses were also steadier during the week on brisk outside buying enquiry. Peas improved further by Re. 1.50 and prices ruled between Rs. 31 to Rs. 32 for *dara* quality and between Rs. 32.50 to Rs. 33 for farm quality. *Arhar* and its *dal* ruled firm due to poor supply position. *Urd* and *moong* recorded further gains on smaller arrivals. *Masoor* prices shot up by Rs. 5 on good demand. Other dal prices ruled firm in sympathy. Week-end prices were:—Peas *dal* Rs. 32, *arhar* Rs. 37 to Rs. 39, *arhar dal* Rs. 47, *urd* Rs. 28 to Rs. 31, *urd dal* Rs. 37.50 to Rs. 38.50, *moong* Rs. 37 to Rs. 40, *moong dal* Rs. 45 to Rs. 46, *masoor* Rs. 38 to Rs. 43.50, *masoor dal* Rs. 48 and gram *dal* Rs. 40.50 per 40 kilogrammes.

SUGAR STEADY

(From Our Own Correspondent)

HAPUR, *7th December*

Sugar prices in the open market continued steady at Rs. 180 to Rs. 185 a quintal. Sugar factories here in west U.P. are facing shortage of cane as growers have demanded an increase in prices of cane to Rs. 3 a maund as against Rs. 2 sanctioned by the Government. Two factories in this region have already stopped working due to strike by growers and other, too, were working at a low speed as cane supplies were far short of their requirements. In the Muzaffarnagar and part of the Meerut district, the two main cane growing areas, cane crop has suffered very heavily and is drying up and losses on this account in some areas is about 50 per cent. The Union Government, in consultation with the U.P. Government, is likely to impose some regulatory measures to see that cane in adequate quantities reaches the factories. Sugar production as a whole may be hit due to this demand of the cane growers.

Deshi khandsari prices again turned steady in the wake of brisk demand against import permits. Heavy despatches to Gujarat, the Punjab, Maharashtra, M.P. and Rajasthan were reported. Crushers, manufacturing *khandsari*, began operations here as well as in Muzaffarnagar and were purchasing cane at Rs. 5.50 per quintal as against Rs. 5.04 paid by factories at outstations. Prices of white-creamish *khandsari* spurted by Rs. 5 to Rs. 120-145 a quintal. New *khandsari* reaching from other areas fetched from Rs. 147.50 to Rs. 150 per quintal in the Muzaffarnagar centre. Stocks of old stuff were fast running down and *galawat* quality was being quoted at Rs. 100 to Rs. 120 a quintal.

Ready *gur* and *shakker* prices stayed steady despite marked increase in daily arrivals here as well as in all mofussil centres. Persistent rumours that Government is imposing price control on *gur* also added to the demand as consuming centres wanted to build stocks before the price or movement control is enforced. Daily arrivals here were about 8,000 maunds and week's offtake aggregated sixty wagon-loads mostly to Gujarat, M.P., Rajasthan and Bengal. Week-end prices (per 40 kgs.) were, *pansera* superior Rs. 30, average Rs. 29, *balti* Rs. 33 to Rs. 34, *shakker* Rs. 35 to Rs. 36.

Gur chaku prices firmed up in the Muzaffarnagar market during the week on hectic alround buying. Prices in other sections also improved despite marked increase in daily arrivals. Week's arrivals around 90,000 maunds were readily lifted.

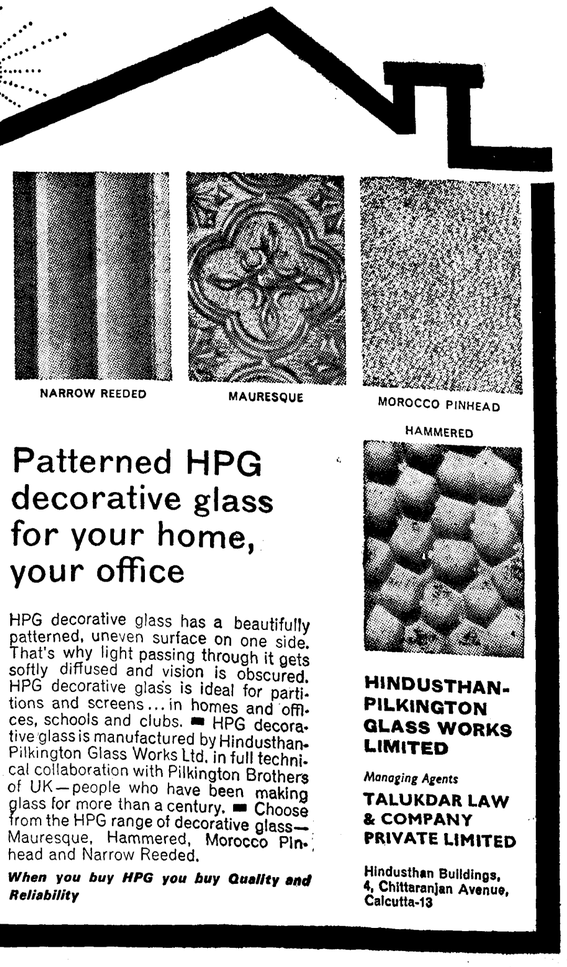
NEW CEMENT FACTORIES TO BE SET UP

The Government of India has licensed additional capacity for setting up new cement factories and expanding the existing units to the extent of 4.47 million tonnes. Advance approval has also been given for a capacity of 8.9 million tonnes of cement. On the basis of progress made so far under these schemes, it is expected that, by the end of 1964-65, additional capacity of 750,000 tonnes will be commissioned for production, bringing the industry's total capacity to 11.25 million tonnes. During the next year, that is, 1965-66, further augmentation capacity by about 1.75 million tonnes is expected to be achieved. These figures were furnished by the Union Minister for Industry and Heavy Engineering, Mr. T. N. Singh, in the course of a statement laid on the table of the Lok Sabha on 4th inst. in reply to a question by Mr. Y. S. Chaudhary and seven others.

The Minister, who was detailing the steps taken by Government to meet shortage of cement in the country, said that, in order to stimulate the maximum utilisation of the existing capacity, an incentive by way of extra price had been offered to producers. This extra price was payable on the excess production achieved in the year 1965 over the best annual production for the three years ending 1962. This incentive scheme had been in force in the year 1963 as well and had been responsible for increase in production of about 500,000 tonnes. Proposals for the import of balancing equipment by the factories for maximising the utilisation of capacity were under examination. Augmentation of production was also being achieved by utilisation of blast furnace slag and pozzalanie materials. The Minister stated that a new slag cement factory with an annual capacity of 290,000 tonnes had just gone into production.

In order to promote the steady growth of the cement industry, the Government, according to Mr. Singh, hoped to set up shortly the Cement Corporation of India, a private limited company fully owned by the Government. The three principal functions of the Corporation would be: survey, prospecting and proving of limestone deposits in the country, establishment of capacity for manufacture of cement and ancillary and supporting activity for building up the cement industry in the country, including the development of expertise. The present production in the industry the Minister said, was of the order of 9.5 million tonnes per annum, as against the annual demand estimated at about 12.5 million tonnes.

Indian research projects aimed at making wheat more rust-resistant and at finding chemical compounds to control plant virus diseases are the recipients of two grants aggregating more than Rs. 9 lakhs from the U.S. Government. The grants are from U.S. owned rupees received from the sale of agricultural products supplied to India under the U.S. P.L. 480 (Food for Peace) Programme. One of grant of Rs. 743,398 is to the Indian Agricultural Research Institute, New Delhi. The Institute is undertaking a five-year study on the characteristics of wheat which make it resistant to the damaging fungi commonly known as wheat rust—a major cause of foodgrain losses. The second grant (Rs. 188,300) is to the University of Lucknow for a five-year study of the use of antiviral compounds—chemicals found effective in checking the action of certain viruses—to control plant diseases. The general information obtained from these studies is expected to be useful in working out a principle for finding new antiviral compounds.



MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 4th Dec., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		86,00,00,000
National Agricultural Credit (Stabilisation) Fund		9,00,00,000
National Industrial Credit (Long Term Operations) Fund		10,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		86,30,02,000
(ii) State Governments		5,48,96,000
(b) Banks—		
(i) Scheduled Banks		89,23,11,000
(ii) State Co-operative Banks		2,74,02,000
(iii) Other Banks		1,59,000
(c) Others		144,57,15,000
Bills Payable		46,14,34,000
Other Liabilities		45,95,59,000
	Rupees	610,44,78,000

ASSETS	Rs.	Rs.
Notes		18,45,74,000
Rupee Coin		4,76,000
Small Coin		8,98,000
Bills Purchased and Discounted—		....
(a) Internal		
(b) External		164,11,44,000
(c) Government Treasury Bills		11,38,78,000
Balances Held Abroad*		117,51,37,000
Investments**		....
Loans and Advances to—		
(i) Central Government		44,42,32,000
(ii) State Governments@		
Loans and Advances to—		
(i) Scheduled Banks†		13,26,45,000
(ii) State Co-operative Banks††		159,39,59,000
(iii) Others		3,33,93,000
Loans, Advances and Investments from National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		28,09,41,000
(i) State Governments		11,42,33,000
(ii) State Co-operative Banks		....
(iii) Central Land Mortgage Banks		
(b) Investment in Central Land Mortgage Bank Debentures		4,45,53,000
Loans and Advances from National Agricultural Credit (Stabilisation) Fund—		
Loans and Advances to State Co-operative Banks		....
Loans, Advances and Investments from National Industrial Credit (Long Term) Operations Fund—		
(a) Loans and Advances to the Development Bank		....
(b) Investment in bonds/debentures issued by the Development Bank		29,44,15,000
Other Assets		610,44,78,000
	Rupees	

* Includes Cash and Short-term Securities.
** Excluding Investments from the National Agricultural Credit (Long Term Operations) Fund and the National Industrial Credit (Long Term Operations) Fund.
@ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.
† Includes Rs. 4,26,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.
†† Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	18,45,74,000	
Notes in circulation	2472,96,73,000	2491,42,47,000
Total Notes issued		2491,42,47,000
Total Liabilities		

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	85,45,69,000	
Foreign Securities		
Total		203,21,79,000
		102,07,53,000
Rupee Coin		
Government of India Rupee Securities		2186,13,15,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2491,42,47,000

State Bank of Pakistan

Statement of Affairs for the week ended 27th Nov., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	7,75,00,000
Rural Credit Fund	3,50,00,000
Deposits :—	
(a) Central Government	14,82,54,000
(b) Provincial Governments	13,65,98,000
(c) Banks	43,53,05,000
(d) Others	95,82,02,000
Bills Payable	9,29,000
Other Liabilities	13,16,46,000
Rupees	195,34,30,000

ASSETS	Rs.
Notes	8,47,92,000
Rupee Coin	22,000
Subsidiary Coin	67,000
Bills Purchased and Discounted :—	....
(a) Internal	
(b) External	6,11,69,000
(c) Government Treasury Bills	8,38,54,000
Balances held outside Pakistan*	....
Loans and Advances to Governments	
Provincial Governments' Debtor Balances	122,79,58,000
Other Loans and Advances	37,23,48,000
Investments	12,32,20,000
Other Assets	195,34,30,000
Rupees	

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	8,47,92,000	
Notes in circulation	452,51,73,000	
Total Notes issued		460,99,65,000
		460,99,65,000
Total Liabilities		

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,15,70,000	
Silver Bullion		
Foreign Securities	75,41,16,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	143,58,50,000
B. Rupee Coin	3,57,51,000	
Government of Pakistan Securities	307,93,58,000	
Internal bills of exchange and other commercial paper	....	311,51,09,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets		460,99,65,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 32.36 per cent.

State Bank of India

Statement of Affairs for the week ended 4th Dec., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		667,23,21,000
Borrowings from Other Banking Companies, Agents, etc.		1,24,05,000
Bills Payable		10,44,82,000
Bills for Collection being Bills receivable as per contra		7,06,51,000
Acceptances, Endorsements and Other Obligations per contra		20,21,52,000
Other Liabilities (including Inter-Office Adjustments)		28,75,72,000
Total .. Rs.		749,88,33,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		16,26,06,000
Balances with other Banks		7,23,26,000
Money at Call and Short Notice		5,00,00,000
INVESTMENTS :—	Rs.	
Government and other Trustee Securities	283,02,64,000	
Other Authorised Investments	8,98,23,000	
		292,00,87,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc.	339,60,86,000	
Bills Discounted and Purchased	23,11,60,000	
		362,72,46,000
Bills Receivable being Bills for Collection as per contra		7,06,51,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		20,21,52,000
Premises less Depreciation		2,23,49,000
Furniture and Fixtures less Depreciation		1,83,42,000
Other Assets (including Inter-Office Adjustments)		34,40,74,000
Total .. Rs.		749,88,33,000

EXCHANGE RATES

	9th Dec., 1964	2nd Dec., 1964
London on New York £ per Dollar	2.7901- 2.7903	2.7922- 2.7925
London on Berne .. Sw. Fcs.	12.0380-12.0400	12.0475-12.0525
London on Paris .. Fr. Fcs.	13.6700-13.6720	13.6775-13.6825
New York on London Cents per £	279.040-279.060	279.200-279.230
Pound Sterling—		
Sellers T.T. DD. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. s.	1-5 29/32	1-5 29/32
Buyers T.T. .. .. s.	1-6 1/32	1-6 1/32
Buyers D.D. .. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	479.75	479.50
Buyers T.T. .. Rs. to $100	476.50	476.00
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	448.25	448.25
Buyers T.T.	440.25	440.25
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	102.00	102.10
Buyers T.T.	103.10	103.10
Swiss Francs—		
Sellers T.T. D.D.	89.80	89.90
Buyers T.T.	90.80	90.90
Deutsche Marks—		
Sellers T.T. D.D.	82.80	82.80
Buyers T.T.	88.70	88.80
Italian Lire—		
Sellers T.T. D.D.	12,785	12,995
Buyers T.T.	13,160	13,170
Swedish Kroner—		
Sellers T.T. D.D.	107.20	107.26
Buyers T.T.	108.30	108.30
Belgian Francs—		
Sellers T.T. D.D.	1,031	1,031
Buyers T.T.	1,047	1,047
Dutch Guilders—		
Sellers T.T. D.D.	74.80	74.80
Buyers T.T.	75.60	75.70
Hongkong Dollars—		
Sellers T.T. D.D.	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D.	149.00	149.00
Buyers T.T.	150.40	150.40
Danish Kroner—		
Sellers T.T. D.D.	144.00	144.10
Buyers T.T.	145.40	145.50
Straits Dollars—		
Sellers T.T. D.D.	63.90	63.90
Buyers T.T.	64.50	64.50

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	27-11-64	20-11-64	29-11-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks ..	65,84	65,37	53,46
(ii) From others ..	1,198,75	1,206,32	980,44
(b) Borrowings from banks ..	31,56	29,01	29,73
(c) Others	73,90	75,12	62,94
2. Time liabilities—			
(a) Time deposits—			
(i) From banks ..	34,84	32,82	32,99
(ii) From others ..	1,335,79	1,340,21	1,257,07
(b) Borrowings from banks ..	15,88	15,79	21,72
(c) Others	13,26	13,22	10,06
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)].	2,534,54	2,546,53	2,237,51
4. Borrowings from Reserve Bank ..	1,31	1,46	80
5. Borrowings from State Bank and/or a notified Bank	15	—	—
(b) Others	1,17	1,46	80
6. Cash	56,96	43,69	27,70
7. Balances with Reserve Bank ..	65,66	67,03	55,26
8. Cash and balances with Reserve Bank	93,76	97,00	72,91
9. 8 as per cent of 3	159,42	164,03	128,17
10. Balance with other banks in current account	6,29	6,44	5,73
11. Money at call and short notice ..	23,53	22,65	22,24
12. Investments in Government securities	78,78	80,10	70,57
13. 12 as per cent of 3	839,26	828,82	766,56
14. Advances—	33,11	32,55	34,26
(a) Loans, cash credits and overdrafts	1,448,37	1,453,41	1,256,64
(b) Due from banks	20,96	19,17	11,85
15. Inland bills purchased and discounted	190,90	185,99	174,27
16. Foreign bills purchased and discounted	74,63	75,39	58,35
17. Total Bank Credit [14(a) + 15 + 16].	1,713,90	1,714,80	1,487,26
18. 17 as per cent of 3	67,62	67,34	66,47

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended			
	28th Nov., 1964P	21st Nov., 1964P	31st Oct., 1964	30th Nov., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.5	99.5	99.6	100.1
2. Government of India ..	99.2	99.2	99.2	99.8
3. State Governments ..	102.1	102.1	102.0	102.0
4. Municipal, Port Trust, etc. ..	99.0	99.0	99.0	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.9	98.8	98.7	98.0
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.0	82.1	82.3	81.6
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	162.8	162.5	165.1	172.3
8. *Agriculture and Allied Activities : Total**	138.6	138.3	139.5	154.1
9. Tea Plantations	123.3	123.1	124.9	142.3
10. Coffee Plantations	178.3	178.6	177.0	170.5
11. Rubber Plantations	181.8	181.3	180.7	176.3
12. *Mining and Quarrying: Total**	131.5	131.4	134.0	145.6
13. Coal	91.1	91.7	94.0	109.7
14. Other Mining	159.2	158.6	161.4	170.5
15. *Processing and Manufacturing : Total*	174.1	174.0	177.3	186.3
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	171.8	171.4	174.8	189.1
17. Sugar	131.8	131.4	132.3	138.0
18. Cotton Textiles	157.7	157.6	160.1	171.6
19. Jute Textiles	83.5	83.5	85.0	100.3
20. Silk and Woollen	798.1	793.0	823.2	912.4
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	193.3	193.1	197.2	198.7
22. Iron and Steel	160.9	160.6	164.7	156.8
23. Transport Equipment ..	291.8	292.4	300.5	341.3
24. Electrical Machinery ..	158.7	158.7	162.1	168.2
25. Machinery other than Transport and Electrical ..	226.0	225.6	230.4	233.8
26. Basic Industrial Chemicals ..	183.7	183.7	185.6	180.7
27. *Processing and Mfg. (Others) : Total**	146.4	146.3	147.6	158.7
28. Cement	138.9	139.2	139.3	138.7
29. Paper	189.3	188.2	191.0	202.5
30. *Other Industries : Total** ..	112.7	111.9	113.1	109.3
31. Electricity Generation and Supply	96.3	96.4	98.5	87.2
32. Trading	113.8	110.4	111.9	115.6
33. Shipping and Other Transport	95.9	95.6	97.9	100.5
34. Construction	308.3	297.0	289.0	285.3
35. *Financial : Total*	194.0	193.3	193.9	192.2
36. Banks	216.8	216.2	216.8	212.5
37. Insurance	158.0	156.4	157.6	162.8
38. Investment Trusts	78.9	79.7	79.6	85.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	172.1	171.5	174.5	178.8
40. Calcutta	149.1	148.9	151.7	161.3
41. Madras	174.7	174.9	174.9	177.4
42. Delhi	216.2	216.3	221.4	229.6

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.
p—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	14th Nov., 1964	7th Nov., 1964	16th Nov., 1963	Sept. 1964	Sept. 1963	Percentage of Increase (+) or Decrease (—) in Sept. 1964 as compared with Sept. 1963	Financial Year Averages 1963-64	Financial Year Averages 1962-63
Food Articles	504	166.2	165.0R	136.1	168.5	138.1	+21.9	136.8	126.1
Cereals	192	146.9*	146.8*	119.2	150.2	117.3	+28.0	116.3	105.6
Pulses	43	177.8	175.8R	116.2	177.1	111.0	+59.5	115.4	105.2
Fruits and Vegetables	23	195.4	187.1R	136.5	184.0	119.6	+53.8	140.6	135.6
Milk and Ghee	84	147.6	148.0	123.2	145.8	126.3	+15.4	128.2	124.4R
Edible Oils	47	205.3	201.5R	148.9	217.0	154.1	+40.8	151.1	152.3
Fish, Eggs and Meat	17	180.7	165.9R	152.3	177.4	152.1	+16.6	149.8	148.6R
Sugar and Gur	48	196.8	202.4R	181.5	212.3	218.8	— 3.0	188.8	145.0
Others	50	177.4	179.7	182.9	182.4	176.4	+ 0.3	179.3	171.8
Liquor and Tobacco	21	133.5	133.5	118.6	130.8	118.5	+10.4	119.8	100.9R
Tobacco		131.4	131.4	115.6	128.5	115.6	+11.2	116.8	97.4R
Fuel, Power, Light and Lubricants ..	30	144.8	144.8	139.5	143.8	139.1	+ 3.4	139.5R	124.4R
Industrial Raw Materials	155	165.5	161.4	136.7	170.3	141.2	+20.6	139.5	138.8
Fibres	61	146.6	143.3	130.9	148.3	132.6	+11.8	133.2	128.8
Oilseeds	60	203.5	196.0	148.9	213.8	161.1	+32.7	154.1	151.4
Minerals	2	103.2*	103.2*	91.6*	103.7	91.5	+13.3	92.8	93.6
Others	32	134.1*	134.4*R	128.0*	134.6	123.2	+ 9.3	127.3	125.8
Manufacture	290	138.6	138.2R	130.9	137.0	131.2	+ 4.4	131.1	128.6R
Intermediate Products	41	155.2	154.2R	137.9	150.9	139.4	+ 8.2	139.6	139.5
Finished Products	249	135.8	135.8	129.7	134.7	129.8	+ 3.8	129.7	127.1
Textiles	147	134.5	134.1	127.7	132.8	128.0	+ 3.8	127.7	126.1
Cotton	..	137.3*	136.8*	135.6*	136.5	135.7	+ 0.6	135.6	130.7
Jute	..	125.4	124.8	100.6	118.5	101.4	+16.9	100.3	110.9
Woollen	..	169.3*	169.2*	160.2*	169.2	156.6	+ 8.0	155.3	140.4
Silk and Rayon	..	131.8*	132.0*	137.7*	136.3	138.9	— 1.9	139.8	131.8
Metal Products	12	169.5	169.5	163.7	169.5	163.7	+ 3.5	163.1	160.1
Chemicals	20	120.8*	120.8*	117.5*	120.4	117.1	+ 2.8	117.9	115.5
Oil Cakes	9	199.9*	199.5	164.6	197.7	165.1	+19.7	165.7	180.9
Machinery and Transport Equipment ..	31	127.2	127.2	124.2	127.1	124.0	+ 2.5	124.2	117.9R
Others	30	127.7	127.8	128.9	127.8	128.6	— 0.6	128.2	125.3
All Commodities	1,000	158.8	155.4R	134.4	158.6	136.7	+16.0	135.3	127.3

NOTE:—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group revision. P—Subject to index. R—Revised.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

AGRICULTURAL PRODUCTION

Crop	Forecast	Area (in thousand Hectares) 1963-64	Area 1962-63	Production (in thousand metric tons) 1963-64	Production 1962-63
Cereals—					
Rice	final	35,474	34,934	36,489	31,914
Wheat	final	13,305	13,657	9,708	10,829
Jowar	final	18,174	18,021	9,227	9,621
Bajra	final	10,810	10,800	3,736	3,892
Barley	final	2,794	3,022	1,985	2,423
Maize	final	4,546	4,607	4,527	4,578
Ragi	final	2,364	2,316	1,852	1,891
Small millets ..	final	4,614	4,693	2,031	1,860
Total cereals ..	final	92,081	92,050	69,555	67,008
Pulses—					
Gram	final	9,242	9,177	4,478	5,345
Tur	final	2,418	2,418	1,292	1,592
Other Kharif pulses§ ..	final	6,173	6,424	1,534	1,680
Rabi pulses†† ..	final	5,935	5,940	2,571	2,825
Total pulses ..	final	23,768	23,959	9,875	11,440
Total foodgrains ..	final	115,849	116,009	79,430	78,448
Oilseeds—					
Groundnut ..	final	6,804	6,864	5,291	4,821
Castorseed ..	final	449	437	101	101
Sesamum	final	2,343	2,488	410	464
Rape and Mustard ..	final	3,004	3,108	909	1,294
Linseed	final	1,954	1,899	385	433
Total oilseeds ..	final	14,554	14,796	7,096	7,113
Fibres—					
Cotton*	final	7,919	7,845	5,426	5,309
Jute &	final	862	851	5,957	5,449
Mesta A. ..	final	385	379	1,819	1,697
Sannhemp (a) ..	final	251	251	86	76
Other crops—					
Potato	final	415†	370‡	3,131†	2,550‡
Sugarcane% ..	final	2,214	2,280	10,258	9,544
Ginger (Dry) ..	final	21	20	90	90
Pepper (Black ..	final	102	102	24	26
Chillies (Dry) ..	final	623†	614‡	389†	376‡
Tobacco	final	430†	421‡	367†	349‡

Source : Ministry of Food and Agriculture. § Excluding Tur.
* In terms of cotton lint and in thousand bales of 180 Kgs. each.
†† Excluding Gram and Tur. A.—In bales of 180 Kgs.
(a) Relates to fibre crop only. % Yield in terms of *gur*.
† Refers to 1962-63. ‡ Refers to 1961-62.

INDIAN JUTE GOODS STATISTICS
(In thousand metric tons)

	October 1964	October 1963	Jan. to Oct. 1964	Jan. to Oct. 1963
Production—Total	**98.0**	**96.2**	**1,056.7**	**1,025.1**
Of which :				
Hessian	42.7	41.8	449.8	436.7
Sackings	42.3	40.5	417.9	379.5
Carpet backing	7.6	7.5	77.7	70.6
Others	5.4	6.4	111.3	97.3
Despatches—Total	**105.8**	**95.9**	**1,044.9**	**993.9**
Of which :				
For exports	72.7	66 9	741.8	725 3
Hessian	39.5	36 9	399 4	390.2
Sacking	20 0	21 9	200.8	200 0
Carpet backing	11.1	6.5	77	60.0
Others	1.6	1.9	67.9	66 1
For internal consumption..	33.1	28.1	303 1	268 6
Hessian	5.1	3 7	45 8	38 9
Sacking	24 3	21.3	221.7	201 5
Others	3	3 1	35 6	28 2
Closing stocks—Total	**117.3**	**108.3**	**117.3**	**108.3**
Of which :				
Hessian	45.9	34 5	45 9	34.5
Sacking	40.8	52 2	40 8	52 2
Carpet backing	20.0	13 8	20.0	13.8
Others	10 6	7.8	10 6	7.8

IRON AND STEEL PRODUCTION (In metric tons)

	Pig Iron	Steel Ingots	Saleable Steel
Tata Iron and Steel Co., Ltd.			
Year ended 31st March, 1960 ..	1,594,000	1,565,000	1,237,000
Do. 31st March, 1961 ..	1,686,000	1,622,000	1,293,000
Do. 31st March, 1962 ..	1,645,000	1,643,000	1,318,000
Do. 31st March, 1963 ..	1,764,000	1,799,000	1,413,000
Do. 31st March, 1964 ..	1,806,000	1,892,000	1,507,000
November 1963	146,300	158,300	126,600
April 1964	128,300	142,800	115,000
May ,, ...	139,000	149,600	122,000
June ,, ...	152,700	158,400	120,100
July ,, ...	162,500	161,800	130,000
August ,, ...	154,400	160,000	130,800
September ,, ...	157,600	161,700	130,100
October ,, ...	157,500	165,300	129,100
November ,, ...	170,600	173,200	135,300
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1960 ..	1,070,470	840,305	672,707
Do. 31st March, 1961 ..	1,160,576	914,159	722,034
Do. 31st March, 1962 ..	1,187,397	934,498	736,070
Do. 31st March, 1963 ..	1,291,825	1,002,039	795 120
Do. 31st March, 1964 ..	1,238,442	1,026,786	869,804
November 1963	76,696	81,595	64,682
April ,1964	111,269	82,319	62,656
May ,, ...	108,073	81,294	61,337
June ,, ...	99,003	79,845	62,274
July ,, ...	74,440	67,295	63 222
August ,, ...	91,003	70,333	53,526
September ,, ...	104,733	77 244	54,671
October ,, ...	94,065	85,674	68,190
November ,, ...	99,339	84,242	61,337

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1964					
1st September ..	2.00	4.00	2.00	2.400	99.400
2nd to 5th Sept.* ..	1.29	—	1.29	—	99.416
8th September ..	2.00	4.00	2.00	2.400	99.400
9th to 12th Sept.* ..	2.45	—	2.45	—	99.416
15th September ..	2.00	3.04	2.00	2.386	99.405
16th to 19th Sept.* ..	7.98	—	7.98	—	99.416
22nd September ..	2.00	2.10	2.00	2.399	99.405
23rd to 26th Sept.* ..	13.35	—	13.35	—	99.416
29th September ..	2.00	4.00	2.00	2.400	99.400
30th Sept. to 3rd Oct.* ..	5.75	—	5.75	—	99.416
6th October ..	2.00	2.00	2.00	2.500	99.375
7th to 10th Oct.* ..	1.74	—	1.74	—	99.391
12th to 17th Oct.* ..	2.43	—	2.43	—	99.391
20th October ..	2.00	4.00	2.00	2.500	99.375
21st to 24th Oct.* ..	27.64	—	27.64	—	99.391
27th October ..	2.00	4.70	2.00	2.400	99.400
28th to 31st October* ..	7.02	—	7.02	—	99.416
3rd November* ..	2.00	2.00	2.00	2.500	99.375
4th to 7th November* ..	0.49	—	0.49	—	99.391
10th November ..	2.00	2.05	2.00	2.499	99.378
11th to 14th Nov. ..	11.25	—	11.25	—	99.391
17th November ..	2.00	4.00	2.00	2.400	99.400
18th to 21st Nov. ..	16.57	—	16.57	—	99.416
24th November ..	2.00	2.05	2.00	2.360	99.410
Total amount outstanding ..	122.76	—	122 76	—	—

* Intermediate Treasury Bills sold.

INDEX OF INDUSTRIAL PRODUCTION
(Base : 1956=100)

	1964 Jan.	Feb.	Mar.	April	May	June	July	Aug.	1963 Aug.
GENERAL INDEX :									
Seasonally adjusted ..	174.3	172.2	173.8	167.2	163.8	171.7	175.3	173.6	162.9
Crude ..	176.8	167.9	175.6	165.0	162.0	167.2	179.1	176.0	165.2
Mining and Quarrying ..	182.5	168.7	177.7	173.1	164.9	163.3	166.0	158 4	172.3
Manufacturing ..	173.2	159.0	168.3	164.3	155.9	154.7	157.0	150 0	163.8
Food manufacturing Industries	171.6	163.1	170.7	159.2	154.2	161.9	174.6	172.5	160.6
Wheat flour	156.3	143.1	124.4	97.8	104.3	124.9	133.2	130.2	133.1
Sugar ..	296.8	287.9	363.7	336.3	327.3	331.6	326.8	330.8	238.9
Tea ..	370.0	220.2	238.5	79.8	21.3	6.7	4.1	6.5	5.8
Salt ..	21.2	18.1	19.4	64 3	107.5	157.5	205.3	204 2	214.6
Beverage and Tobacco—(Cigarettes)	48.0	120 3	207.7	300 0	363.8	380.0	62.7	62.7†	57.8
Manufacture of Textiles ..	178.8	168.4	162.1	169.9	159.3	170.0	183.8	174.8	159.2
Spinning, weaving and finishing of cotton textiles	129.0	122.4	131.2	126.0	120.3	123.4	135.8	134.9	119.3
Cotton spinning ..	124.3	116.2	124.5	119.4	112.3	115.4	129.3	129.3†	112.6
Weaving of cotton textiles ..	135.8	123.9	138.7	135.2	124.0	120.1	141.7	141.7†	125.9
(a) Mill sector ..	119.6	113.3	119.9	113.4	107.8	113.7	124.6	124.6†	107.4
(b) Decentralised sector	96.1	85.0	98.2	95.8	85.2	93.2	101.0	101.0†	87.4
Spinning, weaving and finishing of woollen textiles	184.2	189.9	175.5	161.2	169.1	169.1	188.5	188.5†	161.9
Spinning, weaving and finishng of textiles from silk and synthetic fibres ..	142.4	124.6	131.9	132.3	128.6	119.2	129.6	130.8	174.0
Spinning, weaving and finishing of jute manufactures ..	200.8	204.5	206.7	207.8	210.9	211.4	210.5	212.3	168.3
Manufacture of footwear, other wearing apparel and made up textile goods ..	115.9	114.1	130.0	119.5	117.1	123.3	135.1	127.3	121.6
Manufacture of wood and cork except manufacture of furniture	158.3	232.6	209.5	241.8	150.9	197.5	261.9	226.9	250.7
,, ,, paper and paper products	214.2	180.0	183.9	197 8	197.0	191.2	218.5	181.2	197.6
,, ,, leather and fur products ..	240.0	223.4	250.9	236 9	235 6	230.2	251.8	251.8†	236.9
,, ,, Rubber products ..	131.7	131.7	153.5	142.6	142.0	127.2	129.6	158.5	152.9
,, ,, chemicals and chemical products ..	190.0	196.1	203 3	209.7	176.9	176.0	186.0	198.7	197.1
Basic industrial chemicals ..	212.5	203.6	214.3	216.4	208.4	225.6	243.2	234.3	233.2
Heavy organic chemicals ..	343.1	329.6	370.1	352 4	337.4	327.8	371.2	338.1	426.2
Heavy inorganic chemicals ..	409 2	361.2	420.0	401.0	365.0	323.4	405.7	311.6	401.8
Synethetic resins and plastics ..	379 6	365.5	406 2	386 0	385.8	362.4	464.4	392.2	557.4
Dyestuff	562.5	566.8	624.6	641 6	568.7	570.7	593.7	556.7	517.6
Manufacture of fertilisers ..	153.2	122.0	171 9	102.7	183.8	186.9	188.1	169.9	177.7
,, ,, paints, varnishes and lacquers	226.5	205.4	172.4	208.5	152.3	179.1	247.2	229.1	220.8
Soap	164.3	176.8	177.6	175.4	168.9	177.5	183.0	190.0	187.4
Manufacture of Matches*	156.7	146.1	160.7	166 0	140.2	148.6	161.2	146.8	133.6
,, ,, petroleum products ..	92.9	82.1	94.6	89.6	109.0	119.1	106.7	180.9	94.4
,, ,, non-metallic mineral products ..	229 2	203.8	225 8	198.7	225.6	213.1	196.7	223.1	200.8
,, ,, structural clay products ..	208.1	206.0	221 1	220.0	214.3	210.0	227.1	212.1	202.9
,, ,, glass and glass products ..	209.0	192.4	210 8	203.7	201.2	210.1	208.5	183.5	204.6
,, ,, pottery, china and earthenware ..	178.2	175.1	161 3	169.0	172.3	172.5	162.9	180.4	189.6
,, ,, cement	281.7	292.2	284.1	372.8	357.9	357.0	373.2	366.2	....
Basic metal	189.3	193.5	207.1	193 3	189.2	175.4	198.6	179.6	176.6
Iron and steel basic industries ..	269.8	249 2	265.8	248.2	252.6	239.3	269.0	268.0	264.4
(a) Pig iron	282.3	258.8	276.6	255.5	265.0	249.3	284.9	274.1	272.7
(b) Finished steel ..	351.2	310.7	322.5	315.7	332.5	324.7	328.4	334.9	347.5
Copper smelting and rolling mill products ..	313.4	341.1	341	328.3	320.6	287.6	322.5	318.4	315.1
Aluminium manufacturing ..	111.7	154.7	159.2	133.0	111.2	87.7	122.5	118.0	118.0
Brass manufacture	406.3	369.5	394.0	386.2	368.7	339.2	396.0	395.3	407.3
Manufacture of metal products ..	220.7	182.5	174.3	199.1	155.7	186.8	168.2	201.9	205.4
,, ,, bolts, nuts, screws, nails, springs, chains, etc.	201.2	218.6	228.1	224.1	197.1	214.7	245.6	230.8	209.1
,, ,, hand tools and small tools ..	159.3	148.9	167.0	173.6	127.7	131.2	213.2	164.5	143.9
,, ,, metal products not elsewhere classified ..	268.2	249 2	265.8	228.2	222.5	239.3	269.0	268.0	264.4
,, ,, machinery, except electrical machines ..	282.3	258.8	276.6	255.5	265.0	249.3	284.9	274.1	272.7
,, ,, internal combustion engines ..	351.2	310.7	322.5	315.7	332.5	324.7	328.4	334.9	347.5
,, ,, industrial machinery ..	313.4	341.1	341	328.3	320.6	287.6	322.5	318.4	315.1
,, ,, commercial office and household machines ..	111.7	154.7	159.2	133.0	111.2	87.7	122.5	118.0	118.0
Sewing machines	406.3	369.5	394.0	386.2	368.7	339.2	396.0	395.3	407.3
Manufacture of electrical machinery, apparatus, appliances and supplies ..	220.7	182.5	174.3	199.1	155.7	186.8	168.2	201.9	205.4
Power transformers ..	201.2	218.6	228.1	224.1	197.1	214.7	245.6	230.8	209.1
Electric motors	159.3	148.9	167.0	173.6	127.7	131.2	213.2	164.5	143.9
Electric cables and wires ..	268.2	249 2	265.8	228.2	222.5	239.3	269.0	268.0	264.4
Batteries	282.3	258.8	276.6	255.5	265.0	249.3	284.9	274.1	272.7
Electric lamps	392.5	369.8	417.2	357.9	373.6	410.2	436.0	407.0	378.9
fans	410.3	369.9	424.6	422.1	395.7	356.7	443.0	410.3	386.1
Radio receivers	444.2	419.8	474.0	440.5	456.4	454.2	474.7	430.9	373.9
Manufacture of transport equipment ..	257.5	264.9	282.5	260.2	243.7	369.1	357.1	370.4	376.2
Railway wagons	74.1	67.7	85.7	66.1	65.4	247.7	247.7	250.2	310.6
Motor vehicles (automobiles) ..	249.4	256.6	272.8	264.1	244.6	277.8	302.4	297.2	235.9
Motor cycles and scooters ..	213.7	293.0	338.4	317.2	348.0	309.7	328.6	332.8	247.2
Bicycles (complete)	286.7	317.4	342.3	338.8	306.7	377.6	379.6	419.4	305.7
Electricity gas and steam :	286.7	290.6	319.6	322.4	291.8	322.9	344.8	328.0	242.0
Electricity	169.5	174.2	190.8	177.3	176.4	185.1	199.1	174.3	145.0
	281.9	264.8	277.8	260.6	259.6	282.8	296.8	267.2	267.2
	283.7	228.7	264.9	224.8	205.7	319.1	401.1	380.5	326.0
	220.2	242.3	286.7	316.1	271.2	331.5	349.8	357.1	285.8
	183.5	184.4	210.0	182.0	177.4	191.8	200.6	184.6	132.2
	152.9	159.0	163.7	156.2	146.1	156.0	142.8	142.8†	106.1
	109.4	102.0	258.8	176.0	184.2	203.5	222.7	206.5	131.5
	406.1	492.5	648.2	588.2	629.1	683.2	665.5	758.8	431.3
	206.8	207.8	211.4	225.6	196.8	203.3	232.8	174.3	176.0
Electricity	290.8	280.7	293.4	290.6	295.6	302.0	305.4	297.2	263.9

* The production statistics relate to six 'A class' units only. Hence the index based on their production has been inflated by the ratio of production of all units in 1961 to production of six 'A class' units in that year.
† Due to non-availability of production data, July 1964 figures has been repeated.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS
(1960=100)

	All-India	Bombay*	Ahmedabad†	Sholapur‡	Kanpur §	Nagpur	Calcutta †	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur†	Jabalpur	Bangalore†
1960 Average	124	429	109	357	100	186	100	168	129	107	108	100	109	100
1961	126	431	102	362	101	181	101	166	127	113	106	101	111	105
1962	130	444	104	381	101	184	101	166	127	113	106	101	111	105
August ,, 1963 ..	136	449	108	374	103	183	107	150	130	115	112	105	141	113
September ,, ..	137	454	109	377	110	144	113	151	134	124	108	109	141	113
October ,, ..	138	453	109	371	112	146	116	152	136	124	109	109	143	113
November ,, ..	138	454	110	378	112	147	116	151	136	122	112	109	143	114
December ,, ..	140	483‡	111	379	115	147	116	157	135	124	112	109	143	115
January 1964 ..	140	485‡	111	388	115	150	111	157	140	125	113	110	145	115
February ,, ..	142	489‡	115	417	116	150	111	157	140	125	115	108	152	116
March ,, ..	143	496‡	116	417	124	156	115	158	145	126	113	108	158	117
April ,, ..	144	497‡	117	422	125	157	117	159	146	124	119	112	159	118
May ,, ..	147	499‡	118	449	123	162	118	163	144	126	121	115	158	121
June ,, ..	150	511‡	119	463	125	167	116	169	145	130	119	119	159	124
July ,, ..	154	526‡	122	466	130	171	119	174	148	137	129	119P	161	125
August ,, ..	156	529‡	....	470	....	....	....	....	151	138	128	..	....	....
September ,, ..	159	531‡	....	485	....	....	....	174	....	139	129	..	167	....
October ,, ..	....	538‡	....	501	....	....	....	....	....	....	....	..	....	....

* Jan. 1934=100. § Jan. 1928=100. †Base: 1960=100. ‡ The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra. P—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES
(Base : 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Leaf	Raw Cotton	Raw Jute	Groundnut	Spices and condiments	Coal	Jute manufactures	Cotton textile manufactures	Textile fibres Manufactures
1960-61	108	90	122	130	87	206	116	127	136	111	112	210	146	138	141	120	134	147
1961-62	105	91	112	122	85	198	117	125	116	96	109	176	145	140	142	122	128	146
1962-63	125	99	116	132	100	196	122	131	163	94	113	147	140	154	151	100	136	163
1963-64	125	99	116	132	100	196	122	131	163	94	113	147	140	154	151	100	136	163
September 1963 ..	131	92	109	130	93	198	129	136	267	111	118	148	144	158	161	100	136	163
January 1964 ..	130	112	123	139	113	195	128	145	205	116	120	149	139	161	161	100	136	163
February ,, ..	121	121	130	144	120	193	130	145	198	116	122	150	141	160	161	100	136	163
March ,, ..	122	121	134	146	123	180	138	145	189	112	120	151	153	164	161	100	136	167
April ,, ..	125	116	137	149	116	..	144	145	184	112	122	151	155	164	166	99	137	169
May ,, ..	131	116	149	161	120	..	147	148	204	109	123	149	164	165	166	99	137	170
June ,, ..	136	112	166	167	125	198	150	153	219	115	122	146	164	165	166	99	136	170
July ,, ..	140	116	178	178	132	194	161	158	214	117	123	148	166	165	167	98	136	170
August ,, ..	146	124	188	175	151	199	168	158	288	125	124	177	203	165	167	100	135	170
September ,, ..	146	135	211	185	182	197	160	153	247	127	124	182	209	160	167	119	137	170

RAILWAY TRAFFIC—WAGON LOADINGS
(In thousands)

Year/Month	Total No of Wagons Loaded	Coal and Coke	Genuine and Paints	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,757	1,591	887	182	52	16	116	15	126	491	56	317	25	76
1961-62	9,879	1,704	808	115	40	14	128	12	110	999	51	366	24	76
1962-63	10 607	1,924	792	125	43	14	150	15	143	385	54	438	26	69
1963-64	11,354	2,080	913	136	41	13	143	12	124	413	57	493	30	....
July 1963	3,646	687	311	44	15	4	25	4	50	130	19	155	7	20
Aug., ,, ...	4,561	866	377	52	16	5	35	5	61	163	24	196	11	24
Sept., ,, ...	5,461	1,040	446	59	18	7	45	5	71	195	29	237	16	31
Jan., 1964	9 366	1.747	754	110	31	10	123	10	103	338	48	409	29	51
Feb., ,, ...	10,335	1,910	833	122	36	12	134	11	112	375	52	449	30	57
March ,, ...	11,354	2,080	913	136	41	13	143	12	124	413	57	493	30	62
April ,, ...	959	168	80	13	4	1	8	2	9	35	5	39	2	5
May ,, ...	1,896	330	161	23	8	2	15	2	22	68	9	78	2	10
June ,, ...	2,880	489	237	33	11	2	19	3	32	101	14	117	3	15
July ,, ...	3 697	652	307	42	13	4	23	4	40	140	19	161	3	20
Aug., ,, ...	4,565	811	381	48	15	5	30	5	48	177	24	203	10	25

Note : The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source :*—Ministry of Railways.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. F.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I—Interim Dividend. C.R.—Cum. R'ght. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : ' A ' shares and ' B ' shares—these are indicated by the same letters ' A ' and ' B ' under the columns ' Paid-up Ordinary Capital ' and ' Paid-up ' per share.

Accounts :— Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number Installed Spindles	Number Installed Looms	Mill	†Latest available Quotation Rs.	Paid-up Per Share Rs.	Dividend Per Ordinary Shares 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
BOMBAY CITY AND ISLAND																
25,00,000	21,96,033	57,13,635	34,05,359	21,367	Maganlal Bhagwandas & Co. ..	45,180	..	Ambika Silk Mills Co., Ltd. ..	285.00	100	20.00	20.00	15.00*		12	Y.
50,70,480	17,16,185	1,41,55,248	50,60,009	—17,31,884	Rajputana Text. (Agencies) Pvt. Ltd.	55,468	.. 902	Apollo Mills	1.70	2	*Nil*	*Nil*	*Nil*		12	Y.
3,50,98,000	4,24,31,018	13,87,18,614	7,58,55,693	48,236	Nowrosjee Wadia & Sons (Pvt.) Ltd.	1,96,736	3,736	Bombay Dyeing & Mfg. ..	57.00	50	3.50	3.50	3.50		12	Y.
10,00,000	37,72,690	1,02,81,524	72,10,018	24,411	M. Ramnarain Private Ltd. ..	44,784	860	Bradbury Mills	143.75	50	15.00	15.00	15.00		12	Y.
2,54,90,900	5,00,47,465	19,19,05,500	8,36,29,130	....	Birla Gwalior Private Ltd. ..	1,26,752	2,702	Century Spg. & Mfg. ..	553.00	100	30.00	30.00	30.00	15.00	3	Y.P.
36,00,000	33,80,444	1,42,43,896	96,80,380	5,342	Cowasjee Jehangir & Co. Pvt. Ltd. ..	31,460	672	Cooria Spg. & Wvg. ..	178.50	100

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
60,00,000	76,63,500	1,85,69,182	86,97,417	30,951	B. N. Elias & Co. Private Ltd.	879	Agarpara	8.75	10	0.25	0.25	1.20	1.00	3	Y.P.F.
6,00,000	21,61,100	88,62,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	246.00	100	15.00	42.50			12	Y.P.F.
30,00,000	24,04,850	1,72,09,661	1,14,76,789	05,589	McLeod & Co., Ltd.	1,264	Alliance	105.00	100	Nil	10.00	12.50		5	Y.P.
59,04,900	1,15,30,000	3,75,48,584	2,33,71,259	55,893	Duncan Brothers & Co., Ltd. ..	2,561	Anglo-India	185.00	100	7.50	10.00	12.50		5	Y.P.
40,80,000	36,35,500	1,92,46,048	1,12,42,168	1,520	Bird & Co. Private Ltd.	810	Auckland	123.00	100	12.00	Nil	15.00	12.50	3	Y.P.F.
20,00,000	46,32,069	2,08,31,514	1,08,77,173	24,424	Birla Brothers Private Ltd. ..	1,177	Bally	168.00	100	25.00	25.00	25.00	20.00	3	Y.P.
£275,900	£1,028,581	£1,454,736	£1,094,881	£7,946	Jardine Henderson Ltd.	1,889	Barnagore	280.00	£5	10 sh.	10 sh.	£2	£1-10sh	3	Y.P.
45,00,000	27,12,701	76,46,179	45,59,589	1,26,234	Soorajmull Nagarmull	600	Bengal	6.50	10	0.50	0.50			6	Y.P.F.
1,50,56,210	3,88,66,994	9,96,98,597	4,20,72,427	46,410	Birla Brothers Private Ltd. ..	1,372	Birla	38.31	10	1.50	1.50	1.50		3	Y.P.
35,00,000	20,48,440	1,25,69,733	79 60,997	35,907	Andrew Yule & Co., Ltd.	991	Budge-Budge	121.00	100	Nil	12.00	20.00		10	Y.P.
7,47,380	98,200	49,78,484	37,08,876	←2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	7.00N	10	Nil				12	Y.P.
18,00,000	20,27,728	1,19,96,838	66,06,929	7,332	M.	616	Caledonian	133.00	100	5.00	15.00	15.00		11	Y.P.
29,58,200	1,01,10,201	1,95,45,693	1,19,34,120	30,251	James Finlay & Co., Ltd.	600	Champdany	21.62	10	0.50	0.50	4.00	3.50	3	Y.
36,58,750	77,75,319	1,47,45,586	77,38,580	1,10,207	Andrew Yule & Co., Ltd.	1,131	Cheviot	20.37	10	0.50	2.50	2.50		1	Y.P.F.
30,15,000	36,54,850	1,38,59,292	87,51,922	←4,10,550	McLeod & Co., Ltd.	500	Chitavalsah	7.81	10	Nil	0.50	2.50		1	Y.P.F.
24,00,000	8,04,609	81 44,890	69,78,978	←15 44 521	M.	969	Clive	8.00	10	Nil	Nil	Nil		7	Y.P.F.
31,49,200	24,37,694	1,53,87,280	91,28,003	9,930	Bird & Co. Private Ltd.	766	Dalhousie	110.00	100	1.00	Nil			3	Y.P.
56,00,000	74 36,442	1,88,80,591	76,70,106	23,475	Andrew Yule & Co., Ltd.	779	Delta	139.00	100	Nil	Nil	25.00	7.50	3	Y.P.F.
15,00,000	42,21,700	1,21,66,313	66,25,776	84,665	McLeod & Co., Ltd.	500	Empire	13.19	10	Nil	12.00	16.00		11	Y.P.
78,75,000	1,58,61,438	4,64 48,321	2,66 86,760	15,622	Kettlewell Bullen & Co., Ltd.	1,864	Fort Gloster Industries Ltd. ..	268.00	100 Ord	10.00	12.50	20.00	15.00	7	Y.P.F.
41,99,250	34,93,490	2,45,52,916	1,08,42,031	4,080	Bangur Bros. Ltd.	1,014	Fort William	19.87	10	2.25	1.00	2.00	1.50	3	Y.P.F.
84,82 100	77,96,303	3,00,05,500	1,61,98,875	16,267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	12.60	10	1.00	1.50	2.00		3	Y.P.
48,20,000	46,54,205	2,19,65,231	88,71,916	9,681	M.	607	General Ind. Society Ltd. ..	10.00	10	1.00	1.50	2.00		3	Y.P.
48,00,000	62,53,423	3,55,59,185	2,27,64,891	41,505	Macneill & Barry Ltd.	1,394	Gourepore	21.37	10	1.00	1.50	1.40		12	Y.P.
40,00,000	1,22,75,042	2,19,80,303	1,17,88,171	2,274	Bangur Bros., Ltd.	1,078	Hastings	126.00	100	6.00	6.00	6.00	2.00	3	Y.P.
16,80,000	44,86,659	99,76,527	67,56,170	4,294	M.	770	Hooghly	14.00	10	2.00	0.75	1.00	0.50	3	Y.P.
65,62,500	51,91,579	2,33,65,028	1,70,88,188	....	Jardine Henderson Ltd.	1,940	Howrah	16.87	10	1.00	Nil	1.00	1.25	3	Y.P.
52,50,000	91,26,055	3,64,83,831	2,25,96,085	2,004	Ramdutt Ramkissendass	2,272	Hukumchand	17.50	7.50	2.15	2.00	2.00	2.00	3	Y.P.
37,30,000	26,63,965	1,86,45,013	1,09 41,160	76,164	M.	700	India	16.25	12.50	1.50	2.00			3	Y.
24,00,000 }	35,84,700	2,08 46,168	1,60,07,458	....	Jardine Henderson Ltd.	1,797	Kamarhatty	151.00	100	Nil	20.00	20.00		12	Y.P.F.
30,00,000 }								151.00	'B' 100	Nil	20.00	20.00			
24,00,000 }	16,58,308	1,79,25,475	1,35,47,483	....	Jardine Henderson Ltd.	1,527	Kankinarrah	131.00	100	Nil	15.00	15.00		12	Y.P.F.
18,00,000	72,61,800	2,51 06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	181.00	'B' 100	Nil	15.00	15.00			
24,00,000	49,74,720	2,72,25,278	1,67,13,173	41,261	Anderson Wright Ltd.	1,530	Khardah	139.00	100	15.00	5.00	20.00		5	Y.P.
59,85,650	7,87,477	2,37,45,098	1,62,09,834	13,127	F. W. Heilgers & Co. Private Ltd.	1,250	Kinloch	17.75	10	0.50	1.25	1.25		3	Y.P.
24,48,000	5,13,600	1,01,22,105	73,84,909	6,707	Bird & Co. Private Ltd.	931	Lansdowne	105.00	100	7.00	Nil	10.00	5.00	3	Y.P.F.
58,00,000	14,76 475	66,81,585	47,10,904	7,256	Bird & Co. Private Ltd.	840	Lawrence	101.00	100	Nil	Nil	Nil	12.50	3	Y.P.
31,65,200	44,85,037	2,38,24,106	1,47,80,805	84,805	M.	1,794	Magma	15.00	10.00	10.00	10.00	10.00	10.00	3	Y.
29,98,900	41 42,655	2,01,69,391	1,28,29,338	32,760	Bhagat Agencies Ltd.	815	Naihati	11.19	10	1.25	Nil			3	Y.
30,00,000	11,82,460	86,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	68.00	100	Nil	Nil	Nil	Nil	3	Y.P.F.
75,00,000	79 10,449	2,01,18,888	83 47,374	9,407	M.	962	National	5.50	10	Nil				10	Y.P.
26,25,000	26,29,172	80,96,895	46,01,106	85,280	McLeod & Co., Ltd.	816	Nellimarla Jute	19.12	10	Nil	1.00			10	Y.P.
2,56 50,000	3,31,09,122	11,98 78,237	2 72,02,888	12,002	Sahu Jain Ltd.	1,765	New Central	8.81	10	0.60	1.50	0.50		7	Y.P.F.
16,79,880	59,81,792	1,58 76,718	97,66,771	7,005	Bird & Co. Private Ltd.	567	Northbrook	9.94	10	1.50	Nil	1.50		3	Y.P.F.
66,79,500	61,30,745	1,68,98,000	75,34,356	20,062	Macneill & Barry Ltd.	1,092	Nuddea	22.87	10	3.00	2.00	3.50	2.50	3	Y.
25,00,008	13,65,554	1,08,88,905	84,46,448	17,103	McLeod & Co., Ltd.	400	Presidency	10.87	10	0.50	0.50	1.00	1.00	3	Y.
20,00,000	4,27,000	68,13,300	24,70,569	25,153	Hindustan Investment Corpn. Ltd.	305	Rameshwara	4.06	5	0.30	0.50	0.50		7	Y.
49,50,000	6,91,790	1,23,23,241	69,65,423	8,85,502	M.	722	Reliance	7.75	10	Nil	Nil	Nil		3	Y.P.
£600,000	£1,029,127	£1,602,126	£796,090	£2,892	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnagore	6.62	10	Nil	Nil	Nil	Nil	10	Y.P.F.
30,00,000	28,52,584	1,57,85,313	1,08,08,079	8,777	Bagaria More & Co., Ltd.	911	Shree Ambica	9.50N	£1	Nil	10%†	15%		12	Y.P.
14,00,000	17,16 854	77,43,803	45,72,948	26,425	Hindustan Investment Corpn. Ltd.	401	Soorah	27.00N	10	0.60	Nil	0.80		12	Y.P.
£600,000	£693,155	£1,681,120	£843,019	£3,525	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	17.25	10	2.50	2.50			12	Y.P.
26,96,600	45,04,220	1 28,84,609	71,69 711	2,671	Bird & Co. Private Ltd.	1,226	Union	9.50N	£1	Nil	15%†	10%		12	Y.P.
£400,000	£495,802	£1,372,172	£711,722	£1,961	Thomas Duff & Co. (India) Pvt. Ltd.	1,831	Victoria	134.00	£10	6.00	Nil	20.00	10.00	1	Y.P.F.
2,80,000	9,70,000	81,07,250	46,86,488	57,655	McLeod & Co., Ltd.	447	Waverley	9.50N	£1	Nil	10%†	10%		12	Y.P.
								7.62	1	0.30	0.60	0.50		5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
10,96,900	5 60,324	18,08,952	4,15,754	48,095	Young India Agencies Private Ltd...	1,665	Balanoor Tea and Rubber ..	11.20	10	1.20	1.20			3	Y.
26,00,000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agn.) Pvt. Ltd.	1,870H	Blue Mountain Estates & Ind..	2.20cd	2	0.20	0.20			3	Y.
5,50,000	5,11,080	19,95 967	4,35,544	9,168	K. Anantaraman, Esq. (Mg. Director)	646	Chandramalai Estates Ltd. ..	2.40	2	0.20	0.12	Nil		6	Y.
14,00,000	20,95,127	41,85,733	13,18,052	1,553	Peirce, Leslie & Co., Ltd. ..	693H	Chembra Peak Estates	5.20	2	0.20	0.12	Nil		6	Y.
5,66,730	12,90,424	24,87,766	3,72,266		Matheson Rosenquet & Co. Pvt. Ltd..	159H	Coonoor Tea	16.80	10	1.50	0.40	0.40		3	Y.
4,80,000	5,03,204	16,62,155	3,17,071	17,303	M. L. Goenka, Esq. (Chairman)	671	Coorg Tea	4.77xd	2	0.40	0.40	0.40	0.50	3	Y.
2,40,000	2,80,917	14,11,057	4,65,067	3,228	C. Balchand, Esq. (Chairman)	144H	Devashola (Nilgiri) Tea	30.65	10	0.80	0.80	0.80		10	Y.P.
6,74,850	3,82,749	13,45,758	3,14,298	22,156	Young India Agencies Private Ltd..	1,177	Devon Tea	12.35	10	2.00	1.50	1.50		12	Y.
7,50,000	6,00,000	5,94,450	13,465	19,221	K. N. Krishna Iyer (Mg. Director)	198	Emerald Valley Estates	7.00	5	Nil	0.80	1.00		3	Y.P.
88,00,000	22,41,971	61,03,359	15,14,788	84,749	Parkina Private Ltd.	607H	Halleyburia	12.25	10	1.25	1.10	1.25		3	Y.P.F.
9,00,000	8,49,355	17,68,383	12,13,844	2,190	Peirce, Leslie & Co., Ltd.	193H	Kalasa Tea	4.12	10	0.50	0.80	0.80	0.80	3	Y.P.
17,17,074	13 42,070	37,07,123	8,78,822	28,817	Peirce, Leslie & Co., Ltd.	156H	Kil Kotagiri Tea	2.60	2	0.20	0.12	Nil		12	Y.P.
6,90,000	3,95,380	14,76,033	1,80,774	249	Ipe Oommen & Co. Pvt. Ltd. ..	936	Kurchermala Plant Ltd.	4.87	10	0.50	0.50	0.40	0.30	3	Y.
5,00,000	2,00,550	11,18,479	1,35,037	49,466	Matheson Rosenquet & Co., Ltd.	108H	Lucky Valley	11.75	10	0.40	Nil	Nil	0.50	10	Y.
3,50,000	20,000	3,59,379	33,078	4,609	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	1.85	10	1.00	1.00	1.00		12	Y.
5,00,000	6,13,117	15,08,178	3,99,591	—3,503	Rapen Thomas, Esq. (Mg. Director)	560	Mainalay	2.00	2	0.10	0.10	0.10		1	Y.P.F.
36,00,000	24,19,434	84,10,841	17,28,590	20,273	A. V. Thomas & Co. (India) Ltd. ..	825H	Neelamalai	84.60	25	3.50	2.00	Nil		3	Y.
12,00,000	11,91,500	34,24,231	7,71,132	24,279	A. V. Thomas & Co., Ltd.	747H	Nellampathy	5.15cd	5	0.375	0.375	0.375		6	Y.P.
14,06,250	10,19,464	41,66,449	8,85,860	28,207	A. V. George & Co., Ltd.	1,622	Nilgiri Tea	5.60cd	5	0.30	0.30	0.30		6	Y.P.F.
38,10,000	12,93,349	42 36,160	16,15,664	22,772	Harrisons & Crosfield Ltd.	856H	Nonsuch Tea	8.50	10	1.00	0.80	0.80	0.50	6	Y.P.F.
14,88,950	17,27,811	35,93,022	8,23,036	11,135	P. S. M. Molyneux, Esq. (Chairman)	2,08H	Parkside	21.75xd	10	2.00	2.00	2.00	0.75	3	Y.
6,00,000	6,84,251	7,96,364	79,137	4,27,181	S. Sivaramakrishna Aiyar, Esq.	271	Peninsular Plantations Ltd. ..	24.00xd	10	2.25	2.00	2.00	2.00	6	Y.
17,00,000	13,87,519	48,20,401	20,82,960	46,160	Aspinwall & Co. (Travancore) Ltd.	634H	Peermade	19.65	10	2.00	2.75	2.50	2.25	6	Y.
57,94,880	33,98,413	1,80,04,636	50,86,620	919	Peirce, Leslie & Co., Ltd.	1,806H	Periakaramalai	20.75	10	2.50	2.00	2.00		2	Y.
13,50,000	2,95,500	12,02,940	1,74,015	3,959	A. V. Thomas & Co. (India) Ltd. ..	382	Sheveroy Estates Ltd.	3.72	2	0.40	0.25	0.30		12	Y.P.
9,00,000	13,30,496	81,78,663	10,92,544	17,781	T. Stanes & Co., Ltd.	1,407H	Stanes Amalgamated	2.32cd	2	0.15	0.125	0.125	0.27	6	Y.P.
1,25,000	12,500	2,18,632	22,950	2,921	M.	216	Swinton Estates	13.50cd	10	1.00	1.50	1.75		6	Y.
12,50,000	11,55,555	34,26,763	6,09,208	45	Srinivas Agencies	1,056	Talayar Tea	2.52	2	0.12	Nil	Nil		6	Y.P.
15,75,000	5,47,051	30,84,166	54,782	9,228	Parkina Private Ltd.	491H	Taylors	1.65	2	0.20	0.20	0.20		6	Y.
2,28,000	3,07,345	10,82,130	1,53,687	28,985	A. V. George & Co., Ltd.	503	Udayagiri Rubber Co., Ltd. ..	9.00	10	0.60	0.20	0.20	0.10	3	Y.
21,93,280	21,26,250	69,80,505	22,94,476	22,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	15.50	10	Nil	Nil	0.75		12	Y.
47,25,000	21 23,76	93,19,415	15,06,787	51,550	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Waterfall	22.25	10	2.20	2.20	2.25		6	Y.P.
								2.37cd	2	0.20	0.20	0.20		6	

RUBBER AND OTHERS

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretary	Acreage under Rubber	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
6,00,000	6,62,425	18,17,977	5,80,510	12,585	M. A. M. Muthuraman Chettiar, Esq. (Mg. Director)	903	Alageswar Estates Ltd.	2.84	2	0.20	0.20	0.20	0.20		Y
6,75,000	2,85,527	22,28,573	4,01,312	2,940	K. N. Neelakantan, Esq. (Mg. Director)	975H	Amalgamated Coffee Estates Ltd.	9.21	10	1.00	1.00	0.50	1.00	3	Y.P.F.
2,50,000	2,69,002	12,98,382	2,52,129	56,241	A. V. George & Co., Ltd.	629	Amesbury Rubber Co., Ltd. ..	14.35	10	1.00	1.00	0.50		3	Y.P.F.
12,07,888	2,26,040	22,69 026	2,45,437	34,775	Associated Planters Private Ltd.	1,243	Anaparai Estates Ltd.	14.16cd	10	1.80	1.50	1.50		12	Y.P.
4,25,000	4,75,000	12,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd. ..	1,041	Badra Coffee Estates Ltd. ..	2.70	2	0.30	0.20	0.30		6	Y.
4,00,000	2,56 000	7,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore) ..	232H	Balasdin Coffee & Produces..	5.00cd	5	0.40	0.30	0.30		6	Y.
2,00,000	2,25,000	4,59,296	90,721	9,781	Planting Agencies (Private) Ltd.	151H	Balmadies Plantations	2.10	2	0.10	Nil	0.10	0.20	6	Y.
24,91,270	19,46,896	60,09,790	18,97,512	8,792	Peirce, Leslie & Co., Ltd.	2,530H	Cochin Mambar	6.12	2	0.60	0.60	0.36	0.36	2	Y.
32,50,000	33,02,169	87,74,920	18,29,855	890	M. A. Sreenivasan, Esq. (Chairman).	2,798	Coffee Lands and Industries ..	17.50cd	10	1.20	0.60	0.60		6	Y.
71,55,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman).	5,245	Consolidated Coffee	25.50cd	10	2.00	1.50	0.90		6	Y.
6,00,000	5,09,735	15 58,047	1,41,758	5,915	Associated Planters Private Ltd.	1,410	Cottenad Plantations	9.85	10	1.00	1.50	2.00		6	Y.
4,08,540	3,25,000	3,98,450	1,63,672	35,601	Peirce, Leslie & Co., Ltd.	247H	Coweoody Estates (Coffee) ..	4.92cd	2	0.50	0.625	1.00		6	Y.
15,00,000	15,20,000	40,99,988	9,82,819	40,041	A. V. George & Co., Ltd.	627H	Highland Produce	15.63	10	0.50	0.40	0.35		6	Y.
11,85,700	11,77,705	31,99,915	5,11,190	35,373	A. V. George & Co., Ltd.	1,537	Kalles Rubber Co., Ltd.	6.30cd	2	1.50	1.50	1.50	0.40	6	Y.
12,50,000	9,72,669	26,05,141	5,19,390	13,355	A. V. Thomas & Co., Ltd.	886H	Kalpetta Estates	6.50cd	2	0.60	0.60	0.60	0.60	12	Y.
6,00,000	2,40,000	9,93,124	2,60,252	26,055	Peirce, Leslie & Co., Ltd.	272H	Kanagercode Estates Ltd. ..	12.55	10	1.25	1.25	1.25	1.25	4	Y.
13,50,000	9,14,031	25,10,108	5,31,748	19,417	K. T. Thomas Kathanar, Esq. ..	936H	Malankara Rubber	4.80	2	0.35	0.30	0.26		6	Y.
3,25,000	2,60,000	8,95,000	1,04,010	5,575	Associated Planters Pvt. Ltd. ..	915	Mervara Rubbers Ltd.	15.72	10	1.60*	1.50	1.40	1.60	10	Y.
40,40,000	17,25,165	81,95,894	14,55,340	3,476	A. V. Thomas & Co., Ltd.	885H	Midland Rubber	7.92cd	5	1.00	0.75	0.625	0.75	6	Y.
3,35,000	4,14 607	17,68,529	3,60,741	1,19,586	A. V. George & Co., Ltd.	805	Neeravoy Rubber	10.85	10	1.25	1.25	1.00	1.00	3	Y.
2,00,000	5,08,616	11,04,287	66,555	5,802	Associated Planters Private Ltd.	846	Nilambur Rubber Co.	20.70	10	1.50	1.50	1.00		3	Y.
4,00,000	5,96,464	12,89,223	1,39,772	17,987	Peirce, Leslie & Co., Ltd.	229H	Oscor Estates Ltd.	11.25	10	1.50	1.00	1.25		12	Y.
19,45,880	34,54,133	69,64,646	24,42,425	3,616	Peirce, Leslie & Co., Ltd.	1,813H	Ouchterlony Valley Estates ..	2.80	2	0.30	0.20	0.30		3	Y.
16,50 000	5,75,528	26 14,686	4,65,915	16,319	Aspinwall & Co., Ltd.	831H	Palungode Rubber & Tea	8.40	2	0.30	0.12	0.25		10	Y.P.F.
12,50,000	16,18,807	54 75,470	6,01,928	14,317	A. V. Thomas & Co., Ltd.	1,205H	Rajagiri Rubber	8.45	2	0.12	0.12	0.25		10	Y.
2,50,000	2,14,963	6,20,216	67,402	47,267	Associated Planters Private Ltd.	422	Rajendra Coffee Ltd.	23.00cd	10	0.15	0.20	0.20	0.16	3	Y.
12,00,000	3,00 000	21,03,946	2,79,716	4,494	Peirce, Leslie & Co., Ltd.	470H	Sangameshwar Coffee Estates..	12.00	2	0.20	0.20	0.125	0.60	3	Y.P.F.
5,50,170	3,23,000	10,11,493	2,15,317	6,988	Peirce, Leslie & Co., Ltd.	202H	Savamalai Estates Ltd.	1.80	2	0.12	Nil	Nil	Nil	3	Y.
6,25,000	2,74,153	14,90,789	66,153	7,695	A. V. George & Co., Ltd.	816	Thamarapally Rubber	5.55	2	0.82	0.80	0.85		11	Y.P.F.
9,15,000	10,75,840	16,61,781	2,34,898	7,869	Peirce, Leslie & Co., Ltd.	1,312	Thirumbadi Rubber Co., Ltd. ..	15.25	10	1.80	1.60			12	Y.P.F.
6,00,000	6,15,616	13,78,050	1,92,991	1,840	Rapen Thomas, Esq. (Mg. Director).	1,241	Travancore Rubber	1.78	1	0.12	0.10	0.10	0.16	9	Y.
41,00,000	12,63,584	90,95,805	18,31,504	32,288	Aspinwall & Co. (Travancore) Ltd.	2,109H	Travancore Rubber & Tea	11.75	10	1.20	1.00			9	Y.P.
20,00,000	1,91,000	33,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director) ..	3,157	Tropical Plantations Co.	8.10	10	1.00	1.00			12	Y.
5,80,016	5,47,051	30,84,166	54,782	9,228	S. Padmanabh Aiyar, Esq. (Chairman)	1,118	Valkundam Rubber Co., Ltd..	20.50	25					12	Y.
6,00,000	7,18 624	19 97,467	2,09,728	8,001	P. I. Joseph, Esq. (Chairman) ..	1,333	Vellanikal Rubber & Co.	34.30	10	3.00				12	Y.
12,00,000	12,40,982	16,57,152	2,24,153	26,874	Peirce, Leslie & Co., Ltd.	417H	Wartyhully Estates Ltd.	5.25	5	0.50	0.25	0.25	0.35	2	Y.
4,96 000	97,309	13,65,464	1,02,251	23,313	M.	806	Woodland Estates	2.64	2	0.30	0.20	0.24		3	Y.P.F.
								6.50	10	1.00				3	

V—Includes 60 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares; M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	16,37,403	27,43,482	11,03

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
36,00,000	13,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd..	Assam Sillimanite Ltd.	6.41	10	0.60	0.50			3	Y.
18,30,000	4,40,088	27,08,144	14,37,967	4,649	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kota) Ltd.	21.60	10	3.00	2.00	2.00	....	10	Y.P.
55,25,544	30,24,128	1,94,48,115	96,49,200	2,065	Bharat Ram Bhagat & Co.	Bengal Potteries	4.37	24	0.30	0.30	0.275		12	Y.
40,00,000	49,03,140	1,61,31,625	75,91,918	3,882	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	16.00	10	3.00	1.00	1.25	1.25	3	Y.
14,17,800	25,18,589	53,55,181	22,68,904	2,882	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	103.00	100	15.00	15.00	18.00		9	Y.P.
90,90,000	25,89,686	1,43,88,859	56,29,712	56,950	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	108.00	100	15.00	15.00	15.00		12	Y.
23,06,950	82,04,999	£4,477,588	£2,577,638	£465	Gillanders Arbuthnot & Co., Ltd. ..	Indian Copper Corporation	3.24	Sh. 2	27%	18%	12%		12	Y.
5,00,000	29,37,066	49,30,247	14,36,451	1,570	Bird & Co. Private Ltd...	Karanpura Development	9.00	10	1.50	0.90	0.90		12	Y.
0,16,00,000									0.50	0.30	0.30			
99,99,500	9,00,066	1,59,23,191	51,63,152	29,674	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd. ..	65.50	100	Nil	Nil	Nil		12	Y.
30,00,000	60,46,599	1,78,57,945	95,66,008	24,239	Bird & Co. Private Ltd...	Kumardhubi Fireclay and Silica Works.	18.46	10	2.50	2.50	2.50		12	Y.P.
1,78,79,255	10,90,896	1,22,39,515	76,18,994	3,25,965	Sir Indra Singh, Kt. (Chairman) ..	Metal Corporation of India Ltd. ..	6.00	10	1.10	1.20	1.00	1.25	6	Y.
6,80,000	5,99,234	17,89,155	10,18,397	721	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries ..	12.40CR	10	1.60	1.60	1.20	1.25	3	Y.P.
20,00,000	60,35,296	82,54,915	42,83,534	4,767	Bird & Co. Private Ltd.	Orissa Minerals	20.00	10	1.20	1.50	1.25	1.25	3	Y.
12,18,650	22,84,051	1,05,25,902	87,38,031	43,396	A. Y. Gharpure, Esq. (Chairman) ..	Parsburam Pottery Works Co., Ltd. ..	59.00	25	5.36	5.36	5.36	1.00	7	Y.
21,00,000	37,51,142	99,40,647	51,84,720	—23 68,868	Killick Industries Ltd.	Shivrajpur Syndicate	59.00	25	5.36	5.36	5.75		7	Y.P.
4,38,340							20.30	10	Nil	Nil	Nil		11	Y.
7,20,730	13,90,910	37,08,644	14,23,752	.5 375	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	27.00	10	2.75	3.50	2.00		12	Y.
							..	7.50	1.375	1.75	1.50		12	
CHEMICAL														
23,38,175		1,79,440	18,076	—26,645	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers ..	70.50	100	Nil				12	Y.P.
1,24,50,000	91,50,574	2,54,44,220	1,39,51,136	16,265	Rayonna Services	Alembic Chemical Works Co.	160.00	100	14.00	12.00	12.00		12	Y.P.
3,10,00,000	2,26,33,273	8,39,01,420	2,46,53,284	5,671	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	28.31	10	1.50	1.50	1.50		9	Y.P.
1,10,23,200	80,12,547	2,29,02,580	73,73,157	6,813	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	135.00	100	9.00	9.00	8.00		12	Y.P.
29,84,000	47,67,886	2,21,21,747	99,63,962	.. ..	Anil Starch Products Ltd.	Atul Products Ltd.	365.00	100	20.00*	25.00*	25.00*		12	Y.P.
8,24,16,200	1,83,84,680	7,54,09,808	2,06,13,757	19,425	Lalbhai Sons & Co.		263.50	100	12.00	12.00	12.00		12	Y.P.
50,00,000	....	35,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	49.50	100	....	....	....		12	Y.
1,35,45,900	67,56,823	1,59,19,707	81,89,070	5,728	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	102.00	100	Nil	Nil			6	Y.
1,25,00,000	1,44,62,999	1,71,93,875	43,75,317	16,332	Ramniwas B. Ruia, Esq. (Chairman) ..	Colour-Chem Ltd.	160.00	100	10.00	10.00			3	Y.P.
14,80,344	6,84,918	17,40,490	9,00,000	12,816	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	287.50	100	8.00	12.00	12.00	16.00	3	Y.
41,88,250	58,19,513	1,64,13,080	87,18,254	9,887	Bhanmal Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	438.75	25	8.00	8.00			12	Y.
1,07,50,000	1,67,55,420	7,10,60,072	2,65,98,147	76,110	Sahu Bros. (Saurashtra) Private Ltd.	Dhrangadhra Chemicals	118.75	50	8.00	8.00	8.00		12	Y.
6,98,77,740	78,33,033	9,68,77,503	3,61,85,65.	....	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	117.00	100	6.00	6.00	8.00	10.00	12	Y.P.
1,96,75,000	71,67,780	2,54,75,978	80,44,827	3,006	Mafatlal Gagalbai & Sons	Indian Dyestuffs Industries Ltd. ..	10	0.60	....	....	Nil	Nil	3	Y.
12,00,000	4,54,411	28,94,858	15,61,602	19,974	Jal H. Mehta, Esq. (Chairman) ..	Kemp & Co.	258.50	100	7.00	7.00	7.00		3	Y.P.
1,09,98,120	42,10,801	2,86,06,278	1,23,05,874	12,185	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	263.75	200	20.00	20.00			3	Y.
24,81,220	13,28,606	56,27,643	49,01,764	16,144	T. Shamanna, Esq. (Chairman) ..	Mysore Chemical and Fertilisers ..	14.00	10	1.25	1.375*	1.25	1.25	3	Y.P.Y.
10,00,000	5,50,915	18,72,190	8,00,675	4,610	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemicals Mfg.	7.00	10	1.00	0.50	Nil	Nil	3	Y.
56,00,000	95,40,776	3,62,71,451	86,37,503	6,016	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	15.50	10	2.00	2.00	1.50	1.50	3	Y.P.
49,54,750	8,470	60,41,412	40,438	52,803	Emcete & Sons Private Ltd.	Premier Fertilisers Ltd.	92.00	50	7.50	7.50	7.50	7.50	3	Y.P.
25,00,000	17,68,293	85,52,467	27,96,558	11 078	Rangur Brothers Ltd.	Phosphate Co., Ltd.	9.25	10	2.00	1.50	1.50		12	Y.
20,00,000	19,28,251	33,60,093	20,06,653	481	D. M. Jaffray Esq. (Chairman) ..	Smith Stanistreet & Co.	175.00	100	Nil	Nil	Nil		12	Y.
4,96,84,470	24,88,960	8,18,78,704	17,05,817	—9,38,856	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	18.00	5	1.25	1.25	1.125	1.50	6	Y.P.
3,02,33,915	1,34,33,496	9,82,02,981	3,70,75,636	3,442	Tata Industries Private Ltd.	Tata Chemicals	208.00	100	Nil	Nil	Nil		3	Y.
25,00,000	5,89,750	22,88,714	12,05,339	6,616	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd. ..	17.76	10	0.65	0.50	0.50	1.40*	6	Y.P.Y.
31,16,000	....	8,93,892	1,498	—6,78,288	Mr. M. J. Valdya (Chairman)	Travancore Electro-Chemical Ind. ..	19.87	10	2.00	2.25	1.00		6	Y.P.
14,99,375	2,52,500	28,88,794	3,45,383	—4,12,501	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	118.50	100	Nil	Nil	Nil		12	Y.
							..	100	Nil	Nil	Nil		12	
ELECTRIC (BOMBAY)														
8,74,78,395	2,32,67,033	23,06,80,231	6,32,38,775	127	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	103.00	100	7.00	8.00	8.00	8.00	3	Y.P.
1,04,11,920	68,12,174	3,66,91,595	1,03,99,764	27,089	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	9.28	10	0.90	0.90	0.90	0.90	3	Y.P.
3,82,77,000	1,76,40,699	12,80,99,376	3,62,30,226	6,370	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,215.00	1,000	80.00*	80.00*	90.00	100.00	3	Y.P.T.
1,85,50,000	1,90,55,299	6,73,25,389	1,61,14,163	10,366	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	114.00	100	8.50	8.50	9.00	9.00	3	Y.P.T.
7,97,920	1,08,267	16,97,265	8,70,206	1,586	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Developmen..	48	100	0.72	0.60	0.60		3	Y.T.
48,39,000	12,56,811	1,57,72,704	61,59,508	3,547	Rajaputana Mills (Agencies) Ltd. ..	Poona Electric Supply	260.00	100	8.25	8.25	8.00		3	Y.T.
70,00,000	52,32,432	2,04,57,383	78,49,175	18,482	Killick Industries Ltd.	Surat Electricity(p)	124.25	100	8.00	8.00	8.00		3	Y.P.T.
2,40,00,000	1,85,02,778	10,07,67,517	2,61,06,997	9,102	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	124.50	100	8.00	8.50	8.50	9.00	3	Y.P.T.
5,15,86,000	4,69,87,796	21,70,65,962	5,40,06,347	5,744	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power, Co.	1,237.50	1,000	80.00*	80.00*	90.00	100.00	3	Y.P.T.
West Bengal and Other Centres														
19,99,000	51,94,183	1,76,22,753	57,01,293	3,398	Martin Burn Ltd.	Agra Electric Supply Co. Ltd. ..	126.00	100	11.00	11.00	11.00	10.00	3	Y.
5,00,000	16,48,261	65,00,737	30,73,305	3,462	Martin Burn Ltd.	Bareilly Electric Supply	11.44	10	1.10	1.10	1.10	0.60	3	Y.T.
17,00,000	56,25,297	1,71,80,376	65,97,224	2,659	Martin Burn Ltd.	Benares Electric Light & Power Co. ..	11.75	10	1.10	1.20	1.00	0.80	3	Y.T.
£4,262,646	£12,660,240	£42,406,081	£17,196,959	£128,539	I. A. Macpherson Esq. (Chairman) ..	Calcutta Electric Supply	24.00	10	1.60	1.60	1.20	1.00	3	Y.T.
5,00,000	7,55,075	27,38,275	11,86,451	45,008	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	172.50	100	12.50	12.50	12.50	12.50	3	Y.P.
49,20,000	43,52,031	120,25,542	44,51,688	45,007	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	10	10	1.00	1.00	1.00		3	Y.P.
5,34,640	1,48,267	42,36,379	17,60,326	47,198	Moonna Lall & Sons	Jhansi Electric Supply	86.00	100	10.00	10.00	10.00	10.00	3	Y.P.
22,49,700	31,43,989	1,20,00,456	51,95,372	5,734	Martin Burn Ltd.	Jubbulpore Electric Supply	5.40N	10	Nil	0.70			3	Y.P.
85,07,880	40,44,800	1,41,84,880	56,06,370	75,737	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.37	10	1.00	1.00	1.10	0.80	3	Y.P.
9,10,000	2,56,304	15,86,885	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	10.75	10	1.00	1.00			3	Y.P.
16,80,000	19,42,893	85,04,521	50,81,275	6,058	Bird & Co. Private Ltd.	Sijuah (Jherriah) Elec. Supply Co. ..	6.62	10	0.625				3	Y.
70,00,000	42,62,539	2,60,80,963	98,07,489	12,430	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn..	9.62	10	0.90	0.90	0.90	0.90	3	Y.
5,00,000	10,01,872	36,78,703	16,39,144	18,538	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	12.30cd	10	0.90	1.00	1.05	1.10	3	Y.P.
56,00,000	83,86,813	4,99,22,812	1,86,76,504	2,908	Martin Burn Ltd.	U. P. Electric Supply Co.	25 37	10	1.35	1.35	1.35	1.10	3	Y.P.
8,00,000	24,34,832	69,17,873	19,78,324	14,628	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	105.00	100	11.00	11.00	11.00	10.00	3	Y.
							15.55 CR	10	1.429	1.429	1.429	1.50	3	Y.
ENGINEERING (Bombay)														
51,98,160	68 99,676	1,13,50,866	68,02,499	26,128	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	286.00	100	22.50	19.00			12	Y.
10,99,960	7,77,224	25,48,735	12,13,966	641	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	116.00	100	9.00*	9.00*	9.00		12	Y.
12,85,513	49,90,115	2,24,32,777	1,02,22,766	777	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	102.00	100	12.50	12.50	12.50	8.00	6	Y.
1,20,00,000	3,04,874	1,14,67,087	33,73,897	95,502	D. D. Desai, Esq. (Chairman)	Hindustan Hume Pipe Co., Ltd. ..	105.00	100	4.00	Nil	Nil	4.00	4	Y.
60,00,000	1,28,73,164	2,72,67,477	1,58,47,699	145	Walchand & Co. Private Ltd.	Jyoti Ltd.	136.25	100	13.00	14.00	14.00	4.00	3	Y.P.
15,00,000	3,18,007	14,29,209	2,33,131	3,516	T. Y. Baddeley, Esq. (Chairman) ..	Kamani Engineering Corporation ..	13.00	100	5.00	5.00	3.00	3.00	3	Y.
80,00,000	20,64,247	1,12,98,186	37,66,506	18,639	Adnem Services	Kirloskar Bros. Ltd.	47.00	50	5.00	5.00	5.00		12	Y.P.Y.
44,06,250	14,17,502	85,37,034	43,89,307	4,511	Kamani Bros. Private Ltd.	Kirloskar Brothers Ltd.	136.25	100	5.00	5.00	3.00	3.00	3	Y.P.
67,61,445	1,42,50,068	2,19,41,464	88,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	13.00	10	0.90	0.90	10.00		12	Y.
61,34,640	84,83,208	1,81,01,373	87,25,564	113	Kirloskar Associates	Kirloskar Electric Co., Ltd.	45.50	25	2.50	0.95	1.20		9	Y.
60,00,000	1,01,22,197	2,01 59,119	70,27,646	4,952	Kirloskar Sons & Co.	Kirloskar Engines, Ltd.	22.25edCR	25	2.50	2.50	2.50		7	Y.
33,95,200	30,96,284	64,29,431	20,01,276	32,352	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd. ..	24.00	10	1.60	1.20	1.00	1.25	6	Y.
38,19,770	5,14,084	1,34,12,444	50,13 120	1,69,270	Prem Kumar Gupta, Esq.(Mg.Director)	Lakshmiratan Eng.	172.50	100	12.50	12.50	12.50	12.50	3	Y.P.
1,65,00,000	1,12,23,304	2,34,04,270	77,19,557	15,974	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	5.76	10	Nil	Nil	Nil		3	Y.P.
57,47,755	4,22,494	26,17,042	2,43,392	35,575	C. C. Desai, Esq. (Chairman)	Lynx Machinery	22.16	10	Nil	Nil	Nil		9	Y.P.
30,12,160	49,49,061	2,06,51,285	95,55,916	3,337	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	5.36	10	Nil	Nil	1.40	1.50	3	Y.
1,97,98,145	1,14,00,083	2,29,64,731	89,96,861	15,767	Keshub Mahindra, Esq. (Chairman) ..	Mahindra & Mahindra Ltd.	22.76	10	Nil	1.25	1.50	1.50	3	Y.P.
30,00,000	1,28,812	53,78,065	33,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd. ..	16.92	10	1.50*	1.25	1.25	1.50	3	Y.P.
11,00,000	4,48,087	49,41,793	30,54,773	729	P. Jhunjhunwala, Esq. (Mg. Director)..	McKenzies	115.00	100	Nil	Nil			10	Y.P.
1,09,01,007							137.50	100	12.00	14.00	14.00		3	Y.P.
D. 1,24,830	1,06,62,412	2,31,72,285	97,21,770	....	Jeewan Ltd.	Mukand Iron & Steel	16.76	10	1.20	1.20	1.20	1.20	3	Y.P.
65,00,000	81,10,655	2,41,15,277	1,07,68,344	72	Kirloskar Associates	Mysore Kirloskar Ltd.	162.50	100	12.00	13.00	10.00	12.50	3	Y.
15,55,400	11,95,582	39,61,901	14,35,875	8,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd. ..	65.25	100	6.00	6.00	6.00	12.50	3	Y.
62,44,050	23,16,221	1,55,97,206	46,25,649	15,598	J. V. Fatel, Esq. (Mg. Director) ..	New Standard Engineering	95.00	50	6.50	6.50	5.00	12.50	3	Y.
38,99,970	1,38,39,545	11,68,575	3,47,855	455	Walchand & Co. Private Ltd.	Premier Construction	123.00	100	6.50	6.50			3	Y.
75,67,725	45,54,730	1,26,59,480	60,80,553	5,683	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	215.00	50	10.00	9.00	9.00	10.00	3	Y.
27,55,70,601	44,07,94,718	2,06,37,64,586	1,00,22,56,016	2,44,125	Tata Iron and Steel	Tata Iron and Steel	79.00	100	13.00	8.00	14.00		12	Y.
9,98,26,823	5,58,66,832	39,10,96,452	18,01,54,678	30,275	Tata Industries Private Ltd.	Tata Locomotive	144.00	100	13.00	8.00	6.00		6	Y.
21,02,468	25,26,784	75,26,784	24,86,020	18,875	T. Manekial & Co.	T. Manekial Mfg. Co.	261.00	100	14.50	14.50	10.36*	11.00	12.00	3	Y.P.
41,86,980	19,70,675	11,84,441	1,76	....	T. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	438.75	100	27.00	27.00	14.50	14.50	3	Y.P.
2,55,00,000	3,26,57,137	1,79,11,762	48,75,403	....	J. D. Chokai, Esq. (Chairman)	Voltas Ltd.	24.76	10	2.25	2.25	2.25	25.00	6	Y.
79,86,943	49,94,169	1,30,88,393	12,02,340	4,991	M.	Zenith Steel Pipes Ltd.	259 50	50	14.00	14.00	14.00		6	Y.
							14.64	10	Nil	Nil	0.60		4	
West Bengal and Other Centres														
6,00,000	7,38,851	42,61,418	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	15.00	10	Nil	1.00			12	Y.
80,00,000	56,68,221	1,22,65,591	82,93 550	2,263	Tantia Brothers Pvt. Ltd.	Bhartia Electric Steel	14 69	10	1.00	1.00			12	Y.P.
40,00,000	12,54,786	52,31,611	18,36,998	21,432	G. D. Binani, Esq. (Mg. Director) ..	Binani Metal Works Ltd.	13.50	10	1.50	1.50	1.50	1.50	12	Y.
1,00,00,000	1,40,28,433	2,28,10,810	1,82,74,056	....	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd. ..	13 12	10	1.00	1.00	1.50	1.50	12	Y.
12,00,000	58 62,080	1,56,65,242	85,25,828	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	32.25	10	1.20	1.40	1.20	1.50	12	Y.
19,36,870	7,04,341	39,97,580	14,06,535	12,996	Bomes Wilson & Co., Ltd.	Britannia Building and Iron	62.50N	10	2.50	1.40	2.00		12	Y.
1,00,00,000	52,95,733	1,55,55,488	75,90,275	5,115	McLeod & Co., Ltd.	Britannia Engineering	9.44	10	3.00	3.00	3.00		12	Y.
25,00,000	23,97,576	44,64,472	22,51,674	....	Balmer Lawrie & Co., Ltd.	Br. J. Electric Construction	9.50	10	Nil				12	Y.
168,00,000	2,29,82,897	7,65,66,696	4,17 99,966	....	Martin Burn Ltd.	Burn & Co.	29.12	10	1.00	1.00			12	Y.
1,00,00,000	92,70,823	81,14,072	24,19,384	1,57,672	R. N. Bhotika, Esq. (Secretary) ..	Calcutta Steel Co., Ltd.	28.50	10	2.50	1.50	1.50		12	Y.
1,00,00,000	63,98,970	2,59,75,577	80,73,766	35,471	R. L. Makharia, Esq. (President) ..	Central India Machinery Mfg. Co., Ltd.	13.31	10	1.50	1.50	26.00	15.00	4	Y.
80,00,000	35,00,000	1,74,24,651	51,07,264	6,984	G. Kejriwal, Esq. (Mg. Director) ..	Dalmia Iron & Steel Ltd.	12.76	10	Nil	Nil	1.25	1.50	3	Y.P.
60,93,480	28,26,003	1,26,09,918	30,29,918	21,399	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	12.00	10	Nil	Nil	0.75	1.00	3	Y.
1,00,36,870	77,93,558	2,44,44,599	86,44,226	15,200	Barsarshad & Co. Private Ltd.	Escort Ltd.	13 37	10	1.00	1.00	1.00		9	Y.
6,82,18,740	5,12,05,807	10,11,66,706	3,83,48,700	....	K. R. Pillai, Esq. (Chairman)	Great Eastern Hotel	15.00	10	1.00	1.00	1.00		12	Y.
17,50,000	11,04,000	62 95,094	44,08,320	8,237	Martin Burn Ltd.	Hooghly Docking	22.81	10	1.50	1.10	Nil		12	Y.
12,44,98,990	41,05,47,562	86,61,56,369	28,54,34,800	....	Martin Burn Ltd.	Indian Iron and Steel	77 00	50	1.40	1.40	1.20		12	Y.
77,97,000	1,25,90,911	1,62,59,529	94,86,216	....	Martin Burn Ltd.	Indian Standard Wagon	25.22	10	Nil	0.25	5.00		12	Y.
96,53,160							26.69	10	1.60	1.00	1.00	1.70*	12	Y.
22,680	3,22,69,422	5,51,50,123	2,41,91,082	7,668	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	27.19	0.10	2.85	2.85	2.00*	2.00	3	Y.
45,78,750	4,63,950	63,00,314	26,07,142	27,385	C. R. Ramaswamy Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd. ..	14.12	0.1	0.74	0.30	0.18	0.18	3	Y.
1,81,87,500	1,30,62,181	5,39,84,632	2,65,07,444	8,064	Madan Mohan Lal Shri Ram Pt. Ltd...	Jay Engineering Works, Ltd.	9.75	10	1.25	1.00	0.90	0.18	12	Y.
40,00,000	51,79,000	1,08,44,548	34,27,932	8,767	J. K. Industries Private Ltd.	J. K. Steel Ltd.	20.00	10	1.715	1.50	1.00	0.90	12	Y.
2,06,99,000	3,00,16,258	5,57,97,464	1,90,97,854	64,916	A. K. Chanda, Esq. (Chairman) ..	Jessop & Co.	17.75	10	2.00	1.50	1.00	0.80	3	Y.
87,54,880	65,08,046	1,15,97,149	56,44,607	3,146	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	25.60	10	0.858	0.858	1.50	1.50	10	Y.
10,50,000	2,27,751	22,57,027	19,46,084	—16,90,253	S. K. Mullick, Esq. (Chairman) ..	Marshall Sons & Co. (India) Ltd. ..	5.44	3	0.35	0.45	0.50		11	Y.
49,26,000	18,58,298	1,54,02,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd. ..	4.00	2	Nil	Nil	Nil		6	Y.P.
6,00,000	21,41,667	32,34,452	23,68,234	1,629	The British India Corpn. Ltd.	Saran Engineering Co.	5.31	10	Nil	Nil	Nil		6	Y.
66,05,700	9,55,000	75,87,465

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
2,17,18,750	2,43,67,285	9,29,88,544	1,61,42,462	22,287	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd. ..	11.00	10	1.20	1.20	0.50	9.90	3	Y.P.T.
1,24,93,482	77,93,689	2,60,01,635	1,14,51,193	699958	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	23.15	10	0.90	1.80	1.50	1.80	3	Y.
7,94,700 } 12,68,175 }	4,87,000	24,07,344	4,09,338	2,689	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	9.00	10	....	1.00	0.50	1.00	4	Y.
30,00,000	44,23,928	46,09,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	24.75	10	2.61	2.80	2.80	2.80	3	Y.
4,97,14,990	81,08,060	5,99,72,024	1,61,25,618	53,399	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	7.15cd	5	0.30	0.40	0.35	....	3	Y.
80,00,000	43,10,024	80,67,241	27,77,690	15,123	Mr. A. Bydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	25.25	10	2.00*	2.00*	2.00	....	9	Y.
1,18,00,000	98,34,917	1,31,10,564	77,02,241	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. ..	24.56	10	1.50	1.50	1.50	....	12	Y.
20,00,000	44,17,298	77,53,757	54,43,881	1,66,633	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	10.37	10	1.00	1.00	....	....	8	Y.P.T.
30,01,400	1,26,93,254	97,25,051	46,35,240	....	C. G. Montgomery, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	237.00	100	25.00	25.00	22.50	....	6	Y.
12,00,000	31,52,123	39,22,354	35,10,354	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	34.00N	10	2.50	2.50	3.00	....	12	Y.
20,00,000	9,62,972	67,82,724§§	....	1,064	Lovelock & Lewis	Birds Investment Ltd.	8.50	10	1.00	1.00	0.80	....	12	Y.P.
69,95,550	1,00,95,705	2,15,07,495	89,93,468	745	K. Jullan Scott, Esq. (Mg. Director) ..	Britannia Biscuits	35.87	10	3.00*	2.50	2.10	2.10	3	Y.P.T.
2,25,00,000	2,59,81,762	3,30,37,927	2,59,48,445	23,545	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	10.62	5	0.35	0.45	0.75	....	12	Y.P.
50,00,000	49,02,950	52,35,651	29,71,082	2,226	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	22.50	10	1.25	1.00	1.50	....	12	Y.
1,35,00,000	14,77,612	1,77,96,192§§	....	2,75,442	Andrew Yule & Co., Ltd.	Clive Row Investment	8.75	10	0.75	0.75	0.80	....	12	Y.
5,96,650	7,50,000	40,66,867	30,84,660	28,289	K. L. Mital, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	0.70	0.80	....	12	Y.P.T.
4,50,00,000	6,23,00,650	12,21,08,895	5,75,17,151	....	M. L. Bezoy, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	80.37	10	2.00	1.50	1.75	....	12	Y.P.T.
1,08,00,000	1,26,67,000	19,76,062	9,48,831	22,124	K. P. Goenka, Esq. (Chairman)	Duncan Brothers & Co., Ltd.	110.00	100	14.00	14.00	12.00	....	12	Y.
56,72,320	2,23,56,496	2,44,33,402	53,63,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	22.44	5	1.50	0.90	0.90	....	3	Y.
76,89,000	65,11,801	1,76,16,453§§	....	1,51,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	101.00	100	14.00	12.00	10.00	....	12	Y.P.
1,59,49,160	4,04,572	33,15,170	5,63,856	31,294	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	7.50	10	Nil	Nil	Nil	Nil	3	Y.
48,33,000	9,17,059	1,27,35,885	41,42,015	5,749	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.80	10	0.40	0.40	0.75	....	12	Y.P.
40,12,888	39,64,090	59,85,716	29,71,082	2,226	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd.	10.62	12.50	1.60	....	....	....	12	Y.P.
14,00,000	10,92,000	44,75,416	23,85,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	253.00	100	20.00	15.00	....	....	12	Y.
80,00,000	....	1,91,02,281	3,87,247	....	National Rubber Mfrs. Ltd.	Inchek Tyres Ltd.	5.60	7.50	Nil	Nil	Nil	Nil	6	Y.
65,00,000	61,69,746	34,35,944	22,10,552	19,276	S. C. Gladstone, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	12.62	10	1.10	1.10	1.10	0.90	6	Y.
40,00,000	35,10,500	58,90,747	56,46,463	2,446	D. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	21.75	10	4.00	8.00	2.00	....	12	Y.P.
2,00,15,000	1,54,59,733	3,68,93,878	37,75,585	51,86,810	R. E. O. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	30.50	10	Nil	....	....	....	12	Y.P.
9,00,49,550	3,80,11,174	15,66,69,214	6,34,19,991	13,299	Birla Brothers Private Ltd.	Hindustan Motors	16.16	10	1.50	1.25	1.15	1.15	12	Y.
1,80,00,000	57,26,512	3,18,45,062	72,54,008	—12,90,311	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	12.04	10	1.20	Nil	Nil	Nil	10	Y.
39,91,800	1,02,500	1,07,03,504	18,85,994	—5,39,084	M.	Hindusthan Tryforts Ltd.	14.56	10	1.00	Nil	Nil	Nil	3	Y.P.
15,16,00,000	11,38,81,191	8,86,63,775	4,44,17,194	80,158	Jardine Henderson Ltd.	Imperial Tobacco Co. of India Ltd. ..	34.75	10	2.25	2.25	2.25	2.50	3	Y.T.
6,00,44,460	5,02,77,089	13,07,08,063	6,31,36,292	4,12,610	Macneill & Barry Ltd.	Indian Aluminium Co., Ltd.	30.31	10	0.90	0.90	0.80	0.65	3	Y.P.T.
2,48,65,450	3,70,04,031	4,02,36,360	2,06,73,154	9,700	Macneill & Barry Ltd.	Indian Cable Co., Ltd.	34.75	10	1.50	1.75	1.75	....	12	Y.P.
3,64,90,000	1,61,33,886	9,06,12,544	3,91,56,221	35,587	Amiya Kumar Sen, Esq. (Mg. Director)	Indian Oxygen Ltd.	23.04	10	1.50	1.20	1.20	....	3	Y.T.
29,93,375	1,89,825	60,18,368	28,12,652	66,066	M.	Indian Plastics Ltd.	7.12	10	Nil	Nil	Nil	....	3	Y.P.
8,57,970	12,42,783	22,18,109	18,53,190	58,791	M.	Indian Rubber Manufacturers	21.75	10	3.00	3.60	....	....	3	Y.P.
74,98,900	5,31,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Woolcombers of India Ltd.	10.00	10	Nil	Nil	....	....	12	Y.
2,00,00,000	1,00,37,759	57,22,627	21,50,250	....	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	13.00	10	0.60	0.45	0.32	....	9	Y.
15,00,000	12,00,000	16,79,350	1,52,872	64,044	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	8.37	10	1.00	0.60	0.50	....	3	Y.
1,40,20,838	29,23,514	2,78,18,972	18,67,883	1,01,639	Young India Agencies Pvt. Ltd.	Madras Rubber Factory Ltd.	8.90	10	0.60	0.45	0.32	....	9	Y.
1,47,12,250	1,38,23,546	94,70,688	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	26.56	10	2.75	2.50	2.50	....	9	Y.
16,00,000	17,64,897	33,65,048	6,79,411	....	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	14.75	10	1.25	0.60	0.75	....	12	Y.
47,12,000	90,33,868	34,12,628	15,66,035	2,34,727	M.	McLeod & Co.	217.00	100	15.00	18.00	....	....	12	Y.P.
3,22,00,000	2,96,70,151	5,27,52,316	1,88,41,107	2,480	M. K. Vellodi, Esq. (Chairman)	Metal Box Co. of India Ltd.	30.50	10	2.50	2.50	3.00	1.80	3	Y.P.
35,12,200	27,76,886	41,53,549	14,89,068	2,729	N. G. Ayyangar, Esq. (Mg. Director) ..	Mysore Electric Industries Ltd. ..	150.40	100	20.00	20.00	12.00	12.00	3	Y.P.
6,66,250	10,53,965	15,65,796	46,55,184	1,217	Mr. M. Subramanyam (Chairman)	Mysore Lamp Works	29.66	10	2.50	3.70*	0.80	....	3	Y.P.
10,00,000	5,46,007	25,01,104	14,35,682	14,104	I. P. Mallappa, Esq. (Chairman)	Mysore Tobacco	11.08	10	Nil	1.00	1.00	1.10	3	Y.
1,35,00,000	1,31,43,467	1,68,75,434	88,59,993	40,361	National Insulated Cable Co.	National Industrial Cable Co.	24.37	10	2.50	2.50	2.50	2.00	3	Y.
30,00,000	36,90,300	56,25,222	32,56,876	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	29.00	10	2.00	2.00	2.00	....	9	Y.P.
40,00,000	46,86,095	56,86,957	33,85,053	8,805	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	Associated Drilling & Steel Ropes ..	23.31	10	1.50	1.50	1.50	2.00	6	Y.
50,00,000	21,55,713	1,80,14,550	62,00,885	58,629	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd. ..	10.12	10	0.65	0.60	0.60	....	12	Y.P.
19,97,000	1,30,46,998	1,76,89,880	1,01,47,284	3,26,438	B. N. Elias & Co. Private Ltd.	National Tobacco Co.	10.75	10	0.70	0.70	0.80	....	12	Y.P.T.
25,32,100	17,27,891	64,55,115§§	....	45,960	Rasmin & Rasmindas	New India Investment Corpn. Ltd. ..	56.50	75	6.50	5.00	....	....	3	Y.
20,00,000	10,04,500	19,06,562	10,15,929	2,705	Farry & Co., Ltd.	Farrys Confectionery Ltd.	3.06cd	1	0.80	0.20	0.16	....	3	Y.
2,20,00,000	1,13,85,086	3,55,53,739	1,28,86,971	43,009	W.A.C.H. Bosschaart, Esq. (Chairman)	Phillips India Ltd.	29.50	10	1.20	1.30	1.50	....	3	Y.
1,84,25,000	9,45,700	2,86,97,801	39,71,184	—47,96,562	Duncan Brothers & Co., Ltd.	Phillips Carbon	11.25	5	Nil	Nil	Nil	....	3	Y.
12,25,600	10,24,812	46,31,719	10,92,898	4,668	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.45cr	10	0.50	0.75	0.75	0.875	3	Y.P.
51,04,260	47,08,857	1,81,00,115	38,04,201	2,694	T. Shamanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	19.67cr	10	1.50	1.80	1.80	1.50	3	Y.P.
2,25,00,000	41,46,070	89,75,334	39,73,070	5,982	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	124.00	100	8.50	8.50	10.00	1.50	3	Y.P.
5,00,00,000	3,16,24,548	16,37,20,662	8,69,12,579	1,697	Sahu Jain Ltd.	Rohtas Industries	9.06	10	1.00	0.80	0.80	0.80	3	Y.P.
1,35,00,000	86,99,991	3,28,44,422	1,37,12,414	4,801	K. D. Gangull, Esq. (Secretary)	San-Raleigh Ltd.	14.00	10	1.00	0.80	Nil	Nil	3	Y.P.T.
71,60,000	....	1,02,02,408	9,21,237	—14,10,918	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	6.70	10	Nil	Nil	Nil	Nil	9	Y.P.
75,00,000	69,54,952	1,50,00,507	70,28,936	3,55,748	C. M. A. Bahmani, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	16.81	10	1.50	0.75	1.25	....	12	Y.P.
40,00,000	1,10,88,708	1,72,88,126	93,60,942	3,99,862	Z. R. Irani, Esq. (Chairman)	Spencer & Co., Ltd.	21.50xd	10	1.80	1.80	1.80	1.80	6	Y.P.
47,00,000	32,00,000	2,09,13,405	68,50,721	14,232	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	10.00	10	1.00	0.60	....	....	12	Y.
9,99,310	69,875	19,24,788	10,26,291	1,292	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	5.08	10	0.70	0.65	0.65	....	12	Y.
11,56,300	19,10,341	16,95,997	8,53,687	63,666	J. H. Wilkes, Esq. (Gen. Manager) ..	T. Stanes & Co., Ltd.	28.55	10	1.50	1.50	0.65	0.65	12	Y.P.
2,50,00,000	2,39,55,425	5,75,44,262	2,12,06,763	4,114	Sir A. Ramaswami Mudaliar(Chairman)	Tube Investments of India Ltd.	176.00cd	100	6.00	6.00	8.25	8.25	3	Y.P.
3,58,950	7,01,942	79,26,873	46,26,373	59,275	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	10.06	10	Nil	Nil	10.00	10.00	7	Y.T.
2,90,00,000	3,80,54,275	7,77,15,892	2,63,25,232	1,98,008	J. R. Galloway, Esq. (Chairman)	Union Carbide India Ltd.	28.87	10	Nil	Nil	1.00	1.00	3	Y.T.
50,00,000	72,96,098	78,35,585	27,08,709	....	Vittal Mallya, Esq. (Chairman)	United Breweries	23.78	10	1.80	1.25	1.50	1.50	12	Y.P.
5,00,000	8,41,748	9,59,498	6,77,689	8,262	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	34.62	10	6.00	2.50	0.60	0.90	3	Y.
31,46,200	48,08,662	1,21,03,805	64,16,226	15,013	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd.	200.00	100	12.00	14.00	15.00	7.00	3	Y.P.
TRANSPORT														
20,00,000	38,75,558	70,97,782	30,60,733	54,558	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	108.00	100	7.50	10.00	10.00	....	} 10	Y.P.
1,00,00,000	75,25,552	3,76,69,710	1,67,63,127	—66,12,176	Dinshaw (Private) Ltd.	Bharat Line	4.20	10	Nil	Nil	0.60	....	} 12	Y.
1,49,72,950	61,12,924	11,98,82,617	4,13,11,067	49,588	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	11.06	10	0.75	1.00	Nil	1.80	} 6	Y.P.
							18.92	10	0.30	0.50	Nil	0.765		
26,55,580	2,585,720	41,897,007§§	....	41,179	Kilburn & Co. Ltd.	India General Navigation & Rly. Co. ..	58.00	£10	Nil	Nil	Nil	....	3	Y.
2,47,50,000	1,65,54,538	23,32,64,982	9,16,76,188	....	Lionel Edwards (Private) Ltd.	India Steamship Co.	6.44	10	Nil	Nil	Nil	....	12	Y.
11,28,19,293	12,21,02,067	42,36,70,315	15,03,64,070	1,79,497	D. N. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	15.16	20	0.60	Nil	Nil	Nil	3	Y.
O. 8,40,800 } F.O. 2,10,200 }	30,76,582	18,79,885	11,06,250	21,687	R. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	3.19	O. 1	0.60	0.60	1.00	1.25	} 6	Y.
							2.04	F.O. 1	0.30	0.30	0.27		} 12	Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share 1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	1964 Rs. nP.	Accounts Closed	Reference
25,50,000	59,90,550	1,71,97,033	1,03,91,592	16,512	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	19.25	10	1.25	1.50	1.75	1.75	3	Y.
12,00,000	15,08,889	42,54,256	37,43,315	....	Jardine Henderson Ltd.	Barraree Coke	20.75	10	Nil	1.50	1.50	2.00	3	Y.
4,49,350	1,62,886	6,69,283	5,69,181	5,392	Kalyan Mavji & Co.	Bengal-Bhaidee	3.00	10	....	....	....	....	3	Y.
1,20,00,000	2,88,23,178	9,41,09,762	5,68,34,183	1,03,409	Andrew Yule & Co., Ltd.	Bengal Coal	280.00	100	21.00	19.00	16.00	....	12	Y.P.
2,25,000	5,45,885	24,86,330	21,80,114	16,129	M.	Bengal-Nagpur	22.00N	100	Nil	Nil	....	....	12	Y.P.
4,00,000	64,950	1,27,37,959	69,90,595	—3,95,581	Sahu Jain Ltd.	Bharat Collieries	3.00	10	....	....	....	....	12	Y.
7,15,000	8,31,772	59,01,884	37,06,468	—5,87,801	M.	Bhulanbararee	10.00N	10	Nil	Nil	....	....	6	Y.
7,50,000	29,11,605	55,15,184	32,39,252	6,037	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	18.25	10	....	....	....	....	12	Y.
90,92,440	94,32,421	4,74,28,820	2,50,88,877	90,768	Bird & Co. Private Ltd.	Burrakur	16.25xd	10	1.50	1.50	1.50	....	12	Y.
49,97,750	10,46,028	61,51,457	36,62,065	20,778	Hindustan Investment Corpn. Ltd. ..	Central India	8.37	10	1.00	1.30	1.30	....	6	Y.
3,60,000	12,99,400	54,18,457	35,46,265	—1,25,041	Jain Industries	Central Kurkend	8.50N	10	....	1.00	0.90	1.00	3	Y.
16,00,000	....	61,80,801	36,92,941	—5,39,084	M.	Dhemo Main	2.94	10	Nil	....	....	....	12	Y.
43,54,000	2,88,529	51,79,334	6,75,044	....	Jardine Henderson Ltd.	East Indian	26.00	£1	2.00	2.75	2.75	2.00	4	Y.
29,83,750	1,22,22,090	4,29,46,901	3,93,26,117	1,57,617	Macneill & Barry Ltd.	Equitable	20.75	10	1.00	1.00	1.00	....	12	Y.
15,00,000	40,000	27,42,664	9,86,623	—5,84,265	Bhatter's Agency Ltd.	Ghusick and Muslia	13.12	10	Nil	....	....	....	12	Y.
2,00,000	4,88,527	50,71,209	29,72,536	927	Kilick Industries Ltd.	Hingir-Rampur	52.00	50	Nil	Nil	Nil	....	3	Y.
20,00,000	....	57,00,243	19,62,864	1,971	Bird & Co. Private Ltd.	Karanpura Collieries	5.44N	10	Nil	Nil	4.00	5.00	6	Y.
14,90,460	29,19,572	70,21,354	46,47,670	22,818	Andrew Yule & Co., Ltd.	Katras Jherriah	13.00	10	1.00	1.00	1.00	1.20	12	Y.
9,00,000	10,27,752	30,57,844	22,77,712	57,551	H. V. Low & Co. (Private) Ltd.	Lakurka	25.87	10	4.00	2.50	3.00	....	2	Y.
7,48,240	56,490	13,90,484	10,61,223	74,711	Tantia Brothers Private Ltd.	Nazira	14.00	10	....	....	....	....	3	Y.
31,97,210	46,16,139	2,10,81,103	1,23,85,029	15,709	Andrew Yule & Co., Ltd.	New Beerbhoom	4.69	10	Nil	Nil	Nil	....	4	Y.
10,00,000	8,90,206	12,37,188	3,80,199	51,280	Octavius Steel & Co., Ltd.	New Mashbhoom	15.50	10	1.00	1.20	1.00	....	10	Y.
1,15,000 } 1,57,000 }	4,81,409	17,55,275	10,59,556	15,045	M.	North West	9.50	10	0.90	....	....	....	3	Y.
							19.75	10	2.00	....	....	....	} 3	Y.
7,50,000	12,52,534	1,94,347	22,85,005(k)	....	P. Prashad, Esq. (Chairman)	Ondal	17.00N	7.50	1.50	....	....	....		
3,34,000	1,52,572	37,36,226	14,17,140	389	Deepchand Kishenlall	Parasea	11.00N	10	0.75	0.75	0.50	....	12	Y.
15,75,000	30,64,825	1,00,54,255	62,14,326	7,234	Shaw Wallace & Co., Ltd.	Pench Valley	12.00N	10	1.00	1.00	1.25	0.75	3	Y.
41,97,070	40,05,000	1,92,61,106	1,25,63,200	15,753	S. K. Mukerjee, Esq. (Secretary) ..	Raneegunge	17.44	10	1.00	1.00	1.00	1.40	3	Y.
12,50,000	32,96,420	89,33,884	47,23,819	8,453	Shaw Wallace & Co., Ltd.	Rewa	12.19	10	1.70	1.70	1.70	....	3	Y.
37,50,000	45,20,336	1,20,44,712	48,96,967	2,953	M.	Samla Collieries	22.12	10	2.00	1.00	1.50	....	12	Y.
40,00,000	16,17,485	1,10,28,290	24,54,119	1,672	S. D. Sethia & Co. Private Ltd.	Selected Satgram Collieries	7.81	10	1.00	0.75	0.75	....	12	Y.
2,80,000	14,49,316	36,11,289	22,95,222	16,284	Andrew Yule & Co., Ltd.	Seebpore	108.00	100	14.00	10.00	10.00	....	12	Y.
12,84,000	6,35,222	35,37,740	18,56,748(k)	882	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	34.75N	7	3.00	2.50	2.00	....	12	Y.
3,00,00,000	1,42,11,727	11,90,70,501	5,00,12,313	18,688	M. P. Pal, Esq. (Chairman)	Singareni	3.40	10	0.35	0.35	0.30	....	12	Y.
17,50,000	11,77,056	57,60,323	25,84,692	8,001	Bird & Co. Private Ltd.	South Karanpara	9.75	10	0.75	....	0.75	....	3	Y.
8,00,000	13,16,967	1,55,707	25,19,145(k)	4,723	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	6.00	10	Nil	Nil	Nil	0.25	3	Y.
3,50,000	3,01,032	23,77,775	17,78,595	36,408	B. M. Varma, Esq. (Mg. Director) ..	Union	9.62	10	1.00	1.00	1.00	....	12	Y.
49,98,000	11,08,150	1,30,51,460	50,25,936	90,860	Hindustan Investment Corpn. Ltd. ..	Western Bengal	10.00	10	Nil	....	....	....	12	Y.
7,00,000	....	60,62,759	34,56,424	—6,23,711	M.	West Jamuria	8.50	10	0.75	0.90	0.90	1.00	3	Y.
							3.60	10	Nil	....	....	....	12	Y.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 P for the year ended 31st March 1955 and 37 P for the year ended 31st March 1956.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments. *Includes bonus.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X.B.—Ex-Bonus. §§Investment at cost.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar, Sept.	95.00	100
BREWERIES AND SUGAR						
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N	100
Bhopal Sugar T.F.C.	12,50,000	1937

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	1964 Rs. nP	Accounts Closed	Reference
87,50,000	1,33,55,000	4,67,639	Allahabad Bank	248.50	100	18.00‡	15.30	15.00		12	Y.P.
1,01 600	30,58,220	4,794	Andhra Bank	103 00	100	8.00	8.00	8.00			
40,78 800				84 00	85	6.80	6.80	6.80		6, 12	H.
2,00 00,000	2,44,93,760	2,96,970	Bank of Baroda	98 50	50	8.50	8.00	9.00		12	Y.
5,55,00,000	4,86,00,000	4,19,848	Bank of India	101 50	50	10.00	10.00	9.00	4.00‡	6, 12	R.L.Y.
50,00 000 A.				102 50	50'A'	10.00	10.00	9.00	4.00‡		
60,30,030	35,90,200	47,625	Bank of Maharashtra	53 50	50	4.50	4.50	4.50		12	Y.
86,00,000	1,00,78,433	....	Canara Bank Ltd.	81 00	50	7.50	7.50	7.50		12	Y.P.
25,00,000	27,00,000	9,000	Canara Banking Corporation Ltd. ..	68.80	50	7.50	7.50	6.00		12	Y.P.
5,99 880 'A'				143.50	100'A	20.00‡	20.00	20.00			
41 42,120 'B'	75,20,000	17,041	Syndicate Bank Ltd.	19 25	10'B'	2.00‡	2.00	2.00		12	Y.P.
2,00 000 'C'				1 57	1'C'	0.20‡	0.20	0.20			
2,03,01,800	5,20,41,606	91,510	Central Bank of India Ltd.	52 30	25	5.00	5.00	5.00	2.40‡	12	R.L.Y.
'A' 52,50,000				53 00	25	5.00	5.00	5.00	2.40‡		
1,00,00,000	1,10 47,000	1,78,514	Devkaran Nanjee Banking Co. ..	66 00	50	5.50	5.50	6.00		12	Y.
2,00 00,000	2,40,00,000	70,60,104	Habib Bank Ltd. P.	20 00N	5	20%	20%	20%		12	Y.
1,25,00 000	10,00,000	17,401	Hindustan Commercial Bank ..	10 00	50	*Nil*	*Nil*			12	Y.
50,00,000	2,50,000	18,193	Hindustan Mercantile Bank ..	10 00	50	*Nil*	*Nil*	*Nil*		12	Y.
88 46,215	92,91,884	1,61,942	Indian Bank	158 00	100	15.00	14 00‡	15.00‡		12	R.L.Y.
99 71,575	93,52,585	1,01,850	Indian Overseas Bank Ltd. ..	150 00	100	14.00	12.00	14.00		12	Y.
2,00,00 000	2,87,10,000	2,27,073	Punjab National Bank	20 08	10	2.00	2.00	2.00		12	Y.
5,62 50,000	9,30,00,000	85,50,831	State Bank of India	360 00	100	23.00	23.00	23.00		12	Y.
1,00,00,000	76,00,000	1,57,743	Union Bank of India	6 52	5	0.57	0.57	0.57		12	Y.
2,79,66 812	3,20,00,000	75,942	United Commercial Bank	73 00	50	6.00	6.00	6.00		12	Y.
2,68,71,987	1,00,30,000	4,15,815	United Bank of India.. ..	8.19	10	0.60	0.60	0.75		12	R.L.Y.

PRINCIPAL EXCHANGE BANKS

(Dividend per cent.)

£6,600,000	£7,525,000	£510,433	Chartered Bank	£2-8-0	£1	15†	15†	15†	12	Y.
H.K. $79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£22	H.K. $25	sh. 15*	sh. 16*	sh. 16*	12	Y.
£5,708,000	£5,250,000	£316,941	National and Grindlays Bank Ltd. ..	£1-14-0	sh. 15	14†‡	16†‡	16†‡	12	H.Y.

‡ Includes bonus. {P—Figures in Pak rupees. {Less tax.} xr—Ex-Right.
* sh. per Share free of tax. C—On Increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June ..	Carew & Co.	1938	95.50	1st June 1970
2,46,000	6½	1st March and 18th September..	Carew & Co. (2nd mortgage)	1941	95.00N	28th February .. 1970
26,00,000	4½	1st May and 1st November, ..	Walchandnagar Industries	1944	99.50	1st November .. 1959-64
75,00 000	6	1st July and 1st January ..	Walchandnagar Industries	1960	98.50	21st June.. .. 1972
COAL						
80,00,000	6	20th April and 21st October ..	Bharat Collieries	1944	90.00N	31st October .. 1964
90,00,000	6½	1st May and 1st November ..	Bengal Coal Co., Ltd.	1961	98.00	31st October .. 1975
20,00,000	4½	30th June and 31st December ..	Burrakur Coal Co.	1947	90.00	30th June .. 1967 (a)
46,86,000	5½	1st July and 1st January ..	Equitable Coal Co.	1953	97.00	14th December .. 1964 (a)‡
COTTON						
30,00,000	5½	1st January and 1st July ..	Ahmedabad Advance	1956	89.00	13th December .. 1966-71
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1957	90.00N	15th November .. 1966 (a)
63,98,000	5T	1st April and 1st October ..	Buckingham and Carnatic..	1952	100.00	1st March .. 1972 (a)
40,02,881	6½	1st April and 1st October ..	Gokak Mills	1957	93.00	1st April .. 1967-72
18,00,000	6½	2nd January and 2nd July ..	Minerva Mills	1958		1st July .. 1967-76
24,22,000	6½	1st January and 1st July ..	Shree Nivas	1958	99.00	31st December .. 1970
89,51,000	6½	1st April and 1st October ..	Simplex	1959	97.00	15th October .. 1969-74
30,00,000	5½	1st April and 1st October ..	Lakshmi-Vishnu	1955	94.50	1st June 1966-70
30,00,000	6½	1st June	Tata Mills	1961	88.50	1st June 1966-71
ELECTRICS						
10,00,000		31st March and 30th September..	Agra Electric Supply Co., Ltd.	1950	97.00N	31st March .. 1965 (a)
9,00,00,000	5½	15th June and 15th December ..	Ahmedabad Electric Co., Ltd. ..	1960	98 00	15th June .. 1965-70
96,25,000	6½	1st April and 1st October ..	Andhra Valley Power Supply Co. ..	1940	94.25	1st April 1970-75
12,00,000	4½	30th June and 31st December ..	Benares Electric Light and Power Co., Ltd.	1949	97.00N	31st December .. 1964 (a)
23,767,574	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	89.50	1st January .. 1970 (a)
10,80,000	5	1st January and 1st July ..	Sijua (Jherish) Electric Supply Co., Ltd..	1951	91.00N	30th June .. 1976 (a)
1,00,000	5T	3rd April and 3rd October ..	South Madras Electric Supply	1940	98.50	30th September .. 1958-68
47,72,000	5	1st March and 1st September ..	Tata Power	1944	90.00	1st January .. 1970
2,50,00,000	4½	1st January and 1st July ..	Tata Power	1949	88.50	1st July 1966-70
ENGINEERING						
5,00,000	5½	30th June and 31st December ..	Britannia Engineering	1945	94.00N	31st December .. 1969
1,50,00,000	6	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	98.50	1st January .. 1971
29,18,000	7	15th September and 15th March.	Indian Hume Pipe (Bearer)	1962	101.00	15th September .. 1977(a)
10,00,000	4	31st May and 30th November ..	Kumardhubi Engineering Works Ltd.	1946	90.00N	31st May 1971
3,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	97.20	30th September .. 1960-65
JUTE						
12,00,000		1st October and 1st April ..	Agarpara'	1939	91.50	31st March .. 1969
6,00,000		30th June and 31st December ..	Alexandra	1939	91.50N	30th June .. 1969
15,00,000		31st December and 30th June ..	Auckland Jute Co., Ltd.	1945	97.00N	31st December .. 1964
10,00 000	5	30th June and 31st December ..	Chitavalsah Jute Mills	1951	93.00N	30th June .. 1965
18,78,000	5½	31st March and 30th September.	Dalhousie Jute Co.	1954	95.00	31st March .. 1969 (a)
8,86,000	5	15th January and 15th July ..	Empire	1951	92.00N	15th July .. .. 1966 (a)
25,00,000	5½	31st March and 30th September.	Fort Gloster Industries Ltd.	1952	98.00	30th September .. 1966
20,40 000	5½	31st March and 30th September.	Howrah Mills Co., Ltd.	1955	93.50	31st March .. 1970
25,00,000	5	30th June and 31st December ..	Kinnison Jute Mills Co., Ltd. ..	1949	97.00N	31st December .. 1964 (a)
25,00,000	5½	30th June and 31st December ..	Naihati	1952	92.00	31st March .. 1967 (a)
5,00,000	6½	15th November and 14th May ..	Nellimarla Jute Mills Co., Ltd ..	1939	92.00N	14th May 1974
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co., Ltd.	1945	97.00	31st December .. 1964
25,00,000	5	31st March and 30th September.	Reliance Jute Mills Co., Ltd. ..	1950	94.00N	5th September .. 1965 (a)
12,00,000,	5½	30th June and 31st December ..	Union	1937	95.50N	31st March .. 1967 (a)
RAILWAYS; STEAMSHIP AND TRAMWAYS						
£321,697	4½	1st January and 1st July ..	Calcutta Tramways	1901	£66,00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£139,051	5	1st April and 1st October ..		1933	£74.00N	
6,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway	1945	85.00N	1st October .. 1974
£200,000	4½	30th June and 31st December ..	Bhabdara-Delhi-Saharanpur Railway) ..	1905	£64Ni	31st December .. 1974
						Any time six months' notice (a)
PLANTING						
4,84900	YT	1st April and 1st October ..	Bangamashwar(Coffee		100.00	1st Apr 1960-61
MISCELLANEOUS						
45,00,000	5	2nd January and 2nd July ..	Aluminium Industries	1961	100.75	2nd July .. .. 1966-7.
9,98,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd. ..	1948	97.00	31st December .. 1966
3,00,00,000	5½	1st March and 1st September ..	Burmah-Shell	1954	95.00	1st September .. 1970
2,00,00,000	5½	1st April and 1st October ..	Caltex Oil Refining (India) Ltd. ..	1955	95.00	1st October .. 1970
1,00,00,000	6½	31st March and 30th September.	Dalmia Cement (Bharat) Ltd.	1946	96.00	30th September .. 1970
2,04,55,000	6½	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd.	1960	99.00	1st January .. 1970
97,80,000	5½	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	94.50N	30th June .. 1973 (a)†
3,00,00,000	6½	1st January and 1st July ..	Indian Aluminium Co., Ltd.	1960	96.00	1st January .. 1969 (a)‡
27,75,000	5T	2nd January and 2nd July ..	Mettur Chemical Industries	1949	84.00	30th September .. 1975
39,70,000	4	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes)..	1947	410.00 (per note)	31st December .. 1964 1972 (a)
74,75,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	78.00	1st April 1971
55,91,000	6½	30th June and 31st December ..	National Rayon	1955	99.25	30th June 1971
80,00,00,000	6½T	15th May and 15th November..	Oil India	....	99.75	15th November .. 1965-70‡
.. 20	6½	1st January and 1st July ..	Premier Automobiles	1958	125.50	31st March .. 1966-72
1,00,00,000	6	30th June and 31st December..	Rohtas Industries Ltd.	1946	96.00	31st December .. 1966-72‡
10,00,000	5½	January and July ..	Shree Gopal Paper Mills Ltd.	1944	95.00N	15th July 1966
80,00,000	5½	1st May and 1st November ..	Tata Chemicals Ltd.	1953	95.75	1st April .. .. 1964-68 (a)†‡
5,31,000	5	31st January and 31st July ..	Tata Oil Mills Co. Ltd.	1945	96.00	31st July 1970-75
50,00,000	6	1st April and 1st October ..		1959	96.00	30th September .. 1966-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 12 years. § Any debenture outstanding on 1-6-1966 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-6-1964. ‡‡ Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1963 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961. T.—Taxable. T.F.—Tax-free. N.—Nominal.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 10th December 1964.

	Closing quotations 3-12-1964	High	Low	Closing quotation 10-12-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	145.00xR	—	—	145 00xR
Apollo (2)	1.72	1.76	1.70	1.76
Baroda Rayon (100)	61 00	73 50	61 50	73 00
Bombay Dyeing (25)	57 20	57.50	57 20	57 30
Bradbury (50)	145 00	145.00	143.75	143.75
Central India (100)	92 50	95 00	92 00	93.00
Century Mills (100)	556.00	566.00	550 50	553 50
Dawn (50)	146.50	147 00	146 00	147 00
Elphinstone (50)	93 00	94 00	92 00	92.00
Finlay (100)	304 00	307.00	304.00	306.00
Gokak (100)	170 00	173.50	170.00	173.00
Gold Mohur (100)	230.00	—	—	230.00
Gwalior Rayon (10)	36.75	37.50	36.75	36.75
Ind. Untd. Defd. (1)	2.34	2.36	2.34	2.36
Ind. Untd. Ord. (10)	19.40	—	—	19 40
Indian Rayon (100)	50 00	51.00	48.50	51.00
Indore Malwa (100)	215 00	215.00	212.00	212 50
Khatau (100)	155.00	160 00	155 00	160 00
Kohinoor (100)	317 00	320 00	315.50	316.50
Mafatlal (100)	512 00	512.00	490.00	490.00
Modella Woollens (10)	12.48	—	—	12.48
Morarji (100)	245.00	248.00	245.00	245.00
Mysore (50)	34.50	—	—	34.50
National Rayon (100)	331 50	339.50	326.00	335.00
New Great (100)	160.00	—	—	160.00
Phoenix (100)	225.00	226.00	223.00	223.50
Pedar Mills (10)	11.16	11.24	10.80	10.80
Raymond Woollen (100)	135.00	135.25	134.00	135.25
Samoon Spg. (10)	37.75	—	—	37.75
Shreeniwas (100)	241.00	241.00	240.00	240 00
Sholapur (50)	118 00	122.00	120.00	122.00
Standard (100)	561 00	563.00	562.00	580.00
Swadeshi (100)	263.50	264.00	262.50	263 00
Swan (100)	273.00	—	—	273.00
S. T. Textiles (100)	99.50	102 00	99.00	101 50
Tata Mills (25)	47.50	48.00	47.00	47.50
Lakshmi-Vishnu (100)	82 00	82.50	80.00	82.50
Western India (250)	850.00	850.00	800.00	800.00
BANKS				
Bank of India (50)	101.25	101.50	101.00	101.50
Do. (New) (50)	102.50	—	—	102.50
Bank of Baroda (50)	99.00	—	—	98.50
Central (25)	52.30	52.30	52.00	52.30
Central 'A' (25)	53.00	53.00	52.50	53 00
Dena Bank (50)	66.50	66.00	65.50	65.70
Punjab National (10)	20.08	—	—	20.08
Union Bank (5)	6.48	6.52	6.48	6.52
United Com. (50)	73.00	73.00	72.50	73 00
Maharashtra (50)	58.70	—	—	58.50
ELECTRIC COS.				
Ahmedabad (100)	103.25	103.50	102.50	103.00
Amalgamated (10)	9.24	—	—	9.28
Andhra Valley (1,000)	1,217.50	1,217.50	1,212 50	1,215 00
Bom. Sub. El. (100)	114.00	—	—	114.00
Surat (100)	122 50	—	—	124.00
Tata Hydro (100)	123.00	124.50	122.50	123.00
Tata Power (1,000)	1,237.50	1,240.00	1,233.75	1,237.50
INSURANCE COS.				
British India (10)	13.76	—	—	13.76
Indian Mercantile (50)	67.00	—	—	67 00
New India (15)	46 00	—	—	46 00
New India 'A' (15)	46.75	46.50	46.00	46.50
Vulcan (10)	16.36	47.50	47.00	47.25
		16.36	16.28	16.50
STEEL COS.				
Ind. Iron (10)	25.05	25.50	25.10	25.25
Mukand Iron (10)	16.64	16.84	16.60	16.75
Tata Steel Ord. (75)	143.00	146.50	143.25	144.00
SUGAR COS.				
Belapur (50)	219.50	221.50	218.00	218.00
Bhopal (10)	12.80	—	—	12.80
Changdeo (12.50)	23.00	—	—	23.00
Maharashtra (50)	135.50	136 00	134.50	134.75
Phaltan (50)	118.75	114.00	113.00	113 50
Walchand Ind. (100)	162.00	163.00	161.50	162.50
CEMENT COS.				
Associated Cts. (100)	151.00	152 00	150 25	151.25
Digvijay (100)	176.50	177 00	176.00	177.00
Orissa (10)	11.72	12.16	11.72	12.00
DYES & CHEMS.				
Amar-Dye-Chem (100)	132.50	137.50	132.50	135 00
Camphor & Allied (100)	80 00	83.00	80.00	81.50
Citric (100)	76 50	78 00	76 00	76 00
Chamicoat (100)	86 00	86 00	82.00	82 00
Colour-Chem. (100)	292 50	295.00	287.50	287 50
Indian Dyestuff (100)	258.50	266.50	256.00	258 00
Polychem (50)	91 00	93 00	92.00	92 00
Synthetics (100)	67.00	69 00	65.00	70 00
Tata Chemicals (10)	17.88xd	80.00	17.64	17.80
MISCELLANEOUS				
Alcock Ashdown (100)	288.00	288.00	284.00	285 00
Bom. Burmah (25)	55.50	56.50	55.10	55.25
Do. (New) (25)	42.00	42.00	41.50	41 50
Br. B. Petrol (1½ sh.)	2.82	2.90	2.76	2.75
Br. I. Corpn. (5)	10.56	—	—	10.50
Cooper Engg. (100)	102.00	102 50	101.50	102 50
Hindustan Lever (10)	28.00	28 25	27.75	28.00
Hindustan Motors (10)	16.24	16.44	16.08	16.25
I. C. & Invest. Corporation (100)	96.00	97.00	96.00	97.00
Indian-Copper (2 sh.)	8.26	8.30	8.24	8.24
Kilburn (100)	99.50	99 50	99.00	99 00
Larsen & Toubro (10)	21.56	22.48	21.60	22.20
Mahindra & Mahindra (10)	17.00	17.24	16.76	17.00
Asian Cable (100)	64.00	64.00	63.50	63.50
Permanent Magnets 100)	99.00	102 50	99 50	102.50
Phillips Carbon (10)	11 76	11.76	10.76	11.24
Pre. Automobiles (100)	96 00	96 50	94 20	95 00
Premier Con. (50)	216.50	219.00	212.00	213 00
Scindia (50)	15.16	15.40	15.12	15 16
G. E. Shipping (10)	12 00	12 04	11.96	12.04
N. Standard Eng. (100)	121.00	123.50	121.50	123 50
T. J Sandelal (100)	485.00	487 50	480.00	480.00
Shivrajpur (10)	19.80	20.24	19.52	20.12
Sirpur Paper (10)	2 44	12.60	12.36	12.50
Tata Locomotive (100)	260.25	266 00	259.50	262.50
Tata Oil (25)	47.00	47 50	46.75	47 00
Voltas (100)	260.00	262 50	257 00	260 75
W. I. Match (100)	234 00	234.50	234 00	234 50
W. Coast Paper (100)	165 50	167.50	165.50	166.50
Zenith Steel (10)	14.60	14.64	14.48	14.60

GOVERNMENT SECURITIES	3-12-1964 Rs.	Gross Yield Earlier Redemption	Gross Yield Later Redemption	10-12-1964 Rs.
2½% 1975	82.75	—	4.64	82.75
3 % 1966-68	98 35	4.28	5.52	98.15
3 % 1970-75 1st Def.	90 15	4.52	4.12	90.15
3 % 1986 Con. Loan..	62.05	—	4.82	62.05
3½% 1955 N. P. Bonds.	100.00	—	3 50	100.00
3½% 1967 N. P. Bonds	99.80	—	3.99	99.80
3½% 1974	99 60	—	4.18	99 60
3½% 1967 N. P. Bonds.	99.00	—	3.79	99.00
3½% 1969 Loan ..	97.80	—	3.99	97.80
3½% 1968	99.00	—	3.77	99.00
4 % 1971 Loan ..	99 80	—	3.80	99 80
4 % 1972 Loan ..	98.75	—	4.19	98.90
4 % 1973 Loan ..	98 80	—	4.16	98 80
4 % 1979 Loan ..	97 50	—	4.27	97 00
3½% 1966 Bonds ..	100.00	—	3 50	100.00
4 % 1960 Loan ..	97.50	—	4.26	97.50
4 % 1981 Loan ..	98.00	—	4.16	98.00
4½% 1985 Loan ..	100.00	—	4.50	100.00
4½% 1977 G. Bonds..	117.50	—	4.73	117.00
4½% 1972 N. D. Bonds	100.15	—	4.21	100.25
4½% 1986 Loan ..	100.25	—	4.49	100.25
4½% 1969 Loan ..	100.00	—	4.75	100.00

* Current Income. xd—Ex-dividend. xR—Ex-Right.
cR.—Cum-Right. ed—Cum-dividend.

COMMERCE

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

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CAUSTIC SODA AND SODA ASH DEPROTECTED

CAUSTIC soda and soda ash—two basic chemical raw materials used in a variety of industries—are among the sixteen commodities which have been freed from price controls since December 1963. Of the two, the former has been in the news in recent weeks because its supply has fallen very much short of demand, leading to a steep rise in prices. A somewhat similar, albeit not quite so alarming, trend seems to have been in operation in the field of soda ash supply too. In either case the price trend has been such as to cause disquiet to consuming industries and invite the Tariff Commission's condemnation. The Commission's reports on the question of protection to the caustic soda and soda ash industries, released this week, have examined the price changes since decontrol and passed strictures on the manufacturers, most of whom have put up the prices. This is what the report on caustic soda industry has to say on the aftermath of decontrol: "The decontrol of prices of caustic soda should not have been taken as an occasion for raising its price without adequate justification. Caustic soda is a basic chemical and any rise in its price will have a cumulative effect on the prices of all other products depending upon it. ... Decontrol was meant to serve as an incentive to increase production rather than as an opportunity for profiteering." In regard to soda ash, too, the Commission has observed that decontrol should not have been construed by the manufacturers as an occasion for making substantial changes in its prices, adding that a certain amount of self-restraint is called for on the part of producers in a *protected* industry in the interests of national development.

Although the two protected industries have thus not played fair by the consumer in the last one year, the Tariff Commission has generously recommended continuance of protection to them on the principal ground that tariff protection for a further three years up to the end of 1967 is necessary to increase their production and thereby reduce their costs. The Commission's arguments, in this connection, have run counter to the opinion of some consumers in the case of caustic soda and to the deprotection plea advanced by the producers themselves in the case of soda ash. The demand for protection voiced by caustic soda manufacturers and supported by the Directorate General of Technical Development has obviously appealed to the Commission. The industry's argument, it will be recalled, was to the effect that, since imports of caustic soda were necessary to make up the shortfall in indigenous production and as import prices were lower than internal costs, they would impair the growth of the Indian industry in the absence of tariff protection; the Technical Development Directorate's argument was that continued protection was necessary to increase production and reduce costs. The Commission has found no difficulty in rejecting the deprotection plea advanced by some consumers, for several other consumers had no objection to possible continuance of protection, if, at the same time, increased imports of caustic soda, self-sufficiency within a reasonable time and restraint on prices during the transitional period could be ensured. In regard to soda ash, however, the Commission has had to argue the case for continuance of protection to it more elaborately and with greater difficulty in view of the manufacturers' own stand that continuance of tariff protection to the industry would be unnecessary in the context of import restrictions which might continue indefinitely because of balance-of-payments difficulties. This is how the Commission has presented the case for continuance of protection to the soda ash industry:

"... But the manufacturers averred at the public enquiry that, in the event of any easing of import restrictions, the industry, which stood in need of help in various ways, could *not* withstand foreign competition. ... While indigenous output of soda ash is not still adequate to meet essential domestic demand, its cost disparities *vis-a-vis* imports have grown wider. Further, import restrictions dictated by economic expediency are in no sense part of a scheme of tariff protection and constitutes no suitable alternative to duty protection and the watch over an industry's progress going with it. In the circumstances, we do not consider the industry is yet in a stage to be deprotected.

"... In the existing circumstances, protection to the industry is more to bring it within the sphere of developmental measures that are being offered to protected industries than to offer a mere equalisation of price differential between indigenous production and imports. ... The effect of deprotection and removing the scope for independent scrutiny of the performance of producers may make them less cost-conscious. ... At present, while the producers are not able to reduce their costs of production, the consumers have not only to suffer uncertainties of availability but also bear the burden of high prices. This is a problem that could be alleviated only by the State sponsoring the cause of both the producers and the consumers by offering suitable measures to bring about reduction in the cost structure and also to meet the scarcity of supply by encouraging enhanced production of the existing units and also by setting up new units for the purpose. ..."

The Government, however, has just rejected the Commission's recommendation that protection to caustic soda and soda ash industries be continued beyond 31st December 1964. The stand taken by the Government, in this connection, is that, "having regard to (i) the progress the two industries have made so far and (ii) the fact that in the present circumstances there is no likelihood of any unhealthy competition from imports" following deprotection, there is no case for continuance of protection. The Government's explanation is all too brief, being confined to the words within inverted commas in the foregoing sentence. It has, at the same time, decided to continue the statutory rates of duty on caustic soda and soda ash as revenue duties. In effect, therefore, the equalisation of price differentials between indigenous production and imports will continue and the Government will realise a sizable revenue from imports of caustic soda and soda ash. The two grounds on which the Government's decision has been based would, however, need to be examined in the light of facts and figures found in the Commission's two reports.

To take production and demand trends in respect of caustic soda first. Domestic production in 1963, it is seen, amounted to 152,000 tonnes, while imports in that year came to 68,000 tonnes. The apparent consumption thus aggregated 220,000 tonnes. Agreed estimates of demand by consuming industries (of which the major ones are soap, textiles, paper and paperboard, rayon and aluminium) add up to 272,000 tonnes for 1964, 307,000 tonnes for 1965, 362,000 tonnes for 1966 and 412,000 tonnes for 1967. But estimates of production for these four years reveal shortfalls in domestic supplies of 90,000 tonnes, 70,000 tonnes, 58,000 tonnes and 82,000 tonnes, respectively. These shortfalls, according to the Tariff Commission, will have to be met from imports. Since the maximum limits to import licensing will be set by these estimated shortfalls in domestic supplies, there is, in our opinion, no reason to believe that domestic manufacturers may have to face undue foreign competition. Moreover, import prices (including duties) will be more or less on par with domestic ex-factory prices. In any case, caustic soda imports will continue to be channelled through the State Trading Corporation which has taken the responsibility to cover the gap between indigenous production and estimated demand and which is certainly not going to—in fact, as a consequence of the equalisation of price differentials between domestic and imported caustic soda through the existing statutory rates of import duty, will not be in a position to—indulge in any unhealthy competition with the manufacturers by any drastic undercutting of the latter's prices. If at all, the S.T.C. may sell at fair prices comparable more or less to pre-decontrol prices and that will have a healthy restraining impact on the domestic prices of caustic soda which have been put up since decontrol, besides providing a spur to manufacturers to reduce costs in all possible ways. The chances of cost reduction and expansion of production would be greater, at least in theory, in the context of decontrol-cum-deprotection than they have been in the last one year of decontrol-cum-protection. It would thus appear that the Government's decision to deprotect the caustic soda industry is a wise and shrewd move. Only, at the same time, energetic steps must be taken by the Central and State Governments to implement the Tariff Commission's other recommendations which have a bearing on production, cost reduction and utilisation of by-products.

As for soda ash, its production and demand trends also reveal shortfalls in domestic supplies. It has been estimated that, as against an apparent consumption of 302,000 tonnes (including 15,000 tonnes of imports) of soda ash in 1963, the probable demand for the four years from 1964 to 1967 would be 402,000 tonn

importance to the argument. Perhaps, it feels confident that it can keep the deprotected industries under watch and control in other ways. It now only needs to be added here that the Government should actively encourage further expansion in the capacity of the industry and also conserve the resources of limestone (a vital raw material) on the lines recommended by the Tariff Commission. For its part, the industry would do well to heed the Commission's advice that sizable economies in production should be achieved through some form of structural reorganisation.

DYESTUFF INDUSTRY

UNTIL the end of the First World War, India was the principal supplier of natural dyes such as indigo and lac. But the importance of these dyes receded greatly during the period from 1919 to 1939, following the remarkable development of synthetic dyestuffs in several Western countries, especially in the United States, Britain, Soviet Russia and Japan, and the indigo plantations ultimately died. The pace of development of synthetic dyes got accelerated during the war (second) and post-war years. The progress would not have been so spectacular but for all the active support and assistance received by the industry from the Governments of the countries concerned. In Britain, for instance, the Dyestuffs Importation Act of 1920 protected the domestic industry by allowing imports of only such dyes as could not be manufactured in the country at a reasonable price; the Act was extended in 1940. In the U.S., imports of dyes are regulated on top of a high levy and, in Japan, such measures as subsidies and licensing have been adopted to foster the growth of this industry. Thanks to the phenomenal progress of the synthetic dyestuff industry in other countries, on the one side, and the marked rise in the demand for synthetic dyestuffs from several consuming industries (textiles, paper, leather, etc.), on the other, the position of India changed from being an earner of foreign exchange through exports of natural dyes in the first two decades of this century to that of a spender of foreign exchange on large-scale imports in the 'forties and 'fifties. The actual annual value of imports before Independence was of the order of Rs. 15 crores. It was the Dyestuff Exploratory Committee (appointed in 1945 by the Council of Scientific and Industrial Research) that opened the eyes of the authorities to the imperative need for a rapid development of the dyestuff industry. And it was the 15-year plan formulated by this Committee that marked the beginning of a full-fledged dyestuff industry in India, though the first indigenous enterprise (on a small scale) had been launched by the Associated Research Laboratories of Bhatgar in 1940. The industry, however, received a real impetus only in 1955 when the Government of India, on the recommendation made by the Tariff Commission, granted tariff protection for full ten years, that is, up to the end of 1964.

It must certainly be said to the credit of the dyestuff industry that it has endeavoured its best to fulfil the obligations of a protected industry. Not only has the installed capacity of the industry expanded significantly (from a bare 2,022 tonnes in 1954 to as much as 22,892 tonnes in 1964), but actual production also has registered an appreciable rise (from no more than 674 tonnes in 1953 to over 9,260 tonnes in 1963). What is more, the range of production has been diversified, the principal items of manufacture being azo dyes, sulphur dyes. azoic dye components (naphthols and fast colour salts), pigment printing emulsions and miscellaneous dyes. It may be noted here that the textile industries alone account for 90 per cent of the aggregate consumption of dyestuffs. Further, there has been a considerable improvement in quality, especially in respect of stability and consistency in strength and shade. It is gratifying to learn that most of the producers in the organised sector—this sector consists of 21 units, besides the 120 units in the small-scale sector—have set up well-equipped laboratories to carry out research and other developmental work connected with the industry, besides having up-to-date analytical laboratories for testing raw materials for purity and finished dyes for strength and shade at various intermediate stages. Indeed, the Tariff Commission, in its latest report (1964), says that the quality of the dyestuffs manufactured in India by most producers is, by and large, found satisfactory. This testimonial should not, however, engender any sense of complacency among dyestuff producers. For the quality of dyestuffs, as that of any other material, does not remain static; it is ever-changing, thanks to technological inventions and the varying needs of users. The Tariff Commission itself has emphasised that there is still room for further improvement in the quality of dyestuffs made in this country. At any rate, the industry will have to make renewed efforts to maintain the highest quality standards if it is to overcome the generally deep-rooted prejudice against indigenous dyestuffs among consumers who prefer imported materials, if given the choice.

The quantitative and qualitative performance of the dyestuff industry is on the whole impressive. And it is a matter for much satisfaction that the industry has not put up the prices of its products, despite heavier wage bill, higher prices of raw materials and increases in the other elements of manufacturing cost. Actually, since 1962, the prices of azoic and solubilised vat dyes have either come down or remained constant and, in the case of naphthols, prices in one case have been uniformly reduced; the same is true of fast colour bases. Of course, as compared with the prices of imported items, the prices of indigenous dyestuffs are higher. But it is still too early to blame the industry for this state of affairs. It is still an infant and cannot stand comparison with the giants in the developed countries. Its units are relatively small and do not, therefore, enjoy the economies of scale. Further, while there may be scope for a further reduction in prices, one should not ignore the general impact of inflation on the dyestuff industry. This consideration apart, it would be wrong to expect a reduction in the prices of dyestuffs until the industry is in a position to obtain the requisite supplies of intermediates at reasonable prices within the country. Out of the 300 intermediates (primary and complex) needed by the dyestuff industry, only ten are produced in the country and the rest are imported. Even in respect of intermediates produced in the country, there is said to be a large deficit in production as compared with the actual demand, except in the use of nitro benzene and sulphanilic acid.

OUR NEXT ISSUE

With this issue of "Commerce" we conclude our regular issues for 1964, as, in the next two weeks, we will be preoccupied with our customary Annual Number. Our next regular issue will be the one dated 9th January 1965.

The Annual Number will be of 252 pages of our usual size and will contain, besides the review of all the aspects of Indian economy in 1964, over 50 feature articles on a variety of subjects contributed by eminent economists, administrators and businessmen.

While the Annual Number will be free to regular subscribers, a limited number of copies will be available for sale at Rs. 10 per copy.

We take this opportunity of wishing all our readers Merry Christmas and a Happy and Prosperous New Year.

EDITOR

Judged against this background, it is clearly apparent that the dyestuff industry in India, as the Tariff Commission rightly points out, cannot become self-sufficient and independent as long as the intermediates needed in substantial quantities are imported from abroad. It is, therefore, heartening to learn that some units have already been licensed for establishment in the private sector to produce the majority of intermediates and that these units will be able to produce in course of time all the intermediates (excepting a few) needed in large quantities. Appropriately enough, the Tariff Commission has recommended the release of adequate foreign exchange for import of equipment and raw materials required for producing intermediates. In view of the acute scarcity of foreign exchange and the continuously deteriorating balance of payments position, apparently, the Government of India has not been able to accept this recommendation wholly. All that it has said is that it has taken note of the Commission's recommendation and that steps will be taken to implement it "as far as possible."

Till such time as sufficient capacity for the production of intermediates is built up within the country, there can be no escape from imports. Owing to inadequate supplies of intermediates, a considerable part of the dyestuff industry's capacity continues to remain idle, the actual extent of idle capacity being 45 per cent in the organised sector and 73 per cent in the small-scale sector. It is a pity that so much of capacity installed at a heavy outlay is remaining unutilised. The country cannot afford such waste of capital resources. Besides, it adds to the cost of production. The least that can be done is to bring down the cost of imported intermediates. The Tariff Commission has, therefore, struck a note of realism when it urges imports at a concessional rate of duty of intermediates which are not produced in the country. The four specific suggestions made by the Commission which the Government of India has done well to accept are: 1. Thirty specific intermediates should be granted the concessional rates of duty of 10 per cent *ad valorem* (standard) and nil (preferential); 2. the existing concessional rates of duty on H-acid, Chicago-acid, Gamma-acid and J-acid urea should be extended to their corresponding salts; 3. beta naphthol should continue to be exempted from the payment of countervailing excise duty till the domestic production of this commodity is established; and 4. the existing duty concession in respect of dimethylaniline must be continued, provided this intermediate is used in the manufacture of dyestuffs only.

The aggregate annual production capacity of the dyestuff industry (as of early 1964) is, as already stated, about 22,900 tonnes which is well above what is actually needed to meet the current and prospective demand, estimated at 11,800 tonnes in 1964, 12,500 tonnes in 1965, 13,200 tonnes in 1966 and 14,000 tonnes in 1967. When there is already in existence surplus capacity and considering the heavy under-utilisation of capacity, one fails to understand the reason why the Government of India has licensed an additional capacity of 1,266 tonnes in the small-scale sector (746 tonnes through expansion of 4 existing units and 520 tonnes through establishment of 10 new units). Evidentally, this is a case of favouritism for the small producer in the name of socialism, ignoring economic realities. The crux of the issue here is whether there is need for so many small producers of dyes. It is a pity the Tariff Commission did not go into this question.

As for tariff protection proper, the Government of India has accepted the Tariff Commission's recommendation for extending protection for dyestuffs covered by Indian Customs Tariff item Nos. 30 (15 and 16) naphthols and 2-amino-anthraquinone by a further period of three years—that is, up to the end of 1967—at the existing *ad valorem* rate of 20 per cent (exclusive of surcharge and the countervailing excise duty), 50 per cent and 55 per cent (45 per cent preferential) respectively. The Government has also accepted the Commission's recommendation for similar extension of protection for fast colour bases, benzanthrone and beta-oxy-naphthoic acid, though it has reduced, contrary to the Commission's recommendation, the *ad valorem* rates of duty from 100 per cent to 75 per cent for the first item, from 100 per cent (90 per cent preferential) to 75 per cent (65 per cent for the second item, and from 80 per cent (70 per cent) to 75 per cent (65 per cent) for the third item. The Commission, it may be noted, had recommended the continuation of the *status quo*.

In deciding to continue protection to the dyestuff industry as above, the Government of India has been swayed by the following remarks of the Tariff Commission:

"The dyestuff industry occupies a very important place in the industrial development of a country, as its proper growth not only contributes to strengthening the national economy but also encourages the technical progress in the entire field of organic chemical industry. Although during the last ten years, the dyestuff industry has recorded a remarkable expansion of capacity and production and has developed new lines of manufacture, it is not yet established on sound footing. For it continues to depend upon imports for a large number of intermediates required by it. This unsatisfactory situation was largely due to non-implementation of H.O.C's (Hindustan Organic Chemicals) plans as originally envisaged by Government. Further, owing to our balance of payments difficulties, the industry is unable to obtain its full requirements of raw materials as a result of which it is saddled with large idle capacity which adds to its cost of manufacture. Government have already sanctioned capacities for the manufacture of some intermediates... The industry has already on hand various schemes of expansion and diversification of the range of its products, including certain intermediates. To encourage the balanced growth of the different sections of the industry, we consider it necessary to protect the industry as a whole."

The objectives for which the Tariff Commission wanted extension of protection to the dyestuff industry are no doubt clear, but one may argue whether these objectives cannot be achieved by deprotection, as the industry has already attained sufficient maturity and is in any case protected by stringent import controls. This, however, is rather a superficial view. The reasons given by the Tariff Commission are sound and the Government's concurrence with the Commission is quite justified. The industry, for its part, must take all possible steps to improve its efficiency and bring down production costs.

MARKET GOSSIP

An Unimpressive Performance

THIS year's Madon Memorial Lecture at the Indian Merchants' Chamber, Bombay, under the auspices of its Economic Research and Training Foundation, delivered by Dr. V. K. R. V. Rao, a Member of the Planning Commission, on the "Banking Structure and Policies in a Developing Economy: India" must have come both as a disappointment and a pleasant surprise to many who may have expected him to reveal his mind on the issue of nationalisation of commercial banks, particularly because, in the stormy controversy over the issue last year, he was widely credited to be the author of a detailed blueprint for nationalisation of banks. It must have been a disappointment because much of his lecture was merely factual and a pleasant surprise because he chose to be silent on the issue of nationalisation. Whatever be the reasons that induced Dr. Rao to ignore this controversial issue, the fact that he ignored it completely is significant. May be, Dr. Rao realised that it would serve no useful purpose to raise an issue that is dead for all practical purposes. It is also possible that he did not want to hurt the sentiments of his audience which consisted mostly of businessmen and free enterprisers, by propounding extremist views. It is also possible that Dr. Rao himself never really held the extremist views attributed to him on nationalisation of banks, though he had not cared to contradict them and silence could be construed as consent. In any case, even if he held those views, he chose not to give public expression to them on this occasion and has missed an excellent opportunity of joining issue with the protagonists of banking in the private sector.

The main theme of Dr. Rao's lecture was confined to a recital of the major fundamental changes that have taken place in the banking structure and policy and facilitated economic development and progress of the economy in the fields of both agriculture and industry. These changes have taken two forms. First, initiative has been taken by the State for setting up new institutions in the banking sector and for supplying them funds with the primary object of meeting the capital requirements of industry for rehabilitation, expansion and diversification. Secondly, banking policies of the private commercial banks as well as the State Bank of India have been given a change of direction, in order to give greater attention to the short and medium-term financial requirements of industry in the private sector and have been reoriented to satisfy the needs of the weaker sectors of the economy such as the small-scale industries, co-operatives and export markets.

Almost half of Dr. Rao's lecture was devoted to a simple description of the objects, capital structure, organisation, functions and operations of the various specialised institutions set up in the public sector with the financial and administrative assistance provided by the Government and the Reserve Bank, without making any effort to analyse the problems of development financing faced and solved by the institutions concerned. The other half also was mostly descriptive, supplemented with a lot of statistical details; it was only a chronicle of the changes in banking techniques and policies initiated by the State Bank in the public sector and the other commercial banks in the private sector, in order to meet the needs of the developing economy; it was also devoid of any effort to evaluate and compare their relative performance. Dr. Rao himself admitted this deficiency when he said that his review was "brief and somewhat cursory, partly in view of the time factor and partly because of the special interests" of his audience. It was not clear what he meant by "special interests" here. He, however, promised to "rectify this (deficiency) in the printed copies of the address" that would be published shortly.

In short, the entire lecture failed to come up to the standards of searching and critical analysis for which Dr. Rao is reputed and which are usually expected in a memorial lecture. In fact, it left an unmistakable impression in the mind of this writer that he was not able to do full justice to the difficult and complicated subject chosen by him. May be, he was unable to find sufficient time from his otherwise busy schedule to prepare the lecture. A more correct explanation may be the self-imposed limitations within which he desired to talk on a delicate subject. Anyway, Dr. Rao did not succeed completely in concealing which way his inclination was. His predilections for the public sector and his faith in its omniscience were clearly evident from his assertion that all structural changes in development banking were initiated by the public sector and funds were provided for by the State and that the principal beneficiaries were the private sector. He did recognise the changes made by the other commercial banks in banking techniques and policies, but made no secret of his belief that it was the State Bank of India that gave the lead in this respect.

While Dr. Rao is welcome to champion the role of the public sector, it is necessary to add that he is not right in suggesting that all the credit for the advances made in the sphere of development banking must go to the Government. It must not be forgotten, in this connection, that, right from the beginning, the banks in the private sector have extended their full co-operation to the establishment of specialised financial institutions such as the I.F.C., the State Financial Corporations and the I.C.I.C.I., by liberally subscribing to their share capital and loans, as well as by providing the know-how. There are also two more points to be made in this connection. One, the World Bank and some of the private sector banks in countries like the U.S., the U.K. and West Germany have also played a significant role in the development of industrial banking in this country. The World Bank and, particularly, its present President, Mr. George Woods, have made a substantial contribution to the progress of development banking. Secondly, the great bulk of the finance provided by the Government to the private sector through the special lending institutions has come from the P.L. 480 counterpart funds which are the result of the munificence of a private enterprise economy. In making these points, we do not in any way underrate the initiative taken, and the lead given, by the State and State-owned institutions. But that surely is the function of the State; in a modern economy, the State is a catalytic agent and it is its duty to play that role effectively, without depriving the people of their initiative and enterprise. Whether it has done so in India is, however, a different question.

E.C.M. Survives The Mid-December

The European Common Market Council of Ministers came to an agreement on the elusive Community cereals price issue on the 15th instant, after a marathon all-night session. It will be recalled that 15th December was the official deadline for reaching such an agreement and the accord came only a few hours before the deadline, thereby removing the threat of President de Gaulle to take out France from the E.C.M. in case of a failure to reach an understanding on an issue he considered vital.

The question of harmonising the prices of grains has been under discussion for long. France is an important producer of foodgrains in the Community, with a surplus for export, and the French prices are comparatively low. As against this, the other countries, especially West Germany and Italy, import foodgrains in substantial quantities, but, in order to safeguard the interests of agriculturists, the prices in these countries have been kept at a substantially high level by way of levies on imports. The task of harmonising the prices in these circumstances was, therefore, a ticklish problem. France was not willing to raise the prices, because of the fear that it might result in overproduction. At the same time, it was very keen on a harmonised price structure for the whole Community, as it would broaden the market for its cereals, albeit mainly at the expense of the U.S. and Canada, which are exporting substantial quantities of wheat and other cereals to the Continent.

The details of the agreement are not available at the time of writing. It is, however, reported that the basic prices will be £38 6s. per ton for soft wheat, £45 for hard wheat, £32 18s. for barley, £32 14s. for maize and £33 16s. for rye. West Germany, which had experienced great difficulty in accommodating itself to the Commission's unitary cereals price plan in the last two years, has made considerable sacrifice for preventing the collapse of E.C.M. on this score. It has accepted much lower price levels for cereals than had been proposed by it earlier. It has also agreed to a curtailment of the interval for bringing into effect the plan for uniform levels of cereal prices. Thus, the unitary prices are to be enforced on 1st July 1967, instead of in 1969 as originally demanded by the Germans. The Commission, for its part, has accepted the Germans' suggestion that prices should be revised from time to time in the light of economic changes and that the first re-examination should be on 1st July 1966.

It would be wrong to assume that Germany was the only stumbling block to the unification of agriculture in the E.C.M. In the last stages, Italy, too, raised quite a few hurdles. It was adamant on the incorporation of some of its suggestions in the agreement. These suggestions related to greater protection to fruits and vegetables (which Italy produces and exports in considerable quantities), a lower price for coarse grains (which it produces and imports in large quantity to build its livestock) and a lower ceiling on its contribution to the E.C.M. Agricultural Fund. However, it ultimately agreed to the suggestions of the Commission, when it found itself isolated in the Community.

The main implications of the agreement to Europe and the world may now be briefly stated, pending the arrival of the details thereof: (1) One of the major stumbling blocks to the economic unification of E.C.M. countries has been got over and the future of Common Market secured. (2) General de Gaulle has got what he wanted and thus added one more feather to his cap. (3) The Germans and Italians have finally thrown their lot with France and have wholeheartedly realised that, for them, the balance of advantage lies in strengthening the E.C.M. and paving the way for the realisation of the grand ideal of a United States of Europe. (4) The Seven (E.F.T.A.) may have to think afresh, sooner or later, on the rapprochement with the Six, as the chances of a split in the latter have been greatly minimised, if not eliminated. (5) The prospects for "Kennedy Round" have brightened, for the Six, particularly France, may be in a more accommodating mood, especially as the agreement on grains will have unfavourable effects on the exports of U.S. and Canadian wheat and feed-grains to the E.C.M. countries. (6) India must now concentrate on the "Kennedy Round" of talks and make sure that the benefits of the substantial across-the-board tariffs cuts are not watered down by providing too many escape clauses and exceptions. (7) India must not allow itself to be carried away by the sweet words of the present Labour Government in Britain on Commonwealth trade and Commonwealth preference. It must be realistic enough to recognise that the Common Market has come to stay and do all it can to foster its economic, as well as political, relations with it. Besides continuing to strengthen its ties with Britain and the E.F.T.A. in Europe, it must cultivate the Common Market more intensively than is being done now. And (8) The business community in India, in particular, must take keener interest in the Six, learn the languages of, and the marketing practices in, these countries, as, in the coming years, they will constitute one of the wealthiest markets in the world.

Commonwealth Sugar Agreement

India has special reason to welcome the announcement of the British Ministry of Agriculture on Wednesday the 9th inst. on the Commonwealth Sugar Agreement, for this is the first time this country has been included in the Agreement as one of quota countries for exports of sugar to the United Kingdom. For a long time, India has been seeking entry into the Commonwealth Sugar Agreement. Efforts were made in this direction by Mr. S. K. Patil, when he was in charge of Food and Agriculture; he had asked for a modest quota of at least 150,000 tons. What it has obtained now is so small—a mere 25,000 tons for 1965—that it is nothing more than a gesture. But it can have no cause for disappointment over this, as it does not have much of a surplus in sugar for export. The Government of India estimates that sugar production this season will be about 3,000,000 tons, some 450,000 tons better than in the 1963-64 season. Even so, Mr. C. Subramaniam is of the view that exports in the current season can be no more than 200,000-300,000 tons, depending on the size of production. It is rather too early to say what the output will be, but the official expectation of three million tons seem to err on the side of optimism. In any case, India can press for a higher quota under the Commonwealth Agreement, when it comes up for revision to cover the requirements of Britain for 1966.

The special value of the Commonwealth Agreement lies in the fact that it ensures higher prices to the exporting countries, in the face of lower prices in the free world market—the London market spot price on the 9th inst. was £27 a ton, as against £35 a ton a year before. It is laid down in the agreement that the basic price, payable by the U.K. next year for Commonwealth sugar, which covers over 90 per cent of the U.K. sugar imports, will be £42 a ton f.o.b., as compared with around £46 10s. in 1964. But this price is applicable only to Australia, which is relatively a low-cost producer and a highly developed country, shipping just one-seventh of its sugar production to the U.K. The other members, including India, will receive a special extra payment of £3 5s. a ton in the form of aid as they are all developing countries. In addition, they will obtain a further £1 6s. 6d., representing the benefit under the Colonial Certified Preference. These extra payments will bring their return to around £46 11s. 6d., roughly the same as in 1964. It is not clear whether India will be entitled to this latter benefit of £1 6s. 6d., as it ceased to be a Colonial territory long ago.

Under the Agreement now revised, some alterations are envisaged in the special payments for the next year (1966) and the Commonwealth producers are scheduled to assemble at London in April 1965 to discuss the British Government's proposals for a link between the additional payment and the world price. It is expected that the size of the benefit will be linked with the prospective world sugar price on a sliding scale, moving upwards if the world price falls, and conversely if it rises. There will, however, be no change in the operation of the basic price.

The British Government has raised the quotas for 1965 by 50,000 tons in response to higher consumption in the U.K. But it is said that, for the next few years, no further increase is expected. Since South Africa has ceased to be a Commonwealth country, its quota of 150,000 tons has been distributed thus: 85,000 tons to Swaziland, 25,000 tons each to India and Rhodesia and 15 000 tons to the domestic producers. The actual market shares for the other countries are: Australia 335,000 tons; British Honduras 20,500 tons; East Africa 7,000 tons; Fiji 140,000 tons; Mauritius 380,000 tons; West Indies and British Guiana 725,000 tons.

The Commonwealth Sugar Agreement has been to the benefit of both the U.K. and the exporting countries. It assures the U.K.—a country with one of the highest *per capita* consumption of refined sugar in the world—a steady supply of sugar year after year. When world prices are high, as they were in 1963 (when prices were well over £100) and early this year, Britain gets sugar under this Agreement at substantially lower prices. Thus, during most part of last year and this year, Britain got 90 per cent of its sugar requirements at nearly half the world price. Similarly, as they exporting countries are assured of a regular steady market for their production of sugar under this Agreement at substantially lower becomes obvious in times such as the present when the free world market price is some £20 below the price fixed under the Agreement. It may be noted here that many of them send over 50 per cent of their sugar production to the U.K.

LEGAL ABORTION FOR THE CORPORATION TAX?

By Questor

LONDON, 12*th December*

CHANGING a country's established system of company taxation is bound to cause upheaval at any time, and the new British Government's proposal to introduce a corporation tax next spring has certainly added to business uncertainty. It is not, in fact, a distinctively Labour proposal: it was put forward by the Conservative Government several years ago, and the Inland Revenue has been studying it ever since. But the change is certain to create transitional anomalies, besides raising administrative difficulties, and the Chancellor's long-expected statement of clarification has not completely reassured business or the Stock Exchange.

It is not altogether clear to me what the great advantages are about a corporation tax to justify the upheaval. The two arguments commonly advanced are that the complete separation of company and personal tax makes it possible to limit the growth of dividends and that the provision of a financial incentive to plough back profits rather than distribute them will encourage productive investment.

But the growth of dividends could be controlled, if necessary, by imposing a special tax on them; and there is no automatic connection between retaining profits and investing them—many large British companies already seem to have a surplus of cash and a low-geared capital structure. I suspect that one strong reason for the proposed change is the irrational assumption that the tax system common in other countries must necessarily be superior to our own.

It is encouraging, at any rate, to note that some people are now beginning to argue that, if we *must* introduce sweeping changes into the structure of company taxation, we might as well see that they are such as to help solve our main economic problems—the chief of which is the sluggishness of exports.

After the outcry provoked by its temporary surcharge on tariffs, the Government is likely to go carefully about the business of creating export incentives; but it has made no secret of the fact that it would like to find some tax incentive which is compatible with the rules of the E.F.T.A. and the G.A.T.T. The obvious field for inquiry, therefore, is the remission of indirect tax to exporters which these rules permit. We should either raise the general level of indirect tax or introduce new forms of it.

There was a good deal of interest here a couple of years ago, at the time when early entry into the European Common Market seemed possible, in the possibility of introducing a French-style added-value tax. The last Government went so far as to appoint a committee to look into the desirability of substituting an added-value tax for either the company profits tax or the purchase tax on consumer goods; but the Committee came down against the idea, partly because of the great increase in administrative costs involved, and partly because business witnesses declared that a turnover tax would immediately be passed on in higher prices.

But its supporters have never quite given up their faith. Professor Merrett, of the Department of Business Studies at Sheffield University, has now put forward the same idea in a much more dramatic form. If we are to change the whole basis of company taxation, he argues, why not do away with taxation on profits altogether and raise the same revenue by a tax on value added? This change, he claims, would cause no greater administrative difficulties or transitional anomalies than the switch to a corporation tax; it would be compatible with other aims of policy—such as separating personal from company taxation and giving tax incentives to capital investment; and it would have certain considerable advantages.

First, firms would—in strict agreement to international trading rules—have their tax liability cancelled in respect of goods exported; the incentive to export, even to those companies which have so far taken little interest in overseas markets, would be very considerable and a faster rate of national economic growth could be firmly based on export demand.

Secondly, it would be a considerable spur to efficiency; companies taxed on value added rather than on profitability would be less tempted into wasteful expenditure on the grounds that half its cost, as at present, is paid for by the Inland Revenue.

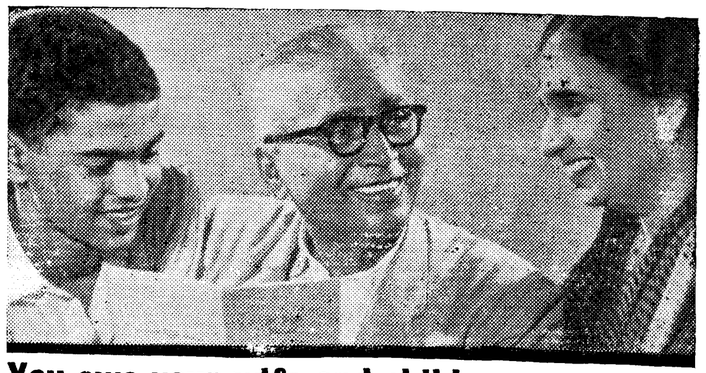
Then, in addition, the high (if unmeasured) cost of tax administration which is at present met by companies themselves in preparing accounts in a suitable form would be saved. And, permission to deduct from turnover tax liability a proportion of the cost of new capital investment would have a much greater impact than the present system of capital allowances, the generosity of which is offset by the fact that many businessmen seem not to understand it.

It is extremely unlikely, I fear, that the Government, for all its anxiety to stimulate exports, will now abandon its proposals about a corporation tax—still less likely, after its recent experience, that it will be willing to risk the consequences of such a bold jump as Professor Merrett suggests. But it is not altogether impossible.

But isn't it a little absurd that a country which cannot alter its exchange rate for fear of the effects on the international monetary system should contemplate revising its whole tax structure to take advantage of a loophole in the international rules? The rules were drawn up some time ago when conditions were different; politicians, if not their officials, should surely be ready to consider changing them.

YUGOSLAVIA TO GET WORLD BANK LOAN

A loan equivalent to $70 million for the modernisation and improvement of railways in Yugoslavia has just been announced by the World Bank. Three commercial banks are participating in the loan, without the World Bank's guarantee, for a total equivalent to $575,000, representing part of the first maturity which falls due in March 1970. The Bank's loan is for a term of 25 years and bears interest at the rate of 5¼ per cent per annum. Amortisation will begin on 1st March 1970. The loan is guaranteed by the Socialist Federal Republic of Yugoslavia.



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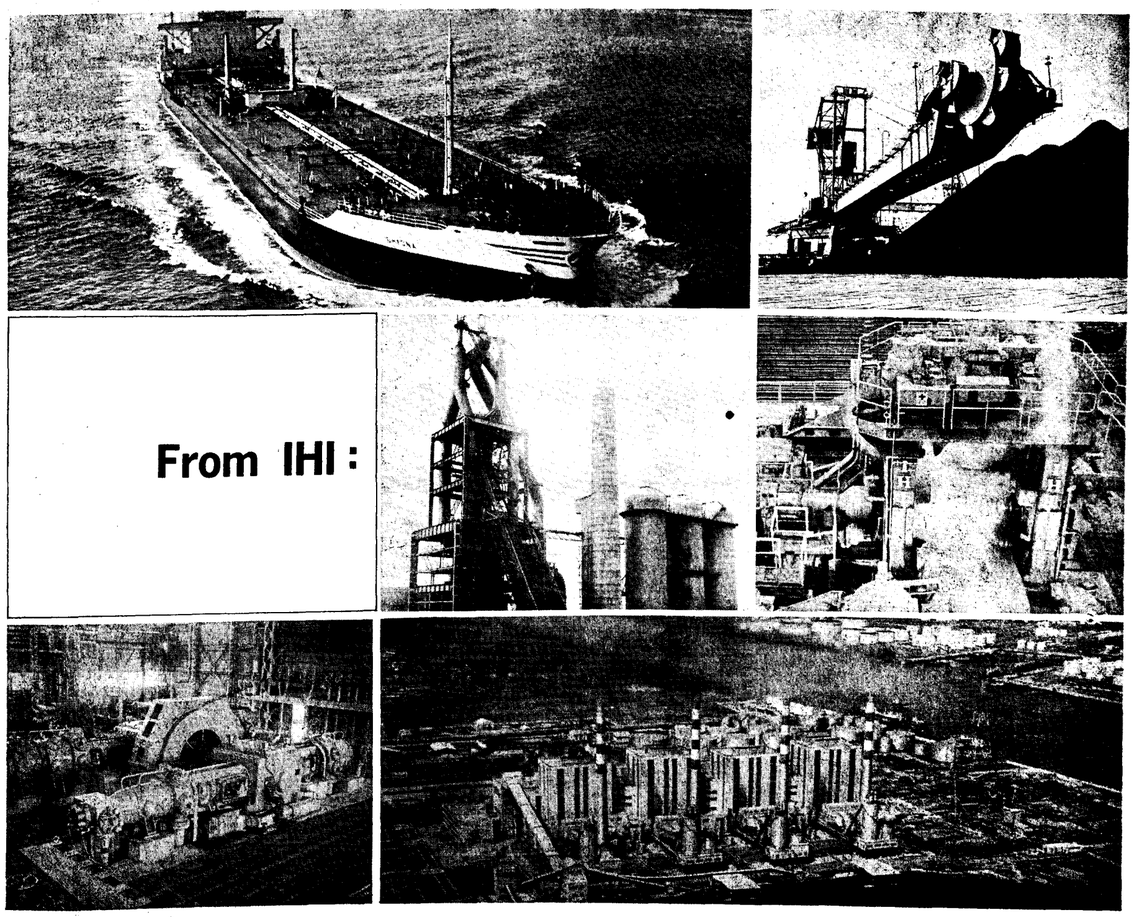

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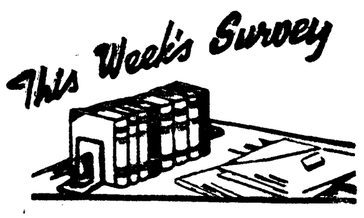


PILOT SURVEY OF A C.D. BLOCK

MUCH has been said and written in recent years about the gap between theory and practice—promise and performance—in three related fields of rural development activity, namely, Community Development, Co-operation and *Panchayati Raj*. The Union Minister for Community Development, Mr. S. K. Dey, himself, it will be recalled, candidly admitted, at the Annual Conference on Community Development and *Panchayati Raj* in July last, that there "is need for an integrated approach to the problem of mobilising the rural people and getting them properly oriented for the task of maximum production" and that, "although agriculture is the main occupation of rural people and rural industrialisation could flow only from the growth of agriculture, much remains to be done in bringing it into focus so far as the Community Development is concerned." That was a significant admission after 12 years of community development—a period during which the whole country was covered, albeit by stages, by extension services, and a major part of it by popular institutions like *panchayats* and co-operatives. Incidentally, the fact that rural development, in general, and agricultural development, in particular, is yet to develop a dynamism of its own finds confirmation in the report of a pilot survey, recently carried out by the Indian Co-operative Union (New Delhi) in the Alipore Community Development Block of the Union Territory of Delhi.

The I.C.U. survey, which was undertaken at the suggestion of the late Mr. V. T. Krishnamachari (former Deputy Chairman, Planning Commission), has examined the working and achievement of the Alipore block with reference to (i) the basic objectives of community development, *panchayat* and co-operation, (ii) the targets fixed and fulfilled in respect of rural and agricultural development works and (iii) the causes of success and failure of these programmes. It is noteworthy that the working of the block administration, *panchayats* and co-operatives has been studied in detail precisely in those villages (numbering 10 out of a total of 57 in the block with its population of 69,000 and cultivated area of 45,000 acres) that are considered best in the fields of co-operation and *panchayati raj*. The survey findings in respect of these interrelated agencies for rural development make disquieting reading and cannot thus be deemed flattering to the administration of a block which, started as a Community Project early in October 1952, reached its post-intensive phase in 1956 and became a permanent unit of planning and development in 1960 and which absorbed aggregate development outlays of Rs. 17.8 lakhs in the period 1952-58 and Rs. 5.4 lakhs in the period 1958-63. The more significant of these findings bearing on community development proper are highlighted below:

(1) No attempt has been made by the block to implement or even formulate village development plans. There has not been any (*a*) planning of land use, (*b*) determination of targets, long-term or short-term, and (*c*) linking of development programmes and Government assistance to production targets and land use, including allocation of improved seeds, fertilisers, etc., according to plan.

(2) The level of agricultural development activity achieved in 1958-63 was in general less than that achieved during 1952-58. Improved seeds distributed per year decreased from about 8 kilograms per cultivable acre in 1952-58 to two kilograms in 1958-63. In the case of fertilisers, distribution was much below the standard rate prescribed for obtaining satisfactory results in agricultural yields. The annual increase in irrigated area, potential or actual, was only one acre per 288 cultivable acres in 1952-58 and still less in 1958-63, being only one acre per 386 cultivable acres.

(3) The block development plans have been formulated without any regard to the conditions prevailing in the block, including its resources, needs and requirements. The Block Development Office plays no role in determining either the nature and type of activities required for local development or the extent of funds which it would require for undertaking the activities suggested for execution. It is simply *directed* to spend a specific amount of funds for specific purposes, without any consideration of local conditions and needs.

(4) There is no evidence to show that, as a result of community development activities, there has been any improvement in "employment and production;" "self-help and self-reliance" and "utilisation of local energy for the benefit of the community." None of the households owning less than 15 acres considered the programme to be of any use to them.

Have *panchayats* and co-operatives, which are meant to serve as two pillars of development in C.D. Blocks, done any better? Here, again, the survey findings show that the performance of these popular institutions leaves much to be desired. To take *panchayats* first. The aggregate annual income of an average *panchayat* in 1962-63 was Rs. 2,845, of which Rs. 2,331 was spent on local works. These resources or expenses, according to the survey report, hardly offered any opportunity for the *panchayats* to undertake any development work worth naming or encouraging people's enthusiasm, for the *per capita* income or expenditure of these *panchayats* averaged only about two rupees in 1962-63. To make matters worse, the *panchayats* were ridden with factional quarrels and bickerings. As for co-operatives, the situation had improved during the first three years of the third Plan, for the small cultivators had been considerably assisted insofar as credit was concerned. For instance, in nine selected societies in which about 54 per cent of the total membership belonged to households owning less than five acres and 28 per cent to households owning between five and 10 acres, the average borrowing per household was Rs. 1,600 in the first category of households and Rs. 1,300 in the second category. However, according to the survey report, the gains could have been better consolidated had credit been linked with production or marketing and the use of loans been subjected to technical supervision. In sum, therefore, neither rural development, in general, nor agricultural development, in particular, has been significantly fostered by the C.D., *panchayat* and co-operative agencies. That is the state of affairs in a block at the very doorstep of the Union Ministry of Community Development which has been guiding or directing the C.D. movement as a whole. And thereby hangs a tale.

GOVERNMENT PRINTING PRESSES

Not many may perhaps be aware that the Central and State Governments together constitute the single largest consumer of paper in India. The quantity of paper actually purchased by the Central Stationery Office for the 7,000 Central Government indentors alone during the year 1963-64 was 44,000 tonnes, representing about 12 per cent of the total estimated consumption of 370,500 tonnes. Of this quantity, the 12 Government presses consumed 15,077 tonnes, as against 10,365 tonnes in 1960-61 and a bare 3,160 tonnes in 1947-48 when the number of presses in existence was just six. Such large-scale consumption of paper by Government presses and the few thousand tonnes consumed directly by several departments, besides indicating the marked increase in governmental work, also reflect, to some extent, the dominant (direct) role played by the public sector in the different sectors of the economy, not to speak of the enormous paper work resulting from more and more controls; special mention may be made, in this connection, of the filing of weekly, fortnightly, monthly, quarterly, half-yearly and yearly returns on a wide and varied subjects by industrial and commercial firms.

The tempo of work in Government departments is bound to gather further momentum in the coming years, what with all the new development plans, greater activity in social and cultural fields, growth of publicity work both at home and abroad, expansion of tourism, and the requirements of the country's role in international affairs. It is such work that has prompted the Government of India to pay special attention to the development of its printing presses. An idea of the development programme was given by Mr. Mehr Chand Khanna, Union Minister for Works and Housing, while speaking at the foundation-stone laying ceremony of a new Rs. 1.77-crore printing press at New Delhi on Sunday the 13th inst.; this press will constitute the primary unit for Hindi printing, in addition to handling the publication of Parliamentary proceedings. The programme envisages (*a*) establishment of several more printing presses at a cost of over Rs. 9 crores, (*b*) expansion and modernisation of existing presses, and (*c*) introduction of new processes of printing.

The third Five-year Plan envisaged the setting up of four new Government presses. The first one at Coimbatore, established primarily as a book printing press, started working early this year. The second press (for printing forms) is coming up at Koratti in Kerala; it is likely to commence operation next year. The third press is under erection at Santragachi near Calcutta. The fourth press is the one for which foundation-stone was laid on Sunday this week. Of the seven new presses proposed to be set up during the fourth Plan period, five will be for printing forms and manufactured stationery and two for printing publicity material and book work (by using the photo-litho process), together involving an outlay of over Rs. 9 crores. In addition to these, the Ministry of Works and Housing is establishing, in association with the Education Ministry, three presses (one each at Mysore, Chandigarh and Bhubaneshwar) for printing textbooks to meet the needs of compulsory primary education. Considering the noble cause for which these presses are to be set up, the gesture of the West German Government to supply the requisite machinery as a gift is to be widely appreciated.

Alongside the establishment of new presses, efforts are being made to maximise the productivity of the existing presses through modernisation and working of second shift in some units. Efforts are also being made to introduce new processes of printing so as to ensure higher standards of work.

While the presses do the printing of forms, documents, etc., the Publications Branch undertakes the storage and distribution of Government publications, including those of Defence Services but excluding the material intended primarily for publicity. There is then the Stationery Office (Calcutta). With the rapid expansion of governmental activities consequent on the implementation of Five-year Plans, this Office, as Mr. Khanna pointed out, has had to shoulder an increasing responsibility. The staff strength of the Office has more than doubled since 1947-48 from 700 to 1,444, expenditure on stores from Rs. 1.34 crore to Rs. 8.43 crores (1963-64), and paper purchased by the Office from 18,000 tonnes to 44,000 tonnes (for Central Government indentors alone, including Defence, Railways and P. & T.). With a view to giving better and more efficient service to indentors, the supply of stationery stores has been decentralised by opening regional depots at Bombay, Madras and New Delhi and an incentive bonus scheme is in operation.

The Printing, Publication and Stationery Branches of the Union Ministry of Works and Housing together employ as many as 14,400 persons, whereas, in 1947-48, the number was no more than 5,800. It is certainly gratifying to hear from Mr. Khanna that the Government is devoting special attention to the welfare and well-being of workers, as well as to the rationalisation of the skills of various trade groups and creation of opportunity for advancement and development of the worker.

TECHNICAL DEVELOPMENT DIRECTORATE

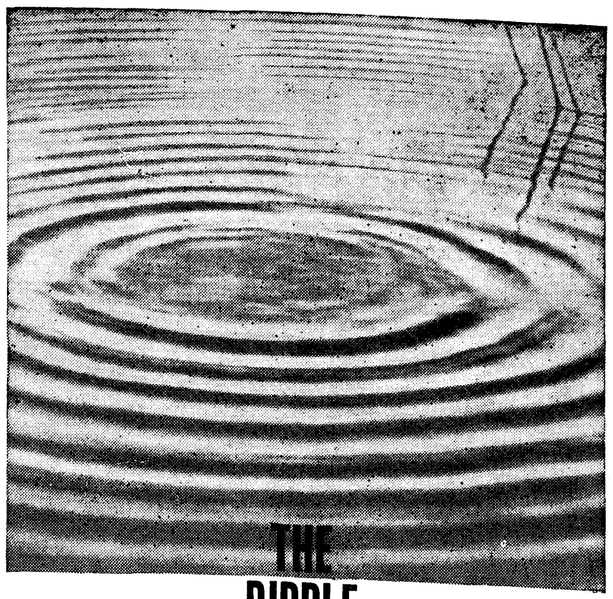
It is a crucial role that the Directorate General of Technical Development (Government of India) plays in the planning and execution of industrial development programmes. The responsibilities of this executive agency are many and varied. For instance, it specifically assists in the integrated planning of industries by collecting and analysing statistics regarding industrial capacity, actual production, employment position, stocks and prices and by formulating, and keeping under constant review, the detailed industrial production targets under the Plans. It also scrutinises, from the technical angle, all applications under the Industries (Development and Regulation) Act either for establishing new industrial units or for expanding existing ones. Another principal responsibility of the agency is to clear imports from the point of view of indigenous non-availability, to investigate and advise on the possibilities of developing indigenous production of imported stores either wholly or partly and to advise generally on the substitution of imported materials with indige-

responsibilities have been discharged by the Directorate General fairly satisfactorily so far is the considered opinion of the All-India Manufacturers' Organisation which has just conveyed its views to the study team that is currently examining the working of that Government agency. This appreciation, however, carries the qualification that there is scope for improving and streamlining the Directorate's working. There is, for instance, scope for improving the procedures under which the D.G.T.D. makes recommendations in regard to licences under the Industries Act. The improvement suggested by the A.I.M.O., in this connection, is that the D.G.T.D. should evolve and implement a properly phased programme for the licensing of industrial units by taking into account the expected yearly availability of foreign exchange during the five-year planning period. The present procedures, incidentally, involve the issue of licences almost to the targeted capacity even before the commencement of a Plan or in its very first year, leading to bottlenecks in foreign exchange and consequent restrictions on imports by the middle of the Plan period. Hence the need for a phased programme of licensing.

Another direction in which the working of the D.G.T.D. can be improved is the one pertaining to the allocation of raw materials, steel, cement, fuel, electric power, etc. and the issue of steel quota certificates and of licences for the import of machine tools. It is said that, in spite of the D.G.T.D.'s assistance in this regard, there is considerable underutilisation of capacity in several industries. To the extent that scarce materials can be procured indigenously there is certainly some point in the A.I.M.O.'s plea that the D.G.T.D. should review the raw material and supply problems of each industry every year and recommend prompt remedial measures. Where, however, imports of raw materials and stores are called for, there are limits to what the D.G.T.D. can do, for it is a question of foreign exchange availability. But, even within the limits set by foreign exchange availability, it should be possible for the agency to clear applications for import licences more expeditiously, if only it can minimise its time-consuming enquiries as to whether the materials applied for are indigenously produced or not. Two concrete suggestions have been made by the A.I.M.O. in this connection. One is that the Government should publish once a year, in consultation with the D.G.T.D., three schedules of products—(i) those which can be freely licensed or imported within the limits of foreign exchange availability, (ii) those which cannot be normally imported, and (iii) those which can be allowed only after proper scrutiny by the D.G.T.D. The other suggestion is that the Directorate should prepare a separate exhaustive directory, with product-wise and manufacturer-wise cross references, of all products made in the country, keep it up-to-date every six months and make it available to actual users and the employees of the D.G.T.D. The idea here is that a brief reference to the directory should be adequate to examine the application for import licence from the angle of indigenous availability. Both these suggestions are realistic; if adopted, they will go a long way towards reducing procedural delays in import licensing. By pricing the directory adequately, the Department can cover the cost of compiling, printing and publishing it. There is no reason why the actual users should not pay for this service, since the time and labour saved by them in this way will more than compensate for the loss of a few rupees.

PROGRESS OF CIVIL AVIATION

India's civil aviation registered further progress in the first half of 1964. The two public-sector corporations—Indian Airlines and Air-India—together carried during the period 13.5 per cent more passengers and cargo than during the corresponding period of 1963. But the I.A.C.'s overall revenue load factor (that is, revenue ton-kilometres operated as a percentage of capacity ton-kilometres) has come down to 65.9 per cent in the first half of 1964 from 67.5 per cent in the second half and 71.3 per cent in the first half of 1963. This continuous decline in I.A.C.'s overall revenue load factor reflects the increase in its idle capacity. On the other hand, Air-India's performance has been more encouraging, for its overall revenue load factor has increased from 44.4 per cent in the first half of 1963 to 49.2 per cent in the first half of the current year. This improvement reflects better utilisation of capacity in spite of acute world competition, although there is no denying the fact that, relatively speaking, Air-India, as of now, has more idle capacity than Indian Airlines.



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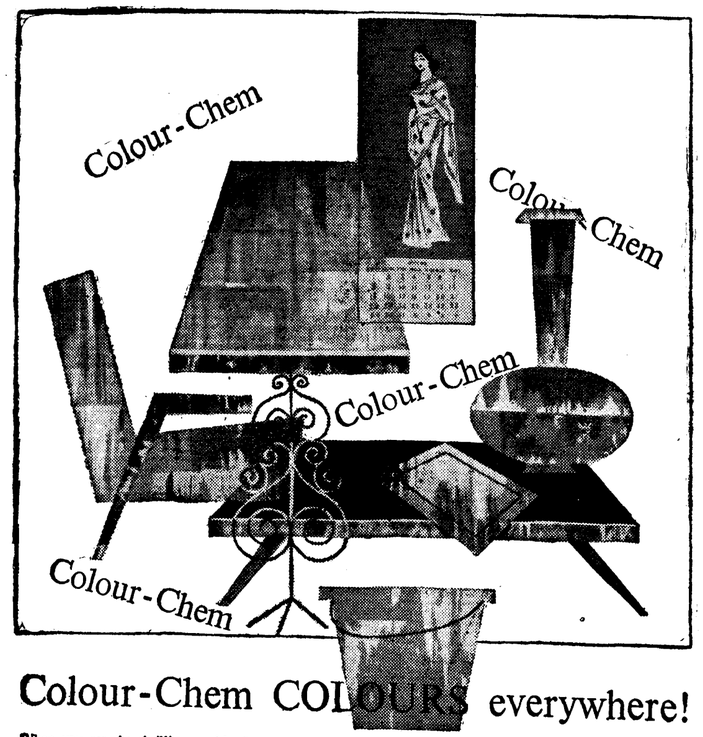

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AMERICAN LETTER

BALANCING ACT ON MONETARY FRONT

PRESIDENT'S PROMPT ACTION SUCCESSFUL

By N. Pattabhi Raman

NEW YORK, 12*th December*

IN a large economy, money management is never an easy task. In the U.S., this task has been greatly complicated ever since, some four or five years ago, the nation's balance of payments deficit became a major problem and a source of worry about the stability of the dollar. The difficulty has been, essentially, how to reconcile the need for easy money for domestic economic expansion with the objective of preventing large-scale flows of U.S. dollars to other countries as a result of differences in interest rates in the U.S. and foreign markets.

Operation Twist

The record of the last four years shows that the Kennedy-Johnson Administration has handled this difficult task with reasonably good results. In what has been described as Operation Twist, long-term interest rates have been held low to sustain an expansion in domestic credit, while, simultaneously, short-term money market rates have been maintained close to or above the rates prevailing in European markets. In addition, some selective controls have been exercised, through such measures as the equalisation tax on purchases of foreign securities, to prevent the exodus of dollars to the Old World. As a result of these actions, credit has been available in ample measure to support a handsome rise in the level of domestic business activity, while the size of the payments deficit has been trimmed.

This balancing act is not over yet; in fact, it remains as delicate a task as ever. This was highlighted by recent developments following the dramatic measures to stop the run on the British pound. When the United Kingdom raised its Bank Rate from 5 per cent to a whopping 7 per cent, the danger arose that dollars would again migrate in large flocks across the Atlantic, attracted by the heftier feed in London, thereby enlarging the U.S. payments deficit and precipitating a dollar crisis. The Federal Reserve acted promptly to prevent such catastrophic consequences: it increased the U.S. bank rate from 3.5 per cent to 4 per cent. The Federal Reserve's chairman, William McChesney Martin, Jr., explained that the object of the step was to push up short-term interest rates in the money market. Conscious that the measure might trigger deflationary developments in the domestic economy, he coupled this explanation with a statement that, in view of "a sufficiency of funds," a general increase in the lending rates of banks was "not necessary." The Federal Reserve, he said, would continue to pursue an "essentially easy" credit policy.

President's Frown Tells

In the U.S., the prime rate or the interest rate charged by banks to their best customers, has been remarkably steady at 4.5 per cent since August 1960. When the bank rate was raised by half a point on 23rd November, the major banks were reluctant to jump on the bandwagon, itching though they were to raise their lending rates. In this, they were influenced by two market factors. Loan demand was good, but not exceptional; moreover, big corporations were selling their bonds without difficulty at 4.5 per cent. Coming on top of these, Chairman Martin's implied warning against a general escalation of long-term rates was generally effective.

Four banks, including the First National Bank of Boston—broke away from the majority and raised their prime rates to 4.75 per cent. This promptly drew a public comment from no less an official than the President of the United States. In a speech before a high-level business group on 2nd December, Mr. Johnson suggested that "any general increase in the rates which banks charge to their customers" was not justified, and declared that the Federal Reserve will maintain an ample supply of credit for banks and businesses. The purpose of his statement was to apply gentle pressure on First National of Boston and the other three banks to rescind the increase in their prime lending rates, and to counter any adverse psychological impact of the rise in the Bank Rate on the nation's businessmen who could possibly see the Federal Reserve's action as hastening the approach of the economy's cyclical turning point.

For the moment at least, the Administration has achieved what it wanted. Short-term money market rates have risen. The banks that raised their prime rates have reverted to the national norm of 4.5 per cent. Also, the Federal Reserve, through pouring more than a billion dollars into the banking system in the week following the discount rate hike in order to meet a swollen demand, has demonstrated that it will maintain easy credit conditions.

Controversy Persists

The Administration's actions and admonitions have, however, attracted criticisms from those who resent Government interference in the market mechanism. They have, moreover, intensified a public controversy over monetary policy.

For those who deplore Government intervention in business decisions, the pressure exercised by the Administration through the President's statement of 2nd December and other behind-the-scenes activities revived memories of the dramatic actions that President Kennedy and his Administration took in April 1962 to squelch a general price increase in the steel industry. The degree of intervention was much smaller this time and its temper mild, but the principle was about the same, they seemed to think. A senior officer of a large bank reacted to the President's statement by saying: "That was horrendous, a real interference in private business." The newly elected president of the Investment Bankers Association, Mr. Wendell W. Witter, observed: "Increases in interest rates are a matter of supply and demand rather than a question of whether they are justified." Perhaps, the banks would have been unable to sustain an increase in the prime lending rate in any case, whether the Administration had applied pressure or not.

The controversy over monetary policy antedates the recent developments. It has its roots in the fear of some that, unless the monetary authorities initiated measures to tighten credit moderately now, inflation might set in and then it might be too late to arrest its growth and to prevent a renewal of pressure on the dollar. On the other side, the Administration has taken the stand that, so long as inflation is not an immediate threat, it will maintain an expansionary credit policy in order to offset a possible decline in the economy's momentum. The Administration believes that a general rise in commercial lending rates could act as a brake on the expansion of business. Moreover, it believes that it is necessary to give assurances regarding the continued availability of ample credit, such as those given my President Johnson and Chairman Martin of the Federal Reserve System in recent weeks, in order to deter a major rush to borrow when the going is good as a hedge against increases in interest rates. Consistent with these beliefs are the appeals of President Johnson and Treasury Secretary Douglas Dillon for moderation in wage and price increases.

Significance

The President has assured the critics of the expansionary credit policy that the monetary system will remain flexible, in order to face developments as they arise. Mr. Martin, for his part, has said that the Federal Reserve is prepared to tighten credit, if and when inflation becomes evident or the balance of payments situation deteriorates. A slight tightening of credit in terms of the reserves made available to banks was all that he would concede to the Administration's critics, but even here, in the aftermath of the discount rate rise, the Federal Reserve has loosened its reins.

Within the Federal Reserve itself, there is controversy regarding the types of credit controls that might be used in the coming months towards the twin objects of sustaining domestic expansion without inflation and reducing dollar outflows. Some members of the Board of Governors of the Federal Reserve System believe that general and indirect controls over credit are (*a*) less than fully effective as anti-inflationary measures and (*b*) totally unsuitable for countering any deterioration in the balance of payments situation. They advocate selective controls—specific restraints on mortgage loans, consumer credit, etc., in the domestic sphere, and techniques similar to the equalisation tax on foreign securities in the international front. These controversies underline the intricate task that faces the monetary authorities. The Federal Reserve is not a circus, but it is necessary these days that the nation's money managers be experts in tightrope walking.

WORLD BANK'S OFFICE IN WEST AFRICA

The World Bank has decided to establish a West African Office at Abidjan in Ivory Coast. Mr. Alfred E. Matter, Assistant Director of the Department of Operations for the Western Hemisphere, will head the new Office. Initially, Mr. Matter will be assisted by two economists, an engineer and an agricultural specialist. The Office is expected to open early in 1965, and Mr. Matter is currently at Abidjan discussing arrangements with Ivory Coast authorities. Plans are under way for a similar office in East Africa. These offices are being established to assist in the preparation of development projects in some of the member countries in Africa. They will help to identify promising projects and to plan, organise and supervise the studies necessary to establish their feasibility and bring them to the point where they can be presented to the Bank or I.D.A. for financing. For the time being, the work will be confined to agricultural and transportation projects.

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AUTOMATION IN AVIATION

FASCINATING SUBJECT FOR SPECULATION

By Our Aviation Correspondent

FROM time immemorial, man has had to labour to produce the necessities of existence. His more ambitious projects, of course, have been achieved only at the expense of monstrous toil. Take the Pyramids, for instance; we do not know exactly how these were constructed but there can be no shadow of doubt that the numbers employed were immense, the labour involved enormous, and the toll of human life on a commensurate scale. Coming to more recent times, we see, all around us, the products not only of man's ingenuity but of his handicraft. Canal, road, and rail systems, bridges, immense buildings, ocean liners and so on down the scale to watches and precision instruments, all are the fruits of labour.

In many fields, of course, and to an ever greater extent, mechanisation is lightening the load. In agriculture, in building, in factories, in the waging of war, and even in the home, it plays an increasingly important part. But mechanisation has been an exceedingly gradual process—and one, however mistakenly, often resisted by labour; it has led, generally speaking, not to the loss of jobs but to the creation of new fields of employment. Shall we be able, in the course of time, to say the same of a new form of mechanisation created by electronics—automation?

Born into a world where one of the most cherished tenets of society has always been—whether fulfilled or unfulfilled—the individual's right to earn a living, the prospects of a form of mechanisation which so clearly threatens our whole concept of life and its aims, cannot but cause us apprehension. Man, however, is an adaptable creature. The younger generation, no doubt, will take the whole thing in their stride. That, at any rate, is what we must hope, because, unlike the rather leisurely progress of mechanisation, the advance of automation is likely to be that of the forest fire.

In almost all forms of industry today, the cost of the end-product—be this a box of matches or a form of transport—reflects the rising cost of labour. Take shipbuilding, for example—or, for that matter, any form of construction which takes a year or so in the doing. In some countries, in order to cover a rise in wages which, almost inevitably, will be sought before the work is completed, it has become the practice to insert an escalator clause in the contract. This kind of thing, of course, does not help to sell the goods—and this is certainly reflected in the loss of many traditional markets. The compelling urge today, consequently, is to reduce and to stabilise the costs of labour.

The imminence of the impact of automation on our lives is hard to estimate. In a few countries—and notably in the United States—automation is well established and has already, or so one is led to believe, cost a good many thousands of men their jobs. In other countries, it is still little more than a cause for apprehension amongst trade union officials. It is strange how seldom the world Press dilates on a subject which, after all, is likely to affect far more lives than is space exploration or supersonic travel. After considerable search through current journals, one finds two brief but relevant allusions. One is from a shipping journal and reads:

"The first of a class of new, fast, and highly automated cargo liners, the s.s. *American Racer,* is a vessel of 13,000 tons deadweight and a service speed of 21 knots.... With the liner's high degree of automation on the bridge, in the engine-room, and on deck, the owners have been able to reduce the crew needed for this size of vessel by 25 per cent.... She has push-button control of hatch covers, high speed electric winches, and reinforced decks to support fork lift trucks of up to 12 tons...."

The second item is taken from an article by the Scientific Editor of the *Financial Times* and concerns a manufacturing process. "Russia," it runs, "is not merely hoping for a second industrial revolution; it is systematically planning one. Already, they are assembling watches in two-thirds of the time normal in Switzerland. This early application of automation could well affect the whole watch-making industry of Europe."

Involved, then, in automation, we see three vitally important and highly competitive factors—speed, accuracy, and the reduction of labour costs. A factory, a form of transport, or an army, confronted by a fully automated rival, can do one of two things—follow suit or go out of business. One is concerned, of course, principally with the case of air transport. Rather belatedly, perhaps, one now turns to this subject. In this, the most modern of all forms of transport, and one, moreover, keenly competitive and, consequently, highly dependent on cost and quality controls, automation is going to play an almost revolutionary role.

There are, of course, varying degrees of automation in the actual conduct of flight. Automated navigational and landing systems, now in a comparatively early stage of development, are only the forerunners of comprehensive systems which will take care of every phase of flight and will require human control for monitoring or emergency purposes only. The future of Air Traffic Control also lies in electronics. Even today, radio communications and the speed of human speech are barely adequate for subsonic jets. Means of communication and control, considerably more rapid and more accurate than at present, will certainly have to be found for the supersonic age.

In both respects—automated flight and automated traffic control—material advantages will be found. All-weather operation will be achieved, airport and airway traffic capacities will be increased, and far fewer weather delays and cancellations—now a costly item in the operational bill—will be experienced. So far as overall costs are concerned, the greatest advantages of automation, presumably, are to be found in those departments of the industry which are most demanding of time and labour. The traffic and maintenance sections seem to be cases in point.

The modern airliner is an immensely costly vehicle. The supersonic liner of the future is likely to cost five to ten times as much. If it is to bring its owners an adequate return, it will have to be kept fully employed. Turn-round times, in this context, are of vital importance—as are those periods of immobility when the airliner is undergoing routine checks and servicing. Various electronic test rigs have been devised and are already proving great savers of time and labour. There is enormous scope for the extension of apparatus of this kind. Finally, in the general field of passenger and freight handling, and more particularly, perhaps, of bookings and reservations, automation should be easy to apply and very rewarding in results.

The ultimate effects of automation on the air transport industry is a fascinating subject for speculation. There can be no doubt, for instance, that world communication systems will be enormously extended and improved. It will certainly not be long before telephonic-*cum*-television facilities are widely available. Will this be a disincentive to travel? If the businessman can conduct meetings and personal discussions from his office chair, will he be so eager to rush, in his thousands, on to trans-Atlantic airliners?

And what of the tourist? Already, we are told, it is possible to simulate a game of golf at St. Andrews—or any other course of your choice—in your own garden. It needs little imagination to visualise how this might be extended to skiing in the Alps, sunbathing on the Costa Brava, or a conducted tour of the Taj Mahal. However, we should, perhaps, exercise some restraint on the imagination. Some of the prospects it conjurs up are positively frightening!

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HIRE-PURCHASE TRANSACTIONS

MOVE TO ENACT A SEPARATE LAW

THE Law Commission had recommended in its twentieth Report that there was a need to enact a separate legislation for regulating the hire-purchase transactions. Although the report was presented as far back as in May 1961—3½ years now—no law on the lines, suggested by the Commission, has so far been enacted by the Government. It is, therefore, gratifying to find that a Bill for Hire-Purchase Act has been introduced in the Lok Sabha. The provisions of the Bill have been published in the *Gazette of India Extraordinary* dated 20th November 1964. It is, of course, true that the hire-purchase system is not so popular in India as in the Western countries. But it is already in vogue, especially in regard to purchase of lorries, trucks, buses and machinery and more and more people are taking recourse to it for purchasing such household equipment as radio sets, sewing machines, and refrigerators. Unlike in the Western countries, there are not many separate finance houses of any significant size in India, specialising in hire-purchase finance, or consumer credit, as it is called. Nor have the banks in India taken to this type of finance on a large scale. Nevertheless, some banks have made a modest beginning in the field of consumer credit and are having a little more than modest turnover in financing commercial vehicles and machinery. The State Bank of India and its subsidiaries, as well as the National Small Industries Corporation, in particular, have been specialising in this business under active encouragement from the Government of India. Thus, the hire-purchase finance system is steadily growing in the industrial field and may assume significant proportions in the marketing of consumer goods once the supply of consumer durables increases. It is not, therefore, too early to enact a specific law for this purpose, a law that will safeguard the interests of the contracting parties, including the guarantor, if any, who stands as the surety for the hirer.

Hire-purchase Agreement

The Bill provides that every hire-purchase agreement should be in writing and signed by all the parties to it. The agreement should state both the hire-purchase price and the cash price or the market value of the goods, the date on which the agreement commences, the number and amount of instalments, the date (or the mode of determining the date) on which instalments are payable and the person to whom and place where they are payable. Incidentally, a hire-purchase price means the total sum payable by the hirer to complete the purchase of goods to which the agreement relates; it includes any sum payable by the hirer under the hire-purchase agreement by way of deposit or other initial payment, but excludes the sum payable as penalty, or compensation, or damages for a breach of the agreement.

The hire-purchase agreement should also state the goods to which it relates, in a manner sufficient to identify them; and where a part of the payment is to be provided otherwise than in cash, the agreement should contain a description of that part of the consideration. The Bill also seeks to provide that the goods shall be free from any charge or encumbrance in favour of any third party, and be of marketable quality. No such condition regarding quality shall, however, be implied (*a*) as regards defects of which the owner (the person who has let the goods to the hirer) could not reasonably have been aware at the time of agreement, (*b*) where the hirer (that is, the person who has obtained the goods under the hire-purchase agreement) had examined the goods, or a sample thereof, and (*c*) if the goods are second-hand and the agreement contains a statement to that effect.

If the hirer makes known to the owner the particular purpose for which the goods are required, there shall be an implied condition in the agreement that the goods should be reasonably fit for such purpose; as an alternative, the owner will have to bring down the contradictions to the notice of the hirer and make the effects of these contradictions known to him. The disputes about quality have given rise—directly or indirectly—to much litigation between the contracting parties. The importance of the provision to this effect, in the Bill, is therefore self-evident. It remains, however, to be seen as to how far the situation will improve under this provision, especially in the case of machinery where the quality—particularly of second-hand goods—cannot be early ascertained.

In order to own the goods, the hirer need not wait till the last instalment matures. He can accelerate the purchase at any time during the subsistency of the agreement, after giving the owner not less than 14 days' notice. The payment will be equivalent to the balance of hire-purchase price less two-thirds of the proportional hire-purchase charges (that is, the difference between hire-purchase price and cash price). Although no mention of the reasons is made in the Bill, it is obvious that the owner is allowed to have one-third of the hire-purchase charges in order to cover his establishment expenses and the trouble he took to supply the hirer with the goods at the initial stages. The Bill also provides that, where the terms of the agreement entitle the hirer to a rebate higher than that calculated on the above lines, he shall be entitled to it. No recognition will, however, be taken of the provision of a lower rebate in the agreement. The Government is taking powers to stop acquisition of ownership rights by the hirer, in case it feels that the goods concerned are in short supply or are subject to restrictions in respect of imports.

Similarly, by giving 14 days' notice, the hirer can terminate the agreement by paying the amounts due to him, including the sum provided for payment in the agreement on account of such termination. The liability to pay the last mentioned sum is, however, subject to two conditions: (*a*) Where the total of the sums paid and due before the termination exceeds 50 per cent of the hire-purchase price, the hirer shall not be liable to pay the sum so named, (b) where the amount does not exceed 50 per cent, he shall pay the balance or such less sum as may be named in the agreement.

A hirer, who is liable to make payments in respect of two or more agreements to the same owner, is provided with a safeguard for enabling him to save some of the goods at least, if he cannot save all of them. Thus, notwithstanding any agreement to the contrary, he is entitled to appropriate the sum paid by him, towards the satisfaction of the sum due under any one or more of the agreements. If no such appropriation is made by him, the Bill provides that the amount should be appropriated in the order in which the agreements have been entered into.

In the absence of a contract otherwise, the hirer is bound to take as much care of the goods as a man would take of his own goods. If he faithfully fulfils this condition, he will not be responsible for any loss, destruction or deterioration; otherwise, he is liable to compensate the owner for any damage. This is an important provision, as, in the absence of ownership rights, the hirers generally do not take full precautions to maintain the quality of the assets hired by them. The Bill also provides that, if the hirer makes any use of the goods which is not according to the conditions of the agreement, he shall be liable to pay compensation to the owner for any damage accruing from such use.

Rights and Obligations of Owner

The rights of owners are subject to certain important limitations. Where the hirer does not observe the conditions of the agreement, the owner is entitled to terminate the agreement by giving to the hirer a notice of termination. The owner shall be entitled (*a*) to retain the hire which has accrued due and which has already been paid, (*b*) to recover the arrears of hire due, (*c*) to forfeit the initial deposit (if so provided for in the agreement), and (*d*) to seize the goods, recover their possession and realise any damages in case of non-delivery of goods. However, when the statutory proportion (50 per cent in cases where the hire-purchase price is Rs. 15,000 or less and 75 per cent in other cases) of the hire-purchase price has been paid, the owner shall not enforce any right to recover possession of the goods, otherwise than by a petition or suit. The object of this provision in the Bill is obviously to safeguard what, in many cases, may be the only source of livelihood of the hirer. But, in actual practice, it may result in more litigation and prove a source of great difficulty to the owner of the goods hired. Take, for instance, a lorry or a commercial vehicle, sold under the hire-purchase agreement. These vehicles cost more than Rs. 15,000. If this provision goes on the Statute Book as it is, the owner may find it pretty difficult to collect the instalments, once the hirer has paid them upto the value of 75 per cent. Knowing full well that the owner has no right to dispossess him of the vehicle, the hirer may not care to pay the remaining instalments regularly and in full. The position will be still worse in respect of goods, the value of which is less than Rs. 15,000. It is, therefore, a moot point whether the introduction of this provision will actually encourage the system of hire-purchase or prove a hindrance to those who are really in need of this facility. In fine, this is a highly controversial provision and needs to be carefully examined.

Safeguarding Hirer's Interest

There is a further provision to safeguard the interest of hirer. If the owner terminates the agreement on the basis of default in payment of the instalment, and institutes any suit or petition against the hirer, the latter can pay the owner the arrears, along with interest and the cost of the suit, at the time of hearing in the Court, and the Court may pass an order, relieving the hirer against the termination of agreement. Where an agreement is terminated on the ground that the hirer has indulged in acts inconsistent with the terms of the agreement, or violatd an express condition, no suit or petition by the owner shall lie unless and until he serves on the hirer a notice, specifying the particular breach or act complained of, and if the breach or act is capable of remedy, the hirer must correct it within a period of 14 days from the date of serving the notice.

Another important provision of the Bill relates to insolvency of the hirer. If during the continuance of the agreement, the hirer is adjudged insolvent, the Official Receiver will have the same rights and obligations in respect of the concerned goods as the hirer in question had. The Official Receiver can also assign the rights and obligations of the hirer to any other person. This is an important provision, as it will help a hirer to make the best of the bargain, when he goes bankrupt and is unable to continue payments of the instalments.

It is also important to note that the provisions of the Hire-Purchase Bill will not apply to any agreement made before the commencement of this legislation. In other words, the legislation, now on the anvil, will not have any retrospective effect.

JAPANESE AID TO DEVELOPING NATIONS

The total amount of economic co-operation extended by Japan to developing countries, which was U.S. $250 million in 1960, $371 million in 1961, and $282 million in 1962, aggregated $265 million during 1963 and ranked sixth among the group of free industrial nations. The ratio of the amount of this economic aid during 1963 to Japan's national income for the year stood, according to the *Weekly Review* published by the Bank of Tokyo, at 0.54 per cent, a percentage lower than the target figure (1.0 per cent of national income) which was urged and adopted at the United Nations Conference on Trade and Development.

It is widely recognised that to carry forward a scheme of economic aid in developing countries, the promotion of foreign trade in the developing countries is important, and means to achieve this promotion should be reflected in the economic co-operation from the advanced countries. Aid problems of developing countries have been deliberated upon on an international scale at the Board of the Development Assistance Committee and the World Bank, and the trade problems have been investigated at the meeting of the United Nations Conference on Trade and Development and the G.A.T.T.

Meanwhile, of Japan's export markets, developing countries account for almost half of them, and worthy of note here is the fact that, in the exports of machinery and plant equipment, which are anticipated to expand vigorously in the period ahead, deliveries to the developing countries stand fairly high on priority lists. The Japanese Ministry of International Trade and Industry observes that further positive efforts should be taken to promote economic aid to and co-operation with the developing countries.

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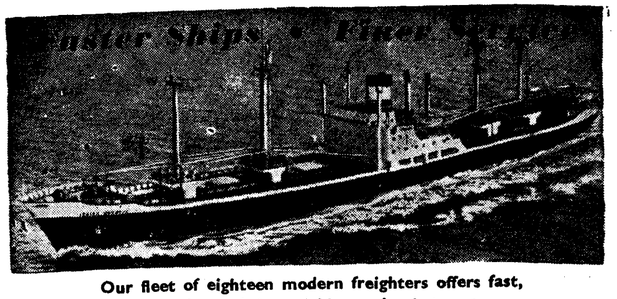

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MANCHESTER LETTER

BIG TAKEOVER DEALS IN TEXTILES

FRESH MOVE AFOOT TO RATIONALISE PRODUCTION AND CUT COSTS

From Our Special Correspondent

MANCHESTER, 8th December

GRADUALLY the thinking behind the big midsummer takeover deals in textiles begins to take shape. Courtaulds some weeks ago announced the formation of its Northern Board to co-ordinate the many important new units it had lately brought under its wing. Last week it was the turn of I.C.I. to show how it intended to administer its additional textile strength.

The merging of its fibres division, including British Nylon Spinners, into a single wholly-owned subsidiary called I.C.I. Fibres, makes this group the third largest fibre producer in the world. Only Dupont and Chemstrand can claim to have a larger business in fibres; I.C.I.'s new giant is no stripling, as it aims at a working target of 250 million lbs. of fibre annually, its capital at home and abroad is estimated at £200 million and its employees number 16,000.

Quite apart from the big British interests of the group, facilities for production are already available in Canada, Australia, India and Portugal. Early next year, full-scale operations will also be proceeding in New Zealand, South Africa and Germany.

Further Planning

Perhaps one of the most significant aspects of the integration of the new subsidiary is that its guiding spirits will be delegated wide powers for further planning in the field of textile processing and distribution. Already I.C.I. has a direct financial interest in Viyella International, Carrington and Dewhurst, English Sewing Cotton, Klinger Manufacturing and Lister and Co.

These firms, in turn, are utilising the resources put at their disposal to build up an interlocking group with many ramifications. The present I.C.I. policy of providing support for and investment in companies in the textile industry is likely to continue and to be intensified.

Courtaulds' Northern Mills

Not to be outdone in making known its rationalisation plans, Courtaulds soon followed the I.C.I. announcement by elaborating on the structure of its Northern textiles division. In all, 75 mills employing some 20,000 operatives are affected by the scheme, of which more than 50 are cotton-type spinning units.

Three management groups, as already reported, will comprise the division. The spinning section, made up basically of the mills of the Lancashire Cotton Corporation, Fine Spinners and Doublers, the former operating companies of Hayeshaw, and the mills previously owned by Courtaulds itself, will be split into five sub-divisions. The fine and combed yarns group contains 12 mills; medium counts 13 mills; man-made fibres 8 mills; coarse counts 12 mills; and carpet yarns 6 mills.

Officially given as the reason for the reorganisation, as could well have been forecast, is the need to rationalise production and reduce costs. Many of the mills concerned were turning out similar products in competition with each other; the intention of the new owners is that each mill is to concentrate on a limited range of the goods for which they are best suited.

Mr. W. T. Winterbottom, Chairman of Fine Spinners and Doublers, has already been nominated as Chairman of the spinning management group; he will also be Deputy Chairman of the Northern textiles division, under the chairmanship of Mr. G. A. Samuel of Courtaulds. Col. J. B. Whitehead, Chairman of Lancashire Cotton Corporation, will be responsible for the woollen and worsted interests of the group, as well as its non-textile activities.

Such extensive reconstruction plans can hardly be effected overnight, and there will undoubtedly be a period of reorientation while both buyers and sellers establish new alignments. So many policies are in need of readjustment these days that traders generally have to be alert to keep pace with events. Integration projects carried out by both the giant groups, however, should encourage greater stability in the trade.

Geneva Pact's Purpose

The long-term arrangement on world trade in cotton textiles which was drawn up more than two years ago has now run nearly half its course, but, as was to be expected, there are already those among the many nations represented who feel that its purpose has not been fulfilled. Trying to compromise between the ambitious programmes of the developing countries and the understandable reactions of the traditional textile manufacturing areas is no easy task.

Throughout last week further talks went on at Geneva when a review of the second year's operations of the arrangement was carried out. Many of the same arguments arose illustrating the conflicting attitudes of the two different types of countries engaged in textile manufacture, those with long historical records of traditional fabric production and those who have only lately come on the scene.

Britain was originally given leave to opt out from the disruption clause in the agreement as it was generally felt that this country had done more than enough to provide an open door to foreign textiles, especially from the Commonwealth, but apparently some of the developing nations regarded Lancashire's position in much the same light as the United States and European countries.

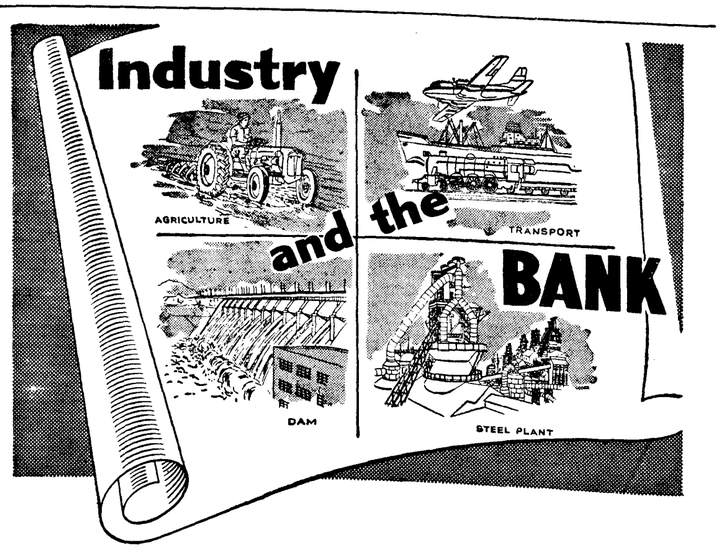
It was pointed out that Britain had already asked nine countries this year to restrain their exports. In most cases, however, no final arrangement had yet been reached, although revised licensing procedures had been adopted to avoid a build-up of supplies from particular areas which had no traditional trade in textiles with the United Kingdom. Most of the complaints listed by the developing countries, however, were aimed against the American and European attitude, whose traders were accused of keeping to the letter rather than the spirit of the arrangement.

No Renewal?

From some of the views expressed by delegates at the recent annual meeting of the International Federation of Cotton and Allied Textile Industries, the opposition to a continuation of the pact after 1967 may be strong. Indeed, the Chairman of the Indian Cotton Mills Federation stated categorically that his country would not support the renewal of the agreement in its existing form. The main argument against the current scheme was that some of the more industrialised countries had been too eager to invoke the market disruption clause in order to curtail imports from the developing areas.

It is, of course, too early yet to consider the likely fate of this attempt to secure some form of international collaboration on such a controversial matter. Britain's position, as well as that of several other important textile manufacturing countries, is complicated by the inter-industry arrangements controlling imports into the United Kingdom which are due to be reconsidered next year.

Mr. T. D. F. Powell, Director-General of the Cotton Board, is quoted as describing the Geneva agreement as "a fine concept," but admitted that its practical implementation caused conflicts of opinion. He felt that, in the face of opposition from countries such as Japan, India, Pakistan and the United Arab Republic, the long-term arrangement could scarcely be renewed in its present form. The American cotton textile Industry, however, is anxious to maintain the current scheme; its spokesmen have repeatedly denied that they had failed to offer facilities to the developing countries to extend trade with the United States.



Blueprints of expansion of a nation's industrial activity require adequate financial resources for implementation.

Allahabad Bank plays its part in providing funds for projects. The investor's money thus plays a vital role in the country's rapid development, the Bank guaranteeing its security and interest to the investor.

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AGI-AB-51

J. Ritchie
General Manager

ROAD TRANSPORT DESERVES A BETTER DEAL

Addressing recently a meeting of the Indian Road & Transport Development Association, the Deputy Chairman of the Planning Commission emphasized that our transport facilities should be developed in step with, in fact a step ahead of, other economic developments which depend on them. It is time that all concerted efforts are made to achieve this goal.

The country's road network must be developed rapidly. Equally important is a rapid expansion in the production of commercial vehicles.

The automobile industry is stepping up its production capacity. However, the extent of the increase in the future demand for commercial vehicles will depend mainly on two factors whether the cost to the transport operator can be decreased through a reduction in the taxation ; and whether the licensing policies on inter-state road transport are rationalized.

For instance, the "on-the-road" price in Calcutta of a Bedford 167" diesel truck chassis in the 5-ton range comes to Rs. 35,280. Out of this amount, direct and indirect taxes absorb Rs. 15,940 or over 45% of the total cost. This calculation applies to the bare chassis, excluding the cost of cab and body and items like maintenance costs and hire-purchase charges. Curbs on inter-state road transport further hamper the growth of the industry.

The automobile industry urgently needs speedy relief from excessive taxation and vexatious restrictions to help the expansion of road transport and thereby accelerate the tempo of our economic growth.

Hindustan Motors . . . partners in India's industrial transformation

ADVTHS-25

FOOD CORPORATION ACT OUTLINED

RICE PROCUREMENT TO START FROM JANUARY NEXT

IT was being felt by the Government of India for some months now that, in order to implement effectively any policy of ensuring minimum price to the primary producer and to protect the consumer from the variations in prices, there was a need to set up a State agency for the purpose of undertaking trade in foodgrains. A Bill was, therefore, introduced in Parliament last month, for the setting up of the Food Corporation of India. The Bill was passed by the Lok Sabha on 25th November 1964 and by the Rajya Sabha on 7th instant. The primary duty of the Corporation will be to undertake the purchase, storage, movement, transport, distribution and sale of foodgrains and other foodstuffs. It may also, with the approval of the Central Government, promote—by such means as it thinks fit—the production of foodgrains and other foodstuffs; set up or assist in setting up, rice mills, flour mills and other undertakings for the processing of foodgrains and other foodstuffs; and discharge any other supplemental, incidental or consequential functions. The Corporation will work as a statutory organisation, wholly owned by the Government. But it will be encouraged to function generally as an autonomous body, working on business principles, having regard to the interests of producers and consumers. With its head office at Madras, the Corporation can establish, with the approval of the Central Government, offices or agencies at other places in or outside India.

The initial capital of the Corporation will be Rs. 100 crores, provided solely by the Central Government. But the Government has the power to increase it from time to time. In order to augment its resources, the Corporation is authorised to take advances, against the stocks held by it, from scheduled banks or any other bank or financial institution, approved by the Central Government. The Government of India may guarantee such loans as to the repayment of principal, the payment of interest thereon and other incidental charges.

A Board of Directors will be constituted for the general superintendence, direction and management. The Board to be appointed by the Government, will consist of (*a*) Chairman, (*b*) three Directors to represent the Union Ministries of Food, Finance and Co-operation, (*c*) the Managing Director of the Central Warehousing Corporation as Director, (*d*) a Managing Director and (*e*) six other Directors. The majority of the Directors will be non-officials, having expert knowledge, useful for the efficient working of the Corporation. All questions which come up before any meeting of the Board, shall be decided by the majority of votes, and, in the event of an equality of votes, the Chairman shall have and exercise the second or casting vote. The Board may constitute an Executive Committee, consisting of the Managing Director and three other Directors as members of the Committee, with the Chairman of the Board being the Chairman of the Committee as well. This Executive Committee will deal with any matter within the competence of the Corporation. The Central Government, in consultation with the Corporation, may also constitute one or more Advisory Committees to advise the Government or the Corporation, in regard to any matter connected with the purposes of this Act.

Agencies in States

The Central Government may establish a Board of Management for a single State or two or more contiguous States, if no State Food Corporation is functioning in such a State or States. The members of the Board of Management—to be appointed by the Food Corporation of India—will consist of a Chairman, the senior-most executive of the Corporation attached to the Board of Management, and upto ten other members. The Board will advise the Corporation on such matters as may be referred to it and shall perform such functions as the Corporation may delegate. It will be dissolved on the establishment of State Food Corporation in the concerned State.

In consultation with the Government of a State, the Union Government may establish a Food Corporation in that State. The State Food Corporation will perform such of the functions as the Central Corporation may delegate to it. The capital, to start with, will not exceed Rs. 10 crores, but it may be increased by the Central Government from time to time, and will be provided by the Central Corporation and the Central Government, in the proportion decided by the latter. It can also raise loans from the financial institutions, in the same way as prescribed for the F.C.I. The Board of Directors of the S.F.C. will consist of the Chairman, the General Manager and not more than ten other members, all of whom shall be appointed by the F.C.I. in consultation with the Central and State Governments. The Board of Directors of a S.F.C. may constitute an Executive Committee, consisting of the Chairman of the S.F.C. as the Chairman of the Executive Committee, the General Manager and three Directors. The Board may also constitute such other committees as it thinks fit, for such purposes as it may decide.

It will be noted from the foregoing account that both the Board of Management and S.F.C.'s are subsidiary and subordinate bodies to the Central Corporation, working in different areas, and not autonomous or semi-autonomous bodies.

Credit to Agriculturists

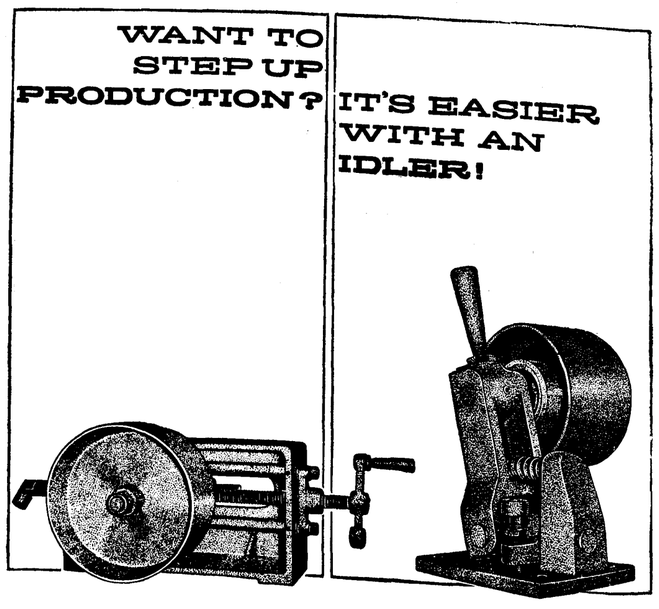
The Food Corporations may lend or advance money to any person engaged in the production of foodgrains, upon the security of foodgrains or such other security as may be prescribed, for any purpose connected with such production. It may also enter into agreement with any grower of food crops for the purchase of foodgrains after the harvest of such crop, and such agreement may also provide that any sum payable by the Food Corporation to the grower under such agreement, shall be payable to any scheduled bank or other financing agency nominated by the grower in this behalf, to such extent as may be specified in the agreement. The scheduled bank or other financing agency may, on the basis of any such agreement, lend money to a grower. The Food Corporation will guarantee such loans, repayable within a period of upto five years, on such terms and conditions as it may think fit.

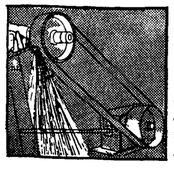
Regulatory Measures

The Food Corporations shall, before the commencement of each year, prepare a statement of programme of their activities during the forthcoming year, as well as a financial estimate in respect thereof. The Statement shall be submitted for approval (*a*) in the case of F.C.I. to the Government of India, and (*b*) in the case of a S.F.C. to the F.C.I. It will establish a reserve fund, to which shall be credited, every year, such portion of its annual net profits as it thinks fit. After making provision for such reserve fund and for bad and doubtful debts, depreciation in assets and all other matters which are usually provided for by companies registered and incorporated under the Companies Act, the balance of the annual net profit shall be paid (1) in the case of F.C.I. to the Central Government and (2) in the case of S.F.C. to the Central Government and F.C.I., in proportion to the capital provided by them. For the purpose of income-tax, super-tax etc. a Food Corporation shall be deemed to be a company within the meaning of the Income Tax Act, and shall be liable to pay tax accordingly. As soon as possible after the end of each year, a Food Corporation shall submit to the Union Government an annual report about its working, which, along with the audited report, will be laid before both Houses of Parliament.

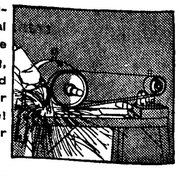
Speaking on the Bill and replying to the debate thereon, Mr. C. Subramaniam informed the House that the Food Corporation of India would start its purchase operations in the Southern zone from January 1965 and the Corporation was expected to build for itself a commanding position in the rice trade in that region. To start with, the Corporation would not procure rice on a monopoly basis, but, if the behaviour of traders necessitated monopoly

(*Continued on page* 1101)





Here's an efficient, modern belt-grinding technique — employing Carborundum Universal Backstand Idlers, Contact Wheels and abrasive belts! It ensures faster and cooler cutting, improved finish, reduced operator fatigue, and greater safety. Switch over and watch your output increase, your product quality improve! Backstand Idlers are available in both Floor and Bench types.



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(MEMBER OF THE INDIAN STANDARDS INSTITUTION)
MADRAS-CALCUTTA-BOMBAY-DELHI
Manufacturers of Bonded and Coated Abrasives, Grains and Super Refractories.

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

VEEGAL ENGINES & ENGINEERING LIMITED

(INCORPORATED IN INDIA AS A PUBLIC COMPANY ON 10TH DECEMBER, 1948 UNDER THE INDIAN COMPANIES ACT, 1913)

Registered Office:

31, Chittaranjan Avenue, CALCUTTA-12

EXISTING AND PROPOSED ACTIVITIES

The Company's main business consists of the manufacture of Petrol engines of varying sizes for which the Company have a licensed manufacturing capacity of 12,000 H.P. on a single-shift basis. The proceeds of the issue will be entirely devoted to financing the Company's present engine manufacturing project.

LOCATION OF THE FACTORY

8·52 bighas (2·56 acres) of land at 8, Jessore Road, Dum Dum. This site is large enough to allow room for all development contemplated during the next few years.

SHARE CAPITAL:

AUTHORISED:—

	Rs.
5,00,000 Equity Shares of Rs. 10/- each	50,00,000
50,000 6% Cumulative Redeemable Preference Shares of Rs. 100/- each	50,00,000
	1,00,00,000

ISSUED, SUBSCRIBED AND PAID UP—

	Subscribed Rs.	*Paid Up* Rs.
1,00,000 Equity Shares of Rs. 10/- each fully paid-up	10,00,000	10,00,000
20,000 Equity Shares of Rs. 10/- each subscribed by Directors, their friends and associates and allotted on 25th September 1963 and upon which Rs. 5/- per share has now been paid	2,00,000	1,00,000
	12,00,000	11,00,000

PRESENT ISSUE—

The present issue is of 1,20,000 Equity Shares of Rs. 10/- each at par, now offered to the Public for subscription in Cash.

APPLICATIONS—

Copies of the Application Form and Prospectus can be obtained from the Registered Office of the Company or from the Bankers, Brokers and Underwriters listed below.

BOARD OF DIRECTORS:

1. SIR P. C. B. DEO, 3, Rainey Park, Calcutta-19.
   Industrialist and Chairman of the Company. Also a
   Director of—
   Indian Iron & Steel Co., Ltd.,
   Hooghly Docking & Engineering Co., Ltd.,
   Union Carbide (India) Ltd.,
   Associated Battery Makers (Eastern) Ltd., and other companies.

2. MR. G. V. K. MITCHELL, 33, Chowringhee Road, Calcutta.
   Solicitor, Orr, Dignam & Co.
   Director of—
   The Angus Co., Ltd.,
   Budge Budge Jute Mills Co., Ltd.,
   Calcutta Discount Co., Ltd.,
   Eastern Investments Ltd.,
   Gladstone Lyall & Co., Ltd.,
   Tractors (India) Ltd.,
   Williamson Magor & Co., Ltd.,
   The East Indian Coal Co., Ltd. (Incorporated in U.K.) and other companies.

3. SRI SUKUMAR ROY, 57, Lansdowne Road, Calcutta-25. Company Director.
   Director of—
   The Shillong Hydro-Electric Ltd.,
   Oriental Gas Company Ltd.,
   National Tobacco Co. of India Ltd.,
   Dr. Paul Lohmann (India) Ltd., and other companies.

4. SRI N. D. AGARWALLA, 230, Lower Circular Road, Calcutta. Industrialist.
   Director of—
   National Iron & Steel Co., Ltd.,
   Tatanagar Foundry Co., Ltd.,
   Britannia Building Co., Ltd., and other companies.

5. SRI K. K. ROY, P9, Gariahat Road, Calcutta-29.
   (Managing Director) Aeronautical Engineer and Industrialist.
   Director of—
   Airways (India) Ltd.,
   Aluminium Mfg. Co., Pr. Ltd.,
   Motor & Machinery Mfrs. Ltd.,
   Rehabilitation Industries Corporation Ltd. and other companies.
   Member of—
   Calcutta State Transport Corporation.
   West Bengal Development Corporation.

SOLICITORS:

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

AUDITORS:

G. BASU & CO., Chartered Accountants, 6, Hastings St., Calcutta-1.

BANKERS:

NATIONAL AND GRINDLAYS BANK LTD.
Bombay—92, Mahatma Gandhi Road.
Calcutta—Lloyds Branch, 29, Netaji Subhas Road.
Delhi—Chandni Chowk, P. O. Box 1024.
New Delhi—Lloyds Branch, 10, Parliament Street.
Hyderabad—P. O. Box 117, 5-9-235, Mahatma Gandhi Road (Avid Road).
Madras—No. 3, North Beach Road.

UNITED BANK OF INDIA LTD.
Ahmedabad—13, Relief Road, P. O. Box No. 170.
Bombay—Post Box No. 298, 25, Sir Pherozeshah Mehta Road.
Calcutta—Post Box No. 2047, 4, Clive Ghat Street.
Delhi—48/49, Chandni Chowk.
New Delhi—Post Box No. 321, J. C. Das Buildings, 90/8, Connaught Circus.
Madras—17/18, Broadway.

BANK OF INDIA LIMITED
Ahmedabad—Bhadra.
Bangalore—11, Kempegowda.
Bombay—70/80, Mahatma Gandhi Road.
Calcutta—23/B, Netaji Subhas Road.

BANKERS—*Contd.*
Delhi—Mahabir Trust Building, Chandni Chowk.
New Delhi—Central Ring, Connaught Circus, Post Box No. 404.
Hyderabad—Sultan Bazar, P. B. No. 134.
Indore—Pungaliya Bhuvan, Santa Bazar.
Madras—10, Armenian Street.

BROKERS:

Calcutta—G. M. Pyne, Allahabad Bank Buildings, 14 India Exchange Place, Calcutta-1.
Bagla & Co., 8, Lyons Range, Calcutta-1.
Bombay—A. B. Pandit & Co., 32, Apollo Street, Fort, Bombay-1.
Merwanjee Bomanjee Dalal, Allahabad Bank Building, Apollo Street, Fort, Bombay-1.
P. R. Subramanyam & Sons, 70-A, Stock Exchange Building, Apollo Street, Fort, Bombay-1.
Madras—Paterson & Co., 32/33, Linghi Chetty Street, Madras-1.
Maconochie & Co., Mercantile Bank Bldgs., First Line Beach, Post Box No. 291, Madras-1.
New Delhi—H. P. Mehta & Co., Connaught House, Connaught Place, New Delhi-1.
Harbans Singh Mehta & Co., 33, Regal Bldgs., Parliament Street, P. O. Box 300, New Delhi.
Bangalore—P. R. Subramanyam & Sons, "Sree Siva," 24, Fourth Street, Benson Cross Road, Bangalore-6.

UNDERWRITING:

The entire issue offered for public subscription has been underwritten as follows—

Name of Underwriter	No. of shares underwritten	Rs.
1. Industrial Credit and Investment Corporation of India Ltd., 163, Backbay Reclamation, Bombay-1	70,000	7,00,000
2. West Bengal Financial Corporation, 23, Rajendra Nath Mukherjee Road, Calcutta-1 ..	50,000	5,00,000
		12,00,000

DATES OF OPENING AND CLOSING OF SUBSCRIPTION LIST

The Subscription List will open at the commencement of Banking hours on the 22nd December 1964 and will remain open until the close of Banking hours on the 4th January 1965 or earlier at the discretion of the Directors, but not before the close of Banking hours on the 24th December, 1964.

EXPORTS OF ENGINEERING PRODUCTS

PRODUCTION PROBLEMS CALL FOR PROMPT SOLUTION

THE group of industries manufacturing a wide range of engineering goods (other than steel) in India accounts for an estimated Rs. 600 crores worth of gross annual output. These industries, broadly covering the manufacture of machinery and transport equipment, engineering and electrical accessories and non-ferrous metals, have more than doubled their production since the beginning of the second Plan, for the index of production (base 1956=100) pertaining to them is currently running at the rate of 230. The index, however, does not cover the output of the unorganised sector which, with its large number of small-scale engineering units, makes a substantial contribution to the production of engineering goods. Presumably, the value of output in the small-scale sector is included in the aforesaid estimate of Rs. 600 crores representing the aggregate value of annual production.

It will be seen from the accompanying Table No. I (which gives capacity and production figures for 1963 and capacity and production targets under the third Plan) that several of the principal engineering industries in the organised sector are well on the way to achieving their targets for 1965-66. Particular mention may be made, in this connection, of the industries manufacturing diesel engines, power-driven pumps, textile machinery, power transformers, electric lamps, dry batteries, storage batteries and aluminium. But many other engineering industries, it will be seen from the table, seem to be lagging behind and so are not likely to achieve their targets fully. In fact, the Planning Commission's memorandum on the fourth Plan, which has just given the latest estimates of likely production in 1965-66 in some of the important engineering industries, brings out the likely shortfalls in achievement. For instance, the present estimate of production of commercial vehicles in 1965-66 is 54,000 against the target of 60,000; of tractors 8,000 against 10,000; of bicycles 1.6 million against 2.0 million; of locomotives 340 against 360; of sugar mill machinery Rs. 12 crores against Rs. 14 crores; and of machine tools Rs. 25 crores against Rs. 30 crores.

Seminar Report

By and large, even the lagging engineering industries may yet make better progress towards the attainment of their third Plan targets, if their problems of production are more expeditiously solved. When the internal market for engineering goods is expanding all the time, it would be too much to expect an increasingly larger surplus for export, unless the aggregate volume of engineering output itself increases. That the country has progressively stepped up its exports of engineering goods from Rs. 3.4 crores in 1956 to Rs. 13.7 crores in 1963 and an estimated Rs. 14.9 crores in 1964 is no doubt a creditable achievement. This progress is truly remarkable, considering that Indian exports have had to compete abroad with established brand names, vastly superior foreign sales and servicing organisation and established export traditions and that these exports have had to be organised in the climate of acute and critical shortage of raw materials like pig-iron, non-ferrous metals, spares and components. But there is a long way to go before the export target of Rs. 50 crores (*vide* the accompanying Table No. II) laid down by the Engineering Export Promotion Council for 1970-71, can be achieved. It would, therefore, be as much in the interest of export promotion as in that of the internal market to solve the production problems of engineering industries as early as possible. Viewed thus, the recommendations of the Seminar on Exports of Engineering Products, held recently by the Indian Institute of Foreign Trade (New Delhi) in collaboration with the Engineering Export Promotion Council at Calcutta, seem to be both timely and realistic. The Institute has just published the report on the Seminar which makes interesting reading.

In view of the acute competition between domestic requirements and export surpluses on the projected limited supplies of basic raw materials like pig iron, steel and aluminium in the fourth Plan period and in view of the likely increases in the prices of such raw materials, the Seminar has considered it necessary to recommend the establishment of an "Export Industries Materials Corporation." This Corporation, to whose initial capital of Rs. one crore the Government should contribute 90 per cent and the private engineering industries the balance of 10 per cent, should stockpile, from indigenous and imported sources, the basic raw materials required by exporting engineering industries and make releases of these materials to exporting factories on demand against production for export. In regard to individual raw materials the Seminar's recommendations are that (i) the requirements of foundry grade pig iron and rolled steel in different categories and sizes for production of different export goods by 1965-66 and 1970-71 be assessed by a technical expert group immediately, (ii) steps be taken to enlarge the range of rolled steel sections in the re-rolling sector in view of the present limited range of such sections rolled in the integrated steel plants, and (iii) steps be taken to ensure the quality of pig iron and steel at a consistent level. Unless some such organised effort is made to ensure supplies of raw materials to the required specifications, quantities and deliveries, it would be extremely difficult for engineering industries to implement their production programmes for export.

Table 1: *Capacity and Production of Selected Engineering Industries in the Organised Sector*

Item	Unit	1963		1965-66 (target)	
		Installed capacity	Production	Installed capacity	Production
Diesel engines	'000 Nos.	41	55	72	66
Power-driven pumps	,,	131	150	184	150
Lathe tools	'000 Doz.	72	44	N.A.	N.A.
Milling cutters	'000 Nos.	187	100	N.A.	N.A.
Hacksaw blades	'000 gross	312	130	N.A.	N.A.
Machine tools	Mill. Rs.	190	180	300	300
Sugar mill machinery	,,	N.A.	57	150	140
Textile machinery	,,	150	150	220	200
Tea processing machinery	,,	N.A.	12	N.A.	N.A.
Tea rollers	,,	N.A.	4	N.A.	N.A.
Automobiles (cars, trucks, etc.)	'000 Nos.	55	52	100	100
Motor cycles, scooters, etc.	,,	N.A.	14	48 to 60	50
Diesel engines (vehicular)	,,	9	9	N.A.	N.A.
Air compressors	,,	3	3	N.A.	N.A.
Bicycles	,,	1,440	1,176	2,200	2,000
Bicycle accessories	Mill. Rs.	N.A.	7	N.A.	N.A.
Steel pipes and tubes†	'000 tons	239	200	N.A.	N.A.
Electric fans	'000 Nos.	1,380	1,140	2,800	2,500
Electric motors	,,	1,140	180	N.A.	N.A.
Power transformers	'000 K.V.A.	1,968	2,640	4,000	3,500
Sewing machines	'000 Nos.	384	348	700	700
Measuring instruments	,,	76	81	N.A.	N.A.
Electric lamps and tubes	Mill. Nos.	66	70	76	78
Dry batteries	'000 Nos.	2,244	2,660	4,000	3,500
Storage batteries	,,	660	684	900	800
Radio receivers	,,	396	420	900	800
Typewriters	,,	54	42	N.A.	N.A.
Crown corks	'000 gross	6,396	5,448	N.A.	N.A.
Razor blades	Mill. Nos.	1,238	838	N.A.	N.A.
Wood-working screws	,,	1,716	1,380	N.A.	N.A.
Diamond drill bits	'000 Nos.	24	14	N.A.	N.A.
Hand sewing machines	,,	8	2	N.A.	N.A.
Aluminium*	'000 tons	95	100	110	110
Copper†	,,	63	13	N.A.	N.A.
Lead	,,	14	5	N.A.	8
Brass	,,	N.A.	23	N.A.	N.A.
Zinc sheets	,,	6	4	N.A.	N.A.
Brass lampholders	'000 Nos.	5,088	5,400	N.A.	N.A.
Scales and weights	Mill. Rs.	N.A.	13	N.A.	N.A.

* Includes virgin metal, sheets, foils, wire rods, etc.
† Includes virgin metal, pipes and tubes, sheets and circles.

Table 2: *Break-up of Fourth Plan Export Target*

	(Rs. crores)
Base metal manufactures	23.0
Non-electrical machinery	8.0
Electrical equipment and appliances	8.0
Transport equipment	5.0
Light engineering manufactures	6.0
(Sewing machines, typewriters, agricultural implements, etc.)	
Total	50 0

Fiscal and Other Concessions

More directly, an export drive with a target of Rs. 50 crores for 1970-71, would also require expansion of export finance facilities—both in respect of their easy availability and low cost. The export credit, according to the Seminar, should be available to exporters at a concessional rate—a maximum of five per cent for discounting bills—and the Export Credit and Guarantee Corporation should adopt a bolder policy of covering risk involved in export. Although the working of the present export promotion scheme for engineering goods has been found to be generally satisfactory, the Seminar has rightly urged that it should remain unaltered for 10 years, unless changes, if any, are favourable to exporters. As income-tax relief is one of the most powerful incentives for export promotion, the Seminar has done well to recommend that such relief should be given on the lines of the scheme obtaining in Japan. Under the Japanese scheme, incidentally, the trading companies are allowed to deduct from their taxable income one per cent of the proceeds from the export contracts and the manufacturing companies three per cent of the proceeds from their sales contracts for exported goods. These and other recommendations (such as the ones relating to foreign exchange releases for opening offices, for deputing sales representatives and for doing market surveys in foreign countries) have been addressed to the Union Ministries concerned. These Ministries, one hopes, will put their heads together and evolve an integrated policy for engineering exports on the lines recommended by the Seminar in which representatives of both Government and Engineering Industry had participated.

Components and Spares

As for components, the industry's expectation is that the availability of such of those engineering components as are not indigenously manufactured would be ensured within the scheme of import entitlement under the special export promotion scheme for engineering goods. The Seminar's recommendation in regard to spares is that the Engineering Export Promotion Council should be empowered to recommend the grant of import licences for emergency spares of a reasonable value in cases of breakdown of plant and quipment in engineering industries. As power cuts are a recurring feature, the Seminar has recommended that their impact on the factories engaged in export promotion should be mitigated to the maximum extent possible. Hard coke supplies to foundries engaged in direct exports of iron castings or in the supply of castings to exporters of finished engineering equipment, according to the Seminar, should be of uniform quality. The other recommendations bearing on production are briefly summarised below:

1. Any engineernig factory which already exports 15 per cent or more of its production should be automatically allowed to double its capacity, if, under the expanded capacity, it undertakes to export the same additional percentage of production.

2. The exporting engineering industries, in particular, should establish their own facilities for design, research and development.

3. No restrictions should be imposed on reasonable imports by exporting engineering industries of prototypes and samples of technically advanced foreign products.

4. In view of the steadily rising costs, further concessions in the prices of pig iron and rolled steel, fuller plant utilisation and linking of wages and bonus with productivity are necessary.

WIRE ROPE FACTORY IN S. INDIA

The steel wire rope industry is of recent origin in India. During the second Plan period, two firms in West Bengal commenced manufacture of steel wire ropes and their combined capacity was only 6,120 tons per year (on double-shift basis). But the country's requirements are much greater and these are mostly met by imports from Britain, Belgium, West Germany, the Netherlands, Japan and the Soviet Union. A target of 40,000 tons has, therefore, been fixed for the third Plan. With a view to achieving this target, the Union Government has issued licences not only for the expansion of the existing units in W. Bengal but also for the setting up of four new units in Maharashtra, two each in W. Bengal and Bihar and one in Kerala. When these units are established, an additional capacity of 32,718 tons per annum on double-shift basis is expected to be attained.

Steel wire ropes have attained the status of a "must" item in almost all industrial activity. They are used extensively in the mining industry for haulage and winding and for aerial ropeways, in ships as hawser ropes and mooring ropes and in the general engineering industry for cranes and winches. It is, in this context, heartening to note that the Seshasayee Wire Ropes Ltd. is going into production this week.

The Seshasayee Wire Ropes Ltd., claimed to be the first of its kind in South India, is situated at Edathala, near Alwaye, in Kerala—the home of the coir rope. The plant, built in collaboration with the Kokoku Iron and Steel Wire Manufacturing Co. Ltd. of Japan, has an annual production capacity of 3,000 tons of steel wire ropes, valued at Rs. one crore. The authorised capital of the Company is Rs. one crore, of which Rs. 50 lakhs is subscribed (including the share of the Japanese collaborators). The foreign exchange component of the project was provided under the yen credit assistance scheme. Besides helping in the erection of the plant, the collaborators have trained the Indian engineers.

CANADIAN UNDERGROUND POWER HOUSE

The world's largest underground power house, a 2.3 million kilowatt plant, will be constructed by the British Columbia Hydro at the site of the Portage Mountain Dam on the Peache River in Canada. The powerhouse is to be located deep in bedrock under the left flank of Portage Mountain Dam. The powerhouse cavern will be 1,000 feet long, 80 feet wide and 120 feet high.

The project require excavation of 50,000 cubic yards of rock to form 3,000 feet of access tunnels leading deep into the Peache River Canyon. One tunnel, 1,400 feet long, 25 feet high and 32 feet wide, will be the permanent powerhouse access tunnel. Another tunnel, 1,600 feet long and roughly with same dimensions, will lead from the main access tunnel around approximately two-thirds of the powerhouse perimeter.

The project is scheduled to begin generating first power in the year 1968.

ANNOUNCEMENT REGARDING THE PROPOSED ISSUE OF CAPITAL

This is not a Prospectus. Persons interested in full details may obtain copies of Prospectus from the Company's Registered Office or from the Underwriters, Bankers and Brokers to the issue mentioned hereinafter.

SHAMA FORGE COMPANY LIMITED

(INCORPORATED AS A PUBLIC COMPANY ON 5TH OCTOBER, 1963, UNDER THE COMPANIES ACT, 1956)

Registered Office: **14-F, Connaught Place, Centre Circle, New Delhi**

SHARE CAPITAL

Authorised:

	Rs.
7,00,000 Equity shares of Rs. 10 each	70,00,000
30,000 Cumulative Redeemable Preference shares of Rs. 100 each	30,00,000
	Rs. 1,00,00,000

Issued and Subscribed:

	Equity Rs.	Preference Rs.
7 Equity shares of Rs. 10 each fully paid up by subscribers	70	
1,43,543 Equity shares of Rs. 10 each and 5,225 9.5% Cumulative Redeemable Preference shares of Rs. 100 each by Promoters, Directors, their friends, associates and others including Indo-Burma Petroleum Co., Ltd. (both 50% paid up)	14,35,430	5,22,500
	14,35,500	5,22,500
Total paid-up Capital..	9,79,035	

Present Issue:

	Rs.
3,56,450 Equity shares of Rs. 10 each	35,64,500
19,775 9.5% Cumulative Redeemable Preference shares of Rs. 100 each	19,77,500
	55,42,000

Out of the present issue 2,16,450 Equity shares are reserved for allotment at par to Kropp Forge Company of U.S.A., foreign collaborators, against price of equipment to be supplied by them to the Company 21,64,500

Now Offered at par for Public Subscription:

1,40,000 Equity shares of Rs. 10 each	14,00,000
19,775 9.5% Cumulative Redeemable Preference shares of Rs. 100 each	19,77,500
	33,77,500

NOTE:—Cumulative Redeemable Preference shares are carrying dividend at 9·5 per cent free of Company's tax, but subject to deduction of tax at source at prescribed rates and these shares are redeemable at such premium if any as may be determined at that time by the Company and at any time after the expiry of twelve years from the date of allotment but before fifteen years from the said date at the option of the Company by a notice of at least 15 days.

UNDERWRITERS

INDUSTRIAL FINANCE CORPORATION OF INDIA, Reserve Bank Building, Parliament Street, New Delhi.

INDUSTRIAL DEVELOPMENT BANK OF INDIA, Reserve Bank Building, Bombay.

LIFE INSURANCE CORPORATION OF INDIA, Yogakshema, Foreshore Road, Bombay-1.

MADHYA PRADESH FINANCIAL CORPORATION, Shiv Vilas Palace, Indore City.

UNION BANK OF INDIA LIMITED, 66/80 Apollo Street, Fort, Bombay-1, and

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

BOARD OF DIRECTORS

1. SHRI C. C. DESAI, I.C.S. (Retd.), 44, Friends Colony, New Delhi. *Industrialist. Chairman of:* Antifriction Bearings Corporation Ltd., Camphor and Allied Products Ltd., Indian Detonators Ltd., Lynx Machinery Ltd., Modella Woollens Ltd., Premier Tyres Ltd., Sankey Wheels Ltd. (Alternate Chairman) and others. *Director of:* Spencer & Company Ltd., United Carbon India Ltd., and others.
2. SHRI BIMAL K. KHANNA, 22, Ratendone Road, New Delhi. *Businessman. Director of:* B. K. Khanna & Co. Private Ltd., Shama Engine Valves Ltd., Shama Pistons & Rings Ltd., Bliss & Laughlin-Shama Ltd.
3. MR. RAYMOND T. O'KEEFE, President, Kropp Forge Company, 5301, West Roosevelt Road, Chicago 50, Illinois, U.S.A. *Industrialist. President:* Kropp Forge Company, U.S.A.
4. MR. STUART D. MISHLOVE, Treasurer, Messrs. Kropp Forge Company of U.S.A., 5301, West Roosevelt Road, Chicago 50, Illinois, U.S.A.
5. SHRI KAMAL N. KHANNA, 22, Ratendone Road, New Delhi. *Businessman. Director of:* B. K. Khanna & Co. Private Ltd., Shama Engine Valves Ltd., Shama Pistons & Rings Ltd., Bliss & Laughlin-Shama Ltd.
6. MR. N. WHITEHEAD, 49, Hill Park, Powai Road, Bombay-6. *Company Executive. Chairman of:* Indo-Burma Petroleum Company Ltd. *Director of:* Indo-American Electricals Ltd., Assam Sillimanite Ltd., Shama Pistons & Rings Ltd., Bliss & Laughlin-Shama Ltd., Balmer Lawrie & Co., Ltd., and others.
7. DR. PRANLAL PATEL, Mathuradas Mill Compound, Tulsi Pipe Road, Lower Parel, Bombay-15. *Industrialist. Director of:* Malleable Iron & Steel Casting Co. Pvt. Ltd., Kamani Metals and Alloys Ltd., Acme Pig Iron & Centrifugal Pipe Works Ltd., Graham Firth Steel Products (India) Ltd., Murphy India Ltd., Tensile Steel Ltd., and others.
8. SHRI S. B. BILIMORIA, Union Bank Buildings, Dalal Street, Fort, Bombay-1. *Stock Broker. Director of:* Shama Engine Valves Ltd., Firth Sterling Steel Co. of India Ltd., Indo-American Electricals Ltd., Shama Pistons & Rings Ltd., East India Hotels Ltd., and others. *Partner of:* Batlivala & Karani, Bombay.
9. SMT. K. RATHOUR, 22, Ratendone Road, New Delhi. *Business. Director of:* Shama Engine Valves Ltd., B. K. Khanna & Co. Private Ltd., Shama Pistons & Rings Ltd., and others.
10. MR. D. F. N. SYMONDS, 19, Sunder Nagar, New Delhi. *Businessman.*

MANAGING AGENTS

MESSRS. B. K. KHANNA & CO. PRIVATE LTD., 14-F, Connaught Place, Centre Circle, New Delhi.

AUDITORS

MESSRS. A. F. FERGUSON & CO., Chartered Accountants, Scindia House, New Delhi.

BANKERS TO THE ISSUE

THE UNION BANK OF INDIA LTD., Connaught Place, New Delhi.

THE NATIONAL & GRINDLAYS BANK LTD., 'H' Block, Connaught Circus, New Delhi.

THE CENTRAL BANK OF INDIA LTD., National Insurance Building, Parliament Street, New Delhi.

SOLICITORS TO THE ISSUE

MESSRS. ORR DIGNAM & COMPANY, 29, Netaji Subhas Road, Calcutta.

LEGAL ADVISERS

MESSRS. RAJINDER NARAIN & CO., Advocates, 14-F, Connaught Place, New Delhi.

MR. PREM NATH KHANNA, Advocate, 14, Asaf Ali Road, New Delhi.

BROKERS TO THE ISSUE

Calcutta

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

Stewart & Co., 14, India Exchange Place, Calcutta-1.

Bombay

Batlivala & Karani, Union Bank Buildings, Dalal Street, Fort, Bombay-1.

Mahadevia Bros., Stock Exchange Old Building, Dalal Street, Fort, Bombay-1.

A. B. Pandit & Company, 32, Apollo Street, Fort, Bombay.

Merwanjee Bomanjee Dalal, Allahabad Bank Building, Apollo Street, Fort, Bombay.

Madras

Chitra & Co., 322-323, Linghi Chetty Street, Madras-1.

Maconochie & Co., Mercantile Bank Building, Madras-1.

Paterson & Co., Vanguard House, III Floor, 11/12, Second Line Beach, Madras-1.

Delhi

Raj Paul Chadha & Co., Delite Cinema Building, Asaf Ali Road, New Delhi.

P. Roy Company, 3/8, M. M. Road, Jn. Panchkuin Road, New Delhi-1.

Raja Ram Bhasin & Co., 31, Delhi Stock Exchange Association Building, Asaf Ali Road, New Delhi.

M. R. Dhawan & Co., 4/8 Asaf Ali Road, New Delhi.

Desh Bandhu Gupta & Co., 45, Stock Exchange Building, Asaf Ali Road, New Delhi.

J. S. Sahny & Co., 25, Stock Exchange Building, Asaf Ali Road, New Delhi.

Hyderabad

P. B. Afzulpurkar, Sultan Bazar, Hyderabad.

Bangalore

M. Nanjappaiah Jahgirdar, 181, Cavalry Road, Bangalore-1.

Ahmedabad

Kantilal Chandulal & Co., Shahibag, Near Rly. Crossing, Ahmedabad.

Chinubhai Chimanlal Dalal, Manek Chowk, Ahmedabad.

Chimanlal Lalbhai, 2286, Manek Chowk, Ahmedabad.

OBJECTS AND PROPOSED ACTIVITIES

The main object for which the Company has been established is, *inter alia*, to carry on the business as manufacturers of and dealers in "Forgings" of various types. The Industrial Licence from the Central Government authorises the manufacture of 5,000 tons annually of mild and alloy steel forgings. The indigenous production of forgings is inadequate to meet the present, as also the growing demands from the expanding industries and for the Defence requirements in all its phases from Ordnance to aircraft and missiles. The tariff policy of the Government of India gives encouragement to the forging industry and the Company hopes to establish itself in a short period as one of the premier manufacturers of quality forgings on mass scale.

FOREIGN COLLABORATION

The Promoters, viz. Messrs. B. K. Khanna & Co. Private Ltd., entered into an agreement dated 1st August, 1963 with Messrs. Kropp Forge Company of Chicago, U.S.A., who, having 66 years' experience in forging industry are among the largest manufacturers in U.S.A. of forging from various ferrous and non-ferrous metals. The said collaborators have agreed to make available their extensive experience in the manufacture of mild and alloy steel and other metal forgings, to assist in the layout of the plant and erection of factory, to train Indian personnel at their Works and to provide men with technical experience. This agreement has been assigned in favour of the Company by the promoters. The duration of the Agreement is ten years.

LOCATION

The Plant will be located at Bhopal in Madhya Pradesh where land has been acquired.

FINANCIAL ARRANGEMENTS

The Company has arranged loans from Industrial Finance Corporation of India for Rs. 26,40,000 (foreign exchange loan of Rs. 23,34,000 and rupee loan of Rs. 3,06,000) and United States Agency for International Development ("A.I.D.") for Rs. 47,50,000.

APPLICATION FOR SHARES

Application for shares must be for a minimum of 25 Equity shares or multiples thereof and/or for a minimum of 5 Preference shares or multiples thereof, and must be on the prescribed forms accompanying the Prospectus, which can be had from the Company's Registered Office, Underwriters, the Bankers and Brokers to the Issue.

All application forms duly completed must be lodged together with the amount payable on application with the UNION BANK OF INDIA LIMITED, Connaught Place, New Delhi or THE NATIONAL AND GRINDLAYS BANK LIMITED, H-Block, Connaught Circus, New Delhi or THE CENTRAL BANK OF INDIA LIMITED, National Insurance Building, Parliament Street, New Delhi, or at principal branches of any of the said Banks at Agra, Ahmedabad, Ajmer, Allahabad, Ambala, Amritsar, Bangalore, Baroda, Bhopal, Bombay, Calcutta, Chandigarh, Coimbatore, Cuttack, Debra Dun, Delhi, Ernakulam, Gauhati, Hyderabad, Indore, Jaipur, Jammu, Jamshedpur, Jullundur, Kanpur, Kotah, Lucknow, Ludhiana, Madras, Madurai, Meerut, Mysore, Nagpur, New Delhi, Patiala, Patna, Poona, Ranchi, Shillong and Surat.

DATE OF OPENING AND CLOSING OF SUBSCRIPTION LIST

The Subscription List will open both in respect of Equity and Preference shares, at the commencement of banking hours on 28th December, 1964, and will remain open until the close of 12th January, 1965, unless closed earlier or later at the discretion of the Directors but not before the close of the banking hours on 2nd January, 1965.

INTERADS

BUSINESS NEWS FROM EUROPE

ITALY NOT KEEN ON ADMITTING MORE ASSOCIATES TO E.C.M.

GROWTH OF MANAGEMENT CONSULTANCY

From Our Special Correspondent

THE Common Market is going through a period of reappraisal of its attitude towards associates. The debate largely centres around the Italians who want a more rigid policy on admitting outside countries to E.E.C. associate membership.

This question is being put to the test by an application for association from Spain. Most of the Six want little to do with Spain economically; and the prospect of a political link with her alarms them. They mostly take the view that only the retirement of General Franco would make Spain's claim easier for them.

Behind the Italian demand is a fear that the countries now applying for associate membership—among them Israel, the Lebanon, Nigeria and Tunisia—will be able to undercut her citrus fruit trade and other Mediterranean industries, which make up a considerable part of her economy.

The rest of the Six are opposed to the Italian proposal. They feel that, with so many different countries applying, each having its own peculiarities and difficulties, the need for a flexible approach to admissions is essential. This is especially true when countries seeking associate membership do so with different ideas themselves on the extent to which they will participate in the Market.

Talks held in the summer over the admission of Austria showed that the Community's Commission was winning this battle with Italy. As a neutral, Austria could not have full membership. But, as in the case of Sweden and Switzerland two years ago, which were also debarred by their neutrality from accepting full membership, the Commission was prepared to explore ways by which Austria could associate with the fullest benefit to both sides. If there had been hard-and-fast rules on the Italian model, such talks might have been still-born almost before they had started.

Management Consultancy

One of the most important beneficial influences that has occurred in European industry in the past 10 to 15 years, it is claimed has been the rise of the management consultant. The news that a British giant, the £290 million iron and steel group, Guest, Keen and Nettlefold, is working closely with a firm of consultants is merely the latest development among a long list of companies seeking such services that includes Shell, I.C.I. and K.L.M.

Management consultancy, an American innovation, first came to Europe in 1918, when a firm was established in Germany. The idea never caught on there, and today West Germany has the lowest proportion of consultants per head of population, one for every 680,000 people, of the major countries of Europe.

The pioneering company's next base, France, somewhere between 1918 and 1920, was much more successful and here the opposite has happened. France has taken willingly to management consultancy. Although no figures are yet available—a survey was undertaken this year—she is thought to have just a few less than Britain's 1,476 consultancy firms. This would give France a ratio of one such company for every 3,300 of population, as compared with Britain's one for every 3,500.

These figures have to be taken more as a guide than as a definitive statement, because they refer only to consultants with firms belonging to Management Consultancy Associations (M.C.A.). These cover most of the field, but there are some independent firms outside the associations. Also, most associations demand that a firm should be in existence for five years before it can join. This not only debars new, growing companies but also offshoots of the American giants which have recently entered foreign markets. In Britain's M.C.A., for example, the three American firms of McKinsey, Emerson, and Booz, Allen are still too new to be included, though they probably employ some 150 to 200 consultants.

By 1930 management consultancy was established in almost every country with the exception of Finland, where it later grew in the war years 1940 to 1944. In six countries—Austria, Denmark, France, Germany, Britain and Switzerland—the trend grew on its own initiative, but in Norway, the Netherlands and Sweden, there was help from industrial organisations to get the new kind of service to companies off the ground. In Finland, it has been the brain-child of an industrial body. After France and Britain consultancy is most important, as a proportion of total population, in Sweden, Norway and Switzerland. But by total figures Britain, followed by France, leads by a considerable distance from Sweden's estimated 600, Switzerland's 250, Norway's 239 and Austria's 200. Since 1960, the greatest proportionate increase has been in Austria where there has been a 150 per cent rise. Other countries to show large rises in numbers of management consultancies have been Denmark and Switzerland, where the rise has been about 90 per cent, and Norway, where it has been just over 50 per cent.

Most of these increases have been due to increased business for national firms. There is very little cross-border competition, and only two European countries, Switzerland and Britain, have substantial foreign businesses. Switzerland last year earned 40 per cent of its management consultant income from foreign business. The British proportion was about a third, just under £2 million being earned abroad from a total revenue of some £6 million. Breaking in to a foreign market is difficult because a lot of the work that has to be done concerns local matters in factories and offices. For this reason, those firms that do open offices abroad try to do so as far as possible with native-born consultants as staff.

Foreign competition appears to be growing only in Holland, Switzerland, and, to a lesser extent, Finland. There is some in Germany, mostly from American firms, but, as the number of consultants in the country is small, any increase would show up relative to the whole. France is trying to branch out of Europe and has been developing consultancies in the Mediterranean countries and Latin America. But she appears to be the only country that has such broad vision. For the rest, it is still very much a matter of business beginning, and staying, at home.

Tinned Meat Imports Keep Rising

Continental Europe is buying more tinned meat. Figures show that consumption last year, the last period for which full figures are available, rose by 4.1 per cent from 33,300 tons in 1962 to 47,000 tons. But European consumption as a whole fell because of a considerable drop in British demand, where consumption has fluctuated considerably over the past four years.

British demand for tinned meats dominates the European market, accounting for over 78 per cent of total imports last year. This proportion has been tending to fall, from 86 per cent in 1960, but not sufficient to make any serious inroads into the British position. Last year British imports of tinned meat were 169,800 tons, as compared with 187,500 tons in 1962 and 198,000 tons in 1961. Part of the fall was probably due to a typhoid epidemic in Aberdeen, Scotland, at the end of the year which was attributed to a virus in corned beef from the Argentine. Since, however, this took place so late in the year, it could not be the full explanation and a fall in supplies from Australia and Denmark also contributed. In some lines, such as pigmeat products, Holland has replaced Denmark as the leading supplier.

The downward trend appears to have been reversed this year because imports in the first six months were about 6 per cent higher than last year. This would indicate an annual import figure of about 180,000 tons.

The biggest European importer of tinned meat outside Britain is West Germany, where imports have risen by almost 40 per cent since 1960 in spite of a minor setback in 1962. Since then, there has been a considerable improvement in German imports and, from figures available for the first five months of this year, it appears that her intake will be about 33,000 tons this year as compared with 24,500 tons last year.

After Germany the Italians are the next most important importers, having doubled their consumption between 1960 and 1963 and it appears that this year they will for the first time take more than 10,000 tons. In the other countries, there have been some quite large proportionate increases over the four years, especially in the Netherlands and Belgium, but total imports are still very small.

Exports of tinned meat from European countries have been expanding for some time, the leading exporters last year being Denmark, Poland, Holland and Yugoslavia. These four countries exported 220,600 tons of tinned meat, most of it pigmeat products. Since 1960 these four have increased their exports by 15.7 per cent. Total European exports have increased in the same period from 230,300 tons to 268,800 tons, a slightly higher increase of 16.5 per cent. This faster rate of growth for the whole of Europe, however, masks the fact that almost the whole of the increase has been due to more exports from Denmark. In the period Danish exports increased by almost a half from 68,800 tons to 93,400 tons and has helped to offset decreases from Ireland, Belgium, France, Holland, and Germany.

Soviet Aid Down the Drain?

The extent to which Russia has been helping her East European allies build up their chemical industries in recent years has now been made plain from official Soviet sources. No figures are available for the monetary amount this support has cost Russia, but it appears certain that a considerable amount of it may have to be written off, because of the refusal of Rumania to join in Comecon plans requiring her to concentrate on agriculture. Rumania had been helped to build 29 plants altogether to produce agriculture fertilisers.

The Rumanian refusal means that Russia will now almost certainly have to provide more capital for chemical industries in other East European countries if the Comecon plan is still to work.

Another lot of capital investment that will have to be written off is that made to China. In spite of the political break over the last three years, Russia has provided China with plants to produce nitrogen fertiliser, ammonium nitrate and ammonium sulphate with a total capacity of over 170,000 tons a year.

The rest of the East European bloc has benefited to the tune of at least 31 plants as well as assistance on a large number of other projects. For instance, although only one plant has been built in Czechoslovakia, invaluable Russian aid had been given on the Comecon pipeline which has its Czech terminal at the Slovnapht refinery.

The biggest share of the Russian assistance has gone to Bulgaria and Hungary; while the former has had the largest number of plants built with Russian aid, it is thought that greater output will come from those put up in Hungary. On top of this, Russia is still delivering phosphatic fertilisers to all the East European couuntries in return for equipment and machinery bought on credit.

Cyprus Eyes Economics of Enosis

Many Cypriots are now beginning to be apprehensive about the economic consequences of Enosis—union with Greece. As the political negotiations of Enosis continue, it is felt that too little attention is being paid to the economic side. They point out that a marriage between two partners with such different living standards is not going to help Cyprus raise her own standard of living. Per capita income on the island is 40 per cent higher than in Greece, despite the wealth of Athens, and the islanders also enjoy other advantages such as more advanced social services. After union, the Cypriots feel they would probably have in effect to pay for development in Greece through higher taxes.

A more serious problem would be the loss of Commonwealth preference in Britain, which takes 41.5 per cent of Cyprus's exports and provides one-third of her imports. Trade with Greece is negligible by comparison; last year 1.4 per cent of Cypriot exports went there and she imported 3 per cent of Greek goods in return. To make matters worse, Enosis would be a serious blow to those industries which are building up their trade and rely heavily on free entry into Britain. Agriculture is a particular example and nearly [illegible]

of its output goes to Britain. Fruit and wines would also be badly hit.

It is unlikely that Greece could replace this income through tourism, though this is what she is pinning her faith on at the moment. This is bound to be one of Cyprus's main foreign income earners in future but it is thought almost certain that Greece has no greater tourist potential flow for the island than Britain in spite of the nearness between the two.

High Hopes About Austria Materialise

Hopes expressed earlier this year that the Austrian economy would continue to improve have been adequately borne out over the summer. Despite a slowing down in the rate of growth of consumer goods, there has been almost uninterrupted growth in all other sectors. The core of the rise has been in raw materials and capital goods, where the stagnation experienced in 1963 has turned into considerable progress.

The real growth of the gross national product was 6 per cent higher in the second quarter than in 1963, while prices went up by only 3.8 per cent. And, although there has been a larger deficit on the balance of visible trade, this has been more than offset by increased invisible earnings, especially from tourism, and influx of other capital. There has been no overall increase in tourism, but the stay of each visitor has lengthened.

On the industrial front, productivity grew in the first 10 months of the year by 8 per cent as compared with last year and industrial production per working day rose by 7.4 cent.

Retail trade has been one sector in which there has been disturbing slackness. After brisk business in July, August was a comparatively bad month. Total turnover for the month only just reached the 1963 August level. Durables were down by 8 per cent as compared with last year and tobacco by 2 per cent. There were, however, considerable increases in clothing, photographic goods and stationery.

There was a considerable increase in liquidity in August as bank deposits grew. Overall savings increased by 1.4 per cent, while time deposits grew at their fastest rate this year—5 per cent. Tourist receipts will have helped this, as did the fine summer which meant that farmers received income from sales much sooner.

More Australian Beef for Italy?

Australian beef exporters are shaping up for a big drive to oust Argentina as the chief supplier of the lucrative Italian market. Italy is now the world's third largest beef importer after the United States and Britain, and last year bought some 258,000 tons, compared with an average of less than 100,000 tons in earlier years.

The rapid increase in consumption has come at a time of falling supplies from Latin America. It has forced Italy to go elsewhere for fatstock and carcase meat, notably to Britain, Ireland, Rhodesia—and now Australia. On grounds of price, Italy is actively encouraging the Australian campaign. In 1963, Australia sent no beef at all to Italy. In the first ten months of this year, she shipped nearly 9,000 tons of beef and beef products, valued at more than £1.6 million. Italy herself expects to have to import some £88 million of beef this year, as compared with £64 million in 1963.

Senator Vecellio said South American sources had become difficult for Italy, because short supply had increased Argentine and Uruguayan export prices sharply. Last year, average landing prices for imported beef in Italy were estimated at about £12 10s. a cwt. This year, Australian beef is reported to have landed at Italian ports at about £10 a cwt.

Higher Egg Prices Forecast

European egg traders predict substantial rises in prices in the New Year following heavy reductions in hen flocks during a period of low prices earlier in 1964. Retail prices in Europe are currently high enough to have a noticeable effect on total consumption figures. If prices rise much higher, traders say, there may be a marked decrease in retail sales.

Topical Briefs

Consumption of potassium fertilisers has been falling steadily in *Holland* for the past five years. Holland depends for a large proportion of her potassium fertilisers on imports and the unusual position has arisen that she imported in 1962-63 about 32 per cent more than she needed. Between 1959-60 and 1962-63, the last year for which figures are available, Dutch consumption fell by a quarter. Consumption in the first year was 152,700 tons; by the latter year it had dropped to 124,500 tons, compared with imports of 164,000 tons. The whole of the imports in the last year came from six countries—Germany and France in the Common Market, East Germany and the Soviet Union from behind the Curtain and small amounts from Israel and Spain. West Germany and France were by far the most important suppliers, the former accounting for 52,000 tons and the latter 51,000 tons, East Germany was next with 28,000 tons. The rest came from Russia, 16,000 tons, Israel, 9,000 tons and Spain, 8,000.

A considerable improvement in the *Turkish* oil industry has considerably benefited the economy by helping to save on imports. Although oil prospecting began at the turn of the century it is only in the last 10 years that serious efforts have been made to develop the industry in Turkey. The Turkish Petroleum Corporation (T.P.A.O.) is the most active producer, with 613,000 metric tons of crude oil last year and an estimated 650,000 tons this year. Of the foreign oil concessionaires Shell and Mobil are the most important, producing 119,000 metric tons between them last year. This year's output should come to almost a million tons, which is about a quarter of the country's needs. It has been estimated that next year's output will be about 35 per cent of requirements. In refining, Turkey is now well equipped, having three refineries with a joint output of nearly 5 million tons a year, of which T.P.A.O.'s share is about 14 per cent.

Prices are still tending to rise in the *European Economic Community*. The E.E.C. Commission's third quarterly economic report for the year says that Governments must continue with their anti-inflationary policies with especial emphasis on price and cost stabilisation as well as restrictions on investment. The Commission believes that if its advice is followed equilibrium could be achieved in about a year's time. It bases this belief on the patterns which are already emerging in intra-Community trade. Italy's balance of payments has improved and there has been a reduction in the German trade surplus. Only in Holland has the growth of imports from other members continued unabated. It was 23 per cent up on the third quarter of last year. Price increases have been particularly acute in Italy; the signs are that they have gone up faster than before. Belgium also still has a strong upward movement. France and Holland have been the most successful in keeping rises in check, especially the former.

Exports by *Poland* in the first half of the year exceeded the targets set for them by 10 per cent. Foreign trade is not handled by one body in Poland and the authorities concerned have had varying degrees of success. Most successful has been the Elektrim foreign trade enterprise which raised its planned exports by 29 per cent and for the first time exported equipment for railway traffic control to India, television studio equipment to Bulgaria, the United Arab Republic and Cuba and isotopes and apparatus for nuclear research to Iceland. Metalexport, another foreign trade concern, had a lower rate of growth, seven per cent. But the volume of heavy industry and metal products sold was 55 per cent above the same period of last year. The emergence of goods not normally associated with Poland's economy, such as the TV equipment, has been a feature of the year. Other less usual lines have been tractors to Venezuela, combine harvesters to Algeria, sports goods to Australia and Holland, gas stoves to Norway and chandeliers to Britain and the United States.

E.E.C. FARM PROBE

The E.E.C. Commission plans a large-scale probe of Common Market farming to help implement the common agricultural policy. Initially, the Commission expects to make a survey covering 1.75 million farms, a quarter of the Community totals. The aim of the first survey, which will cost £4.7 million, is to obtain information on what Community farms produce, on farming conditions, and on the location of agricultural undertakings. Statistics available at present to the Community for the elaboration of its Common agricultural policy do not meet the requirements, because, in many instances, they are not comparable from country to country.

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Scherlies

DEFENCE AND DEVELOPMENT WITH STABILITY

CHANGE IN TECHNIQUES AND POLICIES OVERDUE

By A. D. Shroff

PRESIDENT, FORUM OF FREE ENTERPRISE

"ANY improvement in the economic conditions of the country postulates an increase in national wealth: a mere redistribution of existing wealth would make no essential difference to the people and would merely mean the distribution of poverty. A dynamic national policy must, therefore, be directed to a continuous increase in production by all possible means, side by side with measures to secure its equitable distribution." Thus the First Industrial Policy Resolution of 1948 set before the country the goal of *rapid and large-scale economic development*. With communist Chinese aggression of India in 1962, a new dimension of Defence was added to this. With the upswing in prices during the last year, a further dimension of stability has been added. So, the problem before the country now is: Defence and Development with Stability.

In fact Chinese aggression has thrust upon our national consciousness the paramountcy of defence which was not sufficiently appreciated hitherto. Edward Mead Earle, a commentator on military strategy, has pointed out the close inter-relationship between defence and economy as follows:

"Only in the most primitive societies, if at all, is it possible to separate economic power and political power. In modern times—with the rise of the national State, the expansion of European civilisation throughout the world, the industrial revolution, and the steady advance of military technology—we have constantly been confronted with the interrelation of commercial, financial and industrial strength, on the one hand, and political and military strength on the other. This interrelationship is one of the most critical and absorbing problems of statesmanship. It involves the security of the nation and, in large measure, determines the extent to which the individual may enjoy life, liberty, property, and happiness."

Even economists as far apart as Adam Smith, who advocated maximum individual enterprise, and Friedrich List, who stood for Statist economic policies, have seen eye to eye on the paramountcy of defence in national affairs. "The first duty of the sovereign, that of protecting the society from the violence and invasion of other independent societies, can be performed only by means of a military force," declared Adam Smith. Hence, "defence is of much more importance than opulence." List, a forerunner of present-day Statist economic policies, was equally categorical. "Power," he observed, "is of more importance than wealth . . . because the reverse of power—namely feebleness—leads to the relinquishment of all that we possess, not of acquired wealth alone, but of our powers of production, of our civilisation, of our freedom, nay, even of our national independence, into the hands of those who surpass us in might."

Drawing a parallel from the early days of the American Republic, we find once again that Alexander Hamilton and Thomas Jefferson, who held divergent views, agreed on the importance of defence. To Hamilton, "a nation despicable by its weakness, forfeits even the privilege of being neutral." Only strength will enable a country to "choose peace or war as our interest guided by justice shall dictate." Jefferson, who called for universal military training —"we cannot be safe till this is done"—shared the belief with Hamilton that military power can be neglected only at the cost of national integrity.

We in India should appreciate this close interrelationship in view of the enemy we face. For communists have adopted Clausewitz's dictum that "war is politics continued by other means." Lenin made it clear that "the Marxists have always considered this axiom as the theoretical foundation for the meaning of every war." Thus, the political, psychological and economic foundations of our defence—security, to use a more appropriate term—deserve the closest study and attention. I shall deal here with the economic aspect—development with stability.

II

The outstanding feature of the economic scene in 1964 is the persistent rise in prices. A recent Reserve Bank of India survey pointed out that, in the period ended 4th September 1964, prices rose by 14 per cent the increase being the highest for any 12-month period since the Second World War. Prices of food articles alone rose by 23.6 per cent, of industrial raw materials by 21.9 per cent, of manufactures by 4.7 per cent. But to realise the impact of the price rise on the common man, one has to look at the increase in prices of food articles—wheat, 51.7 per cent; rice, 11 per cent; gram 108 per cent; groundnut, 37.8 per cent—and consider this against the background of the fact that middle classes spend over 40 per cent of their income on food, and those lower down the income scale spend considerably more.

Note: This article is an adaptation of the author's presidential address at the eighth annual general meeting of the Forum of Free Enterprise held at Bombay on 9th December 1964.

Economic Malaise Deeper

This price rise cannot be dismissed as due to hoarding and profiteering by traders and/or producers. While no doubt there is some hoarding and profiteering by anti-social elements, of which the business community naturally has its share as other sections of society, even such hoarding and profiteering is the consequence of a deeper economic malaise. The very fact that the price of highly perishable goods like vegetables has gone up indicates that the price rise is general, and stems from some basic malaise afflicting the economy. In fact, the present price rise is the cumulative result of economic policies pursued over the last few years. To understand the reasons for the price rise, one has to analyse these policies and test them on the touchstone of inexorable economic laws.

The economy of the country has been dominated by Five-year Plans since 1951. The first Plan was a mere collection of projects, some of which had been launched well before 1951. But it gave a sense of growth and direction to the economy. The second and third Plans were based on ideological considerations. Soviet planning techniques were used in drawing up these plans.

One characteristic of Soviet model of planning is what is called "physical planning." Planning targets are set out first, without consideration of availability of resources. Since needs of an underdeveloped country are unlimited, naturally the targets prove to be much beyond the capacity of the country to save, and thus there remains a large gap between targets and resources. Economic development without strains and stresses can be accomplished if investment is financed out of the *genuine savings* of the community. The genuine savings are available to the Government in the form of taxes, public loans, revenues from commercial undertakings of the State, and, finally, foreign aid which is in reality savings of other people.

Deficit Financing

When these sources of *genuine savings* are exhausted, under physical planning the Government resorts to deficit financing. In simple terms, this means the printing of currency notes to pay off Government bills. Since planning was initiated in India, deficit financing in 13 years has been of the order of Rs. 1,960 crores. Although a ceiling of Rs. 550 crores was set for the third Plan, the compulsions of physical planning have led to deficit financing to the tune of Rs. 674 crores in the first three years of the Plan. As a result, money supply, which was Rs. 2,216 crores in 1955-56 increased to Rs. 2,868 crores in 1960-61, and had crossed the Rs. 3,700-crore mark in November 1964.

This increase in money supply is the basic factor in the price rise. It should be remembered that money is valuable only in so far as it represents the stream of goods and services produced in the country. What a great Roman Emperor, Hadrian, said centuries ago is still true: "Our currency has been dangerously depressed for a century; it is nevertheless by the exchange rate of our gold pieces that Rome's eternity is appraised; it behoves us to *give them solid weight and true value in terms of commodities.*"

Today, the central bank of our country puts this economic fact in the technical jargon of economists: "The sharp rise in prices . . . reflected the imbalance between the rate of growth in the liquidity in the economy and the increase in real output and the rise in money supply. . ."

Another feature of Soviet model of planning which has aggravated the price situation is the heavy industry bias and consequent neglect of agriculture and consumer goods industries. The present food crisis is the result of years of neglect of India's fundamental asset, agriculture, and the unsettling effect of ideological land reforms. The neglect of the agricultural sector, while the authorities were busy with prestigeous heavy industries, is best illustrated by the statement of the Plan Protection Adviser to the Government of India that crops worth Rs. 1,000 crores were lost in the country annually owing to incidence of pest diseases and inroads of rodents, etc. Even Communist China, after bitter experience, has shifted its emphasis back from heavy industry to agriculture, having had to import 11 million tons of wheat between 1960-63.

The food crisis on the production front has spread over to the distribution front because of dislocation of the normal market mechanism. State trading in foodgrains is often prescribed as a remedy. But experience of state trading does not indicate its efficacy. According to Audit Report for 1964, cumulative losses of state trading in foodgrains between 1943-44 and 1962-63 were over Rs. 131 crores. In the eastern region alone, according to a Press report, foodgrains worth over Rs. 1,56,000 were lost from Union Government depots in three years owing to inefficiency malpractices, etc.

Another feature of Soviet model of planning is the expanding Public Sector. An objective review of this sector shows that it has been an important factor in pushing up the price level. The scarce resources, which would have fructified in the pockets of the people have been diverted to the Public Sector where the returns have been disappointing, thus aggravating the imbalance between money supply, on the one hand, and goods and services on the other.

Instances of Mismanagement

A report submitted to Parliament by the Comptroller and Auditor-General of India disclosed that, for the second year in succession, there was a net loss in their working. On an employed capital of Rs. 1,294.11 crores in 46 Central Government companies in 1962-63, there was a loss of Rs. 12.38 crores. In the previous year, the loss was Rs. 10.60 crores on an employed capital of Rs. 1,090.75 crores. Thus, in two years, instead of earning Rs. 240 crores, according to the 10-per-cent-profit formula propounded by the Deputy Chairman of the Planning Commission, there was an invisible tax of Rs. 263 crores on the public. It is, therefore, not surprising that the Union Finance Ministry was reported to have ordered an inquiry into the working of public sector undertakings, as it found that the Hindustan Machine Tools was the only "efficiently run and profit-making institution" in that sector. The Mysore Government recently got permission of the Union Government to withdraw Rs. 67 lakhs from Hindustan Aircraft on the ground that it was not getting any return on its investment. A brief review of some public sector enterprises, of the Central and State Governments, gives a clearer picture.

The Audit (Commercial) Report for 1964 reported that the non-acceptance of the lowest tender for Ashoka Hotel construction "resulted in an extra expenditure of Rs. 3,26,000 approximately on the final cost." In the Praga Tools Corporation, "preparation of inaccurate estimates, poor performance in the shops and surplus labour" led to "substantial losses on account of the production costs being higher than the selling prices." Moreover, "out of the total plant and machinery of Rs. 88.69 lakhs (original vaule), plant and machinery worth Rs. 47.15 lakhs or 54 per cent is surplus to the requirements on 31st March 1963." The Auditor-General comments: "Apart from the blocking of funds and consequent loss of interest, such machinery is likely to deteriorate due to efflux of time and obsolescence."

In Heavy Electricals, an excess payment of £6,000 made to consultant had been commented upon by Audit Report 1961, and the Lok Sabha Public Accounts Committee Report. In January 1964, "the missing file of the Ministry is still not available." Moreover, another case of overpayment of £20,000 had come to notice. As regards production, "the target prescribed in the project report and also those laid down under phased programme based on single shift could not be achieved by the Company even in double shift." The shortfall was 24 per cent in 1962-63. This was, in spite of the fact that there was 80 per cent excess staff than recommended in the project report. Between 1960 and 1963, accumulated losses were Rs. 611.60 lakhs.

The Hindustan Steel was found to have committed several errors costing lakhs of rupees. For instance, there was a loss of Rs. 2,83,500 in iron ore mine contract; about Rs. 25 lakhs in the power plant due to non-installation of dust catchers; Rs. 70,000 on an infructuous dairy scheme; Rs. 30.10 lakhs by negligence to store iron scrap properly. In the Hindustan Shipyard, a loss of Rs. nine lakhs was incurred on reconditioning imported machinery worth Rs. 10 lakhs because it was allowed to lie in the open without cover. In the Garden Reach Workshops, there was a loss of Rs. 19 lakhs on a fabrication work because of defective estimates. An item costing about Rs. 26 lakhs to manufacture had been quoted at only about Rs. 7 lakhs!

Periodic press and parliamentary reports reinforce this story of waste and mismanagement. For instance, a delay in clearing goods by the Heavy Engineering Corporation led to payment of Rs. 36.26 lakhs as rent and penalty to the Calcutta Port. "Mismanagement and inefficiency" were said to be the reasons for losses of Rs. 5 lakhs at Nahan Foundry in 1962-63, and anticipated further losses of Rs. 15 lakhs. The annual audit of the Oil and Natural Gas Commission disclosed "serious irregularities and lapses, financial as well as administrative, resulting in heavy losses." For instance, as on 31st December 1963, goods worth Rs. 10 crores could not be linked and accounted for.

Fertiliser, which the country needs urgently to increase food production, was not produced in sufficient quantities by the plant at Rourkela because of a dispute between the Hindustan Steel and the Fertiliser Corporation of India, both Public Sector concerns, about terms of transfer! In February 1964, the production had fallen to one-fourth of rated capacity. The Indian Railways lost Rs. 40 lakhs on unused loose steel jaws because of a decision to stop import of steel sleepers as it was found that wooden sleepers could be imported at a cheaper price.

Public Sector in States

The situation with regard to Public enterprises run by State Governments is more distressing. To cite only a few instances: The Estimates Committee of Madras Legislative Assembly was alarmed at the increasing losses incurred since 1959-60 by the Madras Dairy and Milk Project. The Maharashtra Public Accounts Committee (report for 1961-62) commented on the Nagpur Milk Supply Scheme as follows: "It is evident that the framing of the scheme and its execution were not well thought out and planned before it was accepted by the Government." The target of supply to the city of 1,080 maunds of milk was to be reached in four or five years, but was expected to be reached in 10 to 15 years. The Madhya Pradesh Government had decided in 1964 to discontinue five dairy farms on which nearly Rs. 35 lakhs had been spent because only one of them had shown a profit of Rs. 584, whereas the rest had incurred a loss of Rs. 1,00,132. In Uttar Pradesh, 12 State mechanised farms had incurred a loss of Rs. 81.59 lakhs during last 15 years. In its 15th Report, the Estimates Committee of Rajasthan Assembly castigated the Government for its "unfortunate" neglect of the Public Sector. There "has been sheer wastage, heavy losses and mismanagement" in all industries or undertakings run by the Government, the Committee observed.

The West Bengal Audit Report, 1963, noted instances such as a loss of about Rs. 6 lakhs by the State Forest Department in its charcoal manufacture project. A special committee of the Orissa Assembly set up to investigate State enterprises found that, excepting a few pilot project units, where private entrepreneurs were managing directors, and the State transport, the rest were in a financially sick condition. In fact, 5 out of 40 companies under pilot project scheme were under liquidation. The State Audit Report (1964) noted that even by the end of September 1963, the accounts of six State enterprises for 1960-61, 4 for 1961-62 and 23 for 1962-63 were not available, and they had not held annual meetings under the Companies Act. In spite of this experience, the zeal for Public Sector expansion continued, and in September 1964 it was reported that, after spending Rs. 27,09,000 on "preliminary arrangements" and "procurement of material" for a factory the Orissa Government had wound it up!

The Maharashtra Exchequer incurred a loss of Rs. 7,31,000 on two grossly defective textbooks which it had to withdraw in the face of vehement public protest. Although the Education Minister admitted that the text-books contained "certain major errors, such as incomplete and wrong information, wrong maps, and few confusing statements, and did not come up to the standard laid down for State-produced textbooks," the Government was determined to persist in its policy of state monopoly of textbooks.

A bicycle factory run by the Mysore Government had attracted countrywide attention a few years ago as it had produced the costliest bicycles in the country. The Audit Report for 1964 disclosed that, between 1959-60 and 1962-63, only 322 bicycles, being 1.8 per cent of installed capacity, had been produced while the cost incurred was Rs. 7.07 lakhs, thus enabling the factory to maintain its cost record.

S.T.C.

The State Trading Corporation, which came in for severe criticism from the public and Parliamentary Estimates Committee for its profiteering in cement, continued to attract unfavourable attention. It was flayed once again by the Parliamentary Estimates Committee in March 1964 for incurring a heavy loss of Rs. 2.13 crores in 1962-63 in earning Rs. 3.44 crores of foreign exchange in the export of groundnut oil and oilcake. The Committee called for an inquiry into this deal. In December 1963, a bungling by S.T.C. in lemongrass oil export, with unsold stocks of over one crore of rupees, came to public notice. It was also found that S.T.C. made an unjustified profit of Rs. 5,28,000 on imported betelnut costing Rs. 3 lakhs! It was disturbing to learn that S.T.C., in its anxiety to earn foreign exchange, was exporting groundnut oil to Burma in large quantities even though it was known that the commodity was being re-exported to Communist China. Disclosing this, Mr. Devji Rattansey, Vice-President of Bombay Grain, Rice and Oilseeds Merchants' Association, said, in July 1964: "We are thus feeding the very people who are hostile to us."

It is seldom realised that waste and mismanagement of Public Sector enterprises are not their only deficiencies. When such enterprises are monopolies, indirect losses to the economy could be very heavy and consumer exploitation a reality. For instance, the frequent cancellation of flights and chronic delays in departure and arrival of planes run by the Indian Airlines Corporation constitutes an impediment to smooth functioning of India's economic life. The loss of tourist revenue on this score is well known. Delivering a judgment in an appeal filed by a widow, the Madras High Court deplored that the Life Insurance Corporation was putting "up a fight on the pattern of ordinary litigants" to resist claims, "on frivolous pleas and reckless allegations."

When the Public Sector expands by nationalising private enterprises, there is the additional danger of political considerations submerging all economic considerations. The Supreme Court, in a judgment in January 1964, in a case of nationalised bus transport in Kurnool, Andhra Pradesh, observed: "We are constrained to hold that the allegations that the Chief Minister was motivated by bias and personal ill-will against the appellants (private owners) stand unrebutted."

III

A discussion of the public sector cannot be complete without a reference to their personnel policy which has been a matter of serious concern as it has a bearing both on human welfare and production. A recent strike in the Sindhri Fertiliser Factory, for instance, resulted in production loss of Rs. 54 lakhs. What the Union Minister for Petroleum and Chemicals described as the "chapter of misunderstanding that had lasted some years" between employees and management of Hindustan Antibiotics had led to frequent disputes. A seven-day strike in 1964 resulted in a loss of Rs. 8 lakhs.

Labour in Public Sector

The views of labour leaders, who cannot be accused of hostility to the public sector on ideological grounds, are interesting. Mr. Satish Loomba, Secretary of A.I.T.U.C., in an article in "New Age," Communist Party's official organ, wrote:

"Some problems are peculiar to the public sector.

"Police verification of all employees, which leads to easy victimisation, is an obnoxious practice in public sector. It must go. Most enterprises are in new places which poses the problem of housing and transport. Standing order, leave rules, promotion policy, etc., are in a chaotic condition. And then there is the question of status: many workers in public sector are not treated as industrial workers but as Government servants, depriving them of many rights of industrial workers.

"The question of settlement of disputes is another sore point. In the public sector, arbitration is accepted very rarely, if at all. Reference to adjudication is also difficult to secure. With bureaucratic managements, involvement of many Ministries in a dispute and non-recognition of representative unions, disputes have very little chance of settlement.

"So either the workers have to go on suffering patiently or when patience is exhausted, take to some form of action. The managements, which are too lethargic to consider any grievance ordinarily, pounce upon any attempt to organise action by workers in defence of their rights, as has recently happened in the Heavy Electricals, Bhopal.

"Unless a realistic labour policy is adopted, industrial relations in public sector enterprises are not likely to be very happy."

Mr. George Fernandes, Socialist trade union leader, said in Bombay in January 1964, that the Central Government "is not only the biggest employer, but also a damned rotten employer."

A Parliamentary Estimates Committee Report and a Government investigating officer's report on the Heavy Engineering Corporation seem to confirm these reviews with documented evidence. The Estimate Committee noted that the Public Sector undertakings were openly defying Parliament's wishes that departmental secretaries should not be chairmen of such enterprises. An oft-repeated complaint that Parliament was being kept in the dark was underlined again. The Committee "regret to place on record that, despite repeated reminders, the information called for in their written questionnaire dated 7th September 1963, has not yet been received from Garden Reach Workshops Ltd., nor have they intimated any reason for their inability to furnish the requisite information."

Overstaffing

The "public undertakings are invariably overstaffed," the Committee observed. In the three steel plants alone, as against project estimates of 18,666, the strength on 30th December 1963, was 50,814, there being an excess of 32,148. Some disturbing aspects brought out by the Committee were: 18 undertakings, some started as far back as 1952 and 1954, had not laid down terms and conditions of service; some had not classified their posts; 28 undertakings had not framed recruitment rules ("It is not surprising that, in the absence of these rules, there have been allegations of favouritism and nepotism," the Committee observed); 31 undertakings had no promotion rules ("It is noticed that there have been quite a few cases of quick promotions in many undertakings" the Committee noted: in one instance, a junior engineer appointed on Rs. 380 in February 1960 was drawing Rs. 900 in April 1963); 17 undertakings in contravention of the Industrial Employment (Standing Orders) Act, 1964, had not either framed standing orders or not had them certified; 28 undertakings had no grievance redressal procedure; 19 undertakings had not framed disciplinary rules. The Committee concluded that "labour-management relations are not very cordial in a number of public undertakings," and recommended that outsiders should not be allowed to act as office-bearers of unions.

Mr. Mukerji's report on the sorry state of affairs in the Heavy Engineering Corporation said: "there was, I am constrained to say, almost a criminal lack of supervision and control." Some lapses listed are:

The Chairman was unable to work his team to the best advantage of the undertaking; this fact very adversely affected every sphere of the undertakings' activity.

There was a complete lack of co-ordination where such co-ordination was essential: there was almost a chaos in certain departments of the administration due to many reasons, which led to a state of affairs where anything could have happened.

The security arrangements were pathetically inadequate: there was no adequate security consciousness.

Co-operative Sector

State patronage of co-operatives has virtually converted them into public sector. Their performance, therefore, makes an impact on the price structure. It is a matter of regret that the genuine co-operative movement, built up by dedicated men like the late Mr. Vaikuntlal Mehta, is today in danger of being wrecked by State-dominated co-operatives whose record of wastage of public funds is alarming. The Union Minister for Co-operation and Community Development, Mr. S. K. Dey, himself was constrained to admit in June 1964, that bogus co-operatives and vested interests were crippling the growth of the movement. "Non-genuine co-operatives in India today are the most powerful ones, because of the political strings attached," he added. "I am forced to bend my head in

shame" in the area of marketing of foodgrains by co-operatives, Mr. Dey admitted. Reports from different States bore witness to his admissions. A New Delhi co-operative affairs frequently figured in Parliament, because reportedly it had profiteered to the extent of 36 per cent, whereas its legitimate profit should have been 2 per cent in the sale of *gur*. In the Punjab, 5,000 or almost one-sixth of registered societies had to be wound up recently as they were moribund. In Kashmir, the Audit Report stated that, out of 1,401 societies, on 31st March 1962, 139 were running at a loss and 554 were dormant. The time has come for a review of State policy with regard to use of public funds to bolster up such co-operatives.

Two more important features of the Soviet model of comprehensive centralised planning as applied to a democratic set-up such as ours are rigid controls and heavy taxation on productive private enterprise of citizens. The multifarious controls and the jungle of administrative regulations frustrate the objective of greater production. The Estimates Committee, after hearing evidence, came out with a strong plea to eliminate multiplicity of forms and applications to be filled in by a joint-stock company. It mentioned an instance of a non-official organisation which had to submit applications and enclosures weighing 90 pounds to get the Company Law Division's approval of the appointment of a secretary and treasurer! Mr. S. G. Barve, Maharashtra's Industries Minister and a veteran administrator, has observed that the sum total of our laws, procedures and practices was such that the rewards of productive investment were nothing like the gains reaped by speculation or trading activities. He admitted that the country's economic system "does not encourage productive industrial enterprise sufficiently."

It is pertinent to repeat in this context what I have pointed out a number of times—the social costs of controls. The Santhanam Committee Report on Corruption confirms these fears. It observed: "It was the unanimous opinion of all witnesses who appeared before us that administrative delays are one of the major causes of corruption. We agree with this view. We have no doubt that quite often delay is deliberately contrived so as to obtain some kind of illicit gratification."

Taxation Overdone

The heavy hand of fiscal authorities is pushing down the tempo of economic development and production, thus aggravating the imbalance between money supply, and goods and services. The Directors of the Reserve Bank, in their Annual Report, 1964, have pointed out that "additional taxation during 1964-65 is expected to raise the ratio of Central and State's tax revenue to national income from 9.6 per cent at the end of second Plan to 14 per cent." This increased taxation is mainly borne by the already heavily taxed assessees numbering less than ½ per cent of the entire population. Two recent surveys of the Reserve Bank of India clearly prove how the additional tax burden has retarded production and growth: According to a Reserve Bank survey of some representative companies, while their pre-tax profits increased by Rs. 22.8 crores over the previous year, tax provision rose by Rs. 28.5 crores. As a result, dividends declined by Rs. 3.8 crores. According to another R.B.I. survey of 1,015 small public limited companies, while profits before tax in 1962-63 increased to Rs. 4.8 crores from Rs. 4.2 crores in the previous year, profits after tax declined to Rs. 1.53 crore from Rs. 1.85 crore. Retained profits likewise declined to Rs. 24 lakhs from Rs. 50 lakhs. "The rate of dividend, as indicated by the ratio of dividends to paid-up capital, showed a fall from 6.1 per cent to 5.7 per cent."

Considering the fact that "additional taxation at the Centre in the first three years of the third Plan is estimated to yield about Rs. 1,900 crores over the entire Plan period, thus exceeding the five-year target of the Plan (Rs. 1,100 crores)," it is time that the Union Finance Minister heeded the wise counsel offered to Alexander the Great when he was not desisting in his march in India despite reluctance of the troops to follow him: "Sir, if there is one thing above all others a successful man should know, it is *when to stop*."

Administrative Deficiency

While I have been an enthusiast of planned economic development long before the authorities thought of the subject, I have repeatedly stated that the Soviet centralised, comprehensive planning is not suited to India. Eight years of such planning have brought distress to millions in the fixed income groups. One important deficiency in Indian planning against which I have warned is the inadequacy and inefficiency of the administration.

So far as Public Sector enterprises are concerned, Government servants, by temperament and training, are not suited to run them efficiently. Lack of personal stakes, political interference, and weak Parliamentary control worsen the situation. In Indian economic development, the scarcest factor is time. Administrative delays have made this factor still scarce. The Chief Minister of Mysore, Mr. Nijalingappa, has pointed out that out of every 100 files which came to him 50 attracted his attention because they were delayed. He cited the case of a Government servant whose pension had not been received by his family for 18 years.

A few instances of chronic administrative delay indicate the inability of the administration to deliver the goods in a comprehensively planned economy: a scholarship sanctioned by the Punjab Education Department to a primary class pupil in 1957 had not been paid till early 1964. Over 100 reminders by the boy's father had no effect excepting to elicit finally a reply from the District Education Officer saying, "No use writing cards daily as the matter has been taken up and early action is likely." The Union Education Minister, Mr. Chagla, has disclosed that an International Students' Hostel, proposed to be built in 1955 with 300 rooms at a cost of Rs. 8 lakhs was delayed and, finally, had been built with only 100 rooms at a cost of Rs. 9 lakhs. In Kerala, a Government guest house built at a cost of over a lakh of rupees had remained unused for four years for lack of electrical and sanitary fittings. The Chief Municipal Auditor of Bombay Municipal Corporation recently complained that one department had not submitted *quarterly returns* for 11 years, and 10 for over five years! The Orissa Public Accounts Committee was "surprised" that audit objections for the year 1947-48 had not been disposed of even after 14 years. The Committee observed: "Departments of Government are not sincere and keen in their efforts to dispose of their outstandings quickly." The following report perhaps gives a clue to this situation. The correspondent of a Calcutta daily reported from Jabalpur:

"Quite a sensation prevailed in the office of the Chanwarpatha Development Block when the Collector of Narsinghpur paid a surprise visit and found almost the entire staff away from their desks.

"It is stated that, as Mr. Rajput, Collector, was wearing a turban and *dhoti*, nobody could recognise him and he was considered as an ordinary common villager. Clerks, peons and other staff were either busy gossiping here and there without caring to work or were in adjoining teastalls. Certain members of the staff were found playing cards under a tree while others were slumbering."

IV

A corrective to the economy is required at this stage if national aspirations of prosperity and social justice are not to be scuttled by running away inflation. In the light of experience gained, the suggestions made by Prime Minister Lal Bahadur Shastri are sound economic commonsense. He has rightly recognised that "the farm sector is, and will remain for many years, decisive in Indian development." Therefore, he has suggested a shift away from heavy industries. Besides agriculture, the need to develop consumer goods industries to supply the basic needs of the people has been proposed. Such meaningful production of goods and services required by the people will not only reduce inflationary pressures, but also make Indian planning democratic, instead of being bureaucratic as at present. The West German experiment holds a lesson for us. The Economic Miracle took place as "the consumer regained control over the economy, because, with a stable currency, planning passes from civil servants to the people."

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An Unwarranted Confusion

The Prime Minister also suggested consolidation of existing projects before launching new ones. Since the idea of *consolidation* is confused with *stagnation* by some, it needs some elaboration. Consolidation is a logical step in the operation of any enterprise, since it means extraction of best value from scarce resources invested. As applied to our current economic scene, it will halt inflationary pressures, and give a fillip to economic growth on healthy lines. To take the case of river valley projects: The Bhakra-Nangal project, estimated at Rs. 132.91 crores in 1950, had actually cost Rs. 202.91 crores by March 1963. But receipts in 1961-62 were only Rs. 44.88 lakhs, as against estimates of Rs. 184.50 lakhs. The annual loss on irrigation wing was two crores of rupees and on electricity side, Rs. 2.76 crores; Rajasthan Canal Project work being incomplete, water cannot be released from the Punjab portion of the feeder canal; Mysore's major irrigation projects, with an investment of Rs. 86 crores, had not yielded any revenue to the Government till 1962-63; the Damodar Valley Corporation has reported that the irrigation potential created by it has not been utilised for want of water courses and field channels; a press report in October 1964 says that a D.V.C. 80-mile navigation canal, linking Durgapur with Hooghly, built at a cost of over Rs. 3.7 crores, had remained unused for months; the Hirakud Project, built at a cost of Rs. 85 crores, was causing an annual loss of Rs. 65 lakhs to the Orissa Government.

Consolidation would mean proper utilisation of these assets already created and making them economically viable. The economic base would be strengthened by consolidation of existing projects rather than embarking on more ill-digested ones.

Apart from this shift in Plan strategy, the economic situation demands that the Government devote its exclusive attention to its basic functions: defence, law and order, regulation of economic activities, and provision of basic amenities and infrastructure, that is, education, roads, ports, postal communications, etc. It is not uncommon to read news items like that of acute shortage of drinking water in Yeotmal, a town of Maharashtra, resulting in sale of water at 50 paise per tin. The Union Education Minister's disclosure that India is the most backward country in the world so far as expenditure on education is concerned underlines the deficiency of this important item of the infrastructure. A major obstacle to economic growth is the dearth of adequate and efficient postal, telephonic and telegraphic facilities. There are periodic reports of shortages of postal stationery. A Union Minister who recently inaugurated a Rs. 50-lakh factory in Bombay confessed that he was "ashamed" to learn that the factory had no telephone! In 1962-63, 2.3 million telegrams—6 per cent of the total booked—were disposed of by post! Inadequate port facilities accentuated India's food crisis. In July 1964, 12 ships with a load of 2.5 lakh tons of wheat were berthed midstream in Bombay port, while there was an acute shortage of wheat in the city. Meanwhile, the Government was paying a demurrage of Rs. 50,000 daily in precious foreign exchange!

Even Communists Are Changing

Happenings in communist countries reinforce this plea for a change in our economic policy. After decades of experimenting with centralised comprehensive planning, recently, Soviet Union has adopted a modified free enterprise system as the best way to produce more and better consumer foods. *Pravda* has called for less central planning in light industries. "It is time to give more independence to the enterprises, so that they will be economically interested in producing high quality goods popular among the customers," it declared. A Vienna report on Communist Czechoslovakia, considered to be a Stalinist country, said that that country had embarked on a radical course of economic reform. "In essence," the report said, "the proposed economic measures call for the disappearance of complete centralised planning at all levels of industry, allowing individual factory managers to make their own production decisions and forcing them to become financially self-sufficient." Mr. Walter Ulbricht, of Communist East Germany, indicated the same new economic policy for his country to replace communist economic practices. He said: "Petty, narrow-minded bureaucrats, divorced from the realities of life and of the workers, who have lost the taste for novelty and human contacts, are as little wanted as leaders as are the men who hang on to outworn routines and will not recognise that it is impossible to lead men with old-fashioned dogma of the past." His new economic policy was designed to create "an economic lever operating on the principle of material interest which will encourage the manufacturers, collectives and individual workers towards the goal of scientific-technical progress." The new prices under this policy "will differentiate between goods of varying quality and will allow manufacturers to sell at profit after covering their costs of production, thereby encouraging increased production."

The need for *material incentives* and the indispensability of the profit motive as a measure of efficiency, a rational allocator of resources, a source of internal capital formation and above all an incentive for greater production have now been recognised by communist countries. For instance, *Pravda* has argued that "it is not the machines and technology but human beings" who are the principal productive force and who "are not disembodied angles deprived of individual needs and personal interest." An economist and authority on automation, Mr. Tiapeznikov, writing in *Pravda* in August 1964, upheld the profit motive as follows:

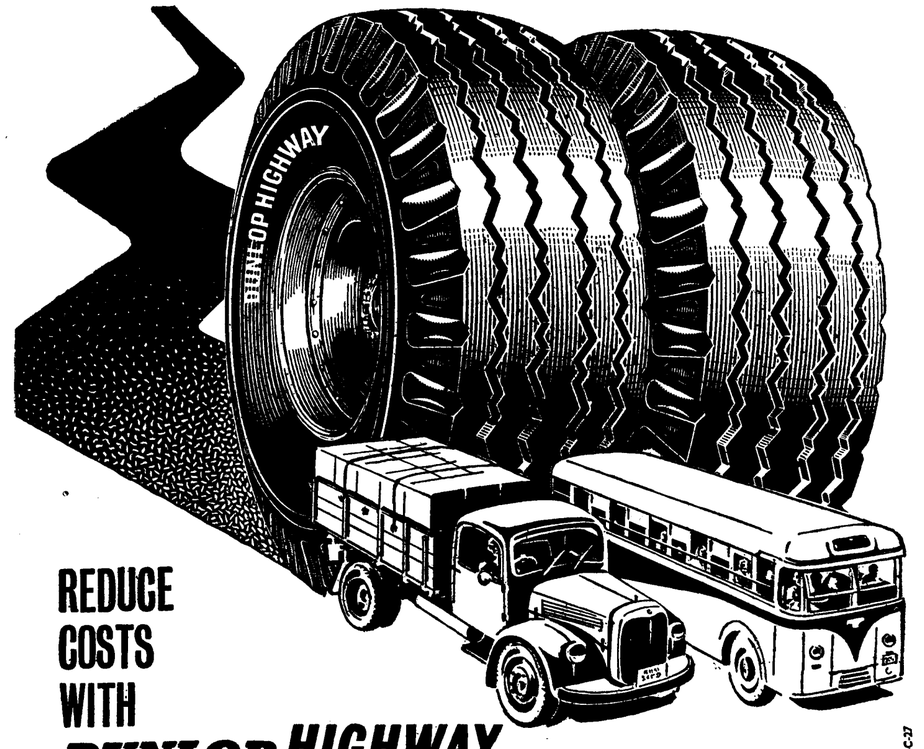
"To work up an efficient economic influence on economic activity, it is necessary to select an indicator, which characterises the work of the enterprise to the highest possible degree, but also is in line with the interests of the national economy and of the employees of the enterprise. We think that such an indicator, besides other quantitative and qualitative indicators, is represented by profits."

Mr. Lev Leontyev, a member of the Soviet Academy of Sciences, has pleaded for "economic methods of planned management" (i.e., market mechanism of profits, etc.) in place of "administrative methods" which he rediculed as being concerned with "production, distribution and the use of every nail."

On the farm front, too, a radical shift has taken place. The former Soviet Premier, Mr. Khrushchev, disclosed in March, 1964, that the Soviet leadership had "borrowed a little from the practices of running farms in the U.S." in reorganising Soviet agriculture after Stalin's death. He praised U.S. farming for its "concreteness" and "businesslike efficiency." The Government of Ukraine announced in November 1964, that it had decided to abolish ceiling on private lands and ownership of cattle. Even doctrinaire communist China disbanded the communes and about 9 per cent of land in China was distributed among peasants as private plots according to the policy of "economic revisionism."

With such convincing evidence from communist countries, a change in our planning techniques and economic policy are overdue to stop inflation and give a stimulus to development. But such a change cannot be contemplated without a change in the Planning Commission's composition, power and functions. A recent study by Mr. H. K. Paranjape of the Indian Institute of Public Administration has brought out some interesting facts. In 14 years of its existence, the Commission's membership had undergone many changes, there being 24 appointments. The staff has increased from 244 in 1951-52 to 1,025 in 1963-64. Expenditure on the Commission has gone up from Rs. 8,56,536 in 1950-51 to Rs. 67,02,000 in 1964 Budget Estimates.

Dominated by politicians and Government officers, the Planning Commission's functioning has naturally revealed a lack of appreciation of the actual working of the economy. But, constitutionally, none of the members can be held accountable for the lapses and consequent repercussions on the economy. In fact, the country has witnessed the amusing spectacle of ex-members of the Commission attacking it when the tide of public criticism has waxed strong! Thus, the Planning Commission, as at present, happens to be an unsound instrument for economic development and democratically an anachronism, because it enjoys power without accountability. The Commission should be remodelled on the lines of its French counterpart and made a purely advisory body. If this change is made and a shift effected from "imperative planning" of Soviet type to "indicative planning" of French type, the vast, untapped human and natural resources of our country can be easily mobilised to meet the challenge of defence and development while ensuring stability. Realistic planning based on the inexorable economic laws of the market and respect for individual freedom in economic as well as political spheres leads to economic prosperity and social justice.



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NEW PRODUCTS AND PROCESSES

Packing Small Articles

A NEW machine for packing small articles individually in sealed bags at rates up to 40 per minute, known as the Seal-o-pac, is being manufactured and marketed by S.O.A.G. Machine Tools Ltd., Juxon Street, Lambeth, London. It can handle all kinds of goods, including food, wool skeins, toys, stationery and electrical and toilet accessories. These can be up to 7 inches wide or 4 inches high and any length from ½ inch to 11 inches. The most usual wrapping material is transparent cellulose film, which is heat-sealed, but the machine can be adapted to use coated films, laminated foils, heat-sealable papers or cold-sealing materials. The machine is also being developed to handle polyethylene type films. The Seal-o-pac can be used on its own or incorporated in a production line with automatic weighing, counting and casing machinery. In either case, articles are usually fed from a hopper, but irregularly-shaped articles can be inserted by hand. If one machine is used for articles of several different sizes, changeover of parts takes about 15 minutes. Inexperienced operators can be trained to use the Seal-o-pac in a few hours. Wrapping material, drawn from a reel at the back of the machine, is progressively channelled into the form of a tube with overlapping edges. The longitudinal seam is sealed at the top of the tube by a heating head, and is not in direct contact with the products; jaws above and below the tube then make transverse seams which form the back of one pack and the front of the next. Articles are fed singly on to the material just before the tube is complete, each being positioned accurately by a ram which thrusts it forward against the previous transverse seam. The heating jaws then grasp the tube behind the article, making the next seam, and draw the pack forward by its own length. Finally a guillotine within the jaws cuts off the completed pack, which is carried away for casing by a conveyor.

Long-lasting Anæsthetic

A new anæsthetic, Zecain, which is said to remain effective longer than other similar agents, has been developed by Bofors of Sweden. According to Dr. Bo af Ekenstam, head of the Company's medical research laboratory, the new local analgesic is a further development of its Carbocain, which was introduced in 1957. Zecain has been extensively tested on close on 3,000 patients over the past four years and no undesirable side effects on nerves have been recorded. The new analgesic has proved of particular value after major surgery, such as thoracic and abdominal operations, when long duration of the analgesic effect is desirable. The pain is reduced and the patient thus more rapidly recovers his full breathing capacity, which cuts the time for post-operative hospitalisation.

Mixing Asbestos and Cement

The Revisione Construzione Machine Company, 85 Corso Pietro Colletta, Turin, Italy, has developed an apparatus for mixing asbestos and cement with water to produce, automatically, a mix of the correct consistency for use in the building industry—principally for use as asbestos boards. Water enters a tank, suspended on the arm of a weighing machine, and when sufficient has been added, photo-cells close the valve and open another that lets in asbestos. When sufficient of this has been added and thoroughly mixed by a pump cement is also added and mixing continues for a set time. The contents are then pumped away and the cycle is repeated.

Balance for Blood Analysis

The Industrial Automation Works in Prague, Czechoslovakia produce a balance for blood analysis. The balance bears the Meopta trade mark. It serves for measuring the content of hæmoglobin, red blood cells, hæmatocrit and the total content of proteins in the blood. The qualities of these blood components may be read on a scale of the balance with an accuracy to one-tenth of a milligram, the indication being based on the specific gravity of the blood and blood serum. Blood analysis carried out with the balance lasts only five to ten seconds.

Safety with Freedom

A safety device that allows a man working at heights to move freely up and down, but acts as a firm anchor if he should fall, has been developed by Barrow Hepburn & Bale Ltd., London. It consists of a cylinder that fits over a steel or nylon cable running from the top of the building to the bottom. In the cylinder, to which the safety line from the man's belt or harness is attached, is a second cylinder and an arrangement of steel balls in a conical housing. Any weight suddenly applied causes the balls to bind on the cable and anchor the cylinder. The greater the weight, the firmer is the grip.

Welding "Difficult" Steels

A way of joining difficult-to-weld steels without setting up stresses between them that have to be removed by annealing has been jointly claimed by Brown Boverie and Co., of Baden, Switzerland, and the Bureau d'Etudes Industrielles Fernand Courtoy, 43, Rue des Colonies, Brussels 1. The edges of the components to be joined are first thinly "buttered" to a maximum thickness of 2 mm. with a steel that lacks the "difficult" constituents and then a weld seam is formed between them to complete the sandwich.

Electronic Data Processing System

The Nippon Electric Co., Ltd., in Japan has completed a small high-performance electronic data processing system—NEAC-2200. Its production will be started in June at a monthly rate of 5 to 10 units, the new products being placed on the market within the year. The system has been developed jointly with the Honeywell Co. of the U.S., with which the Nippon Electric has a technical tie. This is twice as quick in operational speed as the smallest model 30 of the IBM-360 series recently announced and 30 per cent smaller in size. The feature of the NEAC is its operation speed of the central processing device. The speed is 1 microsecond for the main memory device and 250 nanoseconds (1 nanosecond is a billionth of second) for the restricted memory device, and so, it is possible to operate the input and output devices simultaneously with computation without any accessory device.

Improved Magnet

A magnetic material of high coercivity is made by the International General Electric Company of New York, 296, High Holborn, London, W.C.1. It is sintered Alnico 8. This material is fabricated by powder-metallurgy techniques and has a fine grain structure, giving a more uniform flux distribution than that of the cast form of Alnico 8. It has also higher temperature stability. Coercive force achieved is 1,550 oersteds. Magnets of the new material are being used in a prototype low-noise travelling wave tube for more uniform focusing of the beam. Other applications include rotors and fields for small motors and generators, hearing aids and so on.

Dust Collector

A device for the removal of dust and fluff floating in the air and deposited on textile machines, which is stated to be compact, lightweight, easy to maintain and require only small amounts of power to operate, is reported by Veb Maschinen-U, Apparatebau Schkeuditz, 10-12, Kurt-Beyerstr., Schkeuditz, Germany. The device is mounted next to the machine and has an electrostatically charged endless belt for collection of the undesirable flotsam. A scraper continually removes this as the belt rotates. The maker claims that it is suit for use with every type of textile machine.

Ultrasonics to Foil Burglars

A detection device based on ultrasonics will sense the slightest untoward movement in any room that it protects. Applicable also to doorways and corridors, it is called the Intruder Alarm and is developed by Decca Radar's Hersham Division, Lyon Road, Walton-on-Thames, Surrey, England, applying radar principles. Detection of movement relies on the Doppler effect in air at ultrasonic frequencies. The area to be protected is flooded with inaudible sound at high frequencies. Any movement within the area not only alters the pattern of reflections but also the frequency of the reflected sound. Electronic filters and a correlation technique eliminate false responses to such things as draughts. The equipment does not need to be reset if the contents of the protected area are changed or rearranged and the alarm itself can be local and audible or remote and visual.

Common Cold Vaccine

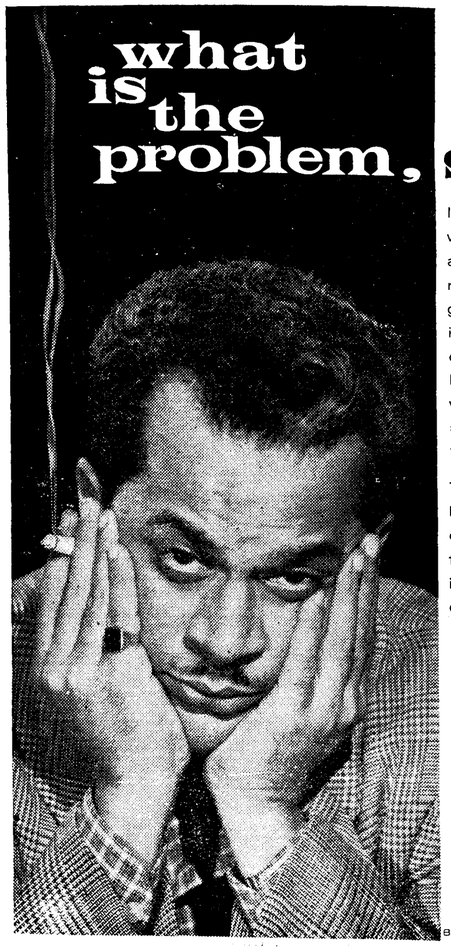
The first vaccine against the common cold has been produced at the Medical Research Council's Common Cold Research Unit at Salisbury, England. There are, however, 50 or so types of virus responsible for the common cold, and the vaccine acts only against one. The ideal aimed at is a vaccine against all types of common cold. The one already developed appears to be effective for some years.

Rubber Springs

Of particular interest to motorists is a British company's hollow rubber spring kits, which can be fitted to most cars. Used as original equipment by a number of racing teams, the springs help to eliminate "snaking" and generally improve the ride of the complete unit. On popular cars, the two springs are mounted on their fixing brackets at each end of the rear axle and compress against the frame member during large axle movements or when the car is laden. They are said to give an improved ride, to help eliminate roll and sway and to increase stability.

Speedy Delivery of Goods

Wheeled stillages designed to speed the delivery of goods to retail shops from lorries and vans are marketed by Bambergers Pallets and Cases, Angel Factory Colony, Edmonton, London, N. 18. Each stillage consists of a pallet fitted with detachable metal sides and it is mounted on castors to make handling easier. It forms the essential part of what is called the Combitainer Roll Pallet System which, it is claimed, enables the driver of a lorry to load his vehicle with 7 tons of goods in about 40 minutes and also to unload them and put them in the retailer's storeroom in the same length of time. When the stillage is loaded, the two sides are pulled together at the top and held by nylon straps so that the packages, which can be of varying shapes and sizes, are held firmly and prevented from slipping. Each unit will carry 6 to 7 cwt. of goods. Stillages of this type are designed for use with the hydraulic tail lifts of lorries.



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CHAIRMAN, MR. DHARAMSEY M. KHATAU'S SPEECH

RECENT FREIGHT RATE INCREASES OFFSET BY RISING COSTS

THE Forty-fifth Annual General Meeting of the Scindia Steam Navigation Company Limited was held at Bombay on Wednesday the 16th December 1964. In his speech at the meeting, Mr. Dharamsey M. Khatau, the Chairman of the Company, reviewed the progress of the Company and referred to recent freight rate increases, rising costs, war risk insurance and official policy on shipping.

Mr. Dharamsey M. Khatau referred feelingly to the sad death of our beloved Prime Minister, Mr. Jawaharlal Nehru who gave national shipping its place of pride in the transport economy. In welcoming the new Prime Minister, Mr. Lal Bahadur Shastri, he referred to the consolidation and expansion of the shipping industry achieved due to bold and energetic policy pursued by him during his tenure as Transport Minister. While referring to the recent freight increases, which were effective only for a period of the year, he stated that these increases were offset by continued increase in costs. He was critical of the entry of other Indian Lines into the shipping services which were satisfactorily maintained by Indian Lines, Members of the Shipping Conferences, inasmuch as such entry would render a working of the Lines uneconomic. He made special reference to strikes in ports in India and abroad, the berthing and dry-dock delays and the poor despatch, all of which went to add to the cargo handling costs. He urged the Government to take active interest in requiring Port Trusts to maintain efficiency at ports at the highest level possible and to make labour more productive through the introduction of incentive schemes and the adoption of other similar methods.

Freight Rates

Regarding the rates of freight on the coast, he pressed for adequate increase in the background of a detailed reference to the 1962 recommendation of Mr. R. G. Abbhi's Commission, which was not fully accepted by the Government and which itself was not considered adequate by the industry. He referred to the costs that have since risen and maintained that the view that the return on capital would be adequate if "some uneconomic ships" were eliminated was not practical. His reason was that, apart from the fact that all units of any industry are not economic in operation at all points of time, the coastal industry suffered from a particular handicap in that though it was keen on eliminating uneconomic units, foreign exchange was not available for purchase of replacement vessels. He insisted that the coastal vessels should be given adequate quantities of coal, salt and other cargoes which must be continuously assured to enable coastal shipping to work economically and to develop in a planned manner and at the same time to provide for efficient services.

Maritime Freight Commission

He made particular reference to the urgent need for making continuous and expeditious use of the machinery of the Maritime Freight Commission and observed that this Commission should be charged with the responsibility of making periodical assessment of costs of operation and thereafter permitting the shipping companies appropriate increases from time to time. He requested the Government to take required decision early.

Mr. Khatau made reference to the addition of eight vessels to the fleet since the last annual meeting. Of these, six are for employment on the coast of India, one for the west coast and one for overseas trade. A further order for three 15,000-ton vessels was placed with Messrs. Lithgows Ltd., Glasgow. There were also on order with the Hindustan Shipyard for three vessels and one 3,800 d.w.t. motor vessel was on order abroad.

War Risk Insurance

Regarding war risk insurance, Mr. Khatau referred to his observations back in 1962. The Indian National Steamship Owners' Association, he said, had been requesting the Government of India since September 1959 to evolve a suitable scheme and it was urged that immediate measures be taken to formulate the scheme so as to ensure adequate insurance protection to Indian vessels against war risks. Although the Association was advised that the Government was actively considering the matter, nothing had so far happened. He, therefore, reiterated his appeal to the Government to give this question priority consideration.'

As regards Scindia Workshop Ltd., he referred to the conclusion of the contract with Messrs. Siemens Engineering and Manufacturing Company, of India Ltd., Bombay, for manufacture of cargo winches and to negotiations with Messrs. Mac-Gregor-Comarin, Paris, for manufacture of Ship's hatch covers.

Konkan Services

About Konkan services, Mr. Khatau observed that the new Committee, which was expected to be formed by the Government and to submit its report to the Government, had not yet been formed. As a result, no progress had been made in determining the amount payable to the Company for the year 1962-63 and onwards. This was, he said, in the background of the original claim of the Bombay Steam Navigation Company (1953) Ltd. against the Maharashtra and the Central Governments for the two years 1961-62 and 1962-63 amounting to Rs. 25,68,253. He requested the Government to hold early a tripartite conference between the Government of India, the Government of Maharashtra and the Company. In his concluding remarks he said unless freight rates were designed to cover costs of operation, shipping companies cannot work on an economic basis.

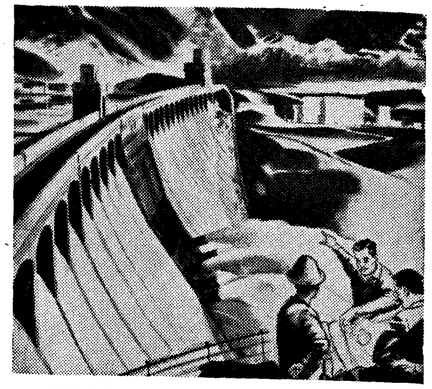
Future Prospects

Regarding future prospects, his observation was that the Company's year under review was good and, as far as he could see, the Company expected to maintain the improvement.

Mr. Khatau welcomed Mr. Raghunath Singh, the newly appointed Chairman of the National Shipping Board, and referred to his close knowledge of shipping problems. He said he would look forward to further satisfactory progress of the industry. He also expressed his appreciation of the active assistance of Mr. Raj Bahadur, Transport Minister, and Dr. Nagendra Singh, Special Secretary, for their efforts in stabilising and expanding Indian shipping.

He thanked the shippers, patrons and consignees, here and abroad, and appreciated the services of the management, officers and staff and the Company's agents.

DEVELOPMENTS IN THE EAST



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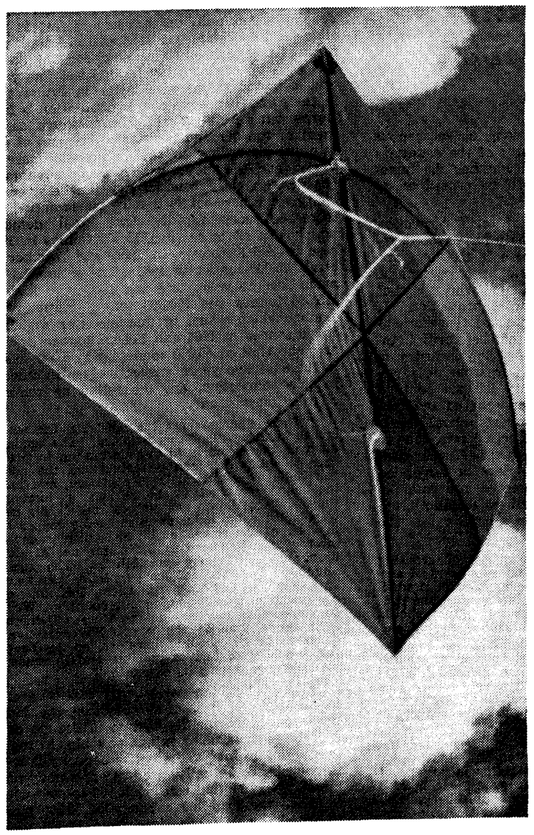

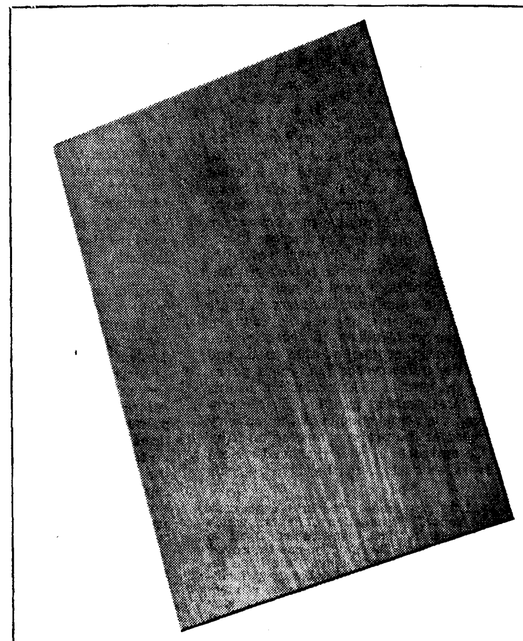

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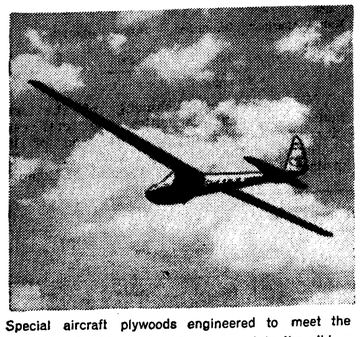

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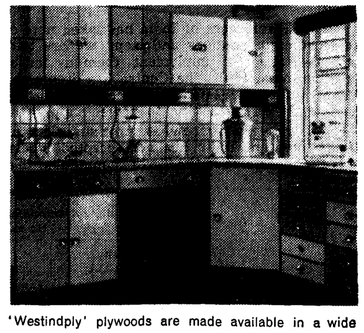

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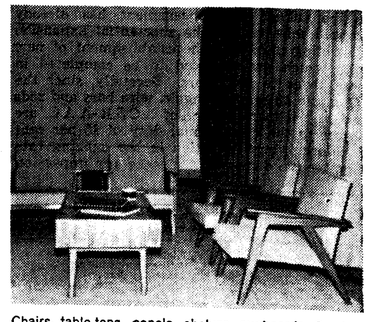

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ALUMINIUM INDUSTRY FORGES AHEAD

EXTENSION OF TARIFF PROTECTION FOR FOUR MORE YEARS JUSTIFIED

THERE are two important criteria for determining the case of any industry for continuance of tariff protection. One is whether the industry has fulfilled the obligation of a protected industry over a period of time, namely, maximum production of quality products at an economic cost. The other is whether the industry will be able to stand on its own feet without protection with a reasonable period of time. Judged by these criteria, it must be said that the performance of the aluminium industry in India has been quite remarkable, and the Government of India has done well, indeed, in accepting the Tariff Commission's recommendation to extend protection to the industry for four more years, that is, up to the end of 1968; protection to this industry was first granted in 1946. So remarkable have been the achievements of the industry that every word of the praise showered on it by the Tariff Commission is well deserved. Here is the relevant extract from the Commission's report:

"The industry has made considerable progress since our last report. Production of ingots, which was 18,120 tonnes in 1960, has trebled itself to 54,966 tonnes in 1963. The quality has improved greatly and all the three producing units have installed adequate equipment and laboratory facilities to check on quality at each stage of production, and the indigenous product is in every way as good as the imported one. The production of E.C. grade metal has also increased greatly and there has been a great deal of diversification of fabricated products which now include extruded products and alloys of a very high quality. The marked rise in the production of ingots was accompanied by a greater increase in the output of alumina from 27,885 tonnes in 1960 to 103,724 tonnes in 1963. Consequently, imports of alumina declined sharply from 10,272 tonnes in 1960 to 4,639 tonnes in 1963. The industry is now fully on the way to further expansion and the production of ingots is expected to double itself when the installed capacity increases to 113,800 tonnes by the end of 1967."

Although both installed capacity and actual production of aluminium have expanded markedly in recent years, the industry's products, with the exception of aluminium circles which enjoy a price advantage, still suffer from price disadvantage as compared with the imported ones. A comparison of the fair ex-works prices of indigenous products with the landed cost (without duty) of imported products as made by the Commission shows a price disadvantage of 22.4 per cent for ingots, 6.2 per cent for common alloy and 10.9 per cent for magnesium alloy sheets. Even so, the Commission did not propose any downward revision in the existing rate of protective duty, namely, 35 per cent *ad valorem* (exclusive of surcharge and countervailing excise duty) for three reasons. In the first place, several expansion schemes are in the offing; the Government has already licensed schemes for the substantial expansion of existing units and the establishment of new units which are expected to be completed in about three to five years. Secondly, since the E.C. grade aluminium ingots, wire bars and rods used in the manufacture of A.C.S.R.-A.A.C. are subject to the concessional duty of 15 per cent *ad valorem*, any reduction in the existing rate of protective duty will not make any impact on imports. And, thirdly, so long as indigenous production of ingots falls short of the country's requirements, it is doubtful whether the benefits of reduction in duty will be passed on to consumers.

While the continuance of tariff protection to aluminium products will help foster the development of the industry, there is the need for maintaining production costs at a reasonable level in the interest of consumers who it is that make a sacrifice in the name of protection. It is, therefore, just as well that the Government has agreed with the finding of the Tariff Commission that, in order to assist the industry to keep cost of production at a reasonable level, the existing concessional duty (20 per cent *ad valorem* standard and 10 per cent *ad valorem* preferential) on alumina imports should continue for a further period of four years, that is, up to the end of 1968 by which time, it is stated, the alumina plants for the new or expanded capacities will have been erected and commissioned. Of interest to consumers of aluminium are the following recommendations of the Commission:

While the Government's policy of granting fabricating capacities to primary producers of aluminium would contribute to economies of production and be in the long-term interests of the consumer the small and medium fabricators should be provided with their requirements of ingots.

Since it will be in the national interest to encourage the growth of the large units in this industry, while sanctioning new and increased capacities, the Government should keep in view the size of the unit and the desirability of falling in line with the world trend towards the expansion of smelter capacities.

As bauxite is a basic raw material for the aluminium industry, it is important that there should be a uniform all-India policy in respect of grant of bauxite mining concessions. It is also necessary that these concessions should be granted to primary users of the ore in preference to others. As the present known deposits of bauxite are likely to be exhausted by about 1990, urgent steps are required to carry out extensive prospecting work on both known and potential deposits.

It is desirable that power rates applicable to this industry whose progress depends upon cheap, abundant and assured supply of electric power should, as far as possible, be uniform all over the country, so that new units could be set up wherever power is available, without fear of unfair competition from other producers of the metal. The whole question should be examined in consultation with the State Governments and representatives of the State Electricity Boards and aluminium producers, so that means may be devised to assure the industry of reasonably low tariff rates and uniformity and constancy of duties over long periods. Considering the high load factor, it should be in the interests of the States themselves to encourage this industry and to keep the rates chargeable to it constant and at a low margin of profit.

The Government of India has taken note of these recommendations and steps, we are told, will be taken to implement them as far as possible. Meanwhile, the Centre has drawn the attention of the State Governments to the recommendation pertaining to power supply.

It is, however, somewhat surprising that the Government of India has not accepted wholesale the viewpoint of the Tariff Commission that the objective of national policy should be to develop the aluminium industry as fast as possible and to render it all possible assistance during its expansion. Demand for aluminium has gone up considerably in the past few years and is bound to increase faster in future than in the past. The force of this contention is fully borne out by the Tariff Commission's assessment of the demand position. The uses of aluminium, according to the Commission, are so varied and the metal has so many advantages (lightness, rigidly, conductivity, tensile strength, etc.) over other metals that its consumption has increased very rapidly. The total demand, which was no more than 15,000 tonnes in 1951, rose to 45,000 tonnes in 1960 and further to about 75,000 tonnes in 1963. The estimated demand for the years 1964 and 1967 is as high as 115,000 tonnes and 170,000 tonnes, respectively, against which actual production is estimated at 55,000 tonnes in 1964 and 114,000 tonnes in 1967, or a shortfall of 60,000 tonnes and 56,000 tonnes in the said two years, respectively. Significant, in this connection, are the following remarks of the Commission:

"These figures show the need for further increase in capacity of this industry. The tendency all over the world is to use aluminium in preference to other non-ferrous metals and the use of this metal in electrical, transportation, and building and construction industries is increasing rapidly. Aluminium has already made a big headway in the cable industry in replacing copper and, in view of the shortage of zinc, which is now almost wholly imported in India, the use of aluminium has interesting possibilities. The use of aluminium per head of the population per year is 12 kg. in the U.S.A., 7 kg. in the U.K. and only one-fourth of a kilogram in our country. We are convinced that the demand in future will increase even faster than in the past. The objective of national policy should, therefore, be to develop this industry as fast as possible and to render it all assistance during its expansion."

Considering the persistently rising demand for aluminium, it is creditable that the industry is endeavouring its best to utilise its capacity to the maximum extent possible. In regard to aluminium ingots, the entire capacity is being fully utilised. Actually, production is now maintained at an annual rate of 55,000 tonnes which is above the installed capacity of 53,800 tonnes to which level it has risen from 17,800 tonnes in 1960. Of the present capacity of 53,800 tonnes, the Indian Aluminium Company's Hirakud and Alupuram plants account for 20,300 tonnes and 6,000 tonnes, respectively, the balance being shared by Hindustan Aluminium Corporation (20,000 tonnes) and Aluminium Corporation of India (7,500 tonnes). In addition to the existing capacity, licences have been issued for an aggregate capacity of 60,000 tonnes as shown below:

	Licence granted for expansion or new units (Tonnes)	*Expected date of installation of capacity*
Indian Aluminium Company (Alupuram plant)	10,000	First 5,000 tonnes† by June 1965 and next 5,000 tonnes by January 1966
Hindustan Aluminium Corporation	40,000*	Early 1967
Madras Aluminium Co. (Salem plant)	10,000†	Early 1965
Total ..	60,000	

* Expansion. † New Unit.

With the establishment of the sanctioned additional capacities, the total capacity of the industry by the end of 1967 would be of the order of 113,800 tonnes. The projected plant of Indian Aluminium Company in Mysore State with a capacity of 30,000 tonnes may go into production by the middle of 1967 on the basis of imported alumina. A letter of intent has also been issued to Madras Aluminium Company for an additional capacity of 10,000 tonnes. Two proposals to set up plants in public sector are also under consideration, one with a capacity of 30,000 tonnes at Korba in Madhya Pradesh and the other with a capacity of 25,000 tonnes at Koyna in Maharashtra. It is not known when these proposals will materialise, but, when they do, the aggregate capacity would be 209,000 tonnes around 1970.

Between 1960 and now, the aggregate capacity of the rolling sector has gone up from 19,000 tonnes to 27,100 tonnes; the latter figure is the combined capacity of eleven units. The Aluminium Corporation has been granted a licence to expand its fabrication capacity by 5,100 tonnes, including rolling capacity by 2,500 tonnes, and it is expected to be implemented by the end of 1964. The Hindustan Aluminium Corporation has also obtained licences for an aggregate fabrication capacity of 37,000 tonnes of aluminium. Its rolling mill with an annual capacity of 7,000 tonnes is expected to be commissioned by the end of 1964 and its capacity will be increased to 20,000 tonnes by the end of 1966. The Jeewanlal (1929) Ltd., Madras, which is licensed to set up a new rolling mill with an annual capacity of 3 860 tonnes is expected to commence production in 1967. Madras Aluminium is likely to implement its licence for a rolling capacity of 3,500 tonnes in the middle of 1965. Thus, when all these licences amounting to an aggregate capacity of 29,860 tonnes are implemented, the rolling capacity would increase from the present level of 27,100 tonnes to 56,960 tonnes. In addition to the units included in D.G.T.D.'s list, there are also a number of small scale units engaged in this activity. The capacity of these small units has been estimated by the Indian Non-ferrous Metals Manufacturers' Association, Calcutta, at about 6,000 tonnes and by the Development Commissioner, Small-scale Industries, at about 8,000 tonnes per year.

As for aluminium foils, the total capacity has risen from 2,000 tonnes in 1960 to 3,000 tonnes at present, while that of container sheets continues unchanged at 1,200 tonnes. The capacity of both these branches of the industry is, however, not being fully utilised; actually output is currently running at an annual rate of 2,470 tonnes and 835 tonnes, respectively. The under-utilisation of capacity is attributed to shortage of foil-stock, the main raw material. Three more units have been granted licences for the manufacture of aluminium foils: Indian Aluminium Company (Calcutta) 2,500 tonnes, General Industrial Society (New Delhi) 1,200 tonnes, and Aluminium Corporation of India (Calcutta) 500 tonnes. The first two are likely to go into production by July 1965 and the second by the end of this year. When these capacities are established, the total capacity for aluminium foils (including container sheets) will increase to 8,400 tonnes which is considered to be adequate to meet the anticipated demand by 1967.

Simultaneously with expansion of capacity, efforts must be made to augment production of bauxite, an important raw material. About 2.75 tonnes of bauxite are required to produce one tonne of alumina and about two tonnes of alumina are required to produce one tonne of aluminium ingot. In other words, 5.5 tonnes of bauxite are needed to produce one tonne of aluminium. The known deposits of usable bauxite are estimated at 59 million tonnes. Assuming a production rate of 240,000 tonnes of aluminium metal in 1970 and the output doubling itself every ten years, the present known reserves will be exhausted by about 1990. Describing this state of affairs as unsatisfactory, the Tariff Commission has rightly urged immediate steps to carry out extensive prospecting work in both known and potential deposits.

The industry has made good progress in the manufacture of alumina and imports in relation to aggregate production of aluminium has decreased from 0.56 tonne (per tonne of ingot produced) in 1960 to 0.15 tonne in January-March 1964. In spite of the development of indigenous capacity, the shortage of alumina is expected to continue and large quantities will have to be imported when the additional capacities granted to Indian Aluminium Company, Hindustan Aluminium Corporation and some of the other newly licensed companies go into operation during the next few years, as it is not always possible to synchronise the manufacture of alumina with that of aluminium. It takes a longer time to set up an alumina plant because of the time required to prospect, prove and develop mineral resources and to establish communication and transport facilities between mines and the nearest railhead. The erection of an alumina plant, with its network of storage tanks, pipe connections, pumps, elevators, etc., is more complicated than the installation of a smelter or rolling mill. The Indian Aluminium Company has estimated that it will have to import 110,000 tonnes of alumina during 1967 and 1968, made up of 20,000 tonnes for the start-up inventory and transit *plus* 90,000 tonnes to cover 18 months' operation of the new smelter in Mysore State. Alumina import will be necessary, as the commissioning of the alumina plant in Mysore State simultaneously with the smelter has not been found feasible. The Aluminium Corporation of India has estimated its additional requirement of alumina during 1964 at 5,300 tonnes which may also partly have to be imported. The Hindustan Aluminium Corporation has been granted licence for expansion of its ingot capacity by 40,000 tonnes. The smelter is to be completed by early 1967. For this expansion programme, the Hindustan Aluminium Corporation expects to meet the entire requirements of aluminium estimated at about 100,000 tonnes from imports for about two years after commissioning the smelter.

The other important raw materials are caustic soda, calcined petroleum coke, cryolite, fluorspar, aluminium fluoride and soft pitch. The actual position in respect of these is as follows:

Although the production of caustic soda is increasing rapidly in the country, the bulk of the requirements of the three aluminium producers is obtained through imports from the State Trading Corporation. Green petroleum coke is being produced by the Oil Refinery at Nunmati and is also proposed to be produced by the Oil Refinery at Barauni. It is being calcined by India Carbon Ltd., Gauhati, for supply in the form of calcined petroleum coke, and its capacity is 50,000 tonnes of calcined petroleum coke per year. The Oil Refinery at Nunmati has a capacity of 39,000 tonnes of green petroleum coke per annum and the Barauni refinery is expected to have a capacity of 73,000 tonnes, making a total of 112,000 tonnes. Cryolite is not available in India and has to be imported. Although some deposits of fluorspar have been found in the country the quality has not yet been proved suitable for the aluminium industry. Until this is done, imports are necessary. Aluminium fluoride is not produced in India and has to be imported. Soft pitch is being obtained indigenously.

Barring some of aluminium goods consumers who consider the domestic prices to be reasonable, the majority of consumers have represented that the prices of indigenous products are high *vis-a-vis* those of the corresponding products. The Tariff Commission has accordingly drawn the attention of producers to this representation. Since it is the consumer that makes, as already stated, a sacrifice in the name of production, it well behoves the aluminium producers to pay heed to the Tariff Commission's call for reviewing their pricing policies so as to fix their prices in fair relation to their production costs. But far more important, in this connection, is the need for bringing down their production costs. This should be possible, if the State Governments supplying power bring down their rates for electric power to more reasonable levels. Consumption of power in the manufacture of aluminium is pretty heavy; some 20,000 kwh. of power is required for producing every tonne of metal. Accordingly, even a variation of one paisa per kwh in the cost of power will alter the cost of production by 200 per tonne.

"THE PIONEER" CENTENARY SOUVENIR

The Pioneer, a well-known English daily published from Lucknow (Editor: Mr. S. N. Ghosh, 20 Vidhan Sabha Marg, Lucknow), has published special souvenir to commemorate its centenary celebrated a few weeks ago. Attractively produced, the 130-page souvenir, besides narrating the paper's long and eventful history of growth, carries a good number of informative articles about the press in the United Kingdom and in India. Some of the eminent contributors are Charles Sandell, G. A. Johnson, Louis Kirby, Donald Tyerman, Lawrence P. Scott, H. C. Thompson, A. N. Jha and Chanchal Sarkar. The souvenir also contains a feature entitled "Pages from the Past," which includes despatches and writings from illustrious men who were connected with the paper, such as Sir Winston Churchill and the late Rudyard Kipling. The souvenir is a fine memento of the first centenary of a paper which richly deserves the good wishes of its innumerable readers for its continued service.

Aluminium Ingots

(In metric tonnes)

	Indian Aluminium Co.	Aluminium Corporation of India	Hindustan Aluminium Corporation	Total
Capacity stated in 1960 report ..	15,912*	2,244	..	18,156
Present installed capacity	26,300†	7,500	20,000	53,800
Production :				
1964 (Jan.-June) ..	12,540	3,617	11,179	27,336
1963	25,278	7,550	22,138	54,966
1962	22,743	3,969	8,333	35,045
1961	15,797	2,473	..	18,270
1960	15,767	2,353	..	18,120

* Hirakud plant 10,200 tonnes and Alupuram plant 5,712 tonnes.
† Hirakud plant 20,300 tonnes and Alupuram plant 6,000 tonnes.

Price Comparison

(Rupees per metric tonne)

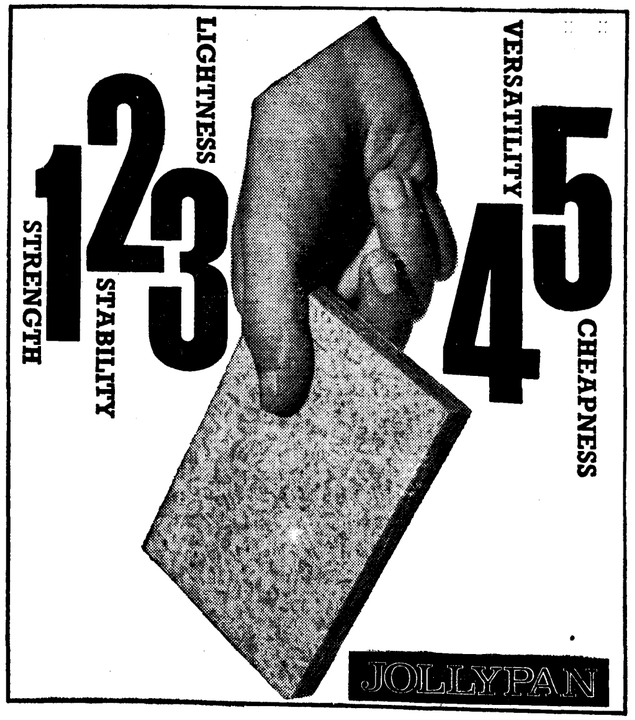
	Ingots	Common alloy flat sheets	Mag. alloy flat sheets	Sheared/ punched circle
C.i.f. prices	2,539	4,399	4,922	5,168
Clearing charges at 1 per cent. ..	25	44	49	52
Landed cost ex-duty	2,564	4,443	4,971	5,220
Fair ex-works price	3,132	4,715	5,505	4,272
Difference between fair ex-works price and landed cost ex-duty.	568	272	534	—948
Difference as a percentage on c.i.f.	22.37	6.18	10.85	..

Aluminium Sheets and Circles

(In metric tonnes)

Name of the producer	Installed capacity		Production									
	As adopted in 1960 Report	At present	1964 (Jan.-June)		1963		1962		1961		1960	
			Sheets	Circles	Sheets	Circles	Sheets	Circles	Sheets	Circles	Sheets	Circles
Indian Aluminium Co., Calcutta .	9,180	16,800	4,890	1,896	10,443	4,447	5,903	3,374	7,219	3,869	7,081	3,790
Aluminium Corporation of India, Calcutta	2,142	2,400	1,666	5	2,982	132	2,026	327	1,802	423	1,617	476
Metal Rolling Works, Bombay ..	2,550	2,500	30	918	134	1,659	84	1,955	61	1,502	72	1,497
Devidayal Metal Industries, Bombay	1,836	1,800	130	563	221	1,060	47	900	16	666	12	706
Popular Metal Works & Rolling Mills, Bombay	612	600	..	363*	..	756*	..	632*	..	467*	..	395*
Rashtriya Metal Industries, Bombay	1,224	1,200	..	11	..	46	..	73	..	146	..	177
Mysore Premier Metal Factory, Madras	612	600	..	265	..	446	..	487	..	521	..	462
Hoosein Metal Rolling, Bombay.	612	600	..	157	..	94	..	165	..	100	..	93
Mahesh Metal Works, Kishangarh	N.A.	N.A.	N.A.	N.A.	..	20	..	37	..	28	..	35
Vummidiar Mfrs. (P.)) Ltd., Madras	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Agrawal Metal Works, Rewari ..	612	600	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total ..	19,380	27,100	6,216	4,178	13,780	8,660	8,060	7,950	9,098	7 722	8,788	. 7,631

* Includes both sheets and circles. N.A.—Not available.



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Tabulated below is the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sale proceeds and internal transfers, less excise	682.41	522.74	529.09	370.71
Other income	6.42	7.24	9.00	4.96
Closing stocks and work-in-progress	133.41	124.20	150.92	162.08
Excise duty	125.56	125.77	73.39	74.63
Cess on sugar	10.10	10.13	13.65	16.38
Materials, stores and spares consumed	355.00	222.87	298.36	244.93
Staff expenses	52.99	49.28	38.89	29.05
Other expenses	151.49	121.68	82.39	71.29
Gross profit	128.37	107.90	99.38	70.59
Managing Agents' remuneration	4.91	4.00	4.90	3.50
Depreciation	64.57	49.10	26.40	21.42
Taxation	31.00	26.08	18.00	10.50
Net profit	27.89	28.72	50.08	35.17
Transfer from reserves and provisions	6.01	18.58	8.14	10.17
Transfer to reserves and provisions	19.72	33.18	44.10	31.28
Dividends				
Preference	3.85	3.85	3.85	3.85
Ordinary	10.29 (15%)	10.29 (15%)	10.29 (15%)	10.28 (15%)
Carry forward	0.16	0.13	0.15	0.17
Equity shares' market value (in rupees):	**1964**	**1963**	**1962**	**1961**	**1960**
High	24.00	26.12	22.95	27.00	26.00
Low	22.85	22.00	22.00	23.48	16.63

The improved financial results reflect a better working during the year. For instance, production of sugar has increased from 25,901 tonnes to 36,612 tonnes, though the costs have been higher because of a decline in the average recovery of sugar from cane from 10.45 per cent to 10.08 per cent. The confectionery department has made a satisfactory show. From 31st May, the distillery has been working at an expanded capacity of a million gallons of industrial alcohol. Cement production has improved from 1.51 lakh tonnes to 2.07 lakh tonnes. Four out of the five sugar factories to which the Company has sold plants of 1,250 tonnes daily capacity have already gone into production and the fifth one is expected to commence production this month. The progress on manufacture and supply of cement machinery to the Industrial Development Corporation of Orissa and of sugar machinery to the sugar co-operatives of Madurai and Kallakurichi in Madras State is proceeding satisfactorily. The workshops have also supplied three superphosphate plants and one sulphuric acid plant. Production in the workshops had to be slowed down because of the drastic power cut in Madras. Machinery production during the current year is, however, expected to reach the level of Rs. 3 crores.

The Company is already exporting sugar. During the year under review, Rs. 121.40 lakhs out of gross sales of Rs. 808 lakhs were on account of export. Of interest in this field, however, is the Government's allotment to the Company of two sugar plants for supply to the Uganda Sugar Development Corporation in the equity capital of which the Government and the people of Uganda, the Government of India and a few of the sugar and sugar machinery manufacturers in this country have agreed to participate. The Company itself is subscribing Rs. 20 lakhs to the capital of the Corporation.

During the year, applications were made for establishing an asbestos cement products factory and for expanding the sugar factory. Further proposals are under consideration for the utilisation of alcohol, bagasse and other by-products of the sugar industry. The workshops' expansion is progressing satisfactorily. The project for the establishment of the heavy forge and foundry of the K.C.P. Fives Lille-Call (Private) Ltd. has been finalised and work will be commenced early in 1965. The Government has approved of the collaboration agreement with Messrs. Wilhelmsburger Maschinenfabrik, West Germany, for the manufacture of plate working machinery and has granted the necessary import licences for components. Production of this machinery is expected to start early in 1965.

The Company's paid-up capital, including Rs. 43.28 lakhs in two classes of preference shares, amounts to Rs. 111.93 lakhs and is backed by Rs. 167.41 lakhs in reserves and surplus. Long-term loans have been reduced from Rs. 86.36 lakhs to Rs. 70.51 lakhs, but short-term borrowings have gone up from Rs. 197.87 lakhs to Rs. 208.67 lakhs. These bank borrowings of Rs. 208.67 lakhs, unsecured loans of Rs. 17.66 lakhs and current liabilities and provisions of Rs. 265.53 lakhs bring the total of short-term indebtedness to outsiders to Rs. 491.86 lakhs, as against which current assets, book debts and investments aggregate Rs. 438.09 lakhs. The gross block of Rs. 656.38 lakhs (Rs. 636.68 lakhs a year before) has been written down to Rs. 419.81 lakhs.

Currently quoted at Rs. 23.50 *cum-div.*, the Rs. 10 fully paid ordinary shares of the Company offer a net yield of 5.3 per cent per annum.

NEW CAPITAL ISSUES

The following are some of the important companies to which the Controller of Capital Issues gave permission to raise capital in the week ended 13th December, 1964. The consent is valid for a period of 12 months.

Steelcrete Foundation Ltd. will issue Rs. one crore equity capital in shares of Rs. 10 each for cash at par. Of this, shares to the tune of Rs. 40 lakhs will be subscribed by Foundation Overseas Ltd., Canada, or their nominees against supply of construction machinery, etc. Further, shares worth Rs. 29 lakhs will be subscribed privately and the remaining shares of the value of Rs. 30 lakhs will be offered to the public.

Indian Explosives Ltd., Calcutta, is to issue an additional capital of Rs. 43 lakhs, divided into 4,30,000 equity shares of Rs. 10 each for cash at a premium of Rs. 12 per share. Of this, shares of the value of Rs. 57,000 will be taken up by directors and employees of the Company and of associate companies. The balance of shares worth Rs. 37.30 lakhs will be offered for public subscription. The increased capital is to be utilised for the manufacture of detonations.

Larsen and Toubro Ltd., Bombay, will be issuing Rs. 175 lakhs debenture-stock carrying 7 per cent rate of interest redeemable in 1976 and in units of Rs. 1,000 each. The debentures are to be offered to the public for cash at par. The money is to be used for the Company's expansion programme.

Star Paper Mills Ltd., Calcutta, will issue further capital of Rs. 30 lakhs divided into 3 lakh equity shares of Rs. 10 each for cash at par. The issue will be made to the existing shareholders and to the public simultaneously on the condition that only shares not taken up by the existing shareholders will be allotted to the public. The money will be used for financing the Company's expansion scheme.

The Aluminium Industries Ltd., Kundara, Kerala State, is to issue capital of Rs. 67.50 lakhs divided into 6,75,000 equity shares of Rs. 10 each for cash at a premium of Rs. 2.50 per share. The shares will be offered to the existing shareholders in the ratio of one new share for every two shares now held. The capital is required for manufacture of wire-drawing and stranding machines at Ramachandrapuram, near Hyderabad, in collaboration with a Japanese firm.

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General Manager

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CANE SHORTAGE, MYSORE SUGAR'S MAIN HANDICAP

1:4 BONUS ISSUE PROPOSED

WELCOME though it is, the improvemen in gross profit from Rs. 8.90 lakhs t Rs. 18.88 lakhs of the Mysore Sugar Compan Limited (Chairman and Managing Director Mr. V. Venugopal Naidu, Bangalore) during th year ended 30th June 1964 is rather intriguin when one finds that production of sugar declin ed from 27,390 tonnes to 22,091 tonnes and tota sale proceeds, which in the previous year ha increased from Rs. 342.81 lakhs to Rs. 393.7 lakhs, dropped to Rs. 330.30 lakhs. This is, how ever, not much of a riddle, and the answe lies in the decline in closing stocks fron Rs. 84.81 lakhs to Rs. 40.44 lakhs to the exten of which the 1963-64 sales have been pushe up without the goods having been actually pro duced during that year. In turn, therefore, an along with the decline in the cost of sugarcan purchased and milled from Rs. 114.45 lakhs t Rs. 93.48 lakhs, expenses on other heads als have come down from Rs. 134.27 lakhs t Rs. 115.80 lakhs, and the gross profit has gon up.

The net surplus, after the essential provi sions, though a credit balance of Rs. 2.12 lakh as against a debit balance of some Rs. 17,000 year before, is nowhere near the double figur mark which it used to be three-four years ag The reason for this is cane shortage which cor tinues to be the Company's main handicap. I the light of this, the Directors' decision to hav the rate of dividend on the 10-rupee ordinar shares to 15 per cent per annum, after maintair ing it even in the previous year at 30 per cen is quite justified, especially when the entir distribution is once again being met from re serves. An immediate provocation to impos the 50 per cent cut in dividend, however, seem to be that the dividend for 1963-64 is also pay able on the 213,677 new shares allotted to th shareholders as a rights issue at a premium c Rs. 2 per share in the proportion of one for one for-four bonus issue for which sanction has bee received from the Controller of Capital Issues

The following table compares the Com pany's progress in the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sales—				
Sugar and distillery products	316.70	376.86	328.95	323.68
Farm supplies	13.60	16.89	13.86	14.37
Other income	8.04	5.41	2.82	3.86
Closing stocks	40.44	84.81	156.56	100.61
Sugarcane purchased and milled	93.48	114.45	166.42	184.04
Expenses	115.80	134.27	140.46	134.37
Excise duty on sugar	66.56	69.77	74.34	77.86
Gross profit	18.88	8.90	20.37	28.28
Provision for—				
Depreciation	9.39	8.37	8.27	8.21
Taxation	7.37	0.70	10.00	11.00
Net profit (+) or loss (—)	+2.12	—0.17	+2.10	+9.07
Provisions written back	3.19	1.50	10.03	..
Withdrawal from reserves	4.75	5.80	..	..
Transfer to reserves and provisions	3.46	0.81	5.97	3.05
Dividend	6.47 (15%)	6.54 (30%)	6.54 (30%)	6.54 (30%)
Carry forward	0.18	0.05	0.26	0.64
Equity shares' market value (in rupees)	**1964**	**1963**	**1962**	**1961**	**1960**
High	46.75	53.40	56.50	60.50	59.25
Low	27.25 x.r.	43.75	53.40	56.50	49.50

Insufficient supplies of cane have not stop ped the Company from proceeding with the programme of expanding its crushing capacity and, in anticipation of the formal licence, i has installed additional equipments worth Rs. 23 lakhs during the long shut-down perioc of the factory from January to June this year The licence for doubling the distillery's capa city to 2.4 million gallons is expected to be received shortly. Manufacture of acetic acid has already been licensed and orders for plant and machinery against a foreign credit of Rs. 2 lakhs have been placed.

The rights issue has doubled the Company's paid-up capital from Rs. 21.79 lakhs t Rs. 43.16 lakhs, which is backed by reserves and surplus amounting to Rs. 114.91 lakhs. Bank loans have been reduced from Rs. 104.63 lakhs to Rs. 77.99 lakhs, apparently following the increase in the paid-up capital. These loans and current liabilities and provisions bring the total short-term indebtedness to Rs. 142.9 lakhs, which is well covered by current assets book debts and investments aggregating Rs. 213.24 lakhs. The gross block, carried in books at Rs. 198.75 lakhs (Rs. 181.60 lakhs a year before), has been written down to a net value of Rs. 61.62 lakhs and, with capital works in-progress, the total of net block is shown at Rs. 89.37 lakhs.

BALLARPUR PAPER'S PROFIT-MARGIN DOWN, DESPITE LARGER TURNOVER

DIVIDEND CUT SUBSTANTIALLY

SOME unavoidable teething troubles experienced in the working of its expanded paper mills and uncontrolled cost inflation have made a big dent in the profit-margin of the Ballarpur Paper and Straw Board Mills Ltd. (Managing Agents: Messrs. Karamchand Thapar & Bros. Private Ltd., Calcutta) for the year ended 30th June 1964. Thanks to an almost 50 per cent rise in the production and despatch of paper, the net realisation (that is, after deducting the excise duty paid) from the sale of paper and stationery has spurted quite smartly from Rs. 238.30 lakhs to Rs. 340.69 lakhs while closing stocks are also three times as high as those a year before. As against these improvements, the gross profit, on the other hand, has remained virtually stagnant at Rs. 60.25 lakhs. Commenting on this somewhat disquieting feature of the year's working, the Directors observe: "It is most unfortunate that the spiral of steady increases in prices of raw materials, chemicals and other stores still continues. These increases in the price of essential materials required for the manufacture of paper are obviously reflected in the manufacturing costs. The use of purchased pulp which is much more expensive than our own manufactured pulp has also contributed to the increased costs. The two new machines (commissioned during the year) had to be run only on purchased pulp, as our pulp mill was not ready. Since the prices of paper are fixed, it has been our constant endeavour to offset the increased production costs by better efficiency and operational control."

A very substantial portion of the almost unchanged gross profit has been absorbed by the provision for depreciation which has risen by as much as Rs. 35.45 lakhs to Rs. 43.37 lakhs consequent upon the commissioning of the two new paper machines installed during the year. As a result, the net profit has declined quite sharply from Rs. 24.83 lakhs to Rs. 15.25 lakhs, despite the fact that the provision for Managing Agents' commission has been reduced from Rs. 4.10 lakhs to Rs. 1.63 lakh and no provision has been found necessary for taxation as against Rs. 23.15 lakhs provided the year before. After supplementing this with the amount brought forward from the previous year and Rs. 39.64 lakhs withdrawn from reserves the Directors have first credited Rs. 43.50 lakhs (Rs. 90,000) to the statutory development rebate reserve and a further Rs. 1.17 lakh for the payment of preference dividend. In view of heavy disbursements in connection with the implementation of the expansion scheme and the imperative need to conserve available resources to the maximum they have considered a temporary reduction in equity dividend as advisable. Accordingly, the dividend has been cut from 14.5 per cent to 7.5 per cent. The cut is rather sharp, but, as the Directors have described it as only temporary, one may expect it to be restored in the near future.

The Company's past four years' working results are set forth in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th June			
	1964	1963	1962	1961
Sale of paper and stationery less excise duty paid	340.69	238.30	213.79	208.29
Other income	7.11	15.56	16.12	12.13
Closing stocks	12.55	4.79	5.09	4.84
Materials and stores consumed	173.27	99.61	76.75	74.65
Excise duty paid	58.02	36.05	34.99	31.81
Other expenses	120.04	93.95	77.30	69.39
Gross profit	60.25	60.00	76.11	73.70
Managing Agents' commission	1.63	4.10	5.03	4.91
Provision for—				
Depreciation	43.37	7.92	7.42	7.38
Taxation	..	23.15	31.50	25.00
Net profit	15.25	24.83	23.16	36.41
Withdrawal from reserves	39.64	..	..	..
To reserves	43.50	2.89	11.20	26.10
Dividends—				
Preference	1.17	1.63	1.63	1.63
Ordinary	10.73 (7.5%)	20.73 (14.5%)	20.73 (14.5%)	9.60 (14.5%)
Carry forward	..	0.51	0.93	2.28
Market price of ordinary shares (in rupees):	**1964**	**1963**	**1962**	**1961**
High	18.06	19.31	19.69	74.75*
Low	15.56	14.50	17.06	36.00*

* For the Rs. 25 paid shares.

During the year under review, both production and sales of paper registered a considerable increase. Production was 19,611 tonnes, as against 13,225 tonnes in 1963-64, while sales were 18,685 tonnes as against 13,185 tonnes. These increases were possible because of the commissioning of the M.G. machine in October 1963 and the new M.F. machine in March 1964. As the pulp mill was not ready for operations both these machines had to be run on purchased pulp. Since the close of the year, however, the pulp mill, coal boilers and the recovery section have been completed and the plant has been pressed into service. Working conditions in the recovery section, we are told, have not yet been stabilised and this is the main reason why the new machines are not being run to their full capacity. It is, however, hoped that the recovery section would settle down within the next few weeks when production would rise to 115 tonnes per day. With the commissioning of the pulp mill, the paper making machines would be run on pulp produced in the mill itself and this should result in a substantial reduction in production costs, other things remaining the same. The erection of the Empacel pulp and paper mill is also in progress. The stationery wing continued to show satisfactory results for the year under review.

The financial position of the Company continues to be fairly good. The paid-up share capital stands unchanged at Rs. 161.32 lakhs of which only Rs. 18.09 lakhs are in preference shares of Rs. 100 each while the balance, that is, Rs. 143.23 lakhs, is in ordinary shares of Rs. 10 each. The share capital is supported by reserves which, as at 30th June 1964, aggregate Rs. 117.25 lakhs. Since the recently completed expansion programme was financed mainly by long-term loans, borrowings both on secured and unsecured terms aggregate as high as Rs. 424.05 lakhs, as against total "own" funds of Rs. 278.57 lakhs. Besides these there are current liabilities and provisions totalling Rs. 397.66 lakhs. Additions to fixed assets during the year amounted to Rs. 285.61 lakhs and as such the block account has now risen to Rs. 589.69 lakhs. On deducting therefrom Rs. 275.99 lakhs being the depreciation provided so far, a net block of Rs. 313.70 lakhs is obtained. The cost of capital work-in-progress including the advance paid against machinery and steel structure is placed at Rs. 382.08 lakhs and this is in addition to the net block. Investments, all of which are in shares of companies belonging to the same group, are carried in the books at a cost of Rs. 36.38 lakhs of which Rs. 20.74 lakhs are in quoted shares with a market value of Rs. 20.43 lakhs as at the date of the balance sheet. Current assets, loans and advances total Rs. 364.43 lakhs while miscellaneous expenditure yet to be recouped stands at Rs. 3.65 lakhs. It will thus be noted that the resources position of the Company is rather strained. For a long time to come, the Company will, therefore, have to conserve a good part of its profits.

As regards the outlook, the Directors state in their report that the increase in output and sales achieved during the year augurs well for the future. At the same time, they have warned the shareholders against undue optimism. With th expansion of some of the old mills, they say, paper is now available in plenty and the demand is not as brisk as it was in the past. With consumers becoming increasingly quality-conscious, the paper market is becoming more and more competitive. The Company, however, has little to worry on this score as the paper manufactured by it is still considered, quality-wise, among the best available in the country.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 15.56 *cum-div.* On the basis of *ex-div.* price, they fetch a net annual return of four per cent for the fresh investor.

AIR-INDIA CURTAILS SERVICES

The management of Air-India has decided to curtail with immediate effect, one service to London and one service to Tokyo to meet operational requirements. This decision was taken in Bombay on 14th December 1964, following discussions between the Management and the Indian Pilots' Guild. The airline industry the world over is experiencing an acute shortage of pilots and Air-India is no exception.

The Indian Airlines Corporation, at the request of Air-India, has agreed to release to Air-India 17 pilots immediately, and additional pilots in gradual stages, to enable Air-India to meet its operational commitments. The pilots are expected to join Air-India in the very near future and commence training on the Boeing aircraft.

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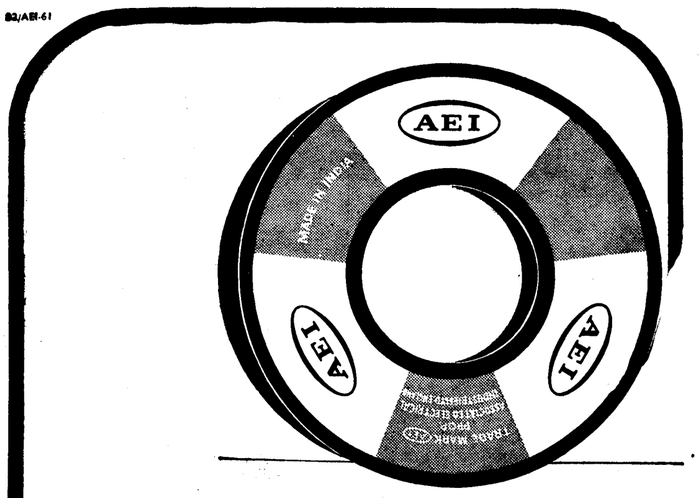

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SYNOPSES OF COMPANY REPORTS

Central India Spg., Wvg. and Mfg. Co., Ltd.

(*Secretaries & Treasurers*: Tata Industries Private Ltd., Bombay.)

Ninetieth Annual General Meeting—24th December 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales of cloth, yarn and waste (gross)	7,63,65	7,92,05
Closing stock	1,22,86	1,14,50
Gross profit	45,27	17,88
Transfer to depreciation	29,45	14,29
Net profit	84,82	3,59
Appropriations:		
To adjustment against loss brought forward ..	24,82	3,59
Carry forward (debit)*	—15,38	—49,20
Market value of ordinary shares (in rupees):	1964†	1963
High	107.00	125.50
Low	85.50	84.50

* After adjustment with general reserve.
† Upto 30th November 1964.

Extracts from the Directors' report: The gross profit for the year shows an appreciable increase as compared to the corresponding figure for the previous financial year. The increase in the profits was mainly due to the improved tone of the cloth market accompanied by changes in the pattern of production and the continuous process of renovation and rehabilitation of the mills.

In view of the arrears of losses still to be written off and the need to conserve the financial resources of the Company, the Directors regret their inability to recommended payment of any accumulated arrears of preference dividend.

Production during the year under review was well maintained with the utilisation of the manufacturing capacity to the maximum extent possible, under the present operating conditions.

New Plant and Machinery: During the year under report, new and used plant and equipment of the approximate value of Rs. 27 lakhs was installed. These included combing equipment, drawing frames, drying ranges, automatic looms, conversion material for ring frames, drafting system and other miscellaneous humidification, electrical and mechanical equipment. Orders have also been placed, after the close of the financial year, for plant and equipment of the approximate value of Rs. 3 lakhs.

Loan from the Industrial Finance Corporation: Reference was made in the Chairman's statement of the previous accounting year to the negotiations started by the Company with the Industrial Finance Corporation of India for a long term loan of Rs. 50 lakhs to finance further expenditure on new plant and equipment. The negotiations are still continuing and it is hoped that before the end of 1964, the loan will be sanctioned.

Proposed Increase in Capital: The consent order of the Controller of Capital Issues, for the issue of new equity capital amounting to Rs. 46,87,500, which was last extended upto 30th June 1964 has been further extended upto 30th June 1965. The Board has not yet considered it opportune to make an offer to the shareholders for new capital in terms of this consent order.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	96,87,500	Gross block ..	3,71,52,453
Reserves ..	10,75,722	—Depreciation	67,49,946
Other liabilities ..	5,81,08,585	Net block ..	3,04,02,507
		Block in progress ..	2,95,031
		Current assets ..	3,51,13,645
		Investments ..	10,93,501
		Cash ..	4,28,585
		P.L. a/c deficit ..	15,37,938
	Rs. 6,88,71,807		Rs. 6,88,71,807

* Paid-up capital consists of 10,000—5 per cent. tax-free cumulative preference shares of Rs. 500 each and 46,875 ordinary shares of Rs. 100 each. Of the above, 31,171½ ordinary shares have been allotted as fully paid-up bonus shares by capitalisation of reserves.

India Carbon Ltd.

(*Chairman*: Mr. P. D. Himatsingka, Calcutta.)

Third Annual General Meeting—Held on 4th December 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales	83,45	48,66
Closing stock	13,70	3,69
Gross profit	20,31	6,94
Transfer to depreciation reserve ..	7,12	3,65
,, ,, development rebate reserve ..	8,09	1,59
Net profit	5,10	1,70
Appropriations:		
To adjustment of loss brought forward ..	Nil	1,70
Proposed dividends (taxable) preference ..	2,17	Nil
,, ,, equity ..	6%	Nil
Carry forward ,, ...	2,92*	Nil

* Subject to deduction of the amount required for equity dividend at the rate of 6 per cent.

Extracts from the Directors' report: During the period under report, the Plant's performance and the Workers' efficiency have continued to be satisfactory resulting in all round improvement.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	49,97,950	Block ..	82,65,163
Reserves and surplus ..	23,36,299	Current assets ..	35,61,271
Other liabilities ..	57,14,799	Cash ..	5,72,628
		Miscellaneous expenditure ..	3,49,986
	Rs. 1,30,49,048		Rs. 1,30,49,048

* Paid-up capital consists of 40,000 equity shares of Rs. 10 each and 10,000—9.3 per cent. taxable cumulative redeemable preference shares of Rs. 100 each. Call in arrears (on equity capital) amount to Rs. 2,050.

Saurashtra Cement and Chemical Industries Ltd.

(*Managing Director*: Mr. Khimjibhai N. Mehta, Bombay.)

Registered Office: Opp. Railway Station, Ranavav, Gujarat.

Eighth Annual General Meeting—28th December 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales of cement, salt, lime and gypsum ..	2,18,43	1,90,26
Closing stocks	8,05	10,96
Gross profit	66,64	58,47
Transfer to depreciation	33,35	23,81
,, ,, provision for taxation	2,30	Nil
Net profit	30,99	34,66
Excess provision for development rebate reserve written back	11,68	Nil
Appropriations:		
To adjustment of loss brought forward ..	22,70	27,47
Transfer to development reserve ..	1,47	3,30
,, ,, rehabilitation and development rebate reserve	4,27	3,89
,, ,, special reserve	12,00*	Nil
Carry forward credit (+) or debit (—) ..	+2,23	—22,70
Market value of equity shares (in rupees):	1964†	1963
High	125.50	..
Low	110.00	..

* Represents profit exempt from tax under Sections 84 and 101 of the Income-tax Act, 1961.
† Upto 30th November 1964.

Extracts from the Directors' report: Out of the Special Reserve of Rs. 12,00,000 the Directors recommend dividend on 6 per cent income-tax free cumulative redeemable preference shares from the date of allotment of said shares upto the year ended 30th June, 1960 which amount works out at Rs. 11,77,500 approximately, calculated at the rate of 7.8 per cent, as required by provisions of Preference Shares (Regulation of Dividend) Act, 1960.

During the year ended on 30th June, 1964, the working of the Company has been quite regular and normal. As against the production of clinker of 210,500 tonnes last year, it has been 205,000 tonnes this year and the production of cement has been 219,400 tonnes this year as aganist 214,000 tonnes last year.

The Company has incurred a total capital expenditure of Rs. 21,75,399 of which Rs. 6,99,414 have been expanded by the Company at its Singach Salt Works at Singach near Jamnagar.

The Company is progressing steadily in connection with its erection work of the expansion project which is going on in full swing. The Directors hope that if everything goes well, the Company will be able to go in for production of expansion project by first quarter of 1965 when the Company will have a total rated capacity of production of over five lakh tonnes of cement per annum, in place of the existing capacity of two lakh tonnes of cement per annum.

As to the progress of Singach Salt Works of the Company situated at Singach near Jamanagar, it is to be noted that the Salt Works could not achieve its production target during the year under review on account of natural calamities like torrential winds and heavy rainfall which washed away considerable quantity of accumulated brine water in Sagarpalas and production of salt respectively. In view of this, the Salt Works of the Company could produce only 12,425.310 tonnes of salt during the year under consideration.

The Company also undertook the activity of excavation of *Gypsum* at Adesar Mines in Kutch and the total production of *Gypsum* amounted to 622.750 tonnes during the year of which 376.126 tonnes of *Gypsum* were sold during the year.

The *Lime Kiln* of the Company at Ranavav had been worked only for some period during which there was a total production of 647.404 tonnes and of which 477.384 tonnes were sold during the year.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	1,50,00,000	Gross block ..	3,00,26,382
Reserves and surplus..	61,14,068	—Depreciation	1,16,34,093
Other liabilities ..	96,61,944	Net block ..	1,83,92,289
		Block in progress ..	21,24,619
		Current assets ..	95,41,015
		Cash	5,59,723
		Miscellaneous expenditure ..	1,58,366
	Rs. 3,07,76,012		Rs. 3,07,76,012

* Paid-up capital consists of 1,00,000 equity shares of Rs. 100 each and 50,000—6 per cent. income-tax free cumulative redeemable preference shares of Rs. 100 each.

Inchek Tyres Ltd.

(*Managing Agents*: National Rubber Manufacturers Ltd., Calcutta.)

Fourth Annual General Meeting—22nd December 1964.

Extracts from the Directors' report for the year ended 30th June 1964:

Change of Name: As per special resolution passed at the extraordinary general meeting of the shareholders of the Company held on 20th May, 1964 the name of the Company was changed to Inchek Tyres Limited and the new name became effective from 20th June, 1964.

Buildings, Plant and Machinery: During the year under review construction of buildings and installation of plant and machinery required for the first stage production of 600 tyres per day was virtually completed including suitable provision in respect of buildings and structures for the second stage expansion as per industrial licence received from the Government of India in February, 1963.

Production: After satisfactory completion of tests in respect of initial production of tyres and tubes at the Company's plant at Kankinara, Dt. 24-Parganas, commercial production commenced from December, 1963 and have since been steadily increasing. Production programme for the manufacture of 350 tyres per day has been presently taken in hand.

Marketing: Almost simultaneously with the commencement of bulk production the Company's products are being marketed initially through the all-India net work of sales offices of the Managing Agents and the quality of the tyres and tubes produced at the Company's factory has already been satisfactorily established in the market and highly appreciated by customers.

Export: In accordance with the agreement with the collaborators the first export consignment of the Company's tyres was shipped to Czechoslovakia in August 1964. Since then the Company has taken up a programme of progressively increasing its exports to East European, African and other countries from where substantial orders have been received.

Expansion Programme: As already mentioned adequate provision has been made for undertaking a further expansion programme in the existing buildings. Details of plant, machinery and equipments required for the expansion have been finalised after negotiations with the technical collaborators and application has been submitted for an import licence for such plant and machinery.

The Industrial Finance Corporation of India has sanctioned an additional loan of Rs. 40 lakhs to meet a part of the finance required by the Company for balancing its present production re-lating to certain types and sizes of tyres and tubes. Consent has already been obtained from the Controller of Capital Issues for making a *rights issue* of equity shares of Rs. 80 lakhs at par at the rate of one new share for every existing equity share held in the Company. The Directors propose to make the issue at an appropriate time having regard to the requirement of funds for the phased implementation of the expansion programme and to the prevailing climate of the investment market.

Accounts: During the year under review the sales of the Company's products amounted to Rs. 28,28,060. After taking into account all expenses and depreciation there was a loss of Rs. 8,94,695 for the year which, together with the balance brought forward from the previous year, amounts to Rs. 12,75,335 and the Directors recommend that the same be carried forward.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	99,22,722	Gross block ..	1,01,02,281
Other liabilities ..	1,06,79,505	—Depreciation ..	3,87,247
		Net block ..	1,87,15,034
		Block in progress ..	4,71,385
		Expenditure during construction ..	1,70,941
		Current assets ..	52,09,197
		Cash	3,99,448
		Miscellaneous expenditure ..	3,60,887
		P.L. a/c deficit ..	12,75,335
	Rs. 2,06,02,227		Rs. 2,06,02,227

* Paid-up capital consists of 8,00,000 equity shares of Rs. 10 each and 20,000—9 per cent. (free of company's tax) redeemable cumulative preference shares of Rs. 100 each. Calls unpaid on equity shares amount to Rs. 68,978 and on preference shares to Rs. 8,300.

Baroda Rayon Corporation Ltd.

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

Sixth Annual General Meeting—16th January 1964.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1964	1963
Sales of yarn and waste	3,39,87	1,35,54
Other sales	5,94	1,57
Closing stock	68,14	43,64
Gross profit (+) or loss (—)	+64,15	—40
To Managing Agents' remuneration	50	50
Net profit (+) or loss (—)	+63,65	—40
Credit balance brought forward	2,03	3,74
Excess tax provision written back	Nil	19
Total available balance	65,68	3,93
Appropriations:		
To adjustment of loss brought forward ..	Nil	40
Transfer to depreciation (for previous year)..	54,37	1,49
Carry forward	11,31	2,03
Market value of equity shares (in rupees):	1964†	1963
High	99.00	126.00
Low	61.50	87.00

† High and low upto 10th December 1964.

Extracts from the Directors' report: This marks the first year of full operation of the Rayon Plant, which has now progressively achieved the optimum efficiency. The quality of rayon yarn produced can compete with the rayon yarn produced by any other competitive manufacturer and the same has been well received by the weavers all around.

Production and Sales: The output of rayon yarn was 2,764 M. tons on 100 Denier basis against the licensed capacity of 2,300 M. tons per annum. The Tariff Commission was directed by the Government of India during the early part of the year to go into the cost-structure of the Rayon Industry, but it had to discontinue its enquiry as the distribution and price control on rayon yarn was removed in December, 1963. The industry was likely to get better realisation for its yarn but heavy imposts of excise duty to the extent of 50 per cent on the existing rates in the last Budget belied the earlier expectations and instead, the prices started sagging with the result that the industry was faced with the accumulation of stocks. The Company could not sell its goods in the distressed conditions and, therefore, had to face the problem of accumulation of stocks. The market conditions remained sluggish and unfavourable during a considerable part of the year. It was only in the middle of October, 1964, that the long-awaited relief, though inadequate, has been given to the industry. The Directors hope that the stocks of the Company would be cleared off in the course of next two months. The demand is likely to rally and the turnover and the working of the Company may show an improvement in the course of the next year.

Expansion: The import Licence for the import of plant and machinery for increasing the capacity of the plant by 1½ tons per day has not yet been received. This matter continues to receive the best attention of the Directors and it is felt that in the course of the next 3-4 months, the long-awaited licence may be received. The Company received during the year, a licence for the import of equipments to convert its boilers from coal-firing to oil-firing. The shipment is expected to be at the site in the beginning of December, 1964.

Under the Government's Incentive Scheme for Export of Rayon Fabrics, the Company is likely to receive a weaving capacity of 100 looms for the manufacture of rayon fabrics. The details of the scheme are awaited.

Accounts in brief as at 30th September 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	4,75,79,800	Gross block ..	8,81,05,720
Reserves and surplus..	11,68,195	—Depreciation ..	55,86,161
Other liabilities ..	4,90,76,372	Net block ..	8,25,19,559
		Block in progress ..	2,58,591
		Current assets ..	1,50,03,906
		Cash	42,221
	Rs. 9,78,24,367		Rs. 9,78,24,367

* Paid-up capital consists of 4,76,043 equity shares of Rs. 100 each. Allotment and instalment money in arrears amount to Rs. 24,500.

Nonsuch Tea Estates Ltd.

(*Managing Agents*: Harrisons and Crosfield Ltd., Cochin-3, Kerala State.)

Fortieth Annual General Meeting—Held on 28th November 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Proceeds of tea season—1962-63	6,24	4,32
,, ,, —1963-64	35,95	42,27
Gross profit	12,47	18,36
To Managing Agents' remuneration	61	82
Transfer to depreciation	1,14	91
,, ,, provision for taxation	4,68*	8,78†
Net profit	6,04	7,85
Transfer from special reserve	20	Nil
Provisions written back	74	6
Balance brought forward	28	44
Appropriations:		
To balance bonus to labour for 1962 ..	4	Nil
,, ,, estate staff for 1962-63..	3	2
To tax arrears for past years	..	1,02‡
,, retirement gratuity to superintendent ..	24	Nil
Transfer to development rebate	36	14
,, ,, rebate reserve ..	1,25	1,00
,, ,, contingency reserve ..	50	1,25
To interim dividend (taxable) ordinary ..	2,31 (10%)	1,15 (5%)
Proposed final dividend (taxable) ordinary ..	2,31 (10%)	3,47 (15%)
Total ordinary dividend per cent.	[20%]	[20%]
Carry forward	23	28
Market value of ordinary shares (in rupees):	1964§	1963
High	23.75	24.50
Low	21.50	21.00

* Includes surtax Rs. 11,000.
† Includes super profits tax Rs. 1,10,600.
‡ Relates to tax arrears for past years of Rs. 13,605 and super profits for 30-6-1962 of Rs. 88,000.
§ High and low upto 30th November 1964.

Extracts from the Directors' report:

Costs and Prices	Cost Per kg.	Price Per kg.	Net Per kg.
1961-62	Rs. 2.97	Rs. 5.98	Rs. 3.01
1962-63	,, 2.88	,, 5.80	,, 2.92
1963-64	,, 3.27	,, 5.55	,, 2.28
	Total		*Yield per acre*
Crops	Lbs.	Kgs.	Lbs. Kgs.
1961-62	1,369,495	621,193	1,628 738
1962-63	1,607,401	729,106	1,912 867
1963-64	1,428,827	648,106	1,635 742

Capital expenditure incurred during the year 1963-64 was Rs. 3,06,662 (Rs. 1,85,175 for 1962-63).

Estimates 1964-65. These provide for a crop of 590.000 kgs./1,300,726 lbs. at an estimated cost of production of Rs. 3.39 per kg./Re. 1.54 per lb.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	23,10,000	Gross block ..	42,36,160*
Reserves and surplus..	13,16,121	—Depreciation ..	16,15,664
Other liabilities ..	16,13,256	Net block ..	26,20,496
		Current assets ..	6,57,766
		Investments ..	3,84,147
		Cash	15,66,968
	Rs. 52,39,377		Rs. 52,39,377

* Paid-up capital consists of 2,31,000 ordinary shares of Rs. 10 each. Of the above, 1,21,000 shares have been allotted as fully paid up by way of bonus shares through the capitalisation of reserves.

Blue Mountain Estates and Industries Ltd.

[*Managing Agents*: Kothari & Sons (Agencies) Private Ltd., Madras.]

Twenty-first Annual General Meeting—30th December 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Proceeds of tea crop	43,03	45,53
,, ,, coffee crop	22,54	30,78
,, ,, fertilisers	76,35	37,70
Closing stock of tea, timber and fertilisers ..	30,39	40,07
Gross profit	14,82	24,40
To Managing Agents' commission	50	1,46
Transfer to depreciation	10,73	9,03
,, ,, provision for taxation	2,00	6,50
Net profit	1,59	7,41
Transfer from dividend equalisation reserve ..	5,00	2,50
Balance brought forward	55	57
Appropriations:		
Transfer to development rebate reserve ..	Nil	1,53
Proposed dividends (taxable) equity ..	8,72 (8%)	8,40 (10%)
Carry forward	41	55
Market value of equity shares (in rupees):	1964*	1963
High	2.53	2.72
Low	2.17	2.20

* Upto 4th December 1964.

Extracts from the Directors' report: The reasons for the low profits are the smaller tea crop and lower prices and a lower crop of coffee of 628,836 kgs. compared with 799,579 kgs. of previous year. This was due to climatic conditions.

Cost and Crop—Tea: Due to severe adverse weather conditions, the crop harvested was only 686,265 kgs. against the estimate of 905,000 kgs.

Coffee: The crop harvested this year was 628,836 kgs. as against an estimate of 520,000 kgs.

Tea		1961-62	1962-63	1963-64
Crop in kgs.	..	716,244	853,764	686,265
All-in-cost per kg.	Rs.	4.12	3.65	4.50
Yield per hectare in kgs. ..	..	1,340	1,749	1,295
Net price realised per kg. ex-estate	Rs.	4.84	4.81	4.63
(1 kg. : 2.2 lbs.		1 hectare : 2.5 acres)		

(Net price is calculated after deducting brokerage, excise duty, cess, sales-tax and shipping expenses.)

Coffee		1961-62	1962-63	1963-64
Crop in kgs.	..	612,417	799,579	628,836
All-in-cost per kg.	Rs.	2.66	2.83	2.80

Estimate for 1964-65: Tea: The crop has been estimated at 870,000 kgs. to be manufactured at an all-in-cost of Rs. 4.00 per kg.

Coffee: A crop of 813,000 kgs. at an all-in-cost of Rs. 2.53 per kg. has been estimated.

New Factory: Construction of a new factory at the Company's Colacumbie Estate in Coonoor was taken up and it will go into production early 1965. This new factory will save transport charges on green leaf, also relieve the congestion in the Brooklands factory. Further, the quality of tea is expected to improve. From the year 1965 onwards this tea will be marketed as Colacumbie teas.

Development Programme: About 6 hectares of tea were planted in Nilgiri Estates and about 13 hectares of Coffee in Santawerry Estate. The programme of new extensions is being maintained as per schedule.

Citrus and Pepper: *Citrus* seedlings and pepper cuttings interplanted in coffee 3 years back in Santawerry and Santaghery Estates in Mysore State are coming up very well. During this year, the Company has planted *Citrus* plants in 24 hectares of land in Santaghery Estate. During the next 3 years the entire *Arabica* Block will have been interplanted with *Citrus* plants, i.e., in a total of 120 hectares.

Fertiliser Factory: The production and marketing of superphosphate this year have been satisfactory. The turnover in respect of mixtures has also improved considerably and the Company marketed 5,800 tonnes of various N.P.K. mixtures. If more of straight nitrogenous fertilisers had been available the production of mixtures would have been much larger. The Company opened mixing centres at Bangalore, Tiruchirapalli, Tinnevelli, Pollachi and Villupuram during the year. A mixing centre at Kurnool has also been opened to cover practically the whole of Rayalaseema District.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	84,00,000	Gross block ..	1,56,46,906
Reserves and surplus..	21,62,111	—Depreciation ..	36,51,620
Other liabilities ..	96,31,501	Net block ..	1,19,95,286
		Livestock ..	2,200
		Current assets ..	77,26,020
		Investments ..	2,40,271
		Cash	2,29,835
	Rs. 2,01,93,612		Rs. 2,01,93,612

* Paid-up capital consists of 42,00,000 equity shares of Rs. 2 each. Of the above, 10,00,000 equity shares of Rs. 2 each are issued as fully paid-up bonus shares.

Phosphate Co., Ltd.

(*Chairman*: Mr. B. D. Bangur, Calcutta.)

Annual General Meeting—30th December, 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1964	1963
Sales	1,48,51	99,19
Closing stock	12,07	14,85
Gross profit	21,99	16,02
To Secretaries' and Treasurers' commission ..	1,40	83
Transfer to depreciation	5,24	4,70
,, ,, provision for taxation	7,50	6,50
Net profit	7,85	3,99
Appropriations:		
Transfer to development rebate reserve ..	27	1,22
,, ,, general reserve	3,20	1,00
,, ,, dividend reserve	4,65	3,38
Proposed dividends (taxable) ordinary ..	4,64* (15%)†	3,38* (15%)‡
Carry forward	4	11
Market value of ordinary shares (in rupees):	1964§	1963
High	191.00	255.00
Low	168.00	127.00

* Dividends—payment out of the dividend reserve.
† On the increased or tinary capital of Rs. 30,89,750.
‡ On a paid-up capital of Rs. 22,50,000.
§ High and low upto 4th December 1964.

Extracts from the Directors' report: The year under review has been significant as the production of *Superphosphate* has touched a new peak at 50,930 tonnes which is much above the licensed capacity of 36,000 tonnes. Lately there has been difficulty in obtaining *Rock Phosphate* in sufficient quantity due to much lower allotment by the Government necessitating subsequent shut down of the Plant. Since then the licensed capacity for the manufacture of *Superphosphate* has been increased to 61 800 tonnes per annum and it is expected that there should be no difficulty in obtaining sufficient quantity of raw materials.

Accounts in brief as at 30th June 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	31,19,700	Gross block ..	69,33,219
Reserves and surplus..	25,79,303	—Depreciation ..	32,85,482
Other liabilities ..	57,00,081	Net block ..	36,47,737
		Block in progress ..	25,995
		Current assets ..	76,68,274
		Investments ..	45,441
		Cash	11,687
	Rs. 1,13,99,084		Rs. 1,13,99,084

* Paid-up capital consists of 30,091 ordinary shares of Rs. 100 each. Calls in arrears amount to Rs. 350. The amount received on application for 599 shares is Rs. 29,950.

Notices

BALMER LAWRIE AND COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Board of Directors has today declared an Interim Dividend of 7 per cent (subject to deduction of Income Tax) on the Ordinary Shares of the Company, in respect of the year 1964. The dividend will be payable on or after 29th December, 1964 to those members whose names are entered in the Register of Members of the Company on that date. Dividend Warrants will be despatched to members and no application to the Company is necessary.

NOTICE is also hereby given that the Register of Members of the Company will be closed from 18th December, 1964 to 29th December, 1964, both days inclusive.

By Order of the Board,
D. MANSON,
Managing Director.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *8th December*, 1964.

THE BRITANNIA BISCUIT COMPANY LIMITED

THE DIRECTORS HAVE TODAY DECLARED an Interim Dividend in respect of the year ending 31st March 1965, at 6 per cent on the Ordinary Shares and 5.20 per cent on Preference Shares, both subject to deduction of tax.

The Register of Members of the Company will be closed from Saturday the 26th December 1964 to Monday the 4th January 1965, both days inclusive, and the dividends will be paid on or after the 15th January 1965 to the Shareholders whose names appear in the Register of the Company on the 4th January 1965.

By Order of the Board,
A. P. CHANDA,
Director and Secretary.

15, TARATOLA ROAD,
CALCUTTA-53.
11th December 1964.

FOOD CORPORATION ACT OUTLINED

(*Concluded from page* 1082)

procurement, the Government would not hesitate to take recourse to it and requisition the stocks under the Essential Commodities Act and the Defence of India Act. It would have freedom to choose its purchase agents at the market centres from the co-operative marketing societies, commission agents, wholesale traders and rice mills. The Corporation, in due course, would extend its sphere of operations to other areas and might also be entrusted with powers to negotiate and procure supplies from abroad. But, the Minister hinted that it was not likely to take up procurement of wheat for quite some time. Even in the next year, the Minister said wheat imports were likely to amount to 4½ to 5 million tonnes and it might not be necessary for the Corporation to buy wheat in the internal market.

It is envisaged that the Corporation would ultimately turn its attention to the long-term objective of assisting the farmer in the overall increase of agricultural production. Credit will be the principal means by which the farmer would be brought closely with the Corporation's activities. Mr. Subramaniam assured the House that the rate of interest would be as low as possible. The Corporation would also undertake the supply of productive inputs to those farmers who entered into agreement with it. The development of subsidiary foods and food processing industries might also receive the attention of the Corporation at a later date.

JAPAN MACHINE TOOLS EXHIBITION

The exhibition of machine tools and textile machinery organised by the Japan Machinery Centre at U.S. showroom at Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Bombay, was declared open by Dr. B. P. Divgi, Mayor of Bombay, on Monday this week. The exhibition will be open to the public till the 26th inst. In all, there are seventeen machineries and other products representing 21 leading Japanese manufacturers. These exhibits will enable the Indian industrialists to have a glimpse at the latest technical developments in the Japanese machinery and precision instruments industries.

THIS ANNOUNCEMENT IS NOT A PROSPECTUS

Persons interested in full details are requested to obtain copies of the Prospectus, which are available from the Registered Office of the Company or from the Offices of the Company's Brokers, Bankers to the Issue and the Underwriters.

KALYANPUR LIME & CEMENT WORKS LIMITED

(The Company was incorporated in India as a Public Company on the 11th August, 1937, under the Indian Companies Act, 1913)

REGISTERED OFFICE: **2 & 3, CLIVE ROW, CALCUTTA-1**

EXISTING AND PROPOSED ACTIVITIES

The Company's business is the manufacture of Portland Cement and Lime. The existing manufacturing capacity of cement is 420 tons per day. The Company has an Industrial Licence to instal an additional plant with a capacity of 600 tons per day, which is now proposed to be installed.

LOCATION OF WORKS

The Company works limestone quarries at Banjari in the district of Shahabad, Bihar, and has its cement factory adjacent to the quarries.

SHARE CAPITAL

Authorised: Rs.		Issued, Subscribed and fully Paid-up Rs.
23,00,000	Divided into 23,000 8.5% Cumulative Preference Shares of Rs. 100 each (free of Company's Income Tax but subject to deduction of taxes at source at the prescribed rates) with participating rights ..	19,75,000
42,00,000	Divided into 42,000 9.5% Cumulative Redeemable Preference Shares of Rs. 100 each (free of Company's Income Tax but subject to deduction of taxes at source at the prescribed rates)	—
1,35,00,000	Divided into 13,50,000 Equity Shares of Rs. 10 each	54,25,000
2,00,00,000		74,00,000

PRESENT ISSUE:

	Rs.
30,250 9.5% Cumulative Redeemable Preference Shares of Rs. 100 each at par (free of Company's Income Tax but subject to deduction of taxes at source at the prescribed rates)	30,25,000
4,57,500 Equity Shares of Rs. 10 each at par	45,75,000
	76,00,000

Out of the Present Issue:

(1) 57,500 Equity Shares of Rs. 10 each have been subscribed for and will be allotted to the Chairman, Directors or their friends	5,75,000
(2) **Now Offered at par to the Public:**	
(a) 30,250 9.5% Cumulative Redeemable Preference Shares of Rs. 100 each (free of Company's Income Tax but subject to deduction of taxes at source at the prescribed rates)	30,25,000
(b) 4,00,000 Equity Shares of Rs. 10 each	40,00,000
	70,25,000

BOARD OF DIRECTORS

1. **Sri CHANDRADEVA PRAKASH SINHA, M.A.,** *Chairman*, Edward House, Arrah (Bihar). Industrialist.

   Chairman of:
   Bank of Behar Ltd.
   South Behar Sugar Mills Ltd.
   Kirlampudi Sugar Mills Ltd.
   Madras Vanaspati Ltd.

2. **PANDIT RAMKRISHNA DAVE, M.A., LL.B.,** 9, Elgin Road, Allahabad. Advocate.

   Partner in:
   Import Association, Allahabad.

3. **Sri HARINANDAN SAHAYA,** 26C, Alipore Road, Calcutta-27. Industrialist.

   Director of:
   Associated Pigments Ltd.
   Indian Coconut Products (P) Ltd.
   South Behar Sugar Mills Ltd.
   Hindustan Vehicles Ltd.

4. **Sri NARBADA SANKAR RANCHHODLAL PANDYA,** 101, Walkeshwar Road, Bombay-6. Merchant.

   Director of:
   Betterby Corporation Ltd.
   Karnatak Sugar & Cellulose Works Ltd.

5. **Sri MADHAB CHURN LAW,** M.A., 223, Cornwallis Street, Calcutta. Merchant.

   Director of:
   Associated Pigments Ltd.

   Partner in:
   Messrs. M. C. Law & Co.
   Messrs. C. C. Law & Co.
   Messrs. K. D. Law & Co.

6. **Sri GANESH PRASAD,** "Kunj Vilas," Exhibition Road, Patna. Landlord.

7. **Sri SATYADEVA PRAKASH SINHA,** B.Sc. (London), Edward House, Arrah (Bihar). Industrialist.

8. **Sri KARUNA KANT DUTT,** 55, Karaya Road, Calcutta. Stock Broker.

   Director of:
   Ondal Coal Co. Ltd.
   Sendra Coal Co. Ltd.
   Standard Coal Co. Ltd.
   General Investment & Trust Ltd.
   Investment & Finance Co. Ltd.
   Punjab Minerals Co. Ltd.
   Amalgamated Development Ltd.
   Shalimar Rope Works Ltd.
   Britannia Engineering Co. Ltd.
   Birds Investments Ltd.
   B. N. Kalen Ltd.
   Bengal Freemasons' Trust Association.

Managing Director of:
Place, Siddons & Gough (P) Ltd.

DATES OF OPENING AND CLOSING OF SUBCRIPTION LIST

The Subscription List will open at the commencement of banking hours on the 24th December, 1964 and will remain open until the close of banking hours on the 4th January, 1965 or earlier at the discretion of the Directors, but not before the close of banking hours on the 30th December, 1964.

APPLICATIONS

Copies of the Application forms and Prospectus can be obtained from the Registered Office of the Company or from the undermentioned Bankers, Brokers and Underwriters.

BANKERS

ALLAHABAD BANK LIMITED, Patna.
FIRST NATIONAL CITY BANK, Calcutta.
STATE BANK OF INDIA, Dalmianagar.
BANK OF BEHAR LTD., Patna.

BANKERS TO THE ISSUE

THE CENTRAL BANK OF INDIA LTD., at their branches at:

Agra	Jabalpur
Ahmedabad	Jamshedpur
Ajmer	Jaipur
Allahabad	Jhansi
Amritsar	Kakinada
Arrah	Kanpur
Bangalore	Lucknow
Baroda	Madras
Bhagalpur	Madurai
Bombay	Meerut
Cochin	Monghyr
Coimbatore	Moradabad
Cuttack	Muzaffarpur
Calcutta	New Delhi
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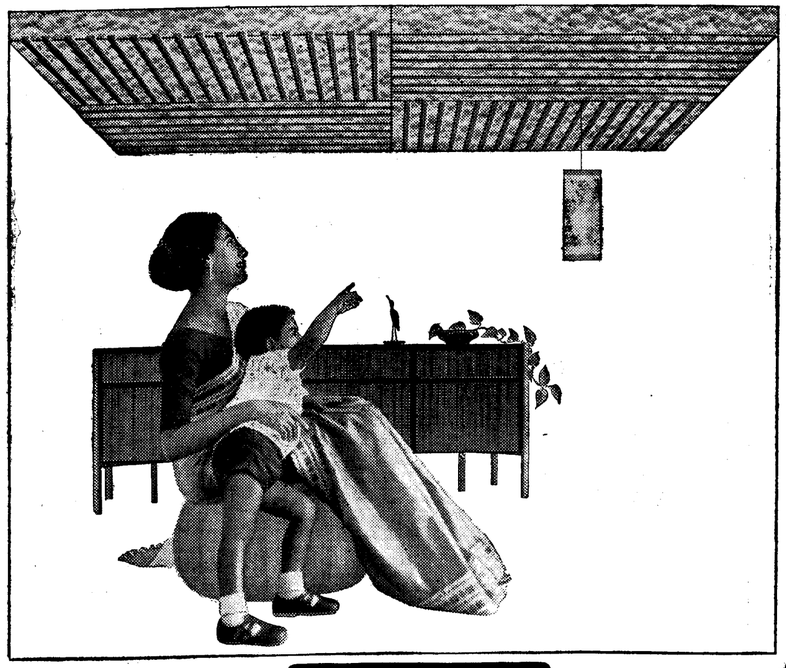

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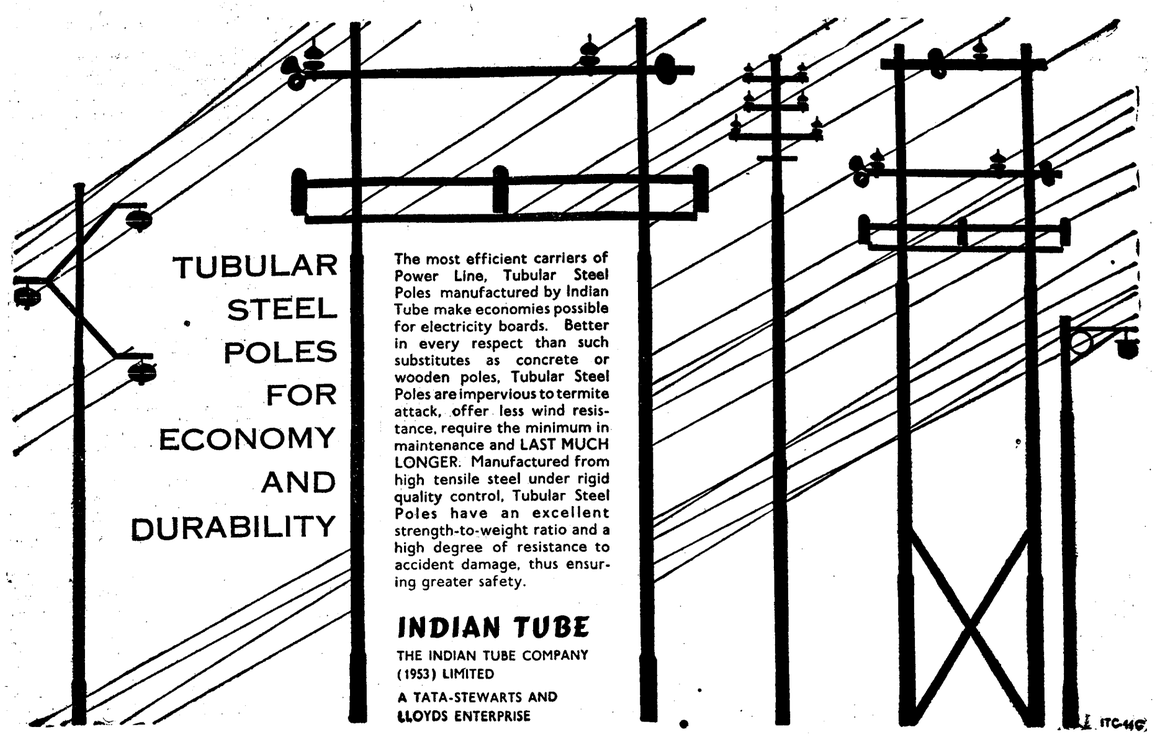

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TREND OF MARKETS

MONEY SLIGHTLY BETTER

(From Our Own Correspondent)

BOMBAY, *16th December*

Excepting for some strigency on the opening day (that is, Thursday the 10th inst.), conditions in the short-term money market were slightly better during the week under review. Demand for funds no doubt continued to be high, but borrowers did not find it difficult to obtain their requirements, since the supply position improved following the return flow of funds from mofussil centres. The inter-bank call rate for both renewals and fresh money, which had gone up from 5½ to 6 per cent early in the week, declined to 5-5½ per cent later, bulk of the business having been put through at 5 per cent. Calcutta also reported a slightly better trend, the call rate there receding from 4¾-5½ per cent to 3¾-4½ per cent.

Despite the improvement in the supply of funds available, the response to the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 15th instant, continued to be limited. The total amount offered was a bare Rs. 2 crores which was just the amount invited: the whole of it was accepted, the average rate of accepted tenders being the same as last week, namely, Rs. 2.500 per cent per annum. The Intermediate Treasury Bills, too, elicited poor support, the Bills actually sold from the 9th to 12th inst. aggregating Rs. 1.50 crore, as against Rs. 1.30 crore a week before.

India's foreign exchange reserves declined by Rs. 55 lakhs to Rs. 96.30 crores during the week ended 11th December. The whole of this decline was in balances held abroad which stood at Rs. 10.84 crores. The foreign securities held in the Issue Department of the Reserve Bank continued unchanged at Rs. 85.46 crores. Loans and advances to scheduled banks rose by Rs. 5.04 crores to Rs. 23.30 crores. Their deposits with the Reserve Bank also rose by Rs. 4.32 crores to Rs. 93.55 crores. Notes in circulation jumped up by a further Rs. 37.56 crores to Rs. 2,510.53 crores.

There was a sharp rise of Rs. 44.61 crores to Rs. 1,758.51 crores in the total credit made available by scheduled banks to their clients during the week ended 4th December. Since, at the same time, deposits fell by Rs. 26.90 crores to Rs. 2,695.49 crores, borrowings from the Reserve Bank went up by Rs. 14.06 crores to Rs. 15.37 crores, of which those against usance bills accounted for Rs. 6.10 crores, a rise of Rs. 5.96 crores. Investments fell by Rs. 36.72 crores to Rs. 802.54 crores and total cash by Rs. 1.64 crore to Rs. 157.78 crores.

The Gilt-edged market put on a dull appearance during the week in the absence of any fresh development. Business put through was very thin, with values of both Central and State loans remaining practically unchanged at last week's levels.

In the foreign exchange market, the banks' buying and selling rates for U.S. dollars were unchanged at Rs. 479.75 and Rs. 476.50 per $100, respectively. In New York, the pound sterling eased again, albeit slightly, *vis-a-vis* the dollar, the spot rate declining by 0.010 cent to 279.030-279.060 cents and the three months' forward by 0.060 cent to 277.170-277.200 cents.

BULLION FIRM

(From Our Own Correspondent)

BOMBAY, *16th December*

Both gold and silver ruled firm during the week under review. The firmness of gold was due to good support by some dealers and restricted arrivals. Silver was easy on Thursday the 10th inst. due to poor demand, but the easiness was arrested on the next day (Friday the 11th inst.) when, following support from upcountry dealers and limited arrivals, the metal staged a recovery. The recovery was well sustained in the subsequent sessions also. Stockists were hesitant to sell in anticipation of higher prices. Over the week, silver was higher by a rupee and gold by 75 paise.

Silver began the week at Rs. 260.50, same as last week, and declined swiftly to Rs. 259.50. Thanks to poor arrivals, it rallied and closed higher at Rs. 261.50 today. The weekly average arrivals were lower at 13 bars, as against 22 bars last week, while offtake was unchanged at 8 bars.

Fourteen-carat gold moved up from Rs. 67 to Rs. 67.75. Pure gold, in unofficial dealings, spurted from Rs. 112 to Rs. 113.50. Soverign was fully maintained at Rs. 91.

The international price for gold in the London market declined to $35.11¼ from $35.11½ last week. The sterling price fluctuated between 251*s.* 8*d.* and 251*s.* 9*d.* before finishing at the last week's closing of 251*s.* 8¼*d.* Both spot and forward silver was firm at 112½*d.* and 113¼*d.*, respectively, as also silver in New York at 129.3 cents.

Replying to a question in the *Rajya Sabha* last week, Mr. T. T. Krishnamachari, Union Minister for Finance, declared that Gold Control would be enforced more strictly and widely in order to check smuggling. Any rise in smuggling, he said, would not justify the abrogation of the Gold Contral Act but would only call for a stricter enforcement. Incidentally, he revealed that the value of gold seized by customs during the financial year 1963-64 which was not sold but deposited with the mint was Rs. 75.96 lakhs. The value of gold seized during the period from 1st January to 30th October 1964 was Rs. 86.69 lakhs.

The Maharashtra Government has plans to train the goldsmiths affected by the Gold Control Order in the textile mills in Bombay, Nagpur and Sholapur, according to the State's Labour Minister. It is proposed to grant a stipend of Rs. 30 per trainee, to continue the goldsmiths affected by the Order in service till they pass the Public Service Commission Examination, and to relax condition of age-limit and qualification in their case.

All those dealers and refiners licensed under the Gold Control Rules who wish to continue their trade during 1965 have been asked to renew their licences. The renewal applications are to be made to the nearest licensing authority before 31st January 1965 along with the fee of Rs. 25.

The following table shows the trend of prices during the week under review:

	16-12-64 (closing)	High	Low	9-12-64 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (996 fine)	261 50	261.50	259 00	260.50
GOLD				
Ready (14-carat)	67 75	67.75	67 00	67.00
Sovereign	91 00*	—	—	91.00*
London—				
Gold	251*s.* 8¼*d*	251*s.* 9*d.*	251*s.* 8*d.*	251*s.* 8¼*d.*
Silver Ready ..	112½*d.*	—	—	112½*d.*
Silver Forward ..	113¼*d.*	—	—	113¼*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0 85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

TRADING IN COTTON FUTURES REMAINS SUSPENDED

(From Our Own Correspondent)

BOMBAY, *16th December*

Trading in the futures section of the cotton market remained suspended throughout the week under review as the prices had touched the ceiling of Rs. 775 beyond which no official trading in the Jarilla March 1965 contract is permissible in the non-delivery period. Unofficially, the contract was quoted around Rs. 780 per candy in the earlier sessions of the week. The operators who were anxious to settle their commitments paid the differences in cash as no deal over the ceiling is officially cognisable. The kerb rates showed some easiness towards the end of the week, in view of the anticipated official action to curb the spiralling cotton prices. At the close today, the contract was unofficially quoted at Rs. 778.

The cotton situation was reported to be difficult for mills and the prices in the spot market at Sewri were about Rs. 100 above their ceilings. The following are the latest available quotations in respect of certain popular varieties:

Aurangabad Buri Rs. 1,201; Abhor New Rs. 880; Dhulia Co2 Old Rs. 1,525; Digvijay 5 st. Rs. 1,325; Gadag Laxmi Old Rs. 1,115; Malegaon Co2 Rs. 1,581 and Yeotmal L. 147 Rs. 1,326.

Prices of Bengal *deshi* December delivery contract continued to rule at the ceiling of Rs. 818 per candy. The export sales registration were reported to be around 90,000 bales as against 88,000 bales last week. The January, February and March 1965 Bengal *deshi* contracts were quoted at Rs. 814, Rs. 812 and Rs. 810 respectively. Among the imported varieties, active interest was evinced in the market in Pakistan, American and African varieties.

The following official communique was issued by the Ministry of Commerce, New Delhi on the 14th inst.

"Already the cotton crop this year, though less than the original estimate, is quite satisfactory at about 60.5 lakh bales. The Government have arranged for the import of about 9.5 lakh bales and most of the import quotas have already been issued. In spite of such a satisfactory position of cotton supplies, due to speculative tendencies in commodity markets, rush purchases by the textile mills and the tendency on the part of some of the growers to withhold stocks, the prices have crossed the ceilings in the spot market for many varieties. This has rendered the position of cotton supply difficult.

"The Textile Commissioner has, therefore, called a meeting of the representative of growers, growers' co-operative societies, cotton trade, East India Cotton Association, and the Indian Cotton Mills Federation for Thursday, 17th December 1964, at Bombay to discuss and devise satisfactory methods and procedures for the sale and purchase of cotton.

"As all the sections and interests concerned, that is, growers, co-operatives and traders, have offered to co-operate in coming to a satisfactory solution, Government hope that normal market conditions will be restored immediately. The present situation cannot be allowed to continue."

The traders have attributed the current high cotton prices to the inadequacy of arrivals in the terminal markets and have urged the Government to find the real causes of the situation, instead of blaming the trade. Whereas the mills have pressed the Government for the removal of ceilings which, they hold, have been rendered ineffective, the cotton growers of Gujarat are understood to have approached the Government not to put any unilateral restrictions on prices.

It may be recalled in this connection that the mills are permitted to buy freely in the cotton market. It is believed that this freedom may be restricted, by reintroducing the quota system based on consumption in the last season. It is also possible that the Textile Commissioner will impose compulsory survey and requisitioning of cotton for the benefit of mills, besides expediting imports.

YARNS EASIER

(From Our Own Correspondent)

BOMBAY, *16th December*

The yarn market continued to rule easy during the week under review. Art silk yarns encountered selling despite reports of good offtake at consuming centres, for the supply position was very comfortable. It was reported that large stocks were lying unsold with spinners. Staple fibre yarns were sluggish due to easy spot advices and rumours that some Coimbatore mills and dealers might be offering shortly sizable quantities at lower rates. In sympathy with both art silk yarns and staple fibre yarns and in the absence of any new development cotton yarns were listless.

Among artsilk yarns, Bright Century 105D eased by 6 P to Rs. 11.20. National Rayon 150D and South India Viscose 120D were neglected, the former at Rs. 8.80 and the latter at Rs. 11.13. National Rayon 120D, however, gathered 13 P to Rs. 9.48 on special support.

In the staple fibre yarn section, the 2 × 34 January 1965 contract began the week at the last week's closing of Rs. 837, but declined thereafter and touched a low of Rs. 852 today. Spot City lost 11 P to Rs. 9.11. Sitalaxmi shed 5 P to Rs. 9.17. Premier was dull at Rs. 9.35, as also Kohinoor at Rs. 977.

Cotton yarns 50 Counts Minerva declined by Rs. 2 to Rs. 56. 68s Elphinstone dropped a rupee to Rs. 86 and Minerva 50 P to Rs. 91.50. All other counts were unchanged at last week's levels.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	16-12-1964	9-12-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	9 48	9 35
Century 75D	17 05	17 05
S. I. Viscose 120D	11 13	11 13
Staple fibre yarn (2 × 34 NF) January 1965 (per quintal)	852.00	857.00
Spot (per kg.)		
Sitalaxmi	9.17	9 22
Premier	9 35	9 35
City	9 11	9.22
Cotton yarn - French Count (Rs. per 5 kg.)		
8s Polar	21.25	21 25
17s Modern	27 70	27 70
22s Madura	32 25	32 25
34s Tcott	40 00	40 00
52s Kasturi	55 00	55 00
68s Finny	100 00	100.00

MAXIMUM LIMIT FOR G'NUTS

(From Our Own Correspondent)

BOMBAY, *16th December*

Some weeks ago we had occasion to comment in this column that oilseeds prices were losing their sense and perspective. This statement holds good with greater force today than then. The market has defied every single effort of the authorities to keep the rise in prices under control. Margins and double margins have been brushed aside. The groundnuts January contract is being quoted in the kerb at around Rs. 110. The Forward Markets Commission has issued a notification fixing a maximum price of Rs. 110 per quintal for the January contract and Rs. 22 per 10 kg. for groundnut oil. In its note the Commission says that this step has been in view of the continued pressure on the ready and forward prices of groundnut and groundnut oil, despite the steps taken recently to arrest the rising trend.

One wishes the Forward Markets Commission every success, but it remains to be seen whether even the fixation of maximum prices will work. With the stock market being what it is and the country's grain trade out of business commodities like oilseeds, cotton and spices have attracted to themselves new elements which, with their vast resources are building up long positions in futures and buying for stock the available spot supplies. The question of oilseeds has become extremely difficult and one does not know where all this is going to end.

Influential sections of the trade, say that the basis of the contract should be widened and facilities should be provided for delivery at all producing centres. Furthermore, all varieties should be allowed to be tendered with suitable premiums. Also the prices in the spot market should be taken into consideration at the time of delivery. In the meantime, talks are going on for opening the April contract in groundnuts. On the face of it the idea of opening a new contract at this juncture looks rather strange, but it is said that the terms and conditions of the new contract would be fixed in such a way that there would be no need to repeat the recent experience. It is said that at its meeting on Tuesday, the Bombay Oilseeds Exchange discussed the new contract. The Exchange was said to have favoured the tightening of the present restrictions. There is to be no exemption limits, but the weekly limit of fluctuations will remain unchanged at Rs 2.40. A new proposal will be for the introduction of deposits at each and every transaction sale or purchase, at a rate varying from Rs. 2 to Rs. 5 per candy. Automatic clearings are also suggested at a difference of Rs. 5 in fluctuations. These proposals, however, are still in the preliminary stage. The Exchange will discuss it fully at another meeting on Thursday and present a concrete scheme at a meeting of all the recognised associations said to have been called by the Forward Markets Commission on Monday.

The groundnuts January, castor March, and linseeds March contracts were not officially quoted, as outstanding positions in them were squared up by mutual agreement between members at Rs. 110.50, Rs. 192.50 and Rs. 46.25 respectively.

Reliable sources indicate that the Government of India is also contemplating some measures to bring about a change in the market's trend. The Government is the most worried of all, as the inflationary trends engendered by the rise in commodities are capable of throwing the economy of our country out of gear. The measures contemplated include among others, ban on exports of H.P.S. groundnuts and fixation of a ceiling for oiled cake. The Government may also ban the exports of sesamum, mustard, linseeds and copra cakes. Further, it is likely that regionwise export quotas may be introduced and steps taken to discourage the system of incentives for some of the items. These measures are expected to be announced in the new year.

Trading in castor and linseeds March during the week under review followed the pattern of groundnuts, for the latter is now the market's asknowledged leader. Supplies in the spot market continued to be short.

The following table shows the closing prices of oilseeds and oils as on 16th December as compared with the previous two weeks:

	16-12-1964	9-12-1964	2-12-1964
Groundnuts	Rs.	Rs.	Rs.
January 1965 contract	110.50	110.00	103.05
Oil January 1965	23.80	(Nom.) N.T.	19.65 (Nom.)
Khandesh quality	128 25	123 00	113.00
Oil ex-mill	24 00	24.00	22.50
Oil Rly. Receipt	23.75	23.20	21.75
Castorseed			
March 1965	192.50	192.50	190.00
Ready Madras	85 50	86.00	85.50
Ready Kanpur	83 50	84.00	84.00
Oil B.S.S.	19 00	19.10	19.00
Oil commercial	18 50	18.25	18.25
Linseed			
March 1965	46.25	46.25 (Nom.)	45.00
Bold ready	124 00	115.00	111.00
Linseed oil	25.75	24.00	23.25
Cottonseed			
January 1965 contract	116.75	116.75	115.75

N.B.—The quotation for groundnuts January 1965 contract is for 100 kg. The rates for spot groundnut and castor are for 100 kg. Castor and cottonseeds futures are quoted per 250 kg. while linseeds futures are quoted per 50 kg. Groundnut Oil January 1965 and all spot oils are quoted per 10 kg.

The rates given for Groundnuts January, Castor March and Linseeds March are those at which all outstanding positions in the respective contracts were squared up by mutual agreement among the members.

KIPS STEADY

(From Our Own Correspondent)

MADRAS, *14th December*

Kip market ruled steady. Overseas demand was mostly for lower selections in cowhides and run grades in buffcalf from U.K. Importers in U.S. showed good interest in buffcalf heavier averages and prices were held firm in this section.

In tanned goat skins, there was no change in the pattern of demand from the Continent and the U.S.; the market was firm, because sellers were in a well sold forward position. As regards sheep skins, inquiries were mostly for lower grades in middle class tannages 6-7 and 7-8 lbs. averages; other lines were neglected.

In the tanned skins public sales held last week in London, clearance of stocks was very meagre. In the German actions, 25 per cent of the goat skins and 20 per cent sheep available for sale were cleared at unchanged to 6*d.* above last sale levels. The results of the sales on consignment account during this month have been disheartening to the shippers.

Shipments during November were as follows: 1,766 bales tanned cowhides, 157 cowcalf, 233 buffcalf, 226 goat skins and 123 sheep skins to U.K. ports; 5 buffcalf, 799 goat and 256 sheep skins to the Continent; 5 cowcalf, 30 buffhides, 5 buffcalf, 325 goat and 30 sheep skins to U.S.; 16 goat and 224 sheep skins to Japan.

UNORTHODOX TEAS EASIER

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *10th December*

A total of 689,000 kgs. was offered in sale No. 48 held on Tuesday the 8th inst. Quality was generally about maintained but there were a few improved Nilgiris on offer. There was a good demand but at generally lower levels, except for a few improved highgrowns which sold well. The limited selection of best Nilgiris sold readily at around last rates but the lesser brokens came to a lower market, except where quality was improved; fannings in this category were irregular and often lower. Good medium descriptions ruled firm while in the case of medium and low medium brokens these were irregular, meeting with less enquiry at lower rates; similar fannings were well supported and although irregular were often of clean appearance. Black leaf descriptions sold well but plainest sorts were again weaker. Orange pekoes met with limited support and while liquoring flowery pekoes were firm, others eased in price. Tippy teas met with less enquiry at reduced levels. Teas of unorthodox manufacture were again easier, except for the cleaner sorts and some fannings which were well supported at around last rates.

The quotations (per kg.) were as follows:

	1964	1963
	Rs.	Rs.
Low mediums	4.20-4.60	4.10-4.50
Mediums	4.50-5.10	4.40-4.80
Good mediums	5.15-5.50	4.90-5.50
Nilgiris B.O.P.	5.00-6.40	4.50-7.50

The average price realised in sale No. 48 was Rs. 4.66 per kilo as compared with Rs. 4.73 a week ago and Rs. 4.52 in the corresponding sale last year.

In dust sale No. 48 held here today 311,000 kgs. were offered. There was fair general demand. The limited selection of highgrowns came to an irregular market following quality. Good mediums sold well at slightly easier rates. Medium and low medium descriptions were readily taken up at prices 10 to 15 paise below last rates. Milled and residual types were about firm on last rates. Unorthodox descriptions sold readily at rates generally 20 paise easier.

The average price realised in dust sale No. 48 was at Rs. 4.19 per kilo as against Rs. 4.24 a week ago and Rs. 4.45 in the corresponding sale last year.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire us as follows:

"*Sale No.* 49: 917,000 kgs. offered. General demand. Low medium and medium brokens easier. Fannings much lower. Good mediums steady. Highgrowns irregular with quality generally lower. Unorthodox fannings firm. Others easier."

PEPPER FIRM

(Messrs. Parekh and Co.)

BOMBAY, *15th December*

Malabar black pepper ruled firm during the week in sympathy with New York where spot pepper was raised from $0.35½ to $0.44, owing to scarcity and strong holding. Absence of offers from Indonesia and higher offers from India were responsible for the present state of affairs. Exporters and bears who sold short a sizable quantity to East European countries and the U.S.A. in anticipation of lower price following larger arrivals of new crop were badly caught, as growers became reserved sellers when they saw prices in America rising. Ungarbled rose to Rs. 402 and garbled to Rs. 412.

In Cochin, December delivery rallied to Rs. 416 with few sellers and January to Rs. 420. In Bombay, *Posh* surged to Rs. 454 and *Maha* to Rs. 461. In Singapore, black pepper rose to $M137½.

Some interested parties both in Bombay and Alleppey raised a hue and cry against the present unexpected rise, as earlier business booked by them on views showed heavy loss. They approached the Forward Market Commission with so many proposals for checking the rise, but so far the Forward Market Commission did not like to step in the matter, as it was more or less an affair between bulls and bears and the rise in India was more due to rise in New York, which is always considered a criterion of the world's pepper prices. The present rise was long overdue, as the pepper was selling below production cost owing to undercutting between major producing countries.

The future depends upon the selling policy of Indonesia and on the impending Dock strike in America, which, if it materialises, may still push up the prices in spot in New York. Nearby future of pepper in general, if America continues to take interest in Malabar, appears to be rosy and not bad as anticipated by bears in India at the start of new season.

TEA IMPROVES

(From Our Own Correspondent)

CALCUTTA, *15th December*

While last week's export sale met with only fair demand at lower rates, the internal sales evidenced better conditions leading to an improvement in prices. The 1964 tea crop of North East India is a record one. Naturally, therefore, buyers wait in anticipation of a fall in prices. No wonder, conditions during last week's sale in Mincing Lane were also easier, with Assam teas declining by 2*d.* to 4*d.* per lb.

No authoritative report has so far been issued with regard to the recommendations made to Government by the Tea Finance Committee, but what summaries have already seen the light of the day at intervals emphasise the dire need of the industry for relief. The reported recommendation for excise duty rebate by 18 paise per kg. on exports is indeed welcome, but having regard to the need to step up exports, the industry had thought that it had presented an unbending case for relief to the extent of this entire levy.

The long-felt need for doing away with the entry tax of West Bengal and the carriage tax of Assam on tea has received the attention of the Committee, which has recommended their abolition. The tea industry hopes that the Government would accept these recommendations as also the ones relating to the setting up of a Tea Finance Corporation and to allowing the cost of replanting and new planting as revenue expenditure for taxation. It is possible that Government's decision on the Committee's report along with the necessary measures for fiscal relief would be announced in the next Budget.

In the export sales held last week, leaf on offer at 79,723 packages met with fair demand at lower rates. C.T.C. teas met with selective demand, and prices eased by 20 to 40 paise with buyers showing a preference for B.P. teas. This trend led to some withdrawals, most of which were the fanning grades. Plain orthodox brokens gave way by 20 to 40 paise, their fannings meeting with improved enquiries; however, "teas for price" met with ready demand at lower rates. Medium B.O.P. teas met with good attention, and some kinds of same were bid at higher prices. Medium

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(Incorporated in Sweden. The liability of the Shareholders is limited)

H.O. Stockholm-2, Sweden.

Total assets of SKANDIA GROUP OF COMPANIES Krs 5,592,389,075

Approx. Rs. 5,178,138,032

Attorneys for India:

THE RUBY GENERAL INSURANCE CO., LTD.

Divisional Office:

Industry House, 159, Churchgate Reclamation, Bombay-1.

Tel. No. 246058 Grams: 'SKANINCO'

Branches at: Ahmedabad, Akola, Amreli, Baroda, Bhavnagar, Bhopal, Delhi, Indore, Jubbulpore, Jalgaon, Mangalore, Poona, Rajkot, Surat.

ASP/61/4

and good Assam teas eased in line with the general trend, but a few lines were about firm. Whole leaf grades also eased and Darjeelings were unchanged. The quotations per kg. inclusive of excise duty were: good Assam C.T.C. fannings Rs. 4.50 to Rs. 4.90, good Assam C.T.C. B.P. Rs. 4.80 to Rs. 5.10, clean plain pekoe Rs. 4.90 to Rs. 5.20, medium C.T.C. B.P. Rs. 4.50 to Rs. 4.70, medium C.T.C. fannings Rs. 4.20 to Rs. 4.40, plain orthodox B.P. Rs. 3.70 to Rs. 4.00, plain C.T.C. B.P. Rs. 4.20 to Rs. 4.40, plain orthodox fannings Rs. 3.70 to Rs. 4.00, and plain C.T.C. fannings Rs. 3.90 to Rs. 4.10.

Dusts on offer during last week's internal sales at 33,895 packages met with increased demand as compared to recent weeks. Keen competition was accorded to good C.T.C. teas. Poor C.T.C. eased, other C.T.C. teas being about firm. Orthodox teas eased slightly. Legg-cut teas were readily absorbed, albeit at slightly lower rates. The quotations per kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 5.70 to Rs. 6.20, medium Assam C.T.C. dust Rs. 4.70 to Rs. 5.05, plain C.T.C. dust Rs. 4.50 to Rs. 4.70, legg-cut dust Rs. 4.40 to Rs. 4.65, medium Assam dust Rs. 4.20 to Rs. 4.70, and plain orthodox dust Rs. 3.70 to Rs. 4.20.

RAW JUTE RECEDES

(From Our Own Correspondent)

CALCUTTA, 15*th December*

In sympathy with the easiness of jute goods, despite good demand, fibre also gave way during the week under review. The news regarding resumption of work in Pakistani mills continued to have their impact on goods, especially sacking, although the volume of business transacted was good. The announcement of a decline in goods in stock with mills as at the end of November for a time arrested the downtrend and enabled a recovery. The recovery, however, was short-lived, as it soon transpired that the rise in November output had not been as large as earlier anticipated. In regard to fibre, sellers were keen for business, but mills showed more interest in selected grades.

At 114,200 tonnes, goods in stock with mills declined by 3,600 tonnes as compared with October 1964. The largest fall, that is, 2,700 tonnes, was shown in sacking at 38,600 tonnes. The decline in hessian at 45,200 tonnes was 500 tonnes, in carpet backing cloth at 19,700 tonnes 300 tonnes, and in miscellaneous constructions at 10,700 tonnes 100 tonnes. These figures were released on Wednesday and, since the market had anticipated a still larger decline in view of good business in November, it was thought that November output had risen substantially. Towards the week-end, the output details were available and, at 104,500 tonnes, the total output had risen by 6,500 tonnes. Sacking rose by 4,500 tonnes to 46,800 tonnes, hessian by 800 tonnes to 43,500 tonnes, carpet backing cloth by 600 tonnes to 8,200 tonnes, and miscellaneous goods by 600 tonnes to 6,000 tonnes. Stocks at the end of October 1964 being 117,800 tonnes, total availability in the month was 222,300 tonnes. In other words, demand in November aggregated 108,100 tonnes, that is, higher than production by 3,600 tonnes. Such a healthy statistical position was derived as a result of increased shipments to overseas countries. The strike in Pakistani mills meant diversion of some demand from that country to Calcutta. Despite this good statistical position, if prices closed at lower levels during the week under review, the same should be attributed to the termination of labour strike in Pakistani mills.

In this connection, the findings of the Indian trade delegation that visited Guinea, Tunisia, Nigeria, Egypt, Ghana, Senegal and the Ivory Coast, are significant. The team, sent by the Calcutta Jute Fabrics Shippers Association and sponsored by the Union International Trade Ministry, has emphasised in no uncertain terms the need to make Indian sacking more competitive in the developing African markets in relation to the Pakistani product. In these markets, the Pakistani sacking is preferred in view of its superior quality and lower prices. The team observes that the quality of Indian sacking must be improved by improving the quality of fibre grown. The trade delegation pointed out to the financial difficulties being faced in some of these countries, where importers would prefer a deferred payment system, if possible. African countries would like to associate Indian industrialists in the setting up of jute mills. If Indian capital can do so, India would not find it as difficult as at present to find an export outlet for the surplus fibre. Even with the starting of jute mills in Africa, African imports of jute goods are likely to increase in view of the economic and agricultural progress planned.

Raw jute prices eased by about Re. 1 a maund. This was in sympathy with the declining trend in the goods market. Also the earlier belief that the crop had not in fact been as good as estimates is gradually being removed. This has led to the keenness of sellers to reduce their inventories. The latest quotations are: Assam bottoms Rs. 35.00; northern bottoms Rs. 34.50; and daisee bottoms Rs. 36.00.

During the week, the U.S. only continued to show moderate interest in hessian. Prices on Tuesday last eased as a result of selling pressure in the futures market. Ready B. twills were quoted at Rs. 153.30, as against Rs. 154.00 on the previous day, and hessian 40" 10 oz. at Rs. 49.60, as against Rs. 49.65. A recovery was the feature on Wednesday as a result of covering business for ready and near delivery heavy goods. Also, the announcement of a decline in stocks of goods with mills was a bullish factor. B. twills improved to Rs. 155.25 and hessian 40" 10 oz. to Rs. 50.15. At this stage, Australia showed interest in woolpacks for delivery up to June next. Scattered business in hessian was also done with both the U.K. and the U.S. The result was the rise in B. twills to Rs. 155.40, but hessian 40" 10 oz. eased to Rs. 49.90 as business done was only small. On Friday, easier conditions prevailed with B. twills quoting Rs. 153.65 and hessian 40" 10 oz. Rs. 49.50. Over the week-end, the quotations eased further to Rs. 152.25 and Rs. 49.20 following the news of a rise in output in November. The feature yesterday was some activity in the futures market, but, because there was only limited business in ready goods, the steadiness in futures only checked the pace of the declining trend, with ready B. twills being priced at Rs. 153.50 and hessian 40" 10 oz. at Rs. 49.70. Government showed interest in ready B. twills.

FOODGRAINS RISE AGAIN

(From Our Own Correspondent)

HAPUR, 14*th December*

Hardening trend in foodgrain prices continued unabated during the week and prices touched new heights. The reason was that almost all the grains were in short supplies in the open market while consumers, both from urban and rural areas, were active buyers. Despite U.P. Government's claims that ration is being supplied at the rate of eight kgs. per unit a month, supplies always fall short even at the rate of four kgs. per unit. *Rabi* sowings have finished, and thanks to fairly good rains during the week, they were progressing very satisfactorily. However, cold wave all over Northern India during the week is likely to retard the growth of the crop. The U.P. Government, under advice from the Centre, is likely to remove restrictions on trade in coarsegrains.

Wheat prices improved by Rs. 2 to Rs. 4 per 40 kgs. during the week, to be quoted on Monday at Rs. 40 for average quality and upto Rs. 43 for better farm produce. Daily arrivals as well as stocks were meagre and supplies through fair-price shops were also restricted. Steadier tendency also continued in the rice market and price recorded all-round gains upto Rs. 2 to Rs. 4 per 40 kilogrammes. The U.P. Government is reported to be arranging to supply rice through ration shops. Week-end prices in the open market were:—Rice *basmati* superior Rs. 42 to Rs. 44, *sela* Rs. 40, *mainpuri* Rs. 31, *ramajwayan* and *raimunia* Rs. 35 to Rs. 37 and *gadda* Rs. 30 per 40 kilogrammes.

In coarsegrains, gram improved by Re. 1 and was quoted at Rs. 35 per 40 kgs. Maize was not easily available in the open market as the State Government had fixed its price at Rs. 17.50 per 40 kgs. while in the black market it was available at anything between Rs. 27 to Rs. 28. Despite inter-State movement ban on the commodity, maize was reaching at an average of eight to ten truckloads in unofficial trading, to be lifted at very high prices. Barley, *bejhar*, *bajra* and other coarsegrain were also firm while *juwar* and *guwar* were stationary.

SPURT IN SUGAR

(From Our Own Correspondent)

HAPUR, 14*th December*

Sugar supplies during the week remained restricted and demand was fairly brisk due to marriage season. While sugar factories in central and eastern districts of U.P. are reported to be getting adequate supplies of cane, factories in west U.P. were faced with deficit supplies. The cane growers were demanding prices at Rs. 3 a maund, as against Rs. 2 sanctioned by the Government. The Union Government, in consultation with U.P. Government, are reported to be taking measures to ensure adequate supplies of cane to factories. Sugar in the open market was quoted at Rs. 180 to Rs. 182 per bag, as against the controlled price of Rs. 136 per bag.

Khandsari attracted good buying support. Power crushers manufacturing *khandsari* bought cane upto Rs. 5.50 per quintal, as against Rs. 5.04 paid by factories at outstation centres, but supplies even at this rate were reported to be inadequate. While old *khandsari* is being lifted to other States against permits, new *khandsari* is much in request for local and east U.P. requirements. Week-end prices (per quintal) were:—*galawat* Rs. 100 to Rs. 120, *desi* superior Rs. 120 to Rs. 145 and new Rs. 150 to Rs. 153.75.

Ready *gur* prices continued firm on brisk buying support influenced by rumours that the Central Government was going to put a ban on the inter-State movement of the commodity. Daily arrivals earlier at an average of 8,000 to 10,000 maunds dwindled to 2,000 to 3,000 maunds in last three days due to rains and cloudy weather. The week's offtake aggregated fifty wagons mostly to Gujarat, M.P., Maharashtra and Rajasthan. Loading facilities were reported easy and as yet there was no building up of stocks. Daily arrivals in the mofussil markets were also reported heavy as on the prevailing high prices, the cane growers were finding it very profitable to manufacture *gur* and *shakker* rather than supplying cane to mills or crushers. Week-end prices (per 40 kgs.) were *pansera* superior Rs. 35.50, average Rs. 34, *balti* Rs. 35.50 to Rs. 36 and *shakker* Rs. 36 to Rs. 38.

LEAD ADVANCES

(From Our Own Correspondent)

CALCUTTA, 15*th December*

The steady rise in the price of lead on the London Metal Exchange was the outstanding feature during the week under review. While tin and zinc shed insignificantly, copper on the L.M.E. registered an advance. In Calcutta, the high levels already touched were maintained steadfast, as scarcity was only increasing every day.

Depleted stocks in London followed by the large increase in European demand—the European Lead Development Committee recently estimated 1964 European consumption of refined lead as being 1,175,000 tonnes, representing an increase of 5½ per cent over 1963—explained the steady advance in the price of lead on the L.M.E. since the last two to three weeks. Spot lead opened in the current week under review at £144-145 a ton and closed substantially higher on balance at £150-152. It has also been estimated that European consumption of lead in the next year is likely to be maintained at this year's level, according to the Committee referred to above. The price in Calcutta was distinctly steady around Rs. 353 per 100 kgs. India at present produces only about 4,000 to 5,000 tons of lead a year, but this is likely to increase to about 10,000 tons in the next couple of years or so, when the annual demand would have gone up to about 60,000 tons.

Spot copper wire-bars on the L.M.E. opened at £502-503 and after gradually rising to £522-525, closed at £515-517½. Cathodes, however, closed lower on balance at £455-470, after opening at £484-495 and being higher at £495-500. Fire-refined copper opened at £420-422½, and rose to £432½-437½ to close at £425-435. In Calcutta, utensil copper scrap rose from Rs. 705 to Rs. 710 per 100 kgs. The high price level has led to the fear of substitution in Chile and a subsequent fall in demand. Chile is attempting to increase its production to one million tonnes by 1970 by proposing massive investments with the help of the U.S. firms. The deal with the Cerro Corporation has already been completed, and Chilean negotiations with Kennecott and Anaconda are progressing.

Tin in Calcutta was maintained at Rs. 3,350 per 100 kgs. On the L.M.E. tin followed an erratic course. The spot rate opened at £1,350-1,352½, and eased to £1,315-1,317½, but soon recovered to £1,332½-1,337½ to make a somersault to £1,257½-1,262½. The easing trend was attributed to demand failing to keep the steady rise of earlier months. Naturally, the belief that tin consumption the world over has not risen by the same degree as demand is getting finer. Spot zinc on the L.M.E. eased to £126-127 from £132-133. The Calcutta rate was maintained firm at Rs. 466 per 100 kgs. in the early sessions but subsequently, fell to Rs. 460.

SHAMA FORGE COMPANY LIMITED

The Shama Forge Company Limited, a new company, is entering the capital market on the 28th instant with a public issue of Rs. 33.78 lakhs, comprising Rs. 14 lakhs in equity shares of Rs. 10 each and Rs. 19,77,500 in cumulative redeemable preference shares of Rs. 100 each. The entire issue has been underwritten. The subscription list will remain open till Tuesday 12th January 1965 unless closed earlier or later at the discretion of the directors, but not before 2nd January 1965. For the term of preference shares and the details of underwriting arrangements, readers' attention is invited to the announcement appearing on page 1085.

Incorporated in October 1963, the Company's main business will consist, *inter alia*, of manufacturing and dealing in forgings of various types; the Company possesses a licence for the manufacture of 5,000 tons annually of mild and alloy steel forgings. The factory will be established in Bhopal where it has already acquired the necessary land. The promoters have entered into an agreement with Messrs. Kropp Forge Company of Chicago, U.S.A., who, with their 66 years experience in the line, are considered among the largest U.S. manufacturers of forgings from various ferrous and non-ferrous metals. The collaborators have agreed to make available their executive experience in the manufacture of mild and alloy steel and other metal forgings, to assist in the layout of the plant and erection of factory, to train Indian personnel at their Works and to provide men with technical experience. The duration of the agreement is ten years.

The foreign collaborators have also agreed to invest in the Company Rs. 21,64,500 by subscribing to its equity capital. This represents the cost of plant and machinery that will be supplied by them. The equipment consists of used machines dies, tools, jigs and fixtures, but they will be reconditioned and carry the guarantee of the suppliers in regard to their performance.

The directors and their friends have subscribed to the equity capital to the tune of Rs. 14,35,500 and to preference capital to the tune of Rs. 5,22,500. The Industrial Finance Corporation of India has agreed to give a loan of Rs. 26.40 lakhs, of which Rs. 23.34 lakhs will be in U.S. dollars. Another loan of Rs. 47.50 lakhs has been arranged by the Company with the U.S. Agency for International Development (I.D.A.)

The entire capital cost of the Company's project is expected to cost Rs. 148.90 lakhs and working capital requirements are placed at Rs. 37.50 lakhs.

VEEGAL ENGINES AND ENGINEERING LTD.

A public issue of Rs. 12 lakhs in equity shares of Rs. 10 each will be offered for subscription by Veegal Engines and Engineering Limited next week. The subscription list will open on Tuesday, the 22nd inst. and close on Monday 4th January 1965 or earlier but not before Thursday the 24th inst. The Industrial Credit and Investment Corporation and the West Bengal Financial Corporation have underwritten the issue in the proportion of 7:5.

The Company was incorporated in 1948 under the name of Aeronautical Services Limited and, since 1956, it has been a subsidiary of Airways (India) Limited when it began to manufacture gliders. It changed into the present name in 1959, and worked in collaboration with Aktiebalaget Aldell Motor of Karlskoga, Sweden, until 1962. Its main business now consists of manufacturing petrol engines of varying sizes for which it has a licensed capacity of 12,000 h.p. on a single-shift basis. The present issue is for financing the engine manufacturing project. In its factory at Dum Dum near Calcutta, the Company designs its own engines in three sizes. It has applied for a licence to increase the capacity to meet the growing demand for industrial engines. It has also obtained a licence for manufacturing 3-wheel commercial vehicles with a gross weight of 1 ton [illegible] each.

TREND OF SHARES

A MODEST RALLY

(From Our Own Correspondent)

BOMBAY, 17*th December*

TRADING on the stock exchange during the week under review was almost featureless, although a smart rally after the middle of the week caused some enthusiasm. This feeling of enthusiasm was natural, in view of the fact that the market had been declining over the past 14 weeks without a distinct break. The rally was attributed to the fact that the current is a four-week settlement as well as to short-covering and replacement buying. Gains were fairly good and widespread, though by no means spectacular. Tata Steel moved up from Rs. 144 to Rs. 147.25, Indian Iron from Rs. 25.25 to Rs. 25.80, Century from Rs. 553 to Rs. 564, Standard from Rs. 580 to Rs. 593, National Rayon from Rs. 335 to Rs. 354.50, Tata Chemicals to Rs. 18.16, Indian Dyestuff from Rs. 258 to Rs. 275, Telco from Rs. 262.50 to Rs. 268 and Hindustan Motors from Rs. 16.24 to Rs. 16.92.

Almost everyone in the market is now talking in bullish terms but it must be remembered that trends are not made overnight. A rally was overdue on technical considerations alone. The market has still some hopes that the Prime Minister would do something to revitalise the market. These hopes are currently centred on his forthcoming speech at the meeting of the Associated Chambers of Commerce in Calcutta. During the British days it was the custom for the Finance Member of the Viceroy's Executive Council to address the Chambers' annual meeting but since the advent of freedom, the Prime Minister has invariably been the guest of honour at these meetings. It has been usual to throw hints of the Government's policy at these meetings but more often it is an occasion on which very nice things are said of each other and nothing more. Anyway, the market believes that Mr. Lal Bahadur Shastri might make some positive announcements regarding the long-awaited incentives. But it remains to be seen to what extent the Prime Minister will to oblige the market.

The rally during the week has been refreshing but it would be unwise to read too much into it. One satisfaction is that the market did not break the support levels of 27th May, when the lowest points for the year were recorded. If these levels had been broken, then one could have safely said that there was something radically wrong with the market. At this stage one can only hope that the market will not react again to the neighbourhood of these levels.

The market is influenced by several factors—the food factor, the political factor, the industrial factor and last but not least the incentive factor. A long-term improvement is difficult to visualise at this stage, unless, of course, there is a radical change for the better in the Government's approach to these factors and its handling of them.

Steel shares were well supported and both Tata Ordinary and Indian Iron closed the week with fairly good gains. Activity was confined to professional interests, though as prices began to look up the public was not slow to follow the market. However, trading was amost monopolised by Century, National Rayon and Standard. By now these are the acknowledged leaders of the market, whether in its rise or fall. At one stage, National Rayon had been taken up to Rs. 356.50 and Standard had crossed the Rs. 600 mark to quote at Rs. 602. Likewise, Century spurted to Rs. 564. Nothing much has happened between the time the shares were lying low and now to induce a spurt in them. It is in the nature of the market to draw inducements from itself when it is set for a rise.

It is difficult to understand why Scindia failed to respond to the optimistic note struck by the Chairman of the Company, Mr. Dharamsey M. Khatau, on Wednesday evening this week. In fact, on Thursday, the shares were a shade easier after having gained fractionally earlier in the week. May be, some operators who had anticipated Mr. Khatau's speech and remarks and bought in advance, were taking out their profit. Mr. Khatau told the annual meeting that the directors would not have increased the dividend if they had any doubts of maintaining it in the current year, though he qualified this remark by adding that shipping was a difficult business and that the current year's prospects depended upon the cargo position and port conditions. So far during the year, the Company has earned Rs. 5.9 crores, Rs. 37 lakhs more of freight than last year. Mr. Khatau also said that it was better they tried to fly the Scindia flag in new waters than go in for lines other than shipping. It was important, he said, to keep good ships and develop new routes.

Miscellaneous issues followed the general trend. Indian Dyestuff fared well and support to these shares was reported from knowledgeable sources. Telco was well held, while Hindustan Motors and Premier Auto maintained a steady tone. Banks, insurances and electrics were neglected.

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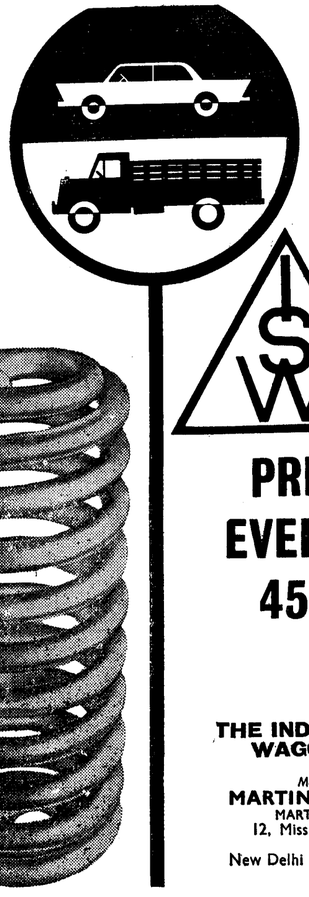
The Calcutta market was active at the time of writing and an improvement in sentiment was noticeable. There too it was a case of hopes of fiscal incentives. The turnover in cash scrips was, however, limited but the undertone was good. The Madras market was listless, but the trend was steady. South India Viscose and Periakaramalai were somewhat prominent this week. Business in electrics and plantings was selective. Textiles were dull, while, among the miscellaneous counters, India Cement, Aluminium Industry and Deccan Sugar evoked some investment buying.



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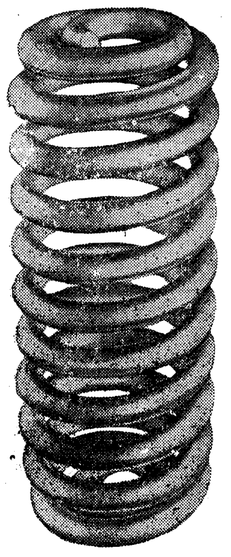

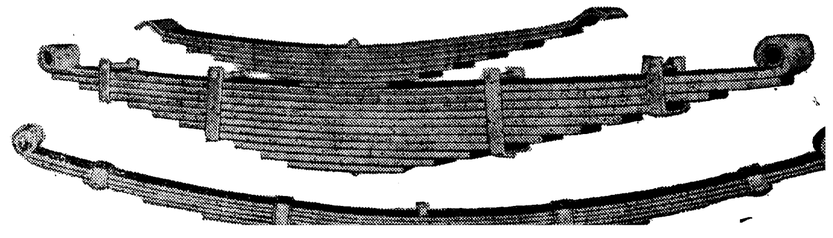

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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 11th Dec., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	86,00,00,000
National Agricultural Credit (Stabilisation) Fund	9,00,00,000
National Industrial Credit (Long Term Operations) Fund	10,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	53,05,40,000
(ii) State Governments	17,82,99,000
(b) Banks—	
(i) Scheduled Banks	93,55,05,000
(ii) State Co-operative Banks	2,92,20,000
(iii) Other Banks	4,96,000
(c) Others	143,28,41,000
Bills Payable	41,43,93,000
Other Liabilities	48,40,22,000
Rupees	590,52,26,000

ASSETS	Rs.
Notes	9,69,55,000
Rupee Coin	5,80,000
Small Coin	9,33,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	136,03,77,000
Balances Held Abroad*	10,84,32,000
Investments**	142,44,71,000
Loans and Advances to—	
(i) Central Government	
(ii) State Governments@	31,62,89,000
Loans and Advances to—	
(i) Scheduled Banks†	23,30,20,000
(ii) State Co-operative Banks††	159,63,62,000
(iii) Others	3,50,53,000
Loans, Advances and Investments from National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,08,77,000
(ii) State Co-operative Banks	11,18,81,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,45,53,000
Loans and Advances from National Agricultural Credit (Stabilisation) Fund—	
Loans and Advances to State Co-operative Banks	....
Loans Advances and Investments from National Industrial Credit (Long Term) Operations Fund—	
(a) Loans and Advances to the Development Bank	....
(b) Investment in bonds/debentures issued by the Development Bank	....
Other Assets	29,54,43,000
Rupees	590,52,26,000

* Includes Cash and Short-term Securities.

** Excluding Investments from the National Agricultural Credit (Long Term Operations) Fund and the National Industrial Credit (Long Term Operations) Fund.

@ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 1,41,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

†† Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	9,69,55,000	
Notes in circulation	2510,53,38,000	
Total Notes issued		2520,22,93,000
Total Liabilities		2520,22,93,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	....	
Foreign Securities	85,45,69,000	
Total		203,21,79,000
Rupee Coin		100,88,09,000
Government of India Rupee Securities		2216,13,05,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2520,22,93,000

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	4-12-64	27-11-64	6-12-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	65,29	65,84	51,06
(ii) From others	1,182,66	1,198,75	999,56
(b) Borrowings from banks	28,60	31,56	24,50
(c) Others	73,15	73,90	60,47
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	34,60	34,84	27,59
(ii) From others	1,326,25	1,335,79	1,248,06
(b) Borrowings from banks	17,09	15,88	22,24
(c) Others	13,54	13,26	10,45
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,508,90	2,534,54	2,217,61
4. Borrowings from Reserve Bank	15,37	1,31	14,61
(a) Against usance bills and/or promissory notes	6,10	15	4,44
(b) Others	9,27	1,17	10,17
5. Borrowings from State Bank and/or a notified Bank	....	....	....
6. Cash	68,10	56,96	26,07
7. Balances with Reserve Bank	65,69	65,66	56,46
8. Cash and balances with Reserve Bank	92,09	93,76	81,56
9. 8 as per cent of 3	157,78	159,42	138,00
10. Balance with other banks in current account	6,29	6,29	6,22
11. Money at call and short notice	23,94	23,53	22,16
12. Investments in Government securities	802,54	839,26	737,51
13. 12 as per cent of 3	31,99	33,11	33,26
14. Advances—			
(a) Loans, cash credits and overdrafts	1,484,65	1,448,37	1,279,82
(b) Due from banks	25,83	20,96	12,64
15. Inland bills purchased and discounted	199,16	190,90	184,31
16. Foreign bills purchased and discounted	71,71	74,63	58,44
17. Total Bank Credit [14(a)+15+16]	1,785,51	1,713,90	1,522,57
18. 17 as per cent of 3	70,09	67,62	68,66

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended			
	5th Dec., 1964P	28th Nov., 1964P	7th Nov., 1964	7th Dec., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. **Total**	99.5	99.5	99.5	100.0
2. Government of India	99.2	99.2	99.2	99.8
3. State Governments	102.1	102.1	102.0	102.1
4. Municipal, Port Trust, etc.	98.9	99.0	99.0	99.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. **Total**	98.9	98.9	98.7	98.1
PREFERENCE SHARES—ALL INDIA.				
6. **Total**	82.0	82.0	82.2	81.5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. **Total**	162.0	162.8	165.0	171.9
8. *Agriculture and Allied Activities : Total**	138.6	138.4	139.1	152.7
9. Tea Plantations	123.7	123.3	124.4	141.6
10. Coffee Plantations	178.5	178.3	176.8	173.1
11. Rubber Plantations	182.5	181.8	181.4	176.4
12. *Mining and Quarrying: Total**	131.4	131.5	133.7	145.4
13. Coal	90.6	91.1	93.6	108.9
14. Other Mining	159.4	159.2	161.2	170.4
15. *Processing and Manufacturing : Total*	173.0	174.1	177.1	185.9
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	170.3	171.8	174.8	188.7
17. Sugar	131.6	131.8	132.2	136.4
18. Cotton Textiles	157.1	157.7	159.8	170.6
19. Jute Textiles	83.1	83.5	84.1	98.7
20. Silk and Woollen	780.0	798.1	826.0	902.5
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	192.0	193.3	196.6	186.3
22. Iron and Steel	159.8	160.9	163.9	156.5
23. Transport Equipment	292.0	291.8	299.3	345.1
24. Electrical Machinery	168.9	158.7	162.0	166.6
25. Machinery other than Transport and Electrical	223.7	226.0	229.5	232.2
26. Basic Industrial Chemicals	181.7	183.7	186.3	178.8
27. *Processing and Mfg. (Others) : Total**	145.8	146.4	147.8	158.4
28. Cement	138.4	138.9	139.7	148.6
29. Paper	188.1	189.3	190.8	201.6
30. *Other Industries : Total**	112.6	112.7	113.0	109.6
31. Electricity Generation and Supply	96.0	96.3	98.5	87.7
32. Trading	114.2	113.8	111.8	115.9
33. Shipping and Other Transport	95.0	95.9	97.2	100.4
34. Construction	305.9	308.3	289.4	286.8
35. *Financial : Total*	193.9	194.1	193.8	192.4
36. Banks	216.9	217.0	216.4	213.9
37. Insurance	157.6	158.0	157.4	158.6
38. Investment Trusts	78.6	78.9	79.5	83.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	171.2	172.1	174.4	178.5
40. Calcutta	148.5	149.1	151.2	161.3
41. Madras	173.9	174.7	175.1	176.5
42. Delhi	216.3	216.6	220.8	230.3

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.
P—Provisional.

EXCHANGE RATES

	16th Dec., 1964	9th Dec., 1964
London on New York £ per Dollar	2.7900– 2.7902	2.7901– 2.7903
London on Berne Sw. Fcs.	12.0390–12.0410	12.0380–12.0400
London on Paris Fr. Fcs.	13.6715–13.6735	13.6700–13.6720
New York on London Cents per £	279.030–279.060	279.040–279.060
Pound Sterling—		
Sellers T.T. DD. Spot $	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months $	1-5 15/16	1-5 29/32
Buyers T.T. $	1-6 1/32	1-6 1/32
Buyers D.D. $	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D...Rs. to $100	479.75	479.75
Buyers T.T. ..Rs. to $100	476.60	476.60
Canadian Dollars—		
Sellers T.T. D.D...Rs. to $100	448.50	448.25
Buyers T.T. ,,	440.50	440.25
French Francs—		
Sellers T.T. D.D...per Rs. 100	102.00	102.00
Buyers T.T ,,	103.10	103.10

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	28th Nov., 1964	21st Nov., 1964	30th Nov., 1963	Oct., 1964	Oct., 1963	Percentage of Increase (+) or Decrease (—) in Oct., 1964 as compared with Oct., 1963	Financial Year Averages 1963-64	Financial Year Averages 1962-63
Food Articles	504	168.8*	168.9R	134.5	168.6R	139.3	+21.0	136.8	128.1
Cereals	192	149.6*	148.4*	117.4	148.7	118.8	+25.1	116.3	105.6
Pulses	43	182.4	179.9R	118.2	184.1R	113.5	+62.4	115.4	105.2
Fruits and Vegetables	23	203.4	205.6	142.6	180.2R	119.5	+50.8	140.6	135.4
Milk and Ghee	84	145.6	146.6	122.9	146.1R	129.1	+13.1	128.2	124.4R
Edible Oils	47	207.8	209.5R	146.7	217.6R	152.3	+42.8	151.1	152.3
Fish, Eggs and Meat	17	177.6	175.6R	151.2	164.6R	147.1	+11.8	149.8	148.6R
Sugar and Gur	48	188.2	192.3	171.7	208.4	215.1	— 3.1	188.8	145.0
Others	50	178.3	176.3	177.0	181.9R	178.4	+ 1.9	179.3	171.8
Liquor and Tobacco	21	135.8	135.8	118.6	132.8	119.6	+11.0	119.6	109.9R
Tobacco	..	133.8	133.8	115.6	130.6	116.8	+11.8	116.8	97.4R
Fuel, Power, Light and Lubricants	30	144.9	144.6	139.4	144.7	139.1	+ 4.0	139.5R	124.4R
Industrial Raw Materials	155	166.0	165.9R	136.6	164.5R	138.1	+19.1	138.5	126.5
Fibres	61	144.8	144.4	131.6	145.0R	131.2	+10.5	133.2	128.8
Oilseeds	60	206.3	206.8R	147.8	202.5	154.9	+30.7	154.1	151.4
Minerals	2	102.1	101.6R	91.5	103.6	91.6	+13.1	92.8	93.6
Others	32	134.5*	134.2*R	128.1	134.8R	122.8	+ 9.7	127.3	125.2
Manufacture	290	139.3	139.0R	130.7	138.0	131.1	+ 5.3	131.1	128.8R
Intermediate Products	41	158.3	155.8R	138.3	152.8R	138.8	+10.0	139.6	139.5
Finished Products	249	136.6	136.2R	129.5	135.6	129.8	+ 4.5	128.7	127.1
Textiles	147	135.5	135.1	127.5	133.7	127.8	+ 4.6	127.7	126.1
Cotton	..	138.7*	138.5*	135.8*	136.7	135.7	+ 0.7	135.6	130.7
Jute	..	126.0	124.6	99.0	123.4	101.4	+21.7	100.2	110.9
Woollen	..	169.2*	169.2*	160.2*	169.2	157.5	+ 7.4	158.3	140.4
Silk and Rayon	..	131.8*	131.8*	138.3*	132.9	137.3	— 3.2	139.8	131.8
Metal Products	12	169.5	169.5	163.7	169.5	163.7	+ 3.5	168.1	160.1
Chemicals	20	120.7*	120.7*	117.1*	120.7	117.5	+ 2.7	117.9	115.5
Oil Cakes	9	201.1*	201.6	165.6	205.1	164.4	+24.7	165.7	160.9
Machinery and Transport Equipment	31	127.2	127.2	124.8	127.2	124.2	+ 2.4	124.2	117.9R
Others	30	128.2	127.8	128.1	127.8	128.8	— 0.7	128.2	125.3
All Commodities	1,000	157.4	157.3R	133.5	157.6	136.3	+15.6	135.3	127.3

NOTE:—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group revision. P—Subject to index. R—Revised. * Estimated.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 17th December 1964.

	Closing quotation 10-12-1964	High	Low	Closing quotations 17-12-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	145.00XR	—	—	145.00
Apollo (2)	1.76	1.76	1.72	1.74
Baroda Rayon (100)	73.00	77.00	73.00	73.50
Bombay Dyeing (25)	57.30	57.80	57.20	57.50
Bradbury (50)	143.75	—	—	143.75
Central India (100)	93.00	95.00	92.50	94.00
Century Mills (100)	553.50	564.00	549.00	564.00
Dawn (50)	147.00	147.00	146.00	147.00
Elphinstone (50)	92.00	94.00	92.00	94.00
Finlay (100)	306.00	308.00	306.00	308.00
Gokak (100)	173.00	174.00	172.00	174.00
Gold Mohur (100)	230.00	—	—	230.00
Gwalior Rayon (10)	36.75	—	—	37.25
Ind. Untd. Defd. (1)	2.36	2.38	2.34	2.38
Ind. Untd. Ord. (10)	19.40	—	—	19.40
Indian Rayon (100)	51.00	55.00	52.00	54.00
Indore Malwa (100)	212.50	215.00	212.50	215.00
Khatau (100)	160.00	165.00	160.00	161.25
Kohinoor (100)	316.50	319.50	316.00	318.50
Madalal (100)	490.00	506.25	488.75	505.00
Modella Woollens (10)	12.48	—	—	12.48
Morarji (100)	245.00	245.00	243.00	243.00
Mysore (50)	34.50	—	—	34.50
National Rayon (100)	335.00	356.50	334.00	354.50
New Great (100)	160.00	—	—	160.00
Phoenix (100)	223.50	227.00	224.00	227.00
Pedar Mills (10)	10.80	10.92	10.76	10.80
Raymond Woollen (100)	135.25	—	—	135.00
Sassoon Spg. (10)	37.75	37.75	36.10	36.10
Shreeniwas (100)	240.00	246.00	240.00	246.00
Simplex (50)	122.00	122.00	119.00	122.00
Standard (100)	580.00	602.00	578.00	593.00
Swadeshi (100)	263.00	264.50	262.50	263.00
Swan (100)	273.00	275.00	273.00	275.00
S. T. Viscose (100)	101.50	103.50	102.00	103.50
Tata Mills (25)	47.50	48.00	47.25	47.50
Lakshmi-Vishnu (100)	82.50	—	—	82.50
Western India (250)	800.00	—	—	800.00
BANKS				
Bank of India (50)	101.50	101.50	—	—
Do. (New) (50)	102.50	103.50	101.00	101.50
Bank of Baroda (50)	98.50	99.00	103.00	103.00
Central (25)	52.30	52.30	98.50	99.00
Central 'A' (25)	53.00	53.00	52.00	52.30
Dena Bank (50)	65.70	66.00	52.50	53.00
Punjab National (100)	20.08	20.12	65.70	66.00
Union Bank (5)	6.52	6.60	20.08	20.12
United Com. (50)	73.00	73.00	6.48	6.60
Maharashtra (50)	53.50	—	72.50	73.00
ELECTRIC COS.			—	53.50
Ahmedabad (100)	103.00	103.50	103.00	103.00
Amalgamated (10)	9.28	9.28	9.24	9.28
Andhra Valley (1,000)	1,215.00	1,217.50	1,212.50	1,212.50
Bom. Sub. El. (100)	114.00	114.00	113.00	113.00
Surat (100)	124.25	124.50	123.50	123.00
Tata Hydro (100)	123.00	123.00	122.50	124.50
Tata Power (1,000)	1,237.50	1,245.00	1,235.00	1,241.25
INSURANCE COS.				
British India (10)	13.76	—	—	13.76
Indian Mercantile (50)	67.00	—	—	67.00
New India (15)	46.50	48.00	46.50	48.00
Vulcan (10)	47.25	48.25	47.25	48.25
STEEL COS.	16.36	16.52	16.44	16.52
Ind. Iron (10)	25.25	25.95	25.20	25.80
Mukand Iron (10)	16.72	16.92	16.76	16.84
Tata Steel Ord. (75)	144.00	148.00	144.00	147.25
SUGAR COS.				
Belapur (50)	218.00	223.50	218.00	223.00
Bhopal (10)	12.80	—	—	12.80
Changdeo (12.50)	22.00	—	—	23.00
Maharashtra (50)	134.75	136.00	134.50	135.00
Phaltan (50)	113.50	118.00	113.00	116.50
Walchand Ind. (100)	162.50	163.00	161.50	163.00
CEMENT COS.				
Associated Cem. (100)	151.25	153.00	151.25	152.50
Digvijay (100)	177.00	177.00	176.25	177.00
Orissa (10)	12.08	12.20	12.08	12.20
DYES & CHEMS.				
Amar-Dye-Chem (100)	135.00	140.00	136.25	140.00
Camphor & Allied (100)	81.50	83.50	82.00	83.00
Citric (100)	76.00	76.50	75.00	75.00
Chemicoat (100)	82.00	84.00	82.00	84.00
Colour-Chem. (100)	287.50	305.00	287.50	305.00
Indian Dyestuff (100)	258.00	278.00	256.00	275.00
Polychem (50)	92.00	101.00	93.00	101.00
Synthetics (100)	70.00	75.50	69.00	71.00
Tata Chemicals (10)	17.84	18.16	17.80	18.16
MISCELLANEOUS				
Alcock Ashdown (100)	285.00	289.00	285.00	288.00
Bom. Burmah (25)	55.20	55.20	53.80	55.20
Do. (New) (20)	41.50	41.75	41.00	41.50
Br. B. Petrol (1 sh.)	2.78	2.88	2.78	2.88
Br. I. Corpn. (5)	10.56	11.00	10.56	11.00
Cooper Eng. (100)	102.50	104.00	102.50	103.50
Hindustan Lever (10)	28.00	28.10	28.00	28.00
Hindustan Motors (10)	16.24	16.96	16.20	16.92
I. C. & Invest. Corporation (100)	97.00	—	—	97.00
Indian-Copper (2 sh.)	3.24	3.38	3.22	3.36
Killicks (100)	99.00	100.00	99.00	100.00
Larsen & Toubro (10)	22.20	22.52	22.16	22.36
Mahindra & Mahindra (10)	17.00	17.00	16.88	16.88
Asian Cables (100)	63.50	63.50	62.50	63.00
Permanent Magnets (100)	102.50	104.00	102.50	104.00
Phillips Carbon (10)	11.24	11.24	11.00	11.00
Pre. Automobiles (100)	95.00	97.00	94.50	97.00
Premier Con. (50)	218.00	223.00	216.50	220.50
Scindia (20)	15.16	15.64	15.12	15.48
G. E. Shipping (10)	12.04	12.24	12.04	12.24
T. Standard Eng. (100)	123.50	123.50	123.00	123.50
T. Maneklal (100)	440.00	460.00	435.00	460.00
Shivrajpur (10)	20.12	22.00	20.08	21.76
Sirpur Paper (10)	12.40	12.64	12.40	12.56
Tata Locomotive (100)	262.50	269.00	261.50	268.00
Tata Oil (25)	47.00	48.00	46.75	47.00
Voltas (100)	260.75	270.50	261.50	270.50
W. I. Match (100)	284.50	—	—	284.00
W. Coast Paper (100)	166.50	169.00	166.50	169.00
Zenith Steel (10)	14.60	14.72	14.48	14.60

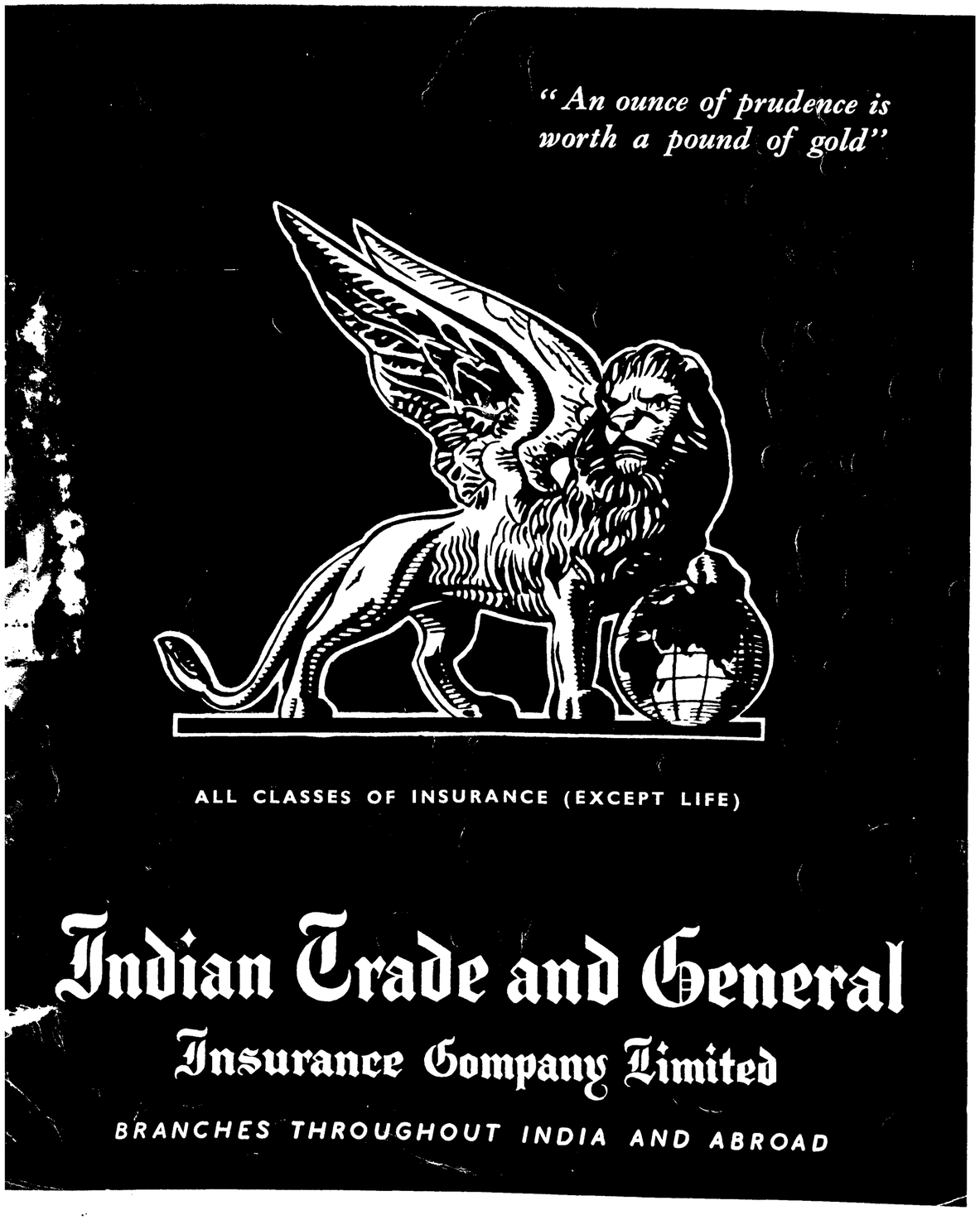
GOVERNMENT SECURITIES	10-12-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	17-12-1964 Rs.
2½% 1976	82.75	—	4.64	82.75
2½% 1966-68	98.35	4 28	3.52	98.35
2½% 1970-75 1st Dev.	90.15	4 52	4.12	90.15
2½% 1966 Con. Loan	62.00	—	4.82*	62.00
2½% 1965 N. P. Bonds	100.00	—	—	100.00
2½% 1967 N. P. Bonds	99.80	—	3.60	99.95
2½% 1974	96.60	—	3.99	99.80
2½% 1967 N. P. Bonds	99.90	—	4.18	96.60
2½% 1969 Loan	97.80	—	3.79	99.90
2½% 1968	99.00	—	3.99	97.80
2½% 1968 N. P. Bonds	99.80	—	3.77	99.00
4½% 1972 Loan	98.75	—	4.18	99.80
4½% 1973 Loan	98.80	—	4.16	98.75
3½% 1966 Bonds	97.00	—	4.27	98.80
4½% 1960 Loan	100.00	—	3.50	97.00
4½% 1961 Loan	97.00	—	4.38	100.00
4½% 1965 Loan	98.00	—	4.23	97.00
4½% 1977 G. Bonds	100.00	—	4.50	97.25
4½% 1972 N. D. Bonds	117.00	—	4.71	100.00
4½% 1986 Loan	100.25	—	4.23	117.25
4½% 1989 Loan	100.25	—	4.49	100.15
	100.00	—	4.75	100.25
				100.00

* Current Income.
C.D.—Cum-Dividend. Xd—Ex-dividend. X.R.—Ex-Right.

1964 ANNUAL NUMBER

COMMERCE

VOL. CIX. NO. 2801 BOMBAY, DECEMBER 1964 PRICE: Rs. 10/-



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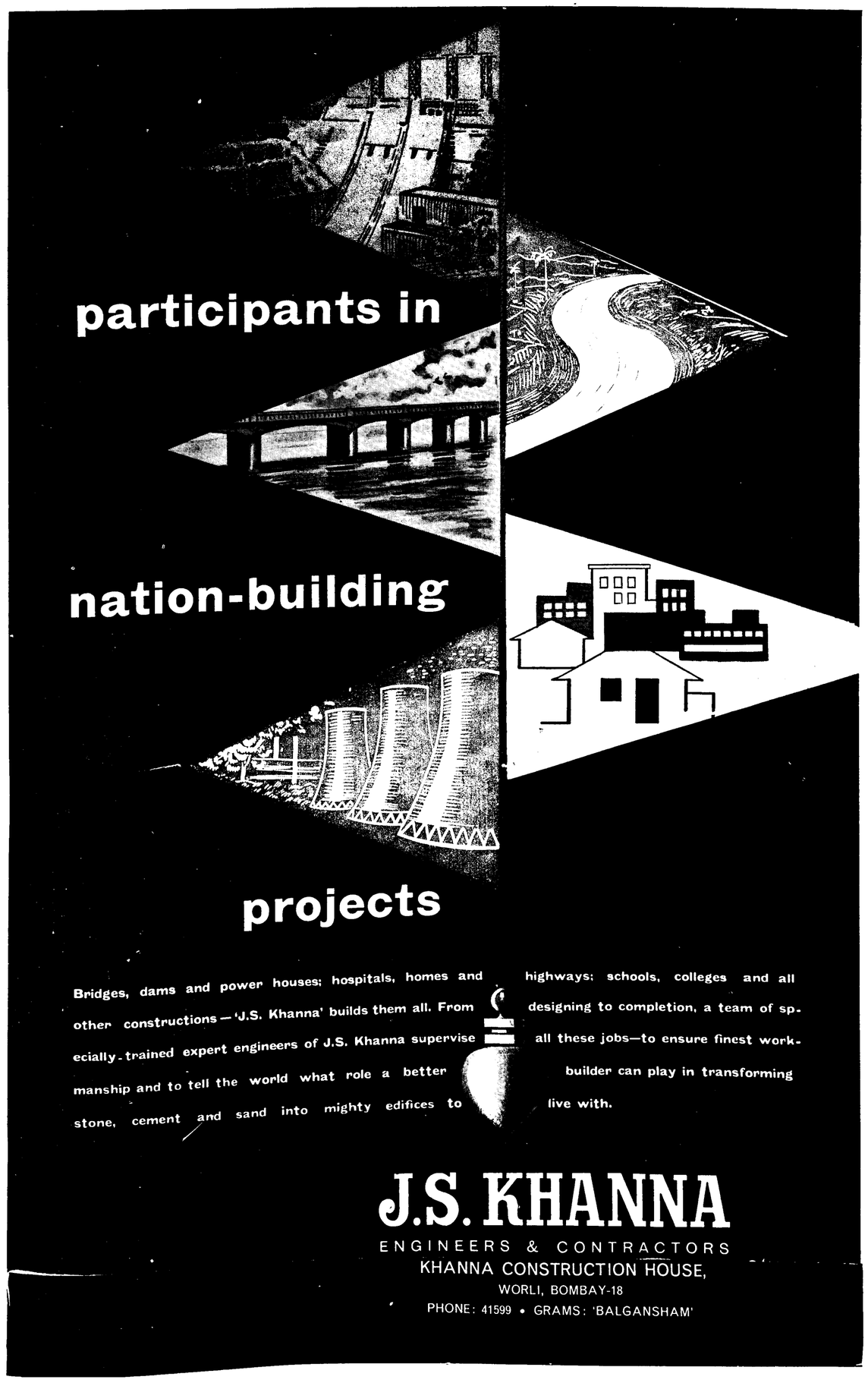

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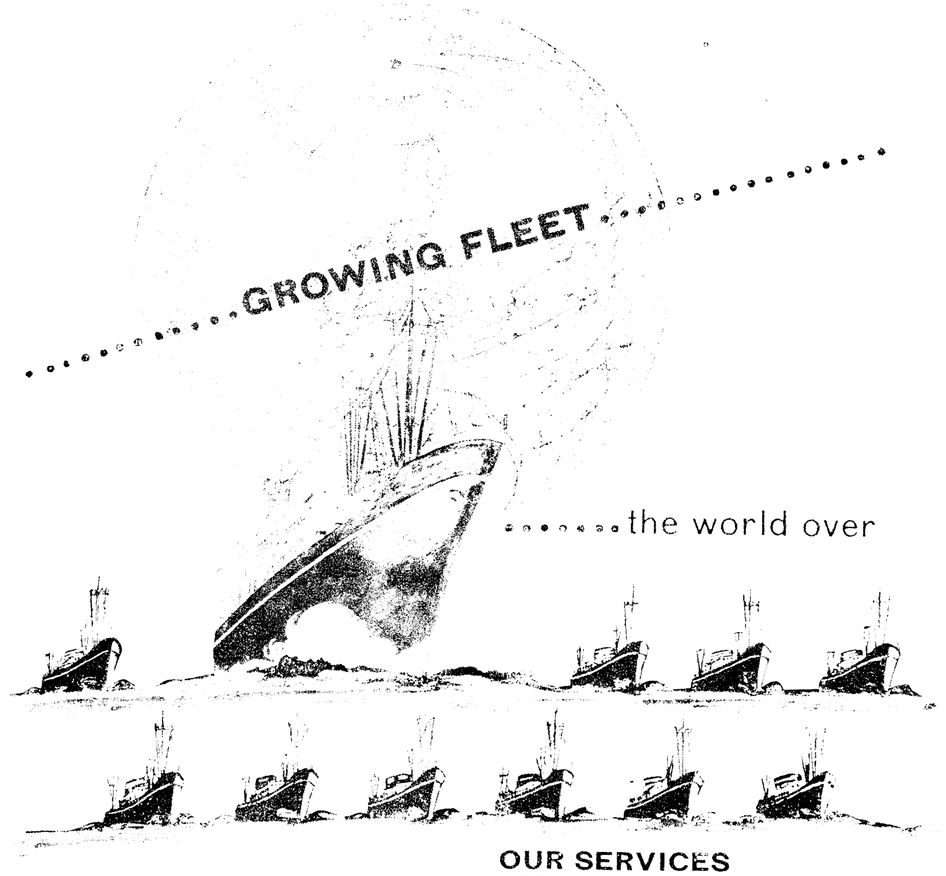

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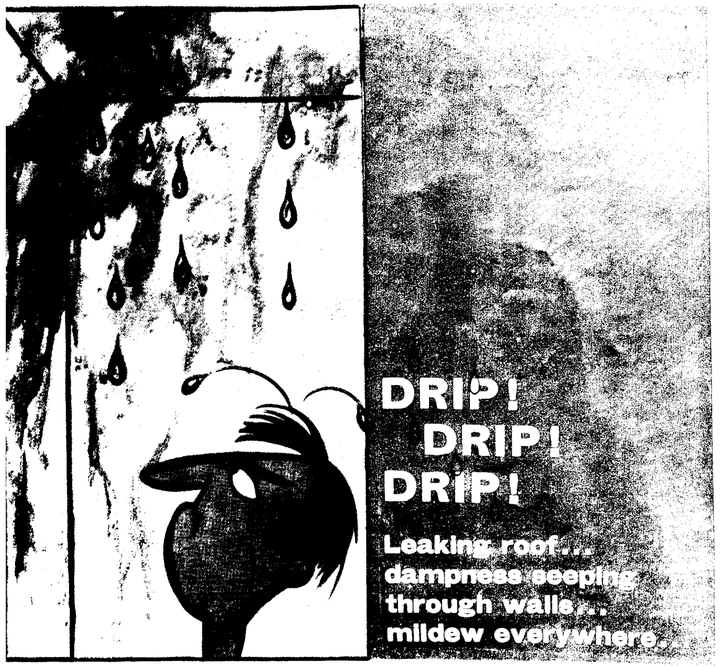

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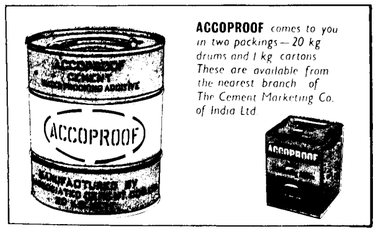

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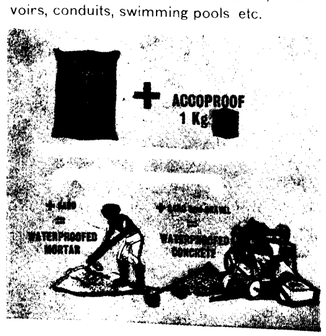

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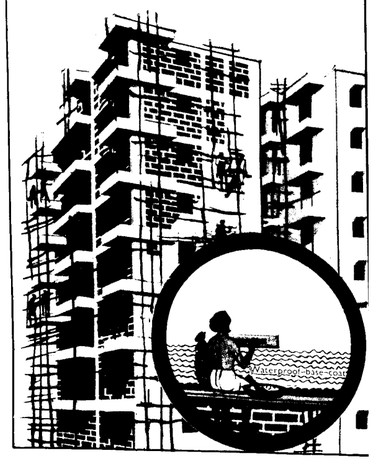

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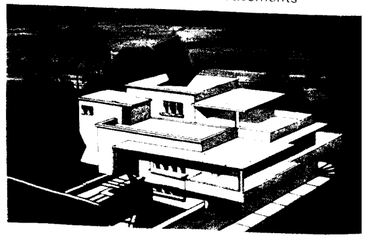

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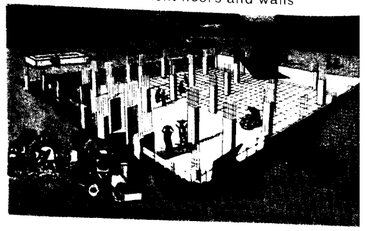

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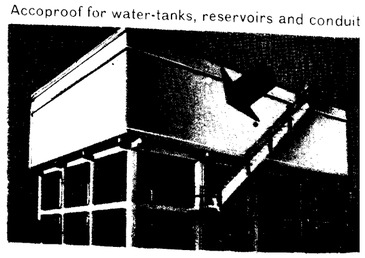

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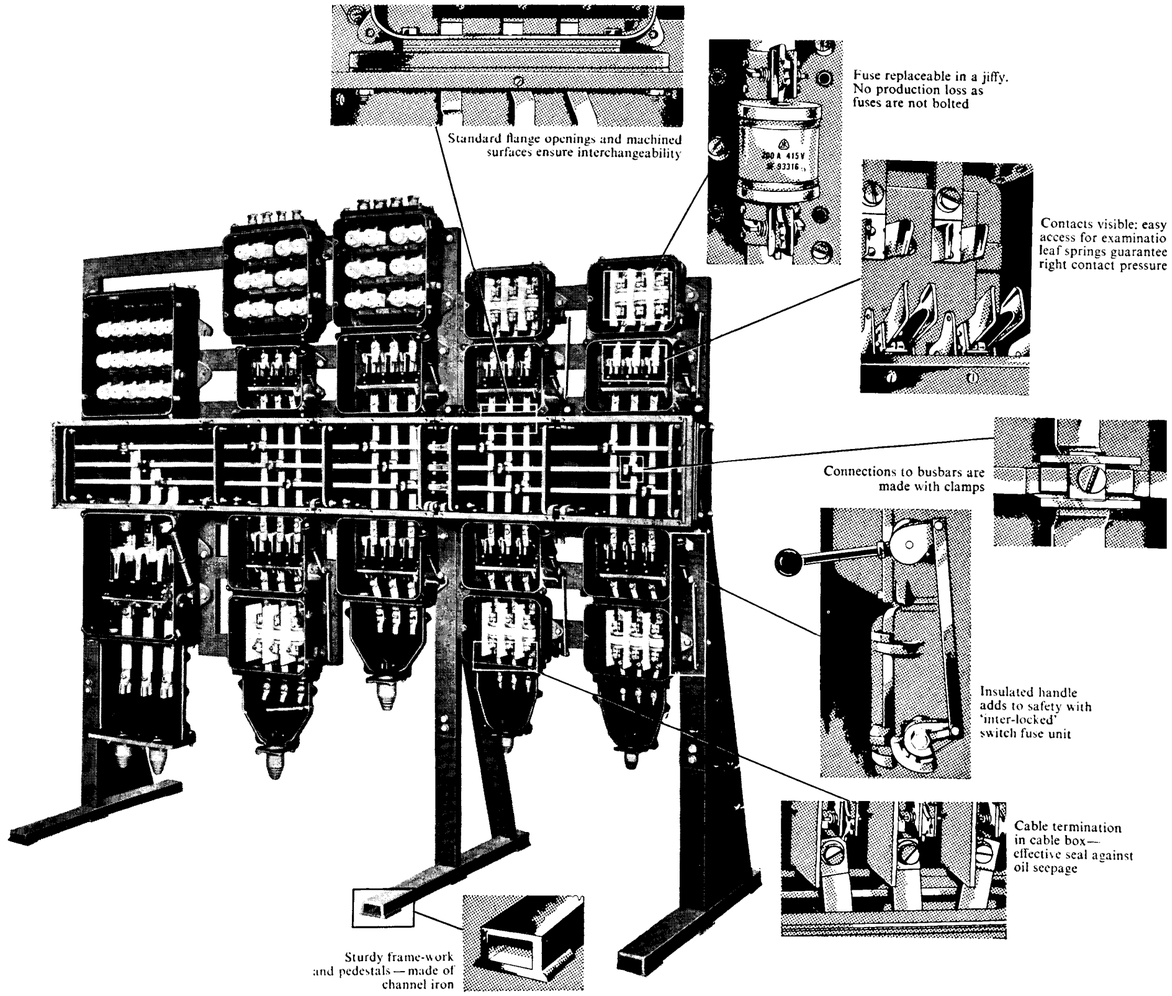

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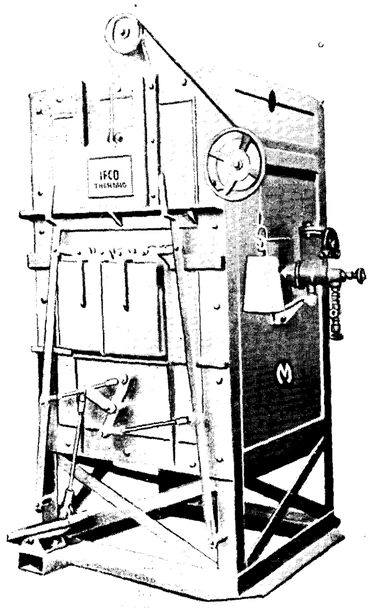

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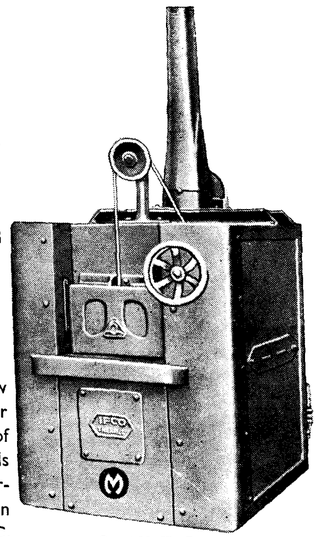

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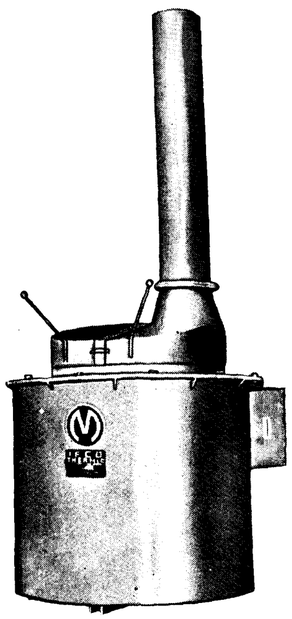

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CONTENTS

	Page
LEADING ARTICLE:	
A Year of Inflation and Controls	15
FEATURE ARTICLES:	
The Investors' Changed Psychology—By S. Narayanaswamy	16
Towards a Better Balance in India's Economic Plans—By "Libra"	18
The Strategy for the Fourth Plan—By Dr. P. S. Lokanathan	22
Agriculture in the Fourth Plan—By Asoka Mehta	24
The Human Factor in Economic Growth—By C. N. Vakil	28
AID-TO-INDIA SERIES:	
I. From United States of America—By Dr. John P. Lewis	32
II. From the World Bank—By J. Burke Knapp	36
III. From the United Kingdom—By E. A. Midgley	38
IV. From West Germany—By G. F. Duckwitz	40
V. From Canada—By Roland Michener	45
VI. From Soviet Russia—By K. Krishna Moorthy	46
Climate for Foreign Private Investment—By Anila Graham	52
Administration and Our Development Plans—By D. L. Mazumdar, I.C.S. (Retd.)	56
Some Aspects of Manpower Planning—By Dr. J. N. Mongia	60
Role of S.T.C. in Indian Economy—By B. P. Patel, I.C.S.	64
Indian Airlines as a Foreign Exchange Earner—By J. S. Parakh	68
Railways and Export Promotion—By Dr. Ram Subhag Singh	72
Planning for Larger Exports During Fourth Plan—By Manubhai Shah	74
Prospects for Exports During the Fourth Plan—By Dr. Prem Chand	78
General Insurance as an Item of Invisible Foreign Trade—By R. M. Desai	82
Economic Planning and Control of Industrial Costs—By Dr. S. K. Muranjan	84
Development of Indian Shipping—By Raghunath Singh, M.P.	88
Commercial Banks in Indian Economy—By Tulsidas Kilachand	92
L.I.C.'s Approach to Claim Settlement—By B. K. Kaul, I.C.S.	94
Growth of Pharmaceutical Industry—By James McGee	100
Outlook for Tyre Industry—By A Special Correspondent	102
Perspective on Copper—By V. S. Swaminathan	104
Industrial Gases and the Welding Industry—By A Special Correspondent	108
The Challenge of Feeding Our Millions—Contributed	110
Road and Road Transport—By G. L. Anderson	112
Urban Development in Maharashtra—By Dr. Rafiq Zakaria	115
Commercial Banks and Agricultural Credit—By N. M. Chokshi	116
Capital Market and Resources Mobilisation—By H. T. Parekh	118
Planning in an Emergent Country—By George O. Hoskins	120
Whither Managing Agency System?—By An Esteemed Correspondent	123
Indo-British Trade—By N. C. Sen Gupta, I.C.S.	127
Public Sector Undertakings—By S. Ramayya, I.A. & A.S. (Retd.)	128
Industrial Relations in Public Sector—By B. N. Mehrotra	130
Trade Unionism in India—By Dr. J. L. Rastogi	132

	Page
FEATURE ARTICLES—(Continued)	
Recent Developments in American Regulation of the Securities Market—By Prof. Louis Loss	136
Economic Trends in U.S.—By N. Pattabhi Raman	138
Economic Trends in Britain—By J. R. H. Pringle	140
Economic Trends in West Germany—By Mrs. Inga Krugmann-Randolf	142
Britain After the Election—By John J. Mendelson, M.P.	144
United Nations Conference on Trade and Development—By Dr. N. A. Sarma	146
The Problem of Rising Prices—By Prof. P. C. Jain	148
Indian Machine Tool Industry—By S. M. Patil	149
Packaging Industry—By Ashoke Chatterjee	150
Some Problems of Aluminium Industry—By T. C. Saboo	152
Some Thoughts on Cement Industry—By Dr. R. R. Hattiangadi	154
Business and Government—By M. V. Arunachalam	156
Taxation on Plantations—By P. S. Subramaniam	158
Progress of Warehousing—By C. S. Ramachandran, I.C.S.	162
Growth of Small-scale Industries—By K. V. Venkatachalam	164
Automobile Industry—By C. Ramasubban	168
Trend of World Commodity Prices—By A Special Correspondent	170
British Textile Industry Quite Cheerful—By Arthur Tattersall	172
Black Pepper—A Buyers' Market—By I. T. Parekh	174
Controls on Distribution of Foodgrains	226
1964 REVIEW OF:	
Commodity Prices and Cost of Living	178
Coal	180
Jute	182
Textiles	184
Sugar	186
Planting	188
Industrial Production	192
Food and Agriculture	194
Trade	200
Banking and Money	204
TREND OF MARKETS IN 1964:	
Stock Exchanges	208
Bullion	214
Cotton	220
Oilseeds	222
Tea	228
Jute	231
Metals	232
Hides and Skins	234

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INDEX TO ADVERTISERS

	Page
ACC-Vickers-Babcock Ltd.	171
Advani Oerlikon Electrodes Private Ltd., J. B.	3
Air India	21
Alcock Ashdown and Co., Ltd.	225
Alembic Chemical Works Co., Ltd.	199
Allahabad Bank Ltd.	26
All India General Insurance Co., Ltd.	235
Altex Private Ltd.	246
Aluminium Cables and Conductors (U.P.) Private Ltd.	71
Aluminium Industries Ltd.	207
Amalgamated Electricity Co., Ltd.	247
American Express Co. Inc.	119
Anam Electrical Manufacturing Company	164
Anderson Wright Ltd.	236
Andhra Bank Ltd.	227
Andhra Sugars Ltd.	197
Anglo French Textiles Ltd.	242
Ardeshir B. Cursetjee and Sons Private Ltd.	166
Asea Electric India Private Ltd.	80
Asher Textiles Ltd.	244
Ashok Leyland Ltd.	37
Assam Sillimanite Ltd.	114
Atul Drug House Ltd.	247
Atul Products Ltd.	*Back cover*
Baijnath and Company	197
Bajaj Electricals Ltd.	197
Balmer Lawrie and Co., Ltd.	139
Bank of Baroda Ltd.	216
Bank of India Ltd.	223
Bank of Maharashtra Ltd.	244
Bank of Rajasthan Ltd.	225
Bata Shoe Company Private Ltd.	43
Batliboi and Company Private Ltd.	203
Behar Firebricks and Potteries Ltd.	35
Belapur Co., Ltd.	4
Bengal Chemical and Pharmaceutical Works Ltd.	238
Bertrams-Scott (India) Ltd.	181
Bharat Dye Chem Industries	79
Bharat Starch and Chemicals Ltd.	240
Bhartia Electric Steel Co., Ltd.	163
Binani Metal Works Ltd.	221
Blue Star Engineering Company (Bombay) Private Ltd.	190
Bombay Andhra Transport Company	213
Bombay Cycle and Motor Agency Ltd.	28
Bombay Dyeing and Manufacturing Co. Ltd.	95
Bombay Fine Worsted Manufacturers	157
Bombay Woollen Mills Private Ltd.	50
Borosil Glass Works Ltd.	243
Brady and Co. Ltd., W. H.	6
British Electrical and Pumps Private Ltd.	52
Buckingham and Carnatic Co., Ltd.	73
Burmah-Shell	57
Calcutta Chemical Co., Ltd.	128
Calcutta Fan Works Private Ltd.	218
Calcutta Port Commissioners	91
Calico Chemicals and Plastics Division	34
Canara Workshops Ltd.	187
Carborundum Universal Ltd.	161
Catalyst (India) Ltd.	230
Cement Marketing Company of India Ltd.	10
Central Bank of India Ltd.	199
Central India Machinery Manufacturing Co., Ltd.	113
Central Railway	224
Chartered Bank	87
Chimanlal Paper Company	44
Claridge and Co., Ltd., G.	8
Colour Chem Ltd.	89
Dalmia Iron and Steel Ltd.	176
Davangere Cotton Mills Ltd.	93
D. G. Industries Private Ltd.	195
Dhakuria Engineering Works Private Ltd.	107
Dharamdas M. Jhaveri and Company	238
Dies and Tools Ltd.	233
Dodsal Private Ltd.	109
Duncan Brothers and Company Ltd.	167
Dunlop Rubber Company (India) Ltd.	31
Durgapur Projects Ltd.	223
Engine Valves Ltd.	141
Engineering Export Promotion Council	247
Esso Standard Eastern Inc.	19
Export Credit and Guarantee Corporation Ltd.	75
Express Block and Engraving Studios Private Ltd.	239
Extrusion Process Private Ltd.	230
Fancy Corporation Ltd.	240
Favourite Bookcloth and Paper Mart	227
Fertilisers and Chemicals Travancore Ltd.	93
Gaekwar Mills Ltd.	207
Gammon India Ltd.	151
Garden Reach Workshops Ltd.	198
General Bank of the Netherlands	221
Globe Steels	242
Godavari Sugar Mills Ltd.	209
Godrej and Boyce Manufacturing Co. Ltd.	71
Government of Gujarat	230
Great Eastern Shipping Co., Ltd.	232
Gutehoffnungshutte Sterkrade Ag.	54
Gwalior Rayon Silk Mfg. (Wvg.) Co., Ltd.	221
Heavy Electricals (India) Ltd.	227
Hercules Insurance Co., Ltd.	219
Himmat Steel Foundry Private Ltd.	248
Hind Automobile Corporation	195
Hind Rectifiers Ltd.	159
Hindustan Aluminium Corporation Ltd.	65
Hindustan Construction Co., Ltd.	237
Hindustan Lever Ltd.	153
Hindustan Machine Tools	153
Hindusthan Pilkington Glass Works Ltd.	189
Hindusthan General Insurance Society Ltd.	87
Hindusthan Mercantile Bank Ltd.	207
Hoechst Dyes and Chemicals Ltd.	85
Hongkong and Shanghai Banking Corporation	79
Hotel Clarks-Shiraz	239
Hukumchand Jute Mills Ltd.	221
IBM World Trade Corporation	111
Imperial Tobacco Company of India Ltd.	225
India Cements Ltd.	215
India Foils Ltd.	81
India Pistons Ltd.	59
Indian Airlines Corporation	25
Indian Bank Ltd.	177
Indian Copper Corporation Ltd.	97
Indian Furnace Company Private Ltd.	12, 63
Indian Hume Pipe Co., Ltd.	240
Indian Iron and Steel Co., Ltd.	39
Indian Oil Corporation Ltd.	238
Indian Overseas Bank Ltd.	109
Indian Oxygen Ltd.	55
Indian Telephone Industries Ltd.	87
Indian Trade and General Insurance Co. Ltd.	*Front cover*
Indian Tube Company (1953) Ltd.	47
Indmag Private Ltd.	107
Indore Malwa United Mills Ltd.	89
Industrial Finance Corporation of India	167
Investa Machine Tools and Engineering Co., Ltd.	219
James Finlay and Co., Ltd.	77
Jardine Henderson Ltd.	163
Japan Gasoline Co., Ltd.	29
Jay Engineering Works Ltd.	169
Jayanti Shipping Co., Ltd.	23
Jeewanlal (1929) Ltd.	239
Jessop and Co., Ltd.	188
J. K. Business Machines Ltd.	230
J. K. Organisation	159
J. K. Steel Ltd.	85
Kalinga Iron Works	193
Kamala Sugar Mills Ltd.	70
Kamani Engineering Corporation Ltd.	151
Kanan Devan Hills Produce Co., Ltd.	91
Karam Chand Thapar and Brothers Private Ltd.	246
Karur Vysya Bank Ltd.	235
K. C. P. Ltd.	114
Kemicolor Industries	243
Kemp and Co., Ltd.	235
Kerala Government Owned Industries	224
Kesoram Industries and Cotton Mills Ltd.	135
Khanna, J. S.	1
Khatau Makanji Spg. and Wvg. Co., Ltd.	199
Killick Industries Ltd.	98
Kirloskar Brothers Ltd.	105
Kirloskar Electric Co., Ltd.	202
Kirloskar Oil Engines Ltd.	118
Kirloskar Pneumatic Co., Ltd.	90
Kothari and Sons	135
Kuljian Corporation (India) Private Ltd.	191
Kusum Engineering Co., Ltd.	88
Lakshmi Mills Co., Ltd.	241
Larsen and Toubro Ltd.	*Front inside cover* 5, 11
Lawkim Ltd.	229
Life Insurance Corporation of India	95
Lipton (India) Ltd.	218
Lloyd Triestino	195
Machine Tools (India) Private Ltd.	139
Madras Motor and General Insurance Co., Ltd.	27
Madras Pencil Factory	174
Madura Mills Co., Ltd.	215
Mafatlal Gagalbhai and Sons Private Ltd.	2
Maharashtra State Co-operative Bank Ltd.	201
Maharashtra Sugar Mills Ltd.	241
Mahindra Engineering Co., Ltd.	165
Mahindra and Mahindra Ltd.	155
Manilal Patel and Company	217
Man Industrial Corporation Ltd.	30
Martin Burn Ltd.	41
Mazagon Dock Ltd.	157
Meher Machinery Manufacturing Co.	199
Merchant and Company Private Ltd.	98
Metagraphs Private Ltd.	223
Metal Perforators Private Ltd.	201
Metropolitan Enterprises Private Ltd.	194
Mettur Chemicals and Industrial Corporation Ltd.	242
Millen and Company (India) Private Ltd., R. K.	217
Minerals and Metals Trading Corporation of India Ltd.	241
Mitsui Bank Ltd.	98
Mohini Mills Ltd.	201
Morarji Goculdas Spinning and Weaving Co., Ltd.	24
Motor Industries Co., Ltd.	243
National Electrical Industries Group	233
National and Grindlays Bank Ltd.	203
National Insulated Cable Company of India Ltd.	147
National Pipes and Tubes Co., Ltd.	117
National Rayon Corporation Ltd.	105
National Rubber Manufacturers Ltd.	69
New Haven Engineering Company Private Ltd.	229
New India Assurance Co., Ltd.	203
New India Industries Ltd.	247
New Swadeshi Mills of Ahmedabad Ltd.	211
Neyveli Lignite Corporation Ltd.	50
Noble Paint and Varnish Company Private Ltd.	225
Orient Paper Mills Ltd.	58
Oriental Carpet Manufacturers (India) Private Ltd.	17
Oriental Mercantile Co., Ltd.	133
Panyam Cements and Mineral Industries Ltd.	219
Paper Mill Plant and Machinery Manufacturers Ltd.	169
Parry and Co., Ltd.	216
Peirce Leslie and Co., Ltd.	177
Phaltan Sugar Works Ltd.	241
Philips India Ltd.	111
Podar Mills Ltd.	235
Polychem Ltd.	191
Poysha Industrial Co., Ltd.	73
Premier Automobiles Ltd.	86
Premier Mills (CBE) Ltd.	229
Punjab National Bank Ltd.	229
Raghuvanshi Mills Ltd.	75
Raja Bahadur Motilal Poona Mills Ltd.	237
Rallis India Ltd.	*Back inside cover*
Rane (Madras) Ltd.	233
Rasiklal Jethalal and Company	174
Rayalaseema Mills Ltd.	243
Rayonyarns Import Company Private Ltd.	42
Roche Products Ltd.	101
Ronuk Industries Ltd.	209
Ruby General Insurance Co., Ltd.	223
Sahu Jain Ltd.	61
Saru Smelting and Refining Corporation Private Ltd.	137
Sathe Biscuit and Chocolate Co., Ltd.	184
Satyanarain and Company	236
Scindia Steam Navigation Co., Ltd.	213
Sen Raleigh Ltd.	238
Shalimar Rope Works Ltd.	203
Shamsher Sterling Cable Corporation Ltd.	247
Shipping Corporation of India Ltd.	7
Shree Ram Mills Ltd.	219
Shree Ramtirth Yogashram	173
Shubhdwar Rolling Shutters and Engineering Co., Ltd.	144
Siemens Engineering and Manufacturing Company of India Ltd.	33
Silk and Rayon Textile Export Promotion Council	134
Simplex Mills Co., Ltd.	244
Simpson and Co., Ltd.	51
Singareni Collieries Co., Ltd.	240
Sitalakshmi Mills Ltd.	236
Sivanandha Mills Ltd.	161
SKF Ball Bearing Company Private Ltd.	9
Sosyo Products	180
South British Insurance Co., Ltd.	207
South India Insurance Co., Ltd.	176
South India Viscose Ltd.	215
South Indian Bank Ltd.	217
Southern Structurals Ltd.	81
Sree Meenakshi Mills Ltd.	242
Standard Motor Products of India Ltd.	114
Star Paper Mills Ltd.	201
State Bank of Bikaner and Jaipur	211
State Bank of Hyderabad	215
State Bank of India	103
State Bank of Indore	189
State Bank of Mysore	209
State Bank of Travancore	197
State Trading Corporation of India Ltd.	145
Stewarts and Lloyds of India Private Ltd.	49
Striplex Industries (Private) Ltd.	227
Surajmal Lallubhai and Company	44
Swadeshi Cotton Mills Co., Ltd.	160
Syndicate Bank Ltd.	50
Tamil Nadu (Madras State) Handloom Weavers Co-op. Society Ltd.	233
Tata Engineering and Locomotive Co., Ltd.	101
Tata Industries Private Ltd.	103
Textile Machinery Corporation Ltd.	53
Textool Co., Ltd.	97
Thackersey Group of Mills	209
Tube Investments of India Ltd.	183
Union Bank of India Ltd.	214
Union Carbide (India) Ltd.	67
United Bank of India Ltd.	195
United Commercial Bank Ltd.	44
United India Fire and General Insurance Co., Ltd.	211
United Nations Information Centre	236
Unit Trust of India	239
Vanguard Insurance Co., Ltd.	211
Vazir Sultan Tobacco Company Private Ltd.	77
Victoria Mills Ltd.	213
Vijayalakshmi Mills Ltd.	237
Vysya Bank Ltd.	237
Walchandnagar Industries Ltd.	213
West Coast Paper Mills Ltd.	66
Western India Plywoods Ltd.	165
Western Mechanical Industries Private Ltd.	143
Zenith Tin Works Private Ltd.	217

A Year of Inflation and Controls

FOR India A.D. 1964 has been a year of rich harvest, not of food and raw materials but of bitter fruits of primitive socialism of the nineteenth century. The seeds of this socialism were sown in the initial years of independence and the plants were nurtured with great care year after year. They had reached the fruit-bearing stage some years ago and the country has been "enjoying" the fruits of this great socialist endeavour in the form of more controls, high inflation, crushing tax burdens, scarcity of necessities of life, corruption in all walks of life and indiscipline. The year that will soon be rung out has had the distinction of witnessing these fruits grow in profusion, besides taking away with it (towards the close of its fifth month) the chief architect of India's Socialist Pattern of Society, Mr. Jawaharlal Nehru. In a way, it was kind to him, for, had he lived through the rest of the year, he would have writhed in pain at the sight of all-round deterioration in the economy of the country which he had loved and served with all his heart. This is not a criticism of those who have shouldered the responsibility of steering the ship of State after Mr. Nehru, for much of what has happened this year is the cumulative outcome of the wrong policies and methods followed for well over a decade and a half. But, as most of them have been associated with these policies and methods, they cannot disown their responsibility for the serious economic mess in which the country finds itself today.

An unprecedented rise in prices and cost of living has been the most striking but unpleasant development of the year under review. In the past twelve months, the purchasing power of the rupee within the country has gone down by about one-fifth and that on top of an eight per cent fall in the preceding year. The cost of living has risen by nearly 14 per cent, as against 7 per cent in 1963. Barring South Korea and Indonesia, no other country in Asia has suffered such a steep rise in cost of living as India has done. With such a poor record in economic stability for the second year in succession, it is a moot point whether this country can claim to hold a model of economic development for other underdeveloped countries in the free world. The deterioration in price situation is much more glaring when compared with the experience of the developed countries in 1964, where the rise in prices has ranged between one per cent and five per cent. Italy, however, is an exception, in that the average increase in cost of living has been six per cent, that is, substantially above the average rate for the Common Market as a whole. It is only in some of the Latin American countries such as Argentine, Brazil, Chile and Colombia that cost of living has risen much faster than in this country, but that is not much of a consolation.

In their bid to hold the price line, check tax evasion, unearth unaccounted money, plug loopholes in the foreign exchange regulation, and prevent smuggling of goods, precious metals, diamonds, etc., the authorities have enacted so many new controls that the country has virtually become a jungle of controls. This is another outstanding feature of 1964. The rapid growth in controls has aggravated the evil of corruption, just at the time when Mr. Gulzarilal Nanda has been valiantly trying to eradicate it. Indeed, his well-intentioned and determined drive against corruption has had some unpleasant repercussions on political life, the most serious one being lack of stability in some States. Similarly, the Finance Minister's attack on black money, tax evasion, etc., is having a demoralising effect on the business community and Administration. The introduction of controls on movement of foodgrains and edible oils from one State to another has provided a veritable gold mine to smugglers and the officials in charge of inter-State movements. By smuggling one tonne of groundnut oil from Gujarat into Maharashtra, for instance, one can easily make a gross profit of Rs. 500 or a net of Rs. 400 after expenses, because the price of oil in Bombay is Rs. 2,500, whereas it is only Rs. 2,000 per tonne in Ahmedabad. Again, these controls have gravely undermined the sense of unity in the country and encouraged parochial tendencies even among those in charge of State Governments. All this in turn has had an adverse effect on the pace of economic development and caused disillusionment among the public.

The evils of persistent inflation of a high degree began to assert themselves rather forcefully in 1964. Deterioration in moral standards was only one of them. Another was the growing unrest among the workers, industrial and non-industrial alike. The most distressing feature of this phenomenon was the resort to strikes even by doctors, air pilots, teachers and students. The cost of living has become so unbearably high and the taxes take away so much of one's income that the will to bear them silently has considerably weakened. The seriousness of this aspect of our economy and their implications to the future are discussed at some length by a few of the contributors to this Annual Number. Unless the powers-that-be pause and reflect and introduce appropriate correctives, the country will be exposed to the danger of being swamped by anti-democratic forces sooner or later.

Failures on the economic front in 1964 led to an increase in industrial unrest. The respect for law suffered a further setback and the people's doubt about the efficacy of the type of planning undertaken by the Congress Party increased. The Communists and other leftists seized this opportunity to organise strikes and hartals (*bandhs*, as they are now called) in defiance of the Defence of India Rules. "Go-slow" and "work-to-the rule" tactics were increasingly adopted in violation of tripartite agreements on Codes of Discipline and Conduct. The report of the Bonus Commission submitted in the first half of the year was a great disappointment to those who had expected that it would help remove one of the basic causes of friction between workers and employers. The Commission fought shy of facing the issues involved scientifically and the opportunity to link the payment of bonus to levels of production was thus missed. On the contrary, its report has only served to add to the confusion and controversy over the principles governing the payment of bonus. Generally speaking, the Government's decision on the Commission's recommendations has been more in favour of workers. As a result, large sums of money—one estimate puts the figure at Rs. 44 crores per annum—will be distributed to workers without securing any additional production in return and with both the industrious and lazy workers being treated alike. Thus, 1964 saw no improvement in employer-employee relations and the hope that the labour policy would be oriented towards increasing production and productivity still remains to be fulfilled. This was not all. A considerable amount of industrial strife was due to political motivations of the politically-oriented trade unions and to inter-union rivalries. The industrial units in the public sector suffered more than those in the private sector as a result of such non-industrial provocations.

Thus, loss of industrial production in 1964 caused by labour unrest must have gone up substantially as compared with 1963 and 1962 which were relatively peaceful years. While this was an important factor for the drop, albeit slight, in the pace of growth of industrial production, there were also other factors. Such data as are available at the time of writing show that the *rate* of industrial growth, which had gradually increased from 7.3 per cent in 1961 and 7.7 per cent in 1962 to 9.2 per cent in 1963, suffered a slight setback in 1964 to 8.5 per cent and that the average annual growth rate in the first four years of the third Plan would work out to 8 per cent, as compared with the Plan target of 11 per cent, the shortfall being a little less than 30 per cent. High in the list of causes for the slower pace of industrial growth in 1964 stands the stagnation in agriculture. Next comes scarcity of foreign exchange and the consequent shortage of raw materials and stores. The lag in the creation of additional capacity in certain basic industries such as pig iron, steel, cement, and heavy chemicals may be mentioned as the third factor. And, finally, there are the high levels and punitive types of taxation acting as a restraint on the initiative and enthusiasm of entrepreneurs as well as investors and creating a sense of frustration among them. The position would have been worse but for the perceptible improvement in the generation and supply of power, as well as in the availability of railway transport. The growth in road transport, however, has been running behind expectations. This is true also of port facilities.

An interesting feature of industrial situation in 1964 was that, although the pace of industrial growth had slowed down and inflation was rife, certain industries were faced with surpluses and a buyers' market. Notable among them were coal, art silk yarn and fabrics, tyres, electric cables, certain types of paper, and consumer durables like refrigerators, radio sets, and electrical appliances. The accumulation of coal stocks was directly the result of non-materialisation of the pace of industrial growth envisaged in the third Plan and the growing use of furnace oil as fuel by industries (including cement) situated far away from the coal belt. The demand for tyres failed to keep pace with the increase in production, as the automobile industry could not grow to the extent needed. Shortage of cement and the consequent slow down in construction activity, as well as heavy taxation, had an adverse effect on the market for some types of electric cables. The fall in the purchasing power of people due to high cost of food and other necessaries of life, coupled with excessive indirect taxation, had a depressing influence on the markets for rayon and staple fibre goods. Again, excessive taxation and the continuation of compulsory savings in the form of Annuity Deposits on incomes of Rs. 15,000 and over per annum restrained the demand for consumer durables. The rise in interest rates and restrictions on bank credit also served to keep down the demand for these goods.

It was, however, the relatively poor performance of agriculture, especially in the food sector, for the third year in succession that was the primary cause of the critical economic situation in the country. Not that there was no improvement at all in agricultural production; only the improvement was not adequate. The impact of inadequate agricultural growth has been all-pervading. Introduction of controls over distribution and consumption in order to ensure equitable distribution and to check the upward trend of prices has aggravated the shortage, as it has led to stockpiling by producers, traders and consumers. As a partial solution to this shortage, larger imports have had to be arranged which in turn have neutralised a part of the impressive improvement in exports, the most encouraging aspect of Indian economy in 1964. The necessity to conserve supplies for domestic consumption has made inroads into the exportable surplus of some commodities (for example, sugar and groundnut oil) which had made substantial contribution to the increase in exports in 1963-64. The net result has been a cut in the allocation of foreign exchange for sustaining and expanding industrial production in the coming six to twelve months.

Crop estimates pertaining to the 1964-65 season point to some improvement in a number of commodities, including foodgrains. But, as prices continue to rule high, it looks as though the increase in production is, once again, not enough. Moreover, the minimum prices fixed for foodgrains and sugarcane are so high that there is very little prospect of any significant fall in price levels in the new year. In fact, in their understandable anxiety to provide incentives to agricultural producers and to ensure peace among the working class, the authorities have virtually perpetuated the inflation that has taken place in the past 12 months and there is no likelihood of the rupee regaining any sizable part of the loss in its purchasing power. If anything, there may be a further fall in it, what with a heavy Budget ahead and an ambitious fourth Plan which, one is told, will be twice as big as the third Plan. Even if the Government were to give some relief in taxation in order to stimulate savings and encourage investments in equities, it would take quite some time for the country to realise the benefits of such a policy in the form of increased production. The task of sustaining the rate of increase in exports in the coming year will, therefore, be extremely difficult. Fortunately for this country, world trade is still in an expansionary phase, thanks to the continuing growth in the economies of the developed countries. The lessening tension between the major power blocs, the proposed curtailment of defence expenditure by the U.S. and Soviet Russia, and the certainty of the Common Market's survival are all highly encouraging developments. But there are quite a few potential trouble spots, political and economic alike, in the world. The balance of payments position of both the U.S. and the U.K., for instance, is delicate, though manageable because of the continuing spirit of co-operation among the Western countries. If the buoyancy of world trade were to suffer as a result of any unforeseen developments, India's exports would be seriously hurt and the country might be confronted with an acute foreign exchange crisis, capable of causing serious damage to its plans for progress.

THE INVESTOR'S CHANGED PSYCHOLOGY

By S. NARAYANASWAMY

TO discuss or canvass the prospects for investment in stocks and shares at this particular moment in the winter of 1964 and in so bleak an economic background, may raise a smile on the lips of the sophisticated reader and build up an unflattering image of the author of so unseasonal an effort. But it, is among the occupational risks of the commentator on economic affairs that people occasionally brand him as belonging to a pitifully naive species of *homo sapiens*. Well, if the fourth Plan which is on its way to the launching pad, can assume an investment of Rs. 6,980 crores by the private sector, out of the grandiose total of Rs. 22,500 crores, after the way in which inflation and taxation have between them made mincemeat of people's savings, is not the economic commentator in the rather distinguished and blue-stockinged company of the Planning Commissioners—in the matter of making certain facile assumptions? There seems little need to hum and haw over the theme. The greater danger is that one might get lost in cynical overtones—when talking of the investor and his mood.

Stock markets started the year with all the diffidence that goes with prolonged debilitation. Morbid conjuctures about the budget cooled the ardour of the operators. All the effort to spin out bull points based on some good balance sheets and dividends was more than neutralised by sledge-hammer blows that rained on the market in various forms. It was widely anticipated that the abrupt exit of Mr. Morarji Desai from Union Finance Ministership and the entry of Mr. T. T. Krishnamachari would result in discriminating tax reliefs, in more retained profits with the corporate sector, and would generally result in stimulating investment in stocks and shares. Indeed, his broadcast on taking up office encouraged that impression. It, however, proved a dismaying anti-climax. It revealed an anxiety to disarm political critics who might say that the apple-cart so painstakingly built up by the Morarji Budget was upset by a successor, who was known to have bright ideas of his own. Thus, it proved to be a proverbial Tweedledum in place of Tweedledee.

Finance Ministry's Whipping Boy

The much denounced super profits tax was replaced by a surtax and a dividend tax of 7½ per cent was introduced; the expenditure tax was reintroduced; the gift tax was rendered more rigorous with aggregation provisions thrown in; the expected restoration of the wealth tax *concession on new share* issues did not materialise; halting and immaterial modifications of the gold control regulations that made Mr. Morarji Desai so unpopular—underwrote continued unemployment of goldsmiths. The bonus issue tax continued to disfigure the statute book. The compulsory deposit was replaced by the annuity deposit. The subsistence income groups got relief, on the one hand, while the new deposit obligation, on top of tax payments, began depleting the liquid resources of the middle income group and those of the midly affluent, the very class that had in the past proved to be the backbone of the investment market, because they had both the resources and the enlightenment to invest in stocks and shares of established as well as new companies. In the total picture, the Krishnamachari Budget had a larger number of anti-market elements built into it, than even the Morarji Budget, which contained but the solitary Frankenstien of a super profit tax.

The investor argued: What does a division tax without the saving grace of a minimum exemption limit signify? It meant only one thing: that, while the moneylender was entitled to interest on his money and the houseowner was entitled to rental income on his property, it was, in the opinion of the Union Finance Minister, improper and unethical for the equity shareholder to receive dividend on his invested capital in the case of new companies even at the end of four or five years of *nil* return on his investment. The Company which committed the impropriety of distributing dividend should pay a penalty out of distributable profits. What does a bonus issue tax mean? That companies which exercise prudence, plough back profits into the industry, do not make extravagant dividend distributions must, when they pass on the benefits of past prudence to shareholders, expose their shareholders to the penalty of a bonus issue tax. But when on top of this inelegant pyramid, was placed a capital gains levy on bonus shares issued (other than out of share premia collected), the investor's exasperation was complete. The illogicality of a penalty on basic dividend distributions on equity shares, accompanied by a penalty on past prudence practised by companies, in the shape of resources ploughed back, had already baffled and irritated him. On top of this for Government to declare that bonus issues made out of revenue reserves are capital gains, was certainly what made him decide that the corporate sector had become the Finance Ministry's "whipping boy."

A bonus issue is basically a book entry. No doubt the shareholder receives supplementary share certificates and the area of dividend payment enlarges. But, in the meantime, share prices and dividends have necessarily to go down in proportion to the share splitting that has taken place. That the Government should maintain that a new asset has come out of the blue and that this is a total capital accretion—is what stunned the investor. The fact that bonus is born of reserves built out of taxed profits, that such bonus issues suffer an issue tax, payable by the company, and that, on top of that, the shareholder is told he has rubbed the Alladin's lamp and the genie has handed him a packet of precious stones which he has done nothing to deserve and must therefore pay a tax thereon—these have driven the investor, who has suffered this amazing trinity of tax deprivations, to the conclusion that stock exchange securities are rather vulnerable areas of property-holding in India.

In the matter of comparing the rigours of a budget fabric, it is but realistic to go upon the financial leftovers of a completed assessment period on the companies and the individuals. Plough back finance in companies, on the one hand, and spendable money that is left in the individuals' hands on the other, will finally determine motivations of the entrepreneur, the managing agent and the investor. The result of these severe tax inroads on the economy, particularly in the last two years in the holy name of Plan finance, has had quite unwholesome effects on the community of taxpayers.

Selective Slump

Accompanying this article is a table of companies from representative units of the corporate sector selected from the textile, sugar, cement, chemical and engineering companies. The ratio of tax provisions made to taxable profits over the two years 1962-63 and 1963-64 is set forth in each case. This indicates that the 1963-64 tax formula did not invariably benefit companies—indeed in some cases the companies had to pay a greater percentage of tax than in the previous year. Throughout this period, what disconcerted the investor were not cuts in dividends. There were undoubtedly several cases of surgery performed on even standardised equity dividends, but these were few and the cut was not serious. What worried the investor far more was the steady depreciation in the value of his holdings based on a long-term interpretation of the tax levies. India has been riding the winged horse of inflation and prices in the primary sectors were going up. Indeed, the prices of the articles manufactured by industrial companies were going up—what time their share values continued to shrink. In the realm of real property, prices shot up—indeed they sky-rocketed. Asset values of every description rose. The shares of public joint stock companies were the only ones to plummet down—it was, in short, a selective slump.

In the case of new issues, the investor in the past years had the satisfaction of witnessing a rise in values as a result of partial allotment and was thus accustomed to being compensated for absence of income for the first four or five years, by accretion to capital values. Today, there is no rise in values. Indeed, there is a fall in values, as a result of poor public response to prospectuses. Subsequent tired selling by needy holders aggravated price drops. This brought about a change in the psychology of the investor whose reserves of forbearance were fast getting exhausted.

A number of other considerations have influenced his attitude. The steadily increasing cost of living has rendered it necessary to obtain the maximum *current* income from his savings to supplement earned income. Personal taxation at even middling levels has gone high—and a higher retained income has become a paramount need. A marked disinclination to wait for four or five years for a return on money, coupled with the suspicion that new issues may land him in depreciated capital values, has developed in him a strong resistance to new issues. It is not the reluctance of the stockbroker to leave the air-conditioned room—very few indeed of this tribe ever lived in air-condition rooms even in their halcyon days—and go after the urban or rural investor to canvass new issues that has resulted in chronic undersubscription of new issues and left institutions with blocks of underwritten shares, but the twin factors of inflation in living costs and steep corporate and personal taxation, coupled with uncertainties caused by mercurial changes in economic policy, which have cumulatively tilted the balance of public confidence against new share issues.

L.I.C. and Unit Trust

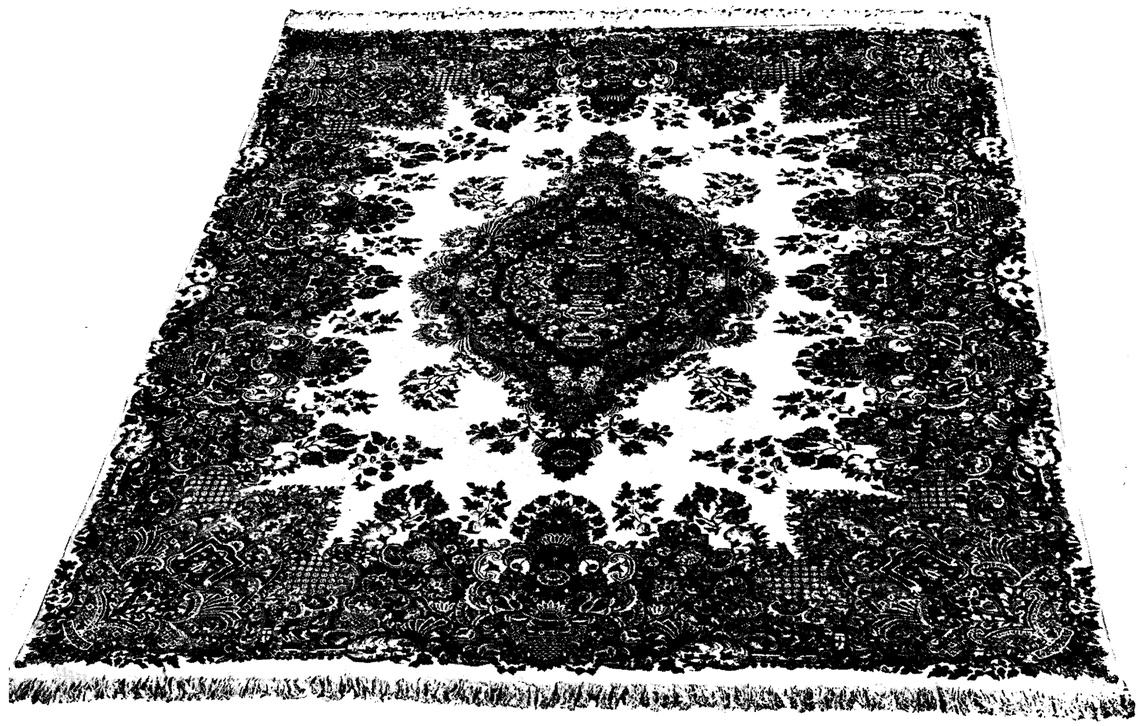
The investor has been watching what has been happening in the stock exchanges in the last two or three years. The shares that an individual investor may sell for any reason does not go to another individual as often it used to. Far too frequently the L.I.C. has been the buyer. With prices so low, yields so attractive and records of performance reassuring in the case of quite a number of established companies, there is no reason why L.I.C. should not buy. The L.I.C. is equipped with an efficient statistical and research wing and does quite a competent job of selecting what will help to build up a portfolio of sound growth stock, that has a satisfactory current yield. In the last three months, another institution has come on the scene—the Unit Trust of India, for whom sound investment selection is a whole-time assignment and not one incidental to fund accumulation. The Unit Trust has commenced its purchases on the basis of preferences exercised through its department of expert investigators.

Zest for Equities Declines

The alert investor has been watching the mounting magnitude of institutional purchases on the market; and the correspondingly aggravating imbalance between individual selling and absence of individual investor buying—the latter having shrunk to proportions, that have begun to disconcert all those that think in terms of expanding stock exchange activity, through an enlarging fraternity of individual investors. The problem of floating supplies of stocks on the trading rings shrinking through the aforesaid one-way traffic of institutional buying is assuming disturbing proportions. But a shrinkage in popular interest in equity shares can create long-range problems of free marketability for these very institutions that select scrips on the basis of marketability also. The investor is disturbed by the striking shift in investment holdings, by the shrinkage in the number of individuals that hold sizable equity investment and the migration of these investment groups to other sectors of investment, where that Old Man of the Sea, the tax-gatherer, does not sit heavily on slender Sinbad's shoulder. The investor wonders: What is the likely pattern of shareholding in India in five to ten years from now—particularly in the light of overwhelming institutional underwriting of new issues, which everybody knows do not go well on the market?

IMPACT OF TAXATION

Name of company	Accounting year 1962-63			Accounting year 1963-64		
	(1) Profits before taxation	(2) Tax provisions	(3) Percentage of (2) to (1)	(1) Profits before taxation	(2) Tax provisions	(3) Percentage of (2) to (1)
	Rs.	Rs.	%	Rs.	Rs.	%
Tata Engineering & Locomotive Co., Ltd.	3,27,50,210	2,02,81,333	61.89	4,04,25,313	2,45,40,000	60.74
Aluminium Industries	55,30,720	39,96,166	72.16	59,85,542	33,27,332	55.58
Buckingham & Carnatic Co.	1,02,53,184	53,33,334	52.02	1,00,01,894	51,06,666	50.06
E. I. D. Parry Ltd.	6,48,472	3,78,417	58.35	5,64,181	2,90,709	53.13
Madura Mills	1,07,17,869	62,10,944	57.89	1,28,49,083	76,57,342	59.64
A. C. C.	4,82,32,311	2,84,15,666	58.91	5,14,17,638	3,23,43,282	62.89
Travancore Chemical Mfg. Co., Ltd.	14,22,422	9,57,514	67.33	15,55,095	10,06,984	64.69
Mettur Chemical & Industrial Corporation	29,82,180	9,16,666	30.75	40,49,630	17,18,000	42.40



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E. Hill & Company Pte. Ltd., Mirzapur.

Oriental Carpets Showroom, Connaught Place, New Delhi.

Bhalla's Carpets, 45, Park Street, Calcutta 16.

Messrs Hall & Anderson, 31, Chowringhee Road, Calcutta 16.

Kashmir Woollen Carpet Industries (India), Opposite Red Gate, Bombay 1.

Messrs Gillanders Arbuthnot & Co. Ltd., 16, Queen's Road, Bombay.

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Towards A Better Balance In India's Economic Plans

BY LIBRA

INDIA'S Economic Planning has quite a few achievements to its credit; yet it would be difficult to assert that it has brought the country any nearer the so-called 'take-off' stage or that people generally feel that it has made their lot any better than it was some fifteen years ago. It remains, on the whole, a fairly unbalanced plan. India's achievements in the field of large industry and in important sections of the infrastructure development, especially in power and irrigation, remain without a balance in the growth of consumer goods industries. In particular, the solution of the food problem and its main cause, the problem of numbers, remain exactly where they were some fifteen years ago or, perhaps, a trifle worse.

In the view of the present writer, this imbalance is imparted to the Indian Plans by six sets of causes:

1. Erroneous concepts concerning the public and the private sectors, leading to a failure of harmonious co-operation between them:

2. An exaggerated faith in controls, restrictions, directives and prohibitations—all negative influences—as instruments of growth;

3. An obsession with deadwood ideas which have hampered the growth of sound production (the idea of concentration of economic power, exploitation of the masses and a misplaced humanism in labour policies, to give a few instances);

4. A failure to harmonise fiscal and financial policies and practices adequately with Plan objectives and needs;

5. A lack of clarity and courage in tackling the monstrous problems of food and population; and

6. Failure to tackle problems in the field of social planning and security.

Pathetic Faith

We started our economic planning with a sanctimonious faith that the private sector is full of sin and sinners and the public sector is full of angels. Fifteen years of experimentation with practical affairs has shown that the proportion between devils and angels is approximately the same in both of them; that human nature is broadly subject to the same pulls and temptations; that cupidity and corruption are not lacking in the one as in the other. Some of these ideas about State intervention were picked up by our leaders, who, incidentally, all belong to the ideological framework of the Nineteenth Century Fabianism—whether Congressman or Communists—and who during the years of struggle for independence went on preparing a list of virtuous practices they would initiate once the colonial administration was packed out. Also, it is a reflection on the state of the peoples' lack of self-reliance generally that in this country, more than in many others, one reads such catch phrases as—"But why does not the Government do something" or "Government should step in and take charge of things" or this, that or other enterprise should be "nationalised" as if all virtue automatically gets established once a bunch of civil servants runs a concern instead of profit-seeking men who stand to lose if they make mistakes unlike the civil servants who never lose. This colossal but pathetic faith in "the State," in its wisdom, omniscience, selfishness and competence is one of the sad aspects of India's history since its independence. It also offers a sad confirmation that this country, the world's largest democracy, is a weak, unorganised, unself-reliant, indisciplined mass of humanity in which every one is content to wail and complain that the deities they have installed in New Delhi and their high priests —the civil servants—are not "doing something" about this, that or the other problem, as if they and not the community that put them there are the source and inspiration of all ideas.

Yet, what goes by the name of the public sector comprises mainly a few people who hold the reins of power in Delhi, with an average age past the sixties; with an intellectural apparatus acquired in the nineteenth century; with their energies flagging after years of struggle in the pursuit of personal ambition. These people, helped and assisted by a civil service which is ready to do any job—from the management of banks or steel mills or fertiliser or petroleum industries to the direction of research or the promotion of State trading—comprises the rickety combine which goes by the name of the public sector in this country. It has undoubtedly some achievements to its credit but, generally speaking, it has failed to do first things first or to take full advantage of the numerous other talents and resources available to the country outside of itself or to work with them co-operatively and harmoniously. And it has failed, above all, to create and generate enthusiasm, initiative and enterprise —a many-sided flowering of the genius of the country—in an effort to solve poverty and establish a less pathetic state of the economy than what we have at present.

The Private Sector

This somewhat angry description of the public sector does not derive inspiration in the mind of this writer from an excess of love for the private sector. The private sector—our private sector—let it be admitted, has the same proportion of doubtful characters as the public version; some of our businessmen behave as gracelessly as some of our politicians or civil servants; some of them are as guilty of evading taxes as their counterparts in the public sector are guilty of accepting "rewards"; some of them are as greedy of money as some of their counterparts in the public sector are greedy of power; some of them show as much vulgar taste in displaying wealth as their counterparts in the public sector do in the display of their transient access to authority.

But, will all that list of colossal shortcomings in human nature in both sectors, this writer believes in freedom as a factor for growth—economic growth as well as any other growth—freedom to organise, freedom to acquire legitimate wealth, freedom to earn profit out of risk and enterprise, freedom to try out new ideas and processes and to earn a reward for these ideas, if successful. In such a concept of economic freedom, the role of the public sector will be that of a check and a balance on the vagaries of the private sector, as a watchdog of the interest of the community, as a custodian of its financial and monetary stability, and as an industrial manager only of the last resort, but not as an all-pervading colossus wanting to do things it can never do, things that call for qualities it does not possess and motivations which it could never acquire.

This (the foregoing) is a concept based on the idea that "capitalism" as a living, growing reality is something different from the version that Karl Marx knew and despised; that it has limitations and shortcomings but so has communism; that acquisition of power under communism offers as insidious a temptation as the acquisition of wealth under capitalism; and given all the limitations of the systems and the men who work the systems, neither will work efficiently, unless the *people* are disciplined, vigilant and alert; and, where the people remain the real source of power and progress, freedom is a better instrument of progress than restraints, controls and dictation.

Growing Jungle of Controls

It is from this angle that one has to protest against the growing jungle of restraints and controls and laws in this country. Controls are not an evil in themselves and controls are essential as a temporary expedient in wars, emergencies or crises or as a transitional affair between one period of self-propelled activity and another. But controls that continue on for dozens of years are quite another matter. They are like the sling, and the bandages on a broken leg. While they may help to heal a broken bone, they will render the leg ineffective, if kept too long, for its own normal function. They distort the economy, stimulate corruption, encourage a habit of disrespect for law and a deviousness of attitudes which is unhealthy in the long run. They detach the economy from the normal interplay of contacts with the outside world. To a world-traveller of today, India looks like the dead past of two centuries ago—even countries which make no pretensions to planning like Thailand, Malaysia and the Philippines wear a much more prosperous and a more modern look about them than India with all its "vigorous planning."

A great deal of this "distortion" in our economy arises from our cutting ourselves adrift from the interplay of the influences of world commerce. We are growing into an introvert economy, less strong internationally than even Communist China which was so much more weak and introvert when it started than we were at the time. With all the foreign aid we received, we should have put up a better showing than we do. But the worst thing about our controls is that no one seems to bother about the lack of effectiveness of the controls. No one seems to bother about the fact that controls are only 10 per cent effective. The fact of the matter is that our planning, which started with the objective of restraining the free operations of the price mechanism and the market mechanism, has time and again found itself in the helpless grip of those very mechanisms. Repeated failures have not led our planners either to enquire into the causes of their failure; or to estimate realistically the strength of their adversary or their own lack of strength in dealing with it. They have done some such exercise in the case of steel prices, but then wisdom lingers; it has been lingering hopelessly in respect of many other controls.

For example, after years of frustration and failure, we still seem to believe that controls and rationing will produce more food! One good monsoon, we are all optimists; one crop failure, we are down into despondency. What we need as a long-term solution to our food problem is a balanced policy of food reserves and price *supports* not price *controls*.

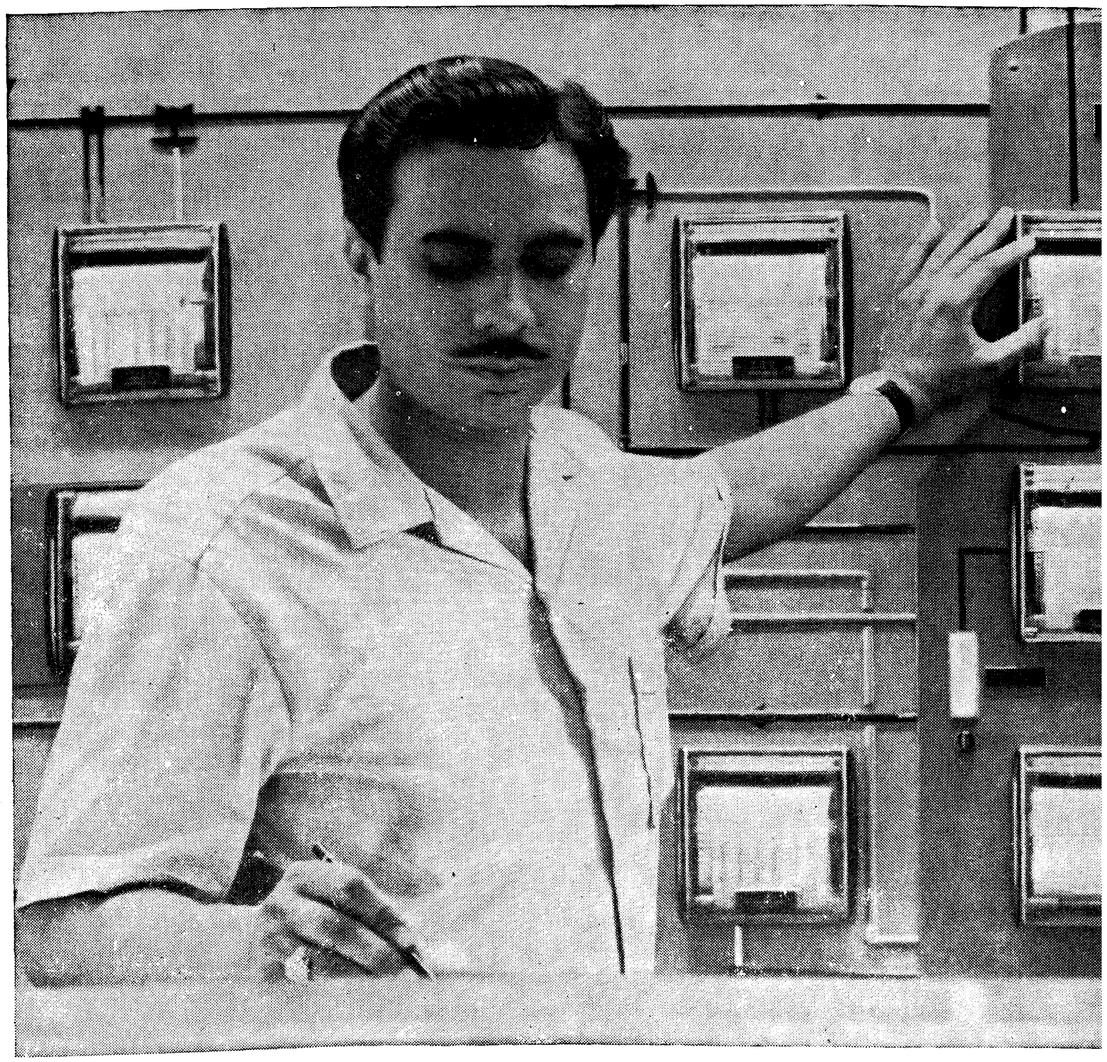
Chronic Malady—Timid Approach

Ironically enough, believers in all kinds of controls, we have done little to bring about the most desirable of controls—that of the reckless increase in our numbers. A drastic situation like ours requires drastic solutions. In the solution of this immense problem, our approach had been timid, if not cowardly, sometimes even hypocritical. Population, let it be affirmed, is the root cause of our poverty and a major explanation for the lack of economic progress in this country. It is no use finding scapegoats in merchants and traders for a problem created by the people themselves. We need leaders with courage who can stand up and say that the people can get only what they have and produce; the merchant and the trader cannot distribute what is not produced or imported; that, after the hoard is eaten up, there is so much less available in the coming month or year and unhoarding of stocks is no solution to the basic problem of scarcity—scarcity that grows more scarce, when numbers become more numerous.

Our failure against the acceleration of numbers is not the only big black mark on our planning. Our labour and income and taxation policies too, have been defective. They encourage, indirectly at any rate, recklessness as against prudence and caution; laziness as against industry; they fail to thank the hard-working people and reward them and they fail to sack the man who drags his feet and does not produce.

Labour Policy

Our labour policy broadly stems from the assumption—again a nineteenth century carryover—that the businessman is full of evil and the labourer is a poor sacrificial goat full of innocence and industry. It fails to recognise that there are industrious labourers and lazy ones, that there are honest labourers and dishonest ones. It is a policy too full of sentimentality for labour, devoid of practical experience. It was inspired by either humanists like Mr. Nehru to whom labour was a mass in the abstract—weak, exploited and always right—or by politicians for whom labour is a vote-catching mechanism and therefore always "right" also—whether it is right or wrong. So our labour policy stems from either excessive



chain reaction

ESSO BOMBAY REFINERY
TENTH ANNIVERSARY 1954-196

Ten years ago, India's first modern oil refinery began operations near Bombay. Once mainly a swamp known as Trombay, the area around the refinery is now a bustling industrial township. For the switches that started the Esso Refinery also sparked off a powerful chain reaction of industrial development—many ancillary industries, a thermal power station and a number of chemical plants have sprung up in the area and a fertilizer plant is now under construction.

Trombay will remain a significant land-mark in the economic take-off of the country and Esso's investment an example of how private 'seed capital' can provide the stimulus for continuous industrial growth.

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humanism unrelated to reality, or from political motivations injurious to the country's economic interests. Labour has every right to organise itself for collective bargaining and for the realisation in full measure of its economic rewards justly earned; but it has no business to use its political strength for its economic betterment, because, in that way, the very basis of economic betterment—namely, industry and efficient production, will become, as indeed they have become, the primary casuality in both the public and private sectors. A community like ours that does not lay emphasis on efficiency in production will never catch up with the developed nations —and it is difficult to assert that our labour is advised to emphasise efficiency as much as they are advised to be conscious of their rights and privileges.

A Contrast

In regard to labour attitudes, it would be well to dwell on the reflection that labour in communist countries has more work to do, generally, and less pay; that living standards of labour in the industrialised countries of the West are immensely better than those in the communist world; and that, with the establishment and expansion of social security, labour in the European democracies has all that communism promises to offer but fails to produce; and that even in agriculture the industrial nations of the West are better able to subsidise agricultural living standards than the communists are able to do. A great deal of this country's well-deserved reputation of being "neutral" on the side of communism—whether in foreign policy or labour and social attitudes—stems from this fact: When it comes to questions of labour, the bulk of our leaders think, at best, with their hearts minus their heads; or at worst, they think of labour merely as a pawn in a political game of vote-catching and the acquisition of power.

This emphasis on the politics of our labour problems to the detriment of their economic implications has a parallel in the obsessions of our planners about the alleged concentration of economic power. Let it be admitted that concentration of economic power is an evil; yet, it is no greater an evil than the concentration of political power in the hands of a single monolithic party run by an oligarchy that lives in the intellectual ferment of the nineteenth century, and in an introvert environment devoid of contacts of friendship either with the world around us of the aspirations of the intellectual and the educated sections of its own community.

Lively Contradictions

Yet, given this concentration of political power, the problems arising from concentration of economic power should be dealt with easily enough through the fiscal arm of the State and a few sound indirect controls. This obsession about the concentration of economic power has led to some lively contradictions—such as the long arm of law stretching itself out to prevent the full use of capital equipment in a capital-scarce economy; to add to overheads by the multiplication of units; and to bring about an uneconomic increase in costs in an economy already eliminated from the markets of the world by its own high production costs. The tactics chosen by our planners to deal with this problem are having the curious effect of throwing out of the window the virtue of economy in production—the very thing for the safeguard of which economic planning is considered essential.

Monetary and Fiscal Policies

In matters of monetary and fiscal policy, too, there are elements of imbalance. In our environment of inflation and deficit-spending, we have pursued over the years a virtual cheap money policy. It is true that, in 1951, the Reserve Bank of India tended to move in the right direction by increasing its Bank Rate from 3½ to 4 per cent. But, later, apparently the Reserve Bank has been vanquished as a maker of financial policy and the reign of cheap money and low interest rates continued unabated till a few weeks ago. Recently, again, presumably under pressure from international institutions such as the World Bank and the I.M.F., there has been some indication of awakening towards a new policy on interest rates. With a Labour Government in England putting up the Bank Rate to 7 per cent, we in India have no business to dally round a 5 per cent rate structure and we need more courageous steps along the direction of higher interest rates more appropriate to a capital-scarce environment.

Like the interest rates, the exchange rate has been very widely out of tune with domestic costs and the purchasing power of the rupee over many years. Yet, unlike in the case of the interest rate, a clear cut policy on the exchange rate is not so easy to enunciate. But, all the pros and cons considered, it would seem advisable to bring the exchange rate into line with its real purchasing power. It will make exchange controls less difficult to operate; it will make import controls more manageable; but it will, above all, give a much needed fillip to India's exports, especially in areas where our high-cost goods are in competition with goods from more efficiently organised industrial countries. It will, of course, put up our foreign debt bill and aggravate the budgetary problem, but it is the price we have to pay for a more viable relationship with the international economy.

There is also need for a great deal more of appraisal of our investments and credits in terms of their actual contribution to the output of goods and services. It would be interesting, for example, to learn what additional contribution in terms of agricultural production results from the expansion of credit to agriculture by the Reserve Bank of India; what, for example, is the additional production and in what kind of time sequence does it result from an investment in a dam or an irrigation project; what, in concrete, is the rate of return, financial and economic, to a given unit of investment in steel in the private sector as against that in the public sector; or between steel and fertilisers in the public sector. Such information as the Planning Commission may have on this—if it has it—should be more widely shared with the public.

All Roads to Leadership End . . .

Last but not least, balanced planning calls for the adaptation of social and economic institutions and practices to policies conducive to economic growth. Community Development, Co-operatives and Social Welfare, in particular, have received a good deal of attention but here is an area where great popular movements are what are needed. What can be achieved by a group of officials in Planning Commission and Ministries is very limited. Curiously enough, in our post-independence years, all enthusiasm for widespread reform movements of one kind or another seems to have come to an end. Even the universities which provided a good deal of leadership in the field of social change under the colonial administration have become completely wooden and stagnant. All roads to leadership nowadays seem to end only in political leadership, and the politician has assumed all leadership —whether in community development or co-operatives or universities or youth movements. None of these is any better for this invasion, though politics may have gained somewhat from this insidious "politicalisation" of the non-political segments of life. Centralisation, one concedes, is the essence of planning; but it has to be a centralisation brought about by the pooling of a variety of talents and resources not by just one talent and that not a very noble one, claiming all the monopoly of power and privilege, because, in such an event, the dead hand of stagnation would descend on that community. Where are all those patriotic young men and women who swarmed Gandhiji's unpaid armies of action? Why do many of our young men who are sound in heart and head go about smashing up so much public property in moods of deep frustration? Why are many other intelligent, highly skilled professional men keen to leave the country and go and live amidst inhospitable social surroundings abroad?

Prerequisites

In sum: If India's economic planning is to become truly balanced operation:

(a) The Planning Commission should cease to be a commission of politicians—whether its members originate from Parliament or the services or the universities. It has to be, above all others, a pool of talents and a body imbued with the highest level of social enthusiasm and idealism. It has of necessity to function in a political environment, but it will do less than justice to itself and the country, if it does not feel free to function in an atmosphere of detachment and freedom from the stresses and strains of day-to-day politics.

(b) We must give up this fruitless and noisy argument about the public and the private sectors and stop denigrating all businessmen simply because some businesmen are discovered to be crooks.

(c) We must give up the assumption that the public sector is full of angels and also the assumption that the public sector can do no wrong.

(d) There are a lot of businessmen whose knowledge and experience are invaluable in economic policy-making and there must be ways of asspciating them with the work of the country without being inhibited by a sense of sentimental untouchability into which they are consigned today, even though their money is found to be a good lubricant for party needs.

(e) There must come back again a climate of ideas, in which wealth and property honestly acquired should be freely enjoyed without a sense of shame or guilt, so that the present hypocrisy in which politicians who are after the good things of life like anyone else do not have to put on the hypocritical garments of poverty.

(f) The public sector should have a better appreciation of its limitations and inadequacies as a manager of industry and should confine itself to areas of fiscal and financial management and enlarge the areas of free private activity with an accent on the positive rather than the negative instruments of economic growth.

(g) Population and food should remain the major concerns of policy and a certain amount of courageous ruthlessness should inform the policy towards the former.

(h) The noisy argument between labour and capital should be dealt with firmly yet justly, recognising that neither all employers are bad nor all the labourers are good. Labour leaders, as well as employers, who show indifference to the needs of efficient production should both be severely handled. Labour legislation should not exceed what is capable of efficient implementation.

(i) Our Bank Rate should go up and exchange rate should be devalued to make the economy more self-reliant and less in need of controls which are ineffective for the most part anyway.

(j) Our planners should give less attention to sophisticated theoretical techniques of economic analysis derived from the experience of industrialised countries and develop their own understanding of the problems of our economy through a pragmatic attack on them and informed by common sense and business acumen which play little part nowadays in discussions and analyses of plans.

(k) A little more *real* humility on the part of the politicians and a little more respect from the powers-that-be for other talents such as those of the scientist, the economist, the industrial magnate and the educator will make for an improvement in the quality of our collective decision and thought. The political caste today thinks severely alone. The politicians will only be benefiting themselves if they realise that there may be a few useful ideas to be found amongst leaders and men in the other castes as well.

(l) While our dumb millions are suitably represented by the honourable members in Parliament, cannot the Planning Commission or even Parliament itself, set up a house of intellect to which will be invited each year a variety of people of intellect and experienee selected from different walks of life and asked to reflect on a selected list of the country's problems, to give ideas and comment on policies from which perchance the Government and Parliament may derive some benefit?

THE INVESTOR'S CHANGED PSYCHOLOGY

(*Concluded from page 16*)

Would it be nine-tenths institutional and one-tenth personal? Even in countries where hundreds of investment trusts or mutual funds function, institutional holdings account for less than 10 per cent as in the U.S. and the individual is the mainstay of markets.

A declining individual zest for investment and bloated holding by quasi-Government institutions are by no means a sign of economic health of the country—but this is the inescapable outcome of ideology-propelled tax effort, inflation in living costs not wholly ascribable to developmental activities and annual shifts in economic policies. The investor feels he is too small a person to debate the matter with Government. He has moved over silently where he thinks his savings can function in comparative security. Those are sectors that afford him protection and advantage—but are unproductive of goods or services; do not enlarge the area of import substitution: nor increase employment—in general, do not initiate new economic activity.

The elements of economic statesmanship demand that this lethal climate should be changed; that the choked conduits of incentive for investment should be opened up; that a commonsense approach to the motivations of savings groups should be made. In short, there has to be a new dimension in the thinking of all planners—if the imposing blueprints of a fourth Plan are to be translated into three-dimensional actualities.

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THE STRATEGY FOR THE FOURTH PLAN

By Dr. P. S. LOKANATHAN

In a recent broadcast, Prime Minister Lal Bahadur Shastri said: "It has become essential to ensure by all possible means that every man gets the necessary quantum of food and at reasonable prices." The Planning Commission also has repeatedly laid emphasis on this and other ultimate objectives in the earlier Plans, namely, (a) to ensure a minimum level of living to every family, (b) to provide employment to all those who seek it, and (c) to narrow economic and social disparities. The same goals have again been enunciated in the Fourth Plan Memorandum. But it is not enough just to repeat these objectives; the required measures necessary to ensure their attainment should be spelt out. As long as economic and social goals continue to be defined in too general and all-too-comprehensive terms, no real advance in reaching the goals would be possible. The time has come to give a more concrete content to these objectives both in terms of the tangible results sought to be achieved and the time span within which these are to be achieved. This should form the basic strategy of the fourth Plan.

Minimum Consumption

A minimum consumption of essential commodities for all is a highly desirable objective, but, if this be found to be too difficult to achieve in the fourth Plan, let the Government undertake the responsibility for providing a minimum consumption of foodgrains to all within the Plan period. This is a modest objective, but, if it can be realised, it would create a welcome psychological atmosphere among the masses of the population. They would come to feel that the Plan means something definite for them and so the prospect of their sense of participation in the Plan will improve. But even this limited objective cannot be achieved, if we concentrate only on production and ignore the distribution approach. Despite a 5 per cent rate of growth in agriculture and a 6·5 per cent general rate of growth in the national income as planned for, there can be no assurance of the minimum for all, unless measures are introduced deliberately to change the distributive system, in order to attain the end in view. These measures broadly are rationing in urban areas and public works in the rural areas.

Rationing

Rationing has to be accepted, not merely as a temporary measure for any year of stress but as a more or less permanent mechanism to assure a more equitable distribution of scarce consumer goods. In the face of a rapidly rising population and the intense desire to accelerate the growth of the economy, there is bound to be continuance of scarcity of essential consumer goods for several years. With such scarcities, it would be almost impossible to provide resources for such developments as may be desired and needed, unless we safeguard the minimum requirements of the masses. This is an essential condition for allocating resources for heavy, basic and other industries. The establishment of a rationing system on a more firm basis would in time make the rationing machinery more efficient, and hence less costly. This in turn would enable other essential commodities to be brought within the scope of rationing if this is found necessary. I know there will be difference of opinion on rationing, but all talk of achieving a rate of growth of 6 to 7 per cent per annum would be wholly unrealistic if we do not take care of the minimum food requirements of the hundred and fifty millions who are now undernourished and who are below the subsistence level. Given an assured minimum for all, we can go forward imposing sacrifices on the more prosperous sections of the community. The basic minimum of essential articles of consumption should be provided both by raising the output of consumer goods and by ensuring a proper distributive mechanism.

Rural Areas

In the rural areas, a different approach will need to be adopted. Here there is a large surplus of manpower, a good part of which is also poor and ill-fed. This manpower is a potential capital asset, inasmuch as it can be utilised for increasing capital formation in the rural areas. This has not been done—at least not adequately.

The utilisation of this surplus manpower in the rural areas is a most urgent task—a task which will also be rewarding. The urgency arises out of the need to provide employment to those millions who cannot even afford a minimum consumption of food. It will be rewarding, because, if organised properly, it can, within a span of five years, provide the workers sufficient income to make it possible for them to have a minimum level of consumption.

The surplus manpower in rural areas is sought to be utilised through a nation-wide rural public works programme. These rural public works will engage village folk in works which are capital forming in nature. The workers will be paid in foodgrains (about 75 per cent) as well as in cash. A good part of the foodgrains required for payment would come from the better off families in the villages who will gain substantially from the capital assets created through the rural works.

Real Issue Missed

Current thinking in the Government has been mainly in terms of reducing inequalities between the rich and the moderately rich. This has missed the real issue, which is that there are millions in this country who lack incomes even for a minimum level of food consumption. This is the basic cause of poverty and also of disparity.

An advantage of the rural public works, which will be organised in close co-ordination with other agricultural and related programmes, will be that through adding to the pace of capital formation, it would further increase both agricultural and industrial output.

While the rural works would be conducted essentially at the village and district levels, the programme itself should be conceived as a national programme and the organisation to handle it must be built on national lines.

The Planning Commission has been unable to get over the traditional thinking in regard to unemployment. While in each successive Plan they have talked of backlogs and new employment, we are no nearer the solution. The concept of backlog of unemployment in the rural sector is of doubtful value and help. The so-called unemployment in rural areas is really serious under-employment. To cull a category of backlog out of this has no statistical basis and it only takes the attention away from the basic nature of the problem as it is found in rural areas.

Our objective should be to provide employment opportunities to all those who seek employment from the rural areas at least to the extent that would ensure a minimum consumption of foodgrains. It may be added that a minimum 5 per cent annual rate of growth of agriculture would also help in bringing about a slight reduction in the present inequalities of income between the rural and urban areas.

Industrialisation

Even on the assumption that the rate of growth of 5 per cent in agriculture would be maintained during the fourth Plan, the level of productivity in this sector would still be far below the productivity in other sectors. If this gap is to be covered within a reasonable period of time, it is essential to make rapid strides in industrialisation to enable larger transfers from the agricultural working force into industry. Hence the emphasis on rural public works programme should not be regarded in any way as reducing the urgency and importance of rapid industrialisation which is necessary from every point of view. Much of the agricultural development itself has to rest on a rapid programme of industrialisation to meet agricultural needs in terms of fertilisers, insecticides, pesticides, etc. Rapid industrialisation is also necessary to bring about a self-generating economy in the near future.

Notwithstanding the criticisms directed against the fourth Plan's allocation of resources for services and social overheads, this writer feels that this weightage is fully justified. If there is one lesson which we have all learnt during the last ten years, it is that investment in human resources is highly rewarding. It is felt that there should be no attempt to slow down the pace of expansion in mass education. The National Council which had made a study recently of the use of fertilisers has shown that the literate and educated farmers have got a greater propensity to use fertilisers than the uneducated. To educate the farmers, schooling alone is not sufficient. It is also necessary to build up a corps of technicians whose help and guidance should be easily available to the farmers in developing their technology.

Foreign Exchange

The foreign exchange need for maintenance imports must be met by exports, but the present export target of Rs. 5,100 crores falls short of the requirements of Rs. 5,500 crores of maintenance imports. It is suggested, therefore, that the export policy should be more clearly defined and that towards this end the Industrial Policy Resolution should be amended with a view to give due importance to industries with export potential. This is stressed specially, because it appears that not only the State Governments but even the Ministries at the Centre have not properly appreciated the importance of exports.

In line with the above, it seems necessary that there should be a much deeper economic analysis of the relative value of investment in terms of foreign exchange gains in import saving industries *vis-a-vis* export promotion industries.

The investment and outlay targets of the fourth Plan as envisaged by the Planning Commission seem to be reasonable and feasible. If adequate steps are taken to control the price level and if the targets for agricultural production (5 per cent per year compound) are realised, the raising of the necessary financial resources will not be difficult.

Strategy Outlined

To sum up, the strategy of the fourth Plan should be as follows:

(1) To increase agricultural production by 5 per cent a year in order to provide the minimum consumption requirements of foodgrains for all sections of the people.

(2) To provide for all the basic inputs for achieving such a rate of growth in agriculture.

(3) To organise a public works programme in the rural areas and to introduce rationing in the urban areas in order to ensure a proper distribution of the agricultural output.

(4) To provide for the basic industries essential for accelerated development and for the defence of the country.

(5) To provide for all types of economic overheads to meet the requirements of industry and agriculture.

(6) To provide for the basic social services for the rising population, especially primary education, technical education and public health facilities. Expenditure on family planning should be increased manifold.

Finally, the administration both at the Centre and at the States should be capable of implementing in time and without increase in the costs, all the possible projects in the Plan. Unless India possesses an honest and efficient administration at all levels, no amount of planning can lead to the desired results.

PLANNING COMMISSION ON FOURTH PLAN

"The basic objectives which have been enunciated for the fifteen-year period commencing with the third Plan are to lay sound foundations for self-sustaining economic growth, to provide avenues and opportunities of employment to all those who seek it, and, while narrowing economic and social disparities, to ensure a minimum level of living to every family in the country. The third Plan was visualised as the first phase of a period of intensive effort to achieve these aims and its shape and strategy were designed accordingly. Since its inception, the economy has moved in changing directions, some favourable, some unfavourable, to the pace of the long-term objectives. The basic needs of the nation, however, remain as compulsive as they were at the outset and, if anything, more pressing on account of the slow progress of the economy in recent years. The fourth Plan must ensure that, in spite of unanticipated difficulties in the immediate past, the move towards a better life for the common people maintains its momentum. The central problem for the fourth Plan continues to be one of generating a rapid increase in the national product, without impairing social stability. More explicity, basic goods and services required for consumption by the mass of the people have to be produced; and at the same time, investments in human and material resources should generate a much larger supply of those goods and services essential for future growth and for which we are now critically dependent on external assistance. It is these sophisticated goods and varied skills that help to diversify the productive as well as the occupational structure of the economy. It is only in this manner that hunger, poverty and unemployment can be removed. The goals and the strategy for the fourth Plan derive from the need to evoke maximum national effort for these vital tasks."—*Memorandum on the Fourth Five-year Plan.*

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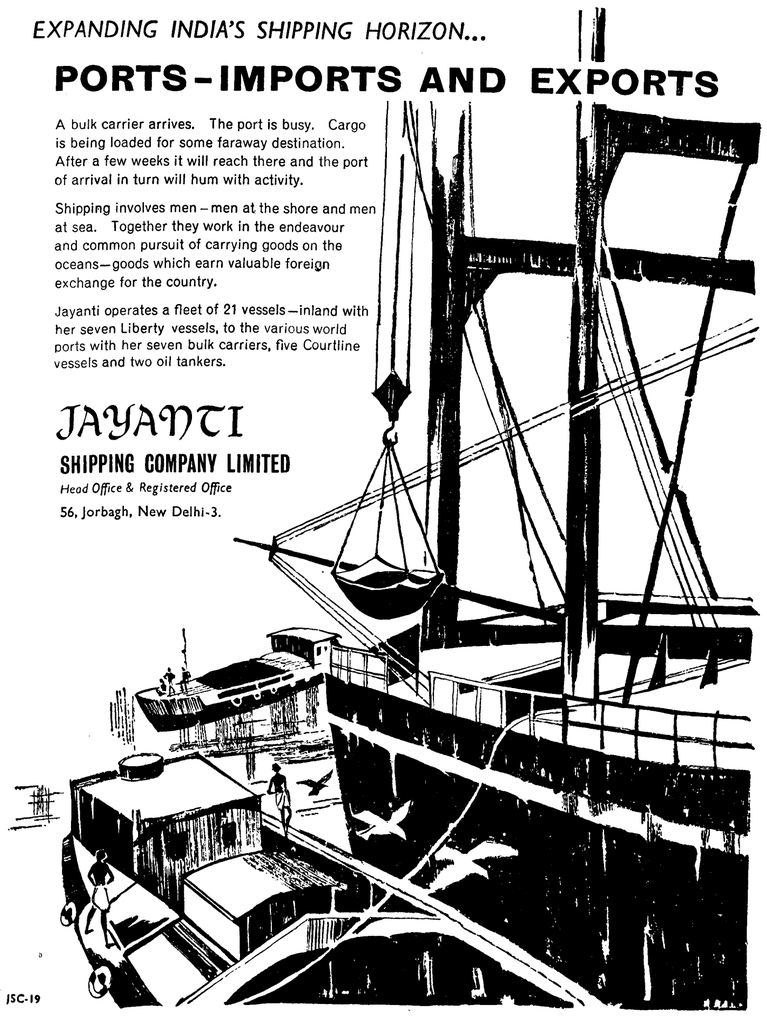

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AGRICULTURE IN THE FOURTH PLAN

By ASOKA MEHTA
DEPUTY CHAIRMAN, PLANNING COMMISSION

A STAGNANT agriculture is the hallmark of a traditional society. Stereotyped agricultural practices, inadequate use of water and fertilisers, land fatigue and soil erosion, poor quality of seeds and antiquated tools characterise Indian farming. Modernisation and economic growth can come only if this stagnation is broken for good. India's economic planning is based on this premise.

It must, however, be admitted that, so far, our efforts have not attained that degree of momentum which can decisively dynamise our agriculture. This is borne out by the fact that, although we have accorded the highest priority to agriculture in the third Plan, we do not expect the physical targets to be fulfilled. According to present anticipations, the level of foodgrains production may be of the order of 90 to 92 million tonnes at the end of the third Plan, as against 100 million tonnes originally envisaged, production of oilseeds 7 to 8 million tonnes as against the target of 9.8 million tonnes, that of cotton 6 million bales as against 7 million bales as originally targeted. The programme is likely to be fulfilled in the case of jute production and more than fulfilled in the case of sugarcane.

The Main Problem

The possibility of Plan fulfilment in the case of sugarcane, jute and to some extent cotton also shows that there are some forces at work in the production of important commercial crops which are somehow non-existent or feeble in their impact in the case of production of foodgrains and other crops. These are the economic incentives provided by an organised countrywide market. In one sense, to open the door to such incentives in the rest of the agricultural sector, particularly in the production of foodgrains, constitutes the main problem of agricultural development.

Three reasons are generally attributed to the likely limited achievement of the current Plan in respect of foodgrains production. In the first place, progress in physical terms in irrigation, soil conservation and other programmes has been somewhat smaller than envisaged. In the case of major and medium irrigation, the third Plan target was to create a cumulative potential for 29.5 million gross acres. We now anticipate the creation of potential for only 20 million gross acres at the end of the Plan, of which 16 million gross acres or 80 per cent may be actually utilised. Much of the benefit will accrue only in the fourth Plan period. Secondly, the supply of material inputs of agriculture, particularly fertilisers, has been significantly below the levels originally contemplated. In the case of chemical fertilisers, against a target production of one million tonnes in terms of N, we are likely to produce about 600 thousand tonnes at the end of the current Plan. In respect of diesel engines for use in agriculture, we are likely to produce only 78 thousand units at the end of the Plan against a target of 166 thousand, although in power pumps we shall better the target of 150 thousand units by producing 180 thousand units. Finally, we have the perpetual excuse of unfavourable weather conditions and natural calamities. All this, however, goes to show that there is something basically wrong with our agriculture. Unless we make an effort and find out what it is, agriculture is likely to prove the Achilles' heel of Indian planning.

The fourth Plan for agriculture which is under preparation can really be drawn up only after the States have built up their respective agricultural plans from below, i.e., from the block and the district levels up. On the basis of overall requirements, however, an outline of the Plan has already emerged. We require about 120 million tonnes of foodgrains, about 12 million tonnes of oilseeds, 13 million tonnes of sugar, 9 million bales of cotton and roughly 8 million bales of jute at the end of the fourth Plan on the basis of certain projections of population, consumption trends, etc. On the assumption of a more balanced diet than the bulk of the people are now enjoying, the requirements of foodgrains may be two or three million tonnes less, but this will call for a much bigger rise in the production of legumes and milk and consequently of fodder than is envisaged at present.

The overall aim is to achieve an increase of agricultural production of not less than 5 per cent per annum which is supposed to look after this scale of requirements. According to a recent analysis of the growth of agricultural production during the period 1951-54 to 1958-61, 33 out of the 184 districts for which results were studied achieved on average annual increase of 7.5 per cent or more per annum and 69 districts out of the total number studied did better than 5 per cent a year. Since we have about 300 districts in the country, the rate of growth in agricultural production aimed at in the fourth Plan would indicate the magnitude of the task. Unless perhaps we aim at a somewhat higher rate of growth and provide adequate resources for that, the physical requirements may not be fully met at the end of the fourth Plan. For on the basis of the outlay tentatively proposed at present, we expect to produce the full requirement of foodgrains, sugarcane and jute but may end up by producing only 10 million tonnes of oilseeds as against our requirement of 12 million tonnes and 8.5 million bales of cotton, as against our requirement of 9 million bales.

Outlay

In the proposed tentative Plan outlay of Rs. 22,600 crores as a whole, outlay on agriculture in the fourth Plan will be of the order of Rs. 3,100 crores or nearly 14 per cent. If we include another Rs. 1,000 crores proposed for investment on irrigation the share of the combined agriculture and irrigation sector in the total investment would be of the order of 18 per cent. Out of the proposed investment of Rs. 3,100 crores in agriculture, the share of public sector is likely to be Rs. 2,400 crores and that of the private sector Rs. 700 crores. For the public sector alone, the scale of investment now proposed for the fourth Plan is nearly two and a half times that anticipated for the third Plan as a whole. It would be interesting to see how this massive programme of investment would be built up in the various areas of development.

Actual targets of development of irrigation, soil conservation, improved seeds, double cropping and other agricultural programmes can be finalised only after the State plans have been drawn up. As a preliminary and tentative framework, we envisage that, in the fourth Plan, 13 and 17 million acres respectively will be irrigated under major and minor schemes, leaving about 15 million acres to be irrigated in the subsequent Plans, 20 million and 2.5 million acres will be respectively covered under soil conservation and land reclamation schemes, while the area under double cropping would be extended by 22.50 million acres. At the same time the scale of consumption of chemical fertilisers is expected to reach a level of two million tonnes of nitrogen, one million tonnes of phosphates and 0.35 million tonnes of potassic fertilisers from an anticipated level of consumption of 0.65, 0.25 and 0.15 million tonnes, respectively, at the end of the third Plan. The total area under improved seeds so far as foodgrains are concerned will be 274 million acres, going up from an anticipated level of 164 million acres at the end of the third Plan. The use of organic and green manures will go up to 5.4 and 64 million tonnes, respectively, of urban compost and green manures from a level of 4.22 and 27.9 million tonnes at the end of the third Plan. Finally, 160 million acres are expected to be brought under plant protection schemes, the level expected at the end of the third Plan being 40 million acres.

Organisation

These are programmes of a massive nature and they call for the greatest utilisation of the existing agencies for agricultural development and in many cases their expansion. In the years to come, we shall have to depend more and more heavily on the extension services attached to the community development blocks for the purpose of organising this mammoth development work and on rural co-operatives for providing the finance which will become necessary in the wake of such development. It has already been recognised that the central task of the community development organisation in the blocks is to mobilise the entire rural community and the extension services for sustained and concentrated efforts for increasing agricultural production. It is true that the community development organisation in the blocks includes Extension Officers at the block level for agriculture, co-operation, *panchayats*, animal husbandry, industries, health and medical services, women's welfare and rural engineering, but, unless agricultural improvement becomes the focal point of all these various activities, the real task of releasing the energies of the community will not be served. We have already brought 5,100 development blocks out of a total of 5,200 within the scheme of community development, these accounting for a population of nearly 40 crores. By the time the fourth Plan is launched, the entire country is expected to be brought under a network of community development blocks and village democracy, effec-

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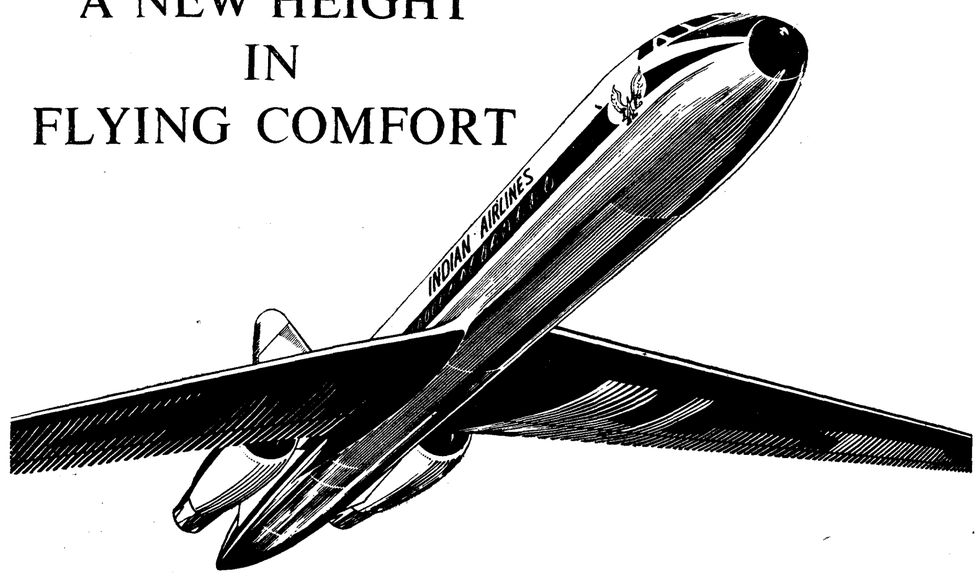

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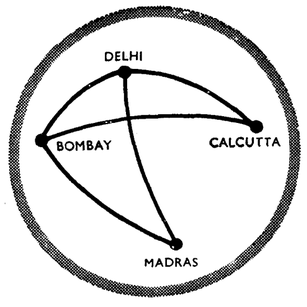

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tively committed to the task of economic development in the countryside.

At the same time, rural co-operatives will have to play their part increasingly in supplying the much needed finance. The membership of the primary agricultural credit and service societies exceeded two crores at the end of 1962-63, as against the total of six crores agricultural families living in this country. The gap between these two figures represents the leeway we have to make up in bringing the sources of cheap credit close to a farmer of small means. Already a diversification of the co-operative movement in the countryside is in evidence. There are more than 40 co-operative sugar factories, 850 other processing units and more than 3,000 agricultural marketing societies. However, there is much room for improvement in respect of management of business, administration and supervision of units. Large overdues (26 per cent in 1962-63) and diversion of loans to non-productive uses have also to be brought under control. Besides, one of the notorious facts of the current pattern of development is that the poor farmers who are preponderant in number are not able to avail themselves of the facilities of the co-operative movement to any significant degree. This is tending to make the poor farmer poorer and the rich farmer richer. Unless these defects are removed, the creative role of the movement in a democratic pattern of economic development will never materialise.

Another factor which will have considerable effect on agricultural development in the fourth Plan is the pace at which land reform measures are completed within the third Plan period. The progress in this field has not been very rapid. Administrative arrangements for supervising action on land reform enactments have not been adequate and even complete and up-to-date records of rights of tenants do not seem to exist in several States. The consequence of all this has been that the poorer farmers and the landless rural workers are becoming increasingly identified as a weak spot in Indian agriculture, a source of serious discontent. Efforts are already being made to implement the reforms in full in all the States before the fourth Plan is launched.

Basic Approach

The dimension of the agricultural problem and the need for solving it quickly in the interest of rapid economic growth have compelled a re-examination in recent months of the basic approach to agricultural development. While substantial investments have been made in agriculture, irrigation and allied programmes over the past decade or so, neither the volume of these investments nor the results achieved through it can be said to have been commensurate with the requirements of a growing economy like ours. Apart from the quantitative inadequacy of inputs in agriculture so far, the quality of these inputs also leaves much to be desired. The most glaring inadequacy in this respect has been that science and technology have not been applied to agriculture as an input. It is well known that the agricultural revolution in the other advanced countries is ultimately traceable to the application of the results of scientific research and technological improvements in the field of agriculture. It is true that the application of this input is about the most difficult to achieve in the agricultural sector of a traditional society. Yet certain beginnings have already been made as will be found from the figures of consumption of chemical fertilisers over the last few years. The real thrust of the fourth Plan in agriculture will come from a purposive and systematic application of science and technology.

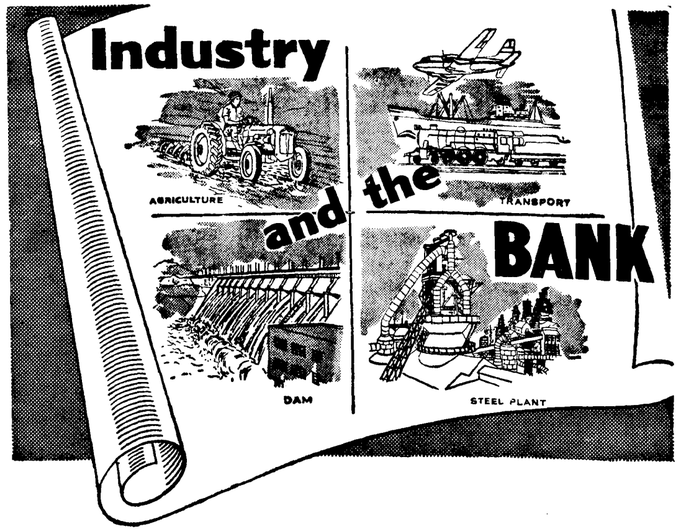
One corollary of this is the newly adopted intensive area approach, i.e. an approach which makes use of large quantities of fertilisers in areas with irrigation and assured rainfall specialising in certain crops. Another is the extension of the Intensive Agricultural Development Programme in more and more districts. A third is the crash programme in agriculture now under way, and intensification of the production of subsidiary foods, vegetable growing, poultry farming, etc.

Institutional Framework

Another way in which the application of the scientific method will be sought to be encouraged is to build up a structure of rational prices for agricultural commodities, particularly foodgrains, which make such application economically worthwhile. A beginning has already been made in this direction so far as foodgrains are concerned. A Food Trading Corporation ushering an era of State trading in food, which is already in existence in many advanced countries in respect of selected commodities, has been set up. This new departure in the institutional framework of distribution, along with the Agricultural Prices Commission which is in the offing, State warehousing and credit facilities, is ultimately bound to have a salutary effect on production itself, through a rational price structure for food, lowering of transportation costs and better storage facilities.

The plan for technical training is also being geared to the increasing needs of agriculture in the fourth Plan. The opening of more and more agricultural universities is a step in this direction.

In the days of foreign rule, we were often told that Indian agriculture was a gamble in rain. This fatalistic excuse has to go and we have to recognise that agriculture in this country is a fight against nature. It is also a fight against man. It is a fight against all that is conservative and custom-ridden in man in this country. Unless we can rid him of these drugs on his advance through a process of education and enlightenment, we shall not be able to solve our agricultural problem. This cannot be achieved overnight, nor easily. It is only through a continuous process of dissemination of the results of scientific research, through repeated practical demonstration of the superiority of modern methods over the antiquated, organised throughout the length and breadth of the country, and through constant persuasion to modify his old practices can we finally win him over to the side of change. And, until we can involve the great majority of the people engaged in agriculture in this vortex of change, the agricultural revolution in this country will always elude us.



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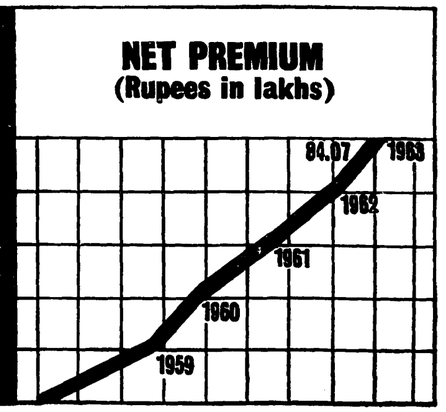

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THE HUMAN FACTOR IN ECONOMIC GROWTH

WANTED—A FIVE-YEAR PLAN OF CONSOLIDATION

By C. N. VAKIL

ECONOMIC development is for the benefit of human beings and it has to be brought about by human agency. The skill, the resourcefulness and disciplined hard work of the people are more important than material resources. Large investment may not yield results, if the human agency is not effective; better results can be produced with a smaller investment, if the human agency is efficient, devoted and *honest*.

The third Plan has a provision of 9 per cent of the total proposed expenditure for "Education, Training and Research." It is proposed to increase this in the fourth Plan. Though this is not adequate, it shows some awareness among the authorities for the need to develop the human factor for economic growth. Without going into details, we may say that we have achieved quantitative progress, but it is not possible to say that we have achieved qualitative progress to the desired extent. We have some brilliant people in some activities; what is wanted, however, is that we should have a high average efficiency with integrity and willingness to do disciplined hard work. Unless we achieve this, the contribution of the human factor will be limited. With large and increasing numbers of people, we continue to allow the human factor to be a liability, instead of an asset. The suggestion made in some quarters that the somewhat higher provision for Social Services proposed for the fourth Plan should be reduced to accommodate other items is misconceived. The case is for a still higher provision for the development of the human factor.

I

THE MALADIES

Let us consider a few illustrations in support of these remarks:

(1) In spite of various efforts and large investment during the three Plans, for the development of agriculture, we do not seem to have achieved satisfactory results. The questions are how far has the farmer adjusted to the requirements of planning; how far has he benefited from the new arrangements; and how far has his productivity increased? Has the large expenditure on Community Development Projects helped to improve the efficiency of the farmer? Has the effort to develop co-operation resulted in appropriate change for the better? Unfortunately, we must admit that the human factor on the land has remained static and, barring a few exceptions, progress is not visible. The greatest problem before the country is to find ways and means of making the farmer more productive in his work on the land.

(2) There is a state of unrest among industrial workers who seem to demand larger and larger benefits without putting forth proportionate productive effort. This leads to strikes or go-slow tactics. Even when such immediate problems are solved, such a state of affairs introduces a state of indiscipline which comes in the way of production. The political parties who dominate the trade unions use them for their own purposes, without regard to the interests of the country. The workers are induced to adopt undesirable methods for personal gains, but very little is done by the political parties or the trade unions to increase the efficiency of the workers or to instil in them a sense of discipline.

(3) A similar state of unrest seems to have spread among the so-called white-collar workers in offices, private and public. This has also resulted in go-slow tactics, loss of efficiency and work as well as a state of indiscipline. Here also, though the immediate problem is temporarily solved, the indiscipline remains with undesirable consequences. The application of legislation intended for the benefit of industrial workers to this class of workers has resulted in a situation in which the management becomes ineffective in discharging its responsibility. Legislation or other methods intended to help them should not result in indiscipline and loss of work, which, unfortunately, is common in both public and private establishments.

(4) It is unfortunate that a state of indiscipline pervades also in many educational institutions. We hear of strikes in universities and colleges some of which are violent. The recent developments in Orissa, where the students dictate terms to the Chief Minister and take the law into their own hands, shows the extent to which indiscipline has spread in the student world. We also hear of strikes of teachers. Stories of tensions between management of educational institutions and the staff, between the teachers and the pupils are also common. The various elected bodies which are supposed to manage the affairs of the growing number of universities in the country seem to be full of intrigues and tensions, intended to divide the spoils of power and patronage, subordinating in consequence academic principles and academic work.

Mr. Asoka Mehta, in his Convocation address to the Jammu and Kashmir University on 20th October 1964, observed that there should be an intellectual take-off before the economic take-off. What he meant was the need for intellectual development in the country to provide a sense of direction and purpose to the continuing development process. The question is whether the universities in the country are organised for this challenging essential task. One hears of falling standards in the rapidly growing number of universities in the country. In some, it may not be inappropriate to say that there is a systematic effort to lower standards, which may be described as organised inefficiency. If the universities which should provide leadership for the country in different walks of life, are in such a state, we may not have the intellectual take-off that Mr. Asoka Mehta expects; in other words, the central machinery for the development of the human material at the highest level is weak and ineffective.

(5) The legislative bodies in the country who are charged with the high functions of legislating for the changing needs of the country consisting of the elected representatives of the people also reflect a similar tendency. Cases of indiscipline in the legislative bodies have become frequent. Defiance of the authority of the Speaker is not uncommon. Cases in which the Speaker had to arrange for bodily removal of some members of the legislature are on the increase. This spectacle obviously puts a seal on the state of indiscipline in other walks of life to which reference has been made above.

(6) So far as the Executive Government is concerned, i.e. Ministers and officials, we find that the state of tensions has spread in their ranks. There are very few ministries in the country in different States where there is complete harmony and team work. Cases of mutual wranglings, of internal politics and mutual charges have become common. The existence of corruption in the official world, including the rank of Ministers has been the subject of official investigation by the Santhanam Committee, apart from special investigations of cases like those of the former Chief Minister of Punjab. The respect for the politician and the administrator should be such that it may act as a deterrent to indiscipline and dishonesty; if the prestige of these persons in high positions is low and therefore the esteem in which they are held by the people falls, the consequence is obvious. The Government is anxious to remove this evil and is trying to take suitable steps for the same. It is not clear, however, whether the steps taken so far are likely to bring about the desired results. It is no longer a question of dealing with isolated cases of wrong behaviour; it has become a general and widespread malady which requires radical remedies.

(7) Such a state of unrest in the country is aggravated by the phenomenon of rising prices in recent times, as it is being exploited by political parties who wish to make capital out of it. In consequence, we have the organisation of general strikes which coerce peace-loving people from doing their ordinary daily work, as the Government may or may not be able to give protection to such peaceful workers. Besides maintaining unrest, such methods involve considerable loss of work and consequent loss of production. Instead of reducing prices which we all want, these methods will help to raise prices. This only shows that, in their effort to get political power, some parties do not mind working against the larger interests of the country.

(8) The way in which some persons interested in advancing their own self-interest do not mind inflicting considerable inconvenience and loss of time on innocent third parties is illustrated by the way in which the go-slow tactics of the pilots of the I.A.C. worked havoc for some time on air-travellers within the country. This shows that we have got into the habit of making a public exhibition of our grievances, right or wrong, and of creating nuisance of ourselves in order to seek remedies. Whatever the justification of the attitude of different groups in such cases, the fact remains that the state of unrest is widespread in the country amounting to absence of internal peace or

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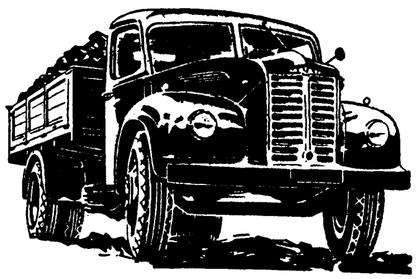

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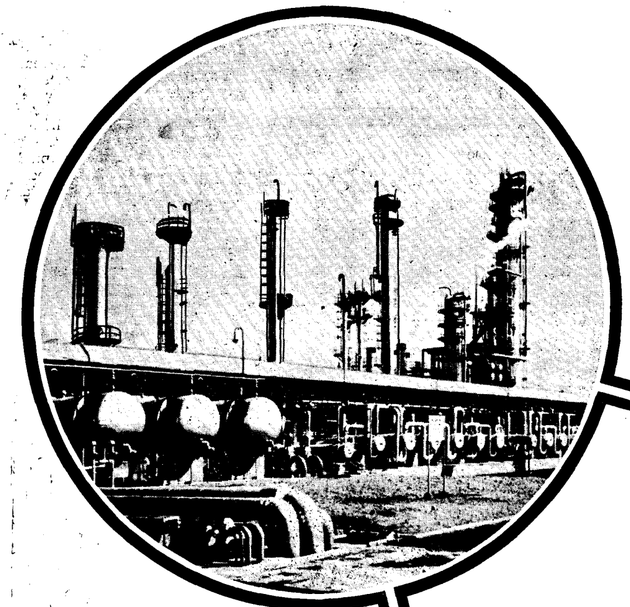

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Mr. Iwamoto, supervising engineer and his group in charge of Oita Refinery construction.

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stability which is a condition precedent for economic progress.

(9) Another important source of unrest affecting the human factor which is growing in the country is reflected in the phenomenon of what is called "unaccounted money," which I prefer to call "unrecorded gains." It is acknowledged that the large variety of methods by which some persons obtain such gains, accumulate them and turn them into forms other than money have become widespread, that the evil has gone deep in society, that it has become a normal way of life with some and that it leads to large-scale evasion of taxes. The consequence is that honesty is at a discount; the honest person feels that he has to pay more to the Government because he is honest, and that his dishonest neighbour would have not only larger monetary resources at his disposal, but would be in a position to wield power and influence because of his money, and enjoy a higher status in society.

The result of such a situation is that the honest person becomes dissatisfied with his lot, and begins to wonder whether he should not adopt those means which give more money and better status. The tension from which such honest persons suffer may well be imagined. Those who succeed in obtaining such gains are not free from tensions; they are continuously having a dual personality, one intended to be correct with the law, the other calculated to be in defiance of the law, not open but secret, requiring efforts to conceal the gains or cover up their behaviour by false pretences. The mental state of such persons is bound to be a state of tensions due to the continuous conflict between the demands of the law and their actions which are at variance with the same. This is thus a moral problem, though in economic form. The various steps recently taken by Government may mave some effect in checking the evil. But, if it is realised that it is a moral problem, it will be agreed that such steps need to be supplemented by systematic efforts to change the outlook of the people and make them feel that there should be identity of interests between the people and the Government, and that, in case of conflict, the interests of the State should be above those of the individual.

(10) In connection with the process of rapid economic development, in general, and industrial development, in particular, we have the emergence of the managerial class. Under the type of conditions that prevail in the country amounting to unrest and indiscipline, the managerial class would not be able to perform supervisory and executive tasks efficiently, because of the diversion of time and energy to undesirable and abnormal procedures. It may be that talented persons will avoid or withdraw from positions of responsibility, as it would not be possible for them to discharge their functions conscientiously.

Among the motive forces which have helped progress in the advanced countries, may be mentioned Enterprise and Innovation. In modern industrial work, enterprise plays an important part and, if the environment is such that enterprise is chilled instead of being encouraged, progress will suffer. At the same time, persons in charge of industrial work should be free to think of and introduce new processes and methods; a continuous process of innovation is characteristic of progress. If the prevailing atmosphere in a developing society is not conducive to innovation, progress will suffer.

I may also refer to the position of the managerial class, whose importance has been recognised. It would be of interest to ascertain as to how far the managerial class is in a position to have initiative, responsibility and recognition in the growing economic activities of the country. The various methods which are organised to train the managerial cadre will not have the desired results, if the hold of the traditional system of management continues to dominate industrial organisation in one form or another. We observe the growing interest of some people in institutions devoted to Management Training. A deeper examination of the actual practice may, however, show that a good deal of this interest is lip sympathy and that the new manager has yet to come into his own, except in a few cases. In the private sector, the control of the family boss may continue, even as the control of the politician may continue in the public sector.

II

THE REMEDIES

We have not yet achieved national integration nor have we developed national consciousness. A good deal of the prevailing tensions could be removed, if the necessary national consciousness exists in the country at large. For this purpose, the following suggestions are made:

(a) Both in the national sphere and in other walks of life, we have not only to teach but also to practice mutual tolerance and at the same time develop an identity of interests between the country, on the one hand, and individuals and groups, on the other. In other words, the people should realise in practice that the interests of the country are above the interests of the individual and groups, and that nothing should be done to further the interests of the individual or groups which may come in the way of the interests of the country.

(b) At the same time, we should improve our skills at all levels in all activities and train ourselves to systematic hard work with the confidence that such work will not only advance our individual interests, but also that that is the only way in which the progress of the country can be assured.

(c) In this connection, we may refer to one of the factors which affects development of the human factor, namely, the relative neglect of that group of people in the country who may be described as the intelligentsia. This group of people are capable of helping the country in its efforts at economic growth but do not seem to have adequate opportunities to do so. We may include in this group the members of the teaching profession, the managerial and technical personnel in the growing industrial activities in the country and such other persons. Research workers in different subjects or experts would also be included in this group.

Although the Constitution provides equality of opportunity to all and the removal of special privileges which existed in the traditional social system of the country, we have the emergence of a new social structure in the country in which a new type of class-consciousness is coming into existence. In the new hierarchy of the country, we have the Politician at the top. The absence of an effective two-party system or of an effective opposition has crystallised the members of the ruling party in a class by themselves. This class seems to have acquired certain privileges; they have certain assumptions of knowledge and wisdom leading to certain consciousness of superiority over others.

The Administrator, whose importance must grow with the Welfare State and the growing public sector, comes next in the social hierarchy. So much importance is given to the Politician and the Administrator that there is not a function, however trivial, where a Minister does not participate and there is no occasion, however small, where the Administrator is not flattered. There is no suggestion to deny respect to one whose inherent qualities are such that he deserves it. It is, however, not untrue to say that, barring a few persons of eminence at the top, the average politician and administrator in the country must be classed as mediocre.

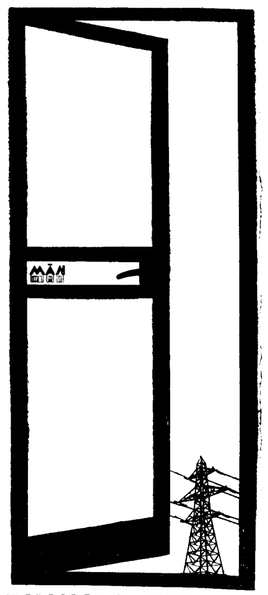
The Capitalist seems to have suffered to some extent in public esteem because of the current efforts to evolve a socialistic pattern of society and to reduce concentration of economic power. Several legal and administrative measures have been taken to reduce the privileges of the capitalist. In spite of loud complaints, he has, however, shown remarkable capacity of resilience to the changing political and economic climate in the country. The detached observer may find plenty of food for thought in the game between the Politician and the Capitalist for power and profit, which is a feature of the political and economic arena in the country.

Although we see many efforts in different directions to help the agriculturist and to pamper the industrial worker, we find increasing frustration among the members of the lower middle-class and increasing neglect of the intelligentsia. A society in which the Teacher has the lowest social status, in which the Research Worker is patronised by those who offer him assistance, in which the Expert has to flatter those in power before he can use his expert knowledge and in which the trained and experienced Executive of a concern must be ready to take orders from an inexperienced young boss or from an inexperience politician—such a society is wasting valuable human resources and is definitely not working towards a self generating economy.

Among other things, the principal defect in the situation is the absence of suitable arrangements for recognition of men without influence or personal contacts. In spite of the various procedures laid down for the selection of persons for various posts, small and big, either in the public or in the private sector, it is well known that there are methods by which these procedures often become a formal farce and the selection is often made on considerations other than those of merit. We complain of a large number of persons trained abroad who either go to foreign countries for employment or do not return. But we do not seem to have yet found the real reason and the cure for this unfortunate situation. It is not so much monetary considerations that attract qualified young men to seek careers abroad; it is the opportunity to do work on one's own initiative and to bring out the best in one's capacity as well as the treatment afforded by those in authority to such young persons for such development—these are the factors which weigh more in the decision of such persons to stay abroad than money.

It may be of interest to enquire as to how many brilliant young per-

(*Continued on page* 147)



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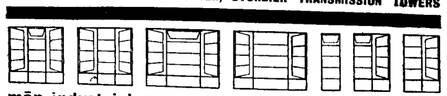

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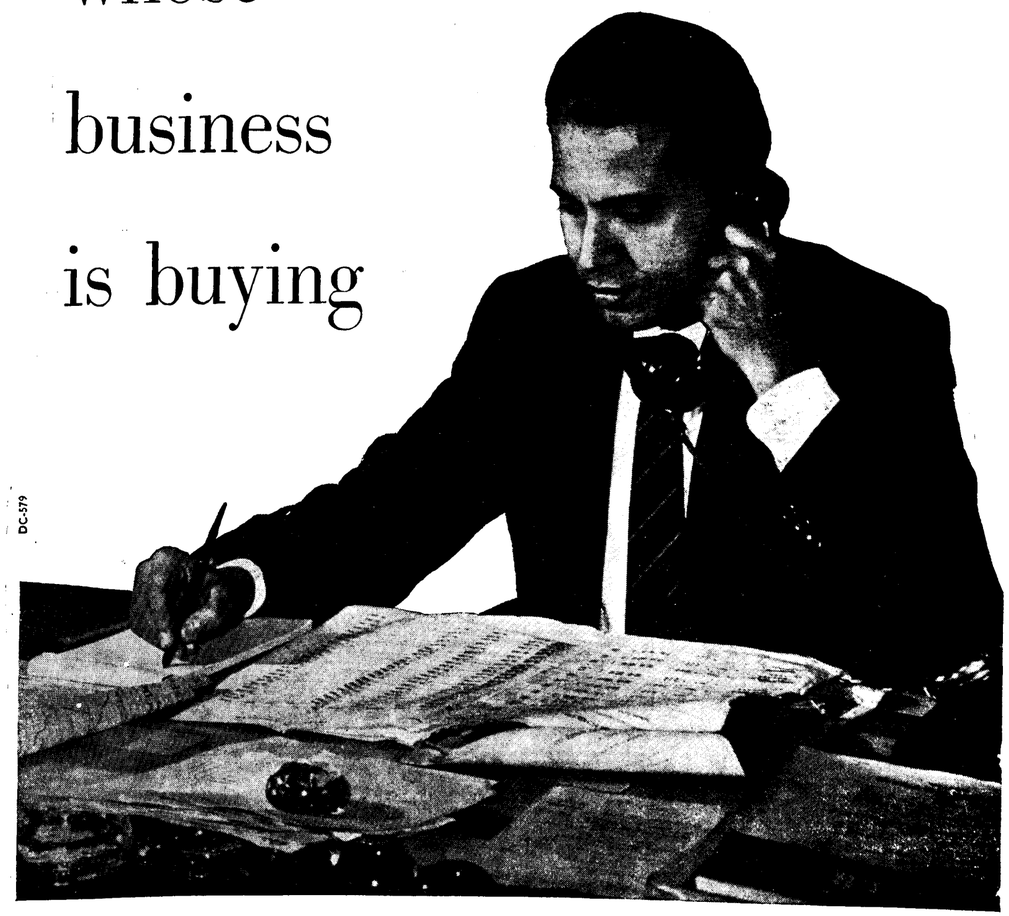

DC-579

AID TO INDIA SERIES—I

From UNITED STATES OF AMERICA

STANDARDS FOR AID HIGH, BUT BENEFICIAL

BY JOHN P. LEWIS, Minister-Director, U.S. Agency for International Development Mission to India

AMERICAN aid as a whole is a vast topic and the substantial portion flowing to India provides material for several volumes. In my book, *The Quiet Crisis in India*, I covered some of this ground. This brief article necessarily is limited to a few highlights. I will first review the overall magnitudes and broad categories of assistance, then discuss the evolution of the Indo-American aid relationship and some important current developments.

Magnitude

American aid actually delivered to India last year amounted to more than Rs. 400 crores. This was divided in roughly equal parts between foods and fibres supplied through Food for Peace (P.L. 480) and other forms of capital and technical assistance—men, machines and materials which constitute the sinews of investment for planned development. Leaving aside P.L. 480, last year's American aid was almost half of all assistance delivered. Counting the essential shipments of wheat, rice, cotton, milk and other P.L. 480 products. American aid delivered in 1963-64 accounted for over two-thirds of the total. American aid provided more than a third of total Indian imports.

Commitments of U.S. aid other than Food for Peace during the third Plan aggregate about Rs. 900 crores and P.L. 480 commitments commencing with the multi-year agreement of May 1960 have likewise cumulated to over Rs. 900 crores. Combined, these contributions will provide the equivalent of one and a half year's total imports of all kinds at the current rate.

India's Plans have required an increasing quantum of net imports. Consequently, after the severe drain of resources in 1956-58, the Plans have been predicated on a growing volume of assistance. Aid requirements for the third Plan period apart from P.L. 480 were reckoned at Rs. 2,600 crores, over two and a half times the aid actually used through the end of the second Plan. Although actual aid used, exclusive of Food for Peace, may fall somewhat short of this, P.L. 480 deliveries will undoubtedly exceed the amounts anticipated when the Plan was formulated.

Aid-India Consortium

India has been receiving aid consistent with the third Plan requirements. Capital assistance pledged by the Consortium already exceeds Rs. 2,100 crores, and another full year's pledges will be made prior to the end of the Plan. American capital assistance—dollar loans for developmental projects and general commodity imports—compose about 40 per cent of Consortium aid. Led by the World Bank, the Consortium now has ten member-countries. Through the device of periodic meetings, India's progress and needs are considered in concert, and, as the statistics confirm, Indian requirements have been substantially met. Of course, India has been able to draw upon assistance from others as well, notably the Eastern European countries, which have supplied about 11.5 per cent of the economic aid delivered (excluding P.L. 480) during the first three years of the present Plan.

Flexibility

Perhaps, obscured by the total aid figures is the fact that American aid in recent years has been flexible. To the diversification and differentiation of industrial import requirements, America has responded with large-scale finance of imports not related to projects. Commodity assistance loans available for importing iron and steel, non-ferrous metals, miscellaneous capital equipment, components, spares, a variety of chemicals and other production requisites account for over half of U.S. capital-financing. No other nation has been so liberal in this matter, but increasingly the American example is being emulated by other Consortium members, and, approximately one half of all Consortium assistance this year will not be tied to particular projects. America's response to the unforeseen needs for additional food provides another example of flexibility. P.L. 480 imports this year will be the largest ever. And, of course, the U.S. response to Indian requirements for defence assistance was also rapid.

Not Without Frictions

Because of its magnitude, quality and adaptability, American aid has contributed vitally to Indian development. But the evolution of the aid relationship has not been entirely without frictions. Despite denials, the fact is that all foreign aid carries conditions and every foreign aid relationship involves bargaining, however genteel, between the aiding and receiving parties. The question is, how acceptable are the conditions and how constructive the bargaining.

Any national donor wants some prior satisfaction on the uses to which his contribution will be put, as well as typically some information after the fact about whether the recipient's intentions were made good. Moreover, in the case of democratic Governments, this natural impulse is fortified and formalised by the phenomenon of political accountability. The aiding parties of the first instance, the Governments, are not legal principals but agents. Their discretion is, constitutionally and politically, limited, and they are held responsible to their superiors (legislatures and electorates) through elaborate, meticulously prescribed financial and other accounting procedures.

The specification of uses and the setting of conditions for aid is a touchy business. But it must be accomplished and, in principle, it is feasible where the aiding and receiving parties have common or compatible objectives. In practice, it works best where the rendering and receiving of aid is recognised as a straightforward bargaining relationship between legal and moral equals, in which each party has something to gain from the transaction and is prepared to negotiate, but not beyond certain points.

Web of Cross-purposes

The Indo-American aid relationship has been evolving towards this sort of constructive healthy enterprise, but the evolution has not always been smooth. I have elsewhere christened the early phase of our aid relations the Era of Cross-Purposes (1951-59). During this period, world-wide American aid policy came to be preoccupied with military security, which left the technical-assistance-oriented India programme detached from the mainstream. India's non-aligned foreign policy and her particularly voluble advocacy of public enterprise both conflicted fundamentally with the American aid posture, which was based primarily on the need to reinforce positions of allied military strength around the periphery of the Communist world and was morally committed to the promotion of private enterprise overseas.

Despite this web of cross-purposes, the Indo-American aid programme survived and haltingly broadened through the 1960's. Whatever the vagaries of high policy, the India programme drew more than its share of competent American professionals. A series of highly competent American ambassadors and enough officials and members of Congress in Washington remained alive to the importance of Indian economic development to give these field workers effective support. And, certainly, much credit for the survival and growth of the aid programme during this difficult phase belongs to the pragmatic common sense that the Indian Government, despite rhetorical differences, continued to display in its working relationship with the United States.

FOREIGN ASSISTANCE—RECEIPT AND DISBURSEMENT

(In crores of rupees)

Name of lending country/institution	Amount for which agreements have been signed upto 30-9-64	Value of equipment/ stores ordered upto 30-9-64	Loan amount disbursed upto 30-9-64
U.S.A.	1,081.48	915.08	771.74
U.K.	321.98	278.49*	220.78*
Germany	405.10	317.40*	257.93*
Japan	144.96	107.46*	65.91*
Canada	42.30	40.19	20.02
U.S.S.R.	383.81	301.91*	211.88
Czechoslovakia	63.10	15.12	3.89
Yugoslavia	19.05	12.87	1.48
Poland	29.80	13.13	5.57
Italy	64.18	15.69*	3.54*
France	38.09	26.61*	..
Switzerland	15.25	12.10	1.97
Netherlands	15.78	3.34	0.53
Belgium	9.52	4.74	..
Denmark	1.03	0.56	..
Austria	6.11	4.02	1.63
I.B.R.D.	403.40	372.62*	348.51*
I.D.A.	201.41	122.63*	70.64*
Total ..	3,246.35	2,563.96	1,986.02

Note: This statement excludes U.S. commodities assistance, drawings from I.M.F., grants and Kuwaiti Loan of Rs. 34.19 crores on account of repatriation of special Indian notes which were in circulation as legal tender in Kuwait.

* Figures are up to the end of August 1964.

In my book on this subject, I said the period 1959-61 was characterised by "a mending relationship not yet mended." Fundamentally, this mending began on the U.S. side with the establishment of the Development Loan Fund, giving expression to an increasing concern by the U.S. for the successful non-coercive development of friendly less-developed countries regardless of their status or potential as military allies. From the beginning, India was the favourite "case in point" of this new phase of American foreign aid policy. The *rapprochement* also was assisted by the Government of India's growing pragmatism towards private enterprise. And, of course, India's second Plan foreign exchange difficulties provided the immediate rationale for an expanded aid programme.

My last direct observations of American aid in India prior to completion of *The Quiet Crisis* took place in 1960. Consequently, I was reluctant to comment on subsequent developments. Since returning to India, I have been here only a short time; I think it would be premature, and indeed immodest, to pass judgments on the events that have transpired in the intervening period, but I can honestly say that the Indo-American aid programme appears to be more solidly based and purposely oriented. Many of the organisational problems that were being tackled have been worked through. The Agency for International Development in Washington has evolved a workable structure that integrates many, though by no means all, aspects of American aid. The reorganisation of 1961 has resulted in a distinct increase in the country focus of aid administration. More responsibility lies with the regional offices and increasingly authority has been delegated to the field missions. To my mind this is a welcome and constructive development.

The Delhi Mission

The complexion of the Delhi Mission has been changing to assure that it will be able to discharge its new duties. The financial, economic, and engineering staff has been considerably augmented, so that the Mission is now in a position to evaluate, negotiate and monitor most development loans. The final approval still lies with Washington, but an increasing portion of the administration, analysis, and recommendations emanate from Delhi.

Another product of the growing field orientation is the increasingly active interest that A.I.D. personnel have been taking in the analysis, assessment, and general policy discussion attendant to India's formulation of development plans and policies. Americans have become less diffident about expressing their views on a variety of subjects related to aid. This is as it should be. It signals a growing maturity in our countries' relations. Americans make no claim to having panaceas for India's ills. Americans do have an opportunity to view the problems from a rather different perspective and frequently can raise useful questions or offer ideas based on experience elsewhere that may be relevant to India's problems.

Model for Others

It is also true that we have come to expect a great deal from India as a leader among developing nations. As a "case in point," India is a

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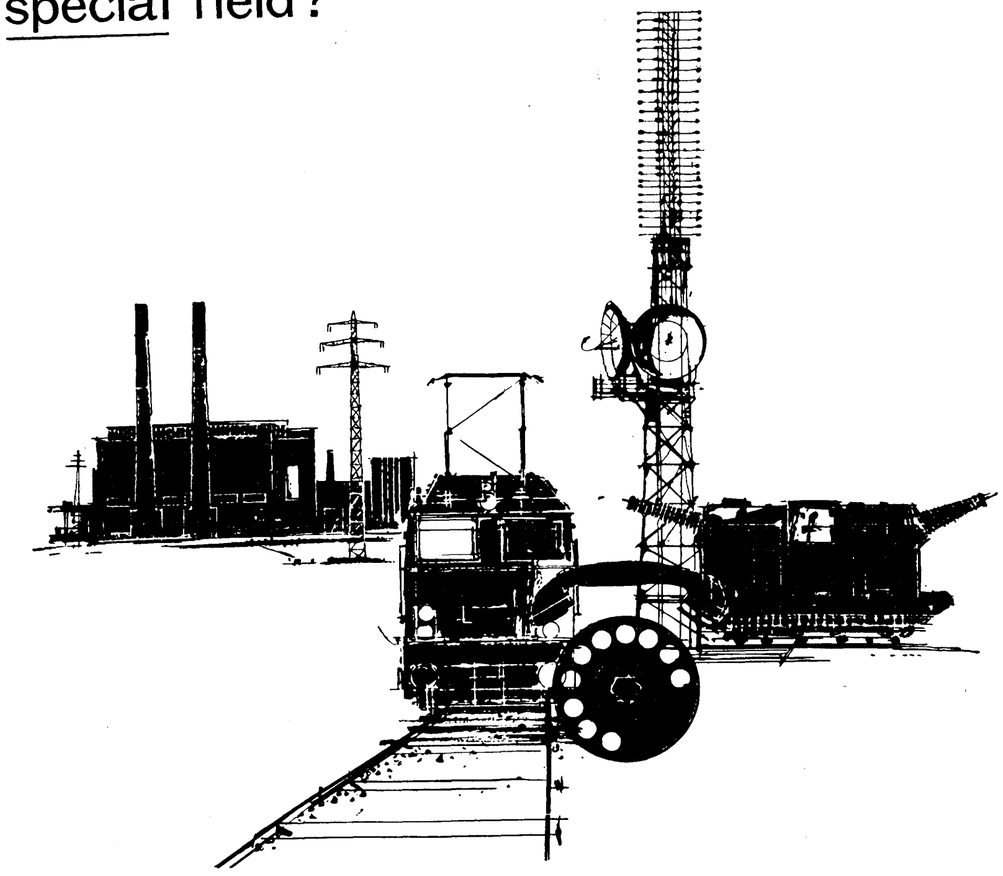

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model for much of the world. It has come to be expected, for example, that India will meet increasingly rigorous standards in the presentation of projects. To be sure, our lending agencies have sometimes been tardy in their consideration of projects. Many delays, however, are caused by faulty or incomplete preparation of project reports. There is need for mobilising high calibre economic, financial and technical expertise to assure uniformly high quality project formulation from the outset. Likewise, there is much scope for eliminating delays from execution of the projects. With adequate preparation, the gestation periods of major projects can be reduced and costs can be controlled.

By associating itself with projects from an early stage, the U.S.A.I.D. Mission in Delhi is contributing to improvement in project analysis. Many questions that formerly came from Washington months after the submission of a report are now raised during the preparation stage. This certainly conserves time and talent. The U.S. Technical Assistance Programme itself is also contributing to improved project analysis and execution by providing experts in operations research who are assisting in the introduction of scientific project scheduling techniques. These methods, which can yield significant reductions in project costs and implementation time, eventually will be applied to all major U.S. assistance projects for which they are suitable. I have no doubt that they will be widely adopted elsewhere in India.

Non-Project Assistance

I have already indicated that a high proportion of American capital assistance is not tied to projects. While there is a need for aid to finance general commodity imports, the standards required to qualify for this sort of assistance are also being raised. Non-project assistance has never been particularly popular with the U.S. Congress. Understandably, there is a desire to show results in concrete and steel to justify expenditure of the taxpayer's money. There is also a feeling that the possibility of waste is increased when expenditures are divorced from a particular project that stands on its own merits. Consequently, it is much more difficult to justify aid of this sort to legislators.

Difficulties on the Congressional front are certainly not the only basis for raising standards, however. For years now, there have been complaints about inadequate use of industrial capacity due to the foreign exchange shortage. This has served time and again as a primary justification for non-project aid. Yet there is too little reliable information about the degree of slack capacity or the precise imports required to overcome the problem.

Not Simple Matter

Certainly this last is not a simple matter. A great deal of study will be necessary to provide satisfactory answers. The basic problem, however, lies in the inadequacies of data collection and processing. Better industrial statistics are needed to guide decisions about imports. This would be true in the absence of import controls. With controls, it is even more important that the decisions taken by Government affecting the operations of entire industries be supported with adequate information. Obviously, this problem is not confined to the needs of aid donors for better justifications, but improved justifications would be a useful by-product of its solution.

Fortunately, the G.O.I. is alive to this matter and the U.S.A.I.D., as well as others, are providing assistance to strengthen industrial statistics. Meanwhile, there is no plan to reduce non-project aid, but additional amounts will be increasingly difficult to authorise except in relation to specific policy objectives, for example, the need to augment fertiliser consumption in support of the agricultural production programme.

Food for Peace

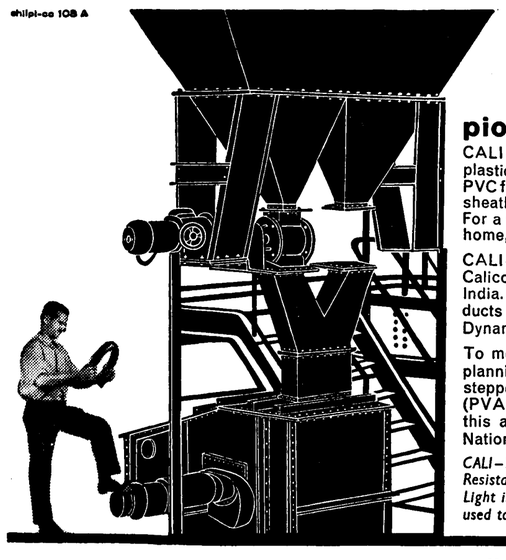
In reviewing the quantum of U.S. aid, it was noted that Food for Peace, or P.L. 480, has accounted for about half the total in recent years. Although the value of this resource at times has been underestimated, the present food shortage has made its essentiality abundantly clear.

It is sometimes alleged that P.L. 480 imports, though useful for the consumer, have adversely affected Indian agriculture. This, I think, would be difficult to prove, but I do feel the time has come to assure that P.L. 480 supplies are a positive benefit to Indian agricultural development. This can be accomplished through the proper integration of food and agricultural policies. On the food side, P.L 480 can contribute to meeting the urgent needs of deficit areas at reasonable prices. It can also help in the built-up of buffer stocks, the operation of which eventually should permit the maintenance of a stable food situation. At the same time, the adoption of support prices for food crops will provide a necessary incentive for producers and gradually permit cultivators to adopt more modern agricultural practices needed to augment yield.

P.L. 480 supplies can contribute to a sound agricultural policy, because, in the final analysis, they greatly increase the chance of creating a stable food situation. With acute shortages, the needs of the moment often override the requirements for long-term production increases. Absent P.L. 480 supplies, agriculturists would be more likely to be faced with requisitions and controls that would dampen incentives. There would inevitably be calls for extremist experiments that could doom the agricultural programme for years. Properly conceived, therefore, the P.L. 480 programme can be the handmaiden of enlightened agricultural policies and agricultural progress. But it will take continuing hard thinking and hard work to maintain the required balance between food policy and agricultural policy.

Quality Aspect

To summarise, America has been by far the largest contributor of aid to India. Last year, U.S. aid financed over a third of all Indian imports. Qualitatively, American aid has been flexible and adaptable. A high proportion is in the form of non-project loans, additional food, and defence aid that has been given quickly when conditions changed. The Indo-American aid relationship has evolved and is in a much healthier state than in earlier days. But a great deal is expected from India as a leader among the developing nations. Thus the standards for aid to India are high. But this is not really a disadvantage to India, because measuring up to these standards is one good way of improving development performance.



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AID TO INDIA SERIES—II

From THE WORLD BANK GROUP

PROUD TO HAVE HAD SOME PART

By J. BURKE KNAPP, Vice-President, World Bank

WITHIN the next three years, India's population will exceed 500 million, an increase of 160 million in two decades since independence. The fact that there has been some improvement in average living standards, despite this enormous population increase and without the sacrifice of essential political freedoms, speaks more eloquently than any words of praise for the immense effort of the Indian Government and people in their drive for economic development.

In the World Bank, we are proud to have had some part in this achievement and we expect to find further opportunities to lend support to India's leaders as they face the many deeprooted problems that must be overcome, if this great country is to climb to the high ground of self-sustained economic growth.

India—in total figures, though not on a *per capita* basis—is the largest borrower from the Bank group of institutions. By 31st October 1964, a total of nearly $1,350 million in Bank loans ($847 million), I.D.A. credits ($485 million) and I.E.C. investments ($11 million) had been approved for development purposes in India.

The Beginning

World Bank assistance to India began only two years after independence, well before the Government drafted its first Five-year Plan in 1950, when loans were made for improvement of the national railways, reclamation of large tracts of land in Central India, and for a thermal power project which constituted the first step in a larger scheme to develop the Damodar Valley in Eastern India. As successive Plans have been formulated and carried out, the World Bank group has helped to finance a wide range of high priority projects—chiefly basic investments in transportation, power, industry, agriculture and communications which form the essential foundation for economic growth.

The Bank group, of course, is only one of a number of sources to which India has been able to turn for the large volume of foreign exchange her Five-year Plans have required, but the Bank's support for India's development has extended well beyond the limits of its financial contribution. In 1958, when a foreign exchange crisis threatened to disrupt development plans, the Bank took the leadership in bringing together a group of capital-exporting countries for regular consultations on the requirements of India's Five-year Plans. Representatives of these countries, together with others that have since joined, have met regularly under the chairmanship of the Bank as the Indian Consortium, the so-called "Aid-India Club." The Consortium now consists of ten capital-exporting countries *plus* the Bank and I.D.A. Together, they have pledged $4,445 million for the first four years of the third Five-year Plan. They will meet again early next year to consider pledges for the final year of the current Plan. Of total Consortium pledges for the first four years, the share of the Bank and I.D.A. has been $940 million.

Disturbing Trend

We must now face the fact that progress during the last few years has not been as rapid as all of us had hoped, and national output has barely been keeping pace with the rise in population. This is disturbing to all friends of India. Growth in agricultural production especially has been disappointing, due in part to bad weather, and in part to a combination of other causes with which the Government is grappling, and food prices have risen sharply. This critical situation again emphasises the key importance of agriculture in the Indian economy and surely gives agriculture a demanding claim to priority consideration. Industrial production, too, has expanded at a rate considerably lower than envisaged in the third Five-year Plan, partly because shortage of foreign exchange precluded the import of required materials.

Taxes have been raised, but much of the increase in revenue has gone for defence expenditures since the Chinese attack in 1962. Thus, despite higher taxes, development investment from domestic savings has not grown. Imports have increased steadily, as they must if economic growth is to be sustained, but the export drive has lagged and the balance-of-payments position has been growing worse. At the same time, India's obligations for debt service on foreign loans have mounted continuously and may amount to as much as $1,300 million during the third Plan period, or about as much as the World Bank group has made available to India since its first loan in 1949.

A Real Test

In the light of this situation, it is evident that the drawing-up of the fourth Plan is of crucial importance and that its presentation will represent a real test. Prospects were viewed fairly optimistically when previous plans were inaugurated, both by India and by the countries assisting and investing in India's development. This optimism has not been fully reflected in the record of accomplishments. The earlier underrating of the problems and difficulties will no doubt be reflected both in the Plan itself and in the attitude of those who have shown their interest in supporting India's development efforts.

Railways

Although, as seems inevitable in any development plan, performance has often fallen short of set targets, there are several projects, assisted by the Bank, that have come up to expectations and made significant impact on the economic life of the country.

Take the Indian railways, for example. At the end of the Second World War, rehabilitation of the Indian railways was one of the most urgent tasks and their continued expansion and improvement have required vast outlays since independence to keep pace with the growth of industry and commerce. As in all development, the great preponderance of investment in the railways has come from domestic sources, but large amounts have also been required in foreign exchange to purchase goods and services from overseas. To help meet these needs, the Bank and I.D.A. have made available more than for any other single purpose in any country—a total of $507 million, including an I.D.A. credit of $62 million approved in October 1964.

As India's capacity to manufacture railway equipment has increased, foreign exchange requirements for this purpose have diminished during the third Five-year Plan, but substantial needs remain. The situation of the Indian railways today is a far cry from what it was when the Bank's association with India began: the railways now are able to move all of the freight they are offered and even some surplus capacity is reported. In 1962-63, the amount of freight (in ton-kilometres) moved on the railways was almost 80 per cent larger than in 1955-56 and passenger kilometres increased by 35 per cent in the same period.

Steel

One of India's greatest assets in economic development is the availability of rich deposits of iron ore and coal, and the Bank has made loans totalling $186 million to the principal steel companies in the private sector. India's five main steel plants are now working at capacity and all of them are in the process of expansion. Except for flat products, special steels and pig iron for sale to foundries, the industry is now capable of meeting most of the current demand. With present expansion plans, steel-making capacity is expected to keep pace with the rising tide of requirements resulting from the nation's economic development.

Development Bank

A third example of success is the activity of the Industrial Credit and Investment Corporation (I.C.I.C.I.), a privately owned development financing institution that was established in 1955 with the Bank's advice and assistance. The Bank has made five loans to I.C.I.C.I. totalling $90 million. In its first nine years of existence, the Corporation has assisted more than 280 companies in India with more than $155 million equivalent in loans and purchases of equity. It has channelled foreign exchange and rupees into a wide range of industries, nearly half of them newly established, and has helped to develop the capital market by its own underwriting activities. It is estimated that the operations of I.C.I.C.I. have resulted in mobilising five times the amount of its own investments in capital from other sources, domestic and foreign. The ownership of this Corporation is vested primarily in Indian hands, with participation by investors in Japan, the Federal Republic of Germany, the United Kingdom and the United States.

Other Fields

The Bank has also assisted in a number of other projects in agriculture, transportation (highways and ports), power generation, telecommunications and industry. Satisfactory progress has been made in several of these projects, too, in addition to the three examples specially mentioned—railways, steel and the I.C.I.C.I. Loans for the coal-mining industry, and for enterprises producing transportation, telecommunications, construction and other equipment have provided imported components and materials, normally unobtainable because of lack of foreign exchange, thereby stimulating increased efficiency and capacity in existing plants.

Projects Under Study

Several projects which might be financed by the Bank and I.D.A. in the next few years are now under preliminary consideration, including loans to the Tata Iron and Steel Company and the Indian Iron and Steel Company, both of which have received substantial assistance from the Bank in the past. Other joint projects under serious discussion include further assistance to selected Indian capital goods industries, a new loan to the Industrial Credit and Investment Corporation of India, funds for a fertiliser project in Andhra Pradesh, the development of the new port of Haldia and expansion of water supply in Bangalore.

The activities of the World Bank group in India are far from limited to extending individual loans and credits. There is a continuous and frank exchange of views and information between the Bank and the Government of India; Bank experts regularly visit India to enable the Bank to keep in close touch with the economic situation, follow the country's development efforts, keep currently informed of progress on Bank-supported undertakings, and study, in a preliminary way, the feasibility of new projects. An example of this close collaboration and interchange of information and views is the team of experts, organised by the World Bank, which is now in India to study some key sectors of the development programme. The Bank also finances the foreign exchange costs of specific technical studies being carried out by consultants, such as the recent study of interim and long-term measures to improve the transport of coal.

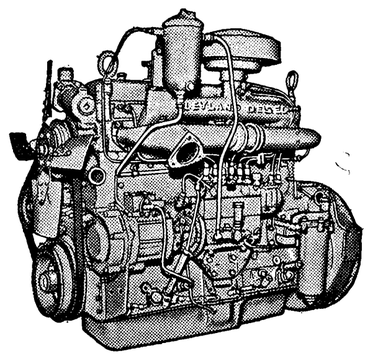
Optimum Return

I am confident that many more co-operative ventures between India and the Bank group will be undertaken in the future. In launching them, we will both, of course, desire to build on the experience we have gained which, as already stated, has had both disappointing and promising aspects. No doubt, the Indian authorities, as well as the Bank, will have many suggestions to offer for improvements and innovations. The Indian Prime Minister himself has indicated, in a broader context, that changes in management and housekeeping methods might result in an annual increase of as much as one per cent in the national product. I feel that this is, if anything, an understatement. In any case, as India is so desperately short of capital, it is of the utmost importance that each investment project be carefully designed both in the construction stage and in the subsequent operating stage to achieve the maximum possible return.

Perhaps there are other ways, too, of promoting higher returns from the Indian economy in the efforts to fill the constant and pressing need for foreign exchange. For instance, too much emphasis has probably been put on import substitution and too little on investment in growing export industries, —both the traditional ones like tea and jute and the more recent ones of sugar, oilcake, iron ore, and tourism. Perhaps also there has been an undue reliance on dirigiste policies and procedures and too little trust in the well-proven incentives of markets and prices. Again, because India is such a vast and complex social organism, it would

(*Continued on page* 38)

A heavy-duty engine for a heavy-duty chassis



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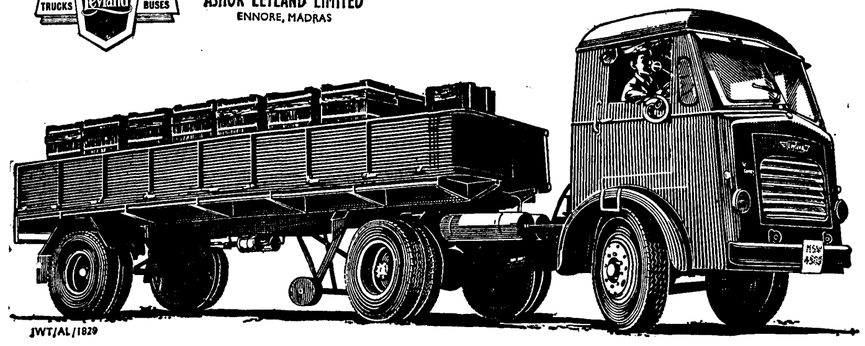

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AID TO INDIA SERIES—III

From UNITED KINGDOM

NO IMPOSITION OF ANY SPECIAL PATTERN

By E. A. MIDGLEY, British Minister (Economic and Commercial), New Delh

TRADING relations between India and Britain go back a good three centuries. It was not, however, until the nineteenth century that Britain began seriously to invest in India—first in irrigation canals and railways, then in coal and the plantation industries, mainly tea, jute and coffee. The managing agency system through which these industries were organised proved a useful invention. It made managerial and technical know-how available, in the most economical way, to new enterprises, provided a channel through which capital could flow to them and made development prospects attractive to British and Indian investors through the assurance given by well-known and established names. This form of enterprise, branching out later into cotton textile mills, sugar factories and engineering works laid the foundations for the modern industrial equipment which we see in India today. The plantation industries continue to play their indispensable role of making up the hard core of Indian exports.

Perhaps, because India was already an established country with an ancient culture and a considerable population already settled on the land, British investment did not fertilise industrial growth on the same scale as it managed to do at the same period in the empty lands of North America. Moreover, the concept of setting out deliberately to plan the industrialisation of a whole sub-continent was foreign to the nineteenth century and the early parts of the twentieth. Nor was it, perhaps, clearly understood that the duplication of manufacturing capacity overseas would in the long run increase rather than diminish trade, and the wealth of the investing country.

Faith in India

India, in common with the rest of the world, suffered from the depression of the inter-war years and it was not until the Second World War that ideas of planning industrial development began to take firm shape. At the end of the war, India found herself with an accumulation of capital in the form of debts owed by Britain for the war-time services and supplies which India had provided. With these to prime the pump, India was able confidently to set about the preparation of plans for economic progress. At that stage, the cost, in terms of foreign exchange, of industrial development on any significant scale though envisaged was not fully computable. It soon became clear, however, that India's sterling reserves would need to be carefully husbanded, and a stringent control on imports was imposed. This called forth a co-operative response from British private enterprise. With enlightened self-interest, British exporters perceived that, if they could not trade with India as heretofore, they could accelerate the trend already begun of transferring their operations to Indian soil. They demonstrated their faith in India by expanding local manufacture in association with Indian partners.

To illustrate the success of this operation for both partners, it is only necessary to set out a selected list of the products (pre- and post-war) now made in India in some or other town of association with British firms: biscuits, chocolate, starch, tobacco, food colours, dyestuffs, a wide range of chemicals, fertilisers, pesticides, pharmaceuticals, toilet preparations, explosives, paints, plastics, steel tubes, castings, machine tools, small tools, diesel engines, textile machinery, contractors' plant, mechanical handling equipment, air-conditioning equipment, weighing scales and machinery, sugar machinery, boilers, ball bearings, photographic equipment, switchgear, wire and cables, telephone apparatus, electronic equipment, trucks and motor cars and all their ancillary industries, tractors, aircraft, railway equipment, mining machinery, sewing cotton, textiles, glass, special cement, abrasives, special papers and boards, and so on. The list is not exhaustive and in some of the categories the names of twenty or more British firms can be counted (twenty-three for instance under chemicals, more than fifty in the electrical, electronic and cables division). They range from the biggest—I.C.I., Vickers, Babcock and Wilcox, A.E.I., English Electric, Levers, Leyland, Shell, Turner Newall—to a whole range of smaller firms expert in their fields. We know of over 500 collaboration agreements between British and Indian partners approved since 1959 and 65 per cent of all foreign private investment in India is British (new British investment is flowing in at the rate of about Rs. 20 crores per annum). All this, bearing in mind our long historical connection, is very much as it should be.

Public Sector

British private enterprise does not confine itself to partnership with private enterprise in India—it is associated with a number of projects in the public sector. I.C.I. acted as consultants to the Government of India for the Sindri Fertiliser Plant; Marconi, Pye and other firms provide technical assistance to Bharat Electronics; Automatic Telephone and Electric Company, assisted in the establishment of Indian Telephone Industries at Bangalore; Folland, Bristol and Rolls Royce are in technical partnership with Hindustan Aircraft; an entirely new aircraft, the A.V.R.O. 748, designed as an alternative to the Dakota, is now being produced by the Indian Air Force Maintenance Group at Kanpur; the enormous Heavy Electrical Plant at Bhopal was designed and developed in consultation with Associated Electrical Industries.

A special virtue of partnership of this sort in the private sector is that it automatically entails the transfer of know-how, both technical and managerial. A new generation of future technical directors, works managers, managing directors and chairmen is growing up in Indian plants bearing joint Indian and British names.

Colombo Plan

The complex of arrangements conveniently classified under the name "Colombo Plan," a primarily Commonwealth invention in which India plays a leading part, supplements these private arrangements with general machinery for the grafting of technical skills. When participating countries find that some service available in one would be of benefit to the other, an "expert" is provided or a student goes for training. It may be to develop new strains of potatoes, or to advise on the cultivation of cotton, or the equipment of lighthouses. Sometimes, it is possible to establish a permanent institution such as the Indian Institute of Technology at Delhi in which British and Indian professors teach together. Another kind of technical assistance is exemplified by the project report on a new coal mine prepared by the British National Coal Board for the Indian National Coal Development Corporation. Under the Colombo Plan, India has experts and training of her own to offer (India has sent out some 700 experts with supporting equipment to neighbouring countries and taken 2,500 students from overseas).

New Methods of Co-operation

Private investment, largely from Britain, provided the founding capital on which the industrial wealth of the United States was later built. Private enterprise has a big part to play in the development of India but, in many ways, times have now changed and circumstances are different. In the first place, India is not an empty but almost an overfull country. The size of the basic sectors of industry now considered economic and efficient, and of the individual plants, has grown to a point where private resources cannot, unaided, assemble the necessary capital to initiate and maintain them. The speed of modern communications continually reminds us of the unacceptable differences in standards of living between developed and developing countries, and of the need for haste in removing them. Fortunately the West learnt, through the compelling need to repair quickly the devastation of the last war, new methods of economic co-operation at the national level. Britain as a member of an international consortium is now applying these methods to supplement and to sustain co-operation between the two countries in the private sector.

British Government credits, now extended for a term of 25 years, at an interest rate of about 5 per cent but with an initial grace period for both principal and interest of seven years, have been extended to help finance India's second and third Plans. The contribution to the second Plan was Rs. 107 crores and so far to the third Rs. 207 crores. These credits which are additional to British subscriptions to the International Bank and the International Development Association, from which India also benefits, pay for the export of British goods and services to India. The projects to be assisted and the ways in which the money is to be spent are agreed in discussion with the Government of India. The object is to provide the greatest possible measure of support to the Indian economy keeping in mind what Britain is best placed to supply.

Where surpluses in one country coincide with the needs in the other, it is sensible to direct these credits into the appropriate channels. Both British industry and India benefit in this way from the financing by the British Government of a British steel plant at Durgapur, the total cost of which may well add up to Rs. 200 crores in foreign exchange alone by the time it is finished. Credits furnished by the British Government also help to sustain the vast Heavy Electrical Plant at Bhopal in which Britain has an interest through the private sector consultancy connection.

The flexibility of this type of co-operation is underlined by the success of the so-called Kipping loans which enable the Indian Government to break critical import bottlenecks by licensing the import of British capital and producer goods and spare and maintenance parts needed by the private sector.

No Imposition

Britain does not, however, seek to impose any special pattern in the way credits are offered. At this advanced stage of industrial development in India, it is recognised that India must be as free as possible to choose between the conflicting priorities. For this reason, half of the credits furnished by Britain this year were for general purposes. Of the remainder, the majority were already determined by inescapable needs to maintain or expand projects already started.

I have spoken of "economic co-operation" and of "credits" rather than of "aid," because it is by now generally recognised that the wealth of the world is indivisible. Even were the wide disparities of wealth among the countries of the world humanly and politically tolerable, which they no longer are, it would still not be good economic sense to allow them to continue. It is now clear that it is between the most highly industrialised countries that trade grows fastest. In "aiding" India, therefore, and other developing countries both at the private and the national level within the limits set by our own balance of payments, we shall ultimately, if all goes well, be helping ourselves. Britain, which depends for its livelihood on foreign trade, has a stake in India's prosperity.

From WORLD BANK GROUP

(*Concluded from page 36*)

seem wise to lay stress on monetary and fiscal policies and procedures as the regulators of economic life rather than to try to impose direct controls which would overtax the already highly strained administrative mechanisms.

This is not the place to translate these generalities into specific remedies for India's challenging economic problems. The Bank stands ready, however, to give its candid and unbiased advice and assistance in these matters, whenever it is desired. The sharpened attention paid by the Bank to the agricultural and educational sectors of its member-countries is of particular interest to India. The development and growth of I.D.A. should also be encouraging to countries like India which are faced with a dangerously high and growing debt burden. It is our firm hope that the India-Bank group partnership, now in its fifteenth year, will be able, despite the weight of population growth, to throw into the other side of the scale solid achievements in expanding the output and productivity of the Indian economy.

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AID TO INDIA SERIES—IV

From WEST GERMANY

AN APPRAISAL OF POLICY AND METHODS

By G. F. DUCKWITZ, Ambassador of the Federal Republic of Germany, New Delhi

THE theory of development aid and of speedy industrialisation of backward economies is the latest addition to the economic sciences. There are neither classic nor neo-classic authorities in this branch of study, thus depriving each author of the chance to quote without the pain of proving. Economic theorems based on experience do not exist or, when they do, they are not yet convincing on account of the fact that practical verification is lacking due to close proximity as far as time is concerned. Nevertheless, a substantial pragmatic beginning has been made and we learn whilst we are striding along.

Almost all the leading industrialised countries in the world have, on account of economic and humanitarian reasons as well as those governed by foreign policy, made assistance to developing countries an inseparable part of their general policy. This policy is also being followed rigorously by the Federal Republic of Germany ever since she regained her economic strength. The vast complex of governmental offices, public bodies, institutions, firms and private individuals dealing with problems connected with assistance to developing countries covers each and every branch of public life from which we can expect a significant contribution in this direction. The Federal Republic has set up a Ministry of Economic Co-operation to co-ordinate the activities of all other ministries dealing with questions related to development aid. In the field of financing, the *Kreditanstalt für Wiederaufbau* (Bank for Reconstruction) is functioning as the German governmental development Bank.

Hence the institutional machinery, as well as the economic and political instruments, are now available. An endeavour is made to outline below some of the methods with which these institutions are implementing the various types of programmes aimed at providing development aid, in general, and to India, in particular.

Magnitude of Aid

During the last decade, the Federal Republic has granted nearly DM. 1,500 crores (one DM.=1.20 rupee) worth of capital aid worldwide to developing countries. In addition to this, there have been assistance measures like State guarantees in respect of export credits granted by German firms to customers in developing countries, depreciation allowances for investments made in the way of capital goods and an increasing amount of grants rendered within the scope of technical aid. These types of assistance amount to another DM. 1,000 crores. With this contribution, the Federal Republic of Germany holds a prominent place amongst the industrialised donor countries of the West.

As a rule, capital assistance consists of credits which are either granted on terms determined by investment banks at real market conditions or as so-called "soft credits." India has upto now received nearly DM. 400 crores as capital aid from the Federal Republic. This amount represents nearly 26 per cent of the total aid of that type granted by Germany to developing countries world-wide.

The most important projects in India built with the help of German capital assistance are, amongst others, the Steel Works in Rourkela, the Rourkela Fertiliser Project, and the expansion schemes of the Mysore Iron and Steel Works and its conversion into an alloy and special steel plant.

Manifold Problems

The problems connected with the granting of capital aid are manifold. If, for instance, these credits are given at real market rates of interest, it is likely that the repayment obligations of interest and principal might put an undue strain on the repayment capacity of the debtor country. This will lead to conversions and prolongation of the currency of the loan when maturing for repayment. Remembering, however, that the very meaning of capital aid is to strengthen the recipient economy, I consider such emergency measures, which may have to be taken quite frequently, to be a tragedy for the donor as well as the receiver—a tragedy which reaches beyond the mere financial implications of the given case.

I am, therefore, of the opinion that capital assistance—may be at an artificially reduced rate of interest—should be granted mainly for projects which are productive from an overall economic point of view, but cannot be expected from a business point of view to yield profits within a short span of time. Here I am thinking of projects like the construction of roads or bridges, soil enrichment, construction of irrigation systems for gradually converting chalky soil into agriculturally arable soil, etc. In such cases of developing the infrastructure of the economy, credits with low interest rates, long periods for amortisation and commencing with a period of grace, are economically justified. Thus, the scanty hard currency reserves are preserved and available to help financing the purchase of urgently required capital goods from abroad.

In the industrial field, however, soft credits are not in each and every instant preferable to credits advanced at regular market rates. Interest rates charged at market conditions exercise a selective function. Many an investment made at artificially reduced rates of interest, which later proved to be a failure, would have never been carried out, had the investor been charged with the full cost at free market rates for his loan. In the absence of this barrier, submarginal suppliers are teased to step into markets which they could never serve under competitive terms. The loss in such a case is not borne by the unsuccessful investor alone, but by the economy as a whole which has thus been deprived of a capital urgently needed in other fields.

"Interest-splitting"

In this connection, it is not out of place to mention that the idea of "interest-splitting," with its merits or demerits presenty under study by Indian and German officials, would be a new element amongst the credit terms administered so far. Under this scheme, the rate of interest prevalent under free market conditions is to be split in such a manner that one part of it is payable in hard currency and another in the national currency of the debtor country. The funds accruing on account of the rupee payments can then be lent to Indian enterprises.

A weak point when providing capital aid for industrial projects constitutes, in my opinion, the fact that important investment decisions are made between two Governments, instead of being the sole prerogative of dynamic entrepreneurs. Here the unconvinced reader should remember that Germany adheres to a social and economic order which is known as a social market economy. At the outset of the development aid programmes, we did not have the institutional facilities to grant capital aid on a Government-to-Government level; we had to create them *ad hoc*. While having done so, we keep aware of the fact that private development assistance is generally of higher quality than strict governmental assistance.

The private investor adds to the capital investment his technical know-how as well as his intricate knowledge of the market he is aiming at—skills which are a must, a prerequisite for every successful investment. This aside, a personal stake in the project usually enables the private investor to overcome temporary difficulties by using modified economical, technical or distribution methods. Faced with a similar situation, the publicly controlled and managed enterprise often reacts with underutilisation of capacity and it takes some time before the respective governmental official grasps that somewhere, something was not planned correctly.

Value of Private Capital

When starting new industries in an underdeveloped and undercapitalised economy, it is quite common that the investment demand cannot be met by the strength of the domestic capital market or by attracting at once sufficient amounts of foreign capital for private participation. Here I see two alternatives to the procedure so far followed when starting projects in the public sector. Firstly, public and private resources could be combined to achieve a common purpose. Depending upon the circumstances, the majority or minority role could be held by either partner. In each case, both partners can supplement each other to their mutual benefit, the State by its authority and its superior possibility for raising money providing, so to speak, the infrastructure of an industry and the private partner by contributing his capital, his managerial experience and his better knowledge of the market. The other alternative would call for a postponement of starting a new venture, if natural financial resources are not available.

A growth in equilibrium can be achieved more rapidly by postponing investments in capital-intensive projects and accelerating investments in labour-intensive productions or production programmes. The latter will sooner yield practical results as can be achieved by huge Government-directed investments in favour of a few privileged basic industries. Creation of new industries without sound financing leads, under the given circumstances, to structural distortions and continued disequilibrium. The pace of investment in basic industries may, for instance, not be geared with the rate of expansion in the processing industries. The economist and the practical businessman are aware of the damage which unsynchronised sectors can inflict upon each other. The "investment prosperity" achieved in one sector will soon come to a standstill when the market for processing its products does not exist or is too limited to absorb them. The prosperity in the one sector will thus soon be reduced to underemployment characterised by idle capacities and growing unmarketable stocks. With this in mind, I think the postponing of investments which are not induced by the market is the much smaller evil; actually it would be an attitude fully in line with the real market conditions.

I, therefore, look with great hopes and expectations towards a step-up of private German investments in India. Along with the advent of as many as possible profitable small and medium-sized industries spread all over the country, the decisive break through for a sound industrialisation of India will be achieved. On this foundation, one day a sound domestic capital market may accumulate the funds to start or to expand heavy industries. At the present stage, however, one should hope that a sufficient number of entrepreneurs is ready and willing to set up light industries in the vast rural districts of India. The almost unlimited needs of the rural population would, after initial encouragement, create unforeseen avenues of employment. It is only when more and more people are engaged in productive work, and the hidden unemployment of the rural population is reduced—in fact, reduced to zero one day—that the Indian economy can be said to be embarking on the road to a sustained rate of growth. Only when new personal incomes are created, will the *per capita* income increase, resulting in demand backed up with purchasing power. Growing personal incomes will enhance the saving activities. The rate of savings in turn determines the rate of investments. To contribute German assistance to such an economic development I would welcome much more than adding funds earmarked to be invested in heavy industries at the few industrially congested areas with undue haste.

Adjustments

No doubt the industrialisation of India—in fact of all the developing countries—will have repercussions for the economies of the industrialised countries. It will also confront the German economy with problems. Readjustments, changes and a high degree of flexibility will be called for to adopt to a changing world. In spite of these anticipated difficulties, however, it should not be overlooked that the developing countries will have more purchasing power when they produce and export more goods and that this purchasing power will be used for buying more goods—especially high grade capital goods. In this context, India with its large manpower resources and its vast natural raw material deposits will play an important part. Once this development is completed, economic relations between our two countries will be based on trade, instead of aid.

When granting capital aid for industrial projects, as mentioned earlier, we are constantly faced with a situation which calls for additional foreign exchange to maintain the project by supplying it with raw material, spare parts and components. If these essentials are not available, a drop in production or even standstill are the consequences. It is for this reason that commodity aid comes into the picture. Through this type of aid, untied import of goods from abroad can be financed. While the capital aid is usually tied

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THE FYZABAD ELECTRIC LICENCE, 1933.
THE JAUNPUR ELECTRIC LICENCE, 1934.

to a particular project, commodity aid is not. It thereby has the advantage of being utilised momentarily, thus relieving the foreign exchange position of the recipient country at once. If such commodity aid, however, is spent to supply projects sponsored by third parties with raw material, subsidiary materials, etc., it is rather discouraging for the original creditor, who nourished, naturally, the hope that his own capital aid projects would benefit from the supplementary credit.

Financial assistance extended by my country to Indian development institutions like the Industrial Finance Corporation, the Industrial Credit and Investment Corporation of India (I.C.I.C.I.) and the National Small Industries Corporation (N.S.I.C.) is another effective contribution to the industrial development of the country. These institutions possess thorough experiences, the knowledge of the prevailing market conditions and are fit to grant well-aimed development loans to selected, qualified enterprises.

The success of an investment is, however, not guaranteed by credits in whatever form alone. Even an optimal capitalisation of an enterprise cannot make up for poor management, lack of skilled labour and faulty planning. With this in mind, we try to play our part for the betterment of the conditions on hand in extending technical aid. Technical aid is administered in many forms. It can be applied, for instance, in the economic or technical field, the training of Indian specialists in India or abroad, the establishment of training institutions and model plants, the despatch of German specialists and teachers to India, etc.—in short, technical aid consists of the transfer of knowledge and experience—in which an economically advanced country is ahead of the less-developed country.

I will not enumerate the various projects which are run in India within the frame of German technical assistance. One of these projects, nevertheless, I wish to mention as an example. In Mandi (Himachal Pradesh), a handful of German agricultural experts are co-operating since a few years with Indian specialists in a so-called package deal programme to intensify agricultural production. By applying scientific methods of cultivation in farming, fruit growing and horticulture, an increase of 40 per cent in output has been achieved so far. A deficit region has thus changed within the span of two years into an agricultural surplus area. One could easily visualise the economic impact if such an example were to be copied and spread nationwide!

In an article dealing with developing aid, the Indo-German foreign trade deserves a reference, inasmuch as both types of economic activities are interdependent. As far as the German economy is concerned, India is one of the most important overseas markets. India's exports to Germany are smaller in volume and value—nevertheless they are a significant factor too. There are still some import restrictions on Indian export goods into the E.E.C. countries, though rudimentary in nature. A large portion of the trade, however, has been liberalised. Moreover, the conquest of new markets or the capability of defending a market position is essentially a matter of dynamic, ingenious *entrepreneurship*. The goods should be produced and styled in line with the market demand.

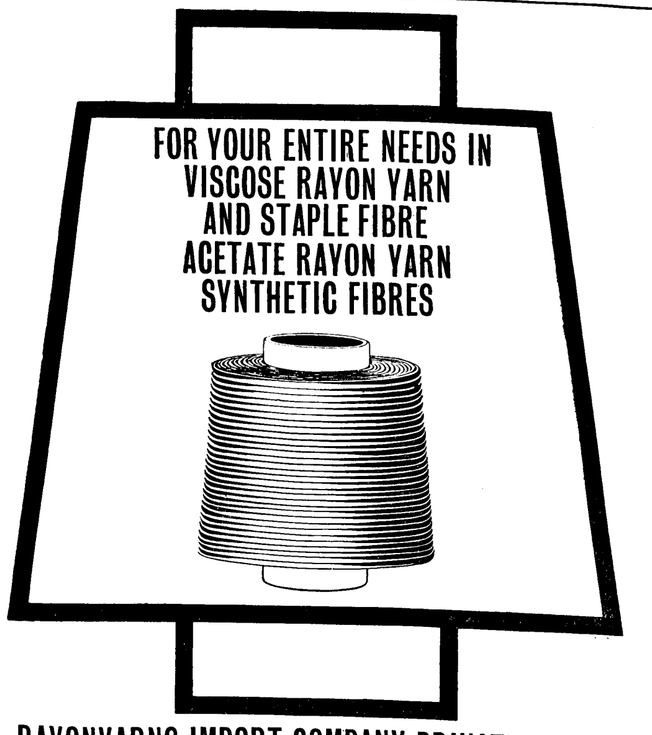
Too persistent demands for an immediate removal of all customs duties or quota restrictions I am inclined to counter with the request to compare the existing import barriers surrounding my country or the E.E.C. countries with the import restrictions or import bans protecting the host country. On the whole, India has its pains of economic growth. We realise her balance of payment problems and take them into account. On the other hand, there is the stringent necessity for my country too to remain constantly aware of its own balance of payment position and the budgetary accounts. The budget position may quite often splash cold water on the readiness to give free rein to imports from developing countries, for the loss of income derived from customs duties and consumption taxes cannot automatically be substituted by tapping other sources.

In one of the issues of this magazine, I had recently read an article written by an Indian economist who had visited Germany. He was appreciative that Germany had abolished import duties on unpacked tea but he was dismayed about the fact that a rather stiff consumption tax was imposed on that commodity. Commenting on this, I would like to point out that the Federal Republic maintains trade relations with countries all over the world. Some of them are developing countries whose main exports products consist of raw coffee. For them, Germany is an important market. Let us assume that Germany abolishes consumption tax on tea and further that the elasticity of demand leads to an increase in consumption proportionately to the price decrease. Coffee and tea are substitutes; thus the price decrease for tea will lead to a dwindling demand for coffee. The coffee growers will register their complaints demanding equal treatment and so forth. Trying to judge not from a parochial point of view but rather from a world-wide angle little will be gained by such isolated interventions. Moreover, since Germany is pursuing a trade policy committed to the most-favoured-nation principle, she is compelled to weigh single interventions favouring a particular trade partner with the secondary effects such measures may have on third countries.

The demand for rigorous abolition of customs duties, quotas, consumption taxes, etc., in the industrialised countries in favour of unrestricted imports from developing countries is logically inconsistent, if one does not, at the same time, remember what a decrease of income at the exchequers of the importing country will imply. Development aid has to be financed out of tax proceeds. Therefore, allowances granted for one account will, hence, lead to cuts in other accounts.

The efforts being made between the industrialised countries to strengthen the economy of developing countries against all sorts of crises are far more important than one or the other singular measures which may lead to secondary effects, toning down or even subverting the results originally desired.

Whatever the occasional shortcomings of our mutual attempts to help each other might be, the common willingness to do so contains such strong and constructive elements that I have no doubt that the ultimate goal, namely, a decent standard of living for all in a free society, will be reached eventually.



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AID TO INDIA SERIES—V

From CANADA

UNDERLYING PHILOSOPHY, BASIS, METHOD AND QUANTUM

BY ROLAND MICHENER, High Commissioner for Canada, New Delhi

I WELCOME the opportunity provided by *Commerce* to write a few words about Canadian assistance in the economic development of India since the commencement of the first Five-year Plan. Although our efforts in this field are known to many, it is natural that the extent of economic ties between India and Canada is not always appreciated, because of the more dramatic developments in India's economic relations with the greater powers. Nevertheless, our record is such that we are proud to be able to present it.

No account, however brief, of Canada's connections with India's economic development over the past 13 years should fail to mention some of the factors which operate in Canada to influence and mould our external economic relations. The first and most obvious is that Canada is still a small nation with less than one-twentieth of India's population. Nineteen million people are scattered unevenly over 3.8 million square miles of territory, large tracts of which are barren or undeveloped. Canada is young as a nation and even younger as an industrial power. In fact, the bulk of Canada's wealth comes from its natural resources.

While our industrial development has leaped ahead in the past 25 years, the Canadian economy is largely geared to the ever-increasing needs of the industrial giant to our south and this has a tendency to emphasise the development in Canada of extractive industries rather than manufacturing industries. Capital flows into Canada, principally from the United States but also from Britain and other European countries, to assist in the development of our resources. In this respect, therefore, Canada is similar to India—we are a developing country, struggling to build up our basic and secondary manufacturing industries and anxious to control the development of the economy so that control remains in our own hands. It should also be pointed out that Canada, like India, usually has a balance of payments problem and our trade deficits, mainly with the United States, have run as high as $1 billion in recent memory, and have only been offset by the inflow of developmental capital.

Limiting Factors

The above considerations have clear implications for Canada's economic relations with countries such as India. For one thing, Canada must watch carefully the outflow of money. For another, private Canadian capital naturally looks to investment opportunities within Canada. (It may be encouraged, but cannot be forced, to invest in India.) Furthermore, the rapidly growing demand for technologists in our own industries and in our mushrooming universities makes it difficult to find enough of the right kind of qualified people who are willing to come out and assist in Indian development. Canada has not yet been able to build a corps of advisers and experts who make a career of service abroad in industry and education. These factors are mentioned not to provide excuses, because I think we owe none to anyone, but to make our position more fully understood.

It may be noted that, so far, I have mentioned only the economic and practical problems which Canada faces in trying to play a significant role in international economic development. The reason is that there have been really no political problems for Canadians in this area. Our memories of two world wars, a shattering depression, and our dependence on foreign trade (to a greater extent than all but three or four nations of the world) produced an "internationalist" outlook which led us after 1945 into active participation in the United Nations (in its specialised agencies concerned with economic affairs and multilateral aid) and in bilateral foreign assistance. There has never been much opposition in Canada, one of the more fortunate and prosperous nations, to assisting the less-developed countries. When the Foreign Ministers of the Commonwealth countries met in Colombo in 1950 to evolve what has become known as the Colombo Plan, Canada was represented and became a "charter" member. Ever since the Colombo Plan got underway in 1951, Canada has made it her largest single aid programme and India has absorbed more than half of all the aid extended by Canada under the Colombo Plan over the past 13 years. As evidence of Canadian support for foreign aid one can say that all political parties have generally approved our programmes and have even vied from time to time in encouraging the Government to raise its sights. Recent Canadian administrations of the two leading parties have successively increased expenditure in this field.

Fundamental Philosophy

The philosophy underlying Canadian participation in the Plan was summed up by the former Prime Minister of Canada, Mr. John G. Diefenbaker, in an address on 29th June 1958, when he said that:

> "The good citizen and the good nation must recognise his obligations to the broad community of man."

Mr. Diefenbaker went on to explain the concept of the interdependence of nations in the following words:

> "While we have our duty to ourselves and our special relationship to our families and our neighbours, more and more, we, as Canadians and citizens of the world, must seek to share the problems of every continent. We have much to give to other peoples, particularly those in less fortunate lands, but we have also much to learn from them."

The present Secretary of State for External Affairs in July last explained Canadian motivation to the Standing Committee on External Affairs in these terms.

> "I can say that this Government, its predecessor and the preceding Government, regard assistance not on the basis of political interest but on the basis of our appreciation of the need of the particular areas that were receiving assistance from Canada. In our country, the humanitarian desire to share our resources has certainly, over the years, been the main motivating force behind Canadian contributions. Furthermore, a statistical table may have some relationship to the quantitative effort, but it cannot reveal the qualitative aspects of the programme. In the matter of quality the Canadian programme —I think I may say—is held in high regard by recipients and by other donors.
>
> "...From the statement I made last November, you will see that there is a considerable increase in the aid resources which we will make available in this fiscal year, subject, of course, to parliamentary approval.
>
> "It will be the intention of the Government to play its full part, in concert with other advanced countries, in what is now regarded as a collective aid effort. We know that our partners, who are in a position to extend assistance, share our objectives. We are also confident that the less-developed countries, which will continue to supply the bulk of resources for their own development, recognise their responsibility both to themselves and to others to use the resources available in the most effective manner.
>
> "The policy of Canadian Governments—all of them since 1950—has been to make progressive increases in aid funds whenever economic circumstances permit."

In line with this policy, the Canadian Government had announced in November 1963 that external aid in all forms for the fiscal year 1964-65 would be increased by $70-80 million.

Self-help

Another basic principle of Canadian aid to which we attach great importance is that of self-help. Most aid projects are undertaken on the understanding that the recipient country will also contribute. In other words, aid projects are considered to be joint projects in which Canada and the recipient countries participate according to their respective capacities. The local Government is normally expected to meet all local currency costs of capital projects, including those for labour and materials, and, at the same time, is required to make personnel available who can be trained on the job. Of all projects now under way, the total financial contribution agreed to by recipients is slightly higher than the total Canadian contribution. The proportion varies, of course, depending on the nature of the project and local capabilities. The Indian share of the Kundah project, for example, will be the equivalent of $80 million, or nearly double the Canadian share, since a great deal of local labour and local materials are being used in it.

Canadian Governmental assistance falls into three categories and is handled in three different ways. The first category is capital assistance for specific projects. Within this category, some provision has recently been made for a limited amount of equipment and spares for existing plants. The second category of aid is for the purchase of commodities, the supply of which results in the establishment of counterpart funds by the Government of India. Incidentally, all counterpart funds remain with the Government of India and, although Canada is consulted and approves uses of these funds, we reserve none of the counterpart funds for our own purposes. The third category is technical assistance which involves the transfer of trainees to Canada, usually at the graduate and undergraduate level, and of experts and advisers from Canada to India.

Three Methods

The three methods of extending aid referred to above are grants, long-term loans, and medium-term credits on a semi-commercial basis. I should like particularly to draw attention to the factor of quality as well as quantity in the Canadian aid programme. The bulk of Canadian aid, which has been under the Colombo Plan, has been in the form of outright grants which provide a maximum benefit to the recipient country because there is no repayment problem. This is an important consideration: several developing countries, including India, are reaching the stage where loans and credits received during the early years of development are now maturing and must be repaid, to the detriment of the current and new programmes. Under the Colombo Plan, Canada's contribution has not raised any problem of this kind for India.

The second method of extending aid is through a new Special Development Loan programme which was announced in Ottawa in November, 1963. The new loans will be repayable in 40-50 years *plus* a ten-year period of grace and will be interest-free except for a small service charge of 3/4 of 1 per cent. I should add that Canada's entry into this field of long-term loans came at a time when many other countries were reducing their aid or hardening the terms. Canada's action represents a net increase in our aid effort and, in terms is as favourable as that of any other country or international institution in the field of foreign aid.

The third method is through medium-term loans (10-20 years) at near commercial rates of interest, i.e. about 6 per cent. These loans are made by the Export Credits Insurance Corporation and were devised to assist Canadian exporters by guaranteeing payment to them. These credits are used mainly for projects which will produce early and measurable economic returns, as contrasted with grant-aid projects which often involve infrastructure projects.

It may be noted that, with Colombo Plan grant-aid, long-term soft loans, and medium-term loans, Canada is providing one of the most flexible forms of aid offered by any country. Indeed, no other country, except the United States, is providing such a varied range of assistance.

Extent of Aid

In concrete terms, Canadian Colombo Plan assistance to India from the start of the Plan to the end of the fiscal year 1963-64 was $238,956,000, which includes $18 86 million voted in 1963-64. Another $22 million has been allocated for 1964-65. All of these funds have been or will be used since Canada has made special legislative provision to ensure that Colombo Plan funds, once voted, do not lapse. At this date, actual expenditure by Canada for India's benefit is about $245 million. This figure includes capital assistance projects, commodity shipments, and technical assistance. There are numerous small projects in the capital programme, but a

few large ones have taken the bulk of the funds. Some of these larger projects are Kundah (stages I, II and III), Mayurakshi (the Canada dam), the Umtru Hydro-electric Project, the Canada-India reactor at Trombay, transportation equipment (chiefly locomotives), an aerial survey, and cobalt beam therapy units. The commodity shipments include wheat, copper, aluminium, zinc, lead, newsprint, asbestos and fertilisers and represent an expenditure of approximately $149 million, resulting in counterpart funds of Rs. 65.5 crores. These counterpart funds have been used in part for local costs of the Mayurakshi, Umtru and Kundah projects referred to above and for seven engineering institutes. Currently, some of these funds are committed to the Idikki Hydro-electric scheme ($20 million) in Kerala and to industrial housing ($11 million).

In terms of money spent, the technical assistance programme may appear modest, but, in terms of numbers of people, the Canadian programme has been quite large. From 1950 to 30th June 1964, the total number of Indians who have received or are receiving training in Canada under the Colombo Plan is 716. Another 193 have come under other auspices, e.g., the Commonwealth Scholarship Plan (66), U.N.T.A.A. (40), and U.S. A.I.D. (51). In the same period, 35 Canadian advisers have come to India under the Colombo Plan; others have come under different auspices. The flow of trainees and advisers continues and is expanding.

Joint Ventures

For reasons outlined earlier in this article, Canadian participation in joint ventures and business collaboration has been on a more modest scale. The most outstanding relationship which Canada has with Indian industry in this category is the Indian Aluminium Company Limited, associated with the Aluminium Company of Canada Limited. It is one of the finest industrial developments in India from every point of view. With a highly efficient Indian management, outstanding labour relations and leadership in the field of non-ferrous metals, greatly needed in India, the Indian Aluminium Company sets a standard and exemplifies a type of Canadian-Indian relationships of which both countries can be proud. It carries into the industrial field the same kind of Canadian-Indian understanding which has been acclaimed so often as a model in the field of aid, especially under the Colombo Plan.

It is interesting to note that there is now, in the course of construction, a further projection of Canadian-Indian collaboration in non-ferrous metals production by another outstanding Canadian firm, The Consolidated Mining and Smelting Company of Canada Limited, Montreal. Its collaboration with Metal Distributors Limited under the name of Comico Binani Zinc Limited for the smelting of zinc in Kerala, brings together a leading metal producer of Canada and one of India's major non-ferrous metal distributors. This zinc smelter will do much to relieve India of the drain on its foreign exchange which is now occasioned by heavy imports of non-ferrous metals. This particular project was financed with Canadian Government assistance under a long-term loan.

There is some prospect that Canada may also participate in the erection of a newsprint mill through the collaboration of a well-known Canadian newsprint manufacturer leading Indian firm. In this ›ada is the outstanding the world today, and any such collaboration would be bringing to India the know-how and support of a highly experienced Canadian firm, and again would contribute to a great saving in foreign exchange.

Agriculture

Agriculture in Canada, as in India, is one of the primary economic activities of the country. Indeed, Canada's first approach to world trade on a large scale was through its export of the famous Canadian Hard Wheat. With its immense areas of cultivation, Canadian agriculturists have been among the world leaders in farm mechanisation. This has given rise to a well-established industry in the manufacture of up-to-date farm implements etc. Some association between Canada and India in this phase of industry is found in the collaboration of Massey-Ferguson Limited, the well-known Canadian agricultural implements firm, with Amalgamations Private Limited of Madras, in setting up Tractors and Farm Equipment, Limited.

In short, although the number of Canadian firms collaborating with Indian firms is small, the areas in which they are participating and the contributions which they are making to stabilisation of the Indian economy are significant.

Before concluding I should like to mention two private ventures in the aid field. The first is the Canadian Universities Service Overseas which has been organised and financed by private persons with the object of selecting public-spirited young Canadian university graduates who are willing to devote one or two post-graduate years to working in developing countries with no material reward. In a country the size of India, a few young Canadians will have an almost imperceptible influence, but each in his or her own *ashram* or school will be part of the give and take referred to earlier and will add something tangible to Canadian-Indian co-operation and understanding.

The other privately-sponsored venture is the Canada-Mysore Project for training people in India, as well as people from South-East Asian countries, in modern techniques of food processing and preservation. Working in co-operation with and at the request of the United Nations Food and Agricultural Organisation, the Canadian Freedom from Hunger Committee, which is a non-governmental organisation, has offered to raise the money from contributions of private citizens and corporations in Canada to provide staff and teaching equipment for a training centre and to transport students and maintain them during their training. The centre is to be located in Mysore in buildings donated for the purpose by the Governor of Mysore State. As the Indian Government itself is running the Food Technology Centre at Mysore, the Canada-Mysore Project Training Centre will be able to profit from the existence of established working facilities in the field of food research, not to mention the advantage of having several hundred Indian technologists already working nearby.

The Prospects

Finally, from Canada's point of view, what has been achieved by Indo-Canadian economic co-operation to date and what are the prospects for the future? Such things as hydro-electric projects and atomic reactors which have been built and are being built and the imparting of knowledge through the technical assistance programme represent a permanent and continuing contribution to India's development. Canadians are happy and proud to be able to help a country which, in some ways, is less fortunate than their own. Of equal importance is that, through this association, Canadians have learned to understand and respect India's achievements. We have not failed to note the outstanding efforts and accomplishments of Indian planners, engineers and workers in the projects with which we have been associated. This is encouraging for all of us. In working with Indian officials on future plans, we have become acquainted not only with the problems, but also with the dedicated, concerted planning and effort that has gone and continues to go into the modernisation and industrialisation of the economy. We have also become acutely aware of the distance still to go and of the fact that the gap between the developed and the less-developed countries, including India, is widening, despite the efforts made by both sides. This trend must be reversed, here, by speeding up India's rate of advance. We know from experience that India can be relied on in this endeavour, and we in Canada are anxious to assist by all means within our capacity.

FOREIGN ASSISTANCE TO INDIA
(In crores of rupees)

Source	Authorisations upto 31-3-1956	Authorisations upto the end of second Plan	Balance of unutilised aid as on 1-4-1961	Authorisation from 1-4-1961 to 31-3-1964	Total available for utilisation during first three years of third Plan	Estimated utilisation from 1-4-1961 to 31-3-1964	Balance available as on 31-3-1964	Total authorisation from inception to 31-3-1964
U.S.A.	203.47	574.19	299.75	619.19	828.86	447.06	381.80	1,193.30
U.S.S.R.	64.71	384.96	308.96		308.96	104.26	204.70	384.96
U.K.	6.39	123.47	1.16	167.36	168.52	87.62	80.90	290.83
Canada	32.34	105.15	9.44	39.86	49.30	22.00	27.30	145.01
Australia	11.06	13.28	0.64	1.73	2.37	0.67	1.70	15.01
New Zealand	1.72	3.43	0.20	0.22	0.42	0.22	0.20	3.65
W. Germany	..	141.37	15.68	220.59	236.27	124.77	111.50	361.96
Japan	..	27.16	10.98	78.62	89.42	29.72	59.70	105.78
Czechoslovakia	..	23.10	23.10	0.40	23.50	1.20	22.30	23.50
Yugoslavia	..	19.05	19.05	..	19.05	0.35	18.70	19.05
Norway	0.66	2.53	..	1.62	1.62	1.32	0.30	4.15
Poland	..	14.30	14.30	15.50	29.80	2.50	27.30	29.80
Switzerland	..	5.60	6.90	8.68	15.28	1.78	13.50	15.28
Italy	..	..	..	47.01	47.01	2.41	44.60	47.61
France	..	..	..	38.10	38.10	..	38.10	38.10
Austria	..	..	..	4.18	4.18	1.18	3.00	4.18
Netherlands	..	..	..	13.20	13.20	..	13.20	13.20
Denmark	..	..	..	1.00	1.00	..	1.00	1.00
Belgium	..	..	..	9.56	9.56	..	9.56	9.56
World Bank	57.70	319.32	63.21	83.59	146.80	84.40	62.40	403.41
Ford Foundation	(25.70)	(104.80)	(16.72)	(49.78)	(66.50)	(19.90)	(46.60)	(154.58)
U.N. Special Fund	5.61	16.07	4.39	1.16	5.55	1.75	3.80	17.23
I.D.A.	..	4.01	4.01	0.95*	*N.A.*	*N.A.*	*N.A.*	6.61†
	..	..	..	142.82	142.82	52.42	90.40	142.82
Total§	377.68	1,778.49	691.29	1,495.23	2,186.52	974.32	1,212.20	3,273.72
Of which:								
Loans	..	1,515.06	658.68	1,443.47	2,102.15	919.55	1,182.60	2,958.53
Grants	..	263.43	32.61	51.76	84.37	54.77	29.60	315.19
P.L. 665 Assistance	..	31.87						31.87
P.L. 480 Assistance	..	1,113.00	597.50	48.24	645.74	398.44	247.30	1,161.24

Note:—This statement excludes suppliers' credit other than those forming part of Consortium Aids, Rockefeller Foundation, Assistance under Titles II and III of P.L. 480, technical assistance in the form of experts, trainees, etc., *ad hoc* grants, in the form of equipment and supplies where the value is not known, and third country currency assistance from the U.S.

* Up to end-March 1963 only. † Up to end-December 1963 only. *N.A.*—Not available.

§ The figures do not tally with the cumulative totals for individual countries, since the table has been compiled from two sources, namely, the Finance Ministry's Annual Report on External Assistance (1963) and the article appearing in the August issue of the Reserve Bank of India's *Monthly Bulletin*.

Figures in brackets indicate the share of private sector.

* * * * *

PURPOSE-WISE BREAK-UP
(In crores of rupees)

	Authorisation upto March 1964	Utilisation upto March 1964	Amount undisbursed as at the end of March 1964
Power	258.5	108.5	150.0
Transport and Communications	419.5	331.8	87.7
Of which:			
Railways	303.8	272.3	31.5
Ports	39.1	18.1	21.0
Airways, Road and Communications	76.6	41.4	35.2
Iron ore project	12.6	9.2	3.4
Steel and steel projects	381.1	301.2	79.9
Other industrial development	1,705.4	860.1	845.3
Agricultural development	30.3	14.0	16.3
Wheat loans	106.0	106.0	..
Total	2,913.4	1,730.8	1,182.6

AID FOR THIRD PLAN
(In crores of rupees)

	Loans*	Grants*†	P.L. 480/665 aid and third country currency assistance (gross)	Total assistance
Amount undisbursed as at the end of the second Plan	675.1	29.4	597.8	1,302.3
Amount authorised during the third Plan	1,443.4	45.9	48.2	1,537.5
1961-62	411.2	20.6	..	431.8
1962-63	591.8	15.6	43.3	650.7
1963-64	440.4	9.7	4.9	455.0
Estimated utilisation during the third Plan	935.9	45.8	398.7	1,380.4
1961-62	230.1	21.0	87.8	338.9
1962-63	310.7	14.9	125.8	451.4
1963-64	395.1	9.9	185.1	590.1
Amount undisbursed as at the end of March 1964	1,182.6	29.6	247.3	1,459.5

* Excludes loans and grants out of P.L. 480 Title I and P.L. 665 funds.

† Excludes grants under P.L. 480 Titles II and III.

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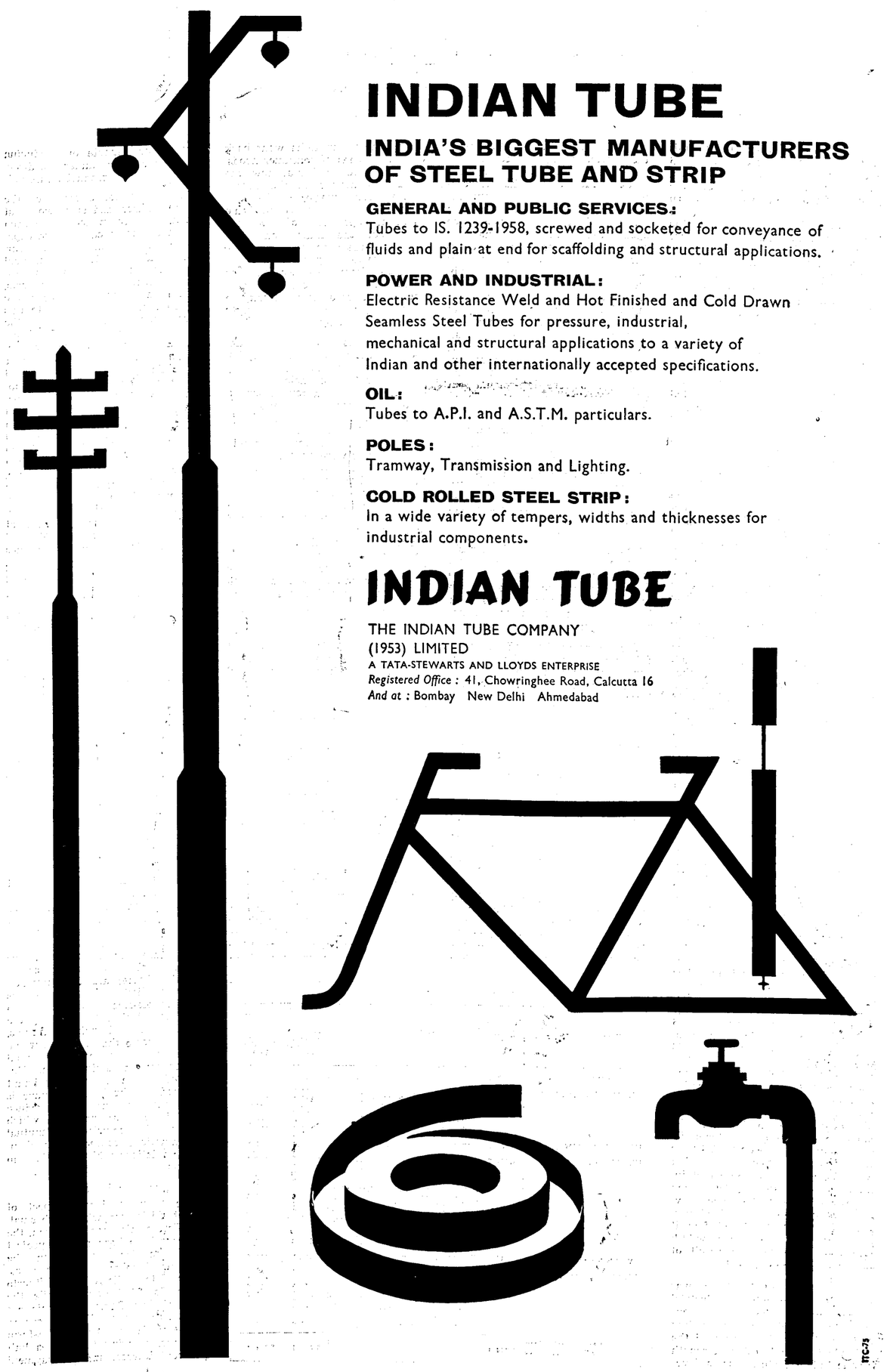


ITC-75

AID TO INDIA SERIES—VI

From SOVIET RUSSIA

WARM AND GAINFUL CO-OPERATION

BY K. KRISHNA MOORTHY

AT the Bhilai Steel plant built with Soviet economic and technical assistance, there is a plaque on which are inscribed the words of the late Jawaharlal Nehru describing the Bhilai project as "the symbol and portent of the future of India" and alongside are the words of Mr. Nikita Khrushchev: "Let our friendship be as strong as the steel smelted at this plant." The significance of the Bhilai project covers more than the facts of Indo-Soviet friendship; it extends to the initiation of a new experiment in international relations on the part of the Soviet Union.

The year 1955 marked the turning point in Khrushchev-directed Soviet policies governing India and other non-communist non-aligned underdeveloped countries in the region. In the pursuit of peaceful co-existence and competition with the capitalist world, on 26th January 1955—India's Republic Day—Soviet newspapers elaborated on the theme of support to non-communist non-aligned countries to promote economic and political stability. This was followed immediately afterwards by the signing on 2nd February 1955, of the agreement on Soviet assistance to build the Bhilai steel plant. The British and West German Governments and firms were also participating in the construction of Government steel mills but the Russians started with initial advantages, including the fact that the Soviet Government was the turnkey contractor which could efficiently co-ordinate the massive task of putting up the steel mill—a venture in which the Indian Government had no experience. The Russians also had considerable experience in tackling projects in backward regions within the Soviet Union.

Statesmanship

There is no doubt that, in attempting this new form of relationship, Mr. Nehru and Mr. Khrushchev demonstrated immense statesmanship and the greatness of one rubbed on the other's shoulders. Mr. Khrushchev's longing for co-existence and competition needed an arena for demonstration and Mr. Nehru provided the opportunity. The Russians emphasised that their aid to India—and to other non-communist countries later—would be without strings. The important question which was publicly debated when Mr. Nehru launched on a policy of accepting communist assistance was whether such aid flow would lead to communist interference in India's domestic and foreign policies. The Soviet assistance would be available naturally for the Government sector and the Industrial Policy Resolution of the Indian Government and later socialistic policy declarations of the ruling Congress Party meant that there need not be a conflict of interest between the Soviet Union and India. Indeed, the Soviet Government all along maintained proper stance and developed few if any intimate associations with Indian communists as a result of provision of economic aid.

While the United States was reluctant to help India in industrial sectors where the Government wanted to establish a commanding position, the Russians provided the technological and other strength for the Indian State sector to develop industries. On the face of it, the Soviet policy appeared self-contradictory. India and the United Arab Republic had Governments which were anti-communist on the domestic fronts. Helping these Governments would be against the interests of the national communist parties in these countries. But the Soviet Government under Khrushchev did not subscribe to this thesis which was among the causes for the worsening of the Sino-Soviet ideological dispute. Instead of exporting revolution, as the Chinese wanted all Communist Governments to do, Khrushchev supported anti-revolutionary forces like Nehru and Nasser, who were anti-colonial but whose socialist garb was, no doubt, thin.

Forum for Peaceful Competition

Nehru provided Khruschev with a respectable forum for peaceful competition even as the Soviet leader declared his intention ultimately to bury the capitalists. The first major exposure of Khrushchev to Indian crowds on a big scale was during his and Bulganin's jaunt across India during which Khrushchev also revelled in his adventures. Mr. Nehru's visit to the Soviet Union also impressed the Soviet leaders during the days when Mr. Dullas was the master of American foreign policy.

The desire to show off in peaceful competition and the political considerations which were always in the background led to the Russians striving from the very beginning for the creation of a favourable image. There was humility in the approach of the Soviet technicians and those were the days before the Chinese propagated the thesis of the Russians being as Western as other Europeans—white before they are Red! Anyway, the Chinese thesis had little impact, if any, on Indian technicians. Despite all the de-Stalinisation campaign back home, tropical India was a far better place to live in for the Soviet technicians than the cold freezing clime in Russia. For the Soviet technician, India was like Hongkong is to Indian tourists—a country where consumer goods were in plenty. Almost every Russian technician returning home after his assignment in India went back with trunkloads of consumer goods. I have heard in Bhilai how the Indian technicians in the higher echelons felt superior to the Russians. They acknowledged the technical superiority of the Russians, but the Indian engineers exhibited their social snobbery—the Russian expert had just emerged from the working or peasant class but the Indian engineer would trace his superiority to generations of high caste and upper middle class living.

The Russians succeeded in Bhilai because their political discipline was accompanied by the provision of high-quality technological skill by carefully chosen top personnel. When Mr. Swaran Singh was Steel Minister during the days of the construction of the first stage of the Bhilai plant, Delhi gossip was that his doors were always open for the top Russian from Bhilai to call on him. What was not then widely realised was that the top Russian at Bhilai at that time was high in the Soviet planning set-up and could deal with the Indian Minister almost on an equal footing. The Soviet diplomats, heading the missions in Delhi, like Mr. Menshikov and Mr. Benedictov, were also politically important Russians.

Not Much To Complain

There was not much to complain against Soviet machinery at Bhilai. In defence of the West German and British aided steel plants, it has also to be noted that the Bhilai plant was the least sophisticated of the three steel plants which were coming up simultaneously in the country. If there were defects in the Soviet machinery, they were promptly rectified and the plants made fully operational before the transfer to the Indians. A British journalist who visited Bhilai in October this year expressed his disappointment that he could not see any Russians at the plant. His disappointment is a compliment to the Russians who have trained a cadre of Indians to be in charge of the Bhilai operations. According to an American expert quoted by the Indian Government: "Bhilai's success is not so much its ability to produce up to its rated capacity but rather the steps it has made towards the creation of an organisation capable of producing steel in the future under the direction of Indian personnel entirely."

The million-tonne stage of the integrated iron and steel works at Bhilai was completed in March 1961 and it achieved its rated capacity before the end of that year. Both in 1962 and 1963, Bhilai steel production exceeded targets. Inspired probably by German experts, the Indian General Manager of the Rourkela plant once talked to this correspondent derisively about the Bhilai preoccupation with overworking the plant to produce production records. To the outsider the Bhilai production records and smooth running of the plant demonstrate the competence of the Russians in erection and operation and training. The three steel plants in the public sector were conceived for expansion after the completion of the first stage of one million tonnes capacity in each plant. Here, too, the Russians scored over the Germans and the British by finalising the credit and technical negotiations early. Expansion work at Bhilai began in August 1962 and expansion to 2.5 million tonnes capacity is expected to be completed by the end of 1965. The West Germans, on the other hand, would not agree to the expansion programme until they were satisfied with the technical performance of the first stage.

The Bhilai plant's first stage of one million tonnes cost a total of Rs. 2,000 million, including about Rs. 650 million of rouble credits. The expansion to 2.5 million tonnes ingot capacity is expected to cost about Rs. 1,400 million, including a further Rs. 550 million of rouble expenditure. Among the numerous industrial plants which are coming up with Soviet aid (see attached table for list), Bhilai, which has been trouble-free as compared with the other steel plants run by the Government and private firms, went to create the most favourable image of Soviet capacity and willingness to assist India. Undoubtedly, the Rourkela plant designed by the West Germans is more modern and will produce sophisticated flat products which will fetch higher prices. But mutual recriminations caused much damage to relations with West German experts.

Most Significant Aspect

The most significant aspect of Soviet aid is that, with much smaller offers of aid than American, the Russians have been able to project an image far bigger than the amounts involved. American assistance to India offered hitherto totals Rs. 2,500 crores, while the total of firm Soviet economic aid offers are around Rs. 384 crores. Soviet aid is almost all in the form of loans, carrying two and a half per cent interest and a repayment

INDIA'S TRADE WITH U. S. S. R.

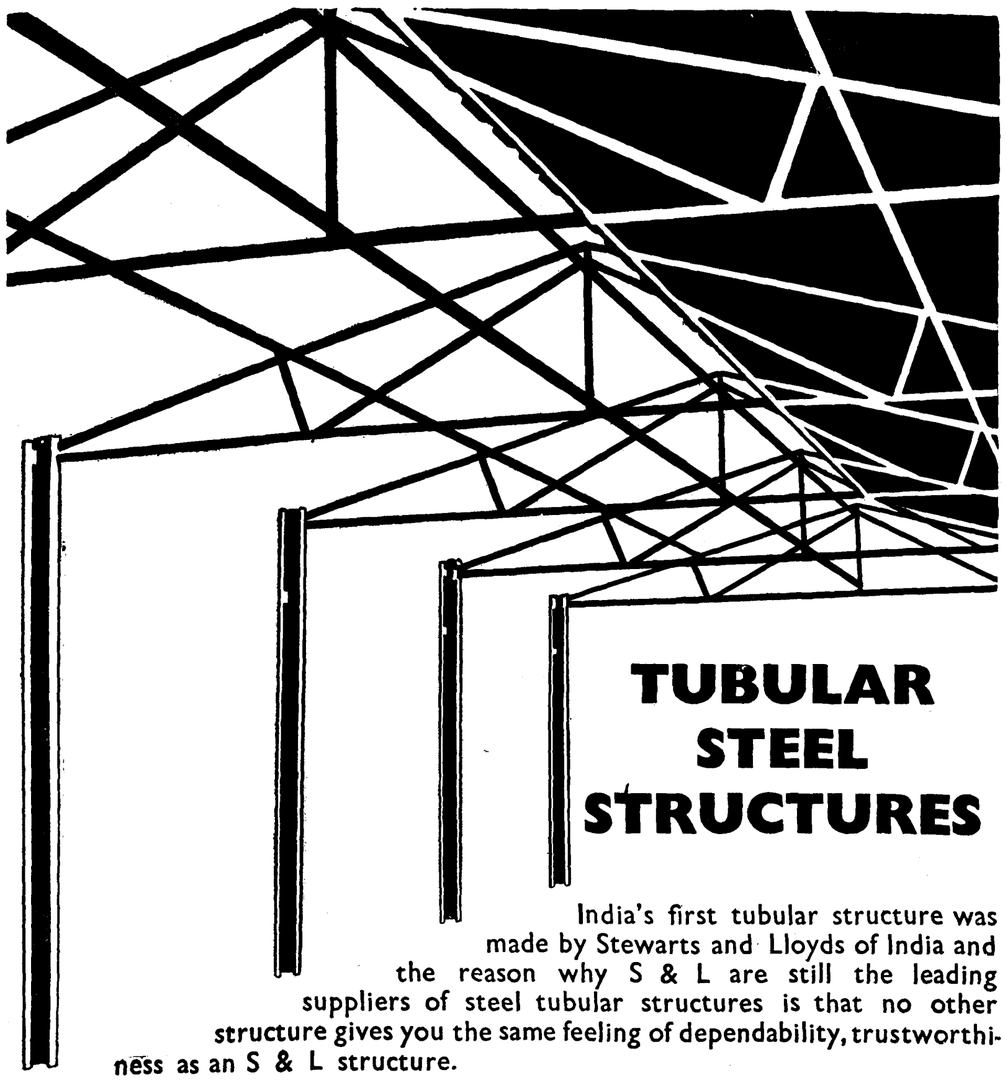
(In crores of rupees)

Financial years April to March	Indian exports to U.S.S.R.	Indian imports from U.S.S.R.	Balance of trade
1963-64 ..	52.25	63.99	—11.74
1962-63 ..	38.25	58.64	—20.39
1961-62 ..	32.21	39.94	— 7.73
1960-61 ..	28.81	15.12	+13.70
1959-60 ..	30.38	17.19	+13.19
1958-59 ..	25.90	17.21	+ 8.69
1957-58 ..	17.16	24.97	— 7.81
1956-57 ..	15.60	16.91	— 1.41
1955-56 ..	3.26	6.21	— 2.95

Source: Indian Commerce Ministry.

SOVIET ECONOMIC AID TO INDIA

Date of Soviet offer	Amount of Loan (Rs. million)	Details of projects	Value of contracts (in Rs. million) placed by the end of 1963	Amount (in Rs. million) drawn by the end of 1963
I. 2nd February 1955 ..	647.4	Bhilai Steel Plant	647.4	647.4
II. 11th November 1957 ..	593.3	*Breakdown*	438.2	354.0
		Heavy machines building ..	159.1	126.8
		Coalmine machinery plant ..	99.0	76.9
		Ophthalmic glass factory ..	11.8	1.2
		Korba coalmining	49.0	11.5
		Neyveli thermal power plant ..	139.3	137.6
III. 29th May 1959	95.2	Drugs projects	92.3	53.1
IV. 12th September 1959 ..	1,785.8	*Breakdown*	1,093.4	468.8
		Bhilai expansion	557.1	167.4
		Neyveli expansion	5.5	2.2
		Singrauli power station	5.7	1.2
		Heavy machines building plant expansion	59.0	0.9
		Kotah precision instruments plant ..	1.4	0.4
		Expansion of Korba thermal station	114.0	35.1
		Coalmine machine plant expansion ..	22.4	0.6
		Barauni oil refinery	34.9	34.9
		Heavy electrical plant	8.6	7.2
		Oil, gas exploration	284.8	218.9
V. 8th September 1959 ..	119.1	Barauni oil refinery	119.1	111.9
VI. 21st February 1961 ..	595.3	*Breakdown*	403.9	19.6
		Bhakra Power House	58.1	2.1
		Gujerat Oil Refinery	77.5	15.6
		Kathara Coal Washery	228.2	1.7
		Refractories plant	0.3	..
		Oil exploration, production ..	39.6	..
		Technical report on production of pumps and compressors	0.2	0.2
I to VI total of loan offers	3,838.1		2,794.3	1,654.8



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period of twelve years, except the drugs credit repayable in seven years. The United States' assistance comprises large amounts of grants *plus* facilities for loan repayments over forty years. A major factor is that the Russians have been able to satisfy some of the psychological demands of economic development which was well-illustrated in the controversy over the Bokaro steel plant. The late President Kennedy endorsed the concept of the American Government supporting the development of the steel industry by the Indian Government. The former U.S. Ambassador, Mr. Galbraith, also worked hard to convert some sections of American opinion to his way of thinking. But, in August 1963, the American Administration's plan to help the Indian Government steel programme fell through, because of U.S. Congress denial of public funds to encourage the socialist ambitions of the Indian ruling party. When American aid was refused for Bokaro, for some time the Indian Steel Ministry toyed with the idea of going on its own, ordering equipment from various countries. On May Day, however, the Soviet willingness to assist Bokaro construction was announced. The Indo-Soviet technical discussions on Bokaro then led to some unhappy feelings because of the Indian pride over the hypothetical capacity of its technicians and the Russian hesitation in accepting the Indian technicians at their face value. The Russians have insisted that they want to have the clear stamp of Soviet paternity on the Bokaro project. In their judgment of Indian technicians, the Russians have shared the same opinion as the Americans or the Germans. The Russians did a good job, training the operating staff in Bhilai and by the time they finish with the two-million-stage of the Bokaro project, they hope to have trained an Indian team of designers, too.

In the process of building the first two-million-tonne stage of the Bokaro plant, the Russians will also expand the heavy machine building industry in the country. The plants to build machines for steel mills are in Ranchi where mismanagement has been as scandalous as in Rourkela. The heavy engineering complex is a venture in which the present Soviet President, Mr. Anastas Mikoyan, and Mr. T. T. Krishnamachari took a leading part initially. For the troubles at Ranchi, the blame is not cast on the Russian experts. The mismanagement was almost wholly by the Indian administrators who also indulged in personal disputes damaging the industry.

The heavy engineering complex will play an important role in supplying machinery to steel plants and the Russians are also connected with a coal mining machinery plant at Durgapur and a heavy electrical plant at Hardwar.

Oil Sector

Next to steel, the Soviet assistance has been of strategic significance in the oil sector, where both exploration and refinery building have received benefits from Soviet assistance. The two-million-tonne oil refinery at Barauni has already gone on stream and a similar plant is under construction at Koyali, in Gujarat. The Russian refineries, which are both to be expanded to three million tonnes, are somewhat expensive in comparison with present bids by Western oil firms for new refineries, but the most important aspect of the Soviet aid in this field is that it came at a time when Western oil firms were putting harsh conditions to establish refineries. Russian refineries are also less sophisticated than those now planned with Western firms' help.

American aid has been diverted for a large portion of India's power development programme but the Russians, too, are providing power generation equipment. The Neyveli thermal stations to use lignite fuel were built with Russian aid—six units of 50 mW each and a seventh with 100 mW capacity. Five units of 50 mW each are being installed at Singrauli in Uttar Pradesh, four units of 50 mW each at Korba in Madhya Pradesh and five units of 120 mW each at the Bhakra right bank power house. Among other Russian-aided plants are an antibiotics project, a synthetic drugs project, and two precision instruments plants.

In the defence industries, the problem of building a supersonic fighter plane is being solved by the contract to make MIG 21 aircraft.

Trade

Under arrangements made in November 1964, trade with the Soviet Union is planned to increase to Rs. 125 crores each way in 1965 against Rs. 80 crores each way in 1964. In 1955, Indo-Soviet trade was less than Rs. 10 crores, but, by 1963, the total trade turnover had risen to more than Rs 100 crores. Total trading between India and the United States was worth a little more than Rs. 500 crores in the financial year 1963-64. The second partner was Britain with whom India had a total trade of Rs. 330 crores. The West Germans were the No. 3 trading partners in 1962-63 but, in 1963-64, the Japanese took the No. 3 position. In the current financial year, the third position will be the Soviet Union's. As supplier of goods to India, the Soviet Union came after the United States, Britain, West Germany and Japan in 1963-64 but, in 1964-65, the Soviet Union is likely to displace Japan in the No. 4 position as supplier. If the present rate of trade expansion with the Soviet Union is kept up as is envisaged in the long-term trade discussions, the Soviet Union will be the No. 3 supplier and probably the No. 2 buyer of Indian goods in another two years.

TRAINING COURSE IN SOIL BIOLOGY

A four-week international training course in soil biology began at the Indian Agricultural Research Institute, New Delhi, on 21st December 1964. The course, held under the joint auspices of the U.N.E.S.C.O., Ministry of Food and Agriculture, and the Indian Agricultural Research Institute, was inaugurated by Mr. A. D. Pandit, Special Secretary in the Ministry of Food and Agriculture. The training course, which is the first of its kind to be organised in South Asia, is being held for the benefit of soil scientists, research staff of State Departments of Agriculture, universities and institutions in India as well as in neighbouring countries, such as Afghanistan, Nepal, Ceylon, etc. Several eminent experts in the field, both from India as well as from abroad, are helping in conducting the course.

Study of soil biology is of immense interest since soil is intimately connected with life. In the matter of food production, man is dependent mostly on soil. Soil harbours a variety of organisms and the biological activities in the soils contribute directly to their productivity status. As a result of research work done in the field of soil biology, a stage has been reached when artificial inoculation of the soil with useful soil bacteria and algæ has been suggested to increase crop production. The effectiveness of inoculation, however, depends on certain specific conditions which add to the complexity of the problem and thereby make it necessary that the knowledge pertaining to the various disciplines of soil science is pooled together for the purpose. Though the duration of the training course in short, yet the intention is to give a comprehensive background to the trainees, including a study of particular aspects of recent developments in the subject.

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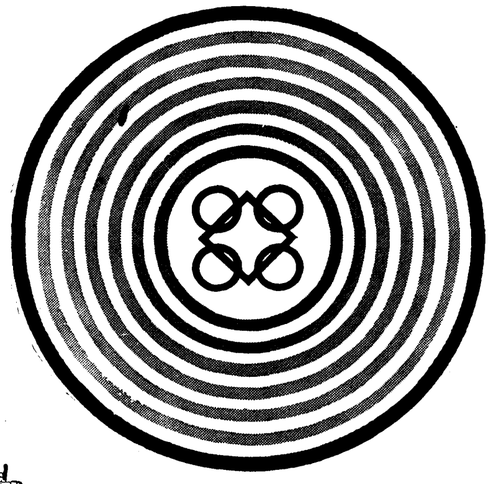

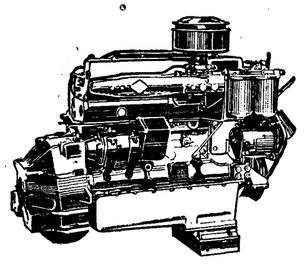

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CLIMATE FOR FOREIGN PRIVATE INVESTMENT

Enough Not Done To Clear Misconceptions

By ANILA GRAHAM

DIRECTOR, ECONOMIC AND DEVELOPMENT RESEARCH LTD., LONDON

THE announcement of the targets for India's fourth Five-year Plan highlights, once more, the important role that foreign private investment must play if the country is to proceed with her plans for rapid economic development. The foreign aid requirements have been set out at Rs. 2,500 crores—the same level as that in the third Five-year Plan—and it would be naive to believe that Indian export earnings will show a large enough increase to cover the foreign exchange that will be required in the next few years. No one in India is, or indeed should be, under any illusion that inter-Government lending will increase in the near future. The best that can be hoped for, from foreign assistance sources, is a continuance of lending at approximately the present levels; development needs, on the other hand, continually grow. Any balance of foreign exchange that is required must be met from the investment of private foreign capital. Thus, financial and technological resources combine to make foreign private capital welcome. This is a fact that is well appreciated by the Government of India which has taken a number of steps in order to encourage private investment within the framework of its Five-year Plans.

Trends in Developing World

The overall tendency is for the inflow of foreign capital to developing countries to contract rather than expand. A report recently published by the Economic and Social Council of the United Nations shows that, while private capital investment in industrialised countries has been continuing to grow, in the developing countries it has declined steadily since 1960—with the inevitable result that the benefit these countries should have derived from the increased availability of foreign official capital, has been, to a significant extent, cancelled out. The net flow of all private long-term capital to the countries in the "deprived" classification is stated by the United Nations report to have reached $1,127 million in 1960. Two years later, however, it had dropped to $877 million, and the survey asserts that there are indications that it registered a further decline last year. The U.S. has been providing the largest part of the money involved in this traffic, the other principal contributors being Britain, France, West Germany, Switzerland, Italy, the Netherlands and Japan. There is a strong Latin American emphasis in the U.S. activity, while Britain and France have been concentrating their efforts on their former colonies.

The waning of the capital exporting countries' enthusiasm for private investment in the developing countries can be largely set down to the deterioration in the international investment climate produced by the harsh treatment some of the recipients have meted out during the past few years to existing foreign capital for political and other reasons.

Recent efforts to speed the flow of private funds to the less developed regions have paid a good deal of attention to structural modifications designed to reduce the vulnerability of the money involved to total loss.

Some of the hazards of foreign investment include nationalisation without fair compensation, discriminatory and often confiscatory tax-laws, restrictions on the repatriation of capitals, or dividends, or profits, or all three. These are the chief dangers for the private investor abroad.

Position in India

There are a number of factors which, on the face of it, should make India a particularly attractive market for foreign investment, but the fact remains that the flow of such investment has not been nearly as much as it should be. What is it that inhibits the foreign investor from putting his money in a rapidly growing protected market of about 500 million people, and into a country which has an impeccable record about the payment of profits and dividends and the repatriation of capital, and one which has never taken over foreign private property without adequate compensation? For it is only too sadly true that many would-be foreign investors suffer from inhibitions about putting their money into India.

Perhaps one of the main reasons for this lack of enthusiasm, is a failure in communication—the fact remains that enough is not done to publicise the great attractions that India provides as a market for the foreign investor. There is an almost unbelievable ignorance in the minds of many would-be investors about the policy of the Government with regard to this subject, and many popular misconceptions still exist in the minds of investors in the industrialised West. Indeed, there were would-be investors even in Britain (a country which has had a great deal of experience in investing in India) who were surprised to know that dividends and profits on foreign capital are paid out by the Government of India, and the repatriation of capital was permitted!

Singularly little is known abroad about India's Five-year Plans, and the actual progress that has been made with regard to industrial development. The kind of news that is highlighted in the foreign Press deals, not so much with solid achievements, but with stories of food shortages and food riots and harsh import controls and rigorous taxation—giving to the less well informed a rather one-sided picture.

The general feeling of apathy with regard to investing in India, and the general uncertainty in the minds of would-be investors about the policy of the Government of India and the prospects for private investors, prompted the recent trip I undertook to India to examine, at first hand, the actual conditions and opportunities available. I returned from the trip more than ever convinced that the reality of the situation in India is very different from the picture the average investor has about the country. A great deal more has to be done to educate the private investor about the prospects for investment in India, as well as to take the necessary steps to streamline Government procedures which only serve to irritate and frustrate the potential investor.

The actual facts of the situation are that both the Government and private industry are anxious, within the framework of the Five-year Plans, to welcome a much larger amount of foreign capital, but this message has not yet come over, and the earlier attitudes which seemed designed to shut out foreign capital, and only accept it as a necessary evil, are the ones that are reflected abroad.

Popular Misconceptions

More effort should be devoted to abolishing the popular misconceptions that exist in the minds of would-be investors. Take, for example, the question of majority foreign shareholding in ventures set up in India. Many people still believe that it is impossible for a foreign participant to have any but minority shareholdings. It has now been officially stated that an Indian majority stake will not be insisted upon in joint private collaboration schemes where the import content of investment makes this impractical, or where the technology is wholly unfamiliar, as in the case of petrochemicals.

Again, contrary to popular belief, the Government of India is not wedded to price control as a policy. They have recently abolished price control on a number of commodities.

Many people are not aware that the Government itself is prepared to go into partnership with private industry in projects that were originally intended for the public sector only. In actual fact, the Government takes a pragmatic attitude, and is prepared to enlist the help of private enterprise when the national interests so require. A recent example of this was the 2.5 million ton refinery at Cochin. Here, the Government of India retained a majority share, but admitted both domestic and foreign private capital into the project. Thus, the Government of India welcomes private capital, not only in those industries reserved for the private sector, but for those in the public sector as well. This is a further indication of the pragmatic attitude of the Government of India, which, in itself, is one of the best guarantees to the foreign investor.

There are, however, many ways in which both the Government and private industry could do more to make the country attractive for the right type of foreign investment which is essential because it provides technical know-how as well as much wanted foreign exchange. The fact remains that foreign business is still not fully sure of its future place in the country. The attraction of a large and protected market with a remarkably stable Government is obvious to the would-be investor—but unreasoning fears of backdoor nationalisation, blocking of assets, compulsory acquisition and other factors which have affected foreign investment in other countries, continue to exist. This brings about the frame of mind summarised by the comment of an American who said: "Anyone who invests in India is a sucker, but anyone who does not invest in India is an even bigger sucker."

Many Difficulties Remain

Discussions with Indian and foreign businessmen in India made it clear that there are still a number of difficulties and frustrations

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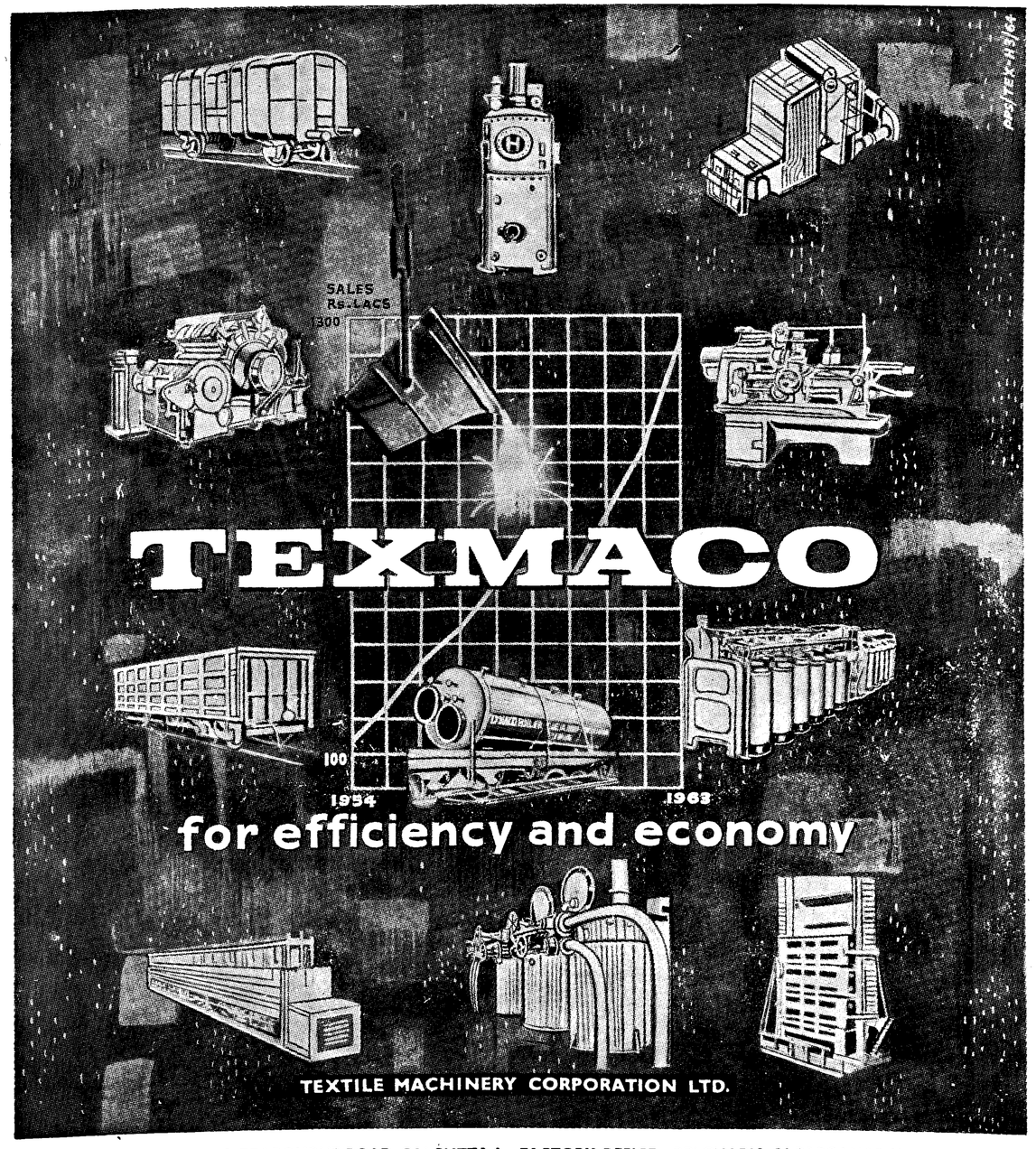

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that the foreign investor has to face, and the most important of these is the problem of red-tape and procedural delays. The lengthy investment screening procedure before foreign investment is sanctioned has acted as a major irritant to many would-be investors and their Indian partners. The procedure has led to interminable delays and frustrations, and many prospective foreign investors have lost patience and given up. The length of time involved in sanctioning such agreements has also meant that costing of such schemes has become completely unrealistic. Although the top civil servants in India are very good, there is a general feeling that there is far too much bureaucracy and there is a certain amount of irritation at the endless range of bureaucratic interference.

Discussions with the Government revealed that they were very conscious of the difficulties that administrative delays create for would-be investors, and a great deal has been done recently to streamline the process, but it remains to be seen how effective these new measures will be. It should be made clear to the would-be investor that the various procedures covering investment of private capital, spring from two basic requirements—industrial licensing to implement Plan priorities and import control, so that the best use of scarce foreign exchange resources may be made. Delay and minor irritations are, it is true, unavoidable, but much more needs to be done to streamline this process.

Some Helpful Steps

Among the helpful steps that the Government has taken in this field, one should mention the decisions based on the recommendations of the Committee on Utilisation of External Aid to ensure the speedier use of foreign aid and the help that is to be given to entrepreneurs to set up their projects without undue delay. The Department of Technical Development is to back various measures to give quick clearance to applications for import licences. The number of industries which can rely on monetary ceilings, rather than the detailed scrutiny of items, is to be increased. The Government is considering laying down standards of foreign collaboration terms for various industries to help prospective foreign investors to conclude collaboration agreements without too much delay. It is said that industrial units will be offered as wide a range of choice as possible with regard to the sources of supply of raw materials and components which will help them purchase their requirements in the cheapest market. All these factors could do much to improve the climate for foreign investment.

Another difficulty faced by businessman in India, is that of financing maintenance imports. Because of the serious foreign exchange position, it is sometimes difficult to import the raw materials and semis required to carry on production. At the same time when existing capacity is under-utilised, permission is given to new units to set up with claims over the same limited foreign exchange. This brings up the old argument of maintenance *versus* development, and here again, steps are being taken to assist in procuring maintenance imports.

The other difficulties involve those relating to the import of components manufactured in India. The Government, again in view of its limited resources of foreign exchange, is reluctant to give import licences for items which can be manufactured in India, and even if the Indian-made components are not suitable for the plant, permission to import is hard to get and many industries prefer to work under capacity rather than use inferior components which they feel might damage their plant. Again, in view of the general apprehension that lies at the back of the mind of every foreign investor about the possibility of nationalisation and expropriation, recent legislation passed in India relating to the Life Insurance Corporation and the new Unit Trust, served to create alarm and was regarded as a form of backdoor nationalisation. However, the majority of industrialists are convinced that the threat of nationalisation and expropriation does not exist at present, and as the years go by, the risks become less.

Taxation

Another complaint made by foreign investors is the fact that the Indian tax system is pretty harsh. However, the last budget offered a variety of concessions which, when taken in conjunction with the system of tax rebates for new industries, and a number of other concessions which have been made, seriously lessens the impact of such taxation. A fact which is not sufficiently emphasised is that while taxes are high, profits are also impressive.

In view of the rules and regulations which apply to managerial remuneration, the main staff problem for foreign investors abroad is to keep up the quality of European staff who can be attracted to India. It is claimed that the ceiling of remuneration fixed by the Government of India, makes it difficult to recruit the right type of man. Here again, concessions given in the latest budget should go some way towards meeting these difficulties.

Although it is appreciated that, in the long run, India will be one of the largest markets in the world, the fact remains that the effective market in India, at present, is limited to about one per cent of India's population, that import licences are very hard to come by, and sheer shortage of supplies is one of the limiting factors in production. Many of these factors are unavoidable in a country which is in the process of development and is faced with acute foreign exchange problems, but the fact remains that this type of difficulty makes a number of would-be investors a little restive. Many of these businessmen, when considering investing in India, must be reminded of Oscar Wilde's remark on society: "To be in it is a bore, to be out of it is a tragedy."

A Serious Fear

A number of foreign investors take fright when they appreciate the size of India's balance of payments deficit, and indeed wonder whether India is not laying up too many debts which she will be forced to cancel with the consequent deleterious effect on foreign investment. Some investors feel that, in her present financial position, India is not, perhaps, the best country in which to put their money. But this is an argument which applies with equal force to a number of developing countries, and the proper solution, surely, is for a more rational approach to the debt repayment burdens of international lending.

One can only deplore the lack of adequate understanding of the opportunities and problems of getting into India, and for this unhappy state of affairs, Indian businessmen and the Government of India must take their share of blame. A great deal more has to be done to educate the private investor about the prospects for investment in India, and the reality of the climate for such investment as it exists today.

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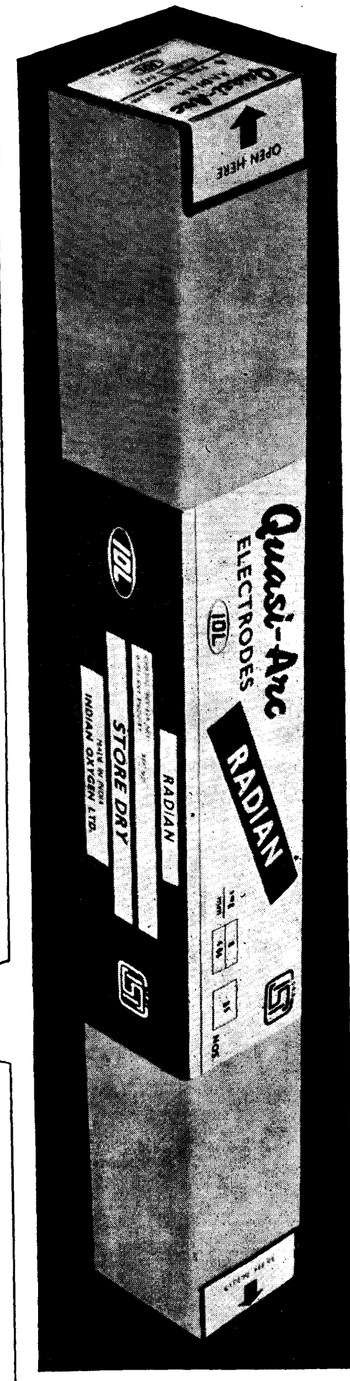

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Administration And Our Development Plans

Causes And Remedies For Present Shortcomings

By D. L. MAZUMDAR, I.C.S. (Retd.)

IT is one of the major paradoxes of our development effort in this country that, although from the very inception of planning, the crucial importance of administration in the implementation of developmental plans has been formally affirmed and emphasised in the successive Five-year Plans, this affirmation has been accompanied by increasing public expressions of dissatisfaction with the role actually played by administration in this area throughout this period, culminating during the last three or four years in statements by high authority which have sometimes virtually amounted to a confession of loss of faith in the capacity of administration "to deliver the goods," according to the popular *cliché*. The question that naturally comes up to one's mind is —"Why, in spite of the formal recognition of the basic importance given to administration in our developmental plans at the policy-making levels of Government, has it not been possible over a period of nearly a decade and a quarter to vitalise the system of administration with the dynamics of growth?" Pedlars of administrative nostrums may be ready with their answers. But it is not easy for any serious student of administration to attempt to solve this conundrum in a short article. The subject is much too intricate and complex to be susceptible of any such summary treatment. All that will be attempted in this article is, therefore, a hurried over-view of a few aspects of this problem, which, in the judgment of the present writer, have not received the measure of attention that they deserve from students of contemporary administration in this country.

Observations in Plan Documents

As a preface to the paragraphs that follow, it may be of interest to make a cursory reference to the treatment of this theme in the three Five-year Plans. The First Five-year Plan still contains the most succinct *formal* exposition of the true nature of the process of development in an emerging country like ours. It will suffice to reproduce the following excerpts from Chapter I of the First Five-year Plan Report:

"The problem of development of an underdeveloped economy is one of utilising more efficiently the potential resources available to the community, and it is this which involves economic planning. But the economic condition of a country at a given time is a product of the broader social environment, and economic planning has to be viewed as an integral part of a wider process aiming not merely at the development of human formalities and the building up of an institutional framework adequate to the needs and aspirations of the people. . . . Planning implies the readiness on the part of the community to view the social process as one whole and to take action design to shape this process along the desired lines over a definite period. Inspite of considerable advance in public thinking on the subject, the acceptance of such an approach to the problems of economic development and social change represents a relatively new phase in policy-making and in administration. Planning involves the* acceptance of a clearly defined system of objectives in terms of which to frame overall policies. It also involves the formulation of a strategy for promoting the realisation of the ends defined."

The Second Five-year Plan visualised a more pragmatic future role for administration in economic and social development. "As development goes forward," it observed, "the expression 'administration' steadily assumes a broader content. . . . Increasingly administrative tasks have had to be undertaken in new fields, specially those connected with economic, industrial and commercial operations. . . . Thus, in a very real sense, the Second Five-year Plan resolves itself into serious well-defined administrative tasks." The authors of the report then went on to a detailed classification of the categories under which these tasks might be said to fall, adding that this classification was by no means exhaustive and that "although each of these tasks constituted a theme by itself the various tasks would have to be viewed together as interdependent elements in the execution of the plan."

The Third Five-year Plan adopted a more or less similar stance towards the problem of administration, viewing it primarily as a collection of specific administrative tasks. A mild critical undertone was, however, provided by the following observations:

"The past decade has been a period of considerable change and adaptation in the field of administration. Innovations have been introduced and new institutions established, although perhaps many of them have yet to be fully integrated with one another and with the structure as a whole. With increase in the range of Government's responsibilities and in the tempo of development, the volume and complexity of administrative work have also grown. The administrative machinery has been strained and at many points in the structure, the available personnel are not adequate in quality and numbers. The administrative burden of carrying out plans of development, large as it is at present, will increase manifold under the Third Five-year Plan, and doubtless new problems in public relations will also come up. In the recent past, certain aspects of administration have attracted pointed attention. These include the slow pace of execution in many fields, problems involved in the planning, construction and operation of large projects, especially increase in costs and non-adherence to time-schedules, difficulties in training men on a large enough scale and securing personnel with the requisite calibre and experience, achieving co-ordination in detail in related sectors of the economy and, above all, enlisting widespread support and co-operation from the community as a whole. In the larger setting of the Third Plan, these problems are accentuated and gain greater urgency. It is widely realised that the benefits that may accrue from the Third Plan will depend, in particular in its early stages, upon the manner in which these problems are resolved. As large burdens are thrown on the administrative structure, it grows in size; as its size increases, it becomes slower in its functioning. Delays occur and affect operations at every stage and the expected outputs are further deferred. New tasks become difficult to accomplish if the management of those in hand is open to just criticism. In these circumstances, there is need for far-reaching changes in procedures and approach and for re-examination of prevalent methods and attitudes."

Fundamental Aspects

Two broad conclusions seem to emerge from the treatment of the role of administration in relation to our development efforts as envisaged in the Five-year Plans. In the first place, the formal recognition given in these documents to the importance of administration in relation to our developmental programmes appears to have been primarily in terms of the ultimate goals of policy which administration was intended to help to achieve. Little attempt was made to study on an empirical basis, the organisation and structure or the role of administration, at the major operative levels—much less to analyse the factors which underlay the behaviour pattern of administrators at these levels. Secondly, there was hardly any adequate appreciation of the fact that development planning of the type which we had adopted and which involved a major transformation of our economic and social life, called for the closest participation of all the organs of Government and administration, from the Cabinet down to the village *panchayat*, in the process of administration. In other words, it was not sufficiently realised that the implementation of our development plans was a matter not primarily for civil servants associated with the planning authorities, as in the case of the National Economic Development Council in the U.K. or the *Commissariat général du Plan* in France with the help of their counterparts in organised trade, industry and labour. It was, indeed, overlooked that, in the Indian context, it was also a coaxial responsibility of the political masters of the civil servants at different levels of the administrative system. In the social and economic context of all developing countries, including ours, committed to the modernising process, the word 'administration' must, therefore, include within its compass not merely the members of the different grades of the public services but also all those who are directly associated with the formulation or execution of the development plans, either as masters, agents or collaborators of the civil servants. This basic fact about the true nature of the administrative process in the context of our development plans does not appear to have been sufficiently grasped in the Plan documents.

Major Factors

If this appraisal of the general approach to the problem of administration in the Five-year Plans is substantially correct, this would explain the relative inefficiency of administration in the implementation of our development plans during the last few years. To paraphrase this analysis in positive and concrete terms, the drawbacks and defects of our administration in this area appear to have been stemmed, by and large, from the following major factors:

(i) The role of administration in development planning was enunciated only in the broad global terms of the ultimate objectives of such planning. As these objectives were not reduced into a series of subsidiary goals or objectives appropriate to the different layers of the administrative hierarchy, the role ascribed to administration remained necessarily involved in a cloud of vague ill-defined aspirations. What was *prima facie* needed was a break-up of this role into functional and operational terms, capable of being understood and acted upon at the different levels of administration.

(ii) No objective, empirical analysis was made of the organisation, structure and functioning of the machinery of administration in relation to the need for implementing the development plans in the different sectors of the economy.

(iii) The machinery of administration was viewed primarily as a *mechanical* system. Administrative reforms and innovations introduced from time to time during the last few years were mostly concerned with the "house-keeping" preoccupations of administration and with statistical exercises in the measurement of administrative performance, and with the installation of mechanical checks and balances in office procedure which, it was hoped, would help in the quick despatch of administrative business;

(iv) Man-power development in the superior ranks of the civil services, through pre-entry education and training appropriate to the needs of planned development, was slow to come; as was also constructive innovation in the methods of recruitment and post-entry training and placement of personnel. The urgency of this need has to this day not been sufficiently recognised even in the highest administrative circles.* As a perceptive foreign observer noted some time ago:

"The policy questions with which a quasi-elitist cadre like the I.A.S. must deal embrace the most complex issues of administration, economic and technical assistance and social change. In the last quarter of a century an immense body of literature and experimentation on these questions has developed. An acquaintance with this scientific knowledge is an essential quality of the generalist administrator. The Indian Administrative Service, if it is to maintain its status as a truly superior service in the face of diffusion of administrative knowledge in society, must be equipped intellectually for the task."†

(v) Imaginative political and social leadership was not deployed to infuse a new sense of purpose and mission into the key operative levels of the existing administrative system, with the result that administration could not be galvanised into a new mould and lifted out of its traditional stereotype to a new plane of reoriented attitudes, motivations and a creative sense of achievement. This was matched by corresponding failure in the top leadership of the administrative hierarchy to provide the rank and file of civil servants with the intellectual and moral leadership necessary for stimulating them to a new level of high developmental endeavour.

Failures

Space does not permit of fuller elaboration of the factors listed above. It will, however, be noticed that they may be broadly classified under three principal heads, namely,

(i) Inadequacies in the operational design and 'engineering' of the development plans; and inadequacies in the administrative strategy needed for the requisite reconstructive and developmental efforts.

(ii) Secondly, inability on the part of policy-makers both at the political and administrative levels to conceptualise, in terms of organisation and structure, the new type of administrative system which was needed in the context of our development plans; and

(iii) Thirdly, failure on the part of governmental, as well as

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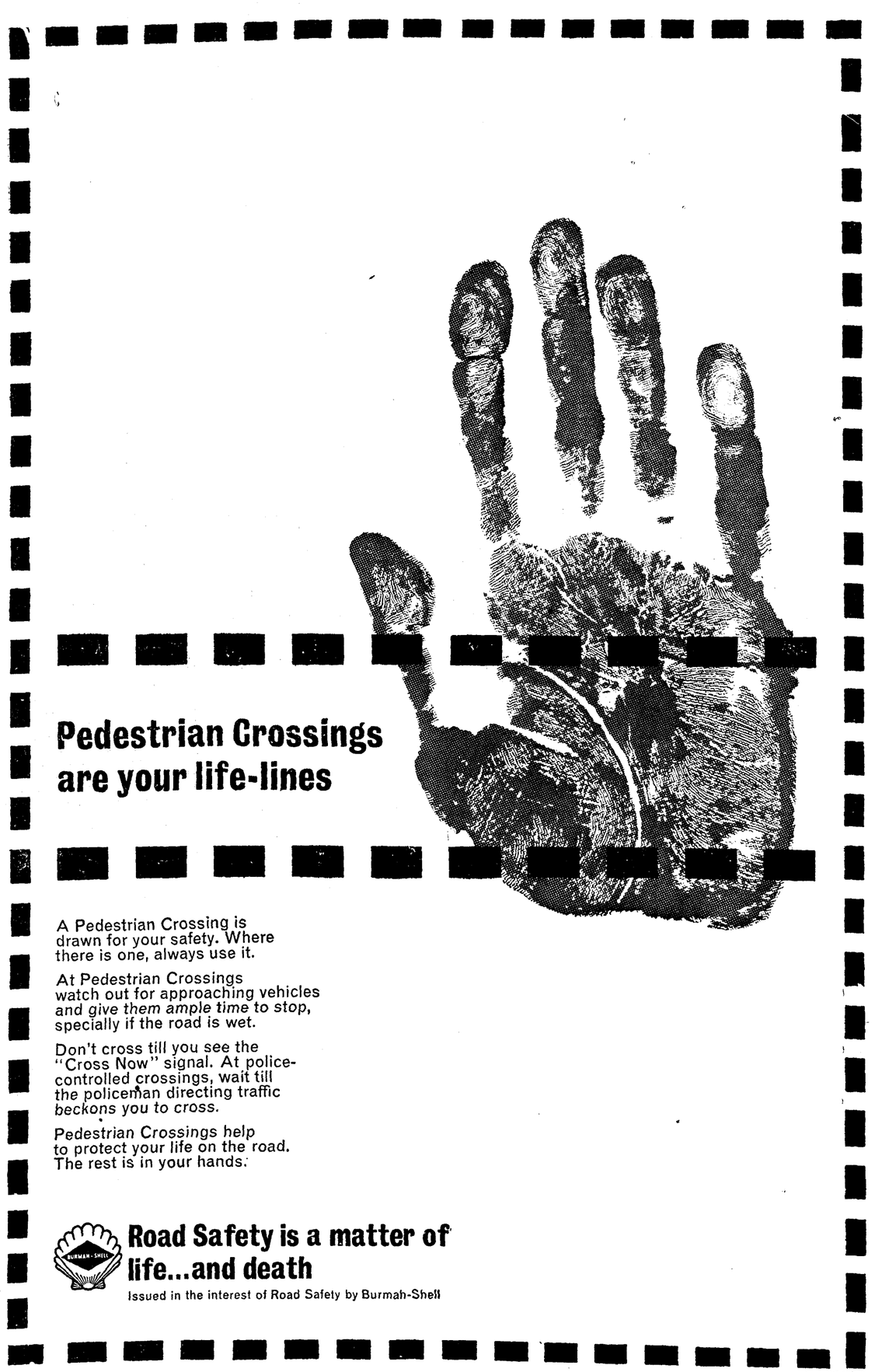
* In an address delivered before the University of Rajasthan at Jaipur in March 1956, since published under the title "Economics and Administrative Policy" by that University, the author referred to the need for the reorientation of pre-entry education, to be supplemented by post-entry training, in the case of recruits to the senior-most cadres of the civil services.

† *Vide* article by Prof. Ralph Braibanti of Duke University (U.S.A.) in *Administration and Economic Development in India* entitled "Reflections on Bureaucratic Reform in India," published by the Duke University-Commonwealth Studies Centre (1963).



administrative, leaders to provide the administration with the requisite dynamism and a new sense of purpose and direction which the goals of our development planning called for.

These inadequacies, shortcomings and failures were cumulatively responsible for the eclectic and *ad hoc* approach to the problems of administrative reform and reorganisation adopted since the early 'fifties. It is this approach which prevented the introduction of those major changes in the methods of recruitment, training and placement of personnel at the highest levels of administration and in the organisation of the leading service cadres, which many keen observers of the prevailing administrative scene considered urgently necessary in the light of the new demands placed on administration by our development plans. In the result, improvisations and marginal adaptations took the place of imaginative reconstruction of the administrative structure and an alternative cycle of exhortation and criticism of administrative conduct became a substitute for the injection of new motivations and impulses into the behaviour pattern of administration.

A Pessimistic View

It may be pertinent in this context to refer, in passing, to a pessimistic view of the possibilities of administrative development in the context of our new social and economic needs, which is sometimes expressed not only in this country but also in other developing countries in this part of the world. The exponents of this view assert that the scope, range and magnitude of development efforts are beyond the administrative capacity of the traditional administrative systems in these countries, and that their complete overhaul in the interest of economic and social development is necessary. Those who propound this view seldom elucidate the full meaning and implication of the operation which they advocate, much less spell out the details of their recipe for change, in organisational and structural terms; instead, they are content with generalisations about decline in administrative efficiency or capacity, which it is neither easy to refute nor to accept as any helpful basis for constructive reform. To say this is not to ignore the intimate relevance of the general political, economic or social environment to the administration of development plans. Certain basic considerations which inevitably condition the quality and tempo of administration must always be borne in mind, particularly as, in current debates, they are not infrequently forgotten even by those who should know better.

Japanese Example

One basic fact is that the administrative machinery of any country must, of necessity, derive its character and quality, in the long haul, from those of the rest of the population at comparable levels. To the extent that, in the long period, the intelligence, honesty, alertness and the sense of responsibility displayed by the personnel employed in a representative cross-section of the administrative machinery fall short of the desired level, the defect must in the long run be traced to a general lowering of the national character. Theoretically, it may be possible by a careful process of initial selection, systematic post-entry training, at recurrent stages, and by deliberately creating and fostering certain traditions of service, to build up an administrative *elite*, resembling in some ways, for example, the *Samurai* class in the post-Meiji era of Japan, imbued with ideals of public service and conduct far ahead of the prevailing average standards in the generality of the people. Whether it is desirable to create such a class in a democratic society is open to question. Nevertheless, even if this were desirable and an administrative *elite* of the type could be built up, it is very unlikely that it could survive, in the long run, the pulls and pressures of democratic political and social forces which would sooner or later bring down the level of administration to that of the community which it must serve and to which it must necessarily belong. This analysis raises far-reaching long-term issues of our psycho-sociological history on which it is not necessary to dilate further in the present context.

Another Basic Factor

There is another basic factor to which these pessimists draw attention and which, they argue, must also be kept in mind, namely, that Governmental business even at its best, differs in several important ways from private business. By its very nature, they point out and very rightly, that public service is essentially *non-personal*—not in the sense that human relations do not or should not enter into the conduct of public business, but in the sense that decisions by administrators must be taken on the basis of objectives, policies or principles, and *not* on the basis of personalities or individual likes and prejudices. A society which has not, by and large, learnt to distinguish between personal, family, group or party considerations, on the one hand, and public policy or the public interest, on the other, will not, according to the pessimists, be able to create those conditions under which alone administration can be carried on with due regard to the goals of our accepted economic and social policies. Instead, in these circumstances, the social and administrative *milieu* would render efficient and effective implementation of the development plans in the public interest extremely difficult.

What is Needed

The present writer recognises the importance of these basic socio-cultural factors which must necessarily condition the quality of our administration, but, in his judgment, they do not invalidate the inferences which he hopes can be legitimately drawn from the analysis attempted in the earlier paragraphs of the short-term factors, which, according to this analysis, appear to have accounted from the current defects and deficiencies in our administration *vis-a-vis* our development plans. In the context of our sociological history, a deterministic attitude towards administration may come easy to 'no-changers,' whether they are conservative admirers of the *status quo* or iconoclastic detractors of the existing system. And yet, to accept any such attitude would be to jettison the underlying logic of the process of change, which postulates a radical transformation of the social and economic *millieu* in all developing countries, consequent on the execution of their development plans. At any rate, the path of practical wisdom lies in the adoption of an empirical, operational approach to the problems of administrative reform and reorganisation, with due regard to the psycho-social realities of the local situation evolved through history, but without letting them dominate current constructive thinking and planning in this field. In the present writer's view, the socio-cultural realities to which the pessimists draw attention are best regarded as broad parameters within which the plans for administrative reorganisation and reconstruction must be designed and worked out in the short period, in the hope that, in the long haul, these parameters would also change their character and dimension as a result of the impact of the development plans on them. This hope can be realised only if administration, at all levels, succeeds in implementing these plans efficiently and effectively. There is, therefore, an urgent practical need to consider how best administration can be reorganised, re-structured and harnessed for the successful implementation of our development plans.

Essential Conditions

Following the analysis of the foregoing paragraphs, it seems to the present writer that the quickest progress towards this end can be made by concentrating on the major factors which in his judgment have so far gravely impaired the efficacy of administration in this field. These factors are, in effect, the same as those described with rare insight and pre-vision in the First Five-year Plan as the "essential conditions" for the successful implementation of our development plans. "We should like in this context," said the authors of the First Five-year Plans, to stress the essential political and administrative conditions essential to successful planning. Briefly, these are: (*a*) A large measure of agreement in the community on the ends of policy; (*b*) effective power, based on the active co-operation of citizens, in the hands of the State; and earnest and determined exercise of that power in furtherance of these ends; and (*c*) an efficient administrative set-up, with personnel of requisite capacity and quality."

It is a melancholy reflection that even after the lapse of over a decade and a quarter, the adequate fulfilment of these pre-conditions to effective implementation of our development plans remains almost as distant a goal as it was in the early fifties. In most of these areas, increasing knowledge of what is right and proper has remained disconcertingly unmatched by lack of vigorous collective purpose and will. It is this imbalance which would now seem to constitute the core of the administrative problem in relation to our development plans.

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Immediately after the official inauguration, there will be a two-day Marketing Seminar to be held at the Green's Hotel auditorium on 15th and 16th January. An advance programme for the Seminar is attached. Leaders in different aspects of Marketing and well known business and industry leaders of Bombay will be participating in the three sessions of the Seminar. Through the good offices of the Ford Foundation, New Delhi, it is expected that three or four professors of Marketing and Management (including one or two American Professors) from the Indian Institutes of Management at Calcutta and Ahmedabad and the S.I.E.T. Institute at Hyderabad will also participate as

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SOME ASPECTS OF MANPOWER PLANNING

Goals Must Be Related To Plan Objectives

By Dr. J. N. MONGIA

IN strict economic technology, 'labour' is all manpower that is employed; it is a factor in production, the service of human beings. However, the term 'labour' is popularly applied to a variety of segments of total manpower resources. As a result, its meaning is frequently obscure and confusing. 'Manpower', on the other hand, is a term that avoids most of these conflicting interpretations. It includes all human resources and thus corresponds closely to the economic definition of 'labour.' It includes organised and unorganised employees, supervisors, executives and Government employees. It refers to both those employed and those who might be employed. "Manpower is an economic resource just as material, equipment, electrical energy and money are economic resources. Manpower in the economic sense is the managerial, scientific, engineering, technical, skilled and other personnel employed in creating, designing, developing, managing and operating productive and service enterprises and economic institutions".[1]

It is now being recognised on all hands that manpower is a principal resource of modern society, and that the efficient utilisation and conservation of human resources deserve a careful and objective consideration as do the utilisation and conservation of physical resources. Being a major resource of modern society, manpower is somewhat comparable to such natural resources as timber, petroleum, iron ore and coal. It is even more closely comparable to water-power resources or atomic power resources, because human resources are power resources.

Manpower Not a Commodity

Viewing manpower in this way does not mean that the manpower can be regarded as a commodity, may be a highly valuable though expendable property of society.[2] It also does not imply that the goals of modern societies contemplate only the efficient utilisation and conservation of manpower resources. Rather, it should be recognised that regard for manpower as a resource must be paralleled by regard for the human beings that are manpower as citizens, as individual human beings, as members of society. It is equally important that their participation in society as citizens and their development as well-rounded human personalities are recognised as major objectives.

Conceding that manpower is clearly the most valuable and the most versatile source, it is also believed to be the most complicated one, since human personalities are more complex than any other natural resource. It is no wonder, then, that the control of manpower resources—their conservation and efficient utilisation—combined with objectives seeking personality, expression and development—present problems that are more complicated than those arising in the application and conservation of other resources. This consideration is of special significance in a democratic society, which is bound to preserve a maximum of individual freedom, political participation, and personal and social growth. Out of this complexity arise many of the situations, often described as labour problems which are reflections of the manpower goals of modern society. However, the intention of the present paper is not so much to focus attention on an analysis of all these labour problems as to restrict itself to some aspects of manpower planning alone.

Need for Manpower Planning

Balanced development demands, in addition to material investment, a policy for the fullest and most rational use of human resources. One of the instruments of such a policy is manpower planning. Whereas economic planning has gradually become an essential part of development policies, as a way of obtaining maximum returns on a limited investment budget, it is only now coming to be recognised more generally that planned development of human resources is also needed.

A common experience of industrial countries has been that their economic and social development has usually had to encounter chronic shortages of high-level skills and future requirements of engineers, technicians or physicians have to be forecast. Even those countries which are passing through a phase of economic development are not free from this difficulty as evidenced by the disappointing results of investment, or at least the low level of returns which is usually a consequence of the dearth of skilled workers.

Thus, the dearth of trained manpower has been a deterrent to the expansion of social services, education, and industry. Manpower shortages limit the rate of future growth in many countries. Lack of trained manpower may be more of a limiting factor to future growth than shortages of capital or natural resources.

The particular situation varies from country to country, but certain elements are common to many, such as the following:

1. A shortage of persons adequately educated in certain professional and technical occupations, particularly scientists, engineers, teachers, physicians, nurses, and other health services personnel.

2. More people educated in law and the liberal arts than the demand calls for.

3. A shortage of sub-professional workers to serve as technicians, laboratory assistants, foremen, and supervisors.

4. A shortage of administrative, executive, and managerial personnel.

5. In clerical occupations, a shortage of stenographers, bookkeepers, and skilled office machine operators, but more untrained people seeking work in the less skilled white-collar jobs than can find work.

6. A shortage of craftsmen and skilled workers such as machinists, machanics, machine-repairmen, electricians, and plumbers.

7. A great number of unskilled and semi-skilled workers in cities, creating widespread unemployment and underempolyment.

8. Widespread underemployment in rural areas, affecting particularly agricultural labourers and owners of small farms, caused mainly by the smallness of most farms and by seasonal fluctuations of activity.

On account of such difficulties, more and more countries are endeavouring to strike a proper balance between material investment and training of workers. What is new about this concept of balanced development is that the level of skill of the labour force is now receiving as much attention as its quantitative aspects. Manpower planning is thus seen in the present-day situation as a vital element in a rational policy of balanced economic and social development. It is the indispensable complement to material investment and educational planning. "It might be briefly defined by stating that its aim is the development of human resources and its method, the correlation of total manpower requirements with total material and human resources."[3] In this respect, manpower planning has several affinities with economic planning; it calls for definition of the main alternatives for a long-term manpower policy, forecasting of quantitative manpower requirements and qualitative indication (by level of skill) of the training facilities needed.

Interdependent

As already mentioned, the affinity between manpower planning and economic planning is a close one. The high-level manpower requirements of an economy depend primarily on its structure and level of development; these, however, are determined to some extent by the high-level manpower situation. This interdependence makes it quite unsatisfactory to attempt to balance supply and demand without regard to the level at which this balance is achieved; hence, the necessity of evolving methods and techniques for a close collaboration between the two. Thus, to say that manpower planning is merely an attempt to balance the supply and demand for high-level manpower is not enough, since this statement evades the question as to what determines the demand for high-level manpower. It is here that the state of economic development of a country comes in. A really primitive society may have no such demand, whereas an advanced society does have. It is the strength of this demand and its structure (i.e., the types of high-level manpower needed) that depend upon the level of development and on the structure of the economy of the concerned country. It is quite possible that an underdeveloped country with a particular economic structure may have a strong demand for one type of high-level manpower, a much smaller demand for another type and none at all for still another type. Conversely, a fully developed country has a much larger general demand for high-level manpower and, also, the structure of this demand is usually quite different. "This dependence of demand for high-level manpower on the level of economic development and on the general economic (and social) structure is true at each point of time. It is thus true about the beginning as well as the end of each plan. During the time between the beginning and the end of a general economic plan, the level of development and the economic structure will change and from this change will result also a change in the demand for high-level manpower."[4]

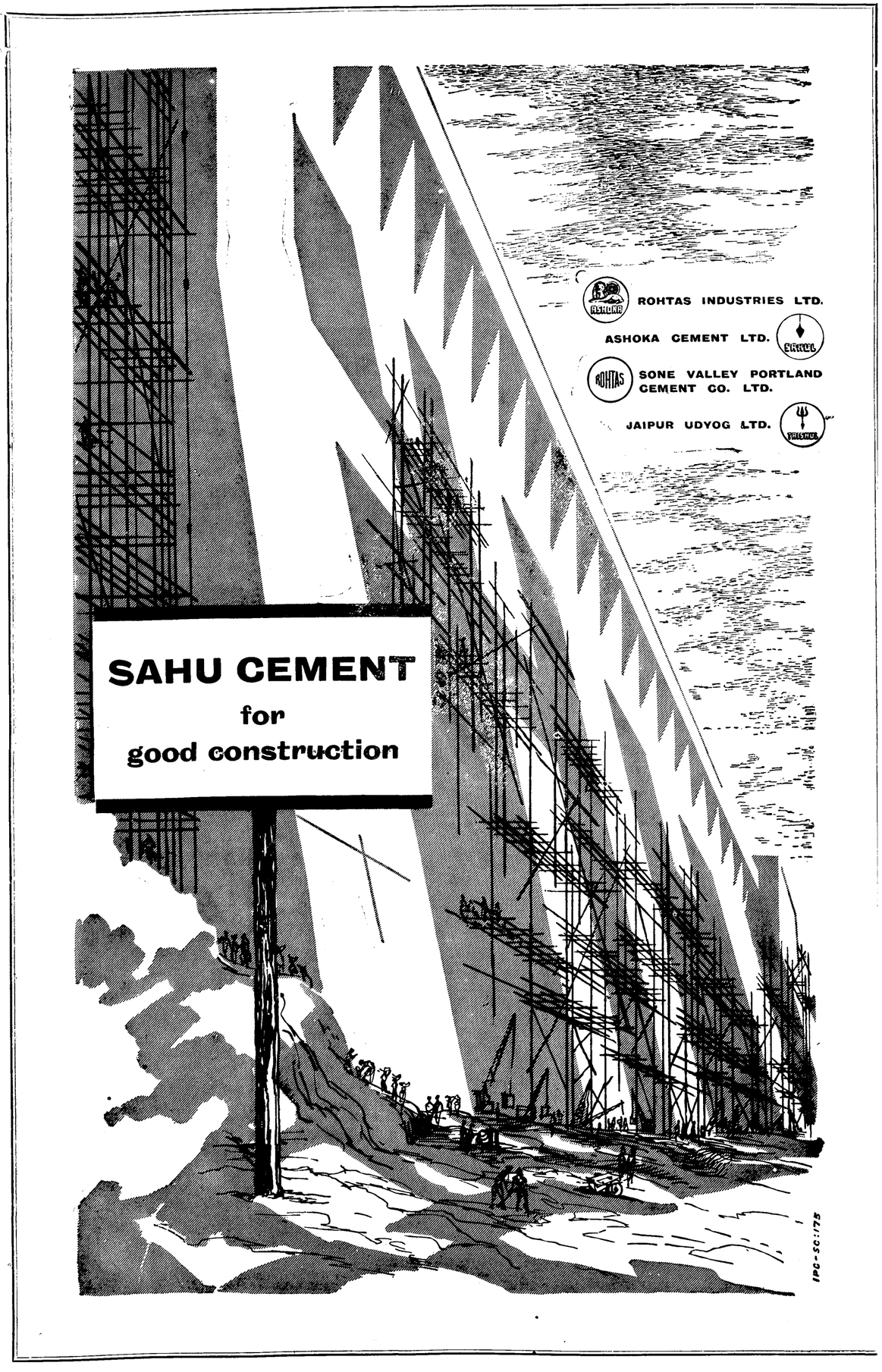
However, there are several factors on which depends the rate at which an economy develops and undergoes structural changes. For example, this rate depends on the resources the economy has, the new resources it develops, the way in which it uses all resources, and the goals it wants to achieve by using them. One of these resources—and an important one—is manpower. Thus, the economic growth and structural changes which determine the demand for manpower themselves depend, in part, on manpower, on the way in which manpower is used and on the way new manpower resources are developed. This finding makes the problem of high-level manpower planning much more difficult, since the demand and supply sides cannot and should not be considered in isolation. It is also evident, at the same time, that the purpose of high-level manpower planning cannot be limited to achieving a balance between the supply and demand; it has to be extended also to the level at which they will balance.

The determination of the level at which there is a balance between supply and demand for high-level manpower, as well as for other types of manpower and for other factors of production, is, of course, the task of the economic plan. Regardless of what ultimate goals it serves, this (the economic plan) seeks to reach a balance between demand and supply for each particular factor of production (including high-level manpower) at a level most compatible with achieving the ultimate goals. Hence, the level at which the supply and demand for high-level manpower (or for any other factor of production) balance cannot be determined in isolation but only with regard to all other factors of production; and in each case, the basic criterion has to be the achievement of "the ultimate goals" of the economic plan. The purpose of high-level manpower planning is thus the same as the purpose of economic planning, that is, the achievement of certain "ultimate goals" which the society desires.

Ultimate Goals

What are these "ultimate goals"? They may be expressed in very general terms, such as "a high level of development," "a high standard of living" or "full satisfaction of material and cultural needs." For practical purposes, these goals must be translated into more concrete targets or objectives, expressing the weight which the society attaches to each of them. The whole economic plan has, as its purpose, the attainment of all objectives (which include, among others, the fastest growth of national income) and the high-level

[1] U.S. Department of Labour: *The Forecasting of Manpower Requirements.*
[2] Dale Yoder.
[3] Michel Debeauvais: *Manpower Planning in Developing Countries.*
[4] F. Paukert.



manpower plan must be geared to this same aim.[5]

It would be interesting to know that, though, as mentioned above, general economic planning and high-level manpower planning have a common purpose, sometimes, there may be conflicts between the two approaches. In the event of the existing structure of skilled supplies falling short for the immediate achievement of all economic objectives, expansion in high-level manpower formation becomes necessary in order to provide manpower needed for expansion in industry and other sectors. This contingency, namely, the expansion in high-level manpower, necessitates the use of scarce resources which the general economic planner allocates among different uses, with the greatest care, trying to achieve the maximum returns from each invested unit of resources. In these circumstances, choices have to be made not only between sectors but also between techniques of production: a given output in a sector can be achieved with differing amounts of capital and with differing labour resources. For this reason, even if output requirements from a particular sector were known in advance and were considered to be optimal, the requirements of the sector for high-level manpower would not automatically follow. Hence, reconciliation between the two is necessary. The optimal method of reconciliation of economic planning with high-level manpower planning, as suggested by some experts, is to treat both as "dependent variable," one on the other. Only in this way is it possible to express the fact that the total demand for high-level manpower, and the pattern of this demand depend, among other things, on investment decisions. The latter are, in turn, influenced by high-level manpower supply.

Methods of Manpower Planning

An attempt has been made, in the foregoing paragraphs, to show the relationship that exists between economic planning and manpower planning. This concept of integrated planning raises new problems with regard to methods and administrative organisation. Several international organisations, being seized of the problem have, in the last two to three years, frequently met to discuss the methods which could be effectively employed for planning the manpower resources of countries, keeping in view the state of their economic development. For example, a mention may be made of the I.L.O. Meeting of Experts on the Assessment of Manpower and Training Requirements for Economic Development (Geneva, October, 1962), the U.N.E.S.C.O. Conference on the Methodology of Human Resource Formation in Development of Human Resources organised by the Organisation of Economic Cooperation and Development (O.E.C.D.) in 1962 and 1963, and the meeting on the Methodology of Manpower Requirements Forecasting Organised by the Organisation of American States at Mexico City in October 1963. The administrative problems of economic and social planning are, at present, being studied by the United Nations. However, it is felt that the theoretical studies and practical experience are still too recent to allow of an authoritative survey of the situation or any recommendations as to universally recognised methods.

To begin with, a distinction need be made between problems of manpower planning for different durations of time that is, short-term, middle-term or long-term. Economic plans can usually be classified according to the length of time they cover. Short-term plans, for a period of two to three years, often constitute a preliminary stage in which immediate objectives can be set until a medium-term plan can be drawn up. The latter covers a period of four to seven years; and an increasing number of countries, nowadays, draw up long-term plans for periods of 10, 15 and 20 years. Forecasting methods, evidently, will vary according to whether plans are made for short, medium or long-term, since forecasts are not, after all, predictions but a coherent framework within which to study the long-term implications of present decisions. This being so, planned development of human resources must comprise short, medium and long-term objectives at one and the same time. Since, however, it takes a long time for a manpower policy to have any appreciable effect on the structure of employment, manpower planning must, therefore, be a part of the long-term perspective, in which it can be integrated with economic and educational planning.

The distinction between short, medium and long-term, though important, becomes artificial when manpower planning is viewed as part of an overall development policy. Admittedly, the transformation of manpower, economic and educational structure is a long-term operation, the precise objectives can be defined in the medium term, and marked imbalances can be remedied in the short term. Manpower planning must, therefore, be conducted at these three levels, which constitute three complementary aspects of development policy. However, whether manpower planning relates to the short, the medium or the long-term, certain steps have got to be taken. For example, manpower planning must start from a critical analysis of the existing employment situation. The next thing is to calculate the total working population and both quantitative and qualititative manpower requirements for the final year of the planning period. The third stage will be to consider how these requirements can be met.[6] Each of these phases which are closely inter-linked in practice, are discussed below, in brief details.

Existing Situation

Assessment of the Existing Employment Situation: This involves a problem of classification which also governs the successive stages. The distribution of workers into categories must be appropriate both for economic planning where manpower is divided by sectors of activity (for example, agriculture, industry, etc.,) and for educational planning, where the distinction is between levels and types of educational institutions. A general population Census usually provides the only complete information on the subject since it classifies workers by occupation. However, what is needed is an overall study based on analysis of all existing sources of information, in other to compare all requirements and resources according to the triple standard of occupation, economic sector and training.

Anticipating Future Manpower Requirements: The Government of a developing country has an additional function. Not only must it provide facts about the current and past manpower situations, it must make an assessment of the future manpower requirements. In order to establish an effective programme and make sound recommendations to the various participants in the manpower programme, an accurate estimate of the future manpower needs must be had. It is of particular importance to estimate as to how many people will be needed in the professional, technical and skilled occupations. Since it takes many years to educate and train people for these occupations, the need must be anticipated sufficiently in advance to allow time for that training. Failure to anticipate the need and develop the required high-level manpower may seriously impede economic progress.

Task of Forecasting

The assessment of future manpower requirements must be a judgment, or a series of judgments, based upon experience and expectations of future developments. These judgments must be made without any magic formula or prophetic powers.[7] The goal is to foresee, as clearly as possible, the occupational needs of the future, the industries in which people will work and the skills they will need to contribute most effectively to the country's development. Thus, the principal steps to be taken for forecasting requirements, after an initial assessment of the existing employment situation has been made as mentioned above, are:

(a) *Estimates of future population and labour force*: The rate of population growth will determine the size of the future labour force. Projections of population by age and sex should be made; the estimated rates of participation in the labour force by various age-sex groups provide an estimate of the future labour force.

(b) *Estimates of future requirements for manpower by industry and occupations*: While talking of this, the question that stares us in the face is: what are the manpower implications of the anticipated development? The answer should be sought by carrying out an intensive analysis of the economy as a whole and of all important industries, to determine the expected level of production and the resulting demand for personnel. Special attention should be devoted to occupations in the high-level technical and skilled categories.

(c) *An estimate of training requirements*: A comparison between the anticipated demand for new entrants to each occupation requiring education and training and the estimated supply of people entering the occupation indicates the extent of the anticipated shortage or surplus. On the basis of such a comparison, training requirements can be estimated for each important occupation.

It may, however, be remembered that forecasts cannot predict with complete accuracy, no matter how carefully and intelligently they are made. But even though imperfect, forecasts will provide valuable insights into the future manpower situation and will result in information which can give meaningful guidance to policy decisions. It is thus important that forecasts are made without waiting for an unattainable degree of perfection in methods, data or conclusions.

Balancing Requirements and Resources: After the first two stages, as mentioned above, have been completed, the next step is to devise measures to balance requirements and resources. This envisages three elements, namely, (1) balance by occupation or level of skill, (2) by branch of activity and (3) by overall employment. Different aspects of manpower policy correspond to each of these elements.

Manpower Administration

Apart from technical aspects of manpower planning, the administrative aspects have assumed a great importance, since they are encountered at all stages of planning. With a view to meeting an obvious need for constantly improving or reviewing the manpower forecasting, it is necessary that manpower planning should ideally be the responsibility of a permanent authority. If there is a central planning authority, this new function can be taken over by it, in order to ensure close co-ordination between economic and manpower planning, as in the U.S.S.R., France, Nigeria, Ghana and Tunisia, etc. In some other countries, e.g., Greece and Spain, where the Ministry of Education is responsible for educational planning, it may be regarded as better able to guide training in the light of manpower requirements. There are also instances when countries prefer to bring this function under the Ministry of Labour. In India, the Directorate of Manpower performs this function within the Ministry of Home Affairs. Another possibility is for manpower forecasting to be conducted by an independent or semi-independent authority. The choice, obviously, depends on the specific situation in each country and the particular planning stage reached but, in all cases, the essential problem is to define the relationship between the authority responsible for manpower planning and the other ministries and socio-occupational authorities, in order to ensure the broadest participation of all competent authorities in preparing a training programme.

According to Robert L. Clark[8] three are basic elements of an effective manpower programme.

The first is a group of well-trained, dedicated research people who not only know the techniques of manpower research but are also of broad enough calibre to relate manpower research and planning to general developmental research.

The second is an organised entity, highly placed within the Government, which coordinates policy formulation, planning and operational activities in the manpower field. This usually involves co-ordination of the manpower activities of a few ministries in the Government of a country.

The third is a field organisation for managing the labour market—bringing the men and the job together, adjusting the supply to short-term demands or to special area requirement and assuring the effective distribution of essential skills in short supply. No substitute has been found for the employment exchange system which not only provides the above services, but, with geographically well-placed offices, is also best equipped to provide employment intelligence upon which manpower, educational and training programmes can be based.

Conclusion

The foregoing paragraphs, wherein attention has been focussed on some aspects of manpower planning, must have revealed that manpower planning is just not a mere collection of employment forecasting techniques. It is an extension of development concepts based on material investment only. The increasing importance of planned human resource development is still hampered by the shortage of statistical information and there is, as aptly remarked by Michel Debeauvais, a long way to go before "human accountancy" can take its place alongside national accounting of goods and services

[5] *Ibid.*

[6] Michel Debeauvais.

[7] U.S. Department of Labour: *Forecasting of Manpower Requirements.*

[8] Manpower Consultant, Ministry of Home Affairs, Government of India.

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ROLE OF S.T.C. IN INDIAN ECONOMY

Objectives and Achievements Commendable

By B. P. PATEL, I.C.S.
CHAIRMAN, STATE TRADING CORPORATION OF INDIA LTD.

THE State Trading Corporation of India (S.T.C., for short) is not a department of State nor does it enjoy any special privileges under an Act of Parliament like the Life Insurance Corporation or the State Bank of India. It is a company registered under the Indian Companies Act and has to comply with its provisions like any other company. Its entire capital is, however, held by the President of India. It is thus under the administrative control of the Ministry of Commerce, which is responsible to Parliament for its affairs, and has to undergo the commercial audit of the Auditor-General of India.

Objects

The main objects of the State Trading Corporation are to organise and undertake trade generally with State trading countries as well as other countries in commodities entrusted to it from time to time for such purpose by the Union Government; to explore new markets for traditional items of exports and develop exports of new items with a view to diversifying and expanding the export trade; to undertake at the instance of the Union Government import and/or internal distribution of any commodity in short supply, with a view to stabilising prices and rationalising distribution; to generally implement such special arrangements for import, export, internal trade and/or distribution of particular commodities as the Union Government may specify in the public interest and to deal in merchandise, commodities and articles of all kinds and to carry on any kind of commercial and/or financial business as the Company may determine from time to time. Its central aim is to broaden and enlarge the scope of Indian exports and to procure essential imports on an economical basis.

Trading Activities

The trading activities of the Corporation fall under two broad heads, namely, (i) direct trade and (ii) indirect trade. In the case of direct trade, the Corporation enters into direct contractual obligations and invests its own funds for conducting trade thereunder. Indirect trade is that in which contracts are concluded primarily between foreign and Indian traders and are implemented also by private parties. The role of the Corporation in this type of trade consists of assisting the conclusion and implementation of the contracts, bringing buyers and sellers together, obtaining import licence, guaranteeing quality, observance of delivery schedules and timely payment and using its good offices in matters like settlement of disputes.

The trade of the Corporation, as revealed by the accompanying table, has increased considerably. From a modest beginning of Rs. 9.19 crores in the year 1956-57, the S.T.C.'s direct trade went up to Rs. 86.81 crores in the year 1962-63. The volume of indirect trade has also grown considerably from Rs. 19.48 crores in 1957-58 to Rs. 54.48 crores in 1962-63.

Realising the rapid growth of the trade of the Corporation both in volume and the range of commodities handled by it, together with the need to pay more concentrated attention for developing certain lines of exports, particularly in iron ore, the Government found it advisable to bifurcate the State Trading Corporation into two portions by forming a separate Corporation styled as the Minerals and Metals Trading Corporation of India. This new corporation was brought into being from 1st October 1963 and took over all assets and liabilities pertaining to minerals and metals trade from the State Trading Corporation of India as on 1st October 1963. During the year 1963-64, the trade of the Corporation, excluding the operations of the Minerals and Metals Trading Corporation for the second half of the year, amounted to Rs. 97.46 crores.

The efforts of the Corporation in diversifying trade in terms of commodities and spreading it over an increasing number of markets have yielded significant results. Some 108 commodities constituted S.T.C.'s trade in 1963-64 and its business extended to some 30 countries. Thirteen of these items having since been transferred to the Minerals and Metals Trading Corporation, the State Trading Corporation is in charge of as many as 95 commodities.

There is an impression with some people that the Corporation's trade is confined mainly to East European countries. This is not so. For, by and large, the trade of the Corporation with East European countries is not more than that with other countries.

Exports

So far as exports are concerned, the Corporation's efforts have been directed towards introducing new items in various world markets, particularly the East European countries, besides increasing the level of exports of existing items. Various methods have been tried by the Corporation for promoting exports, namely, participation in international fairs and exhibitions and purposeful co-ordination of activities of Indian participants, opening trade-*cum*-depot centres and offices abroad, aggressive salesmanship through trade representations and directly with various foreign purchase agencies.

The Corporation has created new markets abroad for a number of commodities. This has helped manufacturers not only in augmenting their production but also in improving the quality of their products to suit the requirements of foreign countries. Important commodities which were exported for the first time are:

U.S.S.R.: Woollen fabrics, cotton textiles, knitted wear (woollen), shoes and *chappals*, ready-made shirts, sports goods, razor blades, cigarettes, fruit juices, soaps and cosmetics, nylon socks, packed tea and instant coffee, opium.

Hungary: Woollen fabrics, shoes and *chappals*, woollen knit-wear, cotton textiles.

Turkey: Sewing machines, cycles, fans, electric bulbs, fountain pens, tiles, immitation jewellery.

G.D.R.: Storage batteries, shoes, art silk fabrics, liquor, shrimps, surgical equipment.

Switzerland: De-oiled cake.

Bulgaria: Shoes, razor blades.

Czechoslovakia: *Chappals*, razor blades, woollen undervests and underpants, paint brushes.

Yugoslavia: Sports goods.

Poland: Shoes.

North Korea: Ferro-manganese and chrome concentrate.

Indonesia: Cotton yarn.

In order to develop and maintain export markets for commodities which are difficult to sell due to high internal procurement prices in comparison with world prices, the Corporation takes a long-range view and undertakes exports even if there is a risk of losses in certain transactions or in a particular year. Among the commodities thus exported are groundnut oil, manioc meal, sodium bichromate, deoiled linseed cake and cement.

During the year 1962-63, the most important item of export in the Corporation's operations was iron ore. No less than 37.37 lakh metric tons of this commodity were exported, earning thereby a foreign exchange of the value of Rs. 19.40 crores. During the year 1963-64, other important export commodities were groundnut oil (Rs. 3.50 crores), shoes (Rs. 1.65 crore), pulses (Rs. 0.73 crore), opium (Rs. 0.70 crore), salt (Rs. 0.31 crore), rice (Rs. 0.29 crore), woollen fabrics (Rs. 0.23 crore), lemongrass oil (Rs. 0.26 crore) and cotton textiles (Rs. 0.26 crore).

Imports

As an instrument for the implementation of Government's trading policies, the Corporation has been selected for arranging imports of capital goods and industrial raw materials at international prices from diversified sources of supply and also of certain scarce commodities required for national economy. The Corporation has recently entered into a contract with a British firm for the import of textile machinery required for the use of 18 different mills selected by the Textile Commissioner from the co-operative, private and State sectors. The machinery will be supplied to the mills on deferred payment basis spread over a period of about ten years. Another contract was signed with a firm of Yugoslavia for the import of Torpedo marine engines for meeting the requirements of various maritime States in the country. Under the category "Industrial raw materials," import of items like caustic soda, soda ash, raw silk, fertilisers, camphor, mercury, etc., is channelled wholly or partially through the Corporation. One of the objects of channelling imports through the Corporation is to secure the advantages of bulk purchases and handling and thus bring down their prices for internal distribution. Towards this end the Corporation has achieved significant success. Prices of certain commodities have been lowered considerably and those of others prevented from rising. The price of Chilean nitrate, for instance, has been brought down from Rs. 345 to Rs. 308 per ton. Similarly, the price of muriate of potash has been lowered from Rs. 319 to Rs. 295 per ton.

With a view to facilitating regular supplies to users, commodities like machine tools, photographic goods, paper and chemicals, etc., are kept in stock with the distributors appointed by the Corporation. These sales are made to actual users and nominees of the various technical Ministries of the Government and the Directors of Industries of States at regulated prices determined by the Corporation.

Pricing Policy

Recently, the pricing policy, particularly in respect of imports, has encountered some criticism. It has been alleged that the Corporation is charging very high prices for the goods imported by it and thus earning fabulous profits, which is not in conformity with its avowed objects and functions and the interest of the State.

This criticism arises mainly out of insufficient knowledge of facts and inadequate appreciation of the pricing policy pursued by the Corporation. In fact, in case of commodities like fertilisers, including nitrogenous fertilisers, muriate of potash, Chilean nitrate which are essential for attaining Plan targets, the margin charged by the Corporation is nominal, ranging from ½ to 1 per cent. The entire benefit of low prices resulting from bulk purchases of these commodities is passed on to the buyers. Similarly, for newsprint, the Corporation's margin is as low as ½ to 1 per cent. It may be pointed out that these low margins do not cover even the administrative overheads of the Corporation which are 1 to 1.5 per cent. In case of non-ferrous metals required as raw material for the development of small industries, the margin charged is within 3 per cent. The Corporation's margin is within 10 per cent for other commodities handled by it, namely, pharmaceuticals, chemicals, cinema carbons, raw silk, wood pulp, polystyrene, etc.

The prices of certain goods, which are also produced indigenously, are fixed keeping in view the prices of indigenous goods, so that there is no adverse effect on domestic production nor is there an opportunity for middlemen to earn excessive profits. Such commodities are caustic soda, soda ash, polystyrene, sodium sulphate, etc.

In case of a small number of commodities, which are of a speculative nature, there is a wide difference between the domestic and international price, because imports are restricted owing to an acute shortage of foreign exchange. Under this category come commodities like betel-nuts, cloves, mercury, camphor, ball bearings, etc. Whatever may be the release price of the Corporation, the market price of such scarce commodities would rule high. If the Corporation fixes a lower margin, the difference will go to the middlemen without any benefit accruing to consumers. As mentioned earlier, the Corporation has to export certain commodities at a loss with a view to earning the badly needed

S.T.C.'s Progress At A Glance
(In crores of rupees)

Year	Exports	Imports	Direct	Indirect	Total
1956-57	5.79	3.40	9.19		9.19
1957-58	30.10	17.96	28.58	19.48	48.06
1958-59	36.72	27.34	35.95	28.25	64.20
1959-60 (9 months) ..	32.65	36.28	42.82	27.00	69.82
1960-61	40.86	68.42	64.69	46.00	110.69
1961-62	40.02	84.26	77.39	48.00	125.39
1962-63	43.08	96.36	86.81	54.48	141.29

The Rs. 200 million Birla-Kaiser aluminium project at Renukoot, near Rihand, in U.P., has, since December 1962, attained and surpassed the initial target capacity of 20,000 tonnes per annum. While the Renukoot plant is already the biggest integrated aluminium manufacturing complex in India, Hindalco is forging ahead with its programme of rapid expansion, for raising the primary aluminium capacity to 60,000 tonnes per annum (and to provide fabrication facilities totalling 37,000 tonnes per annum), to help the country's fast growing industries in their march towards progress and prosperity.

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foreign exchange. Keeping this in view, the Government has, from time to time, entrusted the import and distribution of such commodities to the Corporation and directed it to mop up a portion of the high profits which would otherwise accrue wholly to the middlemen ensuring at the same time that the prevailing prices are maintained at lower levels than before.

Cement

Under the Cement Control Order of 26th June 1956, trading and internal distribution of cement has been entrusted to the Corporation from the 1st July 1956, with a view to rationalising the movement of cement within the country and to reducing the strain on railways, to make cement available at uniform prices all over the country and to secure an equitable distribution.

Under this arrangement, cement is supplied to consumers at a uniform price at all rail-heads in the country and every effort is made that the consumer gets his requirements from the nearest factory. During 1963-64, the turnover in cement was of the order of Rs. 128.69 crores.

Link and Barter Deals

The link/barter/parallel deals were introduced as another instrument of export promotion to augment our exports and also to arrest the downward trend in the export of certain commodities to specific destinations. Link deals are operated through firms of repute in those countries. Two distinct advantages flow from these arrangements, namely, that the essential imports are ensured without affecting the limited available foreign exchange and at the same time exports of difficult-to-sell items and also of those items in which there are exportable surpluses are pushed up. Under these arrangements, imports of essential items from a country for a specific amount within a fixed period, are linked with equivalent value of exports of non-traditional items and small quantities of traditional items as "sweetners." Thus, the essential imports are paid for from the earnings of additional exports on which otherwise free foreign exchange would have been spent. The Corporation plays the role of a catalytic agent by initiating, regulating and supervising their performance. The value of the total trade (imports and exports) under these arrangements during the last four years is as follows:—

1960-61	...	Rs. 24 crores
1961-62	...	Rs. 37 crores
1962-63	...	Rs. 32 crores
1963-64	...	Rs. 43 crores

The Estimate Committee has recently commended the performance under link deals in the following words:

"The Committee are glad to note that there has been a steady increase in the business of Corporation under these arrangements during the last three years. They trust that this trend will not only be maintained but improved."

On a recent review of the operations of link and barter deals, a suggestion has been made for making them more effective in regard to additions to exports and elimination of scope for loading of prices on imports by link partners. These improvements have been introduced in new deals which have now taken the shape of specific commodity deals or parallel deals.

Buffer Stock Operations

In pursuance of the Government's policy to stabilise the prices of jute and jute goods, the S.T.C. has been called upon to undertake purchase of raw jute at minimum prices laid down for the purpose. Its operations in 1963-64 have met with signal success. Arrangements were made to establish a network of 386 centres for the purchase of jute in upcountry areas through local co-operatives. The organisation thus set up was effective enough to carry conviction to the growers that they need not sell their produce below the minimum prescribed levels.

The trading community was also impressed that, if they did not fall in line with the Government's object of ensuring payment of minimum prices to producers, they would lose their business to the alternative arrangements that were made. As a result of this, the prices did not fall below the prescribed minima at the upcountry centres, except at a few places where purchases amounted to only 160,700 maunds.

The extension of buffer stock operations of the Corporation to seedlac and lemongrass oil has had the effect of stabilising the prices of these primary commodities in the interest of primary producers and earning of foreign exchange through their export.

E.A.S.I. Scheme

In order to diversify India's exports and develop the export potential of the small and medium-scale industries, the Corporation has launched the scheme of "Export Aid for Small Industries" (E.A.S.I.). Under it, the manufacturers are assisted in exploring export markets, pricing their products, designing attractive packaging, financing, documentation, shipping, etc., connected with their exports.

Through these efforts, it has been possible to conclude export orders worth Rs. 21 lakhs, besides which further orders valued at over Rs. 80,00,000 are in the final stages of negotiations. The salient features of these export orders are that:

84 shipments have been effected for 25 different products, produced by 22 individual manufacturers, and exports have taken place to 28 countries many of which had not bought these products from India before.

All this is new business on behalf of manufacturers who have never exported before and to buyers who have never purchased from these manufacturers.

The working of the Scheme has already proved that a very large variety of products produced by the small and medium-scale industries are acceptable to overseas buyers, if they are effectively marketed. The immense export potential of this sector of industry stands well established. Recently, the Minister for Commerce indicated that, out of the fourth Five-year Plan target of Rs. 5,100 crores, the small-scale sector must contribute as much as Rs. 275 crores of exports. The Corportion has been instrumental in bringing into focus the important role this sector of industry can play in increasing exports from India. The usefulness of the scheme has been recognised by the U.S. aid authorities who have declared that assistance in kind by way of supplying agricultural implements to developing countries would be channelled henceforth under the E.A.S.I. scheme of the State Trading Corporation.

Financial Results

The day-to-day operations of the Corporation have been conducted always with an eye to economy and essential public interest. The overhead cost, for example, has remained within a modest range of 1.1 to 1.5 per cent of its direct trade and only 0.8 per cent of its entire business of Rs. 666 crores over a period of eight years.

The financial results of the Corporation have been most rewarding to the community. On a paid-up capital rising from Rs. 1 crore in 1956-57 to Rs. 2 crores from 1958-59 onwards, during the last eight years of its operation, the Corporation has contributed to the Exchequer Rs. 13.23 crores (income tax Rs. 11.98 crores *plus* dividend Rs. 1.25 crore). In addition, it has built up internal reserves worth Rs. 7.54 crores. Thus, the gain to the community from the operations of the Corporation has been of the order of Rs. 20.77 crores. The contribution to the Exchequer and internal reserves works out to 11.5 times the average employed capital (Rs. 1.8 crore) in a period of eight years. Over the same period, the Corporation has earned foreign exchange from its direct export trade worth Rs. 195.66 crores.

Co-operation with Private Trade

There exists a fear among the business community that the State Trading Corporation has been conceived with the idea of gradually elbowing out private trade. This, however, is not true. In fact, the State Trading Corporation endeavours to supplement and not to supplant private trade, to complement and not compete with the private trade. Wherever it is possible, contracts are implemented through the established trading channels. Every effort is thus made to give concrete shape to the Government policy of building up a mixed economy, lending its support and encouragement to the private trade along with the strengthening of the public sector in the overall interest of the country's economy.

FROM HERE TO UNCERTAINTY?

A SCRAP OF PAPER! But it has served its purpose. A new word was learnt. Or, phrase. Or, problem. Or, visual idea. Also the future is bright for this child—but not for that scrap of paper! From here it goes to uncertainty. But till here, there was no uncertainty, because it was born at Dandeli.

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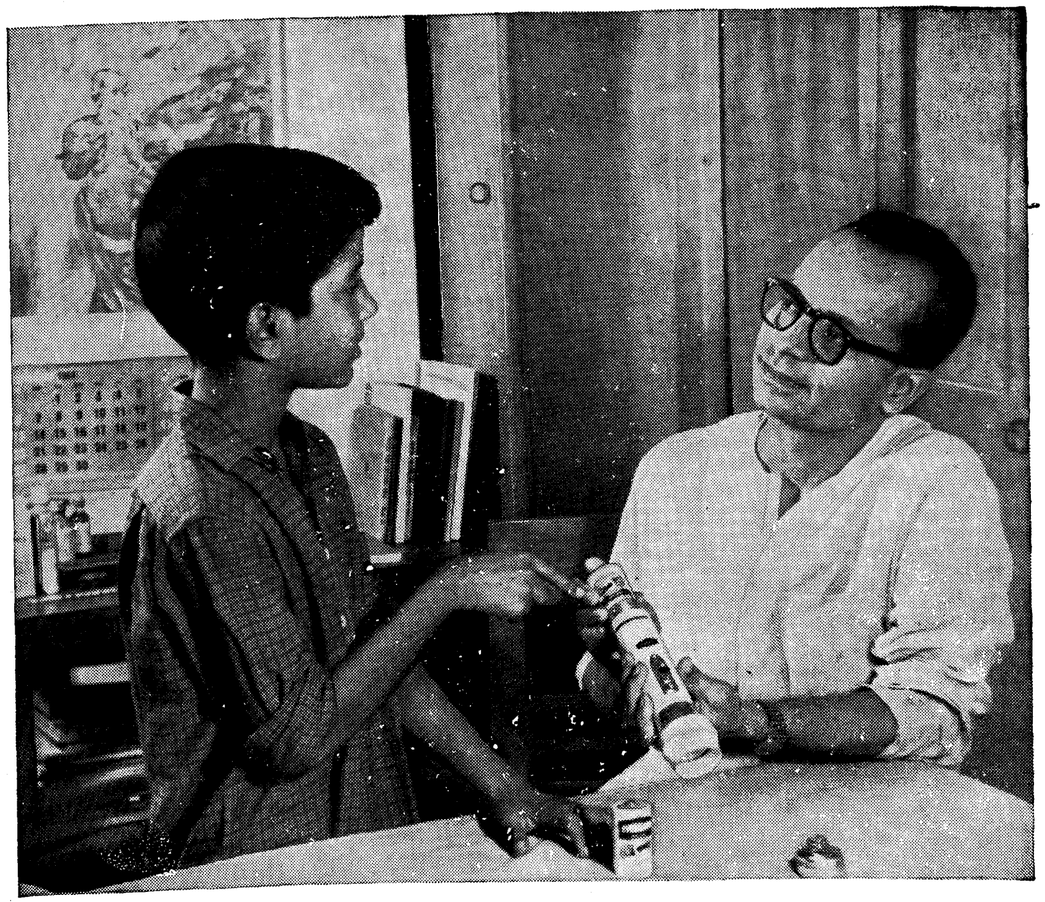
Yes, the electricity that produces the bright beam of a torch comes from the dry battery. And the torch is only one of many ingenious devices that work on 'packaged' electricity.



The many types of 'Eveready' dry batteries made by Union Carbide India, power torches and radios...help run telecommunications equipment used by India's armed forces...operate railway signalling systems...furnish power for such diverse applications as hearing-aids, toys, weather balloons, electronic and transistorised equipment.

Union Carbide India established the first dry battery manufacturing plant in India in 1926. And since Independence the demand for dry batteries grew so fast and for so many diverse applications that a second 'Eveready' battery plant was set up in Madras in 1952.

Union Carbide India's dry battery plants and their torch factory in Lucknow—one of the most modern—are but a few seeds of industry that the Company have sown in India. The variety and value of products made by Union Carbide India today show how the resources and the know-how of a world-wide organisation can serve the needs of a developing economy.

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sowing the seeds of progress

JWTUC 1908B

Indian Airlines As a Foreign Exchange Earner

Scope and Conditions for Expansion Examined

By J. S. PARAKH
GENERAL MANAGER, INDIAN AIRLINES CORPORATION

"THE world is a book, and those who do not travel read only one page," said St. Augustine over 1,500 years ago. More than 1,300 years later, Dr. Samuel Johnson set aside his legendary wit to proclaim with all seriousness that "the use of travelling is to regulate imagination with reality, and to see things as they are, instead of thinking how they may be."

Through the centuries we find poets, politicians and philosophers eulogising the values of travel and urging the study of other lands, other peoples, other religions and other ways of life. Whether or not it required such persuasions, international travel has grown from misty beginnings to become the largest single item of trade in the world.

All indications we have today point to one forecast—that 1964 will prove to be a record year for the thriving travel trade, bringing in over Rs. 14,000 crores from more than 80,000,000 international travellers.

India's Share

What is India's share of this fantastic market that has bailed out some countries from economic bankruptcy and is wooed by most, both developing and highly developed? Some would say "tremendous," considering that Tourism is India's No. 5 foreign exchange earner behind tea, textiles, jute and sugar. "Insignificant" would be the verdict of others who note that our share is a miniscule 0.15 per cent of the total.

Conflicting though these opinions sound, they are both correct. Much has been done in our country to bring tourism to its present level of importance, yet much more has to be done if tourism has to grow in a healthy way. No one really doubts the value of aggressively promoting travel to India, in order to secure a larger share of the international travel market which is growing at about 10 per cent per year.

Nearly 141,000 tourists visited India in 1963, and are known to have spent over Rs. 20 crores on hotels, purchases, entertainment and domestic travel. Out of this, Rs. 3 crores were earned by Indian Airlines. About 30,000 individual tourists are estimated to have flown five I.A.C. sectors on an average to account for over 15 per cent of I.A.C.'s gross earnings. And, most important, the three crores of rupees were earned entirely in pounds sterling. This is not taking into account further earnings from foreigners who paid in India in rupees for their air travel.

How can Indian Airlines, with its gamut of operations stretching no further west than Kabul and no further east than Rangoon, earn pounds sterling, one might ask. The answer is simple. As a member of the International Air Transport Association (I.A.T.A.), Indian Airlines' commercial dealings with other airlines of the world are channelised through the I.A.T.A. Clearing House in London. The Clearing House is an agency for disbursement of interline dues, and is a convenience to all airlines. The London House deals only in pounds.

Here is how it works. A passenger wishing to fly by Indian Airlines can purchase his ticket anywhere in the world from any of the I.A.T.A. member airlines operating out of his country. He pays in the currency of the country in which the travel originates. When he completes his travel on Indian Airlines, I.A.C. charges the member airline which had originally collected the fare, through the I.A.T.A. Clearing House. The Clearing House in turn debits the member airline the sterling equivalent of the fare payable to I.A.C., and credits the pounds to I.A.C.'s account.

The Clearing House at London makes collections and disbursements in pounds sterling, regardless of the currency in which the ticket was originally purchased. The rule applies equally to all currencies of the world, from U.S. dollars through Italian Lirae to Indonesian Rupiahs.

While most airlines are in a position to charge each other almost similar amounts to erase one another's dues, I.A.C.'s billings fortunately are considerable and payments negligible. I.A.C. has no commercial expenses abroad worth mentioning. I.A.C.'s earnings of Rs. 3 crores foreign exchange last year were nett after payment of all commissions and other dues, and the benefit of the entire foreign exchange accrued to the Government of India. Out of this, of course, should be set off the value of spares and equipment which I.A.C. must indent from suppliers abroad to keep its aircraft flying.

Handicaps

One of the most frustrating experiences of the travel industry all over the world has been its struggle for recognition as a desirable and beneficial venture. India is no exception. We know that our total effort to promote tourism has not been sufficient for our own good, due, perhaps, to various limitations. It took us some years to be jolted out of our traditional stance of waiting to be "bought from," rather than going out of the way "to sell." Looking back at our experience of the last several years, it is obvious that India was not adequately equipped to look after the hordes of visitors.

We have an over-zealous customs organisation, burdened by stringent rules that, on many occasions, deter a tourist from visiting India a second time. We have an hotel which is the best hotel in Asia, but a dozen more are needed to house the ever-growing tourist intake. We have an adequately spread out airline in Indian Airlines, reaching nearly every tourist attraction, but long waiting lists on most flights discourage a tourist due to non-acceptance of short-notice reservations. Our catering, handling and reservation procedures also need constant vigilance. In many cases, the tourist simply skips the trip. In fact, we know of many instances of "Round the World" tourists who by-passed India altogether for want of hotel or airline accommodation.

We have our own quota of other pinpricks. Collectively, they tend to project a bad image for India, and I feel frustrated to think of the tourist market that we may have lost by the adverse criticism caused by our inadequacies.

A close look at the tourist intake in 1962 will prove my point. While the world tourist traffic had registered a gain of 11 per cent that year, India experienced a decline. Only 134,360 persons visited India against 139,804 in 1961. The drop on our own performance was a bare five per cent, but it has to be reckoned as a 15 per cent drop from what the intake should have been in the context of the world increase.

Part of the blame has been laid squarely on the circumstances that led to the National Emergency when some tourist groups which had booked travel on I.A.C. cancelled their itineraries altogether, but of significance also are the figures for the first nine months of the year—long before the trecherous attack by China—when the declining trend had already set in.

Jha Committee

Concerned by the decline and recognising the material benefits to be gained by the tourist traffic, the Government of India formed a committee to investigate into its potentials and recommend ways and means of ensuring a steady growth of tourism. The Committee (known as the Jha Committee) has submitted an illuminating report which, if implemented, will make a good beginning for our renewed efforts to promote international tourism on a scientific basis.

The most noteworthy feature of tourism in India is a unique and ready-made "purchase motive." We have monuments and temples that have traditionally served as silent attractions, and there are many more spread all over the country that are slowly earning tourist attention. When Shah Jehan built the Taj Mahal, little did he dream of the millions it would bring to India in the years to come. This is not all. We have many other factors that have given India a special place in the tourist diary. As the largest democracy in the world that has gone through three mammoth elections in the first 17 years of independence, as a country which has been both the fountainhead and absorbent of many religions that have spread beyond national barriers, as a nation of diversity marking heroic efforts to bring about unity, and as a resurgent economy that compresses time by leaping from middle ages to modernity, India is the cynosure of the world beckoning foreigners with but one thing in common—an open and inquisitive mind.

But a "purchase motive" does not make the product, nor is it an end in itself. Even before going out to meet the consumer with a "sales message," it is necessary to package the product in a presentable form, establish that the price is right and the supplies adequate, organise a system whereby it becomes easy for the prospect to buy the product and, lastly, ensure that he will be a completely satisfied consumer in order to generate repeat sales and favourable word-of-mouth advertising. What applies to the marketing of toothpaste applies to tourist promotion as well.

The product that a tourist buys is a Tour—whether packaged by the travel trade or not—and consists primarily of two major concomitants—hotel accommodation, and air and surface transportation.

The Hotel classification Committee, which recently completed its work, has recorded only 17 hotels all over India in the four-star category or better, with no more than 3,317 beds in 2,071 rooms. A tourist who can afford to spend as much as Rs. 5,000 to travel to India by air can be assumed to demand accommodation in what are known as first class hotels. These hotels, besides, charge on an average no more than Rs. 55 (or U.S. $11.00) inclusive of boarding; a good price for an American tourist used to fifteen dollars and up for similar accommodation *without* food. It is neither the price tag nor the quality of service that need comment (an average tourist is prepared to rough it out on occasions), but the fact that there are just not enough good hotels in business. When most of the rooms are booked by businessmen in India (who are also our valued customers), the rooms available to foreign-exchange spending tourists are reduced to a fraction of the total.

The Jha Committee has noted this major deficiency, as also the general unwillingness of Indian entrepreneurs to build more hotels. With the establishment of the State Tourist Corporation, Indian hoteliers will get sufficient encouragement to invest in the hotel industry. In the meanwhile, three major hotels in India are either contemplated or are nearing completion. It is my estimation that we need to at least double our hotel capacity in gateway cities and places of tourist interest before 1968 to house the traffic that we expect that year.

The next point to consider is domestic civil aviation with which I have been closely connected for the past 20 years. I.A.C.'s total capacity rose from about 84 million tonne-kilometres in 1955 to 136 million in 1962, a growth that was matched only by waiting lists which grew from nil to almost 5(on some flights. The four Viscounts and ten Friendships acquired between 1961 and 1963 did help to ease the congestion, and the three Caravelles (plus one that will be delivered before this article goes into print) have given I.A.C. a total capacity that is barely enough to meet the traffic during the better part of the year even with the help of a Boeing on charter. Looking at it in restrospect, I.A.C.'s growth has been substantial but not enough to keep pace with the growing demand.

Aircraft—Need for Advance Planning

To buy aeroplanes in sufficient numbers, the country needs foreign currency and to fly them intensively we need adequate landing grounds and navigational facilities the latter again being dependent on foreign exchange. An aircraft manufactured or assembled in India could resolve to an extent the foreign exchange problem, but several years after a project was launched, we are today still in the stage of "discussion." We have a remarkable talent for discussion leading to no fruitful purpose. In my view, even an economically unsuitable aircraft is better than no aircraft at all if we are to go all out to promote tourism. Perhaps, before long we will have the good fortune to look at an Indian-assembled aircraft more closely for our operational needs.

Both hotels and aviation are capital-intensive industries that take time between conception and fruition of plans. A major hotel takes about four years from the word 'go' to the time it can be a going concern. An airline, similarly, takes between one and two

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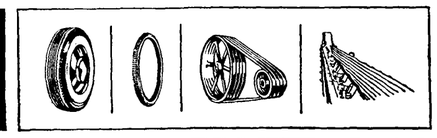


NR/C/22

years to acquire an aircraft and some months more to integrate it into the pattern of operations whereafter it begins to earn its way. Our plans of today should, therefore, have the anticipated demands of 1967-72 in view, rather than the need of the moment.

Today's influx of over 140,000 tourists per year will grow to about 200,000 in 1968 without any stimulation, and can possibly be egged on to between 250,000 and 300,000 with proper sales promotion. Domestic air traffic in general is expected to rise simultaneously at the rate of at least 10 per cent per year. This would mean that I.A.C.'s tourist-carrying capacity needs to be doubled in the next four years.

The fares on Indian Airlines and the service offered have both been subjects for comment in India and abroad. Most of the criticism has been fair and justified, if we weed out the fads of the fastidious air-traveller who is satisfied with nothing. This number is growing. While the fares on I.A.C. are barely within reach of the average citizen, it should be remembered that they are at a level comparable to fares ruling in the West. The fare structure has been deliberately kept at the lowest practicable level, notwithstanding the abnormal fuel costs ruling in India which are thrice those ruling in the U.S., the need to maintain many stations that are not economical and the high cost of maintenance and stocking of spares.

I would submit that, with all the difficulties we are facing, I.A.C. is offering a not-so-bad domestic service. It would be totally unfair to compare with the luxury offered by international airlines which fly over long distances in competition with one another and which have the time, money and circumstances to offer facilities that are not only beyond I.A.C.'s means but are not expected of a domestic airline running on domestic rates of tariff. The pity of it all is the lack of opportunity to Indians to go abroad and experience domestic air travel in other countries. They would then be in a much better position to judge for themselves to what extent a difference necessarily exists between domestic and international standards.

The next point to consider is who the consumer (or the prospect) is and where he resides. Our experience indicates that the bulk of tourists come from United States, United Kingdom, West Germany, France, the Scandinavian countries, Australia and Canada—if we are to ignore the traffic from Kenya, the Persian Gulf, Malaysia, etc., which is almost entirely made up of people of Indian descent. A country that will send many tourists abroad in the near future is Japan which is due to lift its travel restrictions soon.

There are established trade channels in these countries, consisting of tour operators, travel agents and retailers and wholesalers of special tours. The Government of India has established tourist offices in San Francisco, New York, Toronto, London, Paris, Frankfurt, Tokyo and Melbourne, and is planning an office in Rome. Apart from keeping contact with the travel trade and general servicing of tour groups, the Tourist Offices undertake publicity and promotion. I would consider that the type of publicity and promotion handled by the Tourist Department is satisfactory, but its volume has unfortunately been negligible in comparison with that of tourism-conscious countries such as Italy, Greece and France, due, perhaps, to insurmountable difficulties.

The point to be remembered is that the activities of our Tourist Department are in direct competition with other countries which are sparing neither effort nor expense to achieve the goal. According to a study into the "visible publicity" in U.S. magazines in 1963, India spent a meagre $125,695, as compared to $415,412 spent by Mexico, $938 226 by Canada and $348,165 by little Bermuda. With over fifty countries struggling for the travel dollar, it is obvious that the image of India is more or less snowed under by the avalanche of competition.

Airlines, hotels, health resorts, night-clubs, road transport companies, railways and trade organisations from each of these competing countries are further helping to boost their national effort. Such promotion is handled independently—yet in concert with the other concomitants—so that the total impact of the national image becomes big enough to be taken note of. Unfortunately, the many institutions in India that are directly benefiting from the travel trade are totally silent in "selling their wares" direct to the consumer. Apart from Air India, they undertake little promotion in the Continent or North America where the bulk of the tourists come from.

Export Publicity

I.A.C.'s own "export publicity" has also been negligible, and was hitherto restricted to the publication of time-tables in Airline Guides. The general attitude has been that, so long as I.A.C. had no operations to Europe and the West, there was no need to spend dollars and pounds, especially when the foreign exchange position had become precarious. The shortsightedness of this policy has manifested itself now. In the United States, for instance, the prevalent impression is that India's domestic airline, if it exists, is probably small and equipped with obsolete aircraft. The fact that I.A.C. is one of the largest domestic airlines in the world operating modern jets and turbo-props has not percolated down to the ultimate customer.

What harm has been done to our tourist promotion by this lack of familiarity with I.A.C. is a matter for conjecture. An average American gets only 15/21 days' paid leave a year, and time is of essence to him when on a sightseeing trip. He needs to know that he can see the whole of India during a short stay before he can think of a trip to the country which is halfway around the world. In other words, his mind should be pre-conditioned by the idea that he can see the whole of India in less than three weeks, an idea that can be put across only by projecting I.A.C.

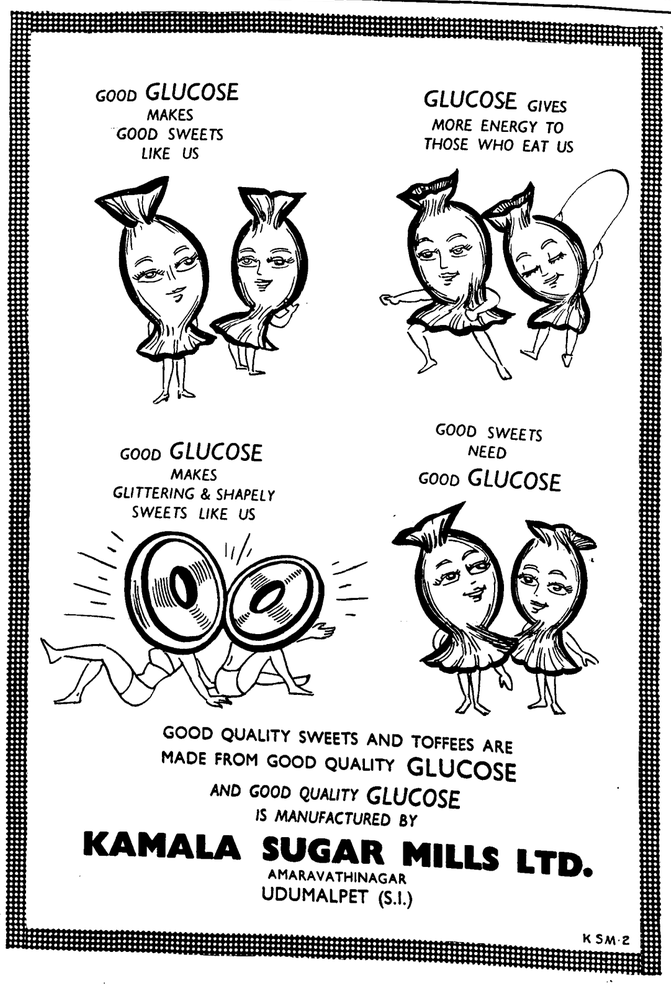
Accordingly, we are planning to set up our own offline stations in a few strategically located cities to undertake our own Public Relations and Publicity work. Initially, these have been envisaged no more than as "desks" attached to the Government's Tourist Offices abroad, and the exercise is designed to give I.A.C. an identity abroad for the first time.

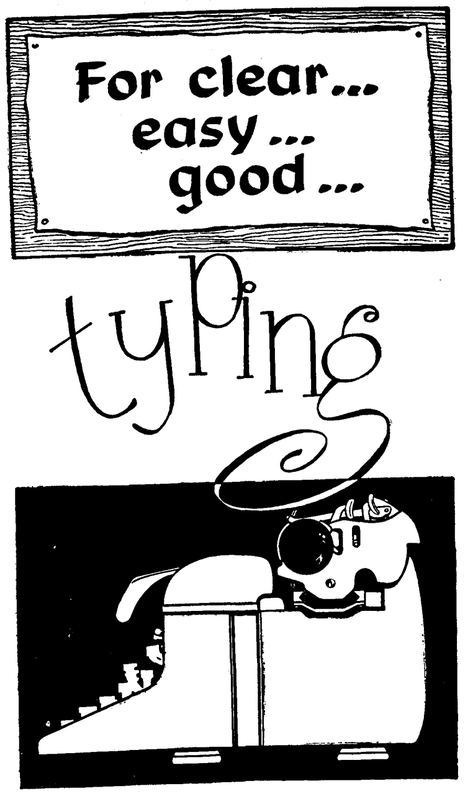
The opening of our own offices abroad is necessary even though it may not be economically feasible. Along with it we need to improve in several directions where our own handling of a foreign tourist is concerned if I.A.C. is to play effectively its very important role in promotion of tourism.

The international travel market is a gold mine and we have just about scratched the surface. Despite the distances from tourist generating countries, India has a bright future ahead. An important part of the selling programme is the necessity for large number of Indians to go abroad also. If educated Indians and those in business particularly could have been able to visit various parts of the world in fairly large numbers, their contacts and behaviour abroad and their knowledge of their own country could attract many more visitors to India in turn. A little foreign exchange spent on them would be worthwhile. As a matter of fact, a scheme to boost Indian exports could be worked out, out of the funds collected on air fares payable by such Indian tourists.

To sum up, while I.A.C.'s role as a foreign-exchange earner is an important one, it is not free from complications. The capacity to meet the demand of tourists is simply not there. The period of waiting for a suitable replacement for the Dakota has stretched too long. The irony of it all is that the more we fly the Dakota, the more we lose. If we lose, the "commercial" aspect of I.A.C.'s operations is questioned. If we declare inability to provide aircraft on the basis of economics, the "public-utility" aspect is placed before us. We are all the time engrossed in trying to blend the two concepts. To earn foreign exchange is good for the country but to earn enough on a flight to balance our books is of equal importance to us. If we are to sacrifice the latter, the result in "red" should not be attributed to inefficiency.

The answer is the right type of aircraft in sufficient numbers and a realistic policy of subsidising losing tourist operations if we are to provide adequate space, special charters and extra services at short notice, in most of which cases the costs exceed the revenues due to the special nature of tourist itineraries.





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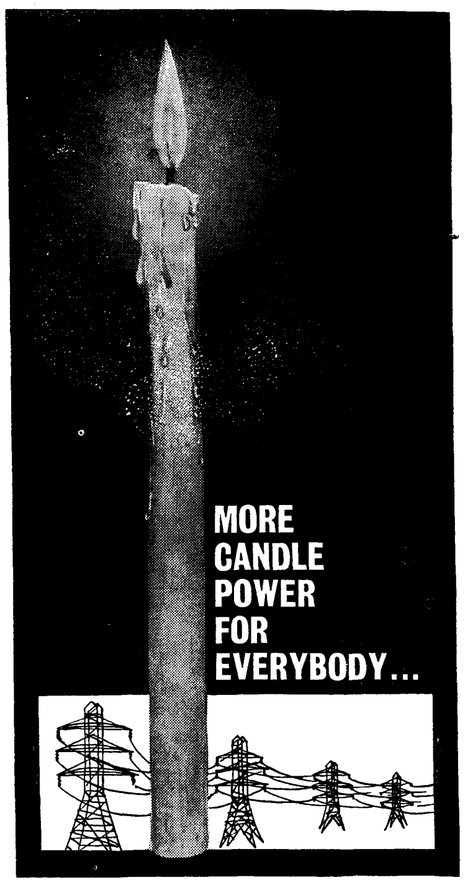

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BY DR. RAM SUBHAG SINGH
MINISTER OF STATE FOR RAILWAYS

THE rapid development of the Indian railways in recent years symbolises to a large extent the growth and development of modern industrial India. Since the inception of the Plan period, the goods traffic handled by the railways has gone up from 44,117 million tonnes kilometres in 1950-51 to about 110,000 million in 1963-64—a rise of nearly 150 per cent in a span of 13 years. The passenger traffic has also been rising steadily. It has been averred by a team of experts of the World Bank that at no other time and nowhere else in the world has such significant expansion in traffic in the field of railway transportation been handled as by the Indian railways in the last few years.

An idea of the railways' dominant role in meeting our transport needs can be had from the fact that, in 1962-63, the movement by rail (including duplication involved in retail distribution, creation of reserve stocks, etc.) constituted 99.82 per cent of the total production of coal, 104 per cent of manganese ore, 108 per cent of cement, 70 per cent of sugar and 90 per cent of raw jute.

In the sphere of export trade, too, which is currently a problem of the greatest significance to our economy, the railways have a preponderant part to play in facilitating the largest possible movements in the minimum time at the most economical rates feasible. In regard to bulk traffic, in general, and iron and manganese ore, in particular, it is the low-cost structure of rail transport and its capacity for large-scale movements that form the backbone of the export scheme as a whole.

Promotional Rates for Export

The early development of railway history goes to show that the railways were constructed and freight rates to port devised to suit an agrarian and colonial pattern of economy so as to facilitate export of agricultural and raw-mineral products from, and import of finished and consumer goods into, the country. One indirect effect of this policy has, of course, been the rapid industrialisation of the port towns. Raw materials had easy access to the ports and the port towns gradually grew and industries developed in and around the ports, taking advantage of the reduced rates in existence and the big consuming markets. Thus, the low rates for wheat, oilseeds, hides and jute to Calcutta originally quoted for encouraging export led to the establishment of flour, oil and jute mill industries, as also tanneries in and around Calcutta. Similarly the low rates for cotton and wool to Bombay were instrumental in developing Bombay as a textile manufacturing centre. The railways were also not slow to realise the importance of aiding industries even in the hinterland by quoting promotional rates. Iron, coal, sugar, cement and paper industries, among others, have profited greatly from the assistance given by the railways in the shape of low rates both for raw materials and finished products.

Freight Concessions

While thus the railway rates have played a vital role in developing and fostering the industrial growth of the nation from the early stages, it is only to be expected that they should continue to give their helping hand in the nation's drive to secure increased exports. Over 130 commodities from various stations in the hinterland to different ports for export enjoy substantial freight concessions. Among these are:

(i) Metallic ores such as manganese ore, iron ore, etc.;

(ii) Industrial raw materials such as industrial alcohol, crushed bones, salt, mica waste, etc.;

(iii) Edible oils such as groundnut oil, *vanaspati*, etc.;

(iv) Products of engineering industries such as bicycles and component parts, sewing machines, electric fans, radios, motor vehicle batteries, textile machinery and parts, grinding wheels, electric motors, etc.;

(v) Products of food processing industries such as fruit and vegetable preserves, fruit syrups, etc.;

(vi) Products of certain other important industries such as textile industry, jute industry, glass industry, etc.

Freight concessions are allowed not only on transport of commodities actually exported but also on raw materials used in the manufacture of export commodities, particularly where the industries are situated at or near the port and the freight bill is largely on the transport of raw materials. A case in point is the freight concession allowed on the transport of *guar* seeds from stations in Rajasthan and Punjab for manufacture of *guar* gum at Bombay for export purposes.

The freight concession for export traffic is usually 50 per cent of the tariff, but, in certain cases, a lesser quantum is allowed depending upon the needs of each particular traffic. The claims for grant of such rebates are carefully considered in consultation with the Ministries concerned, so as to give the maximum possible relief consistent with the needs of the individual traffic. The monetary value of the freight concessions for export during 1962-63 was well over Rs. 1.37 crore. The figure has since greatly increased.

Iron Ore Exports

In recent years, the railways have launched significant investment and expansion programmes to cater to the new developments in the field of export traffic. Most noteworthy among these are the ambitious schemes undertaken for the exploitation of our enormous iron ore deposits which are credited to be among the biggest reserves of high grade ore in the world. On current indications, only one or two other countries are, perhaps, endowed with larger reserves than ours.

In 1960, the value of the export trade in iron ore was hardly 4 per cent of the total value of all our exports, the figure being around 3.5 million tons in quantity. By the end of the current Plan, it is hoped to step up the iron ore exports to about 19 million tons to rise further in stages to 25 million tons by 1970. These figures convey an idea of the greatly enhanced importance of this export not only in the last few years but also in the immediate future.

In the building up of this export market, there are several difficulties to be reckoned with like the high f.o.b. prices of our ore at the ports, the long distances in movements to our main buyers like Japan, Germany and Italy and the development of competitive mines in Africa and elsewhere. It is obvious that, with the fairly long leads generally involved in transport from the mines to the ports, the factor of cost of rail transport with its attendant concessions is a very vital consideration, where the railways have played, and will continue to play, a significant role.

Exports from Bellary-Hospet and Contiguous Areas

The enormous reserves in the Bellary-Hospet area alone are estimated at nearly 1,000 million tons with a Fe content of 65 to 68 per cent. In developing these deposits earmarked at present almost exclusively for export purposes, the railways have planned for large increases in movement capacity. An additional broad-gauge line is being built between Hospet and Guntakal to move the ore from the Hospet-Bellary area to Madras harbour directly, eliminating the road transport which is at present involved upto Timmanacherala, a station near Guntakal. When this work is completed by September 1965, at an approximate cost of Rs. 6.49 crores, it will be possible to increase the present movements to 2 million tons per annum via Madras.

Plans are afoot to develop Mangalore into a major port to export about 2 million tons via this port. Connected with this work are several railway schemes including the Hassan-Mangalore railway line. A survey is being carried out for the conversion of the section from Londa to Goa and Hassan to Londa from metre to broad-gauge. The present as well as projected planning in this rich iron ore area is a forerunner of large-scale industrial and export development in the entire region.

Ore Exports Through Visakhapatnam

In fulfilment of certain long-term agreements entered into with Japan, six million tons of iron ore (4 million from the Bailadilla deposits and 2 million from the Kiriburu mines) are to be exported to that country annually via Visakhapatnam. For this purpose, over 680 km. of new railway lines were planned for construction on a priority basis, of which the links from Kiriburu to Bimalgarh and Sambalpur to Titlagarh have already been completed. More important is the 448-km. long Kottavalasa-Bailadilla line whose construction is now speedily under way. Traversing through the three States of Andhra Pradesh, Orissa and Madhya Pradesh, this line will not only tap some of our richest iron ore deposits but also open up large tracts of underdeveloped areas. It is one of the most difficult constructions ever undertaken by the Indian railways and has by far the longest continuous grade-line, namely, 64 km. on an unbroken 1 in 60 grade. Reaching upto a maximum elevation of 3,280 ft., it will have the highest point on the broad-gauge alignment in this country. Out of Rs. 55 crores which is the estimated cost of the line for the total length of 448 km., as much as Rs. 20 crores will have to be spent on the 64-km. ghat section alone. This would afford some idea of the immensity of the task in threading through the Eastern Ghats. The line is expected to be completed early in 1966 whereafter shipments of ore from the Bailadilla deposits will commence.

Bulk Transport and Dieselisation

Several sections of railway lines are thus developing as specialised iron ore belts. The pattern which obtained a few years ago when the organisation of mining and scattering of export over a large number of ports was such that movement was more in the nature of wagonloads has undergone a revolution. The technique is now one of heavy bulk movements involving the running of long and heavy trains, high axle loads and the use of special high-capacity lightweight wagons. Dieselisation of motive power, which forms an integral part of the overall planning for increased transport capacity on the railways, is playing an increasingly important role in catering to these large ore movements. In the southern region, for instance, diesel traction has been introduced mainly for the ore traffic from the Hospet-Bellary area to the Madras harbour. The new ghat-line which is under construction for movement of export ores from the Bailadilla mines will be an all-diesel route—3,600 tons of iron ore are proposed to be worked by five diesel engines for the portion down the ghats, while on the remaining portion of the line three engines would do the job. There is a distinct possibility of at least the portions over the ghats being electrified at a later stage, taking advantage of loads coming down for generation of electricity, thereby reducing the cost of operation. With electrification, it will also be possible to increase the line capacity to a total of 9 million tonnes per annum.

Gondola Wagons

The concentrated increase in demand for bulk movements of iron ore has led to the evolution of a new design of all-welded gondola type wagon to give a high payload to tare ratio of over 2.5. Similar in many respects to the BOX wagons, these "gondola" wagons are specially adapted to the loading and unloading requirements of ore traffic and are also more economical in construction requiring less steel in framework as they are low-sided and without side doors. They are suitable for mechanical unloading by tipping.

Expeditious Movement

While heavy outlays have thus been undertaken for export ores, the railways have geared their machinery for all other export movements also. Apart from the high priority classification accorded to such moves, *ad hoc* assistance is arranged from time to time to suit shipping programmes at short notice. Wherever the traffic requires it, clearances are made in block rakes. Sugar for export, for instance, is moved largely in trainloads. In 1963-64, export sugar moved by rail was over 14 lakh tonnes. Operational restrictions which may happen to be in force from time to time are generally not applicable to export traffic. Large labels are fixed on wagons carrying export traffic with the legend "For export only pusl: on."

(*Continued on page* 80)

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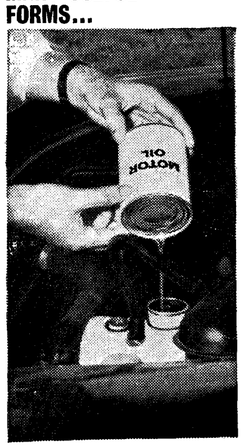

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Planning For Larger Exports During Fourth Plan

Commodity-wise Scope—Prerequisites For Success

By MANUBHAI SHAH
UNION MINISTER OF COMMERCE

THE target for exports during the Third Five-year Plan period was placed at Rs. 3,700 crores, though it was felt that a higher figure may be required in view of the import needs of the development programme contemplated. During the first three years of the Third Plan, exports amounted to Rs. 2,160 crores. From the total stagnation in the first two Plans, exports have shown a tendency to increase rapidly in the Third Plan. In the first two years the increase was sizable though not striking; but during last year, i.e., 1963-64, exports took a big leap forward. It is true that it would be very optimistic to assume the same rate of increase every year, but even if we achieve the kind of increase recorded during the earlier years of the Third Plan we will have achieved the export target for the Third Plan.

There is no doubt that the target of exports for the Fourth Five-year Plan period will have to be very much higher. The size of the export target will naturally be related to the magnitude of the Plan itself. Although it is too early to say definitely what the volume of outlay on the Fourth Plan will be, there is no doubt that considering the rapid increase in population and the persistently low standards of living of our people, it will have to be substantially higher than the outlay during the Third Plan. The current thinking is that it will have to be almost double that in the Third Plan.

Task Still Not Complete

If we assume this to be the case, it will necessarily involve large imports both for maintenance and development. Although we have made a large headway in building up a metallurgical and machinery making complex, the task is still not completed. We will have to continue our efforts in that direction during the Fourth Plan as well. Besides, substantial expansion of capacity will have to take place in vital industries like steel, metals, machine building, heavy industries, fertilisers and petrochemicals and corresponding expansion will also have to take place in infrastructure like transport, power and ports. The import of capital goods necessary for all these purposes, in addition to what will be produced at home, is estimated to be in the neighbourhood of Rs. 2,500 crores. In addition, imports of raw materials, components, spares and replacements to utilise fully the industrial capacity that has already been built up will also have to be made. Paradoxically, these tend to grow with industrial capacity even though import substitution is a specific policy and objective of industrial development. This is because even in those fields where components and materials are produced internally, local production is not adequate to meet the ever-growing demand. Secondly, with the constant expansion of industry, the import of one set of components tends to replace another set whose import is being stopped because of local production. Imports on maintenance account are estimated at Rs. 5,300 crores during the Fourth Plan.

Repayment Obligations

These are not the only payments India will have to make during the Fourth Plan period. There will be substantial payments on account of interest charges on loans received in the past and on account of repayments of past short-term and medium-term loans accepted because of the sudden crisis earlier in our balance of payments. Therefore, we have to depend a great deal on the financial assistance from friendly countries during the Fourth Plan period. This assistance will have to come in even at higher level than in the Third Plan. If then we are to have a viable plan, exports will have to amount to something like Rs. 5,100 crores, that is, about 40 per cent higher than exports during the Third Plan.

What we have to remember is that there was total stagnancy on the export front over the last 14 years, that is, since independence upto 1961, when exports were hovering round about Rs. 600 to Rs. 620 crores per year and did not register any increase whatsoever in those years. In some years during that period of stagnation, exports sagged heavily, causing hardship to the Nation's economy. Our export earnings in the periods of the First Plan and the Second Plan were about Rs. 3,100 crores in each of the two Plans. In the Third Plan, due to various promotion measures and climate created for export promotion, we have been able to achieve significant results and the Third Plan target of Rs. 3,800 crores of aggregate export earnings in the five-year period of the Third Plan will be definitely reached. This will raise the annual average of export earning in the Third Plan to Rs. 760 crores from the previous figure of Rs. 620 crores per year in the first 14 years of India's independence. For the Fourth Plan we have now accepted the responsibility of Rs. 5,100 crores. Naturally, the annual average earning will have to be raised to Rs. 1,020 crores, an increase of about Rs. 260 crores per annum from the annual average of Rs. 760 crores of the Third Plan.

The aim of the Fourth Plan is—or will have to be—to raise national income by about 30 to 35 per cent if it is to represent an advance over the Third Plan. On an overall basis, therefore, it would appear that there should be no difficulty in reaching an export target of this order. Such an assumption would be too facile and would gloss over many of the difficulties that will crop up in reaching the target. Therefore, a commodity-by-commodity examination is necessary both to realise the feasibility of the target and—more important—to know the kind of action that has to be taken in advance as well as in the course of the Fourth Plan to reach this target. Unless plans for action are sketched out from now on, the task of raising exports will be extremely difficult.

Pattern of Exports

The pattern of India's exports exhibits certain interesting features. Jute and tea are the two most important exports accounting for about 35 per cent of the total of Rs. 794 crores in 1963-64. These are what may be called our traditional export items. Next in importance, though a long way behind these two, are cotton textiles, oilcakes and iron ore. The first is a traditional item with fluctuating fortunes while the other two are new items with what appears to be a great potential. Then there are a number of traditional items like sugar, leather and raw skins, cashew kernels, tobacco, vegetable oils and spices the exports of which range from Rs. 20 to 30 crores per annum. These are followed by manufactured items like handicrafts, engineering goods, chemicals, art silk textiles and coir goods, with their exports ranging between Rs. 10 crores and Rs. 15 crores. The rest is covered by a long list of items which includes manganese, mica, fish, coffee, iron and steel scrap, cotton yarn, ready-made clothing etc. Some of the items mentioned above are traditional items and face difficult times. Others are new items which have come up in the past five or ten years and which have a large potential. In between lies a range of commodities exports of which could be pushed up with a little bit of concerted action. The notes below examine the position in greater detail.

Jute Manufactures: The exports of jute goods have shown a fairly steady increase during the Third Plan. Since the level of exports is already as high as Rs. 157 crores, the scope for any further increase is naturally limited. The main handicap in increasing the exports of jute goods in the Fourth Plan period is going to be a shortage of jute fibre due to the limit set on the acreage under jute. The extension of the area under jute beyond the present figure of about 2 million acres does not seem to be possible, and any increase in raw jute availability depends wholly on the rise in productivity. In view of the poor quality of the soil in some of the Eastern States, the scope for an increase in productivity seems to be limited. Therefore, unless we are in a position to import jute fibre on a satisfactory scale, there may not be much scope for raising the exports of jute goods beyond the present level. This conclusion is somewhat reinforced by a tendency for jute goods prices to decline. One cannot, therefore, hope for anything more than a rise of Rs. 15 to 20 crores in jute goods exports. It must, however, be stressed that even this modest increase will not be possible, unless firm arrangements are made for importing roughly one million bales of jute.

Tea: Even though tea exports are at a very high level, it would be necessary to raise them by as much as Rs. 30 crores in the Fourth Plan. This could be possible, only if appropriate action is planned and taken from now itself. Although the consumption of tea in our principal market, i.e., the U.K., has reached a sizable figure, there is still scope for expanding sales of tea in the U.K., as also in the U.S.A., Europe, some of the Middle Eastern countries, Africa and Australia. What is required for this purpose is vigorous propaganda in building up the image of Indian tea. While this task is being carried out, tea production also has to show a much greater increase than it has done during the Third Plan. Substantial replanting will have to take place in the course of the Fourth Plan and facilities and equipment for irrigation, etc., will have to be made available. Certain tax reliefs, concessions and liberal financial facilities will have to be extended to the industry, if higher production is to be achieved. However, the impact of all these measures, even if taken immediately, may not be large enough to produce the export surpluses required for increasing our exports by the figure mentioned above. A certain amount of moderate restraint on internal consumption may have to be exercised through taxation.

Textiles: Since the world trade in textiles is not expanding, the market for textiles is highly competitive. It may, therefore, not be possible to raise our exports by anything more than Rs. 25 crores from the level likely to be reached at the end of the Third Plan. Even this can be achieved only if we are able to meet competition from other producers like Japan, Hong Kong, Pakistan, Portugal and Spain through the continuation of our present incentive schemes and larger investment in replacement, modernisation and expansion of all the sectors of textile industry. The order of investment necessary for maintaining our place in the world textile market may be something like Rs. 175 crores.

One of the reasons why we have lost our competitive ability regarding textiles has been the shortage of cheap locally produced cotton and man-made fibres. Efforts will, therefore, have to be continued to grow more cotton and man-made fibres locally and reduce our dependence on imports.

Oilcakes: The export of oilcakes showed increase during 1962-63 and there has been a slight improvement on this during 1963-64. The increase in our exports of oilcakes was due mainly to increased demand from Western Europe and Eastern Europe for use as cattle-feed. It should be possible to raise our exports by another Rs. 10 crores by the end of the Fourth Plan, because of the growing importance of the dairy industry in all the countries in Europe. This export performance is possible only if no barriers are placed on the export of oilcakes, particularly groundnut oilcake. A certain amount of ill-informed opposition to such exports is likely to build up during the next few years as the movement to improve the conditions of our own cattle population gathers strength. It should be realised, however, that cottonseed cake, and not groundnut cake, is the main cattle-feed in our country. Therefore, there should be no difficulty in exporting surplus groundnut cake as cattle-feed to other countries, after meeting our full requirements of cattle-feeds in the form of cottonseed and other oilcakes and quantities of groundnut cake. The Government will have to take steps to discourage the use of oilcakes as organic manure. Unless a firm decision is taken to make available about 12 lakh tons of groundnut oilcake for export, the target mentioned above is not likely to be achieved.

Iron Ore: This is an item which has great export potential. It should be possible to raise our exports to something like Rs. 95 crores—an increase of about Rs. 50 crores from the present level by the end of Fourth Plan. Such an increase, how-

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ever, would be possible only if programmes for improving transport facilities, port handling facilities and facilities for ore beneficiation and pelletisation are implemented with the maximum speed. Not only will adequate investment have to be provided for this purpose but also quick action has to be taken on all the projects contemplated.

Sugar: Over the past few years, India has been slowly emerging as a sizable exporter of sugar. During 1963-64, export earnings from sugar reached a record level both on account of a large quantity and an unprecedentedly high price. We were able to export something like 5 lakh tons of sugar valued at Rs. 27 crores. While it would be natural to expect a decline in these high prices during the Fourth Plan, we should be able to double the quantity exported. If this is done, we would be able to maintain the present earnings. Considering the experience of the current year which has witnessed a drastic decline in our sugar exports because of rising internal demand, we will not be able to maintain our exports at the level indicated above, unless the Government specifically decide to accord priority to the export of sugar and also take vigorous steps to increase production. Frequent interruptions in our supplies to carefully built-up world markets like Canada, Malaysia, Japan, U.S.A., etc., lead to a loss of markets. Similarly, since internal costs of sugar are about twice as high as the normal world price of sugar, the policy to grant subsidy on exports of sugar has also to be continued.

Leather: This is another traditional item which has been around this level for some time. Although we have a good market for items like vegetable tanned East India kips, the scope for increasing substantially the exports of leather manufactures is limited because of our inadequate tanning facilities. Again, unless we are able to organise the collection of hides from dead animals in a much better way than we have done so far, it is not possible to increase the supply of hides for tanning. Therefore, exports of leather will continue only at a level slightly higher than during the Third Plan.

Cashew Kernels: Exports of cashew kernels are based largely on imported raw cashew nuts. Since two-thirds of our supply of raw nuts is imported, our ability to maintain and increase exports depends upon our ability to ensure an adequate supply of raw nuts from countries in East Africa like Tanganyika. These countries have already set up their own kernel processing factories and their number is bound to multiply very soon.

When this happens the supply of raw nuts is naturally going to be restricted. Our ability then to maintain, let alone expand, exports of cashew kernels would depend upon our ability to produce more raw nuts locally. It has been established that there is scope for growing cashew in Maharashtra, Mysore, Madras and Andhra Pradesh and, unless a crash programme is undertaken in these areas, it will be very difficult to maintain our exports of cashew kernels.

Tobacco: Here again, the scope for increasing exports is limited, partly because of the natural campaign against smoking and partly because of competition from other suppliers to Europe where our tobacco is used mainly in blending. Competition from Rhodesia is very keen and is likely to increase. Rhodesia as well as other African countries are planning on large increases in their production of tobacco. To some extent in the past we have been balancing our relatively stagnant performance in the West by increasing sales to Eastern Europe. The scope for such expansion is also limited because of the growing internal production of tobacco in these areas and their preference for varieties which are different from ours.

Vegetable Oils: This is another item for which the world demand is good. The market for groundnut oil particularly is extremely encouraging. Our exports during 1963-64 were very large and had raised hopes of our once again being a substantial exporter of groundnut oil. The increase in domestic demand, however, has belied these expectations. With the relatively slow growth in production and increase in population and rise in standards of living in coming years, the pressure of domestic demand on our limited supplies would be so great as to prevent substantial exports of groundnut oil. Even to maintain the existing level of exports Government will have to take a definite decision to set aside a certain quantity of oil for export irrespective of the state of domestic demand. At the same time a crash programme for increasing the production of oilseeds should be worked out and provided for in the Fourth Plan.

Engineering Goods: In future, India will have to look more and more to exports of manufactured goods both because of her increasing industrial capacity and because of the limited scope for the expansion of exports of primary commodities. A modest beginning has been made with regard to exports of engineering goods and our exports during 1963-64 were around Rs. 14 crores. These will have to be stepped up considerably, to a level of something like Rs. 50 crores by the end of the Fourth Plan. The principal items which we will be in a position to export would be metal manufactures and electrical and non-electrical machinery. Over the years, a fair amount of effort has been made to establish a reputation for Indian engineering goods abroad, reliable selling outlets and adequate servicing facilities. What is needed now is adequate production and strict adherence to quality. If we were to make sustained efforts in this direction, it should be possible to overcome the disadvantages of lack of experience, high cost and the high degree of competition.

The necessary increase in production will not, however, take place, unless: (*a*) the required raw materials like pig iron, rolled steel, steel sections, special steel and castings and forgings are made available in adequate quantities and at appropriate prices; (*b*) substantial reductions in rail and sea freights are granted; (*c*) facilities for granting deferred credits to foreign buyers are made available; and (*d*) adequate cash subsidies to cover the gap between external prices and internal costs are granted.

Iron and Steel: Another field in which the scope for expanding exports is substantial is iron and steel and rolled products. There is a certain amount of demand for products like rails, bars, structurals, billets and flat products like sheets, strips, etc., in the countries around India. We should be able to meet this with our increasing steel-making capacity. It should be possible to sell about 5 lakh tons of prime steel and earn about Rs. 20 crores of foreign exchange a year. It is not possible, however, to build up a market of this magnitude, unless continuous and firm supplies are assured. Therefore, it will be necessary to plan additional investment and suitable expansion in each steel plant to achieve a surplus of the kind of products which can be sold in these areas rather than wait for a surplus to emerge and try to sell such surplus products. Unless we plan a definite programme of action, it will not be possible for us to secure a footing in the world steel market because competition is intensive.

Fisheries: Another field which has very great potential for export is fish. The export of fish has been increasing steadily and the export of frozen and canned shrimps and frog legs to the U.S.A. has been the dynamic element in this item. With greater investment in this field, it should be possible to increase our exports during the Fourth Plan to something like Rs. 20 crores. Such a phenomenal increase, however, is subject to certain steps being taken from now on. To raise the production and exportable surpluses to the level required in the Fourth Plan, it is necessary that adequate investment in the shape of oceanographic surveys, arrangements for fresh water supply, large supply of trawlers, freezing equipment, fish harbours, etc., should be undertaken immediately. To encourage investment in trawlers and canning and freezing capacity administrative procedures should be simplified. Government will have to undertake investment in all the infrastructure. Rigorous quality control is also necessary for maintaining the rather fastidious markets in the West.

In addition to these major sectors, small increases can be achieved in almost all items like spices, manganese ore, mica, coffee, handicrafts, clothing, coir yarn and manufactures, footwear, etc. On the whole, a target of Rs. 5,100 crores does not seem to be outside the bounds of achievement. To be able to reach this figure we will have to pursue an export-oriented policy much more assiduously than has been the case in the past. In addition to the various measures which have been indicated for individual commodities, certain general steps will have to be taken as part of our policy for development. Since exports cannot take place unless the necessary surpluses are there, it will be essential to follow a positive policy designed to build up surpluses in those sectors which have export potential. We will have to give up the idea of trying to export whatever surpluses emerge and concentrate on producing surpluses in those fields which have a greater saleability than others. Some of these fields have already been indicated. In addition, the scope seems to be substantial for the export of fresh fruit (like bananas), rice bran oil, cottonseed oil, ores, manioc meal, iron and steel castings, machine tools, etc.

Certain Essentials

Where production cannot be increased to the extent required, it will be necessary to hold down domestic consumption in order to release production for export. To a certain extent, restraint in domestic consumption has been exercised in items like tea, but it will have to be resorted to to a much greater extent in the years to come if we do not wish to face again the kind of awkward situation we had with regard to sugar and groundnut oil. Since continuity of supply is absolutely essential for building up a position in a highly competitive market, fluctuations in internal production which are inevitable where agricultural items are involved should lead not to fluctuations in the availability for export but to fluctuations in availabilities for domestic consumption. Tax policy will have to be worked out appropriately to achieve this aim.

If we are to build up more and more exports of manufactured articles, it will be necessary to provide them with adequate raw materials to ensure production for export. It would be worthwhile even importing raw materials for this purpose because our manufacturing margins are so good that a profitable export business can be built up on these. In any case, there must be a strict adherence to the policy of making available raw materials for export production and there should be no interference with this supply on any account. It may even be necessary to make available raw materials in advance of firm orders, in order to eliminate delay in the fulfilment of these orders when they are actually placed. International markets are fully competitive and, since we have not yet established a reputation, we should not suffer from handicaps with regard to supply of raw materials, etc.

While these steps are being taken, it would be necessary also to provide for speedier and bolder export assistance than hitherto as a gap between internal costs and external prices is inevitable. The procedures for grant of such assistance should be simplified as much as possible. At the same time, there should be a continuity regarding export policies and Export Promotion Schemes, so that businessmen can plan their production programmes for export in a suitable fashion.

The target of Rs. 5,100 crores which would mean an annual increase of Rs. 50 to 60 crores or a monthly increase of Rs. 5 crores over exports of corresponding month of the previous year is within our reach, provided we are conscious of the paramount importance of exports for our development and are willing to strive to achieve them at any cost. Continuity of policy and willingness to bear a certain amount of temporary inconvenience and quicker procedures for export assistance programmes will have to be the watchwords of the export policy for the Fourth Plan.

AUSTRIA AND E.E.C.

Considerable progress has been made these past weeks in Brussels in the discussions on the methods and objectives of an economic arrangement between Austria and the E.E.C. The Member States have accepted the proposition of Austria and the E.E.C. Commission according to which a customs preference—naturally respecting the rules of G.A.T.T.—would be established between Austria and the Community. This represents an important progress, for up until this point in the discussions, some of the Member States had felt that a general European lowering of customs duties such as envisaged within the frame of the Kennedy negotiations, would cause the economic problems between Austria and the E.E.C. to disappear. They will now try in the weeks to come to define the terms and conditions of such a customs preference.

Two possibilities present themselves: one would consist in concluding a customs union or a free trade area with Austria on the basis of Article XXIV of G.A.T.T., which would be completed by certain rules of harmonisation to insure mutual competition. But they are also considering another method by which they would limit themselves to agreeing upon the lowering or suspension of those customs duties which are particularly important in mutual commercial exchanges. By an exception to the general rule of the "most favoured nation" clause, these customs measures would only apply to the trade between the E.E.C. and Austria. However, such an exception to the general rule of "the most favoured nation" clause requires particular authorisation (a waiver) from G.A.T.T. It is hoped in Brussels that a point will be reached early in 1965 where official treaty negotiations on a mutually acceptable base may begin.

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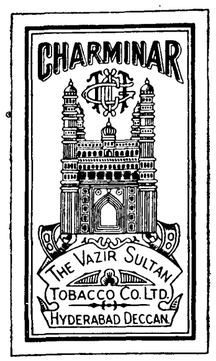

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PROSPECTS FOR EXPORTS DURING FOURTH PLAN

Firm Policy Decisions Needed in Advance

BY DR. PREM CHAND

EXPORT trade is of vital importance for the economic development of any country. In the long run, it is the only source of foreign exchange; foreign loan and capital have to be repaid at some stage or other. Even in the short ran, it is the most important source. For example, during 1956-59, exports provided six times more foreign exchange than that derived from total net long-term capital inflows and official donations to underdeveloped countries. In spite of such an important role, which exports play, very little planning for exports has been done in most of the countries of the free world. The reason for lack of planning in the export sector is due primarily to preoccupation with import substitution. The great difficulties involved in such planning may also be regarded as another reason.

Lately, however, the importance of export planning is being realised. Experience has shown that no planning is complete, satisfactory or dependable without thorough planning for foreign trade. India has had to face acute foreign exchange difficulties; many targets could not be fulfilled because of shortage of imported machinery and of raw materials.

Preoccupation with Targets

Greater thought is, therefore, being given to the export planning in the formulation of the fourth Plan. But, unfortunately, the main emphasis, even now, is on fixing overall and commodity-wise export targets. No proper attention is being paid to lay down policies for achieving these targets. The achievements of targets will not depend upon mere fixing of targets but essentially on the policies followed with regard to production, and distribution within the country, as well as export promotion and salesmanship. If the policies are properly formulated and implemented, exports can be maximised even without any formal export targets. If, however, policies remain uncertain, fluctuate and are biased in favour of State trading as in the past, it may not be possible to achieve even the modest targets. In order to achieve the export target, it is very essential to lay down the policies and pursue them throughout the Plan period, without much changes.

There has been much controversy about the export targets. But it appears that, more or less, it has been fixed at Rs. 5,100 crores. The exports in the final year of the fourth Plan should be Rs. 1,117 crores, as against actual exports of Rs. 794 crores in 1963-64 (Table A). This means that, in the next seven years, overall exports should expand by 41 per cent. The increase in the exports of ores, minerals and scrap, engineering goods and manufactured goods is envisaged at a much higher rate. This would also mean that pattern of export should change considerably as shown in Table A.

Formidable Task

The achievement of these targets is a formidable task, considering the policies pursued in the past. One of the most important problems is the lack of exportable surplus. India could not expand exports of sugar, vegetable oils, chemicals, engineering goods, plantation products and many other commodities because of high domestic demand. The income elasticity for most of the agricultural products (which are the mainstay of India's exports) is very high and the reasons for it are more than one. Therefore, in the fourth Plan, domestic demand may increase at the same rate as, or at a higher rate than, an increase in the level of income. In working out income elasticities neither the F.A.O. nor the Planning Commission has made any allowance for the shift in income, more equitable distribution of income and minimum subsistance level. If allowances are made for these factors for many goods, particularly agricultural based materials, demand may far exceed the estimates made by the Planning Commission or other organisations. It may, therefore, be difficult to achieve the export targets unless definite policies are laid down.

Until recently, exports have been considered as a residue. Whenever shortages developed, particularly in essential goods, exports have been the first sufferer through cuts and bans. There has been no consistent policy. This policy has greatly harmed Indian exports. A foreign buyer cannot consider India to be a dependable source of supply. An Indian exporter cannot make long-term commitments. In future, if export targets are to be achieved, Government must change its policy. Exports should be a first charge on supplies when there are shortages and it is domestic consumption that should be curtailed first. A minimum quantity should be assured for exports year after year, either by curtailing domestic consumption or by creating buffer stocks, meant specifically for exports.

The other major factor on which exports depend is the position of comparative prices. In the past five years, money supply in India has increased more than in many leading exporting countries. Because of higher increase in money supply and high domestic demand, cost of living in India has shown a greater increase than in many other countries, particularly in 1963-64. During the 12 months ending April 1964, cost of living in India has increased by 10 per cent, the highest rise amongst the countries given in Table B.

Indian Goods Outpriced

Because of higher increase in cost of living in India, we are outpriced for most of the commodities in most of the markets. India has become an expensive country even for traditional items like cotton cloth, jute, tea, spices, etc. The Government has tried to overcome this difficulty by import entitlement schemes for various products. But these entitlements have not been fixed on any scientific basis. In many cases, the entitlement is not adequate to provide the necessary incentives to exporter. Moreover, the procedure of getting benefit is very cumbersome and involves lot of delay. In order to encourage exports, Government should so formulate export policies (whether through import entitlement scheme or otherwise) as to ensure that profitability on exports is greater than on domestic scales. The policy should be dynamic and flexible. The relative changes in domestic and world prices should be automatically recognised without any delay or representations.

Much talk is going on about reducing the cost of production in India, so that prices of Indian goods may be competitive. No doubt, productivity in India is very much less than in most of the other countries, whether it is industry or agriculture, but still past progress suggests that, with the present conflicting and uncertain policies, much cannot be achieved. One of the important reasons for low productivity is the uneconomic sizes of units of production, for which the Government of India is greatly responsible. Many uneconomic-size units are allowed so that there may be no concentration of any industry either in a few States or in a few hands. If the policy of diversification continues unabated, without giving due consideration to the economies of scale, Indian costs will continue to be higher than those of its competitors in world markets.

The other important reason for the high cost of production in India is inadequate mechanisation and modernisation. In this regard also, the policy has been very uncertain. Generally speaking, mechanisation and modernisation have been discouraged because they come in conflict with employment policy, which itself is based on wrong notions. If India has to expand its exports of manufactured goods on the scale envisaged in the fourth Plan, the industrial units should be given full freedom to mechanise and introduce the latest methods of operations and production. A definite policy should be laid down in this regard without any further delay.

State Trading

An attempt has been made to boost exports by State trading. The State Trading Corporation and its younger brother, the Minerals and Metals Trading Corporation, have been allowed to import the items in short supply in India, to make huge profits on them by selling them at high prices, and to use the profits to meet losses on exports. But so far the success has been very limited. The State trading organisations have been successful in expanding trade mainly with Soviet Russia and East European countries which also have State trading, and in commodities like iron ore where all exports have to be made through State trading organisation. The S.T.C.'s success in developing exports to free countries or free commodities, if any, has been far from satisfactory. It is not clear what is going to be the future policy. The trade should be told definitely about the exact policy the S.T.C. would pursue in the fourth Plan, so that there may not be any uncertainty and exporters in the private sector may plan their exports on a long-term basis, with confidence about their future.

The tariff policy and export licensing policy also play a very important role in exports. If India has to develop exports, no export duties can be justified, particularly when no exports are allowed without licences. In the past, export duties were mainly for purposes of revenue for the Exchequer. Whenever profitability on exports improved, the Government used to enhance the duty. This discouraged the exporters, particularly when prices were depressed. He was not able to make good the losses in a bad year from the profits of good years. The position, of course, has greatly changed now. There are hardly any worthwhile exportable goods subject to a duty. Even so, the Government would do well to assure the exporters that it would not go back

TABLE 'A'

Pattern of India's Export Trade

Group of commodities	Value of exports (Rs. crores)		Percentage increase 1970-71 over 1963-64	Percentage to total exports	
	1963-64 Actual	1970-71 Estimated		1963-64	1970-71
1. Agriculture and Allied Products ..	193.0	242.4	25.6	24.3	21.7
2. Plantation Products	131.7	175.0	32.9	16.6	15.7
3. Ores, Minerals and Scraps ..	63.1	122.0	93.3	7.9	10.9
4. Textile Fabrics and Manufactures ..	254.6	321.5	26.3	32.1	28.8
(a) Cotton	61.1	77.0	26.0	7.8	6.9
(b) Jute	157.5	177.5	12.7	19.8	15.9
(c) Others	36.0	67.0	86.1	4.5	6.0
5. Leather and Leather Manufactures ..	40.5	50.0	23.5	5.1	4.4
6. Engineering Goods	13.5	50.0	270.4	1.7	4.5
7. Handicrafts	30.7	41.0	33.6	3.9	3.7
8. Other Manufactures	67.1	114.8	71.1	8.4	10.3
Total ..	794.2	1,116.7	40.6	100.0	100.0

Note—Targets as fixed by the Board of Trade in August 1964.

TABLE 'B'

Changes in Money Supply and Cost of Living in India Compared with Selected Exporting Countries

(With 1958=100)

Name of the country	Money supply		Cost of living	
		Percentage increase in 12 months ended April, 1964	Index in 1963	Percentage rise in 12 months ended April 1964
India		13	119	10
U.S.A.		3	107	2
U.K.		6	111	2
Germany		9	113	2
Canada		6	106	2
Japan	250	21	126	4
Australia	113	9	108	1
Belgium	133	5	108	4
France	198	12	126	4

Source : I.M.F.—*Monthly Financial Statistics.*

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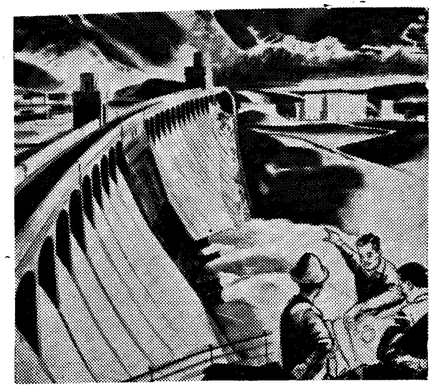

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to the policies of the past if and when circumstances turned favourable for them.

The Government has greatly liberalised export licensing policy. More items have been brought on the free licensing list and in many other cases licences are issued more freely than in the past. Still much remains to be done. Except a few vital items of defence and food, all others should be allowed freely to be exported if the aim of maximising exports is to be achieved fully and in time. The licensing procedure should also be simplified; the Government has recognised the need, but, unfortunately, very little has been done so far.

Salesmanship

Besides availability of exportable surplus, competitive prices and right export policies, another most important factor for the success of export drive is vigorous salesmanship. Unfortunately, this factor is also not favourable in India. The State Governments take very little interest in the development of exports. They look purely from local point of view and do not encourage the development of exports to the desired extent. The trade is also inexperienced, particularly the newcomers, and many of them do not have sufficient resources and knowhow to develop exports. The Central Government has given some thought to it. Indian Government commercial offices abroad have been strengthened to supply more information to trade, conduct trade fairs, exhibitions and shows, etc. But the most effective method, the opening of sales depots, has received very little attention. Opening of sale depots in all the big commercial centres of the world is the best way of conducting publicity and promoting sales. When India is planning to expand exports of engineering goods and consumer durables, this is one of the effective ways of expanding exports, particularly for items requiring after-sales service. Thought should be given by leading manufacturers, exporters and Government to the question of appointing selling agents for branded products. If the selling agents are local persons who are allowed to import on consignment basis, sales of durable goods may receive a good push, provided the commission offered to them is higher than that offered by established exporting countries or what they earn on home produced goods.

There are several other problems such as adequate storage facilities at ports, quick and dependable transport, adequate and cheap credit, plentiful supplies of raw materials, etc. These problems have been discussed times without number and the Government recognises their importance. But so far no satisfactory answer has been found for any of them. There has been more talk and less action. Unless the Government takes a more realistic attitude, it may be difficult to solve them.

The policies of India apart, the policies pursued by the importing countries also play an important role in developing export markets. There are various types of restrictions imposed by the developed, as well as underdeveloped, countries on imports. Efforts are being made to secure liberalisation of import restrictions and reductions in tariffs. But, for a variety of reasons, India cannot depend upon them to any great extent, for the likely reliefs may be small and belated, though there is a lot of lip-sympathy in the Western world for the difficulties of developing countries in finding export markets.

World trade is expanding fast. Viewed in this context, the export targets fixed by India for its fourth Plan are not ambitious. If realistic policies are followed and more free hand is given to exporters in the private sector, it will not be difficult to surpass the targets. But the "if" here is a big one, for none can take it for granted that the policy-makers in this country would be wiser than they have been hitherto.

RAILWAYS AND EXPORT PROMOTION

(*Concluded from page 72*)

The transit of such wagons is carefully watched right up to the port.

The other important side in the foreign exchange drive is the reduction on the strain on the balance of payments through efforts to save on imports. Here again the railways have achieved valuable results by setting up their own production units and fostering indigenous production of wagons, tele-communications, electrical equipment, etc. It is noteworthy that, while the foreign exchange component in the Railways' second Plan was Rs. 319 crores out of a total outlay of Rs. 1,043 crores, the corresponding figure of the much larger third Plan outlay of Rs. 1,581 crores is just Rs. 283 crores. The railways' production units at Chittaranjan, Perambur and Varanasi are standing monuments of the great strides made to attain competency in manufacturing modern equipment of the most up-to-date designs.

In the context of substantial progress in developing technique and know-how in the manufacture of railway rolling stock and other equipment, there is abundant opportunity of entering the export field, especially the developing countries in West and South-East Asia, Africa, etc. The development of industry in these countries is somewhat rudimentary at present and, with one or two exceptions, they are not large enough to maintain a well-deeloped railway equipment industry which, of necessity, has to be based at least, in the first instance, on internal demand. In some of the neighbouring countries, there are some common standards and practices in railway working as a result of past associations when under British rule. This is an added factor in our potentiality to enter the market of these countries.

The main field for substantial exports of railway equipment would at present appear to lie in freight wagons and passenger coaches. Although the Indian railway rolling stock manufacturing industry is more or less fully booked with home orders, some capacity has to be diverted for export purposes, when the need arises. Several handicaps have to be faced due to shortage of raw materials like pig iron, coke, special steels and other non-ferrous metals and also the generally higher steel prices obtaining in this country *vis-a-vis* the ruling international prices. Also, for most of the developing countries, a decisive factor is the affording of some long-term credit or deferred payment terms. Despite these difficulties, the task of acquiring a foothold in the export markets is being tackled resolutely. Some exports of track materials have already commenced to some neighbouring countries. These were of the order of Rs. 38 lakhs in 1963-64. It is expected that, with the coordinated efforts of the railways, the Ministry of Commerce, State Trading Corporation and the railway equipment manufacturers in the private sector, the export of rolling stock and equipment would gain momentum and increasingly earn precious foreign exchange for the country.

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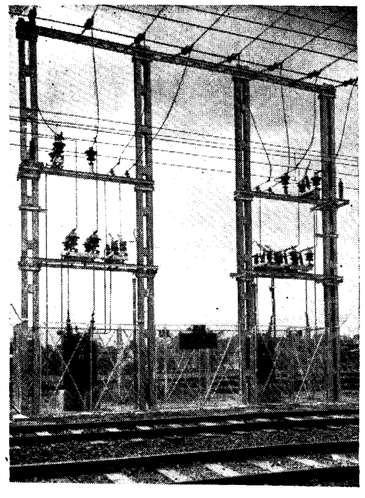

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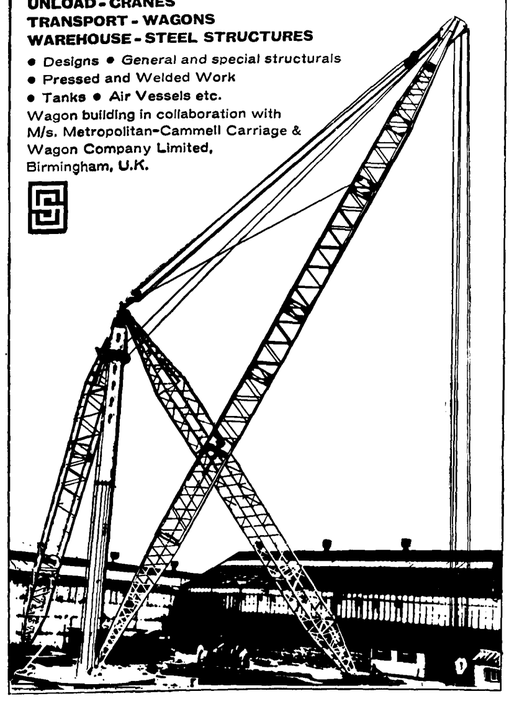

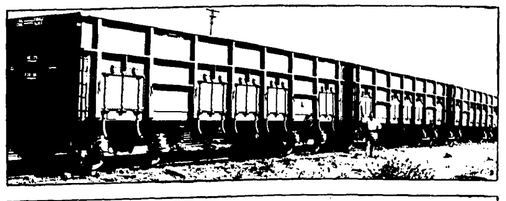

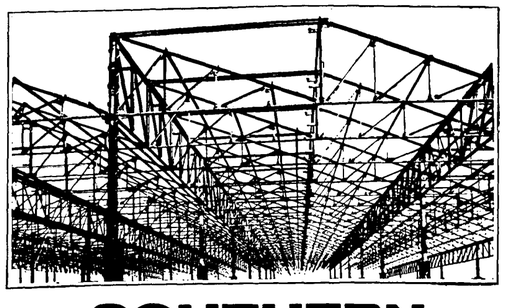

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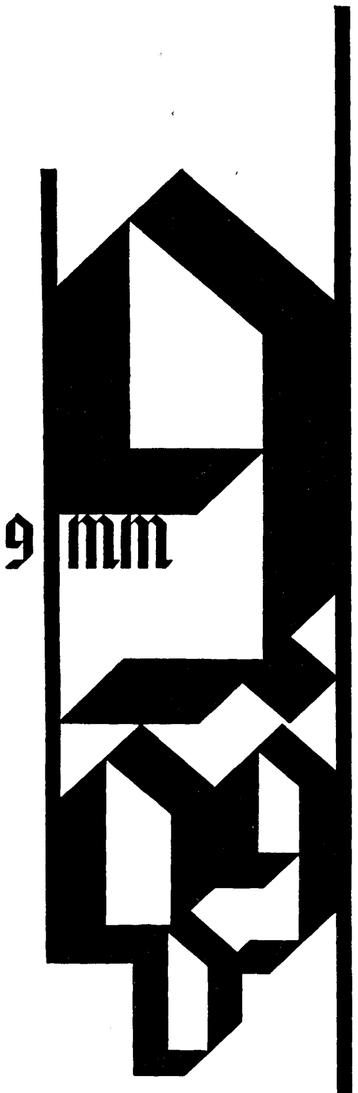

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General Insurance As An Item Of Invisible Foreign Trade

By R. M. DESAI

GENERAL MANAGER, INDIA REINSURANCE CORPORATION LTD.

SERIOUS efforts are being made at the present time to improve the balance of India's foreign trade. It may, therefore, be topical to consider in this context an important invisible item of foreign trade, namely, general insurance.

When an Indian insurance company grants insurance cover on any foreign property or interest, this constitutes an 'export' of insurance services. The company may accept the insurance either from its office in India, or through a branch office or agency organisation located abroad. Alternatively, the company may accept foreign business by way of reinsurance from an overseas insurance company. In this article, the word insurance is used in its broad sense to include 'reinsurance,' the latter term being specifically referred to where necessary. It may just be explained that, when an insurance company issues a policy for a large amount, it may not wish to carry the whole liability for its own account; the company may, therefore, agree with another company to pass off a portion of the liability to the latter, in consideration of an appropriate premium. This transaction is known as reinsurance.

Gain and Drain

An Indian company accepting foreign business would earn the premium for shouldering the liability. A portion of the premium goes to meet the acquisition costs of the business—e.g., agency commission, brokerage, etc.—and the administrative costs of any foreign organisation maintained by the company. The company has also to settle any claims in respect of the foreign business accepted by it. The balance of premium remaining after providing for all outgo represents the net 'gain' of foreign currency. If, however, the outgo by way of costs, claims, etc., exceeds the premium income, the export of insurance services would result in an exchange 'drain,' instead of giving rise to an exchange 'gain.'

An 'import' of insurance services similarly arises when a foreign insurance company insures any property or interest in India, the acceptance being made by the company's office abroad, or through its branch office or agency organisation in India, or by way of reinsurance from an Indian insurance company. The premium on such insurance, after deducting the outgo by way of claims, expenses, etc., constitutes the 'drain' of foreign exchange from the import of insurance services; if the outgo exceeds the premium, an exchange 'gain' accrues.

India, in common with other developing countries, is a net importer of services like shipping, banking and insurance. The bulk of the import of insurance services is from the United Kingdom. There are several well-established British companies operating in the Indian market, and, in 1962, they accounted for over 70 per cent of the total gross direct premium income of foreign companies in India. Apart from this, a large portion of the reinsurance from the Indian market gravitates to London, where there is a large and competitive reinsurance market provided by Lloyd's Underwriters and various other companies. The other chief countries sharing in the insurance and reinsurance from the Indian market are Switzerland, Germany, France, Sweden and Italy on the Continent of Europe, the United States of America and Commonwealth countries like New Zealand, Australia and Canada.

Recent Trends

In order to appreciate the present position of the exchange drain from India arising out of insurance, it is necessary to consider the trend in the development of insurance business in India and abroad in recent years. For this purpose it should be noted that general insurance is customarily divided into three branches, namely, Fire, Marine and Miscellaneous. The Marine branch is further sub-divided into two classes, namely, cargo insurance and hull insurance of vessels. All classes of business not falling under fire or marine are grouped under the miscellaneous category. The chief component of the miscellaneous section is motor business; other important classes of business under this section are burglary, cash-in-transit, fidelity, personal accident, public liability, workmen's compensation, engineering, aviation, etc.

Fire Insurance

In India, fire insurance business has shown consistently good profits over a number of years. This branch has furnished the main support for the development of Indian companies, as the experience in other classes of business has either been marginal, or the liabilities involved so high that Indian companies could keep for their own retention only a small proportion of the premium. Insurance development in India, in relation to the size and population of the country, has been much less than that in other developed markets. The smaller volume of business requires a higher safety margin in the premium rates, so that a few catastrophic losses may not upset the overall account of the Indian companies. Similarly, as the insurance organisation has to be spread over a larger geographical area for tapping a relatively small volume of insurance business, the acquisition and administrative cost of the business tends to be higher. Fire rates in India have, in view of very good experience, been reduced thrice in the past ten years. It is, however, clear from the considerations mentioned above that the rates must be stabilised at a level which would leave a reasonable margin of profit to ensure the proper growth of Indian companies. This alone would enable them to build up adequate reserves, which most of the companies operating in the more developed markets have already done.

Marine Business

As regards other classes of insurance in India, marine cargo business has been showing only marginal results for quite some time. The parties entering into foreign trade have the option of placing the marine insurance at either end of the voyage and, therefore, marine premium rates are subject to the influence of international competition and the level of marine rates in recent years has been barely adequate to cover the cost of acquisition and of claims. Marine hull business, on the other hand, has shown very good profits in India in the recent past and the premium volume has also expanded considerably, due to the rapid growth of Indian shipping tonnage. The business, however, involves high liabilities which may arise in the event of a total loss of a large vessel. As a result, Indian companies have been able to retain for their own account only a relatively small proportion of the hull premium and the bulk of the business has had to be reinsured. During the past couple of years, marine hull rates have been substantially reduced, and the profit-margin on this business is, therefore, likely to decline.

Miscellaneous Business

Motor business, which accounts for about 70 per cent of the premium under the miscellaneous section, has shown a high loss ratio, and the number of claims is ever increasing. Motor rates have been increased on a couple of occasions in recent years, but the experience of the business still appears to be just marginal. Other branches of miscellaneous business have shown generally good results, but the premium volume is small. The premium from aviation insurance has increased substantially with the growth of the fleets of the commercial airlines in India, and the business has shown large profits. Just as for marine hull business, Indian companies have been able to retain only a small portion of the aviation premium, in view of the high liabilities involved, and the bulk has been reinsured. Quite recently there has been a substantial reduction in the aviation premium rates.

Overseas Markets

In the overseas markets, too, fire insurance has traditionally been the most profitable branch. Certain territories like the U.S.A. and Canada, however, have shown adverse results for fire business for a long period. In the U.K. and most countries of Europe, the results were good in the early 1950s. However, starting from about 1956 onwards, there has been a steady decline in the results of fire business in these territories and conditions have so deteriorated by now that companies are incurring sizable losses on their business. Companies in the developed markets have built up large funds over a period of years and have, therefore, tended to place more reliance on their investment income than on their underwriting profits. Nevertheless, companies have now become concerned with the increasing underwriting losses, and rate increases have recently been introduced. It will take years before the full effect of the rate increases can be felt on the fire insurance results in these markets. From amongst the other developed countries, fire insurance results are found to be profitable only in Japan and to some extent in Australia and New Zealand.

Results of fire business in the undeveloped markets have generally been good, but operations in these areas are rendered difficult by unstable political and economic conditions, currency devaluation and restrictions on transfer of money. Marine insurance has for a long period been showing generally marginal results in most territories; moreover, due to the underwriting-year system of accounting adopted for this class of business in view of its peculiar nature, the trend of the results is difficult to gauge until a few years have elapsed. Motor business has been bad in most of the areas, with a further deteriorating tendency, and has at best been marginal in other areas.

Components of Invisible Foreign Trade in General Insurance: Adequate statistics are not available to find out the exact drain of foreign exchange through general insurance. An attempt is, however, made here to analyse the chief components of the invisible foreign trade in general insurance, which are set out below, to see to what extent they contribute to foreign exchange gain or drain, and to consider the ways in which the position could be improved in the future:

Invisible Exports

1. Insurance transacted by foreign branches of Indian companies.
2. Reinsurance accepted by Indian companies from foreign companies.
3. Insurance accepted in India by Indian companies on foreign properties or interests.

Invisible Imports

1. Insurance transacted by Indian branches of foreign companies.
2. Reinsurance ceded by Indian companies to foreign companies.
3. Insurance accepted abroad by foreign companies on Indian properties or interests.

Before passing on to the consideration of the individual items, a general remark may be made regarding the statistics given in the paragraphs that follow. The figures for the insurance transacted by foreign branches of Indian companies, and by the Indian branches of foreign companies, show the profit or loss made by these companies in different years. Similarly, the figures for the net exchange drain arising out of reinsurances accepted from abroad and ceded abroad, have been estimated on the basis of the profit or loss from these operations. In computing these figures of profit or loss, certain provisions for future liabilities, such as reserves for unexpired risks or for outstanding losses, would be included, in addition to the items of cash income and outgo. There may thus be a considerable divergence between the actual currency transfers, which represent the exchange gain or drain, and the profit and loss figures which show the underwriting experience. All the figures quoted in the following paragraphs are from the *Indian Insurance Year Books.*

Insurance Transacted by Foreign Branches of Indian Companies: Indian companies write a substantial volume of business abroad through their overseas branches and agencies. The operations of these companies are extensive in many countries of Asia and Africa, particularly those where there is a large Indian trading community. In 1962, Indian companies wrote outside India a total gross direct premium of about Rs. 10 crores, as against Rs. 35 crores written by them in India.

In normal course, these foreign operations of Indian companies should yield a considerable exchange gain to India. Unfortunately, however, the claim experience of this business appears to have been adverse in the past few years, resulting in exchange drain; estimates of the underwriting losses incurred by the companies are given in the following table:

Claims Experience of Foreign Business
(In crores of rupees)

Year	Profit (+) or loss (—)			
	Fire	Marine	Miscellaneous	Total
1960 ..	+0.10	—0.38	—0.46	—.74
1961 ..	+0.01	—0.51	—0.53	—1.03
1962 ..	—0.05	—0.18	—0.95	—1.18

The chief losses have been incurred in marine and motor business, the experience of the latter being specially unfavourable in a number of countries.

In computing the above figures, it is not clear how head office expenses incurred in India to administer the foreign business, have been treated. If these expenses have been taken into account in arriving at the figures, the actual exchange drain in foreign currency would be that much lower.

Future prospects for overseas business of Indian companies are beset with difficulties. Nationalisation of insurance has recently closed for Indian companies certain important markets like Egypt, Burma and Ceylon. Political and economic conditions, and restrictions on currency transfer, have made operations in certain other areas, e.g. Pakistan and Indonesia, increasingly difficult. Domestic insurance companies are getting progressively more powerful in their national markets, and the business available to foreign insurers, including Indian companies, tends to be of inferior quality or involves higher cost of acquisition, thus reducing its profitability. Motor business, which accounts for an important and growing proportion of general insurance premium, is becoming increasingly unprofitable in most territories, owing to a number of causes like increasing density of traffic, expensive designs of cars, and ever larger third party awards granted by law courts in motor accident cases. In addition to all this, insurance business in general is itself going through an unfavourable cycle in many of the areas.

In the circumstances, many Indian companies operating abroad have started pruning their portfolio, so as to eliminate much of the unprofitable business. At the same time, it must be recognised that insurance business runs in cycles and companies have to keep their overseas organisations going during an unfavourable cycle in the expectation of recouping their losses when the business improves.

Insurance Transacted by Indian Branches of Foreign Companies: Before the Second World War, foreign insurance companies in India were in a dominant position and wrote a major portion of the insurance business in the country. Since then, Indian insurance companies, aided by the passing of the control over industry and commerce to Indian hands and the rise in the national consciousness to support Indian enterprise, have made rapid progress, and the percentage share of foreign companies in insurance business in India has been declining progressively. In 1948, foreign companies wrote 44 per cent of the total insurance business in India; the share had come down to 37 per cent by 1956, and this has declined further to 26 per cent by 1962.

Most classes of general insurance in India have shown good profit over a number of years. The experience of foreign companies in India has even been better than their Indian counterparts. This is probably because a large portion of the business of foreign companies comes from tied accounts of foreign commercial concerns in India, whose loss experience is better than the general market business. These companies can also be more selective about their underwriting in India as compared with Indian companies for whom the Indian market would be the chief source of business. The following table shows the profit made by non-Indian insurers relating to insurance business transacted in India during the years 1958 to 1962:

(In crores of rupees)

Year	Profit (+) or loss (—)			
	Fire	Marine	Miscellaneous	Total
1958 ..	+0.66	+0.20	+0.19	+1.05
1959 ..	+0.76	+0.18	+0.22	+1.16
1960 ..	+0.86	+0.13	—0.16	+0.83
1961 ..	+0.95	+0.13	+0.25	+1.33
1962 ..	+1.05	+0.23	+0.32	+1.60
Total 1958-62..	+4.28	+0.87	+0.82	+5.97

The above statistics relate only to the underwriting experience of the companies and do not include figures of their miscellaneous income.

The income of the foreign companies in India, including underwriting profit and miscellaneous income, would be subject to Indian tax at the prevailing rates. The surplus remaining with the companies would give rise to exchange drain only as and when the actual funds are remitted out of India.

India follows the policy of freedom of trade, and foreign companies would thus always have an opportunity of transacting whatever business they can secure in India. Their share of the total premium has been declining. But, in recent years, a number of industrial enterprises are being set up with foreign capital collaboration and a portion of the insurance business of such enterprises is naturally placed with the Indian branches of overseas companies with whom the foreign collaborator has connections. Thus, the drain of foreign exchange, through the operations of foreign companies in India, would remain.

Reinsurances Accepted by Indian Companies from Foreign Companies and Reinsurances Ceded by Indian Companies to Foreign Companies: Under the current Reserve Bank regulations, it is generally not possible for a party in India to place direct insurance abroad. There is no restriction, however, on an insurance company writing business in India about placing reinsurance with companies in India or abroad. This freedom of reinsurance is vital, because, unless adequate reinsurance coverage is available, a company's financial position could be severely strained by a catastrophic loss. Reinsurance fulfils the useful function of achieving an international spread of large risks. There is similarly no restriction on the acceptance of reinsurance by companies in India from overseas companies.

Separate figures are not available to indicate exchange gain or drain arising respectively from reinsurances accepted from foreign companies, and those ceded to foreign companies. However, the net drain in respect of both these types of reinsurance transactions taken together has been estimated as under:

(In crores of rupees)

Year	Net exchange drain			
	Fire	Marine	Miscellaneous	Total
1960 ..	1.26	—0.32	0.90	1.84
1961 ..	0.99	0.43	1.85	3.27
1962 ..	1.78	0.04	0.24	2.06

Most of the reinsurance transactions with foreign companies are done under "reinsurance treaties." A treaty is a formal agreement between the insurer and the reinsurer, whereby a specified portion of the former's business is automatically reinsured with the latter. Treaties are often exchanged on a 'reciprocal' basis, each company accepting a portion of the reinsurance of the other, with the idea of matching the business exchanged. Certain business of inferior quality or involving high liability may not merit reciprocity, and would be reinsured on a non-reciprocal basis.

The bulk of the reinsurance transactions in the fire branch are done on a reciprocal basis, and it will be seen from the above figures that it is this branch which has contributed the most to the exchange drain in recent years. This is due to the fact that reinsurance trading by Indian companies has been subject to a double disadvantage. Indian fire business has shown good results and has thus given rise to large profits being given away to companies abroad on reinsurances placed with them. On the other hand, as fire business has been unprofitable in most of the areas from which Indian companies accept reinsurance business, the companies have incurred losses on their reinsurance acceptances. The following are some of the measures for improving the position and companies in the Indian market have already started implementing most of these measures:

The underwriting capacity of the companies in the Indian market can be gradually stepped up so as to retain as much as possible of the profitable Indian business within India. There are a number of methods to achieve this objective. Companies can consider increasing their net retentions within the limits dictated by prudent principles of underwriting. One method by which retentions could be increased to a level beyond what would otherwise be feasible is to obtain reinsurance cover on "excess loss basis" to protect the increased retentions. With this method of protection, the company has to bear on its own account all small losses upto a stipulated figure, and the reinsurer is responsible only for the occasional larger losses in excess of this figure, as a result of which the premium to be given away to the reinsurer is modest in comparison with the premium retained by the company.

Another way of increasing the business absorbed within India is for companies in India to exchange as much as possible of the reinsurance business amongst themselves. It would be useful to evolve a voluntary understanding among companies in India that they should not seek reinsurance abroad before exhausting the capacity of the Indian market. A convenient method of organising an exchange of business amongst companies in India in a systematic way would be to organise a pool to which all companies can contribute a good portion of their business. The business so pooled may be suitably protected by an excess of loss cover, so that the results of the pooled business may not be upset by a few catastrophic losses. The pooled business can then be distributed back to the companies, generally in proportion to their contributions. It is felt that there is good scope for increasing the retention capacity of the Indian market substantially by these methods.

There would still be a good volume of reinsurance business to be ceded abroad. The drain on such reinsurances can be reduced by obtaining higher commission and profit commission terms on the reinsurances given out, so as to restrict the net profit to the foreign reinsurers to a reasonable margin.

For reinsurance business ceded out on reciprocal terms, the difficulty has been that the reciprocal reinsurance acceptances, emanating largely from the U.K. and Europe, have recently tended to be unprofitable. This has made it necessary for Indian companies to develop contacts with companies in other markets where the insurance business is still profitable and to achieve greater geographical diversification of business by establishing reinsurance exchanges with such companies. The companies in the markets where the business has been unprofitable for some years are also getting concerned over the situation. Various steps, including increase in premium rates, are being implemented to reverse the trend and this might lead to a gradual improvement in the quality of the reinsurance business obtained by Indian companies from these markets.

It may be noted that the increased absorption of business in India by obtaining excess of loss protection does leave a certain exchange drain arising out of the premium payable to the excess of loss reinsurers. If the surplus business of the country could be exchanged against business of similar profitability from foreign companies, even this drain can be avoided. However, in the context of the present disparity in the profitability of business in India and that abroad, the stepping up of retentions by means of excess of loss protection would involve a smaller exchange drain than might otherwise arise. Even apart from this, a certain drain on foreign exchange from fire insurance will continue, mainly from premium paid to foreign reinsurers for obtaining excess of loss covers to protect Indian companies against catastrophic losses arising as a result of earthquake, riot, etc.

There are certain classes of insurance business, such as aviation insurance and hull insurance of vessels, where the liabilities involved are very large and the relative premium income is comparatively modest. Reinsurance assistance to a substantial extent from overseas markets is necessary for these classes of business. The bulk of the exchange drain from marine and miscellaneous business arises from these classes. The margin of profit available on the business appears likely, however, to go down in future, as the premium rates for these classes have recently undergone a substantial reduction, and the profit drain to foreign reinsurers is also expected to be reduced correspondingly. With the rapid growth of Indian shipping tonnage in recent years, the premium income from hull business has increased substantially; there is now a much better balance between the premium income and the liabilities involved in hull business. As a result, there is good scope for increasing the absorption of hull business in India by adopting the pooling method referred to earlier. Some exchange drain arises from excess of loss covers for motor business placed with foreign reinsurers, but there is now the capacity to absorb such covers fully in the Indian market and companies should avail of this facility to avoid the drain.

In order to enlarge the capacity of the Indian market, most of the companies operating in India, both Indian and foreign, joined together in the formation in 1956 of a reinsurance company as a co-operative venture. Another company in the public sector started later to operate as a reinsurance company. These two companies have been recognised as approved Indian reinsurers and, under an amendment of the Insurance Act in 1961, they receive, by way of reinsurance, fixed shares of the general insurance business whitten by all companies in India. These reinsurance ventures are expected to help the Indian market in a number of ways. They help to increase the retention of business in India, first by contributing their own retention capacity, and further by pooling a portion of the entire Indian business received by them under the provisions of the Insurance Act and distributing it back to the various companies in small shares, which each company can keep for its own account. These reinsurance companies could also be of assistance in the organisation and management of voluntary pools, mentioned earlier

(*Continued on page 99*)

Economic Planning and Control of Industrial Costs

Problem Getting More and More Complicated

BY DR. S. K. MURANJAN

A USEFUL approach to understand the problem of control of industrial costs in our present-day economy would be to divide industries initially into two broad categories. There are industries which are based on raw materials supplied by our agriculture in the sense that these raw materials account for from 40 to 90 per cent of the total product costs. In other industries, costs may depend largely on the prices of raw materials fabricated by other industries or are spread over a myriad heads of expenditures, so that no particular head predominates.

Agriculture-based Industries

Industries based on agriculture as indicated above have to be considered separately, for their competitive position and efficiency depend on agricultural policy for the country in general. This is not the place where we can embark on a general analysis of our agricultural policy of the last three Five-year Plans. The shortages of foodgrains have merely highlighted our dismal failure on this front. But it is doubtful whether the public in general has grasped the complex character of this failure. In an eight-column article in the *Commerce Annual Number* of December 1961, I had made an effort to discuss the vexed question of incentives in land cultivation. Our agricultural crisis had then been in the incubation stage for more than two years. Under the influence of importations of wheat and rice, foodgrain prices were relatively stable. But agricultural raw materials were already out of parity with world prices and quite contrary to world trends.

A Few Examples

A few examples may well be cited. Prices of our raw cotton have always been knocking at the stipulated ceilings. In the world at large, on account of the U.S. policy and massive exportation of American and Mexican cotton, prices have shown a constant downward trend. If the average ceiling price of our relatively low-staple cotton is compared with similar price of American high-staple cotton, our cotton is clearly too high priced. Is it any surprise that our cotton goods are in most cases sold at a loss or at prices which are substantially less than the domestic prices? It is well known that till Cuba came to our rescue in an unexpected manner, our raw sugar was sold abroad at heavy loss. This is largely because of the political influence of producers of sugarcane in U.P. and Bihar. Sugarcane growers in these areas hardly produce 10 tonnes of cane per acre. But, although till the advent of Cuba the cost of sugarcane for one maund of refined sugar was more than the corresponding world price of sugar, the political trend was to demand and concede a higher and higher price. The cultivator in the South demanded and obtained a comparable price for his cane, although his output per acre is more than 30-40 tonnes. Even before the present upsurge of groundnut prices, our position relatively to the world was not less deplorable. Groundnut oil from Nigeria was laid down in London at Rs. 1,400 per ton. Our groundnut cost of manufacturing one ton of oil even after taking into account all by-products was several hundred rupees in excess of this level. We were then exporting oil and *vanaspati* by making the consumer of copra oil pay a price several hundred rupees per ton higher than he need have paid on the basis of actual costs.

It is difficult to say, on the basis of available evidence, to what extent the present food crisis has been aggravated by shift from foodgrains to commercial crops. In a general inflationary situation, the secondary factors are apt to remain smothered and invisible. What is quite clear is that agricultural prices have to be considered together in their proper mutual alignment as well as their world alignment. All are agreed that the only real solution of our agricultural situation and, therefore, of a large part of our industrial situation, as in cotton textiles, sugar, oil, *vanaspati*, etc. is to raise in a marked manner the per-acre productivity of our agriculture. But what have we achieved in the last three Plans? Not even a dent is visible on this great impediment to progress. We shall make no dent so long as we prefer to create and live in a political Bedlam from which escape is becoming more and more difficult.

Other Industries—Location

It is difficult to generalise about the other category of industries indicated above. Their levels of costs depend on innumerable factors like location, technology and scale of production which are closely interrelated, standardisation of products, scope for initiative and innovation, labour-efficiency insofar as it depends on labour itself, management insofar as management is free to manage anything, etc. For this reason, every industry is in a class by itself. No uniform methods of cost analysis or cost control can be devised which will hold valid for even a limited number of industries. Any effort to reduce cost control to routine procedures must inevitably end in frustration. It might be fruitful, however, to indicate here some of the difficulties which are impeding our transition to lower levels of costs.

Location of industrial units will always raise difficulties. Each decision of location has to be made in the context of existing and foreseeable circumstances. When bamboo pulp displaced soft-wood pulp previously imported, the pioneer units of paper industry found themselves considerably embarrassed. If bagasse takes the place of bamboo pulp on any large scale, the migration of the industry to new areas is quite a possibility. The sugar industry of U.P. appeared very attractive till the South proved to be a much more prolific area for cultivation of sugarcane. The Indian Aluminium Company correctly located its rolling mill near the market in Calcutta when aluminium ingots were imported for fabrication. When Kerala developed cheap electricity, an alumina melting plant with alumina imported from abroad was erected at Alwaye. But when cheap electricity developed near bauxite areas, all the three branches of the industry began to think of locating themselves in Bihar, Maharashtra etc. The light-fingered and light-bodied labourer from West Maharashtra, with his traditional inclination developed by the cotton-goods exporting textile centre of Bombay, is found much more suitable for that industry than his heavy-fingered, peasant prototype in Rajasthan. Light and heavy engineering industries can be located almost anywhere, provided economic overheads and skilled and industrious labour are available.

As if all these factors are not sufficient, regional pressures are playing havoc with our planned industry. In several States, units are prohibited from removing themselves out of their original habitations. It is true that industry attracts industry and mere prior start confers an initial advantage which clings obstinately to the favoured region. But the proper remedy is not political pressure in the location of units. If our public investments were concentrated on the provision of economic overheads like land, power, water and transport to the maximum extent wherever they could be developed, industry will localise itself to the best advantage of the country. Cost analysis of existing industry should be very helpful in indicating the trends of location and localisation and in correcting serious errors of policy.

Fuel

In the matter of electricity charges, there has yet to be framed a rational rates policy. Both in regard to demand and energy rates, there prevails a multiplicity of levels which are not rationally explicable. In the matter of demand charges, most States are content with three or four scales. But in regard to energy charges, the scales vary from four or five to as many as nine. That the rates should taper off as consumption increases is to the advantage of industry. Industries with small power consumption can bear higher rates, while those like aluminium, with very large consumption of energy, are possible only with considerable concessions in electricity charges. It is nevertheless a matter for high policy how far rates should be allowed to be varied from State to State according to the cost of generation in each unit and how far they should approximate in the interests of the country as a whole. In the framing of these rates, sufficient weight has to be given to the requirements of exporting industries which have to compete with countries where the cost of electricity is only a fraction of what it is in India. In the matter of electrolytic industries which aspire for export markets, this factor plays a very vital part.

Structure and Scale of Production

In an underdeveloped country like ours, the question of scale of production, technology and structure is very complex indeed. The great industrial countries have had their industrial growth spread over periods ranging from one to two centuries. Great industries like iron and steel, textiles, transport by rail and sea, chemicals, electrical goods, motor cars, etc., which are the hallmarks of modern life and civilisation made their appearance at long intervals of twenty to fifty years. These countries had, therefore, the opportunity to concentrate at a time their rising investment resources on a relatively narrow range of production and achieve a scale of production which had an outlet not only at home but also abroad. Our planned development which is meant as an answer to retarded growth of centuries means a task which is truly enormous. Even with liberal foreign aid, our investment resources relatively to the objects of investments must remain for a long time strictly limited. With these limited resources, we are attempting to achieve what is euphimistically called balanced industrial growth.

Balanced industrial growth means in reality the whole complex of modern industries from basic metals to fabricating industries. Self-evidently, with no foreign markets because of the established hold of old industrial giants, all these new industries must depend on domestic markets which because of the level of incomes and development are themselves limited. These markets are no doubt growing with expanding investment but must take considerable time to reach the size which justifies modern technologies and scales of production. Meanwhile, we are faced with problems of industries which boast of no more than half a dozen or less units and whose scale of production is in no way comparable with what prevails elsewhere. Close study of costs should throw much valuable light on scale structure and technologies current in these industries.

Case of Automobile Industry

Our manufacture of motor car and trucks is an example of industry which was launched into existence in haste without proper exploration of the implications of scale, technology or structure. Even after some twenty years of existence, our installed capacity does not exceed thirty thousand passenger cars and fifty thousand trucks. Apart from shift in production, caused by defence requirements, foreign exchange restrictions, imposed partly perhaps by the desire to stimulate expansion of indigenous content, do not permit the full exploitation of even this limited capacity.

Expansion of capacity is a matter of judgment about the investment resources we can afford to spare and the relative claims of passenger cars, passenger buses and trucks. The heavy taxation imposed on automobiles and the heavy, unsatisfied registrations for passenger cars clearly indicate that the total demand is at least twice what the industry is able to meet today. A diesel passenger car is probably more in conformity with income levels of this country, but there is the quite well-founded fear that the appearance of this vehicle would arrest the growth, if not spell the doom, of the petrol car manufacturers. As the Nazis used to say, substance is holy and must not be prematurely discarded. Without a diesel car, therefore, a doubling of the present capacity seems amply justified, if the absorbing capacity of the market is only to be taken into account.

A doubling of the present capacity of automobile industry, with three or four units to share it, would not, however, mean any change in technology. General purpose machinery would still retain its advantages over special purpose machinery. The methods of mass production in vogue elsewhere presuppose a size of the market which we can only dream of in this country as a very distant possibility. Still, it is a reasonable estimate that full capacity production with a doubling of capacity should give us an economy of about Rs. 500 to 1,000 per piece.

Motor car manufacturing units with an output of 40 to 50 thousand

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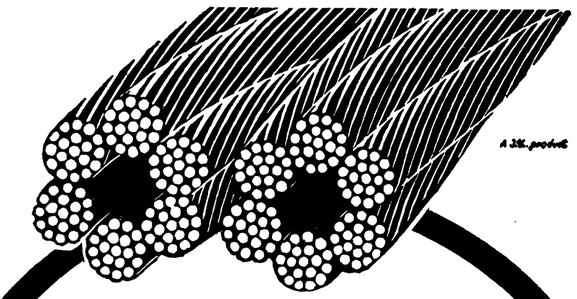

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eces are not unfamiliar in Europe. he quality of the product is cer-inly in no way inferior to that of roducts put out by mass manu-acturing methods. The clue to eir success lies in the structure olved by European industry. Not ore than 25 per cent of the value f the car is manufactured under e roof of the main factory itself. ll other parts are relegated to an-illary producers who achieve the conomies of large-scale production hen they work for several main roducers. The motor car industry n India made its appearance in uch circumstances that we were recluded from such an evolution ven if our producers were inclin-d to favour it. Engineering indus-ries of the ancillary type were not nuch in sight in the 'forties of this entury. They appeared on the stage nly during the late 'fifties when notor car manufacturers had lready taken decisions to set up nachinery for almost all parts they ould produce. High cost of produc-ion was the inevitable result. The rend has now to be reversed but t must take time. On several rounds, reasonable or otherwise, he main manufacturers, by and arge, are not enthusiastic over uch prospects. The recent sugges-ion to set up a main assembly lant and to derive most of the arts from the present motor car nanufacturing units was only a oetic form of this basic idea.

Basic Industries

The position of the so-called basic ndustries is materially different. The scale of production is becom-ng larger and larger as more and more economies are sought. One reason is that by the very character of their products, they do not lend themselves to much diversification of structure. For this very reason, the scope for automation is un-limited. They are great consumers of one or two raw materials or fuel in which economies can be achieved only by bulk use. In the iron and steel industry, advanced countries have ceased to install blast-furnaces of less than 2,500 tons capacity as utmost economy of coal is the primary aim and by-products are important. In the aluminium industry, cells of 60,000 amperes mean substantially less consumption of electricity than cells of 25,000 or 30,000 amperes. A kiln of 500-ton capacity consumes relatively much less coal in the cement industry than a kiln of 300-ton capacity which is now being rapidly eliminated. The petroleum refining and fertiliser industries have even more complicated pro-blems of scale. Yet as the quality of raw materials like coal, lime-stone, etc., vary from factory to factory, no generalisation is pos-sible without close study of costs in the context of each set of circumstances.

From the foregoing discussion, which is inevitably general, one thing should be quite clear. Under our economic planning, the Gov-ernment is taking very far-reaching decisions regarding size, structure, location, number of units, etc., in each industry. Yet, no studies of relative costs in different circum-stances have been made on the basis of which alone sensible de-cisions could be reached. We are depending too much on empirical hunches and guesses which may turn out plausibly correct when industry has to work in close con-formity with natural conditions and facts. But if these natural facts themselves change as in the case of the paper or sugar industry, even these decisions may disclose unsus-pected errors.

That we have been laying up serious troubles for ourselves is abundantly clear from the perils which our export trade is facing. From 1950, our national output has increased in a substantal manner. The world export trade has also recorded a substantial growth. Yet, our own export trade was almost stagnant till two years ago and is showing an upward trend only be-cause of unorthodox export pro-motion measures and because we are prepared to make sacrifices to earn foreign exchange. It is self-evident that this hot-house growth cannot be indefinitely sustained. The basic fact is that whatever monetary or financial policies we pursue, we cannot export unless the quality and prices of our export goods are competitive. But, under economic planning, the classic reasoning about relative prices, exchange rate, etc., holds valid only to a limited extent. Our investment takes place not under the pressure of international trade and competition but in ac-cordance with certain preconcep-tions of economic development in which immediate economic condi-tions and factors play but a subordinate role. As economic planning proceeds, the external disequilibrium, therefore, may not abate and may even become aggravated.

The difficulty can be met only by recognising that growing export trade is a pre-condition of econo-mic planning and export trade can be expanded by deliberate creation of an export sector in every indus-try which offers products accep-table in foreign markets. Under our planning which severely restricts both domestic and outside competition and assures a seller's market for everybody and anybody, not all units in an industry are in a position to make competitive ex-ports. But there must be some efficient units which can make headway even in the highly com-petitive foreign markets. By close cost investigations such units could be identified and marked for export expansion. They should have prio-rity for expansion and capital issues including expenditure of foreign exchange on condition that the whole or substantial portion of the increased output is exported. The present schemes of export-incentives are operating in a curious manner. Even units which are incurring overall losses are participating in exports lured no doubt by import entitlements which either cover their losses by sales of these entitlements to others in a position to pay or enable them to obtain foreign goods of which they are in dire need. It is obvious that the present indiscriminating encouragement does little to place this country on a sound export basis.

Even in industries like vegetable oils and *vanaspati* in which the basic raw material conditions are adverse to export, efficient and enterprising units have found re-medies which may not be all to the benefit of the country. To cover their losses on exports, they have expanded into more diversified products many of which are luxury goods which fetch high prices from the more well-to-do classes. Even if the diversified products are not luxuries, the community has to pay a higher price simply because of our inability to plan rationally.

Our discussion till now estab-lishes at least one or two facts. Investigations for cost reduction must cover a much larger area than those which are needed for fixation of tariffs or fair selling prices. An effort is necessary to place in its correct perspective the cost structure of the industry as a whole. Industrial units which em-bark on diversified products or bring under one umbrella quite unrelated products present difficul-ties of their own. A measure which is suitable to indicate levels of efficiency in one industry may prove altogether inapplicable to other cases. A very wide ex-perience of industries and high analytical techniques have to be combined to reach practical re-sults. Again, cost reduction investi-gations will bear little fruit, if price policies for agriculture, mineral raw materials and pro-ducts of industry are pursued in isolation. It has happened too fre-quently in the past that measures taken in one field have frustrated completely efforts in other fields. With the adoption of planning, we have inevitably created a complex economic structure not amenable to the ordinary forces of demand and supply. There is, therefore, all the greater need that our economic decisions should be strictly rational and not influenced by political and personal whims and preferences.

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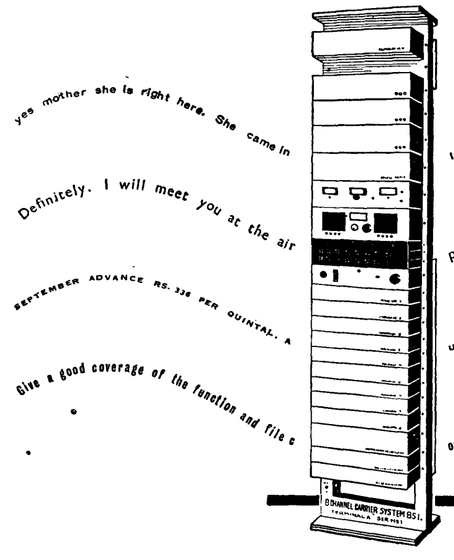

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DEVELOPMENT OF INDIAN SHIPPING

Plan Target Exceeded, But Many Problems Remain

BY RAGHUNATH SINGH, M.P.
CHAIRMAN, NATIONAL SHIPPING BOARD

ALTHOUGH historically India has been a maritime country and her maritime traditions are well known, the growth of Indian shipping is of comparatively recent origin. India had no national shipping policy before she became independent. Efforts made by patriotic Indians to revive the shipping industry in the pre-independence period received practically no encouragement or assistance from the alien Government. On the other hand, the dominant position which the foreign shipping interests enjoyed both in the coastal and overseas trades of India made the progress of Indian shipping extremely difficult.

Progress Since Independence

It is only in the post-independence period that the Government of India have been able to follow a national shipping policy and adopt positive measures of assistance to the national shipping industry. The reservation of coastal trade for national shipping, the setting up of shipping companies in the public sector, the grant of loans to shipping companies on concessional terms for the purchase of ships, the development of national shipbuilding industry, the grant of preference to Indian ships in the allotment of Government-controlled cargoes and, more recently, the raising of the limit of foreign participation in the shipping industry are some of the important measures taken in this behalf. The establishment of a statutory National Shipping Board to advise Government on matters relating to shipping should also be mentioned in this connection.

In the Merchant Shipping Act 1958, statutory recognition has been given to the objectives of a national shipping policy. As a result of the various measures of State assistance, Indian shipping has made steady progress during recent years. The Indian tonnage, which was hardly 100,000 g.r.t. at the end of the last war has now increased to over 1,300,000 g.r.t. While Indian shipping had only a one-third share in the coastal trade of India during the pre-war period, Indian shipping is now carrying the entire coastal trade in dry cargo. (The movement of oil products on the coast is of comparatively recent origin for catering to which there are at present only three Indian tankers carrying a share of about 30 per cent of this trade.) While the operation of Indian shipping was previously confined to the coasts of India, Burma and Ceylon, Indian shipping has now entered most of the important overseas trade routes, such as India/U.K./Continent, India/North America, India/Black Sea Ports, India/Poland, India/Far East/Japan, India/Australia, etc.

Current Plan Period

The progress of Indian shipping during the current Plan period, in particular, has been spectacular. The target originally set for the third Plan was about 1,080,000 g.r.t., the financial allocation for achieving this target being Rs. 51 crores. This target was achieved even before the end of the first two years of the Plan period. A revised target of 1,250,000 g.r.t. which was subsequently set has also since been exceeded. While during the latter part of the second Plan period, the rate of acquisition of additional tonnage was of the order of about 100,000 g.r.t. per annum, this has been stepped up to about 200,000 g.r.t. per annum during the last two years. As already stated, Indian tonnage stands at over 1,300,000 g.r.t. at present and, according to present indications, the tonnage in operation at the end of the current Plan period is expected to reach the figure of 1,500,000 g.r.t. Taking, however, into account the orders for additional tonnage which the shipping companies are expected to place during the rest of the current Plan period for delivery during the early part of the next Plan period, Indian shipping might reach the figure of 2.4 million g.r.t.

A significant feature of the expansion of our shipping during the last one year or so has been the addition of quite a few bulk carriers and bulk tankers for catering to the large movement of bulk commodities like ore, foodgrains, fertilisers, petroleum products, etc., moving in our export and import trades. Till recently, the expansion of Indian shipping had been mostly in overseas liner trades in which it is now having a substantial share. In the tramp and tanker trades, Indian shipping had made little progress but a beginning has now been made in the building up of a fleet of bulk carriers, smaller tramps and bulk tankers.

Long-term Target

Development of shipping is a continuous process. At the same time, we have to review the position periodically and lay down tonnage targets having regard to the trade prospects. The Post-war Reconstruction Policy Sub-Committee had in 1947 recommended a target of 2 million g.r.t. for Indian shipping. This target was intended to carry 100 per cent of the coastal trade, 75 per cent of the adjacent trades and 50 per cent of the distant trades. The volume of our coastal trade was then 2.4 million tons and of the adjacent and overseas trades of about 16 million tons. The total amount of cargo which Indian shipping was supposed to carry when it reached the target of 2 million g.r.t was about 12.2 million tons. The basis on which that Committee made their assessment of our tonnage requirements has, however, considerably changed. For example, the large-scale movement of foodgrains from U.S.A. and the export of ores to various foreign countries are novel features of our overseas trades which were not taken into account by that Committee. Similarly, the requirements of tankers on the coast for the movement of oil products consequent on the establishment of oil refineries also could not be taken into account by the Committee.

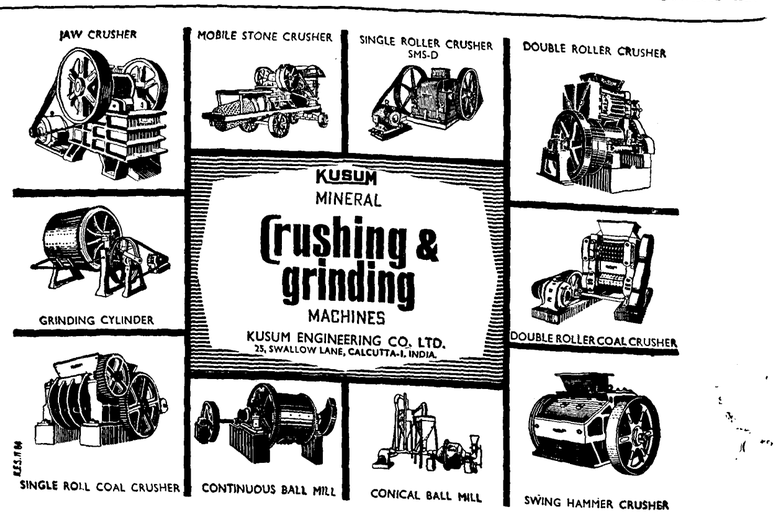
Apart from these changes in the pattern of our maritime trade, the total volume of these trades has also since considerably increased. The volume of our coastal trade is at present about 3.5 million tons of dry cargo (excluding the cargo moving by sailing vessels) and 2 million tons of oil cargo. The volume of our overseas trade has also now increased to about 30 million tons. In view of this change both in the volume and pattern of our maritime trade, we have to fix a revised long-term target for Indian shipping to cover the next 10 to 12 years, say, the period up to the end of the fifth Plan. This question is being examined by the National Shipping Board. Indications are that it will be necessary to fix a target of not less than 5 million g.r.t. to be achieved by the end of the fifth Plan, the target for the fourth Plan being of the order of 3 million g.r.t.

I shall now briefly deal with some of the problems facing the Indian shipping industry today. The most important of these is the existing foreign exchange difficulty on account of which ships are permitted to be purchased from abroad only on self-financing basis. According to this basis, the purchase price has to be paid in instalments over a period of years, together with interest, if any, from the foreign exchange earnings of the ship purchased, no foreign exchange being released from free sources either for the down payment or for any subsequent instalments. While Indian shipowners have been enterprising enough to acquire several ships on this basis, I am told that the acquisition of ships on this basis adds to the capital cost of the ship both by way of premium on the price and interest charges on the outstanding instalments to the extent of 20 to 30 per cent. Such increase in the capital cost tends to jeopardise the competitive position of Indian ships in international trades. Besides, it would be difficult to acquire coastal ships on self-financing basis as such ships do not earn foreign exchange except to a limited extent in adjacent trades. At the same time, the existing coastal fleet contain a large number of overaged and uneconomic units aggregating about 165,000 g.r.t. which will become due for scrapping during the rest of the current Plan period. Their replacement would be possible only if adequate foreign exchange could be found for the purpose. Having regard to the importance of shipping to our national economy, I strongly feel that expansion of shipping should be accorded priority of a higher order in our development Plans and necessary finance and foreign exchange for the purpose should be allocated on that basis. Shipping is a quick earner of foreign exchange and the foreign exchange cost of a ship can be generally recouped from its earnings over a period of six to eight years.

Bulk Cargoes for Coastal Shipping

Another important problem is in regard to the provision of adequate cargoes to coastal shipping on a long-term basis. Coastal shipowners are still uncertain about the prospects of availability of bulk cargoes like coal and salt on a long-term basis in order to enable them to plan their expansion programmes on a rational basis. In the past, coal and salt have constituted 60 to 70 per cent of the coastal trade and the future of coastal shipping largely depends on the continued availability of these cargoes in adequate quantities. There are, however, reports of the volume of seaborne coal being reduced from the present level of 2 million tons per annum for various reasons such as electrification and dieselisation of railways, availability of nearer sources of supply of coal in the South, additional railway capacity to move coal, etc.

It was only three years ago that a decision was taken by Government to move 2 million tons of coal by sea per annum and it was then indicated that this movement would continue on a long-term basis. Encouraged by this assurance, the coastal shipowners have



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during the last two or three years embarked on a programme of expansion of coastal tonnage and it is, indeed, unfortunate that the question of reducing the quantum of coal to be moved by sea should have arisen at all at this stage. If any such reduction is effected, the coastal shipping industry will receive a grievous setback from which it may find it difficult to recover. Essentially, the problem involved is one of transport co-ordination, in order to ensure that each form of transport is utilised to the best advantage in the larger national interest. I hope that the Committee on Transport Policy and Co-ordination set up by the Planning Commission will bear this aspect in mind and that their report, which is expected to be submitted shortly, will contain suitable recommendations for assisting coastal shipping in this regard.

The Two Sectors

Another problem which has attracted attention recently is that of the relationship between the public sector and private sector in shipping. Although I do not feel that this is a problem as such faced by the shipping industry, I would like to refer to it briefly as there has been some controversy about it. This is also one of the important problems on which the National Shipping Board have recently tendered their advice to Government. It will be readily agreed that, when our national shipping has to face international competition in overseas trades, there should be no wasteful competition between the private sector and the public sector within the national shipping industry. It will also be agreed that, when Indian shipping still carries much less than its legitimate share in the overseas trades, there is scope for the expansion of both the sectors in those trades without the interests of one being affected by the other. In my view, which is also the view of the Board, both the sectors should play equally important roles in the development of national shipping for which equal opportunity should be provided. Both the sectors should fully co-operate to mutual advantage and work in harmony in the larger national interest. There is no question of one expanding at the expense of the other, as there is large scope for the establishment of new shipping services in overseas routes. I hope the Board's views in this matter will be accepted by Government.

Manning Personnel

An expanding merchant navy like ours would give rise to several other problems on the solution of which will depend the efficient and economic operation of ships. The most important of these is the requirement of manning personnel. There is already a shortage of officers both on the navigating and engineering side and the position has been accentuated by the drift of officers from sea to shore jobs. It is, therefore, very necessary that steps should be taken to build up an adequate and well-trained cadre of merchant navy officers. The Merchant Navy Training Board have recently gone into this question and have recommended several steps to improve and augment the training facilities for manning personnel. The more important of the steps recommended by the Board are the establishment of a Merchant Navy Training Academy for the provision of a combined initial pre-sea training course for both navigating and enginering cadets, increase in the intake of more direct entry cadets both on the navigating and engineering side, introduction of short-term courses for direct entry apprentices, etc. The National Shipping Board have also appointed a sub-committee to go into this question and that Sub-Committee's recommendations are expected to be placed before the Board shortly.

The acquisition of additional tonnage, particularly bulk carriers and tankers, would necessitate the expansion of the capacity of Indian ports to suit the dimensions and draft of such vessels. It is understood that the port authorities have already under consideration various schemes for the expansion of the capacity of ports and it is very necessary that these schemes should be implemented as expeditiously as possible. It is also necessary that the facilities for loading and unloading of cargo should be improved and modernised in order to minimise the delays suffered by vessels at ports. Undue detention of vessels at ports not only results in wastage of national tonnage, but also leads to their uneconomic operation, involving not only financial losses to shipowners but also increase in the cost of sea transport to the consumers. The recent experience of foodgrains vessels from abroad having to wait in queue at the Bombay port at a time when the country was faced with scarcity of foodgrains is an instance of such delays. The facilities at the ports have an important bearing on the freight rates charged by shipowners. In the case of bulk commodities like foodgrains and ore moving in our import and export trades, any possible reduction in freight rates as a result of improvement of loading and unloading facilities will tend to lower the cost of our import bill and also make our exports competitive in foreign markets. The National Shipping Board have recently appointed a sub-committee to go into the question of mechanising the loading and unloading facilities for bulk cargoes at the ports.

Simultaneously with the development of port facilities, attention should also be paid to the need for the expansion of ship repair and dry dock facilities in the country to ensure the efficient and economic maintenance of ships. Owing to the inadequate facilities available in the country, Indian ships are often compelled to go to foreign ports for repairs, dry-docking and survey and this involves foreign exchange expenditure. This matter has also been recently gone into by the National Shipping Board who have recommended several steps for improving and augmenting the repair and dry dock facilities in the country. It is hoped that it would be possible for Government to implement these recommendations soon.

The development of shipping and shipbuilding industry presupposes the production of the necessary materials and ancillary equipment. The position at present is that many of these items are not indigenously available and their import is also restricted on account of the present foreign exchange difficulty. The Indian shipowners are seriously handicapped on account of the non-availability of these items. The paucity of raw materials, particularly steel, has also constituted a serious bottleneck to the shipbuilding and ship-repairing industry. It is, therefore, essential that steps should be taken to develop the indigenous production of the various items of raw materials, marine stores and equipment needed by the shipbuilding and ship-repairing industry.

All these and other problems will receive the constant attention of the National Shipping Board and it will be the Board's endeavour to formulate proposals for their solution. As I have stated earlier, some of these problems have already been examined by the Board and its proposals have been submitted to Government.

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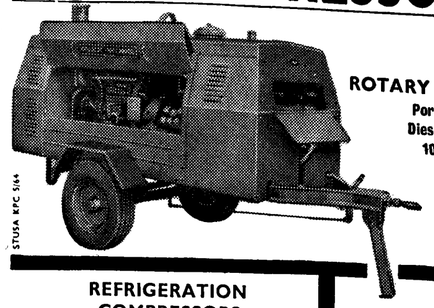

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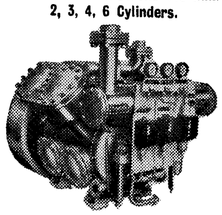

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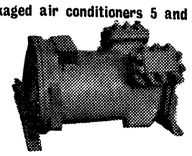

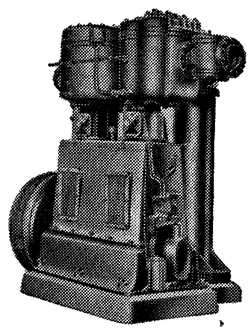

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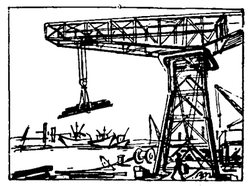

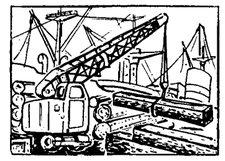

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COMMERCIAL BANKS IN INDIAN ECONOMY

By TULSIDAS KILACHAND

President, Indian Banks' Association and Chairman, Bank of Baroda Ltd.

THE successful implementation of the massive investment programme proposed under the fourth Plan will necessitate equally massive efforts to stimulate and mobilise savings in the economy. The magnitude of the effort can be imagined from the figures of the average *annual* development outlay during the fourth Plan period, estimated at Rs. 4,300-4,400 crores, about 30 to 33 per cent more than the total public and private sector outlay during the entire first Plan period, and about 58 per cent of the total outlay during the entire second Plan period. The banking sector in India, as the largest organised financial network in the economy, will have to face this challenge of mobilising the savings of the people and channelising them on an unprecedented scale, according to investment priorities. On the basis of their performance so far, I feel fully confident about the capacity of Indian banks to shoulder this heavy social responsibility.

Functions of Banks

The primary function of commercial banks in India, as in other countries, is to mobilise the savings of the people and channelise them for productive investment, thus bringing the monetary resources within the organised sector where they are amenable to fiscal controls. With the diversification and the acceleration in the tempo of our economy, this primary and simple objective assumes complex ramifications. The banks have to adapt themselves to the changing economic structure of the country, keeping intact their specialisation of providing short-term credit. The banks have to operate mostly with depositors' money, the safety and liquidity of which remains their guiding principle. All the functions of the banks, and the various roles they are called upon to play in our development programme, must conform to this basic tenet of sound banking. It must be said to the credit of Indian banks that, without sacrificing this fundamental principle, they have shown remarkable vigour and dynamism to suit the changing economic structure of the country during the planning era.

Lending Pattern

The banks have not only mobilised peoples' savings on a satisfactory scale, but have also diversified their lending pattern in accordance with planning requirements. With the rising tempo of industrial activity in the country, there has been a noticeable and welcome shift in bank credit from commerce to industry; they have been taking increasing interest in extending credit to small-scale industries; their lending to the agricultural co-operative banks which have been assigned a special role by the Government in agricultural finance has been on the increase; their share in export finance has increased significantly; and, of late, they have even started taking keen interest in medium and long-term finance in the fields of industry and exports through direct loans and guarantees. Besides investing increasing amounts in Government securities, they have been underwriting and investing in the debentures and share capital of industrial concerns and industrial finance corporations. The range of services offered to clients has widened considerably and, through their vigorous branch expansion programme, they have been contributing towards enlarging the area of the monetised sector, which is a prerequisite for effective monetary and fiscal controls in the economy.

Mobilisation of Savings

In all economies like ours, which are characterised by a low degree of economic integration and monetisation, the task of mobilising savings is truly gigantic. Even after intensive development efforts of more than a decade, about a third of the Indian economy is still non-monetised—the degree of monetisation varying from region to region. Moreover, our economy is still broadly divided into two compartments, agricultural and non-agricultural, or rural and urban. The low degree of monetisation and economic integration hampers the growth of banks. Nonetheless, undeterred by these obstacles, they have made significant progress in mobilising savings, as judged by the growth of their deposits. From Table 1, it can be seen that the total deposits of all commercial banks in India increased from Rs. 904 crores in March 1951 to Rs. 2,535 crores in September 1964, a rise of more than 180 per cent during the period, as against an increase of 80 per cent in the currency in circulation, and 62 per cent in the national income (at current prices) during the corresponding period. Bank deposits increased between 1951 and 1964 from 66 per cent of the currency in circulation to 101 per cent, from 46 per cent of money supply to 68 per cent, and from 9 per cent of national income to 16 per cent.

The degree of success attained by commercial banks in mobilising savings can be seen from the figures in Table 2 which show that bank deposits during the three Plan periods (1951 to 1964 September) increased by Rs. 1,631 crores, considerably more than the currency in circulation, which increased by Rs. 1,148 crores. Their efforts in this direction are being intensified to meet the growing credit requirements of an expanding economy.

Changing Pattern of Bank Credit

How Indian banks have adopted their credit policy to changing requirements of the economy may be judged from the analysis of the level and structure of bank credit during the planning period. This period witnessed a more than three-fold rise in total bank credit (scheduled banks only), from Rs. 579 crores in 1951 to about Rs. 1,816 crores in March 1964. With increasing emphasis on industrialisation, especially after the first Plan, the Indian banks re-oriented their lending pattern in consonance with planning requirements. Industries, which received only 33 per cent of the total bank credit in 1951, increased their share significantly to 57 per cent in 1963, the latest proportion being as high as 60 per cent. The share of trade declined from 52.7 per cent to 27.6 per cent during this period. Even within the industrial sector, high priority industries, such as engineering, cement, steel and transport equipment, have obtained more from the general expansion in bank credit.

Term Finance and Guarantees

Commercial banks in India are the only financial agency providing working capital to industry and trade. In order to meet the requirements of medium- and short-term loans to industry during the planning era, they began to extend 'term loans' on an increasing scale. The extent to which commercial banks contributed towards 'term finance' is indicated by a survey undertaken by the Reserve Bank which covered 57 major banks accounting for 94 per cent of the total deposits. It shows that, as at the end of 1962, the outstanding amount of long- and medium-term finance by these banks amounted to Rs. 103.6 crores, about 8 per cent of the total outstanding credit. Of this amount, the formal term loan amounted to Rs. 53 crores, the rest being 'rolled-over' credit. The Governor of the Reserve Bank of India, in a recent speech, estimated the latest figure at Rs. 85.90 crores.

The commercial banks have also indirectly participated in providing medium- and long-term industrial finance and in promoting the new issue market. Of the total new issues amounting to Rs. 125 crores underwritten between 1960-63, banks were responsible for about Rs. 24 crores, or 19 per cent of the total. Moreover, commercial banks have also subscribed to the share capital of the industrial finance institutions to the extent of about 25 per cent, and to their bonds about 60 per cent. Moreover, Indian banks are extending guarantees in favour of industrial companies in respect of deferred payment for imported machinery and long-term loans from industrial financial institutions.

The banks were obtaining assistance from the Refinance Corporation of India in their term-lending operations, but, since the inception of the Industrial Development Bank, official policy in respect of term-lending operations by commercial banks appears to be in a transitory stage.

Small-scale Industry and Agriculture

Contrary to popular belief, commercial banks have been extending credit to small-scale industry, and the progress in this direction has been the fastest. This can be gauged from the figures of advances, to this sector, which were Rs. 27.54 crores in 1960 and Rs. 47.72 crores in 1963.

In the field of agricultural credit, the banks do make advances to farming units run on commercial lines, including plantations, and have been financing the storage and movement of crops for long. The banks are, however, handicapped in this direction, as the great bulk of farming units in India are subsistence units of small size, whose requirements can be better met by co-operative institutions. A country-wide network of such institutions has been set up and developed during the last 50 years, but, for various reasons, their success has been limited, despite the active support of the Reserve Bank of India and the State Bank of India. In view of the importance of agriculture at the present stage of our national economy, commercial banks are considering the problem of utilising a greater proportion of their resources for rural credit by reinforcing the co-operative sector, opening branches in rural areas and by other means. The lending of commercial banks to the co-operative institutions has increased from Rs. 6.24 crores in 1960 to Rs. 11.67 crores in 1963. Further progress in this direction is expected, as the banks are keen on sharing the responsibility in this matter, and are discussing this problem with the monetary authorities.

Financing Foreign Trade

Another significant achievement of Indian banks is in the field of foreign trade. Indian commercial banks, which used to finance about 20 per cent of foreign trade ten years ago, have now increased their share to about 50 per cent. Helped by the Export Credit and Guarantee Corporation through refinance facilities, Indian banks have been extending credit to exporters on an increasing scale. Besides, they are also playing a useful role by acting as guarantors for importers. With the wider spread of the Packing Credit Policy and the Shipment Risk Policy offered by the E.C.G.C. to exporters, the banks will be coming forth to discount even small exporters' bills, which are now being accepted only for collection.

Table 1: *Growth Indicators of Commercial Banks*

	Number of bank offices in India	Bank Deposits: Amount (Rs. crores)	Bank Deposits: As per cent of currency in circulation	Bank Deposits: As per cent of money supply	Bank Deposits: As per cent of national income (at current prices)	Currency in circulation (Rs. crores)	National income (current prices) (Rs. crores)
	1	2	2a	2b	2c	3	4
March 1951	4,115	904	66.1	45.8	9.1	1,367	9,500
,, 1956	4,065	1,110	70.7	50.0	9.9	1,571	10,000
,, 1961	5,012	1,605	76.5	55.9	12.9	2,098	14,100
September 1964	5,573	2,535	100.7	68.2	16.4	2,515	15,400*
Increase since March 1951..	+1,458	+1,631	+34.6	+22.4	+ 7.3	+1,148	+5,900

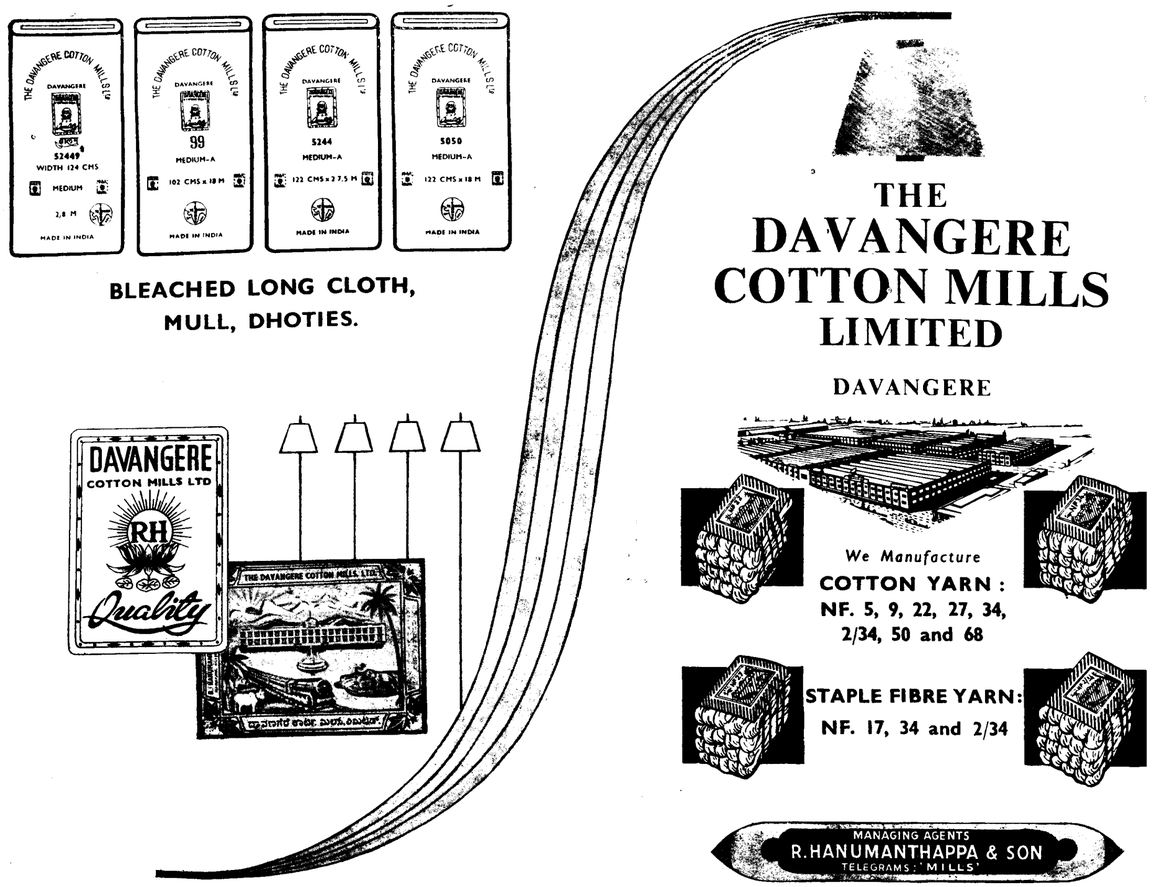
* End of March 1963.

Table 2: *Growth of Deposits and Currency in Circulation, 1951 to 1964*

	Increase in currency (Rs. crores)	Increase in bank deposits (Rs. crores)
First Plan (1951-56) ..	204	206
Second Plan (1956-61) ..	527	495
Third Plan (April 1961 to September 1964) ..	417	930
Total (1951 to 1964 Sept.)..	1,148	1,631

Conclusion

The achievements of the Indian commercial banks described above have to be judged in the context of our economic organisation and development requirements. As explained earlier, the various sectors of our economy are yet to be integrated; and the monetised sector, though expanding gradually, is still not large enough to make the monetary and fiscal controls fully effective. Even in the organised sectors, a substantial part of transactions is still currency-oriented. These characteristics of our economy, as also the low *per capita* income, and the low role assigned to private savings, act as constraints on the growth of banking. The erosive influence of the recent upsurge in prices on peoples' savings will also render the task of mobilisation of savings more difficult.



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L.I.C.'S APPROACH TO CLAIM SETTLEMENT

Perceptible Improvement In Settlements, Despite Several Constraints

BY B. K. KAUL, I.C.S.
CHAIRMAN, LIFE INSURANCE CORPORATION OF INDIA

EVER since the Life Insurance Corporation (L.I.C.) was established, not only Parliament and the Press but also the intelligent citizen has been taking a keen interest in various aspects of its working. To encourage this welcome trend, L.I.C. has been attempting to present a progressively fuller and more comprehensive picture of its activities in its annual report and accounts, which is the main source of information about its working. However, the account presented in this document has perforce to be somewhat concise and, as a consequence, a critic, especially one who is not sufficiently familiar with the technical background of life assurance business, is likely to experience difficulty in arriving at a correct appraisal of some of the facts and figures given therein. When faced with a situation of this type, the most effective course open to L.I.C. is to seek the good offices of the Press to correct such misunderstandings as might have arisen.

It can be said that a life assurance office exists to pay claims. It is natural, therefore, that the promptness with which claims are settled should be considered as one of the major criteria for judging the efficiency of working of such an office. This aspect of L.I.C.'s working has accordingly been the subject of occasional critical comment in Parliament, the Press and the public.

The primary source of information on various aspects of the working of L.I.C. as has been remarked above, is its annual report and accounts. The only item of information bearing on the pace of settlement of claims which appears in this report is the figure of "estimated liability in respect of outstanding claims," given in the balance sheet. This figure, when examined in relation to the figures of new claims by death and maturity which occurred during the year, as given in the revenue account, provides an indication of the time-lag between the occurrence of claims and their settlement. However, to appreciate the precise significance of this time-lag, it has to be interpreted against the background of the procedures and practices of life assurance business. There is reason to believe that some critics, not familiar with life assurance practice, have drawn from the figures given in the annual accounts inferences about L.I.C.'s performance in this area, which are not fully justified. The purpose of the present article is, therefore, to provide some background material which should enable the problem to be viewed in correct perspective. It is also proposed to take this opportunity to correct some misconceptions in the popular mind about L.I.C.'s policy in the matter of repudiation of claims which have arisen as a result of wide publicity given by the Press to one or two recent decisions of Courts.

I

Responsibility for Delays

To begin with, I would like to reproduce from the various annual reports of L.I.C., figures of the outstanding claims as at the end of and the total new claims which occurred during each accounting year. These are shown in columns (2) and (3) of Table I.

It will be seen from column (4) of Table I that the claims outstanding as at 31st March 1964 equalled 33 per cent of the new claims during the preceding year. This means that the claims remaining unpaid as on that date were equal to four months' new claims. When faced with this result, a lay critic, who is under the impression that an insurer can pay a claim as soon as he learns that the life assured has died or survived to the date of maturity, and, hence, presumes that the time-lag between the occurrence of the claim and its payment is accounted for solely by the time taken by L.I.C. in processing the claim, would naturally rush to the conclusion that it takes L.I.C. nearly four months on an average to process a claim for payment. He would accordingly conclude that L.I.C. suffers from gross inefficiency; and might even suspect that deliberate attempts are made to postpone or avoid payment. If he had access to more detailed figures showing the dates on which the outstanding claims had actually arisen, it is not unlikely that this impression would be reinforced. For instance, he would be surprised to find that the claims remaining unpaid as at 31st March 1964 were not all recent claims. Of the total amount of outstanding claims as on that date, 64.2 per cent represented claims which had arisen within the last year, 16.9 per cent those which had arisen during the preceding year and the balance of 18.9 per cent those which had arisen even earlier.

Delay By Claimants

To arrive at a correct appraisal of the figures mentioned above, it must be borne in mind that an insurer, even when he learns that the life assured has died or survived to the date of maturity, cannot pay the claim until the claimant has furnished certain essential requirements. The time-lag between the occurrence of a claim and its payment can, therefore, be considered to comprise two parts: the first represented by the period till all the requirements have been furnished by the claimant; and the second by the time taken by the insurer to make payment after all the requirements have been received. Strictly speaking, it is only if the second part is longer than it need be that the insurer could be said to have delayed paying the claim. In actual fact, as we shall presently see, this part is relatively small in extent and delay in settlement is accounted for mainly by the first part. To bring about a reduction in the first part of the time-lag, apart from simplifying the requirements as much as possible and avoiding any delays in calling for them, all that the insurer can do is to devise ways and means to influence the claimants to expedite submission of the requirements. Various measures taken by L.I.C. to that end are referred to later. As the ultimate outcome of such measures must perforce depend on the response of the claimants, it is feared that the process of reducing the overall time-lag is likely to be slow and time-consuming.

It is fully recognised that there is scope for improvement in the efficiency of L.I.C.'s offices in dealing with claim settlement work. The performance of the various offices in this regard is kept under continuous watch and measures are taken from time to time to bring about an improvement therein. However, what is important to bear in mind is that the full solution of the problem of reducing the overall time-lag in settling claims lies to a considerable extent beyond the control of L.I.C.

II

Outstanding Maturity Claims

I will proceed next to indicate briefly the nature of the requirements which claimants are required to furnish and give some figures to support the contention that the major factor responsible for the rather large time-lag between the occurrence of claims and their settlement is failure of the claimant to furnish these requirements. For this purpose, it is convenient to discuss claims by maturity and death separately.

In the case of maturity claims, the requirements necessary are of a comparatively simple nature. As the policyholder is alive and the payment is almost invariably made to him, the question of producing proof of title of the claimant to receive policy moneys does not generally arise. If the policyholder has furnished proof of age during the currency of the policy, a discharge form is issued to him well before the date of maturity of the policy, with a request to complete and return it with the policy document. The policy document is required by the insurer for cancellation of the contract and verifying that the policy does not stand assigned to a person other than the policyholder. If the age has not been admitted, the policyholder is generally asked to furnish proof of age and the discharge form is issued to him only after age has been admitted. In order that the claimant may be in a position to return the discharge form well in time to enable payment being made by the maturity date, L.I.C. has laid down that intimation of maturity should be sent to the policyholder and requirements called for one to two months in advance of the date of maturity. It is found, however, that even when such a simple nature and plenty of time is given to the policyholder to furnish them, the majority of policyholders fail to furnish them in time and, hence, the claim cannot be paid by the date of maturity.

In the case of paid-up policies, the policyholder frequently forgets that he holds a policy and does not inform L.I.C. of changes in his address. As a consequence, when such a policy is about to mature, intimation is sent to an address which is out of date and does not reach the policyholder. This is one of the major reasons for maturity claims remaining unpaid. In order to ensure that such cases come to light as early as possible, L.I.C. has now provided that, in the case of all paid-up policies, intimation of maturity should be sent by registered post A/D. If this is returned undelivered by the postal authorities, the local branch manager or assistant branch manager is required to make exhaustive enquiries at the last known address of the policyholder to trace his present whereabouts. A vivid illustration of the importance of this factor was provided by the results of the Service to Claimants Campaign recently carried out by L.I.C., to which reference is made later. During this campaign, branch managers and assistant branch managers were required to call on claimants who had delayed furnishing requirements. These officers found that, in nearly one-third of the cases enquired into by them, the claimant's address furnished to them was out of date. They succeeded in tracing the correct address in only one-half of such cases.

In this connection, an analysis of the claims outstanding as on 31st March 1964 according to the reasons for their remaining unpaid would be interesting. On that date, the number of maturity claims oustanding on the books of L.I.C. was 57,069. During 1963-64, on an average, 13,874 maturity claims occurred every month. The number of outstanding maturity claims was thus equal to that of maturity claims occurring in a period of about 4.1 months.

Of the maturity claims outstanding on 31st March 1964, 15,137 were claims which had occurred within the previous three months. Of the remaining 37,233 claims, 61.4 per cent were outstanding on account of the policyholder not having returned the discharge form duly completed. In a further 19.1 per cent of such outstanding claims, it was known that the address of the claimant in the records of L.I.C. was wrong, but the correct address could not be traced. The next largest category, consisting of cases whereunder the policyholder had not furnished age proof, included 6.3 per cent of the outstanding claims. The remaining 13.2 per cent of outstanding claims remained unpaid on account of various reasons such as dispute in regard to title, exchange control difficulties, loss of policy documents, etc.

As the procedure for settlement of a maturity claim is relatively simple, responsibility for delays occurring in such settlements can be apportioned between L.I.C. and the claimant with comparative ease. The results of an investigation recently carried out for this purpose are given in the following paragraph.

To ensure payment of maturity claims by the date of maturity, all

Table I: *Outstanding and New Claims*
(In crores of rupees)

Year	Liability in respect of outstanding claims as at the end of the accounting period	New claims during the accounting period	Percentage of outstanding claims as at the end of the accounting period to claims intimated in the accounting period
(1)	(2)	(3)	(4)
1956-57	13.03	28.70	60.6*
1958	13.39	25.05	73.5
1959	14.04	28.14	49.9
1960	13.47	30.69	43.9
1961	13.93	34.11	40.8
1962-63	13.55	43.96	38.5*
1963-64	14.90	44.65	33.4

* Proportions adjusted to allow for the accounting periods being in excess of 12 months and relate them to new claims over a 12-month period.

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Electricity	Rs. 985 lakhs
Iron & Steel	Rs. 998 lakhs
Food, drink & tobacco	Rs. 128 lakhs
Government Securities (Central, State, Municipal & other approved securities)	Rs. 44,924.49 lakhs

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that L.I.C. can do is (i) to send intimations of maturity and call for requirements sufficiently in advance of the date of maturity, so as to enable the policyholders to furnish requirements in time; and (ii) to see that no delay occurs in making payment after the requirements have been received. As already stated, L.I.C.'s procedure requires that intimations of maturity should be sent one to two months in advance of the date of maturity. Offices dealing with claim settlement work have also been instructed to see that payment of claim is made within one week of the date of receipt of requirements. Recently, a special machinery has been set up to ensure that these time limits are adhered to by all the operating offices. The reports for August and September 1964, the first two months in which the machinery operated, show that, during these months, intimations of maturity were issued one month or more in advance of the date of maturity in 80 per cent of cases and three weeks or more in advance of that date in 90 per cent of cases. There was a distinct improvement in the position between August and September and it is expected that, within the next few months, all the offices would succeed in adhering to the prescribed limits in cent per cent of cases. In regard to payment of claims, the reports show that payment was effected within one week of the receipt of all requirements in 86 per cent of cases and within two weeks of that date in 97 per cent of cases. These figures show that, even as matters stand at present, the extent of delay in settling maturity claims attributable to L.I.C.'s offices is not considerable.

Recently, with a view to obtaining an idea of the total time taken to pay claims, a twenty per cent sample of policies on the books of a large unit which matured in February and March last was studied. It may be mentioned that nearly 15 per cent of all maturity claims paid by L.I.C. are handled by this unit. It was found that this unit issued intimations one month or more in advance of the date of maturity in 71 per cent of cases, the average intimation in this group of cases being issued 40 days in advance of the date of maturity. In regard to payment of claims, cases in respect of which intimations had been sent one month or more in advance of the date of maturity and those in respect of which they were sent later were examined separately. The results are shown in Table II.

It may be mentioned that the time taken by this unit to pay claims after receiving all requirements is somewhat less than the average time taken by L.I.C. as a whole. Table II shows that, even in cases where intimations had been sent sufficiently in advance, only 38 per cent of the claims could be settled by the date of maturity, and only 79 per cent of the claims could be settled at the end of three months after the date of maturity. These figures provide a measure of the tardiness of the claimants' response. It will be seen from a comparison of columns (1) and (3) that, even when the unit succeeds in conforming fully to the prescribed norms in despatching intimations, the percentage of claims paid by the date of maturity would increase only from 31 per cent to 38 per cent; and more than one-fifth of the claims would continue to remain unpaid at the end of three months after the date of maturity.

III

Outstanding Death Claims

The requirements necessary for payment of death claims are of a relatively complex nature. The requirements necessary for admitting liability are enumerated hereunder:

(a) An application from the claimant in the prescribed form.

(b) Proofs of death and identity of the life assured. Where at the time of the claim, the policy has been in force for over three years, only a municipal death certificate is generally called for. In other cases, certificates from the last medical attendant, from a responsible citizen who was present at death or cremation etc. are also obtained.

(c) Proof of title of the claimant to the policy moneys, such as a succession certificate. This would not be required if the policy is assigned in favour of the claimant or if he has been nominated to receive policy moneys.

(d) Proof of age of the deceased, if age has not been admitted previously.

(e) A report on investigation into the claim, in case it has occurred within two years of the commencement of the policy or suspicious features are otherwise present.

On receipt of the documents listed above, the insurer, if satisfied about the validity of the claim, admits liability and a discharge form is then issued to the claimant. On receipt of the discharge form duly completed with the policy document, payment is made.

On 31st March 1964, the number of death claims outstanding on the books of L.I.C. was 31,826. During the year 1963-64, on an average 2,800 death claims occurred every month. The number of outstanding death claims was thus equal to the number of death claims occurring in a period of about 11.4 months. The reason for the proportion of claims remaining unpaid being larger in the case of death claims than in the case of maturity claims is to be found in the fact that much more elaborate requirements have to be complied with before a death claim can be admitted and paid.

Of the 31,826 outstanding death claims, 7,333 had been intimated within the preceding three months. Of the balance, the proportions of cases which had remained outstanding for various reasons were as follows:

	Per cent
Claim forms (i.e., requirements specified under items (a) and (b) in "Analysis of outstanding death claims" above) not received	54.3
Proof of title not received ..	18.0
Discharge form not received ..	12.3
Claim investigation not completed.	5.7
Age proof not received	2.1
Other reasons	7.6

One of the categories enumerated above, namely, claim investigation not completed, calls for comment. In this are included cases in respect of which all the requirements had been furnished by the claimant but the claim had remained unpaid as the investigation was still incomplete. Unlike the other categories, the responsibility for delay in payment in this case could not be attributed to the claimant. This category, although it comprised less than 6 per cent of the outstanding claims, is of great importance from the point of view of public relations and has been a prolific source of complaints from the public. In the case of other categories, the claimant realises that the delay is caused by his own inaction and complaints are, therefore, relatively rare. As explained later, investigations cannot be dispensed with and their duration is to a large extent beyond the L.I.C.'s control. L.I.C. is, however, keenly aware of the need to improve its performance in this area and has been attempting to speed up investigation by educating the field officials, to whom they are generally entrusted, and improving the quality of supervision and control over their work. There is always a fear that undue pressure on the investigating officials to speed up the investigations might result in their being carried out in a perfunctory and superficial manner. It must also be remembered that the duration of investigation would, to some extent, depend on the cost which L.I.C. is prepared to incur on them. Obviously, quicker results could be obtained if a large organisation of special investigators is set up. The management has to decide whether the additional cost this would entail would be justified by the increased efficiency. After careful consideration, it has been decided that the work should be entrusted to the development officials in the first instance; but special investigators are appointed to take up more complex cases.

Reference has been made earlier to the steps taken by L.I.C. to influence the claimant to expedite submission of requirements. The most obvious step is to issue frequent reminders by post; and a systematic procedure for that purpose has recently been laid down. However, experience shows that, inspite of postal reminders, a large number of claimants fail to furnish even comparatively simple requirements for a long time. This indicates that many of them must be experiencing special difficulties and, unless personal guidance can be provided to overcome these, further routine reminders would prove of little value. Although, technically, it is the claimant's responsibility to furnish the necessary requirements to enable L.I.C. to pay the claim, in Indian conditions, where frequently neither the claimant nor any other individual in his immediate circle of relations and friends is sufficiently well educated to understand what is required to be done, it becomes necessary for L.I.C. to make arrangements to give the claimants every guidance and help.

It is generally recognised that one of the many functions of the insurance agent is to render such service to the claimant, which assumes special importance in Indian conditions. While there are, no doubt, instances where agents remain in touch with the policyholders and render effective after-sales service, both during the currency of the policy and after a claim has occurred, the large number of cases in which payment is inordinately delayed show that a substantial proportion of claimants do not receive sufficient assistance from the agents. L.I.C. is attempting to bring about an improvement in the quality of service rendered by the agents through better selection, training, etc. but this must perforce be a slow process. It was, therefore, recently decided that responsibility for contacting claimants and rendering them the necessary help should be placed on the branch managers and assistant branch managers.

In future, in every case where the claimant does not furnish such requirements as the Claim Forms or the Discharge Voucher within prescribed time limits, it would be the duty of one of these officers to call on him and assist him in furnishing the requirements. To enable the divisional offices to exercise effective supervision and control over the work of these officers, an elaborate system of reporting has been devised. To clear up the backlog of such cases existing at the time when the new procedure came into force, a Service to Claimants Campaign was organised.

Another step which L.I.C. has recently taken in this direction is to arrange for the translation of the claim forms and the instructions to claimants (which are sent to the claimant at the time when claim forms are issued) in various Indian languages.

IV

Investigation of Claims

Insurers, as trustees of the policyholders' moneys, are required to safeguard the interests of policyholders against fraudulent claims. It is, therefore, the practice of insurers all over the world to make thorough and exhaustive enquiries in all cases where a claim is premature or is otherwise doubtful. It must be remembered that payment of a doubtful claim without investigation would not only jeopardise the interest of honest policyholders but would be tantamount to putting a premium on fraud. Once an impression goes round that a thorough probe is not carried out in all doubtful cases, frauds are bound to increase and multiply.

It must be remembered that to repudiate fraudulent claims it is not enough for the insurer to satisfy himself that it is not genuine. There is always a possibility that the claimant would take the matter to a court of law, and the insurer, before he can repudiate a claim, must therefore secure sufficient evidence which would stand in a court of law. A few illustrations should suffice to bring out the difficulties involved in the search for such evidence.

Most of the fraudulent claims arise out of the suppression by the proposer of material facts regarding the past history of illnesses suffered by him. To detect such cases, the investigator tries to secure information about such illnesses; but information of adequate evidential value is hard to come by. Reports from relations, neighbours or friends to the effect that the deceased had suffered from such illnesses would have little evidential value by themselves. Even a statement from a doctor who actually treated the deceased for a past illness might not be attached much weight, if it is based solely on his recollection and is not supported by documentary evidence such as certified copies of prescriptions, entries in patients' registers, diaries, etc. In India, many doctors do not maintain day-to-day records in the course of their business and those who do are frequently unwilling to co-operate with

Table II: *Payment of Claims*

	Cases in respect of which intimation had been despatched one month or more in advance of the date of maturity	Cases in respect of which intimation had been despatched within one month of the date of maturity or after maturity	All cases
	(1)	(2)	(3)
I. *Claims settled*			
(i) By the date of maturity ..	142 (38.2%)	24 (15.4%)	166 (31.4%)
(ii) Upto the end of one month after the date of maturity..	252 (67.7%)	93 (59.6%)	345 (65.3%)
(iii) Upto the end of three months after the date of maturity	293 (78.8%)	122 (78.2%)	415 (78.6%)
(iv) Upto the end of six months after the date of maturity..	320 (86.0%)	134 (85.9%)	454 (86.0%)
II. Claims outstanding at the end of six months	52 (14.0%)	22 (14.1%)	74 (14.0%)
Total ..	372 (100%)	156 (100%)	528 (100%)

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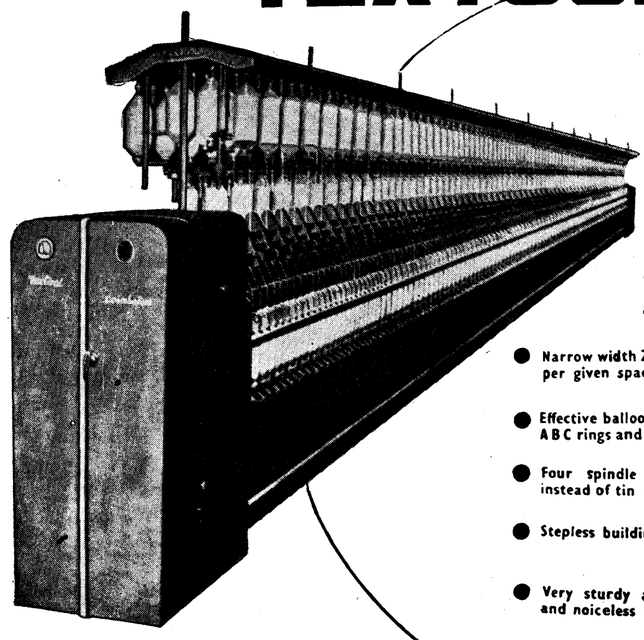

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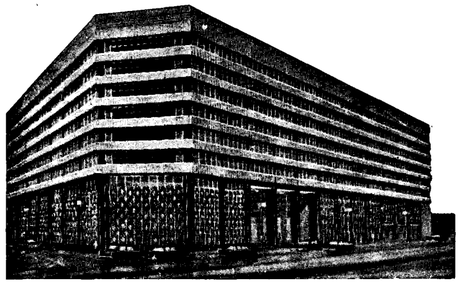

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the insurer. It is therefore exceedingly difficult to obtain information which would provide an adequate basis for repudiation.

Again, if hospital records show that the deceased at the time of admission to the hospital on a subsequent occasion had reported a history of an earlier illness, this information may not prove of much value, unless the doctor who recorded the history can be traced and he certifies that the history was narrated to him by the deceased himself. Another common type of fraud is where a person, who had passed beyond the insurable age, secures insurance by grossly understating his age. In such cases it is frequently difficult to secure documentary evidence of age based on a municipal birth register, school or college records, etc. On the other hand, statements by other persons who have known the proposer or even opinions of qualified persons like doctors, if unsupported by some documentary evidence, may not be considered as sufficient proof in a court of law.

The consequences of the difficulties experienced in collecting acceptable evidence are twofold: first, the investigator has to spend considerable time in trying to tap various possible sources of documentary evidence and the investigation is hence delayed; and, second, frequently, even when the insurer is morally certain that the claim is fraudulent, in the absence of evidence which would stand in a court of law, is forced to entertain the claim. In borderline cases, where he is satisfied that the claim is fraudulent, but there is doubt as to whether the available evidence would or would not be considered as adequate in a court of law, he generally seeks the guidance of the legal advisers and takes a decision accordingly. Where such claims are repudiated and the claimant contests the decision in a court of law, in a proportion of cases the decision would go against the insurer. It is important to remember, however, that, generally, a claim would not be repudiated, unless the insurer is satisfied that it is not genuine and has in his possession evidence which has a reasonable chance of being found adequate in a court of law.

An Untenable Impression

It is believed that the practice of a few erstwhile insurers in India was government by the letter of the contract to such an extent that they repudiated liability on the slightest grounds, which no doubt were legally sustainable. However, a number of better managed insurers brought to bear a more enlightened approach on interpretation of contracts and made it a plank of their policy to transcend in well deserving cases the rigid approach of contractual rights. As a consequence, they often made payments to policyholders and claimants which might not have been justified on the strict interpretation of the contract. As a national institution, L.I.C. naturally follows the same enlightened policy. In the circumstances, the impression that there is a tendency in L.I.C. to resist claims on "frivolous pleas and reckless allegations" has no basis in fact. This is amply borne out by the results of an analysis of the experience of L.I.C. during the period 1st September 1956, to 30th September 1962, in regard to repudiation of claims and suits filed against it in various courts in India. These are summarised hereunder:

(i) The proportion of repudiated claims to total claims was 1.1 per cent.

(ii) The proportion of repudiated claims in which suits were filed in courts was 11.3 per cent.

(iii) Of the suits decided during this period, the decisions were in favour of L.I.C. in 44 per cent of cases, in favour of the claimant in 27 per cent of cases and the suits were compromised in 29 per cent of cases.

These figures show that not only the number of repudiated claims is small but also that the decisions to repudiate are not taken lightly. It will be noticed that, in an overwhelming proportion of cases, the decisions were not disputed by the claimants.

As explained earlier, investigations are carried out by L.I.C. mostly in cases where a death claim occurs within two years of the issue of the policy. It is found that about one death claim out of ten is investigated. As decisions to repudiate claims are taken on the basis of such investigations, the fact that one per cent of all death claims are repudiated, would mean that about 10 per cent of the investigations lead to repudiation. As explained above, a number of claims which are believed to be fraudulent are not repudiated, because adequate evidence cannot be found to support repudiation. It would appear, therefore, that, among premature claims, the proportion of cases in which there is reasonable ground to suspect fraud is much larger than 10 per cent. This figure gives an idea of the extent of prevalence of fraud, even when most premature claims are investigated. If L.I.C.'s rule regarding investigations is relaxed, the extent of fraudulent cases is bound to increase. It may be mentioned that one of the reasons why investigations are unnecessarily prolonged is the tendency of the proposer to suppress particulars of personal history in the fear that this might result in the terms offered to him being highly unfavourable. Frequently, the suppressed information is of a comparatively innocent nature. But when after a claim occurs, the fact that information had been suppressed comes to light in the course of the investigation, this raises a cloud of suspicion and at times it takes a long time to ascertain precise details of the personal history not disclosed.

Beyond L.I.C.'s Control

It is necessary to carry out investigation of claims expeditiously for two reasons: firstly, it is essential that, where the claim is genuine it should be settled promptly; secondly, in the case of fraudulent claims, chances of getting evidence which can stand in a court of law are greater if the investigation is made early. Therefore, the need for completing investigation speedily, is impressed on the investigating officials and efforts are made to eliminate avoidable delays. However, in spite of such efforts, some investigations take considerable time, depending on the nature of the investigation. facts which are brought to light in the course thereof, places where the investigation is to be made, etc. Many of the factors which cause delay are beyond the control of L.I.C. Many doctors and other agencies who are in possession of material information are often unwilling to disclose it; some hospitals are not equipped to make a search for information in their records, which becomes necessary when particulars like the precise dates of admission to the hospital, etc., are not available; interested parties sometimes succeed in tampering with existing records; often the claimant does not co-operate fully or at all.

It is sometimes suggested that it would be better if L.I.C. probed into every case fully at the proposal stage, so that no further investigation would be necessary when a claim occurs. A moment's consideration should show that the suggested procedure would not be workable. The proportion of policies which become claims within the first two years after issue would be, roughly, 1 in 300. The present practice requires only such cases to be investigated. If it is decided to investigate every proposal, the cost would, therefore, be 300 times as high. Further, if the investigation is to be as thorough as a claim investigation, it will take considerable time to complete and acceptance of the proposal would remain pending till then. Hence, the suggestion cannot be accepted in view of the cost and the delay which it would involve. Some enquiries into the moral hazard aspect of the risk is made even now at the proposal stage in selected cases: but these are not expected to be as thorough and exhaustive as a claim investigation.

The repudiation of a claim means some adverse publicity for L.I.C. However, it is clearly in the interest of the policyholders themselves that all bad claims are resisted. There is no place for sympathy for the claimant in such cases, even though he or she might not have been a party to the fraud. The best way in which adverse propaganda from interested parties can be countered is by adopting a policy of sympathetic, efficient and prompt settlement of all genuine claims.

Conclusion

The foregoing discussion should indicate the nature of the various constraints within the limits of which L.I.C. has had to function in the matter of settlement of claims. Firstly, in the context of the socio-economic conditions prevailing in this country, the terms of the insurance contract themselves impose a major constraint. A claim cannot be settled, unless the claimant has completed certain essential requirements; and, in certain circumstances, until an investigation into the claim has been completed. These lead to delays in settlement of claims which are, to a considerable extent, beyond the control of L.I.C. Secondly, there is the constraint imposed by considerations of the cost of operation. The basic service rendered by L.I.C. to its clients is twofold: it protects the family against untimely death of the bread-winner and provides a method of saving for old age. Unless this service can be rendered at a reasonable cost, L.I.C. would fail in its statutory duty to spread insurance more widely and lose ground to competing savings media in mobilising personal savings of the people. It has also to remain within a statutory limit of costs. Although it would have been possible to speed up settlement of claims to some extent by setting up large special organisations for helping claimants and investigating claims, L.I.C.'s freedom of action in that respect is severely restricted by considerations of cost.

Lastly, a constraint resulted from the fact that L.I.C. had inherited a large part of its organisation from over 240 erstwhile insurers, who varied widely from the point of view of administrative efficiency. As would be expected, the administrative efficiency of the inherited personnel varied from very good to very poor. Hence, it was inevitable that, for some years, the average administrative efficiency of its employees should remain below that of the employees drawn from the best managed erstwhile insurers It took L.I.C. some time to raise the standard of efficiency of this staff by enforcing uniform procedures. carrying out a sustained programme of training and improving supervision. This problem was rendered more difficult by the rapid growth of L.I.C.'s business after nationalisation and the consequent need to recruit and train additional staff. To arrive at a fair and objective appraisal of the performance of L.I.C. in the field of claim settlement, the effect of these constraints on its action and achievement must be borne in mind. I am confident that, if this is done, L.I.C.'s performance so far would be found to have been quite creditable.

Of the claims occurring during a given period, say, a quarter, a certain proportion remains outstanding at the end of that quarter, a smaller proportion at the end of the next quarter, a still smaller proportion at the end of the subsequent quarter, and so on. In a period when administrative measures have been effective in improving the efficiency of claim settlement work, the proportions of claims remaining outstanding at the end of successive quarters will show a declining trend as compared to the proportions of claims arising in an earlier period. Such reduction in the time limit in the disposal of claims would show itself a gradual reduction in the proportion of claims outstanding as at a particular date to the claims intimated during a given preceding period. The percentages of claims outstanding to claims intimated as at the end of successive accounting periods which are shown in column (4) of Table I should, therefore, serve broadly to judge the effect of the steps taken by L.I.C. for improvement in the claim settlement work. It will be seen that these percentages show a progressively decreasing trend.

GENERAL INSURANCE

(*Concluded from page* 83)

as a useful method of increasing the retention capacity of the Indian market. By reason of their specialised organisation, they may also be in a better position to trade on favourable terms with overseas companies, as compared with many of the Indian companies for whom reinsurance is a subsidiary part of their business. Further, these companies would make reinsurance facilities available to the Indian market on reasonable terms, and thereby also influence, for the benefit of Indian companies, the terms obtainable by them from foreign reinsurers.

Insurance Accepted in India on Foreign Properties or Interests and Insurance Accepted Abroad on Indian Properties or Interests: Though no definite figures are available, the volume of premium involved in insurance accepted in India on foreign properties or interests, or insurance based abroad on Indian properties or interests, should be quite small. As regards the latter, it is generally not possible for a person in India to insure his property or other interest with an insurance company abroad. under current regulations of the Reserve Bank of India, unless he can establish that similar insurance cover is not available from any insurance company operating in India, whether Indian or foreign.

It can be said that, of late, Indian companies, have become quite conscious about the results of their reinsurance trading with companies overseas, not only from the point of view of avoiding exchange drain, but also in their own interest of increasing their profits. The results of their efforts have, to a large extent, been offset by the deteriorating tendency of much of the foreign business. The changes to be introduced in the overseas trading pattern have also to be gradual, with a view to preserving as far as possible long-established connections with insurance companies abroad. It is, however, felt that, when the measures mentioned above are fully implemented in due course, and with the hoped-for reversal of the unfavourable cycle for insurance in many overseas territories, the adverse balance of trade resulting from general insurance will be substantially corrected in the near future.

Growth Of Pharmaceutical Industry Remarkable

Future Expansion Depends On Correct Understanding Of Problems

By JAMES McGEE
MANAGING DIRECTOR, PFIZER PRIVATE LTD.

PERHAPS few other industries in India have developed since independence as fast as the pharmaceutical industry. Indeed, the rate of growth of pharmaceutical manufacture and the expansion of product range have been so remarkable that what was only a small processing enterprise only a decade and a half ago today bids fair to be one of India's major integrated industries, manufacturing and exporting both intermediate products and finished preparations from indigenously available and imported raw materials.

Measured in quantitative terms, the pharmaceutical industry recorded a tenfold rise in production (in terms of value) during the period 1948-62, from Rs. 11 crores in 1948 to Rs. 100 crores in 1962. This rate of growth surpasses the growth rate of, perhaps, all other industries. The following table indicates the trend of pharmaceutical production during the period 1948-62:

	Production (Value in Rs. crores)
1948	11
1958	58
1959	60
1960	70
1961	87
1962	100

This quantitative growth represents only one aspect of the remarkable progress of the pharmaceutical industry. Simultaneously, there has also been an astonishing expansion in the number and range of products manufactured from basic stages. Thus, whereas formerly almost all of the pharmaceutical products available in India were either manufactured from imported intermediates or were merely processed and packaged from bulk imports, at present, many products are manufactured within the country from basic stages. Consequently, imports of finished preparations, with very few exceptions, have virtually stopped. New processing and production units have been established and old ones are being expanded to undertake the manufacture of pharmaceutical preparations from basic stages. New units already set up and those that are under way are most modern in design and layout, employing the latest techniques and processes of production evolved in foreign countries after many years of research and experiments. Many of these units have been set up in collaboration with reputed pharmaceutical firms of countries like U.S.A., U.K., W. Germany and Switzerland. An advantage of such collaboration is that India is able to benefit from advances in technology and pharmaceutical research in these countries at a much smaller cost of foreign exchange than would have been possible if the finished drugs were imported.

Basic Manufacture

Some of the important items of basic manufacture undertaken in the private sector are antibiotics, synthetic hormones, vitamins, tranquilisers, antihistamines, drugs of vegetable origin, glandular products and many modern synthetic drugs. The third Five-year Plan envisages a production target (in terms of value) of Rs. 175 crores for the pharmaceutical industry. This represents a 75 per cent increase in production over the 1962 output. The main brunt of this substantial expansion required to reach the Plan target has necessarily to be borne by the organised sector of the industry, especially the major firms on the list of the Directorate General of Technical Development, which number about 120.

Cost Aspects

What are the problems facing the industry? What steps are necessary to enable the industry to achieve the Plan targets and make the country self-sufficient in medicine? The main problems of the industry may be broadly classified under two heads. First, problems which are common to all industries; in the case of the pharmaceutical industry, these have been made more complex by the fast tempo of development. Secondly, special problems. Among the first category, the most important is the high cost of production of medicines. This question has been examined in detail by a Technical Sub-Committee of the Development Council for Drugs and Pharmaceuticals. Its findings and conclusions throw some revealing light on the cost of manufacture of drugs in the country and indicate why costs in India are higher than in foreign countries. Some of the important findings of the Sub-Committee are the following:

(1) Prices of imported raw materials and intermediates are higher in India than in foreign countries due to the heavy incidence of customs duty.

(2) Prices of indigenously available raw materials are 150 to 200 per cent more than the prices prevailing in foreign countries.

(3) The quality of indigenous raw materials is, in many cases, inferior, resulting in higher processing and production costs.

(4) Solvent losses are high due to high temperatures.

(5) Excise duties and the procedures insisted upon by the excise authorities in handling stores, which involve special insurance premium, bank commission, etc., inflate cost by an amount almost equal to the total value of the landed cost of the raw material.

(6) Not only is the cost of imported equipment 35 to 40 per cent higher than in foreign countries, due to all the charges involved, but the cost of indigenously fabricated equipment is even higher in many cases.

(7) The scale of production in Indian factories is much smaller than in Europe or U.S. with the result that process loss, factory, general and sales overheads, etc., are high.

A study of the various factors listed above pointed to the following conclusion about the relationship of cost and prices of medicines in India:

"Despite the fact that the cost of basic drug is usually higher in India than in other developed countries, the cost of finished preparations is, in most cases, much less than the domestic price of similar products in foreign countries. The differences between the consumer prices and the ex-factory cost of the finished preparations is much less in this country than in most of the more developed countries."

This observation should serve to correct the general impression in the country that the high cost of drugs manufactured in India is due to the "large" profits made by manufacturers. It is noteworthy that the complaint against high cost is made not only against units in the private sector but also those in the public sector. It is relevant, in this connection, to quote the following remarks of the Committee about the comparability of the prices of imported medicines and their cost of production in countries manufacturing them:

"It has to be remembered that prices of imported drugs cannot be taken in all cases as an indication of the actual cost of production in other countries, since subsidising of exports is often resorted to by the exporting countries."

Patents on Medicines

Now to turn to the special problem facing the pharmaceutical industry. The high cost of production, heavy taxation, irregular and inadequate supply of raw materials and lack of pilot plant facilities, etc., are problems enough for the industry. But to these has now been added a far more serious problem in the form of a threatened virtual abrogation of patents on medicines. If this threat materialises, it is certain to affect very adversely the future growth and development of the pharmaceutical industry.

The move is presumably based on the mistaken belief that patents are responsible for the prices of drugs and medicines being what they are and that abolition of patents will result in lower prices. How futile such a move will be in bringing down prices and how dangerous its consequences are can be easily shown. For one thing, abrogation of patents will not result in lower prices, because it is the high cost of production, not patents, that determines the price of medicines. Royalties charged by patentees represent only a very small percentage of the total cost of a pharmaceutical preparation. On the other hand, abrogation of patents will discourage research, because, in the absence of patent protection, which helps recoup the money spent on research, pharmaceutical companies will be reluctant to embark on research so vital for progress. Plans of international companies to establish new factories and research centres will also be shelved and the local industry will suffer a distinct setback. Foreign firms will also be reluctant to impart their technical know-how to Indian firms if there is no patent protection for drugs. It is for these reasons that the Development Council for Drugs and Pharmaceuticals, Government of India, was constrained to make the following remark in its latest (1962-63) report:

"The Council felt that if, at this crucial juncture, Government resort to drastic steps like suspension of patents so far as drugs and medicines are concerned, it might do immense harm to this industry. Modern pharmaceutical industry evolves the use of very complicated techniques and equipment which it would take years for any country to develop on its own. It is desirable, if not essential, that the complexities of such processes should be seen personally by those who are to take a decision on this very vital subject."

The Indian Pharmaceutical Delegation which recently visited U.S.A., U.K., Switzerland, West Germany, Italy and Japan, in its report submitted to the Government a few months ago, also strongly advised against any drastic change in patent law on drugs and pharmaceuticals. It observed:

"It is patent protection that acts as the main incentive for undertaking the very expensive and risky research work on a massive scale necessary for the discovery of new drugs. The abolition of patent protection for new drugs will, therefore, deter pharmaceutical manufacturers from setting up research laboratories and carrying out expensive research programmes in India. There were indications that some leading pharmaceutical firms, who have extensive research facilities in their home countries, may follow the example of CIBA and set up independent research laboratories in India also and thereby introduce into our country well-organised system of team research that has proved so fruitful in the advanced countries of the West. It is a foregone conclusion that all such plans would be abandoned, if patent protection to new drugs is abolished or substantially weakened. It is equally certain that commercial firms in India will not venture to make any substantial investments in research laboratories and research work."

Related to the question whether abrogation of patents will reduce drug prices is the issue of drug prices itself. The pertinent point here is not whether pharmaceutical prices in India are higher than in foreign countries but whether drug prices are higher when compared to those of other commodities in India. The reason is that Indian prices cannot be compared with price in foreign countries where the industry is well established, employs mass production methods using the latest techniques of manufacture and has all the advantages of cheap and good quality raw materials, trained manpower and long experience in pharmaceutical manufacture.

A Perspective

An examination of the trend of pharmaceutical prices will show that medicines, far from being costly, when compared with other essential items, belong to the very few groups of commodities whose prices have remained steady. In fact, prices of many pharmaceutical products have come down. While the general index to wholesale prices (base 1952-53 = 100) has risen from 100 in 1952-53 to 127 in 1962, the index of drug prices, with the same base, has gone up by only 2 per cent, to 102. What is more, the 2 per cent rise in the index of drugs conceals certain significant price falls registered in respect of some important medicines such as antibiotics. For instance, the wholesale price of tetracycline capsules has dropped 51 per cent between 1957 and 1962. Similarly, there has been a 33 per cent fall in the price of Chloramphenicol. The price of Vitamin C has also fallen by as much as 30 per cent since 1954.

It is evident from the foregoing that there is no substance in the charge that drug prices in India are

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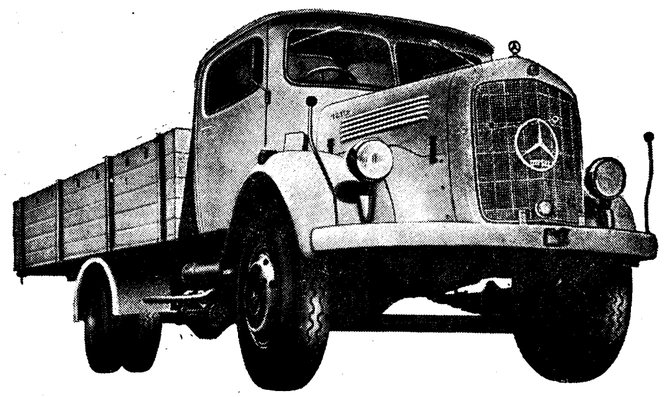

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OUTLOOK FOR TYRE INDUSTRY BRIGHT

Much, However, Depends on a Variety of Factors

By A Special Correspondent

THE tyre industry established its foundations in India about 30 years ago and is now one of the most technically advanced industries in the country. The first large-scale modern factory for the manufacture of automobile tyres was set up in 1936 by Dunlop at Sahaganj near Calcutta. It now ranks as one of Asia's largest rubber manufacturing enterprises.

Two factors are favourable for the growth of the industry in the country: (1) it has a developing home market; and (2) its close association with leading tyre manufacturers in the world ensures the technical know-how necessary for its advancement.

The productive efficiency of the industry will be evident from the fact that, between 1956 and 1963, when the general index of industrial production increased by an average of 9 per cent per annum, the average annual growth rate of automobile tyre manufacture was as high as 15 per cent. That the industry is developing on sound lines can be seen from the accompanying table of production figures for selected years.

Aspects of Marketing

Tyres and tubes are indispensable consumer durables in motor vehicle operation. The demand for them is related to the automobile population in the country and the extent of its utilisation and this, in turn, depends on the rate of growth of the economy and the progress of the vehicle manufacturing industry. Although the road transport industry has a vital role to play in the economy of the country, its growth is impeded by high taxation and inadequate development of roads.

To meet the requirements of the different vehicles and their varying operating conditions, the tyre industry manufactures a wide range of tyres in sizes and patterns to suit many types of service. For example, a popular size of truck tyre is manufactured in as many as six patterns for use under conditions as widely different as good surfaced roads to off-the-road conditions in quarry sites.

The vast accumulated experience of old-established units, which have been catering to the different and exacting needs of the Indian market for several decades, enables the industry to design and manufacture the right tyre for different local conditions. In fact, the average truck operator, who has had experience with imported tyres in recent years, has a definite preference for Indian-made tyres for fitment to his truck.

The industry has pioneered an extensive dealer network for the distribution of its products. These outlets, developed over many years, enable consumers to obtain their requirements easily and at competitive rates. Since tyre dealers are not restricted from dealing in competing brands, the new manufacturing units which have started production in recent years have been able to avail of this established channel to market their tyres in all parts of India.

A notable feature in the marketing of tyres is the stress given by the industry that service is an integral part of sales. The tyre companies maintain a specialised service department staffed with technical personnel who are constantly at work investigating service conditions and making recommendations to ensure that customers obtain maximum life out of their tyres. These efforts are supplemented by providing tyre users with copious technical literature on all aspects of maintenance and servicing.

Spectacular multi-purpose projects and intensive mechanisation in open cast mining have been made possible in the last decade by the introduction of special off-the-road vehicles. The tyre industry has kept pace with the introduction of these special earthmoving machines and off-the-road tyres, many of tremendous size and capacity, are now manufactured in India.

Cost Factor

The steadily rising incidence of indirect taxes, particularly the excise duties levied under the successive Finance Bills is the main reason for the cost of tyres in India being high compared to those manufactured elsewhere in the world. To illustrate this point, the price of automobile tyres to a consumer in India today is enhanced by approximately 40 per cent in respect of excise duty and sales tax. In 1955-56, the revenue from excise duty on tyres and tubes amounted to Rs. 5.53 crores, while in 1964-65 the yield from this source is expected to be about Rs. 23.52 crores. In other words, during the last ten years, the revenue from excise duty on tyres and tubes has increased fourfold.

In October 1955, the basic selling price without excise and other taxes to a dealer for a popular car tyre size 6.00-16 6PR was Rs. 83.22 whereas the current basic selling price for the same tyre is only Rs. 83.66 (an increase of 0 44 in nearly ten years). Similarly, in October 1955, the basic selling price to a dealer for a popular tyre size 8-25-20 10 PR was Rs. 269.32, as opposed to Rs. 270 82 now (an increase of only Re. 1.50).

The price of indigenous natural rubber, the main raw material of the tyre industry, is about 20-30 per cent higher compared to prices ruling in world markets, while that of locally manufactured synthetic rubber is nearly 50 per cent more than the price of the imported variety. The prices of other raw materials such as carbon black, rubber chemicals, rayon tyre cord, etc., which are now manufactured in the country, are all much more expensive than the imported equivalent. In spite of the efforts made by the industry to increase productivity, the high cost of raw materials has neutralised the cost economies made in this direction. It is also one of the reasons why the Indian tyre industry is not able to compete in export markets, despite the favourable quality of its products.

Despite advanced techniques and modern equipment, tyre manufacturing is "labour-intensive" throughout the world. The levels of skills obtaining in a country have, therefore, a great bearing on the cost of production. In India, where the "learning curve" is extended, allowance should be made both for this and also the growth of automation in other countries.

Manufacturing Capacity

It is estimated that the demand for automobile tyres by 1965-66 would be 3.0 million. Against this, a capacity of 5.18 million has been licensed and it is expected that about 3.4 million of this capacity will be implemented by 1965. During the current year (1964), automobile tyre demand is estimated at 2.4 million.

The production of automobile tyres requires considerable outlay of capital in equipment and raw materials. Tyre production cannot be easily altered to suit rapid changes in market demands and, to allow for flexibility, tyre manufacturing units prefer to have some excess capacity over their estimated market requirements. Installed and licensed capacities in the country at present are in excess of current demand, but, despite this, new units which have commenced manufacturing operations in the last two to three years are making steady progress. Under such circumstances, a judicious blend would be to strike a balance between expansion of new units and expansion of old-established units which have the requisite cushioning power to withstand the vagaries of a changing market. Economies of scale would be lost, if additional manufacturing units are licensed to take care of the increasing demand in the next Plan period.

Raw Materials

An impediment which may hold in check the plans of expansion of the tyre industry, and indeed the rubber manufacturing industry, is the inadequate availability of raw materials, chief among them being rubber. During 1964, the gap between demand and indigenous availability of all kinds of rubber is estimated at 20,000 tons. According to the planning group for petrochemicals, large deficits in rubber are expected to appear by the close of the third Plan period and swell to even greater proportions by 1970-71.

Although the plantation industry is taking vigorous steps to double its output of natural rubber from its present level by 1970-71, the shortfall in requirements cannot be met from this source alone. In this context, the efforts now being made to create additional capacity for synthetic rubber deserve an objective approach. The operating conditions obtaining in India require tougher tyres capable of running with heavy loads at high ambient temperatures. The type of synthetic rubber now manufactured in the country and that contemplated for future manufacture preclude their being used in large quantities in truck tyres which form the bulk of tyre production in India. Any attempt to change the ratio of natural to synthetic beyond reasonable levels in truck tyre manufacture will adversely affect the cost of road transport operations.

The Outlook

The draft fourth Plan envisages a rate of growth of 6.5 per cent per annum for the economy. In other words, the economic activity by 1970-71 will be at twice the level of today. The Plan envisages commercial vehicle production to increase from 54,000 in 1965-66 to 100,000 in 1970-71, while the demand for all kinds of personal transport such as cars, motor cycles and scooters is also expected to be nearly double their present level.

The popularity of bicycles, the common man's conveyance in our rural and urban areas, will grow enormously in the coming years. In 1964, the number of bicycles for each 100,000 of population was estimated at 1,900. Bicycle production in 1965-66 is estimated at 1 6 million and in 1970-71 it is expected to increase to some 3.5 million.

Development of agriculture is given high priority in the fourth Plan and the rate of growth in this important sector of the economy is expected to be 5 per cent per annum. A specialist group, appointed by the Government of India to investigate the low productivity of Indian agriculture, recently observed that inadequate availability of tractors was one of the reasons for the slow progress of agriculture. Already Government have sanctioned a number of projects for the manufacture of tractors and plans are being formulated for the production of small tractors on mass scale. According to one study, an addition of 20,000 tractors of 15 h.p., by partly replacing bullocks, could release roughly one million tonnes of fodder or enough land to produce a quarter million tonnes of foodgrains.

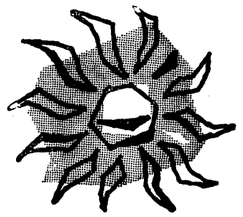
In any scheme of rural economic development, the bullock cart deserves consideration. It is estimated that there are over 10,000,000 bullock carts in India, serving for the most part the feeder traffic generated by our farms, factories and commercial establishments. But their utility is restricted by two disadvantages. The vehicles have a low payload capacity and their iron-tyred wheels damage road surfaces. The tyre industry manufactures special pneumatic equipment for bullock carts which increase their carrying capacity and eliminate damage to roads. The number of bullock carts that have been converted to this equipment is still extremely small.

All these point to the vast scope for the development of the tyre industry in the next five years. This is reinforced by the strikingly low *per capita* rubber consumption of India estimated at 0.3 lb., as against 2.0 lbs. in Brazil, 10 5 lbs. in West Germany, 12.6 lbs. in the U.K. and 19.5 lbs. in the U.S.A. The outlook for the tyre industry is bright—how bright depends on the growth of the economy and the success of the fourth Plan

Annual Output of the Tyre Industry

Category	1960	1961	1962	1963
1. Automobile tyres (comprising truck, car, jeep, motor cycle and scooter tyres) ..	1,363,200	1,562,400	1,710,000	1,926,000
2. Bicycle tyres	10,830,000	11,346,000	11,940,000	14,186,400
3. Tractor tyres	49,476	48,456	56,556	43,212
4. Aero tyres	2,664	2,652	8,064	15,660
5. Animal-drawn vehicle tyres	48,900	71,988	90,600	85,368
6. Off-the-road tyres	3,432	6,180	6,864	8,328

(Source: *Monthly Statistics of Production of Selected Industries of India.*)



Moti of Jamshedpur

Not a show dog perhaps. But Moti doesn't worry about that. Nor about anything else, as long as he has enough to eat and the sun to bask in. Certainly he neither knows nor cares that he lives in Jamshedpur—a city devoted to producing one of today's most precious metals...steel.

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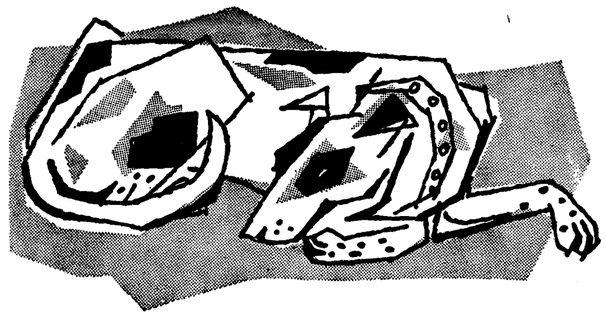

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PERSPECTIVE ON COPPER

Smelters Based On Imported Ores Would Be Good For India

BY V. S. SWAMINATHAN

COPPER has been associated with the progress of civilisation since prehistoric times, possibly as long age as 6000 B.C. It was probably the second metal used by man, gold being the first. Definite records have been found of the working of copper mines of the Sinai Peninsula by King Seneferu about 3800 B.C. In the historic island of Cyprus, copper mining began about 2500 B.C. However, the acceleration in growth of world demand from 10,000 tons to four million tons annually has occurred in the past 150 years, largely as a result of the development of electric power and expansion of the brass and bronze industry.

Copper has numerous valuable properties that individually or in combination give it a wide variety of uses. Its main characteristics are high electrical and thermal conductivity, ductility, malleability, formability, strength and corrosion resistance. In addition, this metal has a pleasing colour, is non-magnetic and is easily finished by plating or lacquering: it can be welded, brazed and soldered satisfactorily. When it is desirable to improve certain of these basic properties, and when such an improvement can be effected without sacrificing any required qualities for a particular application, alloying often solves the problem. As a consequence, the popular commercial brasses, bronzes, copper-nickel alloys and nickel-silvers, to mention only a few, have been developed.

I

Uses

The use of copper and its alloys is well-nigh universal. They are virtually synonymous with all things electrical, and they have myriad outlets in construction, automobiles, aircraft, missiles, railroad equipment, marine equipment, appliances machinery and equipment, scientific instruments, utensils, jewellery, cladding and many other applications. Copper is used in virtually pure metallic form, primarily by the electrical industry in manufacturing generators, motors, electric locomotives, switchboards, telephone and telegraph equipment, light and power lines and other items.

The uses to which copper and its alloys are put vary from country to country. Here is how the U.S. consumed refined copper in 1961: wire mills 823,799 short tons, brass mills 599,756 short tons, chemical plants 1,269 short tons, secondary smelters 9,504 short tons, foundries 17,078 tons, and miscellaneous 11,415 short tons, making a total of 1,462,830 short tons. Reclamation of copper from scrap now provides nearly one-fourth of the U.S. supply. The U.K. is free world's second largest consumer of copper. In 1961, it used 582,900 tons of primary metal and 180,400 tons of copper in scrap or a total of 763,300 tons. World consumption of copper by leading countries is given in table 3.

Aluminium serves as a substitute for copper and its alloys in a number of electrical, mechanical and decorative appliances, while stainless steel, copper-clad metals and plastics have replaced copper for some uses. A study of the use of copper and aluminium in 1954 as compared with 1947 for selected product groups by the U.S. Business and Defence Services Administration shows the trend: in power transmission equipment, use of copper was *plus* 92 per cent and of aluminium 310 per cent; in radio and radio products, copper *plus* 74 per cent and aluminium 261 per cent; in engine electric equipment, copper *plus* 32 per cent and aluminium 556 per cent; in metal stampings, the use of copper dropped 27 per cent, while aluminium rose 25 per cent; in telephone and telegraph equipment copper fell 11 per cent but aluminium rose 170 per cent; and, in the grand total for all industrial groups, while the use of copper dropped 14 per cent, that of aluminium rose 104 per cent.

Sources

Copper occurs in many types of deposits associated with igneous, sedimentary and metamorphic rocks. Porphyry copper deposits make up most of the world's reserves, being found in Sweden, Western United States, Chile, Peru, and the U.S.S.R. In Central African copper belt, copper ores of Northern Rhodesia occur in sedimentary deposits underlain by metamorphic and igneous rocks and overlain by a series of thick sediments. At one time, the world's main source of the metal was cupiferous pyrite found in crystalline schists or slates in Spain, Cyprus, Turkey, Sweden and the United States. Vein deposits of copper are the result of filling open fissures, or of replacing wall rock along narrow cracks. A typical example of vein deposit is found at Butte, Montana, in the United States.

The world reserves of copper in terms of metal content are estimated at 170 million tons. The principal resources accounting for 93 per cent of this total are found in the following seven countries: Chile (46 million tons), U.S.A. (32.5 million tons), Northern Rhodesia (24.5 million tons), Congo (20 million tons), Soviet bloc (16 million tons), Peru (12.5 million tons) and Canada (17 million tons). The large quantity of copper in use and recoverable as scrap provides an additional dependable reserve of available copper. In the United States alone, it is of the order of 30 million tons.

Most of the copper produced in the United States comes from five Western States. Chile's output comes principally from three mines and that of Northern Rhodesia from four mines. Congo's copper comes from the properties of one company, and three mines supply nearly 75 per cent of Canadian copper production.

The porphyry copper deposits are mined principally by open pit or block caving methods. In 1958, for example, open pit mining accounted for 76 per cent of copper ore mined, and 71 per cent of copper produced, in the U.S. Most of present copper output comes from sulphide ores beneficiated by flotation. Smelting sulphide concentrate involves production of matte and slag in a reverberatory furnace and then oxidising the sulphur and iron in the matte in a converter to release copper metal. Impurities in the copper are removed by electrolytic or fire refining. Leaching followed by concentration or electrolysis is employed to recover copper from oxide ores—carbonates and silicates. Recovery of metal from mixed oxide-sulphide ores is more difficult, but is accomplished by ferric sulphide leaching or leach-precipitation-flotation. Today sulphides account for 85-90 per cent of world copper output, and oxides for 10-15 per cent, while native copper production is of the order of one per cent.

The concentration mills and smelters are usually near the main mines and some process customs ores. World mine production of copper (content of ore) averaged 3,280,000 short tons in 1952-56 and amounted to 4,850,000 short tons in 1961. World smelter output of the metal averaged 3,460,000 short tons during 1952-56 and was 5,060,000 short tons in 1961. Mine production of copper and smelter production of the metal by leading countries are found in tables I and II.

II

World Price Trends

While world production of refined copper was recently estimated at 4.6 million tons, consumption of both primary and secondary metal was 4.1 million tons. To correct the imbalance between demand and supply in world market, major producers in the U.S.A., Chile and Northern Rhodesia announced voluntary output cutback programmes and, with producers offering a price support policy, the price of copper held steady at £234 a ton in London Metal Exchange. In the U.S., too, the price of copper was steady around 31 cents per lb. The industry believed that it had entered an era of price stability unprecedented in the history of copper. The situation has, however, changed dramatically in the past few months.

In recent months, copper has shown increased price strength under the influence of a strong demand coupled with reduced production occasioned by strikes, both in the United States and elsewhere. Following the settlement of strikes which had plagued an American producer since 1st July 1964, the U.S. producer price of refined electrolytic copper was raised 2 cents per lb. to 34 cents late in September, the highest price since early 1957. Prior to being increased to 32 cents, the price had remained at 31 cents since May 1961, the longest period of stability in peace-time history.

The U.S. copper producers were reluctant to mark up prices, in view of the competitive substitutes, both metallic and non-metallic. But pressure, due to higher production costs stemming from labour settlements, scrap price being in excess of the refined quotation, reported pressure from the Chilean Government, and the sky-rocketing of prices in marginal markets proved too great to resist. American dealer copper, for example, has been selling as high as 55 cents per lb., while futures prices in New York and quotations on the London Metal Exchange, too, have been far in excess of the producer price. The U.S. producer price was also out of line with that of the foreign producer which in mid-August was stepped up 2 cents per lb. to 32.5 cents per lb., thereby bringing it 0.5 cent above the then U.S. price. At the time of writing, the U.S. producer price is 34.50 cents. Thus, the rise in the latter, once the major labour difficulties were resolved, was a foregone conclusion. Normally American producer price of copper, reflecting the U.S. import duty of 1.7 cents per lb., is above the foreign price. In India, too, the prices of electrolytic copper wire bar soared from Rs. 368 per kg. on 25th October 1963 to Rs. 451 on 27th October 1964. The boom in metals has come after a summer in which anticipated seasonal slackness of demand did not make itself felt. This has been followed by intensified autumn stock replenishment by industry, aided by critical shortage of supply. Thus prices for copper, tin, silver, mercury, tungsten, lead and zinc have all reached new heights in recent weeks.

During the short period, the prices of commodities are sensitive to the many complex economic and political forces which influence producers, merchants, consumers and brokers. Labour disputes at mines or docks, Governments' stockpiling policies, sudden dumping of metals by countries with surplus output, all find expression in the prices which represent the opinion of experienced dealers. These price fluctuations are valuable indicators to merchants and consumers of impending surplus or scarcity and as such they stimulate or postpone buying, or hasten or retard the provision of suppliers.

During the longer period, the trend of prices determines when adjustments are required to be made to the productive capacity of a metal. A too low price indicates over-production and has the effect of cutting back output of the higher cost sources, whilst a too high price encourages production from additional sources. The consumer benefits by being able to obtain supplies at all times from the most economically desirable sources at reasonable prices.

III

Position in India

Copper ore mines, many of which are uneconomic under modern conditions, were worked centuries ago in Bihar, Rajasthan, Andhra Pradesh and other areas in India. The use of copper and its alloys was initially restricted to domestic utensils. This red metal and its alloys helped the early Indian craftsmen to display their rare skill in casting and moulding. Yet it is only in the present century that copper achieved an importance next only to steel. The increased reliance on electricity has led to enhanced consumption of the metal, since copper cables brought power to factories and homes situated in distant parts. In addition, copper and its alloys constitute components of the engineering, building, transport, communications and other industries.

Copper is known to have been produced in the Singhbhum district of Bihar some 3,000 years ago. Later, owing to political turmoils and vicissitudes through which the region passed in the succeeding centuries, the industry lost its ground and eventually disappeared from the scene. In 1839, Mr. Wilson Jones reported the occurrence of copper ore deposits in this region extending over an area of 80 miles. In Rajasthan, too, copper ores are found in the Khetri and Daribo districts. The Indian Bureau of Mines has proved a prospective reserve of 28 millon tons of ore in the Khetri belt containing 0.8 per cent copper. The tenor of ore at Daribo is stated to be somewhat higher. The recent finds in the Roam Sideswar block of Singhbhum district is esti-

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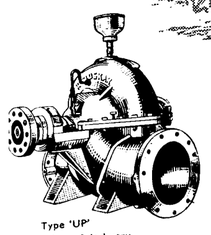

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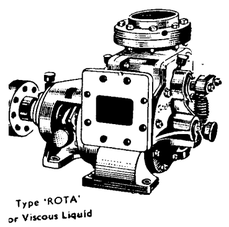

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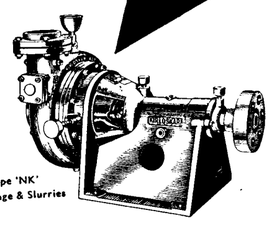

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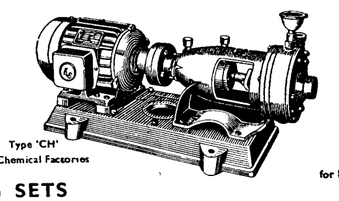

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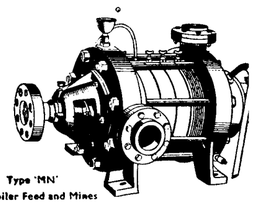

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15-64

mated to have a reserve of 18 million tons containing 2 per cent copper at a depth of 600 metres from the surface.

Early in 1857 a private concern, Singhbhum Copper Company, was formed to undertake mining operations at Seraikela, Nandup and Jamjora areas in Bihar. This firm got into financial difficulties, and went into liquidation within the next two years. Thereafter, another company, the Hindustan Copper Company, was established and commenced commercial operations in 1862, but it met with the same fate as its predecessor. Yet another concern, Rajdoha Mining Company, tried its luck in 1891, but paucity of funds compelled it to abandon its efforts. The successive failures of these companies disheartened private initiative.

Following the detailed investigation of the ore resources of this region by the Geological Survey of India in 1906-08, interest in the copper belt revived. The Cape Copper Company took over the Rakha mine of Rajdoha Mining Company in 1908, and set up a milling plant and commenced production in 1914. The smelting of ore began in 1918. Meanwhile, this Company also ran into financial difficulties and. its activities came to an end in 1923. During this period, the Cordoba Copper Company, managed by John Taylor and Sons, obtained a leasehold option from the Cape Copper Company in the Mosabani area covering 20 sq. miles. This Company was eventually reconstituted into Indian Copper Corporation in 1924. Three years later a concentration plant and a smelter were erected, and actual production of copper was started in Ghatsila a year later. that is, in 1928.

Since then, the Indian Copper Corporation has been the sole producer of copper in India. The entire output is of fire-refined quality, and the country's electrolytic requirements of copper are met by imports. This Company has in hand a project, based on imported blister copper, envisaging production of 8,400 tonnes electrolytic metal annually.

India's demand for copper which was 56,000 tonnes in 1958, rose to 130,000 tonnes in 1963, and is reckoned to reach 250,000 tonnes by 1970-71. Indigenous production went up from 7,697 tonnes in 1958 to nearly 10,000 tonnes in 1963, and is projected, on paper though, to go upto 90,000 tonnes by 1970-71. Already the copper import bill has gone up from Rs. 17.8 crores in 1959-60 to Rs. 26.7 crores in 1963-64. It may rise further to nearly Rs. 50 crores by 1970-71. India's imports of copper and projected demand for the metal are given in tables 4 and 5.

IV

Controls on Imports

The Minerals and Metals Trading Corporation (M.M.T.C.) was formed on 1st October 1964, and it took over the functions of the S.T.C. with regard to import and distribution of non-ferrous metals. For the eleven months from 1st October 1963 to 31st August 1964, the M.M.T.C. had contracted for 17,180 tonnes of copper valued Rs. 6.56 crores to augment its stocks for distribution to actual consumers both in the small-scale and scheduled sectors. It also handles almost exclusively imports under rupee payment arrangements. At present, nearly 30 per cent of total imports of all non-ferrous metals is handled by the M.M.T.C.

Mr. D. P. Kajaria, President of E.I.M.M.A., complained in Calcutta on 1st October 1964 that the normal trade channel in the total imports of non-ferrous metals had declined from 75 per cent to 20 per cent, because of the withdrawal of non-ferrous items from o.g.l. and the banning of imports or tightening of import restrictions. Import canalisation through M.M.T.C. had elbowed out a large number of established importers from the avocation of their life. Matters arising out of import control of non-ferrous metals were raised in the Port Import Advisory Committee meetings held at the office of Mr. A. K. Sen, Joint Chief Controller of Imports and Exports, and suggestions made by it were forwarded to the Chief Controller for consideration.

The quota percentage for established copper importers for copper scrap, whether ingotted or otherwise, fall under Sl. No. 42/1; copper unwrought and in the form of ingot, etc., fall under Sl. No. 47/1: brass, bronze and similar alloys. unwrought and in the form of ingot, fall under Sl. No. 46(A)/1 and silicon falls under Sl. No. 122 (XLIV). Imports under these were not below 50 per cent, which, Mr. Sen hoped the members of E.I.M.M.A. would agree, was not small. In the case of copper unwrought falling under Sl. No. 47/1, it was as high as 100 per cent, he said.

The quota percentage for established importers falling under Sl. No. 44(A)/1 has remained at 30 per cent during the last three licensing periods. With brass, bronze and similar alloys, unwrought and in the form of ingot and scrap, etc., falling under Sl. 46(A)/1, apart from the fact that the quota percentage remained at 50 during the last three periods, the question of extension of the basic period for this item is under consideration.

The Minerals and Metals Trading Corporation makes imports against funds available from free resources from U.S. Aid programmes and Colombo Plan allocations. Purchases are effected either by direct negotiations, or by inviting competitive tenders from the overseas suppliers. Imported metals are stocked in its own godowns. In accordance with the provisions of the Non-Ferrous Metals Control Order, the M.M.T.C's selling price of copper to the allottees are fixed at the landed cost *plus* a margin of 3.5 per cent. The corporaton charges on its sale prices to State nominees a lower margin of profit, i.e., 2.5 per cent in the case of copper.

V

Research

The Metals Research Committee and the Mechanical Engineering Research Committee of the C.S.I.R. have undertaken a detailed study of scarce base metals. They have been asked to make specific recommendations on the substitution of such metals by others and their alloys in more abundant supply. A report drawn up by the Director of N.M.L. and Dr. B. D. Kalekar and Mr. K. N. P. Rao, on substitution of copper and other scarce non-ferrous metals by aluminium and other metals available indigenously, is to form the basis of the survey. The Defence Research and Development Organisation has suggested that the production of aluminium and titanium should be increased.

A saving of Rs. 35 lakhs was made during 1961-63 by substituting aluminium for copper in cable industry. The use of aluminium in place of copper in switchgear panels is under study. The utilisation of aluminium die-cast motors in electric motors and fans which has been started on a limited scale would eventually result in an annual saving of copper worth Rs. 40-50 lakhs. There is divergence of opinion among experts on the use of aluminium and its alloys in air conditioning and refrigeration equipment. This problem is under further study. Considerable work would have to be done before copper can be replaced by aluminium in automobile industry. It is estimated that copper and nickel worth Rs. 90 lakhs a year can be saved if copper and nickel alloys are mainly used in ten, five and two-paise coins.

VI

Production Plans

Rather belatedly. the Ministry of Steel and Mines is to initiate advance action to achieve an output target of 62,700 tonnes of copper from native ores during the fourth Plan. Another 30,000 tonnes is planned to be produced from imported concentrates. Projects included in the next Plan include the Khetri project with a capacity of 21,000 tonnes, the Indian Copper Corporation project of 12,700 tonnes, Kolihan, Rakha Mines, Agnigudala and Dickchu projects with a total of 29,000 tonnes.

The Khetri project was originally scheduled to go into production in 1966, but, in view of its enlarged scope, output is now expected to commence a year later. A supplementary agreement is being entered into with the American consultants. Western Knapp Engineering Company. It is proposed to install a flash type smelter at Khetri for easy recovery of sulphur dioxide and its utilisation in the manufacture of sulphuric acid.

The Kolihan deposits near Khetri, it is estimated, can sustain a production unit of 10,000 tonnes capacity. The National Minerals Development Corporation has been asked to prepare a feasibility report for siting a smelter in Rakha-Sideswar area of Singhbhum copper belt in Bihar. The copper deposits of Agnigudala in Guntur district in Andhra are admittedly small, and would only be adequate for producing 2,000 to 3,000 tonnes of copper. The concentrates obtained from Sikkim deposits would be taken to Ghatsila in Bihar to be smelted by the I.C.C. plant. Output of 500 tonnes of copper would be feasible from Rangpo deposits before the end of the current Plan period, and another 1,000 tonnes of metal could be had from the Dickchu mine in Sikkim.

VII

Always Too Late and Too Little

To conclude, what is needed in the case of copper, as indeed with non-ferrous metals in general, is planned action in the fields of prospecting. mining, concentrating, smelting and refining. Copper concentrates are available in the international market at more favourable and less fluctuating prices than the metal. Countries with large surplus production like Northern Rhodesia and Chile have expressed their willingness to enter into long-term contracts with India with price stipulations for delivery of concentrates. Indeed, West Germany and Italy have smelters based on imported copper concentrates. It would do India good to emulate their example. Lastly, there should be more rigorous control on the end uses of copper and its alloys, and a more assiduous and systematic search for its substitutes. The policy of the Government with regard to the development of base metals has, in practice, meant "too late and too little!" The time for action is here and now.

Table 1: *Mine Production of Copper by Leading Countries*

(Content of Ore)

(In short tons)

	Average 1952-56	1957	1958	1959	1960	1961
Canada	298,975	359,109	345,114	395,269	439,262	449,791
U.S.A.	968,001	1,086,859	979,329	824,846	1,086,169	1,165,155
Chile	453,861	535,306	514,925	602,108	586,648	603,635
Cyprus	29,847	43,676	36,614	39,978	39,096	31,585
U.S.S.R.	365,000	450,000	470,000	480,000	550,000	600,000
Congo	248,196	267,028	261,867	310,955	333,175	325,400
Northern Rhodesia .	410,696	480,313	441,073	598,835	635,321	633,139
South Africa ..	45,139	50,959	54,615	54,066	50,847	57,952
Japan	72,791	90,066	89,837	93,970	98,307	106,319
Australia	44,732	66,366	84,801	106,344	122,385	102,760

Table 2: *Smelter Production of Copper by Leading Countries*

(In short tons)

	Average 1952-56	1957	1958	1959	1960	1961
Canada	260,821	323,540	329,239	365,366	427,020	406,437
U.S.A.	1,017,203	1,178,145	1,069,052	841,795	1,233,629	1,207,350
Chile	424,121	496,736	484,678	570,593	556,636	577,544
West Germany ..	252,823	279,313	295,609	310,729	340,695	335,476
U.S.S.R.	365,306	450,000	470,000	480,000	510,000	600,000
Congo	248,196	267,028	261,867	310,955	433,175	325,400
Northern Rhodesia..	388,611	466,562	420,664	595,093	625,922	627,137
South Africa ..	43,518	48,229	53,406	53,843	50,847	57,562
Japan	78,329	220,013	113,979	170,682	206,522	223,171
Australia	40,025	56,440	72,360	76,713	79,130	71,692

Table 3: *World Copper Consumption*

(In 1,000 short tons)

Country	1960	1961	1962
E.E.C. ..	960	1,052	980
U.K. ..	506	478	470
U.S.A. ..	1,058	1,151	1,270
Canada ..	118	142	150
Japan ..	268	332	280
Others ..	579	613	630
Total ..	3.489	3.768	3.780

Table 4: *India's Copper Imports*

Year	Quantity (Tonnes)	Value (Rs. crores)
1959	46,157	14.55
1960	52,663	17.96
1961	63,633	19.73
1962	68,000	22.00
1963	66,000	21.00

Table 5: *India's Demand for Copper*

(In tonnes)

	1965-66	1970-71
Copper conductors and wires	54,900	103,300
Alloys and railway requirement, rolled products, rods and tubes.	45,000	75,400
Small-scale industry ..	18,300	23,300
Miscellaneous (including mint).	7,100	12,100
Stock and reserves ..	12,500	21,400
Total ..	137,800	235,500

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INDUSTRIAL GASES AND THE WELDING INDUSTRY

Progress Remarkable, But Much More Remains To Be Done

By A Special Correspondent

THE growth of the industrial gases and the welding industry is closely linked with (a) rapid changes in the production of iron and steel and (b) the growth of production and consumption of steel. Should steel production reach the estimated target by the end of the fourth Five-year Plan, it will inevitably generate an enormous demand for oxygen for purposes such as welding, cutting, heating, etc. By 1970-71, the demand may go up to nearly 2,000 million cubic feet per year. The corresponding rise in demand for acetylene is likely to be in the neighbourhood of 250 million cubic feet.

The revolutionary development in making steel, using huge quantities of oxygen in L.D. and other processes, has already brought about far-reaching changes in the industrial gases industry. The entire steel industry now relies heavily on oxygen for making steel, and all the three public-sector steel works are equipped with what is known as tonnage oxygen plants. There is no doubt that all the new steel works also will be similarly equipped. In the private sector, Tata Steel Works at Jamshedpur is also equipped with its own tonnage plant. In view of the vital role oxygen is playing in steel production, it is possible to assert that the future of oxygen really lies in steel. The estimated demand for oxygen for making steel is likely to rise to 1,400 tons per day by 1965-66 and to nearly 4,000 tons per day by 1970-71.

Scope for Expansion

If present research regarding application of oxygen for blast furnace factories yields fruitful results, then, literally, the sky will be the limit for demand for oxygen. This acceleration of the industrial gases industry in India is a reflection of similar development the world over. With the development of welding as a specialised branch of technology and exchange of ideas and information on international levels, new vistas have opened up before the welding industry.

In India, happily, within the last thirty years, practically all the major welding processes have been successfully introduced. Partly to ensure regional self-sufficiency in addition to national adequacy of capacity, the Government has granted manufacturing licences for industrial gases to 33 new firms up-to-date. About half of them have installed plants. A few have gone on stream.

The tardiness with which new plants have been installed points to several important aspects of the industry, such as its capital-intensive nature and the extreme importance of economies of scale. It is interesting to note that, although due to increases in cost of power and labour, selling prices for oxygen have shown an upward trend, the average realised selling price is lower than that obtained more than twenty years ago. This is an achievement which arises directly out of the economies resulting from the increasing scale of operations of the main existing units.

Argonarc Welding

Large-scale use of stainless steel, heat-resistant steel, aluminium, copper, nickel and their alloys was severely handicapped till recently because of the proneness of these metals to oxidise during welding. The problem has now been overcome with the introduction of argonarc welding. The process allows these difficult metals to be easily welded in an inert atmosphere of argon, thus preventing oxidisation. The growing emphasis on the use of these metals in industries is evident from the following production targets envisaged under the third Plan:

	1965-66 *Tons per year*
Stainless steel and special steels ..	100,000
Aluminium	87,000
Copper	20,000

The industrial gases industry responded to this new emphasis by setting up an argon purification plant at Asansol in 1961 which is now producing approximately 2 million cubic feet of argon per year. The second argon purification plant of India will soon be installed in Bombay. This move is expected to make the country self-sufficient in argon.

Automatic and Semi-automatic Welding

The object was to devise automatic means of maintaining a constant arc length in precision welding which was not practicable as long as the somewhat unreliable human factor in welding could not be eliminated. The answer was automatic and semi-automatic arc welding.

Automatic arc welding is broadly categorised into open arc and submerged arc processes. The Fusarc/CO_2 is a comparatively new development in the open arc process. This is widely used in India in the manufacture of road rollers, penstock pipe, water mains, ships and petrol wagons.

Equally familiar to Indian industry is the submerged arc automatic welding process. The Unionmelt process has been used in the locomotive industry and also in the manufacture of penstock at Jog Falls and Koyna Project.

Semi-automatic arc welding of aluminium and stainless steel, as observed earlier, has been in use for quite some time. Aluminium carbonating towers, stainless steel vessels for chemical and fertiliser industries, bus-bars for the aluminium industry and fabrications for atomic reactors are some of the jobs which have been done with the help of semi-automatic welding.

Two recent developments in semi-automatic arc welding of mild steel, namely Bare Wire/Co_2 and the Unionarc processes, will prove highly efficient in the manufacture of B.O.X. wagons, automobiles and transformers.

The scope for automatic and semi-automatic welding in Indian industries is continually expanding. One nagging obstacle is the lack of indigenous facilities for the manufacture of complex equipment necessary for these processes. Plans are, however, being actively pursued to begin local manufacture and to reduce and eventually to do away with import of equipment.

A modest beginning in this direction has already been made. Practically, all equipment for gas and manual arc welding are now being made in India.

Until 1957, all gas and manual arc welding equipment had to be imported. But soon the soaring demand outstripped the meagre foreign exchange available for imports. Urgent measures were called for to initiate indigenous manufacture. The first equipment factory was thus established in Calcutta, which is still today the only one of its kind functioning in India. It has overcome the initial difficulties in respect of raw materials, standards, quality control, etc., and now turns out a wide range of welding, cutting and heating blowpipes, cutting machines, regulators, gas valves and a host of accessories.

In order to increase production, this factory will soon undergo a large expansion plan, while licences have been granted to four new independent units in the country to manufacture similar equipment.

Arc Welding Electrodes

The growing use of arc welding can be gleaned in the emphasis the Planning Commission has placed on the production of general and special purpose electrodes. By 1965-66, the welding industry is to turn out 900 million feet of electrodes per year. The current production is of the order of 500 million feet per year; and, if the industry fails to achieve the Plan target, the reasons for such performance will have to be partly attributed to factors beyond the control of the industry.

Shortage of core wire, the most important raw material, has dogged electrode production ever since the first batch of indigenous electrodes were extruded in 1947. Large quantities of core wire had to be imported for a long time and even when the Indian Steel Works began core wire manufacture, the welding industry had to wage protracted battle of wits against any lowering of standards of electrode quality steel. Finally, largely at the initiative of Indian Oxygen Limited, Bhilai Steelworks took over the responsibility of supplying the entire quantity of electrode quality steel required in the country. Initial deliveries have already been made and these have been found satisfactory.

So far only two established firms have been manufacturing electrodes. Recently manufacturing licences have been granted to 17 new units. Only six of these have installed plants and fewer still have gone into production.

Plant Manufacture

This development poses a new challenge to the industrial gases industry. The need for complete oxygen plants for steel, fertiliser and other heavy industries using huge quantities of oxygen is a distinct possibility in the very near future. With the avowed national aspiration of self-sufficiency in every possible direction, the industrial gases industry is actively considering plans to manufacture small to medium size oxygen plants.

Liquid Oxygen Explosives

Oxygen has found its way to the mining industry too in the form of liquid oxygen explosives (LOX). This is a unique innovation and LOX explosives are now widely used in practically all the open-cast mines of India for blasting purposes. In certain respects LOX compares more than favourably with conventional explosives, and its production is estimated to rise to 9,000 tons per year by the end of the third Plan.

Export efforts of the industry have been severely restricted by its heavy commitments at home. But, for some time now, electrodes and nitrous oxide are being exported to large areas of South-East Asia.

Research and Development

From gas to automatic welding, from electrodes to welding transformers, from high flying oxygen used in aviation to liquid oxygen explosives for mining—all in just thirty years—the industrial gases industry has come a long way and is now one of the highly diversified industries of India. Nearly three dozen new firms have entered the field and at least eight of them are armed with foreign collaboration. Total fixed investment in the industry (for oxygen and dissolved acetylene alone) stand at Rs. 11 crores during the third Plan period. A decisive factor of growth at this stage will be the ability of the industry to organise research and development. The pioneers of the industry have sorted out the teething troubles of quality and standardisation. When Indian Oxygen began operating thirty years ago, there were no Indian standards for the various industrial gases, electrodes, the welding processes or for the user equipment. Over the years, the industry has worked hand in hand with the Indian Standards Institution and have formulated Indian standards to cover practically the entire range of its operations. Quality-consciousness has emerged at both the manufacturers' and the users' end. Now is the time to begin thinking in terms of advanced research. Exciting innovations abroad are frequently reported. The Plasma-arc process, Electron Beam welding and that breath-taking break-through—the LASER—have pushed the horizon of welding to dizzy distances. Many basic applications of cryogenics have become closely allied to welding technology. The full impact of these revolutionary innovations will undoubtedly take a long time to make itself felt in India where the classical paradox of the jet plane and the bullock-cart prevails in the industrial gases industry too. While the lion's share of the industry's turnover comes from the handful of heavy engineering and steel works using liquid oxygen and advanced processes, the overwhelming majority of consumers are still the little wayside welders. This is, perhaps, not the proper background for the glamour and excitement of advanced research. But somewhere, sometime a beginning has to be made.

POCKET INSTRUMENT FOR SORTING METAL

A pocket-sized instrument for sorting mixed batches of steel has been produced by a British firm. The instrument has two functions—segregating different types of steel alloys and sorting heat treated steel. A typical application is sorting steel rod or bar when coding labels have been lost and it is particularly suitable for checking mixed batches of components on the shop floor. The instrument, built on a printed circuit board incorporating transistors and sub-miniature components, is battery-powered. It measures 4¾ in. long, 2½ in. wide and 1⅜ in. deep. The instrument operates through a 3 in. self-contained probe or hand coil, connected to the main instrument. The probe has a V base to enable it to be placed on the centre of bar or rod of different diameters. The hand coil is more sensitive and can be used with racked or machinery components.

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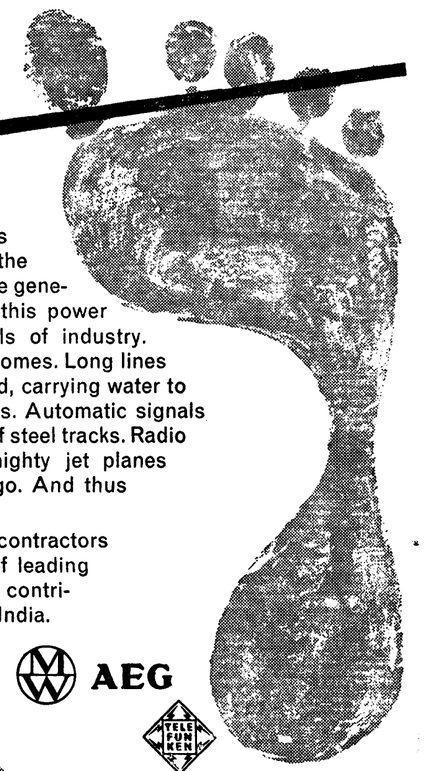

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Chemical Fertilizers—Key To Raising Agricultural Production

(Contributed)

IN the context of the present food position, it is of the utmost importance that India should make an all-out effort to raise its agricultural production. The indispensable role of chemical fertilisers in the production of the nation's food is now well recognised. A high level of agricultural production cannot be achieved with the low productivity of the soil. A corrective must be applied and applied quickly. As a result of continuous cropping over the years, the soil has been depleted. This deficiency must be met by restoring plant foods to the soil. Among the main plant foods are nitrogen, phosphorus and potash and these are used in large quantities by crops. How to restore these to the soil? One way of doing this is to apply farmyard manure and other organic manures, but the limiting factor is that they are not available in quantities required and are of low concentration in terms of plant nutrients. This underlines the urgent need of supplements in the form of chemical fertilisers, which supply the various plant needs in an easily available form.

We still have to go a long way towards meeting the demand for chemical fertilisers in terms of these three major plant nutrients keeping in view our area and population. While India's fertiliser consumption per hectare of agricultural land (in terms of nitrogen, phosphorus and potash) is 2.43 kg., in France it is 67.12 kg., West Germany 160.65 kg., Italy 41.88 kg., Netherlands 203.15 kg. United Kingdom 70.12 kg., U.S.A. 16.65 kg., Japan 233.69 kg. and U.A.R. 94.78 kg.

Third Plan Targets

In the context of the rapidly increasing demand for chemical fertilisers, the third Five-year Plan has set a consumption target of one million tons in terms of nitrogen, 400,000 tons in terms of phosphate and 200,000 tons in terms of potash. In order to meet these consumption targets, an additional capacity of over one million tons of nitrogen was licensed for installation. The existing nitrogen production capacity is 366,550 tons, while the current production, mostly in the public sector, is about 270,000 tons. Out of this existing installed capacity, 348,300 tons are in the public sector and 18,250 tons in the private sector. The capacity licensed is 1,001,250 tons out of which 425,000 tons are in the public sector and 576,250 tons in the private sector.

The broad picture of the fertiliser industry as it emerges today is as follows: There are now seven factories producing nitrogenous fertilisers. In the public sector, under the Fertilizer Corporation of India, there are two—Sindri (117,000 tons nitrogen annually) in the form of ammonium sulphate, ammonium sulphate-nitrate and urea; Nangal (80,000 tons nitrogen annually) in the form of calcium ammonium nitrate. In addition there are three other factories in the public sector: Rourkela under Hindustan Steel (120,000 tons nitrogen annually) in the form of calcium ammonium nitrate, Alwaye under F.A.C.T. (30,000 tons nitrogen annually) in the form of ammonium sulphate, ammonium phosphate and ammonium chloride and Belagula under Mysore Chemicals and Fertilizers (1,300 tons nitrogen annually) in the form of ammonium sulphate. The remaining two are in the private sector: Varanasi under Sahu-Jain Chemicals (10,000 tons nitrogen annually) in the form of ammonium chloride and Ennore under E.I.D. Parry (8,250 tons nitrogen annually) in the form of ammonium phosphate.

Public Sector Projects

So far as new projects are concerned, four are under implementation by the Fertilizer Corporation of India—Trombay (Maharashtra), Namrup (Assam), Gorakhpur (U.P.) and Korba (Madhya Pradesh). Good progress has been made with all these. The Trombay factory is expected to be commissioned in the beginning of 1965. It is designed to produce 90,000 tons of nitrogen and 45,000 tons of phosphate in the form of 99,000 tons of urea and 330,000 tons annually of nitrophosphate (12.9:12.9), a complex containing both nitrogen and phosphorus.

The Namrup factory is designed to produce 45,000 tons of nitrogen per year in the form of 100,000 tons of ammonium sulphate and 55,000 tons of urea per year. The factory is expected to be ready for production in 1966-67.

The Gorakhpur factory is designed to produce 80,000 tons of nitrogen in the form of 174,000 tons of urea per year. The factory is expected to go into production in 1967-68.

The Korba factory (in Madhya Pradesh) will have an annual output of 100,000 tons of nitrogen in the form of 217,800 tons of urea. It is expected to go into production in 1967-68. Incidentally, this factory was to have been established in the private sector, but was later assigned to the public sector.

The third stage of the expansion programme of F.A.C.T. (Alwaye) is expected to be completed by 1965 as scheduled. This programme will raise its capacity to 70,000 tons of fixed nitrogen and 33,500 tons of phosphate per year.

Another factory in the public sector, which is being established as part of the Lignite Project at Neyveli in Madras, is expected to go into production in 1965. This factory is designed to produce 70,000 tons of nitrogen per year in the form of urea.

Private Sector Projects

Of the eight private sector projects which have been licensed, progress has been made in respect of only four, namely, those at Visakhapatnam (Andhra Pradesh) under Coramandel Fertilizer (80,000 tons nitrogen annually) in the form of ammonium phosphate and urea, Baroda under Gujarat State Fertilizer Company (96,000 tons nitrogen capacity annually) in the form of urea and ammonium phosphate-sulphate, Kothagudem (Andhra Pradesh) under Andhra Sugars Ltd. (80,000 tons nitrogen capacity annually) in the form of urea and Ennore (Madras) under E.I.D. Parry Group (8,250 tons nitrogen annually—expansion) in the form of ammonium phosphate.

It is now reckoned that the total indigenous production at the end of the Plan may be of the order of about 500,000 tons of nitrogen as against 800,000 tons of nitrogen initially assumed. The anticipated shortfall in production is mainly attributable to the slow progress in the implementation of the private sector projects.

As a measure of advance planning for the fourth Plan, the Fertilizer Corporation of India has been asked to investigate the feasibility of expanding the capacity of the existing factories at Sindri and Nangal and to undertake techno-economic studies in respect of possible location of new factories at Rihand (U.P.), Barauni (Bihar), Haldia (Bengal) and Rajasthan. It has been agreed in principle to go ahead with the Durgapur Project and preliminary work has been undertaken by the Fertilizer Corporation. The Durgapur factory will have a capacity of 100,000 tons in terms of nitrogen and 108,400 tons of phosphate (P_2O_5) per year in the form of ammonium phosphate-sulphate. This provisional capacity is now being revised.

F.A.C.T. has been asked to get prepared to plan for the establishment of two new factories, one in Cochin and the other in Madras, during the fourth Plan.

So far as phosphatic fertilisers are concerned, production at the end of 1962-63 was 80,000 tons in terms of phosphate. For some years, there have been no imports of straight phosphatic fertilisers and the country's requirements are being fully met by indigenous production. There are at present over 24 units producing superphosphate. The current offtake is below the available production capacity. Adequate capacity to cover the Plan target of 400,000 tons in terms of phosphate has been licensed. This includes complex fertilisers such as ammonium phosphate and nitrophosphate.

Fourth Plan Perspective

If India has to become self-sufficient in food, the first step is that we should become self-sufficient in our fertiliser requirements. For some years, we have been spending on an average Rs. 25 to 30 crores annually on importing fertilisers to meet the gap between indigenous production and the actual demand. In addition, we have been importing many crores of rupees worth of foodgrains. A much larger expansion of our fertiliser production is, therefore, clearly indicated. The Planning Group on Fertiliser Industry has tentatively envisaged the target of fertiliser production at two million tons of nitrogen and one million tons of phosphate (P_2O_5) and 0.35 million tons of potash (K_2O) by the end of the fourth Plan. This will pose a gigantic task both in terms of resources and technical manpower.

A new development has been the offer of an American consortium to build five giant fertiliser factories in India, each with a capacity of 200,000 tons of nitrogen per year, during the fourth Plan period. The consortium has now undertaken to submit feasibility reports concerning possible locations of these five factories to the Government of India by the end of this year. After these reports have been considered by the Government of India, a clear picture of the future development will be available.

The fertiliser industry is highly capital-intensive. So far, we have been mainly dependent on the supply of equipment and machinery for fertiliser factories from abroad and this has imposed a very heavy burden on our foreign exchange resources. All efforts will have to be made to explore the possibilities of indigenous manufacture of equipment and machinery for the expanding fertiliser industry. It is gratifying to learn that the Fertilizer Corporation of India has, through its Planning and Development Division, developed adequate technical know-how and experience to plan, design, engineer and build new fertiliser plants in the public sector. The pioneering effort was made by the Fertilizer Corporation when it built a major part of the Fertilizer Plant at Rourkela. The Ammonium Sulphate Plant at Namrup (Assam) is also being designed and built by the Fertilizer Corporation. The first plant that will be completely designed, engineered and built by this Division will be the Korba Plant. This central technical organisation is being strengthened to undertake departmental planning, designing, engineering, procurement and installation of major plants each of a capacity of one lakh tons of nitrogen annually during the fourth Plan period. The Corporation has also been successfully tackling the problem of training of technical personnel for manning its new projects.

It is noteworthy that F.A.C.T. also has its own design organisation and has developed the by-product gypsum process for ammonium sulphate production. It is going to undertake the establishment of two factories in the South, one in Madras and the other in Cochin.

Considering the magnitude of the task, engineering and process know-how will have to be developed considerably. It will be necessary to develop and expand efficient engineering and contracting organisation and also to provide fabrication facilities to produce specialised plant and equipment for factories that are to be set up during the fourth Plan period. When the Heavy Engineering Project at Ranchi now under construction commences production, a considerable advance will be made in the domestic production of equipment. It is significant that a special big-sized fabrication unit is being set up in the public sector to meet the future requirements of highly specialised equipment for fertiliser and petro-chemical industries.

Fertilizer Distribution and Prices

According to the current policy, the distribution of nitrogenous fertilizers is at present being handled by a trading scheme known as the Central Fertilizer Pool, administered by the Union Ministry of Food and Agriculture. The entire indigenous production and the imported fertilisers are taken over into the Pool and quotas are allotted to the various State Governments for distribution within the States through co-operatives and in some cases through commercial channels as well. Both the retention prices to the manufacturers and the Pool prices to different distribution points in the States are fixed by the Ministry of Food and Agriculture. While it is necessary that the prices of fertilisers to the farmers should be as economic as possible, the retention prices should be remunerative. The Fertilizer Corporation of India, the largest producer of nitrogenous fertilisers in the country, has endeavoured to keep the production costs as low as possible, so as to make fertilisers available at economic prices. But, in view of the increase in raw material prices and the deteriorating quality of raw materials and other factors, it has not been possible to effect an appreciable reduction in the cost of production of

(*Continued on page* 181)

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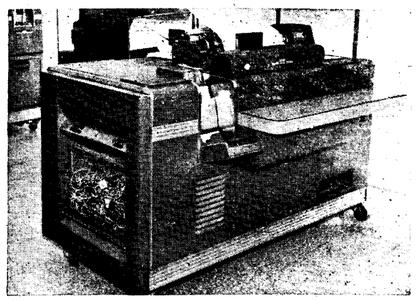

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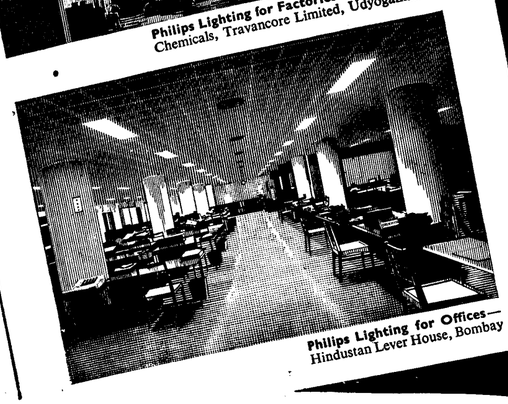

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ROAD AND ROAD TRANSPORT

Development Under III Plan—Perspective for IV Plan

By G. L. ANDERSON

PRESIDENT, INDIAN ROADS AND TRANSPORT DEVELOPMENT ASSOCIATION

BY common consent, India needs more and better roads. Inland surface transport as a whole has, in fact, lagged considerably behind the times, resulting in economic strangulation and a brake to every form of national activity. As is only too well known, with power, tansportation combines to form the very basis of developmental growth. Its fundamental importance makes it imperative to plan for it on a far wider perspective than the indices of both industrial and agricultural production. This unfortunately has not been the case in the three successive Five-year Plans in India, an anomaly which, by throwing the present economic complex off gear, has tended to jeopardise future planning in the country.

In assessing the progress recorded in road development during the first three years of the current plan, one finds that, despite the achievements made, the magnitude of the dimensions involved are in no way realistically aligned to the country's persistent needs. As a result of several additions to road development programmes undertaken to cater to the various needs of heavy traffic in the north-eastern regions, the total outlay on roads in the third Five-year Plan now stands at Rs. 416 crores, as against Rs. 324 crores envisaged at its commencement. This revised provision includes certain National Highways centrally-aided State roads and roads other than National highways in Sikkim. While the investment of Rs. 416 crores will at best touch the fringe of our mounting needs, an outlay of Rs. 590 crores as recommended by the framers of the Twenty-year Road Development Plan—though extremely modest in itself, would have catered to our marginal requirements more adequately.

National Highways

Owing to financial limitations, National Highway programmes seek to concentrate attention mainly on the development of the existing system by providing missing links, bridging unbridged crossings, improving existing low grade sections, etc. Of the 300 miles of missing road links, 35 major bridges and improvement on 3,000 miles of sub-standard sugments scheduled under the Plan, nearly 120 miles of missing roads, 20 major bridges and 1,200 miles of improvement on low-grade sections were completed by 1963-64. A sum of Rs. 18.12 crores was expended on maintenance and repairs during the first three years of the Plan, while expenditure on original works during the same period figured at Rs. 61.57 crores, including the Development Credit extended by the International Development Association, the World Bank affiliate.

The I.D.A. Development Credit of $60 million (approximating Rs. 29 crores) is intended for the financing of certain specified national highway works in the States of West Bengal, Orissa, Maharashtra and Bihar, as also on the Eastern Express Highway in Bombay. The credit includes a provision of $395,000 (Rs. 18.81 lakhs) for a techno-economic study of the traffic problems of Bombay City, and in addition provides for the purchase of road-building equipment for works forming part of the programme, estimated to cost Rs. 2.5 crores—the bulk of it to be imported from abroad.

Owing to the delay in the arrival of a number of imported items (including earth-moving and earth-compaction equipment) and the time expended in undertaking detailed investigations, collection of hydraulic data, finalisation of designs, etc., the works covered by the credit which were scheduled for completion at the end of September 1964, have now been extended to March 1966.

Statewise, the programmes in progress are as follows:

In ***Maharashtra,*** progress on the 13.63-mile Eastern Express Highway with a four-lane carriageway at an estimated cost of Rs. 194.47 lakhs, by 1963-64 was 49 per cent. On the 37.50-mile Ghodbunder-Manor section of National Highway No. 8, estimated to cost Rs. 200.85 lakhs, progress was only 16 per cent. With regard to major bridges on National Highway No. 8 in the State, the overall physical progress on the Rs. 100-lakh Bassein Creek bridge project, was about 4 per cent. On the Rs. 12.42-lakh Vaitarna bridge, progress is far better, at 45 per cent; and on the Tansa bridge being constructed at a cost of Rs. 12.42 lakhs, the work is in an advanced stage, with 60 per cent of overall physical progress recorded. On the Vandari bridge, the work done has been considerable at 63 per cent. On the Kaman Creek bridge, however, the collection of material was still in progress at the time of the mid-Plan appraisal.

In ***West Bengal,*** on the 25.21-mile by-pass from North Calcutta to Saptagram on the Delhi-Calcutta National Highway No. 2, a 15 per cent progress was recorded. This project is estimated to be completed at a cost of Rs. 367.6 lakhs. Twenty per cent of the 104.81-mile Joypurbeel-Bihar border on the Calcutta-Bombay National Highway No. 6 has been completed. Of the major bridges on National Highway No. 6, the construction of the Kangsabati bridge has been completed at a cost of Rs. 8.60 lakhs. The overall physical progress on the Rs. 116.0-lakh, Rupnarain bridge was 32 per cent in 1963-64.

In ***Bihar,*** work is in progress on sections of four National Highways—the 14-mile Chichra to Subernavekha section of National Highway No. 6, the 64-mile Muzaffarpur section of National Highway No. 28, the 100.95-mile stretch from Barauni to Phulweria on National Highway No. 31, and the 124.41 miles from Ranchi to Baharajora on National Highway No. 33.

The Mahananda bridge at Dingraghat on National Highway No. 31 has been completed in Bihar at a cost of Rs. 104.12 lakhs, and has already been opened to traffic. Work is still in progress on the Sone bridge on National Highway No. 2, estimated to cost Rs. 266 45 lakhs, and the Burhi Gandak bridge on National Highway No. 31, estimated to cost Rs. 48.88 lakhs. The physical progress on these two major bridges has been 27 per cent and 41 per cent, respectively.

In ***Orissa,*** the Cuttack-Bihar border section of 168-mile on National Highway No. 5, is being developed with a single-lane carriageway (except for a 7-mile stretch of dual carriageway) at a cost of Rs. 774.49 lakhs. The Birapa bridge on the same highway has been fully completed at a cost of Rs. 32.55 lakhs. Work is in progress on other major bridges including the Rs. 155.12-lakh Mahanadi bridge, the Rs. 48.27-lakh Brahmani bridge, the Rs. 61.00-lakh Baitarni bridge, the Rs. 41.50-lakh Kharsuan bridge, the Rs. 23.23-lakh Budabalang bridge, and the Rs. 15.25-lakh Salandi bridge—all to be constructed on National Highway No. 5.

Roads Other Than National Highways

As against the third Five-year Plan allocation of Rs. 2,718 lakhs for roads other than national highways in Union Territories including Nagaland (which became a full-fledged State of the Union in December 1963) and Sikkim, but excluding Goa, Daman, Diu and Pondicherry (provision for them being made under the budget of the Ministry of External Affairs), the actual expenditure incurred during the first three years of the Plan totals Rs. 1,112.88 lakhs. In addition, Rs. 275.86 lakhs have been spent on their repairs and maintenance.

Centrally-aided State Roads

In continuation of the Government of India's programme of helping State Governments in improving inter-State road communication facilities and undertaking road works of special economic importance in backward areas, except for a few new projects during the current Plan, there was concentration of activity mostly on projects carried over from the previous Plans. Expenditure on the various works under the programme totalled Rs. 1,118.75 lakhs during the 1961-62-1963-64 period. The States covered under it include Andhra Pradesh, Assam, Bihar, Gujarat, Jammu and Kashmir, Kerala, Maharashtra, Madhya Pradesh, Madras, Mysore, Orissa, Punjab, Rajasthan, U.P. and West Bengal. The special projects of the West Coast road and the Passi-Badarpur road also form part of this programme.

The total length of the ***West Coast Road*** is 763 miles, including the portion lying in Goa. The entire project is estimated to cost Rs. 24.42 crores—which includes an additional cost of Rs. 5.50 crores involved in aligning it through Goa. The third Plan provision, of Rs. 7.50 crores—which does not include the latter, is inadequate to complete this project, originated in April 1955. Though the allocation of Rs. 5.50 crores was provided for its Goa portion after the mid-Plan appraisal, additional funds will be required if the road is to be completed as far as possible during the current plan period.

Other important projects approved for Central financial assistance include the Pipri-Singruali road intended for connecting the coal-fields in Madhya Pradesh with the rail-head at Pimpri. Of the total estimate of Rs. 72.22 lakhs, Central aid accounts for 50 per cent, the remaining 50 per cent being met by the Governments of U.P. and M.P. The Jagdalpur-Dantewada-Kameli road is intended to provide a link to the iron ore deposits at Bailadilla in Madhya Pradesh, at a cost of Rs. 67.78 lakhs—50 per cent of the sum being given as a grant-in-aid and 50 per cent as loan. Further, the Hubli-Karwar road is being widened to two lanes in Mysore State, with a grant of Rs. 42.71 lakhs from the Centre.

Border Roads

The initial programme of the Border Road Development Board formed in March 1960 has been considerably extended to include the construction of a 3-ton road from Manali to Leh via Rohtang, and its connection with the rear link from Chandigarh to Manali via Nangal, Bilaspur and Mandi. As a result of this commitment, the construction mileage has been raised from 2,500 to 5,300, and improvements on existing roads from 1,500 to 2,300 miles. Up to the end of 1963, formation curving was completed on 1,453 miles (of which 860 miles were cut to 20 feet widths required for three-ton vehicles), 1,500 miles of existing roads were improved and over 600 miles were surfaced. The progress here is no doubt satisfactory, in view of the appreciable work involved in rock cutting and earth-moving in the Himalayan regions.

Road Transport

Steps have been taken since the inception of the third Five-year Plan to assist the development of road transport with particular emphasis on the formation of viable units in the industry. The State Financial Corporations Act of 1951 has been amended to make road transport operators eligible for financial assistance under it, and the Inter-State Transport Commission is taking measures to extend the facilities of long-distance inter-State traffic.

Expansion programmes for State Road Transport has proceeded according to the Plan, though, at the onset of the Emergency, the National Development Council recommended that, as far as possible, programmes for expanding the fleets of State Road Transport Undertakings, should be held back for some time. A Central road transport organisation has been established for maintaining essential supplies in the Assam-North Bengal area. It is proposed to set up a Central Organisation of State road transport undertakings with a view to securing uniformity in procedures and methods of operation in the procurement of supplies at economic rates.

With regard to the progress of automobile manufacture in the country, as against the target of 100,000 vehicles comprising 30,000 passenger cars, 60,000 commercial vehicles and 10,000 jeeps, the output at the close of the Plan in 1965-66 is expected to be 89,000; with the output of commercial vehicles estimated at 54,000. It is, however, expected that, with the completion of the expansion programmes including manufacture of approved engines, the target of 60,000 commercial vehicles may be reached during the first year of the fourth Plan. Moreover, on the basis of the foreign exchange releases made, it is being expected that the indigenous content of 90 per cent envisaged in the Plan, may be achieved by 1965-66.

Fourth Plan

While in absolute terms the growth and progress in India over the past decade and a half of planning has been appreciable, it has by no means been dramatic. The first Five-year Plan did not involve much well-directed or integrated planning: the second Five-year Plan was no doubt conceived within a more rigid framework but the foreign exchange crisis of 1957-58, along with the coal crisis arising out of severe transportation bottlenecks, combined to thwart achievement of income and production targets. With the third Five-year Plan, planning in the country was better stratified, but, as its mid-term appraisal has shown, the fourth Plan will have to start with a serious setback.

The prevailing complacency with regard to the so-called satisfactory transport situation today is entirely misplaced. It is being expressed solely on the ground that the railways are expected to fulfil their Plan target of 260 million tons as scheduled. What is simultaneously not being apreciated is that the country's demand for haulage capacity by no means ends with the railways. On the basis of national income projections, provision will have to be made for an additional minimum of 115 million tons of traffic at the commencement of the forthcoming Plan if the lessons of past shortages have to be avoided. The fact that road transport is being geared to cater at best for only 23 million tons of traffic and that the contributions of inland water transport and airways cannot be relied on for appreciable relief, goes to illustrate the gravity of a situation which is inescapable, unless massive allocations are made to liberate road transport in its fullest potential.

The charge that transport planning in India is railway-oriented is not entirely without its justification. Though the railways are by no means superfluous in the Indian context as in many advanced Western countries today (where they seem to be in an era of their twilight), they constitute an undoubted drag on the economy, particularly if it means diverting investment to them from an infinitely more efficient means of transport, namely, roads. Where inland surface transportation is concerned, ours is the age of roads—but roads which must be such as to cater for the efficient operation of heavy modern mechanised traffic as also to enable vehicles to use the speed built into them. The free flow of traffic alone can ensure the adequate operation of transportation networks. Cheap rail transport in itself cannot benefit the economy. The application of nineteenth century solutions to twentieth century problems will necessarily prove abortive.

Good Source of Employment

It is no exaggeration to claim that the United States economy owes its astronomic progress to road transport more than any other single industry. One business in every six is automotive, providing total employment to 11.9 million persons. Considering the tremendous employment potential of road transport—estimated at 11.63 persons per commercial truck, by the National Council of Applied Economic Research, and considering also the vital need to use surplus man-power for productive purposes in a consumption-oriented, unemployment economy, economic wisdom dictates the development of this strategic industry on as extensive a plane as possible.

Road transport has helped revitalise the growth structure of numerous economies, its benefits being particularly great in underdeveloped countries where the metropolis alone achieves balanced growth owing to a lack of homogeneity that characterises more advanced nations. Developed areas combine to grow; underdeveloped ones stagnate. To break out of this depressing spiral, it is necessary to move faster and further by channelising scarce resources more efficiently, and orienting investment into those channels where the gains to society are the greatest. In any scheme of planning it is imperative to give thought to the basic choices of development. An economically realistic appraisal of priority adjustments can only be arrived at by looking sufficiently ahead, with a fullness of determination to release the forces of dynamism.

PHARMACEUTICAL INDUSTRY

(*Concluded from page* 100)

high. It is obvious that, if medicines are to be made cheaper, the attack should not be on patents, which are not responsible for the alleged 'high' price. Raw material prices should be brought down, taxes should be reduced and import duties cut substantially so as to enable cost and prices to decline. Abrogation or weakening of patents is a wrong remedy for the disease of cost inflation for which patents are not the cause.

The pharmaceutical industry has a record of which it could be justly proud. It holds even greater promise for the future. When plans for the basic manufacture of pharmaceuticals were drawn up by the Development Council, there was a feeling, in certain quarters, that they were too optimistic and that many of them would fall by the wayside. But experience has proved otherwise and it is likely that even the most optimistic estimates would be surpassed.

The achievement of the pharmaceutical industry in future, as in the past, will not be confined only to reaching production targets but will also embrace other fields such as exports, quality, research and expansion of product-range. Research in India has already produced some encouraging results. Many more new products and processes may be expected to be evolved in future through pharmaceutical research which is growing fast in India too. Let us not halt this wheel of progress through hasty and ill-conceived steps of uncertain promise.

PAINTS TO KILL GERMS

Germ-killing paints will soon help to decrease the danger of infection caused by a number of tenacious microbes in hospitals and sanatoriums. Scientists at the West German Bayer Laboratories have developed a substance in years of experimentation that has an anti-microbe effect when added to paints. The highly effective substance (Preventol A 1 and A 2) that is completely harmless for humans is worked into paints used for walls and furniture. The germs that come to rest on these painted surfaces are killed or at least retarded in their development. The use of Preventol paint will not only prove to be a considerable improvement in the field of hygiene but will also be of great value when used in meeting halls, barracks, baths and wash rooms as well as in all public buildings. In addition, the new preparation can also be used to treat walls befallen by fungi.

Disinfected floors made of synthetic products and plastic fabrics treated with a substance related to the Preventol A group, namely, Preventol K I, can now also be manufactured. The scientists hope to be able to prevent the spreading of "athlete's foot" with their new anti-microbe floors and foot mats that are to be placed mainly in public swimming pools and wash rooms. In addition, the substance is said to have a strong anti-termite effect. Rubber gloves, aprons and mats can be treated with similar germ-killing and non-verminous preparations. Antimycoticum A, a third substance developed by the Bayer Company against pathogenous germs, can be used in processing rubber.

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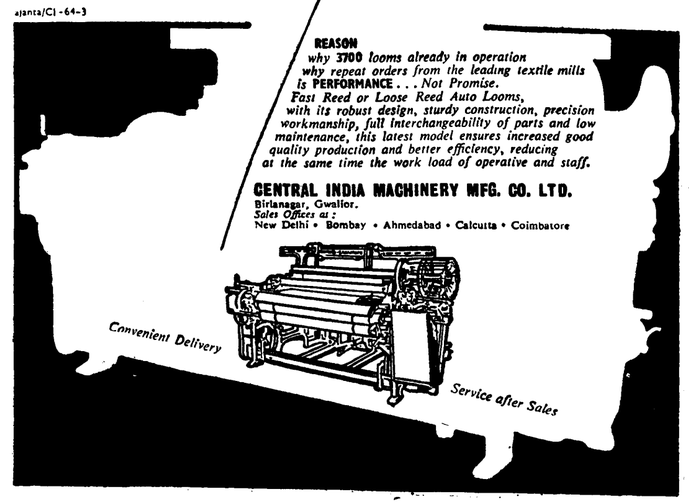

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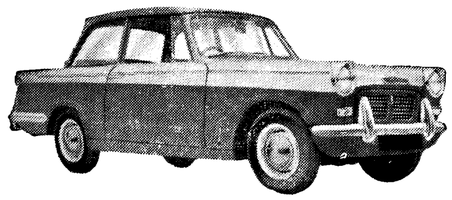

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URBAN DEVELOPMENT IN MAHARASHTRA

Steps Taken In Recent Years Recalled

BY DR. RAFIQ ZAKARIA

MINISTER FOR URBAN DEVELOPMENT, MAHARASHTRA STATE

THE Maharashtra State comprises an area of 306,345 square kilometres, with a population of 40 million. About 30 per cent of the total population is residing in urban areas. According to the 1961 Census Report, an "urban area" is one which has a population of 5,000 and three-fourths of the male workers therein are engaged in non-agricultural pursuits.

Urban development means briefly the development of towns and cities with local self-government as the base for the purpose of providing the people with basic amenities such as water supply, drainage, street lights, etc.

Municipal Corporations: There are four municipal corporations in the State. The Bombay Municipal Corporation is governed by the Bombay Municipal Corporation Act, 1888; the Nagpur Municipal Corporation is governed by the City of Nagpur Corporation Act, 1948—and the Poona and Sholapur Corporations are administered under the Bombay Provincial Municipal Corporations Act, 1949.

The Government appointed a committee in July 1963 to recommend how the various Corporation Acts should be amended so as to provide for more rational distribution of powers between the deliberative wing (elected body) and the Executive Wing (headed by the Municipal Commissioner who is the chief executive officer). The Committee has just submitted its report to the Government—on 31st October, 1964, to be precise.

Some of the changes contemplated in the report are (i) a common cadre of class I and class II officers of municipal corporations, who will be recruited through a Municipal Service Commission, (ii) the setting up of a Co-ordination Committee headed by the Mayor which will function somewhat on the lines of the Cabinet in the State, and (iii) the setting up of a Development Board in each corporation area, somewhat on the lines of the Nagpur Improvement Trust. It is expected that, with the establishment of such Development Boards in each corporation area, it will be possible to execute development works speedily.

Municipalities: There are 219 municipalities in this State, governed by four municipal laws, namely, the Bombay District Municipal Act 1901; the Bombay Municipal Boroughs Act 1925; the Central Provinces and Berar Municipalities Act, 1922 and the Hyderabad District Municipalities Act, 1956. As the use of four Municipal Acts is administratively inconvenient, Government appointed a committee in July 1963 to recommend how the various Municipal Acts could be unified. The Committee has completed its work and submitted its report on 31st October 1964. It has recommended that the unified municipal law should contain some radical changes in the matter of constitution, term of office, controls, taxation structure and establishment of a common cadre for class I and class II officers of the municipalities to be recruited through a Municipal Service Commission.

Improvement Trust: There is only one improvement Trust in the State, that is, the Nagpur Improvement Trust, governed by the Nagpur Improvement Trust Act, 1936. The Improvement Trust is virtually the development wing of the Nagpur Municipal Corporation and executes all development works on behalf of the Corporation. An important feature of the Nagpur Improvement Trust is that the jurisdiction of the Trust can extend beyond the limits of the Nagpur Municipal Corporation for the purpose of carrying out the development works. The Nagpur Improvement Trust is not a taxing authority, except to the limit provided under Section 77 of the Nagpur Improvement Trust Act and its main source of income is from the sale of developed lands and the contributions which the Corporation and the State Government make to the Improvement Trust.

Cantonments: The cantonments are established by the Central Government under the Cantonments Act, 1924, where there is an appreciable concentration of military personnel and where the Central Government considers it necessary to constitute a special authority to administer local services. Under the Constitution of India, local self-government in cantonment areas is a Union subject and the State Government has no control over the administration of cantonments. The State Government, however enters into the picture when the cantonments and the neighbouring municipalities levy jointly certain taxes like octroi. There are seven cantonments in the State, namely, Poona, Kirkee, Deolali, Dehu Road, Ahmednagar, Kamptee and Aurangabad.

Town Planning: The Bombay Town Planning Act, 1954, applies to Western Maharashtra, while the Central Provinces and Berar Town Planning Act, 1948, applies to Vidarbha. So far as Marathwada is concerned, the provisions regarding Town Planning are included in the Hyderabad District Municipalities Act, 1956, and the Maharashtra Zilla Parishad and Panchayat Samitis Act, 1961. A Bill to unify the Town Planning law for the State has been passed in the legislature session at Nagpur.

Under the Bombay Town Planning Act 1954, every urban local body is required to prepare, within a specified period, a development plan for the entire area under its jurisdiction. The development plan gives a broad outline of the development of the entire urban area with reservation of lands for different users such as industrial, commercial, residential, etc. It is on the basis of the proposals made under the development plan that detailed individual town planning schemes are taken up for the development of specified localities in the urban area. In order that building activities should not come to a standstill pending the scrutiny of the development plan, it has been provided in the unified Town Planning law that Government will have power to sanction development plans in parts, if necessary.

The Bombay Development Plan: The Bombay Development Plan which has been prepared under the Bombay Town Planning Act, 1954, covers the entire area under the jurisdiction of the Bombay Municipal Corporation and contemplates an outlay of Rs. 700 crores. It has been prepared on the basis of the anticipated growth and needs in the ensuing 20 years. Under the said Act, Government has to sanction the plan with or without modifications, or refuse sanction, within a maximum period of 18 months. Government has appointed a retired consulting surveyor to Government as the Special Consulting Surveyor to scrutinise the plan, which is expected to be done within about six months. The recommendations of the Bombay Municipal Corporation and the Special Consulting Surveyor will be examined by the two High Level Committees to be appointed by the Government before taking a decision on the said Plan.

Urban Land Policy: An important question which arises in connection with town planning and development and valuation of lands is that of the policy to be adopted to keep down the prices of land at reasonable levels. The Government of India has accordingly constituted a committee on "Urban Land Policy." The work of this Committee is almost over and its report is expected shortly.

The Golden Jubilee of the Town Planning and Valuation Department: The State's Town Planning and Valuation Department was started in the year 1914 and has completed 50 years of service. Government has decided to celebrate the Golden Jubilee of this department in January 1965, when the fifth Conference of the State Ministers in charge of the Town and Country Planning and the tenth meeting of the Central Council of Local Self-government will be held in Bombay. On this occasion it is proposed to arrange an exhibition on town planning and public lectures by experts in India on the same subject.

Financial Assistance to Urban Local Bodies: The financial assistance given by the Government to urban local bodies is not statutory but purely voluntary. The pattern of financial assistance may change in view of the recommendations made by the two Committees set up for the purpose of (i) unification of Municipal Laws and (ii) the revision of the Municipal Corporation Acts. The Government of India has set up a committee under the chairmanship of the State Minister for Urban Development to consider the question of the augmentation of financial resources of urban local bodies in the whole country. That Committee's work has almost been completed and its report will be submitted to the Government of India shortly.

Water Supply and Drainage Schemes of Municipalities: Water supply and drainage schemes of municipalities are prepared and executed through the agency of the Public Health Engineering Organisation of the Government. Therefore, so far as water supply and drainage schemes are concerned, the municipalities have no difficulties; but, due to the shortage of technical personnel, the municipalities find it very difficult to secure qualified staff to advise them on other schemes of providing civic amenities. The Government has recently decided that the Public Health Engineering Organisation of the State Government should be made available to the municipalities for (a) advising them on schemes, other than water supply and drainage; (b) drawing up of such schemes; and (c) issuing completion certificates so as to enable the municipalities to claim subsidy on the works, wherever admissible.

The Superintending Engineer, Public Health Circle, Nagpur, used to look after the water supply and drainage schemes in the Marathwada and Vidarbha regions. Government has recently created a separate Public Health Circle at Aurangabad with three divisions to look after the schemes for that region.

An amount of Rs. 700 lakhs has been provided in the third Plan for payment of loans and grants to municipalities in the State for their water supply and drainage schemes. For financing the new schemes of the municipalities in the third Plan, the following policy has been laid down:

(i) 10 per cent of the capital cost of the scheme to be contributed by the municipality from its own resources.

(ii) 23¾ per cent or 40 per cent of the cost as grant-in-aid to major and minor municipalities respectively.

(iii) 66⅔ per cent or 50 per cent of the cost to be contributed by major and minor municipalities respectively from their own funds or by raising loans wholly or partly from the agency fixed by Government on Government guarantee. The Life Insurance Corporation of India has agreed to grant such loans.

The expenditure incurred by the Government so far on payment of loans and grants for municipal water supply and drainage schemes is as under:

(In lakhs of rupees)

	Loans	*Grants*	*Total*
(i) 1961-62	3.00	48.52	51.52
(ii) 1962-63	41.73	160.59	102.32
(iii) 1963-64	80.00	80.00	80.00
(iv) 1964-65 (proposed)	129.74	129.74	
Total ..	44.73	298.85	343.58

Development Plans of Municipalities: An allocation of Rs. 100 lakhs (Rs. 50 lakhs for loans and Rs. 50 lakhs for grants) has been made in the third Plan for payment of loans and grants to Municipalities for implementation of the proposals for provision of public amenities included in their development plans, prepared under the Town Planning Acts. So far, grants were being paid at the rate of 23¾ per cent and 40 per cent to the major and minor municipalities respectively, only to cover the cost of the acquisition of lands. Government has recently decided to increase the rate of grant to 33⅓ per cent and 50 per cent in respect of major and minor municipalities, respectively. The grants will now be paid not only for the acquisition of lands but also for the actual implementation of the works in the development plan. The balance of the cost will be paid as loans to municipalities. The borough municipalities in Western Maharashtra, the city municipalities in Marathwada and class I, II and III municipalities in Vidarbha are "major" municipalities. The rest are "minor" municipalities.

Bombay Municipal Corporation Co-ordination Committee: The Bombay Municipal Corporation poses special problems and it is necessary in order to solve these problems to co-ordinate the views and the activities of the Government on one hand and the Corporation on the

(*Continued on page* 141)

COMMERCIAL BANKS & AGRICULTURAL CREDIT

Is There Scope For Significant Role?

By N. M. CHOKSHI
MANAGING DIRECTOR, BANK OF BARODA LTD.

OF late, a question that is frequently asked is this: "Why have the scheduled banks neglected agriculture, the key sector of our national economy?" It is pointed out that agriculture, which contributes about 45 per cent to the national income and employs 70 per cent of the total labour force, got in 1962-63 a paltry sum of Rs. 4 crores only out of the total scheduled banks' advances of Rs. 1,611 crores. In other words, agriculture received less than even 30 paise out of every hundred rupees advanced by scheduled banks. What is more disconcerting than this meagre sum is the declining trend of the share of agriculture in the total bank advances, accompanied by wide year-to-year fluctuations.

TABLE 1

Share of Agriculture in the Total Bank Advances

(Rs. in crores)

Year	Advances		Percentage share of agriculture
	Agricultural	Total	
1	2	3	4
1951	13.0	579.7	2.2
1952	21.1	508.8	4.2
1953	11.9	497.7	2.4
1954	4.5	557.0	0.8
1955	11.3	644.9	1.8
1956	13.8	793.6	1.7
1957	24.2	880.6	2.7
1958	21.6	831.5	2.6
1959	25.7	935.7	2.7
1960	6.6	1,118.4	0.6
1961	8.4	1,226.9	0.7
1962-63 ..	4.0	1,611.0	0.3

The problems faced by scheduled banks in the field of agricultural credit have come to the fore mainly for three reasons. First, credit requirements of Indian agriculture have been mounting up year after year. For instance, they are expected to rise to Rs. 1,385 crores in 1965-66—the last year of the third Plan—from Rs. 750 crores in 1951-52. Although the co-operative credit system has been providing a larger volume of credit, supply is far short of demand. Co-operative agricultural credit societies advanced around Rs. 250 crores in 1962-63. Assuming that the co-operative system succeeds in advancing the targeted sum of Rs. 530 crores by the end of the third Plan (which appears improbable), there would still be a gap of Rs. 850-900 crores.

It is argued that scheduled banks, being the biggest and most important of the Indian financial system, should shoulder the burden of meeting the rising "credit hunger" of agriculture. Even in the highest quarters of policy-making, it is suggested that scheduled banks' credit should be disbursed in accordance with Plan priorities. It is argued that, since agriculture will come to occupy the top priority in the fourth Plan, a corresponding revision in the lending policies of scheduled banks is called for. At present, the entire burden of servicing credit requirements of agriculture rests on the Reserve Bank and, to some extent, the State Bank. It is suggested that, in the interest of monetary stability, scheduled banks should help in sharing the burden of agricultural development. A prosperous agriculture is as much in the interest of the banking system as in that of the national economy.

The case for a larger share of agriculture in scheduled bank advances is usually built on the experiences of advanced countries. Owing mainly to the lack of reliable data, it is difficult to determine the extent of assistance provided by banks to the agricultural sector in underdeveloped countries. The table below shows the percentage share of agriculture in total bank advances in a few developed countries for the year 1933.

TABLE 2

Share of Agriculture in Total Bank Advances

Country	Percentage share
U.K.	9.8
U.S.A.	5.1
West Germany	8.7
Italy	5.2
Sweden	12.7
Japan	5.0
India	0.3

In Britain by far the largest institutional source of credit for agriculture is banks. The proportion of total bank advances which has gone to agriculture in recent years has averaged around 10 per cent; this may be compared with agriculture's contribution of about 4 per cent to the gross national income.

In the United States, credit extended to agriculture is divided into (1) farm mortgage credit, and (2) non-real estate credit. Commercial banks are the second largest suppliers of mortgage loans, accounting for one-fourth of the volume of mortgages recorded in the course of the last few years. The most striking feature of the non-real estate credit is the domination of commercial banks as a source of these funds. Since 1949, they account for about 70 per cent of the loans held by the lending institutions.

In West Germany, the situation in respect of farm finance is very similar to that in Britain.

In Italy, farmers receive credit from regional banks, the operations of which are confined to certain regions only. These regional banks bear a close resemblance to our small banks. In addition, there are rural banks specialising in farm credit.

In Japan, the share of agriculture in bank advances is around 5 per cent. The most important source of agricultural finance is the co-operative movement—its share being around 45 per cent.

An Important Difference

Commercial banks in advanced countries play an important role in the provision of agricultural credit, because agriculture in these countries is carried out strictly on commercial lines. The average size of holdings is fairly big, farm operations are highly mechanised, a substantial portion of agricultural produce is marketed and, in his motivation and behaviour, an agricultural entrepreneur is very similar to his counterpart in industry. Agriculture in underdeveloped countries like India, on the contrary, is of a subsistence nature, producing food crops mainly for self-consumption. The size of an average holding is very small and usually divided into a number of fragments. The economic standard of farm operations is very low. Moreover, a large part of the working funds which the subsistence farmer needs has the appearance of being related to his consumption rather than to his production.

In India, further and more complicated elements are introduced into the problem by reason of the socio-economic structure of the village with its characteristics of caste and inequality. A study conducted by E.C.A.F.E. (U.N.) on "Credit Problems of Small Farmers in Asia and Far East" (1957) leads to an important conclusion. In all underdeveloped countries, an unsatisfactory agricultural situation makes it difficult to institutionalise credit, which, as a result, remains largely in the hands of private credit agencies like the moneylender.

TABLE 3

Per Capita Utilisation of Institutional Agricultural Credit in Selected Countries, 1957

Country	Credit in use per head of agricultural population
	Rs.
Cambodia	1.42
Burma	2.37
India	2.85
Ceylon	13.77
Philippines	58.90
Japan	133.95

Although co-operative financing of agriculture in Japan began as early as in 1900, its rapid development started only after 1950. Unlike in many other countries, the co-operative movement in Japan has substantial funds with it. The success of the co-operative movement in that country can be explained by a number of factors. Land reforms on an extensive scale had been expeditiously carried out after the war. The State sponsored as well as assisted the movement. What is more, the link between credit and marketing is strongly forged and an adequate provision for medium and long-term finance exists.

In recent years, the Philippines has recorded good progress in institutionalising farm credit. An extensive institutional network has been built up and a huge amount of subsidies and grants are provided to the farm financing institutions. These institutions not only disburse credit but also provide technical guidance. Ceylon's agriculture is mostly confined to plantations owned by the British, and the British banks in Ceylon, as elsewhere in Asia and Africa, have been taking keen interest in financing them. It can be observed that the position in Burma, Cambodia and India is very unsatisfactory. It is interesting to know the role of various credit agencies in agricultural finance in these countries. Unfortunately, data in this respect are obsolete and available only for a few countries. The table given below illustrates the position in India, Japan and Thailand:

TABLE 4

Sources of Agricultural Credit in Selected Countries

	India '51-52	Japan '51-52	Thailand 1953
Government ..	3.3	5.8	0.2
Co-operatives ..	3.1	36.9	14.0
Relatives	14.2	46.1	55.4
Landlords	1.5	..	2.0
Agricultural money-lenders	24.9	5.7	27.3
Professional money-lenders	44.8		
Trade and commission agents	5.5	..	..
Others	2.7	5.5	1.1

The point to be noted is that commercial banks which are included in "other sources" played comparatively a minor role in all these three countries and moneylenders played the dominant role in India. The institution of moneylenders is not peculiar to India alone; it is prevalent in one form or another in all underdeveloped countries. Moneylenders are the outcome of a backward agrarian economy. The Report of Fredrick Nicolson (1895) which became the basis of the co-operative movement in India vividly described the conditions in Europe in the late nineteenth century. They were not very different from our own. The failure of co-operative movement in India as also the lack of interest on the part of the banking sector in regard to farm credit can be very largely explained by the backwardness of our agriculture.

Basic Weakness Persists

In spite of more than a decade of planning, the basic weaknesses of our agriculture continue to persist and they put very serious limitations on the expansion of the institutional credit, commercial or co-operative. After all, the demand for credit is a derived demand —derived from the increasing tempo of development in agriculture. The fact of the matter is that the bulk of cultivators being small, their ability to use the borrowed funds for productive purposes is very limited. As many as two-thirds of the cultivators have the average size of holdings less than five acres —if that is the limit put for small farmers.

The analysis of the nature of economy of small farmers, as revealed by the Rural Credit Follow-up Surveys of the Reserve Bank, provides certain interesting facts. The size of holdings of small farmers varied from 0.4 to 2.9 acres and the value of gross produce from Rs. 65 to Rs. 278. The share of agricultural produce in the total cash receipts was considerably low, varying from 4 to 7 per cent. Borrowings by small cultivators were meagre, but what is more important is the fact that a major portion of borrowings was utilised for meeting the family expenditure. The repayment performance was extremely poor—usually between 20-30 per cent of the borrowings.

This poor performance of repayment is a measure of risk involved in financing the needs of small cultivators. It is considerably beyond the capacity of even the State-aided co-operative banking to undertake risks of heavy bad debts. Small cultivators, therefore, continue to borrow from moneylenders who charge a rate of interest high enough to cover adequately the risk of non-payment. The solution of the credit problem of small farmers primarily lies in readjusting the agrarian structure in such a way as to enlarge their holdings and to improve their operational efficiency.

State Bank's Contribution

The foregoing analysis is sufficient to show why in underdeveloped countries commercial banks do not directly lend to agriculture. The erstwhile Imperial Bank of India was nationalised with the avowed objective of making it more responsive to the credit needs of the agricultural sector. Its performance in the

course of the last few years provides many important lessons. In the first place, it is important to note that the State Bank has not undertaken financing of agricultural production *directly*. Although finance provided to the co-operative movement for the purpose of marketing and processing has been steadily increasing, the increase is not to the extent anticipated. A substantial portion of the finance is given to co-operative sugar factories which otherwise would have met their requirements from the scheduled banks.

Certain characteristics of agriculture in developing countries like ours require that special arrangements should be made for financing this vital sector of the economy. There has been unanimous opinion that such arrangements should be co-operative in form. The co-operative movement, particularly at the rural level, should be strengthened so as to become an effective instrument of rural progress.

The Committee of Direction of the all-India Rural Credit Survey appointed by the Reserve Bank of India in 1951 undertook a thorough investigation of the problem of rural credit and submitted at the end of 1954 their General Report. The Report brought to light many revealing facts. The most important is that the organisation of credit on co-operative basis for the last 50 years had failed in its application; that only 3.1 per cent of the rural credit needs were met by this source. Even out of this meagre finance supplied by co-operatives, a major share went to 'big' and 'large' cultivators, leaving small cultivators to the mercy of private agencies. Small and medium cultivators whose needs are more pressing constitute the *majority*. Nevertheless, the authors of the scheme were determined to retrieve the movement. Accordingly, they suggested a thorough overhaul of the co-operative credit organisation and recommended a comprehensive scheme of reorganisation of the co-operative system called the Integrated Scheme of Rural Credit.

Position Improving

The combined effect of various measures taken under the scheme is on the whole satisfactory. It is observed that the share of co-operative finance in the total credit requirements of Indian agriculture put at 3.2 per cent in 1951-52 has increased with the help of the Integrated Scheme to around 19 per cent in 1961-62. It is estimated that, by the end of the third Five-year Plan, this share may go up to 35 per cent or so if the progress of the co-operative movement takes place as scheduled. The following table briefly illustrates the progress recorded by the primary agricultural credit societies between the period 1951-52 and 1961-62:

TABLE 5

Progress of Primary Co-operatives

	1951-52	1961-62
Number of agricultural credit societies ..	1,07,925	2,15,081
Memberships (million) ..	4.8	19.6
Working capital (Rs. crores)	45.22	325.33
Loans advanced ,,	33.66	228.31

Similar progress was recorded in respect of the central co-operative banks, State co-operative banks, and to some extent in regard to marketing and processing societies. This progress would have been more impressive had the constraints operating against development been removed completely. It is common knowledge that most of the period during the second Plan coincided with the oscillating policy of the Government in relation to the State partnership and the size of the primary societies, creating in consequence, uncertainty and indecision. This came in the way of reorganising the co-operative institutions in time and effectively, particularly at the primary level. Primary credit societies by and large continue to be in bad shape. For instance, it is estimated that more than two-thirds of the primary societies are weak and dormant. For all practical purposes, they are either not functioning or functioning inefficiently.

Crux of the Issue Not Yet Fully Realised

The preponderance of dormant societies in a large number is, perhaps, the biggest obstacle in the way of co-operative development. It is not realised fully still that the aims and purposes of co-operatives are primarily economic and so, if they do not operate in accordance with economic and business principles, they will not be effective. Further, as a result of weak societies at the base, integration of business so essential for growth is not achieved. The progress in this respect is confined only to a few States such as Gujarat, Maharashtra, Andhra and Madras where a well-developed structure of central financing agencies and sound traditions of the co-operative movement exist. In many co-operatively underdeveloped States such as West Bengal, Bihar and Orissa, central financing agencies are not in existence or are organised so badly that they fail to meet the demand of lower units of the co-operative system. It is no doubt true that, with the advent of the Integrated Scheme, serious attempts are being made by the Reserve Bank to build up and rationalise central co-operative banks, but this work on the whole does not add up to much. Co-operative institutions, particularly at the primary level, have failed to attract deposits on an appreciable scale. Partly due to this but mainly as a result of the Government's policy, the dependence of co-operative institutions on the concessional finance provided by the Reserve Bank has been growing very rapidly. It is necessary to analyse objectively the working of the Integrated Scheme and rectify its defects. The scheme is on the whole logically conceived and so its effective implementation may go a long way in meeting the credit needs of agriculture. What we require at present is not a new scheme to replace the existing one but devising of ways and means for strengthening the existing co-operative credit system.

Scheduled Banks Too Can Assist

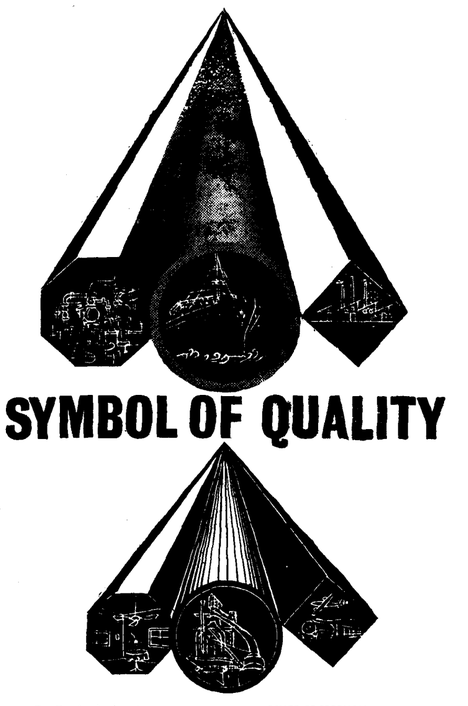
Like the State Bank, scheduled banks, too, can associate in an increasing measure with co-operative institutions. To a small extent they are doing it at present but surely that is not enough. At the end of June 1963, scheduled banks' advances outstanding with co-operative institutions amounted to Rs. 10.17 crores—46 per cent to co-operative financial institutions, 28.6 per cent to processing societies, 5.7 per cent to marketing societies and so on. It is feared that, owing to the recent withdrawal of additional borrowing quotas available to banks at Bank Rate, this promising development may suffer a setback. In future, some satisfactory arrangements should be worked out by which scheduled banks can more actively associate themselves with the co-operative movement which in turn can help cultivators. This is the only rational and realistic approach in the present circumstances.

It is a well-known fact that commercial banks in India have been playing a significant role in financing the movement of agricultural produce. They have more than doubled their advances for this purpose during the last decade. The amount advanced increased from Rs. 67 crores at the end of 1952 to Rs. 153 crores at the end of March 1963. In recent years, selective credit controls have come in the way of a free flow of finance for agricultural marketing. This finance ultimately flows to millions of cultivators. In providing finance for agricultural marketing, banks are performing a service of national importance, because the act of production is not complete until the produce is marketed. If bank finance were not available for this purpose, the marketing of agricultural products would have been hampered seriously and there would have been distortions in the structure of relative and regional prices of agricultural products, with all their serious consequences.

Commercial banks have also been subscribing to debentures of land mortgage banks which provide finance for long-term agricultural development. With the establishment of Agricultural Refinance Corporation in July 1963, scheduled banks are expected to associate themselves in an increasing measure with the schemes of long-term agricultural credit. The promotion of agricultural development, especially through major schemes and plantations could not be done in a large number of cases appropriately except through the help of scheduled banks. The inclusion of scheduled banks among the constituents of the Corporation is a deliberate step and casts a new responsibility on them. With refinance facilities now available, it may be possible for scheduled banks to take a more constructive interest in schemes of progressive farming and agricultural development. Banks are also advancing loans against warehouse receipts. The agricultural processing units such as cotton ginning and pressing factories and rice mills almost invariably depend upon banks for their credit requirements.

Thus, it is not correct to say that banks have kept away from agriculture altogether. For obvious reasons, they have taken to those agricultural activities which do not involve serious risks. Given the financial prudence and accepted banking practices, they could not have done otherwise. By and large, it is not possible for scheduled banks to enter the field of agricultural finance directly and in a "big way." However, bankers do realise that a satisfactory provision of credit is essential for raising agricultural production and productivity. Within certain well defined limits, they are prepared to play their part.

To what extent scheduled banks should help agriculture, what type of institutional arrangements should be devised, how the risk involved in financing agriculture should be shared among different agencies—these and similar other questions are matters of detail which can be worked out if there is agreement on the basic approach.



CAPITAL MARKET & RESOURCES MOBILISATION

INVESTMENT OF TRUST FUNDS NEEDS FLEXIBILITY

By H. T. PAREKH

AVAILABILITY of capital being one of the factors that determine the pace of industrialisation, the capital market has to grow to keep in step with a developing industrial sector. The real strength of a capital market lies in its ability to attract a growing volume of long-term funds seeking industrial investment. Although the progress made by the Indian capital market in recent years is impressive as far as the establishment of new financial institutions is concerned, it cannot, perhaps, be considered to have been sufficiently developed in its capacity to mobilise resources available for direct investment in industrial securities.

Personal savings, whether through life insurance, provident and pension funds, postal savings deposits, deposits with banks, schemes of small savings or as direct investment in industrial securities and in unit and investment trusts, is but one common pool of investible capital, channelled differently to suit the varying needs and requirements of the lender and the borrower, the investor and the entrepreneur. For judging the efficiency of the capital market one test could well be to examine how capital funds are allowed to flow freely between alternative employment into productive investment. This question can be studied by looking into the statutory requirements prescribed for investment of long-term savings funds under different legislation.

Existing Laws Old

A considerable part of the private savings such as trust funds, provident and gratuity funds, life insurance funds, etc., have to be invested in the manner laid down in the Indian Trusts Act 1882, the Employees' Provident Funds Act, 1952 and in Sections 27 and 27A of the Insurance Act, 1938, as amended from time to time.

In essence these laws specify that the funds coming under their purview can be invested either wholly or substantially, only in Central and State Government securities and in securities guaranteed by these Governments. The object behind this requirement is that such hard-earned savings of the people should not be exposed to any risky investments and that the safest form of investment suitable for them is Government securities. This may involve a sacrifice of income, but the assumption is that the sacrifice is worthwhile as a price for security.

Prior to independence, there was, perhaps, justification in laying down such an investment policy, but, since the coming into existence of a national Government and following the era of planned economic development, the basis of such a policy needs re-examination. Many new industrial and other securities have come into being which offer both security and a higher interest than Government loans. At the same time, the experience of the last two decades bears out that the safety factor envisaged in an exclusive investment in Government securities is actually not realised. On the contrary, on account of the marked inflationary trend, the investor in Government securities has suffered in two ways. His money income from these securities is fixed but the purchasing power of this money income has fallen sharply. Secondly, he has not derived any benefit of capital appreciation of his investment which normally takes place in an inflationary situation. Moreover, the interest yield on Government bonds having been kept down by deliberate Government policy, the investor, who is obliged to invest in Government securities, has actually been penalised. This has meant a serious erosion of capital for the small saver, especially with regard to the growing volume of provident fund investment on which his retirement income will mainly depend.

Interests Affected

The large number of charitable and other trust funds, such as those established to run hospitals, universities and other endowments, have been particular sufferers under the aforesaid policy, because, while their cost of maintenance and establishment has steadily risen, their income from Government securities has been kept down on account of a low return and the falling purchasing power, due to the regulation which does not allow investments to be diversified.

Investment under the Employees Provident Funds Act is governed by the provisions of the Indian Trusts Act, 1882 and several other statutory investments likewise are based on this statute. The Indian Trusts Act is a legacy of the British days and was based on the prevailing British legislation. However, the Trustee Investments Act of the U.K. was recently revised. Under this Act in the U.K., it is now permissible to invest upto 75 per cent of the funds in securities other than Government loans in the manner specified in the Act. The Indian Trusts Act is, to say the least, an anachronism and requires to be revised to suit present-day conditions.

An Anachronism

It is surprising that Government has not yet enquired into the validity of its investment provisions under present-day conditions, because this legislation is more than 75 years old and, judging from the wording of Section 20 which deals with investment, a modification of its investment provisions is obviously called for. Section 20 of the Indian Trusts Act provides that investment of trust moneys must be made in securities of a State or Central Government where principal and interest are fully and unconditionally guaranteed by such Government. Trustee securities include also those issued under the authority of Central or a Provincial Government Act or on behalf of any municipal body, port trust, etc. The section still retains old provisions which permit investment in the securities of the British Government, and in railway and other companies, the interest on which has been guaranteed by the Indian Government, though such securities do not exist any more. The Act also permits investment of trust money on a first mortgage of an immoveable property, but this is a non-marketable kind of investment outside the bounds of this article. The provisions of the Act are, no doubt, subject to the instruments of each trust which may allow investment in any other security.

Apart from the application of the Indian Trusts Act to individual trusts, the greater importance of the Act lies in the fact that Section 20 also applies to investment of funds covered by the Employees' Provident Funds Act, 1952 as amended from time to time. This Act applies to all the provident fund schemes in force in the country.

According to the figures published by the Reserve Bank of India, investments in Government securities on account of public and private trusts amounted to Rs. 60 crores at the end of March 1963, while investment of provident funds in Government securities amounted to Rs. 312 crores at the end of March 1963. This latter amount increased by over Rs. 60 crores in the preceding one year alone, which is a measure of the annual accumulation of funds under provident fund saving schemes. The statutory provision of investment of these funds only in Government securities has resulted in keeping these funds altogether out of the market for industrial securities. Thus, the capital market, insofar as it is concerned with industrial securities, is beyond the field of investment of these funds. When a growing source of funds such as the provident fund is kept wholly out, the development of the capital market is bound to suffer. The pursuit of this policy has acted as a serious impediment to the broadening of the Indian capital market. Where capital markets in other countries have developed, it has been in no small measure due to absence of such restrictions. This is particularly true of the U.S.A. and the U.K.

Anomalies

This factor has even created many anomalies in the investment field. For example, it is today possible to invest trust moneys not only in shares of the State Bank of India but also in shares of its various subsidiary banks, because, under their respective legislation, they have been declared trustee securities. It is, however, not open for trust moneys to be invested in shares of other established banks whose dividend record may be much better, because these are not branded "trust securities." Likewise, while trust money can be invested in shares and securities of the Industrial Finance Corporation of India and the various State Financial Corporations, because of the statutory Government guarantee they carry, it cannot be invested in shares and securities of similar financial institutions such as of the Industrial Credit and Investment Corporation of India, merely because the latter institution's securities do not carry any guarantee. Similarly, units issued by the Unit Trust of India are not deemed to be trustee investments and, therefore, trust money cannot be invested in these units, even though the Unit Trust of India is a Government-sponsored institution and operates under the direct care of the Reserve Bank of India. Shares and securities issued by the various State enterprises are also not eligible for investment of trust money, as they do not carry any formal guarantee of the Governments concerned.

Government guarantee is doubtless a vital aspect of security in any investment, but marketability of investment is also an equally important factor which provides the sense of security. The Indian Trusts Act takes little account of the latter element. As such it fails to take into consideration what concerns most an investor—his ability to liquidate his investment easily whenever he wishes to do so. Several of the "guaranteed" investments are not easily marketable and as such have not evoked any investment response.

An anomalous position in regard to investment of similar funds can also be seen in the different investment provisions which apply to the life insurance funds, on the one hand, and those which apply to provident funds, on the other. Insurance funds and provident funds are of the same genus, but they are subject to different investment regulations.

Under the Life Insurance Corporation Act, 1956, the Central Government is authorised to make rules governing investment of the Corporation's funds. The Government of India has declared that Sections 27 and 27A of the Insurance Act shall govern investment of the funds of the Life Insurance Corporation. And these sections are much more broadbased than Section 20 of the Indian Trusts Act. They cover not only all securities eligible under the Indian Trusts Act but go further and permit investment in debentures, preference and ordinary shares of companies which satisfy the various conditions laid down in Section 27A. This latter section allows investment in debentures of companies which are secured by first charge on companies' property or which are secured by a flotating charge on all assets of the company. Similarly, conditions which make preference and ordinary shares of companies eligible as "approved investments" under the Act are laid down. What is more, "approved investments" for the purpose of this section include such other investments as the Central Government may by notification declare as such.

The Life Insurance Corporation's funds can thus be invested with a great deal of flexibility; not less than 25 per cent of the funds should be invested in Government securities, and a further sum equal to not less than 25 per cent in Government securities or other approved securities; of the balance, not more than 15 per cent can be held in "other" investments, while the remaining 35 per cent can be held in "approved" investments as defined in Section 27A. The Life Insurance Corporation, as well as other insurance companies have, therefore, been enabled to earn a higher average return on their investments than would have been possible if they were required to invest only in Government securities. At the end of March 1964, the L.I.C.'s total investments amounted to Rs. 708 crores, of which 75 per cent was in the public sector, while 19 per cent was in the private sector industrial securities. The Corporation realised a gross rate of investment of 5.11 per cent per annum. Savings similar in nature to life insurance funds should logically be permitted to be invested with equal flexibility, so that they can also earn higher interest income.

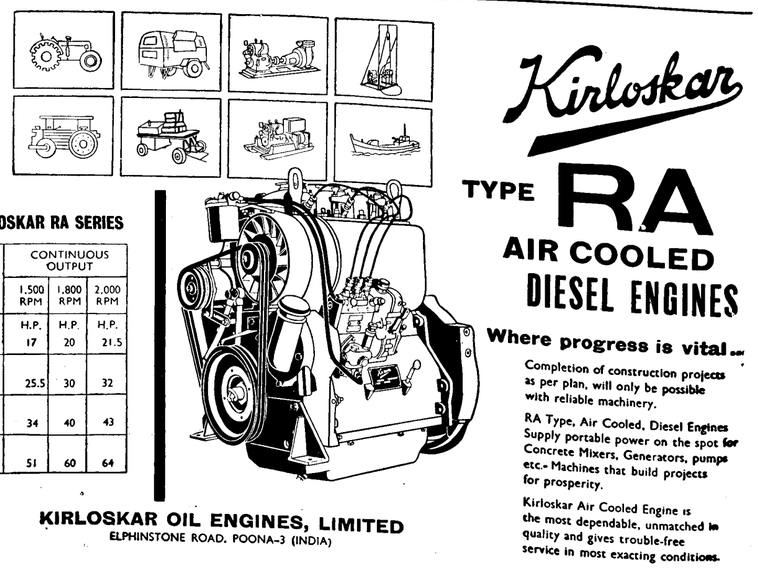
Today, Government loans do not carry an interest rate of more than 5 per cent, while industrial debentures yield 7 per cent, preference shares 8-9 per cent and equity 7-9 per cent. A diversified investment portfolio can secure the benefits which accrue from investment in higher income yielding securities.

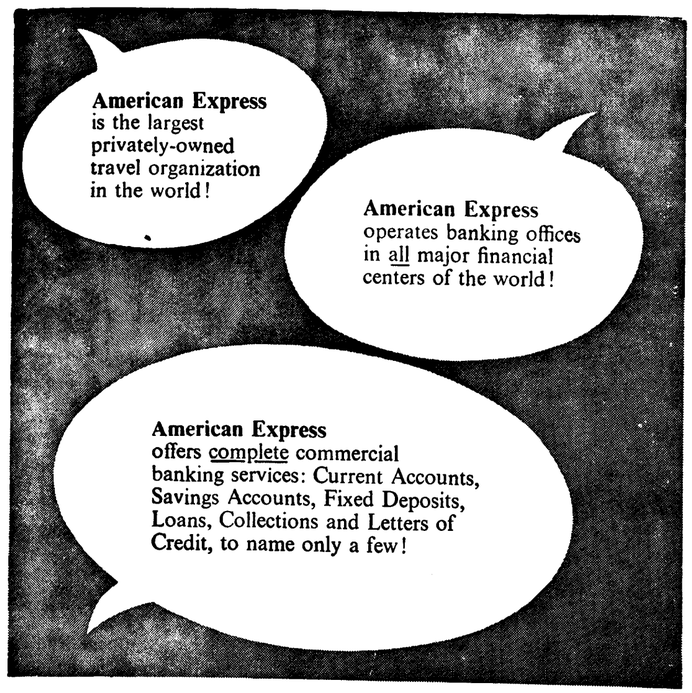
It would be most appropriate, if the Government can see their way to incorporate in the Indian Trusts Act the investment provisions of Sections 27 and 27A of the Insurance Act. The revision of the Indian Trusts Act on these lines will go a long way towards broadening the capital market. It would radically improve the current investment climate and would help revive the market from its depressed state. This would also establish a uniform law for investment of insurance funds, as well as of provident and other trust funds.

The existing inequitable treatment to pension funds by compelling their investment wholly in Government securities needs to be removed by enabling provident funds to be invested in Government securities as well as in industrial securities in order to secure a higher average return on investment. This will also secure for the provident funds facility to invest in securities having prospects of capital appreciation, which is a hedge against inflation. In foreign countries such as the U.S.A., there are no restrictions on investment of pension funds only in Government bonds and in Great Britain the Act has been recently amended to permit investment in industrial securities which can go up to as high as 75 per cent of the total funds. In India, while it may not be possible to go so far, it is certainly essential to relax the existing provisions to enable upto 25 per cent of funds to be invested in debentures, preference and ordinary shares of sound companies without sacrificing security.

The only possible argument against this recommendation would be that this would adversely affect the absorption of new Government loans. This is, however, not likely to be the case, because the volume of such long-term funds is steadily rising and only a very small proportion of such funds would flow into industrial investment. Admittedly, a large part of savings must continue to be invested in Government securities, in order that Government may have command over funds needed for development. But funds which go into industrial securities assist development no less and it is also the Government's duty to see that the capital market is not starved of funds. This would make a great deal of difference to the capital market, while it will affect only marginally the Gilt-edged market. Of the total issue of Government loans of Rs. 3,200 crores at the end of March 1963, only about 10 per cent was held by provident funds. The yield differential between the two classes of securities would thereby narrow, which would in the long run benefit the Gilt-edged market too.

The Government should take a balanced view of the situation and in fairness to those whose savings have to be invested at a satisfactory return, should provide flexibility in investment as between Government loans and industrial securities. This can accelerate industrial development by very considerably supporting the capital market. Hospitals, Universities and other charitable trusts need larger income from their investments for continuation of their activities and they would be greatly helped, if they are enabled to have a wider choice of investment. Private charity trusts have in some cases been approaching the Charity Commissioner to relax the investment requirements and have been permitted to invest in debentures or preference shares. An isolated view of the market for Government bonds without regard for the larger economic considerations would impede development rather than accelerate it. It is to be hoped that the Government would look into this whole question of savings and investment from a larger perspective and safeguard the interests of the small man.





PLANNING IN AN EMERGENT COUNTRY

Absence Of A Well-Developed Private Sector, A Great Handicap

By G. O. HOSKINS, O.B.E.

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[How fortunate India has been in many respects in regard to preparation and implementation of development plans as compared with other developing countries will be evident from this comprehensive article on the problems of development facing Uganda, a British African Colony till recently and part of the former East Africa. With an area of 93,981 square miles, including 13,680 square miles of water, it has a relatively small population of 6.85 million (estimated 1961) and attained Independence just two years ago. Those who feel depressed over the shortcomings in India's economic planning and growth may feel a little elated after reading this article. At the same time, the powers-that-be and others who are protagonists of the public sector will realise that the existence of a well-developed private sector in trade, industry, banking and insurance has been a great boon to this country and that, without it, India's achievements in the sphere of planned economic development would have been much less than they are today.

The author of this article, Mr. G. O. Hoskins, it may be noted in passing, was our London Correspondent since the 'thirties till September last, when he left for Uganda on a short assignment.—ED.]

"GOVERNMENT is seeking to alter the whole way of life of the people, and for the better. Government is pressing to increase agricultural output by direct action through agencies and by farmers, and is introducing techniques of production such as mechanisation, and methods such as Group Farms, which have never been used before. Government is urging the production of commodities for which no marketing channels exist, and is also seeking to create marketing channels. Government is developing new industries and is raising vast sums for development, and drawing on assistance from various parts of the world. Above all, Government has set to increase the output of work per head beyond what our people have ever, in the past, considered natural. Government's objective is no less than doubling the standard of living in 15 years." So concluded the speech of the President of Uganda at the opening of the third session of the First Parliament. It indicates the nature of the planning problem which a new country like Uganda faces: a problem different in *kind* from that which, for instance, faces India.

The direction of planning in Uganda is in the hands of a Planning Commission of which the Chairman is the Prime Minister. Recently, this commission had the benefit of advice from Dr. V. K. R. V. Rao of the Indian Planning Commission following his short stay in this country which enabled an interesting comparison to be made between the planning problems facing the developing economy of India and the different sort of problem facing what we are terming, the planning of an *emergent* country. The stress is on the word 'emergent,' to indicate that this is a country which has, in fact, entered a period of economic revolution; a revolution going right down to the roots of the whole manner of living. It is not here a question of improving and expanding; it is a question of creating out of very little indeed. The British, during their relatively short stay in Uganda, left the country with a valuable heritage of communications, power, basic banking and industry, advisory and scientific agricultural services an educational and health network and the framework of a Government machine; but there were two grave deficiencies in this legacy.

Independence and After

The first was in the framework of Government Administration. The Government machine in all its higher posts was staffed by expatriates: the people of the country had had things done for them and to nothing like a sufficient degree had been permitted to operate the machine which did these things. This criticism does not apply at the political level so much as at the administrative and executive levels. Thus, when in 1962 Uganda achieved Independence, the wholesale emigration of expatriates which followed left a vacuum which the Government has had and still has the greatest difficulty in filling. Neither had sufficient Ugandans been trained for the posts they were now summoned to fill nor was there a cadre of people with the necessary educational background waiting to be trained. To a substantial degree the dislocation caused by the emigration of expatriates could have been lessened had proper terms for the change in administration been established. But, in the end, nothing could compensate for the fact that the earlier administration had not brought along the people of the country for the posts which one day they would have to fill.

The second deficiency was that of the Governmental organisations, which were geared primarily to maintain law and order and, in agriculture, aimed at steady improvement by existing methods but made no attempt towards a full development of the country's potential. It was as if the administrative machinery of the country was designed to 'tick over' but had no resources for full speed ahead. Hence, as soon as the Government turned itself to *revolutionising* the agricultural system and gearing it to new crops, new techniques of farming and new productive organisations, a new machine needed to be built.

Scope of Coverage

Thus, planning in Uganda has to cover every aspect of the economic life of the community. In the first place, the Government has had to come to a realisation that the administrative machine which it had inherited was no longer capable of doing the work required. This is because it was an intricate finely balanced machine for the use of expatriates planned on a model developed in the United Kingdom over much more than a century. But large pieces of this machine had been taken out and could not be replaced. Other pieces were replaced with people who were not trained to run the old sophisticated machine. Furthermore, the machine was now being asked to perform all manner of additional tasks for which even the original design would have been inadequate. (The experience of the present British Government in reorganising part of the Whitehall machinery to cope with the requirements of socialist planning, is witness to this.) Thus, the planners in Uganda have had to face the need for the actual reorganisation of the Civil Service, a reorganisation designed to simplify the machine for efficient working by the people available and this implies two basic requirements:

(i) that, as far as possible, every officer has a clearly defined responsibility which embraces the whole of a particular subject,

(ii) a shortening of the line of communication between the officer responsible for policy at the top and the officer executing policy at the end of the line.

One can illustrate this problem in terms readily appreciable by Indian experience: this is in the matter of responsibility for the production and marketing of crops. Under the old system, the Ministries had a vertical structure in which officers normally were responsible for one aspect of a great number of commodities e.g. one man was concerned with price policy, another with marketing policy, another with assistance to producers and so on. So that before one could decide who was responsible for the development of, say, cotton production, one had to bring together perhaps half a dozen officers each of which had his part to play in the formulation and execution of policy. Under the simplified structure (which incidentally was used in the United Kingdom both during the war and in the years of control that followed it), one man would be allocated cotton as his complete sphere of responsibility. That man—call him a "Director of Cotton" would be responsible to the Minister and would cover all aspects of production and marketing. This does not, of course, mean that he has to do everything himself. He has a staff. In particular, he may have a field staff solely concerned with the pushing of production of cotton e.g. in areas where this is the main crop. On the other hand, he will be assisted in marketing by the existing Lint Marketing Board which has full responsibility under the Minister from the point where the crop has been collected, ginned and centralised.

This sort of arrangement does not cut across certain generalised services such as the Agricultural Advisory Services which exist to help all farmers on all aspects of their production. The average farmer will use these general advisory services no matter whether he is concerned with cotton or any other crop; but the cotton Agricultural Officer is a specialist and he will spend his time wherever he can most profitably do so with farmers for whom cotton is the most important crop and who are interested in improving or expanding their production.

One Man, One Job

Broadly then, the principle of simplifying administration is that of one man, one job. But, of course, this does not solve the problem of having enough men who know how to do the necessary jobs. The problem of recruitment both inside the country and outside remains: but because one is seeking to train specialists, rather than men-of-all-trades, which is the British Civil Service principle, the task of training and recruitment is rendered easier. As for the expatriate Civil Servants they are career men and can only be held through a Commonwealth Civil Service which can offer them a career. Without them the rate of development will certainly be slower.

There is another valuable advantage gained from the horizontal administrative structure. Because one defines responsibility, one also encourages initiative. A man finds that he is both expected to and that he can take decisions within his own sphere. He will also discover, one hopes not belatedly, that, while he may earn praise for successful initiative, he must also carry the blame for his failures. He cannot "pass the buck." He cannot seek refuge in not taking decisions because, if things do not happen, he will be held responsible by his Minister or his superior officer. Because he is the chosen instrument for his Minister's policy he is obliged to carry out that policy, using all such agencies as are available to him but with overall responsibility both for what is done and, equally important, for what is not done. This is a well-understood commercial principle and, under the new conditions in which Government takes a leading role in enterprise, it needs to be adopted in Government.

Group Farming

It is worthwhile taking another agricultural illustration which may be novel to India, since the idea was introduced into Uganda from Israel. This is the concept of "group-farming." A group-farm is an area of several hundred acres farmed by perhaps, 60 or more farmers, most of whom are probably already living on the land though by no means farming all of it. It should be explained that Uganda is a country with vast tracks of empty land. Now these farmers will be organised into co-operatives. The total area of land which they are to farm will be surveyed and carefully mapped. It will be provided with roads; it will be divided up into large fields, in each of which strips will be allocated to each farmer. These farms are worked on a six-year rotation of which three years are arable, for example, cotton, millet and groundnuts, and each farmer will have a strip corresponding to each item of the rotation. The farmers form a committee for the fair allocation of these strips and also for decisions about crop sequences and of course to settle all the other problems which are liable to arise when any sort of group enterprise is undertaken. But the Ministry of Agriculture provides a farm manager who is concerned with the *technique* of production. His job is to run a machine cultivation team and to supervise good husbandry.

The Ministry of Agriculture provides the finance for the initial clearing of the land from bush; the provision of roads and also most of the equipment for mechanical cultivation. The farm manager ploughs the first year's land and sews it mechanically while the farmers are responsible from that moment on for weeding, tending and picking. The problem of organisation arises in this way. Under the present arrangements, the land for such a farm is laid out by one body of experts: another officer decides how much land is going to be cleared and when; another decides the crop rotation and another is concerned with finance and so on. It is not surprising that the farm managers feel that managing is the last thing they are expected to do. Under the "one man one job" principle, the Minister will appoint one officer responsible for all group-farms and that officer in turn will appoint a farm manager for each farm which farm

manager is then fully responsible for the setting up and the operation of his farm in conjunction with the committee of cultivators. He calls on the services of the surveyors to survey his farm, he calls on the services of land-clearance contractors as clear, he calls on the Advisory Services for crop rotation and so on. But the essential point is that the manager *determines* the jobs to be done as if he were running his own estate and is, therefore, in control of all his operations.

Thus Uganda, a pioneering country undergoing an economic revolution, needs to adopt the techniques which Governments in other countries have adopted in critical times. In addition to the simplification of the system of administration, the shortening of the lines of communication and the devolving of responsibilities on field commanders, individual initiative is developed. In the first place, the officer is given the opportunity to take an initiative; secondly, he is encouraged to do so; finally, he stands or falls by the results. Break the jobs down into clear units, make each man responsible for his unit, that is the only way to efficiency. For the essence of the principle of "one man one job" in pinning down responsibility is to make it clear that the job, whether ill-done or well-done, is the responsibility of the man concerned.

Planning Machinery

The next broad task of the Government, after tackling the set-up of its administrative machinery, has been to improve its planning machinery. At the outset, it was pointed out that planning is in the hands of a Planning Commission. This Planning Commission has not only the Prime Minister at its head, but consist almost entirely of Ministers. The exceptions are the chairmen of the most important State bodies and the Director of Planning, who is specially appointed to take charge of the conception and progress of the long-term plans. It is sometimes argued that it would be as well to bring in full-time members or other representatives of outside interests. There are two objections to this: to the extent that the Commission does not consist of Ministers, to that extent its Cabinet authority is weakened and it becomes more of an advisory body. The strength of the Planning Commission as at present constituted is that in effect it determines economic policy. What the Planning Commission has decided, the Cabinet is most unlikely to amend or reject.

So far as full-time members are concerned, the need of men to ensure that what the Commission decides is carried into effect is fully recognised and there is thus being built up a Secretariat to the Commission which is charged not only with the preparation of papers for the Commission, but also with seeing to it that decisions of the Commission are carried into effect. Thus, it reports periodically to the Commission on the progress of each decision until such time as the Commission has decided it needs no further reports. This new development is the most important step in linking policy-making with execution.

Another point that is sometimes queried, is whether the Prime Minister should in fact chair such a Commission. Again the question of authority arises. What does one require a Planning Commission to do? In Uganda, the Planning Commission is in effect a specialist body of the Cabinet. Thus, the Cabinet normally expects the homework on planning issues to be done by its Planning Commission members and have only to ratify rather than re-examine propositions coming from the Planning Commission. In these circumstances, the chairmanship of the Planning Commission needs to fall to the Prime Minister. If by any chance he is unable to conduct a meeting, then, by custom, the Minister of Planning takes his place, and, of course, the Minister of Planning is also by way of becoming the Prime Minister's deputy on all economic matters; while the Planning Secretariat will no doubt evolve as a body which takes a great deal of the economic load off the Prime Minister's shoulders.

Advisory Councils

In order to bring Government's planning before the public, and to enable a helpful degree of non-governmental participation in the planning processes, the Commission has the assistance of various advisory councils. Up to date, these councils have existed in name rather than in fact; but they are now about to become effective. The principal of these is known as the National Economic and Social Advisory Council (N.E.S.A.C.). This is representative of banking, industry, the co-operatives, the trade unions, farmers, independent economists and social and educational services. In addition, it has representatives of the 15 Kingdoms and Districts of Uganda. It will meet under the chairmanship of the Minister of Planning. The one criticism that can be made is that a body of between 30 and 35 members is too large; but this is the result of bringing in 15 members to represent the Kingdoms and Districts which, in Uganda, have nearly as much significance as the States of India. It would, of course, be possible to remove these regional representatives and there are arguments on both sides.

On the official level, the success of planning depends upon the proper co-ordination of all departments and, of course, the co-ordination between Ministers and their own officials. Where the latter does not happen, Ministers are liable to run off on some independent planning, leaving their officials wondering what it is all about. This co-ordination can be carried out in two ways; either by a small inter-governmental committee of Permanent Secretaries or by a strong Ministry of Planning. It is this second method which is currently being pursued but one has always to remember that a strong Ministry of Planning can easily cause jealousies among the other executive departments of State who fear that some of their rights and responsibilities are being filched from them. Only time can provide the right answers and it is up to the officials themselves in their own interests to ensure that the machinery of co-ordination is a smooth one. Equally, it is up to the Ministry of Planning to avoid doing work which belongs to other departments while exercising its function of making sure that that work is done and that it can properly report to its ultimate masters—the Planning Commission.

But in a rapidly developing economy, there are many projects on which preliminary work needs to be done before they can come to the Planning Commission. In some cases, this preliminary work will be done within a particular ministry; but, where the interests of several ministries are involved or where external aid may loom large in the project, then it is the function of the Ministry of Planning to undertake this preliminary work in consultation with the other departments. When a project is of particular importance and involves a good deal of work, it is important to get the prior blessing of the Planning Commission on its preparation. For this purpose, the device of working party is very useful. Whoever is responsible for initiating the project brings the case in principle before the Planning Commission with the proposal that a working party of those concerned and experts be set up under the general terms of reference indicated. This gives the Planning Commission an opportunity to approve of, or amend, the general concept and is as good an insurance as it is possible to have that the preliminary work on the project will not be wasted.

Finally come the actual processes by which a five-year plan is prepared. The concept of a perspective plan—that is a plan looking ahead over a long period—is widely accepted among planners. In Uganda, the perspective plan objective is a doubling of the gross national product over 15 years. Now this plan has been announced, work begins on the five-year plan and at this stage a number of specialised working parties are set up to deal with the different sectors of the economy. There is a tendency in all economic planning to plan from offices and to announce the results to the country, with the kind observation that the public may now discuss. This method of approach indicates an understandable lack of confidence in any contribution the public could make to the plan. It assumes that discussion will keep the people happy but it does not assume that the people have anything to contribute. In Uganda, the local planning and development committees provide a means whereby the districts can be brought into the preparation of the plan. It is, after all, the districts who will have to work the plan and local co-operation is just as important in the preparation as it will be in the execution.

Local Committees

Thus, it is now being considered whether these local committees should build up a series of projects, some of which they can finance entirely themselves, some of which will require Central Government assistance, but all of which represent what each district wants to see happen in the years ahead. The local committees will prepare their projects through a series of sub-committees corresponding to the working parties of the centre. The work of the sub-committees (invariably assisted by the Central Government's district officers) is approved or amended by the local committee and then sent to the Central Government. There each sector is examined by the working parties who are then able to prepare a plan based, on the one hand, on broad economic considerations and, on the other, on these specific local projects. In the course of this exercise, the working parties will find that some of the projects do not fit into the broader concepts or are inadequate. Reference back is made to the local committees and by a process of to and fro between local committees and Central Government there finally emerges a plan which both makes sense overall and also makes sense in the districts, which conceive of it as *their* plan since they have taken a real part in the process of setting up the projects. With the districts regarding the plan as theirs, local co-operation in getting the plan carried out is assisted.

Organisation of Finance

Having now established the Government machinery and the machinery for planning, the next need is the organisation of finance. To a country like India this would seem a simple problem in its principles, while, in its practice, she would look to the international bodies and to special arrangements with particular countries. But in Uganda everything must be organised from the bottom, for, while this country has a strong representation of commercial banks based overseas, it has only one institution that approaches a popular bank, whose branches by no means cover the whole country, whose resources are so small that at present they are unable to be of any assistance to farmers and which does not offer a full banking service. There is no central bank; there is no co-operative bank; no agricultural mortgage corporation; no organisation of foreign bankers to channel money into large-scale development projects; nor even is there a central bank for East Africa. Thus Government finance depends upon borrowings from the E.A. Currency Board, which performs many of the functions of a central bank, borrowings from the commercial banks, and obtaining aid *ad hoc* wherever it can. This picture, however, is in process of changing.

Already it has been decided in principle that East Africa should have its own central bank, and it becomes a matter of mechanics whether the Currency Board evolves into such a bank or whether a separate institution will be set up which will take over the Currency Board. It has also been decided in principle that Uganda is to have its own national bank. What Government is now having to create is a whole banking structure, other than the overseas-based commercial banks, necessary for a developing economy.

The first point which will have to be resolved will be the nature of the national bank—whether it is to be a bank for commercial and development purposes as well as central banking. It is probable, however, that the proper economic choice will be made of confining the operations of the national bank to central banking as understood by bankers, because the function of this bank will be to maintain confidence in the currency of Uganda, to earn the full co-operation not only of the commercial banks but of international organisations, while, at the same time, serving all the functions of a Government banker. To do this it must live in a somewhat rarified atmosphere and, from its supervisory seat, delegate to other agencies some of the financial functions which bankers tend to look upon with some suspicion.

These other functions are the provision of agricultural and small business finance and the provision of large-scale industrial finance. For the first, Uganda already has, in its Credit and Savings Bank (U.C.S.B.), a framework which can be expanded to provide a proper agricultural and small business credit service. To this may be added a co-operative bank with its branches, although it is dubious whether Uganda has the resources to devote to two banks performing similar functions side by side.

Furthermore, since the U.C.S.B. is not merely an advancer of credit to farmers, etc., but is also a repository for savings from the public, it must conduct its affairs on recognised banking lines. It can only extend medium- and long-term credit, if, in turn, it can off-load its loans on to some central institution. Thus, behind this people's bank, there will have to be a credit corporation financed partly by Government, and, perhaps, partly by the F.A.O. and the World Bank—that is, national and international institutions prepared to wait for their money and to lend it at low rates of interest. It will, indeed, be a central reservoir of agricultural credit.

As for major industrial investment, a separation must be made between profit-making investment and straightforward long-term infrastructure investment. For the latter, Uganda must depend again on international sources, including credits from countries with which special arrangements are made; but, for profit-making business, there should be no difficulty. There are many banks with international interests who are prepared to co-operate in providing funds for development, subject to those funds being used in

a manner they understand. This can be ensured by the creation of a consortium of bankers, managed by the partners, which will mobilise funds for joint investment in commercial enterprises. In Uganda, there is a Government-owned Development Corporation which is the agency for promoting individual enterprises. If the consortium can be induced to take a high participation in the conduct of a joint enterprise with the Corporation, there will be a fruitful partnership between Government and foreign banks. Where major industrial development is initiated by a commercial company of standing which is prepared to carry half the risk, it should not be difficult to raise the other half of the money through the consortium envisaged. And there would no doubt be cases where Government, commercial enterprise and the consortium would jointly provide the funds.

I.M.F.

A further source of funds which has not been thoroughly explored is the I.M.F. Uganda, like India before 1960, carries substantial sterling assets. These assets are worth only their own sum. In theory, assets lodged by way of subscription with the I.M.F. should be worth many times their own sum since they carry drawing rights. Developing countries with sterling assets need, therefore, to consider with the I.M.F. the extent to which, they can increase their drawing rights for development by increasing their subscriptions, instead of temporary balance of payments purposes. Admittedly, this should not be a device for straightforward borrowing for an indefinite period from the Fund. If this were widely adopted, the Fund would soon find itself dry. But it could be recognised that it is legitimate to use I.M.F. funds for development purposes where it is possible to see a return within a relatively short period, or where the investment can be regarded as bridging to a more permanent form of loan. But all this needs working out between the Fund and countries so placed as Uganda.

Domestic Capital

What then about the mobilisation of domestic capital? In India, where there is a large trading community, that capital exists. In Uganda, the trading community is almost entirely of Indian origin, and they have been the sole capital accumulating class up to now. But there has been no outlet for their own investment, except, of course, in the expansion of their own businesses—an expansion strictly limited hitherto by the lack of a growing market. Not unnaturally, much of the capital accumulated has gone outside the country. Uganda, therefore, if it is to utilise the capital accumulating inside the country, and if it is to encourage the further accumulation of capital by its nationals, must offer opportunities for investment. This is not an easy thing to do in a community which has not got the investment habit—as India herself knows only too well. Nevertheless, the facilities for investment must be provided and people made acquainted with them and encouraged to use them. The educating process, however, is bound to be a long one.

As to the forms of investment, they must, as in more sophisticated countries, appeal to different instincts. There must be the Gilt-edged security in which the capital itself is guaranteed by the Government, but it is not so easy to determine beyond security of capital, what attraction to offer the investor—that is, a fixed rate of interest or a gamble, as in premium bonds. Uganda has already tried an issue of premium bonds on a limited scale, but without adequate advertising or selling points. In consequence, it had a poor response, but this is by no means indicative of what the response might be if a large selling effort were made such as, for instance, many countries adopt for their national lotteries.

National lotteries in themselves may be a useful way of raising Government funds, though they can hardly be termed investments for the subscribers. But lotteries, to be worthwhile, must produce enough revenue or else the effort and expense of organisation become out of all proportion to the money raised.

Where a country such as Uganda requires commercial investment finance, it is possible to attract private local savings through a Government investment agency channelling investment into selected enterprise. But where the enterprises are new and therefore unknown, and where there is no habit of investing in industrial enterprises, this investment must be guaranteed by the Government. Two forms of such investment can be offered—fixed interest industrial investment (both medium and long-term:) designed to mop up capital which might otherwise be exported and containing a sterling parity clause so that the sum is secure in an international as well as a national sense and can appeal to the investor who has to be drawn away from his usual outlets.

As for encouraging equities, investment in the Government guaranteed unit trust is probably the answer. The shareholder can purchase a number of units at a fixed sum. His capital will be guaranteed by the Government and the investment will be widely spread. Such securities can, of course, be offered without a Government guarantee, but that is likely to be a later development.

No Capital Market

A problem in all this type of investment is the absence of a market for buying and selling. There is a simple security market in Nairobi but none at all in Uganda, and the creation of such a market when there is very little to deal in is obviously extremely difficult. It may be that the right answer will be found on the lines of a 'Government broker' who will also become a 'Government jobber.' This jobber's office will constitute a market for the buying and selling of both fixed interest and equity investments. It may be that once such a central marketing agency has been adopted, a competitive market with banks as well as private financiers may develop. There is nothing against this provided it serves the purpose of mobilising the growing savings of the people to some productive purpose, avoiding hoarding and above all avoiding the outflow of capital.

In a country in which high dependence must be placed for some time on overseas aid—using aid in the sense of helping to improve trade using arrangements in which repayment is made over a long period on 'soft' terms—there is a case for establishing a capital investment board or committee. The function of such a board would be to examine all projects requiring finance and to decide the most suitable manner for financing a particular project; whether, for example, by direct Government investment, by a partnership between Government and an overseas banking consortium, by the formation of a private company under direct Government agency or in association with an overseas commercial interest by an international loan application, and so forth. The secretariat of such a board would then act as a kind of company promoter, get the organisation set up and financed, and then leave it to pursue its way.

All this indicates that Uganda is a country lacking in finance institutions, other than the few commercial banks. It has to weigh up the different forms of finance institutions which can be adopted and to set these up by Government enterprise, since the factors which would normally induce commercial enterprise to establish them are absent.

The last sector of the economy to be considered is that of the physical instruments of development both internal and external: that is the actual agencies which, having been provided with policy decisions and financed, are to implement the decisions and produce results. In countries which already have developed economies, enterprise is normally already in the hands of commercial companies, and the decision of Government has to be whether to let an enterprise be handled by a conventional private concern or whether to handle it itself, using the same technique but in Government ownership. There is another alternative—that of co-operative ownership—such as developed agricultural countries have used.

In Uganda, an instrument for implementing Government decisions was set up some years ago in the form of the Uganda Development Corporation (U.D.C.). This is a wholly-owned Government holding and promoting company, and, whenever Government has wanted a decision implemented in the commercial sense, it has handled the execution over to the Development Corporation which has then proceeded to set up a company to operate the concern. The original thinking was that such companies might have private participation and gradually be turned over to entire private ownership. In fact, the development of these subsidiary companies had been somewhat different. They have tended to be either wholly financed by the Government or else mainly financed by a private commercial interest. In cases where U.D.C. (that is, Government) has wholly financed them, no commercial interest is involved, except as managing agent, and there is no particular inducement on the part of commercial interest to come in and buy the enterprise; nor is there any clear advantage to the Uganda State to transfer an industry at the profit-making stage to private management and ownership. The Uganda State, having gone through the difficult years of development, may just as well reap the benefit of the profit-making years. What has hardly been tried yet is a genuine partnership between Government and private industry; yet this is a form particularly suitable for large-scale industries where a great deal of technical know-how and marketing knowledge is wanted, where developments are expensive to finance; and where, if the expertise and the funds of private enterprise are brought in, the Government will have relatively little difficulty in providing the balance of the finance through international agencies since the private commercial stake will be a guarantee of sound investment.

It is, however, unlikely that U.D.C. will be able to undertake the ever-expanding volume of investment which the country will undoubtedly require. This is because corporations—even Government-owned corporations—are not devices for escaping the problems of management, and as they grow, so their problems of control increase. There is a danger in bigness. A Government corporation in a developing country does not have a bottomless fund of manpower resources on which it can simply draw at the words of command. To set up a new company it has to advertise for management, and, once it has its management, it has to exercise policy control. There is no particular benefit served by creating a super commercial monopoly which will suffer from all the disadvantages of monopolies when the advantages can be gained by a division of functions.

Agriculture

Thus, while, in the early stages, it is possible to assign Government-sponsored industrial enterprises to U.D.C., the injection of capital into agriculture and agricultural processing will require other organisational media. For example, the Uganda Government recently decided to develop a dairy industry, and the chosen instrument is to be an executive dairy board on the lines of the two boards which already exist in the country for the marketing of coffee and lint. There is no reason why a similar board should not be set up for other agricultural production such as meat, fish, a whole range of lesser crops, and so on. Such boards lend themselves to ultimate acquisition by co-operatives, which is a strong political argument in their favour. At present, the co-operatives—which exist as the infrastructure of the Lint and Coffee Marketing Boards—do not have management resources to undertake these major commercial functions. Thus, the Government-controlled Board must precede the co-operative form of organisation.

Incidentally, another advantage that public Boards have over publicly-owned companies is that the relationship with Government is clearer. The company tends to regard itself as entirely autonomous and Government tends to disclaim responsibility for its activities or non-activities: thus, the purpose of Government enterprise is defeated. Who pays the piper calls the tune: yet, oddly enough, Government having created its commercial infant, is too often content to let the child develop in a wayward fashion, owing no allegiance to its parents.

Boards, corporations and companies can market and can operate factories and offices. But what of the biggest producing unit of all—the land? Here we are in a strange world of custom and caprice. The basis of the custom was that land belonged to all. It was free as the air and there was enough for everyone, but to keep order the right of allocation rested with local rulers—and it was a remunerative right.

Under modern conditions, land becomes capital. However, there is enormous traditional, sentimental and therefore political appeal in the idea of "Every man his own *shamba*" (farm) and the Government must needs step warily before following the advice of every person who has examined the economy of Uganda that the land tenure system must be reformed. But does it need to be as cautious in developing the empty lands? Cannot these lands be developed in a way that makes economic sense without offending against the concept of a stake in the land by the farmer? At the moment, every large land scheme—group farms, estates, ranches—tries to do this by functionalising the scheme land into small units for individual working, while trying at the same time to provide for overall machine cultivation. On the other hand, the most successful agricultural production is seen in the tea and sugar estates, company-owned enterprises (in some cases Government companies) carrying out large-scale farming with the most modern techniques. Is there any reason why the man who gets his living from agriculture should have a different relationship to the place where he works than the man who gets a living from public administration, medicine, education, commerce or industry? And, especially where the whole progress of a country depends upon its agriculture, is it in the interest of the people that that should be the only industry permitted to retain the techniques of a more primitive age? Custom and

(Continued on page 171)

WHITHER MANAGING AGENCY SYSTEM?

By An Esteemed Correspondent

ONCE again, for the third time, to be precise, the managing agency system in our country would be finding itself standing at the cross-roads of destiny, for several very important reasons. This would be in the coming year, about the time before 15th August 1965. In view of this, a study of the present state of managing agencies, in general, will be timely.

Like the heart in human physiological system, the institution of managing agency, which came into existence for certain geographical and economic reasons and also as a result of imaginative thinking of the Englishmen who also planted the institution of joint stock companies in our country in the middle of the last century, played a crucial life-sustaining role in the corporate sector for over hundred years. It is only during the last two decades or so that doubts have come to be expressed about its central role and it has come to be regarded not as the heart but as a superfluous limb in the corporate body, something like the vermiform appendix in the human body, which could be surgically dispensed with without causing any disorders in the system or affecting its general health and vitality. Eulogistic references to managing agency system are today very rare to read in current literature on economic development and, instead, we read and hear a lot that brings out the ills of the system as also its anachronistic character in the changed economic conditions in the country. In a sense, existence of managing agency system has become vulnerable.

History

To go back into the history of this unique system of corporate management. It had its first confrontation with destiny in 1936 after it had experienced an uninterrupted period of fine and glorious ascendancy lasting for nearly a hundred years or so. It was in that pre-war year that a Bill was sponsored by the Government to amend the Indian Companies Act, 1913, principally for prescribing some restrictions on the working of the managing agents which had till then enjoyed complete freedom in running the affairs of their managed companies, without having required to account for their doings to shareholders and the board of directors which, in many a case, or invariably, was dominated by the representatives of the managing agents.

The second confrontation with fate took place in 1955, when the present Companies Act came up for detailed discussion in Bill form before a very critical Parliament. There were many factors responsible for the adverse climate that prevailed at that time for the managing agencies. At one time during the discussion of the Companies Bill in Parliament, it appeared as though the system would be completely brushed off the corporate scene. But, then, by a sudden act, the then Finance Minister Mr. C. D. Deshmukh, saved the institution by bringing up the proposals, now contained in Section 324 of the Act. These placed the managing agencies on parole, as it were, which could be ended by the Government at the latter's pleasure, after, of course, complying with a certain prescribed procedure spelt out in the Rules framed by the Government for that purpose. Also to turn the spotlight away from the managing agencies, the then Finance Minister brought into existence the institution of Secretaries and Treasurers to be adopted by company promoters as an alternative to the managing agency system. In a way the new institution could be said to be an "expurgated form of the managing agency system," inasmuch as they were to be merely "contracted managers" for the company functioning under the supervision and control of the Board of Directors.

Public Opinion Still Critical

Thus these two moves saved the managing agency system from being guillotined in 1955. Notwithstanding this, however, the system has been having a disquieting time, as the Government policies have continued to have an increasing emphasis on the need to check tendencies of concentration of economic power in private hands. It is no doubt true that the managing agency system has in the past been one of the known instruments of centralisation of power in the hands of leading business groups and houses. It is against this background that the managing agency system faces, for the third time, a crack of doom.

There are three principal reasons that might seem to raise this alarm. First, the Vivian Bose Commission Report on an important business group in the country has aroused deep suspicions of the public against the system. More accurately speaking, the report deals with the doings of the business group before the present company law came into existence and under the old settings of an inadequate law and weak administration. But these facts are overlooked by the public and the various revelations made by the Commission are related to contemporary times. Secondly, the Mahalanobis Committee Report and the expert report on concentration of economic power by Dr. R. K. Hazari have thrown out rather heavyweight suggestions for abolishing managing agencies in certain industrial fields and in others, where allowed to exist, to put them under some additional restraints and curbs. In other words, all this would amount to a narrow noose which would sooner or later strangle the managing agency system. Thirdly, the great cross-section of the managing agency re-appointments pertaining to small, medium and big-sized managed companies would become due for the approval of the Government at the end of their five-year tenure given to them in 1960 under the provisions of Section 330 which say "where a company has a managing agent at the commencement of this Act, the term of office of such managing agent shall, if it does not expire earlier in accordance with the provisions applicable thereto immediately before such commencement including any provisions contained in the Indian Companies Act, 1913, expire on the 15th day of August 1960, unless before that date he is re-appointed for a fresh term in accordance with any provision contained in this Act."

Although the provisions of the section cited above gave the opportunity to put in applications for the re-appointments to be approved by the Government from the date the present Companies Act came into force, that is, the 1st April 1956, an overwhelming number of applications for re-appointments was made in 1960. And further as these re-appointments were approved for a period of five years only, the bulk of renewals has become due in 1965, latest, by 15th August 1965. In a sense, managing agencies are to have only a predetermined tryst with destiny and not any sudden confrontation with it next year. But certain ominous factors that have cropped up during the last few years pose a 'life-or-death' proposition before the system.

Basic Issues

Crucial as the time is for taking a comprehensive review of the system which for nearly three-quarters of a century played the role of a catalytic agent for industrial development of the country and during the Great Depression served as the sheet-anchor for the survival of the few industries that we had in the country then, one should see as to how far the objectives aimed at in putting various restrictions and curbs over the system have been achieved. Secondly, has the managing agency system affected the growth of industrialisation in the private sector since the beginning of the second Plan when it came under the regulation by the present Companies Act? Thirdly, has the 'Secretaries-and-Treasurers' system made any impact on the corporate sector? Fourthly, is the system of director-managed companies an improvement over the managing agency? Lastly, are the evils of managing agency, if any, being perpetrated in other forms or manners, and, if so, will the mere abolition of the system help the objectives of the reformers?

II

Statutory Controls

Before we marshal out the restrictions imposed upon the managing agents in 1955 and discuss the objectives sought to be achieved by them, it would be appropriate to take stock of the statutory controls imposed in 1936, but became quite infructuous for checking the proliferation of abuses which came to be noticed in corporate management during the World War II period and the years following it. The Amending Act of 1936 inserted nine new sections—87A to 87I—in the 1913 Companies Act and with these, for the first time, the managing agency system came within the purview of the Legislature. Each of these sections imposed some sort of restrictions. Section 87(1) limited the duration of appointment of a managing agent to 20 years at a time and in the case of the existing agencies notwithstanding the terms of their agreement or any provision in the articles of association, the period of office was to come to an end after 20 years, whereas before this enactment, the managing agents held their appointment either on a very long term basis or even in perpetuity. Clause (c) of Section 87B restricted the right of transfer of office by management except with the approval of the company in general meeting. Section 87C laid down that the remuneration of the managing agent should be a sum based on a fixed percentage of annual net profits of the company, with provision for a minimum payment in the case of absence of or inadequacy of profits, together with an office allowance to be defined in the agreement of management.

Any stipulation for remuneration in addition to or in any other form than the remuneration specified in terms of percentage of net profits had to be sanctioned by a special resolution of the company. For calculating the percentage remuneration, 'net profits' were also defined in this section, namely, profits of the company calculated after allowing for all the usual working charges, interest on loans and advances, repairs and outgoings, depreciation, bounties or subsidies received from any Government or from a public body, profits by way of premium on shares sold, profits on sale proceeds of forfeited shares, or profits from the sale of the whole or part of the undertaking of the company but without any reduction in respect of income-tax or super-tax, or any other tax or duty on income or revenue or for expenditure by way of interest on debentures or otherwise on capital account or on account of any sum which may be set aside in each year out of the profits for reserve or any other special fund. This provision was introduced to put some check on the practice of providing in the managing agency agreements for exorbitant remunerations and commissions irrespective of the profits earned by the company.

Definition of 'net profits' to which remuneration was to be related, was spelt out in law to give a reasonable basis for making calculations.

Section 87D stipulated that no company could make to a managing agent of the company or to any partner of the firm, if the managing agent was a firm, or to any member or director of the private company, if the managing agent was a private company, any loan out of moneys of the company or guarantee any loan made to a managing agent. Further, except with the consent of three-fourths of the directors present and entitled to vote on the resolution, none of the foregoing parties which constituted or were connected with the managing agents of the company could enter into any contract for the sale, purchase or supply of goods and materials with the company. Section 87E applied restrictions to making of loans or guaranteeing of loans to or by companies under the same management. Section 87F laid down that a company other than an investment company could not purchase shares or debentures of any company under management of the same managing agent, unless the purchase has been previously approved by a unanimous decision of the board of directors of the purchasing company. Section 87G prohibited a managing agent from exercising in respect of any company of which he is managing agent, the power to issue debentures or except with the authority of the directors and, within the limits fixed by them, a power to invest the funds of the company, and any delegation of any such power by a company to a managing agent was void. Section 87H laid down that a managing agent shall not, on his own account, engage in any business which was of the same nature as and directly competing with the business carried on by a company under his management or by a subsidiary company of such company. Lastly, in order to check the packing of the board of directors by the nominees of the managing agents Section 871 laid down that, notwithstanding anything contained in the articles of a company other than a private company, directors, if any, appointed by the managing agent would not exceed in number one-third of the whole number of directors.

Checks Evaded

The foregoing provisions, though very much resented by the managing agents in 1936 for being wholly unwarranted encroachments upon their powers that had fullest sanctity of contract, lost their bitter taste for the managing agents during the World War II period

when they evolved new devices and ways of perpetuating their control over the managed companies at the cost of the latter and to their own greatest good, in utter disregard of the ethics of business which at the minimum stresses the need for the observance of fairness and equipoise in benefits between the concerned parties to a contract. Both for their striking novelty and superabundance in the corporate sector, the new practices of the managing agencies attracted the attention of the public and the Government and were commented upon by the Bhabha Committee in 1952. Notwithstanding the provisions of Section 87A(1) of the 1913 Act that stipulated a period of 20 years for the duration of managing agency contract, a practice had grown up of securing from the present shareholders a renewal of a managing agency agreement long before the expiry of the existing contract. The Bhabha Committee held this to be objectionable "because it does not enable the shareholders of a company to assess the actual performance of a managing agent before they are called upon to consider his application for renewal of extension of term and in any case it is wrong in principle that the future shareholders should be deprived of their right to have a say in the matter." By securing the renewal of managing agency contract long before the 20-year period, many a managing agent raised their remuneration to higher levels that they found their other compeers to be drawing.

Further, even though clause (c) of Section 87B of the 1913 Act imposed the curb on transfer of managing agency only with the approval of the company in general meeting, it was observed that such approval came to be "engineered by the holders of a small majority of shares on promise of payment of a large compensation, in collusion with the transferee," resulting in "an unwarranted burden on the company." In fact, trafficking in managing agency and management rights became a normal practice. The worse thing about it, apart from the golden handshake that was collusively arranged, was that, sometimes, the close associates or relatives of the former managing agents were appointed at increased remuneration and thereby the same group of persons doubly benefited without losing control over the company. It became a device to earn windfall gains.

Moreover, apart from trafficking, in the absence of any provisions regarding resignation, many a time "managing agents resigned their office in favour of new-comers either in collusion with the latter or with their full knowledge, on the tacit understanding that they would receive suitable compensation from the company for loss of office on their resignation." Sometimes, a managing agent who had thus resigned from his office was subsequently found to have committed gross irregularities in respect of the affairs of the company, but, by the time this discovery was made, it became impossible to compel him to render accounts or to seek redress from him in any other manner legally open to the company.

Another prolific source of abuse was that, while Section 87C laid down the method by which the remuneration of managing agents could be calculated, exorbitant remunerations quite out of proportion of the financial resources of the managed companies had been fixed and many unscrupulous managing agents under the law unjustifiably supplemented their income directly as a result of the defects and deficiencies in the provisions of this section. In so far as the provisions of law permitted other payments also to be made to the managing agents, alongside the remuneration as related to net profits, managing agents in many cases entered into agreements to receive a commission on sales or turnover. In some cases, the percentage on the net profits was kept low but the office allowance charged was comparatively large and in almost all cases, besides the office allowance and the percentage on net profits, managing agents also drew remuneration in the form of commission for various services rendered to the company and the rates of these commissions varied from company to company. The real incidence of these when related to net profits worked out to an unconscionable amount.

Bhabha Committee

Among the payments received by the managing agents, the most blatant source of abuse was reported to be in regard to the office allowance received by them, for, in this way, the managing agents passed on the expenditures incurred for their own business, etc., to the managed company and, in many cases, the managing agents hardly maintained any separate staff and office for the benefit of the managed company. Another widespread undesirable practice among the managing agents was to "put in their partners, or directors or managers of the private companies of which they were members, in managerial positions in the managed company, thereby indirectly augmenting their income or the income of their friends."

Another charge was that the managing agents had usurped all such powers that gave real control over the affairs of the business from the boards of directors, which, instead of directing the affairs of the company, became a subservient body to the managing agents. This amounted to complete erosion of authority of directors. Commenting on this practice, the Bhabha Committee said:

"It has come to our notice that many managing agency agreements contain clauses which, directly or indirectly, seem to ascribe powers and duties to managing agents which, far from recognising their subordinate position *vis-a-vis* the directors, purport to confer on the former powers which override the authority of the latter in many important aspects of company management."

Yet another malady was that the managing agents made borrowings from the managed companies for extraneous purposes with a view to affording benefits to nominees or allied firms, as a result of the loopholes in the law. Many managing agents had misused the moneys of the managed companies which they held in the current accounts on behalf of the latter. Very often, in the absence of a limit upto which the managing agents could have moneys in such accounts, huge funds of the managed companies had been diverted into them. Further, taking advantage of the wordings of Section 87E which confined the efficacy of the section to "companies under the management of the same managing agent," the managing agents made the fullest possible use of loophole where they were managing agents of one company but not that of the other, though the latter was his own company, or where neither the lending nor the borrowing company had a managing agent but they had common boards of directors which followed a common policy. The evasion of the provisions of this section was also noticed where the names of the managing agents of the lending and the borrowing companies were different, although, in fact, the constitution of the two managing agents and the policy they pursued in respect of the managed companies were the same.

Similarly, advantages were taken in respect of inter-company investments. To make matters more objectionable, managing agents often adopted vague or indefinite modes of valuation of shares and concealed facts about the market value of investments. While Section 87H prohibited a managing agent from engaging in a competing business in his own name, they took advantage of this and individual partners or shareholders of the managing agents got engaged in competitive businesses and weakened the foundations of the managed company. Invariably, managing agents or their associates were appointed as buying or selling agents of managed companies. Notwithstanding the fact that it was the duty of the managing agents to effect purchases and sales for the company, they proceeded to charge high commissions from the company. Many a time, they charged commission from the third parties or tilted the price in their favour when they were appointed as buying or selling agents.

Lastly, the managing agents had widened their network so much that, apart from resulting from excessive concentration of economic power in their hands, the attention that they could give to the managed companies diminished proportionately with every addition of the managed companies, for they were not always in one specialised field but ranged over a wide area of industrial activities which is typified by what is known as horizontal diversification. Above all, it was a common practice among the managing agents to provide for the issue of shares loaded with excessive and disproportionate voting rights by a company of which they acted as promoters.

III

The 1956 Act and After

Thus, the cumulative effect of all the foregoing was that the interests of the managed companies and their shareholders were thought to be seriously jeopardised and required effective remedial measures both by further raising the hedges planted in the provisions of Sections 87A to 87I of the 1913 Act and by providing for a new set of provisions. In fact, every one of the foregoing abuse has been covered by the provisions written into the Companies Act, 1956, pertaining to company management in general and to managing agents in particular. A beginning to check the more objectionable practices of the managing agents was made by passing the Companies Amendment Act of 1951, which brought into existence a special Advisory Commission to regulate appointment and remuneration of managerial personnel. Really speaking, the provisions of the present Companies Act are based both on the recommendations of the Bhabha Committee and the subsequent experience of the above named Commission.

The present Act contains about 60 sections pertaining to managing agents, of which about 40 sections impose restrictions of various nature on the managing agents. Further, about a dozen sections of the Act were made more stringent by the Amendment Act of 1960 in their application to managing agents. Not only that such a large number of restrictions of quite wholesome nature was put in the 1956 Act, but also the Act sponsored a new institution of management, namely, the secretaries and treasurers as an alternative to the managing agency form of management to dissuade companies from adopting the traditional type of management set-up. This reflected a positive streak of thinking of the law-makers who appeared to be dissatisfied or even disgusted with the managing agency system and wished the vacuum created by voluntary retreat or by forced exit effectuated by Government action, to be filled up by another institution of management shorn of bad characteristics of the managing agencies if the companies hesitated to be run by the board of directors directly. The regulatory provisions concerning secretaries and treasurers are contained in Sections 378 to 383 of the Act.

Another provision which is more awe-inspiring than any of the restrictions in the Act is Section 324 which provided for the ending of the managing agency system at any time after a review of the position relating to the continuance of the system in the light of its performance under the new restrictive provisions according to the rules framed by the Government, in a class or description of industry or business or groups of industries, etc., as might be specified in the notification to be issued by the Government. This notification can be issued by the Government after an inquiry has been conducted as per procedure laid down in Rule 11 of the Companies (Central Government's) General Rules and Forms, 1956 and after the recommendations of the enquiry committee have been considered by the Company Law Advisory Commission and its advice has been duly taken. The third step before issue of the notification in final form is to place the draft notification before both the Houses of Parliament for a period of not less than thirty days while Parliament is in session. When all this gamut of action has been gone through the notification will become operative after three years from the date of its publication.

Room for Lobbying

According to the provisions of Section 324, it appeared as though the Government would initiate action almost immediately after the passing of the Companies Act, 1956, but, as nothing has been done so far, any action that might be thought of now, within the ambit of Section 324 and the relevent rule thereto, could have the terminatory effect on the managing agency system in any class or classes of industry not before the end of 1968. It is thus quite clear that this provision is hardly an appropriate one if a quick decision has to be taken in the matter. Moreover, an unsatisfactory feature of this provision is that the procedure laid down under it gives great room for lobbying as also for making suitable arrangements for minimising the effects of termination of managing agency by the managing agents.

Thus, while the foregoing general provisions do exist within the framework of the present law, the restrictive provisions of the law have had a decisive influence on the working of the managing agencies in the country.

Now to take up the provisions that restrict the working of managing agencies one by one. Section 89 of the law has robbed the managing agents of the excessive voting rights which they had secured for themselves through issue of deferred shares at promotional phase of the company in their capacity as the promoters. Section 325 debars a company acting as managing agent to be managed by a managing agent. As an extension to the principle underlying the above provisions, Section 325A, which was added by the 1960 Amendment Act, prohibits the appointment of a subsidiary of a company, but existing arrangement was not to be disturbed. Here it may be noted that, under the respective laws governing the insurance and banking companies, these classes of companies, as also the Government companies are not to have managing agents, *vide* Section 618. Further, contrary to the posi-

came into force when an appointment of managing agent could take effect on the ratification of the agreement by the company in general meeting, Section 326 makes the appointment of managing agent subject to the approval of Central Government. This is also required to be taken in regard to many other matters concerning the managing agents. The Central Government under this very provision has been asked to accord its approval not in any arbitrary manner but after satisfying itself that it is not against the public interest to allow the company to have a managing agent, that the managing agent proposed is a fit and proper person to be appointed or re-appointed and further that the conditions of the managing agency agreement proposed are fair and reasonable and that the managing agent has fulfilled any conditions which the Central Government requires him to fulfil.

In order to ensure that all the managing agencies have been screened from the standpoint of the foregoing tests as also in regard to their terms of appointment, etc., Section 330 provided for the termination of the tenure of all managing agents which had not obtained prior approval under the present Act, on the 15th August 1960. As regards the tenure of office, Section 328 has further cut it short to the outside limit of 15 years in the case of first appointment and to 10 years in the case of re-appointment, and the latter cannot be done if the existing term of the managing agent has two years or more to run, unless the Government was satisfied that it was in the interest of the company so to do. The statutory maxima of tenures mentioned above, however, have been generally kept down to ten years and five years, respectively, by Government action following the recommendations made by the Company Law Committee and the Advisory Commission.

Government Sanction

Another provision, namely, Section 329, ordains that the variation of managing agency agreement, which is not a normal thing, should, besides having the approval of company in general meeting, be also sanctioned by the Government who are to look into the propriety and reasonableness of the change. Section 332 of the Act places restriction on a managing agent to have not more than ten companies under their management and asks them to fall in line with this requirement by the 15th August 1960. Private companies which were neither a subsidiary nor a holding company of public companies, unlimited companies and association not for profit are exempted from this stipulation, but sub-section 4(a) of this section, which was put on the statute book in 1960, has amplified the scope by including along with the managing agent every member of the firm acting as the managing agent and, where a body corporate acts as the managing agent, every director, or member thereof. Sections 334 to 342 require the vacation of office, removal and resignation of managing agents under certain ostensible circumstances and, with a view to seeing that the managing agents do not get away lightly and without being called upon to make good the loss caused to the managed company, the previous sanction of Government has been made a mandatory requirement in certain circumstances. This is provided for in addition to civil remedies that can be sought.

Section 365 prescribes a prohibition for loss of office in certain cases such as the reconstruction or amalgamation of company, vacation of office in pursuance of Sections 324, 330, 332, 334(e), 335, 336(a) to (d), 337, 338, 340(2) or where the managing agent has instigated or has taken part in bringing about the termination of his office. In cases other than these when he became entitled to compensation, it was to be within certain limits as stipulated in Section 366 of the Act. Section 343 lays down that the transfer of office by managing agents would require Government's approval in addition to the approval of shareholders by ordinary resolution. This section was completely revised by the 1960 Amendment Act to cover cases of arrangement having the effect of transfer of managing agency effected by the managing agents by giving irrevocable power-of-attorney to third parties to manage the affairs of the company of which the managing agents are in charge and by reserving to themselves a portion of profits. Further, insofar as the transfer involved a change in the constitution of the managing agent, under provisions of Section 346 the approval of the Government was called for. This requirement was provided for to check trafficking in managing agency. The provisions of Section 343 have been further given complementary support by those of Section 364 which says that a company was not bound by assignment of or charge on managing agent's remuneration. Sections 344 and 345 completely rule out passage of managing agency through inheritance by agreements entered into after the 1956 Act came into force. Where agreement entered into before 1956 existed, the heir's case was to be approved by Government on the touchstone of "fit and proper" criterion. Section 347, read with Schedule VIII, provides for certain compulsory disclosures to be made by the managing agents by filling returns with Registrars of Companies and making available the copies thereof to the members for inspection.

Remuneration

As regards remuneration, the Act contains a string of Sections, namely, Sections 348 to 354 read with the provisions of Section 198. The Act has restricted the remuneration to a ceiling of 10 per cent of the net profits as defined in the statute. Additional remuneration can be given only if sanctioned by the company by special resoultion and then approved by the Central Government as being in the public interest. Managing agents are not to be given any office allowance, but may be permitted to reimburse themselves in respect of actual expenses to the extent sanctioned by the board. In the absence or inadequacy of profits, the minimum remuneration payable to managing agents should not exceed Rs. 50,000 in any year but the Central Government are empowered to grant suitable relaxation in special cases. It must be mentioned here that the permissible ceiling of 10 per cent was not allowed *suo moto*, but it became one end of a sliding scale of remuneration prescribed by Government under the advice of the Advisory Commission, the range of this remuneration being 4 per cent for the last slab of net profits and 10 per cent for the first one. Sections 356 to 360 restrict the scope of appointment of managing agents or their associates as buying or selling agents of the managed companies. Section 356 prohibits the receipt of any commission or remuneration by *managing agent* or his associate in respect of sale of goods produced by the managed company within the country and Section 358 the receipt of any payment for purchases made in the country. Section 360 requires that contracts between managing agent or associate and managed company for the sale or purchase of goods or the supply of services would have to be approved by the Government.

Further, by the 1960 Amendment Act, even a managing agent who had resigned his office is prohibited under Section 294(4) from taking up the appointment as sole selling agent in his erstwhile managed company before three years from such cessation. Certain very strict restrictions and limits have also been prescribed for making loans to managing agents, loans to companies under the same management including those under common managing agents, etc., investment in shares etc., of other companies in the same group under Sections 369 to 373. Restrictions in respect of loans to directors who may be from the managing agency set-up have also been placed under Section 295.

In regard to investments, the new form of profit and loss account as prescribed in Part I of Schedule VI requires detailed disclosure of all material particulars. To re-establish the authority of the board of directors *vis-a-vis* the managing agents, Section 377 restricts the right of managing agent to appoint directors of the board of the managed company to two directors where the total number of directors exceeds five and one director where the total number does not exceed five.

Tight Jacket

It is thus evident that managing agents have to function under a very tight straight-jacket. It has been observed that there is an overwhelming number of provisions of law, very specific in their restrictive application. In cases where the Government has been given discretion to administer the law, the administrative policies have generally been more restrictive than the substantive provisions of the law. Only marginal reliefs have been given even in the case of the relatively few cases that satisfied the various criteria laid down under the rules framed therefor. One instance of the rather restrictive orientation of discretionary powers vested with the Government is the administration of sections dealing with remuneration. With the help or concurrence of the Advisory Commission, the Government has evolved a detailed eight-step sliding scale for fixing percentage remuneration of managing agents. Even for determination of minimum remuneration within the statutory ceiling of Rs. 50,000, a refined formula has been evolved. For dealing with cases with uncommon features or requiring a distinctive treatment, certain criteria have also been evolved.

Another instance of the restrictive prescription is that relating to approval of guarantee commission that managing agents or their associates charge for guaranteeing or providing security in connection with loans or advances obtained by the companies under their management from banks and other parties. Having being convinced of the fact that, in the great majority of cases, these guarantees were never invoked and the risks borne were purely formal and as such the commission merely meant an additional burden on the managed company for which practically no commensurate service was being rendered, the Government has restricted such payment and evolved some definite rules for determining it. One of the criteria laid down says that the guarantee commission is not to exceed one-tenth of the remuneration payable to the managing agents by way of commission on the net profits as sanctioned by the Government and further that the total remuneration payable to the managing agents, inclusive of the guarantee commission, should not in the aggregate exceed 10 per cent of the net profits of the company in that year.

Thus the Government's attempt has been quite strict with the managing agents, in particular, and other managerial personnel, in general. It is in this spirit that, notwithstanding the fact that the Act placed no restriction in regard to tenure or remuneration payable to managing agents by private companies who have only to get the approval of the Government for the appointment or re-appointment of their managing agents, the Government have sought to regulate the tenure of appointment in regard to them also in the same manner as in the case of public companies. As for the remuneration, the Government have fixed a ceiling and some other working criteria.

IV

Results of Regulations

While much criticism can be levelled against the restrictive nature of the provisions of the law as amended after the passing of the substantive Companies Act, 1956 as also against the over-zealous approach of the Government to make the administration of these provisions further regressive and restrictive, fair indications are available that most of the abuses of the managing agency system have been banished from the corporate scene. The abuses that have virtually disappeared are trafficking in managing agency rights, payments of various nature including compensation moneys got by the managing agents directly and payments secured for the associates, unrestricted or free use of various powers in directing the affairs of the managed company that essentially belonged to the board of directors, and suppression of facts. Not only that the managing agents cannot derive any undue benefits from the managed companies under the terms of agreement or otherwise because of the requirement of approval of the Government clamped upon them and of the constant vigilance exercised by the Government, but also after relinquishment of managing agency, a managing agent cannot for a period of three years or so think of availing themselves of any benefit as a result of their past association or influence.

Apart from these general abuses curbed during last ten years of the operation of the present Act, two very distinct beneficial and healthy influences have been generated. One such beneficial result has been the improvement in quality of management by managing agents who have to satisfy the Advisory Commission and the Government about their *bona fides* and fitness. Not only the past record of the managing agents, where re-appointment is sought, is seen but objections and complaints received from the shareholders of the managed companies are also closely scrutinised. It is, however, difficult to assess this improvement, or say well-nigh impossible, to use any quantitative indices and therefore, "the best that can be said would be on the basis of close observation and detailed searching inquiry only." In this connection, the comments of Dr. Raj K. Nigam in his article, "The Impact of the Companies Act on the Managing Agency System," published in the *Company News and Notes* of 2nd September 1963, are worthy of note. He wrote:

"A possible index that could very roughly show this change could be the number of complaints received about mismanagement of companies, manipulation of transactions, etc., against the managing agents. Apart from studying the number and nature of such complaints since the Act came into force, it would also be necessary to assess them in relation to the complaints received against companies which have adopted other forms of management. The relevant data on complaints are not available in any processed form in official sources but broad trends in number of complaints fall against the managing agents and

cases of lapses committed by them prove that their behaviour pattern has improved. There is now a widespread awareness among the managing agents that they have to adjust themselves to the new disciplines imposed both by the statute and by the Government through various administrative measures, all designed to rid the system of its many undesirable features and to make it a more efficient instrument of company management. Many of the managing agents who could not just readjust themselves to the imposition of new discipline and stand the scrutiny carried out by the Administration at the time of their re-appointment dropped out and did not apply for re-appointment and of those who applied for re-appointment, the cases of 11 per cent were rejected."

The improvement in the quality of management by the duly screened managing agents finds adequate reflection in the sustained growth of companies managed by them and in the reduction in the number of failures of the managing agency managed companies both in absolute terms and as a proportion of total failures in any year.

Besides the qualitative improvement in management, the administration of various provisions pertaining to remuneration has resulted in economy in management by managing agents. Before the 1956 Act came into force, the average for managing agents' remuneration as percentage of profits in such major industries as tea, coal, sugar, cotton textiles, jute textiles, shipping, etc., ranged between 15 per cent and 24 per cent and in many individual cases it reached near about 30 per cent even. In addition, there used to be other heavy payments too. The percentage remuneration after the 1956 Act came into force has steadily fallen from 11.5 per cent in 1956 to 10.2 per cent in 1958 and to around 9 per cent in recent years. But for the minimum remuneration that is allowed to the managing agents when profits are inadequate or there are losses, the percentage figure would have recorded further reduction. The biggest managing agents, under the slab system, on the average, could get about 6½ per cent only. The biggest company in the private sector in the country which is managed by a managing agent, namely, the Tata Iron and Steel Company, managed by the Tata Industries Ltd., in 1962-63 paid only Rs. 37.5 lakhs as remuneration to the managing agents, as against a net profit of Rs. 1,047.5 lakhs, that is, 3.6 per cent on net profits.

Hold Goes Down

A third effect of the present Act and Administration thereunder has been that the number of both managing agents and their managed companies has very markedly declined, partly, it is believed, due to voluntary action and partly as a result of screening by the Government. According to a study made by Dr. Nigam, the total number of managing agents before the present Companies Act came into force, was 3,944 looking after the management of affairs of 5,055 companies. The proportion of managed companies to the total number of companies at work came to 18 per cent, that is, one out of every six companies was under managing agents' management. The proportion for public limited and private limited companies separately came to 45 per cent and 5 per cent, respectively. In terms of paid-up capital, 54 per cent of the corporate sector was with the managing agents. As against this position, in 1962-63, out of 24,598 companies at work (excluding banking, insurance and Government companies which are forbidden from having the managing agency form of management) 1,440 were managed by managing agents numbering around 1,000. That is only 6 per cent of the total number of companies at work were under managing agents' managerial control, the separate proportions for the public limited and private limited companies being 22 per cent and 1.2 per cent, respectively. The paid-up capital coverage declined to 34 per cent, but this fall has to be read in conjunction with increase in total paid-up capital of companies, excluding the three exempted categories not permitted to have managing agents, from Rs. 870 crores to Rs. 1,200 crores.

The extent to which the positions vacated by managing agents have been taken up by the alternative form of management, namely, the secretaries and treasurers or have been allowed to remain with the boards of directors with or without managing directors or whole-time directors, is the next important point to be looked into in the context of withdrawal of managing agencies from the corporate scene as it would give a clue to the future trend of developments.

According to the published data by the Company Law Administration during the period 1956-60, appointments of 45 secretaries and treasurers for about 180 companies had been made. Out of these, about half the number of secretaries and treasurers were actually the managing agents who had got themselves appointed in the managerial form to comply with the provisions of Section 332. Such managing agents who converted themselves into secretaries and treasurers held their appointments in the latter name for 137 companies. Since 1960, more than 20 new and genuine secretaries and treasurers have sprung up. The total number of secretaries and treasurers' managed companies could not be reckoned to exceed more than 250 at the outside and that of the genuine secretaries and treasurers more than 40. The institution of secretaries and treasurers has found favour only with the big managing agency houses, presumably because of its use as a device to retain control over the companies managed by them. Neither this form of management nor the other one of 'managers' has become popular with others. Figures of new company registrations are more telling both for the secretaries and treasurers and for the managing agents. During the seven-year period, 1956-63, out of 9,150 newly formed companies, only 18 of them wanted to adopt secretaries and treasurers form of management, whereas 134 opted for managing agency system. Only 15 new companies showed preference for the 'managers' and the rest, numbering 8,983 new companies, proposed to be managed by board of directors with or without managing directors. From these figures it is clear that the verdict of the corporate promoters, many of whom were absolutely new entrepreneurs, has gone against the tried institution of managing agents and the untried one of secretaries and treasurers.

No Better

The overwhelming switch-over in favour of direct management by board of directors with or without managing or whole-time directors is, however, not to be taken as conclusive proof of economical and better management. It has happened very largely due to apprehensions that appointment of managing agents created a lot of paper work as quite a few returns had to be filed with the Government and that the responsibilities undertaken were not commensurately rewarded. None of the studies on remuneration so far made have shown that the board of directors form of management is more economical than that of managing agency system to any significant extent. It is quite common to find that companies having a board of eight directors, of which two are appointed as managing or whole-time directors, have been found to pay total remuneration varying from 8 to 9 per cent. In terms of percentage, these stray figures, of course, show an edge in favour of the board of directors form of management. But this advantage of reduced cost of management has to be considered along with a few other questions. For instance, does a company without a managing agent experience any difficulty in securing loans and advances from banks and other financial institutions? Has the general progress or growth of the company suffered a setback because it was without a managing agent? These and other questions can only be answered by a comprehensive enquiry. But there is at least one notable instance of a big company deciding in September 1964 to switch-over from management by directors to that of managing agency.

Current Abuses

While, however, advantages resulting from the board of director form of management yet remain to be conclusively established, the criticism of the managing agency system has of late been made not so much on grounds of proliferation of any new types of abuses as on some basic reasons. Among the new abuses, the one most often mentioned is that, since the present Act came into force, several managing agents have augmented their income with guarantee commissions for making up the loss in their remuneration. As against 14 per cent of the total loans and advances obtained for the managed companies being guaranteed by the managing agents before the present Act came into force, this proportion has gone up to 67 per cent in the case of big-sized companies and 49 per cent in the case of small companies. It was only 23 per cent before in the case of the British managing agency managed companies. A few cases have come to light where guarantee commission worked out to about 150 per cent of the managing agency remuneration received in the form of commission on net profits. A system of circulatory loans which circumvents the provisions of Sections 295 and 369 of the Companies Act, 1956 has been noticed to operate in a number of cases. Moneys from the managing agency managed companies passed into the hands of the managing agents through the intermediary channels of non-associated companies. Further, the managing agency constitutions have been so ingenuously devised that they are not covered by the definition of an "associate." This has been done to avoid the rigours of Section 332 of the Act. As a matter of expediency, housewives have been made directors or partners in managing agency companies or firms. Also, it has been observed that, by employing friends and relatives in key posts and by getting them contracts with companies for various kinds of non-managerial services on lucrative terms to them, the managing agents have increased the total cost of management. By these practices, the managing agents seem to be checking the growth of professional cadre of managers and thereby keeping the efficiency of companies at a low key; they are still perpetuating the hereditary lineage in management. All these are operational defects noticed in the system of managing agency.

Case Against

But these apart, the gravamen against the system is that a great majority of the managing agencies are too poorly equipped technically to render specialised services to the managed companies and do not maintain any secretariat of their own. Today, the promotional and financial aids to entrepreneurs are available in such a superabundant measure with the establishment of many State-sponsored units that the need for the system of managing agency has gone down appreciably. The direct financial stake of the managing agents has declined to about 2.5 per cent from 14 per cent noticed prior to 1956. Similarly the quantum of loans and advances given by them to their managed companies has come down from 24 per cent to less than 2 per cent in the post-1956 Act period. An overall view of all this is that an overwhelmingly large section of managing agents is not rendering sufficient services or incurring any expenditure for the managed companies out of the commissions they are receiving from them, as they have resorted to the device of employing highly paid personnel at the expense of the managed companies for rendering services which would ordinarily be rendered by them. In the light of all this, a large section of the powers-that-be consider it desirable to abolish the managing agency system.

It has further been mentioned that the well-established industries like cotton, jute, paper, sugar, tea, cement, rayon do not offer any special difficulties or problems of management and, therefore, the managing agency system in those industries could easily be abolished. Similarly, in cases where managing agents managed only one or two companies, the managing agents in such cases should be abolished as no benefits or economies resulting from group management accrued to the managed companies. Available statistics show that the number of managing agencies with one managed company formed 80 per cent of the total number, whereas managing agencies with one and two managed companies came to nearly 88 per cent of the total.

It has also been argued that the managing agency system in the case of private companies which were subsidiaries of other companies, public companies in which public is not substantially interested, investment companies, etc., may be abolished, as the employment of managing agents in such cases was only a clever device to get the maximum possible remuneration in addition to the dividend earned from the substantial investments held by the controlling interests. Thus, the more rational thinkers and informed persons plead for the sector-wise abolition of the managing agency system on the above basis. But the more radical people base their argument for the abolition of the system on the general ground that the system tends to concentrate economic power in the hands of a few persons who would not hesitate to indulge in restrictive practices.

The foregoing arguments suggest a strong case for the abolition of the system. Perhaps, the concerned sections in business circles may not contest the position either, as certain degree of resilience in favour of or adaptability to board-of-directors form of management has already been in evidence during the last few years. What really seems to be the essence of the matter is that the timing and phasing of the abolition of "the much glorified and the much condemned" institution of managing agency should be carefully planned and democratically effected, after taking the advice of some Expert Committee or Commission and by avidly and swiftly discussing its

INDO-BRITISH TRADE

Continuance Of Surcharge Will Have Adverse Effects

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INDO-U.K. trade prospects have recently suffered a serious jolt after the imposition of a 15 per cent import charge on all landed costs by the U.K. at the end of October this year. Indian trade with the U.K. has prospered over the centuries not only because of historical association but also because of duty-free entry which has enabled Indian exporters to surmount the large freight disadvantage.

Over the years trade with the U.K. has all along been regarded as occupying the pride of place in India's foreign trade. The managing agency firms established through British enterprise in India during the eighteenth and nineteenth centuries necessarily aimed at obtaining a balance in this two-way traffic. While they developed tea gardens, jute fields and other enterprises to meet the requirements of industries in the U.K., they were also keen to buy consumer goods and other Indian requirements in the British market. The railway system in India was specially tailor-made to facilitate such transactions and Indian production was geared towards exports to the U.K. market through the three ports developed by the British at Calcutta, Bombay, and Madras.

While very conscious efforts have been made to diversify India's foreign trade, particularly after independence and more so after tied credits from various countries became the fashion, while other ports have been developed in India and while local production has taken the place of imports in the supply of consumer goods, the largest single chunk in India's foreign trade continues to be the trade with the U.K. At the beginning of the twentieth century India used to send 28 per cent of all her exports to the U.K. and used to obtain 50 per cent of all her imports from the U.K. In 1963, about 24 per cent of India's exports went to the U.K. and India obtained 18.8 per cent of all her imports from the U.K. Similarly, the U.K. has been all along buying from 2.9 per cent to 3.8 per cent of all her imports from India and sending between 3 per cent and 5 per cent of all her exports to India.

E.C.M. and After

In 1962 when Britain submitted an application for entry into the European Economic Community, India became worried mainly because of the apprehension that the U.K. would be obliged to introduce, may be by stages, the Community's common external tariffs against imports from India. India would thus be losing her Commonwealth preferences in the U.K. market; on the other hand, the advanced European countries, along with their associates, would enjoy free entry into the U.K. Britain then took particular pains to demonstrate that she was fully aware of the difficulties of developing countries of Asia and made very serious attempts to obtain a large measure of liberalisation regarding the entry of goods from countries like India, Pakistan, Ceylon and Hong-Kong. Similarly, when the U.K. had earlier become a member of the E.F.T.A., the U.K. had obtained a release from India on her obligation under the Indo-U.K. Agreement of 1939. The Government of India had given them a conditional release that India's trade with the U.K. should not be affected and that the other E.F.T.A. members should not get more preferential treatment than India herself in the British market.

That is why the imposition of the 15 per cent charge on all imports into the U.K., excepting those specifically exempted, has caused so much worry to India. Through sustained intensive efforts India has started obtaining some benefits of the ex- industrialisation achieved through the Five-year Plans and manufactured and semi-manufactured goods from India have begun to show foreign exchange earnings. A good 30 per cent of India's exports to the U.K. are no longer raw materials. The imposition of the additional charge nullifies India's duty-free entry facility and increases the already heavy freight disadvantage.

Double Restraint

The tragedy is accentuated by the fact that some of the important Indian exports to the U.K. are already subject to restrictions. Exports of cotton textiles, for example, are already covered by a voluntary agreement which limits imports into the U.K. from India to a quantum of 195 million square yards for textiles and 11.5 million pounds for textile yarns. An additional 15 per cent levy will make Indian exports expensive and would lead British consumers either to prefer local products or to switch over to substitutes. Similarly, Indian exports of jute goods to the U.K. are subject to a control and also to marking-up of prices by the Jute Controller in order to safeguard the interests of production of jute mills in Dundee; the additional charge will make the handicap more severe for Indian exporters and will largely nullify the reduction in mark-ups that had been obtained during the last two years. India has started selling in the U.K. a variety of light engineering goods like sewing machines, pumps, bolts and nuts, clasps, buckles, furniture fittings, iron and steel springs, etc. Qualitatively, India, perhaps, has not yet reached the standards expected by consumers of an affluent society and a rise in the prices of Indian products because of the additional charge will be a positive disincentive for British customers. Immediately the additional charge was imposed, prospective British customers cancelled large orders for these engineering goods. On a very rough estimate, India will probably lose half the market which she had taken so many years to develop in the U.K. for her manufactured and semi-manufactured goods so long as this additional charge continues to be levied.

Main Items

We may look into the main items which figure in India's export trade to the U.K. a bit more closely. The chief foreign exchange earner is tea. Tea is in the exemption list and will not be subject to the additional charge. However, since 53 million British people already consume more than 600 million pounds of tea every year, there is hardly any prospect for increasing sales of tea in the U.K. On the other hand, there is a positive danger that competition from other beverages and revival in the interest of drinking pure milk may cause a reduction in sales. India, therefore, has opened three Tea Centres at London, Edinburgh and Dublin, so that the high quality of Indian tea could be demonstrated all the time.

Our next biggest item of export is tobacco. Here also, the Indian tobacco fields were developed mainly in the interest of British consumers and through the active collaboration of the Imperial Tobacco Company. Raw tobacco also continues to be in the exemption list. There is, however, a risk that, if the present tendency towards discouragement of cigarette-smoking continues, we may lose a part of our market. Indian tobacco is ordinarily used as fillings in the Virginia brand cigarettes and, with the general introduction of filter tips, the proportion of fillings has been reduced and will probably continue to be reduced. Moreover, the 15 per cent charge will be attracted by Indian cigars for which a market had just started being canvassed in the U.K.

Leather trade in India has been developed by mutual efforts of Indian tanners and British importers for more than a century. The British Government has always treated Indian tanned hides and skins as basic raw materials for the manufacture of dressed and finished leathers and leather goods. It is well known that East India kips, sheep and goat skins are only tanned roughly with vegetable tanning materials in order to preserve them during shipments; these Indian exports are, in fact, the raw materials on which the British leather industry is, to some extent, based. However, though there was no exemption at the time of the imposition of the 15 per cent levy, recent amendments have freed most of the leather items in which India is interested. Hand-made carpets and coir matting illustrate another group of items where large numbers of people are employed in India for catering to the demand in the U.K. market. Due to long familiarity, British households have shown a continuing preference for Indian hand-made carpets. But the imposition of the levy will, to a great extent, take away the attraction for Indian carpets *vis-a-vis* mill-made carpets, and already some of the orders booked before the imposition of the levy had been cancelled.

Temporary, But How Long?

It has been repeatedly emphasised by the spokesmen of the British Government that the additional 15 per cent charge is purely temporary and will start being reduced in stages and will in fact be abolished as early as feasible. However, it is a very relevant question how temporary this is likely to be. If the charge is meant to fulfil its objective, namely, to rectify the balance of payments deficit of the U.K., it will have to be retained for sometime, so that its impact can be effective. Moreover, immediately the balance of payments position starts improving it may not be feasible to give up the instrument with which the debit with regard to imports is reduced. In other words, unless British export earnings rise significantly, it will not be clear when and to what extent Britain will be able to take away this additional charge which has contravened not only the Commonwealth trade agreements but also the E.F.T.A. and the G.A.T.T.

India's total exports to the U.K. amounted in value to £135,938,210 in 1962 and improved by 3.5 per cent to £140,793,993 in 1963. The imposition of the additional charge at the end of October 1964 had led to a number of cancellations of shipments which would have come in November and December and are bound to have an adverse effect on the year's trade as a whole. Upto the end of September 1964, the value of India's exports was only 1.8 per cent less than that of the corresponding period in the previous year—a marginal seasonal variation—and it was anticipated that the large orders being booked for Indian manufactured and semi-manufactured goods and also for items like handloom products and carpets, particularly for presentation during Christmas, would have taken the export figures for the year beyond last year's.

This prospective fall in exports will also affect India's imports from the U.K. There is a tremendous demand for British capital goods in India and large lines of credits are negotiated every year not only on Government-to-Government account under the World Bank Consortium arrangements but also under the private suppliers' arrangements guaranteed by the Export Credits Guarantee Department. These credits, however, also depend to a large extent on the U.K.'s ability to spare foreign exchange for a developing country like India to make purchases. If India's own foreign exchange earnings come down because of British Government's action to restrict imports and because of British difficulties with the balance of payments, there are grave doubts if Britain would be in a position to increase the level of credits so that India might maintain its level of purchases of British goods.

Sales Promotion Efforts

India has already taken steps to promote exports, particularly in the U.K. The Tea Board of India maintains an office in London. The Tea Adviser has, as already indicated, opened three Tea Centres. The Engineering Export Promotion Council has appointed a whole-time officer in London in order to provide information about facilities of production of both simple and sophisticated light engineering goods in India. The Cotton Textiles Export Promotion Council also maintains a liaison officer in London. London is the location of the Secretariat of six International Commodity Councils and Study Groups and it is advantageous to exhibit continuously exportable goods of proper quality in London. It may soon be justifiable to maintain a permanent India Trade Centre in London which may probably be financed jointly by all the Export Promotion Councils with facilities for exhibiting the samples and to attend to enquiries with technical competence.

Apart from export earnings and lines of credit, India also obtains valuable capital equipment through financing by British private investors who have been collaborating with Indian parties in setting up industries and manufacturing enterprises in India. Indeed, British investments in India have risen practically three times since India became free not only because of the attraction of the growing consumers' market in India but also because of the maintenance by the Government of India of very equitable procedures for remittances of dividends, royalties, etc. Industries started with foreign collaboration have all along enjoyed all the advantages of tax-free holidays which are available to new industries in India and foreign technicians have special concessions for specified periods as regards liability for Indian income-tax. It is gratifying to note that the level of flow of private investment is being more than maintained this year.

LONDON, *8th December*

PUBLIC SECTOR UNDERTAKINGS

Some Thoughts On Economics And Management

By S. RAMAYYA, I.A. & A.S. (Retd.)

IN the days of colonialism, when countries like India were dependents of the West, the imperial powers did not fully follow their pet *laissez-faire* policy for various reasons. Apart from a few Government-run-armament factories, the British rulers of those days undertook some big public enterprises. One was the huge State-owned railways and others were a few big irrigation projects. They also started some small industrial factories as pilot projects under State auspices as an eye-wash for industrialisation.

Objectives of Public Sector

Leaving aside State intervention or control which is a separate subject and also certain armament production, the main objects of direct State participation in a growing economy can be easily defined. First comes what is called creation of social overhead capital. Omitting investment in human beings in the shape of better education or better public health, this represents State investment in huge irrigation and power projects, port installations, and communications like railways, road systems, etc. Secondly, it may invest in very big industrial undertakings like iron and steel factories or mining as basic necessities for other industries, because adequate private-sector industries and capital may not be forthcoming for such vast magnitudes. Thirdly, the State may take over a unit, say, a textile mill from the private sector for reasons like incompetent management and to avoid closing and throwing lots of people out of employment and creating idle capacity. And, recently, the idea of producing more consumer goods to combat inflation is gaining ground, since private sector is not coming forward now to do the work with enthusiasm. These are more or less the basic principles underlying the Industrial Policy Resolution of 1956.

The third case is a simple one. Government will operate in the competitive private sector, improve the decadent mill by fresh capital and management, produce the same result as an average entrepreneur and probably hand over the mill to another joint-stock company, after setting the organisation on its feet.

Basis for Criterion

It is the second and first categories, especially the first, which require analysis. The first category covers basic services without which direct productive action will not start. In an arid tract, unless water is stored and let out, agriculture is not possible. Unless power is given in bulk, a complex of industries will not spring in a region. Secondly, they involve huge and lumpy investments with technical indivisibility. Railways, roads and ports require thousands of crores. They have to be done on a large scale and not in bits here and there. They are neither suitable nor possible for small capitalists in a developing country. The most important feature of these projects is that, invariably, they do not directly produce marketable goods. A big irrigation dam invites farmers to produce cereals. A huge power plant induces industrialists to invest in a ring of industries. Railways assist in bringing raw materials cheaply from a distance to an industrial nexus and help in distribution; similarly port installations. We cannot, therefore, directly measure the productivity of capital output of social overhead capital. The only method is to aggregate all the connected investments and measure the output; an irrigation project of the public sector and connected private investments by the farmers in cultivation; the public power project outlay and the investments of the industrialists. If the aggregate output in these cases is adequate, it is enough.

From an overall point of view, if the capital output ratio is 3, that is, Rs. 100 aggregate investment gives an output of Rs. 30, it is satisfactory. Out of it we can take the necessary taxes, induce further savings for reinvestment and in early stages even give subsidy in one portion as inducement which will more than amply be covered by production later. For example, from one of the big steel factories, we may give subsidised steel to certain types of engineering factories in their early stages. When these engineering industries later stand on their own, we can stop the subsidy. The pricing policy can be flexible. The objective, of course, is clear. It is a means to an end to induce greater overall production in the country, greater income, greater savings and further investment.

These are absolutely basic fundamentals in public-sector undertakings. In some of my articles published earlier in *Commerce* on the "Economics of Big Irrigation Projects," I argued how we forget such principles in the case of a big irrigation project and simply encourage a weak agricultural sector with holdings of two or three acres by poor farmers who are incapable of investing adequately on their part who will go on clamouring for water and other subsidies permanently. It is something like installing a huge port installation for 5 million tons while the traffic is only 500,000 tons. It is obvious that, in planning investment in social overheads, we should see that it is neither too much nor too little but adequate for the task of stimulating private productive investment activity.

Once we understand this clearly, solutions to various ancillary problems like pricing in public sector, making profits or incurring losses in early stages due to subsidies, labour policy, etc., will fall in line. Most of all, principles of management can also be formulated clearly. There is a good deal of confusion in India still in all these basic matters even in high circles who ought to know better. Some want high profits, others speak of a financial return, some want them to work for the so-called benefit of the people at a loss while others say they should be on a par with private sector; all sorts of confused ideas are now floating.

II

Structural Side of Public Undertakings

First, we shall consider briefly the organisational set up, since the structure defines the limit, and affects efficiency to some extent. There are certain well-known types now in use in advanced countries and we in India copy them with modifications, suited to our conditions.

The older type was the departmental management under a secretary or board. The best examples are the Railway Board and the recent Postal Board. In the Boards themselves, a certain amount of functional specialisation, with experts in technical, and administrative and financial sides, is intended. The objection to this form of organisation is that it leads to bureaucratic red-tapism, delay and loss of efficiency and lack of flexibility.

The most popular modern system is the special statutory corporations, with all the main features of joint-stock companies, but intended for definite purposes; for example, Hindustan Steel Company, the Damodar Valley Corporation, Electricity Boards, etc. The principle underlying these institutions is large autonomy, under a board of control with a chairman, technical and accounts experts; generally, the Chairman is supposed to be an administrative man. The internal freedom is expected to engender quicker decisions, provide freedom from Government's conventional rules and create a certain business-like atmosphere. Almost allied to this is the Government limited company mentioned in special sections of the Companies Act, as, for example, the Hindustan Machine Tools and the Bharat Electronics. In these cases, the usual Chairman, Board and Managing Director are featured.

Recently, a hybrid hotch-potch organisation has come into existence, called the Control Boards of Irrigation Projects. It is supposed to represent political levels of administration, with the Chief Minister of the State presiding, Departments helping, and Government of India also being represented on the Control Boards, as in the case of Nagarjunasagar Project and Rajasthan Canals. This system is also supposed to be conducive to quick decisions. It has a variety of shades and, sometimes, it is very difficult to decide the position of the Board legally, administratively and financially.

Whatever be the structure or nature of the organisation, it is the spirit behind, the ideals dominating the men in control, their sound and correct approach to administrative and other problems and their equipment to deal with them adequately and the evaluation of their work, concurrently or subequently, that are more important. Everybody will admit this point and will stress its importance in a developing country like India where we have to be economical with our precious capital resources. There is a good deal of criticism not only by well-informed public—the intelligent private sector people—but also by the critics inside the Government and the legislature that all is not well with the management of the public sector.

Evidence is very easy to find. We get glimpses of it, as, for instance, when we read in the newspapers about a fire in the Ranchi Heavy Engineering Factory or a scandal in a River Valley Project. Anybody who goes through the Audit Reports of a few years of an Accountant General will, however, get details in a clear matter-of-fact way. The pages will be strewn with losses, infructuous expenditures and some evaluation of these undertakings.

The why and wherefore of this state of things we have to analyse in some detail. This is a rather delicate subject, may provoke some controversy, and is surrounded in darkness, full of prejudice and cheap ideas. But, in public interest, the task has to be faced and done. The fundamental problem is the basic values obtaining in Indian Public Administration and to some extent in such administration in the modern world.

III

Fundamentals of Indian Administrative Problem

The fundamentals of Indian Admistrative Problem constitute a vast subject which cannot be dealt with in detail in a short article. I shall review here only the important aspects. The words 'Administration,' 'Administrator' have unfortunately gathered about them a glamour, an aura which they do not deserve. Essentially, administration means doing a thing or getting things done and anybody, even an ordinary person, can be trained to do a thing. After all, doing is not so fundamental even in this so-called world of action. Before doing comes the mental world of ideas, represented by thinkers in various fields, scientists, philosophers, poets. From their dreams is born the world of action. Action is not a thing in itself or for itself. It is for the benefit of society at large. It is governed by expertise, controlled by laws, economics, finance and resources, the conscience of the workers and the ideals of the society. Only for the smaller mind is the man of action a great hero. Unfortunately, in India the administrator in public administration still continues to be a hero for certain historical reasons.

There are two fundamentally opposed ideas in Public Administration. One is the typically feudal idea of the Administrator, especially the military hero, sent by God and representing the divine king, protecting his demesne by his valour. When the Vikings attack he rides hard into them with his armed retainers and puts them to flight. Says the Lord, "I give you protection and only under the shadow of my castle can the little handicraft and agriculture flourish; otherwise you serfs will perish. You have to be obedient to me in every respect." This is one view. At least from the days of Rousseau's Social Contract, the modern idea has gained ground. Society, in its economic aspect which is its major activity, organises production. For convenience and to avoid internal and external intrusion, some people are asked to guard and protect, while the rest are in the field. The guards, that is, the Government and administration, are subordinate to society, have to act in public interest and, if they fail in their duties, they will be chucked out and replaced by a better set. Intelligent people now hold only this view.

The old British administration had a glamour in the early days of its rule, since it claimed, justifiably to some extent, to have brought law and order internally and protected the country, externally. There was a police *raj* and the officials were mainly general administrators, collecting some land revenue and looking into police work, with a little other all-round activity. They were not asked to be in charge of huge iron and steel factories or a Nagarjunasagar project. Their Indian successors, unfortunately, trained for general purposes but put in charge of huge industrial works or dams, are only to be pitied.

IV

Who Shall be the Administrator?

There is a huge iron and steel company in the public sector, with three giant plants under its care and a fourth one to come. The Board of Directors, Parliamentary and Government controls are all there. To whom shall we entrust its general day-to-day management? Shall we give it to the general administrator or the industrial engineer or the financial-*cum*-accounts expert. There are, of course, prodigies who can combine all these talents in one person. But they are *rara avis*. Even brilliant men can specialise only in one branch.

The general administrator is a bright fellow, the pick of the Universities, generally comes through stiff competition and is trained to know something of everything. He is a social bird, with a social wife, has good contacts in New Delhi with his own service chaps manning key posts in all departments, and can get things done there. But, unfortunately, in this modern world, things are complicated. To attain proficiency in any subject requires long training and specialised handling for many years afterwards. Banking, accounting, income-tax collection, agriculture, etc., require a lifetime work of specialisation and mastery. For a brilliant botany graduate, with a high I.Q., good command of English and a smattering knowledge of Sanskrit, to handle in 35 years all sorts of subjects in Central and State Secretariat and Districts from *Bhagavad Gita* to *Bharata Natyam* is something grotesque. And people have been led to believe by persistent propaganda that the General Administrator can handle any subject. Actually, it is the other way about.

First one should know a few subjects well and their peripheries tolerably, and then only can he become an administrator. Specialised knowledge is more important. The so-called administrative ability is less important. For the latter, common sense, some knowledge of human nature, good and sincere feelings, affable social qualities and a sense of justice are enough. They are easy to learn and most have it naturally but the former, expert knowledge of a subject, is very difficult to attain. The general administrator's trouble is that he has to be surrounded by a host of advisers, engineers, financial and accounts experts, market specialists, etc., and he can come to decisions only on their advice since he has only a vague idea of these subjects. During critical moments, his judgment, more often than not, will go wrong, due to the conflicting advice. What machinery shall we buy for this project? How much shall we spend on the township? What will be the quantum of staff, the majority of whom may have to be disbanded after construction activities are completed? He is like the old *raja* or the feudal lord and he wants to control all the specialists under him, saying that he is the general administrator co-ordinating all activities as if it is a wonderful thing and there is a great virtue in it. This is unfortunately the greatest defect in modern Indian Administration in an age of specialisation, when co-ordination can be easily got by sensible experts sitting across a table and arriving at agreed decisions.

The next type is the specialist and technical administrator, the engineer, the scientist of various categories, the lawyer, the doctor or anybody who specialises in his job or vocation. If he is a competent and cost-conscious man, no finer type can be found. His defects, imaginary and real, can be rectified. His main defect is supposed to be a narrow mind and an inability to take a broad view of things. With better and scientific education and its leavening with humanities and training in allied disciplines, he can be very much improved in his administrative abilities.

Sometimes, a specialist of this type is not cost-conscious. He is not incapable of understanding costs and accounts, if he wants to, being generally a brilliant mathematician, unlike lots of general administrators who have no aptitude whatsoever for accounts and finance. Often, he deliberately smudges cost for 'extraneous reasons. But he has his great asset. Being a technical man, he knows his internal job, production secrets and machinery and only he can control his technical men, and deliver the goods. Although at present the finer and competent types of this category may be few and far between in India, it is not difficult to produce them in large numbers, in future by education and training. And the future of India is in their hands and they are going to be its administrators. At present, they are a frustrated lot, because they are forced to work under ignorant general administrators.

The third category, the economic-*cum*-financial administrator, is the most modern, the most controversial and the most hated not only in India but throughout the world. He is only half emerging and the figure is still shadowy. He is yet to evolve a single image and figure. His all-important work in modern administration is cut up in various sections and is yet to be unified. He is not an administrator in the conventional sense of the world.

Importance of Finance Minister

To understand him we should know something about the modern State, as against the old agrarian society. The modern State is an economic and industrial State, with huge production and high consumption. Even in the older industrial societies gone are the days of the good old *laissez faire*. The State has to intervene, interfere, regulate and control multifarious economic activities—banking, currency, foreign trade, production, consumption, distribution, etc.—apart from budget and public finance in vastly expanded magnitudes. Today the dominant man in a Cabinet is the Economic-*cum*-Finance Minister. The Prime Minister, unless he is also the Economic Minister, is of lesser importance. He is a relic of the feudal age, like the *raja* or the feudal baron, and like the general administrator at lower levels. In India, where economic development is the main work of the State, the position of Economic-*cum*-Finance Minister is even more crucial. He is the man who calculates total production, consumption, investment, foreign loans and guides the economy. He and his organisation control and direct the vast economic activity of the society. The Economic Minister, his administrators and his agents are, of course, the mouthpiece of the public and the public speaks through its Legislature. Ultimately, the Legislature controls these crucial activities.

In the nineteenth century, new techniques of this control were evolved, especially in England, and is spreading throughout the civilised world. It was Gladstone, the great English Parliamentarian, who saw the necessity and started and encouraged such institutions like the Public Accounts Committee and the Audit Department. He enacted the famous Exchequer and Audit Act and enforced strict accounts for all departments. The pervasive control of the Economic and Finance Minister is now becoming clear. The other ministries are all secondary, though they have a certain autonomy within their spheres, but only after their resources are severely earmarked and their activities strictly outlined. The priorities of resource expenditure will be fixed by the Finance Minister. Their day-to-day work will also come under the strict scrutiny of finance either concurrently or *ex post facto*.

The emergence and dominance of the Economic administration is already visible by the commanding position of the British Treasury and the Chancellor of the Exchequer; the American President's great concern in the economic prosperity of the U.S.A., and his constant confabulations with his panel of economic advisers; the German Economic Ministry and so on.

However, a new system reflecting the aforesaid development has yet to make headway. Apart from the political and administrative level, a huge organisation has to be built up, embracing central banking, currency, statistics, trade and industry, Audit and Accounts, Budget and revenue collection, planning, investment, production, consumption, etc. To some extent, even in advanced countries, these are all placed under various commands and have no cohesion. The integration and co-ordination of all these elements, each group specialising in its branch but ending at the apex in the Finance Ministry which will enable the Economic Minister to have a commanding view of the economic field is yet to come about.

Audit and Accounts

The audit and accounts have a special feature, being independent, directly dealing with legislature, which relies on it for various purposes and expects it to do all sorts of functions, especially supervision, and control of all departments, including Finance which is now considered to be part of administration. This is because the Legislature has no other independent economic service organisations through which it can articulate itself, finance being sometimes subordinated to administration. This is the requirement, a vast independent economic organisation directly dealing with the legislature, controlling all other administration on one fringe even like the judiciary which after centuries of struggle is now more or less an independent organisation in another flank of administration. The fundamental point is that finance and economics with all their ancillaries should be separated from administration proper and function independently. Its functions are *control* and *not administration proper* even as judiciary's main functions are dealing justice between citizen and citizen and citizen and the State, even though they have also got administration proper internally.

In the Indian context, the position has to improve a lot. At the political administrative level, the dominance of the Finance and Economic ministry has yet to arise, though it is emerging slowly. The build-up of the organisation at the lower levels with the apex in the Economic Ministry is not yet complete. Financial functions are sometimes cut to pieces and placed under the general administrator. For example, a chief accounts officer works under a chief engineer or a general manager of a railway. That this Chief Accounts Officer is ultimately responsible to the legislature to render correct accounts through the Finance Minister, that he should have a channel of control only along this line and that no administrator should threaten or bamboozle him is not yet clearly understood in this country.

The Crucial Issue

When we come to the administrative levels proper, the position is still worse in India. In Europe, the feudal and post-feudal States had

(Continued on page 131)

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INDUSTRIAL RELATIONS IN PUBLIC SECTOR

Enlightened Personnel Policies and Respect for Labour Laws Needed

By B. N. MEHROTRA

DEPARTMENT OF COMMERCE, PUNJAB UNIVERSITY

SINCE the Central Government employees' strike in 1960, industrial relations in the public sector have been a matter of serious concern both for the Government and the people. Labour-management relations in major public undertakings are far from satisfactory and some of them are constant trouble spots. Instead of improving, the situation has shown definite deterioration in recent years. In the past one year or so, there have been more labour disturbances in the public sector than in the private sector. To mention only a few. We may refer to frequent labour troubles in Rourkela, necessitating an on-the-spot study of the labour situation by Mr. Solven, a high official of the West German Economics Ministry; persistent labour unrest, often accompanied by violence, as reflected in a pitched battle between the police and the strikers in February 1962, demonstrations in September 1963, shutdown in March-April 1964, etc., all these in the Heavy Electricals, Bhopal; incidents of violence resulting in destruction of machinery worth Rs. 40 lakhs in the Heavy Engineering Corporation, Ranchi, in May 1964; a strike followed by lockout at Lalooah, one of the biggest railway workshops in India, in November-December 1963; showdowns at Sindri in July 1964; demonstration by 8,000 workers of Durgapur Steel Plant in October 1963; strike by 15,000 workers in Bhilai in August 1963; happenings at Antibiotics Ltd., Pimpri; hold-ups in Bombay and Marmagoa ports, and the boisterous demonstrations at the headquarters of the State Bank of India in August 1964, alleging favouritism. At one time, the situation in the three steel plants was so unsatisfactory that, Mr. Gulzarilal Nanda, when he was Union Labour Minister, was constrained to decide that he would himself make a case study of industrial relations in these units. The delay in the handling of cargo at Bombay and Calcutta ports has become so serious that the foreign shipping companies presently engaged in the transport of foodgrains to India are considering the levy of an additional surcharge on freight for the carriage of goods to Indian ports.

Model Employer !

Besides inflicting heavy financial losses on the enterprises concerned, frequent work stoppages in the key sectors cause dislocations in the economy at various strategic points and are a big obstacle in the implementation of Five-year Plans. The failure to do adequate social justice and maintain cordial and constructive relations with the employees has shattered the much publicised image of the public sector as a "model employer." The rejection of the demand for nationalisation of banks by the Bombay Reserve Bank Employees' Association in July 1964 speaks for itself. These developments not only weaken the case for the expansion of the public sector but also give a serious blow to the very philosophy of democratic socialism which the nation has accepted for its economic and social reconstruction.

A number of factors influence the climate of industrial relations in a unit, but some of the major ones—acting and reacting upon one another—which have particularly aggravated the situation in public undertakings are: serious deficiencies in personnel policies and practices, non-recognition or favouritism in recognition of unions, half-hearted implementation of labour laws, disregard of tripartite decisions, factionalism and rivalry among trade unions and improper handling of the situation by the Government.

The top personnel have been largely drawn from the civil service, so much so that there is a general impression that the public enterprises have become a dumping ground for retired and superannuated Government officials. In the initial stages, this heavy reliance on the civil service was understandable, but that this should continue to be so even after more than ten years of their functioning, only shows that no serious efforts have been made by the Government undertakings to develop and train managerial personnel. Even as late as March 1964, half of the chairmen of public-sector undertakings in the Central sphere belonged to the I.C.S. cadre. Civil servants are generally widely informed and have administrative ability but they lack business acumen and have an inadequate appreciation of labour problems. Further, frequent changes in top posts have prevented the incumbents from acquiring an intimate knowledge of the problems of the enterprise and necessary experience in handling labour.

One example of the unbusiness-like functioning of public enterprises is the serious overstaffing in them. The Estimates Committee had come to the conclusion that "public undertakings are invariably overstaffed."* It adversely affects industrial relations in two ways; first, by unduly raising labour costs, it imposes serious limitations on the capacity of the enterprise to meet the legitimate expectations of workers. Secondly, there is the well-known saying that empty minds and idle hands are devil's workshop. With insufficient work to tire them out, the workers devote their time and energy in conspiring against the management and fellow workers/rival unions.

Inept Handling

The lack of experience in handling labour situations is a serious handicap. Unwise action or ill-advised abstention from action, premature attempts at compromise or too long delayed offers of acceptable terms have, in many cases, unnecessarily prolonged or aggravated labour unrest. The basic cause of the breakdown of the consultative machinery in Hindustan Machine Tools Ltd., Bangalore was the undue haste with which the Joint Management Council was set up. In their anxiety to be the first in the public sector to introduce the scheme of labour participation, the management artificially boosted up the union and went out of the way to facilitate its growth. Since the union had not firmly established itself, a rival union soon came up. The inter-union rivalry ultimately resulted in strikes, lockout, violence, etc. As against this, absence of a recognised union in Rourkela made a negotiated settlement difficult in April 1962; the management declared a lockout, causing a daily loss of production worth Rs. 5 lakhs. Commenting on the shutdown in H.E.L., Bhopal, in March 1964, the *Indian Worker*—organ of I.N.T.U.C.—observed:—"By this act, the management has played into the hands of trouble makers. Its handling of the situation is most inept."

Well-defined and clear-cut rules of recruitment and promotion and standardised conditions of service and terms of employment are the basic principles of efficient personnel management. Their absence gives rise to allegations of favouritism and nepotism, resulting in avoidable worker discontentment. But these have been ignored in public enterprises. Twenty-eight (including some set up as far back as 1948 and 1950) out of 58 undertakings covered by the Estimates Committee had not framed recruitment rules, 31 of them (including Hindustan Cables and Heavy Engineering Corporation) had not laid down rules and regulations for promotion and 19 undertakings had not framed disciplinary rules. Similarly, a formal grievance procedure is an essential element of a sound industrial relations machinery. In the absence of a satisfactory procedure to handle them, day-to-day grievances accumulate with the consequent risk of their degenerating into disputes. In utter disregard of it, 28 undertakings, including Hindustan Steel—the worst trouble spot—had not set up a well-defined grievance procedure.

Recognition of Unions

The problem of union recognition is at the root of much bitterness that has spoiled industrial relations in many a public undertaking, including all the three steel plants, Heavy Electricals, Sindri Fertilisers, Hindustan Machine Tools, etc. Managements' attitude is generally described as hostile, that is, firstly to prevent, by all possible means, the formation of the union and later to delay recognition as long as possible. In Rourkela, recognition was granted to the union as late as in March 1964. The Hindustan Cable Workers' Union complained in January 1961 "that the management are doing their best to crush the union which is the majority union. Management have appointed *goondas* in the Security Department who are threatening peaceful workers not to join the I.N.T.U.C. union." The recognised union in Neyveli Lignite regretted in April 1962 that "even the preliminary privilege of exhibiting the notices of the recognised union on the departmental notice boards is denied." Commenting on the trouble in Sindri in April this year, the Fertilisers Factory Workers' Union observed in a press note: "It has been the habit of this management to get the union workers involved in court cases, because of their trade union activities. Management encourages those elements who defy and work against the recognised union."

The plain truth is that, brought up as the top managerial personnel are in a bureaucratic tradition and an authoritarian atmosphere, their acceptance of the union is half-hearted. It is too much to expect them to regard the union as an integral part of an industrial society and to deal with it at a level of equality. Prof. Harold J. Laski had long back emphasised "the grave undesirability of placing in an executive position anyone whose acceptance of the validity of trade unionism is in doubt. In the absence of a clear-cut policy and necessary sanction, it may take an unusual administrator to have that required degree of adjustability with workers on equal footing. In such cases of mixed motives of the person at the wheel, lie the seeds of unrest which may spark off a big dispute."

Rift in Unions

More significant from the immediate point of view of industrial relations, however, are the serious allegations of favouritism in matter of recognition. Whether by chance or design, in practically all major public enterprises, the recognised union belongs to I.N.T.U.C. which being aligned to the party in power has closer links with the Government. In every case, recognition is challenged by A.I.T.U.C. which claims to be more representative and that is the beginning of trouble. The A.I.T.U.C.-affiliated unions adopt every possible device, including coercion, threats, demonstrations, strikes, etc., to force the management to withdraw recognition from the I.N.T.U.C. union. The mood and intentions of A.I.T.U.C. are evident from the following statement which appeared in *Trade Union Record*—published by A.I.T.U.C.—on 5th October 1963: "If the public-sector managements continue to bolster up the I.N.T.U.C. unions, with the sole purpose of disrupting the workers and denying them genuine trade union rights, a major crisis in industrial relations is imminent." Factionalism among unions has further aggravated the situation. The strike at Sindri Fertilisers which caused a loss in production of about Rs. 20 lakhs was engineered, in order to force the management to accord formal recognition to one of the two rival factions in the workers' union affiliated to I.N.T.U.C. All the central organisations of labour are plagued by groupism. The I.N.T.U.C. is divided into ministerialists and dissidents; in A.I.T.U.C., there are pro-Moscow and pro-China elements; H.M.S. has pro-Mehta and anti-Mehta groups.

The union problem is particularly difficult in public undertakings due to the excessive attention paid by the trade unions in general. Both for prestige and political reasons, all the central labour organisations have been striving their utmost to increase their hold on workers in public enterprises and capture the unions. This has naturally intensified inter-union rivalry. Whatever may be the truth in allegations of favouritism, the presence of widespread dissatisfaction on the issue of recognition and its impact on industrial relations cannot be questioned. The dissatisfaction with the present "verification procedure" for the determination of the representative union strength-ens the case for the ballot system.

Laws More Honoured in the Breach

Public sector undertakings have also been guilty of showing scant respect to labour laws and labour policies. The classic example is that of Rourkela. The State Implementation and Evaluation Officer detected 46 instances of violation of labour laws, tripartite agreements and settlements by the management. He is understood to have pointed out, in his report in May 1963, that these instances of breaches of law were so serious that, if they had occurred in any private industry, it "will have meant the closure of industry." Instead of feeling embarrassed and expressing regret, the plant authorities described the report as "an ill-assorted mass of exaggerations and repetitions." They further accused the Evaluation Officer of not realising "that the damage done to the fair name of the public sector by such reports can sometimes be irreparable."

This only confirms the prevailing impression that the public enterprises are asking for a preferential treatment. To quote, Mr. Ramanujam, Vice-President, I.N.T.U.C., "Public sector has to cover a long way to achieve the desired objective of becoming an ideal employer. For the present, labour would be satisfied, if the public sector does not claim any preferential treatment and is not allowed to claim any exemption or privileges not available to private sector employers, particularly with regard to arbitration and application of Industrial Disputes Act." Expressing the disappointment of railwaymen at the failure of the Government in implementing its avowed labour policy, the President, Western Railway Majdoor Sangh, observed: "The implementation of labour policies in the public sector has been so far very discouraging."

The Estimates Committee had reported that, in respect of 17 undertakings, standing orders had either not been framed or not certified. This is a clear violation of the Industrial Employment (Standing Orders) Act, 1946 which stipulates the formulation of Standing Orders within six months of the setting up of an undertaking. Non-implementation of labour laws is one of the causes of unrest in the Heavy Engineering Corporation. For example, there is no overtime payment for overtime work. Withdrawal of D.A. by management in September 1962 without giving proper notice was regarded by the Bihar Labour Commissioner as a clear violation of the I.D. Act. In Sindri, non-implementation of award of 14th April 1964 led to trouble resulting in lockout on 22nd July. The experience at the Hindustan Antibiotics Ltd., Pimpri, illustrates the dilatory policy followed by public sector managements to settle labour disputes.

Many Lapses

Labour participation in management is one of the major planks of Government's labour policy. The public sector is, however, indifferent to it. In none of the major undertakings, has the scheme so far been introduced nor are there any indications of the intention to do so. Only small units, some of them employing 100 workers or so, have so far set up the Joint Management Council in the public sector. Even if only the Indian Railways or a few big projects like the Hindustan Steel, Heavy Electricals, Heavy Engineering, Fertiliser Corporation, etc, could be persuaded to introduce the scheme, the prestige of the public sector would have been considerably enhanced. The failure to do so has caused disappointment among workers, whose expectations were even higher.

The same applies to Code of Discipline which has been hailed by all sections of the industrial society as an effective instrument for promoting industrial peace. The Life Insurance Corporation of India, Port Trusts, Defence Ministry establishments, Indian Railways, etc., have not yet accepted the Code. Their attitude is not conducive to the success of the Code.

It is on account of these lapses of the public sector that the Government is accused of indulging in double standards of social justice, a stringent one for the private sector, and another for the public sector which is not so stringent.

States *vs.* Centre

The industrial relations situation in public undertakings has also been complicated due to the fact that the administration of labour laws is the responsibility of the respective State Governments. The Union Labour Ministry is not satisfied with the manner in which the State Governments are handling the labour situation in public enterprises and is of late feeling quite concerned about it. The Minister clearly stated at a Press conference on 11th May, 1964 that the best way to ensure industrial peace in central undertakings in various States was to take over the control of labour by the Government of India. The States are, however, resisting the proposal and there is no hope of its early acceptance.

Even the Central Ministries are not prepared to accept the intervention of the Labour Ministry in the formulation of labour policy for the projects under their charge. Prof. J. H. Richardson had disapproved of the present practice of the various Ministries determining their industrial relations policies without reference to the Labour Ministry and had recommended that a senior officer of the Labour Ministry should be attached to employing Ministries to assist in their personnel and industrial relations work. This recommendation has not yet been implemented. Instead, early this year, an adviser has been appointed by the Labour Ministry for advising public undertakings on labour matters. The Ministry desires that, as far as possible, the adviser should be associated by management at the policy-making stage.

The problem of industrial relations in public sector undertakings has been briefly examined in the foregoing paragraphs. This leads us to the conclusion that, if public enterprises are to be efficiently run and to justify their claim of being an ideal employer, they should follow more enlightened personnel policies and scrupulously and sincerely implement labour laws and policies. The managements should adopt a more co-operative attitude towards trade unions and should not only observe strict neutrality between different unions but also appear to be doing so. They should consider themselves bound by tripartite decisions and every moral responsibility in labour matters should be regarded as a legal responsibility. There is no alternative to this new approach to industrial relations in public undertakings, if the key sectors of the economy have to be saved from recurring work stoppages and avoidable wastes and if the Congress Party's objective of democratic socialism has to be achieved.

* For details see Report of the Estimates Committee on Personnel Policies of Public Undertakings, March 1964.

PUBLIC SECTOR UNDERTAKINGS

(*Concluded from page* 129)

the non-specialised single administrator, the military, feudal baronial lord in the earlier days and the general administrator in the early modern ages discharging a lot of simple functions. The modern industrial States of Europe and America are generally addicted to free enterprise and do not have many public undertakings on a large scale. Only, they have to control and provide guidance to economic activity. Where economic and financial expertise is required, these States can borrow it from the vast private sector or the high academic experts. They still manage with the so-called general administrator who is getting more and more converted into an economic administrator.

The Indian evolution in administration was different. The general administrator had no military power after the very early British days but he continued long as an all-round administrator in the police *raj* of the British days, doing all sorts of work, fiscal, judicial, police and some administration proper. In later days and in independent India, has judicial power is being removed.

The fundamental problem of the Indian Administration today is the persistence of the quasi-feudal general administrator, who wants to dominate the scene with a host of advisers. This idea correctly belongs to the political administrative level where the Minister is not expected to know all the details of the department but manages with his common sense and his expert advisers to run the show. His main work is parliamentary, contact with the public and policy making. To continue this technique in the lower administrative levels of the secretariat and the district (in India, even educated people cannot think of a district without a collector and, when I tell them that there is no district collector in America and England, they are struck dumb with surprise) leads to inefficiency and waste. The worst place for this type of general administrator is the industrial field in the public sector (though, of late, there is a welcome change of ideas, with competent engineers being put there). A story is generally spread that the engineers who should run such shows lack imagination and that the finance and accounts people obstruct production efficiency. It will surprise many to know that an accounts expert and administrator has made a wonderful success of some public undertakings like Hindustan Machine Tools. This is generally done to hide the incompetence of the general administrator and, unfortunately, the unwary top level politicians fall into this trap.

Combined with this goes the feudal ideas of the single administrator controlling all functions. The Chief Engineer or the General Manager of a big project says that he cannot run the show, unless he gets, according to what he considers as suitable and correct, estimates, budgetary allotments staff, their pay, their special pay; he himself must recruit them, he must purchase his stores, keep control of the Chief Accounts Officer who should pass the bills of his contractors under his orders and he must pay them himself (that is, the Engineer or the General Manager). When I tell him, as a financial adviser that, under principles of modern administration, he has to discuss and justify his estimates, his budget will be passed by the legislature after discussion, the general stores department of the State will purchase his stores as well as the stores of the other departments on a large scale which will lead to economy and he should send his approved indents to that department, that the Public Service Commission will recruit his staff after their quantum is fixed by Finance, the pay will be common for all departments for equal qualifications as determined by Finance, that an independent C.A.O. or A.G. will pass his bills and pay the contractors, relieving him of this work, that his work is only to build a dam or run a project under these controls and relief, he demurs or pretends not to understand and heaps unsavoury compliments on Finance.

It is well known that, in most projects and big undertakings, quarrels and bickerings between the so-called general administrator and the financial expert and the technical expert are always going on.

The Solution

The solution to the question I posed about public sector management is now clear. First of all, the general administrator type, belonging to the Indian Administrative cadre, should be removed from the management of the projects. The cost-conscious competent engineer is the man for such shows. An equally good man is the financial administrator who at least understands a large segment of the undertaking, namely, costs, accounts, etc., but he is best reserved for control work. This is first necessary reform in India.

The second defect is the confusion between ordinary administration and the financial administration. Finance and economics are an entirely separate field and their main work is control. In early days, one man could do all. But today the general administrator wants to do both for which he may not be competent. One day he is a Land Revenue Collector, next day he is the Secretary of the Home Department and on the third day he is the Finance Secretary. Apart from the difficulty of the job, the question of responsibility is there. Any mistake of his can be covered by a financial sanction, unless Audit discovers it. The inference is obvious. A vast economic-*cum*-financial service, each specialising in its own field, must come into existence. Nothing prevents the general administrator who has aptitude for such work from coming in there; but he cannot change places whenever he likes and go back to the general administration side when it suits him. He cannot also be allowed to dominate the other services like Audit and Accounts, etc., who now form the core for such a service built-up and whose services are yet to be fully utilised. The half-hearted attempts to build some economic service or financial pools by the general administrators are a failure.

Thirdly, each particular sphere of administration should have its own specialist administrators. the medical men in the public health and medical services, the engineer in his domain, the scientists in their fields.

Fourthly, the overall control of the Economic and Finance Department no one can escape in any field of administration. It will never interfere in their details but through a separate echelon of command will be responsible to the Finance Ministry only.

This long detour in the field of public administration is the answer for the defects in our Public Sector Undertakings. The essential point is that the Finance man should not be put under the General Manager. The American or European examples are different. They are mature nations, with free enterprise in general. They do not require public sector specialists on the same scale as the present-day India does.

TRADE UNIONISM IN INDIA

The Task Ahead

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SINCE the beginning of trade unionism, the basic purpose has been to achieve a better life for workers, in general, and members, in particular, though the means adopted to attain it have changed from direct action to constitutional methods. The success of a trade union is not measured by the membership it has mustered, funds at its disposal or the number of strikes it has resorted to, but by the measures adopted in securing its ultimate end and the extent to which it has succeeded in promoting the cause of labour and in safeguarding, at the same time, the interests of the industry and the nation as a whole.

The organisation and functions of trade unions have passed through a number of stages. Richard A. Lester has aptly summarised these stages of development as:

"In their early stages, such organisations will be militant and turbulent, with internal factionalism and vigorous external opposition. At first, they are considered radical. Under the circumstances, membership participation is likely to be high and leadership positions in the organisation are apt to be won by the agitator and the table-pounder. Later on, as the organisation gains acceptance and security and succeeds in establishing new rights and other aims, a transformation tends to occur not only in the organisation's goals but also in the nature of its leadership, in its internal operations, and in the distribution of power and functions among different structural levels. Instead of being simply an opposition or antibody, the new organisation becomes more and more integrated into the life of the community. Instead of pursuing a crusade against the 'enemy,' it co-operates increasingly with other groups in industry, Government and society. As some of the organisation's initial goals are achieved, its objectives tend to broaden and become more complex, so that they are increasingly difficult to define and delimit. As the organisation grows in size and its activities and responsibilities enlarge, it faces new problems of administration, discipline, and public relations. The need for specialists becomes more pressing, a hierarchy and bureaucracy tend to develop and the relationship of top officials to the rank-and-file grows more impersonal. Some functions and decisions shift from the local to higher levels in the organisation. And, as the top positions come to require more administrative and manipulative talents, the oratorical agitators are superseded by skilled managers." (Richard A. Lester, *As Unions Mature*, pages 21-22.)

Still in Infancy

In spite of the rapid growth enjoyed in the post-independence period, trade unionism in India is still in its infancy. It covers only a very insignificant proportion of the working class, *vide* table below:

Number of Workers and Union Membership in 1960-61

(In '000)

Industries	No. of workers employed	Membership in unions submitting returns
Agriculture, mining, quarrying, etc. ..	36,673	649
Manufacturing, except household	7,957	1,642
Construction ..	2,055	75
Trade and commerce..	7,640	181
Transport, storage and communication ..	3,003	827
Other services ..	31,579	395
Total ..	88,907	3,769

N.B.—1. Figures relating to workers employed have been taken from the Census of India, 1961.

2. Figures relating to trade union membership have been taken from the Indian Labour Statistics, 1963.

Trade union activities are, generally, concentrated in large-scale industry sector and there too in regard to manual labour only and mainly in bigger industrial cities. Although there is a greater awareness of the utility and benefits of unionism among white collar workers, they have not organised themselves to any substantial extent. Trade union development in lower managerial cadres is even more unsatisfactory. Their interests are, usually, identified with those of the management and they are discouraged by the employers to form and join trade unions. Still there are certain fields into which the idea of unionism is yet to permeate, particularly in spheres in which workers are widely scattered and therefore difficult either to contact or organise them, e.g., workers in small-scale enterprices, domestic servants, agricultural labour, etc.

A Drawback

The most important reason in this connection has been the way in which trade unionism in India was born and developed. Instead of it being developed through the evolutionary process, the whole of the movement has been engineered by outsiders, mostly politicians. The politician-leaders follow the path of least resistance and, instead of exploring the new spheres of activities, they concentrate their work in fields where the idea of unionism has taken roots and it is comparatively easy to contact and organise the workers.

Not only the coverage of trade unions in India is very insignificant, but the unions have not played their true role. Unionism is still in the first stage of development in our country. To an average observer, unions stand for class conflict. It is the basic philosophy of most of them. Their main task, usually, is to spread dissatisfaction and a spirit of non-co-operation, organise strikes and sometimes aid and advise members during industrial conflicts. They have thus failed to attract and retain membership.

No doubt, the growth of unionism is an offshoot of the present industrial system which gives rise to various classes in society, namely, entrepreneurs, financiers, managers and workers, and their interests are adverse to each other, yet the tasks of trade unions are much more than mere protection of the interests of the members against employers/managements by militant means.

The result of inadequate development of trade unions in the country has been that, while the working and living conditions of employees in organised industrial sector have improved to a marked extent, the exploitation of unorganised labour still continues. Such workers have, generally, to work for longer hours, at below subsistence wages and in unwholesome conditions.

Main Weaknesses

Even in the organised sector, the members/workers have failed to reap full benefits of unionism. This can be attributed to a number of causes:

1. The union scene in India is still dominated by small trade unions with small membership. Because of limited funds at their disposal, they have practically failed to protect the interests and promote the welfare of labour. Such unions cannot engage the services of experts to aid and advise members in times of need; nor can they face the challenge of the employers for long, because of their weak bargaining and staying power. Thus, such unions, instead of proving useful to members, are a liability to them.

2. Because of multiplication of trade unions at the plant-level, each trade union commands only a negligible proportion of workers in an establishment and does not enjoy the confidence of most of the employees. These splinter unions have assumed only a limited range of functions. Instead of diverting members' energies to constructive and co-operative channels, they have encouraged strife, disloyalty and non-co-operation. They do not undertake any responsibility for the conduct and discipline of the members. Welfare activities on their part are yet to be organised. Much of their time is, generally, wasted in fighting the rival factions.

3. In bigger unions, direct contact between the rank-and-file membership and the top leaders is missing. Because of their hold on a number of trade unions in varied fields, they have failed to pay adequate attention to any union. Sometimes, these leaders are not adequately aware of the needs and problems of the membership. They are thus unable to put forth the case of labour effectively.

4. The most important reason for the ills in the trade union movement in India has been political affiliation of most of the unions and their leadership. It has made the cause of labour subservient to the personal/political interests of the leaders. Moreover, as these leaders are not, generally speaking, from the rank-and-file and lack industrial background and technical knowledge, they fail to protect the cause of labour. Again, political affiliation and domination have prevented the rapid growth of internal leadership to make the movement strong and self-reliant.

One of the important consequences of infiltration of outside leadership and of political domination has been the growth of corrupt practices in trade unionism. Corruption has penetrated labour movement at every level. Union leadership has, in most cases, fallen into the hands of selfish and dishonest persons who are leading a superfluous life and working for the betterment of their own fortunes at the cost of the well-being of the working class. Sometimes even the worker-leaders have succumbed to some form of bribery in their dealings with employers. Some of the leaders, it is alleged, are regularly paid by the employers and provided with other personal comforts and benefits, just to win over their co-operation in exploiting labour. Rival unions are said to have been initiated by the management itself in order to create rift in the working class. Even union dues on the part of members are paid by the employers to keep up the competitive capacity of such unions.

Experience in the West

Trade unions in the West have passed through a number of stages of development with the growth of industrialisation, consciousness among workers of their strength and responsibilities and effectiveness of collective bargaining, and have reached a degree of maturity still unknown in India. Today, they are accepted as an integral part of community life. They are no longer militant organisations, and much of the external opposition has also disappeared.

Sweden

Sweden offers a typical example. One of the most important features of trade union movement in that country is the high degree of organisation. The total membership of the trade unions represents some 80 per cent of all employed persons, both wage earners and salary earners. In terms of total population, more than one Swede in every four is a member of a trade union, according to an I.L.O. publication on Sweden. Today, there are two central trade union bodies in Sweden, the Confederation of Swedish Trade Unions (L.O.) and the Central Organisation of Salaried Employees (T.C.O.) "The overlapping of trade union influences," to quote the I.L.O. publication, "has not given rise to serious jurisdictional disputes, largely because of the relatively clear division between the respective fields of the various unions and, in the case of L.O. and T.C.O., the work of a joint co-operation committee, set up in 1949, which meets whenever required to settle borderline cases. Other factors that have limited the competition for members are the vertical structure of most L.O. unions, a close understanding between L.O. Unions catering for different crafts, and a rather strict definition of boundaries in the horizontal T.C.O. unions. Moreover, the machinery provided in both L.O. and T.C.O., by which the executive committees of the respective organisations are empowered to make a final decision in any inter-union dispute, and the policy of discouraging small groups of workers from taking independent action have, no doubt, contributed to the present position."

"Despite some centralisation and expansion in union headquarters' staff, the top officials in the national unions", according to Mr. Richard A. Lester, "seem to have been fairly successful in maintaining close contact with the locals and the membership. In spite of the size of the country, the top officers visit the locals frequently, which is facilitated by the size of unions there. Swedish unions hold many meetings and have extensive educational programmes.... The most important achievement of the Swedish labour movement is the broadening of membership perspectives and the changing of their attitudes through discussion. Certainly good communication has reduced the likelihood of a significant gap or cleavage between the top officials and the general membership."

Swedish labour movement has reached a fairly advanced stage of development. Trade union leaders and many among the rank-and-file have taken a broad and comprehensive view of the affairs. While promoting the interests of the working people, "they have," says Mr. Lester, "come to accept responsibilities for the health of the nation's economy."

Britain

Let us see the position in Britain. There the proportion of all employees organised into trade unions stands at about 43 per cent. Of course, this proportion varies considerably by occupation and industry. Certain skilled crafts and old-established industries have a high proportion—between 80 and 100 per cent organised; while the distributive trades, office workers and those in agriculture come at the other end of the scale. However, only 17 unions account for about two-thirds of the total membership.

The Trades Union Congress alone covers about 85 per cent of the union membership. The T.U.C. is "in the nature of a federation. It is not a central authority which can give instructions to the affiliated unions or which has the power to issue charters authorising the setting up of unions or branches. Its powers are essentially to formulate policy for the trade union movement as a whole and to promote co-ordinated action on matters of common concern .... However, the affiliated unions retain their autonomy; decisions taken by the Trades Union Congress are not automatically binding upon them and the authority of the General Council in this connection is very largely one of moral persuation." (I.L.O., *The Trade Union Situation in the United Kingdom*, 1961, page 21.)

With the growth of the size of the unions and greater centralisation of the movement, the gap between high union officials and the rank-and-file has, however, tended to widen. "National negotiations," according to Mr. Lester, "are remote from the rank-and-file and from local officials of the union, who do not participate in them, even as observers. Nor are they likely to be kept well informed of the discussions that occur in the privacy of the three or four negotiating sessions." Nevertheless, Mr. Lester says that, "in one respect, the top British leaders are closer to their membership.... Their incomes and levels of living are not much above those of the men at the bench. They and their families remain part of the working class both in mode of life and in type of residence." Again, "leadership rivalry and inter-union competition have declined significantly during the past three or four decades, primarily because all negotiations now are on a multi-union basis, because the labour movement has fostered a cult of team-work, and because public opinion frowns on unconventional forms of individual aggressiveness or selfishness." Mr. Lester goes on to say: "Corruption in the form of shakedowns, misuse of union funds for personal profit, or side-door deals, are practically unknown in Britain. Such factors as class loyalty, the egalitarian ideals of socialism, and social restraints on conspicuous consumption serve as curbs on acquisitive inclinations. And, although union leaders may through frequent meetings may come to know employer representatives well, sell-outs or bribes have been conspicuous by their absence from the union scene."

West Germany

In West Germany, "of the total labour force of about 20 million employed (including the public service), roughly one-third are at present organised, among them 6.3 million who are members of unions affiliated to the D.G.B. (the German Confederation of Trade Unions). D.G.B.'s main functions lie in matters which affect all workers alike, regardless of the industry in which they are employed, such as economic policy, social security, general labour legislation, research and education. But every affiliated union is entirely free and independent as regards its internal structure and the administration of its business. Thus, every union has its own by-laws and regulations. Nevertheless, there are certain organisational principles that are generally accepted by all the member unions of the D.G.B."

Trade union rivalry and jurisdictional disputes are not very common in West Germany. "Since the unions have agreed among themselves on very clear demarcation lines between the various industries or branches of economy and since the industrial union principle is never challenged by the craft union concept, jurisdictional disputes between several unions hardly occur. If such a dispute should arise, it would be settled by a special conciliation and arbitration procedure provided for the by-laws of the D.G.B." (*vide* I.L.O., *Labour-Management Relations Series*: No. 6, p. 38).

The U.S.

Even in the U.S., the unionism covers only a section of the working population. "Although the figure of 18 million trade union members appears very high, this represents," according to the aforesaid I.L.O. publication, "only one-quarter of the total working force—which includes farmers and self-employed—and one-third of the workers in non-agricultural employment. Furthermore, the extent of unionisation differs considerably from one industry to another.. It is very high in major industries such as mining, the manufacturing industries, construction, transport and public utilities. Generally speaking, the larger in size the undertaking, the more likely it is for its workers to be organised. On the other hand, the service industries and wholesale and retail trades are less well organised, while only a very small number—generally put at less than 5 per cent—of office workers are union members." The A.F.L.-C.I.O. the most powerful workers' organisation fully appreciates the challenge and describes the organising the unorganised as "the major unfinished task of the American labour movement." Since the merger of A.F.L. and C.I.O. in 1955, "organising has been and still remains at the heart of the trade union programme. It might even be said that, to some degree, the A.F.L. and C.I.O. abandoned their separate identities in order better to organise. Leaders of both federations realised that the obstacles to union growth were too formidable to be overcome by a divided labour movement." (I.L.O. publication.) A constitutional standing committee on organisation was set up in 1961 for developing programmes and policies to assure more effective pursuit of labour's organising mission.

However, the position of trade unions today is much stronger than ever before. The A.F.L.-C.I.O. serves the constituent unions by speaking for whole labour movement before the Congress and other branches of the Government; representing American labour movement in international bodies helping in organising the unorganised workers of the country and co-ordinating a whole range of activities, such as community services, to avoid duplication and waste motion. But the A.F.L.-C.I.O. does not control its affiliated unions. Each is free to follow its own path, except in matters of broad, general principles, in which the unions have voluntarily ceded a degree of authority to the A.F.L.-C.I.O.

In the United States, with the centralisation of the movement, the role of local union leaders has been reduced. "Collective bargaining," says Mr. Lester, "has tended to be increasingly factual, statistical and full of economic reasoning, so that the amateur negotiator feels himself at a disadvantage. But it is particularly the technical nature of the new subjects in negotiations that has increased the role of the national headquarters and the staff. Subjects like job evaluation, time and motion study, pensions, medical and hospital care, and supplementary unemployment benefits, are generally beyond the training and know-how of persons at the local level. For guidance in such matters, the union may need to rely upon the advice of staff experts.

The American labour movement is, however, not free from corrupting influences. We have the authority of Mr. Lester who says that "such influences to which union officials may succumb may take many and subtle forms. Often it is difficult to draw a clear distinction between valid application and abuse of their power. Involved are such questions as the proper use of union moneys (including expense accounts and welfare funds), the distribution and receipt of favours and union patronage, the use of questionable means to achieve organisational aims, and the levy of compulsory payments of different kinds, ranging from union assessments and fines to various forms of extortion." In order to eliminate corrupt practices between employers and union leaders and to safeguard the interests of the ordinary members, Section 302 of the Taft-Hartley Act declared it to be illegal for any payment to be made by an employer to a representative of his employees, except under certain circumstances. The Landrum-Griffin Act, 1959 further "broadened Section 302 of the Taft-Hartley Act concerning prohibition of payments to persons acting as representatives of the workers within a given establishment or to employees for the purpose of influencing their fellow workers in the exercise of their trade union rights." (See *The Trade Union Situation in the United States*, an I.L.O. publication.)

The A.F.L.-C.I.O. is also fully aware of the corrupting tendencies in the trade union movement and, in order to check these, it has adopted four Ethical Practices Codes. "Every affiliated union must comply with the A.F.L.-C.I.O. Ethical Practices Codes, which establish basic standards of union democracy and financial integrity." Under the direction of the Ethical Practices Committee, the affiliated unions are bound to take suitable actions against the corrupt officials and clean their house.

Measures Suggested

As the basic philosophy of Trade unionism remains the same everywhere, we in India can learn much from the experiences gained in the organisation and working of trade unions in different countries. Most of the ills in trade unionism in India can be removed by a strong trade union movement. In order to serve the best interests of the working class and the nation, it should be immediately dissociated from the political parties. The trade union movement in the country should be unified and consolidated into a National Federation of Labour. It should have its separate wings, each dealing with the affairs of wage-earners, salaried employees, lower managerial cadres, etc. Besides, each wing should have sections dealing with the specific needs of the major industries of the country. The National Federation should have its own branches at the regional and local levels. All trade unions should be affiliated to the National Federation, irrespective of the aims, aspirations and political affiliation of the leadership.

In order to avoid overlapping and confusion, the tasks of the National Federation and its branches should be clearly laid down. The National Federation of Labour should act as the co-ordinating force and spokesman for the trade union movement and should frame its own policies within the broader framework of the national interests, it should also help solve labour problems of national and inter-regional importance and undertake research on various aspects of trade unionism and labour-management relations. Its regional branches should aid and advise the affiliated unions on various problems and help in solving specific regional problems. The branches at the local level should co-ordinate the activities of local trade unions, aid in solving inter-union disputes and provide meeting places to the representatives of different trade unions to exchange views and solve specific problems.

At the plant level the principle of one trade union in each establish-

ment would be desirable. But, in view of the existence of more than one union in each concern, it may not be feasible to do this at one stroke. Therefore, until such a unification in trade union movement becomes possible, a trial should be given to the British system for solving the problem of multiplication and rivalry of trade unions at the plant level. Thus, various rival trade unions in each plant should come to an understanding in dealing with the management to promote the cause of labour on lines that are consistent with the interests of the industry and the nation as a whole.

An Uphill Task

The most important task before trade unionism in India today is to organise workers who are either unorganised or not well organised. Although this is an uphill task, it can be achieved by joint action on the part of trade unions. "Basically, workers will organise—leaving aside the fears and falsehoods inculcated by all-out employer opposition—when they decide that, for them, union membership is desirable or necessary. Workers organise themselves; union organisers can only assist them with knowledge and experience. What the union offers is the key ingredient in workers' decision." This is the experience in the U.S. The proposed National Federation of Labour should have its own special organisation committee to take up the task of welding the unorganised or inadequately organised workers into the movement. It should be properly and adequately staffed, financed and directed. It should chalk-out its own programme for the purpose and decide what step should be taken to organise each type of labour force and what types of organisations should be developed for them. Attention should immediately be given to the organisation of white collar workers and lower managerial cadres. While the former would supply the trade union movement with educated leadership, the latter would help management change their outlook towards workers and trade unions and take a humane view of the affairs of labour.

The National Federation of Labour advocated here should have its own code of conduct for members and officials. In order to prevent the abuse of power by unscrupulous leaders, their power and jurisdiction should be clearly prescribed. Moreover, the rank-and-file members should be encouraged to take active part in the working of trade unions and "to get rid itself of every vestige of persons and practices which tend to pervert a union at any level of organisation from its fundamental reason for existence." They should be vested with adequate power to remove any leader who is guilty of the breach of the Code of Discipline/Conduct or who acts against the interests of the members/union. If a corrupt practice can be established against a union leader/official, he should be debarred from holding any office in any trade union for a minimum period of five years.

Employers' Responsibility

The employers should also adopt a more reasonable attitude towards labour and trade unions. The interests of various agents of production—capital, management and labour—are complementary and not competitive. None of these can benefit at the cost of another. They have to work together as an integrated whole to achieve the desired goal and the contribution of one cannot be separated from that of the other. While the entrepreneurs provide the initiative, the financiers adequate funds to undertake the task and the management (executives) necessary direction, supervision and control, the workers invest their working lives to make the enterprise a success. Similarly, trade unions are not the rivals of employers but the co-operative and responsible agencies of workers. If properly recognised and taken into confidence, they would contribute substantially towards industrial peace and prosperity by:

1. making workers/members responsible and duty-conscious;
2. providing members adequate and correct education and guidance;
3. inculcating self-help and co-operative spirit among members;
4. undertaking responsibility for the conduct of members both inside and outside work-sheds;
5. serving as effective organisations of workers for negotiating with the management;
6. acting as a channel of communication between the management and workers; and
7. serving as clearing houses for management's grievances against workers and *vice-versa*.

Thus, employers must recognise the true worth of labour and trade unions in the modern industrial structure. They should completely withdraw from the internal affairs of trade unions and refrain from corrupting trade union leaders, as these tactics would ultimately harm the interests of the industry and the nation.

No doubt, the most important object of trade unions is to safeguard the interest of workers/members, but this is subservient to the interests of the industry and the nation. They are the trustees of the latter in the same way as any other agent of production. They should, therefore, take the broader perspective of the affairs and try to achieve their objectives by resorting to various democratic and constitutional methods without harming the interests of the industry and the nation.

Guide-lines

In order to be more useful and effective, the trade unions must possess some basic characteristics. Mr. George Meany, the President of A.F.L.-C.I.O., U.S.A., has neatly summarised the virtues of a good union as follows:

"First and foremost, a good union must be able to protect its members and win a reasonable measure of economic justice for them.

"Second, a good union must be run by the members and for the members. There must be leaders—strong leaders, able and willing to stand firm for what they believe is right, and to fight for it against what might appear at times to be a popular position. But they must always be subject to the support or rejection of the general membership of the union.

"Third, a good union must be an honest union. This goes beyond finances; just being 'money honest' is not enough. The integrity of a good union is all-inclusive. It extends to its relationship with employers; to what it says to its own members; to the formulation of its policies and the evaluation of its own performances.

"Fourth and last, but by no means least, a union must look beyond its own horizons. It must recognise and fulfil its proper role in the life of the nation and community in which it lives."

The foregoing quotation can well serve as a model of guidelines for trade unions in India, today, for any democratic country.

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RECENT DEVELOPMENTS IN AMERICAN REGULATION OF THE SECURITIES MARKETS

BY LOUIS LOSS, B.S., A.M. (Hon.), LL. B.
WILLIAM NELSON CROMWELL PROFESSOR OF LAW, HARVARD

THE American system of regulation of the securities markets—which, by virtue of the great "New Deal" statutes of the 1933-40 era, has long since developed into a fine art—was given its greatest impetus in more than two decades when President Johnson on 20th August signed into law the Securities Acts Amendments of 1964.

It had required nothing less than the stock market crash of late 1929 and the unprecedented, world-wide depression of the early 'thirties to produce enough political thrust to overcome the force of legislative gravity that had defeated reform proposals going back to the turn of the century and even earlier. The immediate result of the economic upheaval was the election of President Franklin Delano Roosevelt thirty-two years and exactly half of the expired portion of the twentieth century ago, together with the passage of the Securities Act of 1933 in the famous "hundred days" following his inauguration.

Fortunately, the long needed line-straightening operation represented by the 1964 amendments had an easier labour. But, just as the Jenkins Committee in the United Kingdom (whose report was apparently allowed by the late Government to gather dust) followed certain eyebrow-raising incidents in the City, the chain of events that culminated in the recent amendments in the United States was touched off by a scandal that rocked the second stock exchange of the country. For better or worse, it is apparently the squeaky axle that in an "unplanned" society gets the grease.

The seven statutes under which the S.E.C. (Securities and Exchange Commission) functions proceed on a variety of fronts:

(1) Building on the prospectus provisions of the British Companies Act of 1929—with which India and other Commonwealth countries are quite familiar—Congress in the Securities Act of 1933 carried the disclosure philosophy a good deal further through the requirement of advance examination of a "registration statement" (of which in practice the prospectus is the principal part) by an administrative agency with power to investigate and enter a "stop order," after appropriate hearing, if it is not satisfied with the accuracy and adequacy of the disclosure. As the procedure during the "waiting period" between filing and effective dates (currently about thirty-five days on the average) has developed, the S.E.C. has insisted on appropriate distribution of the prospectus, especially with respect to promotional issues, so that investors and their financial advisers can inform themselves by the effective date, when for the first time it becomes legal to proceed beyond offers to actual sales.

(2) Securities listed for trading on a stock exchange must also be registered with the S.E.C. under the Securities Exchange Act of 1943. And since the 1964 amendments a registration statement under either statute must be kept current through the filing of annual reports, containing certified financial statements, as well as semi-annual and even monthly reports in certain contigencies. Before the 1964 amendments, these reporting requirements applied, so far as registration statements under the 1963 Act were concerned, only when the securities offered to the public (together with others of the same class already outstanding) came to at least $2 million on the basis of the public offering price. But that limitation has now been removed for future offerings.

(3) The 1934 Act requires also the registration of the several stock exchanges with the S.E.C.; gives the Commission certain supervisory functions with respect to their rules as well as various practices such as short-selling and brokers' rehypothecation of customers' securities; provides for a measure of self-control of the securities industry by the exchanges and the National Association of Securities Dealers, Inc. (the N.A.S.D.), a semi-official organisation designed roughly to parallel the self-regulatory functions of the exchange so far as the offboard or so-called over-the-counter market is concerned; and requires also the registration of brokers and dealers trading in the over-the-counter market, with broad authority in the S.E.C. to specify book-keeping and capital requirements and to deny or revoke registration (just as it may suspend or expel a member of an exchange) for violation of the statute or the S.E.C.'s rules.

(4) Both the 1933 and 1934 Acts, but especially the latter, contain broad provisions to curb fraudulent, deceptive and manipulative practices in the securities markets.

(5) Under the 1934 Act, the Board of Governors of the Federal Reserve System (which is the nearest equivalent the United States has to a central bank) regulates the amount of credit that brokers, dealers and banks may extend for the purpose of buying or carrying securities, and those rules are enforced by the S.E.C.

(6) Under another of the major "New Deal" reforms, the Public Utility Holding Company Act of 1935, the S.E.C. required a full quarter-century to complete the process of geographical integration and corporate simplification of the vast electric and gas holding-company systems that had blanketed the country during the first third of the century. Moreover, the Commission continues to regulate, far beyond a mere disclosure philosophy, many of the practices of the companies in the eighteen systems that have survived those stringent procedures: their issuance of securities, reporting and accounting practices, acquisitions of securities and utility assets, inter-company loans, and dividend payments, among other things.

(7) Still another piece of legislation, the Investment Company Act of 1940, which runs to fifty-eight pages in the statute book, pervasively regulates the six hundred or so investment companies of various types.

(8) Under the Trust Indenture Act of 1939, *debt* securities that are offered to the public must be issued under a trust indenture that has been qualified by the S.E.C. The purpose of that statute is to provide for independent trustees to protect and enforce the rights of holders of debt securities.

(9) Under the Investment Advisers Act of 1940, which was little more than a continuing census of the nation's investment advisers until it was given a set of sharp teeth in 1960, all persons engaged for compensation in the business of rendering advice or issuing analyses or reports concerning securities must be registered with the S.E.C., which now regulates them much as it does brokers and dealers.

(10) The S.E.C. also exercises unique functions under Chapter X of the Bankruptcy Act, enacted in 1938 to provide, when feasible, for the reorganisation (reconstruction in British terminology) of insolvent corporations rather than their liquidation. Chapter X represents a noteworthy experiment in judicial-administrative co-operation by making the S.E.C. the impartial adviser to the federal courts in reorganisation proceedings.

(11) Perhaps the most effective single force for "corporate democracy" in the S.E.C.'s arsenal is the elaborate set of rules that it has developed to govern the solicitation of proxies. The central importance of these rules results, of course, from the fact that the widespread distribution of corporate securities, with the concomitant separation of ownership from management, puts the entire concept of the shareholders' meeting at the mercy of the proxy device. It has accordingly been the Commission's aim in this area of its activities to make that device the closest possible substitute for attendance at the meeting. Until the 1964 amendments, the proxy rules applied to three categories of companies: those with securities listed on a stock exchange as well as those subject to either the Public Utility Holding Company Act or the Investment Company Act.

(12) Finally, the famous Section 16 of the Securities Exchange Act (which also has its analogues in the Holding Company and Investment Company Acts) is aimed at the evils of "insider trading." Officers, directors and ten per cent beneficial shareholders must fully report their changes of ownership, and any profit resulting from short-term trading (which is to say, any purchase and sale, or any sale and purchase, within less than six months) must be paid over to the company, with no offset for losses resulting from such trading.

II

This, in brief compass, describes the system of securities regulation as it existed in the summer of 1964. Since the seven statutes under which the S.E.C. functions do not constitute an integrated code, it is not surprising that they reflected both overlaps and gaps. A truly incandescent piece of historic illogic was the double standard based on exchange listing. Listed companies were subject to pervasive and continual disclosure requirements through the reporting, proxy and insider-trading provisions. But (apart from the specialised companies falling under the Holding Company and Investment Company Acts) equally large companies with equally public distribution of their securities could avoid the proxy and insider-trading provisions by simply not listing on an exchange, and they could avoid even the reporting requirements if they could manage to generate sufficient capital without going to the public for new money so as to be required to register under the Securities Act of 1933.

This double standard was due partly to constitutional doubts with respect to the regulation of unlisted companies in the early 1930's and partly to the relative ignorance at that time of the size and workings of the over-the-counter market, which has always loomed far larger in the United States than anywhere else in the world. But, whatever the explanation, the double standard represented not only a logical inconsistency. For, just as surely as water will run downhill, business will flow from a regulated into an unregulated market. And there was considerable evidence that many companies did refrain from listing in order to avoid the additional regulation.

Agitation to eliminate the double standard began to be heard in some stock exchange quarters only a few years after the passage of the Securities Exchange Act of 1934. By 1946 the S.E.C. itself took up the legislative struggle. Bills were introduced that year and again in 1950 and 1956, only to get nowhere—not so much because of legislative opposition as because of the sheer inertia that any economic "reform" measure must overcome in a national legislative body that is quite understandably concerned above everything else, in this far from perfect world, with questions of revenue and national defence.

Then in 1961 came the scandal that sowed the essential seed on the ready soil. The S.E.C. expelled two members of a substantial firm of "specialists" on the American Stock Exchange (formerly the New York Curb Exchange), a father and son named Re, for violation of the fraud, manipulation and other provisions of the Securities Exchange Act, and they have since been convicted on criminal charges. As a direct result of their expulsion, Congress in late 1961 directed the Commission to make a study and investigation and to file a report with its recommendations, legislative or otherwise. The American Stock Exchange soon underwent a substantial process of self-reform. But the S.E.C. study turned out to be the most thorough investigation of the securities markets since the early 'thirties. In some respects it was even more thorough. The report prepared by the special study staff of some sixty members under the direction of Mr. Milton H. Cohen, a key S.E.C. official in its early years and now an eminent practitioner at the Chicago Bar—a report running to five volumes and some 3,000 pages—led, after extensive hearings by committees of both Houses of Congress to the Securities Acts Amendments of 1964.

One branch of these amendments is aimed at strengthening the system of broker-dealer regulation, partly through the N.A.S.D. and partly by increasing the S.E.C.'s direct controls, especially over the minority of brokers or dealers who are not members of the N.A.S.D. But by far the more significant aspect of the amendments is their treatment of the large, publicly held companies just as if they were listed on an exchange, in that they are now required to register with the S.E.C. and are thus subjected to the reporting, proxy and insider-trading provisions. The line is arbitrarily drawn at those companies with at least $1 million of assets (gross, not net) and a class of equity security held by at least 750 persons (500 after 1st July 1966). Whereas there were 2,467 listed companies on all the exchanges as of 30th June 1964, it is estimated that the new provisions will bring under the statutory umbrella no fewer than 3,100 additional companies (3,900 when the standard falls to 500 shareholders).

III

It is an interesting commentary on the adaptability of the human animal that, whereas there was a great deal of opposition to proposals along these lines when they were first urged by the S.E.C. in 1946 and 1950, they encountered virtually no opposition this time. The only substantial controversy that Congress had to resolve concerned the treatment of banks and stock (non-mutual) insurance companies.

In the United States there are both State and "national" banks; indeed, banks are virtually the only kind of corporation chartered by the Federal Government. There are several federal banking agencies that regulate not only the national banks, as might be expected, but also (along with the State authorities) the vast majority of State banks as a result of their either being members of the Federal Reserve System or having their deposits insured by the Federal Deposit Insurance Corporation. Insurance companies, on the other hand, have been regulated traditionally by the States alone, to the point where the Federal Government's abstention has become something of a political shibboleth. Both industries, through their not inconsiderable legislative lobbies, took the position that they were already regulated so thoroughly that they should be exempted from the new requirements. The S.E.C., on the other hand, made a good case for the proposition that existing regulation was directed at protection of the depositor or the policy-holder, not the investor; and it reminded Congress that, although only a handful of banks and insurance companies had securities listed on a stock exchange, those that did choose to list had never been given special treatment by the Securities Exchange Act.

At the same time, the S.E.C. took the statesmanlike position that the desideratum was comparable investor protection in comparable situations, and that it was of no great consequence whether the additional provisions were administered by the S.E.C. or by the State and Federal authorities that already regulated other aspects of the activities of banks and insurance companies. The result was a compromise whereby Congress (1) substituted the several Federal bank regulatory agencies for the S.E.C. so far as banks are concerned, giving those agencies the same rule-making powers as the S.E.C. but without any obligation to follow the S.E.C.'s rules, and (2) exempted insurance companies entirely on condition that the State of incorporation should undertake substantially similar regulation under the ægis of the National Association of Insurance Commissioners.

These amendments of 1964 also enlarge automatically the scope of the other great development of recent years in American securities regulation—the judicial implication of private remedies as a matter of Federal law for violation of various statutory provisions and S.E.C. rules even when the only express sanctions take the form of public remedies (criminal prosecutions, suits by the S.E.C. to enjoin further violations, and various disciplinary proceedings at the administrative level such as revocation of a broker-dealer's registration or his suspension or expulsion from any stock exchange of which he may be a member). The courts have done this largely on the basis of a common-law doctrine that originated in England a century ago and then fell into disuetude on that side of the Atlantic only to flower in many American State courts—a doctrine to the effect that a person injured by violation of a criminal statute passed for the benefit of a class of which he is a member has an implied remedy against the violator.

The significance of this development must be judged against the considerations that the basic corporation law in the United States is State law; that the only proxy legislation in any State is that which makes it possible for a shareholder to give a proxy, something that could not be done at common law; that many if not most State courts have followed, at least in principle, the English view, exemplified by *Percival* vs. *Wright* ([1902] 2 Ch. 421), to the effect that officers and directors have a fiduciary obligation only to the corporation and not to individual shareholders; and that, in the absence of statute, this leaves officers and directors as free to trade as individuals in the securities of their companies as any strangers are, which is to say, they have no affirmative obligation to disclose material facts that may substantially affect the price of the securities they buy or sell as long as they are careful not to misrepresent or deceive by word or deed.

IV

What might be called the "implied liability" doctrine under the S.E.C. statutes has not been limited to the proxy and insider-trading fields. But those have been the most important areas of its application. For example, under the S.E.C.'s innocent-looking Rule 10b-5—which in broad terms makes it unlawful for *any* person to engage in any fraudulent or deceptive practice, or to indulge in material misstatements or half-truths, in connection with the purchase or sale of any security—the Federal courts have consistently held that directors or other "insiders" (the concept here is an elastic one) have an affirmative obligation as a matter of Federal law, whatever may be their position under State law, to disclose all material facts when they engage in securities transactions with individual shareholders or bondholders. In other words, corporate "insiders" at long last have been placed substantially on a par with trustees, agents and other fiduciaries. The far-reaching implications of this development need no expatiation.

The Supreme Court has yet to speak on Rule 10b-5. But, apart from the fact that there has not been a single dissenting voice among the lower Federal courts, the result is virtually a foregone conclusion in view of the Supreme Court's holding a few months ago in *J. I. Case Co.* vs. *Borak* (377 U.S 426) in the context of the S.E.C.'s proxy rules. There it held not only that a shareholder had an implied right of action in the Federal courts if he could show a violation of the rules, but also that the court should decide as a matter of Federal law what sort of remedy was appropriate under the circumstances, even to "unscrambling" a corporate merger (amalgamation) effected by the use of proxies declared to be void on account of their having been solicited in violation of the S.E.C. rules.

The Securities Acts Amendments of 1964 do not enlarge the scope of Rule 10b-5. But they do very significantly enlarge the scope of the proxy rules and hence of the Supreme Court's holding. At any rate, if nothing else, the last two or three years have been significant in the securities field in that they have given us not only an S.E.C. proceeding entitled *In re* Re but also, as we have just seen, a *Case* case!

Thus it is that, just as the late 'twenties and early 'thirties seem rate law reform—with new corporate legislation in the United Kingdom, Belgium and the Netherlands in 1928, significant advances in France the next year, an excellent German statute in 1931 (two years before the legal blackout in that country), new "blue sky laws" in all the Canadian provinces between 1928 and 1935, and, of course, the S.E.C. legislation in the United States—widely separated parts of the free world have recently been witnessing a similar tendency, with more emphasis this time on the securities regulatory aspect of company law.

The 1962 report of the Jenkins Committee in the United Kingdom, though on the whole a reasonably conservative document, does recommend, in substance, that Parliament overrule *Percival* vs. *Wright*—which would presumably bring the English law in line with American developments under Rule 10b-5. Moreover, although the Jenkins Committee did not see fit to recommend anything like a British S.E.C., considerable interest in the American experience was demonstrated by the invitations extended to several Americans (among whom this writer was privileged to be included) to give testimony in London in the spring of 1961. It will be interesting to see what the new Labour Government, with its hair-line majority, will do to the Jenkins Committee's recommendations.

On the Continent, both France and Germany have required increased financial disclosures of publicly held companies in recent years. And outside of Europe there have been major developments in areas as far apart as Australia and Canada, with their drives towards uniform State or Provincial companies legislation; Ghana, which has probably one of the most advanced Companies Acts in the world, and certainly one of the most skilfully drafted, as a result of the efforts of Professor L. C. B. Gover (who has since left his Commercial Law chair at the London School of Economics to organise a new law faculty in Nigeria); and of course, India, where the year 1956 marked not only the adoption of a Securities Contracts (Regulation) Act, following the labours of the Gorwala Committee, but also a new Companies Act, which has already undergone considerable amendment and is under further study at this moment. In the past two years alone, this writer has participated in seminars in India and Japan (which has preserved virtually unchanged the occupation-imposed system of securities regulation based on the S.E.C. statutes of 1933 and 1934); has testified before legislative committees considering securities statutes in South Africa and Israel; and has visited both wings of Pakistan at the request of the International Bank in order to recommend appropriate regulatory measures for that country.

Perhaps not the least of the many advantages of the spread of the English language among so much of the globe is the ready access that many countries now have to variegated attempts at solving common problems. It remains only for all of us to learn to drink more readily from the others' springs.

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NEWFIELDS

ECONOMIC UPSWING IN U.S. FORGING AHEAD

Unemployment And Payments Deficit, However, Still The Major Problems

By N. PATTABHI RAMAN

FOUR years ago, a young Bostonion of great charm and 'vigah' bearing the now legandary name of John Fitzgerald Kennedy, pledged to the American people that, as their President, he would "get the country moving again." That cardinal economic pledge has been largely fulfilled, even though an assassin's bullets removed the hero prematurely from the role he clearly relished.

The American economy is, indeed, moving again. It is working its way through a transition from a dying post-war boom to what Albert T. Sommers of the National Industrial Conference Board calls a prosperous future of "growing markets, growing supply, an abundance of investment opportunities, and technological excellence."

The current economic upswing is the longest in the post-war years: the low point of the last recession is almost four years behind it. And, despite its remarkable longevity, it is still forging ahead with a vitality usually found only in the early stages of a cyclical recovery. Some problems persist stubbornly, but there can be no doubt about the prosperity. The Gross National Product, which is the sum of the values of goods and services produced in a given period, seems likely to equal $625 billion for 1964—some $35 billion larger than it might have been if economic growth had continued at the sluggish pace it did during the administration of President Dwight D. Eisenhower. The estimated 7 per cent gain in G.N.P. over 1963 reflects advances in all key segments of the economy.

Industrial Production

In September, industrial production reached a new high—133.9 per cent of the 1957-59 average. This represents a 6.5 per cent increase over the output a year earlier. Strikes in the automobile industry affected national production in October, but the disruption was temporary and without any significant impact on the growth trend. Automobile production and sales are actually heading for their third straight record year—something never accomplished before by this bell-wether industry. The steel industry is operating at close to 85 per cent of capacity and production this year is expected to total a record 125 million tons, larger than the previous high of 117 million tons produced in 1955.

From their doldrums of the late 1950's, profits have now reached an annual rate of $58 billion, some 13 to 14 per cent ahead of a year ago. After-tax earnings, nourished by lower taxes, are about 20 per cent higher than a year ago. Personal incomes, too, are high and rising, helping in turn to spur consumer spending and retail sales. A recent survey found a "significant" rise in consumer optimism over the economic outlook compared to three months earlier and a "greater readiness to spend." There is a boom in capital spending, and when the ledgers are complete, the 1964 outlay is expected to be 13 per cent higher than the expenditures incurred on new plant and equipment in 1963.

Stress on Tax Cuts

The growth in prosperity over the past four years was generated in a large measure by some conventional and some bold steps taken by the Government. Initially, to lift the economy from the low. low point it had reached in February 1961, the Kennedy Administration stepped up Government expenditures. After about two years of pump-priming, it switched to cutting taxes. It liberalised depreciation allowances and granted tax credits on investments, thus stimulating business outlays on new plant and equipment. Finally, with President Johnson supporting the concepts and programmes of his predecessor, the Administration put through a gigantic reduction in individual and corporate taxes. Originally estimated to reduce the tax burden by $11 billion, the size of the tax cut is now estimated at about $14 billion.

The tax cut was recommended as a remedy for the slow rate of economic growth by the President's Council of Economic Advisers which was headed until recently by Dr. Walter W. Heller. In analysing the factors impeding a faster rate of growth, the Council developed a concept called "the full employment surplus" which suggested that the economic impact of any budget is best calculated by the deficit or surplus which would arise if the economy were operating at full employment level. The Council concluded that an implied full employment surplus too large for a given level of economic activity would result in a fiscal drag, that is, a slowing down of the economy because of inappropriate tax burden. And while theoretically a large surplus might be implied, a sluggish economy might yield a smaller actual surplus or even result in budget deficits, as happened in the pre-Kennedy years.

Dr. Heller's Theory

Aggregate demand could be stimulated by further increasing public expenditures, of course, but this measure was set aside in favour of releasing to individuals and corporations, through a reduction in taxes, greater proportions of their incomes for their own use. Both the late President Kennedy and his successor President Johnson supported the recommendation of the Council of Economic Advisers for a giant tax cut. The spurt in the economy that has since occurred has helped to develop a broad consensus in favour of reducing taxes further, at the appropriate time, to keep the economy on high gear. Dr. Heller has estimated that, as the economy grows further and yields larger revenues, it might be appropriate to declare a "fiscal dividend" of $6 billion to $7 billion each year; it would mean either reducing taxes, stepping up expenditures or making up a combination of the two that yields this annual sum.

Cost-Price Stability

In addition to taking the revolutionary step of reducing taxes when the budget was in substantial deficit, the Kennedy-Johnson Administration also boldly decided to maintain an easy money policy in the presence of continuing deficits in the balance of payments. Despite the powerful dose of this compound of expansionary medicines, the upswing has remained virtually free of inflation. At least four major factors have contributed to this cost-price stability. Firstly, there was substantial underemployment of plant and machinery to begin with, and, even today, there is less than full employment of industrial facilities. Secondly, a high rate of productivity has been maintained. Thirdly, with a large surplus of unemployed labour and with automation threatening the displacement of additional thousands every year, trade unions have concentrated on job security and accepted moderate increases in wages and fringe benefits. And, fourthly, the Administration has exercised public pressure on management as well as labour through its wage-price guideposts which suggest that the cost-price stability is best maintained through wage and price adjustments which hew close to the average annual gain in productivity.

Balance of Payments

Along with stimulating the economy to higher levels of activity, the Administration has been moderately successful in reducing the size of the problem of payments deficit. Even though the United States has had a payments deficit for more than a decade, initially it was no cause for concern; in fact, America's loss was the world's gain, inasmuch as the U.S. deficits helped to supplement the limited supply of dollars available for international trade transactions. But, in the last years of the 1950's, the deficit swelled to such large amounts that the strength of the dollar was threatened. Since then, the U.S. has been seeking to restore equilibrium to its balance of payments through cutbacks in official expenditures abroad, the curtailment of the outflow of private short-term capital, and the expansion of its exports. Progress has come on all fronts and, for 1964 as a whole, the payments deficit on regular transactions is expected to be some $2 billion, a sharp improvement over the last six years when the deficit was always in excess of $3 billion and sometimes close to $4 billion. The problem is still serious, however, and continues as a soft spot in the economy.

Unemployment

Unemployment has been less tractable. Despite the rise in the level of economic activity, the rate of unemployment still hovers close to 5 per cent of the civilian labour force. The problem is quite complicated. It reflects, in one of its two aspects, a race between population increase and economic growth. Between 1950 and 1960, there was a net addition of 300,000 teenagers (18- and 19-year olds) to the labour force; as against this, the anticipated increase next year alone is 600,000. Or, to cite another set of statistics, during the current decade, the number of people aged 18 to 21 in the labour force will grow by 48 per cent, as compared with 7 per cent in the 1950's. Young people are entering the labour market in such large numbers now because of the huge baby crop in the aftermath of the Second World War. The economy has not been growing rapidly enough to absorb them. And even though the rise in activity accompanying the tax cut has reduced joblessness to some extent, the teenagers have not benefited much. In mid-November, for example, the unemployment rate among adult males was 3.5 per cent, the lowest in more than seven years; the comparable rate for youths of 18 and 19 years of age was 14.5 per cent, 50 per cent higher than the 1957 level and almost three times as high as the overall rate of 5 per cent.

With unemployment and the payments deficit as the only two major problems, the economy is in essentially sound condition as Lyndon Johnson assumes the Presidency of the United States in his own right. Judged by its present vitality, the economy will continue to grow at least for several months to come. Government economists are now predicting that the Gross National Product next year will total $655 billion. Leading business economists also concur in this forecast of a 5 per cent rise in G.N.P. A recession is not sighted for 1965. but there is general expectation that the rate of growth will be slow and that further stimulation will be necessary in the second half of 1965.

Potential Trouble Spots

Maladjustments could arise in several areas, of course. To list some potential trouble spots:

- A fresh fiscal drag could develop. The second stage of the big tax cut will not add much punch to the economy as it did in 1964. Additional tax cuts will have to go through the legislative mill. If a fiscal drag develops and the counter-attack is delayed. the economy could be slowed down.
- A spurt in inventory building could take place in anticipation of a steel strike in the middle of 1965, thus disrupting the demand pattern and the growth pattern. Actually, big consumers such as automobile producers have already begun stock-piling steel as a hedge against the strike possibility.
- Profit margins could begin to shrink again if the growth in sales slows down and makes it difficult for companies to cover the higher fixed costs likely to result from capital spending undertaken in 1964 and the preceding years. Profit margins could be squeezed also by more than moderate increases in labour costs.
- Inflationary pressures could develop. The fact that still only 86 per cent of industrial capacity is in use. the large labour surplus, and the high rate of productivity increase—these are among factors which minimise the threat of inflation. Much will depend, however, on wage settlements and price adjustments made in the months ahead. While the economy is not overheated and a demand-pull inflation is therefore not in sight, inflation of the cost-push type could easily develop.
- The cost of borrowing could go up, should inflation or a worsening of the balance of payments problem or a combination of both result in a tightening of monetary policy.

These are potential trouble spots. No major maladjustments may, however, develop, and the economy might perform close to expectations or better. As for long-term prospects, most economists are bullish. One prediction is that prudent, expansionary monetary and fiscal policies directed towards developing and satisfying the unprecedented markets that should grow over the next five years as a result of the swift rise in the working-age population, could result in an economy with a Gross National Product of $825 billion to $850 billion by 1970. A little visionary, perhaps but not impossible.

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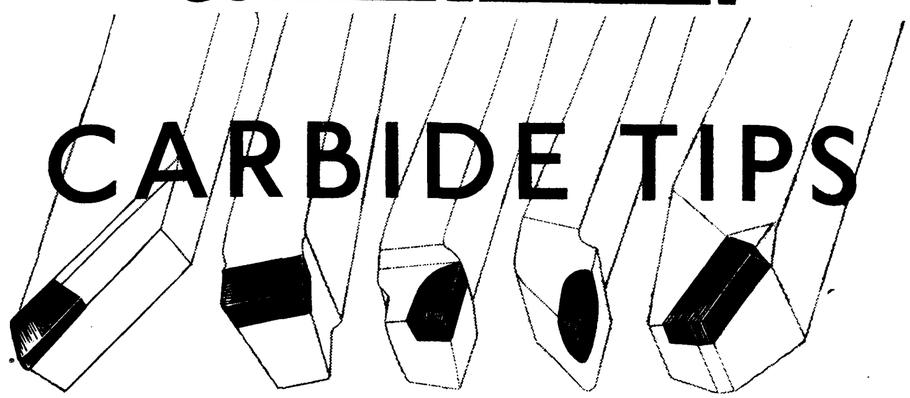

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ECONOMIC TRENDS IN BRITAIN

End Of Deceleration In Sight?

By J. R. H. PRINGLE

ASSISTANT EDITOR, *THE BANKER*, LONDON

ECONOMIC news and economic measures have dominated newspaper headlines in Britain in recent weeks. During the campaign that preceded the General Election, all the major political parties placed major emphasis on the need to maintain and, if possible, to increase the rate of economic growth, and to stimulate the competitive power of British industry. Since the election, the prompt action taken by the new Labour Administration to improve the balance of payments, the measures and proposals announced in the special autumn Budget and other related moves to further the implementation of an incomes policy have all aroused intense interest—both at home and abroad. The prospects for the British economy have become a major talking-point in the world's financial and commercial centres. Inevitably, attention must focus on these measures, and on their bearing for the future course of the economy. First, however, it is as well to put the current situation into perspective.

Perspective

In retrospect, the past year may be regarded as marking the second phase of the business upswing that got under way in the spring of 1963 and continued vigorously throughout the remainder of that year. The seeds of the recovery were planted in the autumn of 1962, when the then Chancellor of the Exchequer, Mr. Maudling, announced the removal of all 'directive' controls over bank lending, a slashing of the purchase tax on cars, and an increase in investment allowances. These were backed up by a reduction of Bank Rate in January from five to four per cent. The impact of these measures was delayed and obscured by the appalling weather during that winter—one of the worst in living memory. With the melting of the winter snow, however, it became evident that a new surge of activity had begun. The index of industrial production, after adjustment for seasonal factors, rose from 113 in February to 116 in March, and to 117 in April. The budget in April, through which Mr. Maudling injected another £250 million of purchasing power into the economy, administered a further stimulus.

For the remainder of 1963, all the main indicators of economic activity pointed steadily upwards. The index of industrial production rose to 118 in June, to 121 in September, and reached 125 by December—though this last figure is the product of a subsequent revision. Unemployment fell, but the supply of labour remained adequate: at the December count, the unemployment rate, at 2 per cent, was no lower than the average for 1962. Despite further increases in wages, and a leap in the costs of certain foods and raw materials used in industry, reflecting their scarcity on world commodity markets, prices remained relatively stable. Above all, the external situation remained satisfactory: imports rose by 6.6 per cent to £4,335 million but exports rose by 7.3 per cent to £4,286 million and, after crediting the surplus Britain regularly earns on invisibles, the current account recorded a surplus of £113 million. This went far towards meeting the increased outflow of long-term capital, so that the overall balance (current account plus long-term capital) was £42 million in the red.

The crucial question facing policy-makers as the bells rang in the New Year, 1964, was to decide how long the current rate of expansion could be maintained without putting pressure both on the home economy and the balance of payments. The secret of the rapid expansion of 1963 lay in the margin of excess capacity existing at the beginning of the year—a margin created by the investment boom of 1961 in conjunction with the deflationary measures of that year. In 1963, while this slack was being taken up, production could forge ahead, wages and other costs could be spread over a wider range of output, and prices could be held down. The crude measure of productivity—output divided by the number employed—could rise rapidly. But the underlying growth of productivity—i.e. that attainable in conditions of full employment—was plainly well below that. What was not clear—and what is still far from certain—was whether this 'true' rate had been stepped up sufficiently to enable the economy to reach (with the increment of production arising from the expansion of the labour force) the four per cent growth rate enshrined in the reports of the National Economic Development Council and accepted by the Government.

Plainly, the rate actually achieved in the latter part of 1963, which then appeared to be about six per cent, could not be sustained indefinitely. Accordingly, official policy for most of 1964 was directed towards slowing the pace down before the economy ran into a severe shortage of resources. "Growth without Inflation" remained the theme. The first step was taken on 28th February, when Bank Rate was raised from four per cent to five per cent for reasons that seemed to owe more to domestic considerations than to external ones. The second—and by far the most important—was taken in the Budget. When Mr. Maudling rose in the House of Commons on 14th April, most unofficial observers expected him to take a pretty sharp bite at the growth of demand—about £200 million was a figure frequently heard. In the event, he chose to withdraw only about £100 million—by the time-honoured means of raising the duty on alcoholic drink and tobacco. In displaying this moderation, he explained that he was relying on several "natural factors" to assist him: first, he expected the rate of savings to increase, which would of course, automatically reduce the growth of demand; and second, he thought that stockbuilding, which was running at an exceptionally high rate in the last quarter of 1963 and, to a lesser extent, in the first quarter of 1964, would slacken off.

Growth Rate

Careful scrutiny was, therefore, accorded to the regular economic indicators as they flowed in over the following months. They proved exceedingly puzzling. The official index of industrial production suggested that the growth of output had slowed down, while other evidence, such as the surveys conducted by the Federation of British Industries and the unemployment figures, suggested a further rise. Gradually, however, the conclusion became inescapable that the growth rate had indeed levelled off—and had begun to slow well before the Budget. The latest available figures show the seasonally-adjusted index of production rising sharply to 127 in January but remaining flat for the succeeding seven months and the provisional index for September recorded a slight fall, to 126. The national income figures tell the same story: after a jump from £5,807 million in the third quarter of 1963 to £6,127 million in the fourth, gross national product (at 1958 prices, seasonally-adjusted) fell to £6,057 million in the first quarter of 1964. In the second quarter it rose, but only slightly, to £6,070 million.

Undoubtedly, this declaration stemmed in part from one of the natural forces upon which Mr. Maudling relied—a growth of savings. Personal savings (expressed as a proportion of personal disposable income) rose to 10.9 per cent and 10.5 per cent in the first and second quarters respectively, as compared with a ratio of 8.3 per cent in the first half of 1963. In part, however, it may have been associated with the rise in prices. In the first six months of the year, the index of retail prices rose by about three per cent, from 104.2 in December to 107.4 in June. About one point of this rise was due to the Budget measures. Certainly, this increase played a part in the falling-off of the volume of retail sales in the first half of the year.

Foreign Trade

Unhappily, it appears that relief from the pressure of demand at home was also obtained via the external account—by increasing imports relatively to exports. Britain's import bill rose from a monthly (seasonally-adjusted) value of £423 million in the last quarter of 1963 to £453 million in the first quarter of 1964. After that, the trend levelled, with values of £461 million and £460 million recorded for the second and third quarters, respectively. The latest return, for October, suggests a further fall, to an estimated £455 million. Exports have been broadly stable—a rise from £350 million a month in the last quarter of 1963 to £356 million in the first quarter of 1964 being followed by slight falls, to £352 million in the second quarter and £349 million in the third. The October figure is provisionally put at £351 million. In the full balance of payments figures, which are as yet available only for the first two quarters of the year, the deficit on visible trade (before seasonal adjustment) totalled £215 million, compared with a surplus of £36 million in the corresponding period of 1963.

In appraising these figures, however, three points may be noted: first, that, while an expansion of exports is essential, it had always been anticipated that re-expansion would entail a temporary slide into deficit; second, that the high level of imports in the first half of the year was undoubtedly associated with stock-building, which at £217 million was the highest since 1960; and third, that, while this increase in imports has undoubtedly imposed a strain on Britain's balance of payments, it has, by the same token, rebounded to the benefit of other countries—and not least to the rest of the Commonwealth.

The deterioration which the trade deficit brought to the balance of payments has been aggravated by a further decline in the invisible balance and by an acceleration in the outflow of long-term capital. In the first half of the year, the surplus on invisibles narrowed to £90 million (before seasonal adjustment), compared with £126 million in the corresponding period of 1963 and £129 million in 1962. This decline was mainly attributable to an increase in net Government spending abroad, which rose from £192 million in the first half of 1963 to £223 million in the first half of this year. Such expenditure has doubled over the past six years. There were, however, some non-recurring transactions which also affected the invisible balance: in the first quarter, a special payment was made to the U.S.A. of £9 million and in the second there were substantial additional tax payments made by oil companies as a result of an agreement with one of the large oil producing countries to change the time basis of payment. The net outflow of long-term capital totalled £216 million, compared with £73 million in the first half of 1963 and £7 million in the corresponding period of 1962. This too was due in part to exceptional factors, particularly the outlay associated with the acquisition by the Shell group of a half interest in Montecatini's petrochemicals business.

The overall (current and long-term capital) deficit in the first half totalled £341 million. After crediting a "balancing item" of £85 million—which represents certain unrecorded capital flows and net errors and omissions throughout the accounts—the "balance of monetary movements" was negative to the tune of £256 million.

But while the deficit had been running at a relatively high rate since the end of 1963, the central reserves actually rose on balance during the first half of 1964. The high earnings of many primary producing countries were reflected in a substantial increase in their holdings of sterling balances in London, which rose from £2,461 million in December 1963 to £2,580 million in June 1964. This played a large part in shielding the reserves over this period. During the following four months, the reserves declined to £907 million in July, £923 million in August, £907 million in September and £876 million in October. During the latter two months, some use was also made of the credit facilities arranged with a group of overseas central banks and with the Federal Reserve Bank of New York. But sterling weathered the period immediately before and after the election remarkably well.

New Government Acts

As expected, though, one of the new Government's first concerns on taking office on 16th October was to study methods of curtailing the deficit. Its appraisal of the situation and the first steps to deal with it were announced in a White Paper on 26th October by the two Ministers primarily responsible for the economy—Mr. George Brown, First Secretary of State and Minister of the newly-created Department of Economic Affairs, and Mr. James Callaghan, Chancellor of the Exchequer. The White Paper discussed that the Government expected the deficit for the year as a whole, taking current and long-term capital account together, was unlikely to be below £700 million and might reach £800 million. It pointed out that in 1965, even without a change of policy, there should be a considerable improvement, but that the deficit would still be

at an unacceptable level. While there was ample support for sterling in the facilities available, "we cannot rely on them alone or indefinitely," nor was the Government willing to do so. "We must no longer be forced into the position that every time we seek to increase our national production we are forced almost immediately into deficit."

The White Paper drew a sharp distinction, as far as imports are concerned, between the increase in raw materials required to service an expansion of production and the increase in manufactured goods most of which this country should be perfectly capable of producing on a competitive basis.

The Government had also examined the domestic economic situation. Apart from special problems of individual areas and a limited number of industries it concluded that there was no undue pressure on resources calling for action. Moreover, the Government specifically rejected any policy based on a return to stop-go economics.

Having thus ruled out deflation of demand as a means of curbing imports, it was decided to tackle the trade balance directly. The principal method chosen was the imposition of a temporary surcharge of 15 per cent on all imports, with the exception of foodstuffs, raw tobacco and basic raw materials. This amounted virtually to a doubling of Britain's tariffs. A scheme for relieving exporters of some part of the burden of indirect taxation which enters into the cost of production of exports was also introduced. The relief is expected to average some 1½ per cent of the value of exported goods.

Reactions Abroad

Understandably, the import surcharges provoked widespread criticism abroad, and it has to be admitted that they mark an unhappy departure from the principles of free trade and that some of Britain's allies and friends will be sorely affected. Government spokesmen, however, repeatedly stressed the temporary nature of the levy and that it is designed to support sterling. It may, perhaps, also be pointed out, not only that many other countries have on occasion resorted to similar methods to restrain a sudden surge of imports, but also that, if this action does enable the authorities to dispense with the drastic curbing of home demand that has been deemed necessary in former periods of deficit, and does allow the economy to continue to expand, those who export to Britain cannot but benefit in the long run. A growing economy is by definition a better market than a stagnant economy.

Moreover, it is essential that these immediate measures to redress the balance of trade be considered in conjunction with the longer-term correctives foreshadowed in the White Paper and with the action taken in the Autumn Budget on 11th November. The White Paper stated that the Government would consult immediately with both sides of industry on the outline of a plan to increase productivity and to ensure that an incomes policy that covers all forms of income and is related to productivity becomes effective. It is believed that some progress towards this has already been made in the last few weeks. A Price Review Body would be established, and steps would be taken to make it easier for workers to change their jobs in accordance with the needs of technological progress.

The main emphasis of the Budget was on measures of social improvement, which the Government believes must go hand in hand with economic expansion. Pensions and other social benefits will be substantially raised, though for administrative reasons the increases cannot actually be begun to be paid out until April next year. It is evident, however, that the economic effect of the changes has been carefully calculated. The imposition of the surcharge is expected to curb imports by about £300 million in a full year, and therefore by about £125 million in the remainder of the present financial year. Most of the demand that would otherwise have been directed to these imports will go on home-produced goods instead. Although the revenue expected from the surcharge would mop up perhaps £90 million of this extra demand, the net effect would undoubtedly have been inflationary in present conditions, with the economy close to full employment. It was to prevent this that Mr. Callaghan also raised the duty on petrol by 6d. a gallon. This will bring some £32 million into the Exchequer this year.

Other Changes

Among the other changes foreshadowed by Mr. Callaghan were a rise of 6d. in the standard rate of income-tax from 6th April 1965, a replacement of the income and profits taxes on companies by a corporation tax (the rate has yet to be fixed), a new capital gains tax, a rise in National Insurance contributions and improvements in the levels of National Assistance.

Unofficial expectations of the effect on the economy of this package of measures vary: it has been described both as inflationary and as deflationary. Perhaps the safest assumption on the information so far made public is that the immediate effect on demand should be deflationary but that the longer-term effect could be inflationary. Much, therefore, depends on whether the economy is already operating near the limits of its capacity. Evidence for taking the view that it is may be adduced from the flatness of the official industrial production figures, from trade deficit, and, above all, from the low level of unemployment—the number out of work in November, at 342,000 was the lowest since September 1961. On the other hand, unofficial surveys continue to throw some doubt on the official index: 49 per cent of firms replying to the latest survey by the Federation of British Industries conducted in the fortnight after the election state that their output has risen over the past four months while only 11 per cent report a fall. Moreover, in reply to questions inquiring what factors they thought likely to limit their output over the next four months, 47 per cent named orders, as against 38 per cent naming skilled labour, 18 per cent other labour and 23 per cent plant capacity. There is still no conclusive evidence of a general and severe shortage of labour—still less of capacity.

Investment

This is just as well. On current trends, total final demand would be likely to rise next year: quite apart from the essential increase in exports, the welcome uptrend in investment in itself virtually ensures this. Total fixed capital expenditure (at 1958 prices, seasonally adjusted) rose from £491 million in the last quarter of 1963 to £514 million in the first quarter of 1964 and to £536 million in the second; it is now expected to be about 14 per cent higher in the full year than in 1963. Moreover, an official survey suggests that this may rise by a further 10 per cent in 1965. Perhaps the most heartening feature of the measures taken is that they should encourage, not deter, this trend; for investment is of course the key to growth.

If there were varied opinions in Britain about the effects of the new measures, it became apparent soon after the Budget that the package was not regarded overseas as bringing a sufficiently quick-acting remedy to bear on the balance of payments. Pressure on sterling increased and the authorities were obliged on some days to provide substantial support. Selling was particularly active on Friday, 20th November and on the following Monday Bank Rate was raised from 5 to 7 per cent. Towards the close of dealings on Monday, however, and again on the following two days a substantial speculative movement again developed. But at seven o'clock on Wednesday evening a dramatic announcement that the central banks of eleven countries and the Bank for International Settlements had agreed to make available up to $3,000 million—this being in addition to the $1,000 standby credit with the International Monetary Fund—produced an immediate and pronounced recovery. This massive support operation will provide the Government with the breathing space needed for its longer-term policies to bear fruit.

URBAN DEVELOPMENT IN MAHARASHTRA

(*Concluded from page* 115)

other. Accordingly, the Government has recently set up a co-ordination committee for this purpose and so far three meetings have been held.

A Committee to Investigate Problems of Pollution of Rivers and Streams by Industrial Effluents and Trade Wastes: Last year, the Government reconstituted the Regional Committee to investigate the problems of pullution of rivers and streams by industrial effluents and trade wastes. The Committee submitted its report to Government on 14th September 1964. The Committee is of the view that the pollution problem is created not by industrial trade wastes alone, but also by letting out domestic sewage and sullage into rivers and streams. Since the waste waters thus let out in streams of natural water adversely affect its potability, the Committee has recommended that it is necessary to have an effective legislation providing for prevention, abatement and control of both surface and underground waters. It has also recommended that the legislation should not only include preventive and penal measures but should also provide for administrative machinery and technical organisation for effective control.

The legislation, as proposed by the Committee, will be the first attempt to initiate effective measures for the prevention and control of water pollution by a common policy throughout the State.

Board of Urban Development for the Entire State: In order to have a co-ordinated approach towards the problems that arise in urban areas and to advise the Government on solving these problems, a Board of Urban Development has been set up under the chairmanship of the Minister for Urban Development. It consists of 42 members, 24 officials and 18 non-officials including four persons who have distinguished themselves in municipal affairs. On the Board, adequate representation has been given to the municipal corporations and municipalities in the State. The purpose of the Board is to advise the Government on the problems of urban local bodies regarding water supply, drainage and sanitation schemes; public health; medical aid; urban housing; development of industries; town planning and development programme; municipal finances and taxation.

ECONOMIC TRENDS IN WEST GERMANY

1964, A Golden Year—1965 Not Likely To Be So Good

By Mrs. INGA KRUGMANN-RANDOLF

WHEN businessmen of the Federal Republic of Germany close their books at the end of this year, they will have every reason to be extremely satisfied. The year 1964 was, indeed, a golden year, with well-nigh ideal business conditions. Although other European countries, as, for example, France and Italy, experienced great difficulties because of inflationary tendencies, the West German Government managed to maintain a favourable economic climate and eradicate the dangers of business being "too good." German businessmen and economists were moderately optimistic, as they stood on the threshold of the year 1964 and the year did indeed exceed their every expectations. However, even during such a year, certain branches such as the coal-mining industry, the leather and cotton industries and parts of the paper industry did not have such a happy time of things. Generally speaking, however, that acceleration of economic growth, which began to manifest itself way back in the autumn of 1963, continued to snowball during the first months of 1964. The continuing expansion of exports also became reflected on the domestic markets. The trend towards economic investments continued to increase. In addition to the heavy demands from abroad, increased investment desires also contributed considerably towards stepping up demands as a whole. Moreover, the money spent by private households rose at a higher rate than in the previous year. The high demands encountered a relatively flexible supply, which proved to be expandable by dint of high imports.

Government Places the Damper

In the early summer of 1964, however, there did seem to be the danger of creeping inflation. There were more and more indications that the German economy had reached the limits of its efficiency. The degree to which capacities were utilised rose very high and the number of unfulfilled orders grew and grew. Despite the fact that one million foreign workers—for the most part from Italy, Spain, Greece and Turkey—had come in and were being employed in Germany, labour was scarcer than it had ever been before. Price increases were to be anticipated. The threat to the stability of the price structure caused the Federal Government and the Federal Bank to introduce a series of measures. Briefly these were:

1. In order to facilitate imports, the internal tariffs which applied to the partners in the European Economic Community were lowered as well as 320 different duties on goods from outside the Common Market.

2. The Federal Government made every effort (and is still doing so) to have the Common Market tariffs on goods from third countries reduced still further.

3. The expenditure of the Federal Government for 1964 and for 1965 was adjusted to tally with the growth rate of the gross social product.

4. The Federal Government is doing everything possible by pursuing an anti-cyclic finance policy to stifle economic activity during boom periods and activate it during periods, when business falls off.

5. In order to guard against "hot" foreign moneys, the Federal Government decided to introduce a 25 per cent capital yield tax on the income from stocks and shares with a fixed interest rate in the hands of foreign investors.

6. The Federal Government submitted the proposal to the Council of Ministers of the E.E.C. to launch a joint campaign to stabilise business conditions and this led to the drawing up of a stabilisation programme.

7. Government expenditure for building purposes was curtailed, in order to relieve the tense situation on the building market, where price increases were particularly accentuated.

8. The Federal Bank introduced measures to restrict the granting of credits.

All this proved to be an effective contribution to stifling demand and stabilising prices. Moreover, the effectiveness here was very considerably influenced by seasonal conditions and a slight falling off of export orders. The observation made during the last few years, namely, that usually, a recession in economic activity occurs during the summer months of July and August was very clearly confirmed in the year 1964. Because of the shortage of labour and the impossibility of obtaining temporary replacement staff for the holiday period, more and more industrial and trading firms are going over to the measure of closing their business premises for three weeks in the summer and introducing the so-called "firm's holiday." In 1964, the wheels of business started to turn slowly before gaining their usual rhythm after the summer "recess." According to the Federal Bank, the slight levelling out of the upward trend on the demand side was closely related to the fact that foreign demands, which up to the early summer had constituted the most important impetus of the trade boom, did not continue to grow in the ensuing months. On the other hand, the heavy rise in domestic demand has continued unabated, so that it now has become the principal cause of trade growth during the past few months.

The result achieved in 1963 corresponds roughly with the prophesied estimates. The final result for 1964, on the other hand, will manifest a higher growth of the real and the nominal social product. It is anticipated that the nominal gross social product (G.S.P.) will rise above the figure of 410 thousand million Deutschmarks.

Income Development

The economic situation of the year 1964 resulted in certain reclassifications in both the formation and the distribution of income. A particularly noteworthy feature is the fact that, for the first time for a number of years, business profits rose more sharply than increases in wages and salaries. Gross wages and salaries increased during 1964 by 8 per cent as compared with 7.3 per cent in the year 1963. To quote but one example, which is synonymous with development: in April 1964, the average gross hourly wage of men working in industry amounted to 4.08 Deutschmarks, that is, three per cent more than at the beginning of the year. In the case of female workers, the gross hourly earnings rose to 2.76 Deutschmarks. In April 1964, the number of paid weekly hours in the case of men totalled on a general average 45 hours and in the case of women 41 hours. This amounted to an increase of 0.7 hour or 1.6 per cent. The rise in the number of paid hours per week has resulted in the fact that the gross weekly earnings have increased more than the hourly earnings, namely, by about 5 per cent. In April, the male workers had an average gross weekly wage of 184 Deutschmarks and the females one of 113 Deutschmarks.

Private Consumption and State Consumption

After the relatively small growth rate in the year 1963, private consumption in 1964 rose more sharply again. Not only have wages risen, but also old-age pensions for workers and salaried employees. These are now adjusted every year in conformity with developments in wages and in productivity. At the beginning of 1964, the increase was one of 8.2 per cent and at the beginning of 1965, they will go up again by 9.4 per cent. The turnover of the retail trade achieved a growth rate of 6 per cent in 1964. That is more than in the previous year, but not so much as the optimists in the spring anticipated. It is clear that services (particularly those connected with the running of a car), travel and education are attaining to a steadily higher quotient in the expenditure of the private consumer. Added to this, the Germans are great savers. The savings quota of 1963, which amounted to 9.6 per cent of the income, was regarded as a record which could hardly be excelled, but nevertheless the first six months of 1964 brought the percentage up to 10.6.

A further salient characteristic of the year 1964 is the fact that, for the first time for years, the increase of State consumption will be lower than the growth rate of the social product. State consumption has in fact risen by only 7 per cent as compared with almost 10 per cent in 1963 and 15 per cent in the year 1962.

The expansive economic developments of the year 1964 are reflected particularly in the increase in investment activity which has ensued. All the expert observers of economic factors such as the German Federal Bank, the Federal Ministry of Economic Affairs and the economic research institutes are all unanimous in the conclusion they draw in the reports recently published, namely, that investment activity is at present the strongest motivating force in business. The promising judgments of the selling prospects on both the foreign and domestic markets has caused many boards of directors to decide to extend their production capacities and to spend more money in modernising and rationalising their factories and business premises. The principal investors are, of course, the so-called growth branches, such as the mineral oil industry, which has during the past few years spent many thousands of millions of Deutschmarks on the building of new refineries.

Investments Growing

Moreover, the competition of oil as a raw material for energy purposes has caused considerable difficulties for the firms mining opencast coal. High investment activity has also been registered by the automobile factories, which are attempting to fortify themselves in the face of the increasingly stiff competition in the European markets. The chemical industry and the electro-technical branch were also among those where higher than average expansion was noted. The investment rate in the consumer goods industry can only be described as average. However, the trend towards investment activity might well grow here, for the business prospects in the consumer branch for 1965 are especially good. This derives from the tax reduction, which is to come into force on 1st January 1965 and the increases of wages and pensions, in all making for a strong increase in consumer expenditure.

Not only the good sales prospects, but also the shortage of labour, technical progress as well as the obligation, ensuing from the keenness of competition, to rationalise as much as possible and lower costs are all strong factors which give impetus to investment activity by West German firms. Questionnaires also reveal that the balance of shortage of labour, coupled with the importing of new products, head the list of motives for investment activity. The higher profits booked by businessmen during the year 1964 are encouraging them to realise their investment plans relatively quickly. It can, however, hardly be expected that the favourable yield situation will continue, for costs are rising fast everywhere.

Despite all the refinements of market research, the decisions taken with regard to investment projects always involve a considerable element of risk. This is all the more true, because it is not only a case of making an accurate pre-estimate of developments on the inland market but also of taking into consideration the prospects for foreign business and these are usually very difficult to calculate. Exports play a particularly important role for German firms, for, approximately, a third of the industrial production is sold in foreign countries. In the case of the car manufacturing firms, it is even more than half.

Exports, which were largely responsible for the favourable business developments of the year 1964, have become more difficult during the past few months. This trend seems likely to persist during the year 1965. Imports, on the other hand, have continued to increase sharply right up to the present. The reason for this is to be found not only in the attempt to fill the supply gap and fulfil the great demands of the domestic markets, but also in the policy of the West German Government, which does everything possible by pursuing a liberal trade policy, to open up the German market to the young States of Asia and Africa and make it easier for them to sell their products. As a result, the trade balance surpluses, which were rising steeply right up to the early summer, have now been diminished.

Utilisation of the Gross Social Product (G.S.P.)

(Value basis in each case)

Growth rates as compared with the previous year

Utilisation types	1961	1962	1963	1964
Private consumption	9.8	9.1	5.4	6.9
State consumption	14.0	14.9	9.6	7.4
Investments proper	14.3	11.5	4.9	11.7
Equipment investment	14.2	9.6	2.6	8.1
Buildings	14.4	13.5	7.1	15.0
Exports	4.6	4.7	8.6	11.9
Imports	5.9	10.6	6.9	7.9
Gross social product	9.9	8.8	6.2	9.0

Capital Movements

As far as economic relations between West Germany and the developing countries are concerned, the Federal Government attaches importance to an expansion of trade and also regards it as urgent and imperative for there to be an increase in the amount of private German capital exported to the young States. It is hoped that this will assist them in building up economic branches, which are vital to the national economies of these States. The Federal Republic of Germany has made general tax concessions so far for capital investments in the developing countries, in order to encourage private firms and private individuals in West Germany to make productive capital investments on a long-term basis in these emerging nations. This ensued by means of the Development Aid Taxation Bill, which came into force on 23rd December 1963 and which began to make itself felt during the course of the year 1964. It is anticipated that these arrangements introduced in West Germany, which incidentally are regarded as exemplary, as well as the planned concessions in the United States will serve as a stimulus to other industrial States to take similiar steps. Once again, during the year 1964, the Federal Government contributed a great deal of money from public funds to assist the emerging nations in building up their economies. India was allotted particular preference in this context.

As far as West Germany is concerned, capital imports are higher than capital exports. The Federal Republic among the nations of the European Economic Community seems to be particularly favoured by those anxious to make capital investments. The first place among the investors is filled by the Americans, followed by the French. Moreover, the Americans invest in the countries of the E.E.C. to overcome the customs barriers of the Common Market. In this manner, they are looking for a favourable point of departure for exports into those countries associated with the European Economic Community. The Americans derive advantages here not only from their world-wide sales organisations but also from their extraordinarily strong capital power in comparison with European firms. In 1964, the Americans invested more than a thousand million dollars in the countries of the Common Market. That constitutes indeed a quarter of all the foreign investments made by American companies. During the coming years, it is to be expected that the Americans will invest in Europe on an even larger scale.

Prospects for 1965

Expert observers of trade conditions are all unanimous in stating that the climax of this short-lived and not particularly sensational boom in Germany has already passed by. They prophesy a slight decrease in business growth for the year 1965. The factors which come into play in determining such a decrease are the following:

(*a*) The assumption that the growth rates of exports will be lower.

(*b*) The fact that State expenditure will only increase by 7 per cent (as compared with almost 10 per cent in 1963 and 15 per cent in 1962).

(*c*) There is likely to be a considerable decline in the building boom.

(*d*) The steel boom is coming to an end, because the extra-ordinarily high demands of the year 1964 were for the most part involved in the filling up of warehouse stocks.

(*e*) The coal-mining industry will suffer to an even greater extent from the competition of oil as a raw material for producing energy.

(*f*) It is doubtful whether the high growth rates in the automobile industry can be maintained (even in 1964 sales on the domestic markets rose hardly at all, because large numbers of second-hand cars exercise pressure on the markets: the increase was to be attributed predominantly to export successes. A keener competitive struggle is to be expected and for this reason the large German firm of Volkswagen has now agreed to cooperate more closely with Auto-Union/Mercedes-Daimler-Benz).

Nevertheless, business conditions are likely to remain good, because there is sufficient incentive at hand. This stems primarily from private consumer trends and from the high investment activities of many firms. Strong impulses will be derived from private consumption, due to the fact that the amount of cash available will increase as a result of tax decreases to the tune of 3,200 million Deutschmarks, of an increase of 10 per cent in pensions and of increases in wages and salaries amounting to 8 per cent on the average. The firms will be obliged to invest more vigorously by dint of the keener competition and of the labour shortage. In addition, the excellent profits booked during 1964 will encourage investments.

The great unknown factor for 1965 is how exports will develop. Trade conditions have deteriorated so tremendously in the important purchasing countries that foreign trade business is becoming ever more difficult for the German firms. This is particularly true of Italy, where the Government has done everything possible and has succeeded in restoring the equilibrium of its balance of payments. The measures taken by the Italian Government, involving a stifling of demand and a throttling of imports have, however, resulted in a considerable lowering of German exports to Italy. In France, too, restrictive measures have exercised, to a considerable extent, a detrimental influence on imports and this again has become reflected in the order books of the West German supplier firms. Another very heavy blow to German exports was dealt by the customs increases introduced by the British Labour Government shortly after taking office. Indeed, during the past few years, Great Britain has gradually developed into one of West Germany's important foreign trade partners. Germany occupies fourth place among the countries, which supply Great Britain with goods. Exports to the United States present a much more optimistic picture and will continue to flourish. The Americans are passing through the longest trade boom they have ever had in times of peace. In view of the fact that the United States is the world's largest trading nation, the business situation there is extraordinarily important for the world economy as a whole.

When all the factors are taken into consideration, it looks very much as if the phase of general boom conditions in the Federal Republic of Germany is over and that, in 1965, it will be replaced by a period of calmer but nonetheless satisfactory growth. The financial report issued by the Federal Government estimates that, in 1965, the gross social product will rise by a nominal 8 per cent to attain to 445 thousand million Deutschmarks. The real growth has been fixed at 5 per cent, as compared with the 6 per cent increase registered in the year now drawing to a close.

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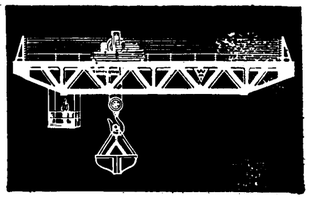
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BRITAIN AFTER THE ELECTION

Labour's Economic And Social Policy Elucidated

By JOHN J. MENDELSON, M.P.

THE first decisive fact about the recent British General Election is the massive defeat of the Conservative Government. A Government which went into the election with a majority of 100 received a clear vote of no confidence from the electorate. The second fact about the election is the victory of the Labour Party, albeit by a narrow majority. This victory was achieved against the built-in advantages of the Conservative Party which are inherent in the British economic and social system.

The Conservative Party had a great deal of money at its disposal. They were able to use their financial resources not only during the election campaign itself but, equally important, during the twelve months preceding the General Election. The Conservative Party were furthermore supported by a number of quasi-political organisations which specialised in a vast anti-nationalisation campaign directed against the Labour Party. The two most prominent organisations employed in this field were "Aims of Industry" and the Economic League. A number of industries and some individual firms conducted costly campaigns in carefully selected constituencies. It was, for instance, estimated that the firm of John Summers, one of the big steel firms, spent as much as three hundred and fifteen thousand pounds in one constituency alone. This was the constituency of East Flint which has major steel works within its boundaries. In spite of this effort, the Labour candidate, Mrs. Irene White, was returned with a vastly increased majority.

Complete Unity

The economic programme upon which Labour based their election campaign had been agreed upon at two Labour Party Conferences in the two years before the General Election of October 1964. The Labour Party had been completely united in support of this programme. The programme contained an important, but limited, element of socialisation which was incorporated in the general broad aim to get the British economy moving again. This aim was put into the centre of his campaign by Mr. Harold Wilson, Leader of the Labour Party and now the Prime Minister. The programme foresaw the taking into public ownership of the steel industry and of land released for development purposes. It also included an expression of intent to develop certain new industries on socialist lines where this would be in the public interest. For the rest, help would be given equally to privately-owned industries and public corporations to develop their export potential. It was also declared that the Labour Party would wish to concentrate upon an export drive in order to secure a decisive improvement in the British balance of payments' position.

Since the new Government took office they have proceeded with great rapidity and decisiveness to the implementation of Labour's election manifesto. Mr. Harold Wilson and his colleagues made up their minds on the day after the election they would govern the country firmly and fully in accordance with their election programme in spite of the small majority. This made an excellent impression throughout Great Britain and won the respect and support of many people, including some who had not actually voted Labour during the General Election. This point was proved in the first Gallop Poll published after the Government had been in office for four weeks, which gave Labour a lead of 11½ per cent over the Conservatives.

Payments Crisis

The new Government, however, found themselves in an extremely difficult international financial situation. They had inherited from the previous Conservative Government a grave balance of payments crisis. The balance of payments deficit had been growing apace during 1964 and had already reached very serious proportions by April of this year. Realising that the position would get much worse during the summer, Mr. Reginald Maudling, who was Chancellor in the previous Conservative Administration, had urged upon the Conservative Prime Minister that the General Election should be held in June. Sir Alexander Douglas-Home turned down this suggestion. in spite of the powerful economic arguments advanced by his Chancellor not to allow the balance of payments situation to deteriorate through the enforced uncertainty pending the holding of the General Election in Britain. Sir Alexander Douglas-Home decided, on purely political grounds, against a General Election, because he was afraid of being heavily defeated. In this, from a narrow party point of view, he may well have been correct, but, meanwhile, the international balance of payments position continued to deteriorate.

When Labour came to power, the new Government faced a balance of payments deficit estimated at £700 million by the end of the year. Quick and drastic action had, therefore, to be taken, in order "to stop the bleeding." as Mr. Harold Wilson recently put it in one of his speeches. The method chosen was the 15 per cent surcharge on most imports into Britain. This measure is of a temporary nature which will be abolished as soon as the balance of payment has shown the desired improvement. Raw materials and certain other items are exempted from the surcharge payment. This policy was designed to reduce unnecessary imports and to encourage British manufacturers to produce some of the items which could easily be produced within Great Britain, thereby lessening the drain on foreign exchange. At the same time, the Government announced a very limited measure of support for British firms engaged in the export trade. The encouragement and expansion of exports is one of the recurring themes of Government policy since Mr. Harold Wilson took over the reins of government. The Government are convinced that British exports could be very greatly increased, if our productive effort were to be definitely geared to an active export policy. The Labour Government, therefore, intend to release economic resources and manpower for the export drive. This would imply some curtailing of investment in defence expenditure and in prestige projects. To this end, the Government have announced that they are undertaking an urgent review of defence expenditure, particularly overseas. Military expenditure overseas has, of course, a direct and continuous influence upon Britain's balance of payments position.

Give and Take Budget

It was against this background that Mr. James Callaghan, the new Chancellor of the Exchequer, introduced his first short budget. The budget incorporated the 15 per cent surcharge which had previously been announced, an increase of sixpence in the standard rate of income-tax and an increase in the petrol duty. On the expenditure side, the Budget allowed for pension increases for retirement pensioners as well as for widows and other groups in receipt of pension benefits. These increased benefits will only become effective on 29th March 1965, and will be paid for partly by an increase in social insurance contributions, imposed upon workers and employers. These increased contributions. as well as higher income-tax rate, also start at the end of March next year. The increased petrol duty, however, became effective immediately on the day of announcement. This budget, as can readily be seen, is therefore "a give and take budget." Its total impact is to some degree deflationary and was so designed to meet an anticipated degree of pressure within the economy that looks like developing late in 1964 and early in 1965.

The increased pension payments have been long delayed and long overdue. This is common ground among all those who know about the standards of living of old age pensioners, widows, the war injured and those injured through industrial accidents. This policy of social improvement and reform was an integral part of Labour's Election programme and had received the fullest support of the electorate. In introducing these measures. however, the Chancellor of the Exchequer had taken great care to raise additional revenue in one way or another which would more than fully cover the increased expenditure. It is, therefore, a serious misconception to read any easy-going inflationary tendencies into Mr. Callaghan's first budget.

Sterling Under Pressure

In spite of this, the budget was soon denounced by the Conservative Opposition in Parliament as both inflationary and irrelevant to Britain's economic problems. There is no doubt that these attacks upon the budget by Mr. Maulding, the ex-Chancellor of the Exchequer, and other senior members of the out-voted Conservative Administration, had a bad effect upon the Government's reputation and. as the result, on the strength of sterling. Until the budget debate, sterling had been firm on the international exchanges. The pound was still holding its ground when the budget measures were announced. But it was after the consistent denunciation and misrepresentation of the budget by opponents at home and abroad that the speculation against sterling developed in earnest. It is assumed in London that it was not so much the actual measures contained within the budget that enlarged the Opposition and some sections of the City, but two important announcements made by the Chancellor during his Budget Speech. In that speech, the Chancellor firmly committed the Labour Government to an introduction of a capital gains tax next April, but he did not forecast any of the details of this new tax. The Chancellor also announced a new corporation tax to come into effect next year which would replace the present system of taxing company profits. Here again, in the nature of things, the Chancellor was obviously unable to make known any details about his next budget to be introduced in 1965.

The Chancellor of the Exchequer, both in his budget statement and in all his policy declarations before and after the budget, has been firm in announcing the Government's intention to maintain the value of sterling. He has persistently denied any intention to proceed to a policy of devaluation. In spite of these assurances, backed by a policy designed to improve Britain's balance of payments position, the run on sterling developed most dangerously during the week between 16th and 22nd November. This forced the Government to increase the Bank Rate from 5 to 7 per cent. The announcement was made on a Monday instead of the traditional Thursday and was an indication of the serious view taken by the Government about the developing speculation against sterling. However, the drastic increase in the Bank Rate brought only a brief respite, and the speculative attack on the pound, aided by a considerable outflow of foreign money from London, was soon renewed. This led to the need of further international credit arrangements in addition to the standby loan provided by the International Monetary Fund. The short-term loans, which Mr. Maudling had arranged through various central banks abroad when he was still in office, would soon be due for repayment and would probably require most of the first slice drawn from the I.M.F. All these circumstances made a further large-scale provision of credit for Britain absolutely imperative. This was accomplished through the three billion dollars credit jointly provided by the central banks of ten countries. As is well known, the United States Federal Reserve Banking Authorities took a leading part in mobilising these monetary resources to come to the aid of sterling. In this operation, the central banks of the countries concerned were, of course, serving their own interests as well as the interests of Britain, because they are naturally interested in maintaining the value of sterling as one of the international reserve currencies.

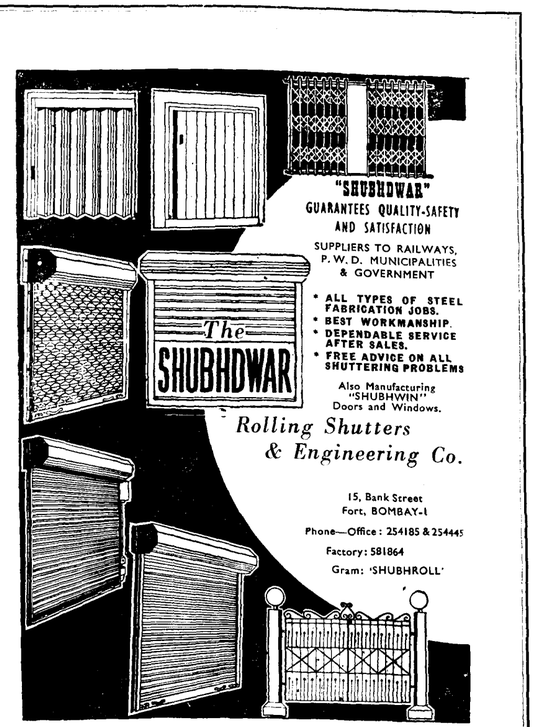
Incomes Policy

It is now to be hoped that the pound will settle down and that the British Government will have an opportunity to proceed with its economic policy and take the necessary measures to increase production and productivity throughout the British economy. The Government regard an agreed incomes policy as one of the cornerstones of all their efforts in this respect. The First Secretary and Minister of Economic Affairs. Mr. George Brown, is spending a great deal of his time in trying to achieve the implementation of an incomes policy. He has had several meetings with the representatives of the employers' federations and with the General Council of the Trades Union Congress. The discussions between these bodies and the Government are only in their first stages. They are reported to be going reasonably well. The Government have in mind a programme in three phases for these negotiations. First the Government are inviting the unions and the employers to put their names to a "Declaration of Intent" to bring about an effective incomes policy. It is hoped that this declaration may be agreed upon and published by the beginning of 1965.

The Labour Government are pledged to have due regard to all types of income in their approach to an incomes policy. This is the essential precondition which would make possible the co-operation of the Trade Union Movement in the search for such a policy. This means that profits, prices and rents, as well as wages and salaries, must be incorporated in any plan for the agreed and necessarily limited growth of incomes. With this end in view, the Government are proposing the setting up of a new price-review body which, it is hoped, would play some part in checking the rise of prices. The employers' federations find this particular proposal rather difficult to accept. At the same time, a policy of a limited growth of wages without an effective price review body would not make sense to the industrial workers of Great Britain, who are organised in the Trade Union Congress. The first draft of the proposed Declaration of Intent was returned to Mr. George Brown by the employers and by the trade unions with suggested alterations an emendations to the original draft. Since then the Minister has held further meetings and joint agreement on the basis of a revised draft declaration is now reported to be within sight. An agreed incomes policy would be a tremendous achievement for the Labour Government, an achievement which had been attempted by the previous Government and had regularly ended in failure. It would provide a basis for the steady expansion of production at home and for a vigorous export drive abroad.

For all these constructive policies to develop and bear fruit, the new Labour Government need time. The Government believe that the policy of expansion can be accomplished and the international balance of payments position greatly improved without recourse to heavily deflationary policies which would involve unemployment and widespread short-time working. The Government are convinced that there is, therefore, no need to return to the stop-go-stop economic policies of previous Conservative Administrations. Contrary to this view, Britain is now receiving a great deal of advice, from our trading partners abroad, urging a policy of deflation. This was made very clear at the current meeting of O.E.C.D. in Paris. M. Pierre Brasseur, the Minister of Foreign Trade in the Belgian Government, made himself the leading spokesman of this view and told the conference that Britain should adopt a rigorously deflationary policy and that this would be, in his opinion, the only potentially successful means of surmounting the difficulties besetting the British economy. This view is rejected by the British Government and was firmly resisted at the Paris Conference by Mr. Gallaghan and his ministerial colleagues. Mr. Anthony Crosland, one of the younger and one of the ablest Ministers at the Treasury, voiced some surprise that people should be so certain about the dose of deflation that ought to be imposed upon the British economy. He maintained that there are many widely differing views held by economic experts on this matter. The British Government for their part firmly adhered to the view that a heavily deflationary policy was unnecessary and would be positively harmful to the long-term prospects of economic growth in Great Britain.

LONDON, 8th December.



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U. N. CONFERENCE ON TRADE AND DEVELOPMENT

BACKGROUND—A RESUME OF MAIN DECISIONS

By Dr. N. A. SARMA

THE discussions at the United Nations Conference on Trade and Development convened in Geneva during March-June 1964 are likely to be of major significance in reshaping the foreign trade possibilities and the economic development of the less-developed countries of the world, in due course. The representatives of as many as 120 nations came together at this Conference for the first time and, while no spectacular results of immediate benefit to the developing countries were obtained, the Conference served to underline the main problems faced by these countries in the field of economic development and foreign trade, the attitudes of the few industrialised countries, and also helped to evolve certain useful approaches.

G.A.T.T.

Earlier, in 1947, the Havana Conference did not result in the setting up of an International Trade Organisation. The G.A.T.T. was a by-product of this Conference and has been an effective instrument in restoring order into the pattern of world trade which had been disrupted during the Depression and War years. However, despite some efforts on the part of its secretariat, the G.A.T.T. has, on the whole, failed to promote the trade of primary producing and other developing countries of the world. This failure is mainly attributable to (*a*) the most-favoured nation principle and the principle of reciprocity on which G.A.T.T. is based, and (*b*) the lack of political will on the part of the industrially advanced countries in implementing even such measures as have been agreed upon during G.A.T.T. sessions. In the recent Geneva Conference, the institutional machinery became the subject of rather animated discussion and some controversy. A compromise solution finally emerged, under which the proposed new machinery would function, without replacing the G.A.T.T.

Development Decade

The U.N. Development Decade growth target by 1970 is a modest one of 5 per cent per year in national income. Given the population growth of 2 to 2.5 per cent in many of the less-developed countries, this growth rate, even if achieved, would indeed be inadequate. In fact, in recent years, the overall growth rate has been noticeably less; 4.4 per cent in the 1950's—but in more recent years 4 per cent or less. Fluctuations and declines in export earnings from primary commodities adversely affect the development effort of low-income countries. While essentially the economic development of a country is dependent on its domestic effort, sustained over a period of years, there is a crucial role played by external resources, particularly in the initial years. Imports need to grow at about 6 per cent a year, if a growth rate of 5 per cent is to be attained, due to higher import content of investment which is accelerating. Hence it is that the import capacity of a country has a direct and important bearing on a country's economic prospects. This import capacity comprises export earnings, net invisible receipts, and external assistance in grants and loans. Together they have fallen short of minimum requirements related to the development decade targets. In particular, the trends in export trade of less-developed countries and in their invisibles have been disquieting. This experience is clearly illustrated in Latin America, where excessive dependence on a few primary commodities, balance of payments difficulties, slow economic growth and social progress, and inflation have all been inter-related.

Population and Growth

To raise the living standards of the people, and to correct the structural imbalances in their economies are the common objectives of policy in the economic sphere in less-developed countries. The rather high population growth rate naturally sets the pace for development effort. In the less-developed world, with an annual rise in population of 2 to 2.5 per cent, there is virtually a "population explosion." But this is due not so much to a rise in the birth rate as a decline in the death rate. National and international programmes in all these countries have had a most welcome influence on mortality rates. In India, for instance, family planning and population control have been accepted as desirable and necessary, but the average expectation of life has risen from 30 years three decades ago to over 40 years now, and the rate of population growth has risen from 1.5 per cent during 1941-50 to 2 per cent during 1951-60, and to 2.4 per cent currently. Therefore, if there is to be any impact at all of economic development on the living standards of the average citizen in these countries, after providing for the necessary investment effort, the aggregate national product has to rise by much more than the population growth rate. Therefore, the 5 per cent growth rate has been postulated for this decade. This has to be construed as the minimum. As the Secretary-General of the Conference underlined in his statement at the Conference: "... I have proposed a series of measures, bearing in mind that the 5 per cent rate set by the United Nations General Assembly as a growth target for the developing countries by 1970, is a very modest rate which must be exceeded as soon as the necessary conditions for raising it have been created. I have thus proposed measures which can be considered reasonable, but at the same time, modest and moderate."

Growth Rate for India

India should be among the first to welcome higher income targets, as the average income levels in India are among the lowest in the world—equivalent to no more than $70 *per capita*, after over a decade of conscious development effort. During the 13 years since the first Plan commenced, the growth rate (measured in terms of aggregate national income at constant prices) has averaged 3.5 per cent, compound, per annum. We have striven to raise domestic resources—the rate of domestic savings has gone up from 5 per cent to over 10 per cent; and the domestic resources have been supplemented to a useful extent by external capital assistance from friendly countries and international institutions. Even so, the growth rate has not been spectacular. Perhaps, the results may have been better purely from this viewpoint, if another pattern of investment had been chosen. But, while not concentrating wholly or unduly on heavy industries, some necessary priority has been assigned in investment allocation to power and heavy industry, with a view to correcting the basic structural imbalance in the economy and improving the growth potential, so that the foundations for sustained growth in future years are well and firmly laid.

Any income target has to be construed as and translated into the means for attaining it—i.e., the major tasks that have to be undertaken. While growth has to be based essentially on domestic effort, increased trade opportunities and larger aid from developed countries have an important role to play in the economic growth of developing countries, particularly in these initial years. For the present, proceeding on the basis of a 5 per cent growth rate, the volume of capital needed from developed countries is estimated to be one per cent *net* of their aggregate national product; it is important that this one per cent should be net of repayments. On this basis, the total would be substantially larger than what is provided currently. This should be the minimum contribution from developed countries; a larger contribution of 1.5 per cent or more of national income would be required to enable a growth rate of 5 per cent *per capita* in the developing countries.

Financial Aspect

Even so, considerable effort is needed by ourselves, those of the less-developed countries, to raise domestic resources to the maximum extent possible. The higher our sights are set, the more heroic would our own effort need to be, for, over any length of time, much the larger part of development effort has to be our own. While this domestic development effort has several facets, the most important relates to improving savings for investment. In formulating a development plan not only should the practicability of particular programmes of development be thoroughly examined from the viewpoint of availability of the necessary real resources, including organisational aspects, but the feasibility of the whole programme of development should be viewed against the limits set by the financial resources that could be mobilised. The financial aspect should, therefore, be considered concurrently, and as strict an estimate of financial resources, *ex-ante*, as possible, according to assumptions clearly understood and procedures precisely followed, would surely help in formulating a plan that is likely to be implemented in full.

Trade in Commodities

During 1963 and 1964, there has been an improvement in the prices of primary commodities and, on the whole, the developing countries have shared fairly satisfactorily in the expansion of world trade. However, it is unlikely that this improvement will be sustained and mark a reversal of the trends in the last 10-12 years. The aggregate share of less-developed countries in world trade has steadily declined from about one-third in the early 'fifties to one-fourth at present. In fact, excluding petroleum crude and products, the share of developing countries in world exports is now less than one-fifth. Their export volume increased on an average by about 4 per cent per year. This growth in the export volume was itself lower than the growth rate in world trade; this was accentuated by the adverse movements in terms of trade against them, mainly due to a decline in commodity prices, both agricultural and mineral.

Common to All

The problem is common to all developing regions, whether in Latin America, or in Africa, or in Asia. Illustratively, Latin America's share in world total of exports fell from 9.4 per cent during 1950-54 to less than 7 per cent in 1960-62. During the so-called commodity slump period, i.e., 1955-56 to 1961-62, the foreign trade picture of developing countries turned particularly gloomy. During this period, the value of the combined exports of developing countries increased at about 2 per cent per year, as against 6-7 per cent growth rate in exports of developed countries; the average rate of growth in exports was 2.9 per cent for Africa, 1.4 per cent for Asia, and 0.9 per cent for Latin America. The trade gap has been further worsened by the unfavourable balance under invisibles, especially under external debt servicing and transportation account (shipping).

Certain projections based on past trends, made by Prebisch and his colleagues, place the combined deficit of all developing countries together at as high a level as $20 billion by 1970, unless deliberate steps are taken to counter these trends. An earlier G.A.T.T. study by Harberler and others in 1961 placed the 'gap' by 1975 at $15 billion. It is, of course, not possible to be precise about such projections. Whatever the actual size of this gap, and it would in fact depend on the assumptions made and the method adopted, there is no doubt that it is large and widening. The problem has also to be viewed against the larger perspective of the development requirements of these countries.

Committee I

The primary commodities problem was the concern mainly of Committee I of the Conference.* Technological progress, reflected in the growth of synthetic substitutes and more economical use of raw materials, has been affecting demand for a number of commodities. According to several F.A.O. studies, even in the normal course and under fairly favourable conditions, demand for many of these commodities rises but slowly, at not more than 1½ to 2 per cent per year. Greater production of such commodities within the industrialised countries themselves in the last 15 years has had an adverse impact on the trade of developing countries in these commodities. The foreign exchange problem becomes acute for a country whose exports are concentrated in one or two commodities. The solutions sought are in the direction of liberalised market access, and commodity agreements with price stabilisation features.

The stabilisation of prices and markets for primary commodities could be attempted in a series of commodity agreements covering the main cereals, fibres, beverages, vegetable oils, rubber, minerals and metals. A measure of discipline both on the consuming countries (by way of balancing the growth of synthetics and substitutes) and on producing countries (by periodic restraints on production, to be determined from time to time, which might otherwise tend to overstrip demand) has to be an accepted feature of such commodity agreements. Secondly, the building up of stocks and markets operations based on them would require financial contributions by developed countries, particularly the principal consuming countries. An arrangement within each commodity agreement for a "trade development and price fluctuation fund" should also be considered. There may also be several commodities in respect of which there may not be any definite commodity agreements but which may have to be subjected to a certain degree of informal regulation through the process of consultation and confrontation in a common forum and may require a certain modicum of financial assistance for reconversion operations or for tiding over difficult periods of adjustment.

One way of assisting the primary producers is to conduct systematic research seeking new uses for some of these commodities, and thereby to some extent offset the consequences of technological progress which results in the development of synthetics and more economical use of raw material resources. Much greater effort and finance must go into this area of investigation than hitherto. Finally, the enduring solution to the problem of primary producers lies in the diversification of their export trade, so that undue dependence on one or two items is gradually reduced; this diversification could be partly in the agricultural sphere itself, but should certainly be also through industrialisation. Various ideas were brought together under a so-called *chapeau* —an umbrella—that obviously is a compromise, which would have to be tested in actual implementation.

Committee II

Trade in manufactures was the concern of Committee II. The main proposals made by developing countries were: (*a*) all duties at below 10 per cent to be abolished on exports of manufactures and semi-manufactures by developing countries to developed countries and duties above 10 per cent to be reduced by half, for a period of about ten years, and (*b*) preferential treatment to be accorded to such goods for a limited period of, say, ten years. The main case for such preferential treatment rests on the infant industry argument extended to the international trade field. It should be recognised that, even with such preferential treatment, it would take long before the likely total increase in exports of manufactures and semi-manufactures by developing countries to developed countries would assume any large proportions. Therefore, to counter this demand by arguing that it would lead to disruption of markets in industrialised countries does not seem generally valid. The scope among the less-developed countries themselves for increased trade and co-ordinated developmental effort is also important in this context. The Secretary-General of the United Nations was requested to appoint a Committee of Government representatives to consider the matter with a view to working out a method of preferences on a non-reciprocity basis for manufactures of developing countries.

Committee III

Committee III was assigned questions relating to the financing of international trade, and invisibles. The Committee identified a few major questions during the course of its deliberations: (i) The need for higher growth rates in developing countries, and measures to be taken by developed and developing countries including measures to improve foreign exchange availability; (ii) guide-lines for international financial co-operation, terms and conditions of aid, and the relation of trade and aid to maintain the continuity of development programmes, which themselves need to be well-formulated; (iii) the need for and ways and means of increasing the flow of financial resources to developing countries; (iv) compensatory financing—both short-term and in the longer run; (v) the increasing burden of external debt servicing, and the need for rescheduling or consolidating debt, in appropriate cases, after suitable appraisal; (vi) shipping problems, from the viewpoint of the trade of developing countries, especially their unfavourable balance on 'invisibles' account. Some of the main issues became subjects of protracted, often difficult, but, on the whole, fruitful discussions both within the Committee as well as outside; the attempt was to obtain the largest possible measure of agreement among developed and developing countries. A consensus was finally reached, though complete agreement was not always possible. From the viewpoint of developing countries, the recommendations represent a definite step forward, and in accord with the substance of their original proposals.

A major debate developed around shipping—the procedures and practices of shipping conferences and freight rates. The following resolution was finally adopted, unanimously:

"The Conference recommends that appropriate inter-Governmental procedures, including any Committee that might be deemed necessary, be established under the U.N. system or as part of the institutional system that might be set up under the U.N.C.T.A.D., to promote understanding and co-operation in the field of shipping, and to study and report on economic aspects of shipping that might be referred to it."

Growth and Aid

The agreed text on "growth and aid" brought together the various ideas, but avoids 'targets' and 'quantification.' The substance of this rather comprehensive recommendation is as follows:

The Conference recognises the urgency of accelerated growth in developing countries and notes that rates of growth of national income of developing countries in recent years have been generally unsatisfactory. It also recognises the wide concern expressed regarding inadequacy of the growth target of 5 per cent per annum set for the U.N. Development Decade. The Conference acknowledges the need for steps to be taken by both developed and developing countries to mobilise domestic and international resources for accelerated growth in developing countries at rates even higher than those envisaged for the development decade, where possible. It is recognised that the import capacity of developing countries (i.e., the combined total of export proceeds, invisible earnings and capital inflows) should rise sufficiently, so as to enable these higher rates of growth to be achieved, and that all countries, developed and developing, should take, individually and in co-operation, such measures as may be necessary to ensure this. The Conference also recommends that each economically advanced country should endeavour to provide financial resources to developing countries of a minimum *net* amount approaching as nearly as possible to one per cent of its national income.

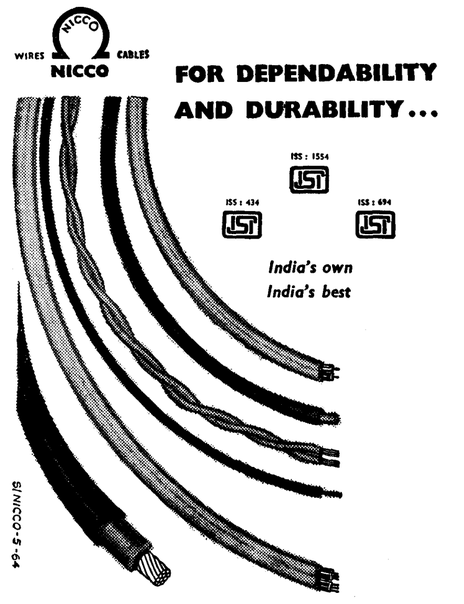
Committees IV and V

As for institutional arrangements, which were discussed in Committee IV, what finally emerged at the Conference was the proposal for a Trade and Development Board, with 55 member countries, which will have under it a commission on commodity arrangements and policies, machinery for shipping, and other bodies. The Conference itself, as an organ of U.N. General Assembly, is to be reconvened periodically, once in about three years. The Secretary-General of the United Nations was requested to appoint a Committee for Conciliation Procedures before voting in this Trade and Development Board. Committee V of the Conference concerned itself with principles of international trade.

The Gains

As stated at the outset, a main gain from the Conference is the distinct progress in thinking on the various problems, both among the developed countries as well as among developing countries; in particular, the need for relating trade and aid policies to development efforts. The so-called North-South division is also to be noted, into industrially advanced countries and developing countries; in particular, the emergence of the so-called "75" as a cohesive and active force to be reckoned with. How effective the institutional arrangements will prove to be in helping forward the cause of developing economies would depend mainly on how the proposed organisation is built up and how it would function, particularly in the initial three or four years. In any case, the G.A.T.T. itself is likely to become more active in regard to the trade problems faced by developing countries.

*Each of the five committees was a committee of the whole Conference, and they were in session for 8-9 weeks.



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THE HUMAN FACTOR IN ECONOMIC GROWTH

(*Concluded from page 30*)

sons in the country are suppressed in their development by those above them, who live in the fear of being outshined by junior persons and therefore prefer to keep them down the ladder as far as possible. Promotions in various establishments based either on routine seniority or favouritism makes it impossible for brilliant young persons to do their best. In the academic field, the dominance of the administrator works havoc, by reducing academic persons to routine workers seeking favours from the administrator by flattery. All these tendencies result in wastage of human resources by which the growth of so many capable persons is stunned.

It will thus be seen that there is considerable room in many spheres of human activity for improvement in the human factor in order that it may contribute its due share to economic growth. Investment of material resources may not bear the desired fruit if the increasing weaknesses of the human factor such as those referred to above are not corrected in time. One may venture the suggestion that it may be in the larger interests of the country, if we have a five-year Plan of Consolidation in which we may continue the activities to which we are committed including the removal of some urgent immediate deficiencies such as food, and concentrate on the development of the human factor. If this is achieved, the foundations of a sound and rapid rate of economic growth will be firmly laid and the country prepared to face all difficulties with determination to succeed.

THE PROBLEM OF RISING PRICES

Disciplining Consumption Not An Effective Solution

By Prof. P. C. JAIN

THERE has been an unprecedented rise in wholesale and retail prices in India during the past few months not only of foodgrains and industrial raw materials but of all commodities of daily use such as milk, vegetables, eggs, ghee and oil. There has also been a rise in the prices of manufactured goods but, in the wake of an enormous increase in food prices, this has not received much attention. The general index of wholesale prices touched a peak level of 160.1 in the week ended 19th September 1964—this registering an increase of over 17 per cent in wholesale prices and a much greater increase in retail prices over the past year. The wholesale prices have since somewhat declined but they are still very high and there has been no reduction in retail prices, which in some cases continue to rise.

As has been the experience in recent years, the prices of food articles and industrial raw materials have recorded a much greater increase than the prices of intermediate and manufactured goods. Between October 1963 and September 1964, the prices of food articles and industrial raw materials recorded an increase of over 23½ per cent and 22 per cent, respectively, while the prices of manufactured goods, over this period, increased by nearly 4½ per cent. Commodity-wise, the increase has been "more noticeable in wheat (51.7 per cent), rice (11.0 per cent), gram (108 per cent) and groundnut (37.8 per cent).

There is no theoretical justification for holding such a view, but it seems reasonable to assume that, once the prices of foodgrains are brought down and stabilised, the other prices will also come down. There might be a time-lag in this but that would not really matter much. The effort at present, therefore, is primarily at stabilising the prices of foodgrains. Once these prices are stabilised, it would not be difficult to stabilise the prices of industrial raw materials, intermediate goods and manufactured goods.

Obvious Remedies Not So Easy

There is no controversy about the long-period methods of stabilisation. An increase in production, and especially in productivity, is a sovereign method of stabilising the price level. But increasing production and productivity are not so easy as they appear to be. In the case of agricultural production, the supply of seeds, fertilisers and irrigation water has to be properly balanced, the cultivator has to be supplied the necessary finances for buying improved implements and bullocks and has to be persuaded to use improved methods of cultivation. Above all, the administrative machinery in charge of increasing agricultural production has to be made more efficient and honest. These things are not impossible but the efforts which the State Governments have so far made in this direction are quite inadequate.

It seems that, in India, the law that with increased incomes the cultivators tend to reduce production has also interfered with the Government's policy to increase agricultural output. Moreover, with an improvement in the cultivator's economic condition, his own consumption of foodgrains and the stocks which he holds for future sale have increased, thereby defeating the purpose of higher agricultural production in increasing the supply of foodgrains in the market for the non-cultivating consumers. This, of course, does not mean that efforts to improve the economic condition of the rural people and to ensure the cultivator an adequate price for his produce should not be continued. But this certainly means that, while efforts are made to provide incentive prices to the cultivators, equal efforts should be made to persuade him to resist his temptation to reduce production with rising money income and to spare as much 'surplus' as he can for the market. Moreover, although the Reserve Bank's policy for liberalising credit facilities for the cultivators should be continued, the State Governments' machinery should ensure that the increased credit is not used by the cultivators —especially the bigger cultivators— for withholding 'surplus' stocks from the market but is used for increasing production and productivity, for which it is really meant.

Controls

The Government have so far relied, in their effort to stabilise foodgrain prices, on creating wheat and rice zones and regulating the flow of foodgrains between zones, controlling the stock which traders, cultivators and consumers can hold and on fixing minimum and maximum statutory producer's prices for selected foodgrains and regulating the wholesale and retail prices of rice, wheat and some other food article. But whatever might be the theoretical justification for these methods, in practice, they have failed to make any marked impression on food prices in India. There are many reasons for it. The controls and regulatory measures adopted by the Union and State Governments are so excessive, and conflicting with each other, that they have actually hindered the free flow of commodities from the 'surplus' areas to the 'deficit' consuming centres. In their misguided zeal and from a purely 'provincial' point of view, some States have imposed completely uncalled for restrictions on the inter-State movement of *gur* and *khandsari*, pulses, gram and oilseeds. The 'surplus' States have deliberately failed to supply the promised quantity of wheat and rice to the 'deficit' States.

With these conflicting policies and inter-State jealousies, the traders have not found it possible to move food articles from surplus to deficit areas, which in the past was instrumental in preventing an inordinate rise in food prices in any particular area. It is also true that, in the process, some traders have also indulged in black marketing and profiteering. But a dispassionate study shows that such activities have not been the major cause of rising food prices. The real cause is the holding of greater stocks, especially by the bigger cultivators, and a defective movement of cereals, pulses, oilseeds and other food articles from surplus to deficit areas.

Corruption Gets New Lease of Life

This shows that, in order to stabilise the price level, it is necessary to reduce the number of controls and regulatory measures, if they could not be abolished altogether, and to remove the contradictions and conflicting policies which have crept into these control measures. It is an unfortunate fact that, with every tightening of controls, the traders and businessmen are 'forced' to grease the palm of unscrupulous subordinate officers with more illegal gratification to continue in business. The net result of control measures has been to increase corruption in the country, to make some category of officials 'richer' and to make a mockery of the Essential Commodities Act, the Defence of India Rules and other regulatory measures.

Unless the administrative machinery is considerably improved and better class of officials are placed in charge of this work by the State Governments, the existing control measures, and every tightening of control and regulation, would make the lot of consumers worse. The condition at present is that, although the fair price and ration shops are selling foodgrains at controlled prices, the quality has deteriorated by an increase of dust and debris in the goods sold and thus the effective price which the consumers actually pay is higher. Moreover, in most cases, the consumers have to buy foodgrains in the 'free' market to supplement their meagre rations and have to pay higher prices for a part of their food consumption. It appears that, with the withdrawal of controls, on a gradual and phased time-schedule, the condition of consumers would improve and, although they might have to pay somewhat higher than the 'controlled' prices for meeting their requirements, the actual increase in the cost of foodgrains purchased and consumed by them would not increase appreciably. Incidentally, this will help the Government to save a huge amount of expenditure which is at present incurred on the administration of controls and food rationing. It is possible that some difficult pockets might arise in some parts of the country as a result of withdrawal of controls, but reserve stocks held, from imported wheat and rice and from internally purchased foodgrains, at strategic points in the country should enable the Government to prevent a crisis from developing.

Food Corporation

It is unfortunate that, instead of thinking on these lines, the Government's policy is for still further tightening the control on the distribution and prices of foodgrains. While introducing the Bill to set up the Food Corporation of India in the House of the People, Mr. C. Subramaniam pointed out that, since statutory controls had not been found adequate to control the traders, a "new economic instrument" is being forged for this purpose. In the beginning, this Corporation will only act as an "alternative machinery" to purchase, process and distribute foodgrains, but it might be given monopoly powers for buying and selling foodgrains at the wholesale, and possibly the retail, stage later on to teach a lesson to the traders. There is already a 'gap' in the resources available to the Government for the fourth Plan. From where will the Government get the huge capital required for monopolising even the wholesale trade in foodgrains? We know the quality of administrators which is available to the Government and even if they are especially recruited, as Mr. Subramaniam pointed out, there is no hope that they would be able to show the degree of initiative, promptness and boldness which is required in handling the foodgrain trade. The trade in foodgrains is not as foolproof and automatic a process as the Government would like to believe.

There is every likelihood that, instead of ensuring incentive and remunerative prices to the farmers and guaranteed maximum prices to the consumer, the Corporation, if it is ever given monopoly powers, would result in the cultivators getting still lower prices and the consumers paying higher prices for foodgrains than is the case at present. But, as long as the Food Corporation remains only an "alternative machinery," it cannot do much damage except that the confusion of the already complex situation would become a little worse.

Investment Policy

The experience of the past few years in India shows that food prices, or for that matter any other prices, could not possibly be stabilised by merely regulating the supply of that commodity. It is necessary to regulate demand and for this purpose the fiscal, monetary and investment policies of the Government have to be properly coordinated. There has been an inordinate increase in the development and defence expenditure of the Government during the past two years. This enormous increase in public expenditure has increased the purchasing power in the hands of the people and unless this is reduced, there is no hope of stabilising the price level, in spite of all we might do to regulate the distribution of available supplies both from internal surpluses and from imports. Since defence expenditure has a high priority, there has to be a reduction in development outlay, and especially in the non-developmental outlay, of the Union and State Governments to prevent the prices from rising. Although sometimes the Union Finance Minister and some Reserve Bank officials refer to this matter and point out that Government's total outlay should be reduced and deficit financing should be eschewed, no steps have so far been taken to adjust the Government's investment policy to the requirements of price stabilisation.

The Government has, instead, relied on an increase in taxation to mop up the 'surplus' purchasing power in the hands of the people. This method has undoubtedly some validity, but the manner in which it has operated in India has been such that it has actually caused hardship to consumers, belonging to lower income groups, who have already been hard hit by rising prices, and has increased the costs of production of producers, especially industrial producers, thereby adding to cost inflation in the economy. What the taxation policy of the Government has failed to do is now expected to be achieved by a national consumption policy. But in an economically backward country like India, with lack of suitable statistical information, poor administrative machinery and people's resistance to any discipline of personal consumption, such a policy, although theoretically sound, is not likely to be very helpful in stabilising the price level, at least in the immediate future.

INDIAN MACHINE TOOL INDUSTRY

Progress Made Spectacular—Problems Of Expansion Intricate

By S. M. PATIL
MANAGING DIRECTOR, HINDUSTAN MACHINE TOOLS LTD., BANGALORE

THE Machine Tool Industry is the main plank on which modern industrialisation is based. In the ultimate analysis, the capital equipment required for the large-scale industrialisation is very much dependent upon the products of this industry Its ability to produce multi-farious types and varieties of machine tools necessary for industrialisation is a vital factor affecting the industrial progress and the material prosperity of a nation. Besides, the industry's importance is strategic more than quantitative. The machine tool is the mother of mass production and of modern industry itself. Nearly every artifact of our civilisation is either made on machine tools or made by machines that are made on machine tools. Hence the necessity for developing this basic industry is as urgent and important as any other infrastructural needs of our country. In a rapidly industrialising country like India, the demand for machine tools has hence been steeply rising. In spite of the very commendable progress achieved by the indigenous machine tool industry during the past two decades, the consumption of machine tools, including metal-forming machines, in the country has completely outstripped the capacity of the industry so far; presently, about 75 per cent of the country's requirements of these are being met through imports at the cost of valuable foreign exchange.

Although the early records of machine tools made in India go back to 1890, India emerged out as country with some machine tool industry only after the Second World War. The history of progressive development of the Indian machine tool industry can be chronologically phased into, perhaps, different periods. The first phase of development is the period between the Second World War and the time after India became independent and embarked upon the first Five-year Plan in the year 1950, namely, the period between 1942 and 1950.

Phase I—1942 to 1950: With the outbreak of the Second World War, the Indian industry had to gear itself to the manufacture of defence equipment, with the consequent increase in the demand for machine tools. Although the situation even as late as 1941 was not so acute as imports of machine tools from the Allied countries continued to come through, the situation was far from satisfactory. Apprehensive of the future, the British Government in India took all possible measures to develop the indigenous machine tool industry. With the keen patronage of the Government, the industry established itself well, as can be seen from the figures of production and imports from the year 1942 to 1945:

(Values in Rs. millions)

Year	Production indigenous	Imports	Total consumption
1942	0.61	5.69	6.30
1943	6.36	5.36	11.72
1944	7.78	15.27	23.05
1945	11.16	18.20	29.36

Immediately after the war, however, the Indian machine tool industry faced a debacle, mostly because of its structural weakness and technical inability as can be seen from the following statistics of production and imports of machine tools during 1946 to 1950:

(Values in Rs. millions)

Year	Production indigenous	Imports	Total consumption
1946	9.12	18.32	27.44
1947	4.68	36.76	41.34
1948	5.47	41.44	46.91
1949	4.72	41.96	46.68
1950	2.86	24.90	27.76

In this declining period of the Indian machine tool industry, namely, 1946 to 1950, many small-scale manufacturers of machine tools, who were unable to improve the quality of their products and diversify their programme by taking up new and modern types of machine tools required in the country, could not face competition in the open market and, therefore, abandoned gradually the manufacture of machine tools. Even some of the leading firms who had undertaken the manufacture of machine tools during war-time, had not been able to organise their factories to the peace-time requirements and in the manner necessary for the manufacture of precision machine tools. Most of them either did not possess adequate, modern equipment for the manufacture of precision components or the required knowledge of the technique of building precision machine tools. Practically every one of them suffered from financial difficulties. On the other hand, imports of machine tools during this period had been increasing consistently with the growing manufacturing activities in the country after independence, as can be seen from the above statistics.

Phase II—1950 to 1955: The Independent Government, realising the basic and vital importance of the machine tool industry, had, therefore, to take suitable measures to ameliorate the conditions. The State policy of participating in the industry in the public sector came into reality when the Government of India signed an agreement in 1949 with Messrs. Oerlikon Machine Tool Works, Buehrle & Co., Zurich, Switzerland, to set up the Hindustan Machine Tools (H.M.T.) Factory in Bangalore. The period between 1949 and 1955 seems to have been spent in finalising the project, location of the site, construction of the factory buildings, recruitment and training of the required staff and workmen, etc., since the actual production in the factory commenced only from the year 1956. Indigenous production of machine tools during this period somewhat increased at a very slow rate, in spite of the fact that the imports of machine tools had registered a steep rise as can be seen from the following import and production figures for 1950 to 1955:

(Values in Rs. millions)

Year	Production indigenous	Imports	Total consumption
1950	2.86	24.90	27.76
1951	4.73	25.00	29.73
1952	4.44	22.11	26.55
1953	4.41	31.27	35.68
1954	4.71	28.64	33.35
1955	6.79	52.89	59.68

Phase III—1955 to 1960: During the second Five-year Plan (1955 to 1960), tremendous impetus had been given to develop the indigenous machine tool industry. There had been considerable improvement in the industry's performance, since H.M.T. stated contributing its mighty share. The total production of machine tools which stood at about Rs. 6.8 million during 1955 shot up to nearly eight times, namely, Rs. 55 million during 1960, of which H.M.T.'s contribution rated as high as 55.7 per cent as can be seen from the following figures for the period.

(Values in Rs. millions)

Year	Production indigenous	Imports	Total consumption	HMT's contribution	
				Value	Percentage of indigenous production
1955..	6.79	52.89	59.68	..	..
1956..	10.82	83.72	94.54	4.19	38.7
1957..	23.48	146.43	169.91	14.83	63.3
1958..	30.40	153.10	183.50	20.24	66.6
1959..	43.50	176.40	219.90	21.40	49.2
1960..	55.00	230.00	285.00	30.60	55.7

Current Period—1961 to 1963: During the third Five-year Plan, encouraged by the past performance of the indigenous machine tool industry and realising that, with greater emphasis on the development of basic and heavy industries, there would be heavy demand for machine tools (estimated to reach Rs. 650 million during 1965), the target of indigenous production was set at Rs. 300 million per year towards the end of the Plan period. Actual performance so far can be seen from the following figures of imports and productions for the year upto 1963 with H.M.T.'s contribution:

(Values in Rs. millions)

Year	Production indigenous	Imports	Total consumption	HMT's contribution	
				Value	Percentage of indigenous production
1961..	77.10	260.00	337.10	40.50	52.5
1962..	115.02	333.28	448.30	55.79	48.5
1963..	165.91	494.42	660.33	78.83	47.5

At first, it was thought that the third Plan target of Rs. 300 million per annum would not be reached. But the latest study holds optimistic results for the Indian machine tool industry, as the estimated target is likely to be surpassed by about Rs. 30 million.

Although during the last 14 years of planning, the machine tool industry has made such phenomenal progress, the industry's capacity has been totally inadequate to meet the demand for machine tools as can be seen from the following statistics:

(Values in Rs. millions)

Year	Production indigenous	Imports	Total requirements	Percentage of production to total requirements
1950 ..	2.86	24.90	27.76	10.3
1951 ..	4.73	25.00	29.73	15.9
1952 ..	4.44	22.11	26.55	16.8
1953 ..	4.41	31.27	35.68	12.3
1954 ..	4.71	28.64	33.35	10.8
1955 ..	6.79	52.89	59.68	11.3
1956 ..	10.82	83.72	94.54	11.4
1957 ..	23.48	146.43	169.91	13.8
1958 ..	30.40	153.10	183.50	16.6
1959 ..	43.50	176.40	219.90	20.0
1960 ..	55.00	230.00	285.00	30.0
1961 ..	77.10	260.00	337.10	22.8
1962 ..	115.02	333.28	448.30	25.6
1963 ..	165.91	494.42	660.33	25.1
1964* ..	89.79	299.50	389.29	23.1

* The figures are given for six months—January to June 1964.

The production of graded machine tools including metal-forming machines (through steadily increasing) is today hardly 25 per cent of the total requirements, the balance 75 per cent having been imported at the cost of heavy expenditure in foreign exchange.

Outlook for the Future: The machine tool demand estimates for the fourth Plan period 1965-70 have been worked out and are placed at Rs. 1,000 million per annum by 1970. The Working Group of the Planning Commission has recommended an investment of Rs. 3,670 million for the machine tool industry in the fourth Plan. This amount of investment according to the Group will ensure the industry's capacity to meet at least 75 per cent of the estimated demand for machine tools by 1970, as against 25 per cent at present. The capacity target of Rs. 950 million has been recommended by the Working Group out of which Rs. 500 million would be met by the public sector and the rest by the private sector. The Working Group has also anticipated that it would be possible for the industry to aim at exports of machine tools at the rate of Rs. 40 million per year 1970.

The foregoing account provides the quantitative performance of the Indian machine tool industry in the past. However, there are many complex details which the indigenous machine tool builders will have to take into consideration if they have to meet the qualitative demands of the machine tool customers, particularly through high degree of modernisation and diversification in their programme of production. It is very much easier to estimate the demands for machine tools by value or by even numbers. It may not be even difficult to assess the requirements of machine tools, split up into main categories like, say, lathes, drilling machines, boring machines, grinders, gear cutting machines, etc. What has been the most difficult problem is to assess what different design-types, sizes etc., of machine tools will be needed by the machine tool users industries. This depends so much upon the technique, methods of production, processes, etc., of the machine tool customers that it is practically impossible to furnish a ready reckoner on the data of future demands for machine tools split up into various design-types, sizes etc. However, the following could be said for the guidance of the machine tool manufacturers:

By and large, it may be surmised that the future requirements of machine tools in our country will be for more and more heavier types and more modern in the design concept. The trend appears to be in favour of single and special purpose machines and machine tools to do specific operations. The modern trend in the highly developed countries is towards machine tools designed for automation, transfer line machines and for machine tools with automatic repeat cycle systems and positioning and measuring by numerical controls. I, for one, feel sure that, in a matter of five to ten years hence, we will have to produce many types of these machines, if we are to make any substantial progress in our industrialisation comparable by standards of other highly developed countries. What is most essential for the machine tool manufacturers in our country is to think in terms of flexibility and gear up their production planning, control systems, etc., so that they are elastic enough for assimilating the required diversifications. It is natural to diversify production of machine tools within the group itself, so that it could be possible to widen the

(Continued on page 155)

PACKAGING INDUSTRY

Problems and Prospects

By ASHOKE CHATTERJEE

ALTHOUGH vitally linked to the growth of industry, the promotion of exports and the strategy of our national defence, it is only very recently that official recognition has been extended to the place of Indian packaging industry in national development. This long neglect is, perhaps, not altogether surprising, because, as a service industry, packaging must of necessity operate behind the scenes. Happily there are signs of change: the Planning Commission has recently appointed a panel to investigate and advise on the prospects of the industry in the third and fourth Plan periods. The Government and the Indian Institute of Foreign Trade are contemplating the establishment of an Institute of Packaging which will concentrate primarily on raising the nation's packaging standards for export.

Before discussing the problems of and prospects for Indian packaging, it might be useful to review briefly the present position this industry holds in the economy. It is estimated that, in 1960-61, the Indian packaging industry's output was s. 107 crores, serving the marketing of consumer goods valued at s. 2,870 crores, or fully 12 per cent the aggregate supplies in the untry during that year. By 1965-, the industry's output will be an timated Rs. 230 crores, serving the istribution of Rs. 6,620 crores of nsumer goods. The industry, its w material suppliers and its cusmers helped the collection of s. 250 crores of tax revenue in 960-61 or as much as 19 per cent of ne total tax revenue in that year. mployment in the industry is exected to rise from some 100,000 perons in 1960-61 to 150,000 persons by ne end of the third Plan period.

These statistics provide a framework for constructive thinking on ndian packaging. They serve to nderline an important fact: that he growth of packaging is a function of development and an index f rising standards of life.

Packaging for Export

It is in the sphere of exports that he importance of consumer packaging had its first impact in the minds of Indian planners. Currently some Rs. 30 crores of packaged consumer goods are exported from India each year: *vanaspati*, canned ish, cashew nuts, confectionery, toilet preparations, paints, varnishes and many others. This is quite apart from the direct export of empty packages to packers overseas. The contribution of this sector to the export effort takes an impressive significance with the need to diversify India's exports into non-traditional fields. The role of consumer goods in this export effort is obvious and there is no doubt at all that, if our consumer goods are to succeed in export markets, this success will depend very largely on India's ability to package her products to world standards of construction and finish.

The dramatic rise in Kerala's exports of canned shrimp from a mere Rs. one lakh in 1955-56 to almost Rs. 8 lakhs in 1962-63, constitutes a fine example of the type of earnings which becomes possible when India's products are processed, packaged and presented to world standards. Major targets for India's prawns are the highly competitive markets of the United States, Canada and Western Europe. Such indirect exports apart, the packaging industry has also made a significant advance in the direct export of empty containers and closures, components and related machinery: over Rs. 40 lakhs were exported in 1962-63 to markets in South Asia, West Asia, East Africa and even as far afield as the Caribbean countries.

While the national situation demands that our sights be trained on export markets, the standard of export packaging is in itself directly dependent on the packaging standard maintained in the domestic market. The economies of package-making are based squarely on large-scale operation: it is virtually impossible on the same equipment to maintain a high quality for export markets and a separate utility standard at home. As newcomers in export fields, we naturally have no assurance of volume. Export markets alone cannot justify the installation of up-to-date package-making equipment nor the development of ancillary raw materials essential to an international standard of finish. These are by definition expensive propositions and only the sum total of home and export demand can warrant such investment. What we need to do, therefore, is to pitch our domestic standards high, so that our products become increasingly worthy of exports.

In getting to the targets set for consumer products in the Five-year Plans, consumer packaging today makes a significant contribution. The scientific package transports the fruits of planning essential products, each with their set production target—to the ultimate consumer; protecting its contents through transport over long distances, climatic extremes, insect infestation, contamination, pilferage and a lot of other hazards inevitable in the marketing situation.

Agriculture

Equally important perhaps to its export function is the role of modern packaging in agriculture. Fully 40 per cent of our agricultural produce is today wasted for lack of suitable preservation facilities. With an output of 60,000 tonnes, the processed food industry in India is, by international standards, an infant one. India's total consumption of open top cans for processed foods is some 50 million as compared to 10 to 15 thousand million in some countries in the West. The processed foods industry today has, however, chalked up several outstanding achievements to its credit, including such export success stories as that of Kerala canned shrimp. Mango slices, fruit juices and vegetables are other thriving export items, but we have so far merely scratched the surface of what is destined to be a vital element in any programme to lift Indian agriculture out of its present stagnation. Canning and other preservation facilities are a major incentive to the grower by providing him a year-round demand for his produce and opening to him markets far beyond the immediate vicinity to which he today must confine his attention in face of the enormous problems of transportation and rapid spoilage. The contribution which the development of adequate facilities for processing and preservation can play in holding the price line is a very major one in our economy which is plagued not only by poor storage facilities and short inventories, but also by the enormous distance which exist between the sources of agricultural produce and their point of ultimate consumption.

The industry is also as essential to defence as to development. During the present emergency, package manufacturers have been called upon to divert a significant portion of their capacity to the manufacture of various ordnance stores: a switch made possible by the inherent diversity of package manufacture. This is apart from making continuous supplies for defence—the open top can for processed foods, is, for example, very often the sole means of transporting food to frontier forces.

Perhaps, the most characteristic feature of modern packaging is its specialised character. Precision, mass production methods alone can maintain a high and consistent standard of quality. To take one instance, a can for processed foods must be manufactured to tolerances within one-thousandth of an inch. Manufacturing capacity must be flexible to meet sudden expansions in demand, the rule rather than the exception in India's predominantly agricultural economy. The customer must be serviced with research, marketing and technical development facilities. And the industry must offer all this—and packing media at prices low enough to assist in the development of mass consumer markets. To keep pace with these demands, and to act as a competitive advantage in the export effort, packaging requires technology of a high order. It is essential, therefore, that India keeps itself in the mainstream of world packaging development.

Raw Material Problems

Every Indian industry today faces raw material problems and packaging is no exception. For its primary raw material, tinplate, the Indian industry is still heavily dependent on imports. According to estimates formulated by the National Council of Applied Economic Research, the tinplate demand in 1970 will rise to 524,400 tonnes, against 261,800 tons in 1965-66, the last year of the third Five-year Plan. Indigenous availability by 1965-66 will be some 145,000 tons rising to 338,000 tons by 1970. Demand will, therefore, remain well ahead of indigenous supplies for many years. This may well have an immediate inflationary impact for the simple reason that many essential products depend on tinplate packages for safe distribution. If tinplate is so short that packaging supplies are seriously curtailed, the distribution of cooking media, baby foods, processed foodstuffs, pharmaceuticals, lubricants, paints, etc., and many others will suffer with obvious repercussions on prices. The danger is aggravated by the fact that, by the end of the third Plan, there will be a shortfall in paper, board and polyethylene powders also.

While the packaging industry must, of course, operate within the framework of national priorities and the restrictive foreign exchange situation, in the short-term, there is no alternative to imports. Taking tinplate, the prime raw material, there is no sizable prospect of replacing the can with substitute packages. All over the world, despite the enormous growth in competitive packaging materials, tinplate has maintained its prime position. With the extremes of temperature and humidity, shelf-life and protective considerations, tinplate will remain for a long time to come the most efficient packaging material. In allocating scarce foreign exchange, one needs to keep in mind that Rs. one crore spent on tinplate imports serves the distribution of Rs. 17 crores of essential consumer goods (and assists in the collection of Rs. 5 crores of tax revenue). Apart from the inflationary impact (already experienced at the time of the Korean war and again in the foreign exchange crisis of 1958), the implications of a tinplate shortage are particularly serious when 40 per cent of fruit and vegetable production in the country are already deteriorating for want of preservation facilities—and food imports cut heavily into the country's foreign exchange resources.

Packaging Technology

Advances in packaging technology have brought about an incredible expansion in the range of packaging materials and package types (cans, laminated flexible packages, collapsible tubes, treated cartons, etc). These advances overseas are reflected in the current packaging scene in India where they become highly relevant to packaging's essential contributions to consumer protection, prevention of wastage and export promotion. An interesting example is the vast field of flexible laminated packaging developments resulting from combinations of plastics, metal and paper. The laminated package, such as the strip pack for pharmaceutical tablets, has streamlined distribution methods by providing an ideal low-cost protective medium. While convenience has been the principal advantage of laminated packages overseas, here they combine convenience with a low-cost single-unit packaging and protection against contamination, atmospheric spoilage, breakage and substitution. In addition, the heat-sealed laminated pack is tamperproof, carrying indelibly printed trade names and trade marks: three essential weapons in the fight against spurious and sub-standard products.

The world over, package manufacture is located in the organised sector, requiring as it does large-scale investment in complex machinery, long-term research and development and close scientific collaboration among package-makers, raw material suppliers and manufacturers of consumer products. As the N.P.C. Productivity team observed: "The packaging industry in the countries we visited operated on a very large-scale. . . . We were informed that small-scale units were virtually non-existent. In modern packaging, it is virtually impossible for small-scale units to cope with the multifarious requirements such as development and research, package design, quality control, service before and after sale." Economies of scale are basic to package manufacture and a high price may have to be had if these are ignored. Opportunities exist, however, for utilising small units for supplies of components to the organised sector. The largest container makers in this country annually purchase more than Rs. 60 lakhs of goods and services from small-scale suppliers. Besides, the majority of any package makers' customers are small-scale manufacturers. To them, a specialised packaging service, backed with research and technical development facilities, is an invaluable aid, witness once again the successful prawn export industry in Kerala.

A strong and economic packaging industry is, therefore, essential to the achievement of national development targets, for the promotion of exports and in defence strategy. Packaging is today regarded as an integral part of civilised life and the rapid growth and expansion of Indian packaging is a barometer of our progress in these vital activities

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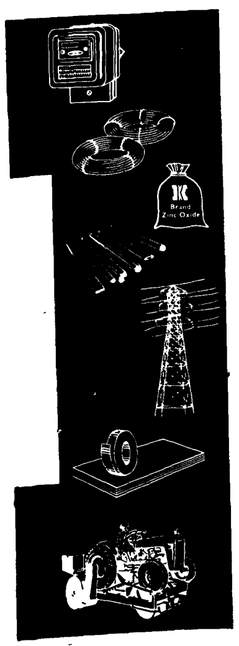

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SOME PROBLEMS OF ALUMINIUM INDUSTRY

By T. C. SABOO

THE uses and applications of aluminium in India are increasing and are bound to grow at a more rapid rate in view of the needs and opportunities in a fast developing economy, as is the case in India now.

The total consumption of aluminium in India has generally been estimated at about 125,000 tonnes for 1965-66 and, approximately, 260,000 tonnes for 1970-71, and, even if the possibility of export is ruled out (for the present), the necessity of making provision for production reserves and for reserve capacity would call for a production target of the order of 270,000 tonnes and a capacity target of the order of 300,000 tonnes for 1970-71.

Table A gives a broad picture of the production, import (or shortfall) and consumption of aluminium in India between 1960 and 1965-66 and 1970-71. One is struck by the fact that the shortfall, requiring import of aluminium, is likely to continue and grow larger by the end of the fourth Plan. This would create an imbalance between demand for aluminium and its supply and hence efforts must be made to increase the present manufacturing capacity of aluminium to the utmost by 1970-71. It is always desirable and preferable to set the production target a little higher than the estimated requirements. The achievement of the production target for 1965-66 might be considered as a matter of immediate interest deserving top priority from the Indian aluminium manufacturers today.

The effective primary aluminium production capacity by the end of the third and fourth Plans may be estimated as shown in Table B. As against the estimated consumption of about 125,500 tonnes for 1965-66 (which would demand an even higher capacity target), the indigenous capacity is expected to reach a figure of only about 93,500 tonnes. The gap is likely to widen by 1970-71, when the (currently) envisaged production capacity of 188,500 tonnes would be far too inadequate to match the capacity requirement of about 300,000 tonnes.

Need for Advance Planning

The gestation period for an aluminium plant is, on an average, about three years or more in India, as it takes considerable time to conduct (*a*) the feasibility survey, (*b*) determine the site of the plant, (*c*) arrange for the very large finances required, (*d*) provide for the necessary technical know-how, (*e*) arrange for the import of machinery and equipment, (*f*) provide for housing, roads, and other social amenities, before (*g*) the actual work of construction and (*h*) installation of the plant can begin. As such, it is necessary to provide for additional manufacturing capacity much in advance. It is, of course, not enough to produce the required quantity of aluminium. There must be a proper balance between the pattern of demand and the actual pattern of supply. It is necessary to ensure that the smelting and fabricating capacity are properly co-ordinated and the metal made available in the desired shapes and specifications. In other words, fabrication facilities should develop side by side and in tune with the production capacity of aluminium in India.

There are also other problems which require consideration. It is a matter of common knowledge that the aluminium industry is highly power-intensive and, therefore, the setting up of any new aluminium manufacturing unit or expansion of the capacity of an existing unit would call for adequate power supply. The generation of electric power in the country is extremely inadequate and this has compelled some aluminium manufacturers to turn to almost any source of power that is available. Thus, some aluminium producers have to rely on thermal power, which is very much more expensive than hydro-electric power. On the other hand, some aluminium manufacturers have had to postpone their expansion programme or accept reduction in output (with idle capacity adding to their manufacturing cost) due to power cuts or/and inadequate supply of power.

In view of the very high consumption of power in the aluminium industry, the Government of India and the State Governments should seriously consider the possibility of allocating power to aluminium producers on a priority basis and at cheap and stable rates.

As the country has fairly abundant reserves of bauxite (the ore required for the production of aluminium, which is not the case in relation to other non-ferrous metals), it would be desirable to encourage the indigenous production of aluminium and the substitution of aluminium in place of other and more scarce non-ferrous metals which are almost wholly imported.

The substitution of indigenous aluminium for imported copper, zinc, tin, nickel etc., would not only save considerable sums of foreign exchange for the country but the use of aluminium in place of such other non-ferrous metals, as also in the case of other metals and materials, is justified economically and technically. The switch-over from copper to aluminium conductors and cables is not merely a necessity in India, where there are very little resources for the production of copper, but it is also technically and economically desirable, as one tonne of bare copper conductor can be replaced by about half a tonne of bare aluminium conductor, for the same current-carrying capacity, at less than half the cost. In the case of insulated conductors, aluminium conductors, being larger in volume, would need a little more of the insulating materials but, even then, making use of cheap modern insulating materials like thermo-plastics, an overall cost saving of 15 to 30 per cent may be achieved for the complete cable, when aluminium is used in the place of copper. This illustration is significant, because the electrical industry is by far the biggest user of aluminium in India and is sure to retain its position for several years to come.

Electrical power is generally regarded as the key to industrial development and, as transmission of electrical power would have to depend more and more on aluminium conductors and cables in India, the importance of aluminium industry, as a factor of industrial and economic growth of the entire nation cannot be overemphasised.

Apart from the use of aluminium in the electrical industry, aluminium is an excellent material for utensils and household appliances, transportation, canning and packaging, building and construction and several other industrial and engineering uses.

In the field of utensils, aluminium is fast replacing brass and competing very satisfactorily against stainless steel.

In the field of transportation, aluminium bus bodies are already popular, as against steel, and the light metal (which increases the carrying capacity of vehicles) is proving economic in railway coaches, automobile parts and, of course, aircrafts, where it reigns supreme.

The use of aluminium is very limited in the sphere of building and construction, in this country, largely because of the fact that it is not commonly realised that, in spite of its higher initial cost, the metal has ample long-term economies to justify its use in durable applications. It may be interesting to point out that only about 2,500 tonnes of aluminium (per annum) are being used for building and construction in India at present, whereas about 650,000 tonnes of aluminium (per annum) are used in building and construction in the U.S.A. In fact, the building and construction industry is the biggest user of aluminium in the U.S.A. which, in turn, is the biggest user of aluminium in the world.

In the field of canning and packaging, too, the light durable and hygienic metal is a very good substitute for tin, lead and plastics.

Conclusion

With bigger manufacturing units, cheaper and adequate power, greater facilities for transport of raw materials and finished products (and at lower freight rates) and greater emphasis on research and development, it should be possible to accelerate the growth of aluminium industry and enable it to contribute more and more to the industrial and economic welfare of the country as a whole. Some of the major problems have only been taken note of here, but, they are, certainly, very vital for the Indian aluminium industry.

The quest for developing facilities of production of aluminium (virgin and semis) is necessarily continuous and there must be constant attention to the problems that exist and arise in relation to this industry in India.

On the successful and quick solution of these will depend the growth and improvement of aluminium industry in this country. As a matter of fact, aluminium—hitherto considered as predominantly suitable only for kitchen utensils and wares—has become a basic and major industrial raw material in our fast-moving economy and today it stands on the threshold of immense technical and economic possibilities in the world of major metals. In India, more than in many developed countries, it has a vital role to play on account of a shortage of non-ferrous metals and as a major metal it will contribute to the advancement of the country through its myriad uses and potentialities.

Table A: *Production, Import (or Shortfall) and Consumption of Aluminium in India (1960-63, and 1965-66)*
(In thousand tonnes)

Year	Total indigenous supply		Net import	Estimated consumption
	Primary production	Secondary production		
1960	18.2	6.3	23.0	47.5
1961	18.4	6.6	27.0	52.0
1962	34.7	7.8	37.5	80.0
1963	55.2	8.0	20.8	84.0
1964*	60.0	9.0	31.0	100.0
1965-66*	93.5	10.0	22.0†	125.5
1970-71*	198.0‡	20.0	42.0†	260.0

* 1964, 1965-66 and 1970-71 figures are estimates.

† Net imports figures represent the shortfalls needed to be met by imports unless additional manufacturing capacity is brought into operation.

‡ In arriving at the figure, the assumption has been made that Mysore, Madhya Pradesh and Maharashtra projects will go into production, and at target capacity, by 1970-71. If the schedule does not work out as assumed, the shortfall will be considerably greater.

Table B: *Primary Aluminium Production Capacity 1965-66 and 1970-71*

Manufacturer	1965-66 (Capacity in tonnes)	1970-71 (Capacity in tonnes)
Aluminium Corporation of India Ltd.	7,500	7,500
Indian Aluminium Co. Ltd.	36,000	36,000
Hindustan Aluminium Corporation Ltd.	40,000	60,000
Madras Aluminium Co. Ltd.	10,000	10,000
	93,500	1,13,500

Note : The following projects have also been proposed but are uncertain.

	1965-66 (Capacity in tonnes)	1970-71 (Capacity in tonnes)
Mysore Project (Sharavathi)	30,000	30,000
Madhya Pradesh Project (Korba)	25,000*	25,000*
Maharashtra Project (Koyna)	20,000†	20,000†
	1,68,500	1,88,500

*May be revised upwards to 30,000 tonnes. †May be revised upwards to 25,000 tonnes.

man's . . faith

Faith that makes man aspire, strive ...
awakening him to tasks in the early-glow of dawn.
That melts rock, shapes granite; transforms
still waters to surging power.

A faith in the living future:
in a world that offers a little more—
a little less of the care, a little more of the joy.
Faith that gives meaning to life.

Today, as in the past, our products help to make homes cleaner, healthier, happier. But today we are also working for ... Tomorrow, when the evergrowing urge for better living will demand still greater efforts. And we shall be ready with wider service, new ideas, new products ...

Today and Tomorrow... Hindustan Lever serves the home

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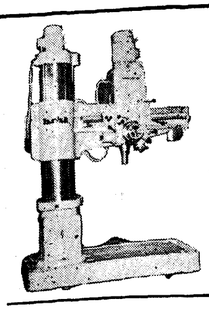
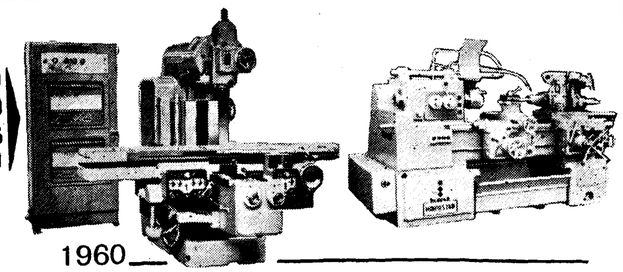
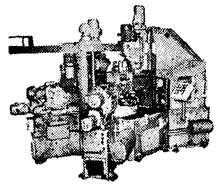


HMT

1958 HIGH POWER AND HIGH PRECISION GENERAL PURPOSE MACHINE TOOLS FOR THE TOOLROOM AND FOR PRODUCTION

MULTITOOL AND PROGRAMME CONTROLLED SEMI AUTOMATIC MACHINE TOOLS FOR BATCH PRODUCTION





1960

1963 AUTOMATION BY UNIT HEAD MACHINES FOR MASS PRODUCTION

prosperity through industry

HMT HINDUSTAN MACHINE TOOLS BANGALORE
PINJORE KALAMASSERY HYDERABAD

ASP-HMT-3

SOME THOUGHTS ON CEMENT INDUSTRY

By Dr. R. R. HATTIANGADI
MANAGING DIRECTOR, CEMENT AGENCIES LTD.

THE manufacture of Portland cement in India was first attempted in Madras in 1904, when the South India Industrials Ltd. put up a plant with a capacity of 10,000 tons. This venture failed. The real foundations of the industry could, however, be said to have been laid a decade or so later—between 1914 and 1916, when three plants went into production—Tata's plant at Porbandar, Khatau's at Katni and the third one put up by Killick Nixons at Lakheri. These three plants had a combined capacity of 76,000 tons.

This year, the cement industry completes 50 years of useful service to our country. The industry's stability, efficiency and stature are entirely due to the initiative and ability of the private sector. From less than a thousand tonnes of cement produced in India in 1914, production today is well over 9.5 million tonnes.

The table given below shows how the cement industry has grown in India over the last fifty years:

Year	No. of factories	Production Tonnes
1914	1	947
1919	3	88,205
1924	9	265,135
1929	9	569,681
1936	11	968,382*
1941	15	1,827,110
1946	17	1,567,102
1951	22	3,222,285
1956	28	5,021,580
1961	34	8,245,596
Today	37	9,647,000

* Formation of the A.C.C.

This rate of increase and the high standards of production achieved and maintained by the Indian cement industry would indeed be a proud record but for the large gap that exists between the demand and supply of cement.

Reasons for Retarded Growth

The development and progress of the industry could have been very much faster, and very much more satisfactory in relation to the Plan targets, if the price policy of the Government of India had been such as would have encouraged the establishment of buoyant conditions for the cement industry—conditions which would have provided, not merely for the manufacture of large quantities of cement which could be sold at the lowest possible prices and yet pay reasonable dividends to investors, but would also allow a portion of the profits to be ploughed back into the industry to ensure a rapid and healthy expansion.

The following table brings out the unfavourable position of the Indian cement industry as a whole in comparison with other Indian industries:

Profits After Tax as Percentage of Net Worth—1962-63

Woollen textiles	17.4
Iron and steel	12.8
Medical and pharmaceutical preparations	12.0
Electrical machinery, apparatus and appliances ..	11.5
Basic industrial chemicals ..	11.4
Silk and rayon textiles ..	11.1
Machinery (other than transport and electrical) ..	10.7
Cement	9.4

Cement is a capital-intensive industry and, unless there are sufficient incentives, money will not be invested in the industry with as much enthusiasm as in certain other consumer industries, and it is for this reason, among others, that the growth of the industry has been slow and halting. Furthermore, the industry suffers from too many controls. Its growth, its price, the fuel it must use, its distribution and even the kind of packing that must be employed are rigidly controlled by Government. These controls, too, stifle the growth of the industry and have also succeeded in discouraging the entry of new entrepreneurs into the field.

The extent to which the cement industry is suffering in respect of capital formation can be seen from the following figures:

Capital Issues During 1960-63 in Important Industries

(Ordinary, preference shares and debentures)

	Rs. crores
Engineering	99.51
Chemicals	24.13
Cotton textiles	15.57
Paper	15.34
Rubber and tyre	14.64
Cement	5.95

In a capital-intensive industry like cement, where installation of a new standard cement plant will cost an entrepreneur about Rs. 160 per tonne capacity and about Rs. 120 per tonne capacity even for expansion of an existing factory, it is doubtful whether the targets set for the third and the fourth Five-year Plans will ever be reached, if capital is not attracted sufficiently and is not forthcoming in time. As far as can be seen, even if the cement industry goes "all out" to produce as much cement as possible, the capacity at the end of the third Plan cannot possibly be more than some 12.50 million tonnes.

Some Correctives

In order to stimulate the growth of this industry at a much faster rate than is currently achieved, it will be necessary

(*a*) to encourage the expansion of existing units on a priority basis,

(*b*) to harness the "know-how" of established manufacturers by encouraging them to install new factories, by a pricing policy which will ensure sufficient plough-back for the generation of internal resources, earmarked for expansion and modernisation activities,

(*c*) to establish procedures enabling expeditious availability of effective foreign exchange requirements, and

(*d*) to encourage the manufacture and use of new types of cementitious materials which should be subject to specific standards in order to ensure quality and reliability.

The Price of Cement

It has been stated that the price of cement in India is too high as compared with many international prices. This belief must be examined from the point of what the manufacturer gets in relation to what the consumer pays, in the context of extra costs by way of excise duties, freight, sales tax, etc. As against a price of Rs. 73.50 which the A.C.C. gets for naked cement, the consumer in Bombay City pays Rs. 159.54 for A.C.C. cement, the difference being accounted for by excise duty, railway freight, packing charges (controlled by Government), sales tax, etc.

Another matter which needs to be pointed out is the fact that the cost of labour per unit of cement production in India cannot be assumed to be cheap merely because Indian labour is relatively cheap as compared with Western and American standards. We must take into account the fact that the *per capita* productivity of labour in India is very low on account of many factors—including lack of appreciable mechanisation of operations. In the U.S., the U.K., Germany and Japan, the labour utilisation varies from 0.8 to 1.5 man-hours per tonne of cement. In India, the average tends to be as high as 12/13 man-hours per tonne of cement. And, Indian cement manufacturers have to bear certain expenses which their confreres in other countries do not have to bother about. I refer to such things as housing, hospitalisation, education and other amenities.

It has been stated that the cement target under the fourth Plan will be 23 million tonnes. This figure is also said to be approximated by an indirect calculation on the basis of the construction component of the physical targets aimed at in the fourth Five-year Plan. The means that the production of cement must be almost doubled in five years. If past experience can be regarded as a guide, it would seem that this target is overambitious, unless very drastic methods for tackling this problem can be set in motion quickly.

Cement Corporation

Reports appearing in the Press recently state that, in order expeditiously to bridge the wide gap between the demand and supply of cement, the Government feels compelled to enter the field and set up a company in the public sector to be called "The Cement Corporation of India." One of the objects of this Corporation is said to be to carry out surveys, prospect for potential limestone deposits and make cement-grade limestone available. This is a constructive approach inasmuch as a long-felt want is thereby sought to be met. The Corporation will, it is said, also direct its efforts towards facilitating investment in the private sector, especially for expansion programmes. This too would be very welcome. If the Corporation is able to channel the flow of more capital into the existing units to help them expand rapidly and achieve economies of scale, it would render yeoman service to the industry.

Cement Machinery Manufacture

In comparison with the Indian cement industry which is 50 years old, the manufacture of cement-making machinery on an organised scale is of somewhat recent origin. It was the Associated Cement Companies Limited that made a beginning in this field in 1942 during World War II when it was impossible to obtain cement-making machinery from abroad, by setting up a workshop at Shahabad to fabricate such units as it required for its own maintenance and expansion. The post-independence period made real advances possible. Today, seven firms which have been licensed to manufacture cement-making machinery have already entered into or are in the process of concluding technical collaboration agreements with established manufacturers outside India in order to keep abreast of technical developments in the field of design.

Amongst the major units of machinery which are manufactured in India today are rotary kilns up to 300/450 tonnes/day capacity and 500/600 tonnes/day capacity, Lepol grates for 500/600 tonnes/day capacity, nodulizers, Fuller coolers, Turbo-Air-Separators, vibrating screens, slurry-mixer basins, wash mills, plate-conveyors for carrying limestone, drag-chain conveyors, Shaking conveyors and elevators.

The already licensed manufacturers have indicated that they can produce 16 standard plants of 2 lakh tonnes each, every year, by the beginning of the fourth Plan. Present indications are that the industry will not only be able to make the new cement plants required during the fourth Five-year Plan, but will also be able to produce sufficient machinery to rehabilitate older plants.

It is hoped that Government will be firm in seeing that entrepreneurs going in for cement manufacture patronise cement-making machinery of indigenous manufacture; otherwise, these firms which have sunk a great deal of money will come to grief and the country will never get a real start in the indigenous fabricating of machinery. Currently, the foreign exchange allotted for the fabrication of a complete 600 tonnes/day standard plant is of the order of Rs. 45 lakhs, against a total of Rs. 150 to 160 lakhs required for machinery and plant alone. Even this Rs. 45 lakhs could be progressively reduced, if certain large steel castings, large motors and gear-boxes could be manufactured in India.

If this young engineering industry is to grow rapidly to full stature, Government must allot foreign exchange on a continuing basis, so as to avoid gaps in production. There is no objection, however, to periodical review of the needs of foreign exchange, consistent with the growth of the ancillary industries such as steel-castings, large size gear-boxes, and electrical motors, with the ultimate object of reducing the foreign exchange requirements.

Different Types of Cement

Blast Furnace Cement: If the cement industry is to achieve the huge targets set for it under the third, fourth and fifth Five-year Plans, it must prospect for and ensure adequate supplies of suitable grade limestone. In order to harness every material which can be used for making cementing material of quality, the Government of India's planners have asked manufacturers to make use of the slag arising as a waste-product from our steel works. The output of steel in the third Plan is likely to be more than 10 million tonnes. If this target is achieved, there will be a large amount of blast furnace slag, which, by special treatment, can be blended with Portland cement to make a cementitious material of proved quality. It is obvious that, by producing this blended cement, not only will an industrial waste be put to gainful use, but it will also enable the country to have additional quantities of cement expeditiously. Portland blast furnace slag cement, when made according to prescribed specifications, can be used on all constructions where Portland cement is used. In addition, it has certain special properties such as resistance to sulphate waters and a naturally lower heat of hydration.

The Associated Cement Companies Limited, pioneers in the manufacture of Portland cement in India, were the first to produce this special cement by utilising the slag from the blast furnace plants at Jamshedpur.

Portland Pozzolana Cement: This type cement also has great potential in India. Pozzolana is a natural or artificial material containing silica in a reactive form. To manufacture this kind of cement Portland cement slinker and Pozzolana are either ground together, or Portland cement and fine Pozzolana are intimately and uniformly and very carefully blended.

Although Portland Pozzolana cement used as constructional material attains initial strength at a slightly lower rate than ordinary Portland cement, it has certain good points, including low heat of hydration, which make it specially suitable for mass constructions. The ultimate strength of constructions made from Portland Pozzolana cement, however, is just as good as that of constructions made with Portland cement.

In India, we have chiefly to depend on artificial materials as the source of Pozzolana, the most common being the calcined clay commonly known as *surkhi*, the other source being the fly-ash available from many factories. The choice of the proper type of clay for the manufacture of *surkhi*, however, requires experience and some experimental investigation.

White Cement: Modern architectural trends demand new materials and new techniques both for exterior and interior finishes, not only to enhance their æsthetic appearance but also to provide more congenial surroundings to those engaged in productive work. White cement is ideal for both these needs. Apart from *in situ* white cement renderings, precast concrete facing-slabs provide the architect with a unique material with unlimited scope for decorative effects. These can be made in a wide range of colours and tones. For large-scale construction, the slabs can be prefabricated and, in consequence, produced much more cheaply.

White cement is also extensively used in the manufacture of terrazzo tiles, especially in light pastel shades. Another important use for white cement is in the manufacture of cement paints. The A.C.C.'s Silvicrete brand of white cement is being widely used for all these purposes.

Research and Technical Service

The importance of research and technical service to the Indian cement industry and the Indian consumer of cement cannot be overstressed. The industry is fully alive to the need for a technical service wing backed by adequately equipped research facilities to enable it to keep abreast of all scientific developments.

All the principal cement-manufacturing countries have their own research stations where problems relating to the manufacture of cement and concrete are examined. Unfortunately, we in India have been lagging behind in this regard. While the Central Building Research Institute and the Central Road Research Institute have been handling some items of research on cement and concrete, what they have done can by no stretch of imagination be considered adequate, for they cannot deal with more than a small fraction of the multitude of problems which wait to be tackled and solved.

We must here admit that both the Concrete Association of India and other services like Sahu Cement Service have been dependent principally on research done in other countries for up-to-date information regarding cement and concrete technology. The Associated Cement Companies Limited have recently set up a Central Research Station at Thana near Bombay. Under centrally planned direction, the project will cover all aspects of manufacturing techniques, the evolution of more efficient and economic methods of processing and also developing diversified products.

The end-uses of cement such as in concrete of all types under varying conditions of climate will form part of its research programme. There will also be a Technical Service and Development Division of the Institute which will be equipped to carry out comprehensive testing of soils and aggregates for Government, local authorities, architects, and private parties, so as to design concrete and soil-cement mixes suitable for various types of construction.

The Cement Manufacturers' Association is also considering the question of setting up a cement research institute at Delhi for research work for the benefit of the industry. This institute will be financed equally by the industry and the Council of Scientific and Industrial Research. When this institute begins to function, it is hoped that it will help provide answers to the many scientific and technological problems which face cement manufacturers and the users of their end-products today.

INDIAN MACHINE TOOL INDUSTRY

(*Concluded from page* 149)

range in design-types within the 'family' rather than taking basically different groups of machine tools outside the family range. Even within the specialised family, there is bound to be demand for a wide range of machines, i.e., for simple mechanically controlled machines to highly engineered all-electric/electro mechanical/electro-hydraulic machines, with numerical controls, repeat cycle systems, multi-spindles, hydraulic slides, etc., in different sizes. To be able to cater to such varieties of machine tools and produce them economically, considerable degree of rationalisation in manufacture and simplification and standardisation in designs become necessary.

If the Indian Machine Tool makers have to meet satisfactorily the growing needs of the manufacturing industry in the country, they will have to concentrate on the technological research and development in designs of machine tools. This is evident from the rapid and spectacular progress that has been achieved by all the countries abroad. Unless the country's machine tool industry follows the examples of the highly developed countries abroad in this direction, I do not see any salvation for them to keep up pace with the growing diversified needs of the modern manufacturing industry in the country.

Summarising the position, the Indian Machine Tool Industry has accounted for itself admirably well and made a phenomenal progress during the past two decades. Primarily this has been due to the unstinted patronage and assistance and even preferential treatment the industry has received from the Government of India. The State participation in the machine tool industry which was not so much appreciated in the beginning has now been recognised as a great asset to the industry and in fact has become a stimulus for the remarkable progress which the industry has achieved in such a short period. Added to this, foreign collaborations for obtaining the technical know-how and comparatively higher degree of diversifications have all accounted for the rapid growth of the industry. Hence there is more ground for optimism than perhaps the industry admits, particularly if the indigenous machine tool builders refurnish their plant, raise their research sights and look sharp to selling. All the same, it would be unwise on the part of the machine tool makers to be complacent in the present comfortable situation and ignore the future demands on the machine tool industry.

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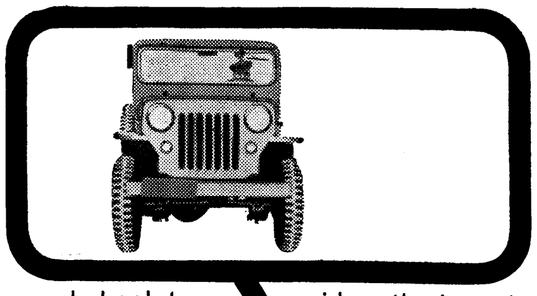

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BUSINESS AND GOVERNMENT

Commonsense and Consideration Should be the Motto for Both

By M. V. ARUNACHALAM
PRESIDENT, SOUTHERN INDIA CHAMBER OF COMMERCE, MADRAS

IN a well-ordered Democracy, if the two functional groups of Business and Government played their respective roles effectively and well, there should be no antithesis as between one and the other and also between either of them and the public who constitute society as a whole. But then such a well-ordered society would be thought of by many as utopian and, therefore, impossible of achievement. The result is that there is a tendency to allow matters to drift. There is no zeal or enthusiasm for purposive corrective action to check further deterioration and bring about a climate which would be conducive to co-operation and consequent dynamic growth. Mutual recrimination and distrust appear to be the order of the day.

Business believes that most of the economic ills that beset the country today are of the Government's making. The Government, on the other hand, is equally convinced that the record of business to date is what has necessitated the various regulatory and punitive measures enacted by it. The public, at the best of times, when generous, are inclined to concede that the truth lies midway between these two extreme accusatory positions. However, when things go wrong, as, for instance, in respect of the availability of foodgrains in our country at the moment, the public cannot help feeling that both the Government and business have bungled badly and does give expression of its disapproval and displeasure. Besides such spasmodic criticisms, the public generally chafes for a while and then philosophically resigns itself to await better days. It is too lazy and unco-ordinated to join issue with the all-powerful State or even moderately influential business. To let such a state of affairs continue in a democratic society is most unfortunate, to say the least. A greater *rapport* must be brought about between the different sections of society, more particularly between Government and Business.

The Rotary Clubs of Madras and Madras South organised a "Business Relations Conference" on the 21st and 22nd November at Madras to spotlight the inter-relationship between business, Government and society. There was a galaxy of highly knowledgeable speakers, representing business, Government and the community. They made an intelligent and constructive analysis of the problems that beset the country. Various ways of solving the problems were also suggested. The approach to the entire question which was displayed by the participants in this Conference deserves the attention of all who are interested in our country's future. Accordingly, this article will attempt to deal with some of the good points that were made at this Conference in the hope that it will bestir members of the Government, Business and the Public not only to give serious thought to the various proposals but to initiate action on the lines suggested.

Areas of Conflict

The areas of conflict between Government and business need to be identified first. These include levels of taxation, both direct and indirect. More recently, the conflict has intensified with the growing food scarcity, on the one hand, and the general rise in prices, on the other. Government have conducted raids on office premises and private houses to detect cases of evasion of income-tax or sales tax, or of disregard of foreign exchange regulations or hoarding of foodgrains. A controversey has also been raging for long on the respective roles to be played by the public and private sectors. The increasingly complex and difficult legislative measures in respect of Company Law, Labour Law and Salaries and Wages Administration have certainly not helped matters. Regulatory measures, licences, permits and controls have proliferated in recent years, adding to the problems of business in falling in line with these measures, on the one hand, and the problems of Government in administering these measures, on the other.

An examination of the issue of the levels of taxation will reveal very clearly that the levels obtaining in our country today are excessively high. The burden is so onerous as to prove a disincentive to the honest man. In fact, it holds out a powerful temptation to evade taxes. The Government's action, in the past, has always been to plug the loopholes and make the penalties for evasion harsher. There has not been any attempt to examine whether a lowering of the tax structure will actually assist in bringing in greater revenue by helping to eliminate or at any rate, reduce evasion.

Agriculture

In the matter of foodgrain production and distribution, there has been so many impediments to increase production and productivity. If the available statistics are any guide, there is a clear indication that foodgrain production in the country has increased steadily over the past several years. However, there has also been a substantial increase in population and qualitative shift to rice and wheat consumption from other foodgrains. The scarcity situation leads to some elements among the traders, producers and consumers laying by stocks more than they normally need to. When such a situation becomes unmanageable, then accusations of hoarding and profiteering are levelled against the trade more particularly. If, as is generally made out, there are adequate stocks of foodgrains available and the fault is with the distribution system, the problem certainly is not an insurmountable one. With goodwill on all sides, it can be tackled effectively. But the problem is more serious than that, as, fundamentally, production has been lagging far behind the demand. This calls for provision of further incentives for increasing foodgrain production substantially, in order to reduce imports of foodgrain within the foreseeable future thereby calling a halt to the serious drain on foreign exchange which would otherwise be available for vital industrial imports of both capital goods and raw material. Here business has an obligation which may not appear so obvious but which is nevertheless extremely important even in its own enlightened self-interest. In a society where 80 per cent of the people live in rural areas and are dependent for their livelihood in one way or another on agriculture, business should play a positive role in strengthening the agricultural base of the country. This would at once help in providing adequate raw material for agriculture-based industries and a vast market for consumer goods, once purchasing power is available to the rural population. It appears that business is awakening, though belatedly, to its responsibilities in this regard, as is evident from a letter addressed by the President of the Federation of Indian Chambers of Commerce and Industry to the heads of various commercial organisations to give necessary attention to this important matter. Also it is learnt that some leading business houses have made proposals to the Government for running large-scale agricultural operations on a modern and scientific basis to be managed by corporate bodies. If the Government's attitude and policies encourage these welcome moves initiated by business, then a breakthrough can be achieved.

Sectoral Controversy

The Public *versus* private sector controversy seems to be a never-ending one, inspite of the vociferous protests from either side from time to time that they ought to be complementary to each other and that, in fact, there is no incompatibility or divergence of purpose as between the two. Business recognises that the public sector has a very substantial part to play in basic industries such as power and transport. Certain fields, as for instance, heavy machinery manufacturing which demands a large investment in capital and management, are beyond the immediate capacity of the private sector. In these the establishment of public-sector enterprises is necessary. However, the scope for the public sector in strengthening the infrastructure is so great that it is unfortunate that it should seek to fritter away its energies and resources in other areas such as consumer industries where the private sector is better equipped to achieve quicker and better results.

Also very frequently, the Government has accused business of not fulfilling its responsibilities in attaining certain production targets set for industry. Those in charge of these industries in turn complain that there have been factors beyond their control such as limitations of profits by selling, price fixation, wage board awards and the like which have made it impossible to earn enough to expand adequately. Again, the record of public-sector industries, barring a few exceptions, generally presents a most disappointing picture. It is only recently that there has been a realisation that public-sector enterprises should also earn profits, and adequate profits at that, and that they should be run exactly on the same lines as autonomous private-sector corporations. The absence of any continuity in top level management in several public-sector enterprises and their being bound by red-tape and cumbersome governmental procedures have resulted, in the past, in very considerable national loss. It is also essential that the treatment accorded both to the public and private sectors should not discriminate in favour of one or the other. The national interest will be best served by private enterprises operating in an atmosphere of encouragement and responsible regulation, in partnership with a well-run public sector.

Controls

Another most irksome area of conflict between Government and Business has been the diverse regulatory measures, controls, licences and permits which have become part and parcel of entrepreneurial activity in this country. If controls and regulatory measures were of a temporary kind to meet specific situations, then, perhaps, the disagreement over them would not be so bitter. Government themselves grant that they are not happy to introduce these controls and that they would far rather not have them. They say they are obliged to wield such powers, as, otherwise, they would be failing in their duty of protecting the interests of the public. Here business has a tremendous responsibility. They have an obligation to run their enterprises efficiently. They have an obligation towards their shareholders, their employees and their consumers. All these obligations have to be squarely met. It must be admitted that there have been instances where business has failed to meet its obligations by one or other of these sections. This does not mean that the Government should automatically impose regulatory measures which actually hamper the efficient functioning of private enterprises.

The Government, in its anxiety to serve what in its opinion is the social purpose of business, has imposed so many regulations, forms, controls, permits and licences and obstructions of considerable magnitude that one wastes one's time in complying with these measures, instead of doing the things that are essential and which, if properly attended to, will produce the best results in the quickest time. The advantageous balance between entrepreneurial freedom and the social needs of a free nation is a very delicate one. Those in Government are naturally exposed to the temptation of arming themselves with unlimited powers with the avowed intention of serving the best interests of the public. To the extent they yield to this temptation, they acquire in their hands instruments of patronage which are both used and abused. In this process, the free play of economic factors is rendered difficult, if not impossible, and results in lop-sided and inadequate development. If only the Government would adopt economic criteria in dealing with what are essentially economic problems, they will find that they are automatically serving the social needs of society as well.

Unfortunately, political predilections and considerations heavily influence governmental fiscal and economic policy in our country. Where such policies have led us to, is clear enough for everybody to see. The state of our economy and nation today is certainly not such as to congratulate ourselves about. At any rate, we could have achieved much more with the talent and genius native to our people. At least, now before it is too late, there should be serious rethinking both on the part of Business and Government to get together for the common good of the country. A very important suggestion that was made at the Business Relations Conference held at Madras was the

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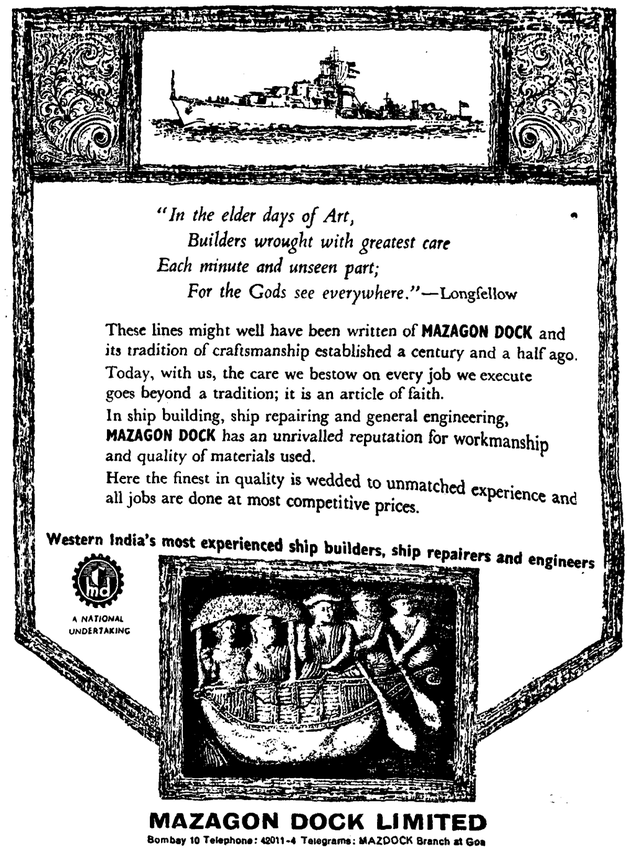
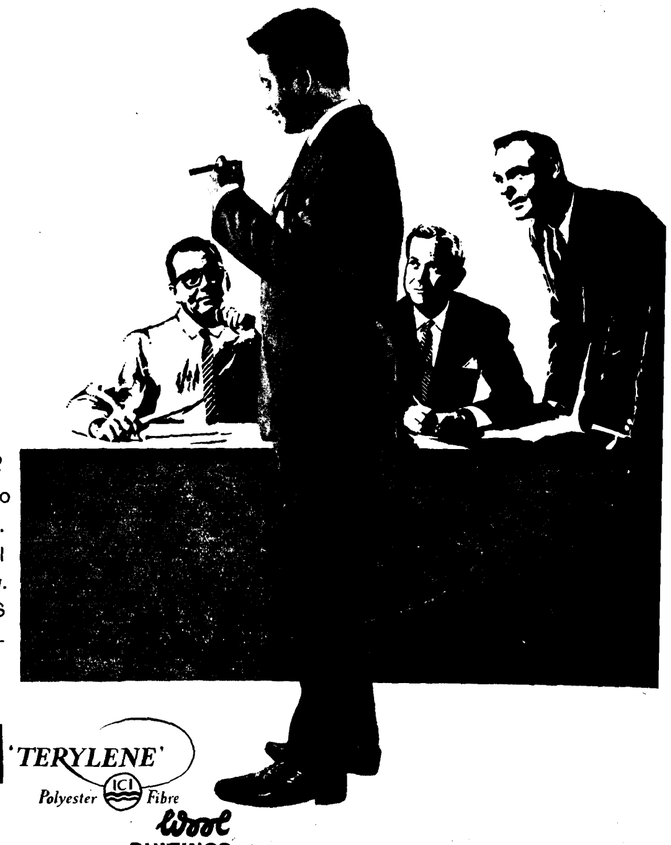




Taxation on Plantations

Need for Centre-States Co-ordination

BY P. S. SUBRAMANIAM, F.C.A.

PLANTATION crops, by their very nature, lend themselves to easy taxation, and taxation takes many shapes and forms. In the beginning, these crops were only taxed indirectly through a levy of excise and export duties, besides a simple local land tax. Later, with the introduction of crop controls and promotional schemes, various new levies like export cess and licensing fees began to be made. The *panchayats* in whose jurisdiction the plantations are situated also began levying a host of taxes like building tax, profession tax, water supply tax and factory tax. State Governments, in their turn, also started levying sales tax, local as well as inter-State. Some municipalities began levying an octroi duty when the plantation crops passed through their boundaries. Thus, over the years, there have been a multitude of indirect taxes levied from plantations and the basis of taxation has been the planted acreage, production, export, consumption, housing, profession and purchases and sales. Even these are probably only illustrative and not exhaustive. We shall consider the progressive impact of these taxes at a later stage in this article.

Genesis of Income-tax on Tea

Direct taxation on plantation crops consists of income-tax and super-tax and allied taxes like wealth tax, estate duty, etc. Income-tax itself consists of two parts—Central (now Union) and State. For many years since the plantations were established, they were treated as agriculture and the tax gatherer had not extended his net to income derived from agriculture. It was in 1919 that the Central Government for the first time announced its intention of levying income-tax on a portion of the profit of tea plantations—to be precise, on the profit derived from the manufacture of tea leaf into tea. This step was taken as a result of a legal decision in an income-tax case. In the Killing Valley Tea Company case, decided in 1920, the court held that factories were liable to pay tax on the profit derived from the process of manufacture. A new income-tax Act was passed in 1922, and at a meeting held in April in that year between the Chief Commissioner of Income-tax, Government of India, and representatives of tea planters, it was agreed that 25 per cent of the net profits of tea plantations should be assessed to Central income-tax, on the assumption that this percentage represented the element of profit derived from manufacture. The remaining 75 per cent was to be considered as the profit derived from agriculture. The necessary provision was written into the Income-tax Rules to give effect to this arrangement.

There was no argument regarding the fairness of this allocation until 1927, when the Central Board of Revenue, without any warning, notified a new draft Rule 24, which sought to increase the rate from 25 to 40 per cent. Protests were made against this increase but to no effect. On the contrary, when presenting the Central Budget in 1927, the Finance Minister, Sir Basil Blackett, threatened to increase the rate to 50 per cent, while at the same time proposing to abolish the export duty on tea. Luckily for the planters, the increase did not take place, while the abolition of the export duty went through. Throughout this period, the planters argued that even the 25 per cent rate was fixed on an arbitrary basis and there was no justification for increasing it to 40 per cent as had been done by merely amending the rule.

This was the position regarding Central income-tax on tea in 1933, and considering the fact that the rate itself is arbitrary, it is fortunate that the percentage assessable to income-tax has remained the same ever since. But that is not to say that there have been no complications over the actual interpretation of the rule. Numerous difficulties have cropped up from time to time and some of them continue even to this day. There is still no clear-cut decision on what should be the net income assessable to income-tax.

Complications Over Ascertainment of Taxable Income

In 1933, the Income-tax Department raised difficulties on the actual expenses 'admissible' against revenue charges. Officers of the department reversed the practice of allowing expenditure on 'infilling' and 'supplying' of tea, and took the stand that these are in the nature of capital expenditure. The tea industry had regarded, and the department had until then agreed, that any expenditure incurred in maintaining the crop at the level of expected productivity should be treated as revenue expenditure. Expenditure designed to increase production by means of an increase in the area under cultivation was admittedly a capital charge. As there was no regular schedule of depreciation applicable to tea gardens for income-tax purposes, it was stressed that all expenditure incurred in maintaining the property up to its maximum revenue-earning capacity should be a fair revenue charge, since it was in the nature of expenditure incurred for earning the profits.

Arguing on these lines the tea industry represented that the cost of 'infilling' or 'supplying,' that is to say, the actual cost of replacement of tea bushes which have earlier died or passed the age of economic productivity, is an expense of upkeep and maintenance, and should be allowed as such by the Income-tax Department. But, strangely enough, the department seemed to think that the unit of production was the tea bush and not the estate as a whole and it regarded each individual 'infilling' as a capital charge! The department subsequently agreed that the expenditure on 'infilling' and 'supplying' should be treated as a revenue charge, but it would not apply to planting on areas previously abandoned. Meanwhile, the department had made a large collection of tax by its previous incorrect interpretation, but it declined to consider a refund when it was requested by the planters.

While this ruling allowed the full expenditure on 'infilling' and 'supplying' to be charged to revenue account, it still did not fully serve the object in view. There were instances in which whole blocks of tea had to be abandoned, because any amount of 'infilling' and 'supplying' thereon would not bring the area back to a reasonable level of productivity. The purpose of 'infilling' and 'supplying' would have been equally served, if a new block of virgin land of the same extent as the area abandoned were planted up with new plants. This was a common practice in the industry and was known as 'replacement' of abandoned areas. Although it did not involve any increase in the total planted area, the department refused to consider the cost of such 'replacement' as a revenue charge, and even now it insists on treating the expenditure as a capital cost.

The tea industry has frequently represented to the Central Government that suitable provision should be made in the Indian Income-tax Act for allowing certain types of expenditure peculiar to this industry. One such item is depreciation on field assets mentioned earlier. Another item is the expenditure on roads constructed in plantations. These are treated as capital cost, but there is no provision for depreciation. A deduction of 25 per cent or even 30 per cent for depreciation on roads would not be unreasonable. Machinery like rollers used to be allowed on revenue account until about 15 years ago, but this facility has now been withdrawn, and the expenditure is treated as capital. Then, there is the expenditure incurred by tea plantations on the compulsory provision of housing and welfare amenities. No other industry is called upon by law to lay out amenities on such a large scale as the tea plantation industry. Yet the industry's request to consider this expenditure as a revenue cost has not been conceded.

Efforts to Tax Rubber and Coffee

The circumstances justifying the treatment of a portion of the profit earned by tea plantations as liable to income-tax do not exist in the case of coffee and rubber plantations, but from time to time efforts have been made by the taxing authorities to bring some part of the profit earned by coffee and rubber plantations also within the scope of taxation. The process of curing of coffee is nothing more than the process ordinarily employed by a grower to render the produce fit to be taken to the market, and this process falls squarely within the definition of "agricultural income" in Section 2 (1) (*b*) of the Indian Income-tax and hence becomes eligible for exemption under Section 4 (3) (viii) of that Act. Similarly, the process employed in raw rubber to make it saleable also falls within the definition mentioned. The Government of India announced in 1923 that no attempt would be made to assess the profits of coffee and rubber estates to Indian Income-tax so long as the phraseology adopted in Section 2 (1) (b) of the Indian Income-tax Act 1922 was retained. Notwithstanding this clear decision, the Income-tax Department went on asking planters to "give a short description of how rubber (or coffee) is dealt with on the estate," hoping perhaps to trace a small loophole through which the rubber and coffee planters could also be made to pay income-tax on at least a portion of their profits!

Even as late as August 1953, an Income-tax Officer held that the entire income from coffee could not be regarded as agricultural and a portion thereof, which he reckoned at 33⅓ per cent, should be deemed to be non-agricultural as it arose from a manufacturing operation. To planters it seemed inconceivable that an income which had always been regarded as agricultural and exempt from tax should, without any changes in cultivation and processing practices, be regarded as otherwise and taxed. Many Income-tax Officers asked planters to furnish returns for several previous years hoping to assess them retrospectively under Section 34. However, this hope was shattered by the High Court of Mysore, giving a decision in appeal on the 26th November 1957 that no part of the income of coffee growers was liable to Indian income-tax.

But it was not long before the Provincial Governments, in their search for new fields of revenue, seized the opportunity to assess the very incomes which the Central Government had decided to leave alone. As far back as 1937, a suggestion had been made that Provincial Governments who introduced prohibition should make up their loss of excise revenue by levying suitable taxes on alternative articles of consumption like tea and coffee. Towards the end of 1949, the Government of Travancore-Cochin introduced an Agricultural Income-tax Bill, even though prohibition had not been introduced in that State. The entire profit earned by coffee, rubber and cardamom plantations and 60 per cent of the profit earned by tea plantations became liable to this tax. Agricultural income-tax at the rate of four annas in the rupee was proposed for all agricultural companies including plantation companies. Apart from proposing this high rate of tax, the Bill did not allow for rebates and reliefs normally allowed in the computation of income for Indian Income-tax as well as Travancore State Income-tax. In particular, there were no provisions corresponding to those provided under Section 10 of the Indian Income-tax Act, allowing expenditure on the upkeep and maintenance of immature areas, expenditure on replanting, writing off of bad and doubtful debts, additional depreciation on new buildings, expenditure on scientific research, etc. The Bill was, however, passed into Act, with practically none of these items included.

The rubber plantations, 88 per cent of whose area is situated in Travancore-Cochin, were seriously affected by this tax, as the sale price of rubber had been fixed on a cost plus basis, while tea plantations also were hit quite hard. It was pointed out that the levy would greatly retard the work of rehabilitation of the rubber plantations, a matter which at the time had been considered to be extremely urgent.

The Travancore-Cochin Agricultural Income-tax Act was almost immediately followed by agricultural income-tax legislation in Coorg which came into force with effect from the 14th June 1951. The rate of tax for companies was fixed at 4 annas in the rupee.

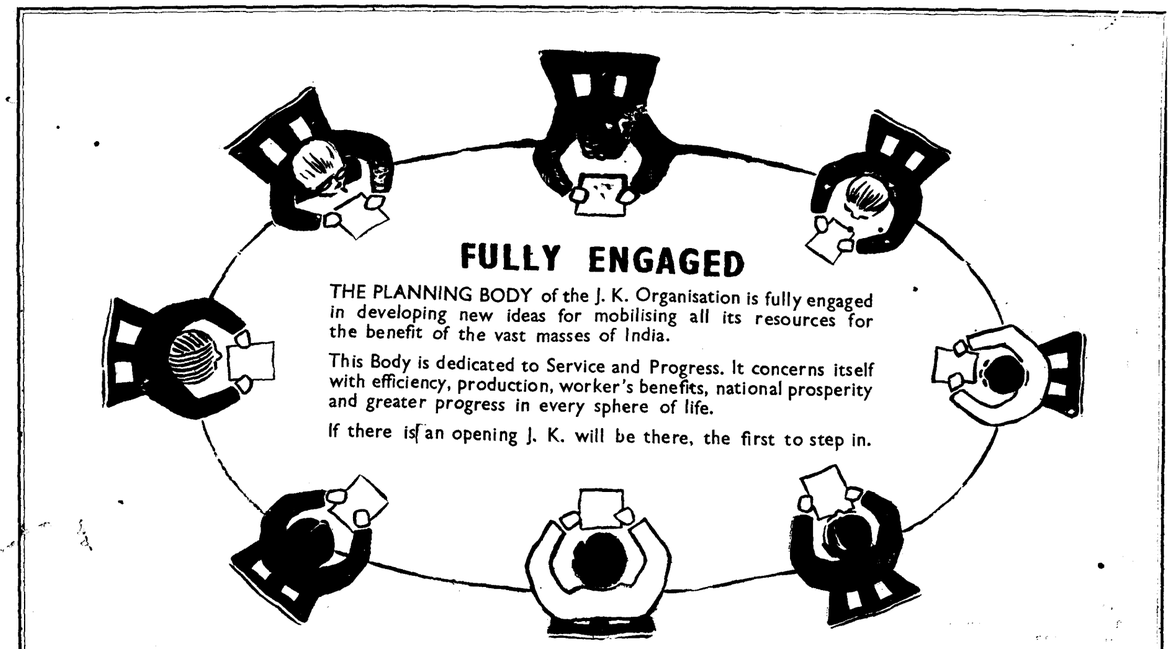
Madras followed next, and the Government introduced a Bill in June 1953. The Act came into force from 1st April 1954. An important difference in this Act was that the levy was to be confined to plantation crops only and not all agricultural crops. Companies were to be assessed at 5½ annas, which, at this time, was also the rate prevailing in Travancore-Cochin.

Mysore came last, in March 1955, with an Agricultural Income-tax Act which, like the Travancore-Cochin Act, applied to plantations as well as other agricultural crops. The rate of tax for companies was 4 annas.

Lack of Co-ordination in Tax Policy

As the years passed, numerous changes were effected both in the structure and the rating of agricultural income-tax in the different States. It would be extremely difficult to narrate them all, or even to dilate upon the more important ones. There was little co-ordination among the States, with the result that disparities were observed in the principle, rating, and method of application of the tax between one State and another. Increased revenue seemed to be the main criterion for the numerous changes proposed and effected, without any co-ordination among the States concerned.

It has been a well-established principle in Indian income-tax that corporate incomes should always be assessed at a flat rate and not on slab rates as in the case of indiv



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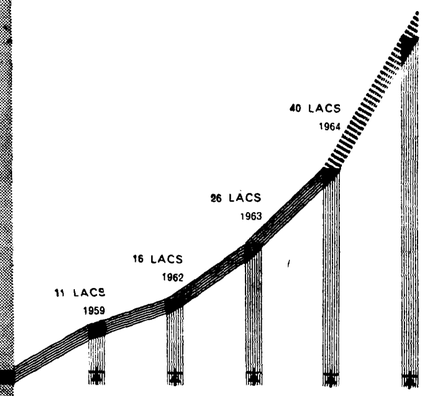

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Differences of this kind between the tax structure and procedures of the Central and State Governments, on the one hand, and those between the State Governments themselves, on the other, have been causing a great deal of confusion in the plantation industries. Taxation has a direct influence on the growth and development of industries. When the Central Government has assumed responsibility for the control and development of the plantation industries, realising their important role in India's economy, it is upto that Government to ensure that adequate co-ordination exists between the Centre and the States in this regard. Without such essential co-ordination, the sum total of taxation by the Centre and the States could easily become an impossible burden for the plantation industries to carry.

It is, therefore, suggested that, to begin with, corporate agricultural taxation on the plantation industries should be kept at the level of Union income-tax or a little less, and, secondly, that, as between the States themselves, there should be some mutual understanding as regards the actual level of agricultural taxation to be levied from the plantation industries. In the third stage, an effort should be made by the States concerned to achieve some uniformity in the rules and procedures, scales of allowances, refunds, rebates, etc. The present practice of the States competing with one another in raising the rate of agricultural taxation and going their own way with the rules and procedures should be given up.

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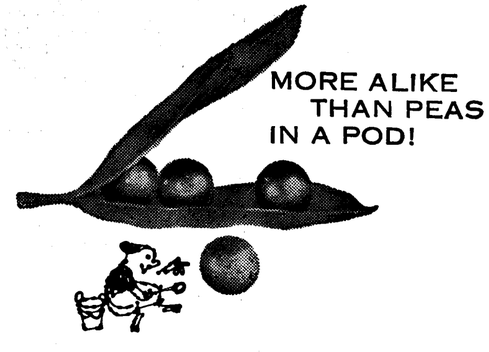

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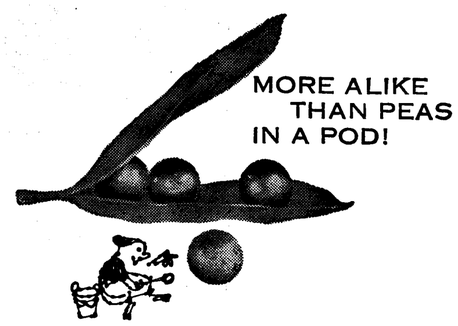

CUZ 1900A

Progress Of Warehousing

Storage Capacity Created Substantial

By C. S. RAMACHANDRAN, I.C.S.
Managing Director, Central Warehousing Corporation

WAREHOUSING facilities in developed countries like the United States, Canada, the United Kingdom, Australia, Scandinavia and France are available on a vast scale both for agricultural produce as well as consumers' goods. The warehouses have mostly been set up in these countries in private and co-operative sectors. Most of these warehouses are built in specialised structures, with mechanical devices for handling and preservation operations. The agricultural produce is generally stored in bulk, after pooling the deposits of various depositors who have no objection to the same after evaluation of grade standards. Economically, most of these warehouses are viable units, in view of the large turnover of the deposits.

The warehousing facilities in India were given a concrete shape by linking credit with agricultural marketing in the year 1956, with the enactment of the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, as a result of the recommendations of the All-India Rural Credit Survey Committee, appointed by the Government of India on the suggestion of the Reserve Bank of India. This Act provided for establishment of:

(i) a National Co-operative Development and Warehousing Board;

(ii) a Central Warehousing Corporation; and

(iii) a State Warehousing Corporation in every State except the State of Jammu and Kashmir.

Though the Central Warehousing Corporation was constituted by the Government in March 1957, it actually started functioning in July of that year; the State Warehousing Corporations were organised during the period from July 1957 to August 1958.

The areas of operation have been defined as centres of all-India importance for the Central Warehousing Corporation and those of the State and/or district importance for the State Warehousing Corporations. It has also been envisaged that special problems, such as provision for specialised storage, storage for export purposes and inter-State purposes should be the special concern of the Central Warehousing Corporation.

In the year 1962, the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, was replaced by the National Co-operative Development Corporation Act, 1962, and the Warehousing Corporations Act, 1962. The Warehousing Corporations Act, 1962, came into force on the 18th March 1963, when the Central Warehousing Corporation was formally re-established under this Act.

The functions of the Central Warehousing Corporation and the State Warehousing Corporations remained, by and large, the same under the new Act, but the scope of activities was enlarged by the inclusion of "Notified commodities" (commodities which the Government may declare by a notification in the official *Gazette* by the powers vested in Parliament by virtue of Entry 33 in List III of the Seventh Schedule of the Constitution), such as cement, steel, textiles, leather and rubber goods, coir and coir goods, etc.

Functions

The functions of the Corporation, as provided in the new Act, are: (*a*) acquire and build godowns and warehouses at suitable places in India as it thinks fit; (*b*) run warehouses for storage of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities offered by the individuals, co-operatives and other institutions; (c) arrange facilities for transport of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities; (d) subscribe to the share capital of the State Warehousing Corporations; (*e*) act as agent of the Government for the purposes of purchase, sale, storage and distribution of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities; and (*f*) carry out such other functions as may be prescribed.

Working of Warehouses

The warehouses of the Central and State Warehousing Corporations work under the respective Warehousing Acts passed by the different States. These warehouses are licensed under the provisions of the Act.

A depositor is required to bring his produce to the warehouse for storage. The goods, on receipt, are weighed. A representative sample is taken from the stock for ascertaining the quality and evaluation of grade standard. A sealed sample is given to the depositor and two such sealed samples are kept in the warehouse for comparison with the stocks at any stage. A warehouse receipt, which is a negotiable instrument under the Warehousing Act, is issued to the depositor in token of the goods received in the warehouse for storage. The receipt contains particulars regarding the quantity and quality of the goods tendered for storage together with a certificate of insuring the same.

The warehouse receipt is accepted by the State Bank of India and other scheduled banks, and the goods, though actually stored in the warehouse, can be pledged with the bank on the production of the Warehouse Receipt. The banks advance loans upto 75 per cent of the value of the goods and the interest charged by them is one to one and half per cent less than what is usually charged by them. The grades of the produce mentioned in the warehouse receipt are generally recognised by the trade throughout the country. A depositor can easily sell his goods on the basis of these warehouse receipts whenever the rates are favourable to him. Since the produce is stored in a scientific manner, there is very little deterioration, and as such, these fetch better price than those stored in private godowns.

Some of the important benefits of storing produce in a warehouse are:

(a) elimination of loss from damage and deterioration due to insect pests and moisture;

(b) avoidance of distress sale by pledging the goods with the banks and obtaining advance to meet the immediate requirements;

(c) transferability of ownership of the goods without the actual movement of the produce, the Warehouse Receipt being transferable;

(d) safety through insurance against fire, flood and theft;

(e) easy evolution and adoption of grades and standards for various commodities; and

(f) a better price to the producer and more equated and less erratic price to the consumer, since in flow of goods into the market is regulated.

Storage charges at Central warehouses have been fixed as low as economically possible. The charges vary from commodity to commodity, but, on an average, 18 to 20 paise per standard bag per month is charged for most of the commodities. Storage charges are chargeable in full for the first month and, for subsequent periods, it is payable on 'weekly' basis. The facility of a rebate is allowed to co-operative societies. The depositor can draw part delivery of his deposits according to his needs. Recently, storage charges on a weekly basis have also been introduced to facilitate short-term deposits.

With the overall shortage of foodgrains in the country and the consequent need to import grains year after year, scientific storage by the Central and State Warehousing Corporations has assumed added significance. It is not only necessary to produce the maximum but also to conserve what is produced. A rough estimate places the annual losses of grains during storage at about 5 per cent and, if the Corporations are able to save even half of it, the question of foodgrain shortages can practically be solved. This loss in terms of weight comes to about four million tonnes. Besides foodgrains, considerable loss is caused in the storage of other commodities also. Most of these are very valuable to our national economy; some of these are good foreign-exchange earners. It is of utmost importance that these commodities are stored on scientific lines and saved from deterioration.

Range of Commodities

A wide range of 110 agricultural commodities are stored in warehouses, including notified commodities such as iron and steel, insecticides, fungicides, weedicides, rubber, cement, leather and coir, etc. Another Bill has been introduced in Parliament to further enhance the scope of activities of the Corporations and, when enacted, it will enable them to store commodities like lac, tobacco, wool, etc., requiring specialised storage.

The methods adopted for preservation are those which the F.A.O. and Ford Foundation have testified to be efficacious. Many agriculturists have found that the foodgrains stored in the warehouses fetch higher prices than those kept in their private old-fashioned storehouses, because of efficient preservation.

Generally, agricultural commodities are stored either in bulk or in bags and the types of storage structures vary from region to region depending upon climatic conditions and the nature of commodities.

Setting up of Warehouses

As a rule, warehouses are, in the first instance, set up in hired accommodation with a view to gauging the storage potential of that particular centre and only when it is found to have sufficient potential as to make it a viable unit, own construction is undertaken. It has not so far been possible to accelerate the pace of construction, due to the general scarcity of building materials, difficulties in acquisition of suitable sites, non-availability of scientifically designed warehouses, etc. Despite these handicaps, however, the work of construction of warehouses has progressed side by side with opening of centres in hired accommodation and, by the end of March 1963, the Central Warehousing Corporation owned a constructed capacity of 46,600 tons. By the end of 1963-64, 19 centres were completed, raising the constructed capacity to 92,135 tons and construction at 14 more centres, including a cold storage at Calcutta, was in progress. By 1965-66, the number of constructed warehouses will go up to 36, with a total capacity of 168,900 tons and by the end of the fourth Plan the Central Warehousing Corporation has a target to complete construction at 86 units with a capacity of 368,900 tons.

Different spices pose special problems for storage where great care and skill is required. Spices deteriorate rapidly while in storage, due to development of fungus, if the produce is not dry. These generally require to be stored in separate rooms.

To overcome storage losses, specialised storage structures are being designed on scientific lines for spices like turmeric, etc. The establishment of such structures is being considered for centres like Calicut, Cochin, Alleppey, Quilon, Virudhunagar, Mangalore, Nizamabad and such other places which are centres of spice production/storage. Such structures are already functioning at Sangli and Mangalore.

Training of Technical Staff

The responsibility for proper grading, storage and preservation of these commodities for a sufficiently long time and for their return to the owner in the same quality and quantity, devolves on the field staff manning the warehouses. As such, intensive theoretical and practical training for them is essential. One of the major difficulties confronting the programme of expansion of the warehousing scheme is the paucity of properly trained technical staff. The Central Warehousing Corporation is organising training courses at regular intervals every year, and even sometimes more than one course in a year, for imparting training to the candidates selected by the Central and State Warehousing Corporations. Since its establishment in 1957, the Central Warehousing Corporation has held eleven such training courses and trained 827 candidates. In addition to the regular training courses, conducted on an all-India basis, regional refresher courses are also conducted to keep the field staff well-versed with the latest developments in the fields of their activities. So far, five regional refresher courses have been held. The training courses are primarily conducted for inspection and storage officers, warehousemen and technical assistants-*cum*-graders recruited by the Central and State Warehousing Corporations. However, a limited number of candidates from co-operatives, commercial institutions, trade and private individuals are also accepted. In order to maintain high standards in field work, the candidates admitted to these courses are graduates in Agriculture, Zoology, Chemistry, Commerce or Economics.

Warehousing in a new venture, launched hardly seven years back, and it will necessarily be some time before its impact on the rural economy of a vast country like India can be felt. Beginning with just seven warehouses in 1958, the Central Warehousing Corporation has now 86 warehouses in different parts of the country, while the State Warehousing Corporations have established 525 centres during this period. In terms of storage capacity, the Central Warehousing Corporation started with 7,000 tons which increased to 80,000 tons by the end of the second Five-year Plan and is 250,000 tons now. The deposits by the end of 1963 had increased to 135,000 tons. This is reinforced by another 400,000 tons capacity in the warehouses set up by the 14 State Warehousing Corporations.

The Warehousing Corporations propose to give all possible assistance to the Food Corporation of India in the matter of storage of foodgrains likely to be procured by them, and a plan of expansion of such facilities specifically to meet their requirements is now under active implementation.

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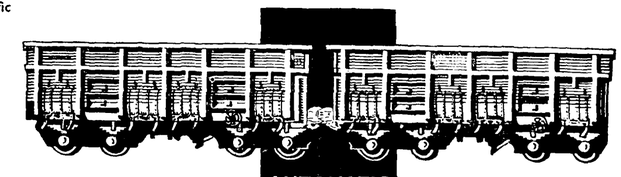

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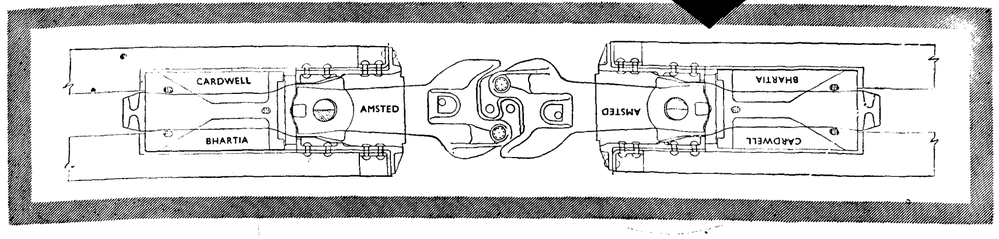

In terms of money Rs. 50 million worth of such Automatic Centre Buffer Couplers that we are to produce by 1966-67 is really *so little*. But in the perspective of our bigger national stake where the Railways have to bear the brunt of the burden, we feel proud to be a cog in the gigantic wheel of our national uplift.

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Small-scale Industries

Assistance Programmes Reviewed

By K. V. VENKATACHALAM

THE growth of modern small-scale industries is one of the most significant aspects of planned economic development in our country during the last decade. The programme of development of modern small industry which was initiated towards the end of the first Five-year Plan yielded results quickly. Our experience has shown that fostering of modern small industry can make a significant contribution to economic decentralisation in our planned development.

A Decade of Growth

An idea of the growth of the small-scale sector during the second and third Five-year Plan periods may be had from the data regarding investment and employment in this sector, presented below:

(In crores of rupees approx.)

Fixed investment	Second Plan	Third Plan*
1. *Institutional/Government sources:*		
(i) State Aid to Industries Act	12.91	17
(ii) State Finance Corporations	7.25	15
(iii) Hire/purchase of machinery	5.69	15
(iv) Industrial Estates	10.22	30
	36.07	80
2. *Private resources of entrepreneurs*	72.14	160
Total	108.21	240

* The figures for the third Five-year Plan period are estimates, based on the actual figures for the first three years and anticipated outlays for the other two years.

The ratio of investment by private entrepreneurs to investment by institutional and Government sources has been very conservatively estimated at 2 : 1. Actually, the ratio is bound to be much higher. A study conducted by the Central Small Industries Organisation in eight industrial estates disclosed that "for every rupee invested by the combined resources of the National Small Industries Corporation and the Government towards fixed capital, the entrepreneurs themselves have invested about 4.8 times from the combined sources of private savings, friends, relatives and moneylenders." Similarly, a study of 250 small-scale industrial units selected at random from all over the country showed that, "in the year 1962, the ratio of institutional investment to private investment was 1:7 (*vide Financing of Small Scale Industries*, published by Central Small Industries Organisation, 1963). The Working Group which prepared programmes for small industries for the third Five-year Plan was of the view that this ratio would be of the order of 4 or 5 : 1 but felt that it would be safe to assume a ratio of 2 : 1, in the absence of data collected on an all-India basis. The same ratio has been adopted here, though, on the basis of the studies mentioned, a much higher ratio is justified.

Employment

Comprehensive data on the number of persons employed in the small-scale sector is not available, since many of the units in this sector are outside the purview of the Factories Act. However, from the *Annual Survey of Industries*, 1960, it is known that there were 36,457 small-scale factories in existence in that year, employing over 13.38 lakh persons (of these 14,629 factories employing over 5.54 lakh persons belong to industry groups which were being specifically encouraged during the last ten years).

A number of studies conducted by different agencies during the last few years have been analysed to estimate the *per capita* fixed investment in this sector. The data examined were those available from (i) The *Annual Survey of Industries* 1960, (ii) the *Ancillary Industries Surveys in Mysore, Kerala and West Bengal*, (iii) the unit-to-unit survey conducted by the Central Small Industries Organisation covering 1,000 units in six different industry groups, (iv) the unit-to-unit surveys conducted in various districts of Uttar Pradesh by Small Industries Service Institute, Kanpur, and (v) the Model Schemes prepared by the Central Small Industries Organisation. From the data available from all these sources, nearly 300 ratios were calculated showing the fixed capital invested per worker in different industries. It was found that the fixed capital investment exceeded Rs. 3 000 in 60 out of the 300 cases. In all other cases, it was less than Rs. 3,000, varying from Rs. 735 to 3,000. If this is any guide, it may be concluded that the fixed investment required to create a job opportunity in the small-scale sector is about Rs. 3,000 during the third Five-year Plan. The Working Group which prepared schemes for the third Plan estimated that the fixed investment per worker at that time was about Rs. 2,583 on the basis of the data available from the *Census of Manufacturing Industries*, 1954. However, to be on the safer side, we might estimate the fixed capital investment per worker at Rs. 3,000 both during the second and third Plan periods. On this basis, the employment opportunities created in the small-scale sector will be as follows:

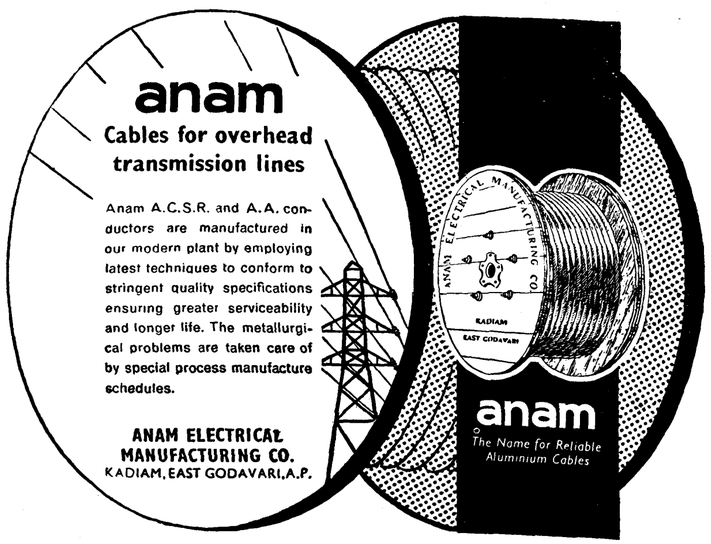
	Second Plan	Third Plan
(i) Total fixed investment (Rs. crores)	108.21	240 approx.
(ii) Employment:		
(i) Job opportunities created (on the basis of Rs. 3,000 per job) (lakhs)	3.6	8
(ii) Supervisory, managerial and other indirect jobs, estimated at 25 per cent. of the above (lakhs)	0.9	2
(iii) Total employment potential created (lakhs)	4.5	10

It should be kept in mind, however, that the employment potential might not have become fully effective due to (1) the inevitable time lag between investment in fixed assets and the actual employment of workers, and (2) the non-availability in adequate quantities of certain kinds of essential scarce raw materials.

Production

On the basis of the data available from the *Annual Survey of Industries*, 1960, the Ford Foundation International Perspective Planning Team (which visited India in 1962-63) estimated that small-scale factories with a fixed capital of Rs. 211.57 crores accounted for a gross output of Rs. 1,232 crores, thus giving a fixed investment-output ratio of over 1 : 5.5. In the case of industries specifically encouraged under the various assistance programmes, this ratio was of the order of 1 : 4.5. This ratio, however, could be considerably improved, if adequate raw materials are supplied to the sector.

The Assistance Programmes launched by the State and Central Governments have stimulated the growth of the small-scale sector though the initiative and enterprising spirit of the private entrepreneurs have greatly contributed to the growth. The actual



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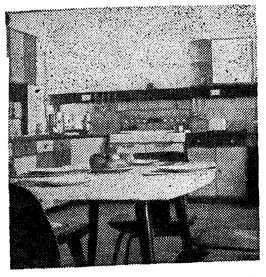

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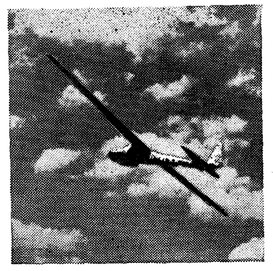

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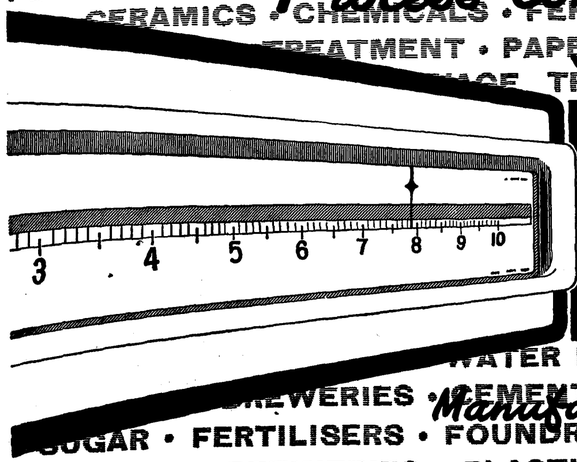

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executive responsibility for the programme rests with the State Governments, the Centre coming in only in an advisory capacity to render industrial extension service. A brief review of the magnitude and directions of assistance during the second and third Plan periods is provided in the following paragraphs.

The State Governments operate various schemes which could broadly be classified as (1) Financial Assistance, (2) Service Schemes, (3) Commercial Schemes, (4) Others, including special assistance to industrial co-operatives, subsidy on supply of power. An analysis of the expenditure on these schemes during the second Plan is presented below:

(Rs. crores)

(1)	*Financial Assistance:* (Loans to entrepreneurs)	12.91
(2)	*Service Schemes:*	
	(i) Training schemes	3.24
	(ii) Demonstration schemes ..	0.56
	(iii) Quality marking schemes ..	0.21
	(iv) Common Facility Centres ..	2.13
	(v) Other service schemes	0.93
(3)	*Commercial Schemes*	5.97
(4)	*Others*	0.73
(5)	*Strengthening of administration* ..	2.92
	Total ..	29.60

The expenditure on the States' side on small-scale industries during the third Plan is likely to be about Rs. 60 crores, though the actual expenditure during the first three years was of the order of Rs. 24 crores only. Details on the lines presented above are not yet available for all the States, but it has been observed from the available data that the pattern of expenditure over various types of schemes is more or less the same as in the second Plan.

A Review of States' Schemes

Loans under the State Aid to Industries Act (Block Loans) which account for over 40 per cent of the total outlay on small-scale industries is an item of long-term financial assistance and adds directly to employment potential. Some States like the Punjab, Rajasthan, Orissa, Madhya Pradesh, Kerala, Bombay and Bihar devoted over 50 per cent of their outlay on small-scale industries towards these loans, while other States, notably West Bengal and Madras earmarked less than 20 per cent of their outlays for this purpose, in the second Plan.

Training schemes intended to upgrade the technical skills of workers in small industrial units have been taken up uniformly in all the States and account for over 10 per cent of the expenditure on small-scale industries. However, outlay on quality marking schemes to test and certify the quality of small industry products have not received the priority they deserve.

Common Facility Centres, through which the services of technicians and costly machinery which small industrialists could not otherwise afford are made available, have been taken up by all States. However, Madras has made notable progress in this regard, investing in these units as much as Rs. 1.8 crore out of Rs. 5.7 crores outlay on small industries programme in the second Plan.

A review of the pattern of expenditure on different types of the schemes during the second and third Plan periods in the different States disclosed that even amongst the advanced States the pattern varies. While the Punjab emphasised on loans to small entrepreneurs, Madras laid stress on Common Facility Centres.

The Central Government is conducting the Industrial Extension Service through the Central Small Industries Organisation with its network of 21 Small Industries Service Institutes and 64 Extension Centres. This service, as is well known, includes various aspects of small industry development like advice on industrial possibilities, technical advice, industrial design, training, surveys, economic information, marketing information, demonstration, publicity, etc., throughout the country. This service is operated at a cost of about Rs. 1.5 crore per annum on an average during the last few years.

The various other forms of assistance available to small industries are: (1) credit assistance, (2) accommodation in Industrial Estates, (3) participation in Government's store purchase programme, (4) development of ancillaries, and (5) hire-purchase of machinery.

Credit Assistance

Besides loans under the State Aid to Industries Act mentioned above, assistance is available from the State Finance Corporations for long-term capital. Working capital is ordinarily provided by the State Bank of India and other commercial banks. The Reserve Bank is operating a credit Guarantee Scheme on behalf of the Government of India. The loans advanced by the State Bank and its subsidiaries to small-scale units for working capital are of the order of Rs. 34.5 crores (September 1964), while the amount lent by other commercial banks was about Rs. 31 crores (June 1963).

Industrial Estates

This scheme which is intended to provide readymade factory accommodation with all amenities has made rapid progress during the second Plan period. An amount of Rs. 11.2 crores was spent during that period and a provision of Rs. 30.2 crores was made for the third Plan. So far (March 1964), over 325 industrial estates have been planned. Of these, 111 have been completed and are actually functioning.

A review of the working of the industrial estates disclosed that those located in metropolitan and urban areas quickly attracted entrepreneurs, while the facilities in these estates in semi-urban and rural areas have been utilised much more haltingly. To make the industrial estate an effective instrument of spatial decentralisation of small industries, more careful and intensive planning seems necessary. Location of industrial estates will have to be based on an assessment of growth potential at the perspective points and it should be made sure that the basic infrastructure (such as power, water, transport, etc.,) facilities are available or will be made available quickly.

The group of industries to be located in an industrial estate should be carefully planned so as to provide for inter-firm transactions, essential services, utilisation of local raw material, etc.

Government Stores Purchase

The National Small Industries Corporation, in co-operation with the D.G.S. and D., is operating a programme to ensure adequate participation by small industries in the Government Stores Purchase Programme. According to this programme, 70 items are reserved for exclusive procurement from small-scale industries and in the case of a number of other items small industries can compete with other suppliers. Nearly 13,500 small-scale units are now participating in this programme. The actual supplies to the D.G.S. and D. under this programme have been doubling every year during the last four years, the amount supplied during 1963 being over Rs. 34 crores.

The fixed capital limit of Rs. 5 lakhs applicable to small-scale units has been raised to Rs. 10 lakhs in the case of ancillary units supplying components/sub-assemblies to large-scale industrial units in certain industry groups. These units will be eligible for the following other assistance:

(a) Technical Assistance.
(b) Supply of machinery under Hire-purchase Scheme, and
(c) Allotment of accommodation in Industrial Estates.

While Government can provide assistance for development of ancillaries, the actual progress will depend on the industrialists—large-scale and small-scale—themselves. Chambers of commerce and other associations of industrialists should take a lead in fostering ancillary relationship between large and small-scale units.

Hire-purchase of Machinery

The National Small Industries Corporation is also operating a scheme for the supply of machinery on hire-purchase basis to small industrialists. Under this scheme both indigenous and imported machinery are supplied against the deposit of an earnest money of 20 per cent of the cost of the machines, the balance being payable in instalments over a period of seven years, the rate of interest being 6 per cent. So far, machines worth over Rs. 19 crores have been supplied under this scheme.

The Future

A few words may now be said about the place of the small-scale sector in the forthcoming fourth Plan. There are now over 57,000 small-scale units in the country. Our experience has shown that the units in the small-scale sector can effectively compete with those in the large-scale sector in terms of quality and price, provided they are given equal access to facilities like raw materials, finance, etc. However, it has been found that the bulk of the units are unable to utilise their production capacities fully due to non-availability of what are called "scarce raw materials." Any programme for the future should necessarily take into account the need for consolidation of existing units, so that they might work more economically and provide more employment.

The production of steel within the country is rapidly increasing. At the same time, a variety of basic industrial raw materials like caustic soda, P.V.C., etc., which were being previously imported are now manufactured more and more within the country. As the supplies of these increase, the scope for small industries would further increase. This will provide a continuously increasing opportunity for small-scale industries to develop.

While new small-scale units based on non-scarce, indigenous raw materials can be established freely as now, those based on scarce and imported raw materials may have to be screened and directed into selected, priority industries to ensure that maximum advantage is derived from scarce resources. It must, however, be emphasised that the small-scale sector should continue to grow hand in hand with the large-scale sector.

In order to achieve the objective of decentralised development, it will be necessary to develop this sector much quicker, so that, during the next decade, the small-scale sector will contribute about 50 to 60 per cent of the total industrial production in the country. It may be hoped that, by that time small industries will play as important a role in our economy as those in other advanced countries like Japan and the United States.

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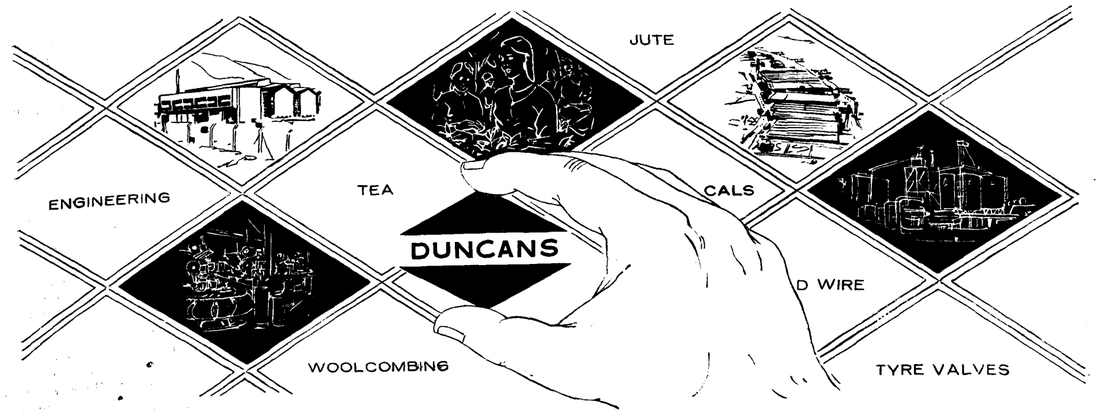

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By C. RAMASUBBAN
EX-CHAIRMAN, TARIFF COMMISSION

AMONG the industries which have received tariff protection and developmental assistance during the last two decades, quite a large number have flourished and have been firmly established in our country. To mention only a few, we may cite aluminium, artificial silk, bicycles, caustic soda, soda ash, cement, cotton textile machinery, sheet glass, grinding wheels, iron and steel, machine tools, batteries, paper, plastics, sewing machines, sugar, automobile ancillaries, rubber tyres and tubes, electric conductors and transformers. In strange and melancholy contrast to these, we have the case of automobile manufacture, particularly of passenger cars, which has faced one misfortune after another since 1953, and, besides being the most reviled of our industries, has also been the victim of a most amorphous policy of control and development on the part of the Government.

There are three important reports no automobile manufacture, namely, (i) the Tariff Commission's Report of 25th April 1953 supported by a Technical Report by V. R. Worwig, referred to later in this article as T.C.R. 1953 (ii) the Tariff Commission's Report of 6th October 1956 referred to later as T.C.R. 1956, and (iii) the *Ad-Hoc* Committee's Report—the L.K. Jha Committee—of 25th January 1960, referred to later as J.C.R. 1960. None of these reports seem to carry much weight either with the Government or with the public, although all the recommendations and conclusions in the reports, especially those relating to the general principles of development of the industry, were accepted by the Government at the time of their release. The only possible explanation that I can think of for the continuing misfortune of the industry and the loss of status of these reports is that the days on which these reports were written and signed were, perhaps, wholly inauspicious and that the planets that ruled on those days were malefic to the industry!

Public Reaction

Representatives of the people in Parliament, Government spokesmen, members of the public and newspapers have, since the commencement of 1964, expressed various views. Summed up, these views are: (*a*) prices of cars are unreasonably high and should come down; (*b*) production is totally inadequate to meet demand; (*c*) there are too many units in manufacture in relation to the smallness of the demand; (*d*) no solution can be found by permitting expansion of all the three existing units; (*e*) one method of rationalisation would be to bring about their integration into one common unit to produce one, or perhaps two, makes of cars; and (*f*) the feasibility of Government setting up a new unit for the production of an *economy* car, with, if possible, the collaboration of an existing manufacturer, requires to be examined.

All these views have been discussed widely, with passenger car manufacturers standing with their backs to the wall, trying to justify their performances and prices and their very existence, while economic journalists and newspaper commentators have been spelling out the whys and why nots of integration, rationalisation, standardisation, and price reduction, and Government spokesmen loftily calling for maximisation of indigenous content alongside slashing of prices.

In the midst of all these bright and interesting happenings there appeared a news item in leading newspapers in the country that the Chief Minister of Maharashtra had discovered a private automobile manufacturer in his State who had assembled a small car *without importing any component from outside*, a cent per cent indigenously manufactured vehicle, which could be sold for Rs. 4,000 to Rs. 5,000. If "it could be sold" for Rs. 4/5,000, it means that the price includes profit to the manufacturer, dealers' commission, sales tax, excise duty and the like. I mention this only because it has emanated from a high source, but refrain from making any comments for obvious reasons.

Reasons for High Cost

It is an admitted fact that prices of cars are high but they are so due to factors beyond the control of manufacturers. First, it is a proved fact that every item of increase in indigenous content increases the cost of the car and this factor has been firmly stressed in T.C.R. 1956 as the inevitable price we have to pay for maximisation of indigenous manufacture. Secondly, the one major element in the price structure of cars which has to be taken note of is the amount that is made up of taxes and duties. From the figures publicised by two of the manufacturers, Premier Automobiles Ltd., and Standard Motor Products of India Ltd., it is seen that the tax and duty element in the price of a Fiat car (Rs. 12,871 in Maharashtra) is Rs. 5,111, while the corresponding figure for a Standard Herald car (Rs. 13,217 in Madras) is Rs. 5,174. The Jha Committee has asserted that it is in many ways natural and inevitable that, when the Government does need higher revenues, the class of people who can afford to own cars should have to bear a relatively high proportion of the tax burden. It follows, therefore, that the tax and duty element at current levels is justifiable and inevitable. How then could car manufacturers be blamed for the price which they charge? If it is the view that they should be able to absorb the major portion of the tax element themselves, without passing it on to consumers, I can only quote the opinions of the Tariff Commission (T.C.R. 1956) and the Jha Committee (J.C.R. 1960) that none of the units in the automobile industry have been making profits adequate for payment of more than moderate returns to their shareholders. Indeed, the frequent cost investigations that have taken place have proved that the profits made by manufacturers on the sale of each car is thoroughly inadequate to provide for the scale of plough-back or amortisation that is considered necessary for the industry.

There are certain basic factors which militate against reduction in prices. The cost of raw materials in India is very high as compared with that prevailing in Europe, special steels require to be imported, and productivity per worker is also comparatively low. The degree of automation in automobile factories in India stands no comparison with what prevails in Europe or U.S.A. Capital equipment with Indian machine tools cost roughly twice as much as in the U.K. or Germany. To give a few illustrations, a radial drilling machine costs about Rs. 34,800 in India, as against Rs. 13,000 in the U.K. An internal grinder costs Rs. 1.2 lakh in India, as against Rs. 44,500 in the U.K., and a bar capstan costs Rs. 48,000 in India, as against Rs. 26,000 in the U.K. Components cost much more in India than in the U.K. or Germany, and are taxed not only as components but once over again after assembly. To give only one example. The Standard Car in the U.K. is fitted with tyres which cost the consumer only Rs. 196 in which the purchase tax element is only Rs. 34. In India, the same type of car is fitted with tyres which cost the manufacturer Rs. 443 (in which the excise duty is Rs. 154.80) but, again, after being fitted to the car, a levy of excise duty of Rs. 58 and sales tax of Rs. 44 is made, so that the final price to the consumer becomes Rs. 545. There are a large number of ancillary manufacturers who supply components to car producers, but they also suffer from similar disabilities which militate against price reduction of components and do not have a volume of production large enough for any elbow room. A combination of factors comprising high duties, low volume, low productivity and high cost of materials results in a feeling of helplessness and inevitability as far as manufacturing costs are concerned.

Production Inadequate

Production of passenger cars is, indeed, totally inadequate to meet demand, but it is unfair to blame manufacturers for this. Apart from the fact that they have had no affluence during all the past ten years to built up internal resources, the most important reason is that expansion has not been encouraged as it involves foreign exchange in which our resources are very low. Further, over the last few years, passenger car production has been accorded a low priority in the country's planning. This factor is not being adequately borne in mind. On the other hand, efforts are being made to toss the ball in the manufacturers' court by suggesting that there are too many units in manufacture in relation to the smallness of the dmand. that no solution can be found by permitting expansion in all the three existing units and that they should integrate or give room for a new unit to produce an *economy* car.

All these suggestions amount to abrogation of all prior commitments and should be wholly deprecated as being grossly unfair to enterprises which have come up as a result of Government-approved planned development and in which a large measure of private middle-class investment has taken place. I would herein emphasise (quoting from T.C.R. 1956) that each approved project in the automobile industry is part of an overall plan which requires to be successfully implemented, and the grant of Government approval to any project should carry the implied assurance that no difficulties will arise, as result of Government policies themselves, in the way of its successful implementation. The development of automobile industry should not be allowed to follow the law of the survival of the fittest, but should be so planned as to avoid difficulties in the way of the smooth implementation of the projects already approved.

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It should be remembered that, in 1953 and for some years thereafter, industrial projects were sanctioned by Government not strictly nor solely in relation to the demand, but also with a view to avoiding monopoly; they were also sanctioned on regional considerations. Thus, the existence of three units in the manufacture of passenger cars is not a mere accident, but the result of Governmental planning and approval. The three units established in three of the major cities in the country were expected to develop manufacturing complexes in their respective regions with diverse ancillary units for production of components, and this expectation has been fulfilled. They were also expected to solve the problem of freight on the avoidable movement of new cars over large distances. Purchasers consider the freight element as a deterrent to buying cars manufactured outside their own area of domicile. To wake up to the fact (after eleven years) of there being too many units in relation to the total demand for cars is to admit bad planning. which in itself may be an honest admission of error, but when coupled with the implied admission of despair and drive to destruction, amounts to a complete lack of faith in human ingenuity which is capable of evolving some solution to save the situation.

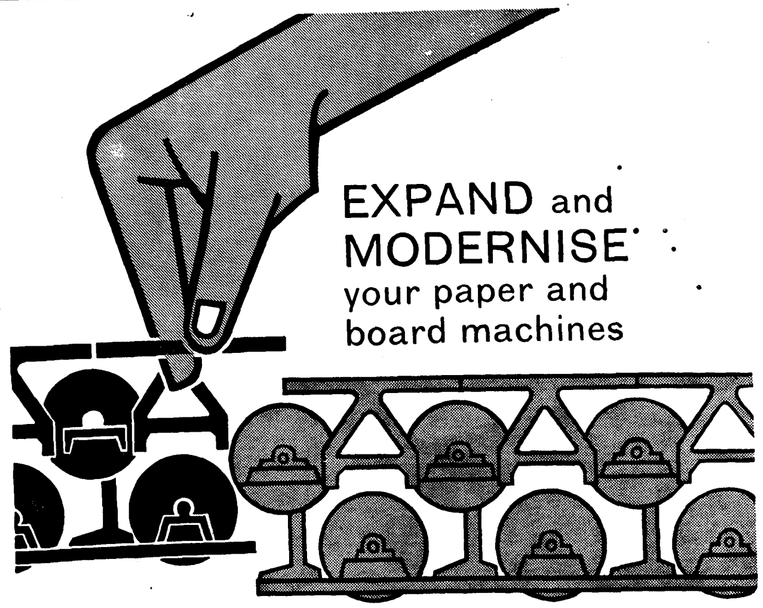
Integration

The suggestion regarding integration can be easily dismissed i it is recognised that each ca which is now being manufacture has its own standard specification in regard to engine, transmission front and rear axles, frames, etc and each manufacturer has tool and jigs only for his own manufacture. No unit can find an merit in any form of integration as each produces a distinctive make of car entirely different from the others, and has also to fulfil obligations to its foreign collaborators. The large measure of misunderstanding that exists in this regard is apparently due to reports of financial amalgamations and standardisation that have taken place in foreign countries, but such amalgamations are totally different from manufacturing integration.

Economy Car

The present rated capacity of the three car manufacturers in India is, I believe, 25,000. The production in 1963 was reported to be 15,900. The demand stands unabated but cannot be accurately assessed, as much of it is a natural reaction to declared scarcity and delivery time. To think of starting another unit for the manufacture of an *economy* car (almost a contradiction in terms) is thoroughly inconsistent with the sound principle that projects in existence with planned approval must be protected and assisted by every civilised community which has any solicitude for middle class investors. Further, the success of a new venture for the production of an *economy* car cannot be assured, if the deterients to prosperity which envelop the three existing manufacturers are not wholly eradicated. The new venture cannot be expected to fare any better.

The provision of an *economy* car to the people of India, in the present stage of the country's overall economy, cannot fulfil any conceivable *social purpose*; there are far greater ills affecting the lives and fortunes of our people than the absence of cheap passenger cars. This factor is all the more important, if it is realised that the establishment of a new unit can only result in disaster to the existing units. misdirection of existing scarce resources, and a negation of all previous commitments to the concerned manufacturers and their shareholders.



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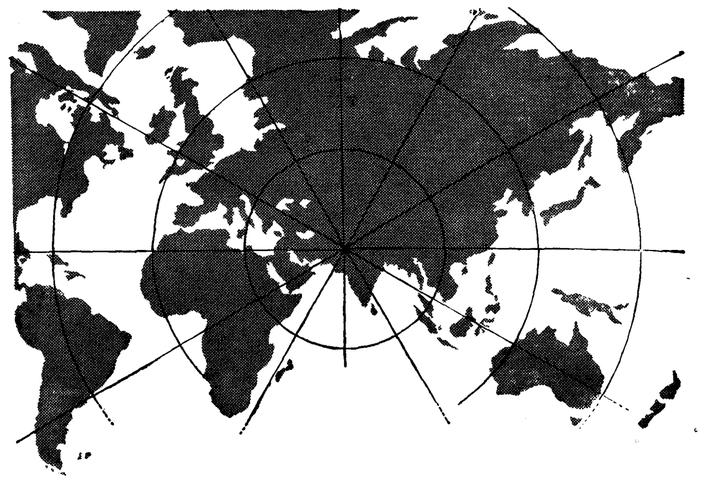
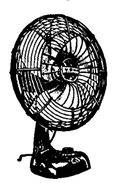


Over the years we've spread the name USHA across six continents and over 50 foreign markets. It represents quality sewing machines and fans—reputed for streamlined styling, superb finish, top performance ...features which enable USHA to compete successfully with well-known foreign brands.

Today, our company has emerged as the largest manufacturer of sewing machines in Asia, and we can rightly claim that we operate the biggest single-unit fan factory in the world. Our network of selling and servicing centres is the widest in India. Our technical services have helped set up USHA plants in Saigon and Colombo.

Today, USHA is earning the country vital foreign exchange...it is the symbol of national progress.



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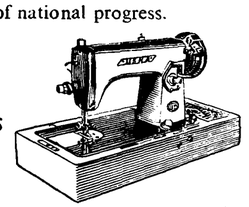

Automobile Industry

Critics Ignore All Proved Facts

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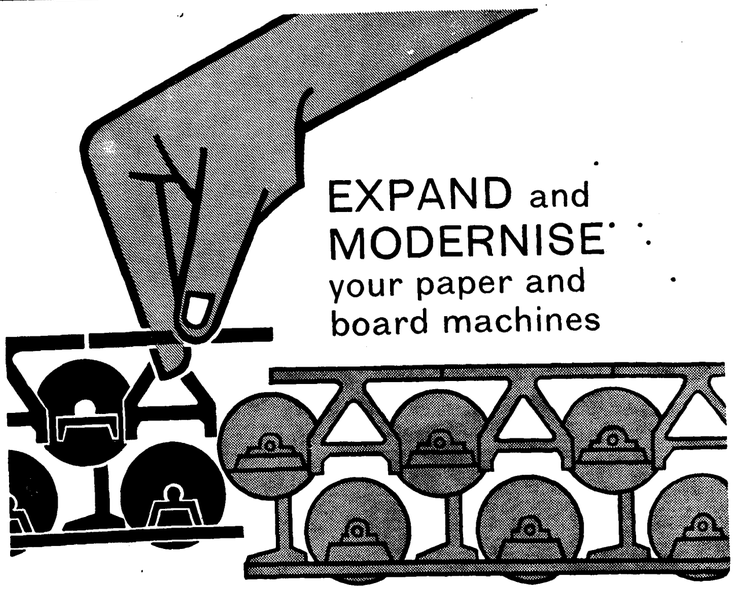

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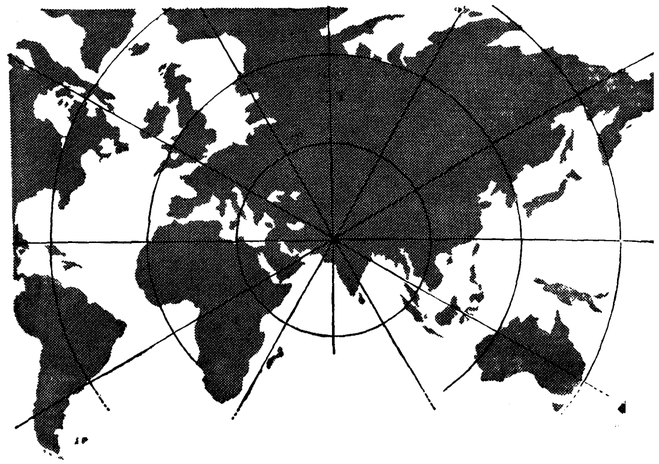

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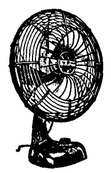

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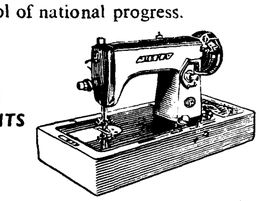


TREND OF WORLD COMMODITY PRICES

Soft Spots Seen Likely In 1965

By A Special Correspondent

LONDON, *30th November*

AFTER a year in which the recovery and advance of 1963 was generally consolidated and further expanded, the booming world commodities trade seems likely to develop some soft spots during 1965.

Voicing this fear, the London food and raw materials markets remain confident, however, that the general level of high prices ruling over the past nine months will be held. But there is also a feeling that the agricultural sector in particular will be prone to levelling or declining price trends. A tightening of credit—reflecting the current trend of rising interest rates in some countries—is seen as making life harder for primary producers and commodity traders alike.

Some price levelling may have already got under way, as in the case of sugar, cocoa, coffee, or rubber. Unfavourable factors for all these have been a slowing down in the growth of demand against generally increased supply.

Nevertheless, there is thought to be little likelihood that the low values of before 1963 will again be general throughout the commodities trade next year.

More Agreements Likely

But 1965 is also expected to see a greater role played by various international schemes to stabilise commodity prices in certain fields. Such agreements, often including both producer and consumer countries as signatories, are already in operation for coffee, sugar, wheat, and, more recently, cocoa. Stabilisation efforts imposed by commercial producers are also functioning in some of the metals.

In addition, such groups as wool producers and others are becoming increasingly active in promoting greater consumption of their output, through research into new and better applications and vigorous publicity campaigns in consumer markets.

All these influences are expected to make a greater impact on the world commodity trade next year than they have had a chance to do so far. This, it is felt, is because the producers have now had virtually two years of buoyant trading conditions, in comparison with the slump in commodities of 1960-62, against which to base in strength further output and/or export-limiting programmes needed to iron out the severe price fluctuations which upset market stability.

Demand Likely to be Sustained

Meanwhile, the fundamentally optimistic outlook for commodities in 1965, as generally implied in London, New York, and other major marketing centres, is based on the belief that the present buoyant world economic climate will persist in the long-term. Barring unforeseen developments and temporary reversals, industry and business in the more advanced countries are expected to continue at their current brisk levels.

This will sustain demand for commodities and keep values for the most part at their current good levels. Where supplies remain short, through weather, political or labour factors limiting output, prices for the materials concerned will, as in the past 18 months or more, rule at high levels.

Only the threat of substitution of a costly commodity with cheaper alternative media can foreseeably keep values for some booming materials from climbing to exceptional heights. But even here substitution is often forestalled by the great expense of converting industrial plant so that the alternative material can be employed.

This has been an important factor in the price behaviour of such booming commodities as aluminium, tin or copper where a cheaper metal or plastic, for example, might often be preferred. Similarly, items like sisal for agricultural binder or baler twine and mica, the transparent mineral for electrical appliance and other uses, might, in the long-term, be capable of pricing themselves out of markets in favour of synthetics which can do the job as well, and at costs below the natural commodity's prevailing price.

But these and some others are in the early stages of substitution and the man-made alternatives are still costly.

Broadly speaking, most of the major commodities traded on London have advanced substantially in price beyond year-ago levels. Based on London spot prices for the end of November, this is true of the base metals, which have hit record post-Korean War levels, most grains and fibres, edible oils and oilseeds, and spices. But there have been notable exceptions, some of which admittedly may be only temporary.

Australian and English wheats, cocoa, coffee, sisal, sugar, teas, and wooltops finished November at cash prices lower than their year-ago levels.

Among sectors responding most strongly to demand pressures have been the metals, especially tin and copper. Others, notably platinum, mercury and tungsten reflect to various extents the virtual absence during 1964 of former supplies, sometimes large, from the Communist countries. These are believed to have been withheld partly because of their need in the further industrial expansion of the Soviet Union and its allies and China, but also probably because the East bloc producers have in several cases waited in the hope of profiting from the Western price booms.

The risk of Communist supplies of, say, silver, tin, platinum or tungsten ores, returning suddenly to world markets is a potentially important factor in the outlook for these materials.

Indicative of the upward price movements seen this year on the London commodity markets are the following examples of gains in spot values per ton, unless otherwise noted, between 28th November 1963 and the same date in 1964:

Antimony rose by £39 net; copper wirebars by £262 10s. net; lead £69 12s.; mercury (per 76 lbs. flask) £68; tin £489 10s.; tungsten ore £3 17s.; black pepper, per lb. 3½d. groundnut oil £43; linseed oil £10; soyabean oil £33 10s.; copra 8 dollars; jute £26.

Copper

These gains over the past year show the biggest cash price advances for copper and tin, both of which have been in great demand while at the same time their supply has been statistically tight. Copper production has suffered this year from a series of setbacks in the main production centres due to labour unrest at the mines or in directly related activities affecting supply. These account for about 100,000 tons of production lost to consumers, which cannot be made up.

Besides mining site strikes in Chile, the United States and the Rhodesian copper belt this year, there was also a Central African railway strike which for a time held up shipments of metal.

Roughly half the annual world consumption of copper at 5 million tons still goes into electrical goods. But the ground lost to the producers eight years ago when high prices provoked a swing to steel-cored aluminium power cables has never been regained. Another blow to future copper usage may prove to be an announcement in the United States by the General Electric Company in October this year that it had evolved an electricity-conducting plastic.

Tin

Tin is another case of prices spiralling upwards on a scarcity of supplies, due in part to political unrest in the Far East, the main producer area, output lost to labour difficulties in Nigeria and Bolivia, and the drying up since 1961 of large supplies from Communist China. As a result, cash tin briefly hit an all-time record of £1,715 per ton earlier this year.

By the last half of November, however, a delayed reaction to American intentions of releasing an extra 12,000 tons of supply stockpile tin in their disposal year to next March brought about a sharp price decline. This also shook out, it was suspected, a large speculative element in values and confirmed some long-term forecasts that tin next year might return to lower, preboom (but not slump) levels.

Nevertheless, the world tin deficit for 1964 still looks like working out at around 25,000 tons. In spite of this prospect, tin producers are not so anxious over substitution threats, because prices, by early this month already back down near the £1,400-per-ton mark, are not a major factor in determining the price of tinplate, the main outlet.

But tinplate used in canning is facing keen competition from aluminium, glass and plastics. This contingency and the possibility of sudden revival of the Chinese supplies, which once accounted for a net supply to the West of 17,000 tons a year, are bearish points in tin's longer-term outlook.

Lead and Zinc

Lead and zinc were slower to join in the year's metal boom. But the high points they reached have lately been modified by reaction and profit-taking. Moreover, zinc price behaviour is limited by the possibilities of replacement in die-casting with aluminium, and lead, often subject to weakening from periodic "invasions" by scrap supplies, might face plastics substitution, structually, in batteries, its largest single application. Already plastics are making some inroads into lead usage in cable sheathing.

Agricultural Commodities

On the agricultural side, there has lately been concern for wool values, which have declined on buyers' anticipation that this season's world wool clip will be a record. Output *plus* carryover is forecast as providing supplies which will exceed 1963-64's by more than 100 million lbs. 28th November Bradford spot prices for wooltops were at only 112 pence per lb., against year-ago levels of 132 pence. But the larger turnover should offset the lower prices which in turn are likely to encourage consumption. This is the view of several analysts, including experts in the United States Department of Agriculture.

While the wool industry implements its new propaganda drive to increase consumption, the Alliance of Cocoa Producers—Ghana, Nigeria, Ivory Coast, Togo, and Brazil—has been meeting to further perfect a quota system for withholding portions of output from world markets in order to strengthen prices.

These, on a spot basis, have fallen from a year-ago level of 205*s.* per ton to only 181*s.* 3*d.* at the end of last month. Besides the quota idea, the producers have also considered possible destruction of older stocks, although no firm intentions in this regard have yet emerged.

Coffee also suffers from oversupply, but through East African overproduction of the Robusta types (mainly used for instant coffee manufacture) rather than Brazilian output which has recently been rationalised. London shipment prices early this month have been about 37*s.* per cwt. below year-ago level, although grinders, content so far to watch for further possible declines, should begin stock replenishment in the New Year.

Sugar prices, at present lower than they were in January 1963, at the start of the commodity's recent boom, are not expected to rise much above the £29 15*s.* per ton obtaining at the end of last month. The recovery of the European beet crop, in contrast to that damaged in the severe winter of 1962-63, and non-repetition of the 1962 hurricane damage to the Cuban and other Caribbean cane crops have produced supplies exceeding demand. This demand, moreover, appears to have been slowing down in growth rate over recent years.

Cuban standing cane ready for harvesting is believed to be equivalent to a crop of some 5 million tons, against an estimated 3.8 million tons last season. But mounting labour and transport difficulties again make harvesting of the whole crop doubtful.

In the longer term, dealers foresee the commodity once again ruling at the present lower but more realistic price levels.

Commodity Indices

	Latest available (14-12-64)	A month ago	Three months ago (14-9-64)	A year ago
Financial Times (Base: 1st July 1952=100)	92.29	92.74	92.13	84.83
Dow Jones: (Base: Average 1924-25-26=100)				
Spot	142.89	141.10	140.76	155.68
Futures	137.94	139.72	139.61	152.13
Moody's: (Base: 31st December 1931=100)				
Staple commodities	367.4	363.6	363.3	371.2
Reuter's U.K. (Base: 18th September 1931=100)	472.9	482.3	475.2	486.8

COMMODITY PRICE CHANGES IN LONDON

(The quotations are in £ per ton unless otherwise stated)

	Latest available	1964 High	1964 Low	A year ago	Change over the year
Metals					
Aluminium (Canadian)	196	196	184	184	+ 12
Antimony 99% (delivered)	391½	391½	252½	252½	+139
Copper cash	516½	530½	235½	235½	+280½
3 months copper	456½	489½	238½	236½	+219½
Copper sulphate	123½	138½	79	79	+ 44½
Gold (per oz.) (spot)	251*s.* 9*d.*	252*s.* 4½*d.*	250*s.* 7*d.*	250*s.* 10½*d.*	+10½*d.*
Lead cash	151	151	76⅛	75	+ 76
Lead 3 months	137½	137½	78⅛	75⅛	+61 19/16
Nickel	642	642	642	642	..
Platinum* (oz.)	31½–32½	31½	31⅛	30½	+ 1½
Quick silver (flask)	140	140	77	73	+ 67
Silver (t. oz.) (spot)	112½*d.*	112½*d.*	111½*d.*	111½*d.*	+ ½*d.*
Tin cash	1,260	1,697½	1,025½	1,007	+ 253
Tin 3 months	1,235	1,618½	1,025½	1,003½	+231½
Wolfram unit c.i.f.	188–198*s.*	198*s.*	82–86*s.*	94–99*s.*	+94-99*s.*
Zinc cash	126½	154	90½	93½	+ 33
Zinc 3 months	123½	133½	88⅛	89⅛	+ 33⅛
Wheat					
No. 2 Manitoba	30-5*s.*	30-13*s.* 9*d.*	29-5*s.*	30-15*s.*	— 10*s.*
Am. No. 2 Hard Winter	29-2*s.* 6*d.*	29-17*s.* 6*d.*	28-2*s.* 6*d.*	29-2*s.* 6*d.*	..
Australian	25-5*s.*	28-10*s.*	25-5*s.*	28	—2-15*s.*
English Milling	20½–21½	24½	19	21–24	— 2½
Spices					
Cloves (lb.)	2*s.* 7½*d.*	2*s.* 7½*d.*	2*s.* 7*d.*	2*s.* 7*d.*	+ ½*d.*
Pepper White (lb.)	3*s.* ½*d.*	3*s.* 2½*d.*	2*s.* 7½*d.*	2*s.* 9½*d.*	+ 2½*d.*
Black (lb.)	2*s.* 7½*d.*	2*s.* 7½*d.*	2*s.* ½*d.*	2*s.* 3*d.*	+4½*d.*
Oils					
Castor, Indian	‡	‡	118	110½	114	..
Coconut, Straits, 3½%	‡	‡	97	‡	..
Groundnut 3/5%	147	147	98	104	+ 43
Linseed, Crude	102	117	83½	96	+ 6
Palm, Sumatra	‡	93	73½	83½	..
Soyabean, European	106½	109½	76½	77½	29
Seeds					
Copra, Philippines	$208	$209	$186½	$194½	+ 13½
Groundnuts, Nig.	74½	75	60½	62½	+ 12½
Linseed, Can No. 1	51	52½	47⅛	51⅛	— ⅛
Other Commodities					
Cocoa, Shipment (50 kilos)	183*s.* 9*d.*	207*s.* 6*d.*	170*s.*	198*s.* 9*d.*	— 15*s.*
Coffee, Shipment† (cwt.)	237*s.* 6*d.*	336*s.*	237*s.* 6*d.*	271*s.*	—33*s.* 6*d.*
Futures, 2nd Position	213*s.* 9*d.*	338*s.*	213*s.* 9*d.*	274*s.* 9*d.*	—61*s.*
Cotton Amer. Middling (lb.)	23.35*d.*	23.75*d.*	23.15*d.*	23.20*d.*	+0.15*d.*
Des. Coconut	120	121	111½	120	..
Jute, L.J.A. Firsts	139	160	102½	111	+ 28
Rubber (lb.)	21*d.*	21½*d.*	19*d.*	19 11/16*d.*	+1 5/16*d.*
Sago, Pearl	43	44½	42	43½	— ½
Flour	33	33½	32	33	..
Sisal, B.E.A. No. 1	108	148	108	148	— 40
Sugar	27	91½	27	87½	— 60½
Sulphur, U.S. and Mexican	$24-28	$24-28	$24-28	$24-28	..
Tapioca	46	48½	34½	42½	+ 3½
Tea (Quality) (lb.)	4*s.* 2*d.*–6*s.* 4*d.*	5*s.* 4*d.*–6*s.* 4*d.*	4*s.* 9*d.*–6*s.* 11*d.*	5*s.* 4*d.*–6*s.* 4*d.*	—1*s.* 1*d.*
Tea (Plain) (lb.)	2*s.* 6*d.*–3*s.* 7*d.*	2*s.* 5*d.*–4*s.* 1*d.*	2*s.*–3*s.* 3*d.*	2*s.* 9*d.*–3*s.* 11*d.*	— 4*d.*
Wooltops 64*s.* (lb.)	111*d.*	134*d.*	111*d.*	132*d.*	—21*d.*

* U.K. and Commonwealth refined.
† Uganda Robusta Grade 10 unwashed f.o.b. Mombasa.
‡ Unquoted.
Source: *Financial Times*/ London.

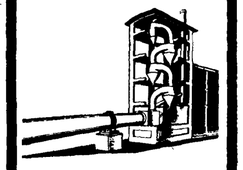
PLANNING IN AN EMERGENT COUNTRY

(*Concluded from page 122*)

tradition are hard to break—though in Buganda, most important kingdom of Uganda, custom is that the *Kabaka* (king) decrees and custom changes when the *Kabaka* decrees change!

Perhaps, a solution can be found in a wholesale development of estates in which each employee can buy, by instalments, a share entitling him to participate in profits. There is enough land at present to enable all who wish to own a small piece of subsistence land, worked by his family in addition to earning a cash income from factory or estate work. In this respect, Uganda is most fortunate, but, unless the estates are developed now on the empty land, the opportunity for economic development will pass away and the country may doom itself to a peasant economy.

Little has been said in this article of private enterprises for the simple reason that such enterprises, with a few notable exceptions in tea and sugar, operate only in commerce or in small-scale industry. Yet a great deal of the much needed managerial skill of the country is in this private sector and one of the most important organisation problems is how to involve this private commercial skill in the larger enterprises which the Government must needs sponsor. The effective development of public enterprise and even of public administration may in the end depend upon the success of Government in finding ways of involving invidualistic private enterprise into its operations.



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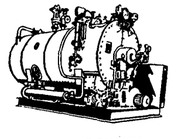
Highly efficient Preheaters for the Dry Process of Cement Manufacture

PRESSURE VESSELS
For the Chemical and Process Industries



PACKAGED BOILERS
The "Steambloc" oil fired boiler designed for working pressure up to 145 or 245 p.s.i.

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AVB's Heavy Engineering Works at Durgapur in West Bengal is geared to supply a wide variety of equipment ranging from High Pressure Boilers and Pressure Vessels to machinery for the Cement, Mining, Metallurgical and Chemical Industries. In addition to the machinery illustrated, the following equipment is also being manufactured at AVB Works:

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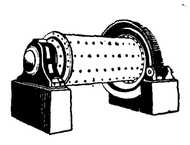
AIRMERGE BLENDING SYSTEMS
FULLER AIRVEYOR-AIRSTREAM CONVEYING SYSTEMS
TRAYLOR JAW CRUSHERS
FULLER-HEYD AIR SEPARATORS
WATER TUBE BOILERS



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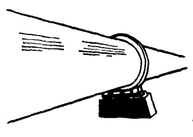
Closed and Open Circuit Grinding Mills for the Cement and Mining Industries



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BRITISH TEXTILE INDUSTRY QUITE CHEERFUL

Productivity Rises—Order Books Lengthen—Prices Improve

By ARTHUR TATTERSALL

NOBODY with any experience of the textile industry in Britain during the past five years or so can legitimately argue that their life has been dull. Important projects have followed one another with bewildering rapidity, the millowners and their workers have frequently hit the headlines, while national and international economic trends have often impinged on the state of trade and governed the outlook.

Compared with 1963, the general conditions ruling in Lancashire have been intensified in every respect. Order books have lengthened; deliveries have become more extended; productivity has improved; manpower shortages have been uncovered; prices have strengthened, in some cases to a marked degree; and machine activity has been fully sustained. The industry, in fact, is undergoing one of its occasional spurts of prosperity, at least so far as pulsating machinery and keen demand for all its products is concerned.

In the eighteen months which have elapsed since the exciting change of structure arising from the intervention of the chief man-made fibre producers into the manufacture and marketing of textiles, a revitalised industry has already begun to emerge. That the action taken to integrate some of the larger groups happened to coincide with a gathering demand for the industry's products was to some extent accidential, but it had the effect of creating a surge of interest in the activities of the mills, reaching far beyond the traditional boundaries of textile manufacture.

More Capital-intensive

As a result, there has been much speculation as to the way in which a more closely knit and a far more capital-intensive industry will develop in the years ahead. The moves to bring a more modern approach to the many problems still facing individual managements have been aided by a more favourable attitude on the part of the Government. This changed relationship has been illustrated very effectively by the acceptance of the trade's case on imports.

In June 1963, the then President of the Board of Trade was quite obviously unmoved by the protestations of the industry's leaders in calling for safeguards against a series of attacks from foreign competitive suppliers, many of whom were able to quote prices which local producers could never approach because of the difference in labour costs. Shortly afterwards, in an unexplained reversal of policy, the Government agreed to support measures involving categorisation of imports, so that the prospect of continual diversions into individual sections of the trade by competitors became a less depressing prospect for those concerned.

This, indeed, was the break-through so far as the controversial import issue was involved. Subsequent events followed a pattern which many local traders had despaired of achieving after so many rebuffs in the past. In two separate instances, the Board of Trade imposed licensing restrictions, affecting Macao and Korea, when arrivals from these sources took on substantial proportions.

The Merger Movement

Amid the almost weekly flurry of major events, the continuation and growth of the merger movement has provoked the most resounding and persistent controversy in trade circles. When the first important step was taken eighteen months ago, through which the man-made fibre producers gave financial backing to the English Sewing Cotton-Tootal link, the ramifications of subsequent structural changes could scarcely have been imagined. That the industry's "blue chips" would be absorbed, leaving virtually no independent spinning combine of any size, would never have been forecast at that time. Within the past six months, however—indeed within a single fortnight—no less than four of the biggest groups passed into new ownership. The influence of these adjustments has been the most important single factor in trading during the period.

Observers had gladly suggested that more changes of this kind would follow the inroads already made by Courtaulds and I.C.I. through the Viyella group, most of which had been in the Midlands and in the processing sectors. The switch to the absorption of spinning capacity on an overwhelming scale, although not entirely surprising caused complications which have not yet been fully cleared up. Buyers were naturally anxious about their prospects of securing adequate supplies from sources with which close contact had been kept throughout many years. Despite recent assurances that no major interference with the flow of goods is contemplated, the fear that readjustments will be necessary lingers in the minds of many interested parties.

High Machine Activity

Throughout the year, the mills in Lancashire and surrounding countries have been working at full pressure to deal with the orders currently held by spinners and manufacturers. Machine activity has rarely been below 90 per cent of capacity. According to official figures, the amount of shift working is gradually increasing and undoubtedly the introduction of modernised plant has had a considerable influence on efficient output and has brought about an improvement in actual production. Small percentage increases in output per working day have been recorded from month to month; from this angle alone the reorganisation scheme can be said to have proved its worth.

The scheme itself, which was originally launched in 1959, officially ended in early July this year when the final installation of new machines was required in order to participate in the re-equipment grant. Government payments to the industry had, at that time, amounted to £19.6 million, of which £11.2 million were on account of the scrapping scheme and £8.4 million for re-equipment. The Cotton Board has estimated that the final cost of the aid given to the industry might reach about £26 million.

Statistics covering the amount of plant in place and working show phenomenal variations in the five years. The initial impetus of the redundancy programme cut the physical size of machinery installed almost by half; since then constant attention has been given to new projects, some of which are still only at the blueprint stage. Perhaps the most encouraging feature of the whole operation has been the entirely new approach now adopted by a large proportion of the remaining firms in accepting the basic premise that modernisation is a continual process, whether stimulated by State subsidy or not.

Prior to the Government's drastic move on imports generally in October involving the surcharge, the cotton trade had continued its own battle to secure more favourable terms in competing with its foreign rivals. The former Government had recognised the validity of many of the arguments put forward and the Board of Trade had introduced revised licensing arrangements aimed at restraining new suppliers from gaining a foothold in the British home market in order to claim a corresponding quota.

To substantiate its position and put on record its policy for the future, the Cotton Board issued its "Case for a Viable Cotton Industry," which was in general terms accepted by the then Secretary for Industry. In this document, which clearly set out the facts surrounding the importation of cotton textiles into this country, the Board submitted a novel suggestion that a levy should be introduced which would be repayable to exporters in the country of origin as a means of narrowing the price gap between Eastern costs and those in the more developed areas. Alternatively, a global quota for cotton imports was advocated, within which the supplying countries could compete with one another.

These proposals were put before the Government well in advance of the negotiations which must take place with representatives of a number of countries next year, as the existing level of quotas is scheduled to expire at the end of 1965. In the meantime, the previous system, which involved additional quotas for Commonwealth suppliers in the event of order books in Lancashire extending beyond 20 weeks, has been scrapped. Special extra quotas for the second half of this year and during 1965 have been agreed, in the same ratio as those already operating, for India, Hong Kong and Pakistan.

Events in the field of hours and wages have their separate sections wherein details are given, but mention must be made of the important arrangement reached between the employers and trade unions on a progressive improvement in the terms of employment for workers in the industry over the next three years. This "package deal" sets a precedent for a major British industry and may well provide a pattern for other trades in due course. It gave the operatives a regular wage advance annually over the three years, a regular reduction in hours and an additional day's holiday each year.

Although not as widespread in its application the pact which establishes a new wage structure in modernised spinning mills represented just as much a landmark in the history of joint discussions on such matters. Over the years, any arrangement of this type can scarcely avoid becoming outdated and basic revisions become a necessity. The moment for changing the structure while the industry itself is in the throes of readjustment was clearly opportune.

Buying Accelerates

Buying in most sections of the market accelerated during the summer months when there seemed to be signs of some supply shortages developing. This continuation of the trend which first started last autumn, enabled most sellers to obtain better terms and margins improved. The big financial deals which took place in July caused hesitation in some quarters, but inquiry was stimulated by the belief that new sources of supply would be needed and many negotiations ensued, bringing a fair offtake in their train. Reports from distributing centres did not live up to the expectations of traders, although actual sales were higher than in 1963. This, combined with the rising trend of available supplies, made customers more cautious in the closing weeks of the year, although the imposition of the surcharge on imports brought an additional surge of demand. Very few firms were able to offer delivery of finished fabric earlier than mid-1965.

The accompanying tables indicate the latest position of exports, imports, employment and production as compared with recent years.

Labour Matters

Reference has already been made to the far-reaching arrangements between employers and trade unions in the spinning and weaving sections whereby hours, wages and conditions were fixed in June covering the three year period ahead. This complete reversal of previous systems, where by haphazard applications were made from time to time by the leaders of the operatives, was only achieved after very lengthy negotiations and its acceptance by both sides was symptomatic of the new spirit which already pervades the various branches of the industry. The agreement provided for wages to be increased by 4 per cent in July, to be followed by similar advances in the same month in 1965 and 1966. Working hours are to be reduced by half-an-hour weekly from January 1965 and in each of the two succeeding years. An extra day's holiday is to be granted during the forthcoming Christmas and New Year period and a further day added during the following two years.

Both sides in the negotiations eventually made concessions. The employers agreed to the progressive scheme to improve conditions in the hope that recruitment will be stimulated, while the foreknowledge of the various changes will enable them to assess their forward costings more accurately. The unions have recognised that steady gains in this sphere are more satisfactory than spasmodic claims with their ensuing bargaining and often protracted talks. The pact also contained a restraining clause to penalise those operatives who are prone to bad time-keeping, especially after holiday periods. This, it was felt, would cut down absenteeism and aid productivity.

Early in 1964, it became known that the spinning employers and the Cardroom Amalgamation were on the verge of completing a new agreement covering a completely revised wage structure to be applied in moder

U.K.'s Overseas Cloth Trade

(In thousand square yards)

	Exports		Imports	
	Cotton	*Rayon, etc.*	*Cotton*	*Rayon, etc.*
1938	1,386,235	31,176	52,000	24,000
1941	783,109	69,054	340	720
1945	441,095	84,187	10	7,620
1949	903,578	160,708	348,800	51,600
1951	864,375	217,206	276,800	99,200
1953	709,905	176,826	98,640	44,400
1955	554,504	133,747	299,600	65,320
1957	455,760	111,239	416,252	73,490
1959	347,637	63,725	537,145	37,764
1961	286,632	48,884	731,011	69,739
1962	235,210	54,969	575,021	66,485
1963	222,262	80,319	636,208	63,446
1964—				
1st quarter	51,954	22,463	192,574	21,969
2nd ,, ...	50,923	22,224	222,149	24,309
3rd ,, ...	53,351	22,480	195,528	22,649

	Employment (Average at work)		Production (Weekly averages in 1,000's)	
	Spinning and Doubling	*Weaving*	*Yarn* (lbs.)	*Cloth* (Linear yds.)
1937	176,000	187,000	*26,500	79,270
1941	117,800	108,200	23,180	41,300
1945	96,000	96,100	17,910	35,530
1949	137,660	129,800	24,350	49,830
1951	145,430	140,320	27,110	56,920
1953	125,720	124,190	23,100	49,660
1955	118,380	117,970	22,350	47,680
1957	111,710	103,510	22,050	43,980
1959	91,990	84,870	19,250	37,020
1961	81,960	79,760	17,550	35,420
1962	72,450	74,880	15,900	31,010
1963	67,440	68,030	16,410	30,280
1964—				
1st quarter	66,170	66,820	17,390	31,790
2nd ,, ...	65,730	66,780	17,010	32,600
3rd ,, ...	65,120	66,160	16,410	27,760

* Excluding doubled yarn.

mills. At the end of June, it was announced that this pact had been signed and that it also included apprenticeship and training schemes which were regarded as essential if the industry was to maintain a regular flow of young people into the mills.

In this sphere also, the shadow of the big financial developments loomed large. Collective bargaining on wages and similar issues has been the basis of negotiations between the employers' associations and the trade unions for many years, but the new structure of the industry posed problems as to future relationships of this kind. The Cardroom Amalgamation, for example, indicated in August that approaches were being made to Courtaulds for talks on the whole topic of wages and conditions affecting its members. This led to the belief that more individual agreements with the giant firms which now have such a substantial stake in the industry may be necessary.

Raw Cotton Prices and Supplies

After all the fanfares which greeted the news earlier this year that the American Government had passed new cotton legislation which provided for the reintroduction of a single-price system, the result can scarcely be regarded with any enthusiasm by traders in the raw material. The same desultory operations have continued and the inactive mood of the market has been undisturbed. Nothing, in fact, has occurred to stimulate demand apart from the steady movement of supplies into consumption and the markets generally no longer reflect the price of the fibre with any degree of accuracy. This has been particularly the case in Liverpool where for long periods the quotations for futures have remained unaltered and business has been almost completely at a standstill. Prices for spot cotton have been equally lethargic, although occasional revisions have taken place in outside growths, mostly South American or Middle Eastern qualities.

One of the most significant developments in the United States was the decision of the members of the New Orleans Cotton Exchange to suspend dealings. At the beginning of July, it was proposed that trading should cease on the liquidation of outstanding contracts. This left the New York market alone as the arbiter of rates for American cotton. Early in October, an attempt was made to breathe fresh life into the market by introducing a second futures contract with the intention of reflecting world prices on the New York Exchange. So far the experiment has not met with much success and the turnover has remained at a low level.

Lack of Balance

The major statistical situation affecting the raw material has been the continuation of a lack of balance between output and consumption. Stocks at the end of the 1963-64 season had increased by more than two million bales and were then estimated at more than 25 million bales, of which half was held in the United States. On the other hand, other net exporting countries had reduced the supplies held, chiefly in the Sudan and Brazil. Few of these areas retained surpluses and the use of cotton in many of the developing countries tended to increase as the local mills stepped up their production of grey cloth and finished textiles.

Latest figures for the new crop in the United States already suggest that the yield per acre will comfortably exceed last season's record. The general impression is that, in growing areas outside the United States, better crop conditions will lead to further advances in the total production so that another large global crop, combined with the expansion in carryover stocks, will result in a new high record supply.

Returns covering last season suggest that world consumption of the fibre was in excess of 48 million bales, a rise of nearly 2½ million bales as compared with the previous year. It is significant that a large part of the increase, consisting of one million bales, was shared by the Soviet Union, Eastern Europe and China.

Mill activity in many parts of the world is expected to continue at a satisfactory level during the current season and bigger exports have been forecast despite the incidence of competition from the man-made fibres. The rising trend in consumption, in fact, should offset any curtailment of stocks by importing countries. A large harvest is undoubtedly on the way and the availability of supplies should be more than adequate to fulfil demand.

Mill managers have been extensively sampling the types of cotton now being offered by countries which have only lately appeared on the list of exporters in their own right. In particular, the emerging nations in Africa are keen to show their worth as producers of the natural fibre and arrivals from such sources, coupled with the substantial quantities acquired from the Middle East, now make up a major part of imports into the United Kingdom.

Raw cotton imports into the United Kingdom so far this year to the end of October aggregated 998,067 bales, including 240,024 bales American, 79,868 bales Brazilian, 76,982 bales Sudan, 73,246 bales Pakistan, 39,610 bales Peruvian, 32,516 bales Russian 28,155 bales Mexican, 26,238 bales East African, 24,082 bales West African, 21,757 bales Egyptian, 6,181 bales Argentine, 3,408 bales Indian and 346,000 bales sundries.

Exports and Imports

Despite a sharp drop in shipments of cotton yarn and thread in September, the position at the end of nine months of 1964 showed practically no change in exports of such goods as compared with the same period last year. The quantity sent abroad was 15,953,000 lbs. as against 15,591,000 lbs., the respective values being £9,640,000, as against £9,575,000. The average price per lb. of yarn and thread exported in nine months this year was 145.02d., as against 147.39d. last year. In contrast, there has been a further rise in the volume of cotton yarn imported so far this year. For the first nine months, the total volume of arrivals from abroad was 32,154,000 lbs. as against 26,936,000 lbs. in the same period in 1963. Although all categories showed a rising tendency, the major expansion in imports was in single yarns up to 20s counts and throughout the whole range of doubled yarn.

In the first nine months of 1964, imports of cotton cloth amounted to 610,251,000 square yards, as compared with a total of 636,209,000 square yards in the whole of last year. Practically the whole of the increase was accounted for by larger shipments of grey cloth amounting to 488,226,000 square yards, as against 363,253,000 square yards in the first nine months of 1963. Finished cloth imports in the same period amounted to 122,126,000 square yards, as against 109,907,000 square yards.

Cotton cloth exports to the end of September were some 15,500,000 yards lower than in the first nine months of 1963, being 156,228,000 square yards. Shippers of man-made fibre cloth, however, again came to the rescue and stepped up their overseas trade by some 10 million yards, so that the combined total was less than 3 million yards lower than at the same stage in 1963. The average price of cotton cloth exports so far this year was 35.42d. per square yard, as against 33.51d. twelve months previously.

Further welcome gains were achieved by exporters of man-made fibre goods during the first nine months of 1964. The volume of yarns shipped abroad increased by over 10 million lbs. from 60,381,000 lbs. to 70,852,000 lbs., the earnings from this trade being more than £5 million up on last year at nearly £29 million. China became the largest single importer of British man-made fibre yarns, absorbing more than 7 million lbs., but the value of these supplies was little more than £1 million, whereas Australia, which took 6,500,000 lbs., paid nearly £3 million for its purchases.

In the first nine months this year, shipments of man-made fibre piece-goods also continued their upward trend, aggregating 67,167,000 yards, a rise of 10 million yards on the 1963 level. The value was £14,020,000, as against £11,505,000. New Zealand took the largest quantities at 6,768,000 yards, followed by the Irish Republic and South Africa. At the same time, larger imports of man-made fibre goods were also recorded, the quantity of yarn and thread arriving in this country reaching 21,906,000 lbs., nearly double the volume secured from abroad in the same period last year. The cost of these purchases was £10,673,000, as against £5,468,000. Cloth imports also increased, from 45,441,000 yards to 68,927,000 yards, at a cost of £16,140,000, as against £11,154,000.

Increased Productivity

A survey of capital expenditure covering a slightly more extensive sector of the trade than the cotton industry as defined by the Cotton Board shows that, in 1958, £14.2 million were spent; by 1961, this had risen to £25.5 million and, in the five years from 1958 to 1962, total capital expenditure exceeded £100 million.

Total spindleage was reduced by 65 per cent between 1958 and 1963, but yarn production decreased by only 28½ per cent over the same period. In the spinning section, mule spindles now represent only 12 per cent of total spinning capacity and an even smaller proportion if shift working is taken into account. Only 5 per cent of spindles were running on two or three shifts before the reorganisation scheme; the current figure is near 40 per cent.

The percentage of automatic looms running in the industry had risen from 19 per cent before the reorganisation scheme to 37 per cent in mid-1964. Whereas about 20 per cent of the looms were engaged on shift work prior to 1959, the ratio has now increased to 40 per cent.

Since the reorganisation scheme, output per head has improved by around 20 per cent on average, despite the effect of the shorter working week. About half the yarn spun on the cotton system and some 60 per cent of the cloth woven in the industry is now produced on machinery working two or three shifts.

American Levels in Sight

All these facts were included in the closely reasoned memorandum submitted to the Government by the Cotton Board a few months ago. The claim was then made that the most efficient firms are within sight of American levels of productivity. The statement was also made that this rate of progress would not only continue, but could be expected to accelerate in the next few years, provided confidence could be maintained as a result of Government backing. The Administration then in office did, in fact, indicate its acceptance of the general principle that the industry had an important role to play in the future economic progress of the nation. Unless its spokesmen are to repudiate their past words, the new Government will take an equally progressive line.

With such an encouraging record of the past five years behind it, the industry could justifiably assert that it had played its part in modernisation and establishing a sound basis on which to plan its future in a modern world of textiles which bears little resemblance to the situation ruling only a decade ago and one which is poles apart from the pre-war scene. Few of those directly concerned, however, would deny that much remains to be done and that there is still ample opportunity for improving the character of the trade by creating a more efficient co-ordination of effort.

Process of Integration

Moves to strengthen the structure have been in progress for eighteen months and the developments of the past year have gathered together many of the loose strands which prevented the essential links between output and distribution from making their maximum impact. It is a simple matter to forecast that additional arrangements will be made, either by direct absorptions or through more informal systems, to continue this process of integration in the months ahead.

By the very nature of the deals which have been put through recently, the actual size of future mergers may be relatively small when compared with earlier transactions, but some rationalisation of weaving in particular would be a natural outcome of the steps already taken to give this section more stability. A visit to almost any mill in Lancashire these days shows at least one room in which machinery is either being dismantled or installed. Those firms which have more than one unit to operate are busily engaged in transferring their productive capacity to the best possible advantage by improving the flow, handling and distribution of their products.

By providing financial backing to the extent of millions of pounds, the man-made fibre producers have already been able to open up new vistas for companies whose horizons had, of necessity, been limited in the past by their cash of credit boundaries. It will be some time before these changes in outlook become fully apparent, but, within the space of a few years, a notable feeling of expansion has developed among those concerns which have in the past been held back by circumstances beyond their control.

At the end of April, Courtaulds and I.C.I. jointly announced their intention to readjust their financial arrangements which had been complicated by the abortive bid made by I.C.I. for its chief rival in the man-made fibres field more than two years earlier. As a result, Courtaulds transferred its 50 per cent holding in British Nylon Spinners to I.C.I. in exchange for I.C.I.'s holding of ap-

(*Continued on page* 183)

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BLACK PEPPER—A BUYERS' MARKET

Outlook For 1965, However, Better

By I. T. PAREKH

A D. 1964 saw pepper as a buyers' market. It had ceased to be a sellers' market that it was immediately after the last war. To some extent, it was because world production proved to be on a par with consumption and there was competition in selling among major producers such as Indonesia, Sarawak, Brazil and India. To a greater degree, however, it was because of the inexperience of Indonesian traders in dealing with overseas buyers. Until recently, before the confrontation, they were shipping their produce to Singapore for processing and resale. As such, they were not in the know of the pulse and the psychology of the U.S. and the European buyers. The U.S. dealers never buy in a weak market. They buy only in either a strong or a steadier market. Indonesian traders, inexperienced as they are, offered to New York lower prices in an unsteady market and the result was small business and still lower prices.

A retrospective study of arrivals and purchase price of Lampong by New York will bear out the force of the statement. New York purchased almost all its yearly requirements of black pepper at an average price of $0.31½ to $0.32½ from Indonesia. Arrivals of Lampong pepper were so heavy during the year that even a second-hand market for the major part of the year could not go beyond an average of $0.34½. New York market suffered from the overburden of pepper stock almost throughout the year. During the year, two noticeable rallies were seen: one when the price in New York touched a level of $0.44½ and the other when it touched a level of $0.41½. These two upsurges came to pass only when Indonesia was out of the field as sellers and the field was almost left to India.

Our important buyer, the U.S., could afford to buy Malabar pepper sparingly throughout the year 1964, since, after the boycott of Singapore by Indonesia, Lampong pepper was being sold in big lots to New York at lower prices. Arrivals in the U.S. from January through October 1964 equalled the total arrivals of 1963 which were estimated at a post-war high of over 20,000 tons. The major part of these arrivals were from Indonesia. Thanks to the Russian and other East European purchases and satisfactory home consumption, Malabar black pepper was not forced to compete with Lampong in New York. Otherwise, still lower prices would have been witnessed in the world's market. Prices ruling in the New York market are always taken as a criterion for the world pepper prices.

Significant Developments

Following, among others, are some of the important considerations and significant developments of the year in pepper in major producing and consuming markets:

1. Indonesia's self-imposed trade and economic ban against Malaysia assumed a more acute form.

2. Indonesian as well as Malaysian Governments enforced stricter vigilance against smuggling of Indonesian produce into Singapore. The former did it to save precious foreign exchange and the latter did it for stopping smuggling of arms and volunteers under the cover of produce cargo.

3. Holland's come back to Indonesian market; tin, rubber and other produce were routed to Holland instead of to Singapore for processing and resale in the world market.

4. The floating of a couple of State trading companies in the U.S. and Europe by the Indonesian Government in collaboration with prominent Dutch firms experienced in the produce trade of the world. These were known as "Joint Ventures."

5. Revision of export regulation by Indonesia, announcing that the official rate of exchange will be 250 rupiahs to one U.S. dollar, instead of 315 rupiahs to one U.S. dollar, but, with the increase in the entitlement from 15 to 25 per cent on the value of the export. Previous change in the rate of exchange for selling export proceeds to the Indonesian Bank was made in the month of May 1963. The rate of exchange at 45 rupiahs to one U.S. dollar was raised to 315 rupiahs for one dollar. This meant a heavy devaluation of Indonesian rupiahs and it was responsible for a heavy drop in the price of Lampong pepper in terms of dollar in 1963.

6. Ban by Malaysian Government against any kind of barter trade between Indonesians and some of the Malaysian merchants using small crafts sailing from Rhio Island and some places of Sumatra to Singapore and the Malay Peninsula. The ban was imposed for security reasons. The barter trade between Indonesia and Malaysia and Singapore ran into millions of dollars despite Indonesian confrontation. In view of the above ban, Singapore lost its former importance in the pepper trade of the world.

7. Failure of all the conferences between the Indonesian and Malaysian Governments for the peaceful solution of the present impasse arranged through the good offices of the Governments of Thailand, Cambodia and Japan.

8. The selling policy of the Indonesian merchants; they never offer less than 50 tons or 100 tons in one lot. This may be one of the reasons why Lampong was selling cheaper than Malabar as a party with a big financial stake can only offer to buy such sizable quantity in one single transaction.

9. There being lack of garbling and shipping facilities in Indonesia, most of the shipments of Lampong to the U.S. was done without proper cleansing and garbling and, hence, the exporters of Indonesia had to pay on arrival at the ports very high reconditioning charges. Such charges at times ran into as much as $0.04 per lb. This was also one of the reasons why Lampong was purchased at a sizable discount by New York dealers when compared with the price of Malabar pepper. When pepper is shipped without garbling, it is always detained by the U.S. authorities and hence a lot of delay in reaching consumers' doors.

10. Longer voyage time from Indonesian ports as against India is also attributed as one of the reasons why lower prices are realised for Lampong in the U.S. market.

11. Some sales of Lampong to Russia and other East European countries as a barter against the purchase of arms and ammunitions by Indonesia.

12. Sporadic border clashes in the North Borneo, communal riots in Singapore and trouble created by guerrillas, often affected Singapore market. But the offering from that source being very small to New York, it did not reflect on the U.S. market so much as was the case before. It, however, affected London where Sarawak was preferably traded.

13. According to the U.S. Government's official figure, the import of pepper into the U.S. reached a post-war high over 40 million lbs. during 1963. Pepper consumption in the U.S. in 1963 increased by about 2,000 tons and the same high mark is likely to be maintained during 1964.

14. Malabar pepper being cheaper than other spices, the outsiders took more interest in ready and hedge contracts both at Cochin and Bombay.

15. A proposal for the establishment of a pilot plant for making white pepper out of black pepper on the Malabar Coast.

16. The Indonesian Government and trade are reported to be seriously tackling the problems for shipping and processing of their exportable produce and these things are likely to improve in due course in the near future.

17. The Indonesian Government is now reported to be following a more realistic policy in fixing check price for pepper for export, keeping in view the ruling prices in other producing countries.

18. The establishment of forward trading in pepper at Alleppy on 10th December under the auspices of Alleppy Oil Mills and Merchants Association. Forward trading in pepper was hitherto conducted only at Cochin and Bombay.

Spurt in Price

January opened on a hopeful note for Malabar black pepper, there being a sizable enquiry from New York for January-February-March shipments. New York dealers paid for Malabar black pepper for January-February-March shipments the price ranging from $0.32 to $0.33 afetr a lot of haggling. Singapore improved from $(M)105 to $(M)112½, as hopes of an early settlement between Indonesia and Malaysia faded and the barter situation in North Borneo deteriorated. New York spot rallied to $0.34, as Indonesia withdrew as sellers and Lampong remained unquoted. In the middle of January, however, New York spot came down to $0.32½, as Lampong started underquoting after a short respite. The sentiment in India on the contrary remained bullish, despite the expanding arrival of new crop; traders thought that New York would sooner or later come to India as buyers in preference to Lampong because shipments from that source might become uncertain should the political situation worsen. January delivery on Cochin Ring moved between Rs. 292 and Rs. 282, February delivery between Rs. 299 and Rs. 278 and March delivery between Rs. 296 and Rs. 284. *Maha* delivery in Bombay ring went off the board at Rs. 303, while *Adhik Chaitra* fluctuated between Rs. 327 and Rs. 313. The future of the local pepper market appeared to be depending more upon the speculative manœuvring by outsiders. The temporary ceasefire between Indonesia and Malaysia following the good offices of Mr. Robert Kennedy was the feature of the month. It was responsible for the quietness in the market. Spot in New York moved between $0.32½ and $0.34, with interest thin and grinders mostly sidelining.

The month of February showed a sizable rise under pressure of heavy speculative buying and short covering by exporters, although enquiries from New York were discouraging. Indonesia was continuously underselling India. Speculative interests in Bombay were emboldened on the report that the exporters who were short against their sales to East European countries came out to cover at Cochin for the steamers waiting in the stream for loading. They started pushing up the prices of garbled and were successful to raise it to Rs. 290. February delivery at Cochin moved up from Rs. 281 to Rs. 287, March delivery from Rs. 286 to Rs. 318 and May delivery from Rs. 300 to Rs. 336. In Bombay, *Adhik Chaitra* fluctuated between Rs. 313 and Rs. 336 and *Vaisakh* between Rs. 321 and Rs. 349. Spot in New York moved between $0.31½ and $0.33½, with business slow. Singapore was quoting at $117½ for black pepper. The highest and the lowest of spot pepper in New York were $0.33½ and $0.31½, respectively.

The month of March and the earlier part of April were noted for a firmer trend. Spot price in New York was lifted from $0.34½ to $0.44, owing to scarcity of contracts and withdrawal of Indonesia as a seller. New York bought sizable parcels of Malabar at price ranging from $0.40 to $0.41, as grinders' demand in the U.S.A. was improving. Indiawise, there was a tussle between bulls and bears. Bears were forced to pay through their nose. Pepper position in Indonesia looked like a Chinese jig-saw puzzle and it required really a clever brain to put the different pieces in the correct position to have a real picture of the situation. Singapore moved up from $(M)120 to $(M)135 under pressure of buying by the Continent and London and in view of the scarcity of stock of both Lampong and Sarawak. Enquiries from Soviet bloc countries gave support to the ready goods. But the futures were mostly guided by the selling and buying bouts of bears and bulls. The local bulls tried to paint a rosy picture of the stock position of Malabar. But the estimate of the stock with growers is mere guesswork. One's guess is as good as another's. March delivery on Cochin Ring rose from Rs. 301 to Rs. 321, May from Rs. 317 to Rs. 418 and July from Rs. 341 to Rs. 432. *Adhik Chaitra* in Bombay spurted from Rs. 323 to Rs. 360, *Vaisakh* from Rs. 336 to Rs. 422 and *Jeth* from Rs. 371 to Rs. 415. Ready goods at Cochin rose from Rs. 297.50 to Rs. 390. The future of the market depended upon the attitude of Indonesian sellers, as India, left to itself, would not easily part with pepper unless at its own price. A rise of about Rs. 100 was noted during these months and that proved the highest for the year.

Confrontation by Indonesia against Singapore (Malaysia) proved to be a blessing in disguise to the former, as shipments and offers from Indonesia were becoming more business-like to meet foreign importers' requirements. Consequently, foreign trade of Indonesia improved greatly.

As the Indian Government included black pepper in its list of commodities to be purchased by East European countries under fresh trade agreement with them, chances of larger export of Malabar pepper to these countries improved. But it was not likely to help improve India's balance of payment position as our exports to the U.S.A. did.

Decline

The later part of April, however, proved disastrous. The price levels were badly mauled when the news of new foreign exchange regulations from Indonesia was received. The Indonesian market seemed to have been paralysed, though temporarily, and "in complete panic" over the new regulation. The highest and the lowest of spot pepper in New York during the month of March were $0.38 and $0.34½, respectively. During the month of April, they were $0.44 and $0.39.

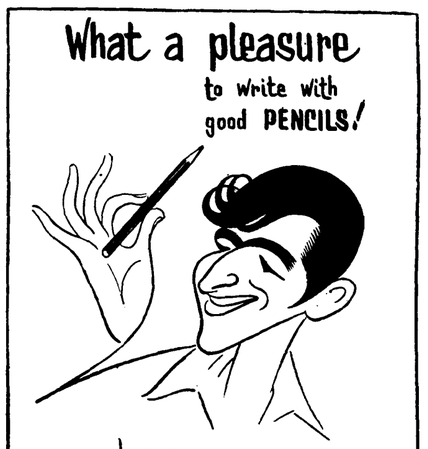
After hectic activities of two months, May turned out to be a month of "exhaustion." Business became thin. Prices ruled irregular. New York came to buy its immediate requirements and bought some parcels at prices between $0.37 and $0.36½. But it did not help improve undertone of the market. The traders were waiting for the actual reaction of the new regulation in Indonesia. Singapore came down from $(M)120 to $(M) 110.

The future of the market depended upon the estimate of New crop of Lampong which was estimated by traders at as high as 35,000 tons, as against 15,000 tons in 1963. New Sarawak was estimated between 10,000 and 12,000 tons and exporters there were inviting bids to test European markets. The highest and the lowest of Spot pepper in New York were $0.39 and $0.34½, respectively.

Prices Fall Again

After a boomlet of March-April, the month of June found itself in distress. The prices reacted rather sharply. New York was supplied by Lampong at cheaper price after the revaluation of the rupiah. New crop Sarawak was on sale. Some parcels of Sarawak black were sold at 24d to Europe. Spot in New York came down to $0.31½ with the report that Indonesia was offering June-July and July-August at around $0.29½. Brazil was reported to be offering a small quantity at the parity of $0.27. Comparatively the position in India was not so bad, as speculators were strong holders. They were holding sizable contracts which they were switching from one month to another for getting a better price later on. Singapore was reported steady at $(M)107½. The highest and lowest of spot pepper in New York were $0.34½ and $0.31½, respectively.

The month of July saw two-sided movements. Stock of Lampong and Montok pepper in Singapore was fast dwindling, as strict security measures were taken by the Government of Malaysia for stopping smuggling of all kinds of commodities from Indonesia to Singapore. As a consequence, Singapore lost its importance as a major distributing centre of pepper. Singapore was now handling most of the export of Sarawak pepper to Europe. Price fluctuations in Singapore were only locally manipulated affairs or were merely a reflection of war psychosis created by the news of the deterioration in the political situation between Indonesia and Malaysia. This, however, had no significant effect on consuming markets as was the case before. Price of black pepper in Singapore moved between $(M)107½ and $(M)115. New York spot improved from $0.31½ to $0.34 before coming down to $0.32½ under pressure of arrivals. Under new incentive, Indonesian exporters were keen sellers for shipment June through September. They were reported to have sold at as low as $0.29. The Indonesian Government increased the check price for Asta to $0.38½ and thereafter to $0.40. This made the holders of pepper in New York raise their price. But it proved to be a passing phase, since Indonesia allowed all outstanding lower priced contracts to be shipped by 31st of August.



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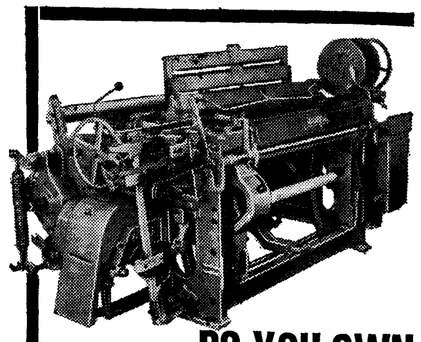

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STATISTICAL DATA ON PEPPER

Spot Price for Black Pepper in New York
(In $ per lb.)

	1962		1963		1964	
	High	Low	High	Low	High	Low
January	0.38	0.34	0.34	0.32	0.33½	0.31½
February	0.37	0.35½	0.37	0.32	0.32½	0.31
March	0.39	0.36	0.35	0.31½	0.40	0.35
April	0.37	0.34	0.33½	0.32½	0.44	0.38
May	0.37	0.34½	0.33	0.31	0.38	0.37
June	0.37	0.36	0.31	0.29½	0.34	0.31
July	0.38	0.33½	0.30	0.28½	0.36	0.31
August	0.36	0.32	0.30	0.28	0.32½	0.31
September	0.38	0.36	0.40	0.29½	0.32½	0.31½
October	0.55	0.39	0.38	0.33½	0.35½	0.33
November	0.44	0.38	0.33½	0.32	0.41	0.33½
December	0.34½	0.33	0.33½	0.32½	..	..

Exports of Black Pepper to U.S.A. from Singapore
(In tons)

	1962	1963	1964
January	40	859	236
February	..	992	420
March	11	726	7
April	143	829	180
May	227	1,613	69
June	803	874	58
July	977	992	20
August	610	2,000	110
September	561	1,500	68
October	1,038	700	..
November	930	..	..
December	631	..	..

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(In Rs. per quintal)

Delivery contract	Highest	Lowest
Maha	329.00	292.00
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Vaishakh	432.00	321.00
Jeth	422.00	349.00
Shravan	399.00	354.00
Bhadrapad	390.00	356.00
Ashvin	378.00	354.00

Delivery Prices on the Cochin Ring
(Prices per quintal)

	1962		1963		1964	
	High	Low	High	Low	High	Low
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
January	326	312	310	251	305	280
February	322	294	273	251	298	278
March	330	297	288	260	318	284
May	355	317	307	280	418	300
July	352	299	327	277	432	343
August	348	270	313	280	390	349
October	356	285	330	292	382	343
December	332	270	323	282	370	332

Malabar Black: Details of Exports
(In tons)

	1962			1963			1964		
	Total export	Export to U.S.A.	Export to U.S.S.R.	Total export	Export to U.S.A.	Export to U.S.S.R.	Total export	Export to U.S.A.	Export to U.S.S.R.
January	4,175	1,423	1,026	..	..	..	1,850	691	150
February	2,955	970	675	..	..	..	2,724	155	1,200
March	3,540	2,565	147	..	..	..	2,429	350	1,130
April	1,951	521	386	1,276	555	..	1,632	207	421
May	1,540	250	101	1,962	233	492	840	36	200
June	1,372	739	..	910	13	..	474	45	..
July	833	63	..	1,293	..	355	1,360	..	500
August	1,404	233	..	848	..	203	770	..	..
September	1,703	880	..	1,582	50	615	538	30	..
October	1,324	501	..	..	..	..	..	..	..
November	..	..	..	1,294	127	436	..	..	..
December	..	..	..	2,165	163	863	..	..	..

N.B.—Export figures from November 1962 to March 1963 are not published owing to Emergency declared on account of Chinese conflict.

Exports of Black Pepper from Singapore
(In tons)

	1962	1963	1964
January	421	1,764	807
February	340	1,668	914
March	327	1,233	398
April	558	1,105	651
May	872	2,255	361
June	1,425	1,404	417
July	1,575	2,080	667
August	1,589	2,000*	832
September	2,596	2,500*	851
October	1,732	..	..
November	2,370	..	..
December	2,521	..	..
Total	16,326	..	..

* Estimated.

Production of Lampong Black, Muntok White and Sarawak Pepper
(In tons)

Year	Lampong Black	Muntok White	Sarawak Pepper
1952	4,000	1,300	5,000
1953	3,000	3,750	8,000
1954	8,000	8,250	14,000
1955	5,000	5,000	15,000
1956	7,000	8,000	18,000
1957	8,000	9,000	14,000
1958	12,000	5,000	8,000
1959	10,000	3,500	9,000
1960	28,000	5,000	8,000
1961	10,000	4,000	8,000
1962	30,000	6,000	10,000
1963	15,000	5,000	8,000
1964	30,000	5,000	10,000

Note :—Brazilian pepper crop for 1963 and 1964 is estimated 5,000 tons and 7,000 tons, respectively.

Average Yearly Price of Black Pepper Spot in New York
(In $ per lb.)

1949	1.00
1950	1.89
1951	1.60
1952	1.40
1953	1.20
1954	0.70
1955	0.42
1956	0.30
1957	0.27
1958	0.25
1959	0.27
1960	0.58
1961	0.43
1962	0.40
1963	0.32
1964	0.37

Note :—The peak level touched was $2.80 in 1950, $0.57 in 1962, $10.40 in 1963 and $0.44 in 1964.

Break-up of Exports to U.S.A. and U.S.S.R. and other East European Countries
(In tons)

	1959–60	1960–61	1961–62	1963–64
Total exports	19,000	19,400	23,000	17,000
Of which :				
U.S.A.	9,000	5,400	9,270	1,900
U.S.S.R.	3,540	4,000	2,330	5,400
Rumania	660	1,000	260	200
Bulgaria	..	110	150	150
Poland	750	460	500	500
Czechoslovakia	700	330	500	950
Yugoslavakia	..	220	380	300
Hungary	100	170	210	317
East Germany	500	110	690	900

Note :—Figures for 1962-63 are not available owing to political emergency, during the greater part of the year. The estimated exports are 19,000 tons.

Malabar Black: Production and Exports
(In tons)

Year	Output	Exports
1950-51	18,000	15,100
1951-52	19,000	13,000
1952-53	18,000	10,700
1953-54	22,500	14,685
1954-55	19,000	11,170
1955-56	24,000	12,330
1956-57	22,000	14,700
1957-58	24,000	13,067
1958-59	24,000	12,210
1959-60	28,000	19,000
1960-61	26,000	19,398
1961-62	35,000	22,000
1962-63	29,000	18,000
1963-64	28,000	17,000
1964-65 (estimated)	30,000	..

Rates for Ready Garbled Black Pepper at Cochin
(Rs. per quintal)

	1962		1963		1964	
	High	Low	High	Low	High	Low
January	319	285½	262	248½	287	268
February	315	302½	280½	253	309	272
March	344	311	279½	267	364	297½
April	319	307	299	277½	389	329
May	325	305	291	275½	356	325
June	317½	307½	281½	274½	352	336
July	343	275	294	279½	357	340½
August	311	285	293½	279	355	340½
September	340	297	310	289	348	344
October	322½	299	315	289	359	348
November	312	259	290	285	356	332
December	273	254	280	273	..	..

High and Low for Black Pepper in Singapore
(Rate is for 'Picul')

	1962		1963		1964	
	High	Low	High	Low	High	Low
January	142½	135	106	98	120	112
February	137½	132½	112½	100	126	120
March	135	132½	107½	102½	133	126
April	130	122½	112½	105½	135	120
May	122½	115	107½	97½	120	109
June	120	115	97½	92½	120	105
July	120	107½	97½	87½	120	112
August	115	102½	97½	87½	112½	109
September	115	112½	122½	92½	117½	115
October	125	120	112½	105	127	112
November	120	107½	112½	105	130	120
December	107½	105	107½	105	..	..

Shipment of Lampong during August was as high as 3,000 tons. The Indonesian exporters shipped most of their unfulfilled contracts of Lampong even without proper cleansing and processing, as they wanted to ship before the deadline fixed by the Government. Most of the pepper thus shipped was detained by the Food and Drug Authorities in the U.S. As a consequence, scarcity of spot pepper was created for some time. As India's parity for export was much higher than that of Lampong, export business of Malabar became well-nigh impossible. Our market, as a result, was guided by local conditions. Local speculative purchases and the news of Russian and East European buying brought forth firmer tone even with falling off of our export to the U.S. The highest and lowest of spot pepper in New York were $0.36 and $0.30½ respectively.

Manipulation by Outsiders

The months of August, September and October were more or less a manipulated affair by outsiders who tried to rig up prices. They took delivery of about 1,500 tons of pepper both garbled and ungarbled at Cochin and Bombay for supporting the market. These goods were tendered to them against their forward purchases on Cochin and Bombay Rings. It, however, failed to affect the world's market as New York was slow to react and was suffering from overstocked condition. The highest and the lowest of spot pepper in New York during August were $0.34½ and $0.32½, respectively, while, in September, they were $0.34½ and $0.34, respectively. During October, the highest and the lowest seen in spot in New York were $0.35½ and $0.33, respectively.

Turning Point

The months of November and December proved to be a turning point, to the otherwise flat market, weak holders in New York having been liquidated. The bears who sold in New York both to grinders and on the Produce Exchange were cornered, as a greater part of the spot stock in New York was hedged against sales either to grinders and on the futures. Absence of fresh arrivals either from Indonesia or India gave the bulls a strong grip on the market. They raised their selling price for spot at every small next sale. Spot price was raised from $0.35½ to $0.40 within a couple of days. The expected dock strike in the U.S. made bears more nervous. It was reported that they tried to divert or to reship a few hundred tons of Lampong from Europe to New York. In spite of new arrivals, the Indian market improved much against the chagrin of bears, as New York bought some parcels of Malabar for immediate shipment at price ranging from $0.39 to $0.41. Russian purchases fanned the fire and December delivery on Cochin Exchange improved from Rs. 332 to Rs. 370 and January from Rs. 328 to Rs. 368. In Bombay *Posh* improved from Rs. 343 to Rs. 390 and *Maha* from Rs. 353 to Rs. 397. The highest and the lowest in Spot at New York were $0.55 and $0.41, respectively. Black pepper in Singapore rallied to $(M)130.

Outlook

The end of the year is considered the appropriate time to record the happenings of previous twelve months as well as to indulge in forecasting the immediate future outlook. It provides a convenient opportunity to take stock of the past and to have a peep into the future. As compared with last year, there has been bigger import of pepper into the U.S. and this is interpreted in knowledgeable quarters as an increase in the consumption of U.S. by about 2,000 tons which remained static in past so many years. No review of pepper during the year will be complete without a reference to harsh facts about the marketing policy of Lampong. Viewed in perspective, however, the year 1964 can be seen in its truer guise as a second stage in the evolution of selling policy of Lampong after the confrontation. In spite of conflicting reports, Indonesia revised its check price higher to $0.41½ immediately the prices in India advanced, thus forcing New York dealers and grinders to scramble for supply and raising the tempo of the market. This is the first constructive step in the direction of the shape-to-come in selling policy of Lampong in the coming year. With higher production in both Indonesia and India during 1964-65, world pepper in ordinary course would have gone down but for the sane selling policy of Indonesia and prospect of increase in the world's consumption in general which is slowly going up as can be seen in the statistical figures of imports published in the U.S. and elsewhere. Uncertain political situation in South East Asia and elsewhere and heavy inflation in Indonesia are likely to make growers and traders as reserved sellers.

Sarawak

The political trouble in Sarawak brought forth heavy shipment of old crop as well as new to Singapore, thus making the position in the producing centre more healthy. Singapore shippers were also reported to be reserved sellers, as they were not getting the supply of Lampong and Montok from Indonesia, for the import of all commodities from Indonesia was banned for reasons of security. It is too early to forecast the coming crop of Sarawak for 1965. But it can be safely put between 10,000 and 12,000 tons, provided there is no further political trouble and the present fair weather continues.

Indonesia

The production of Lampong for the year 1964 is estimated at 30,000-35,000 tons. Out of this, a few thousand tons are reported to have been sold to Russia and other East European countries. The remaining crop is lying intact and is going to be marketed at the rate fixed by the Indonesian Government which, as the present pointer indicates, will be more realistic than it was in previous years, as the Indonesians will be getting guidance from one or the other international Dutch firms.

FUTURES TRADING IN BLACK PEPPER

An impression has been created in the minds of the public recently by the issue of statements on the effect of imposition of special margins on futures trading in black pepper at Bombay and Cochin. Attempts are being made by such statements to mislead and misdirect the business community into believing that export business and earnings of foreign exchange are affected by this step. Describing these statements as misconceptions, the President of the Pepper and Ginger Merchants Association, Bombay, observes:

"Recently there was a marked increase in speculative activity in the black pepper futures markets and there was an apprehension that unhealthy trends would develop and would endanger the future market as well as export of this important commodity. Black pepper is an important export commodity and earns valuable foreign exchange. In the interests of healthy development of export trade it is necessary to have stabilised prices at reasonable levels and future trading at both the centres was initiated with a view to achieve this end. Unfortunately due to increase in speculative activity instead of showing stabilising trends, the market showed erratic behaviour. It was, therefore, in the interest of stabilising price levels and checking excessive speculation that the Pepper and Ginger Merchants' Association Limited imposed special margins at Bombay with the concurrence of the Forward Markets Commission and similar margins were also imposed at Cochin and Alleppey markets. However, with a view to ensuring that prices do not fall below reasonable levels, margins have been imposed on shorts also.

"The statements referred to above however claim that there is a foreign demand for Indian pepper at abnormally high price and that as a result of curbing of speculative activity, the country will not be able to realise high price for pepper. Nothing can be further from the truth because pushing up of values of Indian pepper beyond parity levels would only lead to scaring away buyers and encouraging them to find alternative sources of supply. In fact even at today's prices, business with important markets like the U.S.A. is impossible because as against a parity of 46 cents for Indian pepper, Indonesian pepper is offered at a price of 42 to 43 cents. Under the circumstances, responsible exporters feel that unless speculative activity is curbed, India would lose foreign markets. Moreover, exporters having genuine export contracts are exempt from paying margins on hedge purchases effected by them. The special margins therefore do not come in the way of genuine export business.

"An additional factor indicating the excess of speculative activity can be seen from the fact that prices for future deliveries of pepper were very much higher over prices of ready goods and acquiring of irresponsible bull positions was likely to endanger the entire market. Even in the interests of stability and security of the market, imposition of margin was necessary. After the imposition of special margins, future quotations which were very much higher than spot have readjusted to more realistic levels without in any way affecting the natural prices of ready goods.

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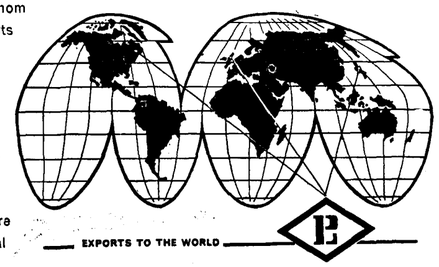

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ELEGANT

PRICES RISE TO MENACING LEVELS

Food Scarcity Acute—Cost of Living Too High

THE alarming price increases of 1963 assumed menacing proportions in the current calendar year and the pace for the rise in general index was set, for the third year in succession, more by the "food articles" group than by any other group of commodities. As the latest Annual Report (1964) of the Reserve Bank of India has recorded, "there has been a strong and persistent increase in wholesale commodity prices which has also been transmitted to the cost of living. The increase in the index of wholesale prices during the year (1st July 1963 to 30th June 1964) was larger than in any previous year, except 1955-56, since the commencement of the Five-year Plans in 1951. The major components of the increase were in the prices of commodities of agricultural origin, such as foodgrains, oilseeds and vegetable oils, sugar, *gur*, etc. The magnitude of the recent increase in prices associated with the failure of the post-harvest decline in prices to wipe out the increase in the preceding lean period has imposed considerable hardship on sections of the community." This estimate of the price situation has been confirmed even more luridly by the further increases in wholesale price index (Base: 1952-53=100), in general, and in the "food articles" group index, in particular, since June 1964. The relevant increases, incidentally, have been from 146.7 in June 1964 to 156.8 in November 1964 in the former index and from 153.5 to 166.3 in the latter, as will be seen from the following table (No. 1) giving month-wise index numbers for three successive years:

Table I: *Month-wise Index Numbers*

(Base: 1952-53=100)

Month	General Index			"Food" Group Index		
	1964	1963	1962	1964	1963	1962
January ..	136	126	123	138	123	118
February ..	138	127	124	141	124	120
March ..	139	127	124	142	123	119
April ..	143	130	124	143	128	121
May ..	143	132	126	148	132	124
June ..	147	134	128	154	135	126
July ..	151	136	130	159	138	129
August ..	155	136	131	165	139	132
September ..	159	137	131	170	139	130
October ..	158	136	130	169	139	129
November ..	157	135	130	166	137	130
December ..	..	135	126	..	136	123

It will be seen from the above figures that the usual seasonal downtrend in prices set in by December 1962 and lasted till March 1963. The "food" group index, which touched 130 in November 1962, fell to 123-124 in the next four months, and then rose to 128 in April 1963; the general index, moved in sympathy with the food index, 130 in November 1962, 126-127 in the next four months, and 130 in April 1963. But this seasonal break in prices was not in evidence in 1963-64, for the food index, standing at 137 in November 1963, moved up to 142 in the next four months, nd to 143 in April 1964; and the eneral index behaved likewise, 135 n November 1963, up to 139 in the ext four months, and 143 in April 964. It remains to be seen whether his unusual trend of a persistent rise n prices, without any seasonal reak following *kharif* harvests, will e in operation in the 1964-65 season. The chances, of course, are that this rend may persist, for, at the time of oing to press (21st December 1964), he price trends in wholesale commo- ity markets are again upward, the light fall witnessed towards the close f October and early November hav- ng proved to be a passing phase.

Weekly Index Numbers

The monthly index numbers examined thus far are only simple arithmetic averages of weekly figures which the wholesale price index provides in the first instance. The main analysis of price trends in this review has, therefore, to be in terms of the weekly index. Table II, in this connection, gives figures for two sets of comparable dates in 1963 and 1964. It will be seen therefrom that there was an unprecedented rise in the general level of prices between January and November of the current year—a rise much bigger than in the corresponding period of last year. The figures show that, for all commodities, the index, which was at the level of 125.8 in the week ended 5th January 1963, had risen steeply to 133.5 in the week ended 30th November 1963, that is, by 7.7 points (6.1 per cent). But. *in the current year*, the index, which was at the level of 13..7 in the week ended 4th January, rose even more steeply to 157.4 in the week ended 30th November, that is, by 21.7 points (16.0 per cent).

Likewise, a comparison of the price trends, *covering whole years*, leads to the broad conclusion that the price rise in the period, namely. 30th November 1963 to 28th November 1964, was much steeper than in the period, namely, 5th January 1963 to 4th January 1964. It will be noticed, in this connection, that the index rose from 125.8 in the week ended 5th January 1963 to 135.7 in the week ended 4th January 1964, that is, by 9.9 points (7.9 per cent), whereas it rose from 133.5 in the week ended 30th November 1963 to 157.4 in the week ended 28th November 1964, that is, by 23.9 points (17.9 per cent). In whichever way the analysis is done, the inference is obvious that the rate of price increase in 1964 was nearly three times that in 1964.

Group-wise Trends

How the accelerated inflationary trend in the current year was shared by the various commodities would be clear from a closer look at Table II which gives index numbers groups and sub-groups. It will be seen from the figures that the pace for the rise in general index in the current year, as in 1963, was set more by the "*food articles*" group index than by any other group of commodities. The rate of rise in the food index from 137.1 in the week ended 4th January 1964 to 168.8 in the week ended 28th November 1964, that is, by 31.1 points (22.7 per cent), was more than double the rate of increase in that index from 122.7 in the week ended 5th January 1963 to 134.5 in the week ended 30th November 1963, that is, by 11.8 points (9.6 per cent). The increases in food prices were general, covering foodgrains and other foodstuffs; they were particularly steep in the case of cereals, pulses, edible oils, fruits and vegetables.

The general food scarcity in the current year, incidentally, has been largely due to a genuine physical shortage in the context of virtual stagnation in foodgrains production—79.4 million tonnes in the agricultural year 1963-64, as against 78.4 million tonnes in 1962-63. The marginal increase of one million tonnes, representing 1.3 per cent, over the previous year has fallen short of the annual population increase of 2.4 per cent. At the same time, the increased expenditure on defence, development and refugee rehabilitation, the larger magnitude of bank credit and the increase in money supply have all meant greater liquidity in the economy and a bigger gap between aggregate demand and aggregate supply. The consequent inflationary pressures have persisted, despite the unprecedented taxation measures since 1963-64, and led to a steep increase in the prices of foodgrains (the demand for which has considerably gone up partly because of the growth in population and partly because of the operation of the factor of demand elasticity in the context of additional money incomes in the hands of the poorer classes) and thus in the general level of prices. The scarcity situation has somewhat eased since November, thanks to the stepped-up arrivals of P.L. 480 foodgrains from the United States, the arrivals of *kharif* cereals and the official steps taken to improve distribution arrangements. But, as pointed out at the outset, the usual seasonal downtrend in foodgrain prices has not set in so far in December and, on present indications, is not likely to do so in the next two or three months.

Table II: *Index Number of Wholesale Prices*

(Base: 1952-53 = 100)

Group and Sub-group	Week ended			
	28th Nov. 1964	30th Nov. 1963	4th Jan. 1964	5th Jan. 1963
Food Articles ..	**168.8***	**134.5**	**137.1**	**122.7**
Cereals ..	149.5*	117.4	118.0	102.4
Pulses ..	182.4	118.2	124.4	103.9
Fruits and vegetables ..	203.4	142.6	142.8	124.3
Milk and ghee ..	145.6	122.9	124.6	117.3
Edible oils ..	207.8	146.7	149.2	148.4
Fish, eggs and meat ..	177.6	151.2	156.4	144.2
Sugar and *gur* ..	186.2	171.7	185.2	141.1
Others ..	178.3	177.0	175.2*	176.9
Liquor and Tobacco ..	**135.8**	**118.6**	**122.7**	**99.1**
Tobacco ..	133.8	115.6	120.1	95.5
Fuel, Power, Light and Lubricants ..	**144.9**	**139.4**	**139.3**	**125.2**
Industrial Raw Materials ..	**166.0**	**136.6**	**140.4**	**133.8**
Fibres ..	144.8	131.6	134.3	127.2
Oilseeds ..	206.3	147.8	153.3	146.6
Minerals ..	102.1	91.5	91.6	93.4*
Others ..	134.5*	128.1	130.9	125.0
Manufactures ..	**139.3**	**130.7**	**131.4**	**128.8**
Intermediate products ..	**156.3**	**138.3**	**139.8**	**137.4**
Finished products ..	**136.5**	**129.5**	**130.0**	**127.4**
Textiles ..	135.5	127.5	128.0	126.5
Cotton ..	136.7*	135.8*	135.9*	139.9*
Jute ..	126.0	99.0	99.1*	106.0
Woollen ..	160.2*	160.2*	160.2*	141.3*
Silk and rayon ..	131.8*	138.3*	141.4*	127.9*
Metal products ..	169.5	163.7	163.0	161.0
Chemicals ..	120.7*	117.1*	118.2*	116.0*
Oilcakes ..	201.1*	165.6	164.8*	164.3*
Machinery and transport equipment ..	127.2	124.8	125.2	117.4
Others ..	128.2	128.1	128.0	125.2
All Commodities	**157.4**	**133.5**	**135.7**	**125.8**

* Estimated.

Source: Office of the Economic Adviser to the Government of India, New Delhi.

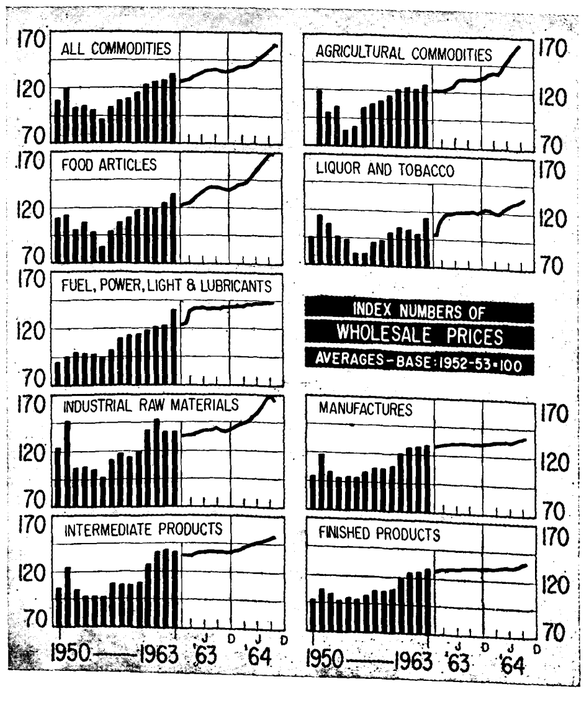
Table III: *Index Number of Wholesale Prices*

(Base: 1952-53 = 100)

Figures are simple arithmetic averages of months which, in turn, are simple averages of weeks.

Group and Sub-group	1964 (Jan.-Nov.)	1963	1962
Food Articles	**153.9**	**132.7**	**124.9**
Cereals	134	112	106
Pulses	149	109	104
Fruits and vegetables ..	176	134	136
Milk and ghee ..	140	126	123
Edible oils	185	140	155
Fish, eggs and meat ..	164	146	144
Sugar and *gur*	190	181	138
Others	180	179	168
Liquor and Tobacco	**125.2**	**115.4**	**99.5**
Fuel, Power, Light and Lubricants	**142.4**	**136.4**	**123.0**
Industrial Raw Materials ..	**154.9**	**137.3**	**137.3**
Fibres	139	132	128
Oilseeds	185	150	154
Minerals	101	93	94
Others	132	126	127
Manufactured Articles ..	**134.5**	**130.3**	**128.1**
Intermediate products ..	**147.6**	**138.2**	**139.8**
Finished products	**132.3**	**129.0**	**126.2**
Textiles	130	127	126
Metal products	168	162	158
Chemicals	120	117	114
Oilcakes	185	164	159
Machinery and transport equipments	126	123	117
Others	128	128	124
All Commodities	**144.2**	**132.5**	**127.2**

Source: Office of the Economic Adviser to the Government of India, New Delhi.



To revert to the group-wise analysis of price trends. The rise in prices in two other commodity groups, namely, "liquor and tobacco" and "fuel, power, light and lubricants," it will be seen, has been relatively less in the current year than in the last. The "liquor and tobacco" index, for instance, rose from 99.1 in the week ended 5th January 1963 to 118.6 in the week ended 30th November 1963, that is, by 19.5 points; it has risen from 122.7 in the week ended 4th January 1964 to only 135.8 in the week ended 28th November 1964, that is, by no more than 13.1 points. Likewise, the "fuel, power, light and lubricants" index has risen in the current year from 139.3 to 144.9, that is, by only 5.6 points, whereas it rose from 125.2 to 139.4, that is, by 14.2 points in the previous year.

The "industrial raw materials" group, however, has registered a much bigger increase in the current year in sympathy with the rise in food prices and in the context of virtual stagnation in agriculture. It will be seen that the rise in this group index was only marginal last year—from 133.8 in the week ended 5th January 1963 to 136.6 in the week ended 30th November 1963, that is, by 2.8 points. On the other hand, in the current year, the index has risen steeply from 140.4 in the week ended 4th January 1964 to 166.0 in the week ended 28th November 1964, that is, by 25.6 points (18.2 per cent). Among the raw materials, oilseeds have registered much larger increases in prices than fibres.

All in all, increases in industrial raw material prices and in wage costs (in the wake of higher food prices) seem to have been largely responsible for the higher prices of manufactures, particularly of textiles and intermediate products. The "manufactures" group index shows, *in this connection*, a rise of 7.9 points (6.0 per cent) in the current year—from 131.4 in the week ended 4th January 1964 to 139.3 in the week ended 28th November 1964—whereas it rose by only 1.9 points, or 1.5 per cent, last year. But the consolation is that an increase of about six per cent in the prices of manufactures in the current year has been very much less than the increase of about 23 per cent in food prices and of about 18 per cent in the prices of industrial raw materials. It is difficult to figure out what overall effect the sixteen decontrolled industrial commodities—decontrolled since December 1963—have had on price trends in the "manufactures" group, for, while the prices of some products like caustic soda and soda ash have increased since decontrol, the prices of some others have been steady. Considering that several industries like iron and steel, cement, paper, mill cloth (partly) continue to be subjected to price controls which do not allow adequately for cost increases, the rise *in the* "manufactures" index *in the* current year should be attributed mostly to higher food and raw material prices.

Inflation *Versus* Stability

To round off this price analysis, a reference may be made here to Table III. This table, unlike Table II which conveys the price trends with reference to two comparable sets of dates in the years 1964 and 1963, presents the average level of prices in each of the three years—1964, 1963 and 1962. The figures in Table II represent, incidentally, simple arithmetic average of monthly figures which, in turn, are simple arithmetic averages of weekly index numbers. They should suffice for the broad purpose of comparing general price trends between any two years, for the annual average figures may be taken to have cancelled out the week-to-week fluctuations. A rough-and-ready comparison of the kind provided by Table III indicates the degree of price inflation that has taken place over the years. Since the wholesale price index has 1952-53 as its base year (*100*), the simple inference is that prices have increased by 44 per cent since that year. In other words, the buying power of the 1952-53 rupee has shrunk, by stages, to about half now. But, at the same time, it should not be forgotten that everybody gets more money income now than he did in 1952-53. To what extent the increase in the money income of an average individual has neutralised the increase in prices is, however, a matter for intricate *statistical analysis covering* the different income strata.

This much, however, is certain: the race between the ever-rising prices and the money incomes seeking to catch up with them gives no rest or respite to anybody (including the Government) and causes distortions all round. A degree of stability in prices will certainly make for a healthy economy, secure defence and development alike and strengthen the balance of payments. What is manifestly required for such stability is a sizable expansion in the output of consumer goods, particularly agricultural products. The Reserve Bank of India has pleaded precisely for this in its latest annual report. The Planning Commission, too, has recognised the imperative need for raising the rate of agricultural growth and for securing maximum benefits from past investments and quicker returns from present and future investments in order to correct the imbalance between aggregate demand and aggregate supply. But its accent is not entirely on production, for, in the same breath, it has urged that "the country should keep itself in readiness to contain the pressure on prices of basic commodities through direct measures of controlled distribution." (*vide* Memorandum on Fourth Plan). Significant, in this context, are the steps currently being taken or proposed to be taken to bring within State control the distribution, at regulated prices, of foodgrains, common varieties of textiles and other essential consumer articles. It is, however, by no means clear, as of now, whether the planners and the Government would go so far as to adopt *in toto* the Union Finance Minister's suggestion (just aired as his personal view) that a scheme of State trading in essential commodities should be enforced at the wholesale level to solve the problems of unaccounted money, price spiral and erosion of the rupee value.

Cost of Living

The steep increase in prices in the current year has had its impact on living costs all round, especially in middle-class and working-class homes. The fixed-income groups of the middle class in urban areas seem to have been particularly hit hard, for both food and cloth prices have increased during the year—and food and cloth together account for anything from 55 to 60 per cent of their family, budgets (*vide*: Central Statistical Organisation's recent "Middle Class Family Survey"). But no middle-class cost of living index number has been constructed so far. In its absence, one has to rely exclusively on the working-class index number of consumer prices. It will be seen from Table IV that cost of living in almost all the States has risen sharply in the January-August 1964 period, as compared with the whole of 1963. In all-India, the general index (base 1949=100) has risen from 134 in 1963 to 147 in the January-August 1964 period, that is, by 13 points (9.7 per cent) and in the January-September 1964 period to 148, that is, by 14 points (10.4 per cent).

But the averages for 1963 and the *January-September 1964 period do* not bring out clearly the extent of rise, say, between December 1962 and *December 1963* and between December 1963 and September 1964. In this connection, the monthly index numbers *show that the rise* was from 131 in December 1962 to 140 in December 1963, that is, by 9 points (6.9 per cent).

Table IV: *Index Number of Consumer Prices—Working Class*

Centre	Base year=100	January-August 1964 (Monthly average)		Whole of			
				1963		1962	
		Food	General	Food	General	Food	General
Ajmer	1949	132	129	118	118	115	115
Bombay	,,	164	164	146	146	144	145
Madras City	,,	160	164	148	151	148	150
All-India	,,	**148**	**147**	**135**	**134**	**130**	**130**
Andhra Pradesh—Guntur ..	1960	122	121	114	114	112	112
Assam—Digboi	,,	122	119	112	112	108	107
Bihar—Jamshedpur ..	,,	192	110	112	108	105	105
Delhi—Delhi	,,	117*	114*	108	108	106	107
Gujarat—Ahmedabad ..	,,	125	121	110	111	106	107
Kashmir—Srinagar ..	,,	119	117	105	107	100	104
Kerala—Mundakayam ..	,,	115*	119*	113	117	105	108
Madhya Pradesh—Indore ..	,,	110	118	108	109	109	107
Mysore—Bangalore ..	,,	130	126	113	113	112	111
Orissa—Barbil	,,	123	121	110	111	109	108
Punjab—Amritsar	,,	122	115	111	110	98	99
Uttar Pradesh—Kanpur ..	,,	124	122	108	110	105	106
W. Bengal—Calcutta ..	,,	132	125	107	109	102	105
		118	117	109	112	105	107

* Relate to January-July period. *Source:* Labour Bureau, Ministry of Labour and Employment.

As compared with this, the rise was from 140 in December 1963 to 159 in September 1964, that is, by 19 points (13.6 per cent). In other words, the 1963 rate of increase in cost of living has doubled in the current year; this is still less than proportionate to the rate of price increase which has nearly trebled in the current year, as compared with 1963. It would appear that the cost of living indices do not seem to reflect in full all the price increases during the year, for the new series of consumer price index numbers with 1960 as the base year is yet to be adopted for all-India. It is said that only such an index, when adopted on an all-India basis, can be relied upon to reflect more faithfully the current pattern of working class consumption and the changes in the price level.

As for the middle class, its pattern of consumption and family expenditure is known to be different from that of the working class in several respects. Unless a separate middle class index is constructed, on the basis of the C.S.O.'s middle class family budget survey, at an early date for the major cities and towns and for all-India, the salaried class, caught between the price inflation and the tax squeeze, may continue to feel that its interests are not safeguarded as well as those of the organised working class. A sullen middle class, it is needless to add, will not make for social stability in the long run.

ASSOCHEM ON PRICES

The following resolution on prices was adopted at the annual general meeting of the Associated Chambers of Commerce and Industry held at Calcutta on 21st December, 1964:

"The unprecedented increase in the general level of prices during the current year is, perhaps, the biggest economic challenge the country's economy has had to face since Independence. In their attempts to bring down prices Government have resorted to controls and rationing, procurement of foodgrains, zonal restrictions on their movements, tightening of bank credit and exhortation to the public and trade. These do not, however, offer a long-term solution. Controls and rationing are, at best, palliatives, procurements, merely a form of re-distribution, and exhortation, only an appeal to emotions; they do not produce more.

"*Growing shortages of agricultural* and consumer goods on the one hand, and mounting non-productive public expenditure and increasing money supply on the other, have brought about an inflationary situation. The remedy surely lies in stimulating agriculture and production, particularly of consumer goods, a rigorous pruning of non-productive expenditure, and in *according priority to investments* of shorter gestation, though in no way ignoring the need for building the industrial base.

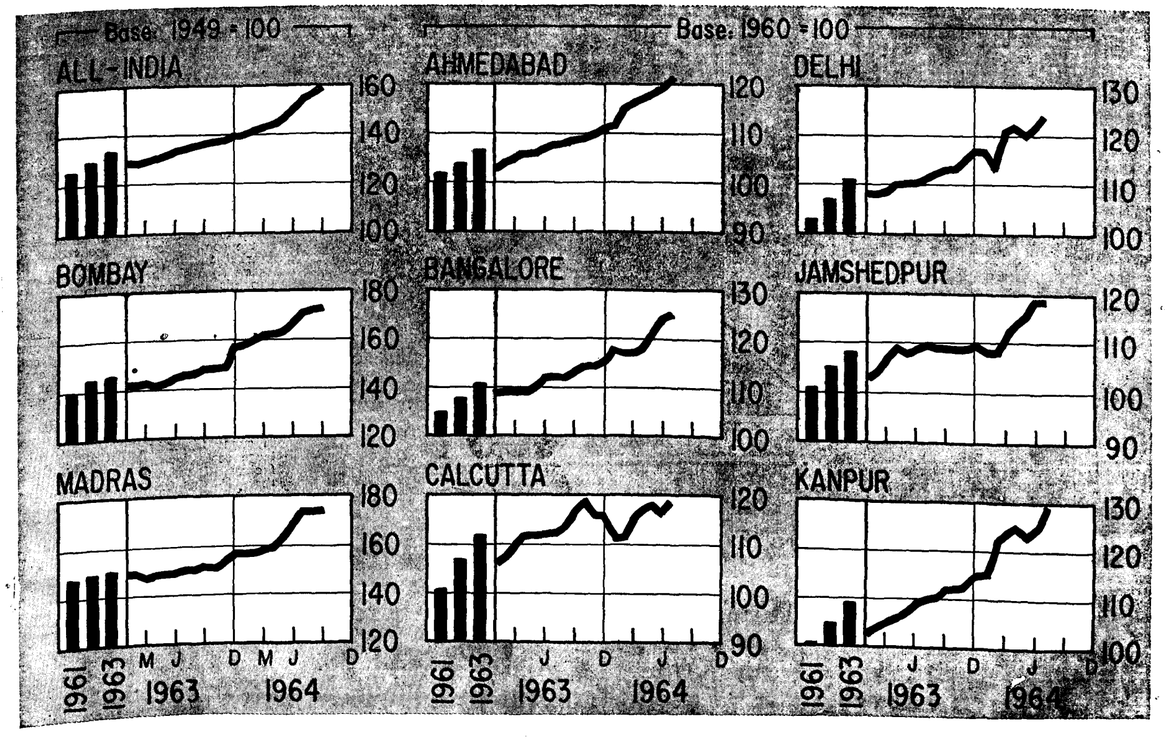
"Happily, Government keenly appreciate the need to combat boldly the problems of production and the problem *of containing inflation*. The Associated Chambers in welcoming this, would urge that a certain freeing of the economy and a more pragmatic approach will help to produce the *greater flow of food and* consumer goods which is required to stabilise prices."

CAPITAL AND THE JOB IN THE U.S.

A startling indication of the rising cost of providing a job in manufacturing industry is contained in the results of a recent study made by the United States bureau of labour statistics.

Taking U.S. manufacturing industry *as a whole*, the capital necessary to provide tools, equipment and facilities for a production worker is shown to have more than doubled between 1950 and 1961, going from an average $10,079 to $20,400. The cost of providing a job varies considerably from industry to industry, being highest in 1961, as in 1950, in the capital-intensive petroleum, tobacco and chemicals industries. However, investment per production worker has risen most sharply over the past decade in the highly labour-intensive motor vehicles and primary metals industries, having nearly tripled.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS



A BAD YEAR FOR COAL INDUSTRY

Fall In Demand—Distress Sales—Reduced Target

THE coal industry has been in such bad shape for some time now that the current calendar year does not seem to have witnessed even a moderate rise in output, as compared with the previous year. If anything, judging by the trend of production in the first nine months, the estimated output of 64.1 million tonnes in the current year is somewhat less than the 66.9 million tonnes of 1963, though somewhat more than the 61.6 million tonnes of 1062. Likewise, judging by the trend of despatches from collieries in the January-September period, the estimated level of despatches (56.6 million tonnes) in 1964 is somewhat less than the 58.8 million tonnes of the previous year but a little more than the 54.9 million tonnes of 1962. The difference between aggregate raisings and aggregate despatches, it will be noted, is 7.5 million tonnes in the current year, as compared with 8.1 million tonnes and 6.7 million tonnes, respectively, in 1963 and 1962.

It may be broadly inferred from all these figures that the trend of falling demand for coal, which set in during the second half of last year and led to output restrictions in the first half of this year, is yet to be reversed. There has lately been no improvement in this trend, considering the almost static level of despatches at 4.6 million tonnes in July 1964, 4.6 million tonnes in August and 4.6 million tonnes in September. Incidentally, the pithead stocks have been at a high level—5.0 million tonnes, as of September 1964.

Indeed, in view of this slow coal offtake in recent months, the Union Ministry of Steel and Mines has recently asked the coal industry to "adjust" (that is, slow down) its production programme further (*vide* Ministry's press release of 31st October 1964). The Ministry's directive has been issued on the basis of a study of production and consumption trends in the period April-August 1964. Actual production and despatches of coal from April 1964, according to this study, were 26.1 million tonnes and 23.4 million tonnes, respectively, as compared with 27.2 million tonnes and 24.0 million tonnes, respectively, in the corresponding period last year. Two of the factors responsible for the slow movement of stocks, according to the Ministry, have been the failure of some State Governments to lift their quotas and the lag in certain industrial sectors like power, steel and brick burning. The situation is such that actual consumption (exclusive of colliery consumption) in 1964-65 fiscal-year is likely to fall substantially below the original estimate of 66 million tonnes.

Progress At a Glance
(In million tonnes)

	Raisings		Despatches	
	1964	1963	1964	1963
January ..	5.78	5.84	4.76	5.01
February ..	5.31	5.64	4.63	4.73
March ..	5.62	5.81	5.00	5.23
April ..	5.49	5.70	4.90	4.95
May ..	5.21	5.72	4.79	4.89
June ..	5.17	5.26	4.59	4.68
July ..	5.24	5.49	4.60	5.01
August ..	5.00	5.45	4.56	4.95
September ..	5.27	5.40	4.64	4.78
Total (Jan.-September).	48.09	50.31	42.47	44.23

Fiscal-year Trends

It would be relevant, in this connection, to examine the fiscal-year trends of production and despatches. Production in the first six months—April to September—of 1964-65 works out to a monthly average of about 5.2 million tonnes and offtake to an average of 4.7 million tonnes. In the light of the shortfall of more than one million tonnes in production in the period April-September 1964 (as compared with the corresponding period of 1963) and in the light of the Ministry's recent directive to the collieries to curtail their production further, it may be broadly assumed that the shortfall in the second half of 1964-65 (as compared with the second half of 1963-64) might not be less than two million tonnes. In that case, aggregate production in the whole of 1964-65 may come to only 61 million tonnes, as compared with the actual of 66.3 million tonnes (52.6 million tonnes in the private sector and 13.7 million tonnes in the public sector) in the whole of fiscal 1963-64 with its production target of 69.0 million tonnes (54.0 million tonnes in the private sector and 15.0 million tonnes in the public sector). Likewise, aggregate despatches in the whole of 1964-65 may come to only 55 million tonnes, as compared with the actual of 58.8 million tonnes in the previous year. It should thus be obvious that both production and consumption of coal in 1964-65—the fourth year of the third Plan—will be very much less than the currently revised target of 80 million tonnes for 1965-66—the end-year of the Plan.

Revised Plan Target

Incidentally, it may be recalled here that the Plan's original target of 97 million tonnes, which was subsequently raised to 105 million tonnes and later reduced by stages to 88 million tonnes, now stands at 80 million tonnes. It is a sad commentary on the state of affairs that even this drastically reduced target, according to the Union Ministry of Steel and Mines, is not likely to be achieved. The Ministry's latest estimate has it that the aggregate demand for coal in 1965-66 may only be about 75 million tonnes and the actual production may not exceed 76 million tonnes in that year. The fact that the number of working collieries has come down from 858 in January last year to about 800 now may be noted in this connection. It is extremely doubtful whether the tempo of production will accelerate in the last year of the Plan to such an extent as to bring about an actual increase of about 15 million tonnes over the previous year's level of output (61 million tonnes).

At the most optimistic estimate, actual production in 1965-66 may come to only 70 million tonnes—roughly 16.0 million tonnes in the public sector, as compared with its *original* target of 36.6 million tonnes, and 54.0 million tonnes in the private sector, as compared with its original target of 60.0 million tonnes. This, incidentally, would mean an additional annual production of no more than 15 million tonnes, as compared with the actual output of 55 million tonnes in 1960-61—the last year of the second Plan. The gap between the 37 million tonnes of *additional* annual production originally envisaged in the third Plan and the 15 million tonnes of likely *additional* production in 1965-66 will be 22 million tonnes. That much shortfall in the target of additional production, for which the planned investment outlays (about Rs. 200 crores) have been largely made in both the public and private sectors by now, cannot, of course, be wholly explained by that inhibiting factor, namely, lack of an economic structure of coal prices. To a large extent it may be explained by these factors: (i) Faulty norms for estimating the additional consumption requirements of steel plants, metallurgical industries, railways and other industries under the third Plan; (ii) delay in the execution of the Bokaro Steel Project and the expansion projects of the existing public-sector steel plants; (iii) switch-over from coal to furnace oil in several industrial establishments; (iv) fuel efficiency drive on the railways and some consuming industries; (v) dieselisation and electrification trends in the railways and many industrial establishments; (vi) reduced offtake of coal by thermal power houses in certain areas of hydel power development; and (vii) the general lag in industrial growth in terms of both establishment of new units and expansion of production in existing units. Thanks to the cumulative effect of these factors, a relative surplus of low and medium-grade coals in particular has emerged in the last one year. This has led to distress sale of such coals below cost. If the smaller collieries, producing such coals, happen to be amalgamated, whether voluntarily or compulsorily, it is expected that the problem of surplus low-grade coals will become more acute. By this we do not mean that consolidation of small units into large economic ones is unwelcome.

Low-grade Coal Problem

Several problems connected with production and disposal of these low-grade coals used mainly by low-priority industries like brick-kilns, as well as by thermal power stations—grades II and IIIA and IIIB—have just been highlighted in a memorandum submitted by the Soft Coke Proucers' Association to the Government. The small collieries producing these coals are stated to be in a desperate financial situation, for the ceiling prices fixed for them, while undoubtedly benefiting the consumers, do not enable the producers to implement even the various welfare and mine safety measures. The removal of distribution control on low-grade coals, with effect from 1st July 1964, seems to have led to a steep fall in their actual sale prices. It has been estimated by the Association that, while the ceiling price differential between the higher and lower grade coals is only about 14 rupees, the differential between their actual sale prices is as much as 26 rupees in view of the present buyer's market for low-grade coals. The Association's estimate may be deemed reliable, for the Government itself had foreseen in July last that the market prices of these grades of coal, which were even then less than the official ceiling prices by two to three rupees, would fall further because of increased competition in the wake of removal of distribution control.

Annual Trends
(In million tonnes)

	Raisings	Despatches
1964 (Estimates) ..	64.1	56.6
1963	66.9	58.8
1962	61.6	54.9
1961	56.1	50.3
1960	52.6	46.3
1959	47.8	42.3
1958	46.0	41.0
1957	44.2	38.3
1956	40.1	35.5
1955	38.8	33.5

The present market situation is extremely unfavourable to low-grade coals because of some other factors too. Firstly, many industrial consumers, who used to manage with whatever grades of coal they got in the tight transport situation in the earlier years of the current Plan, now opt for grade I coal, of which, too, there are sizable pithead stocks in most collieries. Secondly, the railways, which used to be a big purchaser of grade II coal, have lately reduced their offtake of this variety. Thirdly, the thermal power stations are now increasingly purchasing washery middlings instead of low-grade coals. Despite these trends the market for low-grade coals can improve (i) if the brick industry greatly expands its production to meet the needs of building construction in both the public and private sectors, (ii) if the use of soft coke as a domestic fuel is widely encouraged, thereby giving a fillip to soft coke production out of low-grade coals, (iii) if future plans provide for relatively larger thermal power generation than at present, especially in the colliery areas, and (iv) if bagasse, which is now mostly burnt as fuel in sugar factories, is diverted on a large scale for use in paper manufacture. It may be noted, in passing, that, if the brick industry is not experiencing a vigorous growth, it is because of shortage of cement and its adverse effect on the pace of building construction.

Metallurgical Coal

If the plight of the low-grade coal sector is unenviable, the state of the coking (metallurgical) coal sector, too, leaves much to be desired. The output of metallurgical coal in 1960-61, it will be recalled, was 15 million tonnes. The third Plan target of *additional* output of such coal was fixed at 12 million tonnes, that too mostly in the private sector (raising the total to 27 million tonnes) on the basis that the steel expansion projects (including the proposed Bokaro plant) would get under way according to schedule. The collieries in Raniganj and Jharia have mostly carried out their costly expansion plans—costly because deep mining of coking coal, especially of superior grades, involves stowing, mechanisation, etc.—in the light of the additional production target. But these collieries have been recently subjected by the Government to production cuts on the ground that the requirements of steel plants and merchant cokeries are only about 13 million tonnes per annum at present, that is, two million less than the actual production in the last year of the second Plan. The result is that coking coal production, which reached the level of about 18 million tonnes in 1963-64 and which should have normally gone up further in accordance with the expansion schedules of collieries, is running at an annual rate of only 15 million tonnes in the current fiscal year, that is, 1964-65. In other words, the target of *additional* production of coking coal is as far away as ever, for the output of such coal in the fourth year of the current Plan will be the same as, or possibly less than, than that in the last year of the second Plan. Consequently, the expansion assumptions on which the large borrowings of collieries that have availed themselves of the World Bank loan (Rs. 17 crores) have been upset and, in the absence of hoped-for price increases, their finances seem to have been seriously affected. The situation in the coking coal sector may be expected to improve only when the steel expansion projects come to fruition. It has been suggested by some that the Government should encourage producers to explore export markets for coal, instead of allowing stocks to accumulate. This would be a better method of disposing of the surplus stocks than asking the railways to consume more of coking coal, as suggested by some others. That pithead stocks of both coking and non-coking coals continue to be of the order of more than five million tonnes and that stocks held by different industries are about four million tonnes now may be noted in this connection.

In the context of a smaller turnover consequent upon reduced offtake and curtailed production and in the absence of the hoped-for price increases, even the larger collieries may not show fair working results in the current year. It is extremely doubtful whether the selective price increases sanctioned twice this year—(i) in March 1964 when the prices of coking coal of grades A to E were increased by Re. 1.25 per tonne, those of coking coal of grades F, G and H by Re. 0.75 per tonne and those of non-coking coals of selected A and B grades in West Bengal/Bihar coalfields and "selected grade" in the outlying fields by Re. 1.25 per tonne; and (ii) in October 1964 when the prices of non-coking coal of selected grades and grade I were increased by Re. 0.50 per tonne and those of coking coal of grades A to E by Re. 1.25 per tonne and of grades F, G and H by Re. 0.75 per tonne—will make much difference to the situation. The price increases in the case of coking coal, it should be noted, have been made applicable to every colliery owner only where, in pursuance of an agreement between him and the consumer, the grade of the coal supplied is determined by sampling and analysis at the destination. Taken together, the two selective price increases seem to have met the expectations of the industry to the extent of only 30-40 per cent at the most. In any case, these price increases have been given only for neutralising, to some extent, increases in cost. The industry's basic claim for raising the notional gross profit of Re. 1.75 per tonne is yet to be conceded. Only when this is done, it is said, will there by a more economic price structure for coal.

Non-Price Incentives

Of course, it must not be overlooked here that the Government, while it has been rather niggardly in sanctioning price increases, has considered it desirable to provide several non-price incentives since March last year. These include liberalisation of the scheme of assistance to collieries handicapped by difficult mining conditions, reduction of import duty on certain items of mining equipment and enhancement of the development rebate from 20 per cent to 35 per cent for the coal industry. The Union Budget for 1964-65 has also included coal in the list of industries made eligible for a rebate of corporation tax equivalent to 10 per cent of the income-tax and super-tax normally payable by them and of 20 per cent of sur-tax. These fiscal concessions, albeit good insofar as they go, cannot be thought of as substitutes for the hoped-for depletion allowance and increases in depreciation allowance and stowing subsidy.

Coal in Fourth Plan

It is needless to add that only when a sound and integrated structure of price and non-price incentives is evolved would the state of the coal industry change decisively for the better. Otherwise, it would be extremely difficult for the industry to sustain investment in expansion and modernisation to the extent envisaged under the fourth Plan. Incidentally, of the projected *additional* annual production potential of 60 million tonnes in both the public and private sectors in the fourth Plan, the share of the private sector is laid down as 19 million tonnes. To establish an *additional* annual production potential of this order, the private sector will need to invest Rs. 64 crores (with a foreign exchange component of Rs. 17 crores) during the fourth Plan period. On the other hand, to establish an *additional* annual production potential of the order of 41 million tonnes, the public sector will need to invest as much as Rs. 443 crores (with a foreign exchange component of Rs. 141 crores) mostly in new mines. Perhaps these capacity and investment targets may have to be revised downwards on the basis of fresh norms relating to consumption. Be that as it may, there can be no doubt that substantially more coal will be produced during the fourth Plan period (say, 100 million tonnes, as against the provisional target of 136 million tonnes) than during the third Plan period. That much production will call for a more efficient and enlarged transport system, especially in the Iron and Steel Belt of India. It is in this context that the suggestions advanced recently by the World Bank Team on Coal Transport and the National Council of Applied Economic Research for expanding and improving railway haulage capacity in time would need to be considered for advance action, so that the kind of transport bottleneck experienced in the early years of the third Plan may be avoided in the early years of the next Plan.

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PRODUCTS
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FEEDING OUR MILLIONS

(*Concluded from page 110*)

ammonium sulphate. As regards urea, ammonium sulphate-nitrate and calcium ammonium nitrate, the production cost has steadily come down with the progressive increase in output. While comparing the retention prices of our nitrogenous fertilisers with those of the imported fertilisers, it is well to remember that, in the U.K. and some of the European countries, there is an element of subsidy on fertiliser prices granted by the Government of the countries concerned. For instance, in the U.K., the subsidy ranges between 40 and 50 per cent and in West Germany 20 per cent. The E.C.A.F.E. Conference on Fertiliser Industry which met in Bombay in November last year, recommended that nitrogenous fertilisers be sold at subsidised rates as an incentive to the farmer.

Another important related problem requiring immediate attention is to reactivise our promotion programme to popularise the use of fertlisers among the farmers. With the increased production of fertilisers, it is absolutely essential that an efficient and effective agency to promote their wider use among the farmers is set up. In other advanced countries, the manufacturers themselves take the responsibility for promotion and sales programme. It is time now that these promotional activities are strengthened in collaboration with the existing agencies, so that the farmers have full knowledge about the use of various fertilisers that will be made available to them. New types of fertilisers require greater effort to popularise. Advance promotional work in such cases will have to be undertaken to educate the farmer through demonstrations in his own field, so that there may be no consumer resistance to any fertiliser on account of its newness.

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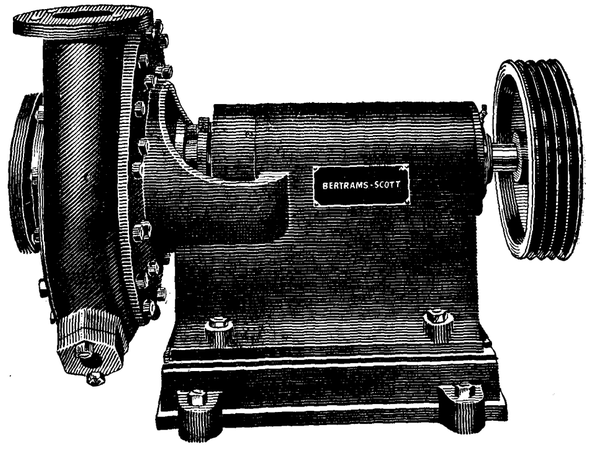

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FORTUNE SMILES AGAIN ON JUTE INDUSTRY

Both Production And Exports At High Levels

FORTUNE smiled again on the Indian jute industry during the calendar year 1964. Raw material (*jute and mesta*) supplies were plentiful, demand for manufactured goods was excellent, and the production capacity of industry was larger than in 1963, following the installation of more broad-looms, spindles and other auxiliary equipment. And, what was more, there was no regulation whatsoever on the production operations of mills, as the quarter-century-old Working Time Agreement, designed to regulate the number of looms to be worked and the hours to be worked per week, taking into account the market conditions, was scrapped with effect from 1st February 1964. Thanks to these factors and to the jute mills' own earnest efforts to maintain production at as high a level as possible, 1964 turned out to be one of the most happy years in the history of the jute industry. The estimated total output of jute goods, namely, 1.27 million metric tons, which, incidentally, represents an all-time peak, is almost equivalent to the third Plan production target of 1.30 million tons fixed to be achieved by 1965-66. Not only did the industry produce more, but it also endeavoured its best to sell more of its production abroad, thereby earning for the country a sizable amount of foreign exchange. Indeed, out of the estimated exports aggregating about Rs. 810 crores, jute manufactures alone accounted for about 21 per cent, their actual share being approximately Rs. 170 crores. The production and export performance of the industry is creditable, especially when viewed in the context of the heavy restraints on imports by a number of developed countries, growing competition from the Pakistan jute industry, and the growing use of alternative packaging materials and bulk handling methods.

So impressive have been its achievements in the past three years that the jute industry today can certainly look back with justifiable pride. But whether the industry can look forward with confidence will depend on a number of factors. Four of these are worth mentioning and they are: trends (production and price) in raw jute economy; official economic and fiscal policies; impact of tariff and non-tariff measures taken by the Governments of importing countries; and co-operation from labour. It may be noted here that the planners, after taking into account the future world demand for jute goods and domestic requirements, have tentatively fixed the fourth Plan production target at 1.7 million tons, or an additional output of about 400,000 tons between now and 1970-71. No one need have any doubt about the industry's capacity to fulfil this target, provided, of course, it gets proper production aids and other incentives. The Central and State Governments, it is to be hoped, will not grudge the same, considering that the industry is India's ace earner of foreign exchange. A heavy responsibility is cast on the industry itself. As was aptly remarked by Mr. R. H. Morrison, Chairman of the Indian Jute Mills' Association, recently, the industry cannot afford to seek refuge in the continuing growth of demand for its standard goods stemming from the so-called unsophisticated developing countries as yet unable to take advantage of modern techniques. For "jute both in the packaging and in the industrial field," to quote Mr. Morrison, "must sell on its own merits and not in default of something better to use."

These are, indeed, words of wisdom which can be ignored by the jute industry only at its peril. In the rising world demand for new materials for packaging and industrial uses, the position of jute goods ought to be strengthened. What is wanted is a concerted and co-ordinated drive to intensify research work in the field of product development and marketing. Never before was the need for such a drive so urgent as it is today. It is, therefore, gratifying to hear that the industry is continuing its efforts to build up new productive capacity in wide hessian for tufted carpet backing, apart from standard constructions of hessian and sacking. Carpet-backing cloth produced during the year 1964 is estimated at not less than 95,000 tons, accounting for nearly eight per cent of the total jute goods production.

Taking the first ten months of 1964 only—these are the months for which full statistical data are available at time of writing this article—the actual carpet backing cloth output of 77,700 tons was higher by 7,100 tons as compared with the corresponding period of 1963. The production of hessian and "other" goods was also higher, the former by 13,100 tons at 449,800 tons and the latter by 14,000 tons at 113,300 tons. These increases more than made good the further decline in sacking cloth output (417,900 tons, as against 420,500 tons), so that the aggregate production of all jute goods during the ten months ended October 1964 was higher at 1,056,700 tons, as against the 1,025,100 tons produced in the same period last year.

A feature of Indian jute industry is the declining share of sackings in total production. On the basis of the actual trend of output in the first ten months, the total production of sacking cloth during the whole of 1964 works out to about half a million tons; this is lower than the actual output of 507,100 tons in 1963, 551,800 tons in 1962 and no less than 617,600 tons in 1956. The continued downward trend in sacking cloth production (as well as in export) is not surprising, for it is in this field that Pakistan is offering keen competition, not to speak of the establishment of several sacking mills in other countries. But it is true that the internal demand for sacking cloth is picking up. The total despatches of this cloth for internal consumption during the year 1964 are expected to be of the order of 266,000 tons, a rise of 16,000 tons as compared with the actual despatches in 1963. The rising domestic demand for sacking cloth is, of course, an encouraging sign—with agricultural and industrial production gradually increasing, it cannot be otherwise. But the country cannot afford to lose the crores of rupees of foreign exchange earned from sacking exports. Something effective must be done, so as to enhance the competitive capacity of Indian sacking cloth in world markets. So far, there is no indication of either the Government or the industry having found any new methods for reversing this disturbing trend.

The overall production of jute goods registered a rise during 1964, despite a reduction in the number of loom-hours worked, the average for the January-October period being 2,016 hours, as against 2,040 hours a year before. In other words, this means that the productivity of the industry must have improved to some extent, in keeping with the progress made in modernisation of spinning and weaving sections.

The jute mills would certainly not have been able to maintain the output at a high level, if they had not been assured of easy availability of raw materials. Bumper raw jute and mesta crops were harvested in the 1963-64 season (July-June); 5.96 million bales and 1.82 million bales, as against 5.45 million bales and 1.70 million bales, respectively, in 1962-63. In view of such bumper crops, as also of a sizable carryover stocks (3.21 million bales, as against 2.83 million bales), the total available supply of raw jute and mesta in 1963-64 was markedly higher at 11.13 million bales, as against 10.24 million bales, notwithstanding the fall in imports from 272,000 bales to 142,000 bales.

The comfortable position in regard to supply of raw material fortunately coincided with a high level of demand for jute goods from the external and internal markets alike. The total despatches from mills during the first ten months of 1964 were at an annual rate of over 1.25 million metric tons, as against the actual despatches aggregating about 1.20 million tons in 1963, 1.15 million tons in 1962 and less than a million tons in 1961. Despatches for exports were higher by about 23,000 tons at 890,000 tons (estimate) and those for internal consumption by 31,000 tons at 364,000 tons (estimate). Of the total rise thus of 54,000 tons, hessian accounted for about 18,000 tons, sacking cloth for 4,000 tons and other manufactures (including carpet backing cloth) for 32,000 tons, the respective estimated despatches being 534,000 tons, 507,000 tons and 213,000 tons. The estimates for 1964 are all projected on the basis of actual despatches from mills during the first ten months of the year.

Although both production and offtake of jute goods were higher in 1964 than in the previous year, it would be rash to conclude that the financial position of the jute industry improved greatly during the year. For the industry had to pay higher prices for raw jute (+6 per cent), stores and accessories and enhanced wages, besides bearing the burden involved in the raw jute buffer stock operations. Nevertheless, considering the rise, albeit small, in selling prices of jute manufactures (as reflected in the wholesale price index) and the reduction in the unit cost of production following higher output and improvement in productivity, the working results of many mills for the year 1964 may be expected to be slightly better as compared with the previous year.

The prosperity of the jute industry cannot, of course, be judged on the basis of the profits earned by it in one or two years alone. It ought to be judged from the long-term point of view. The question then is whether, over a reasonable period, the industry would be in a position to earn enough profit that would, besides ensuring a decent return to investors, leave sufficient funds at its disposal for further expansion and development. The industry, by virtue of its being the foremost earner of foreign exchange for the country, has a right to expect the authorities (Central and State) to create conditions that would ensure such profits. At the same time, a heavy responsibility is cast on the industry itself. The responsibility is that of removing certain defects in burlap to which overseas buyers have drawn pointed attention, namely, wrong and uneven weaving, mouldy cloth, splash marks, leopard spots, narrow width, more short belt ends and shortage in measurement. There is an urgent need for improvement in quality and proper pre-shipment inspection. No less urgent is the need for constant research in the ever-changing user habits in discovering new uses, and in developing methods to sustain the buyers' interest in jute goods in the face of competition from substitutes. Given this vigilance and adequate, regular supplies of quality raw jute at reasonable prices, the Indian jute industry will, there is no doubt, compete effectively for its share of the expanding world trade in jute goods.

Jute Goods Supply Position
(In metric tons)

	January-October		Whole of	
	1964	1963	1963	1962
Opening stocks ..	127,400	91,000	91,000	55,600
Production ..	1,056,700	1,025,100	1,236,200	1,186,800
Total supply ..	1,184,100	1,116,100	1,327,200	1,242,400
Closing stocks (end of period) ..	139,200	122,200	127,400	91,000
Despatches ..	1,044,900	993,900	1,199,800	1,151,400
Of which :				
Export ..	741,800	725,300	866,800	848,400
Internal consumption ..	303,100	268,600	333,000	303,000

Raw Jute Supply
(In thousand bales of 400 lbs. each)

	1963-64	1962-63	1961-62	1960-61
Opening stocks ..	3,207	2,825	863	1,650
Production ..	7,776	7,146	8,039	5,113
Of which :				
Raw jute ..	5,957	5,449	6,347	3,982
Mesta ..	1,819	1,697	1,692	1,131
Imports ..	142	272	401	413
Total supply ..	11,125	10,243	9,303	7,176

Jute Goods as Foreign Exchange Earner
(In crores of rupees)

	April to Aug.		Whole of	
	1964-65	1963-64	1963-64	1962-63
Total exports of all commodities ..	338	312	767	685
Of which :				
Jute goods ..	75	70	157	156
Percentage of jute goods in total exports	22.2	22.4	20.5	22.0
Exports of jute goods (in '000 metric tons)	475	403	926	935
Average export value (Rs. per metric ton) ..	1,579	1,737	1,695	1,668
Exports as per cent. of production ..	87.8	76.6	74.2	77.8
Actual production (in '000 metric tons)	541	526	1,248	1,20

Production of Jute Goods
(In metric tons)

	Hessian	Sacking	Carpet backing	Others	Total	Equivalent of jute consumption ('000 bales)
1964—						
January	42,600	41,400	8,200	9,400	101,600	595
February	41,900	38,400	7,600	11,300	99,200	573
March	47,800	42,100	8,000	14,400	112,600	656
April	44,400	39,300	7,300	12,700	103,700	611
May	43,400	38,500	7,400	12,100	101,400	583
June	44,300	41,200	7,900	13,600	107,000	619
July	49,400	46,400	8,200	14,000	117,700	681
August	47,000	45,100	8,100	11,300	111,500	643
September	46,600	42,000	7,400	7,100	104,000	600
October	42,700	42,300	7,600	5,400	98,000	565
Total—Jan.-Oct. 1964..	449,800	417,900	77,700	111,300	1,056,700	6,126
,, ,, 1963..	436,700	420,500	70,600	97,300	1,025,100	5,834
Whole of :						
1963	528,600	507,100	....	200,500*	1,236,200	7,035
1962	482,700	551,800	....	152,300	1,186,800	6,735
1961	355,700	483,700	....	130,900	970,300	5,485
1960	430,644	551,514	....	106,284	1,088,442	6,236
1959	467,160	513,774	....	91,596	1,072,530	6,127
1958	415,242	594,048	....	73,746	1,083,036	6,145
1957	422,586	559,674	....	68,238	1,050,498	6,152
1956	423,504	617,610	....	73,542	1,114,656	6,341

* Includes about 87,000 metric tons of carpet backing cloth.

Despatches of Jute Goods
('In '000 metric tons)

	Total despatches	For export purpose				For internal consumption			
		Hessian	Sacking	Others	Total	Hessian	Sacking	Others	Total
1964—									
January	92.4	34.2	14.9	10.1	59.2	4.5	24.9	3.8	33.
February	99.1	37.4	18.3	11.0	66.7	5.5	22.5	4.4	32.
March	107.6	41.8	22.4	15.7	79.9	5.1	19.2	3.4	27.
April	98.8	35.6	21.6	14.0	71.2	5.0	19.3	3.3	27.
May	104.5	40.1	20.3	15.2	75.6	3.7	22.1	3.1	28.
June	104.8	42.9	19.2	18.2	80.3	3.3	17.8	3.4	24.
July	107.9	44.7	18.6	17.0	80.7	4.1	19.3	3.8	27.
August	114.9	47.8	22.7	15.1	85.6	4.7	26.2	3.4	34.
September	109.1	40.4	22.4	12.1	74.9	4.8	26.1	3.3	34.
October	105.8	39.5	20.0	13.2	72.7	5.1	24.3	3.7	33.
Total—Jan.-Oct. 1964..	1,044.9	399.4	200.8	141.6*	741.8	45.8	221.7	35.6	303.
Jan.-Oct. 1963.	993.9	390.2	209.9	126.1†	725.3	38.9	201.5	28.2	268.
Whole of :									
1963	1,199.8	469.6	251.8	145.4‡	866.8	47.0	250.7	35.3	333.
1962	1,151.4	433.5	307.7	107.2	848.4	44.2	223.5	35.3	303.
1961	991.2	332.9	299.6	80.6	713.1	36.3	209.9	31.9	278.
1960	1,058.8	390.8	323.4	72.7	786.9	33.4	212.7	25.8	271.
1959	1,118.4	436.2	386.6	58.9	881.7	25.6	184.1	27.0	236.
1958	1,041.7	404.0	396.0	32.1	832.1	21.2	157.9	30.5	209.
1957	1,064.7	392.7	449.6	39.5	881.8	23.7	138.1	21.1	182.
1956	1,075.9	405.8	439.1	33.7	878.6	22.3	151.4	23.6	197.

* Includes carpet backing 73,700 tons. † Includes 60,000 tons of carpet backing.
‡ Includes 67,600 tons of carpet backing.

BRITISH TEXTILE INDUSTRY

(Concluded from page 173)

proximately 37½ per cent in Courtaulds ordinary stock. In addition, a payment of £2 million per annum for five years is to be made by I.C.I. to finance development expenditure by Courtaulds in the production of nylon.

To appreciate the full impact of this important period in the history of the trade, it is necessary first to look back to the end of 1961, when the original attempt was made by I.C.I. to gain control over Courtaulds. The offer, on a share exchange basis, was then calculated at around £180 million. If the deal had gone through, the joint group would have had net assets of more than £900 million and would have employed some 140,000 people. It would have been responsible for more than nine-tenths of man-made fibre output in Britain and, incidentally, for about 25 per cent of United Kingdom paint production. The battle was broken off after I.C.I. had increased its bid by about £20 million and, in March 1962, it was officially stated that the result of the offer was that I.C.I. had acquired 37.4 per cent of the equity of Courtaulds, representing nearly £30 million.

Current Year

Courtaulds continued to figure prominently in a fresh wave of takeovers in the first few weeks of 1964. An agreement was reached to buy a controlling interest in Fras. Hinde and Co., the Norwich textile manufacturers, from family interests. The balance would later be purchased from outside shareholders, it was reported, leaving a minority interest for the family. A bid was also made for the Macclesfield firm of Barracks Fabrics Printing Company, the value being approximately £150,000. In the meantime, Courtaulds had sold its shareholding in Koppers Company, the American firm of chemical and plastics manufacturers at Pittsburgh.

Following the interest taken in Viyella International by I.C.I., the Viyella group again entered the takeover field in February by bidding first for Ferguson Bros. of Carlisle, the vertical textile firm, the price being approximately £1.2 million, and later offering £6 per share for J. Chadwick and Co., the Oldham textile finishing company, the value put on the privately held shares being £2.5 million. In the previous month, Viyella International had announced its intention to make a bid for the capital of G. Stibbe and Co., manufacturers of hosiery machinery and knitwear, of Leicester, but this deal was subsequently abandoned.

Surprise Acquisition

Another bid made later in February by Viyella which surprised the trade as much as any in the series was that which offered approximately £825,000 for the ordinary capital of Clegg and Orr Ltd. This spinning and weaving group, based at Littleborough with interests at Bamber Bridge near Preston, was known to have installed some of the best modern machinery, but lacked marketing facilities on a sufficiently large scale to meet the requirements of current distributive trends.

Early in March, Courtaulds announced an agreement with an Austrian firm, Chemiefaser Lenzing A.G., for joint collaboration on research, production and development of viscose rayon yarns and fibres. Subsequently the group disclosed a number of expansion schemes at various works which clearly illustrated a militant approach towards the problems of output and distribution in the years ahead.

Carrington and Dewhurst, a company in which both Courtaulds and I.C.I. hold minority interests, acquired Pinehurst Textiles, warp knitters and textile finishers, at Lurgan, Northern Ireland, at a price of £870,000.

One of the textile trade's success stories in recent years has been the major expansion carried out by Klinger Manufacturing Company, which has grown from a small outfit to a very substantial group of textile engineers and hosiery manufacturers. In April, I.C.I. announced its intention of taking up 20 per cent of the enlarged equity in this company. Additional loans funds of up to £2 million were also put at the disposal of the Klinger group to assist in further expansion.

Prelude to the Storm

The beginning of the big deals came in June when Viyella International indicated that negotiations were in progress for the acquisition of Bradford Dyers' Association. The cash and share exchange bid, it was then stated, would be worth at least £6.4 million. At the same time, Viyella's earlier purchase of the Talbot Spinning and Weaving Company from Barber Textile Corporation was officially reported to have cost £700,000.

Carrington and Dewhurst reentered the picture at this stage with a bid for William Tatton and Co., the manufacturing and finishing firm at Leek. Co-ordination of technical development between Hindley Bros. and Carrington and Dewhurst was also initiated by the formation of a jointly-owned company.

Avalanche of Offers

The highlights of the year came in mid-July when offers were made for several of the biggest firms in the industry. Launching the avalanche, Viyella International put in a bid for Combined English Mills (Spinners) worth approximately £2½ million. On the following day, a share exchange deal worth some £4 million was announced by Calico Printers' Association for Oxendale and Co. (Proprietors) the Manchester mail order business.

Ten days later, Courtaulds made its now historic move to acquire the capital of both Lancashire Cotton Corporation and Fine Spinners and Doublers. This particular transaction involved payment of over £36 million. In terms of cash, the subsequent purchase of Barlow and Jones by English Sewing Cotton Company for about £2½ million seemed relatively small, but it marked the end of as hectic a period of absorptions as the trade had witnessed since the 1920's.

In addition to the bid for Combined English Mills, the Viyella Group also spent about £250,000 in July in the purchase of Robinson Bros. (Blackburn), a yarn dyeing subsidiary of the British Cotton and Wool Dyers' Association. An offer was also made during the same month by the big American firm, Deering Milliken Inc., of New York, for the Bury spinners and doublers, Waterside Mill, involving a payment of £540,000.

Viyella Moves

If Courtaulds had stolen the thunder in July after Viyella's initial thrust, the Viyella group dominated the deals in the following month. First a bid was made for Birtwistle and Leigh, involving the payment of about £1½ million; then an offer for George Tingey, the Manchester manufacturers and merchant converters, was completed; a large share in Winflex Engineering, of textile machinery manufacturers, of Worthing was taken; and finally an offer worth £1 million was made for Makerfield Mill, a substantial private weaving company at Wigan.

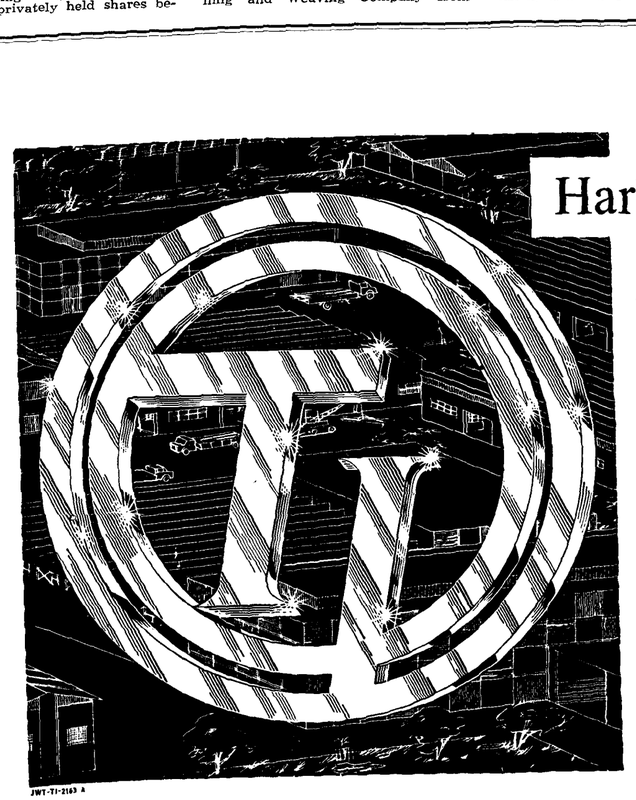
The man-made fibre producers announced further plans for expansion during August, British Enkalon indicating its aim to treble existing output at its Northern Ireland factory by 1968 and I.C.I. forecasting developments at Wilton to increase Terylene capacity to around 100 million lbs. annually by the end of next year. Ashton Bros. and Co. completed the acquisition of a specialist firm, the Lappet Manufacturing Company at Calder Vale, near Preston.

The biggest deal announced in September again went to Courtaulds, when the two operating subsidiaries of Hayeshaw, J. and J. Hayes and Greenhalgh and Shaw, were acquired for £1,140,000. Earlier in the year, Hayeshaw had successfully obtained a separate stock exchange quotation for its subsidiary, Quickmix Concrete Company.

Courtaulds' Northern Board

Arising from the important mantle over Lancashire textiles now assumed by Courtaulds, the formation of a Northern Board of the group, with offices and secretariat based in Manchester, announced during September, was a sensible step; it was welcomed in local trade circles as indicating that the mills would not be divorced from their new owners. The chairmanship of the Northern Board went to Mr. F. C. Kearton, who was shortly afterwards nominated as also Chairman of Courtaulds itself. Subsequent announcements established a strong liaison team to keep close watch on the northern activities of the group.

After several months in which the reconstruction of the spinning industry had been the focal point, interest switched to weaving early in October when John Grey, Burnley, announced details of a capital reduction scheme and the sale of a 40 per cent interest to Mr. Henry Pfeffer, a Director of Broome and Wellington, the Manchester merchanting firm, acting in his private capacity. It was made clear at the time that the sponsors of the arrangement visualised the formation of a substantial weaving group of anything up to 10,000 looms, supported by marketing facilities and the maintenance of large stocks of Lancashire-made cloth following rationalisation plans.



Harbinger of a new Industrial era

AMBATTUR, a tiny village twelve miles away from Madras, lay sleepily, neglected by history, by-passed by the industrial revolution. Then, on a cool morning in November 1949, the village woke suddenly to life. Bulldozers and excavators arrived on the scene to be followed by a mass of steel and weird-looking machines. The T.I. Cycles factory had come into being. T.I. Cycles was only the first venture of Tube Investments of India, a joint enterprise of Murugappa & Sons of Madras, and Tube Investments of England. The scope of the T. I. group had been widening year by year and today it embraces steel strip rolling, tube making, the manufacture of cycles and cycle accessories and industrial chains. T.I. Cycles was the harbinger of a new industrial era for Ambattur, and its environs are today among the busiest industrial townships in our country.

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COTTON MILLS PRODUCE MORE BUT SELL LESS

Export Performance Encouraging

FOR the Indian cotton mill industry, the year 1964 was a mixture of good and bad. The year was good, because it witnessed a number of heartening trends in the economy of the industry: a further addition of spindles and looms, increase in employment, more intensive utilisation of capacity, a marked rise in the production of both yarn and cloth, thanks to comfortable raw cotton supply position, and larger exports. As against these heartening trends, there were three disquieting features, namely, persistent cost inflation, continued low productivity (in terms of output per worker) and reduced offtake for domestic consumption. The advantages and disadvantages appear to be well balanced, but, by and large, it may be said that the year 1964 was slightly better than 1963 or 1962, though the majority of mills must have managed to keep their heads just above water.

The production performance of the mill industry during 1964 was quite encouraging, the estimated output being 4,655 million metres of cloth and 953 million kgs. of yarn, as against 4,428 million metres and 888 million kgs., respectively, in 1963. The notable rise in production was neutralised to some extent by the increase in the unit cost of output resulting from the rise in raw cotton prices, higher wage bill, increased cost of components and stores, and additional taxation. The rise in production followed greater utilisation of the expanded capacity in both the spinning and weaving sectors.

Machine Activity

The average number of spindles run during the first nine months of 1964 was larger (as compared with the corresponding period of 1963) in all the three shifts: 13.06 million in the first shift (as against 12.52 million a year before), 13.08 million in the second shift (12.37 million) and 9.91 million (8.49 million). Similarly, the average number of looms run was higher at 184,333 in the first shift (177,924 in January-September 1963), 179,778 in the second shift (172,638) and 60,778 in the third shift (49,793). The average number of workers at work in all the three shifts, too, was greater at 825,000, as against 797,000. While the number of workers at work thus showed a rise of only 28,000, the total number of workers on the books of mills (including general staff and *badlis*) rose by 33,000 to 968,000.

Out of the 537 cotton mills in existence (246 spinning units and 291 composite units), only ten mills (three spinning and seven composite) remained closed at the end of August 1964. As a result of this closure, about 221,120 spindles and 4,217 looms remained idle, the number of workers affected being 8,810. When these figures are compared with those for the industry as a whole, it will be seen that the percentage of idle capacity to the total was relatively small, nay, negligible, in the year under review.

The cotton mills were able to utilise their capacity more intensively during 1964 than in 1963, as they could get adequate supplies of raw cotton, though they had to pay quite high prices for the same. The total available supply of cotton during the 1963-64 season was markedly higher at 8.93 million bales (despite reduced imports of 630,000 bales, as against 851,000 bales), as compared with 8.25 million bales in 1962-63. The larger supply was due partly to increased production (6.13 million bales, as against 5.77 million bales) and partly to heavier carryover (2.17 million bales, as against 1.63 million bales).

Supply Position

Despite the notable rise in cloth production, the supply of cloth actually available during 1964 was less than in 1963: 3,891 million metres during January-September 1964, as against 3,985 million metres in the same period last year. The reduction in supply was due to the appreciable decline in the stocks brought in from the previous year aggregating no more than 415 million metres, as against 686 million metres a year before. Deducting from the total supply the closing stock of 464 million metres as of 30th September 1964 (453 million metres a year before), the offtake during the first nine months of the year comes to 3,427 million metres, representing a fall of 105 million metres, as compared with the corresponding period of 1963. This fall was accounted for entirely by offtake for domestic consumption which declined from 3,116 million metres to 2,971 million metres; deliveries for exports, however, rose from 416 million metres to 456 million metres.

Despite the reduction in offtake for domestic consumption, the industry's aggregate sales realisation during the year 1964 must have been higher, albeit slightly, as compared with 1963 for two reasons. One, not only was the quantity of cloth exported higher (estimated at 520 million metres, as against 481 million metres in 1963), but the average export price realised was also better. Two, several mills had put up the prices of their cloth sold in the internal market. There was, of course, a decline of 5-6 per cent in the prices of controlled varieties after the statutory partial control on mill cloth was enforced in October 1964, but it is believed that whatever loss the mills have incurred was made good by selling the non-controlled categories at prices higher than before.

Be that as it may, the rise in mill cloth output during the year 1964 was accounted for by all the categories, except fine counts the production of which declined slightly. The rise was particularly marked in the case of medium varieties, and that too in respect of lower medium cloth.

The bulk of the mill cloth produced during 1964 was, as usual, processed. The quantity actually processed during the first nine months of the year was 2,479 million metres, as against 2,346 million metres in the corresponding period of 1963, or a rise of 133 million metres. Of this quantity, the share of bleached cloth alone was 1,323 million metres (1,260 million metres in January-September 1963). Piece-dyed cloth accounted for 655 million metres (610 million metres) and printed cloth for 501 million metres (476 million metres).

The aggregate packings of mill cloth for civil consumption, export and other purposes during the nine months ended September 1964 amounted to 3,478 million metres, as against 3,336 million metres a year before, or a rise of 142 million metres. The rise was mostly in wearables, the total packings of which were higher by 130 million metres at 3,260 million metres. The packings of non-wearables were also higher by 12 million metres at 218 million metres. Out of the total packings of 3,478 million metres, the combined share of the five categories which are brought under statutory control (namely, *dhotis*, *saris*, longcloth, shirting and drills) comes to 1,429 million metres.

Controls

The most outstanding development of the year 1964 was the statutory enforcement (with effect from 20th October) of control on roughly half of the aggregate production of mill cloth. It was the Cotton Textile Consultative Board that first recommended, when it met at Bombay early in July 1964, a scheme of partial control in the place of voluntary price regulation scheme which was abandoned in quick stages by a large number of mills after working for well over three and a half years from September 1960. The voluntary scheme might have continued to work and there would have been no need for statutory controls, had the Government conceded the industry's reasonable plea for an increase in prices commensurate with the increase in costs. The scheme of partial control (statutory) on mill cloth, introduced with effect from 20th October 1964, envisages three operations, production control, control over quality and standardisation, and price control. The details of these controls are as follows:

Production control: The entire production of *dhotis*, *saris*, longcloth, shirtings and drills other than the supplies made to Defence and for exports is subjected to control. The total production of controlled varieties is expected to be about 2,000 million metres a year; the varieties cover cloth of mass consumption and form more than 50 per cent of the total production of mill-made cloth, excluding about 600 million metres for export and Defence requirements. Each composite mill is required to produce a minimum quantity of the controlled categories. The minimum obligation of each mill is fixed after taking into account exports and defence supplies (a further rebate at two per cent for every additional ten per cent of supplies to Defence and exports), as well as the pattern of production and the technical capacity of each mill to produce the controlled categories.

Standards and quality control: Definitions of the terms of controlled categories have been specified. In the case of *dhotis* and *saris*, standard specifications of width, counts of warp and weft, and reed pick have been laid down. The production of *dhotis* and *saris* must fall within the specified construction particulars as notified by the Textile Commissioner.

Price control: The prices of the controlled categories are based on a schedule of realisation multipliers. Provision is made for calculating the prices of grey cloth with adjustments provided for the use of superior and foreign cotton, as well as for the various processes such as bleaching, mercerising, dyeing, printing, sanforising, backfilling and finishing. Stipulations have been laid down for adjustments in respect of variations in counts. Allowances are made for combing, dobbies, jackards, drop boxes, and charges for use of doubled yarn in the border of *dhotis* and *saris*. Extra allowances for mulls and voiles and charges for the use of art silk yarn, too, have been indicated. While fixing the processing charges, the schedule lays down basic minimum specifications of each process which is required to be fulfilled, if the charges are to be admitted.

Complicated Scheme

The foregoing details bring out the highly complicated nature of the controlled mechanism. In order to ensure the effective implementation of the control scheme, the Government of India has set up a Textile Control Advisory Committee (with Mr. V. P. Naik, Chief Minister of Maharashtra, as Chairman) and a Central Consumers Vigilance Committee (headed by Mr. S. V. Ramaswamy, Union Deputy Minister for Commerce). The State Governments have been asked to constitute local consumer vigilance committees to look after the consumers' interests in all municipal towns having a population of 25,000 and above.

Several millowners have criticised the scheme of partial control. Here is what Mr. Naval Tata, Chairman of the Central India Spinning, Weaving and Manufacturing Company, Ltd., says in his annual statement:

"Frankly, it is difficult to understand the *raison d'etre* of statutory controls on cloth produced by the organised sector only, particularly when the country was not suffering from such acute shortage of cloth as was noticeable during the last world war to warrant such controls. ... It is difficult to appreciate the logic of regulating the price of the cloth produced by the centralised mill sector only, when the production and prices of the powerloom and handloom sectors remain unregulated. An elaborate and costly system of controls, administered by a mass of officials, assistants and clerical staff to control a mere 2,000 million yards representing a bare 25 per cent of the estimated 8,000 million yards from the three sectors, seems hardly justified. In any case, the scheme should have been introduced progressively, starting with 10 or 15 per cent of the productive capacity of the industry, to assess its merits, before launching headlong with 50 per cent. What India most needs today is increased production and continuous flow of cloth to the consumer to prevent any attempt on the part of the trade to exploit shortages."

If the scheme of partial control is to fulfil the purpose for which it has been introduced, three things are necessary. One, the mills must be encouraged to expand their capacity, rehabilitate the worn-out machinery modernise equipment and rationalise production methods. Two, the scheme

of cotton prices. It is, of course, implied here that, in adjusting the multipliers, the Government is bound to take into consideration the extent to which millowners alter their selling prices of uncontrolled varieties. Three, the heavy incidence of taxation—direct and indirect—on the industry, which produces one of the basic necessities of life, must be reduced. It may be noted here that, out of the ex-mill value per metre of cloth, the incidence of indirect taxes alone accounts for about 20 per cent.) Unless these things are done, several mills may be compelled to downgrade the quality of controlled varieties and to inflate the prices of non-controlled categories disproportionately. The tendency to downgrade quality, it is needless to say, will be prevalent especially among mills which find it really difficult to make the necessary adjustments in production schedules should they find that the bulk of their production comes under controlled categories, giving little scope for making reasonable profits. These tendencies cannot but be considered as natural consequences of rigidity in the Government's pricing and fiscal policies, for no unit of production can afford to be in the red for any significant length of time.

In any case, the scheme of partial control cannot be relied upon as a long-term solution to the problem of shortage and high prices of cloth. The real, effective solution lies in a determined bid to boost production.

Powerloom Enquiry Committee Report

Viewed thus, it is deplorable that the Powerloom Enquiry Committee (Chairman: Mr. Asoka Mehta), in its report published in September 1964, has recommended (a) the reservation of the entire anticipated increase in the demand for cloth (amounting to about 2,300 million metres) during the fourth Plan period for the decentralised sector by freezing the mills' weaving capacity at the existing level after taking into account the additions already agreed to, (b) a freeze on the mill output of *dhotis* and *saris* at the 1963 level, (c) exclusive reservation of all colour-ed *saris* production to the handlooms, and (d) imposition of further restriction on the processing capacity in mills. These recommendations, if implemented, will (1) deny the consumers the freedom of choice and the opportunity of getting good quality cloth at an economic cost, (2) endanger the exports of cotton textiles, and (3) ensure a closed market for the existing textile mills which is the surest way of allowing them to become inefficient and unenterprising. It is, therefore, gratifying to hear from Mr. Manubhai Shah, Union Minister for Commerce, that the Government's decision on the Asoka Mehta Committee's report would safeguard the interests of the mill sector, the *khadi* sector, handlooms and powerlooms. Intervening in a two-hour debate on the report in the Rajya Sabha, on 3rd December 1964, Mr. Shah stated that it was the Government's intention to help all the sectors of the cotton textile industry. This sort of omnibus answer is, of course, vague, but it clearly implies that the Government will not toe the line taken by the Asoka Mehta Committee.

Second Wage Board

A notable development of the year was the setting up of the second Wage Board for Cotton Textile Industry on 14th August 1964 to consider the question of a further revision of the wage structure in the industry; it is presided over by Mr. K. Bhimasankaram, a former Judge of the Andhra Pradesh High Court. While making its recommendations, the Wage Board has been asked to keep in view the recommendations of the first Wage Board for the cotton textile industry and Government decisions thereon; the principles of fair wages as set forth in the report of the Committee on Fair Wages; the needs of the industry in a developing economy (including the need for maintaining and promoting exports); the various elements of labour costs (excepting bonus) apart from wages; the requirements of social justice; the need for adjusting wage differentials in such a manner as to provide incentive to workers for advancing their skill; and the desirability of extending the system of payment by results. In applying the system of payment by results, the Board is required to bear in mind the need for fixing a minimum (fall-back wage) and also safeguarding against overwork and undue speed. Further, the Wage Board shall consider the demands for the introduction of a gratuity scheme on an industry-wise basis.

Exports

The reduction in the available supply of mill piecegoods for civilian consumers during 1964 did not, however, affect exports. For the upward trend of exports (noted in 1963) persisted throughout the year. In fact, the rate of shipments was much higher in 1964 than in 1963, the actual increase being 49 million metres, as against 20 million metres. The aggregate exports of mill cloth during 1964 are estimated at about 530 million metres, as against the 481 million metres exported in 1963 and 468 million metres in 1962. The estimate is based on the actual exports during the first nine months of the year amounting to 397 million metres, as against 360 million metres in the corresponding period last year. The improvement in export performance was due largely to increased offtake by some European markets (particularly the U.K. which is India's biggest customer), Ceylon, Afghanistan, Malaysia, Nigeria and Indonesia. The improvement would have been more marked but for the keen competition from a number of countries especially Hong Kong, Pakistan, Taiwan, Communist China, Spain and East European countries. Despite such competition, it is notable that the export prices of mill cloth showed an appreciable rise. The average price realised per metre of cloth exported during the nine months ended September 1964 was 96 paise, as against 82 paise in the same period last year and 84 paise in the whole of 1963.

The encouraging performance on the export front must be attributed in no small measure to the good export promotion work done by the different interests concerned, especially the Cotton Textiles Export Promotion Council (Texprocil).

World Competition

While the upward trend of cotton mill cloth exports and the rise in export price realisation are heartening, there is still a long way to go before Indian textiles can successfully weather the growing competition in world trade. It is true that India has an industry which is more than a hundred years old, second only to the U.S. in output, with the second largest cotton crop in the world and the necessary skill with which to meet the various requirements of the international market. Even so, the outlook for Indian cotton textile exports in the coming years will depend on five important factors: (1) increase in the production of superior varieties of raw cotton at an economic cost, (2) efforts to achieve speedy modernisation and rationalisation, (3) assistance from the Government, (4) co-operation from labour, and (5) the willingness of the importing countries, especially the developed nations, to buy more cloth from India. Emphasising the last point, Mr. Neville N. Wadia, who has been doing signal service in the cause of export promotion, made the following significant observations in his speech at the last annual meeting of the International Federation of Cotton and Allied Textile Industries held at Zurich in October 1964:

" ... I would like to emphasise the importance of lowering the tariff barriers. The exporting country will be able to secure the foreign exchange required by it with the export of less yardage, if, due to the lowering of the tariff, it obtains a higher price per yard. At the same time, the textile industry of the importing country is benefited by having to put up with correspondingly lower yardage of imports. I would, therefore, like to make a plea for settlement of all our difficulties by bilateral arrangements under which the developed countries open their doors to the extent of 10 to 20 per cent of their home consumption for imports from developing countries. These should be allowed to be brought in across a low tariff which would be of benefit only to the parties concerned. ...

"It is indeed most foolish to shut one's eyes to the changes which are taking place. The long-term agreement has been a bitter disappointment to the developing countries. We regard it as a masterly exercise in expressing restrictive intentions in expansionist phrases. I can assure you that the developing countries are not going to agree to any extension of the long-term arrangement beyond September 1967 in its present form. On the other hand, India, at least, is prepared to sit down with their opposite numbers in each of the developed countries to make a serious attempt to reach agreement satisfactory to both parties and to co-operate in an attempt to reach a general formula. We believe that this is the statesmanlike way to solve our mutual problems and that, like all wars, a textile conflict in 1967 would benefit no one."

Comments on these remarks are superfluous. It is only to be hoped that the developed countries will heed the observations of Mr. Wadia.

Outlook for 1965

With this review of the developments during 1964, we may now attempt a brief assessment of the prospects for the cotton mill industry in the coming year (1965). It looks as though the upward trend of production will continue. This expectation is based on three grounds. In the first place, the cotton supply position in the current (1964-65) season is comfortable; the total available supply (9.52 million bales, as against 8.93 million bales in 1963-64) is said to be much more than what is actually needed to meet the entire requirements of the mills. Secondly, the productive capacity of the industry has registered further expansion. And, thirdly, the offtake of cloth for both domestic consumption and exports is at a high level.

As against these helpful factors, there is the disquieting factor that of high cotton prices. It is as much in the interest of the industry as in that of the consumer that the Government must take suitable steps, so that the mills can obtain their requirements of cotton within the ceilings.

Machine Activity

	January-September		Whole of 1963
	1964	1963	
Spindles: (In thousands)			
First shift	13,063	12,519	12,611
Second shift	13,078	12,373	12,503
Third shift	9,905	8,490	8,726
Looms: (Actual numbers)			
First shift	184,333	177,924	178,854
Second shift	179,778	172,638	173,815
Third shift	60,778	49,793	51,488
Workers at work: (In thousands)			
First shift	419	416	418
Second shift	268	261	263
Third shift	138	120	123
Total—all shifts	825	797	804
Total workers on list (including *badlis*)	968	935	938
Spindles installed	14,061,137	14,117,266	14,117,266
Looms installed	202,747	199,896	199,896

Trend of Output

Month	Cloth (mill. metres)		Yarn (million kgs.)	
	1964	1963	1964	1963
January	392	375	81	74
February	349	337	73	67
March	400	360	82	72
April	391	366	80	72
May	351	375	74	75
June	382	362	73	69
July	416	385	84	77
August	389	363	81	75
September	405	367	83	77
October	404	358	83	75
Total (Jan.-Oct.)	3,879	3,657	794	733
Whole of 1963	4,428	..	888	..
Whole of 1962	4,560	..	860	..
Whole of 1961	4,704	..	862	..

Cloth Processed by Mills

(In million metres)

	Jan.-Sept.		Whole of	
	1964	1963	1963	1962
Total cloth output	3,475	3,298	4,423	4,560
Cloth processed	2,479	2,346	2,164	3,188
Of which:				
Bleached	1,323 (38)	1,260 (38)	1,690 (38)	1,764 (39)
Piece-dyed	655 (19)	610 (18)	829 (19)	791 (17)
Printed	501 (14)	476 (14)	645 (15)	633 (14)

Note:—Figures in brackets relate to percentage share in the total production.

Cloth Supply Position

(In million metres)

	Jan.-Sept.		Whole of	
	1964	1963	1963	1962
Opening stocks*	415	686	686	543
Production	3,475	3,298	4,423	4,560
Imports	1	1	1	1
Total available supply	3,891	3,985	5,110	5,104
Less closing stocks*	464	453	415	686
Offtake	3,427	3,532	4,695	4,418
Of which:				
Domestic consumption	2,971	3,116	4,121	3,950
Exports†	456	416	574	468

* No account is taken of the stocks held with the trade as well as stocks in transit.

† Figures relate to deliveries for exports and not actual exports.

1 metre = 1.0936 yard.

Packings of Mill Cloth

(In million metres)

Varieties	Jan.-Sept.		Whole of 1963
	1964	1963	
Wearables:			
Longcloth	518	523	684
Prints and chintz	459	428	582
Saris	265	236	318
Poplin, crepes, twills and hair cords	393	391	520
Dhotis	249	248	331
Sheeting	284	295	399
Mulls, voiles and dorias	100	113	150
Sucies	187	173	242
Shirtings	194	196	272
Drills, jeans, satin and gaberdine	203	116	216
Leopard cloth and markin	102	87	120
Coating, tussores, corduroy and bedford corduroy	123	79	115
Dosuti, dedsuti and mazri cloth	65	86	114
Dupattas, khes, chola and uparana	7	4	6
Leno cloth	8	7	9
Madapolam, cambrics and lawns	41	34	48
Other items	62	74	97
Total wearables	3,260	3,130	4,224
Non-wearables	218	206	282
Grand total	3,478	3,336	4,506

Varieties of Cloth Produced

(In million metres)

Categories	Jan.-Sept.		Whole of	
	1964	1963	1963	1962
Coarse	646	599	810	761
Medium	2,456	2,338	3,129	3,350
Of which:				
Lower medium	1,092	992	1,321	1,404
Higher medium	1,364	1,346	1,808	1,946
Fine	144	157	204	197
Superfine	229	204	280	252
Total	3,475	3,298	4,423	4,560

Destination-wise Exports

(In million metres)

Destination	Jan.-Aug.		Whole of	
	1964	1963	1963	1962
United Kingdom	138.5	86.6	143.0	123.2
U.S.A.	8.7	25.7	29.9	24.4
Sudan	12.3	20.5	33.3	60.2
Kenya, Zanzibar	12.0	18.9	25.3	23.7
Australia	16.1	18.4	25.9	26.6
Canada	10.2	11.9	18.0	19.9
Burma	2.1	11.5	15.1	5.7
Tanganyika	8.9	10.3	16.4	16.3
Aden	7.0	10.3	15.2	16.9
Afghanistan	10.7	10.0	19.9	19.9
Singapore	3.3	8.9	11.6	9.4
Ceylon	22.2	7.4	16.9	12.7
New Zealand	5.0	7.1	10.8	10.2
Saudi Arabia	4.7	6.6	10.1	0.2
Ethiopia	2.1	5.1	7.8	14.1
Malaysia	5.5	4.6	6.5	6.2
Nigeria	3.0	1.9	3.4	2.0
Indonesia	3.2	1.0	1.2	7.5
Other Countries	60.5	49.4	70.8	59.3
Total	342.0	316.1	481.1	468.0

Exports by Varieties

(In million metres)

Sorts of cloth	Jan.-Sept.		Whole of	
	1964	1963	1963	1962
Sheetings	112.0	120.6	162.0	172.7
Drills	31.2	24.2	33.4	32.3
Longcloth	22.0	19.0	24.9	30.7
Shirtings	15.6	17.0	21.2	12.0
Voiles and mulls	35.0	39.8	52.7	47.7
Domestics	12.5	15.8	20.9	21.6
Coating	1.8	2.9	3.7	6.4
Dhotis and *saris*	9.9	6.4	10.8	7.7
Chintz	2.4	0.9	1.6	1.6
Others	154.1	112.4	156.9	135.3
Total	396.5	360.0	488.1	468.0

Exports by Sorts

(In million metres)

	Jan.-Sept.		Whole of	
	1964	1963	1963	1962
Grey unbleached	217.9	204.9	275.4	276.0
White bleached	67.9	67.0	89.4	81.0
Printed	47.9	28.6	41.4	30.7
Dyed	46.2	44.3	61.6	59.5
Woven coloured	16.6	15.2	20.3	20.8
Total	396.5	360.0	488.1	468.0

Scarcity and High Prices of Sugar Persist

Prospects of Significant Relief to Consumers Not Bright

LONG queues in front of sugar shops: This was what one witnessed in the different parts of the country practically throughout the past November 1963-October 1964) sugar season. Consumers could not only not obtain their full requirements of sugar, but they had also to pay markedly higher prices, much higher than those paid in the previous (1962-63) season. The *per capita* supply of sugar available for domestic consumption—that is, carryover stock of the previous season *plus* actual production *minus* export commitments—was no more than 4.96 kg., as against 5.70 kg. in 1962-63 and 7.91 kg. in 1961-62. The reduction in *per capita* supply was due to the addition of about ten million to the country's population, on the one side, and the poor opening stocks (149,000 metric tons, as against over a million tons a year before) and low level of production (2.56 million tons), on the other, *vide* Table A. The prices of sugar payable by consumers were much higher (by about 5-6 per cent on an average) because of the upward revision in the ex-factory prices twice during the season—on 18th November 1963 and on 22nd May 1964—which was necessitated by increase in cane prices and rise in the production costs of sugar mills. Since not many could get their requirements of sugar at controlled prices, the increase in consumer prices was much higher.

Production

The sugar production of 2.56 million tons during the 1963-64 season was no doubt higher than the previous season's output of 2.16 million tons to which level it had gone down from 2.71 million tons in 1961-62 and 3.03 million tons in 1960-61. But, it was well below even the revised lower target of three million tons fixed by the Government of India to be achieved in the season; the original target was 3.3 million tons. The shortfall in sugar production occurred despite the bumper cane crop harvested in the 1963-64 season. The aggregate cane yield was as high as 100 million tons, as against the 93 million tons harvested in 1962-63, or a rise of seven million tons. For a significant part of the additional output was diverted from the sugar mills to the manufacture of brown sugars (*gur* and *khandsari*, the prices of which continued to rule pretty high. In fact, in several centres, the prices of *gur* and *khandsari* were higher than those of white sugar. So attractive were these prices that many cane growers converted the cane into *gur-khandsari* themselves and sold the same at attractive prices, instead of bothering about carrying it to the gates of sugar mills for sale, the steep increase in minimum prices payable by mills notwithstanding. There was also keen competition from the regular, professional *gur-khandsari* producers for the available supply of cane. *Gur* producers, it may be noted here, do not pay any excise duty at all and the *khandsari* units pay a comparatively much lower excise duty than that (Rs. 10.70 per maund) paid by the sugar mills.

If only the powers-that-be—the State Governments, to be more precise—had summoned enough political courage to enforce some sort of a regulated scheme of cane distribution, while sugar production would definitely have been much higher than the 2.56-million-ton figure. The sugar industry could have easily hit the production target (original) of 3.3 million tons if it had been assured of even one-third of the total cane crop (100 million tons) harvested. Was the problem of ensuring this much supply to the sugar industry really so tough for the authorities, Central and State? The authorities not only failed to take any effective steps to check large-scale diversion of cane supplies to *gur-khandsari* production but also prevented the sugar mills from paying enhanced prices for cane through rigid controls on prices and distribution of sugar. Just before the crushing operations began in the 1963-64 season, the Government of India had assumed, under the Defence of India Act, specific powers to regulate cane supplies in reserve areas for factories. The powers were not, however, used; actually, in January 1964, the Union Food and Agriculture Minister announced that the Defence of India Rules would not henceforth be resorted to. Since the cane supply was insufficient, many sugar mills were compelled to curtail their crushing operations drastically. Actually by May 1964, the sugar mills, barring a few here and there, had stopped crushing completely.

Before the sugar season under review commenced (on 1st November 1963), the Union Government no doubt announced some incentives to boost sugar output, but the incentives were only of a limited nature; they included:

1. Permission to the mills to purchase cane at about the minimum price up to a maximum of Re. 1.75 per maund, or Rs. 4.69 per quintal of cane with a recovery of just 9.4 per cent, and include the whole of it in the ex-factory price of sugar.

2. A rebate in excise duty on additional production during the 1963-64 season over the base year 1961-62 as per details as under:

Period	Rebate (per cent. of basic excise duty)
1st July 1963—31st October 1963*	50
November 1963	50
Normal season, that is, between 1st November or 1st December 1963 and 31st March 1964	20
1st April 1964 to 30th June 1964	50

* The sugar mills that commence production during this period are mostly in South India.

For the purpose of rebate, additional sugar output will be calculated with reference to the quantity actually produced in the corresponding periods of the 1961-62 season.

3. Maximum deduction for road transport charges from the cane price is limited to 12 nP and the balance left from the existing maximum of 36 nP is allowed to be included in the calculations for arriving at the ex-factory price.

Note: On 20th November, the Government announced that the new units which had not yet attained their full capacity in production would get rebate at the flat rate of 30 per cent "over the production in excess of their real or notional production in the previous period of the 1961-62 season."

About two months later, that is, on 30th October 1963, the Government announced, as already stated, a further increase of 25 nP per maund in the price of cane in factory areas when the factories experience difficulty in securing cane supplies due to higher prices offered by *gur* and *khandsari*.

The sugar industry generally was not quite happy about the amount of rebate it would get for additional production. The total amount of gain was estimated at about Rs. 4.5 crores, as against as much as Rs. 9.0 crores obtained in 1960-61 when the aggregate sugar output had touched the all-time peak of about three million tons. If only the Government had taken the average of the 1961-62 and 1962-63 seasons as the base for calculating additional output, instead of 1961-62 season alone, a larger number of sugar mills might have availed themselves of the benefit of rebate, and the incentive itself would have been handsome. For the average of the two said seasons, namely, 2.44 million tons, would be much lower (in view of the low level of output in 1962-63) than the output of 2.71 million tons touched in 1961-62. The incentive scheme was thus of a niggardly nature and, therefore, of limited value.

Considering the existence of a lot of idle capacity (thanks to inadequate cane supplies), high production costs and uneconomic price structure, the profits earned by the sugar industry have been low, lower than those of several other industries, as the findings of the Reserve Bank's study of the finances of Indian joint-stock companies for the year 1962-63 show. The relevant figures are given in Table B.

Sugar Price Policy

It is against this background that one has to judge the Central Government's sugar price policy. For several days after the 1963-64 season actually began, the Government had continued the low prices fixed on 17th April 1963. The prices were revised upward only on 18th November 1963. The rise in prices (as compared with prices fixed in April 1963) varied from Rs. 2.65 in the case of Assam to Rs. 12.15 in respect of some mills in South India In between these ranges, the price was raised by Rs. 5.15 for Maharashtra, Rs. 8.65 for the Punjab, Rs. 8 for certain mills in the U.P. and by only Rs. 3.80 for sugar mills in Mysore, Madras, Kerala and Pondicherry. Although the increase was steep, it was not sufficient to cover the additional incidence of higher cane prices and rise in production costs. Representations to this effect were made by the sugar interests. As a sequel to these representations the Government revised the prices upward again but only on 22nd May 1964, that is, several days after the majority of mills had stopped their crushing operations. The actual increase (per quintal) was as much as Rs. 22 in Rajasthan, Rs. 15.75 in West U.P., Rs. 14 in the Punjab, Rs. 12 in South Bihar, Rs. 10.50 in Assam and Rs. 9 in East U.P., whereas it was marginal in respect of other States and there was a cut in prices of sugar produced in the Lucknow Division of U.P., Gujarat and Orissa.

After taking into account the increases allowed in cane prices subsequently and estimates of duration and recovery for the season (1964-65), the Government announced new ex-factory prices for sugar on 12th November 1964. Under this revision, the country has been divided into six sugar zones, and not four as was reported recommended earlier by the Sen Commission. The six zones and the prices fixed for each zone are as follows:

Zone	Price (Rs. per quintal)
1. Maharashtra, Mysore and Lucknow Division of U.P.	116.00
2. East U.P., Rohilkhand and Agra Divisions of U.P., North Bihar, West Bengal, Gujarat and Andhra Pradesh.	118.75
3. Dehra Dun and Saharanpur districts of U.P.	121.25
4. Madhya Pradesh, Orissa, Madras, Kerala and Pondicherry	123.00
5. Assam	126.00
6. Meerut, Muzaffarnagar and Bulandshahr districts of U.P., the Punjab, South Bihar and Rajasthan	129.25

How the revised prices compare with those fixed on 22nd May 1964, 18th November 1963 and 17th April 1963 will be clear from the following. With the latest revision, the net increase in sugar prices as compared with the position obtaining prior to the reimposition of price and distribution control in April 1963 is quite significant. The actual increases per quintal in different States are as follows:

Area	Net increase in Rs. per quintal since April 1963
Meerut, Muzaffarnagar and Bulandshahr.	20.75
Punjab, Rajasthan and South Bihar	19.40
Madhya Pradesh	13.15
Dehra Dun and Saharanpur districts of U.P.	12.75
Orissa	12.50
Assam	12.15
North Bihar, East U.P., Rohilkhand and Agra divisions	10.25
Andhra Pradesh	8.90
Lucknow division of U.P.	7.50
West Bengal	6.55
Gujarat	6.25
Maharashtra	6.15
Mysore	4.80
Madras, Kerala and Pondicherry	1.80

When Mr. C. Subramaniam took over the portfolio of Food and Agriculture, one had hoped that he at least would bring a new approach to the problems of sugar industry. The hope seemed justified by his statement in July 1964 that he had appointed a special committee, with Dr. S. R. Sen of the Planning Commission as Chairman, to go into the entire cost price structure of the sugar industry and distribution, as well as the policy regarding licensing of new sugar factories and expansion of existing ones. Mr. Subramaniam had also then given the assurance that the Government's sugar policy would in future be shaped in accordance with the findings of the Sen Commission, as the Tariff Commission's formula for price fixing had become rather out-of-date. The aforesaid hope has, however, been belied, for Mr. Subramaniam announced in October 1964 that the whole question of sugar industry's costs had been referred to the Tariff Commission. The question of Mr. Subramaniam shedding the allergy he had developed for the Tariff Commission apart, one only hopes that the Commission, which is an independent body, would recommend a new sugar price formula which woud be fair to both sugar industry and the consumer.

Cane Prices

Following the frequent changes in ex-factory prices of sugar, consumers of this commodity, one of the essential items of food, are today paying prices much higher than those prevailing during the days of decontrol. The increase in prices is due not to the mere imposition of control on sugar but to the irrational cane price policy pursued by the Government. Under the policy announced for the current (1964-65) season, the basic minimum price of cane delivered at the gate of a factory is fixed at Rs. 2.00 per manud (or Rs. 5.36 per quintal), linked to a recovery of per cent or below, with the provision for an increase of 1.48 paise per maund (4 paise per quintal) for every 0.1 per cent rise in recovery above 10.4 per cent. In other words, *all* producers of cane with recovery ranging anywhere between 0.1 per cent and 10.4 per cent are getting the same price! In short, sugar prices have been so fixed as to provide an excessive premium for sugarcane of low sucrose content.

Besides the steep upward revision in cane prices, the Government has no doubt granted a rebate of 50 per cent in the basic excise duty on all sugar produced during the months of October-November 1964 in excess of that produced in the corresponding months of 1962. And it is also true that the installed capacity of the sugar industry has expanded markedly (the total installed capacity as of October 1964 is about 3.2 million tons) and that the 1964-65 cane crop is likely to be larger than the one harvested in 1963-64 (about 103 million metric tonnes, as against 100 million tonnes. But, in spite of all these favourable factors, it is highly doubtful whether sugar production will register any appreciable increase during 1964-65. Reports from different parts of the country suggest that the sugar mills continue to experience great difficulty in securing the requisite supply of cane. For, in view of the persistently high level of *gur* and *khandsari* prices, the cane growers in several areas are either themselves converting the cane into *gur-khandsari* or selling the same at attractive prices to others engaged in the production of these brown sugars, instead of bothering about carrying it to the gates of sugar mills for sale. In Maharashtra, the position has been rendered more critical, thanks to the demand of cane growers who supply cane to joint-stock sugar mills for a substantial increase in cane price (to the extent of Rs. 8 to Rs. 9 per quintal) and the discriminatory approach of the Central Government towards the fixation of sugar price; no change, as already stated, has been made in the ex-factory prices of sugar produced in Maharashtra. Further, the sugar mills in the joint-stock company sector are at a greater disadvantage with the mills in the co-operative sector, as, under the present tax laws, the latter are in a favourable position to offer higher prices for sugarcane.

Viewed thus, the prospects of any substantial rise in white sugar output during the 1964-65 season do not appear to be bright. Even now, it is not too late for the authorities (Central and State) to wake up to the situation and take some positive steps designed to ensure higher sugar production. If, for political reasons, the authorities are not prepared to enforce a regulated scheme of cane distribution they must at least concede the sugar industry's pleas for demarcation of cane zones for individual sugar mills and for partial decontrol of sugar. The partial decontrol proposal, it is argued, will, while maintaining the distribution of the bulk of the sugar produced through fair-price shops at stipulated prices, help the mills to sell a part of their production at a higher price in the free market and thereby enable them to meet the competition for cane supplies from *gur-khandsari* producers. A similar scheme adopted during the seasons 1950-51 and 1951-52, one may recall here, had met with full success—sugar production went up from *991,000 tons* in 1949-50 to 1.12 million tons in 1950-51 and further to 1.51 million tons in 1951-52—and there is no reason why the Government should not give a trial to it now.

Fourth Plan Target

The official sugar policy has necessarily to be production-oriented, if the object of the Government is to enable the consumer to obtain his requirements of sugar freely anywhere and at a reasonable price. The need for augmenting sugar output is paramount from the point of view of rising demand for domestic consumption and export. The total domestic demand for sugar is expected to rise from about three million tons by 1965-66 (end of third Plan) to four million tons by 1970-71 (end of fourth Plan). On this basis and after taking exports into account, a tentative production target of 4.5 million tons has been fixed to be achieved in 1970-71; the target represents an increase of 800,000 tons between the end of the current Plan and the end of fourth Plan; the total licensed capacity at the end of October 1964 was 3.7 million tons, including the additional capacity of 500,000 tons which the Government decided to license early in 1964. In order to fulfil this target and to meet the rising demand for *gur* (estimated at 6.75 million tons) and *khandsari* (estimated at 480,000 tons), the cane output is fixed at 135 million tons. Although this target represents an increase of as much as 35 million tons as compared with the 100 million tons annually harvested in the 1963-64 season, its achievement is possible without any notable rise in area. The lands devoted to sugarcane in several parts of the country can certainly be made to give larger yields of superior quality cane, provided (*a*) the cane price policy is a rational one and (*b*) the State Agriculture Departments apply themselves wholeheartedly to help the cultivators through provision of better irrigation facilities, distribution of quality seeds and supply of fertilisers. The State Governments do collect every year crores of rupees by way of cane purchase tax. They should either utilise the whole proceeds from this tax for cane development or transfer the responsibility to the factories themselves.

Outlook for 1964-65

With this review of developments in sugar economy, we may now sum up the outlook for the current season which began on 1st November 1964. The outlook is by no means bright for the consumer. Production of sugar may be a little larger than in 1963-64, but the increase will not be sufficient to cover the growth in domestic demand. While the free market prices may come down a little (at present they are Rs. 3.50 per kilo in retail in Bombay City), the prices controlled by the Government will undergo an upward review. This cannot be helped, because of the failure to hold the general price line and cost of production as a whole. In fine, a further increase in the cost of white sugar will have to be provided for in the common man's budget for good.

For far too long there has been muddled thinking about sugar and it is time some clear rethinking on sugar policy was done. The immediate objective of the policy should be to secure as high a level of production as possible in the current season and the long-term objective should be the sound and orderly development of the sugar industry, including the *gur-khandsari* sector also. Such a policy can certainly be formulated and implemented if political considerations are not imported into the examination of the sugar industry's problems. Otherwise, the less vociferous poor consumer will continue to make a heavy sacrifice by paying unconscionably high prices for such an essential item of consumption as sugar. Instead of endeavouring to formulate a rational sugar policy and creating conditions congenial to maximum sugar production, it is, indeed, deplorable that the authorities are toying with the idea of setting up a monopolistic and bureaucratic Sugar Marketing Corporation, as if the sugar problem is one of distribution and not production. What is lacking in the sugar economy is not a proper distribution mechanism but a vigorous production-oriented programme, a programme that envisages full utilisation of the sugar mills' capacity and improvement in the productivity of cane lands in terms of both per-acre yield and sucrose-content.

Table A: *Sugar Balance Sheet*
(In thousand metric tons)

	1963-64	1962-63	1961-62
Opening stocks ..	149	1,026	1,202
Production	2,563	2,160	2,714
Total supply ..	2,612	3,186	3,916
Exports	265	540*	333
Supply available for domestic consumption..	2,347	2,640	3,583
Actual consumption (estimated)	2,333	2,491	2,557
Closing stocks as on 31st October ..	14	149	1,026

* Represents export commitments in respect of both 1962-63 and 1961-62 seasons.

Table B: *Sugar Industry's Profitability*
(As of 1962-63)

	Gross profit as percentage of sales	Gross profit as percentage of total capital employed	Dividends as percentage of net worth	Dividends as percentage of paid-up capital
Sugar	6.7	7.6	5.5	9.7
Coffee plantations	27.9	12.2	6.5	10.3
Rubber plantations	28.0	13.3	6.9	10.6
Tea plantations	17.6	10.7	5.2	10.2
Tobacco	8.6	14.2	5.3	9.2
Woollen textiles	14.3	17.5	6.8	11.8
Iron and steel	15.1	9.6	5.9	13.0
Non-ferrous metals	12.1	10.0	3.5	4.2
Electrical machinery, etc.	13.2	14.1	7.0	11.3
Machinery (other than transport and electrical)	13.2	11.0	5.4	8.1
Basic industrial chemicals	19.0	10.5	6.8	9.4
Medicines and pharmaceuticals ..	13.6	13.7	6.7	11.2
Mineral oils	22.3	14.3	6.5	9.3
Paper and paper products	11.7	8.3	5.2	8.6

Table C: *Ex-factory Prices of Sugar*
(In rupees per quintal)

Region	Notification dated			
	12th Nov. 1964	22nd May 1964	18th Nov. 1963	17th Apr. 1963
Maharashtra	116.00	116.00	115.00	109.85
Punjab	129.25	132.50	118.50	109.85
Rajasthan	129.25	138.00	116.00	109.85
Madhya Pradesh	123.00	124.50	118.00	109.85
Mysore	118.00	116.00	115.00	111.20
Madras, Kerala and Pondicherry ..	123.00	116.00	115.00	111.20
Gujarat	118.75	116.00	118.00	112.50
West Bengal	118.75	119.00	116.50	111.20
Assam	126.00	127.00	116.50	113.85
Orissa	123.00	114.00	116.50	110.50
Andhra Pradesh	118.75	118.00	115.00— 117.00*	109.85
North Bihar	118.75	120.00	118.00	108.50
South Bihar	129.25	134.00	122.00†	109.85‡
Lucknow Division	116.00			
East U.P., Rohilkhand and Agra Divisions	118.75	113.25— 131.00	111.25— 116.50§	108.50
Dehradun and Saharanpur Districts.	121.25			
Meerut, Muzaffarnagar and Bulandshahr Districts	129.25			

Note:—The prices relate to sugar of I.S.S. grade D-29. The notification prescribes premia and discounts for superior and inferior grades with reference to the price for D-29 grade.

* Rs. 115 for eleven mills and Rs. 117 for six mills.

† Rs. 118 for 24 mills in North Bihar and Rs. 122 for four mills in South Bihar.

‡ Rs. 108.50 for 24 mills in North Bihar and Rs. 109.85 for four mills in South Bihar.

§ Rs. 111.25 for 30 mills and Rs. 116.00 for two mills in East U.P. and Rs. 115.25 for 21 mills and Rs. 116.50 for 19 mills in West U.P.

Table D: *Sugar Production and Despatches*
(In thousand metric tons)

Month	Production		Despatches					
			For internal consumption		For export		Total despatches	
	1963-64	1962-63	1963-64	1962-63	1963-64	1962-63	1963-64	1962-63
November ..	256	175	145	207	7	18	152	225
December ..	522	459	222	219	12	12	233	231
January ..	611	573	195	194	13	54	208	248
February ..	546	467	224	200	19	31	243	321
March ..	386	308	205	178	54	89	259	267
April ..	135	99	231	171	33	91	264	262
May ..	37	11	180	257	55	56	235	313
June ..	10	1	172	167	42	73	214	240
July ..	9	2	109	241	4	46	203	247
August ..	3	15	187	209	4	19	191	228
September ..	18	15	183	196	12	6	195	202
October ..	30	35	190	190	10	11	200	201
Total ..	2,563	2,160	2,333	2,539	265	506	2,557	3,005

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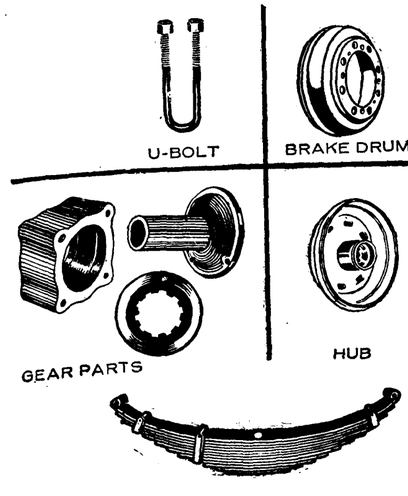

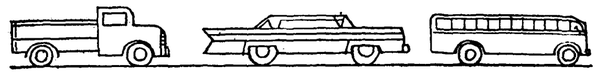

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THE Government of India, the Plantation Commodity Boards and the planters themselves may feel pleased that the year that is just closing will set up new records in plantation crop production. At least in so far as tea, coffee, rubber and cardamom are concerned, the reports from plantation districts have been showing a steady increase in crops, particularly from about the middle of the year. It is admitted that these increases are largely due to the prevailing favourable weather conditions and not to any special efforts on the part of the planters themselves. Even so it is a matter for gratification that the country has been able to produce a larger output of plantation crops than in any previous year, in spite of various handicaps.

Tea

In North-East India, where the production of tea had suffered serious reverses in the last two years, due to continued bad weather, conditions changed very favourably this year and up to the end of October a total of 546.7 million lbs. had been produced, being an increase of 48.8 million lbs. over the same period of last year. This very remarkable increase has been offset to some extent by an estimated loss of production of 12 million lbs. in Southern India. This is the first time in many years that South India is experiencing a reduction in crop due to adverse weather. The reduction was mainly caused by late rains, due to which large areas had to be left unplucked. However, taking both the North-Eastern and Southern regions together, it is expected that there will be a net increase of 36 million lbs. over last year's crop. This would bring up the year's crop to 796 million lbs. If this rate of increased production continues next year, it would mean that the target figure of 830 million lbs. for the final year of the third Plan would have been easily achieved.

The target of production for the final year of the fourth Plan has been fixed tentatively at 1,000 million lbs., allowing for an average annual rate of increase of 34 million lbs. between 1966 and 1970. The figure has been worked out on the basis of increased productivity in existing stands, production from new extensions and replacements and the prevalence of favourable weather. There are planters who believe that in both North-East and South India the productive capacity has reached saturation point and that it would be futile to expect further rises in yield from the same area. This fear is not shared by the Tea Board which believes that better and intensive methods of cultivation, adequate use of fertilisers and control over drought and pests will bring about a steady rise in yield.

Coffee

In regard to coffee, the current season's crop of 68,500 tonnes is the highest on record, the previous record figure being 67,794 tonnes obtained in 1960-61. Here again, favourable weather, more than anything else, was the factor influencing the high production. But it is significant that, despite the variations in production normally resulting from the adequacy or otherwise of blossom showers, there is a clear tendency for the crop to increase from year to year. The Coffee Board claims that this is partly due to the adoption by the planters of improved and disease-resistant seed material evolved by the Research Department of the Board as well as intensive methods of cultivation and protective measures against pests and diseases.

Owing, however, to inadequate blossom showers, it is feared that the next season's (1964-65) coffee crop might not be as good as this season's crop, and a tentative estimate places the figure at 62,300 tonnes only. The target of production for the final year of the fourth Plan has been fixed at 85,000 tonnes. Both in view of the steady trend of increased production (after making due allowance for adverse weather), and the Board's own efforts to intensify production from existing stands, it is felt that this target figure is within the limit of practicability.

Raw Rubber

The production of raw rubber this year is expected to exceed last year's figure of 37,500 tonnes by about 4,000 tonnes. Actual production for the period January-September is 26,451 tonnes, as against 24,766 tonnes only produced in the same period of last year. With the expected further increase in crops during the remaining three months of the year, this year's crop is likely to total about 41,500 tonnes. Although this figure would be a little short of the target, it does represent a steady and satisfactor rise in production. brought abou largely by the Rubber Board' schemes of replantation of old rub ber over the past six or seven years In fact, it is only in the case o rubber that one is able to see steady trend of increased produc tion as a direct result of replanta tion, this being absent in both te and coffee up to now.

Cardamom

At the beginning of this year, was strongly feared that the prc duction of cardamom would suffe a serious reverse due to bad wea ther as well as the absence of effec tive measures to control pests an diseases. This fear has now dis appeared and reports receive from producing districts indicat that production would be maintain ed at the normal level of abou 3,000 tonnes, if not, in fact, at slightly higher level. The Carda mom Development Committee ha not so far instituted any scheme for intensified cultivation or fo eradication of pests. If suitabl measures are taken in this direction it would be possible to increase th yield from the existing stand alone.

Exports and High Targets

The Government's desire to se increased production of tea, coffe and cardamom seems to be actuate by a feeling that such increase essential to bring about an increas in the level of exports. Fixing hig targets of production are designe mainly to aid export promotion, an to earn more foreign exchange. I urging the planters to increase pro

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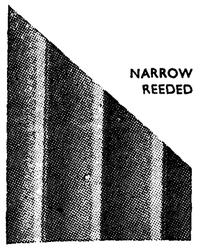
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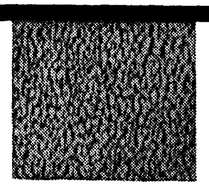
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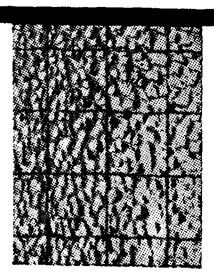
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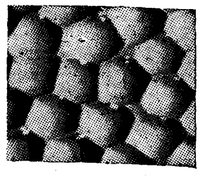

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duction, the Government argues that it would also help the planters to reduce the cost of production. This is true only up to a point, for there are immense difficulties in increasing crops. In the case of tea, for instance, the existing factories are only capable of dealing with crops of a certain size and, if greater crops are to be produced, it would mean more financial outlay in factory expansion and modernisation. Further, it is by no means certain that a greater volume of crops will automatically ensure a corresponding decrease in cost; the price of fuel and packing material, excise duty, freight insurance and many other items increase directly with each kilo of tea produced. Also, if the production of tea increases unhampered all over the world, the world price may be such as to depress the earnings from foreign exchange. These possibilities were brought to the notice of Government by the spokesmen of the plantation industries during the year in connection with the fixation of production and export targets.

It has been estimated that, to fulfil the targets for tea, some 24,000 acres would have to be planted up each year during the next five or six years. Similar large-scale expansion will also be needed in the case of coffee and cardamom. In the case of rubber, large-scale expansion has been planned with a view to reducing the quantity of raw rubber imported into the country. These programmes involve heavy expenditure of a capital nature. The Plantation Commodity Boards have instituted a number of schemes of financial assistance but these do not seem to be either adequate or suitable.

The Tea Board has made a total corpus of Rs. 10 crores available under its Plantation Finance Scheme (for replantation and extension of gardens) and the Machinery and Irrigation Hire Purchase Schemes. Of this, about Rs. 6.4 crores has already been committed up-to-date, indicating that the planters are utilising the facility. In the case of coffee, a development loan scheme, involving Rs. 12 crores, has been prepared and placed before the Government, but no decision has been taken as to its availability. Cardamom has not yet had any development loan schemes under consideration. Rubber, which is not an export crop, has a very liberal subsidy-cum-loan development scheme, the object of which is to increase production for local consumption. But the granting of loans alone, at high rates of interest, cannot meet the planters' needs. What is particularly needed is the restoration of an economic climate in which the plantations will be enabled to retain and utilise their own funds for development. This leads to the question of taxation discussed in detail on page 158 of this Number.

Export Performance

This year's export performance has been satisfactory for tea, coffee and cardamom. During the first half of the year, exports of tea were actually lower than those for the same period of 1963 by 17 million kgs., in spite of the larger crop. It was explained that, following two successive years of lower production in North-East India, very little tea was available for export during the first few months of 1964. With the arrival of the new season's tea from June, exports have improved and it is hoped that the year's total would be a little above the 224 million kgs. (493 million lbs.) exported during 1963.

Due to a shortfall in the total world production of coffee which synchronised with the highest Indian crop on record, it has been possible not only to increase the exports of Indian coffee but also secure good prices this year. Out of the 68,500 tonnes delivered to the Board's pool, some 35,000 tonnes were sold for export, the highest so far in any year. Apart from meeting the export obligation of 21,600 tonnes under the International Coffee Agreement, the Board had to do careful planning for the disposal of the remainder of the allotment, and the result has been very satisfactory. The Board was also able to make quick payments of dividends to the growers and, by the end of August this year, a dividend of Rs. 2.00 per point had been paid, as against Re. 1.30 only by the same period last year. A further payment of 20 paise per point was due to be made in November, making a total of Rs. 2.20 per point.

The heavy increase in the present crop and the anticipated increase in future crops has compelled the Board to ask for a much higher allotment than 21,600 tonnes fixed under the International Coffee Agreement. In fact, it has been represented that the basic quota for India should be raised to 50,000 tonnes. A technical committee of the International Coffee Organisation is due to visit India shortly to examine this request. Meanwhile, the Indian quota for 1964-65 has been fixed at 22,176 tonnes.

Domestic Consumption

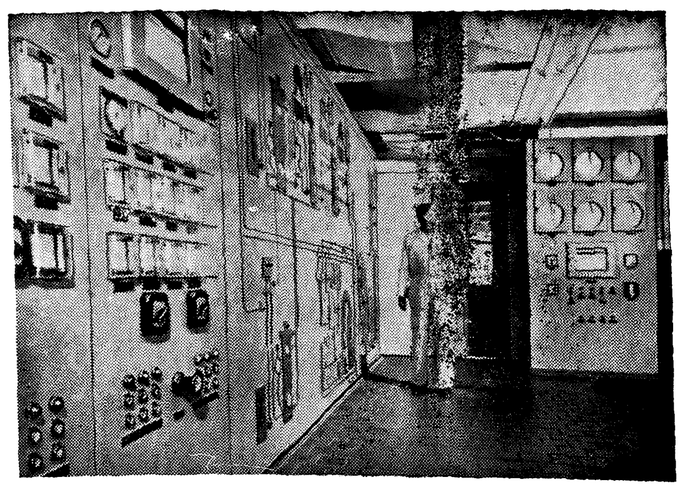
Internal consumption of tea and coffee has continued to rise, in spite of the curbs imposed by Government. Now that the world production of tea is going ahead of last year, a suggestion has been made to the Government that the curbs should be withdrawn and steps taken to increase local consumption. The increasing level of coffee production also makes it necessary for more coffee to be consumed internally. Up to the end of September this year, 25,450 tonnes had been released for the internal market out of the 1963-64 crop. The total release in the calendar year 1963 was 33,630 tonnes.

It is necessary to pay a special tribute to the work of the Rubber Board for increasing the production of raw rubber. The replanting scheme is now in full swing and some 30,000 acres have been covered during the period 1957 to 1963. The production of synthetic rubber has not reached the expected level and Government may be devoting more attention to it in order to reduce the gap between internal requirements and imports. But the Chairman of the Rubber Board has pointed out that there is no need for apprehension that there might be indiscriminate issue of licences for starting factories for synthetic production.

An important development this year in the tea industry is the production of instant tea based on green leaf. Considerable scope for selling instant tea made in India seems to exist in the U.S.A. At the instance of the Tea Board, the C.F.T.R.I. has developed a new process of producing instant tea as well as a process for producing ready-made tea powder consisting of tea, sugar and milk.

Wage Boards

The Plantation Wage Boards have completed their task but the final results have not been announced in all cases. Large interim rises in wages have been announced for tea, coffee and rubber and their implications to the profit-margins of planting companies have to be watched. The most disquieting aspect of the Wage Boards has been that there has been, so far, no attempt to make a scientific approach to the problem of wage fixation, although enough material has been placed in the hands of the Board for such a necessary and valuable effort.



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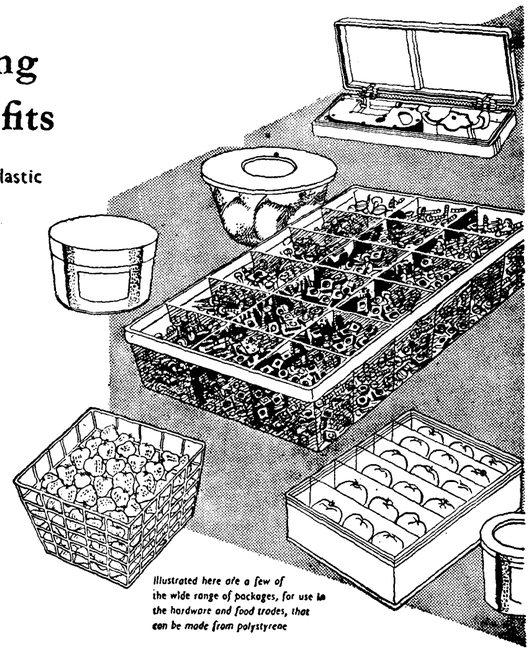

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NO ACCELERATION IN INDUSTRIAL GROWTH

Power Situation Improves—Shortfalls In Targets Continue

THE provisional national income data for fiscal 1963-64, released in August last, show that the contribution of "mining and factory establishments" (other than small enterprises) to net national output at constant (1948-49) prices in that year was 9.1 per cent higher than in 1962-63. The relevant contribution, in absolute terms, in 1962-63 was Rs. 1,336 crores. On this basis, the net output of the "mining and factory establishments" sector in 1963-64—the third year of the third Plan—works out to Rs. 1,458 crores, representing an increase of about 26 per cent over the level in 1960-61 (the end-year of the second Plan). That provides a broad measure of industrial growth in the organised sector during the first three years of the current Plan. It may be that the rate of growth in the current fiscal year (1964-65) will not be less than that of the previous fiscal year. But this can be inferred only broadly and indirectly from the calendar-year trends of industrial production as reflected in the relevant index number series.

This index (base 1956=100) showed 163.3 in 1963, as against 149.6 in 1962. The 1963 number represented an increase of about 9.2 per cent over that of the previous year. As far as the current calendar year (1964) is concerned, the monthly average of index numbers in the January-June period worked out to 170.0, as against 156.4 in the corresponding period of 1963, representing an increase of 7.3 per cent. On the assumed basis of a somewhat higher percentage increase, say, 9.5 in the July-December period of 1964—the assumption here has been made in the light of the differential *between* the increase of 6.8 per cent in the January-June period of 1963 over the corresponding period of 1962 *and* the increase of 9.0 per cent in the July-December period of 1963 over the corresponding period of 1962—the monthly average of index numbers in that second half of the current calendar year comes to 184.3, as compared with the monthly average of 168.3 in the corresponding second half of 1963. It may be noted, incidentally, that the actual index numbers, as announced, for July, August and September 1964 are 179.1, 173.6 and 179.5, respectively.

In the next stage, from the averages of the two halves of 1964, the index number for the year can be placed at 177.2, as against 163.3 in 1963. In other words, it can be roughly estimated that industrial production in the current calendar year (which may be taken to correspond broadly to fiscal 1964-65, the fourth year of the third Plan) has registered an increase of 8.5 per cent over 1963, as compared with the 1963 increase of 9.2 per cent over 1962, the 1962 increase of 7.7 per cent over 1961 and the 1961 increase of 7.3 per cent over 1960. It would thus appear that, if there has been no perceptible acceleration in the rate of industrial growth in the current year, there has been no pronounced deceleration either. This is on the assumption that the *actual* growth percentage figure for 1964, when it becomes available in March or April 1965, may not vary unduly from the estimate made here. Incidentally, if the estimate is confirmed, one may take it that the average annual rate of growth in the first four years of the third Plan has been in the neighbourhood of only 8.0 per cent, as against the planned average increase of 11.0 per cent per annum for the Plan period. This substantial shortfall in industrial achievement may be attributed as much to the lag in agricultural performance as to the prevalence of power and raw material shortages since the beginning of the Plan.

Groupwise Picture

So much for the overall trend of industrial growth in general. To have an idea of the performance of selected individual industries, the reader may have a close look at the table (No. I) accompanying this review. This table gives an industry-wise picture of absolute production in the two comparable periods of January-June 1964 and January-June 1963. The percentage increase or decrease in production in the first half of 1964, as compared with the first half of 1963, has been worked out for each industry. A further comparative picture of industry-wise performance can be had from the figures of percentage increase or decrease in production in the first half of 1963 over the first half of 1962. The production figures for July-1964, as they became available at the time of going to press, have been included in the table to make it as up-to-date as possible. Even a cursory glance at the figures in the table will reveal the highly uneven performance of different industries.

To take first those industries, the production of which is *crucial* to the level of production in a number of other industries or to the level of performance in the sectors of agriculture and transport. Among such *crucial* industries, the ones in which production has *decreased* by anything from three to seven per cent in the first half of 1964, as compared with the first half of 1963, are coal, plywood tea-chests, ammonium sulphate, iron and steel, paper and paperboard (insofar as they are necessary for packing and other purposes in all industries), refractories and dry cells. The industries, in which percentage *decreases* in production have been much larger, are woodscrews (21) and looms (20). The industries which have registered modest production *increases* up to nine per cent are jute manufactures, commercial plywood, soda ash, bichromates, rayon acetate yarn, cement, aluminium, vehicular diesel engines, power-driven pumps, ring spinning frames and carding engines, while those that have maintained the same level of production are bleaching powder, copper and electric motors. Salt (insofar as it is a raw material for several chemical industries like caustic soda and soda ash), sheet glass, sulphuric acid, superphosphates, paints and varnishes, petroleum products, rayon viscose yarn, stationary diesel engines, machine tools, storage batteries, power transformers, bicycles, typewriters and house service metres are the industries in which substantial production increases, ranging from 10 to 24 per cent, have been registered. The remaining industries in the first category have to their credit production increases of 25 per cent and more. These, incidentally, are electricity generation, crude petroleum, caustic soda, liquid chlorine, lead, ball bearings, sugar mill machinery, conduit pipes, railway wagons and automobiles.

In the category of consumer durables several industries have registered increases in production during the first half of 1964, as compared with the first half of the previous year. The relevant industries, with the percentage increases within brackets, are hurricane lanterns (5), electric lamps (4) and radio receivers (6). Some industries in this group have fared badly, with the result that their production has declined steeply; these are sewing machines (—75) and electric fans (—29).

As far as consumer goods industries are concerned, the ones which have registered increases in production during the first half of 1964 are salt (23), wheat flour (47), *vanaspati* (7), cotton mill yarn and cloth (4 and 2, respectively), matches (7), soap (8), and razor blades (18). In some industries in this group, production has actually declined during the period; these are sugar (—12), woollen fabrics (—39) and paper (—5).

In sum, therefore, the substantial improvement in the output of several industries has been partly cancelled out by decreases or relatively very small increases in the production of other industries. So much so, the overall rate of industrial growth in the first half of the current year has not accelerated significantly. But a redeeming feature of the situation is that the rate of growth has not markedly slowed down either.

Individual Industries

This review would not be complete without a brief reference to trends in some important individual industries other than coal, textile, sugar and plantation industries, covered elsewhere in this *Annual*. To take the iron and steel industry first. It will be seen from Table I that the production of both iron and ingot steel marginally declined in the first half of 1964, as compared with the first half of 1963, while it had increased by 25-26 per cent in the first half of 1963, as compared with the corresponding period of 1962. This comparative picture is by no means disquieting, for the new public-sector steel plants and the expanded plants in the private sector had not reached the stage of optimum utilisation of capacity in 1962. In fact, they achieved near-capacity production only in the first half of 1963; hence the big increase of 25 per cent in that period, as compared with the first half of 1962. A three per cent fall in ingot steel production in the first half of the current year serves to show that 100 per cent utilisation of capacity in the iron and steel industry is neither always possible nor, perhaps, wholly desirable.

A welcome turn for the better seems to have taken place in the sphere of power generation. That the amount of electricity generated in the first half of 1964 represents an increase of 27 per cent over that of 1963 may be noted in this connection. This compares with an increase of only five per cent in the first half of 1963, as compared with the corresponding period of 1962. Considering that there have been shortfalls in industrial targets and there have been no reports of serious power shortage in the industrial belts in the current year (ignoring, of course, the seasonal setback suffered in the generation of hydel power in the Madras State in the summer months—April, May and June—which was particularly severe this year), there can be no gainsaying that the situation has improved considerably. In fact, the second All-India power survey, carried out by the Central Electricity Authority this year, has estimated the amount of "energy available" (42.0 billion k.w.h.) to be substantially more than the amount of "energy required" (33.2 billion kw.h.) in 1964-65. Of course, there may be substantial *unsatisfied* demand over and above the level of estimated energy consumption, for the forecast regarding "energy required" is not strictly a "demand forecast" but only the possible aggregate "energy consumption" at the estimated level of actual power deliveries for ultimate power consumption. On this basis there is, of course, really no substantial surplus in energy supplies.

In the cement industry, which is of basic importance, production in the first half of the current year has not significantly increased over the level of January-June 1963. The critical cement shortage is thus a continuing phenomenon. There is no doubt that it has slowed down construction activity in all sectors of development, including agriculture.

The petroleum refining industry, on the other hand, has maintained a steady rate of growth. It will be seen from Table I that the rate of increase in the output of petroleum products has been 14 per cent in the January-June period of 1964, as compared with the corresponding period of last year. The performance of heavy chemical and fertiliser industries has, however, been quite uneven as usual. The decrease of five per cent in the production of ammonium sulphate in the period under review serves to underline the disappointing growth of fertiliser production at a time when the need for increasing fertiliser inputs is acutely felt in the sector of food production.

The growth of production of non-ferrous metals has also not been quite heartening in the current year. It is surprising that aluminium production has only marginally increased in the first half of the year, as compared with the corresponding period of last year. But, as usual, it is a redeeming feature that the general and electrical engineering industries have generally maintained steady progress during the period under review. Particular mention should be made here of the substantial production increases registered by several engineering industries manufacturing industrial machinery, machine tools, ball bearings, diesel engines, automobiles, railway wagons and bicycles. However, the progress of engineering industries, in general, would have been more impressive but for the acute shortage of foundry-grade pig-iron and rolled steel—the two most vital raw materials.

Targets of Third and Fourth Plans

As it is now reasonably clear that the average annual rate of growth in the third Plan period will be around eight per cent, as against the original target of 11 per cent, latest estimates of likely production in several industries in 1965-66 logically reveal substantial shortfalls, as compared with the respective targets. The relevant estimates, the targets laid down under the third Plan and the targets currently proposed for the fourth Plan—all taken from the Planning Commission's Memorandum on the fourth Plan—are given in Table II. It will be seen from the figures in this table that, in most industries there will be varying shortfalls in actual production, as compared with the relevant third Plan targets. The fourth Plan, which will thus start at a comparatively lower industrial base than what was originally contemplated, is, however, designed to achieve relatively much bigger targets in the sectors of power, organised industry and mining, and transport. This is on the assumed basis of an aggregate investment of Rs. 11,250 crores during the period 1966-71 in both the public and private sectors. A sector-wise and industry-wise break-up of the proposed aggregate outlay is given in Table III. It will be seen that, as far as organised industry and mining are concerned, the outlay of Rs. 2,400 crores set for the private sector under the fourth Plan will open out a broader vista of opportunities for private enterprise.

Table III: *Fourth Plan Outlay on Power, Transport and Organised Industry*

(In crores of rupees)

	Public sector	Private sector	Total
Power	1,950	50	2,000
Transport and communications	3,000	650	3,650
Metals	1,250	250	1,500
Fertilisers and pesticides	300	150	450
Mining and mineral oil	800	250	1,050
Machinery and engineering industries	500	300	800
Consumer goods	150	650	800
Intermediate goods	150	650	800
Miscellaneous	50	150	200
Total	8,150	3,100	11,250

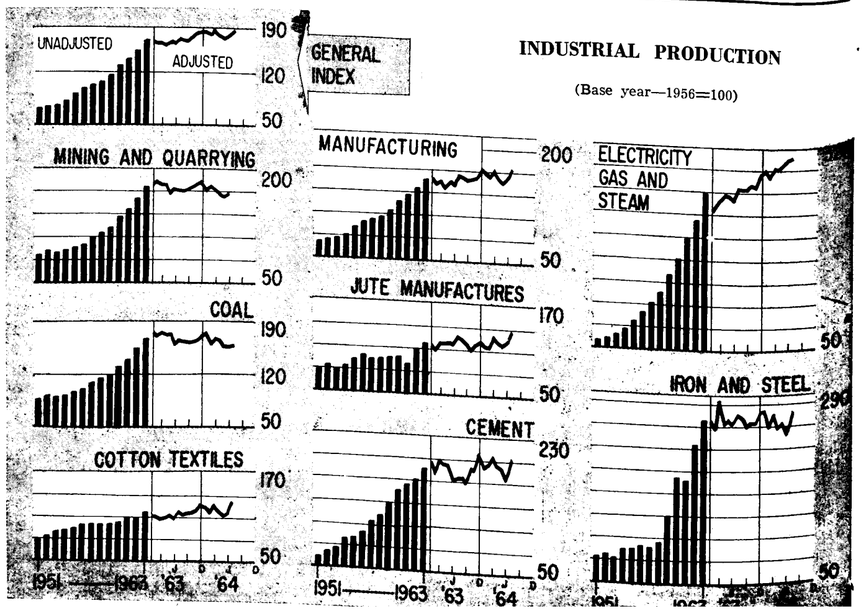

TABLE I: *Production of Selected Industries*

Industry	Unit	January-June 1964	January-June 1963	Percentage increase (+) or decrease (—) in 1964 over 1963	Percentage increase (+) or decrease (—) in 1963 over 1962
Coal	'000 tonnes	32,566	33,959	— 4	+13
Electricity generated	Mill. kw. h.	14,011	10,961	+27	+ 5
Crude petroleum	'000 tonnes	1,035	712	+45	+210
Salt	,,	11,401	3,501	+23	+28
Sugar	,,	1,714	1,955	—12	+ 7
Wheat flour	,,	917	625	+47	+10
Vanaspati	,,	211	197	+ 7	+ 3
Cotton mill yarn	Mill. kg.	462	420	+ 8	..
,, cloth	Mill. metres	2,265	2,184	+ 4	— 5
Jute manufactures	'000 tonnes	626	612	+ 2	+ 5
Woollen fabrics	'000 metres	5,841	9,594	—39	+20
,, yarn	'000 kg.	10,666	11,385	— 6	+29
Plywood—commercial	'000 sq. metres	5,089	4,748	+ 7	+25
,, —tea-chests	,,	4,620	4,907	— 6	+ 5
Paper and paperboard	'000 quintals	2,038	2,141	— 5	+15
Sulphuric acid	,,	3,200	2,640	+21	+17
Caustic soda	'000 tonnes	87	67	+30	+12
Soda ash	,,	138	130	+ 6	+21
Liquid chlorine	Tonnes	24,580	19,600	+25	+ 5
Bleaching powder	,,	3,634	3,538	..	+ 7
Bichromates	,,	3,461	3,267	+ 6	+ 2
Superphosphates**	'000 tonnes	53	44	+20	+19
Ammonium sulphate†	,,	42	44	— 5	+ 5
Paints and varnishes	'000 quintals	381	311	+23	— 1
Matches	Mill. gross boxes	15	14	+ 7	+ 7
Soap	'000 tons	86	80	+ 8	+ 5
Rayon:					
Viscose yarn	Tonnes	18,085	14,882	+22	+26
Acetate yarn	,,	953	920	+ 4	— 7
Petroleum products	'000 tonnes	4,173	3,673	+14	+19
Sheet glasses	'000 sq. metres	4,501	3,952	+14	+ 7
Cement	'000 tonnes	4,790	4,731	+ 1	+12
Refractories	'000 tonnes	325	343	— 6	+13
Iron	,,	3,201	3,445	— 7	+25
Ingot steel	,,	2,922	3,014	— 3	+26
Aluminium	Tonnes	27,825	26,424	+ 4	+123
Copper	,,	4,593	4,573	..	— 5
Lead	,,	2,238	1,211	+85	—11
Wood screws	'000 gross	4,760	6,720	—21	+32
Razor blades	Million	418	353	+18	+23
Hurricane lanterns	'000 Nos.	2,667	2,548	+ 5	— 9
Ball bearings	,,	3,365	2,285	+47	+20
Typewriters	Nos.	22,289	19,687	+13	+10
Diesel engines:					
Vehicular	,,	4,152	3,988	+4	— 2
Stationary	,,	31,856	27,485	+16	+38
Sewing machines	'000 Nos.	42	172	—75	— 1
Power-driven pumps	,,	78	73	+ 7	+11
Machine tools*	Value Rs. lakhs	903	783	+15	+31
Looms	Nos.	2,371	2,979	—20	—33
Ring spinning frames	,,	1,054	966	+ 9	+28
Carding engines	,,	923	853	+ 8	+16
Sugar mill machinery	Value Rs. lakhs	303	239	+27	—13
Conduit pipes	'000 metres	1,935	1,433	+35	—22
Dry cells	Million	128	137	— 6	+19
Storage batteries	'000	379	338	+12	+18
Electric motors	'000 h.p.	588	588	..	+23
Power transformers	'000 kVA.	1,547	1,330	+16	+ 6
Electric lamps	'000 Nos.	36,382	34,830	+ 4	+27
Radio receivers	,,	209	198	+ 6	+16
Electric fans	,,	454	640	—29	+ 8
Railway wagons	Nos.	12,459	9,449	+32	+46
Automobiles	,,	32,508	24,951	+30	—16
Bicycles	'000 Nos.	697	572	+22	— 4
House service metres	'000	665	554	+20	+45

* Relates to January-May period. ** P_2O_5 content. † N content.

Table II: *Selected Industries under Third and Fourth Plans*

Industry	Unit	Production: 1965-66 Target	Production: 1965-66 Present estimate of likely levels	Fourth Plan Target capacity (1970-71)
Electricity—Installed Capacity	Million kw.	12.7	11.7	22.0
Iron ore	Million tonnes	30.0	26.0	54.0
Coal	,,	98.6	76.0	125.0
Petroleum refining	,,	17.3	15.2	25.3
Fertilisers—Nitrogen	,,	0.8	0.4	2.2
Fertilisers—P_2O_5	,,	0.4	0.2	1.0
Diesel engines	'000 numbers	78	60	140
Tractors	,,	10	8	25
Power-driven pumps	,,	150	150	300
Cotton textiles—mill made	Million yards	5,800	5,500	6,000
Sugar	'000 tonnes	3,500	3,200	4,500
Paper and paperboard	,,	700	650	1,350
Newsprint	,,	120	28	165
Drugs and pharmaceuticals	Rs. crores	..	175	300
Motor cycles and scooters	'000 numbers	50	60	100
Bicycles (organised sector)	,,	2,000	1,600	3,500
Electric fans	,,	2,500	2,500	3,500
Steel ingots	Million tonnes	9.2	7.4	16.5
Pig iron for sale	Million tonnes	1.5	1.2	4.0
Alloy, tool and special steel	'000 tonnes	200	51	580
Aluminium	,,	80	68	240
Locomotives	Numbers	360	340	450
Passenger coaches	,,	1,900	1,900	2,200
Commercial vehicles	'000 numbers	60	54	100
Electric transformers (upto 33 kVA.)	Million kVA.	3.5	3.5	8.5
Electric transformers (above 33 kVA.)	,,	..	3.4	13.5
Sugar mill machinery	Rs. crores	14	12	N.A.
Cotton textile machinery	,,	20	30	50
Cement machinery	,,	4.5	6.0	20.0
Paper machinery	,,	6.5	8.0	25.0
Machine tools	,,	30	25	90
Cement	Million tonnes	13	12	30
Shipping	Lakh G.R.T.	10.9	15.0	30.0
Motor cars	'000 numbers	30	N.A.	50

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STAGNATION IN AGRICULTURE CONTINUES

Grim Situation For Food And Raw Materials

SINCE the beginning of the third Five-year Plan, agricultural production in India has continued to stagnate year after year. The last crop year (July 1963-June 1964) was the third consecutive year of stagnation. There was an all-round shortage, both of foodgrains and raw materials, resulting in larger imports of foodgrains and substantial decline in the exports of many raw materials and agricultural-based industrial products. As agriculture continues to be the mainstay of the economy, providing employment to nearly 60 per cent of the population and accounts for 45 per cent of the national income of the country, continued sluggishness in this key sector has become a matter of concern. Against a rise of 30 per cent, projected for the third Plan period, both for agricultural production and national income, the actual rise during the first three years of the Plan period has been less than one per cent in agricultural production and nearly ten per cent in national income. The poor performance of agriculture has not only had a direct effect on national income, by contributing a lower percentage to it, but also contributed to slower growth of industrial production, due to shortages of raw materials; it thus had an indirect effect too on the national income growth.

Agricultural production is a factor of area and yield. In a country like India, where the proportion of forest area to total land is one of the lowest in the world and the pressure for housing and industrialisation increases year after year, it is not possible to increase the area under cultivation by any perceptible degree. For any increase in production in India, improvement in yield per acre is thus the only determining factor. Unfortunately, instead of showing any rise, the per-acre yield of foodgrains has gone down during the last three years. As compared with the previous year, yield in 1961-62 was lower by 1.4 per cent. In 1962-63 it receded further by four per cent. Although there was some recovery in 1963-64, it was not sufficient to take care of the decline even in the previous year. The result was that at 666 kgs. per hectare in 1963-64, the yield was less than four per cent of 713 kgs. in 1960-61—the base year of the third Plan. It was because of over two per cent increase in area (from 113.4 million hectares in 1960-61 to 115.8 million in 1963-64) that the production—at 79.4 million tonnes in 1963-64—did not fall by more than two per cent. But even this marginal decline created conditions of scarcity. As the population during the last three years increased by eight per cent, the per capita availability of indigenous foodgrains came down by nearly ten per cent.

Rice Sluggish; Wheat Declines

About forty per cent of the production of foodgrains is accounted for by rice. The variations in the production of this commodity, thus, play an important role in the total production of foodgrains. As compared with 33.6 million hectares in 1960-61, the area under rice was higher at 34.9 million in 1962-63 and 35.5 million in the following year—nearly six per cent more than that in 1960-61. The corresponding figures of production (in tonnes) have been 34.2 million, 31.9 million and 36.5 million—a rise of about seven per cent in three years. The yield during this period improved by one per cent—from 1,018 kgs. per hectare to 1,029 kgs. It may be seen that 1962-63 was a very bad year for rice crop, when both production and yield recorded substantial fall. Compared to this abnormally poor year, 1963-64 was much better. Although the area was also higher by 1.7 per cent, the yield improved by thirteen per cent and production by nearly fourteen per cent. But since 1963-64 succeeded an exceptionally lean year, there was no relief on the food front.

Wheat is the next important cereal and contributes twelve per cent to the total production of foodgrains. The area under wheat rose from thirteen million hectares in 1960-61 to 13.7 million in 1962-63, but came down to 13.3 million in the following year. Yield improved from 847 kgs. per hectare in 1960-61 to 890 kgs. in 1961-62 and production by one million tonnes to twelve million tonnes. In the following two years, however, there was a drastic cut, both in yield and production. The yield came down to 793 kgs. in 1962-63 and a further 730 kgs. in 1963-64 and production to 10.8 million tonnes and 9.7 million tonnes, respectively. As compared with the base year of third Plan, the wheat crop in 1963-64 was shorter by 1.3 million tonnes; and, as compared with 1962-63, by 1.1 million tonnes.

Other Cereals Also Recede

The area under *jowar*—which is only slightly less important than wheat—recorded a rise year after year, the total increase during the last three years being 887,000 hectares or five per cent, reaching 18.2 million hectares last year. In spite of this larger area, production came down sharply from 9.4 million tonnes in 1960-61 to 7.7 million in the following year, and the yield from 542 kgs. per hectare to 435 kgs. In 1962-63, there was an almost equally fast rise to 9.6 million tonnes and 534 kgs. But there was again a fall last year to 9.2 million tonnes and 508 kgs. As compared with 1960-61, the crop last year was poor, both in terms of production and yield.

All the other cereals put together were only slightly better. The area declined gradually by four per cent in the last three years—from 26.2 million hectares in 1960-61 to 25.1 million in 1963-64. The production—at 14.8 million tonnes in 1961-62—was considerably larger than 13.8 million in the previous year. But most of this gain was lost in the following years, when it was lower at 14.6 million and further at 14.1 million. The fast fall in the production and yield of barley was largely responsible for it. Although area under barley decreased from 3.2 million hectares in 1960-61 to three million in 1962-63 and 2.8 million in 1963-64, production fell at a faster pace from 2.9 million tonnes to 2.4 million and two million, respectively, because of a decline in the yield per hectare from 888 kgs. to 802 kgs. and as low as 710 kgs.

Pulses Were the Poorest

The poorest performance, perhaps, took place in case of pulses. The area moved only marginally and stood at 23.8 million hectares last year. The production and yield have, however, been declining continuously. From 12.6 million tonnes in 1960-61, production dropped to 11.4 million in 1962-63 and as short as 9.9 million in 1963-64 and yield from 541 kgs. to 477 kgs. and 415 kgs.—a fall of 23 per cent in three years. This decline was 38 per cent in case of tur and 27 per cent for gram.

The sum total of all these performances has been that, in spite of a rise of two per cent in the area under foodgrains during the last three years, production receded by nearly two per cent and yield by four per cent. As compared with 1962-63, the betterment of production and yield was marginal at less than 1.5 per cent.

Oilseeds No Better

Whereas foodgrains account for two-thirds of the total agricultural production in India, oilseeds are the next in importance with nearly ten per cent. During the last three years, the area under oilseeds advanced by eight per cent or over one million hectares, reaching a total of 14.6 million hectares in 1963-64. The yield per hectare remained more or less unaltered at 490 kgs. and the production, as such, moved parallel to the area, rising from 6.6 million tonnes to 7.1 million—both in 1962-63 and 1963-64. Groundnut is by far the most important crop, accounting for a little less than half of the total area and about three-fourths of the total production. The area under groundnut increased from 6.3 million hectares in 1960-61 to 6.9 million in 1962-63, declining marginally to 6.8 million last year. The production increased continuously from 4.5 million tonnes to 4.8 million and 5.3 million, respectively. The yield, which had come down from 712 kgs. per hectare in 1960-61 to 702 kgs. in 1962-63, increased at a fast rate in the following year to 778 kgs. But there was an equally sharp decline in another important item—rapeseed and mustard. Production was lower from 1.36 million tonnes in 1960-61 to 1.29 million in 1962-63 and only 909,000 in 1963-64 and yield from 472 kgs. to 416 kgs. and as low as 303 kgs. As oilseeds are mostly interchangeable for consumption, the poor crop of rapeseed and mustard put larger pressure of demand on groundnuts and other oilseeds, creating a strong sellers' market.

As against 2.35 million hectares in 1960-61, the area under sugarcane was lower at 2.28 million in 1962-63 and 2.21 million in the following year. Production (in terms of *gur*) also receded from 10.6 million tonnes in 1960-61 to 9.5 million in 1962-63, though it recovered partially to 10.3 million in 1963-64. Thus, during the last three years, the area shrank by six per cent and production by three per cent; the yield being slightly better by about two per cent—being 4.63 tonnes per hectare in 1963-64. In the face of a fast expanding population and higher standards of living, a stage has come when production of sugar is insufficient to meet the demand for consumption and exports.

Fibres Slightly Better

Production of cotton in India is substantially short of the requirements of textile industry. A considerable quantity is imported every year to fill the gap and prices in recent years have remained high; in the case of some varieties, prices were well above the world parity. In the face of all this, it is not surprising that the area under this crop has been increasing continuously, rising from 7.64 million hectares in 1960-61 to 7.85 million in 1962-63 and 7.92 million in the following year. The production, however, did not behave so favourably. From 958,000 tonnes in 1960-61, it came down to 956,000 in 1962-63, but increased to 977,000 in 1963-64. Thus, as against a rise of about four per cent in area during the first three years of the third Plan period, the rise in production was only two per cent, the yield falling from 125 kgs. per hectare in 1960-61 to 122 kgs. in 1962-63 and 123 kgs. in 1963-64.

Jute and mesta are, perhaps, the only crops recording a rise of nearly fifty per cent in production in three years' period. From 722,000 tonnes in 1960-61, production of jute improved to 981,000 tonnes in 1962-63 and 1,072,000 tonnes in 1963-64. But this 48 per cent increase in production was mainly due to a rise of over forty per cent in area—from 612,000 hectares in 1960-61 to 862,000 in 1963-64, the yield improving by only five per cent to 1.24 tonnes per hectare. The position of mesta was relatively better; the area advanced by about forty per cent to 385,000 hectares, production by sixty per cent to 327,000 tonnes and yield by fifteen per cent to 850 kgs. The production of plantation crops improved by four per cent during the last three years, the index of production rose from 135.1 in 1960-61 to 140.7 in 1963-64. But all of this rise took place in the first year of the Plan period and stagnation prevailed during the rest of the period.

Imports of Foodgrains and Prices

Due to the poor performance of agriculutre since 1961-62, imports of foodgrains have increased considerably. As 1960-61, was a comfortable year, the imports in 1961-62 had come down. But there was a fast rise in the following two years. From 2.08 million tonnes in 1961-62, the imports of wheat increased to 2.61 million in 1962-63, and 2.85 million in 1963-64. During the current year, they are expected to be more than double at 5.81 million tonnes. In the case of rice, the imports rose from 318,000 tonnes in 1961-62 to nearly 430,000 tonnes in 1963-64 and are expected to be 586,000 tonnes in 1964-65. These imports in the current year are estimated to cost approximately Rs. 300 crores.

Even this fast rise in imports was insufficient to take care of the shortages in production and a larger demand, due to an ever-expanding population. Thus, there has been a decline in the per capita availability of foodgrains which fell from 16.2 ozs. in 1961 to 16.0 ozs. in 1962 and 15.3 ozs. in 1963 and may be no better in 1964. Prices of foodgrains also increased at an unprecedented pace. With 1952-53 as base, the index number of wholesale prices for rice, which stood at 105 in 1961-62, and had advanced to 111 in 1962-63 and 125 in 1963-64, rose from 122 in March this year to 146 in September—a rise of twenty per cent in six months. In the case of wheat, the rise was twelve per cent. But, whereas the prices of rice declined marginally in October—due to the partial arrival of new crop—the rising tendency in wheat persisted, the index number being higher by one percentage point. The

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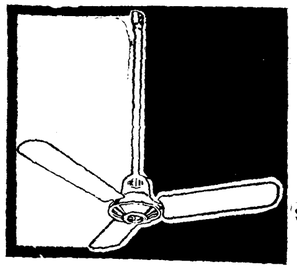

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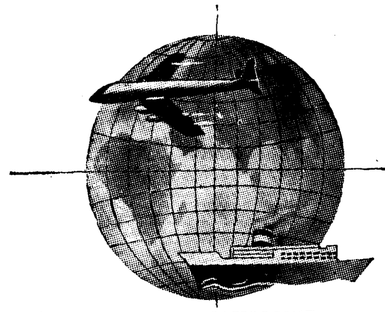

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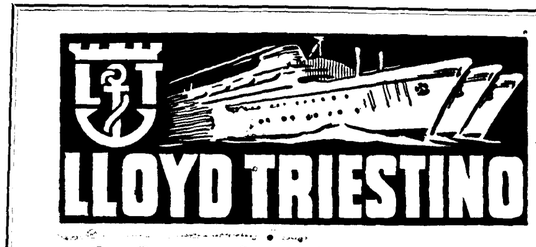

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prices in the six months advanced by 32 per cent in the case of pulses, 36 per cent edible oils and 23 per cent sugar and *gur*.

What have been the causes for stagnation in agriculture? The most important reason has been the continuously adverse weather conditions during the last three years, which came in the way of higher agricultural production and exposed the continuing dependence of Indian agriculture on weather. The rainfalls in India are divided into four seasons. The Pre-Monsoon Season, which extends from March to May, accounts for ten per cent of the total rainfall in the year. These showers are important for the sowing of *kharif* crop in north-east India, particularly for autumn rice and jute. Although rains were deficient in March last year in Assam and West Bengal, April and May were practically normal and sowing conditions were more or less satisfactory. The South-west Monsoon Season—June to September—is, however, by far the most important. 75 per cent of the total rains fall in this period, affecting 80 per cent of the total cropped area in the country. This season was, on the whole, favourable in rice-growing areas, but most of the other *kharif* crops suffered due to deficient and untimely rains. The result was an improvement in rice, jute and mesta, although in the case of many other crops the yield was lower.

Post-monsoon season starts on 1st October and closes with the close of the calendar year, and accounts for 13 per cent of the total rainfall in the year. These rains are generally received only in the eastern, southern and south-western parts of the country—other regions getting only light showers. But even these light showers play an important role in the growth of late *kharif* crops and in sowings of *rabi* crops. Generally speaking, these rains were not favourable in 1963-64 in the northern States, namely, the Punjab, Uttar Pradesh, Rajasthan and Madhya Pradesh. The Winter Monsoon Season, which covers the months of January and February, gets only two per cent of the total rains—the life-blood of *rabi* crops and vital for their proper growth. Out of the 31 Rainfall Divisions into which the country has been divided, seven divisions received no rains, sixteen had scanty rains (60 per cent below normal), five were in the deficient category (20-59 per cent below normal) and only three unimportant divisions, namely Bay Islands, Himachal Pradesh and Orissa, had normal rains. There were also cold waves in January in some parts of northern India. Thus, *rabi* crop had both a poor sowing season and a poor growing season and, consequently, the yield in the case of most of the crops like wheat, gram etc., came down by substantial degrees.

The second, and perhaps equally important, factor has been the poor performance in the matter of agricultural inputs. The six per cent per annum growth in agricultural output, laid down for the third Plan period, was based on a certain amount of increase in inputs like irrigation, soil conservation, fertilisers and manures, better seeds and implements and plant protection measures. It was proposed to increase the area under major and medium irrigation schemes by 12.8 million acres. The actual coverage during the last three years has been no more than 3.9 million, that is, less than one-fourth. In the case of minor irrigation, for which another equivalent target of 12.8 million was laid down, the coverage was comparatively better at 6.8 million, though far behind the schedule. Thus, during the first three years of the five-year period, the irrigation facilities were made available to an additional 10.7 million acres, against the Plan target of 25.6 million acres, the achievement being equivalent of only 40 per cent of the target.

It is believed that, even with the optimum utilisation of irrigation facilities in the country, there would still be left a large area of 140 to 150 million acres, where increases in output will have to be attained mainly through soil conservation and improved dry farming practices. The third Five-year Plan aimed at a substantial extension of these activities. It was proposed to cover an area of 11 million acres of agricultural lands with soil conservation measures, while 22 million acres were to be brought under better dry-farming techniques. The coverage under soil conservation measures during the last three years has been 4.2 million acres—38 per cent of the target. In regard to dry farming, whereas the data for 1963-64 are not available at the time of writing, the coverage during the first two years was 4.9 million acres or 22 per cent of the target.

Fertilisers and Insecticides

Fertilisers and manures are among the key supplies, necessary for raising agricultural productivity. About 40 per cent of the third Plan target for increased foodgrains production was envisaged to be achieved by the use of fertilisers and manures. The increase in consumption during the last three years was, however, far from satisfactory. Consumption of nitrogenous fertilisers was proposed to be raised from 210,000 tonnes of nitrogen in 1960-61 to over one million tonnes in 1965-66. Whereas the demand has been rapidly increasing in recent years, it has not been possible to meet it in full due to lack of adequate production and imports. In 1961-62, the demand for nitrogenous fertilisers was 534,000 tonnes (*N*) while the supply amounted to 281,000 tonnes. In 1962-63 the demand rose to 590,000 tonnes, supply improving to 350,000 tonnes, and in 1963-64, whereas the demand is estimated to have been at 687,000 tonnes, the supply was only 460,000 tonnes—equivalent of two-thirds of the demand. Out of the anticipated rise in production of nearly 800,000 tonnes (*N*) in five years, the actual rise in three years has been no more than 250,000 tonnes—less than one-third of the projected growth. The consumption of phosphatic fertilisers was also no better. From nearly 50,000 tonnes in 1960-61, it rose during the next two years to 80,000 tonnes in 1962-63—still a long way left to reach the target of over 400,000 tonnes in 1965-66.

In order to supplement supplies of chemical fertilisers, it was proposed to intensify measures designed to increase the utilisation of local farm manurial resources. The consumption of urban and rural compost was proposed to be raised from 87 million tonnes in 1960-61 to 157 million tonnes and the area under green manure from 12 million acres to 41 million. As against these targets, the utilisation of compost in 1963-64 rose to only 103 million tonnes and the area under green manures to 20.5 million acres. Thus, here too performance has been behind schedule.

Plant protection measures have been accorded the status of a major development programme under the third Five-year Plan. The target for this is to increase the coverage from 16 million acres in 1960-61 to 50 million in 1965-66. Steps were proposed to be taken to increase the supplies of insecticides, pesticides, sprayers and dusters and other plant protection equipment to the farmers. The greater the importance of this measure, the poorer has been its progress. From 16 million acres in 1960-61, the area covered under plant protection measures reached only 20 million acres last year. This means that, as compared with the target to increase the area by 34 million acres, the actual rise in three years was four million acres—a 12 per cent achievement in 60 per cent of the Plan period.

In view of the importance of better quality seeds for raising the yield, an additional area of 148 million acres was proposed to be brought under improved seeds. The coverage so far has been 39 million acres—nearly one-fourth of the planned area.

It will thus be seen that inputs in agriculture during the first three years of the third Plan have been substantially short of the targets and this, in turn, must have been instrumental to a large extent in retarding the progress of agricultural production.

There is hardly any scope left for raising the area under cultivation in India. Nevertheless, 2.3 million acres of additional land was reclaimed for cultivation during the last three years. The volume of inputs also increased, although the rise was far short of expectations. Moreover, in spite of the fact that 1963-64 was not a favourable season for agriculture, the meterological data show that it was not as bad as 1961-62; at any rate, it was not worse. Then, what is the reason for the index of agricultural production in 1963-64 remaining almost unchanged (there was actually a decline of 0.6 per cent) at the same level as in 1961-62? Have all the additional efforts and investments, made during this period, gone down the drain? There are reasons to believe that it has been so.

Unco-ordinated Efforts Deliver No Goods

It has now been proved beyond doubt that maximum advantages can be derived from agricultural inputs only when they are applied in the form of a 'package.' The validity of this argument is well illustrated by the growth of production in areas covered by the Intensive Agricultural District Programme (also known as Package Programme), where the approach of concentrating administrative talent, technical expertise and supplies of important inputs has shown very encouraging results. Applied individually, the benefits of these inputs may be negligible or *nil* and may sometimes be even harmful to the crop. For example, if fertilisers are applied to the soil without adequate irrigation facilities, or exposed to irregular rainfall, the crop may be thinner than normal. It is doubtful whether this factor was given adequate consideration at the time of laying down the targets of agricultural growth. The growth of inputs during the last three years has, however, not shown any integrated pattern. Agriculture being a State subject, whereas irrigation facilities increased in one State, the distribution of fertilisers improved in a second State and improved seed were made available to the farmer in a third State. Even in the same State, various needs of cultivators are dealt with by different Government departments, and these departments are so watertight that they generally do not know the activities of one another. This lack of co-ordination has resulted in, by and large, wastage of effort and investments in agriculture.

Current Season

The current agricultural season (1964-65) has been comparatively better so far. *Kharif* crop has already come in the market. Although no reliable data have yet become available regarding the size of the crop, the indications are that the production of most of the foodgrains has increased. The rise is, however, not substantial. Production of rice is estimated to have gone up by one million tonnes—a less than three per cent increase over last year's crop. Production of other *kharif* cereals is reported to be only "somewhat

Table I: All-India Final Estimates of Principal Crops

	Area (thousand hectares)			Production (thousand tonnes)			Yield (kgs. per hectare)		
	1963-64	1962-63	Percentage change	1963-64	1962-63	Percentage change	1963-64	1962-63	Percentage change
Foodgrains :									
(a) *Kharif cereals :*									
Rice	35,474	34,934	+ 1.5	36,489	31,914	—14.3	1,029	914	+12.6
Jowar	18,174	18,021	+ 0.8	9,227	9,621	— 4.1	508	534	— 4.9
Bajra	10,810	10,800	+ 0.1	3,736	3,892	— 4.0	346	360	— 3.9
Maize	4,546	4,607	— 1.3	4,527	4,578	— 1.1	996	994	+ 0.2
Ragi	2,364	2,316	+ 2.0	1,852	1,891	— 2.0	784	816	— 4.0
Small millets	4,614	4,693	— 1.7	2,031	1,860	+ 9.2	440	396	+11.1
Total *kharif* cereals	75,982	75,371	+ 0.8	57,862	53,756	+ 7.6	762	713	+ 6.9
(b) *Rabi cereals :*									
Wheat	13,305	13,657	— 2.6	9,708	10,829	—10.3	730	793	— 7.9
Barley	2,794	3,022	— 7.6	1,985	2,423	—18.1	710	802	—11.5
Total *rabi* cereals	16,099	16,679	— 3.5	11,693	13,252	—11.8	726	795	— 8.7
Total cereals	92,081	92,050	..	69,555	67,008	+ 3.8	755	728	+ 3.7
(c) *Pulses :*									
Gram	9,242	9,177	+ 0.7	4,478	5,343	—16.2	485	582	—16.7
Tur	2,418	2,418	..	1,292	1,592	—18.8	534	658	—18.8
Other *kharif* pulses	6,173	6,424	— 3.9	1,584	1,680	— 5.7	249	262	— 5.0
Other *rabi* pulses	5,935	5,940	— 0.1	2,571	2,825	— 9.0	423	476	— 9.0
Total pulses	23,768	23,959	— 0.8	9,875	11,440	—13.7	415	477	—13.0
Total foodgrains	115,849	116,009	— 0.1	79,430	78,448	+ 1.3	686	676	+ 1.5
II. Other Crops :									
Sugarcane (*gur*)	2,214	2,280	— 2.9	10,258	9,544	+ 7.5	4,633	4,186	+10.7
Black pepper	102	102	+ 0.1	24	26	— 6.5	239	256	— 6.6
Ginger (dry)	21	21	..	20	20	+ 0.5	947	943	+ 0.4
III. Oilseeds :									
Groundnut (nuts in shell)	6,804	6,864	— 0.9	5,281	4,821	+ 9.7	778	702	+10.8
Castorseed	549	438	+ 2.8	101	101	..	224	230	— 2.6
Sesame	2,343	2,488	— 5.8	410	464	—11.6	175	187	— 6.4
Rapeseed and mustard	3,004	3,108	— 3.3	909	1,294	—29.7	302	416	—27.2
Linseed	1,954	1,899	+ 2.9	385	433	—11.0	197	228	—13.6
Total oilseeds	14,554	14,797	— 1.6	7,096	7,113	— 0.2	488	481	+ 1.5
IV. Fibres :									
Cotton (lint)	7,919	7,845	+ 0.9	977	956	+ 2.2	123	122	+ 0.8
Jute	882	851	+ 1.3	1,072	981	+ 9.3	1,244	1,153	+ 7.9
Mesta	395	379	+ 1.6	327	305	+ 7.2	840	806	+ 5.5

Note :—1. Production of sugarcane in terms of cane was 101,606 and 94,470 thousand tons in 1963-64 and 1962-63 respectively.

2. Production of fibres in terms of bales (180 kgs. each) was 5,426 and 5,309 thousand for 1963-64 and 1962-63 respectively in case of cotton (lint), 5,857 and 5,449 thousand of jute and 1,819 and 1,697 thousand of mesta.

3. The data are based on final estimates in case of 1963-64 and partially revised estimates in case of 1962-63

Table II: *Index Numbers of Agricultural Production In India*

(Agricultural Year 1949-50 = 100)

Commodity/Group	Weight	1950-51	1955-56	1960-61	1961-62	1962-63	1963-64
I. Foodgrains :							
(a) *Cereals :*							
Rice	35.3	87.9	114.2	136.2	139.0	127.4	145.7
Jowar	5.0	89.8	96.7	134.6	111.2	138.2	122.5
Bajra	2.7	83.8	108.3	101.2	111.3	121.9	117.0
Maize	2.1	84.4	112.3	144.4	152.5	163.9	161.7
Ragi	1.2	87.6	119.7	111.2	121.6	122.9	129.4
Small millets	1.5	88.9	105.1	101.6	101.0	95.4	104.2
Wheat	3.5	101.1	131.3	162.7	177.3	160.4	143.5
Barley	2.0	105.6	118.5	120.0	133.6	102.7	84.1
Total cereals	58.3	99.3	114.9	136.6	140.0	132.4	139.9
(b) *Pulses :*							
Gram	3.7	98.0	138.9	162.3	149.5	137.1	114.9
Tur	1.1	91.8	99.4	106.8	68.7	80.5	65.3
Other pulses	3.8	85.6	103.9	102.1	106.9	107.8	98.2
Total pulses	8.6	91.7	118.4	128.6	120.3	116.9	101.2
Total foodgrains	66.9	90.5	115.3	135.6	137.5	130.4	134.9
II. Non-Foodgrains :							
(a) *Oilseeds :*							
Groundnut	5.7	101.4	112.4	131.7	138.3	142.3	156.2
Sesamum	1.2	101.6	104.8	78.0	92.1	112.1	99.1
Rapeseed and mustard	2.0	94.6	105.8	166.6	164.5	159.3	111.9
Linseed	0.8	87.8	97.1	94.6	109.7	104.1	92.6
Castorseed	0.2	80.5	96.1	69.5	77.3	77.3	77.3
Total oilseeds	9.9	98.5	108.6	128.0	134.4	137.7	133.6
(b) *Fibres :*							
Cotton	2.8	119.7	153.9	203.3	170.2	201.8	206.3
Jute	1.4	106.2	135.8	121.6	193.8	165.1	180.5
Mesta	0.3	100.0	174.7	170.4	254.9	250.4	268.4
Total fibres	4.5	108.6	149.7	175.7	183.2	193.6	202.4
(c) *Plantation crops :*							
Tea	3.3	103.8	107.2	120.9	133.5	129.1*	129.2*
Coffee	0.2	112.8	196.1	355.1	240.1	278.8*	278.8*
Rubber	0.1	93.8	146.1	165.3	176.3	204.8*	243.0*
Total plantation crops	3.6	104.0	113.2	135.1	140.6	139.5	149.7
(d) *Miscellaneous crops :*							
Sugarcane	8.7	113.7	119.8	173.9	168.7	154.0	165.5
Tobacco	1.9	97.3	112.9	116.3	129.6	136.0*	125.9*
Potato	1.0	107.4	120.3	170.6	158.4	192.9*	152.4*
Pepper (black)	1.2	97.2	132.6	134.4	134.6	123.8	115.8
Chillies (dry)	2.0	119.4	122.9	126.6	126.6	141.0*	139.3*
Ginger (dry)	0.3	94.4	105.7	111.8	113.8	130.8	131.5
Total Misc. Crops	15.1	110.3	120.1	155.8	150.8	149.7	151.4
Total non-foodgrains	33.1	105.9	119.9	147.9	149.2	151.0	151.8
All commodities	100.0	95.6	116.8	139.7	141.4	137.2	140.5

* Based on provisional estimates.

Note :—Indices for 1960-61 to 1962-63 are generally based on partially revised estimates, while those 1963-64 are generally based on final estimates.

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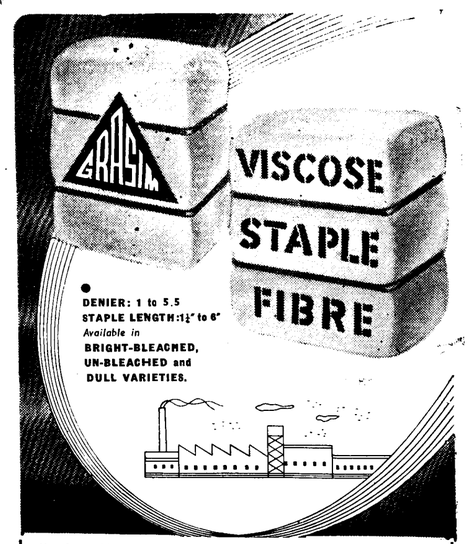

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higher." The total rise in *kharif* foodgrains is not expected to be more than 3-4 per cent. Even this increase is reported to be mainly due to a rise in the area under cultivation. The overall *kharif* crop estimate, according to a statement of the Union Food Minister in the Lok Sabha on 1st December 1964, "is expected to be higher than the average production in the last three years in most parts of the country."

With the *rabi* crops still to come, no kind of estimate can be given for the overall food crop for current year (*July 1964 to June 1965*). The sowings are, however, reported to be good and it is, perhaps, on this basis that the President of the Foodgrains Dealers' Association expects the total production during the year at 85 million tonnes. The estimate seems to be rather optimistic and its accuracy will depend on favourable weather in the months of December, January and February. But even at 85 million tonnes, the increase over 1963-64 will be no more than six per cent—the annual rate of growth envisaged in the third Plan—leaving the gap of the last three years untouched.

As for other major crops, groundnut production is reported to be higher by 5-6 per cent. No estimate for sugarcane is available so far, but the crop is confidently expected to be distinctly better than last year's. Cotton crop, on the other hand, is said to be slightly smaller by 1.5 to 2 per cent. On the whole, the rise in agricultural production during 1964-65 is expected to be only modest and may not reach the annual target of six per cent growth.

The Planning Commission has made some estimates of agricultural production for the last year of the third Plan and it would be relevant to recall them here, in the context of the outlook for food production. Foodgrains production is expected to reach 92 million tonnes, as against the original target of 100 million tonnes. On this basis, a target of 120 million tonnes has been laid down for the fourth Plan. The production of cotton in 1965-66 is expected to be 6.34 million bales, as against the original target of 7.06 million bales. The proposed target for the fourth Plan is 8.50 million bales. The corresponding figures for oilseeds are: 7.50 million tonnes, 9.82 million tonnes and 10.00 million tonnes, respectively. The estimates for 1965-66 are optimistic, if the experience in the first four years of the current Plan is any reliable indication of the country's ability. But, if production does not come up to this level, the base of the Fourth Plan will be weaker and the targets for 1970-71 will appear to be the dream of a visionary.

Planned and Increased Inputs

Planning for agriculture does not simply mean the laying down of targets for agricultural production. It is an intricate process involving the production and creation of many other goods and facilities, which determine the growth of agriculture. As the creation of these agricultural determinants depends on many other factors, a complete and integrated study of agriculture, according to the input-output analysis, is necessary.

Irrigation, of course, plays a major role in agriculture. Fortunately, nature has blessed this country with vast resources of water in the form of perennial rivers and low levels of subsoil waters. The need is to harness these resources for human welfare Out of a total of 330 million acres of crop area, 120 million acres do not need irrigation. Irrigation facilities are at present available for 80 million acres which is equal to 38 per cent of the 210 million acres requiring irrigation. Since the beginning of planning in this country, attention has been given mainly to large irrigation projects. In the case of medium and small projects, there has been negligence even in regard to maintenance of the existing tanks. But some of the States have now exhausted their potential of large projects. Moreover, billions of rupees are required for each of these monsters of cement and steel and the gestation period is also considerable. It is welcome to note, in this context, that the seminar on irrigation, held at Trivandrum in October this year, decided to speed up the work on 340 medium irrigation schemes, whose completion would help irrigate 44 million more acres. The seminar laid down a target for increasing the irrigated area by 20 million acres to 100 million acres within five years (by October 1969). If this target were hit, about half of the area in need of irrigation would be covered. But the creation of new irrigation potential is not everything. It is equally important to ensure that the facilities are used promptly and economically. As pointed out by the Union Minister, Mr. C. Subramaniam, the need is to convert the present P.W.D.-oriented irrigation into agriculture-oriented irrigation. The irrigation regulations which are of the eighteenth and nineteenth centuries, must also be changed to achieve this aim.

The importance of fertilisers can be assessed from the fact that even without using tractors, or even (in most cases) ox-ploughs, Japan has obtained nearly four times as much rice per acre as India, mainly due to a scientific application of fertilisers. It is in view of this importance of fertilisers that a target of 2.2 million tonnes of N and 1.0 million tonnes of P_2O_5 has been fixed for the fourth Plan. Fertiliser plants take generally five to six years to go into full production. This means that, in order to achieve the target, plans for the installation of new plants should be vigorously pursued without any further delay. It is encouraging to find that the Government of India is negotiating with a consortium of American firms to establish five fertiliser plants in this country, which would, together, enable the production of an additional one million tonnes of nitrogen. It is to be hoped that no ideological considerations by the Government would stand in the way of these initiatives yielding positive results.

Substantially larger efforts will also be required in the field of better seeds, improved implements, pest control, etc. And, what is more, all these inputs should be made available to the cultivator in a planned form, in the form of packages, so that the maximum benefit can be derived out of them. With the proper and adequate distribution of irrigation and manuring facilities, it would also be possible to extend substantially the area sown more than once—against only 14 per cent now—and thereby increase the production considerably.

The Government has already fixed producers' prices for foodgrains at a remunerative level, and it is to be hoped that the farmer would now be able to concentrate wholeheartedly on growing a better crop and not worry about the future prices of his produce.

There is no need to adopt a defeatist attitude in regard to the performance of agriculture, simply because in the last three years it was discouraging, and to think that agriculture in India has reached a saturation point, with no vast scope for further improvements. If efforts are made in right earnest, it is definitely possible to raise a substantially better crop. This assessment is based on the fact that, in crop competitions, Indian farmers have obtained yields more than ten times higher than the all-India average. To achieve this, however, considerably greater attention will have to be paid to the most important factor—the human factor. Hitherto, not much has been done in this direction, in spite of the so-called Community Development projects. All policies and planning should ultimately aim at increasing the farmer's response to accept the facilities that are created. The farmer should be made aware of what improved farm practices can do, namely, larger production, more money and better living standard. He should be made conscious of his capacity to raise production. One way to do this is to make the farmer literate, and the importance of this measure can in no way be exaggerated. Another way is to hold production-raising demonstrations in every village and on the field of the farmer, under the conditions almost similar to those which prevail in the village and under the limitations which the farmer has to face. A few demonstrations, here and there, away from the farmer's field and under unidentical conditions, only serve to create a suspicion in the mind of the cultivator and are not conducive to success.

There is great need for a general spread of entrepreneurship in agriculture, an urge to make cultivation a business proposition. Agriculture, however, being largely non-monetised in this country, it has not been possible for the cultivator to assess the actual profit by applying different measures in cultivation and by growing different crops on the same field. This results in a large area being sown by such crops for which it is not suitable, thereby giving low yields. Government can, however, guide the farmer and induce him—for his own benefit—to grow only that crop which is most suitable for his land. For this, the imperative need is to give individual attention to each farm or at least to each village, and to bring down planning to the village level.

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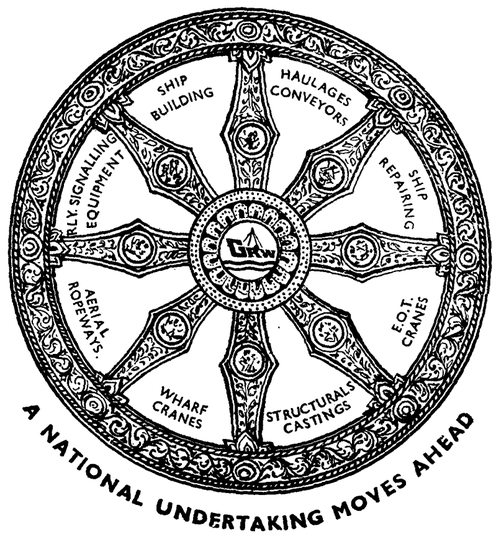

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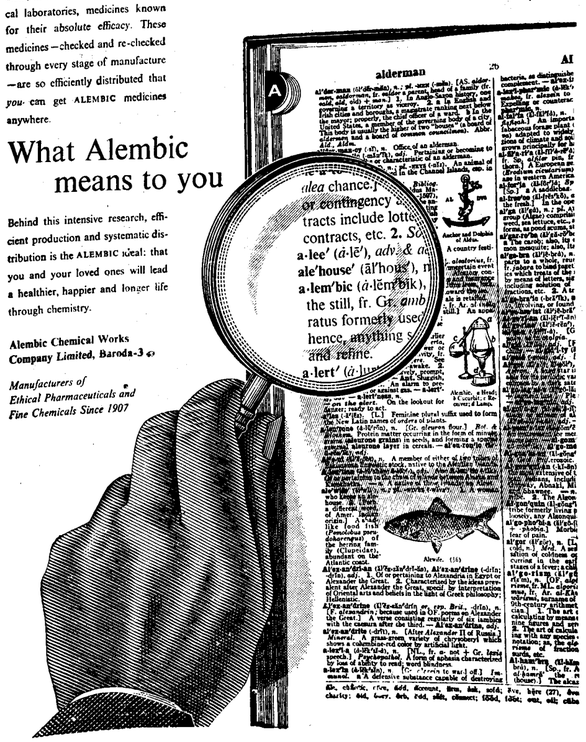

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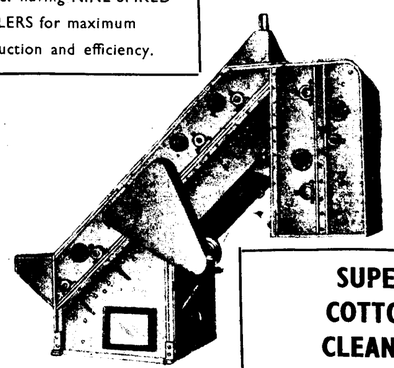

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1964—A YEAR OF EXCELLENCE IN EXPORTS

But Need For Vigour And Vigilance Remains As Urgent As Ever

BY R. J. VENKATESWARAN

IN his address to the Export-Import Advisory Council meeting in September this year, Mr. Manubhai Shah expressed confidence about India's ability to achieve the third Plan's export target of Rs. 3,800 crores. Since then, export statistics have revealed more encouraging trends. The figure for September, the latest month for which statistics are available at the time of writing, was Rs. 75.67 crores. This was about Rs. 8 crores more than that of the preceding month and Rs. 14 crores more than that of September 1963. At this rate, exports in 1964 were running level of Rs. 900 crores, as compared with Rs. 600-Rs. 620 crores per year during the first two Five-year Plans. Even on the basis of the average of monthly exports in the first nine months ended September, total exports for the whole of 1964 works out to Rs. 820 crores, that is Rs. 200 crores above the annual average in the first two Plan periods. This is, indeed, gratifying. It is often said that taxation is the only sphere in which the third Plan target has been exceeded. So if Mr. Manubhai Shah could show that the target could be surpassed in a difficult field like export, it is surely an achievement on which the Government of India, and the Commerce Minister, in particular, deserve congratulation. But excessive optimism may prove premature. We have yet to cover fifteen months more for completing the third Five-year Plan and we do not know how exactly the U.K.'s 15 per cent import surcharge would affect our export earnings. The Commerce Minister has estimated that India may lose about Rs. 10 crores per year on account of the surcharge, the actual amount depending on the duration of the levy. It remains to be seen, therefore, to what extent India will be able to achieve the third Plan's export target.

End of Stagnation

But, on the basis of recent performance, the country has, indeed, cause for satisfaction. The Planning Commission stated at the commencement of the third Five-year Plan that, over the decade 1950-60, India's exports, on the whole, had been stagnant. Over the decade, the total world export trade had doubled but India's share in it fell from 2.1 per cent in 1950 to 1.1 per cent in 1960. But, in the last two years, the situation has changed. The era of stagnation seems to have ended and the export trade has entered a period of vigorous expansion. As Mr. Manubhai Shah said in the Rajya Sabha on 26th November 1964, Indian exports during this latest period have risen much faster than the rate of growth of the overall world export trade. He revealed that the rate of growth of Indian exports was three times that of world rate and 2.5 times the rate of advanced countries like Japan. This is commendable, especially in view of the fact that only 17 per cent of our export trade is covered by assistance schemes. It is significant that, in the current calendar year, almost every month Indian exports were much higher than in the same month of 1963. This will be clear from Table I.

Jute Goods: Targets Surpassed

Analysing the trend in terms of a few major commodities, we find that the export of jute goods has been most encouraging. The third Five-year Plan had fixed an export target of 9 lakh tonnes of jute manufactures for the last year of the Plan. But this was exceeded in 1963-64 itself when exports amounted to 9.13 lakh tonnes valued at Rs. 157 crores, as compared with 8.44 lakh tonnes valued at Rs. 148 crores in the preceding year. We had a record production of jute goods at 13.34 lakh tons, in 1963-64, as compared with the Plan's target of 13 lakhs tons. The progress achieved in the production of carpet-backing cloth used for manufacturing tufted carpet has been remarkable. During the last ten years, the jute industry has installed about 2,600 carpet-backing looms. Another 500 of these looms, it is estimated, will have been set up by 1965-66 and a further 1,000 looms by the end of the fourth Plan. Production at present is of the order of 110,000 tonnes per annum and the entire output is exported to the U.S.A. The official figures given in Table II show the trend in the production and export of carpet-backing cloth.

No doubt we have to contend with increasing competition from Pakistan and from substitutes, but, if the Government of India and the Government of West Bengal take care to provide the industry with adequate quantity of raw jute of the right quality at fair prices and if the demand for power is also fully met, there should be no serious danger to export. In the coming months, attention has to be concentrated on increasing substantially the yield of raw jute per acre, on evolving new uses for jute, on diversifying the pattern of production, on improving the quality and durability of jute bags, and on carrying out market surveys on scientific lines. It may be recalled that the Estimates Committee of the Lok Sabha, which submitted its report in March 1964, had pointed out that market surveys for jute exports had been "somewhat inadequate and were not made on a proper scientific basis."

Tea: Scarcity of Funds

Tea exports in 1963-64 earned Rs. 123.40 crores as compared with Rs. 129.00 crores in the preceding year; and in the first quarter of 1964-65, the earnings were Rs. 11.55 crores against Rs. 13.40 crores in the similar period of the previous year. Despite its crucial importance to our economy and export, the tea industry has not been developed properly and, at a time when it needs large funds for expansion, it is unable to find them. The industry, it is estimated, will have to undertake new plantings of 24,000 acres per year to achieve a steady increase in production. The Government should, therefore, implement expeditiously the recommendations of the Committee on Tea Finance. The Committee is reported to have suggested that expenditure on re-planting and new planting should be regarded as revenue expenditure and that the excise on exports should be refunded. If, in addition, the authorities refrain from imposing on the industry further burdens in the form of amenities to labour unrelated to productivity, the industry will be in a better position to improve its output and export.

Cotton Textiles: Better Performance

Higher exports by cotton textiles are another bright feature in our export trade. In 1961-62 and 1962-63 cotton textiles earned Rs. 48.40 crores and Rs. 51.90 crores, respectively. But, in 1963-64, the earnings went up to Rs. 54 crores. In the first quarter of 1964-65, cotton textiles earned Rs. 16 crores, against Rs. 12 crores in the similar period of 1963-64. Though the industry has improved its exports, it has to be assisted actively to expedite its programme of modernisation. A recent United Nation's Survey has revealed that one-third of India's cotton spindles are forty years old and less than one-tenth of her cotton looms are automatic. It has pointed out that modernisation would be a very costly and lengthy process. But Japan is well on the way to full modernisation of its cotton textile industry and her mills have plans to scrap about 15 per cent of their spindles during the next three years. Cotton textiles are more vulnerable to foreign competition and so the Government of India and the industry should give particular care to see that nothing is done to reduce its competitive capacity.

New Rivals in Manganese

Among mineral exports, iron ore did better in 1963-64 than in the preceding year. Its export earnings were Rs. 36 crores which were Rs. 1 crore more than in the previous year. The Commerce Ministry expects that exports in the current fiscal year would be about Rs. 5 crores more than in 1963-64. But the outlook for manganese ore does not appear very encouraging. Its export fell from Rs. 7.88 crores in 1962-63 to Rs. 6.72 crores in 1963-64, though in the first quarter of 1964-65 the exports were higher at Rs. 3.09 crores against Rs. 1.68 crores in the corresponding period of 1963-64. The larger exports are attributed to barter deals. But it is significant that, of late, Indian manganese ore in the U.S. market has to contend with new competitors. In the first five months of 1964, for instance, Gabon supplied to the U.S.A. 52,923 short tons and Ivory coast 22,588 tons of manganese ore. Both these countries had no share in the U.S. imports of manganese ore in 1963. India exported to the U.S.A. 114,414 short tons in January-May 1963, but, in the corresponding period of 1964, there was a sharp decline to 27,777 short tons.

Vegetable oils and oilcakes are also major items of exports, earning Rs. 13.40 crores and Rs. 31.10 crores in 1962-63 but, in the next year, there was a sharp increase to Rs. 20 crores and Rs. 35.37 crores, respectively. The export of vegetable oils was stopped from July this year owing to scarcity but the export of oil cakes is officially estimated to bring about Rs. 35 crores in 1964-65 also.

Traditional items continue to dominate our export trade and the non-traditional goods have made hardly any headway except sugar. Export earnings from sugar amounted to Rs. 26.10 crores in 1963-64 against Rs. 17.30 crores in the previous year and in the first quarter of 1964-65 the figure was Rs. 13.32 crores against Rs. 12.72 crores in the similar period of 1963-64. But owing to sugar scarcity, the export has been sharply cut and so the earnings in 1964-65 will be substantially smaller. The trend in the export of some non-traditional items is shown in Table III.

Direction of Trade

So far as the direction of trade is concerned, a major change has been the phenomenal increase in the exports to East Europe, particularly to Russia. From Rs. 3.28 crores in 1953 our exports to East Europe rose to over Rs. 100 crores in 1963 and in the current year, they are expected to reach a still higher level. The export to U.S.S.R. went up from Rs. 36 lakhs in 1953 to Rs. 48 crores in 1963. The Commerce Ministry estimates that the volume of Indo-Soviet trade in 1964 would amount to Rs. 80 to Rs. 85 crores each way. Under the new arrangements completed in November this year, both Russia and India have agreed to increase the trade further to Rs. 125 crores each way in 1965. Of the total exports from India, about 40 per cent is expected to consist of manufactured goods. Exports to Czechoslovakia, Rumania and Hungary are also to go up significantly to about Rs. 52 crores in 1965 from Rs. 41 crores in the current year.

But our export to the European Common Market has not shown any

Table I: *Trends in Trade*
(In lakhs of rupees)

	Export*		Import		Balance of trade	
	1963	1964	1963	1964	1963	1964
January	60,73	65,01	93,86	81,36	— 33,13	— 16,35
February	56,09	60,92	76,62	89,71	— 20,53	— 28,79
March	67,36	72,01	74,62	96,81	— 7,26	— 24,80
April	56,97	69,09	90,20	109,62	— 33,23	— 40,53
May	65,01	64,08	100,57	79,71	— 37,56	— 15,63
June	57,21	74,27	95,37	80,23	— 38,16	— 5,96
July	63,19	67,19	89,54	91,15	— 26,35	— 23,96
August	66,00	67,10	81,60	90,02	— 15,60	— 22,92
September	61,56	75,67	77,07	89,06	— 15,51	— 13,39
Total for nine months	552,12	615,34	769,45	807,67	— 217,33	— 192,33
Monthly average for nine months	61,35	68,37	85,49	89,75	— 24,15	— 21,37

* Including re-exports.

Table II: *Carpet-backing Cloth*

Year	Production		Exports (estimated)	
	Quantity (in '000 tonnes)	Value (in lakhs of rupees)	Quantity (in '000 tonnes)	Value (in lakhs of rupees)
1961	40.7	1,221	40.7	1,221
1962	59.8	1,794	59.8	1,794
1963	103.4	3,102	103.4	3,102

Table III: *Exports of Traditional Items*
(In lakhs of rupees)

Items	1961-62	1962-63	1963-64
Art silk manufactures	7,42	8,47	10,58
Iron and steel	9,68	2,24	3,51
Sugar	15,33	17,30	26,10
Inorganic chemicals	25	44	43
Organic chemicals	1,04	89	69
Sports goods	13	12	15
Machinery and transport equipment	4,76	6,47	6,61
Medicinal and pharmaceutical products	99	1,08	98

Table IV: *Exports: Major Items*
(In lakhs of rupees)

	Six months April to Sept.		Twelve months April to March	
	1964-65	1963-64	1963-64	1962-63
Tea	56,07	52,42	123,19	128,82
Coffee	9,76	4,60	8,30	7,61
Sugar	15,85	18,12	26,87	17,93
Jute cloth, yarn and other manufactures	90,07	81,77	157,43	156,17
Cotton cloth and yarn (manufactures)	32,48	25,19	56,28	52,13
Cotton, raw and waste	7,33	8,92	16,84	17,04
Petroleum products	3,90	3,59	5,47	5,68
Vegetable oils	4,60	9,02	19,75	13,10
Groundnut oil	1,16	5,09	13,45	7,83
Castor oil	2,14	3,16	4,80	4,29
Defatted groundnut meal	14,40	12,89	30,47	26,52
Fruits and vegetables	17,84	14,77	29,69	26,66
Tobacco—raw	17,59	16,88	21,01	17,99
Mica	4,27	4,44	9,20	10,36
Wool and other animal hair	4,80	2,39	7,43	6,60
Gums, resins and lac	4,17	3,92	8,03	7,28
Spices	6,41	6,20	15,82	13,78
Leather and leather manufactures	14,05	12,47	26,38	22,62
Hides and skins, raw	4,86	5,02	10,11	10,89
Cashew kernels	14,32	11,18	21,41	19,36
Pepper (black)	3,19	2,37	5,89	6,57
Manganese ore and concentrates	6,89	3,72	8,26	7,88
Iron ore and concentrates	16,63	15,83	36,38	19,83
Iron and steel scrap	2,32	2,46	4,91	1,95
Sewing machines	16	14	24	44
Electric fans	44	35	52	90
Coal, coke and briquetts	2,12	1,21	2,24	2,80

Table V: *Imports: Major Items*
(In lakhs of rupees)

	Six months April to Sept.		Twelve months April to March	
	1964-65	1963-64	1963-64	1962-63
Machinery†	196,00	181,39	360,81	315,33
Electrical goods and apparatus	44,25	42,70	83,48	64,78
Iron and steel—Basic metal	50,65	45,41	89,64	80,91
Copper ,,	12,72	12,22	26,66	25,28
Aluminium ,,	3,77	3,43	6,37	10,58
Zinc ,,	5,18	4,70	9,86	9,02
Tin ,,	3,58	3,14	6,40	5,11
Nickel ,,	2,24	1,76	3,35	2,69
Other non-ferrous base metals	71	79	1,78	1,49
Aircraft	72	55	1,15	1,02
Ships and boats	4,22	8,12	11,70	15,66
Other vehicles—road and rail	2,75	1,38	3,68	1,78
Cotton, raw and waste	25,47	29,64	45,38	54,61
Fruits and vegetables	24,46	24,38	48,09	56,92
Paper, pasteboard, etc.	4,96	9,05	18,59	18,05
Dairy products, eggs and honey	5,34	5,93	11,86	13,64
Spices	5,62	5,17	8,19	8,80
Rice	29	42	70	1,77
Wheat and spelt	8,21	15,39	20,40	27,01
Chemicals, organic	29,93	60,08	102,88	113,09
,, inorganic	11,13	10,41	18,98	21,40
Dyes and colours	6,42	7,16	13,03	16,67
Medicinal and pharmaceutical products	4,80	4,65	8,04	12,15
Rubber—crude (including synthetic and reclaimed)	4,12	4,68	8,34	9,28
Petroleum products	3,65	5,57	9,75	10,23
Petroleum, crude and partly refined	23,92	30,93	58,25	57,56
	18,82	29,18	46,17	30,15

† Including electric goods.

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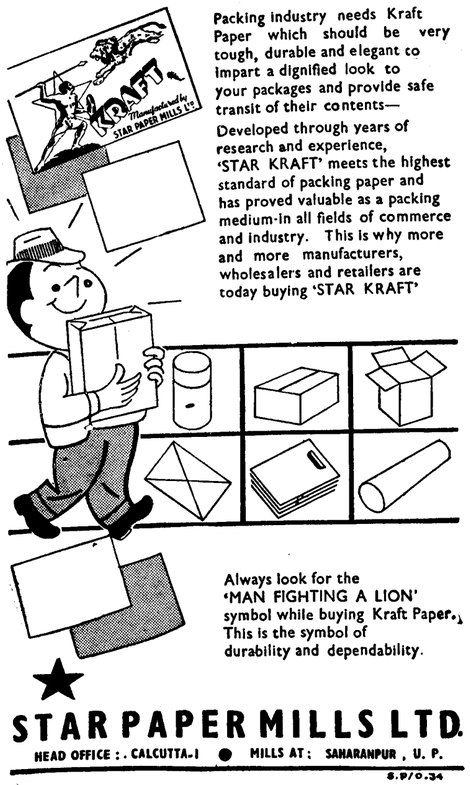

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significant improvement. To the E.C.M. India exported more in 1963-64 but the earnings were not appreciably higher than in the preceding year. Exports to France increased from Rs. 8.50 crores to Rs. 8.86 crores, to West Germany from Rs. 15.2 crores to Rs. 18.6 crores, to Italy from Rs. 9.5 crores to Rs. 11.2 crores, to Netherlands from Rs. 8.9 crores to Rs. 10.4 crores and to Belgium-Luxembourg from Rs. 4.5 crores to Rs. 6.5 crores. The imports from E.C.M. into India declined sharply. In the case of West Germany the decline was from Rs. 99 crores to Rs. 89 crores, Italy from Rs. 22 crores to Rs. 16 crores and Netherlands from Rs. 14 crores to Rs. 10 crores. Consequently, the E.C.M.'s adverse balance with India was reduced by about Rs. 30 crores in 1963-64 as compared with the previous year. Both to East Europe and to West Europe, the export of non-traditional items from India has made little progress.

As regards the other regions, our export to the U.S.A. went up from about Rs. 114 crores in 1962-63 to Rs. 128 crores in 1963-64, largely because of sugar whose off-take rose from Rs. 3.9 crores to Rs. 10.3 crores. But the export to the U.K. fell from Rs. 162.24 crores to Rs. 160.71 crores in this period. The export to Africa, West Asia and South Africa has revealed no new significant trends, though greater efforts are now being made not only to increase exports but also to set up joint ventures in many countries of these regions.

Import Bill

India's import bill rose from Rs. 1,127 crores in 1962-63 to Rs. 1,214 crores in 1963-64. The increase was mainly due to larger imports of foodgrains from Rs. 166 crores to Rs. 197 crores. Imports of capital goods also increased from Rs. 173 crores in 1962-63 to Rs. 192 crores in the next year and industrial raw materials and components from Rs. 696 crores to Rs. 744 crores. But the import of consumer goods other than foodgrains fell from Rs. 92 crores to Rs. 81 crores. In the coming years, the import of capital goods, raw materials and components will continue to increase because of the intensive industrialisation envisaged in the fourth Plan.

In the meanwhile, India has been making gradual progress in import substitution in capital equipment as well. The *Economic Survey of Asia and the Far East*, 1963, has pointed out some important instances of import substitution. The production of sugar machinery in India met only 5 per cent of the requirement in 1955, but, by 1962, it had gone up by 33 times, and India was even able to export some quantity. In the same period, the production of machine tools rose by 13 times, though in 1962 it was able to meet only 34 per cent of the domestic requirement while the production of textile machinery went up by 93 per cent, meeting nearly 64 per cent of the domestic needs. Other items where considerable progress has been achieved in import substitution are electric motors, diesel engines, typewriters, sewing machines, electric fans, bicycles and domestic refrigerators. The import policy at present gives priority to the requirements of defence, agriculture, basic industries and to those that are export oriented. Nevertheless, there is an imperative need to maintain eternal vigilance so as to effect savings in imports, however small and temporary.

Policy for Exports

In conclusion, it may be observed that, while foreign trade policy is, on the whole, well conceived, its implementation has yet to acquire that degree of dynamism it ought to have, considering our massive requirements of foreign exchange. There does not seem to be sufficient appreciation yet of the fact that export promotion can be really effective only when every section of the economy functions at a high level of efficiency. This means that fiscal policy, industrial policy and labour policy should be particularly geared to export promotion. But it cannot be said that these policies are being carried out in a manner helpful to exports. The increase in taxation, direct and indirect, has enormously pushed up the costs of production and made many Indian goods uncompetitive in world markets. The remarks made by Mr. J. R. D. Tata on this subject, in his address to the annual meeting of the T.I.S.Co. in July 1964, are worth recalling. He pointed out how Indian steel, among the cheapest in the world until 1955, had now become one of the costliest, although the basic elements that made up the total manufacturing costs had not materially changed in relation to those of other countries. The average price of the common categories of steel in India at the end of 1963 was more than two and a quarter times the 1948 price, one of the largest single element of increase being in excise duty which increased no less than fifteen times from Rs. 5 to Rs. 75 per ton. Mr. Tata added: "The damage caused by rising costs to the economy and to the country's long-term plans of development cannot be exaggerated. ... They have already rendered uncompetitive in world markets almost every exportable Indian product other than tea and jute, thus severely restricting our earnings in foreign exchange."

Bias Against Bigness

The implementation of industrial policy is being done with some bias against big business, forgetting the fact that, in India, the size of the industrial undertakings is quite small as compared with their confreres in the West. India's National Productivity Council recently sent a Study Team on Techniques of International Trade to West Germany, the U.S.A. and Japan and its observation on the size of exporting firms abroad is significant. "By far and large," says the Team, "export business is a large-scale operation, whether it is handled directly by the manufacturer or through a merchant. The complexities of international trade, the intensive competition in the world market, often the low margin of profit and relatively large initial capital outlay dictate that the business operation be sizable. It is not surprising, therefore, that almost everywhere the export scene is dominated by the larger industrial and business houses." The Study Team has suggested that "if Indian manufacturers and exporters are to compete effectively in the world market, they will have to match international trading houses in the strength of their organisational structure, in the scale of their operations and in the excellence of their marketing skills." That labour policy of the Government of India is also not conducive to export promotion is well known. Indian wages may be low as compared with Western countries, but many industries here have to carry the burden of surplus labour because of legislation that seeks to pamper the workers for political reasons. So if we are really serious about export promotion, official policies in regard to taxation, industrial development and labour have to be so adjusted as to give adequate encouragement to businessmen to venture forth into difficult markets in distant lands.

Effective improvement of agriculture will considerably help to strengthen the balance of payments by reducing imports of foodgrains and by increasing the competitive capacity of important export industries like jute, cotton textiles, tea and sugar. Although the investment on agriculture under the three plans has been impressive, the results have not been encouraging. It is hoped that the critical foreign exchange situation will serve to rid the country of complacency and that serious efforts will be made both by Government and by the private sector to see that development schemes in agriculture are prepared properly and carried out effectively.

Hold up at Ports

Improvement of ports, more intensive publicity, and strengthening of India's Trade Representatives in foreign countries are among the other major measures required for achieving a continuous increase in exports. The inability of ports to cope with the growing volume and variety of cargo has been a serious obstacle to our import and export trade and, generally, to our economic development. The volume of traffic in the five major ports has increased from 22 million tons in 1951-52 to about 37.5 million tons in 1962-63 but their capacity to handle efficiently all this traffic has been quite inadequate. The Union Ministry of Transport has revealed that against Rs. 110.8 crores earmarked in the Plan for increasing port facilities, only Rs. 38 crores have been spent in the first three years of the Plan. Calcutta port, in particular, which handles about 40 per cent of the export trade, has not received proper attention. The deterioration of the Hooghly river, lack of co-ordination among the different departments of the port authorities, paucity of officers with experience in port administration, indiscipline among workers and slow progress in mechanisation—all have considerably affected the efficiency of the Calcutta Port. Attempts are being made to improve the situation by intensive dredging operations, by introducing an incentive system of wages, by speeding up mechanisation and by expediting the construction of the subsidiary port at Haldia. But, unless the problems are tackled with a real sense of urgency, Calcutta, as well as the other major ports, will be unable to play their proper part in the fourth Five-year Plan.

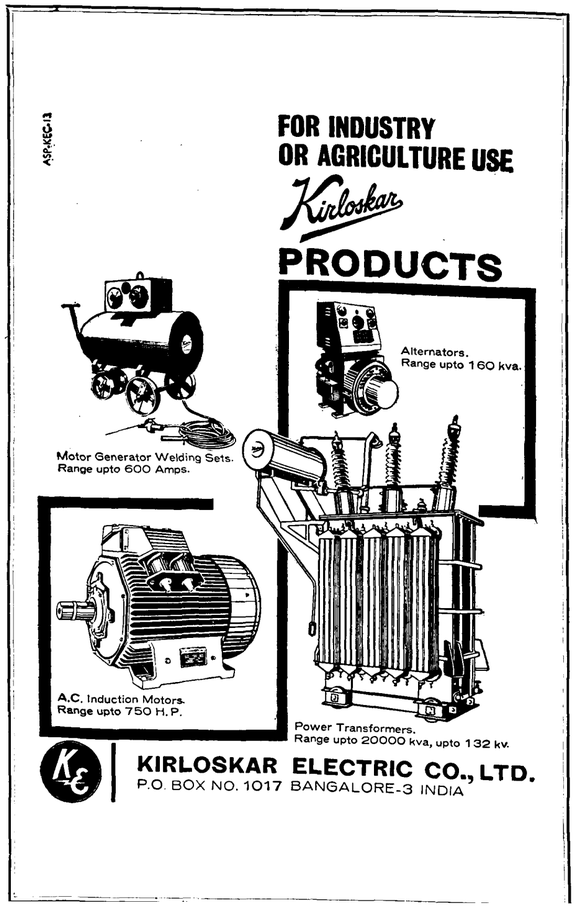
Publicity Must Improve

Publicity for export promotion has to be done on a much more comprehensive scale. Commercial publicity is now undertaken by the Directorate of Commercial Publicity, Directorate of Exhibitions, Director-General of Commercial Intelligence and Statistics, Export Promotion Councils and Commodity Boards, Indian Trade Missions, Trade Associations and Export Houses. The Directorate of Commercial Publicity is supposed to co-ordinate but it appears that this aspect of the work is not really effective. There are far too many publications, not all of them well produced, issued by various agencies, many of them duplicating the work of one another. The market surveys are not as up-to-date and comprehensive as they should be; and, generally, they do not bring out clearly the scope for more exports. Publicity in the countries of Africa, Middle East and South East Asia is inadequate, as will be evident from the very small share of Indian goods in these countries. Even in West Europe, India is still known mainly as an exporter of traditional items. Indian tea has not made headway in many countries like Australia and Iraq, chiefly because of lack of sustained publicity. We should, therefore, make better use of the press, film, radio and television media to create a good impression of our products in foreign countries.

Trade Commissioners Should Do Better

The working of India's Commercial Representatives has often been criticised in the past. Lately, there seems to be some improvement but it is not enough. Our Trade Representatives should be more alert; there should be closer co-operation between them and the commercial organisations in India; and they should be provided with adequate staff. Recently, a report from Manila said that the Commercial Secretary of the Indian Embassy in the Philippines was unable to function effectively because the Commerce Ministry had not provided him even with a stenographer. An official trade delegation that visited Latin America in 1964 disclosed that in that continent whose annual import was about Rs. 4,000 crores, Indian Missions were functioning only in three places; and none of them had a Commercial Section. It is not surprising then that India's share in the import of Latin America is only about Rs. 17 crores. It has also been revealed that, out of India's 44 Commercial Representatives posted abroad, only 13 know the language of the country to which they are accredited; and out of these, only three are working in non-English speaking countries. All this shows that a good deal more has yet to be done before we can derive full advantage from our Commercial Representatives abroad.

World trade is expanding rapidly and the advanced countries now seem to have a better appreciation of the needs and difficulties experienced by the developing nations. The Kennedy round of negotiations, if really successful, will help to reduce the tariff barriers and also mitigate the severity of non-tariff barriers like internal taxes, quotas, mixing regulations, customs valuation procedures, anti-dumping regulations, and so on. But India can benefit from these favourable factors, only if the economy expands vigorously and production in field and factory records a continuous increase both for domestic markets.



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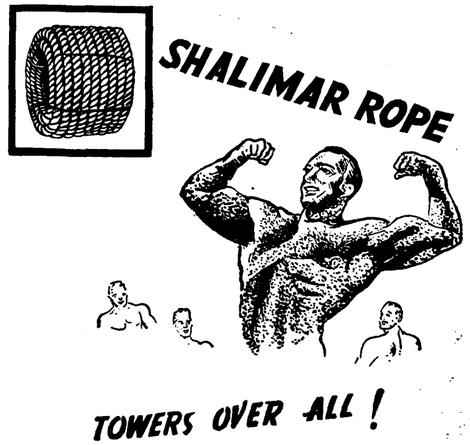

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BANKING AND MONETARY TRENDS

Cost of Credit Goes Up—Wage Bill Higher

THE main trends in the sphere of banking and money during 1964 were dearer money, greater restraints on credit, and higher operating costs. Both money supply and bank deposits, of course kept up their upward trend and the phenomenon of monetary inflation was more perceptible than in the previous years. The demand for bank credit was high, the increase in its cost notwithstanding. It is, however, doubtful whether the profits of banks were better; it would be surprising if the results for 1964 were to show, when announced, as they would be in the second and third weeks of January 1965, any pronounced increase in their profits as compared with those for 1963, which was undoubtedly the best profitable year; on the contrary, they might be a little lower. For, while banks might have earned more on a larger turnover, their outgo in the form of interest on deposits and borrowings from the Reserve Bank, and establishment charges were also on the high side.

It may be recalled that labour trouble, which had been simmering ever since the Desai Award became effective, erupted suddenly into a major dispute, which, as subsequent events clearly showed, neither the bankers nor the Government tackled in a tactful manner. A sharp rise in deposits has enabled bankers to build up their own deposit resources beyond the Rs. 2,500-crores level, but the steep rise in prices and the negotiated settlements with the employees giving better wage scales and other facilities than those allowed under the Desai Award, and the opening of 346 new branches during the first three-quarters of the year alone (preceded by 355 new branches opened during the whole of the preceding year) are bound to be reflected in higher establishment and staff costs, quite apart from the consequential rise in rent, insurance, lighting and other expenses. The increasing competition in the number and size of advertising budgets of banks must also have exerted an upward pressure. The higher liquidity ratio, effective from 16th September 1964, has forced the banks to invest almost one-third of their resources in low-yielding Government securities (quite apart from the risk of capital losses in a period of rising interest rates).

Above all, the October 1963 liberalisation in the cost and availability of Reserve Bank credit, which was hailed as a turning point in credit policy, proved to be a short-lived facility. When the rapid and substantial rise in bank credit at the most unprecedented rate took the scheduled bank borrowings from the Reserve Bank to a high of Rs. 107 crores in the first week of March 1964, the Reserve Bank suddenly got panicky and the credit policy was reversed in the middle of the busy season. Credit squeeze has remained ever since. On the eve of the current busy season, an entirely new technique of credit control, raising the cost of credit rather than restricting its availability, was introduced. Deposit interest rates were raised twice within a span of 1½ months during the 1964 slack season (though the Reserve Bank directives enforcing ceilings on very short-term deposit rates may compensate the banks to some extent). While the rates of interest on advances were substantially raised, the Reserve Bank placed a ceiling of 9 per cent on the rate that could be charged by larger banks.

Trends in Deposits

As Table I shows, between end-November of 1963 and 1964, the aggregate deposit liabilities of the scheduled banks rose by Rs. 312 crores, which was more than Rs. 100 crores higher than the rise of Rs. 207 crores in the previous year. In fact, if the growth of deposits is considered after excluding the distorting effects of P.L. 480 and P.L. 665 counterpart funds, the rise in net aggregate deposits is as large as Rs. 347 crores, as against Rs. 255 crores in the previous year.

During the first eleven months of the calendar year 1964, the rise in net aggregate deposits was of the order of Rs. 323 crores, as against a rise of Rs. 233 crores and Rs. 283 crores in the entire years 1962 and 1963, respectively. By the time this Number is in the hands of readers, the growth in deposits for the entire year will have been known. Available indications at the time of writing show that the actual growth rate in deposits will definitely exceed the peak of 14.7 per cent achieved last year.

The growth in deposits was, however, not evenly spread throughout the year: it assumed a gradual momentum from Rs. 43 crores in the first quarter of 1964 to Rs. 99 crores in the second quarter and to a grand Rs. 147 crores in the third quarter. The growth rate fell steeply during October-November to a mere Rs. 18 crores per month, largely because the refusal of banks to open new loan accounts under the pressure of the credit squeeze had forced some of the business houses to rely upon their own resources.

The pronounced shift in favour of demand deposit noted in 1963 continued during the year under review. In the first eleven months of 1964, demand deposits rose by Rs. 200 crores, as against a rise of Rs. 181 crores in the whole of 1963 and Rs. 84 crores in the whole of 1962. During the same period, time deposits (exclusive of P.L. effects) rose only by Rs. 100 crores as against a rise of Rs. 103 crores and Rs. 148 crores in the whole of 1963 and 1962, respectively. It is not possible to say whether the higher deposit rates that are being offered since October will again bring a shift in favour of time deposits, nor is it possible to indicate the extent to which highest growth of demand deposits is a statistical illusion, as a result of the change in the classification of savings deposits from time deposits to demand. If, however, the growth of demand deposits is really greater than that in time deposits, it is a welcome trend for the banks, which will be glad to have a larger proportion of their deposits at a lower cost.

Before considering the changes in deposit rates, it is necessary to refer to the still continuing confusion about P.L. counterpart deposits with the scheduled banks in India. The latest available official estimates indicate that the total amount of P.L. funds with the scheduled banks were no more than Rs. 10 crores at the end of October 1964. It is, therefore, still inexplicable how fresh arrangements could have been made for further transfers of Rs. 40 crores out of existing P.L. deposits with the State Bank of India to the Reserve Bank of India in five monthly instalments of Rs. 8 crores with effect from November 1964, as is reported in a footnote to the weekly statistical supplement to the *Reserve Bank of India Bulletin* dated 14th November 1964.

Deposit Rates

Even before the Governor of the Reserve Bank indicated in March 1964 that bankers should re-examine their interest rates on deposits in order to accelerate deposit mobilisation, some of the bankers themselves were advocating reconsideration of the structure of deposit rates but many of these were unwilling to go all the way with the advocates of higher deposit rates. Sharp differences of opinion developed amongst bankers on the efficacy and role of interest rates in the process of deposit mobilisation and their consequences on the structure of banking costs. Grudging recognition of a compelling situation came six months after the Governor's advice, when, after prolonged discussions in committees and conferences and within and between the banks, it was ultimately agreed to allow, with effect from 17th August 1964, (i) short-term deposit rates up to six months to remain unchanged, (ii) a rise of ½ per cent in term deposits between six months and three years, (iii) a rise of ½ per cent beyond three years' term deposits, and (iv) a rise of full 1 per cent beyond seven years' term deposits.

The Reserve Bank did a bit of quick and rational thinking within a little over a month of these rates becoming effective and pointed out to the bankers that the changes made by them in deposit rates were insufficient to attract deposits, that they were still paying much more than was really necessary on the very small term deposits, and that their deposit rates on the term deposits beyond three months were still not attractive. A directive was, therefore, issued by the R.B.I. on 25th September, 1964, prohibiting payment of interest on deposits for less than 14 days, fixing the ceiling rates on deposits between 15 days and 45 days at 1.25 per cent and between 46 days and 90 days at 2.50 per cent; the directive was accompanied by an informal advice that the interest rates structure beyond 91 days ought to begin with a minimum of ½ per cent per annum. It was very unfortunate that the need and wisdom of this type of reordering and rationalisation of deposit rates and of widening the unnaturally narrow spread between the very short and somewhat longer term rates was not recognised by bankers, despite some efforts made in this direction by the Bhabha Committee of the Indian Banks' Association at first and the Exchange Banks' Associations later. Anyway, the central bank's directive and the advice did not come as a surprise to the bankers, because the Governor had already given an indication of the way he was thinking at the Bombay Bankers' Dinner a clear 25 days before he acted. As the bankers had failed to take note of the hint, they deserved what they got. The net result is that deposit rates are now lower by some 0.50 per cent to 1.75 per cent for periods of less than three months, and higher by 0.25 per cent to 0.75 per cent between 91 days and one year; higher by 1 per cent between one year and seven years, by 1½ per cent beyond seven years and 1½ per cent beyond nine years.

The trend towards dearer money and higher rates has found its culmination in the 5 per cent Bank Rate effective from 26th September 1964. The 5 per cent rate is the highest so far in India since the formation of the Reserve Bank of India. As in January 1963, the ½ per cent rise in Bank Rate on this occasion also was only an adjustment to the existing pattern of interest rates. The effective rate of borrowing by the Central Government on its long-term loans had gone up earlier from 4.50 to 4.75 per cent and the average rate of central banking credit to the scheduled banks at the peak of the last busy season was only a little below 5½ per cent. The Reserve Bank Governor was opposed to any rise in Bank Rate until recently, but the mounting inflationary pressures forced his hands. The era of planning has brought about a gradual shift from cheap money to dear money, and, during this entire period, the intention behind raising the Bank Rate, on each occasion, has been to strengthen the credit restraints necessitated by the strains and stresses in the economy due either to world forces or to development expenditures.

In fact, it must be said to the credit of the monetary authorities that the increase in Bank Rate during 1964 was not merely a reflection of the renewed faith in the value of sound monetary policy: it also represented a lead to the commercial bankers to reconsider their interest rate policies and problems. It was further intended to induce economy in the use of credit and to provide incentive to save rather than to spend.

Since the Bank Rate increase, all interest rates have been gradually edging forward. Most of the local authorities' borrowings during the last three years have been made at 5 per cent. The minimum advances rate under the Inter-Bank Agreement has gone up to 7 per cent by virtue of its link with the Bank Rate, but for all practical purposes hardly any bank now lends below 7½ to 8 per cent. For line borrowers of small means, the rate might be as high as 9 per cent, and would have gone up further, had it not been for the ceiling on the advances rate of larger scheduled banks prescribed by the Reserve Bank. The smaller banks have in fact been charging as much as 10 or even 11 per cent. Moreover, apart from the rate of interest, many borrowers who found that they were unable to obtain bank credit at all, added to the demand for credit from the non-banking, unorganised sector and helped to push up the interest rates there. Thus, contrary to popular belief, even in Indian conditions, the effect of the higher Bank Rate has a perceptible impact on borrowers outside the banking sector also. The effect of dear money is more prompt and telling than that of cheap money. With the higher Bank Rate, therefore, the Reserve Bank has succeeded in bringing about tight money and dearer credit.

Credit Squeeze in Perspective

The much publicised and long-awaited liberal credit policy came on the eve of 1963-64 busy season. The purpose was to encourage industrial production and revive the confidence of investors and thereby raise the level of activity in the capital market. The mechanism was to raise the borrowing quotas of banks from the Reserve Bank from 100 to 150 per cent of the banks' statutory reserves and to reduce the cost of borrowing marginally, by allowing half the quota at Bank Rate and the balance at 6 per cent. The penal slab was abolished and additional discretionary quota was also made available at 6 per cent. At that time, banks were flush with money and their resources position was comfortable, so they did not particularly care for the relaxations so willingly given. Margin restrictions against share advances were also relaxed.

All this was done to enable banks to maintain reasonable credit supply for productive purposes. Later, however, when it became really necessary for the banks to make use of the liberal credit facilities, the Reserve Bank decided to become tight-fisted. With the progress of the 1963-64 busy season, credit expansion tended to become rather too sharp and the Reserve Bank wanted to emphasise the need for caution, particularly in view of the growing pressures on prices and the worsening supply position of agricultural commodities. When the scheduled banks' borrowings from the Reserve Bank touched an all-time peak of Rs. 107 crores as against Rs. 98 crores borrowed at the height of the previous busy season, the Reserve Bank suddenly reversed its policies and a series of credit control measures were taken. Within the system of borrowing quotas and slab lending rates, the Bank reverted to the tighter credit policy that prevailed before 30th October 1963 liberalisation. The quota was reduced to 100 per cent of the statutory reserves, 50 per cent being available at the Bank Rate of 4½ per cent and the balance at 6 per cent. Special accommodation beyond the quota was to be charged at the penal rate of 6½ per cent. Banks were further asked to bring down the level of clean advances to borrowers other than industrial borrowers. Selective controls on rice, wheat and groundnuts were re-imposed or tightened.

Despite these various measures, the scheduled banks credit showed a record expansion of Rs. 377 crores over the 1963-64 busy season, as against Rs. 203 crores in the previous season: what is more, Rs. 60 crores of this expansion took place after the imposition of credit controls. This huge expansion was financed by a Rs. 110 crores rise in net aggregate deposits (Rs. 98 crores in the previous season) in addition to liquidation of Government securities to the extent of Rs. 145 crores (Rs. 98 crores in the previous season), larger borrowings from the Reserve Bank at Rs. 43 crores (Rs. 22 crores in the previous season) and drawing down cash balances to the extent of Rs. 30 crores (as against a rise of Rs. 4 crores in the previous season.) Throughout the busy season, the money market was characterised by stringency. The call money rate not only touched the 6½ per cent level both in Bombay and Calcutta, but it ruled as high as 5¾ per cent and 5½ per cent respectively even at the end of the season.

Slack Season

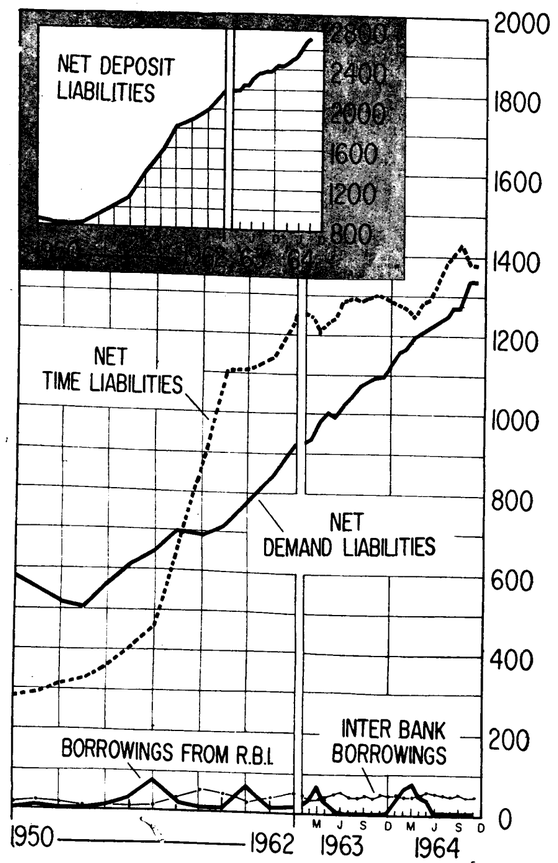
The main features of the slack season of 1964 were an inadequate contraction in bank credit, a substantial growth of deposits and a strengthening of the liquidity position of the banks. The fall in bank credit by Rs. 137 crores was larger than the fall of Rs. 121 crores in the 1963 slack season, but was much smaller in relation to the expansion of Rs. 377 crores that had taken place in the preceding (that is, 1963-64) busy season. It is interesting to note from the September-end figures that are available so far that while in the 1963 slack season both the seasonal as well as non-seasonal credit declined, in the 1964 slack season, decline in advances against seasonal commodities was partly counteracted by a rise advances against non-seasonal commodities. The result of this inadequate credit contraction was that the credit-deposit

POSITION OF SCHEDULED BANKS

(As on last Friday of the month)

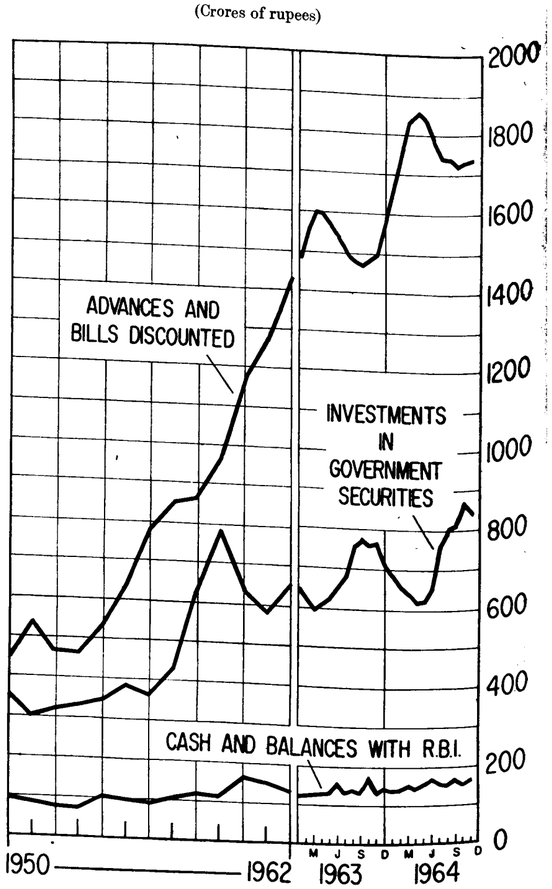
LIABILITIES

(Crores of rupees)



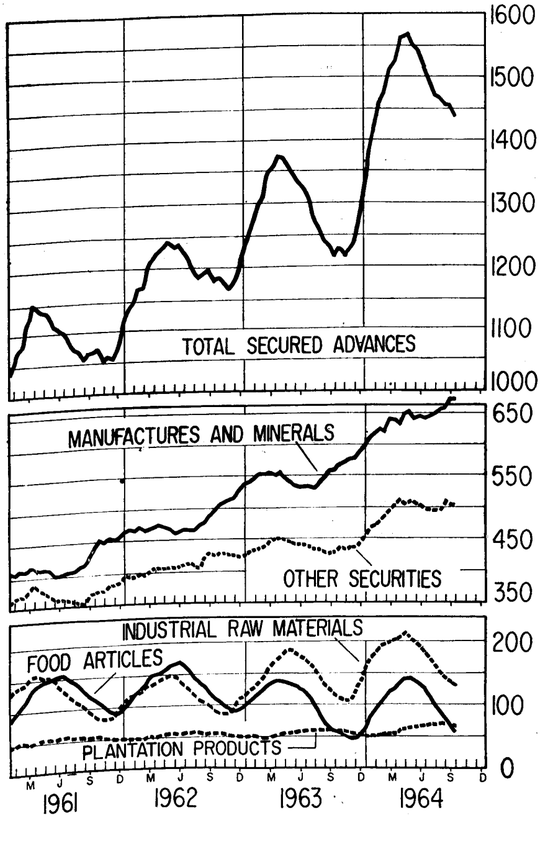
ASSETS

(Crores of rupees)



SCHEDULED BANKS' ADVANCES—SECURITY-WISE

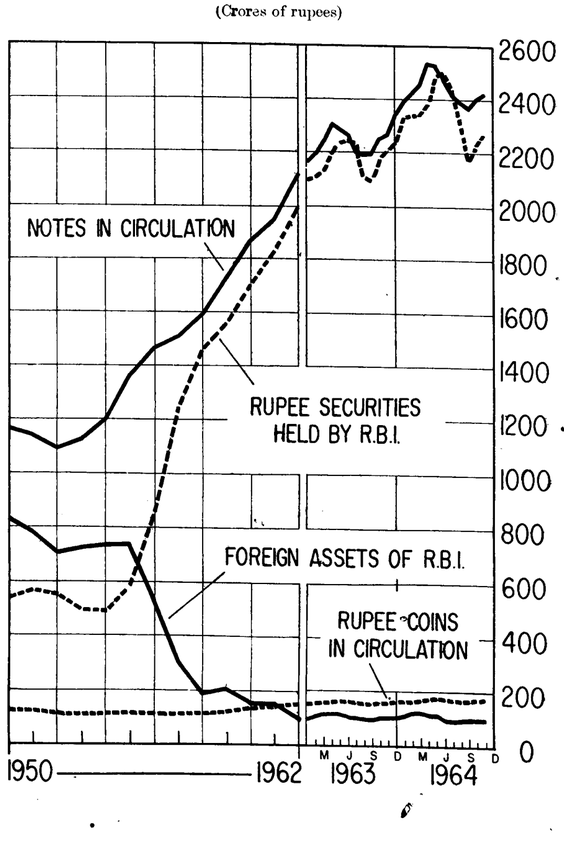
(Crores of rupees)



CURRENCY DATA

(As on last Friday of the month)

(Crores of rupees)



ratio on the eve of the 1964-65 busy season was slightly higher at 67.5 per cent, as against 67 per cent on the eve of the 1963-64 busy season.

Nevertheless, a substantial improvement took place in the resources position of the banks as a result of sharp increase in deposits. Banks were able to build up their investments in Government securities to the tune of Rs. 259 crores (as against Rs. 146 crores in the 1963 slack season), to reduce their borrowings from the Reserve Bank by Rs. 44 crores (as against Rs. 29 crores in the 1963 slack season); apart of this was, however, achieved at the cost of banks' cash reserves with the Reserve Bank, for, while the latter increased by Rs. 43 crores in 1963 slack season, they rose by only Rs. 10 crores this season. The ratio of investments in Government securities to aggregate deposits during the slack season improved from 26.5 per cent to 34.5 per cent. This was also fractionally higher than the ratio at the end of 1963 slack season; the higher ratio is to be viewed in the context not only of the higher liquidity requirements of 28 per cent with effect from 16th September 1964, but also of the revised credit control formula with effect from 26th September 1964.

Emphasis on Cost

In the context of large credit expansion by the banking system in the Government as well as in the private sector and of the rapid increase in prices, the September 1964 series of credit control measures laid a primary emphasis upon increasing the cost rather than directly restricting the *availability* of Reserve Bank credit. The lending system based on borrowing quotas and slab rates which during the four years of its currency had clearly failed to achieve its purpose of holding down the rate of interest for Government borrowing, was abolished, because it had also failed to realise in full the objectives of credit controls. The new credit control formula is based on differential interest rates related to the *net liquidity* position of the borrowing banks. Changes were also made in the selective credit conrols, and the concessional accommodation based upon advances to small-scale industries and co-operatives was discontinued.

The fact that it was necessary to modify the scope and definition of "net liquidity" several times within a period of two months is an indication of the hasty and incomplete manner in which complicated and vital decisions are taken by the Reserve Bank. Barring this defect, the new system is more *equitable* as between the banks, because it links the cost of borrowing to any particular bank with the position of its net *liquidity* and every progressive loss of liquidity tends to raise the rate of interest on borrowing, the higher rate being applicable not only to the additional borrowings on a *slab* system, but flatly to the entire amount including the amount already borrowed.

The net liquidity position of a bank is determined by the *total* of its cash, balances with the Reserve Bank, current account balances with the other banks including the State Bank of India, investments in all approved trustee securities, *less* the total of its borrowings from the Reserve Bank, State Bank and the Industrial Development Bank of India. A bank can obtain Reserve Bank accommodation at Bank Rate (i.e. 5 per cent) so long as the net liquidity position (which it will be observed, is different from its statutory *liquidity* ratio) is 28 per cent of its total of demand and time liabilities. The rate charged on the *entire* amount of Reserve Bank borrowing will be stepped up by ½ per cent for every loss of 1 per cent in net liquidity.

The revised credit control formula implies several far-reaching and fundamental changes in central banking technique and policies. The first casualty of the new formula has been the bill market scheme so patiently built up by the Reserve Bank since 1951: since all borrowings from the Reserve Bank would now depend upon a banks' holdings of Government and other approved securities, no bank would find it worthwhile to undertake the additional trouble and cost of obtaining usance bills or pro-notes from the borrowers. The bill market mechanism will be particularly unattractive for the banks, since the currency of such accommodation has also been curtailed from one year to nine months.

Secondly, although the revised credit control formula means that banks could afford to borrow much larger amounts from the Reserve Bank than was possible under the old system, they will not be able to supplement their borrowings by selling their investments as in the past: for any liquidation of investments would immediately affect the net liquidity, and raise the entire cost of borrowing. Thus, the overall resources position of the banks is no better under the net liquidity mechanism than under the older slab and quota system; but it is worse to the extent that average cost of borrowing from the Reserve Bank in order to *maintain* the same resources position would be higher. To a certain extent, the banks may be able to pass on the burden of higher costs to their borrowers, and have actually done so. The minimum advances rate for all the borrowers, except the very first class and influential ones, is now around 8 to 8½ per cent. But the larger banks' ability to pass on the burden to the borrowers in order to compensate themselves for their higher cost of borrowing has been severely restricted by the ceiling of 9 per cent in the advances rates that they can charge. In practice, therefore, the revised liquidity mechanism of credit control formula effectively regulates the availability of central bank credit also through its influence on cost. In fact, it is said, many banks have been unable to open new loan accounts; it is hardly worthwhile for them to *obtain* costlier resources for meeting the increase in the demand for credit.

Labour Unrest

The Desai Award governing the service *conditions* of bank employees, which came in 1962, was liked neither by the bankmen nor by the bankers. The employees were vociferous in their opposition, but the employers must have found that, despite their declared feelings, any revision of the Desai Award would be worse for them. Not only did they accept it fully, but requested two extensions, one of which was easily available, but the second was very reluctantly granted by the Government in the face of mounting discontent among employees. Bankers argued that the time, effort and expenditure that had gone behind Desai Award would not be worth it, if the Award were to expire so soon: but their real feelings and fears were that another Award might involve additional burdens which they might not be *able* to bear in face of the revised liquidity requirements. They were able to take the Desai Award in their stride and were willing and eager to perpetuate it as long as possible. The employees' case against the Desai Award was based upon various grounds—largely upon what they described as anomalies, defects, and inadequacies. They never got a hearing from the employers, because the bankers were able to convince the Government of the justice of their case. It was, however, the failure of the third Plan to hold the price line that torpedoed the Desai Award finally. The trend of mounting prices forced the Government to persuade the bankers to consider the genuine grievances of bank employees, even if that meant going beyond the Desai Award. In the face of an unprecedented country-wide agitation of bank employees and the consequent pressure from the Government, negotiations were begun in Delhi, and are still continuing for the purpose of evolving a mutually agreed long-term settlement on service conditions and wage scales. Meanwhile, some interim relief has been given to the employees.

Profits Squeezed

So far as the financial implications are concerned, this year's wage bill of the banks is likely to run up heavily, because the rising prices and the mutual settlement have together put up the dearness allowance payable to clerks and subordinates from 27 and 36 per cent of salary, respectively, in December 1963 to 48 and 64 per cent of salary, respectively, in December 1964. In addition, settlement of long outstanding bonus disputes by several banks and the large staff employed in the newly opened branches, as well as to meet the expansion of existing branches are also likely to affect the total wage bill substantially. The double burden of higher establishment and higher interest rates in a single year is more than can be taken in stride and all the available indications suggest that bank profits may have been squeezed to a certain extent this year. In fact, the interest burden will affect the banks from several angles. Not only have the banks' deposits and borrowings become costlier, but, on the other hand, their ability to employ funds has been severely restricted by the higher liquidity ratio and other restrictions on lending implicit in the new credit control formula of net liquidity. The margin between the average rate of interest payable by banks and the average rate earned on low-yielding investments (which will now be larger) and advances (which will now be smaller) seems to have been narrowed.

Outlook

Apart from the labour unrest and the squeeze on profits, bankers faced a number of worries and uncertainties in 1964. In March 1964, for instance, the Government of India issued instructions to all the public and semi-public authorities, organisations and corporations and directed those institutions which received Government grants or assistance in any manner to do all their banking with the State Bank of India or its subsidiaries. Secondly, while the new credit control formula was not intended to discriminate between banks, the higher liquidity position of the State Bank of India gave it an advantage over all other banks. Thirdly, technical points of interpretation have enabled the State Bank to retain all its previous three days' notice money at 3 per cent at a time when all other banks have already notified their customers that old contracts have been abrogated by the Reserve Bank directives. This would no doubt cost the State Bank more than other banks in interest charges, the cost in terms of loss of goodwill to other banks must be quite substantial. It is feared that all these factors together may add up to a *loss* of business to other banks and a gain to the State Bank of India.

There was much less talk about the competition for deposits from industrial houses this year, particularly because, with the higher rates of interest obtainable on bank deposits, the industrial houses were less attractive. There were reports, however, that since the interest rates paid by banks for deposits below three *months'* period have been reduced, the industrial houses will now concentrate in obtaining extremely *short-term* deposits at attractive rates of interest. The Reserve Bank is still busy collecting and processing information on deposits accepted by non-banking institutions under its newly acquired powers, and bankers feel that something ought to be done about regulating the conditions under which non-banking institutions accept deposits.

Bankers are now so much involved in these problems and preoccupied with their day-to-day working that they hardly find any time or inclination for the longer term problems of organisation and methods of operations. In the final analysis, the progress of the banks and their ability to meet the growing requirements of their customers depend upon their capacity to improve the speed of their operations and quality of service. This calls for a constant endeavour to modernise their operations. Further, the methods and techniques of banking have to be adapted to the needs of changing times. The State Bank of India and a couple of larger banks have begun to make some stray efforts in this direction, but, by and large, the banks lack the organisation and mechanism to undertake the immense volume of business that lies ahead. It is high time they and their associations paid some thought to this important aspect, before they are overtaken by the growth in the other sectors of the economy.

Table I: *Position of the Scheduled Banks as a Whole*
(In crores of rupees)

	In 1964			In 1963	
	27-11-1964	29-11-1963	Change in 1964	30-11-1962	Change in 1963
A. Deposits:					
(i) Demand	1,198.75	977.61	+221.14	802.38	+175.23
(ii) Time	1,335.79	1,259.28	+ 76.51	1,233.57	+ 25.71
Sub-total A	2,534.54	2,236.89	+297.65	2,035.95	+200.94
B. Funds from other sources:					
(i) Demand	73.90	62.92	+ 10.98	55.52	+ 7.40
(ii) Time	13.20	10.08	+ 3.12	11.08	— 1.00
Sub-total B	87.10	73.00	+ 14.10	66.60	+ 6.40
I. Aggregate deposit liabilities (A+B)	2,621.64	2,309.89	+311.75	2,102.55	+207.34
IA. Aggregate deposits exclusive of P.L. 480 and P.L. 665 deposits	2,535.00†	2,188.26*	+346.74	1,921.06	+254.94
II. Borrowings from Reserve Bank of India	1.31	0.71	+ 0.60	5.19	— 4.48
III. Bank credit	1,713.90	1,486.70	+227.20	1,372.61	+114.09
IV. *Ratio of III to I*	*65.32%*	*64.37%*		*65.20%*	
V. Investments in Government securities	839.26	766.97	+ 72.29	700.28	+ 66.71
VI. Ratio of V to I	32.00%	33.20%		33.30%	
VII. Cash and balances	159.43	128.61	+ 30.81	116.23	+ 12.88
VIII. *Ratio of VII to I*	*6.00%*	*5.58%*		*5.50%*	

* Revised. † Provisional and estimated.

Table II: *Position of State Bank of India and Scheduled Banks other than the State Bank of India*
(In crores of rupees)

	In 1964			In 1963	
	27-11-1964	29-11-1964	Change in 1964	30-11-1962	Change in 1963
State Bank of India:					
Deposits	666.76	593.97	+ 73.79	574.96	+ 18.01
Advances	345.48	258.47	+ 87.01	255.30	+ 3.17
Investments	289.43	307.49	— 18.06	296.95	+ 10.54
Cash	25.46	21.67	+ 3.79	20.08	+ 1.59
Other Scheduled Banks:					
Deposits	1,954.88	1,716.92	+237.96	1,527.59	+189.33
Borrowings from Reserve Bank of India	1.31	0.71	+ 0.60	5.19	— 4.48
Bank credit	1,308.42	1,228.23	+140.19	1,117.31	+110.92
Investments	549.83	459.48	+ 90.35	403.31	+ 56.17
Cash	133.96	106.94	+ 27.02	96.15	+ 10.79

Table III: *Seasonal Trends*
(In crores of rupees)

	Busy season November-April		Slack season May-October	
	1963-64	1962-63*	1964	1963*
I. (a) Demand Deposits	+ 100.4	+ 87.0	+ 119.1	+ 84.5
(b) Time Deposits	— 15.8	— 51.4	+ 91.8	+ 63.5
(c) Aggregate Deposits	+ 84.5	+ 35.6	+ 210.9	+ 148.1
II. Aggregate Deposits excluding P.L. 480 and P.L. 665 Funds	+ 109.9	+ 97.8	+ 232.6	+ 157.4
III. Borrowings from Reserve Bank of India	+ 43.2	+ 21.8	— 43.8	— 29.4
IV. Cash Position	— 29.5	+ 4.2	+ 10.3	+ 43.0
V. Investments	+ 145.4	— 97.7	+ 258.7	+ 145.6
VI. Bank Credit	+ 376.2	+ 203.3	— 137.1	— 120.9
VII. Highest/Lowest Level touched by Bank Credit	1,856.2	1,600.9	1,702.9	1,450.6
VIII. Highest/Lowest Credit Ratio	80.1%	82.0%	67.3%	65.0%
IX. Credit Deposit Ratio at the end of the period	67.5%	79.0%	67.5%	67.0%

* Some of the figures have *slightly* been revised following the revision of official figures.

Table IV: *Weighted Average Rate of Borrowings by the Scheduled Banks from the R.B.I.*

	1962-63	1963-64
	%	%
Busy season:		
November	4.31	4.57
December	5.11	4.58
January	5.18	4.70
February	5.30	4.93
March	5.70	5.42
April	5.53	5.29
Slack season:		
May	5.25	5.19
June	4.66	4.75
July	4.53	4.61
August	4.51	4.54
September	4.52	4.56
October	4.66	..

Table V: *Notes in Circulation and Money Supply*
(In crores of rupees)

Last Friday	Notes in circulation		Money supply	
	1963	1964	1963	1964
January	2,122	2,349	3,179	3,645
February	2,151	2,380	3,218	3,687
March	2,190	2,411	3,317	3,752
April	2,261	2,401	3,408	3,840
May	2,238	2,483	3,378	3,838
June	2,216	2,441	3,370	3,816
July	2,166	2,376	3,358	3,767
August	2,148	2,347	3,357	3,765
September	2,140	2,320	3,368	3,718
October	2,208	2,354	3,430	3,809
November	2,222	2,422	3,453	..
December	2,207	2,507*	3,541	..
	(2,077)	..	(3,119)	..

The figures in brackets in columns 2 and 4 refer to the position as Last Friday of December 1962.
* As of 18th December 1964.

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TREND OF MARKETS IN 1964

Frustration Overtakes Stock Exchanges

Sustained Recovery Depends On Coming Budget

BOMBAY, 22nd December

LAST year, while reviewing the Bombay Stock Exchange, we had struck a cautiously optimistic note and had said that equities were out of the doldrums. We had pointed out that the crisis of confidence which had gripped the market had seen its end and had hoped that, on balance, the year 1964 might prove to be a better one for investors. At the same time, we had expressed some misgivings, because of the renewed emphasis on socialism by the Congress Party. Unfortunately, the hopes were belied and the misgivings turned out to be correct during the year under review. Investors, much to their grief and dismay, saw the slow but sure erosion of their capital, with no likelihood of any change for the better in the foreseeable future. The crisis of confidence is now deeper than ever. The revival of optimism which had characterised the mood of the market at the end of 1963 has proved deceptive, yielding place to disillusionment caused by T.T.K.'s anti-rich fiscal policy. Speculators, bull operators to be precise, have been driven to the wall. In fact, the stock market, at the time of writing, is really *in* the doldrums. And as the year drags on to its close there is everywhere a feeling of frustration and despondency. Nothing holds out the sorry spectacle in more vivid terms than the Reserve Bank of India Index for variable dividend equities. The all-India figure (1952-53=100) had moved up from 71.9 on 7th December 1963 to 173.0 by 21st December 1963 and, although it had reacted to 172.8 a week later it was still 11 per cent higher than the end-June 1963 low of 158.1. But, by 1st February 1964 the Index was down again at 168.5. Similarly, the Bombay Regional Index rose from 165.8 in June 1963, the lowest for that year, to 180.5 on 28th December only to decline to 175.6 by the end of January 1964.

The optimistic note on which the market ended 1963 was justified by events. The Finance Minister, T.T.K., had raised high hopes by spelling out the measures with which he proposed to revitalise the capital market. The steps he announced early in December 1963 included the raising of the exemption limit both for industrial licensing and capital issues control from Rs. 10 lakhs to Rs. 25 lakhs and the removal of price control in respect of 16 commodities, principally in industrial use. The Finance Minister also suspended for the first quarter of the year the premium collections under the emergency risks insurance scheme.

However, the hopes proved to be a short-lived affair, for towards the close came a big damper in the shape of the Congress Working Committee's resolution on democratic socialism which, among other things, sought to bring about a limitation of incomes and property in private hands. Fears were also entertained that the Industrial Policy Resolution would be amended in such a way as to facilitate the rapid expansion of the public sector. On top of this came the Congress President's suggestion at Bhubaneshwar for the creation of a monopolies commission to check the growth of huge corporations. Reports that the Bonus Commission was ready with its recommendations further depressed the sentiment, the result was that, at the end of January, Tata Steel was quoted at Rs. 142.50 (low) against Rs. 147.25 (high) on 21st December 1963, Indian Iron at Rs. 24.44 against Rs. 25.25. Standard at Rs. 772 against Rs. 844, Century at Rs. 666.50 against Rs. 694.50. National Rayon had eased from Rs. 425.50 to Rs. 409.50, Telco from Rs. 295 to Rs. 285, Hindustan Motors from Rs. 19.28 to Rs. 18.48 and Scindia from Rs. 15.56 to Rs. 13.28.

Pre-Budget uncertainties did not last long and during the greater part of February the market maintained a confident tone. Besides hopes of reliefs and concessions, sentiment was strengthened by the absence of fresh taxation in the State Budgets. The curve of optimism rose steadily as reflected by the Reserve Bank of India index for Bombay which moved up from 175.1 at the beginning of February to 176.6 at the end of the first week, 178.6 at the end of the second, 180.2 at the end of the third to the highest of the year 184.3 just before the Budget. Tata Steel was then quoted at Rs. 151.75 (high), Indian Iron at Rs. 26, Century at Rs. 706.50, Standard at Rs. 814, National Rayon at Rs. 443.50, Scindia at Rs. 16.20, Hindustan Motor at Rs. 20.20, and Telco at Rs. 317.50. During the month the all-India index had moved up from 168.5 to 174.3.

The hopes which the market had placed in the Finance Minister came to nought on 29th February. Despite attractive concessions like the removal of the much criticised super profits tax, grant of a rebate of 10 per cent on income and super taxes at source from 30 per cent to 20 per cent on dividends, withdrawal of C.D.S. in respect of incomes below Rs. 15,000 and last but not least the exemption from capital gains of bonus shares issued from out of share premium accounts, Mr. Krishnamachari's Budget left behind it a feeling of disillusionment on account of the 7.5 per cent dividend tax, inclusion of bonus shares for capital gains tax, heavy excise duties on commodities like rayon coupled with the steep upgrading of gift and wealth taxes. The market which had been geared up to the anticipation of substantial relief in direct taxes plus fiscal incentives to promote investment found that the net effect of T.T.K.'s budget was adverse to the medium and big investors. Bulls liquidated their positions, while bear operators took the opportunity to hammer the market. The decline was further accentuated by the sad demise of Mr. Nehru on 27th May 1964. It is true that there had been some favourable factors during the period such as the reliefs and concessions announced by the Finance Minister on 17th April, prospects of a larger share held out to the public sector in industrial development under the fourth Five-year Plan, decision to liberalise foreign exchange to manufacturers/exporters for the import of raw materials for export-oriented industries and reports of growing American investment interest in the country. But the forces opposite to these were even more formidable. The Kashmir situation had given rise to no small apprehension and the frequent but annoying incursions on our frontier by Pakistani intruders was viewed by the market with considerable alarm. Furthermore, the net effect of the Budget for 1964-65 was distinctly bearish, as it had hurt the vital section of savers who normally invest in equities. The downward drift went on for a long time until the market registered its lowest levels of the year on 27th May —the day Mr. Nehru died—with Tata Ordinary at Rs. 142.50 (low), Indian Iron at Rs. 23.60, Century at Rs. 570, Standard at Rs. 580, Telco at Rs. 259, National Rayon at Rs. 335, and Hindustan Motors at Rs. 17.16. The All-India Index had receded from its end-February high of 174.3 to 161.4 on 30th May or, in other words, a decline of about 13 points. Incidentally, the end-May Index was just three points above the all-time low of 158.1 reached at the close of June 1963. The Bombay Regional Index had declined from its February high of 184.3 to 169.1.

The market, however, took a turn for the better during the second quarter. Sentiment was aided among other things by the coming into being of the Industrial Bank and a hint by the Finance Minister at the possible relaxation of the debt-equity ratio in suitable cases. Money was easy and then there was the hope, which springs from nowhere whenever the market is set for a rise, of fiscal incentives. Prices looked up almost until the middle of July and after a brief spell of reaction moved up again to new high levels which were just under the February-end highs. The Reserve Bank Bombay Index had moved up to 176.3 by 11th July and, after reacting to 173.7 by 25th July, improved again to 181.3 by 29th

Table I: TREND OF EQUITIES

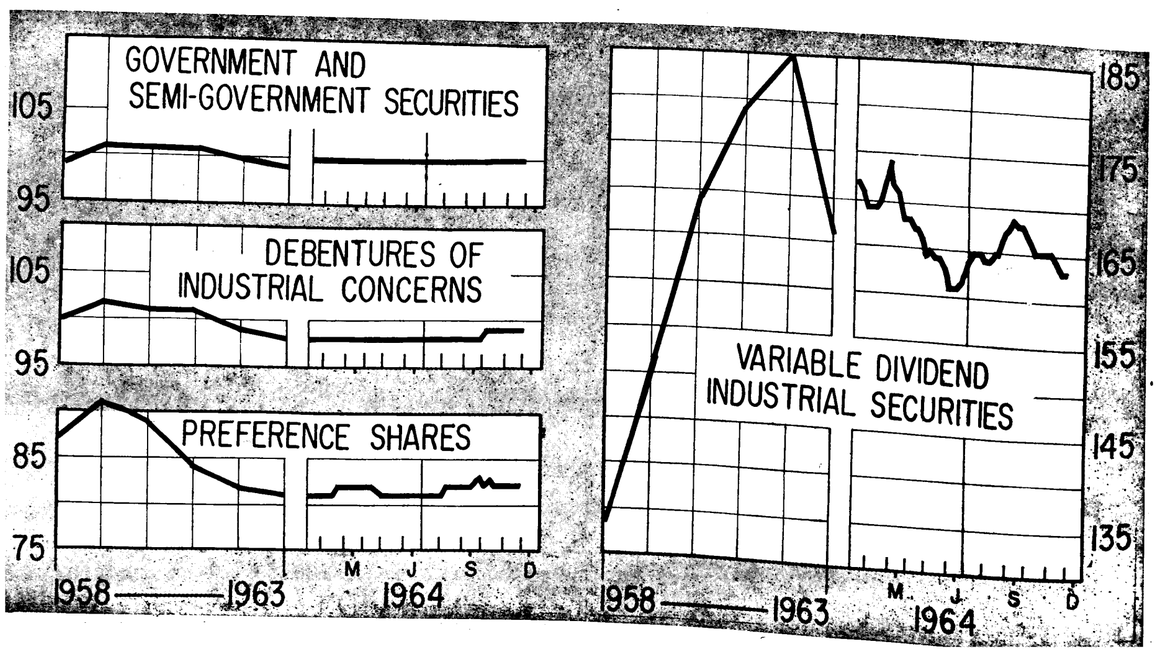
Reserve Bank's Index Numbers (Base: 1952-53=100)

	Beginning of 1964 (4-1-1964)	Latest 19-12-1964	HIGHEST 1964	HIGHEST 1963	LOWEST 1964	LOWEST 1963
Gilt-edged	100.1	99.5	100.1 (1/1)	100.1	99.5 (1/12)	98.6
Preference shares	81.3	82.0	82.8 (4/9)	82.4	80.9 (8/7)	80.2
Equities	172.2	163.0	174.3 (4/2)	176.2	160.9 (2/6)	158.1
Among Equities:						
Coal	106.7	90.3	106.7 (1/1)	118.7	90.3 (2/12)	104.0
Steel	159.5	163.4	175.8 (4/8)	161.8	155.7 (4/4)	125.8
Cement	147.2	139.4	151.7 (4/2)	151.7	138.4 (2/10)	136.8
Sugar	133.3	132.0	133.8 (2/1)	139.7	122.5 (1/6)	119.9
Textiles:						
Cotton	169.9	157.6	171.7 (4/2)	175.2	156.9 (2/6)	159.0
Jute	96.2	83.0	96.2 (1/1)	102.5	82.9 (2/12)	90.5
Silk and woollen	956.5	805.0	984.0 (4/2)	991.7	777.8 (2/12)	766.0
Paper	201.6	188.1	201.6 (1/1)	213.9	187.1 (2/12)	188.7
Chemicals*	185.4	182.5	191.6 (3/9)	185.2	178.0 (2/6)	161.4
Machinery:						
Transport equipment	345.9	298.0	355.1 (4/2)	361.2	291.8 (4/11)	310.4
Electricals	160.5	158.2	168.1 (3/9)	176.3	148.6 (1/6)	141.9
Others	233.4	222.0	236.9 (4/2)	241.5	215.5 (2/6)	210.0
Shipping and Transport	98.5	95.6	102.8 (4/2)	101.1	93.3 (1/2)	80.2
Tea	138.8	123.3	138.8 (1/1)	142.5	123.1 (3/11)	130.3
Coffee	176.7	177.2	178.9 (2/11)	177.1	160.7 (2/8)	138.7
Rubber	180.2	179.4	189.6 (1/10)	178.4	179.4 (3/12)	157.1
Electricity	98.0	96.0	98.7 (1/10)	88.5	87.4 (4/1)	82.6
Banks	212.8	217.2	217.0 (4/11)	228.2	201.7 (1/6)	199.3
Insurance	160.6	160.6	160.1 (4/6)	172.1	145.4 (4/4)	145.1

* Basic industrial. *Note*:—Figures in brackets indicate the respective week and month.

INDEX NUMBERS OF SECURITY PRICES—ALL-INDIA

(Base 1952-53=100)



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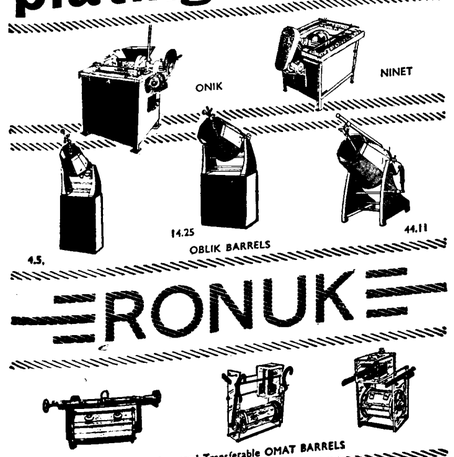

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August. The day's highs on 2nd September were as follows: Tata Ordinary Rs. 162.75, Indian Iron Rs. 27.95, Century Rs. 640.50, Standard Rs. 682, National Rayon Rs. 383, Telco Rs. 320.50, Scindia Rs. 16.36, Hindustan Motors Rs. 19.28. These were more or less the highest levels for 1964.

From September onwards, sentiment deteriorated and, for full 14 weeks or so, prices suffered a continuous fall. The continued violations of the cease-fire line by Pakistani troops on the Jammu border, publication of the Bonus Commission's report and fears of fresh labour troubles, coupled with the worsening food situation and rising living costs, created a feeling of anxiety. Equities tumbled down on continued bull liquidation and occasional hammering by bear operators. Hopes of fiscal incentives in the next budget were shattered after the Guntur session of the A.I.C.C. The resolution calling for a limit on urban property though accorded excellently with the socialistic pattern of society was viewed by the stock market with the utmost misgivings. The explosion by China of the atomic bomb came close upon food riots in Kerala. On top of this, the Prime Minister's statement, hinting at the possibility of Government establishing even some selected consumer industries, as well as his suggestion for an ordinance to bring profiteers on summary trial, worsened sentiment. No one questioned the measures against anti-social elements but the stock market took it that there was something radically wrong with the entire situation in the country. Meanwhile, there was talk of the gradual abolition of the managing agency system as well as a rise in the tax structure at State levels. Amendments to the Wealth Tax Bill caused further uneasiness. The increase in the Bank Rate here and the recent 15 per cent surcharge on imports into the United Kingdom as well as the 2 per cent rise in the Bank of England Rate acted as a drag on the market. In view of these, several good factors like Mr. Lyndon Johnson's election to the American Presidency and assurances on the part of the new Soviet rulers were lost on the market. A bad market has no use for good news. The main point is that high taxation and abnormal rise in prices of daily necessaries of life leave little for investment, and no speculator, howsoever strong, can carry the market with him unless he has the support of the general body of investors. After September, this support was just not forthcoming in adequate measure.

And so, at the end of the second week of December, one found oneself more or less in the same position as at the close of May. Tata Ordinary was quoted at the close of 12th December at Rs. 144, Indian Iron at Rs. 25.20, Scindia at Rs. 15.12, Century at Rs. 549, Standard at Rs. 579, Telco at Rs. 261.50, National Rayon at Rs. 334, and Hindustan Motors at Rs. 16.24. They were all at or around the low levels of 27th May and lower in some cases.

In the third week of December, however, a slight recovery was noticeable, creating a general impression among market circles that the bear phase, which had started early in September, had at last come to an end. At the time of writing (22nd December), Tata Ordinary has recovered a part of the earlier losses to stand at Rs. 147.50; Indian Iron is standing at Rs. 25.80, Scindia at Rs. 15.44, Century at Rs. 573, Standard at Rs. 598, Telco at Rs. 272, National Rayon at Rs. 365.50 and Hindustan Motors at Rs. 16.88. It will thus be noted that, in the last ten days, there has been a substantial recovery in active counters such as Tata Ordinary, Telco, Century, Standard and National Rayon. The rise was no doubt due to speculative activity (some fresh buying by bulls and short covering by bears) but what is more important is the factor that led to this activity. This factor is a vague feeling that the Central budget for 1964-65 will contain some relief in direct taxation. Operators are now of the opinion that the Government is convinced of the grave damage done to investment climate by the last two budgets and that it is bound to rectify the past mistakes at least to some extent. This impression—it is nothing more than that—is said to have been strengthened by the statement of Prime Minister Shastri at the meeting of the Associated Chambers of Commerce on 21st December to the effect that the Government was "giving serious attention to measures needed to revive the capital market" and that "all assistance would be given to private enterprise to help it achieve the targets assigned to it in the (memorandum on) fourth Plan." Similar optimism prevailed towards the close of 1963 also, as would be seen from the introductory paragraphs of this review. But the events in 1964 totally belied them, with equities finishing the year with sizable losses on a wide front. Will the experience of equities in 1965 be different? It can be, if the Union Minister wills it. But will he? That is the question of questions. Since he is an unpredictable person, no useful purpose would be served by trying to answer it. One's guess is as good or as bad as that of another.

Section-wise Details

Now for a brief review of the main sections of the Bombay Stock Exchange in 1964. Activity in steel shares was on the whole well maintained throughout the year. Working results of both Tata Steel and Indian Iron fulfilled the market's expectations of them. Dividends were higher, although the increase in the case of Indian Iron came in the shape of a bonus. However, there was considerable disappointment over the Government's decision to decontrol steel only partially, whereas the stock market was banking on full decontrol. Nevertheless, the statements of the Chairmen of the two companies confirmed the market's ideas of growth prospects for steel and the likelihood of further expansion helped sustain the market sentiment. The statement of Mr. J. R. D. Tata that future issues of capital would be on terms satisfactory to shareholders and that no expansion would be undertaken, unless the directors were hopeful of maintaining the dividend, was well received. Other factors which helped sustain interest in steel shares was the belief that the retention prices would include a special element to cover the repayment of loans due to the Government as well as the feeling that the Government might not insist on converting the loan into equities. It was under the influence of these factors that steel shares were bid up to higher levels—Tata Ordinary to Rs. 163.50 and Indian Iron to Rs. 28.05—mentioned earlier although they had to recede along the general line of reaction after September.

Steel shares have, however, shed their once pre-eminent position in the market and the pride of place now belongs to such counters as Telco, Century, Standard and National Rayon, as well as one or two miscellaneous scrips. These shares guided the destinies of the market for good or bad throughout the year. Century was the particular favourite of speculators and its bonus issue, together with the increase in the dividend, added much to their attraction. The shares had been bid upto a high of Rs. 709 and, after a rather sharp decline to the year's low of Rs. 549 were quoted at Rs. 573 at the close. Standard fluctuated in a wide range of Rs. 855 on the high side and Rs. 533 on the low, but there was a time in 1960 when these shares fetched Rs. 2,100 in a wild bout of gambling. The closing rate on 22nd December was Rs. 578. Kohinoor and Svadeshi were the other two active counters in the textiles section, their respective highs and lows being Rs. 344.50/308 and Rs. 270/235. Central India made a disappointing show. With dividends passed over again, the shares were done down to Rs. 93. Although exports of cotton textiles have been quite satisfactory during the first 11 months of the year at Rs. 433 million against Rs. 374 million in the corresponding period of 1963, textile shares have been on the defensive. This was because of the fact that the industry has lost its hold on nearly half its production while its costs have been rising day by day. Cotton has become difficult to obtain except at above the ceilings while prices of other raw materials, stores, dyes and chemicals have gone up, not to speak of the electricity tariff. It is therefore difficult to expect investors to put in their money on textile shares for the present.

The career of National Rayon has been as exciting as that of Century; in fact, the two of them were like twins. In June 1960, this scrip was considered cheap at Rs. 617, but, in 1963, it was friendless even at Rs. 295. After this steep decline, however, the shares moved up to Rs. 448.50, the highest for 1964, but declined in the post-Budget period to Rs. 335 and further to Rs. 326, the lowest for the year. The main factors behind this decline were the disappointment over the high excise duty on rayon yarn, the cut in export incentives, a slump in art silk market, and a long strike in the works of National Rayon. Among other rayon shares, Baroda had been taken down from Rs. 99 to Rs. 60.50 but, following satisfactory working results, the scrip made a dash to Rs. 73 during the second week of December. South India Viscose was in a bad way, and the scrip which at one time was quoted as high as Rs. 192, fell below par level early in December and closed around Rs. 103. Gwalior Rayon retreated from Rs. 47 to Rs. 36 but at the close it was mentioned at Rs. 37.25.

Among Engineerings, Telco was concerned in erratic fluctuations. Early in the year, the shares were beaten down to Rs. 276 but by Budget time they had moved up to to around Rs. 259 on 27th May. The year's lowest, however, was Rs. 254. Following the Chairman's statement hoping to maintain the equity dividend despite the right issue, the scrip moved up by 60 points to the year's highest level of Rs. 321 but retreated again to Rs. 256 *x.r.*, *x.d.* during the general decline of the market after September. Currently the scrip is quoted at Rs. 272. Voltas moved between at Rs. 270.50. Premier Construction made a recent spectacular dash to Rs. 223 from a low of Rs. 157, following the 30 per cent rise in the dividend of Hindustan Construction. It may be pointed out that Premier Construction is entirely a holding company with interests in Cooper Engineering, Walchandnagar and Scindia Steam besides holding about 99 per cent of the capital of Hindustan Construction. They have all been doing well and the surmise therefore is that Premier might come out with a higher dividend. Mention must also be made of Larsen and Toubro which has pleased investors so well by repeated issues of right shares and has now proposed a bonus scrip also for the first time. The scrip ends the year happily at Rs. 22.36. Motor shares were in a bad way with Hindustan at

(*Continued on page 214*)

YIELDS ON SELECTED CENTRAL GOVERNMENT SECURITIES

(Per cent per annum)

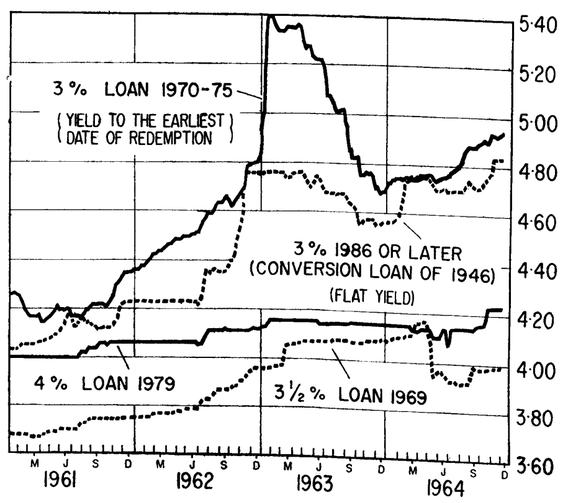

Table II—MOVEMENT OF LEADING BOMBAY COUNTERS

	Opening 2nd January 1964	Highest 1964	Highest 1963	Lowest 1964	Lowest 1963	Closing on 24th December 1964
	Rs. p.	Rs. p.	Rs. p.	Rs. p.	Rs. p.	Rs. p.
IRON AND STEEL:						
Tisco	145.00	163.50	150.25	141.00	116.50	147.50
Indian Iron	25.00	28.05	25.55	23.60	19.20	25.85
Mukand Iron	18.24	19.60	19.92	16.60	15.24xr	17.04
ENGINEERING:						
Alcock	298.00	315.00	332.00	274.00	265.00	297.00
Cooper	110.00	124.50	127.00	98.00xd	109.00	105.50
Larsen & Toubro	23.52	24.24	27.50	20.52xr	20.12xr	22.44
Hindustan Aluminium	14.00	14.12	15.00	12.00	11.84	12.48
New Standard	139.00	151.00	169.50	120.00	138.00xd	126.00
T. Maneklal	650.00	650.00	730.00	435.00	540.00xr	477.50
Telco	292.00	321.50	304.00	254.00xr	245.00	272.00
Voltas	264.00	288.00	276.50	234.00	219.00	271.50
Mahindra & Mahindra	17.48	17.52	19.00	15.48	15.60	17.00
Zenith Steel	18.52	18.88	19.00	14.00	11.52	14.60
TEXTILES:						
Bombay Dyeing	61.50	65.30	64.50	55.00	56.00	57.80
Century	677.00	709.00	698.00	549.00	467.00	579.00
Finlay	315.00	330.00	338.00	284.00	283.00	310.00
Gokak	176.00	190.50	189.00	169.00	151.00	175.00
Indu 'Defd.'	2.60	2.72	3.12	2.32	2.20	2.38
Indu 'Ordy.'	21.48	22.20	25.60	18.96	20.00	19.28
Khatau	208.75	211.25	475.00	155.00	192.50xr	166.25
Kohinoor	337.00	344.50	349.50	308.00	268.00	322.00
Mafatlal	760.00	760.00	845.00	477.50xr	652.50	505.00
Morarjee	372.00	400.00	451.00	243.00xr	355.00	247.00
Modella	14.80	14.92	16.76	11.76	12.48	12.12
Raymond	134.00	146.25	140.50	133.00	127.00	135.00
Shreemiwas	278.00	279.00	294.00	227.00	215.00	248.00
Standard	830.00	855.00	908.00	553.00	648.00	904.00
Svadeshi	252.00	270.00	265.00	235.00	224.00	264.50
Baroda Rayon	100.00	100.00	127.00	80.50	87.00	73.00
Gwalior Rayon	45.00	47.00	49.00	36.00	39.25	37.25
Indian Rayon	83.00	91.50	83.00	48.50	73.00	56.00
National Rayon	423.00	448.50	425.50	326.00xr	294.50	370.50
S. I. Viscose	145.00	145.00	157.00	99.00	119.50	105.00
CHEMICALS:						
Alembic	160.00	170.00	186.25	150.00	155.00	161.25
Amar Dye-Chem	147.50	173.75	230.00	127.50	145.00	142.50
Citric India	82.50	83.50	93.00	65.00	68.00	76.00
Camphor & Allied	97.00	97.00	109.00	80.00	81.00	81.50
Chemicoat	165.00	165.00	196.00	82.00	145.00	84.00
Colour-Chem	355.00	390.00	410.00	237.50	300.00	307.50
Dharamsi	132.50	135.00	155.00	107.50	115.00xr	120.00
Dhrangadhra	116.00	131.50	125.00	110.00	85.00	116.50
Indian Dyestuff	338.75	362.50	460.00	237.50	293.75	277.00
Polychem	135.00	162.50	156.25	91.00xr	125.00	104.00
Synthetics	107.00	109.00	162.00	66.00	103.00	72.00
Tata Chemicals	18.60	19.72	18.96	16.60	12.08	18.16
CEMENTS:						
A.C.C.	155.00	167.00	160.50	146.50	137.00	153.00
Shree Digvijay Cement	178.00	194.00	192.00	168.00	140.00	180.00
SUGAR:						
Belapur	236.50	240.00	268.00	198.00	168.00	229.50
Maharashtra	132.50	146.00	162.00	125.00	99.00xr	135.00
Walchandnagar	154.00	164.50	183.00	144.00	133.00	164.50
MISCELLANEOUS:						
B. Burmah (Old)	61.20	62.70	67.50	53.80	58.00	55.50
Br. B. Petrol	2.52	3.84	4.74	2.52	2.24	2.92
Ceat Tyres	130.00	133.75	166.25	78.00	120.00	91.00
Hindustan Motors	19.04	20.20	20.36	16.08	15.28	16.76
Hindustan Lever	38.40	42.00	47.50	27.75xd	33.50xr	28.10
Indian Copper	3.40	3.88	5.48	3.08	3.00xr	3.38
Pr. Automobiles	100.00	112.00	117.00	92.20	95.00	99.50
Pr. Construction	165.50	223.00	172.00	157.00	118.00	230.50
Permanent Magnets	160.00	160.00	225.00	95.00	127.50	104.50
Tata Oils	68.50	71.00	75.00	46.25xr	50.00	48.50
Sirpur Paper	13.76	13.76	15.40	11.00	10.76	12.88
W. Coast Paper	161.00	174.50	175.00	151.00	125.00	174.50
Wimcos	264.00	274.00	283.00	233.00	238.00	236.00
Scindias	15.48	16.60	16.20	13.28	9.76	15.68
G. E. Shipping	17.00	18.28	19.00	11.72xr	11.40	12.16

xd—Ex-dividend. cr—Cum-right. xr—Ex-right.

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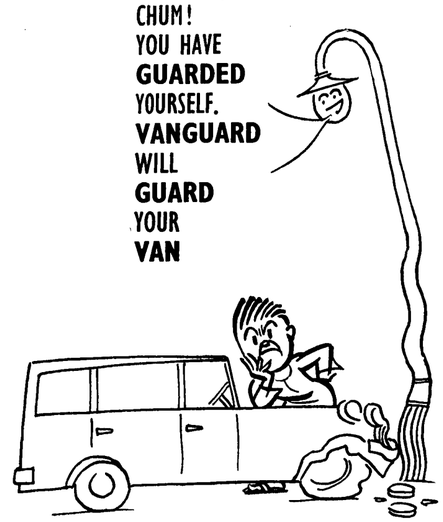

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MADRAS-1

MADRAS STOCK EXCHANGE

Investors Become Victims Of A Pincer Attack

By Messrs. Maconochie & Co., Madras

THE year that is just drawing to a close has proved to be a pernicious one for stock markets. Although subdued optimism, prompted by the pragmatic pronouncements of the Finance Minister, the policy of orderly withdrawal of price control enunciated at the close of 1963 and the prospects of a reorientation of the fiscal and monetary policies with a view to lifting the economy out of the morass, was discernible at the beginning, developments during the year have turned out to be disappointing and disheartening to such an extent that confidence in equity investments has suffered a serious setback. The bogey of nationalisation of banks reared its head again in the deliberations of the Bhubhaneshwar session of the Congress Party but was scotched, at any rate for the time being, by the firm stand of the Finance Minister. Nevertheless, the exercises on the new slogan of "Democratic Socialism" and the pet proposals of the leftist elements in the party for a ceiling on income, inherited wealth and urban property, cast a gloom. Incidentally, they gave the clue to the shape of the forthcoming Budget. Added to this, the Bonus Commission's fantastic proposals caused quite a stir. The pre-Budget period was marked by caution and, despite the ominous portents, a fond hope that the taxation proposals would be so framed as not to cause yet another jolt but to create the necessary psychological conditions for the revival of the investment market was entertained. However this was not to be.

Impact of Budget

Not only did the new taxation proposals fail to enthuse the market but they proved to be a nightmare as it were, for they were complicated in their import and it took more than a week to assess the full implications of the ingenious measures. The S.P.T. was substituted by a sur-tax which would be less rigorous in its incidence. Further, basic industries like steel, copper, aluminium, mining of coal lignite, iron ore and bauxite, industrial machinery, cement, fertilisers, paper and pulp and tea were granted tax rebate with a view to encouraging their development. Welcome as these concessions were, they were whittled down to a considerable extent by the Capital Gains Tax on bonus shares and the 7½ per cent tax on dividends declared by companies—new company dividends exempted upto 10 per cent. Of vital significance to the market were the proposals relating to personal taxation. The steep escalation of the Estate Duty, Gifts Tax and Wealth Tax rates to expropriatory levels and the re-introduction of the Kaldorean weapon of the Expenditure Tax would directly hit the entrepreneurs who have, by their savings, diligence and hard work contributed in no small measure to the industrial development of the country. Their virtual extinction in course of time would make an enormous difference to the industrial development in the private sector. It was this thought, coupled with the feeling that growth prospects would be blunted by the dividend tax and the capital gains tax on bonus shares, that unnerved the markets, notwithstanding a few concessions conferred on the corporate sector. Consequently, share prices recorded steep falls. Even the news of decontrol of a large category of steel made little impression on the price of steel shares.

In March, the Reserve Bank tightened the credit control measures by reintroducing the three-tier structure of lending rates. Although this measure was aimed at restricting bank credit to essential commodities in short supply with a view to arresting the spiralling up of prices of such commodities, the ushering in of dear money conditions naturally aggravated the post-budget debacle. Stock markets were in a state of suspended animation as the Finance Minister refused to concede any major relief in his new taxes and made it clear that only some minor refinements could be expected. The modifications he announced late in April fell far short of market expectations and, when the Finance Bill was passed on the 21st April, panicky conditions were witnessed. The Sur-Tax Bill, which was passed on the 22nd April, contained a few concessions for broadening the capital base and markets, thankful for small mercies, recorded a mild recovery. Nevertheless, the primary trend tended to be bearish.

During the major part of May, somewhat quieter conditions prevailed and trading was thin and featureless. The sudden death of our beloved Prime Minister Nehru on Wednesday, 27th May, stunned the whole world and brought about an unprecedented gloom. Stock markets remained closed for a few days as a mark of respect to the memory of the departed leader and this incidentally averted a crash in prices. Markets regained equilibrium, when they reopened and recovered the lost ground, as, by then, it was manifestly clear that the transition of power would be smooth and that Mr. Lal Bahadur Shastri—well known for his moderate views and amiable disposition—would unanimously be elected Prime Minister.

Unit Trust

In June, the Unit Trust of India (which started functioning in February this year with a paid-up capital of Rs. 5 crores) announced its Unit Scheme, under which sale of units of Rs. 10 each in multiples of ten units was commenced on 1st July. This had a favourable effect on share prices, as the funds realised found their way to the market. The relaxation of margin regulations relating to cleared securities and the declaration of a higher dividend of Rs. 12 per share by Tatas which was in accord with the expectations enabled markets to shake off their lethargy and put on a cheerful appearance. Corporate results made good reading and many companies declared increased dividends, which, with the support extended by the Unit Trust and L.I.C., sustained the morale of the market and till the end of August a steady trend was maintained.

Another Bear Phase

On the 25th September, the Bank Rate was raised from 4½ to 5 per cent and its immediate impact on share values was bearish, but, on second thoughts, it was realised that this would only bring the official rate more in alignment with the prevailing interest rates and so sentiment regained equipoise and prices recovered lost ground. The mid-October developments in the international horizon, namely, the abrupt change of leadership in the Kremlin which coincided with the explosion of a nuclear bomb by China caused a ripple in the apparently tranquil waters of the market. From then onwards, the markets entered another bear phase, thanks to a series of unfavourable factors such as, to mention only a few, the deteriorating food situation, the ever-increasing cost of living, the proposal to restrict the currency of blank transfers, the talk of gradual abolition of the Managing Agency system and the A.I.C.C.'s decision to accept the unofficial resolution for introducing ceiling on urban property. Hopes of possible tax relief in the forthcoming budget yielded place to fears of fresh imposts when the National Development Council approved the size of the fourth Plan, envisaging an overall outlay of Rs. 21,500 crores, which, if resources permitted, would be increased by Rs. 1,000 crores. The task of mobilising the resources on the scale required for a plan of this magnitude is formidable indeed. The Finance Minister has already hinted that the advance action required for implementing the fourth Plan would be reflected in the next Budget. No wonder, therefore, share values were marked down almost daily. At the time of writing, the crisis of confidence has deepened and the atmosphere towards the close has been surcharged with gloomy prospects, in sharp contrast to the subdued optimism which pervaded stock markets a year ago.

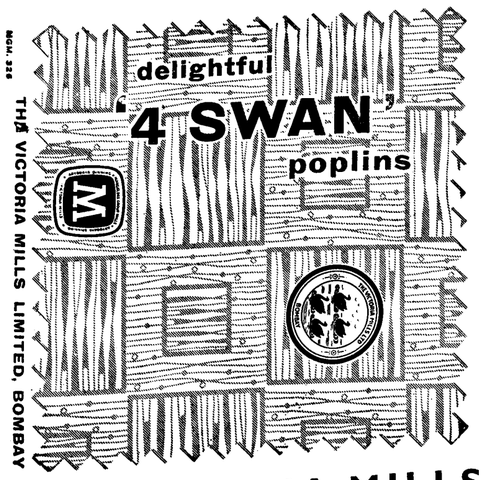
The Outlook

The economy of the country has been subjected to severe stresses and strains, as a result of the taxation and fiscal policies of the past two years. The problem of soaring prices of essential commodities is still to be tackled effectively. What with the increased cost of living, higher taxation, compulsory savings—presently in the form of annuity deposits—funds seeking investments in shares have dwindled. The concept that equities are a hedge against inflation has failed to be applicable to the Indian economic situation of today. It is paradoxical that, while under the inflationary impact, the real value of money has diminished, the value of equity shares has also depreciated heavily. The investor is thus caught within the pincers of a mounting cost of living and the daily erosion of value of his hard-earned savings invested in equity shares. Although it is accepted on all hands that steps should be taken to improve the investment climate, no concrete measures have so far been taken. What is worse, thanks to the proposed gigantic size of the fourth Plan and the resultant problem of raising the requisite resources, it is feared that the forthcoming budget would be harsher still.

The shares of new companies started in the years 1960 to 1962 have

TREND OF MADRAS SCRIPS

Shares	Opening 2-1-1964	As on 28-2-1964	Highest	Lowest	Closing 18-12-1964	Dividend paid in 1963	Dividend paid in 1964
	Rs.	Rs.	Rs.	Rs.	Rs.	%	%
BANKS							
Canara Bank	81.50	81.50*ed*	81.50	76.25	81.00	15	..
Indian Bank ..	158.50	157.00*ed*	159.00	151.00	158.00	15	7½
Indian Overseas ..	146.00	146.50*ed*	150.75	137.50	152.00	14	..
Punjab National ..	19.30	19.37*ed*	20.50	18.75	20.20*ed*	20	10
Syndicate Bank 'B' ..	18.50	18.50*ed*	19.25	17.10	19.25	20	..
ELECTRICS							
Kumbakonam	11.75	11.75	11.75	10.82	11.40	10	10
South Madras	11.05	11.10	12.35	10.97	11.95*xd*	10½	11
Tinn. Tuticorin	14.00	14.00	14.00	13.20	13.20	12	10
Vellore	15.25	15.62	15.62	14.42	15.55*cr*	14.29	15
West Coast	17.35	20.50*ed*	21.87	11.50	21.00	20	25
SUGARS							
Andhra	17.36	17.36*ed*	17.36	12.50	12.60	12	..
Cauvery	109.80	103.00	110.30	96.50	98.50*ed*	6	7
Deccan	11.88*ed*	12.10	12.65	10.60	10.60*exr*	18	18
E.I.D.	39.00	37.50*ed*	39.00	34.00	35.50	18	7½
India	10.00	10.00*ed*	10.00	8.87	8.90	8	..
Veypore	16.00	14.08	16.50	14.08	16.25*ed*	15	15
Mysore	46.75*ed*	44.65*cr*	46.75	27.75	27.75*dcr*	30	15
Travancore	7.45	7.45	8.40	6.79*xr*	6.79*xr*	5	7½
RUBBER							
Cochin Malabars ..	6.37	6.43	6.51	6.07	6.07	12	12
Kallas	6.35*ed*	5.89	6.48	5.89	6.30*ed*	30	30
Malankara	15.37	16.50	17.00	15.37	15.72	14	16
Pulangode	2.75	2.98	3.50	2.73	3.20	10	8
Rajagiri	29.46*xd*	20.75	23.00	20.46	21.80*xd*	21½	25
Teekoy	6.50	6.60	6.75	6.27	6.60	6	6
Thirumbadis	2.03	1.95*cd*	2.03	1.65	1.78	10	..
Valkundams	33.75	33.75*ed*	35.50	33.75	34.30	35	15
RUBBER AND TEA							
Kalpetta	11.50	11.90	13.25	11.50	12.55	12½	12½
Midland	11.40	11.80	11.65	10.55	10.85	8	..
T. R. & Ts.	9.83	10.37	10.45	8.25	8.10	8	..
TEA							
Devashola	24.60	24.08	31.25	24.08	30.05	15	..
Emerald Valley ..	6.30	6.10	7.35	6.10	7.00	20	20
Haileyburia	12.60	12.70	13.72	12.25	12.37	12½	..
Highland	15.50	15.60	15.70	14.45	15.65	15	15
Kalasa	4.10	4.10	4.28	4.08	4.28	15	15
Nellianpathy	3.67*xd*	3.72	5.60	3.63	5.60*cd*	15	25
Nonauch	23.75*xd*	22.57	23.75	21.70	22.50*xd*	20	20
Parkside	26.33*xd*	26.33	26.33	20.50*xd*	20.50*xd*	25	22½
Periakaramalai	3.45	3.43	3.76	3.20	3.70	15	13½
United Nilgiri	23.75	23.75*ed*	23.75	22.22	22.25	22½	18½
TEA AND COFFEE							
Blue Mountains ..	2.53	2.47	2.53	2.17*cd*	2.22*ed*	10	8
Chembra Peak	4.50	4.68	5.25	4.50	5.20	20	25
Kil Kotagiri	5.05	4.90	5.15	4.40	5.10	20	..
Neelamalai	5.20*cd*	5.02	5.20	4.65	5.15*cd*	7½	7½
Nilgiri	8.50	9.15	9.20	8.35	8.50	5	7½
Ouchterlony	4.35	4.28	4.40	3.12	3.37	6	..
Puthutotam	1.98	1.97	2.65	1.80	2.50	Nil	7
Waterfall	2.23*xd*	2.38	2.40	2.23	2.37*cd*	10	10
COFFEE							
Coffee Lands	15.74*xd*	16.12	19.00	15.62	17.50*cd*	9	12
Cons. Coffee	21.50	20.35	26.50*cd*	19.25	25.37*cd*	20	27½
Cowcoody	4.48*xd*	4.53	4.92	4.48	4.95*cd*	17½	20
Ossoors	3.50*cr*	2.65	3.50	2.35	2.85	15	15
Sheverov	2.31	2.32	2.40	2.05	2.32*cd*	6½	6½
Wartyhully	2.85	2.95	3.05	2.50	2.72	12	12
TEXTILES							
Anglo French	142.25	153.00	155.00	142.00	148.00	15	..
Bangalore Woollen ..	233.50	236.00	281.00	233.50	281.00	24	8½
Buckingham	295.50	293.00	295.00	267.00	277.00	18	8½
Cauvery Spg.	9.85	9.50	9.85	8.13	8.75	9	..
Coimbatore Cotton ..	167.00	167.00	16.25	13.50	13.50	10	10
Dhanalakshmi	216.00	216.00	170.00	151.00	170.00	15	..
Krishna Rajendra ..	57.50	57.50	216.00	182.00	183.00	12	..
Lakshmi (Rs. 50) ..	132.00	137.00	74.75	57.50	74.75	Nil	Nil
Madura	33.62	36.25*cd*	138.25	130.25	132.00	20	20
Mettur	290.00	286.00	36.75	32.55	34.90	17½	..
Radhakrishna	30.00	29.50	290.00	225.00	225.00	20	15
Rajalakshmi	97.00	98.00	30.00	26.00	27.35	10	..
S. I. Viscose	143.50	142.00	100.00	85.00	88.50	15	..
Trav. Rayon	25.75	26.35	143.50	99.00	102.00	Nil	..
			26.35	17.75	17.75	12½	..
CEMENTS							
Andhra Cements ..	9.95	10.10	10.25	9.53	9.90	9	..
Dalmia Cements ..	12.62	13.35	13.62	12.45	12.75	12	..
India Cements	5.47	5.84	5.84	5.03	5.06	9	6
Orissa Cements	15.56	13.81	15.56	11.37	11.56	10	..
Travancore Cements ..	7.50	7.30	7.50	6.50	6.53	6	..
MISCELLANEOUS							
Alum. Industries. ..	18.75	19.50	23.37	18.30	23.70	15	18
Ashok Leyland	7.30	7.25	7.38	6.50	7.25*ed*	7	9
F.A.C.T's	6.10	5.80	6.10	5.00	5.22	Nil	Nil
Indian Steel Rolling ..	9.90	9.90	10.12	9.23	9.70	9	9
Kirloskar Elec.	19.12*ed*	18.40	22.25	18.40	22.25*xdcr*	10	12½
Madras Aluminium ..	84.00	76.00	84.00	60.50	60.50	Nil	..
Madras Rubber	14.25	13.90	14.37	9.00	9.00	3.2	..
Mettur Chemical	12.70	13.65*cd*	15.00	12.20	14.25	12½	12½
Mysore Elec. Ind. ..	168.00	168.00	168.00	156.40	156.40	12	12
Mysore Paper	12.60	12.40	12.62	11.25	11.25	9	9
Parrys Confectionery ..	3.15	3.33	3.33	2.75	3.03*ed*	16	27
Rallis India	130.50*ed*	131.00*ed*	138.50	119.00	123.50	10	..
Seshasayee Paper ..	8.05	8.25	8.25	7.00	7.17	Nil	..
Spencer	22.00*xd*	22.25*cd*	22.37	21.15	21.50*cd*	18	18
Textools	146.00	145.50	156.50	128.00*xr*	128.00*xr*	12	12
Trav. Chem. Mfg. ..	18.37	18.25	19.87	18.25	20.00	20	20
United Breweries ..	33.25	33.00	33.25	23.78	22.78	6	9
W. I. Plywoods	234.00	234.00					



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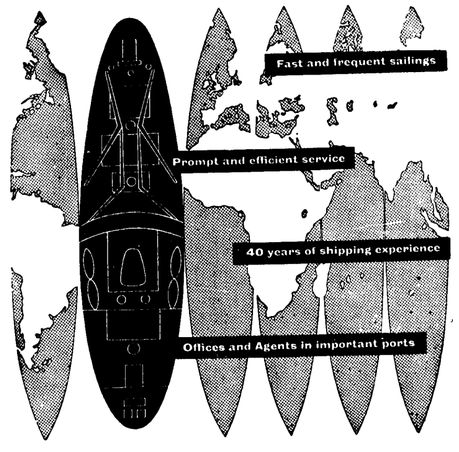

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slumped further as the progress made by them has not been upto expectations. The capital outlays in many cases have exceeded the original estimates. Prospects of payment of maiden dividend have receded further. The foreign exchange situation is far from encouraging and, with the increased imports of foodgrains, maintenance imports for industries would have to be curtailed. No wonder the capital market is depressed and even first-class new issues are not evoking worthwhile market response. More often than not, the underwriters have to play the role of undertakers. The Industrial Development Bank of India, set up in July, would no doubt aid the industrialisation of the country. All the same, it cannot bring about the revival of confidence. A healthy stock market is a *sine qua non* for a vigorous capital market. The need of the hour is to soften the rigours of those taxation measures which militate against the improvement in the investment climate and provide powerful incentives.

The situation, therefore, demands a thorough reappraisal. Will the policies continue to be motivated by ideological considerations? Or will realism be brought to bear on the solution of the economic ills afflicting the country? Perhaps, we will know the answer in the budget that will be presented in about two months from now. And in that answer will depend the future of stock exchange investments.

Government Securities

Activity was by and large confined to short-dated securities. Buying support was mostly from institutions. The 1986 Conversion Loan which started the year at Rs. 65.80 declined to Rs. 62 when the Bank Rate was increased to 5 per cent and has remained at that level since then.

Section-wise Trend

Banks: Somewhat greater attention was paid to bank shares during the year in view of the steady and reasonable return they offer coupled with comparative capital safety. The 1963 working results of banks disclosed higher earnings. In most cases, dividends were maintained and a few banks declared slightly better dividends. It is expected that, despite the increased interest offered for garnering deposits, higher establishment expenses and the pressure of the modified liquidity requirements, profits for 1964 could be maintained at a satisfactory level.

Electrics: This section noted broadening of investment enquiry, but paucity of floating stocks restricted business. The rise in the Bank Rate will benefit electricity companies and so after this announcement these shares recorded moderate all-round improvement. With the exception of Tinnevelly-Tuticorin, all the companies either repeated the dividends or stepped up the same slightly.

Sugars: The problem of rising cane prices and providing adequate cane supplies due to diversion to *gur-khandsari* production continued to beset the industry. However, sugar companies reported satisfactory earnings and distribution to shareholders was maintained. Deccan Sugars paid the final dividend of 11½ per cent on a capital increased by the issue of bonus shares. Prospects for the 1964-65 sugar season hold promise of a higher production, inasmuch as the sugarcane crop is expected to be larger than in the previous period and the industry's overall crushing capacity has expanded. The ex-factory price for 1964-65 season has been revised recently, but this has failed to meet the requirements of sugar producers. A further revision, based on cost structure and other relevant factors, would be made after the Tariff Commission submits its report. It is hoped that the price fixation would be so made as to provide incentive to boost up production. Sugar companies, therefore, can view the future with confidence.

Plantings: The shares of plantation industry attracted better attention in 1964 than in the previous years due to the uncertain outlook for industrial equities. It is common knowledge that planting shares offer a comparatively higher yield and risk of capital depreciation is rather limited. Despite increased production costs and the absence of tax relief, the general run of companies reports received during the year disclosed satisfactory working results mainly due to enhanced output. Given adequate incentives, the industry can grow from strength to strength and contribute in a larger measure to the economic advancement of the country.

Rubber: Prospects for natural rubber in India are bright considering that demand is far in excess of production. Consumption of rubber has increased at a faster rate and notwithstanding the marked growth in the total production of both natural and synthetic rubber, the shortfall is estimated to be of the order of 35,000 tonnes annually. Imports of rubber—both natural and synthetic—during the financial year 1963-64 amounted to Rs. 9.75 crores. The capacity of rubber goods manufacturing industry is expanding at a rapid pace and its requirements are said to be growing at a rate of 10,000 tonnes per annum. There is, therefore, no need to fear that synthetic rubber will imperil the prospects of natural rubber consumption and production. Rubber companies repeated their past performances and select shares such as Cochin Malabars, Pullangodes, Rajagiris and Thirumbadis continued to be popular with the investors.

Tea: During the first half of the year, South Indian production suffered a setback due to drought conditions and amounted to only 39 60 million kgs., as compared with 45.78 million kgs. upto June, 1963. For the nine months ended September, 1964, the output was of the order of 61 million kgs. against the corresponding last year's figure of about 63 million kgs. Even this shortfall of 2 million kgs. can be expected to be wiped off during the last quarter. In fact, South Indian output for 1964 is estimated at 91 million kgs., as against 89 million kgs. in 1963. The total production in India during this year is expected to be about 363 million kgs., representing an increase of about 17 million kgs. over the 1963 figure of 346 million kgs. Indian tea is encountering keen competition in world markets. All the same, with the vigorous propaganda carried on by the Tea Board in foreign countries, exports which showed a downtrend in the first half of this year, have turned to be satisfactory since June, 1964 and are expected to be higher by about 9 million kgs. at about 233 million kgs. Internal demand is steadily rising and is bound to grow still further with the increase in population and improvement in standard of living. The Government seem to have realised the need to strengthen the competitive capacity of this beverage in international markets and are likely to grant substantial relief to this basic industry which is an important foreign exchange earner.

Internal prices of quality teas have by and large been satisfactory. Investors' preference for tea shares, especially of companies producing high grown teas, was reflected in the rise in share values. Performance of tea companies was mixed, because the crop gathered by some companies whose year ended with June was lower on account of the late arrival of monsoon. Current year's prospects bid fair to be good.

Coffee: An important feature is the upward trend in production. The 1963-64 season's crop of 68,500 tonnes constitute a record in the annals of this industry. Pool payments for this season are likely to aggregate Rs. 2.59 per point which is again a record in recent times. Due to untimely and inadequate blossom showers, the estimate for 1964-65 season has tentatively been placed lower at 62,300 tonnes. Internal markets, under the impact of our expanding economy, possess tremendous scope for increased consumption. Conditions in world markets are also favourable to coffee exporting countries, owing to the serious shortfall in the Brazilian coffee crop. What is more, it does not seem likely that the Brazilian output will approach its previous level in the foreseeable future. Under the International Coffee Agreement, India has been allotted a basic quota of 21,600 tonnes. The Coffee Board has taken active steps to have this quota enhanced to at least 50,000 tonnes per annum. Further, prospects for exporting coffee to non-quota countries are reported to be reasonably bright. The industry is thus on a good wicket.

Coffee shares came in for moderate business. Most coffee companies have reported higher earnings and declared increased dividends. The market leader, Consolidated Coffees, have gathered a record crop of 4,001 tonnes for the year ended 30th June 1964 and earned a record pre-tax profit of Rs. 72,43,814. The dividend has been stepped up by 7½ per cent to 27½ per cent.

Textiles: The textile industry continued to be confronted with the problems of high cost of production and excise levies. The supply position of cotton during the 1963-64 season showed a welcome improvement. Production of cloth is still lagging behind the third Plan target. With the growing population and rising purchasing power, the demand for cotton piecegoods is bound to expand continuously in the coming years. The decline in exports is reported to have been not only arrested but the trend is stated to be distinctly upwards. At a time when the outlook appeared to be getting better, partial control on production of cloth was imposed. This statutory control is likely to fall more heavily on those mills which are exclusively or predominantly producing the controlled varieties. Buying of textile scrips in 1964 was extremely selective and was confined to popular shares such as Anglo French, Bangalore Woollens, Buckinghams, Lakshmis, Maduras and Rajalakshmis.

Excise duty on rayon yarn was increased by 50 per cent in the budget. In October, the duty on viscose rayon and filament yarn was reduced but the reduction was not upto expectations. Accumulation of stocks led to distress sales by some companies. Rayon shares went out of favour and slumped to new low levels in recent times. Unless the excise levies are substantially reduced, the travails of this industry threaten to continue.

Cements: The gap between demand and supply continued. In July the retention price was slightly increased from Rs. 77.75 to Rs. 79 per tonne. Cement companies' profits for the current year should reflect this increase. Profits of India Cements for the year ended March 1964 were higher but allocation to Development Rebate on account of the Sankandrug unit reduced the disposable surplus and so the dividend was pruned by 3 per cent to 6 per cent. Towards the close of the year, interest in cement shares waned.

Miscellaneous: Select Industrials like Aluminium Industries, Ashok Leylands, Mettur Chemicals, Indian Steel Rollings and Textools attracted investment support. The automobile tyre industry is confronted with the problem of accumulation of stocks and the newly established units are affected most. Consequently these shares suffered sharp falls. Madras Rubbers slumped to Rs. 9. Travancore Chemicals were consistently sought for and closed better.

Fixed Interest Securities: In the wake of the declining trend of equity prices, investors' preference for this type of investment grew as the year progressed. First class preference shares and debentures were avidly taken up, but, in the absence of sellers, the volume of business was not substantial.

BOMBAY STOCK EXCHANGE

(*Concluded from page* 210)

Rs. 16.92 on 17th December, against the pre-Budget peak of Rs. 20.20 and the year's low of Rs. 16.08. Premier Auto was down to Rs. 97. Tyre shares made a poor show, most of the new ones quoting below par levels. Selling in the new tyre shares began with the alarming note struck at the annual meeting by Ceat chairman regarding the outlook for the industry. His views, however, were not shared by many others in the industry. At the time of writing, Madras Rubber was quoted at Rs. 9.36, Premier at Rs. 77 and Ceat at Rs. 84, as against the year's high of Rs. 14.37, Rs. 98, and Rs. 133.75, respectively.

Cement shares were well held but the short spell of firmness in A.C.C. during the third quarter was attributed more to the shortage of floating stocks than to any encouraging news about the Company. At the time of writing, the scrip was around Rs. 152.50, comfortably above the year's lowest of Rs. 146.50 but far below the highest of Rs. 167 touched during the year. Similarly, Digvijay declined from Rs. 194 to Rs. 168 but was quoted at Rs. 177 towards the close of the year. The price pattern of sugar shares followed the general trend. Their leader, Belapur, moved between Rs. 240 and Rs. 198 to close at Rs. 223 on 22nd December. Scindia, among shippings, failed to be enthused by the favourable statement of Chairman Khatau. Earnings during the first four months of the Company's current fiscal year have been higher by Rs. 40 lakhs on the corresponding period of last year but the shares closed on 17th December just around Rs. 15.48, as compared with the year's highest level of Rs. 16.60. Great Eastern had been bid up to Rs. 18.28 but touched a low of Rs. 11.72 before closing at Rs. 12.24. Paper shares failed to attract attention apparently in view of the present excess of supply over demand.

Activity in cash shares was not up to the mark. No doubt some of the good ones in the list like Associated Bearings, Lynx Machinery, Hind. Aluminium, members of the Kirloskar group, S.L.M., T. Maneklal, Sandvik, Zenith Steel, Universal Cables, etc., were popular and well held, but, by and large, cash shares as a whole have suffered more than the forward scrips. This is true particularly of the scrips of new companies established towards the close of the second Five-year Plan and first year of the third Plan.

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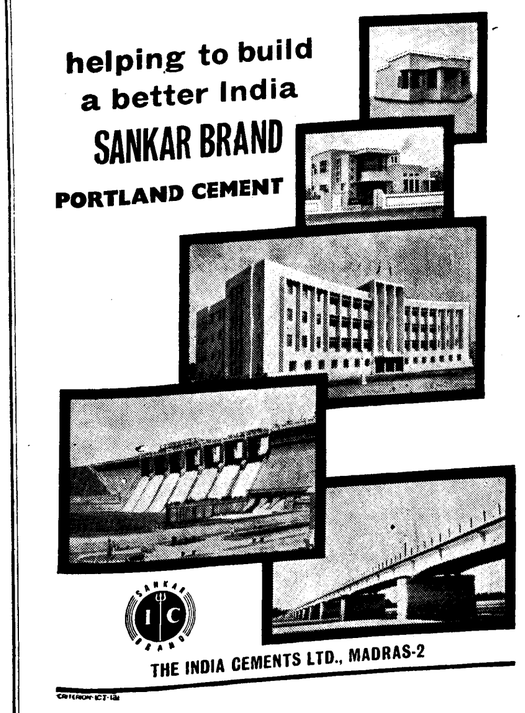

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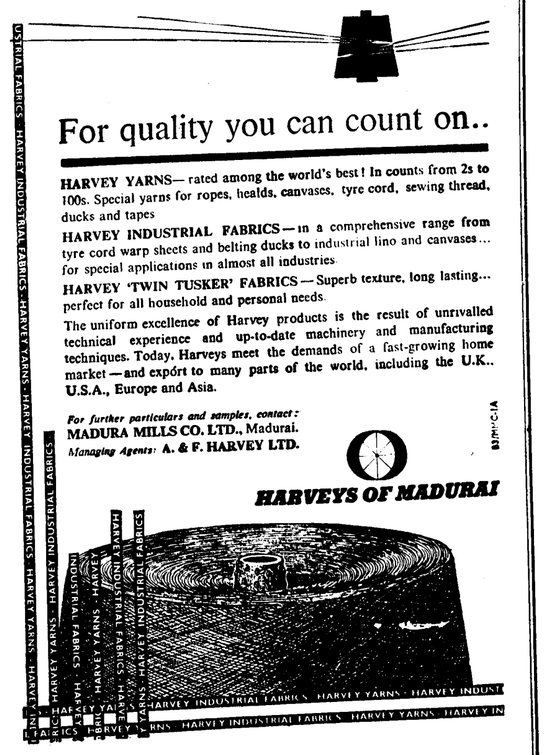


Calcutta Stock Exchange

Values Drift Downward

PERIODICAL claims on company profits from increased taxation, heavier wage bill and rise in other charges have gradually diminished the importance of stock markets in India. Investment in Government bonds and savings certificates, public utility undertakings, Unit Trust of India, and in Government-backed enterprises are preferred, since these, in most cases, carry a definite return and other advantages such as income-tax rebate and/or concession. Although the return on investment in the private sector is usually larger than that on fixed interest-bearing bonds, uncertainties are on the increase. While in times of "underemployment" inflation as at present—the liquidity preference of people is higher, a rising rate of interest does mean capital depreciation to the holder of Government bonds but capital appreciation to holders of good-yield equities. Even so, the capital market has become shy, not only has the number of public issues shrunk but the demand for underwriting such limited issues by brokers and institutional investors (such as the L.I.C., U.T.I. and investment corporations) has also meant lending a thick old-fashioned *purdah* to the already shy capital market. This is so because, with the certainty of tax increase every year, business uncertainty has developed beyond a measurable stage. Naturally, stock markets in India have become dull and insipid. Witness as on 28th December the regional index for Calcutta of the variable dividend industrial securities compiled by the Reserve Bank of India (base: 1952-53=100) was 161, which gradually declined to touch the year's low of 148.7 in the week ended 20th June. A recovery thence took the index up to 152.4 in the week ended 26th September, to be followed by a decline to 148.9 by 21st November, but looking up at 149.1 in the following week.

This is not to say that the possession of equity shares has become unattractive. Far from it. As against the return of about 6 per cent to 8 per cent on Government bonds and other fixed interest-bearing securities, several well-established joint-stock companies have announced dividends of even 20 per cent and above in the course of 1964. However, it is implyingly known that the Government does not look upon well dividends above 8 per cent or so. This is only too evident from the definition of "available surplus" in the Bonus Commission's report, accepted by the Government with modification. There is provision of only 8.5 per cent return on equity capital and 7.5 per cent in the case of banks, with 6 per cent and 5 per cent on respective reserves, respectively. That the Government does not look with favour on higher dividends is also evident from the imposition of a 7½ per cent dividend tax, 12½ per cent tax on bonus issues, and the attraction of the capital gains tax to bonus issues. That being so, although no statutory provision of dividend limitation would be envisaged (the Government would not apparently like to be confronted, as in the not distant past, with a situation to justify complaints that the Government is literally tieing the hands and legs of private entrepreneurs) the implied hint that company taxation would move up until dividends generally fall to the level of interest rates on Government bonds is what explains investors' apathy to the capital market. Despite the abolition of the super profits tax and the grant of some other concessions especially to foreign investors, tax changes in the 1964-65 budget meant a net addition to revenues by Rs. 40 crores in addition to Rs. 50 crores from the annuity deposit scheme. If a sum of Rs. 50 crores is taken from the medium-and high-salaried class, that cannot but mean the diversion of such a colossal sum from the capital market to Government coffers.

The decision of the Government of India to set up consumer goods industries is a significant pointer to the denial of funds to private industry for rehabilitation and expansion. The Bonus Commission's report glaringly rejects the industry's claim for provision of development from profits, and the Government is not at an embarrassment to reconcile with such a rejection. In view of limited expansion, consumer goods industries, which have so far been the preserve of the private sector, have failed to cope with the rising demand, and shortages have occurred. Had only the private sector been allowed a reasonable measure of freedom to plough back profits, that is, without the policy of taxing to the hilt, this state of affairs could have been prevented. The Union Minister for Industry and Heavy Engineering, Mr. T. N. Singh, recently announced that the Government was soon setting up some cement and paper plants "in view of the slow progress of these industries and the general lack of response by the private sector." The Prime Minister, Mr. Shastri, had also listed sugar, cotton textiles, and drugs and medicines as the possible fields of public sector. Blaming the private enterprise for lack of enterprise and at the same time making conditions difficult for it and then make the former as the justification for the Government to set up industries in the basic consumer goods sector is what that is being dramatised!

These were then the causes for depression on the Calcutta Stock Exchange during the year 1964, which was eventful for the rapid recession in values with exceptions.

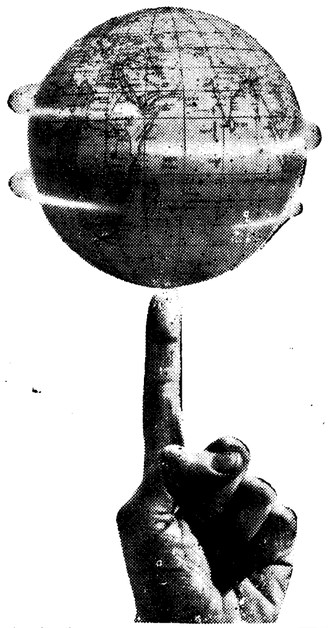
Miscellaneous Industrials

The price decontrol of sixteen commodities on the eve of 1964, coupled with the raising of exemption limit from Rs. 10 lakhs to Rs. 25 lakhs for both capital issues control and industrial licensing, and the suspension of emergency risks insurance premium for the first quarter of 1964, should have generally provided a good stimulant. But the disturbed law and order situation at Calcutta and its industrial environs led to depression in trading early in January. Soon followed the Congress's renewed emphasis on socialism and socialistic policies at the Bhubaneshwar session, as well as the vociferous demands for nationalisation of banks. The recommendations of the Bonus Commission accentuated and accelerated the easing phase. From 161 at the end of 1963, the Calcutta regional index steadily moved down to 156.9 by 8th February. Although the 1964-65 Budget was not bullish in its real, studied sense, its favourable features, including provision of specified rebates of surtax, income-tax and super-tax to certain important industries (including basic metals like steel, copper and aluminium, coal mining, cement, fertilisers, paper and pulp, tractors, industrial machinery and machine tools, tea, and equipment for generation of electricity) drew attention to Calcutta shares, leading to a recovery in the index to 159.3 by 7th March.

The next phase should be called "demoralisation," the signal for the somersault emanating from the Finance Minister's refusal to modify some of his harsh proposals such as the dividend tax, capital gains tax on bonus shares and the surtax. This stage continued up to the week ended 20th June, the index moving down to 148.7, the year's low. The cold wave, despite summer's vigour, was so fierce that it did not allow good corporate news to be effective to boost sentiment. Note was taken that new issues took refuge underwriting. Despite the disappointment caused by the I.I.S.Co. dividend falling below earlier expectations, the Company's expansion programme and the introduction of an interim dividend henceforth led to recovery during July and August. Also, Mr. Shastri's realistic approach to planning in his emphasis for revision of priorities to serve as an antidote to inflation attracted support to the existing low levels. By 12th September, the index had picked up to 152.8 Subsequently, there was the dull phase which continued till the close of the year. The sharp rise in the prices of essential commodities, the rise in interest rate, and the accentuating inflationary conditions demanded the payment of higher dividends, but the spiralling costs of production held out no prospect.

Jute Textiles

It is significant that the year's high and low of the group index for Jute Textiles were the opening and closing (latest), that is, 96.2 (week ended 4th January) and 83.5 (week ended 28th November). This demonstrates the rapid loss of enthusiasm of investors in an industry which is no mean contributor to the country's earnings of foreign exchange. It is to the credit of mills that they have been able to increase both output and exports and fulfilled the respective third Plan targets a year ahead. How-



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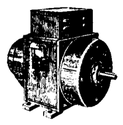

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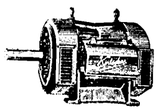

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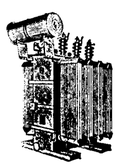

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ever, with the increase in fibre prices, labour charges and prices of mill stores, costs have risen out of proportion to the rise in prices of goods. As the year was coming to a close, the industry was threatened with labour strife as a result of difference of opinion relating to annual bonus. There was concern in the fall in sacking exports due to unfair competition by Pakistani mills, although, in view of the prolonged strike in Pakistani mills, Indian exports of sacking in October and November increased impressively. Excepting for minor breaks, the group index eased week after week and touched 83.8 in the week ended 18th July. An improvement set in then, as a result of the rise in prices of goods and, by the week ended 5th September, the index had recovered to 87.6. While Birlas went up to Rs. 38.87 from Rs. 34.44 early in the year, New Centrals declined to Rs. 9.44 from Rs. 13.19.

Teas

High taxation, lower average prices at tea auctions, and lack of adequate finance for rehabilitation and expansion all led to falling interest in Tea shares. Despite increased production, there were no signs of a rise in internal consumption of tea, and this was evident from the fact that tea was one of the few consumer goods, which failed to participate in this year's spiralling price trend. The group index for the week ended 28th December 1963 was 139.9, and, excepting small ups, the trend was throughout a falling one to reach the year's low at 123.1 in the week ended 21st November. The possibility of the Government's acceptance of the tea Finance Committee's recommendations, which would provide the industry with a development allowance, should have normally meant an atmosphere of cheer. With the proposed formation of a Tea Finance Corporation, an answer would be found to the prolonged problem of finding medium- and long-term finance.

Coals

Coal is another important industry the fortunes of which received commanding attention on the Stock Exchange. The group index was at its high for the year at 106.7 in the week ended 4th January (107 for the week ended 28th December 1963) and at its low, which is the latest available, that is, 91.1 for the week ended 28th November. The grant of an increase in the price of good quality coal was small satisfaction for an industry which was disappointed with the volume of consumption as against growing accumulation of pit-head stocks. Bengal Coal experienced a gradual fall to Rs. 230 from Rs. 270, since the dividend for 1963 was only 16 per cent, as against 19 per cent in 1962 and 21 per cent in 1961. The Government's decision to cut the production of coking coal meant general weakness.

Engineerings

The Steel index had the distinction of touching the year's high of 175.8 in the week ended 29th August, as compared with the opening of 159.5 in the week ended 4th January or the 1963 closing of 161.2 in the week ended 28th December. The latest index of 160.9 for the week ended 28th November was thus higher on balance by 1.4. The year's low of 155.7 was noted during the week ended 25th April. Indian Irons were at Rs. 25.82 as at mid-December, as compared with Rs. 24.86 early in the year. The scrip had risen to Rs. 26.82 as at the end of August and moved down to Rs. 23.90 in April. Rising production, talks of further expansion, despite increased costs and discouraging dividend, and disappointment on partial decontrol of steel led Indian Irons to tread a different path as contra-distinguished with the general trend.

Generally, other engineering scrips also did well, considering the general trend. Paucity of basic metals and other essential imported raw materials meant under-utilisation of capacity. However, shortage of electricity did not cause difficulties as in 1963, although some restrictions continued to be in force.

Cements and Sugars

The Cement index touched the year's high of 150.2 in the week ended 7th March, after being lower at 147.2 in the week ended 4th January. For the rest of the year, the movement had been zigzag, the week ended 28th November witnessing a low of 138.9. Growth prospects for this industry provided some grips from the general slippery phase. The check for the move-down was even stronger in the case of Sugars as evidenced in the group index for the week ended 28th November (latest) of 131.8 being so close to 133.3 in the week ended 4th January and also to 134.2 in the week ended 28th December 1963. The year's low of 122.5 was touched in the week ended 6th June.

The year is coming to a close with neither optimism nor pessimism ! It is an anomalous situation that, despite the generally rising trend of industrial activity, the capital market has become a place of dread. The ills would require a closer examination by both the Government and the industry. They also need methods by which a sense of mutual trust is rebuilt.

BULLION: SILVER SOARS TO A NEW PEAK

Trading in the bullion market during the calendar year 1964 was highlighted by remarkable strength in silver which soared to a new all-time peak of Rs. 269 per kilo or Rs. 313.65 per 100 tolas. Gold prices, too (both of primary gold and the 14-carat variety) were firm, despite the Government's gold control policy. Pure gold was bid up to Rs. 129 per 10 grams (Rs. 150.41 per tola) against its rate of Rs. 105 before the promulgation of Gold Control Rules. Unlike in the previous year, 14-carat gold displayed a higher trend and at one time gained as much as Rs. 12.75 to Rs. 72.75 during the year. Over the year, ready silver at Rs. 266, was Rs. 15.50 higher, pure gold, at Rs. 114, showed a gain of Rs. 12. 14-carat gold appreciated from Rs. 60 to Rs. 68.50 and sovereign improved from Rs. 85 to Rs. 91 per coin.

Paucity of stocks and a free market explained the strength in silver. But fluctuations were erratic. Before the end of January itself, the price reached the year's highest level of Rs. 269. Heavy arrivals from Nepal and of Tibetan coins at Kanpur receded the price to Rs. 254 by 11th February. But this setback was short-lived, as strong upcountry 'demand pulled up the price to its original level. the next three months saw a gradual recession, thanks to a larger inflow of the metal into the market and on 13th June the price dropped further to Rs. 242.50 on reported sale of 250 bars by a prominent industrialist. Southern demand and the entry of two local refineries for buying raw silver pushed up the price to Rs. 261 by the end of the first week of August. Upcountry offerings kept the price a few points lower in the next two months, but the firm trend reasserted itself during *Divali* and after.

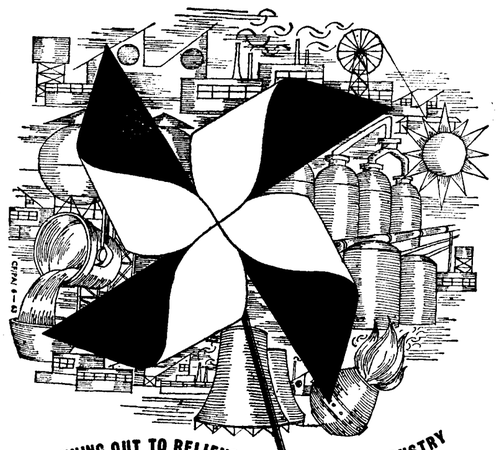
Fears of a stiffer wealth tax and estate duty in the budget kept gold subdued till February. But subsequently on unofficial buying, the price rose to Rs. 122 from the year's opening of Rs. 102. The highest level of Rs. 129 was reached on 22nd June. In September, because of the Enforcement Directorate's raids on houses of film stars and businessmen, the price slumped to Rs. 106 to recover later to Rs. 114. Fourteen-carat gold displayed a firm trend, though demand for jewellery made from this gold remained unencouraging. The price rose in stages to Rs. 72.75 by the middle of August from Rs. 60 at the start of the year. In September, it dropped to Rs. 64.50, but later recovered to Rs. 68.50.

Sovereign rose from Rs. 85 to Rs. 93.50 by the middle of August, dropped to Rs. 90.50 in September, and was later steady around Rs. 91.

Since its licence to conduct forward trading was not renewed after it expired in the first week of October 1963 and since its efforts to convince the Government to allow it to resume futures trading failed, the Bombay Bullion Association Ltd. decided, during the year under review, to sell its main building in order to meet its heavy debts.

COAL RESERVES IN MAHARASHTRA

The Indian Bureau of Mines has just established the workability of five rich coal seams in the Kamptee coalfield, 12 miles north of Nagpur city in Maharashtra. Detailed investigations have indicated the existence of 705 million tonnes of coal (including 226.5 million tonnes of proved reserves) in a small area of 31 sq. kilometres. Of the five coal seams, the bottom two are of very superior grade (Grades I and II) and can be utilised as a source of loco fuel. They alone are estimated to exceed 100 million tonnes. The comparatively inferior (Grade III and lower) seams found in the upper portions offer can be used for power generation, gasification and synthetic liquid fuel preparation. The coal reserves are spread over five district coal horizons, whose lateral extent has been proved over a length of eight kilometres and down to a maximum depth of 450 metres. The new coal seams are expected to extend beyond the areas established so far.



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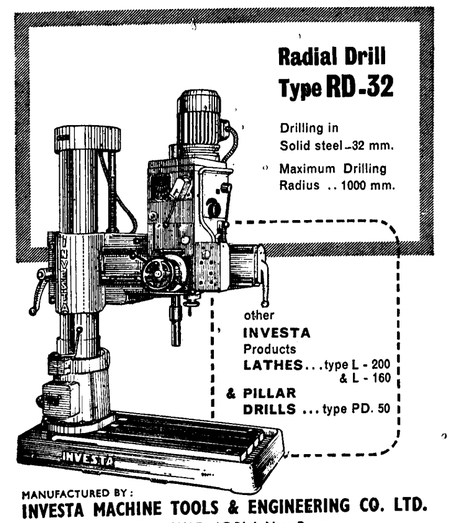

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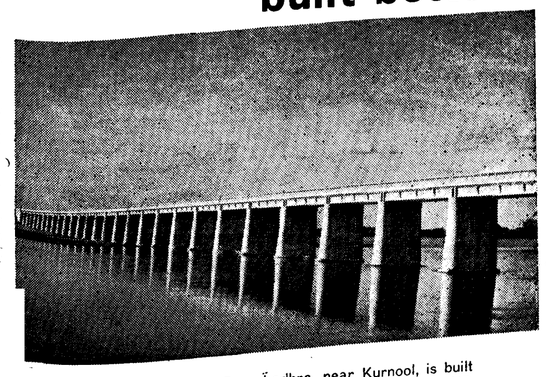

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COTTON NO EXCEPTION TO RISE IN PRICES

CURRENT SEASON'S CROP BELOW PLAN TARGET

WHEN rise in prices has come to be a prominent, though an evil, feature of our Five-year Plans, cotton has shown that, in spite of sufficient supply in the past few seasons, it need be no exception to the general trend. Indeed, raw cotton prices during most part of the 1962-63 season (September-August) and also the 1963-64 season ruled at or above the ceiling rates, despite commercial production striking a new high of 5.77 million bales (of 400 lbs. or 180 kgs.) in 1962-63 and 6.13 million bales in 1963-64, and closely approximating the Plan target of 5.78 million bales and 6.18 million bales for the two years, respectively. Apart from the higher outturn, the total available supply, despite progressively lower imports, increased from 7.7 million bales to 8.25 million bales in 1962-63 and further to 8.93 million bales in 1963-64. Again, after meeting all requirements, the carryover surplus improved from 1.63 million bales to 2.24 million bales in 1962-63 and further to 2.52 million bales in 1963-64. The statistics of production, distribution and surplus would naturally indicate a fall in prices. In point of fact, the price behaviour has been none too different in the recent years of record production and satisfactory supply. The reasons are many: primarily, (*a*) weather uncertainties and the absence of machinery to determine precisely their good or bad effects on the size of the crop, (*b*) inflationary psychology and the speculative tendency to cash in on the scarcity mania, (*c*) relatively limited increases in the growth of the choicest varieties, (*d*) poor marketing arrangements, (*e*) rising mill consumption and the tendency on the part of mills to grab what is going only at that time when the arrivals fail to correspond to the size of the growth, (*f*) the Government's policy (i) of incentives and price support and (ii) to delay import announcements, and (*g*) the evil nature of prices not to beat a retreat from an advanced point except in conditions of a glut in the market.

Within the first four months of the current season (1964-65), spot rates pierced the ceiling levels—in the case of choicest varieties by as much as Rs. 150 to Rs. 200 per candy—and the futures I.C.C. Jarilla 25/32" March 1965 contract commanded an unofficial premium of Rs. 4-6 over the non-

Balance-sheet of Cotton
(In '000 bales of 400 lbs./180 kgs.)

	1963-64	1962-63
Supply :		
Stock (beginning of season) :		
Indian cotton	1,956	1,390
Foreign cotton	212	242
Commercial production ..	6,130	5,765
Imports	630	851
Total supply ..	8,928	8,248
Distribution :		
Indian cotton :		
Estimated exports	280	334
Mill consumption	5,475	4,790
Foreign cotton consumption ..	605	881
Total distribution ..	6,360	6,005
Stocks :		
Indian	2,281	1,956
Foreign	242	287
Total stocks ..	2,523	2,243

delivery period ceiling of Rs. 775 per three quintals, after trading came to a standstill from about the middle of December. The spurt in prices was attributed to (i) trade estimate of a same size crop as in the last season, that is, around 6.15 million bales, (ii) slow movement of the early crop, and (iii) delay in the announcement of import quotas. The price situation caused serious concern to the Government and mills, and their representatives, at a meeting with those of growers and the trade in Bombay on 17th December, jointly agreed that survey of cotton sold above the basic ceiling prices should be reintroduced. They also agreed to introduce the system of fixing definite dates for ginning and/or pressing, depending upon the movement of different varieties of cotton in the areas concerned. At the meeting, the Government representatives made it clear that, if these measures were unable to restore "normal market conditions within a reasonable time," requisitioning of cotton by the Textile Commissioner at different points, including stocks with the mills, could not be ruled out. This meant good-bye to fully free marketability in cotton, permitted last season for the first time in recent years because of a record crop.

The present trade estimate of the current season's crop at 6.15 million bales, unlike in the previous two seasons, falls considerably short of the 1964-65 Plan target of 6.63 million bales. Recent experience has been that the trade figure around this time of the season has been an underestimate. It may well be, therefore, that the 1964-65 actual production may turn out to be 100,000 bales higher and constitute a new record of, say, 6.25 million bales. But even then, the achievement would be unimpressive against the Plan target. The official thinking seems to be that the crop would show no improvement over the last season's actual. It was possibly in anticipation of this that, at the start of the season, the Government

Mill Consumption of Cotton
(In '000 bales of 180 kgs.)

	Indian	Foreign	Total
1963 :			
September	447	54	501
October	441	53	494
November	450	55	505
December	472	54	526
1964 :			
January	473	51	524
February	436	46	482
March	479	51	530
April	470	50	521
May	432	46	478
June	420	44	464
July	482	51	534
August	473	50	523
Total (1963-64) ..	5,475	605	6,082
1962-63	4,790	881	5,671
1961-62	4,709	978	5,687
1960-61	4,246	1,127	5,373
1959-60	4,419	686	5,105

committed itself to licence imports of a sizable quantity of 950,000 bales. Actual arrivals during the season are expected to total 750,000 bales, 120,000 bales more than in the last season. The total availability, including the carry-over from 1963-64 and imports, is likely to be 9.50 million bales, as against 8.93 million bales a year before. After allowing 6.50 million bales (including 700,000 bales of foreign cotton) for mill consumption and after meeting other requirements, the surplus to be carried over is likely to be higher at 2.64 million bales, as compared with the 2.52 million bales brought in from the last season. The statistical position is thus strong. But all the same, mills are today finding it hard to procure cotton at the ceiling levels and, indeed, those in Kanpur have threatened to close down unless the Government gets them cotton at fair prices. Lately, with the announcement of the season's first import quota of 214,000 bales on a global basis on 7th December, more particularly after the cotton interests' joint decision to reintroduce compulsory survey, spot prices have dropped 50 points in some cases. But the crux of the problem is the shortfall in production target after two seasons of satisfactory outturn.

There is every reason now to attribute the recent satisfactory seasons (actually, the turn for the better was noticed from 1961-62, but it was only in 1962-63 and 1963-64 that the production approximated the Plan targets) to favourable weather than to any significant improvement in the yield. At the 90th meeting of the Indian Central Cotton Committee held in Bombay on 19th September 1964, the President of the Committee, Mr. A. D. Pandit, reverted to "production and yield" as the theme of his speech. He said :

"There has been some slight improvement for the last three years in respect of cotton yields. We have not yet been in a position to say that that improvement is due to the application of science and technology to cotton. I would grant that you have evolved varieties, the plant breeders have done a good job, we have replaced *desi* and short-staple cottons by medium and long staple cotton, but, as far as the yields are concerned, I am not able to say yet that the somewhat improved performance of the last three years has been due to something that either agronomists or the extension workers have done. We have to thank only the good seasons for the good performance. We know that seasonal factors can exercise a much greater influence than of the order of two or three per cent (improvement noticed in production), and here we have a large acreage under unirrigated cottons. The agronomists and soil scientists here have to join hands to prove that it is possible to get something of the order of 200 or 300 lbs. lint per acre even under those conditions. If application of fertilisers is not possible because of inadequate water resources, we must find how we can conserve moisture in the soil. If it is not possible to take successive crops of cotton in a particular soil on account of lack of moisture, we must find a rotation crop which will make it possible to take a crop of 200 to 300 lbs. per acre, so as to restore the moisture conditions and the fertility of the soil. But I would urge again that our scientists should direct their attention to the specific problems, instead of adopting the classical attitude of research for the sake of research."

As noted at the outset and as is evident from the foregoing table, the supply position during the 1963-64 season was extremely satisfactory. This is more satisfying because the improvement in the total availability was due to a larger surplus obtained from the previous season and a considerable increase in the 1963-64 season's crop to a record level of 6.13 million bales. Imports, on the other hand, were again kept low; the actual arrivals being 630,000 bales, as against 851,000 bales in 1962-63 and 855,000 bales in 1961-62. The season closed with a larger surplus of 2.52 million bales, as compared with 2.24 million bales in 1962-63.

The official estimate put the crop, however, at 5.49 million bales, barely 2.2 per cent over 5.37 million bales in the previous season. The acreage under cultivation increased by a meagre 0.9 per cent from 19.38 million acres to 19.57 million acres, as against the rise of 3.3 per cent noted in the previous season. But the yield per acre, which had improved from 93 lbs. to 106 lbs. in 1962-63, edged forward to 110 lbs. in 1963-64. But the figure is far too low as compared with what is obtaining in some of the cotton producing countries, for instance 500 lbs. in the United States.

Mill consumption, which had receded slightly from 5.68 million bales to 5.67 million bales in 1962-63, rose considerably to 6.08 million bales during 1963-64. The total comprised 5.47 million bales of indigenous cotton and 605,000 bales of imported cotton, as against 4.79 million bales of Indian cotton and 881,000 bales of foreign cotton in the previous season. The whole of the increase in mill consumption, it will be seen, is accounted for by Indian cotton thanks to the season's larger crop. In view of the improved supply position, the Government relaxed the stricter cotton control and announced a liberal policy for the 1963-64 season. The floor prices of cotton, for instance, were raised by Rs. 100 per candy. Further, the mills were permitted to buy 100 per cent of their requirements of Indian cotton based on their 1961-62 consumption. And the Compulsory Quality Survey and Supervision Scheme was discontinued. It was only in the case of Digvijay 'A' cotton that the Government had to restrict movement and purchase towards the end of January, because its prices pierced the ceiling. In sympathy with this cotton, the other varieties were also marked up, but the action in connection with the rise in price of Digvijay 'A' had a salutary effect and the premia commanded by the other varieties dropped subsequently. The restriction on Digvijay 'A' was removed in April.

In spite of a bigger Bengal *Deshi* crop of 567,000 bales in 1963-64 as compared with 431,000 bales in the preceding season and in spite of free licensing of its exports, the total exports declined from 335,612 bales to 266,709 bales, because of (i) larger consumption of Bengal *Deshi* by mills for supplying the Defence orders and (ii) delay on the part of the Government in following Pakistan's action to abolish the export duty on this variety of cotton. It was only on 31st August that the Government notified its decision to abolish the export duty of Rs. 25 per bale on Bengal *Deshi*. The major buyer of Indian cotton was, as usual, Japan.

Despite expectations of a bumper crop, spot prices remained pretty high right from the start of the season. The cold wave in January and the extraordinary situation in regard to the availability of Digvijay 'A' cotton imparted further strength to all other

Exports of Indian Cotton
(In bales of 180 kgs.)

Countries	1963-64	1962-63
United Kingdom ..	5,666	4,637
Continent	29,140	27,386
Hong Kong	10,108	11,014
Japan	200,902	277,002
U.S.A.	18,515	14,076
Other Countries ..	2,378	1,517
Total ..	266,709	335,612

Import of Foreign Cotton
(In bales of 180 kgs.)

Description	1963-64	1962-63
American	249,762	400,992
Sudan	126,192	161,420
Egyptian	103,178	139,206
East African	76,431	67,889
Pakistan	4	51,913
Other sorts	11,797	16,472
Total ..	627,364	837,892

varieties of cotton. Deficiency of good quality cotton was yet another factor contributing to the price rise. And even after action was taken in connection with Digvijay 'A' cotton, prices ruled generally around the ceiling levels. Large-scale purchases by mills particularly when arrivals dropped and reduced arrivals of foreign cotton helped the prices to maintain a firm trend during most part of the season.

Out of the three futures contracts, March ruled firm on speculative buying prompted by fears of delayed P.L. 480 allocation and a downward revision of the season's crop and ended its career at the ceiling rate of Rs. 798, May was rigged up earlier from Rs. 716 to Rs. 770.25 but retreated to Rs. 735 in the wake of a fair assessment of the crop, and August finished at Rs. 784.75, less than 14 points below the ceiling of Rs. 798, after a five-day suspension of trading on a payment crisis created by bulls routing bears following the F.M.C.'s levying a margin of Rs. 75 per bale on 30th July to stem the speculative rise in the price. The March contract attracted tenders of 7,150 bales, the May contract of 1,650 bales and the August contract of 36,150 bales. The extraordinarily large figure of tenders against the August contract was the result of bull-bear tussle.

For a variety of reasons listed at the outset, cotton prices have shown no noticeable decline in spite of successive increases in the indigenous crop and more and more comfortable supply position. This trend must be reversed and the only way to reverse it is creating a glut in the market, a situation unlikely to be reached in the foreseeable future. There is a yawning gap of 2.35-2.85 million bales to fill between now and the fourth Plan, if the tentative cotton piecegoods target of 11,200 million yards is to be attained by 1970-71. Considering the rate at which cotton production is progressing in the country, the prospects are clear for anyone to see.

Price Movement of Indian Cotton
(In rupees per three quintals)

	Ceiling (1964-65)	Dec. 1964 (third week)	29-8-64	15-6-64	31-3-64	4-1-64	Dec. 1963 (third week)	4-9-63
Spot rates :								
Moglai Jarilla 25/32"	798	798	798	798	798	798	798	768
Kandesh 28/32"	897	897	897	897	897	897	858	858
Buri American 29/32"	981	981	981	975	978	968	960	910
Cambodia (A) 1-1/32"	1,245	1,245	1,245	1,245	1,245	1,245	1,245	1,200
L 147 31/32"	1,065	1,065	1,065	1,065	1,065	1,053	1,045	1,020
Bengal Fine	690	690	630	625	624	640	628	640
Futures :								
Moglai Jarilla	775	775	735	730	744	723	729	704

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Oilseeds Prices Spurt To Unprecedented Levels

TRADING in the Bombay oilseeds market during 1964 was notable for the unprecedented levels to which prices rose under the lead of groundnuts, eluding the efforts of the Forward Markets Commission and the Government to hold prices in check. The harvest of groundnuts was considerably larger than in 1963, being estimated at 37 lakh tonnes, as against the final outturn of 32 lakh tonnes in 1963, in terms of kernels (that is, 70 per cent of nuts in shell); yet this could not stop prices from soaring high. The Government banned the exports of vegetable oils in the hope of inducing a downward trend in prices; but prices did not recede. The Forward Markets Commission came out with various physical measures such as ceilings, margins, double margins and the abolition of exemption limits. The market did not oblige. The Government negotiated for imports of soyabean oil from the United States under P.L. 480, in order that the augmented supply position of all edible oils might make the market behave. Even then the market maintained its high levels, ignoring every single measure calculated to help maintain the price levels at a moderate level. This, however, is not to suggest that these measures were by themselves unnecessary or unwarranted. They were certainly conceived in the best of faith, but it was a pity that they failed to bring about the desired results. Maybe it was a case of right things done at the wrong time or wrong things done at the right time. Or it may be that they were not adequate. As we reach the year's close, we find the futures market at a standstill, spot prices virtually out of control and goods unable to find except at the prices asked for by sellers. In the process of the market's journey to its record high levels, bull operators were utterly routed and either fled the market having burned their fingers or turned bears to hammer the market with a vengeance. At the end, there was a payments crisis. This was the tragedy of oilseeds in the year of grace 1964.

Price Pattern

The price pattern at the beginning of the year was as follows: Groundnut oil Rs. 17.75 per 10 kg., castor oil commercial Rs. 13.60, B.S.S. Rs. 14.30, linseed oil Rs. 15.50, cottonseed oil Rs. 16.40, groundnut expeller cakes Rs. 385 per tonne, deoiled cake (extractions) Rs. 370 ready, Rs. 360 January and Rs. 352 February, linseed cake Rs. 390, groundnuts January Rs. 222.25 per 250 kg., April Rs. 227.50, castor March Rs. 164.62, June Rs. 167.75, cottonseed January Rs. 95, April Rs. 100, linseed March Rs. 36 and June Rs. 37.06. In the spot section, groundnuts ready Khandesh were quoted at Rs. 46.50 per 50 kg., Nizam Bold at Rs. 45.62, Karad Bold at Rs. 44.75, Kanpur Bold at Rs. 44.62, castor Madras small at Rs. 32.62, Kanpur Bold at Rs. 31.82, linseed at Rs. 37.50 and cottonseeds at Rs. 20.90.

These levels were extremely satisfactory. There is no sanctity as such of any level of prices but the prices which prevailed at the beginning of the year were agreed on all hands as harmless. Then began the process of production figures losing their grip on the markets and exports having no bearing on price trends. And ultimately it developed into a crisis of confidence from which the market was suffering as the curtain rang down on the year. On 1st June, groundnuts Nizam Bold was quoted at Rs. 58.50, Khandesh at Rs. 60, Karad at Rs. 57.50, Kanpur at Rs. 56.75, castor Madras small at Rs. 34.25, Kanpur at Rs. 33, linseed at Rs. 42.50, groundnut oil at Rs. 22.75, castor commercial oil at Rs. 13.50, B.S.S. at Rs. 14.40, linseed oil at Rs. 18 and cottonseed oil at Rs. 20.80. On the same day, groundnut expeller cakes had moved up to Rs. 467, extractions to Rs. 405, linseed cake to Rs. 425 and cottonseed cake to Rs. 325. But the end of the same month, the market had scaled further high levels with Nizam Bold at Rs. 62.25, Coromondel at Rs. 63.25, Karad Bold at Rs. 63, Kanpur at Rs. 60.50, castor Madras at Rs. 36, Kanpur Bold at Rs. 35, linseed at Rs. 47.25, groundnut oil at Rs. 24.75, castor commercial oil at Rs. 15, B.S.S. at Rs. 15.50, linseed oil at Rs. 19.25 and cottonseed oil at Rs. 22.60.

Meanwhile, lots of things had happened in the spot section. The groundnuts January 1964 contract which had opened on 17th October 1963 at Rs. 218.25 dropped to its lowest level of Rs. 212 on 18th November but went off the board on 28th January at Rs. 236 which was its ceiling. The April contract which had started its career on 19th November at Rs. 218.50—about the lowest point—went up to touch Rs. 241, its ceiling. There was in addition a penalty of Rs. 5. The July contract came on board on 23rd March at Rs. 235.87 and touched its ceiling on 14th May. Thereafter, trading was virtually at a standstill. The trade and the Government engaged in a wrangling bout each blaming the other for the rise in prices. The trade maintained that the price pattern was guided by the forces of supply and demand; the Government argued that the rise was due to speculation. Then, from 1st June forward trading in groundnuts, groundnut oil and cake was ordered to be closed down.

Exports

While much might be said on both sides, the trade and the Government, the fact remained that exports of groundnut oil were extremely good. Exports of groundnut oil, seeds and cakes in the fiscal year 1963-64 were of the order of 10.37 lakh tonnes, fetching Rs. 49.00 crores in foreign exchange, out of the total exports of all oils and oilseeds of 11.58 lakh tonnes valued at Rs. 58.01 crores. The single item to earn the largest amount of foreign exchange was defatted groundnut meal, its exact share in 1963-64 exports being Rs. 30.47 crores. The role played by groundnut cake and groundnut oil in the exports is obvious. A hue and cry went up that these exports were responsible for the rise in prices and that to export oil to overseas countries depriving domestic consumers of their needs of fat except at abnormally inflated prices was condemnable as a policy. In fact, it was the Government that had encouraged exports of oil by means of incentives and, unable to face the Frankenstein it had created for itself, it banned the exports of vegetable oils effective 11th July. There was no futures trading in groundnuts September contract.

By the middle of September, however, spot prices had touched all-time highs. Coromondel had shot up to Rs. 77 per 50 kgs., Karad Bold to Rs. 75 and Kanpur to Rs. 74. Groundnut oil advanced to Rs. 3,300 a tonne on 14th September and it was said that unofficial deals were put through at prices even higher than this. In sympathy with groundnuts, castor Madras small moved up to Rs. 40.25 and Kanpur Bold to Rs. 39.25. Groundnut expeller cake touched a record high level of Rs. 515 and the deoiled meal (extractions) advanced to Rs. 447. Castor, however, had to see its highest level yet. Its highest for the season was Rs. 43, touched towards the end of the year. The following were around the highest for the year. Linseed Rs. 57 per 50 kg., groundnuts Rs. 80, cottonseeds Rs. 27, groundnut oil cake Rs. 515, per tonne, deoiled meal (extractions) Rs. 458, linseed oil Rs. 23.50 per 10 kg., castor oil commercial Rs. 18.50, B.S.S. Rs. 19.25, linseed cake Rs. 500 and undecorticated cotton cake Rs. 450.

Then another hue and cry went up and this time it was a clamour for permission to trade in new crop groundnuts futures. The arguments advanced in favour of the resumption of futures were the familiar ones. The new crop, a larger one, could not be marketed without hedge facilities and it would be anomalous to ban forward trading in groundnuts when trading was allowed in castor and linseeds. The Government was inclined to yield and this set off talks between the Exchange, on the one hand, and the Forward Markets Commission, on the other. The divergence of opinion between them as to the terms and conditions of the new crop groundnuts contract was rather wide. When, ultimately, permission did come from the Government it was realised that, while ceilings had been given up, trading had been subject to regulatory measures involving special margins if the rate touched Rs. 100 per 100 kg. in the case of groundnuts and Rs. 20 per 10 kg. for groundnut oil. Of course, there were exemption limits.

Groundnuts

Groundnuts January (1965) contract opened for trading on 7th October at around Rs. 94.60 per 50 kg. The market was subdued for a time and it was thought it would now behave itself. Meanwhile, much to the disappointment of everyone and general condemnation by the country, the Governments of Gujarat and Uttar Pradesh had taken what was termed as unconscionable the decision to ban the exports of groundnuts and groundnut oil from their States. The ban on the part of he Gujarat Government was viewed with particular anxiety, for the State harvests about one-third of the total crop of the country. It is this ban that had created an alarm in the market following which prices rose to all-time highs which has already been discussed earlier in this article. Protests followed, but the State Government appeared immovable. However, the ban was partially lifted later, in that while exports of oil were allowed to move out of the State, seeds were held back. At the time of writing, the ban on exports of groundnuts from Gujarat is still in existence.

It is common knowledge that Bombay depends mostly on Gujarat for its requirements of groundnuts for use by millers and *vanaspati* manufacturers. Arrivals have been satisfactory from inside Maharashtra, Mysore and Madras, but these are not sufficient to meet the needs of the city. With supplies far short of demand, it was only natural that groundnuts should shoot up and this is exactly what has happened. The January (1965) contract crossed the first line of margin easily in the last week of November itself. The Exchange, under instructions from the Forward Markets Commission, introduced the system of double margins on 24th November. According to this, bulls pay a margin of Rs. 10,000 per 25 tonnes if the rate were to cross Rs. 103. Furthermore, the exemption limits were removed. But bulls were undaunted. Trading came to a standstill, for the contract shot up to beyond the limits of fluctuation which is Rs. 2.40 in a week. At the time of writing the contract is unofficially traded at around Rs. 109 but it had shot up to as high as Rs. 111. On 14th December, the F.M.C. fixed a maximum price of Rs. 110 per quintal for groundnuts January and Rs. 22 per 10 kg. for oil. Outstanding positions in January were squared up unofficially at Rs. 110.50.

Neither the Government nor the Forward Markets Commission seems to be in a position to do anything. It is difficult to understand why exports of H.P.S. groundnuts should have been allowed when the need of the hour was to hold the price line. Exporters had already committed sizably and it was they who were gobbling the limited stocks in the market.

Exports of groundnuts deoiled cake (extractions) have been well maintained, thanks to the keen interest taken by communist countries. However, there were reports that they were reselling Indian oil in third party ports but we had better not discuss the subject here. Our traditional buyers—the United Kingdom and Continental countries—had been shying away from the Indian market but towards the close of the year inquiries from them broadened. Prices of extractions, as already discussed, rose to record high levels in sympathy with groundnuts. Trade estimates for exports during 1964 are for a total of one million tonnes earning about Rs. 38 crores in the shape of foreign exchange on f.o.b. basis or Rs. 45 crores on c.i.f. basis. Exports during 1965 are expected to be even better and again trade estimates are for a figure of 1.25 million tonnes fetching Rs. 50 crores. Larger exports are apparently facilitated by a bumper crop of groundnuts. Almost every member of the communist bloc has been a buyer of Indian groundnuts deoiled meal and it is believed that, during 1965, Russia would be buying substantially larger quantities. The estimated figure is 2.5 lakh tonnes valued at over Rs. 12 crores.

It is natural that in view of these favourable factors prices here should tend to look up. A desperate drive for exports and lower domestic prices are in consistent with each other. The trade feels that permission had better been given for futures trading in groundnuts expeller cakes at various centres, in order to enable exporters of groundnut deoiled cake to provide themselves with hedging facilities through the medium of expeller cakes. At present, they are forced to take recourse to hedging either in groundnuts or groundnut oil futures which hardly provide a genuine or reliable hedge against sales of groundnuts deoiled cakes.

Castorseeds

The fortunes of castor closely followed those of groundnuts. In fact, other seeds contented themselves with accepting the lead of groundnuts. Here, too, the story was one of chasing the prices and getting frustrated in the end. Let us take, for example, the September contract for castorseed. Trading in this commenced on 21st May 1964 at Rs. 175 per 250 kg. The contract touched its lowest level of Rs. 174.25 within the first few days of trading. Thereafter, the market maintained a consistently upward trend touching its highest level of Rs. 181.50 on 23rd June. The Forward Markets Commission took a serious view of the rising trend and of the heavy long positions built up by bull operators. The outstanding position was put at 1.5 lakh tonnes and the Commission prevailed upon the Exchange to take remedial measures. The result of this was the imposition of a ceiling of Rs. 181.50 on the September contract. No business could be transacted above this level. Officially, trading came to an end, but, in the kerb, the contract was being bid up to Rs. 185. The continued firmness increased the fears of the authorities. Bulls too got a little

Table I: *Exports of Seeds, Oils and Cakes*

(Quantity in tonnes and value in lakhs of rupees)

	January-September 1964		January-September 1963	
	Quantity	Value	Quantity	Value
Vegetable oils :				
Groundnut oil	43,052	5,73	62,833	9,15
Castor oil	19,231	2,86	32,438	4,42
Linseed oil	1,070	13	234	4
Mustard oil	175	5	158	4
Hydrogenated groundnut oil (*vanaspati*)	1,963	32	3,010	44
Oilcakes and meal :				
Defatted groundnut meal	634,594	24,76	548,670	21,85
Groundnut cakes	10,086	37	31,680	1,24
Linseed cakes	11,024	40	16,920	61
Cotton seed cakes	61,136	1,96	50,470	1,70
Oilseeds :				
H.P.S. groundnut	34,133	3,74	29,850	2,89

Table II: *Price Trends at a Glance*

	16-12-64	High	Low	20-12-63	Net rise or fall
	Rs. p.	Rs. p.	Rs. p.	Rs. p.	Rs. p.
Groundnut :					
Futures	276.25*	276.25*	212.00	221.37	+54.88
Nizam bold	62.50	75.00	45.50	45.00	+17.50
Oil ex-mill ready	24.50	33.00	17.85	17.80	+ 6.70
Castorseed :					
Futures	190.00*	190.00*	174.25	166.50	+33.50
Ready Madras	42.75	42.75	32.62	32.87	+ 9.68
Oil commercial ready	18.15	18.80	13.60	13.80	+ 4.35
Linseed :					
Futures	45.00*	45.00*	36.31	37.06	+ 7.94
Bold ready	62.00	62.00	37.25	38.00	+24.00
Oil ready	25.75	25.75	15.20	15.80	+ 9.95
Cotton seed :					
Futures	116.75	117.00	94.00	101.00	+15.75
Berar ready	27.00	27.00	20.60	20.75	+ 6.25

N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms. * Nominal.

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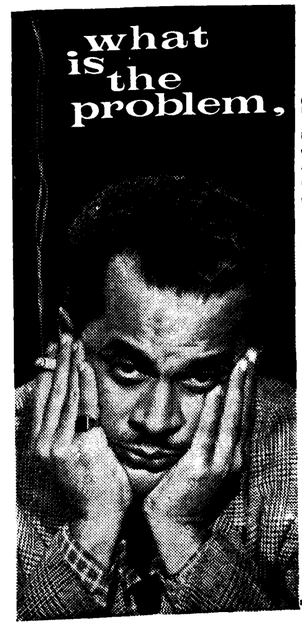

nervous and agreed to square up their outstanding positions at a price of Rs. 183, lest their stubbornness might lead to a crisis similar to the one which the cotton market had just passed through. No tenders were issued for delivery against the contract.

The case of the March 1965 contract was identical with that of September. The Exchange, under instructions from the Forward Markets Commission, imposed a ceiling of Rs. 190 in the last week of November 1964 but the contract flared up to as high as Rs. 197 in the kerb in the first week of December. Ultimately, the outstanding positions were squared up at Rs. 192.50 by mutual agreement between members and in linseeds March at Rs. 46.25. Apart from the rise being induced by the conditions in the groundnuts section, the factors governing price movements in castor were anything but conducive to bearishness. The outturn has been stagnant for almost 17 years but domestic consumption has been increasing and there is a good export market. During the current season, about 32,000 tonnes of oil have already been exported which mean an equivalent of 80,000 tonnes of castor beans. Domestic requirements are estimated at 50,000 to 60,000 tonnes (in terms of beans) a year. Estimates of castor crop vary rather widely. Government sources put the outturn at 100,600 tonnes (beans), while one section of the trade places it at 125,000 to 130,000 tonnes. Even taking the trade figures to be correct, the gap between demand and supply seems a narrow one. The new crop is still a long way off, there being still three months for its arrival in the market. Attempts at any estimate of the new crop are premature. How can castor help being expensive in these circumstances?

Linseed

Futures of linseed remained untraded for long periods, for the contracts used to cross the ceilings soon after the start of trading. The facts about linseed itself did not warrant the spurt in it, but sentiment was induced by the firmness in groundnuts and castor. Exports of linseed oil have been extremely difficult, in view of the disparity in rates, but the decline in the outturn of rapeseed and mustard seeds also induced a firm trend in linseed. Output of linseed during the current season is placed at about 4.5 lakh tonnes, as against 3.85 lakh tonnes in 1963-64. The outlook for linseed is difficult to forecast, but, given normal conditions, prices should be moderate. Rivalry from Argentina and Brazil is so keen that the chances of our exporting linseed oil to overseas markets are absolutely bleak. But much also depends upon the trend in mustard oil which had risen during the year under review to as high as Rs. 4,000 a tonne in Uttar Pradesh and Rs. 5,000 in West Bengal.

Cottonseeds

The trend in cottonseeds was guided by the conditions in the cotton market. With cotton quoting above the ceilings and futures at a standstill, having touched their operational ceilings, the outlook for cottonseeds can be anything but bearish. The January cottonseeds contract is also at around its ceiling of Rs. 118. It would not be a surprise, if, by the time these lines appear in print, trading here comes to a standstill. There is considerable anxiety on the part of cottonseed crushers about the future. Exports are almost out of the question on account of price disparity, while, in the meantime, the Government's ban on the use of solvent extracted oils in the manufacture of *vanaspati* has delivered another blow. The cottonseed crushing industry maintains that it was brought into being on the implicit understanding that cottonseed oil would be bought by *vanaspati* manufacturers and point out that, unless the policy is reversed, crushers will have to close their units. A representation on behalf of crushers is understood to have been made to the Government, but so far the Government does not seem to have done anything in the matter.

The year 1964 is ending amidst feelings of uncertainty, anxiety and apprehension in the oils and oilseeds market. Several factors have contributed to bringing the market to the present impasse, with futures trading practically at a standstill. It is agreed on all hands that farmers would not have been keeping back oilseeds but for the support and encouragement of co-operative societies. The Government is blamed for not taking the societies to task. Furthermore, the foodgrains policy of the Government has driven hoards of traders into other commodity markets, including the oils and seeds. These elements are wealthy enough to speculate in a big way and know no other field like industry or administration. Therefore they have brought their resources, estimated at more than Rs. 500 crores, into cotton, oilseeds, spices and other commodity markets to build up heavy long positions. Another point on which the Government is being criticised is its inability to stop the State Governments from following their chauvinistic policy by restricting the movement of grains and oilseeds from their respective States. The policy of the Gujarat Government and, to a lesser extent, of the Uttar Pradesh Government, in this connection, has played great havoc. This raises a fundamental question. Has the Centre no voice with the States even in matters affecting the economy of the entire nation? The outlook for the current year depends on the extent to which the Government of India pursues a realistic policy in economic matters and wields a strong hand in its relation with the State Governments. Knowledgeable sources feel that, in view of the large-scale deficit financing which the Government will necessarily have to undertake in the next busy season, the chances are remote for a fall in prices. But these sources also feel that prices could be held in check, if the Government fixes spot prices for groundnut oil at ports and main consuming centres like Bombay, Calcutta, Madras and Delhi, at levels not exceeding Rs. 2,000 a tonne. The maximum prices for groundnut oil which these sources suggest are Rs. 2,200 per tonne in the main consuming centres and Rs. 2,000 at producing centres. It is further said that exports of H.P.S. should be banned forthwith, and that the question of oil exports need not be revived. These sources are also very critical of the export incentives schemes. In addition to these, they suggest that a ceiling of 6 lakh tonnes a year be placed on the exports of groundnuts deoiled cake, on the ground of the need for preserving extractions for the cattle wealth of our country. These measures, if taken, would have a salutary effect on prices, they say.

The latest reports from reliable sources indicate that the Government of India is worried about the present state of the oilseeds market and has under contemplation some measures for bringing down prices. Besides banning the export of H.P.S. groundnuts and fixing a ceiling on those of deoiled cake, the Government might also ban the export of sesamum cakes, mustard cakes and linseed and copra cakes. It is also likely that regionwise export quotas will be introduced and steps taken towards the removal of the incentives for some of the items, if not all.

At the time of writing, talks are said to be going on between the Forward Markets Commission and the Exchange with regard to the start of futures trading in groundnuts and groundnut oil April contracts. With the fate of the running contracts being what it is, one wonders whether any real purpose would be served by allowing trading in the April contract. It is, however, believed that the Bombay Oilseeds Exchange is in favour of tightening restrictions in order that the present unhappy experience might not be repeated. The Exchange is said to favour the removal of exemption limits, while allowing the limit of weekly fluctuations to continue to be Rs. 2.40. A new proposal said to be under consideration is the introduction of deposits at each and every transaction, purchase or sale, at a rate varying from Rs. 2 to Rs. 5 per candy. Automatic clearings are also suggested at a difference of Rs. 5 in fluctuations. These proposals, however, are in the preliminary stage and have to go through another meeting of the Exchange before being presented to the Forward Markets Commission.

INDUSTRIAL RESEARCH DEVELOPMENT

Foreign exchange worth Rs. 1.8 crore is estimated to have been saved during the year 1963-64 by the use of the know-how provided by the National Development Corporation of India, as against Rs. 1.30 crore in the previous year, according to the tenth annual report of the Corporation for the year ended 31st March 1964. Thirty-three inventions were reported for development by 16 research institutes and individuals, bring the total number of inventions to 681. Of these, 280 were dropped or withdrawn, leaving 401 effective inventions in hand.

The accounts of the Corporation show a deficit of Rs. 1.90 lakh. Deficit during the year 1962-63 amounted to Rs. 3.10 lakhs. The reduction in the deficit is the direct result of increased royalty receipts, reduced expenditure on developmental work other than that of capital nature and reduced expenditure on administration during the year under review. Even this deficit will have no significance, says the report, when due consideration is given to the object of the Corporation. The Corporation is enjoined to develop and exploit the patents and inventions of C.S.I.R., Government departments, universities, research institutions and individuals in the public interest but at the same time is required to try to pay its way. These two obligations may not be readily be reconciled. Some deficit, therefore, is more or less natural.

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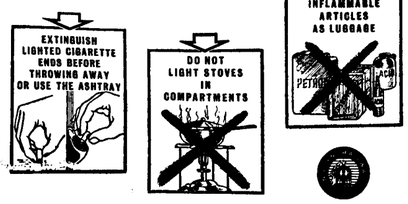

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The Story Of Their Growth

THE year 1964 has been one of the poorest year for the country's food economy, resulting in an abrupt rise in prices. The rise actually started from the second quarter of 1963. The index number of wholesale price (Base 1952-53) for rice rose from 110 in March 1963 to 117 in April, reaching 132 in October, due to the poor crop in 1962-63 and the resultant reduction in market arrivals. The wheat prices, which should have declined during this period because of the arrival of new crop, did not do so, because the crop was substantially lean. After remaining constant at 88 upto June 1963, the index of wheat prices started rising thereafter and reached 94 in October. On the whole, the index for cereals rose from 102 in March to 119 in October 1963.

With the arrival of the new rice crop in November 1963, the index for rice took a downward trend and stood at 120 in January 1964. But wheat prices went on increasing at a still faster rate, under the influence of decline in market arrivals the index reaching 112 in January 1964, nullifying the effect of decline in rice prices. The index for cereals thus remained almost unchanged during this period. In the following two months—February and March—the price levels advanced both for rice and wheat, and the index for cereals rose from 118 in January 1964 to 123 in March. As wheat crop came into the market in April, prices started coming down. But this tendency lasted for only two months, and thereafter the prices rose at an unprecedented rate, the index for wheat reaching 136 in October 1964, an increase of 44.6 per cent in 12 months. In the case of rice, the price inflation continued unchecked, the index reaching 146 in September, although due to the partial arrival of the new crop, it was slightly lower at 144 in October. The index for cereals stood at 150 in September. In October, there was a decline by one percentage point to 149 and in November by another point to 148. But the decline has been already checked. As compared with 145 in the first week of November, the index during the last week of this month was as high as 150, and the year may close at a still higher level.

Trade Control Measures

In order to help maintain supplies and exert a steadying influence on prices, the Government first undertook large distribution of foodgrains through fair price shops, which was made possible through imports from abroad and by procurement in surplus areas. But these measures had little effect on prices, because of the very low rice imports and the preference for the indigenous varieties of wheat. As a result, the regulatory measures on trade were tightened in varying degrees by the various State Governments. In certain States, marketing margins for traders were fixed, licensing controls made more stringent and limits were fixed beyond which producers and dealers could not hold stocks without a declaration. Most of the food control measures, which had been relaxed in 1961, were reimposed. Restrictions on roller flour mills to make purchases of indigenous wheat in the open market, were reintroduced. The Central Government and hte Reserve Bank also imposed restrictions on the activities of traders. In the paragraphs that follow, we give an account of the various controls introduced by the authorities for keeping the price situation under control, in order to refresh the reader's memory, leaving it to him to draw such inferences as he deems fit.

On 8th February 1964, the Reserve Bank of India issued a directive to all member banks, regulating advances against rice and paddy. Under this directive, the banks were asked to maintain in each two-month period, commencing January-February 1964, average aggregate levels of advances against paddy and rice (including advances against warehouse receipts) equivalent to 60 per cent of the levels of such advances in the corresponding periods of 1962. Further, within the overall ceiling, the non-warehouse advances were restricted, in respect of each bank, to 90 per cent of such advances in 1962.

By another directive, issued on 21st March, the scheduled banks' advances against 'other foodgrains' (excluding rice and wheat) were also restricted. The directive required every scheduled bank to maintain—in each two-month period commencing from March-April 1964—an average aggregate level of credit against the security of 'other foodgrains,' equivalent or lower than such levels of credit maintained in the corresponding period of 1962. The objective of these credit controls was to curtail the capacity of traders to hold stocks.

Wheat Zones

In order to regulate the supplies of wheat to the consumers, the Government of India enacted the Interzonal Wheat and Wheat Products (Movement Control) Order 1964, which came into force on 23rd March 1964. The Order extended to the whole of India, except the State of Jammu and Kashmir. The country was divided into eight wheat zones, namely (1) the Punjab, Delhi and Himachal Pradesh, (2) Uttar Pradesh, (3) Rajasthan, (4) Madhya Pradesh, (5) Bihar, (6) Maharashtra, (7) Rajasthan and (8) Andhra Pradesh, Madras, Mysore, Kerala and Pondicherry. The Order prohibited the export of wheat or any wheat products, except under and in accordance with a permit issued by the Government. It was, however, subsequently amended on 29th April 1964, whereby the licensed roller flour mills were allowed to export wheat products, namely *maida*, *suji* and *rawa*, across zonal barriers.

By a directive dated 21st April 1964, the Reserve Bank imposed the restrictions on bank advances against wheat also. It may be recalled that all regulatory measures on advances against wheat were withdrawn on 15th May 1961. Under the new directive, the banks were asked to maintain a minimum margin of 35 per cent on advances against wheat, subject to the margin of 25 per cent in respect of warehouse receipts. The ceiling limit for each two-month period, commencing from May-June 1964, were fixed separately for the State of Punjab and all other States taken together, at levels equivalent to 80 per cent of such advances, maintained in the corresponding two-month period in 1962.

All-India Index Numbers of Wholesale Prices
(Base : 1952-53=100)

Month	1963			1964		
	Rice	Wheat	Cereals	Rice	Wheat	Cereals
January ..	108	88	103	120	112	118
February ..	109	88	102	121	121	122
March	110	88	102	122	121	123
April	117	88	107	125	115	124
May	121	88	110	131	113	127
June	124	88	112	136	114	133
July	127	90	115	140	116	137
August	128	90	115	146	124	144
September ..	131	92	117	146	135	150
October ..	132	94	119	144	136	149
November ..	130	97	119	N.A.	N.A.	148
December ..	122	106	117	N.A.	N.A.	N.A.

N.A.—Not available at the time of writing.

In order to consider the food situation in the country and to chalk out a national food policy, a three-day conference of the Chief Minister was held in New Delhi from 24th June 1964 to 26th June. It was decided at the meeting to form a Southern rice zone, consisting of Andhra Pradesh, Mysore, Madras and Kerala; to stop, with immediate effect, the procurement of rice in Andhra Pradesh and Madras and to remove all restrictions on the movement of rice and paddy in Southern Zone, so that Kerala and Mysore (the deficit States) would be able to get the supplies from Andhra Pradesh and Madras (the surplus States). It was also decided to lift immediately all restrictions on the movement of coarse grains from one State to another. There was a discussion about the extension of this policy to Eastern Zone, comprising of Assam, Bihar, Orissa and West Bengal. But the Chief Ministers appeared to have felt that, in view of the peculiar situation of Calcutta (a bottomless pit), it would be too much of a risk. in the case of the Western States of Madhya Pradesh, Gujarat and Maharashtra, the restrictions on inter-State movement of rice were allowed to continue in deference to the wishes of Madhya Pradesh Government. The Madhya Pradesh Food Minister, however, agreed that the State would deliver nearly a thousand tonnes of rice to Maharashtra every day.

On the basis of the proposals received from the State Governments, and retail prices were also announced, it was decided that, in the case of other foodgrains, the prices would be announced at the harvest time early next year. The prices, which were based on the recommendations of the Jha Committee, related to standard varieties, effective at the specified centres, and the State Governments were authorised to determine the prices for other varieties at other centres, keeping in view the prices fixed by the Union Government. The producers' prices, fixed by the Government, were higher by about 30 per cent, as compared with the erstwhile procurement prices, and by roughly Rs. 4 per quintal as compared with the average post-harvest prices during the past three seasons. As regards consumers' prices, they were fixed, more or less, at the then existing level and a margin of 4 to 7 per cent (including transport charges) was allowed to retailers. The wholesale prices were, however, considerably reduced by a drastic cut in wholesalers' margin to 1.5-2 per cent (including transport charges). On the question of enforcement of these prices, the Union Food Minister announced that the Government would be prepared to purchase all the rice offered to it at the minimum statutory prices, so that, whenever there was a tendency for prices to decline, the cultivator could sell his produce to the Government at those prices, instead of selling to the traders at prices lower than the minima. Conversely, when the prices showed a tendency to rise above the maximum level "the Government will not hesitate to requisition the stocks."

Rice Zone

Owing to unexpected difficulties, the Southern Rice Zone broke down in the last quarter of the year. Early in November, the supply position in Kerala became quite acute. The rice crop in the State suffered a marked setback. Further, in parts of Madras State, too, the rice crop failed to come up to expectations. In many parts of this State, particularly in Madras City, people could not get their normal requirements. These developments induced the traders and millers in Andhra Pradesh to withhold stocks in expectation of higher prices. As a result of all this, Andhra Pradesh and Madras Governments banned the movement of rice to this deficit State. The reason given by the Chief Ministers of Andhra Pradesh and Madras for this anomaly was that, in view of the high prices of rice in Kerala, most of the grains had a tendency to flow into this deficit State. Ultimately, the entire Kerala State had to be condoned off and the Central Government assumed the responsibility for meeting the requirements of this State. Another outcome was that each State became a rice zone, with the Centre assuming the responsibility for meeting the needs of deficit States. Thus, the Union Food Minister announced that, with effect from December 1964, there would be a ban on the movement of rice from State to State in the Southern Zone; that the surplus States would make over their surpluses to the Central Government and that the latter would assume the responsibility for movement of the same to the deficit States.

As the price situation continued to deteriorate in spite of the above mentioned regulatory measures, an emergency measure, namely, the Essential Commodities (Amendment) Ordinance, providing for stringent punishment and summary trial of food offenders, was promulgated by the Government of India on 5th November 1964. The Ordinance was subsequently replaced by the Essential Commodities (Amendment) Bill 1964, which was passed by the Lok Sabha and Rajya Sabha on 9th December and 17th December, respectively. This legislation provides for summary trial by First Class Magistrates, specially empowered in this respect by the State Governments, or by the Presidency Magistrates, of the offenders, contravening the provisions of the Essential Commodities Act, be they traders or officials conniving at the offence. A provision has been made for a sentence of imprisonment lasting upto one year and there is no provision for appeal for an imprisonment not exceeding one month or a fine not exceeding Rs. 2,000 or both. The public servants, charged with the abetment of crimes, will also be treated in the same way as the perpetrators of food offences.

Chief Ministers Meet

The Chief Ministers' Conference which was held at New Delhi on the 17th November 1964, reviewed the Government's food movement, price and distribution policy. It was decided at the Conference to ban the inter-State movement of rice and coarse grains. As already stated, each State was constituted into a separate rice zone and the supplies from one State to another were allowed on Government-to-Government account. In other words, the normal trade channels were completely ousted from the inter-State trade in rice. It was also decided that the surplus States, namely, the Punjab, Madhya Pradesh, Orissa, Andhra Pradesh and Madras would procure rice internally and turn over these stocks to the Centre, thereby enabling the latter to fulfil its commitments to the deficit States. Another important decision involved the introduction or continuation of informal rationing in big cities and industrial towns and grant of discretion to State Governments in respect of statutory rationing.

Food Corporation

The Food Corporation Act 1964 was also passed (in the year under review) both by the Lok Sabha and the Rajya Sabha, on 25th November and 7th December respectively. The bill provides for the setting up of the Food Corporation of India—a State agency for undertaking trade in foodgrains and other foodstuffs. It may also promote the production of foodgrains and other foodstuffs; set up or assist in setting up rice mills, flour mills and other undertakings for the processing of foodgrains and other foodstuffs, and discharge any other supplemental, incidental or consequential functions like giving advances to the growers or guaranteeing the advances made by the financing agencies to the cultivators. The initial capital of the

(Continued on page 228)

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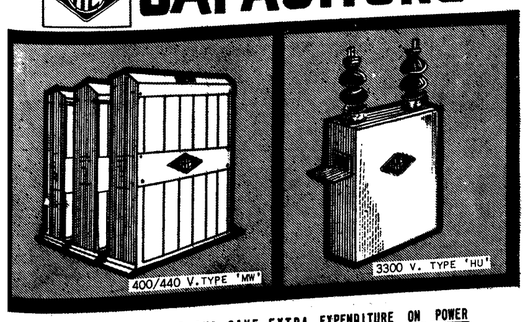

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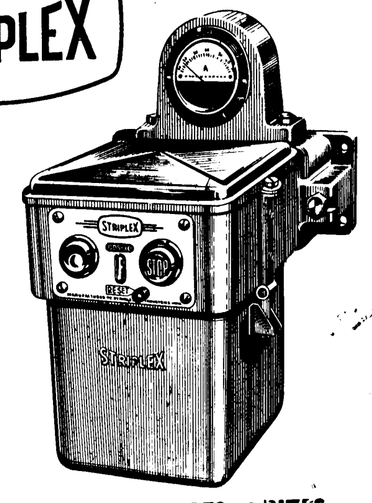

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A Year Of Gratifying Experience For North Indian Tea

Record Crop—Prices Not Unremunerative

THE year under review, unlike recent seasons, has been remarkable for its *freedom from* drought or devastating floods and the resultant fall in output, from delays or disruption in the transport of teas to centres of distribution in the country or from any other unusual or unfortunate event. In fact, the movement of teas has been smooth and their sales swift, with demand keeping admirably abreast of supply, notwithstanding the record crop harvested during the *current season*.

By December 1963, which marks the *beginning* of the period of this review, it was clear that the North Indian production *figures for the year* would show a sizable deficit as against 1962. While values showed no *signs* of appreciation, at least the progressive decline in prices, witnessed in November, was halted and levels stabilised.

Although as usual four auctions were scheduled for January, sales during one week had to be cancelled owing to *civil disturbances* in Calcutta. However, demand continued to be active throughout the month, with prices during the last week tending to change in sellers' favour.

Final production estimates for 1963 now became available and the North Indian crop showed a short*fall of* over 5 million kgs. as compared with 1962, which was also a year of reduced yield. The *shortfall* was particularly disappointing to the tea industry in North India as all the *main* competing tea-growing areas, with the exception of Indonesia, produced *bumper crops*.

With February, the appearance of the 'leaf' offerings began to show a *seasonal* decline. Nevertheless, *no* signs of a general slackening in demand were evident *and especially* teas with autumnal flavour were keenly sought after. Another strong ature of the market was "plain" as which, thanks to an unusually tive enquiry from Tunisia, found ady *support* at prices seldom be- w Rs. 4.40 per kg.

This trend was extended to March ith only poor "end-of-season" teas eing discounted. A notably welome feature of the month was conued buying by the Soviet Union hich was known normally to complete its purchases much earlier. hree "leaf" auctions were held uring the *month* and these virtually rought to a close the 1963 Season's leaf" offerings. As usual, "dust" ales continued until May and the fferings were readily absorbed at uite satisfactory prices.

Neither Relief, Nor Fresh Burden

The Union Government's budget *or the year* 1964-65 proved to be ingularly uneventful for the tea industry, as no changes whatsoever were proposed in the taxation on ea. Some circles in the trade and ndustry had cherished the hope that he Government would streamline nd *rationalise* the multifarious Central and State taxes into one consolidated levy but the hope was belied. Another concession, justifiably expected by the industry, was allowing *the expenditure on* replanting and extension as a revenue charge. Apart from problems which it shares *with* other *industries*, the tea industry has its own peculiar handicaps such as helpless dependence on the *vagaries* of the weather, and on factors of immediate demand and supply in a competitive international market, especially owing to the perishable nature of the product. But, above all, the country depends so substantially for her foreign exchange earnings on tea that the budget proved to be disappointing.

The budget was followed by the Wage Board's interim award which embodied an increase in the daily labour wage—an *increase* ranging from 3 to 15 paise. The Board went on to stipulate for every labourer an annual bonus, the minimum amount payable being Rs. 30 regardless of whether an estate makes a profit or incurs a loss.

However, *it is now* reported that the Tea Finance Committee has recommended to the Union Government substantial relief to the industry and enlargement of facilities for development loans. The *Government has* also of late indicated that some re*lief will* shortly be given to the tea industry.

Sale of season 1964 tea commenced with two "leaf" *auctions held* during the latter fortnight of May. As compared with May 1963, more than twice the quantity was sold during the *month*, clearly reflecting the larger crop being harvested. Prices, however, were nearly 50 paise per kg. lower than a year ago.

June witnessed five "leaf" auctions and the total offerings were 34 per cent higher than those in the same month of 1963 while prices were 31 paise per kg. lower. The first sales of the new season's dusts were also held during the month and demand was on the whole satisfactory.

As is normal, July auctions represented the peak in seasonal quality. The *offerings* comprised "*second-flush*" teas which are the choicest produced in North India. Prices paid were *attractive*, but generally lower than a year ago, which was not surprising in view of the 14 million kgs. increase in crop.

With August began the seasonal falling away in cup quality. Demand continued to be active, although buyers followed quality closely which was only to be expected in a year promising to be a record one in *output*. Nevertheless, overall price-levels were by no means unremunerative nor was the statistical *position unhealthy*. Uptil the end of the month, 7.8 million kgs. more tea than upto the same time *last year* had been sold on the Calcutta market; shipments were over 5 million kgs. higher, the bulk of this increase being contributed by tea meant for *auctions* in London.

The seasonal decline in quality was further extended in September and the offerings largely consisted of average "rains" manufacture. While prices *did come down*, the decline was not commensurate with the falling away in quality in a season of plentiful supply (by *now* the North Indian crop was 16 million kgs. *ahead*). Price-levels, by and large, were not much lower than, if not equal to, those prevailing a year ago. The healthy statistical position of North Indian tea, coupled with the fact that production in Ceylon and South India was running behind and *that the world* output was only 12 million kgs. ahead, doubtless played its part. Nonetheless, the *buoyancy* of the Calcutta market could largely be ascribed to the strength of demand *in London* where the dock workers had resorted to go-slow tactics with inevitable interruptions in *the flow of offerings*.

Owing to the annual *Puja* holidays, only two "leaf" and three "dust" auctions could be held *during* October. The labour situation in the London docks remained difficult and the U.K. blenders continued to operate strongly. For *a similar* reason, there was improved enquiry from the U.S.A. *with* buyers there requiring prompt *shipments* as a precaution against the threatened *nation-wide dock strike in* December. Fears of possible interruption in Russian purchases, raised by political changes in that country, proved to be unfounded and the normal mid*season fall in prices* was as yet nowhere in sight.

With the advent of November came news that, in October, North India had produced 2.4 *million kgs. more* than during the same month *last* year. The total up-to-date production *now* stood at 248 *million kgs.*, which *not only* amounted to a rise of 22 million kgs. over a year ago but also *meant* that, by October, *nearly as* much tea had been harvested as during the whole of 1963. *Inevitably*, *the much* apprehended but hitherto averted fall in prices began and the steepness *with which values tumbled* proved even more surprising than the delay in decline. Outturn during the first fortnight of November was also abundant and prices fell con*tinuously during the month*. The category to suffer most was Assam C.T.C. teas (strong liquoring and quick-brewing *variety*) which are particularly popular in the U.K. In the *course of the month*, the overall price-level dropped by about 40 paise, while Assam C.T.Cs lost the best part of a *rupee and* a half, or more.

Barring, of course, November, the current season so far has been *a gratifying* experience for the industry in North India. After two seasons of *falling* yield, an all-time record crop has been harvested—which has so far proved *profitable on account of* a *shortfall* in the outputs of Ceylon and South India, both of which have been associated for the last decade with continually rising production. Price-averages generally, as has been stated earlier in this review, *have* not been much below last year's levels nor unremunerative—a phenomenon which did not accompany the bumper crop of 1961. The North Indian industry can, therefore, look back with some satisfaction on its performance hitherto this season, provided of course it is prepared to reconcile itself to perpetually rising costs and learn to live with this seemingly irreversible phenomenon.

Outlook

The North Indian production figures available so far show a rise of nearly 28 *million* kgs. over last year, whereas world output is higher by 27 million kgs. With more than half the season's production yet to be marketed, there is more cause for caution than reason for elation in the future and the industry is quite conscious of this uncertainty.

There is one more year left before the third Five-year Plan period draws to a close. Despite the record crop that North India has made this year, it is unlikely that the total Indian production for 1964 will exceed 366 million kgs. *This* is indeed a far cry from the original plan tar*get* of 408 million kgs! *The* lag between Plan and performance appears even wider when it is observed that, over the past decade, production has failed to rise by more than 2½ *per cent* annually. South India has no doubt done well by increasing its out*put* at a fairly steady rate of 6 per cent annually but the corresponding rate of North Indian *progress has been only* 1½ per cent and North India contributes over three-fourths to *the* country's total production. Going more by actual performance in the past and less by Plan targets, it *is unlikely* that the original third Plan target will be achieved long before the end of the fourth Plan period!

Disturbing Feature

Indian exports present an even more discouraging picture. Ten years ago, India exported 205 million kgs. of tea annually, whereas at present annual shipments amount to *no more* than 212 million kgs. Export figures for 1964 are unlikely to be much higher as the 1963 total included *some of the shipments* which would have been made in 1962 but for the prolonged strike by the crews of the River Steamer Companies and the Chinese aggression. In other words, India's tea exports *have failed* to rise by much more than ½ per cent per *annum* over the past decade. The increasing difference between rising output and near-static exports has fortunately been absorbed by the home market. In the last ten years, *internal offtake has* risen by about 8 per cent annually and over the period it has gone up by as much as 80 per cent *to aproximately* 135 *million* kgs.

The progress of India's production and exports make particularly disturbing reading when studied in the context of Ceylon's and East Africa's (India's main competitors in tea) achievements in the same decade. Production in Ceylon and East Africa has been forging ahead at annual rates of 4 per cent and 14 per cent respectively. These *countries'* exports over the decade have also risen annually by 4 per cent and 15 per cent, respectively.

Main Obstacles

The principal obstacles in the path of the Indian *industry* expanding its production has been the crippling rate of taxation coupled with expensive labour-welfare facilities stipulated by plantation labour laws with resultant scarcity of *funds* for block reinvestment. An added disadvantage *to the* North Indian industry is that it enjoys only one monsoon and *as a* consequence cannot produce perennially, unlike South India and Ceylon.

Apart from the relatively slow rise in production, what has, perhaps, come in the way of India increasing her exports is her home consumption as also the increasing quantities purchased against rupee-payment barter agreements by countries which often lay only a modest emphasis on price. The pressure of competition from the internal *demand* and the barter-trade countries frequently renders price-levels uncompetitive, thus compelling traditional markets into at least partially diverting their demand to other centres.

Paradoxically, however, these present obstacles to exports may well become future bulwarks of the Indian industry, especially if the fearful forecast, made by the U.N. Food and Agriculture Organisation that world supply of tea will exceed demand by 45 million kgs., comes true in the *near* future. In the event of a glut of tea and consequent slump in prices, India's internal consumption as well as her system of barter-trade agreements must prove invaluable in giving her industry vital resilience. Neither Ceylon nor East Africa can avail of *such support* to any *decisive* degree because of relatively small populations at home and of comparatively limited capacity to import goods. Despite all the inadequacies of its re*cent progress*, the Indian tea industry should, therefore, prove to be the fittest in a crisis of survival.

CONTROLS ON DISTRIBUTION OF FOODGRAINS

(*Concluded from page 226*)

Corporation will be Rs. 100 crores, provided solely by the Central Government; but, in order to augment its resources, *the Corporation* is authorised to take loans against the stocks held by it from the financial institutions. The Corporation will start its activities by the purchase of rice in the Southern Zone from January 1965.

It will be seen from the above description that the Government has taken to distribution controls rather reluctantly. Even now, it is not keen on introducing compulsory rationing in all the cities and towns. This reluctance proceeds from the realisation by the Ministers in the States, as well as Centre that people are opposed to rationing and that its introduction would make them unpopular with the majority of the people. But, in spite of all the measures taken this year the prices have not come down to any significant extent. It is still to be seen how far the Food Corporation will make any improvement in the situation. One of the basic reasons for the failure of the Government's distribution policy is the creation of food zones in the country. The tendency of each State to look after its own interests, has intensified the difficulties *of deficit States*. It has caused wide differences in prices between States and encouraged smuggling; and when the difference in price is large and it is profitable to take the grains across the border to another State, it becomes rather difficult to stop smuggling. The need for viewing the whole country as a single national market has, therefore become necessary. But the Government continues to stick to Food Zones. The earlier announcements that the restrictions on the movement of rice may be removed after the arrival of new crop, have been falsified. As already reported, the Conference of Chief Ministers' held at New Delhi in November 1964, decided for the constitution of each State into separate Rice Zone, except the Northern Zone which comprises Punjab, Delhi and Himachal Pradesh. As regards wheat, the Chief Ministers decided that the present zonal restrictions would continue and the position would be reviewed in March, when the new crop is due. However, their attitude in the last meeting is any guide, there are no chances of the abolition of Wheat Zones.

The stand taken by most of the Chief Ministers—opposing the introduction of statutory rationing—was, however, realistic. Among the cities with a population of over one million Calcutta alone was to have statutory rationing. It was realised that a fullfledged system of controls would involve a costly diversion of the limited administrative personnel at the disposal of the Government and that it would be extremely difficult to standardise consumption pattern without serious hardships to the public. The Government of India has already decided to import substantial quantities of rice, too, in the coming year. The *rabi* crops are also expected to be a little larger. In view of these conditions, it is expected that the Government will have no need to revise its decision in favour of statutory rationing in *all cities* and towns, though it is a moot point whether the restrictions on trade will be relaxed. On the contrary, the controls on distribution of foodgrains have come to stay for a long time.

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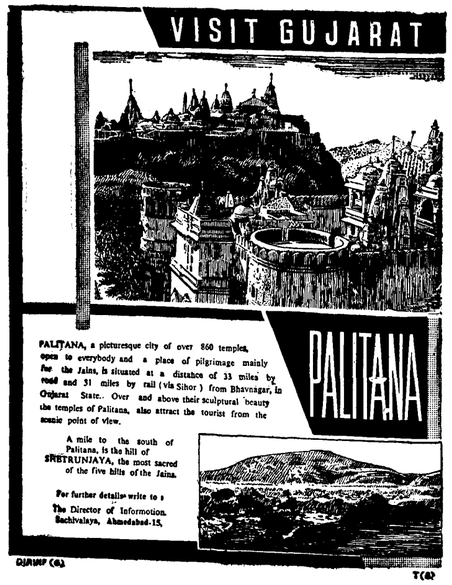

BASE METALS MOVE UP FURTHER

Continuing Shortage And Idle Plant Capacity

CALCUTTA, 14*th December*

THE year 1964 witnessed an unprecedentedly acute scarcity of non-ferrous metals in world markets, and it was believed that world consumption had not jumped so markedly as to lead to the trend of insatiable demand and daily gains in quotations in the principal world markets—the guess is that able consumers and the speculative fraternity the world over have raised their inventories. Only timely and large releases of tin, zinc and lead by the United States from that country's strategic stockpiles prevented the supply crisis from taking an even worse turn. As late as 1963, copper producers were complaining of inadequate market for their output, and large Soviet exports of zinc and lead to Europe caused depression. These features were conspicuous by their absence in 1964, and the Communist countries turned large buyers of zinc, copper, lead and tin. Producers turned vociferous and protested against U.S. releases on the ground that these would disrupt market forces. Tin-producing countries, including Malaysia and Bolivia, naturally desired that, if tin production should visibly rise and thus close the gap between supply and demand, higher prices must be paid. The plea was that cost of production had risen, that more intensive mining operations were called for, and that marginal, sub-marginal and abandoned mines should be worked.

Although it was only in this year (1964) such countries as the U.K., the U.S.A., Germany and the U.S.S.R. felt the acute shortage in non-ferrous metals, India has been experiencing the shortage ever since the foreign exchange crisis in the second Plan period. While Government permitted manufacturers to increase the capacity of the existing plants and also issued licences for the setting up of new plants, both of which depended for their input on non-ferrous metals, the policy since 1958 has been the enforcement of continued curbs on imports of these essential metals.

The import restrictions have meant for India idle plant capacity which adds to costs, while non-ferrous semis, which can be manufactured in India in existing plant capacity, have to be imported if only to maintain the tempo of industrial advance. The earlier this anomalous situation is ended the better, and the solution is a proper review of requirements of the evaluation of requirements of these essential metals and provision for increased imports. Increased imports would mean saving of much higher foreign exchange in imports of non-ferrous semis.

Indian industry is also in a position to export such goods as cables and other light engineering goods such as electric fans and accessories, into the making of which non-ferrous metals are no small input. Despite competition in foreign markets, India's export of non-ferrous metals and their manufactures in 1963-64 totalled Rs. 5.43 crores. While industry is striving hard to raise exports, it has urged revision of the import entitlements.

Aluminium Industry

With the progress made in aluminium and the country's inexhaustible reserves of bauxite ores, it is confidently expected that India would soon emerge as one of the foremost smelters of aluminium and manufacturers of aluminium products. Aluminium ingots and utensils are being exported in fair proportion to their manufacture and India is also developing export outlets for aluminium semis, all aluminium and A.C.S.R. conductors, slugs and collapsible tubes, capsules and closures, insulated cables, foil products, architectural specialities, and busbody kits. The foreign exchange which India thus earns should be used for the import of the metals in short supply. Increased availability of non-ferrous metals in order to diminish idle plant capacity is an effective way to reduce production costs and raise the competitive strength of Indian products. Costs rise not only as a result of idle capacity but also of inflationary conditions in a shortage situation as at present.

The table below shows the movement of prices in the principal markets in 1964. It is significant that the gap between the highest as well as the closing levels is infinitesimal and insignificant, but their proximity attracts attention and study as a result of their wide gap, as compared with the opening levels as well as the lowest levels. In other words, the uptrend has been steady. Reference to the principal factors for the same both abroad and in India has already been made in the preceding paragraphs. It is now proposed to discuss the chief factors that led to the price-trend in the four metals, copper, zinc, tin and lead.

Copper

Even in the beginning of the year, indications were not wanting that the quotation of £234 a ton on the London Metal Exchange, so steadily maintained at that level for years as a result of producers maintaining sufficient stocks in London, was not going to remain at that level. For, London warehouse stocks were being eroded, and by the middle of February copper wire-bar touched £241, as against the year's opening of £235½. Despite the onward march of aluminium and its progressive replacement by copper, U.S. consumption of copper was moving up, and so was the case in other countries, notably the U.K., West Germany and Japan. Copper producers could no longer continue to shut down 15 per cent capacity; not only did they rescind all cutbacks but massive investments were proposed in Chile and other countries in an attempt to raise production. It is expected that the results would have an impact on prices in 1965.

By the end of March, the price of wire-bar rose to £302½, and in Calcutta the price of utensil copper scrap picked up to Rs. 680 per quintal from Rs. 640 at the beginning of the year. The L.M.E. price continued to rise despite attempts by producers to wrest the initiative from speculators, as witness the announced desire of the Rhodesian Selection Trust to sell copper to its customers at the reduced price of £236. However, the Trust soon withdrew its offer since it found that the price advantage was not being passed on to industry. While India's import policy did not provide for larger imports—the rising world price meant lower imports as licences and quotas related to values, not quantities—industry urged for prompter U.S. imports of copper from the loan of $225 million. The inability of U.S. producers to make prompt supplies meant that India had to turn to U.S. commercial sources which charged higher prices.

Reports of possible Chilean attempts to nationalise U.S.-owned mining facilities in Chile caused anxiety in early April. These were in fact followed by raising income-tax of these mines, which were also now required to lend to Chile the entire value of their copper exports in U.S. dollars and to increase their copper sales to the Chilean industry from 20,000 tons to 100,000 tons a year. Reference to these events are made here, since the increased costs of mines lent a 'stabilising' influence to the rising trend. No wonder, by the end of April, the L.M.E. price for wire-bars rose to £319½.

Reports that producers had intensified their operations in an earnest attempt to meet demand in full were followed by a reaction which took down the rate to £264 by the third week of May. The price stabilisation policy of the Anglo-American and Rhodesian Selection Trust, hailed by the North Rhodesian Prime Minister, Mr. Kenneth Kaunda, also aided the reaction. By the beginning of July, the price of utensil copper scrap in Calcutta eased to Rs. 650. It was soon becoming evident that, unless producers increased their free supplies, the world price could not be prevented from moving up. London reports referred to the anxiety of producers arising from the tendency among consumers to substitute aluminium for copper. This was the beginning of August, when the L.M.E. price had shot up to £331. From now on, it has been a steady rise for the rest of the year, and the year's high of £530 was touched on 6th November. The bid of producers to stem the up-tide by making direct sales to consumers at a much lower price failed to succeed, since consumption, better say, demand, rose far higher than output. The base price of producers was raised twice in the year, once in January to £244 from £234, and again in August to £260. In October, Chile directed producers in that country to raise the price to £280.

Zinc

Considering that zinc has no substitute for its various uses, especially in the battery industry, the efforts of leading smelting firms in the U.K., the U.S.A., Australia and Japan to arrest the uptrend received the approbation of industrial consumers, and in fact these efforts succeeded where similar efforts in regard to copper had failed. In India, the shortage commanded new attention in view of necessary expansion of the battery industry to match with the progress in automobile production and defence needs. By the end of February, the L.M.E. quotation rose to £104, as against the year's opening level of £96 with the Calcutta price moving up from Rs.285 to Rs. 298. This followed early indications of shortage and the realisation in world markets of the increase in production not matching with the increase in demand.

The shortage in the U.S.A. meant for India delayed imports under the D.L.F. licences, the trade demanding free licensing from other countries too. India's 1964-65 import policy caused disappointment, since not only it failed to take into consideration the rising demand, but the 10 per cent quota of the established importers in respect of zinc scrap, zinc dross, zinc ashes, zinc granulation, zinc dust, zinc wrought, including wire rods, sections and sheets, stood withdrawn. This meant fanning the flames of the hardening trend, and by early May the Calcutta rate soared to Rs. 302 from Rs. 272 to which it had fallen prior to the import policy announcement. This time was also the beginning of the surge forward on L.M.E. as stocks stood depleted. By early May, the London rate touched £114. The report of a 5½ per cent increase in world consumption at 2.85 million tonnes in 1963 acted as a price-booster. In India, the news of official arrangements for regular import of non-ferrous metals from South Korea against export of light engineering goods was cheerfully noted. Similarly, good note was also made of the $33 million World Bank Loan to the Indian P. & T. Department for the import of copper and zinc and equipment for telecommunications.

The steady London trend took the quotation upto £133½ by the end of May, with the Calcutta rate rising to Rs. 312. The U.S. decision to release 75,000 tons zinc and 50,000 tons lead led to a reaction on the L.M.E. where the quotation gradually moved down to £121 by mid-June, the Calcutta rate hardening to Rs. 311 notwithstanding. Soon, it was realised that such U.S. releases would not even satisfy increased needs within that country, and the L.M.E. quotation started to move up. By early August, the rate rose to a height of £155.

Apparently to derive benefit from the higher price, the U.S.S.R. turned a seller in world markets, and this coupled with the producers' stabilisation policy forced a break, which took the L.M.E. rate down to £114 by early September, but caught betwixt acute shortage and surging demand the Calcutta rate rose to Rs. 366. Since then the continuous rise saw the year's high at Rs. 490 on 9th November, while on the L.M.E. the rate was kept nearer to producers' price of £125 for a considerably long time since the stern stabilisation measures adopted by producers. However, by the end of November the price regained to £139 on good consumer demand in the face of shortage.

Tin

The gap between world production and consumption, varyingly estimated, was met by U.S. stockpile releases. Yet, the price added gain after gain, and producers thought their compensation for increasing output should be higher and also could have been higher had only the U.S.A. chosen to remain aloof from the scene. Except for an insignificant and ineffective break, the price moved up all the time in the year. With no buffer stocks, the International Tin Council could only be a silent spectator of the operation of the free market trend.

For India, the shortage was all the greater, and industry had to remain content with limited supplies. Early in the year, the world shortage was estimated at 10,000 tons but this was soon revised as being 30,000 tons. This led to the decision for increased releases by the U.S.A., the policy of which was not to disturb the market trend. For, there was the realisation that only a free market trend would encourage mines to raise production and that a minimum period of five years would be necessary for a substantial increase in raisings. The U.S. surplus totalling 127,000 tons, it was estimated, would be sufficient to meet the world's deficit until that time. World production in 1964 was expected to be no more than 1963's total, which was 141,500 tons. The 1963 world consumption having totalled 160,800 tons, the deficit of 20,000 tons was met by releases of stocks by the U.S.A., Italy, and Canada, and also by the exhaustion of the I.T.C.'s buffer stocks in London.

The deficit in 1964 is estimated to have risen to 30,000 tons which would be the total release by the U.S.A. for the twelve months to March next. The I.T.C. fixed the new floor price at £1,000 a ton which, according to mines, failed to offer an incentive to them. This was towards the end of November when the L.M.E. quotation was around £1,490. The year's high of £1,715 was reached on 30th October on the L.M.E. This level was preceded by sustained rise in earlier months. However, a fall since took down the rate to £1,405 by early December, as there was the news of increased output in Indonesia, which was reported considering placing an embargo on tin exports to the U.S.A. The recession on the L.M.E. was nevertheless aided by the fall in offtake by the U.S.S.R., Japan and other countries.

Lead

In lead too, large releases by the U.S.A. prevented the supply crisis taking deeper roots, but, although producers realised that, with heavy stockpiles, the responsibility of the U.S.A. to correct the market trend was great, it should be noted that it was as a result of heavy purchases of lead and zinc, mines were overworked and prices had been inflated prior to 1964. At this stage, the U.S.A. discontinued stockpile support, and after a phase of

(*Continued on next page*)

Prices of Base Metals in 1964

	Rates as on 31-12-1963	Lowest	Highest	Rates as on 11-12-1964	Net rise(+) or loss(—)
Calcutta (Rs. per quintal):					
Utensil copper scrap	625.00	630.00	720.00	710.00	+ 85.00
Electrolytic zinc	285.00	270.00	490.00	460.00	+175.00
Virgin lead	215.00	214.00	355.00	353.00	+138.00
Malayan tin	3,250.00	2,800.00	3,400.00	3,350.00	+100.00
Bombay (Rs. per quintal):					
Utensil copper scrap ..	618.00	630.00	700.00	700.00	+ 82.00
Electrolytic zinc	253.00	253.00	444.00	420.00	+167.00
Virgin lead	220.00	218.00	365.00	365.00	+145.00
Malayan tin	3,170.00	2,950.00	3,370.00	3,150.00	— 20.00
London Metal Exchange (£ per ton):					
Copper wire-bars	236	235	530	525	+ 289
Copper cathodes	231½	230½	504	490	+258½
Fire refined copper	231½	230	437½	437½	+206
Zinc, electrolytic	95½	91	155	130	+ 34½
Lead	78½	77	149½	149½	+ 70½
Tin	1,037½	1,027	1,715	1,320	+282½
New York Commodity Exchange (cents per lb.):					
Copper	30.38	30.30	61.30	61.30	+ 30.92
Zinc	12.75	12.25	19.05	18.75	+ 6.00
Lead	12.65	12.15	17.40	17.40	+ 4.75
Singapore:					
Tin:	515⅝	518⅜	835½	648⅜	+132¾
In Malayan $ per picul ..	1,361.05	1,367.53	2,188.81	1,705.11	+344.06
In Rs. per quintal c.i.f., Indian ports					

Jute Goods Buoyant

Fibre, Too, Rises

CALCUTTA, *9th December*

THE outstanding development in the jute markets during the year 1964 was the lengthening of the already yawning gap between prices of fibre and the finished product. The increased labour charges as a result of the implementation of the Wage Board's award and higher prices of mill stores also meant a rise in costs. The 1964-65 fibre crop compared well in respect of both quality and quantity with the previous crop. This factor, coupled with a good carry-over, enabled the mills to raise output as well as exports; but such a performance was brought about by the sacrifice of mills of some profit margin, although, towards the end of the year, the manufacture of heavy goods became a more attractive proposition than that of hessian and other special constructions. Prices of other manufactures no doubt registered a rise, but the rise is incomparable with the rise in fibre prices and operational costs. What was a sagging sacking market in the later months of the year was arrested by the two-month-old strike in Pakistani mills which forced many overseas consumers of heavy goods, who had delayed purchasing in the hope of a fall in prices, to turn to India for urgently-needed consumption and replenishment supplies. The increase in internal consumption of sacking was also significant.

The imposition of a 15 per cent surcharge on imports by the U.K. in October 1964 was resented by the industry. The surcharge on jute goods which are already subjected to the mark-up value scheme means levy of double duty. Representations from India for consideration of relief at least in respect of some items including jute manufactures were rejected by the British Government, though the assurance was given to the effect that the surcharge would be removed immediately after Britain's economic crisis eased. The fall in U.S. burlap consumption was also a cause of anxiety—the average monthly consumption in the ten-month period ended October was only 73.5 million yards, as against 76 million yards in the corresponding period of 1963. It was apprehended that substitutes and synthetics, as well as bulk handling methods, were depriving jute goods from expansion in the U.S. and other highly industrialised countries.

Pakistan Competition

Another anxiety for the market was the unfair competition of Pakistani mills in overseas sacking markets. In order to place India's exports on an equal basis as the Pakistani goods, the Government of India was on several occasions pressed for counter-measures like grant of subsidy as in the case of sugar. However, no steps were taken and, although, as a result of the labour strike in Pakistani mills, overseas purchases of Indian sacking increased in the later months of the year, export statistics make no mistake of the unpalatable fact that India's market for sacking has gradually shrunk. In other words, not only is India not getting a fair share of the increased sacking requirements of the world, but exports to traditional markets have fallen.

In the beginning of the new season, anxiety was caused by the steep rise in fibre prices, following a spurt in prices in Pakistan and the mistaken belief that the 1964-65 crop would be inadequate for mills to continue operation to full working hours with all looms unsealed. The Government of India was prompt in taking measures which soon led to realism in the price trend, although the pre-rise level has not yet been reached and is unlikely to be reached, thanks to the spiralling general trend. The Jute Commissioner began issuing 'maximum' purchase quotas every month, instead of his earlier practice of issuing 'minimum' quotas as a price support measure, and no mill was to exceed this maximum. Excepting for a brief period, described as adjustment mills operated the entire installed capacity at the maximum level.

Although the Commissioner issued in January a purchase quota of 760,000 bales, which was adequate to cover daily arrivals, there was a tendency even from the beginning of the year for holders to become reserved. The disturbed law and order conditions in Calcutta and suburbs affected trading in goods, but it was pleasing to be told by the Indian jute delegation (headed by Mr. G. C. L. Joneja, the Commissioner) to Europe that the demand for quality hessian and 'finer' grades of other constructions was on the increase, though Mr. Joneja warned that, unless quality improved, the benefit of increased demand of the sophisticated and fastidious markets of Europe would go to their own jute industries.

Working Time Agreement

The annulment of the I.J.M.A. Working Time Agreement, which for years adjusted output from time to time in accordance with demand and which had operated satisfactorily in times of both acute fibre shortage and slackness in overseas demand for gunnies, was a feature in February. This did not amount to any difference, inasmuch as mills were already operating their maximum capacity. Even so, prices of goods moved down for two important reasons. One, there was the apprehension of the possibility of a glut in hessian. And, two, the U.S. preferred to purchase limited quantities only. With the advantage of about Rs. 400 a ton in the cost of production over India, Pakistani offers of heavy goods were naturally preferred by foreign buyers, thus leading to a gradual rise in stocks with mills in India. Reports that researches were being conducted in the U.S. to find a substitute for carpet backing cloth were noted with concern, since the mills have increased capacity of this speciality by installing more broad looms and depending on the sole U.S. market. It should also be noted that exports of this cloth to the U.S. was below installed capacity.

Despite the abolition of the export duty on raw jute, announced in the 1964-65 budget, exports of inferior fibre failed to rise, in view of Pakistani competition in this field also. A Pakistani delegation visited the African countries with a view to exploring the possibility of securing a bigger share of the rising requirements for sacking in these developing countries. B. twills and hessian 40" 10 oz. were around Rs. 112 and Rs. 46 respectively, during the months of January, February and March, with Assam bottoms being maintained at Rs. 30 as a result of the minimum purchase quota.

Prices Sustained

Prices in April were sustained, as both the U.S.S.R. and Argentina accorded good support to hessian. In heavy goods, support was principally from Australia and the Continent. As regards raw jute, prices rose with Assam bottoms at Rs. 32. Mills could not purchase as much of the selected grades as desired by them. Also, there was the apprehension of a likely shift in acreage from jute to paddy, in view of the latter's larger profit margin.

Absence of increased hessian shipments to the U.S. was, to a certain extent, nullified by higher offtake by the U.S.S.R. and the East European countries, but it was becoming clear that hessian and carpet backing cloth output was exceeding demand. That accounted for the fall in hessian 40" 10 oz. to Rs. 42.25 in May, while B. twills scored to Rs. 114.35. June was comparatively uneventful, but, as the new season began, crop arrivals were limited, causing concern and, this, by the end of July, raised Assam bottoms to Rs. 33.50. In turn, hessian 40" 10 oz. rose to Rs. 45.35 and B. twills to Rs. 118.85.

Forward Trading Suspended

Prices in Pakistan were also rising, despite abolition of minimum export price of raw jute and reduction in export duty. Buoyant conditions set in by August and, to curb speculation, futures market trading was suspended as and when prices rose above prescribed limits. Special margins were imposed on all forward transactions. By early August, Assam bottoms had risen to Rs. 36 when it was decided to release the buffer stocks to mills. B. twills and hessian 40" 10 oz. advanced to Rs. 127 and Rs. 48.15, respectively. The highest level of the year for Assam bottoms, touched on 24th August, was Rs. 47. In Pakistan, the high was Rs. 56. By this time, B. twills had increased to Rs. 140 and hessian 40" 10 oz. to Rs. 50.25.

The sharp upward trend was resented by overseas consumers and the Government of India took a series of steps, including the issue of maximum quota in accordance with arrivals. The effect was immediate, for, within a week, that is, early in September, Assam bottoms eased to Rs. 40. The Jute Commissioner considered the earlier rise entirely unwarranted, but he attributed the same to speculation unleased by some Pakistani jute traders who had slipped into Calcutta and circulated the rumour of a shortfall in Pakistani production. The effective measures taken by the Government and the stability imparted thereby met with approbation by consuming countries which participated in the international jute study group that met in Paris. Subsequently, prices fell gradually; Assam bottoms were quoted at Rs. 36 early this month (December 1964).

The strike in Pakistan jute mills during the months of October and November meant a production loss of 48,000 tons, and several countries which had been delaying purchases turned to India. Consequently, B. twills shot up to a high of Rs. 158.60 on 21st November. In the first week of December, the Pakistani strike was called off and, as a reaction, B. twills in Calcutta eased to Rs. 154.

Although the year is closing with substantial gains in the prices of heavy goods and, with a nominal gain in hessian, the profit margin has been affected by the rise in fibre prices. The better statistical position in heavy goods has been obtained by increased internal offtake, including larger purchases on Government account, and a substantial chance rise in overseas purchases. The latter was the result of the prolonged strike in Pakistani mills. With the end of the strike, sacking prices have already begun their downward march. The jute industry would urge the Government for early counter-measures against the 'unfair' competition of Pakistani industry to enable it to fulfil the role of increased production and exports desired of it in the fourth Plan. After the Wage Board award, mills thought that they were in a phase of industrial peace, but the difference of opinion on the interpretation of applicability of the Bonus Commission's recommendations to the jute industry has unfortunately arisen and this has already led to some loss of production in mills.

Raw Jute and Jute Goods Prices

	Rates as on 30-12-1963	Lowest rate	Highest rate	Rates as on 8-12-1964	Net rise
Raw Jute (per maund):	Rs. p.	Rs. p.	Rs. p.	Rs. p.	Rs. p.
Assam bottoms	29.50	30.00	47.00	35.00	5.50
Northern bottoms	28.50	29.00	46.00	34.50	6.00
Daisee bottoms	33.00	33.00	49.00	36.00	3.00
Jute Goods:					
Hessian 40" 10 oz. (per 100 yards)	46.05	42.85	51.25	49.80	3.75
B. twills (per 100 bags) ..	111.75	109.85	158.60	153.30	41.55

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BASE METALS MOVE UP

(Concluded from previous page)

depression both lead and zinc had shown signs of price stabilisation in 1963. However, in view of the abrupt rise in demand, such a situation could not be maintained in 1964. Producers declared that, if stockpiles were used to meet a sudden spurt in demand or a temporary fall in production, supply was brought to nearer demand through the force of exogenous factors, thereby postponing normalcy.

On the L.M.E., lead opened at £79 on 2nd January and rose gradually to £85½ by the end of February. An early reaction in March put back the rate to £79. This was short-lived and a rise developed from mid-March. This took the rate up to £90 by May, when the Bulgarian offer of a substantial quantity to the U.K. forced down the rate to £87¼ by early June. Up to mid-August, it was a sustained rise to £116¼. A decline put back the rate to £107 by early September, but since the rise was more rapid to reach a new high since 1952 of £149¼ on 11th December.

The rate in Calcutta rose to a high of Rs. 355 from Rs. 215. The rise is attributed to acute shortage, increased demand and limited imports.

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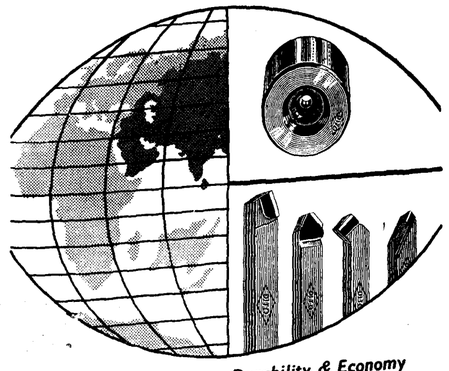

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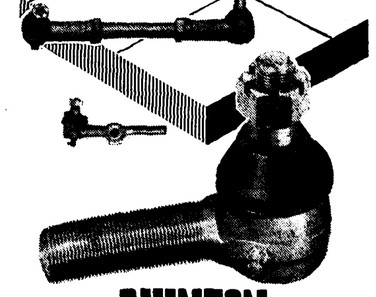

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HIDES AND SKINS

Export Outlook Encouraging

MADRAS, 21st November

THE production and merchandising of hides and skins—raw and tanned—pose an interesting study. Hides and skins are the by-products of the meat and mutton trade, and the animals are not slaughtered for their hides and skins in India where the cattle population is more concentrated than in other parts of the world. The tanning industry is in the hands of the private sector and, in South India, it has been developed as large-scale loosely-knit cottage units depending mostly on manual labour. It is the tanners' skill that has primarily contributed to the major export trade from South India, and is an important earner of foreign exchange for the country. It is an "import saver" also, as the industry does not make serious demand on the supplies of other industries having an import content, and, therefore it merits special treatment at the hands of the Government.

India's need for foreign exchange to ease the balance of payments position is pressing to a degree. In order to boost production and export, the Government announced, in November 1964, that the Export Credit Guarantee Corporation would guarantee the creation of a revolving fund of Rs. 15 crores in foreign exchange which would be available, under specific guarantees, to manufacturers who are export minded. Banks have been asked to assist exporters by extending credit facilities during pre-shipment and post-shipment periods. Incentives have been offered to shippers with a view to enabling them to concentrate on increasing their exports. Such incentives are no doubt expected to be productively employed on a continuous basis in order to enable exporters to offer their products competitively at world parity.

Export Performance

The export performance of the hides and skins trade during the year 1964 was praiseworthy, though not spectacular. Preference for good standards was marked throughout the year. Total exports of tanned hides and skins amounted to Rs. 22.75 crores in 1962, Rs. 25.38 crores in 1963 and Rs. 18.42 crores during the first eight months of 1964, as against Rs. 16.63 crores in the corresponding period in 1963. Raw hides and skins exports stood at Rs. 10.36 crores in 1962, Rs. 11.37 crores in 1963 and aggregated to Rs. 5.82 crores during the first eight months this year, as against Rs. 7.90 crores in the same period last year.

The total volume of shipments of East India tanned hides, calf and skins to the U.K. during 1964 was maintained at about the same level as in 1963. There was a marked decline in the offtake of hides and calf to the Continent and the U.S.A. Exports of tanned skins to the Continent and the U.S.A. were well above the comparable levels of last year, while those to Japan were slightly less.

Shipments of tanned cow hides to the U.K. were less by 10 per cent and of buff hides by 60 per cent during January-October 1964 than in the corresponding period last year and this was offset by larger exports of cow calf and buff calf skins. The monthly average shipment of tanned cow hides and cow calf to the Continent was 44 bales during January-October 1964 as against 145 bales in the same period in 1963 and that of buff calf was 12 bales, as against 41 bales. The U.S. took only a monthly average of 80 bales tanned buff hides and buff calf in January-October 1964, while it was 200 bales in the corresponding period last year.

Expansion of trade with the U.K. was not possible, because importers on the Continent were buying goods direct from India, instead of through financing houses in the U.K. as in the past. However, the U.K. continued to be the largest importer of kips from India and took a monthly average of about 2,588 bales during January-October 1964, as against 2,603 bales during the year 1963. Demand for kips has been on the wane, and, as soling material, leather has been losing ground to rubber and synthetics. Further, leather dressers preferred pickled and wet blue chrome pelts to bark tanned for their work, and were becoming more and more quality and price conscious; and price declines alone did not induce sufficient interest in the overseas market.

The U.K. Government, on 26th October 1964, suddenly imposed a surcharge of 15 per cent on imports—food articles and basic raw materials excepted—with a view to strengthening the sterling and to narrow the anticipated trading gap of nearly £800 million as a consequence of falling exports and soaring imports in the U.K. About 30 per cent of the exports from India were affected by the levy and E.I. tanned skins and hides were included in the list. Fortunately, after three weeks, E.I. tanned hides and skins were placed on the exempted category and were declared as basic raw material not attracting the new surcharge.

Cow Hides

Importers in the U.K. were keen on prime tannages and top marks. Lightweights and lower selections useful for making sides for their export trade were comparatively in good demand throughout the year. During the first quarter of the year under review, prices of superior tannages declined by 5 to 7 per cent on December 1963 levels and F.A.Q. marks by over 10 per cent. Prices ruled steady at the lower level subsequently and trading was selective till the imposition of 15 per cent surcharge on imports in the U.K. in October. This was a shock to kip tanners whose main outlet was the U.K., and forward business came to a standstill. With the announcement in November of the withdrawal of the levy on E.I. tanned hides and skins, prices locally recovered sharply, but export trading was slow to pick up. Tanners would do well to remember that kips are slowly losing their hold on the U.K. market, though demand for inland consumption has been on the increase, due to the rapid industrialisation in India.

Cow Calf

E.I. tanners output was not large, as the quality of raw supplies was not upto the mark. Good standards were in demand throughout the year with emphasis on lightweights and lower selections. Prices declined slightly in the beginning of the year and fell slowly month by month till the middle of the year when it was 7 per cent below December 1963 level and remained firm thereafter.

Buff Hides

Production of buff hides was not profitable to tanners and was taken up mostly for inland trade. Importers, finding that rubber and synthetics were more economical for soling materials than bark tanned hides, were not keen in this section. Shipments to the U.K. have been on the decline year after year. The monthly average shipment for January-October 1964 was 7 bales to the U.K., while it was 20 bales in 1963, 24 bales in 1962 and 31 bales in 1961. Even with the U.S. the decline was marked. The monthly average of U.S. imports during January-October 1964 was only 17 bales, as against 109 bales in 1961, 39 bales in 1962 and 28 bales in 1963.

Buff Calf

Preference for good tannages and standards was marked throughout the year. Demand was brisk during the first quarter of the year but fell off in the next six months, as Madras prices were not competitive. During the last quarter of the year under review, there were several inquiries from various destinations, including Australia, which incidentally is a new outlet. Prices slightly hardened with the demand but failed to hold during the middle of the year and declined by five per cent on December 1963 level. Towards the close of the year, however, prices recovered the lost ground.

Shipments to the U.K were heavy during the first half of the year, being 20 per cent more than those in the same period in 1963 and the monthly average for January-October 1964 was 531 bales, as against 438 in the corresponding period in 1963. The Continent took only 12 bales per month during January-October 1964, as against 41 bales in 1963, 34 bales in 1962 and 69 bales in 1961. Shipments of buff calf to the U.S. were also on the decline. The monthly averages during 1961 to 1963 were 154 bales, 132 bales and 157 bales and that during January-October 1964 was only 57 bales. The poor offtake was to the severe competition from Pakistan where tanners were in a more fortunate position regarding proximity of raw stocks and cheap tanning materials.

In the tanned skins section, the overall trading conditions were difficult. Prices in the raw centres were uneconomical to the E.I. tanners, due to the high prices paid by exporters of pickled and wet blue chrome pelts of finished leather. As compared to tanners of kips, tanners of skins had a better balance sheet, though the profits were too meagre to compensate for the risks involved.

In the goat skins section, price fluctuations were narrow and mediums held the pride of place and ruled very firm throughout the year. Superior tannages in light and medium weights were favoured on the Continent. Heavier averages in medium tannages were in good demand from the U.S and Continent.

In sheep skins, middle class tannages in lightweights found ready outlet on the Continent throughout the year at firm prices. Primes and semi-primes sheep enjoyed selective market, as the demand for clothing leather and suedes was persistent on the Continent. During the first half of 1964, increased prices were obtained on December 1963 levels and, with the slowing of demand during the second half of the year, prices eased by 5 per cent on December 1963 levels.

E.I. tanners of skins were not unduly disturbed over the imposition of 15 per cent surcharge in the U.K., because they had several outlets for their products. Only the exporters of finished leather and leather goods from India were hit by the new levy.

The volume of production of and export trading in tanned skins during 1964 was on the increase as the following average monthly shipments of E.I. tanned goat and sheep skins will show:

(In bales of 560 lbs. net)

	1961	1962	1963	1964*
Tanned goat skins:				
To U.K. ...	446	415	466	461
To Continent ...	857	695	733	839
To U.S. ...	173	254	268	298
Tanned sheep skins:				
To U.K. ...	323	268	351	351
To Continent ...	356	305	418	385
To Japan ...	179	196	222	214

* January-October.

It will be noticed that the U.K. and Japan were steady buyers, while the offtake to the Continent and the U.S. was on the increase. In view of labour shortage in the U.S., it was reported that larger quantities of skins—chrome, pickled and bark tanned—from India would be in demand in that country. As regards chrome and pickled goat skins, shipments from Madras to the East European countries were as under:

Second half 1962	3,154 cases
1963	11,186 ,,
January-October 1964 ...	8,072 ,,

It is believed that the lower volume exported this year has been due to the dearth of rupee exchange available in importing countries. Socialist countries have been providing firm and expanding markets for the industrial and primary products from India. Expansion of trade with the East European countries have been significant. The volume of imports into India has been conspicuous, and genuine attempts are being made to boost exports to these countries. Shippers in South India are keen to develop further export trading in pickled and chrome tanned skins, and have sent sample shipments to the U.K. and the U.S.

Reptiles Skins

There was a spurt in demand for the import of reptile skins like whips, cobras, vipers, watersnakes and lizards from the U.K., Continent and the U.S.A. Prices of snake skins advanced by 100 per cent during January 1964 and improved further in March 1964 and by May-June failed to hold the second spurt, as the fashion for the leather was not firmly held. However, large quantities were exported, bringing in foreign exchange for India.

General

The Trade Agreement exchanged with the U.S.S.R. in November 1964 provides for a 50 per cent increase in trade both ways;—from Rs. 80 crores it is expected to reach Rs. 120 crores in which 40 per cent of the exports will be industrial products. Leather shoe production has increased considerably in several countries, including the U.S.S.R., and the demand for hides and skins from India will be good. But it should not be forgotten that the competition from exporters in Pakistan and China will impose a severe strain on the price structure on E.I. tanned skins and hides and calf. Footwear production target for 1965-66 has been set as 140 million pairs in India to meet increased demand. Demand for industrial leather in India has been significant, as a result of the Five-year Plans. Tanners have been installing labour-saving machinery to improve their output.

Apart from the trade delegations sponsored by the Government, several tanners from Madras visited dressers and importers in the U.K., Continent and the U.S.A. and Japan to study their needs first hand and these visits should enlarge exports during the New Year. The International Leather Fair held at Paris every year has of late assumed enormous dimensions, and its activities unfold tremendous opportunities for buyers and sellers all over the world for better understanding of each other by personal contacts and for the promotion of the trade as a whole on an increasingly healthier trend. Indian leather exhibits attracted buyers from overseas and business has developed to the advantage of the tanners in India, especially those engaged in goat and sheep skins. The second Indian Leather Fair in Madras is due to be held in January next year, and it is hoped that this Fair also will produce good results.

An international team of experts in foreign trade arrived in New Delhi in November 1964 to study India's export efforts and suggest improvements. The visit has been arranged by the Ford Foundation. The relative report is awaited with interest. The prospects for the industry seem optimistic and the trade could move into the New Year with confidence.

RAW GOAT SKINS EXPORT POLICY

The All-India Exporters' Chamber (Bombay) has urged the Government of India to revise its export policy for raw goat skins. In a communication addressed to the Secretary, Union Ministry of Commerce, the Chamber points out that the present policy has adversely affected exports of raw goat skins to the U.K., the U.S., Soviet Russia, Czechoslovakia, France, West Germany and several other European markets, which are India's important buyers. These markets, it is said have turned their attention to other countries like China and Pakistan which have gained an upper hand, driving India out of these markets. The specific suggestions put forward by the Chamber are:

1. In order to achieve the objective of earning a greater amount of foreign exchange and realising adequate prices and a proper development of this nascent industry, adequate incentives should be given to finished dressed leather and leather goods only instead of giving it to a dozen lower items like pickle, blue chrome, semi-chrome, E.I. vegetable tanned etc., like pickles and semi-dressed varieties.

2. All the intermediate and raw varieties of skins should be allowed to be exported without any restrictions and without any incentives, so that the foreign buyers can buy freely what they like and may not be tempted to look to other sources for their requirements. Such a policy is followed by Pakistan and China and they have succeeded in stepping up their exports. This is recommended mainly because the foreign buyers have developed their own technique of processing and tanning, which are not available in our country and, therefore, they require our material in raw form.

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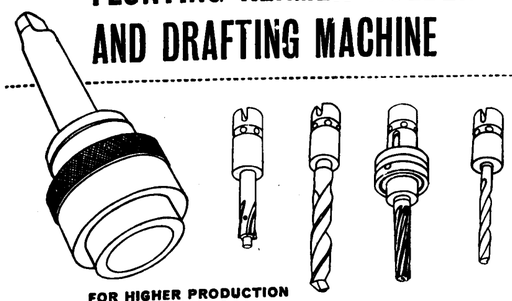

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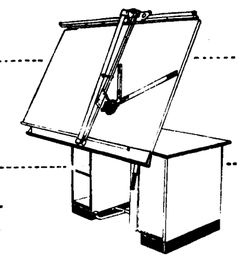

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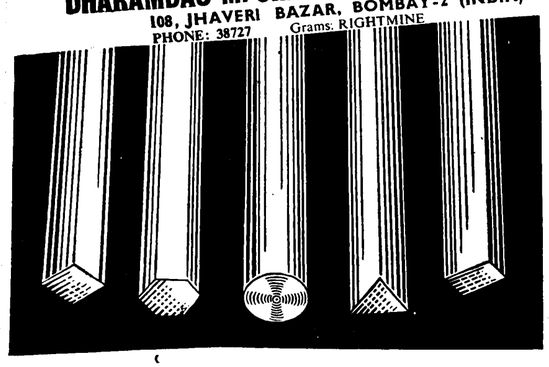

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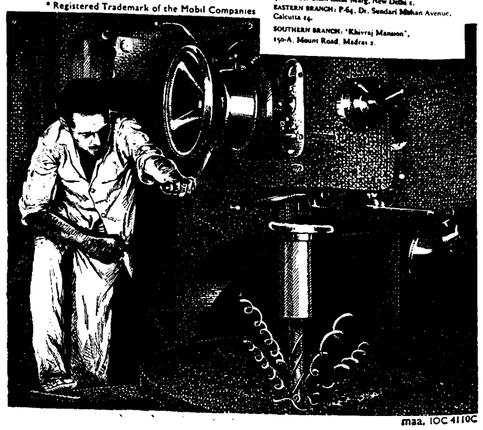

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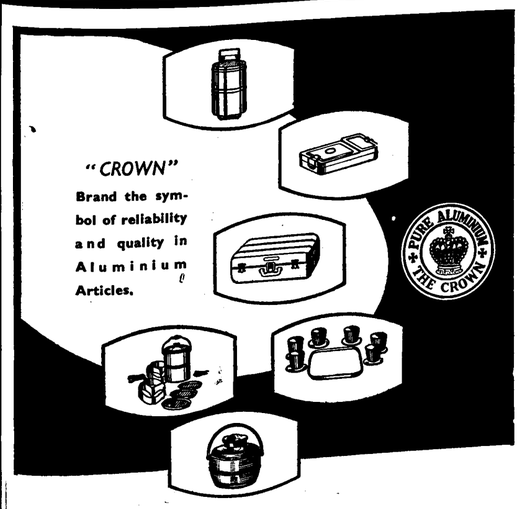

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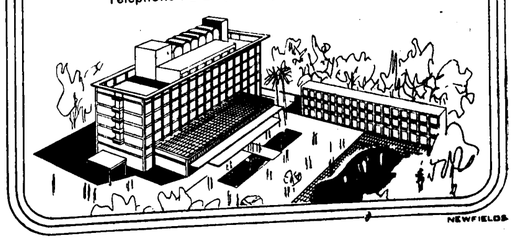

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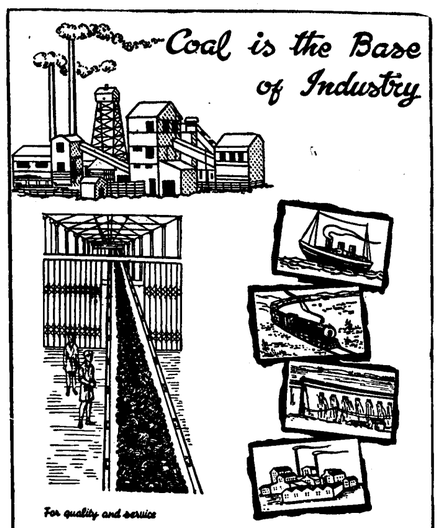

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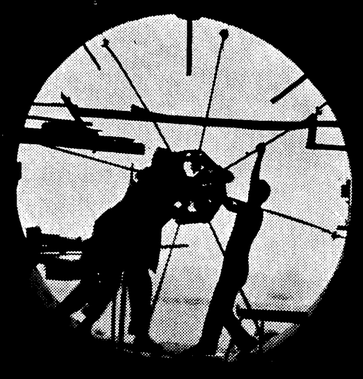

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17'	15/16"-23/16"	——	1640	1800	Welded	Welded
10'	3/4"-21/16"	368	2000	——	"	"
9'	13/16"-28/16"	1240	2550	3400	"	"
8½'	19/16"-28/16"	1315	750	——	"	"

Koyna H. E. Project, Maharashtra State, Second Stage —— ——						
Dia.	Plate thickness	Max. test Pressure lbs. per. sq. inch.	Total length supplied Rft.	Tonnage incls. specials Tons	Type of shop joints	Type of field joints.
10'	3/4"- 21/16	368	825	——	Welded	Welded
9'	13/16"- 28/16"	1240	2550	3100	"	"
8½'	19/16"- 28/16"	1315	750	——	"	"
6'	1-37/64"-1-11/16"	1595	188	——	"	"

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10. Sri Sarada Mills Ltd., Podanur.
11. Sree Rajendra Mills Ltd., Salem.
12. Loyal Textile Mills Ltd., Kovilpatti.
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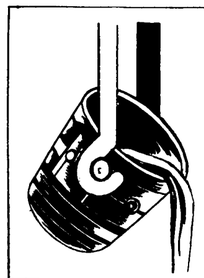

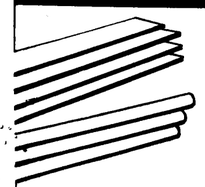

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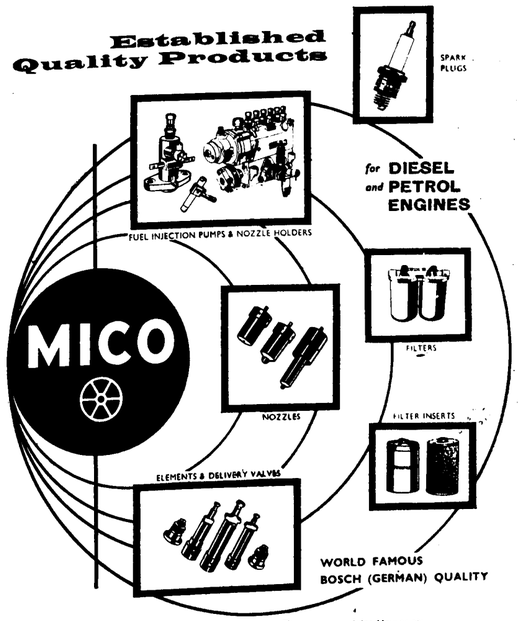

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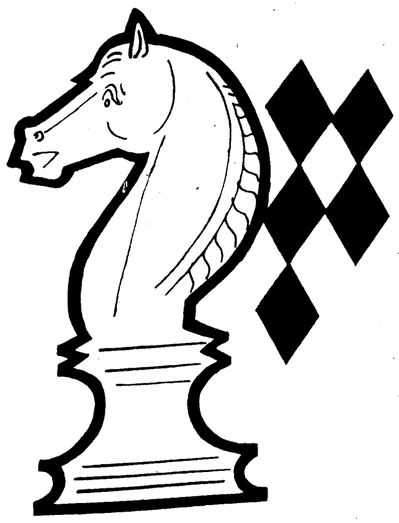

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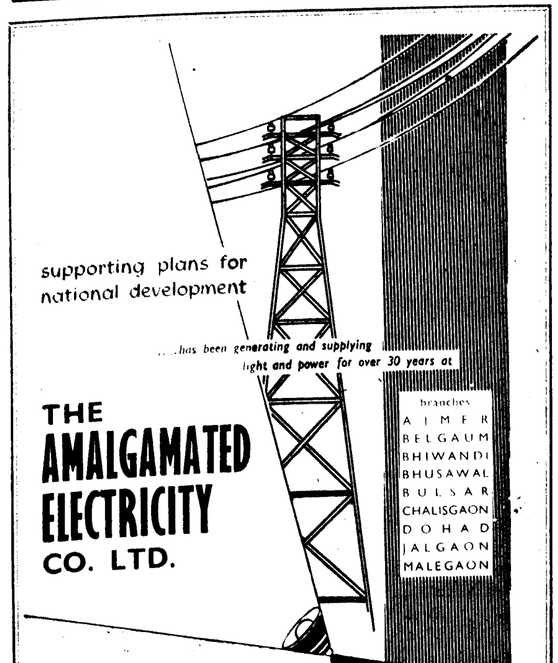

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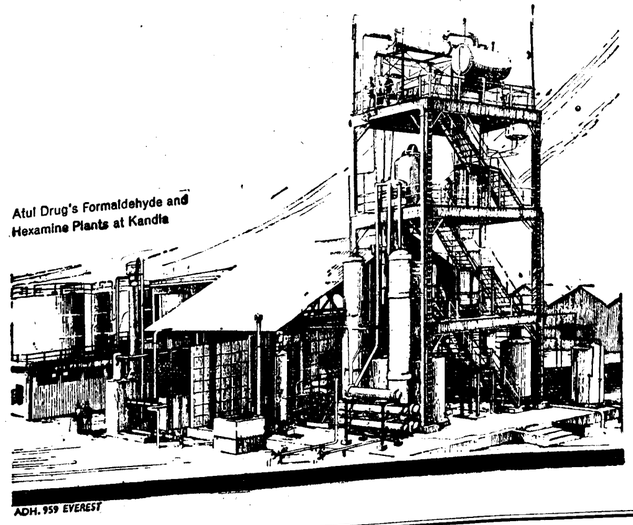

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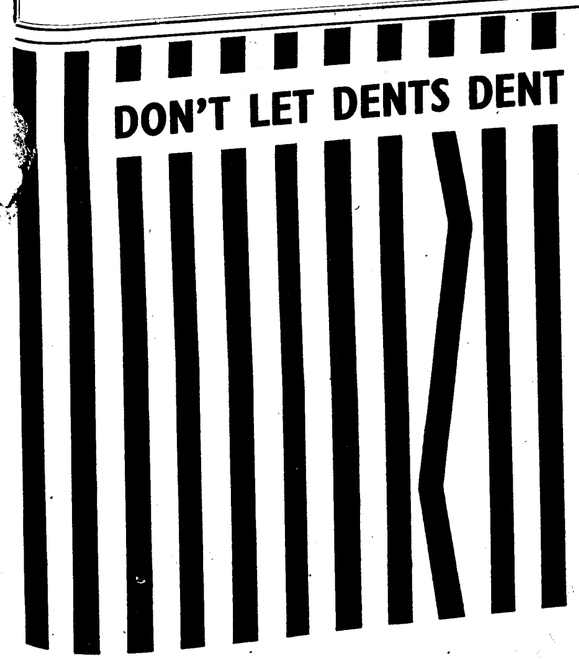

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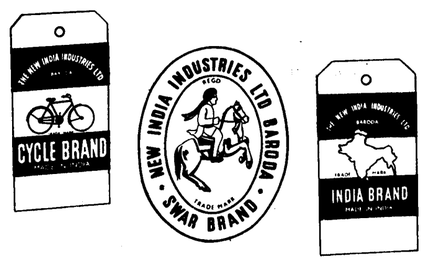

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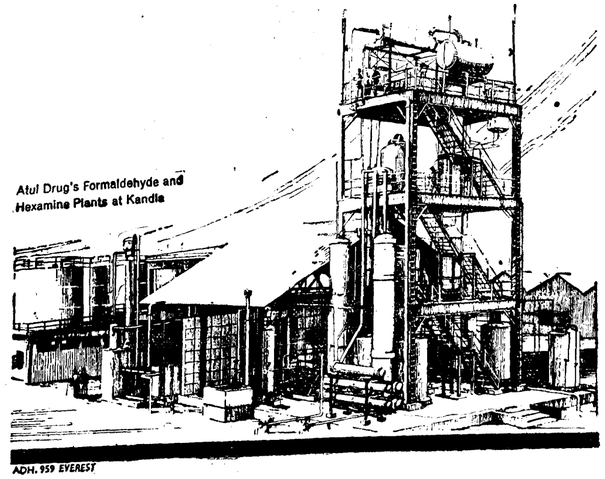

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INDEX TO VOLUME CVII (JULY TO DECEMBER 1963)

PAGE

A

AGRICULTURE, FOOD AND ANIMAL HUSBANDRY—

Additional Funds for Agriculture 691
Agricultural Exports, Trends in 788
Agricultural Implements 95
Agricultural Outlays 362
Agricultural Production 371
Agricultural Refinance Corporation ... 1, A56
Agricultural Research 179
Agricultural Research Review Team ... 775
Agriculture in 1964-65: State Plans ... 606
Animal Husbandry 859
Bumper Rice Crop 820
Butter *vs.* Margarine 395
Crisis in Soviet Agriculture 874
Crop Situation 943
Dairy Development 197
Europe's Biggest Catering Trade Fair ... 675
Failures on Farm Front 656
Food and Agriculture Situation in 1963 ... A203
Food, Finance and Planning ... 365, 418
Food Needs By 1976 1036
Food Production 776
Food Shortfall 860
Food and Price Prospects 419
Fourth Plan Target for Agriculture ... 288
Futility of Joint Farming 554
Indian Agriculture 138
International Wheat Situation 538
Jetsar Mechanised Farm 123
Land Acquisition for Companies 48
Land Tenures in Bombay City 466
Maharashtra Foodgrains (Control of Profit Margin) Order 786
N.D.C. and Agricultural Policy 813
Outlook for Rice Production in Asia ... 675
Paddy Crop Position in Asia 1056
Perspective Plan for Food 143
Preserving Food by 'Irradiation' ... 384
Progress of Package Programme 854
Russia to Buy U.S. Wheat 555, 651
Soviet Farm Policy 603
States and Agricultural Plans 222
World Agricultural Output 712

AMERICAN LETTERS—

Arbitration to Prevent Rail Strike ... 459
Business Situation 9, 687
Economic Impact of Disarmament ... 260
Economic Situation 605, 944
Foreign Aid Programme 778
G.N.P. Forecast for 1964 687
Investment Markets 998
New President 910, 944, 998
Plus Signs in Economy 522
Railway Strike 96
Security and Exchange Commission ... 177
State of U.S. Economy 373
Statistical Prosperity 778
Tax Reform 260
V.O.A. Broadcasts from India 96
Working of U.N. Special Fund 605

AVIATION—

Aircraft Industry, Pattern of 964
Air-India Favours Lower Fares 463
Air Pooling Plan for B.O.A.C.? 904
Britain's Air Registration Board, Annual Report of 62
Cheaper Air Travel 287
Civil Aviation 819
Earnings of Airlines from Cargo 265
Echo of Alitalia Crash 222
Fare Reductions 623
I.A.T.A.'s Salzburg Meeting ... 550, 788
International Air Fares 138
K.L.M. Aircraft with Radar 434
Lessons from B.O.A.C.'s Operations ... 940
Lockheed's New Aircraft 62
New Era of Prosperity for Air Transport 434
Pak-Soviet Air Pact 641
Prospects for Air Cargo Traffic 350
Rigid-Rotor Vehicles 115
Short-haul Jet Liner 347
Swedea's New Jet Trainer 108
T.W.A.'s Traffic 623
Transatlantic Air Fares 998
Two Schools on Supersonic Adventure ... 623
U.K.'s Avro 748 Airliner 480
Vertical Starting Passenger Jet 1050

AVIATION COMPANIES—

Air-India 927

PAGE

B

BANKING AND MONEY—

A Century of Banking in Asia and Africa (History of National & Grindlays Bank) 1000
African Development Bank 289
Balance of Payments Problem and Economic Development A40
Bank Advances, Seasonal Trends in ... 100
Bank of America to Open Branches in India 929
Bank Mergers and Competition in U.K., U.S.A. 864
Bank Rate of Denmark 890
Bank Rate of Iran 797
Bank Rate of Jamaica 973
Banks Deposit Money with Industrial Houses 287
Banking Education in India ... 743, A108
Banking and Monetary Trends in 1963 ... A212
Branch Banking Policy, Defects in ... 146
Common Bank for Soviet Bloc 687
Compulsory Deposit Scheme ... 338, 372, 515
Control and Regulations of the Banking System A105
Credit Policy, Role and Effect of 182
Development Banks in Asia, Role of ... 779
European Investment Bank 678
First Half-year Trends in Banking ... 58
Flow-of-funds Analysis 524
France Fights Inflation 463
Governor's Assurance to Bankers 1044
Growth and Pattern of Bank Advances ... 696
I.D.A.'s Resources, Proposal to Double ... 468
I.F.C. of India, Progress of 555
I.M.F. Reforms in the Mr. Bernstein's Plan 909
I.M.F. on World Payments Situation ... 446
I.M.F. Allows U.A.R. to Exceed use of Fund Resources 890
Industrial Finance Corporation of India ... 566
International Liquidity 553
Is Liquidity Problem a Global Affair? ... A36
Land Mortgage Banks, Progress of ... 8, 994
Moot Issues in Monetary Policy 742
More Powers for the Reserve Bank, Amending Bill 902, 937
National and Grindlays Bank's Centenary 605
Nationalisation of Banks ... 365, 424, 603, 780
New Chief of I.M.F. 51
New Consortium for International Bkg. 1043
New Members of I.M.F. and World Bank ... 100
Postal Savings Drive in Japan 100
Reserve Bank Directors' Report 420
Reserve Bank's Credit Policy 734
Sale of World Bank's U.S. Dollar Bonds ... 545
Savings Rate in Japan 226
Small Savings Collections 376
State Governments' Overdrafts 4
State of Banking Statistics A115
Statistical Position of Banking 610
U.S. Balance of Payments Position 152, 226
U.S. Balance of Payments Problem ... 999
U.S. Monetary Policy 91
World Bank and Its Two Affiliates ... 560
World Bank Sells Out French Obligation 226
World Liquidity and Monetary Reform ... 259

BANKS—

Bank of India 87
Central Bank of India 92
Devkaran Nanjee Banking 87
Indian Bank 140
Indian Overseas Bank 140
Lombard Bank 353
National and Grindlays Bank 353
Punjab National Bank 140

C

CEMENT—

Additional Capacity for Cement 1025
Cement Production 1039
Growth of World Cement Industry ... 636

CEMENT COMPANIES—

Ashoka Cement 542
Associated Cement Companies 1045
Dalmia Cement (Bharat) 26
India Cements 397, 574
Jaipur Udyog 280, 393
Orissa Cement 238
Saurashtra Cement and Chemical Industries 1024
Shree Digvijay Cement 25

CHEMICALS—

Agfa Photographic Paper Factory 308
Du Pont's Flurocarbon Polymers 160
Dyestuff Industry, Protection to 881
Edible High-protein Fish Flour 308
Exports of Chemicals and Drugs 308
E.I.D.-Parry's Fertiliser Project ... 451, 515

PAGE

CHEMICALS—*contd.*

Fertiliser Corporation's Projects 678
Fertiliser Industry in India, E.C.A.F.E. Conference 858
Fertiliser and Agricultural Productivity 757
Fertilisers and Chemicals, Trends in ... 736
Fertilisers in Asia 943
Herbicides and Weed Control 740
Hindustan Polymers' Plastic Project ... 816
More Fertiliser Units? 556
Mysore Sugar Co.'s Cellulose Acetate Project 939
New Antibiotics from Pimpri Factory ... 304
Patent Law for Pharmaceuticals 924
Petro-Chemicals Complex 374, 718
Plastics Industry, Problems of 197
Proteins and Vitamins from Oil 384
Salt Industry 290
Shortfall in Fertilisers 331
Storage of Explosive Goods 263
Trombay Fertiliser Plant 197

CHEMICAL COMPANIES—

Colour-Chem 31
Dhrangadhra Chemical Works 398
Fertilisers and Chemicals, Travancore 572, 585
Indian Dyestuff Industries 450
Keytuo Chemicals 254
Laxmi Starch Factory 497
Mettur Chemical and Industrial Corpn. 396, 537
Mysore Chemicals and Fertilisers 716
Phosphate Co. 1060
Polychem 198
Smith, Stanistreet 928
Tata Chemicals 688, 843
Travancore Chemical and Manufacturing 313

COAL—

Coal Consumption, Trends in 686
Coal Industry's Need 258
Coal Industry's Performance in 1963 ... A187
Incentive for Coal Industry 906

COAL COMPANIES—

Bararee Coke 200

COFFEE—

India and World Coffee 331
Problems of Indian Coffee Industry ... 784
Progress of Coffee Industry 784
Tea and Coffee Industries A131
Trends in Coffee Production 1040
World Coffee Agreement 259, 855

COFFEE ESTATES—

Balmadies Plantations 716
Consolidated Coffee Estates (1943) 971, 1061
Cowcoody Estates 1060
Rajendra Coffees 497
Sheveroy Estates 884

COMPANY AFFAIRS—

Actuarial Science at the Sydenh. College 79, 622
Amending Companies Act 112
Andrew Yule's Centenary 942
Bajaj Tempo's New Issue 1022
B.P.-Shell Bid for B.O.C. 52
Belapur's Dividend 940
Bombay Burmah's Centenary 422
Bombay Wire Ropes Public Issue 883
Borosi Glass Works Equity Issue 79
Budget Hits Botanium 287
Capital Issues Control 139
Chartered Accountants: Facts About the Profession 700, 752
Company Standardisation, Promotion of ... 121
Companies Amendment Bill 991
Concept of Public Interest in Indian Company Law 339
Cost Accountants Training School ... 655
Courtaulds 'Take-over' bid of James Nelson 890
D.C.M's Preference Share Issue 368
Dpt. of Co. Law Admn. Abolished 718
Devidayal Tube's Public Issue ... 735, 772
Empire Dyeing Changes Hands 940
Engel India Machines to Enter Capital Market 332, 940
Fibreglass Pilkington's New Issue 736, 722, 1066
Funds for Modern Mills' New Project ... 80
Future of Belapur Co.'s Subsidiary ... 759
Hindustan Lever's Dividend 717
Hindustan Lever's Loan 451
Indian Aluminium's Bonus Issue ... 220, 844
Investa Machine Tools to Raise Capital 844
Kerry Jost Tools' Public Issue 464
Keytuo Chemical's Public Issue 816
Madras Rubber Factory's Right Shares ... 652
Mafatlal Fine's New Venture 555
Maharani of Gwalior to Turn Industrialist 1079
Management of Public Enterprises ... 813

PAGE

COMPANY AFFAIRS—*contd.*

Marketing Organisation for Corporate Issues A128
Modella Woollen's Dividend 796
Modella Woollen's Expansion Plans ... 925
Nationalisation of Audit? 175
New Capital Issues Sanctioned ... 450, 714, 759
New U.S. Credits For Five Firms 714
Omega Insulated Cable's Issue 772
Paper Products' Rights Issue 717
Parliamentary Committee for Public Sector Undertakings 906
Public Sector Undertakings A88
Sakthi Pipe's Public Issue 368
Sankey Wheels to Produce 'Truck Wheels' 288
Seminar on Accounting and Auditing ... 516
Tata Oil Mills, A Growing Enterprise ... 91
Training of Chartered Accountants ... A85
T.E.L.Co., Mr. J. R. D. Tata on 94
T.I.S.Co.'s Dividend 51
T.I.S.Co: No Rights or Bonus Issue ... 331
United Carbon India's Equity Issue ... 856
W. S. Insulators of India's Public Issue ... 736
Western India Mills Changes Hands ... 688
Working of Public Sector Enterprises 296, 346
York India's Equity Issue 1023

CO-OPERATION—

Development of Co-operatives 766
Statism in Co-operative Movement ... A54

COTTON—

All-India Cotton Estimate 342
Ban on 'Kapas' Lifted 782
Buffer Stock for Cotton 601
Control on Cotton 515
Cotton Committee Meeting ... 430, 564
Cotton Crop Position 782
Cotton Export Quota 332
Cotton: Good Domestic and World Crop? 904
Cotton Production, Role of Monetary Incentives 526
Cotton Production in Free World Outside U.S. 104
Cotton Supply Position 342, A194
Cotton *vs.* Staple Fibre 855
Egyptian Cotton 866
Finer Cotton for Khandesh 14
Mill Consumption of Cotton 866
New American Cotton Variety 299
One-price System for U.S. Cotton, Cooley Bill on 1004
Raising Yield Per Acre of Cotton ... 14
Technological Research on Cotton ... 866
Trends in Cotton Market in 1963 ... ... A222
U.S. Cotton Crop 259
World Cotton Output 564
World Cotton Supply 782
World Cotton Supply and Demand ... 475
World Trade in Cotton 1004

COTTON AND WOOLLEN MILLS—

Ahmedabad Advance Mills 29
Asher Textiles 794
Bradbury Mills 542
Calico Mills 247
Central India Spg., Wvg. and Mfg. ... 972
Davangere Cotton Mills 541
Dawn Mills 542
Delhi Cloth and General Mills 385, 882, 950
Edward Textiles 122
Hindoostan Spg. and Wvg. Mills 313
Indian Manufacturing 314
Indore Malwa United Mills 24
Jagatjit Cotton Textile Mills 79
Kesoram Industries and Cotton Mills ... 494
Khatau Makanji Spg. and Wvg. 638
Lakshmi Mills 119
Mettur Industries 29
Minerva Mills 354, 386
Modern Mills 23
Modi Spg. and Wvg. Mills 714
Morarjee Goculdas Spg. and Wvg. 842, 1013
Muir Mills 35
Mysore Spg. and Mfg. 759, 880
New Swadeshi Mills of Ahmedabad ... 248
Phoenix Mills 542
Premier Mills (CBE) 80
Raghuvanshi Mills 580
Rajapalayam Mills 355
Raymond Woollen Mills 31
Ruby Mills 796
Simplex Mills 312, 491
Sitalakshmi Mills 677
Sri Annapurna Cotton Mills 164
Sri Krishnarajendra Mills 587
Svadeshi Mills 29
Swadeshi Cotton Mills 312
Tata Mills 29
Western India Spg. and Mfg. 314

CURRENCY AND EXCHANGE—

Australia to Have Its Dollar 552
Decimal Currency in the U.K. 648
Defence of Dollar, Programme for ... 294
Devaluation of Currency in Congo ... 815
Euro-Dollars on the Mat 997
I.M.F. on Exchange Restrictions 175
Pound and the Dollar 861

PAGE

DELHI LETTERS—

Aid From W. Germany, Problems of ... 908
Air Services to China 464
Attack on Corruption 1030
Bumper Rice Crop 820
Cabinet Reshuffle 336
Checking a Colossal Waste 1030
Convulsions over Conversion 1036
Failures on Farm Front 656
Food Front 96, 860
Fourth Plan Target for Steel 260
How Big the Slide in Food? 776
India's Food Needs By 1976 1036
Indo-Soviet Trade 180
Japanese Aid for Steel? 559
Mr. Bhagat in Planning Commission ... 520
Mr. Patil's Resignation 221
Making Friends with Nepal 692
National Income 776
New Image of T.T.K. 520
Nippon's Industrial Products 8
Pragmatism in Planning 288
Rate of Growth of Population 88
Refinery Compressors, Controversy over 336
Relief From C.D.S. 372
Second Nuclear Station 860
Setback in Joint Ventures, F.I.C.C.I. on ... 221
Strategy Towards Euromart 604
Subramaniam's Portfolio 908
Tarapore Atomic Plant 1030
Tea Drive in Europe 140
Trading With Neighbours 140
Unemployment, Picture of 372

DRAINAGE, IRRIGATION & WATER SUPPLY—

Bhakra-Nangal Project 690
Economics of Major Irrigation Projects ... 534
New Damodar Canals, Evaluation of ... 836
Saline Water Conversion 382
Sea Water Conversion in Israel 240

E

ELECTRICITY, ATOMIC ENERGY, CABLES AND COMMUNICATIONS—

All-India Radio V.O.A. Deal 89
Aluminium Conductor Industry ... 382, 922
American Weather Ship at Madras ... 570
Bhopal Heavy Electricals 350
Cable Industry in U.S. and Japan ... 444
Egyptian Thermal Station 350
Electric Motor Industry, Protection to 929, 956
Electric Power Survey Committee 435
First Annual Electric Power Survey ... 570
Fourth Plan Power Target 480
Heavy Electricals Industry 55
Joint U.S.-U.S.S.R. Cosmic Rays Study ... 435
Mass Communication 94
New Miniature Power Source 284
New Power Schemes 641
Nuclear Power Cost in U.K. 435
Nuclear Weapons Test Explosions, Banning of 179
Power Development in E.C.A.F.E. Area ... 304
Power Shortage 990
Rajasthan Atomic Power Station ... 858, 860
Sweden's First Nuclear Plant 77
Tarapur Atomic Power Station ... 6, 274
Telephone With Push Buttons 264
U.K. Electronics Firm's Mission 570
U.K.'s Fast-Breeder Reactor 118

ELECTRICITY, CABLE AND RADIO COMPANIES—

Asian Cables Corporation 843
Bajaj Electricals 79, 248
Baroda Electric Meters 971
Bharat Bijlee 845
Electro-Equipments Corporation ... 201, 248
Globe Auto Electricals 313
India Meters 758
Indian Cable Co. 493
Indian Telephone Industries 758
Jaipur Metals and Electricals 27
Kirloskar Electrics 1022
Mysore Electrical Industries 587
National Insulated Cable Co. of India ... 451
Omega Insulated Cable Co. (India) ... 777
Oriental Power Cables 113
Poona Electric Supply 30, 118
Radio and Electricals Manufacturing ... 544
Shamsher Sterling Cable Corporation 87, 239, 246, 284
South Madras Electric Supply Corporation 328
Standard Batteries 1024
Universal Electrics 456
W.S. Insulators of India 750

ENGINEERING—

Bokaro Steel Project ... 286, 334, 367, 417
Britannia Engineering 281
Central Machine Tool Institute 72
Committee to Study Public Sector Steel Projects 202
Computing Centre in Kharkov 375
Cotton Textile Machinery Industry ... 952

PAGE

ENGINEERING—*contd.*

Durgapur Steel and Alloy Plant to Produce Stainless Steel 763
Durgapur Steel Plants, Greaves Cotton Co.'s Contract 516
Engineering Goods Exports ... 89, 641
Engineering Industries 994
Engines and Pumps 819
Fourth Plan Target for Steel 260
H.M.T.'s Expansion 690
H.M.T.'s Fifth Machine Tool Plant ... 929
Heavy Engineering Complex 872
Iron Making in Soviet Russia 1050
Japanese Aid for Steel? 559
Large *vs.* Small Steel Plants 956
Machine Tool Industry 259
New Dreams for Steel A166
New Set-up for Steel Pricing? 649
Pig Iron Situation 906
Productivity in Machine Building, Report of Indian Productivity Team 792
Raj Committee's Final Report on Iron and Steel 672
Research in British Steel Industry ... 1050
Soil Mechanics in Building Research ... 20
Spares for Steel Plants 942
Steel: Some Problems of Growth ... 976
Steel Control 55
Steel Decontrol, F.I.C.C.I. on 518
Steel in Indonesia 243
Steel Producers' Views 218
Steel Shortage 286
U.K. Iron Ore Pellets to Japan 1016
U.S. Steel Industry 240
Utilisation of Metallurgical Wastes ... 444

ENGINEERING COMPANIES—

Becorit (India) 1016
Bengal Rolling Mills 845
Bharat Ball Bearing 796
Bhartia Electric Steel 70
Burn and Co. 119
Calcutta Steel 163
Canara Workshops 845, 885
Central India Machinery Manufacturing ... 795
Chase Bright Steel 640
Cooper Engineering 926
Engel India Machines and Tools 953
Gammon India 715
Gannon Dunkerley and Co. 496
Greaves Cotton and Co. 495
Gujarat Steel Tubes 676
Hyderabad Allwyn Metal Works 796
Indian Hume Pipes 926
Indian Iron and Steel 242, 275
J.K. Steel 971
Jay Engineering Works 1014
Jost's Engineering 455
Kirloskar Pneumatic 245, 533
Kirloskar Oil Engines 392
Kusum Engineering 716
Lakshmiratan Engineering Works 248
Larsen and Toubro 278
Lynx Machinery 497
Machinery Manufacturers Corporation 544, 576
Mahindra and Mahindra 541
Mukand Iron and Steel Works 311
Murarka Engineering Works 473
Mysore Kirloskar 795, 958
National Rolling and Steel Ropes 985
New Standard Engineering 313, 380, 974
Paper Mill Plant and Machinery Mfgs. ... 454
Precision Bearings India 581
Rane (Madras) 296
Rohtas Industries 976
Sandvik Asia 456
Saran Engineering 717
Shah Construction 1024
T. Maneklal Manufacturing 844
Tak Machinery 314
Tata Engineering and Locomotive ... 110, 167
Tata Iron and Steel 234, 240
Textool Co. 889
Tractors (India) 925
Wellman Incandescent India 561
Zenith Steel Pipes 199, 558

F

FINANCE (General)—

Agricultural Refinance Corporation 1, A56
Aid for Development 690
Aid-India Consortium Meeting 262
Aiding the Less Developed, O.E.C.D. on ... 814
British Loan to India 337
Canadian Loan to India 1025
Capital Market, Mr. A. D. Shroff on ... 91
Central Govt. Borrowing Programme ... 3
Centre's Tax Revenue 328
C.D.F.C. Loan for Hindustan Motors ... 925
Debt Expansion for India's Economic Growth A115
E.E.C. Aid to Africa 352
Election Expenses 99
Export Finance 9
Finance Capital to Commonwealth Countries 85
Food, Finance and Planning ... 366, 418
Foreign Aid Utilisation 6
Foreign Capital, Problem of Attracting ... 2
Holland's Credit to India 8
How to Revive Capital Market 2

PAGE

FINANCE (General)—*contd.*

I.D.A. Credit to Pakistan 71, 177, 294
I.M.F. Credit for Ecuador 87
I.M.F. Credit for India 4, 54
Indian Investment Centre 219
India's Repayment of I.M.F. Credit ... 973
Industrial Finance for Malaya 150
International Financial Arrangements ... 1052
Investment Climate in Kerala 738
Investments in Public Sector Steel Plants 498
Japan's Yen Credit to India 763
Kipping Loan from U.K. 690
National Defence Fund 334
National Income 776, 858
New British Entrepot Loans 824
Pattern of Income Distribution 658
Prospects for U.S. Private Investments ... 603
Refinance Facility for Industry 1035
Reviving the Capital Market 991
Rule of Law in International Investment 2
Soviet Bloc Aid to Indonesia 10
State Finance Corporations, Working of 822
Sweden's National Income 447
U.S. A.I.D. Loan to T.E.L.Co. 929
U.S. Credit to India 641, 732
U.S. Ex-Imp. Bank Loan to Mysore Sugar Co. 1025
U.S. Foreign Aid 329
U.S. Foreign Aid Authorisation Bill Passed 890
U.S. Foreign Aid in Post-war Period ... 186
U.S. Loan to Tarapore Atomic Plant ... 1025
Unit Trust, Good Beginning in 903
Unit Trust, Its Scope and Significance in India 948, 1012
Utilisation of Foreign Aid 290
World Bank Loan to New Zealand ... 890
World Bank Loan to Norway 696
W. German Investments Abroad 352
W. German Credit to India 929
W. German Private Foreign Aid 841

FINANCE (Taxation)—

Central Board of Revenue to Split into Two 929
Deduction of S.P.T. by Companies ... 38
Direct Taxes Advisory Committee ... 7
F.I.C.C.I. on Sales Tax 651
Firm As a Unit of Assessment A122
Harmonisation of Taxes of E.E.C. ... 193
Impact of Direct Taxes on Indian Economy 282
Indo-Austria Pact on Avoidance of Double Taxation 545
Motor Vehicles Taxation and Highway Financing 755
Octroi in Bombay 607
Personal and Business Taxation, Trends in 154
Tax Burden on Road Transport 4
Tax Burdens on Plantations 916
Tax Law for Promoting German Investment Abroad 583
Taxation of Income of Foreigners 194, 236, 270

G

GOLD AND SILVER—

Bullion Futures Dead and Gone 735
Diamond for Industries 1043
Gold Control Order 515
Gold Control in Retrospect A118
Gold for Industrial Users 4
Gold Found in Assam A176
Silver in U.S. 367
Silver Problem in the U.S. 1026
Trends in Bullion Market in 1963 ... A226
World Bullion in 1963 ... ... A174
World Gold Output 428
World Silver 648

H

HOUSING—

Housing Programmes 147
International Building Exhibition 946
Ownership Flat System 602

I

INDUSTRIES—

Aluminium Conductor Industry 382
Antimony Industry, Protection to 860
Assessment of Industrial Capacity ... 372
Bicycle Industry, Progress of 161
Bicycle Industry, Protection to 988
Bicycle Industry Strides into Europe ... 862
British Industry Starts into Harness Science for Industry 555
British Labour Party to Harness Science for Industry 704
Capping Techniques in Bottling Industry ... 960, 1010
Common Production Programme 91
Cotton Textile Machinery Industry, Protection to 952
Defence and Industrial Development ... A20
Defence Production 995
Dyestuff Industry 881
Fair Selling Prices of Sheet Glass ... 1057
F.I.C.C.I.'s Seminar on Industrial Undertakings 217
Glass Industry of India A126
Hides and Skins in 1963 ... ... A234
Industrial Estates in Developing Countries 192
Industrial Growth 514
Industrial Growth in 1963 ... ... A206
More Burdens on Industry 651
Nippon's Industrial Products 8

PAGE

INDUSTRIES—*contd.*

Paints and Varnishes Industry 774
Piston Assembly Industry, Protection for 738
Preserved Fruits Industry 655
Printing Machinery Industry 158
Rural Industrialisation, Rationale for ... 176
Rural Industries 174
Safety Match Industry 996
Salt Industry 290
Small-scale Industries, Report on 223
Soap Industry 55

INSURANCE AND PROVIDENT FUNDS—

British Non-life Insurance, Trends in ... 74
Car Insurance in U.K. 147
Car Insurance in U.S. 582
Car Wind-screen Insurance 147
Debate on Life Insurance 448
Employees' State Insurance ... 190, 241
E.R.I.C. To Be Transformed into a New Corporation 1046
E.R.I.C.'s Pre-shipment Finance Policy ... 838
Fire Insurance in Britain 7
Fire Losses in Britain 272
Four-phase Life Insurance Policy 713
Funds of General Insurance 306
General Insurance 178, 272
Group Life Insurance in Sweden 838
Heavyweight Insurance Cover 272
Insurance for Film Industry 713
Insurance in Pakistan, Progress of ... 710
Life Insurance, Impact of Emergency on L.I.C. and General Insurance 184
L.I.C. As an Investor 942
L.I.C. To do General Insurance 173
L.I.C.'s Business 838
L.I.C.'s Chairman Speech 184
L.I.C.'s Results Evaluated 930
Non-Diversion Scheme, Working of ... 907
Norwich Union Succumbs To Political Blackmail ? 992, 1035
Personal Injuries Compensation Insurance 348
Primary Function of Life Insurance ... 492
Private Car Insurance 582
Prompt Claims Settlement 147
Regulation of Insurance in Europe ... 190
Social Insurance in W. Germany 710
Third Party Insurance Fund 74
Travel Insurance 582
U.K. Insurers' Bid to Raise Profit-Margin 348
U.S. Insurers in European Markets ... 992
Weather Insurance in Britain 582
492

INSURANCE COMPANIES—

Advance Insurance 111, 117
All-India General Insurance 35
Indian Insurance Companies' Association 190
Indian Mercantile Insurance 122
Madras Motor and General Insurance ... 78
New India Assurance 59
Oriental Fire and General Insurance 117, 123
Ruby General Insurance 147, 241
Vulcan Insurance 79

J

JUTE—

Dundee Jute Industry 142
Import of Jute Goods into U.K. 302
Jute Buffer Stock 419
Jute Exports 307
Jute Packing for Wool 302
Pakistan's New Jute Policy 171
Price Support Scheme of Jute ... 402, 463
State of Jute Industry in 1963 ... ... A190
Trends in Jute Market Prices in 1963 ... A230

JUTE MILLS—

Agarpara Co. 640
Alexandra Jute Mills 32
Anglo-India Jute Mills 455
Auckland Jute 496
Bally Jute 398
Barnagore Jute Factory 845
Birla Jute Manufacturing 494
Dalhousie Jute 496
Fort Gloster Industries 541
Ganges Manufacturing 638
Gourepore Co. 354
Howrah Mills 199
Hukumchand Jute Mills 456
J.K. Jute Mills 307
Khardah Co. 497
Kinnison Jute Mills 544
Lawrence Jute 544
New Central Jute Mills 1008
Northbrook Jute 544
Nuddea Mills 354
Rameshwara Jute Mills 281
Reliance Jute Mills 199
Union Jute 544

L

LABOUR—

Automation and Unemployment 816
Bombay's Civic Strike 258
Bonus for Oil India Workers 498
British T.U.C. on Wage Restraint 459

PAGE

LABOUR—*contd.*

Concept of Full Employment 634
Consumer Price Index Numbers for Working Class 230, 334
Course for Executives 744
Education in Relation to Employment ... 230
Employment Situation 394
Holidays for Workers in W. Europe ... 230
Holidays in Maharashtra 736
Hours of Work and Rest Intervals, Comparative Study 790
Incentives and Productivity 528
India and the I.L.O. Session 55
Indianisation of Personnel in Foreign Firms 12
Industrial Disputes Act 394
Industrial Disputes in 1962 1018
Japan Aids Productivity Drive 394
Labour Gains in Asia 744
Labour Laws and Public Sector 50
Labour Legislation in India 738
Labour-Management Relations, Case Study 18
Labour Policy, F.I.C.C.I. on 262
Labour Policy Lacks Realism 90
Maintaining Industrial Peace, Indian Labour Conf. on 121
Millions of Workers A144
New Status for Arbitration 943
Obsolence in Management A134
Picture of Unemployment 372
Productivity: Key to Export Promotion ... A76
Productivity and Wages 744
Raising Productivity in Industry 196
Respect for Industrial Truce Resolution Wanes A178
Second Occupational Wage Survey ... 846
Second Wage Board for Working Journalists 890
Social Security 1039
Technical and Vocational Training ... 224
Trade Union Rivalry in India A138
Trade Unions in W. Germany 394
Training of Technical Personnel 196
Use of Grievance Procedure in Industry A142
Voluntary Arbitration of Industrial Disputes 966
Wage-Price Spirals—Are They Inevitable? 468
Wages and Hours of Work in W. Germany 1019
Whitely-Type Machinery for Govt. Employees 606
Work Study in Industry 394
Work and Welfare, Supreme Court's Verdict on A.C.C.'s Case 939
Workers' Education, Progress of 673

LEADING ARTICLES—

A Year of Hardship and Stagnation ... A11
Accelerating Plan Progress 770
Agricultural Refinance Corporation ... 1
Aid for Development 650
Aiding the Less Developed, O.E.C.D. on ... 814
All-India Radio—V.O.A. Deal 89
Associated Chamber Analyses Economic Trends 990
Automobile Industry 733
Bokaro Steel Project 286, 417
Bombay Civic Strike 258
Buffer Stock for Cotton 601
Changes in Central Cabinet 137
Coal Consumption 686
Coal Industry's Need 256
Communists Stir up Petticoats 602
Congress Socialism, Theory and Practice 769
Continuing Kennedy Era 901
Controls, Mr. C. Subramaniam on ... 218
Credit Policy of the Reserve Bank 734
Debate on Third Plan 989
Engineering Exports 89
Evil of Corruption 1034
F.I.C.C.I.'s Seminar on Industrial Undertakings 217
Food, Finance and Planning ... 365, 418
Fresh Thinking on Planning 685
Futility of Joint Farming 554
Gap Between Rich and Poor Nations ... 938
Germany Stresses Import Promotion ... 853
How To Revive Capital Market 257
Indian Agriculture 138
International Air Fares 138
International Liquidity 553
Iron Ore Exports 50
Jekyll and Hyde Approach of the Govt. 1033
Kamaraj Plan 285
Labour Laws and Public Sector 50
Labour Policy Lacks Realism 90
L.I.C. As an Investor 173
Management of Public Enterprises ... 513
More Powers for the Reserve Bank, Amending Bill on 902, 937
Mr. Galbraith's Parting Advice 1
Nationalisation of Banks, Plea for ... 365
N.D.C. and Agricultural Policy 813
New Set-up for Steel Pricing? 649
No Confidence Motion in the Lok Sabha 329
Ownership Flat System 602
Planters' Problems 418
Power Shortage 990
Price Situation 49
Progress of Package Programme 854
Railway Rating Policy 366
Rule of Law in International Investment 2
Rural Industries 174
Save Foreign Exchange 330
Seventeenth Amendment 461

PAGE

LEADING ARTICLES—*contd.*

Speeding up Industrial Growth 514
Steel Producers' Views 218
Steel Shortage 286
Sugar Exports 462
Sugar Factory Farms in Maharashtra ... 734
Sydenham College 554
T.T.K. Engenders Optimism 649
T.T.K. on Prices and Controls 461
T.T.K.'s Performance and Promise ... 1033
U.S. Foreign Aid 329
Wanted: Long-term Policy for Sugar ... 685

LONDON LETTERS—

Balance of Payments 9, 144
Decimalisation, Theory and Practice of 559
Dilemma of Power 656
Economic Sunshine 289
Economic Trends 862
Economics Through a Telescope 470
Economy Set for a Rise 778
Export Information Centre 694
Facing the Music 1042
Incomes and Expansion 98
Incomes Policy 373
International Liquidity, American Brookings Institute on 221
London in August 337
Markets and Ministers 740
Prospects for Foreign Lending 694
Public Investment 820
Science and Expansion 604
Sterling Area, Treasury Survey on ... 264
Trade Policy 905
Trade Prospects and the Reserves ... 56
Trade and Production Trends 520
U.S. Balance of Payments Position ... 180
Virtues of Contrariness 470
Wages and Wars 946
Whither Sterling? 998

M

MANCHESTER LETTERS—

Case for Tighter Textile Imports ... 565
Categorisation of Cloth Imports 267
Ceiling Pact With Portugal 783
Conditions in Textile Trade 379
Cotton Board on Textile Trends 699
Cotton Board's "Summer 1963" 149
Cotton Industry Presents Its Case ... 15
Cotton Industry's Annual Session ... 745
Dress Habits in Britain Changing ... 661
Earnings of Mill Labour 476
Imports of Cotton Cloth 229, 783
Indo-British Textile Talks 614
Lancashire's First 'Non-Stop' Mill 341, 825
Measures to Regulate Imports of Textiles 187
'Mopping up' Operations in Mills ... 64
Parliament Debate on Cotton Trade ... 103
Optimistic Tone in Textile Market ... 1003
Raw Cotton Supplies and Prices ... 299
'Takeover Bids' in Textiles 913
Textile Situation 429, 1047
Trends in World Textile Trade 867
U.K.-Hongkong Textile Talks 951
U.K.-India Textile Talks 527

METALS, MINES AND MINERALS

Aluminium Conductor Industry 382
Aluminium for Cables 395
Cess on Iron Ore *656*
Copper Industry of India A100
Fifty Years of Stainless Steel 830
Iron Ore Exports 50, 367, 907
Manganese Ore Exports 687
Metal Market Trends in 1963 ... ... A232
Metallic Corrosion 370
Mica Exports 335
Non-ferrous Metals Become Dearer ... 603
Trend of World Tin Market 777
Whither Tin Agreement? 139

MINING COMPANIES—

Aluminium Corporation of India ... 540, 563
Aluminium Industries 449, 539
Ferro Alloys Corporation 71, 120
Kamani Metals and Alloys 1058
Kutch Salt and Allied Industries ... 884

MISCELLANEOUS—

Aerial Delivery of Troops 193
Changes in Central Cabinet ... 137, 336
Continuing Kennedy Era 901
Esso Project for Stabilising Sand Dunes 931
Kamaraj Plan 285
Keeping Off the Rain 861
Mr. K. C. Mahindra 775
Mr. Galbraith's Parting Advice 1
No Confidence Motion in Lok Sabha ... 329
Rethinking on Constitution A12
Scientific Research and Education ... 222
Seventeenth Amendment 461
Shopping by Punched Card in Super Markets 971
Sydenham College 554

PAGE

MISCELLANEOUS—*contd.*

T.T.K's Return to Finance Ministry 331, 367
Training in Admn. for Overseas Officials 1042
U.S. Ambassador's Bombay Press Conference 760

MISCELLANEOUS COMPANIES—

Bengal Potteries 77
Bombay Burmah Trading Corporation ... 794
Bombay Gas 328
Britannia Biscuit 198
Chemicoat 398
Devidayal Tube Industries 761
East Anglia Plastics (India) 493
Fibreglass Pilkington 741
Hindustan Wired Glass Manufacturing ... 200
Hindusthan Twyfords 353
India Carbon 1060
Kerala State Industrial Development Corpn. 746
Kusum Products 640
McLeod and Co. 355
Metal Box Co. of India 30
Mysore Stoneware Pipes and Potteries ... 677
Permanent Magnets 113
Poysha Industrial 573
Sakthi Pipes 387
Sathe Biscuit and Chocolate 716
Seshasayee Industries 162
Shaw Wallace 120
Shri Dinesh Mills 676
Spencer and Co. 970
Travancore Ogale Glass Mfg. 69
Tube Investments of India 883
United Carbon India 876
Western India Plywoods 353
Western India Vegetable Products ... 640

MISCELLANEOUS ECONOMIC MATTERS—

Actuarial Science at the Sydenham College 579, 622
Are Indian Businessmen Running a Parallel Government 921
Asian Co-operation, E.C.A.F.E. on ... 994
Asso. Chambers' Analysis of Economic Trends 990
Atlantic Partnership and European Economic Unity 530
Balance of Payments Position in U.K. ... 93
Britain's Contribution to India's Economic Development 878
Certainty Element in Business Decisions 834
Ceylon's Mania for Nationalisation ... 219
Challenge of the Development Decade, *Asoka Mehta* on 708
Commerce Education, A Critique of ... 19
Commodity Prices and Cost of Living ... A180
Congress Socialism, Theory and Practice 769
Consumer Expenditure 338
Controls, Mr. C. Subramaniam on 218
Crisis of European Economic Integration 484
Development of Maharashtra 334
Economic Trends in Canada 156
Economic Trends in U.K. ... 488, 823, A146
Economic Trends in the U.S. ... 220, A150
Economic Trends in W. Germany A152
Economy and Efficiency in Public Administration 662
Emergent Countries of Africa A80
Entrepreneurship and Economic Development A120
Erhard Era 691
Evil of Corruption 1034
Fair-Price Shops for Workers 291
F.I.C.C.I's Northern Regional Conference ... 818
F.I.C.C.I. on *Per Capita* Income 394
French Economic Policy 859
Futures Trading in Commodities 518
Gap Between Rich and Poor Nations ... 938
Government's Policies and Programmes, Jekyll and Hyde Character in 1033
Helping the Developing Countries A22
Indo-British Economic Relations A46
Japan's Entry into O.E.C.D. 202
Malaysia, Economic and Demographic Picture 472
New Parliamentary Committee for Public Sector Undertakings 906
Outflow of Britain's Capital Funds ... 697
Population, Growth of 88
Price Control and Traders 178
Price Situation 49
Public Sector Undertakings A88
Real Reasons for Higher Prices 376
Regional Disparities in Development, N.C.A.E.R. on 300
Reserve Bank on Economic Situation ... 420
Role of Profit 179
Role of Foreign Enterprises in Developing Economy 616
Rural Economic Growth, Problem of Developing Nations 626
Secondary Education 774, 851
Sir Paul Gore-Booth on Administration ... 774
Soviet Economic Policies 1035
Speeding Economic Progress 310
Stabilising the Price Level A66
States Under the New Set-up 706
T.T.K. Engenders Optimism 649
T.T.K. on Nationalisation 419
T.T.K. on Prices and Controls 461
T.T.K.'s Performance and Promises ... 1033
Technical Aid Under Colombo Plan ... 739
Technical Education in Britain 744
Technical Education Research 995

PAGE

MISCELLANEOUS ECONOMIC MATTERS—*contd.*

Union-State Relations, Evolution of ... A62
U.N. Resolution on Science and Technology 1013
U.S. Military Aid to India A16
U.S. and the Sad Story of Tin 777
Working of Public Sector Enterprises 296, 346
World Commodity Prices A184
World Demographic Trends 620
World Economy, Trends in 66

MOTOR TOPICS—

Ashok-Leyland's Big Contract ... 516, 85
Automobile Industry's Ordeal 73
Automobile Transport, Burdens on ... 105
British Cars, Orders for 78
Chrysler Turbine Car 788, 83
Export of Lambretta Scooters 16
Motor Age and Urban Traffic, Buchanan Report on 101
Motor Vehicles Taxation and Highway Financing 75
U.S.-Swedish Collaboration in Motor Industry 10
World Motor Show 33

MOTOR COMPANIES—

Bajaj Auto 45
Hindustan Motors 24
Sankey Wheels 28
Standard Motor Products of India ... 45
Walford Transport 28

N

NEW PRODUCTS AND PROCESSES—

Aerosol-filling Machine 38
Adhesive from Epoxy Resins 75
Air Sampler 78
Air Springs 78
Alternator Control 78
Aluminium Trackway 38
Anti-corrosion Paint 15
Anti-shrinkage Treatment for Wool Fabrics 30
Anti-theft Device for Cars 76
Anti-rims Medicine 62
Artificial Insemination for Cable 57
Atomic Power Plant 83
Atomisation During of Chemicals 53
Automatic Die-casters 105
Automatic Lacquering and Stoving Unit 93
Atomising Oiler for Coupled Loaf-tins ... 30
Auto Stack Parking 15
Automatic Conveyor Lubricator 48
Automatic Fire Detector 3
Automatic Letter Folder 30
Automatic Lighting Switch 24
Axial Flow Pumps 3
Baby Tractor 4
Basic Slag Fertiliser 75
Batteries in Tape Form 10
Bituminastic Jointing Compositions 75
Boring Bar 76
'Breathing' Water Proof Cloths 83
Bread-making Process 93
Bricks from Alluvial Soils 76
Cable-processing 76
Cap Tightening and Sealing Machine ... 38
Carpet Sweeper 25
Cattle Fencer 10
Cellular-Roofing Units 66
Ceramic file 38
Ceramics from Waste Slags 56
Cheap R.C.C. Frames 66
Cheaper Cavity Walls 10
Cheaper Road Construction 66
Chemical Substitute for Wood 26
Circuit Tester 76
Clock Dial 38
Close-control Relief Valve 38
Closing Oil Valves 86
Cloth-slitting Machine 16
Coal Analyser 16
Coin-operated Petrol Pump 56
Colloid Mill 3
Combined Die-making 3
Computer Controls Steel Cutting 26
Concrete-making Plant ... ...
Continuous Casting of Steel Billets ... 96
Control Valve 76
Conversation by Light Rays 16
Cooking on Cold Stoves 16
Cross-tying Machine ... ...
Curing and Enrichment of Fresh Rice ... 46
Cycle Gear 10
Decorative Cement Paint ... ...
Detection of Adulterants in Foodstuffs ... 26
Device for Controlling Gauge 10
Device to Cut and Twist Cable 26
Device for Measuring Hot Steel 46
Diesel Generator ... ...
Do-it-yourself Car Window 46
Drawing Board with Linoleum Surface ... 46
Drill for Desert Use 46
Drying Equipment for Cargo Ships 46
Dual-range Echo Sounder 46
Dyeing Wool at Low Temperatures 46
Easy-care Tweed 46
Electric Boiler 46
Electro Hydraulic Machine 46
Electronic Generator 46
Electrophoretic Coating of Steel 46
Emulsion Paint 46
Emulsions Keep Floors Durable 46
Etching Metals into Shape 46
Expansion Joint Filters from Coconut Pith 46
Explosive Bonding Process 46
Factory-made Flats 46
Faster Dyeing of Propylene Fibres 46
Faster Rotary Drilling 46
Fire Protection for Structural Steel ... 46

PAGE

NEW PRODUCTS AND PROCESSES—*contd.*

Fifth Wheel for Industrial Trucks 837
Fine Grain Leather 193
Finer Surface for Paper 537
Fire-fighting Fluid 923
Flexible Glass 837
Flexible Roof Covering 857
Flowmeter with Oval Gear 957
Freeze-drying 873
Gasoline from Shale Oil 350
Glass Fibre Cord in Tyres 668
Glass Fibre Filters 957
Glues, Cements and Adhesives for Industry 705
Hamycin—New Antibiotic 571
Heat Insulating and Sound Absorbing ... 705
High Purity Table Salt 481
High-speed Paper Bag Making Machine ... 159
High Stretch Paper from Coconut Coir ... 481
House Radio Signal will Start Car ... 275
Hydraulically Driven Propeller 923
Hydraulically-powered Automatic Press ... 305
Impregnator 481
Industrial Safety Device 275
Instrument for Testing Voltage Breakdown 668
Instrument to Evaluate Artery Disease ... 108
Insulated Electric Tools 445
Jet Lubricants from Rape Seed 275
Jets Made to Whisper 571
Knotless Joint Weaving of Wool 621
Laundry Machine 351
Light Head Telephone 351
Lighter Heat Exchangers 957
Liquorice Tablet without Sugar 837
Lubricant Additive 193
Machine for Producing Car Silencers ... 244
Machine for Shaping Plate 837
Machine for Testing Fibre Lengths ... 73
Machine "Reads" Postal Cards 159
Machinery for Plastics Processing 159
Magnesium in *Cosmetics* 621
Magnetic Separator 73
Magnetic Switch 159
Marking Dials 873
Mechanical Splice 789
Mechanised Swedish Logging System ... 1017
Measuring Hardness of Soil 756
Metal Extraction Process 1017
Metal-finishing 193
Metallising Plastic 923
Metal-plating Processes 445
Metal Tester 159
Metals from Poor Ores 275
Method of Printing Canvas 445
Method for Refining Molten Ore 957
Microwave Moisture Metre 383
Miniature Dry Cell 621
Mini Computer 704
Mobile Workshop 481
Moisture Meter 244
Multicoloured Plastic 923
Multi-motor Winding Engine for Mines ... 923
Multi-purpose Diesel Engine 73
Multi-purpose Lubricant 445
Multi-purpose Unit for Woodwork 957
New Brewing Method 668
New Gauge 21
New Insulation 756
New Iron Making Process 108
New Lubricant 481
New Management Tool 382
New Material for Upholstery 756
New Top-loading Balance 668
New Type of Bicycle 789
New Tyre 756
Non-shrink Treatment for Woollens ... 193
Novel Method of Photography 1017
Novel Vending Machine 481
Nuts Made from *Nylon* 621
Nylon Typewriter Ribbon 383
Oil Spraying 69
Organic Chemicals from Waste 73
Pack and Sell Seedlings 109
Packing Cases 571
Packing Equipment 789
Particle Boards from Coconut Husk ... 109
Perfoset 621
Plastic Auxiliary Air Springs for Motor Cars 668
Plastic Boxes for Handymen 668
Plastics Cooling Screens 1053
Plastic Coated Copper 571
Plastic 'Skin' for Buildings 537
Plastic Glass Fibre Sheet... 621
Plastic Material for Bus 244
Plastic Valves 383
Polyamides Compounds 73
Polythene for Fishing Nets 873
Portable Electro Cardiograph 244
Portable Operation Table 351
Portable Radio Telephone 351
Precision Top-loading Balance 837
Preventing Water-Pipe Corrosion 837
Printing Negatives and Making Block ... 988
Process for Making Textiles Dirt-resistant 275
Process Pump 789
Protection of Cellulosic Fabries 109
Protective Coating for Car Fuel Tank ... 923
Protective Compound 351
Protective Lacquer 305
Protective System 73
Protein from Fungus 21
Purity Indicator 481
Quick Detection of Moisture 73
Quick Drying Tar Oil Products 537
Radiation Sterilisation 193
Radiation Stimulates Plant Growth ... 621
Reclaiming Waste Leather 275
Reclamation of Rubber 668
Rectifier 789
Road Lamps 1053
Safety Belt 21
Safety Tests for Insecticide Operatives ... 789
Satellite Relay Helps Set Newspaper Type 21
Scaffolding 159
Screw Makes its Own Hole 275

PAGE

NEW PRODUCTS AND PROCESSES—*contd.*

"Seeing" with Sound 73
Semi-conductor Furnace 193
Silk Stockings 1053
Silencer to Eliminate Noise Outside ... 1017
Silos made of Reinforced Concrete ... 305
Simple Pig-iron Process 756
Simplified Gold-plating 275
Simplified Swiss Adding Machine 73
Smoke and Fire Detector 383
Snow Robot will Thaw Things Out ... 621
Soapless Soap 193
Space Saving Flat Electric Boilers ... 1017
Spool-winding Machine for Textile Industry 837
Stainless Steel for Razor Blades 73
Steel-making 159
Steel Pipe Support Bridges 957
Stitching Thread 21
'Stickers' to Speed Up Air-mail 351
Stranding Machine 73
Stronger Warping Beams 571
Studded Tyres on Aircraft Landing Gear 1017
Substance in Raw Sugar 159
Swedish Drilling Method 351
Tannery Hide 109
Tap That Turns itself Off and On ... 1053
Telephone Ear-piece 923
Text Fixtures for Synchros 957
Three New Chemicals 1053
Tiltable Circular Saw Bench 1017
Time Switch 21
Transistorised Level control Switch ... 383
Treating Wood 383
Treatment for Textiles 193
Two-litre Cars 705
Ultrasonic Test Units 305
Vacuum Engineering 21
Versatile Knotless Netting 109
Vibratory Roller for Road Construction ... 481
Viewing Probe for Aircraft 873
Voice-controlled Switch 837
Water Purifier 305
Web-fed Offset Press 383
Wire Stitcher 73
Woollen Fabrics for Car Upholstery ... 957
World's Smallest Tape Recorder 668
World's Smallest Tube 571
World's Smallest Video Tape Recorder 109
Yarn Tension Device 481
Zinc Based Paints 957

O

OILS AND OLEAGINOUS MATTERS

Arab Oil Congress 815
Bombay Gas Co. 608
Ceylon Petroleum Corporation Act ... *56*
Country Heading for Oil Crisis, Burmah-Shell Study on 771
Dogmatism on Oil 422
Durgapur Gas for Calcutta 143
E.C.M. Policy for Oils and Fats 268
Exports of Oilcakes and Oils 735
Gauhati Refinery in Trouble 178
Indian Oil Co., Progress of 558
India's Exports of Oilcake 674
Koyali Refinery 6
Oil and Gas Pipelines in Gujarat 297
Oil in Indian Economy A96
Oil Minister's Observations 297
Oil Refinery at Madras 929
O.P.E.C.'s Meeting 947
Refinery Compressors 193
'Save Foreign Exchange' Slogan of Esso ... 330
Sixth World Petroleum Congress 17
Soviet Bloc Oil Exports 670
Soviet Oil Industry's Achievements ... 108
Soviet Oil Industry's Observations ... A162
State of Oilseeds in India 51
S.T.C. to Buy Lemon Grass Oil A224
Trends in Oilseeds Trade in 1963 992
U.S. Oil Trading Firm Turns Bankrupt ... 68
Utilisation of Petroleum Products 670
World Oil Consumption 928

OIL COMPANIES—

British Burmah Petroleum 278
Caltex Oil Refining (India) 577
Indian Oil Co. 157
Oil India 163
Tata Oil Mills

P

PAPER—

Demand for Paper in Asia, F.A.O. Study on 1020
J. P. Paper Mills' Production 1023
Metal Box to Enter Paper Packaging ... 638
Paper Clothing 583
Paper Industry 466
Synthetic Paper 284
Third Plan Target of Paper Production ... 763

PAPER MILLS—

Afsons Industrial Corporation 677
Ashok Paper Mills 113
Ballarpur Paper and Straw Board Mills ... 970
Bengal Paper Mill 22
India Paper Pulp 396
Mysore Paper Mills 353, 388
National Newsprint and Paper Mills ... 630
Orient Paper Mills 449
Seshasayee Paper and Boards 494

PAGE

PAPER MILLS—*contd.*

Star Paper Mills 162
Straw Products 78
Titaghur Paper Mills 482, 540
West Coast Paper Mills 715, 927

PLANNING AND RECONSTRUCTION—

Accelerating Plan Progress 770
Debate on Third Plan 989
Fresh Thinking on Planning 685
N.D.C.'s Deliberations 813
Planning for Development A68
Planning by Persuasion, Evolution in Britain A42
Third Plan Target for Roads, Ports, Inland Water Transport 973

PLANTING TOPICS—

Bad Year for Pepper A170
Cardamom Buffer Stock Scheme 973
E.C.M. Market for Coffee, Cocoa and Banana 792
Fissile Unionism in Plantation Labour ... 438
Plantations in Kerala 335
Planters' Problems 418
Prospects for Plantation Industry 436
Spices Exports to Europe and Middle East 395
Tax Burdens on Plantations 916
Trends in *Plantations in 1963* A198
U.P.A.S.I.—What is it? 440
U.P.A.S.I. Meeting, President's Speech ... 442
World Cocoa Crop 771

PUBLICATIONS—

Abolition of the Labour Appellate Tribunal 196
Administrative Procedure in Conciliation Proceedings under the Industrial Disputes Act 490
Calcutta Stock Exchange Year Book ... 516
'Company News and Notes' 164
Control of Public Expenditure in India ... 349
Eastern Metals Review 490
Economic Development of Assam 490
Economic Development: Objectives and Methods 349
Efficiency for Small Manufacturers ... 627
Famines in India 627
Finances of Public Enterprises 791
Income-tax Law in India 627
Indian Plans—A Generalist Approach ... 627
Indian Public Finance 490
Industrial Disputes Act 349
Industrial Estates in India 627
Industrial India Annual 490
Investment in India, Dividends and Development 823
Khadi Gramodyog, 10th Annual Number 791
Law of Trade and Merchandise Marks ... 349
Nickel, A Historical Review 349
Papers on National Income and Allied Topics 791
Planting and Commerce 16
Real Wages in India 490
Regulation of Forward Markets 627
Statistical Yearbook—1962 637
Statistics of the Wool Industry in India 791
Survey of Indo-Foreign Collaboration ... 490
'Vyapar' Annual Number 721

R

RAILWAYS AND TRAMWAYS

Diesel Locomotives in Britain 964
Electronics in U.K. Railway Yards ... 158
National Rubber Co. to Produce Railway Draft Gear 844
Outlook for Natural Rubber in Asia ... 870
Railway Rating Policy 366
Railway Rating Policies in Selected Countries 480, 536
Railway Wagon Repairing Factory ... 678
U.S. Rail Dispute 371

RAYON, STAPLE AND OTHER FIBRES—

British Man-made Fibre Production ... 228
Exports of Rayon and Synthetic Fabrics ... 558
I.C.I. and Courtaulds in U.S. 220
Japanese Rayon Industry 229
Nirlon Synthetic's Expansion Plans ... 1076
Progress of Rayon Industry A94
Rayon and Synthetic Textiles, Exports of 474
World Technical Conference on Man-made Fibres 1049

RAYON MILLS—

Gwalior Rayon Silk Mfg., and Wvg. ... 397
Indian Rayon Corporation 676
Nirlon Synthetic Fibres and Chemicals 1062

RUBBER—

Goodyear's New Type of Tyre 192
Goodyear's Production 925
Goodyear to Build Tyre Factory in Italy 676
International Rubber Situation 568
Outlook for Rubber 94
Rubber in Nigeria 569
World Production of National Rubber ... 929

PAGE

RUBBER COMPANIES—

Cochin Malabar Estates 248
General Tyres 843
Indian Rubber Regenerating 632
Kailas Rubber 314
National Rubber Manufacturers 198
Nilambur Rubber 32
Rajagiri Rubber and Produce 928
Swastik Rubber Products 279
Synthetics and Chemicals 398
Travancore Rubber and Tea 80
Velimalai Rubber 314

S

SHIPPING AND PORTS—

Bombay Port Traffic 775
Freight Rates 175, 370, 687
Growth of Shipping 4
Growth of World Shipping 956
India—Pakistan—Middle East Conference 498
India Steamship 518
National Shipping Board's Decisions ... 158
Outlook for Scindia Steam Navigation ... 1076
Personnel for Merchant Navy 142
Progress of Port Projects 818
Russia's Growing Tanker Fleet 189
U.S. Conference—India Pact on Freight Rate 371

SHIPPING COMPANIES—

India Steamship 578, 584
Mogul Line 32
Scindia Steam Navigation 925, 1056
Shipping Corporation of India 639

SILK—

Protection to Sericulture Industry 890, 912
Sericulture Industry 228

SILK MILLS—

Ambica Silk Mills 32

STOCK EXCHANGES—

Bombay Stock Exchange, Activity in 1963 A216
Calcutta Stock Exchange, Activity in 1963 A220
How Volatile is Stock Market's Mercury? 687
Madras Stock Exchange, Position in 1963 A218
Meeting of Stock Exchange Presidents ... 904
Mr. Arunachalam on Capital Market ... 332
Outlook for Investors A50
Stock Exchanges Standing Committees' Meeting 815
Stock Market Needs Incentives 3
Stock Markets Confident 463
U.S. Stock Exchange Reforms 171

SUGAR—

Cane Price Raised Again 735
Cane Supplies to Sugar Mills 606
Capacity of Sugar Industry, Additional Licence 33
Expansion of Sugar Industry 1006
Incentive Scheme for Raising Sugar Production 432
Inter-State Movement of Sugar 325
International Sugar Agreement 56
Misgivings of Deccan Sugar Millowners ... 188
Muddled Thinking on Sugar 939
Output Target for Sugar 66
Retail Prices of Sugar 362
Subsidy on Sugar Export 479
Sugar Debate in Lok Sabha 478
Sugar Exports 462
Sugar Factory Farms in Maharashtra ... 734
Sugar Prices Revised 868
Sugar Supply Position 344
Sugar in Maharashtra 738
Sugar, *Gur* and Cane Prices 868
Sugar Industry in U.P. 868
Trends in Sugar Industry During 1963 ... A196
Voluntary Price Control on *Gur* in Maharashtra 545
Wanted: Long-term Policy for Sugar ... 685
World Sugar Production 1006
World Sugar, Trend of 91, 651
World Sugar at New Peak 771

SUGAR AND BREWERY COMPANIES—

Belapur Co. 1058
Cauvery Sugars and Chemicals 1054
Deccan Sugar and Abkhari 842
Gangapur Sugar Mills 925, 992
Hindustan Sugar Mills 1059
Jeypore Sugar 972
K.C.P. Ltd. 1022
Kolhapur Sugar Mills 1059
Kothari Sugars and Chemicals 1060
Mysore Sugar 1023
Parrys Confectionery 389, 496
Rampur Distillery and Chemical 355
Travancore Sugars and Chemicals 631, 758
United Breweries 584
Upper Ganges Sugar Mills 1060

T

TEA—

Augmenting Tea Output and Exports ... 16
'Drink Tea' Campaign in the E.C.M. ... 325
E.C.M. to Suspend Tariffs on Tea ... 175
Excise Duty on Green Tea 890
India and World Tea Situation 748
Indian Tea Centre in London 905
Indian Tea in East Europe 441
Polson's Tea Advertising 714
Tea and Coffee Industries A131
Tea Drive in Europe 140
Tea Production Programme 262
Tea Production, Trend of 106
Tea Research Association 748
Trends in Tea Markets A228
World Tea Situation 127

TEA COMPANIES—

Bhatkawa Tea 122
Brooke Bond Estates India 796
Carron Tea 122
Chembra Peak Estates 355
Devon Tea and Produce 200
Dibrugarh Co. 164
Ethelbari Tea 122
Gillapukri Tea and Seed 355
Hantapara Tea 164
Hasimara Industries 677
Highland Produce 67
Huldibari Tea Association 640
Kalpetta Estates 677
Kilicott Tea 80
Margaret's Hope Tea 200
Nagaisuree Tea 164
Neelamalai Tea and Coffee Estates ... 972
Nelliampathy Tea and Produce 928
New Cinnatolliah Tea 80
New Dooars Tea 80
Nonsuch Tea Estates 884
Parkside (Neilgherry Hills) Estate ... 845
Sapoi Tea 972
Sarugaon Tea 200
Teloijan Tea 164
Tyroon Tea 32
United Nilgiri Tea Estates 585
Waterfall Estates 1024

TEXTILES—

Cloth Price Stamping 859
Compulsory Textile Export Scheme ... 1035
Consortium for Export of Textiles, I.C.M.F. on 954
Cotton Mills' Production Costs 102
Cotton Textile Exports 54
Cotton Textile Machinery, Protection to ... 266
Cotton Textile Mills' Production 165, 359, 545, 763
Expansion of Loomage and Spindlage ... 735
G.A.T.T. Agreement on Textiles 430
India and G.A.T.T. Textile Agreement ... 660
Indian Textiles at Moscow Exhibition ... 103
Indian Textiles to U.K. 148
Indo-British Textile Talks 603
Institute for Research on Textile Machinery 1038
International Textile Conference 612
International Trade in Textiles 378
Mr. Podar on Cloth and Yarn Production 782
Non-twist Yarn 866
Quality Standards for Cloth Production and Export 298
Prices of New Varieties of Cloth 378
Sales Tax on Cotton Textiles 519
Study Group for Trade Fairs 852
Textile Exports 291
Textile Exports in 1962, Trends in ... 698
Textile Production 219
Trends in Textiles in 1963 ... ... A192
U.K's Restriction on Import of "low-cost" Textiles 139
U.S.-Japan Cotton Textile Pact 402
'Ventilated' Socks 298
Wanted: A Rational Textile Policy ... 148
World Textile Conference 342

TOBACCO—

Exports of Tobacco 607

TOBACCO COMPANIES—

Imperial Tobacco Co. of India ... 450, 575
Mysore Tobacco 497, 586

TRADE—

Agencies for Export Promotion 268
Agricultural Exports, Trends in 786
Anti-dumping Law in W. Germany ... 997
Asso. Chambers of Com. Resolution on Exports 1048
Australian-Japanese Trade ... ...
Balance of Trade ... ...
Ban on Goatskin Exports 202
Board of Trade Meeting 38
Britain's Exports 96
China's Trade with South Africa ... 947
Code of Conduct for Exporters 645
'Com' and 'Ind' Ministry Split Into Two ...

TRADE—*contd.*

Competition Among Retailers in U.K. ...
Compulsory Quality Control and Pre-shipment Inspection ... ...
Developments in China's Foreign Trade ...
Duty-free Entry for Merchandise ... ...
E.C.M. Impact on Asian Trade ... ...
E.C.M. Tariff Cuts ... ...
E.E.C. Association Convention ... ...
E.F.T.A. Developments ... ...
European Economic Community ... ...
Export of Bananas ... ...
Export Finance, Study Group on ... ...
Export Markets, Exploration of ... ...
Export Promotion Needs More Attention
Exports of Manufactures from Developing Countries ... ...
Exports Look Up ... ...
Exports and Curbs on Consumption ...
Financing Export Promotion ... ...
F.I.C.C.I. on Patents ... ...
Foreign Trade Control ... ...
G.A.T.T. and Developing Countries ...
G.A.T.T. Action Committee ... ...
G.A.T.T. and Developing Countries ...
Germany Stresses Import Promotion ...
Import-Export Policies ... ...
Import Policy ... ...
India and the G.A.T.T. ... ...
Indian Trade Fair at Moscow ... ...
India's Exports to Africa ... ...
India's Exports to Japan, I.M.C. Study on
India's Exports to W. Germany ... ...
Indo-Burma Trade ... ...
Indo-Czech Trade 771
Indo-Hungarian Trade ... ...
Indo-Jordan Trade ... ...
Indo-Pak Trade ... ...
Indo-Polish Trade ... ...
Indo-Soviet Trade ... ...
Indo-U.S. Barter Deal ... ...
Indo-W. German Trade 35
Institute of Foreign Trade ... ...
International Marketing, Seminar on ...
I.S.I. Standards, Index of Quality-consciousness ... ...
Lausanne Trade Fair ... ...
Management of Export Marketing ...
Marketing and Export Promotion ... ...
Materials Handling and Productivity ...
Nationalisation of Foreign Trade ... ...
Productivity, Key to Export Promotion ...
Retail Trade in India, Findings of a Delhi Survey ... ...
Rift in 'Comecon' ... ...
Role of Foreign Trade in Development Planning ... ...
State Trading Corporation ... ...
S.T.C. Split Into Two ... ...
Strategy Towards Euromart ... ...
Structure of Asia's Imports ... ...
Super Markets in Japan ... ...
Tiff Over Chickens 26
Trade Performance During 1963 ... ...
Traditional Exports ... ...
Turkey's Association with E.E.C. ... ...
U.K.-E.C.M. Contracts ... ...
U.K.-E.E.C. Pact on Tea etc. ... ...
U.K.-U.S. Controversy on Export Credit to Russia ... ...
U.S.-E.E.C. Dispute Over Poultry ... ...
U.S. Grants for Export Promotion ... 17
U.S. Suspends Tariff Concessions in Poultry Issue 999,
Whither Common Market? ... ...
Working Group on International Trade ...

TRANSPORT AND ROADS—

Corporation for Tourism ... ...
Finances for Road Development ... ...
Foreign Tourists Arrival in India ... ...
Promotion of Tourism ... ...
Road Binder from Neyveli Lignite Tar ...
Road Development in U.K. ... ...
Road Transport, Expansion of ... ...
Tax Burden on Road Transport ... ...
Tourism in India and Abroad ... ...
Tourism in Western Europe ... ...
Why Road Transport? ... ...

U

U.P. LETTERS—

Agricultural Production ... ...
Deterioration in Economic Situation ...
Implimentation of Third Plan ... ...
Industries Suffer from Taxation ... ...
Rising Prices ... ...

W

WOOL—

New Australian Woollen Fabric ... ...
New Methods of Joining Ends of Woollen Yarn ... ...
New 'Wonder Wool' ... ...
Rugs Produced from Tannery Wool ...
Wool as Quality Fibre ... ...
Wool Battle for 'Way of Life' ... ...
Woollen Goods Prices ... ...
Woollen Industry ... ...
Woollen Industry, Spinning Capacity of ...
Woollen Textiles Output ... ...

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